

Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2019
(Based on Japanese GAAP)

November 6, 2019

Company name: CMK CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 6958 URL <https://www.cmk-corp.com/>
 Representative: President and Chief Executive Officer Isao Osawa
 Inquiries: Executive Officer Administration Division Yoshihisa Yamaguchi TEL 03-5323-0231
 Accounting Department General Manager
 Scheduled date to file Quarterly Securities Report: November 12, 2019
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(1) Consolidated Operating Results (Cumulative) (Percentages indicate 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	%
Six months ended September 30, 2019	42,981	Δ4.0	715	Δ60.0	779	Δ56.8	287	Δ75.7
Six months ended September 30, 2018	44,769	6.6	1,791	Δ16.2	1,805	Δ9.0	1,179	Δ27.6

(Note) Comprehensive income:

Six months ended September 30, 2019 84million yen (519.5 %)
 Six months ended September 30, 2018 13million yen (Δ99.2 %)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended September 30, 2019	4.85		—	
Six months ended September 30, 2018	19.93		—	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	101,683	55,164	51.0
As of March 31, 2019	105,189	55,849	49.9

(Reference) Shareholder's equity:

As of September 30, 2019 51,894million yen As of March 31, 2019 52,459million yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	—	0.00	—	11.00	11.00
Year ending March 31, 2020	—	0.00			
Year ending March 31, 2020(forecast)			—	—	—

(Note) 1. Revisions to dividend forecasts published most recently: Yes

2. Payment of dividends for the year ending March 31, 2020 is not yet determined.

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Percentages indicate 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	87,000	Δ3.6	2,000	Δ46.9	1,700	Δ54.9	1,200	Δ40.5	20.27

(Note) Revisions to financial forecasts published most recently: No

※ Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2019

(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: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements:

1) Changes in accounting policies due to revisions to accounting standards and other regulations: No

2) Changes in accounting policies due to other reasons: No

3) Changes in accounting estimates: No

4) Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2019	63,060,164 shares	As of March 31, 2019	63,060,164 shares
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2) Number of treasury shares at the end of the period

As of September 30, 2019	3,863,719 shares	As of March 31, 2019	3,863,270 shares
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3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2019	59,196,681 shares	Six months ended September 30, 2018	59,197,445 shares
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※This quarterly financial results statement is exempt from the quarterly review by certified public accountants or accounting auditors.

※Cautionary statement regarding forward-looking statements, and other information

Forward-looking statements such as operational forecasts contained in this report are based on the information currently available to the Company and certain assumptions regarded as reasonable, but are not guarantees of the achievements by the Company. Actual results may differ from any forecasts expressed in the statements due to various factors.

Consolidated financial statements
Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	25,436	20,701
Notes and accounts receivable - trade	24,061	21,824
Merchandise and finished goods	4,260	4,639
Work in process	3,716	3,653
Raw materials and supplies	2,331	2,285
Other	1,282	1,295
Allowance for doubtful accounts	△22	△27
Total current assets	61,066	54,371
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,871	11,959
Machinery, equipment and vehicles, net	13,244	15,171
Land	8,229	8,240
Construction in progress	4,973	4,077
Other, net	1,184	1,311
Total property, plant and equipment	37,503	40,760
Intangible assets		
Goodwill	151	133
Other	188	192
Total intangible assets	339	325
Investments and other assets		
Investment securities	2,697	2,667
Retirement benefit asset	969	981
Other	2,583	2,559
Allowance for doubtful accounts	△23	△23
Total investments and other assets	6,228	6,185
Total non-current assets	44,072	47,272
Deferred assets		
Bond issuance cost	50	39
Total deferred assets	50	39
Total assets	105,189	101,683

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,104	12,545
Short-term borrowings	4,856	4,663
Current portion of bonds	602	1,352
Income taxes payable	253	253
Provision for bonuses	496	509
Allowance for restructuring	129	127
Other	6,473	6,227
Total current liabilities	25,917	25,679
Non-current liabilities		
Bonds payable	6,376	5,324
Long-term borrowings	16,014	14,574
Retirement benefit liability	95	84
Asset retirement obligations	157	158
Other	778	695
Total non-current liabilities	23,422	20,838
Total liabilities	49,340	46,518
Net assets		
Shareholders' equity		
Share capital	22,306	22,306
Capital surplus	16,628	16,628
Retained earnings	14,451	14,087
Treasury shares	△3,134	△3,134
Total shareholders' equity	50,251	49,887
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	739	714
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	1,235	1,084
Remeasurements of defined benefit plans	233	208
Total accumulated other comprehensive income	2,208	2,007
Non-controlling interests	3,389	3,269
Total net assets	55,849	55,164
Total liabilities and net assets	105,189	101,683

Quarterly consolidated statement of income

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	44,769	42,981
Cost of sales	38,427	37,510
Gross profit	6,341	5,470
Selling, general and administrative expenses		
Employees' salaries and bonuses	1,573	1,636
Provision for bonuses	20	23
Retirement benefit expenses	13	9
Provision of allowance for doubtful accounts	0	5
Other	2,943	3,079
Total selling, general and administrative expenses	4,550	4,754
Operating profit	1,791	715
Non-operating income		
Interest income	19	15
Dividend income	51	49
Foreign exchange gains	42	103
Other	173	147
Total non-operating income	286	316
Non-operating expenses		
Interest expenses	134	136
Other	137	116
Total non-operating expenses	272	252
Ordinary profit	1,805	779
Extraordinary income		
Gain on sales of non-current assets	11	0
Gain on sales of investment securities	6	17
Total extraordinary income	17	17
Extraordinary losses		
Loss on sales of non-current assets	0	—
Loss on retirement of non-current assets	80	118
Compensation for damage	31	30
Total extraordinary losses	111	149
Profit before income taxes	1,712	647
Income taxes	271	215
Income taxes for prior periods	227	51
Profit	1,213	380
Profit attributable to non-controlling interests	33	93
Profit attributable to owners of parent	1,179	287

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	1,213	380
Other comprehensive income		
Valuation difference on available-for-sale securities	31	△24
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	△1,180	△246
Remeasurements of defined benefit plans, net of tax	△51	△24
Total other comprehensive income	△1,199	△296
Comprehensive income	13	84
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	105	87
Comprehensive income attributable to non-controlling interests	△92	△2

Quarterly consolidated statement of cash flow

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	1,712	647
Depreciation	2,108	2,271
Interest and dividend income	△70	△65
Interest expenses	134	136
Foreign exchange losses (gains)	2	△171
Loss (gain) on sales of non-current assets	△10	△0
Loss on retirement of non-current assets	80	118
Decrease (increase) in trade receivables	△579	2,190
Decrease (increase) in inventories	△200	△317
Increase (decrease) in trade payables	128	△426
Increase (decrease) in provision for bonuses	11	12
Other, net	△309	△6
Subtotal	3,007	4,389
Interest and dividends received	59	65
Interest paid	△116	△137
Income taxes paid	△260	△154
Net cash provided by (used in) operating activities	2,689	4,163
Cash flows from investing activities		
Purchase of property, plant and equipment	△2,246	△5,702
Proceeds from sales of property, plant and equipment	66	0
Purchase of intangible assets	△25	△14
Purchase of investment securities	△6	△5
Collection of loans receivable	0	0
Other, net	5	16
Net cash provided by (used in) investing activities	△2,204	△5,706
Cash flows from financing activities		
Proceeds from short-term borrowings	3,512	3,234
Repayments of short-term borrowings	△3,409	△3,234
Proceeds from long-term borrowings	14,400	—
Repayments of long-term borrowings	△1,782	△1,596
Proceeds from issuance of bonds	593	—
Redemption of bonds	△280	△301
Repayments of finance lease obligations	△182	△101
Proceeds from sale and leaseback transactions	185	—
Proceeds from sales of receivables	138	△265
Purchase of treasury shares	△0	△0
Dividends paid	△590	△649
Dividends paid to non-controlling interests	△23	△117
Net cash provided by (used in) financing activities	12,561	△3,032
Effect of exchange rate change on cash and cash equivalents	△243	△159
Net increase (decrease) in cash and cash equivalents	12,802	△4,735
Cash and cash equivalents at beginning of period	16,327	25,436
Cash and cash equivalents at end of period	29,130	20,701