

# **Financial Results for the Second Quarter Ended September 30, 2008 and Business Status**

**Takashi Kubota**  
**President and CEO**  
November 12, 2008

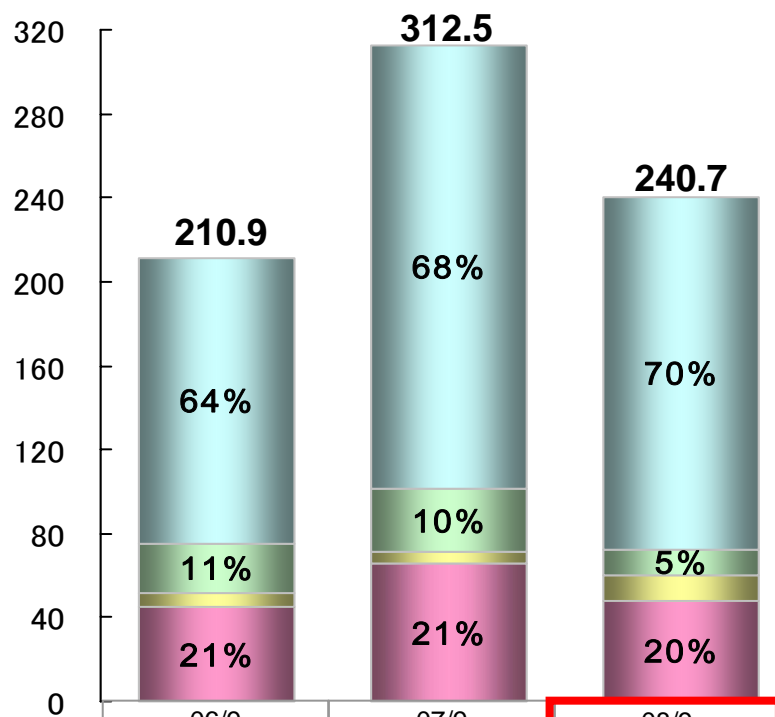
# Financial Data

(Billions of yen)

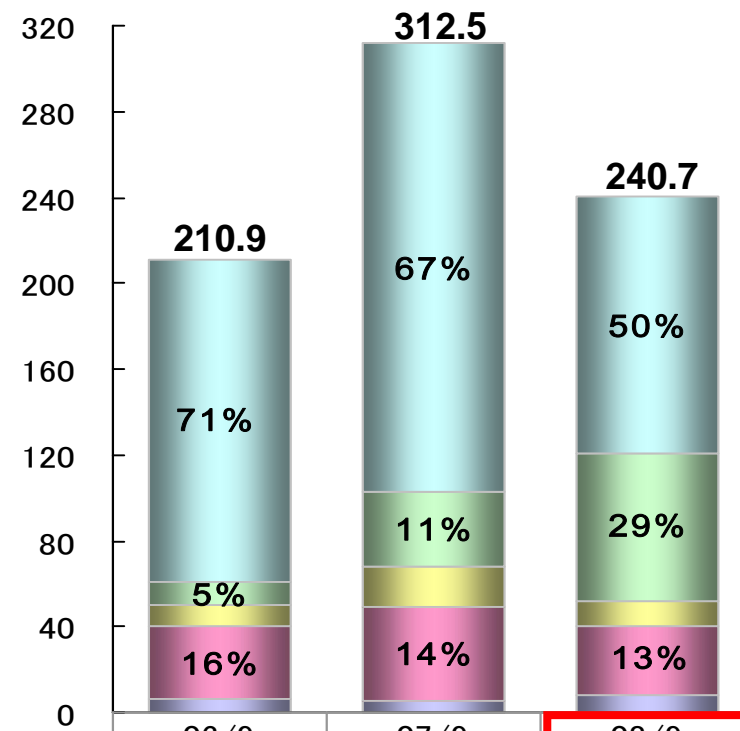
	08/9	08/9 Initial Forecast	Difference	07/9	Y on Y Difference
New contracts	116.8	-	-	180.3	(63.5) [-35%]
Revenues	240.7	230.0	10.7 [5%]	312.5	(71.7) [-23%]
Operating income	6.9	5.0	1.9 [38%]	11.4	(4.5) [-40%]
Ordinary income	9.7	7.0	2.7 [39%]	17.3	(7.5) [-44%]
Net income	6.0	4.0	2.0 [52%]	10.6	(4.5) [-43%]
Exchange rate	JPY103/\$	JPY100/\$		JPY115/\$	

# Revenues

(Billions of yen)



Middle East	135.5	210.9	168.4
Russia	23.6	29.9	12.1
Asia and others	7.1	5.6	12.4
Overseas total	166.3	246.5	193.0
Domestic total	44.6	66.0	47.6



LNG	150.2	209.5	119.8
Gas processing*	10.3	35.2	69.0
Fine industries**	9.7	18.5	11.8
Petroleum and petrochemicals	33.9	43.4	32.2
Others	6.6	5.7	7.7

Notes: \*Classified as "Gas and power utilities" in report of financial results.

\*\*Classified as "Industrial machinery" and "General chemicals" in report of financial results.

# Income-related Items

(Billions of yen)

	08/9	07/9	Difference
<b>Gross profit</b>	<b>12.6</b> [5.3%]	<b>17.2</b> [5.5%]	(4.5) [-0.2pt]
SG&A expenses	(5.7)	(5.8)	(0.0)
<b>Operating income</b>	<b>6.9</b> [2.9%]	<b>11.4</b> [3.7%]	(4.5) [-0.8pt]
Non-operating income and expenses	2.8	5.8	(3.0)
<b>Ordinary income</b>	<b>9.7</b> [4.1%]	<b>17.3</b> [5.5%]	(7.5) [-1.4pt]
Extraordinary gain/loss, Tax and Minority shareholders' income	(3.6)	(6.6)	2.9
<b>Net income</b>	<b>6.0</b> [2.5%]	<b>10.6</b> [3.4%]	(4.5) [-0.9pt]

# Balance Sheet

(Billions of yen)

	08/9	08/3	Difference		08/9	08/3	Difference
<b>Current assets</b>	<b>340.2</b>	<b>338.2</b>	<b>2.0</b>	<b>Current liabilities</b>	<b>230.9</b>	<b>293.9</b>	<b>(63.0)</b>
Cash and deposits*	116.7	70.9	45.8	Short-term loans payable	10.0	10.0	(0.0)
Operating assets**	60.6	53.1	7.4	Operating liabilities****	196.1	259.0	(62.9)
Jointly controlled assets of joint venture***	150.3	192.6	(42.3)	Other	24.7	24.8	(0.0)
Other	12.5	21.3	(8.8)				
<b>Non-current assets</b>	<b>39.2</b>	<b>40.6</b>	<b>(1.3)</b>	<b>Non-current liabilities</b>	<b>2.1</b>	<b>3.1</b>	<b>(1.0)</b>
Property, plant and equipment	22.6	23.0	(0.4)	Long-term loans payable	0.0	0.0	(0.0)
Intangible assets	4.6	4.7	(0.0)	Other	2.1	3.1	(1.0)
Investment and other assets	11.9	12.8	(0.8)	<b>Net assets</b>	<b>146.4</b>	<b>81.6</b>	<b>64.7</b>
<b>Total assets</b>	<b>379.5</b>	<b>378.8</b>	<b>0.6</b>	<b>Liabilities and net assets</b>	<b>379.5</b>	<b>378.8</b>	<b>0.6</b>
				<b>Shareholders' equity</b>	<b>146.0</b>	<b>81.2</b>	<b>64.7</b>

Notes:

\*Cash and deposits = Cash and deposits + Short-term investment securities

\*\*Operating assets = Notes receivable, accounts receivable from completed construction contracts + Costs on uncompleted construction contracts

\*\*\* Jointly controlled assets of joint venture = Cash and deposits of joint venture proportional to Chiyoda's interest

\*\*\*\*Operating liabilities = Notes payable, accounts payable for construction contracts + Advances received on uncompleted construction contracts

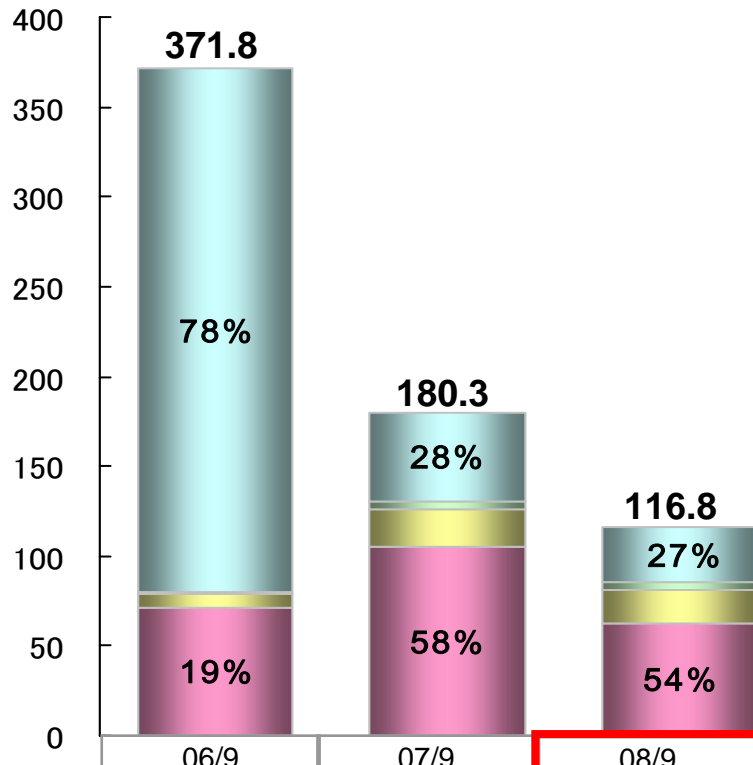
# Cash Flow

(Billions of yen)

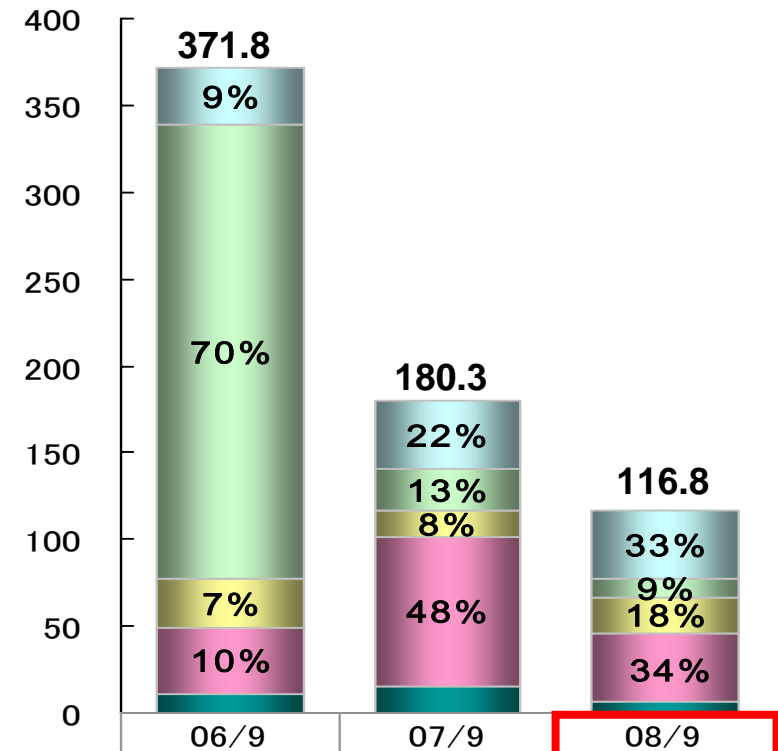
	08/9	07/9
<b>Net cash provided by operating activities</b>	<b>(11.9)</b>	<b>(1.8)</b>
Income before income taxes	9.3	18.0
Depreciation	0.9	0.7
Operating assets	(7.7)	(16.4)
Operating liabilities	(62.7)	9.7
Balance of jointly controlled assets of joint venture	42.3	3.5
Other	5.9	(17.5)
<b>Net cash provided by investment activities</b>	<b>0.0</b>	<b>0.1</b>
Refundment from time deposits	0.8	—
Expenditure for purchase of fixed assets	(0.7)	(0.7)
Other	(0.0)	0.8
<b>Net cash provided by financing activities</b>	<b>58.5</b>	<b>(3.0)</b>
Proceeds from issuing stock	60.5	0.0
Dividend distribution	(1.9)	(2.8)
Other	(0.0)	(0.1)
<b>Total</b>	<b>46.6</b>	<b>(4.7)</b>

# New contracts

(Billions of yen)



Middle East	291.5	49.8	31.6
Russia	0.7	4.8	4.0
Asia and others	8.6	20.4	18.0
Overseas total	300.9	75.1	53.7
Domestic total	70.8	105.1	63.0



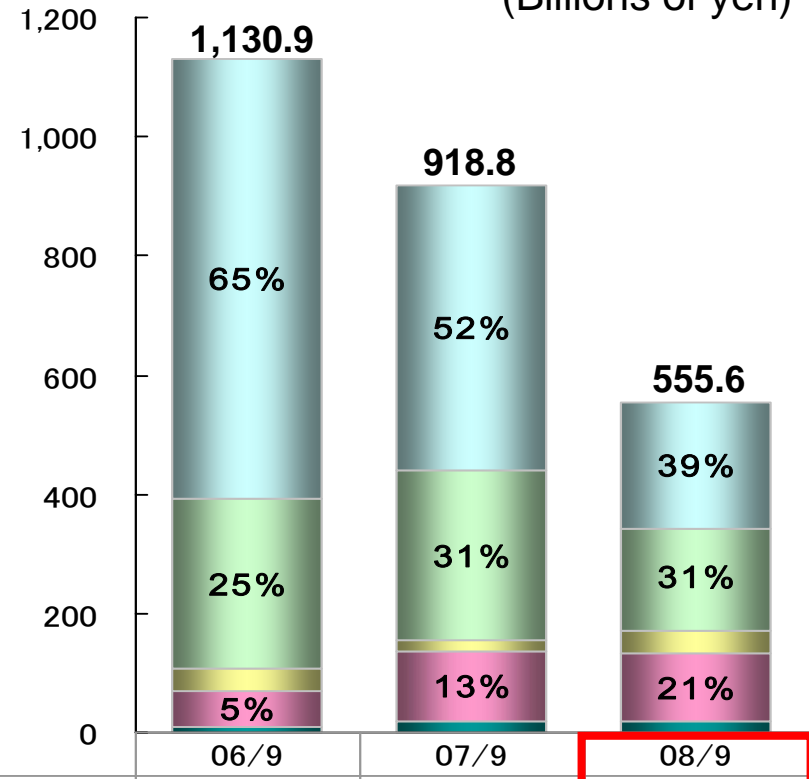
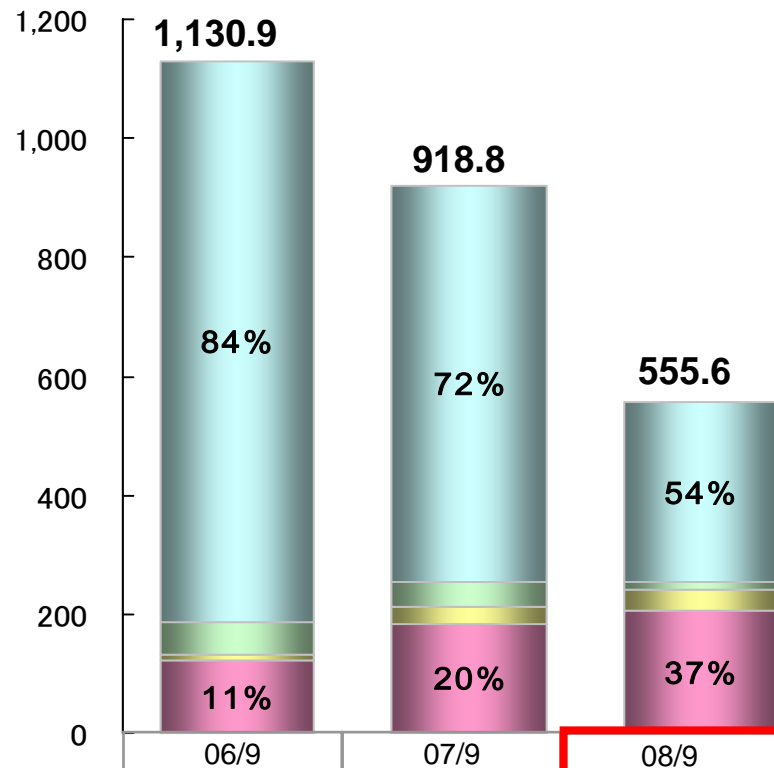
LNG	33.0	39.4	38.8
Gas processing*	261.7	23.9	11.0
Fine industries**	27.7	15.2	21.1
Petroleum and petrochemicals	38.4	85.8	39.2
Others	10.8	15.8	6.5

Notes: \*Classified as "Gas and power utilities" in report of financial results.

\*\*Classified as "Industrial machinery" and "General chemicals" in report of financial results.

# Backlog of Contracts

(Billions of yen)



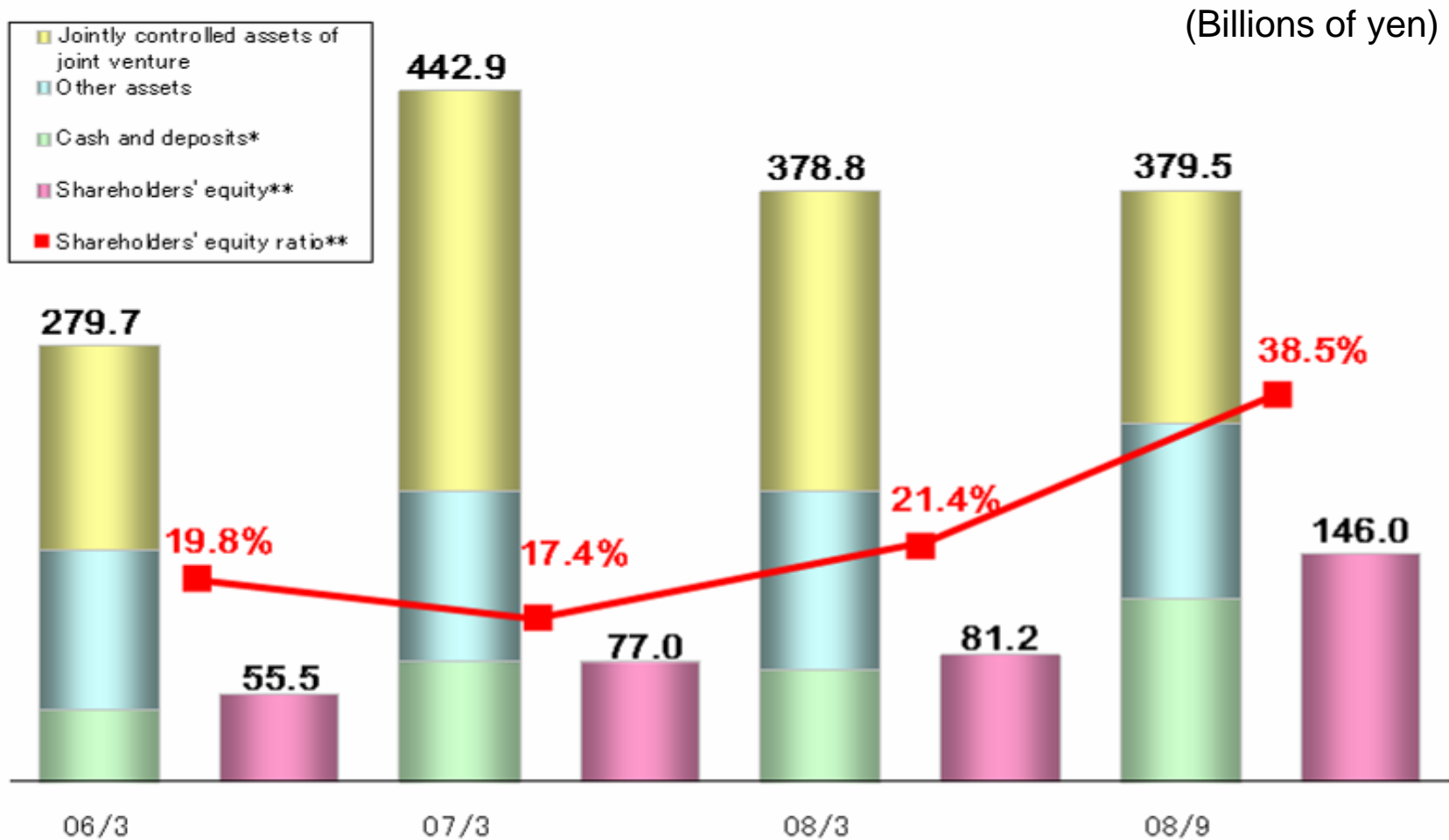
	06/9	07/9	08/9
Middle east	945.2	663.5	300.6
Russia	52.0	42.4	12.7
Asia and others	10.4	28.1	36.8
Overseas total	1,007.8	734.1	350.2
Domestic total	123.1	184.6	205.4

	06/9	07/9	08/9
LNG	739.2	478.2	214.7
Gas processing*	283.4	285.7	170.5
Fine industries**	39.1	19.9	36.2
Petroleum and petrochemicals	60.3	115.8	115.1
Others	8.8	19.0	18.9

Notes: \*Classified as "Gas and power utilities" in report of financial results.  
 \*\*Classified as "Industrial machinery" and "General chemicals" in report of financial results.



# Stability



\*Includes short-term investment securities.

\*\*Shareholders' equity and shareholders' equity ratio of the fiscal year ended March 2006 were calculated on the basis of the former accounting standards.

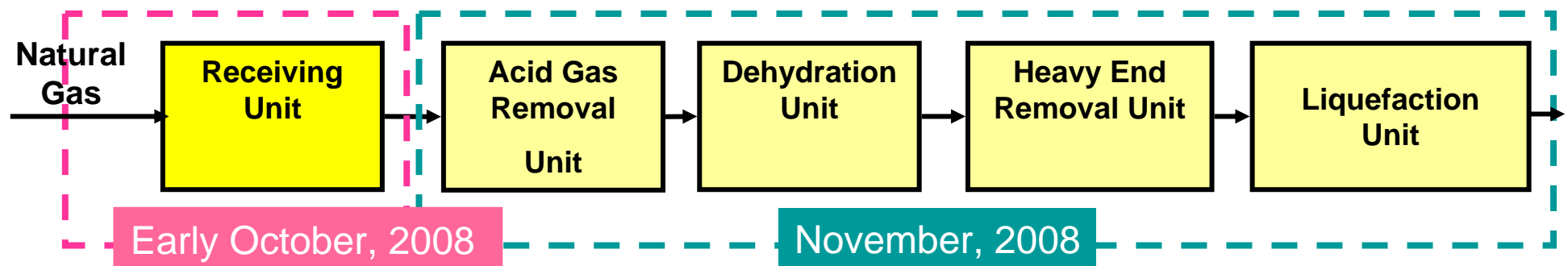
# Current Status of On-Going Projects

- **Progress of Domestic Projects**
- **Progress of Qatar Large LNG Projects**
- **Completion of Sakhalin II LNG Project**

# Qatar Large LNG Projects in Progress

## Current Status of Qatargas II Train-4

- Early October, 2008 : Gas-in to Receiving Unit
- November, 2008 : Gas-in to LNG Liquefaction Unit
- Commissioning activity being continued for “First Drop” of LNG



# Harvest through the Execution of Large LNG Project

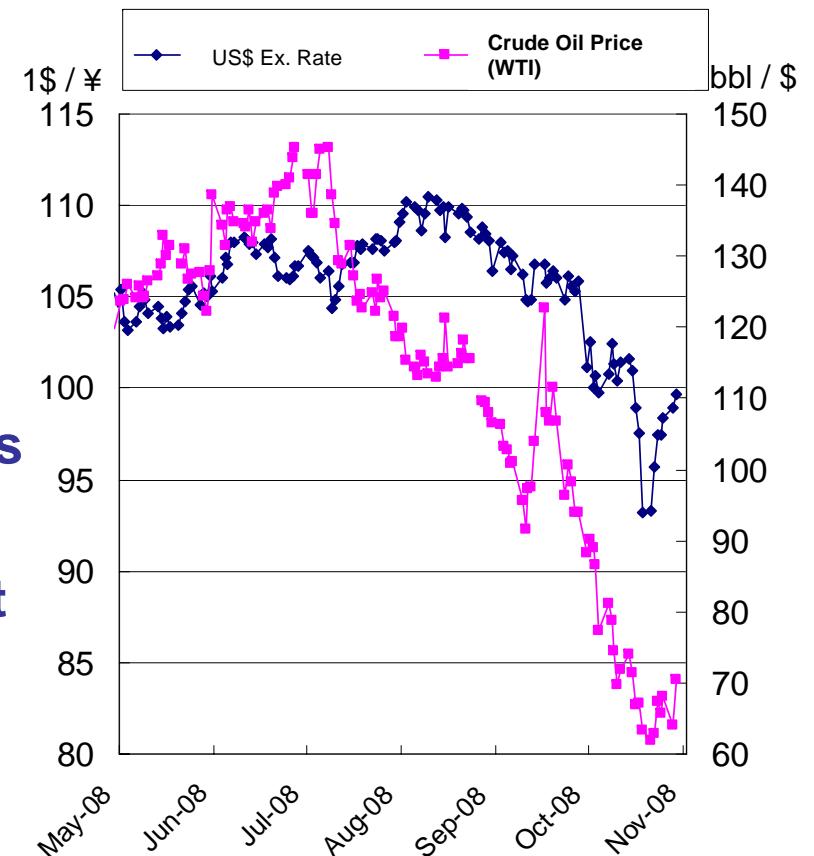
- **Successful implementation of integrated project engineering systems, “i-PLANT21”**
  - ◆ **Consistent material and construction management from the engineering phase through the construction phase**
  - ◆ **Highly differentiated service to secure the quality and schedule as planned**
  
- **Proven engineering capability for highly efficient and reliable LNG Plant**
  - ◆ **Expertise and technical know-how in the integrated engineering of power system and LNG trains**

## Completion of Sakhalin II Project

- Middle of September, 2008 : Ready for Start-up of Train-2 achieved
- Safety Management: Shell's Chief Executive Safety Award
- Conservation of natural environment :  
Highly evaluated by Sakhalin State Government
- Experience and expertise in Shell latest process technology
- Experience and expertise in project execution under harsh condition

# Impact from the Volatile Financial Markets and Economy

- Global stock price plunge / currency and interest rate fluctuation
- Decline of oil price / depressed product demand / shrinking project finance markets
- Difficulty in raising funds / negative impact to the economy



Source: EIA,  
Yahoo Finance

# New Contracts Forecast for the Current Fiscal Year

- LNG/Gas Processing EPC · FEED Projects: Awarded
  - ◆ Algeria LNG Project (EPC/July, 2008)
  - ◆ Papua New Guinea LNG Project (FEED/September, 2008)
  - ◆ Qatar Barzan Project (FEED/May, 2008)
  
- Overseas Market
  - ◆ Focus on the bidding schedule of large scale projects in the Middle East and Asia/Oceania Regions
  
- Domestic Market
  - ◆ Carefully follow the capital expenditure plans of major clients

# Forecast of Results for FY2008

(Billions of yen)

	09/3 forecast	08/9	Difference
Revenues	460.0	240.7	52%
Operating income	12.5	6.9	55%
Ordinary income	16.0	9.7	61%
Net income	9.5	6.0	64%
Dividend per share	JPY11		
New contracts	450.0	116.8	26%
Exchange rate	JPY95/\$	JPY103/\$	



# Current Status of New Mid-Term Management Plan

**New Mid-Term Management Plan to be announced after careful evaluation of the following points:**

- **Adverse effect to the economy and future projects caused by the world financial and economic crisis**
- **Chiyoda's advantageous financial strength**
- **How to build diversified business portfolio based on our core business in Gas, LNG and Environment fields**
- **Business and technology alliance opportunities including M&A**

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#### Forward-looking Statements

The forecasts and plans in this presentation are based on information available to management on November 12, 2008, the date these materials were prepared. Actual results may differ significantly from these forecasts for a number of factors, including but not limited to changes in economic conditions and operation environment in Japan and overseas.