

Financial Review

Consolidated Results

Net Sales

In fiscal 2004, ended March 31, 2005, net sales increased 10.8 billion yen, or 6.4%, year on year to 180.8 billion yen. This increase was underpinned by an improved operating environment and driven by proactive sales activities.

Building Systems Business

In the Building Systems Business, consolidated sales increased 3.5 billion yen, or 4.5%, to 82.6 billion yen. The business environment in the building industry in fiscal 2004 continued to face challenges such as reduced public investment and falling construction prices.

However, there were some positive signs, such as an increase of construction projects for large-scale buildings, principally in the Tokyo metropolitan area, and capital investment mainly in the manufacturing industry.

Against this backdrop, in the market for new buildings, the needs for capital investments expanded in the manufacturing industry, especially in the electric and electronics fields. Meanwhile, in the market for existing buildings, growth was seen in solutions and services that responded to customer needs. These included tems (Total Energy Management Service), a comprehensive energy management service for conserving energy and lowering energy costs, and a new network-based management service. In international business, we made progress establishing operating bases, with a particular focus on China.

Advanced Automation Business

In the Advanced Automation Business, sales rose 6.2 billion yen, or 7.9%, to 84.3 billion yen. Amid recovering capital investments in the

manufacturing industry as a whole, on the back of improved corporate earnings, we responded to customer needs in respect of energy saving, safety, quality improvement, environmental friendliness and other areas. Synergies were also created through cooperation between the industrial automation and control products businesses. Furthermore, in the international business, although our operations were affected in part by production slowdown in semiconductors we forged stronger ties with overseas subsidiaries.

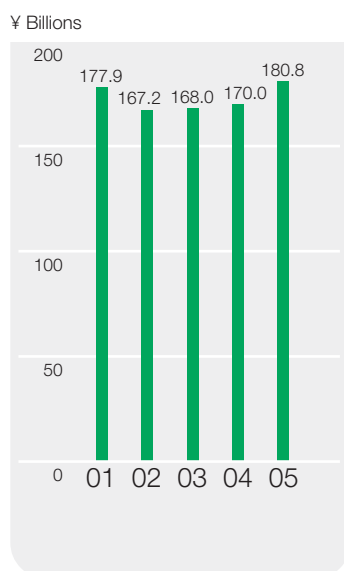
Other Businesses

In the Other segment, sales rose 0.9 billion yen, or 6.3%, to 15.5 billion yen. One reason was steady growth in sales of imported inspection and measurement equipment due to strength in the automotive, electric and electronics markets. Environment businesses also posted high year-on-year sales due to such factors as progress made in introducing traceability systems for tracing agricultural products. Moreover, sales for the care services business grew steadily due to various initiatives, including the establishment of new service centers.

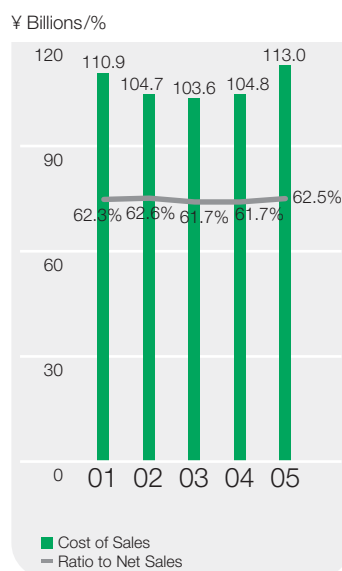
Operating Income

Cost of sales increased 8.2 billion yen, or 7.8%, to 113.0 billion yen. The cost of sales ratio was 62.5%, the result mainly of lower sales prices, although efforts were made to reduce costs. Gross profit rose 2.6 billion yen, or 4.0%, to 67.8 billion yen. Selling, general and administrative expenses rose 0.1 billion yen, or 0.2%, to 58.4 billion yen, reflecting increased R&D expenses. As a result of the foregoing, operating income climbed 2.5 billion yen, or 37.1%, to 9.4 billion yen.

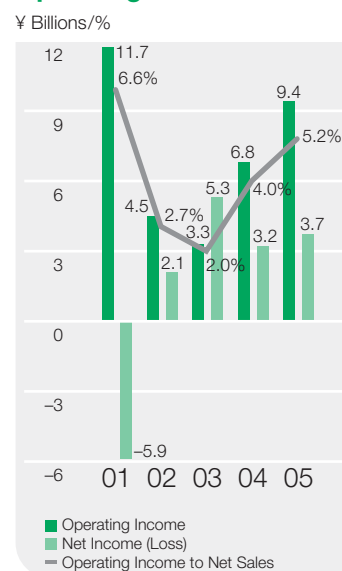
Net Sales



Cost of Sales/ Ratio to Net Sales



Operating Income/Net Income (Loss)/ Operating Income to Net Sales



Net Income

Other Income and Expenses

Other expenses increased 3.3 billion yen to 3.6 billion yen. This mainly reflected a 3.5 billion yen loss on transfer of the pension plan in June 2004 to a defined contribution pension plan. As a result of the above, income before income taxes and minority interests declined 0.7 billion yen, or 11.2%, to 5.8 billion yen.

Income Taxes

Total income taxes declined 1.2 billion yen to 2.0 billion yen. The actual effective tax rate on income before income taxes and minority interests was 33.9%, decreasing 15.1% from the previous fiscal year. This was mainly due to special tax deductions for experimental and research expenses. After minority interests in net income of 0.1 billion yen, consolidated net income for fiscal 2004 was 3.7 billion yen.

Financial Position

Assets

Total assets at March 31, 2005 increased 7.3 billion yen to 172.6 billion yen. This reflected a 1.8 billion yen increase to 40.2 billion yen in cash and cash equivalents, due to higher earnings; a 3.3 billion yen rise to 66.6 billion yen in trade notes and accounts receivable, due to higher net sales; and a 3.4 billion yen increase to 14.1 billion yen in investment securities due to year-end fair market valuations and other factors.

Liabilities

Total liabilities at March 31, 2005 were 72.2 billion yen, 2.9 billion yen higher than a year ago. While liabilities for retirement benefits declined 2.8 billion yen to 12.0 billion yen, trade notes and accounts payable

increased 1.7 billion yen to 30.5 billion yen and income taxes payable rose 2.5 billion yen to 3.4 billion yen. There were also increases in accrued bonuses and other accounts.

Shareholders' Equity

Total shareholders' equity at the end of the fiscal year increased 4.3 billion yen over the previous year to 99.8 billion yen, reflecting mainly net income of 3.7 billion yen and an increase of 2.0 billion yen in unrealized gain on available-for-sale securities.

Asset performance indicators (average of balances at beginning and end of the year) improved over the previous year as follows:

- Receivables/Sales (days): decreased 4 days to 131 days.
- Inventories/Cost of sales (days): decreased 6 days to 53 days.
- Asset turnover (times): increased 0.03 to 1.07.
- The ratio of shareholders' equity to total assets: increased 0.1% to 57.9%.

Per Share Data

Net income per share increased 6.37 yen over the previous year to 49.88 yen. Shareholders' equity per share increased 58.70 yen to 1,356.65 yen.

Cash Flows

Net cash provided by operating activities increased 3.2 billion yen year on year to 8.5 billion yen. The main component of the increase was 5.8 billion yen from income before income taxes and minority interests. This was offset mainly by a 3.3 billion yen increase in notes and accounts receivable.

Net cash used in investing activities increased 3.4 billion yen to 3.7 billion yen, primarily due to outflows for the purchase of beneficiary

securities of trust and cash used for the purchase of property, plant and equipment.

Net cash used in financing activities increased 2.6 billion yen to 2.9 billion yen year on year. This increase reflected outflows for the repayment of long-term debt and an increase in dividends paid.

The year-end balance of cash and cash equivalents increased 1.8 billion yen to 40.2 billion yen.

Risk Management

The following are some of the risks that could affect the Yamatake Group's business results and financial position. Forward-looking statements are based on the Group's judgments when this annual report was produced.

(1) Impact of a Major Economic Downturn

Structural factors make both the Building Systems Business and Advanced Automation Business susceptible to fluctuations in the Japanese economy. In the Advanced Automation Business, in particular, there is a risk of a major fluctuation in demand in the semiconductor, electric and electronics markets. Therefore, the Group's business results could be affected by unforeseen fluctuations.

(2) Effect of Changes or Elimination of Government Subsidies

The Group provides various solutions that help to address social issues facing customers. These solutions that address social issues are eligible for subsidies, such as the introduction of BEMS (Building Energy Management System) and regional energy conservation, as well as promoting the introduction of food traceability systems. Consequently, a decrease in customers' confidence to invest in systems involving these issues due to the revision or elimination of subsidies could have a direct or indirect impact on the Group's businesses.

(3) Effect of Defects in Products, Systems or Services

The Group's products, systems and services are used for vital measurement and control systems related to safety and quality in a variety of plants and buildings. The Group has established a committee to oversee quality assurance and, through the information sharing and a visual inspection of information about quality, has a rigorous quality control system. Furthermore, the Group has taken out insurance policies, giving due consideration to damages for product liability. However, an incident caused by defects in the Group's products, systems and services could result in substantial costs and severely damage the Group's credibility with customers. This in turn could have an adverse impact on the Group's operations, business results and financial position.

(4) Effect of Earthquakes on Production Bases

The Group has taken various preemptive actions to mitigate the effects of earthquakes, including shifting production bases overseas, mainly in China; reinforcing buildings and other structures to minimize damage; establishing a system to quickly return operations to normal by formulating a production restoration manual; and taking out earthquake insurance. However, four of the Group's five domestic production bases, including manufacturing subsidiaries, are concentrated in Kanagawa Prefecture. As a result, depending on its magnitude, an earthquake in the Tokyo metropolitan area could disrupt production for a certain period of time.

(5) Retirement Benefit and Pension Asset Risk

The Group's retirement benefit obligations and retirement benefit expenses could increase if the discount rate used for calculating the former is reduced to less than the current 2.0% due to a decrease in the interest rate on government bonds or other factors, or if returns on pension assets are less than the current expected rate of return on plan assets.

Seasonality

The highly seasonal nature of Yamatake's sales is due to the peculiarities of key industries, including building construction and materials industries. Accordingly, sales in the second-half of the year are generally much higher than sales in the first half of the year.

Outlook for Fiscal 2005

For fiscal 2005, ending March 31, 2006, forecasts call for an increase in net sales of 4.0% to 188.0 billion yen and an increase in operating income of 23.0% to 11.5 billion yen, along with a 110.3% increase in net income to 7.8 billion yen.

Building Systems Business

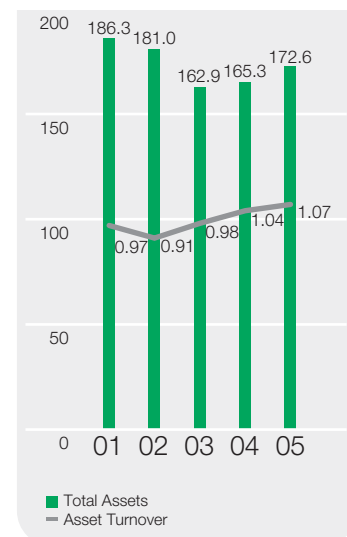
Sales are expected to increase due to expansion of the value-added solutions business and growth of international business. Amid downward pressure on prices and intensified price-based competition, operating income is expected to increase due to the implementation of cost-reduction initiatives and other measures.

Advanced Automation Business

Sales in this segment are expected to increase due to efforts to step up close-contact and proposal sales activities to meet growing demand in both domestic and overseas markets. Operating income is also expected to rise, owing to measures such as further improved cost of sales and other efforts.

Total Assets/Asset Turnover

¥ Billions/Times



(Years ended March 31)

Shareholders' Equity/Equity Ratio

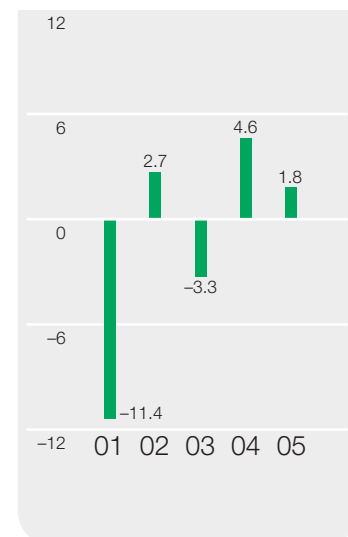
¥ Billions/%



(Years ended March 31)

Cash Flows

¥ Billions



(Years ended March 31)

Consolidated Balance Sheets

Yamatake Corporation and Consolidated Subsidiaries
March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
Assets			
Current assets:			
Cash and cash equivalents	¥ 40,250	¥ 38,401	\$ 376,166
Short-term investments (Note 3)	1,659	97	15,510
Notes and accounts receivable:			
Trade	66,577	63,313	622,215
Other	723	578	6,755
Allowance for doubtful receivables	(398)	(342)	(3,723)
Inventories (Note 5)	16,455	16,662	153,784
Deferred tax assets (Note 9)	5,327	3,415	49,786
Prepaid expenses and other current assets	1,779	3,367	16,633
Total current assets	132,372	125,491	1,237,126
Property, plant and equipment:			
Land (Note 6)	4,495	4,515	42,006
Buildings and structures (Note 6)	18,522	18,479	173,101
Machinery and equipment	10,083	10,065	94,238
Furniture and fixtures	16,332	16,773	152,638
Construction in progress	266	116	2,483
Total	49,698	49,948	464,466
Accumulated depreciation	(34,623)	(34,329)	(323,581)
Net property, plant and equipment	15,075	15,619	140,885
Investment and other assets:			
Investment securities (Notes 4 and 6)	14,138	10,714	132,133
Investments in and advances to unconsolidated subsidiaries and associated companies	404	352	3,775
Deferred tax assets (Note 9)	4,161	6,419	38,890
Other assets	6,436	6,669	60,144
Total investment and other assets	25,139	24,154	234,942
Total	¥172,586	¥165,264	\$1,612,953

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings (Note 6)	¥ 3,161	¥ 1,892	\$ 29,540
Current portion of long-term debt (Note 6)	1,080	3,280	10,089
Notes and accounts payable:			
Trade	30,508	28,762	285,130
Other	1,032	454	9,641
Income taxes payable	3,389	903	31,669
Accrued bonuses	7,710	5,816	72,055
Other accrued expenses and current liabilities	11,198	11,023	104,665
Total current liabilities	58,078	52,130	542,789
Long-term liabilities:			
Long-term debt (Note 6)	1,590	2,405	14,858
Liabilities for retirement benefits (Note 7)	11,951	14,773	111,687
Other long-term liabilities	609	35	5,694
Total long-term liabilities	14,150	17,213	132,239
Minority interests	510	391	4,768
Commitments and contingent liabilities (Notes 11, 12 and 13)			
Shareholders' equity (Notes 8 and 14):			
Common stock—authorized, 279,710,000 shares; issued, 73,576,256 shares	10,523	10,523	98,343
Capital surplus	12,648	12,648	118,202
Retained earnings	73,130	70,783	683,461
Unrealized gain on available-for-sale securities	3,639	1,632	34,007
Foreign currency translation adjustments	(85)	(50)	(791)
Total	99,855	95,536	933,222
Treasury stock—at cost, 7,105 shares in 2005 and 6,395 shares in 2004	(7)	(6)	(65)
Total shareholders' equity	99,848	95,530	933,157
Total	¥172,586	¥165,264	\$1,612,953

Consolidated Statements of Income

Yamatake Corporation and Consolidated Subsidiaries
Years Ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
Net sales	¥180,763	¥169,951	\$1,689,371
Cost of sales	113,009	104,821	1,056,155
Gross profit	67,754	65,130	633,216
Selling, general and administrative expenses (Note 10)	58,401	58,310	545,807
Operating income	9,353	6,820	87,409
Other income (expenses):			
Interest income	20	18	184
Dividend income	160	109	1,494
Interest expense	(121)	(122)	(1,133)
Exchange gain (loss)	85	(221)	795
Loss on disposals of property, plant and equipment—net	(257)	(333)	(2,402)
Gain on sales of investment securities—net	5	178	49
Loss on transfer of pension plans	(3,453)		(32,268)
Other—net	(23)	44	(213)
Other expenses—net	(3,584)	(327)	(33,494)
Income before income taxes and minority interests	5,769	6,493	53,915
Income taxes (Note 9):			
Current	2,946	809	27,530
Deferred	(990)	2,371	(9,250)
Total income taxes	1,956	3,180	18,280
Minority interests in net income	(104)	(72)	(969)
Net income	¥ 3,709	¥ 3,241	\$ 34,666
		Yen	U.S. Dollars
Per share of common stock (Note 2.o):			
Basic net income	¥ 49.88	¥ 43.51	\$ 0.47
Cash dividends applicable to the year	23.00	14.00	0.21

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Yamatake Corporation and Consolidated Subsidiaries
Years Ended March 31, 2005 and 2004

	Thousands				Millions of Yen		
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain (Loss) on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock
Balance, April 1, 2003	73,571	¥10,523	¥ 6,792	¥ 85,155	¥ (47)	¥ 12	¥(10,655)
Adjustment of retained earnings for newly consolidated subsidiaries				(192)			
Net income				3,241			
Cash dividends, ¥14 per share				(883)			
Bonuses to directors				(32)			
Adjustment resulting from merger of consolidated subsidiaries			5,856	(5,856)			
Repurchase of treasury stock	(1)						(1)
Disposal of treasury stock				(10,650)			10,650
Net increase in unrealized gain on available-for-sale securities					1,679		
Net decrease in foreign currency translation adjustments						(62)	
Balance, March 31, 2004	73,570	10,523	12,648	70,783	1,632	(50)	(6)
Net income				3,709			
Cash dividends, ¥23 per share				(1,324)			
Bonuses to directors				(38)			
Repurchase of treasury stock	(1)						(1)
Net increase in unrealized gain on available-for-sale securities					2,007		
Net decrease in foreign currency translation adjustments						(35)	
Balance, March 31, 2005	73,569	¥10,523	¥ 12,648	¥ 73,130	¥ 3,639	¥ (85)	¥ (7)

	Thousands of U.S. Dollars (Note 1)						
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain (Loss) on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock	
Balance, March 31, 2004	\$98,343	\$118,202	\$661,521	\$15,261	\$(464)	\$ (58)	
Net income			34,666				
Cash dividends, \$0.21 per share			(12,376)				
Bonuses to directors			(350)				
Repurchase of treasury stock						(7)	
Net increase in unrealized gain on available-for-sale securities				18,746			
Net decrease in foreign currency translation adjustments					(327)		
Balance, March 31, 2005	\$98,343	\$118,202	\$683,461	\$34,007	\$(791)	\$ (65)	

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Yamatake Corporation and Consolidated Subsidiaries
Years Ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
Operating activities:			
Income before income taxes and minority interests	¥ 5,769	¥ 6,493	\$ 53,915
Adjustments for:			
Income taxes—paid	(751)	(6,148)	(7,021)
Income taxes—refunded	2,079	515	19,433
Depreciation and amortization	2,291	2,346	21,414
Provision for doubtful receivables	143	117	1,334
Increase (decrease) in accrued bonuses	1,894	(882)	17,702
Loss on disposals of property, plant and equipment—net	257	333	2,402
Gain on sales of investment securities—net	(5)	(178)	(49)
Changes in assets and liabilities, net of effects from consolidating previously unconsolidated subsidiaries:			
Increase in notes and accounts receivable	(3,263)	(729)	(30,498)
Decrease in inventories	207	590	1,934
Increase in notes and accounts payable	1,727	1,550	16,143
Increase (decrease) in liabilities for retirement benefits	(2,823)	2,043	(26,380)
Other—net	978	(787)	9,134
Total adjustments	2,734	(1,230)	25,548
Net cash provided by operating activities	8,503	5,263	79,463
Investing activities:			
Proceeds from sales of property, plant and equipment	210	206	1,962
Purchase of property, plant and equipment	(1,877)	(1,861)	(17,538)
Proceeds from sales of investment securities (Note 4)	21	454	197
Purchase of investment securities	(106)	(173)	(995)
Additional purchase of subsidiary stocks	(12)	(139)	(107)
Net decrease of bank deposit with the restriction	1	146	9
Proceeds from sales of beneficiary securities of trust	999	2,349	9,340
Purchase of beneficiary securities of trust	(2,590)	(1,097)	(24,205)
Other—net	(353)	(156)	(3,307)
Net cash used in investing activities	(3,707)	(271)	(34,644)
Financing activities:			
Net increase in short-term borrowings	1,255	654	11,734
Proceeds from long-term debt	800	1,174	7,477
Repayment of long-term debt	(3,676)	(1,284)	(34,356)
Dividends paid	(1,324)	(883)	(12,365)
Dividends paid for minority in consolidated subsidiary company	(1)	(1)	(10)
Other—net	24	12	215
Net cash used in financing activities	(2,922)	(328)	(27,305)
Net cash used in translation of cash and cash equivalents	(25)	(89)	(238)
Net increase in cash and cash equivalents	1,849	4,575	17,276
Cash and cash equivalents of newly consolidated subsidiaries, beginning of year		155	
Cash and cash equivalents, beginning of year	38,401	33,671	358,890
Cash and cash equivalents, end of year	¥40,250	¥38,401	\$376,166
Non-cash activities:			
Increase due to consolidation of subsidiaries previously unconsolidated (Note 2.a):			
Assets		¥ 331	
Liabilities		84	

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Yamatake Corporation and Consolidated Subsidiaries
Years Ended March 31, 2005 and 2004

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2004 consolidated financial statements to conform to the classifications used in 2005.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Yamatake Corporation ("Yamatake") is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥107 to \$1, the approximate rate of exchange as of March 31, 2005. Such translation should not be construed as representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation — The consolidated financial statements as of March 31, 2005, include the accounts of Yamatake and its 20 significant (21 in 2004) subsidiaries (together, "Yamatake Group").

Under the control or influence concept, those companies in which Yamatake, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investments in unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The cost in excess of net assets of subsidiaries and associated companies at the time of acquisition which cannot be specifically assigned to individual assets is amortized on the straight-line basis over 5 years with the exception of minor amounts which are charged to income in the period of acquisitions.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within Yamatake Group is also eliminated.

b. Cash Equivalents — Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificate of deposits and beneficiary securities of trust under resale agreements, all of which mature or become due within three months of the date of acquisition.

c. Inventories — Inventories are primarily stated at cost on the specific identification basis. Raw materials are stated at cost determined by the moving-average method.

d. Allowance for Doubtful Receivable — The allowance for doubtful receivable is stated in amounts considered to be appropriate based on Yamatake Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

e. Marketable and Investment Securities — Marketable and investment securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, non-marketable available-for-sale securities are reduced to net realizable value by a charge to income.

f. Property, Plant and Equipment — Property, plant and equipment are stated at cost. Depreciation is computed by the declining-balance method while the straight-line method is applied to buildings acquired after April 1, 1998. The range of useful lives is from 15 to 50 years for buildings and structures, from 4 to 12 years for machinery and equipment, and from 2 to 6 years for furniture and fixtures.

g. Retirement and Pension Plans — Yamatake had non-contributory and contributory funded pension plans covering substantially all of its employees.

According to the enactment of the Defined Contribution Pension Plan Law, Yamatake implemented a defined contribution pension plan in June 2004, by which the former non-contributory pension plan was terminated. Yamatake applied the accounting treatment specified in the guidance issued by the Accounting Standards Board of Japan ("ASB"). The effect of this transfer, which was recorded as loss on transfer of pension plan in the consolidated statement of income for the year ended March 31, 2005, was to decrease income before income taxes and minority interest by ¥3,453 million (\$32,268 thousand).

According to the enactment of the Defined Benefit Pension Plan Law, Yamatake implemented a new non-contributory pension plan in June 2004, by which the former contributory pension plan was terminated. Yamatake applied the accounting treatment specified in the guidance issued by the ASB. The effect of this transfer was to decrease projected benefit obligation and unrecognized prior service cost by ¥5,056 million (\$47,252 thousand) for the year ended March 31, 2005.

Other consolidated subsidiaries have non-contributory funded pension plans and unfunded retirement benefit plans.

The liability for employees' retirement benefits is provided at the amount based on the projected benefit obligation and plan assets at the balance sheet date.

Retirement benefits to directors and corporate auditors are provided at the amount which would be required if all directors and corporate auditors retired at each balance sheet date.

h. Research and Development Costs — Research and development costs are charged to income as incurred.

i. Leases — All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

j. Income Taxes — The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

k. Appropriations of Retained Earnings — Appropriations of retained earnings are reflected in the financial statements for the following year upon shareholders' approval.

l. Foreign Currency Transactions — All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

m. Foreign Currency Financial Statements — The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for shareholders' equity, which is translated at the historical rate.

Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of shareholders' equity. Revenue and expense accounts of consolidated foreign subsidiaries are also translated into yen at the current exchange rate as of the balance sheet date.

n. Derivatives Financial Instruments — Yamatake Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts and interest rate swaps are utilized by Yamatake Group to reduce foreign currency exchange and interest rate risks. Yamatake Group does not enter into derivatives for trading or speculative purposes.

All derivatives are recognized as either assets or liabilities and measured at fair value with gains or losses on derivative transactions recognized in the consolidated statements of income, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Foreign exchange forward contracts are utilized to hedge foreign exchange exposures for export sales and import purchases.

Trade receivables and payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

Forward contracts related to forecasted (or committed) transactions are measured at the fair value but the unrealized gains/losses are deferred until the underlying transactions are completed.

Interest rate swaps are utilized to hedge interest rate exposures on long-term debt. These swaps, which qualify for hedge accounting, are measured at market value at the balance sheet date and the unrealized gains or losses are deferred until maturity as other assets or liabilities.

o. Per Share Information — Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. The weighted-average number of common shares used in the computation was 73,569,523 shares for 2005 and 73,570,236 shares for 2004.

Diluted net income per share is not disclosed because it is anti-dilutive.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

The carrying amounts and aggregate fair values of investment securities as of March 31, 2005 and 2004, were as follows:

	Millions of Yen				Thousands of U.S. Dollars							
	2005		2004		2005		2004					
	Unrealized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Unrealized Cost	Unrealized Gains	Unrealized Losses	Fair Value				
Securities classified as available-for-sale:												
Equity securities	¥5,057	¥6,102	¥3	¥11,156	¥4,180	¥2,780	¥45	¥6,915	\$47,260	\$57,034	\$30	\$104,264
Trust fund investments and other	750	8		758	856	8		864	7,012	74		7,086

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2005 and 2004, were as follows:

	Carrying Amount		
	Millions of Yen	Thousands of U.S. Dollars	2005
Available-for-sale:			
Equity securities	¥1,125	¥1,935	\$10,512
Trust fund investments and other	1,099	1,000	10,271

Proceeds from sales of available-for-sale securities for the years ended March 31, 2005 and 2004 were ¥21 million (\$197 thousand) and ¥454 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥6 million (\$52 thousand) and ¥0 million (\$3 thousand), respectively, for the year ended March 31, 2005 and ¥192 million and ¥14 million, respectively, for the year ended March 31, 2004.

p. New Accounting Pronouncements — In August 2002, the Business Accounting Council issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets," and in October 2003 the ASB issued ASB Guidance No. 6, "Guidance for Accounting Standard for Impairment of Fixed Assets." These new pronouncements are effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004.

The new accounting standard requires an entity to review its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

Yamatake is currently in the process of assessing the effect of adoption of these pronouncements.

3. SHORT-TERM INVESTMENTS

Short-term investments consist of beneficiary securities of trust under resale agreements, time deposits and banking arrangements other than cash equivalents.

4. INVESTMENT SECURITIES

Investment securities as of March 31, 2005 and 2004, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Non-current:			
Marketable equity securities	¥12,281	¥ 8,850	\$114,776
Trust fund investments and other	1,857	1,864	17,357
Total	¥14,138	¥10,714	\$132,133

5. INVENTORIES

Inventories as of March 31, 2005 and 2004, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Merchandise	¥ 1,343	¥ 1,127	\$ 12,554
Finished products	1,591	1,313	14,873
Work in process	9,563	10,082	89,371
Raw materials	3,958	4,140	36,986
Total	¥16,455	¥16,662	\$153,784

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of March 31, 2005 and 2004, mainly consisted of notes to banks and bank overdrafts. The annual interest rates applicable to the short-term bank loans ranged from 0.6% to 3.5% as of March 31, 2005 and from 0.6% to 1.9% as of March 31, 2004.

Long-term debt as of March 31, 2005 and 2004, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Loans from banks and other financial institutions, due serially to 2026 with interest rates ranging from 0.6% to 5.1% in 2005 and from 0.6% to 5.4% in 2004:			
Collateralized	¥ 1,480	¥ 1,891	\$ 13,825
Unsecured	1,190	3,794	11,122
Total	2,670	5,685	24,947
Less current portion	(1,080)	(3,280)	(10,089)
Long-term debt, less current portion	¥ 1,590	¥ 2,405	\$ 14,858

As of March 31, 2005, Yamatake had an unused line of credit amounting to ¥30,000 million (\$280,374 thousand) of which ¥10,000 million (\$93,458 thousand) related to commitment lines with four banks and ¥20,000 million (\$186,916 thousand) related to medium term notes program.

Annual maturities of long-term debt as of March 31, 2005, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2006	¥1,080	\$10,089
2007	510	4,767
2008	106	995
2009	100	934
2010	475	4,436
2011 and thereafter	399	3,726
Total	¥2,670	\$24,947

The carrying amounts of assets pledged as collateral for the above collateralized long-term debt as of March 31, 2005, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Land	¥ 40	\$ 374
Buildings and structures	158	1,477
Investment securities	2,584	24,145
Total	¥2,782	\$25,996

As is customary in Japan, Yamatake Group maintains deposit balances with banks with which it has bank loans. Such deposit balances are not legally or contractually restricted as to withdrawal.

In addition, collateral must be provided if requested by the lending banks and certain banks have the right to offset cash deposited with them against any bank loan or obligation that becomes due and, in case of default and certain other specified events, against all other debt payable to the bank concerned. Yamatake Group has never received any such requests.

7. RETIREMENT AND PENSION PLANS

Yamatake Group has severance payment plans for employees, directors and corporate auditors.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of lump-sum severance payments from Yamatake Group and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age. The liability for retirement benefits for directors and corporate auditors for the years ended March 31, 2005 and 2004, were ¥457 million (\$4,272 thousand) and ¥465 million, respectively. The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

The liability for employees' retirement benefits as of March 31, 2005 and 2004, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Projected benefit obligation	¥ 40,235	¥ 62,213	\$ 376,032
Fair value of plan assets	(21,173)	(27,926)	(197,881)
Unrecognized prior service cost	3,163	(4,694)	29,557
Unrecognized actuarial loss	(10,829)	(15,370)	(101,209)
Prepaid pension expense	98	85	916
Net liability	¥ 11,494	¥ 14,308	\$ 107,415

The components of net periodic benefit costs for the years ended March 31, 2005 and 2004, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Service cost	¥2,004	¥2,516	\$18,730
Interest cost	867	1,339	8,105
Expected return on plan assets	(210)	(238)	(1,966)
Amortization of prior service cost	(104)	210	(970)
Recognized actuarial loss	974	1,092	9,106
Payment for defined contribution pension plan and other	604	8	5,642
Net periodic benefit costs	4,135	4,927	38,647
Loss on transfer of pension plans	3,453		32,268
Total	¥7,588	¥4,927	\$70,915

Assumptions used for the years ended March 31, 2005 and 2004, are set forth as follows:

	2005	2004
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	1.0%	1.0%
Amortization period of prior service cost	10-15 years	10-15 years
Recognition period of actuarial gain/loss	10-15 years	10-15 years

8. SHAREHOLDERS' EQUITY

Japanese companies are subject to the Japanese Commercial Code (the "Code").

The Code requires that all shares of common stock are recorded with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Code permits Japanese companies, upon approval of the Board of Directors, to issue shares to existing shareholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

The Code also provides that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 25% of the balance of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 25% of the balance of common stock may be available for dividends by resolution of the shareholders. In addition, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to the common stock balance by resolution of the Board of Directors.

The Code allows Japanese companies to repurchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividends plus the amount of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the general shareholders meeting.

In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends. The amount of retained earnings available for dividends under the Code was ¥64,410 million (\$601,963 thousand) as of March 31, 2005, based on the amount recorded in the parent company's general books of account.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semi-annual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

9. INCOME TAXES

Yamatake and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 40.4% and 42.0% for the years ended March 31, 2005 and 2004, respectively.

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥8,170 million (\$76,354 thousand) and ¥8,099 million for the years ended March 31, 2005 and 2004, respectively.

11. LEASES

(1) Financing Leases as a Lessee

Yamatake Group leases certain machinery, computer equipment, office space and other assets.

Total rental expenses under the above leases for the years ended March 31, 2005 and 2004, were ¥4,755 million (\$44,438 thousand) and ¥4,957 million, respectively, including ¥507 million (\$4,738 thousand) and ¥532 million of lease payments under finance leases.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligation under finance lease, depreciation expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2005 and 2004, was as follows:

	Millions of Yen								Thousands of U.S. Dollars				
	2005				2004				2005				
	Machinery and Equipment	Furniture and Fixtures	Software	Total	Buildings and Structures	Machinery and Equipment	Furniture and Fixtures	Software	Total	Machinery and Equipment	Furniture and Fixtures	Software	Total
Acquisition cost	¥280	¥1,982	¥104	¥2,366	¥5	¥138	¥2,119	¥87	¥2,349	\$2,613	\$18,525	\$976	\$22,114
Accumulated depreciation	139	1,515	68	1,722	5	73	1,568	55	1,701	1,297	14,155	640	16,092
Net leased property	¥141	¥ 467	¥ 36	¥ 644		¥ 65	¥ 551	¥32	¥ 648	\$1,316	\$ 4,370	\$336	\$ 6,022

The tax effects of significant temporary differences and tax loss carry-forwards which resulted in deferred tax assets and liabilities as of March 31, 2005 and 2004, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Deferred tax assets:			
Pension and severance costs	¥ 4,782	¥ 5,881	\$ 44,694
Accrued expenses	4,244	2,725	39,662
Depreciation	822	920	7,685
Loss on impairment of land	808	808	7,551
Loss on impairment of investment securities	169	152	1,576
Tax loss carryforwards	937	520	8,753
Others	1,573	753	14,707
Less valuation allowance	(936)	(309)	(8,753)
Total	12,399	11,450	115,875

Deferred tax liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Net unrealized gain on available-for-sale securities	2,467	1,107
Special advanced depreciation	468	512
Total	2,935	1,619
Net deferred tax assets	¥ 9,464	¥ 9,831

A reconciliation between the normal effective statutory tax rates for the years ended March 31, 2005 and 2004, and the actual effective tax rates reflected in the accompanying consolidated statements of income is as follows:

	2005	2004
Normal effective statutory tax rate	40.4%	42.0%
Nondeductible expenses	3.7	3.2
Per capita levy of inhabitant tax	2.3	3.5
Tax benefits for qualified expenses	(7.6)	
Unrecognized tax effect for elimination of unrealized profit in inventories	(5.1)	
Others—net	0.2	0.3
Actual effective tax rate	33.9%	49.0%

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Due within one year	¥ 554	¥ 589	\$ 5,176
Due after one year	1,882	1,730	17,586
Total	¥2,436	¥2,319	\$22,762

The above obligations under finance leases include the imputed interest income portion.

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, computed mainly by the declining balance method at rates based on the period of those financing leases with remaining value of 10% of total lease payment was ¥451 million (\$4,219 thousand) and ¥502 million for the years ended March 31, 2005 and 2004, respectively.

12. DERIVATIVES

Yamatake Group enters into foreign currency forward contracts and currency options to hedge foreign exchange risk associated with trade receivables and payable denominated in foreign currencies.

It is Yamatake Group's policy to use derivatives only for the purpose of reducing market risks associated with assets and liabilities, not to hold or issue derivatives for speculative or trading purposes.

Since all of Yamatake Group's foreign currency forward contracts and currency options are related to qualified hedges of underlying business exposures, market gains or loss risk in the derivative instruments is effectively offset by opposite movements in the value of the hedged assets or liabilities.

	Millions of Yen						Thousands of U.S. Dollars		
	2005			2004			2005		
	Contract or Notional Amount	Fair Value	Unrealized Gain (Loss)	Contract or Notional Amount	Fair Value	Unrealized (Loss)	Contract or Notional Amount	Fair Value	Unrealized Gain (Loss)
Interest rate swaps—Pay fixed/receive floating				¥2,000	¥(24)				
Exchange contract:									
Sell Japanese yen	¥223	¥226	¥(3)				\$2,084	\$2,108	\$(24)
Buy Japanese yen	54	54		30	30		505	508	3

13. COMMITMENT AND CONTINGENT LIABILITIES

As of March 31, 2005, Yamatake Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Trade notes discounted	¥50	\$476
Guarantees and similar items of loans and sublease	53	496

14. SUBSEQUENT EVENT

At the Yamatake's general shareholders meeting held on June 29, 2005, shareholders approved the following:

Appropriation of Retained Earnings as of March 31, 2005

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥13.0 (\$0.12) per share	¥956	\$8,938
Bonuses to directors	40	374

15. SEGMENT INFORMATION

Yamatake Group focuses on creating value through measurement and control technology. The operating segments reported below are the segments of Yamatake Group for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by executive management in deciding how to allocate resources and in assessing performance.

(2) Financing Leases as a Lessor

Yamatake Group leases certain machinery and equipment.

Pro forma information of leased property as receivables under the finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2005 and 2004, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Receivables under finance leases:			
Due within one year	¥ 154	¥ 133	\$ 1,437
Due after one year	1,265	1,113	11,821
Total	¥1,419	¥1,246	\$13,258

Yamatake Group's interest rate swap contracts are subject to market risk, which is the exposure created by potential fluctuations in market conditions, including interest rates and credit risk.

Because the counterparties to these derivatives are limited to major international financial institutions, Yamatake Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by Yamatake Group have been made in accordance with internal policies which regulate the authorization and credit limit amounts.

The fair value of Yamatake Group's derivative financial instruments as of March 31, 2005 and 2004, was as follows:

	Millions of Yen						Thousands of U.S. Dollars		
	2005			2004			2005		
	Contract or Notional Amount	Fair Value	Unrealized Gain (Loss)	Contract or Notional Amount	Fair Value	Unrealized (Loss)	Contract or Notional Amount	Fair Value	Unrealized Gain (Loss)
Interest rate swaps—Pay fixed/receive floating				¥2,000	¥(24)				
Exchange contract:									
Sell Japanese yen	¥223	¥226	¥(3)				\$2,084	\$2,108	\$(24)
Buy Japanese yen	54	54		30	30		505	508	3

The building automation segment designs, develops, manufactures, distributes and provides engineering/maintenance services for building automation products such as integrated automation systems, security systems and energy and facility management, for primarily such markets as commercial buildings, manufacturing facilities, hospitals, government and institutional buildings, schools, hotels and department stores.

The advanced automation segment consists of the industrial automation business and control products business.

The industrial automation business designs, develops, manufactures, distributes and provides engineering/maintenance service for industrial automation products such as field measurement instruments, control valves and factory automation systems, for primarily such markets as petrochemical/chemical, refining, electric power and gas, iron and steel, food and beverage, pharmaceutical, automobile, pulp and paper, semiconductors, shipping and marine, and electric/electronic components.

The control products business designs, develops, manufactures and distributes control products such as digital controllers, combustion safety controls, recorders, proximity switches, photoelectric switches, mass flow meters/controllers and electronic air cleaners, primarily for markets such as semiconductor manufacturing, electric/electronic components, industrial machinery, automobiles, food, packaging, furnace/oven/boiler manufacturing and residential/commercial buildings.

The other segment consists of various operating activities primarily including new businesses such as nursing care services and residential central air conditioning systems, and the import of industrial machines and equipment.

Information about industry segments of Yamatake Group for the years

ended March 31, 2005 and 2004, is as follows:

(1) Industry Segments

a. Sales and Operating Income

Millions of Yen						
2005						
	Building Automation	Advanced Automation	Other	Total	Eliminations/Corporate	Consolidated
Sales to customers	¥81,806	¥83,738	¥15,219	¥180,763		¥180,763
Intersegment sales	792	579	305	1,676	¥(1,676)	
Total sales	82,598	84,317	15,524	182,439	(1,676)	180,763
Operating expenses	77,062	79,593	16,458	173,113	(1,703)	171,410
Operating income (losses)	¥ 5,536	¥ 4,724	¥ (934)	¥ 9,326	¥ 27	¥ 9,353

Millions of Yen						
2004						
	Building Automation	Advanced Automation	Other	Total	Eliminations/Corporate	Consolidated
Sales to customers	¥78,525	¥77,298	¥14,128	¥169,951		¥169,951
Intersegment sales	553	862	482	1,897	¥(1,897)	
Total sales	79,078	78,160	14,610	171,848	(1,897)	169,951
Operating expenses	73,383	75,554	16,019	164,956	(1,825)	163,131
Operating income (losses)	¥ 5,695	¥ 2,606	¥ (1,409)	¥ 6,892	¥ (72)	¥ 6,820

Thousands of U.S. Dollars						
2005						
	Building Automation	Advanced Automation	Other	Total	Eliminations/Corporate	Consolidated
Sales to customers	\$764,544	\$782,602	\$142,225	\$1,689,371		\$1,689,371
Intersegment sales	7,401	5,405	2,857	15,663	\$(15,663)	
Total sales	771,945	788,007	145,082	1,705,034	(15,663)	1,689,371
Operating expenses	720,205	743,860	153,810	1,617,875	(15,913)	1,601,962
Operating income (losses)	\$ 51,740	\$ 44,147	\$ (8,728)	\$ 87,159	\$ 250	\$ 87,409

b. Assets, Depreciation and Capital Expenditures

Millions of Yen						
2005						
	Building Automation	Advanced Automation	Other	Total	Eliminations/Corporate	Consolidated
Assets	¥46,370	¥62,076	¥6,186	¥114,632	¥57,954	¥172,586
Depreciation	928	1,312	51	2,291		2,291
Capital expenditures	776	1,632	52	2,460		2,460

Millions of Yen						
2004						
	Building Automation	Advanced Automation	Other	Total	Eliminations/Corporate	Consolidated
Assets	¥44,169	¥63,466	¥6,205	¥113,840	¥51,424	¥165,264
Depreciation	868	1,416	62	2,346		2,346
Capital expenditures	824	1,144	97	2,065		2,065

Thousands of U.S. Dollars						
2005						
	Building Automation	Advanced Automation	Other	Total	Eliminations/Corporate	Consolidated
Assets	\$433,369	\$580,147	\$57,811	\$1,071,327	\$541,626	\$1,612,953
Depreciation	8,676	12,264	474	21,414		21,414
Capital expenditures	7,253	15,250	490	22,993		22,993

Note: Corporate assets of ¥52,116 million (\$487,065 thousand) and ¥52,117 million for the years ended March 31, 2005 and 2004, respectively, included in "Eliminations/corporate" mainly consist of cash and cash equivalents and investment securities.

(2) Geographical Segments

Overseas sales amounts are less than 10% of consolidated sales.

(3) Sales to Foreign Customers

Sales to foreign customers are less than 10% of consolidated sales.

Independent Auditors' Report

Deloitte.

Deloitte Touche Tohmatsu
MS Shibaura Building
4-13-23, Shibaura
Minato-ku, Tokyo 108-8530
Japan

Tel: +81 (3) 3457 7321
Fax: +81 (3) 3457 1694
www.deloitte.com/jp

INDEPENDENT AUDITORS' REPORT

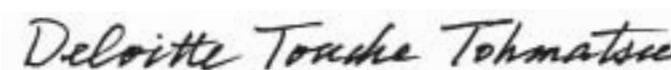
To the Board of Directors and Shareholders of
Yamatake Corporation:

We have audited the accompanying consolidated balance sheets of Yamatake Corporation and consolidated subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yamatake Corporation and consolidated subsidiaries as of March 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.



June 29, 2005

Corporate Data

As of March 31, 2005

Company Name	Yamatake Corporation
Headquarters	Totate International Building 2-12-19 Shibuya, Shibuya-ku Tokyo 150-8316, Japan
Founded	December 1, 1906
Incorporated	August 22, 1949
Paid-in Capital	¥10,523 million
Factories	Fujisawa, Shonan, Isehara
Employees	5,573
Contact	Tel: 81-3-3486-2011 Fax: 81-3-3409-7388
Website	http://www.yamatake.com

Corporate headquarters will move to the following address in November, 2005.

Yamatake Corporation
Tokyo Building
2-7-3 Marunouchi, Chiyoda-ku
Tokyo 100-6419, Japan
Tel: 81-3-6810-1010 Fax: 81-3-5220-7278

Subsidiaries and Affiliates

Japan

Yamatake & Co., Ltd.*

Tokyo, Japan
Ownership 100%
2005 Sales ¥15.6 billion
Employees 176

Yamatake Control Products Co., Ltd.*

Kanagawa, Japan
Ownership 100%
2005 Sales ¥9.9 billion
Employees 222

Yamatake Expert Services Co., Ltd.

Tokyo, Japan
Ownership 100%

Yamatake Friendly Co., Ltd.

Kanagawa, Japan
Ownership 100%

Yamatake Care-Net Co., Ltd.*

Tokyo, Japan
Ownership 100%

Safety Service Center Co., Ltd.*

Tokyo, Japan
Ownership 100%
2005 Sales ¥2.1 billion
Employees 81

ESD Co., Ltd.

Tokyo, Japan
Ownership 51%

Kumamoto Safety Service Center Co., Ltd.

Kumamoto, Japan
Ownership 100% owned by Safety Service Center Co., Ltd.

SecurityFriday Co., Ltd.

Kanagawa, Japan
Ownership 85%

Taishin Co., Ltd.*

Nagano, Japan
Ownership 50%
2005 Sales ¥4.3 billion
Employees 111

Building Performance Consulting, Inc.

Tokyo, Japan
Ownership 45%

Hara Engineering Co., Ltd.

Kanagawa, Japan
Ownership 100% owned by Yamatake & Co., Ltd.

Overseas

Yamatake Korea Co., Ltd.*

Seoul, Korea
Ownership 100%

Yamatake Taiwan Co., Ltd.*

Taipei, Taiwan
Ownership 100%

Yamatake (Thailand) Co., Ltd.*

Bangkok, Thailand
Ownership 99.9%

Yamatake Philippines, Inc.*

Makati, Philippines
Ownership 99.9%

Yamatake Automation (M) Sdn. Bhd.*

Petaling Jaya, Malaysia
Ownership 100%

Yamatake Controls Singapore Pte. Ltd.*

Singapore
Ownership 100%

PT. Yamatake Berca Indonesia*

Jakarta, Indonesia
Ownership 55%

SICAL Yamatake Ltd.

Chennai, India
Ownership 25%

Dalian Yamatake Control Instruments Co., Ltd.*

Dalian, China
Ownership 100%

Yamatake Environmental Control Technology (Beijing) Co., Ltd.*

Beijing, China
Ownership 100%

Yamatake Automation Products Shanghai Co., Ltd.

Shanghai, China
Ownership 100%

Shanghai Yamatake-SIC Environmental Control Technology Co., Ltd.*

Shanghai, China
Ownership 60%

Shanghai Yamatake Automation Co., Ltd.*

Shanghai, China
Ownership 60%

Yamatake China Limited*

Hong Kong, China
Ownership 99.9%

YCP Precision Hong Kong Limited

Hong Kong, China
Ownership 99.9% owned by Yamatake Control Products Co., Ltd.

Yamatake Sensing Control, Limited*

Santa Clara, CA, U.S.A.
Ownership 100%

Yamatake America, Inc.*

Houston, TX, U.S.A.
Ownership 100%

Yamatake Europe N.V.*

Brussels, Belgium
Ownership 99.9%

* Consolidated subsidiary

Stock Information

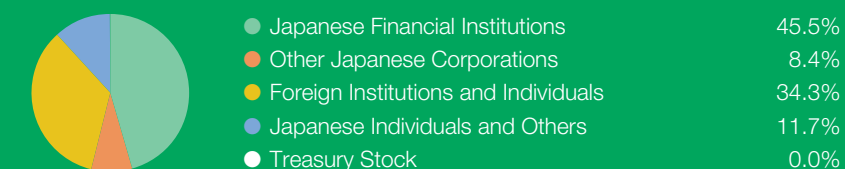
As of March 31, 2005

Total Number of Authorized Shares	279,710,000
Shares of Common Stock Issued	73,576,256
Shareholders	4,755
Fiscal Year	April 1–March 31
Annual Shareholders' Meeting	June
Stock Listing	Tokyo Stock Exchange, 1st Section
Transfer Agent	Mizuho Trust & Banking Co., Ltd.

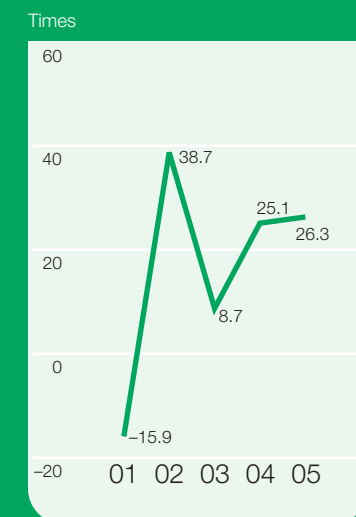
Major Shareholders

	Number of shares held (thousands)	Percentage of shares held (%)
Northern Trust Company (AVFC) Sub-account American Clients	8,815	11.98
Meiji Yasuda Life Insurance Co.	5,214	7.08
Japan Trustee Services Bank, Ltd.	4,223	5.73
Northern Trust Company AVFC RE U.S. Tax Exempted Pension Funds	3,628	4.93
The Master Trust Bank of Japan, Ltd.	2,875	3.90
Mizuho Corporate Bank, Ltd.	2,850	3.87
Nippon Life Insurance Co.	2,669	3.62
Mizuho Trust & Banking Co., Ltd.	2,301	3.12
Sompo Japan Insurance Inc.	2,000	2.71
The Nomura Trust and Banking Co., Ltd.	1,977	2.68

Composition of Shareholders



Price Earning Ratio



(Years ended March 31)

Price Book-value Ratio



(Years ended March 31)

Price Cash Flow Ratio



(Years ended March 31)

Note: Price Earning Ratio = Stock Price/Net Income per Share
Price Book-value Ratio = Stock Price/Shareholders' Equity per Share
Price Cash Flow Ratio = Stock Price/Cash Flow per Share
Cash Flow = Net Income+Depreciation