

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS
For the Nine Months Ended December 31, 2017

February 6, 2018



ARRK Corporation
 2-2-9 Minami Hommachi, Chuo-ku, Osaka, 541-0054, JAPAN

1. Consolidated Financial Results for the Nine Months Ended December 31, 2017
 (April 1, 2017 to December 31, 2017)

(1) Consolidated Operating Results

(Notes) Percentage Figures Shown 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	%
3Q Ended December 31, 2017	32,216	0.7	932	(18.6)	895	7.7	688	25.4
3Q Ended December 31, 2016	31,999	(8.6)	1,144	(35.9)	831	(50.4)	548	(44.2)

(Note) Comprehensive Income:
 3Q Ended December 31, 2017: 1,544 million yen
 3Q Ended December 31, 2016: (1,644) million yen

	Net Income Per Share	Diluted Net Income Per Share
	yen	yen
3Q Ended December 31, 2017	1.93	1.71
3Q Ended December 31, 2016	1.54	1.36

(2) Consolidated Financial Position

(Notes) Percentage Figures Shown Year-on-year Changes

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	millions of yen	millions of yen	%	yen
As of December 31, 2017	45,655	29,742	65.1	58.47
As of March 31, 2017	42,944	28,192	65.6	53.82

(Reference) Net Assets Excluding Non-controlling Interest:
 As of December 31, 2017: 29,742 million yen
 As of March 31, 2017: 28,192 million yen

2. Dividends

	Dividend Per Share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	yen	yen	yen	yen	Yen
Year Ended March 31, 2017	—	0.00	—	0.00	0.00
Year Ending March 31, 2018	—	0.00	—	—	—
Forecast: Year Ending March 31, 2018	—	—	—	0.00	0.00

(Note) Revision to the latest forecast of dividends: None

3. Forecast of Consolidated Operating Results for the Year Ending March 31, 2018

(Notes) Percentage Figures Shown Year-on-year Changes

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income Per Share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Full Year	44,000	1.4	2,200	19.7	1,850	10.6	1,100	(19.1)	3.09

(Note) Revision to the latest forecast of business results: None

4. Number of Shares Outstanding

(1) Issued Shares Including Treasury Shares				
As of December 31, 2017:	338,657,431	As of March 31, 2017:	338,657,431	
(2) Number of Treasury Shares				
As of December 31, 2017:	6,345,866	As of March 31, 2017:	6,393,766	
(3) Average Number of Issued Shares Outstanding				
As of December 31, 2017:	332,291,943	As of December 31, 2016:	332,255,430	

5. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	11,866	14,418
Notes and accounts receivable - trade	11,676	11,653
Electronically recorded monetary claims - operating	1,117	1,025
Merchandise and finished goods	273	503
Work in process	479	800
Raw materials and supplies	766	765
Deferred tax assets	539	614
Other	2,041	1,500
Allowance for doubtful accounts	(220)	(191)
Total current assets	28,538	31,088
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,828	8,290
Accumulated depreciation	(3,976)	(4,407)
Buildings and structures, net	3,851	3,882
Machinery, equipment and vehicles	10,655	11,287
Accumulated depreciation	(6,248)	(6,950)
Machinery, equipment and vehicles, net	4,407	4,336
Tools, furniture and fixtures	3,228	3,634
Accumulated depreciation	(2,272)	(2,588)
Tools, furniture and fixtures, net	956	1,045
Land	2,527	2,543
Construction in progress	138	296
Total property, plant and equipment	11,881	12,104
Intangible assets		
Goodwill	924	847
Other	668	562
Total intangible assets	1,593	1,410
Investments and other assets		
Investment securities	339	387
Deferred tax assets	14	16
Other	490	570
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	844	973
Total non-current assets	14,319	14,488
Deferred assets		
Bond issuance cost	87	77
Total deferred assets	87	77
Total assets	42,944	45,655

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,481	3,049
Electronically recorded obligations - operating	—	92
Current portion of bonds	284	284
Current portion of long-term loans payable	325	449
Lease obligations	136	81
Accounts payable - other	893	834
Income taxes payable	193	161
Accrued expenses	834	963
Advances received	2,172	2,464
Deferred tax liabilities	14	11
Provision for bonuses	832	624
Other provision	31	21
Other	968	1,417
Total current liabilities	10,168	10,454
Non-current liabilities		
Bonds payable	1,716	1,574
Long-term loans payable	684	1,653
Lease obligations	481	439
Deferred tax liabilities	1,214	1,250
Deferred tax liabilities for land revaluation	12	12
Provision for stock benefit	11	10
Other provision	49	53
Net defined benefit liability	322	360
Other	91	103
Total non-current liabilities	4,583	5,457
Total liabilities	14,752	15,912
Net assets		
Shareholders' equity		
Capital stock	2,000	2,000
Capital surplus	11,658	11,658
Retained earnings	15,485	16,174
Treasury shares	(197)	(192)
Total shareholders' equity	28,947	29,640
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	79	110
Revaluation reserve for land	(160)	(160)
Foreign currency translation adjustment	(677)	151
Remeasurements of defined benefit plans	3	0
Total accumulated other comprehensive income	(754)	102
Total net assets	28,192	29,742
Total liabilities and net assets	42,944	45,655

6. Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	31,999	32,216
Cost of sales	24,791	25,164
Gross profit	7,208	7,052
Selling, general and administrative expenses	6,063	6,120
Operating profit	1,144	932
Non-operating income		
Interest income	21	18
Share of profit of entities accounted for using equity method	7	—
Reversal of allowance for doubtful accounts	9	47
Other	49	56
Total non-operating income	89	122
Non-operating expenses		
Interest expenses	16	35
Share of loss of entities accounted for using equity method	—	1
Amortization of bond issuance cost	—	9
Foreign exchange losses	285	7
Extra retirement payments	46	38
Other	53	66
Total non-operating expenses	402	159
Ordinary profit	831	895
Extraordinary income		
Gain on sales of non-current assets	7	20
Gain on sales of investment securities	350	—
Insurance income	※1 96	※1 118
Total extraordinary income	455	138
Extraordinary losses		
Loss on sales and retirement of non-current assets	68	21
Loss on disaster	※2 233	※2 81
Total extraordinary losses	301	102
Profit before income taxes	984	931
Income taxes - current	344	281
Income taxes - deferred	91	(38)
Total income taxes	436	243
Profit	548	688
Profit attributable to owners of parent	548	688

7. Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	548	688
Other comprehensive income		
Valuation difference on available-for-sale securities	(12)	31
Foreign currency translation adjustment	(2,172)	825
Remeasurements of defined benefit plans, net of tax	—	(2)
Share of other comprehensive income of entities accounted for using equity method	(8)	2
Total other comprehensive income	(2,193)	856
Comprehensive income	(1,644)	1,544
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,644)	1,544

Notes to Consolidated Statements of Income

*1. Insurance income

Part of insurance income against fire loss that occurred on June 5, 2016 at warehouse in Aigrefeuille factory of our subsidiary Shapers' France.

*2. Loss on disaster

Loss accompanying the fire accident that occurred on June 5, 2016 at warehouse in Aigrefeuille factory of our subsidiary Shapers' France.