

February 12, 2009

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2009

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 Third quarter of the fiscal year ending March 31, 2009 (from April 1, 2008 to December 31, 2008)

(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	%
3Q ended December 31, 2008	344,106	-	3,040	-	6,463	-	3,425	-
3Q ended December 31, 2007	459,002	37.3	16,743	(20.4)	25,977	(1.9)	15,998	(4.8)

	Net income per share	Fully diluted net income per share
	Yen	Yen
3Q ended December 31, 2008	13.58	13.58
3Q ended December 31, 2007	83.22	83.17

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2008	360,234	139,984	38.7	538.31
As of March 31, 2008	378,819	81,637	21.4	422.44

Reference: Equity As of December 31, 2008: 139,588 million yen As of March 31, 2008: 81,226 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, 2008	-	-	-	10.00	10.00
Fiscal year ending March 31, 2009	-	-	-	-	-
Fiscal year ending March 31, 2009 (Forecast)	-	-	-	6.00	6.00

Note: Revision of the forecast in the Third quarter of the fiscal year ending March 31, 2009: Yes

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2009 (from April 1, 2008 to March 31, 2009)

(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
Fiscal year ending March 31, 2009	450,000	(25.4)	7,000	(20.8)	10,000	(47.7)	5,000	(48.1)	19.68

Note: Revision of the forecasts in the Third quarter of the fiscal year ending March 31, 2009: Yes

4. Others

- (1) Significant changes in subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of simplified accounting as well as specific accounting for preparing the quarterly consolidated financial statements: None
- (3) 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

- (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, 2008	260,262,529 shares
As of March 31, 2008	193,182,529 shares
 - b. Number of treasury stock at the end of the period

As of December 31, 2008	954,260 shares
As of March 31, 2008	903,520 shares
 - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the Third quarter of the fiscal year ending March 31, 2009	252,260,754 shares
For the Third quarter of the fiscal year ended March 31, 2008	192,256,169 shares

* Proper use of earnings forecasts, and other special directions

1. 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.
2. Commencing with the current fiscal year, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ [Accounting Standards Board of Japan] Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14) are applied. Also, quarterly consolidated financial statements are prepared in accordance with the “Regulation for Quarterly Consolidated Financial

5. Qualitative Information and Financial Statements

Qualitative Information on Consolidated Results of Operations

During the third quarter (the nine months ended December 31, 2008), the rapid global economic slowdown caused uncertainty to emerge regarding plans for the construction of new plants overseas and the direction of capital investment in Japan by oil, power and gas companies, which had been driven by growth in energy demand.

Under these circumstances, the Chiyoda Group made concentrated efforts to properly execute ongoing projects. These included completing and handing over the first liquefied natural gas (LNG) plant in Russia and the first train of the ultra-large-scale LNG plants (7.8 million tonnes per annum) in Qatar. While the prolonged commercial discussion with Qatar Liquefied Gas Co., Ltd. (3) and (4) to extend the construction period and increase the contracted price for construction of Train 6 and Train 7 is almost concluded, however, construction cost budget is not fully recovered because the price increase secured fell short of projected additional costs to be paid to subcontractors and other parties.

As a result, on a consolidated basis, new contracts were ¥139,828 million, a 34.0% decrease compared with the same period of the previous year, and the backlog of contracts was ¥449,841 million, a decrease of 43.9%. Revenues decreased 25.0% to ¥344,106 million, operating income decreased 81.8% to ¥3,040 million, recurring profit decreased 75.1% to ¥6,463 million and net income decreased 78.6% to ¥3,425 million.

Results by Business Segment

The following is a summary of operating results by business segment.

Natural Gas and Electric Power

Overseas, the Chiyoda Group focused on acquiring contracts for research and Front-End Engineering and Design (FEED) in order to secure contracts for large-scale projects under gas-related investment plans by National Oil Companies and International Oil Companies. In the third quarter, Chiyoda was awarded contracts including the FEED and executing planning work for the Barzan onshore gas processing project in Qatar, an EPC competition contract for participation in an EPC design competition for an LNG plant in Papua New Guinea and an LNG plant project in Algeria. The gas and electric power sector in Japan, Chiyoda worked to acquire contracts for new construction and expansion of large-scale LNG receiving terminals being planned as a result of the shift in energy sources to LNG for reasons including curbing CO₂ emissions and growth in gas-related businesses.

Petroleum, Petrochemicals and Gas Chemicals

Although orders received were firm through the second quarter, uncertainty regarding the direction of capital investment in Japan's petroleum sector has emerged due to the rapid global economic slowdown. Reorganization has begun in the domestic petroleum industry, which is also facing emerging issues such as how to improve efficiency through reorganization, as well as environmental problems, strengthening the competitiveness of oil refineries and responding to new energy sources.

In the petrochemicals sector, although many capital investments have been postponed due to curtailment of production in the electronics and automobile industries and other factors resulting from the deterioration of business conditions, the Group is focusing on acquiring contracts for facility maintenance and is working to acquire development projects including pilot facilities.

General Chemicals and Industrial Machinery

In the general chemicals and industrial machinery sectors, although many capital investments were postponed or revised due to the rapid economic slowdown, the Group aggressively worked to acquire contracts in the promising field of solar battery components, reflecting global policies to spread the use of solar batteries.

In the pharmaceuticals sector, the Group steadily acquired contracts due to an increasing drive to invest in new construction and expansion of existing plants and R&D facilities in order to adapt to recent changes in the business environment.

Environment and Others

Chiyoda continued to conduct marketing activities in Japan and overseas for its original CT-121 flue gas desulfurization process technology. In Europe, where desulfurization technology is most advanced, Chiyoda licensed its technology for use at a major power station in Denmark.

6. Consolidated quarterly financial statements
(1) Consolidated quarterly balance sheets (1/2)

(Millions of yen)

	As of December 31, 2008	As of March 31, 2008
Assets		
Current assets		
Cash and deposits	40,820	60,484
Notes receivable, accounts receivable from completed construction contracts	45,261	36,368
Short-term investment securities	83,841	10,500
Costs on uncompleted construction contracts	23,754	16,801
Jointly controlled assets of joint venture	106,797	192,683
Other	22,683	21,374
Allowance for doubtful accounts	(6)	(5)
Total current assets	323,151	338,207
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	8,026	8,354
Land	11,966	11,935
Other, net	2,023	2,782
Total property, plant and equipment	22,015	23,072
Intangible assets	4,607	4,714
Investments and other assets		
Investment securities	7,631	9,302
Other	3,192	4,012
Allowance for doubtful accounts	(362)	(490)
Total investments and other assets	10,460	12,824
Total noncurrent assets	37,083	40,612
Total assets	360,234	378,819

Consolidated balance sheets (2/2)

(Millions of yen)

	As of December 31, 2008	As of March 31, 2008
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	73,647	74,037
Current portion of long-term loans payable	10,028	10,039
Income taxes payable	2,785	1,408
Advances received on uncompleted construction contracts	108,688	185,022
Provision for warranties for completed construction	3,374	2,098
Provision for loss on construction contracts	4,341	4,044
Provision for bonuses	2,219	4,196
Other	12,720	13,137
Total current liabilities	217,805	293,986
Noncurrent liabilities		
Long-term loans payable	8	22
Provision	2,073	2,226
Other	362	947
Total noncurrent liabilities	2,443	3,196
Total liabilities	220,249	297,182
Net assets		
Shareholders' equity		
Capital stock	43,389	12,934
Capital surplus	37,105	6,718
Retained earnings	66,658	65,155
Treasury stock	(1,101)	(1,059)
Total shareholders' equity	146,050	83,748
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(569)	(847)
Deferred gains or losses on hedges	(5,143)	(1,667)
Foreign currency translation adjustment	(748)	(6)
Total valuation and translation adjustments	(6,462)	(2,521)
Minority interests	396	410
Total net assets	139,984	81,637
Total liabilities and net assets	360,234	378,819

(2) Consolidated statement of income

	Third quarter ended December 31, 2008 (From April 1, 2008 to December 31, 2008)
Consolidated quarterly statements of income	
Net sales of completed construction contracts	344,106
Cost of sales of completed construction contracts	332,226
Gross profit on completed construction contracts	11,880
Selling, general and administrative expenses	8,839
Operating income	3,040
Non-operating income	
Interest income	3,883
Dividends income	646
Equity in earnings of affiliates	93
Real estate rent	195
Other	115
Total non-operating income	4,933
Non-operating expenses	
Interest expenses	257
Foreign exchange losses	790
Stock issuance cost	271
Rent expenses on real estates	117
Other	72
Total non-operating expenses	1,510
Ordinary income	6,463
Extraordinary income	
Reversal of allowance for doubtful accounts	124
Total extraordinary income	124
Extraordinary loss	
Loss on valuation of investment	1,859
Other	53
Total extraordinary losses	1,913
Income before income taxes and minority interests	4,673
Income taxes-current	4,304
Income taxes-deferred	(3,073)
Total income taxes	1,230
Minority interests in income	17
Net income	3,425

7. Production, Contracts and Sales (Consolidated)

<i>Millions of Yen</i>						
3Q FY2008 Apr. 1, 2008 — December. 31, 2008						
	<i>New contracts</i>		<i>Net sales</i>		<i>Backlog of contracts</i>	
	<i>Amt</i>	<i>%</i>	<i>Amt</i>	<i>%</i>	<i>Amt</i>	<i>%</i>
Business Segment						
Engineering						
LNG plants.....	39,177	28.0	156,642	45.5	161,703	35.9
Gas and power utilities	19,342	13.8	100,748	29.3	140,228	31.2
Gas chemicals	105	0.1	181	0.1	997	0.2
Petroleum and petrochemicals ...	47,501	34.0	55,711	16.2	98,050	21.8
General chemicals.....	22,664	16.2	13,940	4.0	28,689	6.4
Industrial machinery	1,950	1.4	4,463	1.3	4,383	1.0
Environment and other	4,159	3.0	7,805	2.3	15,178	3.4
Total Engineering	134,902	96.5	339,493	98.7	449,232	99.9
Other.....	4,925	3.5	4,613	1.3	609	0.1
Domestic.....	82,865	59.3	79,336	23.1	193,114	42.9
Overseas	56,962	40.7	264,770	76.9	256,726	57.1
Total	139,828	100.0	344,106	100.0	449,841	100.0

<i>Millions of Yen</i>						
3Q FY2007 Apr. 1, 2007 — December. 31, 2007						
	<i>New contracts</i>		<i>Revenues</i>		<i>Backlog of contracts</i>	
	<i>Amt</i>	<i>%</i>	<i>Amt</i>	<i>%</i>	<i>Amt</i>	<i>%</i>
Business Segment						
Engineering						
LNG plants.....	43,373	20.5	307,396	67.0	384,875	48.0
Gas and power utilities	28,863	13.6	63,854	13.9	260,272	32.5
Gas chemicals	217	0.1	702	0.2	1,229	0.1
Petroleum and petrochemicals ...	97,618	46.1	54,218	11.8	116,478	14.5
General chemicals.....	17,761	8.4	18,225	4.0	17,303	2.2
Industrial machinery	4,470	2.1	6,821	1.5	3,061	0.4
Environment and other	15,214	7.2	3,545	0.7	18,928	2.3
Total Engineering	207,518	98.0	454,764	99.1	802,149	100.0
Other.....	4,238	2.0	4,238	0.9	—	—
Domestic.....	120,046	56.7	85,390	18.6	178,745	22.3
Overseas	91,711	43.3	373,612	81.4	623,404	77.7
Total	211,757	100.0	459,002	100.0	802,149	100.0

Note: The backlog of contracts for the nine months ended December 31, 2008 includes a decrease due to changes in construction contracts acquired in prior fiscal years, an increase due to adjustments in new contract amounts, and an increase due to foreign exchange translation adjustments.

Reference

Summary Consolidated Statement of Income
for the Second Quarter of the Previous Fiscal Year

	<i>Millions of Yen</i>	
	3Q FY2007 Apr. 1, 2007– Dec. 31, 2007	
		%
Revenues	459,002	100.0
Cost of Revenues	433,462	94.4
Gross profit	25,540	5.6
Selling, General and Administrative Expenses	8,797	1.9
Operating income	16,743	3.7
Other Income		
Interest	8,796	
Dividend income	335	
Equity in earnings of associated companies	229	
Other	615	
Total Other Income	9,977	2.2
Other Expenses		
Interest expense	316	
Other	425	
Total Other Expenses	742	0.2
Recurring Profit	25,977	5.7
Extraordinary Gain		
Gain on sales of investment securities	644	
Reversal of allowance for doubtful accounts ...	37	
Reversal of allowance for investment loss	—	
Other	72	
Total Extraordinary Gain	754	0.2
Extraordinary Loss		
Loss on valuation of investment securities	194	
Other	0	
Total Extraordinary Loss	195	0.1
Income before income taxes and minority interests	26,537	5.8
Total tax	10,528	2.3
Minority interests in net income	10	0.0
Net Income	15,998	3.5