Ark Restaurants Corp.

2016 ANNUAL REPORT

The Company

We are a New York corporation formed in 1983. As of the fiscal year ended October 1, 2016, we owned and/or operated 21 restaurants and bars, 19 fast food concepts and catering operations through our subsidiaries. Initially our facilities were located only in New York City. As of the fiscal year ended October 1, 2016, six of our restaurant and bar facilities are located in New York City, two are located in Washington, D.C., five are located in Las Vegas, Nevada, three are located in Atlantic City, New Jersey, one is located at the Foxwoods Resort Casino in Ledyard, Connecticut, one is located in the Faneuil Hall Marketplace in Boston, Massachusetts and three are located on the east coast of Florida.

In addition to the shift from a Manhattan-based operation to a multi-city operation, the nature of the facilities operated by us has shifted from smaller, neighborhood restaurants to larger, destination properties intended to benefit from high patron traffic attributable to the uniqueness of the location. Most of our properties which have been opened in recent years are of the latter description. As of the fiscal year ended October 1, 2016, these include the operations at the 12 fast food facilities in Tampa, Florida and Hollywood, Florida (2004); the *Gallagher's Steakhouse* and *Gallagher's Burger Bar* in the Resorts Atlantic City Hotel and Casino in Atlantic City, New Jersey (2005); *The Grill at Two Trees* at the Foxwoods Resort Casino in Ledyard, Connecticut (2006); *Durgin Park Restaurant and the Black Horse Tavern* in the Faneuil Hall Marketplace in Boston, Massachusetts (2007); *Yolos* at the Planet Hollywood Resort and Casino in Las Vegas, Nevada (2007); *Robert* at the Museum of Arts & Design at Columbus Circle in Manhattan (2010); *Broadway Burger Bar and Grill* at the New York New York Hotel and Casino in Las Vegas, Nevada (2011); *Clyde Frazier's Wine and Dine* in Manhattan (2012); *Broadway Burger Bar and Grill* in the Quarter at the Tropicana Hotel and Casino in Atlantic City, New Jersey (2013), *The Rustic Inn* in Dania Beach, Florida (2014), *The Rustic Inn* in Jupiter, Florida (2015) and *Shuckers* in Jensen Beach, Florida (2016).

The names and themes of each of our restaurants are different except for our two *Gallagher's Steakhouse* restaurants, two *Broadway Burger Bar and Grill* restaurants and two *Rustic Inn* restaurants. The menus in our restaurants are extensive, offering a wide variety of high-quality foods at generally moderate prices. The atmosphere at many of the restaurants is lively and extremely casual. Most of the restaurants have separate bar areas, are open seven days a week and most serve lunch as well as dinner. A majority of our net sales are derived from dinner as opposed to lunch service.

While decor differs from restaurant to restaurant, interiors are marked by distinctive architectural and design elements which often incorporate dramatic interior open spaces and extensive glass exteriors. The wall treatments, lighting and decorations are typically vivid, unusual and, in some cases, highly theatrical.

We will provide, without charge, a copy of our Annual Report on Form 10-K for the fiscal year ended October 1, 2016, including financial statements, exhibits and schedules thereto, to each of our shareholders of record on February 24, 2017 and each beneficial holder on that date, upon receipt of a written request therefore mailed to our offices, 85 Fifth Avenue, New York, NY 10003 Attention: Treasurer.

Shareholders, Associates and Friends of Ark:

We are in the business of owning and operating restaurants. The majority of our restaurants were conceived and built by us under lease agreements with developers and landlords. But we also are active in purchasing restaurants from owners who are looking to cash out. As I have written in past letters, individual non-branded restaurants with limited seating are generally a romantic notion rather than a driver of operational profits. Our business focuses on larger venues with individual sites such as Bryant Park in NYC and Sequoia in Washington, D.C., each having capacities for 1000 seats. These larger facilities if successful can deliver outsized revenue and more productive net income. Also while the majority of our restaurants have different trade names we have established an Ark "brand" with developers and landlords who recognize that we are exceptional operators for these larger facilities. As we move our business forward our portfolio of restaurants will reflect this "brand" thinking as we endeavor to accrue value to shareholders. There are exceptions. Sometimes we find a smaller gem like Shuckers in Jensen Beach, Florida which we purchased last year or our own recently constructed Southwest Porch in NYC where revenues are significant despite their smaller footprints. Hopefully there will be more of these in our future as well.

We do not view our performance in terms of quarter to quarter or year to year. I know this will be nominated by some as defensive in light of our numbers for fiscal 2016. But I believe our recent portfolio shifts are significant in their potential to deliver a better bottom line despite the encroachment of legislation as government is taking the place of unions in its pursuit of higher minimum wage for tipped employees. I discussed this in last year's letter. The primary complaint is not with non-tipped hourly employees. Our difficulty is that our tipped employees average $30 per hour or more in gratuities and in a demonstration of convoluted reasoning government does not recognize these gratuities as pay which in my view should be included toward the minimum wage requirement. Indeed we are required by government to track these tips and report them on our employees' W-2 forms. We are sympathetic to tipped employees who do not have the good fortune of being employed in restaurants where gratuities exceed the minimum wage and rely on a higher minimum standard to secure their economic wellbeing. But this is not the case with our tipped employees. Government has enacted one shoe fits all legislation which does not reflect the economic reality of our industry and as a result has disrupted the bottom lines of most operators. This past year was the first year in which the newly legislated minimum wage was in effect for tipped employees and our bottom line was significantly disturbed.

Another disruption to our corporate EBITDA has been the inflation in rents where we operate. Many of our leases were signed twenty years ago. We have lost previously thought to be reliable operating profits where we were unable to extend expiring leases. We try to invest capital and management time in economic equations that give us a respectable return if we hit a double and at the least doesn't send us off the field defeated if we only get to first. New rent structures for leases and minimum wage legislation raises the bar for difficulty.

We are confident in our business and may be at a significant inflexion point. We have absorbed the first body blows of the legislative phase-in of minimum wage (there are more bump-ups baked into the legislation for future years) and while we do not see price elasticity in our menus we have found new sources of revenue to help us offset a portion of this payroll increase. Further we do not have significant leases expiring for a few years. Our Sequoia lease which was due to term out in late 2017 has been renegotiated and extended for an additional 15 year term.

The most important changes in our portfolio occurred in the last week of November 2016 which falls in the first quarter of our current 2017 fiscal year. We purchased the two Original Oyster House Seafood restaurants in Alabama, one in Gulf Shores and one on the Causeway connecting Gulf Shores to Mobile. In both cases we purchased the land as well as the operation. This purchase along with past purchases of the land and operations of the Rustic Inn Fort Lauderdale, Florida and Shuckers in Jensen Beach, Florida is significant in that more than 20% of our projected ongoing restaurant operating income will come from properties where we are our own landlord. We intend to pursue more of these. Also in November 2016 we exercised a right of first refusal clause in our lease for our Rustic Inn Jupiter, Florida and then for $3 million more than our purchase price sold the land and building. In the 2016 fiscal year the Jupiter Rustic Inn had approximately $500,000 in operating losses. While we were of the opinion that this restaurant was moving toward eventual profitability the transaction was too important to our balance sheet to turn away. As part of our agreement with the purchaser we will continue to operate the restaurant through April 2017.

By the time you receive this annual report our first quarter for the 2017 fiscal year which ended December 31, 2016 will be public. This was a very positive quarter with strong comparative sales. The Company was far more productive at the bottom line then in the prior year's quarter and also bested the relatively good performance of the fiscal 2015 December quarter. A bullish reading is that we are doing something right for our customers. With tail winds of positive comps our current portfolio survived minimum wage increases and with the appropriate allocation of capital was able to replace lost operating income from expired leases.

Hibernating in the background and perhaps little noticed is our investment in an LLC which is the majority owner and operator of the Meadowlands Race Track in northern New Jersey. Our strategy when we made this investment was our strong belief in the desperate financial condition of the State of New Jersey that would require the expansion of gaming to the north of the state. Presently all gaming is restricted to Atlantic City which is a shrinking footprint both in the number of casinos and the tax on casino revenue collected by the state. A referendum to expand gaming to the north was on this past November's ballot and failed. This was not unexpected. We were encouraged that the legislative branch and the Governor of New Jersey were able to agree to a referendum although we were disappointed in its lack of specificity. The referendum was non-committal as to site selection and did little to assist voters in understanding the potential tax revenue that could be generated or how the funds would be utilized. This was easy fodder for a negative media campaign by opponents of casino expansion which included not only Atlantic City licensed casinos but also casinos in bordering states whose revenue would be negatively impacted by the addition of a casino in northern New Jersey. The failure of this initial referendum does not dissuade our continued confidence in the eventuality of a casino license in the north. We remain confident that we have the most persuasive site. Importantly, in addition to holding an interest in the LLC, if the LLC is successful in obtaining a gaming license we retain an exclusive to all casino food and beverage operations with the exception for a Hard Rock Café (Hard Rock is a partner in the venture).

To our shareholders thank you for your trust and support of management. To all of our employees, you are the most important link to customers who return to our restaurants because you care that they receive value from their experience. You work hard, you are loyal and honest and you give each day your best. We are grateful.

Sincerely,

Michael Weinstein
Chairman and Chief Executive Officer

ARK RESTAURANTS CORP.

Corporate Office

Michael Weinstein, Chairman and Chief Executive Officer
Robert Stewart, President, Chief Financial Officer and Treasurer
Vincent Pascal, Senior Vice President and Chief Operating Officer
Paul Gordon, Senior Vice President-Director of Las Vegas Operations
Walter Rauscher, Vice President-Corporate Sales & Catering
Jeff Isaacson, Vice President – Beverage Operations
Nancy Alvarez, Controller
Marilyn Guy, Director of Human Resources
Donna McCarthy, Director of Operations – Atlantic City
Andrea O'Brien, Director of Tour and Travel
John Oldweiler, Director of Purchasing
Luis Gomes, Director of Purchasing – Las Vegas Operations
Linda Clous, Director of Facilities Management
Evyette Ortiz, Director of Marketing
Veronica Mijelshon, Director of Architecture and Design
Sonal Shah, General Counsel and Secretary
Teresita Mendoza, Controller – Las Vegas Operations
Welner Villatoro, Director of Maintenance – Las Vegas Operations
Nicole Calix Coy, Director of Human Resources – Las Vegas Operations

Executive Chefs
Damien McEvoy, Las Vegas
Sergio Soto, Atlantic City, NJ
Vico Ortega, New York, NY

Restaurant General Managers-New York
Donna Simms, Director of Bryant Park Operations
Dianne Ashe-Giovannone, El Rio Grande
Ana Harris, Robert
Bridgeen Rice, Clyde Frazier's Wine and Dine

Restaurant General Managers-Washington D.C.
Gregory Thompson, Thunder Grill
Maurizio Reyes, Sequoia

Restaurant General Manager-Atlantic City, NJ
John English, Gallagher's Steakhouse and Gallagher's Burger Bar

Restaurant General Managers-Las Vegas
John Hausdorf, Las Vegas Room Service
Geri Ohta, Director of Sales and Catering
Kelly Rosas, America
Mary Massa, Gonzalez y Gonzalez
Shepherd McFarlane, Gallagher's Steakhouse
Ivonne Escobedo, Village Streets
Jeff Stein, Broadway Burger Bar & Grill
Staci Green, Yolos Mexican Grill

Restaurant General Manager-Boston
Patricia Reyes, Durgin-Park

Restaurant General Managers-Florida
Darvin Prats, Tampa Food Court
Edgar Gonzalez-Pratt. Hollywood Food Court
Michael Diascro, The Rustic Inn- Ft. Lauderdale
Bender Gamiao, The Rustic Inn- Jupiter
Robert Rae, Shuckers

Restaurant General Manager-Foxwoods
Matilda Santana, Manager of Connecticut Operations
Keri House, The Grill at Two Trees

Restaurant Chefs-New York
Fermin Ramirez, El Rio Grande
Gadi Weinreich, Bryant Park Grill
Louisa Fernandez, Robert
Armando Cortes, Clyde Frazier's Wine and Dine

Restaurant Chefs-Washington D.C.
Michael Foo, Thunder Grill
Fanor Baldarrama, Sequoia

Restaurant Chefs-Las Vegas
Jerome Lingle, America
Bernard Camat, Gallagher's Steakhouse
Richard Harris, Yolos Mexican Grill
Steve Shoun, Employee Dining Room
Sergio Salazar, Gonzalez y Gonzalez
Justin Vega, Ark Banquets
Brandon Greenwood, Broadway Burger Bar & Grill

Restaurant Chef-Boston
Roberto Reyes, Durgin-Park

Restaurant Chefs-Florida
Artemio Espinoza, Hollywood Food Court
Nolberto Bernal, Tampa Food Court
Bender Gamiao, The Rustic Inn- Jupiter FL
Ralph Formisano, Shuckers

Restaurant Chef-Foxwoods
Rosalio Fuentes, The Grill at Two Trees

Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

As of October 1, 2016, the Company owned and operated 21 restaurants and bars, 19 fast food concepts and catering operations, exclusively in the United States, that have similar economic characteristics, nature of products and service, class of customer and distribution methods. The Company believes it meets the criteria for aggregating its operating segments into a single reporting segment in accordance with applicable accounting guidance. The Consolidated Statements of Income for the year ended October 1, 2016 includes revenues and operating income of approximately $4,763,000 and $523,000, respectively, related to Shuckers in Jensen Beach, FL, which was acquired on October 22, 2015.

Accounting Period

Our fiscal year ends on the Saturday nearest September 30. We report fiscal years under a 52/53-week format. This reporting method is used by many companies in the hospitality industry and is meant to improve year-to-year comparisons of operating results. Under this method, certain years will contain 53 weeks. The fiscal year ended October 1, 2016 included 52 weeks and the fiscal year ended October 3, 2015 included 53 weeks.

Seasonality

The Company has substantial fixed costs that do not decline proportionally with sales. The first and second fiscal quarters, which include the winter months, usually reflect lower customer traffic than in the third and fourth fiscal quarters. However, sales in the third and fourth fiscal quarters can be adversely affected by inclement weather due to the significant amount of outdoor seating at the Company's restaurants.

Results of Operations

The Company's operating income of $7,394,000 for the year ended October 1, 2016 decreased 17.3% compared to operating income of $8,941,000 for the year ended October 3, 2015. This decrease resulted primarily from: (i) a decrease in operating income of *The Rustic Inn* in Dania Beach, Florida in the amount of $509,000 due to a road construction project started in the second quarter of fiscal 2016 by the local municipality that is expected to last approximately 18 months, (ii) the closure, due to lease expiration, of *V Bar* in November 2015, (iii) the closure of *Center Cafe* in February 2016, and (iv) higher than expected operating payrolls due to labor law changes partially offset by: (i) operating income related to *Shuckers* in Jensen Beach, FL in the amount of $523,000 (which was acquired on October 22, 2015), (ii) operating income related to the *Southwest Porch* in Bryant Park, NY in the amount of $817,000 (which opened on July 1, 2015), (iii) the reversal of commercial rent tax liabilities in the amount of $1,101,000, and (iv) the correction of an immaterial error related to an overstatement of a rent liability in the amount of $261,000.

The following table summarizes the significant components of the Company's operating results for the years ended October 1, 2016 and October 3, 2015, respectively:

	Year Ended		Variance	
	October 1, 2016	October 3, 2015	$	%
	(in thousands)			
REVENUES:				
Food and beverage sales	$ 148,479	$ 144,588	$ 3,891	2.7%
Other revenue	1,673	1,275	398	31.2%
Total revenues	150,152	145,863	4,289	2.9%
COSTS AND EXPENSES:				
Food and beverage cost of sales	39,545	39,435	110	0.3%
Payroll expenses	50,718	46,903	3,815	8.1%
Occupancy expenses	16,515	16,790	(275)	-1.6%
Other operating costs and expenses	19,719	18,494	1,225	6.6%
General and administrative expenses	11,708	10,885	823	7.6%
Depreciation and amortization	4,553	4,415	138	3.1%
Total costs and expenses	142,758	136,922	5,836	4.3%
OPERATING INCOME	$ 7,394	$ 8,941	$ (1,547)	-17.3%

Revenues

During the Company's year ended October 1, 2016 ("fiscal 2016"), revenues increased 2.9% compared to the year ended October 3, 2015 ("fiscal 2015"). This increase resulted primarily from revenues related to *Shuckers* in Jensen Beach, FL (which was acquired on October 22, 2015) and revenues related to the *Southwest Porch* in Bryant Park, NY (which opened on July 1, 2015), partially offset by the same-store sales impacts discussed below and the closure of *Center Café* in Washington, DC and three properties in Las Vegas (*V Bar, Shake & Burger and Towers Deli*) as a result of lease expirations.

Food and Beverage Same-Store Sales

On a Company-wide basis, same store food and beverage sales decreased 2.0% for the year ended October 1, 2016 as compared to the year ended October 3, 2015 as follows:

	Year Ended		Variance	
	October 1, 2016	October 3, 2015	$	%
	(in thousands)			
Las Vegas	$ 44,130	$ 44,636	$ (506)	-1.1%
New York	39,312	39,011	301	0.8%
Washington, DC	13,066	13,276	(210)	-1.6%
Atlantic City, NJ	6,984	6,620	364	5.5%
Boston	3,597	3,912	(315)	-8.1%
Connecticut	3,547	3,571	(24)	-0.7%
Florida	25,418	27,811	(2,393)	-8.6%
Same store sales	136,054	138,837	$ (2,783)	-2.0%
Other	12,425	5,751		
Food and beverage sales	$ 148,479	$ 144,588		

Same-store sales in Las Vegas (which exclude the *V Bar, Shake & Burger* and *Towers Deli* properties as they were closed during the periods) decreased 1.1% primarily as a result of increased competition. Same-store sales in New York increased 0.8%, primarily as a result of good weather conditions. Same-store sales in Washington, DC, which excludes *Center Café* which closed in February 2016, decreased 1.6% as a result of construction in Union Station where our *Thunder Grill* property is located. Same-store sales in Atlantic City increased 5.5% primarily due to increased traffic at the properties in which we operate our restaurants. Same-store sales in Boston decreased 8.1% primarily as a result of poor winter weather conditions as compared to the same period last year. Same-store sales in Connecticut decreased 0.7% due to declining traffic at the Foxwoods Resort and Casino where our properties are located. Same-store sales in Florida decreased 8.6% reflecting decreased traffic at *The Rustic Inn* in Dania Beach, FL due to a road construction project started in the second quarter of fiscal 2016 by the local municipality that is expected to last approximately 18 months, combined with increased competition at one of our food court properties. Other food and beverage sales consist of sales related to new restaurants opened or acquired during the applicable period (e.g., *Southwest Porch* and *Shuckers*), sales related to properties that were closed during the periods due to lease expiration and other closures and other catering sales.

Our restaurants generally do not achieve substantial increases in revenue from year to year, which we consider to be typical of the restaurant industry. To achieve significant increases in revenue or to replace revenue of restaurants that lose customer favor or which close because of lease expirations or other reasons, we would have to open additional restaurant facilities or expand existing restaurants. There can be no assurance that a restaurant will be successful after it is opened, particularly since in many instances we do not operate our new restaurants under a trade name currently used by us, thereby requiring new restaurants to establish their own identity.

Other Revenue

The increase in Other Revenue for fiscal 2016 as compared to fiscal 2015 is primarily due to an increase in purchase service fees.

Costs and Expenses

Costs and expenses for the years ended October 1, 2016 and October 3, 2015 were as follows (in thousands):

	Year Ended October 1, 2016	% to Total Revenues	Year Ended October 3, 2015	% to Total Revenues	Increase (Decrease) $	Increase (Decrease) %
Food and beverage cost of sales	$ 39,545	26.3%	$ 39,435	27.0%	$ 110	0.3%
Payroll expenses	50,718	33.8%	46,903	32.2%	3,815	8.1%
Occupancy expenses	16,515	11.0%	16,790	11.5%	(275)	-1.6%
Other operating costs and expenses	19,719	13.1%	18,494	12.7%	1,225	6.6%
General and administrative expenses	11,708	7.8%	10,885	7.5%	823	7.6%
Depreciation and amortization	4,553	3.0%	4,415	3.0%	138	3.1%
	$ 142,758		$ 136,922		$ 5,836	

The decrease in food and beverage costs as a percentage of total revenues for fiscal 2016 compared to fiscal 2015 is primarily the result of menu price increases in fiscal 2016 and the stabilization of commodity prices.

Payroll expenses as a percentage of total revenues for fiscal 2016 compared to fiscal 2015 increased primarily as a result of labor law changes and payroll incurred at *The Rustic Inn* in Jupiter, FL with no corresponding increase in sales.

Occupancy expenses as a percentage of total revenues, excluding the impact of the reversal of commercial rent tax liabilities in the amount of $1,101,000 and the correction of an error related to an overstatement of a rent liability in the amount of $261,000, for fiscal 2016 were consistent with the same period of last year.

Other operating costs and expenses as a percentage of total revenues for fiscal 2016 increased slightly as compared to fiscal 2015 as a result of fixed costs at properties where sales declined.

General and administrative expenses (which relate solely to the corporate office in New York City) as a percentage of total revenues for fiscal 2016 increased as compared to the same period of last year primarily as a result of annual compensation adjustments and transaction costs in the first quarter of fiscal 2016 of approximately $160,000 incurred in connection with the purchase of *Shuckers*.

Income Taxes

Our income tax expense, deferred tax assets and liabilities, and liabilities for uncertain tax positions reflect management's best estimate of current and future taxes to be paid. We are subject to income tax in numerous state taxing jurisdictions. Significant judgement and estimates are required in the determination of consolidated income tax expense. The provision for income taxes reflects federal income taxes calculated on a consolidated basis and state and local income taxes which are calculated on a separate entity basis. Most of the restaurants we own or manage are owned or managed by a separate legal entity.

For state and local income tax purposes, certain losses incurred by a subsidiary may only be used to offset that subsidiary's income, with the exception of the restaurants operating in the District of Columbia. Accordingly, our overall effective tax rate has varied depending on the level of income and losses incurred at individual subsidiaries.

Deferred income taxes arise from temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements, which will result in taxable or deductible amounts in the future. In evaluating our ability to recover our deferred tax assets in the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies, and results of recent operations. The assumptions about future taxable income require the use of significant judgment and are consistent with the plans and estimates we are using to manage the underlying businesses.

Our overall effective tax rate in the future will be affected by factors such as income earned by our VIEs, generation of FICA TIP credits and the mix of geographical income for state tax purposes as Nevada does not impose an income tax.

The Revenue Reconciliation Act of 1993 provides tax credits to us for FICA taxes paid on tip income of restaurant service personnel. The net benefit to us was $854,000 and $810,000 in fiscal 2016 and 2015, respectively.

Liquidity and Capital Resources

Our primary source of capital has been cash provided by operations. We utilize cash generated from operations to fund the cost of developing and opening new restaurants, acquiring existing restaurants owned by others and remodeling existing restaurants we own; however, in recent years, we have utilized bank and other borrowings to finance specific transactions.

Net cash flow provided by operating activities for fiscal 2016 was $7,602,000, compared to $11,301,000 for the prior year. This decrease was attributable to a decrease in operating income discussed above combined with changes in net working capital primarily related to accounts receivable, prepaid, refundable and accrued income taxes and accounts payable and accrued expenses.

Net cash used in investing activities for fiscal 2016 was $3,045,000 and resulted primarily from purchases of fixed assets at existing restaurants, an additional $200,000 loan made to Meadowlands Newmark, LLC and the cash portion of the purchase of *Shuckers* in the amount of $717,000.

Net cash used in investing activities for fiscal 2015 was $3,659,000 and resulted primarily from purchases of fixed assets at existing restaurants and improvements made at our property, *The Rustic Inn* in Jupiter, FL, which was opened in the last week of January 2015.

Net cash used in financing activities for fiscal 2016 of $7,053,000 resulted primarily from the payment of dividends, principal payments on notes payable and distributions to non-controlling interests.

Net cash used in financing activities for fiscal 2015 of $6,569,000 resulted from the payment of dividends, principal payments on notes payable and distributions to non-controlling interests partially offset by the proceeds from the exercise of stock options.

The Company had a working capital deficiency of $658,000 at October 1, 2016, as compared to working capital of $129,000 at October 3, 2015. We believe that our existing cash balances and cash provided by operations will be sufficient to meet our liquidity and capital spending requirements at least through the next 12 months.

On January 4, 2016, April 4, 2016, July 1, 2016 and October 5, 2016, the Company paid quarterly cash dividends in the amount of $0.25 per share on the Company's common stock. The Company intends to continue to pay such quarterly cash dividend for the foreseeable future; however, the payment of future dividends is at the discretion of the Company's Board of Directors and is based on future earnings, cash flow, financial condition, capital requirements, changes in U.S. taxation and other relevant factors.

Restaurant Expansion

On March 27, 2015, the Company, through a wholly-owned subsidiary, entered into an agreement to operate a kiosk in Bryant Park, New York, NY for the sale of food and beverages for an initial period expiring through March 31, 2020 with an option to extend the agreement for five additional years. Renovations totaled approximately $400,000 and the property opened in July 2015.

On July 24, 2015, the Company, through a wholly-owned subsidiary, paid $544,000 (including a $144,000 security deposit) to assume the lease for an event space located in New York, NY. The assumed lease expires through March 31, 2026 with an option to extend the agreement for five additional years and provides for annual rent in the amount of approximately $300,000.

On October 22, 2015, the Company, through its wholly-owned subsidiaries, Ark Shuckers, LLC, Ark Shuckers Real Estate, LLC, and Ark Island Beach Resort LLC, acquired the assets of Shuckers Inc., a restaurant and bar located at the Island Beach Resort in Jensen Beach, FL, and six condominium units (four of which house the restaurant and bar operations) and a management company that handles the rental pool for certain condominium units under lease with Island Beach Resort, Inc. The total purchase price was for $5,650,000 plus inventory. The acquisition was accounted for as a business combination and was financed with a bank loan from the Company's existing lender in the amount of $5,000,000 and cash from operations.

In connection with this transaction, the Company also entered into a Credit Agreement (the "Revolving Facility") with Bank Hapoalim B.M. (the "Bank") which expires on October 21, 2017. Borrowings under the Revolving Facility will be evidenced by a promissory note (the "Revolving Note") in favor of the Bank in the amount of up to $10,000,000 and will be payable over five years with interest at an annual rate equal to LIBOR plus 3.5% per year. Borrowings under the Revolving Facility are secured by a senior secured interest in all of the Company's and several of its subsidiaries' personal and fixture property, but generally not in any directly held investment property or general intangibles.

The opening of a new restaurant is invariably accompanied by substantial pre-opening expenses and early operating losses associated with the training of personnel, excess kitchen costs, costs of supervision and other expenses during the pre-opening period and during a post-opening "shake out" period until operations can be considered to be functioning normally. The amount of such pre-opening expenses and early operating losses can generally be expected to depend upon the size and complexity of the facility being opened.

Our restaurants generally do not achieve substantial increases in revenue from year to year, which we consider to be typical of the restaurant industry. To achieve significant increases in revenue or to replace revenue of restaurants that lose customer favor or which close because of lease expirations or other reasons, we would have to open additional restaurant facilities or expand existing restaurants. There can be no assurance that a restaurant will be successful after it is opened, particularly since in many instances we do not operate our new restaurants under a trade name currently used by us, thereby requiring new restaurants to establish their own identity.

We may take advantage of other opportunities we consider to be favorable, when they occur, depending upon the availability of financing and other factors.

Investment in and Receivable from New Meadowlands Racetrack

On March 12, 2013, the Company made a $4,200,000 investment in the New Meadowlands Racetrack LLC ("NMR") through its purchase of a membership interest in Meadowlands Newmark, LLC, an existing member of NMR. On November 19, 2013, the Company invested an additional $464,000 in NMR through a purchase of an additional membership interest in Meadowlands Newmark, LLC resulting in a total ownership of 11.6% of Meadowlands Newmark, LLC and an ownership interest of 7.4% in NMR. In 2015, the Company invested an additional $222,000, as a result of capital calls, bringing its total investment to $4,886,000 with no change in ownership. In addition to the Company's ownership interest in NMR, if casino gaming is approved at the Meadowlands and NMR is granted the right to conduct said gaming, the Company shall be granted the exclusive right to operate the food and beverage concessions in the gaming facility with the exception of one restaurant. The voter referendum for casino gaming in Northern New Jersey was defeated in November 2016. State law prohibits the issue from being put on the ballot before voters for the following two years. In connection with NMR's restructuring of an existing loan which comes due on June 30, 2018, and to extend the loan through December 2021, the Company expects to fund its proportionate share of an anticipated $3 million capital call in January 2017 rather than having its interest diluted.

In conjunction with this investment, the Company, through a 98% owned subsidiary, Ark Meadowlands LLC ("AM VIE"), also entered into a long-term agreement with NMR for the exclusive right to operate food and beverage concessions serving the new raceway facilities (the "Racing F&B Concessions") located in the new raceway grandstand constructed at the Meadowlands Racetrack in northern New Jersey. Under the agreement, NMR is responsible to pay for the costs and expenses incurred in the operation of the Racing F&B Concessions, and all revenues and profits thereof inure to the benefit of NMR. AM VIE receives an annual fee equal to 5% of the net profits received by NMR from the Racing F&B Concessions during each calendar year.

On April 25, 2014, the Company loaned $1,500,000 to Meadowlands Newmark, LLC. The note bears interest at 3%, compounded monthly and added to the principal, and is due in its entirety on January 31, 2024. The note may be prepaid, in whole or in part, at any time without penalty or premium. On July 13, 2016, the Company made an additional loan to Meadowlands Newmark, LLC in the amount of $200,000. Such amount is subject to the same terms and conditions as the original loan as discussed above.

Recent Restaurant Dispositions and Charges

Lease Expirations – On October 31, 2014, the Company's lease at the *Towers Deli* located at the Venetian Casino Resort in Las Vegas, NV expired. The closure of this property did not result in a material charge.

On November 30, 2014, the Company's lease at the *Shake & Burger* located at the Venetian Casino Resort in Las Vegas, NV expired. The closure of this property did not result in a material charge.

On November 30, 2015, the Company's lease at the *V-Bar* located at the Venetian Casino Resort in Las Vegas, NV expired. The closure of this property did not result in a material charge.

The Company was advised by the landlord that it would have to vacate the *Center Café* property located at Union Station in Washington, DC which was on a month-to-month lease. The closure of this property occurred in February 2016 and did not result in a material charge.

Critical Accounting Policies

Our significant accounting policies are more fully described in Note 1 to our consolidated financial statements. While all of these significant accounting policies impact our financial condition and results of operations, we view certain of these policies as critical. Policies determined to be critical are those policies that have the most significant impact on our consolidated financial statements and require management to use a greater degree of judgment and estimates. Actual results may differ from those estimates.

We believe that given current facts and circumstances, it is unlikely that applying any other reasonable judgments or estimate methodologies would cause a material effect on our consolidated results of operations, financial position or cash flows for the periods presented in this report.

Below are listed certain policies that management believes are critical:

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The accounting estimates that require our most difficult and subjective judgments include allowances for potential bad debts on receivables, the useful lives and recoverability of our assets, such as property and intangibles, fair values of financial instruments and share-based compensation, the realizable value of our tax assets and other matters. Because of the uncertainty in such estimates, actual results may differ from these estimates.

Long-Lived Assets

Long-lived assets, such as property, plant and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the evaluation of the fair value and future benefits of long-lived assets, we perform an analysis of the anticipated undiscounted future net cash flows of the related long-lived assets. If the carrying value of the related asset exceeds the undiscounted cash flows, the carrying value is reduced to its fair value. Various factors including estimated future sales growth and estimated profit margins are included in this analysis.

Management continually evaluates unfavorable cash flows, if any, related to underperforming restaurants. Periodically it is concluded that certain properties have become impaired based on their existing and anticipated future economic outlook in their respective markets. In such instances, we may impair assets to reduce their carrying values to fair values. Estimated fair values of impaired properties are based on comparable valuations, cash flows and/or management judgment. No impairment charges were necessary for the years ended October 1, 2016 and October 3, 2015.

Recoverability of Investment in New Meadowlands Racetrack ("NMR")

The carrying value of our Investment in Meadowlands Newmark LLC, which has a 63.7% ownership in NMR, is determined using the cost method. In accordance with the cost method, our initial investment is recorded at cost and we record dividend income when applicable, if dividends are declared. We review our Investment in NMR each reporting period to determine whether a significant event or change in circumstances has occurred that may have an adverse effect on its fair value, such as the defeat of the referendum for casino gaming in Northern New Jersey in November 2016.

As a result, we performed an assessment of the recoverability of our indirect Investment in NMR as of October 1, 2016 which involved critical accounting estimates. These estimates require significant management judgment, include inherent uncertainties and are often interdependent; therefore, they do not change in isolation. Factors that management estimated include, among others, the probability of gambling being approved in Northern NJ which is the most heavily weighted assumption and NMR obtaining a license to operate a casino, revenue levels, cost of capital, marketing spending, tax rates and capital spending.

In performing this assessment, we estimate the fair value of our Investment in NMR using our best estimate of these assumptions which we believe would be consistent with what a hypothetical marketplace participant would use. The variability of these factors depends on a number of conditions, including uncertainty about future events and our inability as a minority shareholder to control certain outcomes and thus our accounting estimates may change from period to period. If other assumptions and estimates had been used when these tests were performed, impairment charges could have resulted.

As mentioned above, these factors do not change in isolation and, therefore, we do not believe it is practicable or meaningful to present the impact of changing a single factor. Furthermore, if management uses different assumptions or if different conditions occur in future periods, future impairment charges could result.

Leases

We recognize rent expense on a straight-line basis over the expected lease term, including option periods as described below. Within the provisions of certain leases there are escalations in payments over the base lease term, as well as renewal periods. The effects of the escalations have been reflected in rent expense on a straight-line basis over the expected lease term, which includes option periods when it is deemed to be reasonably assured that we would incur an economic penalty for not exercising the option. Percentage rent expense is generally based upon sales levels and is expensed as incurred. Certain leases include both base rent and percentage rent. We record rent expense on these leases based upon reasonably assured sales levels. The consolidated financial statements reflect the same lease terms for amortizing leasehold improvements as were used in calculating straight-line rent expense for each restaurant. Our judgments may produce materially different amounts of amortization and rent expense than would be reported if different lease terms were used.

Deferred Income Tax Valuation Allowance

We provide such allowance due to uncertainty that some of the deferred tax amounts may not be realized. Certain items, such as state and local tax loss carryforwards, are dependent on future earnings or the availability of tax strategies. Future results could require an increase or decrease in the valuation allowance and a resulting adjustment to income in such period.

Goodwill and Trademarks

Goodwill is recorded when the purchase price paid for an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. Trademarks are considered to have an indefinite life. Goodwill and trademarks are not amortized, but are subject to impairment analysis at least once annually or more frequently upon the occurrence of an event or when circumstances indicate that a reporting unit's carrying amount is greater than its fair value. At October 1, 2016, the Company performed a qualitative assessment of factors to determine whether further impairment testing is required. Based on the results of the work performed, the Company has concluded that no impairment loss was warranted at October 1, 2016. Qualitative factors considered in this assessment include industry and market considerations, overall financial performance and other relevant events, management expertise and stability at key positions. Additional impairment analyses at future dates may be performed to determine if indicators of impairment are present, and if so, such amount will be determined and the associated charge will be recorded to the Consolidated Statements of Income.

Share-Based Compensation

The Company measures share-based compensation cost at the grant date based on the fair value of the award and recognizes it as expense over the applicable vesting period using the straight-line method. Excess income tax benefits related to share-based compensation expense that must be recognized directly in equity are considered financing rather than operating cash flow activities.

The fair value of each of the Company's stock options is estimated on the date of grant using a Black-Scholes option-pricing model that uses assumptions that relate to the expected volatility of the Company's common stock, the expected dividend yield of our stock, the expected life of the options and the risk free interest rate. The Company generally issues new shares upon the exercise of employee stock options.

Recently Adopted and Issued Accounting Standards

See Note 1 of Notes to Consolidated Financial Statements for a description of recent accounting pronouncements, including those adopted in fiscal 2016 and the expected dates of adoption and the anticipated impact on the Consolidated Financial Statements.

Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Market For The Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market for Our Common Stock

Our Common Stock, $.01 par value, is traded in the over-the-counter market on the Nasdaq Capital Market under the symbol "ARKR." The high and low sale prices for our Common Stock from September 28, 2014 through October 1, 2016 are as follows:

Calendar 2014	Low	High
Fourth Quarter	$21.10	$22.46
Calendar 2015		
First Quarter	21.77	25.24
Second Quarter	24.26	26.99
Third Quarter	22.85	25.47

Fourth Quarter	22.13	24.45
Calendar 2016		
First Quarter	20.01	22.95
Second Quarter	20.00	23.70
Third Quarter	22.18	24.10

As of December 27, 2016, there were 34 holders of record of our common stock and approximately an additional 1,589 beneficial owners.

Dividend Policy

On December 15, 2014, March 3, 2015, June 9, 2015, September 3, 2015, December 7, 2015, March 1, 2016, June 2, 2016 and September 7, 2016 our Board of Directors declared quarterly cash dividends in the amount of $0.25 per share. We intend to continue to pay such quarterly cash dividends for the foreseeable future; however, the payment of future dividends is at the discretion of our Board of Directors and is based on future earnings, cash flow, financial condition, capital requirements, changes in U.S. taxation and other relevant factors.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
Ark Restaurants Corp.

We have audited the accompanying consolidated balance sheets of Ark Restaurants Corp. and Subsidiaries (the "Company") as of October 1, 2016 and October 3, 2015, and the related consolidated statements of income, changes in equity and cash flows for each of the years in the two-year period ended October 1, 2016. Ark Restaurants Corp. and Subsidiaries' management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ark Restaurants Corp. and Subsidiaries as of October 1, 2016 and October 3, 2015, and their results of operations and cash flows for each of the years in the two-year period ended October 1, 2016 in conformity with accounting principles generally accepted in the United States of America.

/s/ CohnReznick LLP

Jericho, New York
December 30, 2016

ARK RESTAURANTS CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Per Share Amounts)

	October 1, 2016	October 3, 2015 (see Note 1)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (includes $889 at October 1, 2016 and $604 at October 3, 2015 related to VIEs)	$ 7,239	$ 9,735
Accounts receivable (includes $429 at October 1, 2016 and $303 at October 3, 2015 related to VIEs)	3,750	3,221
Employee receivables	453	485
Inventories (includes $23 at October 1, 2016 and $24 at October 3, 2015 related to VIEs)	1,892	1,956
Prepaid expenses and other current assets (includes $228 at October 1, 2016 and $216 at October 3, 2015 related to VIEs)	2,662	2,365
Total current assets	15,996	17,762
FIXED ASSETS - Net (includes $22 at October 1, 2016 and $40 at October 3, 2015 related to VIEs)	29,546	27,804
INTANGIBLE ASSETS - Net	526	499
GOODWILL	7,895	6,813
TRADEMARKS	1,611	1,221
DEFERRED INCOME TAXES	3,416	4,453
INVESTMENT IN AND RECEIVABLE FROM NEW MEADOWLANDS RACETRACK	6,701	6,453
OTHER ASSETS (includes $71 at October 1, 2016 and October 3, 2015 related to VIEs)	2,564	1,562
TOTAL ASSETS	$ 68,255	$ 66,567
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable - trade (includes $114 at October 1, 2016 and $81 at October 3, 2015 related to VIEs)	$ 2,876	$ 3,207
Accrued expenses and other current liabilities (includes $238 at October 1, 2016 and $131 at October 3, 2015 related to VIEs)	10,555	10,332
Accrued income taxes	606	2,477
Current portion of notes payable	2,617	1,617
Total current liabilities	16,654	17,633
OPERATING LEASE DEFERRED CREDIT (includes $73 at October 1, 2016 and $81 at October 3, 2015 related to VIEs)	3,576	3,796
NOTES PAYABLE, LESS CURRENT PORTION, net of deferred financing costs	5,321	3,907
TOTAL LIABILITIES	25,551	25,336
COMMITMENTS AND CONTINGENCIES		
EQUITY:		
Common stock, par value $.01 per share - authorized, 10,000 shares; issued, 3,423 and 4,774 shares at October 1, 2016 and October 3, 2015; outstanding, 3,423 and 3,418 shares at October 1, 2016 and October 3, 2015	34	48
Additional paid-in capital	12,942	25,682
Retained earnings	27,158	26,548
	40,134	52,278
Less treasury stock, at cost, of 1,356 shares at October 3, 2015	-	(13,220)
Total Ark Restaurants Corp. shareholders' equity	40,134	39,058
NON-CONTROLLING INTERESTS	2,570	2,173
TOTAL EQUITY	42,704	41,231
TOTAL LIABILITIES AND EQUITY	$ 68,255	$ 66,567

See notes to consolidated financial statements.

ARK RESTAURANTS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Per Share Amounts)

	Year Ended	
	October 1, 2016	October 3, 2015
REVENUES:		
Food and beverage sales	$ 148,479	$ 144,588
Other revenue	1,673	1,275
Total revenues	150,152	145,863
COSTS AND EXPENSES:		
Food and beverage cost of sales	39,545	39,435
Payroll expenses	50,718	46,903
Occupancy expenses	16,515	16,790
Other operating costs and expenses	19,719	18,494
General and administrative expenses	11,708	10,885
Depreciation and amortization	4,553	4,415
Total costs and expenses	142,758	136,922
OPERATING INCOME	7,394	8,941
OTHER (INCOME) EXPENSE:		
Interest expense	416	238
Interest income	(180)	(47)
Other (income) expense, net	(430)	(238)
Total other (income) expense, net	(194)	(47)
INCOME BEFORE PROVISION FOR INCOME TAXES	7,588	8,988
Provision for income taxes	2,098	2,596
CONSOLIDATED NET INCOME	5,490	6,392
Net income attributable to non-controlling interests	(1,460)	(1,002)
NET INCOME ATTRIBUTABLE TO ARK RESTAURANTS CORP.	$ 4,030	$ 5,390
NET INCOME PER ARK RESTAURANTS CORP. COMMON SHARE:		
Basic	$ 1.18	$ 1.59
Diluted	$ 1.15	$ 1.54
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:		
Basic	3,418	3,393
Diluted	3,507	3,509

See notes to consolidated financial statements.

ARK RESTAURANTS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED OCTOBER 1, 2016 AND OCTOBER 3, 2015
(In Thousands, Except Per Share Amounts)

	Common Stock		Additional Paid-In	Retained		Total Ark Restaurants Corp. Shareholders'	Non-controlling	Total
	Shares	Amount	Capital	Earnings	Treasury Stock	Equity	Interests	Equity
BALANCE - September 27, 2014	4,733	$ 47	$ 25,167	$ 24,554	$ (13,220)	$ 36,548	$ 2,344	$ 38,892
Net income	-	-	-	5,390	-	5,390	1,002	6,392
Exercise of stock options	41	1	524	-	-	525	-	525
Tax benefit on exercise of stock options	-	-	113	-	-	113	-	113
Stock-based compensation	-	-	426	-	-	426	-	426
Change in excess tax benefits from stock-based compensation	-	-	(548)	-	-	(548)	-	(548)
Distributions to non-controlling interests	-	-	-	-	-	-	(1,173)	(1,173)
Accrued and paid dividends - $1.00 per share	-	-	-	(3,396)	-	(3,396)	-	(3,396)
BALANCE - October 3, 2015	4,774	48	25,682	26,548	(13,220)	39,058	2,173	41,231
Net income	-	-	-	4,030	-	4,030	1,460	5,490
Exercise of stock options	5	-	83	-	-	83	-	83
Tax benefit on exercise of stock options	-	-	11	-	-	11	-	11
Stock-based compensation	-	-	286	-	-	286	-	286
Change in excess tax benefits from stock-based compensation	-	-	86	-	-	86	-	86
Retirement of treasury shares	(1,356)	(14)	(13,206)	-	13,220	-	-	-
Distributions to non-controlling interests	-	-	-	-	-	-	(1,063)	(1,063)
Dividends paid - $1.00 per share	-	-	-	(3,420)	-	(3,420)	-	(3,420)
BALANCE - October 1, 2016	3,423	$ 34	$ 12,942	$ 27,158	$ -	$ 40,134	$ 2,570	$ 42,704

See notes to consolidated financial statements.

ARK RESTAURANTS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

	Year Ended	
	October 1, 2016	October 3, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net income	$ 5,490	$ 6,392
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Loss on closure of restaurants	16	-
Deferred income taxes	1,134	213
Stock-based compensation	286	426
Depreciation and amortization	4,553	4,415
Amortization of deferred financing costs	43	-
Operating lease deferred credit	(220)	(423)
Excess tax benefits related to stock-based compensation	(11)	(113)
Changes in operating assets and liabilities:		
Accounts receivable	(529)	(205)
Inventories	131	(124)
Prepaid, refundable and accrued income taxes	(1,886)	1,428
Prepaid expenses and other current assets	(191)	(874)
Other assets	(865)	(445)
Accounts payable - trade	(331)	615
Accrued expenses and other current liabilities	(18)	(4)
Net cash provided by operating activities	7,602	11,301
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(2,160)	(3,204)
Loans and advances made to employees	(198)	(247)
Payments received on employee receivables	230	161
Payments received on note receivable	-	253
Purchase of member interest in Meadowlands Newmark LLC	-	(222)
Loan made to Meadowlands Newmark LLC	(200)	-
Purchase of Shuckers	(717)	-
Purchase of leasehold rights	-	(400)
Net cash used in investing activities	(3,045)	(3,659)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	(2,533)	(1,794)
Payment of debt financing costs	(131)	-
Dividends paid	(3,420)	(4,240)
Proceeds from issuance of stock upon exercise of stock options	83	525
Excess tax benefits related to stock-based compensation	11	113
Distributions to non-controlling interests	(1,063)	(1,173)
Net cash used in financing activities	(7,053)	(6,569)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,496)	1,073
CASH AND CASH EQUIVALENTS, Beginning of year	9,735	8,662
CASH AND CASH EQUIVALENTS, End of year	$ 7,239	$ 9,735
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$ 416	$ 238
Income taxes	$ 2,850	$ 956
Non-cash financing activities:		
Note payable in connection with the purchase of Shuckers	$ 5,000	$ -
Retirement of 1,356 treasury shares	$ 13,220	$ -
Changes in excess tax benefits from stock-based compensation	$ 86	$ (548)

See notes to consolidated financial statements.

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As of October 1, 2016, Ark Restaurants Corp. and Subsidiaries (the "Company") owned and operated 21 restaurants and bars, 19 fast food concepts and catering operations, exclusively in the United States, that have similar economic characteristics, nature of products and service, class of customers and distribution methods. The Company believes it meets the criteria for aggregating its operating segments into a single reporting segment in accordance with applicable accounting guidance.

The Company operates six restaurants in New York City, two in Washington, D.C., five in Las Vegas, Nevada, three in Atlantic City, New Jersey, one at the Foxwoods Resort Casino in Ledyard, Connecticut, one in Boston, Massachusetts and three in Florida. The Las Vegas operations include four restaurants within the New York-New York Hotel & Casino Resort and operation of the hotel's room service, banquet facilities, employee dining room and six food court concepts and one restaurant within the Planet Hollywood Resort and Casino. In Atlantic City, New Jersey, the Company operates a restaurant and a bar in the Resorts Atlantic City Hotel and Casino and a restaurant and bar at the Tropicana Hotel and Casino. The operation at the Foxwoods Resort Casino consists of one fast food concept and a restaurant. In Boston, Massachusetts, the Company operates a restaurant in the Faneuil Hall Marketplace. The Florida operations include two Rustic Inn's, one in Dania Beach, Florida and one in Jupiter, Florida, Shuckers in Jensen Beach, Florida and the operation of five fast food facilities in Tampa, Florida and seven fast food facilities in Hollywood, Florida, each at a Hard Rock Hotel and Casino.

Basis of Presentation — The accompanying consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and accounting principles generally accepted in the United States of America ("GAAP"). The Company's reporting currency is the United States dollar.

During the quarter ended July 2, 2016, the Company identified an immaterial error in previously issued financial statements related to an overstatement of a rent liability in the amount of $261,000 ($191,000 net of tax or $0.06 per basic and $0.05 per diluted share for the 13 and 39-weeks ended July 2, 2016). The Company reviewed this accounting error utilizing SEC Staff Accounting Bulletin No. 99, "Materiality" ("SAB 99") and SEC Staff Accounting Bulletin No. 108, "Effects of Prior Year Misstatements on Current Year Financial Statements" ("SAB 108") and determined the impact of the error to be immaterial to any prior period's presentation. The accompanying consolidated financial statements as of October 1, 2016 reflect the correction of the aforementioned immaterial error.

Accounting Period — The Company's fiscal year ends on the Saturday nearest September 30. The fiscal year ended October 1, 2016 included 52 weeks and the fiscal year ended October 3, 2015 included 53 weeks.

Use of Estimates — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The accounting estimates that require management's most difficult and subjective judgments include allowances for potential bad debts on receivables, the useful lives and recoverability of its assets, such as property and intangibles, fair values of financial instruments and share-based compensation, the realizable value of its tax assets and determining when investment impairments are other-than-temporary. Because of the uncertainty in such estimates, actual results may differ from these estimates.

Principles of Consolidation — The consolidated financial statements include the accounts of Ark Restaurants Corp. and all of its wholly-owned subsidiaries, partnerships and other entities in which it has a controlling interest. Also included in the consolidated financial statements are certain variable interest entities ("VIEs"). All significant intercompany balances and transactions have been eliminated in consolidation.

Non-Controlling Interests — Non-controlling interests represent capital contributions, income and loss attributable to the shareholders of less than wholly-owned and consolidated entities.

Seasonality — The Company has substantial fixed costs that do not decline proportionally with sales. The first and second fiscal quarters, which include the winter months, usually reflect lower customer traffic than in the third and fourth fiscal quarters. However, sales in the third and fourth fiscal quarters can be adversely affected by inclement weather due to the significant amount of outdoor seating at the Company's restaurants.

Fair Value of Financial Instruments — The carrying amount of cash and cash equivalents, receivables, accounts payable and accrued expenses approximate fair value due to the immediate or short-term maturity of these financial instruments. The fair values of notes receivable and payable are determined using current applicable rates for similar instruments as of the balance sheet date and approximate the carrying value of such debt.

Cash and Cash Equivalents — Cash and cash equivalents include cash on hand, deposits with banks and highly liquid investments generally with original maturities of three months or less. Outstanding checks in excess of account balances, typically vendor payments, payroll and other contractual obligations disbursed after the last day of a reporting period are reported as a current liability in the accompanying consolidated balance sheets.

Concentrations of Credit Risk — Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company reduces credit risk by placing its cash and cash equivalents with major financial institutions with high credit ratings. At times, such amounts may exceed Federally insured limits. Accounts receivable are primarily comprised of normal business receivables such as credit card receivables that are paid off in a short period of time and amounts due from the hotel operators where the Company has a location, and are recorded when the products or services have been delivered. The Company reviews the collectability of its receivables on an ongoing basis, and provides for an allowance when it considers the entity unable to meet its obligation. The concentration of credit risk with respect to accounts receivable is generally limited due to the short payment terms extended by the Company and the number of customers comprising the Company's customer base.

For the years ended October 1, 2016 and October 3, 2015, the Company did not make purchases from any one vendor that accounted for 10% or greater of total purchases.

Inventories — Inventories are stated at the lower of cost (first-in, first-out) or market, and consist of food and beverages, merchandise for sale and other supplies.

Fixed Assets — Fixed assets are stated at cost less accumulated depreciation and amortization. Depreciation is determined using the straight-line method over the estimated useful lives of the assets. Estimated lives range from three to seven years for furniture, fixtures and equipment and up to 40 years for buildings and related improvements. Amortization of improvements to leased properties is computed using the straight-line method based upon the initial term of the applicable lease or the estimated useful life of the improvements, whichever is less, and ranges from 5 to 30 years. For leases with renewal periods at the Company's option, if failure to exercise a renewal option imposes an economic penalty to the Company, management may determine at the inception of the lease that renewal is reasonably assured and include the renewal option period in the determination of appropriate estimated useful lives. Routine expenditures for repairs and maintenance are charged to expense when incurred. Major replacements and improvements are capitalized. Upon retirement or disposition of fixed assets, the cost and related accumulated depreciation are removed from the Consolidated Balance Sheets and any resulting gain or loss is recognized in the Consolidated Statements of Income.

The Company includes in construction in progress improvements to restaurants that are under construction or are undergoing substantial improvements. Once the projects have been completed, the Company begins depreciating and amortizing the assets. Start-up costs incurred during the construction period of restaurants, including rental of premises, training and payroll, are expensed as incurred.

Intangible Assets — Intangible assets consist principally of purchased leasehold rights, operating rights and covenants not to compete. Costs associated with acquiring leases and subleases, principally purchased leasehold rights, and operating rights have been capitalized and are being amortized on the straight-line method based upon the initial terms of the applicable lease agreements. Covenants not to compete arising from restaurant acquisitions are amortized over the contractual period, typically five years.

Long-lived Assets — Long-lived assets, such as property, plant and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the evaluation of the fair value and future benefits of long-lived assets, the Company performs an analysis of the anticipated undiscounted future net cash flows of the related long-lived assets. If the carrying value of the related asset exceeds the undiscounted cash flows, the carrying value is reduced to its fair value. Various factors including estimated future sales growth and estimated profit margins are included in this analysis. No impairment charges were necessary for the years ended October 1, 2016 and October 3, 2015.

Goodwill and Trademarks — Goodwill is recorded when the purchase price paid for an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. Trademarks are considered to have an indefinite life. Goodwill and trademarks are not amortized, but are subject to impairment analysis at least once annually or more frequently upon the occurrence of an event or when circumstances indicate that a reporting unit's carrying amount is greater than its fair value. At October 1, 2016, the Company performed a qualitative assessment of factors to determine whether further impairment testing is required. Based on the results of the work performed, the Company has concluded that no impairment loss was warranted at October 1, 2016. Qualitative factors considered in this assessment include industry and market considerations, overall financial performance and other relevant events, management expertise and stability at key positions. Additional impairment analyses at future dates may be performed to determine if indicators of impairment are present, and if so, such amount will be determined and the associated charge will be recorded to the Consolidated Statements of Income.

Investments – Each reporting period, the Company reviews its investments in equity and debt securities, except for those classified as trading, to determine whether a significant event or change in circumstances has occurred that may have an adverse effect on the fair value of such investment. When such events or changes occur, the Company evaluates the fair value compared to cost basis in the investment. For investments in non-publicly traded companies, management's assessment of fair value is based on valuation methodologies including discounted cash flows, estimates of sales proceeds, and appraisals, as appropriate. The Company considers the assumptions that it believes hypothetical marketplace participants would use in evaluating estimated future cash flows when employing the discounted cash flow or estimates of sales proceeds valuation methodologies.

In the event the fair value of an investment declines below the Company’s cost basis, management is required to determine if the decline in fair value is other than temporary. If management determines the decline is other than temporary, an impairment charge is recorded. Management's assessment as to the nature of a decline in fair value is based on, among other things, the length of time and the extent to which the market value has been less than the cost basis; the financial condition and near-term prospects of the issuer; and the Company’s intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value.

Leases — The Company recognizes rent expense on a straight-line basis over the expected lease term, including option periods as described below. Within the provisions of certain leases there are escalations in payments over the base lease term, as well as renewal periods. The effects of the escalations have been reflected in rent expense on a straight-line basis over the expected lease term, which includes option periods when it is deemed to be reasonably assured that the Company would incur an economic penalty for not exercising the option. Tenant allowances are included in the straight-line calculations and are being deferred over the lease term and reflected as a reduction in rent expense. Percentage rent expense is generally based upon sales levels and is expensed as incurred. Certain leases include both base rent and percentage rent. The Company records rent expense on these leases based upon reasonably assured sales levels. The consolidated financial statements reflect the same lease terms for amortizing leasehold improvements as were used in calculating straight-line rent expense for each restaurant. The judgments of the Company may produce materially different amounts of amortization and rent expense than would be reported if different lease terms were used.

Revenue Recognition — Company-owned restaurant sales are comprised almost entirely of food and beverage sales. The Company records revenue at the time of the purchase of products by customers. Included in Other Revenues are purchase service fees which represent commissions earned by a subsidiary of the Company for providing purchasing services to other restaurant groups.

The Company offers customers the opportunity to purchase gift certificates. At the time of purchase by the customer, the Company records a gift certificate liability for the face value of the certificate purchased. The Company recognizes the revenue and reduces the gift certificate liability when the certificate is redeemed. The Company does not reduce its recorded liability for potential non-use of purchased gift cards. As of October 1, 2016, the total liability for gift cards in the amount of $161,487 is included in Accrued Expenses and Other Current Liabilities in the Consolidated Balance Sheet.

Additionally, the Company presents sales tax on a net basis in its consolidated financial statements.

Occupancy Expenses — Occupancy expenses include rent, rent taxes, real estate taxes, insurance and utility costs.

Defined Contribution Plan — The Company offers a defined contribution savings plan (the "Plan") to all of its full-time employees. Eligible employees may contribute pre-tax amounts to the Plan subject to the Internal Revenue Code limitations. Company contributions to the Plan are at the discretion of the Board of Directors. During the years ended October 1, 2016 and October 3, 2015, the Company did not make any contributions to the Plan.

Income Taxes — Income taxes are accounted for under the asset and liability method whereby deferred tax assets and liabilities are recognized for future tax consequences attributable to the temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company has recorded a liability for unrecognized tax benefits resulting from tax positions taken, or expected to be taken, in an income tax return. It is the Company's policy to recognize interest and penalties related to uncertain tax positions as a component of income tax expense. Uncertain tax positions are evaluated and adjusted as appropriate, while taking into account the progress of audits of various taxing jurisdictions.

Non-controlling interests relating to the income or loss of consolidated partnerships includes no provision for income taxes as any tax liability related thereto is the responsibility of the individual minority investors.

Income Per Share of Common Stock — Basic net income per share is calculated on the basis of the weighted average number of common shares outstanding during each period. Diluted net income per share reflects the additional dilutive effect of potentially dilutive shares (principally those arising from the assumed exercise of stock options).

Stock-based Compensation — The Company measures stock-based compensation cost at the grant date based on the fair value of the award and recognizes it as expense over the applicable vesting period using the straight-line method. Upon exercise of options, excess income tax benefits related to share-based compensation expense that must be recognized directly in equity are considered financing rather than operating cash flow activities. The Company did not grant any options during the fiscal years 2016 and 2015. The Company generally issues new shares upon the exercise of employee stock options.

The fair value of each of the Company's stock options is estimated on the date of grant using a Black-Scholes option-pricing model that uses assumptions that relate to the expected volatility of the Company's common stock, the expected dividend yield of the Company's stock, the expected life of the options and the risk free interest rate.

Recently Adopted Accounting Standards — In April 2015, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which changes the presentation of debt issuance costs in a reporting entity's financial statements. Under this new guidance, debt issuance costs will be presented as a direct deduction from the related debt liability instead of an asset. This accounting change is consistent with the current presentation under GAAP for debt discounts and it also converges the guidance under GAAP with that in the International Financial Reporting Standards. Debt issuance costs will reduce the proceeds from debt borrowings in the statement of cash flows instead of being presented as a separate caption in the financing section of that statement. Amortization of debt issuance costs will continue to be reported as interest expense in the statements of income. This accounting update does not affect the current accounting guidance for the recognition and measurement of debt issuance costs. This update is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted for all entities for financial statements that have not been previously issued. This guidance has been adopted by the Company as of October 4, 2015 and did not have a material impact on its consolidated financial statements.

In September 2015, the FASB issued ASU No. 2015-16, *Simplifying the Accounting for Measurement-Period Adjustments*. The new guidance simplifies the accounting for adjustments made to provisional amounts recognized in a business combination and eliminates the requirement to retrospectively account for those adjustments. The amendments in this update are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015, with early adoption permitted. The new guidance has been adopted by the Company as of October 4, 2015 and did not have a material impact on our consolidated financial statements.

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. The new guidance requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. The guidance is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2016, with early adoption permitted. The new guidance has been adopted on a prospective basis by the Company for the fiscal year ended October 3, 2015.

New Accounting Standards Not Yet Adopted — In May 2014, the FASB issued updated accounting guidance that provides a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. Additionally, this guidance expands related disclosure requirements. The pronouncement is effective for annual and interim reporting periods beginning after December 15, 2017. Early application is not permitted. This update permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the impact of the adoption of this guidance on its financial condition, results of operations or cash flows as well as the expected adoption method.

In June 2014, the FASB issued guidance which clarifies the recognition of stock-based compensation over the required service period, if it is probable that the performance condition will be achieved. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015 and should be applied prospectively. The adoption of this guidance is not expected to have a significant impact on the Company’s consolidated financial condition or results of operations.

In August 2014, the FASB issued guidance that requires management to evaluate, at each annual and interim reporting period, the company's ability to continue as a going concern within one year of the date the financial statements are issued and provide related disclosures. This accounting guidance is effective for the Company on a prospective basis beginning in the first quarter of fiscal 2017 and is not expected to have a material effect on the consolidated financial statements.

In January 2015, the FASB issued guidance simplifying the income statement presentation by eliminating the concept of extraordinary items. Extraordinary items are events and transactions that are distinguished by their unusual nature and by the infrequency of their occurrence. Eliminating the extraordinary classification simplifies income statement presentation by altogether removing the concept of extraordinary items from consideration. The amendments are effective for annual reporting periods, including interim periods within those reporting periods, beginning after December 15, 2015. Early adoption is permitted provided that the guidance is applied from the beginning of the annual reporting period. The Company does not believe this guidance will have a material impact on its consolidated financial statements.

In February 2015, the FASB amended the consolidation standards for reporting entities that are required to evaluate whether they should consolidate certain legal entities. Under the new guidance, all legal entities are subject to reevaluation under the revised consolidation model. Specifically, the guidance (i) modifies the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities; (ii) eliminates the presumption that a general partner should consolidate a limited partnership; (iii) affects the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships; and (iv) provides a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act for registered money market funds. The amendments are effective for annual reporting periods, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*. The guidance requires an entity to measure inventory at the lower of cost or net realizable value, which is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation, rather than the lower of cost or market in the previous guidance. This amendment applies to inventory that is measured using first-in, first-out (FIFO). This amendment is effective for public entities for fiscal years beginning after December 15, 2016, including interim periods within those years. A reporting entity should apply the amendments prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. The Company does not expect the adoption of this guidance to have a material impact on its financial position or results of operations.

In January 2016, FASB issued ASU No. 2016-01, *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*. The guidance will require equity investments in unconsolidated entities (other than those accounted for using the equity method of accounting) to be measured at fair value with changes in fair value recognized in net income. The amendments in this update will also simplify the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment, eliminate the requirement for public business entities to disclose the method and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet and require these entities to use the exit price notion when measuring fair value of financial instruments for disclosure purposes. This guidance also changes the presentation and disclosure requirements for financial instruments as well as clarifying the guidance related to valuation allowance assessments when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The amendments in this guidance are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted for financial statements of fiscal years and interim periods that have not been issued. The Company is currently assessing the potential impact of this ASU on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This ASU is intended to improve the reporting of leasing transactions to provide users of financial statements with more decision-useful information. This ASU will require organizations that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The amendments in this update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently assessing the potential impact of this ASU on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers – Principal versus Agent Considerations*. This ASU is intended to clarify revenue recognition accounting when a third party is involved in providing goods or services to a customer. The amendments in this update are effective for financial statements issued for annual periods beginning after December 15, 2017, including interim periods within those annual periods, and early application is permitted, but no earlier than fiscal years beginning after December 16, 2016. The Company is currently assessing the impact of this ASU on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation – Stock Compensation – Improvements to Employee Share-Based Payment Accounting*. This ASU is intended to simplify the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The amendments in this update are effective for financial statements issued for annual periods beginning after December 15, 2016, including interim periods within those annual periods, and early application is permitted as of the beginning of an interim or annual reporting period. The Company is currently assessing the impact of this ASU on its consolidated financial statements.

In April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers – Identifying Performance Obligations and Licensing*. This ASU is intended to clarify identifying performance obligations and licensing implementation guidance. The amendments in this update are effective for financial statements issued for annual periods beginning after December 15, 2017, and early application is permitted, but no earlier than fiscal years beginning after December 16, 2016. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

In August 2016, FASB issued ASU No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. This ASU addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The guidance is to be applied using a retrospective transition method to each period presented and is effective for annual periods beginning after December 15, 2017, including interim periods within those annual periods. The Company is currently assessing the impact this ASU will have on its consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes: Intra-Entity Transfers of Assets Other than Inventory*. The amendments in this ASU remove the prohibition against the recognition of current and deferred income tax effects of intra-entity transfers of assets other than inventory until the asset has been sold to an outside party. The ASU is effective for fiscal years and interim periods within those years beginning after December 15, 2017. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-17, *Consolidation: Interests Held through Related Parties That Are Under Common Control*. The amendments in this ASU change how a reporting entity that is the single decision maker of a variable interest entity should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when determining whether it is the primary beneficiary of that variable interest entity. The ASU is effective for fiscal years and interim periods within those years beginning after December 15, 2016. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash*. The amendments address diversity in practice that exists in the classification and presentation of changes in restricted cash and require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. This ASU is effective retrospectively for fiscal years and interim periods within those years beginning after December 15, 2017. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

2. CONSOLIDATION OF VARIABLE INTEREST ENTITIES

The Company consolidates any variable interest entities in which it holds a variable interest and is the primary beneficiary. Generally, a variable interest entity, or VIE, is an entity with one or more of the following characteristics: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support; (b) as a group the holders of the equity investment at risk lack (i) the ability to make decisions about an entity's activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; or (c) the equity investors have voting rights that are not proportional to their economic interests and substantially all of the entity's activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. The primary beneficiary of a VIE is generally the entity that has (a) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (b) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

The Company has determined that it is the primary beneficiary of three VIEs and, accordingly, consolidates the financial results of these entities. Following are the required disclosures associated with the Company's consolidated VIEs:

	October 1, 2016	October 3, 2015
	(in thousands)	
Cash and cash equivalents	$ 889	$ 604
Accounts receivable	429	303
Inventories	23	24
Prepaid expenses and other current assets	228	216
Due from Ark Restaurants Corp. and affiliates (1)	-	103
Fixed assets - net	22	40
Other assets	71	71
Total assets	$ 1,662	$ 1,361
Accounts payable - trade	$ 114	$ 81
Accrued expenses and other current liabilities	238	131
Due to Ark Restaurants Corp. and affiliates (1)	173	-
Operating lease deferred credit	73	81
Total liabilities	598	293
Equity of variable interest entities	1,064	1,068
Total liabilities and equity	$ 1,662	$ 1,361

(1) Amounts due from Ark Restaurants Corp. and affiliates are eliminated upon consolidation.

The liabilities recognized as a result of consolidating these VIEs do not represent additional claims on the Company's general assets; rather, they represent claims against the specific assets of the consolidated VIEs. Conversely, assets recognized as a result of consolidating these VIEs do not represent additional assets that could be used to satisfy claims against the Company's general assets.

3. RECENT RESTAURANT EXPANSION

On October 22, 2015, the Company, through its wholly-owned subsidiaries, Ark Shuckers, LLC and Ark Shuckers Real Estate, LLC, acquired the assets of Shuckers Inc. ("Shuckers"), a restaurant and bar located at the Island Beach Resort in Jensen Beach, FL, and six condominium units (four of which house the restaurant and bar operations). In addition, Ark Island Beach Resort LLC, a wholly-owned subsidiary of the Company, acquired Island Beach Resort Inc., a management company that administers a rental pool of certain condominium units under lease. The total purchase price was $5,717,000. The acquisition is accounted for as a business combination and was financed with a bank loan in the amount of $5,000,000 and cash from operations. The fair values of the assets acquired were allocated as follows:

Inventory	$ 67,000
Commercial condominium units	3,584,800
Residential condominium units	263,000
Furniture, fixtures and equipment	240,000
Trademarks	390,000
Customer list	90,000
Goodwill	1,082,200
	$ 5,717,000

The above purchase price allocation resulted in an increase (decrease) related to the trademarks, customer list and goodwill of $240,000, $(110,000) and $(130,000), respectively, from the preliminary allocation. The resulting changes to customer list amortization were not material to any period presented.

The Consolidated Statement of Income for the year ended October 1, 2016 includes revenues and operating income of approximately $4,763,000 and $523,000, respectively, related to Shuckers. Transaction costs incurred in the amount of approximately $170,000 are included in general and administrative expenses in the Consolidated Statement of Income for the year ended October 1, 2016. The Company expects the Goodwill and indefinite life Trademarks to be deductible for tax purposes.

The unaudited pro forma financial information set forth below is based upon the Company's historical Consolidated Statements of Income for the years ended October 1, 2016 and October 3, 2015 and includes the results of operations for Shuckers for the period prior to acquisition. The unaudited pro forma financial information is presented for informational purposes only and may not be indicative of what actual results of operations would have been had the acquisition of Shuckers occurred on the dates indicated, nor does it purport to represent the results of operations for future periods.

	Year Ended	
	October 1, 2016	October 3, 2015
Total revenues	$ 150,394	$ 150,995
Net income	$ 4,051	$ 6,330
Net income per share - basic	$ 1.19	$ 1.87
Net income per share - diluted	$ 1.16	$ 1.80

On March 27, 2015, the Company, through a wholly-owned subsidiary, entered into an agreement to operate a kiosk in Bryant Park, New York, NY for the sale of food and beverages for an initial period expiring through March 31, 2020 with an option to extend the agreement for five additional years. Renovations totaled approximately $400,000 and the property opened in July 2015.

On July 24, 2015, the Company, through a wholly-owned subsidiary, paid $544,000 (including a $144,000 security deposit) to assume the lease for an event space located in New York, NY. The assumed lease expires through March 31, 2026 with an option to extend the agreement for five additional years and provides for annual rent in the amount of approximately $300,000.

4. RECENT RESTAURANT DISPOSITIONS

Lease Expirations – On October 31, 2014, the Company's lease at the Towers Deli located at the Venetian Casino Resort in Las Vegas, NV expired. The closure of this property did not result in a material charge.

On November 30, 2014, the Company's lease at the Shake & Burger located at the Venetian Casino Resort in Las Vegas, NV expired. The closure of this property did not result in a material charge.

On November 30, 2015, the Company's lease at the V-Bar located at the Venetian Casino Resort in Las Vegas, NV expired. The closure of this property did not result in a material charge.

The Company was advised by the landlord that it would have to vacate the Center Café property located at Union Station in Washington, DC which was on a month-to-month lease. The closure of this property occurred in February 2016 and did not result in a material charge.

5. INVESTMENT IN AND RECEIVABLE FROM NEW MEADOWLANDS RACETRACK

On March 12, 2013, the Company made a $4,200,000 investment in the New Meadowlands Racetrack LLC ("NMR") through its purchase of a membership interest in Meadowlands Newmark, LLC, an existing member of NMR. On November 19, 2013, the Company invested an additional $464,000 in NMR through a purchase of an additional membership interest in Meadowlands Newmark, LLC resulting in a total ownership of 11.6% of

Meadowlands Newmark, LLC and an ownership interest of 7.4% in NMR. In 2015, the Company invested an additional $222,000, as a result of capital calls, bringing its total investment to $4,886,000 with no change in ownership. This investment has been accounted for based on the cost method and is included in Other Assets in the accompanying Consolidated Balance Sheets at October 1, 2016 and October 3, 2015.
In addition to the Company's ownership interest in NMR through Meadowlands Newmark, LLC, if casino gaming is approved at the Meadowlands and NMR is granted the right to conduct said gaming, neither of which can be assured, the Company shall be granted the exclusive right to operate the food and beverage concessions in the gaming facility with the exception of one restaurant.
In conjunction with this investment, the Company, through a 97% owned subsidiary, Ark Meadowlands LLC ("AM VIE"), also entered into a long-term agreement with NMR for the exclusive right to operate food and beverage concessions serving the new raceway facilities (the "Racing F&B Concessions") located in the new raceway grandstand constructed at the Meadowlands Racetrack in northern New Jersey. Under the agreement, NMR is responsible to pay for the costs and expenses incurred in the operation of the Racing F&B Concessions, and all revenues and profits thereof inure to the benefit of NMR. AM VIE receives an annual fee equal to 5% of the net profits received by NMR from the Racing F&B Concessions during each calendar year. At October 1, 2016, it was determined that AM VIE is a variable interest entity. However, based on qualitative consideration of the contracts with AM VIE, the operating structure of AM VIE, the Company's role with AM VIE, and that the Company is not obligated to absorb any expected losses of AM VIE, the Company has concluded that it is not the primary beneficiary and not required to consolidate the operations of AM VIE.

The Company's maximum exposure to loss as a result of its involvement with AM VIE is limited to a receivable from AM VIE's primary beneficiary (NMR, a related party) which aggregated approximately $164,000 and $272,000 at October 1, 2016 and October 3, 2015, respectively, and are included in Prepaid Expenses and Other Current Assets in the Consolidated Balance Sheets.

On April 25, 2014, the Company loaned $1,500,000 to Meadowlands Newmark, LLC. The note bears interest at 3%, compounded monthly and added to the principal, and is due in its entirety on January 31, 2024. The note may be prepaid, in whole or in part, at any time without penalty or premium. On July 13, 2016, the Company made an additional loan to Meadowlands Newmark, LLC in the amount of $200,000. Such amount is subject to the same terms and conditions as the original loan as discussed above. The principal and accrued interest related to this note in the amounts of $1,814,659 and $1,566,997, are included in Investment In and Receivable From New Meadowlands Racetrack in the Consolidated Balance Sheets at October 1, 2016 and October 3, 2015, respectively.

In accordance with the cost method, our initial investment is recorded at cost and we record dividend income when applicable, if dividends are declared. We review our Investment in NMR each reporting period to determine whether a significant event or change in circumstances has occurred that may have an adverse effect on its fair value, such as the defeat of the referendum for casino gaming in Northern New Jersey in November 2016 as discussed in Note 16.

As a result, we performed an assessment of the recoverability of our indirect Investment in NMR as of October 1, 2016 which included estimates requiring significant management judgment, include inherent uncertainties and are often ·interdependent; therefore, they do not change in isolation. Factors that management estimated include, among others, the probability of gambling being approved in Northern NJ which is the most heavily weighted assumption and NMR obtaining a license to operate a casino, revenue levels, cost of capital, marketing spending, tax rates and capital spending.

In performing this assessment, we estimated the fair value of our Investment in NMR using our best estimate of these assumptions which we believe would be consistent with what a hypothetical marketplace participant would use. The variability of these factors depends on a number of conditions, including uncertainty about future events and our inability as a minority shareholder to control certain outcomes and thus our accounting estimates may change from period to period. If other assumptions and estimates had been used when these tests were performed, impairment charges could have resulted. As a result of the above, no impairment was deemed necessary as of October 1, 2016.

6. FIXED ASSETS

Fixed assets consist of the following:

	October 1, 2016	October 3, 2015
	(In thousands)	
Land and building	$ 9,002	$ 4,800
Leasehold improvements	43,402	43,960
Furniture, fixtures and equipment	36,062	35,806
Construction in progress	482	27
	88,948	84,593
Less: accumulated depreciation and amortization	59,402	56,789
	$ 29,546	$ 27,804

Depreciation and amortization expense related to fixed assets for the years ended October 1, 2016 and October 3, 2015 was $4,490,000 and $4,399,000, respectively.

Management continually evaluates unfavorable cash flows, if any, related to underperforming restaurants. Periodically it is concluded that certain properties have become impaired based on their existing and anticipated future economic outlook in their respective markets. In such instances, we may impair assets to reduce their carrying values to fair values. Estimated fair values of impaired properties are based on comparable valuations, cash flows and/or management judgment. No impairment charges were necessary for the years ended October 1, 2016 and October 3, 2015.

7. INTANGIBLE ASSETS

Intangible assets consist of the following:

	October 1, 2016	October 3, 2015
	(In thousands)	
Purchased leasehold rights (a)	$ 2,737	$ 2,737
Noncompete agreements and other	303	213
	3,040	2,950
Less accumulated amortization	2,514	2,451
Total intangible assets	$ 526	$ 499

(a) Purchased leasehold rights arose from acquiring leases and subleases of various restaurants.

Amortization expense related to intangible assets for the years ended October 1, 2016 and October 3, 2015 was $63,000 and $16,000, respectively. Amortization expense for each of the next five years will be $63,000.

8. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following:

	October 1, 2016	October 3, 2015
	(In thousands)	
Sales tax payable	$ 942	$ 992
Accrued wages and payroll related costs	2,495	1,832
Customer advance deposits	4,077	3,967
Accrued occupancy and other operating expenses	3,041	3,541
	$ 10,555	$ 10,332

Two subsidiaries of the Company ("the Ark Subsidiaries"), which operate food courts on Federally protected Indian land, had been involved in litigation with the state in which they operate, whereby the state attempted to collect commercial rent tax from the Ark Subsidiaries. The Company had continued to accrue such taxes as the litigation worked its way through the courts. During July 2016, the state agreed to the entry of consent judgments in favor of the Ark Subsidiaries holding that the state is constitutionally prohibited from taxing rentals of Indian land. In connection with this agreement, the Company reversed the accrual of these liabilities in the amount of $945,000 during the three months ended July 2, 2016. In addition, the Company received a refund of previously paid amounts in the amount of $157,000 in August 2016 related to the above matter. Such amounts are included in the Consolidated Statement of Income for the year ended October 1, 2016 as a reduction of Occupancy Expenses.

9. NOTES PAYABLE – BANK

On February 25, 2013, the Company issued a promissory note to Bank Hapoalim B.M. (the "BHBM") for $3,000,000. The note bore interest at LIBOR plus 3.5% per annum, and was payable in 36 equal monthly installments of $83,333, commencing on March 25, 2013. On February 24, 2014, in connection with the acquisition of *The Rustic Inn*, the Company borrowed an additional $6,000,000 from BHBM under the same terms and conditions as the original loan which was consolidated with the remaining principal balance from the original borrowing at that date. The new loan is payable in 60 equal monthly installments of $134,722, which commenced on March 25, 2014, and matures February 24, 2019. As of October 1, 2016, the outstanding balance of this note payable was approximately $3,907,000.

On October 22, 2015, in connection with the acquisition of Shuckers, the Company issued a promissory note to BHBM for $5,000,000. The note bears interest at LIBOR plus 3.5% per annum, and is payable in 60 equal monthly installments of $83,333, commencing on November 22, 2015, and matures October 21, 2020. As of October 1, 2016, the outstanding balance of this note payable was approximately $4,084,000.

On October 22, 2015, in connection with the Shuckers transaction, the Company also entered into a credit agreement (the "Revolving Facility") with BHBM which expires on October 21, 2017 and provides for total availability of the lesser of (i) $10,000,000 and (ii) $20,000,000 less the then aggregate amount of all indebtedness and obligations to BHBM. Borrowings under the Revolving Facility will be evidenced by a promissory note (the "Revolving Note") in favor of BHBM and will be payable over five years with interest at an annual rate equal to LIBOR plus 3.5% per year. As of October 1, 2016, no additional amounts were outstanding under the Revolving Facility.

Deferred financing costs incurred in connection with the Shuckers transaction in the amount of $130,585 are being amortized over the life of the agreements on a straight line basis. Amortization expense of $43,075 for the year ended October 1, 2016 is included in interest expense.

Borrowings under the Revolving Facility and both of the above promissory notes, are secured by all tangible and intangible personal property (including accounts receivable, inventory, equipment, general intangibles, documents, chattel paper, instruments, letter-of-credit rights, investment property, intellectual property and deposit accounts) and fixtures of the Company.

The loan agreements provide, among other things, that the Company meet minimum quarterly tangible net worth amounts, as defined, maintain a fixed charge coverage ratio of not less than 1.1:1 and minimum annual net income amounts, and contain customary representations, warranties and affirmative covenants. The agreements also contain customary negative covenants, subject to negotiated exceptions, on liens, relating to other indebtedness, capital expenditures, liens, affiliate transactions, disposal of assets and certain changes in ownership. The Company was in compliance with all debt covenants as of October 1, 2016.

Long-term debt consists of the following:

	October 1, 2016	**October 3, 2015**
	(In thousands)	
Promissory Note - Rustic Inn purchase	$ 3,907	$ 5,524
Promissory Note - Shuckers purchase	4,084	-
	7,991	5,524
Less: Current maturities	(2,617)	(1,617)
Less: Unamortized deferred financing costs	(53)	-
Long-term debt	$ 5,321	$ 3,907

As of October 1, 2016, the aggregate amounts of notes payable maturities are as follows:

2017	$ 2,617
2018	2,617
2019	1,674
2020	1,000
2021	83
	$ 7,991

10. COMMITMENTS AND CONTINGENCIES

***Leases* —** The Company leases its restaurants, bar facilities, and administrative headquarters through its subsidiaries under terms expiring at various dates through 2033. Most of the leases provide for the payment of base rents plus real estate taxes, insurance and other expenses and, in certain instances, for the payment of a percentage of the restaurants’ sales in excess of stipulated amounts at such facility and in one instance based on profits.

As of October 1, 2016, future minimum lease payments under noncancelable leases are as follows:

Fiscal Year	Amount (In thousands)
2017	$ 10,056
2018	9,694
2019	8,881
2020	8,003
2021	7,042
Thereafter	41,492
Total minimum payments	$ 85,168

In connection with certain of the leases included in the table above, the Company obtained and delivered irrevocable letters of credit in the aggregate amount of approximately $388,000 as security deposits under such leases.

Rent expense was approximately $13,791,000 and $13,055,000 for the fiscal years ended October 1, 2016 and October 3, 2015, respectively. Contingent rentals, included in rent expense, were approximately $4,382,000 and $4,211,000 for the fiscal years ended October 1, 2016 and October 3, 2015, respectively.

Legal Proceedings — In the ordinary course its business, the Company is a party to various lawsuits arising from accidents at its restaurants and worker's compensation claims, which are generally handled by the Company's insurance carriers. The employment by the Company of management personnel, waiters, waitresses and kitchen staff at a number of different restaurants has resulted in the institution, from time to time, of litigation alleging violation by the Company of employment discrimination laws. Management believes, based in part on the advice of counsel, that the ultimate resolution of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Share Repurchase Plan — On July 5, 2016, the Board of Directors authorized a share repurchase program authorizing management to purchase up to 500,000 shares of the Company's common stock during the next twelve months. Any repurchase under the program will be effected in compliance with Rule 10b-18 under the Securities Exchange Act of 1934 "Purchases of Certain Equity Securities by the Issuer and Others", funded using the Company's working capital and be based on management's evaluation of market conditions and other factors. No repurchases were made for the year ended October 1, 2016.

11. STOCK OPTIONS

The Company has options outstanding under two stock option plans, the 2004 Stock Option Plan (the "2004 Plan") and the 2010 Stock Option Plan (the "2010 Plan"), which was approved by shareholders in the second quarter of 2010. Effective with this approval, the Company terminated the 2004 Plan. This action terminated the 400 authorized but unissued options under the 2004 Plan, but it did not affect any of the options previously issued under the 2004 Plan. Options granted under the 2004 Plan are exercisable at prices at least equal to the fair market value of such stock on the dates the options were granted. The options expire ten years after the date of grant. Options granted under the 2010 Plan are exercisable at prices at least equal to the fair market value of such stock on the dates the options were granted. The options expire ten years after the date of grant.

During the year ended October 3, 2015, options to purchase 136,500 shares of common stock at an exercise price of $29.60 per share expired unexercised and options to purchase 3,000 shares of common stock at an exercise price of $22.50 were cancelled.

On April 5, 2016, the shareholders of the Company approved the 2016 Stock Option Plan and the Section 162(m) Cash Bonus Plan. Under the 2016 Stock Option Plan, 500,000 options were authorized for future grant and are exercisable at prices at least equal to the fair market value of such stock on the dates the options were granted.

The options expire ten years after the date of grant. Under the Section 162(m) Cash Bonus Plan, compensation paid in excess of $1,000,000 to any employee who is the chief executive officer, or one of the three highest paid executive officers on the last day of that tax year (other than the chief executive officer or the chief financial officer) will meet certain "performance-based" requirements of Section 162(m) and the related IRS regulations in order for it to be tax deductible.

No options were granted during the year ended October 1, 2016. The following table summarizes stock option activity under all plans:

	2016			2015		
	Shares	**Weighted Average Exercise Price**	**Aggregate Intrinsic Value**	**Shares**	**Weighted Average Exercise Price**	**Aggregate Intrinsic Value**
Outstanding, beginning of year	523,800	$ 20.29		704,161	$ 21.66	
Options:						
Granted	-			-		
Exercised	(5,192)	$ 16.26		(40,861)	$ 12.84	
Canceled or expired	-			(139,500)	$ 29.36	
Outstanding and expected to vest, end of year	518,608	$ 20.33	$ 1,979,232	523,800	$ 20.29	$ 2,242,140
Exercisable, end of year	518,608	$ 20.33	$ 1,979,232	422,300	$ 19.76	$ 2,191,390
Weighted average remaining contractual life	5.1 Years			5.5 Years		
Shares available for future grant	500,000			43,000		

Compensation cost charged to operations for the fiscal years ended October 1, 2016 and October 3, 2015 for share-based compensation programs was approximately $286,000 and $426,000, respectively. The compensation cost recognized is classified as a general and administrative expense in the Consolidated Statements of Income. As of October 1, 2016, there was no unrecognized compensation cost related to unvested stock options.

The following table summarizes information about stock options outstanding as of October 1, 2016:

	Options Outstanding and Exercisable		
Range of Exercise Prices	**Number of Shares**	**Weighted Average Exercise Price**	**Weighted Average Remaining contractual life (in years)**
$12.04	66,000	$ 12.04	2.6
$14.40	160,800	$ 14.40	5.7
$22.50	201,808	$ 22.50	7.7
$32.15	90,000	$ 32.15	0.2
	518,608	$ 20.33	5.1

12. INCOME TAXES

The provision for income taxes attributable to continuing operations consists of the following:

	Year Ended October 1, 2016	Year Ended October 3, 2015
	(In thousands)	
Current provision:		
Federal	$ 778	$ 1,684
State and local	192	699
	970	2,383
Deferred provision (benefit):		
Federal	915	342
State and local	213	(129)
	1,128	213
	$ 2,098	$ 2,596

The effective tax rate differs from the U.S. income tax rate as follows:

	Year Ended October 1, 2016	Year Ended October 3, 2015
	(In thousands)	
Provision at Federal statutory rate (34% in 2016 and 2015)	$ 2,580	$ 3,056
State and local income taxes, net of tax benefits	326	346
Tax credits	(611)	(583)
Income attributable to non-controlling interest	(501)	(341)
Changes in tax rates	9	67
Other	295	51
	$ 2,098	$ 2,596

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting and tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	October 1, 2016	October 3, 2015
	(In thousands)	
Long-term deferred tax assets (liabilities):		
State net operating loss carryforwards	$ 3,179	$ 3,069
Operating lease deferred credits	772	793
Depreciation and amortization	(256)	259
Deferred compensation	986	794
Partnership investments	(709)	(220)
Prepaid expenses	(444)	(201)
Other	230	182
Total long-term deferred tax assets	3,758	4,676
Valuation allowance	(342)	(223)
Total net deferred tax assets	$ 3,416	$ 4,453

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. In the assessment of the valuation allowance, appropriate consideration was given to all positive and negative evidence including recent operating profitability, forecasts of future earnings and the duration of statutory carryforward periods. The Company recorded a valuation allowance of $342,000 and $223,000 as of October 1, 2016 and October 3, 2015, respectively, attributable to state and local net operating loss carryforwards which are not realizable on a more-likely-than-not basis. During fiscal 2016, the Company's valuation allowance increased by approximately $119,000 as the Company determined that certain state net operating losses became unrealizable on a more-likely-than-not basis.

As of October 1, 2016, the Company has New York State net operating losses of approximately $19,961,000 and New York City net operating loss carryforwards of approximately $18,328,000 that expire through fiscal 2036.

During fiscal 2015, certain equity compensation awards expired unexercised. As such, the Company reversed the related deferred tax asset in the amount of approximately $548,000 as a charge to Additional Paid-in Capital as there was a sufficient pool of windfall tax benefit available. During fiscal 2016, the Company recorded a credit to Additional Paid-in Capital of $86,000 related to equity compensation.

A reconciliation of the beginning and ending amount of unrecognized tax benefits excluding interest and penalties is as follows:

	October 1, 2016	October 3, 2015
	(In thousands)	
Balance at beginning of year	$ 307	$ 162
Additions based on tax positions taken in current and prior years	105	145
Settlements	(46)	-
Balance at end of year	$ 366	$ 307

The entire amount of unrecognized tax benefits if recognized would reduce our annual effective tax rate. As of October 1, 2016, the Company accrued approximately $284,000 of interest and penalties. The Company does not expect its unrecognized tax benefits to change significantly over the next 12 months. Inherent uncertainties exist in estimates of tax contingencies due to changes in tax law, both legislated and concluded through the various jurisdictions' tax court systems.

The Company files tax returns in the U.S. and various state and local jurisdictions with varying statutes of limitations. The 2013 through 2016 fiscal years remain subject to examination by the Internal Revenue Service most state and local tax authorities.

13. OTHER INCOME

Other income (expense) consists of the following:

	Year Ended October 1, 2016	Year Ended October 3, 2015
	(In thousands)	
Licensing fees	$ 166	$ 185
Management fees	203	-
Other rentals	3	16
Loss on disposal of assets	(16)	-
Other	74	37
	$ 430	$ 238

14. INCOME PER SHARE OF COMMON STOCK

A reconciliation of the numerators and denominators of the basic and diluted per share computations for the fiscal years ended October 1, 2016 and October 3, 2015 follows:

	Net Income Attributable to Ark Restaurants Corp. (Numerator)	Shares (Denominator)	Per Share Amount
	(In thousands, except per share amounts)		
Year ended October 1, 2016			
Basic EPS	$ 4,030	3,418	$ 1.18
Stock options	-	89	(0.02)
Diluted EPS	$ 4,030	$ 3,507	$ 1.15
Year ended October 3, 2015			
Basic EPS	$ 5,390	3,393	$ 1.59
Stock options	-	116	(0.05)
Diluted EPS	$ 5,390	3,509	$ 1.54

For the year ended October 1, 2016, options to purchase 66,000 shares of common stock at a price of $12.04, options to purchase 160,800 shares of common stock at a price of $14.40 and options to purchase 201,808 shares of common stock at a price of $22.50 per were included in diluted earnings per share. Options to purchase 90,000 shares of common stock at a price of $32.15 per share were not included in diluted earnings per share as their impact would be anti-dilutive.

For the year ended October 3, 2015, options to purchase 66,000 shares of common stock at a price of $12.04, options to purchase 164,800 shares of common stock at a price of $14.40 and options to purchase 203,000 shares of common stock at a price of $22.50 per were included in diluted earnings per share. Options to purchase 90,000 shares of common stock at a price of $32.15 per share were not included in diluted earnings per share as their impact would be anti-dilutive.

15. RELATED PARTY TRANSACTIONS

Employee receivables totaled approximately $453,000 and $485,000 at October 1, 2016 and October 3, 2015, respectively. Such amounts consist of loans that are payable on demand and bear interest at the minimum statutory rate (0.66% at October 1, 2016 and 0.54% at October 3, 2015).

16. SUBSEQUENT EVENTS

On November 18, 2016, Ark Jupiter RI, LLC (“Ark Jupiter”), a wholly-owned subsidiary of the Company, entered into a ROFR Purchase and Sale Agreement (the “ROFR”) with SCFRC-HWG, LLC, the landlord (the “Seller”) to purchase the land and building in which the Company operates its Rustic Inn location in Jupiter, Florida. The Seller had entered into a Purchase and Sale Agreement with a third party to sell the premises; however, Ark Jupiter’s lease provided the Company with a right of first refusal to purchase the property. Ark Jupiter exercised the ROFR on October 4, 2016 and made a ten (10%) percent deposit on the purchase price of approximately Five Million Two Hundred Thousand Dollars ($5,200,000). Concurrent with the execution of the ROFR, the Ark Jupiter entered into a Purchase and Sale Agreement with 1065 A1A, LLC to sell this same property for Eight Million Two Hundred Fifty Thousand Dollars ($8,250,000). In connection with the sale, Ark Jupiter and 1065 A1A, LLC have entered into a temporary lease and sub-lease arrangement which expires April 30, 2017 at which time the Company expects to vacate the space.

On November 30, 2016, the Company, through newly formed, wholly-owned subsidiaries, acquired the assets of the Original Oyster House, Inc., a restaurant and bar located in the City of Gulf Shores, Baldwin County, Alabama and the related real estate and the Original Oyster House II, Inc., a restaurant and bar located in the City of Spanish Fort, Baldwin County, Alabama and the related real estate and an adjacent retail shopping plaza. The total purchase price was for $10,750,000 plus inventory. The acquisition will be accounted for as a business combination and was financed with a bank loan from the Company’s existing lender in the amount of $8,000,000 and cash from operations.

The voter referendum for casino gaming in Northern New Jersey was defeated in November 2016. State law prohibits the issue from being put on the ballot before voters for the following two years. In connection with NMR’s restructuring of an existing loan which comes due on June 30, 2018, and to extend the loan through December 2021, the Company expects to fund its proportionate share of an anticipated $3 million capital call in January 2017 rather than having its interest diluted. On December 7, 2016, the Board of Directors declared a quarterly dividend of $0.25 per share on the Company's common stock to be paid on January 3, 2017 to shareholders of record at the close of business on December 20, 2016.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Michael Weinstein
Chairman and Chief Executive Officer

Robert J. Stewart
President, Chief Financial Officer and Treasurer

Vincent Pascal
Senior Vice President --- Senior Vice President and Chief Operating Officer

Paul Gordon
Senior Vice President --- Director of Las Vegas Operations

Marcia Allen
Chief Executive Officer, Allen & Associates

Bruce R. Lewin
Chairman and President, Continental Hosts, Ltd.

Steve Shulman
President, Managing Director, Hampton Group Inc.

Arthur Stainman
Senior Managing Director, First Manhattan Co.

Stephen Novick
Senior Advisor, Andrea and Charles Bronfman Philanthropies

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