

Translation

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**Summary of Consolidated Financial Results
for the Year Ended February 20, 2016
(Based on Japanese GAAP)**

March 22, 2016

Company name: ARCLAND SAKAMOTO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 9842 URL <http://www.arcland.co.jp/>
 Representative: President Masatoshi Sakamoto
 Inquiries: Director, General Manager Accounting Dept. Toshiyuki Kuribayashi TEL 0256-33-6000
 Scheduled date of ordinary general meeting of shareholders: May 12, 2016
 Scheduled date to file Securities Report: May 12, 2016
 Scheduled date to commence dividend payments: May 13, 2016
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 20, 2016 (from February 21, 2015 to February 20, 2016)

(1) Consolidated financial results

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	%
Year ended February 20, 2016	101,308	(0.4)	8,775	(0.2)	9,468	(1.8)	4,763	(18.3)
Year ended February 20, 2015	101,690	2.5	8,790	0.4	9,645	1.8	5,828	10.1

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended February 20, 2016	117.44	–	8.6	11.9	8.7
Year ended February 20, 2015	143.70	–	11.6	13.1	8.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 20, 2016	80,340	62,905	71.1	1,408.16
As of February 20, 2015	78,390	58,070	67.7	1,307.93

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 20, 2016	7,488	(3,458)	(2,876)	6,163
Year ended February 20, 2015	9,333	(9,306)	1,845	5,013

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 20, 2015	–	18.00	–	18.00	36.00	730	12.5	1.4
Year ended February 20, 2016	–	18.00	–	25.00	43.00	872	18.3	1.6
Year ending February 20, 2017 (Forecast)	–	12.50	–	12.50	25.00		19.5	

3. Forecast of consolidated financial results for the year ending February 20, 2017 (from February 21, 2016 to February 20, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 20, 2016	52,250	1.2	4,680	1.4	5,050	1.4	2,730	2.7	67.31
Full year	104,000	2.7	9,250	5.4	10,000	5.6	5,200	9.2	128.21

4. Notes

(1) Changes in significant subsidiaries during the year ended February 20, 2016

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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 after error corrections: No

(3) Number of issued shares (common shares)

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

As of February 20, 2016	41,381,686 shares	As of February 20, 2015	41,381,686 shares
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Number of treasury shares at the end of the period

As of February 20, 2016	823,404 shares	As of February 20, 2015	822,518 shares
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Average number of shares during the period

Year ended February 20, 2016	40,558,833 shares	Year ended February 20, 2015	40,559,406 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 20, 2015	As of February 20, 2016
Assets		
Current assets		
Cash and deposits	5,013	6,163
Notes and accounts receivable - trade	3,157	3,539
Merchandise and finished goods	12,187	12,256
Raw materials and supplies	11	12
Securities	5,991	2,518
Deferred tax assets	430	373
Other	1,482	1,131
Allowance for doubtful accounts	(7)	(8)
Total current assets	28,266	25,986
Non-current assets		
Property, plant and equipment		
Buildings and structures	60,808	61,834
Accumulated depreciation	(29,926)	(31,698)
Buildings and structures, net	30,882	30,135
Land	8,399	8,853
Construction in progress	9	62
Other	5,603	5,790
Accumulated depreciation	(4,604)	(4,870)
Other, net	999	920
Total property, plant and equipment	40,290	39,972
Intangible assets		
Goodwill	–	325
Leasehold right	1,767	1,761
Software	75	104
Other	68	71
Total intangible assets	1,912	2,262
Investments and other assets		
Investment securities	2,396	6,606
Lease and guarantee deposits	4,597	4,575
Long-term prepaid expenses	304	263
Deferred tax assets	569	581
Other	66	104
Allowance for doubtful accounts	(14)	(12)
Total investments and other assets	7,920	12,118
Total non-current assets	50,123	54,353
Total assets	78,390	80,340

(Millions of yen)

	As of February 20, 2015	As of February 20, 2016
Liabilities		
Current liabilities		
Accounts payable - trade	4,317	4,356
Short-term loans payable	2,800	800
Current portion of long-term loans payable	500	500
Accounts payable - other	1,754	1,426
Income taxes payable	2,336	1,563
Accrued expenses	1,397	1,428
Provision for bonuses	236	227
Provision for sales returns	3	4
Other	383	444
Total current liabilities	13,729	10,750
Non-current liabilities		
Long-term loans payable	1,500	1,000
Long-term guarantee deposited	3,223	3,641
Net defined benefit liability	268	276
Provision for directors' retirement benefits	180	180
Asset retirement obligations	1,360	1,423
Other	58	162
Total non-current liabilities	6,590	6,685
Total liabilities	20,319	17,435
Net assets		
Shareholders' equity		
Capital stock	6,462	6,462
Capital surplus	6,603	6,603
Retained earnings	40,343	44,376
Treasury shares	(639)	(640)
Total shareholders' equity	52,771	56,803
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	279	321
Foreign currency translation adjustment	(2)	(11)
Total accumulated other comprehensive income	277	309
Minority interests	5,021	5,792
Total net assets	58,070	62,905
Total liabilities and net assets	78,390	80,340

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended February 20, 2015	Fiscal year ended February 20, 2016
Net sales	101,690	101,308
Cost of sales	64,969	64,006
Gross profit	36,720	37,301
Selling, general and administrative expenses	27,930	28,525
Operating income	8,790	8,775
Non-operating income		
Interest income	29	40
Dividend income	16	20
Purchase discounts	334	330
Commission fee	13	14
Rebate income	104	108
Subsidy income	186	–
Share of profit of entities accounted for using equity method	100	90
Other	127	111
Total non-operating income	911	715
Non-operating expenses		
Interest expenses	10	8
Going public expenses	13	–
Share issuance cost	20	–
Other	12	14
Total non-operating expenses	56	23
Ordinary income	9,645	9,468
Extraordinary income		
Gain on change in equity	1,249	–
Gain on sales of shares of subsidiaries and associates	968	–
Other	258	49
Total extraordinary income	2,476	49
Extraordinary losses		
Loss on sales of non-current assets	995	–
Loss on retirement of non-current assets	197	62
Impairment loss	354	275
Dismantlement expenses	90	39
Loss on closing of stores	16	215
Provision of allowance for doubtful accounts	170	–
Other	65	30
Total extraordinary losses	1,889	623
Income before income taxes and minority interests	10,232	8,893
Income taxes - current	3,848	3,249
Income taxes - deferred	(97)	45
Total income taxes	3,750	3,295
Income before minority interests	6,481	5,598
Minority interests in income	653	835
Net income	5,828	4,763

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 20, 2015	Fiscal year ended February 20, 2016
Income before minority interests	6,481	5,598
Other comprehensive income		
Valuation difference on available-for-sale securities	263	41
Foreign currency translation adjustment	(3)	(16)
Total other comprehensive income	259	24
Comprehensive income	6,741	5,623
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,089	4,795
Comprehensive income attributable to minority interests	651	828

Consolidated statements of changes in equity

Fiscal year ended February 20, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,462	6,603	35,245	(638)	47,673
Changes of items during period					
Dividends of surplus			(730)		(730)
Net income			5,828		5,828
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	5,098	(0)	5,097
Balance at end of current period	6,462	6,603	40,343	(639)	52,771

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	16	(0)	15	2,122	49,812
Changes of items during period					
Dividends of surplus					(730)
Net income					5,828
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	263	(2)	261	2,898	3,160
Total changes of items during period	263	(2)	261	2,898	8,257
Balance at end of current period	279	(2)	277	5,021	58,070

Fiscal year ended February 20, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,462	6,603	40,343	(639)	52,771
Changes of items during period					
Dividends of surplus			(730)		(730)
Net income			4,763		4,763
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	4,032	(1)	4,031
Balance at end of current period	6,462	6,603	44,376	(640)	56,803

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	279	(2)	277	5,021	58,070
Changes of items during period					
Dividends of surplus					(730)
Net income					4,763
Purchase of treasury shares					(1)
Net changes of items other than shareholders' equity	41	(9)	32	771	803
Total changes of items during period	41	(9)	32	771	4,835
Balance at end of current period	321	(11)	309	5,792	62,905

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 20, 2015	Fiscal year ended February 20, 2016
Cash flows from operating activities		
Income before income taxes and minority interests	10,232	8,893
Depreciation	2,497	2,571
Amortization of negative goodwill	(3)	–
Impairment loss	354	275
Increase (decrease) in allowance for doubtful accounts	(23)	(0)
Increase (decrease) in net defined benefit liability	(16)	8
Interest and dividend income	(46)	(60)
Interest expenses	10	8
Dismantlement Expenses	90	39
Share of (profit) loss of entities accounted for using equity method	(100)	(90)
Loss on retirement of non-current assets	197	62
Loss (gain) on sales of non-current assets	995	–
Loss on store closings	16	215
Loss (gain) on change in equity	(1,249)	–
Going public expenses	13	–
Share issuance cost	20	–
Loss (gain) on sales of shares of subsidiaries and associates	(968)	–
Decrease (increase) in notes and accounts receivable - trade	(145)	(350)
Decrease (increase) in inventories	181	(68)
Decrease (increase) in other assets	(203)	333
Increase (decrease) in notes and accounts payable - trade	(61)	15
Increase (decrease) in other liabilities	784	(394)
Other, net	(55)	(37)
Subtotal	12,520	11,422
Interest and dividend income received	18	69
Interest expenses paid	(6)	(8)
Income taxes paid	(3,198)	(3,995)
Net cash provided by (used in) operating activities	9,333	7,488
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,391)	(2,565)
Proceeds from sales of property, plant and equipment	303	50
Purchase of intangible assets	(96)	(84)
Payments for lease and guarantee deposits	(261)	(176)
Proceeds from collection of lease and guarantee deposits	317	227
Purchase of investment securities	(744)	(4,097)
Purchase of securities	(6,000)	(1,500)
Proceeds from redemption of securities	–	5,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(240)
Proceeds from sales of shares of subsidiaries and associates	1,574	–
Purchase of long-term prepaid expenses	(20)	(9)
Other, net	14	(62)
Net cash provided by (used in) investing activities	(9,306)	(3,458)

(Millions of yen)

	Fiscal year ended February 20, 2015	Fiscal year ended February 20, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,300)	(2,000)
Proceeds from long-term loans payable	2,000	–
Repayments of long-term loans payable	–	(500)
Proceeds from guarantee deposits received	339	586
Repayments of guarantee deposits received	(273)	(166)
Purchase of treasury shares	(0)	(1)
Cash dividends paid	(730)	(730)
Cash dividends paid to minority shareholders	(108)	(107)
Proceeds from share issuance to minority shareholders	2,931	–
Payments for going public expenses	(13)	–
Other, net	–	42
Net cash provided by (used in) financing activities	1,845	(2,876)
Effect of exchange rate change on cash and cash equivalents	13	(3)
Net increase (decrease) in cash and cash equivalents	1,886	1,149
Cash and cash equivalents at beginning of period	3,127	5,013
Cash and cash equivalents at end of period	5,013	6,163