



*Corporate Performance Briefing
in first half of FY2006*

Mid-term Corporate Strategic Plan (FY2006-2008)

Global Toyo for Client Value Enhancement

November 10, 2006

Yutaka Yamada
President & CEO

 **TOYO ENGINEERING CORPORATION**

The logo for Toyo Engineering Corporation, featuring a stylized white 'T' inside a circle, followed by the company name in a bold, white, serif font.

Summary

- **Order Updraft:**
 - *Received Order in 1st Half of FY2006 →228 billion J¥ (Consolidated)*
 - *Targeted Order through FY2006 →260 billion J¥ (Consolidated)*

Projects have been realized mainly for major clients in the businesses of EPC lump-sum contract and of cost-reimburse contract with especially petrochemical and energy sectors.

- **Striving to deliver the integrated project management as the global contractor in spite of risks such as tight supply of equipment & material and serious shortage of construction resources.**
- **Further thrust for Global Toyo Initiatives to zero in on the financial target at FY2008.**

Highlight : New Orders Received in 1st half of 2006

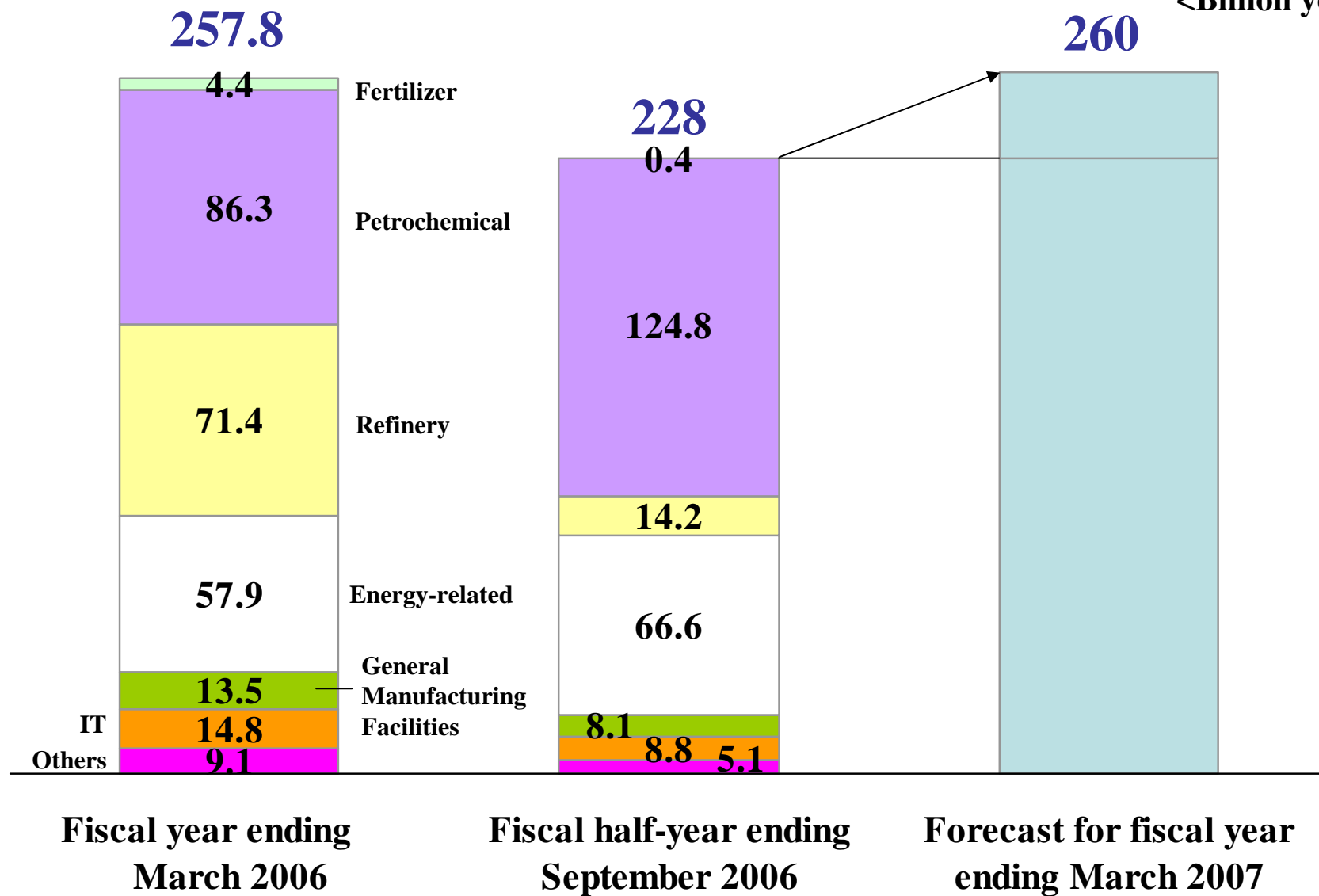
Oil-substitute Energy	Client SHELL / Qatar Plant GTL Contract EPC LS Partner Hyundai Eng'g & Construction
Gas Utilization	Client Methanol Holdings Trinidad Plant Fertilizer Complex Contract Licensing & Eng'g Services
	Client PTTPE / Thailand Plant Ethylene 1,000,000MT Contract EPC LS
Growing Demand of Fundamental Materials	Client SHELL Eastern Petroleum Plant Ethylene 800,000MT Contract EPCm Partner ABB Lummus Global
	Client IOCL / India Plant Ethylene 800,000MT Contract EPC LS Partner Larsen & Toubro / India
	Client Dow Corning / China Plant Silane (Silicone Feed) Contract EPCm Partner Aker Kvaerner



New Orders Received in 1st half of 2006 (Consolidated)



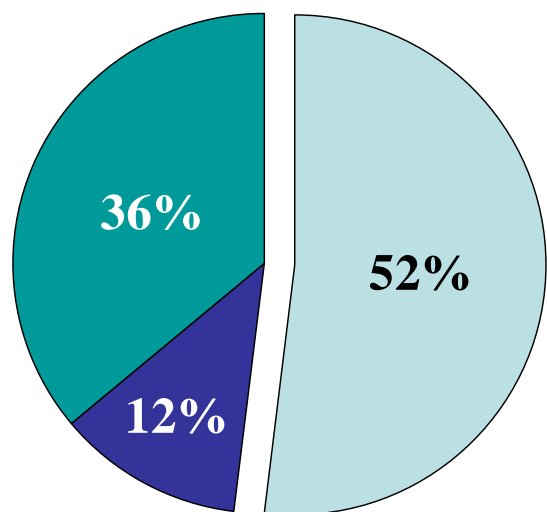
<Billion yen >



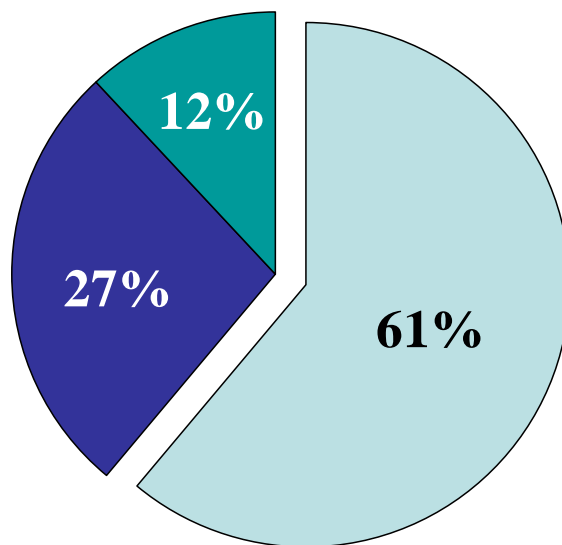
Project Portfolio



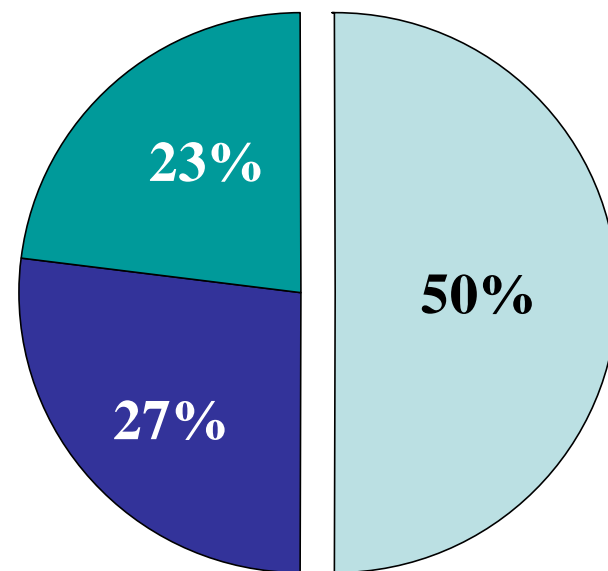
- Overseas EPC Lump-sum Business
- Overseas Services Business
- Domestic Business / IT-related Business



**Fiscal year ending
March 2006**



**Fiscal half-year ending
September 2006**



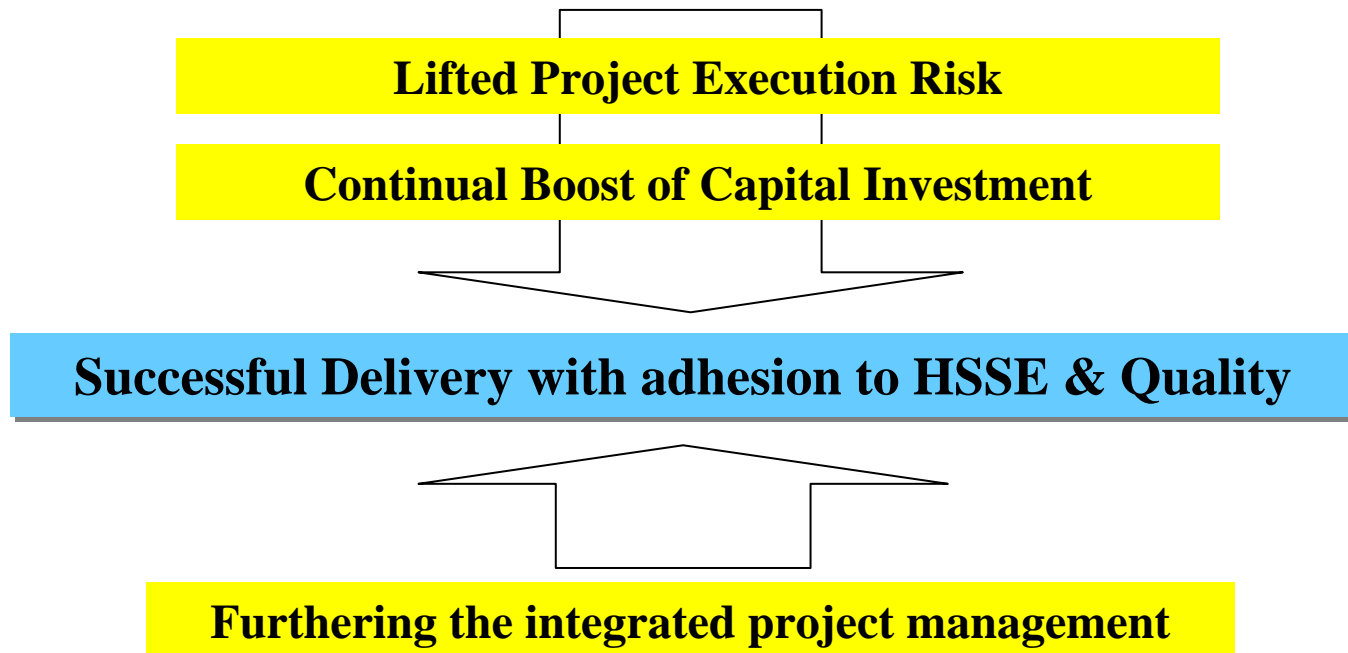
**Forecast for fiscal year
ending March 2007**

Based on the planned gross profit derived from the sum of contract awarded (non-consolidated)

Delivery Challenges

– by Furthering Project Management

Owners	Equipment Vendors / Construction Companies
<ul style="list-style-type: none"> ➤ Too many large-scale projects ➤ Shortage of skilled workforces due to the previous streamlining ➤ Surging Demand of HSSE 	<ul style="list-style-type: none"> ➤ Too many orders <ul style="list-style-type: none"> ⇒ Over-capacity at fab shops ➤ Tight supply of rare materials ➤ Insufficient site labor forces



Risk Mitigations before Contract Award

- **Client-Contractor Risk Sharing**
 - ✓ **i.e. Multi-currency contract, Escalation clause**
- **Strategic Alliance with Vendors/Construction Companies**
 - ✓ **Advanced order placement with agreement of client & vendor**
 - ✓ **Partnering with regionally-dominant construction companies**
- **Global Human Resource Planning**
 - ✓ **Sales Planning synchronized with resource simulation**
 - ✓ **Timely Recruiting of human resources**

Global Toyo Formation for Recently-awarded Contracts

	<u>Toyo Group</u>	<u>Partners</u>
Indian Oil Company 800,000 MT Ethylene EPC LS	TEC Toyo India	Larsen & Toubro
PTTPE, Thailand 1,000,000 MT Ethylene EPC LS	TEC Toyo India Toyo Thai	
SHELL Eastern Petroleum 800,000 MT Ethylene EPCm CR	TEC Toyo India	ABB Lummus Global
DOW CORNING, China Silane (intermediate Silicon) EPCm CR	TEC Toyo Korea Toyo China	Aker Kvaerner

Notes : LS : Lump-sum, CR : Cost Reimburse

Performance Projection FY2006

< Billion yen >

	<u>FY2005</u>	<u>FY2006(Forecast)</u>
Net Sales	195.5	220
Gross Profit	17.8 (9.1%)	21 (9.5%)
Ordinary Income	4.2 (2.1%)	5 (2.3%)
Net Income	3.3 (1.7%)	4 (1.8%)



For further questions on this material, please contact ;

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