CHIYODA CORPORATION

PRESS RELEASE

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Chiyoda Announces Revisions to Forecasts for Operating Results and Dividend
Steady Volume of New Contracts and Improvement in Margin Boost Sales and Earnings

Chiyoda Corporation (Other OTC: CHYCF), Japan's leading engineering and construction firm, today announced the following revisions to its forecasts for operating results and dividends for the fiscal year ending March 31, 2006 that were released on May 18, 2005 with its previous fiscal year earning announcement.

Chiyoda cited a weaker-than-expected yen to explain the revisions to the interim sales forecast. The higher earnings forecasts mainly reflect an improvement in gross profit margins at projects completed during the first half and higher interest income due to growth in joint venture assets.

Chiyoda now expects to report consolidated interim ordinary profit of 9,000 million yen, 50% higher than the previous forecast, on net sales from construction contracts of 165,000 million yen, 10% higher than the previous forecast. Interim net profit is now estimated at 10,600 million yen, 63.1% higher.

Along with the above reasons, the consolidated forecast has been increased because the steady volume of new contracts in Japan and overseas is expected to contribute to sales during the second half. The higher earnings forecasts mainly reflect the increase in the sales forecast and an improvement in the gross profit margin at projects.
Due to recent decline in the yen's value relative to the U.S. dollar, Chiyoda has changed its projected exchange rate for the fiscal year from 100 yen to 110 yen to the U.S. dollar.

Chiyoda now expects consolidated net sales from construction contracts for the full fiscal year to be 360,000 million yen, 16.1% higher than the previous forecast. Ordinary profit is likely to exceed the previous forecast by 42.9% to reach 20,000 million yen. Net profit is projected at 17,500 million yen, 20.7% higher than the previous forecast.

In addition, Chiyoda expects that the volume of new contracts will remain favorable overseas and in Japan during the second half of the fiscal year. Consequently, the fiscal year forecast for consolidated new contracts has been increased to 600,000 million yen, 250,000 million yen or 71.4% higher than the previous forecast of 350,000 million yen and the non-consolidated forecast has been increased to 550,000 million yen, 240,000 million yen or 77.4% higher than the previous forecast of 310,000 million yen.

At the beginning of the fiscal year, Chiyoda estimated that it would pay a dividend per share of 8 yen. Based on these revisions to the forecasts, Chiyoda is now revising this dividend forecast to 10 yen, achieving in the first year the final-year dividend target of the Double Step Up 2008 plan (Mid-Term Corporate Plan), which runs through March 2009.

Chiyoda Corporation, headquartered in Yokohama, Japan, provides services on a global basis in the field of engineering, procurement and construction (EPC) for gas processing, refineries, and other hydrocarbon or other industrial plant projects, particularly for LNG, GTL and DME.

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