

Translation

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**Summary of Consolidated Financial Results  
for the Six Months Ended June 30, 2018  
(Based on Japanese GAAP)**

July 27, 2018

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 7, 2018  
 Scheduled date to commence dividend payments: September 10, 2018  
 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, 2018 (from January 1, 2018 to June 30, 2018)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2018	14,469	16.2	1,983	6.4	2,004	5.2	1,269	6.3
Six months ended June 30, 2017	12,457	10.9	1,863	18.4	1,906	19.9	1,194	27.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2018	39.88		-	
Six months ended June 30, 2017	37.52		-	

(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, 2018	22,172	17,388	77.0	536.26
As of December 31, 2017	21,248	16,347	75.7	505.03

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, 2017	-	16.00	-	8.00	-
Year ending December 31, 2018	-	10.00	-	-	-
Year ending December 31, 2018 (Forecast)	-	-	-	10.00	20.00

3. Forecast of consolidated financial results for the year ending December 31, 2018 (from January 1, 2018 to December 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	30,000	13.0	4,170	10.8	4,200	10.0	2,500	7.6	78.53

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2018  
 (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: 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 June 30, 2018	33,096,000 shares	As of December 31, 2017	33,096,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2018	1,261,358 shares	As of December 31, 2017	1,261,328 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, 2018	31,834,658 shares	Six months ended June 30, 2017	31,834,711 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of December 31, 2017	As of June 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	11,967	12,882
Accounts receivable - trade	1,496	1,143
Merchandise and finished goods	292	286
Raw materials and supplies	73	70
Other	616	683
Allowance for doubtful accounts	(6)	(4)
Total current assets	14,440	15,062
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,341	3,538
Other, net	385	388
Total property, plant and equipment	3,727	3,927
Intangible assets		
Goodwill	358	307
Other	7	6
Total intangible assets	365	314
Investments and other assets		
Investment securities	377	399
Lease and guarantee deposits	1,293	1,330
Construction assistance fund receivables	631	700
Long-term loans receivable	144	140
Other	267	296
Total investments and other assets	2,714	2,868
Total non-current assets	6,808	7,110
Total assets	21,248	22,172
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,690	1,253
Income taxes payable	660	813
Provision for bonuses	–	65
Provision for shareholder benefit program	38	58
Other	1,496	1,502
Total current liabilities	3,885	3,694
Non-current liabilities		
Guarantee deposits received	644	710
Asset retirement obligations	340	356
Other	30	22
Total non-current liabilities	1,015	1,089
Total liabilities	4,900	4,783

(Millions of yen)

	As of December 31, 2017	As of June 30, 2018
Net assets		
Shareholders' equity		
Capital stock	1,932	1,932
Capital surplus	1,884	1,884
Retained earnings	12,336	13,351
Treasury shares	(79)	(79)
Total shareholders' equity	16,073	17,088
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	5
Foreign currency translation adjustment	1	(21)
Total accumulated other comprehensive income	3	(16)
Non-controlling interests	270	317
Total net assets	16,347	17,388
Total liabilities and net assets	21,248	22,172

**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, 2017	Six months ended June 30, 2018
Net sales	12,457	14,469
Cost of sales	5,878	6,842
Gross profit	6,578	7,627
Selling, general and administrative expenses	4,715	5,643
Operating profit	1,863	1,983
Non-operating income		
Interest income	17	4
Rebate income	7	7
Co-sponsor fee	8	8
Share of profit of entities accounted for using equity method	12	–
Miscellaneous income	7	10
Total non-operating income	53	32
Non-operating expenses		
Share of loss of entities accounted for using equity method	–	3
Foreign exchange losses	8	5
Miscellaneous loss	1	1
Total non-operating expenses	10	10
Ordinary profit	1,906	2,004
Extraordinary income		
Gain on sales of non-current assets	3	–
Gain on transfer of store	–	34
Other	1	2
Total extraordinary income	4	36
Extraordinary losses		
Loss on retirement of non-current assets	21	22
Loss on closing of stores	3	1
Total extraordinary losses	24	24
Profit before income taxes	1,886	2,016
Income taxes - current	681	792
Income taxes - deferred	(29)	(92)
Total income taxes	652	700
Profit	1,234	1,316
Profit attributable to non-controlling interests	39	46
Profit attributable to owners of parent	1,194	1,269

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

(Millions of yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Profit	1,234	1,316
Other comprehensive income		
Valuation difference on available-for-sale securities	0	2
Foreign currency translation adjustment	3	(16)
Share of other comprehensive income of entities accounted for using equity method	(3)	(6)
Total other comprehensive income	0	(20)
Comprehensive income	1,235	1,295
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,195	1,248
Comprehensive income attributable to non-controlling interests	39	46

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Cash flows from operating activities		
Profit before income taxes	1,886	2,016
Depreciation	174	201
Increase (decrease) in allowance for doubtful accounts	(1)	(1)
Amortization of goodwill	34	50
Increase (decrease) in provision for bonuses	62	65
Loss on retirement of non-current assets	21	22
Loss on store closings	3	1
Gain on transfer of store	–	(34)
Share of (profit) loss of entities accounted for using equity method	(12)	3
Interest income	(17)	(4)
Decrease (increase) in notes and accounts receivable - trade	245	351
Decrease (increase) in inventories	37	8
Decrease (increase) in other assets	64	35
Increase (decrease) in notes and accounts payable - trade	(111)	(435)
Increase (decrease) in other liabilities	(235)	297
Other, net	10	23
Subtotal	2,162	2,602
Interest income received	16	2
Income taxes paid	(629)	(627)
Net cash provided by (used in) operating activities	1,548	1,978
Cash flows from investing activities		
Purchase of property, plant and equipment	(463)	(731)
Proceeds from redemption of investment securities	592	–
Payments for lease and guarantee deposits	(102)	(201)
Proceeds from collection of lease and guarantee deposits	4	45
Proceeds from gain on transfer of store	–	34
Other, net	23	(15)
Net cash provided by (used in) investing activities	54	(869)
Cash flows from financing activities		
Proceeds from guarantee deposits received	20	79
Repayments of guarantee deposits received	(2)	(7)
Cash dividends paid	(198)	(254)
Other, net	(6)	(7)
Net cash provided by (used in) financing activities	(187)	(190)
Effect of exchange rate change on cash and cash equivalents	(2)	(3)
Net increase (decrease) in cash and cash equivalents	1,414	914
Cash and cash equivalents at beginning of period	8,432	11,967
Cash and cash equivalents at end of period	9,847	12,882