Translation

May 12, 2016

Consolidated Financial Results for the Fiscal Year Ended March 31, 2016

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)

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

1. Consolidated performance for the fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2016	611,548	27.1	16,015	(25.4)	16,205	(27.2)	3,375	(69.4)
Fiscal year ended March 31, 2015	480,979	7.8	21,466	1.8	22,271	(2.5)	11,029	(18.0)

Note: comprehensive income: Fiscal year ended March 31, 2016: (2,888) million yen
Fiscal year ended March 31, 2015: 15,121 million yen (16.0% increase year on year)

	Net income per share	Fully diluted net income per share	Return on Equity (ROE)	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Revenue
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2016	13.03	―	1.7	3.1	2.6
Fiscal year ended March 31, 2015	42.58	―	5.5	4.5	4.5

Reference: Equity in earnings of associated companies: Fiscal year ended March 31, 2016: (1,318) million yen
Fiscal year ended March 31, 2015: (783) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	528,219	202,128	37.9	772.89
As of March 31, 2015	515,839	208,405	40.0	796.89

Reference: Equity As of March 31, 2016: 200,166 million yen As of March 31, 2015: 206,395 million yen

(3) Consolidated cash flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2016	55,526	(26,750)	(3,942)	136,919
Fiscal year ended March 31, 2015	(24,145)	(5,444)	(4,569)	113,246

2. Cash dividends

Record date	Cash dividends per share: First quarter	Second quarter	Third quarter	Fiscal year-end	Annual	Payment of Cash Dividends	Payout Ratio (Consolidated)	Dividend on Equity Ratio (Consolidated)
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2015	–	–	–	13.00	13.00	3,367	30.5	1.7
Fiscal year ended March 31, 2016	–	–	–	10.00	10.00	2,589	76.7	1.3
Fiscal year ending March 31, 2017 (Forecast)	–	–	–	6.00	6.00		31.1	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2017	550,000	(10.1)	18,000	12.4	14,000	(13.6)	5,000	48.1	19.31

4. Others

(1) Changes in Significant Subsidiaries during the Period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

(2) 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

(3) Number of issued shares (common stock)

a. Number of shares issued at year-end (including treasury shares)

March 31, 2016	260,324,529 shares
March 31, 2015	260,324,529 shares

b. Number of treasury shares at year-end

March 31, 2016	1,340,062 shares
March 31, 2015	1,323,232 shares

c. Average number of shares during each of the following fiscal years

Year ended March 31, 2016	258,990,754 shares
Year ended March 31, 2015	259,006,890 shares

* 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.

1. Qualitative Information related to Consolidated Performance
(1) Qualitative Information on Business Performance

The global economic environment remained uncertain. Emerging countries including China slowed down and geopolitical risk in the Middle East increased. The destabilization of Europe due to the recurrent terrorist attacks continued. In a nutshell, global markets were in turmoil. Although oil prices with an impact on the plant industry and the Group's main business showed a sign of bottoming out, they fluctuated due to the unwillingness to adjust production among oil-exporting countries. Under those circumstances, our clients were prudent to proceed with their investment plans. The Japanese economy waxed and waned. Some capital investment was made, backed by a high level of corporate earnings and extremely low interest rates. The strong Yen from the beginning of the year and lower oil prices led to the market contraction.

Under such circumstances, the Group was concentrating on the initiatives designed to create sustainable growth by accelerating its growth strategy and operating foundation defined in the Medium-Term Management Plan beyond the mid-point of the 4-year term. The Group had made progress toward the goal in the Metal field including new orders received for a titanium sponge plant in Saudi Arabia followed by a large scale project in Indonesia. While keeping a strong presence in the conventional field, the Group also received a letter of intent for a Liquefied Natural Gas (LNG) plant, although it was subject to Final Investment Decision (FID) to be made. In parallel, the Group was set for expansion in new business fields including offshore and upstream where EMAS CHIYODA Subsea was established to implement an Engineering, Procurement, Construction and Installation (EPCI) business, new and renewable energy, including the Hydrogen Supply Chain utilizing its own technologies, and solar power generation utilizing photovoltaic and concentrating solar power technology, and life science like iPS related projects.

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, all progressed on schedule.

Consequently, consolidated new contracts for the period amounted to 403,595 million yen (46.0% decrease compared to the same period of the previous fiscal year). The backlog and revenue were 1,164,991 million yen (17.8% decrease from the end of the previous fiscal year), and 611,548 million yen (27.1% increase year on year) respectively. The operating income amounted to 16,015 million yen (25.4% decrease), ordinary income to 16,205 million yen (27.2% decrease), and profit attributable to owners of parent resulted in 3,375 million yen (69.4% decrease).

The operating income was lower than the forecast due to the increase in construction costs to meet the delivery schedule for some petroleum related projects, as well as the worsening performance of overseas group companies including one in England and the prolonged tumble in oil prices. The profit attributable to owners of parent was also lower, mainly due to an extraordinary loss incurred by goodwill impairment in connection with acquisition of the shares of a group company in England.
With great regret about lower earnings, the Group is aiming to strive to improve profitability, and recover stakeholders' trust by performing more rigorous management for profit and loss and for the Group Companies.

LNG Plants/Other Gas Related Works
The Group is selected as an Engineering, Procurement and Construction (EPC) contractor for an LNG plant in the Mozambique, contracts for which with the client are being negotiated and to be finalized in the near future. The EPC execution of LNG plants, two in the USA and each one in Russia and Australia and Front End Engineering and Design (FEED) works for LNG plants in Mozambique and USA are in progress as planned. The Group has completed the FEED work in Indonesia and currently under negotiation for an EPC contract. The Group has also completed the FEED work in Canada and is negotiating for an EPC contract with

the client. The Group Company in Qatar has been carrying out EPC work for helium recovery facilities and the Engineering, Procurement and Construction management (EPCm) work for the maintenance and modification of the existing LNG and gas processing plants built mainly by the Group. In Japan, several pieces of EPC work on LNG receiving terminals and the expansion/modification of the existing plants are in progress.
LNG plants and other gas-related facilities constitute the Group's core business. In that regard, the Group will pursue any such project globally.

Refinery/Petrochemicals/Metal
Engineering, Procurement, Construction and Commissioning (EPCC) is working for a Residue Fluid Catalytic Cracking (RFCC) project in Malaysia. EPC is working for a refinery and petrochemical complex in Vietnam and a refinery project in Qatar. Engineering, Procurement support and Construction management (EPsCm) for heavy crude oil upgrading facilities in Venezuela are going on. Additionally, the Group Company in Singapore is performing project management under the Enterprise Framework Agreement for downstream projects within Asia. For metal fields, the Group has been awarded Engineering and Procurement (EP) work for a Copper Smelter project in Indonesia, in addition to the EPC work for a Titanium Sponge Plant in Saudi Arabia.
In Japan, the Group has been continuing to perform the EPC work for modification to fortify the existing facilities in the case of a possible catastrophic event, a petrochemical plant and energy saving measures among several facilities. The Group has also been continuing to expand its sales activity in the petroleum and petrochemical field.

Pharmaceutical/Biochemistry/General Chemistry/Environment/Infrastructure
The Group has been moving forward with the EPC execution for a new international airport in Mongolia and a new Bohol airport in the Philippines.
Meanwhile, the Group has also been responding to the overseas expansion in Japanese clients' businesses in non-hydrocarbon fields. In Japan, the Group has won a number of EPC projects for large-scale photovoltaic power generation systems. The Group has been expanding its sales activity by enhancing its group operations in this field. And the Group has been awarded EPC work for a food factory to support food safety and hygiene control. In the pharmaceutical industry, the Group has been awarded EPC work for an advanced pharmaceutical plant to manufacture injections, and been carrying out EPC work for manufacturing facilities of active pharmaceutical ingredients, vaccine and bio-medicine plants individually. The Group has been also gearing up for the life science field as a growing market, marked by iPS cells and regenerative medicine, applying our pharmaceutical and medical expertise.

New Business Fields
Chiyoda Corporation and Ezra Holdings Limited established a joint venture named EMAS CHIYODA Subsea on March 31 of this year, in order to accelerate its expansion of the Offshore & Upstream business field. The transaction has been completed within this Fiscal Year. In parallel, the Group's strategic alliance partner, Xodus Group has been providing integrated services in the offshore and upstream field for resource exploration companies worldwide. The Group hereby has been set to provide 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 has been actively collaborating with various parties in order to achieve hydrogen-based society.
Moreover, the Group has been selected as an EPC contractor for Japan's first demonstration plant to produce and supply renewable jet and diesel fuels, and currently doing basic design work.

Outlook for the next Fiscal Year
With its highest backlog of contracts more than one trillion yen, the group will continue to work diligently on the execution of existing large projects in Australia, U.S., and Russia. To materialize the Medium-Term Management Plan, the Group will also continue to accelerate its growth strategy to diversify the business portfolio by expanding new business fields. In consideration of these circumstances and assuming an exchange rate of ¥110/ US Dollar,

its forecast for the fiscal year ending March 31, 2017 include 470.0 billion yen in consolidated new contracts and 550.0 billion yen on consolidated revenues. Its forecast for the consolidated operating income is 18.0 billion JPY, consolidated ordinary income is 14.0 billion yen, and the consolidated profit attributable to owner of parents is 5 billion yen.

(2) Analysis of Financial Condition

1) Assets, Liabilities and Net Assets

Assets

While securities and cost on uncompleted construction contract decreased 74,499 million yen and 24,614 million yen respectively from the previous fiscal year, current assets increased 10,452 million yen due to 105,899 million yen increase in cash and deposits and 15,455 million yen increase in notes receivable from completed construction contracts.
While goodwill decreased 8,102 million yen, non-current assets increased 1,927 million yen due to 11,742 yen increases in investment securities. Total assets increased 12,380 million yen.

Liabilities

While other current liabilities decreased 7,042 million yen, total liabilities increased 18,658 million yen due to 12,426 million yen increase in notes payable and accounts payable for construction contracts and 11,798 million yen increase in advance received on uncompleted construction contracts.

Net Assets

While retained earnings increased 8 million yen from the previous fiscal year due to payment of dividend and profit attributable to owners of parent, net assets were 202,128 million yen due to 4,831 million yen decrease in the value of securities.
The equity ratio decreased 2.1 points year-on-year to 37.9%.

2) Cash Flow

Net cash from operating activities showed a 55,526 million yen increase due to a 14,460 million yen increase in income before income tax and minority interest and 33,529 million yen increase in working capital (total in notes and accounts receivable-trade, costs on uncompleted construction contracts, notes and accounts payable-trade and advances received on uncompleted construction contracts).

The jointly controlled assets of joint ventures are shown on the JV balance sheet as the assets controlled by Chiyoda whereas, in real terms, it is equivalent to the portion of the current deposit balance under the JV name that is allocated to Chiyoda.

Cash flow from investing activities

While 5,463 million yen came from sell of investment securities, net cash from investing activities was a negative 26,750 million yen mainly due to 21,998 million yen expenditure for purchase of investment securities and 7,739 million yen increase in time deposit.

Cash flow from financing activities

Net cash from financing activities was negative 3,942 million yen due to 3,362 million yen paid in dividends and other factors.

As the result of the above factors, the account balance for the fiscal year for cash and cash equivalent was 136,919 million yen which was a year-on- year increase of 23,673 million yen.

Cash Flow Indices

Fiscal years ended March 31	Equity ratio (%)	Debt repayment period (Years)	Interest coverage ratio (Times)

2012	46.0 %	0.2	267.9
2013	43.3 %	0.7	68.6
2014	41.3 %	–	–
2015	40.0 %	–	–
2016	37.9 %	0.2	256.9
Notes	(Shareholders' equity – minority interests)/Total assets	Interest-bearing debt/Net cash provided by operating activities	Net cash provided by operating activities/Interest expense

Note: The debt repayment period and interest coverage ratio for the period both ended March 31, 2014 and 2015 are omitted due to there being a negative cash flow from operating activities.

(3) Dividend Policy and Current/Next-Period Dividend Payments
Our basic policy for dividends is set to meet a payout ratio of 30% or above of consolidated net income. This policy supports our desire to return profits to our shareholders, while building a stronger financial base by which we can finance our business growth.
We have set the dividend at 10.0 yen per share for the fiscal year ended March 31, 2016 after having set aside the extraordinary loss. As for the next fiscal year, we plan a year-end dividend per share of 6.0 yen.

(4) Business Risks

Business risks may significantly impact the Chiyoda Group's business operations and finances. These risks have the potential to impact investor decision making. Recognizing these risks, the Group has implemented risk mitigation plans to minimize consequences when such events occur.
The risks below are those we recognize as of the date of the fiscal year ended.

(a) Changes in the Business Environment; Economic, Social and Political Factors
Various factors may require that modifications be made to clients' investment plans, project suspension, delay or review. These factors include changes in global economic, social and political environments, economic sanctions, changes in home country energy policies and commodity prices such as oil, LNG and metal resources prices: All the factors may affect the Group earnings. Changes in economic, social and political environments for clients, subcontractors, suppliers and service providers could affect the Group's project execution plans, profitability and, ultimately, its financial strength.
The Group monitors global economic and social trends for a potential impact on business and strives to reduce such risk through rigorous contract negotiations. Due diligence is executed for subcontractors, vendors and service providers and remedial action in the supply chain is taken if necessary.

(b) Earthquakes and Natural Disasters, Terrorism, Wars and Other Force Majeure Events
Force Majeure events such as earthquakes, natural disasters, terrorism and wars have the potential to materially impact project sites or business locations. Disruption issues may include personnel life crisis, delays in equipment and materials delivery and/or suspension of field work.

The Group puts life and safety first and has the Crisis Management Unit, to compile and analyze information to prevent human suffering or harm. The Group has established, and is reinforcing, the crisis management system, which advocates the employment of professional security advisors in the regions requiring particular attention. Additionally, the Group maintains the risk management system to rapidly react to various situations and to respond to an emergency immediately, including consulting with the clients and/or the parties concerned to minimize force majeure risk.
The Group has formulated a Business Continuity Plan (BCP) for unexpected events including

as a massive earthquake to act smoothly in the initial stage and execute priority tasks. In that way, the Group has been prepared to ensure business continuity by conducting emergency response training.

(c) Fluctuations in Equipment and Material Costs

Under certain contracts, the Group is exposed to material/equipment cost fluctuation risk due to the time difference between plant or material quotation and purchase. Specifically the price of steel, which constitutes a major part of plant construction, could be severely impacted by a rise in commodity prices such as coal and iron ore. Future market prices of copper, nickel, aluminum and zinc are similarly unpredictable.

The Group avoids such risks (or minimizes the impact) by diversifying supply sources, placing early orders, maintaining alliances with major vendors/suppliers and identifying market trends.

(d) Possible Shortages of Construction Workers/Equipment and Materials

A project may experience a delay and a cost impact if sufficient construction labor, equipment and materials or other resources required for a project cannot be sufficiently procured.

The Group avoids such risk (or minimizes the impact) by applying diverse construction methods including modular construction, in the areas where materials and/or adequately qualified labor are scarce and by establishing communication and collaboration with reliable subcontractors, vendors and suppliers. If a plant's construction is suspended due to labor disputes and the like, the Group minimizes risk by taking appropriate action in cooperation with clients and the local authorities.

(e) Plant Accidents

Safety risk, the consequences of which could be serious for the Group's operating capability, is inherent in the construction industry.

Safety is of paramount importance to the Group, reinforced by the maxim "Safety is the Core Value". Through comprehensive Risk Identification and Management procedures, reinforced by close collaboration with clients, designers, subcontractors and vendors, all the risks are identified at every stage of project delivery, from feasibility through design and construction, and measures to negate or mitigate the identified risks are implemented.

(f) Exchange Rate Fluctuations

Some construction projects may involve payment settlements (subcontractors, vendors and suppliers) in a currency that does not correspond with the currency received from the client for the work. In such cases, exchange rate fluctuations can have an impact on earnings. The Group avoids/minimizes exchange rate risk by reserving construction payments against such risk in multiple foreign currencies and by entering into exchange rate forward contracts.

(g) Compliance-related Risk

The Group's global operations are required to comply with local laws, acts and regulations, both at home and abroad. Penalties or suspicious action resulting from non-compliance could have a serious impact on a project's execution or the business operation of the Group.
To prevent and/or minimize such compliance-related risk, the Group runs training courses for employees including assembled induction and e-learning. Those are intended for them to understand and strictly observe the updated laws, acts, regulations or rules related to its business operations including those for human rights and anti-bribery. The Group also makes every effort to comprehend the present trend of stakeholders including the authorities concerned and clients, both at home and abroad. Additionally, the Group has established a Compliance Committee under the direct control of the Executive Committee to negate such risk and endeavors to avoid compliance risk by putting senior management edict into the work process under the heading "Code of Conduct of the Group."

(h) Information Security Risk

The Group takes great care in managing information obtained from clients, subcontractors, equipment and materials suppliers and other service providers. The information is necessary in the performance of its business. The Group also possesses confidential information related to technologies, sales, and other businesses. Many core corporate operations and business transactions are conducted by making full use of the IT systems at global subsidiaries. The Group operations are subject to system failure, information leakage and loss of important business information due to infection by computer viruses, external unauthorized access and cyber-attacks. The Group, including the main subsidiaries and global headquarters, holds an ISMS (Information Security Management System) certificate and performs competent information security management which includes training, auditing, and defensive and minimizing measures under its business continuity plan.

(I) Business Investment Risk

The Group makes business investment to pursue the growth strategy such as the establishment of a new company or the purchase of the existing company to construct a new business model including offshore and upstream fields. The Group is exposed to several risks, such as changes in the business environment, lower earnings obtained than planned, a downturn in business and incurring extra costs. Prior to deciding on business investment, the Group does assess the feasibility through our standards and rules. After making an investment, the Group regularly monitors the progress in the business and provide various types of support as necessary, to avoid or minimize any loss.

2. Members of Chiyoda Group

Chiyoda Group consists of thirty (30) consolidated companies and seven (7) affiliated companies applying equity method.

As an integrated engineering enterprise, the Group places top priority on the function to provide the most effective solutions with the clients while satisfying their needs. The Group flexibly responds to those needs as well as the requirements of time, society and/or region by making use of the most advanced technologies and most optimized combination of capabilities of each Group company.

The Group's business contents can be divided into "Engineering Business" and "Business Support" as summarized below.

1) Engineering Business:
(Planning, design, procurement, construction, installation, commissioning and maintenance, etc. for every kind of plant and industrial facility.)

Engineering business constitutes the Group's core business to cover overall planning, design, engineering, procurement, construction commissioning and so on for every kind of industrial and infrastructure facilities including anti-pollution, environment-friendly and counter-disaster facilities.

The particularity of our business exists in the consecutive project execution from planning through commissioning and maintenance for the advanced industrial facilities, especially chemical plants. Accordingly, our business can be commenced by orders of our clients.

The relationship with the Group companies in the Engineering Business is explained as follows:
Chiyoda Kosho Co., Ltd. (consolidated) executes construction and maintenance for energy and chemical-related plants in Japan. Chiyoda TechnoAce Co., Ltd. (consolidated) constructs pharmaceutical and laboratory facilities. Chiyoda Corporation (CHIYODA) subcontracts to those two companies in domestic projects.
Chiyoda System Technologies Corporation (CST:consolidated) executes Engineering, Procurement and Construction (EPC) and maintenance of electrical and instrumentation for various industrial plants and performs consulting, development and operation of integrated IT systems. CHIYODA subcontracts to CST, while CST engages in development of system and software of CHIYODA and management for computer and information system of CHIYODA.
Chiyoda U-Tech Co., Ltd. (CUC: consolidated) engages in consulting for industrial facilities and human resource placement. CUC is awarded consulting work and entrusted the placement of technicians and office staff by CHIYODA.
MPDC Gabon Co., Ltd. (equity method) engages in the exploration and development of oil and gas field in Gabonese Republic.
Chiyoda Philippines Corporation (consolidated) and L&T-Chiyoda Limited (equity method) in India act as global engineering base.
Chiyoda Singapore (PTE.) Ltd. (consolidated), Chiyoda Malaysia Sdn. Bhd. (consolidated), Chiyoda Almana Engineering LLC (consolidated) in Qatar, Chiyoda (Thailand) Limited (consolidated), PT. Chiyoda International Indonesia (consolidated), Chiyoda & Public Works Co., Ltd. (consolidated) in Myanmar, Chiyoda Sarawak Sdn. Bhd. (consolidated) in Malaysia, Chiyoda International Corporation (consolidated) in the USA, Chiyoda Oceania Pty. Ltd. (consolidated) in Australia, Chiyoda Petrostar Ltd. (equity method) in Saudi Arabia and Chiyoda-CCC Engineering (PTE.) Limited (equity method) in the UAE, all act as CHIYODA's global business satellite.
Xodus Group (Holdings) Ltd. headquartered in UK globally provides services such as investigation, study, planning and conceptual design, etc. in the field of offshore and upstream. EMAS CHIYODA Subsea Limited (equity method) engages in engineering, procurement, construction and installation of subsea facilities in the field of offshore and upstream business.

2) Business Support

Arrow Business Consulting Corporation (consolidated) works consulting for finance, accounting and taxation and is entrusted accounting services by CHIYODA.

Arrowhead International Corporation (consolidated) is in charge of travel management service and entrusted as travel agent by CHIYODA.

Arrow Human Resources Corporation (consolidated) engages in placement of technicians and office staff and is entrusted training courses by CHIYODA.

Chiyoda Business Solutions Co., Ltd. (consolidated) engages in service, management and consulting for human resource and general administration and is awarded human resource and corporate services management by CHIYODA.

The above explanation can be shown in the following enterprise systematic plan.

＜Enterprise Systematic Plan＞

Clients

Chiyoda Corporation

Engineering Business

(International)

〈Global Engineering Satellite 〉
- ○ Chiyoda Philippines Corporation(Philippines)
- ※ L&T-Chiyoda Limited(India)

〈Global Business Satelite 〉
- ○ Chiyoda Singapore (PTE.) Ltd.(Singapore)
- ○ Chiyoda Malaysia Sdn. Bhd.(Malaysia)
- ○ Chiyoda Almana Engineering LLC(Qatar)
- ○ Chiyoda (Thailand) Limited(Thailand)
- ○ PT. Chiyoda International Indonesia(Indonesia)
- ○ Chiyoda & Public Works Co., Ltd.(Myanmar)
- ○ Chiyoda Sarawak Sdn. Bhd.(Malaysia)
- ○ Chiyoda International Corporation(USA)
- ○ Chiyoda Oceania Pty. Ltd.(Australia)
- ※ Chiyoda Petrostar Ltd.(Saudi Arabia)
- ※ Chiyoda-CCC Engineering (PTE.) Limited(Singapore)

〈Offshore & Upstream〉
- ○ Xodus Group (Holdings) Ltd.(UK)
- ※ EMAS CHIYODA Subsea Limited(UK)

(Domestic)

〈Domestic EPC Work〉
- ○ Chiyoda Kosho Co., Ltd.
  (Energy and chemical-related plant / Maintenance)
- ○ Chiyoda TechnoAce Co., Ltd.
  (Pharmaceutical and laboratory facilities)

〈Domestic and EPC Work〉
- ○ Chiyoda System Technologies Corporation
  (Electrical and instrumentation related project.
  Development and operation of integrated IT systems
  Various service for social infrastructure)

〈Consulting〉
- ○ Chiyoda U-Tech Co., Ltd.

〈Exploration and Production of Oil Field〉
- ※ MPDC Gabon Co., Ltd.

Business Support

(Domestic)

〈Finance, accounting and taxation〉
- ○ Arrow Business Consulting Corporation

〈Travel Agency〉
- ○ Arrowhead International Corporation

〈Placement of staff training〉
- ○ Arrow Human Resources Corporation

〈Human resource, Corporate services〉
- ○ Chiyoda Business Solutions Co., Ltd.

○ Consolidated ※ Affiliates applying equity method

⇨ Orders from CHIYODA ➡ Direct orders from clients

3. Management Policy

(1) Basic Management Policy

The shared corporate philosophy of the Chiyoda Group is to “enhance its business in aiming for harmony between energy and the environment and contribute to the sustainable development of society as an integrated engineering company through the use of its collective wisdom and painstakingly developed technology”. Every Chiyoda Group employee engages in the Group’s corporate activity with this philosophy in mind as the Group strives for corporate group management that earns the trust and empathy of all our stakeholders, including shareholders, customers, business partners, employees, and local communities.

(2) Management Indices to Measure Progress in the Medium-Term Business Plan, and Targets

To improve our corporate value, we established and officially announced on May 10, 2013 the four-year business plan, “Seize the moment, Open up new frontiers”. This plan began from April 1, 2013 and will run until March 31, 2017.

(See http://www.chiyoda-corp.com/ir/en for our four-year plan and financial report)

The Group established two basic strategies in the plan, i.e. growth strategy and operating foundations. The growth strategy aims to maintain growth as a constant provider of the value and service required by society and/or customers, by identifying the trend of the times. The operating foundations help execute the growth strategy to achieve the sustainable development of the Group.
During this fiscal year, as the third year of the plan, we accelerated the implementation of measures in accordance with the basic strategy set forth therein. The current business environment around the Group is facing changes as our customers are prudent to proceed with their investment plans due to prolonged lower oil and gas prices. The Group, however, was making every effort to expand its business by strengthening its core business and diversifying its portfolio to reinforce new business fields. The Group will observe and respect the provisions of compliance, CSR (Corporate Social Responsibility) and HSE (Health, Safety and Environment) when implementing each measure.
The management indices are shown in the plan.

(3) Issues to Address

In the energy field, with which the Chiyoda Group has a close link, preparations for investment in numerous gas related facilities are being encouraged by the continuing increase in further energy demand from the mid- to long-term perspective. Meanwhile, we have to make every management decision very carefully because the feasibility of each project becomes more difficult to assess than before due to prolonged lower oil and gas prices and the slowdown in emerging countries.
Under those circumstances, the Group will concentrate on the key measures aiming to continue providing the service and value that society may need in the fields where we are positioned in the first tier.
During the fiscal year ending March 2017, the Group will try to enhance our corporate value, while maintaining and improving our quality as a whole, by combining the growth strategy with the operating foundations for human resource development. The Group will also keep on beefing up our corporate governance system to swiftly make every transparent and fair decision while respecting all the stakeholders including shareholders, customers, employees and community.
During the fiscal year ended March 2016, the Group opened up LNG projects, its core business, especially in Mozambique and Canada. The Group will strive to further enhance our capability to simultaneously and stably execute several mega-projects including those under execution in the USA.
The Group was also awarded a contract for a copper smelting plant in Indonesia in the metal field and another one for iPS related facilities in the life-science field. The Group kept on working on a hydrogen supply chain to achieve hydrogen-based society. And the Group established EMAS CHIYODA Subsea and has been set to provide the whole value chain in offshore and upstream fields. The Group will keep on challenging itself to contribute to the energy-security of Japan. Those activities are all intended to diversify our business portfolio.

4. Basic Concept of Accounting Criteria

The Chiyoda Group presents its consolidated financial statements based on Japanese accounting criteria in consideration for comparison with those for the previous fiscal term as well as comparison with the other companies' financial statements. The Group will follow international accounting criteria in due course after examining the trend of Japanese engineering contractors.

5. Consolidated financial statements

(1) Consolidated balance sheets (1/2)

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	31,815	137,715
Notes receivable, accounts receivable from completed construction contracts	53,840	69,296
Securities	81,499	6,999
Costs on uncompleted construction contracts	59,668	35,053
Deferred tax assets	11,697	12,889
Jointly controlled assets of joint venture	182,855	179,360
Other	23,257	16,000
Allowance for doubtful accounts	(56)	(2,285)
Total current assets	444,578	455,030
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,915	13,887
Accumulated depreciation	(6,172)	(6,750)
Buildings and structures, net	7,742	7,137
Machinery and vehicles	721	635
Accumulated depreciation	(340)	(348)
Machinery and vehicles, net	381	287
Tools, furniture and fixtures	7,211	7,439
Accumulated depreciation	(5,791)	(6,210)
Tools, furniture and fixtures, net	1,419	1,229
Land	5,266	5,266
Construction in progress	16	22
Total property, plant and equipment	14,826	13,942
Intangible assets		
Goodwill	12,034	3,931
Other	7,450	7,136
Total intangible assets	19,484	11,068
Investments and other assets		
Investment securities	31,328	43,071
Net defined benefit asset	33	94
Other	5,820	5,392
Allowance for doubtful accounts	(231)	(379)
Total investments and other assets	36,950	48,178
Total non-current assets	71,261	73,189
Total assets	515,839	528,219

Consolidated balance sheets (2/2)

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	137,652	150,078
Short-term loans payable	991	333
Current portion of long-term loans payable	4	5
Income taxes payable	1,366	2,841
Advances received on uncompleted construction contracts	123,869	135,667
Provision for warranties for completed construction	364	337
Provision for loss on construction contracts	3,988	3,160
Provision for bonuses	3,905	3,527
Other	22,197	15,155
Total current liabilities	294,339	311,106
Non-current liabilities		
Long-term loans payable	10,015	10,009
Provision for treatment of PCB waste	339	340
Net defined benefit liability	1,070	2,134
Other	1,667	2,500
Total non-current liabilities	13,093	14,985
Total liabilities	307,433	326,091
Net assets		
Shareholders' equity		
Capital stock	43,396	43,396
Capital surplus	37,112	37,112
Retained earnings	115,831	115,839
Treasury shares	(1,405)	(1,422)
Total shareholders' equity	194,934	194,926
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,218	2,386
Deferred gains or losses on hedges	(2,064)	(1,618)
Foreign currency translation adjustment	5,229	4,171
Remeasurements of defined benefit plans	1,076	300
Total accumulated other comprehensive income	11,460	5,240
Non-controlling interests	2,010	1,961
Total net assets	208,405	202,128
Total liabilities and net assets	515,839	528,219

(2) Consolidated statement of income and comprehensive income

(Consolidated statement of income)

(Millions of yen)

	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Net sales of completed construction contracts	480,979	611,548
Cost of sales of completed construction contracts	435,327	570,028
Gross profit on completed construction contracts	45,651	41,520
Selling, general and administrative expenses	24,185	25,505
Operating income	21,466	16,015
Non-operating income		
Interest income	1,522	1,472
Dividend income	1,588	1,011
Other	148	180
Total non-operating income	3,259	2,664
Non-operating expenses		
Interest expenses	255	216
Share of loss of entities accounted for using equity method	783	1,318
Foreign exchange losses	1,182	665
Other	233	274
Total non-operating expenses	2,454	2,474
Ordinary income	22,271	16,205
Extraordinary income		
Gain on sales of investment securities	—	2,686
Total extraordinary income	—	2,686
Extraordinary losses		
Impairment loss	—	4,431
Loss on valuation of investment securities	258	—
Total extraordinary losses	258	4,431
Profit before income taxes	22,012	14,460
Income taxes - current	6,257	8,708
Income taxes - deferred	4,542	2,255
Total income taxes	10,799	10,963
Profit	11,212	3,496
Profit attributable to non-controlling interests	183	121
Profit attributable to owners of parent	11,029	3,375

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Profit	11,212	3,496
Other comprehensive income		
Valuation difference on available-for-sale securities	2,298	(4,831)
Deferred gains or losses on hedges	(2,712)	441
Foreign currency translation adjustment	2,815	(1,135)
Remeasurements of defined benefit plans, net of tax	1,364	(775)
Share of other comprehensive income of entities accounted for using equity method	142	(83)
Total other comprehensive income	3,908	(6,385)
Comprehensive income	15,121	(2,888)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,722	(2,844)
Comprehensive income attributable to non-controlling interests	398	(44)

(3) Consolidated statement of cash flows (1/2)

(Millions of yen)

	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Cash flows from operating activities		
Profit before income taxes	22,012	14,460
Depreciation	3,569	3,589
Impairment loss	—	4,431
Amortization of goodwill	1,469	1,256
Increase (decrease) in allowance for doubtful accounts	216	2,387
Increase (decrease) in provision for warranties for completed construction	(170)	(21)
Increase (decrease) in provision for loss on construction contracts	(47)	(826)
Increase (decrease) in provision for bonuses	(381)	(377)
Increase (decrease) in net defined benefit liability	100	(117)
Interest and dividend income	(3,111)	(2,484)
Interest expenses	255	216
Foreign exchange losses (gains)	(499)	813
Share of (profit) loss of entities accounted for using equity method	783	1,318
Loss (gain) on valuation of investment securities	258	—
Loss (gain) on sales of investment securities	—	(2,686)
Decrease (increase) in notes and accounts receivable - trade	21,217	(16,491)
Decrease (increase) in costs on uncompleted construction contracts	(25,282)	24,543
Increase (decrease) in notes and accounts payable - trade	(9,759)	13,293
Increase (decrease) in advances received on uncompleted construction contracts	43,019	12,184
Decrease (increase) in accounts receivable - other	(3,637)	5,158
Decrease (increase) in jointly controlled asset of joint venture	(55,246)	3,501
Increase (decrease) in deposits received	(1,710)	(2,108)
Other, net	(7,616)	(6,293)
Subtotal	(14,560)	55,746
Interest and dividend income received	3,220	1,671
Interest expenses paid	(255)	(218)
Income taxes paid	(12,550)	(1,673)
Net cash provided by (used in) operating activities	(24,145)	55,526
Cash flows from investing activities		
Net decrease (increase) in time deposits	—	(7,739)
Purchase of property, plant and equipment	(1,441)	(806)
Purchase of intangible assets	(2,431)	(1,801)
Purchase of investment securities	(1,245)	(21,998)
Proceeds from sales of investment securities	—	5,463
Payments of loans receivable	(605)	(382)
Collection of loans receivable	118	489
Other, net	161	25
Net cash provided by (used in) investing activities	(5,444)	(26,750)

Consolidated statement of cash flows (2/2)

(Millions of yen)

	Fiscal year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	Fiscal year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(390)	(498)
Repayments of long-term loans payable	(4)	(4)
Cash dividends paid	(4,139)	(3,362)
Other, net	(34)	(76)
Net cash provided by (used in) financing activities	(4,569)	(3,942)
Effect of exchange rate change on cash and cash equivalents	2,101	(1,159)
Net increase (decrease) in cash and cash equivalents	(32,057)	23,673
Cash and cash equivalents at beginning of period	145,303	113,246
Cash and cash equivalents at end of period	113,246	136,919

6. Production, Contracts and Sales

Millions of yen

	Apr. 1, 2014 — Mar. 31, 2015			Apr. 1, 2015 — Mar. 31, 2016		
	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)
Engineering	740,887 99.2%	476,499 99.1%	1,415,170 99.9%	399,861 99.1%	607,693 99.4%	1,164,991 100.0%
LNG Plant	550,833 73.8%	256,374 53.3%	1,103,124 77.9%	155,175 38.5%	366,766 60.0%	860,305 73.8%
Gas Development/ Processing/Receiving	34,550 4.6%	25,591 5.3%	32,989 2.3%	11,394 2.8%	22,139 3.6%	19,738 1.7%
Refinery/Petrochemical/ Metal	60,142 8.1%	108,592 22.6%	180,231 12.7%	161,502 40.0%	138,811 22.7%	198,622 17.0%
Pharmaceutical/Biochemistry/ Chemical	38,620 5.2%	34,408 7.2%	31,699 2.3%	32,679 8.1%	31,035 5.1%	32,377 2.8%
Environment/New Energy/ Infrastructure	51,871 6.9%	46,170 9.6%	65,387 4.6%	32,128 8.0%	43,178 7.1%	50,856 4.4%
Others	4,869 0.6%	5,361 1.1%	1,739 0.1%	6,981 1.7%	5,762 0.9%	3,090 0.3%
Other Business	5,903 0.8%	4,479 0.9%	1,731 0.1%	3,733 0.9%	3,855 0.6%	- -
Total	746,791 100.0%	480,979 100.0%	1,416,901 100.0%	403,595 100.0%	611,548 100.0%	1,164,991 100.0%
Domestic	110,989 14.9%	113,341 23.6%	100,218 7.1%	107,856 26.7%	111,464 18.2%	96,104 8.2%
Overseas	635,801 85.1%	367,638 76.4%	1,316,683 92.9%	295,738 73.3%	500,084 81.8%	1,068,887 91.8%

7. Changes to Directors

(1) Nominees for Director (excluding Audit and Supervisory Committee members):

	New Assignment	Current Position
Shogo Shibuya	Representative Director, President & CEO	The same
Keiichi Nakagaki	Representative Director, Senior Executive Vice President	The same
Hiroshi Ogawa	Representative Director, Senior Executive Vice President	The same
Masahito Kawashima	Representative Director, Executive Vice President	The same
Katsuo Nagasaka	Director, Executive Vice President	The same
Masahiko Kojima	Director, Executive Vice President	The same
Ryosuke Shimizu	Director, Senior Vice President	The same
Arata Sahara	Director, Senior Vice President	The same
Nobuo Tanaka	Director	The same
Tetsushi Nakagawa	Director	

* The same means the new assignment on the left.

(2) Nominees for Directors, Audit and Supervisory Committee:

	New Assignment	Current Position
Mikio Kobayashi	Director, Audit and Supervisory Committee	Audit & Supervisory Board
Hideaki Takaishi	Director, Audit and Supervisory Committee	
Yukihiro Imadegawa	Director, Audit and Supervisory Committee	Audit & Supervisory Board

Notes:

- The following members are nominees for Outside Directors:
  Nobuo Tanaka
  Tetsushi Nakagawa
  Mikio Kobayashi
  Yukihiro Imadegawa

- The following members are nominees for Independent Directors regulated by the Tokyo Stock Exchange, Inc.
  Nobuo Tanaka
  Mikio Kobayashi
  Yukihiro Imadegawa

(3) Retirement:

Masaji Santo and Munehiko Nakano are scheduled to retire as Director and as a member of Audit & Supervisory Board respectively on June 23, 2016