

Year ended December 31, 2017 **FY 2017 Non-consolidated Financial Results** February 9, 2018

(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  
Contact person: Title Director & General Manager of Financial Affairs Division Name: Kaoru Kira Tel: (03) 6757-8800

Planned Annual General Meeting of Shareholders: March 29, 2018  
Planned filing of a financial report: March 29, 2018  
Date of scheduled payment of dividends: March 30, 2018  
Earnings supplementary explanatory documents: None  
Earnings presentation: None

(Amounts less than ¥1 million are truncated)

1. NON-CONSOLIDATED FINANCIAL RESULTS FOR FY 2017 (January 1, 2017 to December 31, 2017)

(1) Non-consolidated Operating Results

(Percentages represent year-on-year change)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2017 ended December 31, 2017	6,256	12.0	1,012	77.8	1,017	73.8	973	135.6
FY 2016 ended December 31, 2016	5,588	3.0	569	15.9	585	19.9	413	-4.6

	Profit per share-basic	Profit per share-diluted	Return on equity	Ordinary income to total assets	Operating margin
	Yen	Yen	%	%	%
FY 2017 ended December 31, 2017	145.50	145.16	19.0	15.6	16.2
FY 2016 ended December 31, 2016	61.77	-	9.2	10.1	10.2

(Reference) Gain (loss) on investment by equity method: FY 2017: ¥- million FY 2016: ¥- million

(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, 2017	7,006	5,584	79.7	834.66
As of December 31, 2016	6,073	4,652	76.6	695.54

(Reference) Shareholders' equity: As of December 31, 2017: ¥5,583 million As of December 31, 2016: ¥4,651 million

(3) Non-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 2017 ended December 31, 2017	434	133	-75	2,798
FY 2016 ended December 31, 2016	-	-	-	-

Consolidated financial results were disclosed in the summary of financial results for FY 2016 ended December 31. However, from the first quarter of FY 2017 ended December 31, non-consolidated financial results are disclosed. Therefore, the status of cash flows for FY 2016 ended December 31 is not shown.

2. DIVIDENDS

(Record date)	Dividends per share					Total dividend amount (Full year)	Payout ratio	Ratio of dividends to net assets
	End of first quarter	Interim	End of third quarter	Fiscal year-end	Full year			
FY 2016 ended December 31, 2016	Yen -	Yen 0.00	Yen -	Yen 8.00	Yen 8.00	Million yen 54	% 13.0	% 1.1
FY 2017 ended December 31, 2017	-	0.00	-	12.00	12.00	81	8.2	1.4
FY 2018 ending December 31, 2018 (Forecast)	-	0.00	-	14.00	14.00		16.4	

### 3. FORECAST OF NON-CONSOLIDATED RESULTS FOR FY 2018 (January 1, 2018 to December 31, 2018)

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

	Net sales		Operating income		Ordinary income		Profit		Profit per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	6,400	2.3	900	-11.1	900	-11.5	570	-41.4	85.22

#### \*NOTES

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

- (i) Changes in accounting policies in accordance with revision of accounting standards: None
- (ii) Changes in accounting policies other than (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Retrospective restatements: None

##### (2) Number of outstanding shares (Common stock)

- (i) Number of shares outstanding at end of period, including treasury stock
  - As of December 31, 2017: 7,796,800 shares      As of December 31, 2016: 7,796,800 shares
- (ii) Number of shares of treasury stock at end of period
  - As of December 31, 2017: 1,107,735 shares      As of December 31, 2016: 1,109,267 shares
- (iii) Average number of shares outstanding for each period
  - As of December 31, 2017: 6,688,330 shares      As of December 31, 2016: 6,687,411 shares

\* The summary of financial results is not subject to audit procedures.

#### 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. SUMMARY OF BUSINESS RESULTS,” “(4) Future Outlook” on page 5 of the Attachment.

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# 1. SUMMARY OF BUSINESS RESULTS

## (1) Summary of Business Results for Current Period

According to the Bank of Japan's Tankan survey in December 2017, the diffusion index (DI) for major manufacturing firms advanced three percentage points from the September 2017 survey to 25 percentage points, and for major non-manufacturing firms it levelled off at 23 percentage points from the previous survey. Meanwhile, the DI for small and medium-sized enterprises improved for both manufacturing and non-manufacturing industries, with the DI for small and medium-sized manufacturers advancing five percentage points from the previous survey to 15 percentage points and that of non-manufacturers improving one percentage point to nine percentage points. The DI forecast for the next three months dropped six percentage points for major manufacturers and three percentage points for major non-manufacturers, indicating that many companies are concerned about the increased shortage of manpower and cautious about future business conditions.

Under the above-mentioned economic conditions, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), with which the Company's has a close business relationship, drew up a budget for fiscal 2017. The total budgets earmarked for "disaster prevention and safety subsidies" and "general social infrastructure development subsidies" were roughly on the same level as fiscal 2016. The total amount of the water and sewerage works expenses budget of ordinance-designated cities across Japan and Tokyo's special wards increased 2.4% from fiscal 2016. 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 sewerage infrastructure stock is second only to the road infrastructure stock.

In Japan, 90.4 percent of the population has access to sewage treatment facilities (as of the end of 2016), only 78.3 percent of which has access to sewers. Currently, there are approximately 12 million people who do not have access to sewage treatment facilities, and therefore it is necessary to promote sewage services. There has been less demand for establishing new facilities. However, many water and sewerage facilities that were built rapidly during the high-growth period are reaching the end of their useful life. In view of this, it is necessary to maintain and renew these infrastructure assets, which are indispensable to ensuring a safe, reliable and cultural living environment. In addition, there are growing new needs including flood control measures for protecting human lives and assets from localized torrential rain that have recently been occurring frequently, anti-seismic measures such as building quake-resistant toilet facilities, and water and sewerage systems reinforcement measures for building tsunami-resistant facilities.

On the other hand, most of the population has access to water supplies and the total length of water pipes in Japan is around 660,000 kilometers. However, the national average annual rate of renewing water pipes is as low as 0.76 percent, which means that it will take approximately 130 years to renew all the water pipes. Water pipes have a statutory useful life of 40 years. However, the progress with renewing many water pipe facilities that were built during the high-growth period has been slow, and these water pipes are likely to deteriorate further. Therefore, it is important to renew aged water pipes for providing a stable supply of safe water.

The Company, 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 Company pursued orders in line with the seven major themes set by the Sewerage and Wastewater Management Department of MLIT: strengthening earthquake recovery and reconstruction support and implementing national measures for safety and peace of mind; early reduction of areas lacking sewerage infrastructure; promoting water environmental management; improving facilities management and operation; strengthening sewerage management; promoting measures to realize a low-carbon, recycling-oriented society; and, promoting international water businesses through globalization and private-public initiatives. In addition, the Company conducted recovery and reconstruction support operations for damage caused by earthquakes that hit the Kumamoto region in April 2016. We also made efforts to obtain orders for services relating to support by the Ministry of Internal Affairs and Communications for introducing local public enterprise-based accounting into small-scale water supply and sewerage operations, in accordance with the Local Public Enterprise Act, as well as sewerage operations management strategy formulation operations and others. 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 Company's internal organization, the Company strove to distribute profits to employees and improve revenue by boosting productivity and reducing costs based on measures such as creating an organization focusing on the "Era of Maintenance and Management," facilitating communication and information sharing between different levels, rapid course correction of management issues based on confirming management benchmarks by departments on an as-needed basis, appropriate budget management for order-received projects, process management, outsourcing management, upgrading skills of in-house engineers, securing and fostering young human resources who will lead the next generation, addressing the issue of working long hours with which the government is also concerning itself, creating an internal scheme and office environment aimed at achieving a good work-life balance so as to allow each employee to work flexibly and have a sense of fulfillment, and expanding external networks.

As a result, Non-consolidated orders received during the fiscal year under review amounted to ¥6,547 million,

an increase of 1.1% compared with the previous fiscal year, and net sales increased 12.0%, to ¥6,256 million. Operating income amounted to ¥1,012 million, an increase of 77.8% compared with the previous fiscal year, and ordinary income increased 73.8%, to ¥1,017 million. Profit amounted to ¥973 million, an increase of 135.6% compared with the previous fiscal year.

Results by operating division were as follows.

[Engineering Consultant Department]

The Engineering Consultant Department received orders totaling ¥6,155 million during the fiscal year under review, an increase of 2.1% compared with the previous fiscal year. Sales by the department increased 13.7%, to ¥5,877 million.

[Information Processing Department]

In the Information Processing Department, orders received decreased 11.7% compared with the previous fiscal year, to ¥391 million. Sales by the department decreased 9.5%, to ¥378 million.

## (2) Summary of Financial Position for Current Period

Cash and cash equivalents stood at ¥2,798 million at the end of the fiscal year under review. Significant factors contributing to this change included the posting of profit before income taxes, and decreases in notes and accounts receivable.

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 ¥434 million.

The main factor contributing to this change was the posting of profit before income taxes.

(Cash flows from investing activities)

Net cash provided in investing activities totaled ¥133 million.

This is mainly due to ¥200 million in proceeds from redemption of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥75 million.

The main item was cash dividends paid amounting to ¥54 million.

## (3) Summary of Cash Flows for Current Period

	FY 2017
Shareholders' equity ratio (%)	79.7
Shareholders' equity ratio on a market value basis (%)	66.1
Interest-bearing debt to cash flow ratio (years)	0.16
Interest coverage ratio (times)	224.54

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. 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).
2. Cash flows in these indicators refer to net cash from operating activities as stated in the Non-consolidated Statements of Cash Flows. Interest-bearing liabilities are all liabilities presented on the Non-consolidated Balance Sheets that are subject to interest expenses. Interest payments are those stated in the Non-consolidated Statements of Cash Flows.

#### **(4) Future Outlook**

The national budget for disaster prevention and safety subsidies allocated to operating expenses of local governments and social infrastructure improvement subsidies is expected to remain at the same level. In light of such external environmental business factors affecting orders, the Company's target project budget is likely to be guaranteed. However, the majority of orders are placed through price competitive auction, which leads to an increase in competition among firms, fluctuation of bidding prices, and an increase in sales cost since orders are customization-oriented. Hence, the Company anticipates a continuing harsh environment for achieving sales order and profit targets.

The Company, meanwhile, has achieved a year-on-year increase in productivity both on an individual employee level and on an organizational level through company-wide awareness reforms aimed at achieving the objectives of every employee working with a sense of management and establishing an organization with an open culture which have been consistently pursued under the present management structure, and the provision of pleasant working conditions and a good in-house system. In response to the aging of technical resources, it is important to pass on their techniques and secure the next generation of human resources. Accordingly, under the leadership of the top management, the Company will work to solve management issues by implementing a new graduate recruitment program in collaboration with younger employees, and actively recruiting mid-career workers. Furthermore, the Company will aim to obtain sustainable orders and increase revenue by offering high-quality services meeting customer needs and thereby making a contribution to the development of water and sewerage infrastructure business, which is vital for increasing customer satisfaction and indispensable for social life.

Water supply and sewerage budgets, the Company's main business target, are expected to place emphasis on, for example, building water supply and sewerage facilities in areas without them, earthquake- and disaster prevention-related measures, programs to address an aging infrastructure, support services to reinforce operating foundations, and enhancing the vitality of local communities. Hence, the Company will aggressively carry out sales programs to meet such needs and strengthen its production system. At the same time, the Company will, in consideration of profitability, engage in overseas water-related business, mainly in 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, 2018, the Company forecasts orders to decrease 3.8%, to ¥6,300 million, and net sales to increase 2.3%, to ¥6,400 million. Operating income is forecast to decrease 11.1%, to ¥900 million, and ordinary income to decrease 11.5%, to ¥900 million. Profit is forecast to decrease 41.4%, to ¥570 million. The decrease in profit is mainly due to an increase in tax expenses.

## **2. 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.

### 3. FINANCIAL STATEMENTS AND KEY NOTES

#### (1) Non-consolidated Balance Sheets

	FY 2016 (as of December 31, 2016)	FY 2017 (as of December 31, 2017)
Category	Amount (thousand yen)	Amount (thousand yen)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,022,855	3,514,747
Accounts receivable—completed operation	1,571,580	2,106,765
Costs on uncompleted services	12,622	-
Prepaid expenses	30,416	29,060
Deferred tax assets	136,739	161,649
Advances receivable from group affiliates	222	214
Other	241,424	44,893
Allowance for doubtful accounts	-	-19,000
<b>Total current assets</b>	<b>5,015,861</b>	<b>5,838,330</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings, net	132,482	160,732
Structures, net	0	0
Tools, furniture and fixtures, net	14,981	15,090
Land	150,015	150,015
Lease assets, net	58,851	61,537
<b>Total property, plant and equipment</b>	<b>356,330</b>	<b>387,376</b>
<b>Intangible assets</b>		
Leasehold right	3,321	3,321
Software	104,089	98,485
Lease assets	8,364	6,996
Telephone subscription right	3,711	3,711
<b>Total intangible assets</b>	<b>119,486</b>	<b>112,514</b>
<b>Investments and other assets</b>		
Investment securities	296,039	312,253
Shares of subsidiaries and associates	52,313	52,313
Long-term loans receivable from employees	6,866	8,287
Insurance funds	62,885	60,973
Guarantee deposits	135,044	135,393
Long-term prepaid expenses	481	589
Deferred tax assets	-	71,937
Other	30,569	28,769
Allowance for doubtful accounts	-2,200	-2,200
<b>Total investments and other assets</b>	<b>582,000</b>	<b>668,319</b>
<b>Total noncurrent assets</b>	<b>1,057,818</b>	<b>1,168,210</b>
<b>Total assets</b>	<b>6,073,679</b>	<b>7,006,540</b>



	FY 2016 (as of December 31, 2016)	FY 2017 (as of December 31, 2017)
Category	Amount (thousand yen)	Amount (thousand yen)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable—operating	223,309	263,748
Lease obligations	19,832	24,150
Accounts payable - other	125,553	55,947
Accrued expenses	140,976	144,805
Income taxes payable	89,189	135,729
Accrued consumption taxes	86,135	33,352
Advances received on uncompleted contracts	215,306	295,722
Deposits received	74,119	90,876
Provision for bonuses	35,129	36,120
Provision for loss on order received	20,527	17,315
<b>Total current liabilities</b>	<b>1,030,078</b>	<b>1,097,767</b>
<b>Noncurrent liabilities</b>		
Lease obligations	48,292	45,585
Deferred tax liabilities	19,027	-
Provision for share benefit	18,018	25,252
Provision for retirement benefits	250,255	197,051
Long-term accounts payable - other	8,400	8,400
Asset retirement obligations	46,889	48,097
<b>Total noncurrent liabilities</b>	<b>390,882</b>	<b>324,386</b>
<b>Total liabilities</b>	<b>1,420,961</b>	<b>1,422,154</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,093,000	1,093,000
<b>Capital surplus</b>		
Legal capital surplus	2,171,308	2,171,308
Other capital surplus	715,307	715,307
<b>Total capital surpluses</b>	<b>2,886,615</b>	<b>2,886,615</b>
<b>Retained earnings</b>		
Other retained earnings		
Retained earnings brought forward	1,295,639	2,214,757
<b>Total retained earnings</b>	<b>1,295,639</b>	<b>2,214,757</b>
Treasury stock	-670,434	-669,783
<b>Total shareholders' equity</b>	<b>4,604,820</b>	<b>5,524,589</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	46,610	58,509
<b>Total valuation and translation adjustments</b>	<b>46,610</b>	<b>58,509</b>
Subscription rights to shares	1,287	1,287
<b>Total net assets</b>	<b>4,652,717</b>	<b>5,584,386</b>
<b>Total liabilities and net assets</b>	<b>6,073,679</b>	<b>7,006,540</b>

## (2) Non-consolidated Statements of Operations

	FY 2016 (from January 1, 2016 to December 31, 2016)	FY 2017 (from January 1, 2017 to December 31, 2017)
Category	Amount (thousand yen)	Amount (thousand yen)
Contracts completed	5,588,597	6,256,438
Cost of completed work	3,807,609	3,986,812
Gross profit	1,780,988	2,269,625
Selling, general and administrative expenses	1,211,558	1,257,380
Operating income	569,430	1,012,245
Non-operating income		
Interest and dividend income	8,329	6,644
Contribution received for operations performed by dispatched employees	3,003	3,210
Compensation income	10,000	-
Insurance income	-	3,000
Commission fee	2,430	2,430
Reversal of allowance for doubtful accounts	6,836	-
Other	4,383	6,514
Total non-operating income	34,983	21,799
Non-operating expenses		
Interest expenses	1,488	1,934
Expenses for securities transactions	12,495	11,650
Foreign exchange losses	2,558	891
Other	2,551	2,191
Total non-operating expenses	19,094	16,668
Ordinary income	585,319	1,017,376
Extraordinary loss		
Loss on retirement of noncurrent assets	164	30
Settlement package	65,000	-
Impairment loss	2,434	-
Total extraordinary loss	67,598	30
Profit before income taxes	517,720	1,017,345
Income taxes—current	117,399	164,360
Income taxes-deferred	-12,757	-120,190
Total income taxes	104,642	44,169
Profit	413,078	973,175

**(3) Non-consolidated Statements of Changes in Net Assets  
FY 2016 (from January 1, 2016 to December 31, 2016)**

(Thousand yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surpluses	Other retained earnings	Total retained earnings
					Retained earnings brought forward	
Balance at the beginning of current period	1,093,000	2,171,308	715,307	2,886,615	923,104	923,104
Changes of items during the period						
Dividends of surplus					-40,543	-40,543
Profit					413,078	413,078
Purchase of treasury stock						
Disposal of treasury stock						
Net changes of items other than shareholders' equity						
Total changes of items during the period	-	-	-	-	372,535	372,535
Balance at the end of current period	1,093,000	2,171,308	715,307	2,886,615	1,295,639	1,295,639

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of current period	-670,605	4,232,113	54,170	54,170	1,287	4,287,572
Changes of items during the period						
Dividends of surplus		-40,543				-40,543
Profit		413,078				413,078
Purchase of treasury stock						
Disposal of treasury stock	171	171				171
Net changes of items other than shareholders' equity			-7,560	-7,560		-7,560
Total changes of items during the period	171	372,706	-7,560	-7,560	-	365,145
Balance at the end of current period	-670,434	4,604,820	46,610	46,610	1,287	4,652,717

**FY 2017 (from January 1, 2017 to December 31, 2017)**

(Thousand yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surpluses	Other retained earnings	Total retained earnings
				Retained earnings brought forward		
Balance at the beginning of current period	1,093,000	2,171,308	715,307	2,886,615	1,295,639	1,295,639
Changes of items during the period						
Dividends of surplus					-54,057	-54,057
Profit					973,175	973,175
Purchase of treasury stock						
Disposal of treasury stock						
Net changes of items other than shareholders' equity						
Total changes of items during the period	-	-	-	-	919,118	919,118
Balance at the end of current period	1,093,000	2,171,308	715,307	2,886,615	2,214,757	2,214,757

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of current period	-670,434	4,604,820	46,610	46,610	1,287	4,652,717
Changes of items during the period						
Dividends of surplus		-54,057				-54,057
Profit		973,175				973,175
Purchase of treasury stock	-33	-33				-33
Disposal of treasury stock	684	684				684
Net changes of items other than shareholders' equity			11,899	11,899		11,899
Total changes of items during the period	651	919,769	11,899	11,899	-	931,668
Balance at the end of current period	-669,783	5,524,589	58,509	58,509	1,287	5,584,386

**(4) Non-consolidated Statements of Cash Flows**

	FY 2017 (from January 1, 2017 to December 31, 2017)
Category	Amount (thousand yen)
Cash flows from operating activities	
Profit before income taxes	1,017,345
Depreciation and amortization	74,716
Increase /decrease in allowance for doubtful accounts	19,000
Interest and dividends income	-6,644
Interest expenses	1,934
Loss on retirement of property, plant and equipment	30
Increase/decrease in notes and accounts receivable—trade	-535,184
Increase/decrease in costs on uncompleted services	12,622
Increase/decrease in notes and accounts payable—trade	40,438
Increase/decrease in advances received on uncompleted services	80,416
Increase/decrease in provision for bonuses	991
Increase/decrease in provision for loss on order received	-3,212
Increase /decrease in provision for share benefit	7,233
Increase/decrease in provision for retirement benefits	-53,203
Other	-119,534
Subtotal	536,950
Interest and dividends income received	6,644
Interest expenses paid	-1,934
Compensation income receivable	10,000
Income taxes paid	-117,231
Net cash provided by (used in) operating activities	434,429

	FY 2017 (from January 1, 2017 to December 31, 2017)
Category	Amount (thousand yen)
Cash flows from investing activities	
Purchase of property, plant and equipment	-39,248
Purchase of intangible assets	-28,002
Proceeds from redemption of investment securities	200,000
Payments for lease and guarantee deposits	-2,004
Proceeds from collection of lease and guarantee deposits	1,654
Other	719
Net cash provided by (used in) investing activities	133,119
Cash flows from financing activities	
Repayments of lease obligations	-21,605
Purchase of treasury stock	-33
Cash dividends paid	-54,057
Net cash used in financing activities	-75,697
Effect of exchange rate change on cash and cash equivalents	-20
Net increase/decrease in cash and cash equivalents	491,831
Balance of cash and cash equivalents at beginning of the year	2,306,994
Balance of cash and cash equivalents at end of the year	2,798,825

## **(5) Notes regarding the Non-consolidated Financial Statements**

(Matters Affecting the Assumption of a Going Concern)

No applicable items.

(Changes in Presentation)

(Changes related to the presentation of profit and loss statement)

In the previous fiscal year, “commission fee” was included in the “other” item under “non-operating income.” However, since the amount of commission fee exceeds 10/100 of total non-operating income, “commission fee” is shown as a separate line item in the current fiscal year. In order to reflect such changes in presentation, the reclassification of accounts has been made to the financial statements for the previous fiscal year. As a result, 6,813,000 yen, which was recorded in the “other” item under “non-operating income” in the profit and loss statement for the previous fiscal year, has been reclassified into 2,430,000 yen under “commission fee” and 4,383,000 yen under “other.”

(Segment Information)

Segment Information

Previous fiscal year (January 1 to December 31, 2016) and fiscal year under review (January 1 to December 31, 2017)

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

(Profit and Loss under Equity Method)

All group affiliates owned by the Company are deemed insignificant group companies by earnings and surplus standards, and therefore their figures are not shown.

(Per Share Information)

	FY 2017 (from January 1, 2017 to December 31, 2017)
Net assets per share	¥834.66
Profit per share	¥145.50
Diluted profit per share	¥145.16

Note: 1. The basis for calculating profit per share and diluted profit per share is as follows:

	FY 2017 (from January 1, 2017 to December 31, 2017)
Profit per share	
Profit for the period (thousand yen)	973,175
Amount not attributed to common shareholders (thousand yen)	-
Profit attributable to owners of parent attributed to common stock (thousand yen)	973,175
Average number of common stock outstanding for the period (shares)	6,688,330
Diluted profit per share	
Profit adjustment (thousand yen)	-
Increase in number of common stock (shares)	15,729
(of which the amount of subscription rights to shares)(shares)	15,729
Overview of dilutive shares not included in the calculation of diluted profit per share because of their anti-dilutive effect	-

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

	FY 2017 (from January 1, 2017 to December 31, 2017)
Net assets for the period (thousand yen)	5,584,386
Deduction amount from total net assets (thousand yen)	1,287
(of which the amount of subscription rights to shares)(thousand yen)	(1,287)
Net assets attributed to common stock (thousand yen)	5,583,099
Closing number of common stock used in the calculation of net asset per share (shares)	6,689,065

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 profit per share (68,848 shares as of December 31, 2017).

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 number of shares outstanding at end of the period, used for calculating "net assets per share" (68,100 shares as of December 31, 2017).

(Significant Subsequent Events)

No applicable items.