

Summary of Consolidated Financial Results for the Six Months Ended August 31, 2015 (Q2 FY2016) (Based on Japanese GAAP)

October 7, 2015

Company name: ABC-MART, INC.
 Stock exchange listing: Tokyo
 Stock code: 2670 URL <http://www.abc-mart.co.jp/ir/>
 Representative: President and Representative Director Minoru Noguchi
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 Scheduled date to file Quarterly Securities Report: October 8, 2015
 Scheduled date to commence dividend payments: November 16, 2015
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 31, 2015 (from March 1, 2015 to August 31, 2015)

(1) Consolidated financial results (cumulative) Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended August 31, 2015	120,433	11.5	23,873	1.7	24,295	2.1	14,664	3.7
Six months ended August 31, 2014	108,017	15.1	23,466	23.5	23,806	24.5	14,138	33.1

(Note) Comprehensive income:

Six months ended August 2015 14,899 million yen (9.1%) Six months ended August 2014 13,661 million yen (4.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended August 31, 2015	191.50	177.72
Six months ended August 31, 2014	187.78	171.41

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2015	236,703	191,236	80.6	2,358.87
As of February 28, 2015	233,661	155,535	66.4	2,059.68

(Reference) Shareholders' Equity:

As of August 31, 2015 190,716 million yen As of February 28, 2015 155,082 million yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2015	–	40.00	–	60.00	100.00
Year ending February 29, 2016	–	60.00			
Year ending February 29, 2016 (Forecast)			–	60.00	120.00

(None) Revisions to dividend forecasts published most recently: Yes

3. Forecast of consolidated financial results for the year ending February 29, 2016 (from March 1, 2015 to February 29, 2016)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	236,800	10.9	40,750	2.8	41,450	2.6	25,380	4.1	322.48

(None) Revisions to financial forecasts published most recently: Yes

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2015
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of August 31, 2015	80,851,310 shares	As of February 28, 2015	75,294,429 shares
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Number of treasury shares at the end of the period

As of August 31, 2015	393 shares	As of February 28, 2015	208 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2015	76,575,475 shares	Six months ended August 31, 2014	75,294,265 shares
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NOTICE REGARDING QUARTERLY REVIEW PROCEDURES FOR THE CONSOLIDATED FINANCIAL RESULTS

This quarterly consolidated financial results statement is exempt from the quarterly review procedures based upon the Financial Instruments and Exchange Act. At this time of disclosure of this quarterly consolidated financial results statement, the quarterly financial statement review procedures based upon the Financial Instruments and Exchange Act has not been completed.

FORWARD LOOKING STATEMENTS AND OTHER SPECIAL ITEMS

The forecast for the year ending February 29, 2016 is based on ABC-MART, INC.'s hypotheses, plans and estimates at the date of publication. It is possible that some uncertain factors will cause the Company's future performance to differ significantly from the contents of forecast.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2015	As of August 31, 2015
Assets		
Current assets		
Cash and deposits	96,493	98,951
Notes and accounts receivable - trade	7,873	8,014
Inventories	49,367	56,493
Deferred tax assets	2,049	2,048
Other	4,555	7,052
Allowance for doubtful accounts	(41)	(44)
Total current assets	160,298	172,516
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,395	24,647
Accumulated depreciation	(12,512)	(12,139)
Buildings and structures, net	12,883	12,508
Tools, furniture and fixtures	9,006	9,495
Accumulated depreciation	(5,834)	(6,382)
Tools, furniture and fixtures, net	3,171	3,113
Land	19,629	10,557
Construction in progress	327	520
Other	438	440
Accumulated depreciation	(334)	(357)
Other, net	103	82
Total property, plant and equipment	36,115	26,783
Intangible assets		
Trademark right	2,948	2,798
Goodwill	7,511	6,951
Other	2,083	1,994
Total intangible assets	12,543	11,744
Investments and other assets		
Investment securities	60	604
Shares of subsidiaries and associates	102	102
Long-term loans receivable	2,458	2,307
Lease and guarantee deposits	20,892	21,431
Other	1,208	1,231
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	24,704	25,658
Total non-current assets	73,363	64,186
Total assets	233,661	236,703

(Millions of yen)

	As of February 28, 2015	As of August 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,176	11,390
Short-term loans payable	6,355	3,576
Current portion of long-term loans payable	1,000	1,000
Income taxes payable	9,815	8,853
Provision for bonuses	702	803
Provision	291	252
Asset retirement obligations	14	20
Notes payable - facilities	722	1,294
Other	7,992	6,989
Total current liabilities	41,070	34,181
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	33,000	7,680
Long-term loans payable	500	–
Provision	113	120
Net defined benefit liability	870	981
Asset retirement obligations	291	287
Other	2,280	2,215
Total non-current liabilities	37,056	11,285
Total liabilities	78,126	45,466
Net assets		
Shareholders' equity		
Capital stock	3,482	16,142
Capital surplus	7,488	20,148
Retained earnings	131,413	141,559
Treasury shares	(0)	(2)
Total shareholders' equity	142,384	177,849
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14	13
Foreign currency translation adjustment	12,683	12,854
Total accumulated other comprehensive income	12,697	12,867
Minority interests	453	519
Total net assets	155,535	191,236
Total liabilities and net assets	233,661	236,703

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended August 31, 2014	Six months ended August 31, 2015
Net sales	108,017	120,433
Cost of sales	47,407	54,341
Gross profit	60,609	66,091
Selling, general and administrative expenses		
Packing and transportation expenses	1,138	1,295
Advertising expenses	3,244	3,171
Warehousing expenses	1,137	1,273
Directors' compensations, salaries and allowances	9,932	11,650
Bonuses	315	390
Provision for bonuses	998	803
Retirement benefit expenses	141	181
Legal and employee benefits expenses	1,379	1,589
Rents	9,891	11,515
Depreciation	1,910	2,109
Utilities expenses	1,099	1,113
Commission fee	2,007	2,358
Taxes and dues	417	597
Amortization of goodwill	548	663
Other	2,981	3,504
Total selling, general and administrative expenses	37,143	42,218
Operating income	23,466	23,873
Non-operating income		
Interest income	84	78
Foreign exchange gains	47	–
Rent Income	364	386
Advertising medium income	30	39
Other	119	109
Total non-operating income	646	613
Non-operating expenses		
Interest expenses	22	26
Foreign exchange losses	–	36
Rent expenses	175	109
Other	108	18
Total non-operating expenses	307	191
Ordinary income	23,806	24,295

(Millions of yen)

	Six months ended August 31, 2014	Six months ended August 31, 2015
Extraordinary income		
Gain on sales of non-current assets	4	1,361
Total extraordinary income	4	1,361
Extraordinary losses		
Loss on sales of non-current assets	–	690
Loss on retirement of non-current assets	83	73
Impairment loss	106	1,563
Total extraordinary losses	190	2,327
Income before income taxes and minority interests	23,620	23,329
Income taxes - current	9,559	8,732
Income taxes - deferred	(104)	(116)
Total income taxes	9,454	8,616
Income before minority interests	14,165	14,713
Minority interests in income	26	49
Net income	14,138	14,664

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 31, 2014	Six months ended August 31, 2015
Income before minority interests	14,165	14,713
Other comprehensive income		
Valuation difference on available-for-sale securities	(12)	(1)
Foreign currency translation adjustment	(490)	187
Total other comprehensive income	(503)	186
Comprehensive income	13,661	14,899
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,648	14,833
Comprehensive income attributable to minority interests	13	66

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2014	Six months ended August 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	23,620	23,329
Depreciation	1,910	2,109
Increase (decrease) in provision for bonuses	349	100
Increase (decrease) in allowance for doubtful accounts	1	1
Interest and dividend income	(85)	(79)
Interest expenses	22	26
Foreign exchange losses (gains)	(35)	31
Loss (gain) on sales and retirement of non-current assets	78	(598)
Impairment loss	106	1,563
Decrease (increase) in notes and accounts receivable - trade	(2,323)	(58)
Decrease (increase) in inventories	(2,065)	(7,039)
Increase (decrease) in notes and accounts payable - trade	2,683	(2,799)
Other, net	1,742	(2,050)
Subtotal	26,006	14,537
Interest and dividend income received	68	75
Interest expenses paid	(22)	(26)
Income taxes paid	(6,849)	(9,749)
Net cash provided by (used in) operating activities	19,202	4,836
Cash flows from investing activities		
Payments into time deposits	–	(553)
Proceeds from withdrawal of time deposits	–	548
Purchase of property, plant and equipment	(3,833)	(2,710)
Proceeds from sales of property, plant and equipment	5	9,737
Purchase of intangible assets	(133)	(206)
Payments for store removal	(45)	(69)
Purchase of investment securities	–	(548)
Purchase of shares of subsidiaries	(8)	–
Payments of loans receivable	(55)	(110)
Collection of loans receivable	55	141
Payments for lease and guarantee deposits	(1,169)	(885)
Proceeds from collection of lease and guarantee deposits	271	203
Other payments	(61)	(62)
Other proceeds	73	46
Net cash provided by (used in) investing activities	(4,901)	5,530
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(835)	(2,793)
Repayments of long-term loans payable	(501)	(500)
Cash dividends paid	(2,255)	(4,514)
Other payments	(10)	(12)
Net cash provided by (used in) financing activities	(3,603)	(7,819)
Effect of exchange rate change on cash and cash equivalents	31	(62)
Net increase (decrease) in cash and cash equivalents	10,728	2,484
Cash and cash equivalents at beginning of period	78,755	95,807
Cash and cash equivalents at end of period	89,483	98,291