

Mission: Engineering for Sustainable Growth of the Global Community

Vision: Global Leading Engineering Partner

Values: Integrity, Creativity, Diversity, Learning, Team

Management Policy Update for the Second Half of FY2013

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President & CEO

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1. Cause of loss and forecast of FY2013

- ◆ **Cause of loss in 1st Half of FY2013**
 - **Increased loss in the Indonesian fertilizer project**
 - Increase of construction BQ & unit rates
 - Increase of acceleration costs for schedule recovery

- ◆ **Forecast of FY2013**
 - **Settle loss of the Indonesian fertilizer project within 1st Half of FY2013**
 - Allocate reserve for anticipated loss within 1st Half
 - Dispatch senior executive officer at the construction site till completion to control the project strictly
 - The construction is now under the revised schedule
 - **Keep initial new order target**

2. Feed back from the Indonesian fertilizer project

◆ Priority issue:

Strengthen execution system for the projects with overseas group companies (OGCs)

◆ Countermeasures:

- **Strictly apply TOYO's project management procedures**
- **Improve seamless management system for global projects**
- **Enhance HQ's involvement in OGCs' work**
- **Strengthen OGCs' project function**
- **Reinforce communication among remote/multi-offices**

3. Sales update of the 1st Half of FY2013

◆ Orders received: JPY 170.6 billion (consolidated)

	Prioritized Markets	Frontier Markets
Core Business Area	<ul style="list-style-type: none"> ● Egypt polyethylene ● Indonesia ethylene exp. ● Brazil hydrogen (*) 	<ul style="list-style-type: none"> ● USA polyethylene (FEED) ● USA Petrochemical (E)
Enhancing Business Area	<ul style="list-style-type: none"> ● Brazil FPSO topsides (*) 	<ul style="list-style-type: none"> ● Canada oil sand ● Iraq upstream GESA
Fostering Business Area	<ul style="list-style-type: none"> ● Water infrastructure (FS) 	

Orders received of 50% Share Equity Method Affiliates : JPY97.7 billion (Above *)

GESA: General Engineering Service Agreement

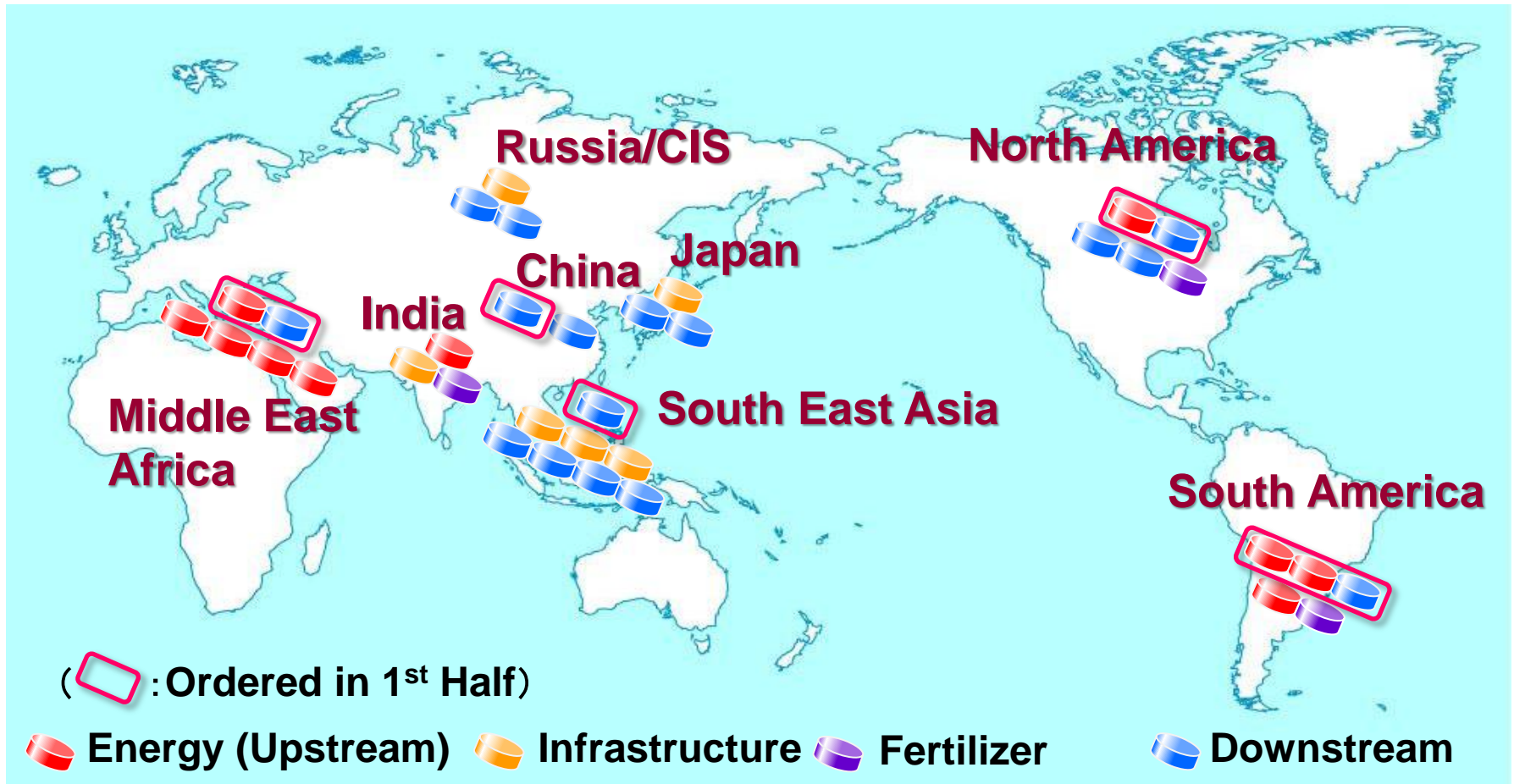
4. Marketing initiative of the 2nd Half of FY2013



- ◆ **Fertilizer & Ethylene projects**
- ◆ **North America shale-gas based projects**
- ◆ **Brazil affiliate's projects**
- ◆ **Russia/CIS & Iraq projects**
- ◆ **Energy upstream projects**
- ◆ **Alliance projects with BASF**

5. New Project portfolio for FY2013

◆ New order target: JPY330 Billion (consolidated)





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

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<Note> Overview of the Indonesian fertilizer project



- ◆ **Client** : PT Pupuk Kalimantan Timur (Kaltim)
- ◆ **Location** : Bontang, East Kalimantan, Indonesia
- ◆ **Plant & Facilities** : Ammonia: 2,700 tons per day
Urea: 3,500 tons per day & Utilities facilities
- ◆ **Scope of Work** : EPC Lump sum
- ◆ **Contractor** : Consortium of TOYO and IKPT(Indonesia)
(IKPT became TOYO's group company as of Feb.2012)
- ◆ **Contract Value** : US\$ 580 million
- ◆ **Completion Schedule** : around Oct. 2014
- ◆ **Work Split** : Toyo-Japan : Project management
Toyo-Korea : Basic engineering, Overseas procurement
IKPT : Detailed engineering, Domestic procurement, Construction