

Consolidated Financial Results for the First Quarter ended June 30, 2006

1. Performance for the First quarter ended Jun. 30, 2006 (from Apr. 1, 2006 to Jun. 30, 2006)

- The Japanese financial accounting standards are applied for this quarterly statement of accounts.
- 1st quarter results for both last year and this year are not audited.
- Amounts indicated are rounded down.
- Percentage shows the increase/(decrease) from the 1st quarter of the previous fiscal year.

(1) Results

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

| | Sales | | Operating income | | Recurring income | | Net income | |
|-------------------------------------|---------|-------|------------------|---|------------------|---|------------|---|
| Three months ended Jun. 30, 2006 | 43,992 | 38.4% | 22 | - | 250 | - | (169) | - |
| Three months ended Jun. 30, 2005 | 31,795 | 3.2% | (1,566) | - | (1,345) | - | (1,113) | - |
| Year ended Mar. 31, 2006 | 188,320 | - | 13,514 | - | 13,938 | - | 9,795 | - |

| | Net income Per Share (Yen) |
|-------------------------------------|-------------------------------|
| Three months ended Jun. 30, 2006 | (2.31) |
| Three months ended Jun. 30, 2005 | (15.13) |
| Year ended Mar. 31, 2006 | 132.52 |

Despite concerns about the effects of the steep rise in crude oil prices, during the first quarter of fiscal 2006 (April 1, 2006 to June 30, 2006) 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. The overseas economy has also shown a growth trend.

Under this favorable economic circumstance, the Yamatake Group's consolidated sales in this first quarter achieved 43,992 million yen, an increase of 38.4% over the same period last year. (Sales and profits of Kimmon Manufacturing Co., Ltd. and its 13 subsidiaries were consolidated from this first quarter of fiscal 2006, although its balance sheet was consolidated at the end of fiscal 2005.) As for profits, Yamatake succeeded to mark an operating income of 22 million yen and a recurring income of 250 million yen made by a rise in earnings along with efforts in cost and expense reductions. These results show a significant improvement compared with an



operating loss of 1,566 million yen and a recurring loss of 1,345 million yen over the same period last year. A net loss of 169 million yen was recorded owing to the increase in income tax, which is an improvement compared with the net loss of 1,113 million yen over the same period last year.

The seasonality of Yamatake's business is such that sales tend to be higher at the end of the first and second halves of the fiscal year. Sales for the first quarter tend to be lower compared with the rest of the fiscal year.

The financial results for the current consolidated accounting period for Yamatake's business segments are as follows:

Building Automation Business

Brisk performance was seen in the factory HVAC market, as well as improvements in capital investments mainly in urban redevelopment projects thanks to the economic recovery. Price competition, however, is still severe. Under this market condition, the Building Automation business expanded sales and proposal activities in the market for new buildings by responding to growing customer demands for environmental conservation and energy savings. In the market for existing buildings, Yamatake has concentrated on actively expanding the solution business utilizing its ESCO business (terms: Total Energy Management Service). As a result, sales for the Building Automation business were 14,085 million yen, a 25% increase over the same period last year. Owing to efforts made in cost reductions, etc., operating loss was 701 million yen, a significant improvement compared with the operating loss of 2,025 million yen reported over the same period last year.

Advanced Automation Business

In the business environment surrounding the Advanced Automation business, capital investment has increased in the manufacturing industry as a whole. The Advanced Automation business has benefited from the 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 solution services that meet customer needs for improved energy and environmental conservation, continuous safety operations, and productivity enhancements. As a result, sales for the Advanced Automation business were 19,145 million yen, and operating income was 821 million yen, increasing 9.9% and 22.3% respectively, over the same



period last year.

Life Automation Business

While sales and profits of Kimmon Manufacturing Co., Ltd. were consolidated from this first quarter of fiscal 2006, sales for the life assist field (care services) also expanded steadily.

As a result, sales for the Life Automation business were 8,705 million yen, however, an operating loss of 175 million yen was recorded.

Other Businesses

As regards the importing and buying-in of inspection and measurement equipment, sales were 2,377 million yen, a 5.4% increase over the same period last year. Operating income was 70 million yen, compared with an operating income of 15 million yen over the same period last year.

| (For reference) | (Millions of yen) | | | |
|-------------------|-------------------|-----------|-----------|-----------|
| | 1Q/FY2006 | 2Q/FY2006 | 3Q/FY2006 | 4Q/FY2006 |
| Sales | 43,992 | - | - | - |
| Op. income (loss) | 22 | - | - | - |

| | 1Q/FY2005 | 2Q/FY2005 | 3Q/FY2005 | 4Q/FY2005 |
|-------------------|-----------|-----------|-----------|-----------|
| Sales | 31,795 | 52,738 | 34,363 | 69,423 |
| Op. income (loss) | (1,566) | 5,624 | (735) | 10,192 |

(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 Jun. 30, 2006 | 206,490 | 108,493 | 52.2% | 1,474.73 |
| As of Jun. 30, 2005 | 163,483 | 97,366 | 59.6% | 1,323.48 |
| As of Mar. 31, 2006 | 217,882 | 110,858 | 50.9% | 1,506.25 |

Financial Position

The Group's financial position for the first quarter of fiscal 2006, compared with the results of the same period last year, is as follows:

Total assets grew by 4,306 million yen, owing mainly to an increase in trade notes and accounts receivable rising in line with higher sales, and the consolidation of Kimmon Manufacturing Co., Ltd. at the end of fiscal 2005. Increase in liabilities of 32,411 million yen was recorded owing mainly to the consolidation of Kimmon Manufacturing Co., Ltd. Shareholder's equity grew by 11,126 million yen, owing mainly to the net income of 9,795 million yen reported in fiscal 2005 and the increase in net unrealized gain on available-for sale securities.



From this first quarter of fiscal 2006, applying Accounting Standards for Presentation of Net Assets in the Balance Sheet, minority interests of 708 million yen were recorded into the shareholder's equity, which previously was not included in the shareholder's equity. With the application of this accounting standard, in order to facilitate comparison with the results of March 31, 2006, shareholder's equity increased by 10,594 million yen over the same period last year.

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

(Millions of yen, except for per share figures)

| | Sales | Recurring income | Net income |
|---------------------------|---------|------------------|------------|
| First Half of Fiscal 2006 | 104,500 | 5,300 | 3,000 |
| Fiscal 2006 | 230,000 | 15,500 | 9,000 |

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

The forecast for fiscal year 2006 is expected as we announced for 「Notification of Revision to the Performance Forecast for the Fiscal 2006 ending March 2007」 at August 8, 2006.

* 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.

Any inquiry relating to these statements should be made to:

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Consolidated Balance Sheets

(Millions of yen)

| ASSETS | | | | | | | |
|---|-------------------------|-------|-------------------------|-------|-----------------------|---------------------|-------|
| | (A) As of Jun. 30, 2005 | | (B) As of Jun. 30, 2006 | | Difference (B)-(A) | As of Mar. 31, 2006 | |
| | | | | | | | |
| Current assets | 124,045 | 75.9 | 135,695 | 65.7 | 11,650 | 145,965 | 67.0 |
| Cash | 27,003 | | 24,479 | | (2,524) | 28,380 | |
| Notes and accounts receivable | 53,025 | | 67,955 | | 14,929 | 79,508 | |
| Inventories | 22,739 | | 26,664 | | 3,925 | 21,248 | |
| Deferred tax assets | 5,517 | | 4,944 | | (573) | 5,155 | |
| Prepaid expenses and other current assets | 16,113 | | 12,075 | | (4,037) | 12,102 | |
| Allowance for doubtful receivable | (355) | | (424) | | (69) | (429) | |
| Fixed assets | 39,438 | 24.1 | 70,794 | 34.3 | 31,356 | 71,916 | 33.0 |
| Property, plant and equipment | 14,664 | 9.0 | 30,869 | 15.0 | 16,205 | 31,023 | 14.2 |
| Intangible fixed assets | 1,434 | 0.9 | 6,689 | 3.2 | 5,255 | 6,982 | 3.2 |
| Investment and other assets | 23,339 | 14.2 | 33,235 | 16.1 | 9,895 | 33,910 | 15.6 |
| Investment securities | 13,731 | | 22,362 | | 8,630 | 23,575 | |
| Deferred tax assets | 4,605 | | 1,519 | | (3,085) | 964 | |
| Other assets | 5,287 | | 10,005 | | 4,717 | 10,002 | |
| Allowance for doubtful receivable | (284) | | (651) | | (366) | (631) | |
| Total | 163,483 | 100.0 | 206,490 | 100.0 | 43,006 | 217,882 | 100.0 |

(Millions of yen)

| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | |
|--|-------------------------|-------|-------------------------|-------|-----------------------|---------------------|-------|
| | (A) As of Jun. 30, 2005 | | (B) As of Jun. 30, 2006 | | Difference (B)-(A) | As of Mar. 31, 2006 | |
| | | | | | | | |
| Current liabilities | 51,547 | 31.5 | 71,564 | 34.7 | 20,017 | 79,902 | 36.7 |
| Notes and accounts payable | 29,606 | | 36,782 | | 7,176 | 38,688 | |
| Short-term borrowings | 2,322 | | 14,151 | | 11,829 | 13,956 | |
| Accrued bonuses | 3,350 | | 3,734 | | 384 | 8,011 | |
| Other current liabilities | 16,268 | | 16,895 | | 627 | 19,245 | |
| Long-term liabilities | 14,037 | 8.6 | 26,432 | 12.8 | 12,394 | 26,438 | 12.1 |
| Long-term debt | 1,572 | | 7,887 | | 6,314 | 7,913 | |
| Liability for employees' retirement benefits | 11,768 | | 16,371 | | 4,602 | 16,269 | |
| Liability for retirement benefits for directors and corporate auditors | 56 | | 150 | | 94 | 141 | |
| Other long term liabilities | 640 | | 2,023 | | 1,382 | 2,114 | |
| Total liabilities | 65,584 | 40.1 | 97,996 | 47.5 | 32,411 | 106,341 | 48.8 |
| Minority interests | 532 | 0.3 | - | - | - | 682 | 0.3 |
| Common stock | 10,522 | 6.4 | - | - | - | 10,522 | 4.8 |
| Additional paid-in capital | 12,647 | 7.8 | - | - | - | 12,647 | 5.8 |
| Retained earnings | 70,960 | 43.4 | - | - | - | 80,471 | 37.0 |
| Unrealized gain on available-for-sale securities | 3,289 | 2.0 | - | - | - | 7,164 | 3.3 |
| Foreign currency translation adjustments | (46) | (0.0) | - | - | - | 59 | 0.0 |
| Treasury stock | (7) | (0.0) | - | - | - | (8) | (0.0) |
| Total shareholders' equity | 97,366 | 59.6 | - | - | - | 110,858 | 50.9 |
| Total liabilities, minority interests and shareholders' equity | 163,483 | 100.0 | - | - | - | 217,882 | 100.0 |
| Shareholders' equity | - | - | 101,211 | 49.0 | - | - | - |
| Common stock | - | - | 10,522 | 5.1 | - | - | - |
| Additional paid-in capital | - | - | 12,647 | 6.1 | - | - | - |
| Retained earnings | - | - | 78,049 | 37.8 | - | - | - |
| Treasury stock | - | - | (8) | (0.0) | - | - | - |
| Evaluation and translation adjustments | - | - | 6,574 | 3.2 | - | - | - |
| Unrealized gain on available-for-sale securities | - | - | 6,452 | 3.1 | - | - | - |
| Foreign currency translation adjustments | - | - | 121 | 0.1 | - | - | - |
| Minority interests | - | - | 708 | 0.3 | - | - | - |
| Total shareholders' equity | - | - | 108,493 | 52.5 | - | - | - |
| Total liabilities and shareholder's equity | - | - | 206,490 | 100.0 | - | - | - |

Consolidated Statements of Operations

(Millions of yen)

| | (A) Apr. 1, 2005 to Jun. 30, 2005 | | (B) Apr. 1, 2006 to Jun. 30, 2006 | | Difference (B)-(A) | Apr. 1, 2005 to Mar. 31, 2006 | |
|---|--------------------------------------|-------|--------------------------------------|-------|-----------------------|----------------------------------|-------|
| | | | | | | | |
| Net sales | 31,795 | 100.0 | 43,992 | 100.0 | 12,197 | 188,320 | 100.0 |
| Cost of sales | 19,120 | 60.1 | 28,223 | 64.2 | 9,103 | 115,551 | 61.4 |
| Gross profit | 12,675 | 39.9 | 15,768 | 35.8 | 3,093 | 72,769 | 38.6 |
| Selling, general and administrative expenses | 14,241 | 44.8 | 15,745 | 35.7 | 1,504 | 59,254 | 31.4 |
| Operating income | (1,566) | (4.9) | 22 | 0.1 | 1,588 | 13,514 | 7.2 |
| Non-operating income | 284 | 0.9 | 359 | 0.8 | 74 | 623 | 0.3 |
| Non-operating expenses | 63 | 0.2 | 131 | 0.3 | 67 | 199 | 0.1 |
| Recurring income | (1,345) | (4.2) | 250 | 0.6 | 1,596 | 13,938 | 7.4 |
| Extraordinary profit | 540 | 1.7 | - | 0.0 | (540) | 3,262 | 1.7 |
| Extraordinary loss | 575 | 1.8 | 60 | 0.2 | (515) | 1,550 | 0.8 |
| Income before income taxes and minority interest | (1,380) | (4.3) | 190 | 0.4 | 1,570 | 15,650 | 8.3 |
| Income taxes - current | 101 | 0.3 | 192 | 0.4 | 90 | 4,735 | 2.5 |
| Income taxes - deferred | (399) | (1.2) | 131 | 0.3 | 530 | 969 | 0.5 |
| Minority interests in net income | 31 | 0.1 | 36 | 0.1 | 5 | 149 | 0.1 |
| Net income | (1,113) | (3.5) | (169) | (0.4) | 943 | 9,795 | 5.2 |

Business Segment information

First Quarter of Fiscal 2006 (April 1, 2006 to June 30, 2006)

(Millions of yen)

| | BA | AA | LA | Others | Total | Elimi- nation | Consoli- dation |
|-----------------------------|--------|--------|-------|--------|--------|------------------|--------------------|
| Sales | 14,085 | 19,145 | 8,705 | 2,377 | 44,313 | (321) | 43,992 |
| Operating cost and expenses | 14,786 | 18,324 | 8,880 | 2,307 | 44,298 | (328) | 43,969 |
| Operating income | (701) | 821 | (175) | 70 | 14 | 7 | 22 |

Notes: BA/Building Automation Business, AA/Advanced Automation Business, LA/Life Automation Business

First Quarter of Fiscal 2005 (April 1, 2005 to June 30, 2005)

(Millions of yen)

| | BA | AA | LA | Others | Total | Elimi- nation | Consoli- dation |
|-----------------------------|---------|--------|-------|--------|---------|------------------|--------------------|
| Sales | 11,272 | 17,418 | 1,041 | 2,256 | 31,988 | (193) | 31,795 |
| Operating cost and expenses | 13,297 | 16,747 | 1,272 | 2,240 | 33,556 | (195) | 33,361 |
| Operating income | (2,025) | 671 | (230) | 15 | (1,568) | 1 | (1,566) |

Order

(Millions of yen)

| | Orders | | Backlog | |
|---------------------|----------------------------------|--------|---------------------|--------|
| | Apr. 1, 2006 to Jun. 30, 2006 | | As of Jun. 30, 2006 | |
| Building Automation | 35,256 | 8.0% | 50,404 | 7.7% |
| Advanced Automation | 24,802 | 7.8% | 31,948 | 9.7% |
| Life Automation | 9,728 | 849.6% | 1,874 | 298.5% |
| Others | 3,211 | 9.9% | 1,748 | 11.2% |
| Total | 72,998 | 22.5% | 85,975 | 10.3% |
| Elimination | (499) | - | (504) | - |
| Consolidation | 72,498 | 22.5% | 85,471 | 10.5% |

Notes: Percentage shows the increase/(decrease) from the 1st quarter of the previous fiscal year.