

CHIYODA CORPORATION
Consolidated Financial Results
for the Three Months Ended June 30, 2007
(the First Quarter of the Fiscal Year Ending March 31, 2008)



This document has been prepared as a guide to non-Japanese investors and contains forward-looking statements that are based on managements' estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. This document is a translation of excerpts taken from the Japanese language original. All numbers are rounded down to the nearest unit in accordance with standard Japanese practice. Please be advised that the Company cannot accept responsibility for investment decisions made based on the information contained in this report. Please refer to "3. Qualitative Information on Forecast of Consolidated Results" on page 4 for notes concerning the assumptions on which results forecasts are based and the use of those forecasts.

Summary of Consolidated Financial Results

for the Three Months Ended June 30, 2007

(the First Quarter of the Year Ending March 31, 2008)

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1. Consolidated Results of Operations for the Three Months Ended June 30, 2007

(1) Consolidated Business Results

	<i>Millions of Yen</i>				
	1Q FY2007 Apr. 1, 2007— Jun. 30, 2007	Change (%)	1Q FY2006 Apr. 1, 2006— Jun. 30, 2006	Change (%)	(reference) FY2006 Apr. 1, 2006— Mar. 31, 2007
Revenues	140,371	54.0%	91,170	33.6%	484,895
Operating Income	7,266	9.2%	6,654	74.5%	28,700
Recurring Profit	10,685	38.4%	7,721	86.4%	36,797
Net Income	5,341	21.4%	4,399	(9.0%)	23,531
Net Income per Share (Yen)	27.78		22.89		122.41
Fully Diluted Net Income per Share (Yen)	27.77		22.86		122.28

Notes: 1. Amounts less than 1 million are rounded down.

2. Percentage change figures are comparisons with the same period of the previous fiscal year.

(2) Change in Consolidated Financial Condition

	<i>Millions of Yen</i>		
	1Q FY2007 As of Jun. 30, 2007	1Q FY2006 As of Jun. 30, 2006	(reference) FY2006 As of Mar. 31, 2007
Total Assets	462,222	316,561	442,952
Net Assets	79,976	57,905	77,414
Shareholders' Equity Ratio	17.2%	18.2%	17.4%
Shareholders' Equity per Share (Yen)	413.96	299.47	400.56

(3) Consolidated Cash Flow

	<i>Millions of Yen</i>		
	1Q FY2007 Apr. 1, 2007 — Jun. 30, 2007	1Q FY2006 Apr. 1, 2006 — Jun. 30, 2006	(reference) FY2006 Apr. 1, 2006 — Mar. 31, 2007
Net Cash Provided by Operating Activities	362	3,580	35,531
Net Cash Used in Investing Activities	(348)	(551)	(3,458)
Net Cash Used in Financing Activities	(2,618)	(1,659)	(2,191)
Cash and Cash Equivalents, End of Period	74,503	48,363	77,051

2. Dividends per Share

	<i>Yen</i>
	<i>Full term</i>
Year Ended March 31, 2007	15.00
Year Ending March 31, 2008 (Forecast)	18.00

3. Outlook for the Year Ending March 31, 2008 (Consolidated)

(Percentages represent change compared with the previous interim period or full term, respectively)

	<i>Millions of Yen</i>			
	FY2007 (Apr. 1, 2007 – Mar. 31, 2008)			
	<i>Interim period</i>		<i>Full term</i>	
		%		%
Revenues	275,000	30.3	550,000	13.4
Operating Income	15,000	11.2	30,000	4.5
Recurring Profit	19,500	16.8	38,500	4.6
Net Income	12,000	7.4	23,500	(0.1)
Net Income per Share (Yen)	62.41		122.23	

4. Other

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): No

(2) Application of simplified accounting methods: Yes

(3) Changes in accounting methods from the most recent fiscal year: Yes

Note: For details, please refer to “(4) Basis of Presenting Consolidated Financial Statements” on page 8.

Qualitative Information and Financial Statements

1. Qualitative Information on Consolidated Results of Operations

In overseas markets for plants, new plant construction plans around the world are being driven by continuing growth in global energy demand. In Japan, investment remains firm in new facility construction and existing facility renovation, mainly in the fields of petroleum and petrochemicals.

In the Middle East, where there is an ongoing rush to construct new plants, project execution is severely constrained due to a continuing unavoidable decline in productivity caused by a tight supply of skilled workers.

Under these circumstances, the Chiyoda Group is focusing on steady execution of ongoing projects, mainly in Qatar.

On a consolidated basis, new contracts for the three months ended June 30, 2007 were 64,650 million yen, a 62.4% decrease compared with the same period of the previous fiscal year. The backlog of contracts as of June 30, 2007 was 1,002,381 million yen, a decrease of 3.2%. Revenues increased 54.0% to 140,371 million yen, operating income increased 9.2% to 7,266 million yen, recurring profit increased 38.4% to 10,685 million yen and net income increased 21.4% to 5,341 million yen.

2. Qualitative Information on Consolidated Financial Condition

Net assets as of June 30, 2007 increased 2,561 million yen from the end of the previous fiscal year. Total assets increased 19,270 million yen due to factors including an increase in jointly controlled assets of joint venture resulting from advance receipts on construction contracts in connection with large-scale joint venture projects. Consequently, the equity ratio declined 0.2 percentage points from March 31, 2007 to 17.2%.

Net cash provided by operating activities was 362 million yen.

3. Qualitative Information on Forecast of Consolidated Results

Chiyoda is making no revisions at this time to its interim and full-term consolidated forecasts of results for the fiscal year ending March 31, 2008, or to the forecast of year-end dividends of 18 yen per share, announced on May 14, 2007. Forecasts continue to assume an exchange rate of 115 yen to the U.S. dollar.

4. Other

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation)

None applicable

(2) Application of simplified accounting methods

As stated in "(4) Basis of Presenting Consolidated Financial Statements" on page 8.

(3) Changes in accounting methods from the most recent fiscal year

As stated in "(4) Basis of Presenting Consolidated Financial Statements" on page 8.

5. Summary Consolidated Financial Statements

(1) Summary Consolidated Balance Sheets

	Millions of Yen					
	1Q FY2007 As of Jun. 30, 2007		1Q FY2006 As of Jun. 30, 2006		FY2006 As of Mar. 31, 2007	
		%		%		%
Assets						
Current Assets						
Cash and cash equivalents and time deposits.....	74,627		48,517		77,177	
Notes and accounts receivable-trade.....	33,819		28,143		38,659	
Costs of construction contracts in process	36,412		33,532		27,656	
Deferred tax assets	5,914		1,868		5,884	
Jointly controlled assets of joint venture	274,230		170,512		256,060	
Other	11,845		11,284		12,640	
Allowance for doubtful accounts	(43)		(61)		(40)	
Total Current Assets	436,806	94.5	293,797	92.8	418,037	94.4
Fixed Assets						
Property, plant and equipment	7,692		7,026		7,464	
Intangible fixed assets.....	3,391		3,046		3,352	
Investments and other assets						
Investment securities	9,068		5,501		8,740	
Deferred tax assets.....	1,933		4,162		2,056	
Other investments.....	3,872		4,525		3,841	
Reserves.....	(541)		(1,497)		(539)	
Total investments and other assets	14,332		12,691		14,097	
Total Fixed Assets	25,416	5.5	22,764	7.2	24,915	5.6
Total Assets	462,222	100.0	316,561	100.0	442,952	100.0
Liabilities						
Current Liabilities						
Notes and accounts payable-trade	88,392		86,415		86,813	
Current portion of long-term debt	71		76		96	
Income taxes payable	4,829		3,558		13,070	
Advance receipts on construction contracts	254,821		139,906		231,818	
Reserves	4,080		3,649		6,688	
Other	16,536		7,749		12,957	
Total Current Liabilities	368,732	79.8	241,355	76.2	351,444	79.3
Non-Current Liabilities						
Long-term debt.....	10,061		10,133		10,067	
Reserves	2,522		5,393		2,276	
Other liabilities.....	929		1,772		1,748	
Total Non-Current Liabilities	13,514	2.9	17,300	5.5	14,093	3.2
Total Liabilities	382,246	82.7	258,655	81.7	365,537	82.5
Net Assets						
Shareholders' Equity						
Common stock	12,928		12,909		12,928	
Additional paid-in capital	6,712		6,692		6,711	
Retained earnings	60,856		39,266		58,398	
Treasury stock.....	(984)		(724)		(905)	
Total shareholders' equity	79,513	17.2	58,143	18.4	77,133	17.4
Valuation and Exchange Rate Adjustments						
Unrealized gain on available-for-sale securities	427		(195)		247	
Deferred loss on hedge transactions	(451)		(173)		(408)	
Foreign currency translation adjustments	100		(214)		49	
Total valuation and exchange rate adjustments	77	0.0	(584)	(0.2)	(110)	(0.0)
Minority interests	385	0.1	346	0.1	392	0.1
Total Net Assets	79,976	17.3	57,905	18.3	77,414	17.5
Total Liabilities and Net Assets	462,222	100.0	316,561	100.0	442,952	100.0

(2) Summary Consolidated Statements of Income

	<i>Millions of Yen</i>					
	1Q FY2007 Apr. 1, 2007– Jun. 30, 2007		1Q FY2006 Apr. 1, 2006– Jun. 30, 2006		FY2006 Apr. 1, 2006– Mar. 31, 2007	
		%		%		%
Revenues	140,371	100.0	91,170	100.0	484,895	100.0
Cost of Revenues	130,311	92.8	81,796	89.7	445,158	91.8
Gross profit	10,059	7.2	9,373	10.3	39,736	8.2
Selling, General and Administrative Expenses	2,793	2.0	2,719	3.0	11,036	2.3
Operating income	7,266	5.2	6,654	7.3	28,700	5.9
Other Income						
Interest	3,212		1,271		8,442	
Dividend income	44		16		68	
Equity in earnings of associated companies	53		—		375	
Other	291		173		486	
Total Other Income	3,601	2.5	1,461	1.6	9,373	1.9
Other Expenses						
Interest expense	94		73		310	
Equity in net loss of associated companies	—		41		—	
Other	88		279		965	
Total Other Expenses	182	0.1	394	0.4	1,275	0.2
Recurring Profit	10,685	7.6	7,721	8.5	36,797	7.6
Extraordinary Gain						
Reversal of allowance for doubtful accounts	—		122		742	
Reversal of allowance for investment loss	—		—		263	
Other	—		52		166	
Total Extraordinary Gain	—	—	174	0.2	1,171	0.2
Extraordinary Loss						
Loss on valuation of investment securities	—	—	—	—	14	
Other	—		—		18	
Total Extraordinary Loss	—	—	—	—	33	0.0
Income before income taxes and minority interests	10,685	7.6	7,896	8.7	37,935	7.8
Total tax	5,340	3.8	3,478	3.9	14,342	2.9
Minority interests in net income	2	0.0	18	0.0	60	0.0
Net Income	5,341	3.8	4,399	4.8	23,531	4.9

(3) Summary Consolidated Statements of Cash Flow

	<i>Millions of Yen</i>		
	1Q FY2007 Apr. 1, 2007– Jun. 30, 2007	1Q FY2006 Apr. 1, 2006– Jun. 30, 2006	FY2006 Apr. 1, 2006– Mar. 31, 2007
Cash Flow from Operating Activities			
Income before income taxes and minority interests	10,685	7,896	37,935
Depreciation and amortization.....	355	378	1,507
Decrease (increase) in trade notes and accounts receivable, and costs and estimated earnings on long-term construction contracts	4,850	18,847	8,484
Decrease (increase) in costs of construction contracts in process	(8,755)	(15,606)	(9,728)
Increase in trade notes and accounts payable	1,575	725	947
Increase in advance receipts on construction contracts.....	22,999	37,923	129,741
Increase in jointly controlled assets of joint ventures	(18,170)	(39,175)	(124,724)
Other	(1,025)	(3,238)	(1,687)
Subtotal	12,515	7,750	42,475
Interest and dividends received.....	1,176	97	335
Interest paid.....	(90)	(72)	(317)
Project settlement money paid	—	(469)	(469)
Income taxes paid	(13,237)	(3,725)	(6,492)
Net Cash Provided by Operating Activities	362	3,580	35,531
Cash Flow from Investing Activities			
Purchases of property, plant and equipment and intangible fixed assets	(361)	(440)	(1,779)
Payments for purchase of investment securities.....	—	(139)	(2,419)
Disbursements for originating long-term loans	—	(15)	(15)
Proceeds from collections of long-term loans	8	29	609
Other - net	4	14	146
Net Cash Used in Investing Activities	(348)	(551)	(3,458)
Cash Flow from Financing Activities			
Repayments of long-term debt	(30)	(5)	(46)
Proceeds from issuance of common stock.....	1	16	54
Payment of cash dividends	(2,498)	(1,621)	(1,915)
Payment of cash dividends to minority shareholders	(12)	—	(54)
Other - net	(78)	(48)	(229)
Net Cash Used in Financing Activities	(2,618)	(1,659)	(2,191)
Foreign Currency Translation Adjustments on Cash and Cash Equivalents.....			
	55	181	357
Net Increase (Decrease) in Cash and Cash Equivalents	(2,548)	1,551	30,239
Cash and Cash Equivalents, Beginning of Period	77,051	46,878	46,878
Cash and Cash Equivalents of Exclusion of Consolidated Subsidiaries	—	(66)	(66)
Cash and Cash Equivalents, End of Period	74,503	48,363	77,051

(4) Basis of Presenting Consolidated Financial Statements

1) Summary of significant accounting policies

The Company applies simplified methods for calculating certain items while assuring compliance with the Standards for Preparation of Quarterly Financial Statements and avoiding material misrepresentation of information that would affect the judgment of interested parties, including investors.

Scope of application of simplified calculation methods

The Company calculates its tax liabilities with a simplified method using an estimated annual tax rate based on the effective tax rate. The Company also uses simplified methods to calculate certain expenses.

2) Summary of significant changes in accounting methods

The method for depreciating property, plant and equipment acquired since April 1, 2007 has been changed to comply with revisions to the Corporation Law during the year ended March 31, 2007.

This change has no material effect on profit and loss.

3) Summary of significant reserves

The following reserves are included in "reserves" in each section of the summary consolidated balance sheets.

1Q FY 2007 As of Jun. 30, 2007		1Q FY 2006 As of Jun. 30, 2006		FY2006 As of Mar. 31, 2007	
	Millions of Yen		Millions of Yen		Millions of Yen
Fixed assets		Fixed assets		Fixed assets	
Allowance for doubtful accounts	(541)	Allowance for doubtful accounts	(1,234)	Allowance for doubtful accounts	(539)
		Allowance for capital loss on investments	(263)	Allowance for capital loss on investments	
Current liabilities		Current liabilities		Current liabilities	
Allowance for warranty costs for completed works	1,825	Allowance for warranty costs for completed works	1,546	Allowance for warranty costs for completed works	1,581
Accrued bonuses	2,245	Accrued bonuses	2,009	Accrued bonuses	5,096
Allowance for losses on construction contracts	10	Allowance for losses on construction contracts	93	Allowance for losses on construction contracts	10
Non-current liabilities		Non-current liabilities		Non-current liabilities	
Liability for retirement benefits	2,091	Liability for retirement benefits	5,007	Liability for retirement benefits	1,789
Liability for retirement benefits to directors	431	Liability for retirement benefits to directors	386	Liability for retirement benefits to directors	486

4) Other significant matters

The Company has engaged Deloitte Touche Tohmatsu as its advisor on matters concerning the disclosure of financial information for the first and third quarter reporting periods (April 1 to June 30 and April 1 to December 31, respectively) of the fiscal year.

5. Production, Contracts and Sales (Consolidated)

Millions of Yen						
1Q FY2007 Apr. 1, 2007 — Jun. 30, 2007						
Business Segment	New contracts		Revenues		Backlog of contracts	
	Amt	%	Amt	%	Amt	%
Engineering						
LNG plants	10,774	16.7	101,966	72.6	576,776	57.5
Gas and power utilities	16,793	26.0	12,821	9.1	308,779	30.8
Gas chemicals	16	0.0	148	0.1	1,583	0.2
Petroleum and petrochemicals...	22,513	34.8	15,963	11.4	79,680	8.0
General chemicals.....	9,163	14.2	4,393	3.1	22,539	2.2
Industrial machinery.....	1,325	2.0	2,454	1.8	4,284	0.4
Environment and other	2,671	4.1	1,231	0.9	8,736	0.9
Total Engineering	63,259	97.8	138,980	99.0	1,002,381	100.0
Other.....	1,390	2.2	1,390	1.0	—	—
Domestic	33,863	52.4	25,066	17.9	154,333	15.4
Overseas	30,787	47.6	115,304	82.1	848,047	84.6
Total	64,650	100.0	140,371	100.0	1,002,381	100.0

Millions of Yen						
1Q FY2006 Apr. 1, 2006 — Jun. 30, 2006						
Business Segment	New contracts		Revenues		Backlog of contracts	
	Amt	%	Amt	%	Amt	%
Engineering						
LNG plants	22,699	13.2	73,876	81.0	790,537	76.3
Gas and power utilities	117,015	68.1	3,711	4.1	145,303	14.0
Gas chemicals	351	0.2	358	0.4	2,599	0.3
Petroleum and petrochemicals...	16,681	9.7	7,912	8.7	64,454	6.2
General chemicals.....	5,337	3.1	2,714	3.0	22,098	2.1
Industrial machinery.....	6,649	3.9	325	0.3	8,033	0.8
Environment and other	1,492	0.9	759	0.8	2,820	0.3
Total Engineering	170,226	99.1	89,658	98.3	1,035,846	100.0
Other.....	1,511	0.9	1,511	1.7	—	—
Domestic	32,849	19.1	10,356	11.4	119,933	11.6
Overseas	138,889	80.9	80,814	88.6	915,913	88.4
Total	171,738	100.0	91,170	100.0	1,035,846	100.0

<i>Millions of Yen</i>						
FY2006						
Apr. 1, 2006 —						
Mar. 31, 2007						
	<i>New contracts</i>		<i>Revenues</i>		<i>Backlog of contracts</i>	
	<i>Amt</i>	<i>%</i>	<i>Amt</i>	<i>%</i>	<i>Amt</i>	<i>%</i>
Business Segment						
Engineering						
LNG plants	122,045	21.9	337,927	69.7	646,332	61.6
Gas and power utilities	298,751	53.5	33,646	6.9	297,016	28.3
Gas chemicals	521	0.1	1,419	0.3	1,714	0.2
Petroleum and petrochemicals...	85,251	15.3	68,210	14.1	73,104	7.0
General chemicals.....	19,377	3.5	20,918	4.3	17,769	1.7
Industrial machinery	13,881	2.5	10,172	2.1	5,413	0.5
Environment and other	11,091	2.0	5,815	1.2	7,327	0.7
Total Engineering	550,922	98.8	478,110	98.6	1,048,679	100.0
Other.....	6,785	1.2	6,785	1.4	—	—
Domestic	155,297	27.8	106,550	22.0	145,542	13.9
Overseas	402,409	72.2	378,345	78.0	903,136	86.1
Total	557,707	100.0	484,895	100.0	1,048,679	100.0

Note: The backlog of contracts for the three months ended June 30, 2007 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.