



**Financial Results for the Second Quarter
of FY 2011/3**

November 11, 2010



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Supplemental remarks to

- The financial results for 2Q ended September 30, 2010 of FY ending March 2011

and

- Revisions to the forecasts for the 2nd half and the full year

1. Financial Data

(Billions of yen)

	11/3 2Q	10/3 2Q	Difference	Difference (%)	2Q Forecast at 1Q	Difference
New Orders	124.3	73.2	51.1	69.7%		
Revenues	111.9	164.7	(52.7)	(32.0%)	120.0	(8.1)
Operating Income	5.3	(2.4)	7.7		3.5	1.8
Ordinary Income	3.0	(0.4)	3.4		2.5	0.5
Net Income	2.9	(1.7)	4.6		2.0	0.9
Exchange Rate	JPY84/\$	JPY90/\$			JPY90/\$	

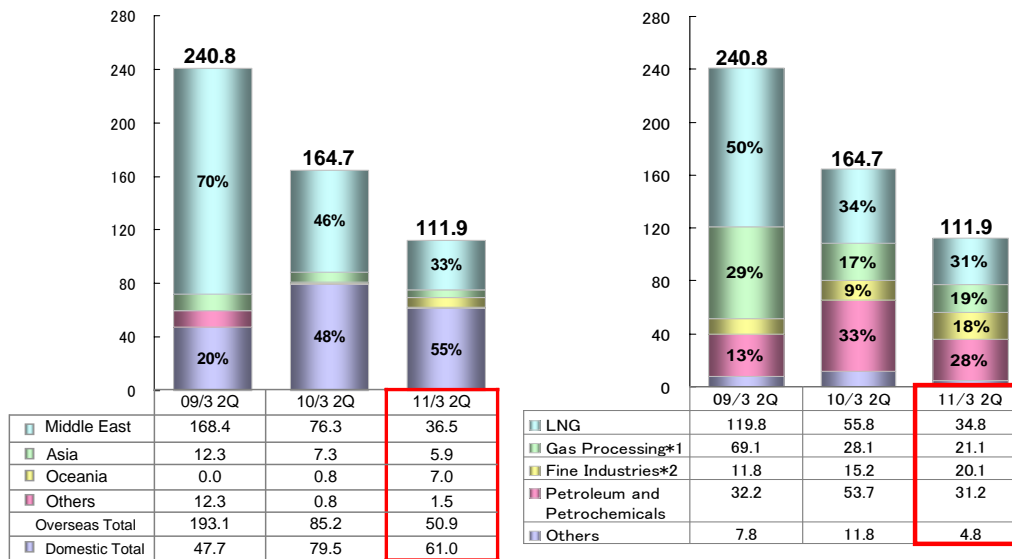
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2. Revenues

(Billions of yen)



Notes: *1. Classified as " Gas and power utilities " in " Consolidated Financial Results "

*2. Classified as " Industrial machinery " and " General chemicals " in " Consolidated Financial Results "

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- 5 out of 6 trains of Qatari LNG projects completed by 1st half, the last one completed in October.
- Newly awarded projects such as Papua New Guinea LNG project have not much contributed to the revenues.
- Steady growth in new business area; "Fine Industries" including growing low-carbon technology projects such as photovoltaic projects.

3. Income - related Items

(Billions of yen)

	11/3 2Q	2Q Forecast at 1Q	Difference	10/3 2Q	Difference
Gross Profit	11.7 10.5%			3.6 2.2%	8.1 8.3pt
SG&A expenses	(6.4)			(6.0)	(0.4)
Operating Income	5.3 4.8%	3.5 2.9%	1.8	(2.4) (1.4%)	7.7 6.2pt
Non-operating income and expenses	(2.3)	(1.0)	(1.3)	2.0	(4.3)
Ordinary Income	3.0 2.7%	2.5 2.1%	0.5	(0.4) (0.2%)	3.4 2.9pt
Extraordinary gain/loss, Tax, and Minority shareholders' income	(0.1)	(0.5)	0.4	(1.4)	1.3
Net Income	2.9 2.6%	2.0 1.7%	0.9	(1.7) (1.1%)	4.6 3.7pt

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Gross Profit:

Increased due to improvement of gross profit margin in spite of declined revenues.

- Improvement in domestic projects realized in 1st half originally expected in 2nd half.
- Decrease in cost of revenues in overseas projects due to JPY appreciation

SG&A Expenses:

Increased due to expenses for newly consolidated subsidiaries.

Operating Income:

Increased due to increase in gross profit.

Ordinary Income:

Affected by foreign exchange losses incurred due to revaluation of foreign exchange contracts placed for risk hedge (reverse effect of decrease in cost of revenues in overseas projects) while operating income increased.

Net Income:

Increased according to tax cost decrease due to tax exemption for overseas projects realized in advance.

4. Balance Sheet

(Billions of yen)

	10/9	10/3	Difference		10/9	10/3	Difference
Current assets	272.7	290.7	(18.1)	Current liabilities	144.9	166.0	(21.1)
Cash and deposits*1	117.8	139.8	(22.0)	Short-term loans payable	-	0.0	(0.0)
Operating assets *2	61.5	58.6	2.9	Operating liabilities *4	124.1	137.7	(13.6)
Jointly controlled assets of joint venture *3	70.5	69.9	0.6	Provision for loss on construction contracts	2.9	4.4	(1.5)
Other	22.9	22.4	0.5	Others	17.9	23.8	(6.0)
Non-current assets	36.3	37.5	(1.1)	Non-current liabilities	13.5	13.0	0.5
Property, plant and equipment	21.1	21.5	(0.4)	Long-term loans payable	10.2	10.0	0.2
Intangible assets	4.8	5.1	(0.3)	Other	3.3	3.0	0.4
Investment and other assets	10.4	10.9	(0.4)	Net assets	150.6	149.3	1.4
Total assets	309.0	328.2	(19.2)	Liabilities and net assets	309.0	328.2	(19.2)
				Shareholders' equity	150.1	148.7	1.4
				Shareholders' equity ratio	48.6%	45.3%	3.3pt

Notes:

*1. Cash and deposits = Cash and deposits + Short-term investment securities

*2. Operating assets = Notes receivable, accounts receivable from completed construction contracts + Costs on uncompleted construction contracts

*3. Jointly controlled assets of joint venture = Cash and deposits of joint venture proportional to Chiyoda's interest

*4. Operating liabilities = Notes payable, accounts payable for construction contracts + Advances received on uncompleted construction contracts

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Cash and Deposits:

Decreased from 10/3, to rally gradually toward the end of FY.

Operating Liabilities:

Decreased due to peak out of Qatari large projects.

5. Cash Flow

(Billions of yen)

	11/3 2Q	10/3 2Q
Net cash provided by operating activities	(19.9)	(1.4)
Income before income taxes	3.0	(0.4)
Depreciation	1.0	1.0
Operating Funds	(16.4)	(12.4)
Operating assets	(3.0)	(19.4)
Operating liabilities	(13.4)	7.0
Decrease in jointly controlled assets of joint venture	(0.6)	19.8
Income taxes paid	(4.7)	(5.8)
Other	(2.2)	(3.6)
Net cash provided by investment activities	(1.1)	(1.0)
Capital expenditure	(1.0)	(1.0)
Other	(0.0)	(0.0)
Net cash provided by financing activities	(0.8)	(2.0)
Dividend distribution	(0.9)	(1.9)
Other	0.1	(0.0)
Foreign currency translation adjustments, etc.	(0.4)	0.6
Total	(22.1)	(3.8)

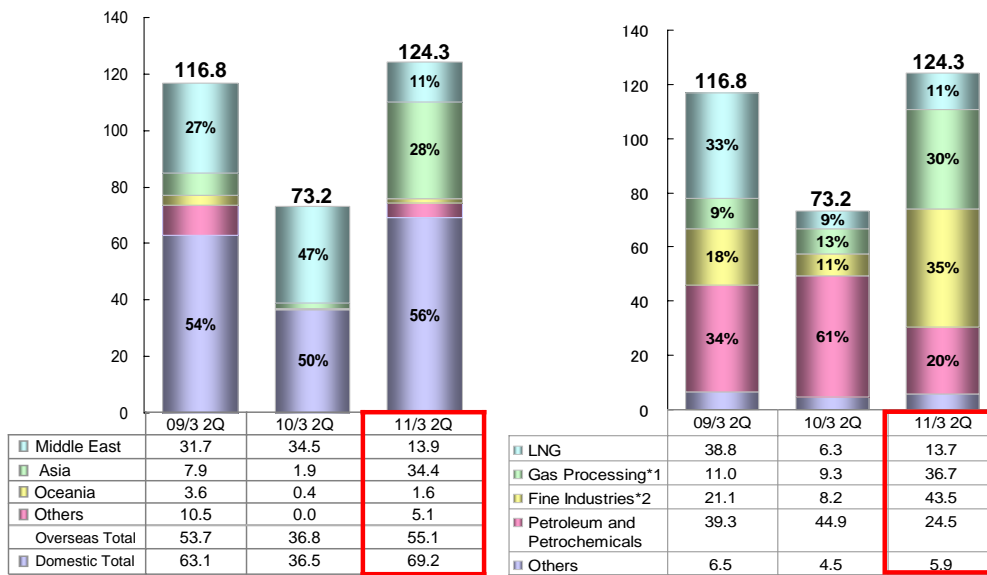
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6. New Orders

(Billions of yen)



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Newly awarded orders:

Polycrystalline silicon plant in Malaysia

LNG receiving terminal in Japan

Lithium ion battery related project

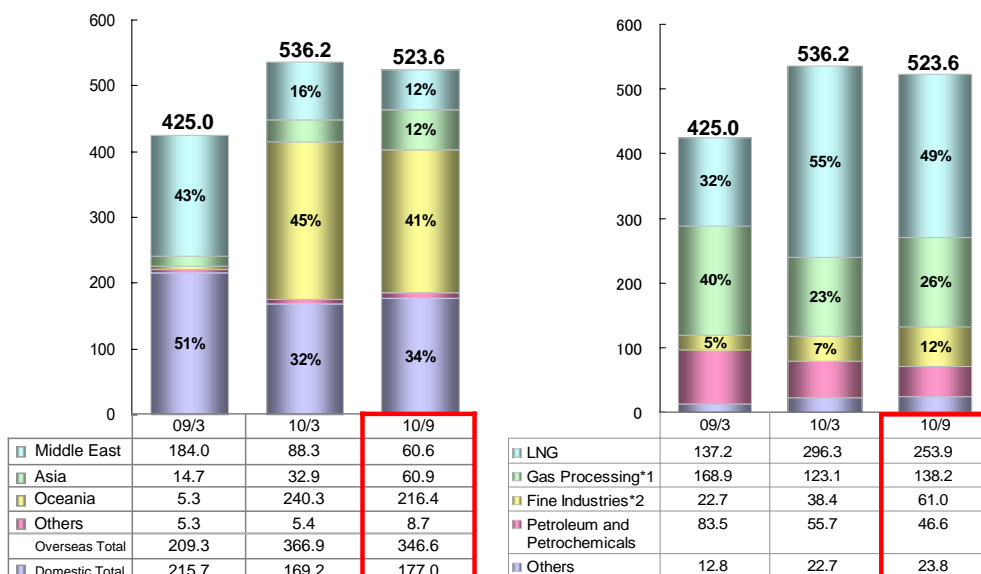
2Q results as forecasted.

Most of targeted EPC projects to be awarded in 2nd half.

No significant delay nor suspension in clients' investment plans and schedule.

7. Backlog of Contracts

(Billions of yen)



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Decreased slightly in JPY value due to JPY appreciation.

Diversification to balanced portfolio in progress: regionally & sector-wise.

8. Revisions to 2nd Half and Full Year Forecasts

(Billions of yen)

	1 st Half		2 nd Half		Full Year	
	Initial Forecast	Result	Initial Forecast	Revised Forecast	Initial Forecast	Revised Forecast
Revenues	115.0	-3.1 → 111.9	125.0	+3.1 → 128.1	240.0	- → 240.0
Operating Income	2.0	-3.3 → 5.3	4.0	+6.7 → 10.7	6.0	+10.0 → 16.0
Ordinary Income	1.9	+1.1 → 3.0	4.6	+5.4 → 10.0	6.5	+6.5 → 13.0
Net Income	1.0	+1.9 → 2.9	3.0	-1.9 → 1.1	4.0	- → 4.0

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9. Factors for the Revisions to 2nd Half and Full Year Forecasts

- Operating Income
 - Finalization of the project cost upon completion of Qatargas LNG Trains 6 and 7, and settlement of the additional contract amount (Change Orders) is prospected
 - Improvements also expected in other projects.
 - Cost reduction effect due to JPY appreciation (reverse effect in foreign exchange losses)
- Ordinary Income
 - Foreign exchange losses expected while operating income to increase.
- Net Income
 - Extraordinary losses counted for office integration currently under study in accordance with Mid-Term Management Plan. To be further studied considering shareholder return.

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Reference Materials

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Breakdown of Forecasts for FY 2011/3

(Billions of yen)

	11/3 Revised Forecast	10/3 Result	Difference
New Orders	440.0	429.4	10.6
Overseas	350.0	331.6	18.4
Domestic	90.0	97.8	(7.8)
Revenues	240.0	313.0	(73.0)
Overseas	120.0	169.1	(49.1)
Domestic	120.0	143.9	(23.9)
Gross Profit	30.0	14.2	15.8
SG&A Expenses	(14.0)	(12.5)	(1.5)
Operating Income	16.0	1.7	14.3
Non-operating Income and Expenses	(3.0)	3.1	(6.1)
Ordinary Income	13.0	4.8	8.2
Extraordinary income/loss, Tax and Minority Interests in Income	(9.0)	(1.9)	(7.1)
Net income	4.0	3.0	1.0

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Performance Indicators

	07/3	08/3	09/3	10/3	11/3 Revised Forecast
Gross profit margin (%)	8.2	3.4	4.3	4.5	12.5
SG&A expenses to revenues (%)	2.3	1.9	2.7	4.0	5.8
Operating income to revenues (%)	5.9	1.5	1.6	0.5	6.7
Ordinary income to revenues (%)	7.6	3.2	2.6	1.5	5.4
Net income to revenues (%)	4.9	1.6	1.5	0.9	1.7
Return on assets (ROA) (%)	10.2	4.7	3.1	1.4	
Return on equity (ROE) (%)	35.5	12.2	5.7	2.0	
Net income per sharer (EPS) (JPY)	122.41	50.15	25.58	11.39	
Book value per share (BPS) (JPY)	400.56	422.44	561.12	573.61	
Shareholders' equity ratio (%)	17.4	21.4	40.7	45.3	
Current ratio (%)	118.9	115.0	161.1	175.2	
Fixed ratio (%)	32.3	50.0	25.4	25.2	
Debt - to - equity ratio <DER> (Times)	0.13	0.12	0.07	0.07	

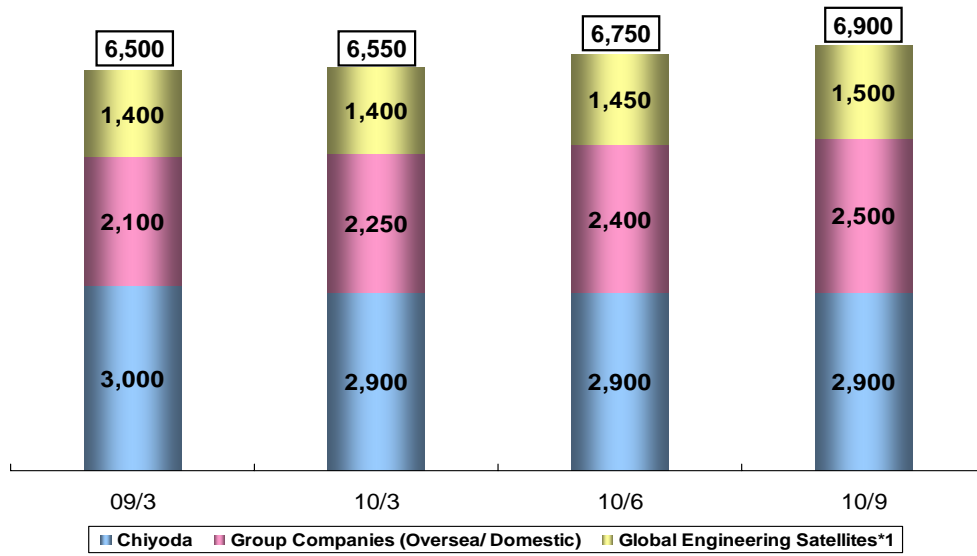
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Structure of Global Operations

Unit: Person



*1: Local design subsidiaries in the Philippines and India

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Forward-looking Statements

The forecasts and plans in this presentation are based on information available to management on November 11, 2010, the date these materials were prepared. Actual results may differ significantly from these forecasts for a number of factors, including but not limited to changes in economic conditions and operation environment in Japan and overseas.

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