

Consolidated Financial Results for the Fiscal Year Ended March 31, 2010

Company name: **CHIYODA CORPORATION**

Listing: First Section of the Tokyo Stock Exchange

Stock code: 6366

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(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2010	312,985	(29.9)	1,702	(76.4)	4,837	(57.7)	2,953	(54.5)
Fiscal year ended March 31, 2009	446,438	(26.0)	7,227	(18.2)	11,449	(40.1)	6,498	(32.6)

	Net income per share	Fully diluted net income per share	Return on Equity (ROE)	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Revenue
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2010	11.39	11.39	2.0	1.4	0.5
Fiscal year ended March 31, 2009	25.58	25.58	5.7	3.1	1.6

Reference: Equity in earnings of associated companies: Fiscal year ended March 31, 2010: 144million yen,
Fiscal year ended March 31, 2009: 137million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2010	328,174	149,253	45.3	573.61
As of March 31, 2009	357,816	145,917	40.7	561.12

Reference: Equity As of March 31, 2009: 148,683 million yen As of March 31, 2009: 145,513 million yen

(3) Consolidated cash flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2010	8,613	(2,722)	(2,079)	139,790
Fiscal year ended March 31, 2009	8,971	(1,072)	58,548	135,536

2. Cash dividends

Record date	Cash dividends per share					Payment of Cash Dividends	Payout Ratio (Consolidated)	Dividend on Equity Ratio (Consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2009	–	–	–	7.50	7.50	1,944	29.3	1.5
Fiscal year ended March 31, 2010	–	–	–	3.50	3.50	907	30.7	0.6
Fiscal year ending March 31, 2011 (Forecast)	–	–	–	5.00	5.00		32.4	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2011 (from April 1, 2010 to March 31, 2011)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q ending September 30, 2010	115,000	(30.2)	2,000	–	1,900	–	1,000	–	3.86
Fiscal year ending March 31, 2011	240,000	(23.3)	6,000	252.5	6,500	34.4	4,000	35.4	15.43

4. Others

- (1) Significant changes in subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements (changes described in the section of “Changes in significant matters forming the basis of preparing the quarterly consolidated financial statements”)
 - a. Changes due to revisions to accounting standards: Yes
 - b. Changes due to other reasons: None

- (3) Number of issued shares (common stock)
- a. Total number of issued shares at the end of the period (including treasury stock)
 - As of March 31, 2010 260,324,529 shares
 - As of March 31, 2009 260,292,529 shares
 - b. Number of treasury stock at the end of the period
 - As of March 31, 2010 1,117,239 shares
 - As of March 31, 2009 963,763 shares

* 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.

5. Results of Operations

(1) Analysis of Results

The global economy during the fiscal year ended March 31, 2010 showed some clear signs of recovery, which were especially strong in the Asian countries led by China and India. On the other hand, sluggish recovery in European countries continues to exert a negative influence on the economic outlook. The situation in Japan remains depressed although the economy has been improving steadily because of the apparent weakness in the country's autonomous recovery.

The business environment surrounding the Chiyoda Group was characterized by rising expectations of winning new contracts as more plans for large scale investments began to take shape in various regions of the world to meet the future demand for oil and gas. On the other hand, the group is increasingly more exposed to intense competition from Korean contractors who have shown remarkable growth in the recent times.

Under these circumstances, the Chiyoda Group received orders for both domestic and overseas EPC (Engineering, Procurement and Construction) contracts, including a contract to construct an LNG (liquefied natural gas) plant in Papua New Guinea and multiple basic design works. At the same time, we diligently continued with the execution of our existing projects and completed three out of the six trains (each train designed to produce 7.8 million tons per annum) for ultra large scale LNG plants in Qatar, the first train of which we had already completed in the previous period. However, the projects' profitability deteriorated to a large extent due to some leveraging measures implemented, which included increasing the number of construction workers in an effort to complete work on the sixth and seventh trains for the Qatargas LNG plant within the time stipulated in the contract. In response to these business issues, we endeavored to recover our performance by practicing thorough risk management, and by improving the profitability of existing contracts as well as solidly executing the new contracts.

Consequently, new contracts awarded to the Chiyoda Group during this fiscal year increased by 105.0% to 429,393 million yen compared with the previous fiscal year, and the contract backlog increased by 26.1% to 536,150 million yen. Revenues decreased by 29.9% to 312,985 million yen. Operating income decreased by 76.4% to 1,702 million yen, and ordinary income decreased by 57.7% to 4,837 million yen. The net income for the period was 2,953 million yen, a 54.5% decrease from the previous fiscal year.

Results by Business Segment

Natural Gas and Electric Power

The main overseas contracts newly awarded to the Chiyoda Group included an EPC contract for an LNG plant in Papua New Guinea, an EPC contract for a gas processing plant in Qatar and the basic design work for a floating LNG plant in Brazil. Meanwhile, work continued on the construction of a large scale LNG plant and multiple basic design/investment planning services. Furthermore, our Qatar subsidiary commenced the work under a long-term EPC service contract for LNG/gas processing plants, awarded during the previous fiscal year. With these long-term service contracts, the Chiyoda Group plans to actively promote the plant life-cycle engineering (PLE) business which the Chiyoda Group has been pursuing for some time.

On the domestic front, The Chiyoda Group was newly awarded contracts including a basic design work for LNG receiving terminal, while it continued to execute three construction contracts for LNG receiving terminals in Niigata and Okayama and other existing projects.

Petroleum, Petrochemicals and Gas Chemicals

The Chiyoda Group's concerted efforts to win oil refinery investment projects in the Middle East and the South East Asia regions resulted in receiving orders for an EPC contract in Saudi Arabia for a heavy oil cracking unit and a basic engineering contract for a desulfurization plant in Singapore. Our aim is to strengthen our group companies and promote our global operations through the execution of these projects.

Domestically, in a market stagnated by shrinking investment plans, the news of realignment in the oil industry and plant shut-downs, we received engineering study contracts for connecting chemical complexes, competitiveness improvement and energy conservation. As for project execution, we completed the construction of a CCR (continuous catalytic regeneration) unit.

General Chemicals, Industrial Machinery, Environment and Others

We achieved some tangible results in the general chemicals and industrial machinery sectors through our concentrated efforts in material fabrication facilities for solar-powered generation and other renewable energies, lithium ion batteries, parts and components fabricated with advanced materials for eco-friendly vehicles, and non-ferrous metal smelting.

In the pharmaceuticals sector, our efforts were directed towards highly active pharmaceuticals such as antibodies and cancer drugs, which resulted in several orders being received.

(Major contracts included in the consolidated results for the period)

("*": projects completed during the period.)

Overseas	<ul style="list-style-type: none"> • LNG plant Trains 6 & 7 for Ras Laffan Liquefied Natural Gas Co., Ltd. (3) in Qatar (*) • LNG plant Trains 6 & 7 for Qatar Liquefied Gas Co., Ltd. (3) and (4) • Al Khaleej Gas Phase 2 project for ExxonMobil Middle East Gas Marketing Ltd. in Qatar (*) • LNG plant Trains 4 & 5 for Qatar Liquefied Gas Co., Ltd. (2) in Qatar (*) • Pearl GTL project feed gas preparation works for Qatar Shell GTL Ltd. in Qatar
Domestic	<ul style="list-style-type: none"> • Construction of RFCC complex for Taiyo Oil Co., Ltd.. • Expansion of Mizushima LNG receiving terminal for Mizushima LNG Co., Ltd.

Outlook for the Next Fiscal Year

Chiyoda will continue to promote its sales activities and win contracts in the areas where Chiyoda can best leverage its technological advantages while continuing to work diligently on the execution of existing projects including the large projects in Qatar, Papua New Guinea and others.

Considering these circumstances, and assuming the exchange rate of ¥90/dollar, our forecasts for the fiscal year ending March 31, 2011, include 440.0 billion yen in new consolidated contracts and 240.0 billion yen in revenues. Our forecast for the consolidated operating profit is 6.0 billion yen, consolidated ordinary income is 6.5 billion yen, and the consolidated net income is 4.0 billion yen.

(2) Analysis of Financial Condition

1) Assets, Liabilities and Net Assets

Assets

Total assets decreased by 29,642 million yen from the previous fiscal year. Although the cash saving increased by 4,255 million yen due to an improved operating cash-flow, the current assets decreased by 30,128 million yen due to the 3,058 million yen decrease in jointly controlled assets of joint venture through the progress of large scale joint venture projects in Qatar.

Liabilities

Although there was an increase of 15,372 million yen in the accounts payable for construction, the balance of advances received on uncompleted projects decreased by 43,493 million yen. This resulted in a decrease in total liabilities of 32,977 million yen compared to the previous fiscal year.

Net Assets

Net assets were 149,253 million yen as the result of the 1,029 million yen year-on-year increase in retained earnings due to booking net income. The equity ratio increased 4.6 points year-on-year to 45.3 %.

2) Cash Flow

Cash flow from operating activities

Net cash from the operating activities was 8,613 million yen despite the 21,398 million yen decrease in working capital (total in notes and accounts receivable-trade, costs on uncompleted construction contracts, notes and accounts payable-trade and advances received on uncompleted construction contracts). This was due to the jointly controlled assets of joint venture decreasing by 3,058 million yen according to the progress of large scale JV projects in Qatar, in addition to booking the income before income taxes and minority interests of 4,714 million yen for the fiscal year.

Jointly controlled assets of joint venture are shown on the JV balance sheet as the assets controlled by Chiyoda. In real terms, it is equivalent to the portion of the current deposit balance under the JV name that is allocated to Chiyoda.

Cash flow from investing activities

Net cash from investing activities was 2,722 million yen in the negative due to 1,864 million yen in capital investment that included software investments.

Cash flow from financing activities

Net cash from financing activities was 2,079 million yen in the negative due to 1,940 million yen paid in dividends and other factors.

As the result of the factors described above, the account balance for the fiscal year for cash and cash equivalents was 139,790 million yen which was a year-on-year increase of 4,254 million yen.

(*) The equity ratio for the period ending March 31, 2006, the conventional "shareholders' equity ratio" is used.

Cash Flow Indices

Fiscal years ended March 31	Equity ratio (%)	Debt repayment period (Years)	Interest coverage ratio (Times)
2006	19.8	2.0	17.3
2007	17.4	0.3	114.4
2008	21.4	0.7	35.3
2009	40.7	1.1	26.3
2010	45.3%	1.2	34.5
Notes	(Shareholders' equity – minority interests)/Total assets	Interest-bearing debt/Net cash provided by operating activities	Net cash provided by operating activities/Interest expense

Note: The equity ratios for 2006 represent the previous “net asset ratio.”

(3) Dividend Policy

Chiyoda's basic policy regarding distribution of dividend includes constant consideration for return on investment for our shareholders and a target payout ratio of 30 % while strengthening the company's financial constitution in preparation for future expansions.

Our planned year-end dividend for this period is set at 3.50 yen per share. The planned year-end dividend for the next period is 5.00 yen per share.

6. Consolidated financial statements

(1) Consolidated balance sheets (1/2)

(Millions of yen)

	As of March 31, 2010	As of March 31, 2009
Assets		
Current assets		
Cash and deposits	43,002	38,747
Notes receivable, accounts receivable from completed construction contracts	51,318	50,651
Short-term investment securities	96,841	96,841
Costs on uncompleted construction contracts	7,283	16,920
Deferred tax assets	15,523	9,872
Jointly controlled assets of joint venture	69,917	100,426
Other	6,834	7,392
Allowance for doubtful accounts	(2)	(3)
Total current assets	290,719	320,848
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	15,193	14,752
Accumulated depreciation	(7,151)	(6,621)
Buildings and structures, net	8,042	8,130
Machinery and vehicles	592	870
Accumulated depreciation	(266)	(233)
Machinery and vehicles, net	326	637
Tools, furniture and fixtures	5,157	5,010
Accumulated depreciation	(4,063)	(3,732)
Tools, furniture and fixtures, net	1,093	1,278
Land	11,938	11,953
Construction in progress	48	1
Total property, plant and equipment	21,450	22,001
Intangible assets	5,142	4,921
Investments and other assets		
Investment securities	7,855	6,955
Deferred tax assets	1,745	1,348
Other	1,594	2,074
Allowance for doubtful accounts	(333)	(333)
Total investments and other assets	10,861	10,045
Total noncurrent assets	37,454	36,968
Total assets	328,174	357,816

Consolidated balance sheets (2/2)

(Millions of yen)

	As of March 31, 2010	As of March 31, 2009
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	89,523	77,020
Current portion of long-term loans payable	4	18
Income taxes payable	4,675	5,457
Advances received on uncompleted construction contracts	48,168	91,661
Provision for warranties for completed construction	4,486	3,801
Provision for loss on construction contracts	4,427	4,302
Provision for bonuses	3,252	3,557
Other	11,421	13,398
Total current liabilities	165,960	199,218
Noncurrent liabilities		
Long-term loans payable	10,000	10,004
Provision for retirement benefits	2,105	1,606
Provision for directors' retirement benefits	200	681
Provision for treatment of PCB waste	123	–
Other	532	388
Total noncurrent liabilities	12,960	12,681
Total liabilities	178,921	211,899
Net assets		
Shareholders' equity		
Capital stock	43,396	43,392
Capital surplus	37,112	37,108
Retained earnings	70,759	69,730
Treasury stock	(1,215)	(1,105)
Total shareholders' equity	150,053	149,126
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	102	(775)
Deferred gains or losses on hedges	(156)	(1,368)
Foreign currency translation adjustment	(1,315)	(1,469)
Total valuation and translation adjustments	(1,369)	(3,613)
Minority interests	569	404
Total net assets	149,253	145,917
Total liabilities and net assets	328,174	357,816

(2) Consolidated statement of income

	(Millions of yen)	
	Fiscal year ended 31, 2010	Fiscal year ended 31, 2009
	(From April 1, 2009 to March 31, 2010)	(From April 1, 2008 to March 31, 2009)
Consolidated statements of income		
Net sales of completed construction contracts	312,985	446,438
Cost of sales of completed construction contracts	298,766	427,461
Gross profit on completed construction contracts	14,219	18,977
Selling, general and administrative expenses	12,517	11,749
Operating income	1,702	7,227
Non-operating income		
Interest income	1,044	4,454
Dividends income	972	646
Amortization of negative goodwill		
Equity in earnings of affiliates	144	137
Foreign exchange gains	1,214	-
Real estate rent	140	247
Other	199	127
Total non-operating income	3,716	5,614
Non-operating expenses		
Interest expenses	249	340
Rent expenses on real estates	93	152
Foreign exchange losses	-	435
Stock issuance cost	-	271
Other	237	192
Total non-operating expenses	581	1,392
Ordinary income	4,837	11,449
Extraordinary income		
Reversal of allowance for doubtful accounts	-	127
Total extraordinary income	-	127
Extraordinary loss		
Provision for treatment of PCB waste	123	-
Loss on valuation of investment securities	-	1,859
Other	-	65
Total extraordinary losses	123	1,925
Income before income taxes and minority interests	4,714	9,651
Income taxes-current	8,532	7,120
Income taxes-deferred	(6,806)	(3,996)
Total income taxes	1,726	3,123
Minority interests in income	34	29
Net income	2,953	6,498

(3) Consolidated statement of cash flows (1/2)

(Millions of yen)

	Fiscal year ended 2010 (From April 1, 2009 to March 31, 2010)	March 31, Fiscal year ended 31, 2009 (From April 1, 2008 to March 31, 2009)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	4,714	9,651
Depreciation and amortization	2,059	1,957
Increase (decrease) in allowance for doubtful accounts	(6)	(158)
Interest and dividends income	(2,017)	(5,101)
Interest expenses	249	340
Foreign exchange losses (gains)	78	(26)
Equity in (earnings) losses of affiliates	(144)	(137)
Loss (gain) on valuation of investment securities	—	1,859
Decrease (increase) in notes and accounts receivable(trade)	469	(13,859)
Decrease (increase) in costs on uncompleted construction contracts	9,692	171
Increase (decrease) in notes and accounts payable(trade)	12,031	2,772
Increase (decrease) in advances received on uncompleted construction contracts	(43,592)	(93,209)
Increase (decrease) in provision for bonuses	(373)	(847)
Increase (decrease) in provision for retirement benefits	865	(181)
Increase (decrease) in provision for warranties for completed construction	678	1,754
Increase (decrease) in provision for loss on construction contracts	125	43
Decrease (increase) in accounts receivable-other	455	2,229
Decrease (increase) in jointly controlled asset of joint venture	30,508	92,256
Increase (decrease) in accrued consumption taxes	200	424
Increase (decrease) in deposits received	1	(511)
Increase (decrease) in accrued liability of a defined contribution pension plan	(800)	(811)
Other, net	(119)	9,477
Subtotal	15,078	8,094
Interest and dividends income received	1,323	1,347
Interest expenses paid	(257)	(398)
Income taxes paid	(7,531)	(72)
Net cash provided by (used in) operating activities	8,613	8,971

Consolidated statement of cash flows (2/2)

(Millions of yen)

	Fiscal year ended 2010 (From April 1, 2009 to March 31, 2010)	March 31, Fiscal year ended 31, 2009 (From April 1, 2008 to March 31, 2009)
Net cash provided by (used in) investing activities		
Payments into time deposits	(539)	–
Proceeds from withdrawal of time deposits	539	888
Purchase of property, plant and equipment	(922)	(563)
Proceeds from sales of property, plant and equipment	3	41
Purchase of intangible assets	(942)	(1,156)
Purchase of investment securities	(535)	(65)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(388)	(215)
Collection of long-term loans receivable	51	–
Other, net	10	0
Net cash provided by (used in) investing activities	(2,722)	(1,072)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	–	10,000
Repayment of long-term loans payable	(18)	(10,039)
Proceeds from issuance of common stock	7	60,577
Cash dividends paid	(1,940)	(1,920)
Cash dividends paid to minority shareholders	(7)	(10)
Repayments of finance lease obligations	(11)	(13)
Other, net	(109)	(46)
Net cash provided by (used in) financing activities	(2,079)	58,548
Effect of exchange rate change on cash and cash equivalents	152	(999)
Net increase (decrease) in cash and cash equivalents	3,963	65,447
Cash and cash equivalents at beginning of period	135,536	70,089
Increase in cash and cash equivalents from newly consolidated subsidiary	290	–
Cash and cash equivalents at end of period	139,790	135,536

7. Production, Contracts and Sales (Consolidated)

Millions of Yen						
FY2010 Apr. 1, 2009 — March. 31, 2010						
	New contracts		Net sales		Backlog of contracts	
	Amt	%	Amt	%	Amt	%
Business Segment						
Engineering						
LNG plants	267,970	62.4	105,424	33.7	296,265	55.3
Gas and power utilities	30,403	7.1	74,457	23.8	123,075	22.9
Gas chemicals	167	0.0	428	0.2	584	0.1
Petroleum and petrochemicals...	56,140	13.1	83,879	26.8	55,703	10.4
General chemicals	21,680	5.1	26,061	8.3	16,551	3.1
Industrial machinery	24,169	5.6	4,055	1.3	21,850	4.1
Environment and other	23,812	5.5	13,251	4.2	21,624	4.0
Total Engineering	424,344	98.8	307,558	98.3	535,655	99.9
Other	5,048	1.2	5,427	1.7	494	0.1
Domestic	97,815	22.8	143,878	46.0	169,232	31.6
Overseas	331,577	77.2	169,107	54.0	366,918	68.4
Total	429,393	100.0	312,985	100.0	536,150	100.0

Millions of Yen						
FY2009 Apr. 1, 2008 — March. 31, 2009						
	New contracts		Net sales		Backlog of contracts	
	Amt	%	Amt	%	Amt	%
Business Segment						
Engineering						
LNG plants	42,845	20.5	192,769	43.2	137,214	32.3
Gas and power utilities	72,160	34.5	127,007	28.4	168,936	39.8
Gas chemicals	240	0.1	467	0.1	845	0.2
Petroleum and petrochemicals...	53,445	25.5	74,131	16.6	83,458	19.6
General chemicals	25,522	12.2	24,232	5.4	20,862	4.9
Industrial machinery	4,032	1.9	9,216	2.1	1,788	0.4
Environment and other	5,133	2.4	12,889	2.9	11,064	2.6
Total Engineering	203,379	97.1	440,713	98.7	424,170	99.8
Other	6,043	2.9	5,724	1.3	873	0.2
Domestic	148,936	71.1	123,156	27.6	215,740	50.8
Overseas	60,486	28.9	323,282	72.4	209,303	49.2
Total	209,422	100.0	446,438	100.0	425,043	100.0