

March 23, 2011

YAMAZEN CORPORATION

(Code No.8051, Tokyo and Osaka Stock Exchange, 1st Section)

Establishment of a Philippine subsidiary Strengthening integrated business functionality in the Southeast Asia region

Yamazen Corporation (Headquarters: Nishi-ku, Osaka; C.E.O.: Toru Yoshii) and the International Operations Headquarters (President: Masami Yamamoto; hereafter as 'the Company') will invest to establish a subsidiary in the Republic of the Philippines on October 1, 2011.

In addition, a new post of President of ASEAN Regional H.Q will be created on April 1 to preside over the new company and branch offices in the region to enhance our business strength in the Southeast Asia region.

1. The establishment of the Philippine subsidiary

(1) Background of the establishment of the subsidiary and the Division Headquarters

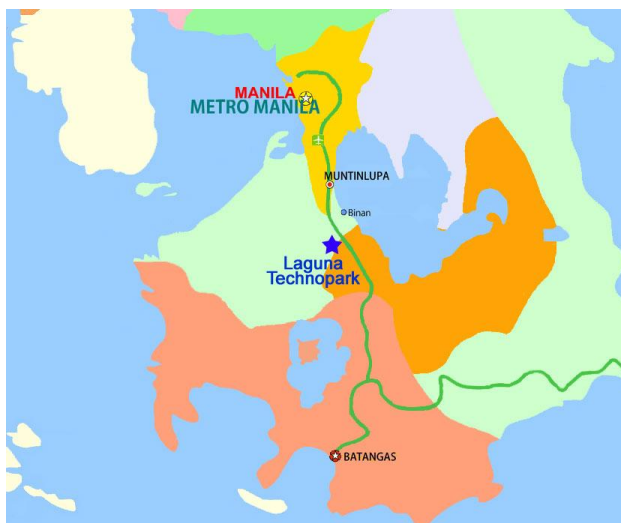
- While the Republic of the Philippines does not have explosive economic development outlooks like large markets such as China and India, its economic growth rate has been steadily increasing in recent years (*Note 1) and there has also been an increase in production volume since the end of last year. In actual fact, there are about 300 Japanese (manufacturing) companies in the Philippines alone (*Note 2), indicating that the country has become a viable future market for production goods.
- Meanwhile, the Company's business activities in the Philippines have included the establishment of an office (products directly exported from Japan) under Yamazen (Thailand) Co., Ltd. (the Company's Thai subsidiary; hereafter as 'Y-Thailand'), but increase in business inquiries and orders for parts have shown that local customers in the Philippines now request direct operations in the country.
- The Company also believes there is a need to expand detailed services and the trading zone through strengthening sales in the Philippines, and has thus decided to raise the rank of the existing office by establishing an overseas affiliated company there.
 - ※ Note 1: Economic growth rate (%) = 7.3% in 2007 / 4.6% in 2008 / 0.9% in 2009 (source: Philippines government statistics).
 - ※ Note 2: Direct investment in the Philippines from Japan (million US\$) = 824.4 in 2007 / 59.4 in 2008 / 626.1 in 2009 (source: Philippines government statistics).

(2) Overview of the new subsidiary

- The present office under Y-Thailand at Alabang in Manila will be closed and a new locally incorporated company will be established within the PEZA area (*Note 3).

Local company name:	Yamazen Machinery & Tools Philippines Inc. (tentative)
Capital:	26 million pesos (approx. 50 million yen; 1 peso = 1.92 yen)
Headquarters:	Laguna Technopark (inside PEZA area), Biñan City, Republic of the Philippines
Representative:	Shin Ishida
Date of establishment:	October 1, 2011 (scheduled)
Number of staff on establishment:	7 (scheduled)

※ Note 3: PEZA=Philippine Economic Zone Authority, which designates special economic areas that include 229 locations in the Philippines. There are about 2300 companies inside the areas that are given special income tax, customs tax and other special treatments.



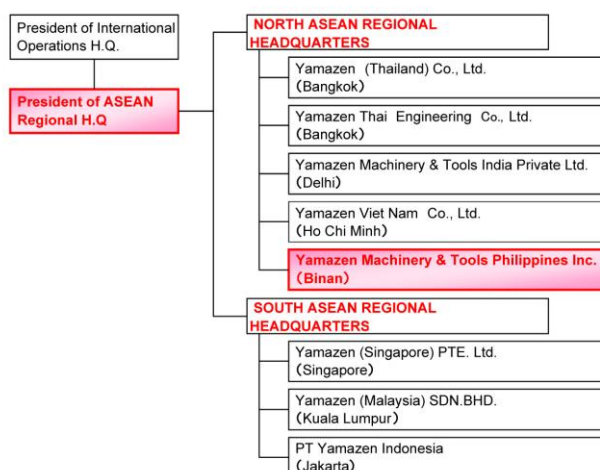
2. Organizational changes

(1) Background of changes

- There are 7 subsidiaries (with 14 offices) in the Southeast Asia region, including the subsidiary to be established in the Philippines, and from the fact that each of these is expanding its business scale, it was decided that it would be important to enhance mobility and vitalize business support and information exchange within the region. As a result, a new overall functionality for the region will be newly established from this April.

(2) Business organization

- The business organizations within the International Operations Headquarters located in the Southeast Asia region, i.e. North Asia and South Asia offices will be renamed as North ASEAN Regional Headquarters and South ASEAN Regional Headquarters, respectively.
- A President of ASEAN Regional H.Q will be posted in Bangkok to preside over the two regional headquarters.



(3) Operation policy

- The Philippine subsidiary will expand local stock of spare parts and tools, as well as establishing a customer service support function to target a turnover of 1.5 billion yen after three years.
- The new company will also promote inter-personnel backup and information exchange within the ASEAN region, bring the turnover of the overall region to about 1.5 billion yen, and to improve the Company's positioning as a production goods trading company.

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