

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2016 (Based on Japanese GAAP)

April 27, 2016

Company name: ARCLAND SERVICE CO., LIMITED
 Stock exchange listing: Tokyo
 Stock code: 3085 URL <http://www.arclandservice.co.jp/>
 Representative: Representative Director, President and COO Hisashi Ito
 Managing Director and General Manager of Administration Headquarters Yoshiharu Tamaki TEL 03-5217-1531
 Scheduled date to file Quarterly Securities Report: May 9, 2016
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended March 31, 2016 (from January 1, 2016 to March 31, 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	%
Three months ended March 31, 2016	5,558	13.1	817	18.4	819	13.8	472	11.6
Three months ended March 31, 2015	4,916	18.5	690	3.5	720	7.6	423	(6.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2016	29.67		–	
Three months ended March 31, 2015	26.58		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	16,365	13,011	78.6	808.44
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				
Year ended December 31, 2015	–	15.00	–	25.00	40.00
Year ending December 31, 2016	–	–	–	–	–
Year ending December 31, 2016 (Forecast)	–	12.50	–	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
Six months ending June 30, 2016	11,000	10.3	1,370	3.4	1,400	2.7	850	6.7	53.40
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 three months ended March 31, 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 March 31, 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 March 31, 2016	630,596 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)

Three months ended March 31, 2016	15,917,404 shares	Three months ended March 31, 2015	15,917,560 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	4,810	4,566
Accounts receivable - trade	1,054	917
Securities	1,500	1,500
Merchandise and finished goods	217	178
Raw materials and supplies	56	47
Other	338	317
Allowance for doubtful accounts	(5)	(4)
Total current assets	7,972	7,523
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,231	2,246
Other, net	305	353
Total property, plant and equipment	2,536	2,600
Intangible assets		
Goodwill	325	322
Other	7	7
Total intangible assets	332	329
Investments and other assets		
Investment securities	3,827	3,811
Lease and guarantee deposits	1,144	1,144
Construction assistance fund receivables	638	621
Long-term loans receivable	–	145
Other	198	188
Total investments and other assets	5,809	5,912
Total non-current assets	8,679	8,841
Total assets	16,651	16,365
Liabilities		
Current liabilities		
Accounts payable - trade	1,165	1,046
Income taxes payable	570	294
Provision for bonuses	–	32
Provision for shareholder benefit program	11	7
Other	1,212	1,031
Total current liabilities	2,960	2,411
Non-current liabilities		
Guarantee deposits received	648	625
Asset retirement obligations	254	259
Other	60	56
Total non-current liabilities	963	941
Total liabilities	3,923	3,353

(Millions of yen)

	As of December 31, 2015	As of March 31, 2016
Net assets		
Shareholders' equity		
Capital stock	1,932	1,932
Capital surplus	1,884	1,884
Retained earnings	8,885	9,158
Treasury shares	(79)	(79)
Total shareholders' equity	12,622	12,896
Accumulated other comprehensive income		
Foreign currency translation adjustment	(20)	(27)
Total accumulated other comprehensive income	(20)	(27)
Non-controlling interests	125	143
Total net assets	12,727	13,011
Total liabilities and net assets	16,651	16,365

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended March 31, 2015	Three months ended March 31, 2016
Net sales	4,916	5,558
Cost of sales	2,308	2,585
Gross profit	2,607	2,973
Selling, general and administrative expenses	1,917	2,155
Operating income	690	817
Non-operating income		
Interest income	13	13
Co-sponsor fee	12	0
Share of profit of entities accounted for using equity method	2	–
Miscellaneous income	5	8
Total non-operating income	33	23
Non-operating expenses		
Share of loss of entities accounted for using equity method	–	15
Miscellaneous loss	3	4
Total non-operating expenses	3	20
Ordinary income	720	819
Extraordinary income		
Gain on donation of non-current assets	–	2
Other	–	2
Total extraordinary income	–	4
Extraordinary losses		
Loss on retirement of non-current assets	13	25
Loss on closing of stores	19	7
Other	–	1
Total extraordinary losses	33	34
Income before income taxes and minority interests	686	790
Income taxes - current	227	284
Income taxes - deferred	32	16
Total income taxes	259	300
Profit	427	489
Profit attributable to non-controlling interests	4	17
Profit attributable to owners of parent	423	472

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2015	Three months ended March 31, 2016
Profit	427	489
Other comprehensive income		
Foreign currency translation adjustment	(0)	(7)
Total other comprehensive income	(0)	(7)
Comprehensive income	426	482
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	422	465
Comprehensive income attributable to non-controlling interests	4	17