

# Consolidated Financial Results for the Fiscal Year Ended June 30, 2018 [Japanese GAAP]



August 13, 2018

**Company name: Nippon Koei Co., Ltd.**

Stock exchange listing: Tokyo Stock Exchange

Code number: 1954

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

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Scheduled date of holding general shareholder's meeting: September 27, 2018

Scheduled date of commencing dividend payments: September 7, 2018

Scheduled date of filing securities report: September 28, 2018

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, 2018 (July 1, 2017 to June 30, 2018)**

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

Fiscal year ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2018	106,023	4.6	6,561	20.1	6,721	12.8	4,555	38.5
June 30, 2017	101,338	23.8	5,464	15.7	5,958	36.5	3,288	80.3

(Note) Comprehensive income: Fiscal year ended June 30, 2018 : ¥4,698 million [ 29.1%]

Fiscal year ended June 30, 2017 : ¥3,639 million [ - %]

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, 2018	294.12	-	8.1	5.9	6.2
June 30, 2017	213.39	-	6.2	5.5	5.4

(Reference) Income from investment in affiliates (Equity method): Fiscal year ended June 30, 2018: -

Fiscal year ended June 30, 2017: -

(Note) The Company conducted a share consolidation at a rate of one share for every five shares on January 1, 2017. The figures for "Net income per share" are amounts on the assumption that the Company conducts the share consolidation on the beginning of previous fiscal year.

**(2) Consolidated Financial Position**

Fiscal year ended	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
June 30, 2018	114,506	59,449	51.0	3,755.55
June 30, 2017	113,865	54,874	47.9	3,530.44

(Reference) Equity: Fiscal year ended June 30, 2018 : ¥58,363 million

Fiscal year ended June 30, 2017 : ¥54,508 million

(Note) The Company conducted a share consolidation at a rate of one share for every five shares on January 1, 2017. The figures for "Net assets per share" are amounts on the assumption that the Company conducts the share consolidation on the beginning of previous fiscal year.

**(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, 2018	(602)	977	(3,062)	15,233
June 30, 2017	6,376	(4,172)	4,846	17,083

## 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, 2017	-	-	-	75.00	75.00	1,192	35.1	2.2
Fiscal year ended June 30, 2018	-	-	-	75.00	75.00	1,192	25.5	2.1
Fiscal year ending June 30, 2019 (Forecast)	-	-	-	75.00	75.00		28.4	

(Notes)

1. "Total dividends paid (annual)" includes dividends on the Company's shares held by the Employee Share Ownership Plan (ESOP) trust.
2. The Company conducted a share consolidation at a rate of one share for every five shares on January 1, 2017.

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2019 (July 1, 2018 to June 30, 2019)

(% indicates changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	115,000	8.5	6,200	(5.5)	6,100	(9.2)	4,100	(10.0)	263.82

### \* Notes

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes  
New companies: 2 (IRONMONT HYDRO PTE. LTD., ACEI SINGAPORE HOLDINGS PRIVATE LTD.)  
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: None
  - 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, 2018	: 15,905,049 shares
Fiscal year ended June 30, 2017	: 17,331,302 shares
  - 2) Total number of treasury stock at the end of the period
 

Fiscal year ended June 30, 2018	: 364,422 shares
Fiscal year ended June 30, 2017	: 1,891,831 shares
  - 3) Average number of shares during the period
 

Fiscal year ended June 30, 2018	: 15,490,332 shares
Fiscal year ended June 30, 2017	: 15,410,873 shares

(Note) The Company conducted a share consolidation at a rate of one share for every five shares on January 1, 2017. The figures for "Total number of issued shares at the end of the period", "Total number of treasury stock at the end of the period" and "Average number of shares during the period" are amounts on the assumption that the Company conducts the share consolidation on the beginning of previous fiscal year.

**(Reference) Nonconsolidated Financial Results****1. Nonconsolidated Financial Results for the Fiscal Year Ended June 30, 2018 (July 1, 2017 to June 30, 2018)**

(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, 2018	64,782	4.9	3,478	16.3	4,007	4.9	2,920	26.9
June 30, 2017	61,734	2.3	2,991	(8.7)	3,820	7.7	2,302	37.2

Fiscal year ended	Net income per share	Diluted net income per share
	Yen	Yen
June 30, 2018	188.56	-
June 30, 2017	149.38	-

(Note) The Company conducted a share consolidation at a rate of one share for every five shares on January 1, 2017. The figures for “Net income per share” are amounts on the assumption that the Company conducts the share consolidation on the beginning of previous fiscal year.

## (2) Nonconsolidated Financial Position

Fiscal year ended	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
June 30, 2018	96,402	53,012	55.0	3,411.24
June 30, 2017	96,275	50,792	52.8	3,289.80

(Reference) Equity: Fiscal year ended June 30, 2018: ¥53,012 million

Fiscal year ended June 30, 2017: ¥50,792 million

(Note) The Company conducted a share consolidation at a rate of one share for every five shares on January 1, 2017. The figures for “Net assets per share” are amounts on the assumption that the Company conducts the share consolidation on the beginning of previous fiscal year.

**2. Nonconsolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2019 (July 1, 2018 to June 30, 2019)**

(% 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
	70,800	9.3	3,300	(17.6)	2,500	(14.4)	160.87

\* 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 August 29, 2018. The financial briefing materials to be distributed at this briefing session will be subsequently posted on the Company’s website.

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## 1. Overview of Operating Results, etc.

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

During the fiscal year (from July 1, 2017 to June 30, 2018), Japan's economy continued on a moderate recovery path with signs of private consumption picking up against the background of steady improvements in employment and income. In addition, overseas economies saw a modest recovery, though consideration must be given to the uncertainties about policies observed globally originating from the United States and Europe and the economic future in Asia.

The business environment of Nippon Koei Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") continued to be stable, and each business segment saw steady demand. The Group undertook measures for disaster prevention and mitigation, and measures to prevent deterioration of infrastructure for public works projects in the Domestic Consulting Operations, promoted strategic exporting of infrastructure systems by the Japanese government in the International Consulting Operations, renewed power distribution equipment in the Power Engineering Operations and newly built and renovated a public architectural installation in the UK, which was the major area for BDP Holdings Limited and its subsidiaries (together, "BDP") in the Urban & Spatial Development Operations.

Under these circumstances, based on the Medium-Term Management Plan "NK-AIM" (from July 2015 to June 2018), with the fundamental principles of "Sustainable growth of three core businesses," "Generation and expansion of new businesses," and "Autonomy and collaboration," the Group tackled the three focus themes of "Further advance of global expansion," "Further expansion of business fields and improvement of profitability by intensifying existing core businesses," and "Demonstrating the true merits of aggregated technologies for establishment of new business domains." Moreover, as group-wide measures to realize these goals, the Group actively advanced "Development of next-generation core technologies and further improvement of technical strengths and productivity," "Strengthening of human resource recruitment and training," and "Promotion of collaboration and enhancement of corporate governance."

As a result of the above, Group performance during the fiscal year ended June 30, 2018 saw orders received decreasing 11.1% to ¥104,350 million from the previous year when there were contributions from large-scale projects. Nonetheless, net sales increased 4.6% year on year to ¥106,023 million, operating income increased 20.1% year on year to ¥6,561 million, ordinary income increased 12.8% year on year to ¥6,721 million, and profit attributable to owners of parent increased 38.5% to ¥4,555 million.

The Group's accounting method for net sales has been changed from the completed-contract method to the percentage-of-completion method effective from the fiscal year ended June 30, 2018. However, this new method was not retroactively applied to the previous fiscal year and before, so comparison with the current fiscal year is conducted on the assumption that the previous completed-contract method has been applied to the previous fiscal year.

Moreover, in April 2018, we established the Energy Business Division with its business domains of electric power generation and energy management using distributed energy resources, and therefore added "Energy Business Operations" to the reporting segments.

Business results for each segment are as follows:

#### [Domestic Consulting Operations]

The Domestic Consulting Operations worked to increase its business areas and market shares by specifying significant businesses, improving quality of service and profitability by restructuring work procedures, and effectively entering into alliances.

As a result, orders received increased 0.5% year on year to ¥48,529 million. Net sales increased 7.1% year on year to ¥46,595 million, operating income increased 29.7% year on year to ¥4,279 million and ordinary income increased 25.5% year on year to ¥4,140 million.

#### [International Consulting Operations]

The International Consulting Operations worked to improve operation strategy functions focusing on regional officers, strengthen the production system, develop foundations to manage revenues, safety and crisis of large-scale projects, and strengthen the capabilities of and cooperation with Group companies.

As a result, while orders received decreased 35.7% to ¥26,716 million from the previous year when there were contributions from large-scale projects, net sales increased 18.0% year on year to ¥28,889 million, operating income increased 40.4% year on year to ¥2,649 million and ordinary income increased 36.4% year on year to ¥2,417 million.

#### [Power Engineering Operations]

In the Power Engineering Operations, we worked to increase cost competitiveness through strict cost reductions, strengthen sales and marketing capabilities through proposing cost reduction plans, enhance fusion and cooperation among the business areas of consulting, manufacturing, and construction, promote the development of products and technology, and reinforce and expand the mechanical and electromechanical consulting division.

As a result, orders received increased 13.2% year on year to ¥15,943 million. Net sales decreased 10.3% year on year to ¥15,762 million, operating income decreased 30.2% year on year to ¥1,873 million and ordinary income decreased 25.0% year on year to ¥1,987 million due to the lower level of outstanding orders as of the end of the previous fiscal year compared to previous years and the rising number of projects carried forward to the next fiscal year.

#### [Urban & Spatial Development Operations]

The Urban & Spatial Development Operations strove to expand the scope of business in the urban development and architectural design area by growing businesses within the UK through BDP and collaborating among group companies beyond segments in the Asian region.

As a result, orders received decreased 4.5% year on year to ¥12,855 million. Moreover, although net sales decreased 9.1% year on year to ¥13,040 million, operating income increased 113.8% year on year to ¥173 million, and ordinary income increased 240.4% year on year to ¥197 million.

Due to the change of BDP's accounting period during the previous consolidated fiscal year, BDP's performance for 15 months was consolidated in the previous fiscal year.

#### [Energy Business Operations]

The Energy Business Operations promoted development and operations of distributed energy resources centered on renewable energies such as hydroelectric power generation in Japan and abroad as well as energy management business including frequency control services, supply/demand balancing services and energy-saving service.

As a result, we saw orders received of ¥179 million, net sales of ¥354 million, operating loss of ¥18 million and ordinary loss of ¥52 million.

#### [Real Estate Leasing Operations]

In the Real Estate Leasing Operations, net sales decreased 7.1% year on year to ¥440 million, operating income and ordinary income increased 0.6% year on year to ¥403 million.

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

Total assets as of the end of the current fiscal year amounted to ¥114,506 million, an increase of ¥641 million from the end of the previous fiscal year.

In the Assets section, current assets were ¥55,258 million, an increase of ¥459 million from the end of the previous fiscal year. This was mainly due to a ¥3,201 million decrease in cash and deposits and a ¥3,784 million decrease in work in process, while a ¥8,123 million increase in notes and accounts receivable-trade.

Non-current assets were ¥59,248 million, an increase of ¥181 million from the end of the previous fiscal year. This was mainly due to a ¥1,050 million decrease in land, a ¥500 million decrease in goodwill, a ¥1,314 million decrease in investment securities and a ¥665 million decrease in long-term loans receivable, while a ¥907 million increase in

machinery, equipment and vehicles and a ¥2,704 million increase in construction in progress caused by reconstruction of the headquarters building.

In the Liabilities section, current liabilities were ¥28,441 million, a decrease of ¥1,899 million from the end of the previous fiscal year. This was mainly due to a ¥494 million increase in provision for bonuses, while a ¥2,103 million decrease in advances received.

Non-current liabilities were ¥26,615 million, a decrease of ¥2,034 million from the end of the previous fiscal year. This was mainly due to a ¥524 million increase in deferred tax liabilities, while a ¥2,479 million decrease in long-term loans payable.

Net assets were ¥59,449 million, an increase of ¥4,575 million from the end of the previous fiscal year. The primary factors behind this were ¥4,555 million in profit attributable to owners of parent and ¥1,192 million in cash dividends paid.

As a result, the shareholders' equity ratio increased 3.1 percentage points from the end of the previous fiscal year to 51.0%.

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

Cash and cash equivalents at the end of the current fiscal year was ¥15,233 million, a decrease of ¥1,849 million from the end of the previous fiscal year. The primary factors were as follows.

Net cash used in operating activities was ¥602 million (a net inflow of ¥6,376 million during the previous fiscal year). This was mainly due to profit before income taxes of ¥7,165 million, and a ¥8,086 million increase in notes and accounts receivable-trade.

Net cash provided by investing activities was ¥977 million (a net outflow of ¥4,172 million during the previous fiscal year). This was mainly due to the sales of property, plant and equipment.

Net cash used in financing activities was ¥3,062 million (a net inflow of ¥4,846 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 2014	Fiscal Year Ended June 2015	Fiscal Year Ended June 2016	Fiscal Year Ended June 2017	Fiscal Year Ended June 2018
Equity ratio (%)	62.4	62.6	50.6	47.9	51.0
Equity ratio on market value basis (%)	50.0	43.7	23.6	43.3	36.4
Interest-bearing debt to cash flow ratio (years)	1.8	1.9	46.1	3.6	-
Interest coverage ratio (times)	29.3	18.0	7.1	31.7	-

Equity ratio: Shareholders' 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

With regard to the business environment of the Group going forward, in the Domestic Consulting Operations, the public works budget is expected to remain unchanged from the initial budget. In the International Consulting Operations, an increase in demand is expected as the Japanese government promotes a strategy to export infrastructure systems. In the Power Engineering Operations, new business opportunities will be created with the acceleration of changes in markets due to electric power system reform, etc., in Japan, while a highly competitive environment is expected for renewal, etc., of existing power facilities, with the continued requests for cost reductions. In the Urban & Spatial Development Operations, although the impact of Brexit on demand for architectural design in the UK is a concern, infrastructure demand centered on Asia is expected to continue. In the Energy Business Operations, increased demand is expected for renewable energy due to low carbonization and energy resources decentralization.

Under such circumstances, the Group has newly formulated the three-year plan “NK-Innovation 2021” starting from the fiscal year ending 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.

Under the new Medium-Term Management Plan “NK-Innovation 2021”, we will endeavor to realize the following:

《Business strategy》

1. Enhancement of operating system for Railways Business
2. Overseas expansion of Urban & Spatial Development Business
3. Establishment of Energy Business
4. Creation of businesses and overseas expansion of Consulting Business
5. Product development and overseas expansion of Power Engineering Business

《Group-wide measures》

1. Establishment of one-stop marketing system
2. Investment in technologies and human resources
3. Enhancement of group governance

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%.

Since the Group is expected to expand its business globally, and as a result, increase the ratio of overseas sales, we will introduce International Financial Reporting Standards (IFRS), aiming to strengthen the management base by standardizing accounting standards within the group, improve international comparability of financial statements, enhance disclosed information, and appropriately evaluate assets including future M&As, etc.

In the fiscal year ending June 2019, which is the first year for the new Medium-Term Management Plan “NK-Innovation 2021,” we will endeavor to strengthen our technology base by reinforcing engineers and accelerating research & development in the Domestic Consulting Operations in partnership with the R&D Center. In the International Consulting Operations, we will engage in strengthening the operating system mainly for the railway business, and thoroughly managing revenues, risks and safety of large-scale projects. In the Power Engineering Operations, we will strive to promote product development through the integrated manufacturing and sales for global expansion, improve price competitiveness by thorough cost reduction, and strengthen sales capabilities. In the Urban & Spatial Development Operations, we will endeavor to expand business in the British Commonwealth of Nations countries and Asian markets. In the Energy Business Operations, we will fully engage in the development of renewable energy business and the energy management business using storage batteries.

The Group will invest in human resources, technologies and new businesses in view of long-term growth, and by promoting these measures, develop a more robust business base and ensure the achievement of the Medium-Term Management Plan.



As a result, the consolidated financial results for the fiscal year ending June 2019 are expected to show net sales of ¥115,000 million (up 8.5% year on year), operating income of ¥6,200 million (down 5.5% year on year), ordinary income of ¥6,100 million (down 9.2% year on year) and profit attributable to owners of parent of ¥4,100 million (down 10.0% year on year).

## 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 fiscal year ending June 30, 2020.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2017	As of June 30, 2018
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	19,593	16,392
Notes and accounts receivable - trade	18,090	26,214
Work in process	11,727	7,942
Diferred tax assets	1,234	994
Other	4,158	3,796
Allowance for doubtful accounts	(6)	(83)
<b>Total current assets</b>	<b>54,798</b>	<b>55,258</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	16,150	17,152
Accumulated depreciation	(10,559)	(11,070)
Buildings and structures, net	5,591	6,082
Machinery, equipment and vehicles	2,613	3,895
Accumulated depreciation	(2,212)	(2,586)
Machinery, equipment and vehicles, net	401	1,308
Tools, furniture and fixtures	4,988	5,008
Accumulated depreciation	(4,414)	(4,385)
Tools, furniture and fixtures, net	574	622
Land	17,648	16,598
Leased assets	176	153
Accumulated depreciation	(109)	(99)
Leased assets, net	67	54
Construction in progress	252	2,957
<b>Total property, plant and equipment</b>	<b>24,535</b>	<b>27,624</b>
<b>Intangible assets</b>		
Goodwill	8,685	8,185
Other	5,214	4,778
<b>Total intangible assets</b>	<b>13,900</b>	<b>12,964</b>
<b>Investments and other assets</b>		
Investment securities	10,491	9,176
Long-term loans receivable	2,344	1,678
Deferred tax assets	1,149	1,134
Net defined benefit assets	3,392	4,079
Other	3,422	2,767
Allowance for doubtful accounts	(168)	(177)
<b>Total investments and other assets</b>	<b>20,630</b>	<b>18,659</b>
<b>Total non-current assets</b>	<b>59,067</b>	<b>59,248</b>
<b>Total assets</b>	<b>113,865</b>	<b>114,506</b>

(Millions of yen)

	As of June 30, 2017	As of June 30, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,012	4,164
Current portion of long-term loans payable	1,760	2,050
Income taxes payable	1,049	1,012
Advances received	10,797	8,693
Provision for bonuses	1,365	1,860
Provision for directors' bonuses	88	83
Provision for loss on construction contracts	54	176
Other	11,211	10,398
Total current liabilities	30,341	28,441
Non-current liabilities		
Long-term loans payable	21,413	18,934
Deferred tax liabilities	2,859	3,383
Provision for directors' retirement benefits	45	32
Provision for environmental measures	34	34
Liability for retirement benefits	3,963	3,873
Other	333	357
Total non-current liabilities	28,650	26,615
Total liabilities	58,991	55,057
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,393	7,415
Capital surplus	7,240	6,466
Retained earnings	43,450	45,528
Treasury shares	(3,607)	(1,180)
Total shareholders' equity	54,477	58,229
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,016	1,195
Foreign currency translation adjustments	(1,813)	(2,045)
Remeasurements of defined benefit plans	828	983
Total accumulated other comprehensive income	30	133
Non-controlling interests	365	1,086
Total net assets	54,874	59,449
<b>Total liabilities and net assets</b>	<b>113,865</b>	<b>114,506</b>

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

(Millions of yen)

	For the fiscal year ended June 30,2017	For the fiscal year ended June 30,2018
Net sales	101,338	106,023
Cost of sales	70,400	73,664
Gross profit	30,937	32,359
Selling, general and administrative expenses	25,472	25,797
Operating income (loss)	5,464	6,561
Non-operating income		
Interest income	165	140
Dividend income	255	305
Other	365	340
Total non-operating income	786	786
Non-operating expenses		
Interest expenses	195	222
Loss on valuation of investment securities	-	154
Foreign exchange losses	-	148
Other	97	101
Total non-operating expenses	292	626
Ordinary income (loss)	5,958	6,721
Extraordinary income		
Gain on sales of property, plant and equipment	-	1,276
Total extraordinary income	-	1,276
Extraordinary losses		
Impairment Loss	225	-
Loss on support to subsidiaries and associates	432	-
Head office transfer cost	105	832
Total extraordinary losses	764	832
Profit (loss) before income taxes	5,194	7,165
Income taxes – current	1,866	1,832
Income taxes – deferred	4	723
Total income taxes	1,870	2,556
Profit (loss)	3,323	4,608
Profit (loss) attributable to		
Profit (loss) attributable to owners of parent	3,288	4,555
Profit (loss) attributable to non-controlling interests	34	52
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	1,025	176
Foreign currency translation adjustments	(1,509)	(241)
Remeasurements of defined benefit plans	799	155
Total other comprehensive income (loss)	316	90
Comprehensive income (loss)	3,639	4,698
Comprehensive income (loss) attributable to		
Owners of parent	3,600	4,680
Non-controlling interests	39	17

## (3) Consolidated Statements of Changes in Equity

For the fiscal year ended June 30, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,393	6,209	40,821	(3,020)	51,403
Changes of items during period					
Issuance of new shares					-
Change of scope of consolidation		311	112		423
Dividends of surplus			(771)		(771)
Profit attributable to owners of parent			3,288		3,288
Purchase of treasury shares				(1,456)	(1,456)
Disposal of treasury shares		720		869	1,589
Retirement of treasury shares					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	1,031	2,628	(586)	3,073
Balance at end of current period	7,393	7,240	43,450	(3,607)	54,477

	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	(8)	(301)	28	(280)	337	51,460
Changes of items during period						
Issuance of new shares						-
Change of scope of consolidation						423
Dividends of surplus						(771)
Profit attributable to owners of parent						3,288
Purchase of treasury shares						(1,456)
Disposal of treasury shares						1,589
Retirement of treasury shares						-
Net changes of items other than shareholders' equity	1,024	(1,512)	799	311	28	340
Total changes of items during period	1,024	(1,512)	799	311	28	3,413
Balance at end of current period	1,016	(1,813)	828	30	365	54,874

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

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended June 30,2017	For the fiscal year ended June 30,2018
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	5,194	7,165
Depreciation	1,720	1,668
Impairment Loss	225	-
Amortization of goodwill	623	474
Loss (gain) on sales of investment securities	(30)	(63)
Loss (gain) on valuation of investment securities	17	154
Loss (gain) on sales of property, plant and equipment	(2)	(1,283)
Increase (decrease) in allowance for doubtful accounts	6	85
Increase (decrease) in provision for bonuses	374	508
Increase (decrease) in provision for loss on construction contracts	(4)	122
Interest and dividend income	(420)	(446)
Decrease (increase) in notes and accounts receivable - trade	(315)	(8,086)
Decrease (increase) in inventories	867	3,797
Increase (decrease) in notes and accounts payable - trade	(1,097)	159
Increase (decrease) in accounts payable - other	(29)	415
Increase (decrease) in advances received	1,914	(2,079)
Decrease (increase) in consumption taxes refund receivable	658	(828)
Other, net	(2,018)	(668)
Subtotal	7,684	1,094
Interest and dividend income received	396	491
Interest expenses paid	(200)	(215)
Income taxes paid	(1,502)	(1,973)
Net cash provided by (used in) operating activities	6,376	(602)
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	(953)	1,352
Purchase of property, plant and equipment	(1,085)	(3,322)
Proceeds from sales of property, plant and equipment	8	2,339
Purchase of intangible assets	(260)	(277)
Purchase of investment securities	(1,518)	(1,592)
Proceeds from sales of investment securities	532	2,857
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(581)
Payments of loans receivable	(880)	(790)
Collection of loans receivable	434	992
Other, net	(450)	0
Net cash provided by (used in) investing activities	(4,172)	977

(Millions of yen)

	For the fiscal year ended June 30,2017	For the fiscal year ended June 30,2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(16,000)	-
Proceeds from long-term loans payable	23,547	-
Repayments of long-term loans payable	(2,008)	(2,100)
Proceeds from sales of treasury shares	1,589	294
Purchase of treasury shares	(1,456)	(25)
Cash dividends paid	(772)	(1,192)
Other, net	(53)	(37)
Net cash provided by (used in) financing activities	4,846	(3,062)
Effect of exchange rate change on cash and cash equivalents	(124)	(22)
Net increase (decrease) in cash and cash equivalents	6,925	(2,709)
Cash and cash equivalents at beginning of period	9,400	17,083
Increase in cash and cash equivalents from newly consolidated subsidiaries	756	860
Cash and cash equivalents at end of period	17,083	15,233



## (5) Notes to Consolidated Financial Statements

### (Notes on Going Concern Assumption)

There is no relevant information.

### (Changes in Accounting Policies)

The Company and domestic subsidiaries previously had been applying the completed-contract method (including partial completed-contract method) in principle when recording net sales of business contracts relating to Domestic Consulting Operations, International Consulting Operations, and Power Engineering Operations. From business contracts effective from the current fiscal year, the method has been changed to the percentage-of-completion method (estimate of the degree of completion is mainly based on the cost to cost method). The previous revenue recognition standard was reviewed again. We considered the increasing opportunities to receive large project orders under the government-led strategic exporting of infrastructure systems and the expansion of the Company's international operations including the acquisition of an architectural firm in the UK. As a result, the Company judged that the percentage-of-completion method would be more appropriate to present its operating results and financial conditions. Relating systems were developed, and taking this as an opportunity, the Company has decided to make such change.

As this change was made possible with the introduction of a new accounting system, using the percentage-of-completion method to calculate retroactively is practically impossible.

Furthermore, since the cumulative impact at the beginning of the current fiscal year cannot be calculated in the case where the system is applied retrospectively, the outstanding balance at the end of the previous fiscal year is treated as the outstanding balance at the beginning of the current fiscal year.

As a result, compared with the previous accounting method, net sales increased by ¥11,338 million, while gross profit, operating income, ordinary income, and profit before income taxes all increased by ¥2,687 million for the fiscal year ended June 30, 2018.

Impacts on segment information and others are stated in the relevant section.

### (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.

(3) Information regarding the addition of reportable segments

In April 2018, we established the Energy Business Division with its business domains of electric power generation and energy management using distributed energy, and therefore added “Energy Business Operations” to the reportable segments.

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.

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

For the fiscal year ended June 30, 2017

(Millions of yen)

	Reportable segment						Others (Note)	Total
	Domestic Consulting Operations	International Consulting Operations	Power Engineering Operations	Urban & Spatial Development Operations	Real Estate Leasing Operations	Subtotal		
Net sales								
Net sales to external customers	43,516	24,491	17,577	14,347	473	100,406	931	101,338
Inter-segment sales or transfers	461	18	236	40	150	907	2	909
Total	43,977	24,510	17,813	14,387	624	101,313	933	102,247
Segment profit (loss)	3,299	1,772	2,649	57	401	8,181	(2,213)	5,968
Segment assets	19,307	22,394	7,868	22,396	5,776	77,742	44,451	122,194
Other items								
Depreciation	157	72	242	760	39	1,272	447	1,720
Amortization of goodwill	-	-	-	623	-	623	-	623
Interest income	21	38	4	46	0	112	315	428
Interest expenses	51	137	52	154	-	397	60	458
Increase in property, plant and equipment and intangible assets	237	113	217	150	0	720	681	1,401

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, 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	24,748	8,989	22,388	4,982	4,198	84,976	40,265	125,241
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.

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	101,313	106,022
Net sales of “others” category	933	1,970
Elimination of inter-segment transactions	(909)	(1,968)
Net sales on consolidated financial statements	101,338	106,023

(Millions of yen)

Income	Previous fiscal year	Current fiscal year
Reportable segment total	8,181	9,093
Loss of “others” category (Note)	(2,213)	(2,411)
Elimination of inter-segment transactions	(9)	40
Ordinary income on consolidated financial statements	5,958	6,721

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	77,742	84,976
Assets of “others” category (Note)	44,451	40,265
Elimination of inter-segment transactions	(8,328)	(10,734)
Total assets on consolidated financial statements	113,865	114,506

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	1,272	1,303	447	385	-	(20)	1,720	1,668
Amortization of goodwill	623	474	-	-	-	-	623	474
Interest income (Note)	112	126	315	322	(262)	(307)	165	140
Interest expenses (Note)	397	466	60	63	(262)	(307)	195	222
Increase in property, plant and equipment and intangible assets	720	761	681	2,785	-	-	1,401	3,547

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.

5. Information regarding changes in reportable segments, etc.

As stated in Changes in Accounting Policies, the accounting policy for business contracts effective from the current fiscal year was changed to the percentage-of-completion method (estimate of degree of completion is mainly based on the cost to cost method). As a result of this change, compared with the previous accounting method, net sales and segment profit increased by ¥3,575 million and ¥611 million for Domestic Consulting Operations, ¥5,937 million and ¥1,522 million for International Consulting Operations, ¥1,639 million and ¥521 million for Power Engineering Operations, and ¥185 million and ¥31 million for Others, respectively, for the fiscal year ended June 30, 2018.

[Related Information]

For the fiscal year ended June 30, 2017 (from July 1, 2016 to June 30, 2017)

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
60,582	15,659	2,168	3,943	5,291	13,340	352	101,338

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: Vietnam, India, Myanmar

Middle East: Iraq, UAE, Iran

Africa: Kenya, Sudan, Mozambique

Latin America: Peru, Panama, Colombia

Europe: United Kingdom, Ireland, Netherlands

Other: Ukraine, Canada, Serbia

(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	14,671	Domestic Consulting Operations
Japan International Cooperation Agency	9,581	International Consulting Operations
TEPCO Power Grid, Incorporated	9,148	Power Engineering Operations

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

#### 4. Information by product and service

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

#### 5. 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.

#### 6. 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

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

For the fiscal year ended June 30, 2017 (from July 1, 2016 to June 30, 2017)

(Millions of yen)

	Reportable segment						Others (Note)	Corporate and eliminations	Total
	Domestic Consulting Operations	International Consulting Operations	Power Engineering Operations	Urban & Spatial Development Operations	Real Estate Leasing Operations	Subtotal			
Impairment Loss	-	-	-	-	48	48	177	-	225

Note: Amounts for "others" are related to assets scheduled for disposal.

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

There is no relevant information.

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

For the fiscal year ended June 30, 2017 (from July 1, 2016 to June 30, 2017)

(Millions of yen)

	Reportable segment						Others	Corporate and eliminations	Total
	Domestic Consulting Operations	International Consulting Operations	Power Engineering Operations	Urban & Spatial Development Operations	Real Estate Leasing Operations	Subtotal			
Balance of goodwill at end of period	-	-	-	8,685	-	8,685	-	-	8,685

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, 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			
Balance of goodwill at end of period	-	-	-	8,185	-	-	8,185	-	-	8,185

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

[Information on Gain from Negative Goodwill by Reportable Segment]

For the fiscal year ended June 30, 2017 (from July 1, 2016 to June 30, 2017)

There is no relevant information.

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

There is no relevant information.

(Per Share Information)

	For the fiscal year ended June 30, 2017	For the fiscal year ended June 30, 2018
Net assets per share	¥3,530.44	¥3,755.55
Net income per share	¥213.39	¥294.12

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 and diluted net income per share is as follows.

	For the fiscal year ended June 30, 2017	For the fiscal year ended June 30, 2018
Profit attributable to owners of parent (Millions of yen)	3,288	4,555
Amount not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent relating to common stock (Millions of yen)	3,288	4,555
Average number of shares of common stock during the period (Shares)	15,410,873	15,490,332

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 96,714 shares for the fiscal year ended June 30, 2017, and 406,664 shares for the fiscal year ended June 30, 2018, 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 455,100 shares for the fiscal year ended June 30, 2017, and 358,200 shares for the fiscal year ended June 30, 2018.

4. The Company conducted a share consolidation at a rate of one share for every five shares on January 1, 2017. The figures for net income per share are amounts on the assumption that the Company conducts the share consolidation on the beginning of previous fiscal year.

5. As stated in Changes in Accounting Policies, the accounting policy for business contracts effective from the current fiscal year was changed to the percentage-of-completion method (estimate of degree of completion is mainly based on the cost to cost method). As a result of this change, compared with the previous accounting method, net income per share increased by ¥117.17 for the fiscal year ended June 30, 2018.

(Significant Subsequent Events)

There is no relevant information.



#### 4. Other

##### (1) Status of Orders and Sales

By period Category / Operation		For the fiscal year ended June 30, 2017		For the fiscal year ended June 30, 2018	
		Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)
Orders received	Domestic Consulting	48,265	41.1	48,529	46.5
	International Consulting	(Note1) 41,573	35.4	(Note2) 26,716	25.6
	Power Engineering	14,087	12.0	15,943	15.3
	Urban & Spatial Development	13,460	11.5	12,855	12.3
	Energy Business	-		179	0.2
	Real Estate Leasing	-		-	
	Others	55	0.0	(Note2) 126	0.1
	Total	117,442	100.0	104,350	100.0
Net sales 1	Domestic Consulting	45,470	44.9	48,784	46.0
	International Consulting	26,384	26.0	30,703	29.0
	Power Engineering	14,583	14.4	12,616	11.9
	Urban & Spatial Development	14,344	14.1	12,998	12.3
	Energy Business	-		354	0.3
	Real Estate Leasing	473	0.5	440	0.4
	Others	81	0.1	125	0.1
	Total	101,338	100.0	106,023	100.0
Net sales 2	Domestic Consulting	43,516	42.9	46,595	43.9
	International Consulting	24,491	24.2	28,889	27.3
	Power Engineering	17,577	17.3	15,762	14.9
	Urban & Spatial Development	14,347	14.2	13,040	12.3
	Energy Business	-		354	0.3
	Real Estate Leasing	473	0.5	440	0.4
	Others	931	0.9	940	0.9
	Total	101,338	100.0	106,023	100.0
By period Category / Operation		For the fiscal year ended June 30, 2017		For the fiscal year ended June 30, 2018	
		Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)
impact of foreign exchange fluctuations	Domestic Consulting	-		-	
	International Consulting	2,177		(1,036)	
	Power Engineering	-		0	
	Urban & Spatial Development	(1,678)		(57)	
	Energy Business	-		-	
	Real Estate Leasing	-		-	
	Others	-		-	
	Total	498		(1,093)	
Outstanding orders	Domestic Consulting	31,333	24.8	31,078	25.0
	International Consulting	71,368	56.6	66,345	53.5
	Power Engineering	9,707	7.7	13,034	10.5
	Urban & Spatial Development	13,688	10.9	13,488	10.9
	Energy Business	-		116	0.1
	Real Estate Leasing	-		-	
	Others	24	0.0	24	0.0
	Total	126,122	100.0	124,087	100.0

Notes: 1. This includes the outstanding orders at the beginning of consolidation for System Science Consultants Inc., which was consolidated from the previous fiscal year.

2. This includes the outstanding orders at the beginning of consolidation for Myanmar Koei International Ltd. and DSI Inc., which was consolidated from the current fiscal year.

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

4. 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. 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 27, 2018, 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 27, 2018)

##### Audit & Supervisory Board Member: Yoshizo Goto

###### Short biography of the candidate

April 1982	Joined the Company
July 2008	General Manager of Logistics & Operations Department of International Consulting Operations of the Company
July 2010	General Manager of Operations Planning Office, International Consulting Operations of the Company
September 2010	General Manager of Revenue Management Office, International Consulting Operations of the Company
October 2011	General Manager of Revenue Management Office and General Manager of Compliance Office, International Consulting Operations of the Company
June 2013	General Manager of Internal Auditing Office of the Company
July 2015	Deputy Director General of International Consulting Operations of the Company
October 2015	Deputy Director General of International Consulting Operations and General Manager of Compliance Office of the Company
July 2017	Deputy Director General of International Consulting Operations, General Manager of Compliance Office and General Manager of Safety & Health Management Office, Technical Management Division of the Company
July 2018	Deputy Director General of International Consulting Operations of the Company (current position)

##### Audit & Supervisory Board Member: Naoki Honjo

###### Short biography of the candidate

April 1978	Joined the Company
July 2008	General Manager of Finance & Accounting Department, Corporate Headquarters of the Company
June 2011	Executive Officer of the Company Deputy Director General of Corporate Headquarters and General Manager of Finance & Accounting Department of the Company
September 2014	Director and Executive Officer of the Company Acting Director General of Corporate Headquarters and General Manager of Finance & Accounting Department of the Company
October 2014	Acting Director General of Corporate Headquarters of the Company
April 2015	Acting Director General of Corporate Headquarters and General Manager of Finance & Accounting Department of the Company
July 2015	Director General of Corporate Headquarters and General Manager of Finance & Accounting Department of the Company
September 2015	Director General of Corporate Headquarters of the Company
September 2017	Special Adviser of the Company (current position)

#### 2) Resigning Audit & Supervisory Board Member (scheduled to resign on September 27, 2018)

##### Audit & Supervisory Board Member: Toshiaki Shimizu