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Consolidated Financial Results for the Second Quarter of Fiscal 2018 (Six months ended June 30, 2018) [Japanese GAAP]

August 10, 2018

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

Stock Code Number: 9755 URL: <http://www.oyo.co.jp/>
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Scheduled date for submission of quarterly report: August 13, 2018
 Scheduled date for dividend payment: September 25, 2018
 Supplementary materials on quarterly results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors)

(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	%
Q2 FY2018	22,647	1.8	985	71.9	1,107	50.8	687	21.3
Q2 FY2017	22,255	(6.8)	573	255.9	734	141.9	566	58.5

(NOTE) Comprehensive Income (loss): Q2 FY2018 (18) million yen [- %] Q2 FY2017 149 million yen [- %]

	Net income per share	Diluted net income per share
	yen	yen
Q2 FY2018	26.19	—
Q2 FY2017	20.93	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of June 30, 2018	81,610	66,949	81.8
As of December 31, 2017	84,731	68,830	80.9

(Reference) Shareholders' equity: As of June 30, 2018 66,793 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	—	14.00	—	—	—
FY2018 (forecast)	—	—	—	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	45.71

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

We purchased treasury stock on February 15, 2018 and retired treasury stock on February 28, 2018.

Accordingly, net income per share considers the purchase and retirement of treasury stock.

※ 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 June 30, 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 June 30, 2018	1,469,923 shares
As of December 31, 2017	1,801,594 shares

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

Q2 FY2018	26,252,914 shares
Q2 FY2017	27,079,607 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 June 30, 2018
Assets		
Current asset		
Cash and deposit	26,221	33,758
Notes and accounts receivable - trade	1,820	1,981
Accounts receivable from completed businesses	19,441	10,178
Lease receivables and lease investments assets	2,546	2,775
Marketable securities	1,480	1,299
Payments for uncompleted businesses	2,649	2,327
Merchandise and finished goods	911	786
Work in progress	672	813
Raw materials and supplies	1,813	1,776
Other	2,222	2,028
Allowance for doubtful accounts	(12)	(12)
Total current assets	59,767	57,714
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,999	4,895
Land	6,255	6,251
Other, net	1,343	1,313
Total property, plant and equipment	12,598	12,460
Intangible assets		
Goodwill	270	198
Other	1,306	1,264
Total intangible assets	1,576	1,463
Investments and other assets		
Investment securities	7,446	6,757
Net defined benefit asset	1,525	1,490
Other	2,397	2,250
Allowance for doubtful accounts	(581)	(526)
Total investments and other assets	10,788	9,972
Total non-current assets	24,963	23,896
Total assets	84,731	81,610

(Unit: million yen)

	As of December 31, 2017	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	552	528
Accounts payable for businesses	1,658	882
Income taxes payable	333	467
Warranty reserve	124	135
Provision for bonuses	143	314
Provision for loss on order received	160	181
Reserve for stock benefits	62	17
Other	7,462	6,670
Total current liabilities	10,497	9,197
Non-current liabilities		
Provision for retirement benefits	1,965	1,984
Other	3,439	3,478
Total non-current liabilities	5,404	5,463
Total liabilities	15,901	14,660
Net assets		
Shareholders' equity		
Capital stock	16,174	16,174
Capital surplus	16,519	15,077
Retained earnings	37,406	37,711
Treasury stock	(1,903)	(1,828)
Total shareholders' equity	68,196	67,134
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	1,942	1,695
Revaluation surplus of land	(2,594)	(2,594)
Foreign currency translation adjustments	680	291
Defined retirement benefit plans	328	267
Total accumulated other comprehensive income	356	(341)
Non-controlling interests	277	156
Total net assets	68,830	66,949
Total liabilities and net assets	84,731	81,610

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

(Unit: million yen)

	Q2 FY2017 (From January 1, 2017 to June 30, 2017)	Q2 FY2018 (From January 1, 2018 to June 30, 2018)
Net Sales	22,255	22,647
Cost of sales	15,512	15,390
Gross profit	6,743	7,256
Selling and general administrative expenses	6,170	6,271
Operating income	573	985
Non-operating income		
Interest income	56	76
Dividend income	37	39
Equity in earnings of affiliates	18	9
Rent on real estate	26	26
Reversal of allowance for doubtful accounts	32	58
Insurance income and dividend income	42	1
Gain on sales of non-current assets	167	7
Other	19	28
Total non-operating income	398	247
Non-operating expenses		
Interest expenses	2	2
Property rental costs	7	6
Loss on sales of non-current assets	88	—
Loss on retirement of non-current assets	72	116
Other	67	0
Total non-operating expenses	237	125
Ordinary income	734	1,107
Income before income taxes	734	1,107
Income taxes	190	427
Net income	543	679
Net income (loss) attributable to non-controlling interests	(23)	(7)
Net income (loss) attributable to owners of parent	566	687

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	Q2 FY2017 (From January 1, 2017 to June 30, 2017)	Q2 FY2018 (From January 1, 2018 to June 30, 2018)
Net income	543	679
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	255	(247)
Foreign currency translation adjustments	(590)	(389)
Remeasurements of defined benefit plans	(57)	(61)
Total other comprehensive income (loss)	(393)	(697)
Comprehensive income (loss)	149	(18)
Comprehensive income (loss) attributable to:		
Owners of parent	173	(9)
Non-controlling interests	(23)	(8)

Segmented information

Information on net sales and income or loss by segment

1. Q2 FY2017 (From January 1, 2017 to June 30, 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	9,413	3,472	5,455	3,914	22,255	—	22,255
Intersegment sales or transfers	55	6	—	—	62	(62)	—
Total	9,469	3,479	5,455	3,914	22,318	(62)	22,255
Segment income (loss)	508	96	399	(403)	600	(27)	573

2. Q2 FY2018 (From January 1, 2018 to June 30, 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	10,277	3,778	4,020	4,571	22,647	—	22,647
Inter segment sales or transfer	31	18	3	—	53	(53)	—
Total	10,309	3,796	4,023	4,571	22,700	(53)	22,647
Segment income (loss)	740	197	271	(226)	983	2	985