

August 8, 2006

Consolidated Operating Result for the First Quarter ended June 30, 2006

(for the fiscal year ending March 31, 2007)

L TOYO ENGINEERING CORPORATION

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

Representative : Yutaka Yamada, President and Chief Executive Officer

Contacts : Hideaki Kinoshita, General Manager of Accounting Div. TEL+81-47-454-1521

1. Business result for the first quarter of fiscal year 2006 (April 1, 2006 - June 30, 2006)

(1) Consolidated financial results Note: Amounts are rounded down to the nearest million yen.

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Apr.1, 2006 - Jun.30, 2006	28,747	(21.7)	(796)	-	(528)	-	(536)	-
Apr.1, 2005 - Jun.30, 2005	36,710	-	382	-	659	-	113	-
Apr.1, 2005 - Mar.31, 2006	195,583		4,195		4,225		3,350	

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr.1, 2006 - Jun.30, 2006	(2.92)	-
Apr.1, 2005 - Jun.30, 2005	0.65	-
Apr.1, 2005 - Mar.31, 2006	19.11	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
As of Jun.30, 2006	224,376	43,987	18.7	218.28
As of Jun.30, 2005	204,895	28,461	13.9	162.28
As of Mar.31, 2006	202,662	33,608	16.6	191.73

(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, end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Apr.1, 2006 - Jun.30, 2006	7,600	(2,934)	6,823	39,804
Apr.1, 2005 - Jun.30, 2005	(3,880)	1,743	(2,582)	40,903
Apr.1, 2005 - Mar.31, 2006	(5,533)	(4,570)	(7,524)	28,305

2. Forecast for fiscal 2006 (April 1, 2006-March 31, 2007)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Apr. - Sep., 2006	80,000	300	0
Apr., 2006 - Mar., 2007	220,000	5,000	4,000

Reference: Estimated earnings per share (fiscal 2006) 20.79 Yen

* 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 (Summary)

	June 30, 2005		June 30, 2006		March 31, 2006	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
[ASSETS]						
I Current assets						
1. Cash and deposits	42,037		37,299		28,884	
2. Notes and accounts receivable	27,172		23,255		29,229	
3. Contract work in progress	76,019		87,290		74,089	
4. Other current assets	9,731		23,210		16,514	
Total current assets	154,961	75.6	171,056	76.2	148,718	73.4
II Fixed assets						
1. Property, plant and equipment	33,520		35,554		35,623	
2. Intangible assets	2,019		1,981		2,020	
3. Investments and other assets	14,394		15,784		16,299	
Total fixed assets	49,934	24.4	53,320	23.8	53,943	26.6
Total assets	204,895	100.0	224,376	100.0	202,662	100.0
[LIABILITIES]						
I Current liabilities						
1. Notes and accounts payable	25,417		23,473		22,678	
2. Short-term bank loans	15,569		26,225		26,383	
3. Bonds due within one year	-		3,000		1,000	
4. Advance receipts on uncompleted contracts	81,578		97,277		82,894	
5. Other current liabilities	10,096		9,742		8,674	
Total current liabilities	132,663	64.8	159,719	71.2	141,630	69.9
II Long-term liabilities						
1. Corporate bonds	3,000		-		2,000	
2. Long-term debt	33,483		15,171		17,989	
3. Other long-term liabilities	5,379		5,498		5,392	
Total long-term liabilities	41,863	20.4	20,670	9.2	25,382	12.5
Total liabilities	174,526	85.2	180,389	80.4	167,012	82.4
[MINORITY INTERESTS]						
Minority interests	1,908	0.9	-	-	2,040	1.0
[SHAREHOLDERS' EQUITY]						
I Common stock	13,017	6.4	-	-	13,017	6.4
II Additional paid-in capital	15,594	7.5	-	-	15,594	7.7
III Retained earnings	(1,044)	(0.5)	-	-	2,218	1.1
IV Net unrealized gain on securities	1,435	0.7	-	-	3,062	1.5
V Foreign currency translation adjustments	(478)	(0.2)	-	-	(166)	(0.1)
VI Treasury stock	(63)	(0.0)	-	-	(118)	(0.0)
Total shareholders' equity	28,461	13.9	-	-	33,608	16.6
Total liabilities, minority interests and shareholders' equity	204,895	100.0	-	-	202,662	100.0
[NET ASSETS]						
I Shareholder's Equity						
1. Common stock	-	-	18,198	8.1	-	-
2. Additional paid-in capital	-	-	20,760	9.3	-	-
3. Retained earnings	-	-	1,153	0.5	-	-
4. Treasury stock	-	-	(125)	(0.1)	-	-
Total shareholders' equity	-	-	39,986	17.8	-	-
II Valuation and Translation Adjustments						
1. Net unrealized gain on securities	-	-	2,427	1.1	-	-
2. Deferral hedge loss	-	-	(256)	(0.1)	-	-
3. Foreign currency translation adjustments	-	-	(165)	(0.1)	-	-
Total valuation and translation adjustments	-	-	2,005	0.9	-	-
III Minority Interests	-	-	1,995	0.9	-	-
Total net assets	-	-	43,987	19.6	-	-
Total liabilities and net assets	-	-	224,376	100.0	-	-

Consolidated Statements of Income (Summary)

	Apr.-Jun., 2005		Apr.-Jun., 2006		Apr.,2005-Mar.,2006	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
I Net sales	36,710	100.0	28,747	100.0	195,583	100.0
II Cost of sales	33,134	90.3	26,409	91.9	177,758	90.9
Gross profit	3,575	9.7	2,338	8.1	17,824	9.1
III Selling, general and administrative expenses	3,192	8.7	3,134	10.9	13,629	7.0
Operating income	382	1.0	-	-	4,195	2.1
Operating loss	-	-	796	(2.8)	-	-
IV Non-operating income	604	1.7	605	2.2	1,629	0.9
V Non-operating expenses	326	0.9	337	1.2	1,598	0.8
Ordinary income	659	1.8	-	-	4,225	2.2
Ordinary loss	-	-	528	(1.8)	-	-
VI Extraordinary gain	-	-	-	-	879	0.4
VII Extraordinary loss	331	0.9	-	0.0	745	0.4
Income before income taxes and minority interests	328	0.9	-	-	4,359	2.2
Loss before income taxes and minority interests	-	-	528	(1.8)	-	-
Total tax	237	0.6	106	0.4	861	0.4
Minority interests income	-	-	-	-	147	0.1
Minority interests loss	22	0.0	98	0.3	-	-
Net income	113	0.3	-	-	3,350	1.7
Net loss	-	-	536	(1.9)	-	-

Consolidated Statements of Cash Flows (Summary)

	Apr.-Jun., 2005	Apr.-Jun., 2006	Apr.,2005-Mar.,2006
	Millions of yen	Millions of yen	Millions of yen
I Cash flows from operating activities			
Income (loss) before income taxes and minority interests	328	(528)	4,359
(Increase) decrease in notes and accounts receivable	13,118	5,920	11,353
(Increase) decrease in contract work in progress	(14,059)	(13,392)	(11,794)
Increase (decrease) in notes and accounts payable	(6,388)	804	(9,358)
Increase (decrease) in advance receipts on uncompleted contracts	7,469	14,620	7,964
Other, net	(4,349)	176	(8,058)
Net cash provided by (used in) operating activities	(3,880)	7,600	(5,533)
II Cash flows from investing activities			
Net cash provided by (used in) investing activities	1,743	(2,934)	(4,570)
III Cash flows from financing activities			
Net cash provided by (used in) financing activities	(2,582)	6,823	(7,524)
IV Effect of exchange rate changes on cash and cash equivalents	176	8	486
V Net increase (decrease) in cash and cash equivalents	(4,543)	11,499	(17,141)
VI Cash and cash equivalents, beginning of the term	45,447	28,305	45,447
VIII Cash and cash equivalents, end of the term	40,903	39,804	28,305

New Orders (Consolidated)

	Apr.-Jun., 2005	Apr.-Jun., 2006	Apr.,2005-Mar.,2006
	Millions of yen	Millions of yen	Millions of yen
EPC Business	10,208	74,279	257,839
Real Estate	-	-	-
Total	10,208	74,279	257,839

Nonconsolidated Balance Sheets (Summary)

	June 30, 2005		June 30, 2006		March 31, 2006	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
[ASSETS]						
I Current assets						
1. Cash and deposits	35,779		32,476		22,104	
2. Notes and accounts receivable	23,336		17,084		21,676	
3. Contract work in progress	72,742		79,401		70,392	
4. Other current assets	10,572		25,922		18,982	
Total current assets	142,431	77.0	154,885	78.2	133,155	75.1
II Fixed assets						
1. Property, plant and equipment	19,235		18,540		18,589	
2. Intangible assets	706		777		774	
3. Investments and other assets	22,514		23,879		24,781	
Total fixed assets	42,456	23.0	43,197	21.8	44,146	24.9
Total assets	184,888	100.0	198,082	100.0	177,301	100.0
[LIABILITIES]						
I Current liabilities						
1. Notes and accounts payable	24,236		20,639		19,668	
2. Short-term bank loans	12,611		11,126		11,002	
3. Bonds due within one year	-		3,000		1,000	
4. Advance receipts on uncompleted contracts	77,823		88,936		76,428	
5. Other current liabilities	8,679		8,269		6,838	
Total current liabilities	123,351	66.7	131,972	66.6	114,937	64.8
II Long-term liabilities						
1. Corporate bonds	3,000		-		2,000	
2. Long-term debt	18,194		13,086		15,866	
3. Other long-term liabilities	2,341		2,565		2,528	
Total long-term liabilities	23,536	12.7	15,651	7.9	20,394	11.5
Total liabilities	146,887	79.4	147,624	74.5	135,332	76.3
[SHAREHOLDERS' EQUITY]						
I Common stock	13,017	7.0	-	-	13,017	7.4
II Additional paid-in capital	15,594	8.5	-	-	15,594	8.8
III Retained earnings	8,029	4.3	-	-	10,424	5.9
IV Net unrealized gain on securities	1,422	0.8	-	-	3,050	1.7
V Treasury stock	(63)	(0.0)	-	-	(118)	(0.1)
Total shareholders' equity	38,000	20.6	-	-	41,969	23.7
Total liabilities and shareholders' equity	184,888	100.0	-	-	177,301	100.0
[NET ASSETS]						
I Shareholder's Equity						
1. Common stock	-	-	18,198	9.2	-	-
2. Additional paid-in capital	-	-	20,760	10.5	-	-
3. Retained earnings	-	-	9,461	4.8	-	-
4. Treasury stock	-	-	(125)	(0.1)	-	-
Total shareholders' equity	-	-	48,294	24.4	-	-
II Valuation and Translation Adjustments						
1. Net unrealized gain on securities	-	-	2,418	1.2	-	-
2. Deferral hedge loss	-	-	(255)	(0.1)	-	-
Total valuation and translation adjustments	-	-	2,163	1.1	-	-
Total net assets	-	-	50,458	25.5	-	-
Total liabilities and net assets	-	-	198,082	100.0	-	-

Nonconsolidated Statements of Income (Summary)

	Apr.-Jun., 2005		Apr.-Jun., 2006		Apr.,2005-Mar.,2006	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
I Net sales	28,997	100.0	24,991	100.0	161,924	100.0
II Cost of sales	26,751	92.3	23,949	95.8	151,226	93.4
Gross profit	2,245	7.7	1,041	4.2	10,697	6.6
III Selling, general and administrative expenses	1,886	6.5	1,729	6.9	8,644	5.3
Operating income	359	1.2	—	-	2,053	1.3
Operating loss	—	-	687	(2.7)	—	-
IV Non-operating income	587	2.1	564	2.3	1,510	0.9
V Non-operating expenses	232	0.8	262	1.1	1,155	0.7
Ordinary income	714	2.5	—	-	2,408	1.5
Ordinary loss	—	-	385	(1.5)	—	-
VI Extraordinary gain	—	-	—	-	860	0.5
VII Extraordinary loss	280	1.0	—	-	679	0.4
Income before income taxes	433	1.5	—	-	2,589	1.6
Loss before income taxes	—	-	385	(1.5)	—	-
Total tax	265	0.9	51	0.2	25	0.0
Net income	168	0.6	—	-	2,563	1.6
Net loss	—	-	437	(1.7)	—	-