

# Financial Results for FY2003

(Year ended March 31, 2004)

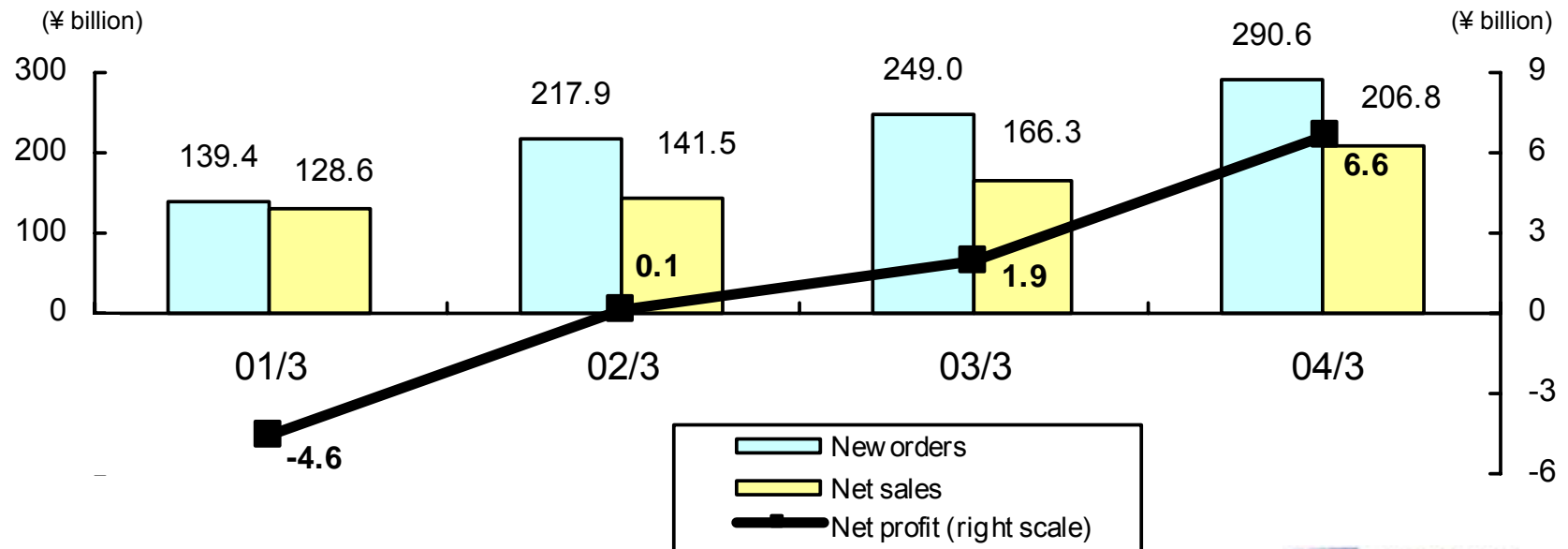
- On the verge of accomplishment of restructuring -

May 18, 2004



# Key Points of Financial Results

- Increased both in revenues and profit, and new orders for three fiscal years in a row.
- Continuous growth in natural gas business and domestic business stayed firm.
- Eliminated accumulated loss in consolidated basis and still a few more in non-consolidated basis.



# 1. Consolidated Statement of Income

(¥ billion)

	03/3	04/3	Difference	03/9 Forecasts	Difference
New orders	249.0	290.6	41.6 [17%]	280.0	10.6 [4%]
Net sales	166.3	206.8	40.5 [24%]	200.0	6.8 [3%]
Gross profit	10.4 [6.3%]	14.1 [6.8%]	3.7 [35%]	— [—]	— [—]
Operating profit	1.5	5.8	4.3 [280%]	4.8	1.0 [21%]
Ordinary profit	2.3	6.3	4.0 [165%]	5.0	1.3 [26%]
Net profit	1.9	6.6	4.7 [233%]	4.1	2.5 [61%]

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- Steady growth in new orders, increased 17%, compared with the previous fiscal year.
  - Net sales increased more than forecast.
  - Gross profit grew due to an increase in construction contracts, as well as improved profit rates in the parent company and group companies.
  - Profits, including operating profit, made a larger growth than gross profit due to a reduction in costs and expenses, and tax effect.

## 2. Consolidated Balance Sheets

(¥ billion)

	03/3	04/3	Difference		03/3	04/3	Difference
Current assets	96.9	120.5	23.6	Current liabilities	89.4	104.8	15.4
Cash and time deposit*	36.1	41.6	5.5	Short-term loans**	8.2	0.1	(8.1)
Trade receivables and costs of construction contracts in progress	46.4	43.5	(2.9)	Trade payables and advance receipts on construction contracts	71.6	89.9	18.2
Jointly controlled asset of joint venture*	8.6	28.4	19.7	Other	9.5	14.7	5.3
Other	5.6	6.9	1.3				
Fixed assets	23.3	22.3	(1.0)	Non-current liabilities	14.2	15.2	1.0
				Long-term debt**	10.4	10.3	(0.1)
				Other	3.8	4.9	1.1
				Total Shareholders' Equity	16.6	22.7	6.0
Total assets	120.2	142.8	22.5	Total Liabilities and Shareholders' Equity	120.2	142.8	22.5

Cash equivalents (\*): Cash and time deposit (¥41.6 billion) + Jointly controlled asset of joint venture (¥28.4 billion)  
=¥70.0 billion (Increased ¥25.3 billion from ¥44.7 billion in the previous fiscal year)

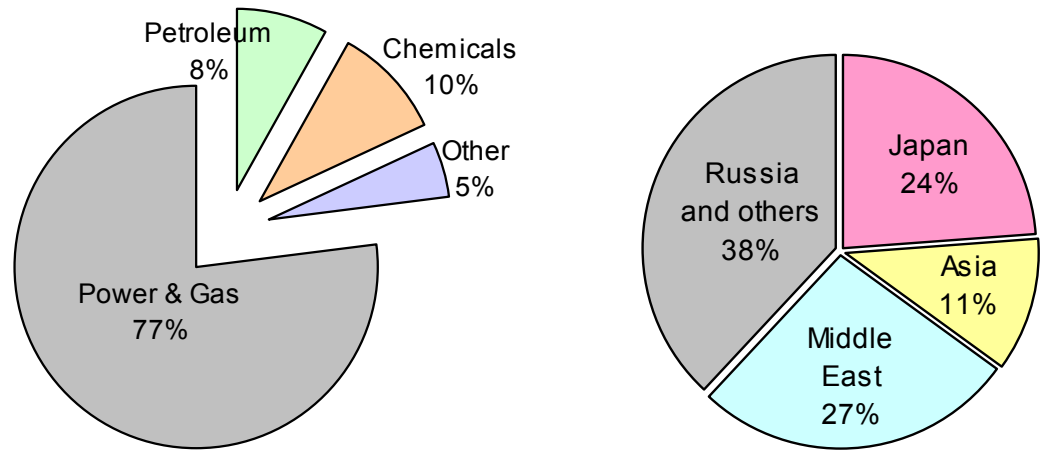
Interest-bearing debt (\*\*): Short-term loans (¥0.1 billion) + Long-term debt (¥10.3 billion)  
=¥10.4 billion (Decreased ¥8.2 billion from ¥18.6 billion in the previous fiscal year)

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- Notable increase in jointly controlled asset of joint venture due to growing number of overseas projects, which are mostly JV projects.
  - Interest-bearing debt was further decreased (¥8.2 billion decreased from the previous fiscal year), however, rise in credit resulted cash and time deposit to increase ¥5.5 billion.
  - Accumulated losses were eliminated as consolidated retained earnings recorded gain of ¥5.8 billion, compared from loss of ¥0.5 billion in the previous fiscal year. Non-consolidated retained loss has been also depressed to ¥0.35 billion.
  - Equity ratio has improved to 15.9%, compared with 13.9% in the previous fiscal year.

# 3. Consolidated New Orders and Backlog of Orders



## Backlog of contracts by segment (04/3)



## **Backlog of contracts:**

Increased 19% from the previous fiscal year.

## **Domestic Market:**

Responding to the changing customers needs.

Environmental responding for petroleum and chemicals.

Growing gas demand for power & gas.

## **Overseas Market:**

Increased investment for natural gas and gas chemicals.

Increased investment for petroleum and chemicals in China.

## **Major new projects**

	Overseas	Domestic
<b>Major New Orders</b>	<p><b><u>Over ¥10 billion</u></b>            LNG plant /Crude oil export facilities (Russia)            Gas processing plant &lt;additional&gt; (Qatar)</p> <p><b><u>Under ¥10 billion</u></b>            Polyvinylidene chloride plant (China/Kureha Chemical Industry)            PMMA sheets plant (China/Mitsubishi Rayon)            FEED work for LNG plant (Qatar)            Other two power &amp; gas projects</p>	<p><b><u>Under ¥10 billion</u></b>            National LPG stockpiling projects            Hydrodesulfurization plant (Nippon Petroleum Refining)            Ultra low sulfur gasoline projects (Showa Yokkaichi Sekiyu / Seibu Oil)            Pharmaceutical laboratory (Mitsubishi Pharma)            Other two petroleum and one power &amp; gas projects</p>



## 4. Forecasts for the fiscal year ending March 31, 2005

(¥ billion)

	04/3 Actual	05/3 Forecasts	Difference	05/3 Interim Forecasts	04/3 Interim Actual
New orders	290.6	230.0 <sup>*1</sup>	(60.6) [(21%)]	80.0	241.5
Net sales	206.8	220.0 <sup>*2</sup>	13.2 [6%]	100.0	88.6
Operating profit	5.8	7.1	1.3 [22%]	3.3	2.5
Ordinary profit	6.3	7.1	0.8 [12%]	3.3	3.0
Net profit	6.6	7.3	0.7 [10%]	3.4	2.2

\*1 New orders: Overseas ¥160.0 billion, Domestic ¥70.0 billion

\*2 Net sales: Overseas ¥145.0 billion, Domestic ¥75.0 billion

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- Net sales is expected to rise 6%, to ¥220 billion from the previous fiscal year.
  - Operating profit, ordinary profit and net profit are also expected a favorable growth.
  - Resumption of cash dividends, ¥3 to 5 per share, is to be provided after nine fiscal years since the last dividend paid.

## [Major projects for FY2003]

	Overseas	Domestic
<b>Major New Orders</b>	<p><b><u>Over ¥10 billion</u></b> LNG plant /Crude oil export facilities (Russia) Gas processing plant &lt;additional&gt; (Qatar)</p> <p><b><u>Under ¥10 billion</u></b> Polyvinylidene chloride plant (China/Kureha Chemical Industry) PMMA sheets plant (China/Mitsubishi Rayon) FEED work for LNG plant (Qatar) Other two power &amp; gas projects</p>	<p><b><u>Under ¥10 billion</u></b> National LPG stockpiling projects Hydrodesulfurization plant (Nippon Petroleum Refining) Ultra low sulfur gasoline projects (Showa Yokkaichi Sekiyu / Seibu Oil) Pharmaceutical laboratory (Mitsubishi Pharma) Other two petroleum and one power &amp; gas projects</p>
<b>Completed construction contracts</b>	<p><b><u>Over ¥10 billion</u></b> LNG plant (Qatar) LNG plant/Crude oil export facilities (Russia) LNG plant (Oman) Methanol plant (Saudi Arabia) Other one power &amp; gas project</p> <p><b><u>Under ¥10 billion</u></b> One petroleum project, two chemicals projects, one power &amp; gas project, and one more project</p>	<p><b><u>Under ¥10 billion</u></b> Flue gas desulfurization plant (Kobe Steel) Pharmaceuticals plant (Chugai Pharmaceutical) Atmospheric distillation plant (upgrading)/ Crude distillation unit (Taiyo Oil) Other one petroleum project, two chemicals projects, two power &amp; gas projects and one more project</p>
<b>Major Contracts carried over</b>	<p>LNG plant/Crude oil export facilities (Russia) LNG plant (Oman) Gas processing plant (Qatar) LNG plant (Qatar) SM/PO and MPG/Polyols plant (China) Gas processing plant (Indonesia) Methanol plant (Saudi Arabia) PMMA sheets plant (China/Mitsubishi Rayon) Polyvinylidene chloride plant (China/Kureha Chemical Industry) LNG plant (debottlenecking) (Qatar) Refinery modernization (Venezuela) Other one power &amp; gas project</p>	<p>LNG receiving terminal (Mizushima LNG) National LPG stockpiling projects Hydrodesulfurization plant (Nippon Petroleum Refining) Ultra low sulfur gasoline project (Showa Yokkaichi Sekiyu) Pharmaceutical laboratory (Mitsubishi Pharma) Ultra low sulfur gasoline project (Seibu Oil) Other one petroleum project</p>

## [Consolidated Segment Information]

		Net sales (%)				New orders (%)				Backlog of orders (%)				
		02/3	03/3	04/3	05/3	02/3	03/3	04/3	05/3	02/3	03/3	04/3	05/3	
Business segment	Petroleum	6	21	12		8	4	13		17	5	8		
	Chemicals	25	22	26		22	19	7		24	22	10		
	Others	48	28	17		22	19	11		16	10	5		
	Power & Gas	21	29	45		48	59	69		43	63	77		
Geographic segment	Japan	68	50	30	35	41	28	25	30	40	26	24	20	
	Overseas	Asia	15	15	13		5	18	8		12	15	11	
		Middle East	12	28	44	65	53	46	16	70	42	52	27	80
		Russia and others	5	7	13		1	8	51		6	7	38	

: Forecasts

## [Consolidated Performance Indicators]

Indicators	02/3	03/3	04/3	05/3
Gross profit rate (%)	3.3	6.3	6.8	—
SG&A expenses to net sales (%)	6.9	5.4	4.0	—
Operating profit to net sales (%)	(3.6)	0.9	2.8	3.2
Ordinary profit to net sales (%)	(2.4)	1.4	3.1	3.2
Net profit to net sales (%)	0.1	1.2	3.2	3.3
Return on assets (ROA) (%)	(2.5)	1.9	4.8	—
Return on equity (ROE) (%)	0.8	12.6	33.7	—
Net profit per share (EPS) (Yen)	0.65	10.79	35.91	39.45
Book-value per share (BPS) (Yen)	81.47	90.01	123.04	—
Equity ratio (%)	11.7	13.9	15.9	—
Current ratio (%)	101.4	108.4	115.0	—
Fixed ratio (%)	178.8	140.2	98.0	—
Debt-to-equity ratio (DER) (Times)	1.86	1.12	0.46	—

: Forecasts



### **Forward-looking Statements**

The forecasts and plans in this presentation are based on information available to management on May 18, 2004, the date these materials were prepared. Actual results may differ significantly from these forecasts for a number of factors, including but not limited to changes in economic conditions and operating environment in Japan and overseas.

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