

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, 2018**

August 8, 2018

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: August 8, 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 three months ended June 30, 2018

(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, 2018	93,626	(20.6)	(3,376)	—	(3,163)	—	(3,702)	—
For the three months ended June 30, 2017	117,858	(11.8)	584	(83.4)	996	(88.8)	165	(95.5)

Note: Comprehensive Income: the three months ended June 30, 2018: (4,976) million yen / (—)%
 the three months ended June 30, 2017: (542) million yen / (—)%

	Net income per share	Fully diluted net income per share
	Yen	Yen
For the three months ended June 30, 2018	(14.30)	—
For the three months ended June 30, 2017	0.64	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	393,049	152,358	38.3
As of March 31, 2018	420,337	159,418	37.5

Reference: Equity As of June 30, 2018: 150,502 million yen As of March 31, 2018: 157,557 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, 2018	-	-	-	7.50	7.50
Fiscal year ending March 31, 2019	-	-	-	-	-
Fiscal year ending March 31, 2019 (Forecast)	-	-	-	7.50	7.50

Note: Revision to the latest forecast announcement 2018: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	400,000	(21.7)	11,500	—	12,500	—	6,500	0.8	25.10

Note: Revision to the latest forecast announcement 2018: 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, 2018	260,324,529 shares
As of March 31, 2018	260,324,529 shares
 - b. Number of treasury stock at the end of the period

As of June 30, 2018	1,356,923 shares
As of March 31, 2018	1,356,873 shares
 - c. Average number of shares during the period

For the three months ended June 30, 2018	258,967,640 shares
For the three months ended June 30, 2017	258,971,855 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

In the first quarter of this fiscal year, the price of oil has stayed within a range of approximately \$60-70 per barrel. In the liquefied natural gas (LNG) business, the Company is starting to see customers consider final investment decisions for new large-scale projects, reflecting consistent LNG demand, especially from China.

Accordingly, Chiyoda has continued to implement large-scale projects in the core LNG business and has been actively involved in front-end engineering and design work (FEED) for the Qatar expansion project. Concurrently, the Company has been implementing the structural reforms and growth strategy detailed in the medium term management plan "Mirai Engineering - A Grand Opportunity for the Future". This plan includes expansion into new markets including renewable energy and life sciences, and a more sophisticated business model leveraging big data and AI technology.

On consolidated basis, for the fiscal year ending March 31, 2019, New Orders amounted to 77,285 million yen (up 103.7% YoY), Backlog to 624,866 million yen (down 4.4% YoY) and Revenues to 93,626 million yen (down 20.6% YoY). Operating loss came to 3,376 million yen (compared with previous quarter's consolidated operating income of 584 million yen), Ordinary loss amounted to 3,163 million yen (compared with previous quarter's consolidated ordinary income of 996 million yen) and Profit attributable to owners of parent came down to 3,702 million yen (compared with previous quarter's consolidated profit attribute to owners of parent of 165 million yen). Losses are mainly due to an increase in incremental construction costs at an ongoing LNG project in the U.S.

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

- **Energy**

- **LNG Plant/ Gas Related Work**

- **【Overseas】**

- **LNG Plants:** Chiyoda is executing Engineering, Procurement and Construction (EPC) work for projects in Australia, the US, Russia and Indonesia; Pre-contract work is being conducted on a LNG project in Mozambique as the prime EPC contractor; FEED work is underway for an expansion project in Qatar adding 7.8 million tons per year in 3 trains; In the US, Chiyoda is bidding for new LNG projects;

- **Other Gas Related Work:** In Qatar, the Group is currently executing a EPC contract for a Helium Extraction Unit Facility; in addition a Group Company in Qatar is engaged in long-term EPCm contracts as renovation and modification work on LNG and gas processing plants previously built 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.

- **Offshore and Upstream:** A group company has won a conceptual design contract for sub-sea gas field for gas field exploration in Indonesia. A Joint project between Xodus Group Ltd. (a Chiyoda affiliate) and Subsea 7 SA is underway and Chiyoda will stay focused on floating LNG/gas processing facilities as one of its priority business areas.

- **Refinery/Petrochemical/Metal**

- **【Overseas】**

- 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 refinery, petrochemical and downstream opportunities elsewhere in Asia.

【Japan】

Chiyoda has won contracts to optimize refinery facilities and EPC operations business related to the manufacturing of high- performance materials;

Focus on EPC operations for renovation and upgrades of existing facilities (Basic Act for National Resilience);

Improvement of energy efficiency in existing petrochemical production and other facilities.

● **Environment**

Pharmaceutical/Biochemistry/General Chemistry

【Japan】

Chiyoda has developed cutting edge, injection production facilities for high-potency pharmacologically active agents; EPC work in progress for production facilities of middle molecule, Active Pharmaceutical Ingredients (APIs).

Environment/New Energy/Infrastructure

【Overseas】

The Group is completing EPC projects for new international airports in Mongolia and Bohol, Philippines. Further, Chiyoda plans to introduce the Chiyoda Thoroughbred 121 (CT - 121) Process to flue gas desulfurization facilities at existing coal-fired plants in India; In Dubai, UAE, a demonstration project of a vegetable growing facility using artificial light was recently completed and will be introduced at commercial facilities elsewhere in the Middle East and Russia.

【Japan】

EPC work on flue gas desulfurization facilities at existing coal-fired plants; demonstration facilities for CO₂ separation units; photovoltaic (mega solar) facilities and factories and research facilities complying with the latest food hygiene standards are currently being executed. Further in the New Energy business field a demonstration plant for producing bio-jet and diesel fuels is scheduled to be completed this fiscal year.

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 has launched 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.

(2) Financial Information on Business Performance

This section is not translated.

(3) Outlook for the Next Fiscal Year

Same as released on May 11, 2018.

2. Consolidated quarterly financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	96,008	78,224
Notes receivable, accounts receivable from completed construction contracts	76,884	67,640
Securities	7,999	7,999
Costs on uncompleted construction contracts	15,916	12,093
Accounts receivable - other	41,967	40,329
Jointly controlled assets of joint venture	131,374	137,486
Other	5,563	6,011
Allowance for doubtful accounts	△1,245	△1,245
Total current assets	374,470	348,540
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,010	5,882
Land	4,952	4,952
Other, net	1,108	1,058
Total property, plant and equipment	12,071	11,893
Intangible assets	5,718	5,611
Investments and other assets		
Investment securities	7,681	7,686
Deferred tax assets	11,908	11,401
Other	8,672	8,093
Allowance for doubtful accounts	△185	△175
Total investments and other assets	28,077	27,004
Total non-current assets	45,867	44,509
Total assets	420,337	393,049

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	147,654	132,191
Income taxes payable	894	321
Advances received on uncompleted construction contracts	76,294	73,554
Provision for warranties for completed construction	419	360
Provision for loss on construction contracts	3,288	3,183
Provision for bonuses	3,887	1,533
Other	15,408	11,624
Total current liabilities	247,847	222,768
Non-current liabilities		
Long-term loans payable	10,000	15,000
Provision	344	344
Net defined benefit liability	1,176	1,183
Other	1,550	1,394
Total non-current liabilities	13,071	17,922
Total liabilities	260,918	240,691
Net assets		
Shareholders' equity		
Capital stock	43,396	43,396
Capital surplus	37,112	37,112
Retained earnings	77,024	71,289
Treasury shares	△1,434	△1,434
Total shareholders' equity	156,099	150,364
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	64	47
Deferred gains or losses on hedges	△1,778	△218
Foreign currency translation adjustment	2,159	△686
Remeasurements of defined benefit plans	1,013	995
Total accumulated other comprehensive income	1,458	138
Non-controlling interests	1,861	1,856
Total net assets	159,418	152,358
Total liabilities and net assets	420,337	393,049

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

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales of completed construction contracts	117,858	93,626
Cost of sales of completed construction contracts	112,402	92,766
Gross profit on completed construction contracts	5,455	860
Selling, general and administrative expenses	4,871	4,237
Operating profit (loss)	584	△3,376
Non-operating income		
Interest income	546	631
Dividend income	79	80
Share of profit of entities accounted for using equity method	43	24
Other	53	39
Total non-operating income	722	775
Non-operating expenses		
Interest expenses	50	56
Foreign exchange losses	150	488
Other	108	17
Total non-operating expenses	310	562
Ordinary profit (loss)	996	△3,163
Profit (loss) before income taxes	996	△3,163
Income taxes - current	2,238	864
Income taxes - deferred	△1,443	△322
Total income taxes	795	542
Profit (loss)	200	△3,706
Profit (loss) attributable to non-controlling interests	35	△4
Profit (loss) attributable to owners of parent	165	△3,702

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit (loss)	200	△3,706
Other comprehensive income		
Valuation difference on available-for-sale securities	△86	△16
Deferred gains or losses on hedges	207	1,559
Foreign currency translation adjustment	△1,317	△2,684
Remeasurements of defined benefit plans, net of tax	38	△17
Share of other comprehensive income of entities accounted for using equity method	413	△110
Total other comprehensive income	△743	△1,269
Comprehensive income	△542	△4,976
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△553	△5,022
Comprehensive income attributable to non-controlling interests	10	46

(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.

3. Production, Contracts and Revenue

(Millions of yen)

	Apr. 1, 2017—Jun. 30, 2017			Apr. 1, 2018—Jun. 30, 2018		
	New contracts (ratio)	Revenue (ratio)	Backlog of contracts (ratio)	New contracts (ratio)	Revenue (ratio)	Backlog of contracts (ratio)
Engineering	37,144 (97.9%)	117,056 (99.3%)	783,283 (100.0%)	76,482 (99.0%)	92,823 (99.1%)	624,866 (100.0%)
LNG Plant	17,920 (47.2%)	90,164 (76.5%)	518,266 (66.2%)	9,964 (12.9%)	73,027 (78.0%)	276,976 (44.3%)
Gas Development/ Processing/Receiving	828 (2.2%)	3,121 (2.7%)	9,212 (1.2%)	2,115 (2.7%)	186 (0.2%)	6,302 (1.0%)
Refinery/Petrochemical/ Metal	11,155 (29.4%)	9,289 (7.9%)	156,861 (20.0%)	25,836 (33.4%)	7,681 (8.2%)	173,022 (27.7%)
Pharmaceutical/Biochemistry/ Chemical	1,689 (4.5%)	4,974 (4.2%)	32,026 (4.1%)	2,221 (2.9%)	6,055 (6.5%)	32,273 (5.2%)
Environment/New Energy/ Infrastructure	4,393 (11.6%)	7,354 (6.2%)	60,418 (7.7%)	34,665 (44.9%)	4,627 (4.9%)	126,626 (20.3%)
Others	1,156 (3.0%)	2,141 (1.8%)	6,498 (0.8%)	1,679 (2.2%)	1,243 (1.3%)	9,665 (1.5%)
Other Business	801 (2.1%)	801 (0.7%)	— (—)	802 (1.0%)	802 (0.9%)	— (—)
Total	37,946 (100.0%)	117,858 (100.0%)	783,283 (100.0%)	77,285 (100.0%)	93,626 (100.0%)	624,866 (100.0%)
Domestic	17,226 (45.4%)	20,203 (17.1%)	118,960 (15.2%)	64,987 (84.1%)	15,740 (16.8%)	212,375 (34.0%)
Overseas	20,719 (54.6%)	97,654 (82.9%)	664,322 (84.8%)	12,297 (15.9%)	77,886 (83.2%)	412,491 (66.0%)

Note1: The backlog of contracts for the three months ended June 30, 2018 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.