

Mitsui E&S Holdings Co., Ltd. and its Consolidated Subsidiaries

CONSOLIDATED FINANCIAL RESULTS FOR FY2021

From April 1, 2021 to March 31, 2022

Code number:	7003	URL:	https://www.mes.co.jp/
Shares Listed:	Tokyo Stock Exchange		
Representative:	Takeyuki Takahashi, President, Representative Director, and CEO		
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Scheduled date to file annual securities report:	June 28, 2022		
Scheduled date to commence dividend payments:	—		
Supplementary explanatory materials prepared:	Yes		
Explanatory meeting:	Yes (for analysts)		

(Amounts less than one million yen are truncated)

1. Consolidated Financial Results for FY2021 (From April 1, 2021 to March 31, 2022)

	(Millions of yen)		
	From Apr. 1, 2020 to Mar. 31, 2021	From Apr. 1, 2021 to Mar. 31, 2022	Change (%)
New Orders Received	576,668	511,089	(11.4)
Net Sales	644,686	579,363	(10.1)
Operating Loss	(12,243)	(10,029)	—
Ordinary Loss	(8,223)	(25,742)	—
Profit (Loss) attributable to owners of parent	134	(21,825)	—
Earnings per Share (Yen)	1.67	(269.94)	
Operating Cash Flow	7,478	(20,265)	
Investing Cash Flow	21,115	(70,923)	
Financing Cash Flow	(6,813)	806	
Cash and cash equivalents at end of year	135,482	50,818	

Figures in parentheses represent negative.

	(Millions of yen)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
Total Assets	759,029	409,150
Net Assets	88,480	62,949
Shareholders' Equity to Total Assets	8.5%	14.0%
Net Assets per Share (Yen)	793.54	706.06

Note: This consolidated financial results has been prepared in accordance with Japanese accounting standards and Japanese law.

Change in Accounting Policy

(Application of International Financial Reporting Standards to the Affiliate using Equity Method)

MODEC, Inc., the affiliate accounted for using equity method, used to apply Generally Accepted Accounting Principles in Japan and now has adopted International Financial Reporting Standards (IFRS) from FY2021. This adoption was made for the purposes of 1) better comparability of financial information and 2) strengthening management control by unifying the accounting standards across MODEC group, as MODEC group operates business globally. This change of accounting policy is applied retrospectively, and financial results for FY2020 has been restated.

As a result of this change, Others under Current assets has decreased by 6,999 million yen and Investment securities has decreased by 421 million yen, comparing before and after retrospective restatement of Consolidated Balance Sheets for FY2020.

Reflecting the cumulative effects to the beginning balance of net assets as of April 1, 2020, beginning balances of Retained earnings, Unrealized gains (losses) on hedging derivatives and Non-controlling interests have decreased by 2,861 million yen, 591 million yen and 4,069 million yen, respectively, and beginning balance of Foreign currency translation adjustments has increased by 101 million yen.

2. Dividends

(Yen)

	FY2020	FY2021	FY2022 (forecast)
Annual dividends per share			
First quarter	—	—	—
Second quarter	0.00	0.00	0.00
Third quarter	—	—	—
Year-end	0.00	0.00	0.00
Total	0.00	0.00	0.00
Total dividends paid (Millions of yen)	—	—	
Payout ratio (consolidated)	—	—	—
Dividend to net assets ratio (consolidated)	—	—	

3. Forecast of Financial Results for FY2022

(Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Profit attributable to owners of parent	Earnings per Share (Yen)
Year ending March 31, 2023	250,000	5,000	3,000	2,000	24.74

Reference: Estimate is based on exchange rate of USD1.00 = JPY125.0

4. Notes

(1) Changes in significant subsidiaries during the period

(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes *excludes* MODEC, Inc. and Shikoku Dockyard Co., Ltd.

(2) Changes in accounting policies, accounting estimates or restatements

i) Changes due to amendment of accounting standards: Yes

ii) Changes due to other reasons: Yes

iii) Changes in accounting estimates: None

iv) Restatements: None

(3) Number of shares outstanding (common stock)

	FY2020	FY2021
	shares	shares
Number of shares outstanding at the end of period (including treasury stock)	83,098,717	83,098,717
Number of treasury stock at the end of period	2,250,244	2,238,851
Average number of shares during the period	80,848,394	80,852,727

This Financial Report is out of audit scope.

FORWARD LOOKING STATEMENTS AND OTHER SPECIAL ITEMS

The forecasts for financial results are based on information available at the time this report was released. These forecasts and other forward-looking statements are not guarantees of future performance. Actual operating results may differ from the above forecasts due to known and unknown risks, uncertainties, and other factors.

HOW TO GET THE SUPPLEMENTARY EXPLANATORY MATERIALS

Explanatory meeting for analysts is scheduled for May 13, 2022. Supplementary explanatory material, which will be distributed at the said meeting, is planned to be posted on our web site.

Overview of Reportable Segment

Reportable Segment is classified into 4 segments: Ship, Ocean Development, Machinery and Engineering. Main products and services of each Reportable Segment are as follows.

Reportable Segment	Main Products and Services
Ship	Commercial ships, naval ships, high speed passenger/vehicle ferries, offshore structures, underwater TV vehicles, design engineering services, ship related equipments, steel structures
Ocean Development	FPSOs (floating production storage offloading vessels)
Machinery	Marine and stationary diesel engines, marine equipments, gas engines, steam turbines, blowers, process compressors, gas turbines, cogeneration system, regulating system, container cranes, industrial cranes, container terminal management systems, HWM manipulators, equipment of radar sensing for underground and construction, induction heaters, wave generators
Engineering	Power generation business, overseas civil works

Application of International Financial Reporting Standards to the Affiliate using Equity Method

MODEC, Inc., the affiliate accounted for using equity method, used to apply Generally Accepted Accounting Principles in Japan and now has adopted International Financial Reporting Standards (IFRS) from FY2021. This adoption was made for the purposes of 1) better comparability of financial information and 2) strengthening management control by unifying the accounting standards across MODEC group, as MODEC group operates business globally. This change of accounting policy is applied retrospectively, and financial results for FY2020 has been restated.

As a result of this change, sales to outside customers and assets of "Ocean Development" for FY2020 have decreased by 19,148 million yen and 7,420 million yen, respectively.

Change in Reportable Segment

The Company has been pushing forward the reform of business structure under the Business Revival Plan, which was announced in May 2019 and partly reviewed in November 2019, and Mid-term Business Plan 2020, which was announced in August 2020.

As part of the reform, the classification of the following companies has changed from "Ships" to "Others" from FY2021.

- MES TOKKI & Engineering Co., Ltd. : engages in sales and maintenance of special facilities for naval ships and aircraft
- Akishima Laboratories (Mitsui Zosen) Inc. : engages in research and development for ships/ocean
- Shikoku Dockyard Co., Ltd. : engages in shipbuilding and repair
- TGE Marine Gas Engineering GmbH : engages in engineering for gas carriers

Also, the classification of DASH ENGINEERING PHILIPPINES, INC. has changed from "Engineering" to "Others" from FY2021 as they became a function sharing company for the entire Group.

Comparative segment information for the prior year has been restated to reflect these changes.

Information about Sales, Operating income and loss, Assets and other items for each Reportable Segment

Reportable Segment information for the years ended March 31, 2021 and 2022 were as follows:

From April 1, 2020 to March 31, 2021

(Millions of yen)

	Ship	Ocean Development	Machinery	Engineering	Sub total	Others	Total	Adjustments	Consolidated
Net Sales:									
Outside customers	60,082	290,801	159,048	38,200	548,132	96,553	644,686	—	644,686
Inter segment	1,956	—	4,320	3	6,280	16,025	22,305	(22,305)	—
Total	62,039	290,801	163,369	38,203	554,413	112,579	666,992	(22,305)	644,686
Operating income (loss)	(1,916)	(21,783)	9,819	474	(13,405)	1,161	(12,243)	—	(12,243)
Assets	43,406	323,317	172,036	40,734	579,494	91,984	671,479	87,549	759,029
Depreciation and amortization	2,445	3,294	4,463	73	10,276	1,852	12,128	616	12,745
Amortization of goodwill	—	246	—	—	246	852	1,099	—	1,099
Year-end balance of goodwill	—	1,227	—	—	1,227	8,404	9,631	—	9,631
Share of profit (loss) of entities accounted for using equity method	1,571	2,432	122	48	4,174	(858)	3,316	—	3,316
Loss on impairment of non-current assets	1,207	—	220	1	1,429	951	2,381	—	2,381
Increase in property, plant and equipment and intangible assets	1,747	5,171	8,242	47	15,208	1,539	16,748	587	17,336

Note 1: "Others" is the segment which is not included in Reportable Segment and includes Stationary diesel power generation plants, Telecommunications equipment related business, Systems development, Social infrastructure business, Gas carriers engineering, Special facilities for naval ships and aircraft related business and others.

Note 2: Adjustments are as follows:

(1) Adjustments of 87,549 million yen recorded for assets include primarily comprised of surplus funds (cash and time deposits), long-term investment (investment securities) and assets related to the administration divisions of the Company of 93,375 million yen that are not allocated to any Reportable Segment.

(2) Adjustments of 616 million yen recorded for depreciation and amortization are depreciation for property, plant and equipment and amortization for intangible assets related to the administration divisions.

(3) Adjustments of 587 million yen recorded for increase in property, plant and equipment and intangible assets are increase in assets related to the administration divisions.

Note 3: Operating income (loss) is adjusted with operating loss in Consolidated Statements of Operations.

From April 1, 2021 to March 31, 2022

(Millions of yen)

	Ship	Ocean Development	Machinery	Engineering	Sub total	Others	Total	Adjustments	Consolidated
Net Sales:									
Outside customers	28,088	323,322	153,736	7,629	512,777	66,586	579,363	—	579,363
Inter segment	868	—	1,195	43	2,107	12,914	15,022	(15,022)	—
Total	28,956	323,322	154,932	7,672	514,884	79,501	594,385	(15,022)	579,363
Operating income (loss)	(438)	(8,086)	8,156	(10,810)	(11,179)	1,149	(10,029)	—	(10,029)
Assets									
Assets	15,071	31,825	181,901	28,140	256,938	78,209	335,148	74,002	409,150
Depreciation and amortization	915	2,870	4,419	1	8,206	1,922	10,129	520	10,649
Amortization of goodwill	—	194	—	—	194	853	1,047	—	1,047
Year-end balance of goodwill	—	—	—	—	—	7,995	7,995	—	7,995
Share of profit (loss) of entities accounted for using equity method	1,165	(16,686)	308	11	(15,199)	554	(14,645)	—	(14,645)
Loss on impairment of non-current assets	54	—	—	0	54	—	54	27	82
Increase in property, plant and equipment and intangible assets	823	3,940	7,912	11	12,687	1,221	13,908	163	14,072

Note 1: "Ocean Development" is composed of MODEC, Inc. Because of the partial sale of MODEC shares, they were deemed to be excluded from the scope of consolidation on the end of 3rd quarter of FY2021. Due to this deconsolidation, "Ocean Development" is hereafter consist of affiliates accounted for using equity method.

Note 2: "Others" is the segment which is not included in Reportable Segment and includes Stationary diesel power generation plants, Telecommunication equipment related business, Systems development, Gas carriers engineering, Special facilities for naval ships and aircraft related business and others.

Note 3: Adjustments are as follows:

- (1) Adjustments of 74,002 million yen recorded for assets include primarily comprised of surplus funds (cash and time deposits), long-term investment (investment securities) and assets related to the administration divisions of the Company of 76,337 million yen that are not allocated to any Reportable Segment.
- (2) Adjustments of 520 million yen recorded for depreciation and amortization are depreciation for property, plant and equipment and amortization for intangible assets related to the administration divisions.
- (3) Adjustments of 27 million yen recorded for loss on impairment of non-current assets are the impairment loss for Corporate.
- (4) Adjustments of 163 million yen recorded for increase in property, plant and equipment and intangible assets are increase in assets related to the administration divisions.

Note 4: Operating income (loss) is adjusted with operating loss in Consolidated Statements of Operations.

New Orders by Segment

(Millions of yen)

	From Apr. 1, 2020 to Mar. 31, 2021	From Apr. 1, 2021 to Mar. 31, 2022	Difference
Ship	37,804	19,521	(18,283) (48.4%)
Ocean Development	320,810	270,697	(50,113) (15.6%)
Machinery	125,319	148,769	23,449 18.7%
Engineering	22,476	1,652	(20,824) (92.6%)
Others	70,256	70,449	192 0.3%
Total	576,668	511,089	(65,579) (11.4%)

Net Sales by Segment

(Millions of yen)

	From Apr. 1, 2020 to Mar. 31, 2021	From Apr. 1, 2021 to Mar. 31, 2022	Difference
Ship	60,082	28,088	(31,994) (53.3%)
Ocean Development	290,801	323,322	32,521 11.2%
Machinery	159,048	153,736	(5,312) (3.3%)
Engineering	38,200	7,629	(30,570) (80.0%)
Others	96,553	66,586	(29,967) (31.0%)
Total	644,686	579,363	(65,323) (10.1%)

Operating Income (Loss) by Segment

(Millions of yen)

	From Apr. 1, 2020 to Mar. 31, 2021	From Apr. 1, 2021 to Mar. 31, 2022	Difference
Ship	(1,916)	(438)	1,477
Ocean Development	(21,783)	(8,086)	13,696
Machinery	9,819	8,156	(1,663)
Engineering	474	(10,810)	(11,284)
Others	1,161	1,149	(12)
Total	(12,243)	(10,029)	2,213

Figures in parentheses represent negative.

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and time deposits	137,647	51,762
Trade receivables	233,955	-
Notes and accounts receivable - trade, and contract assets	-	78,563
Merchandise and finished goods	5,925	5,762
Work in progress	55,287	36,561
Raw materials and supplies	4,231	4,182
Short-term loans	1,745	17
Others	34,773	25,184
Allowance for doubtful accounts	(1,498)	(213)
Total current assets	472,067	201,822
Non-current assets		
Property, plant and equipment		
Buildings and structures	135,035	130,454
Accumulated depreciation	(108,178)	(103,742)
Buildings and structures, net	26,857	26,712
Machinery, equipment and vehicles	117,779	74,404
Accumulated depreciation	(98,709)	(63,790)
Machinery, equipment and vehicles, net	19,069	10,613
Land	70,959	70,077
Lease assets	17,235	12,060
Accumulated depreciation	(7,990)	(4,977)
Lease assets, net	9,244	7,083
Construction in progress	2,337	2,159
Others	17,224	12,706
Accumulated depreciation	(14,545)	(11,014)
Others, net	2,679	1,691
Total property, plant and equipment	131,146	118,338
Intangible assets		
Goodwill	9,631	7,995
Others	17,769	8,046
Total intangible assets	27,400	16,042
Investments and other assets		
Investment securities	51,166	43,280
Long-term loans	39,963	2,129
Net defined benefit asset	8,326	10,916
Deferred tax assets	11,634	2,670
Others	17,666	14,248
Allowance for doubtful accounts	(342)	(299)
Total investments and other assets	128,414	72,946
Total non-current assets	286,961	207,327
Total assets	759,029	409,150

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Trade payables	215,208	48,705
Short-term borrowings	70,852	94,615
Current portion of long-term borrowings	20,713	8,101
Current portion of bonds	15,000	15,000
Lease obligations	3,000	1,808
Accrued income taxes	6,490	1,381
Advances from customers	94,345	328
Contract liabilities	-	30,901
Provision for construction warranties	10,823	2,779
Provision for losses on construction contracts	77,043	59,607
Provision for bonuses	4,988	4,478
Provision for repairs	3,731	-
Asset retirement obligations	4	-
Others	37,041	20,802
Total current liabilities	559,244	288,510
Long-term liabilities		
Bonds	20,000	5,000
Long-term borrowings	37,964	19,657
Lease obligations	7,405	6,496
Deferred tax liabilities	2,421	3,176
Deferred tax liabilities for land revaluation	12,244	12,242
Liability for severance and retirement benefits for directors and corporate auditors	20	-
Provision for business restructuring	1,879	1,357
Net defined benefit liabilities	8,052	5,865
Asset retirement obligations	2,368	2,218
Others	18,947	1,674
Total long-term liabilities	111,303	57,690
Total liabilities	670,548	346,200
Net assets		
Shareholders' equity		
Common stock	44,384	44,384
Capital surplus	18,396	18,132
Retained earnings	(11,458)	(33,278)
Treasury stock	(4,696)	(4,663)
Total shareholders' equity	46,626	24,575
Accumulated other comprehensive income		
Net unrealized holding gains on securities	193	614
Unrealized losses on hedging derivatives	(9,766)	(5,959)
Revaluation reserve for land	27,609	27,603
Foreign currency translation adjustments	(5,828)	2,120
Remeasurements of defined benefit plans	5,321	8,137
Total accumulated other comprehensive income	17,529	32,516
Subscription rights to shares	151	123
Non-controlling interests	24,172	5,733
Total net assets	88,480	62,949
Total liabilities and net assets	759,029	409,150

Consolidated Statements of Operations

(Millions of yen)

	April 1, 2020 to March 31, 2021	April 1, 2021 to March 31, 2022
Net sales	644,686	579,363
Cost of sales	613,819	550,610
Gross profit	30,867	28,752
Selling, general and administrative expenses	43,111	38,782
Operating loss	(12,243)	(10,029)
Non-operating income		
Interest income	4,586	3,789
Dividend income	190	117
Share of profit of entities accounted for using equity method	3,316	-
Foreign currency exchange gains	479	1,211
Gain on valuation of derivatives	-	19
Others	2,500	1,621
Total non-operating income	11,071	6,759
Non-operating expenses		
Interest expenses	2,786	2,713
Commission expenses	2,983	3,821
Share of loss of entities accounted for using equity method	-	14,645
Loss on valuation of derivatives	138	-
Others	1,143	1,291
Total non-operating expenses	7,051	22,471
Ordinary loss	(8,223)	(25,742)
Extraordinary income		
Gain on disposal of non-current assets	654	2,356
Gain on sale of investment securities	1,775	41
Gain on sales of subsidiaries and affiliates' stocks	2,334	6,582
Recovery of extraordinary repair expenses	-	1,316
Gain on return of assets from retirement benefit trust	-	1,224
Reversal of provision for repairs	1,552	-
Total extraordinary income	6,316	11,520
Extraordinary losses		
Loss on disposal of non-current assets	1,037	381
Loss on impairment of non-current assets	2,381	82
Loss on sale of investment securities	-	136
Loss on sales of subsidiaries and affiliates' stocks	1,919	2,420
Business restructuring cost	1,204	-
Retirement benefit expenses	818	-
Loss on liquidation of subsidiaries and affiliates	395	-
Total extraordinary losses	7,757	3,021
Loss before income taxes	(9,664)	(17,243)
Income taxes – current	3,251	3,373
Income taxes – deferred	(4,686)	4,501
Total income taxes	(1,435)	7,874
Loss	(8,228)	(25,118)
Loss attributable to non-controlling interests	(8,363)	(3,293)
Profit (loss) attributable to owners of parent	134	(21,825)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	April 1, 2020 to March 31, 2021	April 1, 2021 to March 31, 2022
Loss	(8,228)	(25,118)
Other comprehensive income		
Net unrealized holding gains on securities	215	421
Unrealized gains (losses) on hedging derivatives	4,175	(1,302)
Foreign currency translation adjustments	(4,108)	5,670
Remeasurements of defined benefit plans	5,963	2,683
Share of other comprehensive income of affiliates accounted for using equity method	(5,503)	8,863
Total	742	16,337
Comprehensive income	(7,485)	(8,780)
Comprehensive income attributable to		
Owners of parent	2,854	(6,832)
Non-controlling interests	(10,340)	(1,948)

Consolidated Statements of Changes in Net Assets

From April 1, 2020 to March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance as of April 1, 2020	44,384	18,486	(18,676)	(4,726)	39,469
Cumulative effects of changes in accounting policies	-	-	(2,861)	-	(2,861)
Restated balance	44,384	18,486	(21,538)	(4,726)	36,607
Changes during the year					
Profit attributable to owners of parent			134		134
Change of scope of consolidation			(198)		(198)
Change of scope of equity method			45		45
Purchases of treasury stock				(2)	(2)
Sales of treasury stock		(8)		32	24
Transfer from revaluation reserve for land			10,098		10,098
Change in treasury stock of parent arising from transactions with non-controlling shareholders		(82)			(82)
Net changes of items other than those in Shareholders' equity					
Total changes during the year	-	(90)	10,080	30	10,019
Balance as of March 31, 2021	44,384	18,396	(11,458)	(4,696)	46,626

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized holding gains (losses) on securities	Unrealized gains (losses) on hedging derivatives	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Beginning balance as of April 1, 2020	(29)	(10,275)	37,707	(1,814)	(680)	24,907	175	40,802	105,355
Cumulative effects of changes in accounting policies	-	(591)	-	101	-	(489)	-	(4,069)	(7,420)
Restated balance	(29)	(10,867)	37,707	(1,712)	(680)	24,418	175	36,733	97,934
Changes during the year									
Profit attributable to owners of parent									134
Change of scope of consolidation									(198)
Change of scope of equity method									45
Purchases of treasury stock									(2)
Sales of treasury stock									24
Transfer from revaluation reserve for land									10,098
Change in treasury stock of parent arising from transactions with non-controlling shareholders									(82)
Net changes of items other than those in Shareholders' equity	223	1,100	(10,098)	(4,115)	6,001	(6,888)	(24)	(12,560)	(19,473)
Total changes during the year	223	1,100	(10,098)	(4,115)	6,001	(6,888)	(24)	(12,560)	(9,454)
Balance as of March 31, 2021	193	(9,766)	27,609	(5,828)	5,321	17,529	151	24,172	88,480

Consolidated Statements of Changes in Net Assets

From April 1, 2021 to March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance as of April 1, 2021	44,384	18,396	(11,458)	(4,696)	46,626
Changes during the year					
Loss attributable to owners of parent			(21,825)		(21,825)
Change of scope of consolidation			(0)		(0)
Purchases of treasury stock				(2)	(2)
Sales of treasury stock		(6)		34	27
Transfer from revaluation reserve for land			5		5
Change in treasury stock of parent arising from transactions with non-controlling shareholders		(257)			(257)
Net changes of items other than those in Shareholders' equity					
Total changes during the year	-	(264)	(21,819)	32	(22,051)
Balance as of March 31, 2022	44,384	18,132	(33,278)	(4,663)	24,575

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized holding gains (losses) on securities	Unrealized gains (losses) on hedging derivatives	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Beginning balance as of April 1, 2021	193	(9,766)	27,609	(5,828)	5,321	17,529	151	24,172	88,480
Changes during the year									
Loss attributable to owners of parent									(21,825)
Change of scope of consolidation									(0)
Purchases of treasury stock									(2)
Sales of treasury stock									27
Transfer from revaluation reserve for land									5
Change in treasury stock of parent arising from transactions with non-controlling shareholders									(257)
Net changes of items other than those in Shareholders' equity	421	3,806	(5)	7,948	2,816	14,987	(27)	(18,439)	(3,479)
Total changes during the year	421	3,806	(5)	7,948	2,816	14,987	(27)	(18,439)	(25,531)
Balance as of March 31, 2022	614	(5,959)	27,603	2,120	8,137	32,516	123	5,733	62,949

Consolidated Statements of Cash Flows

(Millions of yen)

	April 1, 2020 to March 31, 2021	April 1, 2021 to March 31, 2022
Cash flows from operating activities		
Loss before income taxes	(9,664)	(17,243)
Depreciation and amortization	12,745	10,649
Loss on impairment of non-current assets	2,381	82
Amortization of goodwill	1,099	1,047
Increase of allowance for doubtful accounts	260	161
Increase in net defined benefit liabilities	3,128	3,183
Decrease in net defined benefit assets	1,058	438
Decrease in provision for losses on construction contracts	(20,789)	(12,063)
Increase (decrease) in provision for repairs	(6,841)	417
Interest and dividend income	(4,776)	(3,906)
Interest expenses	2,786	2,713
Share of (profit) loss of entities accounted for using equity method	(3,316)	14,645
Foreign currency exchange losses (gain), net	(5,811)	3,853
Loss (gain) on sales of investment securities, net	(1,775)	95
Gain on sales of subsidiaries and affiliates' stocks	(415)	(4,162)
Loss on liquidation of subsidiaries and affiliates	395	-
Loss (gain) on disposal of non-current assets, net	383	(1,974)
Decrease (increase) in trade receivables	45,608	(67,371)
Decrease (increase) in inventories	(10,173)	16,861
Increase (decrease) in trade payables	(10,787)	23,998
Increase in other assets	(5,891)	(4,047)
Increase in other liabilities	6,888	10,493
Others, net	(90)	(2,634)
Sub-total	(3,595)	(24,763)
Interest and dividend received	13,505	10,171
Interest paid	(2,850)	(2,863)
Income taxes refund	418	-
Income taxes paid	-	(2,809)
Net cash provided by (used in) operating activities	7,478	(20,265)

(Millions of yen)

	April 1, 2020 to March 31, 2021	April 1, 2021 to March 31, 2022
Cash flows from investing activities		
Net decrease (increase) in time deposits	626	(79)
Capital expenditure	(12,719)	(8,980)
Proceeds from sales of non-current assets	18,401	10,133
Purchases of investment securities	(1)	(1)
Proceeds from sales of investment securities	3,022	262
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	3,352	5,941
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(92)	(60,092)
Purchases of shares of subsidiaries and affiliates	(563)	(1,711)
Proceeds from sales of shares of subsidiaries and affiliates	74	2,172
Payments for investments in capital of subsidiaries and affiliates	(675)	(799)
Disbursements of loans receivable	(18,085)	(13,043)
Collection of loans receivable	29,171	366
Payments for transfer of business	-	(4,596)
Others, net	(1,397)	(496)
Net cash provided by (used in) investing activities	21,115	(70,923)
Cash flows from financing activities		
Net increase in short-term borrowings	40,918	28,053
Proceeds from long-term borrowings	1,300	15,510
Repayments of long-term borrowings	(41,100)	(25,463)
Repayments of lease obligations	(3,746)	(2,556)
Proceeds from sales and leasebacks	1,407	-
Repayments on bonds	(5,000)	(15,000)
Dividends paid to non-controlling interests	(1,375)	(1,142)
Purchases of shares of subsidiaries not resulting in change in scope of consolidation	-	(291)
Proceeds from sales of shares of subsidiaries not resulting in change in scope of consolidation	-	1,351
Others, net	781	345
Net cash provided by (used in) financing activities	(6,813)	806
Effect of exchange rate changes on cash and cash equivalents	(2,984)	5,658
Net increase (decrease) in cash and cash equivalents	18,794	(84,724)
Cash and cash equivalents at beginning of year	116,691	135,482
Increase (decrease) due to changes in scope of consolidation	(3)	60
Cash and cash equivalents at end of year	135,482	50,818