

# Consolidated Financial Results for the First Half of Fiscal Year 2005 ending March 31, 2006 and the Progress of Measures

## **Yamatake Corporation**

November 10, 2005

Statements made in these documents with regards to Yamatake's plans, targets and strategies and other statements without historical facts are forward-looking statements about the future performance of Yamatake. These projections are based on management's assumptions, intent and expectations in light of the information currently available to it, and therefore these statements are not guarantees of future performance. Due to various factors, actual results may differ from those discussed in these documents.

# 《Contents》

- Operating Results for 1H of FY2005
- Operating Results by Segment
- Forecasts for FY2005
- Middle Terms Goals and Challenges
- Structural Reforms and Domain Expansion
- Progress of Business Structure and Operational Structure Reform

# Operating Results for 1H of FY2005

Unit:¥100millions

	1H of FY2004 (Sept.2004) Actual (a)	1H of FY2005 (Sept.2005) Actual (b)	Difference (b - a) (%)	1H of FY2005 Plan (May.12.2005)	Difference Act.(b) to plan (%)
Sales	808	845	4.6%	860	-1.7%
Op.income	17	41	145.9%	32	26.8%
% to sales	2.0%	4.8%	—	3.7%	—
Net income	-13	*1 39	*2 —	24	62.7%

- **1H sales increased by 3.7 billion yen over the same period last year. Operating income grew significantly, increasing 2.4 billion yen over the same period last year.**

- As for profits, operating income was up for both BS and AA businesses. Although BS sales were down over the same period last year as a result of the slowdown in investment in buildings, the growth of AA sales covered the fall in BS sales.
- Incomes were significantly higher than planned, although sales were slightly lower than the targets set in the original 1H plan.

\*1 : An extraordinary charge of 3.5 billion yen was recorded by shift to a DC pension plan.

\*2 : An extraordinary profit of 2.7 billion yen was made on the land sale of part of the site of Yamatake's Industrial Operations Tokyo office. An extraordinary charges are incurred by 0.3 billion yen loss on impaired assets and the costs of 0.4 billion yen from relocation of the Head Office and factory refitting.

# Operating Results by Segment

Unit:¥100millions

	1H of FY2004 Actual (a)	1H of FY2005 Actual (b)	Difference (b - a) (%)	1H of FY2005 Plan (May.12.2005)	Difference Act.(b) to plan (%)
BS business Sales	346	331	-4.4%	360	-8.1%
Op.income	5	6	17.4%	7	-20.0%
AA business Sales	392	449	14.5%	430	4.4%
Op.income	18	38	113.4%	27	39.6%
New&Others Sales	78	74	-5.0%	81	-9.1%
Op.income	-5	-3	—	-2	—
Total Sales	808	845	4.6%	860	-1.7%
Op.income	17	41	145.9%	32	26.8%

## ● BS business

- Sales were down as a result of the slowdown in investments and continuing price competition in the market for new buildings. Nevertheless, in the Tokyo metropolitan area, a steady recovery was seen and orders increase over the same period last year. 1H of FY 04: ¥46.7billion → 1H of FY05:¥51.8 billion.
- Sales in the market for existing buildings increased substantially, mainly for tems(ESCO),over the same period last year.The service business continued to perform well.

## ● AA business

- Capital investment in the manufacturing sector was steady growth, reflected in increased sales in various markets. Measures taken raise profitability resulted in increased sales and higher profits.
- There was steady growth in international business and in the peripheral domains employing proprietary technologies.

## ● New and other businesses

- Despite the growth in sales of the care services businesses, sales of inspection and measuring equipment, as well as environment business were down.

# Forecasts for FY2005

Unit:¥100millions

	FY2004 Actual	FY2005 Estimate (Nov.10.2005)	Difference Act. with Est. (%)	FY2005 Plan (May.12.2005)	Difference Est. with Plan (%)
Sales	1808	1880	4.0%	1880	0.0%
Op.income	94	123	31.5%	115	7.0%
% to sales	5.2%	6.5%	—	6.1%	—
Net Income	37 *1	88	*2 —	78	12.8%

ROE                                      3.8%                                      8.5%                                      7.6%

- **Sales did not achieve to the target in the 1H of FY2005, but the plan for FY2005 will be met. Income will be higher than the plan.**

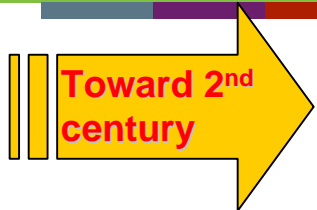
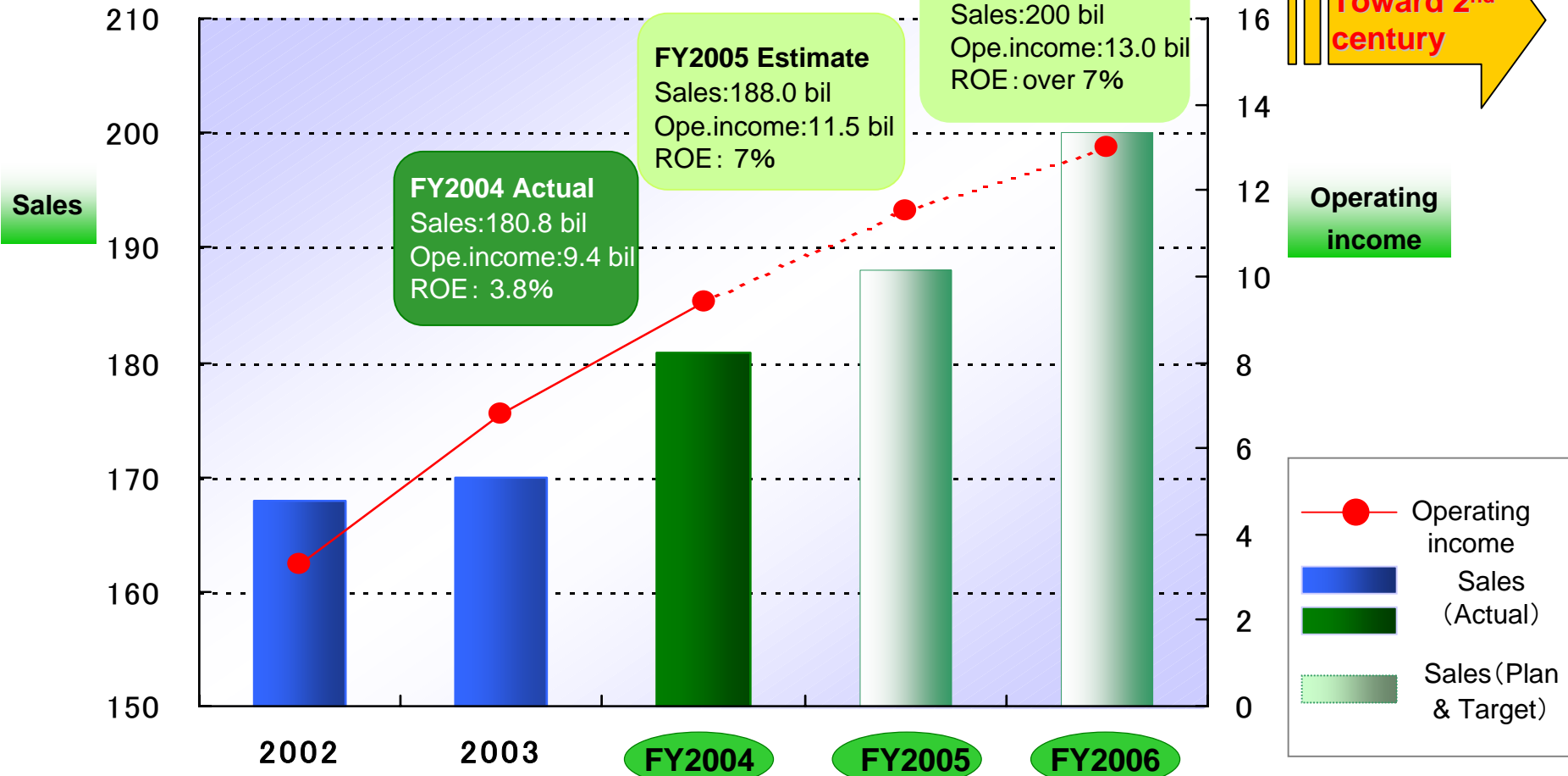
- BS business expects higher profits and an almost equal sales volume compared with the previous year, owing to favorable conditions in the markets for new buildings in the Tokyo metropolitan area, and factory HVAC, in spite of ongoing stagnation of the business environment.
- AA business is expected to exceed the plan, reflecting the healthy performance of 1H.

\*1 : An extraordinary charge of 3.5 billion yen was recorded by the shift to a DC pension plan.

\*2 : An extraordinary profit of 2.7 billion yen was made on the land sale of part of the site of Yamatake's Industrial Operations Tokyo office. An extraordinary charges are incurred by 0.3 billion yen loss on impaired assets and the costs of 0.4 billion yen from relocation of the Head Office and factory refitting.

# Middle Term Goals and Challenges

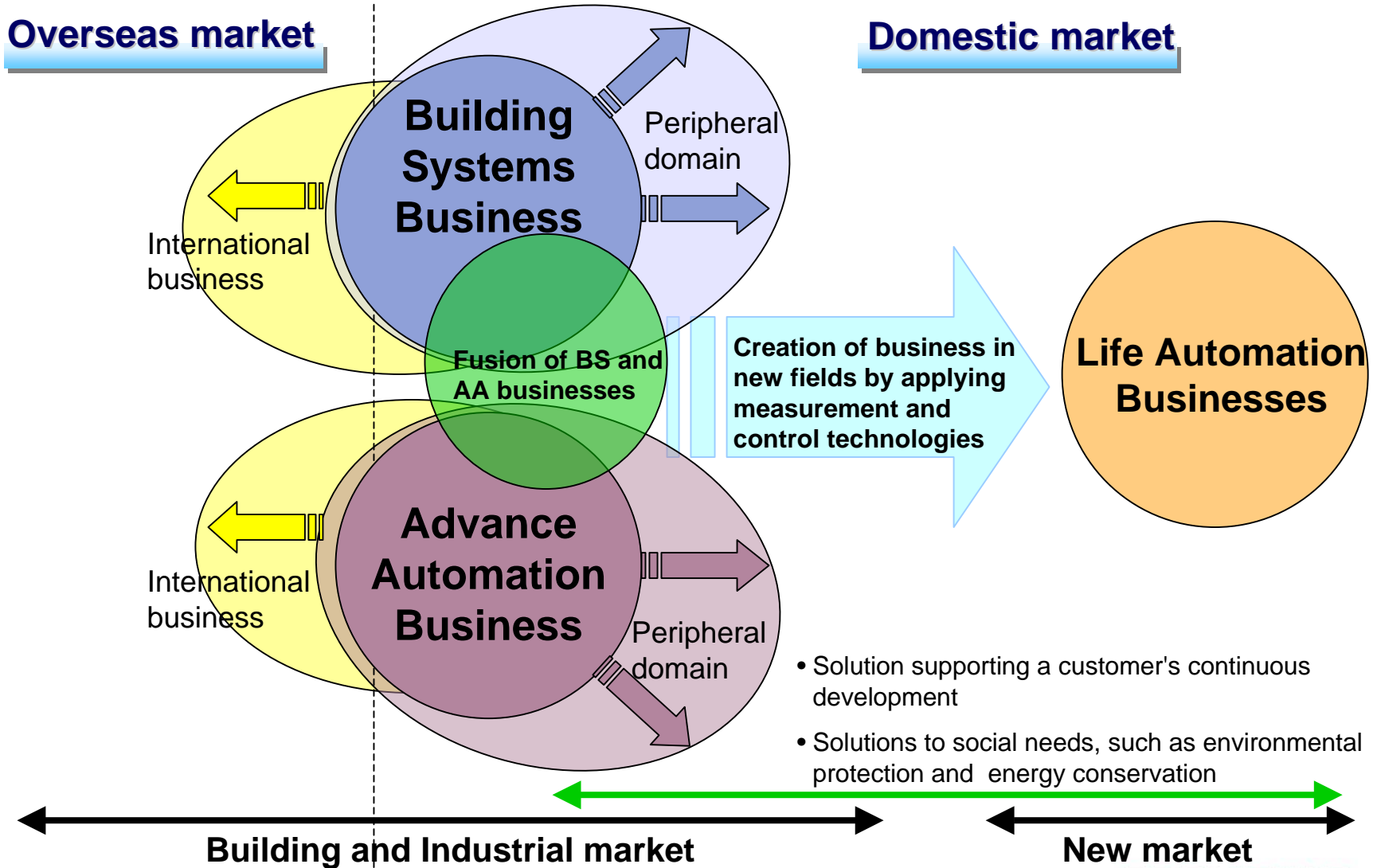
(Units: Billions of yen)



Strengthen business base

Collaboration of business segments and functions  
Changes in business organization and operations

# Structural Reforms and Domain Expansion



# Progress of Business Structure and Operational Structure Reform

**Reform aimed at building a foundation for growth in Yamatake's 2nd century**

**~Overall optimization and reallocation of management resources and functions~**

## Business Structure Reform

- Comprehensive solutions business over the product or facility's lifecycle
  - ESCO business, energy-saving support service, etc.
- Expand the product business, both domestically and internationally
- Expand business and strengthen product development through synergy
  - Capital tie-up between Yamatake and Tem-Tech Lab.
- Create and expand Life Automation businesses
  - Strengthen and expand care services business foundation. (Increase service centers, enter nursing care home business).
  - Urban disaster prevention business (flood forecasting and warning system).
  - Launch sales of DNA chip samples.

## Operational Structure Reform

- Structuring and transparency of business operations
- Consolidating and integrating geographically, functionally
- Enhance productivity of staff operations, consolidate staff and offices of head quarters –Relocation of Head Office
- Integrate sales offices located throughout the Tokyo metropolitan area – Shinagawa Office
- Promote collaboration and strengthen R&D, product development, and engineering functions through concentrating human resources – Now constructing a new facility in Fujisawa factory for the purpose above.
- Reorganize production facilities (Divided by technologies, products, functions) – Raise value-adding capability of domestic factories, expand production structure and capacity in China.