



New TOYO-M Starts Up

With the aim of creating a transnational structure for the TEC Group, we have reinforced the operations of our Malaysian subsidiary, Toyo Engineering & Construction Sdn. Bhd. (TOYO-M). TOYO-M was strengthened as a base for the transnational structure and as a company with plant EPC execution capability in order to expand the potential for the further development of TEC and TOYO-M based on the achievements and trust we have built up over a period of more than 15 years in Malaysia. Through this move, we are aiming to strengthen TOYO-M's cost competitiveness, develop highly localized projects, win orders for such projects as the remodeling of existing facilities, and focus our resources on maintenance and engineering support services for plants that TEC has constructed.

(These support services include corporate diagnosis, consulting, the filing of applications with government authorities, customs clearance, and IT business support.)



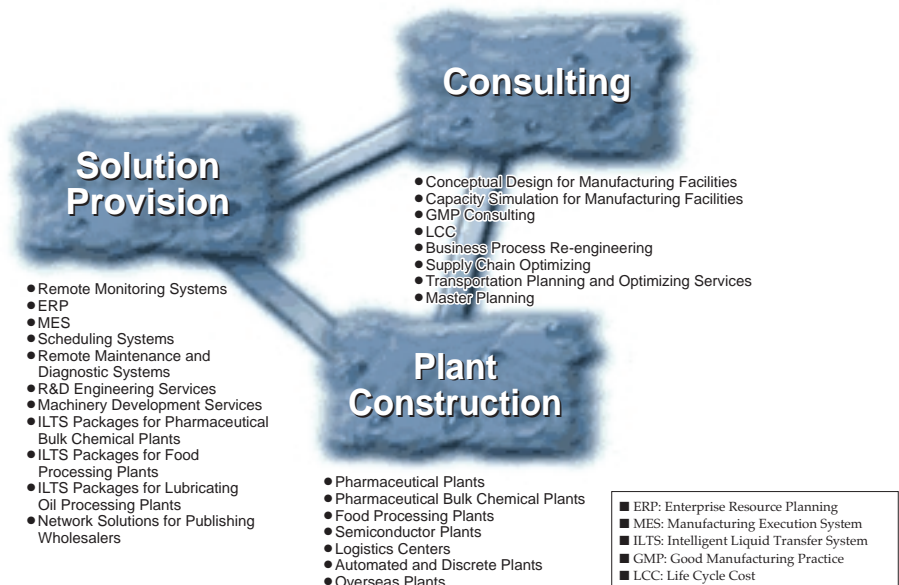
In December 2000, TOYO-M won its first order for an independent project. The selection of TOYO-M for this project is evidence not only of the high acclaim accorded to TEC's past achievements in Malaysia but also of the fact that the company has acquired the cost competitiveness to compete effectively with local contractors. We are also expanding the operations of the maintenance business (Plant-clinic) through cooperation with the Plant IT Center, which will lead to further orders in the future.

We are working to ensure that TOYO-M makes a significant contribution as one of the TEC Group's transnational bases as soon as possible. At the same time, employees transferred from Japan and local staff are continually striving together to make TOYO-M the nucleus of our operations not only in Malaysia but also in Southeast Asia over the next five years.



Reorganization of Industrial Systems Sales & Operations

As of January 1, 2001, Industrial Systems Sales & Operations of TEC was reorganized to provide customers with the best consultation and solutions covering the whole supply chain. The new organization integrates our knowledge of IT, production, and logistics management — knowledge that we have accumulated since 1987 with the establishment of Industrial Systems Sales & Operations as a pioneer in the construction of industrial systems spanning information, logistics, and production systems.





Profile of SCM (Supply Chain Management) Raised at LOGIS-TECH TOKYO 2000

As a forum to specifically promote the latest solutions and products of SCM, TEC exhibited its products and services at LOGIS-TECH TOKYO 2000, at Makuhari Messe from October 17 through 21. TEC held seminars and demonstrated on six topics:

1. SUC * CES * S — Fusion of Cyber and Real (SUC * CES * S stands for “Supply Chain Consulting, Engineering, and Supporting Service”);
2. SABLINA Pro (services for supply chain network design) and business intelligence;
3. Key points in the reconstruction of supply chain networks;
4. TRASy (Transportation Resource Allocating System);
5. Supply Chain strategy for Pharmaceutical Wholesalers; and
6. Commerce Center 6 ~ e-Commerce Solution.

At the demonstrating and trial zone, we demonstrated business tools including SABLINA Pro, TRASy, PLEIADES — the production simulation services, and MCFRAME — Japan-oriented ERP (Enterprise Resource Planning) Package



TEC's Plant IT Business Is Starting Up

In April 2000, we formed the Plant IT Center for the expansion of vertical-type IT business (that is, the provision of companywide integrated information services for customers) aimed at processing industries. As one of its business topics, the Plant IT Center started up EPSource.com, the first ASP site in the engineering industry, and with the aim of supporting processing industries throughout their life cycle, we are distributing engineering applications while providing procurement services and such consultation services as plant diagnosis and analysis.

We are providing a solution business for our clients that covers the management of on-site information with corporate decision-making systems (Field to Enterprise). Within this area as well, plant facility management, operational support, and maintenance management systems are major products in the Plant IT business.

TEC is a partner in Kit ASP Inc., which was jointly established by eight companies, including NTT Data Corp., Mitsubishi Electric Corp., and Hitachi, Ltd., in November 2000. (Business activities: This company evaluates and introduces leading-edge technologies that are components of the ASP infrastructure and integrates and improves them so that they are compatible with highly original business models used in Japan and other Asian markets.) We expect this venture to lead to new developments for TEC's IT-related business.

In addition, while making use of our knowledge of plant engineering, we are endeavoring to expand into horizontal-type IT business in which we provide our business knowledge for use client systems, such as procurement and education.

Plant IT Business

