Translation

May 10, 2013

Consolidated Financial Results for the Fiscal Year Ended March 31, 2013

Company name: **CHIYODA CORPORATION**
Listing: First Section of the Tokyo Stock Exchange
Stock code: 6366
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(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the fiscal year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2013	398,918	56.6	25,113	3.8	25,518	7.2	16,077	11.9
Fiscal year ended March 31, 2012	254,675	3.1	24,197	37.9	23,793	51.2	14,364	80.0

Note: comprehensive income: Fiscal year ended March 31, 2013: 25,082 million yen (57.9% increase year on year)
Fiscal year ended March 31, 2012: 15,884 million yen (111.7% 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, 2013	62.06	—	9.0	6.4	6.3
Fiscal year ended March 31, 2012	55.44	—	8.9	6.6	9.5

Reference: Equity in earnings of associated companies: Fiscal year ended March 31, 2013: 145 million yen,
Fiscal year ended March 31, 2012: 72 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, 2013	435,379	189,356	43.3	727.24
As of March 31, 2012	365,795	168,737	46.0	648.95

Reference: Equity As of March 31, 2013: 188,386 million yen As of March 31, 2012: 168,120 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, 2013	14,147	(5,257)	(4,432)	180,229
Fiscal year ended March 31, 2012	55,615	(9,140)	(2,899)	173,769

2. Cash dividends

Record date	Cash dividends per share					Payment of Cash Dividends	Payout Ratio (Consolidated)	Dividend on Equity Ratio (Consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2012	–	–	–	17.00	17.00	4,404	30.7	2.7
Fiscal year ended March 31, 2013	–	–	–	19.00	19.00	4,921	30.6	2.8
Fiscal year ending March 31, 2014 (Forecast)	–	–	–	19.00	19.00		30.8	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2014	470,000	17.8	24,000	(4.4)	26,000	1.9	16,000	(0.5)	61.77

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: Yes
- d. Restatements: None

(3) Number of issued shares (common stock)

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

March 31, 2013	260,324,529 shares
March 31, 2012	260,324,529 shares

b. Number of treasury shares at year-end

March 31, 2013	1,279,223 shares
March 31, 2012	1,259,891 shares

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

Year ended March 31, 2013	259,053,018 shares
Year ended March 31, 2012	259,086,839 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.

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

During the fiscal year under review, we saw a continuing sense of uncertainty in the world economy caused by problems such as prolonged European debt crisis and the slowdown in the economy of emerging countries such as China. Preparations for investment in numerous gas related facilities were now being encouraged by the enduring increase in demand for energy, the shale revolution and the tide of the shift to gas.
Many in Japan expect the new Japanese government, in the second half of the fiscal year, to bailout deflation, to correct the yen's appreciation by following flexible and dynamic monetary policies for economic recovery, and to invest in renewable energy projects, in which investment has increased rapidly under the Feed-in Tariff scheme.

Faced with these conditions, while the Chiyoda Group continued to expand its global operation and enhance its operation in the hydrocarbon field, mainly in LNG (Liquefied Natural Gas), the Group also made inroads into new business fields such as infrastructure and renewable energy. We placed particular focus on bidding activities, making the most of our technological superiority in the market. We concluded contracts for EPC (Engineering, Procurement, and Construction) works for oil refineries in Vietnam and the Middle East. We won orders in Japan for the EPC of petroleum and petrochemical plants and large-scale photovoltaic power generation systems. Additionally, we were awarded FEED (Front End Engineering and Design) works for an LNG plant in Mozambique and a Floating Liquefied Natural Gas (FLNG) plant in Indonesia.

The projects under execution are progressing as planned, including the LNG plants in Papua New Guinea and Australia, some overseas projects for Japanese clients and LNG receiving terminals in Japan. We are still seeking an improvement in profitability by steadily executing backlog projects while reviewing the cost for completed works during the warranty period.

The Group relocated the head office and integrated the company's function to improve work efficiency. As part of the integration process, we sold the land where the previous headquarters was located.

Consolidated new orders for the fiscal year amounted to 402,919 million yen (34.2% decrease year on year). The backlog and revenues were 900,618 million yen (7.1% increase) and 398,918 million yen (56.6% increase) respectively.
The operating income amounted to 25,113 million yen (3.8% increase year on year), ordinary income to 25,518 million yen (7.2% increase), and net income resulted in 16,077 million yen (11.9% increase).

Highlights during this period for each segment are summarized hereunder:

LNG Plants/Gas and Power Utilities
The Group was awarded FEED contracts for an onshore natural gas liquefaction facility in Mozambique and an FLNG facility in Indonesia. We are also focusing on study works for other FLNG projects. The EPC execution of an LNG plant in Papua New Guinea and another LNG project in Australia is progressing as planned.
Our Qatari subsidiary is working on the maintenance and modification works for the existing LNG and gas processing plants mainly built by the Group.
In Japan, several EPC works on LNG receiving terminals, the expansion/modification works of existing plants and various FEED works are ongoing in parallel.
LNG is our priority business field and we are focusing on related works for other LNG projects, which are onshore / offshore overseas / domestic.

Petroleum, Petrochemicals and Gas Chemicals
In addition to the EPC contract for a refinery and petrochemical complex in Vietnam, the Group won an order for the EPC for refinery project in the Middle East. Our subsidiary in Singapore signed an Enterprise Framework Agreement for downstream projects within Asia

and started the related study works. EPC works are progressing favorably, including a heavy oil cracking unit in Saudi Arabia and petrochemical plant in Singapore, and EPsCm (Engineering, Procurement support and Construction management) services for heavy crude oil upgrading facilities in Venezuela and for a petroleum refinery in Singapore are progressing as well.
In Japan, we continued to perform the EPC work for a TransAlkylation Unit, the diagnosis of existing facilities, maintenance and upgrading works, studies and construction works aimed at improving the competitiveness of and energy saving in the facilities.

Industrial Machinery/Environment/ Chemicals and Other Fields
As part of the Mid-Term Business Plan to expand our business fields, we are developing our business activities to include receiving orders and executing works for overseas and domestic non-hydrocarbon projects.
EPC works for polycrystalline silicon plants in Malaysia, the product used for photovoltaic cells, and EPC work for a nickel refinery in the Philippines were executed smoothly. We have been reinforcing our efforts and developing our sales activities to meet the needs of Japanese companies expanding their operations into Southeast Asia.
We have invested in an Italian company that is the only manufacturer of the solar collector tubes used in the Molten Salt Parabolic Trough – Concentrated Solar Power (CSP) system, and are accelerating our efforts in demonstrating the technology and developing the business by building a demonstration plant in Italy. Additionally, we are expecting several EPC contracts in the CSP solar power system.
In an effort to expand our recycled water-related business into the Middle East, related works for a demonstration project on an energy-saving water recycling system in Saudi Arabia were entrusted to a member of our group. In addition, we are strengthening our position in the transportation infrastructure field and, in collaboration with a capital alliance partner, aim to introduce airport and railway projects into our portfolio.
In Japan, we won a number of EPC works for large-scale photovoltaic power generation systems and are executing and expanding our sales activities by enhancing our group operation in this field. We are also active in the pharmaceutical field, having completed the construction of pharmaceutical bio-formulation plant, and have executed EPC works for several facilities such as anti-cancer drugs, bulk vaccine and newly awarded In Vitro Diagnostics.
We are developing hydrogen-related technology and demonstrating the effectiveness of our own catalyst at our demonstration plant. Once proven, the transportation and storage of large volumes of hydrogen can be achieved safely and economically, which will pioneer the way to achieve a hydrogen–based society.

Outlook for the Next Fiscal Year
Chiyoda will continue to accelerate its sales activities and win contracts in areas where Chiyoda can best leverage its technological advantages. We will also continue to work diligently on the execution of existing overseas and domestic projects including the large projects in Papua New Guinea and Australia.

In consideration of these circumstances, and assuming an exchange rate of ¥90/dollar, our forecasts for the fiscal year ending March 31, 2014 include 600.0 billion yen in new consolidated contracts and 470.0 billion yen in revenues. Our forecast for the consolidated operating profit is 24.0 billion yen, consolidated ordinary income is 26.0 billion yen, and the consolidated net income is 16.0 billion yen.

(2) Analysis of Financial Condition

1) Assets, Liabilities and Net Assets

Assets
Total assets increased by 69,584 million yen from the previous fiscal year. Current assets increased by 62,728 million yen due to a 28,902 million yen increase in jointly controlled assets of joint ventures and a 24,378 million yen increase in cash and deposits. Noncurrent assets increased by 6,855 million yen due to the 10,236 million yen increase in investment securities though property, plant and equipment decreased by 4,453 million yen.

Liabilities
Total liabilities increased by 48,965 million yen from the previous fiscal year due to a 31,557 million yen increase in notes payable and accounts payable for construction contracts and a 2,677 million yen increase in advances received on uncompleted construction contracts.

Net Assets
Net assets were 189,356 million yen as a result of an 11,641 million yen year-on- year increase in retained earnings and an 8,646 million yen increase in accumulated comprehensive income. The equity ratio decreased 2.7 points year-on-year to 43.3%.

2) Cash Flow

Cash flow from operating activities
Net cash from operating activities showed a 14,147 million yen increase due to a 26,747 million yen record in income before income taxes and minority interests and an 8,954 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) although the 28,603 million yen increase in the jointly controlled assets of joint venture.

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 names that is allocated to Chiyoda.

Cash flow from investing activities
Net cash from investing activities was a negative 5,257 million yen mainly due to 2,450 million yen expenditure invested for partnering and subsidiaries.

Cash flow from financing activities
Net cash from financing activities was a negative 4,432 million yen due to 4,397 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 180,229 million yen which was a year-on- year increase of 6,460 million yen.

Cash Flow Indices

Fiscal years ended March 31	Equity ratio (%)	Debt repayment period (Years)	Interest coverage ratio (Times)
2009	40.7	1.1	26.3
2010	45.3%	1.2	34.5
2011	43.9%	–	–
2012	46.0%	0.2	267.9
2013	43.3%	0.7	68.6
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 ended March 31, 2011 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 19.0 yen per share for the fiscal year ended March 31, 2013. As for the next fiscal year, we plan a year-end dividend per share of 19.0 yen.

(4) Business Risks
The following are significant risks that could affect Chiyoda Group business status, finances, and our responses to such. These risks may have a material impact on investor decisions related to investment risk. Recognizing these risks, the Chiyoda Group has set risk reduction measures in place, as well as measures to minimize the impact, should such events occur.

The risks discussed below are those we recognize as of the date of the filing of this document.

(a) Changes in the Business Environment, Economic and Social Situation
Various factors, including changes in global economics and social situations and a reassessment of energy policies in various countries, could require that adjustments be made to clients' investment plans, such as suspension or delay. These changes may have an impact on Chiyoda Group earnings. Changes in circumstances at the facilities of subcontractors, equipment and materials suppliers, and other service providers could affect our project execution plans, profitability, and ability to collect payments.
We continuously closely monitor global economic and social trends and their potential impact on our business. We make a point of comprehensively studying the corporate activities and status of service providers to avoid/minimize risk, confirming the feasibility of projects, checking conditions on the ground, and identifying alternate service providers if such becomes necessary.

(b) Earthquakes and natural disasters, terrorism, wars and other force majeure events
Country risk (earthquakes and natural disasters, terrorism, wars) and/or other force majeure events could result in direct or indirect damages to work sites or business locations including construction force safety issues, delayed delivery of equipment and materials to work sites, and/or suspension of field work, etc.

We place top priority on safety and gather and analyze information thoroughly to prevent human suffering or harm. We have set up a permanent organization, the Crisis Management Unit, and established a system to allow us to quickly to react to situations and to respond to emergencies. Under this system, we negotiate with clients or other interested parties to secure contract terms that provide a rational division of liability for extension of work, damages or added costs. In this way, we are able to avoid or minimize risks from force majeure events.

(c) Cost of Equipment and Materials
We are exposed to the risk of sudden and severe escalation of equipment/materials costs, due to the time lag between quotation at proposal and actual purchase order in plant constructions. Specifically, the price of steel, which constitutes the main part of plant construction, would be impacted severely by the rising price of raw materials such as coal and iron ore. It is similarly difficult to predict the future market prices of copper, nickel, aluminum and zinc, etc.

We avoid these risks (or minimize the impact) by diversifying supply sources from all over the world, placing orders as early as possible and maintaining alliances with major vendors/suppliers.

(d) Construction Workers/Equipment and Materials
Projects may experience delays if we cannot secure sufficient construction workers, equipment and materials, or other things necessary for the project infrastructure. Recovering from such delays may involve cost overruns.

We avoid this risk (or minimize the impact) by adopting various construction methods, as such the modular construction in areas where labor is in short supply, and by establishing a foundation by cooperating with capable subcontractors, vendors and suppliers. If plant construction work needs to be suspended due to strikes or other factors, we minimize the risk by taking the appropriate action together with clients and local authorities.

(e) Plant Accidents
There are always the risk of a major accident occurring in a plant that we have built or which is under construction. If an accident occurs, and the Chiyoda Group is determined to be at fault, the liability for damages could have a material impact on our earnings.

Naturally, we exercise all due care to prevent any unexpected situations by pursuing peerless quality and safety management. We also avoid/minimize risks by procuring the appropriate insurances and by including a rational division of liabilities in contract terms with our clients.

(f) Exchange Rate Fluctuations
Some construction projects may involve payment settlements (subcontractors, vendors and suppliers) in a currency not designated in counter value received from clients. In such cases, exchange rate fluctuations can have an impact on earnings. The Chiyoda Group avoids/minimizes exchange rate risk by reserving against construction payments in multiple foreign currencies and by entering into exchange rate forward contracts.

(g) Compliance-related
For global plant construction work, we need to comply with the Construction Industry Act, the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, the Unfair Competition Prevention Act, other trade-related acts, and acts and regulations related to environment and against antisocial forces in both domestic and overseas sites. The stakeholders' demands for compliance issues, including information securities and export controls are nowadays increasing and, once a problem occurs, it could have considerable effect on the project execution or business operation of the Chiyoda Group.
In compliance with the latest regulations or rules on corporate operations, the Chiyoda Group makes an effort in every phase to respond to the requests of stakeholders, including concerned authorities and clients, both domestic and overseas, and try to avoid any risk by incorporating such data into the work process based on "Code of Conduct of the Chiyoda Group".

(h)Information Security Risk
The Chiyoda Group manages the information of clients, subcontractors, equipment and materials suppliers and other service providers that is necessary to perform business, and also possesses confidential information related to technologies, sales, and other businesses. Many core corporate operations and business transactions have been conducted by making full use of IT system at global subsidiaries. Chiyoda Group businesses could be subject to system failure, information leaks and loss of important business information due to computer virus infections, external unauthorized access and cyber attack. The Chiyoda Group, including the main subsidiaries and global headquarters, has obtained ISMS (Information Security Management System) certification and makes every effort to carry out thorough information security management, such as information security training and audits, and to take defensive steps by making business continuity plan.

6. Management Policies

(1) Corporate Philosophy

Enhance our business in aiming for harmony between energy and the environment and contribute to the sustainable development of a society as an integrated engineering company through the use of our collective wisdom and painstakingly developed technology. Every employee of the Chiyoda Group engages in our corporate activities with this philosophy in mind.

Review of "Engineering Excellence, Value Creation 2012"
The Medium-Term Management Plan - "Engineering Excellence, Value Creation 2012" (The Previous MT-Plan) was implemented for the period of 2009 - 2012 and was aimed to increase the value of Chiyoda Group companies. In The Previous MT-Plan, a priority was placed on the following key strategies: 1) Further strengthening of the core business, 2) Balanced portfolio, 3) Strengthening of consolidated operation base, and 4) Creation of active corporate culture and human resources development.

Most of the above key strategies were substantially implemented during the period of The Previous MT-Plan but it is deemed necessary to further accelerate the implementation of key strategies to attain the required growth.

(2) Medium-Term Management Plan

The results of "Engineering Excellence, Value Creation 2012" were comprehensively reviewed and, in consideration of such, The Medium-Term Management Plan has been established with the slogan "Seize the moment, Open up new frontiers" with the objective of pursuing further growth of the Chiyoda Group for the period covering Fiscal Years 2013 - 2016 (The MT-Plan).

In order to establish The MT-Plan, changes occurring and the trend of influences in the external environment were first analyzed. We then set the direction in which we would like to see the Group develop.

1) Changes and trends of the external environment

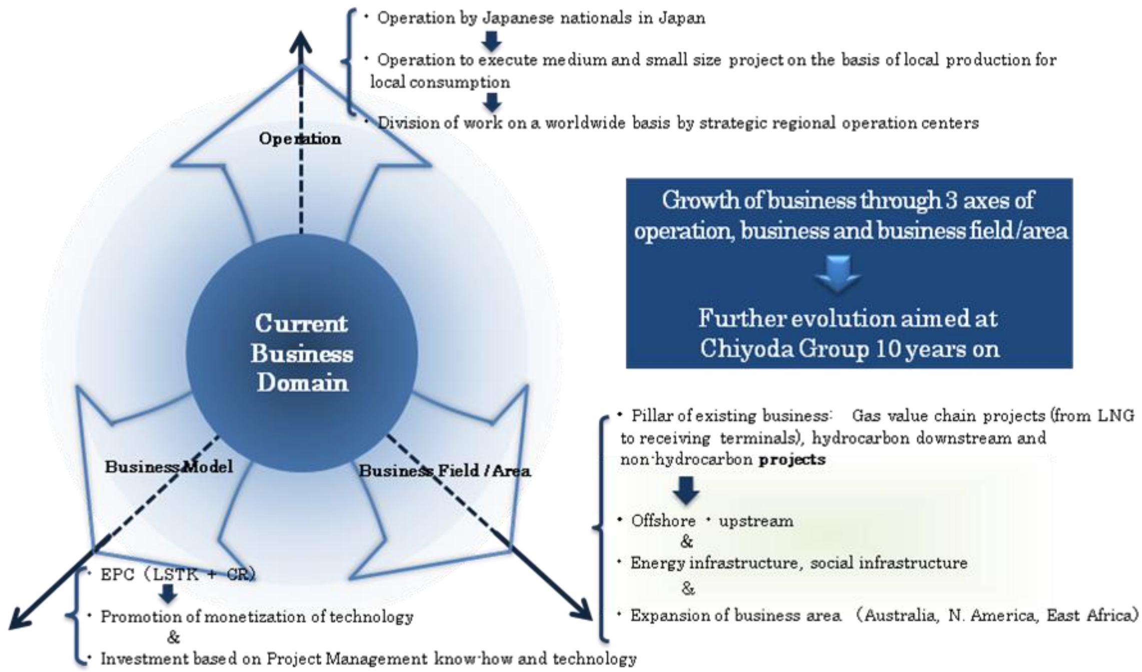
The analysis of the changes occurring and trend of influences in the external environment showed that:
World energy demand is projected to further increase and changes are occurring in the structure of energy demand (shift to gas and renewable energy). The developments in shale oil exploration have brought about a revitalization of the US market. Competition between contractors is escalating, including those from Europe, the US and, particularly, Korea. Chiyoda Group envisages that the number of projects being developed in harsh areas of the world, such as in severely cold climates and in deep seas will increase. Chiyoda has also observed that developing countries are emerging, national oil companies (NOC) are growing presence, and Japanese companies are accelerating expansion of overseas business.

2) Chiyoda Group 10 years on

The MT-Plan has been developed by 1) establishing a vision of how we want "Chiyoda Group 10 years on" to be, and 2) establishing what Chiyoda needs to do in the first 4 years for that vision to become a reality.

This led us to consider the future direction we need to take in order to expand our business based on three axes, 1) Operation, 2) Business Model and 3) Business Field/Area.

Direction of evolution



Axis: Operation
Chiyoda will pursue a "group operation style" for execution of regional medium / small size projects. We will establish several Regional Headquarters (CRH) as the main overseas bases of operation as well as setting up subsidiary offices operating under CRH, to encourage sharing the work among Chiyoda Group companies on a worldwide basis.

Axis: Business Model
This axis designates the style of business that the Chiyoda Group should pursue. It is important that we secure a new sources of revenue from providing professional services on a reimbursable basis, developing and licensing our advanced technology, etc, as well as continuing with our core business of undertaking lump sum turnkey / engineering, procurement and construction (LSTK/EPC) contracts. We will, in addition, look to invest in the fields related to Chiyoda's core business and strongholds.

Axis: Business Field/Area
Chiyoda Group has long specialized in EPC contracts for onshore hydrocarbon projects. The Chiyoda Group will seek to expand its business under this axis into offshore and upstream projects (related to exploration and treatment of oil and gas fields). Chiyoda Group perceives that energy / social infrastructure will provide new sources of profit and will also allow us to further explore business opportunities in our existing main market of Asia / the Middle East / Oceania as well as in Continental North America and Africa.

The vision of Chiyoda Group "10 years on" is based on the assumption that we will evolve in line with the above three axes and that the Chiyoda Group will have substantially achieved its targets of:

Evolution of the Chiyoda Group based on its core business as "Contractor", diversification into new business fields and meeting the satisfaction of stakeholders with its cutting-edge engineering
Further contributing to emerging and developing countries
Ingrained culture placing the utmost importance on the safety and health of employees
Diversification of business portfolio
Establishment of operational framework for sharing the work on a worldwide basis

A global operation basis is to be established with core operation centers, such as CGH (Chiyoda Global Headquarters) and CRH (Chiyoda Regional Headquarters), to facilitate multiple operations. Global sharing of the work will be established in accordance with CGH key strategy.

＜Function of each operation center＞

Chiyoda Global Headquarters (CGH) :
CGH will function as the headquarters of Chiyoda Group and provide advanced technology / investment and professional engineering services.
Chiyoda Regional Headquarters (CRH) :
CRH will function as project management operation center for each region.
Global Engineering Satellite (GES) :
GES will provide engineering services and project management and will expand the capacity of and the capability within the existing operation centers. Each operation center will be able to exchange human resources flexibly.

3) Key Strategies under The MT-Plan
Chiyoda has established 5 key growth strategies and 5 key operating foundation strategies as the key strategies under the MT-Plan for Fiscal Years 2013 - 2016.

Growth Strategies
The growth strategies aim to improve the base level of profit by expanding the business to take account of any prevailing external environmental trends (a shift to gas and a following wind of increasing demand for LNG) considered to be favorable for Chiyoda business based on:
expansion of Chiyoda group core business in the fields of gas and LNG projects,
expansion of business into offshore and upstream projects,
increase in the number of domestic and overseas small/medium size projects to be undertaken,
energy/social infrastructure
Investment will be also accelerated in the fields related to Chiyoda's core business and strongholds.

The main points of growth strategies are:

Strengthening of core business
Pursuit of LNG project business opportunities to the maximum extent possible
Challenges for unconventional projects (FLNG, projects in cold / deep sea area & under harsh environments)

Expansion into new business fields, establishing new business model and new sources of revenue
Expansion of business field to offshore / upstream
Expansion of business fields to new energy and renewable energies
Upgrading of services to address clients' need (and assistance to commercialization)
Assistance to Japanese companies in their overseas expansion of business
Acceleration in establishing professional service business and provision of front-end services to international oil companies (IOC) at overseas bases adjacent to IOC offices

Use of the economic vigor of emerging countries for the growth of the Chiyoda Group
Execution of medium and small size local projects
Shift to EPC project execution based on consolidated global operation

Acceleration of investment
Acceleration of investment in certain fields which are on the extension of Chiyoda's business and strongholds

Operating Foundation Strategy
Consolidation of Chiyoda's "base" (global infrastructure) and"resources" (secure, develop and reinforce the pool of human resources) will be continued as the operating foundation for growth strategy. The main points the of operation foundation strategy are:

Strengthening of competitiveness and execution capability
Improve competitiveness against competitors and continue to improve execution capability

Establishment and operation of data management infrastructure
Enhance utilization of data management (ERP) for efficient management and control of operation / Establish global platform for operation

Promotion of consolidated operation base and global operation
Establish framework of global human resource management for utilization of global resource

Securing / development of human resources, optimization of allocation, and creation of a lively and energetic working environment
Establish framework for human resource development / increase and exchange of project key personnel within the group companies
Evolve into a company with a lively and energetic working environment regardless of nationality, sex, age and so on

Strengthening of safety and risk management / establishment of culture prioritizing the health of employees
Proactively strengthen the risk management framework to respond to changes in the external environment and the times
Promote culture prioritizing the safety and health of employees

(3) Quantitative Target (Profit Plan)
With the key measures in place based on the key strategies, Chiyoda will be able to pursue diversification of its source of profit for stable growth. The target management index is set at a consolidated net income of J. Yen 30 billion.

(4) Capital Plan / Investment Strategy
Chiyoda will provide a stable capital plan based on business performance. A high return of equity (ROE of over 12%) will be sought and the dividend ratio of over 30% will be set.

In order to sustain further growth of the Chiyoda Group, the company will invest in areas that will contribute to Chiyoda's growth, areas to consolidate the operating foundation and areas to expand and stabilize profit.

In order to continue Chiyoda's sustainable development, we plan to budget J. Yen 80 billion for our investment strategy. Such capital will be distributed and invested prudently, flexibly and efficiently in accordance with the actual progress of The MT-Plan and changes in the business environment.

(5) Personnel Plan
The MT-Plan envisages that the Chiyoda group will have approximately 10,000 personnel in the expanded domestic and overseas operation base as of Fiscal Year 2016.

With the centre of gravity of part of the work shifting from CGH to the group companies, and with the progress of sharing the work among group companies in Japan and abroad, enhancement of the capability of the personnel at CGH will also be required.

7. Consolidated financial statements

(1) Consolidated balance sheets (1/2)

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013
Assets		
Current assets		
Cash and deposits	35,577	59,956
Notes receivable, accounts receivable from completed construction contracts	43,840	65,394
securities	138,499	122,899
Costs on uncompleted construction contracts	13,419	15,295
Deferred tax assets	12,987	13,162
Jointly controlled assets of joint venture	65,794	94,696
Other	10,366	11,806
Allowance for doubtful accounts	(6)	(3)
Total current assets	320,478	383,206
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	16,072	11,711
Accumulated depreciation	(11,711)	(5,508)
Buildings and structures, net	4,360	6,203
Machinery and vehicles	1,220	1,124
Accumulated depreciation	(299)	(314)
Machinery and vehicles, net	920	809
Tools, furniture and fixtures	5,201	5,450
Accumulated depreciation	(4,328)	(3,786)
Tools, furniture and fixtures, net	872	1,663
Land	12,736	5,375
Construction in progress	109	494
Total property, plant and equipment	19,001	14,547
Intangible assets	4,600	6,770
Investments and other assets		
Investment securities	18,190	28,427
Other	3,614	2,508
Allowance for doubtful accounts	(88)	(80)
Total investments and other assets	21,715	30,854
Total noncurrent assets	45,317	52,172
Total assets	365,795	435,379

Consolidated balance sheets (2/2)

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	86,211	117,769
Current portion of long-term loans payable	10,000	88
Income taxes payable	1,162	8,500
Advances received on uncompleted construction contracts	76,533	79,210
Provision for warranties for completed construction	289	480
Provision for loss on construction contracts	568	1,291
Provision for bonuses	4,054	4,379
Other	14,868	18,711
Total current liabilities	193,687	230,431
Noncurrent liabilities		
Long-term loans payable	198	10,132
Provision for retirement benefits	2,486	2,310
Provision for treatment of PCB waste	123	364
Other	561	2,783
Total noncurrent liabilities	3,369	15,591
Total liabilities	197,057	246,023
Net assets		
Shareholders' equity		
Capital stock	43,396	43,396
Capital surplus	37,112	37,112
Retained earnings	89,346	100,988
Treasury stock	(1,328)	(1,349)
Total shareholders' equity	168,527	180,147
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,509	6,584
Deferred gains or losses on hedges	442	2,890
Foreign currency translation adjustment	(2,358)	(1,235)
Total accumulated other comprehensive income	(407)	8,239
Minority interests	617	969
Total net assets	168,737	189,356
Total liabilities and net assets	365,795	435,379

(2) Consolidated statement of income and comprehensive income

(Consolidated statement of income)

(Millions of yen)

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Consolidated statements of (comprehensive) income		
Net sales of completed construction contracts	254,675	398,918
Cost of sales of completed construction contracts	215,783	356,402
Gross profit on completed construction contracts	38,891	42,515
Selling, general and administrative expenses	14,693	17,402
Operating income	24,197	25,113
Non-operating income		
Interest income	809	1,327
Dividends income	420	993
Equity in earnings of affiliates	72	145
Other	210	161
Total non-operating income	1,513	2,628
Non-operating expenses		
Interest expenses	207	206
Foreign exchange losses	1,243	1,681
Other	466	335
Total non-operating expenses	1,917	2,222
Ordinary income	23,793	25,518
Extraordinary income		
Gain on sales of noncurrent assets	—	1,704
Total extraordinary income	—	1,704
Extraordinary loss		
Loss on retirement of noncurrent assets	—	244
Loss on valuation of investment securities	250	230
Total extraordinary losses	250	475
Income before income taxes and minority interests	23,543	26,747
Income taxes-current	2,310	11,669
Income taxes-deferred	6,717	(1,313)
Total income taxes	9,027	10,356
Income before minority interests	14,515	16,391
Minority interests in income	151	314
Net income	14,364	16,077

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Consolidated statements of comprehensive income		
Income before minority interests	14,515	16,391
Other comprehensive income		
Valuation difference on available-for-sale securities	1,738	5,075
Deferred gains or losses on hedges	97	2,448
Foreign currency translation adjustment	(361)	1,081
Share of other comprehensive income of associates accounted for using equity method	(105)	85
Total other comprehensive income	1,368	8,690
Comprehensive income	15,884	25,082
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	15,761	24,723
Comprehensive income attributable to minority interests	123	358

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

(Millions of yen)

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	23,543	26,747
Depreciation and amortization	2,637	2,580
Increase (decrease) in allowance for doubtful accounts	4	(11)
Increase (decrease) in provision for warranties for completed construction	(894)	187
Increase (decrease) in provision for loss on construction contracts	(489)	723
Increase (decrease) in provision for bonuses	118	295
Increase (decrease) in provision for retirement benefits	(320)	(185)
Interest and dividends income	(1,230)	(2,321)
Interest expenses	207	206
Foreign exchange losses (gains)	22	(125)
Equity in (earnings) losses of affiliates	(72)	(145)
Loss (gain) on sales and retirement of noncurrent assets	—	(1,460)
Decrease (increase) in notes and accounts receivable-trade	11,946	(20,453)
Decrease (increase) in costs on uncompleted construction contracts	(796)	(1,714)
Increase (decrease) in notes and accounts payable-trade	(11,102)	30,130
Increase (decrease) in advances received on uncompleted construction contracts	14,236	992
Decrease (increase) in accounts receivable-other	3,678	(2,726)
Decrease (increase) in jointly controlled asset of joint venture	22,776	(28,603)
Increase (decrease) in accrued consumption taxes	(596)	(444)
Increase (decrease) in deposits received	1,640	619
Other, net	649	8,542
Subtotal	65,960	12,835
Interest and dividends income received	685	1,646
Interest expenses paid	(210)	(203)
Income taxes paid	(10,820)	(130)
Net cash provided by (used in) operating activities	55,615	14,147
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	(234)	127
Purchase of securities	—	(2,400)
Purchase of property, plant and equipment	(1,618)	(3,620)
Proceeds from sales of property, plant and equipment	1,725	7,020
Purchase of intangible assets	(1,380)	(3,502)
Payments for asset retirement obligations	—	(66)
Purchase of investment securities	(7,561)	(2,450)
Purchase of investments in subsidiaries	(57)	—
Payments of short-term loans receivable	(85)	—
Collection of short-term loans receivable	—	81
Payments of long-term loans receivable	—	(514)
Collection of long-term loans receivable	71	35
Other, net	(0)	32
Net cash provided by (used in) investing activities	(9,140)	(5,257)

Consolidated statement of cash flows (2/2)

(Millions of yen)

	Fiscal year ended March 31, 2012 (From April 1, 2011 to March 31, 2012)	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	–	10,000
Repayment of long-term loans payable	–	(10,000)
Cash dividends paid	(2,844)	(4,397)
Cash dividends paid to minority shareholders	(7)	(7)
Other, net	(47)	(27)
Net cash provided by (used in) financing activities	(2,899)	(4,432)
Effect of exchange rate change on cash and cash equivalents	(424)	2,024
Net increase (decrease) in cash and cash equivalents	43,151	6,482
Cash and cash equivalents at beginning of period	130,618	173,769
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	(22)
Cash and cash equivalents at end of period	173,769	180,229

8. Production, Contracts and Sales

Millions of yen

	Apr. 1, 2011 — Mar. 31, 2012			Apr. 1, 2012 — Mar. 31, 2013		
	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)
Engineering	605,587 98.9%	247,849 97.3%	839,170 99.8%	397,215 98.6%	392,037 98.3%	900,237 100.0%
LNG plants	417,684 68.2%	91,912 36.1%	548,574 65.2%	47,240 11.7%	128,365 32.2%	521,162 57.9%
Gas and power utilities	46,316 7.6%	48,341 19.0%	117,839 14.0%	24,903 6.2%	72,953 18.3%	69,907 7.8%
Gas chemicals	682 0.1%	75 0.0%	607 0.1%	1,822 0.4%	1,785 0.4%	645 0.1%
Petroleum and petrochemicals	47,843 7.8%	40,712 16.0%	45,050 5.4%	200,590 49.8%	42,710 10.7%	203,889 22.6%
General chemicals	85,031 13.9%	44,190 17.3%	108,475 12.9%	108,214 26.9%	128,038 32.1%	89,027 9.9%
Industrial machinery	1,551 0.2%	9,416 3.7%	279 0.0%	7,733 1.9%	2,313 0.6%	5,697 0.6%
Environment and others	6,477 1.1%	13,201 5.2%	18,344 2.2%	6,711 1.7%	15,870 4.0%	9,908 1.1%
Others	6,942 1.1%	6,826 2.7%	1,773 0.2%	5,704 1.4%	6,881 1.7%	380 0.0%
Total	612,530 100.0%	254,675 100.0%	840,943 100.0%	402,919 100.0%	398,918 100.0%	900,618 100.0%
Domestic	115,580 18.9%	94,925 37.3%	168,299 20.0%	111,734 27.7%	150,800 37.8%	127,775 14.2%
Overseas	496,949 81.1%	159,750 62.7%	672,644 80.0%	291,185 72.3%	248,118 62.2%	772,843 85.8%