CHIYODA CORPORATION

ANNUAL REPORT FY2012

For the year ended March 31, 2013

Profile

Since its establishment in 1948, Chiyoda Corporation has engaged in engineering and construction work and services at innumerable industrial plants both in Japan and overseas in the fields of oil, natural gas and other energy sources; petrochemicals and chemicals; pharmaceuticals; and general industrial machinery.

More than forty years ago in 1972, Chiyoda's founder was already emphasizing in a booklet entitled Legacy for the Twenty-first Century that sustainable social development should progress by harmonizing nature and industrial development.

We were one of the first companies to state our intention to contribute to sustainable social development through our engineering and technology by providing appropriate solutions to the various energy and environmental issues we currently face, and have been putting those words into action ever since. This booklet is available on our website.

With over 60 years of technological experience, Chiyoda is working to build on its position as the "Reliability No. 1" project company with a high level of customer and investor trust, not only in terms of technology but also in terms of our people and management. At the same time, we will continue to improve our financial strength and to raise our corporate value.

Contents

Courtesy of Mizushima LNG Co., Ltd.

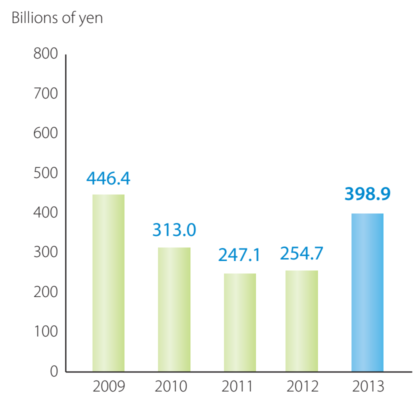
Financial Highlights

Years Ended March 31, 2013, 2012, 2011, 2010 and 2009

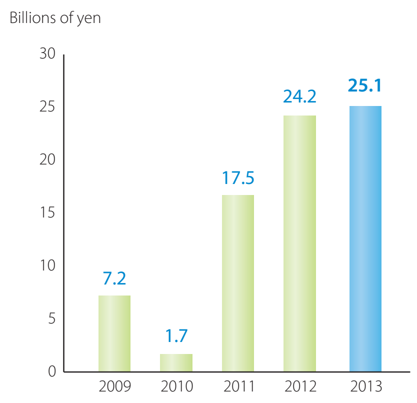
	2013	2012	2011	2010	2009
For the Year (Millions of Yen)					
Revenues	¥398,918	¥254,675	¥247,082	¥312,985	¥446,438
Cost of revenue	356,402	215,783	215,563	298,766	427,461
Operating income	25,113	24,197	17,544	1,702	7,227
Income before income taxes and minority interests	26,747	23,543	11,476	4,714	9,651
Net income	16,077	14,364	7,979	2,953	6,498
At Year-End (Millions of Yen)					
Total assets	¥435,379	¥365,795	¥353,392	¥328,174	¥357,816
Total equity	189,356	168,737	155,758	149,253	145,917
Current ratio (%)	166.3	165.5	173.8	175.2	161.1
Per Common Share (Yen)					
Earnings per share (EPS)	¥62.06	¥55.44	¥30.79	¥11.39	¥25.58
Book value per share (BPS)	727.24	648.95	599.15	573.61	561.12
Dividend per share	19.0	17.0	11.0	3.5	7.5
Ratios (%)					
Return on assets (ROA)	6.4	6.6	4.6	1.4	3.1
Return on equity (ROE)	9.0	8.9	5.3	2.0	5.7

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

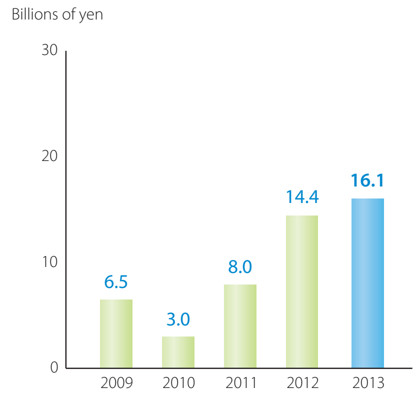
Revenues



Operating Income



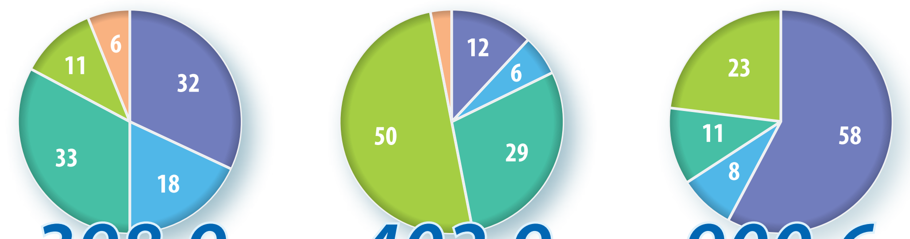
Net Income



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, 2013. 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

(Billions of yen)



	Revenues	New Orders	Backlog of Contracts
Total	398.9 Billion yen	402.9 Billion yen	900.6 Billion yen
LNG	128.4 (32%)	47.2 (12%)	521.2 (58%)
Gas Processing*1	73.0 (18%)	24.9 (6%)	69.9 (8%)
Fine Industries*2	130.4 (33%)	115.9 (29%)	94.7 (11%)
Petroleum and Petrochemicals	42.7 (11%)	200.6 (50%)	203.9 (23%)
Others	24.5 (6%)	14.2 (3%)	10.9 (0%)


*3


*4

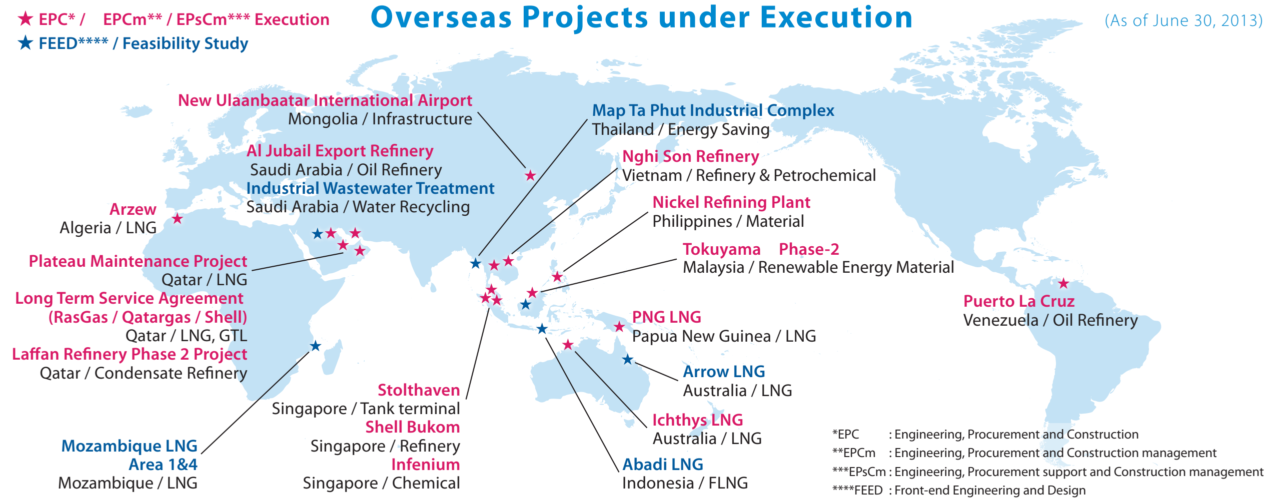

*5


*6


*7

Overseas Projects under Execution

(As of June 30, 2013)



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

*1: Classified as "Gas and power utilities" in "Consolidated Financial Results" *2: Classified as "Industrial machinery" and "General chemicals" in "Consolidated Financial Results"
*3: Courtesy of Qatargas Operating Company Limited *4: Courtesy of Shell *5: Courtesy of Solar Frontier K.K. *6: Courtesy of Kashima Aromatics Co., Ltd. *7: Water Treatment Plant

To Our Shareholders

Takashi Kubota (Left)
Executive Chairman
Chiyoda Corporation

Shogo Shibuya (Right)
President & CEO
Chiyoda Corporation

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

We would like to present the Chiyoda Group's annual report for the fiscal year ended March 31, 2013.

Revenues and earnings rose year-on-year on the back of new contracts for refineries in Southeast Asia and the Middle East, as well as steady progress made in executing backlog projects such as LNG plants in Papua New Guinea and Australia. In the 12 months before the year under review, the final year of our Medium-Term Management Plan entitled "Engineering Excellence, Value Creation 2012", we implemented key strategies aimed at creating a firm basis for future growth.

This is a time of major change both in Japan and overseas, with increased demand for energy due to economic growth in emerging countries, the momentum of development from the shale revolution, the continuing global shift from oil to gas, the growing trend of renewable energies, as well as rapid urbanization. Under the new Medium-Term Management Plan titled "Seize the moment, Open up new frontiers" launched by the new management team in fiscal 2013, we will further implement key strategies of the previous plan. By executing Engineering, Procurement, and Construction (EPC) projects as usual, expanding our business through accelerated investment in fields related to our core business, and strengthening health, safety and environment (HSE) and risk management policies, the entire Chiyoda Group management team and staff will work eagerly to create new value and raise corporate value.

We paid a dividend of ¥19 per share, in line with our earnings for fiscal 2012. We ask all of our shareholders for their continued support in our ongoing efforts.

Management's Discussion and Analysis

Results of Operations

Analysis of Results

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

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

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

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

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

Results by Business Segment

LNG Plants/Gas and Power Utilities

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

LNG is our priority business field and we are focusing on related works for other LNG projects, which are onshore / offshore and also overseas / domestic.

Petroleum, Petrochemicals and Gas Chemicals

In addition to the EPC contract for a refinery and petrochemical complex in Vietnam, the Group won an order for the EPC for refinery project in the Middle East. Our subsidiary in Singapore signed an Enterprise Framework Agreement for downstream projects within Asia and started the related study works. EPC works are progressing favorably, including a heavy oil cracking unit in Saudi Arabia and petrochemical plant in Singapore, and EPsCm (Engineering, Procurement support and Construction management) services for heavy crude oil upgrading facilities in Venezuela and for a petroleum refinery in Singapore are progressing as well.

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

Industrial Machinery/Environment/ Chemicals and Other Fields

As part of the Mid-Term Business Plan to expand our business fields, we are developing our business activities to include receiving orders and executing works for overseas and domestic non-hydrocarbon projects. EPC works for polycrystalline silicon plants in Malaysia, the product used for photovoltaic cells, and EPC work for a nickel refinery in the Philippines were executed smoothly. We have been reinforcing our efforts and developing our sales activities to meet the needs of Japanese companies expanding their operations into Southeast Asia.

We have invested in an Italian company that is the only manufacturer of the solar collector tubes used in the Molten Salt Parabolic Trough-Concentrating Solar Power (MSPT-CSP) system, and are accelerating our efforts in demonstrating the technology and developing the business by building a demonstration plant in Italy. Additionally, we are expecting several EPC contracts in the CSP system.

In an effort to expand our recycled water-related business into the Middle East, related works for a demonstration project on an energy-saving water recycling system in Saudi Arabia were entrusted to a member of our group. In addition, we are strengthening our position in the social infrastructure field and, in collaboration with a capital alliance partner, aim to introduce airport and railway projects into our portfolio.

In Japan, we won a number of EPC works for large-scale photovoltaic power generation systems and are executing and expanding our sales activities by enhancing our group operation in this field. We are also active in the pharmaceutical field, having completed the construction of pharmaceutical bio-formulation plant, and have executed EPC works for several facilities such as anti-cancer drugs, bulk vaccine and newly awarded In Vitro Diagnostics. We are developing hydrogen-related technology and demonstrating the effectiveness of our own catalyst at our demonstration plant. Once proven, the transportation and storage of large volumes of hydrogen can be achieved safely and economically, which will pioneer the way to achieve a hydrogen-based society.

Outlook for the Next Fiscal Year

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

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

The Medium-Term Management Plan

"Seize the moment, Open up new frontiers"

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

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

(1) Changes and trends of the external environment

The analysis of the changes occurring and trend of influences in the external environment showed that:

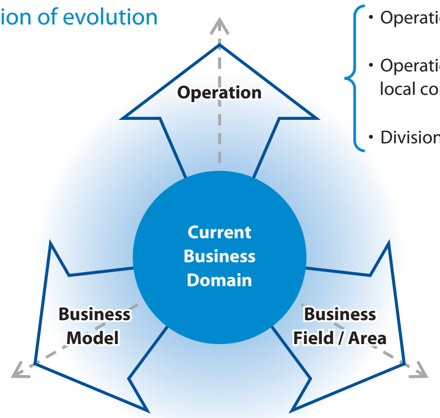
World energy demand is projected to further increase and changes are occurring in the structure of energy demand (shift to gas and renewable energy). The developments in shale oil exploration have brought about a revitalization of the US market. Competition between contractors is escalating, including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

(2) Chiyoda Group 10 years on

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

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

Direction of evolution



- Operation by Japanese nationals in Japan
- Operation to execute medium and small size project on the basis of local production for local consumption
- Division of work on a worldwide basis by strategic regional operation centers

Growth of business through 3 axes of operation, business and business field / area

Further evolution aimed at Chiyoda Group 10 years on

- Pillar of existing business: Gas value chain projects (from LNG to receiving terminals), hydrocarbon downstream and non-hydrocarbon projects
- Offshore・upstream
  &
- Energy infrastructure, social infrastructure
  &
- Expansion of business area (Australia, North America, East Africa)

- EPC (LSTK + CR)
- Promotion of monetization of technology
  &
- Investment based on Project Management know-how and technology

1) Axis: Operation

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

2) Axis: Business Model

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

3) Axis: Business Field/Area

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

(3) Key Strategies under The MT-Plan

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

Growth Strategies

The growth strategies aim to improve the base level of profit by expanding the business to take account of any prevailing external environmental trends (a shift to gas and a following wind of increasing demand for LNG) considered to be favorable for Chiyoda business based on:

- expansion of Chiyoda group core business in the fields of gas and LNG projects,
- expansion of business into offshore and upstream projects,
- increase in the number of domestic and overseas small/medium size projects to be undertaken,
- energy/social infrastructure

The main points of growth strategies are:

1	**Strengthening of core business**	• Pursuit of LNG project business opportunities to the maximum extent possible • Challenges for unconventional projects (FLNG, projects in cold / deep sea area & under harsh environment)
2	**Expansion into new business fields, establishing new business models and new sources of revenue**	• Expansion of business field to offshore / upstream • Expansion of business fields to new energy and renewable energies
3	**Upgrading of services to address clients' need for commercialization**	• Assistance to Japanese companies in their overseas expansion of business • Acceleration in establishing professional service business and provision of front-end services to international oil companies (IOC) at overseas bases adjacent IOC offices
4	**Use of the economic vigor of emerging countries for the growth of the Chiyoda Group**	• Execution of medium and small size local projects • Shift to EPC project execution based on consolidated global operation
5	**Acceleration of investment**	• Acceleration of investment in the fields related to Chiyoda's core business and strongholds

Operating Foundation Strategy

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

6	**Strengthening of competitiveness and execution capability**	• Improve competitiveness against competitors and continue to improve execution capability
7	**Establishment and operation of data management infrastructure**	• Enhance utilization of data management (ERP) for efficient management and control of operation / Establish global platform for operation
8	**Promotion of consolidated operation base and global operation**	• Establish framework of global human resource management for utilization of global resource
9	**Securing / development of human resources, optimization of allocation, and creation of a lively and energetic working environment**	• Establish framework for human resource development / increase and exchange of project key personnel within the group companies • Evolve into a company with a lively and energetic working environment regardless of nationality, sex, age and so on
10	**Strengthening of safety and risk management / establishment of culture prioritizing the health of employees**	• Proactively strengthen the risk management framework to respond to changes in the external environment and the times • Promote culture prioritizing the safety and health of employees

(4) Quantitative Target (Profit Plan)

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

(5) Capital Plan / Investment Strategy

Chiyoda will provide a stable capital plan based on business performance. A high **return of equity (ROE) of over 12%** will be sought and a **dividend ratio of over 30%** will be set.

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

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

(6) Personnel Plan

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

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

Topics

Group Companies Awarded Long Term Contracts

EFA with Shell (Chiyoda Singapore)

Dr. Geok Yong, Vice President of Shell Project & Technology with CSL's President Morita at the signing ceremony

Chiyoda Singapore (Pte) Limited* signed an Enterprise Framework Agreement (EFA) with Shell for Onshore Engineering and Project Management Services-Downstream covering downstream projects within Asia. Under this EFA, Chiyoda Singapore will provide a full range of services for Front End Engineering Design (FEED) and Engineering, Procurement, and Construction Management (EPCm) by utilizing Chiyoda Group's regional capacity located in each country. Chiyoda Group places great importance on the continuation of its valuable relationship with Shell.

Chiyoda Singapore (Pte) Limited was established in 1971 and is a 100% subsidiary company of Chiyoda Corporation

Long Term Engineering Services Contracts in Qatar (Chiyoda Almana)

Chiyoda Almana Engineering LLC ("Chiyoda Almana")*1 was awarded long term engineering services contracts by the three companies; Qatar Chemical Company Limited ("Q-Chem"), Qatar Chemical Company II Limited ("Q-Chem II") and Ras Laffan Olefins Company Limited ("RLOC").

Chiyoda and Chiyoda Almana are aiming to contribute further to Qatari sustainable development through the engineering services of these contracts and through those contracts awarded previously. Chiyoda group intends to expand its "Project Life Cycle Engineering"*2 services to other countries in the Middle East, and elsewhere, while strengthening its regional business development through its global operation network.

*1: Chiyoda Almana was established by Chiyoda in March, 2008, in collaboration with a local company (Al-Mana Group), as a local company providing full engineering services in Qatar.
*2: A business model, involving both Chiyoda and the client, to provide feasibility studies, front-end engineering design (FEED), detailed engineering, procurement and construction (EPC), operation, maintenance, expansion, modification, upgrading and revamping throughout the lifecycle of a project.

Signing Ceremony for Refinery and Petrochemical Complex in Vietnam

On 27 January 2013, the signing ceremony for the Nghi Son Refinery and Petrochemical Complex took place in the Thanh Hoa Province in Vietnam.

Almost 800 people attended the magnificent ceremony including Vietnamese Prime Minister Nguyen Tan Dung, the Japanese Ambassador to Vietnam, Yasuaki Tanizaki, and representatives of Nghi Son Refinery and Petrochemical LLC and investors from Idemitsu Kosan Co., Ltd., Kuwait Petroleum International, Vietnam Oil and Gas Corporation and Mitsui Chemicas,Inc. A number of senior managements of the contractors forming a joint venture also joined the ceremony including our then President Takashi Kubota as well as local entities concerned.

This project is a grassroots oil refinery and petrochemical complex, which will be the second refinery in Vietnam and will have a daily processing capacity of 200,000 barrels of crude oil (atmospheric distillation basis). The completion is scheduled for the second half of 2016.

SPERA* Hydrogen

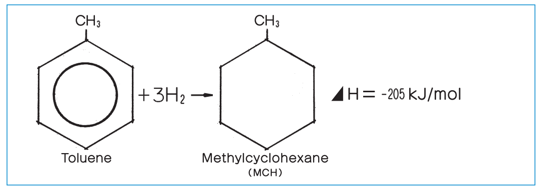
** SPERA derives from the Latin for "hope".*

SPERA Hydrogen is easy to use

Once considered a distant dream, hydrogen, as a source of conventional energy, has become a reality, and Chiyoda Corporation has made it remarkably easy to use. Our innovative technologies enable hydrogen, the lightest of gases and difficult to store or transport under normal conditions, to be liquefied and consequently transported at ambient temperature and pressure. We named this liquid "SPERA Hydrogen." Almost unthinkable before, this "hydrogen of hope" is highly safe and stable, is able to survive transportation over long distances and can be stored over long periods of time. It will overturn the conventional wisdom regarding hydrogen.

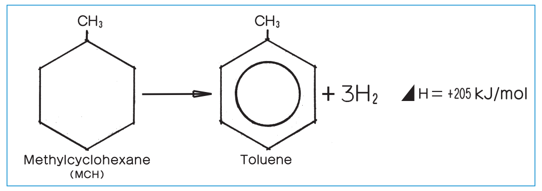
Two technologies have made SPERA Hydrogen possible

1. Hydrogenation



By applying Organic Chemical Hydride (OCH) Technology, the hydrogen is fixed to toluene, a major component of gasoline, and produces a liquid called methylcyclohexane (MCH), which is easy to handle at ambient temperature and pressure. This is SPERA Hydrogen. Our technology facilitates storage of hydrogen in large quantities and transportation over long distances in a safe and stable manner, and at a low cost, because it eliminates the need for hydrogen to be liquefied at cryogenic temperatures or pressurized in cylinders.

2. Dehydrogenation



The extraction of hydrogen from methylcyclohexane (MCH) had, for some time, been considered impossible. However, in 2004 Chiyoda Corporation succeeded in developing the world's first dehydrogenation catalyst through the use of platinum nanoparticles. We named this catalyst "SPERA Catalyst". SPERA Catalyst not only makes it possible to easily extract hydrogen from SPERA Hydrogen (MCH), but it has a long lifespan and can be mass produced.

Demonstration plant verifies "Large-Scale Hydrogen Storage and Transportation System"

Demonstration plant

In March 2013, Chiyoda completed a demonstration plant at its Koyasu Office and Research Park to verify its "Large-Scale Hydrogen Storage and Transportation System" and, thereafter, successfully achieved its expected performance including 1) hydrogenation to fix hydrogen to toluene producing SPERA Hydrogen, 2) storage and transportation of SPERA Hydrogen, and 3) dehydrogenation to extract hydrogen from SPERA Hydrogen by using SPERA Catalyst. This system can utilize existing infrastructures, including oil tanks and tankers for storage and transportation, and proves that it is possible to supply and deliver hydrogen on a commercial basis.

Topics

Challenge to Continue in Our LNG Business

In December 2012, CC JV, a joint venture comprising of Chiyoda and CB&I, was awarded a contract by Anadarko Moçambique Area 1, Limitada, for the Front End Engineering and Design (FEED) for an onshore natural gas liquefaction facility project in the Republic of Mozambique. Additionally, PT Chiyoda International Indonesia was awarded a FEED contract in January 2013 for Abadi Floating LNG (FLNG) Project in collaboration with PT Saipem Indonesia (Leader), PT Tripatra Engineers & Constructors , PT Tripatra Engineering and PT Rekayasa Industri. The Clients are INPEX Masela, Ltd. (Operator: 60%),Shell Upstream Overseas Services (I) Limited (30%) and PT EMP Energi Indonesia (10%).

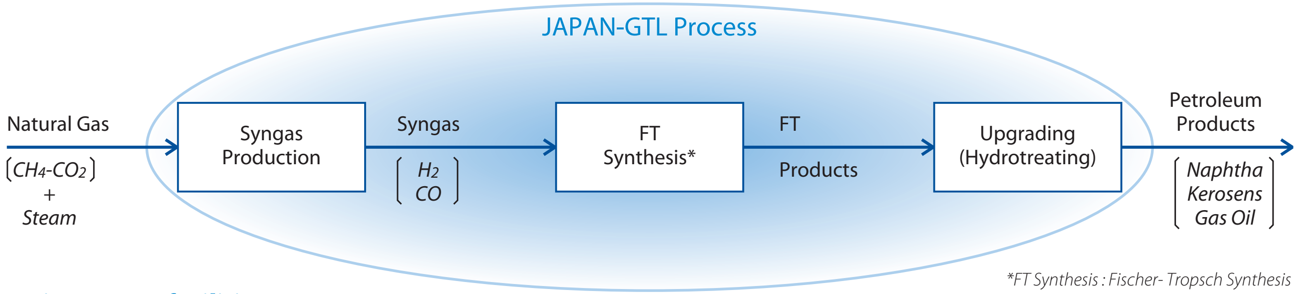
Such achievements reflect the high regard in which we are held based on our peerless technological capabilities accumulated through successful completion of large-scale LNG plants, which has enabled problem-free operation in Qatar in the Middle East, and our first tier project management capabilities now being showcased at LNG plants under construction in Papua New Guinea and Australia. We will continue to seek new frontiers, address the challenges of satisfying customers and meeting the needs of the times, regardless of location or technology.

"JAPAN-GTL Process" won the Japan Institute of Energy Award 2012

Seven companies won the Japan Institute of Energy Award 2012 in Technical Division for the establishment of a JAPAN-GTL (Gas to Liquids) Process. The seven companies include Japan Oil, Gas and Metals National Corporation (JOGMEC), INPEX CORPORATION, COSMO OIL CO., LTD, Japan Petroleum Exploration Co., Ltd, JX Nippon Oil & Energy Corporation, NIPPON STEEL & SUMIKIN ENGINEERING CO., LTD and Chiyoda Corporation.

The winning companies of JAPAN-GTL joint research receive their award

Gas-To-Liquids (GTL) is a technology that uses natural gas as the raw material and produces petroleum products such as naphtha, diesel oil and kerosene through chemical reactions. JAPAN-GTL features the utilization of carbon dioxide as raw material, which is a groundbreaking technology that would for the first time ever allow for natural gas containing carbon dioxide to be used directly for conversion.



*FT Synthesis : Fischer- Tropsch Synthesis

Main process facilities:

| Syngas Producing Section | FT (Fischer-Tropsch) Synthesis Section | Upgrading (hydrotreating) Section

Through series of demonstration tests, the seven companies established the Japan-GTL Process as a technology applicable to commercial plants. The seven companies will further continue studies of the Japan-GTL process for future commercialization.

Chiyoda and CCC Establish Joint Venture Company

In March 2013 Chiyoda Corporation and Consolidated Contractors Company (CCC, Head Office: Athens, Greece) established a joint venture company in Singapore, "Chiyoda-CCC Engineering (PTE.) Limited (CCEL), having its regional headquarters in Abu Dhabi, United Arab Emirates.

The inauguration ceremony was held with about 200 people in attendance, including our then President Kubota and representatives of CCC.

The purpose of this establishment is to operate an engineering company targeting certain hydrocarbon processing industries within the Middle East. Taking advantage of regional presence and resources, CCEL will provide total project lifecycle services in energy, oil, gas, petrochemicals and utilities sectors.

Mr. Madoka Koda, President of CCEL at the inauguration ceremony

Chiyoda Licenses its Own Process Technology on Acetic Acid

Chiyoda Corporation was awarded a Licensing and Engineering contract for the use of its technology, the Acetica® process, to produce acetic acid.

This technology was sub-licensed for a gas-to-chemicals complex in Linhares, Espirito Santo State, southeast Brazil, called Complexo Gás-Químico UFN-IV*.

Chiyoda developed the Acetica® process, a methanol-carbonylation process that use methanol and carbon monoxide as feedstock, which employs a heterogeneous catalyst for the efficient production of acetic acid.

The process has tangible advantages including

1) an easy-to-handle catalyst
2) limited loss of precious rhodium
3) efficient reactor
4) low content of by-products
5) relatively low corrosiveness and less utility consumption effected by the use of a loop-typed bubbling reactor system.

Chiyoda aims to license its own technology and provide associated engineering services which will contribute to the growing needs for materialization or expansion to produce acetic acid.

* This complex is planned to produce ammonia and urea fertilizers, methanol, acetic acid, formic acid and melamine.

Corporate Governance

The Chiyoda Group recognizes that its management needs to focus on corporate social responsibility that inspires the support and trust of shareholders, customers, employees, and other stakeholders. We believe that this is a foundation of our corporate activities. As such, we continue working toward sustainable long-term qualitative growth, improving our management basics, and ensuring management soundness and transparency. We have identified improved corporate governance and a stronger internal controls structure as important issues for our company and we strive to further enhance these areas.

Corporate Governance System

Overview and Rationale for Adoption of Corporate Governance System

The Chiyoda Group operates under an executive officer system and its efficiency in executing its business is based on the establishment of a corporate auditor system. The Board of Directors has adopted this system of performing management supervisory functions with the participation of one external director and three outside audit & supervisory board members, which ensures that there is oversight from an objective and neutral standpoint.

The Board of Directors

The Board of Directors meets once a month. The Board is made up of nine directors, one of whom is an external director, and three audit & supervisory board members, all of whom are outside audit & supervisory board members. The Board of Directors decides on important business matters and oversees the execution of business operations. Appropriate decisions are made and management oversight is conducted under the objective views of the external director and outside audit & supervisory board members. In addition, an Executive Officer Meeting is held once a month, with Board members present, and its business reports are presented at the monthly Board Meeting, thereby fulfilling its reporting function. The Company efficiently executes business operations under an executive officer system.

The Executive Committee

The Company has established an Executive Committee as a decision-making body on matters concerning the execution of business operations. The Executive Committee, composed of representative directors excluding the Chairman, makes prompt decisions concerning the execution of business operations as stipulated by the Board of Directors' resolutions. It also conducts preliminary deliberations regarding matters to be brought before the Board of Directors for resolution.

Auditing by Audit & Supervisory Board Members

The Company has three audit & supervisory board members, all of whom are outside audit & supervisory board members; two of the audit & supervisory members serve on a full-time basis. They are responsible for auditing the state of execution of director duties. Two of the outside audit & supervisory board members are independent auditors and the other is exceptionally well-versed in finance and accounting.

Status of Internal Controls System

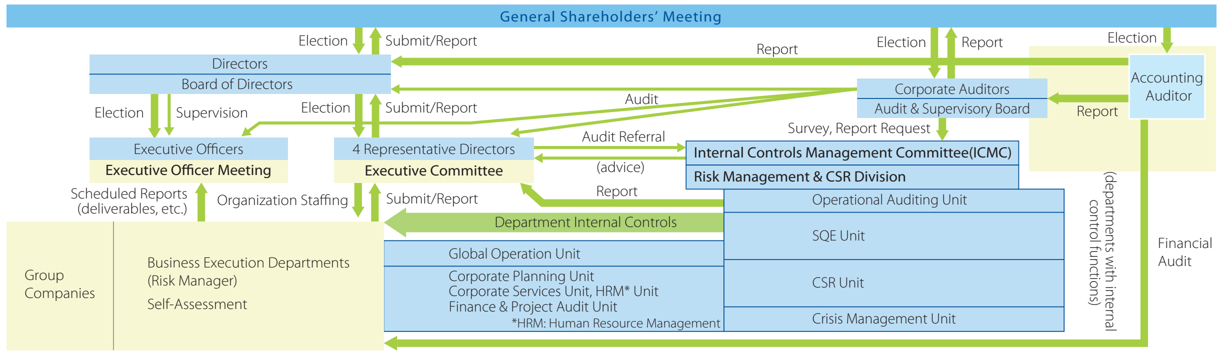
The Company has structured and is operating a system of internal controls, in line with the unique nature and characteristics of our business, which optimizes operational effectiveness and efficiency, financial reporting reliability, legal compliance, and asset preservation.

The Company has established an Internal Controls Management Committee (ICMC) to improve our systems of internal controls. The Director of the Risk Management & CSR Division chairs the committee and the heads of departments related to internal controls serve as committee members.

The ICMC receives referrals from the Executive Committee to exchange information and coordinate with each department to determine whether operations are being appropriately and efficiently carried out under an adequate system of internal controls. At the end of the fiscal period, or as and when deemed necessary, the ICMC will offer advice to the Executive Committee on improvements in internal controls .

The Executive Committee takes the advice received from the ICMC under consideration and submits proposed internal controls improvements, if any, to the Board of Directors for decision.

Corporate Governance and Internal Controls



External Directors and Outside Corporate Auditors

External Directors and Outside Audit & Supervisory Board Members

The Company employs one external director and three outside audit & supervisory board members. The names of external director and outside audit & supervisory board members, and the Company's rationale for selecting them (including the rationale for designation as independent directors of Hiroshi Ida and Yukihiro Imadegawa, both of whom are on file with the Tokyo Stock Exchange as independent directors) are as follows.

Name	Rationale for Election as External Director and Outside Audit & Supervisory Board Member
Masaji Santo	The individual is able to suitably perform his duties as an external director by putting to use his experience as the former President of Mitsubishi Chile Ltda. and as a Senior Vice President of Mitsubishi Corporation.
Hiroshi Ida	The individual is able to contribute to the sound management of the Company through neutral and objective audits based on his experience as a former executive officer with Mitsubishi UFJ Trust and Banking Corporation. **<Rationale for Designation as an Independent Director>** The individual is not involved in any matters that conflict with the interests of general Company shareholders, and is recognized as an outside audit & supervisory board member having no conflict of interest with general Company shareholders.
Munehiko Nakano	The individual is able to contribute to the sound management of the Company through neutral and objective audits based on his experience as a former corporate auditor with Lawson, Inc. and a finance and accounting executive with Mitsubishi Corporation
Yukihiro Imadegawa	The individual is able to contribute to the sound management of the Company through neutral and objective audits based on his expertise in corporate law as an attorney. **<Rationale for Designation as an Independent Director>** The individual is not involved in any matters that conflict with the interests of general Company shareholders, and is recognized as an outside audit & supervisory board member having no conflict of interest with general Company shareholder.

There are no particular relationships of interest between Company and the external director and outside audit & supervisory board members.

Rationale for Adoption of Current System

Based on its establishment of a corporate auditor system, the Chiyoda Group efficiently executes business operations under an executive officer system. The Board of Directors has adopted an existing system of corporate governance that is capable of sufficiently performing management supervisory functions from an objective and neutral standpoint with the participation of one external director and three outside audit & supervisory board members.

Director Compensation, Etc

Total Compensation for Each Director Category; Total Compensation by Director Type, and Number of Directors in Question

	Number	Base Compensation	Incentive Compensation	Stock-Based Compensation
Directors	10	¥192million	¥79million	¥52million
Audit & Supervisory Board Members	5	¥ 61million	-	-

Notes:
1. Total director compensation is ¥325 million. Total audit & supervisory board member compensation is ¥61 million. Total outside audit & supervisory board member (four individuals) compensation is ¥55 million.
2. The number of directors above discloses the number of directors and audit & supervisory board members receiving compensation during the fiscal period, including two directors and two audit & supervisory board members who retired as of the General Shareholders' Meeting held on June 26, 2012.

Corporate Information (As of March 31, 2013)

Corporate Data

Chiyoda Global Headquarters
Minatomirai 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
1,519 (Non-Consolidated)
4,915 (Consolidated)

Annual Fiscal Close
March 31

Shareholders' Meeting
June

Organization Chart
(As of July 1, 2013)

- Board of Directors
- Audit & Supervisory Board
- Executive Committee
- President
  - Executive Office Unit
  - Corporate-service Review Team

Risk Management & CSR Division
- SQE Unit
- CSR Unit
- Operational Auditing Unit
- Crisis Management Unit

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

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

Gas & LNG Project Operations
- International Gas & LNG Project Unit
- Strategic Project Development Unit
- Project Team

Corporate Planning management & Finance Division
- Corporate Planning Unit
  - IR & Public Relations Sec.
- Corporate Services Unit
- HRM* Unit
- Finance & Project Audit Unit
  - Legal Sec.
- Investment Promotion Team

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

Downstream & Non Hydrocarbon Project Operations
- Oil & Petrochemical Project Unit
- Gas & Storage Project Unit
- International Downstream & Non-hydrocarbon Project Unit
- Project Team

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

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

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

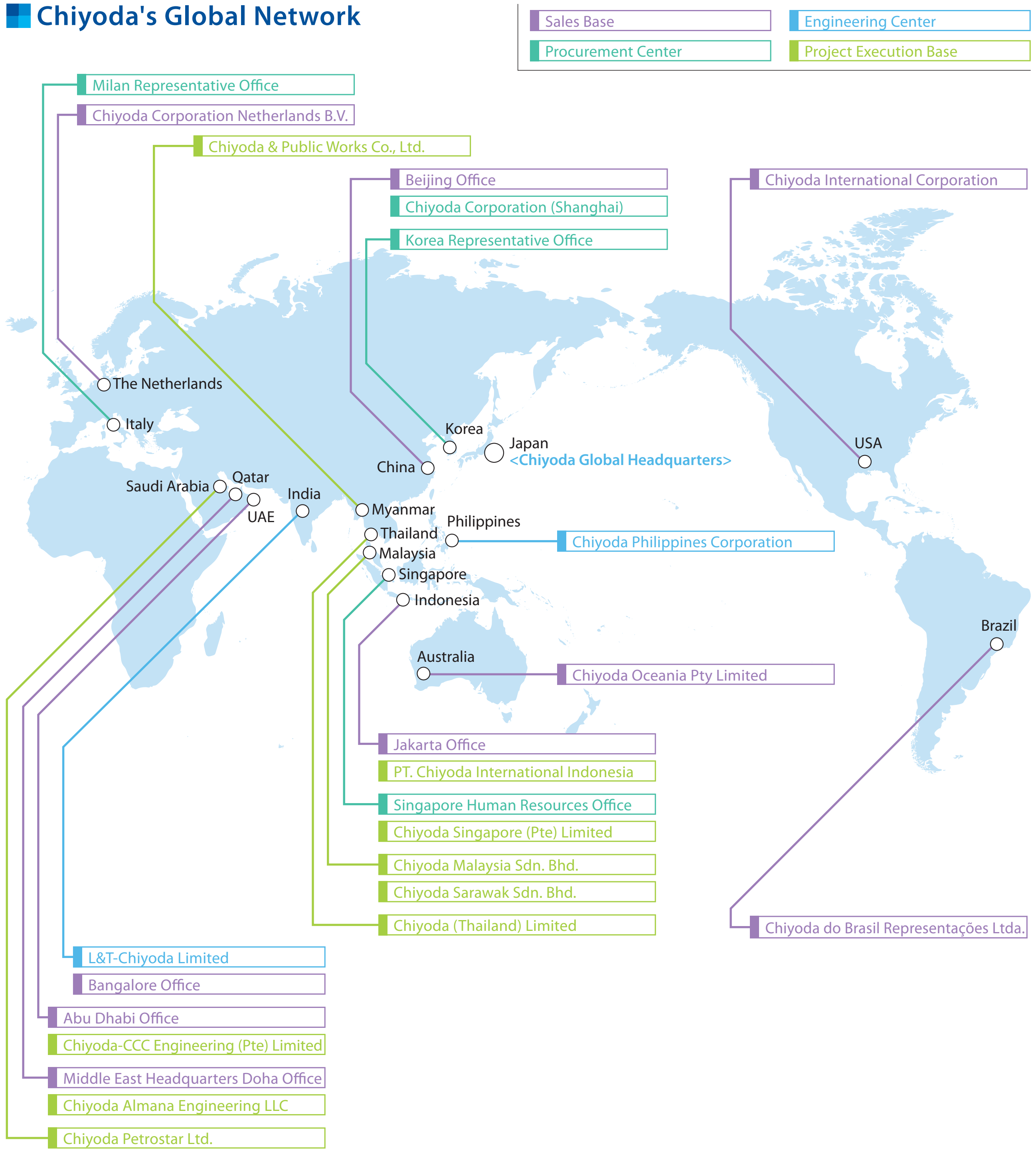
ChAS Project Operations
- Engineering Solution Unit
- Project Lifecycle Engineering Unit
- Program Management Consulting Unit
- Space Solution Unit
- ChAS Business Strategy Unit

HRM: Human Resource Management *BPM: Business Process 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 July 1, 2013)

Board of Directors

Representative Directors

Executive Chairman	Takashi Kubota*1
President & CEO	Shogo Shibuya*1
Senior Executive Vice President	Keiichi Nakagaki*1
Senior Executive Vice President	Hiroshi Ogawa*1
Executive Vice President & CFO	Masahito Kawashima

Directors

Executive Vice President	Katsuo Nagasaka*1
Senior Vice President	Ryosuke Shimizu
Senior Vice President	Masahiko Kojima*1
Director	Masaji Santo*1/*2

Audit & Supervisory Board Members

Hiroshi Ida*3 　Munehiko Nakano*3 　Yukihiro Imadegawa*3

Executive Officers

Executive Vice President	Satoru Yokoi
Senior Vice President	Tadashi Izawa*1
Senior Vice President	Katsutoshi Kimura
Senior Vice President	Kenjiro Miura
Senior Vice President	Mamoru Nakano*1
Senior Vice President	Takao Kamiji
Senior Vice President	Hiromi Koshizuka
Senior Vice President	Sumio Nakashima
Senior Vice President	Koichi Shirakawa
Vice President	Noriyuki Kasuya
Vice President	Eisuke Oki*1
Vice President	Masao Ishikawa*1
Vice President	Toshiyuki Kariya*1
Vice President	Yasumitsu Abe*1
Vice President	Nobuyuki Uchida
Vice President	Yasuo Hosono*1
Vice President	Mitsuya Ogawa
Vice President	Seiichiro Ikeda
Vice President	Akira Fujisawa*1

**1 : New Assignments*
**2 : External*
**3 : Outside Corporate Auditor*

Stock Information

Authorized Shares
570,000,000

Capital Stock Issued
260,324,529

Number of Shareholders
14,503

Number of Share per Unit
1,000

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

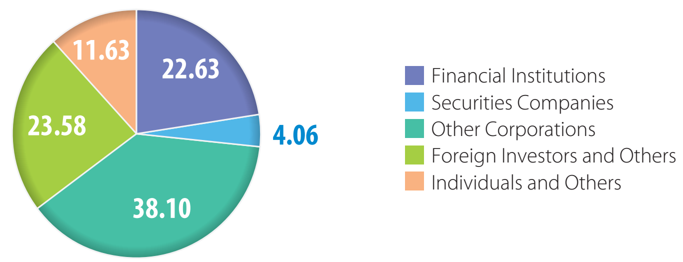
Transfer Agent of Common Stock
Mitsubishi UFJ Trust and Banking Corporation
1-4-5 Marunouchi, Chiyoda-ku, Tokyo

Major Shareholders (as of March 31,2013)

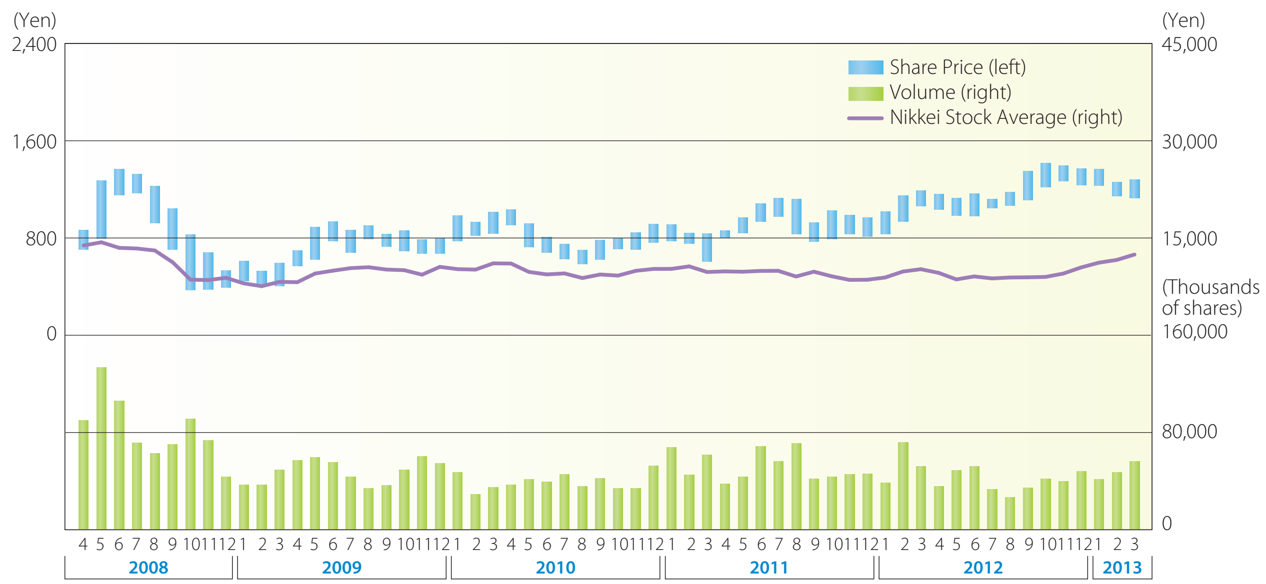
	Number of Shares Owned (Thousands of Shares)	Ratio Shares Owned (%)
Mitsubishi Corporation	86,931	33.39
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,777	4.52
Japan Trustee Services Bank, Ltd. (Trust Account)	9,250	3.55
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	9,033	3.47
The Mitsubishi UFJ Trust and Banking Corporation	7,496	2.87
Bank of New York GCM Client Account JPRD ISG (FE-AC)	3,153	1.21
State Street Bank and Trust Company	2,883	1.10
State Street Bank and Trust Company 505225	2,806	1.07
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,759	1.06
Mellon Bank N.A. as Agent for its Client Mellon Omnibus US Pension	2,319	0.89

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 2013)

FTSE4Good

Selected in FTSE Group's responsible investment index

THE GLOBAL COMPACT

WE SUPPORT

CHIYODA GROUP

CHIYODA CORPORATION

Consolidated Financial Statements

For the Year Ended March 31, 2013, and Independent Auditor's Report

Consolidated Balance Sheet

(March 31, 2013)

ASSETS	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
CURRENT ASSETS:			
Cash and cash equivalents (Note 13)	¥180,229	¥173,769	$1,917,333
Held-to-maturity securities—current (Notes 5 and 13)	2,400		25,531
Short-term investments (Note 13)	226	307	2,407
Notes and accounts receivable—trade (Note 13)	37,917	30,051	403,376
Allowance for doubtful accounts	(3)	(6)	(36)
Costs and estimated earnings on long-term construction contracts (Notes 4 and 13)	27,477	13,788	292,309
Costs of construction contracts in process	15,295	13,419	162,713
Accounts receivable—other	8,476	7,282	90,174
Jointly controlled assets of joint venture (Note 13)	94,696	65,794	1,007,408
Deferred tax assets (Note 10)	13,162	12,987	140,029
Prepaid expenses and other	3,329	3,083	35,421
Total current assets	383,206	320,478	4,076,670
PROPERTY, PLANT, AND EQUIPMENT:			
Land	5,375	12,736	57,191
Buildings and structures	11,711	16,072	124,594
Machinery and equipment	1,124	1,220	11,960
Tools, furniture, and fixtures	5,450	5,201	57,983
Construction in progress	494	109	5,258
Total	24,156	35,340	256,987
Accumulated depreciation	(9,609)	(16,339)	(102,226)
Net property, plant, and equipment	14,547	19,001	154,761
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 5 and 13)	23,740	15,527	252,558
Investments in and advances to unconsolidated subsidiaries and associated companies (Note 6)	5,164	2,668	54,936
Goodwill	675	716	7,182
Software	5,987	3,215	63,700
Other assets (Note 10)	2,138	4,277	22,745
Allowance for doubtful accounts	(80)	(88)	(859)
Total investments and other assets	37,624	26,316	400,263
TOTAL	¥435,379	¥365,795	$4,631,695

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
CURRENT LIABILITIES:			
Current portion of long-term debt (Notes 7, 12 and 13)	¥ 91	¥ 10,006	$ 977
Notes and accounts payable—trade (Note 13)	117,769	86,211	1,252,863
Advance receipts on construction contracts	79,210	76,533	842,660
Income taxes payable (Note 13)	8,500	1,162	90,429
Deposits received	6,822	6,179	72,583
Allowance for warranty costs for completed works	480	289	5,113
Allowance for losses on construction contracts	1,291	568	13,739
Asset retirement obligations	5	165	54
Accrued expenses and other	16,259	12,572	172,976
Total current liabilities	230,431	193,687	2,451,398
NONCURRENT LIABILITIES:			
Long-term debt (Notes 7, 12 and 13)	10,135	204	107,819
Liability for retirement benefits (Note 8)	2,310	2,486	24,584
Provision for treatment of PCB waste	364	123	3,882
Asset retirement obligations	957	59	10,190
Other liabilities (Note 10)	1,822	496	19,392
Total noncurrent liabilities	15,591	3,369	165,869
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 7, 12, 14 and 15)			
EQUITY (Notes 9 and 18):			
Common stock—authorized, 570,000 thousand shares; issued, 260,324 thousand shares in 2013 and 2012	43,396	43,396	461,663
Preferred stock—authorized, 80,000 thousand shares in 2013 and 2012			
Capital surplus	37,112	37,112	394,815
Retained earnings	100,988	89,346	1,074,343
Treasury stock—at cost, 1,279 thousand shares in 2013 and 1,260 thousand shares in 2012	(1,349)	(1,328)	(14,358)
Accumulated other comprehensive income (loss):			
Unrealized gain on available-for-sale securities	6,584	1,509	70,044
Deferred gain on derivatives under hedge accounting	2,890	442	30,746
Foreign currency translation adjustments	(1,235)	(2,358)	(13,140)
Total	188,386	168,120	2,004,116
Minority interests	969	617	10,310
Total equity	189,356	168,737	2,014,427
TOTAL	¥435,379	¥365,795	$4,631,695

Consolidated Statement of Income

(Year Ended March 31, 2013)

	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
REVENUE	¥398,918	¥254,675	$4,243,814
COST OF REVENUE	356,402	215,783	3,791,520
Gross profit	42,515	38,891	452,293
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Note 11)	17,402	14,693	185,133
Operating income	25,113	24,197	267,160
OTHER INCOME (EXPENSES):			
Interest and dividend income	2,321	1,230	24,694
Interest expense	(206)	(207)	(2,193)
Equity in earnings of associated companies	145	72	1,545
Foreign exchange loss	(1,681)	(1,243)	(17,886)
Gain on sales of fixed assets	1,704		18,131
Loss on disposal of fixed assets	(244)		(2,599)
Loss on valuation of investment securities	(230)	(250)	(2,454)
Other—net	(173)	(255)	(1,846)
Other income (expenses)—net	1,634	(654)	17,390
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	26,747	23,543	284,551
INCOME TAXES (Note 10):			
Current	11,669	2,310	124,140
Deferred	(1,313)	6,717	(13,969)
Total income taxes	10,356	9,027	110,170
NET INCOME BEFORE MINORITY INTERESTS	16,391	14,515	174,380
MINORITY INTERESTS IN NET INCOME	314	151	3,345
NET INCOME	¥ 16,077	¥ 14,364	$ 171,035

	Yen 2013	Yen 2012	U.S. Dollars 2013
PER SHARE OF COMMON STOCK (Notes 2.w and 17):			
Basic net income	¥62.06	¥55.44	$0.66
Cash dividends applicable to the year	19.00	17.00	0.20

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

(Year Ended March 31, 2013)

	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
NET INCOME BEFORE MINORITY INTERESTS	¥16,391	¥14,515	$174,380
OTHER COMPREHENSIVE INCOME (LOSS) (Note 16):			
Unrealized gain on available-for-sale securities	5,075	1,738	53,991
Deferred gain on derivatives under hedge accounting	2,448	97	26,042
Foreign currency translation adjustments	1,081	(361)	11,508
Share of other comprehensive income (loss) of associates accounted for using the equity method	85	(105)	913
Total other comprehensive income	8,690	1,368	92,456
COMPREHENSIVE INCOME	¥25,082	¥15,884	$266,836
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥24,723	¥15,761	$263,020
Minority interests	358	123	3,815

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

(Year Ended March 31, 2013)

	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 (Loss) Gain on Available-for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2011	259,102	¥43,396	¥37,112	¥ 77,832	¥(1,295)	¥ (229)	¥ 345	¥(1,919)	¥155,242	¥516	¥155,758
Net income				14,364					14,364		14,364
Cash dividends, ¥11.00 per share				(2,850)					(2,850)		(2,850)
Purchase of treasury stock	(37)				(32)				(32)		(32)
Net change in the year						1,738	97	(438)	1,396	100	1,497
BALANCE, MARCH 31, 2012	259,065	43,396	37,112	89,346	(1,328)	1,509	442	(2,358)	168,120	617	168,737
Net income				16,077					16,077		16,077
Cash dividends, ¥17.00 per share				(4,404)					(4,404)		(4,404)
Change of scope of consolidation				(31)					(31)		(31)
Purchase of treasury stock	(19)				(21)				(21)		(21)
Net change in the year						5,075	2,448	1,123	8,646	351	8,998
BALANCE, MARCH 31, 2013	259,045	¥43,396	¥37,112	¥100,988	¥(1,349)	¥6,584	¥2,890	¥(1,235)	¥188,386	¥969	¥189,356

	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 Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2012	$461,663	$394,815	$ 950,499	$(14,131)	$16,053	$ 4,703	$(25,091)	$1,788,513	$ 6,569	$1,795,083
Net income			171,035					171,035		171,035
Cash dividends, $0.18 per share			(46,852)					(46,852)		(46,852)
Change of scope of consolidation			(338)					(338)		(338)
Purchase of treasury stock				(227)				(227)		(227)
Net change in the year					53,991	26,042	11,951	91,985	3,741	95,726
BALANCE, MARCH 31, 2013	$461,663	$394,815	$1,074,343	$(14,358)	$70,044	$30,746	$(13,140)	$2,004,116	$10,310	$2,014,427

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

(Year Ended March 31, 2013)

	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥26,747	¥23,543	$284,551
Adjustments for:			
Income taxes paid	(130)	(10,820)	(1,389)
Depreciation and amortization	2,580	2,637	27,450
(Reversal of) allowance for doubtful accounts—net	(11)	4	(118)
Allowance for (reversal of) warranty costs for completed works	187	(894)	1,998
Allowance for (reversal of) loss on construction contracts	723	(489)	7,695
Liability for retirement benefits—net	(185)	(320)	(1,968)
Gain on sales and disposals of fixed assets	(1,460)		(15,532)
Foreign exchange (gain) loss—net	(125)	22	(1,334)
Equity in earnings of associated companies	(145)	(72)	(1,545)
Changes in operating assets and liabilities:			
(Increase) decrease in trade notes and accounts receivable, and costs and estimated earnings on long-term construction contracts	(20,453)	11,946	(217,595)
Increase in costs of construction contracts in process	(1,714)	(796)	(18,243)
Increase (decrease) in trade notes and accounts payable	30,130	(11,102)	320,537
Increase in advance receipts on construction contracts	992	14,236	10,561
(Increase) decrease in accounts receivable—other	(3,170)	3,678	(33,730)
(Increase) decrease in jointly controlled assets of joint venture	(28,603)	22,776	(304,290)
Increase in deposits received	619	1,640	6,589
Increase in interest and dividend receivable	(674)	(544)	(7,177)
Other—net	8,840	169	94,051
Total adjustments	(12,599)	32,071	(134,042)
Net cash provided by operating activities—(Forward)	¥14,147	¥55,615	$150,509

	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
Net cash provided by operating activities—(Forward)	¥ 14,147	¥ 55,615	$ 150,509
INVESTING ACTIVITIES:			
Net decrease (increase) in time deposits	127	(234)	1,354
Purchases of marketable securities	(2,400)		(25,531)
Purchases of property, plant, and equipment	(3,620)	(1,618)	(38,518)
Proceeds from sales of property, plant, and equipment	7,020	1,725	74,682
Purchases of intangible assets	(3,502)	(1,380)	(37,260)
Payments for asset retirement obligations	(66)		(705)
Payments for purchases of investment securities	(2,450)	(7,561)	(26,070)
Purchases of investments in subsidiaries		(57)	
Payments of short-term loans receivable		(85)	
Proceeds from collections of short-term loans receivable	81		871
Payments of long-term loans receivable	(514)		(5,473)
Proceeds from collections of long-term loans	35	71	374
Other—net	32		350
Net cash used in investing activities	(5,257)	(9,140)	(55,926)
FINANCING ACTIVITIES:			
Proceeds from long-term debt	10,000		106,382
Repayments of long-term debt	(10,000)		(106,382)
Payments of cash dividends	(4,397)	(2,844)	(46,784)
Payments of cash dividends to minority shareholders	(7)	(7)	(74)
Other—net	(27)	(47)	(293)
Net cash used in financing activities	(4,432)	(2,899)	(47,152)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	2,024	(424)	21,532
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,482	43,151	68,962
DECREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM EXCLUSION OF SUBSIDIARIES FROM CONSOLIDATION	(22)		(237)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	173,769	130,618	1,848,609
CASH AND CASH EQUIVALENTS, END OF YEAR	¥180,229	¥173,769	$1,917,333

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(Year Ended March 31, 2013)

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, 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 and rearrangements have been made in the 2012 consolidated financial statements to conform to the classifications used in 2013.

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 ¥94 to $1, the approximate rate of exchange at March 31, 2013. 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, 2013, include the accounts of the Company and its 18 significant (21 in 2012) subsidiaries (together, the "Group").

Under the control or influence concept, 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 two associated companies are accounted for by the equity method in 2013 and 2012. 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.

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 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 eliminated.

b. *Construction Contracts*—In December 2007, the Accounting Standards Board of Japan (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 below:

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 costs of revenue.

c. *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, certificate of deposits, and commercial paper, all of which mature or become due within three months of the date of acquisition.

d. *Held-to-Maturity Securities and Investment Securities*—Held-to-maturity securities and investment securities are classified and accounted for, depending on management's intent, as follows: (1) held-to-maturity debt securities, for which there is the positive intent and ability to hold to maturity are reported at cost; and (2) available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

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.

e. *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.

f. *Jointly Controlled Assets of Joint Venture*—Jointly controlled assets of a joint venture are the equity amount equivalent of the Company and consolidated subsidiaries related to the cash deposits of the joint venture.

g. *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.

h. *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 leases is depreciated by the straight-line method over the respective lease periods.

i. *Long-Lived Assets*—The Group reviews its long-lived assets for impairment whenever events or changes in circumstances 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.

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

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

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

m. *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 on the balance sheet.

n. *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.

o. *Retirement and Pension Plans*—Employees of the Company are, under most circumstances, entitled to payments from the defined contribution pension plan and the defined benefit corporate pension plan. Employees of certain of the Company's consolidated subsidiaries are, under most circumstances, entitled to certain lump-sum severance payments and pension payments.

Effective April 1, 2000, the Company and its domestic consolidated subsidiaries adopted a new accounting standard for employees' 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 transitional obligation of ¥5,696 million ($60,599 thousand) is being amortized and charged to income over 15 years using the straight-line amortization method and presented as an operating expense in the consolidated statements of income for the years ended March 31, 2013 and 2012.

Certain of the Company's consolidated subsidiaries terminated their unfunded retirement benefit allowance for all directors and officers under the resolution of the shareholders' meeting and the board meeting during the year ended March 31, 2012. The outstanding balance was reclassified to noncurrent liabilities—other liabilities in the years ended March 31, 2013 and 2012.

p. *Asset Retirement Obligations*—In March 2008, the ASBJ published 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.

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

r. *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 note 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. In addition, the Company continues to account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

s. ***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 tax laws to the temporary differences.

The Company files 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.

t. ***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.

u. ***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.

v. ***Derivatives and Hedging Activities***—The Company 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 Company 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.

w. ***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.

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

Diluted net income per share is not disclosed because there is no potential stock, which has a dilutive effect for the fiscal years ended March 31, 2013 and 2012.

x. ***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.

y. ***New Accounting Pronouncements***

Accounting Standard for Retirement Benefits—On May 17, 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 followed by partial amendments from time to time through 2009.

Major changes are as follows:

(*a*) *Treatment in the balance sheet*

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset.

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

(*b*) *Treatment in the statement of income and the statement of comprehensive income*

The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives 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 shall be 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 shall be treated as reclassification adjustments.

This accounting standard and the guidance are effective for the end of annual periods beginning on or after April 1, 2013, 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 expects to apply the revised accounting standard from the end of the annual period beginning on April 1, 2013, and is in the process of measuring the effects of applying the revised accounting standard for the year ending March 31, 2014.

3. ACCOUNTING CHANGES

Changes in Accounting Policies That Are Difficult to Distinguish from Changes in Accounting Estimates—In conjunction with the revision of the Corporation Tax Act, the Company and its domestic consolidated subsidiaries have changed the depreciation method for property, plant, and equipment acquired on or after April 1, 2012, to the depreciation method based on the revised Corporation Tax Act. The impact of this change on income (loss) is minimal.

4. 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, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Costs and estimated earnings	¥329,290	¥282,492	$3,503,090
Amounts billed	(301,813)	(268,703)	(3,210,781)
Net	¥ 27,477	¥ 13,788	$ 292,309

5. HELD-TO-MATURITY SECURITIES AND INVESTMENT SECURITIES

Held-to-maturity securities and investment securities at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Current—Held-to-maturity securities	¥ 2,400		$ 25,531
Noncurrent—Equity securities	23,740	¥15,527	252,558

The costs and aggregate fair values of marketable and investment securities at March 31, 2013 and 2012, were as follows:

March 31, 2013

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale—equity securities	¥11,455	¥9,991	¥112	¥21,334
Held-to-maturity	2,400			2,400

March 31, 2012

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as—				
Available-for-sale—equity securities	¥11,682	¥2,570	¥367	¥13,885

March 31, 2013

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale—equity securities	$121,866	$106,290	$1,196	$226,960
Held-to-maturity	25,531			25,531

Available-for-sale securities whose fair value was not readily determinable at March 31, 2012, were as follows. Similar information for 2013 is disclosed in Note 13.

March 31, 2012	Carrying Amount Millions of Yen
Available-for-sale—Equity securities	¥1,642

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

Investments in and advances to unconsolidated subsidiaries and associated companies at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Investments	¥4,686	¥2,662	$49,858
Long-term receivables	477	5	5,078
Total	¥5,164	¥2,668	$54,936

7. LONG-TERM DEBT

Long-term debt at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Long-term loans principally from banks, due serially through 2018, with interest rates ranging from 1.9% to 2.0% at 2013 and 2012—Unsecured	¥10,221	¥10,198	$108,736
Obligations under finance lease	5	12	61
Total	10,226	10,210	108,797
Less current portion	(91)	(10,006)	(977)
Long-term debt, less current portion	¥10,135	¥ 204	$107,819

Annual maturities of long-term debt, excluding finance leases (see Note 12), at March 31, 2013, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2014	¥ 88	$ 941
2015	132	1,411
2018	10,000	106,382
Total	¥10,221	$108,736

Commitment-line contracts at March 31, 2013, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Commitment-line contracts	¥15,000	$159,574
Unused commitments	¥15,000	$159,574

8. RETIREMENT AND PENSION PLANS

Employees of the Company are, under most circumstances, entitled to payments from the defined contribution pension plan and the defined benefit corporate pension plan upon retirement or termination.

Employees of certain of the Company's consolidated subsidiaries are, under most circumstances, entitled to certain lump-sum severance payments and pension payments upon retirement or termination.

The liability for employees' retirement benefits at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Projected benefit obligation	¥23,727	¥24,492	$252,418
Fair value of plan assets	(19,858)	(18,429)	(211,259)
Unrecognized transitional obligation	(1,217)	(1,826)	(12,954)
Unrecognized actuarial loss	(839)	(2,432)	(8,933)
Unrecognized prior service cost	499	675	5,312
Net amount booked in the consolidated balance sheet	2,310	2,479	24,584
Prepaid pension expenses		(6)	
Net liability for employees' retirement benefits	¥ 2,310	¥ 2,486	$ 24,584

The components of net periodic benefit costs for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Service cost	¥ 721	¥ 829	$ 7,672
Interest cost	326	341	3,476
Expected return on plan assets	(275)	(264)	(2,930)
Amortization of transitional obligation	608	608	6,477
Recognized actuarial loss	591	748	6,287
Amortization of prior service cost	(176)	(176)	(1,875)
Subtotal	1,796	2,086	19,108
Payment to defined contribution pension trust	372	294	3,958
Net periodic benefit costs	¥2,168	¥2,381	$23,066

Assumptions used for the years ended March 31, 2013 and 2012, are set forth as follows:

	2013	2012
Discount rate	1.5%	1.5%
Expected rate of return on plan assets	1.6%	1.6%
Recognition period of actuarial gain/loss	10 years	10 years
Amortization period of transitional obligation	15 years	15 years
Amortization period of prior service cost	10 years	10 years

9. 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 above criteria. The Company is organized as a company with board committees.

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 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.

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 38% for the year ended March 31, 2013, and 41% for the year ended March 31, 2012.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Deferred tax assets:			
Cost of revenue	¥11,438	¥10,712	$121,690
Allowance for employees' bonus	1,641	1,475	17,460
Retirement benefits	792	859	8,428
Future deductible depreciation	636	1,876	6,766
Enterprise tax	511	160	5,436
Loss on valuation of investment securities	424	342	4,520
Other	3,955	2,695	42,075
Less valuation allowance	(1,082)	(594)	(11,513)
Total	18,317	17,527	194,866
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	3,414	695	36,329
Deferred gain on derivatives under hedge accounting	1,852	304	19,703
Profit/loss in joint venture	402	797	4,282
Other	380	562	4,045
Total	6,050	2,359	64,365
Net deferred tax assets	¥12,267	¥15,168	$130,500

Prior to April 1, 2012, "Deferred gain on derivatives under hedge accounting" was included in "Other" among the deferred tax liabilities section. Since this fiscal year ended March 31, 2013, the amount is disclosed separately due to the increase in materiality.

Net deferred tax assets as of March 31, 2013 and 2012, were recorded in the accompanying consolidated balance sheet as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Current assets—Deferred tax assets	¥13,162	¥12,987	$140,029
Investments and other assets—Other assets	570	2,204	6,065
Noncurrent liabilities—Other liabilities	(1,465)	(23)	(15,594)

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2012, is as follows:

	2012
Normal effective statutory tax rate	41%
Expenses not deductible for income tax purposes	1
Nontaxable dividend income	(1)
Profit/loss in joint venture	(6)
Tax credit	(1)
Lower income tax rates applicable to subsidiaries	(2)
Tax rate changes due to tax reform	5
Actual effective tax rate	38%

For the year ended March 31, 2013, a reconciliation is not disclosed because the difference is less than 5% of the normal effective statutory tax rate.

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 41% to 38% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 36% thereafter.

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥2,323 million ($23,007 thousand) and ¥1,848 million for the years ended March 31, 2013 and 2012, respectively.

12. LEASES

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

Obligations under finance leases and future minimum payments under noncancelable operating leases were as follows:

Year Ended March 31, 2013

	Millions of Yen			Thousands of U.S. Dollars		
	Finance Leases			Finance Leases		
	On Balance	Off Balance	Operating Leases	On Balance	Off Balance	Operating Leases
Due within one year	¥3	¥ 9	¥188	$36	$ 99	$2,001
Due after one year	2	13	494	24	147	5,256
Total	¥5	¥23	¥682	$61	$246	$7,257

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.

Pro forma information of leased property whose lease inception was before March 31, 2008, on an "as if capitalized" basis was as follows:

Year Ended March 31, 2013

	Millions of Yen			
	Buildings and Structures	Tools, Furniture, and Fixtures	Other	Total
Acquisition cost	¥16	¥51	¥26	¥93
Accumulated depreciation	9	42	18	70
Net leased property	¥ 6	¥ 8	¥ 8	¥23

Year Ended March 31, 2012

	Millions of Yen			
	Buildings and Structures	Tools, Furniture, and Fixtures	Other	Total
Acquisition cost	¥67	¥79	¥26	¥173
Accumulated depreciation	32	61	15	109
Net leased property	¥34	¥17	¥10	¥ 63

Year Ended March 31, 2013

	Thousands of U.S. Dollars			
	Buildings and Structures	Tools, Furniture, and Fixtures	Other	Total
Acquisition cost	$172	$543	$276	$992
Accumulated depreciation	100	454	191	746
Net leased property	$ 71	$ 89	$ 85	$246

Obligations under finance leases for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within one year	¥ 9	¥47	$ 99
Due after one year	13	16	147
Total	¥23	¥63	$246

Depreciation expense as lessee, which is not reflected in the accompanying consolidated statement of income, computed by the straight-line method was ¥13 million ($142 thousand) and ¥53 million for the years ended March 31, 2013 and 2012, respectively. Lease payments were approximately equal to the depreciation expense.

The amounts of obligations, acquisition cost, and depreciation under finance leases include the imputed interest income portion and interest expense portion.

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 mature shortly 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.v and 14 for more detail 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 counterparty 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 detail of fair value for derivatives.

(a) *Fair values of financial instruments*

March 31, 2013

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	¥180,229	¥180,229	
Held-to-maturity securities—current	2,400	2,400	
Short-term investments	226	226	
Notes and accounts receivable	37,917	37,917	
Costs and estimated earnings on long-term construction contracts	27,477	27,477	
Jointly controlled assets of joint venture	94,696	94,696	
Investment securities	21,334	21,334	
Total	¥364,280	¥364,280	
Current portion of long-term debt	¥ 88	¥ 88	
Notes and accounts payable—trade	117,769	117,769	
Income taxes payable	8,500	8,500	
Long-term debt	10,132	10,132	
Total	¥136,490	¥136,490	

March 31, 2012

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	¥173,769	¥173,769	
Short-term investments	307	307	
Notes and accounts receivable	30,051	30,051	
Costs and estimated earnings on long-term construction contracts	13,788	13,788	
Jointly controlled assets of joint venture	65,794	65,794	
Investment securities	13,885	13,885	
Total	¥297,597	¥297,597	
Current portion of long-term debt	¥ 10,000	¥ 10,000	
Notes and accounts payable—trade	86,211	86,211	
Income taxes payable	1,162	1,162	
Long-term debt	198	198	
Total	¥ 97,572	¥ 97,572	

March 31, 2013

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	$1,917,333	$1,917,333	
Held-to-maturity securities—current	25,531	25,531	
Short-term investments	2,407	2,407	
Notes and accounts receivable	403,376	403,376	
Costs and estimated earnings on long-term construction contracts	292,309	292,309	
Jointly controlled assets of joint venture	1,007,408	1,007,408	
Investment securities	226,960	226,960	
Total	$3,875,327	$3,875,327	
Current portion of long-term debt	$ 941	$ 941	
Notes and accounts payable—trade	1,252,863	1,252,863	
Income taxes payable	90,429	90,429	
Long-term debt	107,794	107,794	
Total	$1,452,028	$1,452,028	

Cash and Cash Equivalents, Held-to-Maturity Securities—Current, Short-Term Investments, Notes and Accounts Receivable, and Costs and Estimated Earnings on Long-Term Construction Contracts

The carrying values of 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. The information of the fair value for investment securities by classification is included in Note 5.

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

Notes and Accounts Payable—Trade and Income Taxes Payable

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

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

The information of the fair value 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
	2013	2012	2013
Investment securities that do not have a quoted market price in an active market	¥2,403	¥1,639	$25,565
Investments in equity instruments that do not have a quoted market price in an active market	2	2	31
Investments in unconsolidated subsidiaries and associated companies that do not have a quoted market price in an active market	4,686	2,662	49,858

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

March 31, 2013

	Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥180,194			
Held-to-maturity securities—current	2,400			
Short-term investments	226			
Notes and accounts receivable, and costs and estimated earnings on long-term construction contracts	64,861	¥532		
Jointly controlled assets of joint venture	94,696			
Total	¥342,378	¥532		

March 31, 2012

	Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥173,684			
Short-term investments	307			
Notes and accounts receivable, and costs and estimated earnings on long-term construction contracts	43,731	¥109		
Jointly controlled assets of joint venture	65,794			
Total	¥283,517	¥109		

March 31, 2013

	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	Due after 10 Years
Cash and cash equivalents	$1,916,958			
Held-to-maturity securities—current	25,531			
Short-term investments	2,407			
Notes and accounts receivable, and costs and estimated earnings on long-term construction contracts	690,018	$5,667		
Jointly controlled assets of joint venture	1,007,408			
Total	$3,642,324	$5,667		

Please see Note 7 for annual maturities of long-term debt and Note 12 for obligations under finance leases.

14. DERIVATIVES

Derivative Transactions to Which Hedge Accounting Is Not Applied

March 31, 2013

	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value (Loss)	Unrealized Gain (Loss)
Foreign currency forward contracts:				
Selling U.S.$/buying yen	¥14,267		¥(15)	¥(15)
Selling Euro/buying yen	11,243			
Selling GBP/buying yen	284			
Selling AUD/buying yen	1,933		(4)	(4)
Buying U.S.$/selling yen	276	¥36	52	52
Buying Euro/selling yen	79	51	12	12
Total	¥28,085	¥87	¥ 45	¥ 45

March 31, 2012

	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value (Loss)	Unrealized Gain (Loss)
Foreign currency forward contracts:				
Selling U.S.$/buying yen	¥18,468		¥(34)	¥(34)
Selling Euro/buying yen	4,492		7	7
Selling GBP/buying yen	182			
Selling AUD/buying yen	81		(6)	(6)
Buying U.S.$/selling yen	119		3	3
Buying Euro/selling yen	42			
Buying SGD/selling yen	3			
Buying Euro/selling U.S.$	391		(5)	(5)
Total	¥23,781		¥(34)	¥(34)

March 31, 2013

	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	$151,781		$(162)	$(162)
Selling Euro/buying yen	119,609		(2)	(2)
Selling GBP/buying yen	3,026		(1)	(1)
Selling AUD/buying yen	20,571		(46)	(46)
Buying U.S.$/selling yen	2,945	$387	561	561
Buying Euro/selling yen	844	548	135	135
Total	$298,778	$935	$ 483	$ 483

Derivative Transactions to Which Hedge Accounting Is Applied

March 31, 2013

		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.$/buying yen	Foreign currency forecasted transaction	¥ 1,863	¥ 513	¥(220)
Buying U.S.$/selling yen		4,489	1,056	851
Buying Euro/selling yen		584	461	116
Buying SGD/selling yen		221		3
Total		¥ 7,158	¥ 2,031	¥ 752
Other*[1]:				
Selling U.S.$/buying yen	Receivables	¥ 693		
Buying U.S.$/selling yen	Payables	948	¥ 101	
Buying Euro/selling yen		372		
Buying SGD/selling yen		18		
Total		¥ 2,032	¥ 101	
Interest rate swaps*[2] (fixed rate payment, floating rate receipt)	Long-term debt	¥10,000	¥10,000	
Total		¥10,000	¥10,000	

March 31, 2012

	Hedged Item	Millions of Yen 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.$/buying yen	Foreign currency forecasted transaction	¥ 1,785	¥ 581	¥ (39)
Selling GBP/buying yen		25		(1)
Buying U.S.$/selling yen		6,492	2,995	242
Buying Euro/selling yen		1,041	100	14
Buying SGD/selling yen		46		2
Total		¥ 9,391	¥ 3,677	¥218
Other*[1]:				
Selling U.S.$/buying yen	Receivables	¥ 43		
Buying U.S.$/selling yen	Payables	267	¥ 60	
Buying Euro/selling yen		6		
Total		¥ 317	¥ 60	
Interest rate swaps*[2] (fixed rate payment, floating rate receipt)	Current portion of long-term debt	¥10,000	¥10,000	
Total		¥10,000	¥10,000	

March 31, 2013

	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	$ 19,823	$ 5,466	$(2,343)
Buying U.S.$/selling yen		47,759	11,234	9,058
Buying Euro/selling yen		6,217	4,907	1,244
Buying SGD/selling yen		2,357		42
Total		$ 76,158	$ 21,608	$ 8,001
Other*[1]:				
Selling U.S.$/buying yen	Receivables	$ 7,375		
Buying U.S.$/selling yen	Payables	10,092	$ 1,077	
Buying Euro/selling yen		3,959		
Buying SGD/selling yen		195		
Total		$ 21,622	$ 1,077	
Interest rate swaps*[2] (fixed rate payment, floating rate receipt)	Long-term debt	$106,382	$106,382	
Total		$106,382	$106,382	

*[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 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, 2013, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Guarantees on employees' housing loans	¥ 130	$ 1,387
Performance bond for an unconsolidated subsidiary	1,743	18,544

16. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥7,564	¥2,156	$80,478
Reclassification adjustments to profit or loss	231	250	2,460
Amount before income tax effect	7,796	2,406	82,938
Income tax effect	(2,721)	(668)	(28,947)
Total	¥5,075	¥1,738	$53,991
Deferred gain on derivatives under hedge accounting:			
Gains (losses) arising during the year	¥6,362	¥ (424)	$67,690
Adjustment to acquisition cost of assets	(2,299)	549	(24,464)
Reclassification adjustments to profit or loss	(117)	6	(1,248)
Amount before income tax effect	3,945	131	41,977
Income tax effect	(1,497)	(34)	(15,934)
Total	¥2,448	¥ 97	$26,042
Foreign currency translation adjustments—			
Adjustments arising during the year	¥1,081	¥ (361)	$11,508
Total	¥1,081	¥ (361)	$11,508
Share of other comprehensive income (loss) in associates—Gains (losses) arising during the year	¥ 85	¥ (105)	$ 913
Total	¥ 85	¥ (105)	$ 913
Total other comprehensive income	¥8,690	¥1,368	$92,456

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, 2013 and 2012, is as follows:

Year Ended March 31, 2013

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted-Average Shares	EPS	
Basic EPS—Net income available to common shareholders	¥16,077	259,053	¥62.06	$0.66

There is no dilutive effect for the year ended March 31, 2013.

Year Ended March 31, 2012

	Millions of Yen	Thousands of Shares	Yen
	Net Income	Weighted-Average Shares	EPS
Basic EPS—Net income available to common shareholders	¥14,364	259,086	¥55.44

There is no dilutive effect for the year ended March 31, 2012.

18. SUBSEQUENT EVENT

The following appropriation of retained earnings at March 31, 2013, was approved at the Company's shareholders' meeting on June 25, 2013:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥19.00 ($0.20) per share	¥4,921	$52,360

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 transfer are measured at the quoted market price.

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

Year Ended March 31, 2013

	Millions of Yen				
	Reportable Segment Engineering	Other*[1]	Total	Reconcili-ations*[2]	Consoli-dated*[3]
Sales:					
Sales to external customers	¥392,037	¥ 6,881	¥398,918		¥398,918
Intersegment sales or transfers	9	8,504	8,513	¥(8,513)	
Total	¥392,046	¥15,385	¥407,432	¥(8,513)	¥398,918
Segment profit	¥ 24,499	¥ 848	¥ 25,348	¥ (235)	¥ 25,113
Segment assets	429,400	4,874	434,274	1,104	435,379
Segment liabilities	236,130	1,943	238,073	7,949	246,023
Other:					
Depreciation	2,593	22	2,616	(36)	2,580
Amortization of goodwill	5	35	41		41
Investment in associated companies	1,151		1,151		1,151
Increase in property, plant, and equipment and intangible assets	9,215	43	9,259	(300)	8,958

Year Ended March 31, 2012

	Millions of Yen				
	Reportable Segment Engineering	Other*[1]	Total	Reconcili-ations*[2]	Consoli-dated*[3]
Sales:					
Sales to external customers	¥247,849	¥ 6,826	¥254,675		¥254,675
Intersegment sales or transfers	2	8,508	8,510	¥(8,510)	
Total	¥247,851	¥15,334	¥263,186	¥(8,510)	¥254,675
Segment profit	¥ 23,755	¥ 531	¥ 24,287	¥ (89)	¥ 24,197
Segment assets	358,155	8,165	366,321	(525)	365,795
Segment liabilities	185,832	3,671	189,503	7,553	197,057
Other:					
Depreciation	2,664	21	2,685	(48)	2,637
Amortization of goodwill		84	84		84
Investment in associated companies	945		945		945
Increase in property, plant, and equipment and intangible assets	3,631	4	3,635	(180)	3,455

Year Ended March 31, 2013

	Thousands of U.S. Dollars				
	Reportable Segment Engineering	Other*[1]	Total	Reconcili-ations*[2]	Consoli-dated*[3]
Sales:					
Sales to external customers	$4,170,609	$ 73,205	$4,243,814		$4,243,814
Intersegment sales or transfers	97	90,472	90,570	$(90,570)	
Total	$4,170,707	$163,677	$4,334,384	$(90,570)	$4,243,814
Segment profit	$ 260,636	$ 9,025	$ 269,662	$ (2,501)	$ 267,160
Segment assets	4,568,088	51,858	4,619,946	11,748	4,631,695
Segment liabilities	2,512,023	20,675	2,532,698	84,568	2,617,267
Other:					
Depreciation	27,591	244	27,836	(386)	27,450
Amortization of goodwill	59	378	438		438
Investment in associated companies	12,250		12,250		12,250
Increase in property, plant, and equipment and intangible assets	98,038	463	98,501	(3,195)	95,306

Notes for the year ended March 31, 2013:

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

*[2] The detail of the reconciliations is as follows:

(1) The reconciliation in segment profit of ¥(235) million ($(2,501) thousand) is the elimination of intersegment trades.

(2) The reconciliation in segment assets of ¥1,104 million ($11,748 thousand) is the result of the elimination of intersegment trades of ¥(2,066) million ($(21,985) thousand) and the Group's assets of ¥3,170 million ($33,733 thousand), which are not included in the reportable segment.

(3) The reconciliation in segment liabilities of ¥7,949 million ($84,568 thousand) is the result of the elimination of intersegment trades of ¥(2,050) million ($(21,814) thousand) and the Group's liabilities of ¥10,000 million ($106,382 thousand), which are not included in the reportable segment.

(4) The reconciliation in depreciation of ¥(36) million ($(386) thousand) is the elimination of intersegment trades.

(5) The reconciliation in increase in property, plant, and equipment and intangible assets of ¥(300) million ($(3,195) thousand) is the elimination of intersegment trades.

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

Notes for the year ended March 31, 2012:

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

*[2] The detail of the reconciliations is as follows:

(1) The reconciliation in segment profit of ¥(89) million is the elimination of intersegment trades.

(2) The reconciliation in segment assets of ¥(525) million is the result of the elimination of intersegment trades of ¥(2,740) million and the Group's assets of ¥2,214 million, which are not included in the reportable segment.

(3) The reconciliation in segment liabilities of ¥7,553 million is the result of the elimination of intersegment trades of ¥(2,446) million and the Group's liabilities of ¥10,000 million, which are not included in the reportable segment.

(4) The reconciliation in depreciation of ¥(48) million is the elimination of intersegment trades.

(5) The reconciliation in increase in property, plant, and equipment and intangible assets of ¥(180) million is the elimination of intersegment trades.

*[3] The calculation of the segment profit is based on the operating income on 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, 2013

	Millions of Yen	Thousands of U.S. Dollars
Japan	¥150,800	$1,604,255
Malaysia	83,685	890,274
Papua New Guinea	66,143	703,655
Australia	44,559	474,040
Others	53,729	571,589
Total	¥398,918	$4,243,814

Year Ended March 31, 2012

	Millions of Yen
Japan	¥ 94,925
Papua New Guinea	70,508
Malaysia	30,575
Middle East	30,398
Others	28,267
Total	¥254,675

Note: Revenue is classified in countries or regions based on location of construction site.

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

Year Ended March 31, 2013

	Millions of Yen	Thousands of U.S. Dollars
Japan	¥12,935	$137,611
Asia	1,377	14,653
Others	234	2,496
Total	¥14,547	$154,761

Year Ended March 31, 2012

The proportion of fixed assets placed in Japan is more than 90% of the total fixed assets of the Group. Accordingly, presentation of the information about fixed assets is not required under Japanese accounting standards.

(3) ***Information about Major Customers***

Year Ended March 31, 2013

Name	Related Segment	Millions of Yen	Thousands of U.S. Dollars
Tokuyama Malaysia Sdn. Bhd	Engineering	¥82,921	$882,146
Esso Highlands Ltd.	Engineering	65,159	693,190
Ichthys Lng Pty Ltd.	Engineering	42,185	448,783

Year Ended March 31, 2012

Name	Related Segment	Millions of Yen
Esso Highlands Ltd.	Engineering	¥69,856
Tokuyama Malaysia Sdn. Bhd	Engineering	28,815

(4) *Information about Goodwill by Segments*

Ending balance of goodwill as of March 31, 2013 and 2012, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Engineering	¥180		$1,917
Other*	494	¥716	5,265
Total	¥675	¥716	$7,182

* Other involves temporary staffing services and IT services.

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INDEPENDENT AUDITOR'S REPORT

Deloitte.

Deloitte Touche Tohmatsu LLC
MS Shibaura Building
4-13-23, Shibaura
Minato-ku, Tokyo 108-8530
Japan

Tel:+81 (3) 3457 7321
Fax:+81 (3) 3457 1694
www.deloitte.com/jp

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, 2013, 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, 2013, 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, 2013

Member of
Deloitte Touche Tohmatsu Limited

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 2013)

FTSE4Good

Selected in FTSE Group's responsible investment index

THE GLOBAL COMPACT

WE SUPPORT

CHIYODA GROUP