

## Consolidated Financial Results for the Nine Months Ended December 31, 2014

Company name: **CHIYODA CORPORATION**  
 Listing: First Section of the Tokyo Stock Exchange  
 Stock code: 6366  
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Scheduled date to file Quarterly Report: February 13, 2015  
 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 Nine months ended December 31, 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 Nine months ended December 31, 2014	331,970	7.9	15,527	(18.5)	14,496	(23.7)	8,282	(27.0)
For the Nine months ended December 31, 2013	307,748	13.8	19,042	1.2	19,010	(1.9)	11,346	(6.0)

Note: Comprehensive Income: the nine months ended December 31, 2014: 11,829 million yen / (2.1%)  
 the nine months ended December 31, 2013: 12,084 million yen / (28.8%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
For the Nine months ended December 31, 2014	31.98	-
For the Nine months ended December 31, 2013	43.80	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2014	509,411	205,115	39.9
As of March 31, 2014	475,288	198,031	41.3

Reference: Equity As of December 31, 2014: 203,159 million yen As of March 31, 2014: 196,411 million 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 December 31, 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 December 31, 2014	1,321,591 shares
As of March 31, 2014	1,310,312 shares
  - c. Average number of shares during the period
 

For the Nine months ended December 31, 2014	259,008,390 shares
For the Nine months ended December 31, 2013	259,034,745 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**

During the first nine months of this fiscal year, although the US economy has continuously improved, uncertainties have grown due to economic slowdowns in other regions, ongoing geopolitical concerns and dramatic falls in crude oil prices. Preparations for investment in numerous gas-related facilities are under serious deliberation due to the continuing increase in energy demand together with the present uncertainties. The Japanese economy has continued to recover only moderately, despite governmental monetary policies and the relative stability of the yen, with fluctuations caused by the consumption tax increase.

During these conditions the Chiyoda Group has continued to strengthen its core business in the conventional fields of oil and gas, in line with the strategies defined in its Medium-Term Management Plan, and has maintained a high level of backlog. 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 into new and renewable energy businesses such as the Hydrogen Supply Chain, utilizing Chiyoda's own technologies, and Photovoltaic and Concentrating Solar Power generation.

Ongoing project execution continued smoothly, including for LNG plants in Australia and USA, refinery projects in Vietnam, Qatar and Venezuela, an international airport project in Mongolia, and in Japan, for LNG receiving terminals and photovoltaic power generation systems. Consequently, new contracts for the period amounted to 649,447 million yen (373.5% increase year on year). The backlog was 1,446,523 million yen (34.9% increase from the end of the previous fiscal year). Revenues for the period amounted to 331,970 million yen (7.9% increase year on year), operating income amounted to 15,527 million yen (18.5% decrease), ordinary income to 14,496 million yen (23.7% decrease), and net income resulted in 8,282 million yen (27.0% decrease).

The decrease in incomes resulted from the increase in selling, general and administrative expenses of newly consolidated overseas subsidiaries, equity in losses of associated companies and delays in recovery of overseas subsidiaries.

Highlights during this period for each segment are summarized hereunder:

#### **LNG Plants/Other Gas Related Works**

The Group booked a Front End Engineering Design (FEED) contract for an LNG plant in Indonesia and was in parallel proceeding with FEED works for other LNG plants in Mozambique, Canada and the USA. Engineering, Procurement and Construction (EPC) contract execution works of LNG plants in Australia, USA and Russia have 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, two EPC contracts have been completed and another EPC contract is under execution for LNG receiving terminals, and the expansion/modification works of existing plants have been 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 Engineering, Procurement, Construction and Commissioning (EPCC) contract for a Residue Fluid Catalytic Cracking (RFCC) plant in Malaysia. EPC works have been 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 has been performing project management services under an Enterprise Framework Agreement for downstream projects within Asia. In Japan, we have completed the EPC work for a Trans-Alkylation Unit and continued to perform 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 has been 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 water-related business for medium-small sized water treatment projects into The Middle East, 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 in The Middle East and Asian regions. Meanwhile, we are also responding to the overseas expansion of Japanese clients' businesses in non-hydrocarbon fields. In Japan, we have 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 heavily involved in the pharmaceutical industry and have executed several EPC works for active pharmaceutical ingredient facilities, and nanotechnology research development facilities in cooperation with industry, government and academia, and bio-pharmaceutical 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 Japanese customers. The Engineering, Procurement, Construction and Installation (EPCI) execution of a floating production unit in Indonesia is progressing. The Group is actively proceeding with business activities for the Subsea/Subsurface Engineering field. For this purpose, we established a new company together with Xodus Group and Saipem International BV and invested in another company established to develop commercially viable technology for exploiting seabed methane hydrate. The Group continues to operate a demonstration plant in Italy for a Concentrating Solar Power (CSP) system with the aim of developing EPC business opportunities in this field. Furthermore, we have developed our own technology to transport and deliver large volumes of hydrogen and are actively collaborating with various parties, foreign and domestic, with the aim of establishing a hydrogen supply chain to achieve a hydrogen-based society.

Note: See Page 9 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 December 31, 2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	37,868	36,859
Notes receivable, accounts receivable from completed construction contracts	73,005	61,678
Securities	107,499	78,999
Costs on uncompleted construction contracts	33,826	56,835
Jointly controlled assets of joint venture	127,466	167,518
Other	29,433	38,715
Allowance for doubtful accounts	(3)	(26)
<b>Total current assets</b>	<b>409,096</b>	<b>440,580</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	6,862	7,382
Land	5,265	5,265
Other, net	2,829	2,311
<b>Total property, plant and equipment</b>	<b>14,958</b>	<b>14,959</b>
<b>Intangible assets</b>		
Goodwill	12,395	11,678
Other	7,113	7,563
<b>Total intangible assets</b>	<b>19,509</b>	<b>19,241</b>
<b>Investments and other assets</b>		
Investment securities	28,315	31,032
Other	3,477	3,641
Allowance for doubtful accounts	(68)	(45)
<b>Total investments and other assets</b>	<b>31,724</b>	<b>34,629</b>
<b>Total non-current assets</b>	<b>66,192</b>	<b>68,830</b>
<b>Total assets</b>	<b>475,288</b>	<b>509,411</b>

As of March 31, 2014 As of December 31, 2014

	As of March 31, 2014	As of December 31, 2014
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts	145,392	129,914
Short-term loans payable	1,283	1,084
Current portion of long-term loans payable	4	4
Income taxes payable	5,513	763
Advances received on uncompleted construction contracts	80,182	127,271
Provision for warranties for completed construction	507	475
Provision for loss on construction contracts	4,002	2,882
Provision for bonuses	4,261	2,584
Other	20,531	22,070
<b>Total current liabilities</b>	<b>261,679</b>	<b>287,050</b>
<b>Non-current liabilities</b>		
Long-term loans payable	10,018	10,015
Provision	365	376
Net defined benefit liability	2,080	2,915
Other	3,113	3,936
<b>Total non-current liabilities</b>	<b>15,578</b>	<b>17,244</b>
<b>Total liabilities</b>	<b>277,257</b>	<b>304,295</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	43,396	43,396
Capital surplus	37,112	37,112
Retained earnings	109,525	113,084
Treasury shares	(1,390)	(1,403)
<b>Total shareholders' equity</b>	<b>188,644</b>	<b>192,189</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,920	6,723
Deferred gains or losses on hedges	648	735
Foreign currency translation adjustment	2,486	3,524
Remeasurements of defined benefit plans	(287)	(13)
<b>Total accumulated other comprehensive income</b>	<b>7,767</b>	<b>10,970</b>
<b>Minority interests</b>	<b>1,619</b>	<b>1,956</b>
<b>Total net assets</b>	<b>198,031</b>	<b>205,115</b>
<b>Total liabilities and net assets</b>	<b>475,288</b>	<b>509,411</b>

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

(Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Net sales of completed construction contracts	307,748	331,970
Cost of sales of completed construction contracts	274,584	299,038
Gross profit on completed construction contracts	33,163	32,932
Selling, general and administrative expenses	14,120	17,404
Operating income	19,042	15,527
Non-operating income		
Interest income	1,043	1,120
Dividend income	1,178	1,071
Share of profit of entities accounted for using equity method	17	—
Other	61	109
Total non-operating income	2,300	2,301
Non-operating expenses		
Interest expenses	166	190
Share of loss of entities accounted for using equity method	—	345
Foreign exchange losses	2,033	2,625
Other	132	169
Total non-operating expenses	2,332	3,332
Ordinary income	19,010	14,496
Extraordinary losses		
Retirement benefit expenses	161	—
Total extraordinary losses	161	—
Income before income taxes and minority interests	18,849	14,496
Income taxes - current	5,023	3,440
Income taxes - deferred	2,160	2,564
Total income taxes	7,184	6,005
Income before minority interests	11,664	8,491
Minority interests in income	317	208
Net income	11,346	8,282

Consolidated quarterly statements of comprehensive income

	(Millions of yen)	
	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Income before minority interests	11,664	8,491
Other comprehensive income		
Valuation difference on available-for-sale securities	(906)	1,803
Deferred gains or losses on hedges	(301)	87
Foreign currency translation adjustment	1,584	1,108
Remeasurements of defined benefit plans, net of tax	—	273
Share of other comprehensive income of entities accounted for using equity method	42	65
Total other comprehensive income	419	3,338
Comprehensive income	12,084	11,829
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,682	11,485
Comprehensive income attributable to minority interests	402	343



## 7. Production, Contracts and Sales

(Millions of yen)

Reporting segments	Apr. 1, 2013 — Dec. 31, 2013			Apr. 1, 2014 — Dec. 31, 2014		
	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)
Engineering	133,837 97.6%	304,309 98.9%	763,932 100.0%	645,842 99.4%	328,644 99.0%	1,445,936 100.0%
LNG Plants	31,770 23.2%	126,310 41.0%	436,076 57.1%	523,921 80.7%	173,143 52.1%	1,139,871 78.8%
Other Gas Related Works	8,176 6.0%	35,466 11.5%	27,464 3.6%	38,999 6.0%	27,832 8.4%	31,858 2.2%
Petroleum/Petrochemicals/ Gas Chemicals	36,990 27.0%	53,412 17.4%	213,669 28.0%	44,806 6.9%	75,563 22.7%	196,315 13.6%
Mining/ Mineral Refining/Offshore	310 0.2%	4,289 1.4%	43 0.0%	2,838 0.4%	637 0.2%	2,314 0.1%
General chemicals/ Industrial Facilities	17,429 12.7%	74,952 24.4%	36,090 4.7%	21,073 3.2%	29,092 8.8%	34,327 2.4%
Environment/New Energy/ Infrastructure	34,140 24.9%	8,382 2.7%	46,593 6.1%	10,331 1.6%	18,173 5.5%	37,279 2.6%
Others	5,019 3.6%	1,495 0.5%	3,993 0.5%	3,872 0.6%	4,202 1.3%	3,970 0.3%
Other Business	3,326 2.4%	3,438 1.1%	274 0.0%	3,604 0.6%	3,325 1.0%	586 0.0%
<b>Total</b>	<b>137,163 100.0%</b>	<b>307,748 100.0%</b>	<b>764,206 100.0%</b>	<b>649,447 100.0%</b>	<b>331,970 100.0%</b>	<b>1,446,523 100.0%</b>
Domestic	66,674 48.6%	96,391 31.3%	97,523 12.8%	75,539 11.6%	82,895 25.0%	95,570 6.6%
Overseas	70,488 51.4%	211,356 68.7%	666,683 87.2%	573,907 88.4%	249,075 75.0%	1,350,952 93.4%

Note1: The backlog of contracts for the nine months ended December 31, 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.