CHIYODA CORPORATION

Consolidated Financial Results

for the Six-Month Period Ended September 30, 2003

CHIYODA CORPORATION

Summary of Financial Statements (Consolidated)

for the Six-Month Period Ended September 30, 2003

Listed Exchanges	Tokyo
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Date of the Meeting of the Board of Directors Concerning Consolidated Settlement of Year-End Accounts	November 13, 2003
U.S. GAAP Accounting Principles	Not adopted

Consolidated Business Results

for the Six-Month Period Ended September 30, 2003

1) Consolidated Business Results

	Millions of Yen					
	Apr. 1, 2003 – Sept. 30, 2003		Apr. 1, 2002 – Sept. 30, 2003		Apr. 1, 2002 – Mar. 31, 2003	
		Change (%)		***Change (%)***		***Change (%)***
Net Sales	88,679	27.9	69,344	(3.2)	166,367	–
Operating Profit	2,495	142.3	1,029	–	1,548	–
Ordinary Profit	3,011	84.6	1,631	–	2,393	–
Net Profit for Six-Month Period	2,162	(12.8)	2,479	–	1,999	–
Net Profit per Share (¥)	11.68		13.38		10.79	
Fully Diluted Net Profit per Share (¥)	11.40		13.36		10.77	

(Notes)

(1) Gain from investments in subsidiaries and affiliates accounted for by the equity method:
- Six-month period ended September 30, 2003: 171 million yen
- Six-month period ended September 30, 2002: 818 million yen
- Year ended March 31, 2003: 1,000 million yen

(2) Average number of outstanding shares (consolidated) during the period:
- Six-month period ended September 30, 2003: 185,140,984 shares
- Six-month period ended September 30, 2002: 185,348,769 shares
- Year ended March 31, 2003: 185,293,208 shares

(3) Changes to accounting principles: None

(4) Percentages for construction contracts, operating profit, ordinary profit, and net profit 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	138,063	134,500	120,297
Shareholders' Equity	18,715	17,127	16,669
Equity Ratio (%)	13.6	12.7	13.9
Shareholders' Equity Per Share (¥)	101.11	92.42	90.01

(Notes)Outstanding shares (consolidated) at the end of the period:
- Six-month period ended September 30, 2003: 185,098,165 shares
- Six-month period ended September 30, 2002: 185,321,760 shares
- Year ended March 31, 2001: 185,199,189 shares

3) Consolidated Cash Flows

	Millions of Yen		
	Apr. 1, 2003 – Sep. 30, 2003	Apr. 1, 2002 – Sep. 30, 2002	April 1, 2002 – Mar. 31, 2003
Net cash provided by (used in) operating activities	(3,378)	5,103	6,939
Net cash provided by (used in) investing activities	(673)	(289)	(873)
Net cash provided by (used in) financing activities	(241)	(4,591)	(9,544)
Cash and cash equivalents at end of period	31,145	38,828	34,940

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

Number of consolidated subsidiaries:	21
Number of non-consolidated subsidiaries accounted for by the equity method:	0
Number of affiliates accounted for by the equity method:	6

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

Consolidated subsidiaries:	(Newly included)	0
	(Excluded)	3
Companies accounted for by the equity method:	(Newly included)	0
	(Excluded)	2

Consolidated Results Forecast
for the Year Ending March 31, 2004

	Millions of Yen
	Apr. 1, 2003 – Mar. 31, 2004
Net Sales	200,000
Ordinary Profit	5,000
Net Profit	4,100

(Note)

Projected net income per share for the year ending March 31, 2004: 22.15 yen

Figures less than ¥1 million are omitted. Refer to attached materials on page 15 for assumptions on the forecast above and related matters.

(1) State of the Group

The Chiyoda Group of Companies consists of the parent company, 21 subsidiaries, and 6 equity method affiliates. As a group of engineering companies, the Group provides customers with the most effective solutions for their needs, and bases its business upon its function as solutions provider. By combining and deploying the resources and expertise of each era, group company, and conducting operations as a single unit, the Group is able to flexibly meet the needs of each region and its customers. The Group's business is divided into Engineering Businesses and Other Businesses, and the Group's structure is outlined below.

Chiyoda Customers

Chiyoda Corporation

Engineering, procurement construction, and commissioning

Engineering, Construction & Maintenance
*1 Chiyoda Kosho Co., Ltd.
Plant engineering, construction, and maintenance of energy and chemical plants
*1 Chiyoda Techno Ace Co., Ltd.
Engineering and construction of pharmaceutical factories, laboratories, and research centers
*1 Chiyoda Keiso Co., Ltd.
Electrical and instrumentation engineering, equipment supply, installation and maintenance

Consulting
*1 U-Tech Consulting Co., Ltd.
Consulting for industrial and social, regional development

Advanced Engineering
*1 Chiyoda Advanced Solutions Corporation
Computer aided engineering analysis, plant life cycle engineering and risk management, utilization of space environment, etc.

Regional 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)

Other businesses

Finance, Accounting, Tax
*1 Arrow Business Consulting Corporation
Consulting services for finance and accounting

Airfreight and Spare Parts Supply
*1 Arrowhead International Corporation
Travel and air cargo agent, spare parts supply

Information System Development
*2 IT Engineering Limited
IT solutions and software development

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

Overseas Accounting and Finance
*1 Chiyoda Asia Pacific (Pte) Limited (Singapore)
Consulting on accounting and finance

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

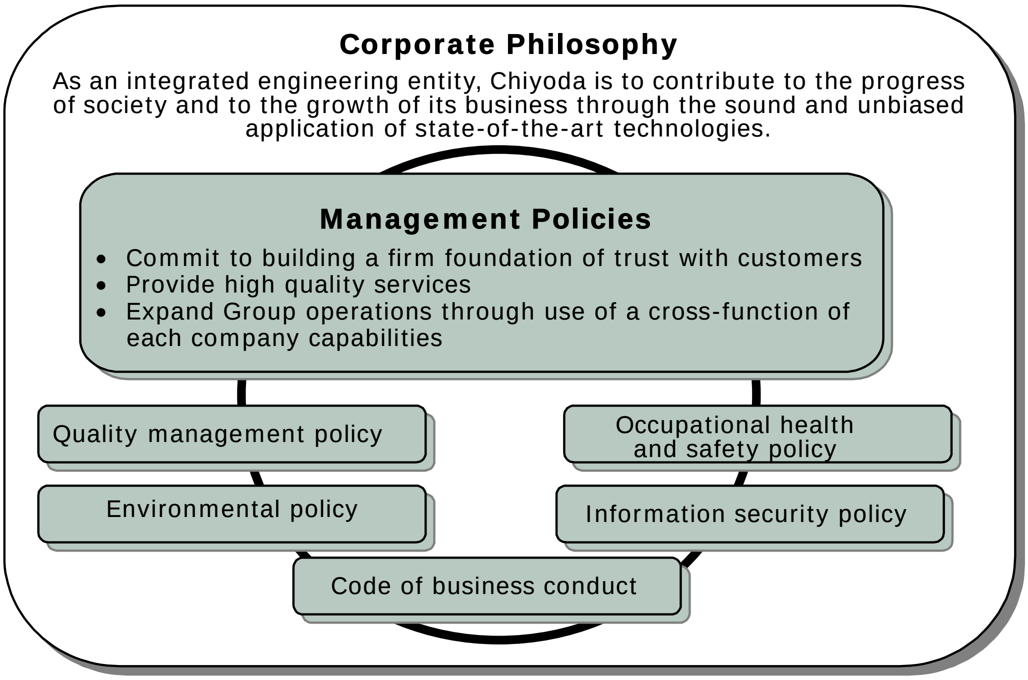
Direct Client Orders (white arrow)

Contracted Business, Entrusted Businesses (grey arrow)

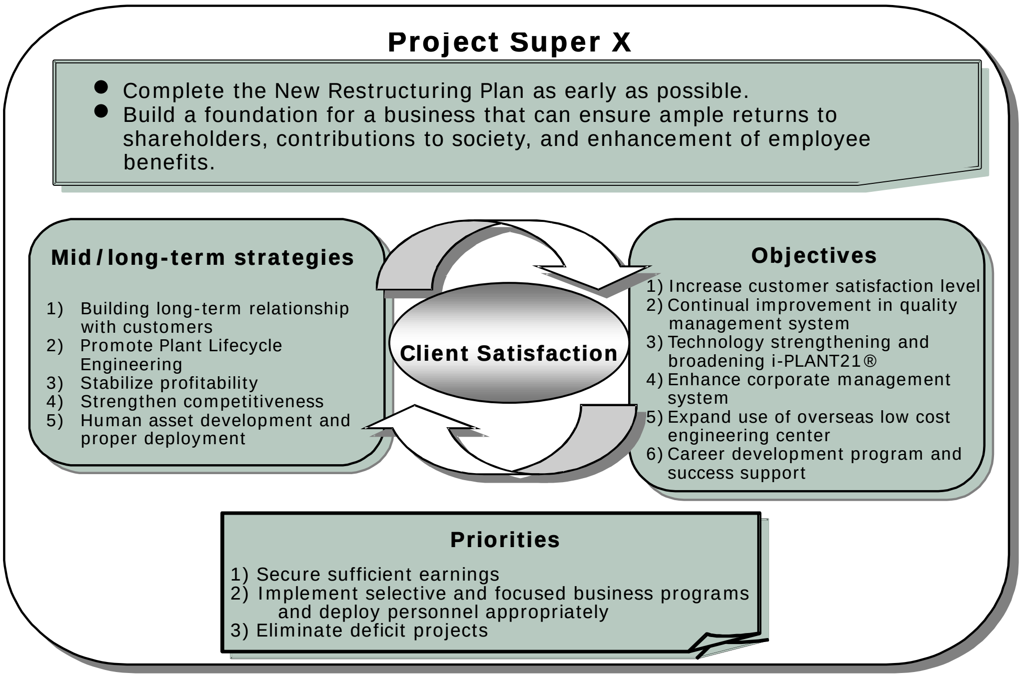
(2) Management Policies

1. Basic Management Policies

The Group bases its corporate activities on earning the trust and empathy of its customers together with their satisfaction.



Medium- and Long-Term Business Strategy



The Group's New Restructuring Plan, which runs though the fiscal year ending March 31, 2006, was approved in fiscal 2001 and is currently in progress. Of the objectives laid out in the New Restructuring Plan, those dealing with financial restructuring, reduction of personnel and fixed costs, review of business sectors, and re-examination of Group companies were accomplished by the end of March, 2002, and objectives dealing achieving positive profitability in terms of operating, ordinary, and net profit on schedule with the fiscal close on March 31, 2003.

In order to achieve the objectives of the New Restructuring Plan as early as possible, the Group launched the Project Super X program, beginning in April 2001. Project Super X dealt not only with early achievement of New Restructuring Plan objectives, but also with strengthening all aspects of Group operations, including sales, project execution, management, finance, and human resources, and cultivating a new business model. These efforts will create the foundation upon which the Group will be able to meet the expectations of stockholders, contribute to the community, and provide fulfilling benefits for its employees, and the Group places utmost importance upon this priority.

Within the specific priority, the mid-to-long-term management strategy is set as seen below, and executives and employees have united in their efforts to achieve the Group objectives. In executing the plan, besides setting priority goals for each strategic theme, developing action plans and managing its progress, we introduced the balanced scorecard method, which is used to integrate each strategic theme. The balance scorecard enables management to maintain overall control by keeping them aware of progress among the various strategic themes, which results in higher management quality.

1) <u>Building long-term relationships with customers [Customer Viewpoint]</u>
To companies and customers that aim at sustainable development, our Group will make a concentrated investment of management resources and advanced technologies that bring high added value. The Group aims to be much more than a plant supplier; instead we plan to build and maintain selected lifetime partnerships with our customers.

2) <u>Promote Plant Lifecycle Engineering (PLE) [Customer Viewpoint]</u>
In addition to strengthening our conventional business model (EPC: Engineering, Procurement, Construction), the Group promotes a new business model called PLE, meaning Plant Lifecycle Engineering, which should contribute toward making our customer's assets more competitive.

PLE: Plant Lifecycle Engineering is a service provided by our Group, which optimizes all aspects of a customer's capital plant investment, beginning with the investment plan, and moving through EPC, maintenance, operation, revamping and remodeling, and decommissioning, and on to proposals on the next investment plan. PLE assumes mutual access to a common database with the customer, and includes analysis of trade-offs concerning cost, quality, stable production, occupational health and safety, ecological burden, and so on.

3) <u>Stabilize profitability [Financial Viewpoint]</u>
One of the Group's strengths is project execution capability. To that strength, we are adding a greater element of risk management, which will help make sure we take on projects with high probability and low risk. In addition, Group companies are paying strict attention to achieving a positive cash flow provided by operational activities.

4) Strengthen competitiveness [Business Process Viewpoint]
As the Group further improves operational efficiency with the use of IT, operations should move more quickly as well. In addition, we will continue to broaden and strengthen the functions of our low cost engineering centers, promote their strategic alliances with other companies, and strengthen our overall competitiveness.

5) Human asset development and proper deployment [Personnel and Reform Viewpoint]
The Group considers it vital to develop and nurture our human assets and to maintain flexibility in deploying those assets, thereby consolidating our position as a front runner among world engineering corporations.

3.Managerial index objectives

Under the Group's New Restructuring Plan, eliminating the accumulated loss is the first priority and goal. However, that goal should be achieved by the fiscal year ending March 2005, one year earlier than originally planned. The Group is now executing Project Super X, which ensures that the goal will be achieved.

4.Basic policy concerning profit allocation

The Group is aware that early elimination of accumulated loss is the greatest return we can offer our shareholders. At the same time, we realize that eliminating loss will lead to sustainable growth for our business and improvement of benefits for our employees. The Group is putting every effort into execution of Project Super X, in order to return to our intrinsic corporate values and achieve the profitability required to offer dividends every year.

5.Thinking and policies concerning the reduction of the minimum investment unit

The Group is aware that the number of shareholders has increased and that our shares the liquidity of our shares is of great importance. Because of that awareness, the Group reformed the method with which we hold our annual general shareholders' meetings, (we no longer merely read the report to the shareholders, but instead, prepare audiovisual aids for the presentation.), prepared a new Website (we present information aimed at giving investors a better view of the Group), and are working on preparing more detailed annual and interim reports.

As a result of these efforts, we believe that our shares have achieved a high degree of liquidity, and we will continue in our efforts to provide more and better investor-oriented information and thereby achieve further liquidity for our shares.

Concerning the reduction of the minimum investment unit, whenever necessary because of market trends, and when it is required to the benefit of our shareholders, then we will consider taking the actions necessary.

6.Issues that must be dealt with

The Group is engaged in the following issues with the aim of achieving a return to healthy business conditions and sustainable mid-to-long-term growth. In addition to objectives and progress management for each issue, we plan to introduce the aforementioned balance scorecard, and achieve an integral control system that more effectively manages among and between the issues.

1) Increasing customer satisfaction level [Customer Viewpoint]
The Group feels it is important to assess the level of customer satisfaction periodically to uncover changes in customer needs and market trends. This data will be used to strengthen the Group's ability to cope with such changes, while maintaining a certain level of tension among operating personnel.

2) <u>Continual improvement in quality management system [Customer Viewpoint]</u>
One of the Group's great strengths is project execution capability. We redefined project execution as a continual improvement cycle framework under our strict quality management system.

3) <u>Strengthening and broadening our i-Plant21® technology [Business Process Viewpoint]</u>
The Group will continue to expand the applicability of our proprietary **i-Plant21®** integrated project engineering system, which puts data from E (engineering), P (procurement) and C (construction) seamlessly into a database. In addition, we have formed a strategic alliance with Intergraph Corporation, one of the United States' leading companies in the field of engineering software. This enables us to combine our database and the EPC experience, expertise, and know-how (**i-Plant21®)** with **SmartPlant® Foundation**, Intergraph's engineering data warehouse, to speed the development of our second-generation **i-Plant21®,** which will further strengthen our competitiveness.

4) <u>Enhancing corporate management system [Financial Viewpoint]</u>
The Group plans to strengthen our project monitoring systems so that we can catch the inklings of risk at a very early stage. The entire Group is working to integrate IT systems, which will speed up the gather management information, and build a system to integrate, concentrate, and manage cash to headquarters, helping optimize Group cash flow from operating activities and financial management.

5) <u>Broaden use of overseas low cost engineering centers [Business Operations Viewpoint]</u>
Our Group plans to aggressively broaden the functions of our overseas engineering subsidiaries, while maintaining the quality of both overseas and domestic construction projects and achieving more competitive costs. In addition, our virtual single office operation system (Chiyoda and Group companies at home and abroad share a common IT foundation that makes it seem as if everyone is in the same office, so operations move ahead smoothly), which shares the project execution IT infrastructure, works to make operations even more efficient.

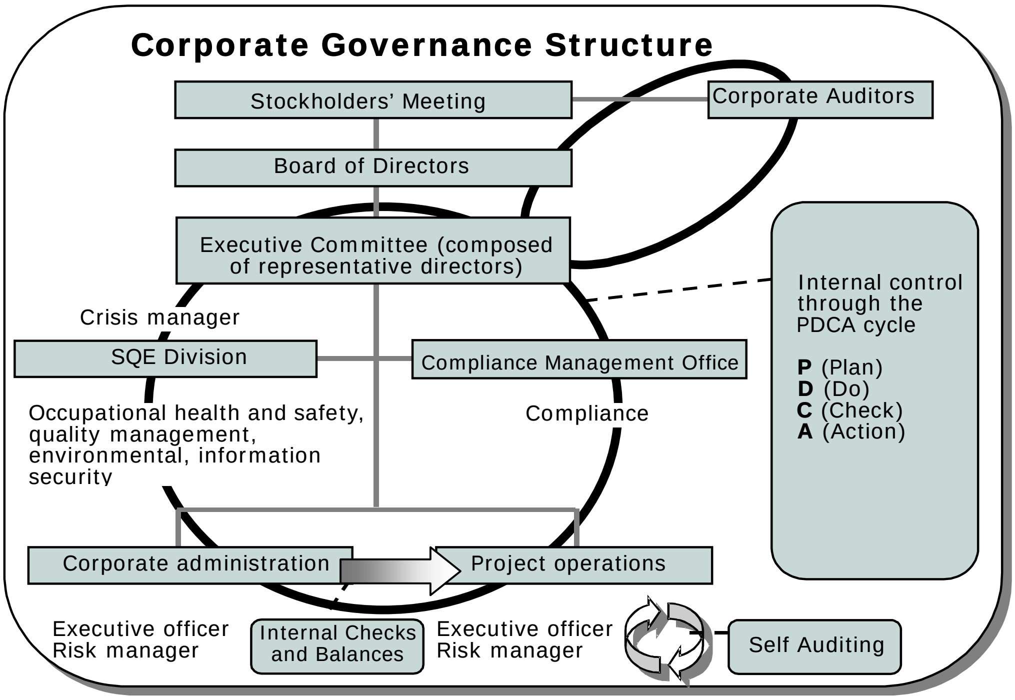
6) <u>Career development program and success support [Personnel and Reform Viewpoint]</u>
The Group has set up an organization of professionals to create a personnel development program that crosses the entire Group and works from a mid-to-long-term viewpoint to plan, do, evaluate, and revise, as our programs move forward in strengthening our personnel and taking them up to the highest of professional levels. In addition, within the Group, we will review all personnel and their positions, adjusting as necessary, so that we have the right people in the right jobs throughout the organization.

7.Actions taken to develop our operations management organization (reinforcement of Corporate Governance)

1) <u>Basic thinking on corporate governance</u>
The Group understands that all corporate activities should basically be undertaken with the objective of attaining the trust of customers and society alike, beginning with the shareholders. Therefore, the Group strives for transparency and integrity in all such activities.

2) The situation concerning execution of corporate governance

The corporate governance program, including decision-making, and the organizations concerned with management and execution.



Chiyoda Corporation adopts a corporate auditor system, in accordance with the Commercial Code, Law No.188, Article 2, Item 7-2, has one outside director, and in accordance with Commercial Code, Law No. 18, Article 1, has three outside auditors.

In the fiscal year starting in April 2001, Chiyoda instituted an executive officer system, which strengthens operations management functions by separating execution from decision-making.

Concerning decision making, the company has set up an executive committee to cope with the economic situation and with rapid changes in society at large. The executive committee consists of representative directors, and unanimous votes are necessary for decisions concerning important business executions. Corporate auditors attend executive committee meetings, and express their opinions when asked to do so. The executive committee contributes to quick, transparent decision-making process.

Day-to-day operations move ahead based on the decisions made by the Board of Directors and the executive committee. The executive officers, in executing the policies of the Board of Directors, consult with such outside sources as legal advisors and lawyers as they carry out their responsibilities. The executive officers report accordingly on the progress of the business executions at executive officers committee or executive committee meetings at which directors and/or auditors are in attendance. Directors oversee executive officers, and auditors ascertain that directors' actions are within legal boundaries.

Organizations attached to the executive officers committee audits business operations for compliance, occupational health and safety, quality, environmental issues, and information security management. If there is doubt about any facet of the operations being audited, the executive officers committee is informed immediately. The organizations do not conduct one-way audits as it were, but maintain constant communications with the various sectors, which enables them to emphasize knowing in advance of probable problems, so they can be discussed and solutions found before the fact.

On the other hand, individual projects get double checked, once by the project team, which audits its own project and controls profitability, and a second time by the audit department. This kind of double check helps assure transparent business operations.

These interlinking systems assume the operations cycle (plan→do→confirm by management →countermeasure) is strictly adhered to, and confirm that the management layer is monitoring project execution and understands the internal check functions and make the most of those functions.

During the fiscal semester covered by this report, professional audit staff in corporate administration started project audits, which examine the project execution plans from the viewpoint of management. We feel this new internal audit program will add to the transparency and internal checks and controls of our Group operations.

8. Basic policies concerning related parties (Chiyoda Corporation, etc.,)
Chiyoda Corporation's major shareholder, Mitsubishi Corporation, which holds more than 10% of the voting stock, is also a certain supplier of the materials our Group uses in executing our projects. Furthermore, we have a broad-ranging business relation with that shareholder. We intend to continue this relationship and to strengthen it.

Chiyoda's external board member is the Chairman of Kellogg Brown and Root (KBR) of the United States. KBR competes with Chiyoda in certain areas and we have technology alliances with the company in the field of petroleum and petrochemicals. Further, through a special purpose company, KBR is a Chiyoda shareholder.

Chiyoda has one outside auditor, a former managing director of the Bank of Tokyo-Mitsubishi and a former Associate Director of Mitsubishi Trust and Banking. These two banks are major shareholders of Chiyoda stock as well as important financial service providers to the company.

(3) Business Results and Financial Conditions

1. Consolidated business results for the fiscal semester ended September 30, 2003
During this fiscal semester, Japan's economy became to see a slight increase in capital investment with consumer spending remaining flat. With the recovery shown by the U.S. economy, the export environment showed an upturn and domestic share prices rose, which showed that economic recovery was on its way. However, overseas conditions saw stagnation in Europe, and adverse effects of SARS (Sudden Acute Respiratory Syndrome) on Asian economies. Nevertheless, China, which is a desirable market in the mid-to-long term, continued to exhibit strong growth.

The Japanese plant market got stronger on demand for low-sulphur fuel projects by oil companies and resin plants by Japanese chemicals companies investing in China. In addition, the government has instructed thermal power plants to convert to LNG to reduce CO_2 emissions, and work on those conversions has begun. In the move to clean fuels, natural gas is a focus of attention, and feasibility studies are under way in the increasingly active field of LNG receiving terminal construction.

Overseas, production of natural gas in the United States is on a downward trend, and that country is expected to boost imports of LNG aggressively to fill the gap. As markets deregulate, many European countries are starting new gas supply concerns, even though the overall volume of LNG imported to Europe is still on the rise. Britain, specifically, announced a new LNG importation program. India signed an LNG supply agreement with Qatar, China has come to agreements with Indonesia and Australia, so the continuing shift to gas is clear. On the other hand, although political instability and fear of terrorism in the Middle East continue, countries in the region are still engineering and constructing new gas treatment plants, LNG and LPG plants.

Operating in these markets and economic conditions, Chiyoda concentrated on securing new orders, and, as planned, was able to garner a large-scale project. As a result, of the ¥270 billion forecast for the fiscal year, about 90% was achieved during this fiscal semester, amounting to ¥241,522 million, an increase of 138.6% over the same fiscal semester last year. A breakdown of orders received shows ¥40,934 million in the domestic market, a decrease of 1.4%, and ¥200,588 million in overseas markets, an increase of 235.9%.

Major new orders received included:
- Sakhalin II LNG Project for Russia (Grass-roots LNG plants and an addition to crude oil export facilities)
- Additional gas processing plants for RasGas in Qatar
- Offsite and utility facilities for ExxonMobil’s Al-Khaleej Gas Project Phase-1
- Kamisu LPG stockpiling terminals project
- Additional oil storage tankage expansion project of San-Ai Plant Co., Ltd.
- Polyvinyliden chroride (PVDC) production plant project for joint venture of Kureha Chemical Industry Co., Ltd. in China.
- No.10 hydrodesulfurization plant project at the Mizushima Refinery for Nippon Petroleum Refining Co., Ltd.
- FEED work of No.4 LPG train for United Arab Emirates (UAE)

In consolidated projects completed, steady progress in large-scale projects brought projects-completed for the fiscal semester to ¥88,679 million, a 27.9% increase over last year's figure at this time, and 10% above the ¥80 billion estimated at the beginning of the fiscal year. A breakdown of completed projects shows ¥27,848 million in the domestic market, a decrease of 8.5%, and ¥60,831 million in overseas markets, an increase of 56.3%.

Major projects completed included:
- The completed portion of construction on LNG plant (Train 3) for Qatar
- The completed portion of construction of an ethylene plant for Saudi Arabia
- The completed portion of construction of an LNG plant for Oman
- The completed portion of construction of the Sakhalin II LNG Project for Russia
- The completed portion of construction of a methanol plant for Saudi Arabia
- A CDU revamping and construction of a crude oil splitter for Taiyo Oil Co., Ltd.
- LNG plant (Train 3) debottlenecking study for Qatar
- Basic engineering for acetic acid project phase I for Guizhou Crystal Organic Chemical Group Co., Ltd.

In profits and losses, stricter choices of projects, improved project execution and risk management, plus improvement of profitability of each individual project, combined with reductions in selling, general and administrative expenses, resulted in a major increase in operating profit of 142.3% over last year, to a total of ¥2,495 million. Ordinary profit came to ¥3,011 million, 115% above last year’s amount of the ¥1,400 million estimated at the beginning of the fiscal year. Net profit for the semester reflects a deduction in the allowance for doubtful accounts due to decrease of loans whose recovery are in doubt and deferred tax assets resulting from the recovering economy, reaching ¥2,162 million, or 116% of the ¥1.0 billion estimated for the entire fiscal year.

Change in Business Results (Consolidated)

	Billions of Yen			
	Apr.1–Sept.30, 2001	Apr.1–Sept.30, 2002	Apr.1–Sept.30, 2003	(Ref.) Apr.1, 2003 – Mar.31, 2004
Orders Received	99.1	101.2	241.5	249.0
Completed Projects	71.6	69.3	88.6	166.3
Operating Profit	(1.9)	1.0	2.4	1.5
Ordinary Profit	(1.7)	1.6	3.0	2.3
Net Profit	0.2	2.4	2.1	1.9

Revisions of Consolidated Interim Business Results Forecasts for Fiscal Year Ending March 31, 2004 (April 1, 2003 – March 31, 2004)

	Millions of Yen, %		
	Projects completed	Ordinary profits	Interim net profits
Forecasts announced on May 16, 2003 (A)	80,000	1,400	1,000
Forecasts announced on September 30, 2003 (B)	88,679	3,011	2,162
Increase/decrease (B-A)	8,679	1,611	1,162
Increase ratio	10.8	115.1	116.2
Interim business results ending September 30, 2002	69,344	1,631	2,479

Non-consolidated orders received amounted to ¥213,238 million, or an increase of 163.3% over the same period of the previous year, achieving in the first semester over 90% of the ¥230 billion estimated at the beginning of the fiscal year. Of the total, ¥2,816 million, or a decrease of 2.1% from the previous year, came from domestic sources, and ¥185,132 million, or an increase of 254.3% over the previous year, from overseas sources. Non-consolidated projects completed amounted to ¥7,073 million, or an increase of 17% from ¥60 billion estimated at the beginning of the fiscal year. Of that amount, ¥14,224 million, or an increase of 1.1% over the same period of the previous year, was domestic and ¥56,479 million or an increase of 57.1% over the previous year, was from overseas.

As for profits and losses, operating profit amounted to ¥1,238 million, or an increase of 329.2%, and ordinary profit was ¥1,596 million or 22% above ¥1.3 billion estimated at the beginning of the fiscal year. Net profit for the fiscal semester was ¥735 million, falling short of the initial forecast of ¥1 billion by 26%.

Revisions of Non-Consolidated Interim Business Results Forecasts for Fiscal Year Ending March 31, 2004 (April 1, 2003 – March 31, 2004)

	Millions of Yen, %		
	Projects completed	Ordinary profits	Interim net profits
Forecasts announced on May 16, 2003 (A)	60,000	1,300	1,000
Forecasts announced on September 30, 2003 (B)	70,703	1,596	735
Increase/decrease (B-A)	10,703	296	(265)
Increase ratio	17.8	22.8	(26.5)
Interim business results ending September 30, 2002	50,013	1,850	2,937

2.Financial Conditions for the fiscal semester ended September 30, 2003

1) Assets, liabilities, and shareholders' equity as of September 30, 2003

Assets

Fixed assets as of September 30, 2003, were ¥375 million lower than at the same time in the previous year. This was due to a decrease in foreign-currency long-term accounts receivable because of the appreciation of the yen. Current assets increased by ¥18,141 million because of an increase in jointly controlled asset of joint ventures involved in large projects. As a result, total assets increased by ¥17,765 million from the previous year ending March 31, 2003.

Liabilities

Notes and accounts payable such as outstanding balance on construction, decreased by ¥4,313 million. However, total liabilities increased by ¥15,713 million from the same time in the previous year because the amount received on incomplete construction contracts increased by ¥16,217 million and the allowance for retirement benefits was increased by ¥578 million.

Shareholders' Equity

Shareholders' equity increased by ¥2,046 million over last year's figure, due to an increase in the interim net profit. However, the shareholders' equity to assets ratio rose to 13.6% thanks to an increase in total assets, remaining almost the same as the ratio at the end of the last fiscal year.

2) Cash flow for the fiscal semester ended September 30, 2003

Net cash provided by operations

The interim profit before income taxes and minority interests was ¥1,787 million, accrued consumption tax payable increased by ¥668 million, and depreciation increased by ¥595 million. Retirement benefits payable increased by ¥578 million. In addition, profits of operating funds (total increase or decrease for notes and accounts receivable, cost of construction in progress, notes and accounts payables, and advance receipts on construction contracts) increased by ¥1,694 million. However, the net cash provided by operating activities resulted in minus ¥3,378 million, due to an increase of ¥11,585 million in jointly controlled assets of joint ventures.

Jointly controlled assets of joint ventures indicate the amount of Chiyoda's portion in the settlement of accounts of the joint venture contracts in which Chiyoda is involved. It is essentially Chiyoda's portion of the deposit amount of the joint venture account. The net cash provided by operational activities considering this point results in ¥826 million.

Net cash used in investments

The net cash provided by investing activities resulted in minus ¥673 million as a result of IT-related software investments, although there was revenue by collecting long-term accounts receivable.

Net cash used in financing

Net cash used in financing resulted in minus ¥241 million by redemption of borrowings.

As a result of the above factors, the balance of cash and cash equivalents as of the end of September 2003 was ¥31,145 million yen, a decrease of ¥3,794 million yen over the previous year ending March 31, 2003.

Change in Financial Conditions (Consolidated)

		Billions of Yen			
		Apr.1–Sept.30, 2001	Apr.1–Sept.30, 2002	Apr.1–Sept.30, 2003	(Ref.) Apr.1, 2003 –Mar.31m 2004
Total Assets		130.9	134.5	138.0	120.2
Total Liabilities (*)		115.8	117.3	119.3	103.6
Shareholders' Equity		15.1	17.1	18.7	16.6
Net Cash provided by (used in):	Operating Activities	4.2	5.1	△3.3	6.9
	Investing Activities	0.3	△0.2	△0.6	△0.8
	Financing Activities	△6.1	△4.5	△0.2	△9.5
Balance of Cash/ and Cash Equivalents		32.5	38.8	31.1	34.9

**) Includes minority interests.*

Cash Flow Indices

	Apr.1–Mar.31, 2000	Apr.1–Mar.31, 2001	Apr.1–Mar.31, 2002	Apr.1–Sept.30, 2003
Shareholders' Equity per Total Assets	11.0%	11.7%	13.9%	13.6%
Shareholders' Equity at Market Value per Total Assets	35.3%	29.8%	49.9%	85.4%
Years for Debt Redemption (interest-bearing debt divided by operating cash flow)	––	2.7	2.7	––
Interest Coverage Ratio (operating cash flow divided by interest expense)	––	17.5	11.7	––

Ref.: Years of debt redemption by cash flow provided by operating activities is essentially 2.2 years and interest coverage ratio is essentially 40.0.

3. Outlook for FY2003 Business Results

Concerning the outlook for the remainder of the fiscal year, progress of reforms undertaken by the central government as well as the appreciating yen cause some reservations, but slowly increasing corporate profits are among the hopeful signs of a continuing recovery.

In Japan, we can expect continuing orders for gasoline desulfurization projects from the domestic oil industry. In addition, the movement among petrochemical companies to seek ways of strengthening competitiveness on the industrial complex level, petroleum corporations and other companies are instigating energy conservation policies, technological tie-ups, and so on, that affect entire geographical areas. Our Group takes advantage of its storehouse of technology to make effective proposals that should result in orders for large projects in the near future.

Overseas, with the Iraq War and other problems, the situation in the Middle East remains unclear, but the energy majors are clearly shifting toward the use of gas. Therefore, we can safely forecast continuing growth in gas-related projects worldwide, including major upstream facilities. That means our Group should be able to take maximum advantage of proprietary gas value chain service capabilities to further our business in the gas industry.

Based on the factors outlined above, for the fiscal year ending March 31, 2003, the Group forecasts new orders to reach ¥280 billion (¥270 billion estimated at the beginning of the fiscal year), net sales from construction contracts of ¥200 billion (same as the estimate at the beginning of the fiscal year), consolidated ordinary profit of ¥5 billion (¥4.2 billion estimated at the beginning of the fiscal year), and consolidated net income of ¥4.1 billion (¥3.4 billion estimated at the beginning of the fiscal year), assuming an exchange rate of ¥110 =US$1.00.

Non-consolidated results should see ¥230 billion (same as the estimate at the beginning of the fiscal year) in new orders received, ¥160 billion (same as the estimate at the beginning of the fiscal year) in completed projects, ¥3.5 billion (same as the estimate at the beginning of the fiscal year) in operating profits, and ¥3.3 million (same as the estimate at the beginning of the fiscal year) in net profit.

Once again, the Group plans to suspend payment of dividends.

[Cautions regarding forecasts]
Please note that the Outlook for Business Results contained in this report consists of projections of the future based on certain presuppositions, and that actual results may differ significantly from those projections due to many factors. Therefore please do not make judgments based only on the projections contained herein.

CHIYODA CORPORATION

Financial Statements

1. Consolidated Balance Sheets

	Millions of Yen								
	As of Sept. 30, 2002			As of Sept. 30, 2003			As of March 31, 2003		
			%			%			%
Assets									
Current Assets									
Cash and time deposits		40,090			32,272			36,112	
Notes and accounts receivable-trade		25,392			29,417			25,374	
Costs of construction contracts in process		30,943			27,273			21,105	
Deferred tax assets		263			854			194	
Jointly controlled asset of joint venture		8,914			20,257			8,672	
Other		5,505			5,533			6,098	
Allowance for doubtful accounts		(721)			(536)			(628)	
Total Current Assets		**110,387**	**82.1**		**115,071**	**83.3**		**96,929**	**80.6**
Fixed Assets									
Buildings and structures	6,582			6,663			6,675		
Accumulated depreciation	3,108	3,474		3,311	3,351		3,199	3,476	
Machinery and equipment	1,158			817			959		
Accumulated depreciation	940	217		616	200		825	134	
Tools, furniture and fixtures	5,186			5,196			5,177		
Accumulated depreciation	4,302	883		4,278	918		4,249	928	
Land		2,526			2,526			2,526	
Total property, plant and equipment		**7,102**			**6,998**			**7,067**	
Intangible fixed assets		**2,160**			**2,416**			**2,317**	
Investments and other assets									
Investment securities		3,917			4,341			4,206	
Long-term loans		555			671			631	
Long-term accounts receivable		5,853			5,405			5,793	
Long-term receivables		6,713			5,526			5,650	
Deferred tax assets		264			79			82	
Other investments		2,868			2,224			2,367	
Allowance for doubtful accounts		(5,323)			(4,409)			(4.485)	
Allowance for investment loss		--			(263)			(263)	
Total investments and other assets		**14,850**			**13,577**			**13,983**	
Total Fixed Assets		**24,112**	**17.9**		**22,991**	**16.7**		**23,367**	**19.4**
Total Assets		**134,500**	**100.0**		**138,063**	**100.0**		**120,297**	**100.0**

	Millions of Yen					
	As of Sept. 30, 2002		As of Sept. 30, 2003		As of March 31, 2003	
		%		%		%
Liabilities and Shareholders' Equity						
Current Liabilities						
Notes and accounts payable-trade	39,608		42,197		46,511	
Short-term loans	13,020		8,066		8,202	
Income taxes payable	483		132		294	
Advance receipts on construction contracts	42,028		41,389		25,172	
Deferred tax liabilities	12		—		—	
Indemnity allowance for completed construction	961		945		694	
Accrued bonuses	1,250		1,276		1,375	
Allowance for contingent loss	800		2,146		800	
Other	5,456		8,415		6,354	
Total Current Liabilities	**103,621**	**77.0**	**104,571**	**75.7**	**89,404**	**74.3**
Non-Current Liabilities						
Long-term debt	10,528		10,367		10,422	
Deferred tax liabilities	11		10		9	
Liability for retirement benefits	2,433		3,489		2,910	
Liability for retirement benefit to directors	211		309		270	
Other liabilities	85		93		111	
Total Non-Current Liabilities	13,270	9.9	14,271	10.1	13,724	11.4
Total Liabilities	**116,892**	**86.9**	**118,842**	**86.0**	**103,129**	**85.7**
Minority Interests	**480**	**0.4**	**504**	**0.4**	**499**	**0.4**
Shareholders' Equity						
Common stock	12,027	8.9	12,027	8.7	12,027	10.0
Additional paid-in capital	5,818	4.3	5,818	4.2	5,818	4.3
Retained earnings	(16)	(0.0)	1,312	1.0	(496)	(0.4)
Net unrealized loss on available-for-sale securities	11	0.0	18	0.0	10	0.0
Foreign currency translation adjustments	(692)	(0.5)	(360)	(0.2)	(642)	(0.5)
Treasury stock	(21)	(0.0)	(101)	(0.1)	(48)	(0.0)
Total Shareholders' Equity	**17,127**	**12.7**	**18,715**	**13.6**	**16,669**	**13.9**
Liabilities, Minority Interests and Shareholders' Equity	**134,500**	**100.0**	**138,063**	**100.0**	**120,297**	**100.0**

2. Consolidated Statements of Income

	Millions of Yen								
	Apr. 1, 2002 – Sept. 30, 2002			Apr. 1, 2003 – Sept. 30, 2003			Apr. 1, 2002 – Mar. 31, 2003		
			%			%			%
Construction Contracts		**69,344**	**100.0**		**88,679**	**100.0**		**166,367**	**100.0**
Cost of Construction Contracts		**63,852**	**92.1**		**82,098**	**92.6**		**155,924**	**93.7**
Gross profit		5,492	7.9		6,580	7.4		10,433	6.3
Selling, General and Administrative Expenses		**4,462**	**6.4**		**4,085**	**4.6**		**8,894**	**5.4**
Operating profit		1,029	1.5		2,495	2.8		1,548	0.9
Other Income									
Interest	147			176			331		
Dividend income	20			46			28		
Foreign exchange gain	—			303			—		
Equity in earnings of associated companies	818			171			1,000		
Rent income	—			—			205		
Other	263			186			186		
Total Other Income		**1,250**	**1.8**		**884**	**1.0**		**1,751**	**1.0**
Other Expenses									
Interest expense	284			202			528		
Cost of rent income	—			49			93		
Foreign exchange loss	242			—			178		
Other	121	648	0.9	115	367	0.4	106	906	0.5
Ordinary profit		1,631	2.4		3,011	3.4		2,393	1.4
Extraordinary Gain									
Reversal of allowance for doubtful accounts	1,461			199			1,167		
Gain on sales of investments in subsidiaries	314			—			314		
Adjustments to previous period earnings	—			—			184		
Other	239			0			42		
Total Extraordinary Gain		**2,015**	**2.9**		**200**	**0.2**		**1,708**	**1.0**
Extraordinary Loss									
Allowance for contingent loss carried over	800			1,346			800		
Loss on devaluation of golf membership	—			—			294		
Allowance for investment loss	—			—			263		
Loss on sale of fixed assets	75			—			79		
Other	94			78			155		
Total Extraordinary Loss		**970**	**1.4**		**1,425**	**1.6**		**1,593**	**0.9**
Profit before income taxes and minority interests		2,677	3.9		1,787	2.0		2,508	1.5
Income taxes current	888			267			951		
Refund of foreign tax	(317)			—			(317)		
Income taxes deferred	(388)			(659)			(146)		
Total Tax		**181**	**0.3**		**(392)**	**0.4**		**487**	**0.3**
Minority interests in net income		15	(0.0)		17	(0.0)		22	(0.0)
Net Profit		**2,479**	**3.6**		**2,162**	**2.4**		**1,999**	**1.2**

3. Consolidated Statements of Retained Earnings

	Millions of Yen					
	Apr. 1, 2002 – Sept. 30, 2002		Apr. 1, 2003 – Sept. 30, 2003		Apr. 1, 2002 – Mar. 31, 2003	
Capital Surplus						
Capital Surplus at Beginning of Period				5,818		
Capital surplus at beginning of period	5,818	5,818			5,818	5,818
Capital Surplus at End of Period		**5,818**		**5,818**		**5,818**
Retained Earnings						
Retained Earnings at Beginning of Period				(496)		
Consolidated retained earnings at beginning of period	(2,516)	(2,516)			(2,516)	(2,516)
Increase in Retained Earnings From:						
Net profit	2,479		2,162		1,999	
Consolidated subsidiaries	20		—		20	
Total Increase in Retained Earnings		**2,499**		**2,162**		**2,019**
Decrease in Retained Earnings From:						
Consolidated subsidiaries	—		352		—	
Total Increase in Retained Earnings		**—**		**352**		**—**
Retained Earnings at End of Period		**(16)**		**1,312**		**(496)**

4. Consolidated Statements of Cash Flow

	Millions of Yen		
	Apr. 1, 2002 – Sept. 30, 2002	Apr. 1, 2003 – Sept. 30, 2003	Apr. 1, 2002 – Mar. 31, 2003
Cash from Operating Activities			
Income before income taxes and minority interests	2,677	1,787	2,508
Depreciation and amortization	623	595	1,225
Decrease in allowance for doubtful accounts	(1,187)	(167)	(967)
Interest and dividend income	(168)	(222)	(359)
Interest expense	284	202	528
Foreign exchange - (net)	640	380	915
Equity in earnings of associated companies	(818)	(171)	(1,000)
Gain (loss) on sales of investment in subsidiaries	(314)	—	(314)
Loss on devaluation of investment securities	50	—	—
Gain on discharge of liabilities	75	—	90
Loss on devaluation of golf membership	—	—	294
Decrease (increase) in trade notes and accounts payable	2,187	(4,042)	1,144
Decrease (increase) in costs of construction contracts in process	(7,033)	(6,167)	2,804
Increase (decrease) in trade notes and accounts payable	(734)	(4,313)	6,167
Increase (decrease) in advance receipts on construction contracts	8,315	16,217	(8.540)
Increase (decrease) in accrued bonuses	33	(99)	158
Increase in retirement benefits	604	578	1,081
Indemnity allowance for completed contracts	126	251	(140)
Increase in allowance for investment loss	—	(0)	263
Increase in allowance for contingency loss	800	1,346	800
Increase in jointly controlled assets of joint ventures	—	(11,585)	—
Increase (decrease) in consumption taxes payable	(1,961)	668	(1,845)
Other	255	1,349	1,932
Subtotal	**4,456**	**(3,392)**	**6,747**
Interest and dividend income	1,390	462	1,576
Interest paid	(364)	(205)	(594)
Income taxes paid	(379)	(243)	(790)
Net Cash Provided by Operating Activities	**5,103**	**(3,378)**	**6,939**

4. Consolidated Statements of Cash Flow (continued)

	Millions of Yen		
	Apr. 1, 2002 – Sept. 30, 2002	Apr. 1, 2003 – Sept. 30, 2003	Apr. 1, 2002 – Mar. 31, 2003
Cash Flow From Investing Activities			
Payment for time deposits	(50)	(1)	(48)
Proceeds from refunds of time deposits with maturities	489	30	588
Payments for purchase of investment securities	(12)	(18)	(118)
Proceeds from sales of investment securities	2	—	7
Purchase of investment in consolidated subsidiaries	—	—	(30)
Proceeds from sales of investment in subsidiaries within the scope of consolidation	115	—	115
Purchase of property, plant and equipment	(144)	(266)	(296)
Proceeds from sale of property, plant and equipment	127	4	141
Purchase of intangible fixed assets	(408)	(466)	(852)
Proceeds from sale of intangible fixed assets	—	—	1
Net decrease in short-term bank loans	14	1	51
Long-term loans	(530)	(73)	(637)
Proceeds from collections of long-term loans	0	115	193
Other	107	0	11
Net Cash Used in Investing Activities	**(289)**	**(673)**	**(873)**
Cash Flow From Financing Activities			
Net decrease in short term bank loans	(4,148)	(45)	(8,717)
Proceeds from long-term debt	0	—	8
Repayments of long-term debt	(427)	(142)	(792)
Other	(15)	(53)	(42)
Net Cash Used in Financing Activities	**(4,591)**	**(241)**	**(9,544)**
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**(271)**	**498**	**(459)**
Net Increase in Cash and Cash Equivalents	**(48)**	**(3,794)**	**(3,937)**
Cash and Cash Equivalents at Beginning of Period	**38,677**	**34,940**	**38,677**
Increase in Cash and Cash Equivalents from New Consolidation	**200**	**—**	**200**
Cash and Cash Equivalents at End of Period	**38,828**	**31,145**	**34,940**

Segment Information

1. Industry Segments

The Company's latest six-month period was from April 1, 2002 to September 30, 2003. The previous six-month period was from April 1, 2002 to September 30, 2002, and the latest fiscal year was from April 1, 2002 to March 31, 2003. 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							
	Japan	Asia	Europe	North America	Others	Total	Eliminations (Corporate)	Consolidated
Sales 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: U.K., Germany and Poland.
North America: U.S.A.
Other regions: Nigeria.

(3) Changes in Accounting Principles:
1) As noted in *Changes in accounting processing*, starting from the six-month period ending September 2003, 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 *Allowances for retirement benefits (additional information)*, 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 Six-Month Period (From April 1, 2003 to September 30, 2003)

	Millions of Yen							
	Japan	Asia	Europe	North America	Others	Total	Eliminations (Corporate)	Consolidated
Sales								
Outside customers	84,956	3,696	26	–	–	88,679	–	88,679
Inter-segment	1	299	153	19	–	473	(473)	–
Total	84,957	3,996	180	19	–	89,153	(473)	88,679
Operating expenses	82,439	4,058	173	18	3	86,692	(508)	86,184
Operating profit (loss)	2,518	(62)	7	1	(3)	2,460	34	2,495

(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: U.K., Germany and Poland.
North America: U.S.A.
Other regions: Nigeria
(3) As noted in *Allowances for retirement benefits (additional information)*, 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, 2002 to March 31, 2003)

	Millions of Yen							
	Japan	Asia	Europe	North America	Others	Total	Eliminations (Corporate)	Consolidated
Sales								
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**

(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: U.K., Germany and Poland.
North America: U.S.A.
Other regions: Nigeria
(3) As noted in *Allowances for retirement benefits (additional information)*, 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.

3. Overseas Sales

Latest Six-Month Period (From 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 (From April 1, 2003 to September 30, 2003)

	Millions of Yen			
	Asia	Middle East	Other Regions	Total
Overseas sales	7,725	45,521	7,584	**60,831**
Consolidated net sales				88,679
Ratio of overseas to consolidated net sales	8.71%	51.33%	8.55%	**68.59%**

(Notes)
(1) Geographic segmentation is according to geographic proximity
(2) Countries and areas included in each region:
Asia: Thailand, China, and Indonesia.
Middle East: Qatar, Saudi Arabia, Oman, and Iran
Other regions: Russia and 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 Fiscal Year (From 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 net sales				166,367
Ratio of overseas to consolidated net 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 revenues of the Company and its consolidated subsidiaries that take place in countries or regions other than Japan.

CHIYODA CORPORATION

Production, Orders and Sales Situation

1. Orders

Business Segment	*Millions of Yen*											
	Apr. 1, 2002 – Sept. 30, 2002				Apr. 1, 2003 – Sept. 30, 2003				Apr. 1, 2002 – Mar. 31, 2003			
	New Orders		*Backlog*		*New Orders*		*Backlog*		*New Orders*		*Backlog*	
Engineering		*%*		*%*		*%*		*%*		*%*		*%*
Petroleum	4,719	4.7	33,133 [-2,952]	12.4	23,511 [398.2%]	9.7	22,312 [1,653]	4.9	9,732	4.0	14,315 [-3,360]	4.5
Petrochemical	17,533	17.3	55,706 [-1,845]	20.8	2,072 [-88.2%]	0.8	27,108 [-1,448]	6.0	18,236	7.3	43,945 [-2,236]	13.9
Chemical	25,978	25.7	35,451 [-238]	13.3	8,458 [-67.4%]	3.5	25,066 [1,812]	5.5	30,426	12.2	26,503 [-204]	8.4
Gas	28,789	28.4	107,675 [-5,014]	40.3	185,663 [554.9%]	76.9	342,407 [-9,642]	75.4	147,049	59.0	199,549 [-6,118]	63.1
Infrastructure	557	0.5	3,759 [-40]	1.4	1,119 [100.7%]	0.5	3,355 [7]	0.8	1,155	0.5	2,521 [-40]	0.8
General industries	1,988	2.0	4,529 [-7]	1.7	1,376 [-30.8%]	0.6	6,915 [1,024]	1.5	2,750	1.1	5,073 [-8]	1.6
Other	18,987	18.8	26,972 [-680]	10.1	17,493 [-7.9%]	7.2	26,786 [-8,464]	5.9	34,885	14.0	24,259 [-727]	7.7
Engineering, Total	**98,554**	**97.4**	**267,228 [-10,779)**	**100.0**	**239,695 [143.2%]**	**99.2**	**453,952 [-15,057]**	**100.0**	**244.238**	**98.1**	**316,167 [-12,696]**	**100.0**
Other	2,677	2.6	— [-17]	—	1,827 [-31.7%]	0.8	— [—]	—	4,855	1.9	— [—]	—
Total	**101,232**	**100.0**	**267,228 [-10,797]**	**100.0**	**241,522 [138.6]**	**100.0**	**453,952 [-15,057]**	**100.0**	**249,093**	**100.0**	**316,167 [-12,696]**	**100.0**

Breakdown of Domestic and Overseas Orders

	Millions of Yen											
	Apr. 1, 2002 – Sept. 30, 2003				Apr. 1, 2003 – Sept. 30, 2003				Apr. 1, 2002 – Mar. 31, 2003			
	New Orders		***Backlog***		***New Orders***		***Backlog***		***New Orders***		***Backlog***	
		%		**%**		**%**		**%**		**%**		**%**
Domestic	41,509	41.0	109,177 [-543]	40.9	40,934 [-1.4%]	16.9	96,622 [-68]	21.3	68,605	27.6	83,604 [-585]	26.4
Overseas	59,722	59.0	158,050 [-10,253]	59.1	200,588 [235.9%]	83.1	357,330 [-14,989]	78.7	180,488	72.4	232,562 [-12,111]	73.6
Total	**101,232**	**100.0**	**267,228 [-10,797]**	**100.0**	**241,522 [138.6%]**	**100.0**	**453,952 [-15,057]**	**100.0**	**249,093**	**100.0**	**316,167 [-12,696]**	**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 contract, 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					
Business Segment	Apr. 1, 2002 – Sept. 30, 2002		Apr. 1, 2003 – Sept. 30, 2003		Apr. 1, 2002 – Mar. 31, 2003	
Engineering		**%**		**%**		**%**
Petroleum	11,073	16.0	17,167 [55.0%]	19.4	34,496	20.7
Petrochemical	4,162	6.0	17,460 [319.5%]	19.7	16,236	9.9
Chemical	6,160	8.9	11,707 [90.1%]	13.2	19,589	11.8
Gas	22,690	32.7	33,163 [46.2%]	37.4	47,972	28.8
Infrastructure	175	0.2	292 [66.8%]	0.3	2,011	1.2
General Industries	1,502	2.1	559 [-62.7%]	0.6	1,719	1.0
Other	20,921	30.2	6,500 [-68.9%]	7.3	39,486	23.7
Engineering, Total	**66,685**	**96.1**	**86,852 [30.2%]**	**97.9**	**161,511**	**97.1**
Other	2,659	3.9	1,827 [-31.3%]	2.1	4,855	2.9
Total	**69,344**	**100.0**	**88,679 [27.9%]**	**100.0**	**166,367**	**100.0**

Breakdown of Domestic and Overseas Sales

	Millions of Yen					
	Apr. 1, 2002 – Sept. 30, 2002		Apr. 1, 2003 – Sept. 30, 2003		Apr. 1, 2002 – Mar. 31, 2003	
		%		**%**		**%**
Domestic	30,426	43.9	27,848 [-8.5%]	31.4	83,053	49.9
Overseas	38,918	56.1	60,831 [56.3%]	68.6	83,313	50.1
Total	69,344	100.0	88,679 [27.9%]	100.0	166,367	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 – Sept. 30, 2002			Apr. 1, 2003 – Sept. 30, 2003			Apr. 1, 2002 – Mar. 31, 2003		
Customer		***%***	***Customer***		***%***	***Customer***		***%***
Ras Laffan LNG Co., Ltd.	13,310	19.2	Ras Laffan LNG Co., Ltd.	12,100	13.6	Ras Laffan LNG Co., Ltd.	23,811	14.3

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

Appendix to Consolidated Financial Statements

Details of the changes in the *Article 4. Accounting Principles, C. Important Accounting Standards for Allowances, (6) Allowances for Retirement Benefits* are as follows. This is an essential part of the six-month consolidated financial statements.

(changes are underlined)

Previous Consolidated Six-Month Period (From April 1, 2003 to September 30, 2002)	Latest Consolidated Six-Month Period (From April 1, 2003 to September 30, 2003)	Previous Fiscal Year (From April 1, 2002 to March 31, 2003)
<u>(5)</u> Allowances for retirement benefits To prepare for employees' retirement benefits based on the projected amount of obligations for retirement benefits and pension assets at the end of the interim fiscal term, the Company posts the amount calculated that are identified as occurring in the current interim fiscal year. Regarding the difference at the time of change in accounting standards (12,123 million yen), an average over 15 years is processed as operating expenses, one half of which is assigned to the interim fiscal term. Actuarial differences 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 (<u>12 years</u>) equal to or less than the average remaining period of employment for employees working at the time that the difference occurred. One half of the year's losses are assigned to the current interim fiscal term. (additional information) For actuarial difference, since the average remaining period of employment for employees has dropped below <u>13 years</u>, the fixed number of years for processing of operating	<u>(6)</u> Allowances for retirement benefits To prepare for employees' retirement benefits, based on the projected amount of obligations for retirement benefits and pension assets at the end of the interim fiscal term, the Company posts the amount calculated that are identified as occurring in the current interim fiscal year. Regarding the difference at the time of change in accounting standards (12,123 million yen), an average over 15 years is processed as operating expenses, one half of which is assigned to the interim fiscal term. Actuarial differences 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 (<u>10 years</u>) equal to or less than the average remaining period of employment for employees working at the time that the difference occurred. One half of the year's losses are assigned to the current interim fiscal term. (additional information) For actuarial difference, since the average remaining period of employment for employees has dropped below <u>12 years</u>, the fixed number of years for processing of operating	(6) Allowances for retirement benefits To prepare for employees' retirement benefits, the Company posts an amount calculated based on the projected amount of obligations for retirement benefits and pension assets at the end of the current interim fiscal year. Regarding the difference at the time of change in accounting standards (12,123 million yen), an average over 15 years is processed as operating expenses. Actuarial differences 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. (additional information) For actuarial difference, 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" was changed to 12 years as of the end of the consolidated interim fiscal term from 13 years used at the end of the last fiscal year.

expenses based on the "fixed amount method" was changed to 12 years as of the end of the consolidated interim fiscal term from 13 years used at the end of the last fiscal year. This change will have only a slight effect on operating profit, ordinary profit, profit before income taxes and minority interests. In addition, information concerning the effect upon segment information is contained in the Segment Information section.	expenses based on the "fixed amount method" was changed to 10 years as of the end of the consolidated interim fiscal term from 12 years used at the end of the last fiscal year. This change will have only a slight effect on operating profit, ordinary profit, profit before income taxes and minority interests. In addition, information concerning the effect upon segment information is contained in the Segment Information section.	This change will have only a slight effect on operating profit, ordinary profit, profit before income taxes and minority interests. In addition, information concerning the effect upon segment information is contained in the Segment Information section.