

Consolidated Financial Results for the Nine Months Ended March 31, 2019 [Japanese GAAP]



May 14, 2019

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: May 14, 2019

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: None

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

1. Consolidated Financial Results for the Nine Months Ended March 31, 2019 (July 1, 2018 to March 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	%
Nine months ended March 31, 2019	74,162	9.8	2,936	(6.2)	2,704	(15.9)	1,468	(39.3)
March 31, 2018	67,522	5.2	3,131	(13.1)	3,217	(20.2)	2,419	(7.5)

(Note) Comprehensive income: Nine months ended March 31, 2019 : ¥909 million [(61.1) %]

Nine months ended March 31, 2018 : ¥2,337 million [43.2 %]

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended March 31, 2019	94.11		-	
March 31, 2018	156.32		-	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
March 31, 2019	139,386	59,470	41.9
June 30, 2018	113,890	59,449	51.2

(Reference) Equity: As of March 31, 2019 : ¥58,404 million

As of June 30, 2018 : ¥58,363 million

(Note) From the beginning of the first quarter of the fiscal year ending June 30, 2019, the Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018), etc. The accounting standard is retrospectively applied to the amount as of June 30, 2018.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen				
Fiscal year ended June 30, 2018	-	-	-	75.00	75.00
Fiscal year ending June 30, 2019	-	-	-	-	-
Fiscal year ending June 30, 2019 (Forecast)	-	-	-	75.00	75.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2019 (July 1, 2018 to June 30, 2019)

(% 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
Full year	115,000	8.5	6,200	(5.5)	6,100	(9.2)	4,100	(10.0)	262.82

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

* 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: None

2) Changes in accounting policies other than 1) above: Yes

3) Changes in accounting estimates: Yes

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 March 31, 2019 : 15,919,544 shares

As of June 30, 2018 : 15,905,049 shares

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

As of March 31, 2019 : 274,487 shares

As of June 30, 2018 : 364,422 shares

3) Average number of shares during the period

Nine months ended March 31, 2019 : 15,599,847 shares

Nine months ended March 31, 2018 : 15,478,430 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.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the nine months ended March 31, 2019 (from July 1, 2018 to March 31, 2019), Japan's economy continued on a moderate recovery path with signs of private consumption picking up against the background of steady improvements in employment and income conditions, while some weakness was observed in exports and industrial production in some sectors. In contrast, overseas economies showed a sign of slowdown. Uncertainties continued in the ongoing trade negotiations, the outlook of emerging economies, each country's political measures, and fluctuations of financial and capital markets.

The business environment of Nippon Koei Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") experienced firm demand in each business segment. In the Domestic Consulting Operations, the Group undertook measures to prevent and mitigate damage caused by natural disaster, and also to prevent deterioration of infrastructure for public works projects. In the International Consulting Operations, we promoted the Japanese government's infrastructure and systems export strategy, while the Power Engineering Operations saw demand in a replacement of power distribution equipment. In the Urban & Spatial Development Operations, BDP Holdings Limited and its subsidiaries (hereinafter referred to under the general label "BDP") were involved in the construction and renovation of public facilities in the United Kingdom, its main market, and the Energy Business Operations experienced rising demand for renewable energy as a result of the shift towards low-carbon societies and distributed power sources.

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."

In terms of Group performance for the nine months ended March 31, 2019, as a result of the above, orders received increased 2.1% year on year to ¥71,995 million and net sales increased 9.8% year on year to ¥74,162 million. In contrast, operating income decreased 6.2% year on year to ¥2,936 million due to an increase in selling general and administrative expenses, and ordinary income decreased 15.9% year on year to ¥2,704 million due partly to a loss on valuation of investment securities. Income attributable to owners of parent decreased 39.3% year on year to ¥1,468 million due to the recording of a gain on sales of property, plant, and equipment in the nine months ended March 2018.

Net sales for the nine months ended March 31, 2019 were ¥74,162 million, an achievement rate of 64.5% against the net sales forecast of ¥115,000 million for the fiscal year ending June 30, 2019 (nine months ended March 31, 2018: 63.7%).

Business results for each segment are as follows:

[Domestic Consulting Operations]

The Domestic Consulting Operations worked to further reinforce its management base, by reconstructing order-receipt and production systems, securing and improving quality, while also pursuing more effective business management. In addition, we worked to support the actions under the global strategy cooperating with the International Consulting Operations 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 6.2% year on year to ¥32,283 million. Net sales increased 28.2% year on year to ¥33,189 million, operating income increased 126.3% year on year to ¥2,806 million and ordinary income increased 155.4% year on year to ¥2,781 million.

[International Consulting Operations]

In the International Consulting Operations, we worked to acquire and develop human resources, mainly in the railways business, as well as strengthening the production system by enhancing project management capabilities, and practicing strict management of profit, risks and safety. In addition, we were actively involved in the concessions business, which leverage public sector facility concessions in the Public Private Partnership (PPP), Private Finance Initiative (PFI) businesses and the private sector business.

As a result, orders received for the nine months ended March 31, 2019 decreased 8.5% year on year to ¥17,775 million due partly to a delay in conclusion of contracts for a large-scale project. Net sales decreased 18.4% year on year to ¥16,384 million, operating income decreased 86.9% year on year to ¥286 million, and ordinary income decreased 91.8% year on year to ¥160 million.

[Power Engineering Operations]

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

As a result, orders received for the nine months ended March 31, 2019 decreased 23.8% year on year to ¥9,619 million due to the receiving of a large-scale order in the nine months ended March 31, 2018. In contrast, net sales increased 8.8% year on year to ¥11,942 million due to sales from unfilled orders, operating income increased 33.7% year on year to ¥1,676 million, and ordinary income increased 17.7% year on year to ¥1,621 million.

[Urban & Spatial Development Operations]

In the Urban & Spatial Development Operations, as well as responding to changes in the UK market, we expanded our business in the Asian market through collaboration with another Group member based in Singapore, also aiming to break into the markets of British Commonwealth of Nations countries.

As a result, orders received increased 46.6% year on year to ¥11,771 million.

Net sales increased 13.5% year on year to ¥11,074 million, while operating income decreased 49.1% year on year to ¥74 million due to an increase in selling general and administrative expenses, and ordinary income decreased 78.3% year on year to ¥31 million.

BDP Holdings Limited, our consolidated subsidiary, acquired shares in a Canadian architectural design firm, Quadrangle Architects Limited (hereinafter referred to as “Quadrangle”) on February 4, 2019, making Quadrangle a consolidated subsidiary from the third quarter under review.

[Energy Business Operations]

The Energy Business Operations promoted profitability in the power generation business such as through renewable energy and worked to form new projects including PFI business. In addition, we accumulated a track record in the renewable energy 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 major role in control and management in relation to both energy operators and sources of demand) and VPP (virtual power plant) businesses.

As a result, orders received were ¥470 million and net sales were ¥577 million, while operating loss was ¥173 million and ordinary loss was ¥221 million due partly to the prior investment in an overseas energy management business.

[Real Estate Leasing Operations]

In the Real Estate Leasing Operations, net sales decreased 1.6% year on year to ¥325 million, while operating income increased 1.5% year on year to ¥301 million and ordinary income increased 1.5% year on year to ¥302 million.

(2) Explanation of Financial Position

Total assets as of March 31, 2019, amounted to ¥139,386 million, an increase of ¥25,496 million from the end of the previous fiscal year.

In the Assets section, current assets were ¥76,033 million, an increase of ¥21,769 million from the end of the previous fiscal year. This was mainly due to a ¥20,407 million increase in notes and accounts receivable-trade and a ¥3,253 million increase in work in process.

Non-current assets were ¥63,353 million, an increase of ¥3,727 million from the end of the previous fiscal year. This was mainly due to a ¥1,553 million increase in the amount of good will.

In the Liabilities section, current liabilities were ¥54,468 million, an increase of ¥26,026 million from the end of the previous fiscal year. This was mainly due to a ¥21,500 million increase in short-term loans payable.

Non-current liabilities were ¥25,447 million, a decrease of ¥551 million from the end of the previous fiscal year. This was mainly due to a ¥151 million decrease in long-term loans payable and a ¥150 million decrease in liability for retirement benefits.

Net assets were ¥59,470 million, an increase of ¥21 million from the end of the previous fiscal year. The primary factors behind this were ¥1,468 million in net income attributable to owners of parent, ¥1,192 million in cash dividends paid and a ¥435 million decrease in valuation difference on available-for-sale securities.

As a result, the shareholders' equity ratio decreased 9.3 percentage points from the end of the previous fiscal year to 41.9%.

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

The consolidated financial results forecast for the fiscal year ending June 30, 2019 have not changed from the forecast announced in the Consolidated Financial Results for the Fiscal Year Ended June 30, 2018 dated August 13, 2018.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	As of June 30, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	16,392	13,570
Notes and accounts receivable - trade	26,214	46,622
Work in process	7,942	11,196
Other	3,796	4,727
Allowance for doubtful accounts	(83)	(83)
Total current assets	54,263	76,033
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,082	5,878
Land	16,598	16,600
Other, net	4,943	8,224
Total property, plant and equipment	27,624	30,703
Intangible assets		
Goodwill	8,185	9,739
Other	4,778	4,383
Total intangible assets	12,964	14,122
Investments and other assets		
Other	19,214	18,697
Allowance for doubtful accounts	(177)	(169)
Total investments and other assets	19,037	18,528
Total non-current assets	59,626	63,353
Total assets	113,890	139,386

(Millions of yen)

	As of June 30, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,164	7,521
Short-term loans payable	-	21,500
Current portion of long-term loans payable	2,050	1,992
Income taxes payable	1,012	913
Advances received	8,693	10,957
Provision for bonuses	1,860	2,706
Provision for directors' bonuses	83	-
Provision for loss on construction contracts	176	132
Other	10,398	8,745
Total current liabilities	28,441	54,468
Non-current liabilities		
Long-term loans payable	18,934	18,783
Provision for directors' retirement benefits	32	30
Provision for environmental measures	34	34
Liability for retirement benefits	3,873	3,723
Other	3,124	2,876
Total non-current liabilities	25,999	25,447
Total liabilities	54,440	79,915
Net assets		
Shareholders' equity		
Capital stock	7,415	7,437
Capital surplus	6,466	6,488
Retained earnings	45,528	45,804
Treasury shares	(1,180)	(906)
Total shareholders' equity	58,229	58,823
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,195	759
Foreign currency translation adjustments	(2,045)	(2,107)
Defined retirement benefit plans	983	928
Total accumulated other comprehensive income	133	(419)
Non-controlling interests	1,086	1,066
Total net assets	59,449	59,470
Total liabilities and net assets	113,890	139,386

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

For the Nine months ended March 31, 2018 and 2019

(Millions of yen)

	For the nine months ended March 31, 2018 (From July 1, 2017 to March 31, 2018)	For the nine months ended March 31, 2019 (From July 1, 2018 to March 31, 2019)
Net sales	67,522	74,162
Cost of sales	46,000	51,465
Gross profit	21,522	22,697
Selling, general and administrative expenses	18,391	19,760
Operating income (loss)	3,131	2,936
Non-operating income		
Interest income	124	184
Dividend income	219	111
Gain on sales of investment securities	158	-
Gain on derivatives	-	143
Other	152	196
Total non-operating income	654	636
Non-operating expenses		
Interest expenses	158	205
Loss on valuation of investment securities	153	250
Share of loss of entities accounted for using equity method	-	166
Foreign exchange losses	5	185
Loss on derivatives	151	-
Other	98	60
Total non-operating expenses	568	868
Ordinary income (loss)	3,217	2,704
Extraordinary income		
Gain on sales of property, plant and equipment	1,276	-
Total extraordinary income	1,276	-
Extraordinary losses		
Head office transfer expenses	488	-
Total extraordinary losses	488	-
Income (loss) before income taxes	4,004	2,704
Income taxes – current	1,013	1,302
Income taxes – deferred	575	(68)
Total income taxes	1,588	1,233
Net income (loss)	2,416	1,470
Net income (loss) attributable to		
Net income (loss) attributable to owners of parent	2,419	1,468
Net income (loss) attributable to non-controlling interests	(3)	2
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	(336)	(436)
Foreign currency translation adjustments	290	(50)
Remeasurements of defined benefit plans	(32)	(55)
Share of other comprehensive income of entities accounted for using equity method	-	(18)
Total other comprehensive income (loss)	(79)	(561)
Comprehensive income (loss)	2,337	909
Comprehensive income (loss) attributable to		
Comprehensive income (loss) attributable to owners of parent	2,356	914
Comprehensive income (loss) attributable to non-controlling	(19)	(5)

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the nine months ended March 31, 2018 (From July 1, 2017 to March 31, 2018)	For the nine months ended March 31, 2019 (From July 1, 2018 to March 31, 2019)
Cash flows from operating activities		
Income (loss) before income taxes	4,004	2,704
Depreciation	1,166	1,178
Amortization of goodwill	357	379
Loss (gain) on valuation of investment securities	153	250
Share of loss (gain) of entities accounted for using equity method	-	166
Loss (gain) on sales of property, plant and equipment	(1,280)	1
Increase (decrease) in allowance for doubtful accounts	8	(7)
Increase (decrease) in provision for bonuses	1,248	846
Increase (decrease) in provision for loss on construction contracts	90	(44)
Interest and dividend income	(343)	(295)
Loss (gain) on derivatives	151	(143)
Decrease (increase) in notes and accounts receivable - trade	(17,236)	(19,447)
Decrease (increase) in inventories	(6,870)	(3,239)
Increase (decrease) in notes and accounts payable - trade	3,090	2,981
Increase (decrease) in accounts payable - other	90	(204)
Increase (decrease) in advances received	1,906	2,266
Increase(decrease) in consumption taxes receivable/payable	(1,712)	(525)
Other, net	(2,442)	(2,344)
Subtotal	(17,618)	(15,476)
Interest and dividend income received	298	201
Interest expenses paid	(120)	(148)
Income taxes paid	(1,549)	(1,281)
Net cash provided by (used in) operating activities	(18,990)	(16,704)
Cash flows from investing activities		
Net decrease (increase) in time deposits	1,418	431
Purchase of property, plant and equipment	(399)	(3,549)
Proceeds from sales of property, plant and equipment	2,336	3
Purchase of investment securities	(898)	(427)
Proceeds from sales of investment securities	172	555
Purchase of shares in subsidiaries resulting in change in scope of consolidation	-	(2,685)
Payments of loans receivable	(586)	(622)
Proceeds from liquidation of subsidiaries	-	86
Other, net	(5)	164
Net cash provided by (used in) investing activities	2,038	(6,044)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	13,000	21,500
Proceeds from long-term loans payable	-	1,247
Repayments of long-term loans payable	(1,166)	(1,457)
Proceeds from sales of treasury shares	202	280
Purchase of treasury shares	(24)	(7)
Cash dividends paid	(1,189)	(1,187)
Other, net	(34)	(34)
Net cash provided by (used in) financing activities	10,787	20,341
Effect of exchange rate change on cash and cash equivalents	52	(7)
Net increase (decrease) in cash and cash equivalents	(6,112)	(2,414)
Cash and cash equivalents at beginning of period	17,083	15,233
Cash and cash equivalents at end of period	10,971	12,818

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Notes on Significant Changes in Shareholders' Equity)

In accordance with the resolution of the Extraordinary Board of Directors Meeting held on September 27, 2018, we issued new shares as restricted stock compensation for Directors on October 26, 2018. As a result, capital stock and capital reserve increased by ¥22 million, respectively, during the nine months ended March 31, 2019.

Subsequently, capital stock and capital surplus at the end of the first nine months of the fiscal year were ¥7,437 million and ¥6,488 million, respectively.

(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 that are difficult to distinguish from Changes in Accounting Estimates, and Changes in Accounting Estimates)

(Change in depreciation method for property, plant and equipment)

We took the opportunity provided by drawing up the Medium-term Management Plan, whose first year is the current fiscal year, to investigate the status of property, plant and equipment usage. As a result, because it is expected that the economic benefit derived from property, plant and equipment will be consumed equally over its useful life at some of our domestic subsidiaries, from the first quarter ended September 30, 2018 the depreciation method for property, plant and equipment has been changed from the declining-balance method to the straight-line method, and costs have been allocated more appropriately.

Also, as a consequence of this change in the depreciation method, for certain property, plant and equipment assets, upon consideration of the price at the time of disposal, the residual value has been changed to a memorandum of value.

As a result of this change, the depreciation expenses for the third quarter of the fiscal year decreased by ¥51 million, and each of operating income, ordinary income, and income before income taxes increased by ¥51 million from the amounts based on the previous method.

(Segment Information)

I. For the nine months ended March 31, 2018 (from July 1, 2017 to March 31, 2018)

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

(Millions of yen)

	Reportable segment							Others (Note)	Total
	Domestic Consulting Operations	International Consulting Operations	Power Engineering Operations	Urban & Spatial Development Operations	Energy Business Operations	Real Estate Leasing Operations	Subtotal		
Net sales									
Net sales to external customers	25,892	20,077	10,972	9,761	-	331	67,034	488	67,522
Intersegment sales or transfers	334	16	179	24	-	118	672	1	674
Total	26,226	20,094	11,151	9,785	-	449	67,707	490	68,197
Segment income (loss)	1,089	1,951	1,377	144	-	297	4,860	(1,656)	3,203

(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	4,860
Loss of "others" category	(1,656)
Elimination of intersegment transactions	13
Ordinary Income (loss) in the quarterly consolidated statement of income and comprehensive income	3,217

II. For the nine months ended March 31, 2019 (from July 1, 2018 to March 31, 2019)

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

(Millions of yen)

	Reportable segment							Others (Note)	Total
	Domestic Consulting Operations	International Consulting Operations	Power Engineering Operations	Urban & Spatial Development Operations	Energy Business Operations	Real Estate Leasing Operations	Subtotal		
Net sales									
Net sales to external customers	33,189	16,384	11,942	11,074	577	325	73,494	668	74,162
Intersegment sales or transfers	546	55	208	57	-	123	991	750	1,741
Total	33,735	16,439	12,151	11,132	577	449	74,485	1,418	75,904
Segment income (loss)	2,781	160	1,621	31	(221)	302	4,675	(1,984)	2,690

(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	4,675
Loss of "others" category	(1,984)
Elimination of intersegment transactions	14
Ordinary Income (loss) in the quarterly consolidated statement of income and comprehensive income	2,704

3) Information regarding changes in reportable segments, etc.

In the previous fiscal year, we established the Energy Business Division with its business domains of electric power generation and energy management using distributed energy, and therefore added "Energy Business Operations" to the reportable segments.

The segment information for the nine months ended March 31, 2018 disclosed as comparative information to the nine months ended March 31, 2019 is stated according to the revised designation of the reportable segment.

4) Reportable segment information concerning impairment losses on noncurrent assets, goodwill, etc.

(Significant change in the amount of goodwill)

During the nine months ended March 31, 2019, BDP Holdings Limited, our consolidated subsidiary, acquired the shares in Quadrangle and newly included the company within the scope of consolidation. As a result, the amount of goodwill of 23 million Canadian dollars (equivalent to ¥1,929 million) has been incurred in the reporting segment of Urban & Spatial Development Operations.

The amount of goodwill has been temporarily calculated based on reasonable information available, mainly because the acquisition cost is yet to be allocated for the nine months ended March 31, 2019.

(Significant Subsequent Events)

There is no relevant information.

3. Other Information

(1) Status of Orders and Sales

By period		For the nine months ended		For the nine months ended		For the fiscal year ended	
		March 31, 2018		March 31, 2019		June 30, 2018	
Category/Segment		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
Orders received	Domestic Consulting	30,390	43.1	32,283	44.8	48,529	46.5
	International Consulting	19,422	27.5	17,775	24.7	(Note 1) 26,716	25.6
	Power Engineering	12,619	17.9	9,619	13.4	15,943	15.3
	Urban & Spatial Development	8,031	11.4	11,771	16.3	12,855	12.3
	Energy Business	-	-	470	0.7	179	0.2
	Real Estate Leasing	-	-	-	-	-	-
	Others	41	0.1	74	0.1	(Note 1) 126	0.1
	Total	70,505	100.0	71,995	100.0	104,350	100.0
Net sales 1	Domestic Consulting	27,266	40.4	35,072	47.3	48,784	46.0
	International Consulting	21,254	31.5	17,333	23.4	30,703	29.0
	Power Engineering	8,892	13.2	9,803	13.2	12,616	11.9
	Urban & Spatial Development	9,752	14.4	11,056	14.9	12,998	12.3
	Energy Business	-	-	491	0.7	354	0.3
	Real Estate Leasing	331	0.5	325	0.4	440	0.4
	Others	26	0.0	78	0.1	125	0.1
	Total	67,522	100.0	74,162	100.0	106,023	100.0
Net sales 2	Domestic Consulting	25,892	38.3	33,189	44.8	46,595	43.9
	International Consulting	20,077	29.7	16,384	22.1	28,889	27.3
	Power Engineering	10,972	16.2	11,942	16.1	15,762	14.9
	Urban & Spatial Development	9,761	14.6	11,074	14.9	13,040	12.3
	Energy Business	-	-	577	0.8	354	0.3
	Real Estate Leasing	331	0.5	325	0.4	440	0.4
	Others	488	0.7	668	0.9	940	0.9
	Total	67,522	100.0	74,162	100.0	106,023	100.0

By period		As of March 31, 2018		As of March 31, 2019		As of June 30, 2018	
		Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
Impact of foreign exchange fluctuations	Domestic Consulting	-		-		-	
	International Consulting	(1,250)		32		(1,036)	
	Power Engineering	0		-		0	
	Urban & Spatial Development	378		(24)		(57)	
	Energy Business	-		-		-	
	Real Estate Leasing	-		-		-	
	Others	-		-		-	
	Total	(871)		8		(1,093)	
Outstanding Orders	Domestic Consulting	34,457	26.8	28,289	23.1	31,078	25.0
	International Consulting	68,285	53.1	66,819	54.6	66,345	53.5
	Power Engineering	13,433	10.5	12,850	10.4	13,034	10.5
	Urban & Spatial Development	12,346	9.6	14,179	11.6	13,488	10.9
	Energy Business	-	-	327	0.3	116	0.1
	Real Estate Leasing	-	-	-	-	-	-
	Others	39	0.0	21	0.0	24	0.0
	Total	128,563	100.0	122,487	100.0	124,087	100.0

Notes: 1. This includes the outstanding orders at the beginning of consolidation for Myanmar Koei International Ltd. and DSI Inc., which were consolidated from the previous fiscal year.

2. The above amounts are exclusive of consumption 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.