

# **Reference of Settlement of Accounts for Fiscal 2005**

(April 1, 2005 to March 31, 2006)

May 18, 2006



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## 1. Operational Result

### 1-1. Comparisons with the previous fiscal year

(Consolidated)

【Unit : Billions of yen】

|   | FY2005 | FY2004 | Difference<br>05 vs 04 | FY2003 | FY2002 | FY2001 |
|---|--------|--------|------------------------|--------|--------|--------|
| Net Sales                                     | 550.3  | 435.1  | +115.1                 | 409.9  | 378.0  | 335.2  |
| Gross Profit                                  | 36.2   | 28.2   | +7.9                   | 30.4   | 32.2   | 35.1   |
| Selling, general &<br>administrative expenses | 15.8   | 15.0   | +0.7                   | 14.9   | 15.1   | 15.2   |
| Operating income                              | 20.3   | 13.2   | +7.1                   | 15.4   | 17.0   | 19.9   |
| Ordinary income                               | 23.4   | 16.0   | +7.4                   | 18.4   | 14.8   | 22.5   |
| Income before taxes on<br>income              | 23.3   | 17.6   | +5.7                   | 17.1   | 11.4   | 8.0    |
| Net income                                    | 15.0   | 11.5   | +3.4                   | 10.5   | 6.7    | 4.9    |

(Non-consolidated)

【Unit : Billions of yen】

|   | FY2005 | FY2004 | Difference<br>05 vs 04 | FY2003 | FY2002 | FY2001 |
|---|--------|--------|------------------------|--------|--------|--------|
| Net Sales                                     | 484.3  | 386.0  | +98.3                  | 367.7  | 338.9  | 298.7  |
| Gross Profit                                  | 20.7   | 16.0   | +4.6                   | 20.0   | 22.1   | 25.2   |
| Selling, general &<br>administrative expenses | 8.4    | 8.3    | +0.1                   | 8.8    | 8.9    | 8.3    |
| Operating income                              | 12.2   | 7.7    | +4.4                   | 11.1   | 13.1   | 16.8   |
| Ordinary income                               | 16.7   | 10.8   | +5.9                   | 14.1   | 14.0   | 20.0   |
| Income before taxes on<br>income              | 16.6   | 12.7   | +3.8                   | 12.9   | 7.4    | 6.4    |
| Net income                                    | 11.4   | 8.6    | +2.7                   | 8.2    | 5.3    | 4.4    |

(Exchange rate at March 31 2006 : ¥117.47/US\$1.00, March 31 2005 : ¥107.39/US\$1.00)

## 1-2. Comparisons with the previous forecasts

(Consolidated)

【Unit : Billions of yen】

| Item  | Forecast<br>(Nov. 2005) | Actual result | Difference |
|---|-------------------------|---------------|------------|
| Net Sales                                     | 490.0                   | 550.3         | +60.3      |
| Gross Profit                                  | 34.0                    | 36.2          | +2.2       |
| Selling, general &<br>administrative expenses | 16.0                    | 15.8          | -0.1       |
| Operating income                              | 18.0                    | 20.3          | +2.3       |
| Ordinary income                               | 21.0                    | 23.4          | +2.4       |
| Net income                                    | 13.5                    | 15.0          | +1.5       |

(Non-consolidated)

【Unit : Billions of yen】

| Item  | Forecast<br>(Nov. 2005) | Actual result | Difference |
|---|-------------------------|---------------|------------|
| Net Sales                                     | 430.0                   | 484.3         | 54.3       |
| Gross Profit                                  | 21.5                    | 20.7          | -0.7       |
| Selling, general &<br>administrative expenses | 9.0                     | 8.4           | -0.5       |
| Operating income                              | 12.5                    | 12.2          | -0.2       |
| Ordinary income                               | 16.0                    | 16.7          | +0.7       |
| Net income                                    | 10.0                    | 11.4          | +1.4       |

(Forecast exchange rate : ¥107.00/US\$1.00, Actual exchange rate : ¥117.47/US\$1.00)

## 1-3. Main reasons for increase/decrease in account items

- Net Sales
  - Net sales increased due to progress in construction works, a weakened yen at fiscal year's end, and an increase in net sales from consolidated subsidiaries.

## 1-4. Net Sales of projects under percentage-of-completion method

|       |        |                   |                                  |
|-------|--------|-------------------|----------------------------------|
| Sales | FY2005 | 375.4 billion yen | Ratio to total net sales : 68.2% |
|       | FY2004 | 291.5 billion yen | Ratio to total net sales : 67.0% |

### 1-5. Net Sales by geographic segment

【Unit : Billions of yen】

|  |                               | Net Sales | Ratio(%) |
|--|-------------------------------|-----------|----------|
| Total Engineering Business               | Japan                         | 116.7     | 21.2%    |
|  | Africa                        | 43.4      | 7.9%     |
|  | Asia other than Japan         | 79.8      | 14.5%    |
|  | Middle East                   | 276.0     | 50.2%    |
|  | Oceania                       | 0.0       | 0.0%     |
|  | North, Middle & South America | 4.5       | 0.8%     |
|  | Europe/CIS                    | 0.1       | 0.0%     |
| Subtotal                                 |                               | 520.8     | 94.6%    |
| Catalysts and Chemical Products Business |                               | 29.4      | 5.4%     |
| Total                                    |                               | 550.3     | 100.0%   |

### 1-6. Net Sales by business segment

【Unit : Billions of yen】

|  |   | Net Sales | Ratio(%) |
|--|---|-----------|----------|
| Total Engineering Business               | Oil and gas development                             | 162.1     | 29.4%    |
|  | Petroleum refining                                  | 117.5     | 21.3%    |
|  | LNG   | 48.7      | 8.9%     |
|  | Chemical  | 114.3     | 20.8%    |
|  | Power generation, nuclear power and new energy      | 25.9      | 4.7%     |
|  | Living and general production                       | 26.2      | 4.8%     |
|  | Environmental protection, social development and IT | 21.2      | 3.9%     |
|  | Others  | 4.6       | 0.8%     |
| Subtotal                                 |   | 520.8     | 94.6%    |
| Catalysts and Chemical Products Business |   | 29.4      | 5.4%     |
| Total                                    |   | 550.3     | 100.0%   |

### 1-7. Main projects contributing to net sales (Total Engineering Business)

|           |                |
|-----------|----------------|
| Net sales | ¥520.8 billion |
|-----------|----------------|

|                                |                        |                |   |
|--------------------------------|------------------------|----------------|---|
| Overseas<br>¥ 404.1<br>billion | ¥10 billion<br>or more | 13<br>projects | <p>Petroleum refining (4 jobs)</p> <ul style="list-style-type: none"> <li>• Dolphin PJ (Qatar)</li> <li>• South Pars gas field PJ (Iran)</li> <li>• Hawiyah NGL Recovery PJ (Saudi Arabia)</li> <li>• Bub field production facilities expansion PJ (U.A.E.)</li> </ul> <p>Petroleum refining (2 jobs)</p> <ul style="list-style-type: none"> <li>• Sohar refinery PJ (Oman)</li> <li>• LSDP PJ (Bahrain)</li> </ul> <p>LNG (2 jobs)</p> <ul style="list-style-type: none"> <li>• Tangguh LNG PJ (Indonesia)</li> <li>• LNG Train 6 PJ (Nigeria)</li> </ul> <p>Chemical (4 jobs)</p> <ul style="list-style-type: none"> <li>• JCP PJ (Saudi Arabia)</li> <li>• Rabigh PJ (Saudi Arabia)</li> <li>• CSPC LOP PJ (China)</li> <li>• Tuban aromatics PJ (Indonesia)</li> </ul> <p>Power generation, nuclear power and new energy (1 job)</p> <ul style="list-style-type: none"> <li>• Berri Gas cogeneration PJ (Saudi Arabia)</li> </ul> |
|                                | ¥3 billion<br>or more  | 10<br>projects | <p>Oil and gas development (3 jobs)</p> <ul style="list-style-type: none"> <li>• In Amenas gas PJ (Algeria)</li> <li>• Western Libya gas processing PJ (Libya) and other</li> </ul> <p>Petroleum refining (2 jobs)</p> <ul style="list-style-type: none"> <li>• Atyrau oil refinery modernization PJ (Kazakhstan)</li> <li>• Dung Quat Refinery PJ (Vietnam)</li> </ul> <p>LNG (1 job)</p> <ul style="list-style-type: none"> <li>• NLNG Plus PJ (Nigeria)</li> </ul> <p>Chemical (4 jobs)</p> <ul style="list-style-type: none"> <li>• QAPCO ethylene expansion PJ (Qatar) and others</li> </ul>   |
|                                | ¥1 billion<br>or more  | 27<br>projects | <p>Petroleum refining (10 jobs)</p> <p>Chemical (3 jobs)</p> <p>Power generation, nuclear power and new energy (1 job)</p> <p>Living and general production (8 jobs)</p> <p>Environmental protection, social development and IT (5 jobs)</p>  |
| Japan<br>¥116.7<br>billion     |                        |                |   |

## 2. Financial Position as of March 31, 2006

### 2-1. Comparisons with the previous fiscal year

(Consolidated)

【Unit : Billions of yen】

|               | Current assets | Fixed assets   | Total assets    | Current liabilities | Long-term debt | Minority interests | Shareholders' equity | Total liabilities and equity |
|---------------|----------------|----------------|-----------------|---------------------|----------------|--------------------|----------------------|------------------------------|
| March 31 2006 | 231.7<br>(62%) | 143.5<br>(38%) | 375.2<br>(100%) | 175.4<br>(47%)      | 26.5<br>(7%)   | 0.2<br>(0%)        | 173.0<br>(46%)       | 375.2<br>(100%)              |
| March 31 2005 | 231.8<br>(63%) | 135.6<br>(37%) | 367.4<br>(100%) | 175.0<br>(48%)      | 40.9<br>(11%)  | 0.3<br>(0%)        | 151.1<br>(41%)       | 367.4<br>(100%)              |
| Difference    | -0.0           | +7.8           | +7.8            | +0.3                | -14.4          | -0.0               | +21.9                | +7.8                         |
| March 31 2004 | 234.5          | 120.4          | 355.0           | 160.1               | 43.7           | 4.8                | 146.2                | 355.0                        |
| March 31 2003 | 218.4          | 117.2          | 335.7           | 160.5               | 39.3           | 4.5                | 131.2                | 335.7                        |
| March 31 2002 | 197.1          | 125.4          | 322.6           | 152.3               | 38.4           | 4.2                | 127.6                | 322.6                        |

### 2-2. Main reasons for increase/decrease in account item

- Current Asset

- Increase in cash and cash equivalent (+ ¥22.5 billion)

|                                      |                        |
|--------------------------------------|------------------------|
| Cash flows from operating activities | + ¥26.8 billion        |
| Cash flows from investing activities | ▲ ¥2.9 billion         |
| Cash flows from financing activities | ▲ ¥2.4 billion         |
| Effect of exchange rate changes      | + ¥ 1.1 billion        |
| <b>Total</b>                         | <b>+ ¥22.5 billion</b> |

\* Increase of cash and cash equivalents due to positive cash flow from operating activities.

- Shareholders' equity

- Shareholders' equity increased by 21.9 billion yen in comparison with the previous fiscal year. ( Equity ratio : 46.1% )

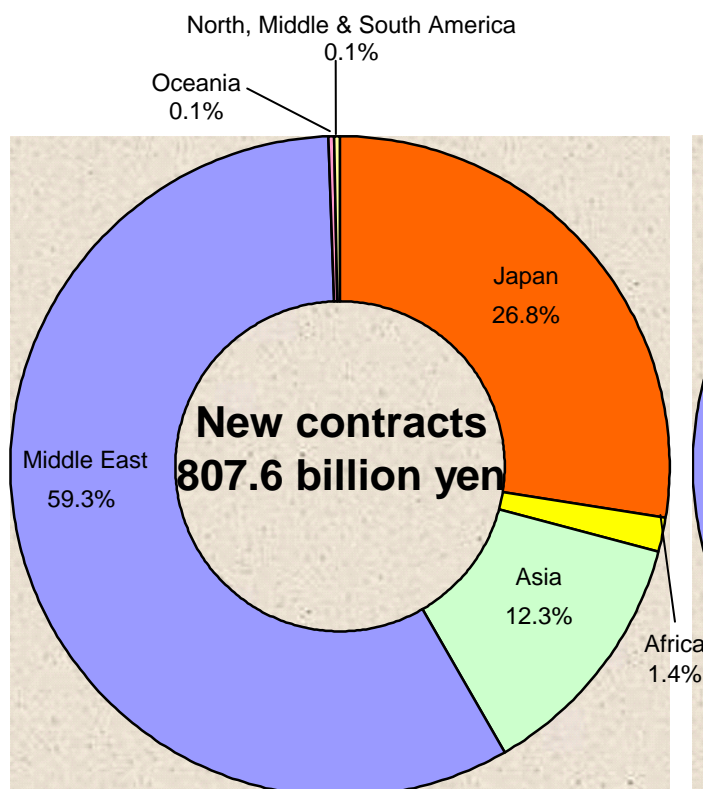
### 3. New Contracts and Outstanding Contracts

#### 3-1. New contracts and outstanding contracts by geographic segment

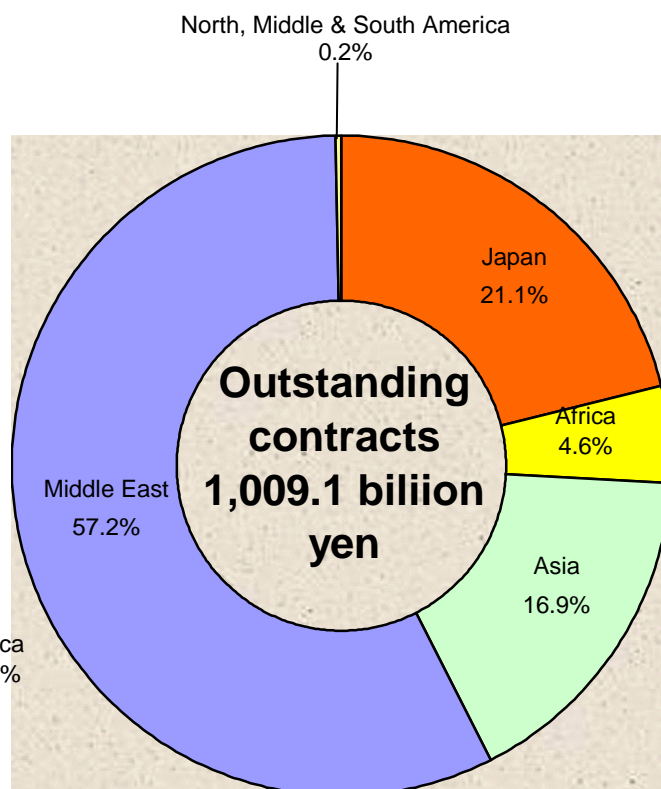
【Unit : Billions of yen】

|                               | New contracts | Ratio (%)     | Outstanding contracts | Ratio (%)     |
|-------------------------------|---------------|---------------|-----------------------|---------------|
| Japan                         | 216.3         | 26.8%         | 212.5                 | 21.1%         |
| Africa                        | 11.3          | 1.4%          | 46.0                  | 4.6%          |
| Asia other than Japan         | 99.3          | 12.3%         | 170.6                 | 16.9%         |
| Middle East                   | 479.2         | 59.3%         | 577.2                 | 57.2%         |
| Oceania                       | 0.5           | 0.1%          | 0.9                   | 0.0%          |
| North, Middle & South America | 0.6           | 0.1%          | 1.6                   | 0.2%          |
| Europe/CIS                    | 0.1           | 0.0%          | 0.1                   | 0.0%          |
| <b>Total</b>                  | <b>807.6</b>  | <b>100.0%</b> | <b>1,009.1</b>        | <b>100.0%</b> |

#### New contracts and outstanding contracts (Ratio)



New contracts by geographic segments (Ratio)



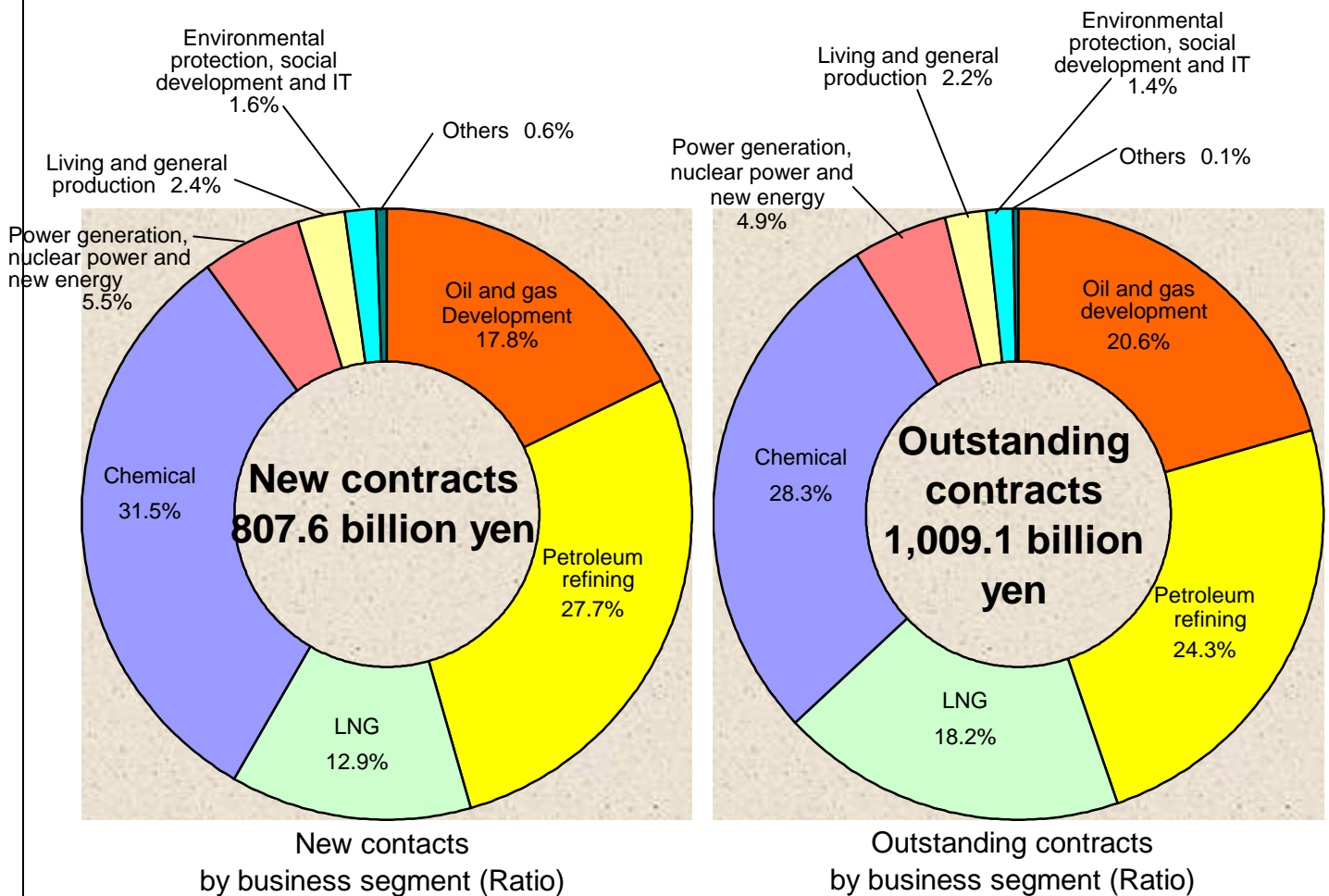
Outstanding contracts by geographic segment (Ratio)

### 3-2. New contracts and outstanding contracts by business segment

【Unit : Billions of yen】

|   | New contracts | Ratio (%)     | Outstanding contracts | Ratio (%)     |
|---|---------------|---------------|-----------------------|---------------|
| Oil and gas development                             | 143.9         | 17.8%         | 208.3                 | 20.6%         |
| Petroleum refining                                  | 223.3         | 27.7%         | 244.7                 | 24.3%         |
| LNG   | 104.2         | 12.9%         | 183.4                 | 18.2%         |
| Chemical  | 254.7         | 31.5%         | 285.3                 | 28.3%         |
| Power generation, nuclear power and new energy      | 44.3          | 5.5%          | 49.9                  | 4.9%          |
| Living and general production                       | 19.0          | 2.4%          | 21.8                  | 2.2%          |
| Environmental protection, social development and IT | 13.1          | 1.6%          | 14.6                  | 1.4%          |
| Others  | 4.6           | 0.6%          | 0.8                   | 0.1%          |
| <b>Total</b>  | <b>807.6</b>  | <b>100.0%</b> | <b>1,009.1</b>        | <b>100.0%</b> |

New contracts and outstanding contracts by business segment (Ratio)



① Main new contracts and their contract amounts

|               |                 |
|---------------|-----------------|
| New contracts | ¥ 807.6 billion |
|---------------|-----------------|

|                            |                        |                |   |
|----------------------------|------------------------|----------------|---|
| Japan<br>¥216.3 billion    | ¥1 billion<br>or more  | 20<br>projects | Petroleum refining (12 jobs)<br>Chemical (3 jobs)<br>Living and General production (3 jobs)<br>Environmental protection, social development and IT (2 jobs)   |
| Overseas<br>¥591.2 billion | ¥50 billion<br>or more | 4<br>projects  | Oil and gas development (1 job)<br>· Hawiyah NGL Recovery PJ (Saudi Arabia)<br>Petroleum refining (1 job)<br>· Dung Quat Refinery PJ (Vietnam)<br>LNG (1 job)<br>· Yemen LNG PJ (Yemen)<br>Chemical (1 job)<br>· Rabigh PJ (Saudi Arabia) |
|                            | ¥10 billion<br>or more | 3<br>projects  | Oil and gas development (1 job)<br>· Dolphin PJ (Qatar)<br>Petroleum refining (1 job)<br>· LSDP PJ (Bahrain)<br>Power generation, nuclear power and new energy (1 job)  |
|                            | ¥3 billion<br>or more  | 2<br>projects  | Oil and gas development (1 job)<br>· South Pars gas field PJ (Iran)<br>LNG (1 job)<br>· Tangguh LNG PJ (Indonesia)  |

② Main outstanding contracts and their contract amounts

|                       |                  |
|-----------------------|------------------|
| Outstanding contracts | ¥1,009.1 billion |
|-----------------------|------------------|

|                            |                     |             |   |
|----------------------------|---------------------|-------------|---|
| Japan<br>¥212.5 billion    | ¥3 billion or more  | 13 projects | Petroleum refining (8 jobs)<br>Chemical (2 jobs)<br>Living and general production (2 jobs)<br>Environmental protection, social development and IT (1 job)   |
|                            | ¥1 billion or more  | 16 projects | Petroleum refining (7 jobs)<br>Chemical (1 job)<br>Power generation, nuclear power and new energy (3 jobs)<br>Living and general production (3 jobs)<br>Environmental protection, social development and IT (2 jobs)  |
| Overseas<br>¥796.6 billion | ¥30 billion or more | 8 projects  | Oil and Gas development (2 jobs)<br><ul style="list-style-type: none"> <li>· Hawiyah NGL Recovery PJ (Saudi Arabia)</li> <li>· Dolphin PJ (Qatar)</li> </ul> Petroleum refining (1 job)<br><ul style="list-style-type: none"> <li>· Dung Quat Refinery PJ (Vietnam)</li> </ul> LNG (2 jobs)<br><ul style="list-style-type: none"> <li>· Yemen LNG PJ (Yemen)</li> <li>· Tangguh LNG PJ (Indonesia)</li> </ul> Chemical (2 jobs)<br><ul style="list-style-type: none"> <li>· Rabigh PJ (Saudi Arabia)</li> <li>· JCP PJ (Saudi Arabia)</li> </ul> Power generation, nuclear power and new energy (1 job) |
|                            | ¥10 billion or more | 4 projects  | Oil and gas development (1 job)<br>Petroleum refining (2 jobs)<br><ul style="list-style-type: none"> <li>· LSDP PJ (Bahrain)</li> <li>· Sohar refinery PJ (Oman)</li> </ul> LNG (1 job)<br><ul style="list-style-type: none"> <li>· LNG Train 6 PJ (Nigeria)</li> </ul>   |

#### 4. Forecast for Fiscal 2006

##### 4-1. P/L

【Unit : Billions of yen】

|                  | Consolidated | Non-consolidated |
|------------------|--------------|------------------|
| Net Sales        | 560.0        | 490.0            |
| Operating income | 26.5         | 18.0             |
| Ordinary income  | 27.0         | 21.0             |
| Net income       | 17.0         | 14.0             |

##### 4-2. New Contracts

【Unit : Billions of yen】

|                  | Japan | Overseas | Total |
|------------------|-------|----------|-------|
| Consolidated     | 150.0 | 290.0    | 440.0 |
| Non-consolidated | 110.0 | 290.0    | 400.0 |

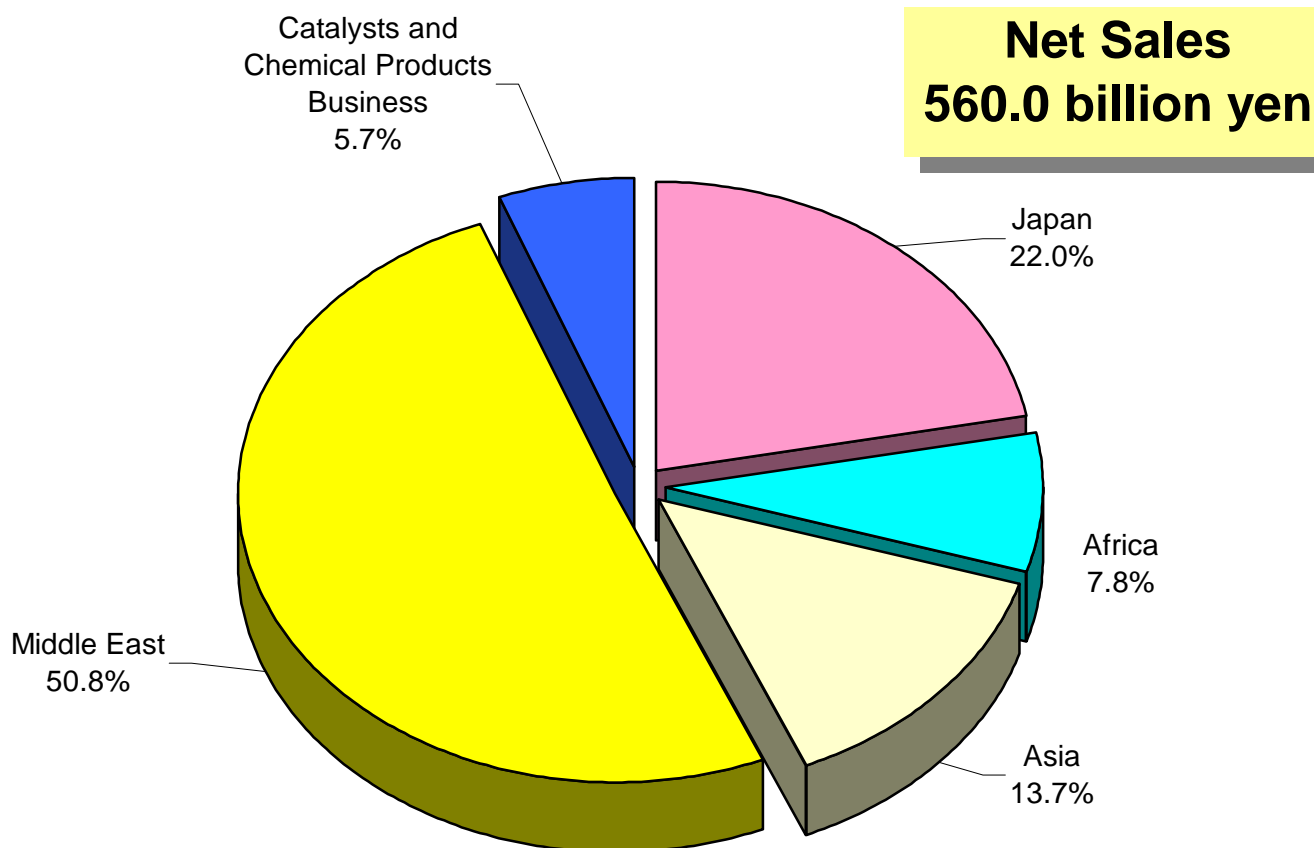
(\*)Forecast based on : ¥107.00/US\$1.00

### 4-3. Net Sales

#### ① Forecast of Net Sales by Geographic Segment

【Unit : Billions of yen】

|  |                       | Net Sales | Ratio(%) |
|--|-----------------------|-----------|----------|
| Total Engineering Business               | Japan                 | 123.0     | 22.0%    |
|  | Africa                | 44.0      | 7.8%     |
|  | Asia other than Japan | 76.5      | 13.7%    |
|  | Middle East           | 284.5     | 50.8%    |
|  | Subtotal              | 528.0     | 94.3%    |
| Catalysts and Chemical Products Business |                       | 32.0      | 5.7%     |
| Total                                    |                       | 560.0     | 100.0%   |



② Forecast of Net Sales by Business Segment

【Unit : Billions of yen】

|  |   | Net Sales | Ratio(%) |
|--|---|-----------|----------|
| Total Engineering Business               | Oil and gas development                             | 128.0     | 22.9%    |
|  | Petroleum refining                                  | 111.0     | 19.8%    |
|  | LNG   | 67.0      | 12.0%    |
|  | Chemical  | 157.5     | 28.1%    |
|  | Power generation, nuclear power and new energy      | 27.0      | 4.8%     |
|  | Living and general production                       | 21.0      | 3.8%     |
|  | Environmental protection, social development and IT | 13.5      | 2.4%     |
|  | Others  | 3.0       | 0.5%     |
| Subtotal                                 |   | 528.0     | 94.3%    |
| Catalysts and Chemical Products Business |   | 32.0      | 5.7%     |
| Total                                    |   | 560.0     | 100.0%   |

