Translation

February 9, 2017

Consolidated Financial Results for the Three Months Ended December 31, 2016

Company name: **CHIYODA CORPORATION**
Listing: First Section of the Tokyo Stock Exchange
Stock code: 6366
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Scheduled date to file Quarterly Report: February 13, 2017
Preparation of Quarterly Supplementary Explanation Material: Yes
Quarterly Financial Results Presentation Held: Yes (for Analysts and Institutional Investors)

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

1. Consolidated performance for the three months ended December 31, 2016

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the three months ended Dec 31, 2016	435,116	(2.0)	10,411	(31.8)	(5,595)	--	(34,000)	--
For the three months ended Dec 31, 2015	443,924	33.7	15,527	(1.7)	14,481	(0.1)	8,249	(0.4)

Note: Comprehensive Income (Loss): the three months ended Dec 31, 2016: minus 39,851 million yen (Loss)
the three months ended Dec 31, 2015: 2,458 million yen / (79.2)%

	Net income per share	Fully diluted net income per share
	Yen	Yen
For the three months ended Dec 31, 2016	(131.28)	-
For the three months ended Dec 31, 2015	31.85	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec 31, 2016	471,848	159,667	33.5
As of March 31, 2016	528,219	202,128	37.9

Reference: Equity As of Dec 31, 2016: 157,843 million yen As of March 31, 2016: 200,166 million yen

2. Cash dividends

	Cash dividends per share				
Record date	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	-	-	-	10.00	10.00
Fiscal year ending March 31, 2017	-				
Fiscal year ending March 31, 2017 (Forecast)		-	-	6.00	6.00

Note: Revision to the latest forecast announcement 2016: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2017	610,000	(0.3)	18,000	12.4	0	(100)	(36,000)	--	(139.01)

Note: Revision to the latest forecast announcement 2016: Yes (refer to the announcement dated February 9, 2017)

Notes

(1) Changes in Significant Subsidiaries during the Period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

(2) Adoption of Specified Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements: None

(3) Changes in Accounting Policies and Accounting Estimates / Restatements
a. Changes in accounting policies due to revisions of accounting standards, etc.: Yes
b. Changes in accounting policies other than a. above: None
c. Changes in accounting estimates: None
d. Restatements: None

(4) Number of issued shares (common stock)

a. Total number of issued shares at the end of the period (including treasury stock)

As of Dec 31, 2016	260,324,529 shares
As of March 31, 2016	260,324,529 shares

b. Number of treasury stock at the end of the period

As of Dec 31, 2016	1,347,584 shares
As of March 31, 2016	1,340,062 shares

c. Average number of shares during the period

For the three months ended Dec 31, 2016	258,980,896 shares
For the three months ended Dec 31, 2015	258,992,849 shares

*Presentation of Implementation Status of Quarterly Review Procedure
The review procedure of quarterly financial statements based on the Financial Instruments and Exchange Law has not been completed at the time of the disclosure of these Consolidated Financial Statements.

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

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1. Qualitative Information Related to Consolidated Performance

(1) Details of Business Performance

During the first nine months of the fiscal year ending March 2017 (third quarter of the fiscal year), the business environment surrounding the Chiyoda Group remained challenging. Although there was the anticipation that the price of crude oil had bottomed out as a result of the conclusion of an agreement with the Organization of the Petroleum Exporting Countries (OPEC) on production cutbacks, the lingering uncertainty persisted, mainly due to concerns over the repeated occurrence of terrorist attacks in various parts of the world and the effects of the Presidential election in the United States, whose outcome was unexpected by the majority of people. The balance of supply and demand for liquefied natural gas (LNG) remained considerably loose as a result of the completion of new plants in Australia and the United States, while the final decision on investments in large LNG projects that the Group expected was slightly delayed. Moreover, the Japanese economy saw that companies remained cautious about capital investments despite the growing expectations for the government's economic stimulus measures.

In this environment, having entered the final year of the Group's Medium-term Management Plan, the Group worked to improve its operating results for the fiscal year under review by further accelerating the growth strategies and the development of its business foundations, with an aim to enhance its corporate value. In the LNG business, the Group's core business, the Group secured a new contract in Indonesia in addition to carrying out other large-scale projects around the world. It aggressively tackled highly feasible expansion projects and other new projects. In this way, it maintained a superior business position. On the other hand, EMAS CHIYODA Subsea Limited ("ECS"), to which the Group had made an equity participation in March 2016, engaged in engineering, procurement, construction and installation (EPCI) for subsea projects, has faced the larger-than-anticipated slowdown of the subsea market. Having thoroughly evaluated the value of the stocks in hand and examined the possibility of future recovery of the loan rendered, the Chiyoda group recorded non-operating expense and extraordinary losses.

For the third quarter of the fiscal year, on a consolidated basis, new contracts amounted to 285,809 million yen, up 21.9% year on year, contract backlog stood at 933,956 million yen, down 19.8% from the end of the previous fiscal year, and net sales of completed construction contracts came to 435,116 million yen, down 2.0% year on year. Operating income amounted to 10,411 million yen, down 31.8% year on year. In addition, due to the expense / loss related to ECS as mentioned above, ordinary income (loss) stood at minus 5,595 million yen, (ordinary income of the third quarter in the previous fiscal year: 14,481 million yen), and profit (loss) attributable to owners of parent came to minus 34,000 million yen (profit of the same period in the previous fiscal year: 8,249 million yen).

The Group sincerely regrets the recorded results that significantly underperformed the results forecasts announced at the beginning of the fiscal year under review. A company-wide effort has been determined to improve earnings through the thorough implementation of the evaluation of investment projects and the business management of the Group companies so that it will be able to regain the trust of stakeholders.

The summary of operations for the engineering business, the reportable segment of the Company, is as follows.

LNG Plants/Other Gas Related Work

Overseas, the Group is earnestly performing engineering, procurement, and construction (EPC) work for LNG plants in Indonesia, Russia, the United States and Australia as well as front-end engineering and design (FEED) work for LNG plants in the United States. Moreover, in Mozambique, where the Group was selected as an EPC contractor for an LNG plant in the previous year, the Group is executing part of the pre-contract work. In addition, in Qatar, pursuant to the long-term service agreement, the local Group company is performing EPC work for helium recovery facilities and engineering, procurement and construction management (EPCM) work for the modification and revamping of LNG and gas processing plants previously built by the Company.
In Japan, the Group is performing EPC work for the modification and revamping of the LNG receiving terminals built by the Company.

Refinery/Petrochemical/Metal

Overseas, the Group is performing engineering, procurement, construction and commissioning (EPCC) work for a residue fluid catalytic cracking (RFCC) project in Malaysia, and EPC work for an oil refinery and petrochemical complex in Vietnam. In addition, EPC work for an oil refinery in Qatar was completed in December. Moreover, the Group company in Southeast Asia was awarded EPC work for petrochemical tank terminal facilities in Malaysia, and is performing project management work under the Enterprise Framework Agreement for downstream projects, such as the construction of refineries and chemical facilities in Asia.
In the metal business, the Group is performing EPC work for a titanium sponge plant in Saudi Arabia.
In Japan, the Group continues to perform EPC work to facilitate inter-refinery cooperation and optimize the configuration of refineries and other facilities for petroleum companies. The Group also continues to perform work to renovate and revamp the existing facilities in compliance with the Basic Act for National Resilience, as well as work for petrochemical production facilities and other existing facilities to improve energy efficiency and repair or replace aging equipment.

Pharmaceuticals/Biochemistry/General Chemistry/Environment/Infrastructure
In the transportation infrastructure business, the Group is performing EPC work for the construction of a new international airport in Mongolia and the New Bohol Airport in the Philippines. In the non-hydrocarbon business, the Group is also earnestly carrying out sales activities for Japanese clients who plan to develop overseas operations. Moreover, the Group concluded an agreement to provide the license of its proprietary Chiyoda Thoroughbred 121 (CT-121) Process to Larsen & Toubro Limited in India for flue gas desulfurization facilities at coal-fired power plants in India whose economy was experiencing rapid growth.
In Japan, the Group is performing EPC work for flue gas desulfurization systems for a coal-fired power plant. The Group is also working to receive and perform EPC work for large-scale photovoltaic (mega solar) power plants nationwide. The Group will continue to work to win projects by strengthening the Group’s business execution structure and promoting sales activities. The Group also continues to perform EPC work for food factories that comply with the latest food safety and hygiene standards. In the pharmaceuticals-related business, the Group is performing EPC work mainly for advanced injection production facilities, drug substance production plants and bio-medicine production facilities, all of which can include high-potency pharmacologically active agents and therapeutic antibodies.

New Business Fields
In the offshore and upstream business, ECS, under a consortium with Larsen & Toubro in India was awarded an EPCI contract for an offshore gas field development project in Saudi Arabia in July 2016, while Xodus Group Ltd. in the United Kingdom, with which the Group has established a strategic capital alliance, is providing services, such as engineering and consulting, mainly for natural resource development companies that engage in offshore development projects. Although the Group has recorded a certain losses in this business field, we regard the offshore and upstream as promising business. The group will keep recognizing this field as one of its key business, based on the Group’s corporate philosophy “aiming for harmony between energy and environment”. Moreover, in the new energy-related business, the Group plans to perform a demonstration project in 2020, in which the hydrogen that is procured in Asia will be used as fuel in electric power plants in Japan. This will establish a hydrogen supply chain business that uses technologies for storing and transporting the large amount of hydrogen that the Company has developed internally, with an aim to build a hydrogen energy based society.

(2) Details of Financial Status

Assets
Total current assets decreased 21,936 million yen. This mainly reflected the decline of 10,118 million yen in jointly controlled assets of the joint venture and 22,175 million yen in cash and deposits. Total non-current assets decreased 34,435 million yen, mainly reflecting a decline of 35,038 million yen in investment securities. As a result, total assets decreased 56,371 million yen from the end of the previous consolidated fiscal year.

Liabilities
Total Liabilities decreased 13,910 million yen from the end of the previous consolidated fiscal year. This was mainly attributable to an increase of 12,752 million yen in notes / accounts payable and increase of 23,764 million yen in Provision for loss on business of subsidiaries,

while decrease of 48,381 million yen in advances received on uncompleted construction contracts.

Net assets

Total net assets stood at 159,667 million yen. This mainly reflected a decrease of 36,590 million yen in retained earnings as a result of a recording of dividends paid and loss attributable to owners of parent.

(3) Information on the Consolidated Earnings Forecasts and Other Future Forecasts

Consolidated earnings forecasts for the fiscal year ending March 31, 2017, originally announced on May 12, 2016 has been revised. The details of the revision are stated in "Notice of Revisions to the Forecast of Consolidated Results" issued on February 9, 2017. The Company has revised the assumed exchange rate to ¥115 per U.S. dollar.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable

(2) Adoption of Specified Accounting Methods for the Preparation of Consolidated Quarterly Financial Statements

Not applicable

(3) Changes in Accounting Policies and Accounting Estimates/Restatements

(Changes in accounting policies)

(Application of Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016)

Following the revision to the Corporation Tax Act, the Company adopted the "Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016" (ASBJ PITF No. 32, June 17, 2016), effective from the first consolidated quarter of the fiscal year under review, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining balance method to the straight line method.

The effects of the changes on the Company's profits and losses are limited.

3. Consolidated quarterly financial statements
(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of Dec 31, 2016
Assets		
Current assets		
Cash and deposits	137,715	115,539
Notes receivable, accounts receivable from completed construction contracts	69,296	78,236
Securities	6,999	7,999
Costs on uncompleted construction contracts	35,053	28,567
Jointly controlled assets of joint venture	179,360	169,242
Other	28,889	34,955
Allowance for doubtful accounts	(2,285)	(1,446)
Total current assets	455,030	433,094
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,137	6,653
Land	5,266	5,266
Other, net	1,538	1,264
Total property, plant and equipment	13,942	13,183
Intangible assets	11,068	8,900
Investments and other assets		
Investment securities	43,071	8,032
Other	5,487	8,942
Allowance for doubtful accounts	(379)	(305)
Total investments and other assets	48,178	16,669
Total non-current assets	73,189	38,753
Total assets	528,219	471,848

(Millions of yen)

	As of March 31, 2016	As of Dec 31, 2016
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	150,078	162,831
Short-term loans payable	333	320
Current portion of long-term loans payable	5	3
Income taxes payable	2,841	3,219
Advances received on uncompleted construction contracts	135,667	87,285
Provision for warranties for completed construction	337	219
Provision for loss on construction contracts	3,160	3,650
Provision for bonuses	3,527	2,064
Provision for loss on business of subsidiaries and associates	--	23,764
Other	15,155	15,435
Total current liabilities	311,106	298,795
Non-current liabilities		
Long-term loans payable	10,009	10,004
Provision	340	340
Net defined benefit liability	2,134	1,893
Other	2,500	1,147
Total non-current liabilities	14,985	13,385
Total liabilities	326,091	312,181
Net assets		
Shareholders' equity		
Capital stock	43,396	43,396
Capital surplus	37,112	37,112
Retained earnings	115,839	79,249
Treasury shares	(1,422)	(1,428)
Total shareholders' equity	194,926	158,330
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,386	300
Deferred gains or losses on hedges	(1,618)	1,686
Foreign currency translation adjustment	4,171	(2,888)
Remeasurements of defined benefit plans	300	416
Total accumulated other comprehensive income	5,240	(486)
Non-controlling interests	1,961	1,823
Total net assets	202,128	159,667
Total liabilities and net assets	528,219	471,848

(2) Consolidated statement of income and comprehensive income

(Consolidated statement of income)

(Millions of yen)

	Three months ended Dec 31, 2015	Three months ended Dec 31, 2016
Net sales of completed construction contracts	443,924	435,116
Cost of sales of completed construction contracts	411,518	408,680
Gross profit on completed construction contracts	32,405	26,436
Selling, general and administrative expenses	17,148	16,024
Operating income	15,257	10,411
Non-operating income		
Interest income	1,068	1,156
Dividend income	1,010	820
Foreign exchange gains		
Other	151	205
Total non-operating income	2,230	2,182
Non-operating expenses		
Interest expenses	166	157
Share of loss of entities accounted for using equity method	1,192	14,649
Foreign exchange losses	1,576	3,297
Other	71	84
Total non-operating expenses	3,006	18,188
Ordinary income	14,481	(5,595)
Extraordinary income		
Gain on sales of investment securities	2,666	1,965
Total extraordinary income	2,666	1,965
Extraordinary Loss		
Provision for loss on business of subsidiaries and associates	-	23,764
Loss on sales of subsidiaries securities	-	1,146
Valuation loss of investment securities	-	393
Total Extraordinary Loss	-	25,304
Profit before income taxes	17,147	(28,934)
Income taxes - current	7,804	10,725
Income taxes - deferred	1,061	(5,544)
Total income taxes	8,865	5,181
Profit	8,281	(34,115)
Profit (loss) attributable to non-controlling interests	31	(115)
Profit attributable to owners of parent	8,249	(34,000)

(Consolidated statement of comprehensive income)

(Millions of yen)

	Three months ended Dec 31, 2015	Three months ended Dec 31, 2016
Profit	8,281	(34,115)
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,483)	(2,086)
Deferred gains or losses on hedges	696	3,321
Foreign currency translation adjustment	(865)	(4,500)
Remeasurements of defined benefit plans, net of tax	(96)	115
Share of other comprehensive income of entities accounted for using equity method	(72)	(2,586)
Total other comprehensive income	(5,822)	(5,736)
Comprehensive income	2,458	(39,851)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,496	(39,727)
Comprehensive income attributable to non-controlling interests	(37)	(124)

(3) Notes on Consolidated Quarterly Financial Statements

(Notes on Assumptions for a Going Concern)

None

(Notes on Significant Changes in the Amount of Shareholders' Equity, if Applicable)

None

4. Production, Contracts and Sales

Millions of yen

	From Apr. 1, 2015 to Dec. 31, 2015			From Apr. 1, 2016 to Dec 31, 2016		
	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)
Engineering	231,635 (98.8%)	440,969 (99.3%)	1,192,048 (100.0%)	283,195 (99.1%)	432,502 (99.4%)	933,956 (100.0%)
LNG Plant	147,683 (63.0%)	262,463 (59.1%)	981,696 (82.4%)	166,787 (58.3%)	306,896 (70.5%)	664,672 (69.0%)
Gas Development/ Processing/Receiving	4,549 (1.9%)	14,503 (3.2%)	20,524 (1.7%)	6,498 (2.3%)	9,725 (2.2%)	14,046 (1.5%)
Refinery/Petrochemical/ Metal	42,918 (18.3%)	108,643 (24.5%)	113,879 (9.5%)	32,265 (11.3%)	73,343 (16.9%)	157,514 (16.9%)
Pharmaceutical/Biochemistry/ Chemical	15,872 (6.8%)	21,761 (4.9%)	24,843 (2.1%)	30,761 (10.8%)	21,731 (5.0%)	38,362 (4.1%)
Environment/New Energy/ Infrastructure	15,974 (6.8%)	30,972 (7.0%)	47,212 (4.0%)	37,929 (13.3%)	17,125 (3.9%)	71,182 (7.6%)
Others	4,636 (2.0%)	2,624 (0.6%)	3,891 (0.3%)	8,952 (3.1%)	3,679 (0.9%)	8,177 (0.9%)
Other Business	2,833 (1.2%)	2,955 (0.7%)	- -	2,614 (0.9%)	2,614 (0.6%)	- -
Total	234,469 (100.0%)	443,924 (100.0%)	1,192,048 (100.0%)	285,809 (100.0%)	435,116 (100.0%)	933,956 (100.0%)
Domestic	63,994 (27.3%)	75,193 (16.9%)	88,574 (7.4%)	105,221 (36.8%)	73,311 (16.8%)	126,252 (13.5%)
Overseas	170,474 (72.7%)	368,730 (83.1%)	1,103,473 (92.6%)	180,587 (63.2%)	361,804 (83.2%)	807,703 (86.5%)

Note1: The backlog of contracts for the three months ended June 30, 2016 includes a decrease due to changes in construction contracts acquired in prior fiscal years, and an increase due to foreign exchange translation adjustments.

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