

Consolidated Financial Results for the Fiscal 2005 ended March 2006

1. Performance for the year (from April 1, 2005 to March 31, 2006)

- Prepared in accordance with the Japanese financial accounting standards.
- Amounts indicated are rounded down.
- Percentage shows the increase/(decrease) from the previous fiscal year.

(1) Results

(Millions of yen & % of inc./dec.)

	Sales		Operating income		Recurring income		Net income	
Fiscal 2005	188,320	4.2%	13,514	44.5%	13,938	46.8%	9,795	164.1%
Fiscal 2004	180,762	6.4%	9,352	37.1%	9,495	38.9%	3,709	14.4%

	Net income Per Share (Yen)
Fiscal 2005	132.52
Fiscal 2004	49.88

Notes: Weight average number of shares outstanding:
 Fiscal 2005 73,568,744 shares
 Fiscal 2004 73,569,523 shares

(2) Financial Position

(Millions of yen, except for per share figures)

	Total Assets (A)	Shareholders' Equity (B)	(B)/(A) (%)	Shareholders' Equity per Share (Yen)
As of March 31, 2006	217,882	110,858	50.9%	1,506.25
As of March 31, 2005	172,586	99,847	57.9%	1,356.65

Notes: Number of shares outstanding as of:
 March 31, 2006 73,568,535 shares
 March 31, 2005 73,569,151 shares

(3) Cash Flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
Fiscal 2005	6,386	(7,404)	(3,328)	36,303
Fiscal 2004	8,502	(3,706)	(2,921)	40,249

(4) Scope of consolidation and application of equity method

Consolidated subsidiaries	38 companies
Unconsolidated subsidiaries using the equity method	0 companies
Affiliates using the equity method	0 companies

(5) Change in scope of consolidation and application of equity method

Consolidated subsidiaries	(Newly)	18 companies	(Exclusion)	0 companies
Equity method	(Newly)	0 companies	(Exclusion)	0 companies

(6) Business Segment Information

a. Sales and Operating Income

Fiscal 2005 (April 1, 2005 to March 31, 2006)

(Millions of yen)

	BS	AA	LA	Others	Total	Elimination/ Corporate	Consoli- dation
Sales							
i . Customers	81,441	92,355	4,550	9,973	188,320	-	188,320
ii. Inter-segment	727	630	3	465	1,827	(1,827)	-
Total	82,168	92,986	4,554	10,438	190,148	(1,827)	188,320
Operating cost and expenses	75,706	85,502	5,247	10,227	176,685	(1,879)	174,805
Operating income	6,461	7,483	(693)	210	13,463	51	13,514

Notes: BS/Building System Business, AA/Advanced Automation Business, LA/Life Automation Business

Fiscal 2004 (April 1, 2004 to March 31, 2005)

(Millions of yen)

	BS	AA	Others	Total	Elimination/ Corporate	Consoli- dation
Sales						
i . Customers	81,806	83,738	15,218	180,762	-	180,762
ii. Inter-segment	791	578	305	1,675	(1,675)	-
Total	82,598	84,316	15,523	182,438	(1,675)	180,762
Operating cost and expenses	77,061	79,593	16,457	173,112	(1,702)	171,409
Operating income	5,536	4,723	(933)	9,325	26	9,352

Business segments are changed in fiscal year 2005. With this change in segments, the results in fiscal year 2004 are as follows.

Fiscal 2004 (April 1, 2004 to March 31, 2005)

(Millions of yen)

	BS	AA	LA	Others	Total	Elimination/ Corporate	Consoli- dation
Sales							
i . Customers	81,806	83,738	4,470	10,747	180,762	-	180,762
ii. Inter-segment	791	578	5	301	1,677	(1,677)	-
Total	82,598	84,316	4,475	11,049	182,440	(1,677)	180,762
Operating cost and expenses	77,061	79,593	5,631	10,828	173,114	(1,704)	171,409
Operating income	5,536	4,723	(1,155)	221	9,325	26	9,352

b. Assets, Depreciation and Capital Expenditures

As of March 31, 2006

(Millions of yen)

	BS	AA	LA	Others	Total	Eliminatio n/ Corporate	Consoli- dation
Assets	52,348	63,886	38,675	5,368	160,278	57,603	217,882
Depreciation	986	1,302	41	20	2,351	-	2,351
Capital expenditures	2,588	3,952	230	18	6,790	-	6,790

As of March 31, 2005

(Millions of yen)

	BS	AA	Others	Total	Elimination/ Corporate	Consoli- dation
Assets	46,370	62,075	6,185	114,631	57,954	172,586
Depreciation	928	1,312	50	2,291	-	2,291
Capital expenditures	776	1,631	52	2,460	-	2,460



Business segments are changed in fiscal year 2005. With this change in segments, the results in fiscal year 2004 are as follows.

As of March 31, 2005

(Millions of yen)

	BS	AA	LA	Others	Total	Eliminatio n/ Corporate	Consoli- dation
Assets	46,370	62,075	1,317	4,868	114,631	57,954	172,586
Depreciation	928	1,312	31	19	2,291	-	2,291
Capital expenditures	776	1,631	26	25	2,460	-	2,460

(7) Dividends per Share

	Annual Dividends per Share (Yen)
Fiscal 2005	50.00
Fiscal 2004	23.00

2. Forecast for Fiscal 2006 (April 1, 2006 to March 31, 2007)

(Millions of yen)

	Sales	Operating income	Recurring income	Net income
Year ending March 31, 2007	230,000	16,000	15,500	9,000

For reference: Estimate of net income per share for the year ending March 31, 2007: 122.33 yen

(Millions of yen)

Business segment	Sales	Operating income
BS	86,000	6,900
AA	97,000	8,000
LA	38,000	800
Others	11,500	300
Elimination	(2,500)	-
Consolidation	230,000	16,000

- * Statements made in this document 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 Corporation and subsidiaries.

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 this document. Such factors include, but are not limited to: (i) general economic conditions in Yamatake's markets, particularly levels of capital investments; (ii) exchange rates, particularly between the Japanese yen and US dollar and other currencies in which Yamatake makes significant sales or Yamatake's assets and liabilities are denominated; (iii) continued acceptance of Yamatake's products and services which are offered in highly competitive markets characterized by rapid development of new technologies and the advancement of the global economy.

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Consolidated Balance Sheets

(Millions of yen)

ASSETS					
	(A) As of Mar. 31, 2005		(B) As of Mar. 31, 2006		Difference (B)-(A)
Current assets	132,372	76.7	145,965	67.0	13,593
Cash	38,319		28,380		(9,938)
Notes and accounts receivable	66,576		79,508		12,931
Marketable securities	-		2,499		2,499
Inventories	16,454		21,248		4,793
Deferred tax assets	5,327		5,155		(171)
Prepaid expenses and other current assets	6,092		9,603		3,510
Allowance for doubtful receivable	(398)		(429)		(31)
Fixed assets	40,213	23.3	71,916	33.0	31,703
Property, plant and equipment	15,074	8.7	31,023	14.2	15,948
Buildings and structures	6,270		12,479		6,208
Machinery and equipment	1,869		4,142		2,273
Furniture and fixtures	2,174		2,698		524
Land	4,494		8,132		3,637
Construction in progress	265		3,570		3,305
Intangible fixed assets	1,498	0.9	6,982	3.2	5,483
Investment and other assets	23,640	13.7	33,910	15.6	10,270
Investment securities	14,474		23,575		9,100
Long-term loans	759		860		100
Deferred tax assets	4,161		964		(3,197)
Other assets	4,568		9,142		4,573
Allowance for doubtful receivable	(324)		(631)		(307)
Total	172,586	100.0	217,882	100.0	45,296

(Millions of yen)

LIABILITIES AND SHAREHOLDERS' EQUITY					
	(A) As of Mar. 31, 2005		(B) As of Mar. 31, 2006		Difference (B)-(A)
Current liabilities	58,078	33.6	79,902	36.7	21,824
Notes and accounts payable	30,594		38,688		8,093
Short-term borrowings	4,240		13,956		9,716
Income taxes payable	3,388		4,526		1,138
Advance	3,444		2,405		(1,038)
Accrued bonuses	7,709		8,011		301
Other current liabilities	8,700		12,312		3,612
Long-term liabilities	14,149	8.2	26,438	12.1	12,289
Long-term debt	1,589		7,913		6,323
Deferred tax liabilities	20		1,319		1,298
Liability for employees' retirement benefits	11,493		16,269		4,776
Liability for retirement benefits for directors and corporate auditors	457		141		(315)
Excess of cost over acquired net equity	-		28		28
Other long term liabilities	588		765		176
Total liabilities	72,227	41.8	106,341	48.8	34,113
Minority interests	510	0.3	682	0.3	172
Common stock	10,522	6.1	10,522	4.8	-
Capital surplus	12,647	7.3	12,647	5.8	-
Retained earnings	73,130	42.4	80,471	37.0	7,341
Unrealized gain on available-for-sale securities	3,638	2.1	7,164	3.3	3,525
Foreign currency translation adjustments	(84)	(0.0)	59	0.0	144
Treasury stock	(6)	(0.0)	(8)	(0.0)	(1)
Total shareholders' equity	99,847	57.9	110,858	50.9	11,010
Total	172,586	100.0	217,882	100.0	45,296

Consolidated Statements of Operations

(Millions of yen)

	(A) Apr. 1, 2004 to Mar. 31, 2005		(B) Apr. 1, 2005 to Mar. 31, 2006		Difference (B)-(A)
Net sales	180,762	100.0	188,320	100.0	7,558
Cost of sales	113,008	62.5	115,551	61.4	2,542
Gross profit	67,754	37.5	72,769	38.6	5,015
Selling, general and administrative expenses	58,401	32.3	59,254	31.4	853
Operating income	9,352	5.2	13,514	7.2	4,162
Non-operating income	475	0.3	623	0.3	147
Interest income	19		37		17
Dividend income	159		210		50
Exchange gain	85		223		138
Others	211		152		(58)
Non-operating expenses	332	0.2	199	0.1	(133)
Interest expense	121		98		(22)
Others	211		101		(110)
Recurring income	9,495	5.3	13,938	7.4	4,443
Extraordinary profit	105	0.1	3,262	1.7	3,156
Gain on sales of investment securities	5		546		540
Gain on sales of property, plant and equipment	99		2,715		2,615
Extraordinary loss	3,832	2.2	1,550	0.8	(2,281)
Loss on sales or disposals of property, plant and equipment	356		392		35
Loss on impairment of investment securities	4		19		15
Loss on impairment of golf seats	7		-		(7)
Loss on changes to the employees' pension plan	3,452		-		(3,452)
Headquarter office, factory relocation expenses	-		734		734
Impairment loss	-		330		330
Others	11		74		63
Income before income taxes and minority interests	5,768	3.2	15,650	8.3	9,881
Income taxes - current	2,945	1.6	4,735	2.5	1,790
Income taxes - deferred	(989)	(0.6)	969	0.5	1,959
Minority interests in net income	103	0.1	149	0.1	45
Net income	3,709	2.1	9,795	5.2	6,085

Consolidated Statements of Shareholders' Equity

(Millions of yen)

	(A) Apr. 1, 2004 to Mar. 31, 2005	(B) Apr. 1, 2005 to Mar. 31, 2006	Difference (B)-(A)
Capital surplus			
Balance - at the beginning of period	12,647	12,647	-
Balance - at the end of period	12,647	12,647	-
Retained earnings			
Balance - at the beginning of period	70,782	73,130	2,347
Increase in retained earnings	3,709	9,809	6,100
Net income	3,709	9,795	6,085
Increase of retained earnings for newly consolidated subsidiaries	-	14	14
Decrease in retained earnings	1,361	2,467	1,106
Cash dividend	1,324	2,427	1,103
Bonuses to directors	37	40	2
Balance - at the end of period	73,130	80,471	7,341

Consolidated Statements of Cash Flows

(Millions of yen)

	Apr. 1, 2004 to Mar. 31, 2005	Apr. 1, 2005 to Mar. 31, 2006
Operating activities		
Income before income taxes and minority interests	5,768	15,650
Depreciation and amortization	2,291	2,351
Provision for doubtful receivables	142	198
Increase(decrease) in liabilities for retirement benefits	(2,814)	283
Increase(decrease) in liabilities for retirement benefits for directors and corporate auditors	(8)	16
Increase(decrease) in accrued bonuses	1,894	46
Interest and dividend income	(179)	(247)
Interest expenses	121	98
Foreign exchange loss(gain)	(2)	0
Gain on sale of property, plant and equipment	(99)	(2,715)
Loss on sale or disposal of property, plant and equipment	356	392
Gain on sale of investment securities	(5)	(546)
Loss on impairment of investment securities	4	19
Loss on impairment of golf seat	7	-
Impairment loss	-	330
Bonuses to directors	(39)	(40)
Decrease(increase) in accounts receivable	(3,263)	(6,970)
Decrease(increase) in inventories	206	(676)
Increase(decrease) in notes and accounts payable	1,727	3,091
Decrease(increase) of other current assets	(410)	(140)
Increase(decrease) of other current liabilities	1,441	(1,359)
Sub Total	7,138	9,782
Receipt of interest and dividend income	179	247
Payment for interest expenses	(143)	(97)
Income taxes - refunded	2,079	7
Income taxes - paid	(751)	(3,553)
Net cash provided by operating activities	8,502	6,386
Investing activities		
Increase of time deposits with maturity over three months	(77)	(35)
Decrease of time deposits with maturity over three months	104	66
Increase of bank deposit with the restriction	(731)	(37)
Decrease of bank deposit with the restriction	732	-
Purchase of marketable securities	-	(5,999)
Proceeds from sales of marketable securities	-	5,999
Purchase of beneficiary securities of trust over three months	(2,589)	(4,019)
Proceeds from sales of beneficiary securities of trust over three months	999	4,543
Purchase of property, plant and equipment	(1,876)	(3,763)
Proceeds from sales of property, plant and equipment	209	2,844
Purchase of investment securities	(106)	(117)
Proceeds from sales of investment securities	21	592
Redemption of investment securities	100	137
Purchase of subsidiary stocks	(11)	-
Purchase of stocks of newly consolidated subsidiaries	-	(7,192)
Other - net	(480)	(421)
Net cash used in investing activities	(3,706)	(7,404)
Financing activities		
Increase in short-term borrowings	3,070	3,487
Repayment of short-term borrowings	(1,814)	(3,458)
Increase in long-term debt	800	100
Repayment of long-term debt	(3,676)	(1,015)
Dividends paid	(1,324)	(2,427)
Dividends paid for minority in consolidated subsidiary company	(9)	(13)
Receipt from minority in consolidated subsidiary company	33	-
Purchase of treasury stock	0	(1)
Net cash used in financing activities	(2,921)	(3,328)
Net cash used in translation of cash & cash equivalents	(25)	208
Net increase(decrease) in cash & cash equivalents	1,848	(4,137)
Cash & cash equivalents, beginning of year	38,401	40,249
Cash & cash equivalents of newly consolidated subsidiaries, beginning of year	-	190
Cash & cash equivalents, end of year	40,249	36,303

Notes to Consolidated Financial Results

1. Business Environment and Measures

Despite concerns about the effects of the steep rise in crude oil prices, during this fiscal year the Japanese economy has seen an increase in capital investment following the growth in corporate earnings. Furthermore, improvements in employment and income have triggered an upturn in consumer spending, and the business climate has continued to recover.

As regards the international economy, there has been no interruption in the underlying growth trend: China has continued its strong economic expansion, and the US economy too has performed well. Against this economic backdrop, the Yamatake Group (including Yamatake Corporation and its consolidated subsidiaries), which is committed to providing value to its customers, has been drawing on its diverse strengths in measurement and control to actively expand its Building Automation (BA) business and Advanced Automation (AA) business, while striving to create new businesses in crossover BA and AA businesses through collaboration; as well as to expand its international business. Yamatake has also been developing and expanding Life Automation (LA) as its third core business.

To mark Yamatake's 100th year in business in fiscal year 2006 – ending March 31, 2007 – and to lay the foundation for sustainable growth in its second century, the company is transforming the corporate culture and business foundation using three key concepts: changing the business structure, creating a new workstyle, and creating a new corporate culture imbued with the spirit of challenge. Yamatake is working to enhance creativity and productivity in sales, staff operations, product development, engineering and production to achieve these key concepts.

2. Market Conditions and Results

1) Summary of Consolidated Financial Results

Consolidated sales for the fiscal year 2005 were 188.3 billion yen, an increase of 4.2% on the same period last year, owing to brisk performance of certain markets and proactive sales activities. As regards profits, a rise in earnings along with efforts in cost and expense reduction enabled Yamatake to post an operating income of 13.5 billion yen and an recurring income of 13.9 billion yen, increasing 44.5% and 46.8%, respectively on the same period last year. Net income marked 9.7 billion yen owing to an extraordinary profit of 2.7 billion yen made on the land sale of part of site of Yamatake's Industrial Operations Tokyo office. However, extraordinary charges were incurred by a 0.3 billion yen loss on impaired assets, and an expense of 0.7 billion yen associated with the relocation of the Head Office and factory refitting. (A net income of 3.7 billion yen was recorded in the same period last year, owing mainly to an extraordinary charge of 3.4 billion yen incurred by the switchover to a defined contribution (DC) pension plan. By acquiring stocks in Kimmon Manufacturing Co., Ltd., Yamatake consolidated Kimmon and its consolidated subsidiaries at the end of fiscal year 2005. Only Kimmon's balance sheet was consolidated with Yamatake's at the end of fiscal year 2005.

In BA business, Yamatake's ESCO business (tems: Total Energy Management Service) – offering building owners and operators in the market for existing buildings various ways to reduce total building energy consumption – has continued to demonstrate robust performance. In the service business too further growth was achieved by actively introducing facility management and new network-based management services for building owners. Yamatake has also initiated business to comply with the Specified Manager System*, thus developing business in a wider area.

* *Specified Manager System:*

Established as part of the change in the Local Government Act in September 2003, this system allows a local government to specify a private sector company to handle the management and operation of its public facilities.

Furthermore, responding to the growing demand for safety, Yamatake's security business such as access control has grown steadily. Expansion has not been limited to the building market: because of the increasing demand for environmental protection following such developments as Russia's ratification of the Kyoto Protocol, there has been growth in demand for energy management integrating HVAC, utilities and the production line in factories. Business thus continues to expand in crossover fields where Building Automation and Advanced Automation businesses can both contribute their expertise.

In AA business, with the rebound in corporate earnings the manufacturing industry as a whole has seen continued and robust investment in the construction and renovation of production facilities, with the impetus provided by the semiconductor, electrical/electronics and automobile industries. Yamatake has also launched new products such as Microflow Vortex Flowmeter, Ultra high-speed response Digital Mass Flow Controller, and High-performance Digital Fiber-Optic Sensors; sales of control products, field instruments and control valves have grown significantly. The solution business has also expanded; this provides support to customers requiring on-site solutions for upgrading and optimizing production, quality control management, and energy/environmental management.

Moreover, Yamatake has invested in Tem-Tech Laboratory, a company that specializes in advanced pressure measurement for the semiconductor and food industries. As a result of this extensive business tie-up with Tem-Tech Laboratory, Yamatake has effectively expanded the scope of the solutions it can offer customers, from measurement and control to management packages for enhancing productivity, yield and quality.

The new Life Automation business is comprised of three key fields. The first is life care, providing support for people. The second is the lifeline field, supporting the community with peoples' lives in energy supply, utilities, etc. And the third is the life sciences field that includes biotechnology. In the life care field, in addition to its established businesses, Yamatake has launched a group home business, expanding the scope of support service designed to obviate nursing care and to prevent lifestyle-related diseases among the elderly. Sustainable expansion in this field will ensure continued business growth.

In the lifeline field Yamatake already offers analysis of infiltration and inflow in sewers, but it has now developed a river flood warning system as part of its search for new approaches to urban disaster prevention. Moreover, Yamatake

has acquired stocks in Kimmon Manufacturing, one of the largest companies specializing in such lifeline measurement equipment as gas and water meters; Kimmon is now a member of the Yamatake Group. This move has effectively combined Kimmon's metering capabilities with Yamatake's measurement and control expertise, enhancing the Group's competitive edge in the market and establishing a firm foundation for developing the third core business – Life Automation.

As part of its R&D activities related to Life Automation, Yamatake has been conducting research and development on a biochip and automated manufacturing equipment for its production. The objective is to develop a business in the field of genetic engineering, a growing market.

As for its business in overseas, to make the most of opportunities for new market expansion, Yamatake has set up a Vietnam Representative Office.

Also, training centers were established in China and Thailand, in order to strengthen the business in industrial markets, while an engineering center was set up in Shanghai. In these ways, Yamatake has made preparations for further international business expansion.

Yamatake is committed to transforming its corporate culture and business foundation, an initiative started two years ago. In November 2005, in order to enhance staff performance and efficiency, Head Office functions were transferred and integrated at Marunouchi. At the same time, in order to promote collaboration between the in-house companies, six offices that had been separately located within the Tokyo metropolitan area were integrated into the Shinagawa Office. As regards R&D and engineering functions, the goal has been to shorten the time it takes from basic research through product development to engineering, which would effectively speed up Yamatake's business development. To this end, construction has begun on a new facility within the Fujisawa factory site, provisionally called the Technology Center. As for the integration and reorganization of manufacturing facilities, in addition to expanding two factories in China (Dalian and Shenzhen), Yamatake has initiated a reorganization of its domestic factories by function, and consolidation of its manufacturing into six factories located in Japan and overseas. All of these developments are part of an ongoing program designed to optimize Yamatake's production capabilities.

2) New Products

Great importance is placed on new product development. As well as reinforcing the product line in the BA business by adding open-network (IPv6) compatibility and multilingual compatibility to savic-net FX, a next-generation building management system that was introduced in last fiscal year, Yamatake simultaneously launched Humidity Sensor, HVAC Valve, Cooling Tower Controller and Energy Meter that are smaller, lighter and more intelligent than previous models. These have significantly boosted the company's edge in the competitive markets for new and existing buildings.

For the factory market that is covered by its AA business, Yamatake has started marketing a new range of measurement and control products for the pharmaceutical, food, automobile and semiconductor manufacturing industries. The company has introduced Microflow Vortex Flowmeter, Ultra high-speed Gas Flow Controller, and High-performance Position Sensor. Moreover, in the process automation field, Yamatake has launched "MainSTEP"- a best practice for improving productivity with solution suites that visualize Key Performance Index such as quality and cost, and control production within the maximum rate following PDCA cycle management. MainSTEP assists customers through feasibility studies, control implementation, maintenance support and continuous improvement.

3. Market Conditions and Results by Business Segments

1) Building Automation Business

Sales for Building Automation business for the fiscal year 2005 were 82.1 billion yen, a slight decrease of 0.5% on the same period last year; nevertheless, an operating income of 6.4 billion yen was recorded, an increase of 16.7% compared with the previous fiscal year.

As regards the construction industry, with the economy on course for recovery there has been a resurgence in the real-estate market, mainly in the Tokyo metropolitan area; however, competition to keep prices down is as strong as ever.

Yamatake succeeded in winning orders in the market for new buildings by being

quick to respond to changing customer needs and new developments in the market, and thus ensuring a high level of customer satisfaction, although a fall in sales was sustained.

In the market for existing buildings, a growing awareness of the need for energy conservation has helped to ensure the continued expansion of Yamatake's ESCO business (tems: Total Energy Management Service). Yamatake also entered new business fields to comply with the Specified Manager System. Furthermore, in the factory market, which has been benefiting from increased capital investment, sales activities have been conducted in collaboration with the Advanced Automation business.

For its international business, Yamatake has concentrated on upgrading enhanced its business infrastructure in the expanding markets of China and Southeast Asia, and as a result sales have grown.

2) Advanced Automation Business

Sales for Advanced Automation business for the fiscal year 2005 were 92.9 billion yen, an increase of 10.3% on the same period last year. An operating income of 7.4 billion yen was recorded, an increase of 58.4% compared with the previous fiscal year.

Advanced Automation business benefited from robust market performance due to an overall increase in capital investment resulting from the improvement in corporate earnings.

Yamatake has implemented close-contact sales activities, supplying a wide variety of products and services in order to provide solutions to customer needs for improved energy conservation and environmental protection, continuous safety operations, and productivity enhancements. The business has thus expanded, and sales have increased significantly.

Turning to its international business, overseas sales has grown particularly in China and other areas in Asia.

3) Life Automation Businesses

Sales for Life Automation business for the fiscal year 2005 totaled 4.5 billion yen, an increase of 1.8% on the same period last year, however, an operating loss of 0.6 billion yen was incurred. This compared with a loss of 1.1 billion yen on the same period last year.

As regards environment business, sales have grown in the recycling field as a result of increased awareness of the importance of environmental impact reduction and the need for companies in the food-related industries to comply with the Food Recycling Law. However, sales for the environment business as a whole decreased.

In the care services business, in view of the many new companies entering the health and welfare market Yamatake conducted a thorough review of its business operations. As a result of strengthening sales activities and offering new services, such as disease management, sales have steadily increased.

4) Other Businesses

Sales for other businesses for the fiscal year 2005 were 10.4 billion yen, a decrease of 5.5% on the same period last year. Operating income was 0.2 billion yen, a decrease of 4.7% on the same period last year.

As regards the importing and buying-in of inspection and measurement equipment, despite the increase in capital investment seen in the automobile and electrical/electronic industries, the effect has been limited and this resulted in a small decrease in sales.

4. Outlook for the fiscal year 2006 ending March 31, 2007

		Billions of Yen			
		FY2005 (Mar.2006)	FY2006 (Mar.2007)	Difference	%
Building Automation	Sales	82.1	86.0	3.8	4.7
	Operating income	6.4	6.9	0.4	6.8
Advanced Automation	Sales	92.9	97.0	4.0	4.3
	Operating income	7.4	8.0	0.5	6.9
Life Automation	Sales	4.5	38.0	33.4	734.4
	Operating income	-0.6	0.8	1.4	—
Others	Sales	10.4	11.5	1.0	10.2
	Operating income	0.2	0.3	0.0	42.2
Consolidated	Sales	188.3	230.0	41.6	22.1
	Operating income	13.5	16.0	2.4	18.3
	Recurring income	13.9	15.5	1.5	11.2
	Net income	9.7	9.0	-0.7	-8.1

**The extraordinary profits in fiscal 2005 include a profit of 2.7 billion yen made on the sale of part of the site of Yamatake's Industrial Operations Tokyo office and a gain on sales of investment securities of 0.5 billion yen. Only Kimmon Manufacturing Co., Ltd.'s balance sheet was consolidated with Yamatake's at the end of fiscal year 2005. (Kimmon's sales and profits were not consolidated in FY2005.)*

In review of the outlook for fiscal year 2006, Yamatake forecasts a sales growth of 41.6 billion yen, an increase of 22.1% compared with fiscal 2005.

As for profits, Yamatake forecasts a rise in operating income of 2.4 billion yen and an increase in recurring income of 1.5 billion yen resulting from an increase in sales and an improvement in the cost of sales and expenditure efficiency.

Yamatake will incur an expense of 0.7 billion yen due to the reorganization of its sales offices and manufacturing facilities, which is the main factor for an extraordinary loss in fiscal 2006. As a result, Yamatake forecasts a decrease in net income of 0.7 billion yen compared with fiscal 2005, when it incurred a net income of 9.7 billion yen including an extraordinary profit of 2.7 billion yen made on the sale of part of the site of Yamatake's Industrial Operations Tokyo office.

1) Building Automation Business

Sales for the Building Automation business are expected to increase 3.8 billion yen compared with fiscal 2005.

Profits are expected to increase 0.4 billion yen through efforts made in improved profits by cost reduction from the pressure to reduce prices, as well as low price offensives from its competitors.

Along with the continuing robust performance in the factory HVAC market, business in the market for new buildings will expand benefiting from the recovery of capital investment in the construction market mainly in urban developments in the Tokyo metropolitan area. In addition, its high added value solutions business— offering customers energy savings, access control, safety and security, and reduced lifecycle costs— will expand, and its international business will grow as well.

2) Advanced Automation Business

Sales for the Advanced Automation business are expected to increase 4.0 billion yen compared with fiscal 2005.

Growth in profits of 0.5 billion yen are expected through business expansion in Japan and overseas.

Yamatake will further enhance close-contact sales activities and create new businesses in crossover fields to these core businesses through collaboration, while robust capital investment in the domestic manufacturing industry is expected to continue. For its international business, striving to expand its product business in China and other areas in Asia, will lead to sales growth.

3) Life Automation Businesses

Yamatake forecasts sales of 38.0 billion yen for the Life Automation business centered on Kimmon Manufacturing Co., Ltd., which was consolidated with Yamatake's balance sheet at the end of fiscal year 2005.

5. Basic Policy regarding Profit Sharing

In the management of the company, Yamatake places great importance on the distribution of profits to its shareholders. The management would like to maintain stable dividends while striving to increase its dividend payout, taking into account comprehensively its consolidated performance, levels of ROE (Return On Equity), dividend ratio to shareholders' equity, as well as retained earnings for strengthening its business base and developing future businesses.

In keeping with these principles, the annual dividend is 50 yen per share for the fiscal year ended March 31, 2006, as announced. This includes a commemorative dividend of 10 yen per share and the normal dividend of 40 yen. Looking ahead to the fiscal year ending March 31, 2007, Yamatake plans to further increase the normal dividend by 10 yen to 50 yen per share annually. This is to promote profit sharing with its shareholders, taking into consideration both the success of ongoing initiatives intended to enhance the company's business and the outlook for performance improvement.

As regards the appropriation of retained earnings, the management proposes to make investments designed to reinforce the company's business base and expand businesses for a further increase in shareholder value. These include investments to develop advanced technologies and high value-added products, to enhance the company's global production and sales network, and to create new businesses.