

## Consolidated Financial Results for the Three Months Ended June 30, 2016

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, 2016  
 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, 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	%
For the three months ended June 30, 2016	133,639	6.1	3,525	(11.4)	8,926	154.1	3,712	84.0
For the three months ended June 30, 2015	125,946	43.6	3,979	250.4	3,512	104.9	2,017	584.6

Note: Comprehensive Income: the three months ended June 30, 2016: 419 million yen / (80.3)%  
the three months ended June 30, 2015: 2,132 million yen / 45.5%

	Net income per share	Fully diluted net income per share
	Yen	Yen
For the three months ended June 30, 2016	14.33	-
For the three months ended June 30, 2015	7.79	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2016	489,293	199,942	40.5
As of March 31, 2016	528,219	202,128	37.9

Reference: Equity As of June 30, 2016: 197,999million yen As of March 31, 2016:200,166 million yen

## 2. Cash dividends

Record date	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
Fiscal year ended March 31, 2016	Yen -	Yen -	Yen -	Yen 10.00	Yen 10.00
Fiscal year ending March 31, 2017	-				
Fiscal year ending March 31, 2017 (Forecast)		-	-	6.00	6.00

Note: Revision to the latest forecast announcement 2016: None

## 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

Note: Revision to the latest forecast announcement 2016: 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, 2016	260,324,529 shares
As of March 31, 2016	260,324,529 shares
  - b. Number of treasury stock at the end of the period
 

As of June 30, 2016	1,341,946 shares
As of March 31, 2016	1,340,062 shares
  - c. Average number of shares during the period
 

For the three months ended June 30, 2016	258,982,866 shares
For the three months ended June 30, 2015	258,998,485 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 three months of this fiscal year, there was a considerable uncertainty in the global economic environment. Emerging market economies saw slower growth, a number of global terrorist attacks occurred, and there was a concern over the impact that the United Kingdom's exit from the European Union would have on the European and global economies. Although our clients were cautious about proceeding with their investment plans due to the current low oil price, several investment plans to satisfy local domestic demand, in particular those related to natural gas development, are still under consideration. The Japanese economy remains uncertain; while the government is implementing its economics plans, there are still some concerns regarding the volatile fluctuations in the Japanese yen.

Under such circumstances and in order to recover its performance this fiscal year, the Group concentrated on initiatives designed to create sustainable growth by accelerating the Group's growth strategy and improving its corporate systems, now in the final year of its four-year Medium-Term Management Plan. In the LNG field, the Group's core business, the Group continues to execute large projects throughout the world. The Group was proactive in engaging in new opportunities, even though some of these opportunities have been postponed.

In the offshore and upstream field, the Group started operation of EMAS CHIYODA Subsea which can implement Engineering, Procurement, Construction and Installation (EPCI) for subsea projects. Together with the Xodus Group, an international energy consultancy, the Group was able to provide a value chain for natural resource development in offshore and upstream projects involving all the phases from design to EPCI, including operation and maintenance.

Consolidated new contracts for the period amounted to 58,419 million yen (23.5% increase compared to the same period of the previous fiscal year). The backlog and revenue were 1,107,360 million yen (13.2% decrease from the end of the previous fiscal year), and 1,336,390 million yen (6.1% increase year on year) respectively. The operating income amounted to 3,525 million yen (11.4% decrease), ordinary income to 8,926 million yen (154.1% increase), and profit attributable to owners of parent resulted in 3,712 million yen (84.0% increase).

Highlights in this period for each segment are summarized below.

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

The Engineering, Procurement and Construction (EPC) execution of LNG plants in the USA, Russia and Australia and Front End Engineering and Design (FEED) work for LNG plants in Mozambique and the USA are in progress as planned. In addition, the Group is currently negotiating with a client to proceed with an LNG expansion project in Indonesia.

In Mozambique, where the Group was selected as an EPC contractor for an LNG plant last year, the Group is executing pre-EPC work. The Group has also completed FEED work for the LNG Canada and is now implementing pre-FID work there. Meanwhile, the Group Company in Qatar is carrying out EPC work for helium recovery facilities and the Engineering, Procurement and Construction Management (EPCM) work for the maintenance and modification of existing LNG and gas processing plants built mainly by the Group.

#### **Refinery/Petrochemical/Metals**

Engineering, Procurement, Construction and Commissioning (EPCC) is underway for a Residue Fluid Catalytic Cracking (RFCC) project in Malaysia. EPC is underway for a refinery and petrochemical complex in Vietnam and a refinery project in Qatar. Additionally, the Group Company in Singapore is performing project management under an Enterprise Framework Agreement for downstream projects within Asia. In the metals field, the Group is executing EPC work for a Titanium Sponge plant in Saudi Arabia.

In Japan, the Group is continuing to perform EPC work for the modification of client's existing facilities in case of a possible catastrophic event, and to keep these facilities up to date with Japanese laws and regulations for safety and energy savings. The Group is also continuing to expand its sales activities in the petroleum and petrochemical fields.

#### **Pharmaceutical/Biochemistry/General Chemistry/Environment/Infrastructure**

The Group has been moving forward with the EPC execution for a new international airport in Mongolia and the 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 the Group's operations in these fields. Also in Japan, the Group is executing 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 has been carrying out EPC work for manufacturing facilities of active pharmaceutical ingredients, vaccines and bio-medicine plants.

### **New Business Fields**

Chiyoda Corporation (Chiyoda) and Ezra Holdings Limited (Ezra) established a joint venture named EMAS CHIYODA Subsea (ECS) on March 31, 2016, in order to accelerate expansion in the offshore and upstream business. In June, 2016, Nippon Yusen Kabushiki Kaisha (NYK) agreed to join ECS with Chiyoda and Ezra. Although the current business environment around the offshore and upstream business field continues to be weak, ECS was able to secure a new project this fiscal year. ECS's fresh business development activity brings measurable benefits. At the same time, the Group's strategic alliance partner, the Xodus Group has been providing integrated services in the offshore and upstream field for resource exploration companies worldwide.

As for new energy fields, the Group has developed its own technology for the large-scale transportation and delivery of hydrogen. The Group has been actively collaborating with various parties in order to realize 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 balance sheets**

(Millions of yen)

	As of March 31,2016	As of June 30,2016
<b>Assets</b>		
Current assets		
Cash and deposits	137,715	128,880
Notes receivable, accounts receivable from completed construction contracts	69,296	54,756
Securities	6,999	5,999
Costs on uncompleted construction contracts	35,053	36,983
Jointly controlled assets of joint venture	179,360	157,681
Other	28,889	34,781
Allowance for doubtful accounts	(2,285)	(1,654)
Total current assets	455,030	417,429
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,137	6,903
Land	5,266	5,266
Other, net	1,538	1,351
Total property, plant and equipment	13,942	13,521
Intangible assets	11,068	10,272
Investments and other assets		
Investment securities	43,071	41,996
Other	5,487	6,425
Allowance for doubtful accounts	(379)	(352)
Total investments and other assets	48,178	48,070
Total non-current assets	73,189	71,864
Total assets	528,219	489,293

(Millions of yen)

	As of March 31,2016	As of June 30,2016
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts	150,078	141,098
Short-term loans payable	333	361
Current portion of long-term loans payable	5	4
Income taxes payable	2,841	1,924
Advances received on uncompleted construction contracts	135,667	110,890
Provision for warranties for completed construction	337	263
Provision for loss on construction contracts	3,160	2,341
Provision for bonuses	3,527	1,466
Other	15,155	16,054
Total current liabilities	311,106	274,405
Non-current liabilities		
Long-term loans payable	10,009	10,007
Provision	340	340
Net defined benefit liability	2,134	2,255
Other	2,500	2,341
Total non-current liabilities	14,985	14,945
<b>Total liabilities</b>	<b>326,091</b>	<b>289,350</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	43,396	43,396
Capital surplus	37,112	37,112
Retained earnings	115,839	116,961
Treasury shares	(1,422)	(1,423)
Total shareholders' equity	194,926	196,047
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,386	2,156
Deferred gains or losses on hedges	(1,618)	(3,548)
Foreign currency translation adjustment	4,171	3,006
Remeasurements of defined benefit plans	300	337
Total accumulated other comprehensive income	5,240	1,952
Non-controlling interests	1,961	1,942
<b>Total net assets</b>	<b>202,128</b>	<b>199,942</b>
<b>Total liabilities and net assets</b>	<b>528,219</b>	<b>489,293</b>

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

(Consolidated statement of income)

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net sales of completed construction contracts	125,946	133,639
Cost of sales of completed construction contracts	116,232	124,927
Gross profit on completed construction contracts	9,713	8,712
Selling, general and administrative expenses	5,734	5,186
Operating income	3,979	3,525
Non-operating income		
Interest income	423	329
Dividend income	772	625
Foreign exchange gains	—	4,788
Other	61	39
Total non-operating income	1,257	5,783
Non-operating expenses		
Interest expenses	56	53
Share of loss of entities accounted for using equity method	437	294
Foreign exchange losses	1,206	—
Other	23	34
Total non-operating expenses	1,724	382
Ordinary income	3,512	8,926
Extraordinary income		
Gain on sales of investment securities	2,112	313
Total extraordinary income	2,112	313
Profit before income taxes	5,624	9,239
Income taxes - current	2,694	4,490
Income taxes - deferred	978	929
Total income taxes	3,673	5,419
Profit	1,951	3,819
Profit (loss) attributable to non-controlling interests	(65)	107
Profit attributable to owners of parent	2,017	3,712

(Consolidated statement of comprehensive income)

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Profit	1,951	3,819
Other comprehensive income		
Valuation difference on available-for-sale securities	(257)	(229)
Deferred gains or losses on hedges	1,452	(1,924)
Foreign currency translation adjustment	(963)	(1,269)
Remeasurements of defined benefit plans, net of tax	(28)	37
Share of other comprehensive income of entities accounted for using equity method	(21)	(13)
Total other comprehensive income	180	(3,400)
Comprehensive income	2,132	419
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,172	424
Comprehensive income attributable to non-controlling interests	(39)	(5)

## 7. Production, Contracts and Sales

Millions of yen

	Apr. 1, 2015 — Jun. 30, 2015			Apr. 1, 2016 — Jun. 30, 2016		
	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)
Engineering	46,250 97.8%	124,768 99.1%	1,356,068 99.9%	57,511 98.4%	132,731 99.3%	1,010,736 100.0%
LNG Plant	17,061 36.1%	70,362 55.9%	1,072,612 79.0%	28,404 48.6%	98,338 73.6%	723,026 71.5%
Gas Development/ Processing/Receiving	2,851 6.0%	4,727 3.8%	29,003 2.1%	5,901 10.1%	2,939 2.2%	21,701 2.2%
Refinery/Petrochemical/ Metal	12,813 27.1%	32,932 26.1%	161,565 11.9%	10,814 18.5%	20,847 15.6%	181,943 18.0%
Pharmaceutical/Biochemistry/ Chemical	7,967 16.9%	8,290 6.6%	30,689 2.3%	7,536 12.9%	6,432 4.8%	30,502 3.0%
Environment/New Energy/ Infrastructure	4,793 10.1%	7,955 6.3%	60,041 4.4%	3,030 5.2%	3,120 2.3%	49,862 4.9%
Others	763 1.6%	500 0.4%	2,156 0.2%	1,823 3.1%	1,053 0.8%	3,699 0.4%
Other Business	1,055 2.2%	1,177 0.9%	1,610 0.1%	908 1.6%	908 0.7%	- -
<b>Total</b>	<b>47,306</b> <b>100.0%</b>	<b>125,946</b> <b>100.0%</b>	<b>1,357,678</b> <b>100.0%</b>	<b>58,419</b> <b>100.0%</b>	<b>133,639</b> <b>100.0%</b>	<b>1,010,736</b> <b>100.0%</b>
Domestic	21,837 46.2%	21,756 17.3%	100,112 7.4%	26,705 45.7%	17,457 13.1%	104,036 10.3%
Overseas	25,468 53.8%	104,189 82.7%	1,257,566 92.6%	31,714 54.3%	116,182 86.9%	906,699 89.7%

Note1: The backlog of contracts for the three months ended June 30, 2016 includes a decrease due to changes in construction contracts acquired in prior fiscal years, and an increase due to foreign exchange translation adjustments.

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