

Abridged Translation:

The report is not audited and this translation is an abridged version prepared based on the statutory format in Japan for reference purpose only. If there is any discrepancy between this translation and the original Japanese version, the Japanese shall prevail.

**Consolidated Financial Results
for the Six Months Ended September 30, 2017**

November 10, 2017

Company name: **CHIYODA CORPORATION**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 6366
 URL: <https://www.chiyodacorp.com/en/>
 Representative: Masaji Santo, President & CEO
 Inquiries: Shinji Kusunoki, GM, Finance and Accounting Unit
 TEL: +81-45-225-7745

Scheduled date to file Quarterly Report: November 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 Six months ended September 30, 2017

(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 Six months ended September 30, 2017	250,652	(9.5)	(13,126)	-	(12,373)	-	3,480	(38)
For the Six months ended September 30, 2016	276,928	(1.9)	4,558	(54.4)	10,273	(3.7)	5,610	0.8

Note: Comprehensive Income: the six months ended September 30, 2017: 2,887 million yen / (—)%
 the six months ended September 30, 2016: (3,772) million yen / (—)%

	Net income per share	Fully diluted net income per share
	Yen	Yen
For the six months ended September 30, 2017	13.44	—
For the six months ended September 30, 2016	21.66	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	457,988	158,417	34.2
As of March 31, 2017	461,331	157,125	33.7

Reference: Equity As of September 30, 2017: 156,597 million yen As of March 31, 2017: 155,339 million yen

2. Cash dividends

Record date	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	-	-	-	6.00	6.00
Fiscal year ending March 31, 2018	-	-	-		
Fiscal year ending March 31, 2018 (Forecast)			-	6.00	6.00

Note: Revision to the latest forecast announcement 2017: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	500,000	(17.1)	(9,500)	-	(8,000)	-	5,000	-	19.31

Note: Revision to the latest forecast announcement 2017: Yes

4. Others

- (1) Changes in Significant Subsidiaries during the Period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None
- (2) Adoption of Specified Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements: None
- (3) Changes in Accounting Policies and Accounting Estimates / Restatements
 - a. Changes in accounting policies due to revisions of accounting standards, etc.: None
 - 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 September 30, 2017	260,324,529 shares
As of March 31, 2017	260,324,529 shares
 - b. Number of treasury stock at the end of the period

As of September 30, 2017	1,356,764 shares
As of March 31, 2017	1,351,100 shares
 - c. Average number of shares during the period

For the three months ended September 30, 2017	258,969,995 shares
For the three months ended September 30, 2016	258,982,071 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) Qualitative Information on Business Performance

Despite geopolitical tensions in the Middle East and Korean Peninsula, macroeconomics in Asia, Europe and the USA remained relatively stable during the first six months of the current fiscal year. The price of crude oil recovered to approximately \$50 per barrel and, although large scale Liquefied Natural Gas (LNG) project final investment decisions remain outstanding, bidding and investment activities have gradually progressed.

Through its LNG core business, Chiyoda continued to implement large-scale projects worldwide whilst expanding into new markets, such as renewable energy and life sciences and new areas for future business models such as leveraging big data and AI technology.

The Company is also implementing structural reforms and the growth strategy detailed in its Medium-Term Management Plan "Mirai Engineering – A Grand Opportunity for the Future" announced in August 2017.

Consequently, on a consolidated basis, New Orders for the fiscal year ending March 2018 amounted to 150,622 million yen (up 13.0% year on year). The Backlog amounted to 767,783 million yen (down 12.4% year on year). Revenues from completed construction contracts amounted to 250,652 million yen (down 9.5% year on year) and Operating Loss is 131 million yen (compared with the previous year's consolidated profit operating income of 4,558 million yen). Ordinary Income amounted to 12,373 million yen (compared with the previous year's consolidated profit ordinary income of 10,273 million yen). Profit attributable to owners of parent reduced to 3,480 million yen (compared down to 38.0% year on year).

Operating Income and ordinary income is a loss due to the company anticipating an increase in costs on LNG projects currently underway in the United States. On the other hand, profit attributable to owners of parent was 3,480 million yen due to a recovery in subsidiary losses and Federal corporation tax refunds to the U.S. subsidiary.

A summary of reportable engineering business activities is shown below.

LNG Plants and Other Gas Related Work

Overseas, Chiyoda is conducting pre-contract work on an LNG project in Mozambique as the selected Engineering, Procurement and Construction (EPC) Contractor and continues EPC operations on LNG projects in Australia, Russia, Indonesia and the USA. In Qatar, under an agreement with Qatar Petroleum announced in June 2017, Chiyoda is conducting debottlenecking studies to increase the capacity of LNG plants and the Group company has been engaged under long term Engineering, Procurement, Construction and management (EPCm) contracts on a helium production facility and the renovation and modification of LNG and gas processing plants previously constructed by the Company.

In Japan, EPC activities have commenced to renovate and modify existing LNG receiving terminals similarly built by Chiyoda.

Refinery/Petrochemicals/Metal

Overseas, Front-End Engineering and Design (FEED) work for petrochemical project in the USA is progressing well, as are Engineering, Procurement, Construction and Commissioning (EPCC) activities on a Residue Fluid Catalytic Cracking (RFCC) project in Malaysia and EPC operations on a petrochemical tank terminal in Southeast Asia. Chiyoda has also been conducting under long term contracts to project manage refinery, chemical production and other downstream projects in Asia and in May 2017 completed a titanium sponge plant in Saudi Arabia.

In Japan, Chiyoda continues to facilitate inter-refinery cooperation in the mutual accommodation of fuel through its EPC operations and optimize the configuration of refineries and other facilities. The Group continues to renovate and upgrade existing facilities in accordance with the Basic Act for National Resilience and carry out routine maintenance to improve energy efficiency in existing petrochemical production, and other, facilities.

Pharmaceutical/Biochemistry/General Chemistry/Environment/Infrastructure

Overseas, in transport infrastructure, the Group is completing EPC projects for new international airports in Mongolia and Bohol in The Philippines. In the environment field, the Group aims to introduce the Chiyoda Thoroughbred 121 (CT-121) Process into flue gas desulfurization facilities on an existing coal fired power plant project in India. The Group is also executing a project in Dubai, UAE to demonstrate equipment for vegetable facilities that use artificial light and will continue to focus its introduction in the Middle East and Russia.

In Japan, Chiyoda is conducting EPC work on photovoltaic (mega solar) facilities and flue gas desulfurization facilities on existing coal-fired power plants.

EPC operations in the food, pharmaceutical and biochemistry industries include: factories complying with the latest food hygiene standards, research facilities capable of handling high-potency pharmacologically active agents and therapeutic antibodies, including cutting-edge injection production facilities, and pharmaceutical/biomedicine manufacturing facilities. The Group will also complete Japan's first demonstration plant for bio-jet and diesel fuel production, for Euglena Co. Ltd, by October 2018.

New Business Fields

In the offshore and upstream fields, following approval of the ECS reorganization plan in June 2017, Chiyoda has been in discussions with Subsea 7 S. A., ECS's new parent, regarding future collaboration. Xodus Group Ltd., Chiyoda's subsidiary in the U.K., is continuing to advise on acquiring rights and provide planning, design, consulting and other services to companies developing natural resources on the safe decommissioning of obsolete facilities and on the construction of crude oil, gas production and other facilities. In the new energy field, the Group jointly established the "Advanced Hydrogen Energy Chain Association for Technology Development" with Mitsubishi Corporation, Mitsui & Co. Ltd. and Nippon Yusen (NYK Line) to officially launch a demonstration project aimed at commercializing a hydrogen supply chain.

In the digital innovation business field, in a tie-up agreement with GRID Inc., a leading venture company in the field of AI technologies in Japan, the Company commenced projects using AI technologies to improve plant productivity.

(2) Financial Information on Business Performance

This section is not translated.

(3) Outlook for the Next Fiscal Year

As announced on 12 May 2017, the company has revised the consolidated financial forecast for the fiscal year ending 31 March 2018.

Please refer to the company's release 'Notice of Revisions to the Forecast of Consolidated Results' published on November 7, 2017.

2. Consolidated quarterly financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	135,373	109,424
Notes receivable, accounts receivable from completed construction contracts	59,865	63,493
Securities	7,999	7,999
Costs on uncompleted construction contracts	24,220	30,377
Jointly controlled assets of joint venture	164,283	170,196
Other	35,044	31,547
Allowance for doubtful accounts	(1,541)	(1,448)
Total current assets	425,244	411,591
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,627	6,286
Land	5,266	4,952
Other, net	1,265	1,089
Total property, plant and equipment	13,158	12,327
Intangible assets	8,098	7,407
Investments and other assets		
Investment securities	7,707	7,815
Other	7,458	19,179
Allowance for doubtful accounts	(336)	(333)
Total investments and other assets	14,830	26,661
Total non-current assets	36,086	46,396
Total assets	461,331	457,988

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	160,096	176,741
Short-term loans payable	203	238
Current portion of long-term loans payable	10,004	10,004
Income taxes payable	668	446
Advances received on uncompleted construction contracts	85,187	87,347
Provision for warranties for completed construction	319	350
Provision for loss on construction contracts	3,315	4,134
Provision for bonuses	3,156	2,947
Provision for loss on business of subsidiaries and associates	22,919	—
Other	15,311	14,407
Total current liabilities	301,182	296,618
Non-current liabilities		
Long-term loans payable	4	2
Provision	338	359
Net defined benefit liability	1,522	1,480
Other	1,158	1,110
Total non-current liabilities	3,023	2,952
Total liabilities	304,206	299,571
Net assets		
Shareholders' equity		
Capital stock	43,396	43,396
Capital surplus	37,112	37,112
Retained earnings	72,132	74,059
Treasury shares	(1,431)	(1,434)
Total shareholders' equity	151,210	153,133
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	379	102
Deferred gains or losses on hedges	499	976
Foreign currency translation adjustment	2,656	1,709
Remeasurements of defined benefit plans	592	673
Total accumulated other comprehensive income	4,128	3,463
Non-controlling interests	1,785	1,820
Total net assets	157,125	158,417
Total liabilities and net assets	461,331	457,988

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

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales of completed construction contracts	276,928	250,652
Cost of sales of completed construction contracts	261,853	254,033
Gross profit (loss) on completed construction contracts	15,075	(3,380)
Selling, general and administrative expenses	10,516	9,746
Operating profit (loss)	4,558	(13,126)
Non-operating income		
Interest income	674	1,126
Dividend income	626	79
Share of profit of entities accounted for using equity method	—	660
Foreign exchange gains	4,605	—
Other	156	150
Total non-operating income	6,063	2,017
Non-operating expenses		
Interest expenses	105	105
Share of loss of entities accounted for using equity method	184	—
Foreign exchange losses	—	990
Other	58	167
Total non-operating expenses	348	1,263
Ordinary profit (loss)	10,273	(12,373)
Extraordinary income		
Gain on sales of investment securities	1,965	203
Reversal of provision for loss on business of subsidiaries and associates	—	12,127
Total extraordinary income	1,965	12,331
Extraordinary losses		
Loss on sales of shares of subsidiaries and associates	1,146	-
Total extraordinary losses	1,146	-
Profit (loss) before income taxes	11,092	(41)
Income taxes - current	6,605	(8,323)
Income taxes - deferred	(1,154)	4,727
Total income taxes	5,451	(3,595)
Profit	5,641	3,554
Profit attributable to non-controlling interests	30	73
Profit attributable to owners of parent	5,610	3,480

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	5,641	3,554
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,309)	(277)
Deferred gains or losses on hedges	(876)	479
Foreign currency translation adjustment	(4,069)	(1,347)
Remeasurements of defined benefit plans, net of tax	72	81
Share of other comprehensive income of entities accounted for using equity method	(2,231)	387
Total other comprehensive income	(9,413)	(676)
Comprehensive income	(3,772)	2,877
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,638)	2,814
Comprehensive income attributable to non-controlling interests	(133)	62

(3) Consolidated quarterly statements of cash flow

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit (loss) before income taxes	11,092	(41)
Depreciation	1,780	1,767
Amortization of goodwill	251	91
Increase (decrease) in provision for loss on business of subsidiaries and associates	—	(12,463)
Interest and dividend income	(1,301)	(1,206)
Share of (profit) loss of entities accounted for using equity method	184	(660)
Loss (gain) on sales of investment securities	(1,965)	(203)
Loss (gain) on sales of shares of subsidiaries and associates	1,146	—
Decrease (increase) in notes and accounts receivable - trade	5,751	(3,988)
Decrease (increase) in costs on uncompleted construction contracts	1,163	(6,174)
Increase (decrease) in notes and accounts payable - trade	(5,793)	17,616
Increase (decrease) in advances received on uncompleted construction contracts	(22,586)	3,175
Decrease (increase) in jointly controlled asset of joint venture	6,018	(7,184)
Other, net	(8,475)	(9,729)
Subtotal	(12,731)	(19,001)
Interest and dividend income received	862	393
Interest expenses paid	(105)	(101)
Income taxes paid	(5,358)	(328)
Net cash provided by (used in) operating activities	(17,333)	(19,037)
Cash flows from investing activities		
Net decrease (increase) in time deposits	(192)	3,334
Purchase of property, plant and equipment	(354)	(305)
Proceeds from sales of property, plant and equipment	22	359
Purchase of intangible assets	(843)	(896)
Purchase of investment securities	(337)	(304)
Proceeds from sales of investment securities	15,460	790
Payments of loans receivable	(10,231)	(4,224)
Collection of loans receivable	6,341	49
Other, net	0	5
Net cash provided by (used in) investing activities	9,866	(1,192)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(32)	30
Cash dividends paid	(2,584)	(1,551)
Other, net	(26)	(31)
Net cash provided by (used in) financing activities	(2,642)	(1,552)
Effect of exchange rate change on cash and cash equivalents	(6,049)	(753)
Net increase (decrease) in cash and cash equivalents	(16,159)	(22,536)
Cash and cash equivalents at beginning of period	136,919	138,889
Cash and cash equivalents at end of period	120,760	116,352

(4) 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

3. Production, Contracts and Sales

(Millions of yen)

	Apr. 1, 2016—Sept. 30, 2016			Apr. 1, 2017—Sept. 30, 2017		
	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)
Engineering	131,421 98.6%	275,101 99.3%	905,509 100.0%	148,982 98.9%	249,012 99.3%	767,783 100.0%
LNG Plant	54,235 40.7%	198,295 71.6%	616,204 68.1%	64,429 42.8%	184,663 73.7%	473,420 61.6%
Gas Development/ Processing/Receiving	6,235 4.7%	4,926 1.8%	18,743 2.1%	1,593 1.1%	7,015 2.8%	6,084 0.8%
Refinery/Petrochemical/ Metal	24,146 18.1%	43,250 15.6%	171,141 18.9%	21,616 14.3%	25,654 10.2%	152,723 19.9%
Pharmaceutical/Biochemistry/ Chemical	21,512 16.1%	16,188 5.8%	34,679 3.8%	28,704 19.0%	12,545 5.0%	51,471 6.7%
Environment/New Energy/ Infrastructure	21,798 16.4%	10,113 3.7%	60,676 6.7%	28,860 19.2%	14,924 5.9%	77,269 10.1%
Others	3,492 2.6%	2,327 0.8%	4,064 0.4%	3,778 2.5%	4,208 1.7%	6,813 0.9%
Other Business	1,827 1.4%	1,827 0.7%	— —	1,640 1.1%	1,640 0.7%	— —
Total	133,249 100.0%	276,928 100.0%	905,509 100.0%	150,622 100.0%	250,652 100.0%	767,783 100.0%
Domestic	73,529 55.2%	45,349 16.4%	122,732 13.6%	76,763 51.0%	49,585 19.8%	149,100 19.4%
Overseas	59,720 44.8%	231,579 83.6%	782,776 86.4%	73,859 49.0%	201,067 80.2%	618,683 80.6%

Note1: The backlog of contracts for the three months ended September 30, 2017 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.