

## Consolidated Financial Results for the Six Months Ended September 30, 2013

Company name: **CHIYODA CORPORATION**  
 Listing: First Section of the Tokyo Stock Exchange  
 Stock code: 6366  
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Scheduled date to file Quarterly Report: November 14, 2013  
 Preparation of Quarterly Supplementary Explanation Material: Yes  
 Quarterly Financial Results Presentation Held: Yes (for Analysts and Institutional Investors)

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

### 1. Consolidated performance for the Six months ended September 30, 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	%
For the Six months ended September 30, 2013	199,726	24.3	11,093	11.5	12,435	17.4	7,407	20.9
For the Six months ended September 30, 2012	160,722	46.7	9,949	54.3	10,596	61.8	6,126	93.7

Note: Comprehensive Income: the six months ended September 30, 2013: 6,350 million yen / (2.9) %  
 the six months ended September 30, 2012: 6,542 million yen / 399.8%

	Net income per share	Fully diluted net income per share
	Yen	Yen
For the Six months ended September 30, 2013	28.60	-
For the Six months ended September 30, 2012	23.65	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2013	423,149	191,431	44.8
As of March 31, 2013	435,379	189,356	43.3

Reference: Equity As of September 30, 2013: 189,626 million yen As of March 31, 2013: 188,386 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, 2013	Yen -	Yen -	Yen -	Yen 19.00	Yen 19.00
Fiscal year ending March 31, 2014	-	-			
Fiscal year ending March 31, 2014 (Forecast)			-	19.00	19.00

Note: Revision to the latest forecast announcement : None

## 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

Note: Revision to the latest forecast announcement : None

## 4. Others

- (1) Changes in Significant Subsidiaries during the Period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None
- (2) Adoption of Specified Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements: None
- (3) Changes in Accounting Policies and Accounting Estimates / Restatements
  - a. Changes in accounting policies due to revisions of accounting standards, etc.: None
  - b. Changes in accounting policies other than a. above: None
  - c. Changes in accounting estimates: None
  - d. Restatements: None
- (4) Number of issued shares (common stock)
  - a. Total number of issued shares at the end of the period (including treasury stock)
 

As of September 30, 2013	260,324,529 shares
As of March 31, 2013	260,324,529 shares
  - b. Number of treasury stock at the end of the period
 

As of September 30, 2013	1,290,990 shares
As of March 31, 2013	1,279,223 shares
  - c. Average number of shares during the period
 

For the Six months ended September 30, 2013	259,038,599 shares
For the Six months ended September 30, 2012	259,058,828 shares

### \*Presentation of Implementation Status of Quarterly Review Procedure

The review procedure of quarterly financial statements based on the Financial Instruments and Exchange Law has not been completed at the time of the disclosure of these Consolidated Financial Statements.

### \*Proper use of earnings forecasts, and other special directions

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to a number of factors.

## 5. Qualitative Information related to Consolidated Performance

### Qualitative Information on Business Performance

During the first six months of this fiscal year, we saw a continuing sense of uncertainty in the world economy due to the instability among emerging countries. However, a number of investment plans in gas related facilities remain active encouraged by the long-lasting increase of energy demand, the Shale Revolution and the tide of Gas Shift.

Japan, which is still riding the 'ABEnomics' wave under the new prime minister, now has raised expectations that the economy will be further boosted by measures taken under the government's new growth strategy to pull Japan fully out of deflation.

While the Chiyoda Group continued to strengthen its core business in conventional fields, the Group also entered into new business fields through its strategic investment in offshore and upstream fields, development of technologies for a Hydrogen Supply Chain as well as onward expansion into fields such as new energy and renewable energy, including solar power generation. For these measures, the Group performed in accordance with the strategy set in the Medium-Term Management Plan which was established in May this year.

Project execution of ongoing projects continued smoothly including LNG plants in Papua New Guinea and Australia and some overseas projects for Japanese clients as well as LNG receiving terminals in Japan.

Consolidated new orders for the period amounted to 96,117 million yen (30.3% decrease year on year). The backlog and revenues were 806,985 million yen (2.3% increase), and 199,726 million yen (24.3% increase) respectively. The operating income amounted to 11,093 million yen (11.5% increase), ordinary income to 12,435 million yen (17.4% increase), and net income resulted in 7,407 million yen (20.9% increase).

Highlights during this period for each segment are summarized hereunder:

#### LNG Plants / Other Gas Related Works

The Group is progressing with the execution of the Engineering, Procurement and Construction (EPC) of an LNG plant in Papua New Guinea and another LNG project in Australia, as well as the Front End Engineering Design (FEED) works for an onshore natural gas liquefaction facility in Mozambique and a Floating Liquefied Natural Gas (FLNG) facility in Indonesia.

Our Qatari subsidiary is working on the maintenance and modification works for the existing LNG and gas processing plants built mainly by the Group.

In Japan, several EPC works on LNG receiving terminals as well as the expansion / modification works for existing plants are ongoing.

LNG Plants and Other Gas Related Works are our core business field and we are focusing on either onshore / offshore, overseas / domestic or conventional / unconventional.

#### Petroleum, Petrochemicals and Gas Chemicals

Globally, the EPC works for a refinery and petrochemical complex in Vietnam and a refinery project in Qatar, as well as EPC works for a heavy oil cracking unit in Saudi Arabia and a petrochemical plant in Singapore are progressing favorably. The Group completed the Engineering, Procurement support and Construction management (EPsCm) services for a petroleum refinery in Singapore while the EPsCm services for heavy crude oil upgrading facilities in Venezuela continues to progress. Additionally, our subsidiary in Singapore is executing related works under an Enterprise Framework Agreement for downstream projects within Asia.

In Japan, we continued to perform the EPC work for Trans-Alkylation Unit, the diagnosis of existing facilities, maintenance and upgrading studies, and construction works aimed at improving the competitiveness of and energy saving in the existing facilities.

#### Mining / Mineral Refining / Offshore / General Chemicals / Environment / Other Fields

As part of the Medium-Term Management Plan to expand our business fields, we are aiming to receive new orders and steadily execute backlog contracts, both overseas and domestically, for offshore and upstream projects, and non-hydrocarbon projects.

We have formed a strategic alliance with Xodus Group, UK, and have acquired the majority of shares, which provides us with various services in the offshore and upstream area such as studies,

planning, conceptual definition and FEED works. The Group is expanding its business fields and providing integrated services to enhance the value for energy resource development including for domestic customers.

We have been reinforcing our efforts and developing our sales activities to respond to the needs of Japanese companies expanding their operations into Southeast Asia. While the Group completed EPC work for a nickel refinery in the Philippines, the EPC work for a polycrystalline silicon plant in Malaysia is being executed respectively.

For Concentrating Solar Power (CSP) system, we are operating a demonstration plant in Italy and accelerating our efforts to prove this technology in order to develop business opportunities for the CSP system, including EPC projects.

The Group is progressing the EPC execution of a new international airport in Mongolia and is aiming to win orders for further airport and/or railway projects. We are now entering the construction phase for a demonstration project on water recycling system in Saudi Arabia and several projects, mainly in the Middle East, are under preparation for bidding.

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 a bulk vaccine plant. Also we have executed EPC works for several facilities such as in vitro diagnostics, fluid infusion facilities and nanotechnology research development facilities based on industry-government-academia cooperation.

In line with our aim of achieving a hydrogen-based society, we have successfully verified our own "Large-Scale Hydrogen Storage and Transportation System" at our demonstration plant.

Our ambition is to establish a hydrogen supply chain where hydrogen can be transported economically and safely in large volumes, by cooperating globally with the parties concerned.

Note: See Page 10 for more information on segment New Contracts, Net Sales and Backlog of Contracts.

**6. Consolidated quarterly financial statements**  
**(1) Consolidated quarterly balance sheets**

(Millions of yen)

As of March 31,2013 As of September 30,2013

	As of March 31,2013	As of September 30,2013
<b>Assets</b>		
Current assets		
Cash and deposits	59,956	51,325
Notes receivable, accounts receivable from completed construction contracts	65,394	47,630
Securities	122,899	112,999
Costs on uncompleted construction contracts	15,295	25,191
Jointly controlled assets of joint venture	94,696	104,038
Other	24,968	23,087
Allowance for doubtful accounts	(3)	(3)
Total current assets	383,206	364,268
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	6,203	6,943
Land	5,375	5,265
Other, net	2,967	2,773
Total property, plant and equipment	14,547	14,982
Intangible assets		
Goodwill	675	9,434
Other	6,095	6,502
Total intangible assets	6,770	15,937
Investments and other assets		
Investment securities	28,427	25,113
Other	2,508	2,928
Allowance for doubtful accounts	(80)	(80)
Total investments and other assets	30,854	27,961
Total noncurrent assets	52,172	58,880
Total assets	435,379	423,149

As of March 31,2013 As of September 30,2013

Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	117,769	105,351
Current portion of long-term loans payable	88	151
Income taxes payable	8,500	676
Advances received on uncompleted construction contracts	79,210	81,811
Provision for warranties for completed construction	480	392
Provision for loss on construction contracts	1,291	3,237
Provision for bonuses	4,379	3,295
Other	18,711	22,067
Total current liabilities	230,431	216,983
Noncurrent liabilities		
Long-term loans payable	10,132	10,020
Provision	2,675	2,228
Other	2,783	2,485
Total noncurrent liabilities	15,591	14,734
Total liabilities	246,023	231,717
Net assets		
Shareholders' equity		
Capital stock	43,396	43,396
Capital surplus	37,112	37,112
Retained earnings	100,988	103,473
Treasury stock	(1,349)	(1,363)
Total shareholders' equity	180,147	182,619
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,584	5,344
Deferred gains or losses on hedges	2,890	1,637
Foreign currency translation adjustment	(1,235)	24
Total accumulated other comprehensive income	8,239	7,006
Minority interests	969	1,805
Total net assets	189,356	191,431
Total liabilities and net assets	435,379	423,149

**(2) Consolidated quarterly statements of (comprehensive) income**

(Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Net sales of completed construction contracts	160,722	199,726
Cost of sales of completed construction contracts	142,570	180,205
Gross profit on completed construction contracts	18,151	19,520
Selling, general and administrative expenses	8,202	8,427
Operating income	9,949	11,093
Non-operating income		
Interest income	563	727
Dividends income	605	796
Equity in earnings of affiliates	67	17
Other	65	42
Total non-operating income	1,301	1,583
Non-operating expenses		
Interest expenses	101	102
Foreign exchange losses	462	39
Other	90	98
Total non-operating expenses	654	241
Ordinary income	10,596	12,435
Extraordinary income		
Retirement benefit expenses	—	161
Loss on retirement of noncurrent assets	229	—
Loss on valuation of investment securities	129	—
Total extraordinary losses	359	161
Income before income taxes and minority interests	10,236	12,273
Income taxes-current	1,484	2,323
Income taxes-deferred	2,537	2,300
Total income taxes	4,021	4,624
Income before minority interests	6,215	7,649
Minority interests in income	88	242
Net income	6,126	7,407

Consolidated quarterly statements of comprehensive income

(Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Income before minority interests	6,215	7,649
Other comprehensive income		
Valuation difference on available-for-sale securities	1,033	(1,239)
Deferred gains or losses on hedges	(943)	(1,252)
Foreign currency translation adjustment	280	1,204
Share of other comprehensive income of associates accounted for using equity method	(43)	(11)
Total other comprehensive income	327	(1,299)
Comprehensive income	6,542	6,350
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,450	6,016
Comprehensive income attributable to minority interests	92	334



**(3) Consolidated quarterly statements of cash flows**

(Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	10,236	12,273
Depreciation and amortization	1,356	1,470
Interest and dividends income	(1,169)	(1,524)
Decrease (increase) in notes and accounts receivable-trade	3,312	23,590
Decrease (increase) in costs on uncompleted construction contracts	(11,063)	(9,330)
Increase (decrease) in notes and accounts payable-trade	2,842	(15,485)
Increase (decrease) in advances received on uncompleted construction contracts	17,585	595
Decrease (increase) in jointly controlled asset of joint venture	(11,803)	(8,819)
Other, net	(2,113)	201
Subtotal	9,183	2,973
Interest and dividends income received	944	1,300
Interest expenses paid	(103)	(102)
Income taxes (paid) refund	1,972	(9,039)
Net cash provided by (used in) operating activities	11,997	(4,868)
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	261	184
Purchase of securities	(2,400)	—
Proceeds from redemption of securities	—	2,400
Purchase of property, plant and equipment	(1,211)	(1,209)
Purchase of intangible assets	(1,480)	(1,301)
Purchase of investment securities	(909)	(2)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(8,725)
Other, net	117	154
Net cash provided by (used in) investing activities	(5,622)	(8,499)
Net cash provided by (used in) financing activities		
Repayment of long-term loans payable	—	(100)
Cash dividends paid	(4,394)	(4,910)
Cash dividends paid to minority shareholders	(7)	(8)
Other, net	(13)	(18)
Net cash provided by (used in) financing activities	(4,415)	(5,038)
Effect of exchange rate change on cash and cash equivalents	310	2,328
Net increase (decrease) in cash and cash equivalents	2,270	(16,077)
Cash and cash equivalents at beginning of period	173,769	180,229
Increase in cash and cash equivalents from newly consolidated subsidiary	—	110
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(22)	—
Cash and cash equivalents at end of period	176,017	164,262

## 7. Production, Contracts and Sales

Millions of yen

Reporting segments	Apr. 1, 2012 — Jun. 30, 2012			Apr. 1, 2013 — Jun. 30, 2013		
	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)
Engineering	134,518 97.6%	156,271 97.2%	788,479 99.9%	93,912 97.7%	197,614 98.9%	806,505 99.9%
LNG Plants	15,970 11.6%	55,259 34.4%	482,592 61.1%	12,693 13.2%	84,240 42.2%	443,300 54.9%
Other Gas Related Works	3,627 2.6%	27,842 17.3%	88,828 11.3%	4,284 4.4%	21,937 11.0%	37,107 4.6%
Petroleum/Petrochemicals/ Gas Chemicals	32,123 23.3%	20,963 13.0%	57,419 7.3%	22,652 23.6%	32,836 16.4%	210,686 26.1%
Mining/ Mineral Refining/Offshore	138 0.1%	3,661 2.3%	5,663 0.7%	201 0.2%	4,156 2.1%	67 0.0%
General chemicals/ Industrial Facilities	78,150 56.7%	45,144 28.1%	138,907 17.6%	13,325 13.9%	48,832 24.4%	58,632 7.3%
Environment/New Energy/ Infrastructure	3,882 2.8%	3,068 1.9%	14,443 1.8%	33,091 34.4%	4,830 2.4%	49,127 6.1%
Others	624 0.5%	331 0.2%	624 0.1%	7,664 8.0%	781 0.4%	7,583 0.9%
Other Business	3,363 2.4%	4,450 2.8%	676 0.1%	2,204 2.3%	2,111 1.1%	480 0.1%
<b>Total</b>	<b>137,882 100.0%</b>	<b>160,722 100.0%</b>	<b>789,155 100.0%</b>	<b>96,117 100.0%</b>	<b>199,726 100.0%</b>	<b>806,985 100.0%</b>
Domestic	58,391 42.3%	59,768 37.2%	165,554 21.0%	52,031 54.1%	61,416 30.8%	118,234 14.7%
Overseas	79,490 57.7%	100,953 62.8%	623,601 79.0%	44,086 45.9%	138,309 69.2%	688,750 85.3%

Note1: The backlog of contracts for the six months ended September 30, 2013 includes a decrease due to changes in construction contracts acquired in prior fiscal years, an increase due to adjustments in new contract amounts, and an increase due to foreign exchange translation adjustments.

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

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