



KYOKUTO KAIHATSU KOGYO CO., LTD.

Medium-Range Management Planning “Plan2007” (April 1,2007 ~ March 31,2010)

About the Revision of “Plan2007”

The company has implemented its three-year medium-term business plan “Plan 2007” since April 2007. Under the plan, the Kyokuto Kaihatsu Kogyo Group has been striving together to strengthen its management base and enhance corporate values.

However, business sentiments in industries, with which the company has a relationship, have rapidly deteriorated due to a sharp rise in steel products and crude oil prices, a cutback in expenditure for public works, a decrease in construction works due to the amendment to the Building Standards Law and the appreciation of the yen.

The management has decided to revise the numerical target as follows, since demand for trucks in the domestic market and orders for environmental equipment are likely to fall short of the initial forecast drastically due to the reasons mentioned above.

Details of Revision (March 2010 [Consolidated])

Unit: Millions of yen

	March 2010 (Consolidated)		Differences	Results for March 2008
	Before Revision	After Revision		
Sales	97,300	89,200	△8,100	85,685
Operating Income	6,400	4,660	△1,740	2,997
Ordinary Income	6,490	4,850	△1,640	2,780
Current net Income	3,910	2,830	△1,080	1,662
ROA (%)	3.5	2.7	△0.8	1.6
ROE (%)	6.0	4.7	△1.3	2.9

Segment Information (the same as the above)

Unit: Millions of yen

	Before Revision		After Revision		Differences		Results for March 2008	
	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income	Sales	Operating Income
Specialty Truck Division	77,000	4,580	76,400	3,090	△600	△1,490	67,172	3,019
Environmental Equipment and Systems Division	12,000	850	6,200	730	△5,800	△120	12,409	△845
Real Estate and Rental Division	9,000	970	7,150	840	△1,850	△130	6,653	816
Retirement or whole company	△700	–	△550	–	150	–	△550	6
Total	97,300	6,400	89,200	4,660	△8,100	△1,740	85,685	2,997

• Specialty Truck Division

Overseas sales are expected to exceed the initial target, thanks to brisk exports to Asia, Africa, Middle East and Russia. However, demand for trucks in the domestic market, mainstay of the company, is expected to fall short of the initial forecast sharply. As for earnings, the company expects production costs to increase further due to a sharp rise in steel products and components prices, although it has been striving for cost reductions and rationalization to secure profits.

• **Environmental Equipment and Systems Division**

With governments facing the financial difficulties and reducing public work projects, the market for environmental equipment is likely to become smaller than initially anticipated. As for earnings, the company expects a very hard business environment to continue, due to a decline in prices of orders received and a sharp rise in production costs. Placing more emphasis on profitability, management will take orders after careful selection of plants and control production costs strictly. The company will try to obtain more lucrative system operation and maintenance contracts in order to improve profitability.

• **Real Estate and Rental Division**

Revenues are likely to fall short of the initial target figure, because of the deteriorating business environment for the multistory parking garage system caused by a decline in construction works due to the amendment to the Building Standards Law and intensifying competitions at the coin-operated parking lot business due to an increase in new comers to the business.

Future Developments

Although the management has revised the numerical target, it will not change the basic policies and key strategies of “Plan2007.” The company positions the period for “Plan2007” as an important phase to make necessary investments for future growth and development of its business, and reinforce its management base.

Under the above concept, the whole Kyokuto Kaihatsu Kogyo Group will wrestle with the following tasks together to achieve the plan and enhance corporate values from the medium and long-term perspectives.

Basic policies of the “Plan2007”

The Kyokuto Kaihatsu Kogyo Group will strive for further development of its business as the No.1 company in the industry by actively devoting management resources to enhance its core business.

- (i) To improve the Kyokuto Kaihatsu Kogyo’s brand value by realizing the customers’ trust and satisfaction
- (ii) To accelerate global business activities based on core businesses
- (iii) To evolve our technological expertise toward “Future Creation”

Key strategies of the “Plan2007”

- (i) Expansion of overseas business
(Improvement of Kunshan Plant in China, expansion of exports and cultivation of the market)
- (ii) Effects of integration with Nippon Trex Co., Ltd.
(Joint development, joint procurement, consolidation of production facilities and integration of sales and service divisions)
- (iii) Improvement in profitability of Environmental Equipment and Systems Division
(Expansion of system operation and maintenance contracts and taking orders after careful selection of plants)