CHIYODA CORPORATION

Consolidated Financial Results

for the Year Ended March 31, 2004

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

Summary of Financial Statements (Consolidated)
for the Year Ended March 31, 2004

Listed Exchanges	Tokyo
Head Office	Kanagawa, Japan
Stock Code	6366
President & CEO	Nobuo Seki
Inquiries	Kazuo Tokunaga, General Manager, Accounting Department
Telephone	+81-45-506-9410
U.S. GAAP Accounting Principles	Not adopted

Consolidated Business Results
for the Year Ended March 31, 2004

1) Consolidated Business Results

	Millions of Yen			
	Apr. 1, 2003– Mar. 31, 2004		Apr. 1, 2002 – Mar. 31, 2003	
		Change (%)		*Change (%)*
Net Sales..	206,816	24.3	166,367	17.6
Operating Profit..	5,881	279.8	1,548	—
Ordinary Profit	6,348	165.2	2,393	—
Net Profit..	6,646	232.5	1,999	—
Net Profit per Share (\\)................................	35.91		10.79	
Fully Diluted Net Profit per Share (\\)	34.99		10.77	
Return on Equity (ROE)	33.7%		12.6%	
Ratio of Ordinary Profit to Total Assets	4.8%		1.9%	
Ratio of Ordinary Profit to Net Sales	3.1%		1.4%	

(Notes)(1) Gain from investments in subsidiaries and affiliates accounted for by the equity method:
Year ended March 31, 2004: 155 million yen
Year ended March 31, 2003: 1,000 million yen

(2) Average number of outstanding shares (consolidated) during the period:
Year ended March 31, 2004: 185,100,716 shares
Year ended March 31, 2003: 185,293,208 shares
(3) Changes to accounting principles: None
(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, 2003– Mar. 31, 2004	Apr. 1, 2002 – Mar. 31, 2003
Total Assets..	142,859	120,297
Shareholders' Equity..................................	22,766	16,669
Equity Ratio	15.9%	13.9%
Shareholders' Equity per Share (\\)	123.04	90.01

(Notes) Outstanding shares (consolidated) at the end of the period:
Year ended March 31, 2004: 185,040,675 shares
Year ended March 31, 2003: 185,199,189 shares

3) Consolidated Cash Flows

	Millions of Yen	
	Apr. 1, 2003– Mar. 31, 2004	Apr. 1, 2002 – Mar. 31, 2003
Net cash provided by operating activities	15,580	6,939
Net cash used in investing activities	(1,277)	(873)
Net cash used in financing activities	(8,254)	(9,544)
Cash and cash equivalents at end of period	40,902	34,940

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

Number of consolidated subsidiaries:	20
Number of non-consolidated subsidiaries accounted for by the equity method:	0
Number of affiliates accounted for by the equity method:	5

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

Consolidated subsidiaries:	
Newly included	0
Excluded	4
Affiliates accounted for by the equity method:	
Newly included	0
Excluded	3

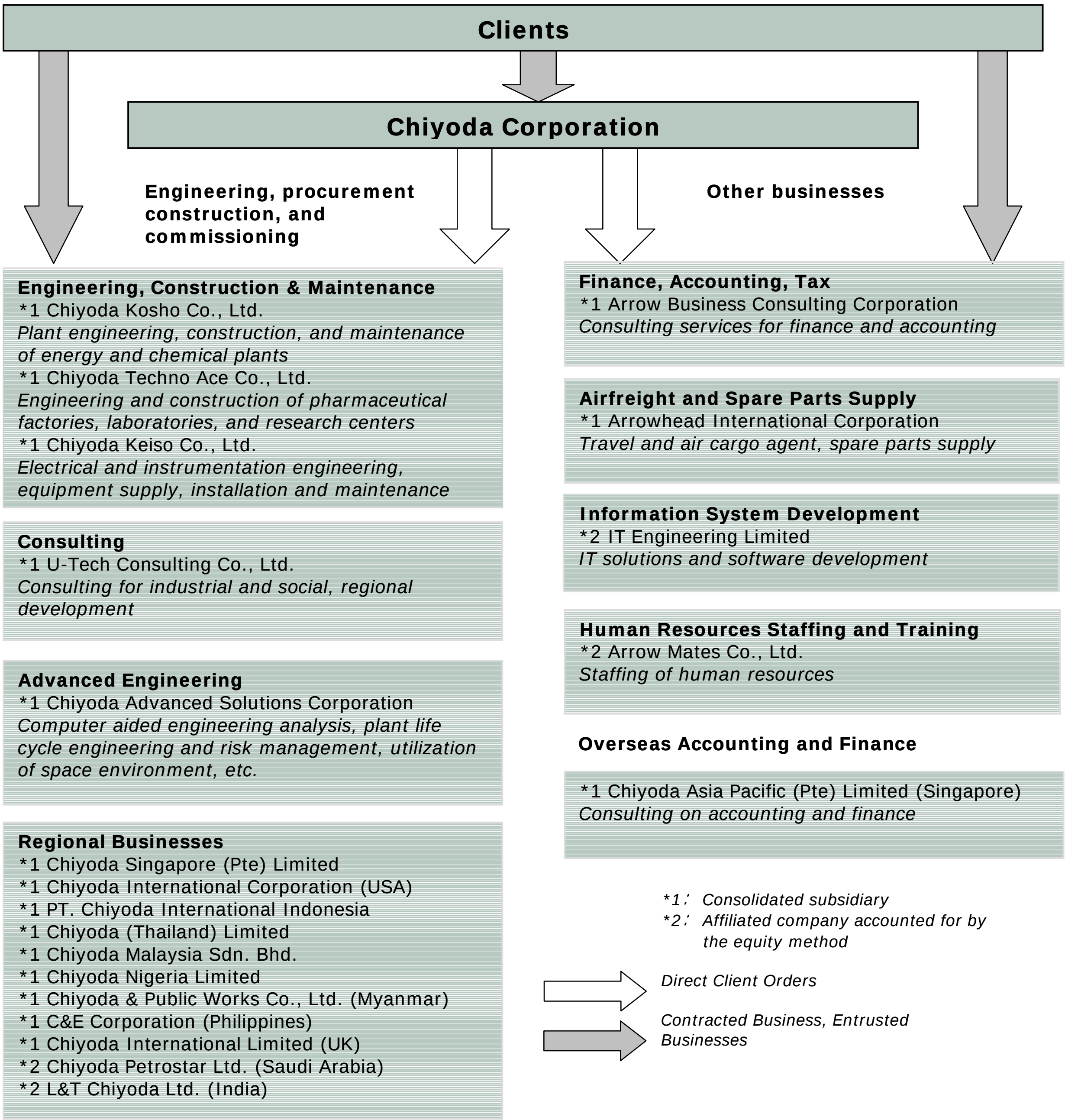
Consolidated Operations Forecast for the Year Ending March 31, 2005

	Millions of Yen	
	Apr. 1, 2004 – Mar. 31, 2005	
	Interim period	*Full term*
Net Sales	100,000	220,000
Ordinary Profit	3,300	7,100
Net Profit	3,400	7,300

(Note) Projected net income per share for the year ending March 31, 2005: 39. 45 yen

(1) State of the Group

The Chiyoda Group of Companies consists of the parent company, 20 subsidiaries, and 5 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.



(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.

Corporate Philosophy

As an integrated engineering entity, Chiyoda is to contribute to the progress of society and to the growth of its business through the sound and unbiased application of state-of-the-art technologies

Management Policies

- Commitment to building a firm foundation of trust with customers
- Provide high quality services
- Expand Group operations through use of a cross-function of each company capabilities

Quality management policy

Occupational health and safety policy

Environmental policy

Information security policy

Code of business conduct

Medium- and Long-Term Business Strategy

"Project Super X" Program

- Complete the New Restructuring Plan as early as possible
- Build a foundation for a business that can ensure ample returns to shareholders, contributions to society, and enhancement of employee benefits

Mid / long-term strategies

1) Build long-term relationship with customers
2) Promote Plant Lifecycle Engineering
3) Stabilize profitability
4) Strengthen competitiveness
5) Human asset development and proper deployment

Client Satisfaction

Objectives

1) Increase customer satisfaction level
2) Continual improvement in quality management system
3) Technology strengthening and broadening i-PLANT21®
4) Enhance corporate management system
5) Expand use of overseas low cost engineering center
6) Career development program and success support

Priorities

1) Secure sufficient earnings
2) Implement selective and focused business programs and deploy personnel appropriately
3) Eliminate deficit projects

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) Build long-term relationships with customers [Customer Viewpoint]

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) Promote Plant Lifecycle Engineering (PLE) [Customer Viewpoint]

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) Stabilize profitability [Financial Viewpoint]

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 concentrating on the following issues with the aim of achieving a broad-based recovery in operating results and sustainable growth over the medium and long terms.

1) Actions in individual business sectors to improve earnings

In the overseas plant market, rapid growth is foreseen in demand for gas value chain services in the United States, Europe, China, India and elsewhere. Furthermore, the construction of even larger plants is being planned in countries that produce natural gas. Accordingly, the Group is leveraging its solid reputation among customers for reliability to sustain stable growth in the Middle East while targeting opportunities in Russia and other regions of the world. One reason for this reputation is the Group's skills in gas value chain services. The Group is capable of supplying comprehensive engineering services for projects of all types, extending from upstream facilities to end users, to generate value from natural gas reserves anywhere in the world. Also backing up the Group's reputation is its outstanding track record. Every LNG plant constructed by the Group has been completed on time and operated with no accidents. In the petrochemicals sector, orders will be received and operations conducted by drawing on technologies of alliance partners in ethylene and other fields.

In the Japanese plant market, the energy and environmental sector is strong as oil, electric and gas companies make substantial investments in facilities that generate clean energy. Here, the Group is deepening relationships with customers and taking steps to become even more competitive with regard to capturing orders for large projects. In the fine industries sector, the goal is to boost profitability by capturing orders for plants for electronic materials, pharmaceuticals, specialty chemicals and other products that require many value-added processes. In the clean energy sector, the Group is targeting fields with growth potential, such as development of domestic gas-to-liquid (GTL) and approach to hydrogen energy, as well as the use of pinch technology to conserve energy throughout a petrochemical complex.

2) Develop the PLE (plant lifecycle engineering) business
The Group plans to establish a new PLE business model rooted in its technological superiority in the business sectors listed above. By developing and supplying plants and comprehensive services that are competitive and generate value for customers, the Group can maintain long-term relationships with customers and receive more orders.

3) Become more competitive through unified group management
Use the integrated group IT system completed in the prior fiscal year to conduct even more efficient Group-wide management and step up cost containment programs. Relationships among Japanese group members will be strengthened while making increasing use of design bases in the Philippines and India for procurement, construction and project support activities. Going farther, the competitive edge of the entire Group will be reinforced by establishing a global network of procurement bases.

4) Rigorously execute risk management to conduct projects as planned
The Group conducts the Cold Eye Review System in which sales activities concerning a project are evaluated prior to submission of an estimate, an official bid and signing of a contract in order to quickly identify potential risks. Along with this exhaustive system for project monitoring by management, the Group is also upgrading construction plans and construction process management to be certain that projects received are executed as planned. Furthermore, professional auditors from the corporate administration side follow up by performing project audits to verify the suitability of project execution plans formulated by operating divisions. Through these activities, the Group aims to further strengthen internal controls and make its management more transparent.

5) Strengthen human resources development to support medium- and long-term growth
Developing the human resources that represent the nucleus of project-related operations, the primary source of the Group's earnings, is one of the most important goals of management. In accordance with this stance, the entire Group is enhancing career development systems, training systems and other personnel development systems to further improve the ability to execute projects.

6) Refine and expand engineering technology and IT expertise
The Group will continue to enlarge the scope for applying its proprietary i-PLANT21® integrated project engineering system, which uses a database to seamlessly link E (engineering), P (procurement) and C (construction). In addition, the Group formed a strategic alliance in the field of engineering software. This makes it possible to combine the Group's various databases and EPC experience, expertise, and know-how (i-PLANT21®) with SmartPlant® Foundation, the alliance partner's engineering data management software covering the entire life cycle of plants. This combination will speed up the development of the second-generation i-PLANT21®, which will make the Group even more competitive.

7) Corporate citizenship
As companies place greater emphasis on fulfilling their social obligations, the Group is strengthening corporate governance and compliance programs by further upgrading its legal auditing system continuing to conduct programs to ensure strict compliance with laws, regulations and rules. Regarding risk management and crisis management, the Group has established a clearly defined operating framework, providing for an effective system for dealing with the impact of terrorism and other potential risks. In the construction of plants, preliminary studies are conducted to determine the impact on biosystems and other steps taken to conduct projects in an environmentally responsible manner. Through these and other activities, the Group continues to address environmental issues, taking every action possible to contribute to the sustainable development of customers' business operations and society. Moreover, the Group had no accidents during the past fiscal year at any of its projects in Japan. The Group is aware that preserving and enhancing the safety and health of everyone with whom comes in contact is the basis for its ability to grow. Consequently, the Group will continue to conduct workplace safety and hygiene management programs, taking the actions required to train managers and employees and prevent accidents. Priority will continue to be placed on activities that preserve and improve workplace safety and hygiene.

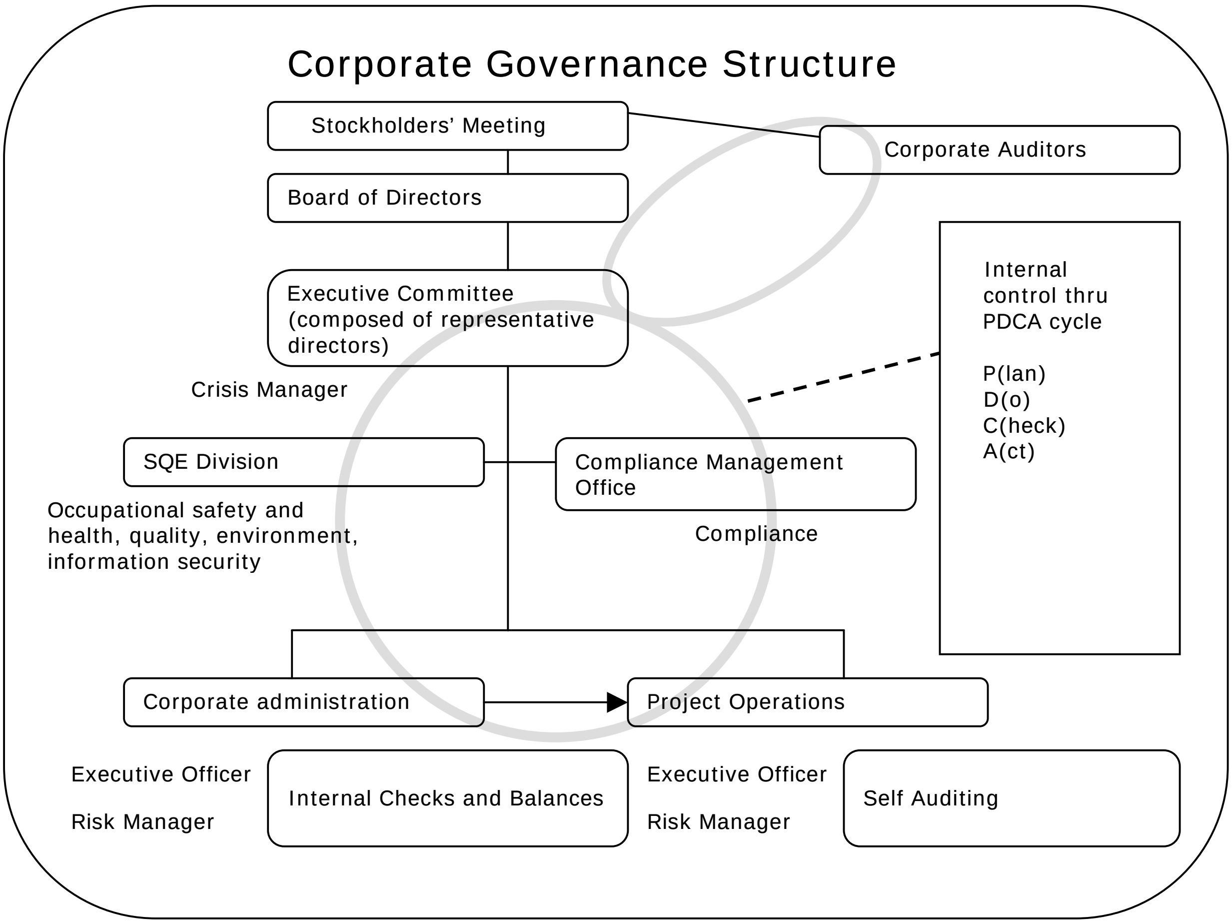
7.Actions taken to develop our operations management organization (reinforcement of Corporate Governance)

1) Basic thinking on corporate governance

The Group believes that earning the trust of shareholders as well as customers and the general public is the basis for all corporate activities. Accordingly, in the interest of ensuring the transparency and soundness of management, initiatives will be taken to construct a fair system of internal checks and a suitable means of executing that system along with the timely and appropriate disclosure of related information.

2) The situation concerning execution of corporate governance

i) 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 past fiscal year, project audits were conducted for the purpose of further strengthening internal checks and enhancing the transparency of management. In these audits, professional auditors from corporate administration verify the suitability of project execution plans formulated by operating divisions.

The Group has risk management and crisis management systems to deal with the various risks and contingencies that can occur with respect to business activities. A risk manager is appointed to constantly work on preventing such events from occurring and minimizing damages that could result in the event that a problem does occur. A crisis manager is appointed to ensure that there is a rapid response and suitable control of events if a crisis occurs. Furthermore, there is a unified system for handling information and the chain of command during an emergency. In this manner, the Group has established an effective framework for risk management and crisis management.

ii) Basic policies concerning related parties

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 as well as important financial service providers to the company.

iii) Status of enhancements to corporate governance over the past year

The Group believes that corporate governance should be based on a clearly defined management philosophy and that earning the trust of the general public and customers is the basis for all corporate activities. To ensure that businesses are conducted in a socially acceptable manner, the Group rigorously complies with laws and regulations in Japan and overseas as well as with international guidelines and the Group's internal rules. The Group has also formulated a code of behavior and, using the internal Web groupware, makes available to managers and employees on a real-time basis a behavior handbook and information on compliance, workplace safety and hygiene, quality, environmental, information security and other subjects.

During the past fiscal year, the Board of Directors met 12 times (deliberating on 53 subjects), the Executive Committee met 74 times (deliberating on 234 subjects and examining 56 proposals). These two bodies debated and reached decisions regarding fundamental management policies, legal matters and other important management issues. They also supervised the execution of business operations and confirmed progress made with regard to management plans. The Board of Auditors met 12 times during the past fiscal year.

Regarding public announcements and the disclosure of information, the Group has taken actions to ensure the rapid and accurate provision of information regarding operations through earnings announcement meetings, supplying more information through the investor relations section of its web site and by other means. Furthermore, the Company was the first Japanese company specializing in engineering services to issue an environmental report, which is also available through the Company's web site.

Regarding environmental management, the Company in March 2001 became the first Japanese company specializing in engineering services to earn ISO14001 and JIS Q 14001 certification, UKAS (United Kingdom Accreditation Services) and JAB (Japan Accreditation Board for Conformity Assessment) certification. At certification renewal examinations conducted in February 2004, all certifications were extended. Moreover, the Chiyoda Information Security Management System was reviewed in conjunction with revisions to BS7799-Part II (2002) (an international standard prescribed by the UKAS for information security management systems). This provides a clearly defined and organizational system for protecting and handling the various information resources that represent the nucleus of the Group's operations.

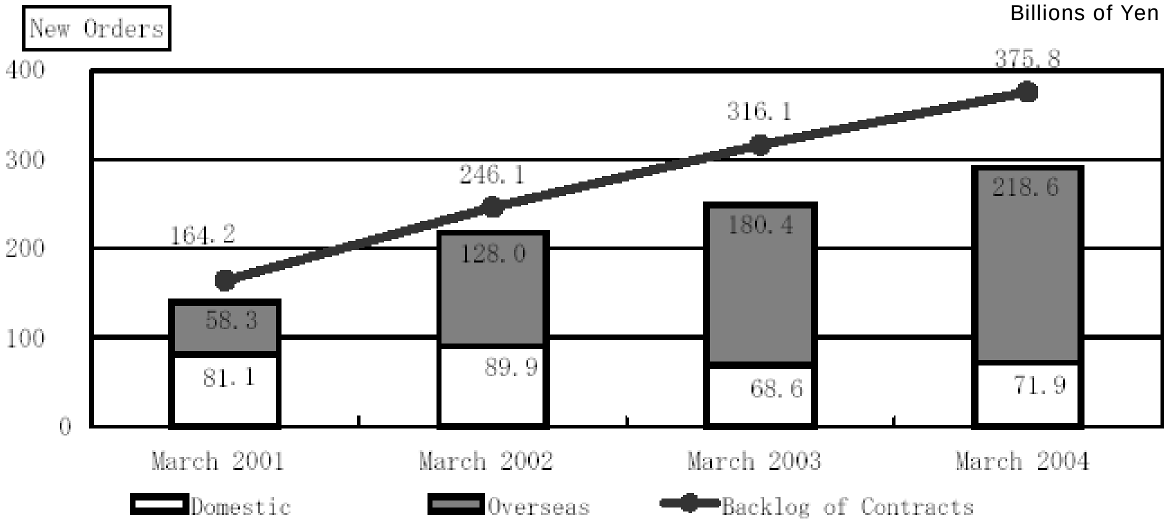
(3) Results of Operations and Financial Condition

1. Consolidated Operating Results for the Year Ended March 31, 2004
During the past fiscal year, Japan's economy staged a gradual recovery backed by growth in capital investment and exports and a rebound in consumer spending. Overseas, the global economy continued to recover despite further turmoil in the Middle East as the situation in Iraq and other factors raised concerns about terrorism.

In the Japanese plant market, there were substantial investments for projects by oil companies to lower sulfur in fuel oil and by Japanese chemical companies to build resin manufacturing facilities in China. Another source of orders was projects to convert thermal power stations to LNG to reduce CO_2 emissions. There was also progress regarding plans in Japan to build LNG receiving terminals due to expected growth in the use of natural gas, which is a comparatively clean source of energy.

In the overseas plant market, rapid economic growth in China is generating a high level of capital investment along with steady growth in demand for energy. Furthermore, the energy major companies are aggressively executing strategies to shift to gas, creating considerable activity in the plant markets of oil and gas producing regions, particularly the Middle East.

In this environment, consolidated domestic new orders increased 4.9% to ¥71,979 million and overseas new orders were up 21.2% to ¥218,678 million. The result was an increase of 16.7% in total new orders to ¥290,658 million, which was above the target of ¥280.0 billion for the fiscal year.



Net sales from domestic construction contracts were down 23.7% to ¥63,353 million but overseas construction contracts increased 72.2% to ¥143,462 million. Total net sales from construction contracts climbed 24.3% to ¥206,816 million, clearing the target for the fiscal year.

Regarding earnings, gross profit on completed construction contracts increased 35.1% to ¥14,106 million as the volume of completed contracts increased and risk management methodology was applied to ensure the profitability of new orders. In addition, measures to further reduce selling, general and administrative expenses resulted in a 279.8% increase in operating profit to ¥5,881 million. Ordinary profit was up 165.2% to ¥6,348 million, mainly a reflection of lower interest expenses as interest-bearing debt was reduced. Net profit rose 232.5% to ¥6,646 million, a figure that includes the effect of recoveries of delinquent long-term receivables. Both ordinary profit and net profit met targets for the fiscal year.

Consolidated Results of Operations – Four-year Summary

Billions of Yen

Fiscal year ended March 31	New orders	Construction contracts	Gross profit on projects completed	Operating profit	Ordinary profit	Net profit
2001	139.4	128.6	(2.5)	(13.8)	(13.3)	(4.6)
2002	217.9	141.5	4.6	(5.1)	(3.3)	0.1
2003	249.0	166.3	10.4	1.5	2.3	1.9
2004	290.6	206.8	14.1	5.8	6.3	6.6

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

	Millions of Yen, %		
	Construction contracts	Ordinary profit	Net profit
Forecasts announced on Nov. 13 2003 (A)	200,000	5,000	4,100
Business results (B)	206,816	6,348	6,646
Increase / decrease (B-A)	6,816	1,348	2,546
Increase ratio	3.4	27.0	62.1
Previous fiscal year (FY ended March 2003)	166,367	2,393	1,999

On a non-consolidated basis, the Company recorded ¥44,293 million in new domestic orders, an increase of 3.5%, and ¥200,595 million in overseas new orders, an increase of 18.4%. Total new orders thus increased 15.4% to ¥244,888 million, exceeding the target of ¥230.0 billion. Revenues from domestic construction contracts decreased 29.8% to ¥38,330 million and overseas construction contracts increased 73.3% to ¥131,457 million. Total revenues from construction contracts were up 30.1% to ¥169,787 million, meeting the target for the fiscal year.

Operating profit surged 496.8% to ¥3,689 million, ordinary profit rose 74.3% to ¥4,010 million and net profit increased 58.5% to ¥4,255 million. Ordinary profit and net profit cleared targets for the fiscal year.

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

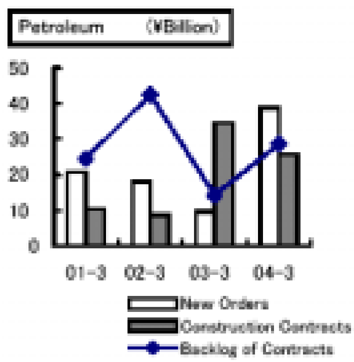
	Millions of Yen, %		
	Projects completed	Ordinary profit	Net profit
Forecasts announced on Nov. 13 2003 (A)	160,000	3,500	3,300
Business results (B)	169,787	4,010	4,255
Increase / decrease (B-A)	9,787	510	955
Increase ratio	6.1	14.6	28.9
Previous fiscal year (FY ended March 2003)	130,470	2,301	2,684

Results by Business Segment
The following is a summary of operating results by business segments.

Petroleum
In Japan, results reflected several positive trends: the benefits of the reorganization of the Japanese oil industry and consolidations of refineries; higher sales of fuel oil and other oil products due to the suspension of operations at nuclear power plants; and substantial investments in facilities to remove sulfur from gasoline and kerosene due to environmental issues. The result was a 299.6% increase in new orders to ¥38,890 million. However, revenues from construction contracts decreased 25.4% to ¥25,727 million because of the decline in overseas orders in the prior fiscal year.

Major new orders
- No. 10 hydrodesulferization plant for Mizushima Refinery of Nippon Petroleum Refining Co., Ltd.
- Ultra low sulfur gasoline project for Seibu Oil Co., Ltd. and Showa Yokkaichi Sekiyu Co., Ltd.

Major completions
- Expansion of atmospheric distillation facility for Taiyo Oil Co., Ltd.
- Crude distillation unit for Taiyo Oil Co., Ltd.



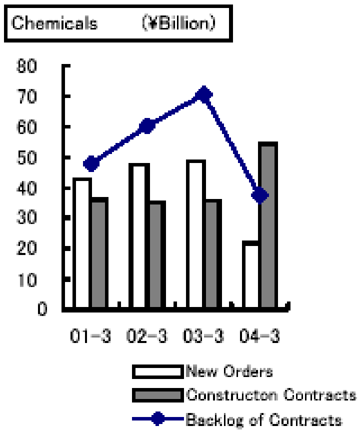
Chemicals
In general chemical products, there has been a new development in which moves by chemical companies to strengthen their operating bases by shifting to polypropylene production in response to the natural gas-based production of ethylene are similar to moves among oil refining companies seeking to add value to products other than gasoline. However, this trend has now yet led to orders for new facilities. In pharmaceuticals, the operating

environment is changing due to amendments to Japan's Pharmaceuticals Affairs Law, mergers, acquisitions of Japanese companies by foreign pharmaceutical firms, and other events. As a result, Japanese pharmaceutical companies continued to outsource their engineering activities. Outside Japan, an enormous volume of investments are planned in the Middle East. Furthermore, more foreign companies are establishing operations in China in automobiles, home appliances, food, construction and other market sectors. As a result, Japanese chemical companies are stepping up investments in China to supply these manufacturers with materials and parts.

As a result, new orders fell 55.1% to ¥21,855 million but, due to the large volume of orders received earlier, revenues from construction contracts completed rose 51.4% to ¥54,229 million.

Major orders
- Pharmaceutical laboratory for Mitsubishi Pharma Corporation
- PVDC (polyvinylidene chloride) plant for Nantong SKT New Material Co., Ltd.
- PMMA (polymethyl methacrylate) sheets plant for Mitsubishi Rayon Polymer Nantong Co., Ltd.

Major completions
- The completed portion of construction of ethylene/methanol plant in Saudi Arabia
- Pharmaceutical plant for Chugai Pharmaceutical Co., Ltd.



Power & Gas

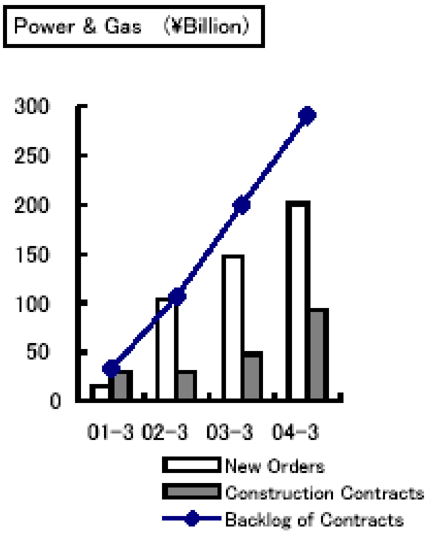
In Japan, gas utilities are selling increasing volumes of city gas because of rising residential demand for hot water and the shift to natural gas among industrial users. As a result, strong growth is continuing in the use of natural gas in residential and industrial applications.

Overseas, the United States has adopted a policy of increasing imports of LNG and energy sources in response to declining natural gas output in the United States and Canada. In Europe as well, LNG import volumes continue to rise as deregulation causes a growing number of companies to begin supplying gas. At the same time, the emergence of new LNG importing nations is raising the number of market participants. Also, India signed a contract with Qatar for the supply of 7.5 million tons of LNG annually, and China has signed contracts to purchase LNG from Indonesia and Australia. In response, there is considerable activity in the Middle East for gas processing facilities and the expansion of LNG and LPG facilities.

As a result, new orders increased 36.7% to ¥201,040 million and, due to new orders for large-scale projects, revenues from construction contracts rose 94.8% to ¥93,434 million.

Major new orders
- Sakhalin II Project in Russia (LNG liquefaction plant/crude oil export facilities) for Sakhalin Energy Investment Company Ltd.
- LNG liquefaction plant (additional work) in Qatar for Ras Laffan Liquefied Natural Gas Co., Ltd.
- Gas processing plant phase 1 (additional work) in Qatar for ExxonMobil Middle East Gas Marketing Ltd.
- Kamisu LNG storage terminal for Japan Storage Co., Ltd.

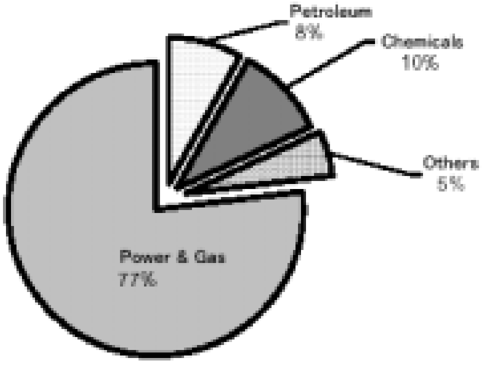
Major completions
- The completed portion of construction of train 3 at LNG liquefaction plant in Qatar
- The completed portion of construction of LNG liquefaction plant in Oman
- The completed portion of construction of Sakhalin II Project in Russia
- Utility facilities for Japan Nuclear Fuel Limited



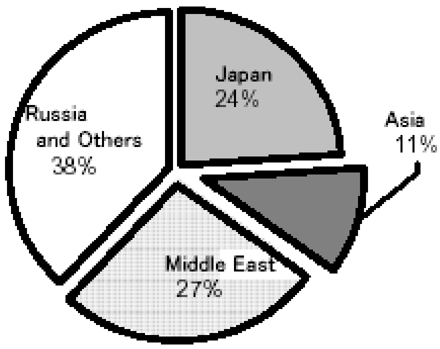
Others

In electronic materials and advanced films, most orders received involved engineering projects. New orders totaled ¥28,872 million, an decrease of 33.9%. Construction contracts completed decreased 30.5% to ¥33,424 million, a figure that includes the completion of environment-related projects received in the prior fiscal year. One major completion during the fiscal year was No. 2 flue gas desulfurization equipment at the Kobe Power Station of Kobe Steel, Ltd.

Breakdown by Business Segment



Breakdown by Area



2. Financial Condition
1) Assets, Liabilities and Shareholders' Equity
Assets

Assets increased ¥22,562 million compared with the end of the prior fiscal year. Fixed assets decreased ¥1,063 million because of the collection of long-term delinquent receivables and a decline in foreign currency-denominated long-term receivables because of the yen's appreciation. However, current assets rose ¥23,626 million, largely the result of an increase in joint venture assets due to an increase in large-scale projects conducted as joint ventures.

Liabilities

Liabilities were ¥16,619 million higher than one year earlier. Repayments of short- and long-term loans totaled ¥8,206 million, but there were increases of ¥11,889 million in advance receipts on construction contracts and ¥6,376 million in accounts payable for construction costs.

Shareholders' equity

Shareholders' equity increased ¥6,097 million compared to the end of the previous fiscal year, mainly the result of higher net profit. The equity ratio was 15.9%, an improvement of 2.0 points.

Billions of Yen

FY ended March 31	2004	2003	Change		2004	2003	Change
Current Assets				Current liabilities			
Cash and time deposits	41.6	36.1	5.5	Short-term loans	0.1	8.2	(8.1)
Trade receivables and costs of construction contracts in progress	43.5	46.4	(2.9)	Trade payable and advance receipts on construction contracts	89.9	71.6	18.2
Jointly controlled assets of joint venture	28.4	8.6	19.7				
Other current assets	6.9	5.6	1.3	Other current liabilities	14.7	9.5	5.3
Fixed Assets	22.3	23.3	(1.0)	Non-current Liabilities			
				Long-term debt	10.3	10.4	(0.1)
				Other long-term liabilities (*)	4.9	3.8	1.1
				Shareholders' Equity	22.7	16.6	6.0
Total Assets	142.8	120.2	22.5	Liabilities and Shareholders' Equity	142.8	120.2	22.5

** Includes minority interests*

2) Cash Flows

Operating activities

Net cash provided by operating activities was ¥15,580 million. In addition to profit before income taxes of ¥5,370 million and depreciation and amortization of ¥1,205 million, net changes in operating assets and liabilities (total of changes in trade receivables, cost of construction contracts in progress, trade payables, and advance receipts on construction contracts) provided net cash of ¥21,215 million.

Jointly controlled assets of joint venture represent the share of the Company's interest in balance sheet items as shown in joint venture contracts associated with construction projects. In effect, this figure thus represents the Company's share of cash and cash equivalents held in the name of the joint venture. Taking this into consideration, effective net cash provided by operating activities was ¥35,322 million.

Investing activities

Net cash used in investing activities was ¥1,277 million, the result of purchases of property, plant and equipment of ¥1,744 million, including investments in IT-related software

Financing activities

Net cash used in financing activities was ¥8,254 million due to the repayment of loans.

As a result of the above factors, cash and cash equivalents as of March 31, 2004 was ¥40,902 million, a net increase of ¥5,962 million.

Change in Financial (Consolidated)

		Billions of Yen			
Fiscal year ended March 31		2001	2002	2003	2004
Total Assets		137.0	129.3	120.2	142.8
Total Liabilities (*)		121.9	114.2	103.6	120.0
Shareholders' Equity		15.0	15.1	16.6	22.7
Net Cash provided by (used in):	Operating Activities	(15.3)	10.4	6.9	15.5
	Investing Activities	31.4	(0.2)	(0.8)	(1.2)
	Financing Activities	(16.0)	(5.8)	(9.5)	(8.2)
Balance of Cash and Cash Equivalents		33.9	38.6	34.9	40.9

** Includes minority interests.*

Cash Flow Indices

Fiscal year ended March 31	2001	2002	2003	2004
Shareholders' Equity ratio (shareholders' equity divided by total assets)	11.0%	11.7%	13.9%	15.9%
Years for Debt Redemption (interest-bearing debt divided by operating cash flow)	-	2.7 year	2.7 year	0.7 year
Interest Coverage Ratio (operating cash flow divided by interest expense)	-	17.5 times	11.7 times	42.4 times

Ref.: Years of debt redemption by cash flow provided by operating activities is essentially 0.3 years and interest coverage ratio is essentially 96.1.

3. Outlook for the Year Ending March 31, 2005

Although there are concerns due to rapid increases in the cost of crude oil and other basic materials as well as the yen's strength, the global economy is expected to continue recovering amid a gradual upturn in corporate earnings.

In Japan, petrochemical companies are seeking to become more competitive by forming more cohesive units built around industrial complexes in individual regions. This trend leads to forecasts for continued strength in investments for comprehensive energy-saving and environmental facilities for these regions by petrochemical, oil and other companies. In addition, the Group is promoting Plant Lifecycle Engineering (PLE) to meet the demand for optimizing all aspects of a plant, including the need to deal with older equipment and use equipment for longer periods of time. The Group will draw on its technological resources to formulate PLE proposals.

Outside Japan, the outlook remains clouded by events such as global terrorism and the reconstruction of Iraq. Against this backdrop, energy major companies are shifting their emphasis from oil to gas. This leads to forecasts for continued growth on a global scale in gas-related investments, including upstream projects.

Based on this outlook, and assuming an exchange rate of ¥105.0 to the U.S. dollar, the Company is forecasting consolidated orders of ¥230.0 billion, revenues from construction contracts of ¥220.0 billion, ordinary profit of ¥7.1 billion and net profit of ¥7.3 billion in the fiscal year ending March 31, 2005.

On a non-consolidated basis, the Company anticipates new orders of ¥200.0 billion, revenues from construction contracts of ¥185.0 billion, ordinary profit of ¥5.8 billion and net profit of ¥6.5 billion.

The Company plans to pay a dividend of between ¥3 and ¥5 per share applicable to the fiscal year ending March 31, 2005.

Outlook for FY2005 Business Results

Billions of yen

	Consolidated			Non-consolidated		
FY to March 31	2005	2004	Change (%)	2005	2004	Change (%)
New orders	230.0	290.6	(20.9)	200.0	244.8	(18.3)
Completed projects	220.0	206.8	6.4	185.0	169.7	9.0
Ordinary profit	7.1	6.3	11.8	5.8	4.0	44.6
Net profit	7.3	6.6	9.8	6.5	4.2	52.8

Precautions regarding forward-looking statements

Forecasts for operating results contained in these materials are based on various assumptions. Actual results may differ significantly from these forecasts due to a wide range of factors. Investors are therefore urged to refrain from decisions based solely on these forecasts.

CHIYODA CORPORATION

Financial Statements

1. Consolidated Balance Sheets

	Millions of Yen				
	As of Mar. 31, 2004		As of Mar. 31, 2003		Difference
		%		%	
Assets					
Current Assets					
Cash and time deposits	41,613		36,112		5,500
Notes and accounts receivable-trade	24,612		25,374		(762)
Costs of construction contracts in progress	18,918		21,105		(2,187)
Deferred tax assets	2,086		194		1,891
Jointly controlled asset of joint venture	28,413		8,672		19,741
Other	5,343		6,098		(755)
Allowance for doubtful accounts	(431)		(628)		197
Total Current Assets	**120,556**	**84.4**	**96,929**	**80.6**	**23,626**
Fixed Assets					
Property, plant and equipment					
Buildings and structures	6,352		6,675		
Accumulated depreciation	3,335		3,199		
Book value of buildings and structures	**3,017**		**3,476**		**(459)**
Machinery and equipment	870		959		
Accumulated depreciation	612		825		
Book value of machinery and equipment	**258**		**134**		**123**
Tools, furniture and fixtures	5,269		5,177		
Accumulated depreciation	4,151		4,249		
Book value of tools, furniture and fixtures	**1,118**		**928**		**189**
Land	2,526		2,526		—
Construction in progress	1		—		1
Total property, plant and equipment	**6,922**	**4.9**	**7,067**	**5.9**	**(144)**
Intangible fixed assets	**2,607**	**1.8**	**2,317**	**1.9**	**290**
Investments and other assets					
Investment securities	4,325		4,206		118
Long-term loans	701		631		69
Long-term accounts receivable	5,127		5,793		(665)
Long-term receivables	4,133		5,650		(1,516)
Deferred tax assets	82		82		(0)
Other investments	2,220		2,367		(147)
Allowance for doubtful accounts	(3,554)		(4,485)		931
Allowance for capital loss on investments	(263)		(263)		0
Total investments and other assets	**12,773**	**8.9**	**13,983**	**11.6**	**(1,210)**
Total Fixed Assets	**22,303**	**15.6**	**23,367**	**19.4**	**(1,063)**
Total Assets	**142,859**	**100.0**	**120,297**	**100.0**	**22,562**

	Millions of Yen				
	As of Mar. 31, 2004	%	As of Mar. 31, 2003	%	Difference
Liabilities and Shareholders' Equity					
Current Liabilities					
Notes and accounts payable-trade	52,888		46,511		6,376
Short-term loans	101		8,202		(8,100)
Income taxes payable	194		294		(100)
Advance receipts on construction contracts	37,061		25,172		11,889
Indemnity allowance for completed construction	1,079		694		385
Accrued bonuses	1,548		1,375		172
Allowance for contingency loss	200		800		(600)
Other	11,762		6,354		5,408
Total Current Liabilities	**104,836**	**73.4**	**89,404**	**74.3**	**15,432**
Non-Current Liabilities					
Long-term debt	10,316		10,422		(105)
Deferred tax liabilities	1		9		(7)
Liability for retirement benefits	4,128		2,910		1,217
Liability for retirement benefit to directors	378		270		107
Other liabilities	86		111		(24)
Total Non-Current Liabilities	**14,912**	**10.5**	**13,724**	**11.4**	**1,187**
Total Liabilities	**119,748**	**83.9**	**103,129**	**85.7**	**16,619**
Minority Interests	**344**	**0.2**	**499**	**0.4**	**(154)**
Shareholders' Equity					
Common stock	12,027	8.4	12,027	10.0	—
Additional paid-in capital	5,818	4.1	5,818	4.8	—
Retained earnings	5,800	4.0	(496)	(0.4)	6,297
Net unrealized loss on available-for-sale securities	26	0.0	10	0.0	15
Foreign currency translation adjustments	(766)	(0.5)	(642)	(0.5)	(124)
Treasury stock	(140)	(0.1)	(48)	(0.0)	(92)
Total Shareholders' Equity	**22,766**	**15.9**	**16,669**	**13.9**	**6,097**
Liabilities, Minority Interests and Shareholders' Equity	**142,859**	**100.0**	**120,297**	**100.0**	**22,562**

2. Consolidated Statements of Income

	Millions of Yen				
	Apr. 1, 2003 – Mar. 31, 2004	(%)	Apr. 1, 2001 – Mar. 31, 2002	(%)	Difference
Construction Contracts	**206,816**	**100.0**	**166,367**	**100.0**	**40,449**
Cost of Construction Contracts	**192,709**	**93.2**	**155,924**	**93.7**	**36,785**
Gross profit	14,106	6.8	10,443	6.3	3,663
Selling, General and Administrative Expenses	8,225	4.0	8,894	5.4	(669)
Operating profit	5,881	2.8	1,548	0.9	4,332
Other Income					
Interest	360		331		
Dividend income	50		28		
Foreign exchange gain	294		—		
Equity in earnings of associated companies	155		1,000		
Rent income	146		205		
Other	170		186		
Total Other Income	**1,176**	**0.6**	**1,751**	**1.0**	**(575)**
Other Expenses					
Interest expense	374		528		
Cost of rent income	84		93		
Foreign exchange loss	—		178		
Other	250		106		
Total Other Expenses	**710**	**0.3**	**906**	**0.5**	**(196)**
Ordinary profit	6,348	3.1	2,393	1.4	3,954
Extraordinary Gain					
Reversal of allowance for contingency loss	600		—		
Reversal of allowance for doubtful accounts	485		1,167		
Gain on sales of investments in subsidiaries	—		314		
Adjustments to previous period earnings	—		184		
Other	112		42		
Total Extraordinary Gain	**1,198**	**0.6**	**1,708**	**1.0**	**(509)**

2. Consolidated Statements of Income (Continued)

	Millions of Yen				
	Apr. 1, 2003 – Mar. 31, 2004		Apr. 1, 2002 – March 31, 2003		Difference
		(%)		*(%)*	
Construction Contracts	**206,816**	**100.0**	**166,367**	**100.0**	
Extraordinary Loss					
Loss on guarantee of construction performance in affiliated companies..	1,679		—		
Allowance for contingency loss	—		800		
Loss on devaluation of golf membership	—		294		
Allowance for investment loss	—		263		
Loss on sale of fixed assets....................	—		79		
Other..	497		155		
Total Extraordinary Loss..............................	**2,176**	**1.1**	**1,593**	**0.9**	**583**
Profit before income taxes and minority interests	5,370	2.6	2,508	1.5	2,861
Income taxes current	667		951		
Foreign tax refunded	—		(317)		
Income taxes deferred	(1,905)		(146)		
Total Tax	**(1,237)**	**(0.6)**	**487**	**0.3**	**(1,725)**
Minority interests in net profit	—	—	22	(0.0)	(22)
Minority interests in net loss	38	0.0	—	—	38
Net profit	**6,646**	**3.2**	**1,999**	**1.2**	**4,647**

3. Consolidated Statements of Retained Earnings

	Millions of Yen		
	Apr. 1, 2003 – Mar. 31, 2004	Apr. 1, 2002 – Mar. 31, 2003	Difference
Additional Paid-in Capital			
Additional Paid-in Capital at Beginning of Period	5,818	5,818	—
Additional Paid-in Capital at End of Period	**5,818**	**5,818**	—
Retained Earnings			
Retained Earnings at Beginning of Period	(496)	(2,516)	2,019
Increase in Retained Earnings			
From net profit	6,646	1,999	
From decrease in consolidated subsidiaries	12	—	
From increase in consolidated subsidiaries	—	20	
Total Increase in Retained Earnings	**6,659**	**2,019**	**4,639**
Decrease in Retained Earnings			
From consolidated subsidiaries	361	—	361
Total Decrease in Retained Earnings	**361**	**—**	**361**
Retained Earnings at End of Period	**5,800**	**(496)**	**6,297**

4. Consolidated Statements of Cash Flow

	Millions of Yen		
	Apr. 1, 2003 – Mar. 31, 2004	Apr. 1, 2002 – Mar. 31, 2003	Difference
Cash Flow from Operating Activities			
Profit (loss) before income taxes and minority interests	5,370	2,508	2,861
Depreciation and amortization	1,205	1,225	(20)
Decrease in allowance for doubtful accounts	(1,128)	(967)	(160)
Interest and dividend income	(410)	(359)	(50)
Interest expense	374	528	(154)
Foreign exchange	650	915	(264)
Equity in earnings of associated companies	(155)	(1,000)	844
Gain (loss) on sales of investment in subsidiaries	—	(314)	314
Loss on sales and disposal of property, plant and equipment	—	90	(90)
Loss on devaluation of golf membership	—	294	(294)
Decrease in trade notes and accounts receivable	762	1,144	(382)
Decrease in costs of construction contracts in progress	2,187	2,804	(616)
Increase in trade notes and accounts payable	6,376	6,167	208
Increase (decrease) in advance receipts on construction contracts	11,889	(8,540)	20,429
Increase in accrued bonuses	172	158	14
Increase in retirement benefits	1,217	1,081	136
Indemnity allowance for completed contracts	385	(140)	525
Increase (decrease) in allowance for investment loss	(0)	263	(264)
Increase (decrease) in allowance for contingency loss	(600)	800	(1,400)
Increase in jonitly controlled assets of joint ventures	(19,741)	—	(19,741)
Increase (decrease) in consumption taxes payable	645	(1,845)	2,490
Other	6,787	1,932	4,855
Subtotal	15,988	6,747	9,240
Interest and dividend income	665	1,576	(911)
Interest paid	(367)	(594)	227
Income taxes paid	(705)	(790)	85
Net Cash Provided by Operating Activities	**15,580**	**6,939**	**8,641**

4. Consolidated Statements of Cash Flow (Continued)

	Millions of Yen		
	Apr. 1, 2003 – Mar. 31, 2004	Apr. 1, 2002 – Mar. 31, 2003	Difference
Cash Flow from Investing Activities			
Payment for time deposits	(1)	(48)	47
Proceeds from refunds of time deposits with maturities	353	588	(234)
Payments for purchase of investment securities	(20)	(118)	98
Proceeds from sales of investment securities	11	7	3
Purchase of investment in consolidated subsidiaries	—	(30)	30
Proceeds from sales of investment in subsidiaries within the scope of consolidation	—	115	(115)
Purchase of property, plant and equipment	(751)	(296)	(455)
Proceeds from sale of property, plant and equipment	8	141	(133)
Purchase of intangible fixed assets	(992)	(852)	(140)
Proceeds from sale of intangible fixed assets	—	1	(1)
Net decrease in short-term loans	10	51	(41)
Long-term loans	(144)	(637)	493
Proceeds from collections of long-term loans	249	193	56
Other	0	11	(11)
Net Cash Used in Investing Activities	**(1,277)**	**(873)**	**(404)**
Cash Flow from Financing Activities			
Net decrease in short-term bank loans	(7,904)	(8,717)	813
Proceeds from long-term debt	—	8	(8)
Repayments of long-term debt	(257)	(792)	534
Other	(92)	(42)	(50)
Net Cash Used in Financing Activities	**(8,254)**	**(9,544)**	**1,289**
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**(78)**	**(459)**	**381**
Net Increase (Decrease) in Cash and Cash Equivalents	**5,970**	**(3,937)**	**9,907**
Cash and Cash Equivalents at Beginning of Period	**34,940**	**38,677**	**(3,737)**
Increase in Cash and Cash Equivalents From New Consolidation	—	**200**	**(200)**
Decrease in Cash and Cash Equivalents Elimination From Consolidation	**(7)**	—	**(7)**
Cash and Cash Equivalents at End of Period	**40,902**	**34,940**	**5,962**

<Appendix to Consolidated Financial Statements>

Basis of presenting the 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.

Current Fiscal Year (From April 1, 2003 to March 31, 2004)	Previous Fiscal Year (From April 1, 2002 to March 31, 2003)
(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 (10 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 12 years, the fixed number of years for processing of operating 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.	(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. 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.

Notes to consolidated financial statements

SECURITIES

Previous fiscal year

1. Information regarding marketable securities classified as “Other Securities” (As of March 31, 2003)

Millions of yen

	Security	Acquisition cost	Carrying value	Unrealized gain / loss
Securities whose carrying value exceeds their acquisition cost	Equity securities	6	33	26
Securities whose acquisition cost exceeds their carrying value	Equity securities	48	38	(10)
Total		54	71	16

2. Sales of securities classified as “Other Securities (April 1, 2002 – March 31, 2003)

Millions of yen

Sales amount	Aggregate gain	Aggregate loss
5	1	3

3. “Other Securities” without market value mainly consisted of the following. Their carrying values are summarized below. (As of March 31, 2003)

Other Securities

Millions of yen

Equity securities – unlisted (excluding OTC stock)	1,746
Subscription certificates	17

Current fiscal year

1. Information regarding marketable securities classified as “Other Securities” (As of March 31, 2004)

Millions of yen

	Security	Acquisition cost	Carrying value	Unrealized gain / loss
Securities whose carrying value exceeds their acquisition cost	Equity securities	48	93	44
Securities whose acquisition cost exceeds their carrying value	Equity securities	8	8	(0)
Total		57	101	44

2. Sales of securities classified as “Other Securities (April 1, 2003 – March 31, 2004)

Millions of yen

Sales amount	Aggregate gain	Aggregate loss
3	-	5

3. “Other Securities” without market value mainly consisted of the following. Their carrying values are summarized below. (As of March 31, 2004)

Other Securities

Millions of yen

Equity securities – unlisted (excluding OTC stock)	1,608
Subscription certificates	15

Allowance for Retirement Benefits

1. Accounting for retirement benefits
Previous fiscal year (April 1, 2002 – March 31, 2003) and Current fiscal year (April 1, 2003 – March 31, 2004)

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.

2. Retirement benefit obligations

	Millions of Yen	
	As of Mar. 31, 2004	As of Mar. 31, 2003
Projected benefit obligations	(34,025)	(34,212)
Fair value of plan assets	15,594	14,195
Obligation for unreserved retirement benefit	**(18,431)**	**(20,016)**
Unrecognized transitional obligation	8,890	9,699
Unrecognized actuarial loss	5,412	7,406
Net benefit obligation recognized in the consolidated balance sheet	**(4,128)**	**(2,910)**
Reserve for retirement benefits (*1)	**(4,128)**	**(2,910)**

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 27 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, 2004	As of Mar. 31, 2003
Service cost	921	1,079
Interest cost	477	738
Expected return on plan assets	(195)	(364)
Amortization of transitional obligation	808	808
Recognized actuarial loss	782	307
Net periodic benefit cost	**2,795**	**2,569**

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

	As of Mar. 31, 2004	As of Mar. 31, 2003
Allocation of projected benefit obligation	Equal amount over each period	Equal amount over each period
Discount rate	1.5%	1.5%
Expected rate of return on plan assets	1.5%	2.5%
Recognition period of actuarial gain/loss	10 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)	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)
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, 2004	As of Mar. 31, 2003
Deferred tax assets		
Tax loss carry forward	6,679	23,230
Cost of construction contracts	3,632	4,216
Retirement benefits	1,506	895
Allowance for doubtful accounts	1,269	1,929
Loss on construction contracts due to application of progress percentage method	562	180
Loss on valuation of costs of construction contracts in progress	122	181
Loss on valuation of fixed assets	737	733
Other	2,872	3,142
Sub-total deferred tax assets	17,381	34,509
Valuation allowance	(15,196)	(34,223)
Total deferred tax assets	2,184	285
Deferred tax liabilities		
Unrealized gains on other securities	(17)	(8)
Other	(0)	(9)
Total deferred tax liabilities	(18)	(18)
Net deferred tax assets	2,166	267

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, 2004	As of Mar. 31, 2003
Current assets – Deferred tax assets	2,086	194
Fixed assets –Deferred tax assets	82	82
Non-current liabilities – Deferred tax liabilities	(1)	(9)

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, 2004	As of Mar. 31, 2003
	%	%
Normal effective statutory tax rate	42.0	42.0
Adjustments		
Non-deductible entertainment and other expenses	13.5	6.0
Non-taxable dividend and other income	(0.0)	(0.2)
Parity adjustment for inhabitance taxes	1.2	3.0
Foreign taxes	2.9	3.8
Valuation allowance	(74.8)	(19.0)
Equity in earnings of affiliated companies	(1.2)	(16.8)
Net loss of consolidated subsidiaries	(0.8)	(1.3)
Reduction in deferred tax asset balance due to change in tax rates	-	0.4
Unrealized income	(5.4)	-
Other	(0.4)	1.5
Income tax rate charged after adoption of deferred tax accounting	(23.0)	19.4

3. Others
Previous fiscal year (April 1, 2002 – March 31, 2003)

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, 2003 to March 31, 2004. The previous 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 sales, operating profits or assets, and as such these segments have been omitted.

2. Geographic Segments

Current fiscal year (From April 1, 2003 to March 31, 2004)

	Millions of Yen							
	Japan	Asia	Europe	North America	Others	Total	Eliminations (Corporate)	Consolidated
Revenues								
Outside customers	196,523	10,239	53	—	—	**206,816**	—	**206,816**
Inter-segment	3	807	338	33	—	**1,182**	(1,182)	—
Total	196,526	11,047	391	33	—	**207,999**	(1,182)	**206,816**
Operating expenses	190,560	11,162	383	33	11	**202,151**	(1,216)	**200,935**
Operating Profit (Loss)	**5,965**	**(114)**	**7**	**0**	**(11)**	**5,847**	33	**5,881**
Assets	139,232	6,487	244	577	124	**146,666**	(3,806)	**142,859**

(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 and Germany.
North America: America.
Other regions: Nigeria.
(3) Within asset *Elimination (Corporate)* account, corporate assets accounted for 3,015 million yen, consisting mainly of long-term investments (investment securities).s
(4) Changes in Accounting Principles:
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 10 years, from the previous 12 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
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) 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.

3. Overseas Sales

Current fiscal year (April 1, 2003 to March 31, 2004)

	Millions of Yen				
	Asia	Middle East	Russia / Central Asia	Other Regions	Total
Overseas sales	26,338	90,786	22,343	3,994	**143,462**
Consolidated sales					206,816
Ratio of overseas to consolidated sales (%).	12.74	43.90	10.80	1.93	**69.37**

(Notes)
(1) Geographic segmentation is according to geographic proximity
(2) Countries and areas included in each region:
Asia: China, Thailand and Indonesia.
Middle East: Qatar, Saudi Arabia, Oman and Iran
Russia / Central Asia: Russia
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
(4) Reclassification of Geographical Segments
Effective the current fiscal year, the "Russia and Central Asia" region, included as a component of "Other Regions" in prior years, is reclassified and presented as a separate line item ("Russia and Central Asia") since total sales in this region exceeded 10% of consolidated net sales.
Sales in the "Russia and Central Asia" region included in "Other Regions" totaled ¥685 million, which accounted for 0.4% of the overseas sales, in the previous consolidated fiscal year.

Previous 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

Production, Orders and Sales Situation

1. Orders

	Millions of Yen							
	Apr. 1, 2003 – Mar. 31, 2004				Apr. 1, 2002 – Mar. 31, 2003			
	New Orders		*Backlog*		*New Orders*		*Backlog*	
	Amt	*%*	*Amt*	*%*	*Amt*	*%*	*Amt*	*%*
Business Segment								
Engineering								
Petroleum-related	38,890 +299.6%	13.4	28.639 [1,160]	7.6	9,732	4.0	14,315 [-3,360]	4.5
Petrochemical-related	6,056 -66.8%	2.1	16,126 [-2,007]	4.3	18,236	7.3	43,945 [-2,236]	13.9
Chemical-related	15,799 -48.1%	5.4	21,306 [1,366]	5.7	30,426	12.2	26,503 [-204]	8.4
Gas and Power Utilities-related	201,040 +36.7%	69.2	290,595 [-16,559]	77.3	147,049	59.0	199,549 [-6,118]	63.1
Social developments-related	1,736 +50.2%	0.6	1,256 [6]	0.3	1,155	0.5	2,521 [-40]	0.8
Industrial machinery-related	2,503 -9.0%	0.9	2,819 [1,025]	0.8	2,750	1.1	5,073 [-8]	1.6
Other	21,068 -39.6%	7.2	15,110 [-9,147]	4.0	34,885	14.0	24,259 [-727]	7.7
Total Engineering	**287,094** **+17.5%**	**98.8**	**375,854** **[-24,155]**	**100.0**	**244,238**	**98.1**	**316,167** **[-12,696]**	**100.0**
Other	3.564 -26.6%	1.2	— [—]	—	4,855	1.9	— [—]	—
Total	**290,658** **+16.7%**	**100.0**	**375,854** **[-24,155]**	**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 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, 2003 – Mar. 31, 2004				Apr. 1, 2002 – Mar. 31, 2003			
	New Orders		Backlog		New Orders		Backlog	
	Amt	%	Amt	%	Amt	%	Amt	%
Domestic	71,979 +4.9%	24.8	91,412 [-817]	24.3	68,605	27.6	83,604 [-585]	26.4
Overseas	218,678 +21.2%	75.2	284,441 [-23,337]	75.7	180,488	72.4	232,562 [-12,111]	73.6
Total	290,658 +16.7%	**100.0**	375,854 [-24,155]	**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 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, 2003 – Mar. 31, 2004		Apr. 1, 2002– Mar. 31, 2003	
Business Segment	Amt	%	Amt	%
Engineering				
Petroleum-related	25,727 -25.4%	12.4	34,496	20.7
Petrochemical-related	31,866 +96.3%	15.4	16,236	9.9
Chemical-related	22,362 +14.2%	10.8	19,589	11.8
Gas and Power Utilities-related	93,434 +94.8%	45.2	47,972	28.8
Social developments-related	3,008 +49.6%	1.5	2,011	1.2
Industrial machinery-related	5,782 +236.3%	2.8	1,719	1.0
Other	21,069 -46.6%	10.2	39,486	23.7
Total Engineering	**203,252** **+25.8%**	**98.3**	**161,511**	**97.1**
Other	3,564 -26.6%	1.7	4,855	2.9
Total	206,816 +24.3%	**100.0**	166,367	**100.0**

Breakdown of Domestic and Overseas Sales

	Millions of Yen			
	Apr. 1, 2003 – Mar. 31, 2004		Apr. 1, 2002 – Mar. 31, 2003	
	Amt	%	Amt	%
Domestic	63,353 -23.7%	30.6	83,053	49.9
Overseas	143,462 +72.2%	69.4	83,313	50.1
Total	206,816 +24.3%	**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, 2003– Mar. 31, 2004			Apr. 1, 2002 – Mar. 31, 2003		
Customer	***Amt***	***%***	***Customer***	***Amt***	***%***
Ras Laffan LNG Co., Ltd.	28,110	13.6	Ras Laffan LNG Co., Ltd.	23,811	14.3
Sakhalin Energy Investment Co., Ltd.	22,343	10.8			
Qalhat LNG SA OC	22,025	10.7			

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