

Consolidated Financial Results for the Six Months Ended September 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: November 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 Six months ended September 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 Six months ended September 30, 2015	282,217	36.2	9,993	1.8	10,663	4.8	5,568	(5.6)
For the Six months ended September 30, 2014	207,170	3.7	9,820	(11.5)	10,175	(18.2)	5,896	(20.4)

Note: Comprehensive Income: the six months ended September 30, 2015: 3,153million yen / (57.9 %)
 the six months ended September 30, 2014: 7,481million yen / 17.8 %

	Net income per share	Fully diluted net income per share
	Yen	Yen
For the Six months ended September 30, 2015	21.50	-
For the Six months ended September 30, 2014	22.76	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2015	511,141	208,175	40.3
As of March 31, 2015	515,839	208,405	40.0

Reference: Equity As of September 30, 2015: 206,200million yen As of March 31, 2015: 206,395million 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 : 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	%	
Fiscal year ending March 31, 2016	600,000	24.7	20,000	(6.8)	22,000	(1.2)	12,000	8.8	Yen 46.33

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, 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 September 30, 2015	1,333,947 shares
As of March 31, 2015	1,323,232 shares
 - c. Average number of shares during the period

For the Six months ended September 30, 2015	258,995,554 shares
For the Six months ended September 30, 2014	259,010,528 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 six months of this fiscal year, the global economic environment surrounding the Chiyoda Group has remained uncertain, mainly due to the economic slowdown in the emerging countries including China, lower oil prices, Iranian reentry into the oil market, geopolitical risk especially in the Middle East by Syrian Civil War and Islamic State's Rise and the destabilization of Europe by the influx of Syrian refugees, 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 situation.

Under such circumstances, the Group has continued to strengthen its core business in the conventional fields of oil and gas, according to the strategies defined in its Medium-Term Management Plan, which has entered the latter half of the 4-year term. In parallel, the Group has been set for expansion in new business fields including offshore and upstream business. The business is developing the ability to implement an Engineering, Procurement, Construction and Installation (EPCI) business, new and renewable energy, such as the Hydrogen Supply Chain utilizing its 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 Floating Production Unit (FPU) in Indonesia, a Titanium Sponge 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 202,432 million yen (65.5% decrease compared to the same period of the previous fiscal year). The backlog and revenue were 1,326,692 million yen (6.4% decrease from the end of the previous fiscal year), and 282,217 million yen (36.2% increase year on year) respectively. The operating income amounted to 9,993 million yen (1.8% increase), ordinary income to 10,663 million yen (4.8% increase), and profit attributable to owners of parent resulted in 5,568 million yen (5.6% decrease).

Highlights in this period for each segment are summarized below:

LNG Plants/Other Gas Related Works

The Group was awarded an Engineering, Procurement and Construction (EPC) contract for an LNG plant in the USA and selected as an 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 Mozambique, Canada and USA and a Floating LNG (FLNG) facility in Indonesia were also in progress. The Group Company in Qatar 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 its core business. In that regard, the Group will pursue any such project whether onshore/offshore, overseas/domestic or conventional/unconventional.

Petroleum/Petrochemicals/Metal

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 were going on. Additionally, the Group Company 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 new business opportunities.

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

General Chemicals/Industries/Environment

The Group was moving forward with the EPC execution for 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, the Group is also responding to the overseas expansion in Japanese clients' businesses in non-hydrocarbon fields. In Japan, the Group has won a number of EPC works for large-scale photovoltaic power generation systems. The Group is 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 has been starting the establishment of new company named EMAS CHIYODA Subsea with Ezra Holdings Limited, to enter EPCI works for offshore and upstream field. In parallel, the Group's strategic alliance partner Xodus Group, has been providing integrated services in the offshore and upstream field especially for Japanese customers. The Group hereby provides a value chain for resource development on offshore and upstream for all the phases from design to EPCI, including operation and maintenance.

As for new energy fields, the Group has developed its own technology for transporting and delivering a large volume of hydrogen. The Group is actively collaborating with various parties in order to achieve hydrogen-based society. Furthermore, the Group has successfully completed operating a demonstration plant in Italy for the Concentrating Solar Power (CSP) system. The Group is making efforts to develop business opportunities of CSP for commercialization.

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. As a result, the Group was awarded an EPC work for regenerative medicine related facilities in this field.

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 31,2015 As of September 30,2015

	As of March 31,2015	As of September 30,2015
Assets		
Current assets		
Cash and deposits	31,815	65,506
Notes receivable, accounts receivable from completed construction contracts	53,840	65,967
Securities	81,499	76,199
Costs on uncompleted construction contracts	59,668	50,119
Jointly controlled assets of joint venture	182,855	162,787
Other	34,955	29,468
Allowance for doubtful accounts	(56)	(55)
Total current assets	444,578	449,994
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,742	7,497
Land	5,266	5,266
Other, net	1,817	1,689
Total property, plant and equipment	14,826	14,452
Intangible assets		
Goodwill	12,034	11,579
Other	7,450	7,279
Total intangible assets	19,484	18,859
Investments and other assets		
Investment securities	31,328	23,538
Other	5,853	4,530
Allowance for doubtful accounts	(231)	(232)
Total investments and other assets	36,950	27,835
Total non-current assets	71,261	61,147
Total assets	515,839	511,141

As of March 31, 2015 As of September 30, 2015

Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	137,652	139,088
Short-term loans payable	991	339
Current portion of long-term loans payable	4	7
Income taxes payable	1,366	967
Advances received on uncompleted construction contracts	123,869	125,867
Provision for warranties for completed construction	364	280
Provision for loss on construction contracts	3,988	3,055
Provision for bonuses	3,905	3,251
Other	22,197	17,449
Total current liabilities	294,339	290,307
Non-current liabilities		
Long-term loans payable	10,015	10,010
Provision	339	339
Net defined benefit liability	1,070	1,006
Other	1,667	1,302
Total non-current liabilities	13,093	12,659
Total liabilities	307,433	302,966
Net assets		
Shareholders' equity		
Capital stock	43,396	43,396
Capital surplus	37,112	37,112
Retained earnings	115,831	118,032
Treasury shares	(1,405)	(1,416)
Total shareholders' equity	194,934	197,124
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,218	3,511
Deferred gains or losses on hedges	(2,064)	(1,651)
Foreign currency translation adjustment	5,229	6,208
Remeasurements of defined benefit plans	1,076	1,007
Total accumulated other comprehensive income	11,460	9,075
Non-controlling interests	2,010	1,974
Total net assets	208,405	208,175
Total liabilities and net assets	515,839	511,141

(2) Consolidated quarterly statements of (comprehensive) income

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales of completed construction contracts	207,170	282,217
Cost of sales of completed construction contracts	185,919	260,414
Gross profit on completed construction contracts	21,250	21,802
Selling, general and administrative expenses	11,430	11,808
Operating income	9,820	9,993
Non-operating income		
Interest income	613	783
Dividend income	627	766
Foreign exchange gains	—	62
Other	85	139
Total non-operating income	1,326	1,751
Non-operating expenses		
Interest expenses	129	114
Share of loss of entities accounted for using equity method	127	920
Foreign exchange losses	657	—
Other	58	46
Total non-operating expenses	971	1,081
Ordinary income	10,175	10,663
Extraordinary income		
Gain on sales of investment securities	—	2,112
Total extraordinary income	—	2,112
Income before income taxes and minority interests	10,175	12,775
Income taxes - current	2,131	5,808
Income taxes - deferred	2,027	1,396
Total income taxes	4,158	7,204
Profit	6,016	5,571
Profit attributable to non-controlling interests	120	3
Profit attributable to owners of parent	5,896	5,568

Consolidated quarterly statements of comprehensive income

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Profit	6,016	5,571
Other comprehensive income		
Valuation difference on available-for-sale securities	2,030	(3,706)
Deferred gains or losses on hedges	(405)	412
Foreign currency translation adjustment	(343)	988
Remeasurements of defined benefit plans, net of tax	182	(69)
Share of other comprehensive income of entities accounted for using equity method	0	(43)
Total other comprehensive income	1,464	(2,418)
Comprehensive income	7,481	3,153
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,345	3,183
Comprehensive income attributable to non-controlling interests	136	(30)

(3) Consolidated quarterly statements of cash flows

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	10,175	12,775
Depreciation	1,679	1,818
Amortization of goodwill	663	761
Interest and dividend income	(1,241)	(1,549)
Share of (profit) loss of entities accounted for using equity method	127	920
Loss (gain) on sales of investment securities	—	(2,112)
Decrease (increase) in notes and accounts receivable - trade	10,241	(12,062)
Decrease (increase) in costs on uncompleted construction contracts	(6,247)	9,627
Increase (decrease) in notes and accounts payable - trade	(18,205)	1,407
Increase (decrease) in advances received on uncompleted construction contracts	29,289	1,895
Decrease (increase) in jointly controlled asset of joint venture	(44,314)	20,295
Other, net	(5,081)	(6,824)
Subtotal	(22,913)	26,955
Interest and dividend income received	1,995	1,103
Interest expenses paid	(119)	(116)
Income taxes (paid) refund	(5,788)	1,657
Net cash provided by (used in) operating activities	(26,826)	29,600
Cash flows from investing activities		
Net decrease (increase) in time deposits	—	(650)
Purchase of property, plant and equipment	(1,123)	(612)
Purchase of intangible assets	(1,531)	(750)
Proceeds from sales of investment securities	—	4,215
Payments of loans receivable	(683)	(367)
Collection of loans receivable	71	235
Other, net	(15)	(6)
Net cash provided by (used in) investing activities	(3,281)	2,063
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(71)	(679)
Cash dividends paid	(4,136)	(3,359)
Other, net	(70)	(45)
Net cash provided by (used in) financing activities	(4,277)	(4,084)
Effect of exchange rate change on cash and cash equivalents	(102)	164
Net increase (decrease) in cash and cash equivalents	(34,488)	27,744
Cash and cash equivalents at beginning of period	145,303	113,246
Cash and cash equivalents at end of period	110,815	140,991

7. Production, Contracts and Sales

Millions of yen

Reporting segments	Apr. 1, 2014 — Sept. 30, 2014			Apr. 1, 2015 — Sept. 30, 2015		
	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)
Engineering	585,114 99.6%	204,886 98.9%	1,451,710 100.0%	200,486 99.0%	280,149 99.3%	1,326,692 100.0%
LNG Plant	497,553 84.7%	105,624 51.0%	1,138,828 78.4%	140,638 69.5%	157,416 55.8%	1,083,402 81.6%
Gas Development/ Processing/Receiving	22,664 3.8%	10,904 5.3%	34,058 2.4%	4,005 2.0%	11,556 4.1%	23,463 1.8%
Refinery/Petrochemical/ Metal	32,367 5.5%	49,106 23.7%	195,976 13.5%	30,983 15.3%	75,297 26.7%	135,582 10.2%
Pharmaceutical/Biochemistry/ Chemical	14,603 2.5%	17,270 8.3%	24,625 1.7%	13,070 6.4%	15,070 5.3%	28,735 2.2%
Environment/New Energy/ Infrastructure	15,695 2.7%	20,833 10.1%	55,618 3.8%	8,557 4.2%	19,216 6.8%	51,974 3.9%
Others	2,230 0.4%	1,147 0.5%	2,602 0.2%	3,230 1.6%	1,591 0.6%	3,533 0.3%
Other Business	2,455 0.4%	2,283 1.1%	480 0.0%	1,946 1.0%	2,067 0.7%	— —
Total	587,570 100.0%	207,170 100.0%	1,452,190 100.0%	202,432 100.0%	282,217 100.0%	1,326,692 100.0%
Domestic	50,110 8.5%	56,615 27.3%	96,381 6.6%	43,867 21.7%	49,757 17.6%	93,966 7.1%
Overseas	537,459 91.5%	150,555 72.7%	1,355,808 93.4%	158,565 78.3%	232,460 82.4%	1,232,725 92.9%

Note1: The backlog of contracts for the six months ended September 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 second quarter's and previous second quarter's accumulated consolidated financial results are disclosed under the new classification. There is no change in the handling of the reporting segments.