

CHIYODA CORPORATION
Consolidated Financial Results
for the Six-Month Period Ended September 30, 2002



This document has been prepared as a guide for non-Japanese investors and contains forward-looking statements that are based on management's 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 according to standard Japanese practice. Please be advised that the Company cannot accept responsibility for investment decisions made based on the information contained in this report.

Summary of Financial Statements (Consolidated)

for the Six-Month Period Ended September 30, 2002

Listed Exchanges	Tokyo, Osaka, Nagoya, and Sapporo
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Date of the Meeting of the Board of Directors Concerning Consolidated Settlement of Year-End Accounts	November 21, 2002
U.S. GAAP Accounting Principles	Not adopted

Consolidated Business Results for the Six-Month Period Ended September 30, 2002

1) Consolidated Business Results

	Millions of Yen					
	Apr. 1, 2002 - Sept. 30, 2002		Apr. 1, 2001 - Sept. 30, 2001		Apr. 1, 2001 - Mar. 31, 2002	
		Change (%)		Change (%)		
Net Sales.....	69,344	(3.2)	71,620	10.5	141,505	
Operating Profit (Loss)	1,029	—	(1,930)	—	(5,146)	
Ordinary Profit (Loss)	1,631	—	(1,770)	—	(3,366)	
Net Income.....	2,479	—	214	—	121	
Net Income per Share (¥).....	13.38		1.15		0.65	
Fully Diluted Net Income per Share (¥)...	13.36		—		—	

(Notes)

- (1) Gain from investments in subsidiaries and affiliates accounted for by the equity method:

Six-month period ended September 30, 2002:	818 million yen
Six-month period ended September 30, 2001:	397 million yen
Year ended March 31, 2002:	526 million yen
- (2) Average number of outstanding shares (consolidated) during the period:

Six-month period ended September 30, 2002:	185,348,769 shares
Six-month period ended September 30, 2001:	185,427,676 shares
Year ended March 31, 2002:	185,415,321 shares
- (3) Changes to accounting principles: Changes to accounting principles are noted on page 21
- (4) Percentages for net sales, operating income, recurring income, and net income represent year-on-year changes.

2) Changes in Consolidated Financial Position

	Millions of Yen		
	Apr. 1, 2002 - Sep. 30, 2002	Apr. 1, 2001 - Sep. 30, 2001	April 1, 2001 - Mar. 31, 2002
Total Assets.....	134,500	130,943	129,314
Shareholders' Equity.....	17,127	15,112	15,103
Equity Ratio (%).....	12.7	11.5	11.7
Shareholders' Equity Per Share (¥).....	92.42	81.50	81.47

(Notes)

- | | |
|---|--------------------|
| Outstanding shares (consolidated) at the end of the period: | |
| Six-month period ended September 30, 2002: | 185,321,760 shares |
| Six-month period ended September 30, 2001: | 185,427,676 shares |
| Year ended March 31, 2001: | 185,388,008 shares |

3) Consolidated Cash Flows

	<i>Millions of Yen</i>		
	Apr. 1, 2002 – Sep. 30, 2002	Apr. 1, 2001 – Sep. 30, 2001	April 1, 2001 – Mar. 31, 2002
Net cash provided by (used in) operating activities.....	5,103	4,248	10,418
Net cash provided by (used in) investing activities	(289)	365	(204)
Net cash provided by (used in) financing activities.....	(4,591)	(6,192)	(5,875)
Cash and cash equivalents at end of period	38,828	32,546	38,677

4) Consolidated Subsidiaries and Affiliates Accounted for by the Equity Method

Number of consolidated subsidiaries:	25
Number of non-consolidated subsidiaries accounted for by the equity method:	0
Number of affiliates accounted for by the equity method:	7

5) Changes in the Scope of Consolidation and Companies Accounted for by the Equity Method

Consolidated subsidiaries:	(Newly included)	1
	(Excluded)	3
Companies accounted for by the equity method:	(Newly included)	1
	(Excluded)	0

Consolidated Operations Forecast for the Year Ending March 31, 2003

	<i>Millions of Yen</i>
	Apr. 1, 2002 – Mar. 31, 2003
Net Sales.....	170,000
Ordinary Profit.....	1,900
Net Income.....	1,800

(Note)	Projected net income per share for the entire accounting period ending March 31, 2003:	9.71 yen
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Any forward-looking statements made in this report represent management's best judgment as to what may occur in the future. However, corporate developments at the Company and actual results for the current and future fiscal periods will depend on a number of economic, competitive, and other factors, including some that will be outside the control of the Company. Such factors could cause the Company's actual results for future periods to differ materially from those expressed in any forward-looking statements made in this report.

State of the Group

The Company is composed of the parent company, 33 subsidiaries, and 12 affiliated companies. The core function of the engineering group is to provide customers with the most effective solutions for their needs. By combining and deploying the resources of each group company, the Company is able to flexibly meet current demand and the needs of each region and its customers. Industry segmentation has been divided into *Engineering Businesses* and *Other Businesses*, and the corporate structure is outlined in the diagram below.

Chiyoda Corporation

Planning, designing, construction, supplying, and testing for various plants

Engineering Businesses

Domestic Engineering

*Chiyoda Keiso Co., Ltd.
Electrical, instrumentation installation
*Chiyoda Kosho Co., Ltd.
Domestic small/medium-scale construction
*Chiyoda Techno Ace Co., Ltd.
Research, medical/health-related construction

Consulting

*U-Tech Consulting Co., Ltd.
Overall consulting for facilities, etc., of each industry

Overseas Procurement

*Chiyoda International Limited
Mechanical components procurement and sales activities

Overseas Businesses

*Chiyoda Singapore (Pte) Limited
*Chiyoda International Corporation
*Chiyoda Malaysia Sdn. Bhd.
+Chiyoda Petrostar Ltd.
*Chiyoda (Thailand) Limited, P.T.
*Chiyoda International Indonesia
*C&E Corporation
*Chiyoda Public Works Co., Ltd.
+L&T Chiyoda Ltd.

Advanced Engineering

*Chiyoda Advanced Solutions Corporation
Overall consulting and provision of viable solutions in advanced technological fields including computer-aided engineering analysis, plant life-cycle engineering, risk management, space-related industries by integrating technologies of excellence.

Other Businesses

Finance, Accounting, Tax

*Arrow Business Consulting Corporation
Overall consulting for finance, accounting, and tax services, lease operations etc.

Air Freight Agent

*Arrowhead International Corporation
Travel industry, air freight agent industry

Computer Management System Development

+IT Engineering Limited
Computer system software development and sales

Overseas Management / Finance

*Chiyoda Asia Pacific (Pte) Limited
Overall consulting for management and finance

Human Resources and Training

*Arrow Human Resources Co., Ltd.
Executive recruitment, temporary employment, education research

*:Consolidated subsidiary +:Affiliated company accounted for by the equity method

As of September 30, 2002, Arrow Human Resources Co., Ltd. was a consolidated subsidiary. Since then, however, the Company sold a 51% stake in Arrow Human Resources to Mates Co., Ltd. As a result Arrow Human Resources is now an affiliated company.

Management Policies

1. Basic Management Policies

Chiyoda's business philosophy is to employ technology to contribute to the development of society and the economy. We will continue providing engineering services for industrial plants in the areas of petroleum, petrochemical, and energy. In the future, we aim to develop services such as design, procurement, operations, and after-service support across group operations at domestic and overseas enterprises in order to provide high-quality services. By devoting ourselves to building customer trust in Japan and overseas we aim to strengthen the foundation of our business.

2. Medium- and Long-Term Business Strategy

Chiyoda has a solid business foundation in Japan and overseas. The Company delivers stable earnings and aims to become a leading engineering company. In addition to eliminating accumulated losses as soon as possible, Chiyoda intends to provide an ample return to shareholders, to contribute to society, and to improve employee benefits. As such the Company plans to increase orders and to improve the profitability of its construction divisions.

Increasing Orders

Chiyoda operates in the areas of LNG, ethylene, and special chemicals where it maintains technological superiority. To increase orders from our main customers in the public and private sectors, we established a competitive corporate structure by focusing the deployment of corporate resources, fostering IT integration across the group, and promoting overseas Low Cost Engineering Centers (LCE).

Stabilizing Earnings

Chiyoda aims to minimize negative market effects and to transform its business structure so as to steadily increase earnings. Specific measures include reducing fixed costs including the workforce at headquarters to 1,100 as of March 31, 2002. Even with this reduced headcount we received orders of more than 150 billion yen on a non-consolidated basis. We achieved this by closely coordinating group enterprises, establishing a system of expanded LCE projects, and building relationships with strategic partners. Furthermore, general administrative and bidding costs fell from the same period the year before following the introduction of an overall budget program.

Building Alliances

To strengthen business development and secure its technological advantage, the Company has developed alliances in many areas of technology and administration with large domestic and overseas corporations.

Pioneering Strategic Business Sectors

As part of its medium- and long-term plans, Chiyoda is studying ways to move its business forward into areas of high added value. One area currently under consideration is software development and we have established an internal committee to investigate developing a new type of engineering business. To this end Chiyoda's advanced business division, which focuses on developing simulation technology and computer analysis technology for plant engineering, was spun off and made into an independent company called Chiyoda Advanced Solutions Inc. (ChAS), which develops high value-added businesses in leading technology areas.

Current Status of the Restructuring Plan

In March 2001 Chiyoda released a Restructuring Plan. Thanks to the support and understanding of our shareholders, customers, partners, and associated financial institutions the results of this plan are either on schedule or, in some cases, better than expected.

By the end of September 30, 2001, Chiyoda had already completed on schedule certain areas of financial restructuring, a reduction of fixed costs and personnel, and a review of business sectors, while a review of group companies was completed as of September 30, 2002.

As for increasing orders, for the year to March 31, 2002, the Company secured orders on a non-consolidated basis of 180 billion yen, 30 billion yen higher than expected, while orders for the year to March 31, 2003 are expected to rise a little above 180 billion yen.

As noted above, business alliances have helped to strengthen the organization and have already yielded measurable results. We are making extra efforts to continue to improve results.

Profit for the year to March 31, 2002 was as expected while we expect recurring profit and net income for the full year ending March 31, 2003, to be better than originally forecast.

3. Business Targets

The company aims to report an ordinary profit for the year ending March 31, 2003 and to eliminate accumulated losses for the year ending March 2006. In order to reach our goals as soon as possible, we launched a company-wide program called "Project Super X."

4. Basic Policies Pertaining to Profit Redistribution

Chiyoda is transforming its business structure to improve flexibility in regard to changes in the economic environment and to stabilize earnings growth and feels a great responsibility to all of its shareholders.

Once we have completed strengthening the financial structure we will of course redistribute profit to shareholders that reflects our business performance and we are making every effort to achieve stable dividend payments as soon as possible.

5. Management Targets

Chiyoda has begun implementation of various measures of the Restructuring Plan that was released in March 2001. These measures include securing order targets and improving the profitability of the construction division. The results for the period under review are as follows.

Strengthening Competitiveness

Achieved improvement in competitiveness through reducing design costs by expanding functions and increasing key personnel at LCEs.

Acetic acid has drawn attention for its purported ability to stretch petro-fibers, plastics, and others. In accordance with Chiyoda's goal of enhancing its competitive advantage through superior technology, the Company has succeeded in commercializing its methanol-based acetic acid production technology (ACETICA®). Chiyoda signed a contract with China's Guizhou Crystal Organic Chemical Group Co. to license the technology and to provide process design package (PDP) for the first commercial plant adopting the technology.

Integrating Group Companies

Chiyoda is redefining the core business of each group company, clarifying their functions and targets. Every three months, the accomplishments and business condition of each group company is reviewed in order to eliminate ineffective activities and the duplication of functions within the group. This creates a total service network founded on a truly unified group.

Securing Human Resources

Chiyoda has built relationships with Arrow Human Resources Inc., a wholly-owned subsidiary company known for its strength in the placement of engineering and technical personnel, and Mates Co. Ltd., a large human resources company related to the trading industry. By strengthening the business structure of Arrow Human Resources Inc., the Company intends to secure external manpower resources.

IT Development

In addition to developing a shared IT platform centered on project execution, the Company has installed a virtual single office operation system for all domestic and overseas group companies. The system works through a shared IT platform to allow smooth business execution as if all business were conducted from a single location.

Chiyoda is also developing an integrated IT management system for group companies and which should be completed by March 2004.

New Business Model

In addition to strengthening a conventional business model (EPC: engineering, procurement, and construction), Chiyoda aims to develop a new model: Plant Lifecycle Engineering (PLE). PLE offers a new approach to service which, by sharing databases with customers, allows Chiyoda to provide consistent plant planning, maintenance, operations, improvement, and drawing up of plans for its customers' future capital investment.

6. Implementing a Business Management Organization

The management of each project contains numerous inherent risks that must be identified accurately as soon as possible. In order to devise accurate risk-prevention mechanisms, Chiyoda strengthened its Design Review System and Milestone Monitoring System, both of which are carried out at each phase of a project.

In addition, Chiyoda also improved the management division's double-checking function known as the Cold Eye Review system, to strengthen verification functions and transparency.

Information assets deemed essential for Chiyoda's business are handled and stored systematically according to the guidelines of "Chiyoda Information Security Management System," which conforms to BS7799, Part 2, a worldwide information security management system standard created by BSI of the U.K.

Chiyoda has restructured the risk management for the business organization. A manager has been appointed to manage the prevention of and to minimize the damage resulting from any emergencies. A crisis manager has also been appointed to activate quick and appropriate steps to limit the spread of a crisis. Thus, a clearly defined system has been implemented for risk and crisis management.

Business Results and Financial Conditions

1. Consolidated Business Results for the Six-Month Period Ended September 30, 2002

Japan's economy continued to stagnate during the six-month period ended September 30, 2002 due to continuing uncertainty about the outlook for the global economy, and because of a slump in stock prices and problems relating to non-performing loans.

Overseas, in Europe and the U.S., personal consumption remained sluggish despite a comparatively strong base, while concern regarding the outlook for global economy is increasing due to factors such as the slump in the IT industry, doubts about corporate accounting, and uncertainty about the situation in Iraq and other parts of the Middle East.

In Asia, China position as the world's growth center remains unchanged, and the market continues to expand following the country's accession to the World Trade Organization. In ASEAN countries and other regions in South-East Asia, political trends have stabilized and the region continues to recover from the effects of the currency crisis of 1997-1998.

Despite these positive factors, however, it is hard to claim this is a strong recovery, partly because of the negative effects of the economies of Europe and the U.S. On the other hand, Middle Eastern economies remain strong thanks to the recent rises in the price of crude oil.

The Japanese plant market has benefited from capital investment by pharmaceutical companies looking to increase their international competitiveness by "scrapping and building" their manufacturing facilities. On the whole, however, demand has been weak because of economic weakness.

In the chemical and general industrial facilities field, capital investment continued to shift to China, while in the energy industry investment in production facilities floundered as a result of weak demand. On the other hand, capital investment was as expected in national LPG storage, LNG receiving terminals and other related areas.

Overseas, the demand for production facilities in China and the Middle East continued to recover, while capital investment related to environmental projects increased.

Capital investment related to the production of clean automobile fuels rose, in particular in South-East Asia, while there was an increase in projects relating to natural gas and LNG (liquid natural gas), the main fuels used in clean power generation. Projects targeting the commercialization of next-generation clean energy sources such as GTL (Gas to Liquid) and DME (dimethyl ether).

Petrochemical projects increased as a result of the recovery in demand for end products and activity was seen in areas such as large-scale capital investment in natural gas-producing countries seeking lower-priced raw materials. With an eye on the Chinese market, investment in China also increased.

Within this operating backdrop, Chiyoda focused its energies into securing new orders. As a result, consolidated domestic new orders rose 6.8% to 41.5 billion yen while overseas new orders fell 0.9% to 59.7 billion yen. This led to a total of 101.2 billion yen of new orders awarded to Chiyoda during the six-month period ended September 2002, a gain from the same period the year before of 2.1%.

The main new orders received were as follows:

- A contract to construct a methanol plant in Saudi Arabia
- The design and construction of a national LPG storage project (Namikata terminal and Kurashiki terminal)
- The addition of the No. 4 train for an LNG liquefaction plant in Qatar
- The renovation of a specialty chemicals facility for Mitsubishi Gas Chemical Co., Inc.

Revenues from domestic construction contracts fell 44.7% to 30.4 billion yen, while revenue from overseas construction contracts rose 134.9% to 38.9 billion yen. Total revenue from construction contracts came to 69.3 billion yen, a decrease of 3.2% from the year before.

The main construction contracts were as follows:

- The addition of the No. 3 train for an LNG liquefaction plant in Qatar
- The renovation of Pertamina LNG facility in Indonesia
- The construction of an LPG underground storage terminal in China for British Petroleum Plc.
- Construction of an ash processing facility for the new Isogo Thermal Power Station Unit No.1 (J-Power/EPDC)
- The fortification of a specialty chemicals plant for Sumika Bayer Urethane Co., Ltd.
- Work on a Gas/Oil Ultra Deep HDS for Nippon Oil Corp.

In profits and losses, as a result of improvements to contract profitability, gross profit came to 5.4 billion yen, while operating profit came to 1.0 billion yen and ordinary profit was 1.6 billion yen. Furthermore, because of the profit from a reversal of allowance for doubtful accounts following a collection of long-term receivables from Nigerian National Petroleum Corporation and some other factors, net income for the six-month period ended September 2002 was 2.4 billion yen.

Meanwhile, on a non-consolidated basis, the Company secured 28.7 billion yen in new domestic orders, 16.4% higher than the year before, and 52.2 billion yen in overseas new orders, a decrease of 6.5%, for a total of 80.9 billion yen, an increase of 0.5%.

In profits and losses, revenue from domestic construction contracts was 14.0 billion yen, a decrease of 65.3%, and 35.9 billion yen from overseas construction contracts, an increase of 217.6%, for a total of 50.0 billion yen, a decrease of 3.5%.

Gross profit was 3.5 billion yen, operating profit was 0.2 billion yen, ordinary profit was 1.8 billion yen, and net income for the six-month period ended September 2002 was 2.9 billion yen.

Change in Business Results (Consolidated)

	<i>Billions of Yen</i>		
	Apr. 1, 2002 - Sept. 30, 2002	Apr. 1, 2001 - Sept. 30, 2001	Apr. 1, 2001 - Mar. 31, 2002
New Orders	101.2	99.1	217.9
Construction contracts	69.3	71.6	141.5
Gross Profit	5.4	2.9	4.6
Operating profit	1.0	(1.9)	(5.1)
Ordinary profit	1.6	(1.7)	(3.3)
Net Income	2.4	0.2	0.1

2. Financial Conditions for the Six-Month Period Ended September 30, 2002

Assets, Liabilities, and Shareholder's Equity as of September 30, 2002

Assets

Total assets as of September 30, 2002 were 5.1 billion yen higher than at the end of March 2002. Specifically, property, plant and equipment fell 2.8 billion yen due to a collection of long-term receivables from Nigerian National Petroleum Corporation and other factors. Meanwhile, current assets increased by 8.0 billion yen. Increases in cost of construction contracts in process due to an increase in the backlog of orders and posted receivables for consumption tax refunds exceeded the decrease in "notes and accounts receivable" and "costs and estimated earnings on long-term construction contracts".

Liabilities

Despite a decrease of 4.5 billion yen in long- and short-term loans resulting from a repayment of loans, total liabilities as of September 30, 2002 were 3.1 billion yen higher than at the end of March 2002, in part because of an increase of 8.3 billion yen in advance receipts on construction contracts that resulted from strong movement in new contracts.

Shareholder's equity

Shareholder's equity increased by 2.0 billion yen compared to the end of the previous fiscal year, due to a gain in net income for the six-month period ended September 2002. Shareholders' equity per total assets was 12.7%, an improvement of 1.0 point compared to the end of the previous fiscal year.

Cash Flow for the Six-Month Period Ended September 30, 2002

Net cash provided by operating activities

In addition to posting 2.4 billion yen in income for the six-month period ended September 2002, cash flow from operating activities (total increase or decrease for "notes and accounts receivable", "costs and estimated earnings on long-term construction contracts", "costs of construction contracts in process", "trade payables", and "advance receipts on construction contracts") showed an increase of 2.7 billion yen. As a result, net cash provided by operating activities was 5.1 billion yen.

Net cash used in investing activities

There was some income from the sale of subsidiary company stocks and the recovery of long-term loans, but as a result of special loans for employees and IT-related software investment, net cash used in investing activities was 200 million yen.

Net cash used in financing activities

Net cash used in financing activities was 4.5 billion yen due to repayment of loans.

As a result of the above factors, the balance of cash and cash equivalents as of the end of September 2002 was 38.8 billion yen, an increase of 100 million yen from a year before.

	<i>Billions of Yen</i>		
	As of Sept. 30, 2002	As of Sept. 30, 2001	As of Mar. 31, 2002
Total assets	134.5	130.9	129.3
Total liabilities (*)	117.3	115.8	114.2
Shareholder's equity	17.1	15.1	15.1
Net cash provided by (used in):			
Operating activities	5.1	4.2	10.4
Investing activities	(0.2)	0.3	(0.2)
Financing activities	(4.5)	(6.1)	(5.8)
Balance of Cash / Cash Equivalents	0.4	0.3	38.6

*) Includes minority interests

3. Outlook for FY2002 Business Results

In Japan the economic slump is expected to continue due to delays in writing off non-performing loans by the banking sector. On the other hand, new investment is expected to accompany changes in the business environment, including industry reorganizations brought about by structural reform that is being accelerated by the Japanese government.

Overseas, given the negative outlook for the U.S. economy, which drives the global economy, uncertainty remains in regards to the environment for capital investment. Nevertheless, the LNG and ethylene markets, where Chiyoda maintains technical superiority, continue to benefit from demand in China, South-East Asia, the Middle East, and Europe, fueling projections for continued investment.

Based on the environment for orders described above, for the fiscal year ending March 2003, the Company expects new orders to come to 220 billion yen, revenue from construction contracts of 170 billion yen, consolidated ordinary profit of 1.9 billion yen, and consolidated income of 1.8 billion yen (assuming an exchange rate of 1 dollar = 122.60 yen).

These projections have been in regards to the basic design operations for LNG facility plans, an area where Chiyoda has received many orders in the past. The Company will be able to conduct activities placing priority on securing new orders, as these plans move into the actual construction stage.

Regarding non-consolidated new orders, the Company expects to be able to achieve its goal for the fiscal year of 180 billion yen in new orders. In terms of profits and losses, Chiyoda expects revenue from construction contracts totaling 130 billion yen, ordinary profit of 1.8 billion yen, and income of 2.1 billion yen for FY2002.

The Company plans to suspend payment of year-end dividends.

[Cautions regarding Forward-looking Statements]

Please note that the Outlook for Business Results contained in these materials is comprised of future projections based on various presuppositions, and that actual results may differ significantly from these projected results due to a wide range of factors. We therefore ask that you refrain from making any judgments that are based only on these projections.

Financial Statements

1. Consolidated Balance Sheets

	Millions of Yen					
	As of Sept. 30, 2002		As of Sept. 30, 2001		As of March 31, 2002	
		%		%		%
Assets						
Current Assets						
Cash and time deposits	40,090		33,916		40,451	
Notes and accounts receivable-trade	25,392		36,594		27,580	
Costs of construction contracts in process...	30,943		25,614		23,909	
Deferred tax assets	263		101		129	
Jointly controlled asset of joint venture	8,914				8,222	
Other	5,505		7,399		2,376	
Allowance for doubtful accounts	(721)		(313)		(367)	
Total Current Assets	110,387	82.1	103,313	78.9	102,302	79.1
Fixed Assets						
Property, plant and equipment						
Buildings and structures	6,582		6,700		6,730	
Machinery and equipment	1,158		1,440		1,220	
Tools, furniture and fixtures	5,186		5,757		5,423	
Land	2,526		2,691		2,691	
Accumulated depreciation	(8,350)		(9,021)		(8,523)	
Total property, plant and equipment	7,102		7,567		7,541	
Intangible fixed assets	2,160		2,024		2,247	
Investments and other assets						
Investment securities	3,917		5,516		4,563	
Long-term loans	555		33		37	
Long-term accounts receivable	5,853		5,541		6,265	
Long-term receivables	6,713		9,625		10,125	
Deferred tax assets	264		89		101	
Other investments	2,868		3,780		2,992	
Allowance for doubtful accounts	(5,323)		(6,550)		(6,864)	
Total investments and other assets	14,850		18,037		17,222	
Total Fixed Assets	24,112	17.9	27,629	21.1	27,011	20.9
Total Assets	134,500	100.0	130,943	100.0	129,314	100.0

	<i>Millions of Yen</i>					
	As of Sept. 30, 2002		As of Sept. 30, 2001		As of March 31, 2002	
		%		%		%
Liabilities and Shareholders' Equity						
Current Liabilities						
Notes and accounts payable-trade	39,608		43,629		40,343	
Short-term loans.....	13,020		20,004		17,456	
Income taxes payable	483		415		488	
Advance receipts on construction contracts	42,028		28,600		33,713	
Deferred tax liabilities.....	12		23		17	
Indemnity allowance for completed construction.....	961		1,893		834	
Accrued bonuses.....	1,250		1,247		1,217	
Allowance for contingency loss	800		-		-	
Other	5,456		6,322		6,845	
Total Current Liabilities.....	103,621	77.0	102,135	78.0	100,915	78.0
Non-Current Liabilities						
Long-term debt	10,528		11,055		10,672	
Deferred tax liabilities.....	11		36		27	
Liability for retirement benefits	2,433		1,890		1,829	
Liability for retirement benefit to directors ..	211		139		195	
Other liabilities.....	85		75		78	
Total Non-Current Liabilities.....	13,270	9.9	13,196	10.1	12,803	9.9
Total Liabilities.....	116,892	86.9	115,331	88.1	113,718	87.9
Minority Interests.....	480	0.4	498	0.4	492	0.4
Shareholders' Equity						
Common stock	12,027	8.9				
Additional paid-in capital	5,818	4.3				
Retained earnings	(16)	(0.0)				
Net unrealized loss on available-for-sale securities	11	0.0				
Foreign currency translation adjustments...	(692)	(0.5)				
Treasury stock.....	(21)	(0.0)				
Total Shareholders' Equity	17,127	12.7				
Shareholders' Equity						
Common stock			12,027	9.2	12,027	9.3
Additional paid-in capital			5,818	4.4	5,818	4.5
			17,846	13.6	17,846	13.8
Accumulated deficit			(2,423)	(1.9)	(2,516)	(1.9)
Net unrealized loss on available-for-sale securities			3	0.0	(1)	(0.0)
Foreign currency translation adjustments...			(313)	(0.2)	(219)	(0.2)
Treasury stock.....			(0)	(0.0)	(5)	(0.0)
			(2,733)	(2.1)	(2,741)	(2.1)
Total Shareholders' Equity			15,112	11.5	15,103	11.7
Liabilities, Minority Interests and Shareholders' Equity.....	134,500	100.0	130,943	100.0	129,314	100.0

2. Consolidated Statements of Income

	<i>Millions of Yen</i>					
	Apr. 1, 2002 – Sept. 30, 2002	Ratio (%)	Apr. 1, 2001 – Sept. 30, 2001	Ratio (%)	Apr. 1, 2001 – Mar. 31, 2002	Ratio (%)
Construction Contracts	69,344	100.0	71,620	100.0	141,505	100.0
Cost of Construction Contracts	63,852	92.1	68,631	95.8	136,825	96.7
Gross profit.....	5,492	7.9	2,988	4.2	4,679	3.3
Selling, General and Administrative Expenses	4,462	6.4	4,919	6.9	9,826	6.9
Operating profit	1,029	1.5	–	–		
Operating loss	–	–	1,930	(2.7)	5,146	(3.6)
Other Income						
Interest.....	147		251		645	
Dividend income	20		10		16	
Foreign exchange gain	–		–		870	
Gain on sales of marketable and investment securities	–		66		436	
Equity in earnings of associated companies	818		397		526	
Other	263		201		269	
Total Other Income	1,250	1.8	927	1.3	2,765	1.9
Other Expenses						
Interest expense.....	284		419		844	
Foreign exchange loss	242		208		–	
Other.....	121		138		140	
Total Other Expenses	648	0.9	766	1.1	984	0.7
Ordinary profit.....	1,631	2.4	–	–	–	–
Ordinary loss.....	–	–	1,770	(2.5)	3,366	(2.4)
Extraordinary Gain						
Gain on discharge of liabilities.....	–		–		2,871	
Gain on sales of investments in subsidiaries	314		1,385		1,385	
Reversal of additional retirement benefits to employees.....	–		362		964	
Gain on sale of intellectual property right.....	–		800		800	
Reversal of liability for retirement benefits to directors			383		383	
Reversal of allowance for doubtful accounts	1,461		–			
Other.....	239		4		32	
Total Extraordinary Gain	2,015	2.9	2,936	4.1	6,436	4.6

2. Consolidated Statements of Income (Continued)

	<i>Millions of Yen</i>					
	Apr. 1, 2002 – Sept. 30, 2002	<i>Ratio (%)</i>	Apr. 1, 2001 – Sept. 30, 2001	<i>Ratio (%)</i>	Apr. 1, 2001 – Mar. 31, 2002	<i>Ratio (%)</i>
Construction Contracts	69,344	100.0	71,620	100.0	141,505	100.0
Extraordinary Loss						
Allowance for doubtful accounts.....	–		40		580	
Loss on devaluation of investment securities	–		116		334	
Loss on disposal of property and land	–		190		143	
Loss on disposal of property, plant and equipment	75		–		–	
Loss on devaluation of golf membership			66		–	
Compensation payments			76		–	
Allowance for contingency loss	800		–		–	
Other	94		2		150	
Total Extraordinary Loss	970	1.4	492	0.7	1,208	0.9
Income (loss) before income taxes and minority interests	2,677	3.9	673	0.9	1,860	1.3
Income taxes current	888		461		1,786	
Foreign tax refunded	(317)		–		–	
Income taxes deferred	(388)		(38)		(88)	
Minority interests in net income	15	(0.0)	36	(0.1)	41	(0.0)
Net income	2,479	3.6	214	0.3	121	0.1

3. Consolidated Statements of Retained Earnings

	<i>Millions of Yen</i>		
	Apr. 1, 2002 – Sept. 30, 2002	Apr. 1, 2001 – Sept. 30, 2001	Apr. 1, 2001 – Mar. 31, 2002
	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
Additional Paid-in Capital			
Additional Paid-in Capital at Beginning of Period			
Additional paid in capital at beginning of period	5,818		
Additional Paid-in Capital at End of Period	5,818		
Retained Earnings			
Retained Earnings at Beginning of Period			
Consolidated retained earnings at beginning of period	(2,516)		
Increase in Retained Earnings			
From net income	2,479		
From increase in consolidated subsidiaries	20		
Retained Earnings at End of Period	(16)		
Balance at Beginning of Period		26,288	26,288
Decrease in Balance			
From reversal of additional paid-in capital		(23,654)	(23,654)
Increase in Balance			
From increase in consolidated subsidiaries		3	3
Net Income (Loss)		(214)	(121)
Balance at End of Period		2,423	2,516

4. Consolidated Statements of Cash Flow

	<i>Millions of Yen</i>		
	Apr. 1, 2002 – Sept. 30, 2002	Apr. 1, 2001 – Sept. 30, 2001	Apr. 1, 2001 – Mar. 31, 2002
	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
Cash from Operating Activities			
Income (loss) before income taxes and minority interests	2,677	673	1,860
Depreciation and amortization	623	623	1,025
Decrease in allowance for doubtful accounts	(1,187)	(561)	(192)
Interest and dividend income	(168)	(261)	(661)
Interest expense.....	284	419	844
Foreign exchange (net)	640	212	(493)
Equity in earnings of associated companies.....	(818)	(397)	(526)
Gain (loss) on sales of investment in securities	–	(66)	(436)
Gain (loss) on sales of investment in subsidiaries	(314)	(1,385)	(1,385)
Gain on sales of intellectual property rights.....	–	(800)	(800)
Loss on devaluation of investment securities.....	50	116	334
Loss on sales and disposal of property, plant and equipment	75	157	143
Gain on discharge of liabilities.....	–	–	(2,871)
Reversal of additional retirement benefits to employees.....	–	(362)	(964)
Increase in trade notes and accounts receivable	2,187	(4,362)	4,651
Decrease in costs of construction contracts in process	(7,033)	7,253	8,958
Increase in trade notes and accounts payable	(734)	1,591	(1,694)
Increase in advance receipts on construction contracts	8,315	(2,034)	3,077
Decrease (increase) in accrued bonuses	33	(192)	(222)
Increase in retirement and severance benefits	604	94	33
Indemnity allowance for completed contracts.....	126	1,010	(47)
Increase in allowance for contingency loss	800	–	–
Increase in consumption taxes payable	(1,961)	929	1,414
Other.....	255	1,502	(961)
Subtotal	4,456	4,160	11,087
Interest and dividend income	1,390	172	1,421
Interest paid.....	(364)	(281)	(594)
Additional retirement benefits paid to employees.....	–	(143)	(577)
Gain on sale of intellectual property rights	–	800	800
Income taxes paid	(379)	(458)	(1,718)
Net Cash Provided by (Used in) Operating Activities	5,103	4,248	10,418

4. Consolidated Statements of Cash Flow (Continued)

	<i>Millions of Yen</i>		
	Apr. 1, 2002 – Sept. 30, 2002	Apr. 1, 2001 – Sept. 30, 2001	Apr. 1, 2001 – Mar. 31, 2002
	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
Cash Flow From Investing Activities			
Payment for time deposits.....	(50)	(33)	(362)
Proceeds from refunds of time deposits with maturities.....	489	395	409
Payments for purchase of investment securities.....	(12)	(165)	(477)
Proceeds from sales of investment securities.....	2	525	1,152
Purchase of investment in consolidated subsidiaries.....	–	–	(23)
Proceeds from sales of investment in subsidiaries within the scope of consolidation.....	115	748	748
Purchase of property, plant and equipment.....	(144)	(200)	(484)
Proceeds from sale of property, plant and equipment.....	127	31	112
Purchase of intangible fixed assets.....	(408)	(341)	(697)
Proceeds from sale of intangible fixed assets.....	–	1	4
Net decrease in short-term loans.....	14	43	52
Long-term loans.....	(530)	(684)	(685)
Proceeds from collections of long-term loans.....	0	0	0
Other.....	107	45	47
Net Cash Provided by (Used in) Investing Activities.....	(289)	365	(204)
Cash Flow From Financing Activities			
Net decrease in short-term bank loans.....	(4,148)	(5,914)	(5,266)
Proceeds from long-term debt.....	0	80	80
Repayments of long-term debt.....	(427)	(358)	(698)
Other.....	(15)	(0)	8
Net Cash Used in Financing Activities.....	(4,591)	(6,192)	(5,875)
Foreign Currency Translation Adjustments on Cash and Cash Equivalents.....			
	(271)	213	427
Net Increase in Cash and Cash Equivalents.....	(48)	(1,365)	4,765
Cash and Cash Equivalents at Beginning of Period.....	38,677	33,912	33,912
Increase in Cash and Cash Equivalents Elimination From Consolidation.....	200	–	–
Decrease in Cash and Cash Equivalents Elimination From Consolidation.....	–	(1)	(1)
Cash and Cash Equivalents at End of Period.....	38,828	32,546	38,677

Segment Information

1. Industry Segments

The Company's latest six-month period was from April 1, 2002 to September 30, 2002. The previous six-month period was from April 1, 2001 to September 30, 2001, and the latest fiscal year was from April 1, 2001 to March 31, 2002. The main business of the Chiyoda Group is engineering that focuses on the planning, design, construction, and operations assistance of public- and private-sector facilities, as well as facilities for pollution prevention and environmental preservation and enhancement. In non-engineering businesses, there are no segments that account for 10% or more in terms of either sales or operating profits, and as such these segments have been omitted.

2. Geographic Segments

Latest Six-Month Period (From April 1, 2002 to September 30, 2002)

	Millions of Yen							Consolidated
	Japan	Asia	Europe	North America	Others	Total	Eliminations (Corporate)	
Revenues								
Outside customers.....	66,834	2,402	3	103	0	69,344	—	69,344
Inter-segment	10,225	260	109	20	0	10,615	(10,615)	—
Total	77,059	2,663	112	124	0	79,960	(10,615)	69,344
Operating expenses	75,715	2,699	113	145	11	78,685	(10,370)	68,315
Operating Profit (Loss) .	1,343	(35)	(0)	(20)	(11)	1,274	(245)	1,029

(Notes)

- (1) Geographic segmentation is according to geographic proximity
- (2) Countries included in regions other than Japan:
Asia: Indonesia, Singapore, Philippines, Myanmar, Malaysia and Thailand.
Europe: England, Germany and Poland.
North America: America.
Other regions: Nigeria.
- (3) Changes in Accounting Principles:
1) As noted in *Changes in accounting processing*, starting from the six-month period ending September 2002, the Company has implemented a change to a new accounting method by which income and expenses related to leases for the purpose of real estate business are included in non-operating profit and loss. As a result of the above factors, operating income of *Japan* was ¥41 million less than it would have been under previous accounting principles. This change had no effect on segments outside of *Japan*.
2) As noted in *Important basic items for the creation of interim financial statements, Allowance for retirement benefits* on page 21, starting from the six-month period ended September 2002, the Company has changed the fixed number of years for the processing of operating expenses for differences in mathematical calculations related to liability for retirement benefits to 13 years, from the previous 12 years. This change will have only a slight effect on each segment.

Previous Six-Month Period (From April 1, 2001 to September 30, 2001)

	Millions of Yen							Consolidated
	Japan	Asia	Europe	North America	Others	Total	Eliminations (Corporate)	
Revenues								
Outside customers.....	67,206	4,392	4	16	0	71,620		71,620
Inter-segment	9,276	235	117	6	0	9,635	(9,635)	—
Total	76,482	4,628	121	23	0	81,255	(9,635)	71,620
Operating expenses	78,652	4,530	130	115	12	83,441	(9,890)	73,551
Operating Profit (Loss) .	(2,169)	97	(9)	(92)	(12)	(2,186)	255	(1,930)

(Notes)

- (1) Geographic segmentation is according to geographic proximity
- (2) Countries included in regions other than Japan:
Asia: Indonesia, Singapore, Philippines, Myanmar, Malaysia and Thailand.
Europe: England, Germany and Poland.
North America: America
Other regions: Nigeria

Previous Fiscal Year (April 1, 2001 to March 31, 2002)

	Millions of Yen							
	Japan	Asia	Europe	North America	Others	Total	Eliminations (Corporate)	Consolidated
Revenues								
Outside customers	132,983	8,112	13	396	0	141,505	-	141,505
Inter-segment	21,911	521	235	13	0	22,681	(22,681)	-
Total	154,894	8,633	248	409	0	164,186	(22,681)	141,505
Operating expenses	160,487	8,291	251	575	25	169,631	(22,978)	146,652
Operating Profit (Loss) .	(5,592)	342	(2)	(166)	(25)	(5,444)	297	(5,146)

(Notes)

- (1) Geographic segmentation is according to geographic proximity
- (2) Countries included in regions other than Japan:
 Asia: Indonesia, Singapore, Philippines, Myanmar, Malaysia and Thailand.
 Europe: England, Germany and Poland.
 North America: America.
 Other regions: Nigeria.

3. Overseas Sales

Latest Six-Month Period (April 1, 2002 to September 30, 2002)

	Millions of Yen			
	Asia	Middle East	Other Regions	Total
Overseas sales	13,905	18,831	6,180	38,918
Consolidated net sales				69,344
Ratio of overseas to consolidated net sales .	20.05%	27.16%	8.91%	56.12%

(Notes)

- (1) Geographic segmentation is according to geographic proximity
- (2) Countries and areas included in each region:
 Asia: China, Singapore and Indonesia.
 Middle East: Qatar and Saudi Arabia.
 Other regions: Venezuela.
- (3) Overseas sales are those sales of the Company and its consolidated subsidiaries that take place in countries or regions other than Japan.

Previous Six-Month Period (April 1, 2001 to September 30, 2001)

	Millions of Yen			
	Asia	Middle East	Other Regions	Total
Overseas sales	10,676	3,762	2,128	16,567
Consolidated net sales				71,620
Ratio of overseas to consolidated net sales .	14.91%	5.25%	2.97%	23.13%

(Notes)

- (1) Geographic segmentation is according to geographic proximity
- (2) Countries and areas included in each region:
 Asia: Singapore and Indonesia.
 Middle East: Qatar, Oman, and Iran
 Other regions: Venezuela and Egypt.
- (3) Overseas sales are those sales of the Company and its consolidated subsidiaries that take place in countries or regions other than Japan.

Previous Fiscal Year (April 1, 2001 to March 31, 2002)

	Millions of Yen			
	Asia	Middle East	Other Regions	Total
Overseas sales	21,587	16,539	6,955	45,083
Consolidated net sales				141,505
Ratio of overseas to consolidated net sales .	15.26%	11.69%	4.91%	31.86%

(Notes)

- (1) Geographic segmentation is according to geographic proximity
- (2) Countries and areas included in each region:
Asia: Singapore, China and Indonesia.
Middle East: Qatar and Iran.
Other regions: Venezuela and Egypt.
- (3) Overseas revenues are those revenues of the Company and its consolidated subsidiaries that take place in countries or regions other than Japan.

Production, Orders and Sales Situation

1. Orders

	Millions of Yen											
	Apr. 1, 2002 – Sept. 30, 2002				Apr. 1, 2001 – Sept. 30, 2001				Apr. 1, 2001 – Mar. 31, 2002			
	New Orders		Backlog		New Orders		Backlog		New Orders		Backlog	
	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%
Business Segment												
Engineering												
Oil-related	4,719 (14.4%)	4.7	33,133 [-2,952]	12.4	5,510	5.6	34,758 [7,419]	17.5	18,099	8.3	42,439 [8,460]	17.2
Petrochemical-related	17,533 49.9%	17.3	55,706 [-1,845]	20.8	11,698	11.8	29,185 [-146]	14.7	33,959	15.6	44,181 [377]	18.0
Ordinary chemicals-related	25,978 106.4%	25.7	35,451 [-238]	13.3	12,589	12.7	22,955 [-44]	11.5	13,405	6.2	15,870 [-63]	6.4
Gas and engineering-related	28,789 (33.4%)	28.4	107,675 [-5,014]	40.3	43,239	43.6	64,060 [-322]	32.3	103,935	47.7	106,590 [-50]	43.3
Corporate development-related	557 (82.8%)	0.5	3,759 [-40]	1.4	3,244	3.3	3,881 [1,805]	2.0	4,843	2.2	3,417 [1,829]	1.4
Ordinary manufacturing machinery-related	1,988 51.6%	2.0	4,529 [-7]	1.7	1,311	1.3	8,050 [-6]	4.1	3,953	1.8	4,050 [-101]	1.7
Other	18,987 (0.1%)	18.8	26,972 [-680]	10.1	19,009	19.2	35,589 [-1,909]	17.9	35,140	16.1	29,587 [-5,131]	12.0
Total Engineering	98,554 2.0%	97.4	267,228 [-10,779]	100. 0	96,603	97.5	198,481 [6,795]	100.0	213,337	97.9	246,137 [5,319]	100.0
Other	2,677 6.4%	2.6	— [-17]	—	2,517	2.5	— [-63]	—	4,660	2.1	— [76]	—
Total	101,232 2.1%	100.0	267,228 [-10,797]	100. 0	99,120	100.0	198,481 [6,731]	100.0	217,997	100.0	246,137 [5,395]	100.0

(Note)

Numbers in brackets [] under “Backlog of orders” indicate the total of increases or decreases accompanying foreign currency translation adjustments related to foreign currency business, increases resulting from adjustments for new orders, and decreases resulting from contractual changes in orders received before the previous fiscal year.

Breakdown of Domestic and Overseas Orders

	Millions of Yen											
	Apr. 1, 2002 - Sept. 30, 2002				Apr. 1, 2001 - Sept. 30, 2001				Apr. 1, 2001 - Mar. 31, 2002			
	New Orders		Backlog		New Orders		Backlog		New Orders		Backlog	
	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%
Domestic	41,509	41.0	109,177	40.9	38,875	39.2	92,563	46.6	89,928	41.3	98,638	40.1
	6.8%		[-543]				[160]				[-3,447]	
Overseas.....	59,722	59.0	158,050	59.1	60,245	60.8	105,918	53.4	128,069	58.7	147,499	59.9
	(0.9%)		[-10,253]				[6,571]				[8,843]	
Total	101,232	100.0	267,228	100.0	99,120	100.0	198,481	100.0	217,997	100.0	246,137	100.0
	2.1%		[-10,797]				[6,731]				[5,395]	

(Note)

Numbers in brackets [] under "Backlog of orders" indicate the total of increases or decreases accompanying foreign currency translation adjustments related to foreign currency business, increases resulting from adjustments for new orders, and decreases resulting from contractual changes in orders received before the previous fiscal year.

2. Sales

	Millions of Yen					
	Apr. 1, 2002 - Sept. 30, 2002		Apr. 1, 2001 - Sept. 30, 2001		Apr. 1, 2001 - Mar. 31, 2002	
	Amt	%	Amt	%	Amt	%
Engineering						
Oil-related	11,073	16.0	2,745	3.8	8,693	6.1
	303.4%					
Petrochemical-related	4,162	6.0	3,401	4.8	11,189	7.9
	22.4%					
Ordinary chemicals-related	6,160	8.9	16,107	22.4	23,988	17.0
	(61.8%)					
Gas and engineering-related.....	22,690	32.7	11,456	16.0	29,893	21.1
	98.1%					
Corporate development-related	175	0.2	10,142	14.2	12,230	8.6
	(98.3%)					
Ordinary manufacturing machinery-related	1,502	2.1	2,640	3.7	9,187	6.5
	(43.1%)					
Other	20,921	30.2	22,612	31.6	41,524	29.4
	(7.5%)					
Total Engineering	66,685	96.1	69,105	96.5	136,708	96.6
	(3.5%)					
Other	2,659	3.9	2,514	3.5	4,797	3.4
	5.8%					
Total	69,344	100.0	71,620	100.0	141,505	100.0
	(3.2%)					

Breakdown of Domestic and Overseas Sales

	Millions of Yen					
	Apr. 1, 2002 – Sept. 30, 2002		Apr. 1, 2001 – Sept. 30, 2001		Apr. 1, 2001 – Mar. 31, 2002	
	<i>Amt</i>	<i>%</i>	<i>Amt</i>	<i>%</i>	<i>Amt</i>	<i>%</i>
Domestic.....	30,426	43.9	55,052	76.9	96,422	68.1
	(44.7%)					
Overseas	38,918	56.1	16,567	23.1	45,083	31.9
	134.9%					
Total.....	69,344	100.0	71,620	100.0	141,505	100.0
	(3.2%)					

(Notes)

- (1) "Status of production" is not listed, because it is difficult to define production results for the Chiyoda Group.
 (2) Sales results and percentages of total sales for main customers are shown below.

Millions of Yen								
Apr. 1, 2002 – Sept. 30, 2002			Apr. 1, 2001 – Sept. 30, 2001			Apr. 1, 2001 – Mar. 31, 2002		
<i>Customer</i>	<i>Amt</i>	<i>%</i>	<i>Customer</i>	<i>Amt</i>	<i>%</i>	<i>Customer</i>	<i>Amt</i>	<i>%</i>
Ras Laffan LNG Co., Ltd.	13,310	19.2	Teijin Polycarbonate Singapore PTE Ltd.	2,703	3.8	Ras Laffan LNG Co., Ltd.	10,818	7.6

- (3) Amounts contained in these tables do not include consumption tax.

Changes in Accounting Principles

Current consolidated interim period

From April 1, 2002 to September 30, 2002

In the past, Chiyoda accounted for income and expenses from leases for its real estate business respectively under "Construction contracts" and "Cost of construction contracts." Since the Company withdrew from the real estate business, however, from the six-month period ended September 2002, these income and expenses will be accounted for under non-operating profit and loss, respectively.

As a result of this change, "Construction contracts" and "Cost of construction contracts" each fell 41 million yen. These changes will not affect profit, including ordinary profit and income before income taxes.

Important basic items for the creation of interim financial tables

Allowance for retirement benefits

To prepare for employees' retirement benefits, the Company posts an amount recognized as being applicable at the end of the current consolidated interim period, based on the projected amount of pension assets and obligations for retirement benefits at the end of the current consolidated fiscal year.

Regarding the difference at the time of the change in accounting standards (12,123 million yen), an average over 15 years is processed as operating expenses; in the context of consolidated interim accounting periods, one half of the amount processed as expenses for the one-year term is processed as operating expenses. Differences in mathematical calculations at Chiyoda are processed as operating expenses from the subsequent consolidated fiscal year, based on the "Fixed amount method" and using a set number of years (12 years) equal to or less than the average remaining period of employment for employees working at the time that the difference occurred. In the context of consolidated interim accounting periods, one half of the amount processed as expenses for the one-year term is processed as operating expenses.

Additional information

For differences in mathematical calculations related to liability for retirement benefits, since the average remaining period of employment for employees has dropped below 13 years, the fixed number of years for processing of operating expenses based on the "Fixed amount method" has been changed to 12 years from 13 years as of the consolidated six-month period ended September 2002. This change will have only a slight effect on operating profit, ordinary profit, income before income taxes, and other profit.