

Quarterly Results Briefing for Fiscal 2010

November 19, 2009

AGENDA

- I. Quarterly Results Overview
for the 2nd quarter of fiscal 2010
- II. Earnings Forecasts for Fiscal 2010
- III. Progress towards VISTA-3S targets
- IV. Shareholder Returns

I. Quarterly Results Overview for the 2nd quarter of fiscal 2010

1. Consolidated financial results for the 2nd quarter of fiscal 2010
2. Factors in ordinary income growth/decline
3. Departmental breakdown of earnings results
4. Departmental overview
5. Balance sheet
6. Financial position and cash flow



Consolidated financial results for the 2Q of fiscal 2010(1)

Consolidated Income Statement

(¥ million)	FY09 (2Q)	FY10 (2Q)	YOY (%)	Published targets	Ratio to target
Net sales	109,500	148,130	35.3	130,000	113.9
Gross profit	14,008	18,275	30.5	—	—
Operating expenses	14,616	15,855	8.5	—	—
Operating income/loss	△ 607	2,419	—	1,100	219.9
Ordinary income/loss	△ 882	2,404	—	1,200	200.3
Extraordinary profit	—	1	—	—	—
Extraordinary loss	2	84	—	—	—
Net profit/loss (quarterly)	△ 659	1,581	—	650	243.2

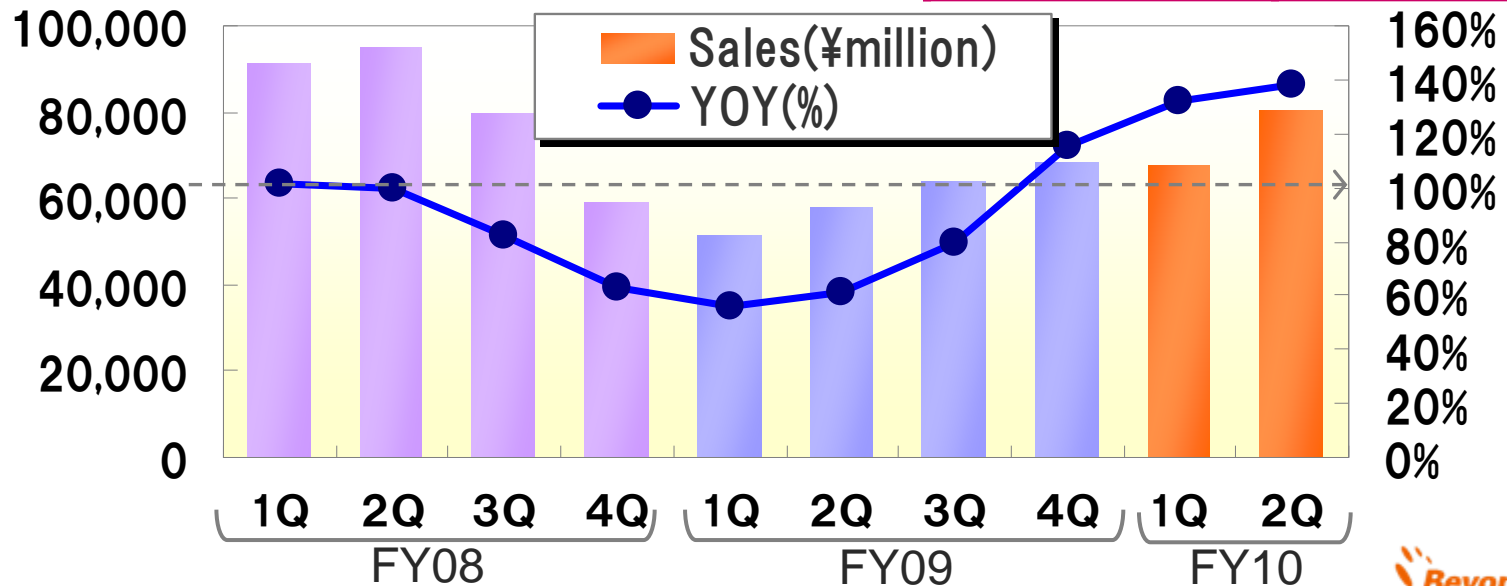
- The production equipment business grew both in Japan and overseas, buoyed by Japan's economic recovery and rising exports to newly industrialized nations. This, along with a stable consumer goods business, led to higher sales and higher earnings.



Consolidated financial results for the 2Q of fiscal 2010(2)

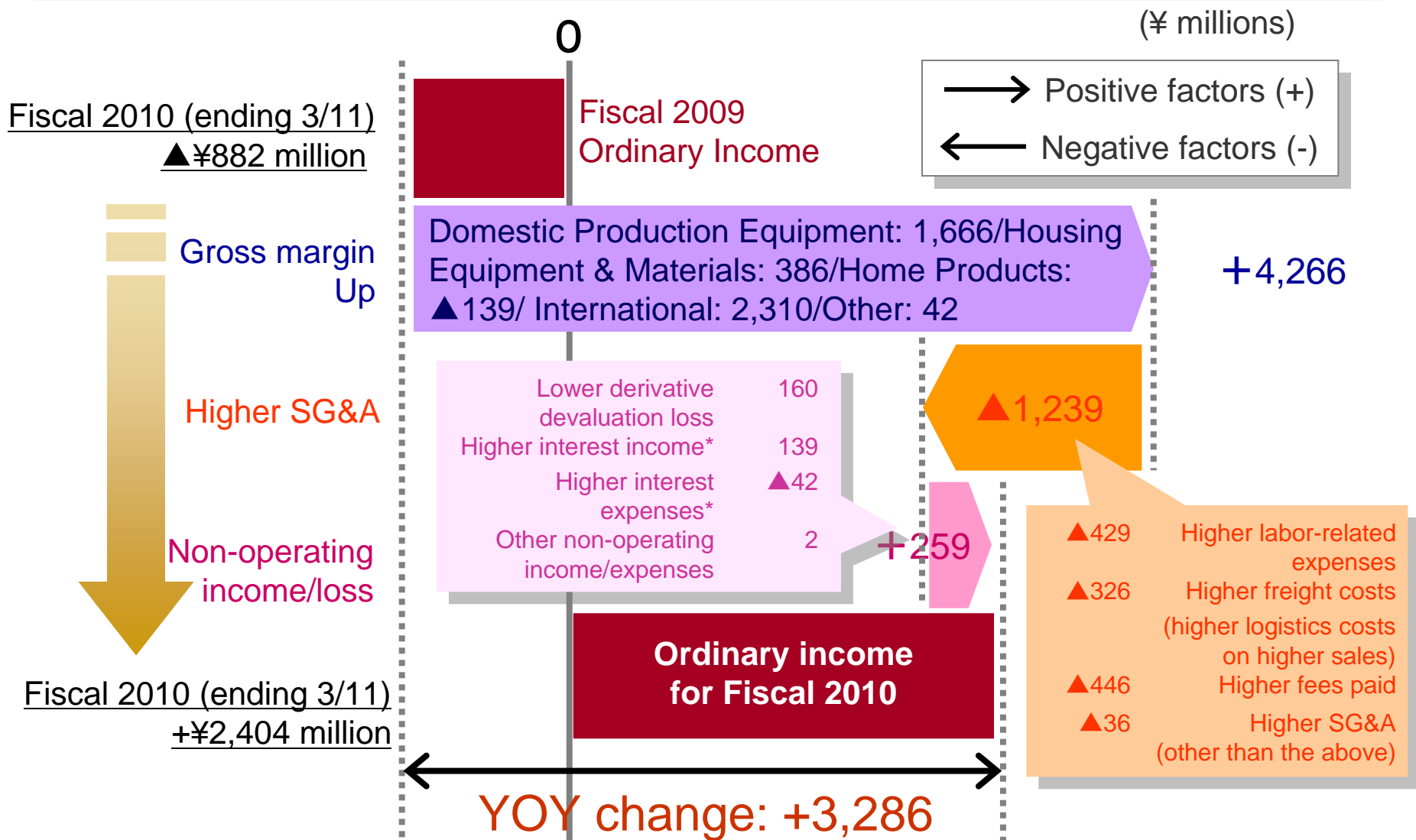
■ Quarterly sales trends (for the past 30 months)

(¥ million)	3Q 2009 10-12	4Q 2010 1-3	1Q 2010 4-6	2Q 2010 7-9
Net sales	63,801	68,109	67,891	80,239
Operating income/loss	398	1,045	574	1,845
Ordinary income/loss	593	1,244	551	1,853
Net profit/loss (quarterly)	311	786	364	1,217





Factors in ordinary income growth/decline



*Interest income includes dividends income. Interest expenses include loss on the sale of trade notes.

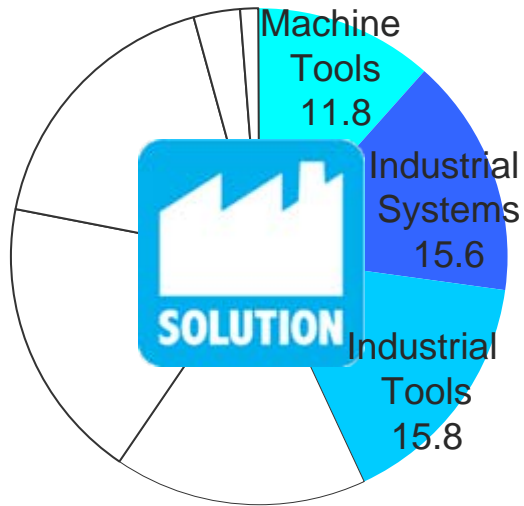


Departmental Sales (Consolidated)

(¥ million;%)	Fiscal 2009 (2Q)	Fiscal 2009 (2Q)	YOY (%)	Published targets (As announced at the beginning of the fiscal year)	Ratio to target
Machine Tools	11,925	17,467	46.5	13,500	129.4
Industrial Systems	18,549	23,131	24.7	21,500	107.6
Industrial Tools	17,646	23,363	32.4	22,000	106.2
(T o t a l) Domestic producer goods	48,121	63,961	32.9	57,000	112.2
Housing Equipment, M a t e r i a l s	22,419	24,188	7.9	23,500	102.9
Home Products	25,964	27,524	6.0	28,000	98.3
(T o t a l) Consumer goods	48,384	51,712	6.9	51,500	100.4
International Operations	11,363	30,631	169.6	19,600	156.3
(T o t a l) Overseas producer goods	11,363	30,631	169.6	19,600	156.3
Other departments	1,631	1,824	11.9	1,900	96.0
T o t a l	109,500	148,130	35.3	130,000	113.9

Departmental Overview (1)

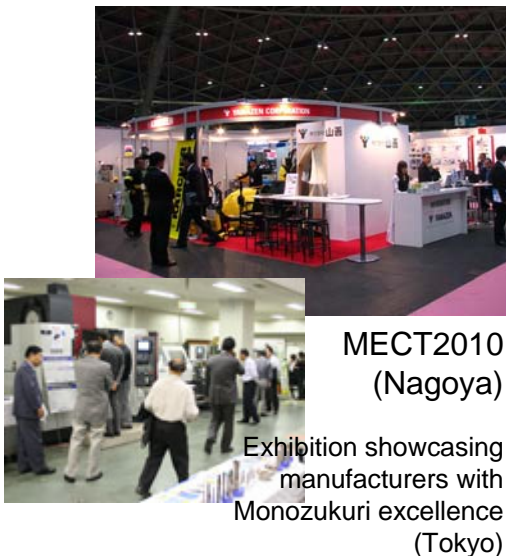
Production Equipment and Materials Business



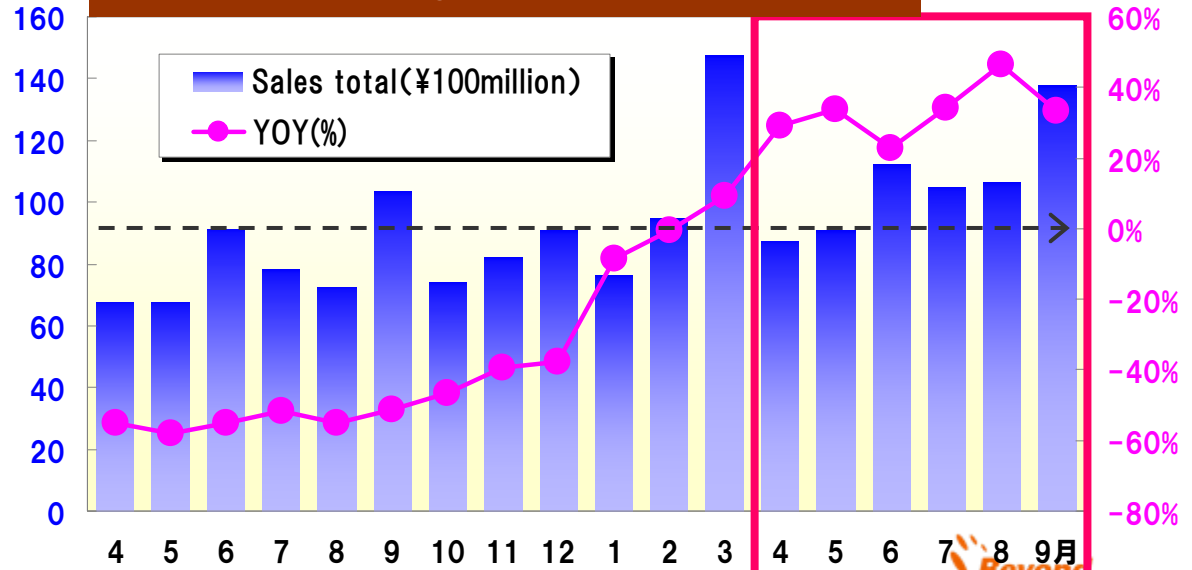
S a l e s **¥63,961M** (Up**32.9%**)

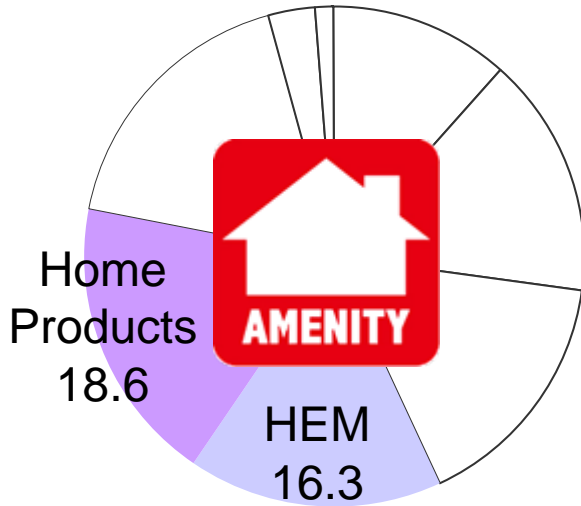
P r o f i t s **¥1,192M** (Margin **1.9%**)

- Mild recovery was seen in demand, primarily from export-oriented sectors (especially automotive) for machine elements/parts and industrial tools.
 - ❑ Machine tool orders saw a slight increase, but uncertainty (including the stronger yen) put the brakes on a full-fledged recovery in capital investments in Japan.



Domestic producer goods / Monthly sales trends

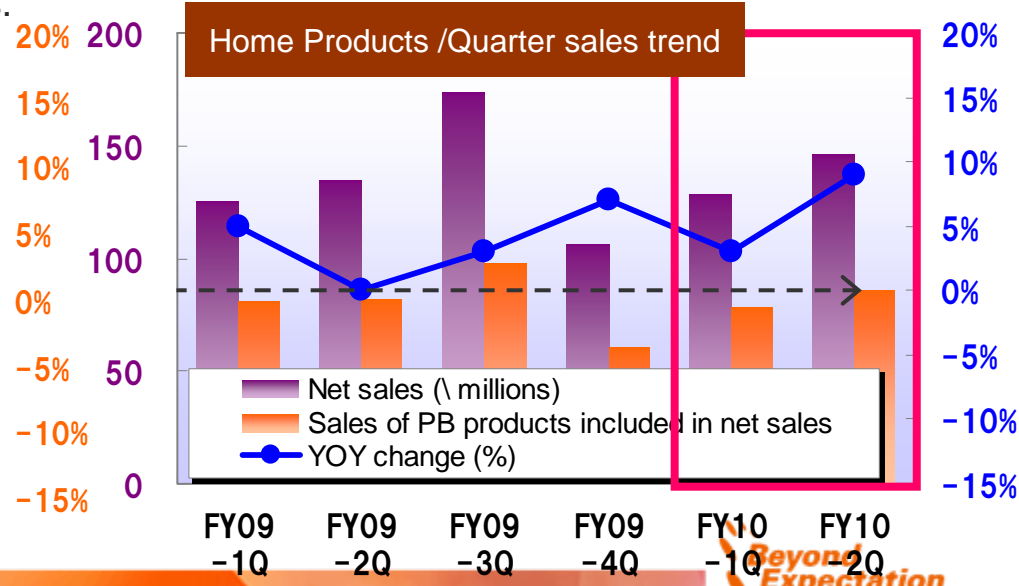
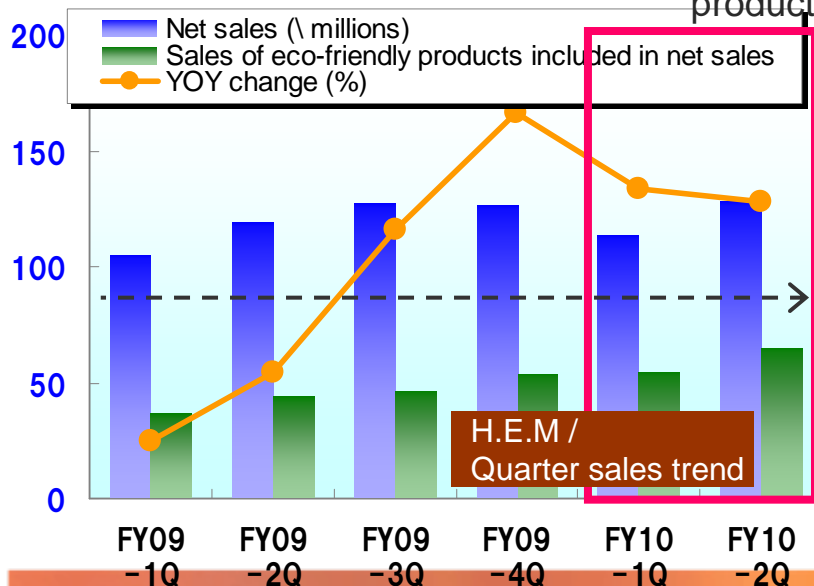


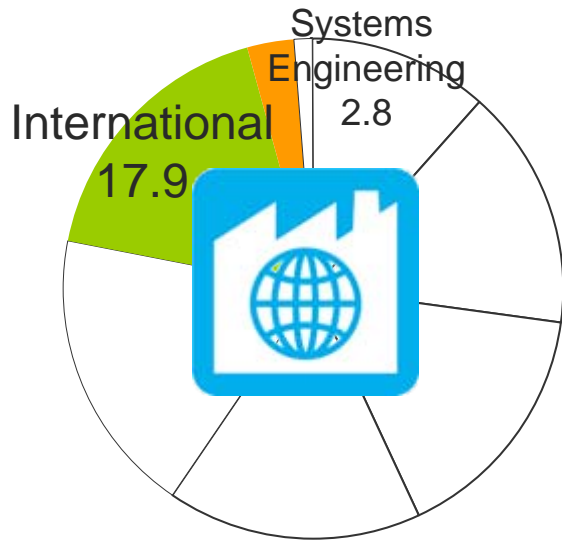


S a l e s **¥51,712M** (Up**6.9%**)

P r o f i t s **¥1,387M** (Margin **2.7%**)

- Sales of Housing Equipment & Materials (HEM) sales remained on a growth track bolstered by higher sales of Aids for Environmental Improvement, despite the shrinking size of the overall housing market.
 - ❑ Healthy sales of solar energy products and EcoCute energy-saving water heating equipment
- Home Products posted record-high sales in 2Q on robust sales of seasonal products, cooking appliances, and health-related products.





S a l e s **¥30,631M** (Up **169.6%**)

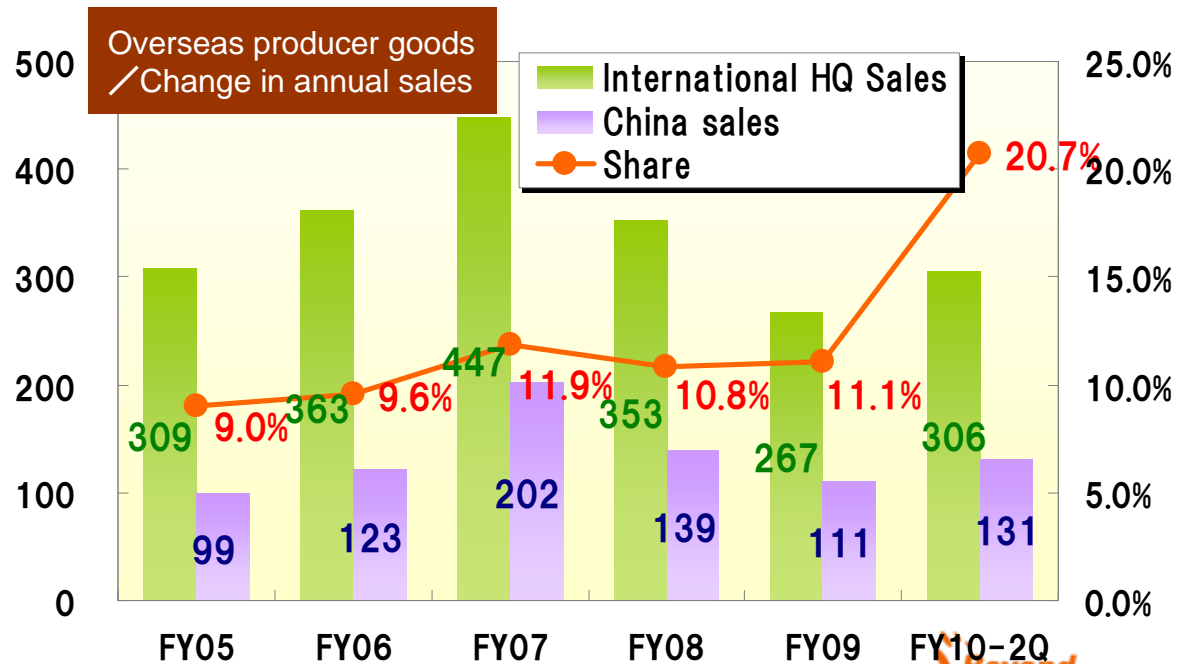
P r o f i t s **¥1,087M** (Margin **3.5%**)

- There was increased demand for machine tools, primarily from IT and environment-related sectors in China and ASEAN.
 - ❑ Record-high 2Q sales to overseas (consolidated basis) and sales to China



IMTS2010 (USA)

Int Mold2010 (Thailand)

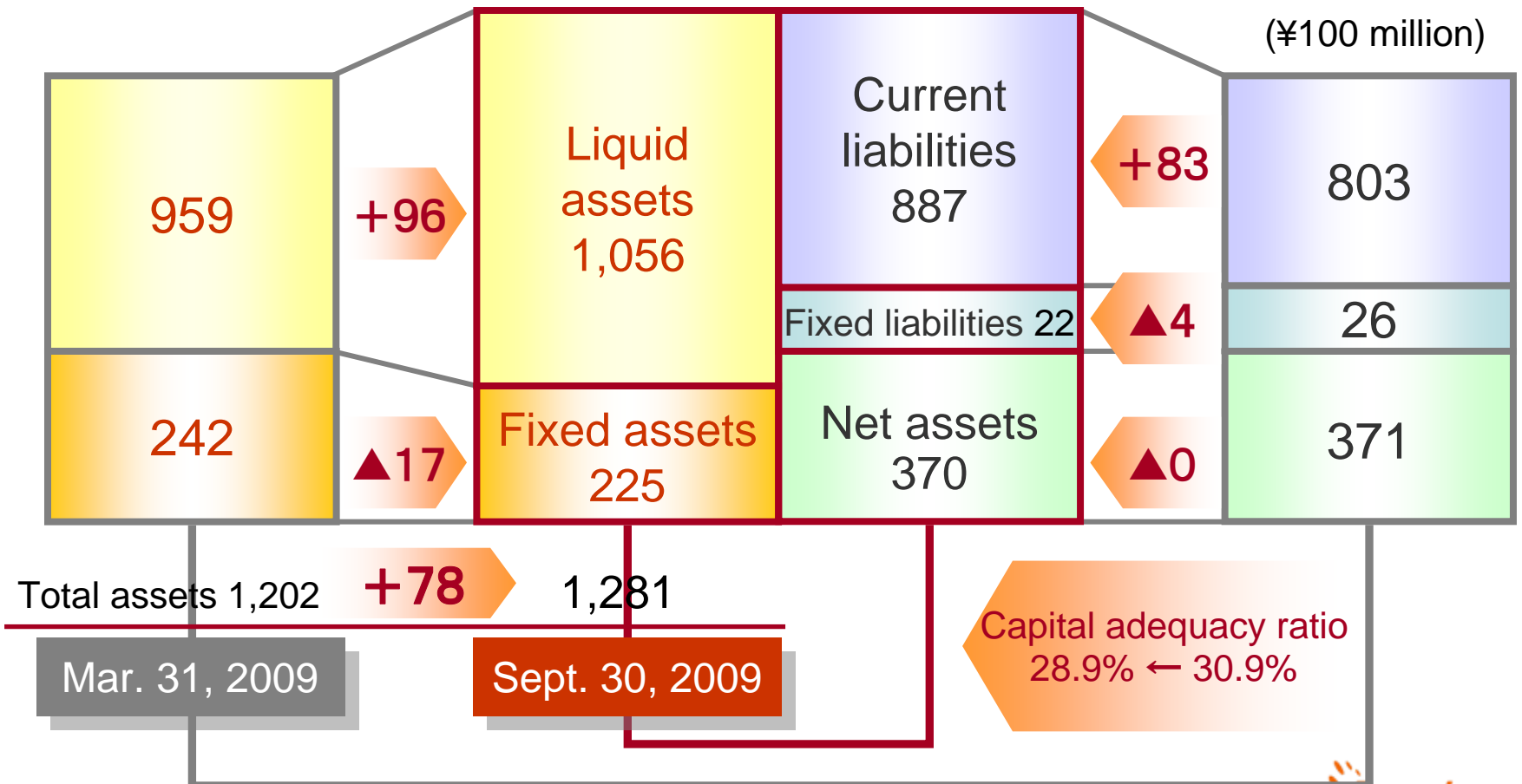


Balance Sheet (consolidated)

- Modest growth in total assets was caused by an increase in trade receivables, which more than offset an increase in trade payables, among other factors.

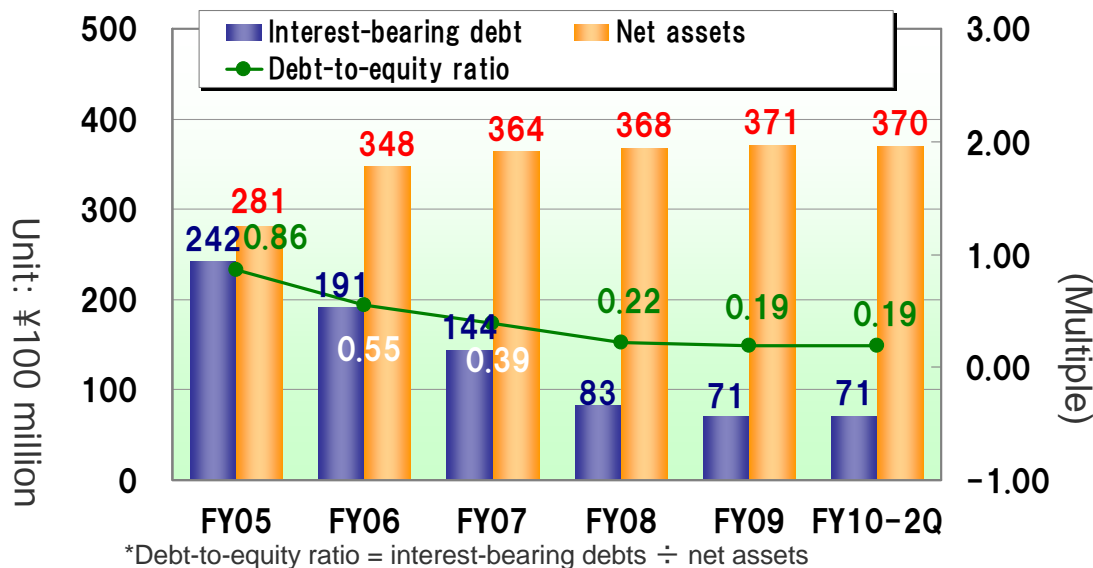
Assets

Liabilities/Total Assets





Financial Position & Cash Flow



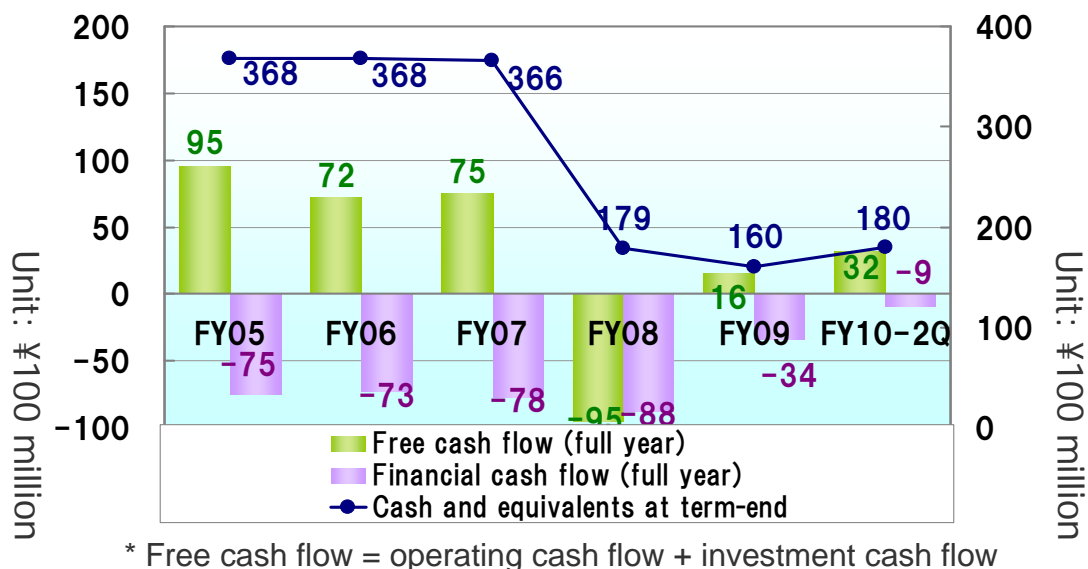
➤ Both net assets and outstanding interest-bearing debts remained at the previous fiscal year-end levels.

➡ The debt-to-equity ratio stood at 0.19 (or 0 after adjustment for cash and deposits)

➡ Decrease in net assets = impacts of valuation and translation adjustments

Valuation difference on available-for-sale securities	Δ709
Foreign currency translation adjustment	Δ491

➤ Free cash flow remained positive.



II. Earnings forecasts for fiscal 2010

1. Earnings forecasts for fiscal 2010
2. Divisional sales targets



■ Profit Targets (revised 10.21)

(¥ millions; %)	Fiscal 2009	Fiscal 2010 (2Q)	Fiscal 2010 (revised)	YOY (%)
Sales	241,410	148,130	295,000	22.2
[Stand-alone]	229,281	139,945	279,000	21.7
Operating income	836	2,419	4,500	438.1
[Stand-alone]	908	1,607	3,000	230.3
Ordinary income	955	2,404	4,500	370.9
[Stand-alone]	979	1,567	3,000	206.4
Net profit	438	1,581	2,800	538.2
[Stand-alone]	365	939	1,800	393.1



Departmental Sales Targets (Consolidated)

(¥ millions; %)	Fiscal 2009	Ratio	Fiscal 2010 (revised)	Ratio	YOY (%)
Machine Tools	26,529	11.0	34,000	11.5	28.2
Industrial Systems	39,754	16.5	47,600	16.1	19.7
Industrial Tools	38,382	15.9	46,500	15.8	21.2
(Total) Domestic producer goods	104,667	43.3	128,100	43.4	22.4
Housing Equipment, Materials	47,751	19.8	50,000	16.9	4.7
Home Products	53,941	22.3	56,000	19.0	3.8
(Total) Consumer goods	101,692	42.1	106,000	35.9	4.2
International Operations	26,774	11.1	57,500	19.5	80.4
(Total) Overseas producer goods	31,875	13.2	57,500	19.5	80.4
Other departments	3,173	1.3	3,400	1.2	7.2
T o t a l	241,410	100.0	295,000	100.0	22.2

III. Progress towards VISTA-3S targets

1. Vision and mid-term management policy
2. VISTA-3S Objectives
3. Vista-3S Strategic Themes and Progress Reports
4. VISTA-3S 3-Year Targets
5. Future VISTA-3S initiatives



Our goal is to become a specialized trading company that provides best-in-class products and offers customers a comfortable living environment!



3 Strategies / 10 actions

By leveraging three key strategies, our aim is to spark innovation and to evolve into a company that combines value, impressions, specialization, technology and adaptability

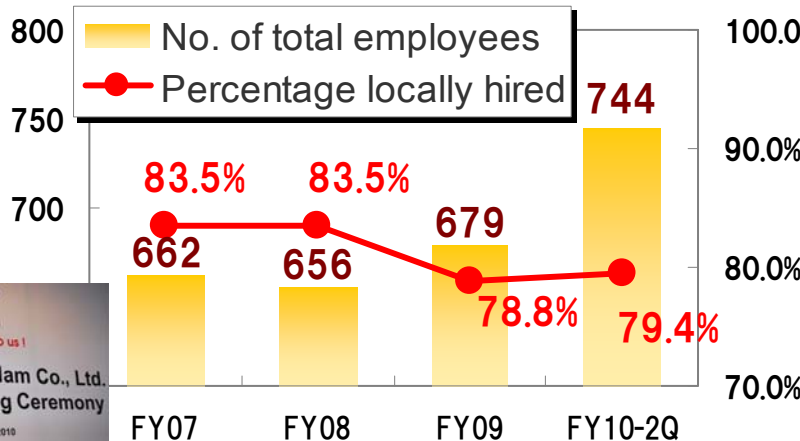
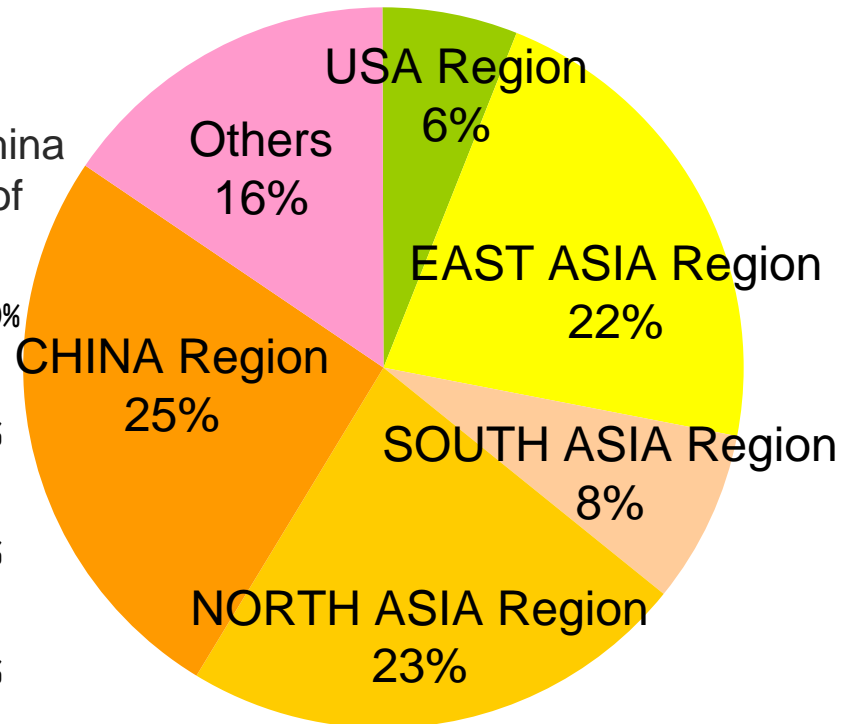




S-I: Global Competitiveness/ Global Network

- A subsidiary was established in Vietnam, the Shanghai Office was relocated for business expansion, and new business bases were created in Kunshan and Shenyang, China.
 - ➡ Continued enhancement of marketing structure to meet greater demand from China and ASEAN and to deliver a wider range of services

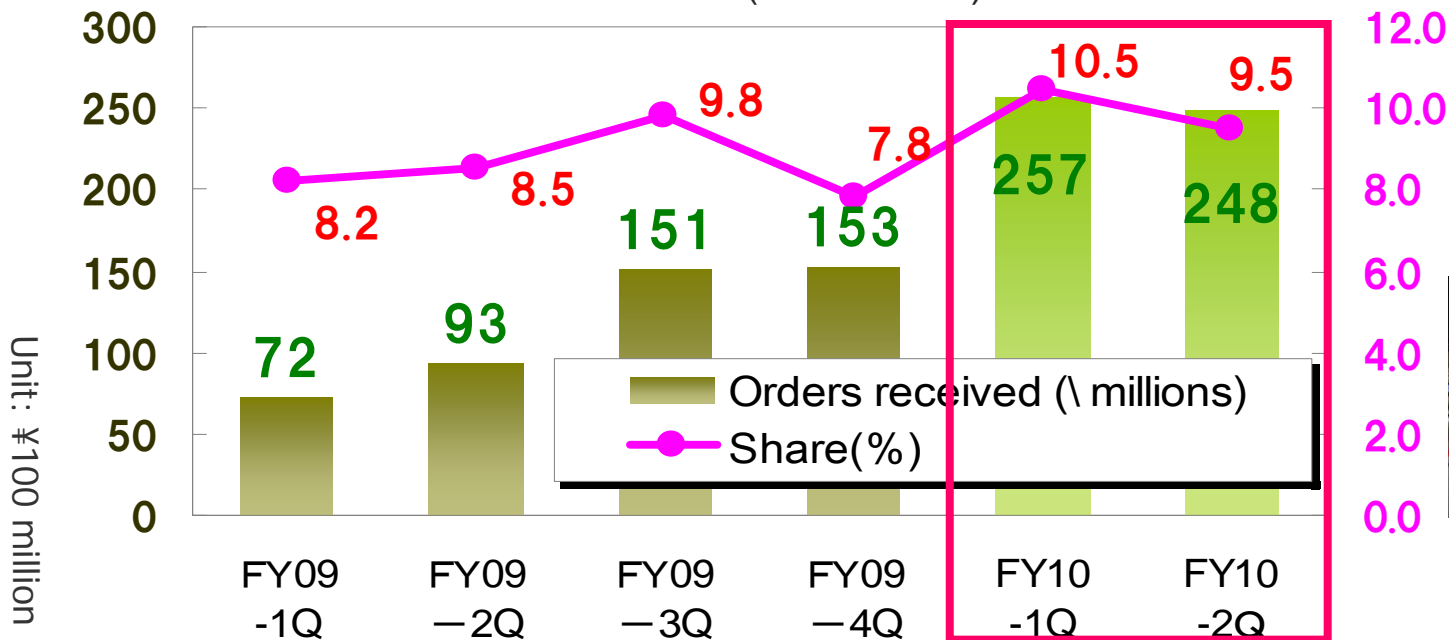
Contribution to sales by branch (region) (consolidated basis)





S-II: Specialization/ Market Share

- Machine tool orders for the April–Sept. period reached ¥50.5 billion, capturing a market share of 10%*.
 - ➡ Orders rose for measuring equipment (+46% YOY) and mechatronics (+52% YOY), as well as for peripheral product lines, such as cutting tools (+51% YOY) and machine tool accessories (+65% YOY).



(* Percentage of aggregate orders as published by the JMTBA)



S-II: Specialization: Product & Service Development

- Yamazen's unique products noted for brisk sales in 1H



TOLTON hands-free massage device
Released in February, sold 55,000 units to date



Oroshi-no-Tatsujin electric radish grater
Released in September, sold 20,000 units to date

- Expanded range of Yamazen's own promotion tools

➡ *le-Sola* and *li-Mono-Kawaraban*, designed to strengthen presence vis-à-vis users

太陽光発電の価格を簡単一括お見積!

全国優良発電工事の厳選、安心の見積サポート。
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用途に合わせて選択お見積にご利用ください!

○ 概算見積 ○ 現地調査見積

エコエネルギー業界



清水園町



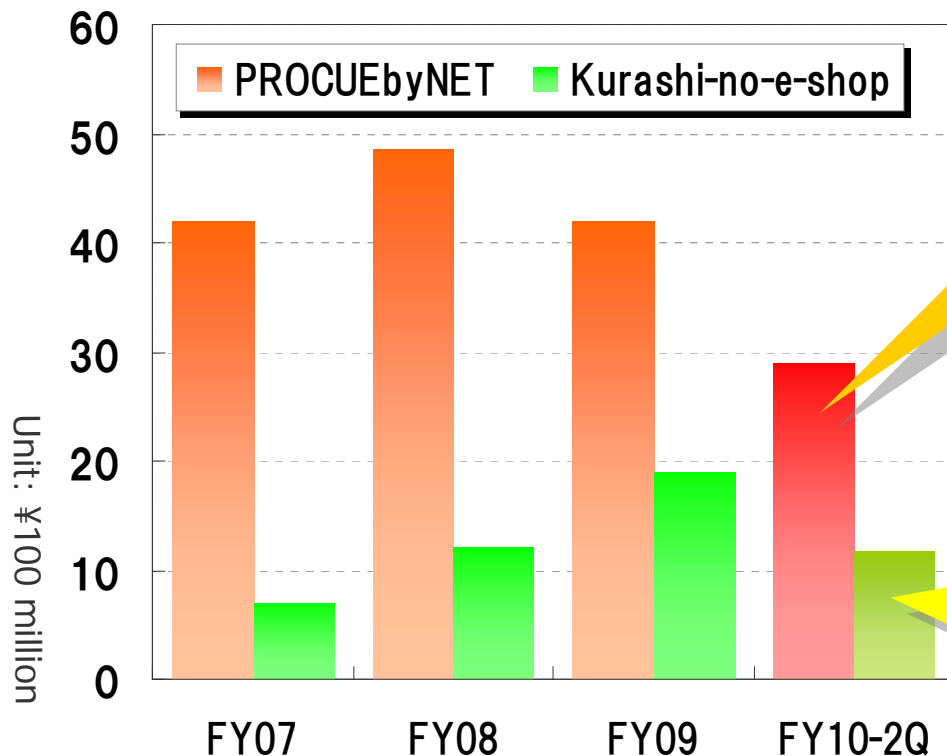
私が思うに、ドキドキワクワクする“まちがいない”ものを盛り揃えてあります!



S-II: Specialization/ Internet Business

- B-to-B and B-to-C online transactions reached ¥4 billion during the April–Sept. period (excluding EDI transactions).

⇒ Record sales for PbN and the Kurashi-no-e shop in 2Q



15,000+ member merchants

11,000 registered users



PROCUEbyNET

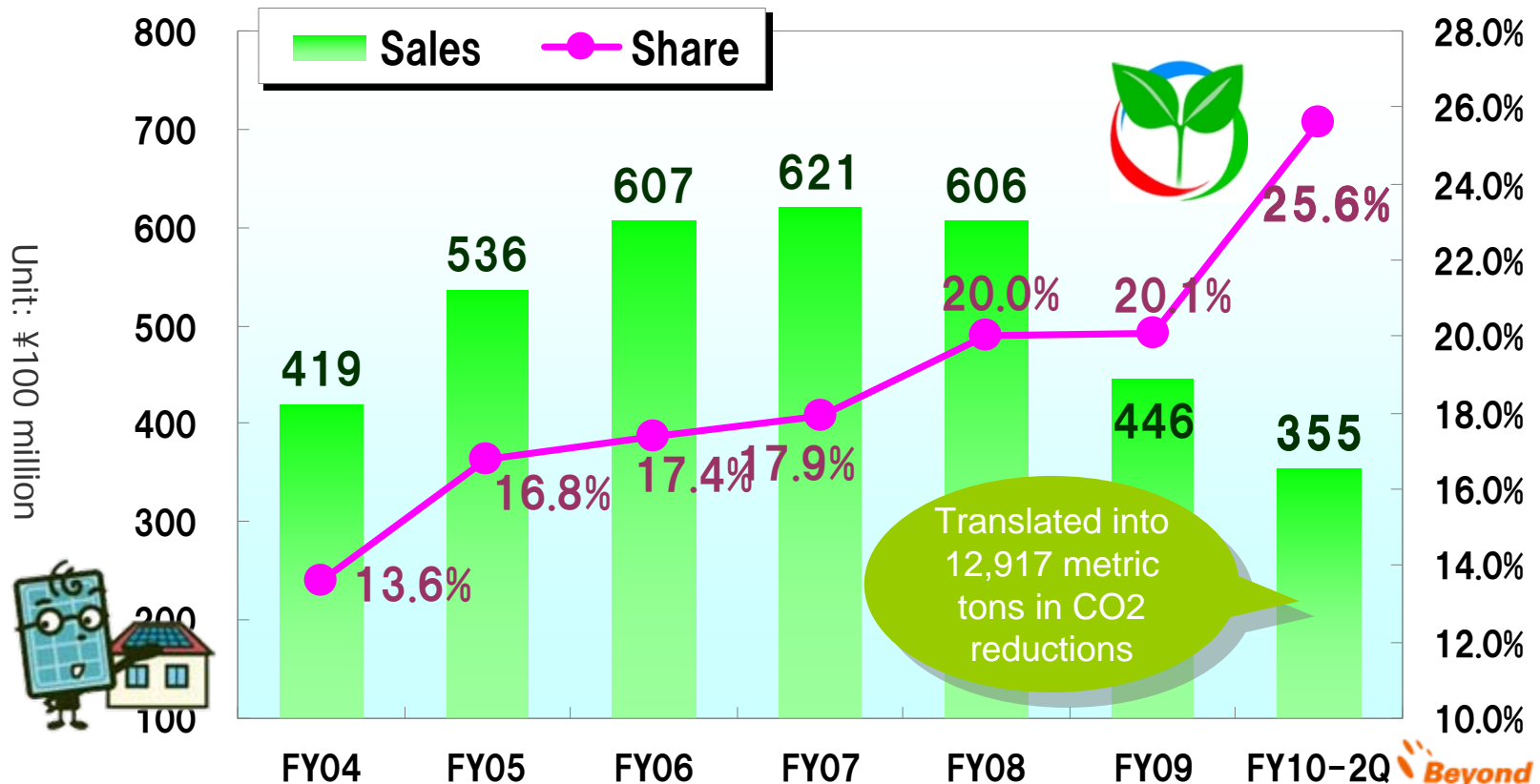


Yamazen's Amazon.co.jp store was selected "best merchant" in conjunction with Amazon's 10th anniversary.



S-II: Specialization/ Eco-friendly Business

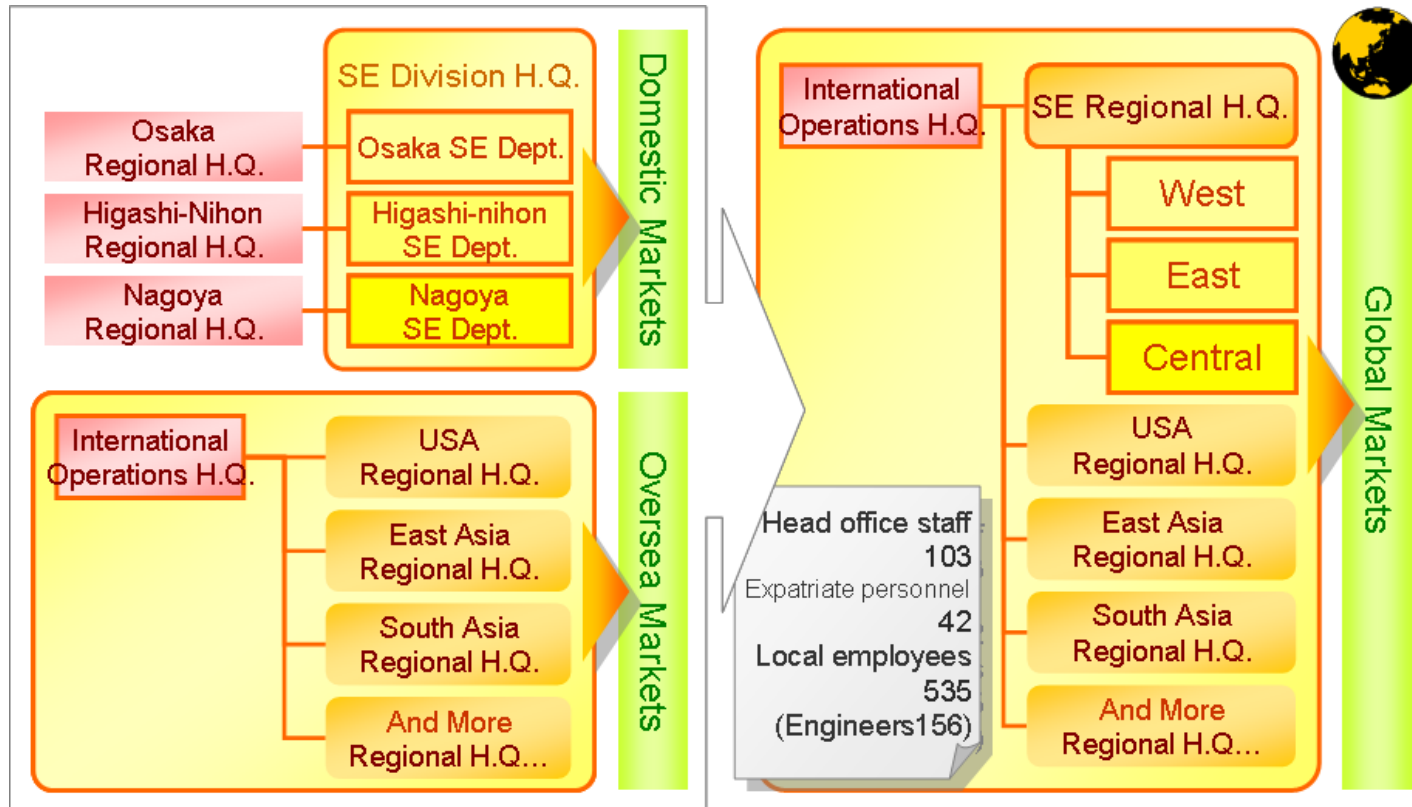
- Company-wide sales of eco-friendly products reached ¥35.5 billion (+84% YOY).





S-III: Organizational Strength/ Business/ Infrastructure Development

- The SE Department was merged into the International Operations HQ in order to meet growing shift of customers to borderless production.





VISTA-3S 3-Year Targets (consolidated) (1)

Profit Targets (revised 10.21)

(¥ millions)	Fiscal 2009	Fiscal 2010 (revised)	Fiscal 2011	Fiscal 2012
Sales	241,410	295,000	300,000	350,000
Operating income	836	4,500	5,500	8,500
Ordinary income	955	4,500	5,500	8,500
Net profit	438	2,800	3,000	4,800

Key Financial Targets

(*Fiscal year-end target)

(%)	Fiscal 2009	Fiscal 2010 (2Q)	Fiscal 2011	Fiscal 2012
Gross margin	0.3%	1.6% (* 1.1%)	1.8%	2.5%
Return on total assets	0.7%	1.9% (* 2.3%)	3.9%	5.5%
Cash flow margin	0.6%	2.1% (* 1.0%)	1.7%	2.5%



VISTA-3S 3-Year Targets (consolidated) (2)

■ Departmental Sales Targets (revised 10.21)

(¥ millions; %)	Fiscal 2009	Fiscal 2010 (revised)	Fiscal 2011	Fiscal 2012
Machine Tools	26,529	34,000	40,000	58,000
Industrial Systems	39,754	47,600	51,000	58,000
Industrial Tools	38,382	46,500	48,000	52,500
(T o t a l) Domestic producer goods	104,667	128,100	139,000	168,500
Housing Equipment, M a t e r i a l s	47,751	50,000	51,000	57,000
Home Products	53,941	56,000	60,000	66,000
(T o t a l) Consumer goods	101,692	106,000	111,000	123,000
International Operations	31,876	57,500	46,400	54,700
(T o t a l) Overseas producer goods	31,876	57,500	46,400	54,700
Other departments	3,173	3,400	3,600	3,800
T o t a l	241,410	295,000	300,000	350,000

■ Capital Investment Plans

(¥ millions; %)		Fiscal 2009	Fiscal 2010 (revised)	Fiscal 2011	Fiscal 2012
Tangible fixed assets	Additional investments	302	100	100	100
Intangible fixed assets	Additional investments	959	179	392	380
Parent-only subtotal		1,261	279	492	480
Consolidated total		1,300	380	600	580
Tangible fixed assets	Depreciation	315	266	238	214
Intangible fixed assets	Amortization	437	513	491	388
Parent-only subtotal		752	779	729	602
Consolidated total		830	900	850	730



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Future Initiatives

(¥ millions)	Sales projections for Fiscal 2010	Topics
Domestic producer goods	128,100	Efforts are aimed toward a market share of 10% for machine tools, enhanced product lines for each category, and stepped-up promotion of PROCUEbyNET.
Housing Equipment, Materials	50,000	A daylight guarantee is to be launched for <i>le-Sola</i> along with stepped-up sales promotions, in order to draw greater potential user traffic in an effort to make the solar power business a ¥10 billion/year business.
Home Products	56,000	A sales total of 2.5 million units for winter products are targeted along with a delivery completion rate of 99%.
Overseas producer goods	57,500	Greater localization will be achieved while taking into account specific regional conditions; meanwhile, we will search for opportunities to build a solid basis enabling greater business transactions with Taiwanese and other companies.
Total	295,000	*The total includes business areas other than the above.

IV. Shareholder Returns

1. Shareholder Returns

2. Current Term Dividends





Shareholder Returns

□ Basic Policy

- △ Yamazen is working to strengthen and enhance our corporate culture and to raise profit levels, and we are committed to returning profits to our shareholders on a regular basis, maintaining a consolidated payout ratio of around 25% that reflects current profit levels.
- △ Retained earnings are appropriated for investment that is intended to effectively promote the sustainable development of our business and enhance shareholder equity, and by increasing our corporate value through mid- to long-term growth, to meet the expectations of our shareholders.

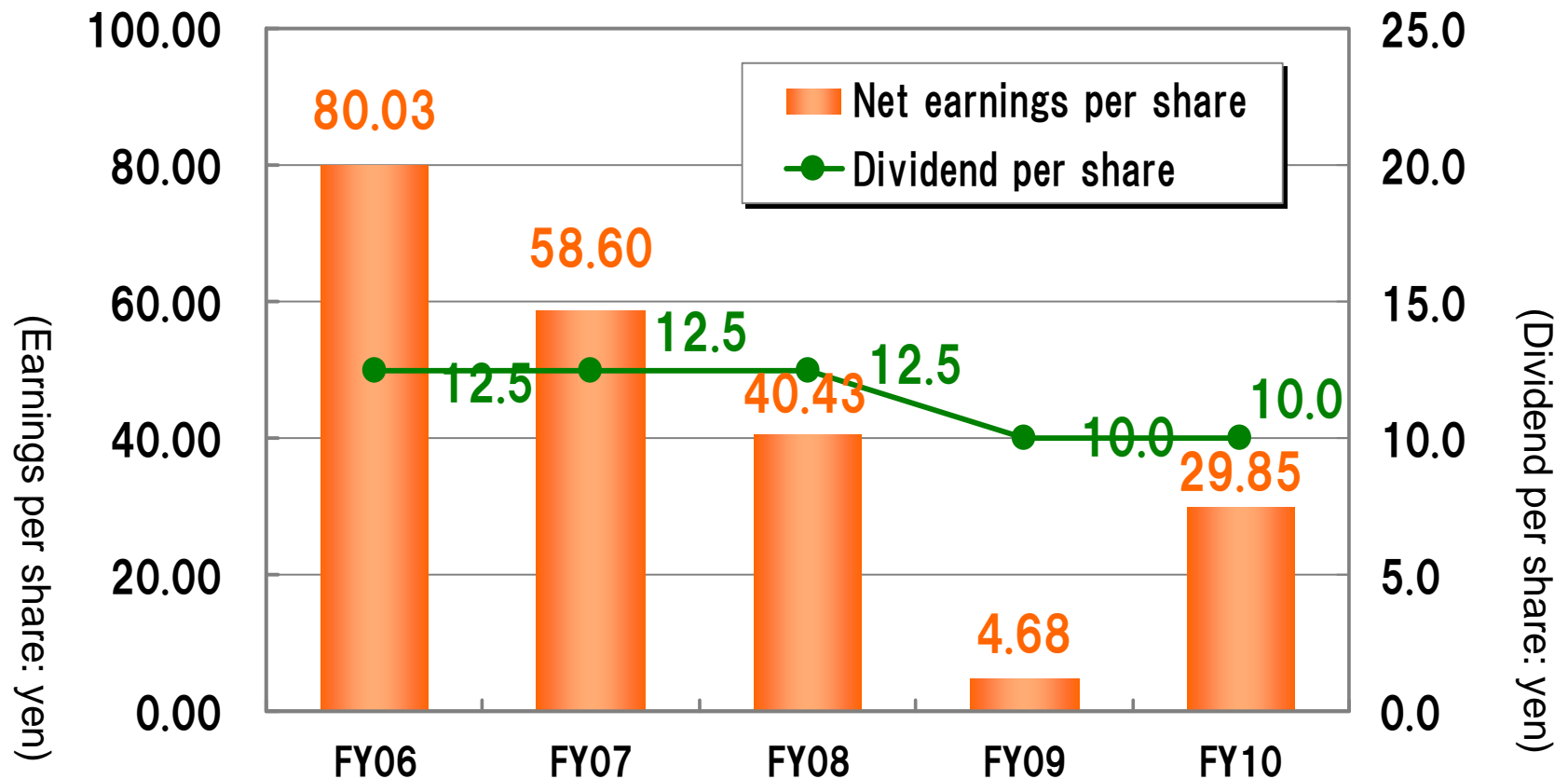
■ Dividend Trends

		FY06	FY07	FY08	FY09	FY10 (est.)
Consolidated payout ratio		15.6%	21.3%	30.9%	213.7%	33.5%
Cash Dividends	Interim	—	¥5.0	¥5.0	¥5.0	¥5.0
	Year-end	* ¥12.5	¥7.5	¥7.5	¥5.0	¥5.0

* Year-end dividend of ¥10.0 + commemorative dividend of ¥2.5

Current Term Dividends

- We aim to achieve a consolidated payout ratio of 33.5%
- Our fiscal 2010 targets are for an interim dividend of ¥5.0 and a year-end dividend of ¥5.0, or a total payout of ¥10.0 for the year





YAMAZEN CORPORATION

Inquiries

□ Contact information for inquiries relating to particular meetings

- △ Public Relations Dept., Corporate Planning Dept., Corporate Planning Headquarters
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- △ Please use the inquiry form provided on the company website for any other inquiries relating to Yamazen investor relations (<http://www.yamazen.co.jp/>).

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