

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending 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 second quarter of the fiscal year ending March 31, 2010 (from April 1, 2009 to September 30, 2009)

(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	%
2Q ended September 30, 2009	164,658	(31.6)	(2,382)	-	(380)	-	(1,745)	-
2Q ended September 30, 2008	240,760		6,904		9,755		6,059	

	Net income per share	Fully diluted net income per share
	Yen	Yen
2Q ended September 30, 2009	(6.73)	—
2Q ended September 30, 2008	24.36	24.36

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2009	357,968	144,055	40.1	553.33
As of March 31, 2009	357,816	145,917	40.7	561.12

Reference: Equity As of September 30, 2009: 143,503 million yen As of March 31, 2009: 145,513 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, 2009	–	–	–	7.50	7.50
Fiscal year ending March 31, 2010	–	–			
Fiscal year ending March 31, 2010 (Forecast)			–	3.00	3.00

Note: Revision of the forecast in the Second quarter of the fiscal year ending March 31, 2010: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2010 (from April 1, 2009 to March 31, 2010)

(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, 2010	320,000	(28.3)	1,000	(86.2)	4,000	(65.1)	2,000	(69.2)	7.71

Note: Revision of the forecasts in the second quarter of the fiscal year ending March 31, 2010: None

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 September 30, 2009 | 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 September 30, 2009 | 977,254 shares |
| | As of March 31, 2009 | 963,763 shares |
| c. | Average number of shares during the period (cumulative from the beginning of the fiscal year) | |
| | For the Second quarter of the fiscal year ending March 31, 2010 | 259,340,373 shares |
| | For the Second quarter of the fiscal year ended March 31, 2009 | 248,713,605 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. Qualitative Information and Financial Statements

Qualitative Information on Consolidated Results of Operations

During the cumulative second quarter of the current consolidated fiscal year, the market environment surrounding the Chiyoda Group appears some signs of recovery—particularly in emerging countries—from the global financial crisis that erupted during the prior fiscal year. There have been steady, positive movements in customer investment activities, matching expectations for a rebound in the industrial demand for oil and gas.

In response to this environment, the Chiyoda Group has focused on securing contracts for new projects. At the same time, the Chiyoda Group is engaged in the steady execution of on-going projects. Of the six trains (7.8 million tons/year each) in the ultra-large-scale LNG plants under construction in Qatar, two were completed, in addition to the single train completed during the prior fiscal year. The Chiyoda Group is now working to complete the remaining three trains. Because of significant construction delays in the Qatargas Trains 6 and 7 caused by the lower-than-expected productivity of the construction subcontractors, the Chiyoda Group incurred additional costs by having to adopt various measures to reinforce construction resources, including the hiring of new subcontractors. Accordingly, construction costs for the project have increased. Such being the situation, the Chiyoda Group will further strengthen its project risk management, particularly with respect to Qatargas Trains 6 and 7, and use utmost effort to improve its profitability.

Consolidated New Contracts for the cumulative second quarter of the current consolidated fiscal year amounted to ¥73.218 billion (year-on-year decrease of 37.3%), while the consolidated Contract Backlog amounted to ¥328.014 billion (41.0% year-on-year decrease). The Chiyoda Group recorded cumulative Consolidated Revenues of ¥164.658 billion (31.6% year-on-year decrease), an Operating Loss of ¥2.382 billion (compared to a consolidated Operating Profit of ¥6.904 billion for the same cumulative quarter in the prior fiscal year), an Ordinary Loss of ¥380 million (compared to Ordinary Income of ¥9.755 billion for the same cumulative quarter in the prior fiscal year), and a Net Loss amounted to ¥1.745 billion (compared to a Net Income of ¥6.059 billion for the same cumulative quarter in the prior fiscal year).

Progress according to business segments are as follows :

(Natural Gas, Electric Power)

Given the recent movement in the resumption of gas-related investment activities by gas-producing countries and major energy firms, the Chiyoda Group has focused its efforts overseas on securing new contracts for LNG plant construction in Papua New Guinea, Floating LNG plants in Brazil, and LNG plant basic design services in Venezuela. In terms of project execution, the Chiyoda Group has continued to be engaged in a multiple number of basic design/project execution planning services, in addition to the construction of large-scale LNG plants. A Group subsidiary established in Qatar has started long-term services related to design, procurement, and construction management activities for LNG/gas processing plants contracted during the prior fiscal year. These long-term service contracts are part of the Plant Lifecycle Engineering (PLE) initiative the Chiyoda Group has been developing for some time.

In domestic Electric Power/Gas Industries, the Chiyoda Group has been awarded a contract for basic design services related to an LNG receiving terminal, and the Chiyoda Group continues to focus on the execution of existing projects, including three large-scale LNG receiving terminals in Niigata and Okayama prefectures.

(Petroleum, Petrochemicals, Gas Chemicals)

In the overseas petroleum segment, the Chiyoda Group is involved in investment plans for refineries in the Middle East and Southeast Asia and, we were awarded a contract for Coker Unit in Saudi Arabia. The Chiyoda Group is also heavily involved in contracts for desulfurization plant design services in Singapore, and EPC (engineering/procurement/construction) management services for refinery improvement projects in Venezuela.

In the domestic petroleum segment, the Chiyoda Group has expanded sales activities for equipment maintenance projects, while large-scale investment has come full circle. The Chiyoda Group is also heavily involved in environmental preservation projects strongly demanded by society and in planning services for existing refineries to improve their competitiveness.

(General Chemicals, Industrial Machinery, Environment and Others)

The general chemicals and industrial machinery segment has experienced increased global competition to secure rare metals. At the same time, advanced recovery technologies for natural resources continue to be developed. In response to these developments, the Chiyoda Group has reentered the market in nickel and other non-ferrous metal refining. To contribute to the realization of a low-carbon society, the Chiyoda Group has become actively involved in the solar cell and lithium ion battery fields from the first stages of project planning, and continues to conduct sales activities to secure new contracts.

The biopharmaceutical segment has seen an increase in projects related to antibody drugs, vaccines for new types of influenza and generic drug projects. The Chiyoda Group has expanded sales activities in associated with such investment projects.

(Note) See page 9 for more information related to new orders, revenues, and backlog

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

(Millions of yen)

	As of September 30, 2009	As of March 31, 2009
Assets		
Current assets		
Cash and deposits	35,942	38,747
Notes receivable, accounts receivable from completed construction contracts	69,995	50,651
Short-term investment securities	95,841	96,841
Costs on uncompleted construction contracts	17,449	16,920
Jointly controlled assets of joint venture	80,601	100,426
Other	21,347	17,265
Allowance for doubtful accounts	(4)	(3)
Total current assets	<u>321,174</u>	<u>320,848</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	7,991	8,130
Land	11,953	11,953
Other, net	1,565	1,916
Total property, plant and equipment	<u>21,511</u>	<u>22,001</u>
Intangible assets	4,721	4,921
Investments and other assets		
Investment securities	7,858	6,955
Other	3,036	3,423
Allowance for doubtful accounts	(332)	(333)
Total investments and other assets	<u>10,561</u>	<u>10,045</u>
Total noncurrent assets	<u>36,794</u>	<u>36,968</u>
Total assets	<u>357,968</u>	<u>357,816</u>

Consolidated balance sheets (2/2)

(Millions of yen)

	As of September 30, 2009	As of March 31, 2009
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	88,603	77,020
Current portion of long-term loans payable	8	18
Income taxes payable	1,391	5,457
Advances received on uncompleted construction contracts	87,703	91,661
Provision for warranties for completed construction	4,474	3,801
Provision for loss on construction contracts	4,564	4,302
Provision for bonuses	2,897	3,557
Other	12,002	13,398
Total current liabilities	201,644	199,218
Noncurrent liabilities		
Long-term loans payable	10,000	10,004
Provision	1,715	2,288
Other	553	388
Total noncurrent liabilities	12,268	12,681
Total liabilities	213,913	211,899
Net assets		
Shareholders' equity		
Capital stock	43,396	43,392
Capital surplus	37,112	37,108
Retained earnings	66,060	69,730
Treasury stock	(1,115)	(1,105)
Total shareholders' equity	145,454	149,126
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	148	(775)
Deferred gains or losses on hedges	(916)	(1,368)
Foreign currency translation adjustment	(1,182)	(1,469)
Total valuation and translation adjustments	(1,950)	(3,613)
Minority interests	552	404
Total net assets	144,055	145,917
Total liabilities and net assets	357,968	357,816

(2) Consolidated statement of income

(Millions of yen)

	Second quarter ended September 30, 2008 (From April 1, 2008 to September 30, 2008)	Second quarter ended September 30, 2009 (From April 1, 2009 to September 30, 2009)
Net sales of completed construction contracts	240,760	164,658
Cost of sales of completed construction contracts	228,070	161,056
Gross profit on completed construction contracts	12,689	3,601
Selling, general and administrative expenses	5,785	5,983
Operating income (loss)	6,904	(2,382)
Non-operating income		
Interest income	2,966	633
Dividends income	57	51
Equity in earnings of affiliates	53	104
Foreign exchange gains	140	1,257
Real estate rent	128	71
Other	73	97
Total non-operating income	3,421	2,215
Non-operating expenses		
Interest expenses	172	126
Rent expenses on real estates	79	49
Stock issuance cost	271	-
Other	46	38
Total non-operating expenses	570	213
Ordinary income (loss)	9,755	(380)
Extraordinary income		
Reversal of allowance for doubtful accounts	123	-
Total extraordinary income	123	-
Extraordinary loss		
Loss on valuation of investment securities	521	-
Total extraordinary losses	521	-
Income (loss) before income taxes and minority interests	9,357	(380)
Income taxes-current	747	2,656
Income taxes-deferred	2,538	(1,329)
Total income taxes	3,286	1,327
Minority interests in income	11	37
Net income (loss)	6,059	(1,745)

7. Production, Contracts and Sales (Consolidated)

Millions of Yen						
2Q FY2009 Apr. 1, 2009 - September. 30, 2009						
	New contracts		Net sales		Backlog of contracts	
	Amt	%	Amt	%	Amt	%
Business Segment						
Engineering						
LNG plants.....	6,333	8.7	55,814	33.9	83,746	25.5
Gas and power utilities	9,320	12.7	28,141	17.1	148,279	45.2
Gas chemicals	47	0.1	194	0.1	698	0.2
Petroleum and petrochemicals ...	44,891	61.3	53,695	32.6	74,775	22.8
General chemicals.....	7,273	9.9	14,810	9.0	13,435	4.1
Industrial machinery	936	1.3	423	0.3	2,301	0.7
Environment and other	2,049	2.8	9,052	5.5	4,064	1.3
Total Engineering	70,854	96.8	162,132	98.5	327,301	99.8
Other.....	2,363	3.2	2,525	1.5	712	0.2
Domestic.....	36,462	49.8	79,490	48.3	172,387	52.6
Overseas	36,755	50.2	85,167	51.7	155,626	47.4
Total	73,218	100.0	164,658	100.0	328,014	100.0

Millions of Yen						
2Q FY2008 Apr. 1, 2008 September. 30, 2008						
	New contracts		Revenues		Backlog of contracts	
	Amt	%	Amt	%	Amt	%
Business Segment						
Engineering						
LNG plants.....	38,835	33.3	119,835	49.8	214,767	38.7
Gas and power utilities	11,033	9.4	69,093	28.7	170,543	30.7
Gas chemicals	75	0.1	170	0.1	978	0.2
Petroleum and petrochemicals ...	39,295	33.6	32,223	13.4	115,143	20.7
General chemicals.....	19,491	16.7	9,063	3.7	30,544	5.5
Industrial machinery	1,621	1.4	2,768	1.1	5,749	1.0
Environment and other	3,068	2.6	4,491	1.9	17,402	3.1
Total Engineering	113,421	97.1	237,645	98.7	555,129	99.9
Other.....	3,388	2.9	3,115	1.3	569	0.1
Domestic.....	63,090	54.0	47,686	19.8	205,496	37.0
Overseas	53,720	46.0	193,073	80.2	350,202	63.0
Total	116,810	100.0	240,760	100.0	555,699	100.0

Note: The backlog of contracts for the six months ended September 30, 2009 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.