

Disclaimer: This document is a partial English translation of the Japanese Financial Statements which are filed with Tokyo Stock Exchange in Japan on May 11, 2018 and the announced corrections have been reflected. This document was prepared for reference purposes only without any warranty as to its accuracy. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

Consolidated Financial Results for the First Quarter of Fiscal 2018 (Three months ended March 31, 2018) [Japanese GAAP]

May 11, 2018

Listed Company Name: OYO Corporation
Stock Exchange Listings: Tokyo Stock Exchange (First Section)

Stock Code Number: 9755 URL: <http://www.oyo.co.jp/>
Representative: Masaru Narita, President & Chief Executive Officer
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Scheduled date for submission of quarterly report: May 14, 2018

Scheduled date for dividend payment: —

Supplementary materials on quarterly results: No

Holding of quarterly financial results briefing: No

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Highlights

(1) Consolidated Results of Operation (% indicates changes from the previous corresponding period)

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Q1 FY2018	12,410	(1.7)	1,163	16.3	1,248	8.1	805	(5.8)
Q1 FY2017	12,629	(13.5)	1,000	92.5	1,155	85.5	855	61.6

(NOTE) Comprehensive Income (loss): Q1 FY2018 (290) million yen [- %] Q1 FY2017 150 million yen [- %]

	Net income per share	Diluted net income per share
	yen	yen
Q1 FY2018	30.50	—
Q1 FY2017	31.60	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of March 31, 2018	82,361	66,640	80.7
As of December 31, 2017	84,731	68,830	80.9

(Reference) Shareholders' equity: As of March 31, 2018 66,464 million yen As of December 31, 2017 68,552 million yen

2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	yen	yen	yen	yen	yen
FY2017	—	24.00	—	14.00	38.00
FY2018	—	—	—	—	—
FY2018 (forecast)	—	14.00	—	14.00	28.00

(NOTE) Revision to cash dividends forecast most recently announced: None

(NOTE) Breakdown of interim dividends for FY2017

Ordinary dividend: 14.00 yen, Special dividend to commemorate the 60th anniversary of the establishment: 10.00 yen

3. Consolidated financial results forecasts for the fiscal year ending December 31, 2018 (FY2018)

(% indicates changes from the previous corresponding period)

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full fiscal year	47,000	2.3	1,400	63.6	1,800	47.5	1,200	60.4	45.43

(NOTE) Revisions to the financial results forecast announced most recently: None

※ Notes

(1) Changes in important subsidiaries during the period

(Changes in specified subsidiaries accompanying changes in scope of consolidation): None

(2) Adoption of specific accounting methods for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and restatements

- ① Changes in accounting policies due to revisions of accounting standards, etc.: None
- ② Changes due to accounting policies other than ①: None
- ③ Change in accounting estimates: None
- ④ Restatements: None

(4) Number of shares outstanding (common stock)

① Number of shares outstanding at the end of the period (including treasury stock)

As of March 31, 2018	27,582,573 shares
As of December 31, 2017	28,882,573 shares

② Number of treasury stock at the end of the period

As of March 31, 2018	1,501,594 shares
As of December 31, 2017	1,801,594 shares

③ Average number of shares during the period (quarterly cumulative total)

Q1 FY2018	26,414,312 shares
Q1 FY2017	27,079,380 shares

※This quarterly financial results report is exempt from quarterly review by certified public accountant or auditing firm.

※Explanations regarding the appropriate use of forecast of operating results and other special items

Forward-looking statements such as earnings forecasts and other projections contained in this document are based on information available at the time of disclosure and assumptions that management believes to be reasonable, and do not constitute guarantees of future performance. Actual results may differ materially from expectations due to various factors.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of December 31, 2017	As of March 31, 2018
Assets		
Current asset		
Cash and deposit	26,221	23,687
Notes and accounts receivable - trade	1,820	2,022
Accounts receivable from completed businesses	19,441	20,651
Lease receivables and lease investments assets	2,546	2,686
Marketable securities	1,480	1,199
Payments for uncompleted businesses	2,649	2,367
Merchandise and finished goods	911	804
Work in progress	672	745
Raw materials and supplies	1,813	1,682
Other	2,222	2,319
Allowance for doubtful accounts	(12)	(12)
Total current assets	59,767	58,154
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,999	4,935
Land	6,255	6,243
Other, net	1,343	1,275
Total property, plant and equipment	12,598	12,454
Intangible assets		
Goodwill	270	213
Other	1,306	1,272
Total intangible assets	1,576	1,485
Investments and other assets		
Investment securities	7,446	7,039
Net defined benefit asset	1,525	1,519
Other	2,397	2,248
Allowance for doubtful accounts	(581)	(540)
Total investments and other assets	10,788	10,266
Total non-current assets	24,963	24,206
Total assets	84,731	82,361

(Unit: million yen)

	As of December 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	552	544
Accounts payable for businesses	1,658	1,489
Income taxes payable	333	537
Warranty reserve	124	127
Provision for bonuses	143	607
Provision for loss on order received	160	160
Reserve for stock benefits	62	62
Other	7,462	6,799
Total current liabilities	10,497	10,327
Non-current liabilities		
Provision for retirement benefits	1,965	1,979
Other	3,439	3,414
Total non-current liabilities	5,404	5,393
Total liabilities	15,901	15,721
Net assets		
Shareholders' equity		
Capital stock	16,174	16,174
Capital surplus	16,519	15,003
Retained earnings	37,406	37,829
Treasury stock	(1,903)	(1,798)
Total shareholders' equity	68,196	67,209
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	1,942	1,756
Revaluation surplus of land	(2,594)	(2,594)
Foreign currency translation adjustments	680	(203)
Defined retirement benefit plans	328	298
Total accumulated other comprehensive income	356	(744)
Non-controlling interests	277	175
Total net assets	68,830	66,640
Total liabilities and net assets	84,731	82,361

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
 Consolidated Statement of Income

(Unit: million yen)

	Q1 FY2017 (From January 1, 2017 to March 31, 2017)	Q1 FY2018 (From January 1, 2018 to March 31, 2018)
Net Sales	12,629	12,410
Cost of sales	8,587	8,227
Gross profit	4,042	4,182
Selling and general administrative expenses	3,041	3,018
Operating income	1,000	1,163
Non-operating income		
Interest income	24	34
Dividend income	4	4
Equity in earnings of affiliates	26	0
Rent on real estate	13	13
Reversal of allowance for doubtful accounts	10	33
Gain on sales of non-current assets	167	3
Other	14	19
Total non-operating income	260	108
Non-operating expenses		
Interest expenses	1	0
Foreign exchange losses	11	18
Property rental costs	3	3
Loss on retirement of non-current assets	89	—
Other	0	0
Total non-operating expenses	105	23
Ordinary income	1,155	1,248
Income before income taxes	1,155	1,248
Income taxes	298	438
Net income	856	810
Net income (loss) attributable to non-controlling interests	0	5
Net income (loss) attributable to owners of parent	855	805

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	Q1 FY2017 (From January 1, 2017 to March 31, 2017)	Q1 FY2018 (From January 1, 2018 to March 31, 2018)
Net income	856	810
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(83)	(186)
Foreign currency translation adjustments	(593)	(884)
Remeasurements of defined benefit plans	(28)	(30)
Total other comprehensive income (loss)	(706)	(1,101)
Comprehensive income (loss)	150	(290)
Comprehensive income (loss) attributable to:		
Owners of parent	149	(294)
Non-controlling interests	0	4

Segmented information

Information on net sales and income or loss by segment

1. Q1 FY2017 (From January 1, 2017 to March 31, 2017)

(Unit: million yen)

	Segment					Adjustment amount	Consolidated
	Infrastructure Maintenance, Management, and Renovation	Natural Disaster Prevention and Mitigation	Environment	Natural Resources and Energy	Total		
Sales							
Sales to external customers	5,303	2,015	3,272	2,037	12,629	—	12,629
Intersegment sales or transfers	29	—	—	—	29	(29)	—
Total	5,333	2,015	3,272	2,037	12,659	(29)	12,629
Segment income (loss)	500	178	600	(266)	1,012	(12)	1,000

2. Q1 FY2018 (From January 1, 2018 to March 31, 2018)

(Unit: million yen)

	Segment					Adjustment amount	Consolidated
	Infrastructure Maintenance, Management, and Renovation	Natural Disaster Prevention and Mitigation	Environment	Natural Resources and Energy	Total		
Sales							
Sales to external customers	5,839	2,036	2,396	2,136	12,410	—	12,410
Inter segment sales or transfer	18	4	—	—	23	(23)	—
Total	5,858	2,041	2,396	2,136	12,434	(23)	12,410
Segment income (loss)	698	227	426	(187)	1,164	(1)	1,163