



Second quarter of fiscal year 2008 (September 30, 2008)

# OUTLINE OF FINANCIAL RESULTS

 **TOYO ENGINEERING CORPORATION**

**November 12, 2008**

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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

- *Increased in revenue and gain compared with same period last year. Interim revenue and gain marked record high.*
- *Interim target were almost achieved.*

	< Billion yen >					
	2007/9	2008/9	Difference	Forecast 2008/9	Difference	Achievement
<b>Net sales</b>	<b>166.6</b>	<b>179.3</b>	<b>+12.7</b>	<b>180.0</b>	<b>(0.7)</b>	<b>99.6%</b>
<b>Gross profit</b>	<b>13.9</b>	<b>18.5</b>	<b>+4.6</b>	<b>16.5</b>	<b>+2.0</b>	<b>112%</b>
Gross profit rate	8.4%	10.4%	+2.0%	9.2%	+1.2%	
<b>Operating income</b>	<b>4.1</b>	<b>6.8</b>	<b>+2.7</b>	<b>7.0</b>	<b>(0.2)</b>	<b>97%</b>
Operating income rate	2.5%	3.8%	+1.3%	3.9%	-0.1%	
<b>Ordinary income</b>	<b>5.1</b>	<b>7.9</b>	<b>+2.8</b>	<b>7.5</b>	<b>+0.4</b>	<b>105%</b>
<b>Net income</b>	<b>2.5</b>	<b>3.8</b>	<b>+1.3</b>	<b>4.0</b>	<b>(0.2)</b>	<b>95%</b>
<b>New orders</b>	<b>169.3</b>	<b>85.6</b>	<b>(83.7)</b>	<b>Reached 32% of target for FY2008</b>		
<b>Dividends per share (yen) (Non-consolidated)</b>	<b>-</b>	<b>¥3.0</b>	<b>+¥3.0</b>	<b>¥3.0</b>	<b>+¥0.0</b>	<b>100%</b>

Exchange rate for Forecast 1US\$= ¥100.00

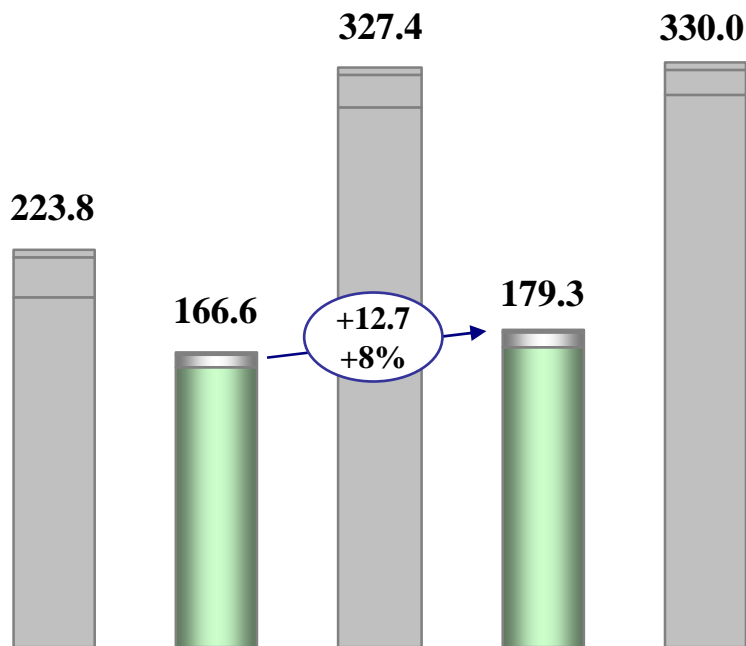
# Income statement

< Billion yen >

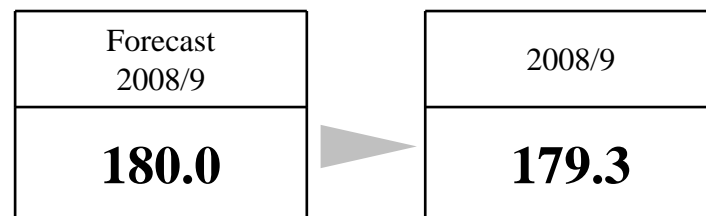
	2007/9		2008/9		Difference	Forecast 2008/9	Difference
	Billions of yen	%	Billions of yen	%	Billions of yen		
<b>Net sales</b>	<b>166.6</b>	100.0	<b>179.3</b>	100.0	<b>12.7</b>	<b>180.0</b>	<b>(0.7)</b>
Cost of sales	152.6	91.6	160.7	89.6	(8.1)		
<b>Gross profit</b>	<b>13.9</b>	8.4	<b>18.5</b>	10.4	<b>4.6</b>	<b>16.5</b>	<b>2.0</b>
Selling, general and administrative expenses	9.8	5.9	11.7	6.6	(1.9)		
<b>Operating income</b>	<b>4.1</b>	2.5	<b>6.8</b>	3.8	<b>2.7</b>	<b>7.0</b>	<b>(0.2)</b>
Non-operating income	1.6	1.0	1.6	0.9	0.0		
Non-operating expenses	0.6	0.4	0.6	0.3	(0.0)		
Total non-operating income and expenses	1.0		1.0		0.0		
<b>Ordinary income</b>	<b>5.1</b>	3.1	<b>7.9</b>	4.4	<b>2.8</b>	<b>7.5</b>	<b>0.4</b>
Extraordinary gain	0.0	0.0	0.1	0.1	0.1		
Extraordinary loss	0.8	0.5	1.2	0.7	(0.4)		
Total extraordinary gain and loss	(0.8)		(1.0)		(0.2)		
<b>Income before income taxes and minority interests</b>	<b>4.3</b>	2.6	<b>6.8</b>	3.8	<b>2.5</b>		
Current income taxes and Deferred income taxes	1.7	1.1	2.8	1.6	(1.1)		
Minority interests	0.0	0.0	0.2	0.1	(0.2)		
<b>Net income</b>	<b>2.5</b>	1.5	<b>3.8</b>	2.1	<b>1.3</b>	<b>4.0</b>	<b>(0.2)</b>

# Net sales

< Billion yen >



## Compared with forecast



Difference (0.7)  
Achievement 99.6%

Segment	Forecast	2008/9	Difference
EPC	169.5	169.6	+0.1
IT	8.5	7.7	(0.8)
Real estate	2.0	2.0	0.0
<b>Total</b>	<b>180.0</b>	<b>179.3</b>	<b>(0.7)</b>

	2007/3	2007/9	2008/3	2008/9	Forecast 2009/3
EPC	197.1	157.6	305.4	<b>169.6</b>	311.6
IT	23.7	7.0	18.2	<b>7.7</b>	14.5
Real estate	3.0	2.0	3.8	<b>2.0</b>	3.9
<b>Total</b>	<b>223.8</b>	<b>166.6</b>	<b>327.4</b>	<b>179.3</b>	<b>330.0</b>

2008/9 Net sales : 179.3 billion yen

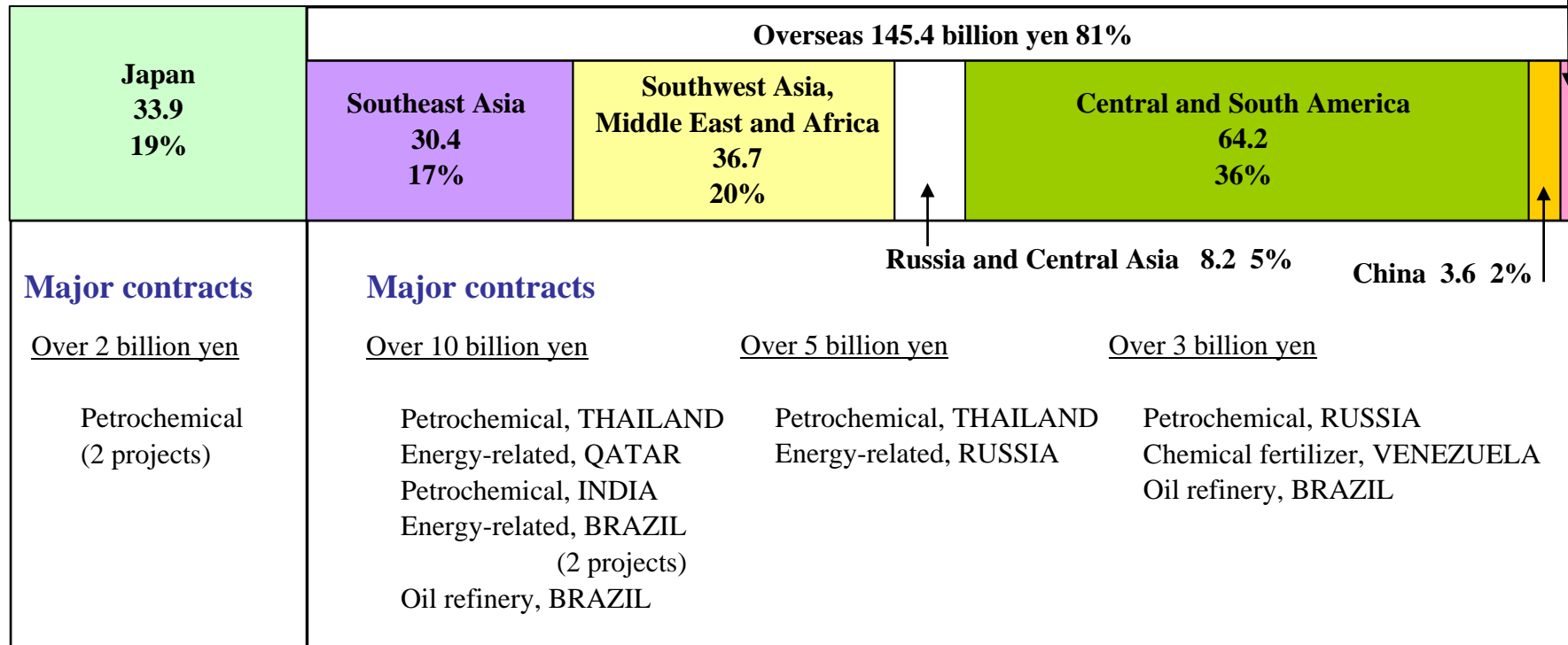
Japan            33.9 Billion yen        19%  
Overseas        145.4 Billion yen       81%

# Net sales

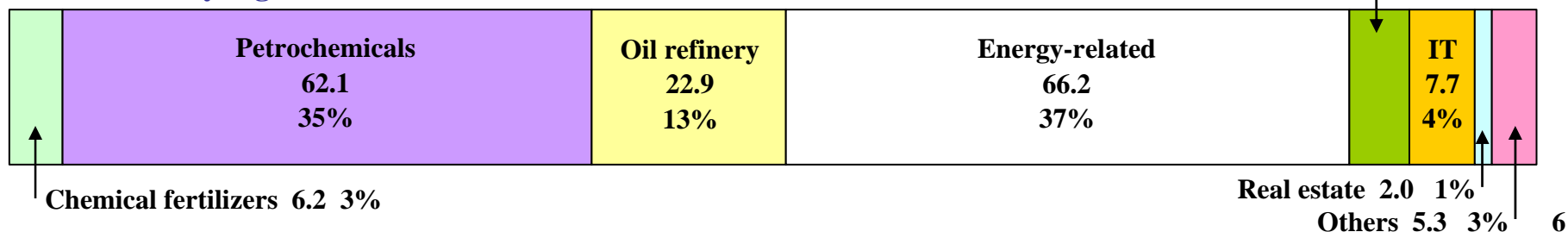
**2008/9 Net sales : 179.3 billion yen**

< Billion yen >

## Breakdown by region

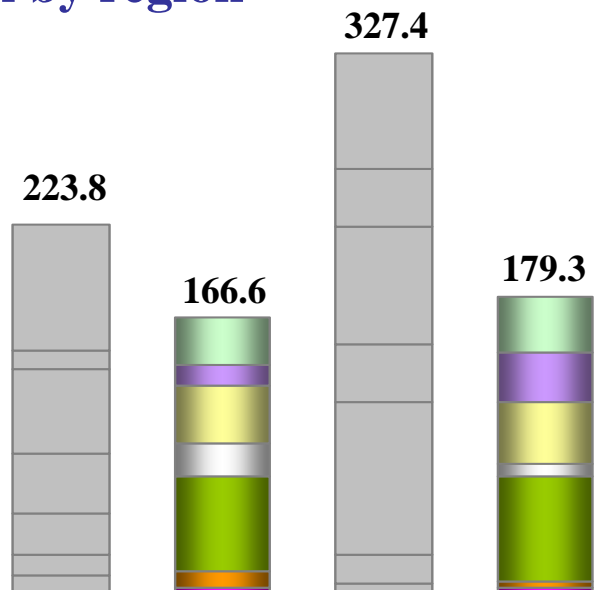


## Breakdown by segment details



# Net sales

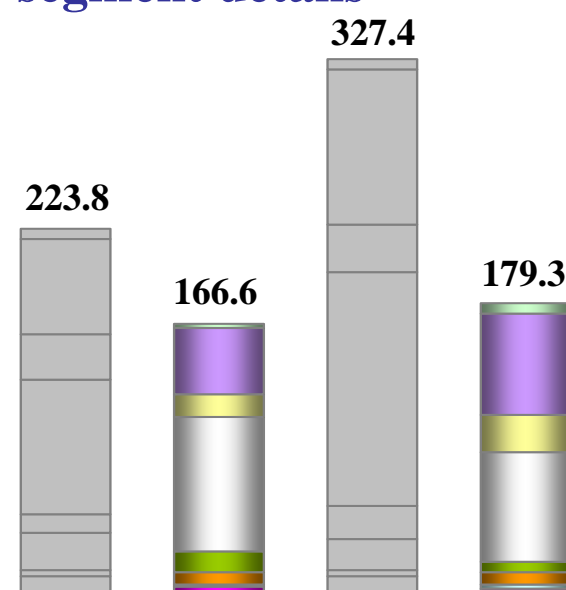
## Breakdown by region



	2007/3	2007/9	2008/3	2008/9
Japan	77.2	28.3	70.8	33.9
Southeast Asia	10.5	12.9	34.1	30.4
Southwest Asia, Middle East, Africa	52.5	34.6	71.6	36.7
Russia, Central Asia	36.0	20.4	35.3	8.2
Central and South America	25.1	58.2	92.8	64.2
China	12.3	9.7	17.5	3.6
Others	10.2	2.5	5.3	2.3
<b>Total</b>	<b>223.8</b>	<b>166.6</b>	<b>327.4</b>	<b>179.3</b>

## Breakdown by segment details

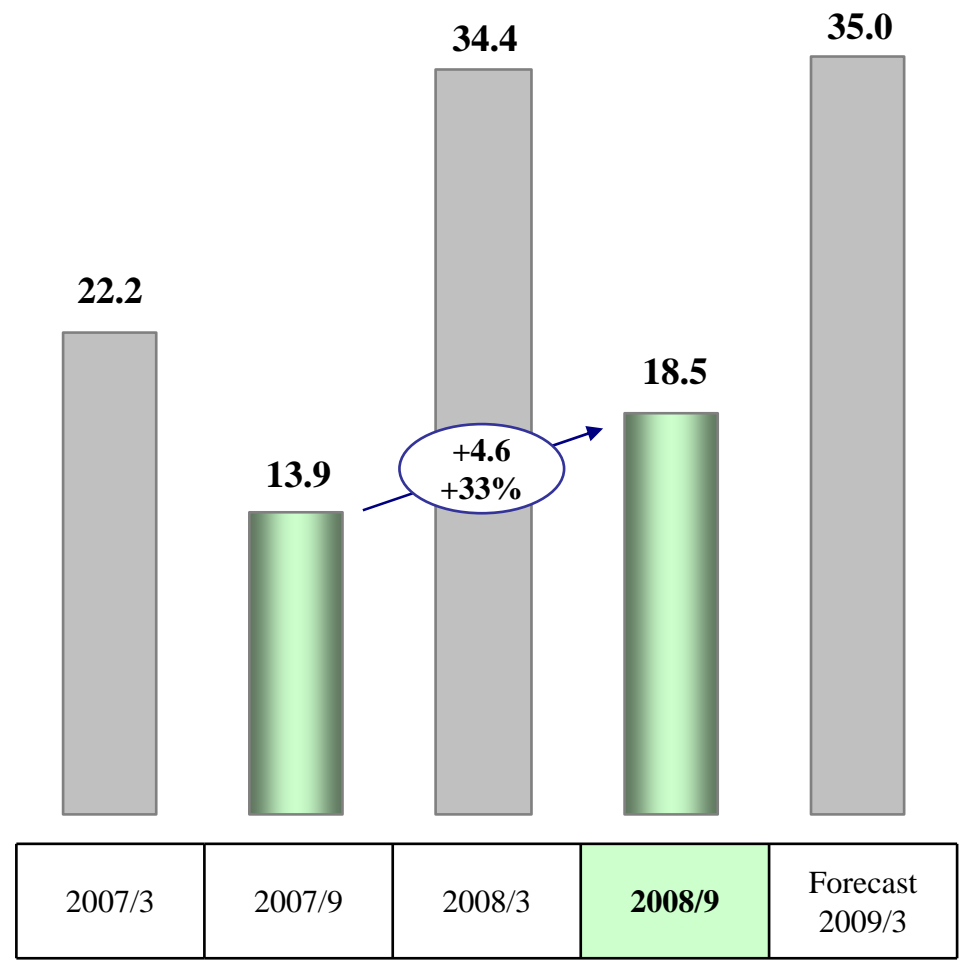
< Billion yen >



	2007/3	2007/9	2008/3	2008/9
Chemical fertilizers	6.5	3.0	6.4	6.2
Petrochemicals	57.2	39.8	94.0	62.1
Oil refinery	27.6	14.2	28.9	22.9
Energy-related	82.7	81.8	142.9	66.2
General manufacturing facilities	10.3	12.7	20.3	6.9
IT	23.7	7.1	18.2	7.7
Real estate	3.0	2.0	3.8	2.0
Others	12.8	6.0	12.9	5.3
<b>Total</b>	<b>223.8</b>	<b>166.6</b>	<b>327.4</b>	<b>179.3</b>

# Gross profit

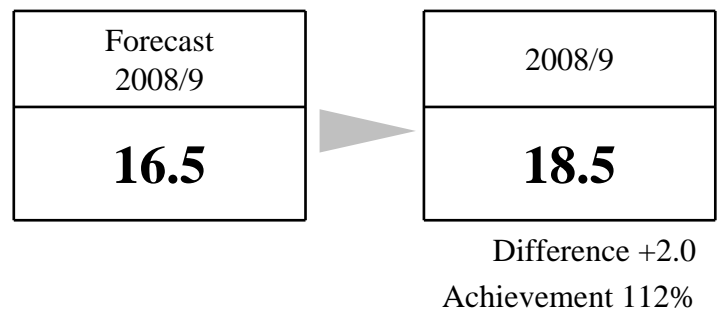
< Billion yen >



## Gross profit rate



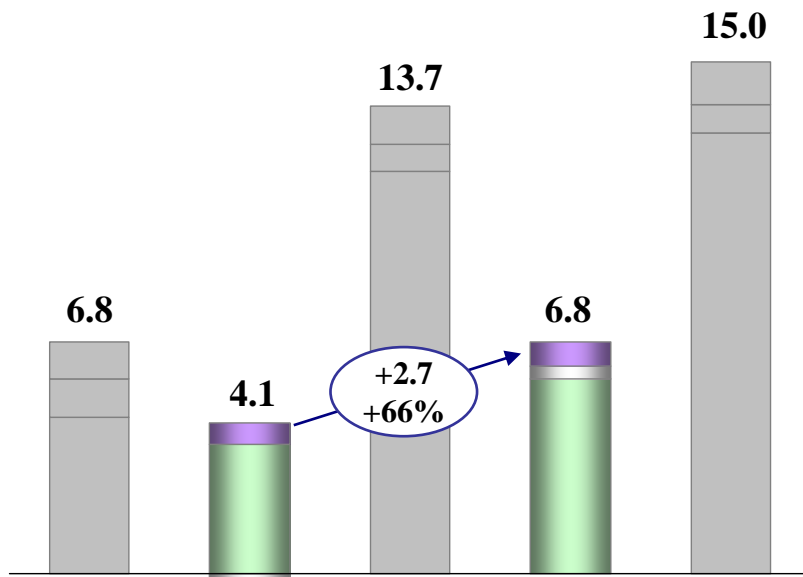
## Compared with forecast



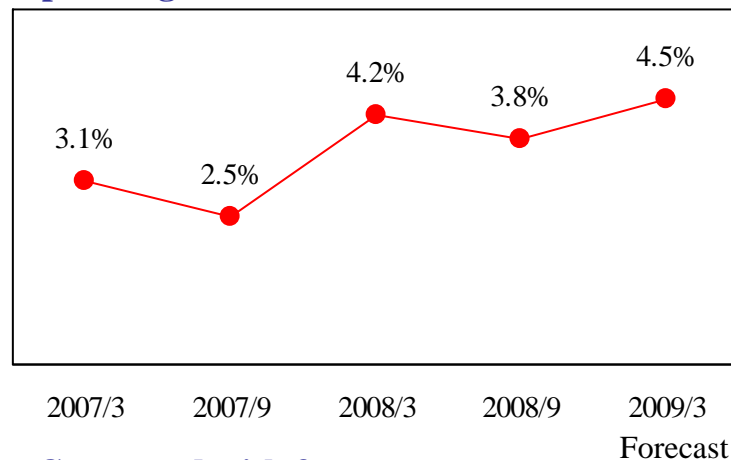


# Operating income

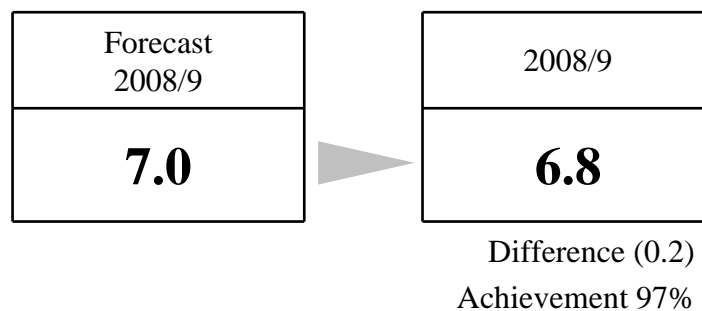
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## Operating income rate



## Compared with forecast

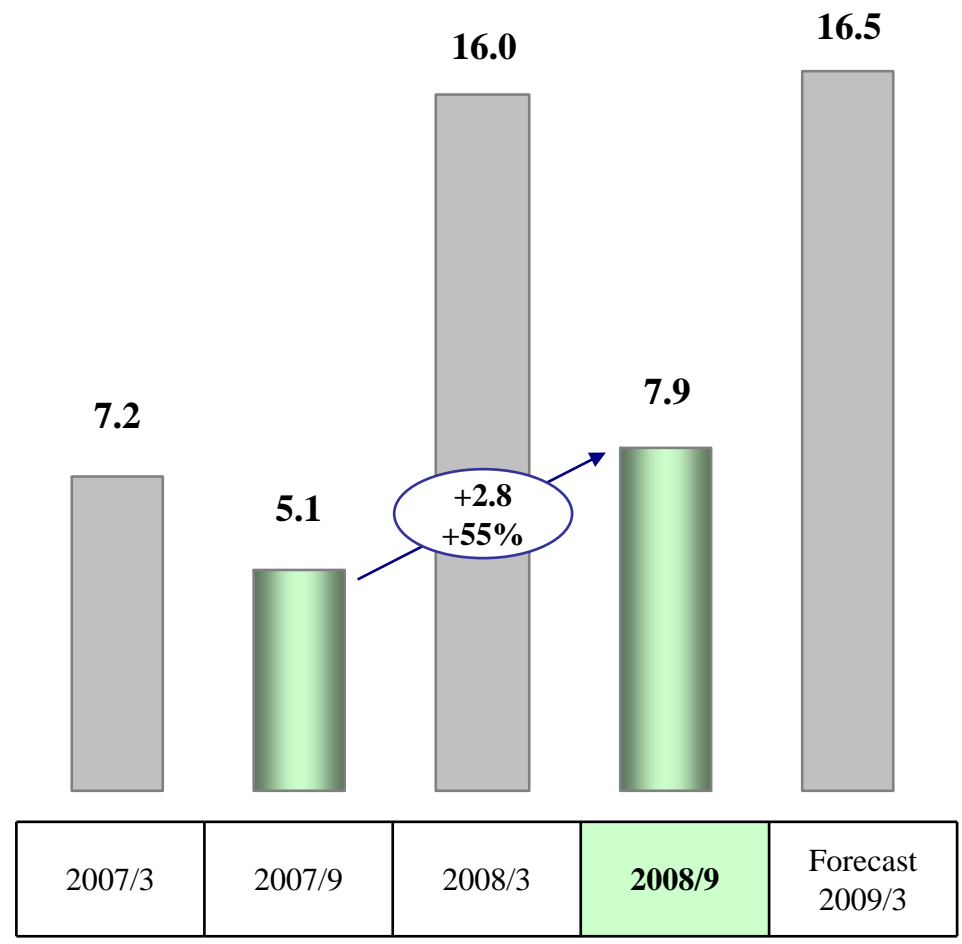


	2007/3	2007/9	2008/3	2008/9	Forecast 2009/3
EPC	4.6	3.8	11.8	5.7	12.9
IT	1.1	(0.3)	0.8	0.4	0.85
Real estate	1.1	0.6	1.1	0.7	1.25
<b>Total</b>	<b>6.8</b>	<b>4.1</b>	<b>13.7</b>	<b>6.8</b>	<b>15.0</b>

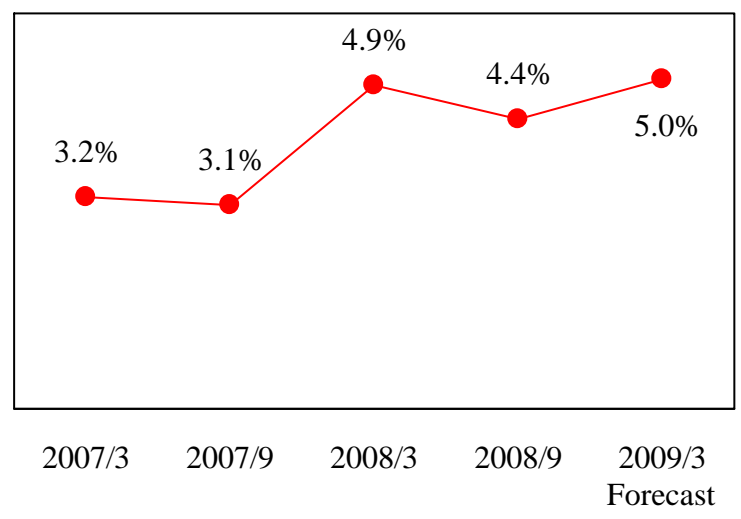
Segment	Forecast	2008/9	Difference
EPC	6.0	5.7	(0.3)
IT	0.3	0.4	+0.1
Real estate	0.7	0.7	0.0
<b>Total</b>	<b>7.0</b>	<b>6.8</b>	<b>(0.2)</b>

# Ordinary income

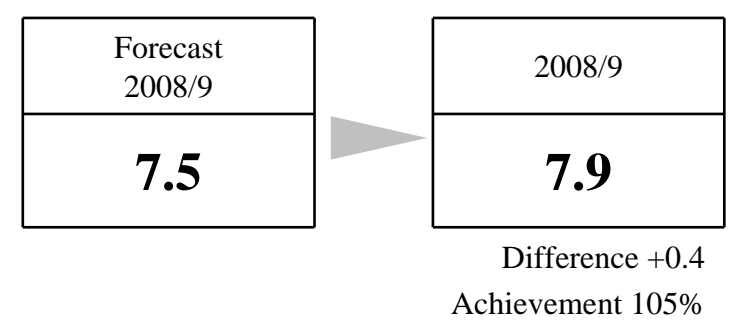
< Billion yen >



## Ordinary income rate

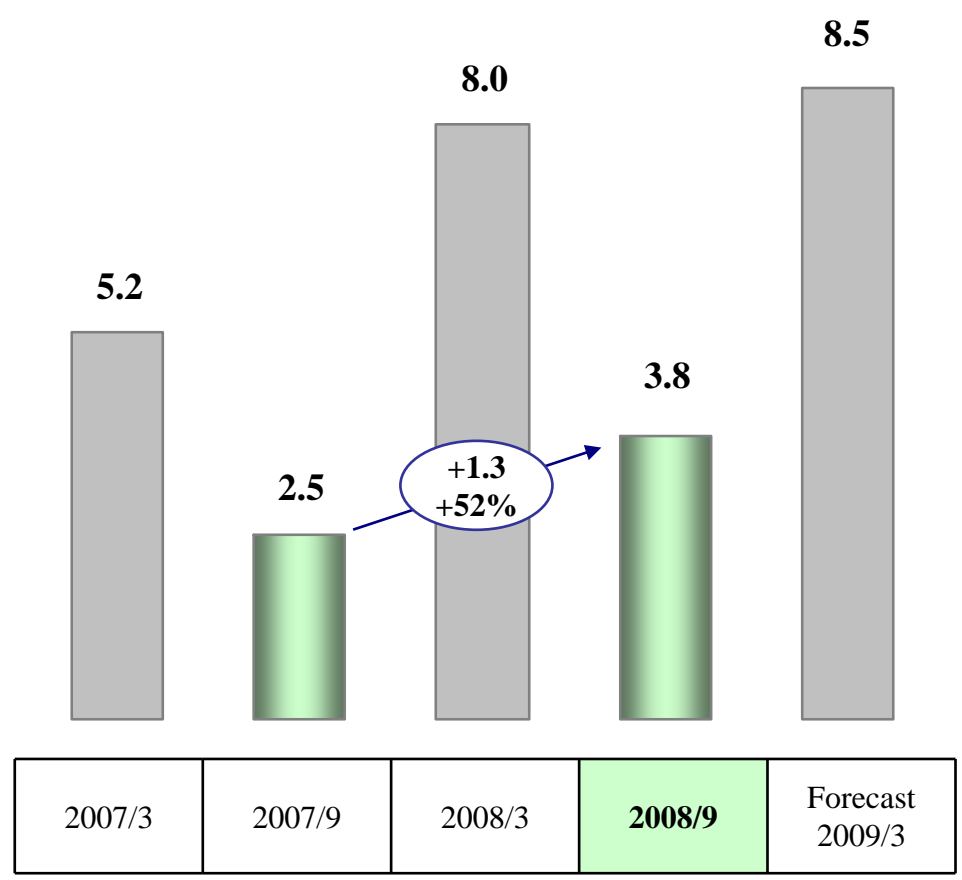


## Compared with forecast

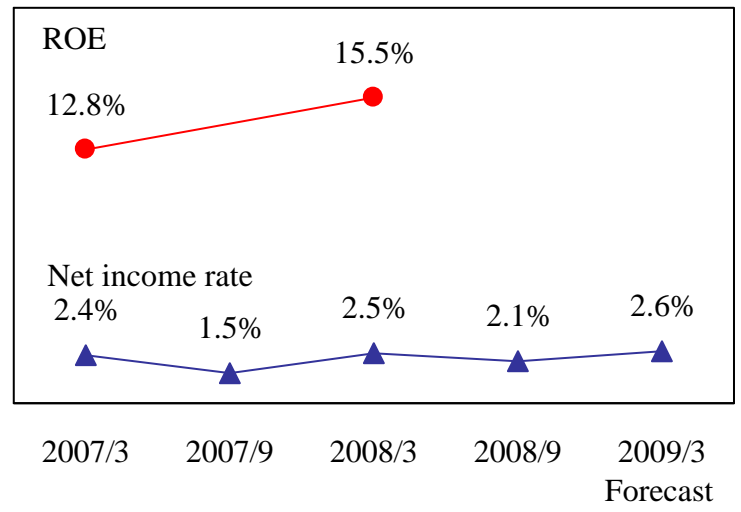


# Net income

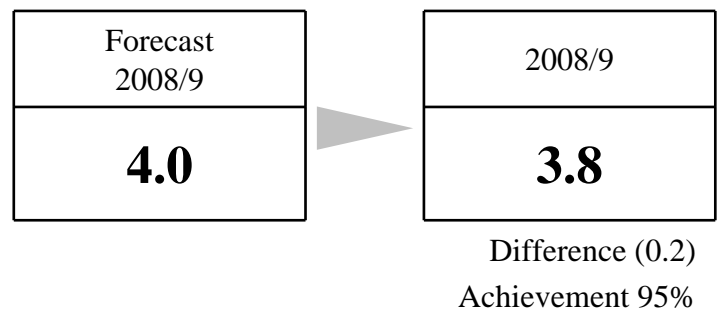
< Billion yen >



## Net income rate & Return on Equity (ROE)



## Compared with forecast



# Balance sheet

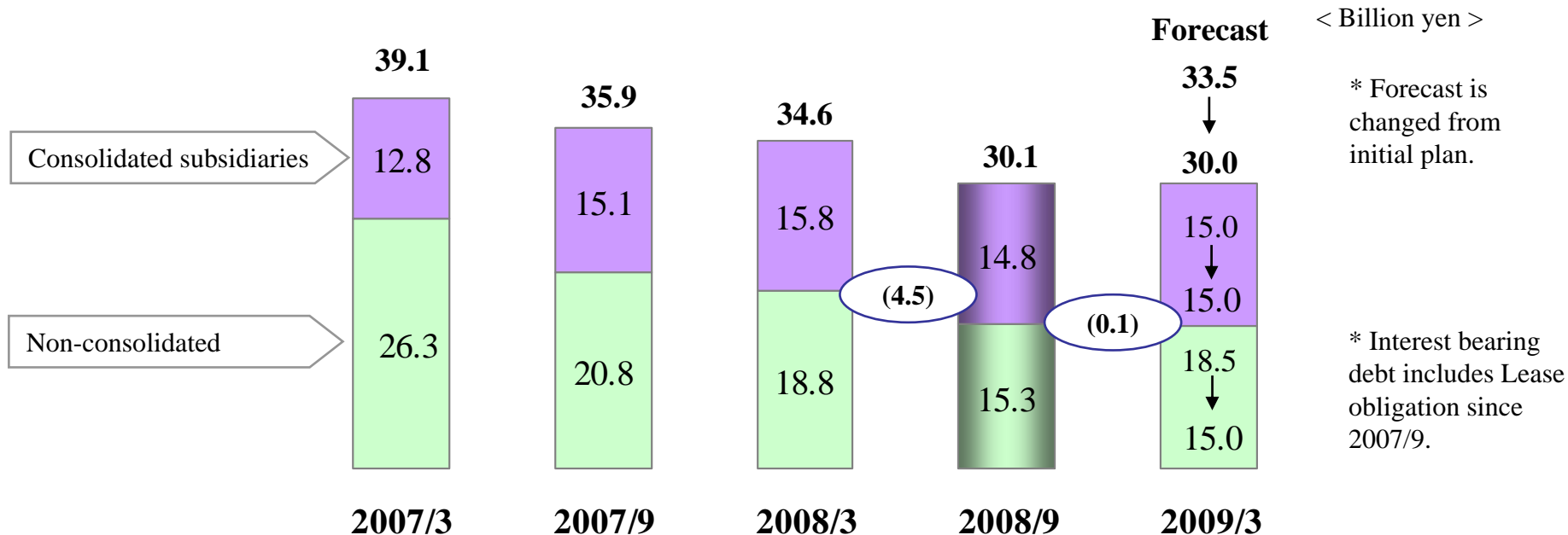
< Billion yen >

Assets	2008/3	2008/9	Difference
<b>Current assets</b>	<b>226.2</b>	<b>188.0</b>	<b>(38.2)</b>
Cash and deposits	34.3	34.9	0.6
Marketable securities	52.9	38.9	(14.0)
Other current assets	37.6	34.5	(3.1)
<Operating assets>			
Notes and account receivable	36.3	34.1	(2.2)
Contract work in progress	65.0	45.4	(19.6)
<b>Fixed assets</b>	<b>53.8</b>	<b>54.1</b>	<b>0.3</b>
Property, plant and equipment	36.9	35.7	(1.2)
Intangible assets	1.9	2.0	0.1
Investments and assets	14.9	16.3	1.4
<b>Total assets</b>	<b>280.1</b>	<b>242.1</b>	<b>(38.0)</b>

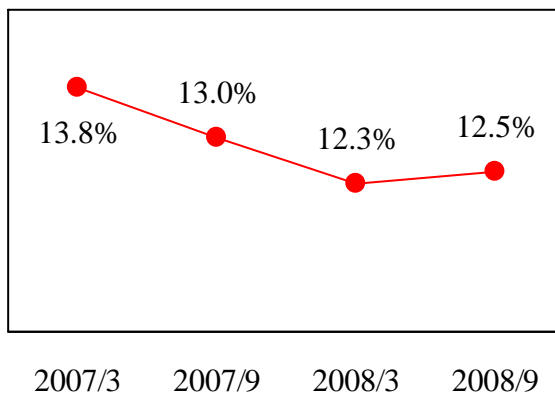
Liabilities and net assets	2008/3	2008/9	Difference
<b>Current liabilities</b>	<b>191.7</b>	<b>152.4</b>	<b>(39.3)</b>
Short-term interest bearing debt	9.8	5.8	(4.0)
Other current liabilities	13.5	16.3	2.8
<Operating liabilities>			
Notes and account payable	42.2	40.3	(1.9)
Advance and other receipts	126.1	90.0	(36.1)
<b>Long-term liabilities</b>	<b>31.0</b>	<b>30.5</b>	<b>(0.5)</b>
Long-term interest bearing debt	24.7	24.3	(0.4)
Other long-term liabilities	6.2	6.2	(0.0)
<b>Net assets</b>	<b>57.3</b>	<b>59.1</b>	<b>1.8</b>
Shareholder's equity	53.1	56.1	3.0
Valuation and translation adjustments	1.4	0.2	(1.2)
Minority interests	2.7	2.7	(0.0)
<b>Total liabilities and net assets</b>	<b>280.1</b>	<b>242.1</b>	<b>(38.0)</b>

Equity ratio	19.5%	23.3%	+3.8%
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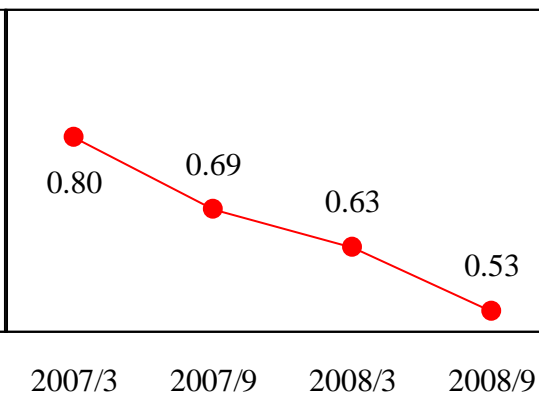
# Interest bearing debt balance



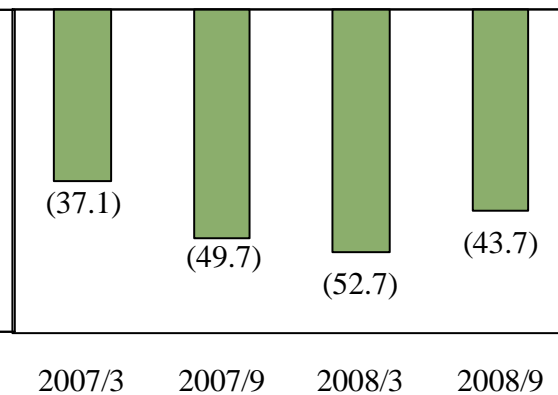
Interest bearing debt ratio (%)



Debt equity ratio (times)



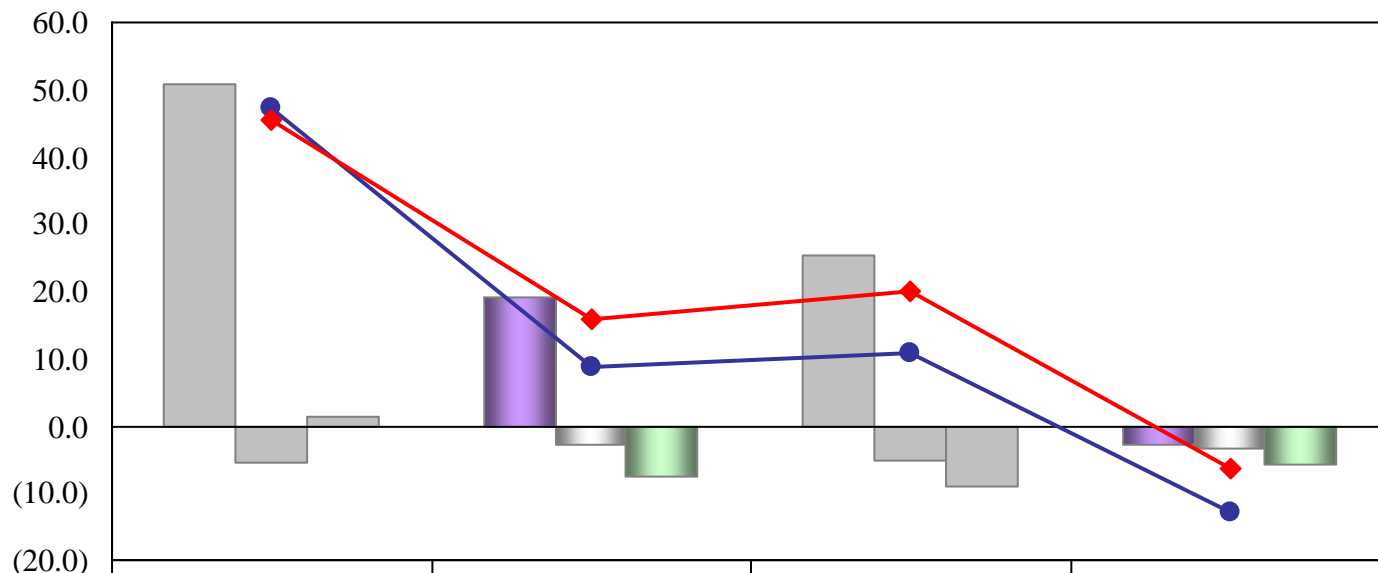
Net debt (billion yen)



# Cash flows

## Cash flows

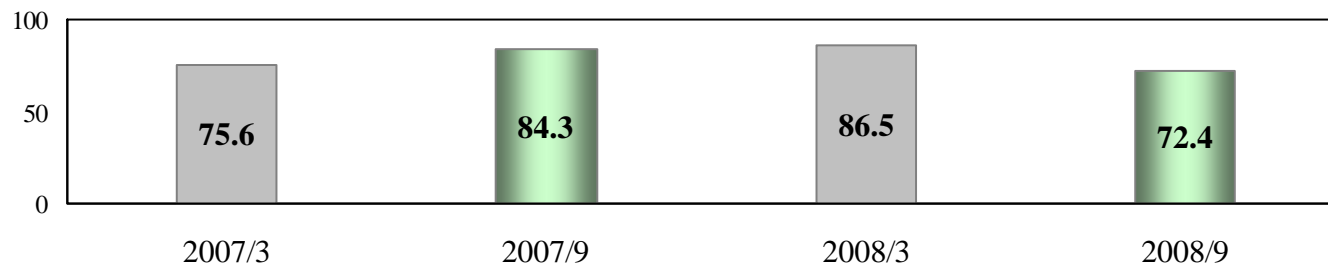
< Billion yen >



	FY2006 (2006/4 - 2007/3)	2007/4 - 9	FY2007 (2007/4 - 2008/3)	2008/4 - 9
Operating activities	50.9	19.0	25.2	(2.8)
Investing activities	(5.4)	(2.9)	(5.2)	(3.5)
Financing activities	1.4	(7.5)	(9.0)	(5.8)
Net increase (decrease) in cash	47.3	8.6	10.8	(12.8)
Free cash flow	45.5	16.0	20.0	(6.4)

## Cash, end of the fiscal

< Billion yen >

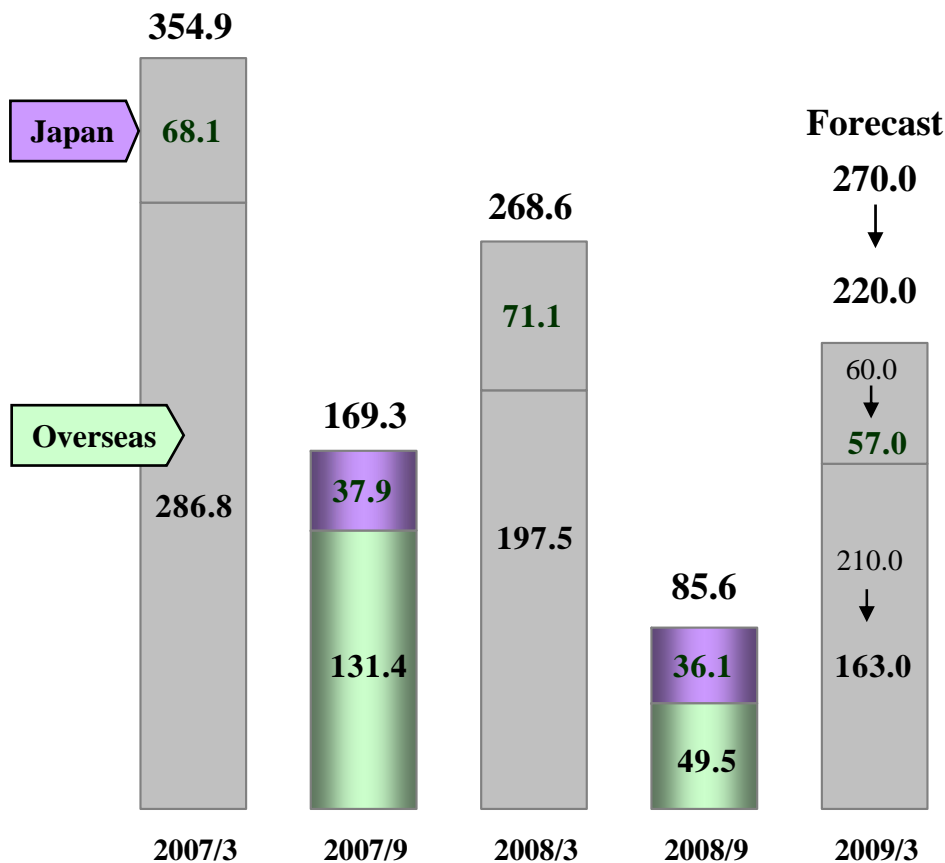


# New orders

- Reached 32% of initial forecast for FY2007 (270 billion yen).
- Forecast is changed from initial plan. ( 270 → 220 billion yen)

## New orders : 85.6 billion yen

< Billion yen >



### Breakdown by contract price

- Over 10 billion yen    Chemical fertilizer, VENEZUELA
- Over 5 billion yen    Energy-related, JAPAN  
Oil refinery, BRAZIL
- Over 2 billion yen    Petrochemical, JAPAN  
Energy-related, AFRICA  
Petrochemical, RUSSIA  
Energy-related, RUSSIA  
General manufacturing facility, CHINA

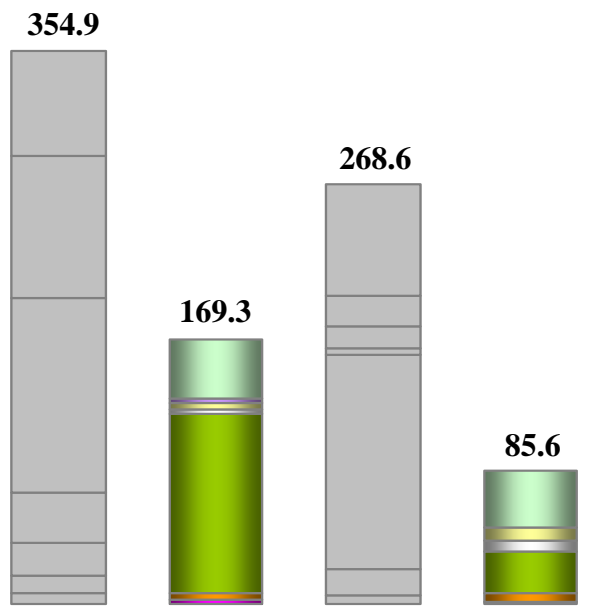
### Breakdown by consolidated companies

- Toyo Engineering Corp.    63.5 billion yen
- Japanese subsidiaries    12.3 billion yen
- Overseas subsidiaries    9.8 billion yen

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

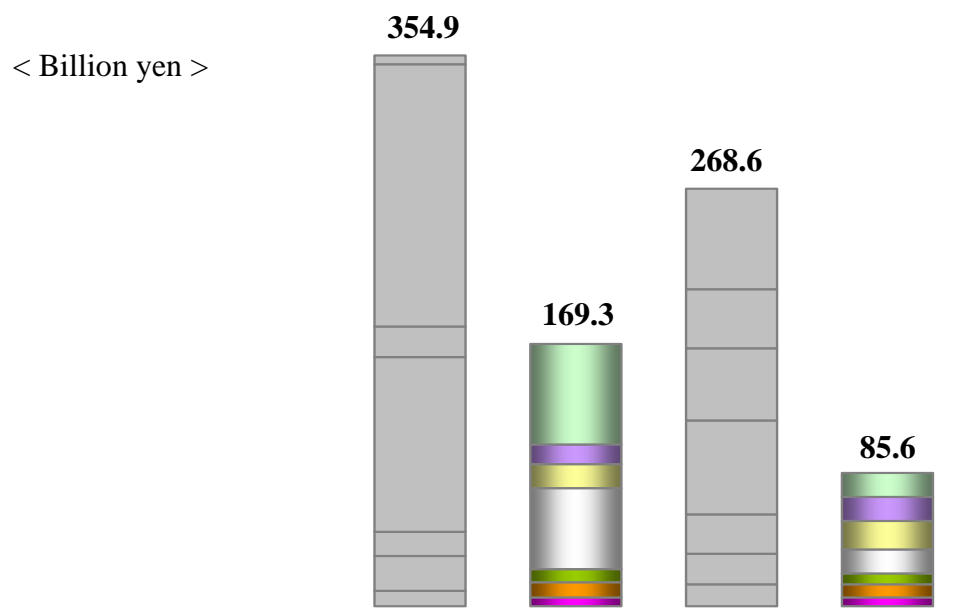
# New orders

## Breakdown by region



	2007/3	2007/9	2008/3	2008/9
Japan	68.1	37.9	71.1	36.1
Southeast Asia	89.9	2.3	19.8	1.1
Southwest Asia, Middle East, Africa	124.8	4.7	14.2	8.3
Russia, Central Asia	32.9	2.2	3.0	6.7
Central and South America	21.0	115.4	138.0	26.5
China	11.1	4.3	17.5	5.6
Others	7.1	2.5	5.0	1.3
<b>Total</b>	<b>354.9</b>	<b>169.3</b>	<b>268.6</b>	<b>85.6</b>

## Breakdown by segment details

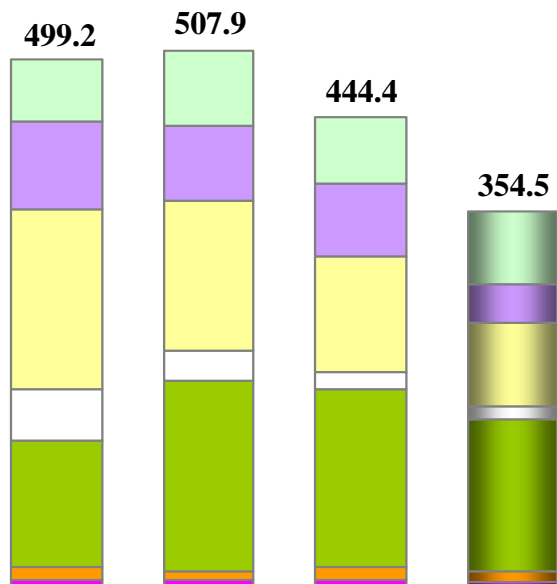


	2007/3	2007/9	2008/3	2008/9
Chemical fertilizers	6.0	64.5	64.7	15.9
Petrochemicals	168.9	13.2	38.4	14.6
Oil refinery	19.4	15.2	45.8	18.4
Energy-related	112.7	52.7	60.0	15.3
General manufacturing facilities	15.5	8.3	26.3	7.8
IT	22.0	9.1	19.4	8.4
Others	10.4	6.3	14.0	5.2
<b>Total</b>	<b>354.9</b>	<b>169.3</b>	<b>268.6</b>	<b>85.6</b>



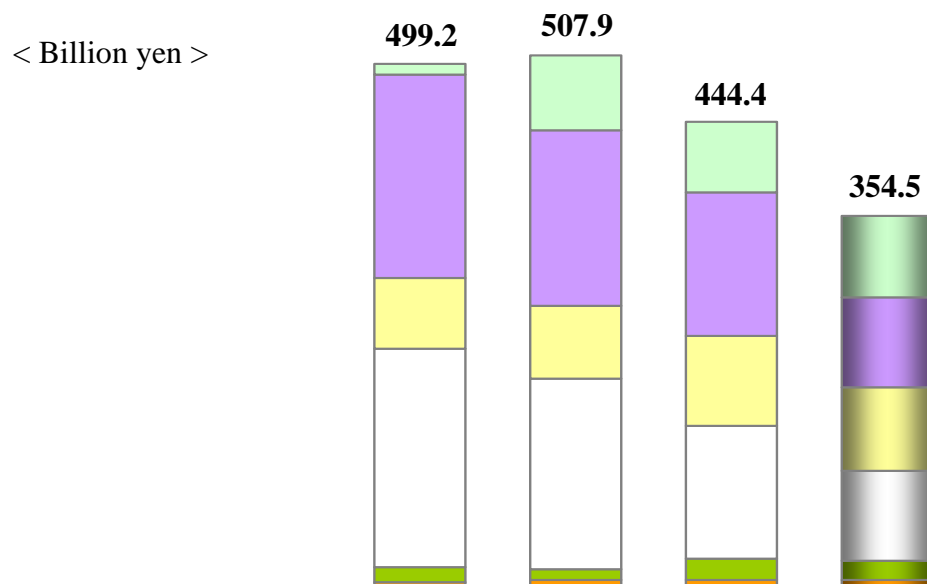
# Backlog of contracts

## Breakdown by region



	2007/3	2007/9	2008/3	2008/9
Japan	59.5	71.0	63.5	67.5
Southeast Asia	82.7	72.3	67.6	37.3
Southwest Asia, Middle East, Africa	171.0	140.7	110.9	78.6
Russia, Central Asia	48.9	29.2	16.4	12.7
Central and South America	118.2	181.0	168.2	143.6
China	12.4	7.1	12.6	11.1
Others	6.5	6.6	5.2	3.7
<b>Total</b>	<b>499.2</b>	<b>507.9</b>	<b>444.4</b>	<b>354.5</b>

## Breakdown by segment details



	2007/3	2007/9	2008/3	2008/9
Chemical fertilizers	9.7	71.2	67.6	77.1
Petrochemicals	194.2	168.6	136.7	85.5
Oil refinery	67.6	69.3	84.9	80.0
Energy-related	206.8	179.8	125.9	85.8
General manufacturing facilities	15.2	11.0	21.3	18.1
IT	4.2	6.2	5.5	5.6
Others	1.4	1.8	2.5	2.4
<b>Total</b>	<b>499.2</b>	<b>507.9</b>	<b>444.4</b>	<b>354.5</b>

# Forecast



< Billion yen >

	FY2007 2008/3	Forecast for FY2008 2009/3	
		Initial plan	New plan
<b>Net sales</b>	<b>327.4</b>	<b>320.0</b>	<b>330.0</b>
<b>Gross profit</b>	<b>34.4</b>	<b>34.0</b>	<b>35.0</b>
Gross profit rate	10.5%	10.6%	10.6%
<b>Operating income</b>	<b>13.7</b>	<b>15.5</b>	<b>15.0</b>
Operating income rate	4.2%	4.8%	4.5%
<b>Ordinary income</b>	<b>16.0</b>	<b>16.0</b>	<b>16.5</b>
<b>Net income</b>	<b>8.0</b>	<b>8.5</b>	<b>8.5</b>
<b>New orders</b>	<b>268.6</b>	<b>270.0</b>	<b>220.0</b>
<b>Dividends per share (yen) (Non-consolidated)</b>	<b>¥6.0</b>	<b>¥7.0</b>	<b>¥7.0</b>

## Forecast for breakdowns by segment

Net sales	Initial plan	New plan
EPC	298.5	311.6
IT	17.5	14.5
Real estate	4.0	3.9
<b>Total</b>	<b>320.0</b>	<b>330.0</b>

Operating income	Initial plan	New plan
EPC	13.0	12.9
IT	1.2	0.85
Real estate	1.3	1.25
<b>Total</b>	<b>15.5</b>	<b>15.0</b>

Exchange rate for Forecast 1US\$= ¥95.00

# - Reference - Subsidiaries information

## Consolidated Subsidiaries / Equity method affiliates

		Business fields	Capital	Share	2008/9 Net sales
			Billion yen	%	Billion yen
<b>Consolidated subsidiaries</b>					
Japan	Toyo Business Engineering Corporation	IT	0.7	51	6.9
Japan	TEC Estate, Ltd.	Real Estate	6.0	100	1.4
Japan	Suntec Corporation	Real Estate	0.5	100	1.0
Korea	Toyo Engineering Korea Ltd.	EPC	0.5	81	10.9
India	Toyo Engineering India Ltd.	EPC	0.3	74	7.1
<b>Equity method affiliates</b>					
Thailand	Toyo-Thai Corporation Public Company Ltd.	EPC	1.2	39	16.6

## Results of major subsidiaries and affiliates

	<Companies>			
	2007/3	2007/9	2008/3	2008/9
Consolidated subsidiaries	14	14	14	12
Equity method affiliates	1	1	1	2
<b>Total</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>14</b>
Japan	7	7	7	8
Overseas	8	8	8	6
<b>Total</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>14</b>

# - Reference - Historical data

		2007/3	2007/9	2008/3	2008/9	2009/3 Forecast
Net sales	Billion yen	223.8	166.6	327.4	179.3	330.0
Gross profit	Billion yen	22.2	13.9	34.4	18.5	35.0
Gross profit margin	%	9.9%	8.4%	10.5%	10.4%	10.6%
Operating income	Billion yen	6.8	4.1	13.7	6.8	15.0
Operating income margin	%	3.1%	2.5%	4.2%	3.8%	4.5%
Ordinary income	Billion yen	7.2	5.1	16.0	7.9	16.5
Net income	Billion yen	5.2	2.5	8.0	3.8	8.5
Interest bearing debt	Billion yen	39.1	35.9	34.6	30.1	30.0
Interest bearing debt ratio	%	13.8%	13.0%	12.3%	12.5%	
Net debt	Billion yen	(37.1)	(49.7)	(52.7)	(43.7)	
Debt equity ratio	times	0.80	0.69	0.63	0.53	
Equity ratio	%	17.4%	18.8%	19.5%	23.3%	
Operating activities CF	Billion yen	50.9	19.0	25.2	(2.8)	
Investment activities CF	Billion yen	(5.4)	(2.9)	(5.2)	(3.5)	
Finance activities CF	Billion yen	1.4	(7.5)	(9.0)	(5.8)	
New orders	Billion yen	354.9	169.3	268.6	85.6	220.0
Backlog of contracts	Billion yen	499.2	507.9	444.4	354.5	338.3
Dividends per share (Non-consolidated)	yen	(Annual) 3.0	-	(Annual) 6.0	(2Qend) 3.0	(Annual) 7.0



**For further questions on this material, please contact ;**

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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.