

May 12, 2010

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To all those who are concerned:

Announcement of the Establishment of the New Medium-Range Management Planning “Plan 2010”

Please be informed that Kyokuto Kaihatsu Kogyo has established its new medium-range management planning “Plan 2010” for the 3 fiscal years until the period ending in March 2013 as described below.

Description

1. **Target Period** April 1, 2010 – March 31, 2013  
(3-year plan)
2. **Basic Policies**
  - (1) As for the specialty truck business, we will change our business constitution to one where profit can be ensured even if domestic demands for medium and heavy-duty trucks remain stagnant. We will also establish new overseas manufacturing sites additionally to those in China and India to ensure continued development.
  - (2) As for the environmental equipment and systems business and car-parking business, we will promote establishment of technology partnerships and licensing of our technologies with overseas companies additionally to ensuring domestic orders and profits.
  - (3) We will promote product development based on the keywords of “environment”, “safety”, and “global”.
  - (4) We will try to compete in new business areas regardless of the current Group business categories.
  - (5) We will promote mobilization of assets possessed by the Kyokuto Kaihatsu Group to streamline our capital asset management.
3. **Key Strategies**
  - (1) **Specialty Truck Segment**

**Challenge:** *Ensuring profit even if domestic demands for medium and heavy-duty trucks remain stagnant*

As the overall domestic market for medium and heavy-duty trucks remain at the level reduced by 80% from its peak level, we will aim to change our business constitution to one where profit can be ensured even if the market remains stagnant by rigorously re-organizing the domestic manufacturing structure, streamlining the manufacturing system, reducing cost, expanding overseas procurement, and increasing market share.

**Challenge:** *Establishing new overseas manufacturing sites to ensure business development*

We will actively promote technology partnerships and the establishment of overseas manufacturing sites in the ASEAN region, which we deem as the next key area following China and India. We will invest our management resources mainly into overseas businesses where future demands are expected, and will also enforce the alignment between the domestic and overseas sites within the Group.

**Challenge: Enhancing the development of new products based on the keywords of “environment”, “safety”, and “global”**

We will actively work upon product development and sales promotion based on the keywords of “environment”, “safety”, and “global”. We will expand sales for our new range of products such as the electrical garbage collection trucks “e Packers” whose equipment is driven electrically, and electrical concrete boom pump trucks “twin-drive PISTON CRETES”, etc. We will also work actively upon developing new products which match the needs of the overseas markets as we enforce our businesses in these overseas markets, too.

**(2) Environmental Equipment and Systems Segment**

**Challenge: Selecting profitable orders and focusing on maintenance/outsourced operation businesses**

We will focus on being selective for when receiving orders for the construction of new plants by being conscious of the expected profit and loss for each case in the domestic plants market which has been struggling under a severe business environment, and on the PFI businesses which is expected to become highly popular in the coming years, additionally to actively working upon maintenance business and outsourced plant operation business where stable profit can be expected. We will also work upon procuring components from overseas market, etc. to reduce the cost and to expand the profit.

**Challenge: Actively expanding the know-how for the environmental businesses to overseas markets**

We will promote licensing business of our technologies regarding crushers, RDFsystem, and recycling centers, etc. to potential overseas markets such as those in the Asian countries. We will aim to contribute to the promotion of environmental programs in each country, and to enforce the environmental equipment and systems business provided by the Group.

**(3) Real Estate and Rental Segment**

**Challenge: Expanding our car-parking business**

As for the car-parking business, we will focus on renovation business where a new market is expected to emerge, and will also enforce our product line-up by releasing new products.

**(4) New businesses**

**Challenge: Competing in new business areas**

We will aim to compete in new business areas, not only into those where synergy effect can be expected with the existing businesses that are already implemented by the Group, but into totally new business areas regardless of the current Group business categories by promoting active alliances. This will enable us to ensure new source of earnings in the future and to establish an even more robust business basis.

**4. Managerial Goals**

We will aim to achieve the targets described in the figure below for the period ending in March 2013 which is the last fiscal year for this plan even if the domestic demands for medium and heavy-duty trucks remain stagnant.

