



Quarterly Results Briefing for Fiscal 2009

November 19, 2009

AGENDA

- I. Quarterly Results Overview for the FY ending March 31, 2010
- II. Earnings Forecasts for Fiscal 2009
- III. Progress towards GVP re15 targets
- IV. Corporate Governance & Shareholder Returns

I . Quarterly Results Overview for the FY ending March 31, 2010 (64th accounting period)

1. Consolidated financial results for the 2nd quarter of fiscal 2009
2. Departmental breakdown of earnings results
3. Quarterly comparison
4. Departmental overview
5. Balance sheet
6. Financial position and cash flow

1. Consolidated financial results for the 2Q of fiscal 2009

- Checks on domestic / international CAPEX and production led to a tougher-than-expected battle to secure production equipment & materials sales and resulted in the first quarterly net loss for 15 years.

(¥ million)	FY08 (2Q)	FY09 (2Q)	Increase / decrease	
			Amount	Percent
Net sales	186,743	109,500	△ 77,243	△ 41.4
Gross profit	21,394	14,008	△ 7,386	△ 34.5
Operating expenses	16,692	14,616	△ 2,076	△ 12.4
Operating income/loss	4,702	△ 607	△ 5,309	—
Ordinary income/loss	5,134	△ 882	△ 6,016	—
Extraordinary profit	0	—	—	—
Extraordinary loss	61	2	△ 59	△ 96.7
Net profit/loss (quarterly)	2,892	△ 659	△ 3,551	—

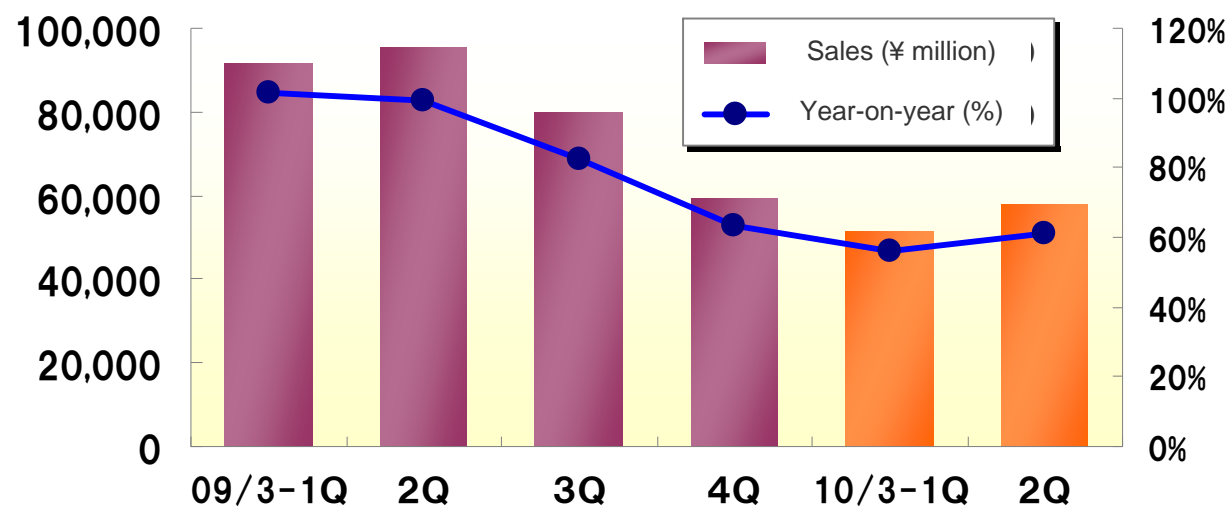
2. Departmental breakdown of sales (consolidated)

(¥ million;%)	FY08 (2Q)	FY09 (2Q)	Increase / Decrease	
			Amount	Percent
Machine Tools	41,278	11,925	△ 29,352	△ 71.1
Industrial Systems	32,030	18,549	△ 13,481	△ 42.1
Industrial Tools	31,908	17,646	△ 14,262	△ 44.7
System Engineering	5,403	2,129	△ 3,274	△ 60.6
(Production equipment & materials total)	110,620	50,250	△ 60,370	△ 54.6
Housing Equipment & Materials	24,366	22,419	△ 1,946	△ 8.0
Home Products	25,337	25,964	627	2.5
(Consumer durables total)	49,704	48,384	△ 1,319	△ 2.7
International Operations	24,262	9,234	△ 15,028	△ 61.9
Other Departments	2,156	1,631	△ 525	△ 24.3
Total	186,743	109,500	△ 77,243	△ 41.4

3. Quarterly Comparison (1) Sales / Profits

(¥ million)	1Q	2Q	Quarterly increase/decrease	
	(Apr.-Jun. 2009)	(Jul.-Sept. 2009)	Amount	Percent
Net sales	51,506	57,993	6,487	12.6
Operating income	△ 1,071	463	1,535	—
Ordinary income	△ 1,123	241	1,364	—
Quarterly net income	△ 737	78	815	—

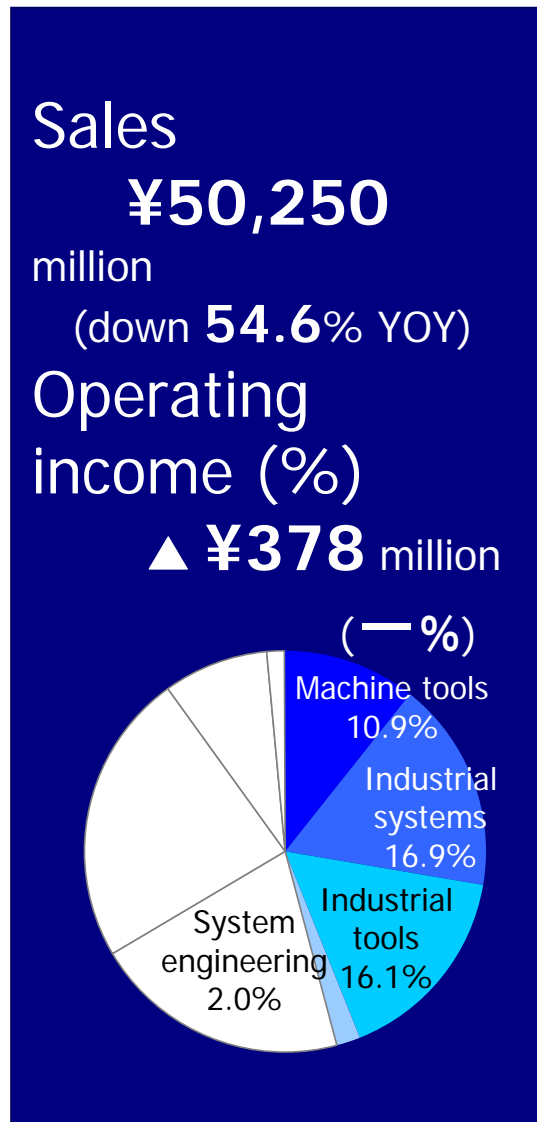
■ Quarterly sales trends
(for the past 12 months)



3. Quarterly Comparison (2) Departmental breakdown of earnings

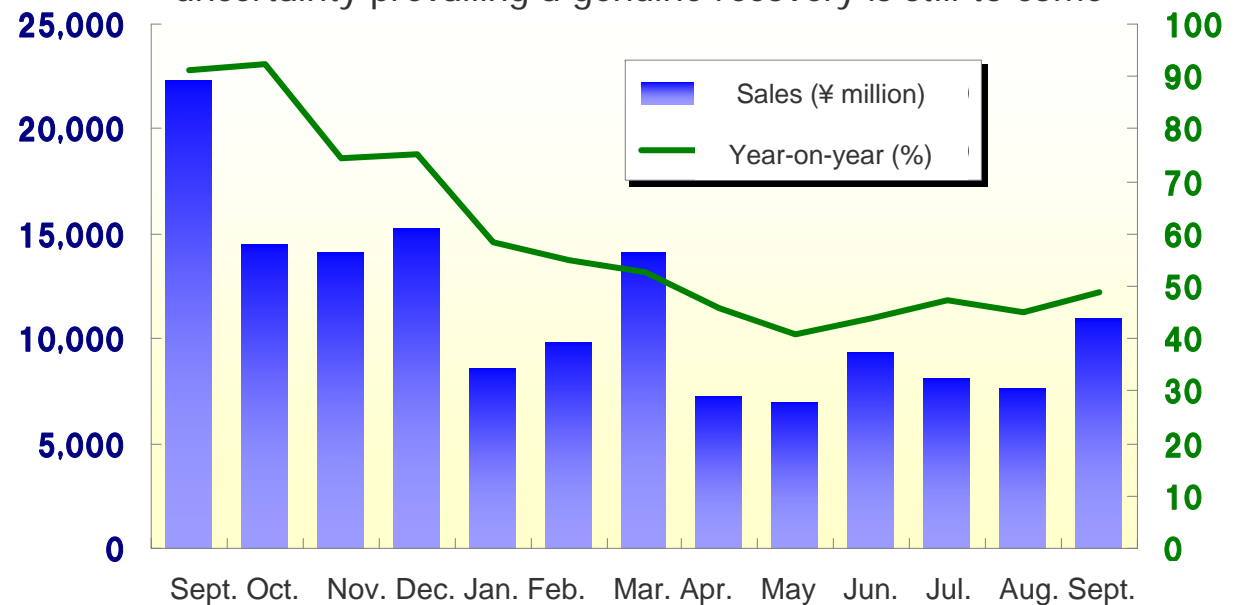
(¥ million;%)	1Q (Apr.-Jun. 2009)	2Q (Jul.-Sept. 2009)	Quarterly increase/decrease	
			Amount	Percent
Machine Tools	5,672	6,253	581	10.3
Industrial Systems	8,472	10,076	1,603	18.9
Industrial Tools	8,554	9,091	537	6.3
System Engineering	897	1,231	334	37.3
(Production equipment & materials total)	23,596	26,653	3,057	13.0
Housing Equipment & Materials	10,507	11,911	1,404	13.4
Home Products	12,542	13,422	880	7.0
(Consumer durables total)	23,050	25,334	2,284	9.9
International Operations	4,079	5,154	1,075	26.4
Other Departments	780	850	70	9.0
Total	51,506	57,993	6,487	12.6

4. Departmental breakdown of earnings results (1)



➤ All production equipment & materials divisions reported lower revenues / profits as checks on CAPEX and sweeping production adjustments in all sectors, including auto-related industries - our main market, continued.

☐ Machine tool orders began picking up in the 1Q to 2Q having bottomed out during Jan. to Mar., though with uncertainty prevailing a genuine recovery is still to come



※ Note: The operating income figures (%) given were calculated on the basis of Yamazen management accounting rules, which may be subject to modification in the event of future disclosure.

4. Departmental breakdown of earnings results (2)

Sales

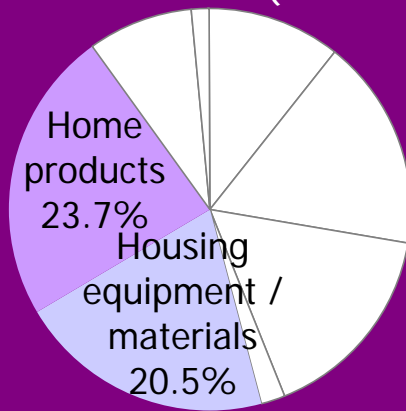
¥48,384 million

(down 2.7% YOY)

Operating income (%)

¥1,543 million

(3.2%)



- The housing equipment and materials division reported a mere 8% decline in earnings, despite lackluster housing markets (new builds / reform) and lower demand for kitchen hardware and building materials.
 - ❑ Successful *Green Ball Project (Environmental)* and *Solar power generation system* proposals resulted in a 2.2-fold YOY increase in sales of solar power generation systems.
- Home product division earnings increased on improvements to our lineup of original products designed to meet market needs (for quality and value for money).
 - ❑ Sales of electric fans were slower than expected (1.86 million units; 110% YOY) due to unseasonable weather, though cooking appliances and massagers sold well.



[Solar power generation commercialization presentation]



[2009 Hardware Show]

4. Departmental breakdown of earnings results (3)

Sales

¥9,234 million

(down 61.9% YOY)

Operating income (%)

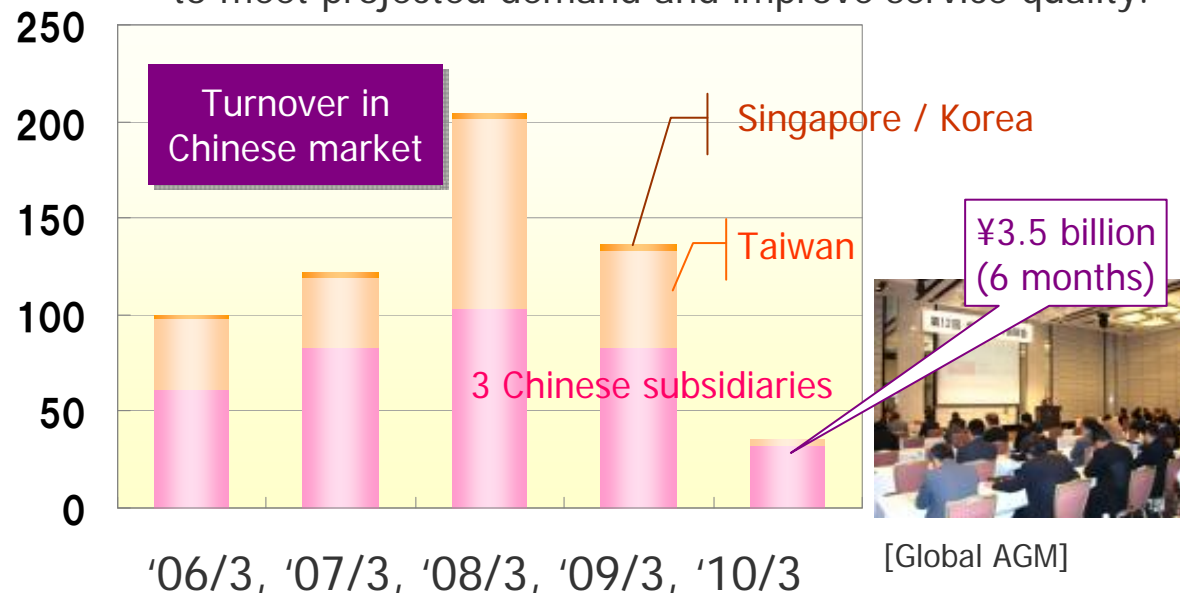
▲ ¥462 million

(—%)



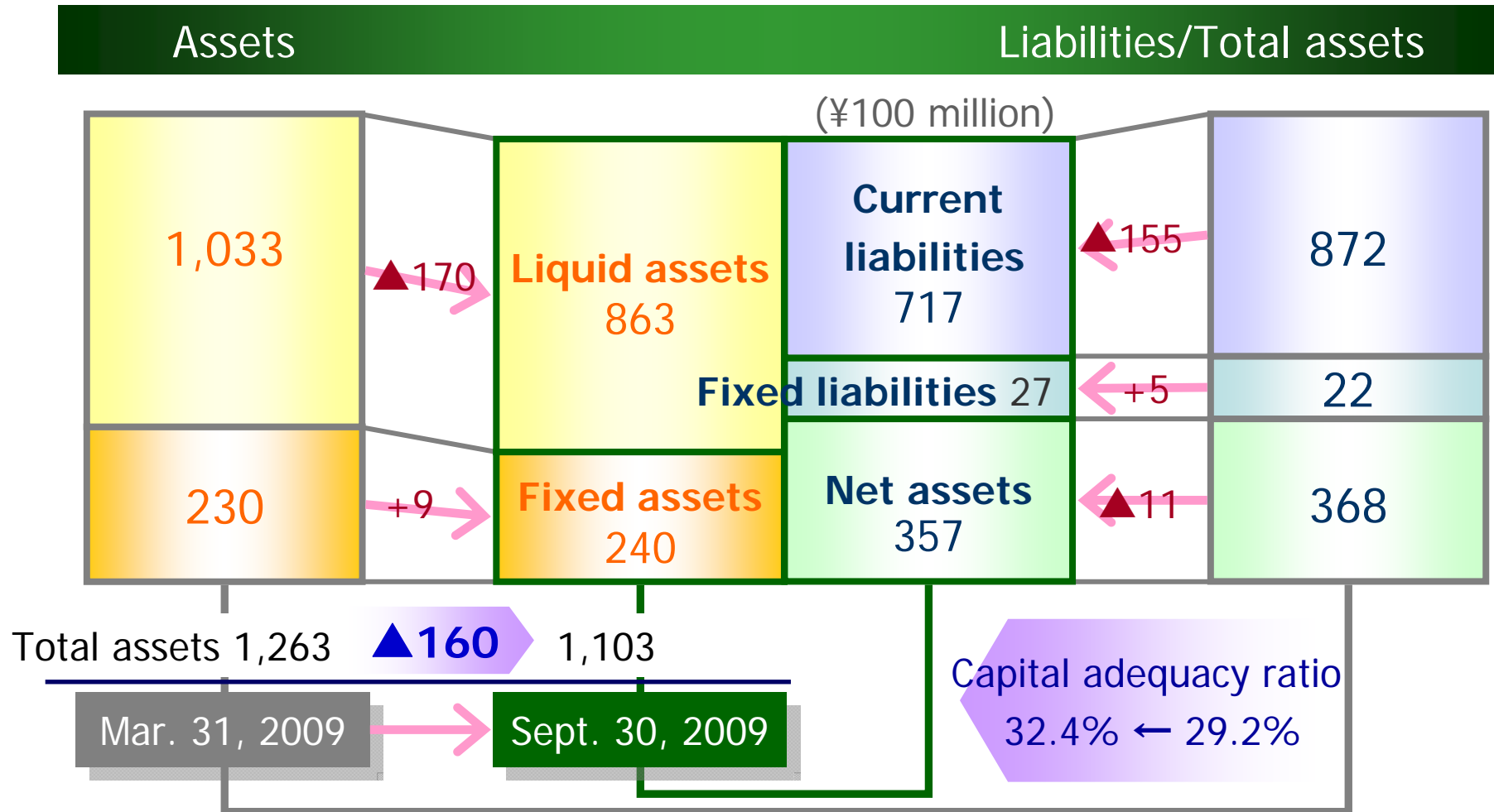
➤ Weak demand for machine tools in all countries and regions covered by the International Operations Division (international production equipment & materials) caused earnings to slide.

- ❑ As with the domestic division, machine tools orders (exports) began picking up in the 1Q to 2Q, though order volumes still vary from country to country.
- ❑ There are plans to expand the number of bases (organizations) and support systems in Europe and Asia to meet projected demand and improve service quality.



5. Balance sheet (consolidated)

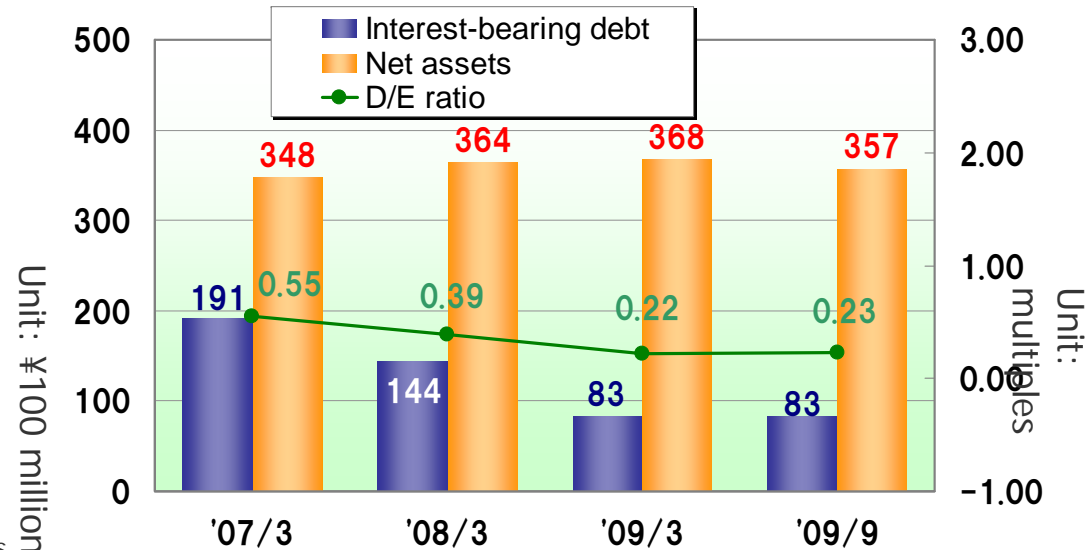
- A substantial decline in receivables arising from sales (purchases) put total assets under pressure and increased the capital adequacy ratio.



6 Financial position and cash flow

➤ Company finances remain stable despite the ongoing recession.

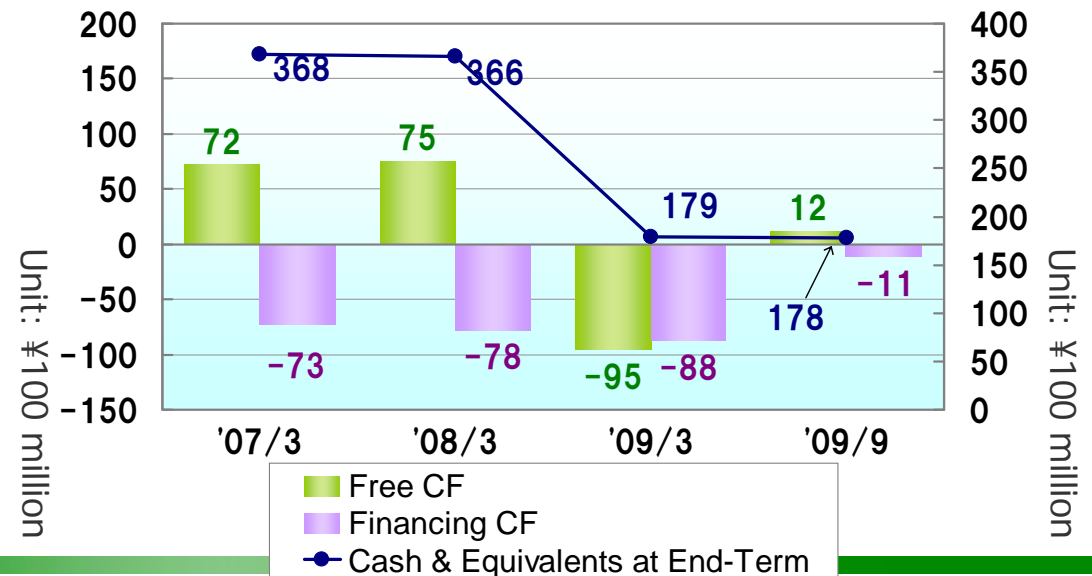
- Interest-bearing debt is being kept below ¥10 billion and the D/E ratio stands at 0.23 (or -0.27 taking cash and deposits into account)



* Debt-to-equity ratio = interest-bearing debt ÷ net assets

➤ Free cash flow is positive and the balance of cash equivalents stands at FY08 year-end levels.

- 3.5-year average:
Free cash flow: ¥1.8 billion;
financial cash flow: -¥7.1 billion



* Free cash flow = operating cash flow + investment cash flow

Ⅱ. Earnings forecasts for fiscal 2009





1. Operating environment outlook
2. Earnings forecasts for fiscal 2009
3. Divisional sales targets



New Hiroshima office completed in October 2009

1. Operating environment outlook for fiscal 2009

- Despite signs of recovery in all industries both at home and abroad, prospects of a rapid recovery remain bleak.

	Business segment	Key indicators, etc.	Market forecast*	
1	Production equipment & materials — Domestic	Industrial production index JMTBA machine tool orders Semiconductor production equipment & materials orders JAMA statistics	Despite signs of an easing in overcapacity, uncertainty prevails amidst concerns about the ongoing decline in corporate profits and the downslide in external demand, CAPEX budgets are low and prospects for a speedy recovery remain weak.	
2	Consumer goods — Housing equipment /materials	New housing starts Kitchen / bathroom shipment statistics	Housing equipment/materials sales continue to decline. Government stimulus packages are expected to have a positive effect, but employment/income prospects are forecast to remain bleak, with the regional divide widening.	
3	Consumer goods — Home products	Consumer trends Japan DIY Industry Association statistics	Consumer confidence is recovering as policies to stimulate domestic consumption take effect, though the effects remain limited due to uncertainty over employment/income prospects.	
4	Production equipment & materials — International	Local industrial production indices Local diffusion indices US National Tooling & Machining Assoc. sales stats	Exports have begun rising on signs of economic recovery, primarily in Asia, though real economic recovery in the US/EU is expected to be some time in coming.	

* Yamazen analysis

2. Earnings forecasts for fiscal 2009 (consolidated)

- While the production equipment & materials business is expected to pick up in the second half, initial forecasts have been revised downwards on poor first-half results.

(¥ million)	Fiscal 2008	Fiscal 2009		YOY change (%)
		(2Q)	(Full year / revised)	
Net sales	325,947	109,500	230,000	△ 29.4
[Unconsolidated]	313,112	103,910	218,000	△ 30.3
Operating income	6,807	△ 607	1,130	△ 83.4
[Unconsolidated]	6,289	△ 257	1,200	△ 80.9
Ordinary income	7,152	△ 882	1,000	△ 86.0
[Unconsolidated]	6,626	△ 587	1,000	△ 84.9
Net profit	3,791	△ 659	430	△ 88.7
[Unconsolidated]	3,545	△ 563	300	△ 91.5

3. Divisional sales targets (consolidated)

(¥ million)	FY08 (Full year)	Component ratio	FY09 (Full year / revised)	Component ratio	YOY change (%)
Machine Tools	68,340	21.0	24,000	10.4	△ 64.9
Industrial Systems	55,455	17.0	39,000	17.0	△ 29.7
Industrial Tools	54,833	16.8	37,000	16.1	△ 32.5
System Engineering	8,505	2.6	4,500	1.9	△ 47.1
(Production equipment & materials total)	187,135	57.4	104,500	45.4	△ 44.2
Housing Equipment & Materials	47,494	14.6	45,500	19.8	△ 4.2
Home Products	52,128	16.0	54,500	23.7	4.6
(Consumer durables total)	99,622	30.6	100,000	43.5	0.4
International Operations	35,337	10.8	22,500	9.8	△ 36.3
Other divisions	3,851	1.2	3,000	1.3	△ 22.1
Total	325,947	100.0	230,000	100.0	△ 29.4

III. Progress towards GVP re15 targets

1. Vision and mid-term management policy
2. An overview of **GVP re15**
3. Yamazen's strengths
4. Key **GVP re15** topics
5. Future **GVP re15** initiatives

1. Vision and medium-term management policy

- Aiming to be a trading firm with a global presence that contributes to manufacturing and provides comfortable life spaces



2. An overview of **GVP re15**

April 1, 2007 to March 31, 2010



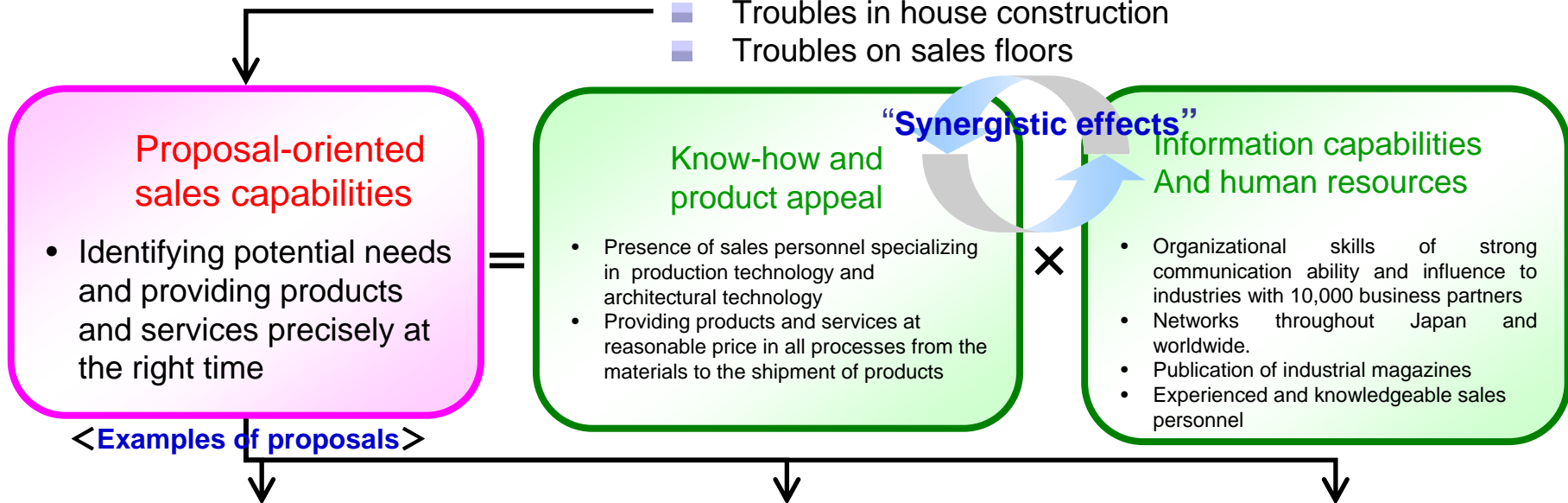
- ◆ Increase the share of machine tools to **15%** of domestic demand
- ◆ Increase the foreign sales ratio to **15%**
- ◆ Bring interest-bearing debts to within **¥15 billion**
- ◆ Departmental, subsidiary, employee goals related to **the #15 ... etc.**

- In striving towards and focusing on goals that are referenced to the #15, our aim is to develop exhaustive solutions (products and services) proposals, marry customer satisfaction with our accomplishments and, in doing so, establish our competitive edge in the areas in which we do business.

3. Yamazen's Strengths

- Yamazen's core competence is proposal-oriented sales capabilities as solutions provider.

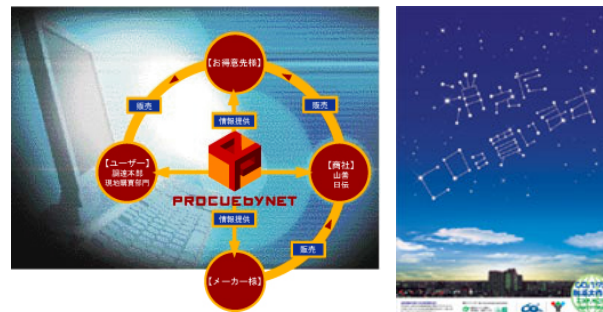
- Troubles at production (technology) sites
- Troubles in house construction
- Troubles on sales floors



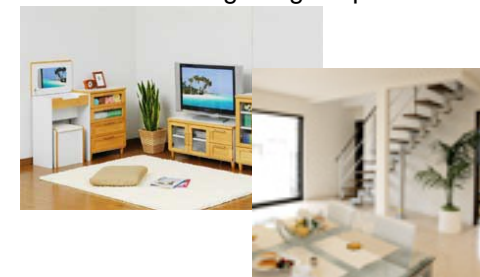
- Solutions through provision of "Business opportunities"



- Solutions through operational support
- Solutions through creative & original plans



- Solutions through combinations of goods from multiple manufacturers
- Solutions through original products



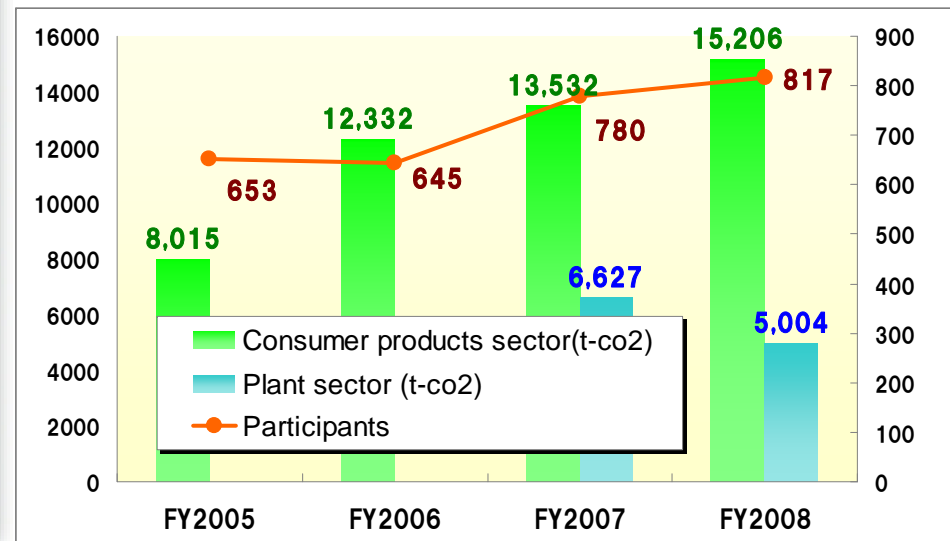
4. Key Topics (1) Environmental businesses

CO2 reductions: Green Ball Project (GBP)



➤ CO2 reductions of ± 8,500 tons (cumulative results as of FY09 2Q) from sales of eco-friendly equipment

- Sales of EcoCute heat pumps and other GBP products reached ¥10 billion in the first half of FY09.
- 40 new products (27 companies) were added to our eco-friendly plant product lineup as inquiries from the manufacturing industry (industrial systems) increased in line with official government targets.



4. Key Topics (2) Solar Power Generation Systems

3-year sales target of ¥10 billion

- By the end of the 2Q, turnover had increased roughly 2.2-fold on last year's figures.
 - ➡ Commercialization proposals and training sessions at Yamazen distributors / vendors nationwide helped strengthen support systems aimed at boosting

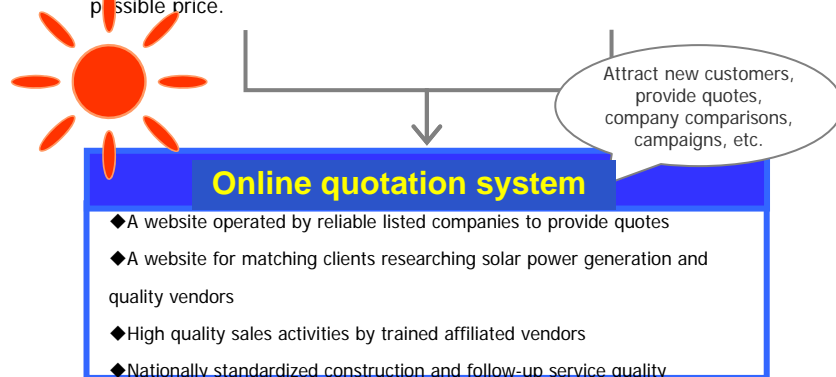


- Want to install the equipment but don't know who to go to.
- Don't know which vendors can be trusted.
- Want the equipment at the lowest possible price.

- Would profit from online client orders as well as in-house sales.
- Would acquire credibility by becoming an accredited Yamazen dealer.

- Set up of an online quotation system for solar power generation

- ➡ Responding to increased demand for solar power generation products, Yamazen is working to attract potential customers (clients) and strengthen ties with distributors / vendors nationwide.



4. Key Topics (3) Online promotions

Consolidation of online promotions to attract new customers/ secure business deals



IST industrial systems & tools



➤ Establishment of an MRO catalogue website: "IST":

- In addition to PROCUEbyNet (an operational streamlining proposal), Yamazen has begun tapping other industries to stimulate channels for subsidiary materials for production equipment & materials and guide potential customers to PROCUEbyNet.

➤ Establishment of "Kurasu + YAMAZEN" (*Living with Yamazen*):

- More information to raise brand awareness / visibility of original YAMAZEN products and improve our competitiveness in stores and online.



5. Future Initiatives (1) Production Equipment & Materials Business

Domestic sales target (4 divisions): ¥104.5 billion

- Concentrate management resources on expert meetings / social gatherings to promote development of personalized services.



- ❑ Assign area managers and leaders to boost product / genre sales tailored to customers, areas and markets
- ❑ Strengthen use-specific trade fairs (e.g. Parts Processing Equipment Trade Fair, Factory Environment Exhibition, Mechatronics Trade Fair, etc.), and enrich the content of new problem-specific trade fairs aimed at providing solutions
- ❑ Increase sales of eco-friendly equipment to the industrial systems sector

International sales target: ¥22.5 billion

- Continue developing infrastructure, service networks to boost global competitiveness



- ❑ Incorporate the Vietnamese subsidiary and launch full-scale sales initiative in the local market
- ❑ Expand lineup of measuring equipment/mount assemblies in the EU
- ❑ Improve compliance with international rules, standards
 - ➔ Continue expanding trade areas, product lineups where tight export controls (shipping, follow-up) are a strength

5. Future Initiatives (2) Consumer Goods Business

Housing equipment, materials sales target: ¥45.5 billion

- With housing demand continuing weak, focus energies on growth sectors, leading manufacturers



- ❑ Improve the quality of eco-friendly, safe housing proposals based on solar power generation systems, Eco cute heat pumps, and extended repair guarantees
- ❑ Launch a door-to-door delivery system for the Tokyo area
 - ➔ Aim to build on alliances with housing companies by improving delivery and support capabilities
- ❑ Strengthen wide-area sales coverage, technical capabilities: increase numbers of qualified personnel

Home products sales target: ¥54.5 billion

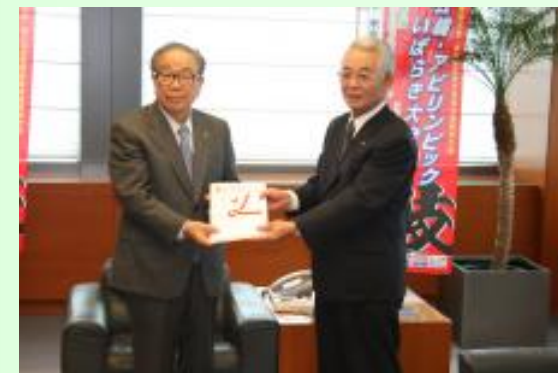
- Use ideas, prices to stimulate underlying demand; improve delivery capabilities to raise delivery rates



- ❑ Continue with activities to raise customer satisfaction levels by increasing delivery rates
- ❑ Increase seasonal shipments of winter appliances to 2.9 million units (target)
- ❑ Expand customer base: launch a new series of "docodemo portable heaters", develop products for new market sectors
- ❑ Strengthen online services, including "KURASHINO e-shop"

IV. Corporate governance and shareholder returns

1. CSR and corporate governance at Yamazen
2. Shareholder returns
3. Current term dividends

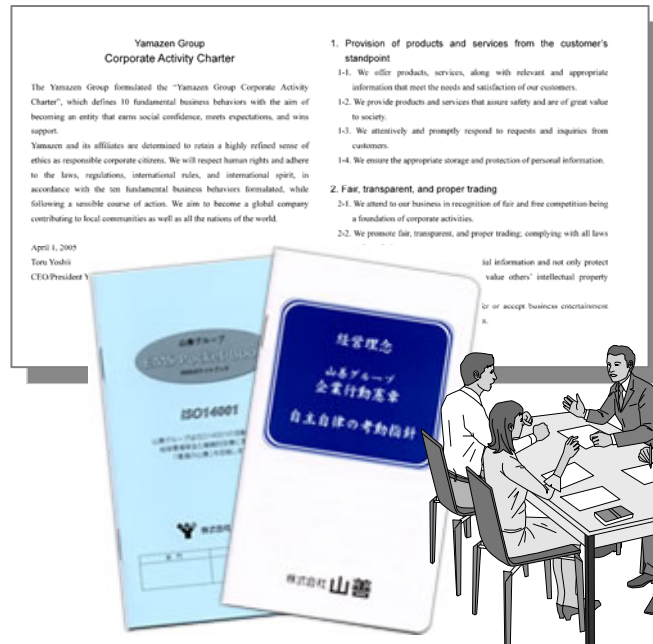


Official Abilympics Ibaraki Event
Sponsor (September 2009)

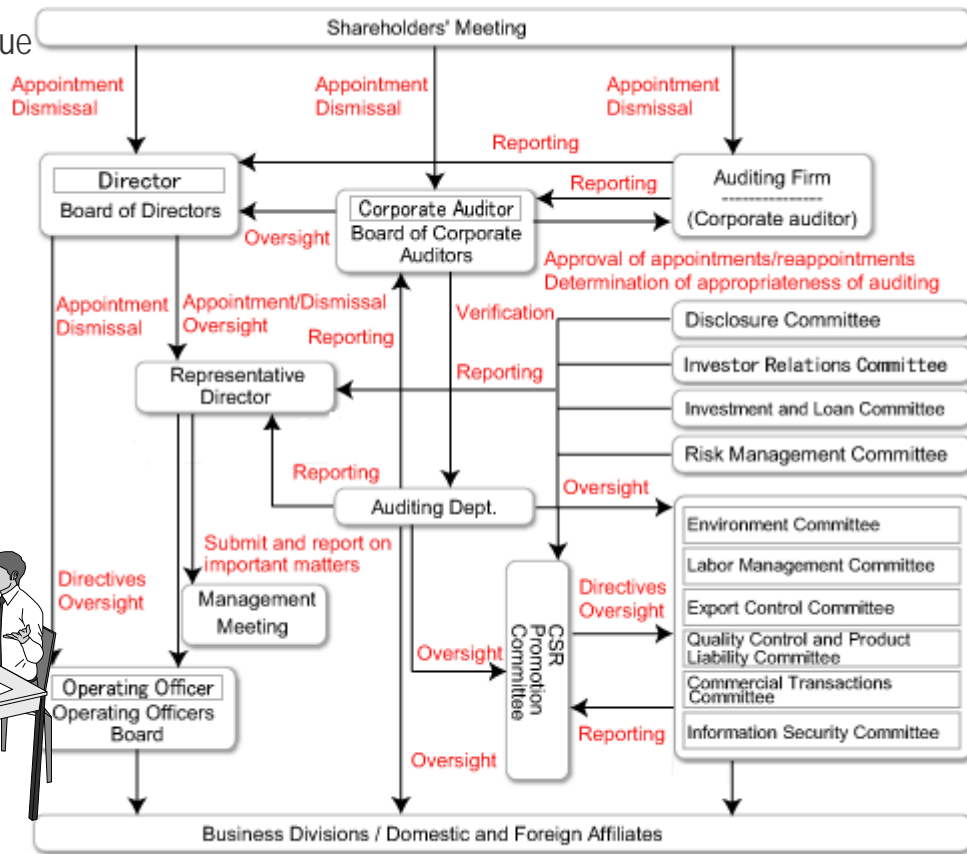
1. CSR and corporate governance initiatives

➤ In fulfilling our responsibilities as a corporation (CSR), i.e. observing the norms and ethics of society, we seek to improve our brand image and attain continuous and stable earnings growth.

- Our corporate activity charter is distributed to all group employees both at home and abroad.
- Yamazen sees CSR as a risk management issue and is strengthening efforts in this area.



Yamazen Group's Corporate Activity Charter Pocket Book



2. Shareholder returns

□ Basic concept

△ Yamazen is working to strengthen its financial structure and its management base over the mid- to long-term, and is committed to returning profits to our shareholders on a regular basis and in an amount that is commensurate with our performance as a company.

□ Dividend policy

△ We aim to maintain a consolidated payout ratio of at least 15% and will endeavor to increase our profit returns in line with profit growth.

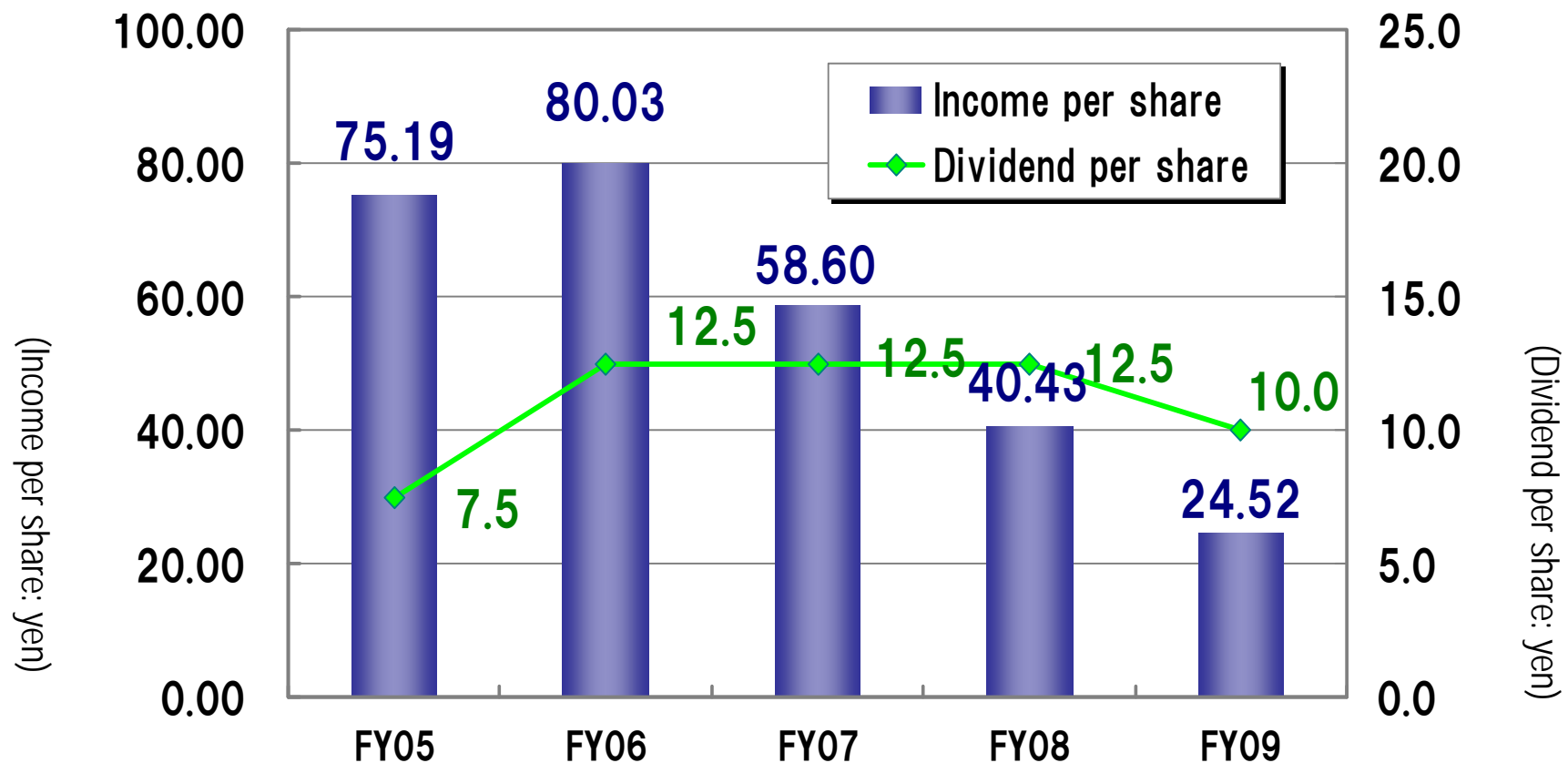
■ Recent dividend payouts

		FY05	FY06	FY07	FY08	FY09
Consolidated payout ratio		10.0%	15.6%	21.3%	30.9%	218.3%
Cash dividend	Interim	—	—	¥5.0	¥5.0	¥5.0
	Year-end	¥7.5	*¥12.5	¥7.5	¥7.5	¥5.0

* Year-end dividend 10.0yen, Commemorative dividend 2.5yen

3. Current term dividends

- We aim to achieve a consolidated payout ratio of 218.3%
- Our dividend targets are for an interim dividend of ¥5.0, a year-end dividend of ¥5.0, or a total payout of ¥10.0 for the year.



Inquiries

For any inquiries relating to Yamazen investor relations, please use the inquiry form provided on the company website (<http://www.yamazen.co.jp>).





YAMAZEN CORPORATION

These materials include Yamazen's plans, prospects of its business performance and other data. Future plans and projected figures are based on currently available information. Actual financial and other results may differ from these plans and figures depending on the various conditions and factors involved. These materials are not intended to assure or guarantee that these plans and figures will be realized as described herein.

The names of particular companies and various statistics are listed in the course of explanations, but these are cited as specific examples to facilitate readers' understanding of Yamazen's operations and the business environment in which the company operates and involve neither good intentions nor bad intentions. Readers are requested to confirm details of the company's and statistics cited here for themselves.