

## Consolidated Financial Results for the Three Months Ended June 30, 2014

Company name: **CHIYODA CORPORATION**  
 Listing: First Section of the Tokyo Stock Exchange  
 Stock code: 6366  
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Scheduled date to file Quarterly Report: August 12, 2014  
 Preparation of Quarterly Supplementary Explanation Material: Yes  
 Quarterly Financial Results Presentation Held: Yes (for Analysts and Institutional Investors)

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

### 1. Consolidated performance for the three months ended June 30, 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	%
For the three months ended June 30, 2014	87,678	(9.8)	1,135	(76.0)	1,714	(68.7)	294	(88.7)
For the three months ended June 30, 2013	97,174	32.2	4,736	3.8	5,485	8.7	2,617	(9.5)

Note: Comprehensive Income: the three months ended June 30, 2014: 1,465 million yen / (46.5)%  
 the three months ended June 30, 2013: 2,736 million yen / 0.2%

	Net income per share	Fully diluted net income per share
	Yen	Yen
For the three months ended June 30, 2014	1.14	-
For the three months ended June 30, 2013	10.10	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2014	482,268	194,761	40.0
As of March 31, 2014	475,288	198,031	41.3

Reference: Equity As of June 30, 2014: 193,112 million yen As of March 31, 2014: 196,411 million yen

## 2. Cash dividends

Record date	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2014	-	-	-	16.00	16.00
Fiscal year ending March 31, 2015	-				
Fiscal year ending March 31, 2015 (Forecast)		-	-	16.00	16.00

Note: Revision to the latest forecast announcement 2014: None

## 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

Note: Revision to the latest forecast announcement 2014: None

## 4. Others

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

As of June 30, 2014	260,324,529 shares
As of March 31, 2014	260,324,529 shares
  - b. Number of treasury stock at the end of the period
 

As of June 30, 2014	1,313,012 shares
As of March 31, 2014	1,310,312 shares
  - c. Average number of shares during the period
 

For the three months ended June 30, 2014	259,012,144 shares
For the three months ended June 30, 2013	259,041,960 shares

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

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

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

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

## 5. Qualitative Information related to Consolidated Performance

### Qualitative Information on Business Performance

During the first three months of this fiscal year, despite the gradual recovery in developed countries, we saw a global economy that was unable to overcome the uncertainty that exists due to a lull in the activity in emerging countries and geopolitical concerns such as those in Ukraine, Iraq and Palestine. 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 from recession, largely due to the measures taken by the government, but the recovery has been affected by the increase in consumption tax.

Faced with these conditions, the Chiyoda Group continued with the planned construction of numerous LNG projects throughout the world, including North America where the driving force is shale gas. As we started the second year of our Medium-Term Management Plan, and while the Group continued to strengthen its core business in the fields of oil and gas, we accelerated our expansion into new business fields including offshore and upstream, and renewable energy such as Photovoltaic and Concentrating Solar Power generation. Additionally, we continued our efforts to establish a Hydrogen Supply Chain which utilizes Chiyoda's own technologies. Execution of ongoing projects continued smoothly, including an LNG plant in Australia, an overseas project for Japanese clients in Vietnam, refinery projects in Qatar and Venezuela and, in Japan, LNG receiving terminals and photovoltaic power generation systems.

Consequently, consolidated new contracts for the period amounted to 525,020 million yen (704.6% increase compared to the same period of the previous fiscal year). The backlog and revenue were 1,495,884 million yen (39.5% increase from the end of the previous fiscal year), and 87,678 million yen (9.8% decrease year on year) respectively. The operating income amounted to 1,135 million yen (76.0% decrease), ordinary income to 1,714 million yen (68.7% decrease), and net income resulted in 294 million yen (88.7% decrease).

Backlog further increased due to the new orders mainly for LNG projects. Meanwhile net income decreased because those new orders have not contributed yet to the current results and unsatisfactory results occurred in certain overseas group companies. From the second quarter on, we expect further contributions from the large LNG projects awarded in the previous fiscal year. Therefore we maintain the full year financial forecasts.

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) contract for a natural gas liquefaction facility in Russia, an Engineering, Procurement, Construction and Installation (EPCI) contract for a floating production unit in Indonesia and a Front End Engineering Design (FEED) contract for an LNG plant in Canada, which will be rolled over to the future project execution services contract.

The EPC execution of LNG plants in Australia and USA progressed as planned and FEED works for an LNG plant in Mozambique and a Floating LNG (FLNG) facility in Indonesia were also in progress. Our Qatari subsidiary has been executing the EPCm works for the maintenance and modification of existing LNG and gas processing plants built mainly by the Group. In Japan, several EPC works on LNG receiving terminals and the expansion/modification works of existing plants were ongoing. 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

EPC works were ongoing for a refinery and petrochemical complex in Vietnam, a refinery project in Qatar and an EPCm work for heavy crude oil upgrading facilities in Venezuela. Additionally, our subsidiary in Singapore was performing project management services under an Enterprise Framework Agreement for downstream projects within Asia.

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 the case of a possible catastrophe.

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

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

We have been 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 was 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.

Meanwhile, we are also responding to the overseas expansion of Japanese clients' businesses in non-hydrocarbon fields.

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 and several EPC works were executed for fluid infusion facilities, nanotechnology research development facilities in cooperation with industry, government and academia. We were also newly awarded a bio-medicine plant. Furthermore, we are studying/discussing with the parties concerned (both overseas and domestic), with the aim of achieving a hydrogen-based society, the establishment of a hydrogen supply chain through our own-developed technology, by which we will be able to transport and deliver large volumes of hydrogen.

Note: See Page 9 for more information on New Contracts, Net Sales and Backlog of Contracts by segment.

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

(Millions of yen)

	As of March 31,2014	As of June 30,2014
<b>Assets</b>		
Current assets		
Cash and deposits	37,868	37,596
Notes receivable, accounts receivable from completed construction contracts	73,005	65,958
Securities	107,499	84,999
Costs on uncompleted construction contracts	33,826	33,701
Jointly controlled assets of joint venture	127,466	161,281
Other	29,433	31,226
Allowance for doubtful accounts	(3)	(2)
Total current assets	409,096	414,761
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,862	6,762
Land	5,265	5,265
Other, net	2,829	2,942
Total property, plant and equipment	14,958	14,970
Intangible assets		
Goodwill	12,395	11,872
Other	7,113	7,410
Total intangible assets	19,509	19,283
Investments and other assets		
Investment securities	28,315	29,657
Other	3,477	3,664
Allowance for doubtful accounts	(68)	(68)
Total investments and other assets	31,724	33,253
Total non-current assets	66,192	67,507
Total assets	475,288	482,268

(Millions of yen)

	As of March 31,2014	As of June 30,2014
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts	145,392	123,691
Short-term loans payable	1,283	1,236
Current portion of long-term loans payable	4	4
Income taxes payable	5,513	418
Advances received on uncompleted construction contracts	80,182	116,778
Provision for warranties for completed construction	507	480
Provision for loss on construction contracts	4,002	3,226
Provision for bonuses	4,261	1,661
Other	20,531	22,896
Total current liabilities	261,679	270,394
Non-current liabilities		
Long-term loans payable	10,018	10,017
Provision	365	365
Net defined benefit liability	2,080	3,126
Other	3,113	3,603
Total non-current liabilities	15,578	17,112
Total liabilities	277,257	287,507
<b>Net assets</b>		
Shareholders' equity		
Capital stock	43,396	43,396
Capital surplus	37,112	37,112
Retained earnings	109,525	105,096
Treasury shares	(1,390)	(1,393)
Total shareholders' equity	188,644	184,211
Accumulated other comprehensive income		
Valuation difference on available- for-sale securities	4,920	6,508
Deferred gains or losses on hedges	648	461
Foreign currency translation adjustment	2,486	2,127
Remeasurements of defined benefit plans	(287)	(196)
Total accumulated other comprehensive income	7,767	8,901
Minority interests	1,619	1,648
Total net assets	198,031	194,761
<b>Total liabilities and net assets</b>	<b>475,288</b>	<b>482,268</b>

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

(Consolidated statement of income)

(Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Net sales of completed construction contracts	97,174	87,678
Cost of sales of completed construction contracts	88,243	80,640
Gross profit on completed construction contracts	8,930	7,037
Selling, general and administrative expenses	4,194	5,901
Operating income	4,736	1,135
Non-operating income		
Interest income	359	310
Dividend income	767	585
Share of profit of entities accounted for using equity method	7	—
Other	17	39
Total non-operating income	1,150	936
Non-operating expenses		
Interest expenses	51	60
Share of loss of entities accounted for using equity method	—	63
Foreign exchange losses	280	201
Other	70	31
Total non-operating expenses	402	357
Ordinary income	5,485	1,714
Extraordinary losses		
Retirement benefit expenses	161	—
Total extraordinary losses	161	—
Income before income taxes and minority interests	5,323	1,714
Income taxes - current	772	550
Income taxes - deferred	1,942	816
Total income taxes	2,715	1,366
Income before minority interests	2,608	347
Minority interests in income (loss)	(9)	52
Net income	2,617	294

(Consolidated statement of comprehensive income)

(Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Income before minority interests	2,608	347
Other comprehensive income		
Valuation difference on available-for-sale securities	144	1,588
Deferred gains or losses on hedges	(900)	(186)
Foreign currency translation adjustment	890	(349)
Remeasurements of defined benefit plans, net of tax	—	90
Share of other comprehensive income of entities accounted for using equity method	(5)	(25)
Total other comprehensive income	128	1,117
Comprehensive income	2,736	1,465
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,668	1,428
Comprehensive income attributable to minority interests	67	36



## 7. Production, Contracts and Sales

Millions of yen

	Apr. 1, 2013 — Jun. 30, 2013			Apr. 1, 2014 — Jun. 30, 2014		
	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)
Engineering	64,096 98.2%	96,173 99.0%	877,642 99.9%	523,689 99.7%	86,445 98.6%	1,495,477 100.0%
LNG Plants	5,266 8.1%	40,771 42.0%	478,090 54.4%	469,283 89.4%	37,363 42.6%	1,177,749 78.7%
Other Gas Related Works	1,130 1.7%	10,522 10.8%	45,347 5.2%	23,877 4.5%	8,970 10.2%	34,971 2.4%
Petroleum/Petrochemicals/ Gas Chemicals	13,060 20.0%	12,442 12.8%	223,106 25.4%	17,306 3.3%	21,326 24.3%	196,627 13.2%
Mining/ Mineral Refining/Offshore	50 0.1%	1,340 1.4%	2,731 0.3%	362 0.1%	15 0.0%	459 0.0%
General chemicals/ Industrial Facilities	9,989 15.3%	28,435 29.3%	75,101 8.5%	8,514 1.6%	12,067 13.8%	39,378 2.6%
Environment/New Energy/ Infrastructure	28,021 42.9%	2,382 2.4%	46,342 5.3%	3,611 0.7%	5,787 6.6%	42,950 2.9%
Others	6,578 10.1%	278 0.3%	6,922 0.8%	734 0.1%	913 1.1%	3,338 0.2%
Other Business	1,151 1.8%	1,000 1.0%	537 0.1%	1,331 0.3%	1,232 1.4%	407 0.0%
<b>Total</b>	<b>65,248 100.0%</b>	<b>97,174 100.0%</b>	<b>878,179 100.0%</b>	<b>525,020 100.0%</b>	<b>87,678 100.0%</b>	<b>1,495,884 100.0%</b>
Domestic	31,873 48.8%	26,593 27.4%	132,898 15.1%	24,686 4.7%	30,101 34.3%	97,646 6.5%
Overseas	33,374 51.2%	70,581 72.6%	745,281 84.9%	500,334 95.3%	57,576 65.7%	1,398,238 93.5%

Note: The backlog of contracts for the three months ended June 30, 2014 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.