

FY2006(ending March 31, 2007) to mark Yamatake's 100th year

FY2004—FY2006

Overview of FY2005 and Business Plan

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.

May 17, 2006

Yamatake Corporation

Operating Plan for FY2006 ending March 31, 2007

	FY2004	FY2005	FY2006	Difference	
	(March 31, 2005)	(March 31, 2006)	(March 31, 2007)	(b)-(a)	%
	Actual	Actual(a)	Plan(b)		
Sales	180.8 bil.yen	188.3 bil.yen	230.0 bil.yen	41.7 bil.yen	22.1%
Op.income	9.4 bil.yen	13.5 bil.yen	16.0 bil.yen ※1	2.5 bil.yen	18.4%
% to Net Sales	5.2%	7.2%	7.0%		
Net income	3.7 bil.yen	9.8 bil.yen	9.0 bil.yen	-0.8 bil.yen	-8.1%

<u>ROE</u>	<u>3.8%</u>	<u>9.3%</u>	<u>7.9%</u>	(About 1.1 bil.yen, 15%) ^{※2}
【Reference】	6.1%	7.5% ※2		

● **Goal is to achieve business growth in excess of the targets laid out in the medium-term management plan(FY2004~FY2006) through collaboration with Kimmon Manufacturing.**

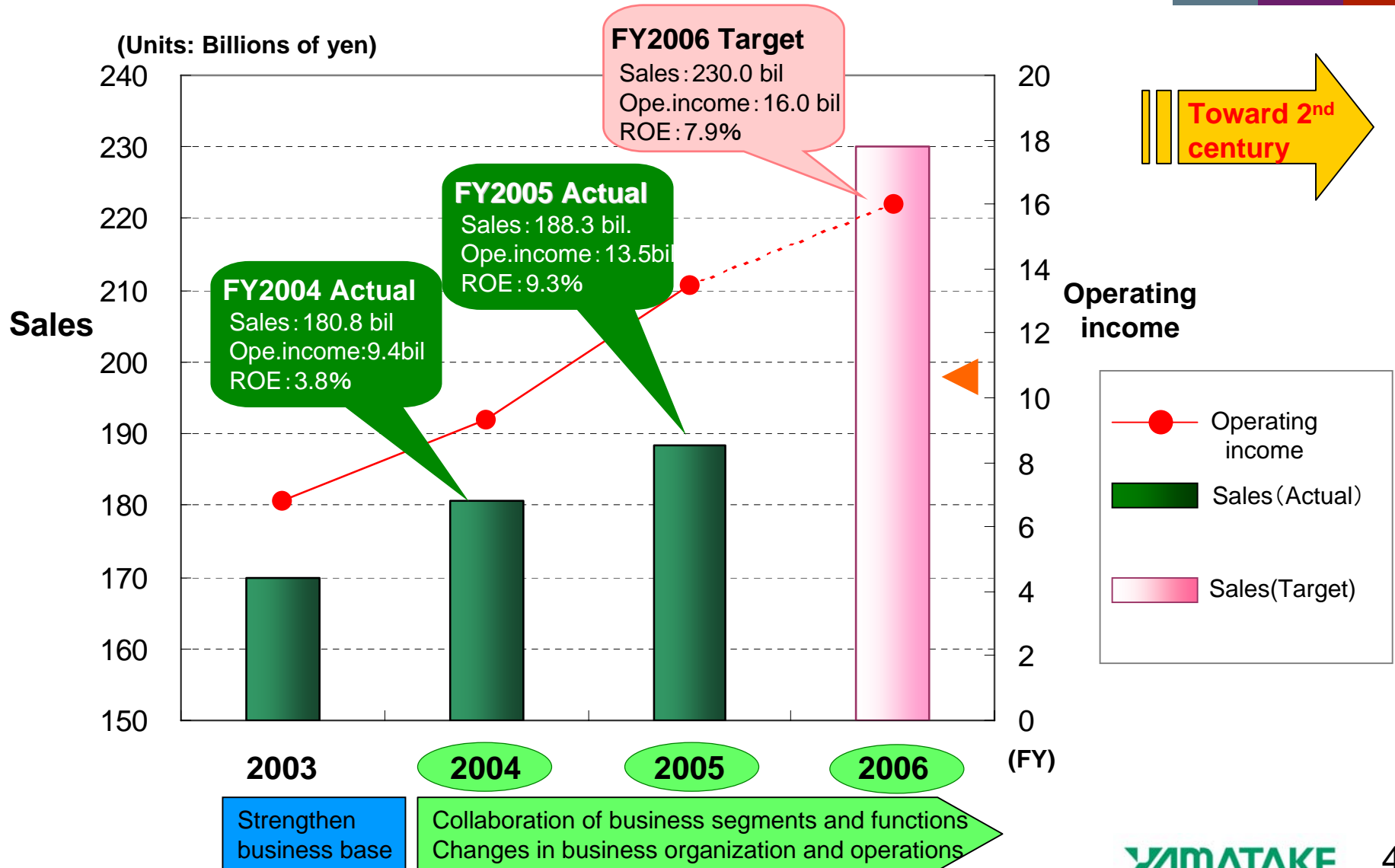
- Targets for the final year set at sales of 230.0 bill. yen and operating income of 16.0 bill. yen; both of these figures are significantly higher than the targets laid out in the medium-term management plan-namely, sales of 200.0 bill. yen, and operating income of 13.0 bil. yen.

※1: Kimmon's sales and profits are consolidated in FY2006. Consolidated adjustment account by this consolidation has been allocated to expenses.

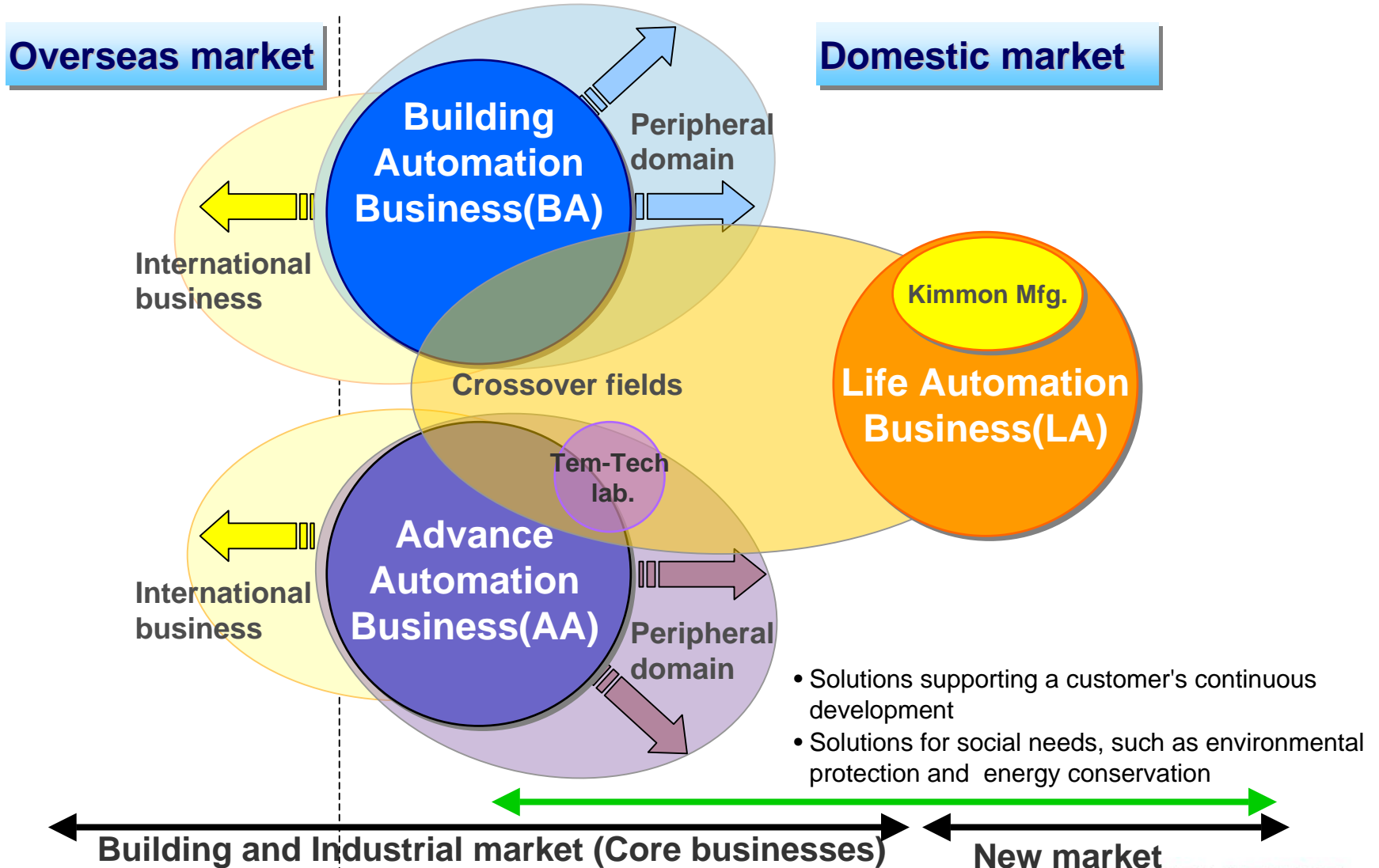
※2: ROE and increase in net income for FY2006 without an extraordinary profit from the land sale of part of the site of Yamatake's Industrial Operations Tokyo office, and sales of investment securities.

FY2004-FY2006

Medium Term Goals and Challenges



Expansion of Yamatake's Business Field



Building Automation Business

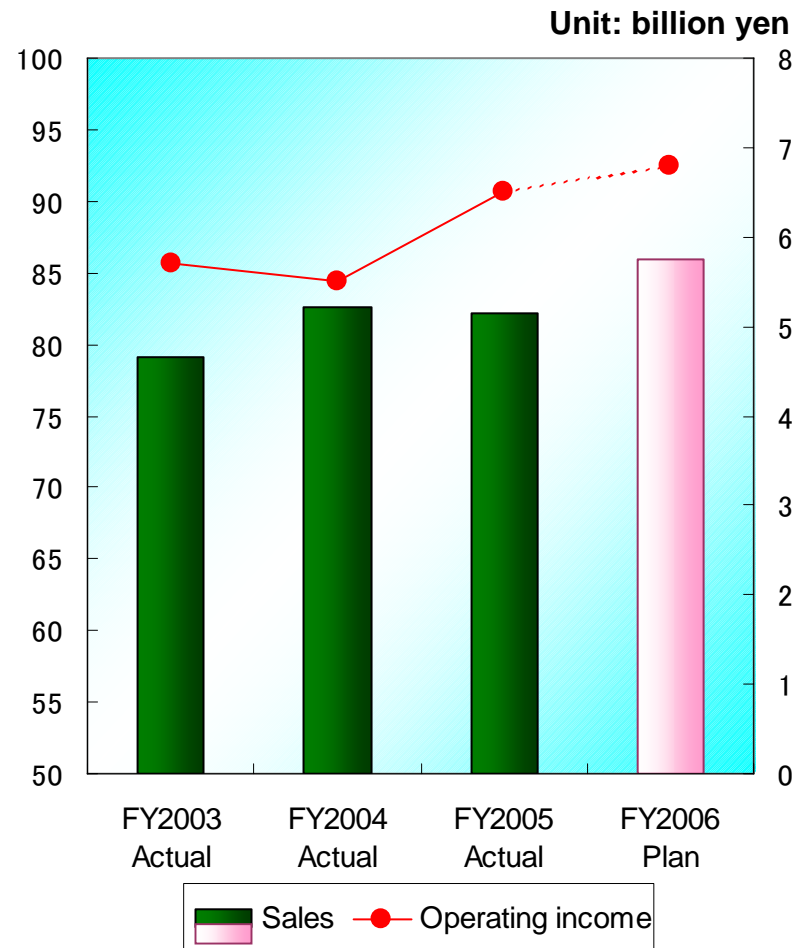
【Business environment and measures】

- ✓ In the market for new buildings, office buildings developments, which declined sharply in FY2005, have started to recover. The factory market has grown steadily.
- ✓ Due to the implementation of amended regulations related to environmental conservation, opportunities are increasing in the solution business centered on energy savings.
- ✓ Need for security of office buildings and factories is growing with the implementation of the Private Information Protection Law.

- ▶ Strengthen profitability and competitiveness by developing high-performance, high-profit products and bringing them to the market.
- ▶ Expand the existing buildings business centered on Yamatake's ESCO (tems) business
- ▶ Cultivate business targeting the factory HVAC market in collaboration with AA business*.
- ▶ Expand the security business by strengthening the product line.

*AA business: Advanced Automation business

Sales and operating income



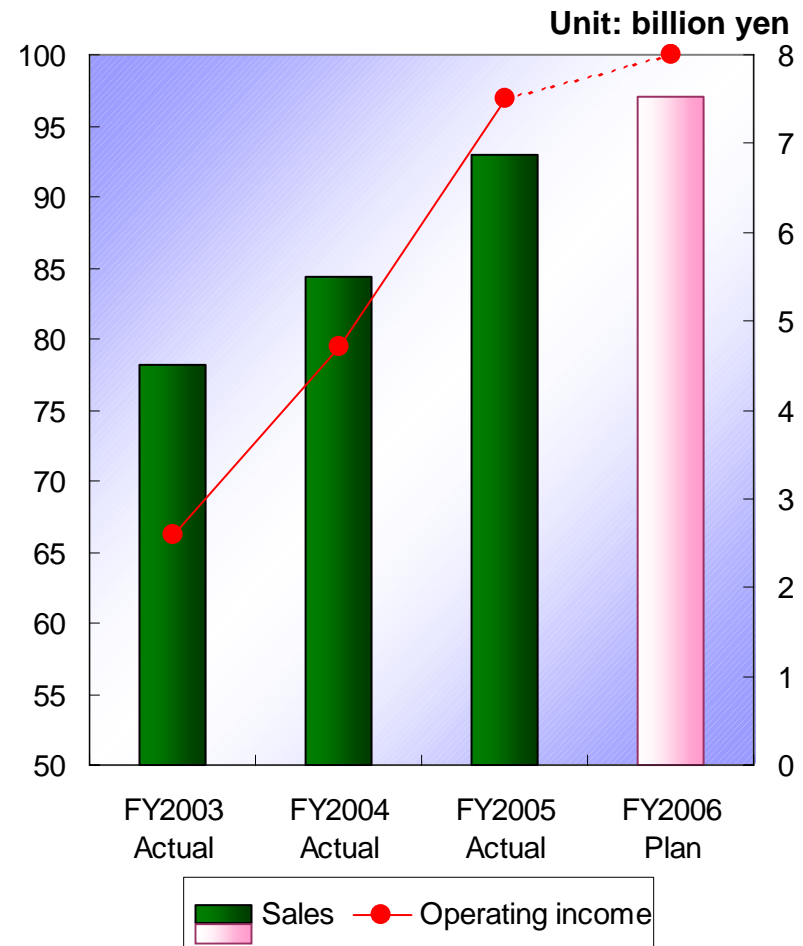
Advanced Automation Business

【Business environment and measures】

- ✓ High level of domestic capital investment will continue in FY2006.
- ✓ Needs for safety and reliability are increasing, such as in the tracking of products for quality control, and stable operation of plants.
- ✓ Investment is increasing in high value-added products, such as semiconductor-related materials.

- ▶ Expand further the product business
 - Develop business using Yamatake's original technologies
- ▶ Expand further business in overseas markets
 - Concentrate on China and other areas of Asia
- ▶ Continue to improve profitability as follows:
 - Shift to high-profit products, reform business process and reduce manufacturing cost, etc.

Sales and operating income



Life Automation Business

With the addition of Kimmon Manufacturing, it establishes the foundation for developing Yamatake's third core business.

▶ Care services business

- Expand the business domain (group home, support and services to obviate nursing care and prevent lifestyle-related diseases among the elderly, and nighttime in-home nursing care to cope with changes in the nursing care insurance system and health insurance law.)

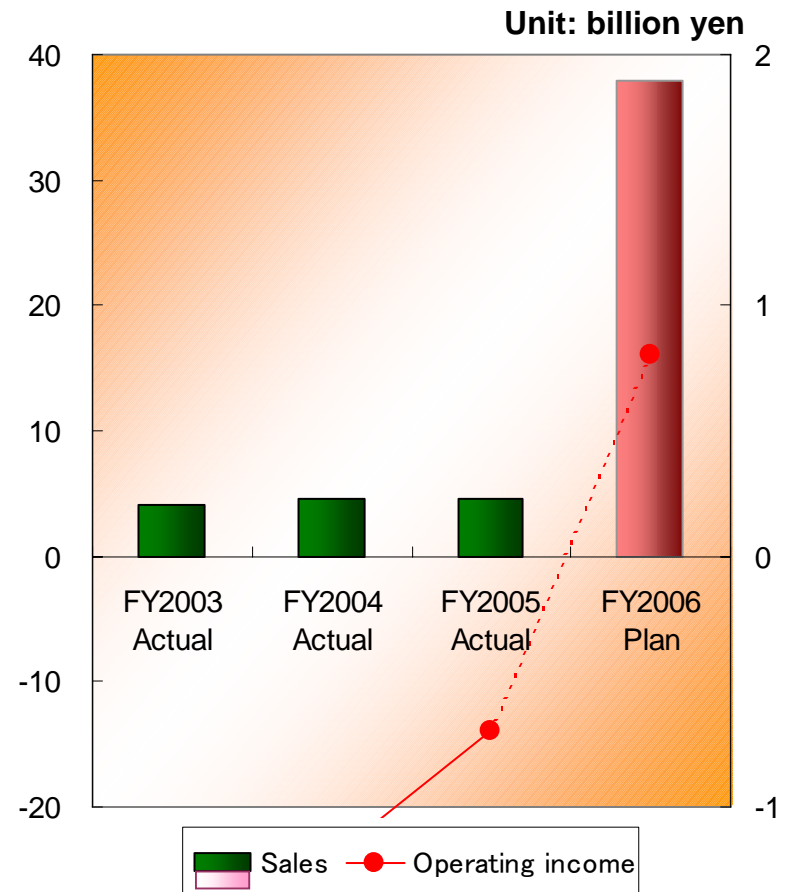
▶ Lifeline measurement & metering business

- Develop and release new products (flowmeters, and other meters).
- Reinforce the strength and scope of proposals through synergy of Yamatake and Kimmon.

▶ Cultivation of business based on proprietary technologies and collaboration

- Expand businesses in urban disaster prevention and environmental recycling.
- Investigate businesses based on next-generation DNA chips.

Sales and operating income

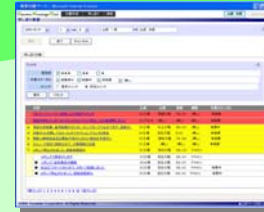


* Yamatake consolidates Kimmon's PL starting in FY2006

Enhancing product power with original technologies & new products

Solution Services

MainSTEP (Operation Knowledge Base)



“Sukoyaka Seikatsu” is a support service designed to obviate nursing care and to prevent lifestyle-related diseases among the elderly

Systems, Controllers

Savic-net FX
Savic-net FX security system



Products & technologies for promoting LA businesses

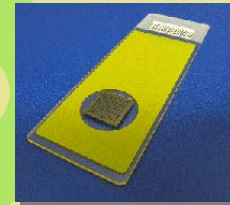
Sensors

Enhance BA Systems

Cooling Tower Controller
MIZCON Plus



Digital MassFlow Controller
CMQ-V series



DNA chips & its automated production systems

Enhance scope of products for AA business

Digital Fiber-Optic sensor
HPX-AGseries



Energy Meter



Actival-Mini
Proportional Valve for Fan Coil Units



New capacitive-type humidity sensor using MEMS technology



Changes in Business Operations

Transform the corporate culture and business foundation

Enhance productivity & solution-finding capabilities through collaboration between functions

- Structuring & transparency of business operations
- Consolidating & integrating geographically, functionally

Sales and Staff

- Improve staff productivity, and strengthen management planning and management control functions.
- Generate synergy by promoting collaboration between in-house companies, and thus expand orders.
(Improvement in staff operations, integration of Head Office functions, and consolidation of sales function in Tokyo area.)

R&D and Engineering functions

- Reinforce of product development capability by linking and strengthening product development and engineering function, and accelerating business development.
(Yamatake Technology Center to be completed in Oct 2006.)



Manufacturing (Integration and reorganization of manufacturing facilities)

- Enhance responsiveness to customer demands, reduce costs and increase speed by shifting to a production system reorganized according to technologies, products and functions.
(Reorganization of manufacturing facilities in Japan to be completed in 2007. Expansion of two factories in China: Operation in Shenzhen to start in Oct 2006.)



Dividend for FY2005 and Dividend forecast for FY2006

To promote return to our shareholders, we plan to increase normal dividend for FY2006 plans by 10 yen.

(Unit: Yen)

		First-half	Year-end		Annual
FY2006	Forecast	25	+ 25	=	50

Rise of normal dividend by ¥10 annually

FY2005	Plan	20	+ (20+10)	=	50
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※ normal dividend ¥20, commemorative dividend ¥10

Changes in Dividend

	FY2003 (Actual)	FY2004 (Actual)	FY2005 (Plan)	FY2006 (Forecast)
	Annual	Annual	Annual	Annual
Dividend per share	14.0 yen	23.0 yen	50.0 yen	50.0 yen
Normal dividend	14.0 yen	23.0 yen	40.0 yen	50.0 yen
Commemorative dividend	0.0 yen	0.0 yen	10.0 yen	0.0 yen
Total dividend	1.03 bil.yen	1.69 bil.yen	3.68 bil.yen	3.68 bil.yen
Dividend on equity ratio	1.1%	1.7%	3.3%※1	3.2%
Payout ratio	31.8%	45.6%	37.6%※2	40.9%

※ 1 : Normal dividend 2.7% + commemorative dividend of 10 yen (0.6%)

※ 2 : Normal dividend 30.0% + commemorative dividend of 10 yen (7.6%)

* Dividend on equity ratio : total dividend / shareholder's equity

* Payout ratio: total dividend / net income

Toward Yamatake's Second Century

