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Business Overview

Fiscal 2009 First Half Results Briefing



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1. Market Environment in First Half

A number of final investment decisions likely to be made on projects in the Middle East and North Africa

- Crude oil prices have recovered. From 40 dollars per barrel at the beginning of the year to near 70 dollars per barrel
- The decline in plant construction costs has ended.

2. Orders Received in the First Half

Orders Received in First Half: Approx. 493 billion yen
(Full-Term Target: 500 billion yen)

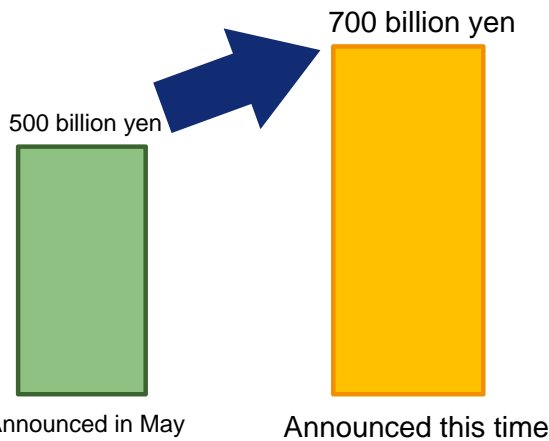
Major Contracts Awarded

Algeria	Saudi Arabia	U.A.E.	Australia
Large-scale gas processing project	Project Management Service for FS of Rabigh 2 Project	Large-scale gas processing project	LNG project

FS: Feasibility Study

3. Target Orders for Fiscal 2009

Revised upward to 700 billion yen



4. Market Environment from the Second Half (1)

Oil refining and natural gas projects continue to be executed in the Middle East and North Africa

- The willingness to invest is robust in Saudi Arabia, U.A.E. and Qatar. Kuwait will follow suit.
- Algeria is the core country in North Africa. It is aggressively promoting natural gas projects.

4. Market Environment from the Second Half (2)

- LNG projects are expected to be executed in South East Asia and the Oceania region.
- In Latin America, heavy crude oil processing facilities, the development of offshore gas fields, and oil refineries are planned. These projects may take time to execute given the large development costs.

5. Target Projects in Sight

Target Projects for the Second Half of Fiscal 2009 – Fiscal 2010

Saudi Arabia - Oil refinery - Refining/petrochemical complex	Turkey - Oil refinery	Singapore - Oil refinery
U.A.E. - Gas development - Oil refinery	Algeria - Gas development - Crude oil development - Gas processing	Vietnam - Oil refinery
Qatar - Gas development - Gas processing - Oil refinery	Australia - LNG	Philippines - Nonferrous smelting
Kuwait - Oil refinery	Indonesia - LNG - Gas development	Japan - Pharmaceutical and Medical

6. Supplier and Equipment Price Trends (1)

Current state

- Many suppliers increased production capacity during the plant construction boom.
- Orders have been declining since the Lehman Brothers shock.
- Equipment prices fell on lower materials prices and spare production capacity, but are now holding steady.
- Prices of some materials such as copper and nickel have begun rising modestly again since around June.

6. Supplier and Equipment Price Trends (2)

Future Outlook

- If final investment decisions for multiple large-scale projects continue, equipment prices could rebound around 2010.
- A return to the boom-time levels seems unlikely, given capacity additions. But price and delivery trends need to be monitored.

7. Subcontractor Trends (1)

Current state

- The shortage of labor in areas such as skilled workers and supervisors was resolved following the Lehman Brothers shock.
- As unproductive site workers have been screened out, productivity on construction sites has improved.

7. Subcontractor Trends (2)

Future Outlook

- If final investment decisions for multiple large-scale projects continue, construction activities in the Middle East could peak again in the second half of 2012 through 2013.
- Then, skilled workers and supervisors could become scarce again, and that could prompt a rise in construction costs.

8. Strategy for Winning Orders (1)

Regions

- Saudi Arabia, the U.A.E. and Qatar are the core countries in the Middle East, and Algeria in North Africa
- Taking positive steps in the Asia-Pacific region
- Pay attention to Russia, South America, and elsewhere over the long term

Fields

- Continue to cultivate existing business fields
- Focus on upstream fields such as gas and crude oil development
- Proactively promote FPSO (F-LNG)
- Pay attention also to the development of overseas nuclear power projects



8. Strategy for Winning Orders (2)

Strengthening of Competitiveness

- Work aggressively on PMS and FEED jobs
- Step up efforts to boost cost competitiveness
- Independently conduct projects through overseas profit centers (the Middle East, North Africa, the Asian region)

PMS:Project Management Service
FEED:Front End Engineering Design



9. Strategy for Business Investment

Invest mainly in the Middle East, North Africa and Southeast Asia, where we have strong expertise in the EPC business.

Respond to industrial diversification
in emerging countries

- Solar power and solar thermal energy business
- Electricity and water supply business
- Housing business
- Effective use of low-grade coal

Prepare for the low-carbon society

- Water business
- Carbon dioxide capture and storage
(inc. the CCS-EOR) business
- Emissions trading (CDM) business



Note on Future Outlook

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