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, 2018

February 13, 2019

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 14, 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 nine months ended December 31, 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 Nine months ended December 31, 2018	306,101	(20.7)	(107,790)	—	(107,045)	—	(128,151)	—
For the Nine months ended December 31, 2017	385,934	(11.3)	(8,843)	—	(8,421)	—	5,198	—

Note: Comprehensive Income: the nine months ended December 31, 2018: (126,441) million yen / (—)%
the nine months ended December 31, 2017: 5,336 million yen / (—)%

	Net income per share	Fully diluted net income per share
	Yen	Yen
For the Nine months ended December 31, 2018	(494.86)	—
For the Nine months ended December 31, 2017	20.07	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2018	376,601	30,893	7.7
As of March 31, 2018	420,337	159,418	37.5

Reference: Equity As of December, 2018: 28,990 million yen/ As of March 31, 2018: 157,557 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, 2018	-	-	-	7.50	7.50
Fiscal year ending March 31, 2019	-	-	-		
Fiscal year ending March 31, 2019(Forecast)				0.00	0.00

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)	(86,500)	―	(86,500)	―	(105,000)	―	(405.46)

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 December 31, 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 December 31, 2018	1,357,148 shares
As of March 31, 2018	1,356,873 shares

c. Average number of shares during the period

For the Nine months ended December 31, 2018	258,967,536 shares
For the Nine months ended December 31, 2017	258,969,252 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.

Table of Contents for the appendices

1. Qualitative Information Related to Consolidated Performance

(1) Qualitative Information on Business Performance

The Group's third quarter results report additional costs required to comply with the schedule of the Tangguh LNG project (Indonesia), in addition to the costs increase for the Cameron LNG project (Louisiana, U.S.). For these two projects, negotiations with the clients requesting reimbursement for the additional costs are in progress. Amid these circumstances, the Group is continuously executing large-scale LNG Projects worldwide; completed 2nd Train of Ichthys LNG Project (Australia) and the 3rd Train of Yamal LNG (Russia). Further the Company has been actively involved in front-end engineering and design work (FEED) for the Qatar expansion project, and FEED and Engineering, Procurement and Construction (EPC) proposal preparation work for Nigeria Train 7 LNG.
In addition, in November 2018 the Company has reviewed some of its structural reforms and growth strategy of the medium-term management plan "Mirai Engineering - A Grand Opportunity for the Future". This plan includes future business model and expansion into new markets covering renewable energy and life sciences, and a digitalization strategy leveraging Big Data and Artificial Intelligence (AI) technology.

On consolidated basis, for the fiscal year ending March 31, 2019, New Orders amounted to 390,425 million yen (up 86.7% YoY), Backlog to 728,094 million yen (up 11.4% YoY) and Revenues to 306,101 million yen (down 20.7% YoY). Operating loss came to 107,790 million yen (compared with previous quarter's consolidated operating loss of 8,843 million yen), Ordinary loss amounted to 107,045 million yen (compared with previous quarter's consolidated ordinary loss of 8,421 million yen) and Loss attributable to owners of parent came down to 128,151 million yen (compared with previous quarter's consolidated profit attribute to owners of parent of 5,198 million yen). Losses are mainly due to increase in incremental construction costs for Cameron LNG project and Tangguh LNG project, and reversal of deferred tax assets.

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

- **Energy**

LNG Plants / Other Gas Related Work

【Overseas】

Chiyoda is executing EPC work for projects in Australia, the U.S., Russia and Indonesia. The Ichthys LNG plant (Australia) started production of both trains. The Yamal LNG 3rd train (Russia) was successfully completed a year ahead of the contract delivery schedule and accounts for a total production capacity of 16.5 mtpa. For the future EPC works, the Group is engaged in bidding for a new LNG plant project in the United States. In addition, the Group is currently executing FEED work for a 4-Train LNG expansion project in Qatar, FEED plus EPC proposal preparation work in 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 (design, procurement and construction management) work of the modification and revamping projects of the LNG / gas processing plant constructed by the Company.

【Japan】

In 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 completed a conceptual design contract for sub-sea gas field for gas field exploration in Indonesia. The Group will stay focused on floating LNG/gas processing facilities as one of its business areas.

Refinery/Petrochemical/Metal

【Overseas】

Overseas, EPC work started for a large-scale ethylene production 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. Further, FEED work for the Copper Smelter Plant in Indonesia is underway.

【Japan】
Domestically, 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. Further, the Group has completed EPC work related to high-function chemical products plant, and is executing EPC work for other chemical facilities and production plant for hydrogenated petroleum resin.

- **Environment**

Pharmaceutical/Biochemistry/General Chemistry
【Japan】
The Group has completed EPC work for pharmaceutical production plant and developed cutting edge, injection production facilities for high-potency pharmacologically active agents and related pharmaceutical facilities. EPC work in progress for production facilities of middle molecule, Active Pharmaceutical Ingredients (APIs).

Environment/New Energy/Infrastructure
【Overseas】
A Group company has completed new international airports in Bohol, Philippines and Mongolia. Further, Chiyoda introduced the Chiyoda Thoroughbred 121 (CT - 121) Process to flue gas desulfurization facilities at four existing coal-fired plants in India; In Dubai, UAE, a demonstration project of a vegetable growing facility using artificial light was completed last year and will be introduced at commercial facilities elsewhere in the Middle East and Russia.

【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 factories complying with the latest food hygiene standards, and research facility for food plant has been completed. In the New Energy business field a demonstration plant for producing bio-jet and diesel fuels was completed, and EPC work for the largest capacity biomass firing plant in Japan is 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 has launched 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 Next Fiscal Year

Please refer to the company's release 'Notice of Revisions to the Forecast of Consolidated Results and Dividend" published on October 31, 2018.

In addition, expected foreign exchange of JPY 115/USD remains unchanged.

(4) Business Risk

Risks newly recognized in the third quarter of the fiscal year ending March, 2019 are as follows;

The Company has recognized Operating loss, Ordinary loss and Loss attributable to owners of parent 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 expects deterioration of cash flow and new financing is required.

(5) Business Policy, Business Environment and Issues to Address

In response to the newly recognized risks stated above, the Company has changed a part of its business policy.

The contents of the business policy which the Company has changed and the countermeasures to solve the business risks are stated in Notes on Assumptions for a Going Concern.

2. Consolidated quarterly financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	96,008	58,052
Notes receivable, accounts receivable from completed construction contracts	76,884	93,867
Securities	7,999	—
Costs on uncompleted construction contracts	15,916	11,238
Accounts receivable - other	41,967	59,732
Jointly controlled assets of joint venture	131,374	115,473
Other	5,563	6,331
Allowance for doubtful accounts	(1,245)	(1,245)
Total current assets	374,470	343,449
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,010	5,620
Land	4,952	4,952
Other, net	1,108	1,024
Total property, plant and equipment	12,071	11,597
Intangible assets	5,718	5,048
Investments and other assets		
Investment securities	7,681	7,690
Deferred tax assets	11,908	639
Other	8,672	8,362
Allowance for doubtful accounts	(185)	(185)
Total investments and other assets	28,077	16,506
Total non-current assets	45,867	33,151
Total assets	420,337	376,601

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	147,654	178,594
Current portion of long-term loans payable	—	98
Income taxes payable	894	859
Advances received on uncompleted construction contracts	76,294	82,721
Provision for warranties for completed construction	419	392
Provision for loss on construction contracts	3,288	43,377
Provision for bonuses	3,887	1,551
Other	15,408	19,415
Total current liabilities	247,847	327,012
Non-current liabilities		
Long-term loans payable	10,000	15,931
Provision	344	285
Net defined benefit liability	1,176	1,321
Other	1,550	1,157
Total non-current liabilities	13,071	18,695
Total liabilities	260,918	345,707
Net assets		
Shareholders' equity		
Capital stock	43,396	43,396
Capital surplus	37,112	37,112
Retained earnings	77,024	(53,159)
Treasury shares	(1,434)	(1,435)
Total shareholders' equity	156,099	25,914
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	64	(32)
Deferred gains or losses on hedges	(1,778)	(4)
Foreign currency translation adjustment	2,159	1,742
Remeasurements of defined benefit plans	1,013	1,371
Total accumulated other comprehensive income	1,458	3,075
Non-controlling interests	1,861	1,903
Total net assets	159,418	30,893
Total liabilities and net assets	420,337	376,601

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales of completed construction contracts	385,934	306,101
Cost of sales of completed construction contracts	379,672	400,282
Gross profit (loss) on completed construction contracts	6,262	(94,180)
Selling, general and administrative expenses	15,105	13,610
Operating loss	(8,843)	(107,790)
Non-operating income		
Interest income	1,706	2,106
Dividend income	338	409
Share of profit of entities accounted for using equity method	697	162
Other	184	169
Total non-operating income	2,927	2,848
Non-operating expenses		
Interest expenses	159	173
Foreign exchange losses	2,062	1,797
Other	284	132
Total non-operating expenses	2,506	2,102
Ordinary loss	(8,421)	(107,045)
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	—	112
Reversal of provision for loss on business of subsidiaries and associates	12,127	—
Gain on sales of investment securities	203	—
Other	589	—
Total extraordinary income	12,920	112
Extraordinary losses		
Loss on retirement of non-current assets	—	382
Total extraordinary losses	—	382
Profit (loss) before income taxes	4,499	(107,315)
Income taxes - current	(5,402)	10,306
Income taxes - deferred	4,581	10,494
Total income taxes	(821)	20,801
Profit (loss)	5,320	(128,116)
Profit attributable to non-controlling interests	122	34
Profit (loss) attributable to owners of parent	5,198	(128,151)

(2) Consolidated statement of income and comprehensive income

(Consolidated statement of income)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit (loss)	5,320	(128,116)
Other comprehensive income		
Valuation difference on available-for-sale securities	(282)	(97)
Deferred gains or losses on hedges	614	1,764
Foreign currency translation adjustment	(844)	(183)
Remeasurements of defined benefit plans, net of tax	125	358
Share of other comprehensive income of entities accounted for using equity method	403	(166)
Total other comprehensive income	16	1,675
Comprehensive income	5,336	(126,441)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,197	(126,534)
Comprehensive income attributable to non-controlling interests	139	93

Notes on Consolidated Quarterly Financial Statements

(Notes on Assumptions for a Going Concern)

In the third quarter of the consolidated financial results, the Chiyoda Group has an Operating loss of 107,790 million yen, Ordinary loss of 107,045 million yen and Loss attributable to owners of parent of 128,151 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 expects deterioration of cash flow and new financing is required in early next fiscal year. Under this circumstance, the Company recognizes events and conditions which may cause substantial doubts about the Company's ability to continue as a going concern.

In response to these events and situations, the Group recognizes that the top priority is to prevent further cost increase of Cameron LNG project, and takes every necessary countermeasures under the special task team newly established.

In addition, the Group is implementing countermeasures to reduce costs, obtaining change orders, reviewing settlement conditions from ongoing projects including the Cameron LNG project, as well as making efforts to improve the cash flow by reducing SG&A cost and sales of non-core assets.

And the Group has decided to partly revise its medium-term management plan "Mirai Engineering - A Grand Opportunity for the Future" issued in August 2017.

1. Ongoing Project (including Cameron LNG): Resource Allocation and Management Priority

2. Enhancement of risk management capabilities and highlight on not overstraining order capacity

3. Extensive cost reduction

4. Strengthening financial performance

Along the above outline, in order to secure necessary fund for its operation, the Company has consistent communications with its major shareholder Mitsubishi Corporation and other stakeholders.
However, as the countermeasures are still in progress, and discussions, including financial support, with Mitsubishi Corporation as well as other stakeholders are still ongoing, no consensus has been reached as of today.

The consolidated financial statements are prepared with an assumption of a going concern and do not reflect the impact of material uncertainty concerning the assumption of a going concern in the consolidated financial statements

(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－Dec. 31, 2017			Apr. 1, 2018－Dec. 31, 2018		
	New contracts (ratio)	New contracts (ratio)	New contracts (ratio)	New contracts (ratio)	Revenue (ratio)	Backlog of contracts (ratio)
Engineering	206,598 (98.8%)	383,452 (99.4%)	695,028 (100.0%)	387,922 (99.4%)	303,598 99.2%	728,094 (100.0%)
LNG Plant	75,562 (36.1%)	281,988 (73.1%)	389,713 (56.1%)	43,814 (11.2%)	198,061 (64.7%)	193,336 (26.6%)
Gas Development/ Processing/Receiving	1,841 (0.9%)	8,701 (2.3%)	5,143 (0.7%)	12,237 (3.1%)	1,464 (0.5%)	14,553 (2.0%)
Refinery/Petrochemical/ Metal	33,347 (15.9%)	41,367 (10.7%)	149,645 (21.5%)	205,999 (52.8%)	44,215 (14.4%)	312,482 (42.9%)
Pharmaceutical/Biochemistry/ Chemical	30,460 (14.6%)	22,989 (6.0%)	42,783 (6.2%)	18,147 (4.7%)	25,782 (8.4%)	28,410 (3.9%)
Environment/New Energy/ Infrastructure	54,521 (26.1%)	21,421 (5.5%)	96,626 (13.9%)	102,019 (26.1%)	28,390 (9.3%)	170,191 (23.4%)
Others	10,865 (5.2%)	6,984 (1.8%)	11,116 (1.6%)	5,704 (1.5%)	5,684 (1.9%)	9,119 (1.2%)
Other Business	2,481 (1.2%)	2,481 (0.6%)	－ (－)	2,502 (0.6%)	2,502 (0.8%)	－ (－)
Total	209,079 (100.0%)	385,934 (100.0%)	695,028 (100.0%)	390,425 (100.0%)	306,101 (100.0%)	728,094 (100.0%)
Domestic	113,205 (54.1%)	76,984 (19.9%)	158,132 (22.8%)	179,800 (46.0%)	74,640 (24.4%)	268,086 (36.8%)
Overseas	95,874 (45.9%)	308,949 (80.1%)	536,895 (77.2%)	210,624 (54.0%)	231,461 (75.6%)	460,008 (63.2%)

Note1: The backlog of contracts for the nine months ended December 31, 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.

4. Others

Please refer to Notes on Assumptions for a Going Concern.