



Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2017 (Japanese GAAP)

October 31, 2016

Company name: Sac's Bar Holdings Inc. Stock exchange: Tokyo Stock Exchange
 Code number: 9990 URL: <http://www.sacs-bar.co.jp>
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Scheduled date of filing quarterly report : November 9, 2016
 Scheduled date of starting distributing dividends : –
 Supplementary materials prepared for quarterly financial results : Yes
 Quarterly results briefing : Yes (for institutional investors and analysts)

(Million yens, rounded down)

1. Consolidated financial results for the second quarter of the fiscal year ending March 31, 2017 (April 1 – September 30, 2016)

(1) Consolidated operating results (year-to-date) (Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	(Millions yen)	%	(Millions yen)	%	(Millions yen)	%	(Millions yen)	%
FY2016 2Q	27,417	-0.9	2,102	-11.1	2,129	-10.5	1,326	-10.1
FY2015 2Q	27,673	8.4	2,365	10.5	2,380	10.6	1,474	19.6

Note: Comprehensive income: FY2016 2Q JPY1,405 million (-5.1%); FY2015 2Q JPY1,480 million (20.0%)

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
FY2016 2Q	45.01	-
FY2015 2Q	50.06	50.04

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	(Millions yen)	(Millions yen)	%
FY2016 2Q	37,455	24,848	66.1
FY2015	37,234	24,209	64.8

Reference: Shareholders' equity: FY2016 2Q JPY24,751 million; FY2015 JPY24,141 million

2. Dividends

	Annual dividends per share				
	1Q end	2Q end	3Q end	Year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FY2015	-	0.00	-	27.00	27.00
FY2016	-	0.00	-	-	-
FY2016 (projected)	-	-	-	27.00	27.00

Note: Revisions to most recently announced projected dividends: None

3. Forecast of Consolidated Operating Results for the fiscal year ending March 31, 2017
(April 1, 2016 - March 31, 2017)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	(Millions yen)	%	(Millions yen)	%	(Millions yen)	%	(Millions yen)	%	(Yen)
Full-year	57,794	1.5	4,635	-2.7	4,686	-3.3	2,888	-3.1	98.06

Note: Revisions to most recently announced consolidated results forecast: Yes

Notes:

- (1) Significant changes in consolidated subsidiaries during the period (changes in specific subsidiaries resulting in changes in the scope of consolidation) : None
- (2) Application of special accounting methods in preparation of quarterly consolidated financial statements : None
- (3) Changes in accounting policies, changes in accounting estimates, and revisions and restatements
- (i) Changes in accounting policies in accordance with changes in accounting standards etc. : Yes
- (ii) Changes in accounting policies other than the above : None
- (iii) Changes in accounting estimates : None
- (iv) Revisions and restatements : None

(4) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding as of end of period (including treasury stock):	FY2016 2Q	29,859,900 shares	FY2015	29,859,900 shares
(ii) Treasury stock as of end of period:	FY2016 2Q	402,010 shares	FY2015	401,910 shares
(iii) Average number of shares issued and outstanding during period (quarterly cumulative):	FY2016 2Q	29,457,932 shares	FY2015 2Q	29,458,474 shares

* Statement on execution of quarterly review procedures:

This quarterly summary of financial statements is not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act. At the time this quarterly summary was made public, the review procedures for quarterly financial statements pursuant to the Financial Instruments and Exchange Act had not been completed.

- * Explanation concerning appropriate use of forecasts of business performance and other notes: Forecasts of business performance and other forward-looking statements in this document are based on information currently available and certain assumptions that the Company considers reasonable at the time of preparation and are not intended as a promise that such forecasts will be achieved. Actual results may differ materially due to various causes. For information including the assumptions of the forecasts of business performance and notes on their use, see "(3) Forward-Looking Statements Including Forecasts of Future Consolidated Results" under "1. Qualitative Information on this Quarterly Financial Report" on p. 3 of the attached document.

A quarterly results briefing will be held for institutional investors and analysts on Friday, November 18, 2016.

1. Qualitative Information on this Quarterly Financial Report

(1) Operating Results

During this period, in Japan's economy, both progression of the strong yen and confusion in the stock market were seen due to a slowdown in the economies of the Asian rising nations including China, and Britain's departure from the EU. A gentle growing trend in the economy then declined and the outlook of the economy fell into a state of uncertainty.

In the retail industry, despite expectations for the effects of improvements in employment and income conditions, personal consumption fell overall as consumer sentiment became dull due to the uncertain outlook of the economy.

Under such conditions, although the Sac's Bar Group took aggressive steps to grow its businesses, due to unsettled weather conditions from August onward in addition to sluggish personal consumption, in the second quarter of this consolidated fiscal year the Group recorded net sales of JPY27,417 million (down 0.9% YoY), operating income of JPY2,102 million (down 11.1% YoY), ordinary income of JPY2,129 million (down 10.5% YoY), and profit attributable to owners of parent of JPY1,326 million (down 10.1% YoY).

Since the Group employs only one reporting segment, it does not present results differentiated by business segment.

Conditions by business section are outlined below. Figures shown below are after elimination of transactions conducted within business sections but before elimination of transactions between business sections.

<Retail and Other Businesses>

In the retail business, we strived to enhance our store network by aggressively opening 23 new stores. We closed eight stores during this period.

A look at net sales shows that existing-store sales were weak, falling by 5.3% YoY.

Sales of handbags increased by 14.5% YoY due to considerable growth in sales of items mainly under both private brands and tie-up brands. Among wallets and accessories, while sales of wallets slightly fell by 1.0% YoY, sales of accessories slightly fell by 0.3% YoY. Sales of casual bags fell by 4.7% YoY due to a big fall in sales of some products under tie-ups with popular apparel brands that had considerably pulled up the growth in sales of casual bags in the year-before quarter. In the categories of men's bags and travel bags, men's bags showed slight sales growth of 0.9% YoY, while sales of travel bags were weak and decreased by 8.7% YoY. Sales of imported bags decreased by 7.8 % YoY due to a lack of hit products.

As a result, net sales in these businesses totaled JPY25,969 million (down 0.8% YoY). Gross profit margin improved 0.2 percentage points YoY to 48.1%, while the selling, general and administrative (SG&A) expense ratio increased by 1.5 percentage points YoY to 41.0%.

<Manufacturing, Wholesaling Businesses>

In the manufacturing and wholesaling businesses, we strived to grow sales by enhancing our marketing abilities together with focusing on product development.

As a result, net sales in these businesses totaled JPY1,750 million (up 3.4% YoY).

(2) Financial Position

(Total Assets)

Total assets at the end of the second quarter of this consolidated fiscal year were up JPY220 million

from the end of the previous consolidated financial year to JPY37,455 million. This was due mainly to factors such as increases of JPY493 million in merchandise and finished goods, and JPY732 million in property, plant and equipment, despite decreases of JPY493 million in cash and deposits and JPY248 million in notes and accounts receivable-trade.

(Liabilities)

Total liabilities at the end of the second quarter of this consolidated fiscal year were down JPY417 million from the end of the previous consolidated financial year to JPY12,606 million. This was due mainly to factors such as decreases of JPY174 million in income taxes payable and JPY404 million in other current liabilities despite increases of JPY132 million in notes and accounts payable-trade, and JPY96 million in lease obligations.

(Net Assets)

Net assets at the end of the second quarter of this consolidated fiscal year were up JPY638 million from the end of the previous consolidated financial year to JPY24,848 million. This reflected the recording of JPY1,326 million in profit attributable to owners of parent after a reduction due to the payment of JPY795 million in dividends.

(Equity Ratio)

The equity ratio stood at 66.1% as of the end of the second quarter of this consolidated fiscal year, up 1.3 points from the end of the previous consolidated financial year.

(Cash Flow)

Cash and cash equivalents at the end of the second quarter of this consolidated fiscal year were down JPY493 million from the end of the previous consolidated financial year to JPY2,540 million. Cash flows for the following activities in the second quarter of this consolidated fiscal year were as follows.

< Operating Activities Cash Flow >

Net cash for operating activities recorded plus JPY1,440 million due to income being up JPY210 million from the year-before quarter. Major factors in income were the recording of JPY2,068 million in income before taxes and minority interests, and a decrease of JPY248 million in trade receivables. Meanwhile, major factors in expenditure were an increase of JPY508 million in inventories and the payment of JPY927 million in income taxes.

< Investment Activities Cash Flow >

Net cash in investment activities recorded minus JPY943 million due to expenditure being up JPY133 million from the year-before quarter. The major factor in expenditure was the recording of JPY976 million in investment in plant and equipment which resulted from the acquisition of land, the opening of new stores, and the remodeling of stores.

< Financial Activities Cash Flow >

Net cash in financial activities recorded minus JPY990 million due to expenditure being up JPY167 million from the year-before quarter. Major factors in expenditure were the payment of JPY793 million in dividends and the repayment of JPY206 million in lease obligations.

(3) Forward-Looking Statements Including Forecasts of Future Consolidated Results

The forecast of consolidated business performance for the fiscal year ending March 31, 2017 announced on July 29, 2016 was revised as indicated in the table below. For more details, please refer to the Notice of Differences between Forecasts and Actual Results in the Second Quarter of Fiscal Year Ending March 31, 2017 as well as the Revision to the Forecast of Full-year Consolidated Operating Results announced on October 31, 2016.

Company name: Sac's Bar Holdings Inc. (9990)
 Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2017
 (Japanese GAAP)

Revised Forecast of Consolidated Operating Results for the fiscal year ending March 31, 2017 (April 1, 2016 – March 31, 2017)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous forecast (A) (announced on July 29, 2016)	(Million yen) 59,330	(Million yen) 4,866	(Million yen) 4,896	(Million yen) 3,008	(Yen) 102.13
Revised forecast (B)	57,794	4,635	4,686	2,888	98.06
Difference (B – A)	-1,535	-231	-209	-120	-
Rate of difference (%)	-2.6	-4.7	-4.3	-4.0	-
Reference: Previous operating results (for the fiscal year ending March 31, 2016)	56,963	4,765	4,844	2,982	101.24

2. Summary (Notes)

(1) Application of Special Accounting Procedures in Preparing the Quarterly Consolidated Financial Reports

Not applicable.

(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Revisions and Restatements

(Changes in Accounting Policies)

In response to the amendment to the Corporation Tax Act, the Company has applied the Practical Accounting Affairs for Change of Depreciation Method according to Revision of Taxation System in Fiscal 2016 (Practical Business Report No. 32 dated June 17, 2016) to the first quarter of this consolidated fiscal year. As a result, it has changed the method of depreciating equipment and structures attached to buildings that were acquired on and after April 1, 2016, to the straight line method from the fixed percentage method.

In this respect, in the second quarter of this consolidated fiscal year, the amounts stated in the quarterly consolidated financial statements were slightly influenced.

(Additional Information)

The Company has applied the Application Guidelines on Recoverability of Deferred Tax Assets (ASBJ Application Guidelines No. 26 dated March 28, 2016) beginning with the first quarter of this consolidated fiscal year.

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3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Unit: JPY thousands)

	Previous consolidated fiscal year (March 31, 2016)	Second quarter of this consolidated fiscal year (September 30, 2016)
Assets		
Current assets		
Cash and deposits	3,061,859	2,568,039
Notes and accounts receivable-trade	4,019,660	3,770,879
Merchandise and finished goods	12,529,648	13,022,943
Raw materials and supplies	99,538	114,353
Deferred tax assets	296,287	223,717
Other	563,625	218,702
Total current assets	20,570,619	19,918,636
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	2,459,842	2,507,852
Land	1,269,656	1,921,930
Leased assets (net)	1,017,661	1,113,170
Other (net)	573,723	510,498
Total property, plant and equipment	5,320,884	6,053,450
Intangible assets	52,310	50,624
Investments and other assets		
Investment securities	3,165,610	3,267,971
Net defined benefit asset	76,759	84,720
Deferred tax assets	607,685	579,738
Lease and guarantee deposits	6,884,953	6,987,507
Other	555,621	512,390
Total investments and other assets	11,290,630	11,432,328
Total non-current assets	16,663,825	17,536,403
Total assets	37,234,445	37,455,039

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	(Unit: JPY thousands)	
	Previous consolidated fiscal year (March 31, 2016)	Second quarter of this consolidated fiscal year (September 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,115,297	4,247,667
Short-term loans payable	30,000	30,000
Current portion of bonds	100,000	100,000
Lease obligations	350,845	387,233
Income taxes payable	891,830	717,442
Provision for bonuses	377,890	305,137
Provision for directors' bonuses	23,000	8,050
Provision for shareholder benefit program	8,350	-
Other	2,294,720	1,890,396
Total current liabilities	8,191,934	7,685,927
Non-current liabilities		
Bonds payable	1,600,000	1,600,000
Long-term loans payable	20,000	5,000
Lease obligations	841,857	901,498
Provision for directors' retirement benefits	114,306	118,356
Net defined benefit liability	945,319	971,225
Deferred tax liabilities	28,918	28,784
Asset retirement obligations	666,604	679,930
Other	615,740	616,252
Total non-current liabilities	4,832,745	4,921,046
Total liabilities	13,024,679	12,606,974
Net assets		
Shareholders' equity		
Capital stock	2,986,400	2,986,400
Capital surplus	4,569,597	4,569,597
Retained earnings	16,641,740	17,172,417
Treasury stock	-108,909	-109,032
Total shareholders' equity	24,088,828	24,619,382
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	91,945	162,966
Remeasurements of defined benefit plans	-39,199	-30,847
Total accumulated other comprehensive income	52,746	132,119
Subscription rights to shares	68,190	96,563
Total net assets	24,209,765	24,848,065
Total liabilities and net assets	37,234,445	37,455,039

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(2) Quarterly Consolidated Income Statement and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Income Statement
Second quarter of this consolidated fiscal year

(Unit: JPY thousands)

	Second quarter of previous consolidated fiscal year (April 1 - September 30, 2015)	Second quarter of this consolidated fiscal year (April 1 - September 30, 2016)
Net sales	27,673,850	27,417,513
Cost of sales	14,549,155	14,251,953
Gross profit	13,124,694	13,165,560
Selling, general and administrative expenses	10,758,973	11,063,108
Operating income	2,365,721	2,102,451
Non-operating income		
Interest income	4,153	32,355
Dividend income	1,569	1,353
Insurance income	1,072	50
Commission income	8,463	7,141
Compensation income	11,130	-
Other	14,059	16,290
Total non-operating income	40,449	57,191
Non-operating expenses		
Interest expenses	21,103	23,947
Other	4,068	5,884
Total non-operating expenses	25,172	29,832
Ordinary income	2,380,998	2,129,810
Extraordinary losses		
Loss on retirement of non-current assets	6,401	13,235
Loss on closing of stores	14,052	23,560
Impairment loss	34,365	24,257
Total extraordinary losses	54,819	61,052
Income before taxes and minority interests	2,326,178	2,068,757
Income taxes-current	784,745	677,360
Income taxes-deferred	66,886	65,354
Total income taxes	851,631	742,714
Net income	1,474,547	1,326,042
Profit attributable to owners of parent	1,474,547	1,326,042

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(Japanese GAAP)

Quarterly Consolidated Statement of Comprehensive Income
Second quarter of this consolidated fiscal year

(Unit: JPY thousands)

	Second quarter of previous consolidated fiscal year (April 1 - September 30, 2015)	Second quarter of this consolidated fiscal year (April 1 - September 30, 2016)
Net income	1,474,547	1,326,042
Other comprehensive income		
Valuation difference on available-for-sale securities	19	71,020
Remeasurements of defined benefit plans	5,645	8,351
Total other comprehensive income	5,664	79,372
Comprehensive income	1,480,212	1,405,415
(Breakdown)		
Comprehensive income attributable to owners of parent	1,480,212	1,405,415
Comprehensive income attributable to non-controlling interests	-	-

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(3) Quarterly Consolidated Cash Flow Statement

(Unit: JPY thousands)

	Second quarter of previous consolidated fiscal year (April 1 - September 30, 2015)	Second quarter of this consolidated fiscal year (April 1 - September 30, 2016)
Operating activities cash flow		
Income before taxes and minority interests	2,326,178	2,068,757
Depreciation expense	440,193	465,028
Impairment loss	34,365	24,257
Decrease in allowance for doubtful accounts	-10,387	-
Decrease in provision for bonuses	-64,648	-72,753
Decrease in provision for directors' bonuses	-32,600	-14,950
Decrease or increase in provision for directors' retirement benefits	-6,137	4,050
Decrease or increase in net defined benefit liability	-2,328	25,905
Interest income and dividend income	-5,723	-33,709
Interest expenses	21,103	23,947
Loss on retirement of non-current assets	6,401	13,235
Decrease in trade receivables	344,144	248,781
Increase in inventories	-552,979	-508,110
Increase in accounts payable	97,561	132,370
Decrease in consumption taxes payable	-184,810	-250,839
Other	-276,324	139,008
Subtotal	2,134,009	2,264,980
Interests and dividends received	5,370	28,527
Interests paid	-21,110	-23,951
Income taxes paid	-1,102,757	-927,852
Income taxes refunded	214,742	98,567
Net cash in operating activities	1,230,255	1,440,272
Investment activities cash flow		
Expenditure on loans to affiliates	-50,000	-
Income from time deposits	-	50,000
Expenditure on acquisition of tangible and intangible assets	-446,562	-976,888
Expenditure on retirement of non-current assets	-6,650	-16,408
Expenditure on acquisition of investment securities	-306,204	-
Net cash in investment activities	-809,416	-943,296
Financial activities cash flow		
Expenditure on repayment of long-term loans	-15,000	-15,000
Increase in installments payable	212,286	151,393
Decrease in installments payable	-111,741	-127,008
Expenditure on repayment of lease obligations	-172,614	-206,335
Dividends paid	-734,110	-793,369
Expenditure on acquisition of own shares	-1,513	-123
Net cash in financial activities	-822,692	-990,444

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(Japanese GAAP)

Conversion difference pertaining to cash and cash equivalents	-	-351
Decrease in cash and cash equivalents	-401,853	-493,820
Opening balance of cash and cash equivalents	5,104,687	3,034,159
Closing balance of cash and cash equivalents	4,702,834	2,540,339

(4) Notes on Consolidated Quarterly Financial Statements

(Notes on going-concern assumption)

Not applicable

(Notes on significant changes in amount of shareholders' equity)

Not applicable

(Segment information etc.)

Since the Group employs only one reporting segment, it does not present results differentiated by business segment.