

Consolidated Financial Results for the Six Months Ended December 31, 2019 [Japanese GAAP]



February 13, 2020

Company name: Nippon Koei Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 1954

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

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Scheduled date of filing quarterly securities report: February 13, 2020

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

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

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

1. Consolidated Financial Results for the Six Months Ended December 31, 2019 (July 1, 2019 to December 31, 2019)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended December 31, 2019	49,148	25.6	(1,427)	-	(1,185)	-	(910)	-
December 31, 2018	39,146	25.3	(2,817)	-	(2,901)	-	(2,331)	-

(Note) Comprehensive income: Six months ended December 31, 2019: ¥(160) million [- %]

Six months ended December 31, 2018: ¥(3,472) million [- %]

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended December 31, 2019	(59.89)	-
December 31, 2018	(149.66)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2019	129,372	57,031	43.2
June 30, 2019	113,175	60,205	52.2

(Reference) Equity: As of December 31, 2019 : ¥55,880 million

As of June 30, 2019 : ¥59,090 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2019	-	-	-	75.00	75.00
Fiscal year ending June 30, 2020	-	-	-	-	-
Fiscal year ending June 30, 2020 (Forecast)	-	-	-	100.00	100.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2020 (July 1, 2019 to June 30, 2020)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
[Japanese GAAP] Full year	127,700	17.6	5,800	13.5	6,200	11.0	3,600	8.5	236.72

	Revenue		Operating income		Income before Tax		Income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
[IFRS] Full year	127,700	-	6,700	-	7,000	-	4,500	-	295.91

(Note) 1. Revision to the financial results forecast announced most recently: None

2. The Company has decided to voluntarily apply International Financial Reporting Standards (IFRS) from the year-end of fiscal year ending June 30, 2020. Accordingly, in addition to the consolidated financial results forecast based on Japanese GAAP, the Company discloses financial estimates based on IFRS. The percentage change from the fiscal year ended June 30, 2019, for which the Japanese GAAP was applied, is not shown in the above table.

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury stock)

As of December 31, 2019 : 15,933,058 shares

As of June 30, 2019 : 15,919,544 shares

2) Total number of treasury stock at the end of the period

As of December 31, 2019 : 917,698 shares

As of June 30, 2019 : 235,268 shares

3) Average number of shares during the period

Six months ended December 31, 2019 : 15,207,546 shares

Six months ended December 31, 2018 : 15,581,280 shares

* These consolidated financial results are not subject to quarterly audit procedures by certified public accountants or audit firms.

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

(Caution regarding forward-looking statements)

The earnings forecasts and other forward-looking statements disclosed herein are based on information available to the Company as of the date of publication of this document and certain assumptions deemed reasonable. Actual results, etc. may differ significantly due to a wide range of factors.

The Company is scheduled to hold a financial results briefing session for investors and analysts on March 2, 2020. The financial briefing materials to be distributed at this briefing session will be subsequently posted on the Company's website.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the six months ended December 31, 2019 (from July 1, 2019 to December 31, 2019), Japan's economy continued on a moderate recovery path with corporate earnings at high levels, signs of private consumption picking up and improved employment conditions, despite continued weakness mainly in exports. In contrast, as for overseas economies, while showing a moderate recovery trend, they continue to require careful attention as to the developments in connection with the U.S.-China trade dispute, uncertain Middle East situations, Brexit of the UK, one of the main bases of our business, and the movements in financial and capital markets, among others.

With regard to the business environment surrounding Nippon Koei Co., Ltd. (the "Company") and its subsidiaries (together, the "Group"), in the Domestic Consulting Business, initiatives for building national resilience against disasters and measures against aging infrastructure in public works projects and, in the International Consulting Business, the Japanese government's strategy for the export of high-quality infrastructure systems are being both promoted. In the Power Engineering Business, demand for the renewal of power distribution facilities, in the Urban & Spatial Development Business, demand for construction due to the progress of urbanization in Asian countries and, in the Energy Business, demand for renewable energy due to the shift to low-carbon and distributed power sources remained steady, respectively.

Under these circumstances, based on the Medium-Term Management Plan "NK-Innovation 2021" (from July 2018 to June 2021), with the fundamental principles of "Continue evolution into global consulting and engineering firm," the Group tackled the five business strategies of "Enhancement of operating system for Railways Business," "Overseas expansion of Urban & Spatial Development Business," "Establishment of Energy Business," "Creation of businesses and overseas expansion of Consulting Business," and "Product development and overseas expansion of Power Engineering Business." Moreover, as group-wide measures to realize these goals, the Group actively advanced "Establishment of one-stop marketing system," "Investment in technologies and human resources," and "Enhancement of group governance."

As a result, the Group ended the six months of the current fiscal year with orders received having increased 22.4% year on year to ¥58,395 million. Amid favorable business conditions and the widened application of the percentage-of-completion basis for our sales recognition, net sales increased 25.6% year on year to ¥49,148 million, operating loss decreased 49.3% year on year to ¥1,427 million, ordinary loss decreased 59.1% year on year to ¥1,185 million, and loss attributable to owners of parent decreased 60.9% year on year to ¥910 million.

Net sales for the six months ended December 31, 2019 were ¥49,148 million, an achievement rate of 38.5% against the net sales forecast of ¥127,700 million for the fiscal year ending June 30, 2020 (six months ended December 31, 2018: 34.0%). This is due to the fact that, as the Group's business structure, a large proportion of operations is progressing in the second half of the fiscal year and there are seasonal fluctuations in the recording of net sales. On the other hand, because expenses such as selling, general and administrative expenses were generated fairly evenly throughout the year, the Group recorded an operating loss, an ordinary loss and loss attributable to owners of parent for the six months ended December 31, 2019.

Business results for each segment are as follows:

[Domestic Consulting]

In the Domestic Consulting Business, we further strengthened our management base and promoted efficient business management by expanding orders received in Western Japan through the restructuring of order and operating systems, securing and improving quality, reforming working styles, and other measures. In addition, we worked to support the actions under the global strategy cooperating with the International Consulting Business and the R&D Center, as well as to develop new businesses by utilizing the management know-hows, as its core, to improve the value of infrastructure.

As a result, orders received increased 4.4% year on year to ¥24,495 million, net sales increased 36.9% year on year to ¥19,267 million, operating loss decreased 32.7% year on year to ¥1,338 million and ordinary loss decreased 31.9% year on year to ¥1,354 million.

[International Consulting]

In the International Consulting Business, we worked to acquire and develop human resources, mainly in the railways business, as well as strengthening the operating system by enhancing project management capabilities, and practicing strict management of profit, risks and safety. In addition, we were actively involved in the Public Private Partnership (PPP) and the private sector business.

As a result, orders received increased 52.4% year on year to ¥17,627 million, net sales increased 12.5% year on year to ¥12,025 million, operating income was ¥173 million (operating loss of ¥72 million for the six months ended December 31, 2018) and ordinary income was ¥192 million (ordinary loss of ¥87 million for the six months ended December 31, 2018).

[Power Engineering]

In the Power Engineering Business, we aggressively expanded the mechanical and electrical consulting business by entering into new areas including traffic and transportation, as well as maintenance and management in view of global development, strengthened group-wide cooperation in the energy-related business and maintenance and management business, and strove to develop products and technologies of a global standard specification. We also continued to improve price competitiveness and enhance sales force with rigorous cost reductions.

As a result, orders received increased 57.2% year on year to ¥7,182 million, and net sales increased 12.9% year on year to ¥7,583 million, operating income increased 19.4% year on year to ¥620 million, and ordinary income increased 19.0% year on year to ¥580 million.

[Urban & Spatial Development]

In the Urban & Spatial Development Business, we responded to changes in the U.K. market and expanded our business in Asia by promoting Group-wide collaboration in Singapore while taking steps to enter the British Commonwealth of Nations markets.

In addition to the above results, due in part to the contribution from Quadrangle Architects Limited, which joined the Group in the previous fiscal year, orders received increased 14.8% year on year to ¥8,984 million, and net sales increased 32.6% year on year to ¥8,963 million. Operating income was ¥504 million (operating loss of ¥21 million for the six months ended December 31, 2018), and ordinary income was ¥343 million (ordinary loss of ¥21 million for the six months ended December 31, 2018).

[Energy Business]

The Energy Business improved its profitability in the power generation business such as through renewable energy and worked to develop new projects including PFI (Private Finance Initiatives) business. In addition, we accumulated a track record in the renewable energy mainly in Europe and storage battery EPC (Engineering, Procurement & Construction) business in the energy management business, further sought to promote the resource aggregator (an operator that plays a central role in control and management in relation to both energy operators and sources of demand) and VPP (Virtual Power Plant) business.

As a result, orders received decreased 75.1% year on year to ¥56 million. Net sales increased 94.7% year on year to ¥710 million, while operating loss increased 54.9% year on year to ¥175 million due to prior development investment in the overseas energy management business. Ordinary loss decreased 7.9% year on year to ¥113 million due mainly to the decreased loss of entities accounted for using equity method.

[Real Estate Leasing]

In the Real Estate Leasing Business, net sales decreased 0.3% year on year to ¥216 million. Operating income decreased 0.4% year on year to ¥203 million while ordinary income decreased 0.2% year on year to ¥203 million.

(2) Explanation of Financial Position

Total assets as of the end of the second quarter of the fiscal year ending June 30, 2020, amounted to ¥129,372 million, an increase of ¥16,197 million from the end of the previous fiscal year.

In the Assets section, current assets were ¥63,487 million, an increase of ¥11,040 million from the end of the previous fiscal year. This was mainly due to a ¥11,828 million increase in notes and accounts receivable-trade, while a ¥1,189 million decrease in work in process.

Non-current assets were ¥65,885 million, an increase of ¥5,156 million from the end of the previous fiscal year. This was mainly due to a ¥3,915 million increase in leased assets included in other items of property, plant and equipment at overseas subsidiaries that applied IFRS 16.

In the Liabilities section, current liabilities were ¥46,076 million, an increase of ¥17,993 million from the end of the previous fiscal year. This was mainly due to a ¥21,000 million increase in short-term loans payable, while a ¥850 million decrease in notes and accounts payable-trade and a ¥788 million decrease in income taxes payable.

Non-current liabilities were ¥26,265 million, an increase of ¥1,378 million from the end of the previous fiscal year. This was mainly due to a ¥3,291 million increase in long-term lease obligations included in other items of non-current liabilities at overseas subsidiaries that applied IFRS 16, while a ¥1,290 million decrease in long-term loans payable.

Net assets were ¥57,031 million, a decrease of ¥3,174 million from the end of the previous fiscal year. The primary factors behind this were ¥910 million in net loss attributable to owners of parent, ¥1,193 million in cash dividends paid and a ¥1,800 million increase in treasury shares.

As a result, the shareholders' equity ratio decreased 9.0 percentage points from the end of the previous fiscal year to 43.2%.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements

The consolidated financial results forecast for the fiscal year ending June 30, 2020 have not changed from the forecast announced in the Consolidated Financial Results for the Fiscal Year Ended June 30, 2019 dated August 13, 2019.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	13,147	13,107
Notes and accounts receivable - trade	29,938	41,767
Work in process	5,709	4,520
Other	3,855	4,379
Allowance for doubtful accounts	(203)	(286)
Total current assets	52,446	63,487
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,421	5,258
Land	16,035	16,035
Other, net	8,425	12,866
Total property, plant and equipment	29,882	34,159
Intangible assets		
Goodwill	8,193	8,230
Other	5,307	5,198
Total intangible assets	13,501	13,429
Investments and other assets		
Other	17,514	18,453
Allowance for doubtful accounts	(169)	(156)
Total investments and other assets	17,345	18,296
Total non-current assets	60,728	65,885
Total assets	113,175	129,372

(Millions of yen)

	As of June 30, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,037	4,186
Short-term loans payable	-	21,000
Current portion of long-term loans payable	2,082	2,296
Income taxes payable	1,137	349
Advances received	6,687	6,493
Provision for bonuses	1,972	1,660
Provision for directors' bonuses	91	-
Provision for loss on construction contracts	119	118
Other	10,953	9,971
Total current liabilities	28,082	46,076
Non-current liabilities		
Long-term loans payable	17,639	16,349
Provision for directors' retirement benefits	30	17
Provision for environmental measures	34	34
Liability for retirement benefits	3,817	3,850
Other	3,364	6,013
Total non-current liabilities	24,886	26,265
Total liabilities	52,969	72,341
Net assets		
Shareholders' equity		
Capital stock	7,437	7,458
Capital surplus	6,488	6,509
Retained earnings	47,864	45,699
Treasury shares	(787)	(2,587)
Total shareholders' equity	61,003	57,080
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	456	540
Foreign currency translation adjustments	(3,063)	(2,450)
Defined retirement benefit plans	693	709
Total accumulated other comprehensive income	(1,913)	(1,200)
Non-controlling interests	1,115	1,151
Total net assets	60,205	57,031
Total liabilities and net assets	113,175	129,372

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

For the Six months ended December 31, 2018 and 2019

(Millions of yen)

	For the six months ended December 31, 2018 (From July 1, 2018 to December 31, 2018)	For the six months ended December 31, 2019 (From July 1, 2019 to December 31, 2019)
Net sales	39,146	49,148
Cost of sales	28,930	36,447
Gross profit	10,215	12,700
Selling, general and administrative expenses	13,033	14,127
Operating income (loss)	(2,817)	(1,427)
Non-operating income		
Interest income	129	111
Dividend income	87	62
Gain on sales of investment securities	-	186
Gain on derivatives	75	148
Other	143	135
Total non-operating income	435	645
Non-operating expenses		
Interest expenses	124	217
Share of loss of entities accounted for using equity method	106	18
Foreign exchange losses	5	124
Other	283	43
Total non-operating expenses	519	403
Ordinary income (loss)	(2,901)	(1,185)
Income (loss) before income taxes	(2,901)	(1,185)
Income taxes – current	491	521
Income taxes – deferred	(1,052)	(811)
Total income taxes	(560)	(290)
Net income (loss)	(2,340)	(895)
Net income (loss) attributable to		
Net income (loss) attributable to owners of parent	(2,331)	(910)
Net income (loss) attributable to non-controlling interests	(8)	15
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	(625)	84
Foreign currency translation adjustments	(474)	602
Remeasurements of defined benefit plans	(36)	15
Share of other comprehensive income of entities accounted for using equity method	4	31
Total other comprehensive income (loss)	(1,131)	734
Comprehensive income (loss)	(3,472)	(160)
Comprehensive income (loss) attributable to		
Comprehensive income (loss) attributable to owners of parent	(3,463)	(197)
Comprehensive income (loss) attributable to non-controlling interests	(8)	37

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended December 31, 2018 (From July 1, 2018 to December 31, 2018)	For the six months ended December 31, 2019 (From July 1, 2019 to December 31, 2019)
Cash flows from operating activities		
Income (loss) before income taxes	(2,901)	(1,185)
Depreciation	779	1,135
Amortization of goodwill	230	278
Loss (gain) on sales of investment securities	16	(186)
Share of loss (gain) of entities accounted for using equity method	106	18
Increase (decrease) in allowance for doubtful accounts	(18)	69
Increase (decrease) in provision for bonuses	(431)	(307)
Increase (decrease) in provision for loss on construction contracts	17	(0)
Interest and dividend income	(216)	(173)
Loss (gain) on derivatives	(75)	(148)
Decrease (increase) in notes and accounts receivable - trade	(5,140)	(11,635)
Decrease (increase) in inventories	(4,261)	1,191
Increase (decrease) in notes and accounts payable - trade	(426)	(867)
Increase (decrease) in accounts payable - other	(477)	(330)
Increase (decrease) in advances received	1,529	(202)
Increase (decrease) in consumption taxes receivable/payable	(912)	(1,841)
Other, net	(572)	72
Subtotal	(12,755)	(14,114)
Interest and dividend income received	130	164
Interest expenses paid	(120)	(223)
Income taxes paid	(1,070)	(1,282)
Net cash provided by (used in) operating activities	(13,816)	(15,457)
Cash flows from investing activities		
Net decrease (increase) in time deposits	601	(208)
Purchase of property, plant and equipment	(796)	(849)
Purchase of investment securities	555	724
Purchase of shares of subsidiaries and associates	-	(241)
Payments of loans receivable	(416)	(660)
Other, net	(253)	(216)
Net cash provided by (used in) investing activities	(310)	(1,451)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	17,000	21,000
Repayments of long-term loans payable	(1,367)	(1,270)
Repayments of lease obligations	(13)	(360)
Proceeds from sales of treasury shares	213	201
Purchase of treasury shares	(5)	(2,001)
Cash dividends paid	(1,186)	(1,214)
Other, net	(3)	(2)
Net cash provided by (used in) financing activities	14,636	16,352
Effect of exchange rate change on cash and cash equivalents	(173)	292
Net increase (decrease) in cash and cash equivalents	335	(263)
Cash and cash equivalents at beginning of period	15,233	12,663
Cash and cash equivalents at end of period	15,569	12,399

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Notes on Significant Changes in Shareholders' Equity)

Issuance of restricted stock compensation

In accordance with the resolution of the Extraordinary Board of Directors Meeting held on September 26, 2019, we issued new shares as restricted stock compensation for Directors on October 25, 2019. As a result, capital stock and capital reserve increased by ¥21 million, respectively, during the six months ended December 31, 2019.

Subsequently, capital stock and capital surplus at the end of the first six months of the fiscal year were ¥7,458 million and ¥6,509 million, respectively.

Purchase of treasury shares

At the meeting of Board of Directors held on August 13, 2019, the Company resolved regarding matters concerning the acquisition of treasury shares in accordance with the provisions of Article 156 of the Companies Act, which shall be applied mutatis mutandis pursuant to the provision of Paragraph 3 of Article 165 of the same Act, and executed the same as follows. The share acquisition based on the above resolution by the Board of Directors was completed as of November 22, 2019.

- Type of shares acquired : Common stock of the Company
- Total number of shares acquired : 748,100 shares
- Total purchase price of shares : ¥1,999,757,700
- Acquisition period : From August 14, 2019 to November 22, 2019
- Acquisition method : Market purchase on the Tokyo Stock Exchange

(Accounting Policies Adopted Specially for the Preparation of Quarterly Consolidated Financial Statements)

(Deferral of cost variance)

Cost variance caused by seasonal changes in operation rates, etc. is expected to be almost completely eliminated by the end of the cost accounting period, which is, therefore, deferred as other current liabilities.

(Changes in Accounting Policies)

(Application of IFRS 16 "Leases")

Subsidiaries adopting International Financial Reporting Standards (IFRS) have applied International Financial Reporting Standard 16 "Leases" (hereinafter referred to as "IFRS 16") since the first quarter of the fiscal year ending June 30, 2020. Accordingly, the lessee shall, in principle, record all leases on the balance sheet in assets and liabilities.

The application of IFRS 16 is subject to transitional treatment and the cumulative effect of change in accounting policy is recorded in retained earnings at the beginning of the first quarter of the fiscal year ending June 30, 2020.

As a result, at the end of the second quarter of the fiscal year ending June 30, 2020, "Property, plant and equipment" increased by ¥3,897 million, "Other" of current liabilities increased by ¥720 million, and "Other" of non-current liabilities increased by ¥3,264 million. The impact on income and loss for the second quarter of the fiscal year ending June 30, 2020 and the impact on the beginning balance of the current fiscal year of retained earnings are immaterial.

(Segment Information)

For the six months ended December 31, 2018 (from July 1, 2018 to December 31, 2018)

1) Net sales and segment income or loss by reportable segment

(Millions of yen)

	Reportable segment							Others (Note)	Total
	Domestic Consulting	International Consulting	Power Engineering	Urban & Spatial Development	Energy Business	Real Estate Leasing	Subtotal		
Net sales									
Net sales to external customers	14,071	10,685	6,718	6,761	364	217	38,819	326	39,146
Intersegment sales or transfers	373	18	136	32	-	82	643	444	1,088
Total	14,445	10,704	6,855	6,793	364	300	39,463	771	40,234
Segment income (loss)	(1,987)	(87)	487	(21)	(123)	204	(1,527)	(1,385)	(2,912)

(Note) "Others" refers to a group of operations from which no income is gained or that produce only incidental gains.

2) Differences between the total amount of income or loss of reportable segments and the amounts in quarterly consolidated statement of income and comprehensive income, and major breakdown of such differences (reconciliation)

(Millions of yen)

Income	Amount
Reportable segment total	(1,527)
Loss of "others" category	(1,385)
Elimination of intersegment transactions	11
Ordinary Income (loss) in the quarterly consolidated statement of income and comprehensive income	(2,901)

For the six months ended December 31, 2019 (from July 1, 2019 to December 31, 2019)

1) Net sales and segment income or loss by reportable segment

(Millions of yen)

	Reportable segment							Others (Note)	Total
	Domestic Consulting	International Consulting	Power Engineering	Urban & Spatial Development	Energy Business	Real Estate Leasing	Subtotal		
Net sales									
Net sales to external customers	19,267	12,025	7,583	8,963	710	216	48,767	380	49,148
Intersegment sales or transfers	205	23	274	77	-	82	663	441	1,105
Total	19,473	12,048	7,858	9,041	710	298	49,430	822	50,253
Segment income (loss)	(1,354)	192	580	343	(113)	203	(148)	(1,011)	(1,159)

(Note) "Others" refers to a group of operations from which no income is gained or that produce only incidental gains.

2) Differences between the total amount of income or loss of reportable segments and the amounts in quarterly consolidated statement of income and comprehensive income, and major breakdown of such differences (reconciliation)

(Millions of yen)

Income	Amount
Reportable segment total	(148)
Loss of "others" category	(1,011)
Elimination of intersegment transactions	(26)
Ordinary Income (loss) in the quarterly consolidated statement of income and comprehensive income	(1,185)

(Significant Subsequent Events)

There is no relevant information

3. Other Information

(1) Status of Orders and Sales

By period		For the six months ended		For the six months ended		For the fiscal year ended	
		December 31, 2018		December 31, 2019		June 30, 2019	
Category/Segment		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
Orders received	Domestic Consulting	23,471	49.2	24,495	41.9	52,855	44.7
	International Consulting	11,569	24.3	17,627	30.2	(Note 1) 28,482	24.1
	Power Engineering	4,568	9.5	7,182	12.3	15,411	13.1
	Urban & Spatial Development	7,824	16.4	8,984	15.4	(Note 1) 20,510	17.4
	Energy Business	225	0.5	56	0.1	723	0.6
	Real Estate Leasing	-	-	-	-	-	-
	Others	48	0.1	48	0.1	100	0.1
	Total	47,707	100.0	58,395	100.0	118,085	100.0
Net sales 1	Domestic Consulting	14,714	37.6	20,296	41.3	52,183	48.1
	International Consulting	11,472	29.3	12,868	26.2	26,424	24.3
	Power Engineering	5,638	14.4	6,187	12.6	13,441	12.4
	Urban & Spatial Development	6,748	17.2	8,856	18.0	15,337	14.1
	Energy Business	310	0.8	670	1.4	641	0.6
	Real Estate Leasing	217	0.6	216	0.4	439	0.4
	Others	45	0.1	51	0.1	120	0.1
	Total	39,146	100.0	49,148	100.0	108,589	100.0
Net sales 2	Domestic Consulting	14,071	35.9	19,267	39.3	49,593	45.7
	International Consulting	10,685	27.3	12,025	24.5	24,928	23.0
	Power Engineering	6,718	17.2	7,583	15.4	16,531	15.2
	Urban & Spatial Development	6,761	17.3	8,963	18.2	15,359	14.1
	Energy Business	364	0.9	710	1.4	719	0.7
	Real Estate Leasing	217	0.6	216	0.4	439	0.4
	Others	326	0.8	380	0.8	1,016	0.9
	Total	39,146	100.0	49,148	100.0	108,589	100.0

By period		As of December 31, 2018		As of December 31, 2019		As of June 30, 2019	
		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
Impact of foreign exchange fluctuations	Domestic Consulting	-		-		-	
	International Consulting	25		398		(563)	
	Power Engineering	-		-		-	
	Urban & Spatial Development	(422)		758		(982)	
	Energy Business	-		19		-	
	Real Estate Leasing	-		-		-	
	Others	-		-		-	
	Total	(396)		1,175		(1,545)	
Outstanding Orders	Domestic Consulting	39,835	30.0	35,949	25.0	31,750	23.9
	International Consulting	66,467	50.1	72,997	50.9	67,840	51.1
	Power Engineering	11,964	9.0	15,999	11.1	15,004	11.3
	Urban & Spatial Development	14,142	10.7	18,565	12.9	17,679	13.3
	Energy Business	196	0.2	133	0.1	522	0.4
	Real Estate Leasing	-	-	-	-	-	-
	Others	27	0.0	2	0.0	5	0.0
	Total	132,635	100.0	143,647	100.0	132,801	100.0

Notes: 1. This includes the outstanding orders at the beginning of consolidation for Nippon Koei Mozambique, Limitada, Kisho Kurokawa Architect & Associates Co., Ltd., and Quadrangle Architects Limited. which were consolidated from the previous fiscal year.

2. The above amounts are exclusive of consumption taxes and other taxes.

3. The above amounts are for external customers, and do not include intersegment transactions or transfers.

4. Net sales 1 is by segment which received orders. Net sales 2 is by segment which provided services.