CHIYODA CORPORATION
Consolidated Financial Results
for the Year Ended March 31, 2006

CHIYODA CORPORATION

Summary of Financial Statements (Consolidated)
for the Year Ended March 31, 2006

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U.S. GAAP Accounting Principles	Not adopted

Consolidated Business Results
for the Year Ended March 31, 2006

1) Consolidated Business Results

	Millions of Yen			
	Apr. 1, 2005– Mar. 31, 2006		Apr. 1, 2004 – Mar. 31, 2005	
		Change(%)		Change(%)
Revenue	390,875	46.0	267,655	29.4
Operating Income	20,729	87.1	11,077	88.4
Ordinary Income	23,161	99.9	11,587	82.5
Net Income	19,400	50.8	12,863	93.5
Net Income per Share (¥)	101.27		68.62	
Fully Diluted Net Income per Share (¥)	100.80		67.30	
Return on Equity (ROE)	42.0%		43.1%	
Ratio of Ordinary Income to Total Assets	10.0%		7.1%	
Ratio of Ordinary Income to Revenue	5.9%		4.3%	

(Notes) (1) Gain from investments in subsidiaries and affiliates accounted for by the equity method:
Year ended March 31, 2006: 193 million yen
Year ended March 31, 2005: 152 million yen
(2) Average number of outstanding shares (consolidated) during the period:
Year ended March 31, 2006: 191,558,345 shares
Year ended March 31, 2005: 187,450,203 shares
(3) Changes to accounting principles: No
(4) Percentages for revenue, operating income, ordinary income and net income represent year-on-year changes.

2) Changes in Consolidated Financial Position

	Millions of Yen	
	Apr. 1, 2005– Mar. 31, 2006	Apr. 1, 2004– Mar. 31, 2005
Total Assets	279,721	182,893
Shareholders' Equity	55,508	36,873
Equity Ratio	19.8%	20.2%
Shareholders' Equity per Share (¥)	288.88	193.22

(Notes) Outstanding shares (consolidated) at the end of the period:
Year ended March 31, 2006: 192,152,053 shares
Year ended March 31, 2005: 190,837,167 shares

3) Consolidated Cash Flows

	Millions of Yen	
	Apr. 1, 2005– Mar. 31, 2006	Apr. 1, 2004 – Mar. 31, 2005
Net cash provided by operating activities	5,237	484
Net cash used in investing activities	1,051	(1,006)
Net cash provided by (used in) financing activities	(1,338)	1,169
Cash and cash equivalents at end of period	46,878	41,594

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	0
Affiliates accounted for by the equity method:	
Newly included	0
Excluded	0

Consolidated Operations Forecast for the Year Ending March 31, 2007

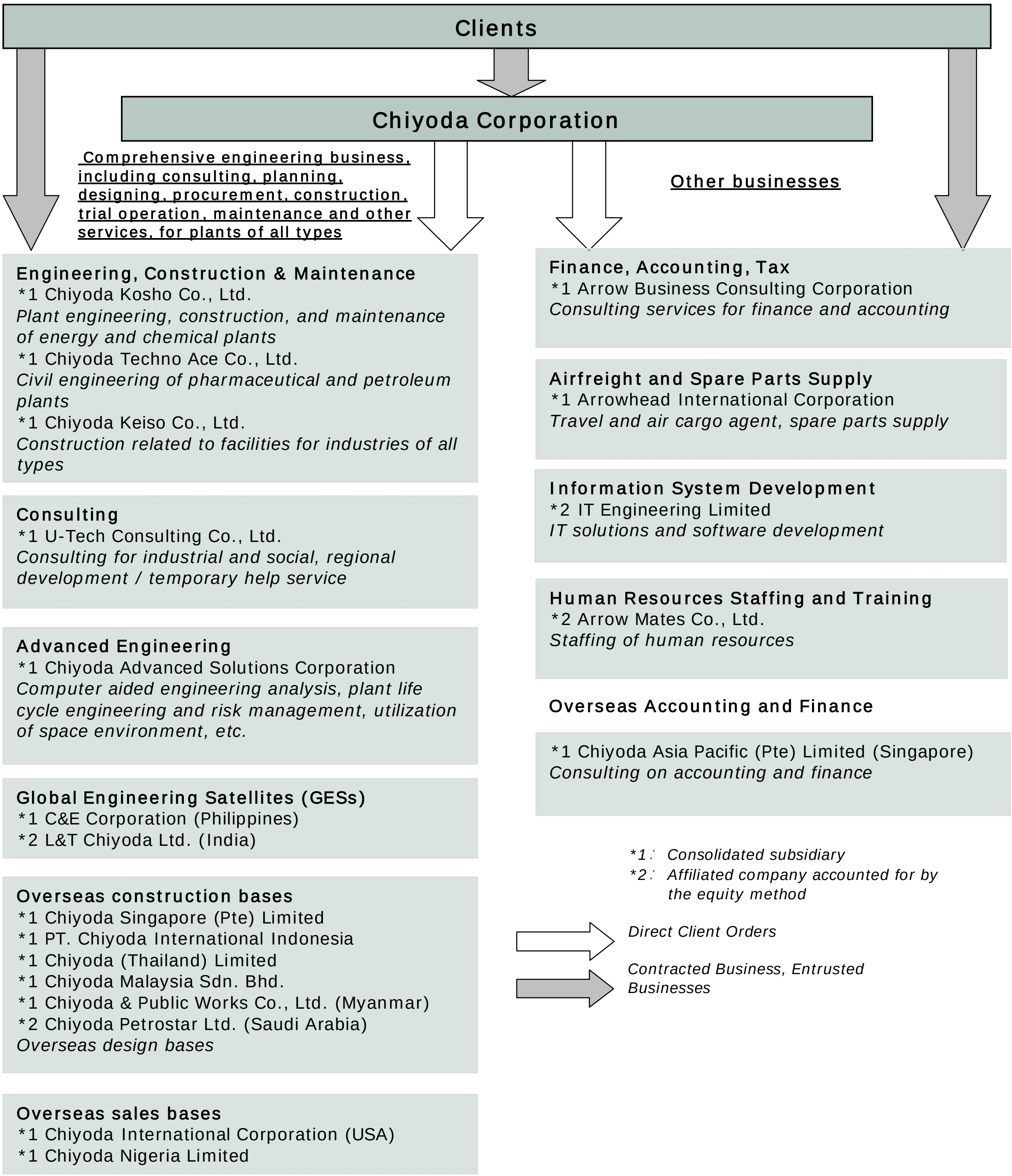
	Millions of Yen	
	Apr. 1, 2006 – Mar. 31, 2007	
	Interim period	Full term
Revenue	190,000	420,000
Ordinary Income	12,000	28,000
Net Income	7,000	16,500

(Note) Projected net income per share for the year ending March 31, 2007 85. 87 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 comprehensive engineering services organization, the Group's central business is its expertise in providing the most efficient solutions based on an accurate understanding of customer needs. By using highly advanced technologies and achieving the optimal combination of the project execution skills of group companies, all group members work in unison to conduct business operations. Through this approach, the Group responds flexibly to the needs of today's markets, society and regions. The Group's business is divided into Engineering Businesses and Other Businesses, and the Group's structure is outlined below.

Business Flowchart



(2) Management Policies

1. Basic Management Policies

The Chiyoda Group has formulated, and on February 17, 2005 announced, a medium-term management plan called "Double Step-Up Plan 2008" (DSP2008). The goal of the plan, which starts in fiscal 2005 (ends in March 2006) and ends in fiscal 2008 (ends in March 2009) is to enable the Group to consistently increase earnings.

The fundamental management policy is to achieve the targets of DSP2008 in order to achieve further gains in corporate value.

Management philosophy

The Chiyoda Group aims to conduct group management so as to earn the trust and understanding of shareholders, customers, suppliers, employees, communities and all other stakeholders.

Corporate Philosophy

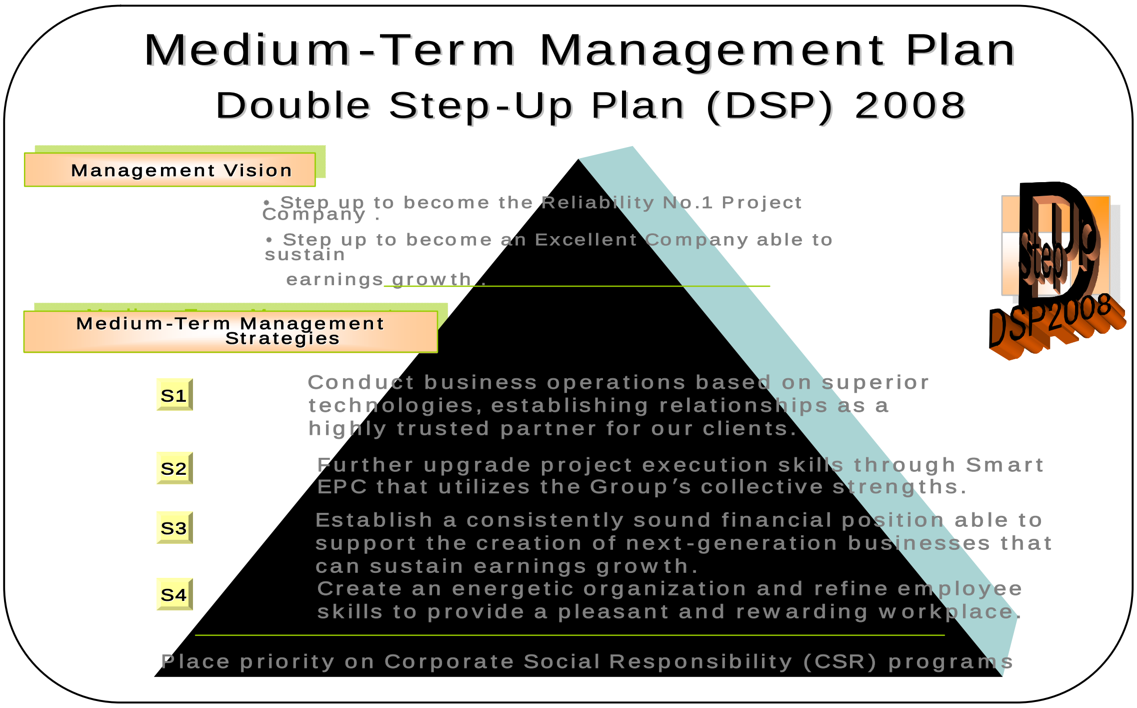
As a comprehensive engineering services organization, the Group's most important objectives are to promote its business and to contribute to the sustainable development of a society by sound application of its know-how and state-of-the-art technology.

Management Policies

Steadfast implementation of Double Step-Up Plan (DSP) 2008

- Quality management policy
- Environmental policy
- Code of business conduct
- Occupational health and safety policy
- Information security policy
- Privacy policy

2. Management Vision and Medium-Term Management Strategies



There are two fundamental elements of DSP 2008. The first is to resolutely retain the innovative thinking needed to "capitalize on change, and take on challenges posed by change" with the aim of becoming "the Reliability No.1 Project Company." The second is to aim to become "an Excellent Company that can increase earnings" through constant internal efforts.

In accordance with the above fundamental approaches, the Group has established medium- and long-term strategies. All Group employees from senior management on down are working as one to achieve management goals. To reach these goals, balance scorecards are used to facilitate comprehensive management of key targets for each strategy, action plans and the status of progress toward goals.

3. Targeted Performance Indicators

The management goal of DSP 2008 is to raise the return on equity to at least 30% by fiscal 2008 (ends in March 2009). The Group aims to further strengthen profitability through its own efforts and establish a permanently sound financial structure that can support the creation of next-generation businesses.

4. Fundamental Policy for Earnings Distributions

The Group is committed to being an organization able to perpetually grow and develop as well as to increase sales and earnings. Accordingly, the fundamental earnings distribution policy is to further increase retained earnings in order to maintain the consistently sound financial base needed to create next-generation businesses, to improve remuneration for employees based on operating results, and to pay a consistent and stable dividend. Based on this standpoint, Chiyoda plans to pay an annual dividend of 10 yen per share in June 2006. In addition, Chiyoda aims to continue to pay a dividend of at least 10 yen per share. Chiyoda does not plan to alter the dividend decision-making body (shareholders meeting) in conjunction with the enactment of Japan's Company Law.

5. Policy and Thinking Regarding Reduction in Investment Unit

The Group regards a change in the stock investment unit as an effective means of adding vitality to capital markets, and thus as an important management issue. Such actions will be taken based on a comprehensive evaluation of stock market trends, changes in Chiyoda's investment unit and other items.

6. Important Management Issues

One central issue is to build a solid base for the DSP2008 medium-term management plan by executing as planned LNG projects now under way. Of particular importance is contracts received in the past and prior fiscal years for construction of the world's largest LNG facilities in Qatar. The Group is dedicated to making steady progress concerning DSP2008 with the aim of reinforcing the Group's reputation for reliability by accurately responding to customers' demands with regard to increasingly large and complex plant projects.

In addition, the Group must accommodate a variety of risks involving business activities and other items as well as respond appropriately to revisions in laws and regulations. Through this stance, the Group is determined to be a responsible corporate citizen.

7. Items concerning parent company

Chiyoda has no parent company.

(3) Results of Operations and Financial Condition

1. Consolidated Operating Results for the Year Ended March 31, 2006

During the past fiscal year, there was a gradual economic recovery in Japan backed by rising capital expenditures as corporate earnings improved. Overseas, the U.S. economy remained healthy and economies in China and other Asian nations continued to post strong growth. The result was steady growth in the global economy.

In the global plant market, there was a big increase in demand for the gas value chain services of the Chiyoda Group. As natural gas demand increased in energy-consuming nations such as the U.S., U.K., China and India, there was a high level of gas development investments by gas-producing nations and major energy companies.

The price of crude oil remained high due to a combination of rising demand and political instability in oil-producing nations such as Iran, Iraq and Nigeria. In Japan, oil companies made large investments to upgrade their refineries in order to become more competitive. Investments included petrochemical production facilities targeting Asian markets, projects targeting the increasing price gap between heavy and light grades of oil, and large-scale energy-conservation projects.

In this environment, consolidated new contracts increased 95.5% to 804,231 million yen, far above the initial forecast for the volume of new contracts. New contracts in Japan increased 25.9% to 112,720 million yen and overseas new contracts increased 114.9% to 691,510 million yen.

Consolidated Results of New Contracts

Billions of Yen

Fiscal year ended March 31	New Contracts			Backlog of contracts
	Overseas	Domestic	Total	
2002	128.0	89.9	217.9	246.1
2003	180.4	68.6	249.0	316.1
2004	218.6	71.9	290.6	375.8
2005	321.7	89.4	411.2	522.4
2006	691.5	112.7	804.2	960.5

Major new contracts

<Overseas>

- LNG plant Trains 6 & 7 of Ras Laffan Liquefied Natural Gas (3) in Qatar
- LNG plant Trains 4 & 5 of Qatar Liquefied Gas Company Limited (II) in Qatar
- LNG plant Trains 6 & 7 of Qatar Liquefied Gas Company Limited (3 and 4) in Qatar

[Licensing of CT-121 technology for coal fired power station flue gas desulfurization)]

- Licensing to Southern Company Services (U.S.A.) for Southern Company (U.S.A.)
- Licensing to Black & Veatch Corporation (U.S.A.) for American Electric Power (U.S.A.) and Alabama Electric Cooperative, Inc. (U.S.A.)

<Domestic>

- Aromatics complex for Japan Energy Corporation
- BTX facility for Taiyo Oil Company, Limited
- Topper energy-saving operation for Kashima Oil Co., Ltd.
- Re-operation of LNR plant for Idemitsu Kosan Co., Ltd. Chiba refinery (Chiyoda Kosho Co., Ltd.)
- Reguratory maintenance of Toa Oil Co., Ltd. Mizue Plant (Chiyoda Kosho Co., Ltd.)
- Integration of drug formulation plant of Asahi Kasei Pharma Corporation (Chiyoda Techno Ace Co., Ltd.)

Revenue increased 46.0% to 390,875 million yen due to steady progress in the construction of ongoing projects and strong performances by group companies in Japan. This was higher than the forecast for the fiscal year. In Japan, Revenue were up 17.5% to 105,329 million yen and overseas Revenue rose 60.4% to 285,545 million yen.

Major completions (*) completed portion
<Overseas>

- LNG plant in Oman
- SMPO/MPG plant in China
- LNG plant Train 3 & 4 for Ras Laffan Liquefid Natural Gas (2) in Qatar
- LNG plant Train 4 & 5 of Qatar Liquefieds Gas Company Limited (II) in Qatar (*)
- Sakhalin II LNG project in Russia (*)

<Domestic>

- Mizushima LNG terminal
- Synthesizing plant for clinical trial for Eisai
- Ethylene cracker for Mitsubishi Chemical Engineering and Mitsubishi Chemical
- LPG storage terminals in Kamisu, Fukushima and Namikata
- Low grade heat generation system for Fuji Oil Co., Ltd.
- Mixed xylene plant for Seibu Oil
- Lube oil/grease mixing and filling plant for Nippon Petroleum Refining (*)

Earnings benefited from the growth in Revenue and a 0.4 point improvement in the gross margin on these contracts. As a result, gross profit on completed Revenue increased 54.7% to 30,552 million yen. Furthermore, operating income was up 87.1% to 20,729 million yen as selling, general and administrative expenses declined by 0.8 point as a percentage of sales. Ordinary income rose 99.9% to 23,161 million yen due in part to growth in interest income in conjunction with an increase in the Group's share of joint venture assets. After an extraordinary loss resulting from a change in the retirement benefit system, a gain on the reversal of the doubtful account reserve due to the collection of long-term delinquent receivables, and other items, net income was 19,400 million yen, an increase of 50.8%. Both ordinary income and net income were higher than the figures projected for the fiscal year.

Consolidated Results of Operations

Billions of Yen

Fiscal year ended March 31	Revenue	Gross profit on projects completed	Operating income	Ordinary income	Net income
2002	141.5	4.6	(5.1)	(3.3)	0.1
2003	166.3	10.4	1.5	2.3	1.9
2004	206.8	14.1	5.8	6.3	6.6
2005	267.6	19.7	11.0	11.5	12.8
2006	390.8	30.5	20.7	23.1	19.4

Non-consolidated new contracts were much higher than in the prior fiscal year, rising 103.1% to 747,971 million yen. New contracts in Japan increased 15.7% to 66,660 million yen and overseas new contracts increased 119.3% to 681,310 million yen.

Non-consolidated revenue increased 52.6% to 341,599 million yen. This is the total of domestic contracts of 70,307 million yen, up 20.2%, and overseas contracts of 271,291 million yen, up 64.1%.

Due to the growth in revenue and an 0.8 percentage point improvement in the gross margin, the gross profit on revenue increased 69.7% to 25,680 million yen. Selling, general and administrative expenses fell by 0.7 point as a percentage of sales, resulting in a 112.1% increase in operating income to 18,545 million yen. Ordinary income increased 130.7% to 21,211 million yen, due in part to higher interest income resulting from growth in the Company's share of joint venture assets. There was an extraordinary loss due to a change in the retirement benefit system and a gain on the reversal of the doubtful account reserve due to the collection of long-term delinquent receivables. After these and other items, there was a 47.5% increase in net income to 17,517 million yen. Both non-consolidated ordinary income and net income were higher than initial projections for the fiscal year.

Results by Business Segment

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

Natural Gas & Electric Power

Overseas, gas-producing nations and the major energy companies made substantial gas value chain investments due to growing global demand for natural gas. Investments extended from gas fields to LNG plants, LNG transportation and LNG receiving terminals. The U.S., the world's largest energy consumer, is certain to rely increasingly on LNG imports because domestic gas and imports from Canada can no longer meet the nation's growing demand for natural gas. The U.K. has become a net importer of natural gas because of declining output in the North Sea. In Asia, India has joined the ranks of LNG importers and China is expected to begin importing LNG sooner than had been expected. Due to the growth in LNG demand, there are a large number of LNG plants under construction in Russia, which has the world's largest gas reserves, and in the Middle East and western Africa.

Japan's electric and gas utilities are shifting to LNG and coal because of the much higher cost of crude oil. These companies are also adding facilities to benefit from the removal of boundaries that separated the electricity and gas utility industries. In addition, utilities have a growing interest in making investments in new projects.

Natural gas & electric power consolidated new contracts increased 126.5% to 692,056 million yen and revenue increased 75.1% to 284,505 million yen.

Petroleum , Petrochemicals and Gas Chemicals

In the petroleum sector, Japanese oil companies made many large investments to upgrade refineries in order to become more competitive. Activities included the expansion of petrochemical facilities to target opportunities in Asia, investments targeting the growing price gap between heavy and light grades of oil, and large-scale energy conservation projects.

In the petrochemical sector, Japanese petrochemical companies expanded activities in China and other Asian countries and made joint investments with petroleum companies involving the petrochemicals business.

Consolidated new contracts increased 11.7% to 73,843 million yen and revenue decreased 14.0% to 61,686 million yen.

General Chemicals & Industrial Machinery

In the general chemicals sector, the realignment of the Japanese pharmaceuticals industry due to mergers as well as the rapid increase in activities in Japan of foreign pharmaceuticals companies continued to fuel capital expenditures.

In the industrial machinery sector, there were substantial capital expenditures in Japan for facilities involving electronic materials and functional films. Chiyoda received orders for upgrades and improvements at existing plants and for development projects.

Consolidated new contracts decreased 8.8% to 26,474 million yen and revenue increased 46.4% to 31,900 million yen.

Environment & Others

In the environmental sector, Chiyoda continued to conduct sales activities for the CT-121 flue gas desulfurization technology that was developed by the Company as a means to meet increasingly strict global environmental restrictions involving air pollution. This technology was licensed to Southern Company Services for use at three flue gas desulfurization units at coal-fired power plants. In addition, this technology was licensed to Black and Veatch for use at 10 flue gas desulfurization units at American Electric Power and at one unit at Alabama Electric Cooperative. Revenue from these licenses made a contribution to sales in the past fiscal year.

Consolidated new contracts increased 10.8% to 7,134 million yen and revenue increased 6.9% to 8,061 million yen.

2. Financial Condition

1) Assets, Liabilities and Shareholders' Equity

Assets

Current assets increased 94,611 million yen due mainly to growth in jointly controlled assets of joint ventures as the number of large-scale projects conducted as joint ventures. In addition, there was a 2,216 million yen increase in fixed assets, mainly due to investments in IT-related software and equipment and to the acquisition of investment securities. The result was a 96,827 million yen increase in total assets.

Liabilities

There was a 78,215 million yen increase in liabilities. The major components were a 57,594 million yen increase in advance receipts on revenues and a 11,487 million yen increase in trade payables on revenues.

Shareholders' equity

Shareholders' equity was 18,635 million yen higher than one year earlier, mainly the result of the fiscal year's net income. However, the equity ratio declined 0.4 point to 19.8% because of the 96,827 million yen increase in assets resulting from the growth in jointly controlled assets of joint ventures.

Billions of Yen

FY ended March 31	2006	2005	Change		2006	2005	Change
Current Assets				**Current liabilities**			
Cash and time deposits	47.0	42.3	4.6	Short-term loans	0.0	10.1	(10.0)
Trade receivable and costs of revenues in process	64.8	62.6	2.2	Trade payable and advance receipts on revenues	187.8	118.7	69.0
Jointly controlled assets of joint venture	131.3	49.9	81.3				
Other current assets	13.3	7.0	6.3	Other current liabilities	17.2	10.8	6.3
Fixed Assets				**Non-current Liabilities**			
Property, plant and equipment	7.0	6.7	0.3	Long-term debt	10.1	0.2	9.9
Intangible fixed assets	3.1	2.8	0.3	Other long-term liabilities (*)	8.8	6.0	2.8
Investments and other assets	12.8	11.2	1.5	**Shareholders' Equity**	55.5	36.8	18.6
Total Assets	279.7	182.8	96.8	**Liabilities and Shareholders' Equity**	279.7	182.8	96.8

** Includes minority interests*

2) Cash Flows

Operating activities

Net cash provided by operating activities was 5,237 million yen. Although there was an 81,382 million yen increase in joint venture assets due to an increase in large-scale projects conducted as joint ventures, cash was provided by income before income taxes of 21,906 million yen and depreciation and amortization of 1,468 million yen. Furthermore, changes in working capital (net changes in trade receivable, costs of revenues in process, trade payable and advance receipts onrevenues) provided cash totaling 66,596 million yen.

Investing activities

Net cash provided by investing activities was 1,051 million yen. Purchases of plant and equipment, including IT-related software, totaled 1,854 million yen. This was offset by proceeds of 3,340 million yen from the collection of long-term loans.

Financing activities

Net cash used in financing activities was 1,338 million yen due to the payment of dividends and other items.

The net result of the above items was a net increase of 5,284 million yen in cash and cash equivalents to 46,878 million yen as of March 31, 2006.

Change in Financial (Consolidated)

Fiscal year ended March 31		*Billions of Yen* 2002	2003	2004	2005	2006
Total Assets		129.3	120.2	142.8	182.8	279.7
Total Liabilities (*)		114.2	103.6	120.0	146.0	224.2
Shareholders' Equity		15.1	16.6	22.7	36.8	55.5
Net Cash provided by (used in):	Operating Activities	10.4	6.9	15.5	0.4	5.2
	Investing Activities	(0.2)	(0.8)	(1.2)	(1.0)	1.0
	Financing Activities	(5.8)	(9.5)	(8.2)	1.1	(1.3)
Balance of Cash and Cash Equivalents		38.6	34.9	40.9	41.5	46.8

** Includes minority interests.*

Cash Flow Indices

Fiscal year ended March 31	2002	2003	2004	2005	2006
Shareholders' Equity ratio	11.7%	13.9%	15.9%	20.2%	19.8%
Years for Debt Redemption	2.7 year	2.7 year	0.7 year	21.3 year	2.0 year
Interest Coverage Ratio	17.5 times	11.7 times	42.4 times	1.6 times	17.3 times

3. Outlook for the Year Ending March 31, 2006

In the overseas industrial plant market, growth is continuing on a global scale in gas-related investments by gas-producing nations and the energy majors due to rising worldwide demand for natural gas. These investments include gas development and other upstream projects. Chiyoda will continue to target new contracts in market sectors where growth is expected to continue, such as the markets for LNG, gas chemical and petrochemical plants.

In Japan, Chiyoda will aggressively target opportunities for orders associated with projected capital expenditures by oil companies aimed at increasing production of petrochemicals and at making refineries more competitive. In the pharmaceutical sector, Chiyoda is focusing on developing projects and capturing orders associated with facilities for the production of many types of new drugs and intermediates in small lots. In the industrial machinery sector, Chiyoda foresees continuing strength in capital expenditures associated with electronic materials used in cell phones and liquid crystal displays. Chiyoda will be increasing efforts to capture orders in this sector.

In the U.S. and Europe, there is growing demand for flue gas desulfurization facilities at coal-fired power plants. Chiyoda plans to offer partners in these two regions licenses to utilize its CT-121 desulfurization technology. Chiyoda is continuing to conduct sales activities for this technology.

Based on this outlook, and assuming an exchange rate of 110 yen to the U.S. dollar in the fiscal year ending on March 31, 2007, Chiyoda is forecasting consolidated new contracts of 320,000 million yen, revenue of 420,000 million yen, ordinary income of 28,000 million yen and net income of 16,500 million yen. On a non-consolidated basis, Chiyoda is forecasting new contracts of 280,000 million yen, revenue of 370,000 million yen, ordinary income of 25,000 million yen and net income of 15,000 million yen. The projected year-end dividend is 14 yen per share.

Outlook for FY2006 Business Results

Billions of yen

	Consolidated			Non-consolidated		
FY to March 31	2007	2006	Change (%)	2006	2006	Change (%)
New contracts	320.0	804.2	(60.2)	280.0	747.9	(62.6)
Completed projects	420.0	390.8	7.5	370.0	341.5	8.3
Ordinary income	28.0	23.1	20.9	25.0	21.2	17.9
Net income	16.5	19.4	(14.9)	15.0	17.5	(14.4)

4. Risk Factors
Presented below is a list of major items, including significant items concerning the Group's financial condition, operating results and cash flows, that may have a material effect on investment decisions and the Group's responses to these items. The Group is aware of these risks and is taking the greatest possible precautions to prevent their occurrence. The Group is also working on quickly responding in the event that a problem occurs to minimize its impact.

Risk factors listed below that involve future events represent items that the Company currently regards as important with regard to risk management.

1) Foreign exchange rate volatility
At overseas construction projects, although most payments received are denominated in yen, foreign currencies are used for most purchases of equipment and materials and for payments to subcontractors. As a result, an unexpected change in foreign exchange rates can have an effect on earnings. The Company takes all actions possible to hedge foreign exchange volatility risk by receiving payments in several foreign currencies to match projected expenses, using foreign exchange forward agreements and taking other steps.

2) Higher cost of equipment and materials and limited supplies of basic materials and construction workers
At plant construction projects, there is a gap between the time estimates are prepared and the time materials, equipment and subcontracting work are ordered. As a result, there are cases when, following the submission of a bid for a project, there is an increase in the cost of labor, equipment or materials that exceeds the outlook at the time the estimates were prepared. Moreover, tight supplies of metals such as copper, nickel and aluminum may cause delays in the delivery of equipment and materials and in the installation of equipment. There may also be delays in progress at construction projects due to a shortage of construction workers. Any of these events may have an impact on earnings.

Chiyoda is doing everything possible to avoid and minimize exposure to these risks. The Company is studying the diversification of suppliers, such as by making purchases in all areas of the world, and the placement of large orders. Other measures include ordering equipment, materials and subcontracting work as soon as possible and establishing collaborate agreements with important construction companies.

3) Terrorism, hostilities in neighboring countries, strikes, anarchism and natural disasters
There may be an impact on earnings in the event that global terrorism or similar events directly damage construction sites or Group offices in Japan and overseas, endanger construction site workers, force the suspension of construction work or cause other problems resulting in expenses that cannot be passed on to customers. The Group has a crisis management system that permits a quick initial response, including collaboration with customers and other external parties, if a crisis occurs.

4) Accidents at plants
There is a possibility of a serious accident, such as an explosion or fire, due to some cause at a plant that is under construction or that has been constructed by the Group. In the event that the Group is judged to be responsible for the cause of the accident, there could be an impact on earnings.

To prevent the occurrence of these accidents, the Group has established the best possible quality management, construction safety management and other risk management systems. In addition, the Group purchases suitable insurance coverage, includes in contractual provisions that appropriately divides responsibility for such damages with customers, and takes other actions to avoid and minimize exposure to these risks.

Precautions regarding forward-looking statements
Forecasts for operating results contained in these materials are based on various assumptions concerning future events. Actual results may differ significantly from these forecasts due to a wide range of factors. Investors are therefore urged to refrain from reaching decisions based solely on these forecasts.

Financial Statements

1. Consolidated Balance Sheets

	Millions of Yen				
	As of Mar. 31, 2006		As of Mar. 31, 2005		Difference
		%		%	
Assets					
Current Assets					
Cash and time deposits	47,033		42,384		4,649
Notes and accounts receivable-trade	46,976		37,649		9,327
Costs of revenues in process	17,923		24,977		(7,054)
Deferred tax assets	1,750		3,803		(2,052)
Jointly controlled asset of joint venture	131,336		49,953		81,382
Other	11,769		3,749		8,020
Allowance for doubtful accounts	(167)		(506)		338
Total Current Assets	**256,623**	**91.7**	**162,011**	**88.6**	**94,611**
Fixed Assets					
Property, plant and equipment					
Buildings and structures	6,453		6,302		
Accumulated depreciation	3,440		3,247		
Book value of buildings and structures	**3,013**		**3,054**		**(40)**
Machinery and equipment	817		685		
Accumulated depreciation	279		313		
Book value of machinery and equipment	**537**		**371**		**166**
Tools, furniture and fixtures	5,248		5,352		
Accumulated depreciation	3,567		3,954		
Book value of tools, furniture and fixtures	**1,681**		**1,398**		**282**
Land	1,852		1,955		(103)
Construction in progress	—		3		(3)
Total property, plant and equipment	**7,085**	**2.6**	**6,783**	**3.7**	**301**
Intangible fixed assets	**3,168**	**1.1**	**2,844**	**1.6**	**324**
Investments and other assets					
Investment securities	5,701		4,322		1,378
Long-term loans	533		643		(110)
Long-term accounts receivable	662		3,711		(3,049)
Long-term receivables	—		3,003		(3,003)
Deferred tax assets	4,157		112		4,045
Other investments	3,522		2,208		1,314
Allowance for doubtful accounts	(1,469)		(2,485)		1,015
Allowance for capital loss on investments	(263)		(263)		—
Total investments and other assets	**12,844**	**4.6**	**11,254**	**6.1**	**1,590**
Total Fixed Assets	**23,097**	**8.3**	**20,881**	**11.4**	**2,216**
Total Assets	**279,721**	**100.0**	**182,893**	**100.0**	**96,827**

	Millions of Yen				
	As of Mar. 31, 2006	%	As of Mar. 31, 2005	%	Difference
Liabilities and Shareholders' Equity					
Current Liabilities					
Notes and accounts payable-trade	85,901		74,414		11,487
Short-term loans	46		10,101		(10,055)
Income taxes payable	3,989		664		3,325
Deferred tax liabilities	1		—		1
Advance receipts on revenues	101,979		44,384		57,594
Indemnity allowance for completed construction	1,870		759		1,111
Allowance for contingent loss	146		—		146
Accrued bonuses	3,856		2,814		1,041
Other	7,400		6,642		757
Total Current Liabilities	**205,192**	**73.4**	**139,781**	**76.4**	**65,411**
Non-Current Liabilities					
Long-term debt	10,168		214		9,953
Deferred tax liabilities	0		1		(0)
Liability for retirement benefits	7,962		5,167		2,795
Liability for retirement benefit to directors	430		425		5
Other liabilities	136		85		50
Total Non-Current Liabilities	**18,698**	**6.7**	**5,894**	**3.2**	**12,803**
Total Liabilities	**223,890**	**80.1**	**145,675**	**79.6**	**78,215**
Minority Interests	**322**	**0.1**	**345**	**0.2**	**(22)**
Shareholders' Equity					
Common stock	12,901	4.6	12,721	6.9	179
Additional paid-in capital	6,684	2.4	6,506	3.6	177
Retained earnings	36,877	13.2	18,622	10.2	18,254
Net unrealized loss on available-for-sale securities	44	0.0	31	0.0	13
Foreign currency translation adjustments	(323)	(0.1)	(759)	(0.4)	435
Treasury stock	(676)	(0.3)	(250)	(0.1)	(425)
Total Shareholders' Equity	**55,508**	**19.8**	**36,873**	**20.2**	**18,635**
Liabilities, Minority Interests and Shareholders' Equity	**279,721**	**100.0**	**182,893**	**100.0**	**96,827**

2. Consolidated Statements of Income

	Millions of Yen				
	Apr. 1, 2005 – Mar. 31, 2006		Apr. 1, 2004 – March 31, 2005		Difference
		%		%	
Revenues	**390,875**	**100.0**	**267,655**	**100.0**	**123,220**
Cost of Revenues	**360,322**	**92.2**	**247,905**	**92.6**	**112,416**
Gross profit	30,552	7.8	19,749	7.4	10,803
Selling, General and Administrative Expenses	9,823	2.5	8,671	3.3	1,151
Operating income	20,729	5.3	11,077	4.1	9,651
Other Income					
Interest	2,638		723		
Dividend income	29		19		
Equity in earnings of associated companies	193		152		
Rent income	269		247		
Other	151		141		
Total Other Income	**3,280**	**0.8**	**1,284**	**0.5**	**1,996**
Other Expenses					
Interest expense	302		304		
Cost of rent income	148		149		
Foreign exchange loss	174		102		
Other	223		218		
Total Other Expenses	**848**	**0.2**	**775**	**0.3**	**73**
Ordinary income	23,161	5.9	11,587	4.3	11,574
Extraordinary Gain					
Reversal of allowance for doubtful accounts	1,367		1,073		
Reversal of allowance for contingency loss	—		200		
Other	223		34		
Total Extraordinary Gain	**1,590**	**0.4**	**1,308**	**0.5**	**282**
Extraordinary Loss					
Loss on termination of certain retirement benefit plans	1,995		—		
Settlement of construction contract	469		—		
Impairment loss	127		233		
Loss on sale of fixed assets	20		390		
Loss on removal of property, plant and equipment	—		98		
Other	233		124		
Total Extraordinary Loss	**2,845**	**0.7**	**846**	**0.3**	**1,999**
Profit before income taxes and minority interests	21,906	5.6	12,049	4.5	9,856
Income taxes current	4,478		931		
Income taxes deferred	(2,011)		(1,754)		
Total Tax	**2,467**	**0.6**	**(823)**	**(0.3)**	**3,290**
Minority interests in net income	39	(0.0)	9	(0.0)	29
Net income	**19,400**	**5.0**	**12,863**	**4.8**	**6,536**

3. Consolidated Statements of Retained Earnings

	Millions of Yen		
	Apr. 1, 2005 – Mar. 31, 2006	Apr. 1, 2004 – Mar. 31, 2005	Difference
Additional Paid-in Capital			
Additional Paid-in Capital at Beginning of Period	6,506	5,818	**688**
Increase in capital surplus			
Proceeds from new shares issued for the exercise of stock options	177	688	(510)
Additional Paid-in Capital at End of Period	**6,684**	**6,506**	**177**
Retained Earnings			
Retained Earnings at Beginning of Period	18,622	5,800	12,821
Increase in Retained Earnings			
From net income	19,400	12,863	6,536
Total Increase in Retained Earnings	**19,400**	**12,863**	**6,536**
Decrease in Retained Earnings			
Dividend	1,145	—	1,145
From consolidated subsidiaries	—	41	(41)
Total Decrease in Retained Earnings	**1,145**	**41**	**1,103**
Retained Earnings at End of Period	**36,877**	**18,622**	**18,254**

4. Consolidated Statements of Cash Flow

	Millions of Yen		
	Apr. 1, 2005 – Mar. 31, 2006	Apr. 1, 2004 – Mar. 31, 2005	Difference
Cash Flow from Operating Activities			
Profit (loss) before income taxes and minority interests	21,906	12,049	9,856
Depreciation and amortization	1,468	1,284	184
Amortization of goodwill	68	—	68
Impairment loss	127	233	(105)
Increase (decrease) in allowance for doubtful accounts	(1,354)	(993)	(360)
Interest and dividend income	(2,667)	(742)	(1,924)
Interest expense	302	304	(2)
Foreign exchange losses (gains)	(236)	(66)	(170)
Equity in earnings of associated companies	(193)	(152)	(40)
Loss on sales and disposal of property, plant and equipment	20	488	(468)
Loss on termination of certain retirement benefit plans	1,995	—	1,995
Settlement of construction contract	469	—	469
Decrease (increase) in trade notes and accounts receivable	(9,100)	(13,064)	3,963
Decrease (incrase) in costs of revenues in process	7,095	(6,059)	13,154
Increase (decrease) in trade notes and accounts payable	11,122	21,568	(10,446)
Increase (decrease) in advance receipts on revenues	57,479	7,322	50,157
Increase (decrease) in accrued bonuses	1,039	1,265	(225)
Increase (decrease) in retirement benefits	798	1,038	(239)
Indemnity allowance for completed contracts	1,103	(319)	1,423
Increase (decrease) in allowance for contingency loss	—	(200)	200
Increase (decrease) in allowance for investment loss	146	—	146
Decrease (increase) in jonitly controlled assets of joint ventures	(81,382)	(21,540)	(59,842)
Increase (decrease) in consumption taxes payable	1,031	183	847
Increase (decrease) in deposits received	(1,752)	(2,626)	874
Other	(3,322)	469	(3,791)
Subtotal	6,163	442	(5,721)
Interest and dividend income	321	754	(433)
Interest paid	(303)	(304)	1
Income taxes paid	(944)	(408)	(535)
Net Cash Provided by Operating Activities	**5,237**	**484**	**4,753**

4. Consolidated Statements of Cash Flow (Continued)

	Millions of Yen		
	Apr. 1, 2005 – Mar. 31, 2006	Apr. 1, 2004 – Mar. 31, 2005	Difference
Cash Flow from Investing Activities			
Payment for time deposits	—	(622)	622
Proceeds from refunds of time deposits with maturities	703	542	161
Purchase of property, plant and equipment	(618)	(854)	235
Proceeds from sale of property, plant and equipment	139	65	73
Purchase of intangible fixed assets	(1,236)	(1,037)	(198)
Payments for purchase of investment securities	(1,272)	(33)	(1,239)
Proceeds from sales of investment securities	148	222	(74)
Payment for purchase of consolidated subsidiary stock	(121)	—	(121)
Net decrease in short-term loans	1	39	(38)
Long-term loans	(33)	(20)	(13)
Proceeds from collections of long-term loans	3,340	689	2,651
Other	0	1	(1)
Net Cash Used in Investing Activities	**1,051**	**(1,006)**	**2,058**
Cash Flow from Financing Activities			
Proceeds from long-term debt	10,000	—	10,000
Repayments of long-term debt	(10,101)	(101)	(10,000)
Proceeds from issuance of new stock	357	1,382	(1,024)
Cash dividends paid	(1,139)	—	(1,139)
Cash dividents paid to minority shareholders	(36)	—	(36)
Other	(417)	(110)	(306)
Net Cash Used in Financing Activities	**(1,338)**	**1,169**	**(2,507)**
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**333**	**100**	**232**
Net Increase (Decrease) in Cash and Cash Equivalents	**5,284**	**747**	**4,536**
Cash and Cash Equivalents at Beginning of Period	**41,594**	**40,902**	**691**
Decrease in Cash and Cash Equivalents Elimination From Consolidation	**—**	**(56)**	**56**
Cash and Cash Equivalents at End of Period	**46,878**	**41,594**	**5,284**

<Appendix to Consolidated Financial Statements>

Changes in Accounting Principles

Current Fiscal Year (From April 1, 2005 to March 31, 2006)	Previous Fiscal Year (From April 1, 2004 to March 31, 2005)
Balance sheets As reported in Item 5 of the Notes to Consolidated Financial Statements (Notes to Balance Sheets), "Long-term Receivables," presented as a line item in previous periods, has been reclassified and included "Other Investments" under "Investments and Other Assets" since its materiality of impact on the total assets as of the end of the current consolidated fiscal year has become insignificant following the collection of the entire amount of "Long-term Receivables" from Nigerian Petroleum Corporation. "Long-term Receivables," as of the end of the current consolidated fiscal year were \931 million.	—

Notes to consolidated financial statements

SECURITIES

Previous fiscal year

1. Information regarding marketable securities classified as "Other Securities" (As of March 31, 2005)

Millions of yen

	Security	Acquisition cost	Carrying value	Unrealized gain/loss
Securities whose carrying value exceeds their acquisition cost	Equity securities	57	111	53
Securities whose acquisition cost exceeds their carrying value	Equity securities	—	—	—
Total		57	111	53

2. Sales of securities classified as "Other Securities (April 1, 2004 – March 31, 2005)

Millions of yen

Sales amount	Aggregate gain	Aggregate loss
70	20	0

3. "Other Securities" without market value mainly consisted of the following. Their carrying values are summarized below. (As of March 31, 2005)

Other Securities

Millions of yen

Equity securities – unlisted (excluding OTC stock)	1,482
Subscription certificates	15

Current fiscal year

1. Information regarding marketable securities classified as "Other Securities" (As of March 31, 2006)

Millions of yen

	Security	Acquisition cost	Carrying value	Unrealized gain/loss
Securities whose carrying value exceeds their acquisition cost	Equity securities	558	672	114
Securities whose acquisition cost exceeds their carrying value	Equity securities	649	622	(26)
Total		1,207	1,295	87

2. Sales of securities classified as "Other Securities (April 1, 2005 – March 31, 2006)

Millions of yen

Sales amount	Aggregate gain	Aggregate loss
20	13	—

3. "Other Securities" without market value mainly consisted of the following. Their carrying values are summarized below. (As of March 31, 2006)

Other Securities

Millions of yen

Equity securities – unlisted (excluding OTC stock)	1,500
Subscription certificates	2

Allowance for Retirement Benefits

1. Accounting for retirement benefits

Current fiscal year (April 1, 2005 – March 31, 2006)

Employees of the Company and certain of its consolidated domestic subsidiaries had defined-benefit pension plans; that is, tax-qualified pension plans and lump-sum payment plans. Effective April 1, 2006, the Company plans to reform its retirement benefit system, adopting a defined-benefit pension plan (cash balance type pension plan) and a defined-contribution pension plan. In certain cases, the Company offers a special severance package at the time of retirement.

Certain overseas consolidated subsidiaries have defined-benefit pension plans.

Previous fiscal year (April 1, 2004 – March 31, 2005)

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, 2006	As of Mar. 31, 2005
Projected benefit obligations	(31,865)	(33,587)
Fair value of plan assets	17,718	15,785
Obligation for unreserved retirement benefit	**(14,147)**	**(17,802)**
Unrecognized transitional obligation	7,275	8,082
Unrecognized actuarial loss	2,644	4,552
Unrecognized prior-service cost (Reduction of liability)	(1,733)	—
Retirement benefit obligation (net) carried on the balance sheet	(5,961)	(5,176)
Prepaid pension expenses	6	—
Loss on transition to defined-contribution pension plan	(1,995)	—
Reserve for retirement benefits (*1)	**(7,962)**	**(5,167)**

Note: The Group uses heuristic method for consolidating retirement obligations of its subsidiaries.

3. Retirement benefit costs

	Millions of Yen	
	Apr. 1, 2005 – Mar. 31, 2006	Apr. 1, 2004 – Mar. 31, 2005
Service cost	813	930
Interest cost	464	472
Expected return on plan assets	(217)	(214)
Amortization of transitional obligation	808	808
Recognized actuarial loss	645	664
Prepaid pension expenses	(29)	—
Net periodic benefit cost	**2,485**	**2,661**
Loss on transition to defined-contribution pension plan	**1,995**	—
Total	**4,480**	**2,661**

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

	Apr. 1, 2005 – Mar. 31, 2006	Apr. 1, 2004 – Mar. 31, 2005
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%	1.5%
Recognition period of actuarial gain/loss	10 years (The retirement benefit obligation has been allocated to each period by the straight-line method over a period of 10 years, which falls within the estimated remaining years of service of the eligible employees. The retirement benefit obligation is charged to income as accrued.)	—
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, 2006	As of Mar. 31, 2005
Deferred tax assets		
Tax loss carry forward	—	3,483
Cost of revenues	3,973	3,625
Retirement benefits	3,225	2,010
Accrued bonuses	1,552	—
Loss on valuation of fixed assets	707	778
Allowance for doubtful accounts	510	825
Loss on valuation of costs of revenues in process	—	587
Loss on revenues due to application of progress percentage method	—	55
Other	2,443	2,339
Sub-total deferred tax assets	12,413	13,706
Valuation allowance	(828)	(8,608)
Total deferred tax assets	11,585	5,098
Deferred tax liabilities		
Equity in profit/loss of joint ventures	(5,629)	(1,161)
Unrealized gains on other securities	(42)	(21)
Other	(5)	(0)
Total deferred tax liabilities	(5,678)	(1,183)
Net deferred tax assets	5,906	3,914

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, 2006	As of Mar. 31, 2005
Current assets – Deferred tax assets	1,750	3,803
Fixed assets –Deferred tax assets	4,157	112
Current assets—Deferred tax assets	(1)	—
Non-current liabilities – Deferred tax liabilities	(0)	(1)

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, 2006	As of Mar. 31, 2005
	%	%
Normal effective statutory tax rate	40.6	40.6
Adjustments		
Non-deductible entertainment and other expenses	0.8	2.5
Non-taxable dividend and other income	(0.0)	(0.0)
Parity adjustment for inhabitance taxes	0.2	1.2
Tax credit	(1.1)	—
Foreign taxes	—	2.0
Valuation allowance	(30.4)	(53.4)
Equity in earnings of affiliated companies	(0.4)	(0.5)
Net loss of consolidated subsidiaries	(0.8)	(0.4)
Unrealized income	(0.1)	(0.0)
Other	2.5	1.2
Income tax rate charged after adoption of deferred tax accounting	11.3	(6.8)

Segment Information

1. Industry Segments

The Company's current fiscal year was from April 1, 2005 to March 31, 2006. The previous fiscal year was from April 1, 2004 to March 31, 2005. 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 income or assets, and as such these segments have been omitted.

2. Geographic Segments

Current fiscal year (From April 1, 2005 to March 31, 2006)

	Millions of Yen						
	Japan	Asia	North America	Others	Total	Eliminations (Corporate)	Consolidated
Revenues							
Outside customers	378,694	12,180	–	–	390,875	–	390,875
Inter-segment	992	918	35		1,946	(1,946)	–
Total	379,686	13,099	35		392,821	(1,946)	390,875
Operating expenses	357,825	14,149	36	16	372,028	(1,882)	370,145
Operating Income (Loss)	21,860	(1,050)	(0)	(16)	20,792	(63)	20,729
Assets	272,423	7,662	654	146	280,887	(1,165)	279,721

(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: U.S.A.
   Other regions: Nigeria.

   Effective the current fiscal year, Chiyoda Deustchland GMBH (Germany), a consolidated subsidiary in prior periods, is excluded from the consolidation due to liquidation in July 2003. Effective, the current fiscal year, Chiyoda International Limited (Britain), a consolidated subsidiary in prior periods, is excluded from the consolidation because of reduced materiality of impact in the context of the consolidated financial statements. Effective the current fiscal year, geographical segment information excludes Europe since there were no sales in that geographical segment..

(3) Within asset *Elimination (Corporate)* account, corporate assets accounted for 3,339 million yen, consisting mainly of long-term investments (investment securities).

(4) Changes in Accounting Principles:

1) As stated in Section 4 (d), Recognition of Revenues In Process (Changes in accounting policy), the Company and its three domestic consolidated subsidiaries have changed the policy for the recognition of revenues in process. Effective the current fiscal year, the Company and its three domestic consolidated subsidiaries recognize revenues on new contracts greater than 0.1 billion yen and having construction duration of more than 12 months by the percentage-of-completion method.
The effect of the adoption of the new accounting standard and the accounting standard was to increase revenue in the Japan segment from external customers by 4,318 million yen and operating income by 300 million yen.
The adoption of the new accounting policy has no effect on other segments.

2) As stated in the section on "Changes in the Basis of Presenting Consolidated Financial Statements" (Accounting for Impairment of Property, Plant and Equipment), effective the current consolidated fiscal year, the Company adopted the new standards for accounting for impairment of property, plant and equipment (Opinion on "Accounting Standards for Impairment of Fixed Assets," and Accounting Standard Implementation Guidance).
The effect of the adoption of the new accounting standard and the accounting standard was to decrease assets in the Japan segment by 233 million yen.
The adoption of the new accounting policy has no effect on other segments.

3) With the implementation of enterprise taxes, which are based on the size of the enterprise, the Company has adopted the new accounting standard. Accordingly, effective from the current consolidated fiscal year, the amount of enterprise taxes that have a tax basis on the "amount of added value" and the "amount of capital" are presented as a component of selling, general and administrative expenses.
The effect of this change was to increase selling, general and administrative expenses in the Japan segment by 163 million yen and decrease operating income, ordinary income and income before income taxes by 163 million yen each.
The adoption of the new accounting policy has no effect on other segments.

Previous fiscal year (From April 1, 2004 to March 31, 2005)

	Millions of Yen						
	Japan	Asia	North America	Others	Total	Eliminations (Corporate)	Consolidated
Revenues							
Outside customers	257,380	10,274			267,655		267,655
Inter-segment	3	1,539	31		1,574	(1,574)	
Total	257,384	11,814	31		269,229	(1,574)	267,655
Operating expenses	246,107	11,995	31	3	258,138	(1,561)	256,577
Operating Income (Loss)	11,276	(181)	(0)	(3)	11,091	(13)	11,077
Assets	174,447	7,607	565	122	182,742	150	182,893

(Notes)
(1) Geographic segmentation is according to geographic proximity
(2) Countries included in regions other than Japan:
Asia: Indonesia, Singapore, Philippines, Myanmar, Malaysia and Thailand.
Europe: U.K. and Germany
North America: U.S.A.
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).
(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.

3. Overseas Sales

Current fiscal year (April 1, 2005 to March 31, 2006)

	Millions of Yen				
	Asia	Middle East	Russia/ Central Asia	Other Regions	Total
Overseas sales	28,083	96,132	49,817	4,010	178,043
Consolidated sales					267,655
Ratio of overseas to consolidated sales (%)	10.5	35.9	18.6	1.5	66.5

(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, Iran and United Arab Emirates
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
As stated in Section 4 (d), Recognition of Revenues In Process (Changes in accounting policy), the Company and its three domestic consolidated subsidiaries have changed the policy for the recognition of revenues in process. Effective the current fiscal year, the Company and its three domestic consolidated subsidiaries recognize revenues on new contracts greater than 0.1 billion yen and having construction duration of more than 12 months by the percentage-of-completion method.
The effect of this change was to increase revenue in the Asia segment by 190 million yen, in the Middle East segment by 678 million yen and in other regions segment by 53 million yen, respectively, compared to amounts that would have been reported if the previous method had been used consistently.

Previous fiscal year (April 1, 2004 to March 31, 2005)

	Millions of Yen				
	Asia	Middle East	Russia/ Central Asia	Other Regions	Total
Overseas sales..	28,083	96,132	49,817	4,010	178,043
Consolidated sales.......................................					267,655
Ratio of overseas to consolidated sales (%)..............	10.5	35.9	18.6	1.5	66.5

(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 revenue.
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.

Production, Orders and Sales Situation

1. Orders

	Millions of Yen							
	Apr. 1, 2005 – Mar. 31, 2006				Apr. 1, 2004 – Mar. 31, 2005			
	New contracts		Backlog		New contracts		Backlog	
	Amt	%	Amt	%	Amt	%	Amt	%
Business Segment								
Engineering								
LNG plant	675,208 +136.9%	83.9	846,922 [23,671]	88.2	285,055 +76.1%	69.3	378,270 [3,455]	72.4
Gas and power utilities	16,848 -18.0%	2.1	32,070 [1,066]	3.3	20,539 -59.7%	5.0	68,433 [413]	13.1
Gas chemicals	515 -96.3%	0.1	2,606 [82]	0.3	13,884 +206.7%	3.4	9,961 [166]	1.9
Petroleum and petrochemicals	73,328 +40.4%	9.1	55,624 [939]	5.8	52,227 +16.0%	12.7	35,090 [-762]	6.7
General chemicals	19,990 +12.6%	2.5	19,477 [-510]	2.0	17,756 +13.3%	4.3	24,295 [-258]	4.7
Industrial machinery	6,483 -42.5%	0.8	1,738 [-1]	0.2	11,270 +350.2%	2.7	2,858 [-9]	0.5
Environment and other	7,134 +10.8%	0.9	2,098 [-509]	0.2	6,439 -1.8%	1.6	3,534 [-51]	0.7
Total Engineering	**799,509 +96.4%**	**99.4**	**960,538 [24,737]**	**100.0**	**407,173 +41.8%**	**99.0**	**522,444 [2,953]**	**100.0**
Other	4,721 +14.6%	0.6	– [–]	–	4,119 +15.6%	1.0	– [–]	–
Total	**804,231 +95.5%**	**100.0**	**960,538 [24,737]**	**100.0**	**411,292 +41.5%**	**100.0**	**522,444 [2,953]**	**100.0**

Breakdown of Domestic and Overseas Orders

	Millions of Yen							
	Apr. 1, 2005 – Mar. 31, 2006				Apr. 1, 2004 – Mar. 31, 2005			
	New contracts		Backlog		New contracts		Backlog	
	Amt	%	Amt	%	Amt	%	Amt	%
Domestic	112,720 +25.9%	14.0	97,484 [-998]	10.1	89,496 +24.3%	21.8	91,092 [-204]	17.4
Overseas	691,510 +114.9%	86.0	863,054 [25,736]	89.9	321,796 +47.2%	78.2	431,352 [3,157]	82.6
Total	**804,231 +95.5%**	**100.0**	**960,538 [24,737]**	**100.0**	**411,292 +41.5%**	**100.0**	**522,444 [2,953]**	**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 contracts, and decreases resulting from contractual changes in orders received before the previous fiscal year.

2. Sales

Business Segment	Apr. 1, 2005 – Mar. 31, 2006 (Millions of Yen) Amt	%	Apr. 1, 2004– Mar. 31, 2005 (Millions of Yen) Amt	%
Engineering				
LNG plant	230,227 +107.7%	58.9	110,844	41.4
Gas and power utilities	54,278 +5.1%	13.9	51,662	19.3
Gas chemicals	7,952 -45.8%	2.0	14,678	5.5
Petroleum and petrochemicals	53,733 -5.8%	13.8	57,018	21.3
General chemicals	24,298 +129.9%	6.2	10,570	4.0
Industrial machinery	7,602 -32.3%	1.9	11,221	4.2
Environment and other	8,061 +6.9%	2.1	7,540	2.8
Total Engineering	**386,153 +46.5%**	**98.8**	**263,536**	**98.5**
Other	4,721 +14.6%	1.2	4,119	1.5
Total	**390,875 +46.0%**	**100.0**	**267,655**	**100.0**

Breakdown of Domestic and Overseas Sales

	Apr. 1, 2005 – Mar. 31, 2006 (Millions of Yen) Amt	%	Apr. 1, 2004– Mar. 31, 2005 (Millions of Yen) Amt	%
Domestic	105,329 +17.5%	26.9	89,612	33.5
Overseas	285,545 +60.4%	73.1	178,043	66.5
Total	**390,875 +46.0%**	**100.0**	**267,655**	**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.

Apr. 1, 2005– Mar. 31, 2006 (Millions of Yen) Customer	Amt	%	Apr. 1, 2004 – Mar. 31, 2005 (Millions of Yen) Customer	Amt	%
Qatar Liquefied Gas Company Limited (II)	72,562	18.6	Sakhalin Energy Investment Co., Ltd.	49,777	18.6
Sakhalin Energy Investment Co., Ltd.	55,531	14.2	Ras Laffan LNG Co., Ltd.	28,092	10.5
Ras Laffan LNG Co., Ltd.	44,646	11.4			

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

(2)-1 Net Sales by Facility

	Millions of Yen				
	Apr. 1, 2005 – Mar. 31, 2006		Apr. 1, 2004 – Mar. 31, 2005		Changes
	Amt	%	Amt	%	Amt
LNG plant	229,654	67.2	110,844	49.5	118,809
Gas and power utilities	48,023	14.1	42,969	19.2	5,053
Gas chemicals	7,342	2.1	13,014	5.8	(5,672)
Petroleum and petrochemicals	27,929	8.2	36,098	16.1	(8,169)
General chemicals	17,464	5.1	7,055	3.2	10,409
Industrial machinery	6,644	2.0	9,064	4.1	(2,419)
Environment and other	4,540	1.3	4,762	2.1	(221)
Total	**341,599**	**100.0**	**223,809**	**100.0**	**117,789**

Breakdown of Domestic and Overseas Net Sales

	Millions of Yen				
	Apr. 1, 2005 – Mar. 31, 2006		Apr. 1, 2004 – Mar. 31, 2005		Changes
	Amt	%	Amt	%	Amt
Domestic	70,307	20.6	58,507	26.1	11,800
Overseas	271,291	79.4	165,302	73.9	105,988
Total	**341,599**	**100.0**	**223,809**	**100.0**	**117,789**

(2)-2 Backlog of Contracts by Facility

	Millions of Yen							
	Apr. 1, 2005 – Mar. 31, 2006				Apr. 1, 2004 – Mar. 31, 2005			
	New contracts		Backlog		New contracts		Backlog	
	Amt	%	Amt	%	Amt	%	Amt	%
Engineering								
LNG plant	673,282	90.0	845,356 [23,458]	90.9	285,055	77.4	378,270 [3,455]	75.7
Gas and power utilities	11,129	1.5	27,024 [1,030]	2.9	15,873	4.3	62,888 [654]	12.6
Gas chemicals	134	0.0	2,571 [63]	0.3	13,042	3.6	9,716 [194]	2.0
Petroleum and petrochemicals	40,834	5.5	38,141 [129]	4.1	29,110	7.9	25,107 [-656]	5.0
General chemicals	12,916	1.7	14,005 [26]	1.5	11,567	3.1	18,528 [-247]	3.7
Industrial machinery	5,654	0.8	1,655 [-]	0.2	10,004	2.7	2,645 [-]	0.5
Environment and other	4,021	0.5	1,487 [-426]	0.1	3,636	1.0	2,433 [-]	0.5
Total	**747,971**	**100.0**	**930,243 [24,281]**	**100.0**	**368,290**	**100.0**	**499,589 [3,401]**	**100.0**

Breakdown of Domestic and Overseas Orders

	Millions of Yen							
	Apr. 1, 2005 – Mar. 31, 2006				Apr. 1, 2004 – Mar. 31, 2005			
	New contracts		Backlog		New contracts		Backlog	
	Amt	%	Amt	%	Amt	%	Amt	%
Domestic	66,660	8.9	74,068 [-420]	8.0	57,602	15.6	78,136 [-172]	15.6
Overseas	681,310	91.1	856,174 [24,702]	92.0	310,688	84.4	421,453 [3,573]	84.4
Total	**747,971**	**100.0**	**930,243 [24,281]**	**100.0**	**368,290**	**100.0**	**499,589 [3,401]**	**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 contracts, and decreases resulting from contractual changes in orders received before the previous fiscal year.