

Translation

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**Summary of Consolidated Financial Results  
for the Six Months Ended June 30, 2016  
(Based on Japanese GAAP)**

July 29, 2016

Company name: ARCLAND SERVICE HOLDINGS CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 3085 URL <http://www.arclandservice.co.jp/>  
 Representative: Representative Director, President Kenichiro Usui  
 Managing Director and General Manager of Administration Headquarters Yoshiharu Tamaki TEL 03-5217-1531  
 Scheduled date to file Quarterly Securities Report: August 10, 2016  
 Scheduled date to commence dividend payments: September 12, 2016  
 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 June 30, 2016 (from January 1, 2016 to June 30, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2016	11,230	12.6	1,573	18.8	1,590	16.6	940	18.0
Six months ended June 30, 2015	9,970	20.9	1,324	6.6	1,363	11.4	796	2.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2016	59.06	—
Six months ended June 30, 2015	50.05	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2016	17,060	13,469	78.0	836.53
As of December 31, 2015	16,651	12,727	75.7	791.72

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 December 31, 2015	—	15.00	—	25.00	40.00
Year ending December 31, 2016	—	12.50	—	—	—
Year ending December 31, 2016 (Forecast)	—	—	—	12.50	25.00

3. Forecast of consolidated financial results for the year ending December 31, 2016 (from January 1, 2016 to December 31, 2016)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	23,800	13.6	3,250	11.2	3,300	10.6	1,900	6.0	119.37

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2016  
 (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: No
- (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: Yes
- 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 June 30, 2016	16,548,000 shares	As of December 31, 2015	16,548,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2016	630,629 shares	As of December 31, 2015	630,596 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2016	15,917,398 shares	Six months ended June 30, 2015	15,917,512 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of December 31, 2015	As of June 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	4,810	5,229
Accounts receivable - trade	1,054	879
Securities	1,500	1,500
Merchandise and finished goods	217	208
Raw materials and supplies	56	58
Other	338	368
Allowance for doubtful accounts	(5)	(4)
Total current assets	7,972	8,240
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,231	2,292
Other, net	305	321
Total property, plant and equipment	2,536	2,614
Intangible assets		
Goodwill	325	305
Other	7	7
Total intangible assets	332	312
Investments and other assets		
Investment securities	3,827	3,806
Lease and guarantee deposits	1,144	1,144
Construction assistance fund receivables	638	604
Long-term loans receivable	–	132
Other	198	205
Total investments and other assets	5,809	5,894
Total non-current assets	8,679	8,820
Total assets	16,651	17,060
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,165	1,027
Income taxes payable	570	613
Provision for bonuses	–	58
Provision for shareholder benefit program	11	16
Other	1,212	929
Total current liabilities	2,960	2,644
Non-current liabilities		
Guarantee deposits received	648	629
Asset retirement obligations	254	263
Other	60	52
Total non-current liabilities	963	946
Total liabilities	3,923	3,591

(Millions of yen)

	As of December 31, 2015	As of June 30, 2016
Net assets		
Shareholders' equity		
Capital stock	1,932	1,932
Capital surplus	1,884	1,884
Retained earnings	8,885	9,626
Treasury shares	(79)	(79)
Total shareholders' equity	12,622	13,363
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	–	0
Foreign currency translation adjustment	(20)	(49)
Total accumulated other comprehensive income	(20)	(48)
Non-controlling interests	125	153
Total net assets	12,727	13,469
Total liabilities and net assets	16,651	17,060

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended June 30, 2015	Six months ended June 30, 2016
Net sales	9,970	11,230
Cost of sales	4,692	5,275
Gross profit	5,277	5,954
Selling, general and administrative expenses	3,953	4,380
Operating income	1,324	1,573
Non-operating income		
Interest income	26	27
Co-sponsor fee	13	19
Miscellaneous income	12	19
Total non-operating income	52	66
Non-operating expenses		
Share of loss of entities accounted for using equity method	10	27
Foreign exchange losses	–	20
Miscellaneous loss	3	2
Total non-operating expenses	13	50
Ordinary income	1,363	1,590
Extraordinary income		
Gain on donation of non-current assets	6	2
Other	–	2
Total extraordinary income	6	4
Extraordinary losses		
Loss on retirement of non-current assets	23	50
Loss on closing of stores	50	15
Other	–	2
Total extraordinary losses	73	68
Income before income taxes and minority interests	1,296	1,526
Income taxes - current	502	582
Income taxes - deferred	(10)	(23)
Total income taxes	492	558
Profit	804	968
Profit attributable to non-controlling interests	7	28
Profit attributable to owners of parent	796	940

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended June 30, 2015	Six months ended June 30, 2016
Profit	804	968
Other comprehensive income		
Valuation difference on available-for-sale securities	–	0
Foreign currency translation adjustment	(1)	(28)
Total other comprehensive income	(1)	(27)
Comprehensive income	802	940
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	795	912
Comprehensive income attributable to non-controlling interests	7	28

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2015	Six months ended June 30, 2016
Cash flows from operating activities		
Income before income taxes and minority interests	1,296	1,526
Depreciation	163	170
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Amortization of goodwill	0	34
Increase (decrease) in provision for bonuses	48	58
Loss on retirement of non-current assets	23	50
Loss on store closings	50	15
Share of (profit) loss of entities accounted for using equity method	10	27
Interest income	(26)	(27)
Decrease (increase) in notes and accounts receivable - trade	42	171
Decrease (increase) in inventories	9	7
Decrease (increase) in other assets	12	18
Increase (decrease) in notes and accounts payable - trade	(192)	(135)
Increase (decrease) in other liabilities	(64)	(93)
Other, net	(10)	21
Subtotal	1,363	1,844
Interest income received	0	19
Income taxes paid	(608)	(554)
Net cash provided by (used in) operating activities	754	1,309
Cash flows from investing activities		
Purchase of property, plant and equipment	(430)	(382)
Purchase of shares of subsidiaries and associates	(54)	-
Purchase of key money of subsidiaries and associates	(50)	(24)
Payments for lease and guarantee deposits	(67)	(29)
Proceeds from collection of lease and guarantee deposits	11	12
Payments of long-term loans receivable	-	(143)
Payments for transfer of business	(25)	-
Other, net	0	(4)
Net cash provided by (used in) investing activities	(615)	(572)
Cash flows from financing activities		
Proceeds from guarantee deposits received	35	17
Repayments of guarantee deposits received	-	(25)
Cash dividends paid	(119)	(198)
Other, net	(10)	(99)
Net cash provided by (used in) financing activities	(93)	(307)
Effect of exchange rate change on cash and cash equivalents	(0)	(10)
Net increase (decrease) in cash and cash equivalents	45	419
Cash and cash equivalents at beginning of period	3,817	4,810
Cash and cash equivalents at end of period	3,862	5,229