



First half of fiscal year 2006 (September 30, 2006)

OUTLINE OF INTERIM FINANCIAL RESULTS

 **TOYO ENGINEERING CORPORATION**

The logo for Toyo Engineering Corporation, featuring a stylized black and white symbol of a compass needle or a stylized 'T' inside a circle.

November 10, 2006

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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



- *Interim forecast of revenue and profit were almost cleared.*

Not revise FY2006 forecast of revenue and profit from initial forecast.

- *New orders received over 228 billion yen, beyond FY2006 initial target of 220 billion yen.*

- *TOYO became substantial non debt management.*

Debt equity ratio : 0.99 times

Financial summary

< Billion yen >

Sep.2005	Sep.2006	Difference	Forecast for Sep.2006 <small>(As of May.2006)</small>	Difference
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Consolidated

Net sales	86.8	79.8	(7.0)	80.0	(0.1)
Operating income	0.6	0.49	(0.1)	0.5	(0.0)
Ordinary income	0.4	0.6	+0.1	0.3	+0.3
Net income	0.2	0.2	+0.0	0.0	+0.2
New orders	91.3	228.0	+136.7	Reached over of target for FY2006 (220 billion yen)	

Non-consolidated

Net sales	73.0	64.8	(8.2)	65.0	(0.2)
Operating income	0.2	0.0	(0.2)	0.0	+0.0
Ordinary income	0.3	0.29	(0.0)	0.0	+0.2
Net income	0.1	0.2	+0.1	0.0	+0.2
New orders	80.2	211.6	+131.4	Reached over of target for FY2006 (185 billion yen)	
Dividends per share (yen)	¥0.0	¥0.0	±¥0.0	¥0.0	±¥0.0

Exchange rate for Forecast

1US\$ = ¥110.00

1EUR = ¥135.00

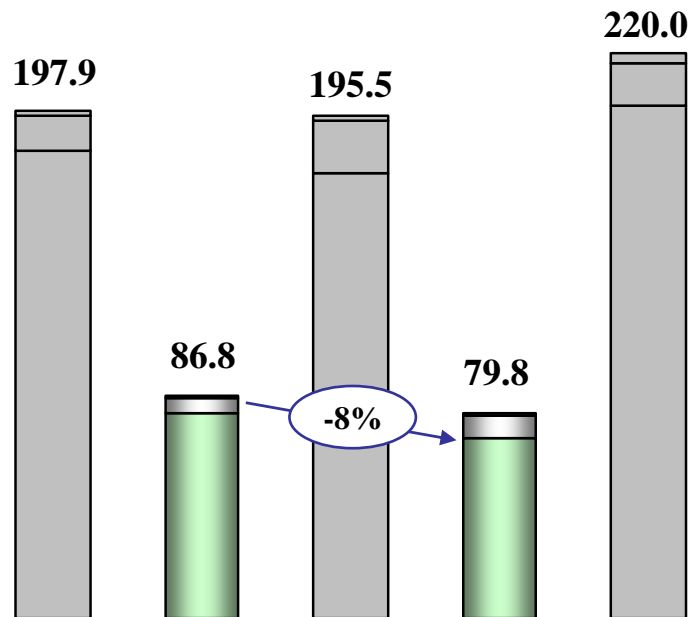
Income statement

< Billion yen >

Consolidated	Sep. 2005		Sep. 2006		Difference	Forecast for Sep.2006 (As of May.2006)	Difference
	Billions of yen	%	Billions of yen	%	Billions of yen		
Net sales	86.8	100.0	79.8	100.0	(7.0)	80.0	(0.1)
Cost of sales	78.8	90.8	72.5	90.9	6.2		
Gross profit	8.0	9.2	7.2	9.1	(0.7)		
Selling, general and administrative expenses	7.3	8.5	6.7	8.5	0.6		
Operating income	0.6	0.7	0.49	0.6	(0.1)	0.5	(0.0)
Non-operating income	0.6	0.8	1.0	1.3	0.3		
Non-operating expenses	0.7	0.9	0.8	1.1	(0.1)		
Total non-operating income and expenses	(0.1)		0.1		0.1		
Ordinary income	0.4	0.6	0.6	0.8	0.1	0.3	0.3
Extraordinary gain	0.3	0.4	0.3	0.4	0.0		
Extraordinary loss	0.3	0.4	0.0	0.1	0.2		
Total extraordinary gain and loss	0.0		0.2		0.2		
Income before income taxes and minority interests	0.5	0.6	0.9	1.1	0.4		
Current income taxes	0.2	0.3	0.3	0.4	(0.0)		
Deferred income taxes	0.1	0.1	0.3	0.5	(0.2)		
Minority interests	(0.0)	-0.1	(0.0)	-0.1	0.0		
Net income	0.2	0.3	0.2	0.3	0.0	0.0	0.2

Net sales

< Billion yen >



Compared with same period last year

Sep.2005		Sep.2006
86.8	▶	79.8
		(7.0)

Compared with forecast

Forecast for Sep.2006		Sep.2006
80.0	▶	79.8
		(0.1)

	Mar.2005	Sep.2005	Mar.2006	Sep.2006	Forecast for Mar.2007
EPC	182.2	79.6	173.3	70.2	199.0
IT	13.4	6.1	20.1	8.5	17.0
Real Estate	2.3	1.1	2.1	1.1	4.0
Total	197.9	86.8	195.5	79.8	220.0

Segment	Forecast	Sep.2006	Difference
EPC	72.1	70.2	(1.9)
IT	6.5	8.5	2.0
Real Estate	1.4	1.1	(0.2)
Total	80.0	79.8	(0.1)

<Reference>

Non-consolidated	175.6	73.0	161.9	64.8	185.0
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Net sales



Sep.2006 Net sales : 79.8 billion yen

Breakdown by region

Japan 31.8 40%		Southeast Asia ↓ 1.9 2%	Sauth Asia, Middle East and Africa 17.7 22%		Russia, Central Asia 16.9 21%		Central and Latin Americas ↓ 2.3 3%		China ↓ 4.0 5%		EU, Korea, Others ↓ 5.2 7%	
							Japan 31.8 billion yen 40%		Overseas 48.0 billion yen 60%			
Major contracts Over 2 billion yen Energy-related (2projects) Petrochemical				Major contracts Over 10 billion yen Energy-related, RUSSIA Over 5 billion yen Energy-related, IRAN Over 2 billion yen Petrochemical, SAUDI ARABIA General manufacturing facilities, CHINA Energy-related, AUSTRALIA								

Breakdown by segment details

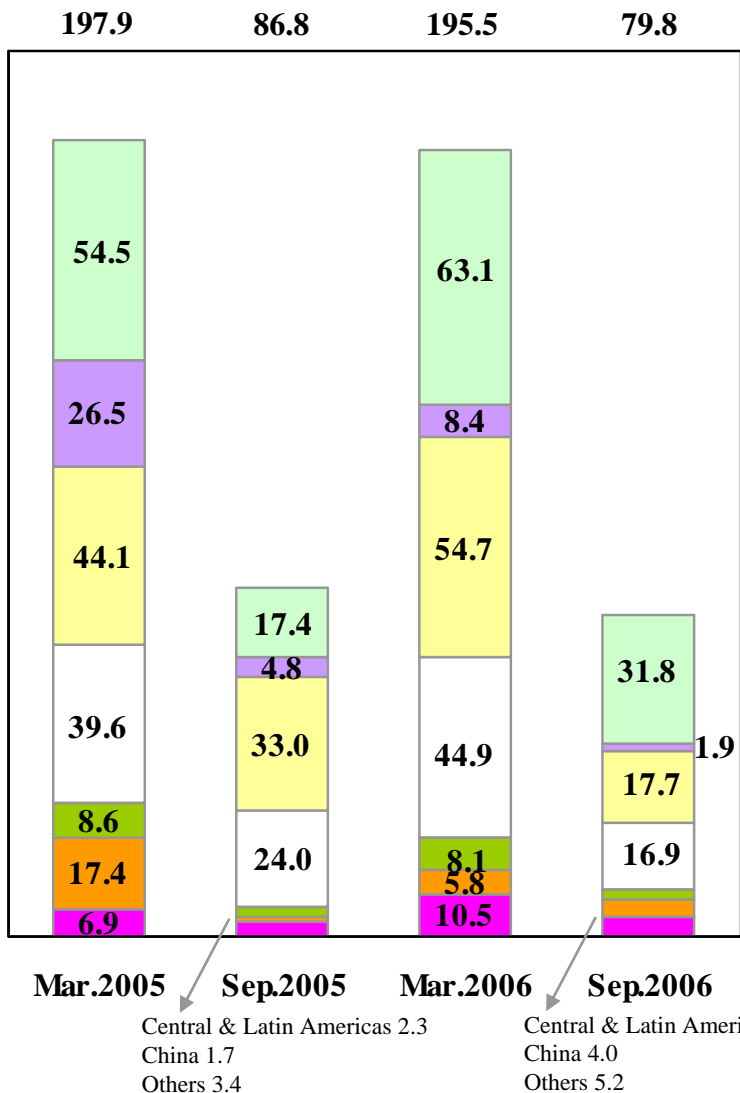
3.1 4%	Petrochemical 13.7 17%	Refinery 11.0 14%	Energy-related 32.1 40%			4.8 6%	IT 8.6 11%	1.1 1%	Others 5.4 7%
↑ Chemical fertilizer		↑ General manufacturing facilities					↑ Real estate		

Net sales

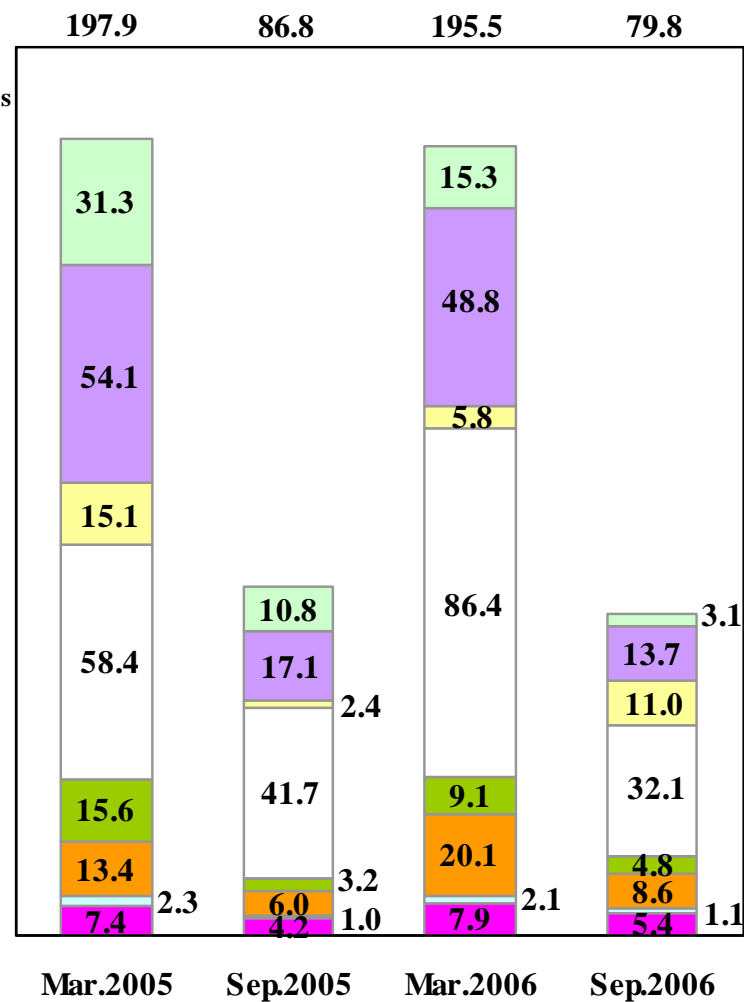


< Billion yen >

Breakdown by region

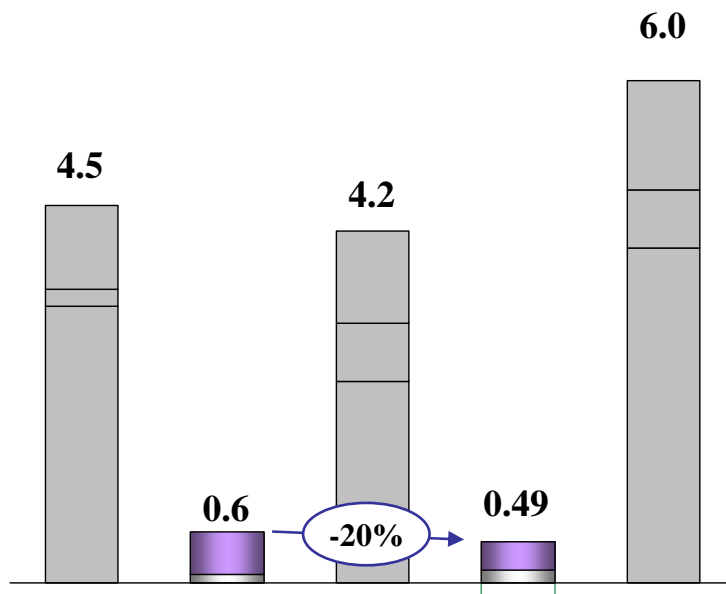


Breakdown by segment details



Operating income

< Billion yen >



	Mar.2005	Sep.2005	Mar.2006	Sep.2006	Forecast for Mar.2007
EPC	3.3	0.0	2.4	(0.33)	4.0
IT	0.2	0.1	0.7	0.31	0.7
Real Estate	1.0	0.5	1.1	0.51	1.3
Sub total	4.5	0.6	4.2	0.49	6.0

<Reference>

Non-consolidated	3.2	0.2	2.0	0.03	3.5
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Compared with same period last year

Sep.2005 **0.6** Sep.2006 **0.49**
 (0.1)

Compared with forecast

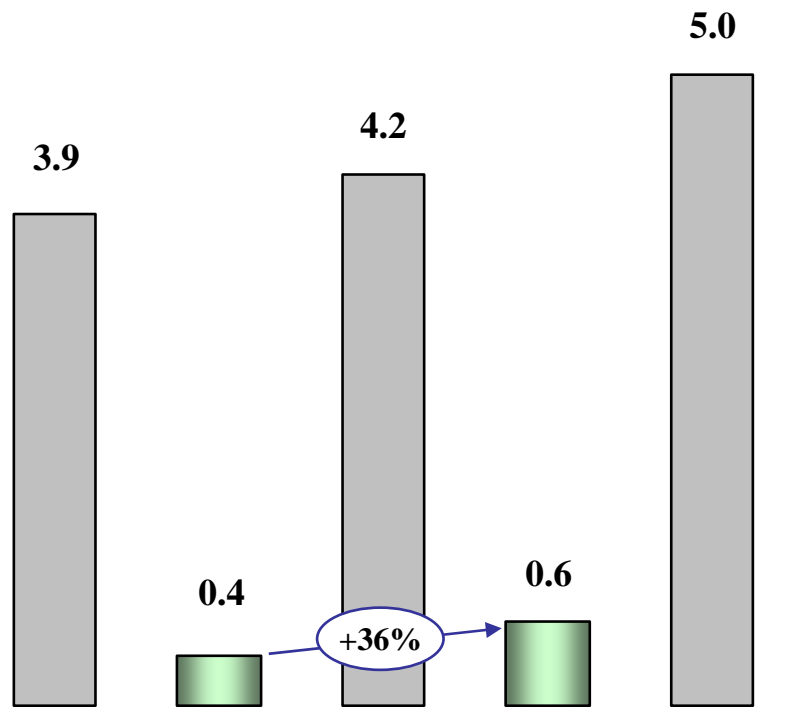
Forecast for Sep.2006 **0.5** Sep.2006 **0.49**
 (0.0)

Segment	Forecast	Sep.2006	Difference
EPC	0.0	(0.33)	(0.3)
IT	0.0	0.31	0.3
Real Estate	0.5	0.51	0.0
Total	0.5	0.49	(0.0)

- Decrease in gross profit : (0.7)
- Decrease in SG&A expenses : +0.7

Ordinary income

< Billion yen >

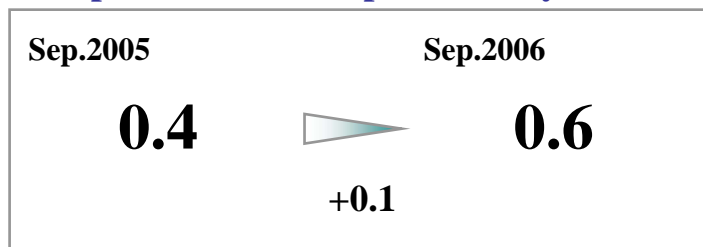


	Mar.2005	Sep.2005	Mar.2006	Sep.2006	Forecast for Mar.2007
Consolidated	3.9	0.4	4.2	0.6	5.0

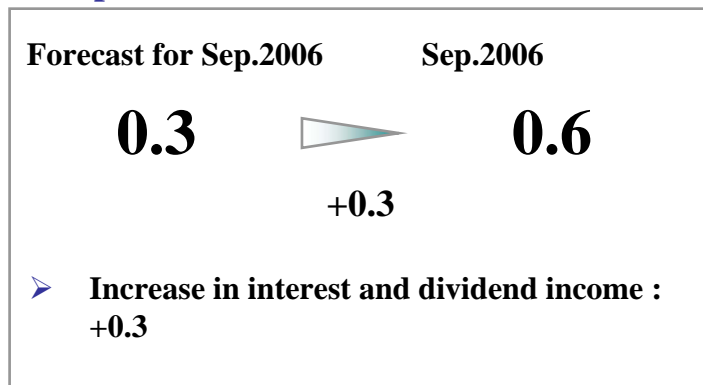
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Non-consolidated	3.0	0.3	2.4	0.29	3.0
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Compared with same period last year

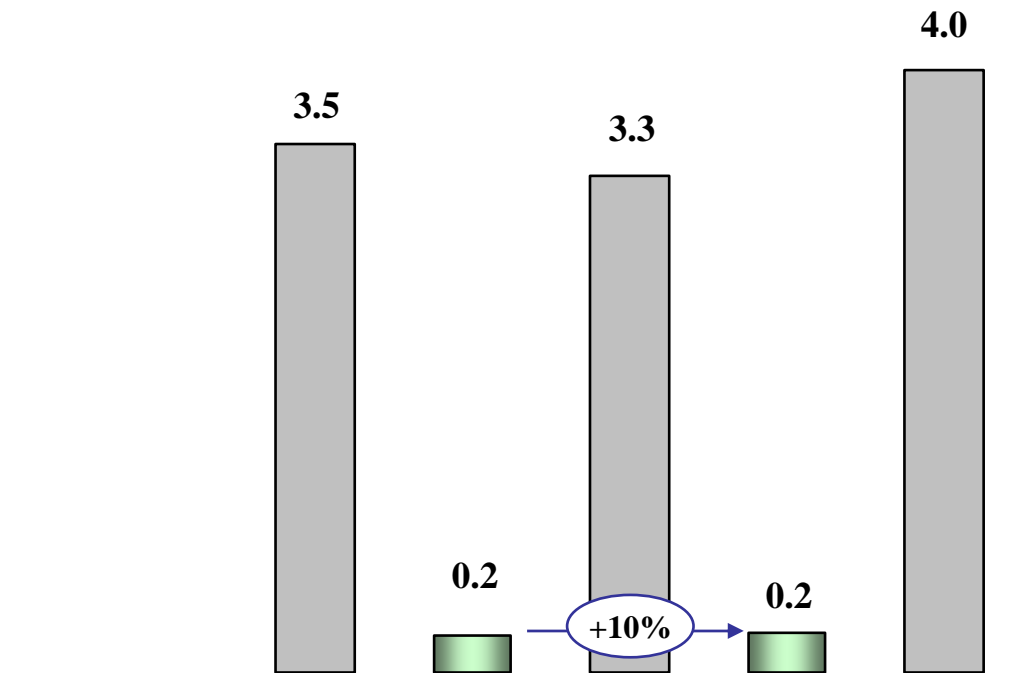


Compared with forecast



Net income

< Billion yen >

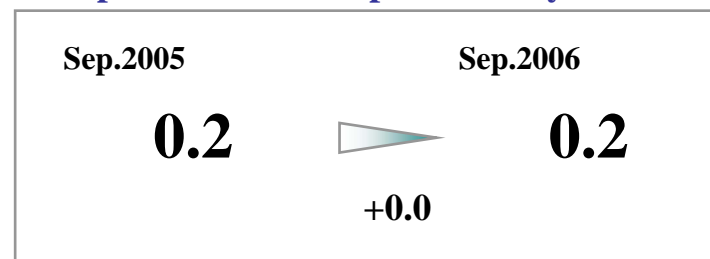


	Mar.2005	Sep.2005	Mar.2006	Sep,2006	Forecast for Mar.2007
Consolidated	3.5	0.2	3.3	0.2	4.0

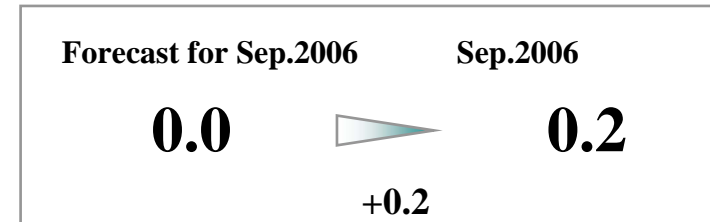
<Reference>

Non-consolidated	3.1	0.1	2.5	0.2	3.0
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Compared with same period last year



Compared with forecast



- Increase in ordinary income : +0.3
- Extraordinary gain : +0.2
- Tax : (0.3) Total +0.2

Balance sheet



< Billion yen >

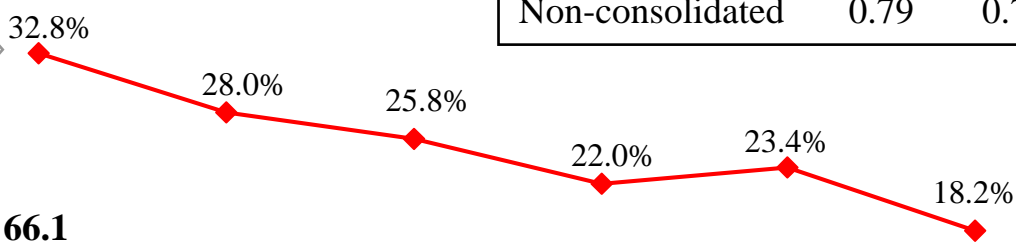
Consolidated	Sep 30. 2005	Mar 31. 2006	Sep 30. 2006	Difference (Sep.2006 vs Mar.2006)
Current assets	169.0	148.7	180.2	31.5
Cash and deposits	43.9	28.8	35.8	6.9
Other current assets	9.7	16.5	31.3	14.8
<Operating assets>				
Notes and account receivable	26.6	29.2	27.1	(2.0)
Contract work in progress	88.6	74.0	85.8	11.7
Fixed assets	51.8	53.9	54.4	0.5
Property, plant and equipment	34.7	35.6	37.0	1.4
Intangible assets	1.9	2.0	1.9	(0.0)
Investments and assets	15.0	16.2	15.4	(0.8)
Total assets	220.8	202.6	234.7	32.1

Consolidated	Sep 30. 2005	Mar 31. 2006	Sep 30. 2006	Difference (Sep.2006 vs Mar.2006)
Current liabilities	148.9	141.6	170.8	29.2
Corporate bonds	-	1.0	3.0	2.0
Short-term bank loans	13.4	26.3	26.3	(0.0)
Other current liabilities	13.1	8.6	8.8	0.1
<Operating liabilities>				
Notes and account payable	28.0	22.6	24.8	2.2
Advance and other receipts	94.3	82.8	107.8	24.9
Long-term liabilities	40.6	25.3	18.9	(6.4)
Corporate bonds	3.0	2.0	-	(2.0)
Long-term debt	32.0	17.9	13.2	(4.6)
Other long-term liabilities	5.5	5.3	5.6	0.2
Minority interests	1.7	2.0	-	(2.0)
Shareholders' equity	29.4	33.6	44.9	11.2
Total liabilities, minority interests and shareholders' equity	220.8	202.6	234.7	32.1

Interest bearing debt balance

<u>Debt Equity Ratio</u> <times>	
	2005.9 2006.3 2006.9
Consolidated	1.65 1.41 0.99
Non-consolidated	0.79 0.71 0.49

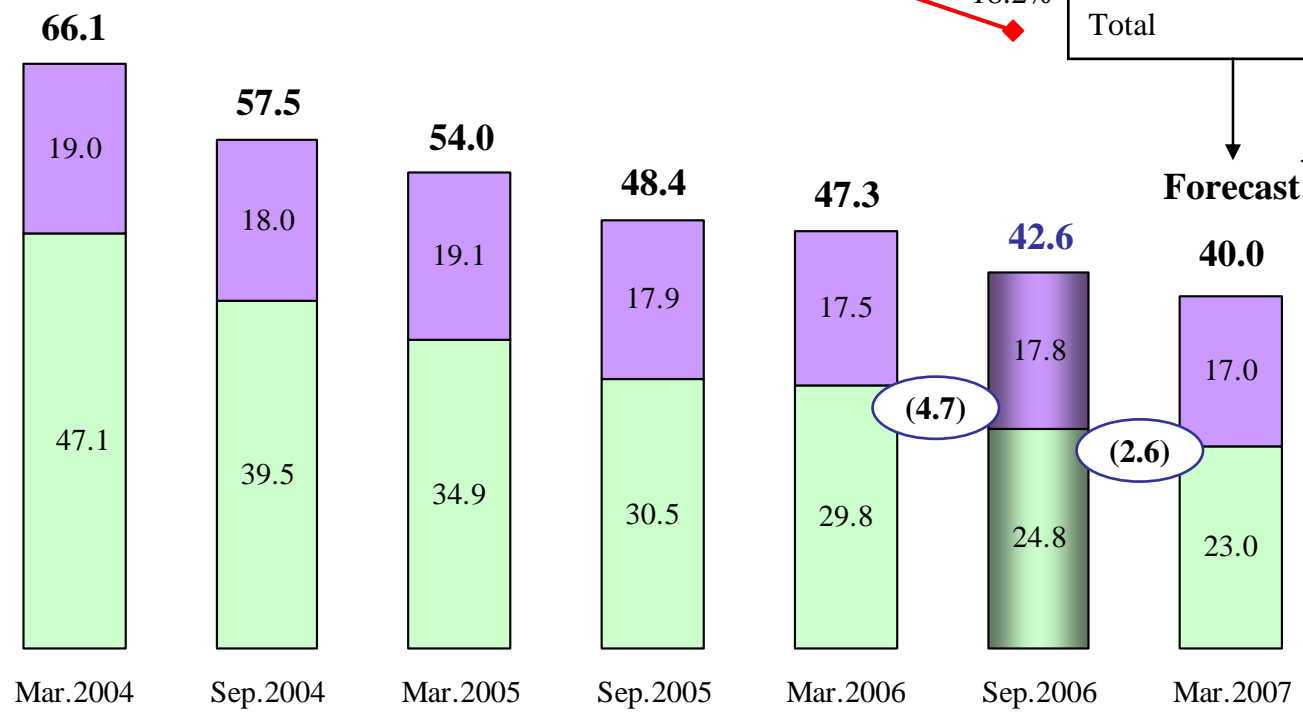
Ratio of interest bearing debts (Consolidated)



Initial forecast as of May 2006 :
 Consolidated Subsidiaries 16.5
 Non-consolidated 25.5
 Total 42.0

Consolidated Subsidiaries

Non-consolidated



Forecast < Billion yen >

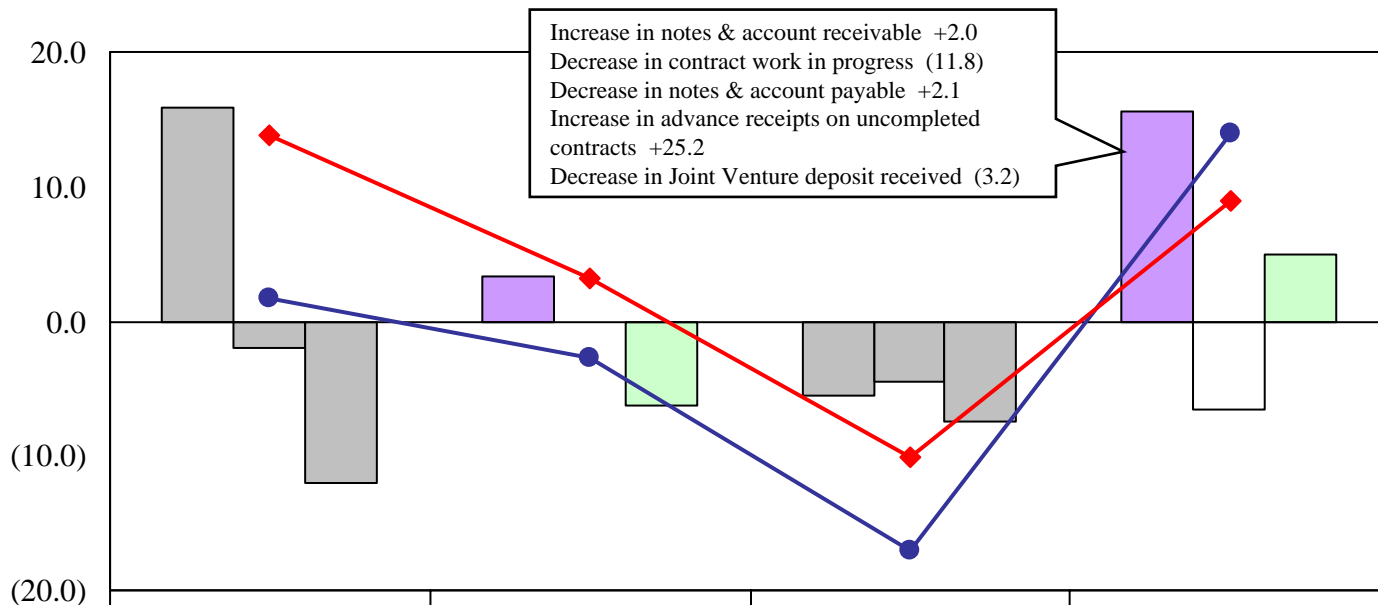
Net debt

Mar. 2004	22.0
Sep. 2004	15.0
Mar. 2005	8.1
Sep. 2005	4.5
Mar. 2006	18.4
Sep. 2006	(2.2)
Mar. 2007	(2.6)

Cash flows

Cash flows

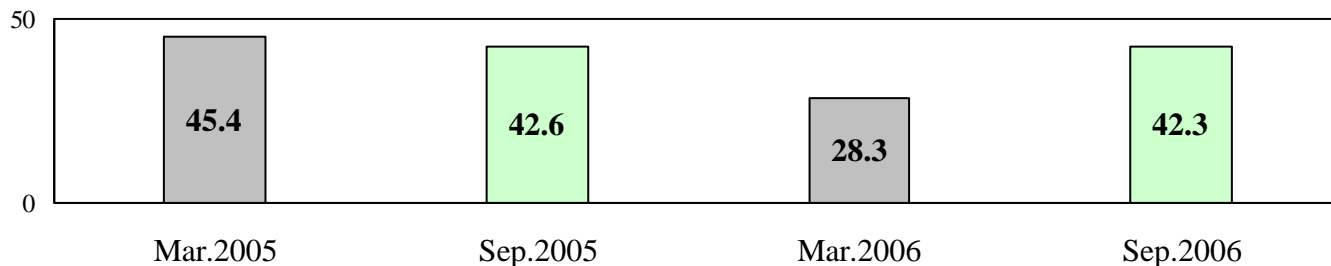
< Billion yen >



	FY2004 (Apr.2004 - Mar.2005)	Apr - Sep.2005	FY2005 (Apr.2005 - Mar.2006)	Apr - Sep.2006
Operating activities	15.9	3.3	(5.5)	15.5
Investing activities	(2.0)	(0.1)	(4.5)	(6.5)
Financing activities	(12.1)	(6.2)	(7.5)	5.0
Net increase / decrease in cash	1.7	(2.8)	(17.1)	14.0
Free cash flow	13.8	3.2	(10.1)	9.0

Cash, end of the fiscal

< Billion yen >

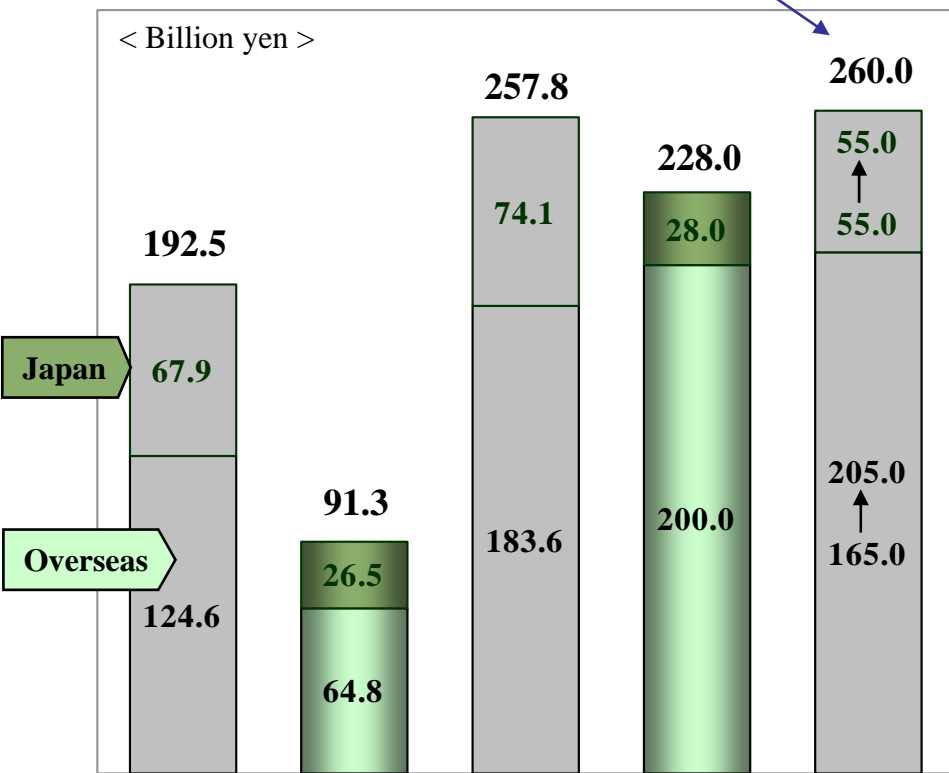


New orders

Revise up FY2006 target of new orders
220 → 260 billion yen.

Major new orders : Sep.2006
228.0 billions yen

New orders



Breakdown by contract price

- Over 30 billion yen Energy-related, QATAR
 Petrochemical, THAILAND
 Petrochemical, INDIA
- Over 10 billion yen Petrochemical, SINGAPORE
- Over 5 billion yen General manufacturing facilities, CHINA
 Petrochemical, JAPAN

Breakdown by consolidated companies

- Toyo Engineering Corp. 211.4 billion yen
- Domestic subsidiaries 9.8 billion yen
- Overseas subsidiaries 6.8 billion yen

Mar.2005 Sep.2005 Mar.2006 Sep.2006 Mar.2007

<Reference : Non-consolidated>

160.9	80.2	211.4	211.6	235.0
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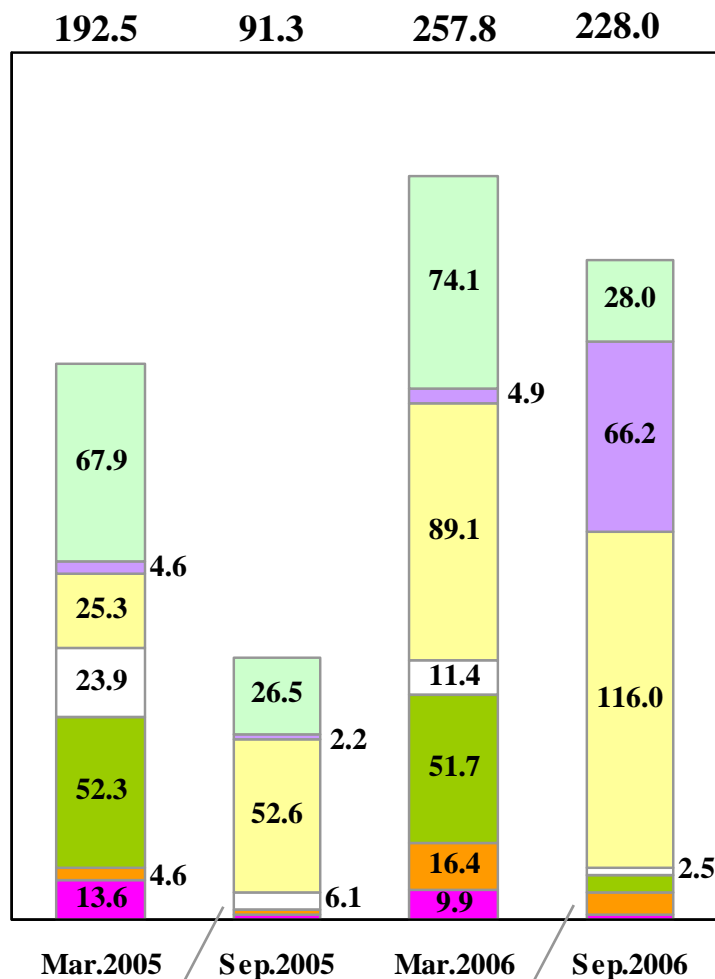
*The above does not include figures related to real estate segment.

New orders



< Billion yen >

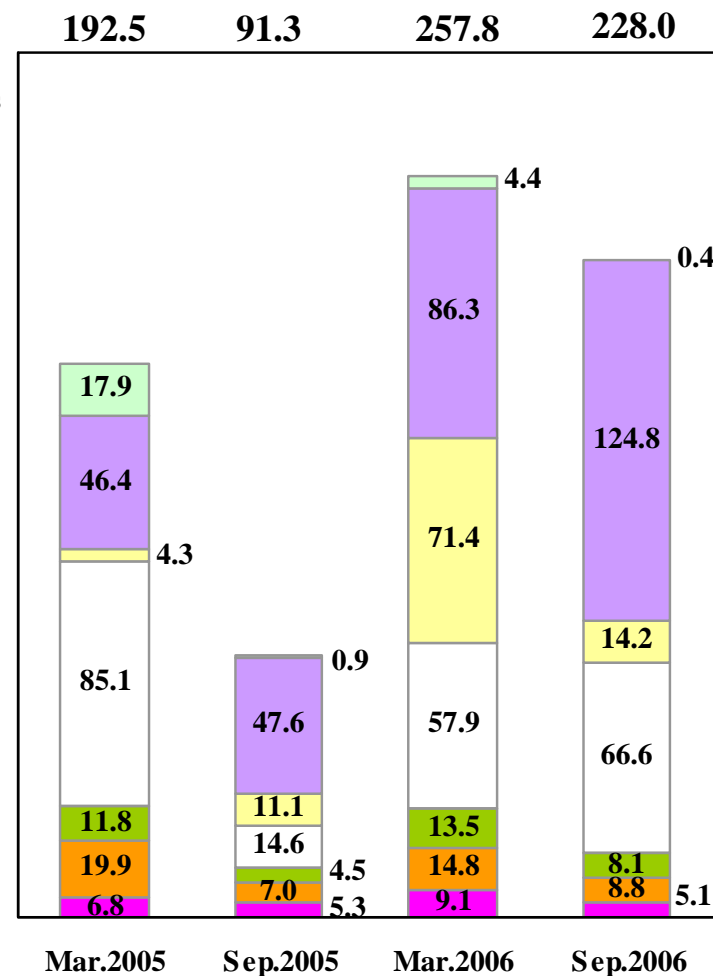
Breakdown by region



Central & Latin Americas 0.4
China 1.1
Others 2.1

Central & Latin Americas 6.0
China 7.8
Others 1.5

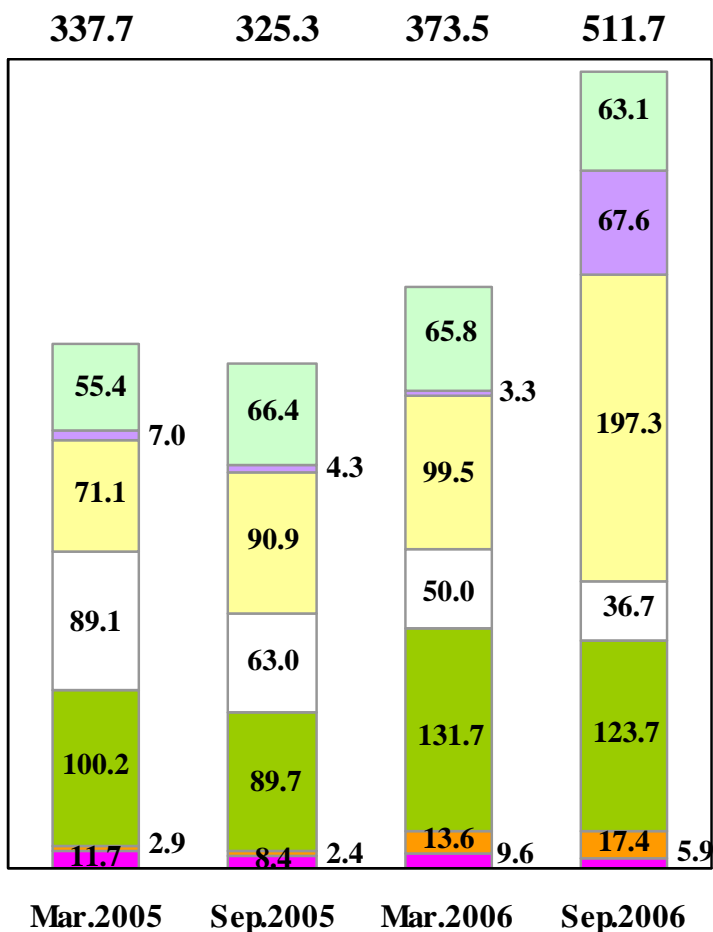
Breakdown by segment details



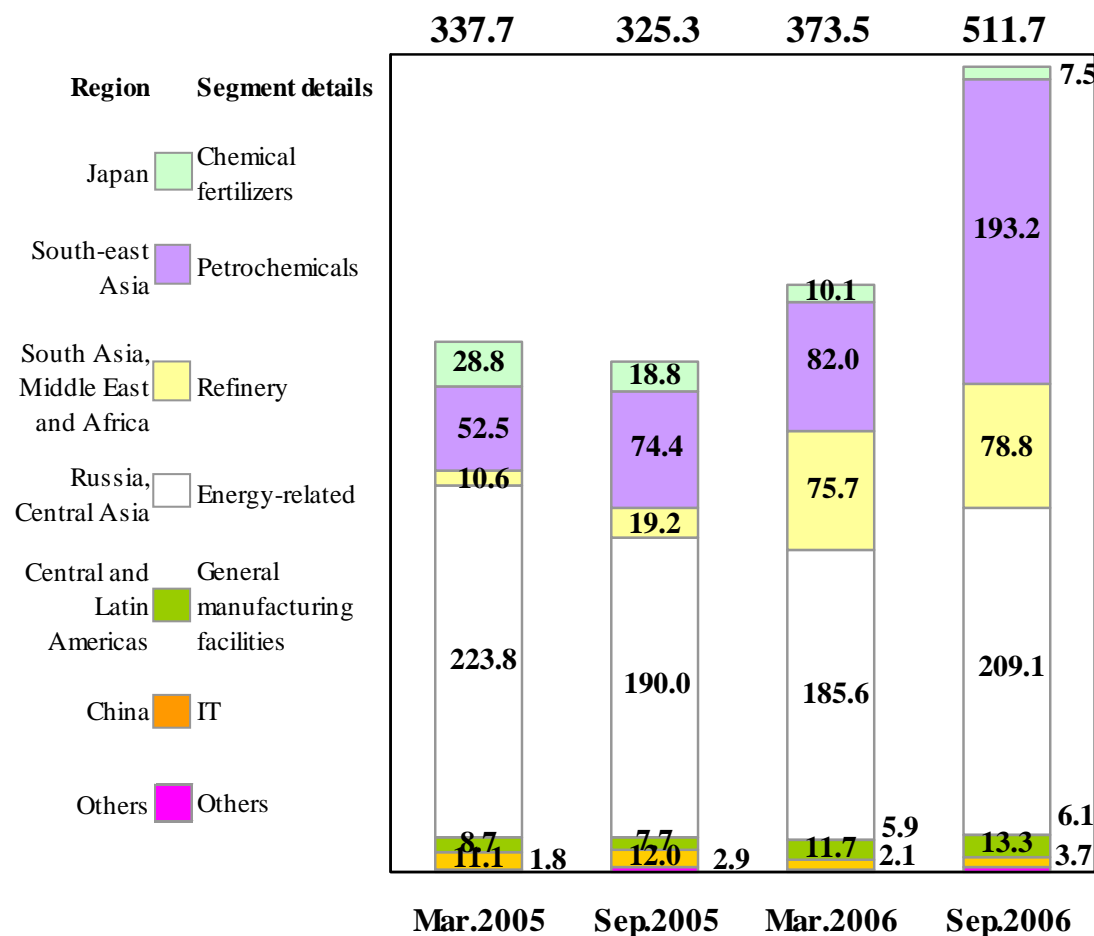
Backlog of contracts

< Billion yen >

Breakdown by region



Breakdown by segment details



<Reference : Non-consolidated> Mar.2005 : 316.7 Sep.2005 : 308.3 Mar.2006 : 339.5 Sep.2006 : 476.0

Forecast

< Billion yen >

	FY2005 (Mar.2006)	Forecast for FY2006 (Mar.2007)	
		As of May,2006	As of Nov.2006
Consolidated			
Net sales	195.5	220.0	⇒ 220.0
Operating income	4.2	6.0	⇒ 6.0
Ordinary income	4.2	5.0	⇒ 5.0
Net income	3.3	4.0	⇒ 4.0
<hr/>			
New orders	257.8	220.0	⇒ 260.0
Non-consolidated			
Net sales	161.9	185.0	⇒ 185.0
Operating income	2.0	3.5	⇒ 3.5
Ordinary income	2.4	3.0	⇒ 3.0
Net income	2.5	3.0	⇒ 3.0
<hr/>			
New orders	211.4	185.0	⇒ 235.0
Dividends per share (yen)	¥3.0	¥3.0	⇒ ¥3.0

Forecast for breakdowns by segment

	As of May.2006	As of Nov.2006
Net sales		
EPC	199.0	199.0
IT	17.0	17.0
Real Estate	4.0	4.0
Total	220.0	220.0

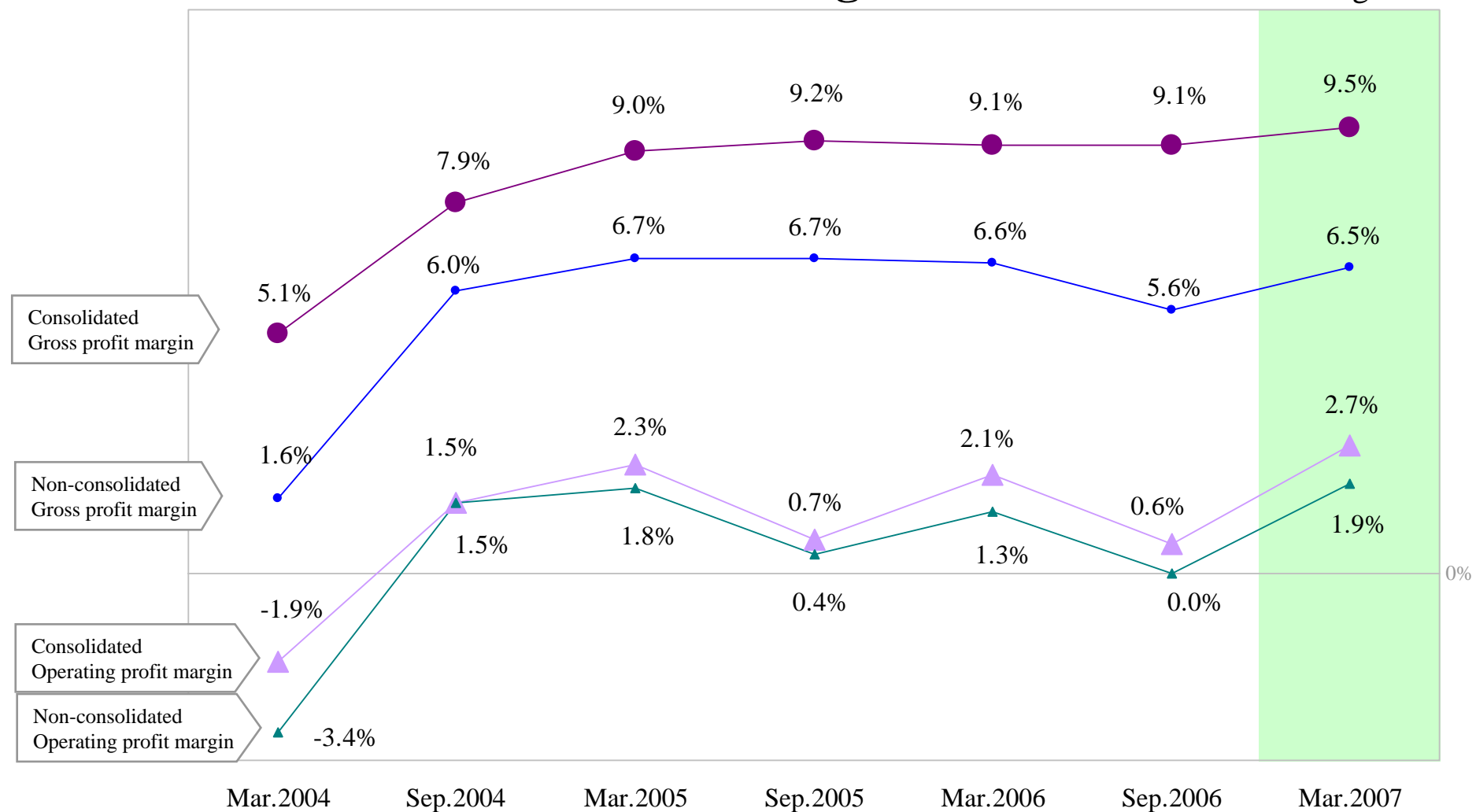
	As of May.2006	As of Nov.2006
Operating income		
EPC	4.0	4.0
IT	0.7	0.7
Real Estate	1.3	1.3
Total	6.0	6.0

Exchange rate for Forecast : 1US\$ = ¥110.00⇒ ¥110.00 1EUR = ¥135.00⇒ ¥140.00

- Reference -

Profit margin

Target



- Reference -

Subsidiaries information

Consolidated Subsidiaries

< Companies >

		Mar.2006	Increase	Decrease	Sep.2006
Number of companies consolidated	Consolidated subsidiaries	15	0	1	14
	Affiliated companies consolidated by equity method	1	0	0	1
	Total	16	0	1	15
(Reference)	All subsidiaries	27	2	1	28
Number of all subsidiaries & affiliated company	All affiliated companies	11	0	0	11
	Total	38	2	1	39

Results of major subsidiaries

Subsidiaries, affiliated companies	Business fields	Capital	Share	Sep.2006
				Net sales
Consolidated subsidiaries		Billion yen	%	Billion yen
Toyo Business Engineering Corporation	IT	0.7	51	5.8
TEC Estate, Ltd.	Real Estate	7.0	100	0.6
Suntec Corporation	Real Estate	0.5	100	1.4
Toyo U.S.A., Inc.	EPC	0.1	100	0.3
Toyo Engineering Korea Ltd.	EPC	0.5	81	2.2
Toyo Engineering India Ltd.	EPC	0.3	74	3.4
Toyo Engineering Europe S.A.	EPC	0.1	100	0.7
Affiliated companies consolidated				
Toyo-Thai Corporation Ltd.	EPC	0.7	39	4.4



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.