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

CHIYODA CORPORATION

Summary of Financial Statements (Consolidated)
for the Six-Month Period Ended September 30, 2004

Listed Exchanges	Tokyo
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Stock Code	6366
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U.S. GAAP Accounting Principles	Not adopted

Consolidated Business Results
for the Six-Month Period Ended September 30, 2004

1) Consolidated Business Results

	Millions of Yen					
	Apr. 1, 2004– Sep. 30, 2004		Apr. 1, 2003– Sep. 30, 2003		Apr. 1, 2003– Mar. 31, 2004	
		Change (%)		*Change (%)*		*Change (%)*
Net Sales	116,371	31.2	88,679	27.9	206,816	—
Operating Profit	4,752	90.4	2,495	142.3	5,881	—
Ordinary Profit	5,153	71.1	3,011	84.6	6,348	—
Net Profit	5,095	135.6	2,162	(12.8)	6,646	—
Net Profit per Share (¥)	27.44		11.68		35.91	
Fully Diluted Net Profit per Share (¥)	26.74		11.40		34.99	

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

Six-month period ended September 30, 2004:	98 million yen
Six-month period ended September 30, 2003:	171 million yen
Year ended March 31, 2004:	155 million yen

(2) Average number of outstanding shares (consolidated) during the period:

Six-month period ended September 30, 2004:	185,701, 353 shares
Six-month period ended September 30, 2003:	185,140,984 shares
Year ended March 31, 2004:	185,100, 716 shares

(3) Changes to accounting principles: Yes

(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, 2004– Sep. 30, 2004	Apr. 1, 2003– Sep. 30, 2003	Apr. 1, 2003– Mar. 31, 2004
Total Assets	160,454	138,063	142,859
Shareholders' Equity	28,488	18,715	22,766
Equity Ratio	17.8%	13.6%	15.9%
Shareholders' Equity per Share (¥)	151.79	101.11	123.04

(Notes) Outstanding shares (consolidated) at the end of the period:

Six-month period ended September 30, 2004:	187,684,027 shares
Six-month period ended September 30, 2003:	185,098,165 shares
Year ended March 31, 2004:	185,040,675 shares

3) Consolidated Cash Flows

	Millions of Yen		
	Apr. 1, 2004– Sep. 30, 2004	Apr. 1, 2003– Sep. 30, 2003	Apr. 1, 2003– Mar. 31, 2004
Net cash provided by (used in) operating activities	(2,683)	(3,378)	15,580
Net cash used in investing activities	(1,541)	(673)	(1,277)
Net cash provided by (used in) financing activities	552	(241)	(8,254)
Cash and cash equivalents at end of period	37,200	31,145	40,902

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

Number of consolidated subsidiaries:	18
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	2
Affiliates accounted for by the equity method:	
Newly included	0
Excluded	0

Consolidated Operations Forecast for the Year Ending March 31, 2005

	Millions of Yen
	Apr. 1, 2004 – Mar. 31, 2005
Net Sales	250,000
Ordinary Profit	8,700
Net Profit	8,300

(Note) Projected net income per share for the year ending March 31, 2005: 44. 22 yen

(1) State of the Group

The Chiyoda Group of Companies consists of the parent company, 18 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.

Clients

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 TechnoAce 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)
*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

Contracted Business, Entrusted Businesses

(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

2.Medium- and Long-Term Business Strategy

”Project Super X” Program

Achieve growth over the medium and long terms
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) Strengthen unified PLE/Group operations
3) Thoroughly execute LL program and promote KM
4) Execute Smart EPC
5) Reinforce personnel development and training

Priorities

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

Notes:
LL—Lessons & Learnt (KM program for accumulating as an organization the experience, knowledge and know-how gained through business activities)
KM—Knowledge Management
Smart EPC—Business process improvement initiatives targeting engineering, procurement and construction that use IT to perform tasks with high efficiency and accuracy.

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.

The Group continues to prioritize the remaining issues of "Project Super X,'" a Company-wide campaign started in the March 2002 fiscal year in order to achieve the objectives of the New Restructuring Plan as quickly as possible and build the base for becoming an outstanding organization. The objectives are to forcefully execute projects and risk management while building a new business model. This will enable the Group to build a base of operations capable of further stabilizing profitability, returning earnings to shareholders, contributing to the community and improving benefits for employees.

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. Since this goal was achieved in the fiscal period that ended in September 2004, 18 months ahead of schedule, the Group has transformed itself into an organization with stable earnings power and the ability to generate earnings growth. The next managerial index objectives will be determined as part of the next medium-term management plan.

4.Basic Policy Concerning Profit Allocation

Since the accumulated loss has been eliminated 18 months ahead of schedule, the Group has finally achieved a framework capable of returning earnings to shareholders. The policy will be to pay a dividend in line with actual profits while further increasing retained earnings, supporting sustained growth of the Group's businesses and improving benefits for employees.

5. Issues That Must Be Dealt With

To achieve growth over the medium and long terms, the Group is formulating the next medium-term management plan continuing to concentrate on the following issues with the aim of stabilizing profitability and generating earnings growth.

1) Actions in individual business sectors to improve earnings

(Overseas Gas Value Chain)

Anticipating further expansion in markets for gas, the Group will continue to develop this business in a stable manner by utilizing its expertise in Gas Value Chain services (the ability to supply comprehensive engineering services extending from upstream facilities to end-users) and customer relationships deeply rooted in trust.

(Overseas oil and chemicals)

Utilize technological alliances and internal technologies in ethylene and other fields to capture orders and execute projects.

(Domestic energy and environment)

There is enormous interest among customers in making investments in clean energy. The Group will further deepen ties with customers and take steps to compete more effectively for large projects.

(Domestic fine industries)

The goal is to boost profitability by capturing and executing orders for plants for electronic materials, pharmaceuticals, specialty chemicals and other products that require many value-added processes.

(Energy conservation and clean energy)

Aggressively target fields with growth potential, such as development of the Japanese gas-to-liquid (GTL) business and hydrogen energy, and the use of pinch technology to conserve energy throughout a petroleum 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 corporate social responsibility (CSR), the Group is reexamining its current activities with regard to all stakeholders from the perspectives of management, global and environmental issues, corporate ethics, human rights and the workplace environment, and society. In addition, the Group is preparing a corporate citizenship roadmap that covers current actions for all stakeholders as well as issues that need to be addressed in the future. The Group is constantly conducting various initiatives and activities based on each issue.

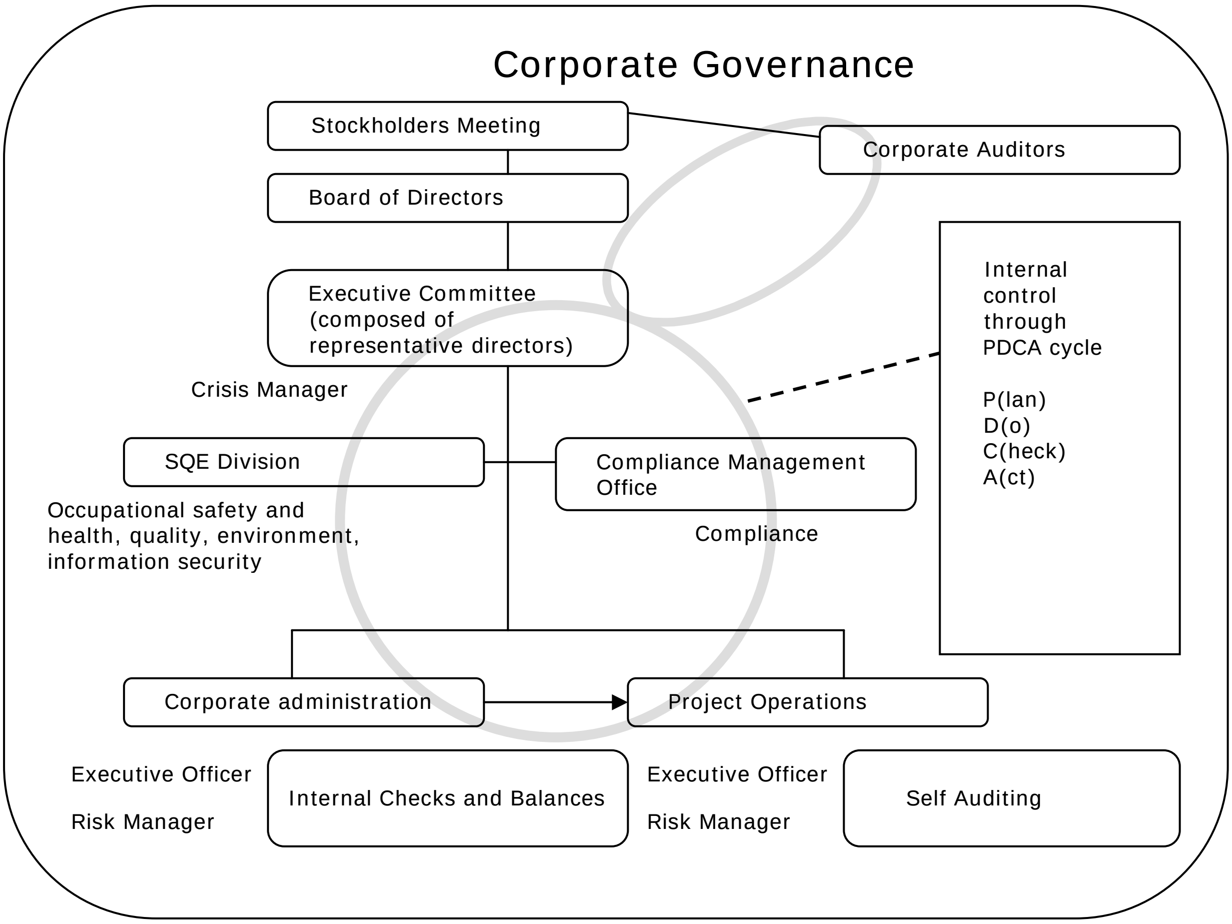
6. Corporate Governance Initiatives

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 Commercial Code, Law No. 18, Article 1, has four 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.

For the management of the execution and profitability of individual projects, Chiyoda has a self-auditing system for operating divisions along with project audits performed by professional auditors from corporate administration. These auditors verify the suitability of project execution plans formulated by operating divisions for the purpose of further strengthening internal checks and enhancing the transparency of management.

To respond to a risk crisis, the Group has established risk management and crisis management systems and appointed risk managers and crisis managers. In this manner, the Group has established an effective framework to constantly work on preventing problems from occurring and, in the event that a problem does occur, to take the necessary actions and minimize damages.

ii) Basic policies concerning related parties

Chiyoda has four outside auditors: a former managing director of the Bank of Tokyo-Mitsubishi, a former associate director of Mitsubishi Trust and Banking, a former executive officer of Mitsubishi Corporation, and an attorney. Regarding significant relationships, the Bank of Tokyo-Mitsubishi and Mitsubishi Trust and Banking are both major shareholders of the Company and provide financial services. Mitsubishi Corporation is a major shareholder of the Company and a business partner.

iii) Status of enhancements to corporate governance over the past half 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 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 half fiscal year, the Board of Directors met 5 times (deliberating on 18 subjects), the Executive Committee met 24 times (deliberating on 54 subjects and examining 34 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 6 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. The Group continuously takes actions to improve environmental management.

Moreover, the Chiyoda Information Security Management System, which conforms to BS7799-Part II (2002) (an international standard prescribed by the UKAS for information security management systems), provides a clearly defined and organizational system for protecting and handling the various information resources that represent the nucleus of the Group's operations.

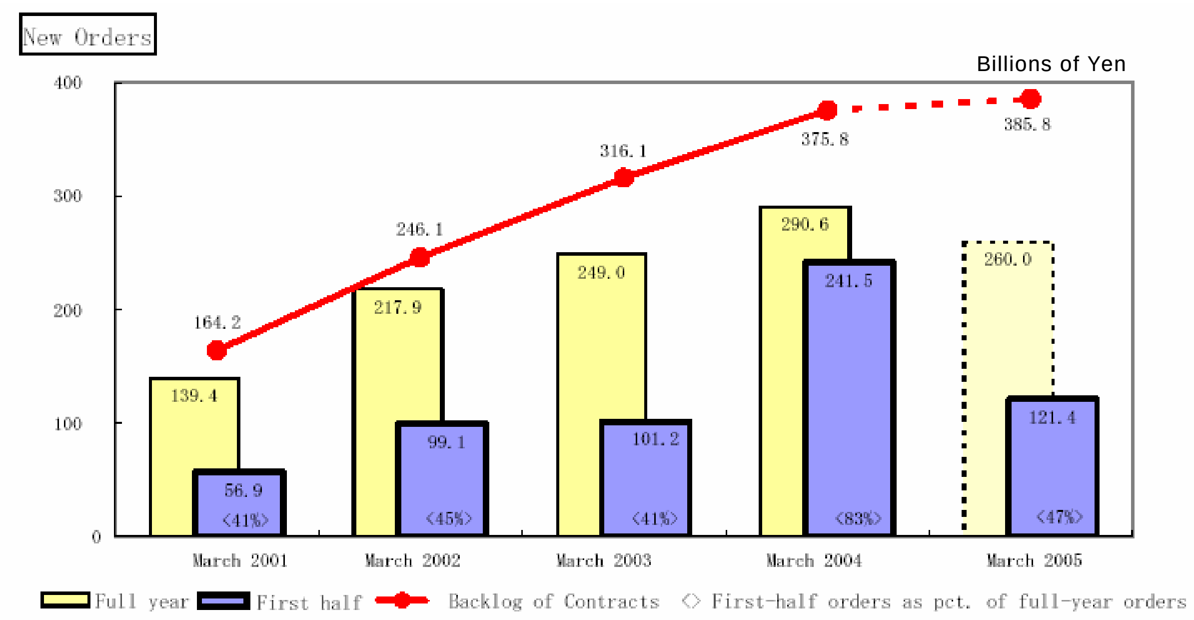
(3) Results of Operations and Financial Condition

1. Consolidated Operating Results for the Six Months Ended September 30, 2004
During the first half of the fiscal year, Japan's economy staged a solid recovery backed by a big upturn in corporate earnings, continued growth in capital investment, and gradual improvements in employment levels and consumer spending. Overseas, crude oil prices reached an all-time high due to terrorism in Saudi Arabia and Russia and political unrest in oil-producing nations such as Nigeria, as well as concerns about tight supplies in the United States. Nevertheless, the global economy continued to recover as economies in China and other parts of Asia continued to expand.

In the Japanese plant market, as the Japanese government took steps to prevent global warming, there was rapid growth in the use of natural gas and actions among electric and gas utilities to procure LNG supplies. As prices of oil and petrochemical products climbed, all oil companies began to see benefits of integrations and closings of refineries to streamline operations. In the chemical industry, there was demand for additional ethylene crackers as companies switch feedstock for general chemical products that are highly dependent on naphtha. There was also growth in business from pharmaceutical manufacturers for production facilities as they reviewed their facilities.

In the overseas plant market, the sudden rise in crude oil prices accelerated the global shift in energy use to natural gas. In the United States, the world's largest energy consumer, domestic gas production and imported gas from Canada were unable to meet demand, pointing to increasing reliance on LNG imports. As a result, there is considerable activity in LNG plant construction. China, which became a net importer of crude oil, has been developing energy resources using its own funds for national security considerations but is now becoming increasingly dependent on imported oil from the Middle East, central Asia and elsewhere. In the Middle East, many investment plans involving petrochemical projects are under way by domestic chemical companies and the energy major companies due to expectations for surging demand from China.

In this environment, consolidated new orders were ¥121,429 million, 49.7% less than one year earlier when the Group received a large order for the Sakhalin II project in Russia. However, this figure represented over half of the ¥230.0 billion target for new orders for the fiscal year at the beginning of the year, and 47% of the revised fiscal year new order target of ¥260.0 billion. Of the total, domestic orders represented ¥47,258 million, up 15.4% from the first half of the previous fiscal year, and overseas orders accounted for ¥74,170 million, a year-on-year decline of 63.0%.



Net sales from construction contracts were ¥116,371 million, 16% more than the target of ¥100 billion at the beginning of the fiscal year and 31.2% higher than net sales in the first half of the prior fiscal year. This performance mainly reflected steady progress in construction and a weaker yen at the end of the period than had been expected at the beginning of the fiscal year. Of the total, domestic orders represented ¥34,378 million, down 23.4% from the first half of the previous fiscal year, and overseas orders accounted for ¥81,992 million, a year-on-year increase of 34.8%.
Regarding earnings, gross profit on completed construction contracts rose 34.5% to ¥8,852 million due to growth in the volume of completed contracts and an improvement in gross margin on these contracts. In addition, a continuing decline in selling, general and administrative expenses relative to sales resulted in a 90.4% increase in operating profit to ¥4,752 million. Ordinary profit increased 71.1% to ¥5,153 million due to higher interest and

dividend income and other items, and net profit was up 135.6% to ¥5,095 million. Both ordinary profit and net profit met the targets for the first half.

Consolidated Results of Operations – Four-year Summary

Billions of Yen

Six months ended September 30	New orders	Construction contracts	Gross profit on projects completed	Operating profit	Ordinary profit	Net profit
2001	99.1	71.6	2.9	(1.9)	(1.7)	2
2002	101.2	69.3	5.4	1.0	1.6	2.4
2003	241.5	88.6	6.5	2.4	3.0	2.1
2004	124.1	116.3	8.8	4.7	5.1	5.0
Pct. YoY change	(49.7%)	31.2%	34.5%	90.4%	71.1%	135.6%
(reference) Year ended March 31, 2004	290.6	206.8	14.1	5.8	6.3	6.6

On a non-consolidated basis, new orders were down 51.5% to ¥103,446 million, which was half of the ¥200 billion target set at the beginning of the fiscal year. Domestic new orders increased 9.9% to ¥30,885 million and overseas new orders fell 60.8% to ¥72,561 million.

Net sales from construction contracts increased 37.2% to ¥97,036 million, 14% higher than the first half target of ¥85 billion as net sales from domestic construction contracts rose 45.6% to ¥20,708 million and net sales from overseas construction contracts climbed 35.1% to ¥76,327 million.

Operating profit was up 174.9% to ¥3,403 million, ordinary profit increased 136.7% to ¥3,778 million and net profit rose 537.4% to ¥4,684 million. Ordinary profit and net profit were both far above the targets set at the beginning of the fiscal year, enabling the Company to eliminate the accumulated loss.

Major New Orders for Apr. 1, 2004–Sep. 30, 2004

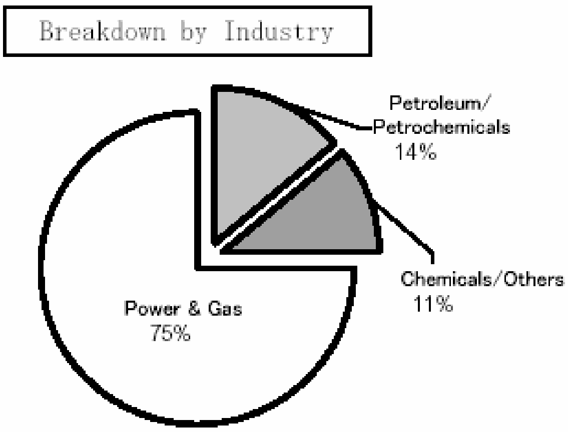
Overseas	Domestic
Over 10 billion yen ● LNG plant train 5 (Qatar/Ras Laffan Liquefied Natural Gas) **Under 10 billion yen** ● Fertilizer plant (Iran) ● Ethylene plant additional work (Saudi Arabia)	**Under 10 billion yen** ● Ethylene cracker (Mitsubishi Chemical Engineering and Mitsubishi Chemical) ● Mixed xylene plant (Seibu Oil) ● Synthesizing plant for clinical trial (Eisai) ● E-6 (Circuit Board Materials) Plant (Nippon Steel Chemical)

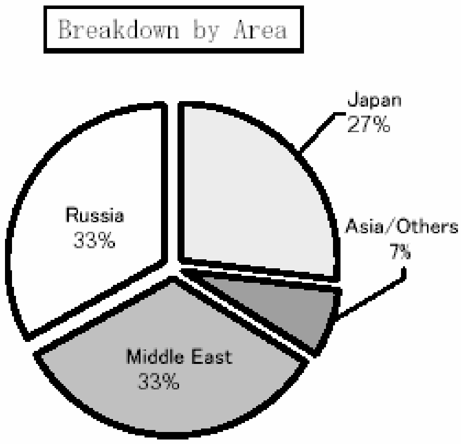
Major Completed Construction Contracts for Apr. 1, 2004–Sep. 30, 2004
(*) completed portion

Overseas	Domestic
Over 10 billion yen ● LNG plant (Oman) (*) ● Sakhalin II LNG project (Russia) (*) ● LNG plant train 4 (Qatar/Ras Laffan Liquefied Natural Gas) (*) **Under 10 billion yen** ● Gas development project phase I additional work (Qatar/ ExxonMobil) (*) ● Natural gas development (Indonesia) (*) ● Methanol plant (Saudi Arabia) (*)	**Under 10 billion yen** ● Desulfurization equipment for Maizuru Thermal Power Station 1 (Kansai Electric Power) ● LNG receiving terminal (Mizushima LNG) (*) ● LPG storage terminals in Kamisu, Fukushima and Namikata (Japan LPG Storage) (*) ● Capacity increase of fluid catalytic cracking (FCC) plant at Keihin refinery (TOA Oil) ● Ultra low sulfur gasoline project (Fuji Oil) ● Ultra low sulfur gasoline project (Nippon Petroleum Refining)

Major Contracts Carried Over for Apr. 1, 2004–Sep. 30, 2004

Overseas	Domestic
Over 10 billion yen ● Sakhalin II LNG project (Russia) ● LNG plant train 4 & 5 (Qatar/Ras Laffan Liquefied Natural Gas) ● Gas development project phase I additional work (Qatar/ ExxonMobil) ● LNG plant (Oman) **Under 10 billion yen** ● Fertilizer plant (Iran) ● Ethylene plant additional work (Saudi Arabia)	**Over 10 billion yen** ● Mizushima LNG terminal (Mizushima LNG) ● LPG storage terminals in Kamisu, Fukushima and Namikata (Japan LPG Storage) **Under 10 billion yen** ● Pharmaceutical laboratory (Mitsubishi Pharma) ● Ethylene cracker (Mitsubishi Chemical Engineering and Mitsubishi Chemical) ● Ultra low sulfur gasoline project (Showa Yokkaichi Sekiyu) ● Mixed xylene plant (Seibu Oil) ● Ultra low sulfur gasoline project (Seibu Oil)





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

Assets increased ¥17,594 million compared with the end of the prior fiscal year. Fixed assets decreased ¥47 million as the early application of asset impairment accounting offset the effect of capital investment in plant and equipment, including IT-related software. Current assets increased ¥17,642 million, mainly the result of growth in accounts receivable-trade and costs of construction contracts in progress and growth in joint venture assets due to an increase in large-scale projects conducted as joint ventures.

Liabilities

Liabilities increased ¥11,855 million, mainly the result of increases of ¥10,655 million in advance receipts on construction contracts and ¥2,931 million in accounts payable for construction costs.

Shareholders' equity

Shareholders' equity increased ¥5,721 million due to first-half net profit and increases of ¥627 million in paid-in common stock and the capital surplus because of the exercise of stock options. The equity ratio rose 1.8 percentage point during the first half to 17.8%.

Billions of Yen

	Mar. 31, 2004	Sep. 30, 2004	Change		Mar. 31, 2004	Sep. 30, 2004	Change
Current Assets				Current Liabilities			
Cash and time deposits	41.6	38.9	(2.6)	Short-term loans	0.1	0.1	0.0
Trade receivables and costs of construction contracts in progress	43.5	56.2	12.7	Trade payable and advance receipts on construction contracts	89.9	103.5	13.5
Jointly controlled assets of joint venture	28.4	37.1	8.7				
Other current assets	6.9	5.8	(1.1)	Other current liabilities	14.7	12.6	((2.1)
Fixed Assets				Non-current Liabilities			
Property, plant and equipment	6.9	6.7	(0.1)	Long-term debt	10.3	10.2	(0.0)
Intangible fixed assets	2.6	2.6	0.0	Other long-term liabilities (*)	4.9	5.4	0.4
Investments and other assets	12.7	12.8	0.1	Shareholders' Equity	22.7	28.4	V5.7
Total Assets	142.8	160.4	17.5	Liabilities and Shareholders' Equity	142.8	160.4	1717.5

* *Includes minority interests*

2) Cash Flows

Operating activities

Net cash used in operating activities was ¥2,683 million. Cash was provided by income before income tax and minority interests of ¥4,654 million, depreciation and amortization of ¥624 million and ¥880 million in 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). However, there was a ¥8,782 million increase in the Group's share of jointly controlled assets due to growth in large-scale joint-venture projects.

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 ¥6,099 million.

Investing activities
Net cash used in investing activities was ¥1,541 million. Although there were proceeds from the sale of investment securities and recovery of long-term loans receivable, there were payments of ¥1,016 million for investments in time deposits of more than three months and ¥827 million in payments for plant and equipment, including investments in IT-related software.

Financing activities
Net cash provided by financing activities was ¥552 million, the result of shares issued due to the exercise of stock options.

As a result of the above factors, cash and cash equivalents as of September 30, 2004 were ¥37,200 million, ¥3,702 million less than at the end of the prior fiscal year.

Change in Financial (Consolidated)

Six months ended September 30		*Billions of Yen* 2001	2002	2003	2004	(reference) Year ended March 31, 2004
Total Assets		130.9	134.5	138.0	160.4	142.8
Total Liabilities (*)		115.8	117.3	119.3	131.9	120.0
Shareholders' Equity		15.1	17.1	18.7	28.4	22.7
Net Cash provided by (used in):	Operating Activities	4.2	5.1	(3.3)	(2.6)	15.5
	Investing Activities	0.3	(0.2)	(0.6)	(1.5)	(1.2)
	Financing Activities	(6.1)	(4.5)	(0.2)	0.5	(8.2)
Balance of Cash and Cash Equivalents		32.5	38.8	31.1	37.2	40.9

** Includes minority interests.*

Cash Flow Indices

Fiscal year ended March 31	2002	2003	2004	Apr. 1, 2004– Sep. 30, 2004
Shareholders' Equity ratio (shareholders' equity divided by total assets)	11.7%	13.9%	15.9%	17.8%
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 1.7 years and interest coverage ratio is essentially 39.8.

3. Outlook for the Year Ending March 31, 2005
Although there are concerns about the impact on the global economy of the rapid increases in the cost of crude oil and basic materials, the economy is expected to continue to stage a gradual recovery.

The Group is promoting Plant Lifecycle Engineering (PLE) for optimizing all aspects of a plant, including the need to deal with older equipment and use equipment for periods of time, a field where solid demand is foreseen in Japan and overseas. The Group will draw on its technological resources to formulate PLE proposals.

Outside Japan, the outlook remains clouded by terrorism in all areas of the world, prolonged turmoil in Iraq and other events. However, there is growing demand for gas in energy-consuming nations. LNG imports are growing in the United States, the United Kingdom has become a net importer of gas, India has started importing LNG and

China will undoubtedly become an importer of LNG within a few years. Investments by the energy major companies to develop oil and gas in Asia, Australia, the Middle East, Africa and elsewhere are expected to continue in projects including gas fields, wells and other upstream activities. Targeting these growing investments, the Group will utilize its extensive track record and experience to develop businesses in a stable manner by leveraging skills in Gas Value Chain services.

In Japan, solid growth in the volume of gas sales indicates that there will continue to be substantial gas-related capital investment in both the consumer and industrial market segments. In addition, oil and petrochemical companies are increasingly sharing energy among their production facilities to become more competitive and oil companies using desulfurization residues and other materials to generate electricity (IGCC: Integrated Gasification Combined Cycle) are selling excess power to electric utilities and other users. As a result, these companies are studying investment plans for conserving energy at all industrial complexes in a particular region as well as for environmental systems. The Group will capitalize on this trend to increase new orders by promoting PLE, a field where the Group has superior technology.

As in the first half of the fiscal year, the Group expects steady progress at ongoing construction projects. However, completions may be pushed back in some instances because of delays in procuring equipment and materials that are in short supply. Sudden increases in prices of equipment and materials along with foreign exchange movements may have an impact on the Group's outlook for sales and earnings from future orders, too.

Based on this outlook, and assuming an exchange rate of ¥105 to the U.S. dollar, the Company is forecasting consolidated new orders of ¥260.0 billion (compared with a forecast of ¥230.0 billion at the beginning of the fiscal year), net sales from construction contracts of ¥250.0 billion (up from ¥220.0 billion), ordinary profit of ¥8.7 billion (up from ¥7.1 billion) and net profit of ¥8.3 billion (up from ¥7.3 billion).

On a non-consolidated basis, the Company anticipates new orders of ¥220.0 billion (up from ¥200.0 billion), net sales from construction contracts of ¥210.0 billion (up from ¥185.0 billion), ordinary profit of ¥6.8 billion (up from ¥5.8 billion) and net profit of ¥7.5 billion (up from ¥6.5 billion). The Company plans to pay a year-end dividend of ¥5 per share, compared with the previous plan of paying a year-end dividend of between ¥3 and ¥5.

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.

Financial Statements

1. Consolidated Balance Sheets

	Millions of Yen					
	Apr. 1, 2004– Sep. 30, 2004	%	Apr. 1, 2003– Sep. 30, 2003	%	Apr. 1, 2003– Mar. 31, 2004	%
Assets						
Current Assets						
Cash and time deposits	38,931		32,272		41,613	
Notes and accounts receivable-trade	28,031		29,417		24,612	
Costs of construction contracts in progress	28,206		27,273		18,918	
Deferred tax assets	2,792		854		2,086	
Jointly controlled asset of joint venture	37,196		20,257		28,413	
Other	3,366		5,533		5,343	
Allowance for doubtful accounts	(326)		(536)		(431)	
Total Current Assets	**138,198**	**86.1**	**115,071**	**83.3**	**120,556**	**84.4**
Fixed Assets						
Property, plant and equipment						
Buildings and structures	6,205		6,663		6,352	
Accumulated depreciation	3,166		3,311		3,335	
Book value of buildings and structures	**3,038**		**3,351**		**3,017**	
Machinery and equipment	726		817		870	
Accumulated depreciation	311		616		612	
Book value of machinery and equipment	**415**		**200**		**258**	
Tools, furniture and fixtures	5,231		5,196		5,269	
Accumulated depreciation	3,904		4,278		4,151	
Book value of tools, furniture and fixtures	**1,327**		**918**		**1,118**	
Land	1,962		2,526		2,526	
Construction in progress	0		—		1	
Total property, plant and equipment	**6,744**		**6,998**		**6,922**	
Intangible fixed assets	**2,620**		**2,416**		**2,607**	
Investments and other assets						
Investment securities	4,332		4,341		4,325	
Long-term loans	665		671		701	
Long-term accounts receivable	5,105		5,405		5,127	
Long-term receivables	4,166		5,526		4,133	
Deferred tax assets	126		79		82	
Other investments	2,179		2,224		2,220	
Allowance for doubtful accounts	(3,421)		(4,409)		(3,554)	
Allowance for capital loss on investments	(263)		(263)		(263)	
Total investments and other assets	**12,891**		**13,577**		**12,773**	
Total Fixed Assets	**22,256**	**13.9**	**22,991**	**16.7**	**22,303**	**15.6**
Total Assets	**160,454**	**100.0**	**138,063**	**100.0**	**142,859**	**100.0**

	Millions of Yen					
	Apr. 1, 2004– Sep. 30, 2004	%	Apr. 1, 2003– Sep. 30, 2003	%	Apr. 1, 2003– Mar. 31, 2004	%
Liabilities and Shareholders' Equity						
Current Liabilities						
Notes and accounts payable-trade	55,820		42,197		52,888	
Short-term loans	115		8,066		101	
Income taxes payable	264		132		194	
Advance receipts on construction contracts	47,717		41,389		37,061	
Indemnity allowance for completed construction	1,148		945		1,079	
Accrued bonuses	1,551		1,276		1,548	
Allowance for contingency loss	200		2,146		200	
Other	9,463		8,415		11,762	
Total Current Liabilities	**116,281**	**72.5**	**104,571**	**75.7**	**104,836**	**73.4**
Non-Current Liabilities						
Long-term debt	10,265		10,367		10,316	
Deferred tax liabilities	0		10		1	
Liability for retirement benefits	4,595		3,489		4,128	
Liability for retirement benefit to directors	374		309		378	
Other liabilities	86		93		86	
Total Non-Current Liabilities	**15,322**	**9.5**	**14,271**	**10.3**	**14,912**	**10.5**
Total Liabilities	**131,604**	**82.0**	**118,842**	**86.0**	**119,748**	**83.9**
Minority Interests	**362**	**0.2**	**504**	**0.4**	**344**	**0.2**
Shareholders' Equity						
Common stock	12,342	7.7	12,027	8.7	12,027	8.4
Additional paid-in capital	6,131	3.8	5,818	4.2	5,818	4.1
Retained earnings	10,854	6.8	1,312	1.0	5,800	4.0
Net unrealized loss on available-for-sale securities	27	0.0	18	0.0	26	0.0
Foreign currency translation adjustments	(689)	(0.4)	(360)	(0.2)	(766)	(0.5)
Treasury stock	(178)	(0.1)	(101)	(0.1)	(140)	(0.1)
Total Shareholders' Equity	**28,488**	**17.8**	**18,715**	**13.6**	**22,766**	**15.9**
Liabilities, Minority Interests and Shareholders' Equity	**160,454**	**100.0**	**138,063**	**100.0**	**142,859**	**100.0**

2. Consolidated Statements of Income

	Millions of Yen					
	Apr. 1, 2004– Sep. 30, 2004		Apr. 1, 2003– Sep. 30, 2003		Apr. 1, 2003– Mar. 31, 2004	
		(%)		(%)		(%)
Construction Contracts	**116,371**	**100.0**	**88,679**	**100.0**	**206,816**	**100.0**
Cost of Construction Contracts	**107,518**	**92.4**	**82,098**	**92.6**	**192,709**	**93.2**
Gross profit	8,852	7.6	6,580	7.4	14,106	6.8
Selling, General and Administrative Expenses	**4,099**	**3.5**	**4,085**	**4.6**	**8,225**	**4.0**
Operating profit	4,752	4.1	2,495	2.8	5,881	2.8
Other Income						
Interest	274		176		360	
Dividend income	7		46		50	
Foreign exchange gain	63		303		294	
Equity in earnings of associated companies	98		171		155	
Rent income	121		—		146	
Other	124		186		170	
Total Other Income	**690**	**0.6**	**884**	**1.0**	**1,176**	**0.6**
Other Expenses						
Interest expense	153		202		374	
Cost of rent income	84		49		84	
Other	51		115		250	
Total Other Expenses	**289**	**0.3**	**367**	**0.4**	**710**	**0.3**
Ordinary profit	5,153	4.4	3,011	3.4	6,348	3.1
Extraordinary Gain						
Reversal of allowance for doubtful accounts	282		199		485	
Reversal of allowance for contingency loss	—		—		600	
Other	10		0		112	
Total Extraordinary Gain	**292**	**0.3**	**200**	**0.2**	**1,198**	**0.6**
Extraordinary Loss						
Loss on sale of fixed assets	388		—		—	
Impairment loss	233		—		—	
Loss on removal of fixed assets	99		—		—	
Loss on guarantee of construction performance in affiliated companies	—		—		1,679	
Allowance for contingency loss	—		1,346		—	
Other	70		78		497	
Total Extraordinary Loss	**791**	**0.7**	**1,425**	**1.6**	**2,176**	**1.1**
Profit before income taxes and minority interests	4,654	4.0	1,787	2.0	5,370	2.6
Income taxes current	291		267		667	
Income taxes deferred	(754)		(659)		(1,905)	
Total Tax	**(462)**	**(0.4)**	**(392)**	**(0.4)**	**(1,237)**	**(0.6)**
Minority interests in net profit	22	(0.0)	17	(0.0)	—	—
Minority interests in net loss	—	—	—	—	38	0.0
Net profit	**5,095**	**4.4**	**2,162**	**2.4**	**6,646**	**3.2**

3. Consolidated Statements of Retained Earnings

	Millions of Yen		
	Apr. 1, 2004– Sep. 30, 2004	Apr. 1, 2003– Sep. 30, 2003	Apr. 1, 2003– Mar. 31, 2004
Additional Paid-in Capital			
Additional Paid-in Capital at Beginning of Period	**5,818**	**5,818**	**5,818**
New stock issue associated with exercise of stock options	312	—	—
Additional Paid-in Capital at End of Period	6,131	5,818	5,818
Retained Earnings			
Retained Earnings at Beginning of Period	5,800	(496)	(496)
Increase in Retained Earnings			
From net profit	5,095	2,162	6,646
From decrease in consolidated subsidiaries	—	—	12
Total Increase in Retained Earnings	**5,095**	**2,162**	**6,659**
Decrease in Retained Earnings			
From decrease in consolidated subsidiaries	41	—	—
From consolidated subsidiaries	—	352	361
Total Decrease in Retained Earnings	**41**	**352**	**361**
Retained Earnings at End of Period	**10,854**	**1,312**	**5,800**

4. Consolidated Statements of Cash Flow

	Millions of Yen		
	Apr. 1, 2004– Sep. 30, 2004	Apr. 1, 2003– Sep. 30, 2003	Apr. 1, 2003– Mar. 31, 2004
Cash Flow from Operating Activities			
Profit (loss) before income taxes and minority interests	4,654	1,787	5,370
Depreciation and amortization	624	595	1,205
Decrease in allowance for doubtful accounts	(238)	(167)	(1,128)
Interest and dividend income	(281)	(222)	(410)
Interest expense	153	202	374
Foreign exchange losses (gains)	(225)	380	650
Equity in earnings of associated companies	(98)	(171)	(155)
Loss on sales and disposal of property, plant and equipment	487	—	—
Impairment loss	233	—	—
Decrease (increase) in trade notes and accounts receivable	(3,446)	(4,042)	762
Decrease (increase) in costs of construction contracts in progress	(9,288)	(6,167)	2,187
Increase (decrease) in trade notes and accounts payable	2,973	(4,313)	6,376
Increase in advance receipts on construction contracts	10,655	16,217	11,889
Increase (decrease) in accrued bonuses	3	(99)	172
Increase in retirement benefits	467	578	1,217
Indemnity allowance for completed contracts	69	251	385
Decrease in allowance for investment loss	—	(0)	(0)
Increase (decrease) in allowance for contingency loss	—	1,346	(600)
Increase in jonitly controlled assets of joint ventures	(8,782)	(11,585)	(19,741)
Increase in consumption taxes payable	304	668	645
Other	(903)	1,349	6,787
Subtotal	(2,636)	(3,392)	15,988
Interest and dividend income	322	462	665
Interest paid	(153)	(205)	(367)
Income taxes paid	(216)	(243)	(705)
Net Cash Provided by Operating Activities	**(2,683)**	**(3,378)**	**15,580**

4. Consolidated Statements of Cash Flow (Continued)

	Millions of Yen		
	Apr. 1, 2004–Sep. 30, 2004	Apr. 1, 2003–Sep. 30, 2003	Apr. 1, 2003–Mar. 31, 2004
Cash Flow from Investing Activities			
Payment for time deposits	(1,016)	(1)	(1)
Proceeds from refunds of time deposits with maturities	—	30	353
Payments for purchase of investment securities	(0)	(18)	(20)
Proceeds from sales of investment securities	155	—	11
Purchase of property, plant and equipment	(375)	(266)	(751)
Proceeds from sale of property, plant and equipment	23	4	8
Purchase of intangible fixed assets	(452)	(466)	(992)
Net decrease in short-term loans	1	1	10
Long-term loans	(6)	(73)	(144)
Proceeds from collections of long-term loans	129	115	249
Other	—	0	0
Net Cash Used in Investing Activities	**(1,541)**	**(673)**	**(1,277)**
Cash Flow from Financing Activities			
Net decrease in short-term bank loans	14	(45)	(7,904)
Repayments of long-term debt	(50)	(142)	(257)
Proceeds from new stock issue	627	—	—
Other	(38)	(53)	(92)
Net Cash Used in Financing Activities	**552**	**(241)**	**(8,254)**
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**25**	**498**	**(78)**
Net Increase (Decrease) in Cash and Cash Equivalents	**(3,646)**	**(3,794)**	**5,970**
Cash and Cash Equivalents at Beginning of Period	**40,902**	**34,940**	**34,940**
Decrease in Cash and Cash Equivalents Elimination From Consolidation	**(56)**	**—**	**(7)**
Cash and Cash Equivalents at End of Period	**37,200**	**31,145**	**40,902**

<Appendix to Consolidated Financial Statements>

Changes in Accounting Principles

Latest Consolidated Six-Month Period (Apr. 1, 2004–Sep. 30, 2004)	Previous Consolidated Six-Month Period (Apr. 1, 2004–Sep. 30, 2004)	Previous Fiscal Year (Apr. 1, 2003–Mar. 31, 2004)
(d) Revenue recognition on construction contracts Revenues are recognized upon the completion of construction work and acceptance by the client, except for the following contracts. The Company and its four domestic consolidated subsidiaries recognize revenues on construction contracts greater than ¥100 million and having construction periods longer than 12 months by the percentage-of-completion method. Chiyoda Singapore Private Limited (Singapore subsidiary) and PT. Chiyoda International Indonesia (Indonesian subsidiary) and six other subsidiaries recognize revenues on construction contracts by the percentage-of-completion method. Revenues from construction contracts accounted by the percentage-of-completion method totaled ¥87,205 million. (Changes in accounting practices) In prior periods, the Company recognized revenues on construction contracts greater than ¥5 billion and having construction periods longer than 18 months by the percentage-of-completion method. Effective the current interim consolidated accounting period, the Company changed the scope of the application of the percentage-of-completion method for new construction contracts. Accordingly, the Company recognizes revenues on new construction contracts greater than ¥100 million and having construction periods longer than 12 months by the percentage-of-completion method. Effective the current interim consolidated accounting period, the Company's three major domestic consolidated subsidiaries changed the scope of the application of the percentage-of-completion method for new construction contracts to bring it into line with the principles adopted by the Company. The change in the accounting policy was made in consideration of the	(d) Revenue recognition on construction contracts Revenues are recognized upon the completion of construction work and acceptance by the client, except for the following contracts. The Company recognizes revenues on construction contracts greater than ¥5 billion and having construction periods longer than 18 months by the percentage-of-completion method. In accordance with the generally accepted accounting principles in the U. S. A., Chiyoda International Corporation, the Company's U. S. subsidiary, recognizes revenues on construction contracts by the percentage-of-completion method. Chiyoda Singapore Private Limited (Singapore subsidiary) and PT. Chiyoda International Indonesia (Indonesia subsidiary) and ten other subsidiaries recognize revenues on construction contracts by the percentage-of-completion method. Revenues from construction contracts accounted by the percentage-of-completion method totaled ¥43,546 million.	(d) Revenue recognition on construction contracts Revenues are recognized upon the completion of construction work and acceptance by the client, except for the following contracts. The Company recognizes revenues on construction contracts greater than ¥5 billion and having construction periods longer than 18 months by the percentage-of-completion method. Chiyoda Singapore Private Limited (Singapore subsidiary) and PT. Chiyoda International Indonesia (Indonesia subsidiary) and ten other subsidiaries recognize revenues on construction contracts by the percentage-of-completion method. Revenues from construction contracts accounted by the percentage-of-completion method totaled ¥14,073 million.

increasing number of small- to medium-size projects, more precise risk management resulting from enhanced corporate organization and to better reflect construction revenue in the period profit/loss in view of the recent trends in international accounting standards. As a result of this change, interim gross profit on completed construction contracts was ¥633 million higher and operating profit, ordinary profit, and profit before income taxes were each ¥63 million higher than the amounts that would have been reported if the previous method had been applied consistently. Information concerning the effect upon segment information is contained in the Segment Information section.		

Latest Consolidated Six-Month Period (Apr. 1, 2004–Sep. 30, 2004)	Previous Consolidated Six-Month Period (Apr. 1, 2004–Sep. 30, 2004)	Previous Fiscal Year (Apr. 1, 2003–Mar. 31, 2004)
(Accounting standard for impairment of property, plant and equipment) Effective the current consolidated interim period, the Company adopted the new standards for accounting for impairment of property, plant and equipment (Opinion on "Accounting Standards for Impairment of Fixed Assets," (ASBJ, August 9, 2002)) and Accounting Standard Implementation Guidance No. 6 ("Implementation Guidance on Accounting Standard for Impairment of Fixed Assets," (ASBJ, October 31, 2002)), effective the fiscal year beginning on or after March 31, 2003. The effect of this adoption was to decrease interim profit before income taxes by ¥233 million, compared to the amount that would have been reported if the previous standard had been applied consistently. In accordance with the revised Standards for the Preparation of Interim Consolidated Financial Statements, accumulated impairment losses are deducted directly from the carrying amounts of the respective fixed assets.	—	—

Segment Information

1. Industry Segments

The Company's latest six-month period was from April 1, 2004 to September 30, 2004. The previous six-month period was from April 1, 2003 to September 30, 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

Latest Six-Month Period (From April 1, 2004 to September 30, 2004)

Millions of Yen

	Japan	Asia	North America	Others	Total	Eliminations (Corporate)	Consolidated
Net sales							
Outside customers	111,317	5,053	—	—	**116,371**	—	**116,371**
Inter-segment	1	793	16	—	**811**	(811)	—
Total	111,319	5,846	16	—	**117,182**	(811)	**116,371**
Operating expenses	106,614	5,784	16	1	**112,416**	(797)	**111,618**
Operating Profit (Loss)	**4,704**	**62**	**(0)**	**(1)**	**4,765**	(13)	**4,752**

(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.
North America: America.
Other regions: Nigeria.
Effective the current interim consolidated accounting period, Chiyoda Deustchland GMBH (German subsidiary), a consolidated subsidiary in prior periods, is excluded from the consolidation due to liquidation (July 2003) and Chiyoda International Limited (UK), also a consolidated subsidiary in prior periods, is excluded from the consolidation since it no longer has significant effect on the overall results of consolidated financial statements. As a result, there were no sales in the Europe segment, which is excluded from the Geographical Segment Information.
(3) Changes in Accounting Principles:
Effective the current interim consolidated accounting period, as mentioned in Section 4 (d) Summary of Significant Accounting Policies (Changes in Accounting Policies), the Company and its three major domestic consolidated subsidiaries changed the scope of the application of the percentage-of-completion method for new construction contracts. Accordingly, the Company recognizes revenues on new construction contracts greater than ¥100 million and having construction periods longer than 12 months by the percentage-of-completion method.
The effect of this change was to increase construction contract revenue and operating profit in the Japan segment by ¥633 million and ¥63 million respectively compared to the amounts that would have been reported if the previous standards had been applied consistently.
The change has no impact on geographical segments other than Japan.

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
Net 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: England and Germany.
North America: America.
Other regions: Nigeria.

(3) 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, 2003 to March 31, 2004)

Millions of Yen

	Japan	Asia	Europe	North America	Others	Total	Eliminations (Corporate)	Consolidated
Net sales								
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**

(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) 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.

3. Overseas Sales

Latest Six-Month Period (From April 1, 2004 to September 30, 2004)

Millions of Yen

	Asia	Middle East	Russia / Central Asia	Other Regions	Total
Overseas sales	16,659	48,027	15,793	1,511	**81,992**
Consolidated sales..					116,371
Ratio of overseas to consolidated sales (%).	14.32	41.27	13.57	1.30	**70.46**

(Notes)
(1) Geographic segmentation is according to geographic proximity
(2) Countries and areas included in each region:
Asia: China, Indonesia and Thailand.
Middle East: Qatar, Oman , Saudi Arabia 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 ¥5,901 million, which accounted for 6.7% of the overseas sales, in the previous consolidated fiscal year.

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

	Asia	Middle East	Other Regions	Total
	Millions of Yen			
Overseas sales	7,725	45,521	7,584	**60,831**
Consolidated sales				88,679
Ratio of overseas to consolidated 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, 2003 to March 31, 2004)

	Asia	Middle East	Russia / Central Asia	Other Regions	Total
	Millions of Yen				
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 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, 2004– Sep. 30, 2004				Apr. 1, 2003– Sep. 30, 2003				Apr. 1, 2003 – Mar. 31, 2004			
	New Orders		*Backlog*		*New Orders*		*Backlog*		*New Orders*		*Backlog*	
	Amt	*%*	*Amt*	*%*	*Amt*	*%*	*Amt*	*%*	Amt	%	Amt	%
Business Segment												
Engineering	119,480 -50.2%	98.4	392,871 [11,959]	100.0	239,695	99.2	453,952 [-15,057]	100.0	287,094	98.8	375,854 [-24,155]	100,0
Petroleum-related..	19,229 -18.2%	15.8	27,921 [-152]	7.1	23,511	9.7	22,312 [1,653]	4.9	38,890	13.4	28,639 [1,160]	7.6
Petrochemical-related	19,261 +829.4%	15.9	25,796 [88]	6.6	2,072	0.8	27,108 [-1,448]	6.0	6,056	2.1	16,126 [-2,007]	4.3
Chemical-related ...	5,414 -36.0%	4.5	20,764 [156]	5.3	8,458	3.5	25,066 [1,812]	5.5	15,799	5.4	21,306 [1,366]	5.7
Gas and Power Utilities-related	62,180 -66.5%	51.2	296,032 [11,658]	75.3	185,663	76.9	342,407 [-9,642]	75.4	201,040	69.2	290,595 [-16,559]	77.3
Social developments-related	228 -79.6%	0.2	1,384 [—]	0.3	1,119	0.5	3,355 [7]	0.8	1,736	0.6	1,256 [6]	0.3
Industrial machinery-related	10,090 **+633.0%**	8.3	10,034 [-6]	2.6	1,376	0.6	6,915 [1,024]	1.5	2,503	0.9	2,819 [1,025]	0.8
Other	3,076 -82.4%	2.5	10,939 [216]	2.8	17,493	7.2	26,786 [-8,464]	5.9	21,068	7.2	15,110 [-9,147]	4.0
Other	1,948 +6.6%	1.6	— [—]	—	1,827	0.8	— [—]	—	3,564	1.2	— [—]	—
Total	**121,429** -49.7%	**100.0**	**392,871** **[11,959]**	**100.0**	**241,522**	**100.0**	**453,952** **[-15,057]**	**100.0**	**290.658**	**100.0**	**375,854** **[-24,155]**	**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, 2004– Sep. 30, 2004				Apr. 1, 2003– Sep. 30, 2003				Apr. 1, 2003 – Mar. 31, 2004			
	New Orders		*Backlog*		*New Orders*		*Backlog*		*New Orders*		*Backlog*	
	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%
Domestic.........	47,258 +15.4%	38.9	104,187 [-104]	26.5	40,934	16.9	96,622 [-68]	21.3	71,979	24.8	91,412 [-817]	24.3
Overseas.........	74,170 -63.0%	61.1	288,684 [12,064]	73.5	200,588	83.1	357,330 [-14,989]	78.7	218,678	75.2	284,441 [-23,337]	75.7
Total................	121,429 -49.7%	**100.0**	392,871 [11,959]	**100.0**	241,522	**100.0**	453,952 [-15,057]	**100.0**	290,658	**100.0**	375,854 [-24,155]	**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 – Sep. 30, 2004		Apr. 1, 2002 – Sep.30, 2003		Apr. 1, 2003 – Mar. 31, 2004	
Business Segment	*Amt*	*%*	*Amt*	*%*	*Amt*	*%*
Engineering	**114,422 +31.7%**	**98.3**	**86,852**	**97.9**	**203,252**	**98.3**
Petroleum-related	19,794 +15.3%	17.0	17,167	19.4	25,727	12.4
Petrochemical-related......................	9,679 -44.6%	8.3	17,460	19.7	31,866	15.4
Chemical-related.............................	6,113 -47.8%	5.2	11,707	13.2	22,362	10.8
Gas and Power Utilities-related.....	68,402 +106.3%	58.8	33,163	37.4	93,434	45.2
Social developments-related	100 -65.7%	0.1	292	0.3	3,008	1.5
Industrial machinery-related	2,869 +412.7%	2.5	559	0.6	5,782	2.8
Other..	7,463 +14.8%	6.4	6,500	7.3	21,069	10.2
Other..	1,948 +6.6%	1.7	1,827	2.1	3,564	1.7
Total	116,371 +31.2%	**100.0**	88,679	**100.0**	206,816	**100.0**

Breakdown of Domestic and Overseas Sales

	Millions of Yen					
	Apr. 1, 2003 – Sep. 30, 2004		Apr. 1, 2002 – Sep. 30, 2003		Apr. 1, 2003 – Mar. 31, 2004	
	Amt	*%*	*Amt*	*%*	*Amt*	*%*
Domestic...........	34,378 +23.4%	29.5	27,848	31.4	63,353	30.6
Overseas............	81,992 +34.8%	70.5	60,831	68.6	143,462	69.4
Total	116,371 +31.2%	**100.0**	88,679	**100.0**	206,816	**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 – Sep. 30, 2004			Apr. 1, 2002 – Sep. 30, 2003			Apr. 1, 2003 – Mar. 31, 2004		
Customer	*Amt*	*%*	*Customer*	*Amt*	*%*	*Customer*	*Amt*	*%*
Qalhat LNG SA OC	18,610	16.0	Ras Laffan LNG Co., Ltd.	12,100	13.6	Ras Laffan LNG Co., Ltd.	28,110	13.6
Sakhalin Energy Investment Co., Ltd.	15,793	13.6	Jubail United Petrochemical Company	9,613	10.8	Sakhalin Energy Investment Co., Ltd.	22,343	10.8
Ras Laffan LNG Co., Ltd.	11,616	10.0				Qalhat LNG SA OC	22,025	10.7

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