

**Consolidated Financial Results**  
**for the Fiscal Year Ended June 30, 2015**  
**[Japanese GAAP]**



August 12, 2015

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

Stock exchange listing: Tokyo Stock Exchange

Code number: 1954

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

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Scheduled date of holding general shareholder's meeting: September 29, 2015

Scheduled date of commencing dividend payments: September 9, 2015

Scheduled date of filing securities report: September 30, 2015

Availability of supplementary briefing material on financial results: Yes

Schedule of financial results briefing session: Yes (for investors)

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

**1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2015 (July 1, 2014 to June 30, 2015)**

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
June 30, 2015	81,839	3.3	4,502	5.8	5,477	20.6	4,261	42.1
June 30, 2014	79,193	-	4,256	-	4,542	-	2,998	-

(Note) Comprehensive income: Fiscal year ended June 30, 2015: ¥6,032 million [42.9%]

Fiscal year ended June 30, 2014: ¥4,221 million [- %]

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating income on Net sales
Fiscal year ended	Yen	Yen	%	%	%
June 30, 2015	56.01	-	8.5	6.8	5.5
June 30, 2014	39.61	-	6.6	6.2	5.4

(Reference) Income from investment in affiliates (Equity method): Fiscal year ended June 30, 2015: -

Fiscal year ended June 30, 2014: -

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
Fiscal year ended	Million yen	Million yen	%	Yen
June 30, 2015	84,110	52,981	62.6	690.09
June 30, 2014	76,144	47,835	62.4	626.53

(Reference) Equity: Fiscal year ended June 30, 2015: ¥52,644 million

Fiscal year ended June 30, 2014: ¥47,530 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
June 30, 2015	881	2,702	(745)	11,673
June 30, 2014	1,340	(4,559)	62	8,465

## 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, 2014	-	-	-	7.50	7.50	579	18.9	1.2
Fiscal year ended June 30, 2015	-	-	-	10.00	10.00	772	17.9	1.5
Fiscal year ending June 30, 2016 (Forecast)	-	-	-	10.00	10.00		34.7	

(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, 2016 (July 1, 2015 to June 30, 2016)

(% indicates changes from the corresponding period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months	-	-	-	-	-	-	-	-	-
Full year	84,000	2.6	4,200	(6.7)	4,500	(17.8)	2,200	(48.4)	28.84

Consolidated financial forecasts for the six months ending December 31, 2016 of the fiscal year is not disclosed as major customers of the Company comprises government agencies and electric companies, and net sales of the Company tend to concentrate in the second half of the fiscal year due to the Company's primary operations.

### \* Notes:

- (1) Changes in significant subsidiaries during the fiscal year ended June 30, 2015 (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: Yes
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (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, 2015	: 86,656,510 shares
Fiscal year ended June 30, 2014	: 86,656,510 shares
  - 2) Total number of treasury stock at the end of the period:
 

Fiscal year ended June 30, 2015	: 10,370,910 shares
Fiscal year ended June 30, 2014	: 10,793,274 shares
  - 3) Average number of shares during the period:
 

Fiscal year ended June 30, 2015	: 76,077,020 shares
Fiscal year ended June 30, 2014	: 75,693,610 shares

**(Reference) Nonconsolidated Financial Results****1. Nonconsolidated Financial Results for the Fiscal Year Ended June 30, 2015 (July 1, 2014 to June 30, 2015)**

(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, 2015	60,471	2.0	3,190	3.0	6,146	53.7	5,714	159.9
June 30, 2014	59,307	-	3,097	-	3,997	-	2,198	-

  

Fiscal year ended	Net income per share	Diluted net income per share
	Yen	Yen
June 30, 2015	75.11	-
June 30, 2014	29.05	-

## (2) Nonconsolidated Financial Position

Fiscal year ended	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
June 30, 2015	73,391	48,691	66.3	638.28
June 30, 2014	68,439	43,536	63.6	573.88

(Reference) Equity: Fiscal year ended June 30, 2015: ¥48,691 million

Fiscal year ended June 30, 2014: ¥43,536 million

**2. Nonconsolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2016 (July 1, 2015 to June 30, 2016)**

(% indicates changes from the corresponding period of previous fiscal year.)

Six months	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	60,000	(0.8)	3,100	(49.6)	1,500	(73.8)	19.66

Nonconsolidated financial forecasts for the six months ending December 31, 2016 of the fiscal year is not disclosed as major customers of the Company comprises government agencies and electric companies, and net sales of the Company tend to concentrate in the second half of the fiscal year due to the Company's primary operations.

**\* Presentation regarding the implementation status of audit procedures**

This Consolidated Financial Results is exempt from the audit stipulated in the Financial Instruments and Exchange Act. The audit procedures for financial statements based on the stipulations of said Act have not been completed at the time of disclosure of this Consolidated Financial Results.

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

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.

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# 1. Analysis of Consolidated Operating Results and Financial Position

## (1) Analysis of Consolidated Operating Results

### 1) Consolidated operating results for the current period

During the fiscal year under review (from July 1, 2014 to June 30, 2015), the Japanese economy was on a moderate recovery path due to signs of recovery in personal consumption and private investment in plant and equipment as a result of the government's economic policies and monetary easing, despite weak movement in public works projects.

With regard to the business environment of Nippon Koei Co., Ltd. (the "Company") and its subsidiaries (together, the "Group"), our Domestic Consulting Operations and Power Engineering Operations both performed strongly, backed by factors including disaster prevention and disaster mitigation business based on the Fundamental Plan for National Resilience, maintenance and management business for facilities under the Plan for Extending the Lifespan of Infrastructure, an increase in demand for preparation of facilities for the Tokyo Olympics, investment aimed at putting in place distribution networks for electric power companies, and an increase in demand for renewal and new construction of hydroelectric power generation facilities taking advantage of the Feed-in Tariff ("FIT") Scheme. In our International Consulting Operations, the market performed steadily. Contributing factors included acceleration of government-led infrastructure exports to meet development demand among emerging markets in Asia and other parts of the world, reflecting the maintenance of a certain volume of Official Development Assistance ("ODA") projects by Japan despite changes in content, as well as support owing to strong demand for private investment in development.

Under such circumstances, based on the Medium-Term Management Plan (from April 2012 to June 2015), the Group aggressively engaged in the important initiatives mentioned below, and steady results were achieved during the fiscal year under review, which is the final fiscal year of the plan. The initiatives are, "Development and management of overseas bases, and introduction of multi-domestic management," "Enhancement of existing business sectors and expansion of business domains," "Exploration of new business models including new initiatives in project management," and "Enhancement of work-life balance." The Company was aggressively trying to extend business domains thorough the activities, such as, an aggressive effort intended to acquire overseas companies for further global expansion, acquisition of the business from Kisho Kurokawa Architect & Associates Co., Ltd. with the aim of full-scale entry into the area of urban development and architecture, and establishment of KOEI Energy Co., Ltd. in order for further expansion of the regenerated energy business, especially hydroelectric power generation.

As a result, for the fiscal year ended June 30, 2015, while orders received were ¥87,573 million, down 5.3% year-on-year, net sales were ¥81,839 million, up 3.3% year-on-year.

In terms of profit, ordinary income was ¥5,477 million, up 20.6% year-on-year. Net income was ¥4,261 million, up 42.1% year-on-year, which includes gains on sale of non-current assets held by the Company.

Business results by segment of the Group are as follows.

#### [Domestic Consulting Operations]

Although consulting-related business for reconstruction following the Great East Japan Earthquake decreased, in which the Company has continuously engaged, steady results were obtained in certain key business areas, such as disaster prevention and mitigation including measures against tsunami and earthquake resistance, and maintenance and management projects for long-life and functional preservation at public facilities, by making condensed efforts for order-receiving from the above priority areas.

Compared to the previous fiscal year, which showed significant growth, orders received were ¥45,057 million, down 3.4% year-on-year, and net sales were slightly higher year-on-year, recording ¥41,845 million. Ordinary income was ¥2,727 million, up 8.0% year-on-year.

#### [International Consulting Operations]

The Group continued on its drive for global expansion through the activities, such as, accommodating the demand for infrastructure development in Southeast Asian countries including Myanmar, Southwest Asian countries, Latin America, the Middle East and Africa, improving organizational structures including overseas business hub functions, and participating in the development projects intended to improve urban functions in relation to ongoing urbanization in developing countries.

However, orders received were ¥28,889 million, down 3.8% year-on-year, partially due to delayed timing of signing of contracts for certain large-scale projects. Net sales were ¥20,174 million, slightly lower than the previous fiscal year. Ordinary income was ¥606 million, up 22.8% year-on-year.

#### [Power Engineering Operations]

Despite the competitive environment intensified due to cost reductions in capital expenditures and repairs at the major electric power companies, which are the Company's mainstay customers, the Company was successful in receiving orders for the projects, such as, countermeasures against deteriorating facilities at electric power companies and renewal-related projects for hydroelectric power generation facilities to take advantage of the FIT Scheme, by aggressively promoting enhancement of cost competitiveness and cultivation of new customers. The Company also established a business model for the small-scale hydroelectric power generation business, and successfully created a foundation for future business expansion.

Although orders received were ¥13,595 million, down 14.1% as compared to the previous fiscal year in which large-scale contracts of private sector projects were concluded, net sales were ¥17,857 million, up 26.0% year-on-year, mainly due to contributions from the large-scale projects. As a result, along with contribution from cost reductions, ordinary income significantly increased, and reached to ¥2,801 million, up 123.0% year-on-year.

#### [Real Estate Leasing Operations]

Net sales in the Real Estate Leasing Operations were ¥821 million, down 27.1% year-on-year, mainly due to disposal of its certain non-current assets by sale. Ordinary income was ¥590 million, also down 30.2% year-on-year.

### 2) Outlook for the next fiscal year

In the Domestic Consulting Operations, budgets for public works projects are forecast to remain at a similar level due to continued businesses needs for enhancement of safety and security, as well as long-life, maintenance and renewal of existing facilities. In the International Consulting Operations, the Japanese ODA is forecast to maintain a certain business volume. Demand for urban infrastructure development is also expected to continue, especially in the Asian region. In the Power Engineering Operations, while cost reduction efforts at the electric power companies are expected to be further promoted, a certain level of demand is forecast to maintain, such as for management, maintenance and repair work for the existing electric power facilities, and investment targeting at establishment of distribution networks.

Under such circumstances, the Company will engage in the three key challenges based on the new Medium-Term Management Plan, that is, "Further enhancement of global expansion," "Further expansion of business fields and improvement of profitability by intensifying mainstay businesses," and "Demonstrating merit of aggregated technological strength toward establishment of new business domains," as detailed in the later part. The forecast for consolidated business results for the fiscal year ending June 30, 2016 is: net sales of ¥84.0 billion, operating income of ¥4.2 billion, ordinary income of ¥4.5 billion, and net income of ¥2.2 billion.

### (2) Analysis of Consolidated Financial Position

Cash and cash equivalents at the end of the fiscal year under review was ¥11,673 million, an increase of ¥3,207 million from the end of the previous fiscal year. The primary factors were as follows.

Net cash provided by operating activities was ¥881 million (a net inflow of ¥1,340 million during the previous fiscal year). This cash inflow was primarily due to income before income taxes and minority interests of ¥7,564

million, an increase of ¥3,002 million compared to the end of the previous fiscal year, which was partially offset by an increase in notes and accounts receivable – trade by ¥2,668 million.

Net cash provided by investing activities was ¥2,702 million (a net outflow of ¥4,559 million during the previous fiscal year). This cash inflow was primarily due to the sale of property, plant and equipment.

Net cash used in financing activities was ¥745 million (a net inflow of ¥62 million during the previous fiscal year). This cash outflow was primarily due to a payment of cash dividends.

Trends in cash flow indicators for the Company are as follows.

(Reference) Trends in Cash Flow-related Indicators

	Fiscal Year Ended March 2012	Fiscal Year Ended March 2013	Fiscal Year Ended June 2013	Fiscal Year Ended June 2014	Fiscal Year Ended June 2015
Equity ratio (%)	54.5	55.0	60.8	62.4	62.6
Equity ratio on market value basis (%)	27.4	34.5	39.2	50.0	43.7
Interest-bearing debt-to-cash flow ratio (years)	—	3.1	0.2	1.8	1.9
Interest coverage ratio (times)	—	73.7	1,519.0	29.3	18.0

## 2. Management Policies

### (1) Basic Management Policies of the Company

The Group, under the mission of realizing the value contained in the management philosophy of “Act with integrity & Contribute to society through technology and engineering,” has defined the specific goals of the Group in the Group Vision of “To provide services that are of value in building safe and reliable social infrastructure and comfortable living space.”

For further increase in corporate value, the Group formulated a new Long-Term Management Strategy (for six years from July 2015 to June 2021) in February 2015.

In the Long-Term Management Strategy, based on the Group Vision, the Group will continue the fusion of consulting and engineering to evolve into a global company.

### (2) Target Management Indicators

Based on the previous Medium-Term Management Plan (from April 2012 to June 2015), formulated in March 2012, the Group defined its business targets for the fiscal year ended June 2015, the final year of the plan, to be net sales of ¥75.0 billion and operating income and ordinary income of ¥4.0 billion each (ratio of 5.3% to net sales).

Concerning achievement status of these goals, for the fiscal year ended June 30, 2015, net sales were ¥81,839 million, operating income was ¥4,502 million (ratio of 5.5% to net sales), and ordinary income was ¥5,477 million (ratio of 6.7% to net sales). Thus, both achieved the target level.

Under the Long-Term Management Strategy (from July 2015 to June 2021), the Group has defined its business targets for the fiscal year ending June 30, 2021, to be net sales of ¥140.0 billion, operating income of ¥14.0 billion, and a return on equity (“ROE”) of 10%.

Based on the “Medium-Term Management Plan (NK-AIM: Advance Globally, Intense in Japan and Demonstrate its Merit)” (from July 2015 to June 2018), formulated to realize the above Long-Term Management Strategy targets, business targets for the fiscal year ending June 30, 2018 are set at net sales of ¥100.0 billion, operating income of ¥6.4 billion, and ROE of 7.5%.

### (3) Medium- and Long-Term Business Strategies

The Group has positioned the next three years (from July 2015 to June 2018) as an important period to serve as a springboard for the future, and based on the Medium-Term Management Plan with the fundamental principles of “Sustainable long-term growth of existing business operations” and “Growth due to new business operations,” will engage in the three key challenges of “Further enhancement of global expansion,” “Further expansion of business fields and improvement of profitability by intensifying existing mainstay businesses,” and “Demonstrating merit of aggregated technological strength toward establishment of new business domains.”

As companywide measures to realize these goals, the Group will actively engage in “Development of next-generation fundamental technologies and further improvement of productivity,” “Securing human resources and enhancing its development,” and “Promotion of collaboration and enhancement of corporate governance.”



#### (4) Issues to be Addressed of the Company

Under the Medium-Term Management Plan, for the next fiscal year (from July 2015 to June 2016), which will be the first fiscal year of the Plan, the following key strategic business challenges and companywide measures will be implemented.

##### 1) Key strategic business challenges

In the Domestic Consulting Operations, the Company will expand its business domain and share by defining priority businesses, proceed restructuring of the operational processes for higher profitability, and enhance active utilization of alliances.

In the International Consulting Operations, the Company will secure a stable business foundation through expansion of share in the Japanese ODA, expand business scale in urban development business and Public-Private Partnership (“PPP”) business, and further strengthen its locally-based structures for order-receiving and construction.

In the Power Engineering Operations, the Company will increase cost competitiveness and strengthen sales and marketing capabilities, enhance cooperation within the group (e.g. fusion and cooperation among the business areas of consulting, products and construction), promote product and technology development, and reinforce the mechanical and electromechanical consulting division.

In the new operations, the Company will focus on entering new markets and make investments in, such as, formulation of asset holding-type business both in Japan and overseas, and promotion of the small-scale hydroelectric power generation business. The Company will also work to establish an urban space business by exploring the areas of urban development and architecture.

##### 2) Companywide measures to support its growth

For “Development of next-generation fundamental technologies and further improvement of productivity,” the Company will proceed to develop its technologies with taking global environmental change into account, develop fundamental technologies for the next-generation of Smart Society, make use of the external cutting-edge technologies, refine project management method, secure product quality and increase profitability through improvement of production processes, and secure and develop human resources who are expected to work with next-generation technology.

For “Securing human resources and enhancing its development,” the Company will adopt the limitation of work locale to support various work styles, organize a system of career paths and reestablish training systems, implement personnel rotations with considering a personal career formulation as well as business strategy, optimize evaluation systems, and implement appropriate compensation system.

For “Promotion of collaboration and enhancement of corporate governance,” the Company will establish companywide marketing functions, improve the workplace especially through construction of new headquarters building, and establish a structure of corporate governance in order for establishment of a highly transparent management structure.

#### 3. Basic Policy Concerning Choice of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Group prepares its consolidated financial statements using Japanese GAAP. With regard to application of International Financial Reporting Standards (“IFRS”), the Group’s policy is to respond appropriately based on consideration of the situation in Japan and overseas.

4. Consolidated Financial Statements  
(1) Consolidated Balance Sheets

(Million yen)

	As of June 30, 2014	As of June 30, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	8,967	12,148
Notes and accounts receivable - trade	13,790	16,802
Work in process	9,799	11,398
Raw materials and supplies	311	369
Deferred tax assets	1,448	1,423
Other	2,458	2,690
Allowance for doubtful accounts	(27)	(12)
Total current assets	36,749	44,820
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,199	17,868
Accumulated depreciation	(12,698)	(11,843)
Buildings and structures, net	8,501	6,025
Machinery, equipment and vehicles	2,485	2,693
Accumulated depreciation	(2,092)	(2,183)
Machinery, equipment and vehicles, net	393	510
Tools, furniture and fixtures	2,675	2,671
Accumulated depreciation	(2,365)	(2,362)
Tools, furniture and fixtures, net	310	308
Land	17,247	17,333
Leased assets	265	269
Accumulated depreciation	(137)	(173)
Leased assets, net	127	96
Construction in progress	8	251
Total property, plant and equipment	26,588	24,525
Intangible assets		
Leasehold right	78	78
Software	393	416
Goodwill	232	-
Other	81	75
Total intangible assets	787	570
Investments and other assets		
Investment securities	9,210	9,861
Long-term loans receivable	567	922
Claims provable in bankruptcy, claims provable in rehabilitation and other	122	122
Deferred tax assets	1,404	1,217
Other	1,056	2,433
Allowance for doubtful accounts	(341)	(364)
Total investments and other assets	12,019	14,193
Total non-current assets	39,394	39,289
<b>Total assets</b>	<b>76,144</b>	<b>84,110</b>

(Million yen)

	As of June 30, 2014	As of June 30, 2015
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	3,361	4,539
Short-term loans payable	100	-
Current portion of long-term loans payable	130	164
Lease obligations	50	40
Accounts payable - other	1,782	2,637
Accrued expenses	1,600	1,951
Income taxes payable	842	1,508
Accrued consumption taxes	1,708	1,416
Advances received	7,586	8,655
Deposits received	1,438	1,538
Provision for bonuses	983	1,019
Provision for directors' bonuses	78	84
Provision for loss on construction contracts	205	110
Asset retirement obligations	-	20
Other	658	779
<b>Total current liabilities</b>	<b>20,528</b>	<b>24,466</b>
<b>Non-current liabilities</b>		
Long-term loans payable	1,690	1,526
Lease obligations	78	56
Deferred tax liabilities	1,019	2,110
Provision for directors' retirement benefits	59	59
Provision for environmental measures	34	34
Net defined benefit liability	3,245	2,128
Asset retirement obligations	54	34
Other	1,598	712
<b>Total non-current liabilities</b>	<b>7,780</b>	<b>6,662</b>
<b>Total liabilities</b>	<b>28,309</b>	<b>31,128</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	7,393	7,393
Capital surplus	6,209	6,209
Retained earnings	36,366	39,770
Treasury shares	(3,344)	(3,205)
<b>Total shareholders' equity</b>	<b>46,624</b>	<b>50,167</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,364	1,659
Deferred gains or losses on hedges	(176)	-
Foreign currency translation adjustment	(13)	(100)
Remeasurements of defined benefit plans	(269)	917
<b>Total accumulated other comprehensive income</b>	<b>905</b>	<b>2,476</b>
<b>Minority interests</b>	<b>304</b>	<b>337</b>
<b>Total net assets</b>	<b>47,835</b>	<b>52,981</b>
<b>Total liabilities and net assets</b>	<b>76,144</b>	<b>84,110</b>

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

(Million yen)

	For the fiscal year ended June 30, 2014	For the fiscal year ended June 30, 2015
Net sales	79,193	81,839
Cost of sales	59,253	60,054
Gross profit	19,939	21,785
Selling, general and administrative expenses	15,683	17,283
Operating income	4,256	4,502
Non-operating income		
Interest income	51	77
Dividend income	290	363
Foreign exchange gains	-	527
Other	158	168
Total non-operating income	499	1,137
Non-operating expenses		
Interest expenses	44	48
Foreign exchange losses	130	-
Commission fee	14	92
Other	23	20
Total non-operating expenses	213	161
Ordinary income	4,542	5,477
Extraordinary income		
Gain on sale of non-current assets	-	2,627
Gain on step acquisitions	-	45
State subsidy	147	-
Total extraordinary income	147	2,673
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	-	37
Head office transfer cost	-	548
Loss on reduction of non-current assets	128	-
Total extraordinary losses	128	586
Income before income taxes and minority interests	4,562	7,564
Income taxes – current	1,340	2,373
Income taxes – deferred	190	892
Total income taxes	1,530	3,266
Income before minority interests	3,032	4,298
Minority interests in income	33	36
Net income	2,998	4,261
Minority interests in income	33	36
Income before minority interests	3,032	4,298
Other comprehensive income		
Valuation difference on available-for-sale securities	476	294
Deferred gains or losses on hedges	10	176
Foreign currency translation adjustment	8	76
Remeasurements of defined benefit plans, net of tax	693	1,187
Total other comprehensive income	1,189	1,733
Comprehensive income	4,221	6,032
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,185	5,983
Comprehensive income attributable to minority interests	36	48

(3) Consolidated Statements of Changes in Net Assets  
For the fiscal year ended June 30, 2014

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,393	6,209	33,523	(3,434)	43,690
Cumulative effects of changes in accounting policies					—
Restated balance	7,393	6,209	33,523	(3,434)	43,690
Changes of items during period					
Change of scope of consolidation					—
Dividends of surplus			(154)		(154)
Net income			2,998		2,998
Purchase of treasury shares				(53)	(53)
Disposal of treasury shares				144	144
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	2,843	90	2,933
Balance at end of current period	7,393	6,209	36,366	(3,344)	46,624

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	890	(186)	(22)	(963)	(281)	261	43,671
Cumulative effects of changes in accounting policies							—
Restated balance	890	(186)	(22)	(963)	(281)	261	43,671
Changes of items during period							
Change of scope of consolidation							—
Dividends of surplus							(154)
Net income							2,998
Purchase of treasury shares							(53)
Disposal of treasury shares							144
Net changes of items other than shareholders' equity	474	10	8	693	1,186	43	1,230
Total changes of items during period	474	10	8	693	1,186	43	4,164
Balance at end of current period	1,364	(176)	(13)	(269)	905	304	47,835

For the fiscal year ended June 30, 2015

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,393	6,209	36,366	(3,344)	46,624
Cumulative effects of changes in accounting policies			(645)		(645)
Restated balance	7,393	6,209	35,721	(3,344)	45,979
Changes of items during period					
Change of scope of consolidation			366		366
Dividends of surplus			(579)		(579)
Net income			4,261		4,261
Purchase of treasury shares				(10)	(10)
Disposal of treasury shares				149	149
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	4,048	139	4,188
Balance at end of current period	7,393	6,209	39,770	(3,205)	50,167

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,364	(176)	(13)	(269)	905	304	47,835
Cumulative effects of changes in accounting policies							(645)
Restated balance	1,364	(176)	(13)	(269)	905	304	47,190
Changes of items during period							
Change of scope of consolidation			(151)		(151)	52	267
Dividends of surplus							(579)
Net income							4,261
Purchase of treasury shares							(10)
Disposal of treasury shares							149
Net changes of items other than shareholders' equity	294	176	64	1,187	1,722	(19)	1,702
Total changes of items during period	294	176	(87)	1,187	1,570	33	5,791
Balance at end of current period	1,659	—	(100)	917	2,476	337	52,981

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended June 30, 2014	For the fiscal year ended June 30, 2015
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	4,562	7,564
Depreciation	997	1,408
Amortization of goodwill	316	279
Loss on valuation of shares of subsidiaries and associates	-	37
Loss (gain) on sale of non-current assets	(2)	(2,628)
National subsidy	(147)	-
Loss on reduction of non-current assets	128	-
Loss (gain) on step acquisitions	-	(45)
Head office transfer cost	-	548
Increase (decrease) in allowance for doubtful accounts	10	3
Increase (decrease) in provision for bonuses	92	35
Increase (decrease) in provision for loss on construction contracts	100	(94)
Increase (decrease) in net defined benefit liability	(38)	(331)
Interest and dividend income	(341)	(441)
Interest expenses	44	48
Foreign exchange losses (gains)	(12)	(139)
Decrease (increase) in notes and accounts receivable - trade	(5,177)	(2,668)
Decrease (increase) in inventories	1,907	(1,406)
Increase (decrease) in notes and accounts payable - trade	835	928
Increase (decrease) in advances received	(1,739)	740
Increase (decrease) in accrued consumption taxes	1,717	(273)
Other, net	(1,196)	(1,483)
Subtotal	2,056	2,081
Interest and dividend income received	366	459
Interest expenses paid	(45)	(49)
Income taxes paid	(1,037)	(1,609)
Net cash provided by (used in) operating activities	1,340	881
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	(290)	190
Payments into deposit money	-	(750)
The income by a national subsidy	147	-
Purchase of property, plant and equipment	(4,327)	(1,256)
Proceeds from sale of property, plant and equipment	3	5,094
Purchase of intangible assets	(149)	(146)
Purchase of investment securities	(949)	(1,116)
Proceeds from sale of investment securities	1,060	1,370
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	43
Purchase of treasury shares of subsidiaries	-	(123)
Payments of loans receivable	(165)	(792)
Collection of loans receivable	108	188
Other, net	3	(0)
Net cash provided by (used in) investing activities	(4,559)	2,702

(Million yen)

	For the fiscal year ended June 30, 2014	For the fiscal year ended June 30, 2015
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	90	(100)
Proceeds from long-term loans payable	300	-
Repayments of long-term loans payable	(179)	(130)
Repayments of lease obligations	(43)	(53)
Proceeds from sale of treasury shares	144	149
Purchase of treasury shares	(53)	(10)
Cash dividends paid	(193)	(580)
Other, net	(0)	(21)
Net cash provided by (used in) financing activities	62	(745)
Effect of exchange rate change on cash and cash equivalents	8	103
Net increase (decrease) in cash and cash equivalents	(3,148)	2,942
Cash and cash equivalents at beginning of period	11,613	8,465
Increase in cash and cash equivalents from newly consolidated subsidiary	-	265
Cash and cash equivalents at end of period	8,465	11,673



## (5) Notes to the Consolidated Financial Statements

### (Notes on Going Concern Assumption)

There is no relevant information.

### (Changes in Accounting Policies)

(Application of accounting standards, etc., on retirement benefits)

The Company began applying the “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012, hereinafter the “Retirement Benefits Accounting Standard”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015, hereinafter the “Retirement Benefits Guidance”) with regard to provisions stated in Paragraph 35 of the Retirement Benefits Accounting Standard and Paragraph 67 of the Retirement Benefits Guidance starting at the beginning of the consolidated fiscal year under review. Calculation methods for retirement benefit obligations and service expenses were reassessed, and the method of attributing expected retirement benefits to periods has been changed from the point-basis to the benefit formula-basis, while the method of determining discount rates has been changed from a discount rate based on the approximate number of years of the average remaining periods of service for employees, to the method using a single weighted average discount rate reflecting each expected payment period and amounts for each payment period of retirement benefits.

In applying the Retirement Benefits Accounting Standard, etc., the Company has observed the transitional treatment set forth in Paragraph 37 of the Retirement Benefits Accounting Standard so that the amount of retirement benefit obligations and service expenses that were affected as a result of this change are added and subtracted to retained earnings as of the beginning of the consolidated fiscal year under review.

As a result, net defined benefit liability as of the beginning of the fiscal year under review increased by ¥984 million, and retained earnings decreased by ¥645 million. There was no significant effect on profit or loss for the consolidated fiscal year under review.

The impact on per share information is addressed in the appropriate section of this document.

(Application of Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts)

The Company began applying the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (Practical Issues Task Force (PITF) No. 30, March 26, 2015) starting at the beginning of the consolidated fiscal year under review. Differences on disposal are recognized at the time that treasury shares are disposed of from the Company into trusts, and gains or losses on differences on shares that are sold from the trust to the employee stock ownership association, dividends from the Company for shares that are held by the trust, and various expenses associated with the trust are recorded as net values in liabilities. As the method previously used by the Company is identical to those of the above PITF, there is no effect from this change in accounting standards.

### (Segment Information, etc.)

#### 1 Outline 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 product and service, and each business headquarters formulates a comprehensive strategy based on the products and services it is engaged in while conducting business activities.

In line with the above, the Company is composed of segments divided by product and service, with each

business headquarters serving as the foundation, and the four reportable segments are “Domestic Consulting Operations,” “International Consulting Operations,” “Power Engineering Operations,” and “Real Estate Leasing Operations.”

“Domestic Consulting Operations” engages in businesses such as research, planning, designing, and oversight with regard to improvement of social capital within Japan.

“International Consulting Operations” engages in businesses such as research, planning, designing, and oversight with regard to improvement of social capital outside of Japan.

“Power Engineering Operations” engages in production and sale of products such as hydraulic turbine electric power generators, system control machinery, and voltage converters, construction of items such as power transformers and power transmitters, and electrical power engineering consulting.

“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 third-party transaction prices.

### 3 Information on net sales, income or loss, assets, and other items by reportable segment

For the fiscal year ended June 30, 2014

(Million yen)

	Reportable segment					Other (Note)	Total
	Domestic Consulting Operations	International Consulting Operations	Power Engineering Operations	Real Estate Leasing Operations	Subtotal		
Net sales							
Net sales to outside customers	41,817	20,947	14,169	1,125	78,059	1,133	79,193
Inter-segment net sales or transfers	453	—	210	124	788	7	795
Total	42,271	20,947	14,379	1,250	78,848	1,140	79,988
Segment income (loss)	2,525	493	1,256	846	5,121	(574)	4,547
Segment assets	19,344	17,832	7,839	7,690	52,706	34,094	86,801
Other items							
Depreciation	169	58	232	145	605	392	997
Amortization of goodwill	308	7	—	—	316	—	316
Interest income	37	19	4	9	70	197	267
Interest expenses	40	99	42	14	196	65	261
Increase in property, plant and equipment and intangible assets	140	81	179	1	403	4,126	4,529

(Note) The “Other” category is a structural unit that does not receive profits by providing services, or only receives supplementary profits.

For the fiscal year ended June 30, 2015

(Million yen)

	Reportable segment					Other (Note)	Total
	Domestic Consulting Operations	International Consulting Operations	Power Engineering Operations	Real Estate Leasing Operations	Subtotal		
Net sales							
Net sales to outside customers	41,845	20,174	17,857	821	80,698	1,141	81,839
Inter-segment net sales or transfers	371	22	234	124	752	2	754
Total	42,216	20,196	18,092	945	81,451	1,143	82,594
Segment income (loss)	2,727	606	2,801	590	6,726	(1,243)	5,482
Segment assets	18,153	20,892	9,313	4,240	52,601	37,872	90,473
Other items							
Depreciation	170	79	222	99	571	836	1,408
Amortization of goodwill	232	50	—	—	282	—	282
Interest income	26	43	3	3	77	231	309
Interest expenses	46	128	52	5	233	46	279
Increase in property, plant and equipment and intangible assets	109	101	414	12	638	1,165	1,804

(Note) The “Other” category is a structural unit that does not receive profits by providing services, or only receives supplementary profits.

4 Differences in total amounts by reportable segment and amounts on the consolidated financial statements and primary content of these differences (Items related to adjustments of difference)

(Million yen)

Net sales	Previous fiscal year	Current fiscal year
Reportable segment total	78,848	81,451
Net sales of "Other" category	1,140	1,143
Elimination of inter-segment transactions	(795)	(754)
Net sales on consolidated financial statements	79,193	81,839

(Million yen)

Income	Previous fiscal year	Current fiscal year
Reportable segment total	5,121	6,726
Loss of "Other" category (Note)	(574)	(1,243)
Elimination of inter-segment transactions	(4)	(4)
Ordinary income on consolidated financial statements	4,542	5,477

(Note) Losses in the "Other" category include companywide expenses such as general and administrative expenses that are not attributable to any reportable segment.

(Million yen)

Assets	Previous fiscal year	Current fiscal year
Reportable segment total	52,706	52,601
Assets of "Other" category (Note)	34,094	37,872
Elimination of inter-segment transactions	(10,656)	(6,363)
Total assets on consolidated financial statements	76,144	84,110

(Note) Assets in the "Other" category include companywide assets such as land, buildings, and investment securities that are not attributable to any reportable segment.

(Million yen)

Other items	Reportable segment total		Other		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	605	571	392	836	—	—	997	1,408
Amortization of goodwill	316	282	—	—	—	—	316	282
Interest income (Note)	70	77	197	231	(216)	(231)	51	77
Interest expenses (Note)	196	233	65	46	(216)	(231)	44	48
Increase in property, plant and equipment and intangible assets	403	638	4,126	1,165	—	—	4,529	1,804

(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, 2014

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

(Million yen)

Japan	Asia	Middle East	Africa	Latin America	Other	Total
56,265	13,215	1,316	4,461	3,551	382	79,193

(Note) 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, Indonesia, India

Middle East: Iraq, Palestine, Turkey

Africa: Egypt, Kenya, Rwanda

Latin America: Peru, Panama, Colombia

Other: Papua New Guinea, Bosnia and

Herzegovina, Kyrgyzstan

(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

(Million yen)

Name of customer	Net sales	Related segment name
Ministry of Land, Infrastructure, Transport and Tourism	16,631	Domestic Consulting Operations
Japan International Cooperation Agency	9,004	International Consulting Operations
Tokyo Electric Power Company, Incorporated	6,028	Power Engineering Operations

For the fiscal year ended June 30, 2015

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

(Million yen)

Japan	Asia	Middle East	Africa	Latin America	Other	Total
60,203	12,670	1,446	3,442	3,895	181	81,839

(Note) 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, Indonesia, India

Middle East: Iraq, Iran, Palestine

Africa: Kenya, Egypt, Uganda

Latin America: Peru, Panama, Paraguay

Other: Kyrgyzstan, Tuvalu, 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

(Million yen)

Name of customer	Net sales	Related segment name
Ministry of Land, Infrastructure, Transport and Tourism	14,844	Domestic Consulting Operations
Tokyo Electric Power Company, Incorporated	7,674	Power Engineering Operations
Japan International Cooperation Agency	6,757	International Consulting Operations

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

For the fiscal year ended June 30, 2014

There is no relevant information.

For the fiscal year ended June 30, 2015

There is no relevant information.

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

For the fiscal year ended June 30, 2014

(Million yen)

	Reportable segment					Other	Corporate and eliminations	Total
	Domestic Consulting Operations	International Consulting Operations	Power Engineering Operations	Real Estate Leasing Operations	Subtotal			
Balance of goodwill at beginning of period	232	—	—	—	232	—	—	232

(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, 2015

There is no relevant information.

[Information on Gain on Bargain Purchase by Reportable Segment]

For the fiscal year ended June 30, 2014

There is no relevant information.

For the fiscal year ended June 30, 2015

There is no relevant information.

(Per Share Information)

	For the fiscal year ended June 30, 2014	For the fiscal year ended June 30, 2015
Net assets per share	¥626.53	¥690.09
Net income per share	¥39.61	¥56.01

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

2. As described in “Changes in Accounting Policies,” the Company applies the Retirement Benefits Accounting Standard, etc., and follows the transitional treatment as stipulated in Paragraph 37 of the Retirement Benefits Accounting Standard.

As a result, net assets per share for the fiscal year under review decreased by ¥8.46. There was no significant effect on net income per share.

3. The basis for the calculation of net income per share and diluted net income per share is as follows.

Item	For the fiscal year ended June 30, 2014	For the fiscal year ended June 30, 2015
Net income (Million yen)	2,998	4,261
Amount not attributable to common shareholders (Million yen)	—	—
Net income relating to common shares (Million yen)	2,998	4,261
Average number of shares of common shares during the period (Thousand shares)	75,693,610	76,077,020

4. 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 the calculating amounts of net income per share, the average number of shares of these eliminated shares of treasury shares was 1,564,994 shares for the fiscal year ended June 30, 2014, and 1,148,493 shares for the fiscal year ended June 30, 2015, 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 1,375,000 shares for the fiscal year ended June 30, 2014, and 930,000 shares for the fiscal year ended June 30, 2015.

(Significant Subsequent Events)

There is no relevant information.



## 5. Other

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

By period		For the fiscal year ended June 30, 2014		For the fiscal year ended June 30, 2015	
		Amount (Million yen)	Composition (%)	Amount (Million yen)	Composition (%)
Orders received	Domestic Consulting Operations	46,617	50.4	45,057	51.5
	International Consulting Operations	30,023	32.5	(Note 1) 28,889	33.0
	Power Engineering Operations	15,831	17.1	13,595	15.5
	Real Estate Leasing Operations	—	—	—	—
	Other	13	0.0	30	0.0
	Total	92,485	100.0	87,573	100.0
Net sales 1	Domestic Consulting Operations	44,542	56.2	44,405	54.3
	International Consulting Operations	22,563	28.5	21,679	26.5
	Power Engineering Operations	10,948	13.8	14,904	18.2
	Real Estate Leasing Operations	1,125	1.4	821	1.0
	Other	12	0.1	28	0.0
	Total	79,193	100.0	81,839	100.0
Net sales 2	Domestic Consulting Operations	41,817	52.8	41,845	51.1
	International Consulting Operations	20,947	26.5	20,174	24.7
	Power Engineering Operations	14,169	17.9	17,857	21.8
	Real Estate Leasing Operations	1,125	1.4	821	1.0
	Other	1,133	1.4	1,141	1.4
	Total	79,193	100.0	81,839	100.0

By period		For the fiscal year ended June 30, 2014		For the fiscal year ended June 30, 2015	
		Amount (Million yen)	Composition (%)	Amount (Million yen)	Composition (%)
Outstanding orders	Domestic Consulting Operations	27,323	33.0	27,974	31.3
	International Consulting Operations	44,217	53.4	51,427	57.6
	Power Engineering Operations	11,216	13.6	9,907	11.1
	Real Estate Leasing Operations	—	—	—	—
	Other	4	0.0	6	0.0
	Total	82,761	100.0	89,315	100.0

(Notes) 1. Includes ¥1,205 million, ¥427 million, and ¥246 million for NIPPON KOEI VIETNAM INTERNATIONAL CO., LTD., PHILKOEI INTERNATIONAL, INC., and PT. INDOKOEI INTERNATIONAL, respectively, as the amounts of outstanding orders at the beginning of consolidation for these companies, which were consolidated from the fiscal year under review.

2. The above amounts are exclusive of consumption taxes, etc.

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

4. Net sales 1 are by categorized by the segment in which the order was received, and net sales 2 are categorized by the segment in which the operation was carried out.

(2) Changes in Corporate Officers

Please see “Notice Regarding Changes in Corporate Officers,” separately disclosed today.