



For Immediate Release

November 16, 2006

## Consolidated Financial Results for the First Half of Fiscal 2006 ending March 2007

### 1. Performance for the half year (from April 1, 2006 to September 30, 2006)

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

#### (1) Results

(Millions of yen, except for per share figures & % of inc./dec.)

	Sales		Operating income		Recurring income	
First Half of Fiscal 2006	104,273	23.4%	5,358	32.0%	5,638	31.3%
First Half of Fiscal 2005	84,533	4.6%	4,058	145.9%	4,293	134.5%
Fiscal 2005	188,320	4.2%	13,514	44.5%	13,938	46.8%

	Net income		Net income Per Share (Yen)
First Half of Fiscal 2006	3,298	(14.9%)	44.84
First Half of Fiscal 2005	3,876	-	52.69
Fiscal 2005	9,795	164.1%	132.52

Notes: Weight average number of shares outstanding:

First Half of Fiscal 2006	73,568,418 shares	First Half of Fiscal 2005	73,568,917 shares
Fiscal 2005	73,568,744 shares		

#### (2) Financial Position

(Millions of yen, except for per share figures)

	Total Assets (A)	Net Assets (B)	Shareholder's equity to Net Asset	Net Assets per Share (Yen)
As of September 30, 2006	207,021	111,511	53.5%	1,506.34
As of September 30, 2005	167,289	104,109	62.2%	1,415.13
As of March 31, 2006	217,882	110,858	50.9%	1,506.25

Notes: Number of shares outstanding as of:

September 30, 2006	73,568,328 shares	September 30, 2005	73,568,655 shares
March 31, 2006	73,568,535 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
First Half of Fiscal 2006	861	(4,337)	(2,919)	29,926
First Half of Fiscal 2005	186	(4,017)	(1,577)	35,111
Fiscal 2005	6,386	(7,404)	(3,328)	36,303

#### (4) Scope of consolidation and application of equity method

Consolidated subsidiaries	36 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)	0 companies	(Exclusion)	2 companies
Equity method	(Newly)	0 companies	(Exclusion)	0 companies

### (6) Business Segment Information

#### a. Sales and Operating Income

##### First Half of Fiscal 2006 ( April 1, 2006 to September 30, 2006 )

(Millions of yen)

	BA	AA	LA	Others	Total	Elimination/ Corporate	Consoli- dation
Sales							
i . Customers	35,872	44,696	18,548	5,155	104,273	-	104,273
ii. Inter-segment	623	307	25	149	1,105	(1,105)	-
Total	36,495	45,003	18,574	5,305	105,378	(1,105)	104,273
Operating cost and expenses	34,875	41,158	18,857	5,126	100,018	(1,102)	98,915
Operating income	1,619	3,845	(283)	179	5,360	(2)	5,358

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

##### First Half of Fiscal 2005 ( April 1, 2005 to September 30, 2005 )

(Millions of yen)

	BA	AA	Others	Total	Elimination/ Corporate	Consoli- dation
Sales						
i . Customers	32,864	44,595	7,074	84,533	-	84,533
ii. Inter-segment	232	277	287	797	(797)	-
Total	33,096	44,873	7,362	85,331	(797)	84,533
Operating cost and expenses	32,536	41,103	7,690	81,330	(854)	80,475
Operating income	560	3,769	(328)	4,001	56	4,058

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

(Millions of yen)

	BA	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

### (7) Dividends per Share

	Dividends per Share (Yen)		
	Interim	Final	Annual
Fiscal 2005	20.00	30.00	50.00
Fiscal 2006 (Actual)	25.00	-	50.00
Fiscal 2006 (Plan)	-	25.00	



## 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	232,000	16,300	16,300	9,900

For reference: Forecast of net income per share for the year ending March 31, 2007: 134.57 yen

(Millions of yen)

Business segment	Sales	Operating income
BA	88,000	7,700
AA	98,000	8,500
LA	37,000	(300)
Others	11,400	400
Elimination	(2,400)	-
Consolidation	232,000	16,300

\* 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 Sep. 30, 2005		(B) As of Sep. 30, 2006		Difference (B)-(A)	As of Mar. 31, 2006	
<b>Current assets</b>	126,519	75.6	136,996	66.2	10,477	145,965	67.0
Cash	27,031		22,759		(4,272)	28,380	
Notes and accounts receivable	59,528		73,421		13,892	79,508	
Marketable securities	8,998		2,996		(6,001)	2,499	
Inventories	17,478		24,896		7,418	21,248	
Deferred tax assets	4,148		4,120		(28)	5,155	
Prepaid expenses and other current assets	9,811		9,240		(571)	9,603	
Allowance for doubtful receivable	(478)		(438)		39	(429)	
<b>Fixed assets</b>	40,770	24.4	70,024	33.8	29,253	71,916	33.0
Property, plant and equipment	14,641	8.8	30,843	14.9	16,201	31,023	14.2
Buildings and structures	6,050		12,553		6,503	12,479	
Others	8,591		18,289		9,698	18,544	
Intangible fixed assets	1,559	0.9	6,527	3.1	4,968	6,982	3.2
Excess of cost over acquired net equity	-		-		-	4,963	
Amortization of goodwill	-		4,584		4,584	0	
Others	1,559		1,943		383	2,018	
Investment and other assets	24,568	14.7	32,653	15.8	8,084	33,910	15.6
Investment securities	16,637		21,781		5,143	23,575	
Deferred tax assets	2,305		1,504		(800)	964	
Other assets	5,855		9,912		4,057	10,002	
Allowance for doubtful receivable	(229)		(544)		(314)	(631)	
<b>Total</b>	167,289	100.0	207,021	100.0	39,731	217,882	100.0

(Millions of yen)

LIABILITIES AND SHAREHOLDERS' EQUITY/LIABILITIES AND NET ASSETS							
	(A) As of Sep. 30, 2005		(B) As of Sep. 30, 2006		Difference (B)-(A)	As of Mar. 31, 2006	
<b>Current liabilities</b>	48,854	29.2	70,588	34.1	21,734	79,902	36.7
Notes and accounts payable	25,657		34,142		8,484	38,688	
Short-term borrowings	3,682		14,117		10,434	13,956	
Income taxes payable	787		1,240		452	4,526	
Advance payments	3,612		4,015		402	2,405	
Accrued bonuses	5,831		6,092		261	8,011	
Allowance for bonuses to directors and corporate auditors	-		34		34	0	
Provision for product warranties	222		294		72	203	
Provision for order losses	-		45		45	101	
Other current liabilities	9,060		10,606		1,545	12,008	
<b>Long-term liabilities</b>	13,730	8.2	24,920	12.0	11,189	26,438	12.1
Long-term debt	1,517		6,987		5,469	7,913	
Liability for employees' retirement benefits	11,445		16,305		4,860	16,269	
Liability for retirement benefits for directors and corporate auditors	125		93		(31)	141	
Other long term liabilities	642		1,534		891	2,114	
<b>Total liabilities</b>	<b>62,584</b>	<b>37.4</b>	<b>95,509</b>	<b>46.1</b>	<b>32,924</b>	<b>106,341</b>	<b>48.8</b>
<b>Minority interests</b>	595	0.4	-	-	-	682	0.3
Common stock	10,522	6.3	-	-	-	10,522	4.8
Capital surplus	12,647	7.5	-	-	-	12,647	5.8
Retained earnings	76,024	45.4	-	-	-	80,471	37.0
Unrealized gain on available-for-sale securities	4,967	3.0	-	-	-	7,164	3.3
Foreign currency translation adjustments	(45)	(0.0)	-	-	-	59	0.0
Treasury stock	(7)	(0.0)	-	-	-	(8)	(0.0)
<b>Total shareholders' equity</b>	<b>104,109</b>	<b>62.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110,858</b>	<b>50.9</b>
<b>Total liabilities and shareholders' equity</b>	<b>167,289</b>	<b>100.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>217,882</b>	<b>100.0</b>
<b>Shareholders' equity</b>	-	-	104,679	50.6	-	-	-
Common stock	-	-	10,522	5.1	-	-	-
Additional paid-in capital	-	-	12,647	6.1	-	-	-
Retained earnings	-	-	81,517	39.4	-	-	-
Treasury stock	-	-	(8)	(0.0)	-	-	-
<b>Evaluation and translation adjustments</b>	-	-	6,139	3.0	-	-	-
Variances on securities valuations	-	-	6,089	3.0	-	-	-
Deferred hedge liabilities/assets	-	-	0	(0.0)	-	-	-
Foreign currency translation adjustments	-	-	50	0.0	-	-	-
<b>Minority interests</b>	-	-	692	0.3	-	-	-
<b>Total net assets</b>	-	-	111,511	53.9	-	-	-
<b>Total liabilities and net assets</b>	-	-	207,021	100.0	-	-	-

## Consolidated Statements of Operations

(Millions of yen)

	(A) Apr. 1, 2005 to Sep. 30, 2005		(B) Apr. 1, 2006 to Sep. 30, 2006		Difference (B)-(A)	Apr. 1, 2005 to Mar. 31, 2006	
<b>Net sales</b>	84,533	100.0	104,273	100.0	19,739	188,320	100.0
Cost of sales	51,852	61.3	66,676	63.9	14,824	115,551	61.4
<b>Gross profit</b>	32,681	38.7	37,596	36.1	4,915	72,769	38.6
Selling, general and administrative expenses	28,623	33.9	32,238	31.0	3,615	59,254	31.4
<b>Operating income</b>	4,058	4.8	5,358	5.1	1,300	13,514	7.2
<b>Non-operating income</b>	328	0.4	543	0.5	215	623	0.3
Interest income	17		39		22	37	
Dividend income	153		197		44	210	
Exchange gain	82		48		(33)	223	
Group home subsidy	-		60		60	-	
Others	74		197		122	152	
<b>Non-operating expenses</b>	92	0.1	264	0.2	171	199	0.1
Interest expense	50		87		37	98	
Commitmentline fees	12		25		12	22	
Others	28		151		122	78	
<b>Recurring profit</b>	4,293	5.1	5,638	5.4	1,344	13,938	7.4
<b>Extraordinary profit</b>	3,228	3.8	60	0.1	(3,168)	3,262	1.7
Reversal of allowance for doubtful notes and receivable	-		56		56	-	
Gain on sales of investment securities	513		2		(511)	546	
Gain on sales of property, plant and equipment	2,715		1		(2,713)	2,715	
<b>Extraordinary loss</b>	962	1.1	131	0.2	(830)	1,550	0.8
Loss on sales or disposals of property, plant and equipment	181		51		(130)	392	
Loss on impairment of investment securities	19		1		(17)	19	
Factory, etc relocation expenses	-		79		79	-	
Headquarter office, factory relocation expenses	421		-		(421)	734	
Impairment loss	330		-		(330)	330	
Others	9		-		(9)	74	
<b>Income(loss) before income taxes and minority interest</b>	6,560	7.8	5,566	5.3	(993)	15,650	8.3
Income taxes - current	468	0.6	955	0.9	486	4,735	2.5
Income taxes - deferred	2,134	2.5	1,236	1.2	(898)	969	0.5
Minority interests in net income	80	0.1	75	0.0	(4)	149	0.1
<b>Net income(loss)</b>	3,876	4.6	3,298	3.2	(577)	9,795	5.2

## Consolidated Statements of Shareholders' Equity

(Millions of yen)

	Apr. 1, 2005 to Sep. 30, 2005	Apr. 1, 2005 to Mar. 31, 2006
<b>Capital surplus</b>		
<b>Balance - at the beginning of period</b>	12,647	12,647
<b>Balance - at the end of period</b>	12,647	12,647
<b>Retained earnings</b>		
<b>Balance - at the beginning of period</b>	73,130	73,130
<b>Increase in retained earnings</b>	3,890	9,809
Net income	3,876	9,795
Increase of retained earnings for newly consolidated subsidiaries	14	14
<b>Decrease in retained earnings</b>	996	2,467
Cash dividend	956	2,427
Bonus to directors	40	40
<b>Balance - at end of period</b>	76,024	80,471

## Consolidated Statements of Shareholders' Equity

Fiscal 2006 (April 1, 2006 to September 30, 2006)

(millions of yen)

	Shareholder's Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2006	10,522	12,647	80,471	△8	103,634
Increase(decrease) during the term					
Cash dividends※			△2,207		△2,207
Bonus to directors※			△46		△46
Net income			3,298		3,298
Acquisition of treasury stocks				△0	△0
Net increase / decrease during the term, except for items under shareholders' equity					
Total	-	-	1,045	△0	1,045
Balance at September 30, 2006	10,522	12,647	81,517	△8	104,679

(millions of yen)

	Valuation and Translation Adjustments				Minority Interests	Total Net Assets
	Unrealized gain on available-for-sale securities	Deferred gain on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2006	7,164	-	59	7,224	682	111,540
Increase(decrease) during the term						
Cash dividends※						△2,207
Bonus to directors※						△46
Net income						3,298
Acquisition of treasury stocks						△0
Net increase / decrease during the term, except for items under shareholders' equity	△1,075	△0	△9	△1,084	10	△1,074
Total	△1,075	△0	△9	△1,084	10	△28
Balance at September 30, 2006	6,089	△0	50	6,139	692	111,511

※They were decided at the 84th Ordinary General Meeting of Shareholders.



## Consolidated Statements of Cash Flows

(Millions of yen)

	Apr. 1, 2005 to Sep. 30, 2005	Apr. 1, 2006 to Sep. 30, 2006	Apr. 1, 2005 to Mar. 31, 2006
<b>Operating activities</b>			
Income(loss) before income taxes and minority interests	6,560	5,566	15,650
Depreciation and amortization	1,082	1,788	2,351
Amortization of excess of acquired net equity over cost	-	372	-
Provision for doubtful receivables	33	(69)	198
Increase(decrease) in liabilities for retirement benefits	(47)	35	283
Increase(decrease) in liabilities for retirement benefits for directors and corporate auditors	0	(47)	16
Interest and dividend income	(171)	(237)	(247)
Interest expenses	50	87	98
Foreign exchange loss(gain)	(2)	(30)	0
Gain on sale of property, plant and equipment	(2,715)	(1)	(2,715)
Loss on sale or disposal of property, plant and equipment	181	51	392
Gain on sale of investment securities	(513)	(2)	(546)
Loss on impairment of investment securities	19	1	19
Impairment loss	330	-	330
Bonuses to directors	(40)	(46)	(40)
Decrease(increase) in notes and accounts receivable	6,930	6,108	(6,970)
Decrease(increase) in inventories	(1,018)	(3,744)	(676)
Increase(decrease) in notes and accounts payable	(4,881)	(4,629)	3,091
Increase of other assets	(845)	(469)	(140)
Decrease of other liabilities	(1,986)	186	(1,313)
Sub Total	2,965	4,919	9,782
Receipt of interest and dividend income	170	235	247
Payment for interest expenses	(48)	(94)	(97)
Income taxes - refunded	-	27	7
Income taxes - paid	(2,900)	(4,226)	(3,553)
<b>Net cash provided by operating activities</b>	186	861	6,386
<b>Investing activities</b>			
Purchase of time deposits with maturity over three months	-	(144)	(35)
Proceeds from time deposits with maturity over three months	51	3	66
Purchase of deposit with the restriction	-	(133)	(37)
Proceeds from deposit with the restriction	-	23	-
Purchase of marketable securities	(6,998)	-	(5,999)
Proceeds from marketable securities	999	-	5,999
Purchase of beneficiary securities of trust over three months	(2,552)	(1,677)	(4,019)
Proceeds from sale of beneficiary securities of trust over three months	2,210	1,686	4,543
Purchase of property, plant and equipment	(774)	(3,826)	(3,763)
Proceeds from sale of property, plant and equipment	2,823	4	2,844
Purchase of investment securities	(103)	(69)	(117)
Proceeds from sale of investment securities	552	4	592
Redemption of investment securities	84	50	137
Purchase of stocks of newly consolidated subsidiaries	-	-	(7,192)
Other - net	(310)	(257)	(421)
<b>Net cash used in investing activities</b>	(4,017)	(4,337)	(7,404)
<b>Financing activities</b>			
Increase in short-term borrowings	1,441	580	3,487
Repayment of short-term borrowings	(2,007)	(415)	(3,458)
Increase in long-term debt	-	-	100
Repayment of long-term debt	(46)	(862)	(1,015)
Dividends paid	(956)	(2,205)	(2,427)
Dividends paid for minority in consolidated subsidiary company	(8)	(15)	(13)
Purchase of treasury stock	(0)	(0)	(1)
<b>Net cash used in financing activities</b>	(1,577)	(2,919)	(3,328)
<b>Net cash used in translation of cash &amp; cash equivalents</b>	80	17	208
<b>Net increase(decrease) in cash &amp; cash equivalents</b>	(5,328)	(6,376)	(4,137)
<b>Cash &amp; cash equivalents, beginning of the period</b>	40,249	36,303	40,249
<b>Cash &amp; cash equivalents of newly consolidated subsidiaries, beginning of the period</b>	190	-	190
<b>Cash &amp; cash equivalents, end of the period</b>	35,111	29,926	36,303

# Notes to Consolidated Financial Results

*\*All figures in this note are rounded down.*

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## 1. Market Conditions and Results

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### 1) Summary of Consolidated Financial Results

Consolidated sales for first half of fiscal 2006 were 104.2 billion yen, an increase of 23.4% on the same period last year, owing to favorable market conditions and the effect of the newly consolidated Kimmon Mfg. in this fiscal year. As regards profits, a rise in sales along with efficiency in the management of selling, general and administrative expenses and reduction of production cost, etc, enabled Yamatake to post an operating income of 5.3 billion yen and recurring income of 5.6 billion yen, increasing 32.0% and 31.3% respectively on the same period last year. Net income marked 3.2 billion yen, a decrease of 14.9% on the same period last year. (Net income in first half of fiscal 2005 was 3.8 billion yen, mainly owing to an extraordinary gain of 2.7 billion yen made on the sale of part of site of Yamatake's Industrial Operations Tokyo office.)

During first half of fiscal 2006, Japan's economy was expanding steadily as a result of an increase in capital investment following improved corporate earnings and growth in demand. Meanwhile, an upturn in employment underpinned robust consumer spending.

Overseas economies have been robust. While it is true that there are concerns about a possible slowdown in the US economy, which has so far been performing well, the Asian economies – especially that of China – are continuing to grow.

In this business climate, Yamatake's Building Automation business has benefited from the economic recovery, which has led to increased investment in the factory HVAC market and in the construction of commercial facilities. In the market for new buildings, Yamatake has achieved growth by enhancing its ability to offer solutions to issues facing its customers. As regards the market for existing buildings, orders for Yamatake's ESCO business (tems: Total Energy Management Service) have continued to be firm.

In the Advanced Automation business, the recovery in corporate earnings has meant that investment in the construction and renewal of production facilities has continued to be robust. Yamatake has focused on sales of its core products –pressure transmitters, control valves, electromagnetic flowmeters, digital controllers and high-performance sensors– and as a result, the product business has expanded. Moreover, Yamatake has started developing new business fields in collaboration with Kimmon Manufacturing Co., Ltd. and Tem-Tech Lab. of the Yamatake Group.

Turning to Yamatake's Life Automation business, Kimmon Manufacturing, which is the core of the Lifeline field, has been working to overcome the continuing problems of stiff price competition and sluggish demand. At the same time, the company has made progress with strengthening its business and operational structure following restructuring. In the Life Assist field too the business environment continues to be severe, but with Yamatake's move into the senior group home field, business has been expanding steadily. Furthermore, as regards R&D activities related to the Life Science field, success has been achieved in the development of an on-demand customized DNA chip – gemkey - an ideal product for both basic and applied research fields. Preparations are under way for making sample deliveries this autumn.

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## **2. Market Conditions and Results by Business Segments**

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### **1) Building Automation Business**

Sales for Building Automation business for first half of fiscal 2006 were 36.4 billion yen, an increase of 10.3% on the same period last year. An operating income of 1.6 billion yen was achieved, a remarkable increase of 189.2% on the same period last year, owing to efforts in cost reduction, etc.

Price competition is still evident in the construction industry; however, the economic recovery has stimulated increased investment in construction – in the factory HVAC market, in urban redevelopment projects mainly in the Tokyo metropolitan area, and in commercial facilities.

In the market for new buildings, Yamatake has expanded sales by enhancing its capabilities for rapidly grasping customer needs and finding solutions to the issues they face, and also by introducing products with high added value. Also,

in the market for existing buildings orders for Yamatake's ESCO business have continued to be firm, and with the company's entry into the Specified Manager System the business has expanded. Moreover, aiming to expand its business domain, the company has strengthened its security business; there has also been expansion in HVAC and energy-saving solutions for the factory market.

Looking at the international business, emphasis has been placed on China, Korea, Taiwan, and Southeast Asia. In each country, an aggressive approach has been adopted to secure orders from Japanese owned plants, and progress has been made with enhancing the sales network. This has led to increased sales.

## 2) Advanced Automation Business

Sales for Advanced Automation business for first half of fiscal 2006 were 45.0 billion yen, an increase of 0.3% on the same period last year. An operating income of 3.8 billion yen was recorded, an increase of 2.0% on the same period last year.

In the Advanced Automation business, as a result of the continuing growth in capital investment following improved corporate earnings and growth in demand, the market has been robust.

Yamatake has further improved business performance by actively expanding sales of its core products –pressure transmitters, control valves, electromagnetic flowmeters, digital controllers, and high-performance sensors– and by enhancing its business for finding solutions to issues in manufacturing, such as continuous safety operations, energy conservation and quality control in production sites.

As for the international business, emphasis has been placed on China, Korea, Thailand and Taiwan. By taking steps to increase the number of sales staff and expand the sales network, etc, it has been possible to expand the product business and in fact sales have grown.

Furthermore, Yamatake has started developing new business fields in collaboration with Kimmon Manufacturing Co., Ltd. and Tem-Tech Lab. of the Yamatake Group.

### 3) Life Automation Businesses

Sales for Life Automation business for first half of fiscal 2006 totaled 18.5 billion yen, and an operating loss of 0.2 billion was recorded. (In the first half of fiscal 2005, sales were 2.1 billion yen and operating loss was 0.3 billion yen owing to the non-consolidated Kimmon Manufacturing Co., Ltd.)

In the Life Automation business, Kimmon Manufacturing, which is the core of the Lifeline field, has launched new products in the LP gas business, where demand shows recovery, despite the difficult business environment. At the same time, as a means of expanding the business domain of the Yamatake Group as a whole, synergy has been sought between the Building Automation business and Advanced Automation business; this is seen as a priority for the LP/town gas meter and water meter businesses. Also, in the Life Assist field the business environment continues to be severe; this is in part due to revisions in the Nursing Care Insurance Law as well as the budgetary pressures facing local governments. Nevertheless, sales have increased due to steady demand in emergency dispatch services, expanding demand for care services, and entry into the senior group homes business.

### 4) Other Businesses

Sales for other businesses for the first half of fiscal 2006 were 5.3 billion yen, an increase of 2.4% on the same period last year. Operating income marked 0.1 billion yen, a significant increase of 153.6% on the same period last year.

As regards the importing/buying-in sales of inspection and measurement equipment, growth in capital investment has been evident in the machine tools and electrical/electronic industries, and this has led to an increase in orders and sales.

#### 4. Outlook for fiscal 2006 ending March 31, 2007

		Billions of Yen			
		FY2005 (Mar.2006)	FY2006 (Mar.2007)	Difference	%
<b>Building Automation</b>	<b>Sales</b>	82.1	88.0	5.8	7.1
	<b>Operating income</b>	6.4	7.7	1.2	19.2
<b>Advanced Automation</b>	<b>Sales</b>	92.9	98.0	5.0	5.4
	<b>Operating income</b>	7.4	8.5	1.0	13.6
<b>Life Automation</b>	<b>Sales</b>	4.5	37.0	32.4	712.3
	<b>Operating income</b>	-0.6	-0.3	0.3	—
<b>Others</b>	<b>Sales</b>	10.4	11.4	0.9	9.2
	<b>Operating income</b>	0.2	0.4	0.1	89.6
<b>Consolidated</b>	<b>Sales</b>	188.3	232.0	43.6	23.2
	<b>Operating income</b>	13.5	16.3	2.7	20.6
	<b>Recurring income</b>	13.9	16.3	2.3	16.9
	<b>Net income</b>	9.7	9.9	0.1	1.1

*\*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.*

In review of the outlook for fiscal 2006, Yamatake forecasts sales of 43.6 billion yen, an increase of 23.2% on the same period last year. As for profits, the company forecasts operating income of 2.7 billion yen, an increase of 20.6%, and recurring income of 2.3 billion yen, an increase of 17.0%, resulting from improvement in the cost of sales and greater efficiency in the management of selling, general and administrative expenses. As a result, Yamatake forecasts net income of 0.1 billion yen, an increase of 1.1% on the same period last year.

## **1) Building Automation Business**

Sales for Building Automation business are forecast to increase by 5.8 billion yen. As regards profits, despite pressures to discount and the challenges of price competition in the market, by reducing costs and introducing high value-added products, Yamatake now expects profits to increase by 1.2 billion yen.

The Building Automation business has seen growth in the market for new buildings as a result of large urban redevelopment projects mainly in the Tokyo metropolitan area and active investment in construction, especially in the manufacturing industry. Moreover, in the market for existing buildings Yamatake's ESCO business has shown steady performance. Also, with the company's entry into the Specified Manager System and strengthening of its overseas business, growth will continue.

## **2) Advanced Automation Business**

Sales for Advanced Automation business are forecast to increase by 5.0 billion yen and operating income is forecast to increase by 1.0 billion yen.

Under a background of strong corporate investment, the Advanced Automation business is also expected to perform well. Continued growth is expected as a result of a sales expansion employing close-contact sales activities in the products business; in the solution business, providing customers with solutions for continuous safety operations, quality control and improved productivity in production sites; and emphasis on China, Korea and Southeast Asia in the international business.

## **3) Life Automation Businesses**

Sales for Life Automation business are forecast to increase by 32.4 billion yen.

Yamatake has expanded its business fields with the addition of Kimmon Manufacturing Co., Ltd. as the core of the Lifeline field, adding to the care service business in the Life Assist field. Kimmon Mfg. was consolidated at the end of the last fiscal year.