

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 Nine Months Ended December 31, 2017**

February 9, 2018

Company name: **CHIYODA CORPORATION**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 6366
 URL: <https://www.chiyodacorp.com/en/>
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Scheduled date to file Quarterly Report: February 9, 2018
 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 Nine months ended December 31, 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 nine months ended Dec 31, 2017	385,934	(11.3)	(8,843)	—	(8,421)	—	5,198	—
For the nine months ended Dec 31, 2016	435,116	(2.0)	10,411	(31.8)	(5,595)	—	(34,000)	—

Note: Comprehensive Income: the nine months ended December 31, 2017: 5,336 million yen / (—)%
 the nine months ended December 31, 2016: (39,851) million yen / (—)%

	Net income per share	Fully diluted net income per share
	Yen	Yen
For the nine months ended December 31, 2017	20.07	—
For the nine months ended December 31, 2016	(131.28)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2017	428,779	160,876	37.1
As of March 31, 2017	461,331	157,125	33.7

Reference: Equity As of December 31, 2017: 158,979 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	(17.2)	(9,500)	—	(8,000)	—	5,000	—	19.31

Note: Revision to the latest forecast announcement 2017: None

4. Others

- (1) Changes in Significant Subsidiaries during the Period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None
- (2) Adoption of Specified Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements: None
- (3) Changes in Accounting Policies and Accounting Estimates / Restatements
 - a. Changes in accounting policies due to revisions of accounting standards, etc.: 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 December 31, 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 December 31, 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 December 31, 2017	258,969,252 shares
For the three months ended December 31, 2016	258,980,896 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 nine months of the current fiscal year. The price of crude oil has remained in a range of approximately \$50 to \$60 per barrel and, although large scale Liquefied Natural Gas (LNG) project final investment decisions remain outstanding, bidding and investment activities have gradually increased.

Through its LNG core business, Chiyoda continued to implement large-scale projects worldwide. In addition, 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. This includes expansion 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.

Consequently, on a consolidated basis, New Orders for the fiscal year ending March 2018 amounted to 209,079 million yen (down 26.8% year on year). The Backlog amounted to 695,028 million yen (down 20.7% year on year). Revenues from completed construction contracts amounted to 385,934 million yen (down 11.3% year on year) and Operating Loss is 8,843 million yen (compared with the previous year's consolidated profit operating income of 10,411 million yen). Ordinary loss amounted to 8,421 million yen (compared with the previous year's consolidated profit ordinary loss of 5,595 million yen). Profit attributable to owners of parent amounted to 5,198 million yen (compared with the previous year's consolidated loss attributable to owners of parent of 34.0 billion yen).

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 5,198 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 conducted debottlenecking studies to increase the capacity of LNG plants, contributing to the development of the basic plan for LNG production capacity increase. Also Chiyoda is bidding for new LNG plant projects in Canada and USA. In Qatar, the Group 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 for the renovation and modification of 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. In addition, Chiyoda has long term project management contracts for 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 under long term agreement. The demonstration vegetable facility project that uses artificial light in Dubai, UAE was completed in December 2017, and Chiyoda will continue to focus its introduction of the commercial facilities in the Middle East and Russia.

In Japan, Chiyoda is conducting EPC work on photovoltaic (mega solar) facilities, CO₂ separation units 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, 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, "Advanced Hydrogen Energy Chain Association for Technology Development", established jointly with Mitsubishi Corporation, Mitsui & Co. Ltd. and Nippon Yusen (NYK Line), has started actual work on 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

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

In addition, expected foreign exchange of JPY 110/USD remains unchanged.

2. Consolidated quarterly financial statements

(1) Consolidated balance sheets

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	135,373	99,320
Notes receivable, accounts receivable from completed construction contracts	59,865	77,184
Securities	7,999	7,999
Costs on uncompleted construction contracts	24,220	20,397
Jointly controlled assets of joint venture	164,283	141,482
Other	35,044	37,672
Allowance for doubtful accounts	△1,541	△1,450
Total current assets	425,244	382,607
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,627	6,184
Land	5,266	4,952
Other, net	1,265	1,092
Total property, plant and equipment	13,158	12,228
Intangible assets	8,098	7,409
Investments and other assets		
Investment securities	7,707	7,914
Other	7,458	18,959
Allowance for doubtful accounts	△336	△339
Total investments and other assets	14,830	26,534
Total non-current assets	36,086	46,172
Total assets	461,331	428,779

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	160,096	152,681
Short-term loans payable	203	256
Current portion of long-term loans payable	10,004	10,003
Income taxes payable	668	345
Advances received on uncompleted construction contracts	85,187	79,588
Provision for warranties for completed construction	319	322
Provision for loss on construction contracts	3,315	4,993
Provision for bonuses	3,156	1,994
Provision for loss on business of subsidiaries and associates	22,919	—
Other	15,311	14,478
Total current liabilities	301,182	264,663
Non-current liabilities		
Long-term loans payable	4	1
Provision	338	359
Net defined benefit liability	1,522	1,652
Other	1,158	1,226
Total non-current liabilities	3,023	3,239
Total liabilities	304,206	267,902
Net assets		
Shareholders' equity		
Capital stock	43,396	43,396
Capital surplus	37,112	37,112
Retained earnings	72,132	75,777
Treasury shares	△1,431	△1,434
Total shareholders' equity	151,210	154,851
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	379	97
Deferred gains or losses on hedges	499	1,112
Foreign currency translation adjustment	2,656	2,200
Remeasurements of defined benefit plans	592	717
Total accumulated other comprehensive income	4,128	4,127
Non-controlling interests	1,785	1,897
Total net assets	157,125	160,876
Total liabilities and net assets	461,331	428,779

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

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales of completed construction contracts	435,116	385,934
Cost of sales of completed construction contracts	408,680	379,672
Gross profit on completed construction contracts	26,436	6,262
Selling, general and administrative expenses	16,024	15,105
Operating profit (loss)	10,411	△8,843
Non-operating income		
Interest income	1,156	1,706
Dividend income	820	338
Share of profit of entities accounted for using equity method	—	697
Other	205	184
Total non-operating income	2,182	2,927
Non-operating expenses		
Interest expenses	157	159
Share of loss of entities accounted for using equity method	14,649	—
Foreign exchange losses	3,297	2,062
Other	84	284
Total non-operating expenses	18,188	2,506
Ordinary loss	△5,595	△8,421
Extraordinary income		
Reversal of provision for loss on business of subsidiaries and associates	—	12,127
Gain on sales of investment securities	1,965	203
Other	—	589
Total extraordinary income	1,965	12,920
Extraordinary losses		
Provision for loss on business of subsidiaries and associates	23,764	—
Loss on sales of shares of subsidiaries and associates	1,146	—
Loss on valuation of investment securities	393	—
Total extraordinary losses	25,304	—
Profit (loss) before income taxes	△28,934	4,499
Income taxes - current	10,725	△5,402
Income taxes - deferred	△5,544	4,581
Total income taxes	5,181	△821
Profit (loss)	△34,115	5,320
Profit (loss) attributable to non-controlling interests	△115	122
Profit (loss) attributable to owners of parent	△34,000	5,198

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit (loss)	Δ34,115	5,320
Other comprehensive income		
Valuation difference on available-for-sale securities	Δ2,086	Δ282
Deferred gains or losses on hedges	3,321	614
Foreign currency translation adjustment	Δ4,500	Δ844
Remeasurements of defined benefit plans, net of tax	115	125
Share of other comprehensive income of entities accounted for using equity method	Δ2,586	403
Total other comprehensive income	Δ5,736	16
Comprehensive income	Δ39,851	5,336
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	Δ39,727	5,197
Comprehensive income attributable to non-controlling interests	Δ124	139

(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

3. Production, Contracts and Sales

(Millions of yen)

	Apr. 1, 2016 — Dec 31, 2016			Apr. 1, 2017—Dec. 31, 2017		
	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)	New contracts (ratio)	Net sales (ratio)	Backlog of contracts (ratio)
Engineering	283,195 (99.1%)	432,502 (99.4%)	933,956 (100.0%)	206,598 (98.8%)	383,452 (99.4%)	695,028 (100.0%)
LNG Plant	166,787 (58.3%)	306,896 (70.5%)	644,672 (69.0%)	75,562 (36.1%)	281,988 (73.1%)	389,713 (56.1%)
Gas Development/ Processing/Receiving	6,498 (2.3%)	9,725 (2.2%)	14,046 (1.5%)	1,841 (0.9%)	8,701 (2.3%)	5,143 (0.7%)
Refinery/Petrochemical/ Metal	32,265 (11.3%)	73,343 (16.9%)	157,514 (16.9%)	33,347 (15.9%)	41,367 (10.7%)	149,645 (21.5%)
Pharmaceutical/Biochemistry/ Chemical	30,761 (10.8%)	21,731 (5.0%)	38,362 (4.1%)	30,460 (14.6%)	22,989 (6.0%)	42,783 (6.2%)
Environment/New Energy/ Infrastructure	37,929 (13.3%)	17,125 (3.9%)	71,182 (7.6%)	54,521 (26.1%)	21,421 (5.5%)	96,626 (13.9%)
Others	8,952 (3.1%)	3,679 (0.9%)	8,177 (0.9%)	10,865 (5.2%)	6,984 (1.8%)	11,116 (1.6%)
Other Business	2,614 (0.9%)	2,614 (0.6%)	— (—)	2,481 (1.2%)	2,481 (0.6%)	— (—)
Total	285,809 (100.0%)	435,116 (100.0%)	933,956 (100.0%)	209,079 (100.0%)	385,934 (100.0%)	695,028 (100.0%)
Domestic	105,221 (36.8%)	73,311 (16.8%)	126,252 (13.5%)	113,205 (54.1%)	76,984 (19.9%)	158,132 (22.8%)
Overseas	180,587 (63.2%)	361,804 (83.2%)	807,703 (86.5%)	95,874 (45.9%)	308,949 (80.1%)	536,895 (77.2%)

Note 1: The backlog of contracts for the nine months ended December 31, 2017 includes a decrease due to changes in construction contracts acquired in prior fiscal years, and an increase due to foreign exchange translation adjustments.

Note 2: The total amount of the above table does not include consumption tax.