

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 expens	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 expens	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.