

(All financial information herein has been prepared in accordance with accounting principles generally accepted in Japan. This document is an English translation from the original Japanese-language document. This translation is not subject to auditing standards in the U.S.)

Listed company name: Original Engineering Consultants Co., Ltd. Stock listing: Tokyo Stock Exchange, Second Section
Code number: 4642 (URL <http://www.oec-solution.co.jp>)

Representative: Title President & Representative Director Name: Nobuhiko Suga
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Planned Annual General Meeting of Shareholders: March 30, 2016

Planned filing of a financial report: March 30, 2016

Date of scheduled payment of dividends: March 31, 2016

Earnings supplementary explanatory documents: None

Earnings presentation: None

(Amounts less than ¥1 million are truncated)

1. CONSOLIDATED FINANCIAL RESULTS FOR FY 2015 (January 1, 2015 to December 31, 2015)

(1) Consolidated Operating Results

(Percentages represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2015 ended December 31, 2015	5,427	5.7	495	-4.6	490	-6.6	436	-9.0
FY 2014 ended December 31, 2014	5,133	10.8	519	157.7	524	152.3	479	176.1

(Note) Comprehensive income: FY 2015: ¥418 million (-13.4%) FY 2014: ¥482 million (125.9%)

	Net income per share-basic	Net income per share-diluted	Return on equity	Ordinary income to total assets	Operating margin
	Yen	Yen	%	%	%
FY 2015 ended December 31, 2015	65.23	-	10.5	9.3	9.1
FY 2014 ended December 31, 2014	65.17	-	12.4	10.6	10.1

(Reference) Gain (loss) on investment by equity method: FY 2015: ¥- million FY 2014: ¥- million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2015	5,581	4,369	78.3	653.26
As of December 31, 2014	4,984	3,947	79.2	590.25

(Reference) Shareholders' equity: As of December 31, 2015: ¥4,368 million As of December 31, 2014: ¥3,947 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
FY 2015 ended December 31, 2015	470	166	-30	1,974
FY 2014 ended December 31, 2014	352	353	-403	1,366

2. DIVIDENDS

(Record date)	Dividends per share					Total dividend amount (Full year)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	End of first quarter	Interim	End of third quarter	Fiscal year-end	Full year			
FY 2014 ended December 31, 2014	Yen -	Yen 0.00	Yen -	Yen 4.00	Yen 4.00	Million yen 26	% 6.1	% 0.7
FY 2015 ended December 31, 2015	Yen -	Yen 0.00	Yen -	Yen 6.00	Yen 6.00	Million yen 40	% 9.2	% 0.9
FY 2016 ending December 31, 2016(Forecast)	Yen -	Yen 0.00	Yen -	Yen 8.00	Yen 8.00	Million yen	% 16.2	%

3. FORECAST OF CONSOLIDATED RESULTS FOR FY 2016 (January 1, 2016 to December 31, 2016)

(Percentages represent changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to the owners of the parent		Net income per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	5,500	1.3	450	-10.7	450	-9.7	330	-25.3	49.35

*NOTES

(1) Changes in the scope of consolidation for significant subsidiaries during FY 2015 ended December 31, 2015: None

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatements:

(i) Changes in accounting policies in accordance with revision of accounting standards: Yes

(ii) Changes in accounting policies other than (i) above: None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(3) Number of outstanding shares (Common stock)

(i) Number of shares outstanding at end of period, including treasury stock

As of December 31, 2015: 7,796,800 shares As of December 31, 2014: 7,796,800 shares

(ii) Number of shares of treasury stock at end of period

As of December 31, 2015: 1,109,667 shares As of December 31, 2014: 1,109,667 shares

(iii) Average number of shares outstanding for each period

As of December 31, 2015: 6,687,133 shares As of December 31, 2014: 7,356,048 shares

(Reference) Summary of Non-consolidated Financial Results

NON-CONSOLIDATED FINANCIAL RESULTS FOR FY 2015 (January 1, 2015 to December 31, 2015)

(1) Non-consolidated Operating Results

(Percentages represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2015 ended December 31, 2015	5,425	6.3	491	-5.9	488	-8.3	434	-10.7
FY 2014 ended December 31, 2014	5,105	11.3	522	168.2	531	164.9	486	190.4

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
FY 2015 ended December 31, 2015	65.00	-
FY 2014 ended December 31, 2014	66.17	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2015	5,575	4,289	76.9	641.23
As of December 31, 2014	4,981	3,837	77.0	573.82

(Reference) Shareholders' equity: As of December 31, 2015: ¥4,288 million As of December 31, 2014: ¥3,837 million

* Disclosure regarding the status of implementation of audit procedures

At the time of disclosure of this financial results report, the audit procedures for the consolidated financial statements pursuant to the Financial Instruments and Exchange Act were being carried out.

Note regarding forecasts and forward-looking statements

The business results forecasts presented are based on information available to the Company at the present time and are subject to potential risks and uncertainty. Accordingly, actual results may differ significantly from any expressed future performance herein due to various factors.

For matters relating to results forecasts, please refer to "1. ANALYSIS OF BUSINESS RESULTS AND FINANCIAL POSITION," "(1) Analysis of Business Results" on page 2 of the Attachment.

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1. ANALYSIS OF BUSINESS RESULTS AND FINANCIAL POSITION

(1) Analysis of Business Results

During the fiscal year ended December 31, 2015, the Japanese economy stayed on a moderate recovery path, showing signs of improvement in corporate earnings and employment environment. However, the economic outlook remained cloudy, partly due to concerns about factors potentially putting downward pressures on the economy, such as the slowdown of the Chinese economy and falls in crude oil prices.

According to the Bank of Japan's Tankan survey in December 2015, the diffusion index (DI) for major companies levelled off from the September 2015 survey at 12 percentage points, and that of non-manufacturing remained unchanged at 25 percentage points. Looking at DI for small- and medium-sized enterprises, the DI for small- and medium-sized manufacturers remained the same as the previous survey at 0 percentage points, while that of non-manufacturers advanced 2 percentage points to 5 percentage points. The business outlook for the following three-month forecast is that the DI for major manufacturers will decline 5 percentage points, while that of non-manufacturers will drop 7 percentage points, indicating that a growing number of companies are cautious about future business conditions in Japan and abroad.

Under the above-mentioned economic conditions, the government has provided the fiscal 2015 budget for the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) with which the Company's business has a close relationship, and other ministries, at roughly the same level as the previous year. This follows the execution of the second largest 15-month budget, combining the supplementary budget for fiscal 2013 with the budget for fiscal 2014, which is aimed at "promoting reconstruction and disaster prevention," "making citizens' lives safer and stimulating local communities," and "creating wealth through growth." Japan's water and sewage infrastructure assets amount to approximately ¥130 trillion, according to a provisional calculation by the Cabinet Office. This means that by sector, the water and sewage infrastructure stock is second only to the road infrastructure stock. The water supply system has been established in nearly all areas, while the sewerage system has not been built in some areas. Given this, there still is room for new orders for the establishment of related facilities, but such orders are decreasing overall. However, given that many water and sewage facilities, which were established rapidly during the high-growth period, are reaching the end of their useful life every year, it is necessary to maintain and renew these infrastructure assets, which are indispensable to ensuring a safe, reliable and cultural living environment.

The OEC Group, in this operating environment, worked aggressively to win orders mainly in the water supply field, particularly for services related to asset management in line with the Water Supply Division, Ministry of Health, Labour and Welfare's new water supply vision that focuses on the key words of "safety, strength, sustainability, collaboration and challenge". In the sewerage field, the OEC Group pursued orders in line with the seven major themes set by the Sewerage and Wastewater Management Department of MLIT: strengthening of earthquake recovery and reconstruction support and implementation of national measures for safety and peace of mind; early reduction of areas lacking sewerage infrastructure; promotion of water environmental management; improvement of facilities management and operation; strengthening of sewerage management; promotion of measures to realize a low-carbon, recycling-oriented society; and promotion of international water business through globalization and private-public initiatives. As for the sewerage field, the OEC Group also made efforts to obtain orders for services relating to support by the Ministry of Internal Affairs and Communications for the introduction of local public enterprise-based accounting into small-scale water supply and sewerage operations in accordance with the Local Public Enterprise Act. In overseas markets, the Company worked aggressively to win orders by tapping into projects in emerging nations through public-private partnerships.

With regard to the OEC Group's internal organization, the Group strove to improve revenue by taking measures such as organizing with an eye to the "Era of Maintenance and Management", revitalization of communication and information sharing between different levels, rapid course correction of management issues based on confirmation of management benchmarks by department on an as-needed basis, appropriate budget management and process management for order-received projects, upgrading of the skills of in-house engineers and expansion of external networks to improve productivity and cut costs.

As a result, consolidated orders received during the fiscal year under review amounted to ¥5,755 million, an increase of 3.0% compared with the previous fiscal year, and net sales increased 5.7%, to ¥5,427 million. Operating income amounted to ¥495million, a decrease of 4.6% compared with the previous fiscal year, and ordinary income decreased 6.6%, to ¥490 million. Net income for the fiscal year under review amounted to ¥436million, a decrease of 9.0% compared with the previous fiscal year.

Results by operating division were as follows.

[Engineering Consultant Department]

The Engineering Consultant Department received orders totaling ¥5,253 million during the fiscal year under review, an increase of 2.8% compared with the previous fiscal year. Sales by the department increased 6.3%, to ¥4,927 million.

[Information Processing Department]

In the Information Processing Department, orders received increased 5.5% compared with the previous fiscal year, to ¥501 million. Sales by the department increased 0.4%, to ¥499 million.

Regarding the outlook for the fiscal year ending December 31, 2016, the Group anticipates a continuing harsh environment for orders owing to such factors as price competition among firms, although the national budget is expected to remain at the same level as the last fiscal year.

The Company, meanwhile, has established cost awareness among employees through company-wide awareness reform aimed at achieving the objective of “Every single employee works with a sense of management,” which has been consistently pursued under the present management structure.

Despite continuing aging and a shortage of technical human resources, the Company will launch activities for the hiring of new graduates and mid-career recruitment actively under the leadership of the top management. In addition, the Company will work to solve management issues by securing and cultivating human resources with excellent skills from the medium- and long-term perspective, while aiming to increase orders received and revenue on a sustainable basis by continuing to reduce costs and ensure the quality of services provided that meet customer needs.

Water supply and sewerage budgets, the Company’s main business target, are expected to place emphasis on such areas as earthquake- and disaster prevention-related measures, programs to address aging infrastructure, and support services to reinforce operating foundations. Hence, the Group will aggressively carry out sales programs to meet such needs while continuing to enter into the water-related business field overseas, centering on emerging Asian countries, where economic development is remarkable and demand for water supply and sewerage infrastructure is expected to grow.

In the fiscal year ending December 31, 2016, the Group forecasts consolidated orders to increase 4.3%, to ¥6,000 million, and net sales to increase 1.3%, to ¥5,500 million. Operating income is forecast to decrease 9.2%, to ¥450 million, and ordinary income to decrease 8.2%, to ¥450 million. Net income is forecast to decrease 24.4%, to ¥330 million.

(2) Analysis of Financial Position

Cash and cash equivalents increased ¥608 million compared with the end of the previous fiscal year to stand at ¥1,974 million at the end of the fiscal year under review. Significant factors contributing to this change included the posting of income before income taxes, and decreases in time deposits.

Main factors contributing to changes in cash flows during the fiscal year under review were as follows.

(Cash flows from operating activities)

Net cash provided in operating activities amounted to ¥470 million, compared with ¥352 million in the previous fiscal year. The main factor contributing to this change was the posting of income before income taxes.

(Cash flows from investing activities)

Net cash provided in investing activities totaled ¥166 million, compared with ¥353 million in the previous fiscal year. Significant factors contributing to this change included a decrease in time deposits of ¥300 million.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥30 million, compared with ¥403 million in the previous fiscal year. The main item was cash dividends paid amounting to ¥26 million.

(Reference) Cash Flow Indicator Trends

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Shareholders' equity ratio (%)	75.4	76.7	76.2	79.2	78.3
Shareholders' equity ratio on a market value basis (%)	18.6	23.5	37.7	73.1	44.2
Interest-bearing debt to cash flow ratio (years)	2.3	-	0.05	0.02	0.08
Interest coverage ratio (times)	9.4	-	174.3	292.6	289.13

Ratio formula:

Shareholders' equity ratio: Shareholders' equity / total assets

Shareholders' equity ratio on a market value basis: Market capitalization / total assets

Interest-bearing debts to cash flow ratio (years): Interest-bearing liabilities / cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / interest payments

Notes:

1. All figures are calculated based on consolidated financial data.
2. Market capitalization is calculated by multiplying the share price at end of period by the number of shares outstanding at end of period (excluding treasury stock).
3. Cash flows in these indicators refer to net cash from operating activities as stated in the Consolidated Statements of Cash Flows. Interest-bearing liabilities are all liabilities presented on the Consolidated Balance Sheets that are subject to interest expenses. Interest payments are those stated in the Consolidated Statements of Cash Flows.
4. In the fiscal years ended December 31, 2012, as cash flows from operating activities were negative, "interest-bearing debt to cash flow ratio" and "interest coverage ratio" for these periods are not presented.

(3) Basic Policy on Distribution of Profits and Dividends for FY 2015 and FY 2016

With regard to profit distribution, the Company's basic policy is to maintain stable dividend payments to shareholders over the long term. For the fiscal year under review, in light of earnings, internal reserves and other factors, the Company will pay a year-end dividend of ¥6 per share of common stock. For the fiscal year ending December 31, 2016, the Company forecasts a year-end dividend of ¥8 per share, when taking such factors as earnings estimates into account. Meanwhile, the Company will utilize internal reserves for human resources development and improving the quality of its design system, which will lead to intensification of business, and reinforcing its financial base.

(4) Business Risks

Any forward-looking statements contained in this report are based on judgments made by management as of the end of the fiscal year under review.

(i) Dependence on public works projects

Although the Group is making progress in developing businesses in new fields—including those catering to the private sector—and overseas water-related business, an extremely high proportion of the Group's business comprises public works projects for government agencies, public corporations and local public agencies. Owing to such factors as central government reforms in the area of public works budget allocation and the financial situation of local government agencies, budgets for public sewerage projects—the Group's main business—are expected to continue to shrink. There is the possibility that such factors may lead to a negative impact on net sales and operating income.

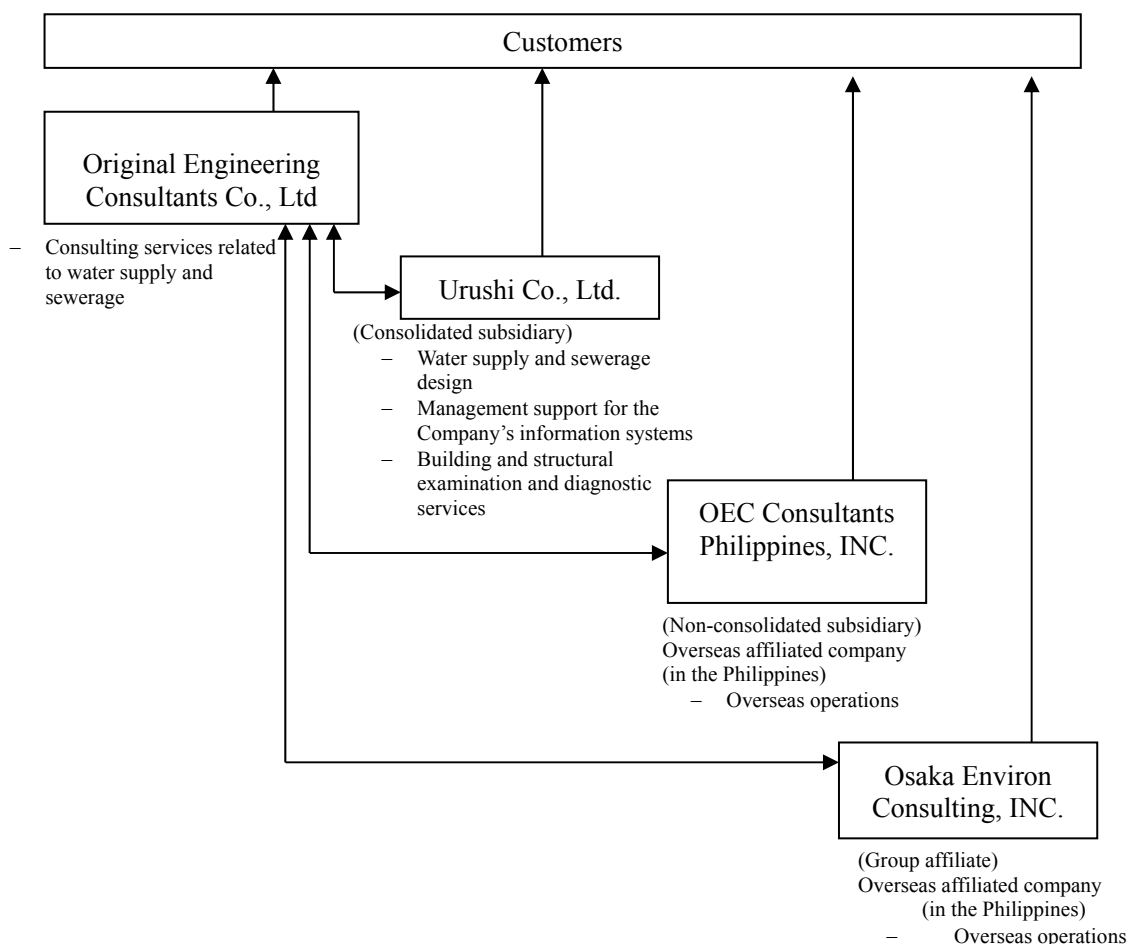
(ii) Responsibility for defects in finished products

The Group is strongly focused on maintaining and improving the quality of its products. Although the Group has adopted the ISO9001 quality management system, if a defect in one of the Group's products were to cause a major disruption to its customers, this may have a negative impact on the Group's operating performance.

2. OVERVIEW OF THE OEC GROUP'S ORGANIZATION

The OEC Group comprises the Company, two subsidiaries (one consolidated subsidiary and one non-consolidated subsidiary), and one group affiliate. The Group's principal business activities are in the field of engineering consulting services related to public works, particularly in the area of water supply and sewerage. The Group's core services include the provision of feasibility studies, master plans, detailed project design, construction supervision and surveillance, and urban facilities information management.

The outline of the Group and its interrelations is as follows.



3. MANAGEMENT POLICIES

(1) Basic Management Policies

The OEC Group's core management philosophy is to: (1) contribute to the maintenance of people's living environment; (2) provide superior technologies through ceaseless efforts and the development of leading-edge technology; and (3) pursue business growth and the enhancement of employee welfare, underpinned by community trust.

Based on this philosophy, the Group develops technologies to conserve water resources and protect natural ecosystems, and develops new services derived from such technologies. The Group's basic policy is to broaden its business domain, expand the markets in which it operates and increase sales. In doing so, the Group works to improve its operating performance and increase shareholder value through the realization of sustained business growth and expansion.

(2) Target Management Index

The business projections prepared by the Group to maximize its corporate value as well as to emphasize its shareholders' return are as follows.

Management target	Medium-term management plan target	FY 2015 (Result)	FY 2016 (Forecast)
1. Amount of orders	Over ¥7.0billion	¥5.7 billion	¥60 billion
2. Operating margin	Over 10.0%	9.1%	8.2%
3. Net income per share	Over ¥70	¥65.23	¥49.35

(3) Medium- and Long-Term Management Strategies

The water supply and sewerage systems market—in which the Group provides its consulting services—is undergoing a rapid shift away from the dominance of conventional design services toward orders for services that focus on the “Era of Maintenance, Administration and Management,” including system lifetime extension, stock and asset management, natural-disaster risk reduction, and resource conservation and energy efficiency enhancement. As its management strategy, the Group is utilizing ICT technology—developed and built up over many years—as a solid foundation for the provision of a diverse range of consulting services in the Group's principal field of water supply and sewerage as well as in such fields as river management, waste and environmental management, overseas business, the provision of a variety of software, and diagnostic business covering buildings, civil engineering structures, machinery and facilities. In doing so, the Group aims to achieve differentiation from its competitors and establish a sound medium-to-long-term business base.

The Group's Main Consulting Services

Water Supply Systems

- (1) Restoration of sound management: review of plans for restoration of management soundness in small-scale water supply operations and support services for transition to local public enterprise-based accounting; support services for formulation of reform plans for water charges; formulation of local area water supply vision; formulation of wide-area water supply plans; support for the development of asset management systems; review services for public agencies adopting private finance initiatives (PFI)
- (2) Promotion of systematic renewal programs: formulation of plans to increase facility earthquake resistance and formulation of renewal programs; degradation diagnostic services for pipes, structures and facilities; planning for the introduction of advanced water treatment facilities
- (3) Review of energy efficiency and energy source utilization: measures to address appropriate electricity consumption and reduction of environmental burden; plans to utilize water-operations-based energy sources (for small-scale hydro-electric generation systems, etc.)

Sewerage Systems

- (1) Comprehensive medium- to long-term plans: formulation of sewerage system vision; formulation of sewage treatment plans
- (2) Strengthening of management foundations: investigation and evaluation services for sewerage system assets; support services for transition to local public enterprise-based accounting; review services for public agencies adopting comprehensive private consignment; review services for public agencies adopting PFI
- (3) Systematic renewal programs: formulation of sewerage system lifetime extension plans (pipes, pump stations, treatment plants); support services for the development of sewerage asset management systems

- (4) Earthquake preparedness programs: services for the formulation of sewerage system comprehensive earthquake preparedness plans; seismic capacity evaluation and planning services for sewerage facilities (pipes, pump stations, treatment plants); services for the preparation of sewerage system business continuity plans (BCP; earthquake preparedness) ; services for the preparation of tsunami countermeasure plans
- (5) Flood damage abatement: services for the preparation of sewerage system comprehensive flood damage abatement plans; development of flood hazard maps
- (6) Development of resource and energy cycles: services for the preparation of biomass (biosolids) utilization plans; review services for recovery of phosphorus from sewage and sewage sludge; review services for the adoption of energy efficiency and energy generation technologies; services for the preparation of biogas utilization plans; services for the preparation of global warming mitigation plans; design services for such renewable energy facilities as solar power, wind power and small-scale hydro-electric generation systems
- (7) Improvement of combined sewerage systems: services for the preparation of combined sewerage system improvement plans
- (8) Water quality improvement in public bodies of water: services for the preparation of advanced treatment plans at sewage treatment plant; review services for operational support utilizing an activated sludge model (ASM); activated sludge model simulation (BIO-SOLUTION); services for the preparation of treated sewage reuse plans

River Management

- (1) Promotion of flood abatement measures: formulation of joint urban flood control plans; development of flood hazard maps; planning of rainwater storage and infiltration facilities
- (2) Promotion of systematic renewal: planning of long-life facilities (flood gates, drainage pump stations, etc.); degradation diagnostic services for facilities and equipment
- (3) Development of a healthy water cycle: flow regime improvement plans; water quality protection plans

Waste and Environmental Management

- (1) Proposal-based services: formulation of plans for water quality improvement (protection)
- (2) Promotion and design of systematic renewal: planning of long-life facilities (incineration facilities, sewage treatment plant, final disposal sites, etc.); degradation diagnostic services for facilities and equipment; investigations on the potential for adopting PFI, etc.
- (3) Review of energy source utilization: biomass energy utilization plans; incinerator waste heat utilization plans; mixed incineration plans for sewage sludge and urban garbage
- (4) Environmental surveys: living environment impact surveys; soil and groundwater contamination surveys

Overseas Business

- (1) Advance preparations: preliminary investigations and identification of potential projects for improvement of water, sanitation and living environments in developing countries
- (2) Planning and design: preparation of master plans and feasibility studies for improvement of water, sanitation and living environments in developing countries
- (3) Detailed design: detailed design of facility structural components for projects
- (4) Construction management: construction management of built facility structural components for projects
- (5) Evaluation: Project post-completion evaluation and monitoring
- (6) Public-private partnership (PPP) water infrastructure business support: business development support for companies pursuing the formation of PPP water infrastructure projects
- (7) Base of pyramid (BOP) business support: business development support for companies pursuing the formation of BOP-related environmental projects
- (8) Overseas business development support for small- and medium-sized enterprise (SMEs): business development support for SMEs pursuing the formation of overseas environmental projects

Guard IT Series (Software Provision)

● Water Supply Systems

- (1) Construction works and asset information: works register system; asset management system; business accounting system
- (2) Facilities information: plant register information system; water supply register information system; pipe network calculation system; water supply register touch panel viewing system; water supply register Web-based publishing service
- (3) Operations management information: water supply application information system; water supply disruption information system; property possession information system
- (4) Related information: ground information system; provisional benchmark information system

- Sewerage Systems
 - (1) Construction works and asset information: works register system; asset management system; business accounting system
 - (2) Treatment station and pump station facilities information: plant register information system; maintenance and inspection information system; water quality test information system; lifetime extension support system; stock management support system
 - (3) Pipeline infrastructure information system: sewer register information system; sewer planning support information system; manhole information system; lifetime extension support system; stock management support system; information system for earthquake disaster preparedness; sewer register touch panel viewing system; sewer register Web-based publishing service
 - (4) Operations management information: drainage facility information system; flush lavatory conversion program information system; property possession information system; designated business site information system; user fee management system; user fee levy information system; sewage treatment investigation information system

- Urban Facilities (other urban infrastructure, etc.)
 - (1) Construction works and asset information: works register system; asset management system; business accounting system
 - (2) Facilities information: plant register information system
 - (3) Operations management information: property possession information system; touch panel register viewing system; Web-based register publishing service
 - (4) Related information: ground information system

Diagnostic Business covering Buildings, Civil Engineering Structures, Machinery and Facilities

- (1) Non-destructive inspection system for concrete structure soundness diagnosis (elastic wave radar system: i-TECS)
- (2) Non-destructive inspection system for simplified surveys of concrete structures (concrete tester: CTS-02)
- (3) Acoustic diagnostic system for simplified structural soundness diagnosis of facilities and equipment (sound checker: SIDS-01)

(4) Company Issues

With regard to the water supply and sewerage business, the OEC Group's main business target, water supply and sewerage facilities have been intensively developed so far, but they are now projected to age rapidly, as with other social infrastructure. Consequently, from now on, water supply and sewerage budgets are expected to focus on maintenance and renewal of existing facilities. Besides, demand for sophisticated, diverse consulting services, such as understanding facilities' safety and soundness and raising of the levels of facilities' maintenance and renewal, are increasing.

Under these circumstances, the Group will address the following key issues as it continually implements business strategies designed to respond to changes in market conditions and strives to achieve a sound management footing in a sustainable way.

1. Promote proposal-based marketing in line with the future policies on public sewerage works projects to increase orders received.
2. Reduce the overall cost structure to achieve stable revenue.
3. Introduce advanced technology to meet market needs and enhance the quality of services provided.
4. Rapidly identify customer needs, and provide the best possible solutions.
5. Utilize the Group's domestic and overseas business network to develop sales programs targeting overseas water business opportunities.

4. BASIC POLICY FOR THE SELECTION OF ACCOUNTING STANDARDS

The Company's stakeholders are mostly domestic shareholders, creditors and business partners, and hence the Company does not have much necessity to procure funds from overseas. Considering these, the Company applies the Japanese accounting standards.

5. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	FY 2014 (as of December 31, 2014)	FY 2015 (as of December 31, 2015)
Category	Amount (thousand yen)	Amount (thousand yen)
Assets		
Current assets		
Cash and deposits	2,381,788	2,690,589
Accounts receivable—completed operation	1,530,057	1,686,808
Costs on uncompleted services	14,073	2,738
Deferred tax assets	100,498	125,701
Other	50,938	34,469
Total current assets	4,077,355	4,540,307
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	489,228	495,421
Accumulated depreciation	-352,003	-362,928
Buildings and structures, net	137,225	132,492
Land	150,015	150,015
Lease assets	11,815	56,408
Accumulated depreciation	-7,601	-24,495
Lease assets, net	4,214	31,912
Other	131,736	114,550
Accumulated depreciation	-117,794	-103,827
Other, net	13,942	10,723
Total property, plant and equipment	305,397	325,144
Intangible assets		
Software	79,076	74,897
Lease assets	1,934	4,568
Other	7,178	7,178
Total intangible assets	88,189	86,643
Investments and other assets		
Investment securities	287,484	403,596
Long-term loans receivable	15,114	14,417
Other	219,919	220,146
Allowance for doubtful accounts	-9,036	-9,036
Total investments and other assets	513,481	629,123
Total noncurrent assets	907,068	1,040,911
Total assets	4,984,423	5,581,218

	FY 2014 (as of December 31, 2014)	FY 2015 (as of December 31, 2015)
Category	Amount (thousand yen)	Amount (thousand yen)
Liabilities		
Current liabilities		
Accounts payable—operating	168,318	202,593
Lease obligations	4,759	12,665
Income taxes payable	63,063	52,525
Advances received on uncompleted contracts	184,315	223,178
Provision for bonuses	17,480	18,545
Provision for loss on order received	36,007	38,544
Other	215,519	337,610
Total current liabilities	689,464	885,662
Noncurrent liabilities		
Lease obligations	2,138	24,519
Deferred tax liabilities	30,622	24,096
Net defined benefit liability	262,105	214,327
Asset retirement obligations	44,640	45,273
Provision for share benefit	-	9,202
Other	8,400	8,400
Total noncurrent liabilities	347,906	325,819
Total liabilities	1,037,371	1,211,482
Net assets		
Shareholders' equity		
Capital stock	1,093,000	1,093,000
Capital surplus	2,899,794	2,886,615
Retained earnings	490,098	929,669
Treasury stock	-683,784	-670,605
Total shareholders' equity	3,799,108	4,238,678
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	41,444	54,170
Remeasurements of defined benefit plans	106,500	75,599
Total valuation and translation adjustments	147,944	129,769
Subscription rights to shares	-	1,287
Total net assets	3,947,052	4,369,736
Total liabilities and net assets	4,984,423	5,581,218

(2) Consolidated Statements of Operations

	FY 2014 (from January 1, 2014 to December 31, 2014)	FY 2015 (from January 1, 2015 to December 31, 2015)
Category	Amount (thousand yen)	Amount (thousand yen)
Contracts completed	5,133,106	5,427,022
Cost of completed work	3,481,408	3,768,745
Gross profit	1,651,697	1,658,277
Selling, general and administrative expenses	1,132,202	1,162,461
Operating income	519,494	495,816
Non-operating income		
Interest income	2,671	1,653
Dividend income	4,646	5,352
Contribution received for operations performed by dispatched employees	3,480	2,517
Gain on cancellation of insurance contract	2,133	5,463
Other	4,677	2,545
Total non-operating income	17,609	17,532
Non-operating expenses		
Interest expenses	1,204	1,626
Expenses for securities transactions	9,538	16,727
Other	1,438	4,913
Total non-operating expenses	12,182	23,267
Ordinary income	524,921	490,081
Extraordinary loss		
Loss on retirement of noncurrent assets	1,480	2,099
Total extraordinary loss	1,480	2,099
Income before income taxes	523,441	487,982
Income taxes—current	87,912	86,864
Income taxes-deferred	-43,837	-35,081
Total income taxes	44,075	51,782
Income before minority interests	479,366	436,200
Net income	479,366	436,200

Consolidated Statements of Comprehensive Income

	FY 2014 (from January 1, 2014 to December 31, 2014)	FY 2015 (from January 1, 2015 to December 31, 2015)
Category	Amount (thousand yen)	Amount (thousand yen)
Income before minority interests	479,366	436,200
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	-	-30,901
Valuation difference on available-for-sale securities	3,455	12,726
Total other comprehensive income	3,455	-18,174
Comprehensive income	482,822	418,025
Comprehensive income attributable to:		
Comprehensive income attributable to owner of the parent	482,822	418,025
Comprehensive income attributable to minority interests	-	-

**(3) Consolidated Statements of Changes in Net Assets
FY 2014 (from January 1, 2014 to December 31, 2014)**

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	1,093,000	3,109,291	-198,765	-285,181	3,718,345
Cumulative effects of changes in accounting policies					
Beginning balance reflecting changes in accounting policies	1,093,000	3,109,291	-198,765	-285,181	3,718,345
Changes of items during the period					
Dividends of surplus					
Net income			479,366		479,366
Purchase of treasury stock				-398,603	-398,603
Disposal of treasury stock					
Deficit disposition		-209,497	209,497		-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-209,497	688,863	-398,603	80,762
Balance at the end of current period	1,093,000	2,899,794	490,098	-683,784	3,799,108

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
Balance at the beginning of current period	37,988	-	37,988	-	3,756,333
Cumulative effects of changes in accounting policies					
Beginning balance reflecting changes in accounting policies	37,988	-	37,988	-	3,756,333
Changes of items during the period					
Dividends of surplus					
Net income					479,366
Purchase of treasury stock					-398,603
Disposal of treasury stock					
Deficit disposition					-
Net changes of items other than shareholders' equity	3,455	106,500	109,956		109,956
Total changes of items during the period	3,455	106,500	109,956		190,719
Balance at the end of current period	41,444	106,500	147,944	-	3,947,052

FY 2015 (from January 1, 2015 to December 31, 2015)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	1,093,000	2,899,794	490,098	-683,784	3,799,108
Cumulative effects of changes in accounting policies			30,119		30,119
Beginning balance reflecting changes in accounting policies	1,093,000	2,899,794	520,217	-683,784	3,829,227
Changes of items during the period					
Dividends of surplus			-26,748		-26,748
Net income			436,200		436,200
Purchase of treasury stock				-30,002	-30,002
Disposal of treasury stock		-13,178		43,181	30,002
Deficit disposition					
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-13,178	409,451	13,178	409,451
Balance at the end of current period	1,093,000	2,886,615	929,669	-670,605	4,238,678

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
Balance at the beginning of current period	41,444	106,500	147,944	-	3,947,052
Cumulative effects of changes in accounting policies					30,119
Beginning balance reflecting changes in accounting policies	41,444	106,500	147,944	-	3,977,172
Changes of items during the period					
Dividends of surplus					-26,748
Net income					436,200
Purchase of treasury stock					-30,002
Disposal of treasury stock					30,002
Deficit disposition					
Net changes of items other than shareholders' equity	12,726	-30,901	-18,174	1,287	-16,887
Total changes of items during the period	12,726	-30,901	-18,174	1,287	392,564
Balance at the end of current period	54,170	75,599	129,769	1,287	4,369,736

(4) Consolidated Statements of Cash Flows

	FY 2014 (from January 1, 2014 to December 31, 2014)	FY 2015 (from January 1, 2015 to December 31, 2015)
Category	Amount (thousand yen)	Amount (thousand yen)
Cash flows from operating activities		
Income before income taxes	523,441	487,982
Depreciation and amortization	53,110	69,916
Increase/decrease in provision for bonuses	-63	1,065
Increase/decrease in provision for loss on order received	1,129	2,536
Increase /decrease in provision for share benefit	-	9,202
Increase/decrease in provision for retirement benefits	-414,595	-
Increase/decrease in net defined benefit liability	262,105	-17,658
Increase/decrease in provision for loss on litigation	-24,200	-
Interest and dividends income	-7,318	-7,006
Interest expenses	1,204	1,626
Loss/gain on sales and retirement of noncurrent assets	1,480	2,099
Increase/decrease in notes and accounts receivable—trade	-101,670	-156,751
Increase/decrease in costs on uncompleted services	-13,389	11,335
Increase/decrease in notes and accounts payable—trade	-1,500	34,275
Increase/decrease in advances received on uncompleted services	67,014	38,862
Other	99,882	73,980
Subtotal	446,631	551,464
Interest and dividends income received	7,137	6,870
Interest expenses paid	-1,204	-1,626
Income taxes paid	-100,032	-86,796
Income taxes refund	-	307
Net cash provided by (used in) operating activities	352,532	470,219

	FY 2014 (from January 1, 2014 to December 31, 2014)	FY 2015 (from January 1, 2015 to December 31, 2015)
Category	Amount (thousand yen)	Amount (thousand yen)
Cash flows from investing activities		
Increase/decrease in time deposits	500,000	300,000
Purchase of property, plant and equipment	-24,824	-6,981
Purchase of intangible assets	-31,645	-28,471
Proceeds from collection of insurance funds	12,173	8,329
Payments for lease and guarantee deposits	-2,974	-1,451
Proceeds from collection of lease and guarantee deposits	7,271	2,136
Proceeds from redemption of investment securities	200,298	200,000
Purchase of investment securities	-300,000	-300,653
Other	-6,704	-6,782
Net cash provided by (used in) investing activities	353,594	166,124
Cash flows from financing activities		
Purchase of treasury stock	-398,603	-30,002
Proceeds from disposal of treasury stock	-	30,002
Repayments of lease obligations	-5,168	-4,759
Proceeds from issuance of subscription rights to shares	-	1,287
Cash dividends paid	-	-26,748
Net cash used in financing activities	-403,771	-30,220
Effect of exchange rate change on cash and cash equivalents	858	959
Net increase/decrease in cash and cash equivalents	303,213	607,083
Balance of cash and cash equivalents at beginning of the year	1,063,008	1,366,221
Balance of cash and cash equivalents at end of the year	1,366,221	1,974,880

(5) Notes regarding the Consolidated Financial Statements

(Matters Affecting the Assumption of a Going Concern)

No applicable items.

(Significant Basic Items for Consolidated Financial Statements)

1. Matters concerning the scope of consolidation

(1) Status of consolidated subsidiaries

The Company has one consolidated subsidiary, which is Urushi Co., Ltd.

(2) Status of non-consolidated subsidiaries

(i) Name of significant non-consolidated subsidiaries

OEC Consultants Philippines, Inc.

(ii) Reason for exclusion from the scope of consolidation

Non-consolidated subsidiaries are excluded from the scope of consolidation because they are small in scale and their combined total assets, net sales, net income and loss (in proportion to the equity held) and retained earnings (in proportion to the equity held) do not have a significant impact on the Company's consolidated financial statements.

2. Items relating to the application of the equity method

(1) Number of non-consolidated subsidiaries and affiliated companies to which the equity method is applied

There are no non-consolidated subsidiaries or affiliated companies to which the equity method is applied.

(2) Significant non-consolidated subsidiaries and affiliated companies to which the equity method is not applied

Significant non-consolidated subsidiaries

There are no significant non-consolidated subsidiaries.

Significant affiliated companies

Osaka Environ Consulting, INC.

(Reason for not applying the equity method)

The non-consolidated subsidiaries and affiliated companies to which the equity method is not applied are of small scale and from the perspective of such items as net income and loss (in proportion to the equity held) and retained earnings (in proportion to the equity held) even if such companies are excluded from the application of the equity method, the impact on the Company's consolidated financial statements is minimal and the importance of such companies is small in relation to the overall Group. For these reasons such companies are excluded from the application of the equity method.

3. Matters concerning business year, etc. of consolidated subsidiaries

The closing date of the business year of consolidated subsidiaries is the same as the consolidated fiscal year end.

4. Matters concerning account treatment standards

(1) Evaluation standards and evaluation methods of significant assets

1. Securities

Available-for-sale securities

(1) Securities with fair market value

Stated by the market value method, based on the market price as of the consolidated account settlement date

(valuation differences are reported as a component of net assets, and sales costs are calculated by the moving average method)

(2) Securities without fair market value

Stated at cost determined by the moving-average method

2. Inventories

Costs on uncompleted services

Stated at cost determined by the specific identification method (balance sheet amounts are calculated by writing down the book value of assets that have decreased in profitability)

(2) Method of depreciation of important depreciable assets

1. Property, plant and equipment (excluding lease assets)

Declining-balance method

However, buildings (excluding fixtures) acquired on or after April 1, 1998, are depreciated by the straight-line method.

The useful life and residual value are determined on the same basis as that of the method provided in the Corporation Tax Act.

2. Intangible assets (excluding lease assets)

Software for internal use is amortized using the straight-line method over the estimated internal useful life (five years).

3. Lease assets

Lease assets are amortized using the straight-line method, assuming the lease period as the useful life with a residual value of zero.

(3) Basis for recording important allowances and provisions

1. Allowance for doubtful accounts

To provide for possible losses resulting from uncollectible receivables, the estimated uncollectible amount is recorded based on historical default rate with regard to general accounts receivable, and by individually assessing possible collectability for certain receivables such as loans with default possibility.

2. Provision for bonuses

To prepare for the payment of bonuses to employees, an amount corresponding to the current portion of estimated bonus payments to employees, out of the estimated future bonus payments, is recorded.

3. Provision for loss on orders received

To prepare for future loss on orders received, an estimated loss amount is recorded when a future loss is probable for order received outstanding at the end of the fiscal year under review and the amount can be reasonably estimated.

4. Provision for share benefit

To prepare for grant of shares of the Company to employees based on the Share Benefit Regulations, an estimated amount of share benefit obligation at the end of the fiscal year under review is recorded.

(4) Accounting treatment for retirement benefits

1. Method of attributing the estimated amount of retirement benefits to periods

In calculating retirement benefit obligation, the straight-line attribution is applied to allocate the estimated amount of retirement benefits to the periods up to the end of the fiscal year under review.

2. Amortization of actuarial differences

Actuarial differences are amortized on a pro-rata basis by the straight-line method over a certain number of years within the average remaining service years of employees (five years) at the time of recognition in each year, starting in the fiscal year following the fiscal year in which the differences are recognized.

(5) Basis for recording important revenues and expenses

Basis for recording contracts completed

The percentage-of-completion method is applied to construction contracts if the outcome of the progressed portion by the end of the fiscal year under review is certain (the estimated percentage of completion at the end of the fiscal year under review is based on the percentage of the cost incurred to the estimated total cost); otherwise the completed-contract method is applied.

(6) Scope of funds in the Consolidated Statements of Cash Flows

Funds in the Consolidated Statements of Cash Flows comprise cash in hand, deposits withdrawable at any time, and easily cashable short-term investments with small risk of price fluctuation and the maturity date coming within three months of the acquisition date.

(7) Other important matters for the preparation of consolidated financial statements

Accounting treatment of consumption taxes, etc.

The tax exclusion method is applied.

(Changes in accounting policies)

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

The Company has applied the “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012; hereinafter the “Accounting Standard for Retirement Benefits”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015; hereinafter the “Guidance on Retirement Benefits”) with regard to provisions stipulated in the text of Item 35 of the Accounting Standard for Retirement Benefits and the text of Item 67 of the Guidance on Retirement Benefits, from the beginning of the consolidated fiscal year under review. With this application, the Company has reviewed the calculation method for retirement benefit obligations and service costs, changing the method for determining discount rates to the one which uses the single weighted average discount rate that reflects the expected payment period of retirement benefits and the amount for each expected payment period.

The application of the Accounting Standard for Retirement Benefits, etc., conforms to the transitional treatment stipulated in Item 37 of the Accounting Standard for Retirement Benefits, and the effect of the changes in the calculation method of retirement benefit obligations and service costs was recognized in the remeasurements of retained earnings during the consolidated fiscal year under review.

As a result, net defined benefit liability decreased ¥30,119,000 and retained earnings increased ¥30,119,000 at the beginning of the consolidated fiscal year under review. This change has had little effect on profits and losses for the consolidated fiscal year under review.

(Application of practical solution on transactions of delivering the Company’s treasury stock to employees, etc. through trust)

The Company has applied “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc. Through Trust” (Practical Issues Task Force No.30, March 26, 2015) from the beginning of the consolidated fiscal year under review. With this application, the Company recognizes the disposal balance when it delivers treasury stock to a trust, and records dividends paid by the Company on shares held by the trust and the net of various costs related to the trust as liabilities.

(Additional information)

(Effects of change, etc. in corporate tax rates)

In accordance with the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No.9 of 2015) and the “Act for Partial Amendment of the Local Tax Act, etc.” (Act No.2 of 2015) promulgated on March 31, 2015, the corporate income tax rate, etc. will be lowered from consolidated fiscal years beginning on or after April 1, 2015.

As a result, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities has been changed from 35.6% to 33.06% for temporary differences expected to be eliminated in the fiscal year beginning on January 1, 2016, and from 35.6% to 32.26% for temporary differences expected to be eliminated in fiscal years beginning on or after January 1, 2017.

The effect of this change is insignificant.

(Segment Information)

Segment Information

Previous fiscal year (January 1 to December 31, 2014) and fiscal year under review (January 1 to December 31, 2015)

Since the OEC Group’s business operations comprising engineering consulting and related services are conducted within a single business segment, segment information is omitted.

(Per Share Information)

FY 2014 (from January 1, 2014 to December 31, 2014)		FY 2015 (from January 1, 2015 to December 31, 2015)	
Net assets per share	¥590.25	Net assets per share	¥653.26
Net income per share	¥65.17	Net income per share	¥65.23
Because there are no residual securities, no figures are shown for net income per share—diluted.		Since there are no residual securities, no figures are shown for net income per share—diluted.	

Note: 1. The basis for calculation of net income per share is as follows.

	FY 2014 (from January 1, 2014 to December 31, 2014)	FY 2015 (from January 1, 2015 to December 31, 2015)
Net income for the period (thousand yen)	479,366	436,200
Amount not attributed to common shareholders (thousand yen)	-	-
Net income attributed to common stock (thousand yen)	479,366	436,200
Average number of common stock outstanding (shares) during the period	7,356,048	6,687,133

Note: 2. The basis for calculation of net assets per share is as follows.

	FY 2014 (from January 1, 2014 to December 31, 2014)	FY 2015 (from January 1, 2015 to December 31, 2015)
Net assets for the period (thousand yen)	3,947,052	4,369,736
Deduction amount from total net assets (thousand yen)	-	1,287
Net assets attributed to common stock (thousand yen)	3,947,052	4,368,448
Number of common stock outstanding at end of the period (shares)	6,687,133	6,687,133

The Company’s shares held in trust that are recognized as treasury stock within shareholders’ equity are included in the treasury stock deducted from the calculation of the average number of shares outstanding during the period, used for calculating net income per share.

The average number of such treasury stock deducted from the calculation of the average number of shares outstanding during the period for calculating net income per share during the consolidated fiscal year under review is 70,100 shares.

(Significant Subsequent Events)

No applicable items.

6. OTHER

(1) Changes in Directors

1. Changes in Representative Directors

No applicable items.

2. Other Changes in Directors

No applicable items.

(2) Orders Received/Sales

1. Consolidated Orders Received

Consolidated orders received are as follows.

(Thousand yen)

Department	FY 2014 (from January 1, 2014 to December 31, 2014)		FY 2015 (from January 1, 2015 to December 31, 2015)	
	Orders received	Order backlog	Orders received	Order backlog
Engineering Consultant: Water supply and sewerage system (feasibility studies, master plans, detailed design and construction supervision surveillance)	5,033,498	3,373,664	5,209,547	3,732,808
Others	79,230	61,314	43,920	27,828
Subtotal	5,112,728	3,434,978	5,253,467	3,760,637
Information Processing: Data management of urban facilities and software development	475,498	380,211	501,686	382,684
Subtotal	475,498	380,211	501,686	382,684
Total	5,588,226	3,815,190	5,755,153	4,143,321

Notes: 1. The amounts shown are the selling price. Consumption tax is not included.
2. The quantity is not included due to the difficulty in recording.

2. Consolidated Sales

Consolidated sales are as follows.

(Thousand yen)

Department	FY 2014 (from January 1, 2014 to December 31, 2014)		FY 2015 (from January 1, 2015 to December 31, 2015)	
	Amount	Ratio	Amount	Ratio
Engineering Consultant: Water supply and sewerage system (feasibility studies, master plans, detailed design and construction supervision surveillance)	4,502,951	87.7	4,850,403	89.4
Others	133,054	2.6	77,405	1.4
Subtotal	4,636,005	90.3	4,927,809	90.8
Information Processing: Data management of urban facilities and software development	497,101	9.7	499,213	9.2
Subtotal	497,101	9.7	499,213	9.2
Total	5,133,106	100.0	5,427,022	100.0

Notes: 1. The amounts shown are the selling price. Consumption tax is not included.
2. The quantity is not included due to the difficulty in recording.