

NON-CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)
FIRST HALF OF THE FISCAL YEAR ENDING
December 31, 2013
(January 1, 2013 to December 31, 2013)

July 30, 2013

Arealink Co., Ltd. is listed on the Mothers market of the Tokyo Stock Exchange under the securities code number 8914.

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Quarterly Securities Report filing date (planned): August 9, 2013

Supplemental materials prepared for quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes (for institutional investors and security analysts)

Dividend payment commencement date (planned): —

(Millions of yen rounded down)

1. Non-Consolidated Operating Results for the First Half of Fiscal 2013
(January 1, 2013 to June 30, 2013)

(1) Non-Consolidated Operating Results (Cumulative)

(Percentage figures are the increase / (decrease) for the corresponding period of the previous fiscal year.)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2013 First Half	6,461	30.5	898	61.8	865	73.4	782	75.5
FY2012 First Half	4,951	(11.7)	555	9.8	499	16.4	446	(15.7)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
FY2013 First Half	6.38	—
FY2012 First Half	3.64	—

On July 1, 2013, the Company conducted a stock split at a ratio of 100 shares for each of the Company's common shares. Accordingly, net income per share has been calculated assuming that the subject stock split was conducted at the beginning of the previous fiscal year.

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
June 30, 2013	21,252	11,718	55.1
December 31, 2012	18,612	10,935	58.8

(Reference) Shareholders' equity: June 30, 2013: 11,718 million yen December 31, 2012: 10,935 million yen

2. Dividends

(Record Date)	Dividends per Share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2012	—	0.00	—	0.00	0.00
Fiscal 2013	—	0.00	—	—	—
Fiscal 2013 (Forecast)	—	—	—	2.50	2.50

Note: Revision to the most recently announced cash dividend forecast: None

On July 1, 2013, the Company conducted a stock split at a ratio of 100 shares for each of the Company's common shares. Accordingly, the year-end dividend for the fiscal year ending December 2013 (forecast) is presented taking into consideration the effect of the subject stock split.

3. Forecasts of Non-Consolidated Operating Results for the Fiscal Year Ending December 31, 2013 (January 1, 2013 to December, 2013)

(% figures for the full fiscal year represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2013	11,565	14.2	1,485	27.5	1,400	30.2	1,200	26.6	9.77

Note: Revision to the most recently announced operating results forecast: None

On July 1, 2013, the Company conducted a stock split at a ratio of 100 shares for each of the Company's common shares. Accordingly, the net income per share for the fiscal year ending December 2013 (forecast) is presented taking into consideration the effect of the subject stock split.

Notes

- (1) Application of Special Accounting Practices in the Preparation of the Quarterly Non-Consolidated Financial Statements: No
- (2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements
 - 1) Changes of accounting principles in line with revisions to accounting and other standards: No
 - 2) Changes of accounting principles other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (3) Number of Shares Issued and Outstanding (Common Stock)
 1. Total number of shares issued and outstanding (including treasury stock) as of the period-end:
June 30, 2013: 125,763,000 shares December 31, 2012: 125,763,000 shares
 2. Total number of treasury stock as of the period-end:
June 30, 2013: 3,000,000 shares December 31, 2012: 3,000,000 shares
 3. Average number of shares for the period (Cumulative total for the quarterly non-consolidated period)
FY2013 First Half: 122,763,000 shares FY2012 First Half: 122,763,000 shares

On July 1, 2013, the Company conducted a stock split at a ratio of 100 shares for each of the Company's common shares. Accordingly, number of shares issued and outstanding as of the period-end, number of treasury stock as of the period-end and average number of shares for the period have been calculated assuming that the subject stock split was conducted at the beginning of the previous fiscal year.

Regarding the Status of Quarterly Review Procedure Implementation

This financial report for the second quarter of fiscal 2013 is not subject to the quarterly review procedures stipulated in the Financial Instruments and Exchange Act of Japan. As of the date of disclosure of this report, the review procedures for the quarterly financial statements under the Financial Instruments and Exchange Act had not been completed.

Cautionary Statement Concerning Operating Results Forecasts and Other Special Items

The aforementioned forecasts were made based on information available to management as of the date of this report. Actual results could differ significantly from forecasts due to a variety of factors. Please refer to "Qualitative Information Regarding Forecasts of Non-Consolidated Business Results" on page 4 for assumptions of the revision of forecasts of business results.

The Company plans to hold a results briefing on August 1, 2013, for institutional investors and analysts. A report on the briefing and explanations provided (audio), together with the presentation materials used that day, will be made available on the Company's website promptly after the meeting.

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1. Qualitative Information Regarding Non-Consolidated Quarterly Business Results

(1) Qualitative Information Regarding Non-Consolidated Operating Results

During the second quarter cumulative period (January 1 to June 30, 2013) of fiscal 2013 (ending December 31, 2013), in the Japanese economy share prices rose and the yen weakened on expectations from the various economic recovery measures and monetary easing policy enacted under “Abenomics.” Improvement in consumer confidence and other positive signals appeared as the economy continued on a recovery track. In the real estate industry, of which Arealink is a part, the industry is attracting greater attention on expectations that the economy will escape deflation and move toward inflation, leading to an upturn in real estate transactions and other signs of recovery. Under such conditions, the Company focused its business development on property management services, its main stock-type business, as well as property revitalization and liquidation services, its main real estate sales business.

In the Property Management Service business, the mainstay self-storage business contributed to revenues through expansion of business locations to regional cities, and an increase in the number of units managed and utilized. To accelerate the utilization of newly opened locations we held on-site inspection tours for nearby customers and took other steps to market to the surrounding community, while for existing locations, based on comment cards received from customers we made ongoing maintenance efforts aimed at enhancing freedom in usability. In the asset business, revenue increased on the acquisition of income-generating properties for long-term holding, further strengthening the earnings base for stock-type businesses. As a result, net sales in this segment amounted to ¥5,516 million.

In the Property Revitalization & Liquidation Service business, we proactively acquired real estate properties for sale throughout the period under review, centered on subdivided stores, offices, and residential condominiums, with sales rising steadily. As a result, net sales in this segment amounted to ¥945 million.

As a result, net sales for the subject period amounted to ¥6,461 million (up 30.5% from the same period of the previous fiscal year). Operating income totaled ¥898 million (up 61.8%), with ordinary income of ¥865 million (up 73.4%), and net income of ¥782 million (up 75.5%).

(2) Qualitative Information Regarding Non-Consolidated Financial Position

Assets, liabilities, and net assets

Total assets at the end of the subject second quarter period (June 30, 2013) amounted to ¥21,252 million, an increase of ¥2,639 million compared with the end of the previous fiscal year (December 31, 2012). This was due mainly to increases of ¥1,749 million in land; ¥779 million in buildings; and ¥351 million in cash and deposits.

Total liabilities amounted to ¥9,534 million, an increase of ¥1,857 million from the end of the previous fiscal year. This was due mainly to increases of ¥1,111 million in long-term loans payable; ¥177 million in short-term loans payable; and ¥268 million in other non-current liabilities.

Net assets amounted to ¥11,718 million, an increase of ¥782 million from the end of the previous fiscal year. This was due mainly to an increase of ¥782 million in retained earnings. As a result, the equity ratio stood at 55.1%.

Cash flows

Cash and cash equivalents at the end of the subject second quarter period (June 30, 2013) amounted to ¥3,436 million, an increase of ¥351 million compared with the end of the previous fiscal year (December 31, 2012).

Cash provided by operating activities amounted to ¥1,460 million (compared to ¥345 million in cash used in the same period of the previous fiscal year). This was due mainly to increases of ¥870 million in net income before tax; and ¥294 million in depreciation.

Cash used in investing activities amounted to ¥2,330 million (compared to ¥1,418 million in cash provided in the same period of the previous fiscal year). This was due mainly to ¥2,587 million in expenditures for the acquisition of property, plant and equipment.

Cash provided by financing activities amounted to ¥1,220 million (compared to ¥674 million in cash used in the same period of the previous fiscal year). This was due mainly to increases of ¥1,820 million in proceeds from long-term borrowings; against decreases of ¥771 million in expenditures for repayment of long-term borrowings.

(3) Qualitative Information Regarding Forecasts of Non-Consolidated Business Results

Results forecasts for the second quarter cumulative and full year periods, in consideration of the steady

growth in revenues, earnings, and business volume in all segments, have been revised from those announced in financial report for the fiscal year ended December 2012 (released February 14, 2013). For details, see “Notice of Revision to Earnings Forecast” released on July 22, 2013 (in Japanese).

Regarding dividends for the fiscal year ending December 2013, based on the Company’s basic policy and current earnings forecasts, we are planning to resume dividend payments at an annual rate of ¥2.50 per share. There are no plans for an interim dividend payment.

2. Summary Information and Notes

Not applicable.

3. Quarterly Financial Statements

(1) Non-Consolidated Quarterly Balance Sheets

	(Thousands of yen)	
	End of the Fiscal Year Ended December 31, 2012 (As of December 31, 2012)	End of the Second Quarter of the Fiscal Year Ending December 31, 2013 (As of June 30, 2013)
ASSETS		
Current assets:		
Cash and deposits	3,084,972	3,436,922
Accounts receivable — trade	155,729	172,182
Accounts receivable from completed construction contracts	50,044	19,635
Merchandise	458,858	418,079
Real estate for sale	1,356,298	1,279,149
Costs on uncompleted construction contracts	180	2,662
Supplies	1,181	2,791
Other current assets	671,504	760,182
Allowance for doubtful accounts	(26,135)	(34,238)
Total current assets	5,752,633	6,057,365
Noncurrent assets:		
Property, plant and equipment:		
Buildings	7,082,481	8,052,596
Accumulated depreciation	(1,418,527)	(1,609,252)
Accumulated impairment loss	(83,526)	(83,526)
Buildings, net	5,580,426	6,359,817
Land	3,759,735	5,509,622
Other	2,010,820	1,837,068
Accumulated depreciation	(462,957)	(517,372)
Other, net	1,547,862	1,319,695
Total property, plant and equipment	10,888,025	13,189,135
Intangible assets:		
Other	102,888	84,269
Total intangible assets	102,888	84,269
Investments and other assets:		
Other	3,180,057	3,228,656
Allowance for doubtful accounts	(1,310,642)	(1,306,666)
Total investments and other assets	1,869,414	1,921,989
Total noncurrent assets	12,860,328	15,195,394
Total assets	18,612,961	21,252,760

(Thousands of yen)

	End of the Fiscal Year Ended December 31, 2012 (As of December 31, 2012)	End of the Second Quarter of the Fiscal Year Ending December 31, 2013 (As of June 30, 2013)
LIABILITIES		
Current liabilities:		
Accounts payable — trade	207,144	218,146
Accounts payable for construction contracts	179,820	256,098
Short-term loans payable	—	177,000
Current portion of long-term loans payable	696,876	669,478
Income taxes payable	24,633	111,169
Other	671,581	819,804
Total current liabilities	1,780,057	2,251,697
Noncurrent liabilities:		
Long-term loans payable	4,730,451	5,841,804
Asset retirement obligations	186,387	192,407
Other	980,703	1,248,839
Total noncurrent liabilities	5,897,542	7,283,051
Total liabilities	7,677,600	9,534,748
NET ASSETS		
Shareholders' equity:		
Capital stock	5,568,222	5,568,222
Capital surplus		
Legal capital surplus	5,612,719	5,612,719
Total capital surplus	5,612,719	5,612,719
Retained earnings		
Other retained earnings		
Retained earnings brought forward	10,676	793,669
Total retained earnings	10,676	793,669
Treasury stock	(256,584)	(256,584)
Total shareholders' equity	10,935,034	11,718,026
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	327	(15)
Total valuation and translation adjustments	327	(15)
Total net assets	10,935,361	11,718,011
Total liabilities and net assets	18,612,961	21,252,760

(2) Non-Consolidated Quarterly Statements of Income
Second Quarter Cumulative

(Thousands of yen)

	First Half of the Fiscal Year Ended December 31, 2012 (January 1, 2012 to June 30, 2012)	First Half of the Fiscal Year Ending December 31, 2013 (January 1, 2013 to June 30, 2013)
Net sales	4,951,256	6,461,194
Cost of Sales	3,710,311	6,484,008
Gross profit	1,240,944	1,777,186
Selling, general and administrative expenses	685,687	878,563
Operating income	555,257	898,623
Non-operating income:		
Interest income	4,747	26,262
Reversal of allowance for doubtful accounts	3,600	3,771
Default charge income	4,619	4,473
Penalty income	6,605	9,700
Other	3,629	3,369
Total non-operating income	23,202	47,576
Non-operating expenses:		
Interest expenses	62,752	76,923
Other	16,574	3,583
Total non-operating expenses	79,326	80,507
Ordinary income	499,133	865,693
Extraordinary income:		
Gain on sales of noncurrent assets	9,760	15,032
Gain on sales of investment securities	—	2,270
Gain on sales of subsidiaries and affiliates' stocks	2,520	—
Total extraordinary income	12,280	17,302
Extraordinary loss:		
Loss on retirement of noncurrent assets	31,955	9,275
Other	1,079	3,028
Total extraordinary losses	33,034	12,303
Net income before income taxes	478,379	870,691
Income taxes — current	3,403	93,483
Income taxes — deferred	28,702	(5,784)
Total income taxes	32,106	87,699
Net income	446,273	782,992

(3) Non-Consolidated Quarterly Statements of Cash Flows

(Thousands of yen)

	First Half of the Fiscal Year Ended December 31, 2012 (January 1, 2012 to June 30, 2012)	First Half of the Fiscal Year Ending December 31, 2013 (January 1, 2013 to June 30, 2013)
Cash flows from operating activities:		
Income before income taxes	478,379	870,691
Depreciation	339,715	294,188
Interest and dividends income	(4,795)	(26,313)
Interest expenses	62,752	76,923
Loss (gain) on sales of investment securities	—	(2,270)
Loss (gain) on sales of stocks of subsidiaries and affiliates	(2,520)	—
Loss (gain) on sales of noncurrent assets	(9,681)	(14,203)
Loss on retirement of noncurrent assets	31,955	9,275
Decrease (increase) in notes and accounts receivable — trade	(105,090)	13,956
Decrease (increase) in inventories	(806,635)	113,835
Increase (decrease) in notes and accounts payable — trade	(60,741)	87,279
Decrease (increase) in consumption taxes refund receivable	—	11,682
Increase (decrease) in accrued consumption taxes	(102,488)	9,968
Reversal of accumulated impairment loss on leased assets	(47,128)	—
Other, net	(52,644)	73,892
Subtotal	(278,921)	1,518,906
Interest and dividends income received	4,093	26,460
Interest expenses paid	(63,185)	(75,765)
Income taxes paid	(7,700)	(7,583)
Net cash provided by (used in) operating activities	(345,714)	1,462,019
Cash flows from investing activities:		
Proceeds from sales of investment securities	—	2,940
Proceeds from sales of stocks of subsidiaries and affiliates	13,020	—
Purchase of noncurrent assets	(47,867)	(2,587,106)
Proceeds from sales of noncurrent assets	1,407,199	234,612
Payments for retirement of property, plant and equipment	(3,036)	—
Purchase of intangible assets	(17,755)	(6,511)
Collection of short-term loans receivable	66,992	25,826
Net cash provided by (used in) investing activities	1,418,552	(2,330,239)
Cash flows from financing activities:		
Net increase (decrease) of short-term loans payable	—	177,000
Proceeds from long-term loans payable	388,000	1,820,350
Repayment of long-term loans payable	(1,054,379)	(771,045)
Repayments of lease obligations	(5,032)	(6,134)
Other, net	(3,000)	—
Net cash provided by (used in) financing activities	(674,412)	1,220,170
Effect of exchange rate changes on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	398,425	351,950
Cash and cash equivalents at beginning of period	2,818,770	3,084,972
Cash and cash equivalents at end of period	3,217,196	3,436,922

(4) Notes Regarding Going Concern Assumptions

Not applicable.

(5) Segment and Other Information

1) Overview of Reportable Segments

The reportable segments of the Company are components for which separate financial information is available and whose operating results are regularly reviewed by the Company's Board of Directors when making decision about the allocation of management resources and assessing performance.

Arealink is primarily engages in Property Management Service and Property Revitalization & Liquidation Service business activities. In its Property Management Service business, the Company leases land, vacant facilities, and other property assets while also acquiring, holding, and operating land, buildings, and other property assets. In addition, Arealink receives orders and provides for the installation and construction of containers and storage rooms in accordance with the needs of land and building property owners. In the Property Revitalization & Liquidation Service business, the Company refurbishes existing real estate properties held for the purpose of adding value and increasing operating efficiency. These properties are then sold to investors and other interested parties.

2) Information Relating to the Amounts of Net Sales, Profit, and Loss

The first half of fiscal 2012 (January 1, 2012 to June 30, 2012)

(Thousands of yen)

	Reportable Segment			Adjustment amount	Amount recorded on consolidated quarterly statements of income
	Property Management Service	Property Revitalization & Liquidation Service	Total		
Net Sales					
Sales to Outside Customers	4,643,028	308,227	4,951,256	—	4,951,256
Inter-Segment Sales and Transfers	—	—	—	—	—
Total	4,643,028	308,227	4,951,256	—	4,951,256
Segment Profit	787,411	41,167	828,579	(273,322)	555,257

Notes:

1. The negative segment profit adjustment of ¥273,322 thousand represents corporate expenses that are not allocated to each segment. These expenses mainly relate to the Administration Division.
2. Segment profit is adjusted based on operating income recorded in the quarterly statement of income.

The first half of fiscal 2013 (January 1, 2013 to June 30, 2013)

(Thousands of yen)

	Reportable Segment			Adjustment amount	Amount recorded on consolidated quarterly statements of income
	Property Management Service	Property Revitalization & Liquidation Service	Total		
Net Sales					
Sales to Outside Customers	5,516,023	945,171	6,461,194	—	6,461,194
Inter-Segment Sales and Transfers	—	—	—	—	—
Total	5,516,023	945,171	6,461,194	—	6,461,194
Segment Profit	1,126,738	76,874	1,203,612	(304,989)	898,623

Notes:

1. The negative segment profit adjustment of ¥304,989 thousand represents corporate expenses that are not allocated to each segment. These expenses mainly relate to the Administration Division.
2. Segment profit is adjusted based on operating income recorded in the quarterly statement of income.

(6) Notes Regarding Substantial Changes in Shareholders' Equity

Not applicable.

(7) Important Subsequent Events

(Stock Split, Adoption of Unit Share System, and Partial Amendment to the Articles of Incorporation)

Arealink Co., Ltd., based on resolutions made at a meeting of its Board of Directors held on February 28, 2013, effective July 1, 2013, conducted a stock split at a ratio of 100 shares for each of the Company's common shares, and adopted a unit share system with one trading unit set at 100 shares.

1. Purpose of the stock split, adoption of the unit share system, and partial amendment to the Articles of Incorporation

In view of the purport of the "Action Plan for Aggregation of Trading Units" published by the Japanese stock exchanges on November 27, 2007, the Company decided to adopt a unit share system, with one trading unit set at 100 shares. Also, in view of the standards for the desirable investment unit as prescribed by Article 445 of the Tokyo Stock Exchange's securities listing regulations, in conjunction with the adoption of a unit share system, the Company decided to conduct a stock split at a ratio of 100 shares for each of the Company's common shares.

2. Method of the stock split

Common shares held by the shareholders stated or recorded in the Register of Shareholders as of the record date of June 30, 2013 (in effect June 28, 2013, since this date is a holiday) were split at the ratio of 100 shares to one share.

3. Increase in number of shares as a result of the stock split

Total number of issued shares before the stock split	1,257,630 shares
Number of shares increased as a result of this stock split	124,505,370 shares
Total number of issued shares after the stock split	125,763,000 shares
Total number of authorized shares after the stock split	357,600,000 shares

4. Effective date for the stock split

July 1, 2013