

## Consolidated Financial Results for the Six Months Ended September 30, 2014

Company name: **CHIYODA CORPORATION**  
 Listing: First Section of the Tokyo Stock Exchange  
 Stock code: 6366  
 URL: <http://www.chiyoda-corp.com/>  
 Representative: Shogo Shibuya, President & CEO  
 Inquiries: Nobuo Sekita, SL, Accounting Section  
 TEL: +81-45-225-7745 (from overseas)

Scheduled date to file Quarterly Report: November 14, 2014  
 Preparation of Quarterly Supplementary Explanation Material: Yes  
 Quarterly Financial Results Presentation Held: Yes (for Analysts and Institutional Investors)

(Millions of yen with fractional amounts discarded,  
unless otherwise noted)

### 1. Consolidated performance for the Six months ended September 30, 2014

#### (1) Consolidated operating results (Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the Six months ended September 30, 2014	207,170	3.7	9,820	(11.5)	10,175	(18.2)	5,896	(20.4)
For the Six months ended September 30, 2013	199,726	24.3	11,093	11.5	12,435	17.4	7,407	20.9

Note: Comprehensive Income: the six months ended September 30, 2014: 7,481million yen / 17.8 %  
 the six months ended September 30, 2013: 6,350 million yen / (2.9) %

	Net income per share	Fully diluted net income per share
	Yen	Yen
For the Six months ended September 30, 2014	22.76	-
For the Six months ended September 30, 2013	28.60	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2014	484,564	200,773	41.1
As of March 31, 2014	475,288	198,031	41.3

Reference: Equity As of September 30, 2014: 199,024million yen As of March 31, 2014: 196,411million yen

## 2. Cash dividends

Record date	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2014	-	-	-	16.00	16.00
Fiscal year ending March 31, 2015	-	-			
Fiscal year ending March 31, 2015 (Forecast)			-	16.00	16.00

Note: Revision to the latest forecast announcement : None

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2015	465,000	4.2	19,000	(9.9)	21,000	(8.0)	13,500	0.4	52.12

Note: Revision to the latest forecast announcement : None

## 4. Others

- (1) Changes in Significant Subsidiaries during the Period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None
- (2) Adoption of Specified Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements: None
- (3) Changes in Accounting Policies and Accounting Estimates / Restatements
  - a. Changes in accounting policies due to revisions of accounting standards, etc.: Yes
  - b. Changes in accounting policies other than a. above: None
  - c. Changes in accounting estimates: None
  - d. Restatements: None
- (4) Number of issued shares (common stock)
  - a. Total number of issued shares at the end of the period (including treasury stock)
 

As of September 30, 2014	260,324,529 shares
As of March 31, 2014	260,324,529 shares
  - b. Number of treasury stock at the end of the period
 

As of September 30, 2014	1,317,080 shares
As of March 31, 2014	1,310,312 shares
  - c. Average number of shares during the period
 

For the Six months ended September 30, 2014	259,010,528 shares
For the Six months ended September 30, 2013	259,038,599 shares

### \*Presentation of Implementation Status of Quarterly Review Procedure

The review procedure of quarterly financial statements based on the Financial Instruments and Exchange Law has not been completed at the time of the disclosure of these Consolidated Financial Statements.

### \*Proper use of earnings forecasts, and other special directions

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to a number of factors.

## 5. Qualitative Information related to Consolidated Performance

### Qualitative Information on Business Performance

Despite an improvement in the US economy that filtered down into the global economy during the first six months of this fiscal year, uncertainty still exists due to a lull in activity in the emerging countries of Asia, an economic slowdown in the EU and geopolitical concerns such as those in the Middle East and Ukraine. The Japanese economy has also fluctuated due to sluggish growth in exports and weak recovery from the increase in consumption tax, in spite of support offered by an improved employment situation. However, preparations for investment in numerous gas-related facilities are being encouraged by the continuing increase in energy demand, the Shale Revolution and the tide of Gas Shift, though some of the investment plans are currently under review.

Even though the Chiyoda Group was confronted by these conditions, it continued to strengthen its core business in the conventional fields of oil and gas, in line with the strategies in its Medium-Term Management Plan, and maintained the highest backlog in its history thanks to newly awarded LNG projects.

At the same time, we have been accelerating our expansion into new business spheres, including pursuing development of offshore and upstream business, and making further inroads in new and renewable energy businesses such as the Hydrogen Supply Chain, which utilizes Chiyoda's own technologies, Photovoltaic and Concentrating Solar Power generation.

Execution of ongoing projects continued smoothly, including an LNG plant in Australia, refinery projects in Vietnam, Qatar and Venezuela, an international airport project in Mongolia and, in Japan, LNG receiving terminals and photovoltaic power generation systems.

Consequently, consolidated new contracts for the period amounted to 587,570 million yen (511.3% increase compared to the same period of the previous fiscal year). The backlog and revenue were 1,452,190 million yen (35.4% increase from the end of the previous fiscal year), and 207,170 million yen (3.7% increase year on year) respectively. Operating income amounted to 9,820 million yen (11.5% decrease), ordinary income to 10,175 million yen (18.2% decrease), and net income resulted in 5,896 million yen (20.4% decrease).

Highlights during this period for each segment are summarized hereunder:

#### LNG Plants/Other Gas Related Works

The Group was awarded a Front End Engineering Design (FEED) contract for an LNG plant in USA and was proceeding with FEED works for an LNG plant in Mozambique, a Floating LNG (FLNG) facility in Indonesia and an LNG plant in Canada. The Engineering, Procurement and Construction (EPC) execution of LNG plants in Australia, USA and Russia all progressed as planned.

Our Qatari subsidiary has been executing the Engineering, Procurement and Construction management (EPCm) works for the maintenance and modification of existing LNG and gas processing plants, most of which were originally built by the Group. In Japan, several EPC works on LNG receiving terminals and the expansion/modification works of existing plants were ongoing.

LNG plants and other gas-related works are the Group's core business and, in this regard, we will continue to pursue any such projects whether onshore/offshore, overseas/domestic or conventional/ unconventional.

#### Petroleum/Petrochemicals/Gas Chemicals

The Group was awarded an EPC contract for a Residue Fluid Catalytic Cracking (RFCC) plant in Malaysia. EPC works were ongoing for a refinery and petrochemical complex in Vietnam, a refinery project in Qatar and the Engineering, Procurement support and Construction management (EPsCm) work for heavy crude oil upgrading facilities in Venezuela. Additionally, our subsidiary in Singapore was performing project management services under an Enterprise Framework Agreement for downstream projects within Asia.

In Japan, we continued to perform the EPC work for a Trans-Alkylation Unit, the diagnosis of existing facilities, maintenance and upgrading works, studies and construction works aimed at energy saving in the facilities, and studies to strengthen the infrastructure of a refinery against a possible catastrophe.

#### Mining/Mineral Refining/General Chemicals/Industries/Environment

The Group was moving forward with the EPC execution of a new international airport in Mongolia and is preparing bids for further airport and/or railway projects.

In an effort to expand our recycled-water-related business into the Middle East for medium-small sized water treatment projects, we are operating a demonstration plant for an industrial wastewater treatment/water recycling system in Saudi Arabia and are establishing a framework within the Group to execute these works.

Meanwhile, we are also responding to the overseas expansion of Japanese clients' businesses in non-hydrocarbon fields.

In Japan, we won a number of EPC works for large-scale photovoltaic power generation systems and are expanding our sales activities by enhancing our group operation in this field. We are also fully involved in the pharmaceutical industry and have executed several EPC works for active pharmaceutical ingredient facilities and, in cooperation with industry, government and academia, for nanotechnology research development facilities.

#### New Business Fields

The Group, in cooperation with our strategic alliance partner Xodus Group, started providing integrated services in the offshore/upstream field especially for domestic customers.

The Engineering, Procurement, Construction and Installation (EPCI) execution of a floating production unit in Indonesia is progressing.

The Group has also been operating a demonstration plant in Italy for a Concentrating Solar Power (CSP) system.

Furthermore, we have developed our own technology, by which we will be able to transport and deliver large volumes of hydrogen, and we are actively collaborating with various parties, both overseas and domestic, with the aim of establishing a hydrogen supply chain and achieving a hydrogen-based society.

Note: See Page 10 for more information on New Contracts, Net Sales and Backlog of Contracts by segment.

**6. Consolidated quarterly financial statements**  
**(1) Consolidated quarterly balance sheets**

(Millions of yen)

As of March 31,2014 As of September 30,2014

	As of March 31,2014	As of September 30,2014
<b>Assets</b>		
Current assets		
Cash and deposits	37,868	31,378
Notes receivable, accounts receivable from completed construction contracts	73,005	62,447
Securities	107,499	79,499
Costs on uncompleted construction contracts	33,826	40,188
Jointly controlled assets of joint venture	127,466	171,743
Other	29,433	30,894
Allowance for doubtful accounts	(3)	(7)
Total current assets	409,096	416,144
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,862	7,355
Land	5,265	5,265
Other, net	2,829	2,389
Total property, plant and equipment	14,958	15,011
Intangible assets		
Goodwill	12,395	11,560
Other	7,113	7,605
Total intangible assets	19,509	19,165
Investments and other assets		
Investment securities	28,315	30,600
Other	3,477	3,688
Allowance for doubtful accounts	(68)	(45)
Total investments and other assets	31,724	34,243
Total non-current assets	66,192	68,419
Total assets	475,288	484,564

As of March 31,2014 As of September 30,2014

Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	145,392	126,957
Short-term loans payable	1,283	1,204
Current portion of long-term loans payable	4	4
Income taxes payable	5,513	1,245
Advances received on uncompleted construction contracts	80,182	109,494
Provision for warranties for completed construction	507	524
Provision for loss on construction contracts	4,002	2,699
Provision for bonuses	4,261	3,263
Other	20,531	21,450
Total current liabilities	261,679	266,844
Non-current liabilities		
Long-term loans payable	10,018	10,016
Provision	365	365
Net defined benefit liability	2,080	2,756
Other	3,113	3,808
Total non-current liabilities	15,578	16,946
Total liabilities	277,257	283,791
Net assets		
Shareholders' equity		
Capital stock	43,396	43,396
Capital surplus	37,112	37,112
Retained earnings	109,525	110,697
Treasury shares	(1,390)	(1,398)
Total shareholders' equity	188,644	189,808
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,920	6,950
Deferred gains or losses on hedges	648	242
Foreign currency translation adjustment	2,486	2,127
Remeasurements of defined benefit plans	(287)	(104)
Total accumulated other comprehensive income	7,767	9,216
Minority interests	1,619	1,748
Total net assets	198,031	200,773
Total liabilities and net assets	475,288	484,564

**(2) Consolidated quarterly statements of (comprehensive) income**

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales of completed construction contracts	199,726	207,170
Cost of sales of completed construction contracts	180,205	185,919
Gross profit on completed construction contracts	19,520	21,250
Selling, general and administrative expenses	8,427	11,430
Operating income	11,093	9,820
Non-operating income		
Interest income	727	613
Dividend income	796	627
Share of profit of entities accounted for using equity method	17	—
Other	42	85
Total non-operating income	1,583	1,326
Non-operating expenses		
Interest expenses	102	129
Share of loss of entities accounted for using equity method	—	127
Foreign exchange losses	39	657
Other	98	58
Total non-operating expenses	241	971
Ordinary income	12,435	10,175
Extraordinary losses		
Retirement benefit expenses	161	—
Total extraordinary losses	161	—
Income before income taxes and minority interests	12,273	10,175
Income taxes - current	2,323	2,131
Income taxes - deferred	2,300	2,027
Total income taxes	4,624	4,158
Income before minority interests	7,649	6,016
Minority interests in income	242	120
Net income	7,407	5,896

Consolidated quarterly statements of comprehensive income

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Income before minority interests	7,649	6,016
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,239)	2,030
Deferred gains or losses on hedges	(1,252)	(405)
Foreign currency translation adjustment	1,204	(343)
Remeasurements of defined benefit plans, net of tax	—	182
Share of other comprehensive income of entities accounted for using equity method	(11)	0
Total other comprehensive income	(1,299)	1,464
Comprehensive income	6,350	7,481
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,016	7,345
Comprehensive income attributable to minority interests	334	136



### (3) Consolidated quarterly statements of cash flows

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	12,273	10,175
Depreciation	1,470	1,679
Amortization of goodwill	146	663
Interest and dividend income	(1,524)	(1,241)
Decrease (increase) in notes and accounts receivable - trade	23,590	10,241
Decrease (increase) in costs on uncompleted construction contracts	(9,330)	(6,247)
Increase (decrease) in notes and accounts payable - trade	(15,485)	(18,205)
Increase (decrease) in advances received on uncompleted construction contracts	595	29,289
Decrease (increase) in jointly controlled asset of joint venture	(8,819)	(44,314)
Other, net	55	(4,953)
Subtotal	2,973	(22,913)
Interest and dividend income received	1,300	1,995
Interest expenses paid	(102)	(119)
Income taxes paid	(9,039)	(5,788)
Net cash provided by (used in) operating activities	(4,868)	(26,826)
Cash flows from investing activities		
Net decrease (increase) in time deposits	184	—
Proceeds from redemption of securities	2,400	—
Purchase of property, plant and equipment	(1,209)	(1,123)
Purchase of intangible assets	(1,301)	(1,531)
Purchase of investment securities	(2)	(109)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(8,725)	—
Payments of loans receivable	—	(683)
Other, net	154	165
Net cash provided by (used in) investing activities	(8,499)	(3,281)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	—	(71)
Repayments of long-term loans payable	(100)	(2)
Cash dividends paid	(4,910)	(4,136)
Other, net	(27)	(67)
Net cash provided by (used in) financing activities	(5,038)	(4,277)
Effect of exchange rate change on cash and cash equivalents	2,328	(102)
Net increase (decrease) in cash and cash equivalents	(16,077)	(34,488)
Cash and cash equivalents at beginning of period	180,229	145,303
Increase in cash and cash equivalents from newly consolidated subsidiary	110	—
Cash and cash equivalents at end of period	164,262	110,815

## 7. Production, Contracts and Sales

Millions of yen

Reporting segments	Apr. 1, 2013 — Sept. 30, 2013			Apr. 1, 2014 — Sept. 30, 2014		
	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)
Engineering	93,912 97.7%	197,614 98.9%	806,505 99.9%	585,114 99.6%	204,886 98.9%	1,451,710 100.0%
LNG Plants	12,693 13.2%	84,240 42.2%	443,300 54.9%	497,608 84.7%	106,821 51.6%	1,138,941 78.4%
Other Gas Related Works	4,284 4.4%	21,937 11.0%	37,107 4.6%	29,611 5.0%	16,603 8.0%	32,975 2.3%
Petroleum/Petrochemicals/ Gas Chemicals	22,652 23.6%	32,836 16.4%	210,686 26.1%	31,448 5.4%	48,043 23.2%	195,085 13.4%
Mining/ Mineral Refining/Offshore	201 0.2%	4,156 2.1%	67 0.0%	1,304 0.2%	102 0.0%	1,315 0.1%
General chemicals/ Industrial Facilities	13,325 13.9%	48,832 24.4%	58,632 7.3%	15,369 2.6%	21,232 10.2%	37,061 2.6%
Environment/New Energy/ Infrastructure	33,091 34.4%	4,830 2.4%	49,127 6.1%	7,529 1.3%	9,857 4.8%	42,797 3.0%
Others	7,664 8.0%	781 0.4%	7,583 0.9%	2,242 0.4%	2,227 1.1%	3,534 0.2%
Other Business	2,204 2.3%	2,111 1.1%	480 0.1%	2,455 0.4%	2,283 1.1%	480 0.0%
<b>Total</b>	<b>96,117 100.0%</b>	<b>199,726 100.0%</b>	<b>806,985 100.0%</b>	<b>587,570 100.0%</b>	<b>207,170 100.0%</b>	<b>1,452,190 100.0%</b>
Domestic	52,031 54.1%	61,416 30.8%	118,234 14.7%	50,110 8.5%	56,615 27.3%	96,381 6.6%
Overseas	44,086 45.9%	138,309 69.2%	688,750 85.3%	537,459 91.5%	150,555 72.7%	1,355,808 93.4%

Note1: The backlog of contracts for the six months ended September 30, 2014 includes a decrease due to changes in construction contracts acquired in prior fiscal years, an increase due to adjustments in new contract amounts, and an increase due to foreign exchange translation adjustments.

Note2: The total amount of the above table does not include consumption tax.