



TOYO ENGINEERING CORPORATION

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Fiscal year 2003 (1st half ended Sep 30, 2003)

OUTLINE OF INTERIM FINANCIAL RESULTS

Nov 2003

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The forecasts 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.

* Unit of all amount figures shown in this material is billion yen with first decimal place on round down basis.

Performance summary

- ✓ *Increase in revenue but decrease in profit.*
- ✓ *Negative operating, ordinary and net income due to an unprofitable project despite of initial positive forecast.*
- ✓ *Over 180.5 billion yen new order reached 82% of target for FY2003. 2 big projects in energy-related segment .*
- ✓ *5.8 billion yen reduction of Interest bearing debt as per initial plan. Continue to reduce over 10 billion yen throughout FY2003.*

Summary of operation

< Billions of yen >

	Sep.2002	Sep.2003	Difference	Forecast for Sep.2003 (As of May 2003)	Difference
Consolidated					
Net sales	83.4	95.8	+12.4	75.0	+20.8
Operating income	2.2	(1.1)	(3.3)	0.3	(1.4)
Ordinary income	(0.1)	(1.3)	(1.2)	0.0	(1.3)
Net income	(1.5)	(2.0)	(0.5)	0.0	(2.0)
New orders	122.5	180.5	+58.0	Reached 82% of target for FY2003.	
Non-consolidated					
Net sales	72.0	80.4	+8.4	65.0	+15.4
Operating income	0.8	(1.7)	(2.5)	0.0	(1.7)
Ordinary income	(0.8)	(1.6)	(0.8)	(0.5)	(1.1)
Net income	(1.3)	(1.9)	(0.6)	(0.5)	(1.4)
New orders	109.2	166.7	+57.5	Reached 83% of target for FY2003.	

Exchange rate for forecast, Sep.2003

1US\$ = ¥115.00

1EUR = ¥130.00

Income statement

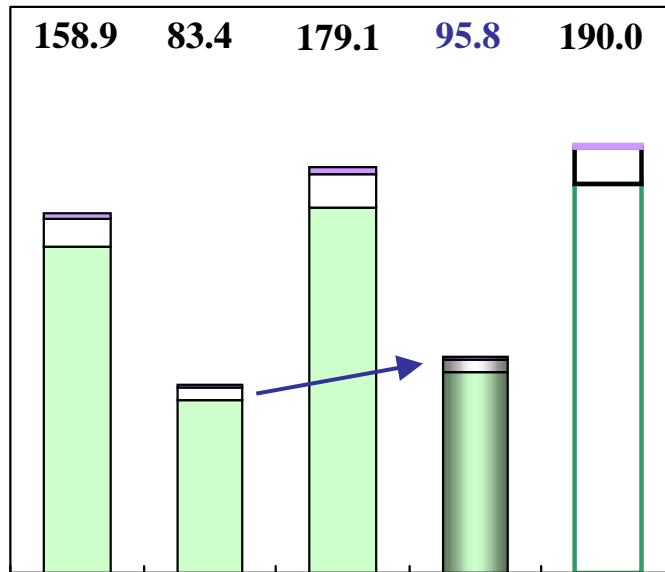
< Billions of yen >

	Sep. 2002	Sep. 2003	Difference	Forecast for Sep.2003 (As of May.2003)	Difference
Net sales	83.4	95.8	12.4	75.0	20.8
Cost of sales	75.2	91.4	(16.2)		
Gross profit	8.2	4.3	(3.9)		
Gross profit margin	9.8%	4.6%	(5.2%)		
Selling, general and administrative expenses	5.9	5.5	0.4		
Operating income	2.2	(1.1)	(3.3)	0.3	(1.4)
Operating profit margin	2.7%	(1.1%)	(3.8%)		
Non-operating income	1.3	0.9	(0.4)		
Non-operating expenses	3.7	1.1	2.6		
Total non-operating income	(2.4)	(0.1)	2.3		
Ordinary income	(0.1)	(1.3)	(1.2)	0.0	(1.3)
Ordinary profit margin	(0.2%)	(1.3%)	(1.1%)		
Extraordinary gain					
Extraordinary loss	0.5	0.3	0.2		
Total extraordinary gain and loss	(0.5)	(0.3)	0.2		
Income before income taxes and minority interests	(0.7)	(1.6)	(0.9)		
Current income taxes	0.4	0.4	(0.0)		
Deferred income taxes	0.1	(0.1)	0.2		
Minority interests	0.1	0.0	0.1		
Net income	(1.5)	(2.0)	(0.5)	0.0	(2.0)
Profit margin	(1.8%)	(2.1%)	(0.3%)		

Net sales

< Billions of yen >

Forecast

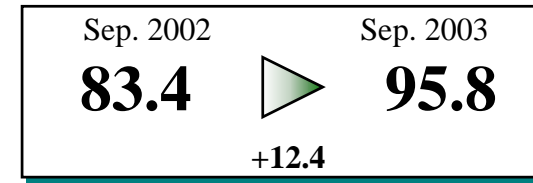


	Mar.2002	Sep.2002	Mar.2003	Sep.2003	Forecast for Mar.2004
Real Estate	2.5	1.2	2.8	1.2	2.4
IT	12.1	5.8	14.9	5.6	16.0
EPC	144.2	76.4	161.4	88.9	171.6
Total	158.9	83.4	179.1	95.8	190.0

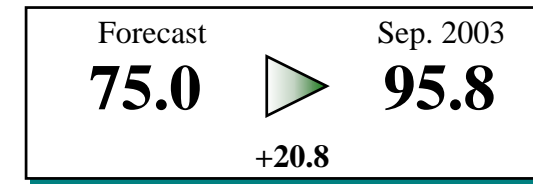
<Reference>

Non-consolidated	137.5	72.0	149.2	80.4	160.0
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Compared with same period last year



Compared with forecast



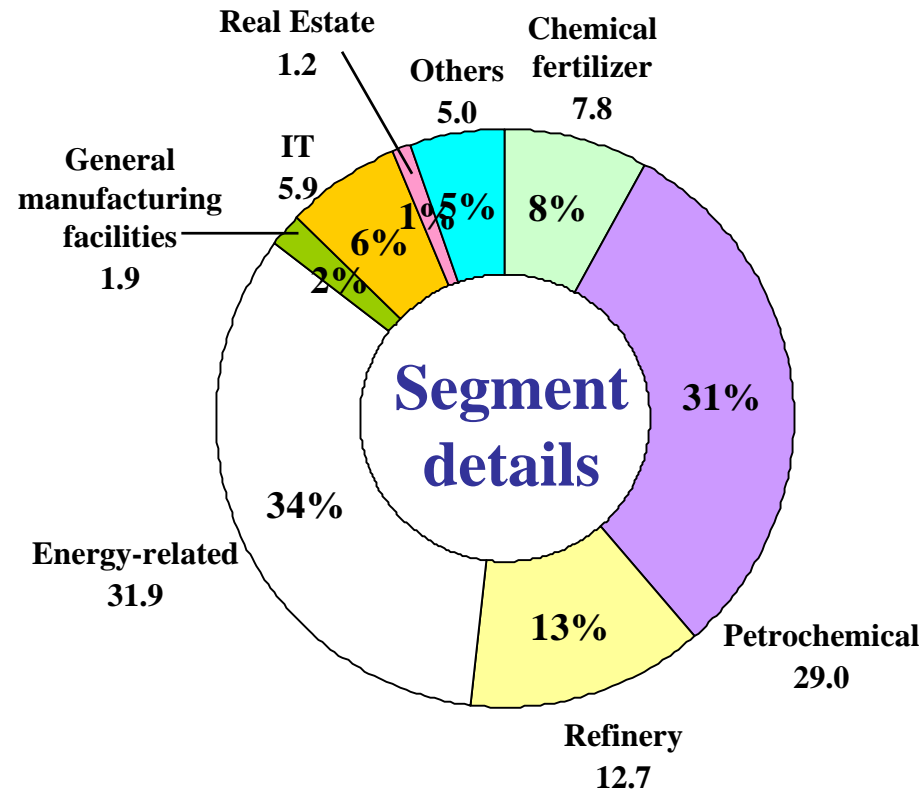
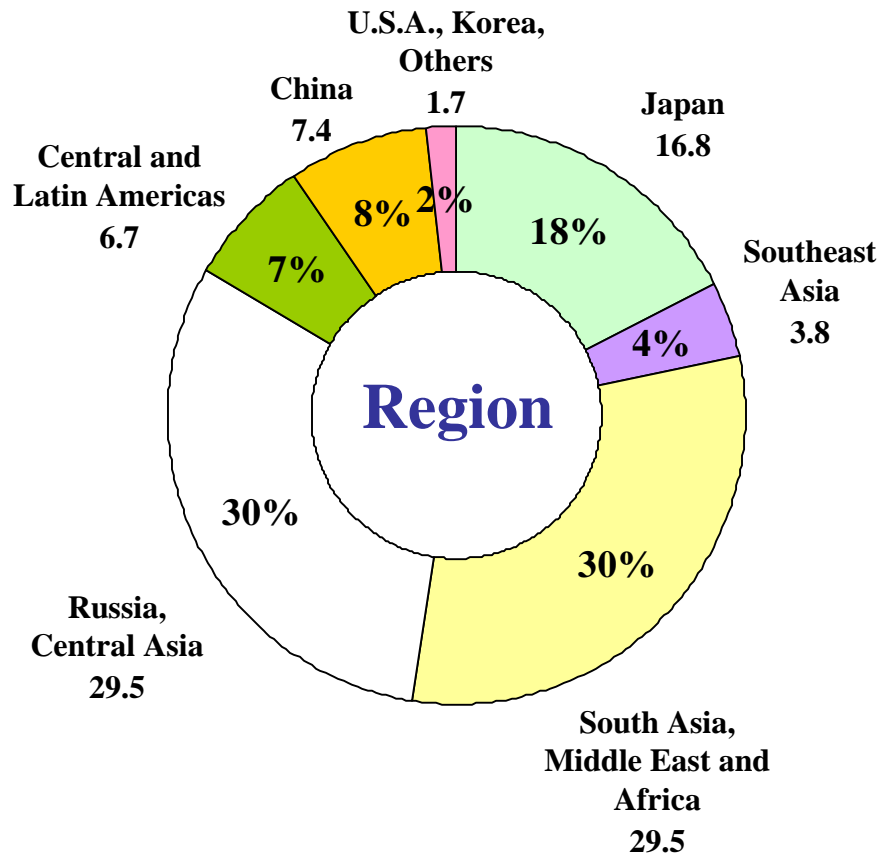
- Several projects applying progress base accounting method earned higher progress than initial forecast.
- Energy-related project in Azerbaijan applying completion base accounting method completed earlier than initial schedule.

Segment	Forecast	Sep.2003	Difference
Real Estate	1.4	1.2	(0.2)
IT	5.6	5.6	0.0
EPC	68.0	88.9	20.9
Total	75.0	95.8	20.8

Net sales (Breakdowns by region and segment details)

< Billions of yen >

Sep. 2003
Net sales : ¥95.8billion



Net sales (Major net sales)

< Billions of yen >

Major net sales (Sep.2003 : ¥95.8 billion)

Overseas

More than 10 billion yen	1 project	Energy-related, AZERBAIJAN
More than 5 billion yen	5 projects	Petrochemical, SAUDI ARABIA Energy-related, RUSSIA Refinery, RUSSIA Chemical fertilizer, IRAN Petrochemical, CHINA
More than 2 billion yen	2 projects	Refinery, BRAZIL Petrochemical, IRAN

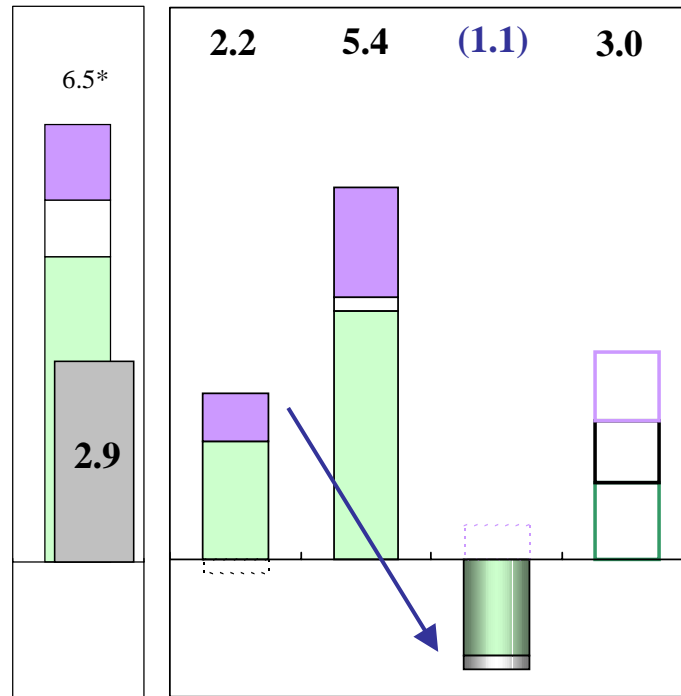
Japan

More than 0.5 billion yen	1 project	General manufacturing facilities
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Operating income

< Billions of yen >

Forecast



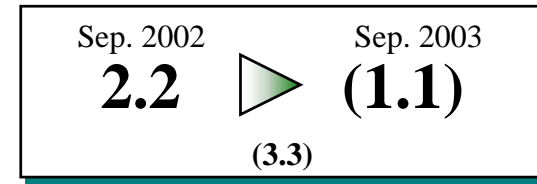
* Due to change of accounting method.

	Mar.2002	Sep.2002	Mar.2003	Sep.2003	Forecast for Mar.2004
Real Estate	1.1	0.6	1.6	0.5	1.0
IT	0.8	(0.2)	0.2	(0.2)	0.9
EPC	4.4	1.8	3.6	(1.4)	1.1
Sub total	6.5	2.2	5.4	(1.1)	3.0
Indivisible cost	(3.5)	-	-	-	-
Total	2.9	-	-	-	-

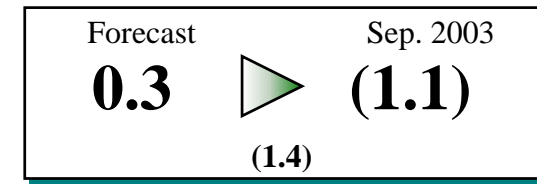
<Reference>

Non-consolidated	1.4	0.8	3.1	(1.7)	1.0
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Compared with same period last year



Compared with forecast



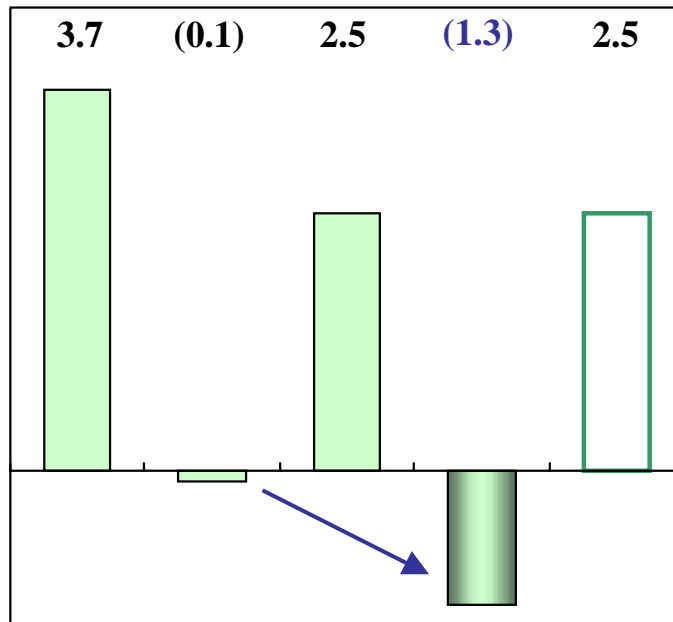
- Unexpected additional cost to recover the schedule delay in a petrochemical project in Saudi Arabia.
- Foreign exchange losses mainly due to depreciation of yen.

Segment	Forecast	Sep.2003	Difference
Real Estate	0.5	0.5	0.0
IT	(0.2)	(0.2)	0.0
EPC	0.0	(1.4)	(1.4)
Total	0.3	(1.1)	(1.4)

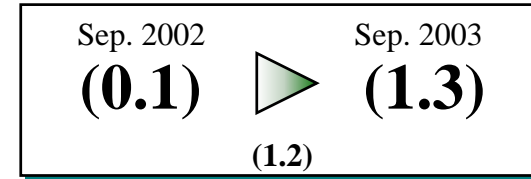
Ordinary income

< Billions of yen >

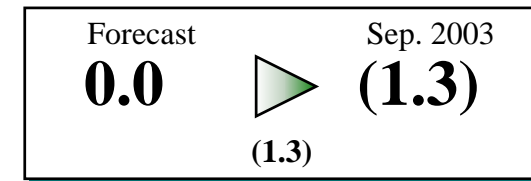
Forecast



Compared with same period last year



Compared with forecast

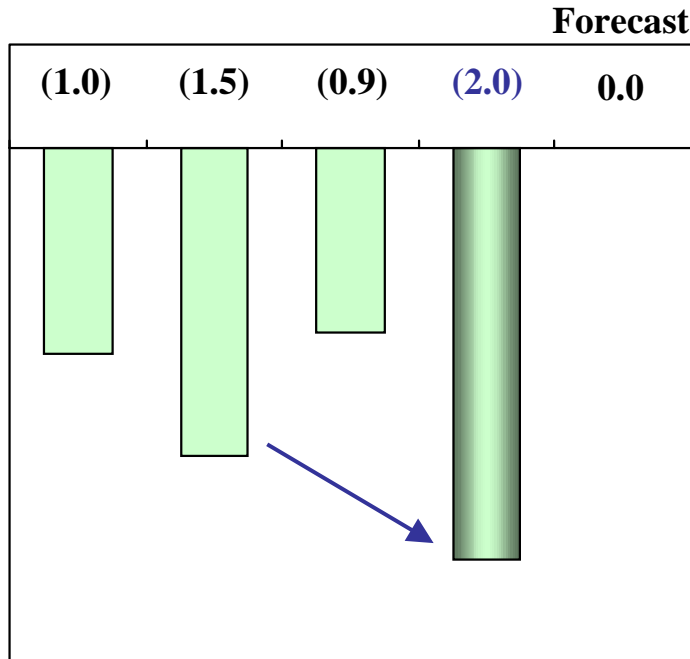


	Mar.2002	Sep.2002	Mar.2003	Sep.2003	Forecast for Mar.2004
Consolidated	3.7	(0.1)	2.5	(1.3)	2.5
<Reference>					
Non-consolidated	2.2	(0.8)	1.2	(1.6)	1.5

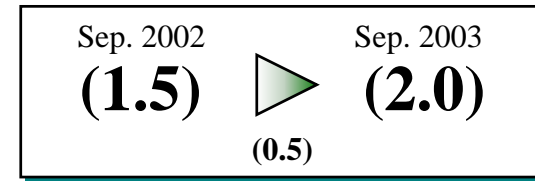
- Ordinary income figure mostly results from the decreased operating income.

Net income

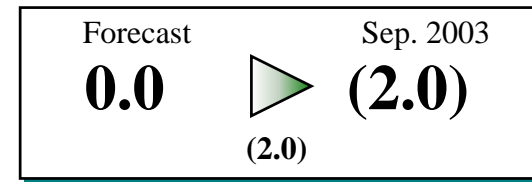
< Billions of yen >



Compared with same period last year



Compared with forecast



	Mar.2002	Sep.2002	Mar.2003	Sep.2003	Forecast for Mar.2004
Consolidated	(1.0)	(1.5)	(0.9)	(2.0)	0.0

<Reference>

Non-consolidated	(1.1)	(1.3)	(1.0)	(1.9)	0.0
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- **Approx. 0.3 billion yen of loss on valuation of investment securities as an extraordinary loss.**
- **Unexpected corporate income tax (deferred) by consolidated subsidiaries.**

Profit margin

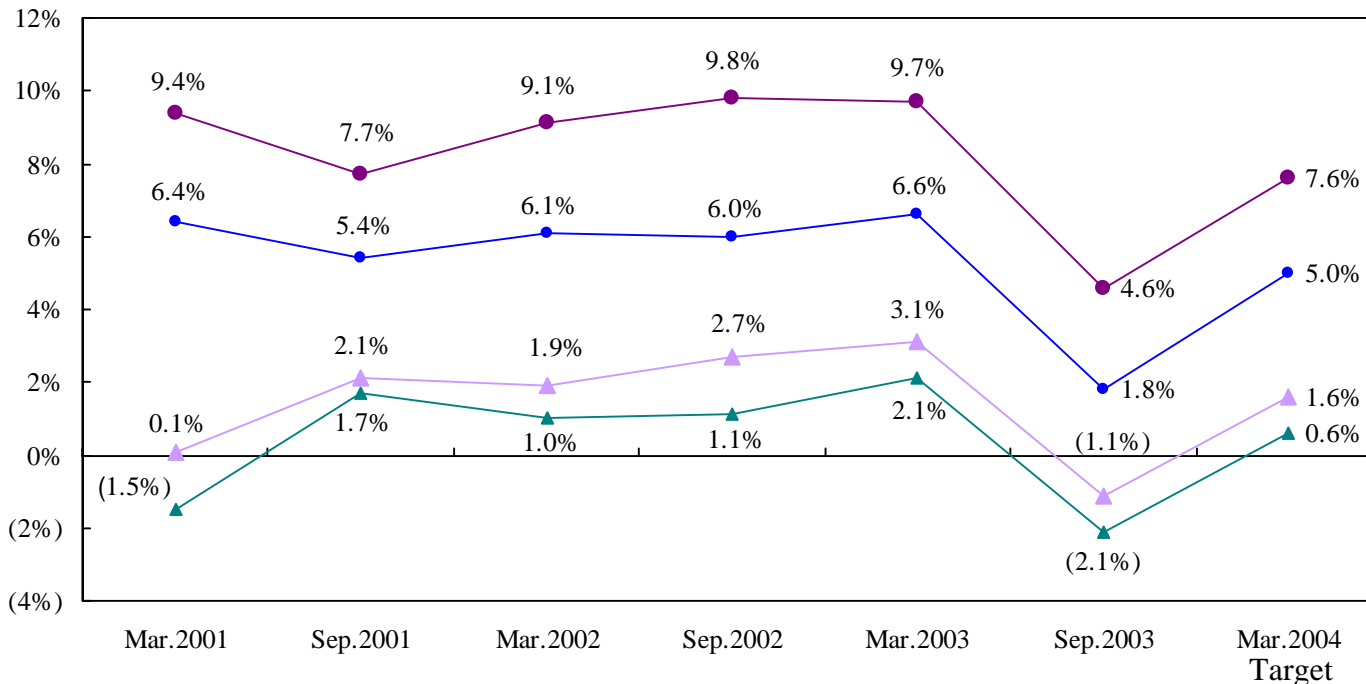
- **Decreased Gross and Operating profit margin due to an unprofitable project.**
- **2nd half income will off set the loss in 1st half and total income level throughout FY2003 is expected to be slightly positive.**

Gross profit margin (FY2003)

	1 st half	2 nd half	FY2003
Consolidated	4.6%	10.7%	7.6%
Non-consolidated	1.8%	8.3%	5.0%

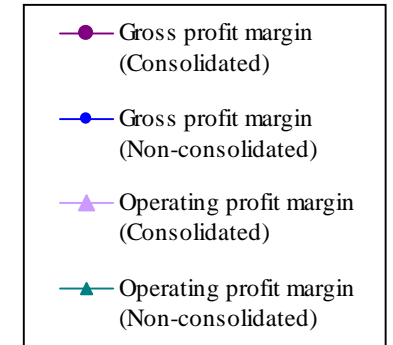
Operating profit margin (FY2003)

	1 st half	2 nd half	FY2003
Consolidated	(1.1)%	4.4%	1.6%
Non-consolidated	(2.1)%	3.4%	0.6%



Initial target of gross profit margin for Mar.2003.
(as of May.2003)

Consolidated	9.4%
Non-consolidated	7.0%



Balance sheet

< Billions of yen >

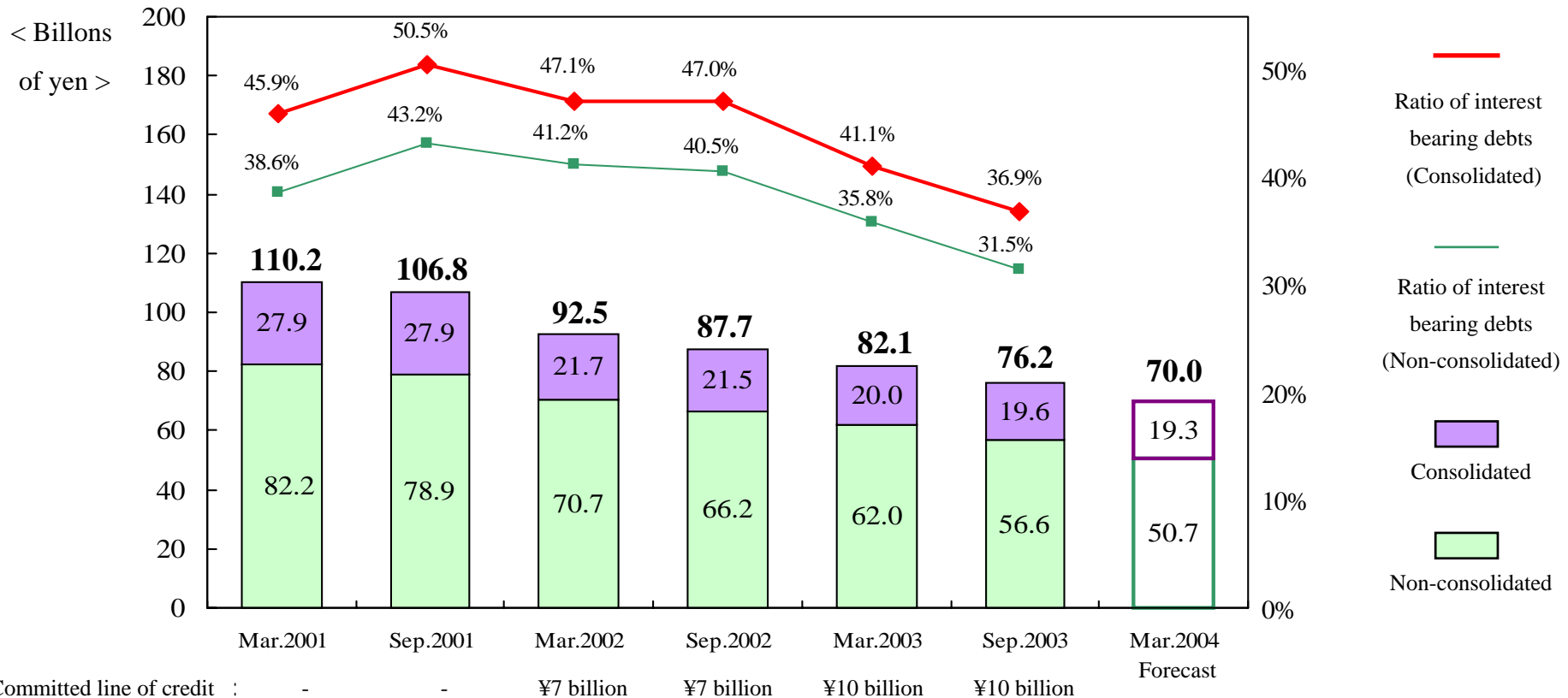
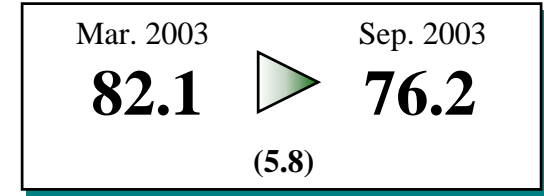
	Sep.2002	Mar.2003	Sep.2003	Difference (Sep.2003 vs. Mar.2003)
Current assets	132.6	146.7	153.0	6.3
Cash	35.6	42.7	46.6	3.9
Notes and account receivable for projects with deferred payments others	13.8	12.4	10.7	(1.7)
	45.0	39.5	38.8	(0.7)
Marketable securities	0.5	0.0	0.0	0.0
Contract work in progress	25.9	41.8	48.1	6.3
Other current assets	11.6	10.1	8.8	(1.3)
Fixed assets	53.9	52.7	53.2	0.5
Property, plant and equipment	34.2	33.8	33.4	(0.4)
Intangible assets	1.1	1.2	1.3	0.1
Investments and assets	18.6	17.6	18.4	0.8
Total assets	186.5	199.4	206.2	6.8

	Sep.2002	Mar.2003	Sep.2003	Difference (Sep.2003 vs. Mar.2003)
Current liabilities	109.0	120.9	126.9	6.0
Notes and accounts payable	31.4	33.2	37.1	3.9
Short-term bank loans for projects with deferred payments others	2.2	2.2	2.2	0.0
	43.4	37.9	30.7	(7.2)
Advance and other receipts	24.1	38.8	44.3	5.5
Other current liabilities	7.6	8.5	12.4	3.9
Long-term liabilities	46.3	46.7	48.5	1.8
Long-term debt for projects with deferred payments others	9.3	8.1	6.9	(1.2)
	32.6	33.7	36.4	2.7
Other long-term liabilities	4.4	4.9	5.2	0.3
Minority interests	1.9	2.1	1.8	(0.3)
Common stock	13.0	13.0	13.0	-
Additional paid-in capital	15.5	15.5	15.5	0.0
Retained earnings	1.5	2.2	0.2	(2.0)
Net unrealized gain (loss) on securities	(0.4)	(0.5)	0.7	1.2
Foreign currency translation adjustments	(0.5)	(0.5)	(0.5)	0.0
Treasury stock	(0.0)	(0.0)	(0.0)	(0.0)
Total liabilities, minority interests and shareholders' equity	186.5	199.4	206.2	6.8

Interest bearing debt

< Billions of yen >

- **Reduced interest bearing debts by 5.8 billion yen in 1st half.**
- **Continue to reduce interest bearing debts more than 10 billion yen throughout FY2003.**



Cash flows

< Billions of yen >

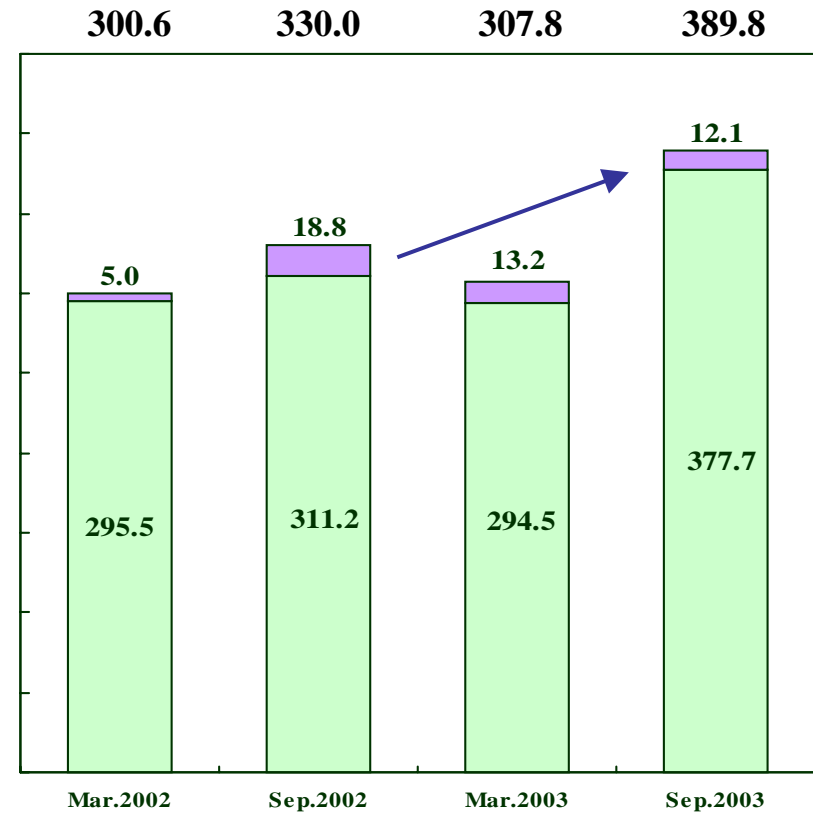
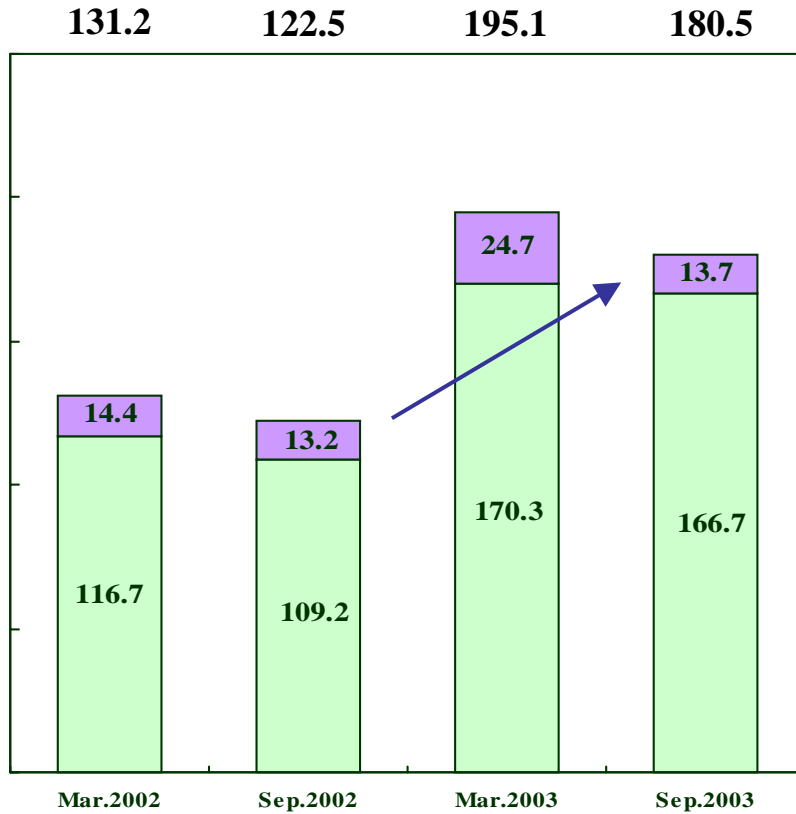
	2001.4.1 ~ 2002.3.31	2002.4.1 ~ 2002.9.30	2002.4.1 ~ 2003.3.31	2003.4.1 ~ 2003.9.30
. Cash flows by operating activities	5.7	(4.1)	8.8	10.1
. Cash flows by investing activities	(1.3)	(0.0)	(0.2)	(1.0)
. Cash flows by financing activities	(18.1)	(4.4)	(10.0)	(5.7)
. Others	0.3	(0.1)	(0.1)	(0.1)
Net increase or decrease in cash	(13.4)	(8.7)	(1.6)	3.2
Increase in cash and cash equivalents from newly consolidated subsidiaries	-	0.7	0.7	-
Cash, end of the fiscal	43.4	35.3	42.5	45.7

New orders & backlog of contracts

< Billions of yen >

New Orders

Backlog of contracts



 Consolidated

 Non-consolidated

New orders (Major new orders)

Contract price	Project outline (Sep.2003)
More than 100 billion yen	Energy-related, RUSSIA
More than 30 billion yen	Energy-related, IRAN
Others	Energy-related, IT, General manufacturing facilities, etc
Total	180.5 billion yen

New orders : 180.5 billion yen

Reached 82% of target 220.0 billion yen for FY2003.

Notes :

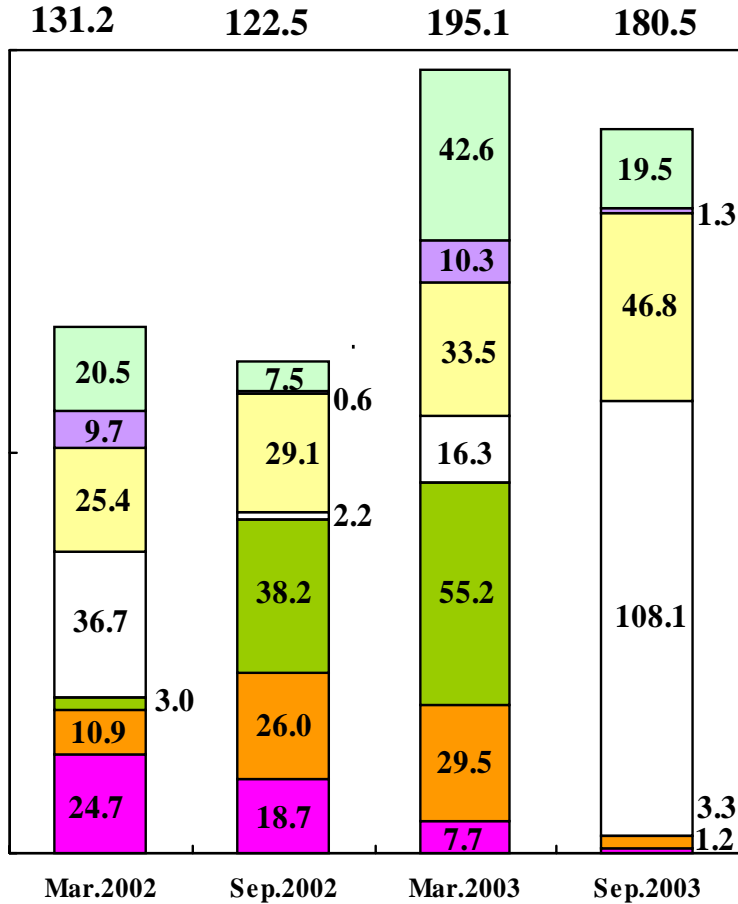
Toyo Engineering	166.4 billion yen
Domestic subsidiaries	8.1 billion yen
Overseas subsidiaries	5.8 billion yen
Total	180.5 billion yen

*The above does not include figures related in “Real estate segment”.

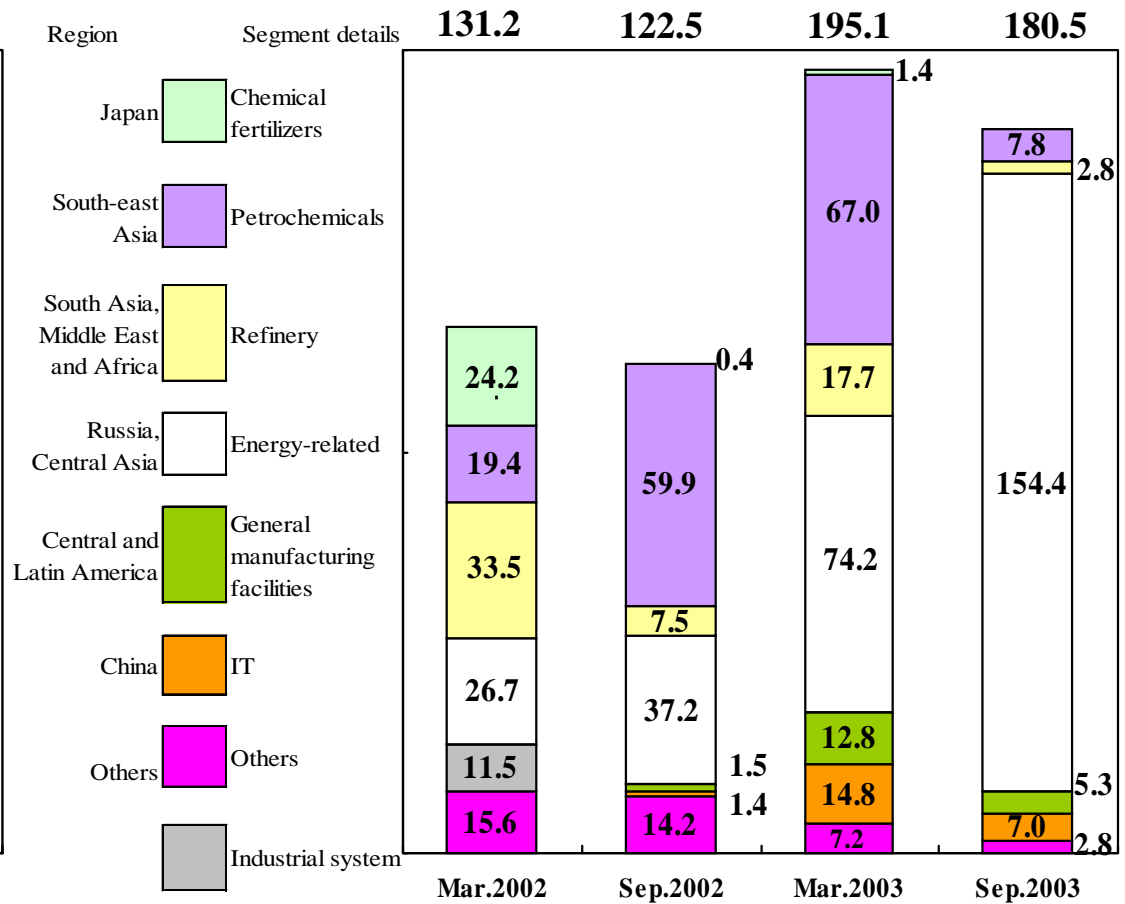
New orders (Breakdowns by region and segment details)

< Billions of yen >

Breakdowns by region



Breakdowns by segment details

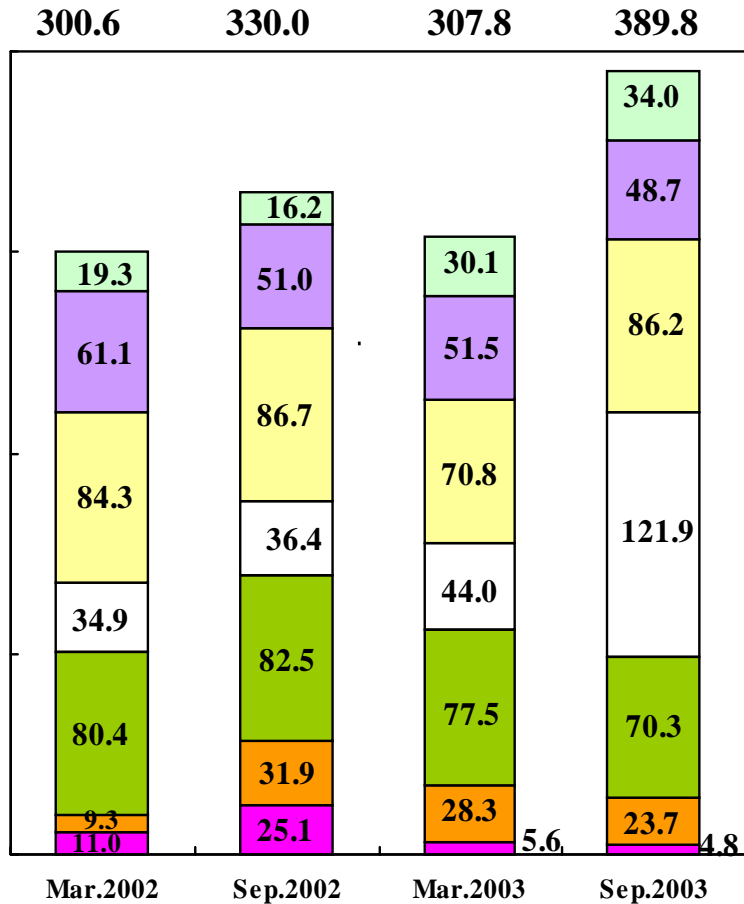


*The above does not include figures related in "Real estate segment".

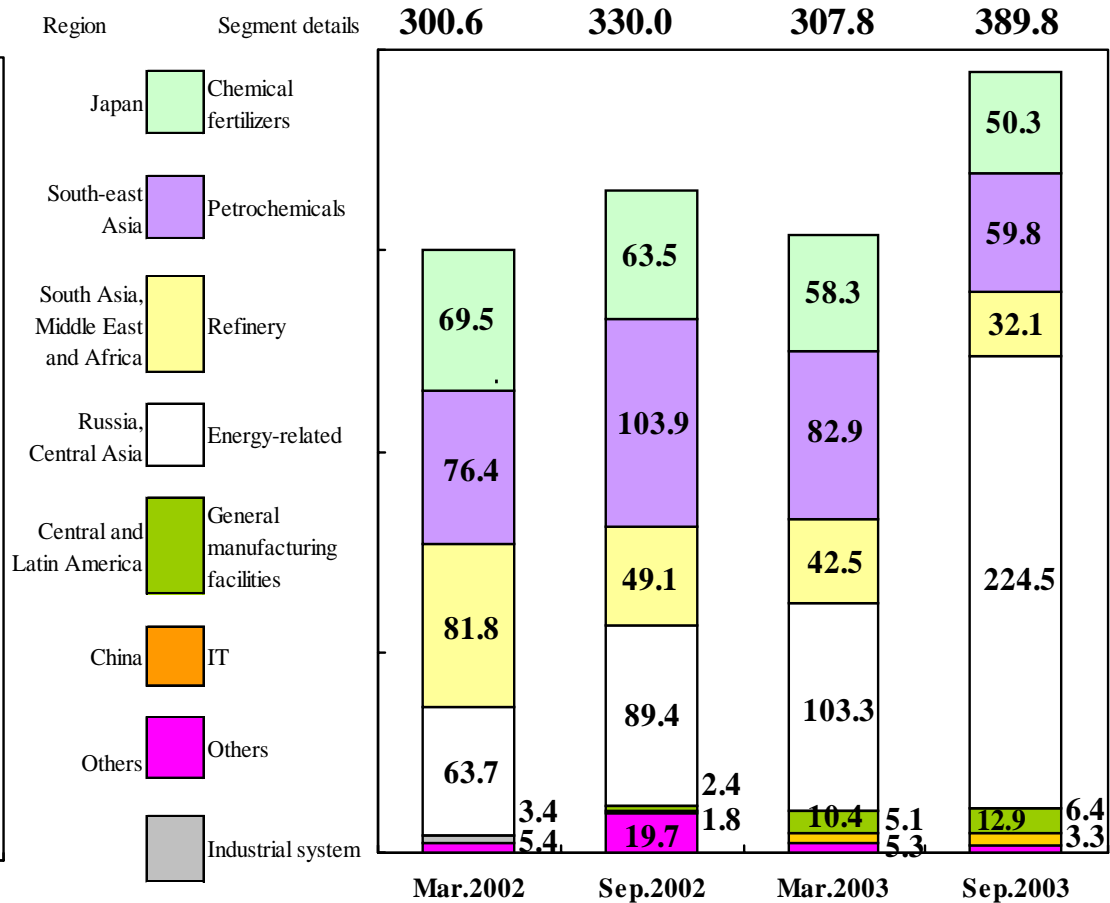
Backlog of contracts (Breakdowns by region and segment details)

< Billions of yen >

Breakdowns by region



Breakdowns by segment details



*The above does not include figures related in "Real estate segment".

Subsidiaries information

Consolidated Subsidiaries

< Companies >

	Mar 31,2003	Increase	Decrease	Sep 30,2003
Number of companies consolidated	13	1	0	14
Consolidated subsidiaries	12	1	0	13
Affiliated companies consolidated by equity method	1	0	0	1
(Reference) Number of all subsidiaries and affiliated companies	35	2	0	37
All subsidiaries	29	1	0	30
All affiliated companies	6	1	0	7

Results of major subsidiaries

Subsidiaries, affiliated companies	Business fields	Capital	Sep.2003
			Net sales
Consolidated subsidiaries		Billions of yen	Billions of yen
Toyo Business Engineering Corporation	IT	0.7	4.8
TEC Estate, Ltd.	Real estate	5.0	0.6
Suntec Corporation	Real estate	0.5	1.1
Toyo U.S.A., Inc.	EPC	0.1	3.2
Toyo Engineering Korea Ltd.	EPC	0.5	3.5
Toyo Engineering India Limited	EPC	0.0	2.8
International Procurement & Service Corporation	EPC	0.1	14.6
Affiliated companies consolidated			
Toyo Thai Corporation Ltd.	EPC	0.7	3.1

Forecast in figures

< Billions of yen >

Consolidated	FY2002 (Mar.2003)	Forecast for FY2003 (Mar.2004)		Notes												
		As of May.2003	As of Nov.2003													
Net sales	179.1	180.0	190.0	Forecast for breakdowns by segment-wise <table border="1"> <thead> <tr> <th></th> <th>EPC</th> <th>IT</th> <th>Real estate</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td>171.6</td> <td>16.0</td> <td>2.4</td> </tr> <tr> <td>Operating income</td> <td>1.1</td> <td>0.9</td> <td>1.0</td> </tr> </tbody> </table> <p>➤ Stable income contribution by real estates business (TEC Estate, Ltd) and IT business (Toyo Business Engineering Corporation).</p>		EPC	IT	Real estate	Net sales	171.6	16.0	2.4	Operating income	1.1	0.9	1.0
	EPC	IT	Real estate													
Net sales	171.6	16.0	2.4													
Operating income	1.1	0.9	1.0													
Operating income	5.4	5.5	3.0													
Ordinary income	2.5	4.0	2.5													
Net income	(0.9)	2.0	0.0													
New orders	195.1	220.0	220.0													
Non-consolidated																
Net sales	149.2	150.0	160.0	<p>➤ Revised forecast reflecting the negative operating income realized in 1st half and expected foreign exchange loss etc.</p> <p>➤ Realized foreign exchange loss was smaller than initial forecast due to hedging transactions.</p> <p>➤ Increment of other non-operating income.</p>												
Operating income	3.1	3.5	1.0													
Ordinary income	1.2	3.0	1.5													
Net income	(1.0)	1.0	0.0													
New orders	170.3	200.0	200.0													
Annual dividends per share (yen)		¥5	To be decided													

Exchange rate for forecast : 1US\$ = ¥115.00 ¥110.0 1EUR = ¥130.00 ¥130.0

Target to be achieved in FY2003

- *To clear profitable target figure.*
- *New order with high profitability.*

Regional Market in focus : Brazil, China, Middle East

Business segment in focus : Energy-Related

- *To take preventive measures against recurrence of unprofitable project though quick and thorough investigation of the causes.*
- *Improvement of financial strength.*

(Continue to reduce interest bearing debts)

Operation records & middle-term plan

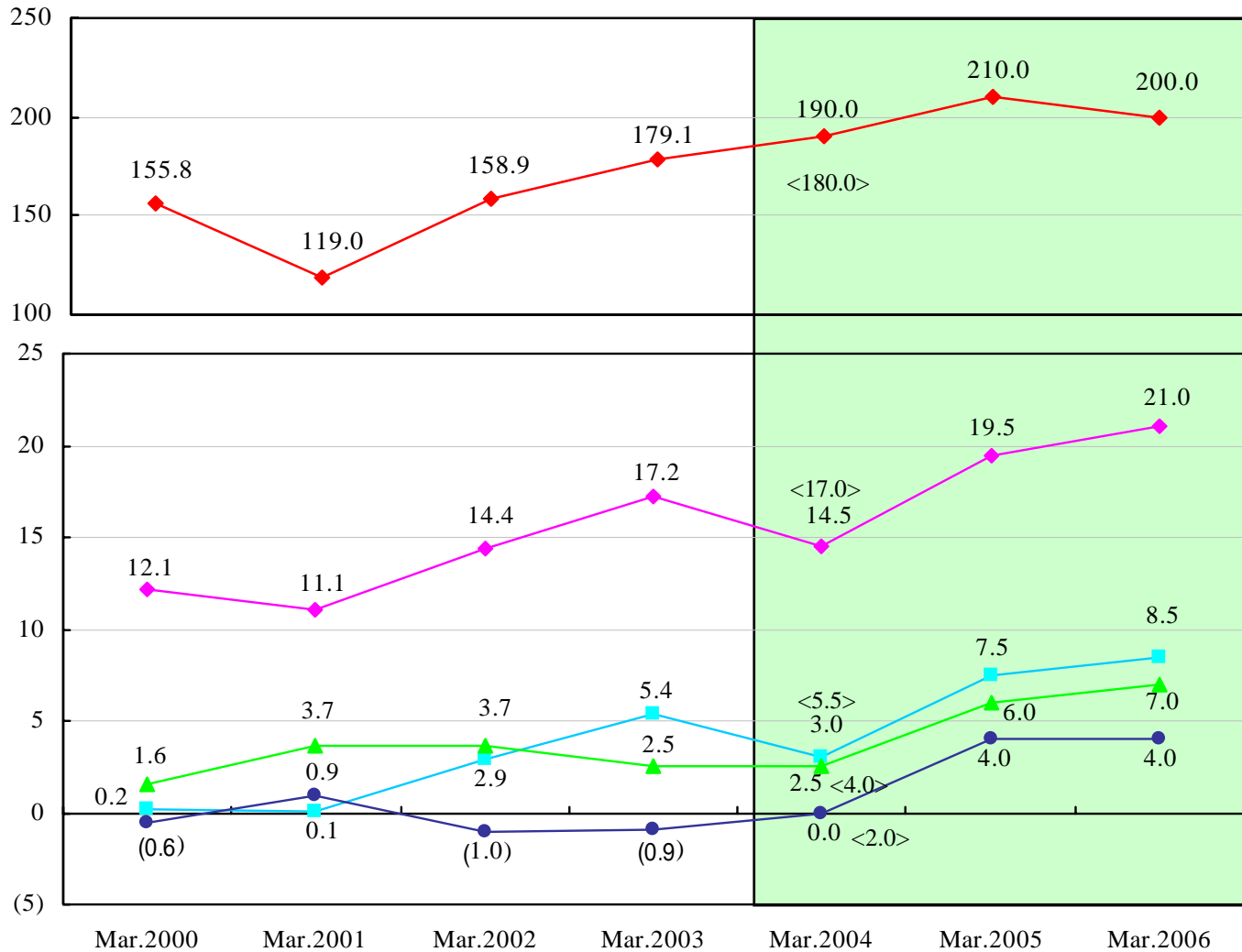
< Billions of yen >

Middle-term earnings plan

< > means figures in initial plan (as of May, 2003)
 Figures in Mar.2005 and Mar.2006 are unchanged from initial plan.

◆ Net sales

◆ Gross profit
 ■ Operating income
 ▲ Ordinary income
 ● Net income



Operation records & middle-term plan (Non-consolidated)

< Billions of yen >

Middle-term earnings plan

< > means figures in initial plan (as of May, 2003)
 Figures in Mar.2005 and Mar.2006 are unchanged from initial plan.

◆ Net sales

◆ Gross profit
 ■ Operating income
 ▲ Ordinary income
 ● Net income

