

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 Three Months Ended June 30, 2019**

August 1, 2019

Company name: **CHIYODA CORPORATION**
 Listing: Tokyo Stock Exchange
 Stock code: 6366
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Scheduled date to file Quarterly Report: August 9, 2019
 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 June 30, 2019

(1) Consolidated operating results (Percentages indicate year-on-year changes)

	Revenue		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 June 30, 2019	86,471	(7.6)	9,076	—	3,698	—	2,274	—
For the three months ended June 30, 2018	93,626	(20.6)	(3,376)	—	(3,163)	—	(3,702)	—

Note: Comprehensive Income: the three months ended June 30, 2019: 4,463 million yen / (—)%
 the three months ended J June 30, 2018: (4,976) million yen / (—)%

	Net income per share	Fully diluted net income per share
	Yen	Yen
For the three months ended June 30, 2019	8.78	—
For the three months ended June 30, 2018	(14.30)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2019	356,693	(54,932)	(15.6)
As of March 31, 2019	352,341	(59,154)	(17.1)

Reference: Equity As of June 30, 2019: (55,630) million yen As of March 31, 2019: (60,114) 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, 2019	-	-	-	0.00	0.00
Fiscal year ending March 31, 2020	-				
Fiscal year ending March 31, 2020 (Forecast)		-	-	0.00	0.00

Note: Revision to the latest forecast announcement 2019: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Percentages indicate year-on-year changes)

	Revenue		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, 2020	390,000	14.1	12,000	—	12,000	—	6,000	—	23.17

Note: Revision to the latest forecast announcement 2019: 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.: 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 June 30, 2019	260,324,529 shares
As of March 31, 2019	260,324,529 shares
 - b. Number of treasury stock at the end of the period

As of June 30, 2019	1,357,261 shares
As of March 31, 2019	1,357,156 shares
 - c. Average number of shares during the period

For the three months ended June 30, 2019	258,967,311 shares
For the three months ended June 30, 2018	258,967,640 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.

Dividend Status of Class A Shares

Class A Share	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
Record date	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	-	-	-		
Fiscal year ending March 31, 2020	-				
Fiscal year ending March 31, 2020 (Forecast)		-	-	0.0	0.0

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1. Qualitative Information Related to Consolidated Performance

(1) Qualitative Information on Business Performance

In the first quarter of this fiscal year, the price of oil has stayed within a range of approximately \$60-50 per barrel, in slightly decreasing trend. In the liquefied natural gas (LNG) business, customers consider final investment decisions for new large-scale projects, reflecting consistent LNG demand, especially from newly developing countries. Amid these circumstances, the Group is continuously executing large-scale LNG Projects worldwide; in the U.S., the 1st train of Cameron LNG started production and export of LNG, and early stage of EPC (engineering, procurement and construction) of Golden Pass LNG was started. Further the Company is implementing EPC proposal preparation work for Qatar expansion project and Nigeria Train 7 LNG.

In addition, the Company announced its new medium-term management plan “Chiyoda’s Revitalization Plan – Initiatives for revitalization and the future –” in May 2019 and various measures are taken under the newly established risk management system.

As for the financial strengthening plan, third party allotment of 70 billion yen to Mitsubishi Corporation was approved at the General Shareholders Meeting held on June 25, 2019.

On consolidated basis, for the 1st quarter of the fiscal year ending March 31, 2019, New Orders amounted to 33,266 million yen (down 57.0% YoY), Backlog to 954,107 million yen (down 6.1% from last FY) and Revenues to 86,471 million yen (down 7.6% YoY). Operating income came to 9,076 million yen (compared with previous quarter’s consolidated operating loss of 3,376 million yen), Ordinary income amounted to 3,698 million yen (compared with previous quarter’s consolidated ordinary loss of 3,163 million yen) and Profit attributable to owners of parent came to 2,274 million yen (compared with previous quarter’s consolidated loss attribute to owners of parent of 3,702 million yen). This is mainly due to the agreement with the client for contract amendment for Cameron LNG, and foreign exchange loss.

The summary of activities in the engineering business; reportable segments below:

- **Energy**

- **LNG Plant/ Gas Related Work**

- **【Overseas】**

- Chiyoda is executing EPC work for projects in Australia, the U.S., and Indonesia. The 1st train of Cameron LNG has started production and export of LNG, and remaining works are ongoing for 2nd and 3rd train safely and steadily. In addition, early stage of EPC work for Golden Pass LNG is underway. Meanwhile, the Group is currently implementing EPC proposal preparation work for Qatar expansion project (7.8 million ton/year by 4 trains) and FEED plus EPC proposal preparation for Nigeria.

- In “Other Gas Related Work”, the Group Company in Qatar is engaged in the EPC work of the helium production facility as well as being engaged in the EPCm (engineering, procurement and construction management) work of the modification and revamping projects of the LNG / gas processing plant constructed by the Company.

- **【Japan】**

- Renovation and modification projects are underway for previously built LNG-receiving terminals, and for seismic upgrades of facilities under the Basic Act for National Resilience.

- **Refinery/Petrochemical/Metal**

- **【Overseas】**

- EPC work started for a large-scale ethylene plant in the Gulf Coast Area, US. A group company is executing Engineering, Procurement, Construction and Commissioning (EPCC) activities for a Residue Fluid Catalytic Cracking (RFCC) project in Malaysia. Also in Malaysia, EPC activities on a petrochemical tank terminal are ongoing, further a group company based in Southeast Asia is engaged in project management for downstream projects including refinery and petrochemical in Asia.

- **【Japan】**

- The Group is executing EPC work for renovation of existing refining facilities aiming to reduce sulphur

content in bunkering fuel as per the new regulation which will become effective in 2020 as well as other various revamping / modification work.

- **Environment**

- **Pharmaceutical/Biochemistry/General Chemistry**

- **【Japan】**

- The Group is executing EPC work for production facilities of middle molecule pharmaceuticals and synthetic raw materials for medicines. Further, the Group is executing EPC work for functionalized chemical facilities and hydrogenated petroleum resin production plant.

- **Environment/New Energy/Infrastructure**

- **【Overseas】**

- The Company introduced the Chiyoda Thoroughbred 121 (CT - 121) Process to flue gas desulfurization facilities at existing coal-fired plants in India. In addition, business development activities for vegetable growing facility using artificial light are ongoing aiming to introduce commercial facilities elsewhere in the Middle East and Russia, based on the business collaboration with MIRAI Co. Ltd, a leading company in this field.

- **【Japan】**

- Chiyoda is executing EPC work for the world's largest Battery Energy Storage System Project in Hokkaido, flue gas desulfurization facilities at existing coal-fired plants, demonstration facilities for CO2 separation units, photovoltaic (mega solar) facilities, and EPC work for the largest capacity biomass firing plant in Japan is also ongoing.

- Work is underway on a demonstration project commercializing a hydrogen supply chain, through the Advanced Hydrogen Energy Chain Association for Technology Development, an organization established jointly established with Mitsubishi Corporation, Mitsui & Co., Ltd. and Nippon Yusen (NYK Line).

- **Digital Technology**

- The Company is implementing projects using AI technologies to improve plant productivity in a tie-up agreement with GRID Inc. Under these initiatives, Chiyoda has signed a memorandum of understanding with Abu Dhabi Gas Liquefaction Co. (UAE) to provide state-of-the-art digital technologies for its LNG Plant. Further the company has agreed with PT. Donggi-Senoro LNG (Indonesia) on the development of AI technology to improve the productivity of the LNG plant facilities.

- Meanwhile, Chiyoda is implementing the internal "Target 20" campaign aiming for further utilization of digital technology. Along that target, the Group strives to strengthen competitiveness based on enhanced operations through digitization in each area of EPC business as well as corporate management practices.

(2) Financial Information on Business Performance

This section is not translated.

(3) Outlook for the future including full-year forecast

Same as released on May 9, 2019. No change of foreign exchange rate of JPY110/USD.

2. Consolidated quarterly financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	69,457	102,602
Notes receivable, accounts receivable from completed construction contracts	68,611	51,585
Costs on construction contracts in progress	7,494	5,494
Accounts receivable - other	65,945	72,671
Jointly controlled assets of joint venture	110,967	94,327
Other	5,707	5,282
Allowance for doubtful accounts	△1,254	△1,243
Total current assets	326,929	330,719
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,461	6,493
Land	4,952	5,200
Other, net	1,300	1,230
Total property, plant and equipment	11,714	12,925
Intangible assets	5,298	4,913
Investments and other assets		
Investment securities	6,393	6,337
Deferred tax assets	701	640
Other	1,478	1,331
Allowance for doubtful accounts	△174	△174
Total investments and other assets	8,398	8,134
Total non-current assets	25,411	25,973
Total assets	352,341	356,693

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	175,277	148,805
Short-term borrowings	—	30,000
Current portion of long-term borrowings	118	119
Income taxes payable	708	651
Advances received on construction contracts in progress	122,252	128,908
Provision for warranties for completed construction	372	391
Provision for loss on construction contracts	67,637	55,450
Provision for bonuses	3,011	1,517
Provision for business restructuring	1,825	1,845
Other	21,300	23,831
Total current liabilities	392,505	391,521
Non-current liabilities		
Long-term borrowings	15,870	15,839
Provisions	267	245
Retirement benefit liability	1,546	1,692
Other	1,305	2,326
Total non-current liabilities	18,989	20,104
Total liabilities	411,495	411,626
Net assets		
Shareholders' equity		
Share capital	43,396	43,396
Capital surplus	37,112	37,112
Retained earnings	△139,956	△137,681
Treasury shares	△1,435	△1,435
Total shareholders' equity	△60,882	△58,607
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△5	42
Deferred gains or losses on hedges	△50	△69
Foreign currency translation adjustment	△102	2,142
Remeasurements of defined benefit plans	926	861
Total accumulated other comprehensive income	767	2,976
Non-controlling interests	960	698
Total net assets	△59,154	△54,932
Total liabilities and net assets	352,341	356,693

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

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales of completed construction contracts	93,626	86,471
Cost of sales of completed construction contracts	92,766	73,433
Gross profit on completed construction contracts	860	13,037
Selling, general and administrative expenses	4,237	3,961
Operating profit (loss)	△3,376	9,076
Non-operating income		
Interest income	631	653
Dividend income	80	15
Share of profit of entities accounted for using equity method	24	187
Other	39	81
Total non-operating income	775	938
Non-operating expenses		
Interest expenses	56	95
Foreign exchange losses	488	5,999
Other	17	222
Total non-operating expenses	562	6,316
Ordinary profit (loss)	△3,163	3,698
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	—	355
Total extraordinary income	—	355
Profit (loss) before income taxes	△3,163	4,053
Income taxes - current	864	1,780
Income taxes - deferred	△322	8
Total income taxes	542	1,788
Profit (loss)	△3,706	2,264
Loss attributable to non-controlling interests	△4	△10
Profit (loss) attributable to owners of parent	△3,702	2,274

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit (loss)	△3,706	2,264
Other comprehensive income		
Valuation difference on available-for-sale securities	△16	48
Deferred gains or losses on hedges	1,559	△19
Foreign currency translation adjustment	△2,684	2,264
Remeasurements of defined benefit plans, net of tax	△17	△65
Share of other comprehensive income of entities accounted for using equity method	△110	△29
Total other comprehensive income	△1,269	2,199
Comprehensive income	△4,976	4,463
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△5,022	4,483
Comprehensive income attributable to non-controlling interests	46	△19

(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

(Changes in accounting policies)

The Company has applied IFRS 9, "Financial Instruments" and 15, "Revenue from Contracts with Customers", from the first quarter of the fiscal year ending March 31, 2019. The effects this change will have on business performance are minor.

(AUS#2014-09 Earnings from contracts with clients)

The Company has applied AUS#2014-09. The effects this change will have on business performance are minor.

Significant subsequent events

On May 9, 2019, Chiyoda Corporation (the "Company") at its meeting of the Board of Directors, approved its financing plan including planned Third-Party allotment and borrowings. Payment from Mitsubishi Corporation was made on July 1, 2019. For details on the outline please refer to "Notice Regarding Issuance of Preferred Shares by Third-Party Allotment, Borrowing of Funds and Partial Amendment to Articles of Incorporation", released on May 9, 2019.

Production, Contracts and Revenue

(Millions of yen)

	Apr. 1, 2018—Jun. 30, 2018			Apr. 1, 2019—Jun. 30, 2019		
	New contracts (ratio)	Revenue (ratio)	Backlog of contracts (ratio)	New contracts (ratio)	Revenue (ratio)	Backlog of contracts (ratio)
Engineering	76,482 (99.0%)	92,823 (99.1%)	624,866 (100.0%)	33,053 (99.4%)	86,258 (99.8%)	954,107 (100.0%)
LNG Plant	9,964 (12.9%)	73,027 (78.0%)	276,976 (44.3%)	12,197 (36.7%)	46,491 (53.8%)	502,357 (52.7%)
Gas Development/ Processing/Receiving	2,115 (2.7%)	186 (0.2%)	6,302 (1.0%)	750 (2.3%)	1,371 (1.6%)	12,771 (1.3%)
Refinery/Petrochemical/ Metal	25,836 (33.4%)	7,681 (8.2%)	173,022 (27.7%)	15,622 (47.0%)	21,918 (25.3%)	303,464 (31.8%)
Pharmaceutical/Biochemistry/ Chemical	2,221 (2.9%)	6,055 (6.5%)	32,273 (5.2%)	1,103 (3.3%)	7,173 (8.3%)	17,728 (1.9%)
Environment/New Energy/ Infrastructure	34,665 (44.9%)	4,627 (4.9%)	126,626 (20.3%)	1,304 (3.9%)	7,265 (8.4%)	110,726 (11.6%)
Others	1,679 (2.2%)	1,243 (1.3%)	9,665 (1.5%)	2,076 (6.2%)	2,038 (2.4%)	7,058 (0.7%)
Other Business	802 (1.0%)	802 (0.9%)	— (—)	212 (0.6%)	212 (0.2%)	— (—)
Total	77,285 (100.0%)	93,626 (100.0%)	624,866 (100.0%)	33,266 (100.0%)	86,471 (100.0%)	954,107 (100.0%)
Domestic	64,987 (84.1%)	15,740 (16.8%)	212,375 (34.0%)	15,624 (47.0%)	23,928 (27.7%)	208,825 (21.9%)
Overseas	12,297 (15.9%)	77,886 (83.2%)	412,491 (66.0%)	17,641 (53.0%)	62,543 (72.3%)	745,282 (78.1%)

Note1: The backlog of contracts for the three months ended June 30, 2019 includes an increase / decrease due to changes in construction contracts acquired in prior fiscal years, and an increase / decrease due to foreign exchange translation adjustments.

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

4. Others

Significant events on the ability to continue as a Going Concern

In the full year consolidated financial results of FY2018, the Chiyoda Group had an Operating loss of 199,795 million yen, Ordinary loss of 192,998 million yen and Loss attributable to owners of parent of 214,948 million yen due to significantly increased construction cost for ongoing LNG projects, notably the Cameron LNG Project in Louisiana in the U.S. Due to the above, the Company expected deterioration of cash flow and recognized events and conditions which might cause substantial doubts about the Company's ability to continue as a going concern.

Under these circumstances the medium-term management plan "Mirai Engineering" was revisited and various measurements taken, in addition, in order to secure necessary fund for its operation, the Company had consistent communications with its major shareholder Mitsubishi Corporation and other stakeholders. As a result, for substantial doubts were eliminated by the reached agreement to raise funds.

Based on the above, under the going concern assumption, the Company is viewed as continuing in business for the foreseeable future, as of filling date.