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Chiyoda Announces Revisions to Forecasts for Operating Results and Dividend

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.

1. Revisions to first half non-consolidated forecasts (six months ended September 30, 2005)

Million yen

	Net Sales	Ordinary Profit	Net Profit
Previous forecast (A)	130,000	5,500	6,000
Revised forecast (B)	140,000	8,900	9,600
Increase (B – A)	10,000	3,400	3,600
Percentage change	7.7 %	61.8 %	60.0 %
(Reference) Results in previous FY first half	97,036	3,778	4,684

2. Revisions to first half consolidated forecasts (six months ended September 30, 2005)

Million yen

	Net Sales	Ordinary Profit	Net Profit
Previous forecast (A)	150,000	6,000	6,500
Revised forecast (B)	165,000	9,000	10,600
Increase (B – A)	15,000	3,000	4,100
Percentage change	10.0 %	50.0 %	63.1 %
(Reference) Results in previous FY first half	116,371	5,153	5,095

3. Revisions to fiscal year non-consolidated forecasts (year ending March 31, 2006)

Million yen

	Net Sales	Ordinary Profit	Net Profit
Previous forecast (A)	270,000	12,500	13,500
Revised forecast (B)	310,000	19,000	16,500
Increase (B – A)	40,000	6,500	3,000
Percentage change	14.8 %	52.0 %	22.2 %
(Reference) Results in previous FY	223,809	9,194	11,877

Note: Earnings per share forecast is 86.11 yen.

4. Revisions to fiscal year consolidated forecasts (year ending March 31, 2006)

Million yen

	Net Sales	Ordinary Profit	Net Profit
Previous forecast (A)	310,000	14,000	14,500
Revised forecast (B)	360,000	20,000	17,500
Increase (B – A)	50,000	6,000	3,000
Percentage change	16.1 %	42.9 %	20.7 %
(Reference) Results in previous FY	267,655	11,587	12,863

Note: Earnings per share forecast is 91.33 yen.

5. Revisions in dividend forecast for year ending March 31, 2006

Yen

	Interim dividend	Year-end dividend	Annual dividend
Previous forecast	–	8	8
Revised forecast	–	10	10
Dividends in previous FY	–	6	6

6. Revisions to fiscal year new contracts (year ending March 31, 2006)

Million yen

	Consolidated	Non-consolidated
Previous forecast (A)	350,000	310,000
Revised forecast (B)	600,000	550,000
Increase (B – A)	250,000	240,000
Percentage change	71.4 %	77.4 %
(Reference) New contracts in previous FY	411,292	368,290

7. Reasons for revisions

Revisions to first half forecasts

The sales forecast has been increased because the actual first half exchange rate was 113.19 yen to the U.S. dollar compared to the initial exchange rate assumption of 100 yen. 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.

Revisions to fiscal year forecasts

The sales forecast has been increased because the favorable volume of new contracts in Japan and overseas will contribute to sales during the second half. The higher earnings forecasts mainly reflect the increase on the sales forecast, an improvement in the gross profit margin at projects completed during the fiscal year, and higher interest income due to growth in joint venture assets.

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.

Revisions to dividend

The forecast for the year-end dividend has been raised from 8 yen to 10 yen per share because of the increases in the non-consolidated sales and earnings forecasts.

Revisions to new contracts

During the first half of the current fiscal year, Chiyoda simultaneously received contracts for the expansion of LNG plant trains 6 and 7 for Ras Laffan Liquefied Natural Gas Co., Ltd. (3) in Qatar. As a result, first half new contracts exceeded the initial forecast. In addition, Chiyoda expects that

the volume of new contracts will remain strong 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 and the non-consolidated forecast has been increased to 550,000 million yen.

8. Precautions concerning forward-looking statements

Forecasts for operating results contained in this release are based on a number of assumptions concerning the future. Actual results may differ significantly from these forecasts for a variety of reasons.

Consequently, investors are cautioned to refrain from making decisions based solely on these forecasts.