

February 7, 2006

Consolidated Operating Result for the Third Quarter ended December 31, 2005

(for the fiscal year ending March 31, 2006)

L TOYO ENGINEERING CORPORATION

(URL : <http://www.toyo-eng.co.jp>)

Representative : Yutaka Yamada, President and Chief Executive Officer

Contacts : Hideaki Kinoshita, General Manager of Accounting Div. TEL+81-47-454-1521

1. Business result for the third quarter of fiscal year 2005 (April 1, 2005 - December 31, 2005)

(1) Consolidated financial results Note: Amounts are rounded down to the nearest million yen.

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Apr.1, 2005 - Dec.31, 2005	144,363	-	2,450	-	2,353	-	1,664	-
Apr.1, 2004 - Dec.31, 2004	-	-	-	-	-	-	-	-
Apr.1, 2004 - Mar.31, 2005	197,945		4,539		3,921		3,597	

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr.1, 2005 - Dec.31, 2005	9.49	-
Apr.1, 2004 - Dec.31, 2004	-	-
Apr.1, 2004 - Mar.31, 2005	20.51	-

Notes: Previous third quarter data are not mentioned because this is the first disclosure of third quarter financial result.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
Apr.1, 2005 - Dec.31, 2005	225,005	31,880	14.2	181.85
Apr.1, 2004 - Dec.31, 2004	-	-	-	-
Apr.1, 2004 - Mar.31, 2005	209,563	28,442	13.6	162.16

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents, end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Apr.1, 2005 - Dec.31, 2005	(8,136)	(1,935)	(7,583)	28,266
Apr.1, 2004 - Dec.31, 2004	-	-	-	-
Apr.1, 2004 - Mar.31, 2005	15,952	(2,099)	(12,198)	45,447

2. Forecast for fiscal 2005 (April 1, 2005-March 31, 2006)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Apr., 2005 - Mar., 2006	185,000	3,500	2,750

Reference: Estimated earnings per share (fiscal 2005) 15.69 Yen

* Note: The forecast 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.

Consolidated Balance Sheets (Summary)

	December 31, 2005		March 31, 2005	
	Millions of yen	%	Millions of yen	%
[ASSETS]				
I Current assets				
1. Cash and deposits	28,443		45,971	
2. Notes and accounts receivable	30,898		40,154	
3. Contract work in progress	97,577		61,787	
4. Other current assets	15,470		11,106	
Total current assets	172,390	76.6	159,020	75.9
II Fixed assets				
1. Property, plant and equipment	34,671		34,232	
2. Intangible assets	1,993		2,012	
3. Investments and other assets	15,950		14,299	
Total fixed assets	52,615	23.4	50,543	24.1
Total assets	225,005	100.0	209,563	100.0
[LIABILITIES]				
I Current liabilities				
1. Notes and accounts payable	26,764		31,715	
2. Short-term bank loans	13,306		17,622	
3. Advance receipts on uncompleted contracts	100,267		73,756	
4. Other current liabilities	11,323		14,453	
Total current liabilities	151,661	67.4	137,548	65.6
II Long-term liabilities				
1. Corporate bonds	3,000		3,000	
2. Long-term debt	30,808		33,453	
3. Other long-term liabilities	5,686		5,238	
Total long-term liabilities	39,494	17.5	41,692	19.9
Total liabilities	191,156	84.9	179,240	85.5
[MINORITY INTERESTS]				
Minority interests	1,968	0.9	1,880	0.9
[SHAREHOLDERS' EQUITY]				
I Common stock	13,017	5.8	13,017	6.2
II Additional paid-in capital	15,594	6.9	15,593	7.4
III Retained earnings	532	0.2	(605)	(0.3)
IV Net unrealized gain on securities	3,016	1.4	1,133	0.6
V Foreign currency translation adjustments	(181)	(0.1)	(638)	(0.3)
VI Treasury stock	(100)	(0.0)	(58)	(0.0)
Total shareholders' equity	31,880	14.2	28,442	13.6
Total liabilities, minority interests and shareholders' equity	225,005	100.0	209,563	100.0

Consolidated Statements of Income (Summary)

	Apr.-Dec., 2005		Apr.,2004-Mar.,2005	
	Millions of yen	%	Millions of yen	%
I Net sales	144,363	100.0	197,945	100.0
II Cost of sales	131,407	91.0	180,175	91.0
Gross profit	12,955	9.0	17,769	9.0
III Selling, general and administrative expenses	10,505	7.3	13,230	6.7
Operating income	2,450	1.7	4,539	2.3
IV Non-operating income	1,031	0.7	1,429	0.7
V Non-operating expenses	1,128	0.8	2,048	1.0
Ordinary income	2,353	1.6	3,921	2.0
VI Extraordinary gain	354	0.2	247	0.1
VII Extraordinary loss	346	0.2	471	0.2
Income before income taxes and minority interests	2,361	1.6	3,697	1.9
Total tax	627	0.4	81	0.1
Minority interests	69	0.0	18	0.0
Net income	1,664	1.2	3,597	1.8

Consolidated Statements of Cash Flows (Summary)

	Apr.-Dec., 2005 Millions of yen	Apr.,2004-Mar.,2005 Millions of yen
I Cash flows from operating activities		
Income before income taxes and minority interests	2,361	3,697
(Increase) decrease in notes and accounts receivable	9,675	(2,665)
(Increase) decrease in contract work in progress	(35,290)	1,280
Increase (decrease) in notes and accounts payable	(5,267)	1,358
Increase (decrease) in advance receipts on uncompleted contracts	25,665	11,286
Other, net	(5,281)	994
Net cash provided by (used in) operating activities	(8,136)	15,952
II Cash flows from investing activities		
Net cash used in investing activities	(1,935)	(2,099)
III Cash flows from financing activities		
Net cash used in financing activities	(7,583)	(12,198)
IV Effect of exchange rate changes on cash and cash equivalents	475	121
V Net increase (decrease) in cash and cash equivalents	(17,180)	1,775
VI Cash and cash equivalents, beginning of the term	45,447	43,615
VII Increase in cash and cash equivalents due to newly consolidated subsidiaries	-	56
VIII Cash and cash equivalents, end of the term	28,266	45,447

New Orders (Consolidated)

	Apr.-Dec., 2004 Millions of yen	Apr.-Dec., 2005 Millions of yen	Apr.,2004-Mar.,2005 Millions of yen
EPC Business	162,713	157,169	192,599
Real Estate	-	-	-
Total	162,713	157,169	192,599

(Reference)

Nonconsolidated Balance Sheets (Summary)

	Dec 31, 2005		March 31, 2005	
	Millions of yen	%	Millions of yen	%
[ASSETS]				
I Current assets				
1. Cash and deposits	22,566		39,727	
2. Notes and accounts receivable	25,684		32,994	
3. Contract work in progress	93,000		60,206	
4. Other current assets	16,521		11,523	
Total current assets	157,774	78.0	144,451	77.0
II Fixed assets				
1. Property, plant and equipment	19,048		19,901	
2. Intangible assets	689		737	
3. Investments and other assets	24,717		22,592	
Total fixed assets	44,455	22.0	43,230	23.0
Total assets	202,229	100.0	187,682	100.0
[LIABILITIES]				
I Current liabilities				
1. Notes and accounts payable	25,281		30,808	
2. Short-term bank loans	10,029		14,009	
3. Advance receipts on uncompleted contracts	94,696		68,622	
4. Other current liabilities	10,406		12,970	
Total current liabilities	140,414	69.4	126,411	67.3
II Long-term liabilities				
1. Corporate bonds	3,000		3,000	
2. Long-term debt	15,962		17,946	
3. Other long-term liabilities	2,525		2,267	
Total long-term liabilities	21,488	10.6	23,213	12.4
Total liabilities	161,902	80.0	149,624	79.7
[SHAREHOLDERS' EQUITY]				
I Common stock	13,017	6.4	13,017	6.9
II Additional paid-in capital	15,594	7.7	15,593	8.3
III Retained earnings	8,809	4.4	8,387	4.5
IV Net unrealized gain on securities	3,005	1.5	1,117	0.6
V Treasury stock	(100)	(0.0)	(58)	(0.0)
Total shareholders' equity	40,327	20.0	38,057	20.3
Total liabilities and shareholders' equity	202,229	100.0	187,682	100.0

Nonconsolidated Statements of Income (Summary)

		Apr.-Dec., 2005		Apr.,2004-Mar.,2005	
		Millions of yen	%	Millions of yen	%
			%		%
I	Net sales	120,560	100.0	175,641	100.0
II	Cost of sales	113,220	93.9	163,937	93.3
	Gross profit	7,340	6.1	11,703	6.7
III	Selling, general and administrative expenses	6,315	5.2	8,489	4.9
	Operating income	1,024	0.9	3,214	1.8
IV	Non-operating income	1,049	0.9	1,365	0.8
V	Non-operating expenses	874	0.8	1,564	0.9
	Ordinary income	1,200	1.0	3,014	1.7
VI	Extraordinary gain	335	0.3	247	0.1
VII	Extraordinary loss	349	0.3	512	0.2
	Income before income taxes	1,185	1.0	2,749	1.6
	Total tax	236	0.2	(361)	(0.2)
	Net income	948	0.8	3,110	1.8