

## Consolidated Financial Results for the Third 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 Third quarter of the fiscal year ending March 31, 2010 (from April 1, 2009 to December 31, 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	%
3Q ended December 31, 2009	221,310	(35.7)	(525)	-	2,349	(63.6)	565	(83.5)
3Q ended December 31, 2008	344,106		3,040		6,463		3,425	

	Net income per share	Fully diluted net income per share
	Yen	Yen
3Q ended December 31, 2009	2.18	2.18
3Q ended December 31, 2008	13.58	13.58

#### (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, 2009	321,596	146,213	45.3	561.87
As of March 31, 2009	357,816	145,917	40.7	561.12

Reference: Equity As of December 31, 2009: 145,660million 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
Fiscal year ended March 31, 2009	Yen -	Yen -	Yen -	Yen 7.50	Yen 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 Third 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 Third quarter of the fiscal year ending March 31, 2009: 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 December 31, 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 December 31, 2009   | 1,081,248 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 Third quarter of the fiscal year ending March 31, 2009                                | 259,330,800 shares |
|    | For the Third quarter of the fiscal year ended March 31, 2008                                 | 252,260,754 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 third quarter of the current consolidated fiscal year, the market environment surrounding the Chiyoda Group began to show signs of recovery from the global recession, led by emerging countries with expectations for future growth in the industrial demand for oil and gas applications. Accordingly, several final investment decisions on the new facilities have been materialized.

Under these circumstances, the Chiyoda Group has received new orders for an LNG plant in Papua New Guinea and other international and domestic EPC (Engineering, Procurement and Construction) projects, as well as orders for basic design and engineering services. The Chiyoda Group continues to progress steadily in the execution of on-going projects. Of the six trains (7.8 million tons/year each) involved in the ultra-large-scale LNG plant being constructed in Qatar, three trains have been completed, along with the first train completed during the prior fiscal year. Going forward, the Chiyoda Group will implement more detailed risk management in current projects, including Qatargas Trains 6 and 7, where additional costs have been required. Combined with an orientation toward improved profitability and steady project execution, the Chiyoda Group is working to achieve improved earnings results.

Consolidated new contracts for the cumulative third quarter of the current consolidated fiscal year amounted to ¥377,775 million (year-on-year increase of 170.2%), while the consolidated contract backlog amounted to ¥576,308 million (year-on-year increase of 28.1%). Consolidated revenues amounted to ¥221,310 million (35.7% year-on-year decrease), operating losses amounted to ¥525 million (compared to a consolidated operating income of ¥3,040 million for the same period of the previous fiscal year), and ordinary income amounted to ¥2,349 million (63.6% year-on-year decrease). Net income for the cumulative consolidated third fiscal quarter amounted to ¥565 million (83.5% year-on-year decrease).

## **Results by Business Segment**

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

### **(Natural Gas, Electric Power)**

Overseas, the Chiyoda Group won an EPC contract for an LNG plant in Papua New Guinea and a FEED (Front End Engineering and Design) contract for a floating LNG plant in Brazil. In terms of project execution, the Chiyoda Group continues to be engaged in a number of basic design/project execution planning services in addition to construction work on ultra-large-scale LNG plants. One of the Chiyoda Group subsidiaries established in Qatar has started long-term services related to design, procurement, and construction management services for LNG/gas processing plants awarded during the prior fiscal period. These long-term services are part of the Plant Lifecycle Engineering (PLE) initiative the Chiyoda Group has been pursuing.

Domestically, the Chiyoda Group has been awarded a contract for basic design and engineering services related to an LNG receiving terminal, while the Group continues to focus on the execution of on-going projects, including works on three LNG receiving terminals in Niigata and Okayama prefectures.

### **(Petroleum, Petrochemicals, Gas Chemicals)**

Overseas, the Chiyoda Group is involved in investment plans for refineries in the Middle East and Southeast Asia. The Group has been awarded an EPC contract related to a coker unit for a new export refinery project in Saudi Arabia, and a basic design and engineering package contract for a desulfurization facility in Singapore.

In the domestic petroleum sector, while the issue of excess production capacity against falling demand is needed to be dealt with, there are high demands from petroleum companies to reinforce their competitiveness and efficiency in their markets. The Group is actively engaged in pursuing contracts for environmental conservation projects (mainly energy conservation) and Feasibility Study (FS) services looking toward future investments.

### **(General Chemicals, Industrial Machinery, Environment, and Other)**

In the general chemicals and industrial machinery sector, the Chiyoda Group is experiencing notable success as it continues to engage in sales activities to win new contracts in the lithium ion battery market for electric and hybrid cars, the solar cell market, and in other new-energy projects. This is in addition to re-entering the field for nickel and other non-ferrous metal smelting.

The pharmaceutical sector showed increase in investment planning projects for antibody and generic drugs. The Group is actively engaged in sales activities to win new contracts in these fields.

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

(Millions of yen)

	As of December 31, 2009	As of March 31, 2009
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	30,648	38,747
Notes receivable, accounts receivable from completed construction contracts	47,801	50,651
Short-term investment securities	100,341	96,841
Costs on uncompleted construction contracts	16,742	16,920
Jointly controlled assets of joint venture	70,927	100,426
Other	18,531	17,265
Allowance for doubtful accounts	(2)	(3)
<b>Total current assets</b>	<b>284,991</b>	<b>320,848</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	7,897	8,130
Land	11,938	11,953
Other, net	1,480	1,916
<b>Total property, plant and equipment</b>	<b>21,316</b>	<b>22,001</b>
Intangible assets	5,256	4,921
<b>Investments and other assets</b>		
Investment securities	7,094	6,955
Other	3,270	3,423
Allowance for doubtful accounts	(333)	(333)
<b>Total investments and other assets</b>	<b>10,032</b>	<b>10,045</b>
<b>Total noncurrent assets</b>	<b>36,604</b>	<b>36,968</b>
<b>Total assets</b>	<b>321,596</b>	<b>357,816</b>

## Consolidated balance sheets (2/2)

(Millions of yen)

	As of December 31, 2009	As of March 31, 2009
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts	66,514	77,020
Current portion of long-term loans payable	8	18
Income taxes payable	638	5,457
Advances received on uncompleted construction contracts	70,967	91,661
Provision for warranties for completed construction	4,280	3,801
Provision for loss on construction contracts	5,312	4,302
Provision for bonuses	1,952	3,557
Other	12,794	13,398
<b>Total current liabilities</b>	<u>162,469</u>	<u>199,218</u>
<b>Noncurrent liabilities</b>		
Long-term loans payable	10,000	10,004
Provision	2,356	2,288
Other	556	388
<b>Total noncurrent liabilities</b>	<u>12,912</u>	<u>12,681</u>
<b>Total liabilities</b>	<u>175,382</u>	<u>211,899</u>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	43,396	43,392
Capital surplus	37,112	37,108
Retained earnings	68,371	69,730
Treasury stock	(1,186)	(1,105)
<b>Total shareholders' equity</b>	<u>147,693</u>	<u>149,126</u>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	(94)	(775)
Deferred gains or losses on hedges	(438)	(1,368)
Foreign currency translation adjustment	(1,500)	(1,469)
<b>Total valuation and translation adjustments</b>	<u>(2,032)</u>	<u>(3,613)</u>
<b>Minority interests</b>	<u>553</u>	<u>404</u>
<b>Total net assets</b>	<u>146,213</u>	<u>145,917</u>
<b>Total liabilities and net assets</b>	<u>321,596</u>	<u>357,816</u>

**(2) Consolidated statement of income**

(Millions of yen)

	Third quarter ended December 31, 2008 (From April 1, 2008 to December 31, 2008)	Third quarter ended December 31, 2009 (From April 1, 2009 to December 31, 2009)
Net sales of completed construction contracts	344,106	221,310
Cost of sales of completed construction contracts	332,226	212,714
Gross profit on completed construction contracts	11,880	8,596
Selling, general and administrative expenses	8,839	9,121
Operating income (loss)	3,040	(525)
Non-operating income		
Interest income	3,883	843
Dividends income	646	972
Equity in earnings of affiliates	93	112
Foreign exchange gains	-	1,030
Real estate rent	195	108
Other	115	174
Total non-operating income	4,933	3,241
Non-operating expenses		
Interest expenses	257	188
Rent expenses on real estates	117	71
Foreign exchange losses	790	-
Stock issuance cost	271	-
Other	72	105
Total non-operating expenses	1,510	366
Ordinary income	6,463	2,349
Extraordinary income		
Reversal of allowance for doubtful accounts	124	-
Total extraordinary income	124	-
Extraordinary loss		
Loss on valuation of investment securities	1,859	-
Other	53	-
Total extraordinary losses	1,913	-
Income before income taxes and minority interests	4,673	2,349
Income taxes-current	4,304	2,740
Income taxes-deferred	(3,073)	(994)
Total income taxes	1,230	1,746
Minority interests in income	17	38
Net income	3,425	565



## 7. Production, Contracts and Sales (Consolidated)

<i>Millions of Yen</i>						
3Q FY2009 Apr. 1, 2009 — December. 31, 2009						
	<b>New contracts</b>		<b>Revenues</b>		<b>Backlog of contracts</b>	
	<i>Amt</i>	<i>%</i>	<i>Amt</i>	<i>%</i>	<i>Amt</i>	<i>%</i>
<b>Business Segment</b>						
<b>Engineering</b>						
LNG plants.....	251,552	66.6	73,317	33.1	312,080	54.2
Gas and power utilities .....	13,753	3.6	40,101	18.1	141,004	24.5
Gas chemicals .....	156	0.0	214	0.1	788	0.1
Petroleum and petrochemicals ...	51,411	13.6	70,508	31.9	64,145	11.1
General chemicals.....	11,133	3.0	20,667	9.3	11,348	2.0
Industrial machinery .....	23,293	6.2	1,769	0.8	23,259	4.0
Environment and other .....	22,811	6.0	10,840	4.9	23,034	4.0
<b>Total Engineering</b>	<b>374,111</b>	<b>99.0</b>	<b>217,419</b>	<b>98.2</b>	<b>575,661</b>	<b>99.9</b>
Other.....	3,664	1.0	3,890	1.8	646	0.1
Domestic.....	71,511	18.9	106,473	48.1	180,336	31.3
Overseas .....	306,264	81.1	114,836	51.9	395,971	68.7
<b>Total .....</b>	<b>377,775</b>	<b>100.0</b>	<b>221,310</b>	<b>100.0</b>	<b>576,308</b>	<b>100.0</b>

<i>Millions of Yen</i>						
3Q FY2008 Apr. 1, 2008 — December. 31, 2008						
	<b>New contracts</b>		<b>Net sales</b>		<b>Backlog of contracts</b>	
	<i>Amt</i>	<i>%</i>	<i>Amt</i>	<i>%</i>	<i>Amt</i>	<i>%</i>
<b>Business Segment</b>						
<b>Engineering</b>						
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
<b>Total Engineering</b>	<b>134,902</b>	<b>96.5</b>	<b>339,493</b>	<b>98.7</b>	<b>449,232</b>	<b>99.9</b>
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
<b>Total .....</b>	<b>139,828</b>	<b>100.0</b>	<b>344,106</b>	<b>100.0</b>	<b>449,841</b>	<b>100.0</b>

Note: The backlog of contracts for the nine months ended December 31, 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.