CHIYODA CORPORATION
Consolidated Financial Results
for the Year Ended March 31, 2003

Summary of Financial Statements (Consolidated)
for the Year Ended March 31, 2003

Listed Exchanges	Tokyo
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Stock Code	6366
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Date of the Meeting of the Board of Directors Concerning Consolidated Settlement of Year-End Accounts	May 16, 2003
U.S. GAAP Accounting Principles	Not adopted

Consolidated Business Results
for the Year Ended March 31, 2003

1) Consolidated Business Results

	Millions of Yen			
	Apr. 1, 2002 – Mar. 31, 2003		Apr. 1, 2001 – Mar. 31, 2002	
		Change (%)		*Change (%)*
Net Sales	166,367	17.6	141,505	10.0
Operating Profit	1,548	-	(5,146)	-
Ordinary Profit (Loss)	2,393	-	(3,366)	-
Net Profit	1,999	-	121	-
Net Profit per Share (¥)	10.79		0.65	
Fully Diluted Net Profit per Share (¥)	10.77		-	
Return on Equity (ROE)	12.6%		0.8%	
Ratio of Ordinary Profit to Total Assets	1.9%		(2.5%)	
Ratio of Ordinary Profit to Net Sales	1.4%		(2.4%)	

(Notes) (1) Gain from investments in subsidiaries and affiliates accounted for by the equity method:
Year ended March 31, 2003: 1,000 million yen
Year ended March 31, 2002: 526 million yen

(2) Average number of outstanding shares (consolidated) during the period:
Year ended March 31, 2003: 185,293,208 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 profit, ordinary profit and net profit represent year-on-year changes.

2) Changes in Consolidated Financial Position

	Millions of Yen	
	Apr. 1, 2002 – Mar. 31, 2003	Apr. 1, 2001 – Mar. 31, 2002
Total Assets	120,297	129,314
Shareholders' Equity	16,669	15,103
Equity Ratio (%)	13.9	11.7
Shareholders' Equity Per Share (¥)	90.01	81.47

(Notes) Outstanding shares (consolidated) at the end of the period:
Year ended March 31, 2003: 185,199,189 shares
Year ended March 31, 2002: 185,388,008 shares

3) Consolidated Cash Flows

	Millions of Yen	
	Apr. 1, 2002 – Mar. 31, 2003	Apr. 1, 2001 – Mar. 31, 2002
Net cash provided by (used in) operating activities	6,939	10,418
Net cash provided by (used in) investing activities	(873)	(204)
Net cash provided by (used in) financing activities	(9,544)	(5,875)
Cash and cash equivalents at end of period	34,940	38,677

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

Number of consolidated subsidiaries:	24
Number of non-consolidated subsidiaries accounted for by the equity method:	0
Number of affiliates accounted for by the equity method:	8

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

Consolidated subsidiaries:	
Newly included	1
Excluded	4
Affiliates accounted for by the equity method	
Newly included	2
Excluded	0

Consolidated Operations Forecast for the Year Ending March 31, 2004

	Millions of Yen	
	Apr. 1, 2003 – Mar. 31, 2004	
	Interim period	*Full term*
Net Sales	80,000	200,000
Ordinary Profit	1,400	4,200
Net Profit	1,000	3,400

(Note) Projected net income per share for the year ending March 31, 2004: 18.36 yen

State of the Group

The Company is composed of the parent company, 32 subsidiaries, and 13 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.

Clients

Engineering Businesses

Chiyoda Corporation

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

Other Businesses

Domestic Engineering
*1 Chiyoda Kosho Co., Ltd
Domestic small/medium-scale construction
*1 Chiyoda Techno Ace Co., Ltd.
Research, medical/health-related construction

Domestic and Overseas Engineering
*1 Chiyoda Keiso Co., Ltd.
Electrical, instrumentation installation, construction

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

Advanced Engineering
*1 Chiyoda Advanced Solutions Corporation
Advanced analytical technology, plant life-cycle engineering, risk management.

Overseas Businesses
*1 Chiyoda Singapore (Pte) Limited
*1 Chiyoda International Corporation (USA)
*1 PT. Chiyoda International Indonesia
*1 Chiyoda (Thailand) Limited
*1 Chiyoda Malaysia Sdn. Bhd.
*1 Chiyoda Nigeria Limited
*1 Chiyoda & Public Works Co., Ltd. (Myanmar)
*1 C&E Corporation (Philippines)
*1 Chiyoda International Limited (UK)
*2 Chiyoda Petrostar Ltd. (Saudi Arabia)
*2 L&T Chiyoda Ltd. (India)

Finance, Accounting, Tax
*1 Arrow Business Consulting Corporation
Overall consulting for finance, accounting, and tax services.

Air Freight Agent
*1 Arrowhead International Corporation
Travel industry, air freight agent industry

Computer Management System Development
*2 IT Engineering Limited
Computer system software development and sales

Human Resources and Training
*2 Arrow Mates Co., Ltd.
Supply of human resources

Overseas Management / Finance

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

Direct Client Orders

Contracted Business, Entrusted Businesses

***1**:**Consolidated subsidiary** ***2**:**Affiliated company accounted for by the equity method**

Management Policies

1. Basic Management Policies

Chiyoda strives for customer satisfaction by basing our corporate activity on the trust of our customers and society at large and our affinity with them

Business Philosophy

As an integrated engineering entity contribute to the progress of society and the growth of its business by sound and unbiased application of state of art technologies.

Management Policies

- Commitment to building a firm foundation of trust with our domestic and overseas customers
- Provision of high quality services
- Expansion of group operations utilizing the functional capability of the domestic and overseas group firms

Quality policy

Environmental policy

Corporate regulations

Occupational safety and health policy

Information security policy

2. Medium- and Long-Term Business Strategy

Corporate program: Project Super X

- Complete new restructuring plan (eliminate accumulated losses by the year ending March 2006) as soon as possible
- Build foundation for ample return of profits to shareholders, contributing to society and enhancing employee-working conditions/benefit.

Mid/long-term strategies

1) Implementing new restructuring plan
2) Increasing orders
3) Stabilizing earnings
4) Building alliances
5) Establishing new business models

Objectives

1) Strengthen project fulfillment capacity
2) Maintain technological superiority
3) Promote plant life cycle engineering
4) Strengthen group-level management
5) Enhance corporate management

Priorities

1) Secure sufficient earnings for corporate activities
2) Implement selective and focused business activities and appropriate personnel deployment
3) Eliminate deficit-ridden construction

Chiyoda Corporation is currently implementing its new restructuring plan released in fiscal year 2000 and running until March 2006, under the company-wide program "Project Super X" begun in fiscal year 2001 to achieve the goals of the restructuring plan as quickly as possible. As of March 2002 the Company had completed on schedule financial restructuring, reduction in fixed costs and personnel, a review of business sectors and a review of group companies. The Company achieved the goals established by the plan for the fiscal year ending March 2003 to post positive operating, ordinary and net profit. In addition, new orders exceeded plan target for the second period in a row on both a consolidated and non-consolidated basis.

Under Project Super X the Company's current mid/long-term strategy is to build the foundation for ample return of profits to shareholders, contributing to society and enhancing employee benefit by strengthening all our capabilities of winning orders, fulfillment, management, financing and personnel, as well as developing new business models.

Increasing orders

Chiyoda will be intensifying focused deployment of resources to customers and projects where the Company can employ its superiority to full advantage. In addition we will be incessantly making efforts to improve our technological superiority and price competitiveness.

Stabilizing earnings

Chiyoda is striving to strengthen project execution/implementation capacity and risk management.

Building alliances

The Company is actively developing alliances in many areas to increase orders and reduce risk.

Establishing new business models

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.

3. Business Targets

Under the new restructuring plan, the Company's goal is to eliminate accumulated losses by the fiscal year ending March 2006. In order to reach our goals as soon as possible, we are implementing the company-wide program Project Super X.

4. Basic Policies Pertaining to Profit Redistribution

Our commitment to eliminating accumulated losses will lead to establishing the foundation for ample return of profits to shareholders, contributing to society and enhancing employee benefit. We are moving ahead with Project Super X to achieve a profitable corporate structure enabling stable profit redistribution.

5. Objectives

The Company will be focusing on the following objectives to achieve a healthy business recovery and mid-to-long-term growth.

Strengthen project execution capacity

The Company continued to strengthen its overall budget system designed to further increase contract profitability, and its Design Review System and Milestone Monitoring Systems, introduced last year, which are carried out at each stage of a project by the operating division. The management division's double-checking function, the Cold Eye Review System, was also introduced last year, and this year use of the system was expanded to all group companies. In addition we will make efforts to implement the Project Top Review Meeting at the corporate level during the year, contributing to the structure that enables early detection and response to risk situations.

Maintain technological advantage

Chiyoda is continuing to concentrate deployment of corporate resources to achieve increased orders in business sectors such as LNG, ethylene and special chemicals where we have a technological superiority, as well as in regions and customers with whom we have a strong business base. To maintain technological superiority we are aggressively promoting applications of proprietary corporate technologies. The Company has particular interest in acetic acid, a source material for vinyl and polyester fiber, for which global demand is anticipated to grow. We have succeeded in commercializing our methanol-based acetic acid production technology ACETICA®, and signed a contract during this fiscal year with China's Guizhou Crystal Organic Chemical Group Co., Ltd. to license the technology and to provide the process design package for the first commercial plant adopting this technology. The Company is also working closely with domestic and overseas licensees for the Chiyoda Thoroughbred 121 flue gas desulfurization process to expand into the markets in the United States and China.

Advanced high-temperature air combustion technology (HiCOT) is expected to contribute significantly to the hydrogen energy systems of the future. Under subsidy from the New Energy and Industrial Technology Development Organization (NEDO), Chiyoda is pursuing research and development in cooperation with Nippon Furnace Kogyo Co., Ltd. and Tohoku University, which successfully demonstrated reductions in fuel consumption, CO_2 and NO_x emissions with more compact facilities, collecting viable operating data and has confirmed the technological superiority of the hydrogen production plant.

In addition to advancing our technological superiority, we also improve our cost advantage by forming joint ventures with other enterprises in the industry with consideration of the particular characteristics of each project.

Promote plant life-cycle engineering

In addition to strengthening a conventional business model (EPC: engineering, procurement, and construction), Chiyoda has developed 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.

Chiyoda Advanced Solutions Corporation (ChAS) was established this year, focusing on advanced analytical technologies with the aim of developing new business and making PLE a truly effective model.

In the next fiscal year the Company will continue advancing the PLE model as the engine for growth for the entire group.

Strengthen group-level management

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 integrated group operation.

Specifically the Company is enhancing the virtual single office operation system for all domestic and overseas group companies, which uses a shared IT platform supporting contract fulfillment functions. The system allows smooth business execution as if all business were conducted from a single location. The Company is also progressing with a shared IT platform for internal group management functions.

Additionally the Company is implementing a transition to overseas Low Cost Engineering (LCE) centers for both domestic and overseas contracts in order to further reduce design costs while maintaining quality.

The wholly owned subsidiary Arrow Human Resources Inc., a technical and engineering staff agency, with equity participation by Mates Co. Ltd., major human resources company in the trading industry, was relaunched as Arrow Mates Co. Ltd. to improve its business foundation, expand external manpower resources and to increase flexibility in personnel allocation.

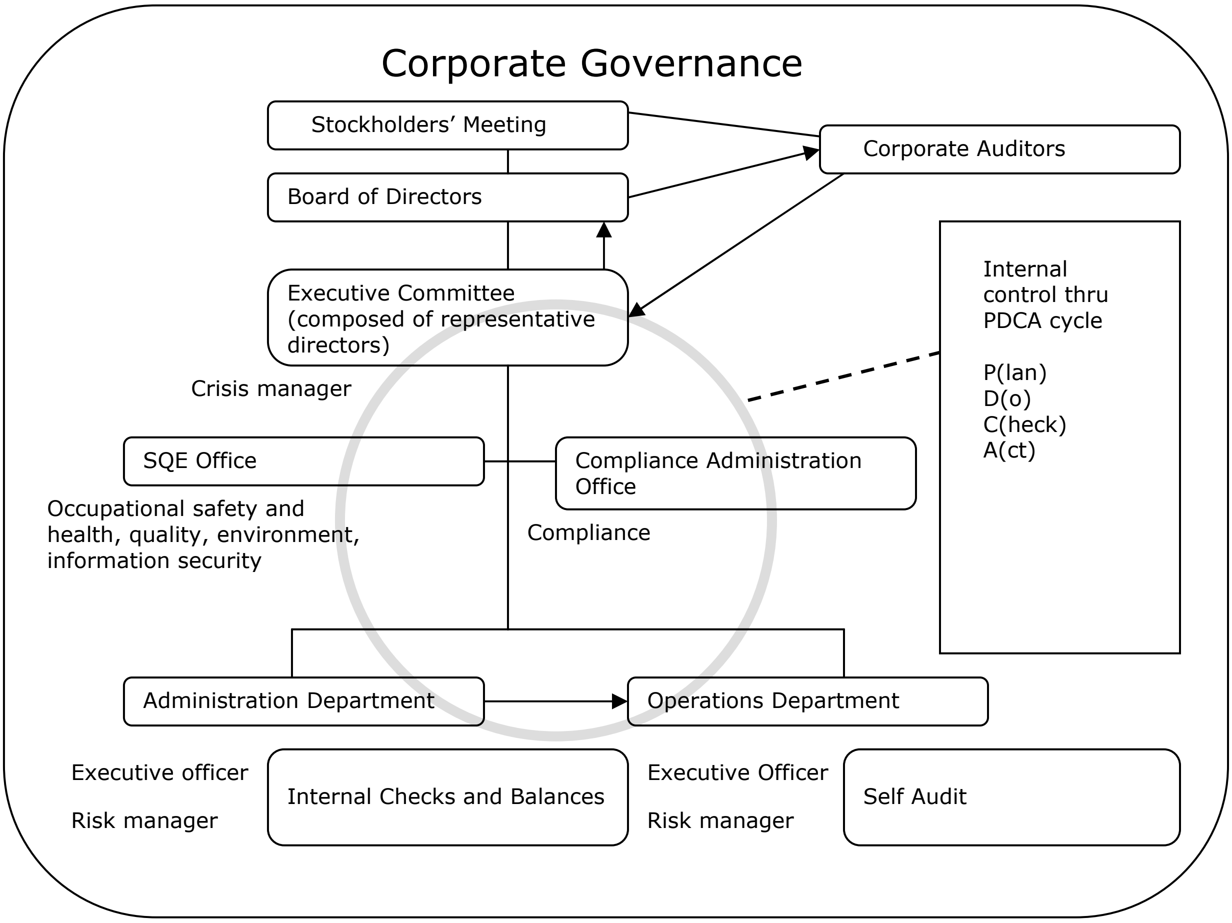
6. Concept and Implementation of Corporate Governance

The corporate governance concept

The Company recognizes that every corporate activity is founded on the trust of and affinity with our shareholders, customers and society at large, and so pledges to maintain the transparency and health of our business.

Status of implementation of corporate governance policies

Business administration structure related to decision making, implementation and oversight as well as other corporate governance systems:



Chiyoda operates under the auditing system, with one external auditor as prescribed under Article 188, Section 2, Number 7-2 of the corporate code and three external auditors as prescribed under Article 18, Section 1 of the special corporate code relating to corporate audits. The Company introduced the executive officer system in the fiscal year ending March 2002, as part of an effort to strengthen business administration functions by separating decision-making and operational implementation.

The Executive Committee functions to make precise decisions in response to rapidly changing social and economic circumstances. The Committee is composed of representative directors, and wields decision-making power for the Company as a whole for crucial operational matters. The corporate auditors attend Executive Committee meetings and may give opinions as required. The Executive Committee thus balances rapid decision-making with transparency.

Executive Officers delegated by the Board of Directors maintain contact with external consultants such as attorneys, and are responsible for the day-to-day operations carried out based on decisions made by the Executive Committee and Board of Directors. Executive officers report as needed on the status of operations at the meetings of those organs. Directors have oversight over the business operations of the Executive Officers, while corporate auditors perform legal audits in regard to the performance of directors.

Organizational units under the direct control of the Executive Committee carry out functions related to matters of compliance, occupational safety and health, quality control, the environment and information security required during the course of business by overseeing operational divisions and reporting immediately to the Executive Committee in the event of any concern. Rather than one-way oversight, these units work to maintain close communication with the operational divisions, emphasizing the importance of proactive detection, discussion and resolution of potential problems.

Administration of the fulfillment and profitability of each project is carried out not only through self-auditing by the operational division, but also through double-checking by the Administration Department and the Internal Checks and Balances function, thus upgrading management transparency.

This system of corporate governance functions through the PDCA cycle of planning, doing, checking by management and acting in response, to determine whether operational division monitoring and internal checks and balances are being used in the fullest and most appropriate way in order to make the internal control system effective.

Relationships between external directors and external auditors, shareholding and transactions, and other matters relating to interests

The one external director and three external auditors include the Chairman of the Board of United States Kellogg Brown & Root, a former director of Bank of Tokyo-Mitsubishi, a former counselor of Mitsubishi Trust Bank, and an attorney-at-law. Bank of Tokyo-Mitsubishi and Mitsubishi Trust Bank are major shareholders in, and have financial relationships with, the Company. United States Kellogg Brown & Root and the Company are competitors, however maintain technological partnerships in petroleum and petrochemicals as well as having a capital relationship via affiliated companies.

Status of enhancements to corporate governance over the past year

By a resolution of the 74th regular stockholders' meeting held on June 28, 2002, an attorney specializing in commercial law was appointed as external auditor, thus enhancing legal auditing. In addition the Compliance Management Office was established to thoroughly implement proactive detection, discussion and resolution of potential problems related to compliance with laws and regulations. Fully recognizing that the basis of corporate activities relies on the trust and concurrence of society and clients, we should abide by national and international rules and regulations and corporate internal rules to secure social progress and establish a procedure/system to report non-compliance or irregularities in the event of the breach of such rules etc.
In order to respond to the various contingencies and risks that may arise during the course of business, we have enhanced our crisis management and risk management systems. The Company has appointed a risk manager, to manage prevention of and minimize damage from contingencies, and a crisis manager, to put quick and effective measures into action to limit the spread of a crisis, and a structure of clearly defined risk and crisis management has been established. The structure centralizes the dissemination of information and the line of command in the event of an emergency and is firmly in place in full preparation for risks including the potential effects of the war in Iraq.

Measures such as these to increase accountability to our shareholders and the public and to improve the health of our business through double-checking by administrative divisions have been expanded to all group companies, strengthening the system for early detection and response to potential risk situations.

In addition the Chiyoda Information Security Management System, which conforms to BS7799, Part 2, an international standard created by BSI of the UK, has been introduced throughout the group. This system clarifies and systematizes appropriate custody and handling of information assets that form the backbone of group management.

Business Results and Financial Conditions

1. Consolidated Business Results for the Year Ended March 31, 2003

Japan's economy continued to be bleak due to sluggish personal consumption and capital investment which shows no sign of full recovery, coupled with a slumping stock market and weakening in exports which had previously been firm. Overseas, while China and some other countries are seeing growth, overall the outlook continues uncertain because of factors including instability in the Middle East and slowing economies in the United States and Europe.

The Japanese plant market is benefiting from capital investment in energy efficiency designed to reduce CO2 emissions in the petroleum industry, as well as a shift in the chemical industry from general chemical products to higher value-added products for the major consumer market China. Despite this, however, the overall plant market continues weak.

The overseas plant market, although affected by political instability in oil-producing counties with general strikes in Venezuela and the war in Iraq, is seeing increasing demand for capital expansion projects for natural gas in Oman, Qatar and the UAE. In the world's growth center of China, major American and European firms are moving ahead with large-scale petrochemical plants.

Within this operating backdrop, consolidated domestic new orders for the year dropped 23.7% to 68.6 billion yen while overseas new orders rose 40.9% to 180.4 billion yen, for a total of 249.0 billion yen of new orders, an increase of 14.3 % from the year before.

Revenues from domestic construction contracts fell 13.9% to 83.0 billion yen, while revenue from overseas construction contracts rose 84.8% to 83.3 billion yen. Total revenue from construction contracts came to 166.3 billion yen, an increase of 17.6% over the year before.

In profits and losses, as a result of the introduction last year of risk management techniques designed to secure a standard level of contract profitability, gross profit rose a significant 123.1% over last year to 10.4 billion yen, while the Company's efforts to further cut selling, administrative and administration expenses contributed to the first positive operating profit in 8 years, of 1.5 billion yen. Ordinary profit was in the black for the first time in 3 years, at 2.3 billion yen, in part due to repayment of debts reducing the interest burden. Net profit was 1.9 billion yen, an increase of 1,546.5% over the year before.

On a non-consolidated basis, the Company secured 42.8 billion yen in new domestic orders, 30.9% less than the year before, and 169.4 billion yen in overseas new orders, an increase of 39.5%, for a total of 212.2 billion yen, an increase of 15.7%. This performance exceeded the target of 180 billion yen by almost 20%.

In non-consolidated profits and losses, revenue from domestic construction contracts was 54.5 billion yen, a decrease of 22.7%, and 75.8 billion yen from overseas construction contracts, an increase of 116.7%, for a total of 130.4 billion yen, an increase of 23.5%, performance overall according to plan. Gross profit showed an increase of 1,786.4% to 6.9 billion yen, operating profit was positive for the first time in 7 years at 0.6 billion yen while the Company showed a positive ordinary profit for the first time in 3 years of 2.3 billion yen, and net profit was up 4,883.1% to 2.6 billion yen. Thus the Company achieved targeted positive profits in all of operating profit, ordinary profit and net profit.

Change in Business Results (Consolidated)

	Billions of Yen		
	Apr. 1, 2002 – Mar. 31 2003	Apr. 1, 2001 – Mar. 31, 2002	Apr. 1, 2000 – Mar. 31, 2001
New Orders	249.0	217.9	139.4
Construction Contracts	166.3	141.5	128.6
Gross Profit	10.4	4.6	(2.5)
Operating Profit	1.5	(5.1)	(13.8)
Ordinary Profit	2.3	(3.3)	(13.3)
Net Profit	1.9	0.1	(4.6)

Summary by Business Segment

Petroleum

The series of contracts related to ultra-deep hydrodesulferization (HDS) of diesel oil for petroleum refiners has been almost completed, and there has been movement toward solutions addressing environmental concerns for the future including sulfur-free gasoline and reduction in heavy fuel oils. One solution for the environment, the Company's CASOX flue gas desulfurization process using catalytic oxidation, developed together with Hokuriku Electric Power Company, was delivered to Nippon Petroleum Refining Co., Ltd.'s Osaka refinery as the first commercial installation for the process. In new energy sources, we succeeded in the first domestic synthetic fuel production at the gas-to-liquids (GTL) pilot plant designed for petroleum corporations now in field test operations in Hokkaido's Yufutsu oil field.

In this fiscal year, with orders including distillation tower renovation for Nippon Petroleum Refining Co., Ltd, new orders were 9.7 billion yen, 46.2% less than the year before. Revenues from construction contracts rose 296.8% to 34.4 billion yen. Major contracts included the second sulfur recovery installation for Nippon Petroleum Refining Co., Ltd, hydrogen production installations, and construction of catalytic oxidation flue gas desulfurization installations and design contract for Mizushima Industrial Complex Renaissance and construction of a diesel fuel ultra-deep HDS installation for Taiyo Oil Co., Ltd.

Petrochemical and Chemical

In general chemical products the Company is planning to strengthen its business base for the trend shift from existing ethylene production to propylene production, and in the future capital investments are anticipated in propylene downstream derivatives. In pharmaceuticals, major manufacturers with new drug development capacity are specializing even more in research and development, in order to become new drug producers. The market is also seeing investments to modernize facilities following mergers or improvements in order to undertake production contracts from other companies by those manufactures that have already split off their pharmaceutical production operations. Combined with the upcoming amendment of the pharmaceutical law, these trends are making the competition in new drug development even stiffer.

Overseas there has been activity in petrochemical projects (ethylene, methanol, ethylene oxide, ethylene glycol, acetic acid) and special chemicals in the Middle East, South East Asia and China. Major contracts this fiscal year include a methanol plant construction contract in Saudi Arabia, a styrene monomer (among others) plant construction contract in China, and a special chemical facility renovation contract for Mitsubishi Gas.

In total new orders rose 2.7% over last year to 48.6 billion yen. Revenues from construction contracts were 35.8 billion yen, up 1.8%. Major completed projects included Teijin Singapore's polycarbonate plant #4, Dow Chemical's epoxy plant in China, renovation of Sumitomo Bayer Urethane's special chemical plant and Ajinomoto Pharma's new solid dosage facilities wing at the Fukushima Plant.

Gas and Power Utilities

With sluggish growth in demand for electricity due to the slow economy, liberalization of electric and gas retailing with deregulation, electric and gas companies are continuing with cost reductions and deferring large scale investment in plant and equipment. The business environment thus continues difficult for the Company, however capital investment in national LPG stockpiling was made according to plan.

Overseas the decision was made to restart LNG importing in India and China, while the United States and Europe, where natural gas prices are soaring, also increased imports. With the mid-to-long-term trend to growth in LNG demand, expansion in the need for engineering services is expected to grow in consequence of the enhanced gas use, in projects ranging from upstream to the final market (well to wheel).

Major new orders this fiscal year included adding Train 4 to the LNG plant in Qatar, an LNG plant construction project for the government of Oman, the construction of Exxon Mobil's Al-Khaleej Gas Project Phase 1 in Qatar and the construction of national LPG stockpiling terminals at Namikata and Kurashiki. New orders totaled 147.0 billion yen, up 41.5% over the year before. Revenues from construction contracts were 47.9 billion yen, an increase of 60.5% over the year before. Major contracts included renovation of Pertamina LNG facility in Indonesia, construction of an LPG underground storage terminal in China for British Petroleum, and the upgrade of the LNG facility in Higashi Ohgishima for Tokyo Electric Power Company.

Social Developments, Industrial Machinery, Other

While there has been a trend to recover in IT, finished good prices have been dropping and capital investment has weakened in the fields of electronic materials and advanced films where Chiyoda has superior expertise.

This fiscal year has seen primarily medium and small-scale orders, with new orders totaling 43.3 billion yen, a drop of 10.7% from the last year. Revenues from completed contracts were 48.0 billion yen, down 29.0% from the year before. Major contracts included renovation of Pharmacia's Tsukuba packaging plant.

2. Financial Conditions for the Year Ended March 31, 2003

Assets, Liabilities, and Shareholder's Equity as of March 31, 2003

Assets

With a decrease in cash and time deposits from debt repayment and collection of notes and accounts receivables with progress in large-scale contracts, current assets decreased by 5.3 billion yen from the year before. Fixed assets decreased by 3.6 billion yen, in part due to collection of long-term receivables from Nigerian National Petroleum Corporation. Total assets were 9.0 billion yen lower than the previous year.

Liabilities

Accounts payable for construction costs reflecting the increase in contracts on hand and other accounts payable increased 6.1 billion yen, however with repayments of long- and short-term loans of 9.5 billion yen and a reduction in advance receipts on construction contracts that were transferred to sales of 8.5 billion yen, total liabilities at the end of the year were 10.5 billion yen lower than the previous year.

Shareholder's equity

Shareholder's equity increased by 1.5 billion yen compared to the end of the previous year, due in part to a gain in net profit. Shareholders' equity per total assets was 13.9%, an improvement of 2.2 points compared to the end of the previous year.

Cash Flow for the Year Ended March 31, 2003

Net cash provided by operating activities

In addition to the effect of 2.5 billion yen in net income before tax and depreciation and amortization of 1.2 billion yen, cash flow from operating activities (total increase or decrease for "notes and accounts receivables", "costs of construction contracts in process", "trade payables" and "advance receipts on construction contracts" showed an increase of 1.5 billion yen, as well as an increase in retirement benefits of 1.0 billion yen. As a result, net cash provided by operating activities was 6.9 billion yen.

Net cash used in investing activities

There was some income from the sale of subsidiary company stocks, but as a result of IT-related software investment, net cash used in investing activities was 0.8 billion yen.

Net cash used in financing activities

Net cash used in financing activities was 9.5 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 March 2003 was 34.9 billion yen, a decrease of 3.7 billion yen from the year before.

Consolidated Financial Conditions	*Billions of Yen*		
	As of Mar. 31, 2003	As of Mar. 31, 2002	As of Mar. 31, 2001
Total assets	120.2	129.3	137.0
Total liabilities (*)	103.6	114.2	121.9
Shareholder's equity	16.6	15.1	15.0
Net cash provided by (used in):			
Operating activities	6.9	10.4	(15.3)
Investing activities	(0.8)	(0.2)	31.4
Financing activities	(9.5)	(5.8)	(16.0)
Balance of Cash / Cash Equivalents	34.9	38.6	33.9

*) Includes minority interests

Cash Flow Indices

	FY ended Mar. 31, 2003	FY ended Mar. 31, 2002	FY ended Mar. 31, 2001
Shareholders' equity per total assets	13.9%	11.7%	11.0%
Shareholders' equity at market value per total assets	49.9%	29.8%	35.3%
Years for debt redemption (interest bearing debt divided by operating cash flow)	2.7	2.7	(2.4)
Interest coverage ratio (operating cash flow divided by interest expense)	11.7	17.5	(10.6)

3. Outlook for Operations Forecast for the Year Ending March 31, 2004

In Japan recovery from the long-term economic slump is expected to take considerable time, due to the effect of delays in writing off non-performing loans and in the weak stock market, however energy-related investment in clean fuel and environmental equipment and new capital investment in specialty chemicals can be expected. Overseas, with the negative outlook for the U.S. economy, the future of the overall investment environment is increasingly uncertain. However the LNG market, where Chiyoda maintains technical superiority, will benefit from the vigorous demand to switch to cleaner energy, and the market for large-scale petrochemical plants, of which ethylene forms the core, will continue to see active investing in the Middle East and Asia due to the price superiority of gas.

Based on the business environment described above, for the fiscal year ending March 2004, the Company expects new orders to come to 270 billion yen, revenue from construction contracts of 200 billion yen, consolidated ordinary profit of 4.2 billion yen, and consolidated net profit of 3.4 billion yen (assuming an exchange rate of 1 dollar = 120 yen). These projections are based on the expectation of large-scale LNG facilities, primarily overseas, moving from the planning to actual construction stage.

The Company anticipates on a non-consolidated basis, new orders of 230 billion yen, revenue from construction contracts totaling 160 billion yen, ordinary profit of 3.5 billion yen, and net profit of 3.3 billion yen for the next fiscal year.

The Company plans to continue suspension of 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 Mar. 31, 2003	%	As of Mar. 31, 2002	%	Difference
Assets					
Current Assets					
Cash and time deposits	36,112		40,451		(4,338)
Notes and accounts receivable-trade	25,374		27,580		(2,205)
Costs of construction contracts in process	21,105		23,909		(2,804)
Deferred tax assets	194		129		65
Jointly controlled asset of joint venture	8,672		8,222		449
Other	6,098		2,376		3,722
Allowance for doubtful accounts	(628)		(367)		(260)
Total Current Assets	**96,929**	**80.6**	**102,302**	**79.1**	**(5,372)**
Fixed Assets					
Property, plant and equipment					
Buildings and structures	6,675		6,730		
Accumulated depreciation	3,199		3,086		
Book value of buildings and structures	**3,476**		**3,644**		**(167)**
Machinery and equipment	959		1,220		
Accumulated depreciation	825		965		
Book value of machinery and equipment	**134**		**255**		**(120)**
Tools, furniture and fixtures	5,177		5,423		
Accumulated depreciation	4,249		4,472		
Book value of tools, furniture and fixtures	**928**		**950**		**(21)**
Land	**2,526**		**2,691**		**(164)**
Total property, plant and equipment	**7,067**	**5.9**	**7,541**	**5.8**	**(474)**
Intangible fixed assets	**2,317**	**1.9**	**2,247**	**1.8**	**69**
Investments and other assets					
Investment securities	4,206		4,563		(357)
Long-term loans	631		37		594
Long-term accounts receivable	5,793		6,265		(472)
Long-term receivables	5,650		10,125		(4,474)
Deferred tax assets	82		101		(19)
Other investments	2,367		2,992		(625)
Allowance for doubtful accounts	(4,485)		(6,864)		2,378
Allowance for capital loss on investments	(263)		-		(263)
Total investments and other assets	**13,983**	**11.6**	**17,222**	**13.3**	**(3,238)**
Total Fixed Assets	**23,367**	**19.4**	**27,011**	**20.9**	**(3,643)**
Total Assets	**120,297**	**100.0**	**129,314**	**100.0**	**(9,016)**

	Millions of Yen				
	As of Mar. 31, 2003		As of Mar. 31, 2002		Difference
		%		%	
Liabilities and Shareholders' Equity					
Current Liabilities					
Notes and accounts payable-trade	46,511		40,343		6,167
Short-term loans	8,202		17,456		(9,254)
Income taxes payable	294		488		(193)
Advance receipts on construction contracts	25,172		33,713		(8,540)
Deferred tax liabilities	–		17		(17)
Indemnity allowance for completed construction	694		834		(140)
Accrued bonuses	1,375		1,217		158
Allowance for contingency loss	800		–		800
Other	6,354		6,845		(491)
Total Current Liabilities	**89,404**	**74.3**	**100,915**	**78.0**	**(11,510)**
Non-Current Liabilities					
Long-term debt	10,422		10,672		(249)
Deferred tax liabilities	9		27		(17)
Liability for retirement benefits	2,910		1,829		1,081
Liability for retirement benefit to directors	270		195		75
Other liabilities	111		78		32
Total Non-Current Liabilities	**13,724**	**11.4**	**12,803**	**9.9**	**921**
Total Liabilities	**103,129**	**85.7**	**113,718**	**87.9**	**(10,589)**
Minority Interests	**499**	**0.4**	**492**	**0.4**	**6**
Shareholders' Equity					
Common stock	12,027	10.0			12,027
Additional paid-in capital	5,818	4.8			5,818
Retained earnings	(496)	(0.4)			(496)
Net unrealized loss on available-for-sale securities	10	0.0			10
Foreign currency translation adjustments	(642)	(0.5)			(642)
Treasury stock	(48)	(0.0)			(48)
Total Shareholders' Equity	**16,669**	**13.9**			16,669
Shareholders' Equity					
Common stock			12,027	9.3	(12,027)
Additional paid-in capital			5,818	4.5	(5,818)
			17,846	13.8	(17,846)
Accumulated deficit			2,516	(1.9)	(2,516)
Net unrealized loss on available-for-sale securities			(1)	(0.0)	1
Foreign currency translation adjustments			(219)	(0.2)	219
Treasury stock			(5)	(0.0)	5
Total Shareholders' Equity			**15,103**	**11.7**	**(15,103)**
Liabilities, Minority Interests and Shareholders' Equity	**120,297**	**100.0**	**129,314**	**100.0**	**(9,016)**

2. Consolidated Statements of Income

	Millions of Yen				
	Apr. 1, 2002 – Mar. 31, 2003		Apr. 1, 2001 – Mar. 31, 2002		Difference
		(%)		(%)	
Construction Contracts	**166,367**	**100.0**	**141,505**	**100.0**	**24,861**
Cost of Construction Contracts	155,924	93.7	136,825	96.7	19,098
Gross profit	10,443	6.3	4,679	3.3	5,763
Selling, General and Administrative Expenses	8,894	5.4	9,826	6.9	(932)
Operating profit	1,548	0.9	–	–	1,548
Operating loss	–	–	5,146	(3.6)	(5,146)
Other Income					
Interest	331		645		
Dividend income	28		16		
Foreign exchange gain	–		870		
Gain on sales of marketable and investment securities	–		436		
Equity in earnings of associated companies	1,000		526		
Rent income	205		–		
Other	186		269		
Total Other Income	**1,751**	**1.0**	**2,765**	**1.9**	**(1,013)**
Other Expenses					
Interest expense	528		844		
Foreign exchange loss	178		–		
Cost of rent income	93		–		
Other	106		140		
Total Other Expenses	**906**	**0.5**	**984**	**0.7**	**(78)**
Ordinary profit	2,393	1.4	–	–	2,393
Ordinary loss	–	–	3,366	(2.4)	(3,366)
Extraordinary Gain					
Gain on discharge of liabilities	–		2,871		
Gain on sales of investments in subsidiaries	314		1,385		
Reversal of additional retirement benefits to employees	–		964		
Gain on sale of intellectual property rights	–		800		
Reversal of liability for retirement benefits to directors	–		383		
Reversal of allowance for doubtful accounts	1,167		–		
Adjustments to previous period earnings	184		–		
Other	42		32		
Total Extraordinary Gain	**1,708**	**1.0**	**6,436**	**4.6**	**(4,727)**

2. Consolidated Statements of Income (Continued)

	Millions of Yen				
	Apr. 1, 2002 – Mar. 31, 2003	(%)	Apr. 1, 2001 – March 31, 2002	(%)	Difference
Construction Contracts	**166,367**	**100.0**	**141,505**	**100.0**	
Extraordinary Loss					
Allowance for doubtful accounts	–		580		
Loss on devaluation of investment securities	–		334		
Loss on disposal of fixed assets	–		143		
Loss on sale of fixed assets	79		–		
Loss on devaluation of golf membership	294		–		
Allowance for investment loss	263		–		
Allowance for contingency loss	800		–		
Other	155		150		
Total Extraordinary Loss	1,593	0.9	1,208	0.9	384
Profit before income taxes and minority interests	2,508	1.5	1,860	1.3	648
Income taxes current	951		1,786		
Foreign tax refunded	(317)		–		
Income taxes deferred	(146)		(88)		
Total Tax	**487**	**0.3**	**1,697**	**1.2**	**(1,210)**
Minority interests in net income	22	(0.0)	41	(0.0)	(19)
Net profit	**1,999**	**1.2**	**121**	**0.1**	**1,877**

3. Consolidated Statements of Retained Earnings

	Millions of Yen		
	Apr. 1, 2002 – Mar. 31, 2003	Apr. 1, 2001 – Mar. 31, 2002	Difference
Capital Surplus			
Capital Surplus at Beginning of Period			
Capital Surplus Reserve at beginning of period	5,818		5,818
Capital Surplus at End of Period	**5,818**		5,818
Retained Earnings			
Retained Earnings at Beginning of Period			
Consolidated retained earnings at beginning of period	(2,516)		(2,516)
Increase in Retained Earnings			
From net profit	1,999		
From increase in consolidated subsidiaries	20		
Total Increase in Retained Earnings	**2,019**		**2,019**
Retained Earnings at End of Period	**(496)**		**(496)**
Accumulated Deficit Balance at Beginning of Period		26,288	(26,288)
Decrease in Balance			
From reversal of capital surplus reserve		(23,654)	(23,654)
Increase in Balance			
From decrease in consolidated subsidiaries		3	(3)
Net profit		121	(121)
Accumulated Deficit Balance at End of Period		**2,516**	**(2,516)**

4. Consolidated Statements of Cash Flow

	Millions of Yen		
	Apr. 1, 2002 – Mar. 31, 2003	Apr. 1, 2001 – Mar. 31, 2002	Difference
Cash from Operating Activities			
Profit (loss) before income taxes and minority interests	2,508	1,860	648
Depreciation and amortization	1,225	1,025	200
Decrease in allowance for doubtful accounts	(967)	(192)	(775)
Interest and dividend income	(359)	(661)	302
Interest expense	528	844	(315)
Foreign exchange (net)	915	(493)	1,408
Equity in earnings of associated companies	(1,000)	(526)	(473)
Gain (loss) on sales of investment in securities	–	(436)	436
Gain (loss) on sales of investment in subsidiaries	(314)	(1,385)	1,070
Loss on devaluation of investment securities	–	334	(334)
Loss on sales and disposal of property, plant and equipment	90	143	(53)
Loss on devaluation of golf membership	294	–	294
Reversal of additional retirement benefits to employees	–	(964)	964
Gain on discharge of liabilities	–	(2,871)	2,871
Gain on transfer of intellectual property rights	–	800	800
Decrease in trade notes and accounts receivable	1,144	4,651	(3,507)
Decrease in costs of construction contracts in process	2,804	8,958	(6,154)
Increase (decrease) in trade notes and accounts payable	6,167	(1,694)	7,862
Increase (decrease) in advance receipts on construction contracts	(8,540)	3,077	(11,618)
Increase (decrease) in accrued bonuses	158	(222)	381
Increase in retirement benefits	1,081	33	1,048
Indemnity allowance for completed contracts	(140)	(47)	(92)
Increase in allowance for investment loss	263	–	263
Increase in allowance for contingency loss	800	–	800
Increase (decrease) in consumption taxes payable	(1,845)	1,414	(3,259)
Other	1,932	(961)	2,893
Subtotal	6,747	11,087	(4,339)
Interest and dividend income	1,576	1,421	155
Interest paid	(594)	(594)	(0)
Additional retirement benefits paid to employees	–	(577)	577
Gain on sale of intellectual property rights	–	800	(800)
Income taxes paid	(790)	(1,718)	927
Net Cash Provided by Operating Activities	**6,939**	**10,418**	**(3,478)**

4. Consolidated Statements of Cash Flow (Continued)

	Millions of Yen		
	Apr. 1, 2002 – Mar. 31, 2003	Apr. 1, 2001 – Mar. 31, 2002	Difference
Cash Flow From Investing Activities			
Payment for time deposits	(48)	(362)	313
Proceeds from refunds of time deposits with maturities	588	409	178
Payments for purchase of investment securities	(118)	(477)	359
Proceeds from sales of investment securities	7	1,152	(1,144)
Purchase of investment in consolidated subsidiaries	(30)	(23)	(7)
Proceeds from sales of investment in subsidiaries within the scope of consolidation	115	748	(632)
Purchase of property, plant and equipment	(296)	(484)	188
Proceeds from sale of property, plant and equipment	141	112	29
Purchase of intangible fixed assets	(852)	(697)	(155)
Proceeds from sale of intangible fixed assets	1	4	(2)
Net decrease in short-term loans	51	52	(1)
Long-term loans	(637)	(685)	48
Proceeds from collections of long-term loans	193	0	192
Other	11	47	(35)
Net Cash Used in Investing Activities	**(873)**	**(204)**	**(669)**
Cash Flow From Financing Activities			
Net decrease in short-term bank loans	(8,717)	(5,266)	(3,451)
Proceeds from long-term debt	8	80	(71)
Repayments of long-term debt	(792)	(698)	(94)
Other	(42)	8	(50)
Net Cash Used in Financing Activities	**(9,544)**	**(5,875)**	**(3,668)**
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**(459)**	**427**	**(886)**
Net Increase (Decrease) in Cash and Cash Equivalents	**(3,937)**	**4,765**	**(8,703)**
Cash and Cash Equivalents at Beginning of Period	**38,677**	**33,912**	**4,764**
Increase in Cash and Cash Equivalents From New Consolidation	**200**	**–**	**200**
Decrease in Cash and Cash Equivalents Elimination From Consolidation	**–**	**(1)**	**1**
Cash and Cash Equivalents at End of Period	**34,940**	**38,677**	**(3,737)**

Changes in Accounting Principles

Current fiscal year
(April 1, 2002 – Mar. 31, 2003)

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 full period ended March 31, 2003, these income and expenses will be accounted for under non-operating profit and loss, respectively.

As a result of this change, "Gross Profit" and "Operating Profit" each fell 53 million yen. These changes will not affect profit, ordinary profit and profit before income taxes and minority interests.

Notes to consolidated financial statements

Allowance for retirement benefits

To prepare for employees' retirement benefits, the Company posts an amount calculated based on the projected amount of pension assets and obligations for retirement benefits at the current 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. Actuarial loss 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.

For actuarial loss, 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 full period ended March 31,2003. This change will have only a slight effect on operating profit, ordinary profit, profit before income taxes and minority interests.

Accounting for Retirement Benefits

1. Current fiscal year (April 1, 2002 – Mar. 31, 2003)

The Company and its consolidated domestic subsidiaries provide qualified pension plans and lump sum severance payment plans for their defined benefit pension plans. In addition, the Company sometimes provides extra severance pay. Part of overseas subsidiaries also provides defined benefit plans. The company has been providing lump sum severance payment plans and qualified pension plans from 1980.

Previous fiscal year (April 1, 2001 – Mar. 31, 2002)

The Company and its consolidated domestic subsidiaries provide qualified pension plans and lump sum severance payment plans for their defined benefit pension plans. In addition, the Company sometimes provides extra severance pay. Part of overseas subsidiaries also provides defined benefit plans. The company has been providing lump sum severance payment plans and qualified pension plans from 1980.

In the fiscal year, the number of companies using lump sum severance payment plans decreased by two, because E&E Solutions, Inc. and IT Engineering, Inc. have been excluded from consolidated statements. Thus, as of the end of the period, 4 consolidated companies used lump sum severance payment plans, while 2 consolidated companies used both lump sum severance payment plans and qualified pension plans.

2. Retirement benefit obligations

	Millions of Yen	
	As of Mar. 31, 2003	As of Mar. 31, 2002
Projected benefit obligations	(34,212)	(31,890)
Fair value of plan assets	14,195	15,951
Obligation for unreserved retirement benefit	**(20,016)**	**(15,938)**
Unrecognized transitional obligation	9,699	10,507
Unrecognized actuarial loss	7,406	3,607
Net benefit obligation recognized in the consolidated balance sheet	**(2,910)**	**(1,823)**
Pre-paid pension costs	—	5
Reserve for retirement benefits (*1)	**(2,910)**	**(1,829)**

Note 1) The reserve for retirement benefits does not include extra severance payments that are set to be paid in the following period (accounting for 128 million yen in the current and 131 million yen in the previous fiscal year). These payments are included in the other current liabilities.

2) The group uses heuristic method for consolidating retirement obligations of its subsidiaries.

3. Retirement benefit costs

	Millions of Yen	
	As of Mar.31, 2003	As of Mar. 31, 2002
Service cost	1,079	1,041
Interest cost	738	861
Expected return on plan assets	(364)	(543)
Amortization of transitional obligation	808	808
Recognized actuarial loss	307	78
Net periodic benefit cost	**2,569**	**2,246**

Note: According to heuristic method of consolidation of subsidiaries, subsidiary retirement benefit costs are recorded under the *Service cost*.

4. Actuarial assumptions used to determine costs and benefit obligations for principal pension plans

	Millions of Yen	
	As of Mar. 31, 2003	As of Mar. 31, 2002
Allocation of projected benefit obligation	Equal amount over each period	Equal amount over each period
Discount rate	1.5%	2.5%
Expected rate of return on plan assets	2.5%	3.5%
Recognition period of actuarial gain/loss	12 years (depreciated with the straight line method over a fixed number of years within average employee working period in the fiscal year in which the loss occurred, and recognized in the following fiscal year)	13 years (depreciated with the straight line method over a fixed number of years within average employee working period in the fiscal year in which the loss occurred, and recognized in the following fiscal year)
Amortization period of transitional obligation	15 years	15 years

Tax Effect Accounting

1. Principle cause of deferred tax assets and liabilities

	Millions of Yen	
	As of Mar. 31, 2003	As of Mar. 31, 2002
Deferred tax assets		
Tax loss carry forward	23,230	44,917
Cost of construction contracts	4,216	4,921
Retirement benefits	895	338
Allowance for doubtful accounts	1,929	2,605
Loss on construction contracts due to application of progress percentage method	180	216
Loss on valuation of costs of construction contracts in process	181	927
Loss on valuation of fixed assets	733	770
Special retirement benefits payable	—	54
Other	3,142	1,783
Sub-total deferred tax assets	34,509	56,535
Valuation allowance	(34,223)	(56,304)
Total deferred tax assets	285	231
Deferred tax liabilities		
Unrealized gains on other securities	(8)	(2)
Other	(9)	(42)
Total deferred tax liabilities	(18)	(44)
Net deferred tax assets	267	186

Note: Net deferred tax assets for the current and the previous fiscal year are included in the consolidated balance sheets as follows:

	Millions of Yen	
	As of Mar. 31, 2003	As of Mar. 31, 2002
Current assets – Deferred tax assets	194	129
Fixed assets –Deferred tax assets	82	101
Current liabilities – Deferred tax liabilities	—	(17)
Non-current liabilities – Deferred tax liabilities	(9)	(27)

2. Principle items which caused differences between statutory effective tax rate and income tax rate charged after adoption of deferred tax accounting

	Percent %	
	As of Mar. 31, 2003	As of Mar. 31, 2002
	%	%
Normal effective statutory tax rate	42.0	42.0
Adjustments		
Non-deductible entertainment and other expenses	6.0	8.3
Non-taxable dividend and other income	(0.2)	(7.3)
Parity adjustment for inhabitance taxes	3.0	2.9
Foreign taxes	3.8	32.2
Valuation allowance	(19.0)	77.2
Equity in earnings of affiliated companies	(16.8)	(11.9)
Net loss of consolidated subsidiaries	—	(47.0)
Different tax rates applied to foreign subsidiaries	(1.3)	(5.4)

Reduction in deferred tax asset balance due to change in tax rates	0.4	–
Other	1.5	0.3
Income tax rate charged after adoption of deferred tax accounting	19.4	91.3

3. Due to partial change in local tax law (Law No. 9 of 2003) promulgated as of March 31, 2003 the statutory effective corporate tax rate applied for calculation of deferred tax assets and liabilities has been changed from 42.00% to 40.44% (however, the new rate was applicable only for the losses which would be posted after April 1, 2004.)

   Consequently net deferred tax assets (after deducting deferred tax liabilities) were lower by 9 million yen and the total tax was adjusted higher by 9 million yen.

Segment Information

1. Industry Segments

The Company's current fiscal year was from April 1, 2002 to March 31, 2003. The previous 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 sales, operating profits or assets, and as such these segments have been omitted.

2. Geographic Segments

Current fiscal year (From April 1, 2002 to March 31, 2003)

	Millions of Yen							
	Japan	Asia	Europe	North America	Others	Total	Eliminations (Corporate)	Consolidated
Revenues								
Outside customers	160,526	5,659	48	133	0	**166,367**	—	**166,367**
Inter-segment.....................	25,163	624	199	42	0	**26,028**	(26,028)	—
Total..................................	185,689	6,283	247	175	0	**192,395**	(26,028)	**166,367**
Operating expenses...........	183,425	6,473	249	199	14	**190,362**	(25,543)	**164,818**
Operating Profit (Loss)....	**2,263**	**(189)**	**(2)**	**(23)**	**(14)**	2,033	(484)	**1,548**
Assets	126,246	7,445	216	636	159	**134,704**	(14,406)	**120,297**

(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) Within asset *Elimination (Corporate)* account, corporate assets accounted for 3,184 million yen, consisting mainly of long-term investments (investment securities).
(4) Changes in Accounting Principles:
1) As noted in *Changes in accounting principles*, starting from this fiscal year, 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 ¥53 million less than it would have been under previous accounting principles. This change had no effect on segments outside of *Japan*.
2) Starting from the current fiscal year, the Company has changed the fixed number of years for the processing of operating expenses for actuarial loss to 12 years, from the previous 13 years. This change will have only a slight effect on each segment.

Previous fiscal year (From 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)**
Assets	131,266	8,170	178	99	205	**139,921**	(10,606)	**129,314**

(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) Within asset *Elimination (Corporate)* account, corporate assets accounted for 3,887 million yen, consisting mainly of long-term investments (investment securities).

3. Overseas Sales

Current fiscal year (April 1, 2002 to March 31, 2003)

	Millions of Yen			
	Asia	Middle East	Other Regions	Total
Overseas sales	25,368	46,660	11,284	**83,313**
Consolidated sales				166,367
Ratio of overseas to consolidated sales (%)	15.25	28.04	6.78	**50.07**

(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 Saudi Arabia
Other regions: Venezuela and Russia
(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 sales				141,505
Ratio of overseas to consolidated 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 sales are those sales 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 – Mar. 31, 2003				Apr. 1, 2001 – Mar. 31, 2002			
	New Orders		*Backlog*		*New Orders*		*Backlog*	
	Amt	%	*Amt*	%	*Amt*	%	*Amt*	%
Business Segment								
Engineering								
Petroleum-related	9,732 -46.2%	4.0	14,315 [-3,360]	4.5	18,099	8.3	42,439 [8,460]	17.2
Petrochemical-related	18,236 -46.3%	7.3	43,945 [-2,236]	13.9	33,959	15.6	44,181 [377]	18.0
Chemical-related	30,426 +127.0%	12.2	26,503 [-204]	8.4	13,405	6.2	15,870 [-63]	6.4
Gas and Power Utilities-related	147,049 +41.5%	59.0	199,549 [-6,118]	63.1	103,935	47.7	106,590 [-50]	43.3
Social developments-related	1,155 -76.1%	0.5	2,521 [-40]	0.8	4,843	2.2	3,417 [1,829]	1.4
Industrial machinery-related	2,750 -30.4%	1.1	5,073 [-8]	1.6	3,953	1.8	4,050 [-101]	1.7
Other	34,885 -0.7%	14.0	24,259 [-727]	7.7	35,140	16.1	29,587 [-5,131]	12.0
Total Engineering	**244,238** **+14.5%**	**98.1**	**316,167** **[-12,696]**	**100.0**	**213,337**	**97.9**	**246,137** **[5,319]**	**100.0**
Other	4,855 +4.2%	1.9	— [—]	—	4,660	2.1	— [76]	—
Total	**249,093** **+14.3%**	**100.0**	**316,167** **[-12,696]**	**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.
Percentages under "New orders" indicate year on year % change.

Breakdown of Domestic and Overseas Orders

	Millions of Yen							
	Apr. 1, 2002 – Mar. 31, 2003				Apr. 1, 2001 – Mar. 31, 2002			
	New Orders		*Backlog*		*New Orders*		*Backlog*	
	Amt	*%*	*Amt*	*%*	*Amt*	*%*	*Amt*	*%*
Domestic	68,605 -23.7%	27.6	83,604 [-585]	26.4	89,928	41.3	98,638 [-3,447]	40.1
Overseas	180,488 +40.9%	72.4	232,562 [-12,111]	73.6	128,069	58.7	147,499 [8,843]	59.9
Total	249,093 +14.3%	**100.0**	316,167 [-12,696]	**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.

2. Sales

	Millions of Yen			
	Apr. 1, 2002 – Mar. 31, 2003		Apr. 1, 2001 – Mar. 31, 2002	
	Amt	*%*	*Amt*	*%*
Engineering				
Petroleum-related	34,496 +296.8%	20.7	8,693	6.1
Petrochemical-related	16,236 +45.1%	9.9	11,189	7.9
Chemical-related	19,589 -18.3%	11.8	23,988	17.0
Gas and Power Utilities-related	47,972 +60.5%	28.8	29,893	21.1
Social developments-related	2,011 -83.6%	1.2	12,230	8.6
Industrial machinery-related	1,719 -81.3%	1.0	9,187	6.5
Other	39,486 -4.9%	23.7	41,524	29.4
Total Engineering	**161,511** **+18.1%**	**97.1**	**136,708**	**96.6**
Other	4,855 +1.2%	2.9	4,797	3.4
Total	166,367 +17.6%	**100.0**	**141,505**	**100.0**

Breakdown of Domestic and Overseas Sales

	Millions of Yen			
	Apr. 1, 2002 – Mar. 31, 2003		Apr. 1, 2001 – Mar. 31, 2002	
	Amt	%	Amt	%
Domestic	83,053 -13.9%	49.9	96,422	68.1
Overseas	83,313 +84.8%	50.1	45,083	31.9
Total	166,367 +17.6%	**100.0**	**141,505**	**100.0**

(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 – Mar. 31, 2003			Apr. 1, 2001 – Mar. 31, 2002		
Customer	*Amt*	*%*	*Customer*	*Amt*	*%*
Ras Laffan LNG Co., Ltd.	23,811	14.3	Ras Laffan LNG Co., Ltd.	10,818	7.6

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