

KAIHO SANGYO NEWS LETTER



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Greetings from Kaiho Sangyo. We hope you are all doing well. We are in the middle of March, but it is very cold and sometimes we have snow like we are in the middle of winter!!! What is happening to the Japanese climate??

In this edition we will report the hot news regarding metal materials. Also in this issue the country, Malaysia will be featured.

Your frank comments about this letter, our company, staff or products are always appreciated. Please feel free to contact us anytime! Kana

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SUFFERING FROM THE THEFT OF METAL MATERIALS

From electric cables, lids for side ditch, and fences to faucets, all kind of metal materials in the town are stolen lately, and the very same thing is happening all over Japan now! They must be resold. This is behind the background of the worldwide increase in price of metal materials such as steel scrap, copper, and stainless-steel. Police united a special team to crack down this matter.

In 2006, there were about 5,700 cases of this kind of theft in Japan (the amount of damage totaled about 20 billion yen.) and 10% of them happened in OSAKA. It is said that the reason of that is because there are quite lots of material factories all over the city.

The main reason of these theft is because of the worldwide increase in price of metals. Especially, copper. Last summer, it was 90 thousand yen per ton, which meant 4.5 times as 3 years ago. The price of nickel metal that is a precursor of stainless-steel products has also tripled in these 3 years. In case of steel scrap, it is 1.6 times as 2

years ago, the price of aluminum is 1.5 times as 3 years ago. One of the reason of this increase in price is because of construction special procurement for Games of the XXIX Olympiad Beijing 2008 and Shanghai World Exposition in 2010.



Stainless-steel chain. One part of this was cut and stolen.



Count down clock for Olympiad in Beijing

Now, companies or communities who got damage are taking measures to prevent metal material theft. Kansai Electric Power Co., Inc. that lost about 10 million yen because of stolen copper lines for electric poles installed security cameras and covered the exposed copper lines with sheets. Osaka Town Hall changed the metal chains to stop cars to vinyl chloride products. And police is warning scrappers who purchase those stolen metal materials not to buy them, but they say that it is difficult to distinguish stolen from not stolen as most of those materials are already resold.



Now, this story is not just news on TV or paper for us. The increase in price of steel scrap and aluminum has been making the price of used cars and used engines increase in these years. Moreover, soaring fuel prices is accelerating it.

1) Suppliers wouldn't like to sell used engines to us because they can sell the used engines as scrap materials. What will you do if you can get the same amount without dismantling?? The selling price of engines and the selling price of metal materials are almost same. When you sell used engines, you have to take engines out from a car. However, you don't have to do it when you sell engines as steel scraps because you can break a car itself down together with an engine. Now you understand why suppliers tend to sell engines as steel scraps! And it is pretty natural for suppliers to increase selling prices for used engines, and we have no choice except accepting it.

2) We buy used cars and used engines from all over Japan to meet our customer's difficult requests. Of course, we need a big truck to bring cars and engines to KAIHO SAN-GYO. So the increase in price of fuel is giving us big damage. Total expenses to get an engine is getting higher and higher.

Frankly say, we will sometimes increase prices of engines. But we would like you to understand what is happening here. And we also would like you to know that we are always willing to negotiate with you about prices or other things!!!

COUNTRY PROFILE ; FILE NO. 6 Malaysia



Under the direction of the former Prime Minister, Tun Mahathir Mohamad, he promoted to develop domestic supplies in various kind of fields. Especially, he made a good success with National Car. Proton established in 1985 based on technology and parts from Mitsubishi Motors, (then they dissolved the partnership with Mitsubishi Motors and is negotiating a strategic partnership with Volkswagen AG of Germany, on the other hand, also negotiating a technical partnership with Mitsubishi Motors again.) and Perodua that adopted techniques from Daihatsu are no. 1 and no. 2 automobile manufactures in Malaysia. With careful protection of the government, they are dominating a market. As compared to Proton, Perodua has been quite successful in its business ventures. Its cars are also very popular among Malaysians, such as the recently introduced Perodua Myvi. In 2006, Proton's sales dropped 30.4% from 166,118 in 2005 to 115,538 for the Malaysia market, with a later report indicating a 55% fall of sales to 962.3 million ringgit, its lowest in at least seven years. This allowed Perodua to overtake Proton as the country's largest passenger carmaker for the first time, with a 41.6% in 2005 to 32% in 2006. in the period ending December 31, 2006, Proton has also suffered three consecutive quarterly losses. Compared to a profit of 86.5 million ringgit in 2005, the car company lost 281.5 million ringgit in 2006. Proton blamed discounts from rivals. Total losses in 2007's financial year climbed to \$169 million. The employees Provident Fund acquired an additional 830,000 shares in transaction that spanned between January 5 and January 12, 2007.



(source: wikipedia)

National emblem
The Petronas Twin Towers in Kuala Lumpur

