



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

February 8, 2011



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Supplemental remarks to the financial results for 3Q
ended December 31, 2010 of FY ending March 2011

1. Financial Data

(Billions of yen)

	11/3 3Q	10/3 3Q	Difference	Difference (%)	Full Year Forecast at 2Q	Progress
New Orders	153.5	377.8	(224.3)	(59.4%)	440.0	34.9%
Revenues	184.3	221.3	(37.0)	(16.7%)	240.0	76.8%
Operating Income	12.9	(0.5)	13.4		16.0	80.6%
Ordinary Income	10.7	2.3	8.3	353.3%	13.0	81.9%
Net Income	5.4	0.6	4.9	860.6%	4.0	135.7%
Exchange Rate	JPY81/\$	JPY92/\$			JPY80/\$	

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New Orders: low level by a loss of targeted project

Decrease in Revenues:

Completion of large LNG projects in Qatar and pre-harvest time for Papua New Guinea (PNG) LNG project to contribute to Revenues

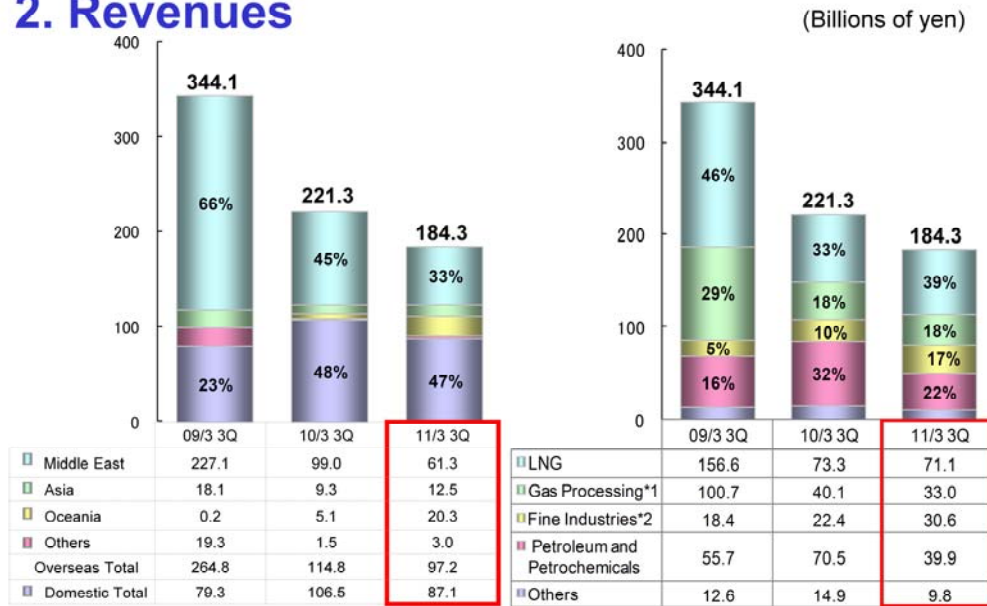
Increase in Incomes:

Gross profit margin improved

Extraordinary Losses:

Incurred by a decision of office integration

2. Revenues



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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- Completed all large LNG projects in Qatar
- Smooth progress in PNG LNG project
- Steady growth in "Fine Industries" including projects related to basic material for photovoltaic cells, lithium ion batteries and pharmaceuticals

3. Income - related Items

(Billions of yen)

	11/3 3Q	10/3 3Q	Difference
Gross Profit	22.8 12.4%	8.6 3.9%	14.2 8.5pt
SG&A expenses	(9.9)	(9.1)	(0.8)
Operating Income	12.9 7.0%	(0.5) (0.2%)	13.4 7.2pt
Non-operating income and expenses	(2.2)	2.9	(5.1)
Ordinary Income	10.7 5.8%	2.3 1.1%	8.3 4.7pt
Extraordinary gain/loss, Tax, and Minority shareholders' income	(5.2)	(1.8)	(3.4)
Net Income	5.4 2.9%	0.6 0.3%	4.9 2.6pt

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Gross Profit:

Improvements in several projects

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 in spite of extraordinary losses of JPY 4 billion incurred by a decision of office integration

4. Balance Sheet

(Billions of yen)

	10/12	10/3	Difference		10/12	10/3	Difference
Current assets	294.9	290.7	4.2	Current liabilities	163.0	166.0	(2.9)
Cash and deposits*1	115.0	139.8	(24.8)	Short-term loans payable	-	0.0	(0.0)
Operating assets *2	71.4	58.6	12.8	Operating liabilities *4	145.4	137.7	7.7
Jointly controlled assets of joint venture *3	79.9	69.9	9.9	Provision for loss on construction contracts	0.5	4.4	(3.9)
Other	28.6	22.4	6.3	Others	17.1	23.8	(6.8)
Non-current assets	36.8	37.5	(0.6)	Non-current liabilities	15.8	13.0	2.8
Property, plant and equipment	18.5	21.5	(2.9)	Long-term loans payable	10.2	10.0	0.2
Intangible assets	4.8	5.1	(0.4)	Other	5.5	3.0	2.6
Investment and other assets	13.5	10.9	2.7	Net assets	152.9	149.3	3.7
Total assets	331.7	328.2	3.5	Liabilities and net assets	331.7	328.2	3.5
				Shareholders' equity	152.4	148.7	3.7
				Shareholders' equity ratio	46.0%	45.3%	0.7pt

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.
- All of the following items increased with the smooth progress in PNG LNG project;
 - Operating assets
(costs on uncompleted construction contracts etc.)
 - Jointly controlled assets of joint venture
 - Operating liabilities
(advances received on uncompleted construction etc.)
- Assets for property, plant and equipment decreased by the non-recurring depreciation regarding office integration
- Investment increased due to acquisition of stocks
- Current liabilities decreased with the decrease in provision for loss on construction contracts

5. Cash Flow

(Billions of yen)

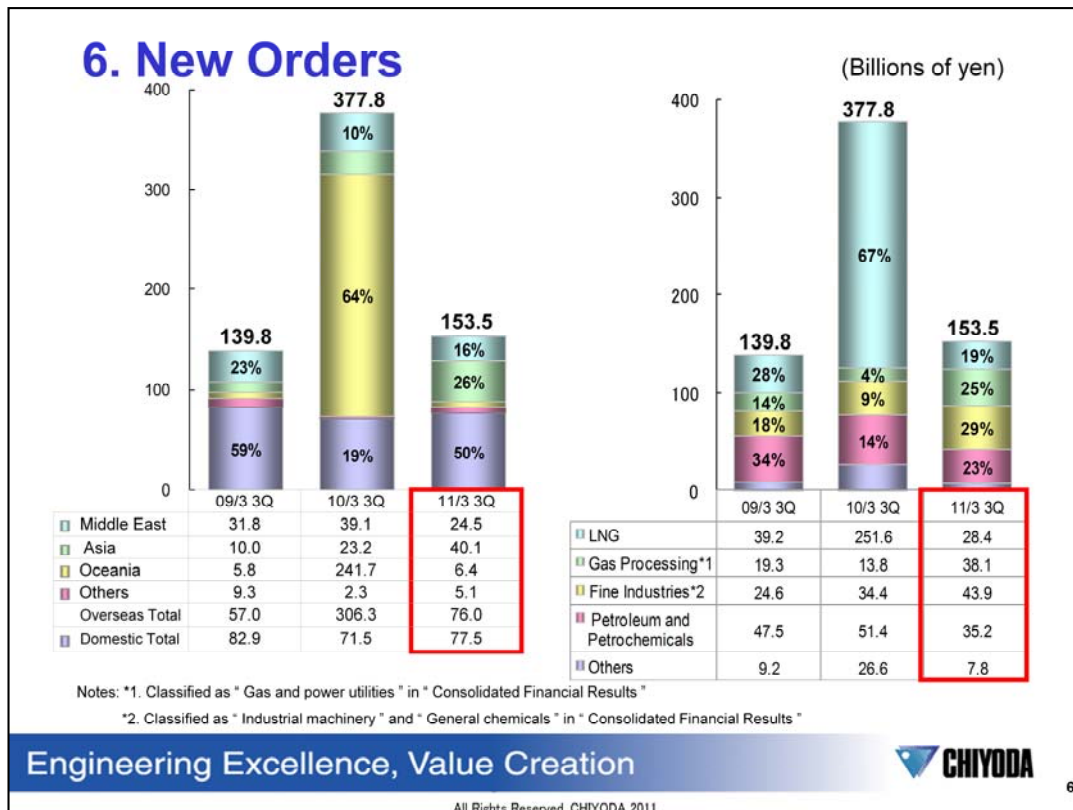
	11/3 3Q	10/3 3Q
Net cash provided by operating activities	(21.2)	(1.0)
Income before income taxes	6.7	2.3
Depreciation	1.9	1.5
Operating Funds	(5.0)	(27.5)
Operating assets	(12.9)	4.1
Operating liabilities	8.0	(31.6)
Decrease in jointly controlled assets of joint venture	(9.9)	29.5
Income taxes paid	(7.5)	(7.5)
Other	(7.4)	(0.6)
Net cash provided by investment activities	(2.4)	(2.4)
Capital expenditure	(1.4)	(1.5)
Other	(0.9)	(0.9)
Net cash provided by financing activities	(0.8)	(2.0)
Dividend distribution	(0.9)	(1.9)
Other	0.1	(0.1)
Foreign currency translation adjustments, etc.	(0.5)	0.3
Total	(24.8)	(5.1)

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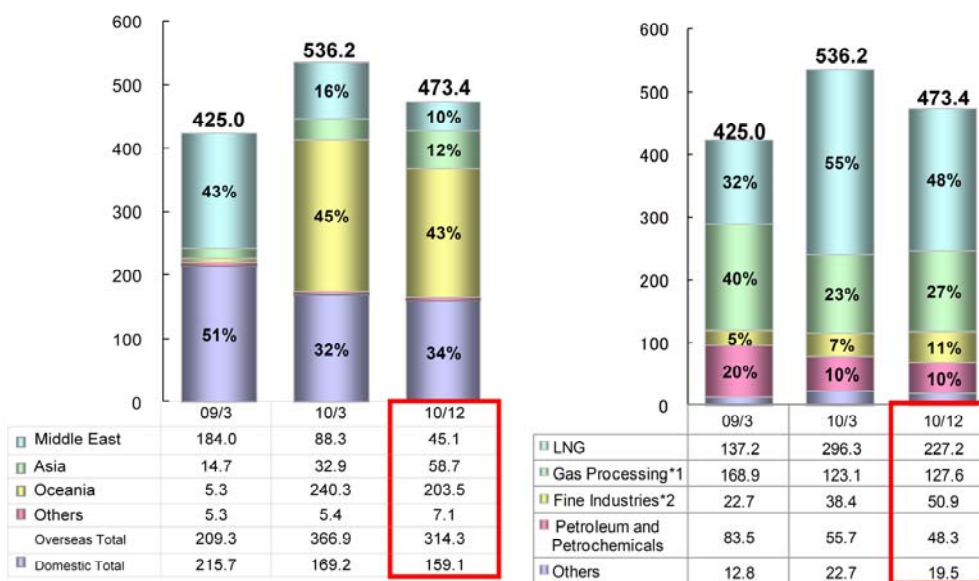
Decreased by the unsuccessful result of Barzan project in Qatar

Fifty-fifty of overseas and domestic shares

Steady growth expected in the field of low carbon technology such as basic material for photovoltaic cells

7. Backlog of Contracts

(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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8. Quarterly Results in the 2nd Half/ Forecasts

(Billions of yen)

	10/4-12 Results (9 months) (A)	11/3 Full Year Current Forecasts (B)	10/10-12 Results (3 months) (A- 2Q Results)	11/1-3 Forecasts (3 months) (B-A)
New orders	153.5	240.0	29.2	86.5
Revenues	184.3	240.0	72.4	55.7
Operating Income	12.9	16.0	7.6	3.1
Ordinary Income	10.7	13.0	7.6	2.3
Net Income	5.4	4.0	2.5	(1.4)

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Approx JPY 240 billion of new orders expected:

JPY 130 billion for overseas

JPY 110 billion for domestic

(see Appendix 1 of Reference Material)

Other forecasts remain unchanged from 2Q

(see (B) above)

9. Special Factors of 3Q (3months) and Full Year Forecasts

- New Orders:
 - Some projects may be counted in 4Q depending on FID timing
 - 40 billion yen each of new orders expected for overseas and domestic
- Operating Income/ Ordinary Income:
 - Improvements of gross profit expected during the 2nd half achieved in 3Q
- Net Income:
 - Full year forecasts of 4 billion yen remain unchanged: uncertain factors expected including reversal of deferred tax asset as a result of possible 5% reduction of corporate tax
 - * While extraordinary loss of 4 billion incurred regarding the decision to forward the office integration plan, return for shareholders is under examination.

Reference Materials

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Breakdown of Forecasts for FY 2011/3

(Billions of yen)

	11/3 Forecast	10/3 Result	Difference
New Orders	240.0	429.4	(189.4)
Overseas	130.0	331.6	(201.6)
Domestic	110.0	97.8	12.2
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 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	

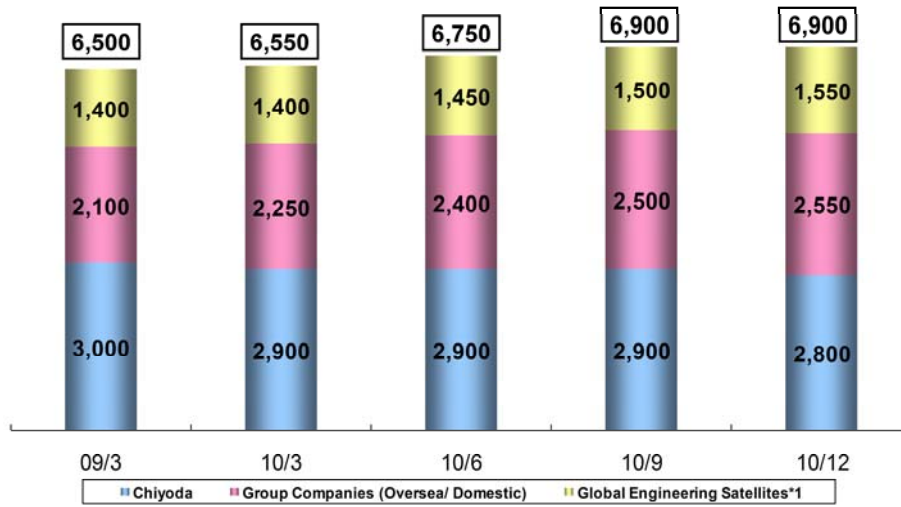
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Structure of Global Operations

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 February 8, 2011, 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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