

Consolidated Financial Results for the Fiscal Year Ended June 30, 2019 [Japanese GAAP]



August 13, 2019

Company name: Nippon Koei Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 1954

URL: <https://www.n-koei.co.jp/english>

Representative: Ryuichi Arimoto, Representative Director and President

Contact: Tetsumi Aoki, General Manager, Accounting Department

Phone: +81-3-3238-8040

Scheduled date of holding general shareholder's meeting: September 26, 2019

Scheduled date of commencing dividend payments: September 11, 2019

Scheduled date of filing securities report: September 27, 2019

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes (for institutional investors and securities analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2019 (July 1, 2018 to June 30, 2019)

(1) Consolidated Operating Results

(% indicates changes from the previous fiscal year.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2019	108,589	2.4	5,110	(22.1)	5,584	(16.9)	3,318	(27.2)
June 30, 2018	106,023	4.6	6,561	20.1	6,721	12.8	4,555	38.5

(Note) Comprehensive income: Fiscal year ended June 30, 2019 : ¥1,349 million [(71.3)%]

Fiscal year ended June 30, 2018 : ¥4,698 million [29.1%]

Fiscal year ended	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating income on Net sales
	Yen	Yen	%	%	%
June 30, 2019	212.50	-	5.7	4.9	4.7
June 30, 2018	294.12	-	8.1	5.9	6.2

(Reference) Income(loss) from investment in affiliates (Equity method): Fiscal year ended June 30, 2019: ¥(129) million

Fiscal year ended June 30, 2018: -

(2) Consolidated Financial Position

Fiscal year ended	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
June 30, 2019	113,175	60,205	52.2	3,767.50
June 30, 2018	113,890	59,449	51.2	3,755.55

(Reference) Equity: Fiscal year ended June 30, 2019 : ¥59,090 million

Fiscal year ended June 30, 2018 : ¥58,363 million

(Note) From the beginning of the fiscal year ended June 30, 2019, the Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018), etc. The accounting standard is retrospectively applied to the amount as of June 30, 2018.

(3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
June 30, 2019	3,109	(3,504)	(1,936)	12,633
June 30, 2018	(602)	977	(3,062)	15,233

2. Dividends

	Dividends per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividend on net assets ratio (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended June 30, 2018	-	-	-	75.00	75.00	1,192	25.5	2.1
Fiscal year ended June 30, 2019	-	-	-	75.00	75.00	1,193	35.3	2.0
Fiscal year ending June 30, 2020 (Forecast)	-	-	-	100.00	100.00		33.1	

(Note) “Total dividends paid (annual)” includes dividends on the Company’s shares held by the Employee Share Ownership Plan (ESOP) trust.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2020 (July 1, 2019 to June 30, 2020)

(% indicates changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
【 Japanese GAAP 】	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	127,700	17.6	5,800	13.5	6,200	11.0	3,600	8.5	241.87

(% indicates changes from the previous fiscal year.)

	Revenue		Operating income		Income before tax		Income attributable to owners of parent		Basic earnings per share
【 IFRS 】	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	127,700	-	6,700	-	7,000	-	4,500	-	302.33

(Note) The Company has decided to voluntarily apply International Financial Reporting Standards (IFRS) from the year - end of fiscal year ending June 30, 2020. Therefore, in addition to the forecast calculated based on Japanese GAAP, the forecast calculated using IFRS, is disclosed. The percentage comparisons to results for fiscal year ended June 30, 2019 produced using Japanese GAAP, are not included in the above table.

(Note) At the meeting of Board of Directors held on August 13, 2019, the Company approved the acquisition of its own shares. “Net income per share” and “Basic earnings per share” in Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2020 have been stated after factoring in the impact of the Company’s acquisition of its own shares.

* Notes

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): None
New companies: None
Excluded companies: None
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: Yes
 - 3) Changes in accounting estimates: Yes
 - 4) Retrospective restatement: None
- (3) Total number of issued shares (common stock)
 - 1) Total number of issued shares at the end of the period (including treasury stock)

Fiscal year ended June 30, 2019	: 15,919,544 shares
Fiscal year ended June 30, 2018	: 15,905,049 shares
 - 2) Total number of treasury stock at the end of the period

Fiscal year ended June 30, 2019	: 235,268 shares
Fiscal year ended June 30, 2018	: 364,422 shares
 - 3) Average number of shares during the period

Fiscal year ended June 30, 2019	: 15,616,157 shares
Fiscal year ended June 30, 2018	: 15,490,332 shares

(Reference) Nonconsolidated Financial Results**1. Nonconsolidated Financial Results for the Fiscal Year Ended June 30, 2019 (July 1, 2018 to June 30, 2019)**

(1) Nonconsolidated Operating Results (% indicates changes from the previous fiscal year.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2019	68,013	5.0	2,711	(22.1)	3,359	(16.2)	2,329	(20.3)
June 30, 2018	64,782	4.9	3,478	16.3	4,007	4.9	2,920	26.9

Fiscal year ended	Net income per share	Diluted net income per share
	Yen	Yen
June 30, 2019	149.16	-
June 30, 2018	188.56	-

(2) Nonconsolidated Financial Position

Fiscal year ended	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
June 30, 2019	95,339	53,866	56.5	3,434.43
June 30, 2018	95,808	53,012	55.3	3,411.24

(Reference) Equity: Fiscal year ended June 30, 2019: ¥53,866 million

Fiscal year ended June 30, 2018: ¥53,012 million

(Note) From the beginning of the fiscal year ended June 30, 2019, the Company has adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No.28, February 16, 2018), etc. The accounting standard is retrospectively applied to the amount as of June 30, 2018.

2. Nonconsolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2020 (July 1, 2019 to June 30, 2020)

(% indicates changes from the previous fiscal year.)

Full year	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
	77,400	13.8	5,100	51.8	3,700	58.8	248.58

(Note) At the meeting of Board of Directors held on August 13, 2019, the Company approved the acquisition of its own shares. Net income per share in Nonconsolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2020 has been stated after factoring in the impact of the Company’s acquisition of its own shares.

* These consolidated financial results are not subject to audit procedures by certified public accountants or audit firm.

* Explanation of the proper use of financial results forecast and other notes:

1. The earnings forecasts and other forward-looking statements disclosed herein are based on information available to the Company as of the date of publication of this document and certain assumptions deemed reasonable. Actual results, etc. may differ significantly due to a wide range of factors.
2. The Company is scheduled to hold a financial results briefing session for investors and analysts on September 2, 2019. The financial briefing materials to be distributed at this briefing session will be subsequently posted on the Company’s website.

Table of Contents of Attachment

1. Overview of Operating Results, etc.....	2
(1) Overview of Operating Results for the Current Fiscal Year	2
(2) Overview of Financial Position for the Current Fiscal Year.....	4
(3) Overview of Cash Flows for the Current Fiscal Year	5
(4) Future Outlook.....	5
2. Basic Policy Regarding Selection of Accounting Standard.....	7
3. Consolidated Financial Statements.....	8
(1) Consolidated Balance Sheets	8
(2) Consolidated Statements of Income and Comprehensive Income	10
(3) Consolidated Statements of Changes in Equity.....	11
(4) Consolidated Statements of Cash Flows.....	13
(5) Notes to Consolidated Financial Statements.....	15
(Notes on Going Concern Assumption).....	15
(Changes in Accounting Policies that are difficult to distinguish from Changes in Accounting Estimates, and Changes in Accounting Estimates)	15
(Segment Information)	15
(Per Share Information).....	22
(Significant Subsequent Events).....	22
4. Other.....	23
(1) Status of Orders and Sales	23
(2) Changes in Directors and Company Auditors.....	24

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Current Fiscal Year

During the fiscal year under review (from July 1, 2018 to June 30, 2019), the Japanese economy continued on a moderate recovery track, as corporate earnings remained firm and personal consumption began to pick up on the back of steady improvements in the employment and income environments. Meanwhile, overseas economies remained unpredictable, although they continued to maintain high levels of growth, due to the U.S.–China trade friction and future concerns over the no-deal breakaway from the EU by the United Kingdom, which is one of the Company's major business bases.

The business environment of Nippon Koei Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) experienced firm demand in each business segment. In the Domestic Consulting Operations, the Group undertook measures to prevent and mitigate damage caused by natural disaster, and also to prevent deterioration of infrastructure for public works projects. In the Power Engineering Operations, the Group renewed power distribution equipment. In the Urban & Spatial Development Operations, BDP Holdings Limited and its subsidiaries (hereinafter referred to under the general label “BDP”) were involved in the construction and renovation of public facilities in the United Kingdom, its main business market, and the Energy Business Operations experienced rising demand for renewable energy as a result of the shift towards low-carbon societies and distributed power sources. On the other hand, in International Consulting Operations, although the business environment was favorable due to the promotion of an export strategy for high-quality infrastructure systems by the Japanese government, the progress of some projects was delayed.

Under these circumstances, based on the Medium-Term Management Plan “NK-Innovation 2021” (from July 2018 to June 2021), with the fundamental principles of “Continue evolution into global consulting and engineering firm,” the Group tackled the five business strategies of “Enhancement of operating system for Railways Business,” “Overseas expansion of Urban & Spatial Development Business,” “Establishment of Energy Business,” “Creation of businesses and overseas expansion of Consulting Business,” and “Product development and overseas expansion of Power Engineering Business.” Moreover, as group-wide measures to realize these goals, the Group actively advanced “Establishment of one-stop marketing system,” “Investment in technologies and human resources,” and “Enhancement of group governance.”

As a result, the Group's consolidated results for the fiscal year under review were as follows: Orders received increased 13.2% year on year to ¥118,085 million due mainly to the strong performance in Domestic Consulting Operations. Net sales increased only 2.4% year on year to ¥108,589 million, because of decreases in sales and profits in International Consulting Operations. Operating income fell 22.1% year on year to ¥5,110 million, ordinary income decreased 16.9% year on year to ¥5,584 million, and net income attributable to owners of parent decreased 27.2% year on year to ¥3,318 million.

Business results for each segment are as follows:

[Domestic Consulting Operations]

Domestic Consulting Operations worked to further reinforce its management base, by reconstructing order-receipt and production systems, and securing and improving quality, while also implementing work style reforms and pursuing more effective business management. In addition, we worked to support the actions under the global strategy cooperating with International Consulting Operations and the Research & Development Center, as well as to develop new businesses by utilizing management know-how, as the core, to improve the value of infrastructure.

As a result, the Group was able to secure profits and a good volume of business mainly through aggressively pursuing business activities related to disaster prevention and mitigation, and national resilience. Consequently, orders received increased 8.9% year on year to ¥52,855 million. In addition, net sales increased 6.4% year on year to ¥49,593 million, operating income rose 16.6% year on year to ¥4,990 million, and ordinary income increased 20.2% year on year to ¥4,976 million.

[International Consulting Operations]

In the International Consulting Operations, we worked to acquire and develop human resources, mainly in the railways business, as well as strengthening the production system by enhancing project management capabilities, and practicing strict management of profit, risks and safety. In addition, the Group was actively involved in the Public Private Partnership (PPP) business and the private sector business.

As a result, orders received increased 6.6% year on year to ¥28,482 million. However, caused mainly by the delay in conclusion of contracts for a large-scale project, net sales decreased 13.7% year on year to ¥24,928 million, operating income slumped 68.2% year on year to ¥841 million, and ordinary income fell 76.2% year on year to ¥574 million.

[Power Engineering Operations]

In the Power Engineering Operations, we expanded the mechanical and electrical consulting business by entering into new areas such as traffic, transport, as well as maintenance and management in view of global business development. Further, we strengthened the group-wide cooperation in the energy-related business as well as maintenance and management business, and we strove to develop products and technologies with a global standard specification. We also continued to enhance price competitiveness and sales capabilities with a rigorous cost reduction.

As a result, although orders received declined 3.3% to ¥15,411 million from the previous fiscal year when a large-scale order was received, net sales rose 4.9% year on year to ¥16,531 million, due to sales from unfilled orders. Operating income increased 11.5% year on year to ¥2,089 million owing to cost reductions, and ordinary income rose 3.0% year on year to ¥2,047 million.

[Urban & Spatial Development Operations]

In the Urban & Spatial Development Operations, we kept pace to changes in the U.K. market and expanded our business in Asia by promoting Group-wide collaboration in Singapore while taking steps to enter the British Commonwealth of Nations markets. BDP Holdings Limited, the Company's consolidated subsidiary, acquired shares in a Canadian architectural design firm, Quadrangle Architects Limited (hereinafter referred to as "Quadrangle"), on February 4, 2019 and made Quadrangle a consolidated subsidiary effective the fiscal year under review.

As a result, orders received increased 59.5% year on year to ¥20,510 million. Net sales increased 17.8% year on year to ¥15,359 million, while operating income decreased 12.6% year on year to ¥151 million due to an increase in selling general and administrative expenses, and ordinary income decreased 42.2% year on year to ¥114 million.

[Energy Business Operations]

The Energy Business Operations promoted profitability in the power generation business such as through renewable energy and worked to form new projects including PFI business. In addition, we accumulated a track record in the renewable energy and storage battery EPC (engineering, procurement & construction) business in the energy management business, further sought to promote the resource aggregator (an operator that plays a major role in control and management in relation to both energy operators and sources of demand) and VPP (virtual power plant) businesses.

As a result, orders received increased 303.3% year on year to ¥723 million and net sales increased 102.8% year on year to ¥719 million, while operating loss was ¥365 million and ordinary loss was ¥391 million due partly to the prior investment in an overseas energy management business.

[Real Estate Leasing Operations]

In the Real Estate Leasing Operations, net sales decreased 0.1% year on year to ¥439 million, while operating income increased 1.5% year on year to ¥409 million and ordinary income increased 81.2% year on year to ¥731 million.

(2) Overview of Financial Position for the Current Fiscal Year

Total assets as of the end of the current fiscal year amounted to ¥113,175 million, a decrease of ¥714 million from the end of the previous fiscal year.

In the Assets section, current assets were ¥52,446 million, a decrease of ¥1,817 million from the end of the previous fiscal year. This was mainly due to a ¥3,245 million decrease in cash and deposits, and a ¥2,233 million decrease in work in process, while a ¥3,723 million increase in notes and accounts receivable-trade.

Non-current assets were ¥60,728 million, an increase of ¥1,102 million from the end of the previous fiscal year. This was mainly due to a ¥3,184 million increase in construction in progress, while a ¥1947 million decrease in investment securities.

In the Liabilities section, current liabilities were ¥28,082 million, a decrease of ¥358 million from the end of the previous fiscal year. This was mainly due to a ¥2,006 million decrease in advances received, while a ¥872 million increase in notes and accounts payable-trade.

Non-current liabilities were ¥24,886 million, a decrease of ¥1,112 million from the end of the previous fiscal year. This was mainly due to a ¥1,294 million decrease in long-term loans payable.

Net assets were ¥60,205 million, an increase of ¥756 million from the end of the previous fiscal year. The primary factors behind this were ¥3,318 million in net income attributable to owners of parent, ¥1,192 million in cash dividends paid and a ¥738 million decrease in valuation difference on available-for-sale securities.

As a result, the shareholders' equity ratio increased 1.0 percentage points from the end of the previous fiscal year to 52.2%.

In addition, the Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances from the beginning of the current fiscal year. These accounting standards have been applied retrospectively for comparison and analysis with financial position in the previous fiscal year.

(3) Overview of Cash Flows for the Current Fiscal Year

Cash and cash equivalents at the end of the current fiscal year was ¥12,663 million, a decrease of ¥2,570 million from the end of the previous fiscal year. The primary factors were as follows.

Net cash provided by operating activities was ¥3,109 million (a net outflow of ¥602 million during the previous fiscal year). This was mainly due to income before income taxes of ¥5,584 million, while a ¥2,917 million increase in notes and accounts receivable-trade.

Net cash used in investing activities was ¥3,504 million (a net inflow of ¥977 million during the previous fiscal year). This was mainly due to the purchase of property, plant and equipment.

Net cash used in financing activities was ¥1,936 million (a net outflow of ¥3,062 million during the previous fiscal year). This was mainly due to an outflow for the repayments of long-term loans payable.

Trends of the Company's cash flow indicators are as follows.

(Reference) Trends in Cash Flow Indicators

	Fiscal Year Ended June 2015	Fiscal Year Ended June 2016	Fiscal Year Ended June 2017	Fiscal Year Ended June 2018	Fiscal Year Ended June 2019
Equity ratio (%)	62.6	50.6	47.9	51.2	52.2
Equity ratio on market value basis (%)	43.7	23.6	43.3	37.5	32.4
Interest-bearing debt to cash flow ratio (years)	1.9	46.1	3.6	-	6.3
Interest coverage ratio (times)	18.0	7.1	31.7	-	11.7

Equity ratio: Equity / Total assets

Equity ratio on market value basis: Total market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest expenses

Notes: 1. All indicators are calculated using financial figures on a consolidated basis.

2. Total market capitalization is calculated based on the number of issued shares excluding treasury shares.

3. Cash flows from operating activities are used for the cash flow.

4. Interest-bearing debt covers all debt recorded in the consolidated balance sheets for which interest is paid.

5. The interest-bearing debt to cash flow ratio and the interest coverage ratio for the fiscal year ended June 2018 are shown as “-”, as they were negative.

(4) Future Outlook

Looking at the future market environment surrounding the Group, considering the expected significant year-on-year increase in Japan's national budget for public works based on the three-year emergency plan for national resilience in addition to disaster prevention and mitigation, and the implementation of power system reforms, new business opportunities and competition are anticipated. Meanwhile, calls for cost reductions are expected to continue in the renewal, etc. of existing power facilities. Therefore, while steady performance is expected in Domestic Consulting Operations, there will likely be severe competition in Power Engineering Operations. In International Consulting Operations, a generally favorable business environment is expected as the Japanese government promotes a strategy to export high-quality infrastructure systems, but then there is a risk that the actual performance of the Company will be affected by the progress of each project.

In Urban & Spatial Development Operations, while the impact of Brexit on demand for architectural design in the U.K. is a concern, growth in architectural demand is expected to continue as urbanization progresses in Asian countries. In Energy Business Operations, demand for renewable energy is expected to grow as the world shifts to low-carbonization and energy resource decentralization.

Under such circumstances, the Group has newly formulated the three-year plan “NK-Innovation 2021” starting from the fiscal year ended June 2019 to realize the Group Vision of “To provide services that are of value in building safe and reliable social infrastructure and creating comfortable living spaces.” Under the new Medium-Term Management Plan, with the basic policy of “Continue evolution into global consulting and engineering firm,” we will aim to

provide more complex and comprehensive solutions by expanding Urban & Spatial Development Operations and Energy Business Operations we have newly entered, in addition to Consulting Operations in Japan and abroad and Power Engineering Operations, as well as strengthening cooperation among individual Operations.

The business strategies and Group-wide measures under the Medium-Term Management Plan "NK-Innovation 2021" are as follows:

《Business strategy》

1. Enhancement of operating system for Railways Business

As the number of large-scale railway projects is expected to increase mainly in Asia due to the policy of promoting high-quality infrastructure exports, we will establish a local production system, including quality control, to respond to large-scale projects.

2. Overseas expansion of Urban & Spatial Development Business

Brexit is a risk factor in the development of the Group's existing Urban & Spatial Development Operations, which is being led by BDP. In order to reduce dependence on the U.K. market in this field, we will actively promote overseas development, mainly in the British Commonwealth of Nations and Asian countries.

3. Establishment of Energy Business

Based on the view that acquiring world-class energy management technology is a prerequisite for entering the Japanese energy market after the power system reform, we will promote the development and operation of renewable energy and other distributed power sources, the storage battery EPC service business, and the resource aggregator/VPP business.

4. Creation of businesses and overseas expansion of Consulting Business

We will create new businesses centered on infrastructure management businesses such as PFI/PPP and concession. We will also expand overseas activities based on the technology and human resources we have cultivated in our Domestic Consulting Operations and the Research & Development Center.

5. Product development and overseas expansion of Power Engineering Business

In cooperation with a variety of partners both inside and outside the Company, we will build supply chains in Japan and overseas. In the substation field, we will develop and market next-generation monitoring and control systems, and other products with world-standard specs in Japan and overseas. In the mechanical and electrical equipment field, we will promote overseas production and sales of hydroelectric power generation equipment.

《Group-wide measures》

1. Establishment of one-stop marketing system

We aim to improve customer satisfaction by building a sales structure that can respond to various market needs. We will also acquire new customers based on this sales structure.

2. Investment in technologies and human resources

In terms of technology investment, we will develop next-generation core technologies for flood forecasting, traffic volume forecasting, etc. using AI and big data. As for investment in human resources, we aim to improve the attractiveness of the labor environment by securing and developing human resources, promoting work style reforms and work-life balance, and reforming the personnel system.

3. Enhancement of group governance

Starting with the establishment of a global platform for accounting support, we will build a comprehensive business management platform, including legal affairs, and strengthen group governance. With this platform at the base, we support the autonomous management of group companies and promote collaboration within the Group to demonstrate its comprehensive strength.

By promoting these initiatives, as the target financial results for the fiscal year ending June 2021, which is the final year of the new Medium-Term Management Plan, we will aim at net sales of ¥140 billion, operating income of ¥12.6 billion, and ROE (Return on Equity) of 12.7%.

At the meeting of the Board of Directors held on August 13, 2019, the Board of Directors approved the voluntary adoption of International Financial Reporting Standards (IFRS) (voluntary adoption is scheduled to take place from

the year-end of fiscal year ending June 30, 2020). As the Group's businesses expand globally, which will likely push up the ratio of overseas sales to total sales, this adoption is aimed at strengthening the management base through the unification of accounting standards within the Group, improving the international comparability of financial statements, enhancing information disclosure, and promoting appropriate valuation of assets, including future M&As.

In the year ending June 30, 2020, the 2nd term of the new Medium-Term Management Plan "NK-Innovation 2021," we will continue to focus on business strategies and Group-wide common measures. At the same time, we will also address the following priority issues and make steady progress toward achieving our final targets for the year ending June 30, 2021.

1) Priority issues in business strategy

Under "Enhancement of operating system for Railways Business," we will improve and strengthen our local production system by promoting alliances. Under "Overseas expansion of Urban & Spatial Development Business," we will expand our business primarily in the U.K., Canada and Asian markets based on a cooperative structure among the Company, BDP and the aforementioned Quadrangle. Under "Establishment of Energy Business," we will strive to develop businesses, accumulate a track record and know-how, and capture the hydroelectric power concession business in Europe. In addition, under "Creation of businesses and overseas expansion of Consulting Business," we will promote alliances, accelerate business creation, and aim to win orders in new technology fields by taking advantage of our superiority in domestic technologies. Under "Product development and overseas expansion of Power Engineering Business," we will create new products and services and build supply chains in Japan and overseas

2) Group-wide measures to support growth

Under "Construction of one-stop marketing system," we will promote projects across business segments, such as smart cities. Under "Investment in technology and human resources," we will accelerate the development of next-generation core technologies and improve the attractiveness of the labor environment through the implementation of personnel system reforms. Under the "Enhancement of group governance," we will introduce IFRS and establish a global accounting platform.

As a result, we project that the consolidated financial results for the fiscal year ending June 30, 2020 will show net sales of ¥127.7 billion, operating income of ¥6.7 billion, income before income taxes of ¥7 billion, and income attributable to owners of parent of ¥4.5 billion.

Since the Group plans to voluntarily adopt International Financial Reporting Standards (IFRS) from the end of fiscal year ending June 30, 2020, forecast of the consolidated financial results for the fiscal year ending June 30, 2020 is calculated based on IFRS. For this reason, the year-on-year change against the results for the year ended June 30, 2019, for which the Japanese GAAP was applied, is not shown.

2. Basic Policy Regarding Selection of Accounting Standard

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Group prepares its consolidated financial statements using Japanese GAAP.

The Group plans to voluntarily apply the International Financial Reporting Standards ("IFRS") to the consolidated accounts from the year-end of fiscal year ending June 30, 2020.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of June 30, 2018	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	16,392	13,147
Notes and accounts receivable - trade	26,214	29,938
Work in process	7,942	5,709
Other	3,796	3,855
Allowance for doubtful accounts	(83)	(203)
Total current assets	54,263	52,446
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,152	14,831
Accumulated depreciation	(11,070)	(9,409)
Buildings and structures, net	6,082	5,421
Machinery, equipment and vehicles	3,895	3,955
Accumulated depreciation	(2,586)	(2,703)
Machinery, equipment and vehicles, net	1,308	1,252
Tools, furniture and fixtures	5,008	4,872
Accumulated depreciation	(4,385)	(3,955)
Tools, furniture and fixtures, net	622	917
Land	16,598	16,035
Leased assets	153	184
Accumulated depreciation	(99)	(69)
Leased assets, net	54	114
Construction in progress	2,957	6,141
Total property, plant and equipment	27,624	29,882
Intangible assets		
Goodwill	8,185	8,193
Other	4,778	5,307
Total intangible assets	12,964	13,501
Investments and other assets		
Investment securities	9,176	7,228
Long-term loans receivable	1,678	2,276
Deferred tax assets	1,512	1,502
Net defined benefit assets	4,079	3,943
Other	2,767	2,564
Allowance for doubtful accounts	(177)	(169)
Total investments and other assets	19,037	17,345
Total non-current assets	59,626	60,728
Total assets	113,890	113,175

(Millions of yen)

	As of June 30, 2018	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,164	5,037
Current portion of long-term loans payable	2,050	2,082
Income taxes payable	1,012	1,137
Advances received	8,693	6,687
Provision for bonuses	1,860	1,972
Provision for directors' bonuses	83	91
Provision for loss on construction contracts	176	119
Other	10,398	10,953
Total current liabilities	28,441	28,082
Non-current liabilities		
Long-term loans payable	18,934	17,639
Deferred tax liabilities	2,766	2,819
Provision for directors' retirement benefits	32	30
Provision for environmental measures	34	34
Liability for retirement benefits	3,873	3,817
Other	357	545
Total non-current liabilities	25,999	24,886
Total liabilities	54,440	52,969
Net assets		
Shareholders' equity		
Capital stock	7,415	7,437
Capital surplus	6,466	6,488
Retained earnings	45,528	47,864
Treasury shares	(1,180)	(787)
Total shareholders' equity	58,229	61,003
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,195	456
Foreign currency translation adjustments	(2,045)	(3,063)
Remeasurements of defined benefit plans	983	693
Total accumulated other comprehensive income	133	(1,913)
Non-controlling interests	1,086	1,115
Total net assets	59,449	60,205
Total liabilities and net assets	113,890	113,175

(2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	For the fiscal year ended June 30,2018	For the fiscal year ended June 30,2019
Net sales	106,023	108,589
Cost of sales	73,664	75,627
Gross profit	32,359	32,962
Selling, general and administrative expenses	25,797	27,851
Operating income (loss)	6,561	5,110
Non-operating income		
Interest income	140	223
Dividend income	305	113
Gain on sales of property, plant and equipment	7	781
Other	332	302
Total non-operating income	786	1,420
Non-operating expenses		
Interest expenses	222	277
Loss on valuation of investment securities	154	311
Share of loss of entities accounted for using equity method	-	129
Foreign exchange losses	148	164
Other	101	65
Total non-operating expenses	626	947
Ordinary income (loss)	6,721	5,584
Extraordinary income		
Gain on sales of property, plant and equipment	1,276	-
Total extraordinary income	1,276	-
Extraordinary losses		
Head office transfer expenses	832	-
Total extraordinary losses	832	-
Income (loss) before income taxes	7,165	5,584
Income taxes – current	1,832	1,991
Income taxes – deferred	723	189
Total income taxes	2,556	2,180
Net income (loss)	4,608	3,403
Net income (loss) attributable to		
Net income (loss) attributable to owners of parent	4,555	3,318
Net income (loss) attributable to non-controlling interests	52	85
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	176	(740)
Foreign currency translation adjustments	(241)	(932)
Remeasurements of defined benefit plans	155	(289)
Share of other comprehensive income of entities accounted for using equity method	-	(91)
Total other comprehensive income (loss)	90	(2,054)
Comprehensive income (loss)	4,698	1,349
Comprehensive income (loss) attributable to		
Owners of parent	4,680	1,264
Non-controlling interests	17	85

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended June 30, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,393	7,240	43,450	(3,607)	54,477
Changes of items during period					
Issuance of new shares	21	21			43
Change of scope of consolidation		39	37		76
Dividends of surplus			(1,192)		(1,192)
Profit attributable to owners of parent			4,555		4,555
Purchase of treasury shares				(25)	(25)
Disposal of treasury shares				294	294
Retirement of treasury shares		(835)	(1,323)	2,158	-
Net changes of items other than shareholders' equity					
Total changes of items during period	21	(774)	2,077	2,426	3,752
Balance at end of current period	7,415	6,466	45,528	(1,180)	58,229

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,016	(1,813)	828	30	365	54,874
Changes of items during period						
Issuance of new shares						43
Change of scope of consolidation		(21)		(21)	710	765
Dividends of surplus						(1,192)
Profit attributable to owners of parent						4,555
Purchase of treasury shares						(25)
Disposal of treasury shares						294
Retirement of treasury shares						-
Net changes of items other than shareholders' equity	178	(209)	155	124	9	134
Total changes of items during period	178	(231)	155	102	720	4,575
Balance at end of current period	1,195	(2,045)	983	133	1,086	59,449

For the fiscal year ended June 30, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,415	6,466	45,528	(1,180)	58,229
Changes of items during period					
Issuance of new shares	22	22			44
Change of scope of consolidation			209		209
Dividends of surplus			(1,192)		(1,192)
Profit attributable to owners of parent			3,318		3,318
Purchase of treasury shares				(8)	(8)
Disposal of treasury shares				400	400
Retirement of treasury shares					-
Net changes of items other than shareholders' equity					
Total changes of items during period	22	22	2,336	392	2,773
Balance at end of current period	7,437	6,488	47,864	(787)	61,003

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,195	(2,045)	983	133	1,086	59,449
Changes of items during period						
Issuance of new shares						44
Change of scope of consolidation		(16)		(16)		193
Dividends of surplus						(1,192)
Profit attributable to owners of parent						3,318
Purchase of treasury shares						(8)
Disposal of treasury shares						400
Retirement of treasury shares						-
Net changes of items other than shareholders' equity	(738)	(1,001)	(289)	(2,029)	29	(2,000)
Total changes of items during period	(738)	(1,018)	(289)	(2,046)	29	756
Balance at end of current period	456	(3,063)	693	(1,913)	1,115	60,205

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For the fiscal year ended June 30,2018	For the fiscal year ended June 30,2019
Cash flows from operating activities		
Income (loss) before income taxes	7,165	5,584
Depreciation	1,668	1,710
Amortization of goodwill	474	482
Loss (gain) on sales of investment securities	(63)	12
Loss (gain) on valuation of investment securities	154	311
Share of loss (gain) of entities accounted for using equity method	-	129
Loss (gain) on sales of property, plant and equipment	(1,283)	(781)
Increase (decrease) in allowance for doubtful accounts	85	113
Increase (decrease) in provision for bonuses	508	130
Increase (decrease) in provision for loss on construction contracts	122	(57)
Interest and dividend income	(446)	(336)
Decrease (increase) in notes and accounts receivable - trade	(8,086)	(2,917)
Decrease (increase) in inventories	3,797	2,282
Increase (decrease) in notes and accounts payable - trade	159	588
Increase (decrease) in accounts payable - other	415	(181)
Increase (decrease) in advances received	(2,079)	(2,016)
Decrease (increase) in consumption taxes refund receivable	(828)	477
Other, net	(668)	(511)
Subtotal	1,094	5,020
Interest and dividend income received	491	186
Interest expenses paid	(215)	(265)
Income taxes paid	(1,973)	(1,831)
Net cash provided by (used in) operating activities	(602)	3,109
Cash flows from investing activities		
Net decrease (increase) in time deposits	1,352	679
Purchase of property, plant and equipment	(3,322)	(3,686)
Proceeds from sales of property, plant and equipment	2,339	1,846
Purchase of intangible assets	(277)	(159)
Purchase of investment securities	(1,592)	(179)
Proceeds from sales of investment securities	2,857	558
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(581)	(2,685)
Payments of loans receivable	(790)	(600)
Collection of loans receivable	992	-
Other, net	-	721
Net cash provided by (used in) investing activities	977	(3,504)

(Millions of yen)

	For the fiscal year ended June 30,2018	For the fiscal year ended June 30,2019
Cash flows from financing activities		
Proceeds from long-term loans payable	-	1,294
Repayments of long-term loans payable	(2,100)	(2,393)
Proceeds from sales of treasury shares	294	400
Purchase of treasury shares	(25)	(8)
Cash dividends paid	(1,192)	(1,188)
Other, net	(37)	(42)
Net cash provided by (used in) financing activities	(3,062)	(1,936)
Effect of exchange rate change on cash and cash equivalents	(22)	(309)
Net increase (decrease) in cash and cash equivalents	(2,709)	(2,641)
Cash and cash equivalents at beginning of period	17,083	15,233
Increase in cash and cash equivalents from newly consolidated subsidiaries	860	71
Cash and cash equivalents at end of period	15,233	12,663

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Changes in Accounting Policies that are difficult to distinguish from Changes in Accounting Estimates, and Changes in Accounting Estimates)

(Change in depreciation method for property, plant and equipment)

We took the opportunity provided by drawing up the Medium-term Management Plan, whose first year is the current fiscal year, to investigate the status of property, plant and equipment usage. As a result, because it is expected that the economic benefit derived from property, plant and equipment assets will be consumed equally over its useful life at the Company and some of its domestic subsidiaries, from the current fiscal year the depreciation method for property, plant and equipment has been changed from the declining-balance method to the straight-line method, and costs have been allocated more appropriately.

Also, as a consequence of this change in the depreciation method, for certain property, plant and equipment assets, upon consideration of the price at the time of retirement, the residual value has been changed to a memorandum of value.

As a result of this change, the depreciation expenses for the current fiscal year decreased by ¥36 million, and each of operating income, ordinary income, and income before income taxes increased by ¥36 million from the amounts based on the previous method.

(Segment Information)

1. Outline of reportable segments

(1) Method of determination of reportable segments

Reportable segments of the Company are determined as segments whose separate financial information is accessible from among the constituent units of the Company and are periodically used by the Board of Directors to determine the allocation of management resources and to evaluate achievements.

The Company has business headquarters separated by type of products and services. Each business headquarters formulates a comprehensive strategy based on the products and services and engages in conducting business activities.

In line with the above, the Company is composed of segments divided by products and services, with each business headquarters serving as the foundation, and the six reportable segments are “Domestic Consulting Operations”, “International Consulting Operations”, “Power Engineering Operations”, “Urban & Spatial Development Operations”, “Energy Business Operations”, and “Real Estate Leasing Operations”.

(2) Types of products and services by reportable segment

“Domestic Consulting Operations” engages in businesses within Japan such as site surveying, planning, evaluation/assessment, designing, construction management, operational advice in the fields of water resources development, energy development, agricultural development, transportation, urban and regional development, management of natural and social environment, etc.

“International Consulting Operations” engages in businesses outside of Japan such as technical studies, planning, reviews, designing, construction supervision, operational advice in the fields of water resources development, energy development, agricultural development, transportation, urban and regional development, social development, management of natural and social environment, etc.

“Power Engineering Operations” engages in manufacturing and sale of control devices and systems for power generating and transforming stations, water turbines, power generators, voltage converters, electric power related equipment such as line taps for power transmission and distribution networks. It also engages in designing and implementation of various construction works for electric power and general electric facilities, including construction for power generation/transformation/transmission/distribution and civil engineering.

“Urban & Spatial Development Operations” engages in urban and spatial development business that includes urban planning and architectural design.

“Energy Business Operations” engages in research, development, design, construction, management, operation, support and system/technology development of power generation/energy management operations utilizing distributed energy resources.

“Real Estate Leasing Operations” engages in the leasing of real estate within Japan.

2. Calculation methods for net sales, income or loss, assets, and other items by reportable segment

Accounting treatments for reportable business segments closely match those shown in “Basic Principles for Preparation of Consolidated Financial Statements.”

Inter-segment net sales and transfers are based on the third-party transaction prices.

In addition, from the beginning of the fiscal year ended June 30, 2019, the Company has adapted “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No.28, February 16, 2018), etc. The accounting standard is retrospectively applied to the segment assets as of June 30, 2018.

3. Net sales, income or loss, assets, and other items by reportable segment

For the fiscal year ended June 30, 2018

(Millions of yen)

	Reportable segment							Others (Note)	Total
	Domestic Consulting Operations	International Consulting Operations	Power Engineering Operations	Urban & Spatial Development Operations	Energy Business Operations	Real Estate Leasing Operations	Subtotal		
Net sales									
Net sales to external customers	46,595	28,889	15,762	13,040	354	440	105,083	940	106,023
Inter-segment sales or transfers	429	47	270	26	-	164	939	1,029	1,968
Total	47,025	28,937	16,032	13,067	354	605	106,022	1,970	107,992
Segment profit (loss)	4,140	2,417	1,987	197	(52)	403	9,093	(2,411)	6,681
Segment assets	19,668	24,724	8,989	22,388	4,982	4,198	84,952	39,672	124,624
Other items									
Depreciation	178	82	244	639	120	37	1,303	385	1,688
Amortization of goodwill	-	-	-	474	-	-	474	-	474
Interest income	22	54	3	42	2	0	126	322	448
Interest expenses	53	151	52	167	41	-	466	63	530
Increase in property, plant and equipment and intangible assets	155	166	213	178	48	-	761	2,785	3,547

Notes: 1. "Others" refers to a group of operations from which no profits are gained or that produce only incidental gains.

2. Increase in property, plant and equipment and intangible assets does not include an increase due to the new consolidation.

For the fiscal year ended June 30, 2019

(Millions of yen)

	Reportable segment							Others (Note)	Total
	Domestic Consulting Operations	International Consulting Operations	Power Engineering Operations	Urban & Spatial Development Operations	Energy Business Operations	Real Estate Leasing Operations	Subtotal		
Net sales									
Net sales to external customers	49,593	24,928	16,531	15,359	719	439	107,572	1,016	108,589
Inter-segment sales or transfers	742	72	505	140	-	164	1,626	972	2,598
Total	50,335	25,001	17,037	15,500	719	604	109,199	1,989	111,188
Segment profit (loss)	4,976	574	2,047	114	(391)	731	8,052	(2,416)	5,635
Segment assets	20,590	23,181	10,639	23,311	5,461	4,482	87,666	41,033	128,700
Other items									
Depreciation	159	77	232	719	138	36	1,363	358	1,722
Amortization of goodwill	-	-	-	482	-	-	482	-	482
Interest income	24	52	4	47	124	0	253	380	633
Interest expenses	73	194	79	220	38	-	606	80	687
Increase in property, plant and equipment and intangible assets	228	113	213	206	5	1	768	3,187	3,956

Notes: 1. "Others" refers to a group of operations from which no profits are gained or that produce only incidental gains.

2. Increase in property, plant and equipment and intangible assets does not include an increase due to the new consolidation.

4. Differences between the total amount of reportable segments and the amounts in consolidated financial statements, and major breakdown of such differences (reconciliation)

(Millions of yen)

Net sales	Previous fiscal year	Current fiscal year
Reportable segment total	106,022	109,199
Net sales of “others” category	1,970	1,989
Elimination of inter-segment transactions	(1,968)	(2,598)
Net sales on consolidated financial statements	106,023	108,589

(Millions of yen)

Income	Previous fiscal year	Current fiscal year
Reportable segment total	9,093	8,052
Loss of “others” category (Note)	(2,411)	(2,416)
Elimination of inter-segment transactions	40	(51)
Ordinary income on consolidated financial statements	6,721	5,584

Note: Loss of “others” category includes corporate expenses such as general and administrative expenses that are not attributable to any reportable segment.

(Millions of yen)

Assets	Previous fiscal year	Current fiscal year
Reportable segment total	84,952	87,666
Assets of “others” category (Note)	39,672	41,033
Elimination of inter-segment transactions	(10,734)	(15,525)
Total assets on consolidated financial statements	113,890	113,175

Note: Assets of “others” category includes corporate assets such as land, buildings, and investment securities that are not attributable to any reportable segment.

(Millions of yen)

Other items	Reportable segment total		Others		Adjustment amount		Amount recorded on consolidated financial statements	
	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year
Depreciation	1,303	1,363	385	358	(20)	(12)	1,668	1710
Amortization of goodwill	474	482	-	-	-	-	474	482
Interest income (Note)	126	253	322	380	(307)	(410)	140	223
Interest expenses (Note)	466	606	63	80	(307)	(410)	222	277
Increase in property, plant and equipment and intangible assets	761	768	2,785	3,187	-	-	3,547	3,956

Note: The content of adjustments in “interest income” and “interest expenses” are primarily the elimination of internal interest used for the purposes of managerial accounting.

[Related Information]

For the fiscal year ended June 30, 2018 (from July 1, 2017 to June 30, 2018)

1. Information by product and service

Statement is omitted, as similar information is disclosed in Segment Information.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	Asia	Middle East	Africa	Latin America	Europe	Other	Total
62,314	18,633	1,796	3,780	6,845	12,221	433	106,023

Notes: 1. Net sales are classified based on the location where services are rendered.

2. Method of classifying countries or regions, and primary countries or regions attributable to each area:

(1) Method of classifying countries or regions:

By geographical proximity.

(2) Primary countries or regions attributable to each area, excluding Japan:

Asia: India, Bangladesh, Vietnam

Middle East: Iraq, UAE, Iran

Africa: Sudan, Kenya, Senegal

Latin America: Peru, El Salvador, Colombia

Europe: United Kingdom, Ireland, Netherlands

Other: Papua New Guinea, Ukraine, Tuvalu

(2) Property, plant and equipment

Disclosure is omitted, as the amount of property, plant and equipment within Japan amounts to over 90% of the total property, plant and equipment on the consolidated balance sheets.

3. Information on major customers

(Millions of yen)

Name of customer	Net sales	Related segment name
Ministry of Land, Infrastructure, Transport and Tourism	16,187	Domestic Consulting Operations
Japan International Cooperation Agency	13,780	International Consulting Operations
TEPCO Power Grid, Incorporated	5,606	Power Engineering Operations

For the fiscal year ended June 30, 2019 (from July 1, 2018 to June 30, 2019)

1. Information by product and service

Statement is omitted, as similar information is disclosed in Segment Information.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	Asia	Middle East	Africa	Latin America	Europe	Other	Total
66,924	16,091	1,617	3,881	5,174	13,336	1,564	108,589

Notes: 1. Net sales are classified based on the location where services are rendered.

2. Method of classifying countries or regions, and primary countries or regions attributable to each area:

(1) Method of classifying countries or regions:

By geographical proximity.

(2) Primary countries or regions attributable to each area, excluding Japan:

Asia: India, Bangladesh, Myanmar

Middle East: Iraq, Iran, Palestine

Africa: Kenya, Senegal, Sudan

Latin America: Peru, El Salvador, Panama

Europe: United Kingdom, Ireland, Netherlands

Other: Canada, Ukraine, Papua New Guinea

(2) Property, plant and equipment

Disclosure is omitted, as the amount of property, plant and equipment within Japan amounts to over 90% of the total property, plant and equipment on the consolidated balance sheets.

3. Information on major customers

(Millions of yen)

Name of customer	Net sales	Related segment name
Ministry of Land, Infrastructure, Transport and Tourism	17,507	Domestic Consulting Operations
Japan International Cooperation Agency	8,772	International Consulting Operations
TEPCO Power Grid, Incorporated	5,027	Power Engineering Operations

[Information on Impairment Loss of Non-Current Assets by Reportable Segment]

For the fiscal year ended June 30, 2018 (from July 1, 2017 to June 30, 2018)

There is no relevant information.

For the fiscal year ended June 30, 2019 (from July 1, 2018 to June 30, 2019)

There is no relevant information.

[Information on Amortization of Goodwill and Unamortized Balances by Reportable Segment]

For the fiscal year ended June 30, 2018 (from July 1, 2017 to June 30, 2018)

(Millions of yen)

	Reportable segment							Others	Corporate and eliminations	Total
	Domestic Consulting Operations	International Consulting Operations	Power Engineering Operations	Urban & Spatial Development Operations	Energy Business Operations	Real Estate Leasing Operations	Subtotal			
Year-end Balance of Goodwill	-	-	-	8,185	-	-	8,185	-	-	8,185

Note: Amounts for the amortization of goodwill are not stated as identical information is disclosed in Segment Information.

For the fiscal year ended June 30, 2019 (from July 1, 2018 to June 30, 2019)

(Millions of yen)

	Reportable segment							Others	Corporate and eliminations	Total
	Domestic Consulting Operations	International Consulting Operations	Power Engineering Operations	Urban & Spatial Development Operations	Energy Business Operations	Real Estate Leasing Operations	Subtotal			
Year-end Balance of Goodwill	-	-	-	8,193	-	-	8,193	-	-	8,193

Note: Amounts for the amortization of goodwill are not stated as identical information is disclosed in Segment Information.

[Information on Gain on Bargain Purchase by Reportable Segment]

For the fiscal year ended June 30, 2018 (from July 1, 2017 to June 30, 2018)

There is no relevant information.

For the fiscal year ended June 30, 2019 (from July 1, 2018 to June 30, 2019)

There is no relevant information.

(Per Share Information)

	For the fiscal year ended June 30, 2018	For the fiscal year ended June 30, 2019
Net assets per share	¥3, 755.55	¥3, 767.50
Net income per share	¥294.12	¥212.50

Notes: 1. Diluted net income per share is not stated as there are no dilutive shares.

2. The basis for the calculation of net income per share is as follows.

	For the fiscal year ended June 30, 2018	For the fiscal year ended June 30, 2019
Net income attributable to owners of parent (Millions of yen)	4,555	3,318
Amount not attributable to common shareholders (Millions of yen)	-	-
Net income attributable to owners of parent relating to common stock (Millions of yen)	4,555	3,318
Average number of shares of common stock during the period (Shares)	15,490,332	15,616,157

Notes: 3. Regarding the Company's stock held in trust as treasury shares in shareholders' equity, for the purposes of calculating the amounts of net income per share, these are included in treasury shares that are eliminated for calculating the average number of shares during the period, and for the purposes of calculating the amounts of net assets per share, these are included in the number of treasury shares eliminated from the total number of issued shares at the end of the period.

For the purposes of calculating the amounts of net income per share, the average number of shares of these eliminated shares of treasury shares was 406,664 shares for the fiscal year ended June 30, 2018, and 291,635 shares for the fiscal year ended June 30, 2019, and for the purposes of calculating the amounts of net assets per share, the number of shares at the end of each fiscal year of these eliminated shares of treasury shares was 358,200 shares for the fiscal year ended June 30, 2018, and 226,100 shares for the fiscal year ended June 30, 2019, respectively.

(Significant Subsequent Events)

Purchase of treasury shares

At the meeting of Board of Directors held on August 13, 2019, the Company resolved as follows regarding matters concerning the acquisition of treasury shares in accordance with the provisions of Article 156 of the Companies Act, which shall be applied mutatis mutandis pursuant to the provision of Paragraph 3 of Article 165 of the same Act.

1. Reason for the acquisition of treasury shares

To raise the value per share of stock by improving capital efficiency and enhancing shareholder return.

2. Details of matters pertaining to the acquisition

(1) Type of shares to be acquired

Common stock of the Company

(2) Total number of shares available for acquisition

800,000 shares (upper limit) (5.1% of total issued shares (excluding treasury shares))

(3) Total purchase price of shares

¥2 billion (upper limit)

(4) Acquisition period

From August 14, 2019 to June 30, 2020

(5) Acquisition method

Market purchase on the Tokyo Stock Exchange

(i) Plan to acquire up to 500,000 shares of the "(2) Total number of shares available for acquisition" through the Off-Auction Own Share Repurchase Trading (ToSTNeT -3) system.

(ii) Of the "(2) Total number of shares available for acquisition," make a market purchase under the trust method up to the number of shares after deducting the shares acquired pursuant to (i) in the preceding paragraph.

4. Other

(1) Status of Orders and Sales

By Fiscal Year Category / Operation		For the fiscal year ended June 30, 2018		For the fiscal year ended June 30, 2019	
		Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)
Orders received	Domestic Consulting	48,529	46.5	52,855	44.7
	International Consulting	(Note1) 26,716	25.6	(Note2) 28,482	24.1
	Power Engineering	15,943	15.3	15,411	13.1
	Urban & Spatial Development	12,855	12.3	(Note2) 20,510	17.4
	Energy Business	179	0.2	723	0.6
	Real Estate Leasing	-	-	-	-
	Others	(Note1) 126	0.1	100	0.1
	Total	104,350	100.0	118,085	100.0
Net sales 1	Domestic Consulting	48,784	46.0	52,183	48.1
	International Consulting	30,703	29.0	26,424	24.3
	Power Engineering	12,616	11.9	13,441	12.4
	Urban & Spatial Development	12,998	12.3	15,337	14.1
	Energy Business	354	0.3	641	0.6
	Real Estate Leasing	440	0.4	439	0.4
	Others	125	0.1	120	0.1
	Total	106,023	100.0	108,589	100.0
Net sales 2	Domestic Consulting	46,595	43.9	49,593	45.7
	International Consulting	28,889	27.3	24,928	23.0
	Power Engineering	15,762	14.9	16,531	15.2
	Urban & Spatial Development	13,040	12.3	15,359	14.1
	Energy Business	354	0.3	719	0.7
	Real Estate Leasing	440	0.4	439	0.4
	Others	940	0.9	1,016	0.9
	Total	106,023	100.0	108,589	100.0
By period Category / Operation		For the fiscal year ended June 30, 2018		For the fiscal year ended June 30, 2019	
		Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)
impact of foreign exchange fluctuations	Domestic Consulting	-		-	
	International Consulting	(1,036)		(563)	
	Power Engineering	0		-	
	Urban & Spatial Development	(57)		(982)	
	Energy Business	-		-	
	Real Estate Leasing	-		-	
	Others	-		-	
	Total	(1,093)		(1,545)	
Outstanding orders	Domestic Consulting	31,078	25.0	31,750	23.9
	International Consulting	66,345	53.5	67,840	51.1
	Power Engineering	13,034	10.5	15,004	11.3
	Urban & Spatial Development	13,488	10.9	17,679	13.3
	Energy Business	116	0.1	522	0.4
	Real Estate Leasing	-	-	-	-
	Others	24	0.0	5	0.0
	Total	124,087	100.0	132,801	100.0

Notes: 1. This includes the unfilled orders at the beginning of consolidation for Myanmar Koei International Ltd. and DSI Inc., which were consolidated from the previous fiscal year.

2. This includes the unfilled orders at the beginning of consolidation for Nippon Koei Mozambique Limitada, Kisho Kurokawa architect & associates, and Quadrangle Architects Limited which were consolidated from the current fiscal year.

3. The above amounts are exclusive of consumption tax and other taxes.

4. The above amounts are for external customers, and do not include inter-segment transactions or transfers.

5. Net sales 1 is by segment which received orders. Net sales 2 is by segment which provided services.

(2) Changes in Directors and Company Auditors

1. Change of Representative Director

There is no relevant information.

2. Change of Other Directors and Company Auditors

The proposal for the selection of an Audit & Supervisory Board Member was approved by the meeting of the Board of Directors held today.

It will be implemented on September 26, 2019, after the necessary procedures (a resolution of the general shareholder's meeting, etc.).

1) Candidate for a new Audit & Supervisory Board Member (scheduled to take office on September 26, 2019)

Outside Audit & Supervisory Board Member: Kunio Okamura

Short biography of the candidate

April 1979	Overseas Economic Cooperation Fund
October 2008	Director General, Operations Strategy Department, JICA*
June 2012	Senior Special Advisor, JICA
April 2015	Resigned as Senior Special Advisor, JICA
April 2015	Ambassador Extraordinary and Plenipotentiary of Japan to Republic of Cameroon, Ministry of Foreign Affairs
November 2016	Ambassador Extraordinary and Plenipotentiary of Japan to Republic of Cameroon and Central African Republic, Ministry of Foreign Affairs
October 2018	Retired from Ministry of Foreign Affairs

*JICA stands for Japan International Cooperation Agency

2) Resigning Audit & Supervisory Board Member (scheduled to resign on September 26, 2019)

Outside Audit & Supervisory Board Member: Izumi Arai