

Nonconsolidated Financial Statements [Summary]

May 14, 2004

For the Fiscal Year Ended March 31, 2004



(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 fiscal year ended March 31, 2004

(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, 2003 – Mar. 31, 2004	142,902	(4.3)	(4,781)	–	(4,571)	–
Apr. 1, 2002 – Mar. 31, 2003	149,288	8.5	3,161	122.0	1,205	(47.5)

	Net income (loss)		Net income (loss) per share	Net income (loss) per share (diluted)	Return on equity	Ordinary income (loss) to total assets	Ordinary income (loss) to net sales
	Millions of yen	%	Yen	Yen	%	%	%
Apr. 1, 2003 – Mar. 31, 2004	(6,455)	–	(36.78)	–	(17.3)	(2.6)	(3.2)
Apr. 1, 2002 – Mar. 31, 2003	(1,077)	–	(6.14)	–	(2.7)	0.7	0.8

Notes:

1) Average number of outstanding shares (nonconsolidated):

Apr. 1, 2003–Mar. 31, 2004 : 175,500,282 / 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 previous year.

(2) Dividends

	Annual dividends per share			Total dividends (annual)	Payout ratio	Dividends/ shareholders' equity
	Interim	Year-end				
	Yen	Yen	Yen	Millions of yen	%	%
Apr. 1, 2003 – Mar. 31, 2004	0.00	0.00	0.00	0	0.0	0.0
Apr. 1, 2002 – Mar. 31, 2003	0.00	0.00	0.00	0	0.0	0.0

(3) Nonconsolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
Mar. 31, 2004	175,624	35,067	20.0	199.84
Mar. 31, 2003	173,035	39,772	23.0	226.60

Notes:

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

Mar. 31, 2004 : 175,480,492 / Mar. 31, 2003 : 175,518,561

2) Number of treasury stocks at end of year:

Mar. 31, 2004 : 212,047 / Mar. 31, 2003 : 173,978

2. Forecast for fiscal 2004 (April 1, 2004–March 31, 2005)

	Net sales	Ordinary income	Net income	Annual dividends per share		
				Interim	Year-end	
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen	Yen
Apr.–Sep., 2004	72,500	1,000	1,000	0.00	–	–
Apr. 1, 2004–Mar. 31, 2005	160,000	3,000	3,000	–	3.00	3.00

Reference: Estimated earnings per share (fiscal 2004) **¥17.10**

* 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

	Mar. 31, 2004		Mar. 31, 2003		Increase (decrease)
	Millions of yen	%	Millions of yen	%	
[ASSETS]					
I Current assets					
1. Cash and deposits	38,656		35,670		2,985
2. Notes receivable	43		237		(194)
3. Accounts receivable	30,132		43,453		(13,320)
4. Contract work in progress	56,087		38,030		18,057
5. Deferred tax assets	688		2,446		(1,758)
6. Other receivables	3,118		4,179		(1,060)
7. Other current assets	2,973		4,212		(1,238)
8. Less: Allowance for doubtful receivables	(1,611)		(826)		(785)
Total current assets	130,088	74.1	127,404	73.6	2,683
II Fixed assets					
1. Property, plant and equipment, at cost					
(1) Buildings and structures	6,608		6,959		(350)
(2) Machinery and vehicles	106		114		(8)
(3) Tools, furniture and fixtures	191		213		(21)
(4) Land	13,494		13,494		-
	20,401	11.6	20,781	12.0	(380)
2. Intangible assets	591	0.3	352	0.2	238
3. Investments and others					
(1) Investment securities	9,065		7,145		1,919
(2) Investment in subsidiaries	9,733		9,718		15
(3) Long-term loans	3,287		4,343		(1,055)
(4) Long-term receivables	2,878		3,073		(194)
(5) Long-term deferred tax assets	1,471		2,221		(749)
(6) Long-term prepaid expenses	25		20		4
(7) Other investments and assets	1,975		2,194		(219)
4. Less: Allowance for doubtful receivables	(3,892)		(4,220)		327
Total investments and others	24,544	14.0	24,496	14.2	48
Total fixed assets	45,536	25.9	45,630	26.4	(93)
Total assets	175,624	100.0	173,035	100.0	2,589
[LIABILITIES]					
I Current liabilities					
1. Notes payable	1,646		852		793
2. Accounts payable	27,991		30,603		(2,611)
3. Short-term bank loans	22,604		36,227		(13,623)
4. Income taxes payable	192		342		(149)
5. Advance receipts on uncompleted contracts	52,820		32,026		20,794
6. Deposits received	6,000		2,525		3,474
7. Reserve for bonuses	172		194		(21)
8. Reserve for compensation for completed works	64		94		(29)
9. Reserve for anticipated loss on contract work	468		321		146
10. Reserve for liquidation of affiliates	-		31		(31)
11. Other current liabilities	1,667		2,151		(484)
Total current liabilities	113,628	64.7	105,370	60.9	8,257
II Long-term liabilities					
1. Corporate bonds	1,000		-		1,000
2. Long-term debt	23,508		25,841		(2,333)
3. Reserve for retirement benefits	2,064		1,771		292
4. Reserve for directors' retirement allowances	312		255		56
5. Reserve for repairs for real properties for rent	39		19		19
6. Other long-term liabilities	4		3		1
Total long-term liabilities	26,929	15.3	27,891	16.1	(962)
Total liabilities	140,557	80.0	133,262	77.0	7,294
[SHAREHOLDERS' EQUITY]					
I Common stock	13,017	7.4	13,017	7.5	-
II Additional paid-in capital	15,593	8.9	15,592	9.0	0
III Retained earnings					
1. Legal reserve	-		1,771		(1,771)
2. Voluntary reserve	9,843		9,855		(11)
3. Unappropriated retained earnings	-		104		(104)
Unappropriated accumulated deficit	4,567		-		4,567
Total retained earnings	5,276	3.0	11,731	6.8	(6,455)
IV Net unrealized gain (loss) on securities	1,215	0.7	(545)	(0.3)	1,760
V Treasury stock	(35)	(0.0)	(24)	(0.0)	(10)
Total shareholders' equity	35,067	20.0	39,772	23.0	(4,704)
Total liabilities and shareholders' equity	175,624	100.0	173,035	100.0	2,589

Nonconsolidated Statements of Income

	Apr., 2003–Mar., 2004		Apr., 2002–Mar., 2003		Increase (decrease)
	Millions of yen	%	Millions of yen	%	
I Net sales	142,902	100.0	149,288	100.0	(6,385)
II Cost of sales	140,594	98.4	139,428	93.4	(1,166)
Gross profit	2,308	1.6	9,859	6.6	(7,551)
III Selling, general and administrative expenses	7,089	5.0	6,698	4.5	(390)
Operating income	—	—	3,161	2.1	(3,161)
Operating loss	4,781	3.4	—	—	(4,781)
IV Non-operating income					
1. Interest and dividends	1,810		2,513		(703)
2. Other non-operating income	104		26		78
Total non-operating income	1,915	1.3	2,540	1.7	(625)
V Non-operating expenses					
1. Interest expense	1,319		1,715		396
2. Other non-operating expenses	386		2,781		2,394
Total non-operating expenses	1,705	1.2	4,496	3.0	2,790
Ordinary income	—	—	1,205	0.8	(1,205)
Ordinary loss	4,571	3.3	—	—	(4,571)
VI Extraordinary gain					
1. Gain on sales of investment securities	378		—		378
2. Reversal of allowance for doubtful receivables	—		438		(438)
Total extraordinary gain	378	0.3	438	0.3	(59)
VII Extraordinary loss					
1. Loss on prior-period adjustment	117		751		633
2. Loss on valuation of investment securities	468		1,533		1,064
3. Loss on liquidation of nonconsolidated subsidiaries	17		123		106
Total extraordinary loss	603	0.4	2,408	1.6	1,804
Loss before income taxes	4,796	3.4	764	0.5	(4,032)
Income taxes (current)	192	0.1	343	0.2	150
Income taxes (deferred)	1,465	1.0	(29)	(0.0)	(1,495)
Net loss	6,455	4.5	1,077	0.7	(5,377)
Earnings brought forward from previous year	116		1,182		(1,066)
Reversal of legal reserve	1,771		—		1,771
Unappropriated earnings carried forward to the following year	—		104		(104)
Unappropriated deficit carried forward to the following year	4,567		—		(4,567)

New Orders, Net Sales and Backlog of Contracts

(Millions of yen)

		Backlog Beginning of year	New Orders	Total	Net sales	Backlog End of year	
Apr., 2003 – Mar., 2004	Overseas	Chemical fertilizers	300	58,583	15,825	42,502	
		Petrochemicals	29,376	108,428	44,432	45,211	
		Refinery	36	37,172	20,912	15,601	
		Energy-related	150,674	241,180	38,669	193,082	
		General manufacturing facilities	3,656	6,524	1,797	4,537	
		Information technology	96	96	22	73	
		Others	1,584	2,325	1,442	878	
	Subtotal		268,585	185,725	454,311	123,102	301,887
	Domestic	Petrochemicals	2,654	17,138	19,793	3,801	15,989
		Refinery	4,334	764	5,099	590	4,468
		Energy-related	10,717	5,169	15,886	7,910	7,440
		General manufacturing facilities	6,730	4,266	10,997	3,011	7,985
		Information technology	1,469	3,105	4,575	3,635	937
		Others	99	228	327	280	56
Subtotal		26,006	30,672	56,679	19,231	36,879	
Grand total		*(2,004) 294,592	216,398	510,990	142,333	*(22,051) 338,766	
Apr., 2002 – Mar., 2003	Overseas	Chemical fertilizers	1,453	71,040	12,621	58,283	
		Petrochemicals	61,046	136,935	56,100	79,051	
		Refinery	12,704	93,839	36,393	37,135	
		Energy-related	66,349	115,066	26,056	90,505	
		General manufacturing facilities	2,405	3,176	295	2,867	
		Information technology	6	6	6	—	
		Others	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	
Grand total		*20,088 295,542	170,383	465,926	148,719	*(2,004) 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 (¥7,875) million for Apr., 2003–Mar., 2004 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 year". The deducted amounts are ¥22,015 million for Apr., 2003–Mar., 2004 and ¥26,002 million for Apr., 2002–Mar., 2003.
4. Asterisks (*) represent increase (decrease) due to changes in exchange rates.
5. Differences between the net sales above and those of the nonconsolidated income statements are sales in Real Estate business segment (nonconsolidated basis), which amount to ¥569 million for Apr., 2003–Mar., 2004 and ¥568 million for Apr., 2002–Mar., 2003.