



May 9, 2008

Consolidated Financial Results for the Fiscal 2007 ended March 31, 2008

1. Performance for year (from April 1, 2007 to March 31, 2008)

- 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 2007	248,550	6.0	20,484	18.3	20,404	14.3	10,709	0.6
Fiscal 2006	234,572	24.6	17,313	28.1	17,857	28.1	10,646	8.7

	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 2007	145.63	-	9.0	8.9	8.2
Fiscal 2006	144.71	-	9.3	8.0	7.4

(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, 2008	228,843	121,721	52.6%	1,641.73
As of March 31, 2007	230,679	118,966	51.1%	1,602.33

Notes: Shareholders' equity

Fiscal 2007	120,366 million yen
Fiscal 2006	117,879 million yen

(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 2007	21,086	(611)	(6,432)	49,256
Fiscal 2006	7,523	(2,475)	(6,347)	35,190

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 2006	25.00	25.00	50.00	3,678	34.6	3.2
Fiscal 2007	30.00	30.00	60.00	4,406	41.2	3.7
Fiscal 2008 (Plan)	31.00	31.00	62.00	-	38.0	-



3. Forecast for Fiscal 2008 (April 1, 2008 to March 31, 2009)

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	113,500	(1.0)	6,600	(8.3)	6,500	(12.3)	3,600	8.9	48.09	
Annual	253,000	1.8	21,100	3.0	20,800	1.9	12,200	13.9	162.98	

Business segment	Sales	Operating income
	Million yen	Million yen
BA	103,000	12,700
AA	106,000	8,200
LA	37,700	50
Others	8,500	90
Consolidation	253,000	21,100

4. Other

(1) Change in scope of consolidation: None

(2) Change in accounting principles and procedures: The method of translation for the statements of income of the consolidated foreign subsidiaries was changed from the year ended March 31, 2008. In prior periods, all income and expenses of consolidated foreign subsidiaries were translated into Japanese yen at the period-end rates. From this period, all income and expenses of consolidated foreign subsidiaries are translated into Japanese yen at the average rate during the period. The effects of this change in accounting policy are immaterial.

(3) Number of shares issued(common stock)

- Number of shares outstanding(including treasury stocks)

March 31, 2008	73,576,256 shares
March 31, 2007	73,576,256 shares
- Treasury stocks at fiscal year end

March 31, 2008	258,935 shares
March 31, 2007	8,463 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 2007

	BS	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	99,504	104,554	36,277	8,213	248,550	-	248,550
2. Inter-segment	1,012	891	179	197	2,280	(2,280)	-
Total	100,517	105,445	36,456	8,411	250,831	(2,280)	248,550
Operating cost and expenses	88,765	96,520	36,742	8,328	230,357	(2,290)	228,066
Operating income(loss)	11,751	8,925	(285)	82	20,473	10	20,484

Fiscal 2006

	BS	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(loss)	8,459	9,068	(523)	352	17,356	(42)	17,313

b. Assets, Depreciation and Capital expenditure

Fiscal 2007

	BS	AA	LA	Others	Total	Elimination/ Corporate	Consoli- dation
Assets	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen
	53,490	74,570	32,601	5,063	165,725	63,118	228,843
Depreciation	999	2,182	1,153	51	4,387	-	4,387
Capital expenditure	1,080	3,159	230	18	4,488	-	4,488

Fiscal 2006

	BS	AA	LA	Others	Total	Elimination/ Corporate	Consoli- dation
Assets	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen
	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

Orders

Business segment	Orders April 1.2007 to March 31.2008		Backlog As of March 31.2008	
	Million yen	%	Million yen	%
BA	102,148	7.9	36,564	4.7
AA	102,912	1.3	25,631	(9.0)
LA	36,578	(1.2)	1,209	11.2
Others	8,811	(22.1)	1,506	36.2
Total	250,451	2.4	64,911	(0.6)
Elimination	(1,851)	-	(152)	-
Consolidation	248,599	2.6	64,758	0.1

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

Consolidated Balance Sheets

(Millions of yen)

ASSETS					
	(A) As of Mar. 31, 2007		(B) As of Mar. 31, 2008		Difference (B)-(A)
Current assets	159,720	69.2	169,582	74.1	9,861
Cash	24,075		32,347		8,271
Notes and accounts receivable	89,183		85,526		(3,657)
Marketable securities	5,992		13,390		7,397
Inventories	24,702		23,431		(1,270)
Deferred tax assets	5,716		5,692		(24)
Other current assets	10,405		9,589		(816)
Allowance for doubtful receivable	(356)		(394)		(38)
Fixed assets	70,958	30.8	59,261	25.9	(11,696)
Property, plant and equipment	30,677	13.3	29,345	12.8	(1,331)
Buildings and structures	16,527		15,341		(1,186)
Machinery and equipment	4,052		3,804		(248)
Furniture and fixtures	3,162		2,845		(316)
Land	6,548		6,473		(74)
Construction in progress	386		880		493
Intangible fixed assets	6,174	2.7	4,852	2.1	(1,321)
Investment and other assets	34,106	14.8	25,063	11.0	(9,043)
Investment securities	24,368		16,597		(7,770)
Long-term loans	678		740		61
Deferred tax assets	244		658		414
Other assets	9,297		7,627		(1,669)
Allowance for doubtful receivable	(482)		(560)		(78)
Total assets	230,679	100.0	228,843	100.0	(1,835)

(Millions of yen)

LIABILITIES AND SHAREHOLDERS' EQUITY/ LIABILITIES AND NET ASSETS					
	(A) As of Mar. 31, 2007		(B) As of Mar. 31, 2008		Difference (B)-(A)
Current liabilities	86,967	37.7	87,063	38.0	95
Notes and accounts payable	42,200		42,130		(70)
Short-term borrowings	14,017		14,332		315
Bonds redeemed within one year	260		110		(150)
Income taxes payable	4,938		5,763		824
Advance payments	3,382		2,826		(556)
Accrued bonuses	8,754		8,950		196
Other current liabilities	13,413		12,949		(464)
Long-term liabilities	24,744	10.7	20,059	8.8	(4,685)
Long-term debt	6,152		4,217		(1,935)
Bonds	420		310		(110)
Deferred tax liabilities	1,954		1,072		(881)
Liability for employees' retirement benefits	15,874		13,994		(1,879)
Liability for retirement benefits for directors and corporate auditors	173		186		12
Other long term liabilities	169		278		108
Total liabilities	111,712	48.4	107,122	46.8	(4,589)
Shareholders' equity	110,185	47.8	116,190	50.8	6,005
Common stock	10,522	4.6	10,522	4.6	0
Capital surplus	12,647	5.5	12,647	5.5	0
Retained earnings	87,025	37.7	93,688	41.0	6,663
Treasury stock	(10)	(0.0)	(667)	(0.3)	(657)
Adjustments for valuation, foreign currency translation and others	7,694	3.3	4,175	1.8	(3,518)
Unrealized gain on available-for-sale securities	7,477	3.2	3,857	1.7	(3,620)
Loss on Deferred hedge	(1)	(0.0)	0	0.0	2
Foreign currency translation adjustments	218	0.1	317	0.1	99
Minority interests	1,086	0.5	1,354	0.6	267
Total net assets	118,966	51.6	121,721	53.2	2,754
Total liabilities & total net assets	230,679	100.0	228,843	100.0	(1,835)

Consolidated Statements of Income

(Millions of yen)

	(A) Apr. 1, 2006 to Mar. 31, 2007		(B) Apr. 1, 2007 to Mar. 31, 2008		Difference (B)-(A)
Net sales	234,572	100.0	248,550	100.0	13,978
Cost of sales	149,792	63.9	158,604	63.8	8,812
Gross profit	84,779	36.1	89,946	36.2	5,166
Selling, general and administrative expenses	67,466	28.7	69,461	28.0	1,995
Operating income	17,313	7.4	20,484	8.2	3,170
Non-operating income	1,109	0.4	927	0.4	(181)
Interest income	121		239		118
Dividend income	287		326		38
Exchange gain	132		0		(132)
Others	567		361		(205)
Non-operating expenses	565	0.2	1,007	0.4	442
Interest expense	209		278		68
Exchange loss	0		279		279
Others	356		449		93
Recurring income	17,857	7.6	20,404	8.2	2,546
Extraordinary profit	629	0.3	3,110	1.3	2,480
Gain on sales of property, plant and equipment	384		2,832		2,448
Gain on sales of investment securities	76		277		201
Reversal of allowance for doubtful notes and receivable	169		0		(169)
Extraordinary loss	631	0.3	3,973	1.6	3,342
Loss on sales or disposals of property, plant and equipment	208		280		71
Impairment loss	0		3,107		3,107
Allowance for doubtful notes and receivable	0		190		190
Factory relocation expenses	418		167		(251)
Warranty expense	0		140		140
Loss on impairment of investment securities	2		66		64
Retirement of treasury stock held by acquiring firm	0		19		19
Loss on sales of investment securities	1		1		0
Income before income taxes and minority interest	17,855	7.6	19,540	7.9	1,684
Income taxes - current	5,970		7,360		1,389
Income taxes - deferred	1,027		1,157		129
Minority interests in net income	211		313		102
Net income	10,646	4.5	10,709	4.3	63

Consolidated Statements of Changes in Net Asset

FY2007

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	10,522	12,647	87,025	(10)	110,185
Changes of items during the period					
Dividends from retained earnings			(4,046)		(4,046)
Net income			10,709		10,709
Purchase of treasury stock				(657)	(657)
Net changes of items other than shareholders' equity during the period					
Total changes of items during the period	-	0	6,663	(657)	6,005
Balance as of March 31, 2008	10,522	12,647	93,688	(667)	116,190

	Adjustments for valuation, foreign currency translation and others				Minority interests	Total net assets
	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, 2007	7,477	(1)	218	7,694	1,086	118,966
Changes of items during the period						
Dividends from retained earnings						(4,046)
Net income						10,709
Purchase of treasury stock						(657)
Net changes of items other than shareholders' equity during the period	(3,620)	2	99	(3,518)	267	(3,251)
Total changes of items during the period	(3,620)	2	99	(3,518)	267	2,754
Balance as of March 31, 2008	3,857	0	317	4,175	1,354	121,721

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 of March 31, 2007	10,522	12,647	87,025	(10)	110,185

	Adjustments for valuation, foreign currency translation and others				Minority interests	Total net assets
	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 of March 31, 2007	7,477	(1)	218	7,694	1,086	118,966

Consolidated Statements of Cash Flows

(Millions of yen)

	Apr. 1, 2006 to Mar. 31, 2007	Apr. 1, 2007 to Mar. 31, 2008
Operating activities		
Income before income taxes and minority interests	17,855	19,540
Depreciation and amortization	3,890	4,387
Amortization of excess of acquired net equity over cost	689	650
Provision for doubtful receivables	(199)	203
Increase(decrease) in liabilities for retirement benefits	(652)	(1,879)
Increase(decrease) in liabilities for retirement benefits for directors and corporate auditors	(28)	12
Increase(decrease) in accrued bonuses	563	196
Increase(decrease) in accrued directors' bonuses	88	(8)
Interest and dividend income	(409)	(565)
Interest expenses	209	278
Foreign exchange loss(gain)	(36)	32
Gain on sale of property, plant and equipment	(383)	(2,832)
Loss on sale or disposal of property, plant and equipment	205	250
Gain on sale of investment securities	(76)	(277)
Loss on sale of investment securities	1	1
Loss on impairment of investment securities	2	66
Loss on impairment of golf membership	-	2
Impairment loss	-	3,107
Bonuses to directors	(46)	-
Decrease(increase) in accounts receivable	(9,414)	3,730
Decrease(increase) in inventories	(3,120)	1,241
Increase(decrease) in notes and accounts payable	2,244	(74)
Decrease(increase) of other current assets	(371)	79
Increase(decrease) of other current liabilities	1,922	(669)
Sub Total	12,936	27,474
Receipt of interest and dividend income	396	566
Payment for interest expenses	(213)	(279)
Income taxes - refunded	27	51
Income taxes - paid	(5,623)	(6,726)
Net cash provided by operating activities	7,523	21,086
Investing activities		
Purchase of time deposits with maturity over three months	(216)	(992)
Proceeds of time deposits with maturity over three months	24	317
Purchase of deposit with the restriction	(229)	(121)
Proceeds of deposit with the restriction	201	144
Purchase of marketable securities	-	(2,943)
Proceeds from sales of marketable securities	0	3,066
Purchase of beneficiary securities of trust over three months	(3,198)	-
Proceeds from sales of beneficiary securities of trust over three months	3,236	-
Purchase of property, plant and equipment	(5,334)	(4,506)
Proceeds from sale of property, plant and equipment	1,997	3,244
Purchase of intangible fixed assets	(369)	(502)
Purchase of investment securities	(267)	(51)
Proceeds from sale of investment securities	230	366
Redemption of investment securities	100	1,550
Purchase of stocks of newly consolidated subsidiaries	1,307	-
Other - net	43	(182)
Net cash used in investing activities	(2,475)	(611)
Financing activities		
Increase in short-term borrowings	2,429	1,788
Repayment of short-term borrowings	(2,382)	(1,453)
Increase in long-term debt	-	100
Repayment of long-term debt	(2,276)	(1,897)
Redemption of bond	(55)	(260)
Dividends paid	(4,044)	(4,043)
Dividends paid for minority in consolidated subsidiary company	(15)	(10)
Purchase of treasury stock	(2)	(657)
Net cash used in financing activities	(6,347)	(6,432)
Net cash used in translation of cash & cash equivalents	186	23
Net increase(decrease) in cash & cash equivalents	(1,112)	14,065
Cash & cash equivalents ,beginning of year	36,303	35,190
Cash & cash equivalents, end of year	35,190	49,256

Notes to Consolidated Financial Results

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

1. Market Conditions and Results

1) Summary of Consolidated Financial Results

During the current consolidated accounting period, the Japanese economy saw a modest increase in capital investment, underpinned by healthy corporate earnings, and also a modest recovery in consumer spending, despite sharp rises in the costs of crude oil and raw materials. Nevertheless, in the second half of the period the economic outlook appeared increasingly uncertain owing to the domestic impact of the US subprime mortgage loan problem and the rapid appreciation of the Japanese yen.

Overseas, triggered by the US subprime mortgage loan problem, the slowdown in the US economy grew more pronounced, and even in Europe concerns over an economic downturn spread. In Asia, however, economic growth continued – most noticeably in China.

Under these economic conditions, Yamatake's Building Automation (BA) business continued to enjoy a favorable business environment, as it had in the previous consolidated accounting period. With demand spurred by redevelopment projects centered in the Tokyo metropolitan area and increasing requirements for CO₂ (environmental load) reductions in large-scale buildings, investment expanded in all three markets – new buildings, existing buildings, and services – and, as a result of sales activities that targeted these business opportunities, Yamatake achieved large increases in both sales and operating income.

In contrast, the Advanced Automation (AA) business has suffered from a slowdown in domestic capital investment; this had previously been limited to a few markets, such as the semiconductor market, but it has now spread to several other markets. Nevertheless, there has been continued investment in enhancing safe operation at existing factories and plants. AA businesses positioned to benefit from the robust investment witnessed in the Asian region have expanded. With the additional earnings of Royal Controls, which became a consolidated subsidiary from FY2006 2H, sales increased. However, a fall in operating income, compared to the previous consolidated accounting period, was unavoidable owing to steep rises in the cost of raw materials, etc.

For Yamatake's Life Automation (LA) business, the business environment continued to be severe owing to several factors, including price competition, a steep rise in the cost of raw materials, and a cyclical drop-off in demand, which was most pronounced in the current period. All of this led to decreased earnings. However, operating loss improved through measures to enhance profitability and cost-cutting. Also, as of April 1, 2008, Kimmon Manufacturing, became a wholly owned subsidiary of Yamatake through a stock swap. This will lead to further progress being made with the Kimmon-Yamatake Jump-up Plan, which aims to strengthen the company's business structure and improve profitability by making more effective use of the Group's resources.

Among the new products launched by Yamatake in the current consolidated accounting period was an upgraded version of savic-netFX, a building automation system supplied by the BA business. The product now incorporates ultra large-scale building complex monitoring functions; it is thus suited for managing giant complexes that can include offices, commercial facilities, hotels, and residential apartments. Also, the AA business started marketing the MCF Series mass flowmeters for compressed air management; these mass flowmeters are equipped with thermal Micro Flow sensors developed by Yamatake. Also, the SDC45A/46A digital indicating controller won the 2007 Good Design Award in the product design category.

As a result, in the current consolidated accounting period, both BA and AA businesses achieved sales growth. Sales of 248.5 billion yen (up 6.0% on the previous year) were recorded. Turning to income, due to the increased sales brought in by the BA business, as well as outlay efficiencies, operating income was 20.4 billion yen (up 18.3% on the previous year); recurring income was 20.4 billion yen (up 14.3% on the previous year); and net income was 10.7 billion yen (up 0.6% on the previous year).

Summarized below is the performance for each of Yamatake's business segments.

2) Building Automation Business

For the Building Automation (BA) business, stiff price competition continues as before, but in Japan there has been brisk investment in the markets for both new buildings and existing buildings.

In the market for new buildings, sales have grown as a result of investment in construction continuing to expand for redevelopment projects centered in the Tokyo metropolitan area

and also in the manufacturing industry. Moreover, Yamatake achieved significant sales growth in both existing buildings and services, including its ESCO (Energy Service COmpany) business. This can be explained by a new emphasis on measures and regulations aimed at meeting Japan's commitment to reduce carbon dioxide emissions, as laid down in the Kyoto Protocol, as well as by heightened corporate concerns about conserving energy. Furthermore, in the security (room access control) business, sales have grown significantly as a result of increased demand among customers – particularly financial institutions – for stronger data protection and internal controls.

Yamatake's international business has been affected by manufacturers' reassessing their production bases in China and in the Southeast Asian region, and by the resulting postponement of investments. In particular, the slowdown in projects for Japanese-owned factories in China has led to a small drop in revenue.

As a result, overall sales for the BA business for the current consolidated accounting period were 100.5 billion yen (up 13.0% on the previous year), and operating income rose by 38.9% over the previous year to reach 11.7 billion yen.

3) Advanced Automation Business

In the Advanced Automation business, slowing capital investment within Japan, which had been evident in the semiconductor market at the start of the year, started to spread to other markets from autumn onwards. This is casting a long shadow over the business outlook.

Despite the increasing uncertainty regarding domestic capital investment, customer needs for safety, stable operations, energy savings and advanced control remain as strong as ever, and in these fields Yamatake has been offering unique products and applications with high added value, supplying customers with services and diverse solutions for the issues they face on-site. Moreover, the additional earnings of Royal Controls, which became a consolidated subsidiary in FY2006 2H, have contributed to an overall growth in sales. Looking abroad, robust growth was achieved by Yamatake's overseas sales subsidiaries.

As a result, overall sales for the AA business for the current consolidated accounting period were 105.4 billion yen (up 5.7% on the previous year), while operating income fell by 1.6% from the previous year to 8.9 billion yen.

4) Life Automation Business

In the LA business, the business environment continues to be harsh. Nevertheless, progress has been made with steps aimed at improving profitability.

Kimmon Manufacturing has been facing a difficult business environment as a result of such factors as the steep rise in the cost of raw materials and a drop in sales prices. Its town gas equipment business has suffered an additional challenge: demand for its products is cyclical in nature and this period coincided with the lowest point in the cycle. However, efforts have been made to strengthen sales, for example by working with the AA business to expand the product lineup. Also, the LP gas equipment business is entering a period of increased demand and sales opportunities have been actively pursued. Additionally, increased cooperation within the Yamatake Group has facilitated implementation of the Kimmon-Yamatake Jump-up Plan, which aims to strengthen the company's business structure and improve profitability.

In the emergency dispatch service and care service fields, Yamatake has striven to improve operational efficiency. It has also made some progress in expanding the business field, such as offering a service for the prevention of lifestyle-related diseases.

As a result, overall sales for the LA business for the current consolidated accounting period were 36.4 billion yen, down 347 million yen from the previous year. Conversely, operating income rose by 237 million yen from the previous year.

5) Other Businesses

Overall sales for other businesses for the current consolidated accounting period were 8.4 billion yen, down 24.4% on the previous year. Operating income was 82 million yen, a drop of 76.5% from the previous year.

2. Outlook for FY2008 (ending March 31, 2009)

(Billions of yen)

		FY2007 (Mar.2008)	FY2008 (Mar.2009)	Difference	%
Building Automation	Sales	100.5	103.0	2.4	2.5
	Operating income	11.7	12.7	0.9	8.1
Advanced Automation	Sales	105.4	106.0	0.5	0.5
	Operating income	8.9	8.2	(0.7)	(8.1)
Life Automation	Sales	36.4	37.7	1.2	3.4
	Operating income	(0.2)	0.0	0.3	-
Others	Sales	8.4	8.5	0.0	1.1
	Operating income	0.0	0.0	0.0	8.9
Consolidated	Sales	248.5	253.0	4.4	1.8
	Operating income	20.4	21.1	0.6	3.0
	Recurring income	20.4	20.8	0.3	1.9
	Net income	10.7	12.2	1.4	13.9

Looking at the business climate in the next accounting period, owing to steep rises in the cost of energy and raw materials, the slowdown in the US economy, exchange-rate fluctuations, etc., it is expected that there will be a heightened sense of uncertainty regarding the direction of the economy. It is true that in China and other Asian countries, including Japan, there are healthy trends – in such fields as factory HVAC, energy saving, and enhancing safe operation – yet overall a worsening of the capital investment environment is forecast. Furthermore, the Yamatake Group is in the middle of its Medium-Term (3-Year) Plan; this started in FY2007 (ending March 31, 2008) and has as its stated goal “firmly establishing the foundation” of the Group. In FY2008 (ending March 31, 2009), the 2nd year of the Plan, the infrastructure of each of the businesses, both in Japan and overseas, will be further developed. As regards the operating results forecast for the next period, despite the fact that the uncertain economic climate will continue, infrastructure improvements for its businesses and frameworks, in addition to strengthening of the three core businesses, will lead to sales of 253.0 billion yen (up 4.4 billion yen or 1.8%), operating income of 21.1 billion yen (up 0.6 billion yen or 3.0%), and recurring income of 20.8 billion yen (up 0.3 billion yen or 1.9%). Net income is forecast at 12.2 billion yen (up 1.4 billion yen or 13.9%).

Despite a fall in new building projects within the Tokyo metropolitan area, large-scale production facility projects are planned, and it is thus expected that the Building Automation

business will continue to operate in high gear. In the markets for existing buildings and services, because of the new focus on meeting Japan's commitment to reduce carbon dioxide emissions, as laid down in the Kyoto Protocol, government regulations will be tightened; it is also expected that there will be heightened demand for energy-saving upgrades to facilities. Yamatake is determined to make the most of this business opportunity to increase sales, and to ensure this the business structure will be enhanced. Overseas, local business infrastructure development will be encouraged. Taking into account the business climate and proposed measures outlined above, overall sales are expected to reach 103.0 billion yen. While profits are expected to suffer from continued stiff price competition, by ensuring effective cost-cutting and launching high value-added products, Yamatake expects operating income to be 12.7 billion yen.

Looking at the Advanced Automation business, uncertainty in the domestic market environment will increase, and generally speaking it is predicted Yamatake will be faced with an extremely difficult business climate. Even so, Yamatake will enhance its sales structure to propose solutions that combine its original technologies, products, and services for customers involved with equipment for manufacturing flat panel (LCD) displays and advanced materials. Furthermore, investment is expected to continue among customers seeking to secure safe, stable operations in existing factories and plants, and Yamatake will similarly enhance its ability to propose solutions and services to meet this need. Overseas in the Asian region, where economic conditions are expected to remain favorable, Yamatake will make progress with developing the business infrastructure for sales, etc. – especially in China, Korea, and Southeast Asia. At the same time, overseas affiliates will be encouraged to expand their business by offering solutions to issues facing their customers. Taking into account the business climate and proposed measures outlined above, overall sales are expected to reach 106.0 billion yen. Profits will benefit from further efforts at cost-cutting and also further strengthening of the profit structure of the business, and as a result operating income of 8.2 billion yen is expected.

In the Life Automation business, Yamatake is aiming to improve the profitability of Kimmon Mfg., in particular, but also in other business fields and to look for opportunities to expand in peripheral business fields. For Kimmon Mfg., a recovery is expected in demand for town gas meters, following that for LP gas meters. Further improvements will come from management integration following Yamatake's conversion of Kimmon Mfg. into a wholly owned subsidiary – enhanced profitability, business field expansion, and infrastructure development. Achieving

these goals surely and speedily is expected to lead to increased sales and profits. As regards the emergency dispatch and nursing care services, in response to the Health Insurance Law revisions and moves to reform Japan's health service, Yamatake will seek to expand the scope of its business. Through such efforts, it is expected that sales will reach 37.7 billion yen, while operating income will be 50 million yen.

3. Basic policy regarding profit sharing and the dividends for the current / next accounting period

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 60 yen per share for FY2007(ended March 31, 2008), as announced. Looking ahead to FY2008(ending March 31, 2009), Yamatake plans to further increase the normal dividend by 2 yen to 62 yen per share annually. This is to promote profit sharing with its shareholders, taking into account the forecast for improved operating results in a business climate in which uncertainty is increasing.

As regards the appropriation of retained earnings, the management proposes to make effective 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.