



First half of fiscal year 2004 (September 30, 2004)

# OUTLINE OF INTERIM FINANCIAL RESULTS

**November 12, 2004**

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

## Performance summary

- *Decreased in revenue but increased in profit compared with same period last year.*  
*Gained ordinary and net income in line with initial forecast.*
- *Gained over 112 billion yen of new orders equivalent to 62% of FY2004 target.*  
*Energy-related projects made up 43% of new orders.*
- *Steadily improving financial position.*  
*Reduced interest bearing debts by 8.5 billion yen, through sound cash flow from operating activities.*

# Summary of operation

< Billions of yen >

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Sep. 2003	Sep. 2004	Difference											
Forecast for Sep. 2004	Difference												
<b>Consolidated</b>			(As of May.2004)										
Net sales	95.8	88.8	(6.9)	80.0	+8.8								
Operating income	(1.1)	1.33	+2.4	1.75	(0.41)								
Ordinary income	(1.3)	1.25	+2.5	1.25	+0.00								
Net income	(2.0)	1.1	+3.1	1.0	+0.1								
New orders	180.5	112.0	(68.4)	Reached 62% of target for FY2004.									
<b>Non-consolidated</b>													
Net sales	80.4	78.4	(2.0)	72.5	+5.9								
Operating income	(1.7)	1.13	+2.8	1.25	(0.11)								
Ordinary income	(1.6)	1.2	+2.8	1.0	+0.2								
Net income	(1.9)	1.0	+3.0	1.0	+0.0								
New orders	166.7	96.7	(69.9)	Reached 60% of target for FY2004.									
Dividends per share (yen)	-	-	-	-	-								

Exchange rate for forecast, Sep. 2004

1US\$ = ¥105.00

1EUR = ¥135.00

# Income statement

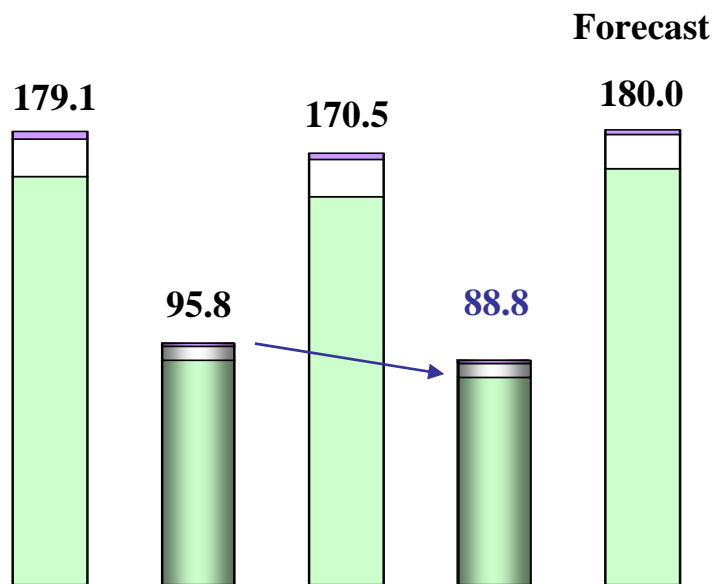
< Billions of yen >

Consolidated	Sep. 2003	Sep. 2004	Difference	Forecast for Sep. 2004 (As of May.2004)	Difference
<b>Net sales</b>	<b>95.8</b>	<b>88.8</b>	<b>(6.9)</b>	<b>80.0</b>	<b>8.8</b>
Cost of sales	91.4	81.8	9.5		
<b>Gross profit</b>	<b>4.3</b>	<b>7.0</b>	<b>2.6</b>		
Gross profit margin	4.6%	7.9%	3.3%		
Selling, general and administrative expenses	5.5	5.6	(0.1)		
<b>Operating income</b>	<b>(1.1)</b>	<b>1.33</b>	<b>2.4</b>	<b>1.75</b>	<b>(0.41)</b>
Operating profit margin	(1.2%)	1.5%	2.7%		
Non-operating income	0.9	0.7	(0.1)		
Non-operating expenses	1.1	0.8	0.2		
Total non-operating income	(0.1)	(0.0)	0.0		
<b>Ordinary income</b>	<b>(1.3)</b>	<b>1.25</b>	<b>2.5</b>	<b>1.25</b>	<b>0.00</b>
Ordinary profit margin	(1.4%)	1.4%	2.8%		
Extraordinary gain		0.2	0.2		
Extraordinary loss	0.3	0.2	0.1		
Total extraordinary gain and loss	(0.3)	0.0	0.3		
<b>Income before income taxes and minority interests</b>	<b>(1.6)</b>	<b>1.2</b>	<b>2.9</b>		
Current income taxes	0.4	0.4	0.0		
Deferred income taxes	(0.1)	(0.0)	(0.0)		
Minority interests	0.0	(0.2)	0.2		
<b>Net income</b>	<b>(2.0)</b>	<b>1.1</b>	<b>3.1</b>	<b>1.0</b>	<b>0.1</b>
Profit margin	(2.1%)	1.3%	3.4%		

# Net sales

< Billions of yen >

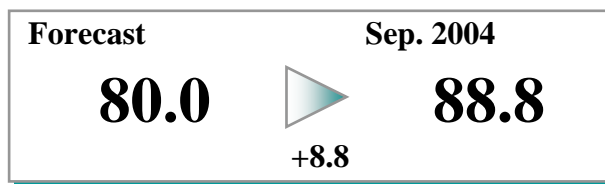
- Decreased compared with same period last year, but increased more than initial forecast.



## Compared with same period last year



## Compared with forecast



	Mar.2003	Sep.2003	Mar.2004	Sep.2004	Forecast for Mar.2005
Real Estate	2.8	1.2	2.4	1.2	2.3
IT	14.9	5.6	14.5	5.5	13.0
EPC	161.4	88.9	153.6	82.1	164.7
<b>Total</b>	<b>179.1</b>	<b>95.8</b>	<b>170.5</b>	<b>88.8</b>	<b>180.0</b>

<Reference>

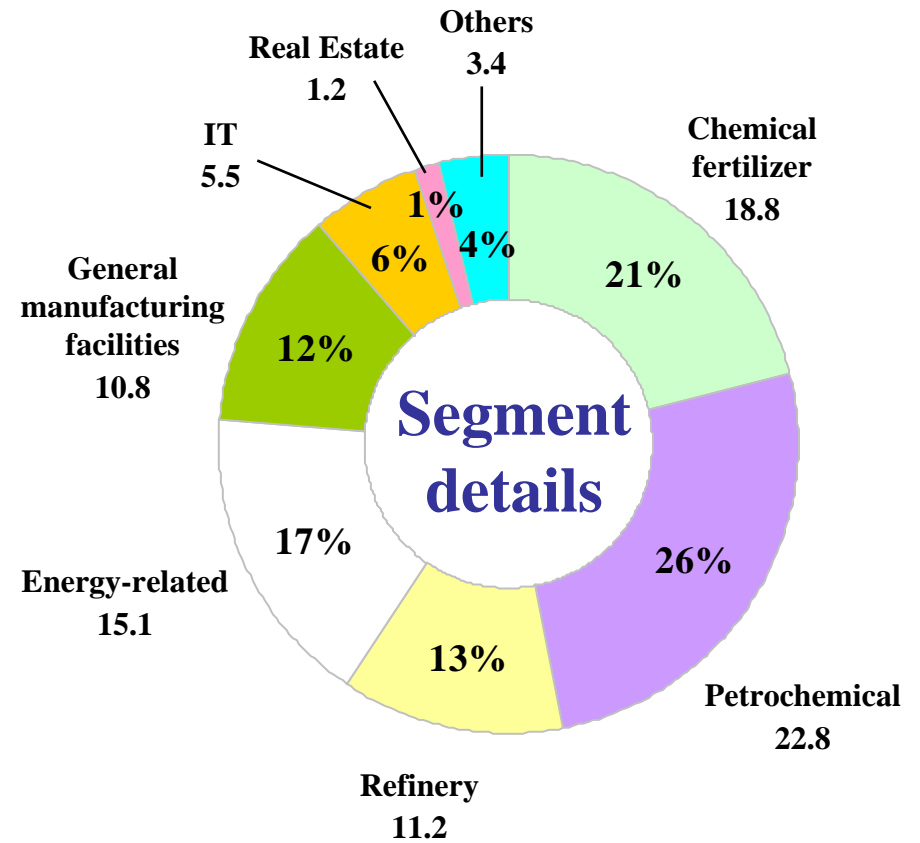
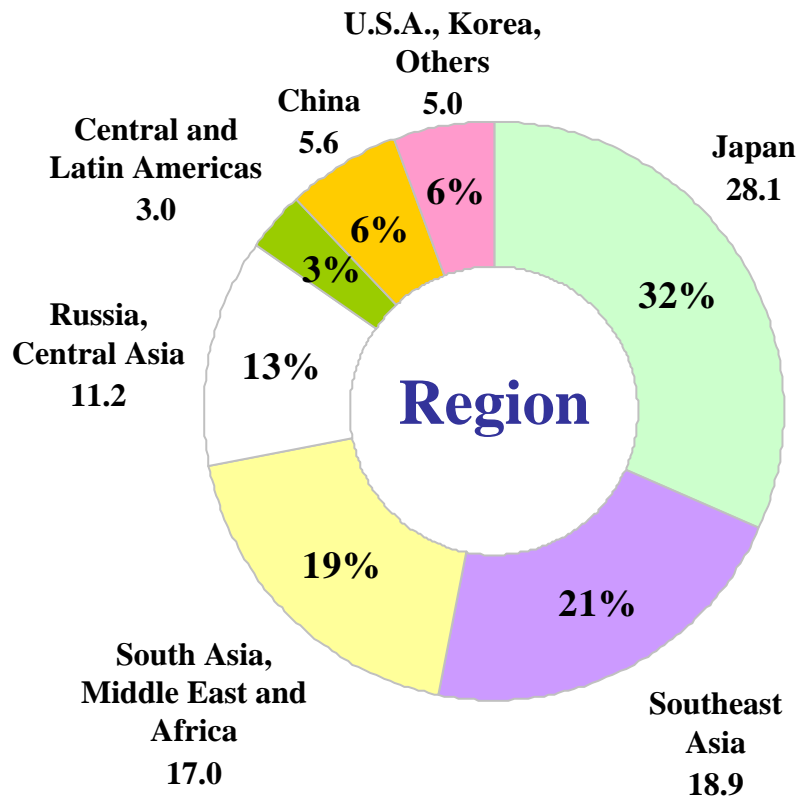
Non-consolidated	149.2	80.4	142.9	78.4	160.0
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Segment	Forecast	Sep.2004	Difference
Real Estate	1.2	1.2	0.0
IT	4.4	5.5	1.1
EPC	74.4	82.1	7.7
<b>Total</b>	<b>80.0</b>	<b>88.8</b>	<b>8.8</b>

# Net sales (Breakdowns by region & segment details)

< Billions of yen >

**Net sales in Sep. 2004 : ¥88.8 billion**



## Net sales (Major net sales)

**Net sales in Sep. 2004 : ¥88.8 billion**

### Overseas

<b>More than 10 billion yen</b>	<b>1 project</b>	<b>Chemical fertilizer, INDONESIA</b>
<b>More than 5 billion yen</b>	<b>1 project</b>	<b>Energy-related, RUSSIA</b>
<b>More than 2 billion yen</b>	<b>7 projects</b>	<b>Petrochemical, SAUDI ARABIA (2 projects)</b>
		<b>Petrochemical, EU</b>
		<b>Petrochemical, CHINA</b>
		<b>Energy-related, IRAN</b>
		<b>Refinery, INDONESIA</b>
		<b>Refinery, RUSSIA</b>

### Japan

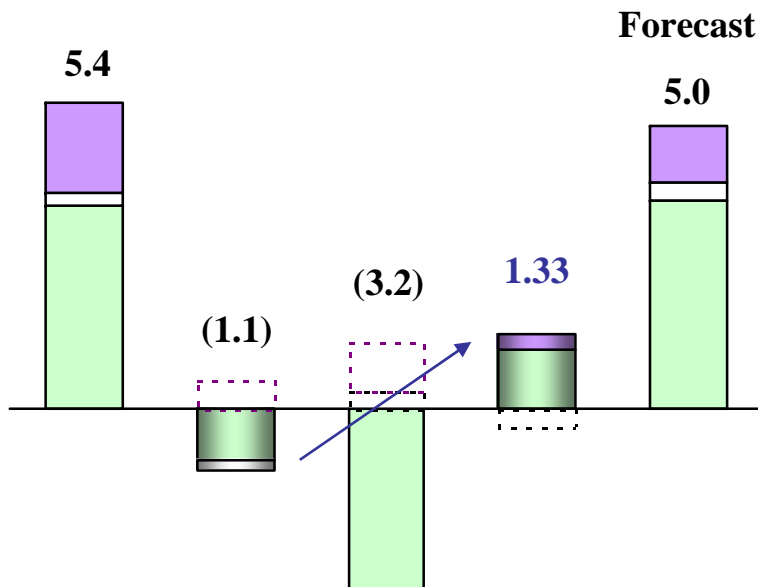
<b>More than 5 billion yen</b>	<b>1 project</b>	<b>General manufacturing facilities</b>
<b>More than 2 billion yen</b>	<b>3 projects</b>	<b>Petrochemical</b>
		<b>General manufacturing facilities</b>
		<b>Refinery</b>



# Operating income

< Billions of yen >

- Increased compared with same period last year, but not reached to initial forecast due to unprofitable project in IT segment.



## Compared with same period last year

Sep. 2003		Sep. 2004
(1.1)	▶	1.33
		+2.4

## Compared with forecast

Forecast		Sep. 2004
1.75	▶	1.33
		(0.41)

	Mar. 2003	Sep. 2003	Mar. 2004	Sep. 2004	Forecast for Mar. 2005
Real Estate	1.6	0.5	0.9	0.55	1.0
IT	0.2	(0.2)	0.3	(0.47)	0.3
EPC	3.6	(1.4)	(4.5)	1.25	3.7
Sub total	5.4	(1.1)	(3.2)	1.33	5.0

Segment	Forecast	Sep. 2004	Difference
Real Estate	0.50	0.55	0.05
IT	(0.10)	(0.47)	(0.37)
EPC	1.35	1.25	(0.10)
Total	1.75	1.33	(0.41)

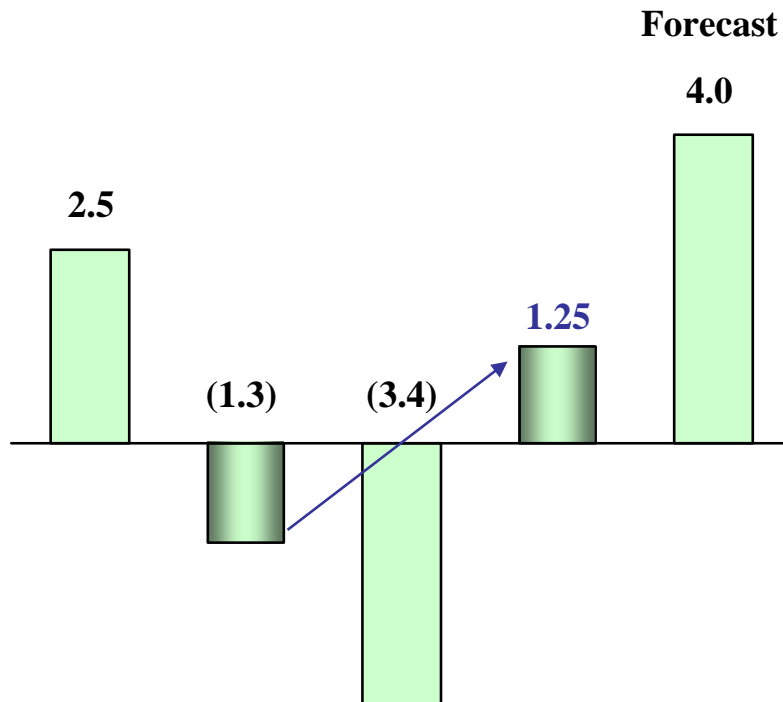
<Reference>

Non-consolidated	3.1	(1.7)	(4.7)	1.13	3.5
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# Ordinary income

< Billions of yen >

➤ Reached to the range of initial forecast.



Compared with same period last year

Sep. 2003		Sep. 2004
<b>(1.3)</b>	▶	<b>1.25</b>
		+2.5

Compared with forecast

Forecast		Sep. 2004
<b>1.25</b>	▶	<b>1.25</b>
		+0.00

	Mar.2003	Sep.2003	Mar.2004	Sep.2004	Forecast for Mar.2005
Consolidated	2.5	(1.3)	(3.4)	<b>1.25</b>	4.0

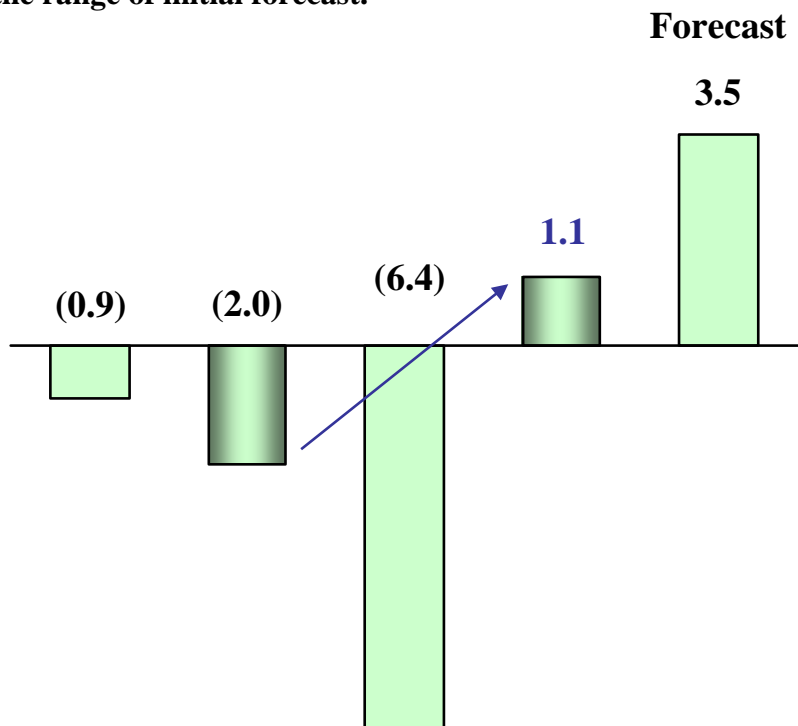
<Reference>

Non-consolidated	1.2	(1.6)	(4.5)	1.2	3.0
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# Net income

< Billions of yen >

- Reached to the range of initial forecast.



## Compared with same period last year

Sep. 2003		Sep. 2004
(2.0)	▶	1.1
		+3.1

## Compared with forecast

Forecast		Sep. 2004
1.0	▶	1.1
		+0.1

	Mar. 2003	Sep. 2003	Mar. 2004	Sep. 2004	Forecast for Mar. 2005
Consolidated	(0.9)	(2.0)	(6.4)	1.1	3.5

<Reference>

Non-consolidated	(1.0)	(1.9)	(6.4)	1.0	3.0
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# Balance sheets

< Billions of yen >

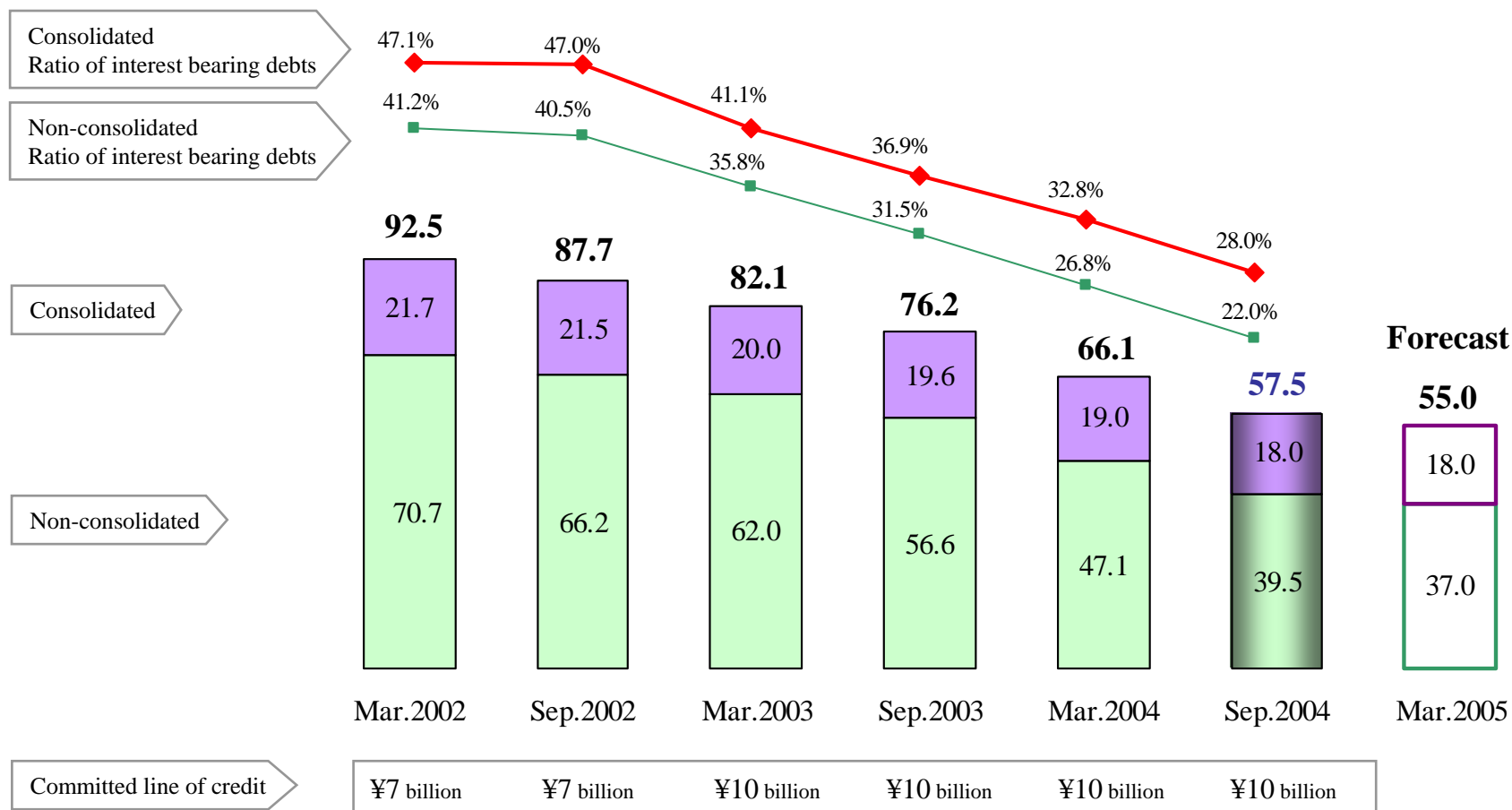
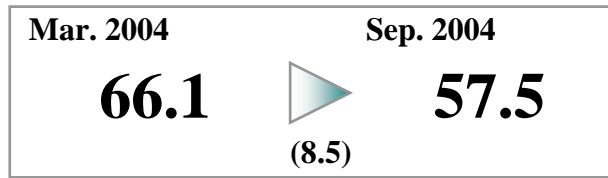
Consolidated	Sep 30. 2003	Mar 31. 2004	Sep 30. 2004	Difference (Sep.2004 vs.Mar.2004)
<b>Current assets</b>	<b>153.0</b>	<b>149.3</b>	<b>155.3</b>	<b>5.9</b>
Cash	46.6	44.0	42.5	(1.5)
Notes and account receivable for projects with deferred payments others	10.7	9.2	8.1	(1.1)
Marketable securities	38.8	28.0	30.8	2.8
Contract work in progress	0.0	-	-	-
Other current assets	48.1	62.6	67.5	4.8
	8.8	5.3	6.3	1.0
<b>Fixed assets</b>	<b>53.2</b>	<b>51.7</b>	<b>50.2</b>	<b>(1.5)</b>
Property, plant and equipment	33.4	33.2	32.9	(0.2)
Intangible assets	1.3	1.6	1.8	0.1
Investments and assets	18.4	16.8	15.3	(1.5)
<b>Total assets</b>	<b>206.2</b>	<b>201.1</b>	<b>205.5</b>	<b>4.3</b>

Consolidated	Sep 30. 2003	Mar 31. 2004	Sep 30. 2004	Difference (Sep.2004 vs.Mar.2004)
<b>Current liabilities</b>	<b>126.9</b>	<b>129.5</b>	<b>135.5</b>	<b>5.9</b>
Notes and accounts payable	37.1	30.1	37.2	7.1
Short-term bank loans for projects with deferred payments others	2.2	2.2	2.2	(0.0)
Advance and other receipts	30.7	24.2	17.4	(6.8)
Other current liabilities	44.3	61.9	69.3	7.4
	12.4	11.0	9.2	(1.7)
<b>Long-term liabilities</b>	<b>48.5</b>	<b>44.9</b>	<b>42.9</b>	<b>(2.0)</b>
Corporate bonds	-	1.0	3.0	2.0
Long-term debt for projects with deferred payments others	6.9	5.7	4.6	(1.0)
Other long-term liabilities	36.3	32.9	30.2	(2.7)
	5.2	5.2	4.9	(0.3)
<b>Minority interests</b>	<b>1.8</b>	<b>1.8</b>	<b>1.6</b>	<b>(0.2)</b>
<b>Common stock</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>-</b>
<b>Additional paid-in capital</b>	<b>15.5</b>	<b>15.5</b>	<b>15.5</b>	<b>0.0</b>
<b>Retained earnings</b>	<b>0.2</b>	<b>(4.2)</b>	<b>(3.1)</b>	<b>1.1</b>
<b>Net unrealized gain (loss) on securities</b>	<b>0.7</b>	<b>1.2</b>	<b>0.7</b>	<b>(0.5)</b>
<b>Foreign currency translation adjustments</b>	<b>(0.5)</b>	<b>(0.8)</b>	<b>(0.7)</b>	<b>0.0</b>
<b>Treasury stock</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>206.2</b>	<b>201.1</b>	<b>205.5</b>	<b>4.3</b>

# Interest bearing debt balance

- **8.5 billion yen reduction of interest bearing debts through cash flow from operating activities in first half .**
- **Continue to reduce interest bearing debts more than 10.0 billion yen throughout FY2004.**

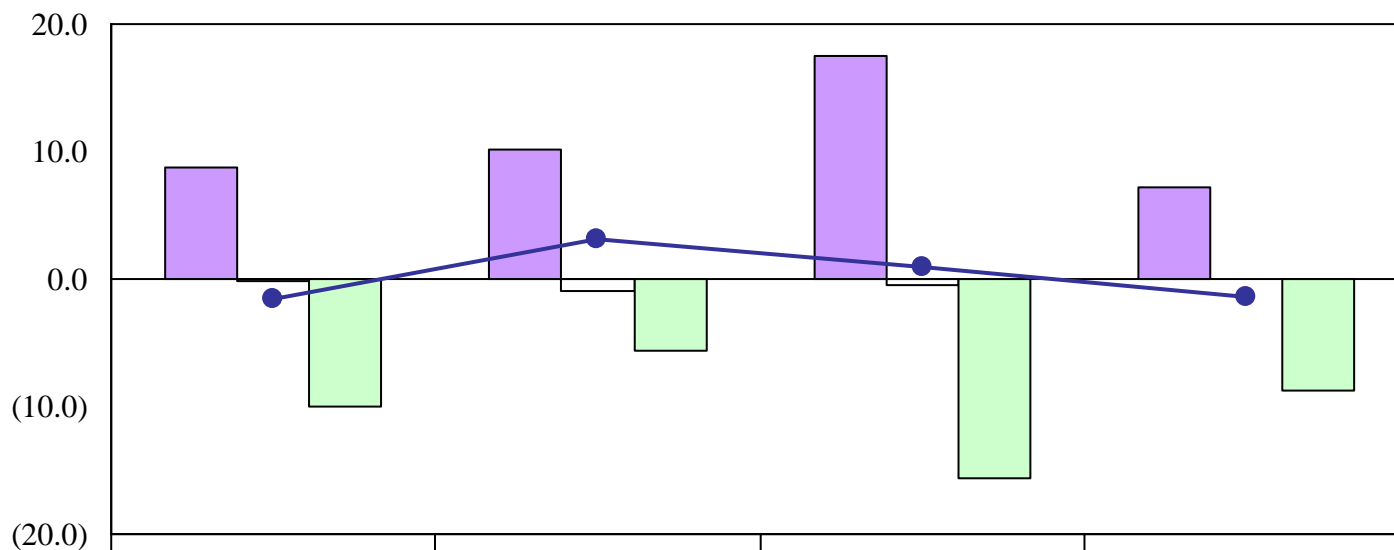
< Billions of yen >



# Cash flows

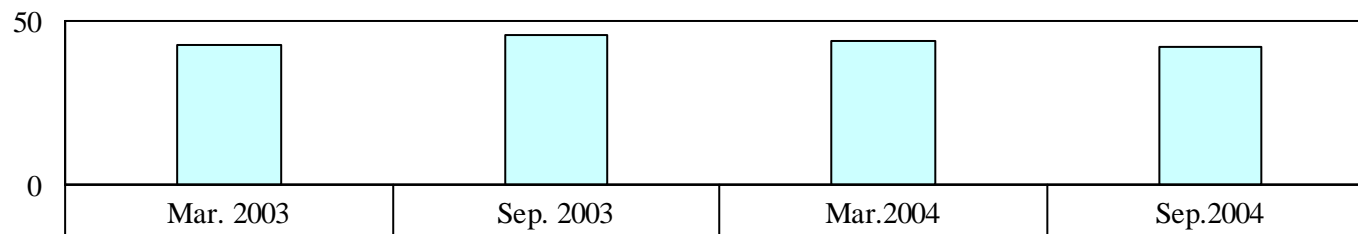
< Billions of yen >

## Cash flows



Operating activities	8.8	10.1	17.5	7.2
Investing activities	(0.2)	(1.0)	(0.5)	0.0
Financing activities	(10.0)	(5.7)	(15.7)	(8.7)
Net increase / decrease in cash	(1.6)	3.2	1.0	(1.4)

## Cash, end of the fiscal

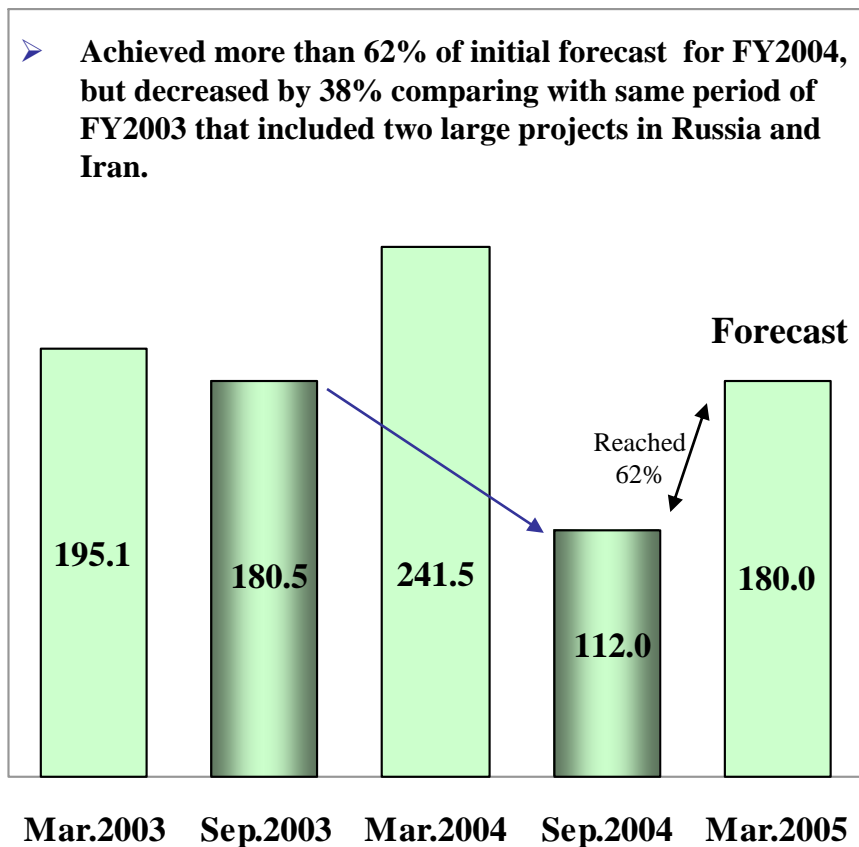


Cash, end of the fiscal	42.5	45.7	43.6	42.1
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# New orders & backlog of contracts

< Billions of yen >

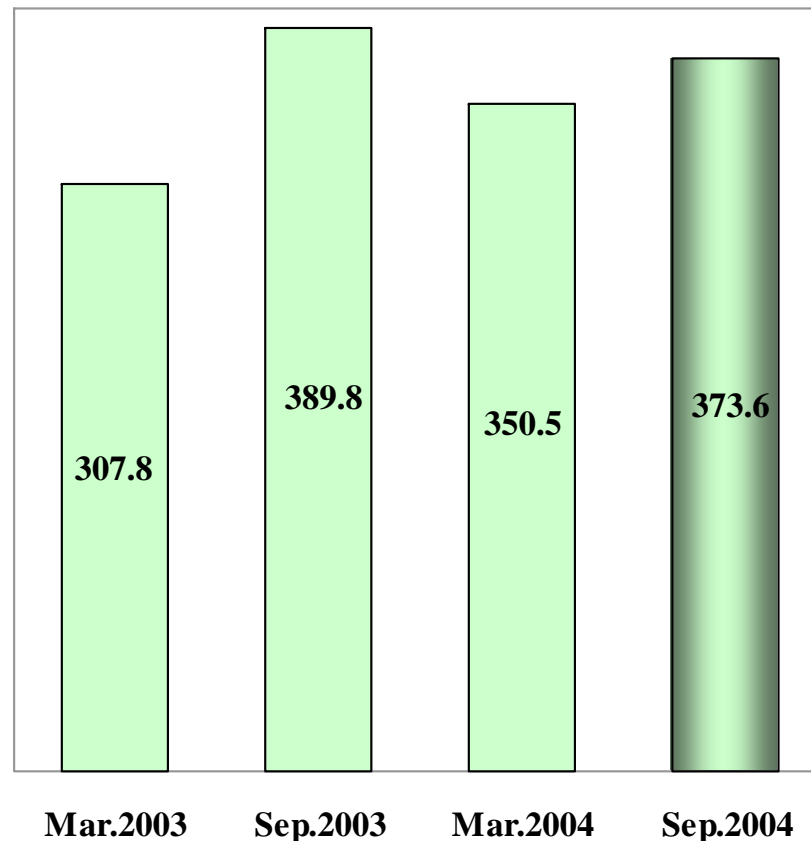
## New Orders



<Reference : Non-consolidated>

170.3	166.7	216.3	96.7	160.0
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## Backlog of contracts



294.5	377.7	338.7	355.9
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## New orders (Major new orders)

<b>Contract price</b>	<b>Project outline (Sep.2004)</b>
<b>More than 30 billion yen</b>	<b>Energy-related, BRAZIL</b>
<b>More than 10 billion yen</b>	<b>Chemical fertilizer, IRAN Petrochemical, JAPAN</b>
<b>More than 2 billion yen</b>	<b>Petrochemical, KOREA General manufacturing facilities, EU IT, JAPAN</b>
<b>Others</b>	<b>Energy-related, IT, General manufacturing facilities, etc</b>
<b>Total</b>	<b>112.0 billion yen*</b>

**\* Notes :**

Toyo Engineering	96.4 billion yen
Domestic subsidiaries	7.0 billion yen
Overseas subsidiaries	8.6 billion yen
Total	112.0 billion yen

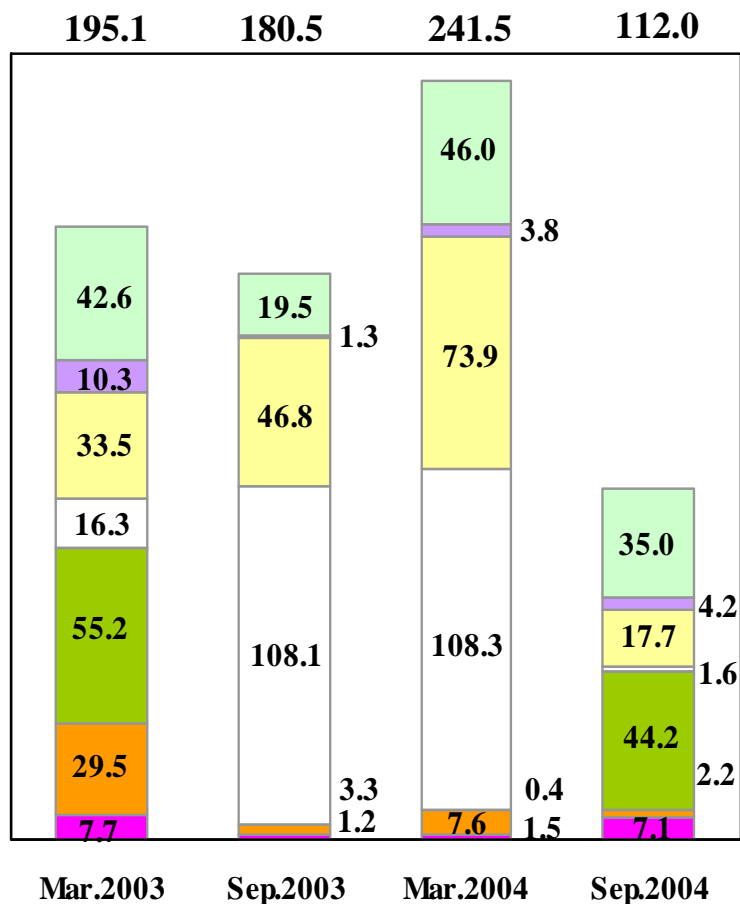
\*The above does not include figures related to real estate segment.



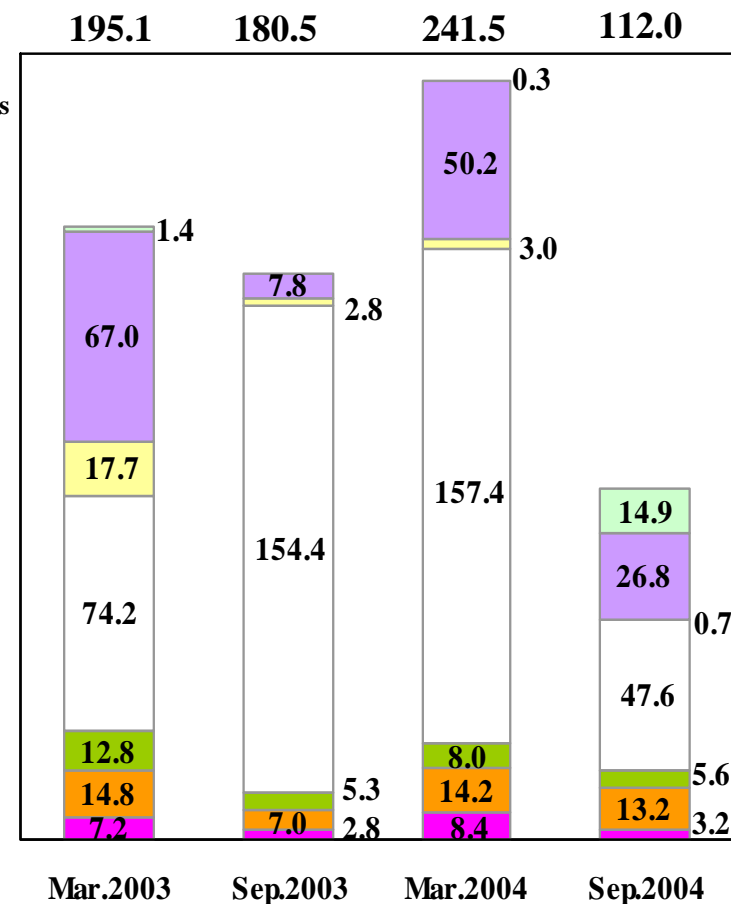
# New orders (Breakdowns by region & segment details)

< Billions of yen >

## Breakdowns by region



## Breakdowns by segment details

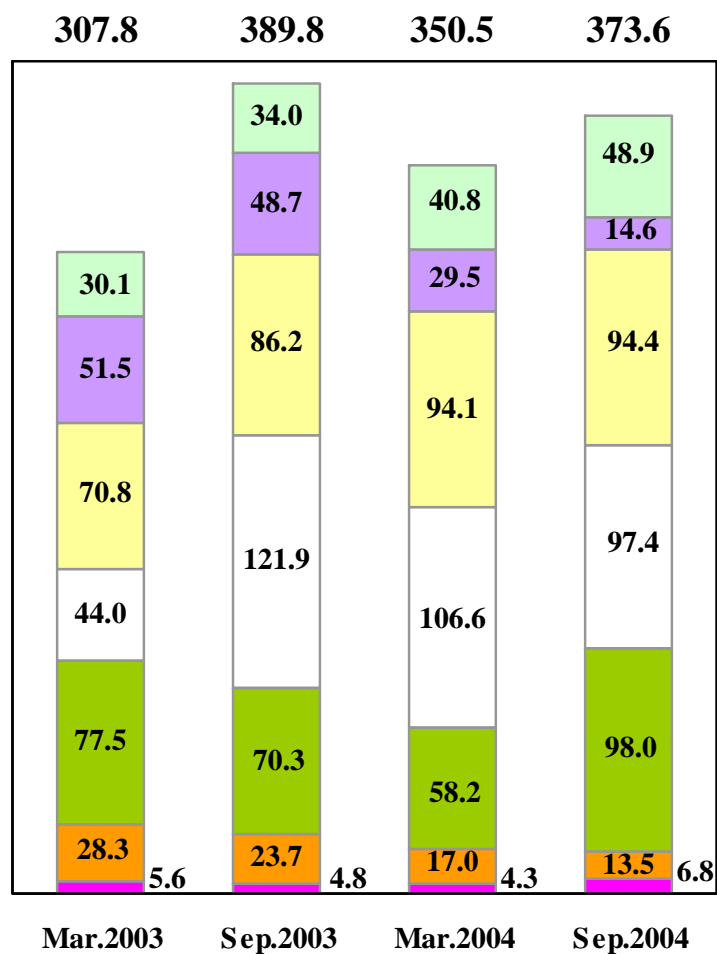


\*The above does not include figures related to real estate segment.

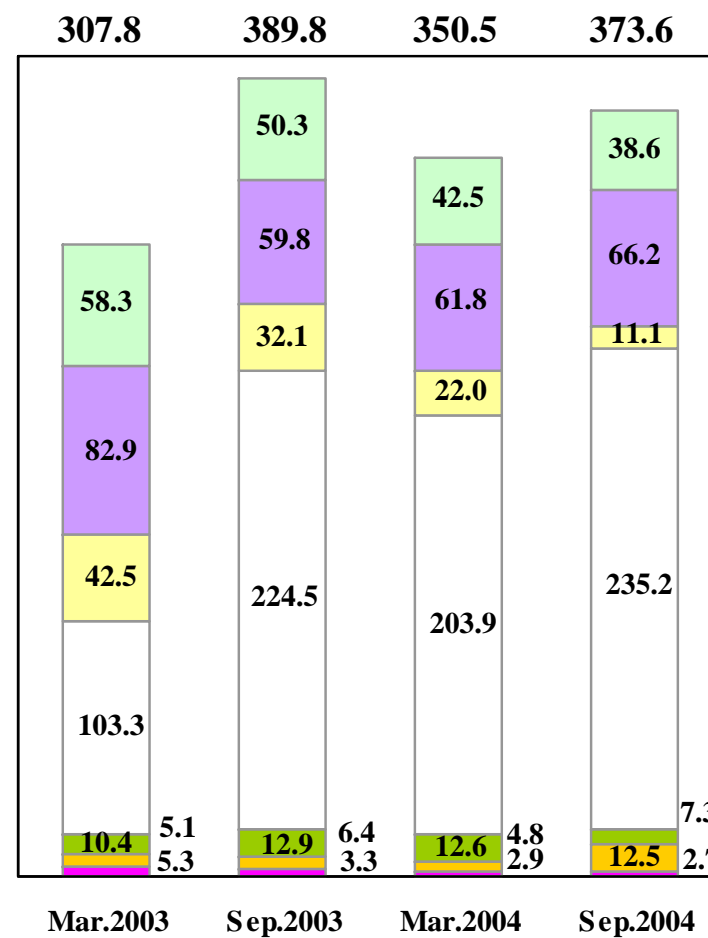
# Backlog of contracts (Breakdowns by region & segment details)

< Billions of yen >

## Breakdowns by region



## Breakdowns by segment details



\*The above does not include figures related to real estate segment.

# Forecast

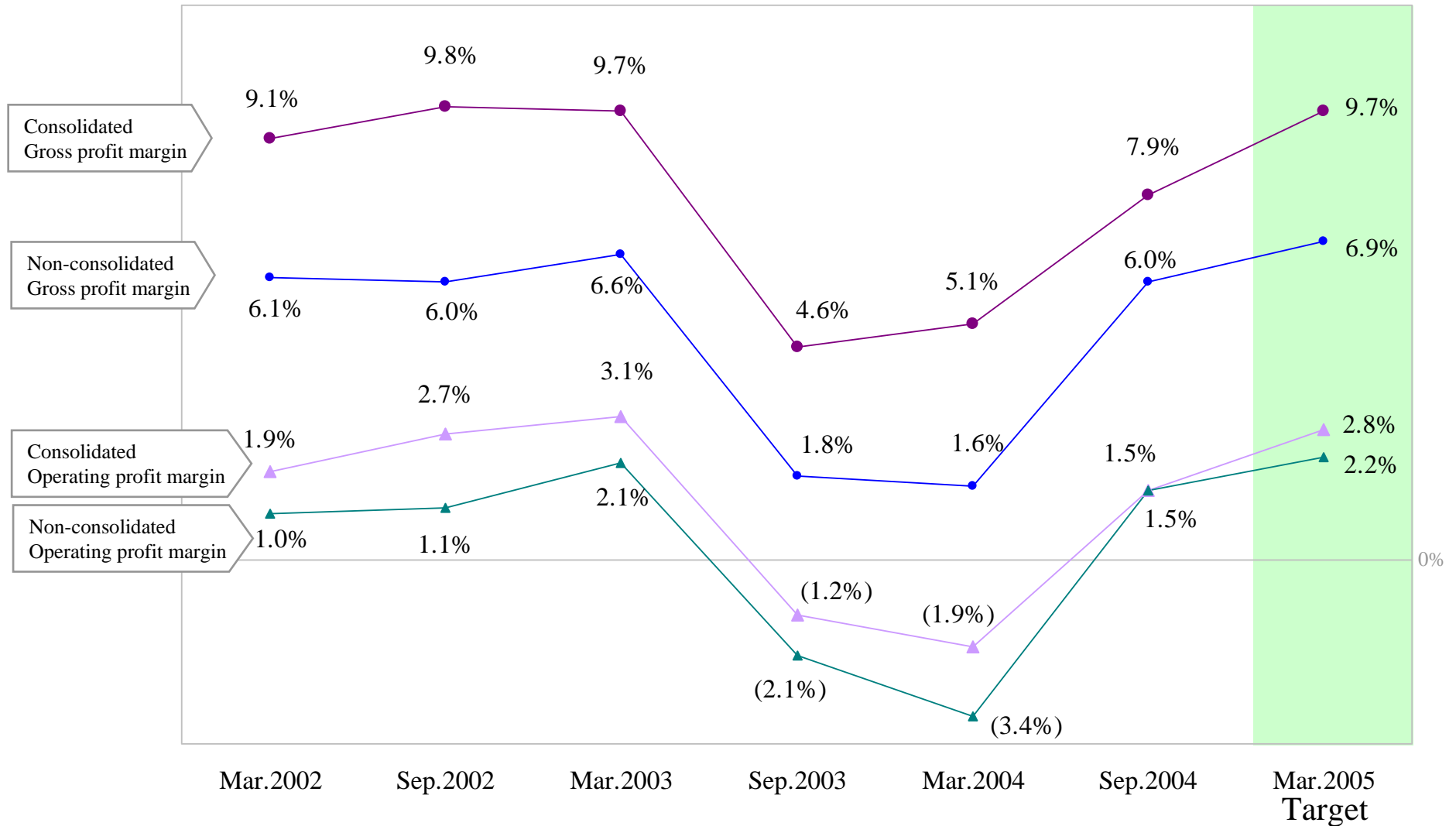
< Billions of yen >

Consolidated	FY2003 (Mar.2004)	Forecast for FY2004 (Mar.2005)		Notes																															
		As of May.2004	As of Nov.2004																																
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Operating income	(3.2)	5.0 ⇨	5.0																																
Ordinary income	(3.4)	4.0 ⇨	4.0																																
Net income	(6.4)	3.5 ⇨	3.5																																
New orders	241.5	180.0 ⇨	180.0																																
<table border="1"> <thead> <tr> <th rowspan="2">Segment</th> <th colspan="2">Net sales</th> <th colspan="2">Operating income</th> </tr> <tr> <th>As of May.2004</th> <th>As of Nov.2004</th> <th>As of May.2004</th> <th>As of Nov.2004</th> </tr> </thead> <tbody> <tr> <td>Real estate</td> <td>2.4</td> <td>2.3</td> <td>1.0</td> <td>1.0</td> </tr> <tr> <td>IT</td> <td>14.0</td> <td>13.0</td> <td>0.5</td> <td>0.3</td> </tr> <tr> <td>EPC</td> <td>163.6</td> <td>164.7</td> <td>3.5</td> <td>3.7</td> </tr> <tr> <td>Total</td> <td>180.0</td> <td>180.0</td> <td>5.0</td> <td>5.0</td> </tr> </tbody> </table>					Segment	Net sales		Operating income		As of May.2004	As of Nov.2004	As of May.2004	As of Nov.2004	Real estate	2.4	2.3	1.0	1.0	IT	14.0	13.0	0.5	0.3	EPC	163.6	164.7	3.5	3.7	Total	180.0	180.0	5.0	5.0		
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<table border="1"> <thead> <tr> <th colspan="5">Non-consolidated</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td>142.9</td> <td>160.0 ⇨</td> <td>160.0</td> <td rowspan="5">No change from initial forecast.</td> </tr> <tr> <td>Operating income</td> <td>(4.7)</td> <td>3.5 ⇨</td> <td>3.5</td> </tr> <tr> <td>Ordinary income</td> <td>(4.5)</td> <td>3.0 ⇨</td> <td>3.0</td> </tr> <tr> <td>Net income</td> <td>(6.4)</td> <td>3.0 ⇨</td> <td>3.0</td> </tr> <tr> <td>New orders</td> <td>216.3</td> <td>160.0 ⇨</td> <td>160.0</td> </tr> <tr> <td>Dividends per share (yen)</td> <td>-</td> <td>¥3.0 ⇨</td> <td>¥3.0</td> <td></td> </tr> </tbody> </table>					Non-consolidated					Net sales	142.9	160.0 ⇨	160.0	No change from initial forecast.	Operating income	(4.7)	3.5 ⇨	3.5	Ordinary income	(4.5)	3.0 ⇨	3.0	Net income	(6.4)	3.0 ⇨	3.0	New orders	216.3	160.0 ⇨	160.0	Dividends per share (yen)	-	¥3.0 ⇨	¥3.0	
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Exchange rate for forecast : 1US\$ = ¥105.00 1EUR = ¥135.00 (No change from initial forecast)

# - Reference -

## Profit margin



# - Reference -

## Subsidiaries information

### Consolidated Subsidiaries

< Companies >

		Mar 31,2004	Increase	Decrease	Sep 30,2004
Number of companies consolidated	Consolidated subsidiaries	13	0	0	13
	Affiliated companies consolidated by equity method	1	0	0	1
	Total	14	0	0	14
(Reference)	All subsidiaries	27	2	1	28
Number of all subsidiaries & affiliated company	All affiliated companies	8	1	0	9
	Total	35	3	1	37

### Results of major subsidiaries

Subsidiaries, affiliated companies	Business fields	Capital	Sep.2004
			Net sales
<b>Consolidated subsidiaries</b>		Billions of yen	Billions of yen
Toyo Business Engineering Corporation	IT	0.7	4.3
TEC Estate, Ltd.	Real estate	5.0	0.6
Suntec Corporation	Real estate	0.5	1.2
Toyo U.S.A., Inc.	EPC	0.1	0.9
Toyo Engineering Korea Ltd.	EPC	0.5	2.5
Toyo Engineering India Limited	EPC	0.2	2.3
International Procurement & Service Corporation	EPC	0.1	5.8
<b>Affiliated companies consolidated</b>			
Toyo Thai Corporation Ltd.	EPC	0.7	4.9

Contact Points

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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.