

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2012

Company name: **CHIYODA CORPORATION**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 6366
 URL: <http://www.chiyoda-corp.com/>
 Representative: Takashi Kubota, President & CEO
 Inquiries: Nobuo Sekita, General Manager, Accounting Department
 TEL: +81-45-506-9410 (from overseas)
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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, 2012 (from April 1, 2011 to September 30, 2011)

(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, 2011	109,551	(2.1)	6,448	21.0	6,547	116.5	3,162	9.6
2Q ended September 30, 2010	111,916	(32.0)	5,329	-	3,024	-	2,886	-

Note: Comprehensive Income: 2Q FY2011: 1,308 million yen (43.4%) ; 2Q FY2010: 2,314 million yen (- %)

	Net income per share	Fully diluted net income per share
	Yen	Yen
2Q ended September 30, 2011	12.21	-
2Q ended September 30, 2010	11.14	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2011	321,948	154,187	47.7
As of March 31, 2011	353,392	155,758	43.9

Reference: Equity As of September 30, 2011: 153,634 million yen As of March 31, 2011: 155,242 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, 2011	-	-	-	11.00	11.00
Fiscal year ending March 31, 2012	-	-			
Fiscal year ending March 31, 2012 (Forecast)	-	-	-	10.00	10.00

Note: Revision of the forecast in the second quarter of the fiscal year ending March 31, 2012: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2012 (from April 1, 2011 to March 31, 2012)

(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, 2012	250,000	1.2	11,000	(37.3)	12,000	(23.7)	8,000	0.3	30.88

Note: Revision of the forecasts in the second quarter of the fiscal year ending March 31, 2012: None

4. Others

- (1) Changes in Significant Subsidiaries during the Period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None
- (2) Adoption of Specified Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements: None
- (3) Changes in Accounting Policies and Accounting Estimates / Restatements
 - a. Changes in accounting policies due to revisions of accounting standards, etc.: None
 - b. Changes in accounting policies other than a. above: None
 - c. Changes in accounting estimates: None
 - d. Restatements: 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, 2011	260,324,529 shares
As of March 31, 2011	260,324,529 shares
 - b. Number of treasury stock at the end of the period

As of September 30, 2011	1,231,247 shares
As of March 31, 2011	1,222,540 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, 2012	259,097,734 shares
For the Second quarter of the fiscal year ended March 31, 2011	259,196,265 shares

*Presentation of Implementation Status of Quarterly Review Procedure

The review procedure of quarterly financial statements based on the Financial Instruments and Exchange Law has not been completed at the time of the disclosure of these Consolidated Financial Statements.

*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 related to Consolidated Performance

(1) Analysis Results

During the first half of the current consolidated fiscal year, the operating environment surrounding the Chiyoda Group was characterized by an appreciating yen and electric power shortages, which weighed heavily on the Japanese manufacturing industry and prompted many companies to step up the pace of their overseas business development. By the end of the period, however, the Japanese economy was beginning to show signs of a modest recovery. Meanwhile, the outlook for the global economy became increasingly uncertain, reflecting the credit insecurities emerging from Europe, although energy demand remained solid in emerging economies, particularly in Asia.

In these circumstances, the Group continued to focus its sales activities on responding to the overseas operations of customers in Japan and the trend of shifting energy demand to natural gas. The Group also sought to develop new business fields, such as overseas infrastructure and new energy projects.

In Japan, the Chiyoda Group undertook construction work to help customers affected by the Great East Japan Earthquake to restore their facilities in fields such as petroleum, gas, chemicals, and pharmaceuticals. It also proceeded steadily with the execution of backlog projects.

As a result of these activities, the Group posted consolidated new contracts of 87,649 million yen (a fall of 29.5% year on year), a consolidated contract backlog of 455,245 million yen (down 13.0%), and consolidated revenues of 109,551 million yen (down 2.1%) in the first half. Primarily thanks to steady progress in projects and the decrease of costs during the warranty period of completed work, the Group recorded operating income of 6,448 million yen (an increase of 21.0% year on year), ordinary income of 6,547 million yen (up 116.5%), and net income of 3,162 million yen (a rise of 9.6%). A summary of operating results of the Company's reportable segment, engineering business, is as follows:

(LNG plants/gas and power utilities)

Overseas, the Group continued to execute engineering, procurement, and construction (EPC) works for the LNG plant in Papua New Guinea and the gas processing plant in Qatar. In Australia, the Group received an order for basic design services, in addition to the execution of basic design services for two other LNG plants which the Group has been providing. Our local subsidiary in Qatar entered into a new long-term service contract and has been providing engineering, procurement, and construction management (EPCm) services for revamping and renovation projects at LNG and gas processing plants constructed by the Group as well as for helium extraction facilities.

In Japan, we continue to execute existing projects steadily, including the construction of several LNG receiving terminals. We are also undertaking sales activities to receive orders for another LNG receiving terminal.

(Petroleum and petrochemicals/gas chemicals)

Outside Japan, the Group directed its concerted efforts toward various investment plans for petroleum refineries in the Middle East and Southeast Asia and continued to execute EPC work for coker units in Saudi Arabia and EPCm services for petroleum refineries in Singapore. We also continued to drive our sales activities to win orders for petroleum refineries and petrochemical projects in Southeast Asia and the Middle East. In Japan, we made steady progress with revamping and upgrading projects at existing facilities of petroleum refineries as well as construction work designed to achieve energy savings. In addition, we made a concerted effort to quickly restore facilities damaged by the Great East Japan Earthquake.

(Industrial machinery/environment/general chemicals and other)

In the Company's new business fields, we steadily executed construction work on

plants for polycrystalline silicon used in solar cells in Malaysia, as well as the construction of manufacturing plants for next-generation batteries and expansion work for nonferrous metal plants in Japan. With respect to next-generation batteries, inquiries about projects for related materials were also increasing. In addition, aiming to benefit from growth in Asia, we stepped up our response to the growing number of projects being planned by Japanese companies advancing into Southeast Asia due to the entrenched strength of the yen. For solar thermal power generation, we entered into a cooperation agreement with a leading Italian company that produces solar receiver tubes, the key components of the next-generation solar thermal power generation (solar thermodynamic plants operate with molten salt parabolic trough technology).

In the pharmaceutical field, the Group steadily executed EPC works for manufacturing facilities of highly bioactive pharmaceuticals such as anti cancer drugs.

On July 1, 2011, we established the Green Infrastructure Project Division to deal with overseas infrastructure projects (in the fields of water, transportation, and social infrastructure business). The Division engaged in a feasibility study of an integrated waste water reclamation project for a large industrial complex in Saudi Arabia. In relation to social infrastructure business, we are participating in research in Indonesia and are bidding for an overseas railway project. In the non-hydrocarbon fields, including railways, we plan to undertake a wide range of activities from project discovery to the execution of projects jointly with CTCI, a Taiwanese firm with a strong track record in these fields, based on a capital and business alliance with CTCI.

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

(2) Qualitative Information related to Consolidated Earnings Forecasts

Considering the recent historic appreciation of yen, we revised the expected foreign exchange rate from 80 yen/\$ to 75 yen/\$. However, as we expect that the impact of this revision on the financial results is limited, we do not at this time intend to revise the full year earnings forecasts announced on May 12, 2011.

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

(Millions of yen)

	As of March 31, 2011	As of September 30, 2011
Assets		
Current assets		
Cash and deposits	33,855	31,589
Notes receivable, accounts receivable from completed construction contracts	56,033	38,989
Short-term investment securities	96,841	100,841
Costs on uncompleted construction contracts	12,648	17,076
Jointly controlled assets of joint venture	88,662	66,343
Other	28,158	23,343
Allowance for doubtful accounts	(3)	(3)
Total current assets	<u>316,196</u>	<u>278,179</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	5,215	4,814
Land	11,938	11,938
Other, net	1,867	2,095
Total property, plant and equipment	<u>19,021</u>	<u>18,848</u>
Intangible assets	4,733	4,921
Investments and other assets		
Investment securities	8,505	14,739
Other	5,022	5,349
Allowance for doubtful accounts	(87)	(91)
Total investments and other assets	<u>13,441</u>	<u>19,998</u>
Total noncurrent assets	<u>37,196</u>	<u>43,768</u>
Total assets	<u>353,392</u>	<u>321,948</u>

	(Millions of yen)	
	As of March 31, 2011	As of September 30, 2011
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	97,417	71,763
Income taxes payable	5,986	697
Advances received on uncompleted construction contracts	62,571	67,219
Provision for warranties for completed construction	1,190	1,062
Provision for loss on construction contracts	1,057	1,330
Provision for bonuses	3,944	3,124
Other	9,720	7,056
Total current liabilities	181,887	152,254
Noncurrent liabilities		
Long-term loans payable	10,208	10,206
Provision	2,940	2,825
Other	2,598	2,474
Total noncurrent liabilities	15,746	15,506
Total liabilities	197,633	167,760
Net assets		
Shareholders' equity		
Capital stock	43,396	43,396
Capital surplus	37,112	37,112
Retained earnings	77,832	78,145
Treasury stock	(1,295)	(1,303)
Total shareholders' equity	157,046	157,351
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(229)	(1,223)
Deferred gains or losses on hedges	345	(626)
Foreign currency translation adjustment	(1,919)	(1,866)
Total accumulated other comprehensive income	(1,804)	(3,716)
Minority interests	516	553
Total net assets	155,758	154,187
Total liabilities and net assets	353,392	321,948

(2) Consolidated quarterly statements of (comprehensive) income

(Millions of yen)

	Second quarter ended September 30, 2010 (From April 1, 2010 to September 30, 2010)	Second quarter ended September 30, 2011 (From April 1, 2011 to September 30, 2011)
Net sales of completed construction contracts	111,916	109,551
Cost of sales of completed construction contracts	100,196	96,173
Gross profit on completed construction contracts	11,719	13,378
Selling, general and administrative expenses	6,390	6,929
Operating income	5,329	6,448
Non-operating income		
Interest income	307	411
Dividends income	51	101
Equity in earnings of affiliates	10	7
Real estate rent	67	56
Other	166	78
Total non-operating income	603	656
Non-operating expenses		
Interest expenses	126	104
Foreign exchange losses	2,692	343
Rent expenses on real estates	48	31
Other	41	77
Total non-operating expenses	2,907	556
Ordinary income	3,024	6,547
Extraordinary income		
Surrender value of insurance	109	—
Total extraordinary income	109	—
Extraordinary loss		
Loss on valuation of investment securities	—	250
Loss on adjustment for changes of accounting standard for asset retirement obligations	146	—
Total extraordinary losses	146	250
Income before income taxes and minority interests	2,987	6,297
Income taxes-current	832	710
Income taxes-deferred	(704)	2,350
Total income taxes	128	3,060
Income before minority interests	2,859	3,236
Minority interests in income (loss)	(27)	74
Net income	2,886	3,162

Consolidated quarterly statements of comprehensive income

(Millions of yen)

	Second quarter ended September 30, 2010 (From April 1, 2010 to September 30, 2010)	Second quarter ended September 30, 2011 (From April 1, 2011 to September 30, 2011)
Income before minority interests	2,859	3,236
Other comprehensive income		
Valuation difference on available-for-sale securities	(452)	(994)
Deferred gains or losses on hedges	257	(971)
Foreign currency translation adjustment	(277)	143
Share of other comprehensive income of associates accounted for using equity method	(73)	(105)
Total other comprehensive income	(544)	(1,928)
Comprehensive income	2,314	1,308
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,345	1,249
Comprehensive income attributable to minority interests	(31)	59

(3) Consolidated quarterly statements of cash flows

(Millions of yen)

	Second quarter ended September 30, 2010 (From April 1, 2010 to September 30, 2010)	Second quarter ended September 30, 2011 (From April 1, 2011 to September 30, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,987	6,297
Depreciation and amortization	1,047	1,294
Interest and dividends income	(359)	(513)
Decrease (increase) in notes and accounts receivable-trade	2,089	17,109
Decrease (increase) in costs on uncompleted construction contracts	(5,067)	(4,425)
Increase (decrease) in notes and accounts payable-trade	(5,523)	(25,572)
Increase (decrease) in advances received on uncompleted construction contracts	(7,906)	4,604
Decrease (increase) in jointly controlled asset of joint venture	(586)	22,299
Other, net	(1,828)	(1,263)
Subtotal	(15,148)	19,830
Interest and dividends income received	133	214
Interest expenses paid	(125)	(105)
Income taxes paid	(4,734)	(6,350)
Net cash provided by (used in) operating activities	(19,873)	13,589
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	(29)	(193)
Purchase of property, plant and equipment	(653)	(945)
Purchase of intangible assets	(373)	(514)
Purchase of investment securities	—	(7,559)
Purchase of investments in subsidiaries	—	(57)
Other, net	4	19
Net cash provided by (used in) investing activities	(1,052)	(9,251)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	162	—
Repayment of long-term loans payable	(4)	—
Cash dividends paid	(904)	(2,842)
Cash dividends paid to minority shareholders	(9)	(7)
Other, net	(20)	(15)
Net cash provided by (used in) financing activities	(776)	(2,865)
Effect of exchange rate change on cash and cash equivalents	(359)	66
Net increase (decrease) in cash and cash equivalents	(22,061)	1,539
Cash and cash equivalents at beginning of period	139,790	130,618
Cash and cash equivalents at end of period	117,728	132,157

7. Production, Contracts and Sales

(Millions of yen)

	2Q FY2011					
	Apr. 1, 2011 — Sept. 30, 2011					
	New contracts		Revenues		Backlog of contracts	
	Amt	%	Amt	%	Amt	%
Business Segment						
Engineering						
LNG plants	10,736	12.3	46,093	42.1	177,592	39.0
Gas and power utilities	35,942	41.0	16,340	14.9	140,384	30.8
Gas chemicals	66	0.1	-	-	66	0.0
Petroleum and petrochemicals	13,978	15.9	17,337	15.8	35,243	7.8
General chemicals	20,339	23.2	15,371	14.0	74,702	16.4
Industrial machinery	869	1.0	7,773	7.1	1,239	0.3
Environment and other	2,057	2.3	3,678	3.4	23,659	5.2
Total Engineering	83,989	95.8	106,594	97.3	452,889	99.5
Other	3,660	4.2	2,956	2.7	2,355	0.5
Domestic	63,880	72.9	40,780	37.2	171,561	37.7
Overseas	23,769	27.1	68,771	62.8	283,684	62.3
Total	87,649	100.0	109,551	100.0	455,245	100.0

(Millions of yen)

	2Q FY2010					
	Apr. 1, 2010 — Sept. 30, 2010					
	New contracts		Revenue		Backlog of contracts	
	Amt	%	Amt	%	Amt	%
Business Segment						
Engineering						
LNG plants	13,691	11.0	34,787	31.1	253,897	48.5
Gas and power utilities	36,726	29.5	21,052	18.8	138,232	26.4
Gas chemicals	107	0.1	54	0.1	637	0.1
Petroleum and petrochemicals	24,483	19.7	31,231	27.9	46,626	8.9
General chemicals	34,767	28.0	8,105	7.2	42,420	8.1
Industrial machinery	8,695	7.0	11,989	10.7	18,557	3.6
Environment and other	2,843	2.3	1,835	1.6	22,629	4.3
Total Engineering	121,316	97.6	109,056	97.4	522,999	99.9
Other	2,966	2.4	2,859	2.6	553	0.1
Domestic	69,231	55.7	61,024	54.5	176,972	33.8
Overseas	55,051	44.3	50,892	45.5	346,580	66.2
Total	124,283	100.0	111,916	100.0	523,553	100.0

Note: The backlog of contracts for the six months ended September 30, 2011 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.