CHIYODA CORPORATION

ANNUAL REPORT FY2011

For the year ended March 31, 2012

Profile

Since its establishment in 1948, Chiyoda Corporation has engaged in engineering and construction work and services at innumerable industrial plants both in Japan and overseas in the fields of oil, natural gas and other energy sources; petrochemicals and chemicals; pharmaceuticals; and general industrial machinery.

Forty years ago in 1972, Chiyoda's founder was already emphasizing in a booklet entitled Legacy for the Twenty-first Century that sustainable social development should progress by harmonizing nature and industrial development.

We were one of the first companies to state our intention to contribute to sustainable social development through our engineering and technology by providing appropriate solutions to the various energy and environmental issues we currently face, and have been putting those words into action ever since. This booklet is available on our website.

With over 60 years of technological experience, Chiyoda is working to build on its position as the "Reliability No. 1" project company with a high level of customer and investor trust, not only in terms of technology but also in terms of our people and management. At the same time, we will continue to improve our financial strength and to raise our corporate value.

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Courtesy of Mizushima LNG Co., Ltd.

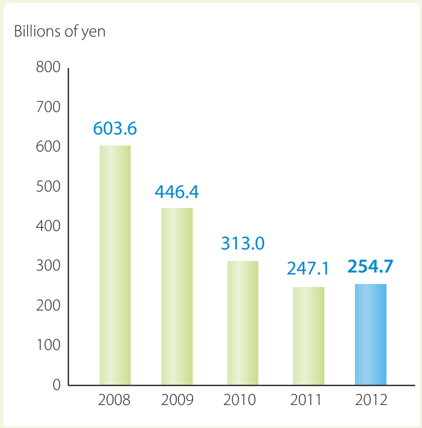
Financial Highlights

Years Ended March 31, 2012, 2011, 2010, 2009 and 2008

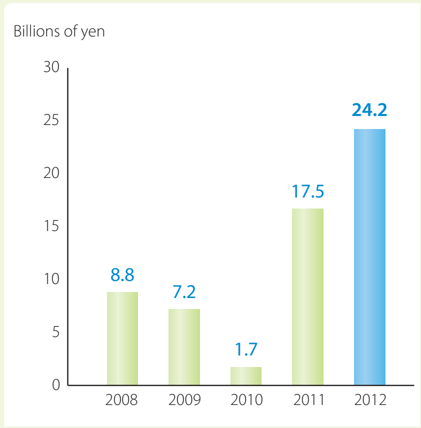
	2012	2011	2010	2009	2008
For the Year (Millions of Yen)					
Revenues	¥254,675	¥247,082	¥312,985	¥446,438	¥603,559
Cost of revenue	215,783	215,563	298,766	427,461	583,035
Operating income	24,197	17,544	1,702	7,227	8,839
Income before income taxes and minority interests	23,543	11,476	4,714	9,651	18,991
Net income	14,364	7,979	2,953	6,498	9,640
At Year-End (Millions of Yen)					
Total assets	¥365,795	¥353,392	¥328,174	¥357,816	¥378,819
Total equity	168,737	155,758	149,253	145,917	81,637
Current ratio (%)	165.5	173.8	175.2	161.1	115.0
Per Common Share (Yen)					
Earnings per share (EPS)	¥55.44	¥30.79	¥11.39	¥25.58	¥50.15
Book value per share (BPS)	648.95	599.15	573.61	561.12	422.24
Dividends per share	17.0	11.0	3.5	7.5	10.0
Ratios (%)					
Return on assets (ROA)	6.6	4.6	1.4	3.1	4.7
Return on equity (ROE)	8.9	5.3	2.0	5.7	12.2

Note: Yen amounts are rounded down to the nearest million. U.S. dollar amounts and percentages are rounded to the nearest unit.

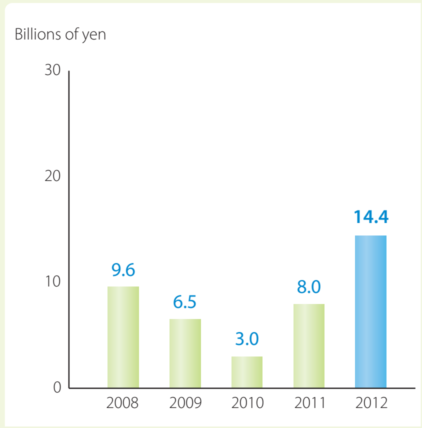
Revenues



Operating Income



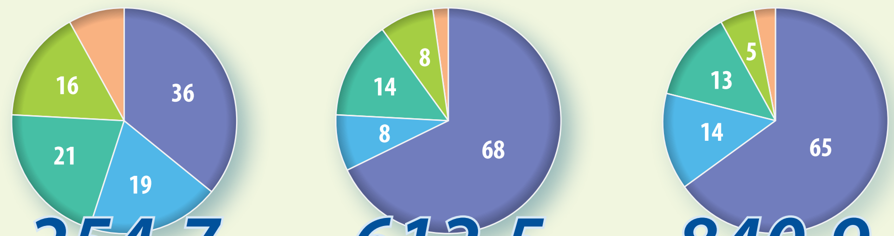
Net Income



Forward-Looking Statements: This annual report contains forward-looking statements about Chiyoda Corporation's outlooks, plans, forecasts, results and other items that may take place in the future. Such statements are based on data available as of July 1, 2012. Unknown risks and other uncertainties that happen in the future may cause our actual results to be different from the forward-looking statements contained in this report. The risks and uncertainties include business and economic conditions, competitive pressure, changes in laws and regulations, addition or elimination of products, and exchange rate fluctuation, among others.

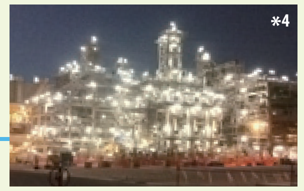
At a Glance

(Billions of yen)



	Revenues	New Orders	Backlog of Contracts
Total	254.7 Billion yen	612.5 Billion yen	840.9 Billion yen
LNG	91.9 (36%)	417.7 (68%)	548.6 (65%)
Gas Processing*1	48.3 (19%)	46.3 (8%)	117.8 (14%)
Fine Industries*2	53.6 (21%)	86.6 (14%)	108.8 (13%)
Petroleum and Petrochemicals	40.7 (16%)	47.8 (8%)	45.1 (5%)
Others	20.1 (8%)	14.1 (2%)	20.7 (2%)


*3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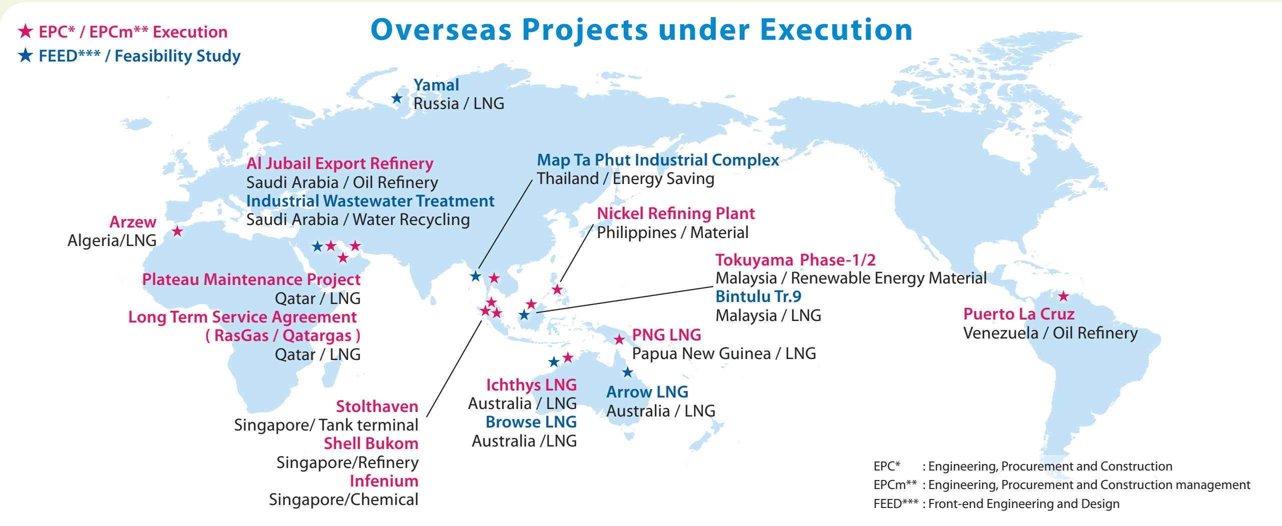
Overseas Projects under Execution



*1: Classified as "Gas and power utilities" in "Consolidated Financial Results" *2: Classified as "Industrial machinery" and "General chemicals" in "Consolidated Financial Results"
*3: Courtesy of Qatargas Operating Company Limited *4: Courtesy of Shell *5: Courtesy of Solar Frontier K.K. *6: Courtesy of Kashima Aromatics Co., Ltd. *7: Water Treatment Plant

To Our Stakeholders

Takashi Kubota
President & CEO
Chiyoda Corporation

Thank you for your continued support over this past fiscal year.

I would like to present the Chiyoda Group's annual report for the fiscal year ended March 31, 2012.

In the fiscal year under review, the Chiyoda Group leveraged its long experience in large-scale LNG plant projects and put it to use in ongoing projects in Papua New Guinea and Australia. In this way, the Group was able to exceed its initial earnings target thanks to the steady execution of construction projects and strong efforts made to win new orders.

Despite continuing uncertainties such as the impact of the Great East Japan Earthquake and the appreciating Japanese yen, demand for energy and resources has been firm and large investments are moving forward. Against this backdrop, we received our largest ever LNG plant order and a new energy-related plant order for Southeast Asia. We are now in the third year of our medium-term business plan entitled "Engineering Excellence, Value Creation 2012," and one year has passed since we implemented the plan's various measures that form the foundation for future growth. In the years ahead, we will bring these measures to a successful conclusion and the entire Chiyoda Group management team and staff will work eagerly to further raise corporate value.

We paid a dividend of ¥17 per share, in line with our earnings for fiscal 2011. I ask all of our shareholders for their continued support in our ongoing efforts.

Takashi Kubota
President & CEO
Chiyoda Corporation

Management's Discussion and Analysis

Results of Operations

Analysis of Results

During the fiscal year under review, although energy demand remained solid in some parts of the world, notably in emerging economies, the impact of the European debt crisis became more widespread toward the second half of the year. In Japan, recovery and reconstruction of production and supply systems following the Great East Japan Earthquake got underway, but the pace of economic recovery remained modest.

Growing demand stemming from the shift away from oil to gas resulted in a surge in planned investment, and the strong yen encouraged Japanese manufacturing companies to expand their operations overseas.

Faced with these conditions, we placed particular focus on bidding activities, making the most of our technological superiority in the market. We concluded contracts for Engineering, Procurement, and Construction (EPC) work for an LNG plant in Australia, and for the second-stage of polycrystalline silicon EPC work in Malaysia.

At the same time, we made sure to execute the projects under construction steadily, including the LNG plant project in Papua New Guinea, and we also sought to improve operating income primarily by reviewing the cost for completed works during the warranty period.

As a result, consolidated new contracts for the fiscal year under review amounted to 612,530 million yen (160.4% increase year on year). The consolidated contract backlog was 840,943 million yen (69.0% increase). Consolidated revenues amounted to 254,675 million yen (3.1% increase), while operating income amounted to 24,197 million yen (37.9% increase), ordinary income amounted to 23,793 million yen (51.2% increase), and net income for the period amounted to 14,364 million yen (80.0% increase).

Results by Business Segment

LNG Plants/Gas and Power Utilities

The Group is currently executing 3 Front End Engineering and Design (FEED) works for projects in Australia and we have been awarded the EPC work for one of them, the value of which is one of the largest in the company's history. We were also awarded a contract for the basic design works for an LNG plant in Malaysia jointly with Saipem S.p.A., the company we concluded a cooperation agreement with to develop onshore LNG and upstream projects. While the Group completed EPC work for feed gas preparation in Qatar, the Group's subsidiary in Qatar also won a new long-term service contract, undertaking renovation and repair work for the LNG and gas processing plants that were originally constructed by the Chiyoda Group, and providing Engineering, Procurement, and Construction management (EPCm) services for helium extraction facilities.

In Japan, the Group undertook marketing activities to receive new orders for LNG receiving terminals, and was awarded a new contract for the construction of an LNG receiving terminal. We also proceeded steadily with backlog projects, including the construction of several LNG receiving terminals.

Petroleum, Petrochemicals and Gas Chemicals

Overseas, the Group brought resources to bear on planned investment projects in petroleum refineries and other ventures in the Middle East and Southeast Asia. We steadily executed EPC work for heavy oil cracking unit in Saudi Arabia and EPCm works for petroleum refineries in Singapore. The Group also received orders for the delivery of furnaces for a petroleum refinery in Iraq and Engineering, Procurement support, and Construction management (EPsCm) services for heavy crude oil upgrading facilities for a petroleum refinery in Venezuela. Also in the petrochemical field, we met the needs of the growing Asian market, receiving orders for EPCm services in Thailand and EPC services in Singapore.

In Japan, the Group successfully completed the partial replacement of an atmospheric distillation tower by applying a unique construction method patented by the Group, as well as construction work at benzene extraction facilities. We also made a concerted effort to quickly restore facilities that had been damaged by the Great East Japan Earthquake. In addition, we were awarded several contracts aimed at improving the competitiveness and energy saving of petroleum refineries.

Industrial Machinery/Environment/General Chemicals and Other Fields

In new business fields, the Group steadily executed works such as EPC work for polycrystalline silicon plant in Malaysia, the product of which is used for photovoltaic cell, and a nickel refinery in the Philippines. We were also awarded a contract for EPC work for the second-stage of the polycrystalline silicon plant to follow the first stage EPC work under execution by our Group in Malaysia. In Japan, we completed and delivered the expansion work for a nonferrous metals plant and manufacturing plants for highly-functional batteries. Since more and more Japanese companies are entering the Southeast Asian markets to benefit from the strong yen and the economic growth in Asia, the Group has been reinforcing efforts to meet the needs of those companies. We entered into a cooperation agreement for concentrated solar power (CSP) generation with leading Italian manufacturer of solar receiver tubes, a key component for next-generation CSP generation (solar thermodynamic plants using molten salt parabolic trough technology) and have subsequently started to construct a pilot plant in Italy.

In the pharmaceutical field, the Group steadily executed EPC work for the manufacturing facilities of highly bioactive pharmaceuticals, such as anti-cancer drugs. We were also awarded a contract for EPC work for a bulk vaccine plant and pharmaceutical formulation plant.

For infrastructure projects overseas, the Group started a project to investigate energy savings in a large industrial complex in Thailand, in addition to a feasibility study of an integrated wastewater treatment project for a large industrial complex in Saudi Arabia. In relation to the social infrastructure business, the Group participated in the Study on a Masterplan for Establishing a Metropolitan Priority Area for Investment and Industry in the Jabodetabek Area in Indonesia. In addition, we plan to start looking into similar study projects in other ASEAN member countries.

Major contracts included in the consolidated results for the period

Overseas	▶ LNG plant in Papua New Guinea ▶ First-stage of polycrystalline silicon plant in Malaysia ▶ Feed gas preparation work for Qatar Pearl GTL* ▶ Heavy crude oil cracking unit in Saudi Arabia
Domestic	▶ Naoetsu LNG receiving terminal for INPEX Corporation ▶ Liquefied petroleum gas underground storage terminal for Japan Oil, Gas and Metals National Corporation ▶ Joetsu LNG receiving terminal for Chubu Electric Power Co. Inc ▶ CIS Solar Cell Factory No. 3 for Solar Frontier K.K.* ▶ Reconstruction of ground facilities damaged by Great East Japan Earthquake at Kuji National Oil Storage Base for Japan Underground Oil Storage Co., Ltd.

* : Projects completed during the period.

Outlook for the Next Fiscal Year

Chiyoda will continue to promote its sales activities and win contracts in the areas where Chiyoda can best leverage its technological advantages. We will also continue to work diligently on the execution of existing projects including the large project in Papua New Guinea and other projects overseas and domestic.

In consideration of these circumstances, and assuming an exchange rate of ¥80/dollar, our forecasts for the fiscal year ending March 31, 2013 include **350.0 billion yen in new consolidated contracts** and **430.0 billion yen in revenues**. Our forecast for **the consolidated operating income is 22.5 billion yen**, **consolidated ordinary income is 23.0 billion yen**, and **the consolidated net income is 15.0 billion yen**.

Topics

JKC Joint Venture Awarded Contract for Ichthys LNG Project

A contract signing ceremony was held on February 9, 2012 for the Engineering, Procurement and Construction (EPC) of the Ichthys LNG Project. The project involves the liquefaction of natural gas produced from the Ichthys gas-condensate field, located in offshore Western Australia, which will then be transferred to the onshore LNG plant with storage, shipping, and other related facilities to be built in Darwin in the Northern Territory of Australia. The LNG plant will produce and ship 8.4 million tonnes of LNG and 1.6 million tonnes of LPG per annum. The EPC contract was awarded to a joint venture (JKC JV) formed by JGC Corporation, KBR Inc. of the United States, and Chiyoda Corporation. The total value of the EPC contract is the largest ever in Chiyoda Corporation's history.

Contract signing ceremony

A unique and challenging aspect of the Ichthys LNG Project is the fully modularised construction strategy, which serves to minimize onshore construction activities at the construction site in Darwin. This will require the high-level engineering, schedule control and project management skills of the JKC JV. This is a long-term five-year project and we are fully committed to its on-time completion.

Chiyoda Collaborates with Three Overseas Companies in Non Hydrocarbon and Other Fields

To diversify and further develop its business, Chiyoda Corporation entered into collaboration agreements with Saipem S.p.A. and Archimede Solar Energy (ASE) in June 2011 and with CTCI Corporation in August 2011.

Chiyoda and Saipem will collaborate as an integrated joint venture on onshore LNG and upstream projects and expand business in strategic markets by combining the expertise and technologies developed by both companies.


Pilot plant light-gathering equipment (Sicily, Italy)
(Photo courtesy of ASE and ENEL SpA)

Chiyoda and ASE will collaborate on developing the business of next-generation concentrated solar power (CSP) generation. By combining the technology for producing solar receiver tubes that only ASE can provide, with the project management experience in the Middle East of Chiyoda, we will create business opportunities using a technology and business solutions-based approach in the Middle East, North Africa, and Italy, areas suitable for CSP generation due to their large amounts of solar radiation.

Chiyoda and CTCI will cooperate in various fields throughout the world including infrastructure, new energy, environmental technology, and industrial facilities by sharing each other's technological expertise and human resources in the field of non hydrocarbon projects. In addition, on August 17, 2011, Chiyoda acquired approximately 10% of the total issued shares of CTCI to help solidify this partnership and will work to raise the corporate value of two companies.

*Saipem S.p.A. (Italy) is a global engineering company that provides engineering, procurement, construction (EPC), and project management services for onshore and offshore projects.
*ASE (Italy) is the only worldwide producer of commercially-available solar receiver tubes for the key components of solar thermodynamic plants run with parabolic trough technology, which uses sodium and potassium nitrate (molten salts) as their heat transfer fluid.
*CTCI (Taiwan) is the largest engineering company in Taiwan and provides EPC services for various industrial facilities throughout the world.

Chiyoda Awarded EPC Contract for the Second-Stage of Polycrystalline Silicon Plant by Tokuyama Group

Chiyoda Corporation and Chiyoda Group company, Chiyoda Sarawak Sdn. Bhd.[1], have been jointly awarded a contract to provide the Engineering, Procurement, and Construction work for the second-stage of a polycrystalline silicon plant for Tokuyama Malaysia Sdn. Bhd. [2]

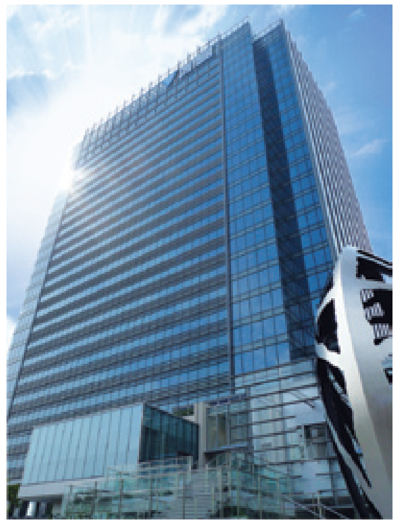
The project involves the construction of a plant (annual production: 13,800 tons) for producing polycrystalline silicon, the raw material for photovoltaic cells. Chiyoda Corporation and Chiyoda Sarawak will work concurrently with the EPC for the first-stage of the polycrystalline silicon plant, awarded in 2010.


Tokuyama Corporation's president Kogo and Chiyoda Corporation's president Kubota painting in the eye of a daruma doll

1. Chiyoda Sarawak Sdn. Bhd. (located in Sarawak, Malaysia) is a wholly owned subsidiary of Chiyoda Corporation.
2. Tokuyama Malaysia Sdn. Bhd. (located in Sarawak, Malaysia) is a wholly owned subsidiary of Tokuyama Corporation.

Relocation and Integration of Headquarters at Yokohama Minato Mirai

To improve work efficiency, our head office functions, which had been dispersed between the Tsurumi, Koyasu, and Kawasaki offices, were integrated in June 2012 as our new global headquarters at Minato Mirai Grand Central Tower. The R&D Center and Group companies will continue to use the Koyasu Office and Research Park. All executives and employees will strive to raise work efficiency and will carry out their duties at the new consolidated office.


Chiyoda Global Headquarters
Minato Mirai Grand Central Tower

Corporate Governance

The Chiyoda Group recognizes that management focuses on corporate social responsibility (CSR) that inspires the support and trust of shareholders, customers, employees, and other stakeholders. We believe that this is a foundation of our corporate activities. As such, we work toward sustainable long-term qualitative growth, continuing to improve our management basics, and ensuring management soundness and transparency. We have identified improved corporate governance and stronger internal controls structure as important issues for our company. We are working to make real progress in these areas.

The following paragraphs describe the current status of corporate governance at the Chiyoda Group:

Corporate Governance System

Overview and Rationale for Adoption of Corporate Governance System

The Chiyoda Group's corporate governance system includes a board of directors, corporate auditors/corporate audit committee, external auditors, and a system of internal controls. We adopted a system of executive officers who are responsible for the execution of business operations. Executive officers are functionally separate from directors, who are responsible for management supervisory functions. Executive officers regularly report the status of business operation execution in a (monthly) executive committee meeting that is also attended by the directors.

The Board of Directors (meeting monthly) is made up of nine directors, four of whom are representative directors. The Board of Directors oversees executive officers in their execution of business operations, ensuring that decisions related to important matters to the Company are rationally and efficiently carried out. The Board delegates a portion of its authority to the Executive Committee to ensure that decisions related to the execution of business operations are implemented quickly in order to respond appropriately to rapidly changing social and economic conditions.

The Executive Committee is made up of four representative directors who make decisions delegated to them with respect to the execution of business operations. In addition, the Executive Committee also performs preliminary deliberations regarding matters to be brought before the Board of Directors for resolution.

The Chiyoda Group employs three corporate auditors, all of whom are outside corporate auditors, and two of whom serve on a full-time basis. Corporate auditors are responsible for auditing the state of execution of director duties. Of the outside corporate auditors, two are independent auditors, and one corporate auditor is extensively versed in finance and accounting.

Status of Internal Controls System

The Company has structured and is operating the following system of internal controls for the purpose of operational effectiveness/efficiency, financial reporting reliability, legal compliance, and asset preservation, according to the unique nature and characteristics of our business.

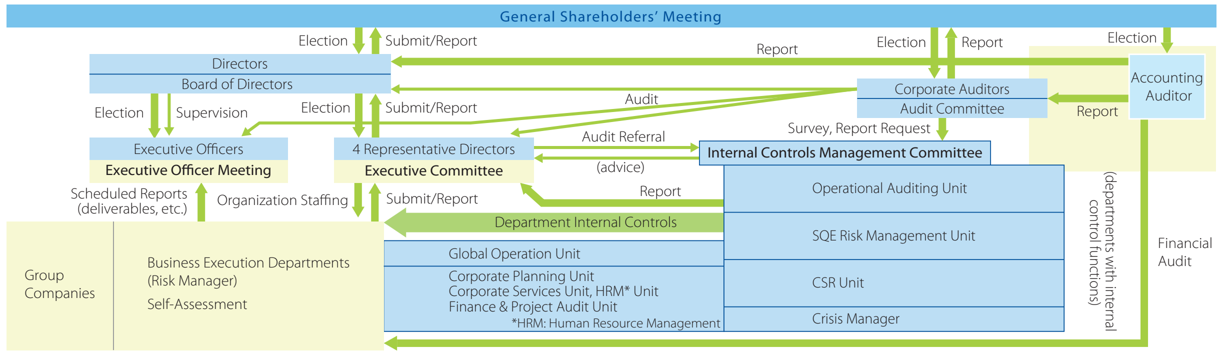
Internal Controls Management Committee

The Company has established an Internal Controls Management Committee to improve our systems of internal controls. The director over the Operational Auditing Unit serves as the committee chair, and heads of departments related to internal controls serve as committee members.

The Internal Controls Management Committee receives referrals from the Executive Committee to exchange information and coordinate with each department to determine whether operations are appropriately and efficiently carried out under an adequate system of internal controls. At the end of the fiscal period (or as deemed necessary), the Internal Controls Management Committee offers advice regarding internal controls improvement to the Executive Committee.

The Executive Committee takes advice from the Internal Controls Management Committee under consideration, submitting proposed internal controls improvements to the Board of Directors for decision.

Corporate Governance and Internal Controls



External Directors and Outside Corporate Auditors

Status of Internal Auditing and Auditing by Corporate Auditors

The Company employs three outside corporate auditors, and does not elect external directors.

The names of outside corporate auditors and the Company's rationale for selecting them (including the rationale for designation as independent directors of Hiroshi Ida and Yukihiro Imadegawa, both on file with the Tokyo Stock Exchange as independent directors) are as follows.

Name	Rationale for Election as Outside Corporate Auditor
Hiroshi Ida	The individual is able to contribute to the sound management of the Company through neutral and objective audits based on his experience as a former executive officer with Mitsubishi UFJ Trust and Banking Corporation. <Rationale for Designation as an Independent Director> The individual is not involved in any matters that conflict with the interests of general Company shareholders, and is recognized as an outside corporate auditor having no conflict of interest with general Company shareholders.
Munehiko Nakano	The individual is able to contribute to the sound management of the Company through neutral and objective audits based on his experience as a former corporate auditor with Lawson, Inc. and a finance and accounting executive with Mitsubishi Corporation.
Yukihiro Imadegawa	The individual is able to contribute to the sound management of the Company through neutral and objective audits based on his expertise in corporate law as an attorney. <Rationale for Designation as an Independent Director> The individual is not involved in any matters that conflict with the interests of general Company shareholders, and is recognized as an outside corporate auditor having no conflict of interest with general Company shareholders.

There are no particular relationships of interest between Company and outside corporate auditors.

Rationale for Adoption of Current System

The Board of Directors supervises the performance of executive officers and determines important matters concerning the Company. The Company employs three corporate auditors, all of whom are outside corporate auditors. This leads to a stronger monitoring function over management. The Company employs dedicated staff to assist corporate auditors in their duties, and has set in place a system for coordination between external auditors and corporate auditors and between corporate auditors and the Operational Auditing Unit. This system of coordination ensures the viability of audits. Having three outside corporate auditors participating in audits as in the current system ensures that management oversight functions in a fully objective and neutral fashion.

Director Compensation, Etc.

Total Compensation for Each Director Category; Total Compensation by Director Type, and Number of Directors in Question

	Number	Base Compensation	Incentive Compensation	Stock-Based Compensation
Directors	9	¥184 million	¥64 million	¥51 million
Corporate Auditors	4	¥ 77 million	-	-

Notes:
1. Total director compensation is ¥300 million. Total corporate auditor compensation is ¥77 million. Total outside corporate auditor (three individuals) compensation is ¥55 million.
2. The number of directors above discloses the number of directors and corporate auditors receiving compensation during the fiscal period, including one director who retired as of the 83rd General Shareholders' Meeting held June 23, 2011.

Corporate Information (As of March 31, 2012)

Corporate Data

Chiyoda Global Headquarters

Minatomirai Grand Central Tower
4-6-2, Minatomirai, Nishi-ku, Yokohama 220-8765, Japan
Tel: (81)45-225-7777 (voice guidance)

Established

January 20, 1948

Paid-in Capital

¥ 43,396 million

Number of Employees

1,361 (Non-Consolidated)
4,530 (Consolidated)

Annual Fiscal Close

March 31

Shareholders' Meeting

June

Organization Chart

(As of July 1, 2012)

- Board of Directors
- Corporate Auditors Committee
- Executive Committee
- President
  - CSR Unit
  - BPM*1 Team
  - SQE Risk Management Unit
  - Operational Auditing Unit
  - Work Process Innovation Task Team

Corporate Planning, Management & Finance Division
- Corporate Planning Unit
  - IR & Public Relations Sec.
- Corporate Services Unit
- HRM*2 Unit
- Finance & Project Audit Unit
  - Legal Sec.
- Executive Office Unit

Global Project Management Division
- Project Administration Unit
- Project Management Unit
- IT Management Unit
- Global Operation Unit

Gas & LNG Project Operations
- International Gas & LNG Project Unit
- Strategic Project Development Unit
- Project Team

Business Development Division
- Strategic Business Planning & Administration Unit
  - Corporate Relations Sec.
- Business Development Unit 1
- Business Development Unit 2
- Business Development Unit 3

Technology & Engineering Division
- Technology Planning & Administration Unit
- Research Institute of Technology Innovation & Strategy
- Engineering Operation Unit
- Gas & LNG Process Engineering Unit
- Refinery, Petrochemical & New Energy Process Engineering Unit
- P&ID and Utility Engineering Unit
- Integrity Management Unit
- Mechanical Engineering Unit
- Control System Engineering Unit
- Electrical System & Smart Grid Engineering Unit
- Piping Engineering Unit
- Civil Engineering Unit

Downstream & Non Hydrocarbon Project Operations
- Oil & Petrochemical Project Unit
- Gas & Storage Project Unit
- International Downstream & Non-Hydrocarbon Project Unit
- Project Team
- GPM-A*3

Infrastructure Project Operations
- IP Planning & Administration Unit
- Strategic Business & Investment Management Unit
- Technology Development Unit
  - Research & Development Center
- Green Infrastructure Project Unit
- Pharmaceutical & Environmental Project Unit

Project Logistics & Construction Division
- PLC Planning & Administration Unit
- Procurement & Logistics Management Unit
- Construction Unit
- Commissioning Unit

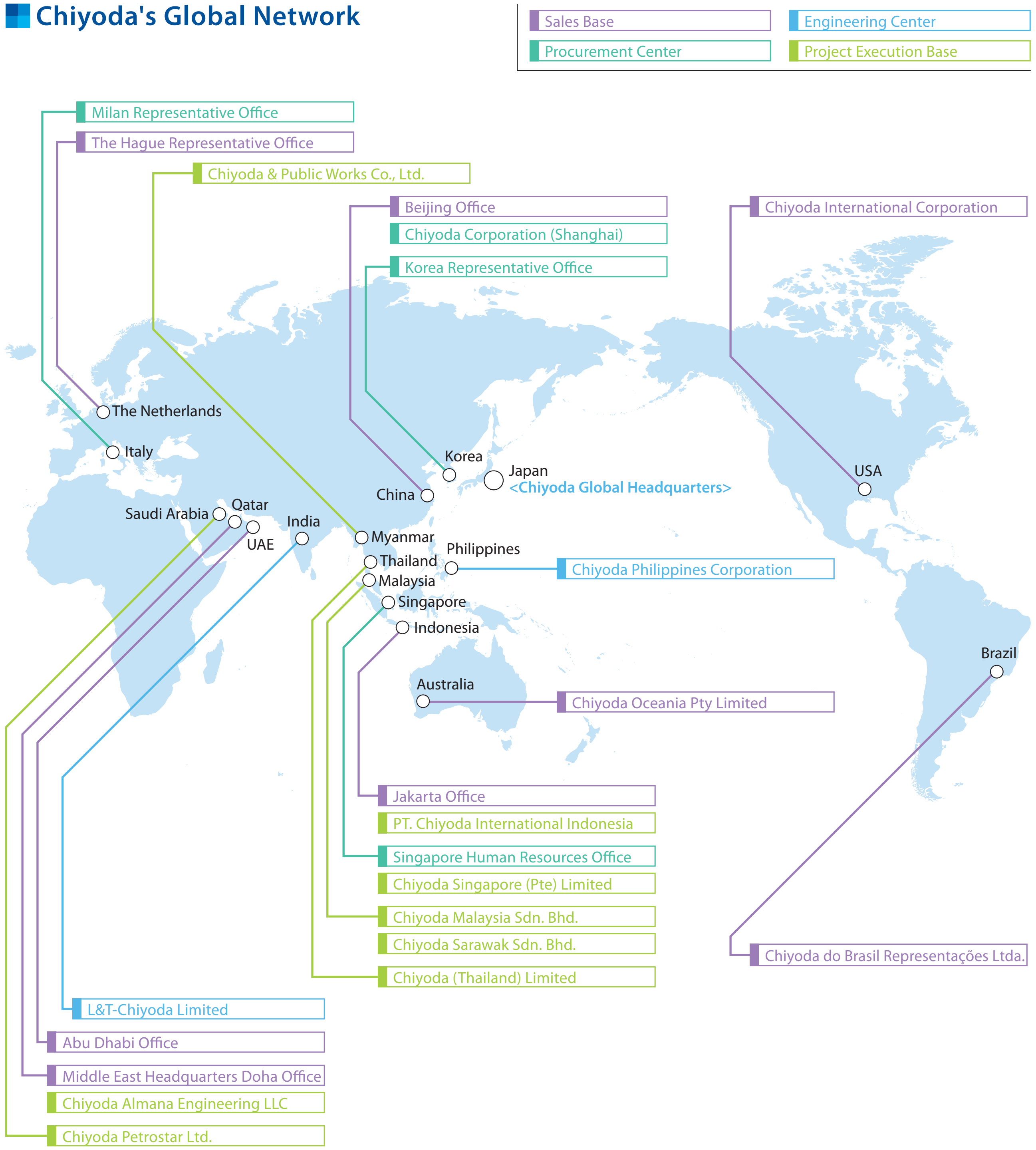
ChAS Project Operations

*1 BPM: Business Process Management
*2 HRM: Human Resource Management
*3 GPM-A: Global Project Management-Asia

Global Network

Chiyoda's global network enables Project Lifecycle Engineering to be offered all over the world. Chiyoda has expanded its network in order to provide prompt support for customers' business activities on a global scale. Our services cover the entire life cycles of projects – from project planning, engineering, procurement and construction through to operation and maintenance. With a view to meeting the ever-changing needs of our customers, we offer services by utilizing local offices and group companies with thorough knowledge of the latest local and global circumstances in countries around the world.

Chiyoda's Global Network



Board of Directors, Corporate Auditors and Executive Officers (As of July 1, 2012)

Board of Directors

Representative Directors / Members of Executive Committee

President & CEO	Takashi Kubota
Senior Executive Vice President	Yoichi Kanno
Executive Vice President & CFO	Masahito Kawashima
Executive Vice President	Hiroshi Ogawa

Directors

Senior Vice President	Kazuo Obokata
Senior Vice President	Shogo Shibuya
Senior Vice President	Ryosuke Shimizu*1
Senior Vice President	Katsuo Nagasaka*1
Director	Kazushi Okawa

Corporate Auditors

Hiroshi Ida*2　Munehiko Nakano*1/*2　Yukihiro Imadegawa*2

Executive Officers

Executive Vice President	Satoru Yokoi
Senior Vice President	Masahiko Kojima
Senior Vice President	Kenjiro Miura
Senior Vice President	Takao Kamiji
Senior Vice President	Hiromi Koshizuka
Senior Vice President	Katsutoshi Kimura
Senior Vice President	Tadashi Izawa*1
Senior Vice President	Sumio Nakashima
Senior Vice President	Koichi Shirakawa
Vice President	Kenji Hotta
Vice President	Eisaku Yamashita
Vice President	Nobuyuki Uchida
Vice President	Mamoru Nakano
Vice President	Mitsuya Ogawa
Vice President	Noriyuki Kasuya
Vice President	Seiichiro Ikeda

*1 : New Assignments
*2 : Outside Corporate Auditor

Stock Information

Authorized Shares
650,000,000

Number of Shareholders
12,668

Stock Code
ISIN: JP3528600004
SEDOL1: 6191704 JP
TSE: 6366

Capital Stock Issued
260,324,529

Number of Share per Unit
1,000

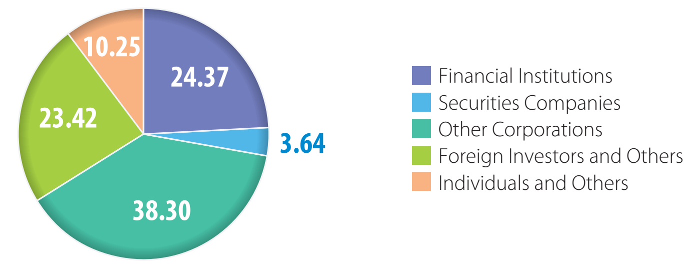
Transfer Agent of Common Stock
Mitsubishi UFJ Trust and Banking Corporation
1-4-5 Marunouchi, Chiyoda-ku, Tokyo

Major Shareholders

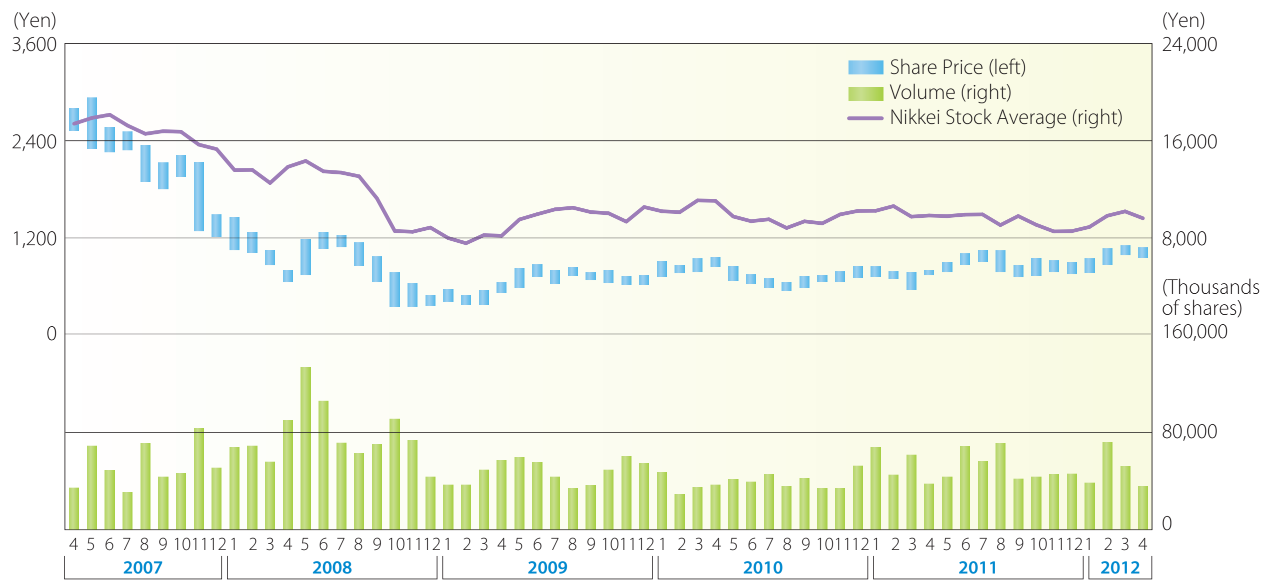
	Number of Shares Owned (Thousands of Shares)	Ratio Shares Owned (%)
Mitsubishi Corporation	86,931	33.39
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,184	5.83
Japan Trustee Services Bank, Ltd. (Trust Account)	9,236	3.54
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	9,033	3.47
The Mitsubishi UFJ Trust and Banking Corporation	8,032	3.08
Morgan Stanley & Co. LLC	4,908	1.88
JP Morgan Securities Japan Co., Ltd.	2,878	1.10
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,759	1.06
The Bank of New York, Treaty Jasdec Account	2,735	1.05
State Street Bank and Trust Company 505225	2,663	1.02

Breakdown by shareholder

Total Number of Shares Issued:
260,325 thousand



Monthly Stock Price Range on the Tokyo Stock Exchange



CHIYODA CORPORATION

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Yokohama 220-8765, Japan
Tel: (81)45-225-7777 (voice guidance)
http://www.chiyoda-corp.com/en/

CORPORATE PHILOSOPHY

Enhance our business in aiming for harmony between energy and the environment, and contribute to the sustainable development of a society as an integrated engineering company through the use of our collective wisdom and painstakingly developed technology.

FTSE4Good

Dow Jones Sustainability Indexes
Member 2011/12

CHIYODA GROUP

To commemorate the 60th anniversary of Chiyoda Corporation in 2008, management solicited suggestions from employees of the Chiyoda Group for a new Group logo. The logo adopted is shown at the left.

The new logo design maintains the original significance of the current logo of Chiyoda Corporation by incorporating two inverted triangles signifying consensus, breakthrough and a unified hardware and software system, and a white circle representing "heart." The addition of the letter "G" surrounding the triangles expresses the Group's united efforts to expand globally. Blue stands for progress and technology, and green for internationalization and the environment.

CHIYODA CORPORATION

Consolidated Financial Statements

For the Year Ended March 31, 2012, and Independent Auditor's Report

Consolidated Balance Sheet

(March 31, 2012)

ASSETS	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
CURRENT ASSETS:			
Cash and cash equivalents (Note 13)	¥ 173,769	¥ 130,618	$ 2,119,137
Short-term investments (Note 13)	307	79	3,753
Notes and accounts receivable—trade (Note 13)	30,051	41,539	366,485
Allowance for doubtful accounts	(6)	(3)	(77)
Costs and estimated earnings on long-term construction contracts (Notes 3 and 13)	13,788	14,493	168,151
Costs of construction contracts in process	13,419	12,648	163,646
Accounts receivable—other	7,282	7,284	88,812
Jointly controlled assets of joint venture (Note 13)	65,794	88,662	802,367
Deferred tax assets (Note 9)	12,987	18,644	158,388
Prepaid expenses and other	3,083	2,229	37,604
Total current assets	320,478	316,196	3,908,268
PROPERTY, PLANT, AND EQUIPMENT:			
Land	12,736	11,938	155,325
Buildings and structures	16,072	15,926	196,005
Machinery and equipment	1,220	1,270	14,889
Tools, furniture, and fixtures	5,201	5,358	63,429
Construction in progress	109	5	1,334
Total	35,340	34,500	430,985
Accumulated depreciation	(16,339)	(15,479)	(199,264)
Net property, plant, and equipment	19,001	19,021	231,720
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 13)	15,527	5,813	189,363
Investments in and advances to unconsolidated subsidiaries and associated companies (Note 5)	2,668	2,704	32,543
Software	3,215	2,831	39,208
Deferred tax assets (Note 9)	2,204	3,948	26,882
Other assets	2,789	2,964	34,015
Allowance for doubtful accounts	(88)	(87)	(1,085)
Total investments and other assets	26,316	18,174	320,928
TOTAL	¥ 365,795	¥ 353,392	$ 4,460,917

LIABILITIES AND EQUITY	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
CURRENT LIABILITIES:			
Current portion of long-term debt (Notes 6, 12 and 13)	¥ 10,006	¥ 13	$ 122,027
Notes and accounts payable—trade (Note 13)	86,211	97,417	1,051,362
Advance receipts on construction contracts	76,533	62,571	933,330
Income taxes payable (Note 13)	1,162	5,986	14,174
Deposits received	6,179	4,541	75,354
Allowance for warranty costs for completed works	289	1,190	3,525
Allowance for losses on construction contracts	568	1,057	6,929
Asset retirement obligations	165		2,012
Accrued expenses and other	12,572	9,109	153,328
Total current liabilities	193,687	181,887	2,362,044
NONCURRENT LIABILITIES:			
Long-term debt (Notes 6, 12 and 13)	204	10,220	2,492
Liability for retirement benefits (Note 7)	2,486	2,809	30,321
Provision for treatment of PCB waste	123	131	1,501
Asset retirement obligations	59	224	725
Other liabilities (Note 9)	496	2,361	6,052
Total noncurrent liabilities	3,369	15,746	41,094
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 6, 11, 14 and 15)			
EQUITY (Notes 8 and 18):			
Common stock—authorized, 570,000 thousand shares; issued, 260,324 thousand shares in 2012 and 2011	43,396	43,396	529,224
Preferred stock—authorized, 80,000 thousand shares in 2012 and 2011			
Capital surplus	37,112	37,112	452,593
Retained earnings	89,346	77,832	1,089,597
Treasury stock—at cost, 1,260 thousand shares in 2012 and 1,223 thousand shares in 2011	(1,328)	(1,295)	(16,199)
Accumulated other comprehensive income (loss):			
Unrealized gain (loss) on available-for-sale securities	1,509	(229)	18,402
Deferred gain on derivatives under hedge accounting	442	345	5,391
Foreign currency translation adjustments	(2,358)	(1,919)	(28,763)
Total	168,120	155,242	2,050,247
Minority interests	617	516	7,531
Total equity	168,737	155,758	2,057,778
TOTAL	¥ 365,795	¥ 353,392	$ 4,460,917

See notes to consolidated financial statements.

Consolidated Statement of Income

(Year Ended March 31, 2012)

	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
REVENUE (Note 3)	¥ 254,675	¥ 247,082	$ 3,105,798
COST OF REVENUE (Note 3)	215,783	215,563	2,631,512
Gross profit	38,891	31,519	474,286
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Note 10)	14,693	13,974	179,191
Operating income	24,197	17,544	295,095
OTHER INCOME (EXPENSES):			
Interest and dividend income	1,230	1,078	15,000
Interest expense	(207)	(256)	(2,531)
Equity in earnings of associated companies	72	104	887
Foreign exchange loss	(1,243)	(2,882)	(15,167)
Loss on valuation of investment securities	(250)		(3,049)
Insurance premiums refunded cancellation		109	
Office integration costs (Note 11)		(4,218)	
Loss on adjustment for changes of accounting standard for asset retirement obligations		(146)	
Other—net	(255)	142	(3,119)
Other expenses—net	(654)	(6,068)	(7,978)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	23,543	11,476	287,116
INCOME TAXES (Note 9):			
Current	2,310	9,194	28,173
Deferred	6,717	(5,665)	81,920
Total income taxes	9,027	3,529	110,094
NET INCOME BEFORE MINORITY INTERESTS	14,515	7,947	177,022
MINORITY INTERESTS IN NET INCOME	151	(32)	1,845
NET INCOME	¥ 14,364	¥ 7,979	$ 175,176

	Yen 2012	Yen 2011	U.S. Dollars 2012
PER SHARE OF COMMON STOCK (Notes 2.u and 17):			
Basic net income	¥ 55.44	¥ 30.79	$ 0.68
Cash dividends applicable to the year	17.00	11.00	0.21

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

(Year Ended March 31, 2012)

	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
NET INCOME BEFORE MINORITY INTERESTS	¥ 14,515	¥ 7,947	$ 177,022
OTHER COMPREHENSIVE INCOME (Note 16):			
Unrealized gain (loss) on available-for-sale securities	1,738	(332)	21,198
Deferred gain on derivatives under hedge accounting	97	501	1,183
Foreign currency translation adjustments	(361)	(511)	(4,407)
Share of other comprehensive loss of associates accounted for using equity method	(105)	(103)	(1,285)
Total other comprehensive income	1,368	(445)	16,689
COMPREHENSIVE INCOME (Note 16)	¥ 15,884	¥ 7,502	$ 193,711
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 16):			
Owners of the parent	¥ 15,761	¥ 7,545	$ 192,210
Minority interests	123	(42)	1,501

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

(Year Ended March 31, 2012)

	Thousands	Millions of Yen									
						Accumulated Other Comprehensive Income					
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized (Loss) Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2010	259,207	¥ 43,396	¥ 37,112	¥ 70,759	¥ (1,215)	¥ 102	¥ (156)	¥ (1,315)	¥ 148,683	¥ 569	¥ 149,253
Net income				7,979					7,979		7,979
Cash dividends, ¥3.50 per share				(907)					(907)		(907)
Purchase of treasury stock	(105)				(79)				(79)		(79)
Net change in the year						(332)	501	(604)	(434)	(52)	(486)
BALANCE, MARCH 31, 2011	259,102	43,396	37,112	77,832	(1,295)	(229)	345	(1,919)	155,242	516	155,758
Net income				14,364					14,364		14,364
Cash dividends, ¥11.00 per share				(2,850)					(2,850)		(2,850)
Purchase of treasury stock	(37)				(32)				(32)		(32)
Net change in the year						1,738	97	(438)	1,396	100	1,497
BALANCE, MARCH 31, 2012	259,065	¥ 43,396	¥ 37,112	¥ 89,346	¥ (1,328)	¥ 1,509	¥ 442	¥ (2,358)	¥ 168,120	¥ 617	¥ 168,737

	Thousands of U.S. Dollars (Note 1)									
					Accumulated Other Comprehensive Income					
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized (Loss) Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2011	$ 529,224	$ 452,593	$ 949,177	$ (15,797)	$ (2,796)	$ 4,208	$ (23,414)	$ 1,893,196	$ 6,302	$ 1,899,498
Net income			175,176					175,176		175,176
Cash dividends, $0.13 per share			(34,757)					(34,757)		(34,757)
Purchase of treasury stock				(401)				(401)		(401)
Net change in the year					21,198	1,183	(5,348)	17,033	1,228	18,261
BALANCE, MARCH 31, 2012	$ 529,224	$ 452,593	$ 1,089,597	$ (16,199)	$ 18,402	$ 5,391	$ (28,763)	$ 2,050,247	$ 7,531	$ 2,057,778

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

(Year Ended March 31, 2012)

	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 23,543	¥ 11,476	$ 287,116
Adjustments for:			
Income taxes paid	(10,820)	(7,887)	(131,959)
Depreciation and amortization	2,637	2,566	32,162
Allowance for (reversal of) doubtful accounts—net	4	(245)	57
Reversal of warranty costs for completed works	(894)	(3,271)	(10,904)
Reversal of loss on construction contracts	(489)	(3,367)	(5,965)
Liability for retirement benefits—net	(320)	505	(3,911)
Foreign exchange loss—net	22	169	270
Equity in earnings of associated companies	(72)	(104)	(887)
Office integration costs		4,218	
Changes in operating assets and liabilities:			
Decrease (increase) in trade notes and accounts receivable, and costs and estimated earnings on long-term construction contracts	11,946	(4,821)	145,691
Increase in costs of construction contracts in process	(796)	(5,330)	(9,710)
(Decrease) increase in trade notes and accounts payable	(11,102)	8,035	(135,391)
Increase in advance receipts on construction contracts	14,236	14,225	173,618
Decrease (increase) in accounts receivable—other	3,678	(2,231)	44,863
Decrease (increase) in jointly controlled assets of joint venture	22,776	(18,744)	277,760
Increase in deposits received	1,640	45	20,000
Increase in interest and dividend receivable	(544)	(562)	(6,637)
Other—net	169	94	2,062
Total adjustments	32,071	(16,706)	391,118
Net cash provided by (used in) operating activities—(Forward)	¥ 55,615	¥ (5,229)	$ 678,235

	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2012
Net cash provided by (used in) operating activities—(Forward)	¥ 55,615	¥ (5,229)	$ 678,235
INVESTING ACTIVITIES:			
Net increase in time deposits	(234)	(26)	(2,862)
Purchases of property, plant, and equipment	(1,618)	(930)	(19,735)
Proceeds from sales of property, plant, and equipment	1,725	4	21,036
Purchases of intangible assets	(1,380)	(713)	(16,831)
Payments for purchases of investment securities	(7,561)	(974)	(92,209)
Purchases of investments in subsidiaries	(57)		(704)
Payments of short-term loans receivable	(85)		(1,040)
Payments of long-term loans receivable		(24)	
Proceeds from collections of long-term loans	71	81	873
Other—net		7	
Net cash used in investing activities	(9,140)	(2,577)	(111,473)
FINANCING ACTIVITIES:			
Proceeds from long-term debt		10,208	
Repayments of long-term debt		(10,004)	
Payments of cash dividends	(2,844)	(906)	(34,684)
Payments of cash dividends to minority shareholders	(7)	(9)	(93)
Other—net	(47)	(93)	(576)
Net cash used in financing activities	(2,899)	(805)	(35,353)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(424)	(647)	(5,173)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	43,151	(9,260)	526,234
INCREASE IN CASH AND CASH EQUIVALENTS FROM NEWLY CONSOLIDATED SUBSIDIARY		87	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	130,618	139,790	1,592,903
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 173,769	¥ 130,618	$ 2,119,137

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(Year Ended March 31, 2012)

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications and rearrangements have been made in the 2011 consolidated financial statements to conform to the classifications used in 2012.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Chiyoda Corporation (the "Company") is incorporated and principally operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥82 to $1, the approximate rate of exchange at March 31, 2012. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Japanese yen figures less than a million yen are rounded down to the nearest million yen, except for per-share data.

U.S. dollar figures less than a thousand U.S. dollars are rounded down to the nearest thousand U.S. dollars, except for per-share data.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements for the year ended March 31, 2012 include the accounts of the Company and its 21 significant (20 in 2011) subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in two associated companies are accounted for by the equity method in 2012 and 2011. Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of the Company's investments in consolidated subsidiaries and associated companies over the fair value of the net assets of an acquired subsidiary at the date of acquisition is being amortized over a period of 20 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. Construction Contracts—In December 2007, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 15, "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18, "Guidance on Accounting Standard for Construction Contracts." Under this accounting standard, the construction revenue and construction costs should be recognized by the percentage-of-completion method if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs, and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on construction contracts.

Concerning the construction contracts, the Group applies the accounting methods below:

Unbilled costs on contracts which are accounted for by the completed-contract method are stated as costs of construction contracts in process.

Payments received in excess of costs and estimated earnings on contracts which are accounted for by the percentage-of-completion method and payments received on the other contracts are presented as current liabilities.

Costs of preparation work for unsuccessful proposals and other projects which are not realized are charged to income, as incurred, and are included in costs of revenue.

c. Cash Equivalents—Cash equivalents are short-investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, certificate of deposits, and commercial paper, all of which mature or become due within three months of the date of acquisition.

d. Short-Investments—Short-investments are time deposits which will mature three months after the date of acquisition. Short-investments are exposed to insignificant risk of changes in value.

e. Investment Securities—All marketable securities are classified as available--securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-method.

Non-available--securities are stated at cost determined by the moving-method. For other-than-temporary declines in fair value, non-securities are reduced to net realizable value by a charge to income.

f. Allowance for Doubtful Accounts—The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

g. ***Property, Plant, and Equipment***—Property, plant, and equipment are stated at cost. Depreciation is computed by the declining-balance method, except for buildings owned by the Company which are depreciated using the straight-line method, at rates based on the estimated useful lives of the assets. The range of useful lives is from 3 to 57 years for buildings and structures, from 4 to 17 years for machinery and equipment, and from 2 to 15 years for tools, furniture, and fixtures. Equipment held for lease is depreciated by the straight-line method over the respective lease periods.

h. ***Long-ed Assets***—The Group reviews its long-assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable.

An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

i. ***Other Assets***—Intangible assets are carried at cost less accumulated amortization, which is calculated by the straight-method over their estimated useful lives. Software for internal use is amortized on a straight-basis over its estimated useful life (five years at the maximum).

j. ***Allowance for Warranty Costs for Completed Work***—The allowance for warranty costs for completed work is provided based on past rate experience.

k. ***Allowance for Losses on Construction Contracts***—The allowance for losses on construction contracts is provided for an estimated amount of probable losses to be incurred in future years in respect of construction projects in progress. When there are losses on completed-method applied contracts, the allowance for losses on construction contracts is offset against the costs of construction contracts in process on the balance sheet.

l. ***Provision for Treatment of PCB Waste***—Provision for treatment of PCB (Poly Chlorinated Biphenyl) waste is provided based on estimated costs of the treatment for PCB products and equipment as well as their collection and transportation fees.

m. ***Retirement and Pension Plans***—Employees of the Company are, under most circumstances, entitled to payments from the defined contribution pension plan and the defined benefit corporate pension plan. Employees of certain of the Company's consolidated subsidiaries are, under most circumstances, entitled to certain lump-severance payments and pension payments.

Effective April 1, 2000, the Company and its domestic consolidated subsidiaries adopted a new accounting standard for employees' retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

The transitional obligation of ¥5,696 million ($69,467 thousand) is being amortized and charged to income over 15 years using the straight-line amortization method and presented as an operating expense in the consolidated statements of income for the years ended March 31, 2012 and 2011.

Certain of the Company's consolidated subsidiaries terminated their unfunded retirement benefit allowance for all directors and officers under the resolution of shareholders' meeting and board meeting during the year ended March 31, 2011. The outstanding balance was reclassified to noncurrent liabilities—other liabilities in the years ended March 31, 2012 and 2011.

n. ***Asset Retirement Obligations***—In March 2008, the ASBJ published ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

o. ***Research and Development Costs***—Research and development costs are charged to income as incurred.

p. ***Leases***—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet.

The Group applied the revised accounting standard effective April 1, 2008. In addition, the Group accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

q. ***Income Taxes***—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

The Company files a tax return under the consolidated corporate-tax system which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

r. ***Foreign Currency Transactions***—All short-and long-monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date.

The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by foreign currency forward contracts.

s. ***Foreign Currency Financial Statements***—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date.

t. ***Derivatives and Hedging Activities***—The Company uses derivative financial instruments, including foreign currency forward contracts and interest swap contracts, as a means of hedging exposure to foreign currency risks and interest rate risks. The Company does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows:

(1) All derivatives are recognized as either assets or liabilities and measured at fair value, with gains or losses recognized in the consolidated statement of income.

(2) For derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign currency forward contracts are utilized to hedge foreign exchange risks. Certain assets and liabilities on construction contracts denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

Foreign currency deposits are held to hedge foreign exchange risks derived from forecasted purchases of fixed assets denominated in foreign currency.

Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense.

u. ***Per-Share Information***—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

v. ***Accounting Changes and Error Corrections***—In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:

(1) *Changes in accounting policies*

When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) *Changes in presentations*

When the presentation of financial statements is changed, prior-financial statements are reclassified in accordance with the new presentation.

(3) *Changes in accounting estimates*

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) *Corrections of prior-period errors*

When an error in prior-period financial statements is discovered, those statements are restated.
This accounting standard and the guidance are applicable to accounting changes and corrections of prior-period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

w. ***New Accounting Pronouncements***

Accounting Standard for Retirement Benefits—On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with effective date of April 1, 2000 and the other related practical guidances being followed by partial amendments from time to time through 2009.

Major changes are as follows:

(*a*) *Treatment in the balance sheet*

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, are recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(*b*) *Treatment in the statement of income and the statement of comprehensive income (or the statement of income and comprehensive income)*

The revised accounting standard would not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and yet to be recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

This accounting standard and the guidance are effective for the end of annual periods beginning on or after April 1, 2013 with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company expects to apply the revised accounting standard from the end of the annual period beginning on April 1, 2013 and is in the process of measuring the effects of applying the revised accounting standard for the year ending March 31, 2014.

3. CONSTRUCTION CONTRACTS

Costs and estimated earnings recognized with respect to construction contracts which are accounted for by the percentage--method at March 31, 2012 and 2011, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Costs and estimated earnings	¥ 282,492	¥ 286,840	$ 3,445,027
Amounts billed	(268,703)	(272,346)	(3,276,876)
Net	¥ 13,788	¥ 14,493	$ 168,151

4. INVESTMENT SECURITIES

Investment securities at March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Non-current—Equity securities	¥ 15,527	¥ 5,813	$ 189,363

The costs and aggregate fair values of investment securities at March 31, 2012 and 2011, were as follows:

March 31, 2012

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale—Equity securities	¥11,682	¥2,570	¥ 367	¥13,885

March 31, 2011

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale—Equity securities	¥ 4,371	¥ 480	¥ 683	¥ 4,168

March 31, 2012

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale—Equity securities	$ 142,469	$ 31,350	$ 4,480	$ 169,338

Available--securities whose fair value was not readily determinable at March 31, 2011, were as follows. The similar information for 2012 is disclosed in Note 15.

	Carrying Amount
March 31, 2011	Millions of Yen
Available-for-sale—Equity securities	¥ 1,644

5. INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Investments in and advances to unconsolidated subsidiaries and associated companies at March 31, 2012 and 2011, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Investments	¥ 2,662	¥ 2,692	$ 32,473
Long-term receivables	5	11	70
Total	¥ 2,668	¥ 2,704	$ 32,543

6. LONG-DEBT

Long-debt at March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Long-term loans principally from banks, due serially through 2014, with interest rates ranging from 1.9% to 2.0% at 2012 and 2011—Unsecured	¥ 10,198	¥ 10,208	$ 124,373
Obligations under finance lease	12	26	146
Total	10,210	10,234	124,520
Less current portion	(10,006)	(13)	(122,027)
Long-term debt, less current portion	¥ 204	¥ 10,220	$ 2,492

Annual maturities of long-debt, excluding finance leases (see Note 14), at March 31, 2012, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2014	¥198	$ 2,422
Total	¥198	$ 2,422

Commitment-contracts at March 31, 2012, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Commitment-line contracts	¥ 15,000	$ 182,926
Unused commitments	¥ 15,000	$ 182,926

7. RETIREMENT AND PENSION PLANS

Employees of the Company are, under most circumstances, entitled to payments from the defined contribution pension plan and the defined benefit corporate pension plan upon retirement or termination.

Employees of certain of the Company's consolidated subsidiaries are, under most circumstances, entitled to certain lump-severance payments and pension payments upon retirement or termination.

The liability for employees' retirement benefits at March 31, 2012 and 2011, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Projected benefit obligation	¥ 24,492	¥ 25,241	$ 298,686
Fair value of plan assets	(18,429)	(17,818)	(224,745)
Unrecognized transitional obligation	(1,826)	(2,435)	(22,274)
Unrecognized actuarial loss	(2,432)	(3,030)	(29,666)
Unrecognized prior service cost	675	851	8,239
Net amount booked in the consolidated balance sheet	2,479	2,809	30,239
Prepaid pension expenses	(6)		(82)
Net liability for employees' retirement benefits	¥ 2,486	¥ 2,809	$ 30,321

The components of net periodic benefit costs for the years ended March 31, 2012 and 2011, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Service cost	¥ 829	¥ 846	$ 10,110
Interest cost	341	364	4,166
Expected return on plan assets	(264)	(288)	(3,226)
Amortization of transitional obligation	608	608	7,424
Recognized actuarial loss	748	739	9,124
Amortization of prior service cost	(176)	(176)	(2,149)
Subtotal	2,086	2,094	25,449
Payment to defined contribution pension trust	294	291	3,590
Net periodic benefit costs	¥ 2,381	¥ 2,385	$ 29,039

Assumptions used for the years ended March 31, 2012 and 2011, are set forth as follows:

	2012	2011
Discount rate	1.5%	1.5%
Expected rate of return on plan assets	1.6%	1.6%
Recognition period of actuarial gain/loss	10 years	10 years
Amortization period of transitional obligation	15 years	15 years
Amortization period of prior service cost	10 years	10 years

8. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria. The Company is organized as a company with board committees.

The Companies Act permits companies to distribute dividends in kind (non-assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-capital, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

9. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 41% for the years ended March 31, 2012 and 2011.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2012 and 2011, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Deferred tax assets:			
Cost of revenue	¥ 10,712	¥ 16,896	$ 130,634
Future deductible depreciation	1,876	1,906	22,885
Allowance for employees' bonus	1,475	1,527	17,995
Retirement benefits	859	1,117	10,477
Loss on valuation of investment securities	342	289	4,180
Enterprise tax	160	759	1,960
Other	2,695	3,184	32,870
Less valuation allowance	(594)	(744)	(7,249)
Total	17,527	24,937	213,755
Deferred tax liabilities:			
Profit/loss in joint venture	797	1,917	9,720
Unrealized gain on available-for-sale securities	695		8,480
Other	867	431	10,574
Total	2,359	2,348	28,775
Net deferred tax assets	¥ 15,168	¥ 22,589	$ 184,979

Net deferred tax assets as of March 31, 2012 and 2011 were recorded in the accompanying consolidated balance sheet as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Deferred tax assets—current assets	¥ 12,987	¥ 18,644	$ 158,388
Deferred tax assets—investments and other assets	2,204	3,948	26,882
Other liabilities—non-current liabilities	(23)	(3)	(291)

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2012 and 2011, is as follows:

	2012	2011
Normal effective statutory tax rate	41%	41%
Expenses not deductible for income tax purposes	1	1
Non-taxable dividend income	(1)	(1)
Profit/loss in joint venture	(6)	(6)
Tax credit	(1)	(5)
Lower income tax rates applicable to subsidiaries	(2)	
Tax rate changes due to tax reform	5	
Actual effective tax rate	38%	31%

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 41% to 38% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 36% thereafter. The effect of this change was to decrease deferred taxes in the consolidated balance sheet as of March 31, 2012 by ¥1,136 million ($13,858 thousand) and to increase income taxes—deferred in the consolidated statement of income for the year then ended by ¥1,253 million ($15,291 thousand).

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥1,886 million ($23,007 thousand) and ¥1,848 million for the years ended March 31, 2012 and 2011, respectively.

11. OFFICE INTEGRATION COSTS

Following the Company's decision to integrate its offices which have been located separately, the office integration costs of ¥4,218 million have been expensed in the consolidated statement of income for the year ended March 31, 2011 consistent with the office integration plan.

It consists of the following:

	Millions of Yen
	2011
Non-recurring depreciation on non-current assets and related expenses	¥ 3,673
Provision for cancellation of leases	545

12. LEASES

The Group leases certain machinery, computer equipment, and other assets.

Obligations under finance leases and future minimum payments under noncancelable operating leases for the years ended March 31, 2012 and 2011 were as follows:

Year Ended March 31, 2012

	Millions of Yen			Thousands of U.S. Dollars		
	Finance Leases			Finance Leases		
	On Balance	Off Balance	Operating Leases	On Balance	Off Balance	Operating Leases
Due within one year	¥ 6	¥ 47	¥ 688	$ 76	$ 574	$ 8,391
Due after one year	5	16	526	70	199	6,425
Total	¥ 12	¥ 63	¥ 1,214	$ 146	$ 774	$ 14,816

Year Ended March 31, 2011

	Millions of Yen		
	Finance Leases		
	On Balance	Off Balance	Operating Leases
Due within one year	¥ 13	¥ 53	¥ 123
Due after one year	12	63	1,298
Total	¥ 26	¥ 117	¥ 1,421

Pro forma Information of Leased Property Whose Lease Inception Was before March 31, 2008

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No. 13 permits leases that do not transfer ownership of the leased property to the lessee and whose lease inception was before March 31, 2008 to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Company applied ASBJ Statement No. 13 effective April 1, 2008 and continued to account for such leases as operating lease transactions.

Pro forma information of leased property whose lease inception was before March 31, 2008 on an "as if capitalized" basis was as follows:

Year Ended March 31, 2012

	Millions of Yen			
	Buildings and Structures	Tools, Furniture, and Fixtures	Other	Total
Acquisition cost	¥ 67	¥ 79	¥ 26	¥ 173
Accumulated depreciation	32	61	15	109
Net leased property	¥ 34	¥ 17	¥ 10	¥ 63

Year Ended March 31, 2011

	Millions of Yen			
	Buildings and Structures	Tools, Furniture, and Fixtures	Other	Total
Acquisition cost	¥ 67	¥ 279	¥ 72	¥ 419
Accumulated depreciation	25	221	55	302
Net leased property	¥ 41	¥ 58	¥ 17	¥ 117

Year Ended March 31, 2012

	Thousands of U.S. Dollars			
	Buildings and Structures	Tools, Furniture, and Fixtures	Other	Total
Acquisition cost	$ 823	$ 969	$ 317	$ 2,110
Accumulated depreciation	398	750	187	1,335
Net leased property	$ 425	$ 219	$ 129	$ 774

Obligations under finance leases for the years ended March 31, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Due within one year	¥ 47	¥ 53	$ 574
Due after one year	16	63	199
Total	¥ 63	¥ 117	$ 774

Depreciation expense as lessee, which is not reflected in the accompanying consolidated statement of income, computed by the straight-line method was ¥53 million ($655 thousand) and ¥90 million for the years ended March 31, 2012 and 2011, respectively.

The amounts of obligations, acquisition cost and depreciation under finance leases include the imputed interest income portion and interest expense portion.

13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) *Group Policy for Financial Instruments*

The Group uses financial instruments for cash surpluses, if any, invested in low-risk financial assets such as certificate of deposits and deposits at call. For operating capital, the Group uses bank loans. Derivatives are used, not for speculative purposes, but to manage exposure to the market risk of fluctuation in foreign currency exchange rates and interest rates.

(2) *Nature and Extent of Risks Arising from Financial Instruments*

Receivables such as trade notes and trade accounts are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using foreign currency forward contracts.

Cash equivalents include certificates of deposit which mature shortly and are used for cash surpluses. Short-investments include deposits at call which will mature three months after the date of acquisition. Both certificates of deposit and deposits at call are exposed to default risk of the issuing financial institution.

Investment securities are equity securities related to the business which the Group operates. Marketable securities are exposed to the risk of fluctuations in stock prices.

Payment terms of payables, such as trade notes and trade accounts, are generally less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are netted against the balance of receivables denominated in the same foreign currency as noted above.

Bank loans are used for operating capital. Although they are exposed to the market risks from changes in interest rates, the risk is hedged by using interest rate swap contracts.

Derivatives are foreign currency forward contracts and interest rate swap contracts, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables, and from changes in interest rates, respectively. Please see Notes 2.t and 16 for more detail about derivatives.

(3) *Risk Management for Financial Instruments*

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers to identify the default risk of customers at an early stage.

Certificates of deposit and deposits at call are exposed to insignificant default risk because transactions are limited to major financial institutions.

With respect to foreign currency forward contracts, the Group limits the counterparty to those derivatives to major financial institutions that can bear losses arising from credit risk.

Market risk management (risk of foreign exchange and interest rates)

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged principally with foreign currency forward contracts.

Interest expense associated with long-term debts is exposed to market risk resulting from changes in interest rates. Such risk is hedged by interest rate swap contracts.

Foreign currency forward contracts are controlled under internal guidelines. The position related to particular construction contracts is identified and is reviewed monthly. Reconciliation of the transaction and balances with customers' confirmation reply is made, and the transactions related to foreign currency forward contracts are executed and accounted for under internal guidelines.

Marketable investment securities are managed by monitoring the market values and financial position of issuers on a regular basis. The Group assesses the stock price risk quantitatively so as to account for significant declines in market value as impairment losses.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on their maturity dates. The Group manages its liquidity risk by holding adequate volumes of liquid assets along with timely adequate financial planning.

(4) *Fair Values of Financial Instruments*

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead. Also, please see Note 16 for the detail of fair value for derivatives.

(*a*) *Fair values of financial instruments*

March 31, 2012

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	¥ 173,769	¥ 173,769	
Short-term investments	307	307	
Notes and accounts receivable	30,051	30,051	
Costs and estimated earnings on long-term construction contracts	13,788	13,788	
Jointly controlled assets of joint venture	65,794	65,794	
Investment securities	13,885	13,885	
Total	¥ 297,597	¥ 297,597	
Current portion of long-term debt	¥ 10,000	¥ 10,000	
Notes and accounts payable—trade	86,211	86,211	
Income taxes payable	1,162	1,162	
Long-term debt	198	198	
Total	¥ 97,572	¥ 97,572	

March 31, 2011

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	¥ 130,618	¥ 130,618	
Short-term investments	79	79	
Notes and accounts receivable	41,539	41,539	
Costs and estimated earnings on long-term construction contracts	14,493	14,493	
Jointly controlled assets of joint venture	88,662	88,662	
Investment securities	4,168	4,168	
Total	¥ 279,561	¥ 279,561	
Notes and accounts payable—trade	¥ 97,417	¥ 97,417	
Income taxes payable	5,986	5,986	
Long-term debt	10,208	10,208	
Total	¥ 113,611	¥ 113,612	

March 31, 2012

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	$ 2,119,137	$ 2,119,137	
Short-term investments	3,753	3,753	
Notes and accounts receivable	366,485	366,485	
Costs and estimated earnings on long-term construction contracts	168,151	168,151	
Jointly controlled assets of joint venture	802,367	802,367	
Investment securities	169,338	169,338	
Total	$ 3,629,233	$ 3,629,233	
Current portion of long-term debt	$ 121,951	$ 121,951	
Notes and accounts payable—trade	1,051,362	1,051,362	
Income taxes payable	14,174	14,174	
Long-term debt	2,422	2,417	$ (5)
Total	$ 1,189,910	$ 1,189,905	$ (5)

Cash and Cash Equivalents, Short-Term Investments, Notes and Accounts Receivable, and Costs and Estimated Earnings on Long-Term Construction Contracts

The carrying values of accounts mentioned above approximate fair value because of their short maturities.

Jointly Controlled Assets of Joint Venture

The jointly controlled assets of joint venture are jointly controlled cash recognized based on the Company's share of the venture. The carrying values of jointly controlled assets of joint venture approximate fair value because of their short maturities.

Investment Securities

The fair values of investment securities are measured at the quoted market price of the stock exchange for the equity instruments. The information of the fair value for investment securities by classification is included in Note 5.

The above schedules do not include investment securities whose fair value cannot be reliably determined.

Notes and Accounts Payable—Trade and Income Taxes Payable

The carrying values of accounts mentioned above approximate fair value because of their short maturities.

Current Portion of Long-Term Debt (Bank Loans)/Long-Debt (Bank Loans)

The fair value of fixed-rate loans is calculated by discounting total principal and interest payments to present value using a discount rate equal to the rate that would be charged if the loan was newly borrowed. The fair value of floating rate loans which are subject to specific method for interest rate swaps is calculated by discounting total principal and interest payments which are handled together with interest rate swaps to present value using a discount rate equal to the rate that would be charged if the loan was newly borrowed.

Derivatives

The information of the fair value for derivatives is included in Note 16.

(*b*) *Financial instruments whose fair values cannot be reliably determined*

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Investment securities that do not have a quoted market price in an active market	¥ 1,639	¥ 1,641	$ 19,988
Investments in equity instruments that do not have a quoted market price in an active market	2	2	36
Investments in unconsolidated subsidiaries and associated companies that do not have a quoted market price in an active market	2,662	2,692	32,473

(*c*) *Maturity analysis for financial assets and securities with contractual maturities*

March 31, 2012

	Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥ 173,684			
Short-term investments	307			
Notes and accounts receivable, and costs and estimated earnings on long-term construction contacts	43,731	¥ 109		
Jointly controlled assets of joint venture	65,794			
Total	¥ 283,517	¥ 109		

March 31, 2011

	Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥ 130,618			
Short-term investments	79			
Notes and accounts receivable, and costs and estimated earnings on long-term construction contacts	53,072	¥ 2,941	¥ 19	
Jointly controlled assets of joint venture	88,662			
Total	¥ 272,432	¥ 2,941	¥ 19	

March 31, 2012

	Thousands of U.S. Dollars			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	$ 2,118,109			
Short-term investments	3,753			
Notes and accounts receivable, and costs and estimated earnings on long-term construction contacts	533,305	$ 1,331		
Jointly controlled assets of joint venture	802,367			
Total	$ 3,457,534	$ 1,331		

Please see Note 7 for annual maturities of long-debt and Note 14 for obligations under finance leases.

14. DERIVATIVES

Derivative Transactions to Which Hedge Accounting Is Not Applied at March 31, 2012 and 2011

March 31, 2012

	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value (Loss)	Unrealized Gain (Loss)
Foreign currency forward contracts:				
Selling U.S.$/buying yen	¥ 18,468		¥ (34)	¥ (34)
Selling Euro/buying yen	4,492		7	7
Selling GBP/buying yen	182			
Selling AUD/buying yen	81			
Buying U.S.$/selling yen	119		3	3
Buying Euro/selling yen	42			
Buying SGD/selling yen	3			
Buying Euro/selling U.S.$	391		(5)	(5)
Total	¥ 23,781		¥ (34)	¥ (34)

March 31, 2011

	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value (Loss)	Unrealized Gain (Loss)
Foreign currency forward contracts:				
Selling U.S.$/buying yen	¥ 26,202	¥ 2,163	¥ (35)	¥ (35)
Selling Euro/buying yen	3,472		11	11
Selling GBP/buying yen	264			
Buying U.S.$/selling yen	43			
Buying Euro/selling yen	21	4	1	1
Buying Euro/selling U.S.$	1,238	62	(9)	(9)
Total	¥ 31,243	¥ 2,230	¥ (32)	¥ (32)

March 31, 2012

	Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value (Loss)	Unrealized Gain (Loss)
Foreign currency forward contracts:				
Selling U.S.$/buying yen	$ 225,221		$ (418)	$ (418)
Selling Euro/buying yen	54,783		94	94
Selling GBP/buying yen	2,222		(1)	(1)
Selling AUD/buying yen	999		(83)	(83)
Buying U.S.$/selling yen	1,462		48	48
Buying Euro/selling yen	516		(2)	(2)
Buying SGD/selling yen	47		2	2
Buying Euro/selling U.S.$	4,769		(61)	(61)
Total	$ 290,020		$ (421)	$ (421)

Derivative Transactions to Which Hedge Accounting Is Applied at March 31, 2012 and 2011

March 31, 2012

		Millions of Yen		
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value (Loss)
Foreign currency forward contracts— Accounted for under deferred hedge accounting method:				
Selling U.S.$/buying yen	Foreign currency forecasted transaction	¥ 1,785	¥ 581	¥ (39)
Selling GBP/buying yen		25		(1)
Buying U.S.$/selling yen		6,492	2,995	242
Buying Euro/selling yen		1,041	100	14
Buying SGD/selling yen		46		2
Total		¥ 9,391	¥ 3,677	¥ 218
Other*[1]:				
Selling U.S.$/buying yen	Receivables	¥ 43		
Buying U.S.$/selling yen	Payables	267	¥ 60	
Buying Euro/selling yen		6		
Total		¥ 317	¥ 60	
Interest rate swaps*[2] (fixed rate payment, floating rate receipt)	Current portion of long-term debt	¥ 10,000	¥ 10,000	
Total		¥ 10,000	¥ 10,000	

Notes to Consolidated Financial Statements

March 31, 2011

	Hedged Item	Millions of Yen Contract Amount	Contract Amount Due after One Year	Fair Value (Loss)
Foreign currency forward contracts—				
Accounted for under deferred hedge accounting method:				
Selling U.S.$/buying yen	Foreign currency	¥ 2,968	¥ 959	¥ 130
Buying U.S.$/selling yen	forecasted	3,914	66	(25)
Buying Euro/selling yen	transaction	1,943		21
Buying GBP/selling yen		17		(2)
Buying SGD/selling yen		200		9
Buying Euro/selling U.S.$		2,858	143	(21)
Total		¥ 11,902	¥ 1,169	¥ 112
Other*[1]:				
Selling U.S.$/buying yen	Receivables	¥ 2,692	¥ 43	
Selling Euro/buying yen		337		
Buying U.S.$/selling yen	Payables	151		
Buying Euro/selling yen		288		
Buying GBP/selling yen		1		
Total		¥ 3,470	¥ 43	
Interest rate swaps*[2] (fixed rate payment, floating rate receipt)	Long-term debt	¥ 10,000	¥ 10,000	
Total		¥ 10,000	¥ 10,000	

March 31, 2012

	Hedged Item	Thousands of U.S. Dollars Contract Amount	Contract Amount Due after One Year	Fair Value (Loss)
Foreign currency forward contracts—				
Accounted for under deferred hedge accounting method:				
Selling U.S.$/buying yen	Foreign currency	$ 21,774	$ 7,097	$ (487)
Selling GBP/buying yen	forecasted	315		(17)
Buying U.S.$/selling yen	transaction	79,176	36,524	2,961
Buying Euro/selling yen		12,697	1,223	182
Buying SGD/selling yen		562		25
Total		$ 114,526	$ 44,845	$ 2,664
Other*[1]:				
Selling U.S.$/buying yen	Receivables	$ 534		
Buying U.S.$/selling yen	Payables	3,262	$ 735	
Buying Euro/selling yen		77	7	
Total		$ 3,873	$ 742	
Interest rate swaps*[2] (fixed rate payment, floating rate receipt)	Current portion of long-term debt	$ 121,951	$ 121,951	
Total		$ 121,951	$ 121,951	

*[1] Foreign currency forward contracts, which are applied to the foreign currency translation at the contract rate of the assets and liabilities on construction contracts denominated in foreign currencies

*[2] Interest rate swap contracts accounted under specific method, are treated as part of the hedged long-debt, thus their fair values are integrally computed with those of hedged long-debt. See Note 15 for the fair value of long-debt.

15. CONTINGENT LIABILITIES

At March 31, 2012, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Guarantees on employees' housing loans	¥ 172	$ 2,102
Performance bond for an unconsolidated subsidiary	1,767	21,560

16. COMPREHENSIVE INCOME

The components of other comprehensive income for the year ended March 31, 2012 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2012	2012
Unrealized gain (loss) on available-for-sale securities:		
Gains arising during the year	¥ 2,156	$ 26,296
Reclassification adjustments to profit or loss	250	3,049
Amount before income tax effect	2,406	29,346
Income tax effect	(668)	(8,147)
Total	¥ 1,738	$ 21,198
Deferred gain (loss) on derivatives under hedge accounting:		
Gains arising during the year	¥ (424)	$ (5,179)
Adjustment to acquisition cost of assets	549	6,700
Reclassification adjustments to profit or loss	6	80
Amount before income tax effect	131	1,602
Income tax effect	(34)	(418)
Total	¥ 97	$ 1,183
Foreign currency translation adjustments—		
Adjustments arising during the year	¥ (361)	$ (4,407)
Total	¥ (361)	$ (4,407)
Share of other comprehensive income in associates—		
Gains arising during the year	¥ (105)	$ (1,285)
Total	¥ (105)	$ (1,285)
Total other comprehensive income	¥ 1,368	$ 16,689

The corresponding information for the year ended March 31, 2011 was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

17. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2012 and 2011 is as follows:

Year Ended March 31, 2012

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted-Average Shares	EPS	
Basic EPS—Net income available to common shareholders	¥ 14,364	259,086	¥ 55.44	$ 0.67

There is no dilutive effect for the year ended March 31, 2012.

Year Ended March 31, 2011

	Millions of Yen	Thousands of Shares	Yen
	Net Income	Weighted-Average Shares	EPS
Basic EPS—Net income available to common shareholders	¥ 7,979	259,165	¥ 30.79

There is no dilutive effect for the year ended March 31, 2011.

18. SUBSEQUENT EVENT

The following appropriation of retained earnings at March 31, 2012, was approved at the Company's shareholders' meeting on June 26, 2012:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥17.00 ($0.20) per share	¥ 4,404	$ 53,708

19. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) *Description of Reportable Segments*

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated within the Group. The Group globally provides "Engineering services," including planning, engineering, construction, procurement, commissioning, and maintenance, adapting the most appropriate functions of each related company.

(2) *Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets, Liabilities, and Other Items for Each Reportable Segment*

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies."

The profit in reporting segments are based on the operating income. Intersegment income and transfer are measured at the quoted market price.

(3) ***Information about Sales, Profit (Loss), Assets, Liabilities, and Other Items***

Year Ended March 31, 2012

	Millions of Yen				
	Reportable Segment Engineering	Other*[1]	Total	Reconcil- iations*[2]	Consol- idated*[3]
Sales:					
Sales to external customers	¥ 247,849	¥ 6,826	¥ 254,675		¥ 254,675
Intersegment sales or transfers	2	8,508	8,510	¥ (8,510)	
Total	¥ 247,851	¥ 15,334	¥ 263,186	¥ (8,510)	¥ 254,675
Segment profit	¥ 23,755	¥ 531	¥ 24,287	¥ (89)	¥ 24,197
Segment assets	358,155	8,165	366,321	(525)	365,795
Segment liabilities	185,832	3,671	189,503	7,553	197,057
Other:					
Depreciation	2,664	21	2,685	(48)	2,637
Amortization of goodwill		84	84		84
Investment in associated companies	945		945		945
Increase in property, plant, and equipment and intangible assets	3,631	4	3,635	(180)	3,455

Year Ended March 31, 2011

	Millions of Yen				
	Reportable Segment Engineering	Other*[1]	Total	Reconcil- iations*[2]	Consol- idated*[3]
Sales:					
Sales to external customers	¥ 241,395	¥ 5,687	¥ 247,082		¥ 247,082
Intersegment sales or transfers	4	8,506	8,510	¥ (8,510)	
Total	¥ 241,399	¥ 14,193	¥ 255,593	¥ (8,510)	¥ 247,082
Segment profit	¥ 17,175	¥ 499	¥ 17,674	¥ (129)	¥ 17,544
Segment assets	346,512	7,372	353,885	(492)	353,392
Segment liabilities	187,019	3,009	190,029	7,604	197,633
Other:					
Depreciation	2,562	23	2,586	(19)	2,566
Amortization of goodwill		41	41		41
Investment in associated companies	977		977		977
Increase in property, plant, and equipment and intangible assets	2,905	20	2,925	(164)	2,760

Year Ended March 31, 2012

	Thousands of U.S. Dollars				
	Reportable Segment Engineering	Other*[1]	Total	Reconcil- iations*[2]	Consol- idated*[3]
Sales:					
Sales to external customers	$ 3,022,554	$ 83,244	$ 3,105,798		$ 3,105,798
Intersegment sales or transfers	29	103,758	103,787	$ (103,787)	
Total	$ 3,022,583	$ 187,002	$ 3,209,586	$ (103,787)	$ 3,105,798
Segment profit	$ 289,705	$ 6,479	$ 296,185	$ (1,089)	$ 295,095
Segment assets	4,367,752	99,576	4,467,329	(6,412)	4,460,917
Segment liabilities	2,266,244	44,773	2,311,017	92,121	2,403,138
Other:					
Depreciation	32,492	256	32,748	(586)	32,162
Amortization of goodwill		1,027	1,027		1,027
Investment in associated companies	11,528		11,528		11,528
Increase in property, plant, and equipment and intangible assets	44,285	51	44,337	(2,202)	42,135

Notes for the year ended March 31, 2012:

*[1] "Other" represents industry segments which are not included in the reportable segment, consisting of temporary staffing services, IT services, and travel services.

*[2] The detail of reconciliations is as follows:

(1) The reconciliation in segment profit ¥(89) million ($(1,090) thousand) is the elimination of intersegment trades.

(2) The reconciliation in segment assets ¥(525) million ($(6,413) thousand) is the result of elimination of intersegment trades ¥(2,740) million ($(33,416) thousand) and the Group's assets of ¥2,214 million ($27,004 thousand) which are not included in the reportable segment.

(3) The reconciliation in segment liabilities ¥7,553 million ($92,121 thousand) is the result of elimination of intersegment trades ¥(2,446) million ($(29,830) thousand) and the Group's liabilities of ¥10,000 million ($121,951 thousand) which are not included in the reportable segment.

(4) The reconciliation in depreciation of ¥(48) million ($(586) thousand) is the elimination of intersegment trades.

(5) The reconciliation in increase in property, plant, and equipment and intangible assets of ¥(180) million ($(2,202) thousand) is the elimination of intersegment trades.

*[3] The calculation of the segment profit is based on the operating income on the consolidated statements of income.

Notes for the year ended March 31, 2011:

*[1] "Other" represents industry segments which are not included in the reportable segment, consisting of temporary staffing services, IT services, and travel services.

*[2] The detail of reconciliations is as follows:

(1) The reconciliation in segment profit ¥(129) million is the elimination of intersegment trades.

(2) The reconciliation in segment assets ¥(492) million is the result of elimination of intersegment trades ¥(2,628) million and the Group's assets of ¥2,135 million which are not included in the reportable segment.

(3) The reconciliation in segment liabilities ¥7,604 million is the result of elimination of intersegment trades ¥(2,395) million and the Group's liabilities of ¥10,000 million which are not included in the reportable segment.

(4) The reconciliation in depreciation of ¥(19) million is the elimination of intersegment trades.

(5) The reconciliation in increase in property, plant, and equipment and intangible assets of ¥(164) million is the elimination of intersegment trades.

*[3] The calculation of the segment profit is based on the operating income on the consolidated statements of income.

Related Information

(*a*) ***Information about Products and Services***

The proportion of engineering business is more than 90% of the total sales of the Group. Accordingly, the presentation of the information about each service is not required under Japanese accounting standards.

(*b*) ***Information about Geographical Areas***

Revenue by region for the year ended March 31, 2012 was as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2012	2012
Japan	¥ 94,925	$ 1,157,626
Papua New Guinea	70,508	859,855
Malaysia	30,575	372,872
Middle East	30,398	370,716
Others	28,267	344,727
Total	¥ 254,675	$ 3,105,798

Revenue by region for the year ended March 31, 2011 was as follows:

	Millions of Yen
	2011
Japan	¥ 120,990
Qatar	64,232
Papua New Guinea	29,479
Asia	19,506
Others	12,872
Total	¥ 247,082

Note: Revenue is classified in countries or regions based on location of construction site.

The proportion of fixed assets placed in Japan is more than 90% in the total fixed assets of the Group. Accordingly, the presentation of the information about fixed assets is not required under Japanese accounting standards.

(*c*) ***Information about Major Customers***

Year Ended March 31, 2012

Name	Related Segment	Millions of Yen	Thousands of U.S. Dollars
Esso Highlands Ltd.	Engineering	¥ 69,856	$ 851,902
Tokuyama Malaysia Sdn. Bhd	Engineering	28,815	351,411

Year Ended March 31, 2011

Name	Related Segment	Millions of Yen
Qatar Liquefied Gas Company Ltd. III, IV	Engineering	¥ 48,060
Esso Highlands Ltd.	Engineering	29,405

(*d*) ***Information about Goodwill by Segments***

Ending balance of goodwill as of March 31, 2012 and 2011, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
Engineering			
Other*	¥ 716	¥ 757	$ 8,736
Total	¥ 716	¥ 757	$ 8,736

* Other involves temporary staffing services and IT services.

* * * * * *

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Chiyoda Corporation:

We have audited the accompanying consolidated balance sheet of Chiyoda Corporation and consolidated subsidiaries as of March 31, 2012, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Chiyoda Corporation and consolidated subsidiaries as of March 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 26, 2012

Member of
Deloitte Touche Tohmatsu Limited

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CORPORATE PHILOSOPHY

Enhance our business in aiming for harmony between energy and the environment, and contribute to the sustainable development of a society as an integrated engineering company through the use of our collective wisdom and painstakingly developed technology.

FTSE4Good

Dow Jones Sustainability Indexes
Member 2011/12

CHIYODA GROUP

To commemorate the 60th anniversary of Chiyoda Corporation in 2008, management solicited suggestions from employees of the Chiyoda Group for a new Group logo. The logo adopted is shown at the left.

The new logo design maintains the original significance of the current logo of Chiyoda Corporation by incorporating two inverted triangles signifying consensus, breakthrough and a unified hardware and software system, and a white circle representing “heart.” The addition of the letter “G” surrounding the triangles expresses the Group’s united efforts to expand globally. Blue stands for progress and technology, and green for internationalization and the environment.