

May 13, 2014

Consolidated Financial Results for the Fiscal Year Ended March 31, 2014

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, 2014 (from April 1, 2013 to March 31, 2014)

(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, 2014	446,147	11.8	21,079	(16.1)	22,837	(10.5)	13,447	(16.4)
Fiscal year ended March 31, 2013	398,918	56.6	25,113	3.8	25,518	7.2	16,077	11.9

Note: comprehensive income: Fiscal year ended March 31, 2014: 13,034 million yen (48.0% decrease year on year)
 Fiscal year ended March 31, 2013: 25,082 million yen (57.9% 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, 2014	51.91	—	7.0	5.0	4.7
Fiscal year ended March 31, 2013	62.06	—	9.0	6.4	6.3

Reference: Equity in earnings of associated companies: Fiscal year ended March 31, 2014: (374) million yen
 Fiscal year ended March 31, 2013: 145 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, 2014	475,288	198,031	41.3	758.31
As of March 31, 2013	435,379	189,356	43.3	727.24

Reference: Equity As of March 31, 2014: 196,411 million yen As of March 31, 2013: 188,386 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, 2014	(17,177)	(16,796)	(5,249)	145,303
Fiscal year ended March 31, 2013	14,147	(5,257)	(4,432)	180,229

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, 2013	–	–	–	19.00	19.00	4,921	30.6	2.8
Fiscal year ended March 31, 2014	–	–	–	16.00	16.00	4,144	30.8	2.2
Fiscal year ending March 31, 2015 (Forecast)	–	–	–	16.00	16.00		30.7	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

(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, 2015	465,000	4.2	19,000	(9.9)	21,000	(8.0)	13,500	0.4	52.12

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, 2014	260,324,529 shares
March 31, 2013	260,324,529 shares
 - b. Number of treasury shares at year-end

March 31, 2014	1,310,312 shares
March 31, 2013	1,279,223 shares
 - c. Average number of shares during each of the following fiscal years

Year ended March 31, 2014	259,030,158 shares
Year ended March 31, 2013	259,053,018 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, despite there being a lull in the European debt crisis, we saw changes in the world economy affected by the slowdown in the economy of emerging countries such as China, the future policy trends of USA and geo-political concerns. However, in the energy field, with which the Chiyoda Group has close links, preparations for investment in numerous gas related facilities are being encouraged by the continuing increase in energy demand, the Shale Revolution and the tide of Gas Shift. The Japanese economy has gradually recovered, largely due to the measures taken by the government which are intended to pull Japan out of deflation.

Faced with these conditions, the Chiyoda Group entered the U.S. market as part of its drive to become involved in the planned construction of numerous LNG projects throughout the world, especially in the North America. While the Group continued to strengthen its core business in the fields of oil and gas, it is also accelerating its expansion into new business fields such as offshore and upstream, and new and renewable energy including Chiyoda's own technologies for a Hydrogen Supply Chain and solar power generation.

Execution of ongoing projects continued smoothly, including LNG plants in Papua New Guinea and Australia, an overseas project for Japanese clients in Vietnam, refinery projects in Saudi Arabia, Qatar and Venezuela, and LNG receiving terminals in Japan.

Consolidated new orders for the fiscal year amounted to 589,867 million yen (46.4% increase year on year). The backlog and revenues were 1,072,218 million yen (19.1% increase) and 446,147 million yen (11.8% increase) respectively.

The operating income amounted to 21,079 million yen (16.1% decrease year on year), ordinary income to 22,837 million yen (10.5% decrease), and net income resulted in 13,447 million yen (16.4% decrease).

Highlights during this period for each segment are summarized hereunder:

LNG Plants/Other Gas Related Works

The Group was awarded an Engineering, Procurement and Construction (EPC) contracts for huge natural gas liquefaction facility in U.S. to be fed by shale gas. The EPC execution of an LNG plant in Papua New Guinea was completed and another LNG project in Australia is progressing as planned. Moreover the Group has been executing Front End Engineering Design (FEED) works for an LNG plant in Mozambique and a Floating LNG (FLNG) facility in Indonesia. Our Qatari subsidiary is executing the Engineering, Procurement and Construction management (EPCm) works for the maintenance and modification of existing LNG and gas processing plants built mainly by the Group. In Japan, the Naoetsu LNG Receiving Terminal was completed, and several EPC works on LNG receiving terminals and the expansion/modification works of existing plants are ongoing in parallel.

LNG plants and other gas-related works constitute our core business and, in this regard, we will pursue any such project whether onshore/offshore, overseas/domestic or conventional/ unconventional.

Petroleum/Petrochemicals/Gas Chemicals

Several EPC works are ongoing globally for a refinery and petrochemical complex in Vietnam and a refinery project in Qatar. The group completed the EPC works for a heavy oil cracking unit in Saudi Arabia and a petrochemical plant in Singapore. Additionally, our subsidiary in Singapore is performing the project management services under an Enterprise Framework Agreement for downstream projects within Asia, while the Engineering, Procurement support and Construction management (EPsCm) services for heavy crude oil upgrading facilities in Venezuela continue.

In Japan, we continued to perform the EPC work for a Trans-Alkylation Unit, the diagnosis of existing facilities, maintenance and upgrading works, studies and construction works aimed at energy saving in the facilities, and studies to fortify the infrastructure of a refinery in case of the possible catastrophe.

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

As part of the Mid-Term Business Plan to expand our business fields, we are targeting new orders and are steadily executing backlog contracts, both overseas and domestically, for offshore and upstream projects, and non-hydrocarbon projects.

The Group, in cooperation with our strategic alliance partner Xodus Group, started providing integrated services in the offshore/upstream field especially for domestic customers.

EPC works for polycrystalline silicon plants in Malaysia and a nickel refinery in the Philippines were successfully completed. We have been reinforcing our efforts and developing our sales activities to meet the needs of Japanese companies expanding their operations overseas.

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

The Group is moving forward with the EPC execution of a new international airport in Mongolia and is preparing bids for further airport and/or railway projects. While we are performing works on a demonstration project for an industrial wastewater treatment/water recycling system in Saudi Arabia, we have started business development for the EPC works for medium-small sized water treatment projects in an effort to expand our recycled water-related business into the Middle East, by establishing a framework in our group company to execute these works,.

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 facilities for bulk vaccine and in vitro diagnostics, and are executing EPC works for fluid infusion facilities, nanotechnology research development facilities in cooperation with industry, government and academia, and newly awarded bio-medicine plant. On the other hand, to achieve a hydrogen-based society, we are studying/discussing with the parties concerned (both overseas and domestic) to establish a hydrogen supply chain through our own-developed technology to transport and deliver large volumes of hydrogen.

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 Australia.

In consideration of these circumstances, and assuming an exchange rate of ¥100/dollar, our forecasts for the fiscal year ending March 31, 2015 include 800.0 billion yen in new consolidated contracts and 465.0 billion yen in revenues. Our forecast for the consolidated operating profit is 19.0 billion yen, consolidated ordinary income is 21.0 billion yen, and the consolidated net income is 13.5 billion yen.

(2) Analysis of Financial Condition
1) Assets, Liabilities and Net Assets

Assets

While cash and deposits decreased by 22,088 million yen from the previous fiscal year, current assets increased by 25,889 million yen due to a 32,770 million yen increase in jointly controlled assets of joint ventures and a 18,531 million yen increase in costs on uncompleted construction contracts. Noncurrent assets increased by 14,019 million yen due to a 11,720 million yen increase in goodwill. Total assets increased by 39,909 million yen.

Liabilities

Total liabilities increased by 31,234 million yen from the previous fiscal year due to a 27,622 million yen increase in notes payable and accounts payable for construction contracts.

Net Assets

Net assets were 198,031 million yen as a result of an 8,537 million yen year-on-year increase in retained earnings. The equity ratio decreased 2.0 points year-on-year to 41.3%.

2) Cash Flow

Net cash from operating activities showed a 17,177 million yen decrease due to a 31,955 million yen increase in the jointly controlled assets of joint venture and a 13,709 million yen in taxes payable, although a 22,538 million yen in income before income taxes and minority interests and a 2,667 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 names that is allocated to Chiyoda.

Cash flow from investing activities

Net cash from investing activities was a negative 16,796 million yen mainly due to 9,134 million yen expenditure for purchase of shares of subsidiaries resulting in change in scope of consolidation and 4,046 million yen expenditure for purchase of investment securities.

Cash flow from financing activities

Net cash from financing activities was a negative 5,249 million yen due to 4,914 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 145,303 million yen which was a year-on-year decrease of 34,925 million yen.

Cash Flow Indices

Fiscal years ended March 31	Equity ratio (%)	Debt repayment period (Years)	Interest coverage ratio (Times)
2010	45.3%	1.2	34.5
2011	43.9%	—	—
2012	46.0%	0.2	267.9
2013	43.3%	0.7	68.6
2014	41.3%	—	—
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 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 16.0 yen per share for the fiscal year ended March 31, 2014.

As for the next fiscal year, we plan a year-end dividend per share of 16.0 yen.

(4) Business Risks

The following significant risks 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 fiscal year ended.

(a) Changes in the Business Environment; Economic, Social and Political Situations

Various factors could require that adjustments be made to clients' investment plans, such as suspension, delay or review. These factors include changes in global economics, social and political situations and a reassessment of energy policies in various countries, as well as the market trend of oil and LNG price, which may also have an impact on Chiyoda Group earnings. Changes in circumstances at the facilities of clients, 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, and strive to set up contract conditions to avoid/minimize these risks. We make also a point of comprehensively studying the corporate activities and status of service providers to avoid/minimize risk, confirming the propriety in placing orders, 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 risks (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 workforce safety issues, delayed delivery of equipment and materials to worksites, and/or suspension of field work, etc.

We place top priority on human life and safety, and have set up a permanent organization, the Crisis Management Unit, to gather and analyze relevant information thoroughly to prevent human suffering or harm. We established and are reinforcing the crisis management system, which allows us to hire professional security consultant in case peace cannot be preserved in the country or area concerned. Moreover, we constantly maintain and develop the system to quickly react to situations and to respond to emergencies in the initial stage, including consulting with the clients and/or the parties concerned. In this way, we are able to avoid or minimize risks from force majeure events.

(c) Cost of Equipment and Materials

In lump sum turnkey contracts, we are exposed to the risk of sudden and severe escalation of equipment/materials costs due to the time lag between quotation and actual purchase order for plant construction. Specifically the price of steel, which constitutes the main part of plant construction, would be impacted severely by the rising prices 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, placing orders as early as possible and maintaining alliances with major vendors/suppliers, in

addition to analyzing the market trends.

(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, such as 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 is 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 risks 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 diligently exercise all due care to prevent any unexpected situations by pursuing peerless quality and safety management, advocated by the motto "Safety is the Core Value." 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 that does not correlate with the currency received from client for the work. 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 Risks

For global plant construction work, we need to comply with laws, acts, and regulations, both domestically and overseas.

Any problem or suspicious action that occurs, including abuse of human rights and bribery, could have considerable effect on the project execution or business operation of the Chiyoda Group.

The Chiyoda Group makes the maximum effort in every phase to respond to the requests of stakeholders, including authorities concerned and clients, both domestic and overseas, in compliance with the latest laws, acts, regulations or rules related to our business operations. Additionally, we have set up a Compliance Committee under the direct control of the Executive Committee. We try to avoid any risk by incorporating such correspondence to compliance issues into the work process based on "Code of Conduct of the Chiyoda Group."

(h) Information Security Risk

The Chiyoda Group takes great care in managing any information obtained from clients, subcontractors, equipment and materials suppliers and other service providers that is necessary in the performance of its 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 the IT systems at global subsidiaries. However, 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, makes every effort to carry out thorough information security management, such as periodic information security training and audits, and takes defensive measures through its business continuity plan.

6. Management Policies

(1) Basic Management Policies

The shared corporate philosophy of the Chiyoda Group is to “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”. We use every effort to conduct business that inspires trust and empathy from our shareholders, our clients, our subcontractors and vendors, our employees, society, and all of our stakeholders.

(2) Management Indices Measuring Progress in Medium-Term Business Plan, and Targets

To improve our value as a corporate group, we established the “Seize the moment, Open up new frontiers” four-year business plan, which we officially announced on May 10, 2013. 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)

During the last fiscal year, as the first year of the plan, we focused on the specific implementation of policies in accordance with the basic strategies set forth therein. We will continue to do this from this fiscal year on to achieve the expected results. We established two basic strategies in the plan, i.e. growth strategy and operating foundation strategy. The growth strategy aims to maintain growth as a constant provider of the value and service required by society and/or customers, by identifying exactly the trend of times. The operating foundation strategy helps materialize the growth strategy to achieve the sustainable development of the Group. The Group will observe and respect the provisions of compliance, CSR (Corporate Social Responsibility) and HSE (Health, Safety and Environment) when implementing each policy. We aim to accomplish the management indices announced in the plan.

(3) Issues (Focused Policies)

In the energy field, with which the Chiyoda Group has close links, preparations for investment in numerous gas related facilities are being encouraged by the continuing increase in energy demand, the shale revolution and the tide of the shift to gas. Meanwhile, we have to make every management decision very carefully because the feasibility of each project becomes more difficult to anticipate than previously due to the slowdown in the economy of emerging countries, the future financial policy trends of USA and geo-political concerns.

The Group will not merely correspond to the vigorous demand for investment in energy, but will concentrate on the key policies aiming to continue providing the service and value that society may require in the fields where we are positioned in the first tier.

In the last fiscal year, we have decreased the risk to reduce our corporate value through the reinforcement of crisis management system and measures to completely observe the compliance provisions. Henceforth, we will try to enhance our corporate value by further diminishing the risks in addition to the implementation of growth strategy.

On the other hand, we made sure to gain a foothold in the offshore and upstream field, which is new to us, through the alliance with a UK corporation that has expertise to provide consulting services globally. We will expand this business by establishing the foundations for it to grow as one of the pillars to contribute to our future revenues.

7. Consolidated financial statements

(1) Consolidated balance sheets (1/2)

	(Millions of yen)	
	As of March 31, 2013	As of March 31, 2014
Assets		
Current assets		
Cash and deposits	59,956	37,868
Notes receivable, accounts receivable from completed construction contracts	65,394	73,005
Securities	122,899	107,499
Costs on uncompleted construction contracts	15,295	33,826
Deferred tax assets	13,162	18,868
Jointly controlled assets of joint venture	94,696	127,466
Other	11,806	10,565
Allowance for doubtful accounts	(3)	(3)
Total current assets	<u>383,206</u>	<u>409,096</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,711	12,557
Accumulated depreciation	(5,508)	(5,694)
Buildings and structures, net	<u>6,203</u>	<u>6,862</u>
Machinery and vehicles	1,124	944
Accumulated depreciation	(314)	(404)
Machinery and vehicles, net	<u>809</u>	<u>539</u>
Tools, furniture and fixtures	5,450	7,106
Accumulated depreciation	(3,786)	(5,102)
Tools, furniture and fixtures, net	<u>1,663</u>	<u>2,003</u>
Land	5,375	5,265
Construction in progress	494	286
Total property, plant and equipment	<u>14,547</u>	<u>14,958</u>
Intangible assets		
Goodwill	675	12,395
Other	6,095	7,113
Total intangible assets	<u>6,770</u>	<u>19,509</u>
Investments and other assets		
Investment securities	28,427	28,315
Net defined benefit asset	—	34
Other	2,508	3,443
Allowance for doubtful accounts	(80)	(68)
Total investments and other assets	<u>30,854</u>	<u>31,724</u>
Total non-current assets	<u>52,172</u>	<u>66,192</u>
Total assets	<u>435,379</u>	<u>475,288</u>

Consolidated balance sheets (2/2)

	(Millions of yen)	
	As of March 31, 2013	As of March 31, 2014
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	117,769	145,392
Short-term loans payable	—	1,283
Current portion of long-term loans payable	88	4
Income taxes payable	8,500	5,513
Advances received on uncompleted construction contracts	79,210	80,182
Provision for warranties for completed construction	480	507
Provision for loss on construction contracts	1,291	4,002
Provision for bonuses	4,379	4,261
Other	18,711	20,531
Total current liabilities	<u>230,431</u>	<u>261,679</u>
Non-current liabilities		
Long-term loans payable	10,132	10,018
Provision for retirement benefits	2,310	—
Provision for treatment of PCB waste	364	365
Net defined benefit liability	—	2,080
Other	2,783	3,113
Total non-current liabilities	<u>15,591</u>	<u>15,578</u>
Total liabilities	<u>246,023</u>	<u>277,257</u>
Net assets		
Shareholders' equity		
Capital stock	43,396	43,396
Capital surplus	37,112	37,112
Retained earnings	100,988	109,525
Treasury shares	(1,349)	(1,390)
Total shareholders' equity	<u>180,147</u>	<u>188,644</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,584	4,920
Deferred gains or losses on hedges	2,890	648
Foreign currency translation adjustment	(1,235)	2,486
Remeasurements of defined benefit plans	—	(287)
Total accumulated other comprehensive income	<u>8,239</u>	<u>7,767</u>
Minority interests	<u>969</u>	<u>1,619</u>
Total net assets	<u>189,356</u>	<u>198,031</u>
Total liabilities and net assets	<u>435,379</u>	<u>475,288</u>

(2) Consolidated statement of income and comprehensive income

(Consolidated statement of income)	(Millions of yen)	
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
	(From April 1, 2012 to March 31, 2013)	(From April 1, 2013 to March 31, 2014)
Net sales of completed construction contracts	398,918	446,147
Cost of sales of completed construction contracts	356,402	404,685
Gross profit on completed construction contracts	42,515	41,462
Selling, general and administrative expenses	17,402	20,383
Operating income	25,113	21,079
Non-operating income		
Interest income	1,327	1,411
Dividend income	993	1,178
Share of profit of entities accounted for using equity method	145	—
Other	161	92
Total non-operating income	2,628	2,683
Non-operating expenses		
Interest expenses	206	233
Share of loss of entities accounted for using equity method	—	374
Foreign exchange losses	1,681	145
Other	335	170
Total non-operating expenses	2,222	924
Ordinary income	25,518	22,837
Extraordinary income		
Gain on sales of non-current assets	1,704	—
Total extraordinary income	1,704	—
Extraordinary losses		
Retirement benefit expenses	—	299
Loss on retirement of non-current assets	244	—
Loss on valuation of investment securities	230	—
Total extraordinary losses	475	299
Income before income taxes and minority interests	26,747	22,538
Income taxes - current	11,669	13,101
Income taxes - deferred	(1,313)	(3,773)
Total income taxes	10,356	9,327
Income before minority interests	16,391	13,210
Minority interests in income (loss)	314	(236)
Net income	16,077	13,447

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)
Income before minority interests	16,391	13,210
Other comprehensive income		
Valuation difference on available-for-sale securities	5,075	(1,664)
Deferred gains or losses on hedges	2,448	(2,242)
Foreign currency translation adjustment	1,081	3,625
Share of other comprehensive income of entities accounted for using equity method	85	104
Total other comprehensive income	8,690	(176)
Comprehensive income	25,082	13,034
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	24,723	13,087
Comprehensive income attributable to minority interests	358	(53)

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

	(Millions of yen)	
	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)
Income before income taxes and minority interests	26,747	22,538
Depreciation	2,580	3,196
Amortization of goodwill	41	825
Increase (decrease) in allowance for doubtful accounts	(11)	(12)
Increase (decrease) in provision for warranties for completed construction	187	(4)
Increase (decrease) in provision for loss on construction contracts	723	2,534
Increase (decrease) in provision for bonuses	295	(127)
Increase (decrease) in provision for retirement benefits	(185)	—
Increase (decrease) in net defined benefit liability	—	(768)
Interest and dividend income	(2,321)	(2,590)
Interest expenses	206	233
Foreign exchange losses (gains)	(125)	(224)
Share of (profit) loss of entities accounted for using equity method	(145)	374
Loss (gain) on sales and retirement of non-current assets	(1,460)	31
Decrease (increase) in notes and accounts receivable - trade	(20,453)	(1,896)
Decrease (increase) in costs on uncompleted construction contracts	(1,714)	(16,974)
Increase (decrease) in notes and accounts payable - trade	30,130	23,650
Increase (decrease) in advances received on uncompleted construction contracts	992	(2,111)
Decrease (increase) in accounts receivable - other	(2,726)	355
Decrease (increase) in jointly controlled asset of joint venture	(28,603)	(31,955)
Increase (decrease) in accrued consumption taxes	(444)	2,163
Increase (decrease) in deposits received	619	(2,141)
Other, net	8,501	(2,186)
Subtotal	12,835	(5,090)
Interest and dividend income received	1,646	1,877
Interest expenses paid	(203)	(255)
Income taxes paid	(130)	(13,709)
Net cash provided by (used in) operating activities	14,147	(17,177)
Cash flows from investing activities		
Net decrease (increase) in time deposits	127	192
Purchase of securities	(2,400)	—
Proceeds from redemption of securities	—	2,400
Purchase of property, plant and equipment	(3,620)	(1,981)
Proceeds from sales of property, plant and equipment	7,020	90
Purchase of intangible assets	(3,502)	(3,294)
Payments for asset retirement obligations	(66)	(7)
Purchase of investment securities	(2,450)	(4,046)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(9,134)
Payments of short-term loans receivable	—	(445)
Collection of short-term loans receivable	81	—
Payments of long-term loans receivable	(514)	(712)
Collection of long-term loans receivable	35	101
Other, net	32	41
Net cash provided by (used in) investing activities	(5,257)	(16,796)

Consolidated statement of cash flows (2/2)

(Millions of yen)

	Fiscal year ended March 31, 2013 (From April 1, 2012 to March 31, 2013)	Fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	—	11
Proceeds from long-term loans payable	10,000	—
Repayments of long-term loans payable	(10,000)	(264)
Cash dividends paid	(4,397)	(4,914)
Cash dividends paid to minority shareholders	(7)	(8)
Other, net	(27)	(72)
Net cash provided by (used in) financing activities	(4,432)	(5,249)
Effect of exchange rate change on cash and cash equivalents	2,024	3,974
Net increase (decrease) in cash and cash equivalents	6,482	(35,249)
Cash and cash equivalents at beginning of period	173,769	180,229
Increase in cash and cash equivalents from newly consolidated subsidiary	—	323
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(22)	—
Cash and cash equivalents at end of period	180,229	145,303

8. Production, Contracts and Sales

Millions of yen

	Apr. 1, 2012 — Mar. 31, 2013			Apr. 1, 2013 — Mar. 31, 2014		
	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)
Engineering	397,215 98.6%	392,037 98.3%	900,237 100.0%	585,413 99.2%	441,615 99.0%	1,071,910 100.0%
LNG Plants	47,240 11.7%	128,365 32.2%	521,162 57.9%	436,963 74.1%	203,034 45.5%	755,643 70.5%
Other Gas Related Works	11,218 2.8%	69,650 17.5%	54,703 6.1%	14,286 2.4%	47,493 10.7%	21,585 2.0%
Petroleum/Petrochemicals/ Gas Chemicals	210,574 52.3%	49,618 12.4%	208,622 23.2%	49,181 8.3%	75,976 17.0%	203,356 19.0%
Mining/ Mineral Refining/Offshore	218 0.1%	5,515 1.4%	4,019 0.4%	393 0.1%	4,302 1.0%	113 0.0%
General chemicals/ Industrial Facilities	107,785 26.7%	125,229 31.4%	90,636 10.0%	41,042 7.0%	94,330 21.1%	42,560 4.0%
Environment/New Energy/ Infrastructure	18,156 4.5%	11,789 2.9%	20,437 2.3%	37,342 6.3%	13,330 3.0%	45,119 4.2%
Others	2,021 0.5%	1,867 0.5%	655 0.1%	6,202 1.0%	3,147 0.7%	3,530 0.3%
Other Business	5,704 1.4%	6,881 1.7%	380 0.0%	4,454 0.8%	4,532 1.0%	308 0.0%
Total	402,919 100.0%	398,918 100.0%	900,618 100.0%	589,867 100.0%	446,147 100.0%	1,072,218 100.0%
Domestic	111,734 27.7%	150,800 37.8%	127,775 14.2%	104,690 17.7%	128,743 28.9%	103,244 9.6%
Overseas	291,185 72.3%	248,118 62.2%	772,843 85.8%	485,177 82.3%	317,404 71.1%	968,974 90.4%

Note1: The amounts in parentheses in Backlog of contracts show the balance of increase and decrease in contract amounts due to changes in the terms and conditions of contract received in the prior fiscal years and the fluctuation of foreign exchange.

Note2: The classification of the segments was restructured from this fiscal year. Therefore new classification also applies to the amounts in the previous fiscal year. There is no change in the segments to be reported.

Note3: Consolidated new orders and backlog for the current fiscal year include the contract awarded by Cameron LNG LLC for LNG Liquefaction and Export Facilities.