

# **Consolidated Financial Results**

for the First Half of Fiscal Year 2006 ending March 31, 2007 and

## **Operating Plan**

for Fiscal Year 2006 ending March 31, 2007

### **Yamatake Corporation**

Statements made in these documents 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. 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 these documents.

The logo for azbil, featuring the word "azbil" in a bold, lowercase, sans-serif font. The letters are white with a slight shadow effect, set against a dark red background.

\* Figures are rounded off.

# Operating Results for 1H of FY2006

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# Operating Results



(Millions of yen)

	<u>1H of FY2005</u>	<u>1H of FY2006</u>	<u>Difference</u>	<u>% Change</u>
Orders	105,311	129,110	23,799	22.6
Net Sales	84,534	104,273	19,739	23.4
Gross profit	32,681	37,596	4,915	15.0
% to Net sales	38.7	36.1	(2.6)	
Operating income	4,058	5,358	1,300	32.0
% to Net sales	4.8	5.1	0.3	
Recurring income	4,294	5,638	1,344	31.3
Income before income taxes and minority interest	6,560	5,566	(994)	(15.1)
Net income	3,877	3,299	(578)	(14.9)
<hr/>				
Total assets	167,290	207,021	39,731	23.7
Shareholders' equity	104,109	110,819	6,710	6.4

# Non-operating Income & Expenses and Extraordinary Gain & Loss



	(Millions of Yen)			
	<u>1H of FY05</u>	<u>1H of FY06</u>	<u>Difference</u>	<u>% Change</u>
<b>Operating income</b>	<b>4,058</b>	<b>5,358</b>	<b>1,300</b>	<b>32.0</b>
<b>Non-op. income</b>	<b>328</b>	<b>544</b>	<b>216</b>	<b>65.8</b>
<b>Non-op. expenses</b>	<b>92</b>	<b>264</b>	<b>172</b>	<b>186.7</b>
<b>Recurring income</b>	<b>4,294</b>	<b>5,638</b>	<b>1,344</b>	<b>31.3</b>
<b>Extra. gain</b>	<b>3,228</b>	<b>60</b>	<b>(3,168)</b>	<b>(98.1)</b>
<b>Extra. loss</b>	<b>962</b>	<b>132</b>	<b>(831)</b>	<b>(86.3)</b>
<b>Income before income taxes and minority interest</b>	<b>6,560</b>	<b>5,566</b>	<b>(994)</b>	<b>(15.1)</b>
<b>Income taxes and minority interest</b>	<b>2,683</b>	<b>2,267</b>	<b>(416)</b>	<b>(15.5)</b>
<b>Net income</b>	<b>3,877</b>	<b>3,299</b>	<b>(578)</b>	<b>(14.9)</b>

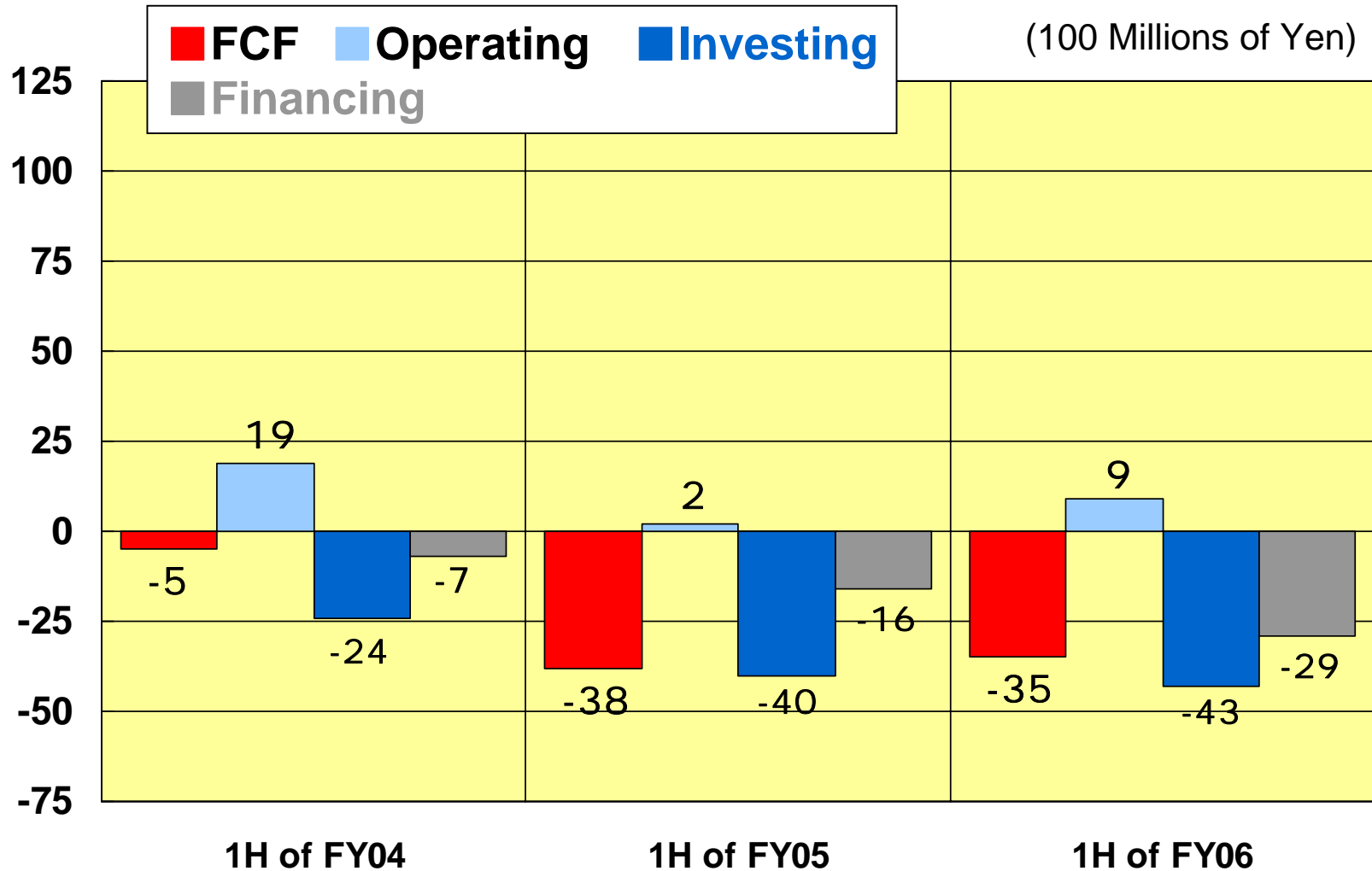
# Balance Sheets



(Millions of yen)

	<u>2005/09</u>	<u>2006/09</u>	<u>Difference</u>	<u>% Change</u>	<u>2006/03</u>
Cash	27,031	22,759	(4,272)	(15.8)	28,381
Accounts receivable	59,529	73,421	13,893	23.3	79,509
Marketable securities	8,998	2,997	(6,002)	(66.7)	2,500
Inventories	17,478	24,897	7,418	42.4	21,248
Net P.P.E.	14,642	30,843	16,201	110.6	31,024
Investment securities	16,638	21,781	5,143	30.9	23,576
Others	22,973	30,323	7,350	32.0	31,646
<b>Total assets</b>	<b>167,290</b>	<b>207,021</b>	<b>39,731</b>	<b>23.7</b>	<b>217,882</b>
Accounts pay. -trade	25,658	34,142	8,485	33.1	38,689
S.T. borrowings and					
L.T. debt	5,200	21,104	15,904	305.9	21,870
Liability for employees' retirement benefits	11,445	16,305	4,860	42.5	16,270
Others	20,282	23,957	3,675	18.1	29,513
<b>Total liabilities</b>	<b>62,585</b>	<b>95,509</b>	<b>32,924</b>	<b>52.6</b>	<b>106,341</b>
Minority interest	596	693	97	16.3	682
Shareholders' equity	104,109	110,819	6,710	6.4	110,859
<b>Total liabilities &amp; shareholders' equity</b>	<b>167,290</b>	<b>207,021</b>	<b>39,731</b>	<b>23.7</b>	<b>217,882</b>
Cash & cash equivalents	35,111	29,926	(5,185)	(14.8)	36,303

# Summary of Cash Flows



# Sales and Income by Business Segment

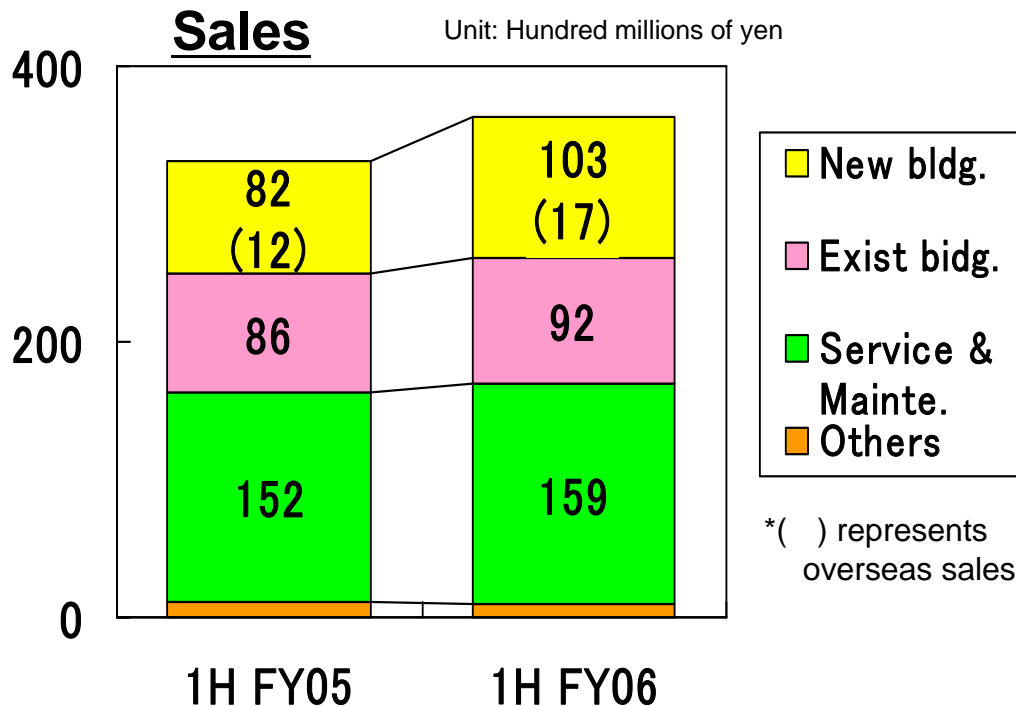


		(Millions of yen)			
		<u>1H of FY05</u>	<u>1H of FY06</u>	<u>Difference</u>	<u>% Change</u>
BA	Net sales	33,096	36,495	3,399	10.3
	Op. income	560	1,620	1,060	189.2
	%	1.7	4.4	2.7	
AA	Net sales	44,873	45,004	131	0.3
	Op. income	3,769	3,846	76	2.0
	%	8.4	8.5	0.1	
LA	Net sales	2,183	18,574	16,391	750.7
	Op. income	(399)	(284)	115	—
	%	(18.3)	(1.5)	16.7	
New&	Net sales	5,179	5,306	126	2.4
Others	Op. income	71	180	109	153.6
	%	1.4	3.4	2.0	
<b>Consoli. Net sales</b>		<b>84,534</b>	<b>104,273</b>	<b>19,739</b>	<b>23.4</b>
Op. income		4,058	5,358	1,300	32.0
%		4.8	5.1	0.3	

# Building Automation Business



	(Millions of yen)			
	<u>1H of FY05</u>	<u>1H of FY06</u>	<u>Difference</u>	<u>% Change</u>
BA Net sales	33,096	36,495	3,399	10.3
Op. income	560	1,620	1,060	189.2
%	1.7	4.4	2.7	
Orders	51,842	55,941	4,099	7.9
Order backlog	44,168	48,680	4,512	10.2



- ◆ **New buildings:** Sales grew by 2.1 bil. (26%) due to urban redevelopment projects in the Tokyo metropolitan area and brisk performance in the factory HVAC market. Overseas sales also increased.
- ◆ **Existing buildings and service:** With continuing growth, sales to the market for existing buildings increased by 0.6 bil. (7%) , and sales for the service business increased by 0.7 bill. (5%).
- ◆ Orders increased by 4.1 bil. (8%) due to the buoyant condition mainly in the market for existing buildings and service business.

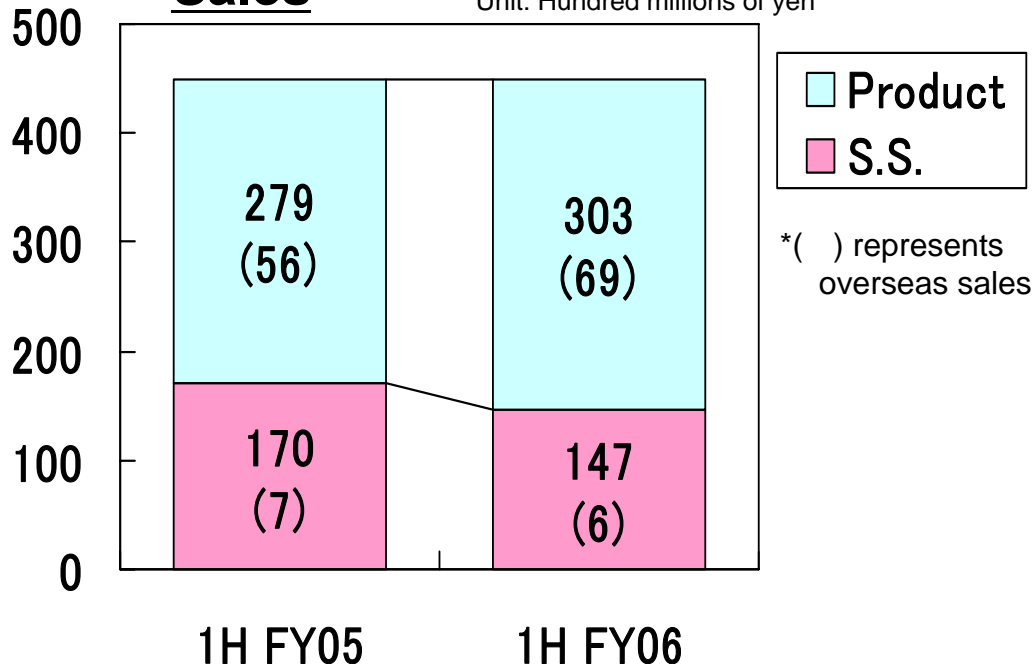


(Millions of yen)

	<u>1H of FY05</u>	<u>1H of FY06</u>	<u>Difference</u>	<u>% Change</u>
<b>AA Net sales</b>	<b>44,873</b>	<b>45,004</b>	<b>131</b>	<b>0.3</b>
<b>Op. income</b>	<b>3,769</b>	<b>3,846</b>	<b>76</b>	<b>2.0</b>
<b>%</b>	<b>8.4</b>	<b>8.5</b>	<b>0.1</b>	
<b>Orders</b>	<b>47,140</b>	<b>49,421</b>	<b>2,282</b>	<b>4.8</b>
<b>Order backlog</b>	<b>25,810</b>	<b>30,709</b>	<b>4,900</b>	<b>19.0</b>

## Sales

Unit: Hundred millions of yen

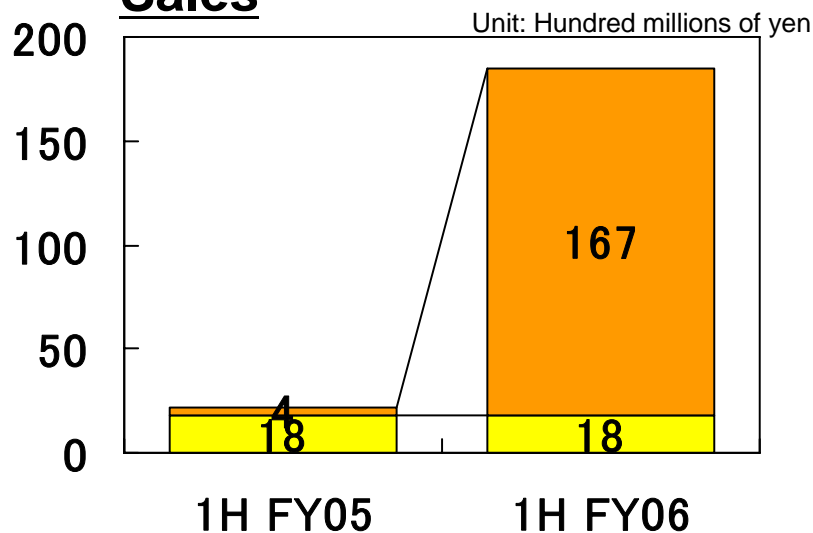


- ◆ **Product business:** Under steady growth, total sales increased by 2.4 bil. (9%). Domestic sales and overseas sales increased by 1.1 bil. (5%) and 1.3 bil. (23%), respectively.
- ◆ **Solution Service business:** Sales fell by 2.3 bil due to a large-scale project in 1H of FY2005.
- ◆ Orders continued to grow and backlog increased by 4.9 bil (19%).

(Millions of yen)

	<u>1H of FY05</u>	<u>1H of FY06</u>	<u>Difference</u>	<u>% Change</u>
LA Net sales	2,183	18,574	16,391	750.7
Op. income	(399)	(284) <sup>※</sup>	115	—
%	(18.3)	(1.5)	16.7	
Orders	2,032	19,258	17,226	847.6
Order backlog	345	1,535	1,190	345.2

## Sales



- ◆ Sales increased by 16.4 bil. due to expansion of the Lifeline field by consolidating Kimmon Mfg.
- ◆ Orders increased in the Lifeline field except Kimmon Mfg., and Life Assist field.

※Operating income will be positive without affect of amortization of goodwill.



(Hundred millions of yen)

**Net sales**

**1H of FY05**

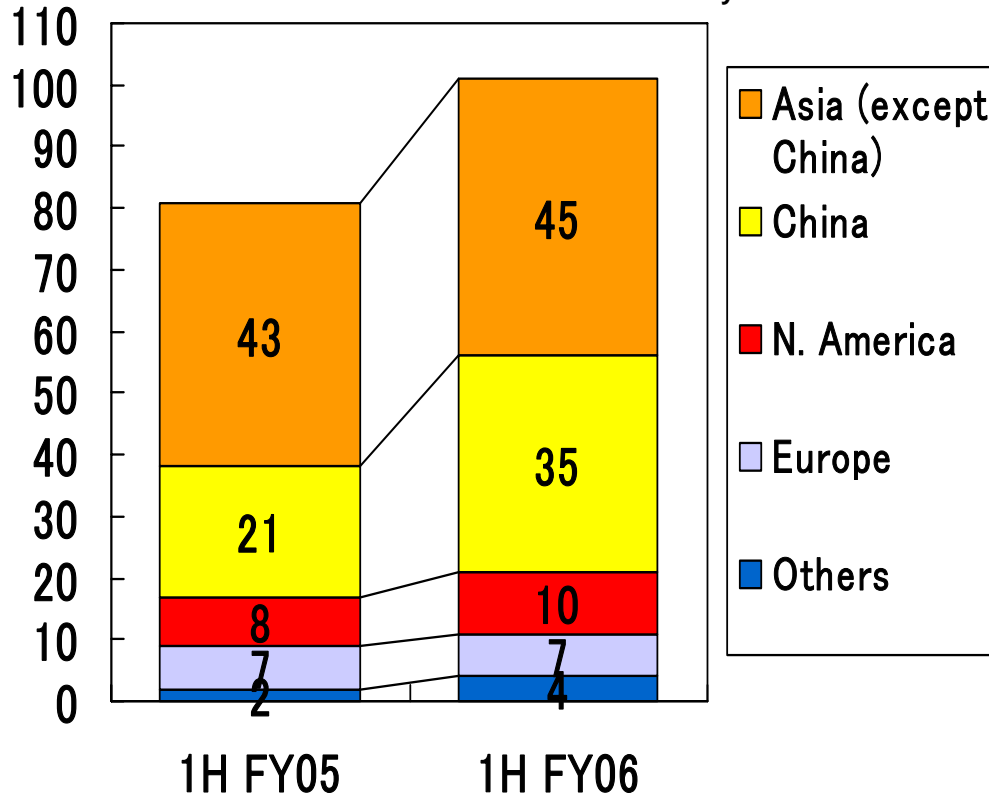
**81**

**1H of FY06**

**102**

## Sales

Unit: Hundred millions of yen



- ◆ Sales increased by 2.1 bil. (26%). Especially, sales in China grew notably and increased by 1.4 bil. (67%).
- ◆ Sales for both product businesses in AA and BA businesses continued to grow.

# Operating Plan for Fiscal Year 2006 ending March 31, 2007

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# Operating Plan for FY2006



(Millions of yen)

	FY2005	FY2006				
	<u>Act.</u>	<u>1H Act.</u>	<u>2H Plan</u>	<u>Total year</u>	<u>Dif.(FY06 - FY05)</u>	<u>%</u>
Net sales	188,321	104,273	127,727	232,000	43,679	23.2
Op. income	13,515	5,358	10,942	16,300	2,785	20.6
%	7.2	5.1	8.6	7.0	(0.2)	
Recurring income	13,939	5,638	10,662	16,300	2,362	16.9
Income before income taxes and minority interest	15,650	5,566	10,234	15,800	150	1.0
Net income	9,795	3,299	6,601	9,900	105	1.1
Total assets	217,882	207,021	219,000	219,000		
Shareholders' equity	110,859	110,819	115,600	115,600		

## Summary of Plan for FY2006

Net sales are forecasted to rise 43.7 bil. (23%) due to increased sales of BA and AA businesses as well as the effect of the newly consolidated Kimmon Mfg. Operating income is forecasted to rise 2.8 bil. (21%) owing to increased sales, improvement in the cost of sales and efficient management of SG&A expenses.

- BA business: Sales and profits are forecasted to increase due to growth in the market for new buildings, as well as continued brisk performance in the market for existing buildings and service business.
- AA business: Sales and profits are forecasted to increase due to growth in domestic and overseas product businesses, as well as the effect of the newly consolidated Royal Controls Co., Ltd.
- LA business: Sales are forecasted to rise 32.4 bil. due to the consolidation of Kimmon Mfg. Profits in other fields are also forecasted to improve.

# Plan for Non-operating Income & Expenses and Extraordinary Gain & Loss



(Millions of yen)

	<u>FY2005 Act.</u>	<u>FY2006 Plan</u>	<u>Difference</u>	<u>% Change</u>
Operating income	13,515	16,300	2,785	20.6
Non-op. income	624	800	176	28.3
Non-op. expenses	200	800	600	300.8
Reccuring income	13,939	16,300	2,362	16.9
Extra. gain	3,262	60	(3,202)	(98.2)
Extra. loss	1,551	560	(991)	(63.9)
Income before income taxes and minority interest	15,650	15,800	150	1.0
Income taxes and minority interest	5,855	5,900	45	0.8
Net income	9,795	9,900	105	1.1

# Operating Plan by Segment



(Millions of yen)

		FY2005		FY2006			
		<u>Act.</u>	<u>1H Act.</u>	<u>2H Plan</u>	<u>Total year</u>	<u>Dif.(FY06 - FY05)</u>	<u>%</u>
BA	Net sales	82,169	36,495	51,505	88,000	5,831	7.1
	Op. income	6,462	1,620	6,080	7,700	1,238	19.2
	%	7.9	4.4	11.8	8.8	0.9	
AA	Net sales	92,986	45,004	52,996	98,000	5,014	5.4
	Op. income	7,484	3,846	4,654	8,500	1,016	13.6
	%	8.0	8.5	8.8	8.7	0.6	
LA	Net sales	4,555	18,574	18,426	37,000	32,445	712.3
	Op. income	(693)	(284)	(16)	(300)	393	—
	%	(15.2)	(1.5)	(0.1)	(0.8)	14.4	
New& Others	Net sales	10,439	5,306	6,094	11,400	961	9.2
	Op. income	211	180	220	400	189	89.6
	%	2.0	3.4	3.6	3.5	1.5	
Consoli.	Net sales	188,321	104,273	127,727	232,000	43,679	23.2
	Op. income	13,515	5,358	10,942	16,300	2,785	20.6
	%	7.2	5.1	8.6	7.0	(0.2)	

# Reference Data

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# Order & Backlog



(Millions of yen)

	FY2004	FY2005			FY2006	
	<u>Act.</u>	<u>Act.</u>	<u>1H Act.</u>	<u>2H Plan</u>	<u>Total year</u>	Difference
<b>BA</b>						
Order	77,138	85,980	55,941	36,059	92,000	6,020
Backlog	25,422	29,234	48,680	33,234	33,234	4,000
<b>AA</b>						
Order	86,230	95,735	49,421	50,579	100,000	4,265
Backlog	23,543	26,292	30,709	28,292	28,292	2,000
<b>LA</b>						
Order		4,909	19,258	18,742	38,000	33,091
Backlog		851	1,535	1,851	1,851	1,000
<b>New&amp;Others</b>						
Order	15,195	10,457	5,825	6,175	12,000	1,543
Backlog	1,392	914	1,433	1,514	1,514	600
<b>Consoli.</b>						
Order	176,707	195,295	129,110	110,890	240,000	44,705
Backlog	50,000	56,965	81,801	64,355	64,355	7,390

# Other Reference Data



(Millions of yen)

	FY2005 Act.	1H Act.	FY2006 2H Plan	Total year	Dif.(FY06 - FY05)	%
<b>● Capital investments</b>						
Yamatake	5,960	1,143	3,357	4,500	(1,460)	
Consoli. Sub.	830	393	507	900	70	
<b>Total</b>	<b>6,790</b>	<b>1,536</b>	<b>3,864</b>	<b>5,400</b>	<b>(1,390)</b>	<b>(20.5)</b>
<b>● Depreciation</b>						
Yamatake	1,985	1,020	1,480	2,500		
Consoli. Sub.	367	768	832	1,600		
<b>Total</b>	<b>2,352</b>	<b>1,788</b>	<b>2,312</b>	<b>4,100</b>	<b>1,748</b>	<b>74.3</b>
<b>● Research &amp; development cost</b>						
	8,360	4,061	4,539	8,600	240	2.9
<b>% to net sales</b>	<b>4.4%</b>	<b>3.9%</b>	<b>3.6%</b>	<b>3.7%</b>	<b>(0.7%)</b>	
<b>● Employees</b>						
Yamatake	6,074	6,253	6,267	6,267	193	3.2
Domest.						
Consoli. Sub.	2,746	2,646	2,790	2,790	44	1.6
<b>Total</b>	<b>8,820</b>	<b>8,899</b>	<b>9,057</b>	<b>9,057</b>	<b>237</b>	<b>2.7</b>