

Nonconsolidated Financial Statements [Summary]

November 19, 2003

For the Six-Month Period Ended September 30, 2003



(URL <http://www.toyo-eng.co.jp/>)

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The following statements are an English-language translation from the original Japanese-language document.

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

1. Business results for the six-month period ended September 30, 2003

(1) Nonconsolidated financial results

Note: Amounts are rounded down to the nearest million yen.

	Net sales		Operating income (loss)		Ordinary income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Apr. 1 – Sep. 30, 2003	80,480	11.7	(1,715)	–	(1,614)	–
Apr. 1 – Sep. 30, 2002	72,042	(15.6)	819	(43.7)	(847)	–
Apr. 1, 2002 – Mar. 31, 2003	149,288		3,161		1,205	

	Net income (loss)		Net income (loss) per share	
	Millions of yen	%	Yen	
Apr. 1 – Sep. 30, 2003	(1,956)	–	(11.15)	
Apr. 1 – Sep. 30, 2002	(1,361)	–	(7.75)	
Apr. 1, 2002 – Mar. 31, 2003	(1,077)		(6.14)	

Notes:

① Average number of outstanding shares (nonconsolidated):

Apr. 1–Sep. 30, 2003 : 175,509,787 / Apr. 1–Sep. 30, 2002 : 175,661,178 / Apr. 1, 2002–Mar. 31, 2003 : 175,612,240

② Change in accounting methods: **none**

③ Percentages for net sales, operating income (loss), ordinary income (loss) and net income (loss) indicate changes from those of the first half of the previous year.

(2) Dividends

	Interim dividends	Annual dividends
	per share	per share
	Yen	Yen
Apr. 1 – Sep. 30, 2003	0.00	–
Apr. 1 – Sep. 30, 2002	0.00	–
Apr. 1, 2002 – Mar. 31, 2003	–	0.00

(3) Nonconsolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
Sep. 30, 2003	179,705	39,085	21.7	222.71
Sep. 30, 2002	163,395	39,596	24.2	225.44
Mar. 31, 2003	173,035	39,772	23.0	226.60

Notes:

① Number of outstanding shares at end of term (nonconsolidated):

Sep. 30, 2003 : 175,499,184 / Sep. 30, 2002 : 175,639,702 / Mar. 31, 2003 : 175,518,561

② Number of treasury stocks at end of term:

Sep. 30, 2003 : 193,355 / Sep. 30, 2002 : 52,837 / Mar. 31, 2003 : 173,978

2. Forecast for fiscal 2003 (April 1, 2003–March 31, 2004)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Apr. 1, 2003–Mar. 31, 2004	160,000	1,500	0

Reference: Estimated earnings per share (fiscal 2003) **¥0.00**

※ Note: The forecast given above are based on information available at the time of compilation and are inherently subject to a variety of risks and uncertainties. Actual results may vary significantly from forecasts due to factors including, but not limited to, changes in the economic or business environment and exchange rate fluctuations.

Nonconsolidated Balance Sheets

	Sep. 30, 2002		Sep. 30, 2003		Mar. 31, 2003	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
【ASSETS】						
I Current assets						
1. Cash and deposits	28,302		40,783		35,670	
2. Notes receivable	505		120		237	
3. Accounts receivable	50,572		41,832		43,453	
4. Marketable securities	500		—		—	
5. Contract work in progress	26,240		42,030		38,030	
6. Other current assets	11,599		9,217		10,837	
7. Less: Allowance for doubtful receivables	(670)		(652)		(826)	
Total current assets	117,050	71.6	133,332	74.2	127,404	73.6
II Fixed assets						
1. Property, plant and equipment, at cost						
(1) Buildings and structures	7,196		6,770		6,959	
(2) Land	13,494		13,494		13,494	
(3) Other property, plant and equipment	333		314		327	
2. Intangible assets	364		418		352	
3. Investments and others	29,212		29,439		28,716	
4. Less: Allowance for doubtful receivables	(4,257)		(4,065)		(4,220)	
Total fixed assets	46,345	28.4	46,372	25.8	45,630	26.4
Total assets	163,395	100.0	179,705	100.0	173,035	100.0
【LIABILITIES】						
I Current liabilities						
1. Notes payable	689		847		852	
2. Accounts payable	28,428		34,316		30,603	
3. Short-term bank loans	40,575		28,879		36,227	
4. Advance receipts on uncompleted contracts	21,741		35,959		32,026	
5. Deposits received	3,219		7,246		2,525	
6. Provisions	635		967		641	
7. Other current liabilities	1,420		2,398		2,493	
Total current liabilities	96,711	59.2	110,616	61.6	105,370	60.9
II Long-term liabilities						
1. Long-term debt	25,629		27,769		25,841	
2. Reserve for retirement benefit	1,219		1,918		1,771	
3. Reserve for directors' retirement allowances	225		282		255	
4. Reserve for repairs for real properties for rent	—		29		19	
5. Other long-term liabilities	13		3		3	
Total long-term liabilities	27,087	16.6	30,003	16.7	27,891	16.1
Total liabilities	123,798	75.8	140,620	78.3	133,262	77.0
【SHAREHOLDERS' EQUITY】						
I Common stock						
	13,017	8.0	13,017	7.2	13,017	7.5
II Additional paid-in capital						
	15,592	9.5	15,592	8.7	15,592	9.0
III Retained earnings						
1. Legal reserve	1,771		—		1,771	
2. Voluntary reserve	9,855		9,843		9,855	
3. Unappropriated retained earnings	—		—		104	
Unappropriated accumulated deficit	178		68		—	
Total retained earnings	11,448	7.0	9,775	5.4	11,731	6.8
IV Net unrealized gain (loss) on securities						
	(452)	(0.3)	729	0.4	(545)	(0.3)
V Treasury stock						
	(9)	(0.0)	(30)	(0.0)	(24)	(0.0)
Total shareholders' equity	39,596	24.2	39,085	21.7	39,772	23.0
Total liabilities and shareholders' equity	163,395	100.0	179,705	100.0	173,035	100.0

Nonconsolidated Income Statements

	Apr.-Sep., 2002		Apr.-Sep., 2003		Apr., 2002-Mar., 2003	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
I Net sales	72,042	100.0	80,480	100.0	149,288	100.0
II Cost of sales	67,670	94.0	79,070	98.2	139,428	93.4
Gross profit	4,372	6.0	1,410	1.8	9,859	6.6
III Selling, general and administrative expenses	3,553	4.9	3,125	3.9	6,698	4.5
Operating income	819	1.1	—	—	3,161	2.1
Operating loss	—	—	1,715	2.1	—	—
IV Non-operating income						
1. Interest and dividends	1,094		677		2,513	
2. Other non-operating income	633		283		26	
Total non-operating income	1,728	2.4	960	1.2	2,540	1.7
V Non-operating expenses						
1. Interest expense	901		692		1,715	
2. Other non-operating expenses	2,493		167		2,781	
Total non-operating expenses	3,394	4.7	860	1.1	4,496	3.0
Ordinary income	—	—	—	—	1,205	0.8
Ordinary loss	847	1.2	1,614	2.0	—	—
VI Extraordinary gain						
1. Reversal of allowance for doubtful receivables in prior period	—		—		438	
Total extraordinary gain	—	—	—	—	438	0.3
VII Extraordinary loss						
1. Loss on prior period adjustment	361		66		751	
2. Loss on valuation of investment securities	42		278		1,533	
3. Loss on liquidation of non-consolidated subsidiaries	56		—		123	
Total extraordinary loss	460	0.6	344	0.4	2,408	1.6
Loss before income taxes	1,307	1.8	1,959	2.4	764	0.5
Income taxes (current)	5	0.0	336	0.4	343	0.2
Income taxes (deferred)	48	0.1	(338)	(0.4)	(29)	(0.0)
Net loss	1,361	1.9	1,956	2.4	1,077	0.7
Earnings brought forward from previous year	1,182		116		1,182	
Reversal of legal reserve	—		1,771		—	
Unappropriated earnings carried forward to following term	—		—		104	
Unappropriated deficit carried forward to following term	178		68		—	

New Orders, Sales and Backlog of Contracts

		Backlog Beginning of term	New Orders	Total	Sales	Backlog End of term	
Apr.-Sep., 2002	Overseas	Chemical fertilizers	69,587	423	70,010	6,424	63,509
		Petrochemicals	75,888	59,240	135,129	31,223	103,151
		Refinery	81,134	6,057	87,192	18,838	47,454
		Energy-related	48,716	34,986	83,703	4,748	79,288
		General manufacturing facilities	771	167	939	27	911
		Information technology	—	6	6	6	—
		Others	138	899	1,038	306	728
	Subtotal		276,237	101,782	378,020	61,575	295,044
	Domestic	Petrochemicals	389	739	1,128	363	757
		Refinery	723	1,503	2,226	512	1,713
		Energy-related	15,036	2,281	17,317	6,809	10,183
		General manufacturing facilities	1,365	1,370	2,735	1,111	1,563
		Information technology	1,643	1,444	3,087	1,269	1,817
		Others	146	173	320	113	205
Subtotal		19,304	7,512	26,817	10,180	16,241	
		※20,088				※3,150	
Grand total		295,542	109,294	404,837	71,755	311,285	
Apr.-Sep., 2003	Overseas	Chemical fertilizers	58,283	50	58,333	7,854	50,368
		Petrochemicals	79,051	2,304	81,356	25,086	54,495
		Refinery	37,135	7	37,142	11,812	24,997
		Energy-related	90,505	149,947	240,453	25,419	213,975
		General manufacturing facilities	2,867	2,345	5,213	686	4,359
		Information technology	—	23	23	18	5
		Others	741	328	1,070	319	750
	Subtotal		268,585	155,008	423,593	71,198	348,952
	Domestic	Petrochemicals	2,654	2,285	4,940	123	4,816
		Refinery	4,334	474	4,809	122	4,650
		Energy-related	10,717	4,386	15,103	6,433	8,668
		General manufacturing facilities	6,730	3,026	9,757	1,247	8,510
		Information technology	1,469	1,431	2,901	1,006	1,888
		Others	99	172	271	54	214
Subtotal		26,006	11,777	37,784	8,987	28,748	
		※(2,004)				※(17,364)	
Grand total		294,592	166,785	461,377	80,185	377,701	
Apr., 2002 – Mar., 2003	Overseas	Chemical fertilizers	69,587	1,453	71,040	12,621	58,283
		Petrochemicals	75,888	61,046	136,935	56,100	79,051
		Refinery	81,134	12,704	93,839	36,393	37,135
		Energy-related	48,716	66,349	115,066	26,056	90,505
		General manufacturing facilities	771	2,405	3,176	295	2,867
		Information technology	—	6	6	6	—
		Others	138	1,450	1,588	835	741
	Subtotal		276,237	145,416	421,653	132,310	268,585
	Domestic	Petrochemicals	389	3,036	3,425	762	2,654
		Refinery	723	4,479	5,203	868	4,334
		Energy-related	15,036	5,795	20,831	8,374	10,717
		General manufacturing facilities	1,365	7,882	9,247	2,455	6,730
		Information technology	1,643	3,463	5,106	3,590	1,469
		Others	146	311	457	357	99
Subtotal		19,304	24,967	44,272	16,409	26,006	
		※20,088				※(2,004)	
Grand total		295,542	170,383	465,926	148,719	294,592	

Notes:

1. Amounts are rounded down to the nearest million yen and exclude Consumption Tax of Japan.
2. Sales figures include effects of change in exchange rates upon the orders in currencies other than the Japanese Yen. Such effects are ¥1,492 million for Apr.-Sep., 2002, (¥3,197) million for Apr.-Sep., 2003 and ¥3,388 million for Apr., 2002–Mar., 2003.
3. Decreased prices of orders awarded in prior years are deducted from the "backlog, end of term". The deducted amounts are ¥23,287 million for Apr.-Sep., 2002, ¥294 million for Apr.-Sep., 2003 and ¥26,002 million for Apr., 2002–Mar., 2003.
4. ※ represents increase (decrease) due to changes in exchange rates.
5. Differences between the sales above and those of the nonconsolidated income statements are sales in Real Estate business segment (nonconsolidated basis), which amount to ¥286 million for Apr.-Sep., 2002, ¥295 million for Apr.-Sep., 2003 and ¥568 million for Apr., 2002–Mar., 2003.