

## Consolidated Financial Results for the Three Months Ended June 30, 2015

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: August 10, 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 three months ended June 30, 2015

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the three months ended June 30, 2015	125,946	43.6	3,979	250.4	3,512	104.9	2,017	584.6
For the three months ended June 30, 2014	87,678	(9.8)	1,135	(76.0)	1,714	(68.7)	294	(88.7)

Note: Comprehensive Income: the three months ended June 30, 2015: 2,132 million yen / 45.5%  
 the three months ended June 30, 2014: 1,465 million yen / (46.5)%

	Net income per share	Fully diluted net income per share
	Yen	Yen
For the three months ended June 30, 2015	7.79	-
For the three months ended June 30, 2014	1.14	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2015	518,778	207,160	39.6
As of March 31, 2015	515,839	208,405	40.0

Reference: Equity As of June 30, 2015: 205,195 million yen As of March 31, 2015: 206,395 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, 2015	-	-	-	13.00	13.00
Fiscal year ending March 31, 2016	-				
Fiscal year ending March 31, 2016 (Forecast)		-	-	14.00	14.00

Note: Revision to the latest forecast announcement 2015: None

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the Parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2016	600,000	24.7	20,000	(6.8)	22,000	(1.2)	12,000	8.8	46.33

Note: Revision to the latest forecast announcement 2015: 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 June 30, 2015	260,324,529 shares
As of March 31, 2015	260,324,529 shares
  - b. Number of treasury stock at the end of the period
 

As of June 30, 2015	1,327,772 shares
As of March 31, 2015	1,323,232 shares
  - c. Average number of shares during the period
 

For the three months ended June 30, 2015	258,998,485 shares
For the three months ended June 30, 2014	259,012,144 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 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 three months of this fiscal year, the global economic environment surrounding the Chiyoda Group has been increasingly uncertain, mainly due to economic slowdowns in the European economy represented by the Greek financial crisis and emerging countries including China, geopolitical risk and Iranian reentry into the oil market, while the US economy has been relatively stable. Notwithstanding the positive outlook for long-term future global energy demand, short-term investment decision making in numerous oil and gas-related facilities is becoming unpredictable. The recovery in the Japanese economy has been only moderate as demand has not fully recovered, despite the government's easing of fiscal and monetary policies and the depreciation of the Yen in global financial markets as well as the positive effects from lower oil prices and the higher stock market situations.

Under such circumstances, the Group has continued to strengthen its core business in the conventional fields of oil and gas, according to strategies defined in its Medium-Term Management Plan, which has just passed the middle of the 4-year term. In parallel, the Group has gone for expansion in new business fields including offshore and upstream business, new and renewable energy, such as the Hydrogen Supply Chain utilizing Chiyoda's own technologies, and solar power generation utilizing photovoltaic and concentrating solar power technology.

The ongoing projects including LNG plants in Australia, the USA and Russia, refinery plants in Vietnam, Qatar and Venezuela, a metal plant in Saudi Arabia, airport projects in Mongolia and the Philippines, and LNG receiving terminals and photovoltaic power generation systems in Japan have all progressed properly.

Consequently, consolidated new contracts for the period amounted to 47,306 million yen (91.0% decrease compared to the same period of the previous fiscal year). The backlog and revenue were 1,357,678 million yen (4.2% decrease from the end of the previous fiscal year), and 125,946 million yen (43.6% increase year on year) respectively. The operating income amounted to 3,979 million yen (250.4% increase), ordinary income to 3,512 million yen (104.9% increase), and net income resulted in 2,017 million yen (584.6% increase).

Highlights in this period for each segment are summarized below:

#### LNG Plants/Other Gas Related Works

The Group was selected as an Engineering, Procurement and Construction ("EPC") contractor for an LNG plant in Mozambique. The EPC execution of LNG plants in Australia, the USA and Russia progressed as planned and Front End Engineering and Design ("FEED") works for an LNG plant in Canada, USA and Mozambique and a Floating LNG ("FLNG") facility in Indonesia were also in progress. Our Qatari subsidiary has been carrying out the Engineering, Procurement and Construction management ("EPCm") works for the maintenance and modification of the existing LNG and gas processing plants built mainly by the Group. In Japan, several EPC works on LNG receiving terminals and the expansion/modification works of existing plants were going on. LNG plants and other gas-related works constitute our core business. In that regard, the Group will pursue any such project whether onshore/offshore, overseas/domestic or conventional/unconventional.

#### Petroleum/Petrochemicals/Metals

The EPC works were going on for an Engineering, Procurement, Construction and Commissioning ("EPCC") work for Residue Fluid Catalytic Cracking ("RFCC") in Malaysia, EPC works for a refinery and petrochemical complex in Vietnam and, a refinery project in Qatar and an 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 under the Enterprise Framework Agreement for downstream projects within Asia. For metals fields, the Group has started an EPC work for Titanium Sponge plant in Saudi Arabia, and continued to explore the new business opportunities.

In Japan, we continued to perform the EPC works for modification to fortify the existing facilities in the case of a possible catastrophe event, petrochemical plant and construction aimed at energy saving in the facilities.

### General Chemicals/Industries/Metals & Mining/Environment

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

Meanwhile, we are also responding to the overseas expansion in Japanese clients' businesses in non-hydrocarbon fields. In Japan, we have won a number of EPC works for large-scale photovoltaic power generation systems. We are executing and expanding our sales activities by enhancing our group operations in this field. In the pharmaceutical industry, the Group has been carrying out EPC works for manufacturing facilities of active pharmaceutical ingredients, vaccine and bio-medicine plants.

### New Business Fields

The Group, in cooperation with our strategic alliance partner Xodus Group, has 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 in progress. The Group also has invested in Japan Methane Hydrate Operating Co., Ltd., a joint venture company established by 11 private companies, to develop commercially viable technology for utilization of seabed methane hydrate.

As for the concentrating solar power system, the Group is continuing to operate a demonstration plant in Italy with the aim of developing business opportunities in this field. Furthermore, we have developed our own technology for transporting and delivering a large volumes of hydrogen and are actively collaborating with various parties in order to establish a hydrogen supply chain to achieve a hydrogen-based society.

Moreover, the Group is gearing up for the growing market for the life science field symbolized by iPS cells and regenerative medicine, applying our pharmaceutical and medical expertise.

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 balance sheets**

(Millions of yen)

	As of March 31,2015	As of June 30,2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	31,815	41,770
Notes receivable, accounts receivable from completed construction contracts	53,840	53,697
Securities	81,499	86,999
Costs on uncompleted construction contracts	59,668	51,206
Jointly controlled assets of joint venture	182,855	184,732
Other	34,955	34,134
Allowance for doubtful accounts	(56)	(55)
<b>Total current assets</b>	<b>444,578</b>	<b>452,486</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	7,742	7,583
Land	5,266	5,266
Other, net	1,817	1,698
<b>Total property, plant and equipment</b>	<b>14,826</b>	<b>14,547</b>
<b>Intangible assets</b>		
Goodwill	12,034	11,270
Other	7,450	7,282
<b>Total intangible assets</b>	<b>19,484</b>	<b>18,553</b>
<b>Investments and other assets</b>		
Investment securities	31,328	29,539
Other	5,853	3,873
Allowance for doubtful accounts	(231)	(222)
<b>Total investments and other assets</b>	<b>36,950</b>	<b>33,190</b>
<b>Total non-current assets</b>	<b>71,261</b>	<b>66,291</b>
<b>Total assets</b>	<b>515,839</b>	<b>518,778</b>

(Millions of yen)

	As of March 31,2015	As of June 30,2015
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts	137,652	129,642
Short-term loans payable	991	714
Current portion of long-term loans payable	4	4
Income taxes payable	1,366	1,598
Advances received on uncompleted construction contracts	123,869	139,638
Provision for warranties for completed construction	364	309
Provision for loss on construction contracts	3,988	2,211
Provision for bonuses	3,905	1,630
Other	22,197	21,756
Total current liabilities	294,339	297,506
Non-current liabilities		
Long-term loans payable	10,015	10,013
Provision	339	339
Net defined benefit liability	1,070	1,252
Other	1,667	2,505
Total non-current liabilities	13,093	14,111
Total liabilities	307,433	311,618
<b>Net assets</b>		
Shareholders' equity		
Capital stock	43,396	43,396
Capital surplus	37,112	37,112
Retained earnings	115,831	114,481
Treasury shares	(1,405)	(1,410)
Total shareholders' equity	194,934	193,580
Accumulated other comprehensive income		
Valuation difference on available- for-sale securities	7,218	6,960
Deferred gains or losses on hedges	(2,064)	(612)
Foreign currency translation adjustment	5,229	4,217
Remeasurements of defined benefit plans	1,076	1,048
Total accumulated other comprehensive income	11,460	11,614
Non-controlling interests	2,010	1,965
Total net assets	208,405	207,160
Total liabilities and net assets	515,839	518,778

## (2) Consolidated statement of income and comprehensive income

(Consolidated statement of income)

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net sales of completed construction contracts	87,678	125,946
Cost of sales of completed construction contracts	80,640	116,232
Gross profit on completed construction contracts	7,037	9,713
Selling, general and administrative expenses	5,901	5,734
Operating income	1,135	3,979
Non-operating income		
Interest income	310	423
Dividend income	585	772
Other	39	61
Total non-operating income	936	1,257
Non-operating expenses		
Interest expenses	60	56
Share of loss of entities accounted for using equity method	63	437
Foreign exchange losses	201	1,206
Other	31	23
Total non-operating expenses	357	1,724
Ordinary income	1,714	3,512
Extraordinary income		
Gain on sales of investment securities	—	2,112
Total extraordinary income	—	2,112
Income before income taxes and minority interests	1,714	5,624
Income taxes - current	550	2,694
Income taxes - deferred	816	978
Total income taxes	1,366	3,673
Profit	347	1,951
Profit (loss) attributable to non-controlling interests	52	(65)
Profit attributable to owners of parent	294	2,017

(Consolidated statement of comprehensive income)

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Profit	347	1,951
Other comprehensive income		
Valuation difference on available-for-sale securities	1,588	(257)
Deferred gains or losses on hedges	(186)	1,452
Foreign currency translation adjustment	(349)	(963)
Remeasurements of defined benefit plans, net of tax	90	(28)
Share of other comprehensive income of entities accounted for using equity method	(25)	(21)
Total other comprehensive income	1,117	180
Comprehensive income	1,465	2,132
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,428	2,172
Comprehensive income attributable to non-controlling interests	36	(39)



## 7. Production, Contracts and Sales

Millions of yen

	Apr. 1, 2014 — Jun. 30, 2014			Apr. 1, 2015 — Jun. 30, 2015		
	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)
Engineering	523,689 99.7%	86,445 98.6%	1,495,477 100.0%	46,250 97.8%	124,768 99.1%	1,356,068 99.9%
LNG Plant	469,273 89.4%	36,658 41.8%	1,177,258 78.7%	17,061 36.1%	70,362 55.9%	1,072,612 79.0%
Gas Development/ Processing/Receiving	20,500 3.9%	6,177 7.0%	36,718 2.5%	2,851 6.0%	4,727 3.8%	29,003 2.1%
Refinery/Petrochemical/ Metal	17,670 3.4%	21,891 25.0%	197,395 13.2%	12,813 27.1%	32,932 26.1%	161,565 11.9%
Pharmaceutical/Biochemistry/ Chemical	8,441 1.6%	10,262 11.7%	25,479 1.7%	7,967 16.9%	8,290 6.6%	30,689 2.3%
Environment/New Energy/ Infrastructure	7,076 1.3%	10,967 12.5%	56,866 3.8%	4,793 10.1%	7,955 6.3%	60,041 4.4%
Others	727 0.1%	487 0.6%	1,758 0.1%	763 1.6%	500 0.4%	2,156 0.2%
Other Business	1,331 0.3%	1,232 1.4%	407 0.0%	1,055 2.2%	1,177 0.9%	1,610 0.1%
<b>Total</b>	<b>525,020 100.0%</b>	<b>87,678 100.0%</b>	<b>1,495,884 100.0%</b>	<b>47,306 100.0%</b>	<b>125,946 100.0%</b>	<b>1,357,678 100.0%</b>
Domestic	24,686 4.7%	30,101 34.3%	97,646 6.5%	21,837 46.2%	21,756 17.3%	100,112 7.4%
Overseas	500,334 95.3%	57,576 65.7%	1,398,238 93.5%	25,468 53.8%	104,189 82.7%	1,257,566 92.6%

Note1: The backlog of contracts for the three months ended June 30, 2015 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.

Note3: The classification of the segments within the engineering business was restructured, starting from this fiscal Year. Therefore this first quarter's and previous first quarter's accumulated consolidated financial results are disclosed under the new classification. There is no change in the handling of the reporting segments.