

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, 2019**

November 5, 2019

Company name: **CHIYODA CORPORATION**
 Listing: Second Section of the Tokyo Stock Exchange
 Stock code: 6366
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Scheduled date to file Quarterly Report: November 5, 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 six months ended September 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 Six months ended September 30, 2019	174,903	19.5	14,051	—	6,883	—	4,788	—
For the Six months ended September 30, 2018	146,387	(41.6)	(96,267)	—	(96,271)	—	(108,606)	—

Note: Comprehensive Income: the six months ended September 30, 2019: 8,930 million yen
 the six months ended September 30, 2018: (107,888) million yen

	Net income per share	Fully diluted net income per share
	Yen	Yen
For the Six months ended September 30, 2019	16.45	7.84
For the Six months ended September 30, 2018	(419.38)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	387,911	19,533	4.9
As of March 31, 2019	352,341	(59,154)	(17.1%)

Reference: Equity As of September 30, 2019: 18,996 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
FY ended March 31, 2019	-	-	-	0.00	0.00
FY ending March 31, 2020	-	-	-	-	-
FY 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	19,000	-	12,000	-	6,000	-	17.07

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 September 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 September 30, 2019	1,357,419 shares
As of March 31, 2019	1,357,156 shares
 - c. Average number of shares during the period

For the Six months ended September 30, 2019	258,967,257 shares
For the Six months ended September 30, 2018	258,967,593 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 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	-	-	-		
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

The price of oil remained relatively stable during the second quarter of this fiscal year with only temporary increases due to factors such as geopolitical instability in the Middle East. In the Liquefied Natural Gas (LNG) market, customers have been considering Final Investment Decisions (FID) for new large-scale projects, reflecting the continued demand for LNG, especially in the developing world.

Responding to this environment, the Group continues to execute large-scale LNG projects worldwide. In the USA, the first train of the Cameron LNG project is in commercial operation and on Freeport LNG the first train has commenced production and export and engineering, procurement and construction (EPC) for the Golden Pass LNG project is underway. Elsewhere, we are providing technical support for design reviews conducted by EPC partners in the Mozambique Offshore Area 1 project which reached FID in June this year. Chiyoda is also developing EPC proposals for the Qatar expansion and Nigeria Train 7 LNG projects.

In the global environment field, EPC works are ongoing for the world's largest storage battery system, as well as in the renewable energy, pharmaceutical and life science field.

In the field of digital technology innovation, Chiyoda is also developing AI technology that contributes to improving the productivity and reliability of customer plants.

Chiyoda launched a new medium-term management plan: "Chiyoda's Revitalization Plan – Initiatives for Revitalization and the Future" in May this year which includes promoting fresh initiatives under the newly established risk management structure. As a first step, Chiyoda have begun reorganization and are implementing a wide range of initiatives for business reform.

A third party allocation of shares to Mitsubishi Corporation, valued at JPY70 billion and approved at the General Shareholders Meeting on 25 June 2019, was executed in July as part of the financial strengthening plan.

On consolidated basis, for the 2nd quarter of the fiscal year ending March 31, 2019, New Orders amounted to 79,93 million yen (down 75.9% YoY), Backlog to 904,482 million yen (down 11.0% from last FY) and Revenues to 174,930 million yen (up 19.5% YoY). Operating income came to 14,051 million yen (compared with previous quarter's consolidated operating loss of -96,267 million yen), Ordinary income amounted to 6,883 million yen (compared with previous quarter's consolidated ordinary loss of -96,271 million yen) and Profit attributable to owners of parent came to 4,788 million yen (compared with previous quarter's consolidated loss attribute to owners of parent of -108,600 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 / Gas
【Overseas】

The Company is executing EPC on projects in Australia, the USA and Indonesia. The first train of the Cameron LNG project is in commercial operation and on Freeport LNG the first train has commenced production. The second and third trains on Cameron and Freeport are progressing as planned and EPC work on Golden Pass LNG is continuing. Chiyoda will provide technical support for design reviews for JV partners on LNG projects in Mozambique Offshore Area 1 which reached FID in June this year and is currently preparing EPC proposals for the Qatar expansion project (4 x 7.8 million ton/year trains) and FEED/EPC for Nigeria LNG.

In Qatar we are also engaged in EPC for a helium production facility and are modifying and revamping an LNG/gas processing plant which we previously constructed.

【Japan】

Renovations and modifications are underway on Chiyoda constructed LNG receiving terminals and seismic upgrades of facilities under the Basic Act for National Resilience are progressing.

Refinery/Petrochemical/Metal

【Overseas】

We have commenced EPC on a large-scale ethylene plant on the Gulf Coast in the USA. In Malaysia, we are executing EPC plus Commissioning (EPCC) for a Residue Fluid Catalytic Cracking (RFCC) project and EPC on a petrochemical tank terminal. In Southeast Asia we are managing downstream projects, including refineries and petrochemical plants.

【Japan】

In Japan the Group is executing EPC for the renovation of existing refining facilities aiming to reduce sulfur content in bunkering fuel as per new regulations effective in 2020, as well as other revamping and modification work.

● **Environment**

Pharmaceutical/Biochemistry/General Chemistry

【Japan】

Chiyoda is executing EPC for production facilities of middle molecule pharmaceuticals and synthetic raw materials for medicines and for functionalized chemical facilities and a hydrogenated petroleum resin production plant.

Environment/New Energy/Infrastructure

【Overseas】

The Company implemented the Chiyoda Thoroughbred 121 (CT-121) Process to flue gas desulfurization facilities on existing coal fired plants in India.

Business development activities for a vegetable growing facility using artificial light are ongoing aiming to introduce commercial facilities in the Middle East and Russia in collaboration with MIRAI Co. Ltd, a leading company in this field.

【Japan】

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

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

● **Digital Technology**

A new Digital Transformation Division was established on 1 July 2019 to implement the Revitalization Plan based on digital technology and to promote digital transformation.

The Company is implementing projects using AI technologies to improve plant productivity in a tie-up agreement with GRID Inc. and has developed AI technology to optimize the productivity of PT. Donggi-Senoro LNG (Indonesia) plants aiming to introduce the technology worldwide.

Chiyoda has signed a Memorandum of Understanding (MoU) with Abu Dhabi Gas Liquefaction Co. (UAE) to provide state-of-the-art digital technologies for their LNG Plant, targeting early introduction of digital technologies improving plant reliability.

We are also implementing the internal "Target 20" campaign seeking to further utilize digital technology and are striving to strengthen competitiveness based on enhanced operations through digitization in each EPC business area and corporate management practices. Specifically, Chiyoda is applying Advanced Work packaging (AWP) and has commenced system development on current projects and Robotic Process Automation (RPA) for domestic service payments.

(2) Financial Information on Business Performance

This section is not translated.

(3) Outlook for the Next Fiscal Year

The initial the full-year consolidated financial forecast for the Fiscal Year ending March 31, 2020, as announced on May 9, 2019 has been revised. For details, please refer to "Notice of Revisions to the Forecast of Consolidated Results" announced on November 1, 2019.

In addition the anticipated foreign exchange rate has been changed to JPY 105/ USD.

2. Consolidated quarterly financial statements

(1) Consolidated balance sheets

(Millions of yen)		
	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	69,457	99,952
Notes receivable, accounts receivable from completed construction contracts	68,611	55,900
Costs on construction contracts in progress	7,494	8,650
Accounts receivable - other	65,945	68,995
Jointly controlled assets of joint venture	110,967	88,984
Other	5,707	41,068
Allowance for doubtful accounts	△1,254	(1,243)
Total current assets	326,929	362,308
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,461	6,393
Land	4,952	5,183
Other, net	1,300	1,195
Total property, plant and equipment	11,714	12,772
Intangible assets	5,298	4,671
Investments and other assets		
Investment securities	6,393	6,414
Deferred tax assets	701	603
Other	1,478	1,311
Allowance for doubtful accounts	△174	(170)
Total investments and other assets	8,398	8,159
Total non-current assets	25,411	25,603
Total assets	352,341	387,911

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	175,277	136,474
Short-term borrowings	—	-
Current portion of long-term borrowings	118	120
Income taxes payable	708	1,273
Advances received on construction contracts in progress	122,252	123,880
Provision for warranties for completed construction	372	399
Provision for loss on construction contracts	67,637	45,105
Provision for bonuses	3,011	3,149
Provision for business restructuring	1,825	1,796
Other	21,300	16,574
Total current liabilities	392,505	328,774
Non-current liabilities		
Long-term borrowings	15,870	35,809
Provisions	267	245
Retirement benefit liability	1,546	1,289
Other	1,305	2,259
Total non-current liabilities	18,989	39,603
Total liabilities	411,495	368,378
Net assets		
Shareholders' equity		
Share capital	43,396	78,396
Capital surplus	37,112	72,112
Retained earnings	(139,956)	(135,167)
Treasury shares	(1,435)	(1,435)
Total shareholders' equity	(60,882)	13,905
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5)	37
Deferred gains or losses on hedges	(50)	(78)
Foreign currency translation adjustment	(102)	4,338
Remeasurements of defined benefit plans	926	793
Total accumulated other comprehensive income	767	5,090
Non-controlling interests	960	537
Total net assets	(59,154)	19,533
Total liabilities and net assets	352,341	387,911

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

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales of completed construction contracts	146,387	174,903
Cost of sales of completed construction contracts	233,757	152,855
Gross Profit (Loss) on completed construction contracts	(87,370)	22,047
Selling, general and administrative expenses	8,897	7,996
Operating Profit (Loss)	(96,267)	14,051
Non-operating income		
Interest income	1,376	1,336
Dividend income	81	17
Share of profit of entities accounted for using equity method	63	301
Other	131	123
Total non-operating income	1,652	1,778
Non-operating expenses		
Interest expenses	113	315
Foreign exchange losses	1,511	7,948
Other	30	681
Total non-operating expenses	1,655	8,945
Ordinary Profit (Loss)	(96,271)	6,883
Extraordinary income		
Gain on sales of investment securities	—	355
Reversal of provision for loss on business of subsidiaries and associates	—	-
Total extraordinary income	—	355
Profit (Loss) before income taxes	(96,271)	7,239
Income taxes - current	1,618	2,739
Income taxes - deferred	10,717	(119)
Total income taxes	12,336	2,619
Profit (loss)	(108,607)	4,619
Profit (loss) attributable to non-controlling interests	(0)	(168)
Profit (loss) attributable to owners of parent	(108,606)	4,788

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit (loss)	(108,607)	4,619
Other comprehensive income		
Valuation difference on available-for-sale securities	(27)	42
Deferred gains or losses on hedges	2,759	(28)
Foreign currency translation adjustment	(2,244)	4,497
Measurements of defined benefit plans, net of tax	337	(132)
Share of other comprehensive income of entities accounted for using equity method	(106)	(67)
Total other comprehensive income	718	4,311
Comprehensive income	(107,888)	8,930
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(107,974)	9,110
Comprehensive income attributable to non-controlling interests	86	(179)

(3) Consolidated quarterly statements of cash flow

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2018
Cash flows from operating activities		
Profit (Loss) before income taxes	(96,271)	7,239
Depreciation	1,361	1,593
Amortization of goodwill	20	20
Increase (decrease) in provision for loss on construction contracts	22,903	(20,627)
Interest and dividend income	(1,457)	(1,353)
Share of loss (profit) of entities accounted for using equity method	(63)	(301)
Loss (gain) on sales of investment securities	—	(355)
Decrease (increase) in notes and accounts receivable - trade	6,862	12,467
Decrease (increase) in costs on uncompleted construction contracts	4,436	(1,233)
Increase (decrease) in notes and accounts payable - trade	(6,205)	(37,547)
Increase (decrease) in advances received on uncompleted construction contracts	45,718	3,950
Decrease (increase) in accounts receivable - other	(10,678)	(3,030)
Decrease (increase) in jointly controlled asset of joint venture	(3,922)	21,741
Other, net	1,254	(2,584)
Subtotal	(36,040)	(20,020)
Interest and dividend income received	650	689
Interest expenses paid	(93)	(312)
Income taxes (paid) refund	6,684	(3,740)
Net cash provided by (used in) operating activities	(28,799)	(23,383)
Cash flows from investing activities		
Net decrease (increase) in time deposits	654	(7,928)
Purchase of property, plant and equipment	(264)	(400)
Purchase of intangible assets	(1,067)	(867)
Purchase of investment securities	(104)	
Proceeds from sales of shares of subsidiaries and associates	—	375
Collection of loans receivable	57	598
Other, net	28	120
Net cash provided by (used in) investing activities	(592)	(8,103)
Cash flows from financing activities		
Proceeds from long-term borrowings	5,000	20,000
Proceeds from issuance of shares	—	70,000
Dividends paid	(1,937)	(0)
Dividends paid to non-controlling interests	(26)	(270)
Repayments of lease obligations	(1)	(167)
Other, net	(0)	(59)
Net cash provided by (used in) financing activities	3,033	89,501
Effect of exchange rate change on cash and cash equivalents	(631)	(359)
Net increase (decrease) in cash and cash equivalents	(26,990)	57,654
Cash and cash equivalents at beginning of period	101,767	68,306
Cash and cash equivalents at end of period	74,777	125,961

(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)

On July 1, 2019, Chiyoda has received a third-party allotment of capital increase from Mitsubishi Corporation. As a result, the capital increased by 35,000 million yen and the capital reserve increased by 35,000 million yen; in the second quarter of the current consolidated cumulative period the capital increased to 78,396 million yen and the capital surplus at the end of the second quarter of the consolidated fiscal year accumulated to 72,112 million yen.

(Changes in Accounting Policies)

Excluding U.S. subsidiaries, the Company has applied IFRS 16, "Lease" for overseas consolidated subsidiaries, from the first quarter of the fiscal year ending March 31, 2019. The effects of the change have minor impact on the business performance.

(ASU#2014-09 Revenue from Contracts with Customers)

The Company has applied ASU#2014-09. The effects of the change have minor impact on the business performance.

3. Production, Contracts and Revenue

(Millions of yen)

	Apr. 1, 2018—Sept. 30, 2018			Apr. 1, 2019—Sept. 30, 2019		
	New contracts (ratio)	Revenue (ratio)	Backlog of contracts (ratio)	New contracts (ratio)	Revenue (ratio)	Backlog of contracts (ratio)
Engineering	330,378 (99.5%)	144,728 (98.9%)	832,720 (100.0%)	79,506 (99.5%)	174,505 (99.8%)	904,482 (100.0%)
LNG Plant	26,072 (7.9%)	78,574 (53.7%)	292,644 (35.1%)	29,532 (37.0%)	89,710 (51.3%)	472,791 (52.3%)
Gas Development/ Processing/Receiving	2,459 (0.7%)	949 (0.7%)	5,294 (0.6%)	986 (1.2%)	1,590 (0.9%)	12,786 (1.4%)
Refinery/Petrochemical/ Metal	188,607 (56.8%)	33,117 (22.6%)	311,848 (37.5%)	33,517 (41.9%)	45,427 (26.0%)	294,019 (32.5%)
Pharmaceutical/Biochemistry/ Chemical	10,546 (3.2%)	15,651 (10.7%)	30,929 (3.7%)	2,698 (3.4%)	12,365 (7.1%)	13,968 (1.5%)
Environment/New Energy/ Infrastructure	98,983 (29.8%)	13,537 (9.2%)	182,105 (21.9%)	9,028 (11.3%)	19,933 (11.4%)	105,754 (11.7%)
Others	3,708 (1.1%)	2,899 (2.0%)	9,896 (1.2%)	3,743 (4.7%)	5,478 (3.1%)	5,162 (0.6%)
Other Business	1,659 (0.5%)	1,659 (1.1%)	0 (0.0%)	397 (0.5%)	397 (0.2%)	- (-)
Total	332,037 (100.0%)	146,387 (100.0%)	832,720 (100.0%)	79,903 (100.0%)	174,903 (100.0%)	904,482 (100.0%)
Domestic	144,701 (43.6%)	43,907 (30.0%)	263,831 (31.7%)	40,652 (50.9%)	55,971 (32.0%)	201,598 (22.3%)
Overseas	187,336 (56.4%)	102,480 (70.0%)	568,888 (68.3%)	39,251 (49.1%)	118,931 (68.0%)	702,884 (77.7%)

Note1: The backlog of contracts for the six months ended September 30, 2019 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.