Quarterly Securities Report

(Second Quarter of the 71st Fiscal Year)

This document is a direct translation into English of the quarterly securities report (“Shihanki-Hokokusho”) submitted to the Director of the Kanto Local Finance Bureau as stipulated in Article 24, Paragraph 7, Item 1 of the Financial Instruments and Exchange Act.

NIPPON KOEI CO., LTD.

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[Document Submitted]	Quarterly Securities Report (“Shihanki-Hokokusho”)
[Article of the Applicable Law Requiring Submission of This Document]	Article 24-4-7, Paragraph 1, of the Financial Instruments and Exchange Act of Japan
[Submitted to]	Director, Kanto Local Finance Bureau
[Date of Submission]	February 12, 2015
[Quarterly Accounting Period]	Second Quarter of the 71st Fiscal Year (from October 1, 2014, to December 31, 2014)
[Company Name]	Nihon Koei Kabushiki-Kaisha
[Company Name in English]	Nippon Koei Co., Ltd. (the “Company”)
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[Place Where Available for Public Inspection]	Nagoya Branch, Nippon Koei Co., Ltd. (17-14, Higashisakura 2-chome, Higashi-ku, Nagoya-shi, Aichi) Osaka Branch, Nippon Koei Co., Ltd. (2-5, Nishitenma 1-chome, Kita-ku, Osaka-shi, Osaka) Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Part I Information on the Nippon Koei Group *

I. Overview of the Nippon Koei Group

1. Key Financial Data and Trends

(Millions of yen, unless otherwise stated)

Fiscal period	70th fiscal year For the six months ended December 31, 2013	71st fiscal year For the six months ended December 31, 2014	70th fiscal year
Period of account	From July 1, 2013, to December 31, 2013	From July 1, 2014, to December 31, 2014	From July 1, 2013, to June 30, 2014
Net sales	16,485	16,846	79,193
Ordinary income (loss)	(3,748)	(3,927)	4,542
Net income (loss)	(2,656)	(1,040)	2,998
Comprehensive income	(1,880)	(602)	4,221
Net assets	41,671	46,539	47,835
Total assets	78,505	87,401	76,144
Net income (loss) per share (yen)	(35.13)	(13.70)	39.61
Diluted net income per share (yen)	—	—	—
Shareholders’ equity ratio (%)	52.8	52.8	62.4
Cash flows from operating activities	(12,168)	(16,548)	1,340
Cash flows from investing activities	(109)	3,663	(4,559)
Cash flows from financing activities	6,096	9,288	62
Cash and cash equivalents at end of period	5,486	5,268	8,465

Fiscal period	70th fiscal year Second quarter	71th fiscal year Current second quarter
Period of account	From October 1, 2013, to December 31, 2013	From October 1, 2014, to December 31, 2014
Net income (loss) per share (yen)	(12.66)	8.78

Notes:
1. Key financial data and trends of the Company are not stated because the Group has prepared its quarterly consolidated financial statements.
2. Net sales are presented exclusive of consumption taxes.
3. “Diluted net income per share” is not stated because there is no dilutive security.

2. Description of Business

During the six months ended December 31, 2014, there were no significant changes in the businesses conducted by the Group.

There were no changes in the status of the Company’s major subsidiaries and affiliates, either.

* The Nippon Koei Group: the Company and its subsidiaries; hereinafter collectively the “Group.”

II. Business Overview

1. Business Risks

There were no abnormal fluctuations in the Group’s financial status, management performance and cash flow status during the six months ended December 31, 2014.

There were no significant changes to the “Business Risks” described in the Securities Report for the prior fiscal year.

2. Operationally Significant Contracts

During the current second quarter, the Group reports no operationally significant contracts.

3. Analyses of Financial Status, Management Performance and Cash Flow Status

Items related to future events within the text are the Group’s judgment as of the end of the current second quarter, or December 31, 2014.

(1) Analysis of management performance

During the six months ended December 31, 2014 (July 1, 2014, through December 31, 2014), the Japanese economy continued to be sluggish due to the prolonged slump in personal consumption that followed the consumption tax hike in April in addition to a downturn in capital investment and other factors.

With regard to the business environment of the Group, our domestic consulting operations and electric power engineering operations both performed strongly, backed by factors including the adoption of the Fundamental Plan for National Resilience and the Plan for Extending the Service Life of Infrastructure, preparation of facilities for the Tokyo Olympics, investment aimed at putting in place distribution networks for electric power companies, and 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 continued to be lively. Contributing factors included further 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 enthusiasm for private investment in development.

Under these circumstances, the Group’s orders received for the six months ended December 31, 2014, were ¥45,053 million, up ¥918 million year on year, and net sales were ¥16,846 million, up ¥361 million year on year. Operating loss was ¥4,726 million, an increase of ¥732 million year on year, and ordinary loss was ¥3,927 million, an increase of ¥179 million year on year. As a result, net loss was ¥1,040 million, a decrease of ¥1,615 million year on year.

Net sales of ¥16,846 million for the six months ended December 31, 2014, represented 20.8% of the full-year forecast for net sales of ¥81,000 million. This result is attributable to the typical characteristics of our business operations, that is seasonal fluctuations in delivery time for the domestic consultancy services and products to national and local governments and electric power companies, which are our major customers, that tend to be concentrated toward the end of their fiscal year (March), with the reported net sales coming in clusters. A year earlier, we reached 20.8% of our full-year forecast in the six months ended December 31, 2013.

Moreover, as costs such as selling, general and administrative expenses accrue almost evenly throughout the year, operating loss, ordinary loss and net loss were recorded for the six months ended December 31, 2014.

Business results for each segment are as follows:

Domestic Consulting Operations

Orders received for the six months ended December 31, 2014, decreased by ¥1,044 million year on year to ¥21,848 million. Net sales decreased by ¥1,531 million year on year to ¥4,523 million. Ordinary loss increased by ¥399 million year on year to ¥3,406 million.

International Consulting Operations

Orders received for the six months ended December 31, 2014, increased by ¥320 million year on year to ¥16,565 million. Net sales increased by ¥1,415 million year on year to ¥6,259 million. Ordinary loss decreased by ¥194 million year on year to ¥714 million.

Power Engineering Operations

Orders received for the six months ended December 31, 2014, increased by ¥1,646 million year on year to ¥6,635 million. Net sales increased by ¥532 million year on year to ¥5,387 million. Ordinary income increased by ¥431 million year on year to ¥360 million.

Real Estate Leasing Operations

Net sales for the six months ended December 31, 2014, decreased by ¥38 million year on year to ¥525 million. Ordinary income decreased by ¥50 million year on year to ¥385 million.

(2) Analysis of financial status

Total assets at the end of the current second quarter amounted to ¥87,401 million, up ¥11,256 million from the end of the prior fiscal year.

In the Assets section, current assets were ¥48,424 million, an increase of ¥11,674 million from the end of the prior fiscal year. This was due primarily to a ¥3,095 million decrease in cash and deposits, a ¥2,211 million decrease in notes and accounts receivable-trade resulting from their collection and a ¥14,802 million increase in work in process.

Non-current assets were ¥38,977 million, a decrease of ¥417 million from the end of the prior fiscal year. This was due primarily to a ¥2,041 million decrease in property, plant and equipment, a ¥163 million decrease in intangible assets and a ¥1,786 million increase in investments and other assets.

In the Liabilities section, current liabilities were ¥32,702 million, an increase of ¥12,173 million from the end of the prior fiscal year. This increase was mainly attributable to a ¥987 million increase in notes and accounts payable-trade, a ¥9,900 million increase in short-term loans payable, a ¥667 million decrease in income taxes payable, a ¥5,033 million increase in advances received, a ¥204 million increase in provision for loss on construction contracts, a ¥1,708 million decrease in accrued consumption taxes, which are included in “Other” under current liabilities and a ¥1,448 million decrease in accrued expenses.

Non-current liabilities were ¥8,160 million, an increase of ¥379 million from the end of the prior fiscal year. This increase was mainly attributable to an increase of ¥720 million in net defined benefit liability, a decrease of ¥672 million in long-term lease and guarantee deposited, which are included in “Other” under non-current liabilities, a decrease of ¥456 million in long-term deposits received and others, and an increase of ¥655 million in deferred tax liabilities (non-current).

Net assets amounted to ¥46,539 million, a decrease of ¥1,296 million from the end of the prior fiscal year. Primary factors of this decrease were ¥1,040 million in net loss for the six months ended December 31, 2014, which was attributable to the typical characteristics of our business operations, that is seasonal fluctuations where the recording of net sales tend to concentrate toward the end of the fiscal year (March), ¥579 million in cash dividends paid and an increase of ¥339 million in valuation difference on available-for-sale securities.

As a result, the shareholders’ equity ratio decreased 9.6 percentage points from the end of the prior fiscal year to 52.8%.

(3) Analysis of cash flow status

With regard to cash flows during the six months ended December 31, 2014, net cash used in operating activities decreased ¥4,379 million year on year to ¥16,548 million, mainly reflecting a loss before income taxes of ¥1,321 million and an decrease in inventories of ¥14,582 million.

Net cash provided by investing activities increased by ¥3,772 million year on year to ¥3,663 million, mainly due to the sales of property, plant and equipment.

Net cash provided by financing activities increased by ¥3,191 million year on year to ¥9,288 million, mainly due to a net increase in short-term loans payable.

As a result, cash and cash equivalents at the end of the current first half decreased by ¥3,197 million from the end of the prior fiscal year to ¥5,268 million after adding the “Increase in cash and cash equivalents from newly consolidated subsidiary” resulting from the new consolidation of NIPPON KOEI VIETNAM INTERNATIONAL Co., Ltd. and PT. INDOKOEI INTERNATIONAL.

(4) Research and development activities

Group-wide research and development costs for the six months ended December 31, 2014, totaled ¥215 million.

There were no significant changes in the status of research and development activities of the Group during the six months ended December 31, 2014.

(5) Major Facilities

The facility plan that has been determined during the six months ended December 31, 2014 is as follows.

(New construction of major facilities)

1) Objective

Approximately 36 years have passed since the completion of the current headquarter building in March 1978. Although the building has sufficient earthquake resistance, some problems have been discovered due to aging deterioration, and the expansion of businesses has resulted in dispersed business offices. By rebuilding the headquarter building, we intend to secure the safety of the building and integrate office space for greater productivity. Furthermore, we aim to prepare for continued global business development and flexibly respond to the rapidly advancing IT technologies and diverse working styles.

2) Outline of the rebuilding plan

(i) Location: 4, Kojimachi 5-chome, Chiyoda-ku, Tokyo (same as the current location)

(ii) Site area: approx. 2,200 m^2

(iii) Total floor area: approx. 17,000 m^2 (11 stories above the ground and one basement floor)

(iv) Occupied area: approx. 12,000 m^2

*The above plan is subject to change due to further deliberations.

3) Rebuilding schedule

(i) Demolition of the existing building is planned for January 2016.

(ii) The schedules for the commencement and completion of the rebuilding construction are under consideration.

(6) Business and financial issues to be addressed

There were no significant changes in business and financial issues to be addressed nor new issue required to be addressed during the six months ended December 31, 2014.

The Company's basic policy governing corporate decision-makers on financial affairs and operations ("Basic Policy") is as detailed below.

1) Basic Policy

As a publicly listed company allowing its shares to be traded freely, we believe that whether we will sell shares in response to a particular person's attempt to acquire a large number of shares (the "Substantial Acquisition of Shares") should be determined ultimately by our shareholders.

We are proud of our company's track record as a good corporate citizen. The Company has been charged with fulfilling a social mission and public works projects, including construction consulting. The power of our brand is backed by a wide range of technological expertise, years of experience and a rock-solid performance record. It would be impossible to manage the Company, improve its corporate value or bring profit to its shareholders without a good understanding of everything the brand stands for or without the relationship of mutual trust that has been built between the Company and its customers, employees, suppliers and other stakeholders in Japan and abroad.

We believe that, in the event of a takeover bid, any party attempting the Substantial Acquisition of Shares (the "Large-Volume Purchaser") should provide shareholders with all the information necessary for the Substantial Acquisition of Shares to allow our shareholders to make a sound decision.

2) Special measures for realization of the Basic Policy

At the Company, we implement the following special measures in line with the Basic Policy described in 1) above.

(i) Medium-term goals

The Nippon Koei Group adheres to the following management philosophy: "Act with integrity & Contribute to society through technology and engineering." Guided by the slogan "Challenging mind, Changing dynamics," the Group is aiming to realize its management philosophy.

Looking ahead at the business environment surrounding the Group over the long-term while adhering this management philosophy and slogan, we see that despite the domestic demand for reconstruction from the

Great East Japan Earthquake, which may be limited to a certain period, the growth of emerging markets in Asia and other parts of the world will likely fuel demand for overseas infrastructure construction over a medium- and long-term perspective. Amid this environment, we will continue to make further inroads into the global market. Accordingly, while maintaining a secure technical foundation in Japan (construction consulting and engineering businesses), the Group will focus on the expanding infrastructure development market in emerging markets to significantly expand its businesses. On the other hand, to attain sustainable growth, the overseas bases should take the initiative of exploring and forming new business domains.

In line with this long-term goal, the Group has been addressing the key challenges listed below, based on the three-year Medium-Term Management Plan (from April 2012 to June 2015).

(1) Development and management of overseas bases and introduction of multi-domestic management

(2) Enhancement of existing business sectors and expansion of business domains

(3) Exploration of new business models including new initiatives in project management

(4) Enhancement of the work-life balance

(ii) Enhancing corporate governance

Working to boost the corporate value of the Company and the Group as a whole, we are continually improving corporate governance by strengthening management oversight, ensuring transparency and establishing a system that will enable us to quickly perform our operations. We also focus on compliance and risk management to enhance the effectiveness of internal controls, and we have adopted an Audit & Supervisory Board system. The Board of Directors provides oversight of our operations, whereas the Board of Corporate Auditors supervises and audits the directors' activities.

3) Measures to prevent an undesirable takeover in accordance with the Basic Policy

In line with the Basic Policy described in 1) above, we have established "Anti-Takeover Measures against the Substantial Acquisition of Nippon Koei Shares" (the "Takeover Defense Measures"), which are intended to prevent control by undesirable persons over decisions on our financial and operational policies.

The Takeover Defense Measures generally apply to any Large-Volume Purchaser attempting to acquire a large number of Nippon Koei shares through the Substantial Acquisition of Shares in a bid to control 20% or more of the voting rights held by a certain group of shareholders or acquiring enough shares to change the balance of power to ensure that a certain group of shareholders has 20% or more of the voting rights. The Takeover Defense Measures require the Large-Volume Purchaser to (a) provide the Board of Directors with all relevant information including written notification declaring his/her exact intention in advance, and (b) begin the Substantial Acquisition of Shares only after the elapse of a tender assessment period to be specified by the Company's Board of Directors.

The Takeover Defense Measures were first implemented upon resolution by the Board of Directors in May 2006, after which the Board voted to partially revise and continue it in June 2007. The Takeover Defense Measures were later partially revised upon approval of shareholders at the 63rd general shareholders' meeting held in June 2008, and were again partially revised upon approval of shareholders at the 66th general shareholders' meeting held in June 2011 and at the 69th general shareholders' meeting held in September 2013.

The details of the Takeover Defense Measures have been made available on the Company Web site (http://www.n-koei.co.jp/).

4) Board of Directors' decision concerning the measures described in 2) and 3) above and the reasons

The measures described in 2) above are in line with the Basic Policy described in 1) above because they were implemented for the purpose of enhancing corporate value and carried out in the common interests of our shareholders. These measures emphasize protecting the interests of our shareholders over protecting the corporate directors from being replaced.

The measures described in 3) above (the Takeover Defense Measures) are in line with the Basic Policy described in 1) above. They protect the interests of our shareholders over protecting the corporate directors from being replaced in the following ways:

a. The Takeover Defense Measures meet the three basic requirements set forth in the Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests published by the Ministry of Economy, Trade and Industry (METI) and the Ministry of Justice on May 27, 2005. It also incorporates a June 30, 2008, report entitled "Proper Role of Takeover Defense Measures in Light of Changes in Various Environments" published by METI's Corporate Value Study Group.

b. The Takeover Defense Measures enable our shareholders to make an informed decision on whether a takeover would be beneficial, prevents any apparent infringement on the Company's corporate value and is in the best interest of Nippon Koei and its shareholders.
c. The Rules on Substantial Acquisition of Shares and the necessary conditions for taking countermeasures are reasonable in light of our aim to maintain and enhance the Company's corporate value and protect the interests of its shareholders.
d. The Rules on Substantial Acquisition of Shares and the necessary conditions for taking countermeasures are concrete and clear enough to make it possible for the shareholders, investors and the potential Large-Volume Purchaser to make fair predictions about the future.
e. The Takeover Defense Measures are deemed to be enacted by a vote of the shareholders at a shareholders' meeting. The Company's Board of Directors may convene a shareholders' meeting to verify the shareholders' intention to implement a countermeasure. The decision about whether to maintain, rescind or alter the Takeover Defense Measures, to be made in the form of a resolution to be voted on at a general shareholders' meeting, will ensure that the intention of the shareholders is fully reflected on such judgment regarding the Takeover Defense Measures.
f. The Takeover Defense Measures establish objective and clear requirements for taking countermeasures. It also establishes prior conditions needed to implement countermeasures, requiring that the Company's Board of Directors consult its independently established ad hoc committee in advance concerning the initiation of countermeasures. Only after carefully considering the recommendations of the ad hoc committee will the Board make its final decision on implementing anti-takeover measures. The Takeover Defense Measures ensure that all decisions of the Board regarding countermeasures are objective and reasonable.
g. The Takeover Defense Measures empower the ad hoc committee to seek the advice of independent experts at the Company's expense. The Takeover Defense Measures go to such great lengths that it leaves no room for doubt about the fairness and objectivity of the ad hoc committee's recommendations.
h. The Takeover Defense Measures are not intended to be a dead-hand takeover defense and may be abolished subject to a vote at the Company's shareholders' meeting or at a Board of Directors' meeting comprising directors elected at a shareholders' meeting. It is not a slow-hand takeover defense either because the term of the Company's Board members is one year.

III. Information on the Filing Company

1. Information on the Company's Shares

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized
Common stock	189,580,000
Total	189,580,000

2) Total number of shares issued

Class	As of the end of the current second quarter (December 31, 2014)	As of the filing date (February 12, 2015)	Stock exchange on which the Company is listed	Description
Common stock	86,656,510	86,656,510	First Section of the Tokyo Stock Exchange	Share unit number is 1,000
Total	86,656,510	86,656,510	—	—

(2) Status of the stock acquisition rights

Not applicable

(3) Status of the exercise of bonds with stock acquisition rights with an exercise price amendment

Not applicable

(4) Rights plans

Not applicable

(5) Changes in the total number of shares issued and the amount of capital stock and other

(Millions of yen, unless otherwise stated)

Date	Changes in the total number of shares issued (Shares)	Balance of the total number of shares issued (Shares)	Changes in capital stock	Balance of capital stock	Changes in legal capital surplus	Balance of legal capital surplus
December 31, 2014	—	86,656,510	—	7,393	—	6,092

(6) Major shareholders

As of December 31, 2014

Name of person or company	Address	Number of shares held (Shares)	Percentage of shares held to the total number of issued shares (%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan	3,699,263	4.27
Meiji Yasuda Life Insurance Company	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan	3,529,522	4.07
The Koei Employees' Stockholders Association	4, Kojimachi 5-chome, Chiyoda-ku, Tokyo, Japan	3,050,078	3.52
The Master Trust Bank of Japan, Ltd. (trust a/c)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo, Japan	2,877,000	3.32
Japan Trustee Services Bank, Ltd. (Trustee)	8-11, Harumi 1-chome, Chuo-ku, Tokyo, Japan	2,585,000	2.98
Japan Trustee Services Bank, Ltd. (Trustee 4)	8-11, Harumi 1-chome, Chuo-ku, Tokyo, Japan	2,263,000	2.61
Mizuho Corporate Bank, Ltd.	5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo, Japan	1,910,634	2.20
Tsukishima Kikai Co., Ltd.	5-1, Harumi 3-chome, Chuo-ku, Tokyo, Japan	1,843,000	2.13
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	388 GREENWICH STREET, NY, NY 10013, USA (27-30, Shinjuku 6-chome, Shinjuku-ku, Tokyo, Japan)	1,444,000	1.67
JAPAN RE FIDELITY	P.O. BOX 2992 RIYADH 11169 KINGDOM OF SAUDI ARABIA (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan)	1,435,000	1.66
Total	—	24,636,497	28.43

Note: Besides the above, the Company holds 9,430,412 shares of treasury stock (10.88%).

(7) Status of voting rights

1) Issued shares

As of December 31, 2014

Classification	Number of shares (Shares)	Number of voting rights (Units)	Details
Shares without voting rights	—	—	—
Shares with limited voting rights (e.g., treasury stock, etc.)	—	—	—
Shares with limited voting rights (others)	—	—	—
Shares with full voting rights (e.g., treasury stock etc.)	(Treasury stock) Common stock 10,563,000	1,133	—
Shares with full voting rights (others)	Common stock 74,917,000	74,917	—
Shares less than one unit	Common stock 1,176,510	—	—
Total number of shares issued	86,656,510	—	—
Total voting rights held by all shareholders	—	76,050	—

Notes:
1. The number of shares of common stock in the "Shares with full voting rights (e.g., treasury stock etc.)" includes 9,430,000 treasury stock held by the Company and 1,133,000 shares held by The Master Trust Bank of Japan, Ltd. (ESOP trust account).
2. The number of shares of common stock in the "Shares with full voting rights (others)" and the "Shares less than one unit" includes 1,000 shares (1 unit of voting rights) and 812 shares, respectively, held by Japan Securities Depository Center, Inc.
3. The number of shares in the "Shares less than one unit" includes 412 shares of treasury stock held by the Company.

2) Treasury stock, etc.

As of December 31, 2014

Shareholder	Address of shareholder	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total (Shares)	Percentage of shares held to the total number of issued shares (%)
(Treasury stock) Nippon Koei Co., Ltd.	4, Kojimachi 5-chome, Chiyoda-ku, Tokyo	9,430,000	1,133,000	10,563,000	12.18
Total	—	9,430,000	1,133,000	10,563,000	12.18

Note: Reason for holding Nippon Koei shares under the name of others:
The Master Trust Bank of Japan, Ltd. (ESOP trust account: 11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo) holds the relevant shares as a trust estate under the employee stock ownership plan (ESOP).

2. Directors

Changes in directors during the six months ended December 31, 2014, after the date of submission of Securities Report for the prior fiscal year, were as follows.

(1) Newly appointed directors

Not applicable

(2) Retired directors

Not applicable

(3) Changes in position

New position	Previous position	Name	Date of change
Director (Director General of Corporate Headquarters)	Director (Director General of Corporate Headquarters and Director General of Business Promotion Headquarters)	Akira Mizukoshi	October 1, 2014
Director (Deputy Director General of Corporate Headquarters)	Director (Deputy Director General of Corporate Headquarters and General Manager of Finance & Accounting Department)	Naoki Honjo	October 1, 2014

IV. Financial Information

1. Basis of preparation of the quarterly consolidated financial statements

The quarterly consolidated financial statements of the Company are prepared in accordance with the "Regulations Concerning the Terminology, Forms and Preparation of Quarterly Consolidated Financial Statements" (Cabinet Office Ordinance No. 64, 2007).

2. Audit and review reports

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, the Company's quarterly consolidated financial statements for the current second quarter (from October 1, 2014, to December 31, 2014) and for the six months ended December 31, 2014 (from July 1, 2014, to December 31, 2014) were reviewed by Deloitte Touche Tohmatsu LLC.

1. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Prior fiscal year (As of June 30, 2014)	Current second quarter (As of December 31, 2014)
Assets		
Current assets		
Cash and deposits	8,967	5,872
Notes and accounts receivable-trade	13,790	11,579
Work in process	9,799	24,601
Raw materials and supplies	311	346
Other	3,907	6,048
Allowance for doubtful accounts	(27)	(25)
Total current assets	36,749	48,424
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,501	6,442
Land	17,247	17,266
Other, net	840	837
Total property, plant and equipment	26,588	24,547
Intangible assets		
Goodwill	232	78
Other	554	545
Total intangible assets	787	624
Investments and other assets		
Investment securities	9,210	9,876
Other	*1 3,150	*1 4,301
Allowance for doubtful accounts	(341)	(371)
Total investments and other assets	12,019	13,806
Total non-current assets	39,394	38,977
Total assets	76,144	87,401

(Millions of yen)

	Prior fiscal year (As of June 30, 2014)	Current second quarter (As of December 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,361	4,349
Short-term loans payable	100	10,000
Current portion of long-term loans payable	130	130
Income taxes payable	842	174
Advances received	7,586	12,620
Provision for bonuses	983	998
Provision for directors’ bonuses	78	—
Provision for loss on construction contracts	205	409
Other	7,240	4,019
Total current liabilities	20,528	32,702
Non-current liabilities		
Long-term loans payable	1,690	1,625
Provision for directors’ retirement benefits	59	59
Provision for environmental measures	34	34
Net defined benefit liability	3,245	3,966
Asset retirement obligations	54	52
Other	2,696	2,422
Total non-current liabilities	7,780	8,160
Total liabilities	28,309	40,862
Net assets		
Shareholders’ equity		
Capital stock	7,393	7,393
Capital surplus	6,209	6,209
Retained earnings	36,366	34,468
Treasury shares	(3,344)	(3,268)
Total shareholders’ equity	46,624	44,802
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,364	1,703
Deferred gains or losses on hedges	(176)	(121)
Foreign currency translation adjustment	(13)	(66)
Remeasurements of defined benefit plans	(269)	(139)
Total accumulated other comprehensive income	905	1,375
Minority interests	304	361
Total net assets	47,835	46,539
Total liabilities and net assets	76,144	87,401

(2) Quarterly Consolidated Statement of Operations and Comprehensive Income
Six months ended December 31

(Millions of yen)

	For the six months ended December 31, 2013 (From July 1, 2013 to December 31, 2013)	For the six months ended December 31, 2014 (From July 1, 2014 to December 31, 2014)
Net sales	16,485	16,846
Cost of sales	13,241	13,425
Gross profit	3,244	3,421
Selling, general and administrative expenses	*1 7,239	*1 8,148
Operating loss	(3,994)	(4,726)
Non-operating income		
Interest income	24	41
Dividend income	143	236
Foreign exchange gains	32	569
Other	75	67
Total non-operating income	275	914
Non-operating expenses		
Interest expenses	18	24
Commission fee	9	86
Other	2	5
Total non-operating expenses	29	116
Ordinary loss	(3,748)	(3,927)
Extraordinary income		
Gain on sales of non-current assets	—	2,560
Gain on step acquisitions	—	45
Total extraordinary income	—	2,606
Loss before income taxes and minority interests	(3,748)	(1,321)
Income taxes - current	258	312
Income taxes - deferred	(1,329)	(585)
Total income taxes	(1,070)	(273)
Loss before minority interests	(2,678)	(1,048)
Minority interests in loss	(22)	(7)
Net loss	(2,656)	(1,040)
Minority interests in loss	(22)	(7)
Loss before minority interests	(2,678)	(1,048)
Other comprehensive income		
Valuation difference on available-for-sale securities	700	339
Deferred gains or losses on hedges	(100)	54
Foreign currency translation adjustment	2	(78)
Remeasurements of defined benefit plans, net of tax	195	129
Total other comprehensive income	798	445
Comprehensive income	(1,880)	(602)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,859)	(570)
Comprehensive income attributable to minority interests	(20)	(32)

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	For the six months ended December 31, 2013 (From July 1, 2013 to December 31, 2013)	For the six months ended December 31, 2014 (From July 1, 2014 to December 31, 2014)
Cash flows from operating activities		
Loss before income taxes and minority interests	(3,748)	(1,321)
Depreciation	445	697
Amortization of goodwill	154	194
Loss (gain) on sales of property, plant and equipment	(0)	(2,560)
Loss (gain) on step acquisitions	—	(45)
Increase (decrease) in provision for loss on construction contracts	47	204
Interest and dividend income	(167)	(277)
Foreign exchange losses (gains)	(47)	(152)
Decrease (increase) in notes and accounts receivable-trade	1,747	2,532
Decrease (increase) in inventories	(12,841)	(14,582)
Increase (decrease) in notes and accounts payable-trade	719	767
Increase (decrease) in advances received	4,882	4,708
Decrease (increase) in consumption taxes refund receivable	(26)	(2,237)
Other, net	(2,935)	(3,605)
Subtotal	(11,770)	(15,678)
Interest and dividend income received	144	242
Interest expenses paid	(18)	(23)
Income taxes paid	(523)	(1,090)
Net cash provided by (used in) operating activities	(12,168)	(16,548)
Cash flows from investing activities		
Net decrease (increase) in time deposits	(24)	30
Purchase of property, plant and equipment	(199)	(1,076)
Proceeds from sales of property, plant and equipment	2	5,093
Purchase of intangible assets	(87)	(57)
Purchase of investment securities	(109)	(815)
Proceeds from sales of investment securities	364	592
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	43
Purchase of treasury shares of subsidiaries	—	(61)
Payments of loans receivable	(135)	(158)
Collection of loans receivable	78	69
Other, net	1	4
Net cash provided by (used in) investing activities	(109)	3,663
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	6,090	9,900
Proceeds from long-term debt	300	—
Repayments of long-term loans payable	(114)	(65)
Repayments of lease obligations	(19)	(25)
Proceeds from sales of treasury shares	84	81
Purchase of treasury shares	(47)	(5)
Cash dividends paid	(192)	(583)
Cash dividends paid to minority shareholders	(3)	(13)
Net cash provided by (used in) financing activities	6,096	9,288
Effect of exchange rate change on cash and cash equivalents	54	133
Net increase (decrease) in cash and cash equivalents	(6,127)	(3,462)
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	*1 5,486	*1 5,268

[Notes]

(Changes in Accounting Policies, etc.)

(Application of the accounting standard, etc. for retirement benefits)

Effective from the first quarter of the fiscal year ending June 30, 2015, Paragraph 35 of the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012; hereinafter the "Accounting Standard") and Paragraph 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012; hereinafter the "Guidance") have been applied. Accordingly, the calculation methods for retirement benefit obligations and service costs have been reviewed. As a result, the method for period allocation of the projected retirement benefit has been changed from the point basis to the benefit formula basis, and the calculation method for the discount rate has been changed from calculation based on a period approximately equal to the average remaining service years of the employees, to calculation using a single weighted average discount rate reflecting the estimated payment period of retirement benefits and the amount thereof for each estimated payment period.

Regarding the application of the Accounting Standard and the Guidance, the effect of the changes in the calculation method for retirement benefit obligations and service costs is reflected in "Retained earnings" at the beginning of the six months ended December 31, 2014, in accordance with the transitional treatment provided for in Paragraph 37 of the Accounting Standard.

As a result, net defined benefit liability increased by ¥984 million and retained earnings decreased by ¥645 million at the beginning of the six months ended December 31, 2014. The effect of this change on profits and losses for the six months ended December 31, 2014, was negligible.

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

Effective from the first quarter of the fiscal year ending June 30, 2015, the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc., through Trusts" (ASBJ Practical Issues Task Force No. 30, December 25, 2013) has been applied. Accordingly, any difference arising from the disposal of the Company's treasury stock to a trust has been recognized at the time of such disposal, and the net amount of any profits or losses on the sale of those shares by the trust to the employee stock ownership association, the Company's dividends on the shares held by the trust and expenses associated with the trust has been recognized as liability. As the method of said practical solution is the same as the method conventionally applied by the Company, there is no effect due to this application.

(Specific Accounting Policies Adopted in Preparing Quarterly Consolidated Financial Statements)

(Deferment of cost variance)

As any cost variance attributable to seasonal fluctuations in capacity utilization, etc., is mostly expected to be eliminated by the end of the cost accounting period, such cost variance is deferred as other current liability.

(Additional Information)

For the purpose of offering benefits to its employees, the Company engages in the transaction of issuing its shares to the employee stock ownership association through a trust.

(1) Overview of the transaction

At a meeting of the Board of Directors held on February 12, 2013, the Company resolved to introduce an employee stock ownership plan (ESOP) trust (hereinafter the "ESOP trust") as a trust-type employee shareholding incentive plan to provide the Group's employees with incentives to increase the medium- to long-term corporate value, enhance their benefits package and encourage employees' stock ownership, thereby enhancing the morale of the employees and promoting continued growth of the Group.

According to the trust-type employee shareholding incentive plan, the Company establishes an ESOP trust at a trust bank. The ESOP trust prospectively acquires, through third-party allotment, the Company's common stock in an amount that is expected to be acquired by the Group's employee stock ownership association over the next five years, using borrowings as capital for the acquisition. Subsequently, the ESOP trust sells these Company shares to said association on a continual basis. If the ESOP trust has accumulated gains on sale of the Company shares when the trust is terminated, the trust's proceeds equivalent to the accumulated gains are distributed to eligible beneficiaries. The Company guarantees obligations for the ESOP's borrowing of funds to acquire the Company's common stock. Therefore, if the ESOP trust has accumulated losses on sale of the Company shares when the trust is terminated, the trust's outstanding debt equivalent to the accumulated losses is repaid by the Company in accordance with a guarantee clause included in the loan contract, which means no burden on the employees.

(2) The Company's shares remaining in the trust

The Company's shares remaining in the trust are recognized at the trust's book value thereof (excluding the amount of ancillary expenses) as treasury stock under net assets. The book value and number of said treasury stock were ¥463 million and 1,375 thousand shares for the fiscal year ended June 30, 2014, and ¥381 million and 1,133 thousand shares for the second quarter of the fiscal year ending June 30, 2015.

(3) Book value of borrowings posted through the application of the gross price method

¥520 million for the fiscal year ended June 30, 2014

¥455 million for the second quarter of the fiscal year ending June 30, 2015

(Notes to Quarterly Consolidated Balance Sheet)
*1. Contingent liabilities
(1) The Group provides guarantees of bank loans related to employees.

(Millions of yen)

	Prior fiscal year (As of June 30, 2014)	Current second quarter (As of December 31, 2014)
Employees	85	72

(2) Lawsuit

On June 19, 2014, Nippon Civic Consulting Engineers Co., Ltd. ("NCC"), one of the consolidated subsidiaries, was sued by Osaka Prefecture for damages resulting from a project related to designing a shield tunnel due to liability for tort. The amount of the damages claimed is ¥750 million (including ¥572 million in damages and 5% per annum delinquency charges). NCC has concluded that it did not engage in an illegal act in the course of the project and intends to contest the claims brought forth by Osaka Prefecture in court.

Due to the court petition by Osaka Prefecture, a decision was made to execute a provisional seizure concerning said claims. Therefore, NCC deposited the money for release from a provisional seizure of ¥750 million (included in "Other" under "Investments and other assets")*[1] in July 2014 with the Legal Affairs Bureau.

(Notes to Quarterly Consolidated Statement of Operations and Quarterly Consolidated Statement of Comprehensive Income)
*1. Major items and amounts of selling, general and administrative expenses

(Millions of yen)

	For the six months ended December 31, 2013 (From July 1, 2013, to December 31, 2013)	For the six months ended December 31, 2014 (From July 1, 2014, to December 31, 2014)
Employees' salaries and allowances	2,440	2,673
Provision for bonuses	514	521
Periodic benefit cost	385	328

2. Seasonal fluctuations in net sales

For the six months ended December 31, 2013 (from July 1, 2013, to December 31, 2013) and the six months ended December 31, 2014 (from July 1, 2014, to December 31, 2014)

The Group's net sales are subject to seasonal fluctuations because the completion of construction projects relating to the Group's primary operations tends to concentrate toward the end of the third quarter of each fiscal year.

(Notes to Quarterly Consolidated Statement of Cash Flows)
*1. Relationship between the quarter-end balance of cash and cash equivalents and the amount of consolidated balance sheet items

(Millions of yen)

	For the six months ended December 31, 2013 (From July 1, 2013, to December 31, 2013)	For the six months ended December 30, 2014 (From July 1, 2014, to December 31, 2014)
Cash and deposits	5,698	5,872
Time deposits with maturities of more than three months	(71)	(392)
Specified deposits for the ESOP trust	(139)	(212)
Cash and cash equivalents	5,486	5,268

(Notes to Shareholders' Equity)

For the six months ended December 31, 2013 (from July 1, 2013, to December 31, 2013)

1. Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
Extraordinary meeting of the Board of Directors on August 20, 2013	Common stock	154	2.00	June 30, 2013	September 12, 2013	Retained earnings

Note: The total dividends according to the resolution at the extraordinary meeting of the Board of Directors on August 20, 2013, include dividends of ¥3 million on the Company's shares held by the ESOP trust.

2. Dividends whose record date falls in the six months ended December 31, 2013, but whose effective date comes after December 31, 2013

Not applicable

For the six months ended December 31, 2014 (from July 1, 2014, to December 31, 2014)

1. Dividends paid

Resolution	Type of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
The Board of Directors meeting on August 11, 2014	Common stock	579	7.50	June 30, 2014	September 5, 2014	Retained earnings

Note: The total dividends according to the resolution at the Board of Directors meeting on August 11, 2014, include dividends of ¥10 million on the Company's shares held by the ESOP trust.

2. Dividends whose record date falls in the six months ended December 31, 2014, but whose effective date comes after December 31, 2014

Not applicable

(Segment Information, etc.)
[Segment information]

For the six months ended December 31, 2013 (from July 1, 2013, to December 31, 2013)

1. Information about net sales and income or loss for each reportable segment

(Millions of yen)

	Reportable segment					Others (Note)	Total
	Domestic Consulting Operations	International Consulting Operations	Power Engineering Operations	Real Estate Leasing Operations	Subtotal		
Net sales							
Net sales to external customers	6,054	4,844	4,855	563	16,318	167	16,485
Intersegment sales or transfers	155	—	89	62	307	1	308
Total	6,210	4,844	4,944	625	16,625	168	16,793
Segment profit (loss)	(3,006)	(908)	(71)	435	(3,551)	(187)	(3,738)

Note: The “Others” category refers to a group of operations from which no profits are gained or that produce only incidental gains.

2. Amount and outline of difference between the total segment profit or loss and ordinary income or loss in quarterly consolidated statement of income

Income	Amount (Millions of yen)
Reportable segment total	(3,551)
Profit (loss) of “Others” category	(187)
Elimination of intersegment transactions	(10)
Ordinary loss in quarterly consolidated statement of operations and comprehensive income	(3,748)

For the six months ended December 31, 2014 (from July 1, 2014, to December 31, 2014)

1. Information about net sales and income or loss for each reportable segment

(Millions of yen)

	Reportable segment					Others (Note)	Total
	Domestic Consulting Operations	International Consulting Operations	Power Engineering Operations	Real Estate Leasing Operations	Subtotal		
Net sales							
Net sales to external customers	4,5 23	6,259	5,387	525	16,695	150	16,846
Intersegment sales or transfers	149	17	94	62	324	1	325
Total	4,672	6,277	5,482	587	17,020	151	17,172
Segment profit (loss)	(3,406)	(714)	360	385	(3,375)	(545)	(3,920)

Note: The “Others” category refers to a group of operations from which no profits are gained or that produce only incidental gains.

2. Differences between the total segment profit or loss and ordinary income or loss in quarterly consolidated statement of operations and comprehensive income and the main details of these differences

Income	Amount (Millions of yen)
Reportable segment total	(3,375)
Profit (loss) of “Others” category	(545)
Elimination of intersegment transactions	(7)
Ordinary loss in quarterly consolidated statement of operations and comprehensive income	(3,927)

3. Changes concerning each reportable segments, etc.

In accordance with the changes in the method of calculating retirement benefit obligations and service costs effective from the first quarter of the fiscal year ending June 30, 2015, as stated in “Changes in Accounting Policies,” the method of calculating retirement benefit obligations and service costs for reportable segments has also been changed in the same manner.

The effect of this change on segment profit or loss for the six months ended December 31, 2014 is negligible.

(Per share information)

The amount and basis for calculation of net loss per share are as follows:

(Millions of yen, unless otherwise stated)

Item	For the six months ended December 31, 2013 (From July 1, 2013 to December 31, 2013)	For the six months ended December 31, 2014 (From July 1, 2014 to December 31, 2014)
Net loss per share (yen)	(35.13)	(13.70)
(Basis for calculation)		
Net loss	(2,656)	(1,040)
Amount not attributable to common shareholders	—	—
Net loss related to common stock	(2,656)	(1,040)
Weighted average number of common stock outstanding for the period	75,615,586	75,974,261

Notes:
1. Diluted net income per share is not stated because there was no dilutive security.
2. The Company’s shares remaining in a trust, which are accounted for as treasury stock under Shareholders’ equity, are included in the number of treasury stock to be deducted when calculating the weighted average number of common stock for the period—a number used in calculating the net loss per share.
   The weighted average numbers of treasury stock deducted when calculating the net loss per share for the six months ended December 31, 2013, and the six months ended December 31, 2014, were 1,658,054 and 1,257,005, respectively.

(Significant subsequent events)

Not applicable

2. Other

Not applicable

Part II　Information on Guarantors for the Filing Company

Not applicable

Independent Auditor's Quarterly Review Report

February 6, 2015

The Board of Directors
Nippon Koei Co., Ltd.

Deloitte Touche Tohmatsu LLC
Designated and Engagement Partner
Certified Public Accountant Yasuyuki Ohnaka
Designated and Engagement Partner
Certified Public Accountant Junichi Uchida

Pursuant to Article 193-2, Paragraph 1, of the Financial Instruments and Exchange Act of Japan, we have reviewed the accompanying quarterly consolidated financial statements of Nippon Koei Co., Ltd. (the "Company") and its consolidated subsidiaries, which comprise the quarterly consolidated balance sheet, the quarterly consolidated statement of operations and comprehensive income, and quarterly consolidated statement of cash flows, for the second quarter of the fiscal year ending June 30, 2015 (from July 1, 2014, to December 31, 2014) and for the six months ended December 31, 2014 (from July 1, 2014, to December 31, 2014), and the related notes included in "Financial Information."

Management's Responsibility for the Quarterly Consolidated Financial Statements
The Company's management is responsible for the preparation and fair presentation of these quarterly consolidated financial statements in conformity with the accounting principles for quarterly consolidated financial statements generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express a conclusion independently on these quarterly consolidated financial statements based on our review. We conducted our review in accordance with the review standards for quarterly financial statements generally accepted in Japan.
A review of quarterly consolidated financial statements consists of making inquiries, primarily of management and persons responsible for financial and accounting matters, and applying analytical and other quarterly review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the quarterly consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Koei Co., Ltd. as at December 31, 2014, and its consolidated financial performance for the second quarter then ended in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest
We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

End