

Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2016
(Based on Japanese GAAP)

November 7, 2016

Company name: CMK CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 6958 URL <http://www.cmk-corp.com/>
 Representative: President and Chief Executive Officer Takeo Takai
 Inquiries: Administration Affairs Department Manager Akihiro Okabe TEL 03-5323-0235
 Scheduled date to file Quarterly Securities Report: November 14, 2016
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

(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, 2016	35,785	Δ0.5	860	—	776	—	802	—
Six months ended September 30, 2015	35,949	1.6	Δ502	—	Δ1,425	—	Δ8,485	—

(Note) Comprehensive income:

Six months ended September 30, 2016 Δ3,111million yen (—%)
 Six months ended September 30, 2015 Δ7,296 million yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2016	13.56	—
Six months ended September 30, 2015	Δ143.34	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	85,552	46,978	51.4
As of March 31, 2016	90,504	50,090	51.4

(Reference) Shareholder's equity:

As of September 30, 2016 43,952million yen As of March 31, 2016 46,549million 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, 2016	—	0.00	—	0.00	0.00
Year ending March 31, 2017	—	0.00	—	—	—
Year ending March 31, 2017(forecast)	—	—	—	—	—

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

2. Payment of dividends for the year ending March 31, 2017 is not yet determined.

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

(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	77,000	5.3	2,500	555.1	2,100	—	1,600	—	27.03

(Note) Revisions to financial forecasts published most recently: None

※ Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2016

(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: Yes

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, 2016	63,060,164 shares	As of March 31, 2016	63,060,164 shares
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2) Number of treasury shares at the end of the period

As of September 30, 2016	3,861,123 shares	As of March 31, 2016	3,860,818 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, 2016	59,199,243 shares	Six months ended September 30, 2015	59,199,960 shares
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※Notice regarding quarterly review procedures for the quarterly financial results

This quarterly financial results statement is exempt from the quarterly review procedures based upon the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results statement, the quarterly review procedure based upon the Financial Instruments and Exchange Act has not been completed.

※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 31,2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	21,582	19,040
Notes and accounts receivable - trade	20,376	20,624
Securities	38	40
Merchandise and finished goods	3,904	3,786
Work in process	3,046	2,849
Raw materials and supplies	1,534	1,584
Other	970	1,624
Allowance for doubtful accounts	△34	△34
Total current assets	51,419	49,515
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,970	10,006
Machinery, equipment and vehicles, net	11,597	9,957
Land	9,063	8,253
Construction in progress	520	1,022
Other, net	1,153	962
Total property, plant and equipment	33,306	30,203
Intangible assets		
Goodwill	265	232
Other	321	265
Total intangible assets	587	498
Investments and other assets		
Investment securities	2,661	2,718
Net defined benefit asset	183	304
Other	2,260	2,246
Allowance for doubtful accounts	△46	△46
Total investments and other assets	5,059	5,221
Total non-current assets	38,953	35,923
Deferred assets		
Bond issuance cost	131	113
Total deferred assets	131	113
Total assets	90,504	85,552

(Millions of yen)

	As of March 31,2016	As of September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,088	10,360
Short-term loans payable	5,476	4,860
Current portion of bonds	500	560
Income taxes payable	103	159
Provision for bonuses	165	320
Allowance for restructuring	1,110	197
Other	5,257	6,114
Total current liabilities	22,704	22,571
Non-current liabilities		
Bonds payable	7,250	7,240
Long-term loans payable	9,179	7,633
Net defined benefit liability	44	47
Asset retirement obligations	162	163
Other	1,073	918
Total non-current liabilities	17,709	16,002
Total liabilities	40,413	38,574
Net assets		
Shareholders' equity		
Capital stock	22,306	22,306
Capital surplus	22,063	16,628
Retained earnings	2,185	8,422
Treasury shares	△3,132	△3,132
Total shareholders' equity	43,422	44,224
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	359	393
Deferred gains or losses on hedges	0	△0
Foreign currency translation adjustment	2,939	△510
Remeasurements of defined benefit plans	△170	△153
Total accumulated other comprehensive income	3,127	△271
Non-controlling interests	3,540	3,025
Total net assets	50,090	46,978
Total liabilities and net assets	90,504	85,552

Quarterly consolidated statement of income

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	35,949	35,785
Cost of sales	32,490	31,178
Gross profit	3,459	4,607
Selling, general and administrative expenses		
Employees' salaries and bonuses	1,427	1,282
Provision for bonuses	△9	42
Retirement benefit expenses	22	26
Provision of allowance for doubtful accounts	—	0
Other	2,521	2,395
Total selling, general and administrative expenses	3,961	3,747
Operating income (loss)	△502	860
Non-operating income		
Interest income	37	26
Dividend income	39	40
Reversal of allowance for doubtful accounts	90	—
Other	214	192
Total non-operating income	382	260
Non-operating expenses		
Interest expenses	168	122
Foreign exchange losses	949	—
Other	186	220
Total non-operating expenses	1,304	343
Ordinary income (loss)	△1,425	776
Extraordinary income		
Gain on sales of non-current assets	1	341
Insurance income	47	—
Subsidy income	22	—
Total extraordinary income	71	341
Extraordinary losses		
Loss on sales of non-current assets	37	15
Loss on retirement of non-current assets	64	144
Impairment loss	4,128	—
Restructuring expenses	2,833	—
Compensation for damage	82	—
Total extraordinary losses	7,145	160
Profit (loss) before income taxes	△8,500	958
Income taxes	27	104
Profit (loss)	△8,528	853
Profit (loss) attributable to non-controlling interests	△42	51
Profit (loss) attributable to owners of parent	△8,485	802

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit (loss)	Δ8,528	853
Other comprehensive income		
Valuation difference on available-for-sale securities	Δ212	33
Deferred gains or losses on hedges	Δ0	Δ0
Foreign currency translation adjustment	1,448	Δ4,016
Remeasurements of defined benefit plans, net of tax	Δ3	17
Total other comprehensive income	1,232	Δ3,965
Comprehensive income	Δ7,296	Δ3,111
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	Δ7,330	Δ2,596
Comprehensive income attributable to non-controlling interests	34	Δ514

Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit (loss) before income taxes	Δ8,500	958
Depreciation	2,635	2,108
Interest and dividend income	Δ77	Δ67
Interest expenses	168	122
Foreign exchange losses (gains)	1,193	12
Loss (gain) on sales of non-current assets	35	Δ325
Loss on retirement of non-current assets	40	144
Impairment loss	4,128	—
Restructuring expenses	2,833	—
Decrease (increase) in notes and accounts receivable - trade	1,805	Δ1,502
Decrease (increase) in inventories	414	Δ276
Increase (decrease) in notes and accounts payable - trade	Δ2,884	1,356
Increase (decrease) in provision for bonuses	Δ70	154
Other, net	1,508	Δ1,071
Subtotal	3,229	1,614
Interest and dividend income received	86	48
Interest expenses paid	Δ165	Δ123
Income taxes paid	168	Δ18
Net cash provided by (used in) operating activities	3,318	1,520
Cash flows from investing activities		
Purchase of property, plant and equipment	Δ1,580	Δ1,944
Proceeds from sales of property, plant and equipment	159	1,147
Purchase of intangible assets	Δ4	Δ2
Purchase of investment securities	Δ4	Δ5
Payments of loans receivable	Δ0	—
Collection of loans receivable	67	0
Other, net	49	Δ128
Net cash provided by (used in) investing activities	Δ1,315	Δ932
Cash flows from financing activities		
Increase in short-term loans payable	13,734	3,803
Decrease in short-term loans payable	Δ13,734	Δ4,106
Proceeds from long-term loans payable	2,750	—
Repayments of long-term loans payable	Δ933	Δ1,628
Proceeds from issuance of bonds	728	296
Redemption of bonds	—	Δ250
Repayments of finance lease obligations	Δ3,131	Δ142
Proceeds from sales and leasebacks	1,260	—
Proceeds from sales of receivables	Δ422	357
Purchase of treasury shares	Δ0	Δ0
Cash dividends paid	Δ295	Δ0
Dividends paid to non-controlling interests	Δ80	Δ30
Other, net	0	—
Net cash provided by (used in) financing activities	Δ123	Δ1,699
Effect of exchange rate change on cash and cash equivalents	59	Δ1,430
Net increase (decrease) in cash and cash equivalents	1,939	Δ2,542
Cash and cash equivalents at beginning of period	17,164	21,582
Cash and cash equivalents at end of period	19,104	19,040

Quarterly consolidated statement of income

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Extraordinary income		
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Total extraordinary income	71	341
Extraordinary losses		
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