

Consolidated Financial Statements [Summary]

For the Six-Month Period Ended September 30, 2004

November 12, 2004



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

President and Chief Executive Officer, Yutaka Yamada
 Contacts: Hideaki Kinoshita, General Manager of Accounting Div.

TEL +81-47-454-1521

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, 2004

(1) Consolidated 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, 2004	88,852	(7.3)	1,331	-	1,254	-
Apr. 1 - Sep. 30, 2003	95,811	14.8	(1,133)	-	(1,302)	-
Apr. 1, 2003 - Mar. 31, 2004	170,529		(3,257)		(3,476)	

	Net income (loss)		Net income (loss) per share		Net income (loss) per share, diluted	
	Millions of yen	%	Yen	Yen	Yen	Yen
Apr. 1 - Sep. 30, 2004	1,163	-	6.63	-	-	-
Apr. 1 - Sep. 30, 2003	(2,001)	-	(11.40)	-	-	-
Apr. 1, 2003 - Mar. 31, 2004	(6,491)		(37.00)		-	-

Notes:

Equity in earnings of affiliates (millions of yen):

Apr.-Sep., 2004 : 34 / Apr.-Sep., 2003 : 65 / Apr., 2003-Mar., 2004 : 32

Average number of outstanding shares (consolidated):

Apr.-Sep., 2004 : 175,470,156 / Apr.-Sep., 2003 : 175,509,787 / Apr., 2003-Mar., 2004 : 175,500,282

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) Consolidated financial position

	Total assets		Shareholders' equity		Equity ratio	Book value per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen	Yen
Sep. 30, 2004	205,527	25,411	12.4	144.83		
Sep. 30, 2003	206,293	28,951	14.0	164.97		
Mar. 31, 2004	201,133	24,724	12.3	140.88		

Notes: Number of outstanding shares at end of the term (consolidated):

Sep. 30, 2004: 175,457,735 / Sep. 30, 2003: 175,499,184 / Mar. 31, 2004: 175,480,492

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of the term
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Apr. 1 - Sep. 30, 2004	7,216	36	(8,738)	42,149
Apr. 1 - Sep. 30, 2003	10,124	(1,055)	(5,710)	45,763
Apr. 1, 2003 - Mar. 31, 2004	17,577	(595)	(15,706)	43,615

(4) Scope of consolidation and application of the equity method

Consolidated subsidiaries: 13 companies

Non-consolidated subsidiaries accounted for by the equity method: none

Affiliated companies accounted for by the equity method: 1 company

(5) Changes in scope of consolidation and application of the equity method

Consolidated subsidiaries: Increase: none Decrease: none

Equity-method companies: Increase: none Decrease: none

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

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Apr. 1, 2004 - Mar. 31, 2005	180,000	4,000	3,500

Reference: Estimated earnings per share (fiscal 2004) ¥19.95

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.

Consolidated Balance Sheets

	September 30, 2003		September 30, 2004		March 31, 2004	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
[ASSETS]						
Current assets						
1. Cash and deposits	46,613		42,505		44,097	
2. Notes and accounts receivable	49,520		38,923		37,246	
3. Marketable securities	0					
4. Contract work in progress	48,133		67,513		62,659	
5. Other current assets	9,929		8,493		7,464	
6. Less: Allowance for doubtful receivables	(1,127)		(2,119)		(2,116)	
Total current assets	153,069	74.2	155,317	75.6	149,352	74.3
Fixed assets						
1. Property, plant and equipment, at cost						
(1) Buildings and structures	25,714		25,759		25,738	
(2) Land	18,650		18,804		18,803	
(3) Other property, plant and equipment	4,572		4,500		4,422	
(4) Less: Accumulated depreciation	(15,534)		(16,096)		(15,758)	
2. Intangible assets	1,389		1,892		1,699	
3. Investments and other assets						
(1) Investment securities	9,523		8,437		9,391	
(2) Other investments and assets	13,002		10,932		11,386	
(3) Less: Allowance for doubtful receivables	(4,092)		(4,020)		(3,903)	
Total fixed assets	53,224	25.8	50,209	24.4	51,780	25.7
Total assets	206,293	100.0	205,527	100.0	201,133	100.0
[LIABILITIES]						
Current liabilities						
1. Notes and accounts payable	37,126		37,284		30,147	
2. Short-term bank loans	32,996		19,641		26,470	
3. Advance receipts on uncompleted contracts	44,366		69,361		61,915	
4. Provisions	1,396		1,235		1,176	
5. Other current liabilities	11,040		8,026		9,858	
Total current liabilities	126,926	61.5	135,548	65.9	129,567	64.4
Long-term liabilities						
1. Corporate bonds			3,000		1,000	
2. Long-term debt	43,303		34,956		38,690	
3. Reserve for retirement benefits	2,212		2,184		2,319	
4. Reserve for directors' retirement allowances	309		143		340	
5. Reserve for repairs of real properties for rent	69		102		86	
6. Other long-term liabilities	2,673		2,549		2,535	
Total long-term liabilities	48,569	23.6	42,936	20.9	44,971	22.4
Total liabilities	175,495	85.1	178,484	86.8	174,539	86.8
[MINORITY INTERESTS]						
Minority interests	1,846	0.9	1,630	0.8	1,869	0.9
[SHAREHOLDERS' EQUITY]						
Common stock	13,017	6.3	13,017	6.3	13,017	6.4
Additional paid-in capital	15,592	7.5	15,593	7.6	15,593	7.8
Retained earnings	211	0.1	(3,117)	(1.5)	(4,278)	(2.1)
Net unrealized gain on securities	739	0.4	709	0.4	1,231	0.6
Foreign currency translation adjustments	(580)	(0.3)	(749)	(0.4)	(804)	(0.4)
Treasury stock	(30)	(0.0)	(41)	(0.0)	(35)	(0.0)
Total shareholders' equity	28,951	14.0	25,411	12.4	24,724	12.3
Total liabilities, minority interests and shareholders' equity	206,293	100.0	205,527	100.0	201,133	100.0

Consolidated Statements of Income

	Apr.-Sep., 2003		Apr.-Sep., 2004		Apr., 2003-Mar., 2004	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	95,811	100.0	88,852	100.0	170,529	100.0
Cost of sales	91,428	95.4	81,831	92.1	161,889	94.9
Gross profit	4,383	4.6	7,021	7.9	8,639	5.1
Selling, general and administrative expenses	5,517	5.8	5,690	6.4	11,897	7.0
Operating income	-	-	1,331	1.5	-	-
Operating loss	1,133	1.2	-	-	3,257	1.9
Non-operating income						
1. Interest and dividends income	601		672		1,742	
2. Equity in earnings of affiliates	65		34		32	
3. Other non-operating income	273		80		204	
Total non-operating income	939	1.0	787	0.9	1,979	1.2
Non-operating expenses						
1. Interest expense	889		736		1,719	
2. Other non-operating expenses	218		127		478	
Total non-operating expenses	1,108	1.2	863	1.0	2,198	1.3
Ordinary income	-	-	1,254	1.4	-	-
Ordinary loss	1,302	1.4	-	-	3,476	2.0
Extraordinary gain						
1. Gain on reversal of prior service liability of retirement	-		247		-	
2. Gain on sales of investment securities	-		-		378	
Total extraordinary gain	-	-	247	0.3	378	0.2
Extraordinary loss						
1. Loss on prior period adjustment	66		113		117	
2. Loss on valuation of investment securities	288		111		480	
3. Loss on liquidation of nonconsolidated subsidiaries	-		-		17	
Total extraordinary loss	354	0.3	224	0.3	615	0.4
Income before income taxes and minority interests	-	-	1,278	1.4	-	-
Loss before income taxes and minority interests	1,657	1.7	-	-	3,713	2.2
Income taxes (current)	435	0.5	403	0.4	712	0.4
Income taxes (deferred)	(133)	(0.1)	(83)	(0.1)	1,882	1.1
Minority interests	43	0.0	(205)	(0.2)	182	0.1
Net Income	-	-	1,163	1.3	-	-
Net loss	2,001	2.1	-	-	6,491	3.8

Consolidated Statements of Cash Flows

	Apr.-Sep., 2003	Apr.-Sep., 2004	Apr., 2003 - Mar., 2004
	Millions of yen	Millions of yen	Millions of yen
Cash flows from operating activities			
Income (loss) before income taxes and minority interests	(1,657)	1,278	(3,713)
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	650	733	1,315
Allowance for (reversal of) doubtful receivables	(376)	119	424
Increase (decrease) in retirement benefits	192	(135)	299
Allowance for (reversal of) anticipated loss on contract work	295	(106)	146
Interest and dividends income	(601)	(672)	(1,742)
Interest expense	889	736	1,719
Foreign exchange (gain) loss	26	97	(299)
Equity in earnings of affiliated companies	(65)	(34)	(32)
Gain on sales of marketable and investment securities, net	(70)	(37)	(452)
Loss on valuation of investment securities	288	111	480
(Increase) decrease in notes and accounts receivable	2,780	(1,647)	14,663
(Increase) decrease in contract work in progress	(6,110)	(4,805)	(21,058)
Increase (decrease) in notes and accounts payable	3,751	7,118	(2,877)
Increase (decrease) in advance receipts on uncompleted contracts	5,105	7,195	23,227
Other, net	6,122	(2,225)	6,416
Subtotal	11,221	7,728	18,517
Interest and dividends received	710	724	1,782
Interest paid	(911)	(718)	(1,762)
Income taxes paid	(895)	(517)	(960)
Net cash provided by operating activities	10,124	7,216	17,577
Cash flows from investing activities			
Purchases of property, plant and equipment	(80)	(196)	(240)
Purchases of intangible fixed assets	(384)	(470)	(912)
Purchases of securities and investment securities	(251)	(15)	(138)
Proceeds from sales of securities and investment securities	284	89	1,014
Proceeds from collection of long-term loans	-	558	-
Other, net	(623)	70	(318)
Net cash provided by (used in) investing activities	(1,055)	36	(595)
Cash flows from financing activities			
Decrease in short-term bank loans, net	(7,801)	(4,694)	(13,726)
Proceeds from long-term debt	9,800	2,200	12,050
Repayment of long-term debt	(7,546)	(8,208)	(14,862)
Proceeds from issuance of corporate bonds	-	2,000	1,000
Other, net	(162)	(35)	(167)
Net cash used in financing activities	(5,710)	(8,738)	(15,706)
Effect of exchange rate changes on cash and cash equivalents	(124)	20	(191)
Net increase (decrease) in cash and cash equivalents	3,232	(1,465)	1,084
Cash and cash equivalents, beginning of the term	42,530	43,615	42,530
Cash and cash equivalents, end of the term	45,763	42,149	43,615

Segment Information

(1) Business Segments

First Six-Month Period, Previous Fiscal Year (April 1-September 30, 2003)

	Millions of Yen				
	EPC Business	Real Estate	Total	Eliminations (corporate)	Consolidated
Net sales					
(1) Net sales to outside customers	94,600	1,210	95,811	-	95,811
(2) Inter-segment net sales	1	127	129	(129)	-
Total	94,602	1,338	95,940	(129)	95,811
Operating Expenses	96,388	716	97,105	(159)	96,945
Operating Income (Loss)	(1,786)	621	(1,164)	30	(1,133)

Notes:

- The classification of the business segments adopted is based on the Company segmentation which is determined by the similarity of each business.
- The Companies' reportable operating segments consist of the following two business groups:
EPC Business - Engineering, procurement and construction for chemical fertilizer and petrochemical plants, energy-related business, general manufacturing facilities and information technology.
Real Estate - Rent and administration of real estate
- All administrative department expenses of the Company and consolidated subsidiaries are allocated to the corresponding business segments.

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

	Millions of Yen				
	EPC Business	Real Estate	Total	Eliminations (corporate)	Consolidated
Net sales					
(1) Net sales to outside customers	87,652	1,200	88,852	-	88,852
(2) Inter-segment net sales	0	119	120	(120)	-
Total	87,652	1,319	88,972	(120)	88,852
Operating Expenses	86,875	765	87,640	(118)	87,521
Operating Income (Loss)	777	554	1,332	(1)	1,331

Notes:

- The classification of the business segments adopted is based on the Company segmentation which is determined by the similarity of each business.
- The Companies' reportable operating segments consist of the following two business groups:
EPC Business - Engineering, procurement and construction for chemical fertilizer and petrochemical plants, energy-related business, general manufacturing facilities and information technology.
Real Estate - Rent and administration of real estate
- All administrative department expenses of the Company and consolidated subsidiaries are allocated to the corresponding business segments.

Previous Fiscal Year (April 1, 2003-March 31, 2004)

	Millions of Yen				
	EPC Business	Real Estate	Total	Eliminations (corporate)	Consolidated
Net sales					
(1) Net sales to outside customers	168,155	2,373	170,529	-	170,529
(2) Inter-segment net sales	2	255	257	(257)	-
Total	168,157	2,629	170,786	(257)	170,529
Operating Expenses	172,606	1,418	174,024	(237)	173,786
Operating Income (Loss)	(4,448)	1,210	(3,237)	(19)	(3,257)

Notes:

- The classification of the business segments adopted is based on the Company segmentation which is determined by the similarity of each business.
- The Companies' reportable operating segments consist of the following two business groups:
EPC Business - Engineering, procurement and construction for chemical fertilizer and petrochemical plants, energy-related business, general manufacturing facilities and information technology.
Real Estate - Rent and administration of real estate
- All administrative department expenses of the Company and consolidated subsidiaries are allocated to the corresponding business segments.

(2) Geographic Segments

First Six-Month Period, Previous Fiscal Year (April 1-September 30, 2003)

	Millions of Yen				
	Japan	Others	Total	Eliminations (corporate)	Consolidated
Net sales					
(1) Net sales to outside customers	88,171	7,640	95,811	-	95,811
(2) Inter-segment net sales	46	12,529	12,576	(12,576)	-
Total	88,218	20,169	108,388	(12,576)	95,811
Operating Expenses	89,343	20,294	109,637	(12,692)	96,945
Operating Income (Loss)	(1,124)	(124)	(1,249)	115	(1,133)

Notes:

1. Geographic segmentation is according to geographic proximity.
2. Countries included in "Others":
Korea, Malaysia, India, Luxembourg, United States
3. All administrative department expenses of the Company and consolidated subsidiaries are allocated to the corresponding business segments.

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

	Millions of Yen				
	Japan	Others	Total	Eliminations (corporate)	Consolidated
Net sales					
(1) Net sales to outside customers	85,438	3,414	88,852	-	88,852
(2) Inter-segment net sales	0	7,937	7,937	(7,937)	-
Total	85,438	11,351	96,789	(7,937)	88,852
Operating Expenses	84,036	11,373	95,410	(7,889)	87,521
Operating Income (Loss)	1,401	(22)	1,378	(47)	1,331

Notes:

1. Geographic segmentation is according to geographic proximity.
2. Countries included in "Others":
Korea, Malaysia, India, Luxembourg, United States
3. All administrative department expenses of the Company and consolidated subsidiaries are allocated to the corresponding business segments.

Previous Fiscal Year (April 1, 2003-March 31, 2004)

	Millions of Yen				
	Japan	Others	Total	Eliminations (corporate)	Consolidated
Net sales					
(1) Net sales to outside customers	160,216	10,312	170,529	-	170,529
(2) Inter-segment net sales	96	23,718	23,814	(23,814)	-
Total	160,313	34,030	194,344	(23,814)	170,529
Operating Expenses	163,629	34,012	197,642	(23,856)	173,786
Operating Income (Loss)	(3,316)	17	(3,298)	41	(3,257)

Notes:

1. Geographic segmentation is according to geographic proximity.
2. Countries included in "Others":
Korea, Malaysia, India, Luxembourg, United States
3. All administrative department expenses of the Company and consolidated subsidiaries are allocated to the corresponding business segments.

(3) Sales to Foreign Customers

First Six-Month Period, Previous Fiscal Year (April 1-September 30, 2003)

	Millions of Yen					
	Southeast Asia	Southwest Asia and Africa	Russia and Central Asia	Central and South Americas	Others	Total
Overseas sales	3,829	29,595	29,566	6,763	9,233	78,988
Consolidated sales						95,811
Overseas sales ratio to consolidated sales	4.0%	30.9%	30.8%	7.1%	9.6%	82.4%

- "Overseas sales" represents the aggregate sales by the Company and its consolidated subsidiaries located in countries or regions other than Japan excluding inter-company transactions.
- (1) Geographic segmentation is according to geographic proximity.
(2) Countries significantly representing each segment are:
 - Southeast Asia: Indonesia, Singapore, Thailand, Malaysia
 - Southwest Asia and Africa: India, Egypt, Iran, Saudi Arabia
 - Russia and Central Asia: Russia, Azerbaidjan
 - Central and South Americas: Brazil
 - Others: United States, China PR, Korea, European countries

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

	Millions of Yen					
	Southeast Asia	Southwest Asia and Africa	Russia and Central Asia	Central and South Americas	Others	Total
Overseas sales	18,891	17,003	11,248	2,983	10,571	60,698
Consolidated sales						88,852
Overseas sales ratio to consolidated sales	21.3%	19.1%	12.7%	3.3%	11.9%	68.3%

- "Overseas sales" represents the aggregate sales by the Company and its consolidated subsidiaries located in countries or regions other than Japan excluding inter-company transactions.
- (1) Geographic segmentation is according to geographic proximity.
(2) Countries significantly representing each segment are:
 - Southeast Asia: Indonesia, Malaysia
 - Southwest Asia and Africa: India, Iran, Saudi Arabia
 - Russia and Central Asia: Russia
 - Central and South Americas: Brazil
 - Others: China PR, Korea, European countries

Previous Fiscal Year (April 1, 2003-March 31, 2004)

	Millions of Yen					
	Southeast Asia	Southwest Asia and Africa	Russia and Central Asia	Central and South Americas	Others	Total
Overseas sales	12,328	45,258	43,805	12,211	19,844	133,448
Consolidated sales						170,529
Overseas sales ratio to consolidated sales	7.2%	26.6%	25.7%	7.2%	11.6%	78.3%

- "Overseas sales" represents the aggregate sales by the Company and its consolidated subsidiaries located in countries or regions other than Japan excluding inter-company transactions.
- (1) Geographic segmentation is according to geographic proximity.
(2) Countries significantly representing each segment are:
 - Southeast Asia: Indonesia, Singapore, Thailand, Malaysia
 - Southwest Asia and Africa: India, Egypt, Iran, Saudi Arabia
 - Russia and Central Asia: Russia, Azerbaidjan
 - Central and South Americas: Brazil
 - Others: United States, China PR, Korea, European countries

Production, Orders and Sales

(1) New Orders and Backlog of Contracts

New acceptances of orders and backlog of contracts classified by the business segment follow:

	Millions of Yen					
	Apr. 1-Sep. 30, 2003		Apr. 1-Sep. 30, 2004		Apr. 1, 2003-Mar. 31, 2004	
	New Orders	Backlog	New Orders	Backlog	New Orders	Backlog
EPC Business	180,538	389,875	112,092	373,685	241,528	350,574
Real Estate	-	-	-	-	-	-
Total	180,538	389,875	112,092	373,685	241,528	350,574

Notes:

Amounts are rounded down to the nearest million yen and exclude Consumption Tax of Japan.

(2) Sales

Sales classified by the business segment follow:

	Millions of Yen		
	Apr. 1-Sep. 30, 2003	Apr. 1-Sep. 30, 2004	Apr. 1, 2003-Mar. 31, 2004
EPC Business	94,600	87,652	168,155
Real Estate	1,210	1,200	2,373
Total	95,811	88,852	170,529

Notes:

1. Status of production is unlisted because of difficulty in defining production results for the TEC Group.
2. Inter-segment transactions are eliminated.