CHIYODA CORPORATION

ANNUAL REPORT

FY2014

For the year ended March 31, 2015

Courtesy of Mizushima LNG Co., Ltd.

Profile

Founded in 1948 in the post war period to reconstruct Japan, Chiyoda started its engineering business for domestic projects mainly in petroleum refining, gas processing and petrochemical fields, and expanded into overseas projects in the 1960s. Since then, Chiyoda has been and is growing steadily under the corporate philosophy of enhancing its business by aiming for harmony between energy and the environment and contributing to the sustainable development of society.

Aiming to raise corporate value, the Group announced in 2013 a four-year business plan, "Seize the moment, Open up new frontiers". The Medium-Term Management Plan includes a growth strategy and an operating foundation strategy. The Group aims to maintain growth as a constant provider of the value and service required by society and customers, by identifying the current trend. The operating foundation strategy provides the base for achieving the sustainable growth of the Group.

The management team and employees of the Group will adhere to Compliance, Health, Safety and Environment (HSE) and risk management to fulfil Corporate Social Responsibility (CSR) when implementing each action plan.

Contents

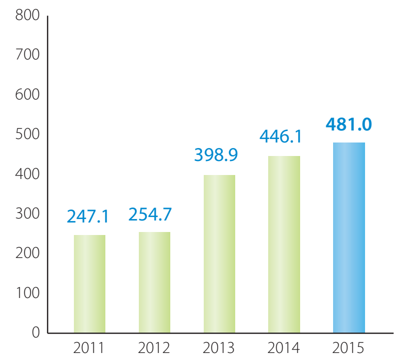
Financial Highlights

Years Ended March 31, 2015, 2014, 2013, 2012, and 2011

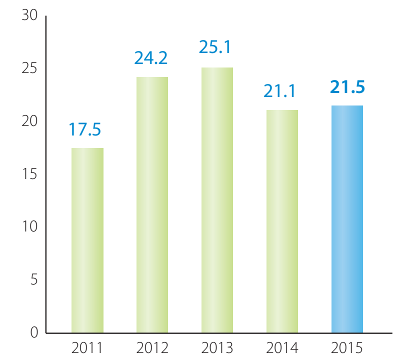
	2015	2014	2013	2012	2011
***For the Year** (Millions of Yen)*					
Revenues	¥480,979	¥446,147	¥398,918	¥254,675	¥247,082
Cost of revenue	435,327	404,685	356,402	215,783	215,563
Operating income	21,466	21,079	25,113	24,197	17,544
Income before income taxes and minority interests	22,012	22,538	26,747	23,543	11,476
Net income	11,029	13,447	16,077	14,364	7,979
***At Year-End** (Millions of Yen)*					
Total assets	¥515,839	¥475,288	¥435,379	¥365,795	¥353,392
Total equity	208,405	198,031	189,356	168,737	155,758
Current ratio (%)	151.0	156.3	166.3	165.5	173.8
***Per Common Share** (Yen)*					
Earnings per share (EPS)	¥42.58	¥51.91	¥62.06	¥55.44	¥30.79
Book value per share (BPS)	796.89	758.31	727.24	648.95	599.15
Dividend per share	13.0	16.0	19.0	17.0	11.0
***Ratios** (%)*					
Return on assets (ROA)	4.5	5.0	6.4	6.6	4.6
Return on equity (ROE)	5.5	7.0	9.0	8.9	5.3

Note: Yen amounts are rounded down to the nearest million and percentages are rounded to the nearest unit.

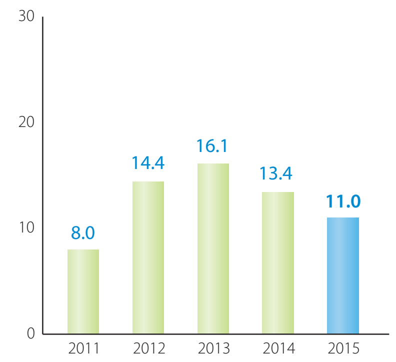
Revenues *(Billions of yen)*



Operating Income *(Billions of yen)*



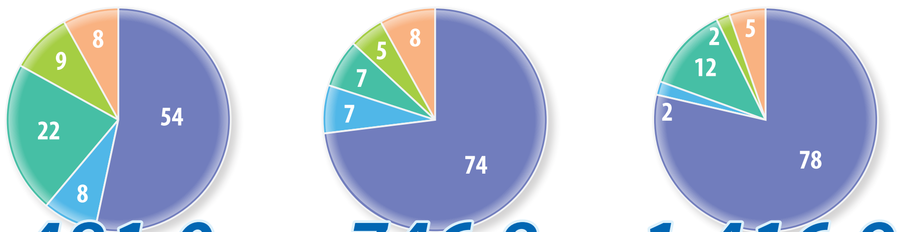
Net Income *(Billions of yen)*



Forward-Looking Statements: This annual report contains forward-looking statements about Chiyoda Corporation's outlooks, plans, forecasts, results and other items that may take place in the future. Such statements are based on data available as of July 1, 2015. Unknown risks and other uncertainties that happen in the future may cause our actual results to be different from the forward-looking statements contained in this report. The risks and uncertainties include business and economic conditions, competitive pressure, changes in laws and regulations, addition or elimination of products, and exchange rate fluctuation, among others.

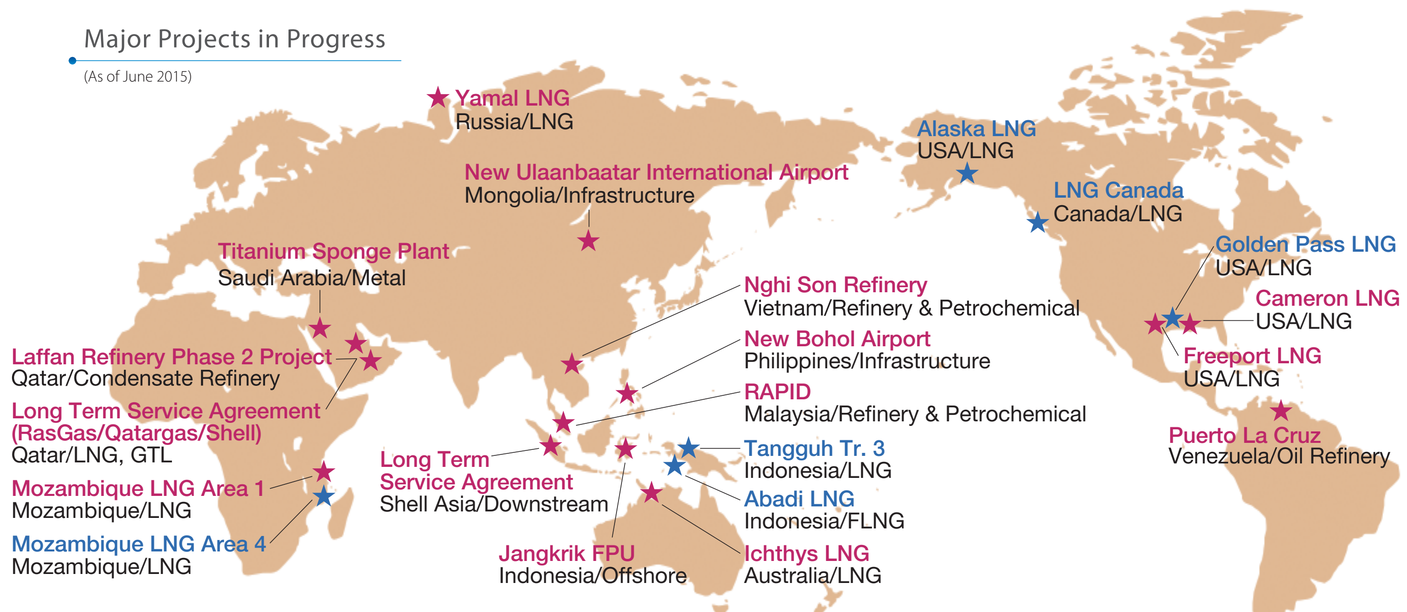
At a Glance

	Revenues	New Orders	Backlog of Contracts
Total	481.0 Billion yen	746.8 Billion yen	1,416.9 Billion yen
LNG	257.9 (54%)	550.8 (74%)	1,103.0 (78%)
Gas Processing*1	38.0 (8%)	49.6 (7%)	33.3 (2%)
Petroleum and Petrochemicals	106.7 (22%)	49.1 (7%)	170.0 (12%)
Fine Industries*2	41.9 (9%)	39.6 (5%)	33.1 (2%)
Others	36.5 (8%)	57.7 (8%)	77.6 (5%)



Major Projects in Progress

(As of June 2015)

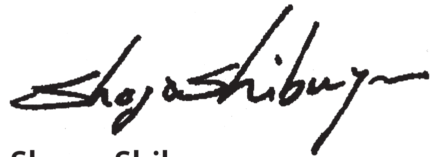


★ EPC*/EPCm**/EPsCm***/EPCI****
★ FEED*****/Feasibility Study

* EPC: Engineering, Procurement and Construction
** EPCm: Engineering, Procurement and Construction management
*** EPsCm: Engineering, Procurement support and Construction management
**** EPCI: Engineering, Procurement, Construction and Installation
***** FEED: Front-end Engineering and Design

*1: Classified as "Other Gas Related Works" in "Consolidated Financial Results" *2: Classified as "General Chemicals/Industrial Facilities" in "Consolidated Financial Results"
*3: Courtesy of ExxonMobil PNG Limited *4: Courtesy of Shell *5: Courtesy of Solar Frontier K.K. *6: Courtesy of Kashima Aromatics Co., Ltd.

To Our Shareholders



Shogo Shibuya
President & CEO
Chiyoda Corporation

Thank you for your continued support over the past 12 months.

We present Chiyoda Group´s corporate overview for the fiscal year ended March 31, 2015, the halfway our Medium-Term management Plan entitled "Seize the moment, Open up New Frontiers".

As a result of implementing various measures in accordance with the growth strategies and operation foundation strategies defined in the Plan, we have achieved impressive results, especially in the LNG and gas related field, or our core business. An LNG plant in Papua New Guinea, and LNG receiving terminal projects in Japan were successfully completed. Now we are moving forward with the EPC works in Australia, the USA, Russia and Japan. All of them are progressing steadily. As the global market environment in this field is becoming more uncertain in the short-term, we have to carefully explore the possible market opportunities while continuing to build our technical expertise to strengthen and maintain our competitiveness.

In the Petroleum, Petrochemicals and Gas chemical field, which is also our core business, we have maintained stable operations. Several projects in Japan and a large scale complex in Saudi Arabia have also been completed successfully. In this field, the Group will aim to earn handsome profits by implementing measures to select and concentrate on business opportunities in Asia and the Middle East and by seeking projects which inevitably require our own technologies.

In the new business field in which we have been taking several measures, we have achieved good results including two EPC contracts for an airport as social infrastructure and an Engineering, Procurement, Construction and Installation (EPCI) contract in the offshore/upstream field. The Group will continue and accelerate the business development to produce more profits early.

In the pharmaceutical industry, the Group was newly awarded EPC works for manufacturing facilities of active pharmaceutical ingredients and vaccines. The Group aims to advance into the life science field by enhancing our function to provide advanced solutions.

In these two years, the business environment surrounding the Group has changed drastically, such as a plunge in oil prices. Now is the time for the Group to "seize the moment", create new added value and "open up new frontiers."

We have decided to pay a dividend of ¥13 per share, in line with our earnings for the fiscal year 2014.

We ask all of our shareholders for your continued support in our ongoing efforts.

June 2015

Management's Discussion and Analysis

Results of Operations

Analysis of Results

The global economic environment surrounding the Chiyoda Group has become more increasingly uncertain during this fiscal year, mainly due to economic slowdowns in several regions, geopolitical fears and a plunge in crude oil prices in the latter half of this fiscal year, while the US economy has continuously been relatively stable. Notwithstanding the positive outlook for long-term future global energy demand, near-term investment decision making in numerous oil and gas-related facilities is becoming unpredictable. The recovery of the Japanese economy is only moderate as demand has not fully recovered following the increase of consumption tax, despite government fiscal and monetary policies easing and the depreciation of the Yen in global financial markets.

Under such circumstances, the Group has continued to strengthen its core business in the conventional fields of oil and gas, according to strategies defined in its Medium-Term Management Plan. In parallel, the Group has accelerated expansion in new business spheres including offshore and upstream business, new and renewable energy, such as the Hydrogen Supply Chain, utilizing Chiyoda's own technologies, and solar power generation utilizing photovoltaic and concentrating solar power technology.

Ongoing projects including LNG plants in Australia, the USA and Russia, refinery projects in Vietnam, Qatar and Venezuela, the Mongolian international airport project and LNG receiving terminals and photovoltaic power generation systems in Japan have all progressed properly.

Consequently, consolidated new orders for the fiscal year amounted to 746,791 million yen (26.6% increase year on year). The backlog and revenues were 1,416,901 million yen (32.1% increase) and 480,979 million yen (7.8% increase) respectively.

The operating income amounted to 21,466 million yen (1.8% increase), ordinary income to 22,271 million yen (2.5% decrease year on year), and net income resulted in 11,029 million yen (18.0% decrease).

The decrease in incomes resulted from the increase in selling, general and administrative expenses, equity in losses of associated companies, delays in recovery of overseas subsidiaries and reversal of deferred tax assets due to tax rate reduction.

Results by Business Segment

LNG Plants/Other Gas Related Works

The Group has been moving forward with the EPC works for LNG plants in Australia, the USA and Russia, and Front End Engineering Design (FEED) works in Indonesia, Mozambique, Canada and the USA, all of which have progressed properly. Our Qatari subsidiary has been executing Engineering, Procurement and Construction management (EPCm) works for the maintenance and modification of existing LNG and gas processing plants, most of which were originally built by the Group. In Japan, two LNG receiving terminal projects have been completed and a further one is in the execution phase. Modification studies and construction works for existing plants have been awarded and under execution. The Group will continue to pursue opportunities within LNG plants and other gas-related fields as the Group's core business, whether onshore or offshore, overseas or domestic, and conventional or unconventional.

Petroleum/Petrochemicals/Gas Chemicals

The Group was awarded an Engineering, Procurement, Construction and Commissioning (EPCC) contract for a Residue Fluid Catalytic Cracking (RFCC) plant in Malaysia. EPC works have been ongoing for a refinery and petrochemical complex in Vietnam, a refinery project in Qatar and the Engineering, Procurement support and Construction management (EPsCm) work for heavy crude oil upgrading facilities in Venezuela. Additionally, our subsidiary in Singapore has been performing project management services under an Enterprise Framework Agreement for downstream projects within Asia. In Japan, we have completed an EPC work for a Trans-Alkylation Unit and continued to perform diagnosis of existing facilities, maintenance and upgrading works, studies and construction works aimed at energy saving in the facilities, and studies to strengthen the infrastructure of a refinery against possible catastrophe damage.

Mining/Mineral Refining/General Chemicals/Industries/Environment

The Group has been moving forward with an EPC execution of the international airport in Mongolia and newly awarded one in the Philippines, and the preparation of tenders for future transport infrastructure projects. In an effort to expand its business into medium-small sized water treatment systems, the Group is operating a demonstration plant for an industrial wastewater treatment/water recycling system in Saudi Arabia and is establishing a framework within the Group to execute these works in the Middle East and Asia. Meanwhile, we are also responding to the expansion in demand of overseas Japanese clients' businesses in non-hydrocarbon fields. In Japan, the Group has been awarded a number of EPC works for large-scale photovoltaic power generation systems and further business opportunities are expected in this field. In pharmaceutical industry, the Group was newly awarded EPC works for manufacturing facilities of active pharmaceutical ingredient and vaccine. The Group also executed several EPC works for manufacturing facilities of active pharmaceutical ingredients and nanotechnology research development facilities in cooperation with industry, government and academia.

New Business Fields

The Group, in cooperation with our strategic alliance partner Xodus Group, has started providing integrated services in the offshore/upstream field especially for Japanese customers. The EPCI execution of a floating production unit in Indonesia is in progress. The Group is actively proceeding with business activities in the Subsea/Subsurface Engineering field. As part of this strategy, the Group has formed a new joint venture company with Xodus Group and Saipem International BV in order to enter into the subsea engineering business, while the Group also invested in a company established to develop commercially viable technology for exploiting seabed methane hydrate. As for the concentrating solar power system, the Group continues to operate a demonstration plant in Italy with the aim of developing business opportunities in this field. Furthermore, we have developed our own technology to transport and deliver large volumes of hydrogen and are actively collaborating with various parties in order to establish a hydrogen supply chain to achieve a hydrogen-based society.

Moreover, the Group is considering to focus newly on the growing market for life science field symbolized by iPS cells, applying our pharmaceutical and medical technologies.

Outlook for the Next Fiscal Year

With its highest backlog of contracts, the Group will continue to work diligently on the execution of existing large projects in Australia, Russia and U.S. which enhance its core business. To materialize The Medium-Term Management Plan, the Group will also continue to accelerate our growth strategy to diversify the business portfolio by expanding new business fields.

In consideration of these circumstances, and assuming an exchange rate of ¥120/dollar, our forecasts for the fiscal year ending March 31, 2016 include 350.0 billion yen in consolidated new contracts and 600.0 billion yen in revenues. Our forecast for the consolidated operating profit is 20.0 billion yen, consolidated ordinary income is 22.0 billion yen, and the consolidated net income is 12.0 billion yen.

Topics

North America/Challenges in LNG Business

EPC projects in the USA, which were awarded last year, started smoothly and ground breaking ceremonies were held for Cameron LNG and Freeport LNG respectively. The Group is performing at the forefront FEED works for Golden Pass LNG and LNG Canada, and a feasibility study for Alaska LNG, all of which are expected to be potential EPC targets.

Aiming to carry out each project properly, we have established a scheme including the alliance with local partners and carefully worked out each individual construction plan. As we are entering the field construction stage, we will reinforce our execution scheme and plan to improve efficiency through measures such as positive adoption of a modular construction method to achieve successful completion.

Having anticipated the complicated situations because of the simultaneous execution of several mega projects in North America, we are enhancing our scheme of the Group as a whole for North America. The scheme is intended to carry out those projects efficiently while preparing the environment for producing a synergy effect with operation foundation strategies implemented according to our Medium-Term Management Plan.

Philippines/Awarded the New Bohol Airport

In March, the Group and joint venture partner, Mitsubishi Corporation (MC) had reached an agreement with the Department of Transportation and Communications of the Government of the Republic of the Philippines to construct the New Bohol Airport in the Philippines.

The New Bohol Airport will have facilities such as a 2000-meter runway, a passenger terminal building which can accommodate 1 million passengers annually, and airport special equipment. Built under the "Eco Airport" concept and employing advanced Japanese technology, the airport will be furnished with a photovoltaic power generation system and a filtering system to avoid polluting the surrounding environment by drainage during the construction.

It is the second airport construction project jointly executed by "Chiyoda and MC," the first being the new Ulaanbaatar International Airport project in Mongolia, now under construction. As an integrated engineering company, the Group will continue to explore its business opportunities in the transportation infrastructure industry, including the airport sector.

Mozambique/Qatar/Saudi Arabia/UAE/ Engineering Training for Young Engineers from Overseas

Since 1970s, the Group has been accommodating over 4,100 engineers as trainees from overseas for engineering training, and in 2014, 34 engineers were trained from countries such as Mozambique, Qatar, Saudi Arabia and UAE.

Nowadays, the demand for such human resources development is even more increasing, especially in the oil and gas producing countries. The training provided by the Group is intended to meet such demand, and the trainees were given a chance to understand the Japanese people and culture as well, which we believe is meaningful.

The Group will work constantly on human resources development, expecting to strengthen the relationship with countries worldwide.

Japan/Commitment to CSR

As an integrated engineering company, the Group pledges to contribute to the sustainable development of society through its business activity including the construction of energy plant and social infrastructure, and to take a variety of social contribution activities such as supporting human resources development. In addition to our contribution from our business activity, the Group constantly conducts CSR activities, for example, dispatching volunteers to the disaster affected areas by the Great East Japan Earthquake, inviting vision-impaired people to a Japan Philharmonic Orchestra Concert and sale of goods made by challenged people (Heart-made Sale), both in collaboration with the Yokohama City Council of Social Welfare, and supporting educational programs for elementary school and junior high school.

Moreover, the Group has continuously supported and will continue to support the spirit of the United Nations Global Compact (UNGC) which is a voluntary global initiative that encourages businesses to act as good corporate citizens and achieve sustainable growth.

Scene from the Heart-made Sale

Commitment to CSR

The Chiyoda Group's CSR

As an integrated engineering company, the Chiyoda Group pledges to contribute to the sustainable development of society through its business activities, and to constantly strive to increase corporate value and earn the trust and understanding of all stakeholders by adhering to the following principles.

Chiyoda Group CSR Visions

CSR Visions		UN Global Compact	Activities in FY2014
CSR Visions 1 A Reliable Company	We strive to be a reliable company to our customers and other business partners by providing world-class technologies and knowledge.	—	• Initiatives for a stable supply of energy and reduction of greenhouse gas • Plant construction that lives up to customer trust • Enhancement of information security awareness
CSR Visions 2 Environmental Initiatives	We will work to remain an invaluable company to society by utilizing refined technologies to promote harmony between the global environment and economic and social activities.	Environment	• Continuous research and development for a low carbon economy (energy conservation/effective utilization of CO_2) • Promotion of business development towards a hydrogen-based society • Expansion and promotion of renewable energy • Execution of environmentally friendly projects • Implementation of biodiversity preservation activities
CSR Visions 3 Social Contributions through Business Activities	Through our engineering business in Japan and overseas, we contribute to local communities in ways including human resources development, technology transfer and environmental protection.	—	• Contribution to local economic development and human resource development • Tie-ups and cooperation with educational institutions to educate the next generation • Continuous response to the Great East Japan Earthquake • Cooperation with the community and NPO • Support to challenged people
CSR Visions 4 Respect for Human Rights	We are dedicated to respecting the human rights of all people. We will create a corporate culture where the diversity, individuality and character of employees are respected, where people are motivated to do their best, and of which employees and their families are proud.	Human Rights / Labor	• Creation of a pleasant work environment • Enhancement of the human resource development system • Enhancement of the safety culture • Enhancement of the crisis management system
CSR Visions 5 Commitment to Fairness	We are dedicated to achieving even greater transparency and stability by conducting our operations fairly in accordance with the highest ethical standards.	Anti-Corruption	• Review of the compliance program and execution of its brief explanation session to employees • Assignment of a compliance manager in each division, group companies and project teams • Continuous compliance training and monitoring • Continuous export control training and auditing • Operation of the consultation and reporting system "Welcome to All about Compliance"

Environmental Initiatives

◆ CT-CO_2 AR®: High Efficiency Synthetic Gas Production Process Using CO_2

Chiyoda Group has accomplished effective utilization of CO_2 by developing a high-efficiency reforming process—CT-CO_2 AR®—employing a novel catalyst. This catalyst was already commercialized in an existing synthetic gas plant last year, exhibiting smooth and safe operation.

The technology, comprising a catalyst with high resistance to carbon formation, produces synthetic gas from natural gas with higher efficiency than conventional reforming technology. It reduces energy consumption by around 10% and reduces carbon dioxide emission drastically.

CT-CO_2 AR® can not only reduce energy consumption by replacing the existing catalyst with a superior one, but can also achieve remarkable environmental benefits when applied to grass-root plants. Furthermore, it leads to resource minimization by downsizing facilities, and is expected to effectively utilize the CO_2 contained in natural gas.

The technology succeeds in greatly reducing the environmental burden from chemical plants, such as oxo-alcohols and acetic acid.

◆ Commercialization of Hybrid Titania Catalysts for the Hydrodesulfurization (HDS) of Diesel Oil

The Group has successfully developed and commercialized the Hybrid Titania catalysts by combining the advantages of titania, which has significantly high activity, and alumina carriers, which have superiority in material.

We have already established both a production method for Hybrid Titania catalysts and a supply system.

The Hybrid Titania catalysts, with high HDS activity and high hydrodenitrogenation selectivity, are highly promising in hydrotreating difficult desulfurization oils such as Light Cycle Oil (LCO) from Fluid Catalytic Cracking (FCC), thermal cracked oil and vacuum gas oil.

The Hybrid Titania catalyst was adopted for use in the HDS unit of the Yamaguchi Oil Refinery of Seibu Oil Company, Limited in Japan. This refinery started to produce sulfur-free kerosene and diesel oil at the beginning of 2014.

◆ The Development of a New Manufacturing Process for Production of Propylene

Propylene, one of the basic industrial chemicals, is mainly produced by thermal steam-cracking of hydrocarbon feedstock such as naphtha at present,and alternative methods are desired to improve both high energy consumption and low propylene selectivity.

The Group has been developing an energy saving propylene manufacturing process by means of fixed-bed-type catalytic cracking using our own zeolite catalysts, and we have received high appraisal for the results and won the Best Paper Award in the Fuels & Petrochemical Division of the American Institute of Chemical Engineers.

The Group will accelerate its research and development to commercialize this technology and contribute to saving energy and reducing CO_2 emissions by applying it to non-conventional fossil resources such as shale gas and oil.

Respect for Human Rights

◆ Establishment of a Safety Culture by Sharing On-site Practices

In order to share knowledge and expertise from both outside and inside Chiyoda about Safety, Quality and the Environment (SQE), the Group has been holding a series of Corporate SQE Conventions.

In November 2014, the 7th Convention titled "Establishment of a Safety Culture by Sharing On-site Practices" was a great success attended by more than 500 ardent participants including corporate management executives, where the safety activities of the Papua New Guinea LNG Project (PNG) were introduced. Their methods and practices were presented, then two-way communication in a pleasant atmosphere was demonstrated in front of the audience so that everyone there could share one and the same understanding as the members of the PNG Project, which has achieved the result of "over 65 million man-hours without lost time injury", the best safety record in Chiyoda's history.

In this way, the Group will constantly make efforts to instill the corporate policy "Safety is a core value."

◆ Activities on United Nations Global Compact (UNGC)

The Group has been supporting the principles of the UNGC for human rights, labor, environment and anti-corruption to promote and enhance our CSR activities since November 2012. This year, as a member of the study groups in Global Compact Network Japan on anti-corruption and supply chain management, the Group has discussed and studied how to cope with the relevant global issues, and also assisted the Network Japan in the Roundtable conducted among Japan, China and Korea by assigning language-aid staffers:

- Anti-corruption:
  Recognizing that corruption is a risk which will severely damage corporate governance, trust and reputation in civil or administrative disposition and criminal impeachment, effective measures are studied and discussed.
- Supply Chain Management:
  Through the attendance at monthly sessions or seminars by experts, the study is deepened on how to promote CSR procurement in collaboration between buyers and suppliers while respecting the environment, the workplace and human rights.

Commitment to Fairness

◆ Compliance Activities in 2014

In recent years broader and stricter requirements for compliance have been sought by the global community including its clients, business partners. Chiyoda Corporation has reviewed and reinforced its overall compliance program to manage the Group-wide program as follows:

- To raise awareness and deepen knowledge of compliance through training courses and manuals among the employees.
- To recognize and evaluate compliance risk our Group is faced with.
- To implement preventive measures* for major risks with periodic reporting.
- To review, improve and respond to the results by monitoring.
- Chiyoda has launched its management system of PDCA cycle on a periodical basis to cope with compliance risk.

* Chiyoda applies due diligence when deciding on business partners including vendors, subcontractors and consultants in terms of anti-corruption including prevention of bribery to foreign public servants.

◆ Establishment of Corporate Risk Management Policy

The Chiyoda Group has established its Corporate Risk Management Policy. Under that Policy, the Group aims to promote the risk management activities and planning/implementing its Corporate Strategy, to maintain and enhance its Corporate Value. The Group ensures that it discloses its business risk information to the stakeholders so as to increase transparency, to mitigate the risk by taking proactive countermeasures, then to achieve the business target.

◆ Establishment of Business Continuity Plan (BCP)

In 2014, the Group established its BCP, anticipating various risks that would disrupt its business. The BCP provided the direction and course of action in order to avoid such risks, or recover quickly even if such a disruption may occur, and was known to all employees. When a disaster including a fire/an earthquake or any epidemic, terrorism/turmoil, occurs, and if the impact on the Group is anticipated to be large enough to disrupt its Group business/operation, the Group immediately declares the imposition of BCP. Then, based on the basic philosophy of "Employees' safety First", the Group makes utmost efforts to continue its minimally required important business and to make a quick return to normal operation as well as to contribute to the restoration of communities affected by such a disaster.

Continuous Social Contribution

The Group has been supporting its members to promote their social contribution in regional areas under the motto of "CSR to be promoted by each as a participant". As part of that, volunteer members of the Group employees have been dispatched twice a year to the disaster-affected areas of the Great East Japan Earthquake.

This year, volunteer activities have included the interaction with kindergarten children through environmental lessons, reforestation activities, supporting the community in developing an energy circulation system, supporting the construction of a workplace for making regional products. Then, those products have been sold in the Group in-house sale in Yokohama.

Furthermore, the Group´s employees visited a junior high school in the area and gave a lecture to the students on its global activities, and also accepted them on their school trip to Chiyoda Global Headquarters in Yokohama.

The Group constantly continues with its efforts to improve its activities by way of exchanging views with regional experts or local residents, and through discussion among volunteer members including in-house questionnaires.

Main Activities in FY2014 (Including Domestic Group Companies)

Dispatch of lecturers to university	16 people
Training for interns	67 people
Visiting seminars	7 times
Community cleanup campaigns	32 people
Food aid activity TABLE FOR TWO	1,817 meals
ECOCAP program to enable the purchase of vaccines	For 231 people
Dispatch of volunteers to disaster-hit areas	37 people
Collaboration with NPO (Second Harvest Japan, Food Bank Yamanashi)	
Support to challenged people • In-house sale events of goods made by challenged people: 7 times • Inviting 50 people from the Yokohama Blind Association to a concert	

Soil preparation for afforestation

Corporate Governance

The Chiyoda Group believes that CSR-oriented management that earns the support and trust of all its stakeholders, including shareholders, customers, and employees, is the basis of its corporate activities. We are therefore working in various ways to enhance corporate governance and actively implement CSR-oriented management, including maintaining transparency and soundness.

Corporate Governance System

Chiyoda has established the Compliance Unit and the Internal Audit Unit to raise the quality and transparency of management, improve response to stakeholders and reinforce risk management and the compliance system. We also established the Safety, Quality and Environmental (SQE) Unit and an internal control system directly linked to management.

To ensure speedy and accurate decision-making to deal with rapidly changing social and economic conditions, Chiyoda has adopted the executive officer system, which separates the functions of directors, who are responsible for management supervision, from those of executive officers, who are responsible for the execution of business operations.

The Board of Directors and Meetings of the Board of Directors

The Board of Directors is composed of 10 directors as of June 25, 2015. Important matters concerning the Company are reported and resolved at meetings of the Board of Directors. The Executive Committee, made up of the four representative directors, examines matters before they are submitted for resolution at meetings of the Board of Directors. It makes decisions about business execution matters by unanimous resolution.

Audit & Supervisory Board

Chiyoda has also adopted the corporate auditor system. The Corporate Auditors Committee is made up of three outside corporate auditors who closely monitor the execution of duties by directors and executive officers. The corporate auditors attend meetings of the Executive Committee and express their opinion when necessary. In addition, their responsibilities include deciding the content of resolutions submitted to the General Meeting of Shareholders, such as the appointment or dismissal of accounting auditors, auditing consolidated financial documents in close cooperation with the accounting auditors, and preparing audit reports.

Executive Officer System

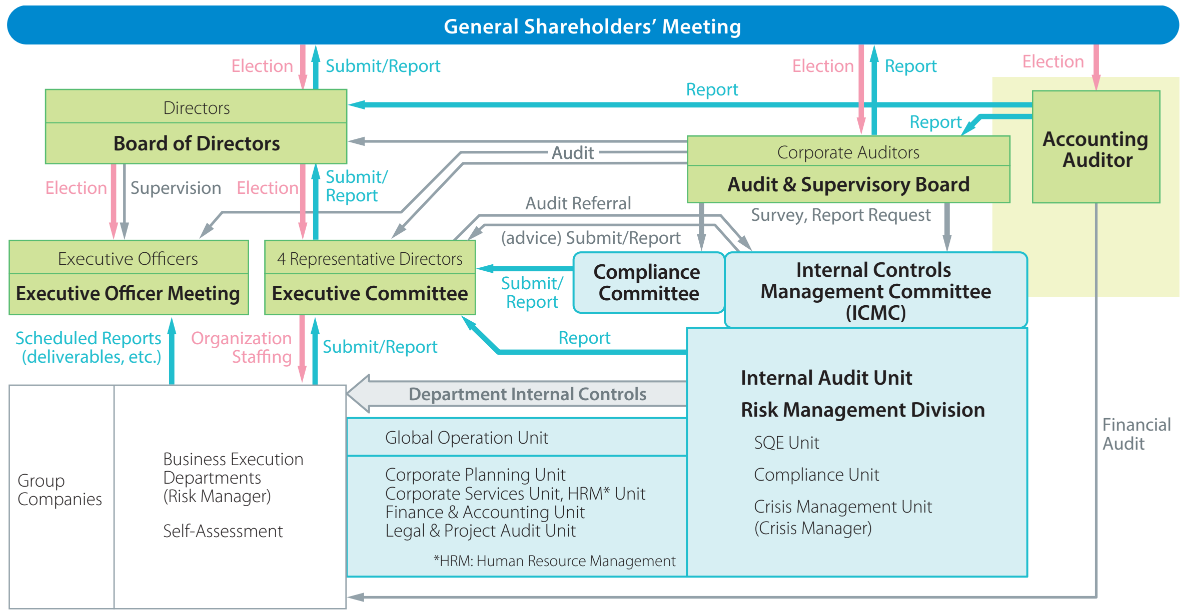
Where necessary, executive officers cooperate with outside specialists such as corporate lawyers in carrying out duties assigned to them at meetings of the Board of Directors and the Executive Committee. Executive officers provide regular progress reports at executive officer and Executive Committee meetings attended by directors and corporate auditors.

Reinforcing Internal Controls

The Chiyoda Group constantly conducts self-assessments of existing internal control functions and reinforces internal control systems. In addition, the Group has established the Internal Audit Unit as an autonomous unit to perform evaluations. Chiyoda has a system in place for auditing the development and operation of a suitable overall internal control framework and constituent components, and for submitting reports to the Executive Committee.

- To ensure the transparency of information and raise the effectiveness of audits, Chiyoda aims to establish an integrated framework of internal controls and a real-time monitoring system for senior management.
- To prevent insider trading, an information management system is in place that encompasses Group companies. All important information is appropriately reported to the Board of Directors and the Executive Committee.

Corporate Governance and Internal Controls



■ : Important organizations and arms of the Company
□ : Departments with internal control functions

Risk Management

To manage individual project risk and profitability, the Group is increasing management transparency by implementing a double-check/internal control function in administration divisions in addition to a self-auditing system in project operation divisions. Professional auditing teams from administration divisions have effectively implemented project audits to verify the validity of the project execution plans formulated by the project operation divisions.

In accordance with our Corporate Risk Management Policy, the Group has established risk management and crisis management systems to deal with significant risks and has appointed risk managers and crisis managers. We constantly work to prevent the occurrence of problems. In the event that a problem occurs, we shall immediately activate a Crisis Control Center that will minimize damage by mobilizing the entire workforce.

Disaster Prevention Measures

The Group has prepared Disaster Response Manual (Japanese and English versions) as part of its BCP. The Manual compiles the actions to be taken in the event of a disaster by those working in the Group including all the directors, employees, temporary staff members, customers and partners, and so on. Once a disaster occurs, the Chiyoda Disaster Prevention Force is to be formed, and an emergency communication route is also to be set up to confirm the safety of all the above personnel and their family members as a first priority.

Further to be prepared for a disaster, the Group has been taking the following measures:

- Stock of emergency supplies such as PHS, drinking water, foods, blankets
- Provision of helmets and emergency bags to all the personnel
- Formation of self-protective disaster prevention unit
- Participation in an emergency drill to be conducted twice a year both in Chiyoda Global Headquarters and in Koyasu Office & Research Park
- Safety confirmation drill to be conducted a few times a year

Corporate Information (As of March 31, 2015)

Corporate Data

Chiyoda Global Headquarters
Minato Mirai Grand Central Tower
4-6-2, Minatomirai, Nishi-ku, Yokohama 220-8765, Japan
Tel: (81)45-225-7777 (voice guidance)

Established
January 20, 1948

Paid-in Capital
¥ 43,396 million

Number of Employees
1,573 (Non-Consolidated)
6,097 (Consolidated)

Annual Fiscal Close
March 31

Shareholders' Meeting
June

Organization Chart
(As of May 1, 2015)

- Board of Directors
- Audit & Supervisory Board
- Executive Committee
- President
  - Internal Audit Unit
  - Executive Office Unit

Risk Management Division
- SQE Unit
- Compliance Unit
- Crisis Management Unit

Corporate Planning & Management Division
- Corporate Planning Unit
  - IR, PR & CSR Section
- Corporate Services Unit
- HRM* Unit
- Finance & Accounting Unit
- Legal & Project Audit Unit

Business Development Division
- Strategic Business Planning & Administration Unit
  - Corporate Relations Sec.
- Business Development Unit 1
- Business Development Unit 2
- Business Development Unit 3
- Energy Infrastructure Planning Unit

Global Project Management Division
- Project Administration Unit
- Project Management Unit
- IT Management Unit
- Global Operation Unit
- Global Human Resource Planning Unit
  - Work Process Innovation Task Team
  - Chiyoda Globalization Task Force Team Change the Mindset

Technology & Engineering Division
- Engineering Operation Unit
- Gas & LNG Process Engineering Unit
- Refinery, Petrochemical & New Energy Process Engineering Unit
- Integrity Management Unit
- Mechanical Engineering Unit
- Control System Engineering Unit
- Electrical System & Smart Grid Engineering Unit
- Piping Engineering Unit
- Civil Engineering Unit

Project Logistics & Construction Division
- PLC* Planning & Administration Unit
- Procurement Unit
- Construction Unit
- Commissioning Unit

Offshore & Upstream Project Operations
- Offshore & Upstream Business Planning Unit
- Offshore & Upstream Business Operation Unit

Gas & LNG Project Operations No. 1
- Gas & LNG Project Unit No. 1
- Strategic Project Development Unit

Gas & LNG Project Operations No. 2
- Gas & LNG Project Unit No. 2

Downstream & Non Hydrocarbon Project Operations
- Downstream & Chemical Project Unit
- International Downstream Project Unit
- Metals & Mining Project Unit
- Global Collaboration Unit

Infrastructure Project Operations
- IP* Planning & Administration Unit
- Strategic Business & Investment Management Unit
- Hydrogen Supply Chain Development Unit
- Green Infrastructure Project Unit
- Environmental Project Unit
- Technology Development Unit
  - Research & Development Center

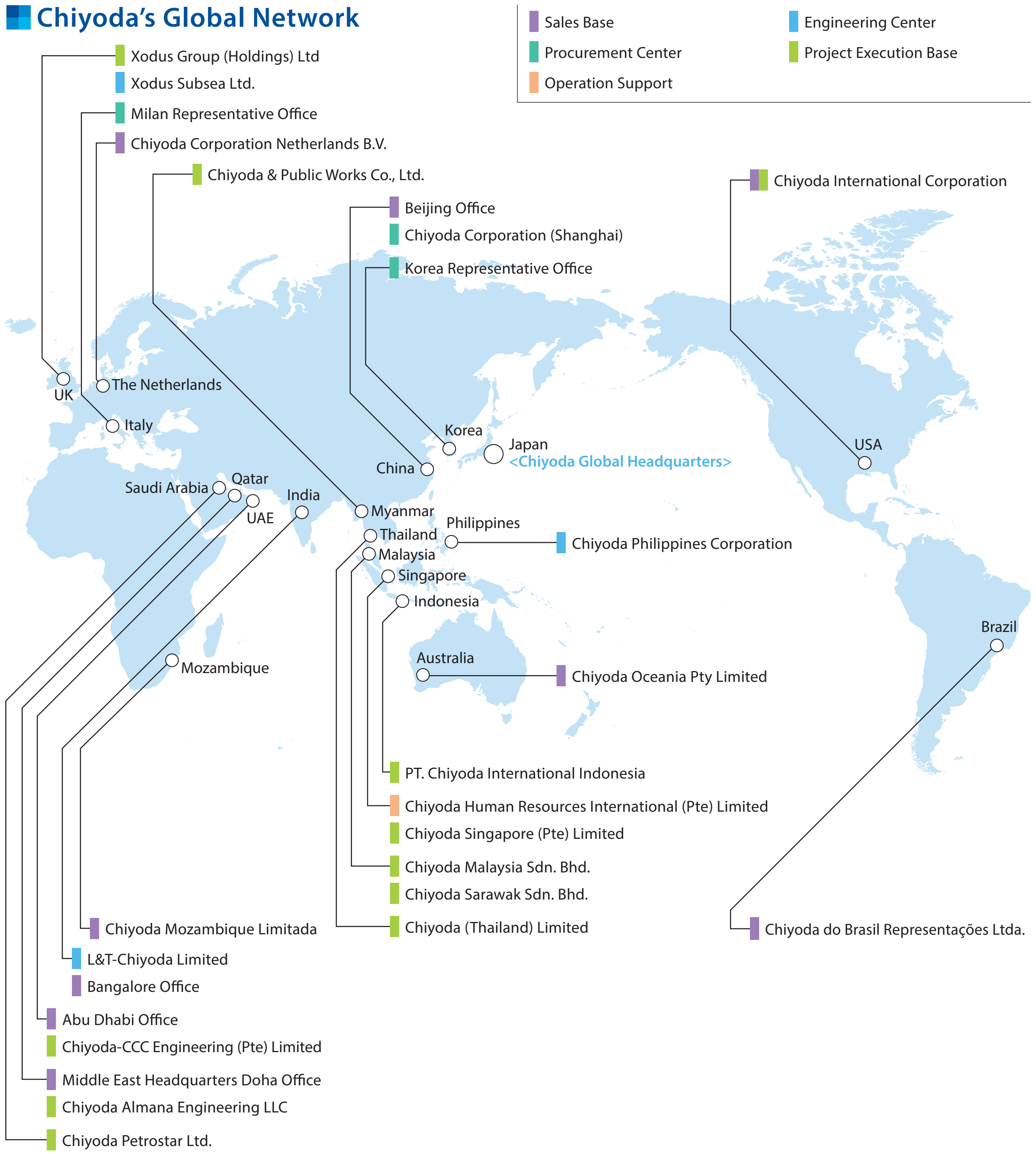
ChAS & Life Science Project Operations
- ChAS/Life Science Business Planning & Administration Unit
- ChAS Marketing Unit
- Advanced Process Engineering Unit
- Plant Diagnosis Unit
- Consulting Unit
- Pharmaceutical Industries Project Unit
- Space & Bio Engineering Unit

HRM: Human Resource Management   PLC: Project Logistics & Construction   IP: Infrastructure Project

Global Network

Chiyoda's global network enables Project Lifecycle Engineering to be offered all over the world. Chiyoda has expanded its network in order to provide prompt support for customers' business activities on a global scale. Our services cover the entire life cycles of projects – from planning, engineering, procurement and construction through to operation and maintenance. With a view to meeting the ever-changing needs of our customers, we offer services by utilizing local offices and group companies with thorough knowledge of the latest local and global circumstances in countries around the world.

Chiyoda's Global Network



Directors and Officers (As of June 25, 2015)

Board of Directors

Representative Directors

President & CEO	Shogo Shibuya
Senior Executive Vice President	Keiichi Nakagaki
Senior Executive Vice President	Hiroshi Ogawa
Executive Vice President & CFO	Masahito Kawashima

Directors

Executive Vice President	Katsuo Nagasaka
Executive Vice President	Masahiko Kojima
Senior Vice President	Ryosuke Shimizu
Senior Vice President	Arata Sahara
Director	Masaji Santo*1
Director	Nobuo Tanaka*1

Audit & Supervisory Board Members

Munehiko Nakano*2 Mikio Kobayashi*2 Yukihiro Imadegawa*2

Executive Officers

Executive Vice President	Tadashi Izawa
Senior Vice President	Masao Ishikawa
Senior Vice President	Mamoru Nakano
Senior Vice President	Akira Fujisawa
Senior Vice President	Nobuyuki Uchida
Senior Vice President	Hiromi Koshizuka
Vice President	Shuichi Wada
Vice President	Noriyuki Kasuya
Vice President	Eisuke Oki
Vice President	Masao Fujiwara
Vice President	Yasumitsu Abe
Vice President	Jinei Yamaguchi
Vice President	Toshiyuki Kariya
Vice President	Seiichiro Ikeda
Vice President	Terunobu Iio
Vice President	Hideaki Tomiku

*1: External Director
*2: Outside Corporate Auditor

Stock Information (As of March 31, 2015)

Authorized Shares
570,000,000

Capital Stock Issued
260,324,529

Number of Shareholders
24,863

Number of Shares per Unit
1,000

Stock Code
ISIN: JP3528600004
SEDOL1: 6191704 JP
TSE: 6366

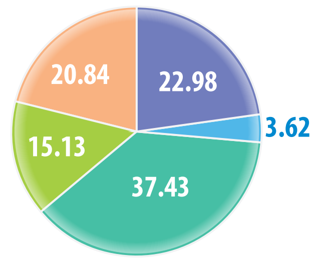
Transfer Agent of Common Stock
Mitsubishi UFJ Trust and Banking Corporation
1-4-5 Marunouchi, Chiyoda-ku, Tokyo

Major Shareholders (As of March 31, 2015)

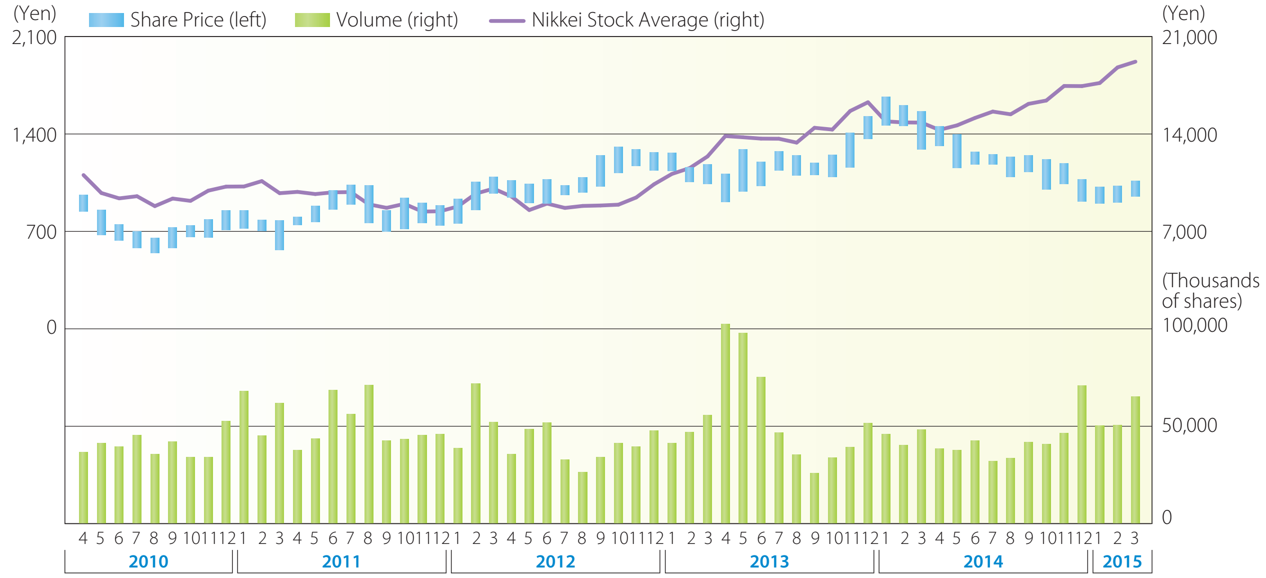
	Number of Shares Owned (Thousands of Shares)	Ratio Shares Owned (%)
Mitsubishi Corporation	86,931	33.39
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,991	4.60
Japan Trustee Services Bank, Ltd. (Trust Account)	10,759	4.13
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	9,033	3.47
The Mitsubishi UFJ Trust and Banking Corporation	5,888	2.26
BNP Paribas Securities (Japan) Limited	3,564	1.36
Meiji Yasuda Life Insurance Company	2,265	0.87
State Street Bank and Trust Company 505041	2,245	0.86
Trust & Custody Services Bank, Ltd.	2,179	0.83
Japan Trustee Services Bank, Ltd. (Trust Account 7)	1,728	0.66

Breakdown by shareholder

Total Number of Shares Issued:
260,325
thousand



Monthly Stock Price Range on the Tokyo Stock Exchange



CHIYODA CORPORATION

Minato Mirai Grand Central Tower
4-6-2, Minatomirai, Nishi-ku,
Yokohama 220-8765, Japan
Tel: (81)45-225-7777 (voice guidance)
http://www.chiyoda-corp.com/en/

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.

(As of August 2015)

FTSE4Good

Selected in FTSE Group's responsible investment index

THE GLOBAL COMPACT

Network Japan
WE SUPPORT

CHIYODA GROUP

Consolidated Financial Statements

FY2014

For the Year Ended March 31, 2015, and Independent Auditor's Report

Consolidated Balance Sheet

(March 31, 2015)

ASSETS	Millions of Yen 2015	Millions of Yen 2014	Thousands of U.S. Dollars (Note 1) 2015
CURRENT ASSETS:			
Cash and cash equivalents (Note 13)	¥ 113,246	¥ 145,303	$ 943,719
Short-term investments (Note 13)	69	64	575
Notes and accounts receivable—trade (Note 13)	29,740	56,502	247,838
Allowance for doubtful accounts	(56)	(3)	(472)
Costs and estimated earnings on long-term construction contracts (Notes 3 and 13)	24,100	16,503	200,834
Costs of construction contracts in process	59,668	33,826	497,234
Accounts receivable—other	16,327	4,936	136,059
Jointly controlled assets of joint venture (Note 13)	182,855	127,466	1,523,793
Deferred tax assets (Note 10)	11,697	18,868	97,483
Prepaid expenses and other	6,930	5,629	57,750
Total current assets	444,578	409,096	3,704,817
PROPERTY, PLANT AND EQUIPMENT:			
Land	5,266	5,265	43,884
Buildings and structures	13,915	12,557	115,958
Machinery and equipment	721	944	6,016
Tools, furniture, and fixtures	7,211	7,106	60,096
Construction in progress	16	286	137
Total	27,131	26,159	226,093
Accumulated depreciation	(12,304)	(11,201)	(102,538)
Net property, plant and equipment	14,826	14,958	123,555
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 13)	23,940	21,131	199,501
Investments in and advances to unconsolidated subsidiaries and associated companies (Note 5)	8,547	8,155	71,227
Goodwill	12,034	12,395	100,283
Software	7,393	7,056	61,611
Asset for retirement benefits	33	34	280
Other assets (Note 10)	4,717	2,528	39,314
Allowance for doubtful accounts	(231)	(68)	(1,930)
Total investments and other assets	56,434	51,233	470,288
TOTAL	¥ 515,839	¥ 475,288	$ 4,298,660

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2015	Millions of Yen 2014	Thousands of U.S. Dollars (Note 1) 2015
CURRENT LIABILITIES:			
Short-term bank loans (Note 13)	¥ 991	¥ 1,283	$ 8,258
Current portion of long-term debt (Notes 6, 12 and 13)	51	82	431
Notes and accounts payable—trade (Note 13)	137,652	145,392	1,147,104
Advance receipts on construction contracts	123,869	80,182	1,032,241
Income taxes payable (Note 13)	1,366	5,513	11,384
Deposits received	3,352	4,985	27,935
Allowance for warranty costs for completed works	364	507	3,035
Allowance for losses on construction contracts	3,988	4,002	33,241
Accrued expenses and other	22,703	19,730	189,197
Total current liabilities	294,339	261,679	2,452,831
LONG-TERM LIABILITIES:			
Long-term debt (Notes 6, 12 and 13)	10,063	10,040	83,863
Liability for retirement benefits (Note 7)	1,070	2,080	8,920
Provision for treatment of PCB waste	339	365	2,831
Asset retirement obligations	983	970	8,196
Other (Note 10)	636	2,121	5,301
Total long-term liabilities	13,093	15,578	109,113
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 6, 12, 14 and 15)			
EQUITY (Notes 8 and 18):			
Common stock—authorized, 570,000 thousand shares; issued, 260,324 thousand shares in 2015 and 2014	43,396	43,396	361,636
Capital surplus	37,112	37,112	309,272
Retained earnings	115,831	109,525	965,260
Treasury stock—at cost, 1,323 thousand shares in 2015 and 1,310 thousand shares in 2014	(1,405)	(1,390)	(11,712)
Accumulated other comprehensive income (loss):			
Unrealized gain on available-for-sale securities	7,218	4,920	60,152
Deferred (loss) gain on derivatives under hedge accounting	(2,064)	648	(17,201)
Foreign currency translation adjustments	5,229	2,486	43,576
Defined retirement benefit plans	1,076	(287)	8,974
Total	206,395	196,411	1,719,959
Minority interests	2,010	1,619	16,756
Total equity	208,405	198,031	1,736,715
TOTAL	¥ 515,839	¥ 475,288	$ 4,298,660

Consolidated Statement of Income

(Year Ended March 31, 2015)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
REVENUE	¥ 480,979	¥ 446,147	$ 4,008,160
COST OF REVENUE	435,327	404,685	3,627,728
Gross profit	45,651	41,462	380,432
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Note 11)	24,185	20,383	201,543
Operating income	21,466	21,079	178,889
OTHER INCOME (EXPENSES):			
Interest and dividend income	3,111	2,590	25,925
Interest expense	(255)	(233)	(2,128)
Equity in losses of associated companies	(783)	(374)	(6,532)
Foreign exchange loss	(1,182)	(145)	(9,851)
Loss on valuation of investment securities	(258)		(2,157)
Retirement benefit expenses (Note 7)		(299)	
Other—net	(85)	(78)	(708)
Other income—net	545	1,459	4,547
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	22,012	22,538	183,436
INCOME TAXES (Note 10):			
Current	6,257	13,101	52,144
Deferred	4,542	(3,773)	37,851
Total income taxes	10,799	9,327	89,995
NET INCOME BEFORE MINORITY INTERESTS	11,212	13,210	93,441
MINORITY INTERESTS IN NET INCOME	183	(236)	1,529
NET INCOME	¥ 11,029	¥ 13,447	$ 91,911

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.y and 17):			
Basic net income	¥ 42.58	¥ 51.91	$ 0.35
Cash dividends applicable to the year	13.00	16.00	0.10

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

(Year Ended March 31, 2015)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
NET INCOME BEFORE MINORITY INTERESTS	¥ 11,212	¥ 13,210	$ 93,441
OTHER COMPREHENSIVE INCOME (LOSS) (Note 16):			
Unrealized gain (loss) on available-for-sale securities	2,298	(1,664)	19,151
Deferred loss on derivatives under hedge accounting	(2,712)	(2,242)	(22,601)
Foreign currency translation adjustments	2,815	3,625	23,461
Defined retirement benefit plans	1,364		11,367
Share of other comprehensive income of associates accounted for using the equity method	142	104	1,189
Total other comprehensive income (loss)	3,908	(176)	32,568
COMPREHENSIVE INCOME	¥ 15,121	¥ 13,034	$ 126,009
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 14,722	¥ 13,087	$ 122,687
Minority interests	398	(53)	3,322

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

(Year Ended March 31, 2015)

	Thousands	Millions of Yen										
						Accumulated Other Comprehensive Income (Loss)						
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred (Loss) Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2013	259,045	¥ 43,396	¥ 37,112	¥ 100,988	¥ (1,349)	¥ 6,584	¥ 2,890	¥ (1,235)		¥ 188,386	¥ 969	¥ 189,356
Net income				13,447						13,447		13,447
Cash dividends, ¥19.00 per share				(4,921)						(4,921)		(4,921)
Change of scope of consolidation				12						12		12
Purchase of treasury stock	(31)				(40)					(40)		(40)
Net change in the year						(1,664)	(2,242)	3,721	¥ (287)	(472)	650	178
BALANCE, MARCH 31, 2014 (APRIL 1, 2014, as previously reported)	259,014	43,396	37,112	109,525	(1,390)	4,920	648	2,486	(287)	196,411	1,619	198,031
Cumulative effect of accounting change				(579)						(579)		(579)
BALANCE, APRIL 1, 2014 (as restated)	259,014	43,396	37,112	108,946	(1,390)	4,920	648	2,486	(287)	195,831	1,619	197,451
Net income				11,029						11,029		11,029
Cash dividends, ¥16.00 per share				(4,144)						(4,144)		(4,144)
Purchase of treasury stock	(12)				(15)					(15)		(15)
Net change in the year						2,298	(2,712)	2,743	1,363	3,693	391	4,084
BALANCE, MARCH 31, 2015	259,001	¥ 43,396	¥ 37,112	¥ 115,831	¥ (1,405)	¥ 7,218	¥ (2,064)	¥ 5,229	¥ 1,076	¥ 206,395	¥ 2,010	¥ 208,405

	Thousands of U.S. Dollars (Note 1)										
					Accumulated Other Comprehensive Income (Loss)						
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred (Loss) Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2014 (APRIL 1, 2014, as previously reported)	$ 361,636	$ 309,272	$ 912,715	$ (11,586)	$ 41,001	$ 5,400	$ 20,717	$ (2,392)	$ 1,636,765	$ 13,494	$ 1,650,259
Cumulative effect of accounting change			(4,831)						(4,831)		(4,831)
BALANCE, APRIL 1, 2014 (as restated)	361,636	309,272	907,883	(11,586)	41,001	5,400	20,717	(2,392)	1,631,933	13,494	1,645,427
Net income			91,911						91,911		91,911
Cash dividends, $0.13 per share			(34,535)						(34,535)		(34,535)
Purchase of treasury stock				(125)					(125)		(125)
Net change in the year					19,151	(22,601)	22,858	11,366	30,775	3,262	34,038
BALANCE, MARCH 31, 2015	$ 361,636	$ 309,272	$ 965,260	$ (11,712)	$ 60,152	$ (17,201)	$ 43,576	$ 8,974	$ 1,719,959	$ 16,756	$ 1,736,715

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

(Year Ended March 31, 2015)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 22,012	¥ 22,538	$ 183,436
Adjustments for:			
Income taxes paid	(12,550)	(13,709)	(104,587)
Depreciation	3,569	3,196	29,745
Amortization of goodwill	1,469	825	12,248
Increase (decrease) in allowance for doubtful accounts	216	(12)	1,801
Decrease in allowance for warranty costs for completed works	(170)	(4)	(1,424)
(Decrease) increase in allowance for losses on construction contracts	(47)	2,534	(395)
Increase (decrease) in liability for retirement benefits	100	(768)	839
Loss on sales and disposals of fixed assets	338	31	2,820
Foreign exchange gain—net	(499)	(224)	(4,164)
Equity in losses of associated companies	783	374	6,532
Loss on valuation of investment securities	258		2,157
Changes in operating assets and liabilities:			
Decrease (increase) in trade notes and accounts receivable, and costs and estimated earnings on long-term construction contracts	21,217	(1,896)	176,813
Increase in costs of construction contracts in process	(25,282)	(16,974)	(210,689)
(Decrease) increase in trade notes and accounts payable	(9,759)	23,650	(81,330)
Increase (decrease) in advance receipts on construction contracts	43,019	(2,111)	358,494
(Increase) decrease in accounts receivable—other	(4,872)	2,519	(40,602)
Increase in jointly controlled assets of joint venture	(55,246)	(31,955)	(460,391)
Decrease in deposits received	(1,710)	(2,141)	(14,251)
Decrease (increase) in interest and dividend receivable	109	(713)	913
Other—net	(7,101)	(2,334)	(59,176)
Total adjustments	(46,157)	(39,715)	(384,648)
Net cash used in operating activities—(Forward)	¥ (24,145)	¥ (17,177)	$ (201,211)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Net cash used in operating activities—(Forward)	¥ (24,145)	¥ (17,177)	$ (201,211)
INVESTING ACTIVITIES:			
Net decrease in time deposits		192	
Proceeds from redemption of marketable securities		2,400	
Purchases of property, plant and equipment	(1,441)	(1,981)	(12,014)
Proceeds from sales of property, plant and equipment	146	90	1,224
Purchases of intangible assets	(2,431)	(3,294)	(20,259)
Payments for asset retirement obligations		(7)	
Payments for purchases of investment securities	(1,245)	(4,046)	(10,377)
Purchase of shares of subsidiaries resulting in change in scope of consolidation		(9,134)	
Payments of short-term loans receivable		(445)	
Payments of long-term loans receivable	(605)	(712)	(5,048)
Proceeds from collections of long-term loans	118	101	985
Other—net	14	41	123
Net cash used in investing activities	(5,444)	(16,796)	(45,366)
FINANCING ACTIVITIES:			
Net (decrease) increase in short-term bank loans	(390)	11	(3,257)
Repayments of long-term debt	(4)	(264)	(40)
Payments of cash dividends	(4,139)	(4,914)	(34,493)
Other—net	(34)	(81)	(284)
Net cash used in financing activities	(4,569)	(5,249)	(38,078)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	2,101	3,974	17,514
NET DECREASE IN CASH AND CASH EQUIVALENTS	(32,057)	(35,249)	(267,141)
INCREASE IN CASH AND CASH EQUIVALENTS FROM NEWLY CONSOLIDATED SUBSIDIARY		323	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	145,303	180,229	1,210,861
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 113,246	¥ 145,303	$ 943,719

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements
(Year Ended March 31, 2015)

1. **BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2014 consolidated financial statements to conform to the classifications used in 2015.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Chiyoda Corporation (the "Company") is incorporated and principally operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120 to $1, the approximate rate of exchange at March 31, 2015. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Japanese yen figures less than a million yen are rounded down to the nearest million yen, except for per share data.

U.S. dollar figures less than a thousand U.S. dollars are rounded down to the nearest thousand U.S. dollars, except for per share data.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. ***Consolidation***—The consolidated financial statements as of March 31, 2015, include the accounts of the Company and its 30 significant (29 in 2014) subsidiaries (together, the "Group").

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in six (five in 2014) associated companies are accounted for by the equity method in 2015.

Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

Most of the foreign consolidated subsidiaries have a December 31 year-end which does not accord with that of the Company. As a result, adjustments have been made for any significant transactions which took place during the period between the year-end of these subsidiaries and the year-end of the Company.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is being amortized over a period of 5 to 20 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. ***Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements***—In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes that the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) exclusion of minority interests from net income, if contained in net income.

c. ***Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method***—In March 2008, the ASBJ issued ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments." The new standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) exclusion of minority interests from net income, if contained in net income.

d. ***Construction Contracts***—In December 2007, the ASBJ issued ASBJ Statement No. 15, "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18, "Guidance on Accounting Standard for Construction Contracts." Under this accounting standard, construction revenue and construction costs should be recognized by the percentage-of-completion method if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs, and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract is deemed to be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on construction contracts.

Concerning the construction contracts, the Group applies the accounting methods as follows:

Unbilled costs on contracts, which are accounted for by the completed-contract method, are stated as costs of construction contracts in process.

Payments received in excess of costs and estimated earnings on contracts, which are accounted for by the percentage-of-completion method, and payments received on the other contracts, are presented as current liabilities.

Costs of preparation work for unsuccessful proposals and other projects that are not realized are charged to income, as incurred, and are included in cost of revenue.

e. ***Cash Equivalents***—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, certificates of deposit, and commercial paper, all of which mature or become due within three months of the date of acquisition.

f. ***Investment Securities***—All marketable securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

g. ***Short-Term Investments***—Short-term investments are time deposits, which will mature three months after the date of acquisition. Short-term investments are exposed to insignificant risk of changes in value.

h. ***Jointly Controlled Assets of Joint Venture***—The jointly controlled assets of the joint venture are jointly controlled cash recognized based on the Company's share of the venture.

i. ***Allowance for Doubtful Accounts***—The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

j. ***Property, Plant and Equipment***—Property, plant and equipment are stated at cost. Depreciation is computed by the declining-balance method, except for buildings owned by the Company that are depreciated using the straight-line method, at rates based on the estimated useful lives of the assets. The range of useful lives is from 8 to 57 years for buildings and structures, from 4 to 17 years for machinery and equipment, and from 4 to 15 years for tools, furniture, and fixtures. Equipment held for lease is depreciated by the straight-line method over the respective lease periods.

k. ***Long-Lived Assets***—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

l. ***Software***—Software for internal use is amortized on a straight-line basis over its estimated useful life (five years at the maximum).

m. ***Other Assets***—Intangible assets are carried at cost less accumulated amortization, which is calculated by the straight-line method over their estimated useful lives.

n. ***Allowance for Warranty Costs for Completed Work***—The allowance for warranty costs for completed work is provided based on past rate experience.

o. ***Allowance for Losses on Construction Contracts***—The allowance for losses on construction contracts is provided for an estimated amount of probable losses to be incurred in future years in respect of construction projects in progress. When there are losses on completed-contract method applied contracts, the allowance for losses on construction contracts is offset against the costs of construction contracts in process in the balance sheet.

p. ***Provision for Treatment of PCB Waste***—A provision for treatment of PCB (Poly Chlorinated Biphenyl) waste is provided based on estimated costs of the treatment for PCB products and equipment as well as their collection and transportation fees.

q. ***Retirement and Pension Plans***—The Company and consolidated subsidiaries have funded or unfunded defined benefit pension plans and a defined contribution pension plans for employees. Certain consolidated subsidiaries have defined benefit corporate pension plans or severance lump-sum payment plans, and calculate retirement benefit expenses by using the simplified method.

Effective April 1, 2000, the Company and its domestic consolidated subsidiaries adopted a new accounting standard for retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over 10 years within the average remaining service period. Past service costs are amortized on a straight-line basis over 10 years within the average remaining service period.

The transitional obligation of ¥5,696 million ($47,466 thousand) is being amortized and charged to income over 15 years using the straight-line amortization method and included in an operating expense in the consolidated statements of income for the years ended March 31, 2015 and 2014.

In May 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

(a) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income, and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period, are treated as reclassification adjustments.

(c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods, the discount rate, and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, all with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014, and for (c) above, effective April 1, 2014.

With respect to (c) above, the Company changed the method of attributing expected benefit to periods from a straight-line basis to a benefit formula basis, the method of determining discount rate from using the period which approximates the expected average remaining service period to using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment, and recorded the effect of (c) above as of April 1, 2014, in retained earnings. As a result, liability for retirement benefits as of April 1, 2014, increased by ¥901 million ($7,513 thousand), and retained earnings as of April 1, 2014, decreased by ¥579 million ($4,831 thousand). The effect on the profit and loss for the year ended March 31, 2015, was not material.

r. ***Asset Retirement Obligations***—In March 2008, the ASBJ issued ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

s. ***Research and Development Costs***—Research and development costs are charged to income as incurred.

t. ***Leases***—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet.

The Company applied the revised accounting standard effective April 1, 2008.

All other leases are accounted for as operating leases.

u. ***Income Taxes***—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

The Company and its wholly owned domestic subsidiaries file a tax return under the consolidated corporate-tax system, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

v. ***Foreign Currency Transactions***—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. Foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by foreign currency forward contracts.

w. ***Foreign Currency Financial Statements***—Balance sheet accounts of consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date.

x. ***Derivatives and Hedging Activities***—The Group uses derivative financial instruments, including foreign currency forward contracts and interest swap contracts, as a means of hedging exposure to foreign currency risks and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows:

(1) All derivatives are recognized as either assets or liabilities and measured at fair value, with gains or losses recognized in the consolidated statement of income.

(2) For derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Foreign currency forward contracts are utilized to hedge foreign exchange risks. Certain assets and liabilities on construction contracts denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

Foreign currency deposits are held to hedge foreign exchange risks derived from forecasted purchases of fixed assets denominated in foreign currency.

Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense.

y. ***Per Share Information***—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Diluted net income per share is not disclosed because there is no potential stock that has a dilutive effect for the fiscal years ended March 31, 2015 and 2014.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

z. ***Accounting Changes and Error Corrections***—In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

3. CONSTRUCTION CONTRACTS

Costs and estimated earnings recognized with respect to construction contracts which are accounted for by the percentage-of-completion method at March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Costs and estimated earnings	¥ 397,990	¥ 379,837	$ 3,316,590
Amounts billed	(373,890)	(363,334)	(3,115,755)
Net	¥ 24,100	¥ 16,503	$ 200,834

4. INVESTMENT SECURITIES

Investment securities at March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Noncurrent—Equity securities	¥ 23,940	¥ 21,131	$ 199,501

The costs and aggregate fair values of investment securities at March 31, 2015 and 2014, were as follows:

March 31, 2015

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as—				
Available-for-sale—equity securities	¥ 11,471	¥ 10,426		¥ 21,898

March 31, 2014

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as—				
Available-for-sale—equity securities	¥ 11,465	¥ 7,128	¥ 2	¥ 18,591

March 31, 2015

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as—				
Available-for-sale—equity securities	$ 95,597	$ 86,888		$ 182,485

Available-for-sale securities whose fair value cannot be reliably determined at March 31, 2014, were as follows. Similar information for 2015 is disclosed in Note 13.

March 31, 2014	Carrying Amount Millions of Yen
Securities classified as—Available-for-sale—equity securities	¥ 2,540

5. INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Investments in and advances to unconsolidated subsidiaries and associated companies at March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Investments	¥ 7,387	¥ 7,183	$ 61,566
Long-term receivables	1,159	971	9,661
Total	¥ 8,547	¥ 8,155	$ 71,227

6. LONG-TERM DEBT

Long-term debt at March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Long-term loans principally from banks, due serially through 2018, with interest rates at 2.0% (2015) and ranging from 1.9% to 2.0% (2014)—Unsecured	¥ 10,020	¥ 10,023	$ 83,502
Obligations under finance leases	95	99	792
Total	10,115	10,122	84,295
Less current portion	(51)	(82)	(431)
Long-term debt, less current portion	¥ 10,063	¥ 10,040	$ 83,863

Annual maturities of long-term debt, excluding finance leases, at March 31, 2015, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2016	¥ 4	$ 40
2017	5	43
2018	10,005	83,376
2019	3	25
2020		
2021 and thereafter	1	16
Total	¥ 10,020	$ 83,502

Commitment-line contracts at March 31, 2015, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Commitment-line contracts	¥ 15,000	$ 125,000
Unused commitments	¥ 15,000	$ 125,000

7. RETIREMENT AND PENSION PLANS

The Company and consolidated subsidiaries have funded or unfunded defined benefit pension plans and a defined contribution pension plans for employees.

Under defined benefit corporate pension plans, all of which are funded, employees are entitled to certain lump-sum payments or pension payments based on cumulated points which are granted in accordance with years of continuous employment, occupational classification and performance evaluation. Under severance lump-sum payment plans, employees are entitled to certain lump-sum payments based on salary and service period.

Certain consolidated subsidiaries have defined benefit corporate pension plans or severance lump-sum payment plans, and calculate retirement benefit expenses by using the simplified method.

(1) The changes in defined benefit obligation for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year (as previously reported)	¥ 21,787	¥ 20,630	$ 181,562
Cumulative effect of accounting change	901		7,513
Balance at beginning of year (as restated)	22,689	20,630	189,076
Current service cost	913	593	7,609
Interest cost	198	326	1,657
Actuarial losses	6	176	58
Benefits paid	(1,709)	(1,691)	(14,247)
The amount of obligation processing with the changes from simplified method to the principle method		1,751	
Others	52		441
Balance at end of year	¥ 22,151	¥ 21,787	$ 184,594

(2) The changes in plan assets for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥ 20,370	¥ 17,705	$ 169,757
Expected return on plan assets	405	707	3,381
Actuarial losses	1,495	853	12,458
Contributions from the employer	1,195	1,477	9,963
Benefits paid	(1,709)	(1,691)	(14,247)
The amount of obligation processing with the changes from simplified method to the principle method		1,318	
Others	57		481
Balance at end of year	¥ 21,815	¥ 20,370	$ 181,795

(3) The changes in the liability recorded in the consolidated balance sheet by using the simplified method for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance at beginning of year	¥ 629	¥ 943	$ 5,249
Benefit costs	235	300	1,959
Benefits paid	(95)	(46)	(799)
Contribution to the plans	(107)	(332)	(895)
Decrease by implementation of defined contribution plans		(173)	
The amount of expense processing with the changes from simplified method to the principle method		(433)	
Change of scope of consolidation		71	
Others	39	299	326
Balance at end of year	¥ 700	¥ 629	$ 5,839

(4) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Funded defined benefit obligation	¥ 23,441	¥ 23,088	$ 195,345
Plan assets	(23,073)	(21,511)	(192,282)
	367	1,577	3,062
Unfunded defined benefit obligation	669	469	5,576
Net liability arising from defined benefit obligation	¥ 1,036	¥ 2,046	$ 8,639

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Liability for retirement benefits	¥ 1,070	¥ 2,080	$ 8,920
Asset for retirement benefits	(33)	(34)	(280)
Net liability arising from defined benefit obligation	¥ 1,036	¥ 2,046	$ 8,639

(5) The components of net periodic benefit costs for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Service cost	¥ 913	¥ 593	$ 7,609
Interest cost	198	326	1,657
Expected return on plan assets	(405)	(707)	(3,381)
Amortization of prior service cost	(176)	(176)	(1,468)
Recognized actuarial losses	134	2	1,116
Amortization of transitional obligation	608	608	5,073
Benefit costs in simplified method	235	300	1,959
Others		299	
Net periodic benefit costs	¥ 1,507	¥ 1,248	$ 12,566

(6) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Prior service cost	¥ (176)		$ (1,468)
Actuarial losses	1,620		13,507
Transitional obligation	608		5,073
Total	¥ 2,053		$ 17,112

(7) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrecognized prior service cost	¥ (146)	¥ (323)	$ (1,224)
Unrecognized actuarial (gains) losses	(1,463)	157	(12,199)
Unamortized transitional obligation		608	
Total	¥ (1,610)	¥ 442	$ (13,423)

(8) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2015 and 2014, consisted of the following:

	2015	2014
Debt investments	24%	26%
Equity investments	40	37
General accounts	24	25
Others	12	12
Total	100%	100%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(9) Assumptions used for the years ended March 31, 2015 and 2014, were set forth as follows:

	2015	2014
Discount rate	Mainly 0.7%	Mainly 1.5%
Expected rate of return on plan assets	Mainly 1.9%	Mainly 3.7%

(10) Payables to defined contribution plans of the Company and consolidated subsidiaries for the years ended March 31, 2015 and 2014, were ¥824 million ($6,871 thousand) and ¥550 million, respectively.

8. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the criteria.

The Companies Act permits companies to distribute dividends in kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

9. SUPPLEMENTAL CASH FLOW INFORMATION

Acquisition cost and net payments for assets and liabilities of Xodus Group (Holdings) Limited ("Xodus Group"), a newly consolidated subsidiary acquired through share purchase, for the year ended March 31, 2014, were as follows:

	Millions of Yen
Current assets	¥ 5,061
Fixed assets	2,540
Goodwill	6,283
Current liabilities	(2,856)
Fixed liabilities	(166)
Foreign currency translation adjustments	(77)
Minority interests	(380)
Acquisition cost of Xodus Group's shares	10,405
Cash and cash equivalents	(1,265)
Exchange gain on the acquisition	(5)
Net payments for the acquisition	¥ 9,134

There was no significant acquisition of newly consolidated subsidiaries for the year ended March 31, 2015.

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 36% and 38% for the years ended March 31, 2015 and 2014, respectively.

The tax effects of significant temporary differences, which resulted in deferred tax assets and liabilities at March 31, 2015 and 2014, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Deferred tax assets:			
Cost of revenue	¥ 5,087	¥ 14,927	$ 42,398
Tax loss carryforwards	4,971		41,428
Allowance for losses on construction contracts	1,276	1,305	10,635
Allowance for employees' bonus	1,258	1,438	10,490
Deferred gain/loss on derivatives under hedge accounting	885		7,381
Future deductible depreciation	811	1,079	6,758
Costs of construction contracts in process	709	657	5,916
Other	4,082	3,871	34,023
Less valuation allowance	(1,161)	(1,084)	(9,683)
Total	17,922	22,195	149,350
Deferred tax liabilities:			
Unrealized loss/gain on available-for-sale securities	3,207	2,460	26,731
Deferred gain/loss on derivatives under hedge accounting		433	
Profit/loss in joint venture		145	
Other	384	457	3,207
Total	3,592	3,496	29,939
Net deferred tax assets	¥ 14,329	¥ 18,699	$ 119,411

Prior to April 1, 2014, "Defined retirement benefit plans" was disclosed separately. From this fiscal year ended March 31, 2015, the amounts are included in "Other" within the deferred tax assets section due to the decrease in materiality.

Net deferred tax assets as of March 31, 2015 and 2014, were recorded in the accompanying consolidated balance sheet as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Current assets—Deferred tax assets	¥ 11,697	¥ 18,868	$ 97,48
Investments and other assets—Other assets	2,631	685	21,92
Long-term liabilities—Other		(854)	

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2015, with the corresponding figures for 2014, is as follows:

	2015	2014
Normal effective statutory tax rate	36%	38%
Expenses not deductible for income tax purposes	1	1
Tax benefits not recognized on operating losses of subsidiaries	(4)	(1)
Difference in tax base between corporate income tax and enterprise tax	4	(5)
Change in valuation allowance	3	2
Effect of reduction of income tax rates on deferred tax assets	6	3
Other—net	3	3
Actual effective tax rate	49%	41%

New tax reform laws enacted in 2015 in Japan changed the normal effective statutory tax rate from approximately 36% to 33% for the fiscal year beginning on or after April 1, 2015, and to 32% for the fiscal year beginning on or after April 1, 2016. The effect of these changes was to decrease deferred tax assets, net of deferred tax liabilities, by ¥977 million ($8,148 thousand) and deferred loss on derivatives under hedge accounting by ¥71 million ($599 thousand) and increase accumulated other comprehensive income for unrealized gain on available-for-sale securities by ¥346 million ($2,886 thousand) and defined retirement benefit plan by ¥58 million ($483 thousand), in the consolidated balance sheet as of March 31, 2015, and to increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥1,310 million ($10,919 thousand).

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥2,456 million ($20,471 thousand) and ¥2,424 million for the years ended March 31, 2015 and 2014, respectively.

12. LEASES

The Group leases certain machinery, computer equipment, and other assets.

Future minimum payments under noncancelable operating leases were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Due within one year	¥ 449	¥ 214	$ 3,746
Due after one year	773	917	6,442
Total	¥ 1,222	¥ 1,132	$ 10,189

Pro forma Information of Leased Property Whose Lease Inception Was before March 31, 2008

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee and whose lease inception was before March 31, 2008, to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Company applied ASBJ Statement No. 13 effective April 1, 2008, and accounted for such leases as operating lease transactions.

13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) ***Group Policy for Financial Instruments***

The Group uses financial instruments for cash surpluses, if any, invested in low-risk financial assets, such as certificates of deposit and deposits at call. For operating capital, the Group uses bank loans. Derivatives are used, not for speculative purposes, but to manage exposure to the market risk of fluctuation in foreign currency exchange rates and interest rates.

(2) ***Nature and Extent of Risks Arising from Financial Instruments***

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using foreign currency forward contracts.

Cash equivalents include certificates of deposit, which have short maturities and are used for cash surpluses. Short-term investments include deposits at call, which will mature three months after the date of acquisition. Both certificates of deposit and deposits at call are exposed to default risk of the issuing financial institution.

Investment securities are equity securities related to the business, which the Group operates. Marketable securities are exposed to the risk of fluctuations in stock prices.

Payment terms of payables, such as trade notes and trade accounts, are generally less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are netted against the balance of receivables denominated in the same foreign currency as noted above.

Bank loans are used for operating capital. Although they are exposed to the market risks from changes in interest rates, the risk is hedged by using interest rate swap contracts.

Derivatives are foreign currency forward contracts and interest rate swap contracts, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables, and from changes in interest rates, respectively. Please see Notes 2.x and 14 for more details about derivatives.

(3) *Risk Management for Financial Instruments*

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers to identify the default risk of customers at an early stage.

Certificates of deposit and deposits at call are exposed to insignificant default risk because transactions are limited to major financial institutions.

With respect to foreign currency forward contracts, the Group limits the counterparties to those derivatives to major financial institutions that can bear losses arising from credit risk.

Market risk management (risk of foreign exchange and interest rates)

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged principally with foreign currency forward contracts.

Interest expense associated with long-term debts is exposed to market risk resulting from changes in interest rates. Such risk is hedged by interest rate swap contracts.

Foreign currency forward contracts are controlled under internal guidelines. The position related to particular construction contracts is identified and is reviewed monthly. Reconciliation of the transaction and balances with customers' confirmation replies is made, and the transactions related to foreign currency forward contracts are executed and accounted for under internal guidelines.

Marketable and investment securities are managed by monitoring the market values and financial position of issuers on a regular basis. The Group assesses the stock price risk quantitatively so as to account for significant declines in market value as impairment losses.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on their maturity dates. The Group manages its liquidity risk by holding adequate volumes of liquid assets along with timely adequate financial planning.

(4) *Fair Values of Financial Instruments*

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead. Also, please see Note 14 for the details of fair value for derivatives.

(*a*) *Fair values of financial instruments*

March 31, 2015

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	¥ 113,246	¥ 113,246	
Short-term investments	69	69	
Notes and accounts receivable	29,740	29,740	
Costs and estimated earnings on long-term construction contracts	24,100	24,100	
Jointly controlled assets of joint venture	182,855	182,855	
Investment securities	21,898	21,898	
Total	¥ 371,909	¥ 371,909	
Short-term bank loans	¥ 991	¥ 991	
Current portion of long-term debt	4	4	
Notes and accounts payable—trade	137,652	137,652	
Income taxes payable	1,366	1,366	
Long-term debt	10,015	10,015	
Total	¥ 150,030	¥ 150,030	

March 31, 2014

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	¥ 145,303	¥ 145,303	
Short-term investments	64	64	
Notes and accounts receivable	56,502	56,502	
Costs and estimated earnings on long-term construction contracts	16,503	16,503	
Jointly controlled assets of joint venture	127,466	127,466	
Investment securities	18,591	18,591	
Total	¥ 364,431	¥ 364,431	
Short-term bank loans	¥ 1,283	¥ 1,283	
Current portion of long-term debt	4	4	
Notes and accounts payable—trade	145,392	145,392	
Income taxes payable	5,513	5,513	
Long-term debt	10,018	10,018	
Total	¥ 162,212	¥ 162,212	

March 31, 2015

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	$ 943,719	$ 943,719	
Short-term investments	575	575	
Notes and accounts receivable	247,838	247,838	
Costs and estimated earnings on long-term construction contracts	200,834	200,834	
Jointly controlled assets of joint venture	1,523,793	1,523,793	
Investment securities	182,485	182,485	
Total	$ 3,099,248	$ 3,099,248	
Short-term bank loans	$ 8,258	$ 8,258	
Current portion of long-term debt	40	40	
Notes and accounts payable—trade	1,147,104	1,147,104	
Income taxes payable	11,384	11,384	
Long-term debt	83,462	83,462	
Total	$ 1,250,250	$ 1,250,250	

Cash and Cash Equivalents, Short-Term Investments, Notes and Accounts Receivable, and Costs and Estimated Earnings on Long-Term Construction Contracts

The carrying values of the accounts mentioned above approximate fair value because of their short maturities.

Jointly Controlled Assets of Joint Venture

The jointly controlled assets of the joint venture are jointly controlled cash recognized based on the Company's share of the venture. The carrying values of jointly controlled assets of the joint venture approximate fair value because of their short maturities.

Investment Securities

The fair values of investment securities are measured at the quoted market price of the stock exchange for the equity instruments. Fair value information for investment securities by classification is included in Note 4.

The above schedules do not include investment securities whose fair value cannot be reliably determined.

Short-Term Bank Loans, Notes and Accounts Payable—Trade and Income Taxes Payable

The carrying values of the accounts mentioned above approximate fair value because of their short maturities.

Current Portion of Long-Term Debt (Bank Loans) and Long-Term Debt (Bank Loans)

The fair value of fixed rate loans is calculated by discounting total principal and interest payments to present value using a discount rate equal to the rate that would be charged if the loan was newly borrowed. The fair value of floating rate loans, which are subject to a specific method for interest rate swaps, is calculated by discounting total principal and interest payments, which are handled together with interest rate swaps, to present value using a discount rate equal to the rate that would be charged if the loan was newly borrowed.

Derivatives

Fair value information for derivatives is included in Note 14.

(*b*) *Carrying amount of financial instruments whose fair values cannot be reliably determined*

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Investment securities that do not have a quoted market price in an active market	¥ 2,038	¥ 2,537	$ 16,990
Investments in equity instruments that do not have a quoted market price in an active market	2	2	24
Investments in unconsolidated subsidiaries and associated companies that do not have a quoted market price in an active market	7,387	7,183	61,566

The impairment losses on investment securities for the year ended March 31, 2015, were ¥258 million ($2,157 thousand).

(5) ***Maturity Analysis for Financial Assets and Securities with Contractual Maturities***

March 31, 2015

	Millions of Yen		
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years
Cash and cash equivalents	¥ 113,206		
Short-term investments	69		
Notes and accounts receivable, and costs and estimated earnings on long-term construction contracts	52,285	¥ 882	¥ 672
Jointly controlled assets of joint venture	182,855		
Total	¥ 348,415	¥ 882	¥ 672

March 31, 2014

	Millions of Yen		
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years
Cash and cash equivalents	¥ 145,266		
Short-term investments	64		
Notes and accounts receivable, and costs and estimated earnings on long-term construction contracts	71,347	¥ 1,658	
Jointly controlled assets of joint venture	127,466		
Total	¥ 344,144	¥ 1,658	

March 31, 2015

	Thousands of U.S. Dollars		
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years
Cash and cash equivalents	$ 943,384		
Short-term investments	575		
Notes and accounts receivable, and costs and estimated earnings on long-term construction contracts	435,708	$ 7,356	$ 5,607
Jointly controlled assets of joint venture	1,523,793		
Total	$ 2,903,462	$ 7,356	$ 5,607

Please see Note 6 for annual maturities of long-term debt.

14. DERIVATIVES

Derivative Transactions to Which Hedge Accounting Is Not Applied

March 31, 2015

	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value (Loss)	Unrealized Gain (Loss)
Foreign currency forward contracts:				
Selling U.S.$/buying yen	¥ 36,414	¥ 509	¥ (124)	¥ (124)
Selling Euro/buying yen	4,738		(6)	(6)
Selling GBP/buying yen	4,704		(9)	(9)
Selling AUD/buying yen	13,571		31	31
Selling MYR/buying yen	2,640		1	1
Buying U.S.$/selling yen	17		2	2
Buying Euro/selling yen	3	2		
Buying Euro/selling U.S.$	210	109	(22)	(22)
Buying AUD/selling Euro	795		5	5
Total	¥ 63,094	¥ 621	¥ (122)	¥ (122)

March 31, 2014

	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value (Loss)	Unrealized Gain (Loss)
Foreign currency forward contracts:				
Selling U.S.$/buying yen	¥ 21,406	¥ 2	¥ (18)	¥ (18)
Selling Euro/buying yen	4,771		(1)	(1)
Selling GBP/buying yen	1,259			
Selling AUD/buying yen	6,939		13	13
Buying U.S.$/selling yen	56	22	8	8
Buying Euro/selling yen	13		5	5
Buying AUD/selling Euro	1,699		(59)	(59)
Buying TWD/selling U.S.$	39			
Total	¥ 36,185	¥ 24	¥ (54)	¥ (54)

March 31, 2015

	Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value (Loss)	Unrealized Gain (Loss)
Foreign currency forward contracts:				
Selling U.S.$/buying yen	$ 303,456	$ 4,246	$ (1,034)	$ (1,034)
Selling Euro/buying yen	39,485		(52)	(52)
Selling GBP/buying yen	39,201		(82)	(82)
Selling AUD/buying yen	113,093		261	261
Selling MYR/buying yen	22,006		14	14
Buying U.S.$/selling yen	141		17	17
Buying Euro/selling yen	25	17	(3)	(3)
Buying Euro/selling U.S.$	1,751	911	(187)	(187)
Buying AUD/selling Euro	6,627		49	49
Total	$ 525,789	$ 5,176	$ (1,018)	$ (1,018)

Derivative Transactions to Which Hedge Accounting Is Applied

March 31, 2015

		Millions of Yen		
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value (Loss)
Foreign currency forward contracts—Accounted for under deferred hedge accounting method:				
Selling U.S.$/buying yen	Foreign currency forecasted transaction	¥ 16,971	¥ 5,396	¥ (2,295)
Buying U.S.$/selling yen		673	207	36
Buying Euro/selling yen		186	102	(19)
Buying Euro/selling U.S.$		7,271	726	(1,453)
Buying KRW/selling U.S.$		3,347	616	65
Total		¥ 28,450	¥ 7,049	¥ (3,666)
Other*[1]:				
Selling U.S.$/buying yen	Receivables	¥ 342		
Buying U.S.$/selling yen	Payables	242	¥ 28	
Buying Euro/selling yen		100		
Total		¥ 685	¥ 28	
Interest rate swaps*[2] (fixed rate payment, floating rate receipt)	Long-term debt	¥ 10,000	¥ 10,000	
Total		¥ 10,000	¥ 10,000	

March 31, 2014

		Millions of Yen		
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value (Loss)
Foreign currency forward contracts—Accounted for under deferred hedge accounting method:				
Selling U.S.$/buying yen	Foreign currency forecasted transaction	¥ 9,921	¥ 5,689	¥ (405)
Buying U.S.$/selling yen		909	193	29
Buying Euro/selling yen		22		7
Buying Euro/selling U.S.$		10,074	5,329	296
Buying TWD/selling U.S.$		84		(1)
Buying KRW/selling U.S.$		4,029	2,766	184
Total		¥ 25,041	¥ 13,978	¥ 111
Other*[1]:				
Selling U.S.$/buying yen	Receivables	¥ 32		
Buying U.S.$/selling yen	Payables	365		
Buying Euro/selling yen		186		
Total		¥ 584		
Interest rate swaps*[2] (fixed rate payment, floating rate receipt)	Long-term debt	¥ 10,000	¥ 10,000	
Total		¥ 10,000	¥ 10,000	

March 31, 2015

	Hedged Item	Thousands of U.S. Dollars Contract Amount	Contract Amount Due after One Year	Fair Value (Loss)
Foreign currency forward contracts—				
Accounted for under deferred hedge accounting method:				
Selling U.S.$/buying yen	Foreign currency forecasted transaction	$ 141,427	$ 44,971	$ (19,129)
Buying U.S.$/selling yen		5,613	1,726	302
Buying Euro/selling yen		1,555	850	(162)
Buying Euro/selling U.S.$		60,596	6,054	(12,108)
Buying KRW/selling U.S.$		27,893	5,138	542
Total		$ 237,086	$ 58,741	$ (30,556)
Other*[1]:				
Selling U.S.$/buying yen	Receivables	$ 2,851		
Buying U.S.$/selling yen	Payables	2,023	$ 235	
Buying Euro/selling yen		835		
Total		$ 5,710	$ 235	
Interest rate swaps*[2] (fixed rate payment, floating rate receipt)	Long-term debt	$ 83,333	$ 83,333	
Total		$ 83,333	$ 83,333	

*[1] Foreign currency forward contracts, which are applied to the foreign currency translation at the contract rate of the assets and liabilities on construction contracts denominated in foreign currencies.

*[2] Interest rate swap contracts accounted for under a specific method are treated as part of the hedged long-term debt, thus their fair values are integrally computed with those of the hedged long-term debt. See Note 13 for the fair value of long-term debt.

15. CONTINGENT LIABILITIES

At March 31, 2015, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Guarantees on employees' housing loans	¥ 69	$ 580
Performance bond for an unconsolidated subsidiary	1,113	9,280

16. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen 2015	Millions of Yen 2014	Thousands of U.S. Dollars 2015
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥ 2,787	¥ (2,619)	$ 23,227
Reclassification adjustments to profit or loss	258		2,157
Amount before income tax effect	3,046	(2,619)	25,384
Income tax effect	(747)	955	(6,233)
Total	¥ 2,298	¥ (1,664)	$ 19,151
Deferred loss on derivatives under hedge accounting:			
(Losses) gains arising during the year	¥ (591)	¥ 2,651	$ (4,926)
Adjustment to acquisition cost of assets	(3,464)	(3,573)	(28,874)
Reclassification adjustments to profit or loss	100	(2,729)	835
Amount before income tax effect	(3,955)	(3,652)	(32,965)
Income tax effect	1,243	1,410	10,364
Total	¥ (2,712)	¥ (2,242)	$ (22,601)
Foreign currency translation adjustments—			
Adjustments arising during the year	¥ 2,815	¥ 3,625	$ 23,461
Total	¥ 2,815	¥ 3,625	$ 23,461
Defined retirement benefit plans:			
Adjustments arising during the year	¥ 1,486		$ 12,391
Reclassification adjustments to profit or loss	566		4,721
Amount before income tax effect	2,053		17,112
Income tax effect	(689)		(5,745)
Total	¥ 1,364		$ 11,367
Share of other comprehensive income of associates accounted for using the equity method—			
Gains arising during the year	¥ 142	¥ 104	$ 1,189
Total	¥ 142	¥ 104	$ 1,189
Total other comprehensive income (loss)	¥ 3,908	¥ (176)	$ 32,568

17. NET INCOME PER SHARE

A reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2015 and 2014, is as follows:

Year Ended March 31, 2015

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted-Average Shares	EPS	
Basic EPS—Net income available to common shareholders	¥ 11,029	259,006	¥ 42.58	$ 0.35

There is no dilutive effect for the year ended March 31, 2015.

Year Ended March 31, 2014

	Millions of Yen	Thousands of Shares	Yen
	Net Income	Weighted-Average Shares	EPS
Basic EPS—Net income available to common shareholders	¥ 13,447	259,030	¥ 51.91

There is no dilutive effect for the year ended March 31, 2014.

18. SUBSEQUENT EVENT

The following appropriation of retained earnings at March 31, 2015, was approved at the Company's shareholders' meeting held on June 25, 2015:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥13.00 ($0.10) per share	¥ 3,367	$ 28,058

19. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) *Description of Reportable Segments*

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated within the Group. The Group globally provides "Engineering" services, including planning, engineering, construction, procurement, commissioning, and maintenance, adapting the most appropriate functions of each related company.

(2) *Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets, Liabilities, and Other Items for Each Reportable Segment*

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

The profit in reporting segments is based on the operating income. Intersegment income and transfers are measured at the quoted market price.

(3) *Information about Sales, Profit, Assets, Liabilities, and Other Items*

Year Ended March 31, 2015

	Millions of Yen				
	Reportable Segment				
	Engineering	Other*1	Total	Reconcili-ations*2	Consoli-dated*3
Sales:					
Sales to external customers	¥ 476,499	¥ 4,479	¥ 480,979		¥ 480,979
Intersegment sales or transfers	136	6,678	6,814	¥ (6,814)	
Total	¥ 476,635	¥ 11,157	¥ 487,793	¥ (6,814)	¥ 480,979
Segment profit	¥ 21,146	¥ 314	¥ 21,460	¥ 6	¥ 21,466
Segment assets	509,992	5,418	515,411	427	515,839
Segment liabilities	297,441	2,248	299,690	7,742	307,433
Other:					
Depreciation	3,545	24	3,569		3,569
Amortization of goodwill	1,439	29	1,469		1,469
Investment in associated companies	5,479		5,479		5,479
Increase in property, plant and equipment and intangible assets	3,943	17	3,960		3,960

Year Ended March 31, 2014

	Millions of Yen				
	Reportable Segment Engineering	Other*1	Total	Reconcili-ations*2	Consoli-dated*3
Sales:					
Sales to external customers	¥ 441,615	¥ 4,532	¥ 446,147		¥ 446,147
Intersegment sales or transfers	14	6,280	6,295	¥ (6,295)	
Total	¥ 441,629	¥ 10,813	¥ 452,443	¥ (6,295)	¥ 446,147
Segment profit	¥ 20,788	¥ 282	¥ 21,070	¥ 8	¥ 21,079
Segment assets	470,188	4,773	474,961	326	475,288
Segment liabilities	267,501	1,781	269,283	7,973	277,257
Other:					
Depreciation	3,175	21	3,196		3,196
Amortization of goodwill	795	29	825		825
Investment in associated companies	5,375		5,375		5,375
Increase in property, plant and equipment and intangible assets	4,126	27	4,154		4,154

Year Ended March 31, 2015

	Thousands of U.S. Dollars				
	Reportable Segment Engineering	Other*1	Total	Reconcili-ations*2	Consoli-dated*3
Sales:					
Sales to external customers	$ 3,970,828	$ 37,332	$ 4,008,160		$ 4,008,160
Intersegment sales or transfers	1,135	55,650	56,786	$ (56,786)	
Total	$ 3,971,964	$ 92,982	$ 4,064,947	$ (56,786)	$ 4,008,160
Segment profit	$ 176,217	$ 2,618	$ 178,835	$ 53	$ 178,889
Segment assets	4,249,937	45,156	4,295,094	3,566	4,298,660
Segment liabilities	2,478,681	18,740	2,497,422	64,522	2,561,944
Other:					
Depreciation	29,545	200	29,745		29,745
Amortization of goodwill	11,998	249	12,248		12,248
Investment in associated companies	45,663		45,663		45,663
Increase in property, plant and equipment and intangible assets	32,858	144	33,003		33,003

Notes for the year ended March 31, 2015:

*1 "Other" represents industry segments, which are not included in the reportable segment, consisting of temporary staffing services and travel services.

*2 The details of the reconciliations are as follows:

(1) The reconciliation in segment profit of ¥6 million ($53 thousand) is the elimination of intersegment trades.

(2) The reconciliation in segment assets of ¥427 million ($3,566 thousand) is the result of the elimination of intersegment trades of ¥(2,275) million ($(18,962) thousand) and the Group's assets of ¥2,703 million ($22,528 thousand), which are not included in the reportable segment.

(3) The reconciliation in segment liabilities of ¥7,742 million ($64,522 thousand) is the result of the elimination of intersegment trades of ¥(2,257) million ($(18,811) thousand) and the Group's liabilities of ¥10,000 million ($83,333 thousand), which are not included in the reportable segment.

*3 The calculation of the segment profit is based on the operating income in the consolidated statement of income.

Notes for the year ended March 31, 2014:

*1 "Other" represents industry segments, which are not included in the reportable segment, consisting of temporary staffing services and travel services.

*2 The details of the reconciliations are as follows:

(1) The reconciliation in segment profit of ¥8 million is the elimination of intersegment trades.

(2) The reconciliation in segment assets of ¥326 million is the result of the elimination of intersegment trades of ¥(2,047) million and the Group's assets of ¥2,374 million, which are not included in the reportable segment.

(3) The reconciliation in segment liabilities of ¥7,973 million is the result of the elimination of intersegment trades of ¥(2,026) million and the Group's liabilities of ¥10,000 million, which are not included in the reportable segment.

*3 The calculation of the segment profit is based on the operating income in the consolidated statement of income.

Related Information

(1) ***Information about Products and Services***

The proportion of engineering business is more than 90% of the total sales of the Group. Accordingly, the presentation of the information about each service is not required under Japanese accounting standards.

(2) *Information about Geographical Areas*

(*a*) *Revenue*

Year Ended March 31, 2015

	Millions of Yen	Thousands of U.S. Dollars
Japan	¥ 113,341	$ 944,508
Australia	151,255	1,260,461
Russia	52,087	434,059
Asia	73,935	616,128
Middle East	50,624	421,869
Others	39,735	331,133
Total	¥ 480,979	$ 4,008,160

Year Ended March 31, 2014

	Millions of Yen
Japan	¥ 128,743
Australia	114,894
Papua New Guinea	68,990
Malaysia	53,380
Others	80,138
Total	¥ 446,147

Note: Revenue is classified by country or region based on the location of construction sites.

(*b*) *Property, plant and equipment*

Year Ended March 31, 2015

	Millions of Yen	Thousands of U.S. Dollars
Japan	¥ 12,183	$ 101,530
Asia	1,974	16,453
Others	668	5,571
Total	¥ 14,826	$ 123,555

Year Ended March 31, 2014

	Millions of Yen
Japan	¥ 12,454
Asia	1,746
Others	757
Total	¥ 14,958

(3) *Information about Major Customers*

Year Ended March 31, 2015

Name	Related Segment	Millions of Yen Revenue	Thousands of U.S. Dollars Revenue
Ichthys Lng Pty Ltd.	Engineering	¥ 143,688	$ 1,197,404
OJSC Yamal LNG	Engineering	51,948	432,900

Year Ended March 31, 2014

Name	Related Segment	Millions of Yen Revenue
Ichthys Lng Pty Ltd.	Engineering	¥ 109,964
Esso Highlands Ltd.	Engineering	68,788
Tokuyama Malaysia Sdn. Bhd	Engineering	49,934

(4) *Information about Goodwill by Segment*

The ending balance of goodwill as of March 31, 2015 and 2014, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Engineering	¥ 11,599	¥ 11,930	$ 96,658
Other*	434	464	3,624
Total	¥ 12,034	¥ 12,395	$ 100,283

* Other involves temporary staffing services.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Chiyoda Corporation:

We have audited the accompanying consolidated balance sheet of Chiyoda Corporation and its consolidated subsidiaries as of March 31, 2015, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Chiyoda Corporation and its consolidated subsidiaries as of March 31, 2015, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 25, 2015

Member of
Deloitte Touche Tohmatsu Limited

CHIYODA CORPORATION

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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.

(As of August 2015)

FTSE4Good

Selected in FTSE Group's responsible investment index

THE GLOBAL COMPACT

Network Japan
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CHIYODA GROUP