
Quarterly Securities Report

(First 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.

Contents

| | |
|--|----|
| [Cover] | 1 |
| Part I. Information on the Nippon Koei Group | 2 |
| I. Overview of the Nippon Koei Group | 2 |
| 1. Key Financial Data and Trends | 2 |
| 2. Description of Business | 2 |
| II. Business Overview | 3 |
| 1. Business Risks | 3 |
| 2. Operationally Significant Contracts | 3 |
| 3. Analyses of Financial Status, Management Performance and Cash Flow Status | 3 |
| III. Information on the Filing Company | 7 |
| 1. Information on the Company's Shares | 7 |
| 2. Directors | 8 |
| IV. Financial Information | 9 |
| 1. Quarterly Consolidated Financial Statements | 10 |
| 2. Other | 21 |
| Part II. Information on Guarantors for the Filing Company | 22 |
| Independent Auditor's Quarterly Review Report | |

[Cover]

[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]

November 12, 2014

[Quarterly Accounting Period]

First Quarter of the 71st Fiscal Year (from July 1, 2014, to September 30, 2014)

[Company Name]

Nihon Koei Kabushiki-Kaisha

[Company Name in English]

Nippon Koei Co., Ltd. (the “Company”)

[Position and Name of Representative]

Ryuichi Arimoto, Representative Director and President

[Location of Head Office]

4, Kojimachi 5-chome, Chiyoda-ku, Tokyo

[Phone No.]

+81-3-(3238)8040

[Contact for Communications]

Kazuyoshi Kato, General Manager of Finance & Accounting Department

[Contact Address]

4, Kojimachi 5-chome, Chiyoda-ku, Tokyo

[Phone No.]

+81-3-(3238)8040

[Contact for Communications]

Kazuyoshi Kato, General Manager of Finance & Accounting Department

[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 three months ended September 30, 2013 | 71st fiscal year For the three months ended September 30, 2014 | 70th fiscal year |
|--|---|---|--|
| Period of account | From July 1, 2013, to September 30, 2013 | From July 1, 2014, to September 30, 2014 | From July 1, 2013, to June 30, 2014 |
| Net sales | 7,563 | 7,225 | 79,193 |
| Ordinary income (loss) | (2,468) | (2,491) | 4,542 |
| Net income (loss) | (1,698) | (1,707) | 2,998 |
| Comprehensive income | (1,354) | (1,426) | 4,221 |
| Net assets | 42,161 | 45,268 | 47,835 |
| Total assets | 71,544 | 81,545 | 76,144 |
| Net income (loss) per share (yen) | (22.47) | (22.50) | 39.61 |
| Diluted net income per share (yen) | — | — | — |
| Shareholders' equity ratio (%) | 58.6 | 55.1 | 62.4 |
| Cash flows from operating activities | (6,780) | (6,028) | 1,340 |
| Cash flows from investing activities | (186) | (362) | (4,559) |
| Cash flows from financing activities | 1,217 | 5,269 | 62 |
| Cash and cash equivalents at end of period | 5,860 | 7,405 | 8,465 |

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 three months ended September 30, 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 three months ended September 30, 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 first 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 first quarter, or September 30, 2014.

(1) Analysis of management performance

During the three months ended September 30, 2014 (July 1, 2014, through September 30, 2014), the Japanese economy continued to be sluggish due to slump in personal consumption, as well as weak movements in capital investment and housing investment, affected by the continued backlash from the last-minute demand associated with the consumption tax hike in April and unfavorable weather conditions in summer.

With regard to the business environment of the Group, our domestic consulting operations remained favorable thanks to growing demand for large-scale management projects, nationwide disaster prevention and disaster mitigation projects, and maintenance and management operations for deteriorated social infrastructure, as well as the implementation of supplementary budget. Our international consulting operations remained steady, benefiting from growing demand for infrastructure projects in Asia, Latin America and other developing countries. In our electric power engineering operations, business conditions continued to be harsh mainly due to a national energy policy revision and reduced new capital expenditures by electric power companies, our main customers.

Under these circumstances, the Group's orders received for the three months ended September 30, 2014, were ¥24,644 million, up ¥1,376 million year on year, and net sales were ¥7,225 million, down ¥337 million year on year. Operating loss was ¥2,907 million, an increase of ¥455 million year on year, and ordinary loss was ¥2,491 million, an increase of ¥22 million year on year. As a result, net loss was ¥1,707 million, an increase of ¥9 million year on year.

Net sales of ¥7,225 million for the three months ended September 30, 2014, represented 8.9% 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 10.1% of our full-year forecast in the three months ended September 30, 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 three months ended September 30, 2014.

Business results for each segment are as follows:

Domestic Consulting Operations

Orders received for the three months ended September 30, 2014, decreased by ¥963 million year on year to ¥13,941 million. Net sales decreased by ¥624 million year on year to ¥1,678 million. Ordinary loss increased by ¥158 million year on year to ¥1,960 million.

International Consulting Operations

Orders received for the three months ended September 30, 2014, increased by ¥2,139 million year on year to ¥7,664 million. Net sales increased by ¥641 million year on year to ¥3,002 million. Ordinary loss decreased by ¥244 million year on year to ¥377 million.

Power Engineering Operations

Orders received for the three months ended September 30, 2014, increased by ¥205 million year on year to ¥3,037 million. Net sales decreased by ¥289 million year on year to ¥2,240 million. Ordinary loss decreased by ¥79 million year on year to ¥50 million.

Real Estate Leasing Operations

Net sales for the three months ended September 30, 2014, decreased ¥8 million year on year to ¥274 million. Ordinary income decreased ¥20 million year on year to ¥204 million.

(2) Analysis of financial status

Total assets at the end of the current first quarter amounted to ¥81,545 million, up ¥5,401 million from the end of the prior fiscal year.

In the Assets section, current assets were ¥41,098 million, an increase of ¥4,348 million from the end of the prior fiscal year. This was due primarily to a ¥1,045 million decrease in cash and deposits, a ¥3,237 million decrease in notes and accounts receivable - trade resulting from their collection and a ¥7,014 million increase in work in process.

Non-current assets were ¥40,447 million, an increase of ¥1,052 million from the end of the prior fiscal year. This was due primarily to a ¥458 million increase in investment securities.

In the Liabilities section, current liabilities were ¥27,911 million, an increase of ¥7,382 million from the end of the prior fiscal year. This increase was mainly attributable to a ¥5,900 million increase in short-term loans payable, a ¥594 million decrease in income taxes payable, a ¥2,961 million increase in advances received and a ¥1,708 million decrease in accrued consumption taxes, which are included in "Other" under current liabilities.

Non-current liabilities were ¥8,365 million, an increase of ¥584 million from the end of the prior fiscal year. This increase was mainly attributable to the recording of ¥859 million in net defined benefit liability.

Net assets amounted to ¥45,268 million, a decrease of ¥2,566 million from the end of the prior fiscal year. Primary factors of this decrease were ¥1,707 million in net loss for the three months ended September 30, 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), as well as ¥579 million in cash dividends paid.

As a result, the shareholders' equity ratio decreased 7.3 percentage points from the end of the prior fiscal year to 55.1%.

(3) Analysis of cash flow status

With regard to cash flows during the three months ended September 30, 2014, net cash used in operating activities decreased ¥751 million year on year to ¥6,028 million, mainly reflecting a loss before income taxes of ¥2,445 million and an increase in inventories of ¥6,832 million.

Net cash used in investing activities increased by ¥175 million year on year to ¥362 million, mainly due to the purchase of investment securities and the purchase of property, plant and equipment.

Net cash provided by financing activities increased by ¥4,051 million year on year to ¥5,269 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 quarter decreased by ¥1,059 million from the end of the prior fiscal year to ¥7,405 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.

(4) Research and development activities

Group-wide research and development costs for the three months ended September 30, 2014, totaled ¥111 million.

There were no significant changes in the status of research and development activities of the Group during the three months ended September 30, 2014.

(5) 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 three months ended September 30, 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 first quarter (September 30, 2014) | As of the filing date (November 12, 2014) | 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 |
|--------------------|---|---|--------------------------|--------------------------|----------------------------------|----------------------------------|
| September 30, 2014 | — | 86,656,510 | — | 7,393 | — | 6,092 |

(6) Major shareholders

No entry is made because the current period of account was the first quarter.

(7) Status of voting rights

Details of registered shareholders as of September 30, 2014, have not yet been confirmed, and therefore we are unable to present the status of voting rights on that date. The information regarding voting rights presented below relates to the shareholders registered in the shareholders' register as of the preceding record date (or June 30, 2014).

1) Issued shares

As of June 30, 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 10,793,000 | 1,375 | — |
| Shares with full voting rights (others) | Common stock 74,659,000 | 74,659 | — |
| Shares less than one unit | Common stock 1,204,510 | — | — |
| Total number of shares issued | 86,656,510 | — | — |
| Total voting rights held by all shareholders | — | 76,034 | — |

Notes: 1. The number of shares of common stock in the “Shares with full voting rights (e.g., treasury stock etc.)” includes 9,418,000 treasury stock held by the Company and 1,375,000 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 274 shares of treasury stock held by the Company.

2) Treasury stock, etc.

As of June 30, 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 | 9,418,000 | 1,375,000 | 10,793,000 | 12.45 |
| Total | — | 9,418,000 | 1,375,000 | 10,793,000 | 12.45 |

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

Not applicable

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; hereinafter “the Regulations for Quarterly Consolidated Financial Statements”).

The quarterly consolidated statement of cash flows was prepared in accordance with the second paragraph of Article 5-2 of the Regulations for Quarterly Consolidated Financial Statements.

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 first quarter (from July 1, 2014, to September 30, 2014) and for the three months ended September 30, 2014 (from July 1, 2014, to September 30, 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 first quarter (As of September 30, 2014) |
|-------------------------------------|--|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 8,967 | 7,922 |
| Notes and accounts receivable-trade | 13,790 | 10,553 |
| Work in process | 9,799 | 16,814 |
| Raw materials and supplies | 311 | 350 |
| Other | 3,907 | 5,482 |
| Allowance for doubtful accounts | (27) | (25) |
| Total current assets | 36,749 | 41,098 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 8,501 | 8,312 |
| Land | 17,247 | 17,250 |
| Other, net | 840 | 908 |
| Total property, plant and equipment | 26,588 | 26,471 |
| Intangible assets | | |
| Goodwill | 232 | 155 |
| Other | 554 | 553 |
| Total intangible assets | 787 | 708 |
| Investments and other assets | | |
| Investment securities | 9,210 | 9,669 |
| Other | 3,150 | *1 3,953 |
| Allowance for doubtful accounts | (341) | (354) |
| Total investments and other assets | 12,019 | 13,267 |
| Total non-current assets | 39,394 | 40,447 |
| Total assets | 76,144 | 81,545 |

(Millions of yen)

| | Prior fiscal year (As of June 30, 2014) | Current first quarter (As of September 30, 2014) |
|---|--|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 3,361 | 3,467 |
| Short-term loans payable | 100 | 6,000 |
| Current portion of long-term loans payable | 130 | 130 |
| Income taxes payable | 842 | 248 |
| Advances received | 7,586 | 10,548 |
| Provision for bonuses | 983 | 1,834 |
| Provision for directors' bonuses | 78 | 78 |
| Provision for loss on construction contracts | 205 | 228 |
| Other | 7,240 | 5,376 |
| Total current liabilities | 20,528 | 27,911 |
| 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 | 4,105 |
| Asset retirement obligations | 54 | 55 |
| Other | 2,696 | 2,485 |
| Total non-current liabilities | 7,780 | 8,365 |
| Total liabilities | 28,309 | 36,276 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 7,393 | 7,393 |
| Capital surplus | 6,209 | 6,209 |
| Retained earnings | 36,366 | 33,434 |
| Treasury shares | (3,344) | (3,310) |
| Total shareholders' equity | 46,624 | 43,726 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,364 | 1,581 |
| Deferred gains or losses on hedges | (176) | (201) |
| Foreign currency translation adjustment | (13) | 16 |
| Remeasurements of defined benefit plans | (269) | (204) |
| Total accumulated other comprehensive income | 905 | 1,191 |
| Minority interests | 304 | 350 |
| Total net assets | 47,835 | 45,268 |
| Total liabilities and net assets | 76,144 | 81,545 |

(2) Quarterly Consolidated Statement of Operations and Comprehensive Income
Three months ended September 30

(Millions of yen)

| | For the three months ended September 30, 2013 (From July 1, 2013 to September 30, 2013) | For the three months ended September 30, 2014 (From July 1, 2014 to September 30, 2014) |
|---|--|--|
| Net sales | 7,563 | 7,225 |
| Cost of sales | 6,369 | 5,935 |
| Gross profit | 1,193 | 1,290 |
| Selling, general and administrative expenses | 3,645 | 4,198 |
| Operating loss | (2,452) | (2,907) |
| Non-operating income | | |
| Interest income | 11 | 21 |
| Dividend income | 61 | 157 |
| Foreign exchange gains | — | 224 |
| Other | 31 | 24 |
| Total non-operating income | 104 | 427 |
| Non-operating expenses | | |
| Interest expenses | 7 | 8 |
| Foreign exchange losses | 110 | — |
| Other | 3 | 2 |
| Total non-operating expenses | 121 | 11 |
| Ordinary loss | (2,468) | (2,491) |
| Extraordinary income | | |
| Gain on step acquisitions | — | 45 |
| Total extraordinary income | — | 45 |
| Loss before income taxes and minority interests | (2,468) | (2,445) |
| Income taxes - current | 134 | 142 |
| Income taxes - deferred | (890) | (874) |
| Total income taxes | (755) | (731) |
| Loss before minority interests | (1,713) | (1,714) |
| Minority interests in loss | (15) | (6) |
| Net loss | (1,698) | (1,707) |
| Minority interests in loss | (15) | (6) |
| Loss before minority interests | (1,713) | (1,714) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 283 | 217 |
| Deferred gains or losses on hedges | (10) | (25) |
| Foreign currency translation adjustment | (12) | 31 |
| Remeasurements of defined benefit plans, net of tax | 97 | 64 |
| Total other comprehensive income | 358 | 287 |
| Comprehensive income | (1,354) | (1,426) |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (1,340) | (1,421) |
| Comprehensive income attributable to minority interests | (14) | (4) |

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

| | For the three months ended September 30, 2013 (From July 1, 2013 to September 30, 2013) | For the three months ended September 30, 2014 (From July 1, 2014 to September 30, 2014) |
|--|--|--|
| Cash flows from operating activities | | |
| Loss before income taxes and minority interests | (2,468) | (2,445) |
| Depreciation | 218 | 334 |
| Amortization of goodwill | 77 | 109 |
| Loss (gain) on step acquisitions | — | (45) |
| Increase (decrease) in provision for bonuses | 887 | 850 |
| Increase (decrease) in provision for loss on construction contracts | 59 | 23 |
| Interest and dividend income | (72) | (178) |
| Decrease (increase) in notes and accounts receivable - trade | 1,336 | 3,439 |
| Decrease (increase) in inventories | (5,971) | (6,832) |
| Increase (decrease) in notes and accounts payable - trade | 301 | (91) |
| Increase (decrease) in advances received | 2,604 | 2,709 |
| Decrease (increase) in consumption taxes refund receivable | (17) | (1,823) |
| Other, net | (3,363) | (1,087) |
| Subtotal | (6,408) | (5,037) |
| Interest and dividend income received | 105 | 168 |
| Interest expenses paid | (9) | (8) |
| Income taxes paid | (467) | (1,151) |
| Net cash provided by (used in) operating activities | (6,780) | (6,028) |
| Cash flows from investing activities | | |
| Net decrease (increase) in time deposits | (23) | (2) |
| Purchase of property, plant and equipment | (89) | (158) |
| Purchase of intangible assets | (45) | (18) |
| Purchase of investment securities | (94) | (246) |
| Proceeds from sales of investment securities | 43 | 50 |
| Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation | — | 43 |
| Payments of loans receivable | — | (44) |
| Collection of loans receivable | 18 | 15 |
| Other, net | 3 | 0 |
| Net cash provided by (used in) investing activities | (186) | (362) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | 1,500 | 5,900 |
| Repayments of long-term loans payable | (94) | (65) |
| Repayments of lease obligations | (10) | (12) |
| Proceeds from sales of treasury shares | 43 | 36 |
| Purchase of treasury shares | (36) | (2) |
| Cash dividends paid | (181) | (575) |
| Cash dividends paid to minority shareholders | (3) | (10) |
| Net cash provided by (used in) financing activities | 1,217 | 5,269 |
| Effect of exchange rate change on cash and cash equivalents | (3) | (15) |
| Net increase (decrease) in cash and cash equivalents | (5,752) | (1,137) |
| Cash and cash equivalents at beginning of period | 11,613 | 8,465 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | — | 77 |
| Cash and cash equivalents at end of period | *1 5,860 | *1 7,405 |

[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 first quarter of the fiscal year ending June 30, 2015, 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 first quarter of the fiscal year ending June 30, 2015. The effect of this change on profits and losses for the three months ended September 30, 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 ¥426 million and 1,267 thousand shares for the first 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 first 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 first quarter (As of September 30, 2014) |
| Employees | 85 | 80 |

(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 0.05% 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. Seasonal fluctuations in net sales

For the three months ended September 30, 2013 (from July 1, 2013, to September 30, 2013) and the three months ended September 30, 2014 (from July 1, 2014, to September 30, 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 three months ended September 30, 2013 (From July 1, 2013, to September 30, 2013) | For the three months ended September 30, 2014 (From July 1, 2014, to September 30, 2014) |
| Cash and deposits | 6,016 | 7,922 |
| Time deposits with maturities of more than three months | (66) | (365) |
| Specified deposits for the ESOP trust | (88) | (150) |
| Cash and cash equivalents | 5,860 | 7,405 |

(Notes to Shareholders' Equity)

For the three months ended September 30, 2013 (from July 1, 2013, to September 30, 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 three months ended September 30, 2013, but whose effective date comes after September 30, 2013

Not applicable

For the three months ended September 30, 2014 (from July 1, 2014, to September 30, 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 three months ended September 30, 2014, but whose effective date comes after September 30, 2014

Not applicable

(Segment Information, etc.)
 [Segment information]

For the three months ended September 30, 2013 (from July 1, 2013, to September 30, 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 | 2,303 | 2,360 | 2,530 | 282 | 7,476 | 86 | 7,563 |
| Intersegment sales or transfers | 74 | — | 44 | 31 | 149 | 0 | 150 |
| Total | 2,377 | 2,360 | 2,574 | 313 | 7,626 | 87 | 7,713 |
| Segment profit (loss) | (1,801) | (621) | (129) | 224 | (2,328) | (138) | (2,466) |

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 | (2,328) |
| Loss of “Others” category | (138) |
| Elimination of intersegment transactions | (2) |
| Ordinary loss in quarterly consolidated statement of operations and comprehensive income | (2,468) |

For the three months ended September 30, 2014 (from July 1, 2014, to September 30, 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 | 1,678 | 3,002 | 2,240 | 274 | 7,195 | 29 | 7,225 |
| Intersegment sales or transfers | 65 | 7 | 44 | 31 | 148 | 0 | 149 |
| Total | 1,744 | 3,009 | 2,285 | 305 | 7,344 | 30 | 7,374 |
| Segment profit (loss) | (1,960) | (377) | (50) | 204 | (2,184) | (312) | (2,496) |

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 | (2,184) |
| Loss of “Others” category | (312) |
| Elimination of intersegment transactions | 5 |
| Ordinary loss in quarterly consolidated statement of operations and comprehensive income | (2,491) |

3. Changes concerning 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 three months ended September 30, 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 three months ended September 30, 2013 (From July 1, 2013 to September 30, 2013) | For the three months ended September 30, 2014 (From July 1, 2014 to September 30, 2014) |
|--|--|--|
| Net loss per share (yen) | (22.47) | (22.50) |
| (Basis for calculation) | | |
| Net loss | (1,698) | (1,707) |
| Amount not attributable to common shareholders | — | — |
| Net loss related to common stock | (1,698) | (1,707) |
| Weighted average number of common stock outstanding for the period | 75,584,970 | 75,916,346 |

- 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 three months ended September 30, 2013, and the three months ended September 30, 2014, were 1,702,652 and 1,317,543, respectively.

(Significant subsequent events)

At the meeting of the Board of Directors held on October 10, 2014, the Company resolved to rebuild its headquarters building as detailed below.

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

- (1) Location: 4, Kojimachi 5-chome, Chiyoda-ku, Tokyo (same as the current location)
- (2) Site area: approx. 2,200 m²
- (3) Total floor area: approx. 17,000 m² (11 stories above the ground and one basement floor)
- (4) Occupied area: approx. 12,000 m²

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

3. Rebuilding schedule

- (1) Demolition of the existing building is planned for January 2016.
- (2) The schedules for the commencement and completion of the rebuilding construction are under consideration.

4. Influence on business results

The rebuilding plan is expected to generate expenditures for removal, renting of office space and demolition, etc., however, we cannot provide reasonable estimates of such expenditures at present.

2. Other

At the meeting of the Board of Directors on August 11, 2014, the Company resolved to pay year-end dividends to shareholders registered in the shareholders' registry as of June 30, 2014, as described as follows.

(1) Total dividends: ¥579 million

(Includes dividends of ¥10 million for the Company's shares owned by the ESOP trust.)

(2) Dividend per share: ¥7.50

(3) Entitlement date and commencement date of the payment: September 5, 2014

Part II Information on Guarantors for the Filing Company

Not applicable

Independent Auditor's Quarterly Review Report

November 10, 2014

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 first quarter of the fiscal year ending June 30, 2015 (from July 1, 2014, to September 30, 2014) and for the three months ended September 30, 2014 (from July 1, 2014, to September 30, 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 September 30, 2014, and its consolidated financial performance for the first 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