

November 16, 2007

Announcement of Mid-Term Business Plan

Taikisha Ltd. announces today its 3-year Mid-Term Business plan of Taikisha Group for the fiscal year ending March 2008 to the fiscal year ending March 2010.

This Mid-Term Business plan outlines our basic policies and business goals in order to respond to changes in the domestic and international environment, and continuously advance our group.

Under our policy, "Customers first", our group will expand business globally by utilizing our environmental technology for "energy, air, and water", and make the utmost effort to achieve our business goals and meet the expectations of our shareholders and stakeholders. We would like to ask for your support and patronage in the future.

Mid-Term Business Plan Outline

1. Our Philosophy and Vision

Company Policy: "Customers First"

Company Philosophy

1. Establishing a company that can perpetually grow and contribute to the society
2. Creating an attractive company

Management Vision

Complying with laws and regulations, and the spirit, conducting fair transaction under the fair and free competition, and contributing to customers, business partners, shareholders, employees, communities and the society with transparency and a high sense of ethics

2. Basic Policy

1. Establish a management base that enables the Company to respond quickly to the changing social demands and conduct sustainable corporate activities by implementing the following measures:
 - 1) Develop corporate governance based on compliance.
 - 2) Create organizations that adapt to the changing market environment.
 - 3) Aim to continue growth through increasing added value.
2. Contribute to all stakeholders
 - 1) Provide customers with products and services in compliance with laws and regulations to meet customers' expectations.
 - 2) Review our dividend policy for "shareholders and investors", including dividend increase by improving business performance, as well as continue distribution of stable dividends as in the past. Share buy-back scheme will be conducted continuously and flexibly. In addition, maintain a fair reputation by disclosing required corporate information.

3. Mid-Term Business Goal of Our Group (consolidated)

Target figures for each fiscal year in this plan (consolidated) are as follows:

(in billion yen)

	FY 2006 (Result)	FY 2007 (Projected)	FY2008 (Projected)	FY2009 (Projected)
Orders received	183.4	176.0	180.0	182.0
Revenue	197.3	185.0	179.0	180.0
Operating profit	2.8	4.4	5.1	6.2
Ordinary profit	3.8	5.2	5.8	6.8
Net income	0.9	1.2	3.0	3.6
Return on equity (ROE)	1.3%	1.8%	4.3%	5.0%

4. Measures to Achieve Business Goals

1. HVAC System Business

1) **Continue order-acceptance stance with an emphasis on profitability and improve productivity**

Firmly maintain an order-acceptance stance with an emphasis on profitability and establish a system in which our group promptly reflects changes in the cost of raw materials to standard costs, which is a key criterion of operations, as well as clarify the terms of each contract when accepting orders. Additionally, strengthen risk management in order to improve productivity by clearly specifying the processes of design and construction operations.

2) **Promote engineering businesses and expand business areas**

Provide customers with energy solutions that utilize our eco-friendly technology as its core technology. (Proposals of systems leading to natural resource savings: carbon dioxide emission reduction, energy conservation, etc.) For instance, make proposals for modular constructions to be used in the pharmaceutical engineering field, energy saving heat source systems/energy saving air conditioning systems, high-performance emission processing systems, etc. to be installed entirely in automotive paint finishing plants.

3) **Conduct renewal operations and after-sales service businesses to respond to the diverse needs of customers**

Aggressively develop building renovation businesses and after-sales service businesses relating to production processes at plants. In order to meet the diversified and changing needs of customers for energy saving and space saving systems, make proposals and suggestions that optimize the entire energy system of a building (including the air-conditioning system).

4) **Develop business globally**

Provide customers who have international operations with products and services at world top-level quality and at a low cost by combining our technologies. Furthermore, provide low-cost construction services to customers who conduct community-based businesses in Southeast Asian countries and other countries at a low cost, supported by staff at our subsidiaries in such a country.

2. Paint Finishing System Business

1) Expand Business Areas

Expand related areas of currently on-going businesses including paint equipment, paint circulation systems, conveyer systems in order to improve our level of customer service. Additionally, aim to strengthen our engineering capabilities so that we can provide comprehensive design solutions for paint finishing plants by advancing accumulation of technology and know-how for related technology of automobile paint finishing plant. As a related business, concurrently focus on operations relating to automobile component paint finishing business as well.

2) Strengthen Response to Global Markets

Distribute our management resources placing a priority on markets which have a great deal of potential, such as China and India, and increase our market share while proactively dealing with not only Japanese automobile manufacturers, but also domestic automobile manufacturers in each country. In the European market, develop activities focusing on French automobile manufacturers.

3) Establish Energy Saving and Environmental Technology

Advance energy saving and environmental technologies, such as CO2 reduction technology and volatile organic compounds (VOC) treatment equipment, and other technologies, to be used for paint finishing systems, and maintain our position as one of the world's leading companies in the industry.

3. Strengthen Our Management Base

1) Strengthen human resource development

1. Promote skill development of employees by improving and reinforcing framework and training system for career development and aim to enhance their expertise while operating an appropriate personnel assessment system to improve employee motivation.
2. Globally develop human resources, including hiring local employees, in order to deal with overseas operations and positively support the development of business around the world, and further strengthen the governance of overseas affiliated companies.

2) Aim to develop organizations which respond flexibly to globalization and changes in market environments

1. All of our departments and each division of our headquarter will strive to develop organizations which respond more efficiently to the globalization of our business.
2. Review and implement the reorganization of the Taikisha Group in order to respond appropriately to changes in the domestic and international market.

3) Carry out strategic investments to reinforce the business base

Carry out strategic investments in the development of human resources, research and development, IT system development, and operation innovation, in order to achieve long-term growth and strengthen our business base.