

February 15, 2007

Press Release:

KYC Machine Industry Co., Ltd. Buys Batching Plant Business from IHI Construction Machinery Limited

KYC Machine Industry Co., Ltd (Head office: Chuo-ku, Osaka; President: Hisakazu Yamaguchi), the third largest company in the concrete batching plant business, reached agreement with IHI Construction Machinery Limited (Head office: Kanazawa-ku, Yokohama; President: Masao Nitanda), the sector's No. 4 company and a 100% subsidiary of IHI Corporation, concerning the basic terms for KYC's acquisition of the concrete batching plant business (BP business) from IHI Construction Machinery Limited. Talks will continue with a view to implementing the business transfer in March.

The Japanese market for the BP business is shrinking in the wake of public sector project downsizing, and intense competition in the sector. Meanwhile, demand has risen for high-performance and high-value added concrete, for example, high-fluidity and high-strength concretes used for skyscrapers. The need to develop new high-performance mixers, combined with other demands for timely innovations, have R&D costs posing increasing burdens on companies.

Given this business environment, it was agreed that the skills and know-how that both companies had built up over the years could be consolidated to produce better quality products and services, reliably provide these to customers, cut down on redundant R&D costs and rationalize operating and other expenses, thus streamlining production facilities and improving the market position in Japan while expanding business opportunities.

With this business acquisition, KYC will expedite its foundation building in the Japanese market. It plans to expand export operations to promising overseas areas that will be making further investments in infrastructure, including Southeast Asia, India, the Near and Middle East and Africa, and to engage in business activities that aim to localize production.

End

KYC Machine Industry Co., Ltd.

Address: 2-3-12, Minami-honmachi, Chuo-ku, Osaka-shi, Osaka

Line of Business: Manufacture and sales of batching plants, temporary structure equipment, belt conveyors and other construction related machinery

Turnover: ¥10.6 billion, of which ¥4 billion is from BP business (figures for the business year ended March 2006)

President and Representative Director: Hisakazu Yamaguchi

Employees: 319, of which 80 are engaged in BP related operations (as of the end of September 2006)

IHI Construction Machinery Limited

Address: 3174, Showa-cho, Kanazawa-ku, Yokohama-shi, Kanagawa

Line of Business: Manufacture and sales of construction machinery and concrete pumps

Turnover: ¥24.7 billion, of which ¥2.4 billion is from BP business (figure for the business year ended March 2006)

President and Representative Director: Masao Nitanda

Employees: 275, of which 30 are engaged in BP related operations (as of the end of September 2006)