



SUMMARY OF CONSOLIDATED FINANCIAL RESULTS
For the Six Months Ended September 30, 2018

November 1, 2018

Name of listed company	: ARRK Corporation	Listed on the Tokyo Stock Exchange, First Section
Code No.	: 7873	URL http://www.arrk.co.jp/
Representative	: Tae Ho Kim, President & CEO	
Contact	: Yasuki Shiraishi, Executive Officer/Head of Admin	(TEL) +81-6-6260-1040
Scheduled date of quarterly report filing	: November 1, 2018	Scheduled date for commencement of dividend payment: —
Supplementary materials on financial results	: Yes (in Japanese only)	
Presentation on financial results	: No (for institutional investors and analysts)	

(Notes) Figures are rounded-down to the nearest million yen.

1. Consolidated Financial Results for the Six Months Ended September 30, 2018

(April 1, 2018 to September 30, 2018)

(1) Consolidated Operating Results

(Notes) Percentages indicate YOY changes

	Net Sales		Operating Profit		Ordinary Income		Profit Attributable to Owners of Parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
2Q Ended September 30, 2018	24,094	14.3	470	45.3	408	38.2	91	(62.2)
2Q Ended September 30, 2017	21,082	(1.0)	323	(52.6)	295	(9.8)	241	—

(Note) Comprehensive Income;
 2Q Ended September 30, 2018: (654) million yen
 2Q Ended September 30, 2017: 703 million yen

	Earnings Per Share	Diluted Earnings Per Share
	yen	yen
2Q Ended September 30, 2018	0.23	—
2Q Ended September 30, 2017	0.68	0.60

(Note) 2Q Ended September 30, 2018: Diluted earnings per share is not presented, due to the fact there are no dilutive shares.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity-to-asset ratio	Net Assets Per Share
	millions of yen	millions of yen	%	yen
As of September 30, 2018	47,935	30,161	62.9	74.76
As of March 31, 2018	46,824	30,889	66.0	76.57

(Reference) Net Assets Excluding Non-controlling Interest;
 As of September 30, 2018 : 30,161 million yen
 As of March 31, 2018 : 30,889 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, 2018	—	0.00	—	0.00	0.00
Year Ending March 31, 2019	—	0.00			
Forecast: Year Ending March 31, 2019			—	0.00	0.00

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

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2019

(Notes) Percentages indicate YOY changes

	Net Sales		Operating Profit		Ordinary Income		Profit Attributable to Owners of Parent		Earnings Per Share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Full Year	47,000	5.0	900	(47.7)	800	(54.6)	150	(86.5)	0.37

(Note) Revision to the latest forecast of business results; Yes

4. Number of Shares Outstanding

(1) Issued Shares Including Treasury Shares			
As of September 30, 2018:	409,770,388	As of March 31, 2018:	409,770,388
(2) Number of Treasury Shares			
As of September 30, 2018:	6,345,867	As of March 31, 2018:	6,345,867
(3) Average Number of Issued Shares Outstanding			
As of September 30, 2018:	403,424,521	As of September 30, 2017:	332,282,078

5. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	15,172	14,967
Notes and accounts receivable - trade	12,356	12,717
Electronically recorded monetary claims - operating	1,107	909
Merchandise and finished goods	389	672
Work in process	729	1,440
Raw materials and supplies	842	848
Other	1,547	1,606
Allowance for doubtful accounts	(142)	(104)
Total current assets	32,002	33,057
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,488	9,225
Accumulated depreciation	(4,555)	(4,606)
Buildings and structures, net	3,933	4,619
Machinery, equipment and vehicles	11,285	11,377
Accumulated depreciation	(7,291)	(7,339)
Machinery, equipment and vehicles, net	3,994	4,038
Tools, furniture and fixtures	3,669	3,919
Accumulated depreciation	(2,678)	(2,857)
Tools, furniture and fixtures, net	990	1,061
Land	2,557	2,528
Construction in progress	728	380
Total property, plant and equipment	12,203	12,627
Intangible assets		
Goodwill	825	757
Other	511	424
Total intangible assets	1,336	1,181
Investments and other assets		
Investment securities	274	166
Deferred tax assets	372	266
Other	568	574
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	1,206	999
Total non-current assets	14,747	14,809
Deferred assets		
Bond issuance cost	74	68
Total deferred assets	74	68
Total assets	46,824	47,935

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,530	3,192
Electronically recorded obligations - operating	113	92
Short-term loans payable	-	528
Current portion of bonds	284	284
Current portion of long-term loans payable	466	572
Lease obligations	62	43
Accounts payable - other	892	805
Income taxes payable	207	191
Accrued expenses	1,017	1,087
Advances received	2,312	2,725
Provision for bonuses	773	826
Other provision	50	345
Other	1,210	1,291
Total current liabilities	10,919	11,987
Non-current liabilities		
Bonds payable	1,432	1,290
Long-term loans payable	2,142	2,878
Lease obligations	446	432
Deferred tax liabilities	348	320
Deferred tax liabilities for land revaluation	12	12
Provision for stock benefit	10	23
Other provision	63	40
Net defined benefit liability	423	458
Other	136	328
Total non-current liabilities	5,015	5,786
Total liabilities	15,934	17,773
Net assets		
Shareholders' equity		
Capital stock	2,000	2,000
Capital surplus	11,658	11,658
Retained earnings	17,217	17,236
Treasury shares	(192)	(192)
Total shareholders' equity	30,684	30,702
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	42	40
Revaluation reserve for land	(160)	(160)
Foreign currency translation adjustment	364	(399)
Remeasurements of defined benefit plans	(40)	(22)
Total accumulated other comprehensive income	205	(540)
Total net assets	30,889	30,161
Total liabilities and net assets	46,824	47,935

6. Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	21,082	24,094
Cost of sales	16,715	19,264
Gross profit	4,366	4,829
Selling, general and administrative expenses	* 4,043	* 4,359
Operating profit	323	470
Non-operating income		
Interest income	14	16
Share of profit of entities accounted for using equity method	1	2
Reversal of allowance for doubtful accounts	53	39
Gain on sales of goods	6	25
Other	20	27
Total non-operating income	96	111
Non-operating expenses		
Interest expenses	23	40
Amortization of bond issuance cost	6	6
Foreign exchange losses	28	88
Extra retirement payments	30	6
Other	35	31
Total non-operating expenses	124	172
Ordinary profit	295	408
Extraordinary income		
Gain on sales of non-current assets	12	0
Insurance income	85	—
Total extraordinary income	97	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	16	4
Loss on sales of investment securities	—	12
Loss on disaster	56	—
Total extraordinary losses	73	17
Profit before income taxes	319	392
Income taxes - current	188	232
Income taxes - deferred	(110)	68
Total income taxes	78	301
Profit	241	91
Profit attributable to owners of parent	241	91

7. Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	241	91
Other comprehensive income		
Valuation difference on available-for-sale securities	26	(1)
Foreign currency translation adjustment	436	(760)
Remeasurements of defined benefit plans, net of tax	(1)	18
Share of other comprehensive income of entities accounted for using equity method	0	(2)
Total other comprehensive income	462	(746)
Comprehensive income	703	(654)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	703	(654)

8. Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	319	392
Depreciation	816	825
Amortization of goodwill	56	56
Increase (decrease) in provision for bonuses	(130)	59
Increase (decrease) in allowance for doubtful accounts	(45)	(10)
Increase (decrease) in net defined benefit liability	2	62
Interest and dividend income	(19)	(19)
Interest expenses	23	40
Loss (gain) on sales and retirement of non-current assets	4	3
Insurance income	(85)	—
Loss on disaster	56	—
Decrease (increase) in notes and accounts receivable - trade	366	(385)
Decrease (increase) in inventories	(185)	(1,400)
Increase (decrease) in notes and accounts payable - trade	(346)	(65)
Decrease (increase) in other current assets	425	(45)
Decrease (increase) in other non-current assets	(12)	1
Increase (decrease) in other current liabilities	(236)	1,057
Increase (decrease) in other non-current liabilities	(20)	189
Other, net	13	141
Subtotal	1,004	903
Interest and dividend income received	24	20
Interest expenses paid	(23)	(40)
Proceeds from insurance income	85	—
Payments for loss on disaster	(48)	—
Income taxes refund	48	30
Income taxes paid	(337)	(366)
Net cash provided by (used in) operating activities	752	548

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from investing activities		
Payments into time deposits	(212)	(434)
Proceeds from sales of investment securities	—	93
Purchase of property, plant and equipment	(648)	(1,480)
Proceeds from sales of property, plant and equipment	40	0
Other, net	(101)	(84)
Net cash provided by (used in) investing activities	(921)	(1,904)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	189	519
Repayments of finance lease obligations	(70)	(42)
Proceeds from long-term loans payable	1,049	1,082
Repayments of long-term loans payable	(225)	(276)
Redemption of bonds	(142)	(142)
Other, net	1	—
Net cash provided by (used in) financing activities	802	1,141
Effect of exchange rate change on cash and cash equivalents	111	(381)
Net increase (decrease) in cash and cash equivalents	745	(596)
Cash and cash equivalents at beginning of period	11,477	14,524
Cash and cash equivalents at end of period	* 12,223	* 13,927

Notes to Consolidated Statements of Cash Flows

*The reconciliation between the year-end balance of cash and cash equivalents and the amounts stated in consolidated balance sheets is as follows:

	As of September 30, 2017	As of September 30, 2018
Cash and deposits	12,841 million yen	14,967 million yen
Time deposits with maturities more than three months	(618)	(1,040)
Cash and cash equivalents	12,223	13,927