

## Consolidated Financial Results for the Fiscal 2006 ended March 31, 2007

### 1. Performance for year (from April 1, 2006 to March 31, 2007)

- The Japanese financial accounting standards are applied for this statement of accounts.
- Amounts indicated are rounded down.
- Percentage shows the increase/(decrease) from the previous fiscal year.

#### (1) Results

	Sales		Operating income		Recurring income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal 2006	234,572	24.6	17,313	28.1	17,857	28.1	10,646	8.7
Fiscal 2005	188,320	4.2	13,514	44.5	13,938	46.8	9,795	164.1

	Net income per share	Diluted net income per share	Net income to shareholders' equity	Recurring income to total assets	Operating income ratio
	Yen	Yen	%	%	%
Fiscal 2006	144.71	--	9.3	8.0	7.4
Fiscal 2005	132.52	--	9.3	7.1	7.2

Notes: Investment loss or profit on equity method

Fiscal 2006 --  
Fiscal 2005 --

#### (2) Financial Position

	Total assets	Net assets	Shareholder's equity to net asset	Net assets per share
	Million yen	Million yen	%	yen
As of March 31, 2007	230,679	118,966	51.1%	1,602.33
As of March 31, 2006	217,882	110,858	50.9%	1,506.25

Notes: Shareholders' equity

Fiscal 2006 117,879 million yen  
Fiscal 2005 --

Minority interests are not included in Net Assets for March 31, 2006.

This is effect of the change in accounting principals regarding the presentation of net assets.

#### (3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Fiscal 2006	7,523	(2,475)	(6,347)	35,190
Fiscal 2005	6,386	(7,404)	(3,328)	36,303

### 2. Dividends per Share

	Dividends per Share (Yen)			Total Dividends (Annual)	Payout ratio (Consol.)	Dividends on Equity (Consol.)
	Interim	Final	Annual			
	Yen	Yen	Yen	Million yen	%	%
Fiscal 2005	20.00	30.00	50.00	3,678	37.3	3.5
Fiscal 2006	25.00	25.00	50.00	3,678	34.6	3.2
Fiscal 2007 (Plan)	30.00	30.00	60.00	--	36.8	--



### 3. Forecast for Fiscal 2007 ( April 1, 2007 to March 31, 2008 )

Percentage shows the increase/(decrease) from the interim term / the previous fiscal year.

	Sales		Operating income		Recurring income		Net income		Net Income per Share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	%
Interim	112,000	7.4	7,000	30.6	6,900	22.4	3,900	18.2	53.01	
Annual	244,000	4.0	20,000	15.5	19,600	9.8	12,000	12.7	163.11	

Business segment	Sales	Operating income
	Million yen	Million yen
BA	950,000	100,000
AA	1,065,000	100,000
LA	365,000	(1)
Others	91,000	1
Elimination	(31,000)	--
Consolidation	2,440,000	200,000

#### 4. Other

##### (1) 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

##### (2) Change in scope of consolidation and application of equity method

Consolidated subsidiaries	(Newly)	1 companies	(Exclusion)	3 companies
Equity method	(Newly)	0 companies	(Exclusion)	0 companies

##### (3) Number of shares issued(common stock)

- Number of shares outstanding(including treasury stocks)
 

March 31, 2007	73,576,256 shares
March 31, 2006	73,576,256 shares
- Treasury stocks at fiscal year end
 

March 31, 2007	8,463 shares
March 31, 2006	7,721 shares

\* 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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## Business Segment Information

### a. Sales and Operating income

#### Fiscal 2006

	BA	AA	LA	Others	Total	Elimination/ Corporate	Consoli- dation
Sales	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen
1. Customers	88,499	98,677	36,735	10,660	234,572	--	234,572
2. Inter-segment	478	1,072	69	462	2,083	(2,083)	--
Total	88,977	99,749	36,804	11,123	236,655	(2,083)	234,572
Operating cost and expenses	80,518	90,681	37,328	10,771	219,299	(2,041)	217,258
Operating income	8,459	9,068	(523)	352	17,356	(42)	17,313

#### Fiscal 2005

	BA	AA	LA	Others	Total	Elimination/ Corporate	Consoli- dation
Sales	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen
1. Customers	81,441	92,355	4,550	9,973	188,320	--	188,320
2. 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	5,274	10,227	176,685	(1,879)	174,805
Operating income	6,461	7,483	(693)	210	13,463	51	13,514

### b. Assets, Depreciation and Capital expenditure

#### Fiscal 2006

	BA	AA	LA	Others	Total	Elimination/ Corporate	Consoli- dation
Assets	55,554	75,339	36,604	5,752	173,250	57,428	230,679
Depreciation	1,024	1,600	1,232	34	3,890	--	3,890
Capital expenditure	1,624	3,213	336	98	5,272	--	5,272

#### Fiscal 2005

	BA	AA	LA	Others	Total	Elimination/ 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 expenditure	2,588	3,952	230	18	6,790	--	6,790

## Orders

Business segment	Orders April 1.2006 to March 31.2007		Backlog As of March 31.2007	
	Million yen	%	Million yen	%
BA	94,675	110.1	34,935	119.5
AA	101,623	106.2	28,164	107.1
LA	37,041	754.6	1,087	127.8
Others	11,315	108.2	1,106	121.0
Total	244,656	124.1	65,291	114.0
Elimination	(2,338)	--	(581)	--
Consolidation	242,317	124.1	64,710	113.6

Percentage shows the increase/(decrease) from the previous fiscal year.

## Consolidated Balance Sheets

(Millions of yen)

ASSETS					
	(A) As of Mar. 31, 2006		(B) As of Mar. 31, 2007		Difference (B)-(A)
<b>Current assets</b>	145,965	67.0	159,720	69.2	13,754
Cash	28,380		24,075		(4,304)
Notes and accounts receivable	79,508		89,183		9,675
Marketable securities	2,499		5,992		3,493
Inventories	21,248		24,702		3,454
Deferred tax assets	5,155		5,716		560
Prepaid expenses and other current assets	9,603		10,405		802
Allowance for doubtful receivable	(429)		(356)		73
<b>Fixed assets</b>	71,916	33.0	70,958	30.8	(957)
Property, plant and equipment	31,023	14.2	30,677	13.3	(346)
Buildings and structures	12,479		16,527		4,048
Machinery and equipment	4,142		4,052		(90)
Furniture and fixtures	2,698		3,162		463
Land	8,132		6,548		(1,584)
Construction in progress	3,570		386		(3,183)
Intangible fixed assets	6,982	3.2	6,174	2.7	(807)
Investment and other assets	33,910	15.6	34,106	14.8	196
Investment securities	23,575		24,368		792
Long-term loans	860		678		(181)
Deferred tax assets	964		244		(720)
Other assets	9,142		9,297		155
Allowance for doubtful receivable	(631)		(482)		149
<b>Total assets</b>	217,882	100.0	230,679	100.0	12,797

## Consolidated Balance Sheets

(Millions of yen)

LIABILITIES AND SHAREHOLDERS' EQUITY/ LIABILITIES AND NET ASSETS					
	(A) As of Mar. 31, 2006		(B) As of Mar. 31, 2007		Difference (B)-(A)
<b>Current liabilities</b>	79,902	36.7	86,967	37.7	7,064
Notes and accounts payable	38,688		42,200		3,511
Short-term borrowings	13,956		14,017		61
Bonds redeemed within one year	--		260		260
Income taxes payable	4,526		4,938		412
Advance payments	2,405		3,382		977
Accrued bonuses	8,011		8,754		742
Other current liabilities	12,312		13,413		880
<b>Long-term liabilities</b>	26,438	12.1	24,744	10.7	(1,693)
Long-term debt	7,913		6,152		(1,760)
Bonds	--		420		420
Deferred tax liabilities	1,319		1,954		634
Liability for employees' retirement benefits	16,269		15,874		(395)
Liability for retirement benefits for directors and corporate auditors	141		173		31
Other long term liabilities	794		169		(624)
<b>Total liabilities</b>	106,341	48.8	111,712	48.4	5,371
<b>Minority interests</b>	682	0.3	--	--	--
Common stock	10,522	4.8	--	--	--
Capital surplus	12,647	5.8	--	--	--
Retained earnings	80,471	37.0	--	--	--
Unrealized gain on available-for-sale securities	7,164	3.3	--	--	--
Foreign currency translation adjustments	59	0.0	--	--	--
Treasury stock	(8)	(0.0)	--	--	--
<b>Total shareholders' equity</b>	110,858	50.9	--	--	--
<b>Total liabilities, minority interests &amp;</b>	217,882	100.0	--	--	--
<b>Shareholders' equity</b>	--	--	110,185	47.8	--
Common stock	--	--	10,522	4.6	--
Capital surplus	--	--	12,647	5.5	--
Retained earnings	--	--	87,025	37.7	--
Treasury stock	--	--	(10)	(0.0)	--
<b>Adjustments for valuation, foreign currency translation and others</b>	--	--	7,694	3.3	--
Unrealized gain on available-for-sale securities	--	--	7,477	3.2	--
Loss on Deferred hedge	--	--	(1)	(0.0)	--
Foreign currency translation adjustments	--	--	218	0.1	--
<b>Minority interests</b>	--	--	1,086	0.5	--
<b>Total net assets</b>	--	--	118,966	51.6	--
<b>Total liabilities &amp; total net assets</b>	--	--	230,679	100.0	--

## Consolidated Statements of Income

(Millions of yen)

	(A) Apr. 1, 2005 to Mar. 31, 2006		(B) Apr. 1, 2006 to Mar. 31, 2007		Difference (B)-(A)
<b>Net sales</b>	188,320	100.0	234,572	100.0	46,251
Cost of sales	115,551	61.4	149,792	63.9	34,241
<b>Gross profit</b>	72,769	38.6	84,779	36.1	12,010
Selling, general and administrative expenses	59,254	31.4	67,466	28.7	8,211
<b>Operating income</b>	13,514	7.2	17,313	7.4	3,798
<b>Non-operating income</b>	623	0.3	1,109	0.4	485
Interest income	37		121		84
Dividend income	210		287		77
Exchange gain	223		132		(91)
Others	152		567		415
<b>Non-operating expenses</b>	199	0.1	565	0.2	366
Interest expense	98		209		111
Others	101		356		254
<b>Recurring income</b>	13,938	7.4	17,857	7.6	3,918
<b>Extraordinary profit</b>	3,262	1.7	629	0.3	(2,632)
Reversal of allowance for doubtful notes and receivable	--		169		169
Gain on sales of investment securities	546		76		(470)
Gain on sales of property, plant and equipment	2,715		384		(2,331)
<b>Extraordinary loss</b>	1,550	0.8	631	0.3	(919)
Loss on sales or disposals of property, plant and equipment	392		208		(183)
Loss on impairment of investment securities	19		2		(16)
Loss on sales of investment securities	--		1		1
Factory relocation expenses	--		418		418
Headquarter office and factory relocation expenses	734		--		(734)
Impairment loss	330		--		(330)
Others	74		--		(74)
<b>Income before income taxes and minority interest</b>	15,650	8.3	17,855	7.6	2,205
Income taxes - current	4,735	2.5	5,970	2.6	1,234
Income taxes - deferred	969	0.5	1,027	0.4	58
Minority interests in net income	149	0.1	211	0.1	61
<b>Net income</b>	9,795	5.2	10,646	4.5	850

## Consolidated Statements of Retained Earnings

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

## Consolidated Statements of Changes in Net Asset

FY2006

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity		
Balance as of March 31, 2006	10,522	12,647	80,471	(8)	103,634		
Changes of items during the period							
Dividends from appropriation of surplus (Note)			(2,207)		(2,207)		
Dividends from retained earnings			(1,839)		(1,839)		
Bonuses paid to directors and corporate auditors from appropriation of surplus (Note)			(46)		(46)		
Net income			10,646		10,646		
Purchase of treasury stock				(2)	(2)		
Net changes of items other than shareholders' equity during the period							
Total changes of items during the period	--	--	6,553	(2)	6,551		
Balance as March 31, 2007	10,522	12,647	87,025	(10)	110,185		
	Adjustments for valuation, foreign currency translation and others						
	Unrealized gain on available-for-sale securities	Loss on deferred hedge	Foreign currency translation adjustments	Total Adjustments for valuation, foreign currency translation and others			
Balance as of March 31, 2006	7,164	--	59	7,224	682	111,540	
Changes of items during the period							
Dividends from appropriation of surplus (Note)						(2,207)	
Dividends from retained earnings						(1,839)	
Bonuses paid to directors and corporate auditors from appropriation of surplus (Note)						(46)	
Net income						10,646	
Purchase of treasury stock						(2)	
Net changes of items other than shareholders' equity during the period	313	(1)	158	470	404	874	
Total changes of items during the period	313	(1)	158	470	404	7,425	
Balance as March 31, 2007	7,477	(1)	218	7,694	1,086	118,966	

(Note) Dividends and Bonuses paid to directors and corporate auditors from appropriation of surplus was resolved at annual shareholders meeting on 29 June, 2006.



## Consolidated Statements of Cash Flows

(Millions of yen)

	Apr. 1, 2005 to Mar. 31, 2006	Apr. 1, 2006 to Mar. 31, 2007
<b>Operating activities</b>		
Income before income taxes and minority interests	15,650	17,855
Depreciation and amortization	2,351	3,890
Amortization of excess of acquired net equity over cost	--	689
Provision for doubtful receivables	198	(199)
Increase(decrease) in liabilities for retirement benefits	283	(652)
Increase(decrease) in liabilities for retirement benefits for directors and corporate auditors	16	(28)
Increase(decrease) in accrued bonuses	46	563
Increase(decrease) in accrued directors' bonuses	--	88
Interest and dividend income	(247)	(409)
Interest expenses	98	209
Foreign exchange loss(gain)	0	(36)
Gain on sale of property, plant and equipment	(2,715)	(383)
Loss on sale or disposal of property, plant and equipment	392	205
Gain on sale of investment securities	(546)	(76)
Loss on sale of investment securities	--	1
Loss on impairment of investment securities	19	2
Impairment loss	330	--
Bonuses to directors	(40)	(46)
Decrease(increase) in accounts receivable	(6,970)	(9,414)
Decrease(increase) in inventories	(676)	(3,120)
Increase(decrease) in notes and accounts payable	3,091	2,244
Decrease(increase) of other current assets	(140)	(371)
Increase(decrease) of other current liabilities	(1,359)	1,922
Sub Total	9,782	12,936
Receipt of interest and dividend income	247	396
Payment for interest expenses	(97)	(213)
Income taxes - refunded	7	27
Income taxes - paid	(3,553)	(5,623)
Net cash provided by operating activities	6,386	7,523
<b>Investing activities</b>		
Purchase of time deposits with maturity over three months	(35)	(216)
Proceeds of time deposits with maturity over three months	66	24
Purchase of deposit with the restriction	(37)	(229)
Proceeds of deposit with the restriction	--	201
Purchase of marketable securities	(5,999)	--
Proceeds from sales of marketable securities	5,999	0
Purchase of beneficiary securities of trust over three months	(4,019)	(3,198)
Proceeds from sales of beneficiary securities of trust over three months	4,543	3,236
Purchase of property, plant and equipment	(3,763)	(5,334)
Proceeds from sale of property, plant and equipment	2,844	1,997
Purchase of intangible fixed assets	--	(369)
Purchase of investment securities	(117)	(267)
Proceeds from sale of investment securities	592	230
Redemption of investment securities	137	100
Purchase of stocks of newly consolidated subsidiaries	(7,192)	1,307
Other - net	(421)	43
Net cash used in investing activities	(7,404)	(2,475)
<b>Financing activities</b>		
Increase in short-term borrowings	3,487	2,429
Repayment of short-term borrowings	(3,458)	(2,382)
Increase in long-term debt	100	--
Repayment of long-term debt	(1,015)	(2,276)
Redemption of bond	--	(55)
Dividends paid	(2,427)	(4,044)
Dividends paid for minority in consolidated subsidiary company	(13)	(15)
Purchase of treasury stock	(1)	(2)
Net cash used in financing activities	(3,328)	(6,347)
<b>Net cash used in translation of cash &amp; cash equivalents</b>	208	186
<b>Net increase(decrease) in cash &amp; cash equivalents</b>	(4,137)	(1,112)
<b>Cash &amp; cash equivalents ,beginning of year</b>	40,249	36,303
<b>Cash &amp; cash equivalents of newly consolidated subsidiaries, beginning of year</b>	190	--
<b>Cash &amp; cash equivalents, end of year</b>	36,303	35,190

# 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 fiscal 2006 were 234.5 billion yen, an increase of 24.6% over the same period last year, owing to favorable market conditions and the effect of the newly consolidated Kimmon Manufacturing Co., Ltd in the last accounting period. As regards profits, efficiency in the management of selling, general and administrative expenses and reduction of production cost, etc, enabled Yamatake to post an operating income of 17.3 billion yen and recurring income of 17.8 billion yen, both increasing 28.1% over the same period last year. Net income marked 10.6 billion yen, an increase of 8.7% over the same period last year.

During the current consolidated accounting period, the Japanese economy was buoyed by improved corporate earnings and growth in demand. There was an increase in corporate investment, and thanks also to an improvement in employment and personal incomes, consumer spending remained firm. As a result, the economy has recovered. Turning to overseas, despite concerns about a possible slowdown in the US economy it remained steady, and economic expansion continued in Asian countries mainly in China, as well as in Europe. Overall the picture was encouraging.

Given these economic conditions Yamatake's Building Automation business performed well, with brisk building investment in evidence, such as with urban redevelopment projects in the Tokyo metropolitan area and new construction in the manufacturing industry. As regards the market for new buildings, business expanded owing to enhancements in Yamatake's capabilities for identifying customer needs and offering solutions to the issues they face. In the market for existing buildings, orders continued to be firm for Yamatake's ESCO business (tems : Total Energy Management Service).

In the Advanced Automation business, as a result of improving corporate earnings, capital investment grew steadily. By focusing on sales of core products,

Yamatake grew its product business. In addition to enhancing collaboration with Kimmon Manufacturing and Tem-Tech Lab., both members of the Yamatake Group, Yamatake started to build a framework for collaboration with Royal Controls, which joined the Group in the second half of the current consolidated accounting period.

In the Life Automation business, Kimmon Manufacturing – which plays a key role in the Lifeline field – has been facing a difficult business environment, with stiff price competition and sluggish demand. Through collaboration with Yamatake, Kimmon made progress in strengthening both its business and its business framework. Furthermore, successful research and development activities in the Life Science field have led to the development of an on-demand customized DNAchip -gemkey- an ideal product for both basic and applied research fields; sample deliveries to customers have already started.

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

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

Sales for the Building Automation business for fiscal 2006 were 88.9 billion yen, an increase of 8.3% over the same period last year. An operating income 8.4 billion yen was recorded, an increase of 30.9% over the same period last year.

The economic recovery has stimulated investment in the real estate market, mainly in the Tokyo metropolitan area, with brisk investment seen in construction, especially for urban redevelopment projects and in the manufacturing industry. However, competition to keep prices down is as strong as ever.

In the market for new buildings, Yamatake expanded business by enhancing its capabilities for identifying customer needs and offering solutions to the issues they face. Growth in sales was recorded in the factory HVAC field through collaboration with the Advanced Automation business.

In the market for existing buildings, orders continued to be firm for the ESCO business. With Yamatake's entry into the Specified Manager System, contracts grew in number, resulting in increased sales.

Also, the security business for access control expanded as a result of increasing customer needs for building safety and security, as well as data protection. This

led to increased sales. Turning to Yamatake's international business, thanks to further progress in the cultivating Asian markets, sales have been expanding.

## 2) Advanced Automation Business

Sales for the Advanced Automation business for fiscal 2006 were 99.7 billion yen, an increase of 7.3% over the same period last year. An operating income of 9.0 billion yen was recorded, an increase of 21.2 % over the same period last year. In the Advanced Automation business, as a result of the recovery in corporate earnings, capital investment continued to grow, and the market performed well. Yamatake saw a large growth in sales in its international business: in addition to growth in capital investment in China, Korea, and Taiwan, performances were also good in Europe and America, mainly in the North American market where Yamatake has been restructuring its business.

On the domestic scene too there has been sales growth, especially in the product business. This has been the result of identifying customers' energy-saving needs, and focusing on sales of core products, while starting to work in collaboration with Royal Controls, a new member of the Group. Performance has been steady in the solution service business, which offers customers solutions to such issues as safety operation and quality control in production sites. Additionally, Yamatake started developing new business fields in collaboration with Kimmon Manufacturing and Tem-Tech Lab. of the Group.

## 3) Life Automation Business

Sales for the Life Automation business for fiscal 2006 totaled 36.8 billion yen, an increase of 32.2 billion yen over the same period last year. Operating loss was 0.5 billion yen, an improvement of 0.1 billion yen over the same period last year. (In fiscal 2005, sales were 4.5 billion yen and operating loss was 0.6 billion yen owing to the non-consolidated sales and profit of Kimmon Manufacturing.)

In the Life Automation business, Kimmon Manufacturing – which plays a key role in the Lifeline field – has been facing a difficult business environment. In this climate, Kimmon launched new products in the LP gas business, which approaches demand season in the equipment replacement cycle, and developed new demand in the private sector for its water meter business. Furthermore, aiming to expand the business domains of the entire Group, closer

collaboration is being sought with the Building Automation and Advanced Automation businesses. Collaboration with production has also begun. Turning to the Life Assist field, here too the business environment continues to be severe; this is in part owing to the budgetary pressures facing local governments as well as revisions in the Nursing Care Insurance Law. Nevertheless, sales have remained firm due to shoring up demand for emergency dispatch services and care services, while at the same time pushing ahead with new senior group homes business.

#### 4) Other Businesses

Sales for other businesses for fiscal 2006 were 11.1 billion yen, an increase of 6.6% over the same period last year. Operating income was 0.3 billion yen, an increase of 67.0% over the same period last year.

As regards the importing, buying-in and marketing of inspection and measurement equipment, thanks to the increase in capital investment seen in the automobile, machine tool and electrical/electronic industries, both orders and sales increased over the period.

### 3. Outlook for fiscal 2007 ending March 31, 2008

(Billions of Yen)

		FY2006 (Mar.2007)	FY2007 (Mar.2008)	Difference	%
<b>Building Automation</b>	<b>Sales</b>	88.9	95.0	6.0	6.8
	<b>Operating income</b>	8.4	10.0	1.5	18.2
<b>Advanced Automation</b>	<b>Sales</b>	99.7	106.5	6.7	6.8
	<b>Operating income</b>	9.0	10.0	0.9	10.3
<b>Life Automation</b>	<b>Sales</b>	36.8	36.5	-0.3	-0.8
	<b>Operating income</b>	-0.5	-0.1	0.4	—
<b>Others</b>	<b>Sales</b>	11.1	9.1	-2.0	-18.2
	<b>Operating income</b>	0.3	0.1	-0.2	-60.3
<b>Consolidated</b>	<b>Sales</b>	234.5	244.0	9.4	4.0
	<b>Operating income</b>	17.3	20.0	2.6	15.5
	<b>Recurring income</b>	17.8	19.6	1.7	9.8
	<b>Net income</b>	10.6	12.0	1.3	12.7

In fiscal 2007, Yamatake forecasts a sales growth of 9.4 billion yen, an increase of 4.0% over the same period last year. As for profits, Yamatake forecasts an increase in operating income of 2.6 billion yen, an increase of 15.5%, and an increase in recurring income of 1.7 billion yen, an increase of 9.8%, by enhancing its profit structure and greater efficiency in the management of selling, general and administrative expenses. As a result, Yamatake forecasts an increase in net income of 1.3 billion yen, an increase of 12.7% over the same period last year.

## 1) Building Automation Business

Sales for the Building Automation business are forecast to increase by 6.0 billion yen. As regards profits, although competition to keep prices down is expected to remain strong, by reducing costs and introducing high value-added products, Yamatake now expects to increase operating income by 1.5 billion yen.

In the Building Automation business, the recovery in the economy has promoted active investment in construction – particularly for large-scale urban redevelopment projects and in the manufacturing industry – and this will lead to business growth in the market for new buildings. In the market for existing buildings, Yamatake's ESCO business has shown steady performance, while the security business for access control is expected to expand as a solution for building safety and security, as well as data protection. Yamatake's international business is expected to benefit from robust investment in manufacturing construction, mainly in the Asian region.

## 2) Advanced Automation Business

Sales for the Advanced Automation business are forecast to increase by 6.7 billion yen and operating income is forecast to increase by 0.9 billion yen.

In the Advanced Automation business, the business is expected to continue to perform well as a result of the growth in the global economy and firm capital investment both in Japan and overseas. Emphasis will be placed on growing the business: in the domestic market, this will be achieved by strengthening close-contact and proactive sales activities, offering customers solutions in production sites ; and in overseas markets, the approach will be to expand sales of products , mainly in China, Korea and the Southeast Asian countries.

## 3) Life Automation Business

In the Life Automation business, in addition to expanding the business in the Life Assist field, Yamatake will make efforts to improve business efficiency. Meanwhile, in the Lifeline field, a fall in sales is considered unavoidable owing to the fact that Kimmon Manufacturing, which plays a key role in this field, will face fall in demand of the town gas meters, led by the change in regulations affecting

the equipment replacement-cycle, etc.; nevertheless, strenuous efforts will be made to enhance profitability.

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#### **4. Basic Policy regarding Profit Sharing**

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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), DOE (Dividend On 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, 2007, as announced.

Looking ahead to the fiscal year ending March 31, 2008, Yamatake plans to further increase the normal dividend by 10 yen to 60 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 business base and the outlook for performance improvement for the entire Yamatake Group.

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.