



Overview of FY2004 and business plan

Yamatake Corporation

May 12, 2005

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.

Operating Results for FY2004

(Units: Billions of yen)

	FY2003	FY2004			Difference	
	Actual (a) (May 13,2004)	Original Est. (May 13, 2004)	Revised Est. (Nov.11,2004)	Actual (b) (May 12, 2005)	Difference (b-a)	% change
Sales	170.0	179.0	180.0	180.8	10.8	6.4
Op.income	6.8	8.3	9.1	9.4	2.5	37.1
% to Net Sales	4.0	4.6	5.1	5.2	1.2	
Net income	3.2	2.0	2.9	3.7 ^{*1}	0.5	14.4

ROE

3.5%

3.8%

6.1% * 2

● Performance goals met — a sound first step toward achieving our middle-term management goals

- Sales and operating income both exceeded original and revised estimates, totaling 180.8 billion yen and 9.4 billion yen, respectively.
- Sales and income increased. Income rose in all segments, especially in the Advanced Automation business.

*1 : An extraordinary charge of 3.5 billion yen recorded by shift to DC pension plan

*2 : Without this charge, ROE would be 6.1%. (figure provided for reference purpose only.)

Operating Plan for FY2005

(Unit: Billions of yen)

	FY2003	FY2004	FY2005	Difference	
	Actual	Actual (a)	Plan (b)	(b-a)	%
Sales	170.0	180.8	188.0	7.2	4.0
Op.income	6.8	9.4	11.5	2.1	23.0
% to Net Sales	4.0	5.2	6.1	0.9	
Net income	3.2	3.7^{*1}	7.8	4.1	110.4

ROE 3.5% 3.8%^{*2} 7.0%

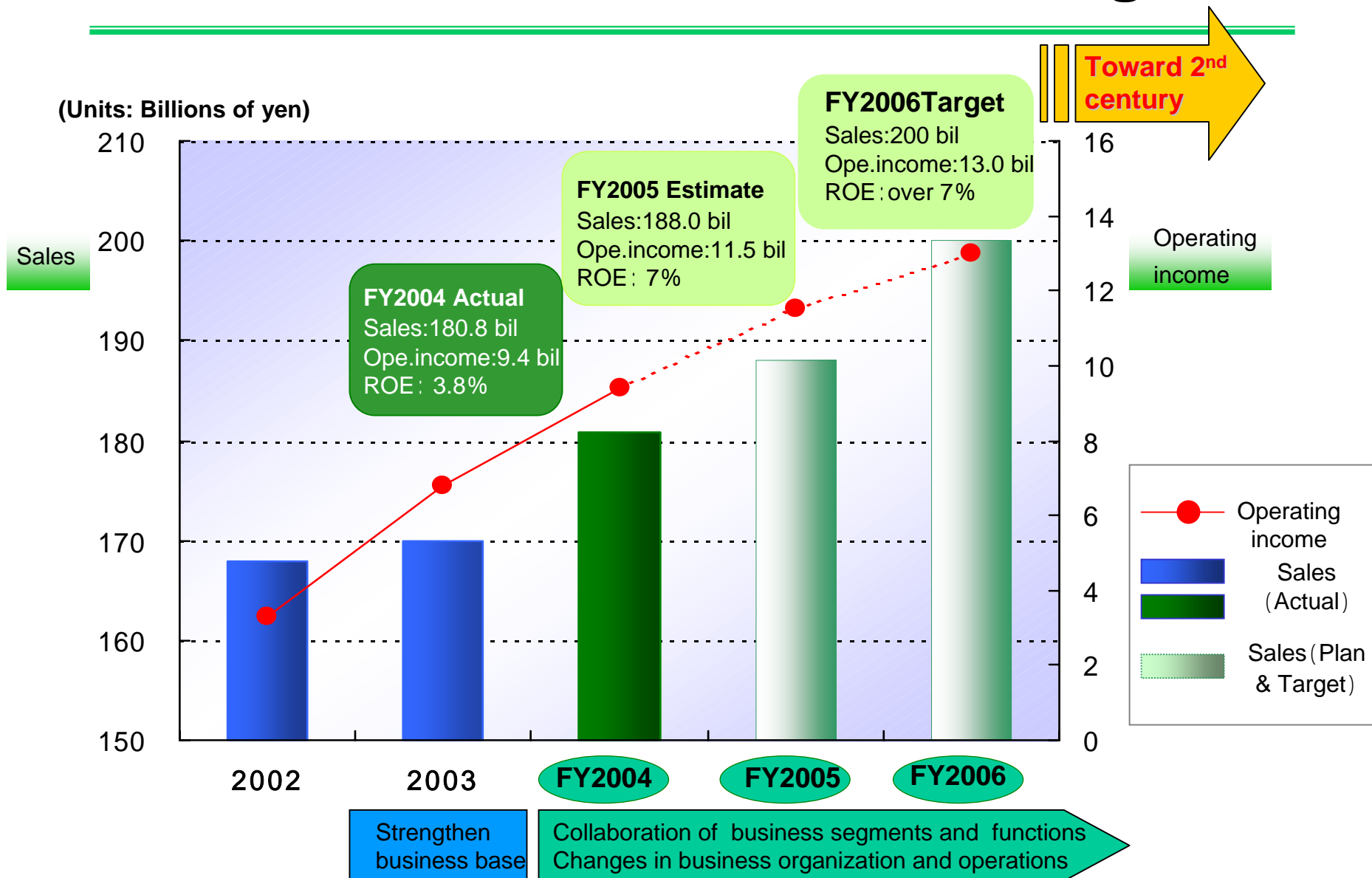
- **Aim for further business growth through carrying out our challenges for change; Creation of new work style and fusion of business segments and functions**

- Both sales and operating income set for growth, totaling 188.0 billion yen and 11.5 billion yen, respectively.
- In all segments, both sales and income are expected to increase.

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*2 : Without this charge, ROE would be 6.1%. (figure provided for reference purpose only.)

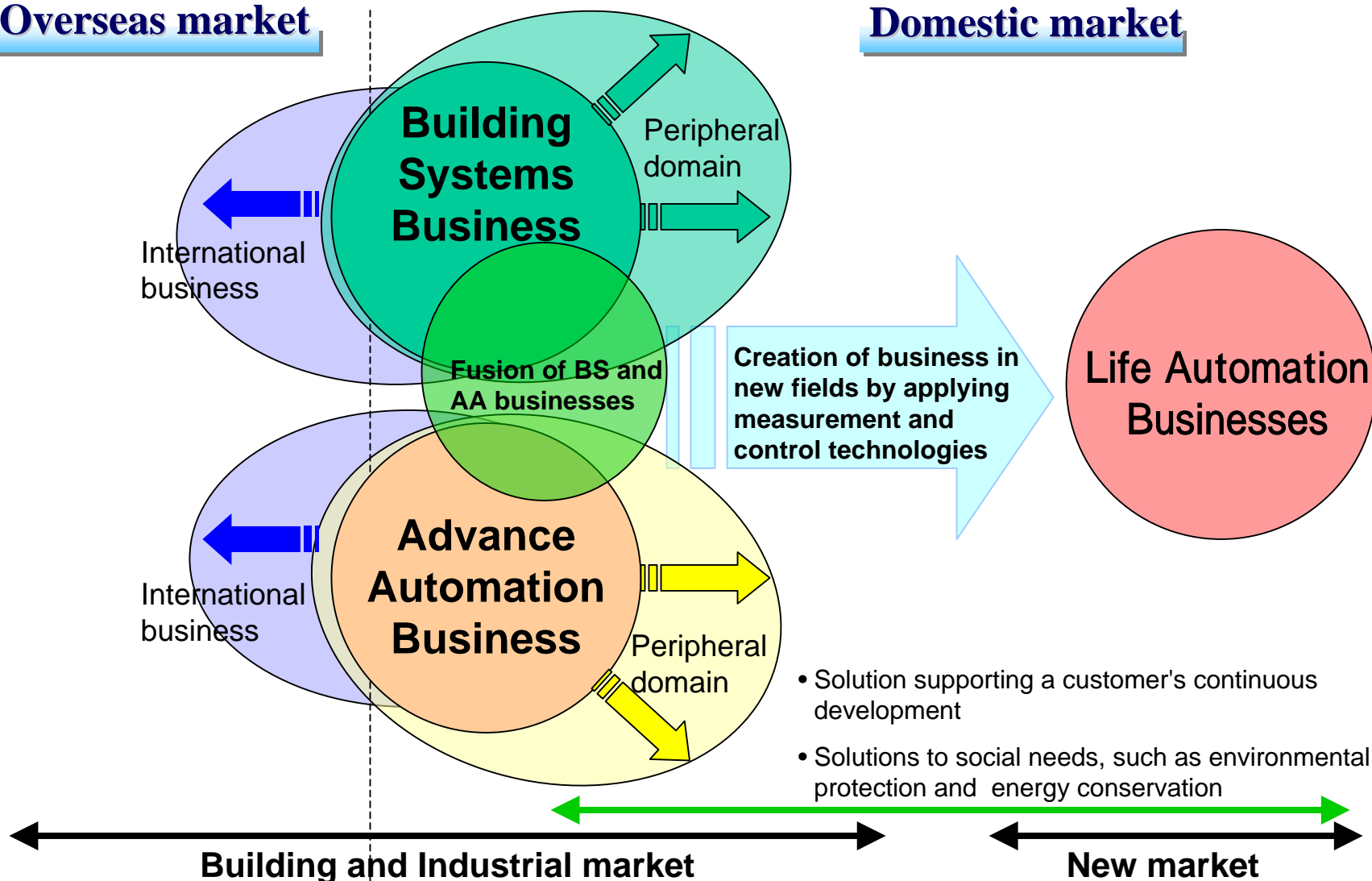
Middle Term Goals and Challenges



Expansion of Yamatake's Business Field

Overseas market

Domestic market



Business Environment and business measures

Maturing of domestic markets

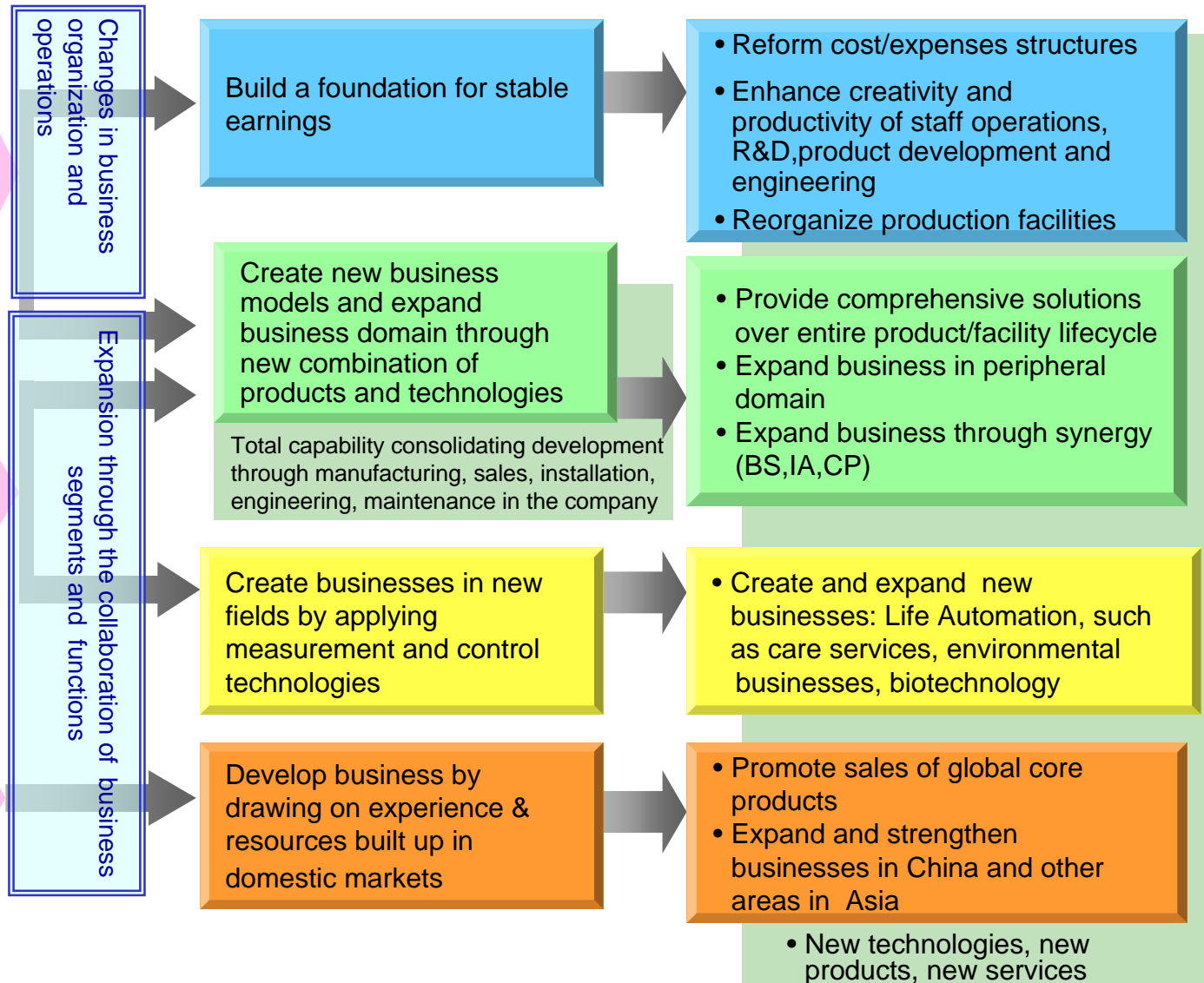
- Decrease in investment for new buildings
- Moderate recovery in capital investment excepting some industries
- Increase of needs connected with customer solutions

Changes in social structure

- Increased social needs to deal with aging of the population, environmental problems, energy conservation, security

Growing overseas market

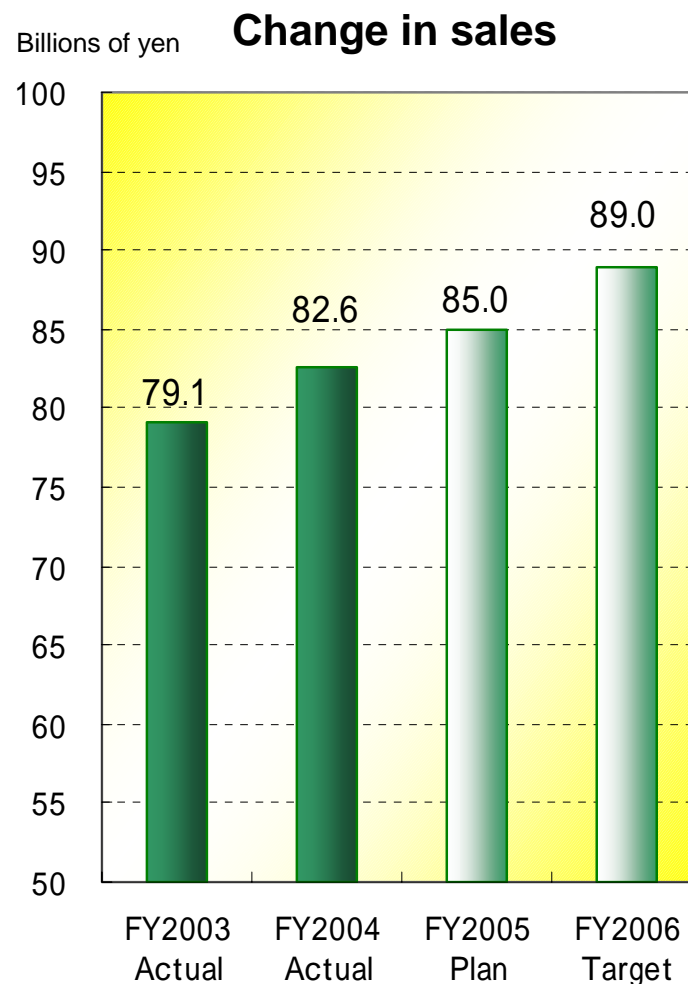
- Ongoing growth and increasing investment in Asia
- Rapid expansion of market in China



Building Systems Business



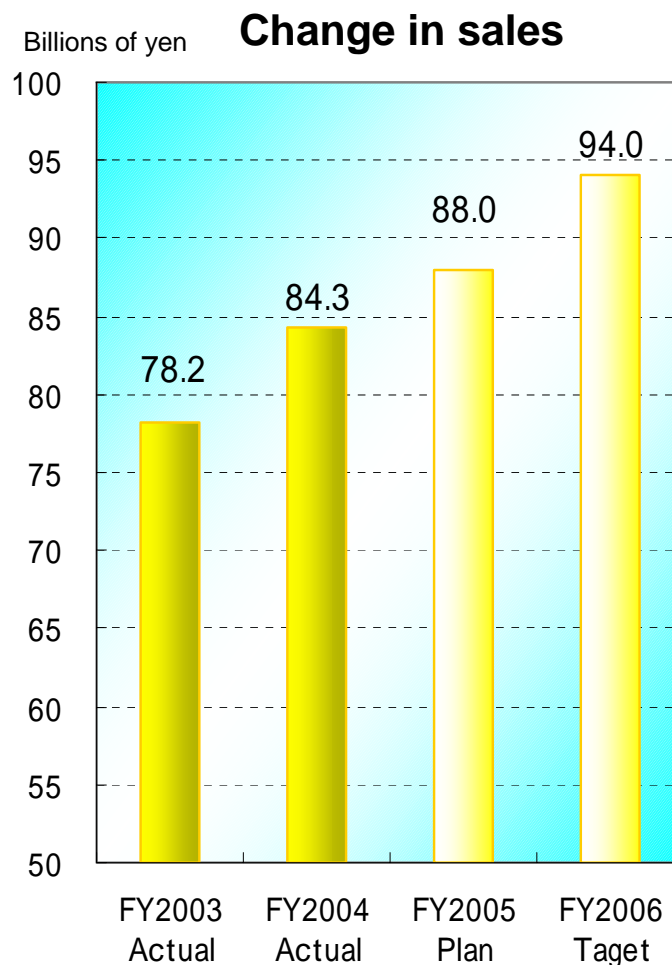
- In the market for new buildings, the downturn in office projects has bottomed and a recovery is expected in the coming years.
- Develop further market for factory HVAC, which is expected to remain in favorable condition.
Expand the domain for energy management integrating factory HVAC, utilities and the production line by coordinating technological capabilities of Building Systems and Advanced Automation businesses.
- Expand our Total Energy Management Service (TEMS), maximizing energy and cost savings, in the market for existing buildings.
- Strengthen the security business, and expand the business in overseas, focusing on China, Korea and Taiwan.





Advanced Automation Business

- The Products business— particularly in the electric/electronic, semiconductor and automotive sectors — has grown significantly and is expected to expand further.
- Expansion in the factory automation and hybrid automation markets, as well as in peripheral businesses.
- Promote business expansion overseas:
 - Main target are China and other areas in Asia
 - Develop Products business
- Reform its profit structure
 - Lower costs, shift to high-margin products, reform business processes



Life Automation Businesses

Create and foster new business domains — Life Automation — within the environmental and care services fields, designed to meet new social needs emerging from an aging society. Sales of 4.5 billion is expected to double in 3 years.

● Care services business

- Expand emergency dispatch services, health consultation and in-home care services.
- Pioneer new business fields to satisfy changing social needs, including support services to prevent the progress of lifestyle-related diseases.



Care services

● Environment-related Life Automation business

- expand the fresh-produce traceability and the urban disaster prevention business.



Fresh-produce traceability

● Develop businesses and technologies related to biotechnology, etc.

Changes in business organization and operations

Enhance productivity & solution-finding capabilities through coordination between business functions.

- **Structuring and Transparency of business operations**
- **Consolidating and integrating geographically, functionally**

- Enhance productivity of staff operations, and consolidate staff and offices of head quarter and in-house companies.
- Strengthen R&D, product development and engineering functions through concentrating human resources and enhancing collaboration between functions.
- Reorganize production facilities, divided by technologies/products and functions.

Reform of staff operations: we clarified 8,500 tasks, of which 6,000 were defined and detailed in operating manuals. We aim to achieve a 20% efficiency gain by reducing tasks, and integrating duplicated functions.

Enhancing product power with original technologies & new products

■ Access control system IDSMART™

- Advanced access control system with low cost, that meets the need for greater security at offices, research labs, factories, etc.

■ High performance HVAC controller Infilex CR for clean rooms

- Controller for clean rooms offering low energy consumption. High energy efficiency and precise control simultaneously achieved through use of mathematical modeling predictive techniques.

■ Sapphire Capacitance Diaphragm Gauge for High Temperature

- For use in semiconductor manufacturing. Measurement element features industrial sapphire, highly resistant to corrosion. Helps to raise yields in semiconductor manufacturing processes.

■ Micro Chilled Mirror Hygrometer FINEDEW™

- Designed for fuel cell and scientific instrument markets. Meets demand for temperature/dew-point measurement, which is expected to increase for fuel cell humidity control applications

■ Development of highly sensitive DNA chips by ISS method using polymer masking technology

- Biochip designed for researchers in molecular biology and clinical medicine.




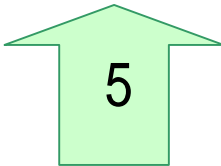

High performance
HVAC controller
Infilex CR



Sapphire Capacitance
Diaphragm Gauge for
High Temperature

Dividend for FY2004

Dividend for FY2004 is expected to increased by 9 yen to 23 yen per share

	First-half		Year-end		Annual	(Unit: Yen)
FY2004(forecast)	10	+	13	=	23	
						
FY2003(actual)	6		8		14	

In accordance with published (revised) dividend forecast of Nov. 11, 2004.

Dividend Forecast for FY2005

Dividend forecast for FY2005 at 40 yen, with additional 17 yen per share. Plus, a commemorative dividend of 10 yen per share is planned to mark Yamatake's centennial.

	First-half		Year-end		Annual
					(Unit: Yen)
FY2005(forecast)	20	+	30n	=	50
Normal dividend	10	+	7	=	17
Commemorative dividend	0	+	10	=	10
FY2004(forecast)	10		13		23

Enhanced distribution of profits to shareholders

- With the rise in share prices resulting from improved performance, Yamatake aims to satisfy the higher income gain needs of our shareholders.
- Retained earnings will be used to enhance shareholder value through growth such as business expansion and improved profitability.
- Giving careful consideration to the outlook for performance trends and the financial situation, the dividend will be set at a level that can be maintained and/or raised in the coming years.

Changes in Dividend

	FY2002 (Actual)	FY2003 (Actual)	FY2004 (Planned)	FY2005 (Planned)
	Annual	Annual	Annual	Annual
Dividend/share (¥)	12.0	14.0	23.0	50.0
Normal Dividend (¥)	12.0	14.0	23.0	40.0
Commemorative Dividend (¥)	0.0	0.0	0.0	10.0
Total Dividend (billions of yen)	0.88	1.03	1.69	3.68
Sareholder's Equity/share (%)	1.0%	1.1%	1.7%	3.5%^{*1} (Planned)
Payout ratio (%)	16.6%	31.8%	45.6%	47.2%^{*2} (Planned)

*1: 2.8% + a commemorative dividend of 10 yen (0.7%)

*2: 37.7% + a commemorative dividend of 10 yen (9.5%)