

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2011

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 first quarter of the fiscal year ending March 31, 2011 (from April 1, 2010 to June 30, 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	%
1Q ended June 30, 2010	53,475	(35.3)	2,909	1.4	1,272	(66.9)	1,308	(37.2)
1Q ended June 30, 2009	82,677	(27.7)	2,870	112.1	3,848	17.5	2,081	16.6

	Net income per share	Fully diluted net income per share
	Yen	Yen
1Q ended June 30, 2010	5.05	-
1Q ended June 30, 2009	8.03	8.03

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2010	310,391	149,430	48.0	574.39
As of March 31, 2010	328,174	149,253	45.3	573.61

Reference: Equity As of June 30, 2010: 148,882 million yen As of March 31, 2010: 148,683 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, 2010	-	-	-	3.50	3.50
Fiscal year ending March 31, 2011	-				
Fiscal year ending March 31, 2011 (Forecast)		-	-	5.00	5.00

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

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 (cumulative)	120,000	(27.1)	3,500	-	2,500	-	2,000	-	7.72
Fiscal year ending March 31, 2011	240,000	(23.3)	6,000	252.5	6,500	34.4	4,000	35.4	15.43

Note: Revision of the forecasts in the first quarter of the fiscal year ending March 31, 2010: 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 June 30, 2010 | 260,324,529 shares |
| | As of March 31, 2010 | 260,324,529 shares |
| b. | Number of treasury stock at the end of the period | |
| | As of June 30, 2010 | 1,125,760 shares |
| | As of March 31, 2010 | 1,117,239 shares |
| c. | Average number of shares during the period (cumulative from the beginning of the fiscal year) | |
| | For the first quarter of the fiscal year ending March 31, 2011 | 259,220,391 shares |
| | For the first quarter of the fiscal year ended March 31, 2010 | 259,332,534 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 Statements.”

5. Qualitative Information related to Consolidated Performance

(1) Analysis Results

During the first quarter of the current consolidated fiscal year, the business environment surrounding the Chiyoda group shows, on one hand, that large scale projects are beginning to materialize against a background of expanding future demand for petroleum and gas but, on the other hand, the group is exposed to ever intensifying competition from the Korean and European contractors.

Amid these conditions, the Chiyoda group continued to focus on sales activities for projects that will allow the group to leverage its technological advantages while, at the same time, continuing to diligently execute its existing projects including the construction of LNG (liquefied natural gas) Trains 6 and 7 for Qatargas and construction of an LNG plant in Papua New Guinea.

The consolidated new contracts for the first quarter of the current fiscal year was 19,618 million yen (a 63.9% decrease year on year), consolidated contract backlog was 482,259 million yen (an increase of 21.9% year on year). Our consolidated revenue for the quarter was 53,475 million yen (a 35.3% decrease year on year), the operating income was 2,909 million yen (an increase of 1.4 % year on year), the ordinary income was 1,272 million yen (a 66.9% decrease year on year). The net income for the quarter was 1,308 million yen (a 37.2% decrease year on year).

Results by Business Segment

(Natural Gas, Electric Power)

The group continued to execute its existing overseas EPC (Engineering/Procurement/Construction) contracts for an LNG plant in Papua New Guinea and for LNG/Gas processing plants in Qatar as well as several basic design and feasibility study contracts, including a basic design contract for a floating LNG plant in Brazil. We have also been engaged in an EPCm (Engineering/Procurement/Construction management) contracts in Qatar, which involves relatively small-scale remodeling and/or renovation of an existing LNG/Gas processing plant through a long-term service contract that was awarded to our local subsidiary. We are also currently working towards providing the same types of services for LNG/Gas processing plants that we have constructed for other clients in the country.

We were awarded several feasibility study contracts within Japan involving remodeling of existing facilities, while continuing to execute existing contracts including three for the construction of LNG receiving terminals in Niigata and Okayama prefectures.

(Petroleum, Petrochemicals, Gas Chemicals)

The Chiyoda group directed its concerted efforts outside of Japan toward oil refinery projects in the Middle East and the South East Asia regions. We engaged ourselves in diligently executing the EPC project for a coker unit in Saudi Arabia, which was awarded to us last year, as well as the basic design for a desulfurization plant in Singapore. We aim to drive our global operations by strengthening the group companies through execution of these projects. On the domestic front, the trend for refinery restructuring is accelerating, with project being undertaken for such works as reinforcing heavy oil cracking capacities and facilities integration and/or demolition, which follow the law enacted last year entitled as Sophisticated Methods of Energy Supply Structures for enhancement of energy supply systems. Against this background, we were awarded feasibility study contracts and remodeling projects for existing facilities with the purpose of enhancing competitiveness and energy conservation. The projects to connect industrial complexes and the construction of an RFCC (Residue Fluid Catalytic Cracking) unit progressed on schedule.

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

We focused our efforts in the general chemicals, industrial machinery and environment sectors on sales activities in renewable energy projects, such as photovoltaic and solar heat generations and low-carbon technologies including lithium ion batteries for environmentally-friendly automobiles. In addition, we also focused our efforts in the field of electronics materials,

which is growing on the strength of increasing demands in emerging economies. We have worked aggressively toward responding to an increasing number of capital investment projects in the high potency API (activated pharmaceutical ingredient) field, typified by antibody and anti-cancer medicines.

(Note) See Page10 for more information about segment New Orders, Revenues, and Contract Backlog.

6. Consolidated quarterly financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of June 30, 2010	As of March 31, 2010 (Summary)
Assets		
Current assets		
Cash and deposits	31,980	43,002
Notes receivable, accounts receivable from completed construction contracts	50,807	51,318
Short-term investment securities	90,841	96,841
Costs on uncompleted construction contracts	13,447	7,283
Jointly controlled assets of joint venture	62,600	69,917
Other	23,837	22,357
Allowance for doubtful accounts	(2)	(2)
Total current assets	273,512	290,719
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	7,956	8,042
Land	11,938	11,938
Other, net	1,359	1,468
Total property, plant and equipment	21,255	21,450
Intangible assets	5,004	5,142
Investments and other assets		
Investment securities	7,656	7,855
Other	3,295	3,339
Allowance for doubtful accounts	(333)	(333)
Total investments and other assets	10,618	10,861
Total noncurrent assets	36,878	37,454
Total assets	310,391	328,174

(Millions of yen)

	As of June 30, 2010	As of March 31, 2010 (Summary)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	82,590	89,523
Current portion of long-term loans payable	4	4
Income taxes payable	282	4,675
Advances received on uncompleted construction contracts	42,605	48,168
Provision for warranties for completed construction	4,454	4,486
Provision for loss on construction contracts	2,885	4,427
Provision for bonuses	1,670	3,252
Other	12,972	11,421
Total current liabilities	147,466	165,960
Noncurrent liabilities		
Long-term loans payable	10,171	10,000
Provision	2,420	2,428
Other	903	532
Total noncurrent liabilities	13,495	12,960
Total liabilities	160,961	178,921
Net assets		
Shareholders' equity		
Capital stock	43,396	43,396
Capital surplus	37,112	37,112
Retained earnings	71,160	70,759
Treasury stock	(1,222)	(1,215)
Total shareholders' equity	150,446	150,053
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(108)	102
Deferred gains or losses on hedges	(213)	(156)
Foreign currency translation adjustment	(1,242)	(1,315)
Total valuation and translation adjustments	(1,564)	(1,369)
Minority interests	548	569
Total net assets	149,430	149,253
Total liabilities and net assets	310,391	328,174

(2) Consolidated statement of income

(Millions of yen)

	First quarter ended June 30, 2009 (From April 1, 2009 to June 30, 2009)	First quarter ended June 30, 2010 (From April 1, 2010 to June 30, 2010)
Net sales of completed construction contracts	82,677	53,475
Cost of sales of completed construction contracts	76,821	47,366
Gross profit on completed construction contracts	5,856	6,109
Selling, general and administrative expenses	2,985	3,199
Operating income	2,870	2,909
Non-operating income		
Interest income	348	156
Dividends income	51	51
Equity in earnings of affiliates	89	9
Real estate rent	35	33
Foreign exchange gains	489	-
Other	69	150
Total non-operating income	1,083	402
Non-operating expenses		
Interest expenses	61	62
Foreign exchange losses	-	1,933
Rent expenses on real estates	26	25
Other	17	17
Total non-operating expenses	105	2,039
Ordinary income	3,848	1,272
Extraordinary income		
Surrender value of insurance	-	109
Total extraordinary income	-	109
Extraordinary loss		
Loss on adjustment for accounting standard for asset retirement obligation	-	146
Total extraordinary losses	-	146
Income before income taxes and minority interests	3,848	1,235
Income taxes-current	2,081	101
Income taxes-deferred	(345)	(153)
Total income taxes	1,735	(51)
Income before minority interests	-	1,287
Minority interests in income (loss)	30	(20)
Net income	2,081	1,308

(3) Consolidated statement of cash flows

(Millions of yen)

	First quarter ended June 30, 2009 (From April 1, 2009 to June 30, 2009)	First quarter ended June 30, 2010 (From April 1, 2010 to June 30, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,848	1,235
Depreciation and amortization	507	525
Interest and dividends income	(399)	(207)
Decrease (increase) in notes and accounts receivable-trade	(3,201)	546
Decrease (increase) in costs on uncompleted construction contracts	(3,977)	(6,162)
Increase (decrease) in notes and accounts payable-trade	(3,565)	(7,220)
Increase (decrease) in advances received on uncompleted construction contracts	602	(5,583)
Decrease (increase) in jointly controlled asset of joint venture	3,049	7,316
Other, net	(914)	(1,881)
Subtotal	(4,052)	(11,431)
Interest and dividends income received	192	91
Interest expenses paid	(64)	(61)
Income taxes paid	(5,060)	(4,686)
Net cash provided by (used in) operating activities	(8,984)	(16,087)
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(227)	(166)
Purchase of intangible assets	(248)	(198)
Other, net	(26)	(16)
Net cash provided by (used in) investment activities	(502)	(381)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	-	171
Proceeds from issuance of common stock	7	-
Cash dividends paid	(1,678)	(809)
Cash dividends paid to minority shareholders	(7)	(9)
Other, net	(9)	(10)
Net cash provided by (used in) financing activities	(1,688)	(658)
Effect of exchange rate change on cash and cash equivalents	308	102
Net increase (decrease) in cash and cash equivalents	(10,867)	(17,025)
Cash and cash equivalents at beginning of period	135,536	139,790
Increase in cash and cash equivalents from newly consolidated subsidiary	290	-
Cash and cash equivalents at end of period	124,959	122,765

7. Production, Contracts and Sales (Consolidated)

<i>Millions of Yen</i>						
1Q FY2010						
Apr. 1, 2010 —						
Jun. 30, 2010						
	<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.....	3,763	19.2	18,997	35.5	263,061	54.6
Gas and power utilities	1,123	5.7	12,486	23.4	111,336	23.1
Gas chemicals	55	0.3	28	0.1	611	0.1
Petroleum and petrochemicals ...	6,706	34.2	11,130	20.8	50,173	10.4
General chemicals.....	3,410	17.4	3,161	5.9	16,218	3.4
Industrial machinery	1,386	7.1	5,930	11.1	17,307	3.6
Environment and other	1,614	8.2	393	0.7	22,846	4.7
Total Engineering	18,060	92.1	52,127	97.5	481,554	99.9
Other.....	1,557	7.9	1,348	2.5	704	0.1
Domestic.....	13,869	70.7	26,528	49.6	156,154	32.4
Overseas	5,748	29.3	26,946	50.4	326,104	67.6
Total	19,618	100.0	53,475	100.0	482,259	100.0

<i>Millions of Yen</i>						
1Q FY2009						
Apr. 1, 2009 —						
Jun. 30, 2009						
	<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.....	2,135	3.9	30,859	37.3	107,426	27.2
Gas and power utilities	3,791	7.0	14,465	17.5	157,994	39.9
Gas chemicals	19	0.0	9	0.0	855	0.2
Petroleum and petrochemicals ...	40,538	74.7	26,123	31.6	97,931	24.8
General chemicals.....	5,017	9.3	6,244	7.6	19,735	5.0
Industrial machinery	239	0.5	195	0.2	1,832	0.5
Environment and other	1,366	2.5	3,706	4.5	8,727	2.2
Total Engineering	53,108	97.9	81,604	98.7	394,502	99.8
Other.....	1,161	2.1	1,073	1.3	962	0.2
Domestic.....	24,699	45.5	35,449	42.9	204,847	51.8
Overseas	29,571	54.5	47,228	57.1	190,617	48.2
Total	54,270	100.0	82,677	100.0	395,465	100.0

Note: The backlog of contracts for the three months ended July 30, 2010 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.