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Fiscal 2002 (Year ended March 31, 2003)

OUTLINE OF FINANCIAL RESULTS

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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.

Performance summary

Previous target for FY2002

- Increase net sales and maintain positive income balance.
- Achieve positive income balance, without recourse to sales of assets.
- Continue to reduce interest bearing debt.
- Strategic marketing, focusing on profitability.

Results in FY2002

- ✓ *Much improved net sales and operating income compared with FY2001.*
- ✓ *Operation profit margin reached 3.1% (1.2points up from FY2001)*
- ✓ *Achieved 10 billion yen reduction of Interest bearing debt as per initial plan.*
- ✓ *Over 195 billion yen of new orders. (64 billion yen up from FY2001)*
- ✓ *Slightly negative net income due to unexpected valuation loss on investment securities.*
- ✓ *Expected resumption of dividend could not be realized in FY2002.*

Summary of operation

[Billions of yen]

	FY2001 (Mar. 2002)	FY2002 (Mar. 2003)	Difference	Expectation (As of Nov. 2002)	Difference
Consolidated					
Net sales	158.9	179.1	20.2	185.0	(5.9)
Operating income	2.9	5.4	2.5	5.0	0.4
Ordinary income	3.7	2.5	(1.2)	2.0	0.5
Net income	(1.0)	(0.9)	0.1	0.5	(1.4)
Non-consolidated					
Net sales	137.5	149.2	11.7	165.0	(15.8)
Operating income	1.4	3.1	1.7	3.5	(0.4)
Ordinary income	2.2	1.2	(1.0)	1.5	(0.3)
Net income	(1.1)	(1.0)	0.1	0.5	(1.5)

Expected resumption of dividend could not be realized in FY2002.

Premised exchange rate in FY2002 : 1US\$=¥120.00

Income statement (Consolidated)

[Billions of yen]

	FY2001 (Mar.2002)	FY2002 (Mar. 2003)	Difference	Expectation for FY2002 (as of Nov.2002)	Difference
Net sales	158.9	179.1	20.2	185.0	(5.9)
Cost of sales	144.5	161.8	(17.3)		
Gross profit	14.4	17.2	2.8		
Gross profit margin	9.1%	9.7%	0.6%		
Selling, general and administrative expenses	11.5	11.8	(0.3)		
Operating income	2.9	5.4	2.5	5.0	0.4
Operating profit margin	1.9%	3.1%	1.2%		
Non-operating income	4.6	2.2	(2.4)		
Non-operating expenses	3.8	5.1	(1.3)		
Total non-operating income	0.8	(2.8)	(3.6)		
Ordinary income	3.7	2.5	(1.2)	2.0	0.5
Ordinary profit margin	2.4%	1.4%	(1.0%)		
Extraordinary gain		0.3	0.3		
Extraordinary loss	5.1	2.2	2.9		
Total extraordinary gain and loss	(5.1)	(1.9)	3.2		
Income before income taxes and minority interests	(1.4)	0.6	2.0		
Current income taxes	0.5	1.2	(0.7)		
Deferred income taxes	(1.0)	(0.0)	(1.0)		
Minority interests	0.1	0.3	(0.2)		
Net income	(1.0)	(0.9)	0.1	0.5	(1.4)
Profit margin	(0.7%)	(0.5%)	0.2%		

* ~ : See 6 page

2 Income statement (Remarks)

Compare with FY2001

Revenue increased by 20.2 billion yen, 12.7% up compared with FY2001.

Increase of 17.2 billion yen (12.7% up) in plant segment. Increase of 2.8 billion yen (23% up) in IT segment.

Operating profit margin improved by 1.2 points and reached 3.1%.

Main contributions are 1) improvement of gross profit margin (0.6 points) and 2) decline of SGA ratio due to increased revenue.

Amount of interest payable decreased due to cutback of interest bearing debt amounting to 10.4 billion yen.

However, non-operating income, as a whole, resulted negative figures due to foreign exchange loss (1.54 billion yen of foreign exchange profit in FY2001 vs. 2.75 billion yen of foreign exchange loss in FY2002).

Ordinary income dropped by 1.2 billion yen compared with FY2001 due to foreign exchange loss mentioned in above.

2.3 billion yen contribution related to doubtful receivables. (2 billion yen loss in FY2001 vs. 0.3 billion yen of reserve back in FY2002)

0.7 billion yen contribution related to smaller valuation loss on investment securities. (2 billion yen of the same in FY2001 vs. 1.3 billion in FY2002)

Improvement in net loss is limited only 0.1 billion yen due to 1.7 billion yen increase of tax related expenditure including business tax of 0.3 billion yen and incremental tax burden on increased profit of overseas subsidiaries.

Compare with expectation for FY2002

Consolidated subsidiaries income (0.8 billion yen) greatly contributed to setting off 0.3 billion yen decrease of non-consolidated ordinary income due to revenue decrease.

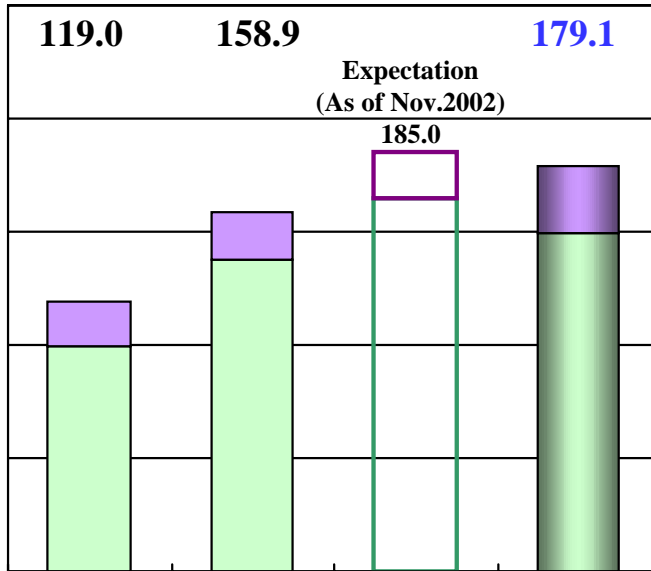
Valuation loss on investment securities (1.3 billion yen) and tax expenditure on the increased consolidated subsidiaries profit and increase of minority interest (0.6 billion yen) made final result in net loss.

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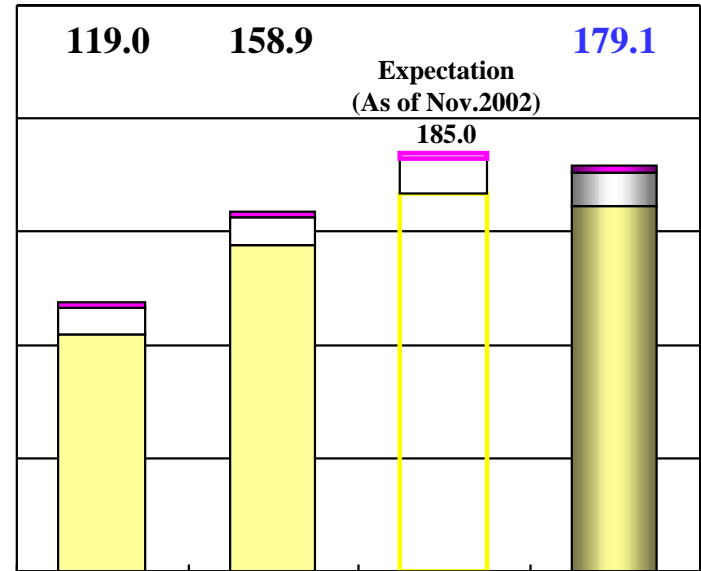
Net sales

[Billions of yen]

➤ Net Sales is in an up trend.



Segment-wise



	FY2000 (Mar. 2001)	FY2001 (Mar. 2002)	FY2002 (Mar.2003)	
			Expectation	Results
Consolidated	119.0	158.9	185.0	179.1
Non-consolidated	99.6	137.5	165.0	149.2

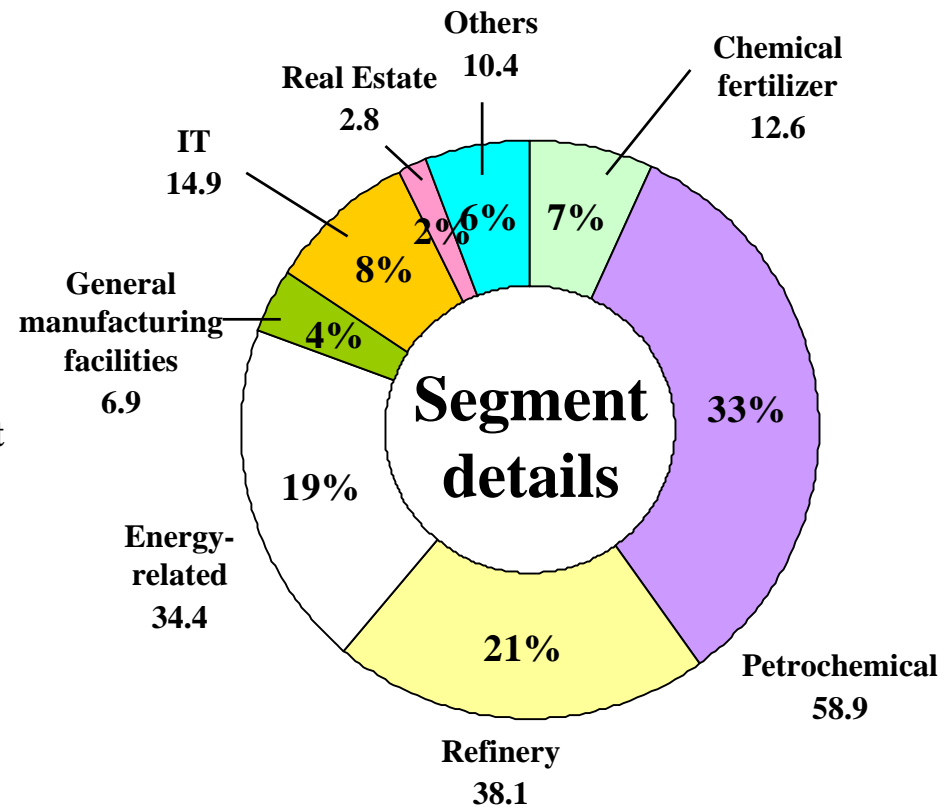
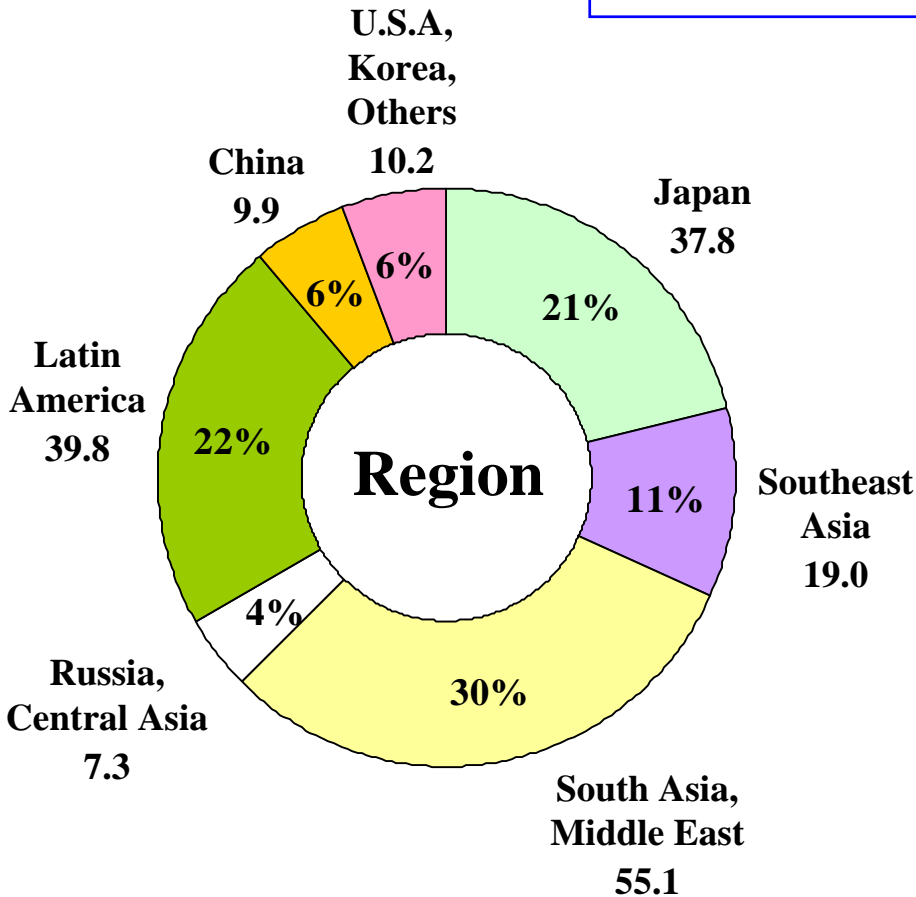
	FY2000 (Mar. 2001)	FY2001 (Mar. 2002)	FY2002 (Mar. 2003)	
			Expectation	Results
Real Estate	2.6	2.5	3.0	2.8
IT	11.7	12.1	15.0	14.9
Plant	104.6	144.2	167.0	161.4
Total	119.0	158.9	185.0	179.1

2

Net sales (Breakdowns by region and segment details)

[Billions of yen]

FY2002 (Mar.2003)
Net sales : 179.1 billion yen



Net sales (Major net sales)

[Billions of yen]

Major net sales (FY2002 (Mar.2003) : 179.1 billion yen)

Overseas

More than 10 billion yen	4 projects	Petrochemical, SAUDI ARABIA Oil refinery, BRAZIL Energy-related, BRAZIL Petrochemical, IRAN
More than 5 billion yen	2 projects	Petrochemical, CHINA Petrochemical, SINGAPORE
More than 2 billion yen	9 projects	Chemical fertilizer, IRAN Energy-related, INDIA Petrochemical, KOREA Other 6 projects

Japan

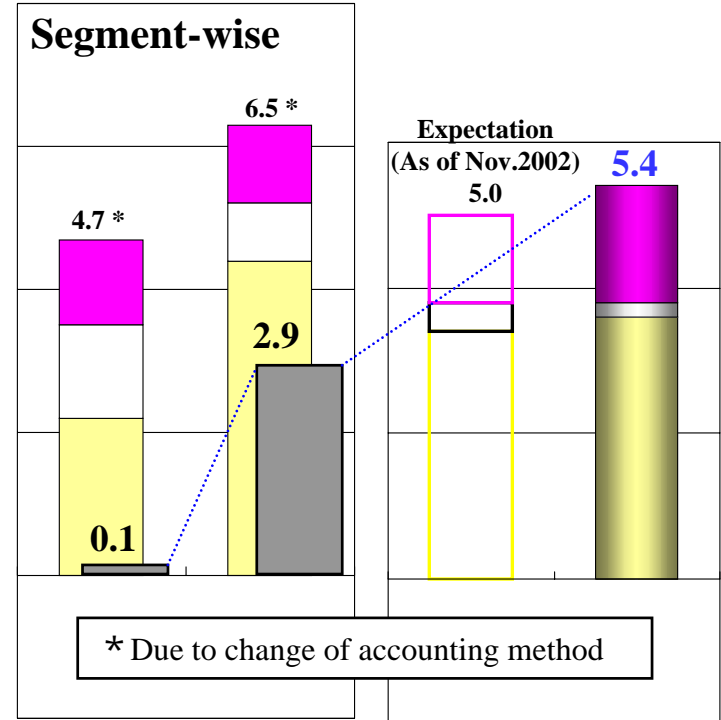
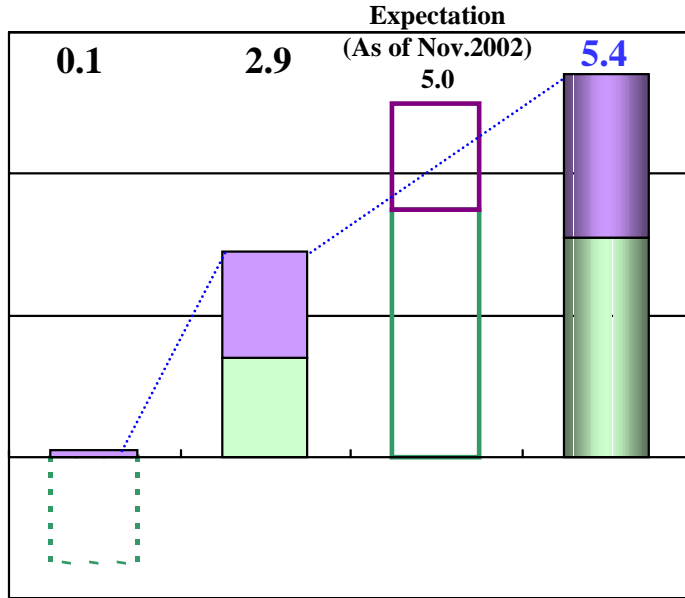
More than 0.5 billion yen	10 projects	General manufacturing facilities : 5 projects IT : 5 projects
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Operating income

[Billions of yen]

➤ Operating income is in an up trend.



	FY2000 (Mar. 2001)	FY2001 (Mar. 2002)	FY2002 (Mar. 2003)	
			Expectation	Results
Consolidated	0.1	2.9	5.0	5.4
Non-consolidated	(1.5)	1.4	3.5	3.1

	FY2000 (Mar. 2001)	FY2001 (Mar. 2002)
Real Estate	1.2	1.1
IT	1.3	0.8
Plant	2.2	4.4
Sub-Total	4.7	6.5
Indivisible cost *	4.6	3.5
Total	0.1	2.9

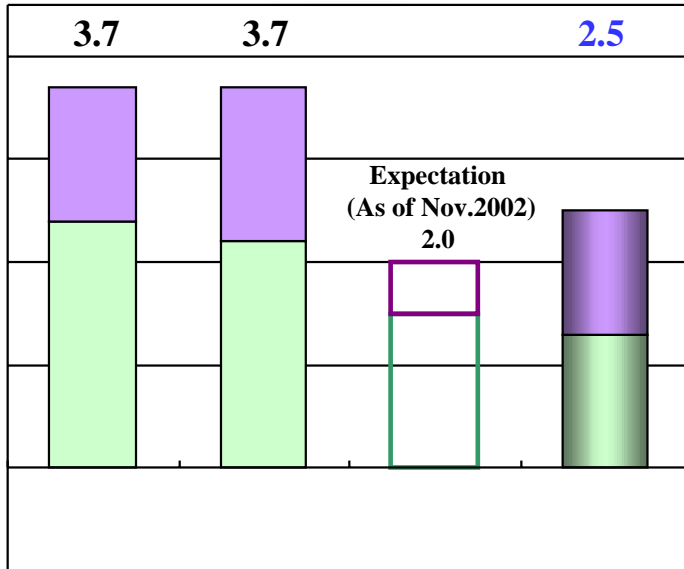
	FY2002 (Mar. 2003)	
	Expectation	Results
Real Estate	1.2	1.6
IT	0.4	0.2
Plant	3.4	3.6
Sub-Total	5.0	5.4

2

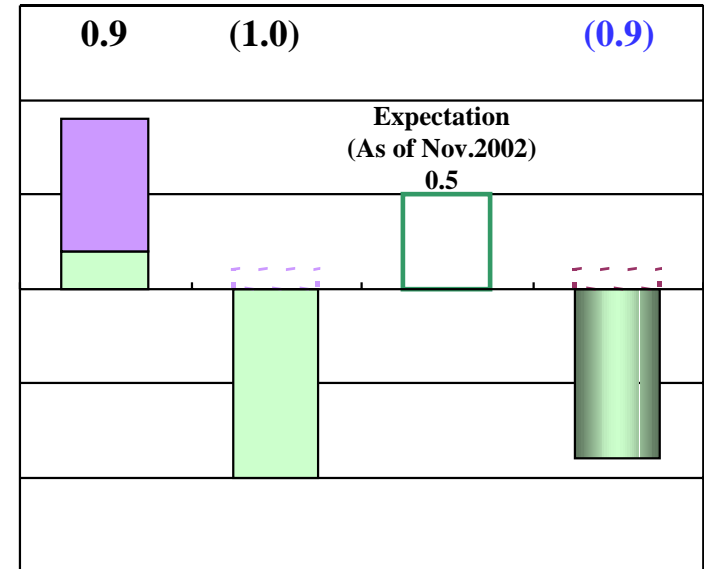
Ordinary & Net income

[Billions of yen]

Ordinary income



Net income



		FY2000 (Mar. 2001)	FY2001 (Mar. 2002)	FY2002 (Mar. 2003)	
				Expectation	Results
	Consolidated	3.7	3.7	2.0	2.5
	Non-consolidated	2.4	2.2	1.5	1.2

		FY2000 (Mar. 2001)	FY2001 (Mar. 2002)	FY2002 (Mar. 2003)	
				Expectation	Results
	Consolidated	0.9	(1.0)	0.5	(0.9)
	Non-consolidated	0.1	(1.1)	0.5	(1.0)

3 Balance sheet (Consolidated)

[Billions of yen]

	FY2001 (Mar.2002)	FY2002 (Mar. 2003)	Difference
Current assets	141.1	146.7	5.6
Cash	43.6	42.7	(0.8)
Notes and account receivable			
for projects with deferred payments	15.7	12.4	(3.3)
others	39.6	39.5	(0.1)
Marketable securities	0.5	0.0	(0.4)
Contract work in progress	31.8	41.8	9.9
Other current assets	9.7	10.1	0.4
Fixed assets	55.0	52.7	(2.3)
Property, plant and equipment, at cost	34.6	33.8	(0.8)
Intangible assets	1.1	1.2	0.1
Investments and assets	19.2	17.6	(1.6)
Total assets	196.1	199.4	3.3

	FY2001 (Mar.2002)	FY2002 (Mar. 2003)	Difference
Current liabilities	113.5	120.9	7.4
Notes and accounts payable	26.2	33.2	7.0
Short-term bank loans			
for projects with deferred payments	2.3	2.3	0.0
others	44.1	37.9	(6.2)
Advance and other receipts	33.7	38.8	5.1
Other current liabilities	7.1	8.5	1.4
Long-term liabilities	49.9	46.7	(3.1)
Long-term debt			
for projects with deferred payments	10.6	8.1	(2.5)
others	35.3	33.7	(1.6)
Other long-term liabilities	3.9	4.9	1.0
Minority interests	1.8	2.1	0.3
Common stock	13.0	13.0	0.0
Additional paid-in capital	15.5	15.5	0.0
Retained earnings	3.0	2.2	(0.8)
Net unrealized loss on securities	(0.2)	(0.5)	(0.3)
Foreign currency translation adjustments	(0.4)	(0.5)	(0.1)
Treasury stock	(0.0)	(0.0)	0.0
Total liabilities, minority interests and shareholders' equity	196.1	199.4	3.3

* ~ : See 13 page

Balance sheet (Remarks)

Cash & Bank deposit

Keeping high level cash position equals to 2.9 months of sales revenue equivalent amount.

(Appropriate level of cash position is envisaged between 1.5 months and 2 months of sales revenue equivalent amount.)

5.6 billion yen of improvement in operational cash flow. (21.7 billion yen at the end of FY2002 vs. 27.3 billion yen at the end of FY2001)

Main contributions;

- 1) Big increment of “advance and other receipts on uncompleted contracts” due to bullish new orders.
- 2) Good progress of debts collection.

[Reference] Operational cash definition

(“Notes and account receivable” plus “Contract work in progress”) minus (“Notes and account payable” plus “Advance and other receipts on uncompleted contracts”) = Operational cash amount

2.3 billion yen reduction in fixed asset comprising ;

- 0.7 billion yen of depreciation
- 1.3 billion yen of valuation loss on investment securities
- 0.3 billion yen of other investment valuation loss and others

10.4 billion yen reduction of interest bearing debts. (Outstanding balance : 92.5 billion yen at the end of FY2001 vs. 82.1 billion yen at the end of FY2002)

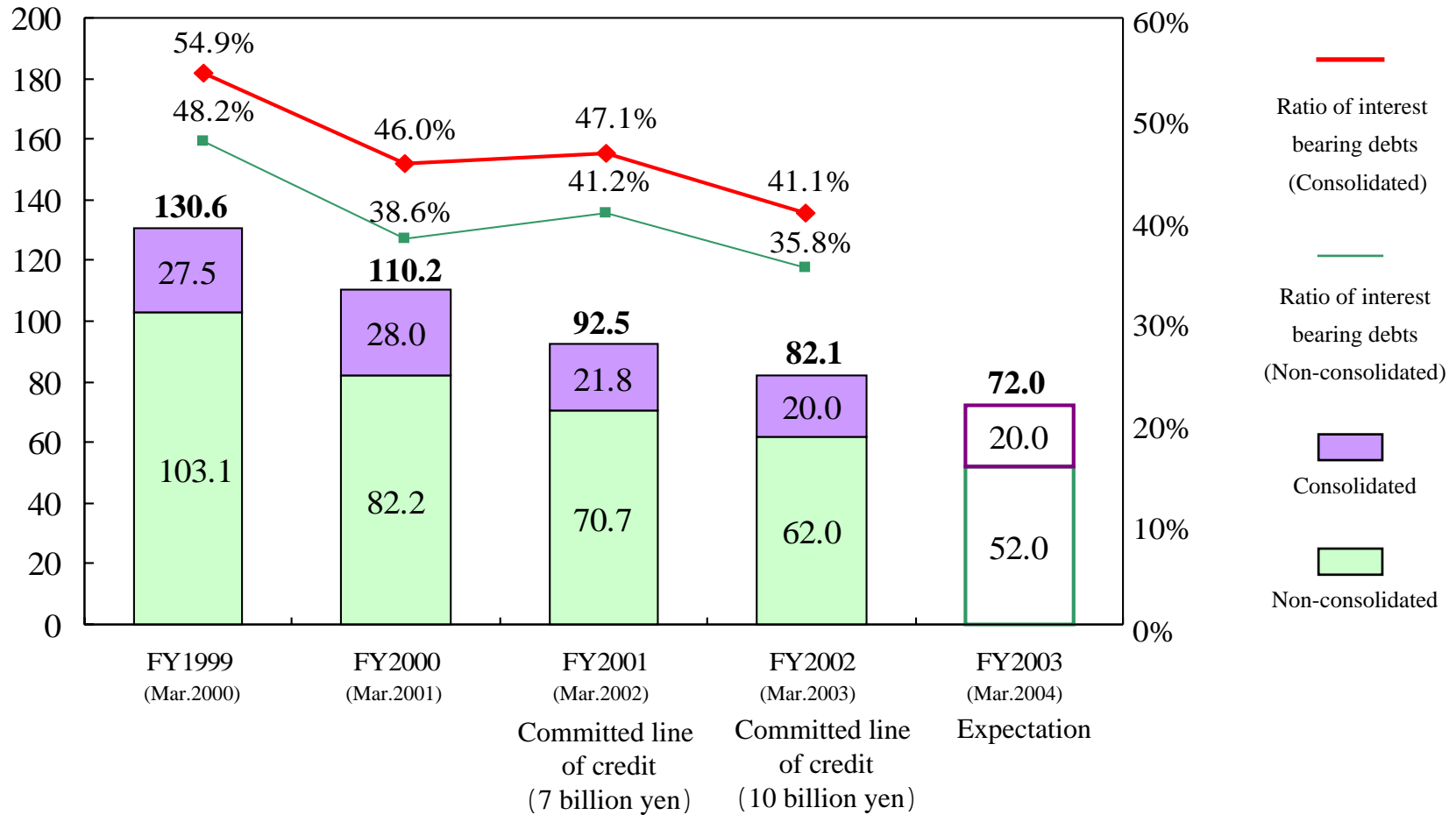
[Reference] Projects with deferred payments

It is a unique feature of TEC as an engineering contractor utilizing JBIC export credit facilities (Suppliers' credit). Most of the deferred payment amount are structurally covered by NEXI trade insurance and therefore are evaluated as a very low risk. Long term loans from JBIC and its co-financing banks under export credit structure are included in interest bearing debts. However, these loans have a different nature from other loans of commercial banks and financial institutions.

3

Interest bearing debts

[Billions of yen]



Reduced interest bearing debts by 10 billion yen more.

Continue to reduce interest bearing debts by 10 billion yen in FY2003.

Cash flows

[Billions of yen]

	1999.4.1 ~ 2000.3.31	2000.4.1 ~ 2001.3.31	2001.4.1 ~ 2002.3.31	2002.4.1 ~ 2003.3.31
. Cash flows by operating activities	4.1	6.0	5.7	8.8
. Cash flows by investing activities	7.2	7.4	(1.3)	(0.2)
. Cash flows by financing activities	(5.3)	(20.7)	(18.1)	(10.0)
. Others	(0.4)	0.3	0.3	(0.1)
Net increase or decrease in cash	5.5	(7.0)	(13.4)	(1.6)
Increase in cash and cash equivalents from newly consolidated subsidiaries	1.5	-	-	0.7
Cash, end of the fiscal year	63.9	56.9	43.4	42.5

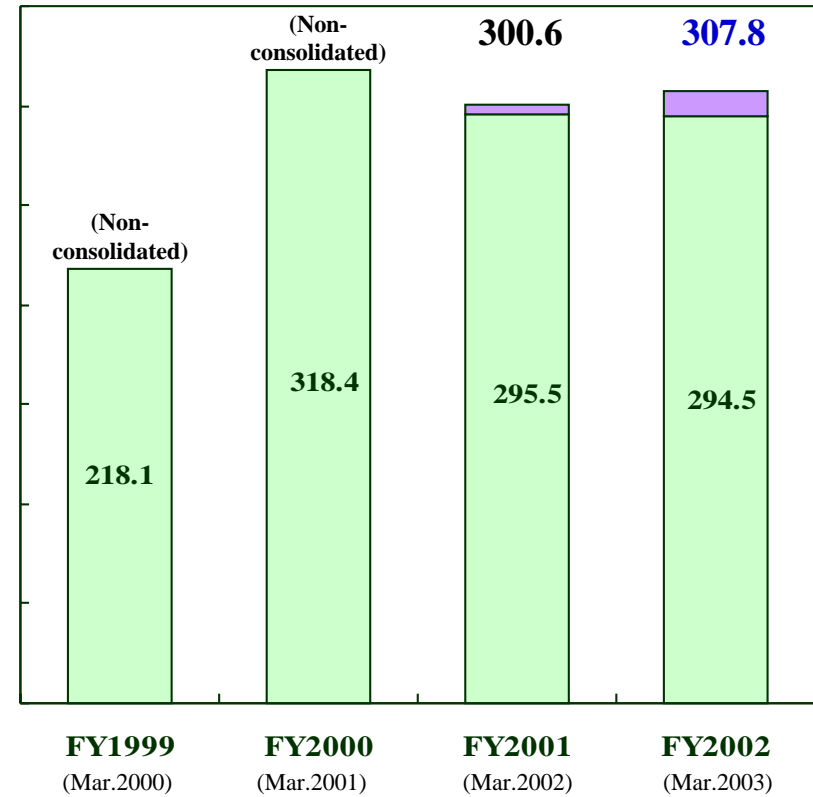
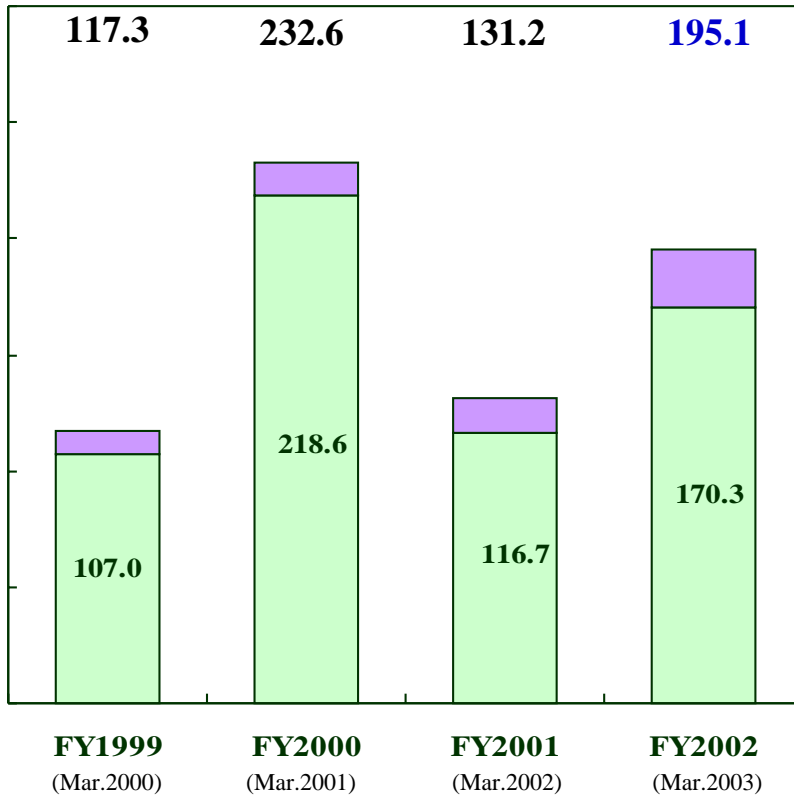
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New orders and backlog of contracts

[Billions of yen]

New orders

Backlog of contracts



 Consolidated

 Non-consolidated

5

Major new orders

【Billions of yen】

Contract price	Project outline (FY2002)
More than 20 billion yen	Energy-related, BRAZIL Petrochemical plant, SAUDI ARABIA Petrochemical plant, CHINA
More than 10 billion yen	Energy-related, BRAZIL Energy-related, RUSSIA
More than 5 billion yen	Oil refinery plant, INDONESIA
Others	Energy-related, IT, General facilities, etc
Total	195.1 billion yen

Notes :

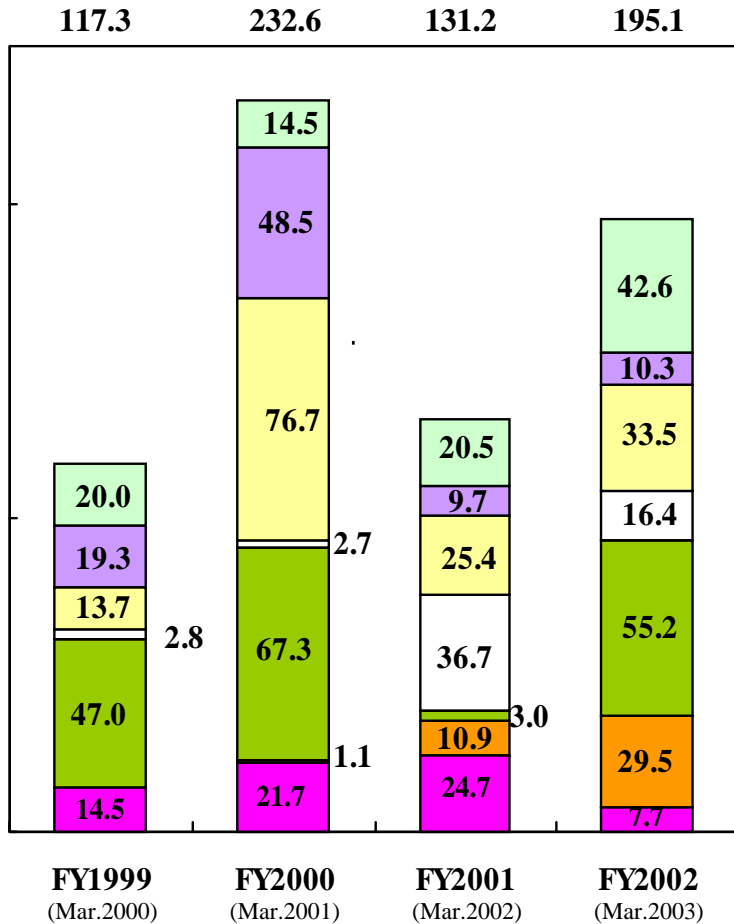
Toyo Engineering	169.7 billion yen
Domestic subsidiaries	18.4 billion yen
Overseas subsidiaries	7.0 billion yen
Total	195.1 billion yen

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

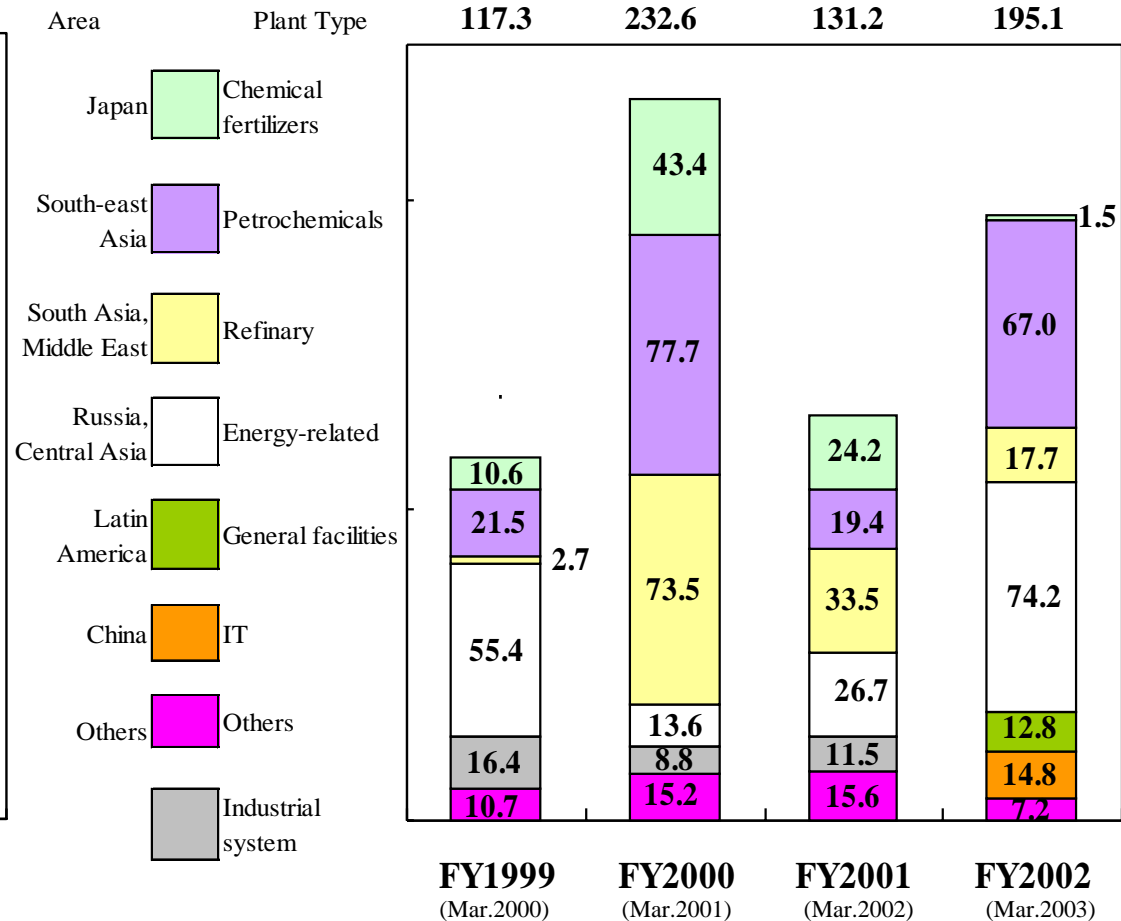
5 New orders (Breakdowns by region and segment details)

[Billions of yen]

Breakdowns by region



Breakdowns by segment details



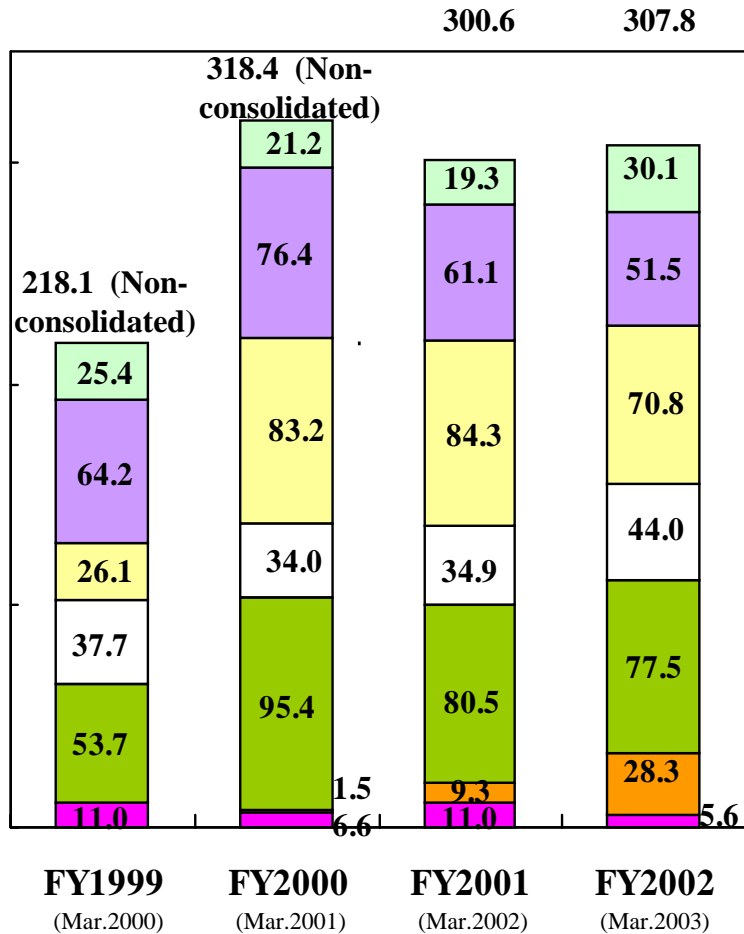
*The above does not include figures related in "Real estate segment".

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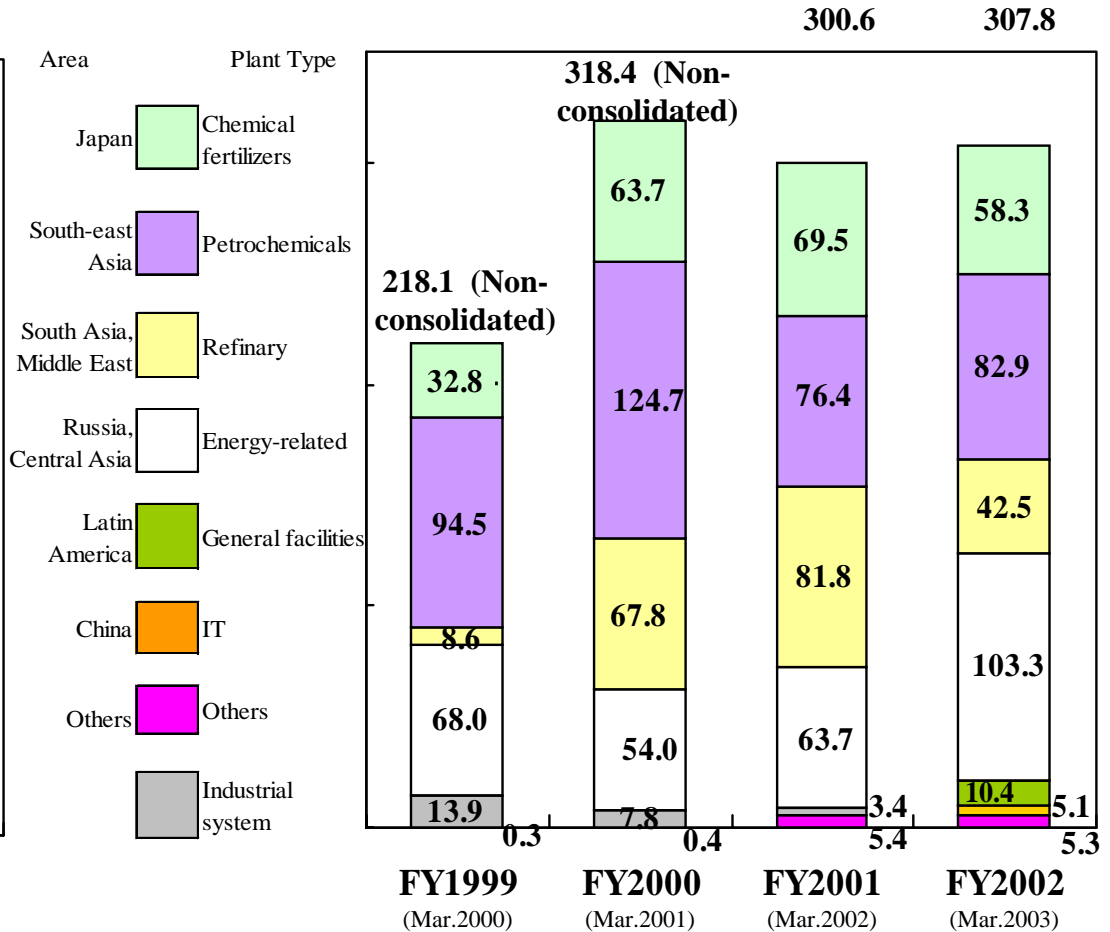
Backlog of contracts

[Billions of yen]

Breakdowns by region



Breakdowns by segment details



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

6

Forecast in figures

[Billions of yen]

Consolidated	FY2002 (Mar.2003)	Expectation for FY2003 (Mar.2004)		Notes
		Interim term	Entire term	
Net Sales	179.1	75.0	180.0	Stable income contribution by real estates business (TEC Estate, Ltd) and IT business (Toyo Business Engineering Corporation).
Operating Income	5.4	0.3	5.5	
Ordinary Income	2.5	0.0	4.0	
Net Income	(0.9)	0.0	2.0	
New Orders	195.1	-	220.0	
Non-consolidated				
Net Sales	149.2	65.0	150.0	Secure planned income by steady execution of projects in hand.
Operating Income	3.1	0.0	3.5	Further improvement of financial income / expenditure and constant execution of foreign currency risk hedging.
Ordinary Income	1.2	(0.5)	3.0	
Net Income	(1.0)	(0.5)	1.0	Counting 2 billion yen of corporate income tax and other taxes.
New Orders	170.3	-	200.0	
Annual dividends per share (yen)		-	¥5	

Premise exchange rate in FY2003 : 1US\$=¥115.00

Target to be achieved in FY2003

- *To clear net income target figure by securing operating income.*
- *To secure planned income level by steady execution of all projects in hand.*
- *New order with high profitability.*

(Target gross profit margin of 9.4% for consolidated basis and 7% for non-consolidated basis.)

Regional Market in focus : Brazil, China, Middle East

Business segment in focus : Energy-Related

- *Improvement of financial strength.*

(Continue to reduce interest bearing debts)