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Takaaki Fudetani,
Representative Director, President, CEO
Kyokuto Kaihatsu Kogyo Co., Ltd.
6-1-45, Koshienguchi, Nishinomiya-shi,
Hyogo Pref., Japan

To all those who are concerned:

Announcement of Establishment of New Medium-term Management Plan "**Next Step 2015**"

Please be informed that Kyokuto Kaihatsu Kogyo group has established its new Medium-term management planning "**Next Step 2015**" for the three fiscal years until the period ending in March 2016 as described below.

Our group's previous medium-term management plan "Plan 2010" (three-year plan) completed in March 2013. In this plan, we successfully achieved our initial targets in sales, profits and other priority themes. To make the next step forward, we have established a new three-year plan. We will work together as a group to achieve this plan.

1. **Plan name** "Next Step 2015" to make the next step forward
2. **Target period** April 1, 2013 to March 31, 2016
(Three-year plan)
3. **Basic policies**

Kyokuto Kaihatsu Kogyo Group will celebrate its 60th anniversary in the final year of this medium-term management planning.

Positioning this three-year range as an important term to make our structural reforms to make the next step forward, we will try to restructure our management foundation and improve our corporate values as well as promote the formation of attractive corporate culture as a trusted and loved group based on the following basic policies.

"Step" to survive in the domestic market

For the core businesses (special purpose vehicles, environment and parking businesses), we will construct a firm earning system to survive in the matured domestic market.

"Step" to the global development

Positioning the overseas business as a key for the future profits, we will strengthen the foundation for global development.

We will energetically promote the early profit contribution of the overseas sites and new market development.

"Step" to the strengthening of total monozukuri (manufacturing) power

We will establish core technologies, develop human resources and ensure high quality in order to strengthen the total monozukuri power as a company

and develop our domestic/overseas business based on the power.

"Step" to improve the brand value

We will provide high quality to various needs in the product development, production, sales and service fields to improve customer satisfaction as well as develop effective PR strategies proactively in order to improve our brand value in both Japan and abroad.

"Step" to get new sources of earnings

We will energetically promote business collaboration, M&A and entry in new fields in order to expand our business chances and create future core business so that we will be able to become a company that earns 100 billion yen.

4. Key Strategies

We will tackle with the following key strategies based on the basic policies of "Next Step 2015".

(1) Establishing a firm earning system for the existing businesses

Special purpose vehicles business

- [1] Securing orders by securely receiving domestic demands for earthquake disaster reconstruction and recovery and land toughening.
- [2] Expanding the shares of key products for sales expansion (dump trucks, refuse trucks, tailgate lifters, trailers).
- [3] Improving the production efficiency by measures such as reviewing the production process drastically, promoting the automation and standardizing product specifications.
- [4] Establishing the procurement system aiming at the best price and best quality.
- [5] Establishing a firm earning foundation as a stock business by improving the after-sales service.

Environmental business

- [1] Participating in joint venture with other companies for recycle facilities and securing orders taking advantage of competitive prices.
- [2] Securing long-term stable earnings by after-sales service and accepting operation.

Parking business

- [1] Securing our competitiveness by promoting the product development in the fields whose markets are expected to expand, overseas production and improving quality for mechanical multistory parking equipment.
- [2] Promoting the selection of business locations focusing on the profitability in the pay-by-the-hour parking lot "P.ZONE®."

(2) Strengthening the foundation for global development

- [1] Realizing the early stable operation of the plants in India and Indonesia and their contribution to the group performance.
- [2] For the Kunshan plant in China, enhancing the sales in the South-East Asia and the parts supply function to the group companies.
- [3] Strengthening the business development in the special purpose vehicles, environment and parking businesses in the China and the ASEAN region.
- [4] Strengthening the development of human resources who support global development.
- [5] Strengthening the collaboration of domestic and overseas development sites of the group and developing products that are competitive in the overseas

markets.

(3) Enhancing the total power as a monozukuri company

- [1] Ensuring quality that is the top in the special purpose vehicles business by measures such as promotion of internal manufacturing, skill tradition for monozukuri and improvement of technical skills and production technology.
- [2] Establishing the lineup of only one and number one products that are accepted in the world and keep leading the industry.
- [3] Promoting the product development in new fields powerfully by using existing technologies.

(4) Improving the brand value

- [1] Improving the reliability by company-wide collaboration in the development, production, sales and service for quality improvement.
- [2] Sharing the awareness in the group that the brand is an important management resource and inputting management resources aggressively.
- [3] Establishing systems for continuous brand value improvement activities and a system to evaluate such activities.

(5) Creating future core businesses

Exploiting new needs in the existing businesses, inputting new products and creating "**the fourth pillar**" as a new core business in order to keep developing in the future.

(E.g. entering in promising markets that are not influenced by the existing businesses)

(6) Company-wide activities for corporate value improvement

- [1] Strengthening the law observance and impropriety prevention system and social contribution by powerful promotion of CSR activities.
- [2] Strengthening the environmental management by taking measures such as energy-saving promotion and reduction of substances of concern.
- [3] Improving the satisfaction level of stockholders by implementing effective stockholder return measures.

5. Performance Goal

[Fiscal year ended March 2016]

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| Consolidated net sales | 89 billion yen (16 % increase compared to fiscal year ended March 2013) |
| Group operating profit | 7 billion yen (36 % increased compared to fiscal year ended March 2013) |