

Six-month Period Ended Sept. 30, 2016

Financial Report

Duskin Co., Ltd.
November 14, 2016



Cautionary Statement

- These materials contain forward-looking statements concerning forecasts, goals, strategies, and other matters related to the Company, including its consolidated subsidiaries.
- These forward-looking statements are based on projections and assumptions made by Duskin Group in light of currently available information. Such statements are subject to the uncertainties inherent in projections and assumptions, and also to unforeseeable changes in future business operations resulting from both internal and external changes, which could cause actual results, performance and achievements to differ materially from those contained in these forward-looking statements.
- The adjustment to segment income includes “inter-segment eliminations” and “corporate expenses” which are presented as “Eliminations/Corporate” in these materials.
- Starting with FY2015, the Company adopted Revised Accounting Standard for Business Combinations (ASBJ Statement No.21, September 13, 2013) and net income is reported as profit attributable to owners of parent. However, net income is used in this report.

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Six-month Period Ended Sept. 30, 2016

Financial Summary

Consolidated Results

(millions of yen)

	FY2015 1st Half ended Sept. 30, 2015	FY2016 1st Half ended Sept. 30, 2016	Increase/decrease		Reference FY2015 ended Mar. 31, 2016
			Amount	%	
Sales	82,530	81,091	-1,438	-1.7	165,203
Operating Income	2,681	2,514	-166	-6.2	5,372
Operating income on sales (%)	(3.2%)	(3.1%)	(-0.1)	—	(3.3%)
Ordinary Income	3,432	3,406	-26	-0.8	6,707
Ordinary income on sales (%)	(4.2%)	(4.2%)	(+0.0)	—	(4.1%)
Net Income	1,962	2,105	+143	+7.3	2,983
Net income on sales (%)	(2.4%)	(2.6%)	(+0.2)	—	(1.8%)

Consolidated Sales

■ Sales - 2nd half
■ Sales - 1st half

(millions of yen)

250,000

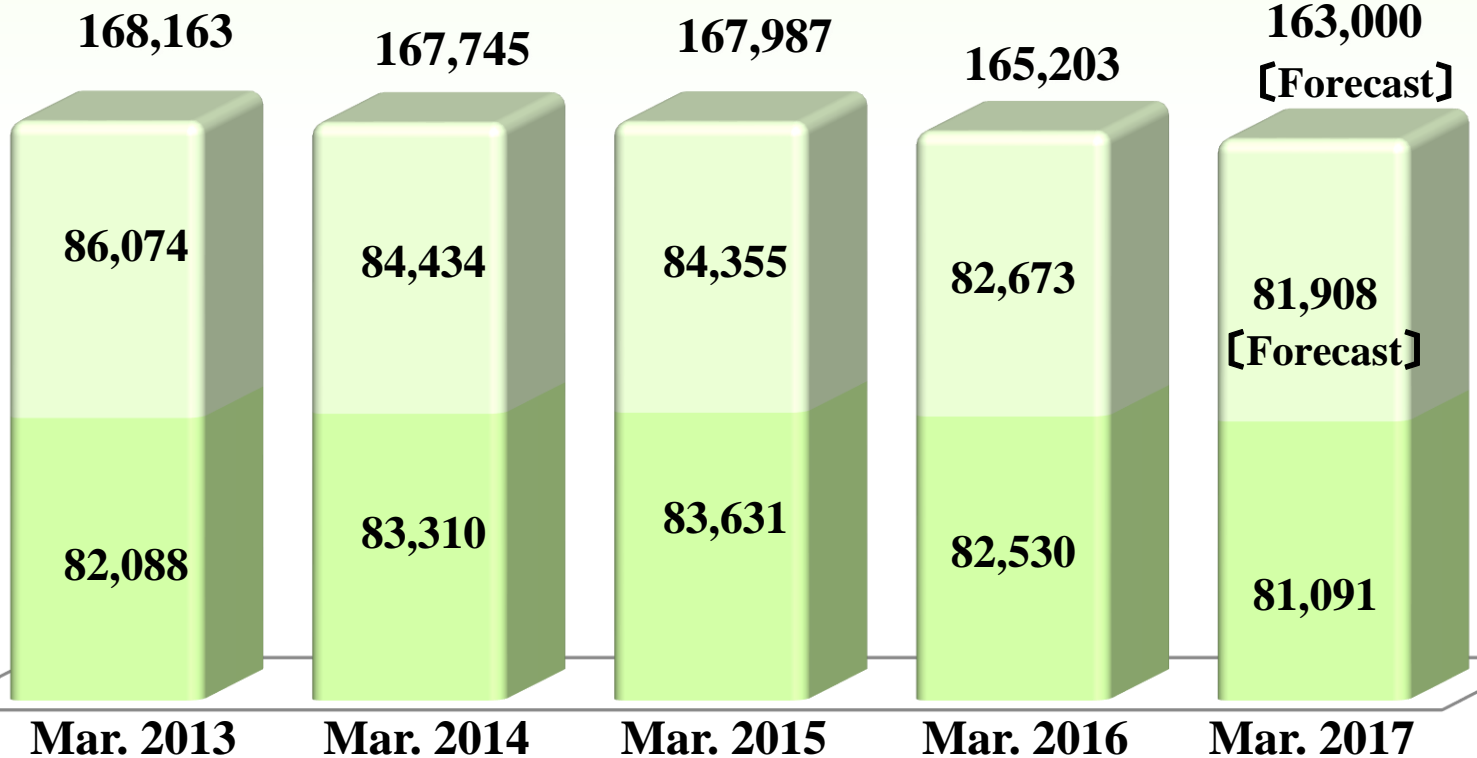
200,000

150,000

100,000

50,000

0



Consolidated Sales

81,091 million yen 1,438 million yen decrease (-1.7%)

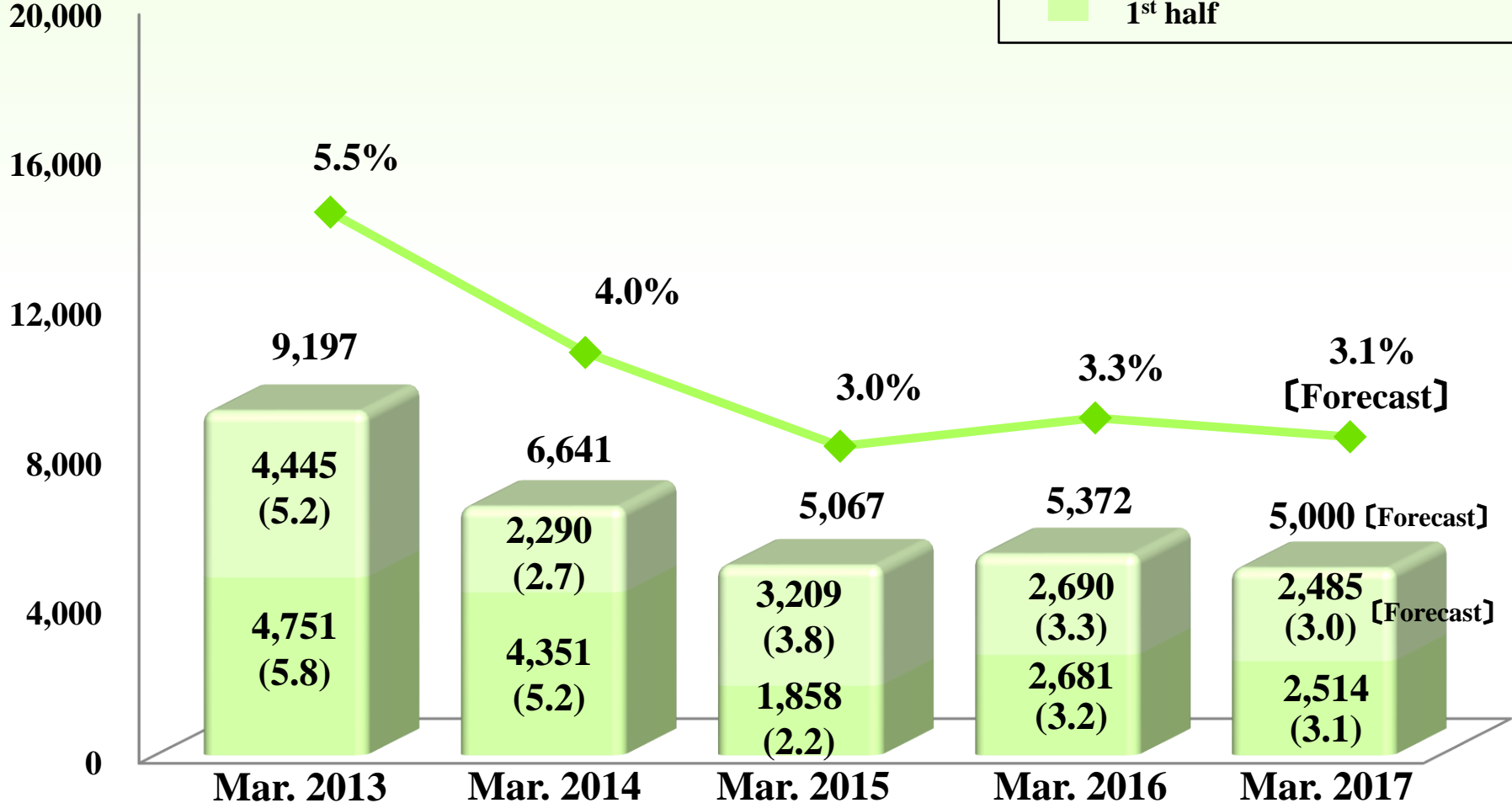
(millions of yen)

Sales by segment	FY2015 1 st Half ended Sept. 30, 2015	FY2016 1 st Half ended Sept. 30, 2016	Increase/decrease	
				%
Clean & Care Group	55,007	55,221	+214	+0.4%
Food Group	22,118	20,285	-1,833	-8.3%
Other Businesses	5,404	5,584	+180	+3.3%
Total (Consolidated)	82,530	81,091	-1,438	-1.7%

Consolidated Operating Income

- ◆ Operating Income on Sales
- 2nd half
- 1st half

(millions of yen)



Consolidated Operating Income

2,514 million yen 166 million yen decrease (-6.2%)

《 Major Factors 》

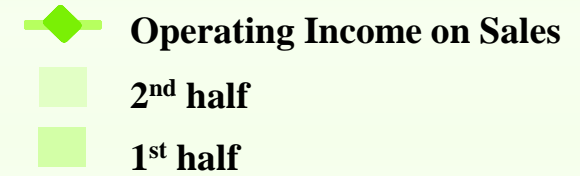
- Clean & Care Group** • • • Decrease in new items for rent including Style Cleaner and mats
Food Group • • • Lower sales of Mister Donut & higher shipping expenses, improved cost ratio
Other Businesses • • • Adjusted entry of goods in transit for FY2015-2Q of an overseas subsidiary

*Defined benefit increased in all segments. (600 million yen increase in total)

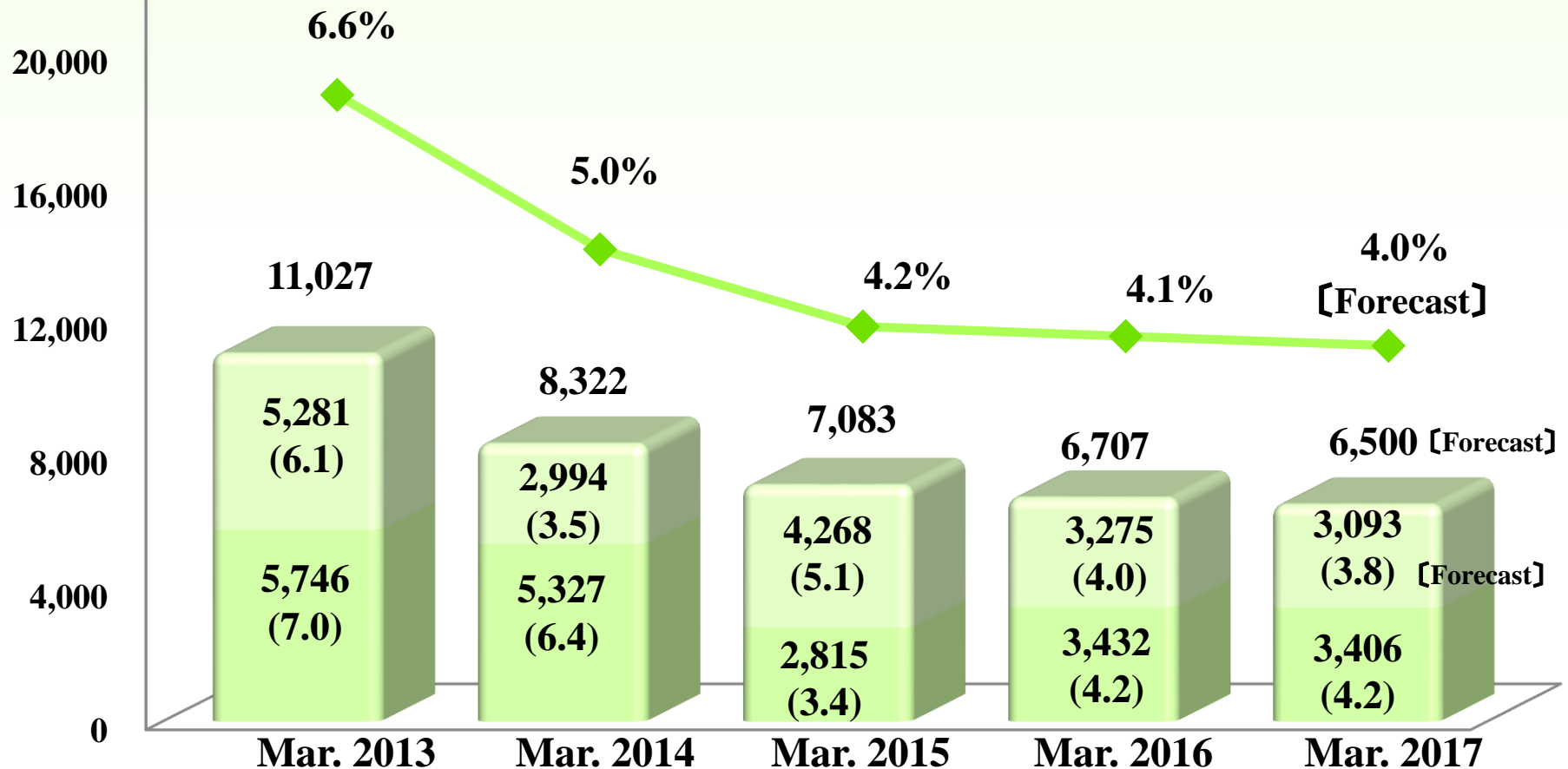
(millions of yen)

Operating income by segment	FY2015 1 st Half	FY2016 1 st Half	Increase/decrease	
	(Operating income margin)	(Operating income margin)		%
Clean & Care Group	6,084 (11.1%)	6,360 (11.5%)	+276	+4.5% (+0.4)
Food Group	-377 (-1.7%)	-565 (-2.8%)	-188	- (-1.1)
Other Businesses	-5 (-0.1%)	143 (2.6%)	+148	- (+2.7)
Elimination/Corporate	-3,020	-3,423	-402	-
Total (consolidated)	2,681 (3.2%)	2,514 (3.1%)	-166	-6.2 (-0.1)

Consolidated Ordinary Income



(millions of yen)



Consolidated Ordinary Income

3,406 million yen

26 million yen decrease (-0.8%)

◀ Major Factors ▶

① Operating Loss

-200 million yen

② Non-operating Increase

+ 100 million yen

➢ Decrease in interest income

-100 million yen

➢ Increase in miscellaneous income

+200 million yen

➢ Others

-000 million yen

Equity in profits of affiliates

+40 million yen

Increase in foreign exchange loss

-40 million yen

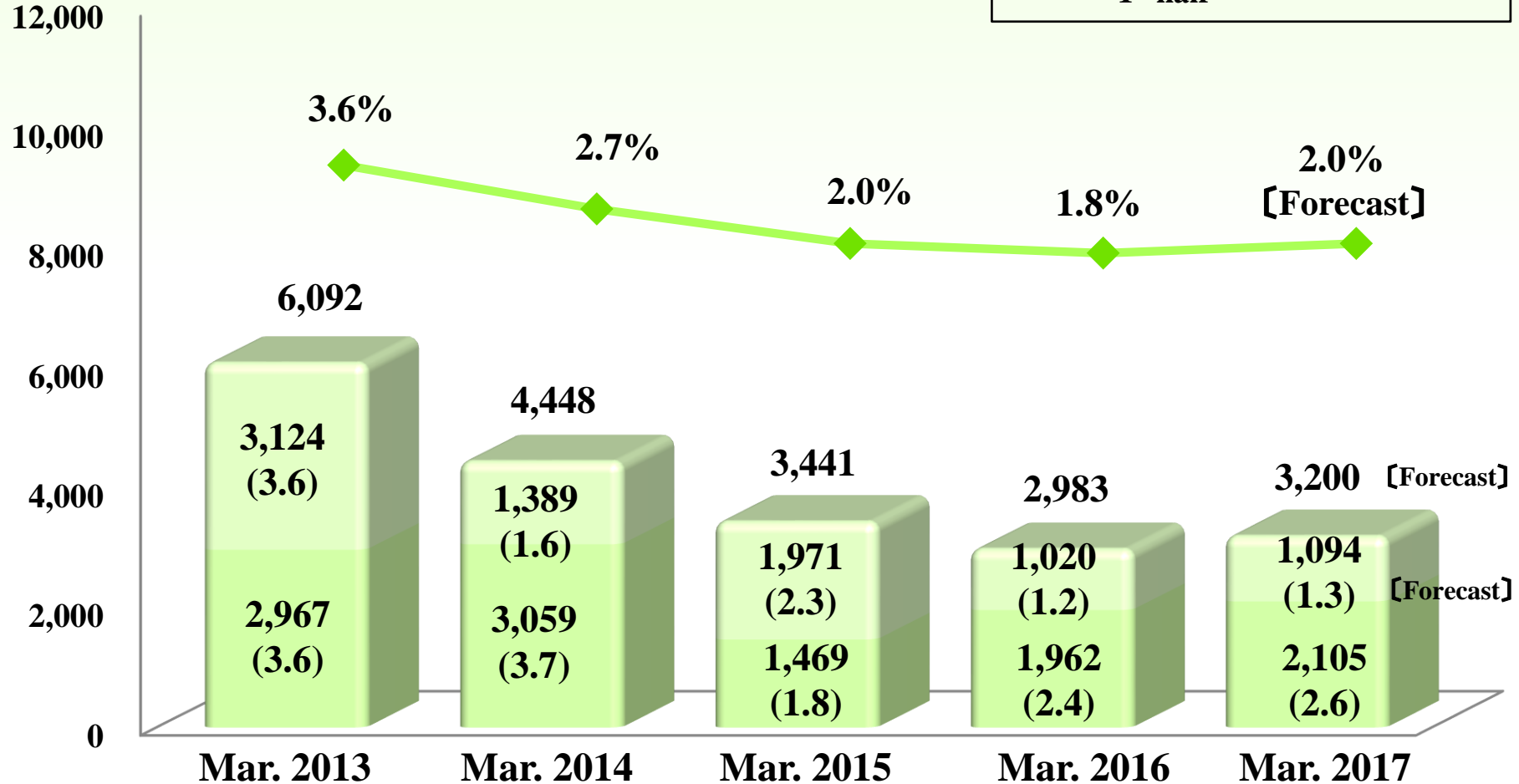
Decrease in commission for purchase of
treasury shares

+40 million yen

*The figures given here show the increase or decrease from the same period of the previous year.

Consolidated Net Income

(millions of yen)



Consolidated Net Income

2,105 million yen **143 million yen increase (+7.3%)**

◀ Major Factors ▶

① Ordinary Income **-0 million yen**

② Extraordinary profit **+150 million yen**

- **Loss on disaster** -150 million yen
Expenses related to Kumamoto Earthquake
- **Liquidation of an affiliated company** +100 million yen
Decreased loss on liquidation of Mister Donut Korea
- **Decrease in loss on abandonment of non-current assets** +100 million yen
- **Decrease in impairment loss** +100 million yen

③ Tax Expenses **-10 million yen (lower expense)**

- Increase in net income before tax +40 million yen
- Others -50 million yen

*The figures given here show the increase or decrease from the same period of the previous year.

Consolidated Balance Sheet

(millions of yen)

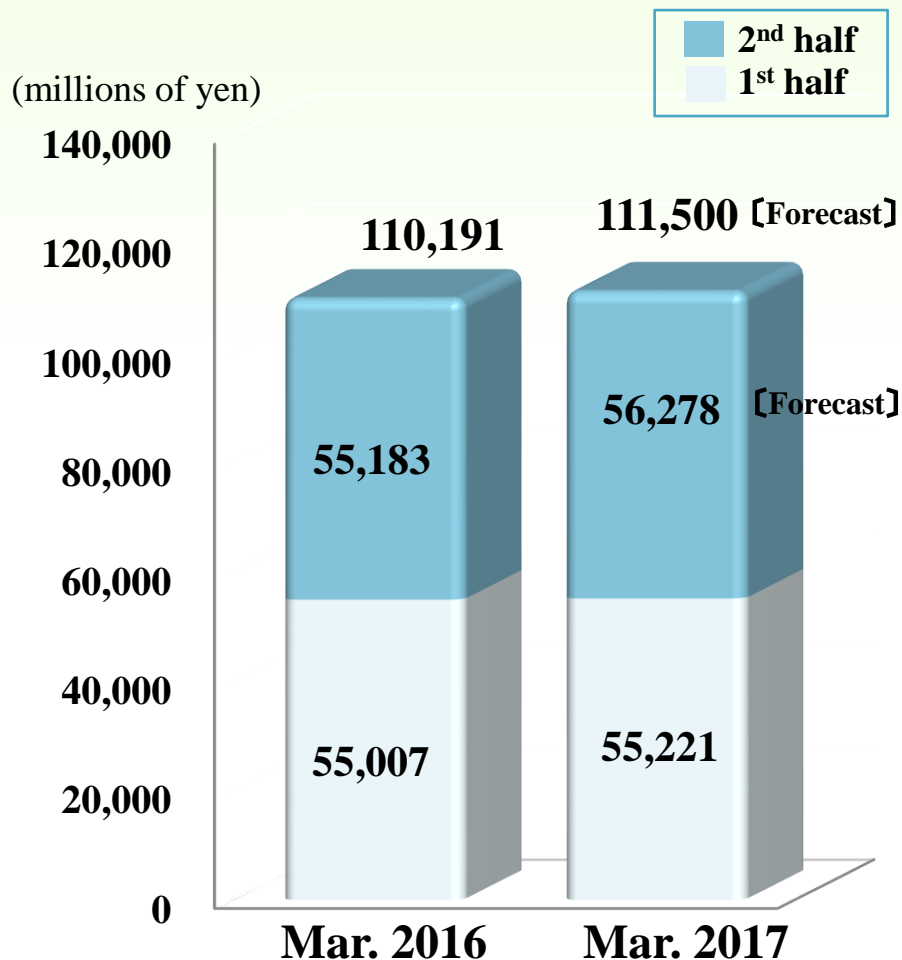
	FY2015 ended Mar. 31, 2016	FY2016 1 st Half ended Sept. 30, 2016	Increase/ decrease	Major Factors
Current asset	63,260	61,041	-2,218	Cash and deposits +700 mil.yen Notes and accounts receivable -700 mil.yen Securities -4,300 mil.yen Merchandise and finished goods +100 mil.yen Others +2,100 mil.yen
Property, plant and equipment/ Intangible assets	60,303	59,639	-663	Buildings and structures (Net amount) -200 mil.yen Intangible assets -400 mil.yen
Investments and other assets	66,758	65,469	-1,289	Investment securities -1,600 mil.yen Deferred tax assets +600 mil.yen
Total assets	190,322	186,150	-4,171	—
Current and non-current liabilities	46,673	44,280	-2,393	Notes and accounts payable – trade -800 mil.yen Income taxes payable +900 mil.yen Accounts payable-other -1,600 mil.yen Guarantee deposit received for rental products -200 mil.yen Other current liabilities -500 mil.yen Net defined benefit liability -100 mil.yen
Net assets	143,648	141,870	-1,778	Retained earnings +1,000 mil.yen Treasury stock -1,600 mil.yen Valuation difference on available-for-sale -1,400 mil.yen Remeasurements of defined benefit plans +500 mil.yen
Total liabilities and net assets	190,322	186,150	-4,171	—
Debt with interests	20	27	+7	

Summary by Business Segment

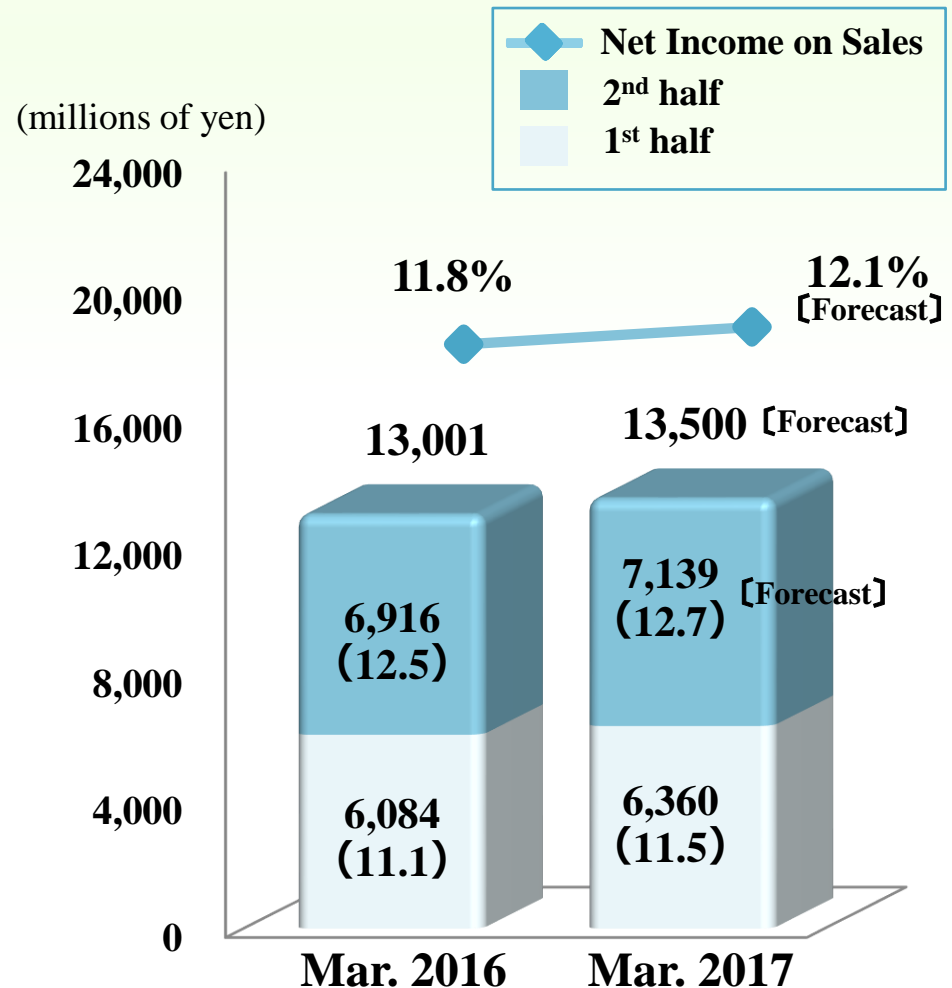
(millions of yen)

		FY2015		FY2015 1 st Half ended Sept. 30, 2015		FY2016 1 st Half ended Sept. 30, 2016		Change	
		Operating Income on Sales (%)		Operating Income on Sales (%)		Operating Income on Sales (%)		Change (%)	
Clean & Care Group	Sales	110,191	—	55,007	—	55,221	—	+214	+0.4
	Operating Income	13,001	11.8	6,084	11.1	6,360	11.5	+276	+4.5
Food Group	Sales	44,007	—	22,118	—	20,285	—	-1,833	-8.3
	Operating Income	-1,469	-3.3	-377	-1.7	-565	-2.8	-188	—
Other Businesses	Sales	11,004	—	5,404	—	5,584	—	+180	+3.3
	Operating Income	-202	-1.8	-5	-0.1	143	2.6	+148	—
Eliminations/ Corporate	Operating Income	-5,957	—	-3,020	—	-3,423	—	-402	—
Consolidated	Sales	165,203	—	82,530	—	81,091	—	-1,438	-1.7
	Operating Income	5,372	3.3	2,681	3.2	2,514	3.1	-166	-6.2

Sales



Operating Income



Sales

(millions of yen)	FY2015 2Q	FY2016 2Q	Change	(%)
Sales by Segment	55,007	55,221	+214	+0.4

Residential Market

● **Cleaning Basic Three performed well while sales of mop products declined.**

- Dust Control products (total) -1.9% (1Q : -3.2% 、 2Q : -0.5%)
- Mop products (total) -0.6% (1Q : -1.1% 、 2Q : -0.1%)
 - Basic Three (including individual sales of LaLa, Shushu, Style Cleaner) +8.2%
 - Other mop products -6.3%
 - Robot cleaner SiRo (Rental service started in Sept.) 94 million yen (Sept. 2016)
- Futon cleaning & delivery +40.5% (1Q : +75.0% 、 2Q : +29.5%)
- Kitchen sponges -38.9% (1Q : -43.3% 、 2Q : -34.5%)

● **Technical services continued to grow steadily. Air Conditioner Service contributed to the growth.**

- Customer-level Sales (total) +4.7%
 - House cleaning (ServiceMaster) +7.7%
(Air conditioner cleaning +12.0%)
 - Housekeeping (Merry Maids) +1.9%
 - Termite control and other pest control (Terminix) +1.5%
 - Plant maintenance service (TruGreen) +5.0%

● **Rental of health care equipment (Rent All) continued to grow.**

- Rent All
 - Customer-level sales of Health Rent (rental of health care equipment) +8.6%

Sales

(millions of yen)	FY2015 2Q	FY2016 2Q	Change	(%)
Sales by Segment	55,007	55,221	+214	+0.4

Commercial Market

● Total sales of Dust Control products were higher while mat products posted lower sales.

- Dust Control products (total) +0.6% (1Q : +0.3% 、 2Q : +0.8%)
- Mat products (total) -0.2% (1Q : -0.3% 、 2Q : -0.2%)
 - Thin-type dust control/water absorption mats +10.1%
 - Inside (Custom-made mats for indoor use) +21.0%
 - Other mats -1.4%
 - (*Basic Mats -0.6%)

● Technical Services posted higher sales

- Customer-level Sales +0.9%
 - ServiceMaster (including Facility Management Service) +0.3%
 - Pest Control (Terminix) +1.7%
 - Tree & Shrub Care (TruGreen) +13.6%

● Event operation and rental service (Rent-All) grew steadily.

- Rent-All
 - Customer-level Sales of Rent-All (events) +6.4%

Operating Income

(millions of yen)	FY2015 2Q	FY2016 2Q	Change	(%)
Operating Income by Segment	6,084	6,360	+276	+4.5

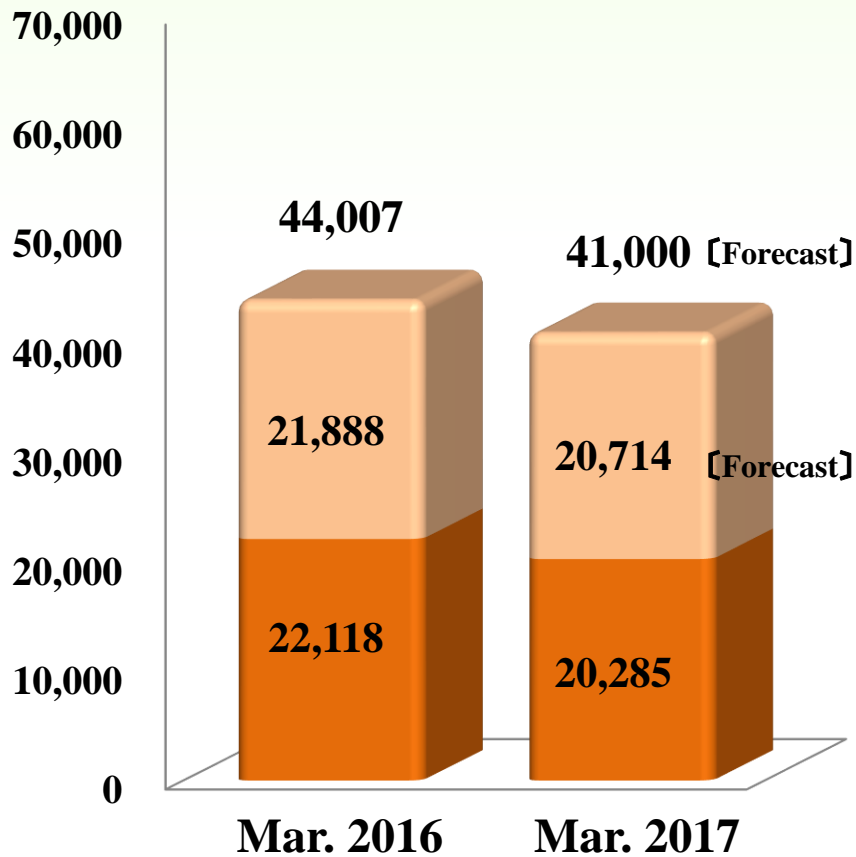
- Gross profit increased due to higher sales +100 million yen
- Gross profit increased due to lower cost ratio +1,100 million yen
 - Lower cost for *Style Cleaner* +600 million yen
 - Decrease in new mats and other items for rent +400 million yen
 - Cost decreased due to lower heavy oil price +100 million yen
- Lower operating income due to higher expenses -900 million yen
 - Increased expenses for retirement benefits -300 million yen
 - Higher promotion expenses -300 million yen
 - Others -300 million yen
(Higher labor expenses due to purchase of franchisees' locations)

*The figures given here show the increase or decrease from the same period of the previous year.

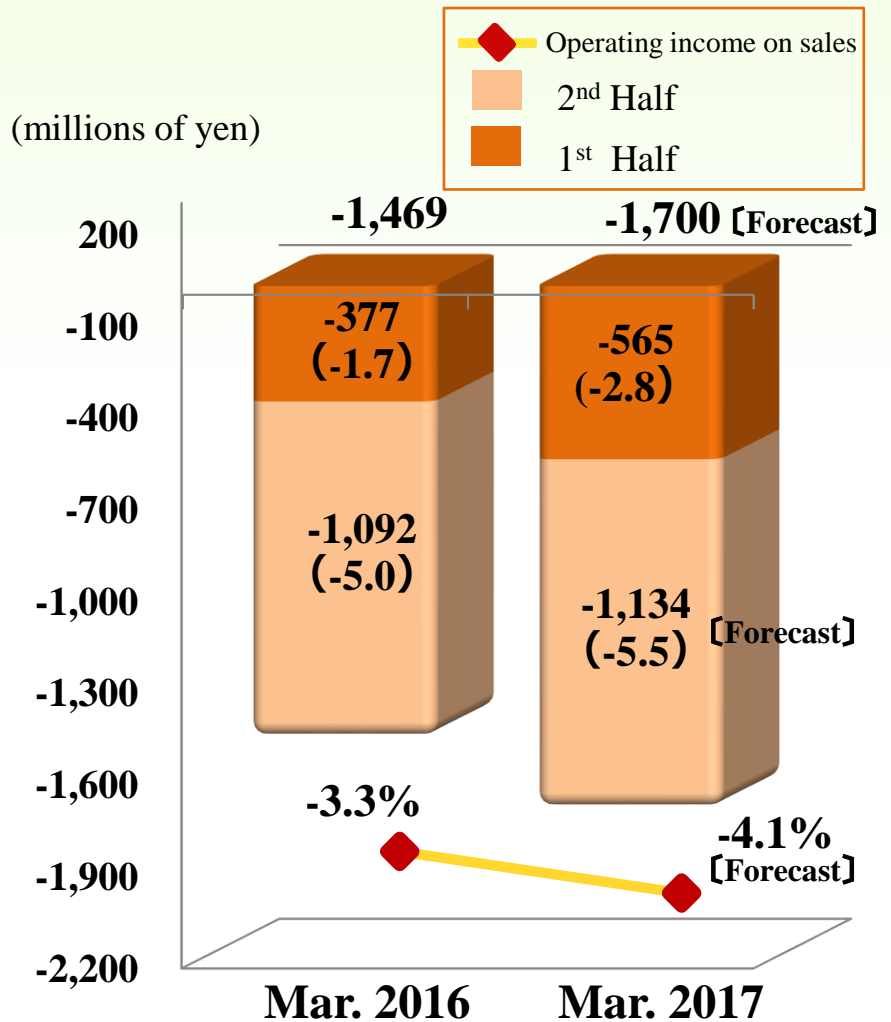
Sales

Operating Income

(millions of yen)



(millions of yen)



Sales

(millions of yen)	FY2015 2Q	FY2016 2Q	Change	(%)
Sales by Segment	22,118	20,285	-1,833	-8.3

● Mister Donut

✓ Total customer-level sales -11.0% (1Q : -10.0% 2Q : -12.1%)

✓ Customer-level sales of existing shops -8.2% (1Q : -7.5% 2Q : -8.8%)

➤ Decrease in the number of business days (Six months total) -5.7% (Excl. MOSDO)

*Change in number of shops

FY2015 2Q	FY2016 2Q	Change	
Average	Average		%
1,284	1,214	-70	-5.5%

➤ New V21 type stores

End of FY2015 No. of shops	FY2016 2Q									End of FY2016 2Q		
	Open			Renovate			Change			No. of shops		
	Plan	Actual	Difference	Plan	Actual	Difference	Plan	Actual	Difference	Plan	Actual	Difference
13	2	4	+2	34	13	-21	36	17	-19	49	30	-19

● Other Food Businesses

• Existing Businesses	➤ Customer-level Sales	Katsu & Katsu	+31.7%
		Café Du Monde	-3.1%
		The Don	-10.6%
		Bakery Factory	+7.9%
		The Chiffon & Spoon	+211.0% (Newly opened: 5)
		ICE DE LION	+134.1% (Newly opened: 1)
• New Business	➤ New opening	Pie Face	1 (Total: 3 as of FY2016 2Q)

Operating Income

(millions of yen)	FY2015 2Q	FY2016 2Q	Change	(%)
Operating income by segment	-377	-565	-188	-

➤ Decrease in gross profit due to lower sales at Mister Donut

-600 million yen

➤ Increase in gross profit due to improved cost ratio

+ 600 million yen

● Mister Donut

+ 500 million yen

< Changed coffee supplier, reduced waste and changed package specifications >

● Other Food Businesses

+ 100 million yen

➤ Decrease in operating income due to higher expenses

-200 million yen

● Higher freight cost for shipping raw materials

-400 million yen

● Increase in retirement benefits

-100 million yen

● Increase in new shop opening expenses

-100 million yen

● Lower advertisement/promotion expenses

+400 million yen

*The figures given here show the increase or decrease from the same period of the previous year.

Other Businesses

(millions of yen)	FY2015 2Q	FY2016 2Q	Change	(%)
Sales by Segment	5,404	5,584	+180	+3.3
Operating Income by segment	-5	143	+148	-

● Overseas (Consolidated subsidiaries)

- Mister Donut Shanghai became a consolidated subsidiary in August.
(Six month of the sales are included.)
- Duskin Hong Kong which procures raw materials and equipment posted lower sales due to the smaller volume of paper towels.
- Lower sales due to strong yen

● Others

- Duskin Healthcare, a management service business for medical facilities, recorded higher sales and lower income.
- Duskin Kyoeki, a leasing and insurance company, recorded slightly lower sales.

Elimination/corporate

(millions of yen)	FY2015 2Q	FY2016 2Q	Change	(%)
Operating Income by segment	-3,020	-3,423	-402	-

● Corporate

- Increase in retirement benefits -200 million yen
- Increase in expenses for information systems -200 million yen

Overseas Businesses

➤ Customer-level sales

		Jan. – June 2015	Jan. – June 2016	Change (%)
Clean & Care Businesses	Taiwan (thousands of NTD)	462,345	509,600	+47,255 (+10.2%)
	Shanghai (thousands of CNY)	8,800	10,574	+1,774 (+20.2%)
	South Korea (thousands of KRW)	423,928	555,569	+131,640 (+31.1%)
Mister Donut Businesses	Taiwan (thousands of NTD)	397,930	483,943	+86,012 (+21.6%)
	Shanghai (thousands of CNY)	11,018	11,438	+420 (+3.8%)
	South Korea (millions of KRW)	2,874,635	2,944,435	+69,801 (+2.4%)

Forecasts and Actual Results

*Change from forecast announced on May 13, 2016.

(millions of yen)

	Sales	Operating Income	Ordinary Income	Net Income
Forecast	82,800	1,600	2,100	1,200
Actual	81,091	2,514	3,406	2,105
Difference (%)	-1,708(-2.1)	+914(+57.2)	+1,306(+62.2)	+905(+75.5)

Sales: Major factors contributing to the difference

• Clean & Care Group	[Dust Control -600 million yen, Rent-All, Others-300 million yen]	-900 million yen
• Food Group	[Mister Donut -900 million yen]	-900 million yen
• Other Businesses	[Overseas Businesses +100 million yen]	+100 million yen

Operating Income: Major factors contributing to the difference

• Clean & Care Group	Lower gross profit due to lower sales of Dust Control	-500 million yen	+500 million yen
	Lower cost for Style Cleaner	+300 million yen	
	Smaller investment for new mats and other items	+100 million yen	
	Lower cost at laundry plant due to lower heavy oil price	+200 million yen	
	Policy expenses carried forward	+400 million yen	
• Food Group	Lower gross profit due to lower sales	-200 million yen	+300 million yen
	Higher cost	-100 million yen	
	Policy expenses carried forward	+600 million yen	

*The figures given here show the increase or decrease from the same period of the previous year.

FY2016
Forecasts

Consolidated

(millions of yen)

	Sales	Operating Income	Ordinary Income	Net Income
FY2015 Actual	165,203	5,372	6,707	2,983
FY2016 Forecast	166,500	4,400	5,500	3,100
FY2016 Revised Forecast (Nov. 10)	163,000	5,000	6,500	3,200
FY2015 – Revised Forecast (%)	-2,203 (-1.3%)	-372 (-6.9%)	-207 (-3.1%)	+216 (+7.3%)
Forecast – Revised Forecast (%)	-3,500 (-2.1%)	+600 (+13.6%)	+1,000 (+18.2%)	+100 (+3.2%)

Nonconsolidated

(millions of yen)

	Sales	Operating Income	Ordinary Income	Net Income
FY2015	138,697	3,593	6,136	1,831
FY2016 Forecast	138,900	2,400	4,700	2,800
FY2016 Revised Forecast (Nov. 10)	136,100	3,000	5,500	3,000
FY2015 – Revised Forecast (%)	-2,597 (-1.9%)	-593 (-16.5%)	-636 (-10.4%)	+1,168 (+63.8%)
Forecast – Revised Forecast (%)	-2,800 (-2.0%)	+600 (+25.0%)	+800 (+17.0%)	+200 (+7.1%)

By Business Segment

*Change from forecast announced on May 13, 2016

(millions of yen)

		Initial Forecast (May 13) Operating Margin (%)		Major Factors	Revised Forecast (Nov. 10) Operating Margin (%)	
Clean & Care Group	Sales	112,600	—	Dust Control -900, Technical Service -200	111,500	—
	Operating Income	12,600	11.2	Downward revision of sales -500, Cost of Style Cleaner +1,100, Expenses related to consumption tax hike +200 Cost reduction+100	13,500	12.1
Food Group	Sales	42,900	—	Mister Donut-1,900	41,000	—
	Operating Income	-1,200	-2.8	Downward revision of sales-600, Higher cost-400 Cost reduction+400, Expenses related to consumption tax hike +100	-1,700	-4.1
Other Businesses	Sales	11,000	—	Duskin Healthcare -500	10,500	—
	Operating Income	-100	-0.9	Duskin Healthcare +100	0	0.0
Eliminations/ Corporate	Operating Income	-6,900	—	Expenses related to consumption tax hike +100	-6,800	—
Consolidated	Sales	166,500	—	-3,500 (Clean & Care -1,100, Food -1,900, Other -500)	163,000	—
	Operating Income	4,400	2.6	+600 (Clean & Care +900, Food -500, Other +100, Eliminations/Corporate +100)	5,000	3.1

By Business Segment -2nd Half

*Comparison with the same period of the previous year

(millions of yen)

		FY2016 Revised Forecast		FY2015 2 nd Half Actual		FY2016 2 nd Half Forecast <small>(Full Year Forecast - 1st Half Actual)</small>		Change	
		Operating Margin (%)		Operating Margin (%)		Operating Margin (%)		Operating Margin (%)	
Clean & Care Group	Sales	111,500	—	55,183	—	56,278	—	+1,094	+2.0
	Operating Income	13,500	12.1	6,916	12.5	7,139	12.7	+222	+3.2
Food Group	Sales	41,000	—	21,888	—	20,714	—	-1,174	-5.4
	Operating Income	-1,700	-4.1	-1,092	-5.0	-1,134	-5.5	-42	—
Other Businesses	Sales	10,500	—	5,600	—	4,915	—	-685	-12.2
	Operating Income	0	0.0	-196	-3.5	-143	-2.9	+53	—
Eliminations/ Corporate	Sales	-6,800	—	-2,937	—	-3,376	—	-439	—
Consolidated	Sales	163,000	—	82,673	—	81,908	—	-764	-0.9
	Operating Income	5,000	3.1	2,690	3.3	2,485	3.0	-205	-7.7

Returns to Shareholders

Dividends

Steady and continuous dividend distribution in line with basic policy (Full-year total: 40 yen per share)

◀ Dividends per share (Actual & Forecasts) ▶

(yen)

	FY2014	FY2015	FY2016 (Forecast)
End of 2 nd Quarter	20	20	20
Year-end	20	20	20
Total (annual)	40	40	40
Total dividends (millions of yen)	2,442	2,221	2,221
Consolidated dividend ratio (%)	71.2	76.7	68.1

*Consolidated dividend ratio is calculated per share.

Repurchase & cancellation of Company stock

	◀ Number of shares repurchased ※ Number of shares cancelled ▶	
FY2008 --FY2015	12,184,000	9,900,000
FY2016 (1 st Half)	※ 889,200	
Total since listing	13,073,200 *	9,900,000
	(Shares of treasury stock as of Sept. 2016)	2,838,197
	(Total number of outstanding shares)	57,494,823

* Disposal of treasury stock includes 360,000 shares used for exchanges of stock.

※ Repurchase announced on July 29

Period Aug. 1, 2016 – Dec. 22, 2016

Total number of shares (upper limit) 1,500,000

Total amount (upper limit) 3,000,000,000 yen

➤ Number of shares purchased as of Oct. 31, 2016: 1,114,000

Our Initiatives

Medium-term Management Policy 2015

■ Basic Policy



Topics

Mister Donut

**New business plan & policy
(announced on Nov. 7)**

Acquisition of BIG APPLE

Diverse human resources

Mister Donut Brand Slogan

Something good's gonna happen

Mister Donut

**Building brand value that directly appeal to customers'
emotional state, needs and aspirations**

NEW MISDO

Mister Donut New Business Plan & Policy

NEW MISDO~Enhance brand values

Store format that meets the needs of target customers

Home made donuts

Improve menu items to encourage more customers to visit the store (meals, snack, dessert)



【Takeout only store】

Mister Donut to go

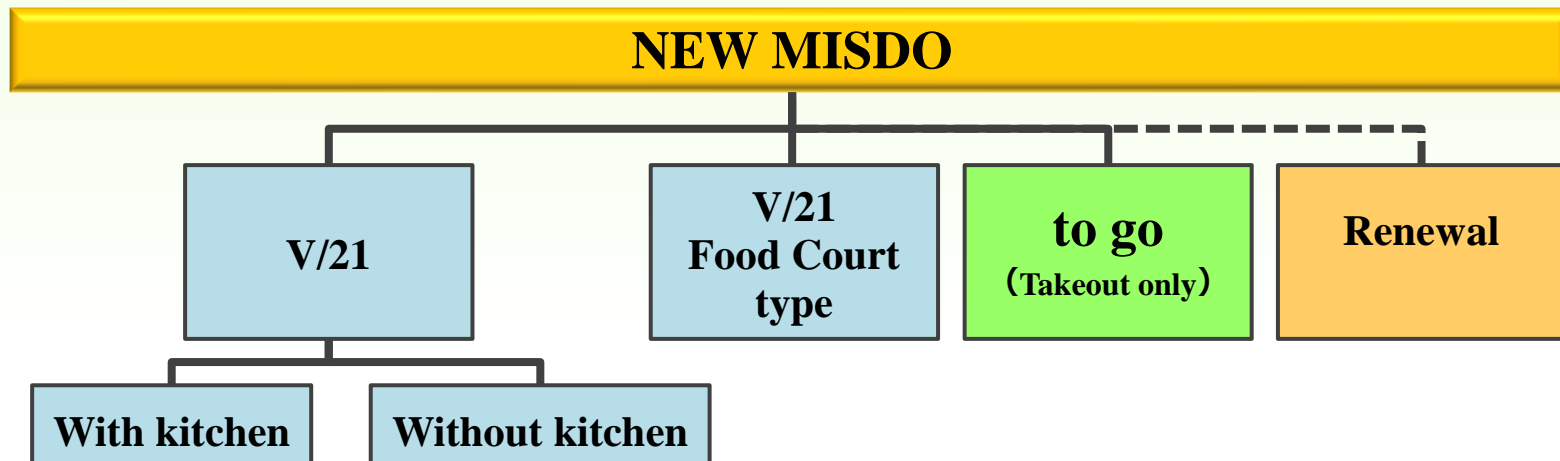
Mitsukyo Life Shop

Opened on Nov. 8, 2016

Mister Donut New Business Plan & Policy

Shop renovation to best meet the customers' needs

► Different types of store format to meet the major customers' needs and reasons to visit Mister Donut shops



Location

- Road side/commercial facilities
- Commercial facilities
- Railway station buildings

Major customers

- Families/seniors
- Women in their 20s – 40s
- Business people

Shop image



Ikebukuro Spice 2 Shop
Opened on Nov. 18, 2016



Ario-Soga Shop
Opened on Nov. 25, 2016



Mitsukyo Life Shop
Opened on Nov. 8, 2016

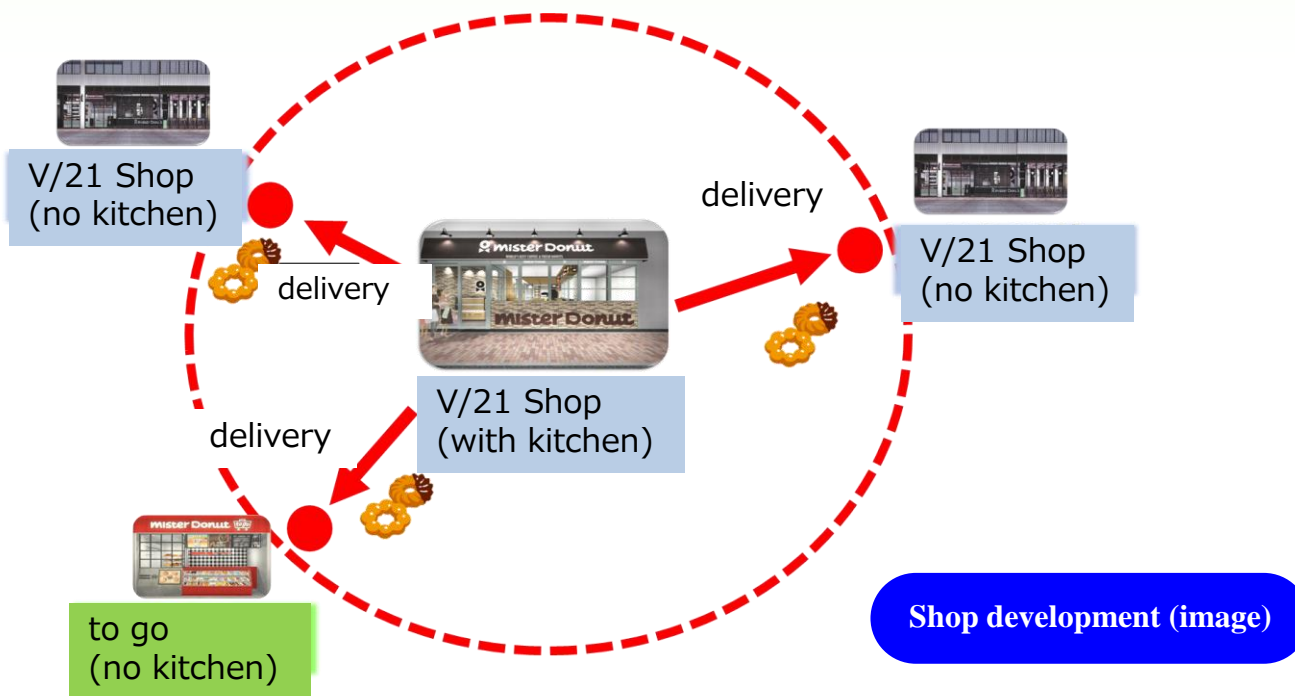
Shop renovation to best meet the needs of customers

► Open a store with kitchen and stores without kitchen in the same neighborhood areas

Low investment shops in the previously unentered market

Enhance production efficiency at the core shop

Improve management efficiency through shop development concentrating on strategically focused areas



Mister Donut New Business Plan & Policy

Takeout only store with items suitable for gifts



Handy to purchase on the way to/back from work

Gift for families
+
Good-for-gift items



Donuts available only at Mister Donut to go



Mister Donut New Business Plan & Policy

Store renovation and new opening to meet the major customers' needs and reasons to visit Mister Donut shops

NEW MISDO – Number of shops

V/2 1 (with kitchen)	36 shops as of Oct. 31, 2016	Goal by Mar. 31, 2021 1,000
V/2 1 (Food court type)		
V/2 1 (no kitchen)		
to go (takeout only shop)		
Renewal		Goal by Mar. 31, 2021 200

Mister Donut New Business Plan & Policy

“Something good’s gonna happen. Mister Donut.”

Door opener

- Enhance seasonal & event items

Big Donut (diameter 18cm)
released on Nov. 16



- Introduce health-oriented products



Low caffeine coffee



Low fat donuts

Customer satisfaction

- Hospitality

- Service that makes local customers feel appreciated
- Good customer service that makes customers want to come back

Encourage repeated purchase

- Stamp cards
- Mister Donut App



Good Price Everyday



Prices changed for 35 kinds of donuts to
108- 140 yen (tax included)

Acquisition of Big Apple

Made Big Apple Worldwide Holding Sdn.Bhd a subsidiary

Big Apple brand is a donut chain operated in Malaysia and Cambodia.

Sales FY2015 (ended in December 31, 2015)	35,892,000 MYR (approx. 900 million yen)
Number of shops (as of Nov. 4, 2016)	Malaysia 82 Cambodia 5 (Company-owned: 11 Franchised: 76)



Secure human resources who play important roles in service business

■ **Recruit regular employees:** employ people in non-regular positions as regular employees with limited transfers/changes within certain locations
(Annual program)

【Terms】 Monthly salary, bonus, retirement benefit, no transfer

【Criteria】

- Under 59 years old at the time of employment
- Over 6-month employment as contract-employee, or over 3-year employment as part-time worker

※Results: 80 people hired on Oct. 1, 2016

■ Project to Accept Foreigners Conducting Housekeeping Services--- Fixed-term employment of housekeeping workers of foreign nationalities

Duskin was approved as a designated business organization to participate in the Project to Accept Foreigners Conducting Housekeeping Services in National Strategic Special Zones.

- Kanagawa Prefecture
- Osaka Prefecture

Reference

Non-consolidated

(millions of yen)

	FY2015 1 st Half ended Sept. 30, 2015	FY2016 1 st Half ended Sept. 30, 2016	Increase/decrease		Reference FY 2015 ended Mar. 31, 2016
			Amount	%	
Sales	69,149	67,051	-2,097	-3.0	138,697
Operating Income	1,566	1,274	-291	-18.6	3,593
Operating income on sales(%)	(2.3%)	(1.9%)	(-0.4)	—	(2.6%)
Ordinary Income	3,256	2,967	-288	-8.9	6,136
Ordinary income on sales (%)	(4.7%)	(4.4%)	(-0.3)	—	(4.4%)
Net Income	2,120	2,098	-21	-1.0	1,831
Net income on sales (%)	(3.1%)	(3.1%)	(+0.0)	—	(1.3%)

Clean & Care Group

*Breakdown . . . 1) Sales of rental products 2) Sales of products

3) Royalty fee (no royalty fee collected for Periodic Rent) 4) Sales of company-operated shops

Home-visit Sales

Residential Market

Periodic Rent

- Dust Control . . . Mops, mats, etc.
- Air Clean . . . Air-purifiers
- Water Clean . . . Water-purifiers

Technical Service

- ServiceMaster . . . Professional cleaning
- Merry Maids . . . Housekeeping
- Terminix . . . Pest control & prevention
- TruGreen . . . Tree, shrub, lawn care

Drink Service

- . . . Bottled water

Health & Beauty

- . . . Cosmetics & health food

Home Instead

- . . . Senior care service

Commercial Market

Periodic Rent

- Dust Control . . . Mops, mats, etc.
- Clean Service . . . Bathroom products
- Air Clean . . . Air-purifiers
- Water Clean . . . Water-purifiers
- Wipeful Service . . . Wiper cloth

Technical Service

- ServiceMaster . . . Professional cleaning
- Terminix . . . Pest control & prevention
- TruGreen . . . Tree, shrub, lawn care

Uniform Service

- . . . Rental, sales & cleaning of uniforms

Drink Service

- . . . Coffee

Shops

Rent-All

- . . . Event planning/ operation, rental of daily items

Health Rent

- . . . Rental of assisted living equipment

Food Group

* Breakdown: 1) Sales of raw materials to franchisees

2) Royalty fee 3) Sales of company-operated shops

Mister Donut . . . Home made donut shop

MOSDO . . . Collaborated shop with
MOS BURGER

Katsu & Katsu . . . Pork outlet restaurant

Café Du Monde . . . Café au lait & beignet

Bakery Factory . . . Suburban type large-scale bakery shop

ICE DE LION . . . Ice cream specialty store

The Chiffon & Spoon . . . Chiffon cake

The Don . . . Donburi restaurant

Shiki Gokan . . . Ohitsu Gozen restaurant

Pie Face . . . Pie specialty store

Other Businesses

Duskin Healthcare Co., Ltd.

- . . . Hygiene control services for medical facilities

Duskin Kyoeki Co., Ltd.

- . . . Leasing business & insurance agent

Overseas Businesses

- . . . Dust Control, Mister Donut & Duskin Hong Kong Co., Ltd.

CLS by Business

*Sales of overseas businesses indicated here are the total sales from January to June.
(millions of yen)

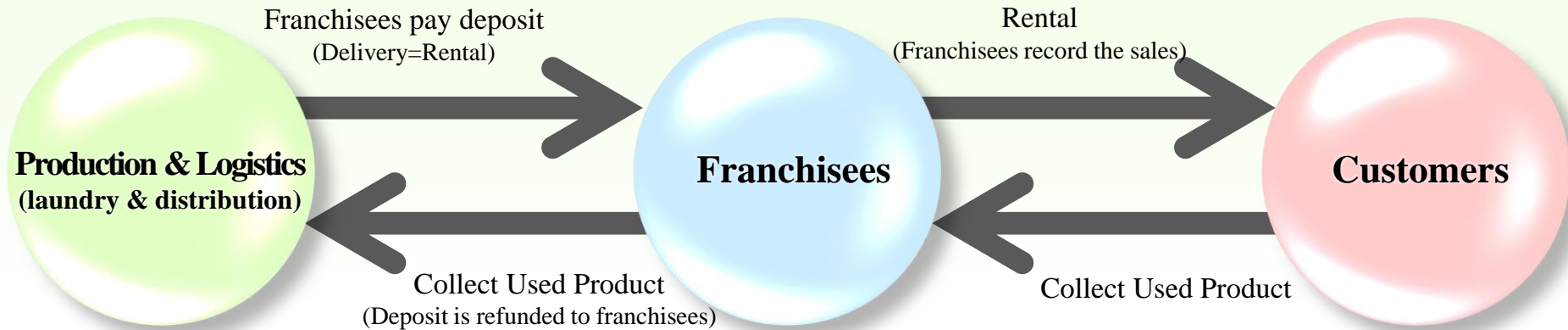
	FY2015 1 st Half ended Sept. 30, 2015	FY2016 1 st Half ended Sept. 30, 2016	Increase/ decrease	%
Clean & Care Group	136,677	136,562	-115	-0.1%
Dust Control (Domestic) Home Service (Residential)	47,955	46,790	-1,164	-2.4%
Business Service (Commercial)	47,996	47,560	-435	-0.9%
Care Services (Technical services)	24,000	24,699	+699	+2.9%
(ServiceMaster)	(13,577)	(14,043)	(+465)	(+3.4%)
(Merry Maids)	(4,912)	(5,007)	(+95)	(+1.9%)
(Terminix)	(4,260)	(4,329)	(+69)	(+1.6%)
(TruGreen)	(1,249)	(1,319)	(+69)	(+5.6%)
Health & Beauty	1,409	1,445	+35	+2.6%
Azare Products	1,871	1,856	-14	-0.8%
Home Instead	1,076	1,085	+9	+0.8%
Rent-All	10,006	10,730	+724	+7.2%
Uniform Service	1,611	1,582	-28	-1.8%
Drink Service	750	810	+60	+8.0%
Food Group	47,457	42,911	-4,546	-9.6%
Mister Donut (Domestic shops)	45,527	40,491	-5,036	-11.1%
Food Chain	1,184	1,753	+568	+48.0%
The Don	745	666	-78	-10.6%
Other Businesses	13,222	11,979	-1,242	-9.4%
Dust Control (Overseas)	2,052	1,840	-211	-10.3%
Mister Donut (Overseas)	7,614	6,497	-1,116	-14.7%
Duskin Healthcare	3,554	3,641	+86	+2.4%
Total	197,357	191,453	-5,904	-3.0%

* Food Chain : Café Du Monde, Katsu & Katsu, Bakery Factory, ICE DE LION, Chiffon & Spoon, Pie Face (Shop open on Oct. 27, 2015)

* Sales of MOSDO indicated here are included into the sales of Mister Donut.

Rental of mops and mats

Based on the idea to fully recycle the products through repeated use until the end of their useable life



Company owned & subsidiary plants:	13
Franchised plants:	32
Total Plants:	45

Company owned & subsidiary units:	81
Franchised Units:	1,900
Operation Units:	2,000

Sales representatives:	68,500
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Residential customers:	5.2 million
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Commercial customers:	1.22 million
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Strength 1: Production, logistics and distribution system that covers the nation

Competition is minimal in this business field. To establish this recycle-oriented business model to cover the nation, a large investment is required to build the laundry plant system, to purchase materials for rental products, and to create a nationwide sales organization.

Strength 2: Strong customer-base

A large customer base that facilitates face-to-face sales activities and includes extensive relationships between sales staff members and loyal residential customers.