

Consolidated Financial Results

for the First Half of Fiscal Year 2007 ending March 31, 2008 and

Operating Plan

for Fiscal Year 2007 ending March 31, 2008

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.

* Figures are rounded off.

The logo for azbil, featuring the word "azbil" in a bold, red, lowercase sans-serif font with a white outline.

Operating Results for 1H of FY2007

azbil

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Operating Results



| | (Millions of yen) | | | |
|----------------------|---------------------|---------------------|-------------------|-----------------|
| | <u>1H of FY2006</u> | <u>1H of FY2007</u> | <u>Difference</u> | <u>% Change</u> |
| Orders | 129,110 | 136,467 | 7,358 | 5.7 |
| Net Sales | 104,273 | 114,678 | 10,405 | 10.0 |
| Gross profit | 37,596 | 40,782 | 3,185 | 8.5 |
| % to Net sales | 36.1 | 35.6 | (0.5) | |
| Operating income | 5,358 | 7,200 | 1,841 | 34.4 |
| % to Net sales | 5.1 | 6.3 | 1.1 | |
| Recurring income | 5,638 | 7,411 | 1,773 | 31.5 |
| Net income | 3,299 | 3,307 | 8 | 0.3 |
| <hr/> | | | | |
| Total assets | 207,021 | 219,490 | 12,469 | 6.0 |
| Shareholders' equity | 110,819 | 118,341 | 7,522 | 6.8 |

Non-operating Income & Expenses and Extraordinary Gain & Loss



(Millions of Yen)

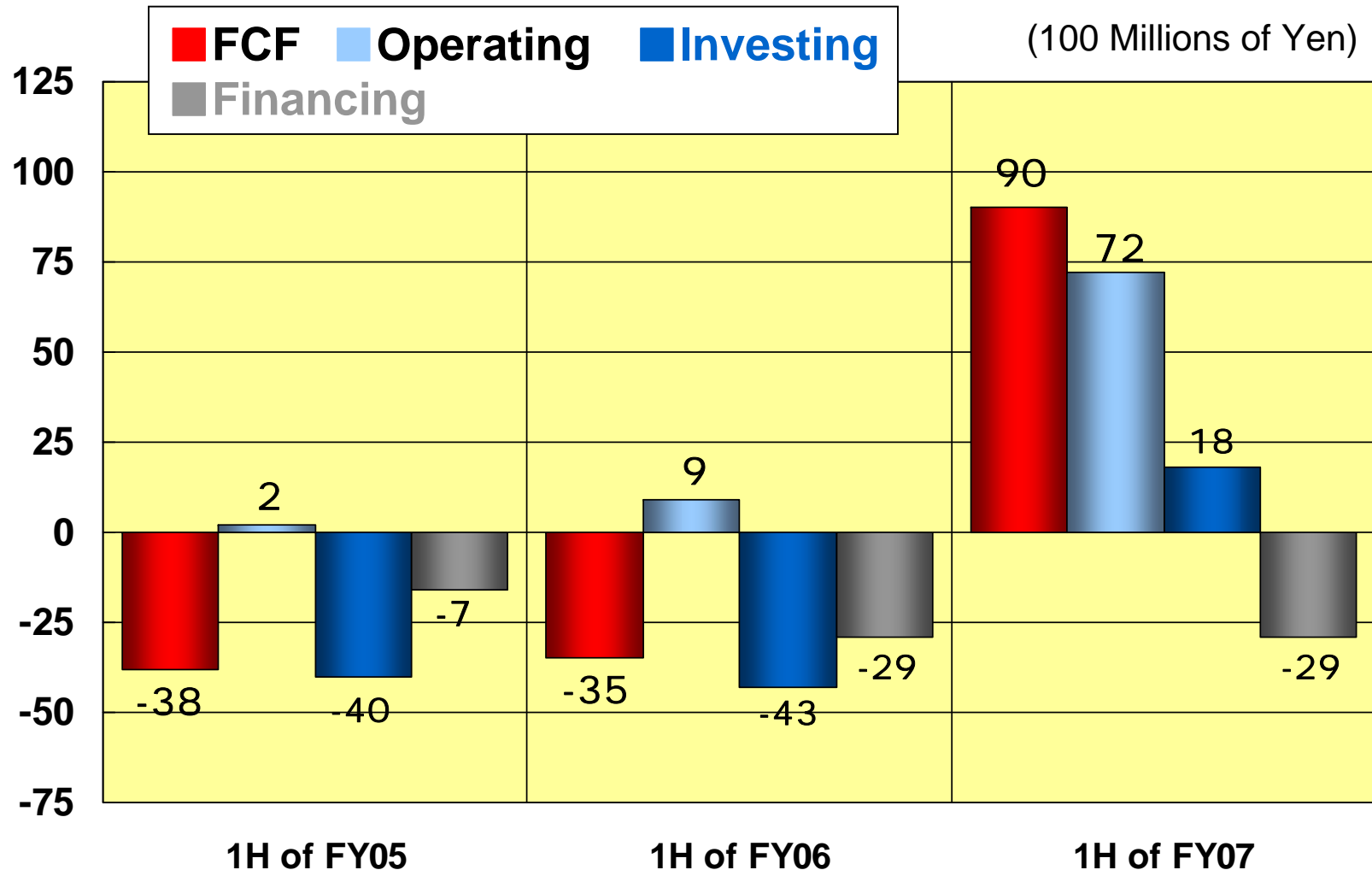
| | 1H of FY06 | 1H of FY07 | Difference | % Change |
|---|------------|------------|------------|----------|
| Operating income | 5,358 | 7,200 | 1,841 | 34.4 |
| Non-op. income | 544 | 541 | (2) | (0.5) |
| Non-op. expenses | 264 | 330 | 66 | 24.9 |
| Reccuring income | 5,638 | 7,411 | 1,773 | 31.5 |
| Extra. profit | 60 | 3,082 | 3,022 | - |
| Extra. loss | 132 | 3,058 | 2,926 | - |
| Income before income taxes and minority interest | 5,566 | 7,436 | 1,869 | 33.6 |
| Income taxes and minority interests | 2,267 | 4,128 | 1,861 | 82.1 |
| Net income | 3,299 | 3,307 | 8 | 0.3 |

Balance Sheets



| | 2006/09 | 2007/09 | Dif. | | 2006/09 | 2007/09 | Dif. |
|------------------------------------|----------------|----------------|----------------|---|----------------|----------------|----------------|
| (Millions of yen) | | | | | | | |
| Current assets | 136,997 | 156,113 | 19,116 | Current liabilities | 70,589 | 76,834 | 6,245 |
| Cash | 22,759 | 22,485 | (274) | Notes & accounts payable | 34,142 | 37,922 | 3,780 |
| Notes & accounts receivable | 73,421 | 78,805 | 5,383 | S.T. Borrowings & Bonds | 14,117 | 14,047 | (71) |
| Marketable securities | 2,997 | 15,996 | 12,999 | Others | 22,329 | 24,865 | 2,536 |
| Inventories | 24,897 | 26,470 | 1,574 | | | | |
| Others | 12,923 | 12,357 | (566) | | | | |
| Fixed assets | 70,024 | 63,377 | (6,647) | Long-term liabilities | 24,920 | 23,049 | (1,872) |
| Net P.P.E | 30,843 | 29,558 | (1,285) | L.T. debt & Bonds | 6,987 | 5,601 | (1,386) |
| Intangible fixed assets | 6,528 | 5,220 | (1,308) | Employees' retirement benefits | 16,305 | 14,963 | (1,343) |
| Investment & others | 32,653 | 28,600 | (4,054) | Others | 1,628 | 2,485 | 857 |
| | | | | Total liabilities | 95,509 | 99,883 | 4,374 |
| | | | | Shareholders' equity | 104,679 | 111,653 | 6,974 |
| | | | | -Common stock | 10,523 | 10,523 | 0 |
| | | | | -Capital surplus | 12,648 | 12,648 | 0 |
| | | | | -Retained earnings | 81,518 | 88,494 | 6,976 |
| | | | | -Treasury stock | (9) | (11) | (2) |
| | | | | Adjustments for valuation, foreign currency transaction & others | 6,140 | 6,688 | 549 |
| | | | | -Unrealized gain on available- for sale-securities | 6,089 | 6,143 | 54 |
| | | | | -Loss on deferred hedge | (0) | (1) | (1) |
| | | | | -Foreign currency transaction adjustments | 51 | 546 | 495 |
| | | | | Minority interests | 693 | 1,266 | 573 |
| | | | | Total net assets | 111,512 | 119,607 | 8,095 |
| Total Assets | 207,021 | 219,490 | 12,469 | Total liabilities & Total net assets | 207,021 | 219,490 | 12,469 |
| Cash & Cash Equivalents | 29,926 | 41,587 | 11,661 | | | | |

Summary of Cash Flows



Sales and Income by Business Segment **azbil**

| | | (Millions of yen) | | | |
|---------------------------|------------|-------------------|-------------------|-------------------|-----------------|
| | | <u>1H of FY06</u> | <u>1H of FY07</u> | <u>Difference</u> | <u>% Change</u> |
| BA | Net sales | 36,495 | 43,310 | 6,814 | 18.7 |
| | Op. income | 1,620 | 3,177 | 1,558 | 96.2 |
| | % | 4.4 | 7.3 | 2.9 | |
| AA | Net sales | 45,004 | 49,526 | 4,522 | 10.0 |
| | Op. income | 3,846 | 4,122 | 277 | 7.2 |
| | % | 8.5 | 8.3 | (0.2) | |
| LA | Net sales | 18,574 | 18,461 | (113) | (0.6) |
| | Op. income | (284) | (219) | 65 | — |
| | % | (1.5) | (1.2) | 0.3 | |
| New& | Net sales | 5,306 | 4,303 | (1,003) | (18.9) |
| Others | Op. income | 180 | 95 | (84) | (47.0) |
| | % | 3.4 | 2.2 | (1.2) | |
| Consoli. Net sales | | 104,273 | 114,678 | 10,405 | 10.0 |
| | Op. income | 5,358 | 7,200 | 1,841 | 34.4 |
| | % | 5.1 | 6.3 | 1.1 | |

Building Automation Business

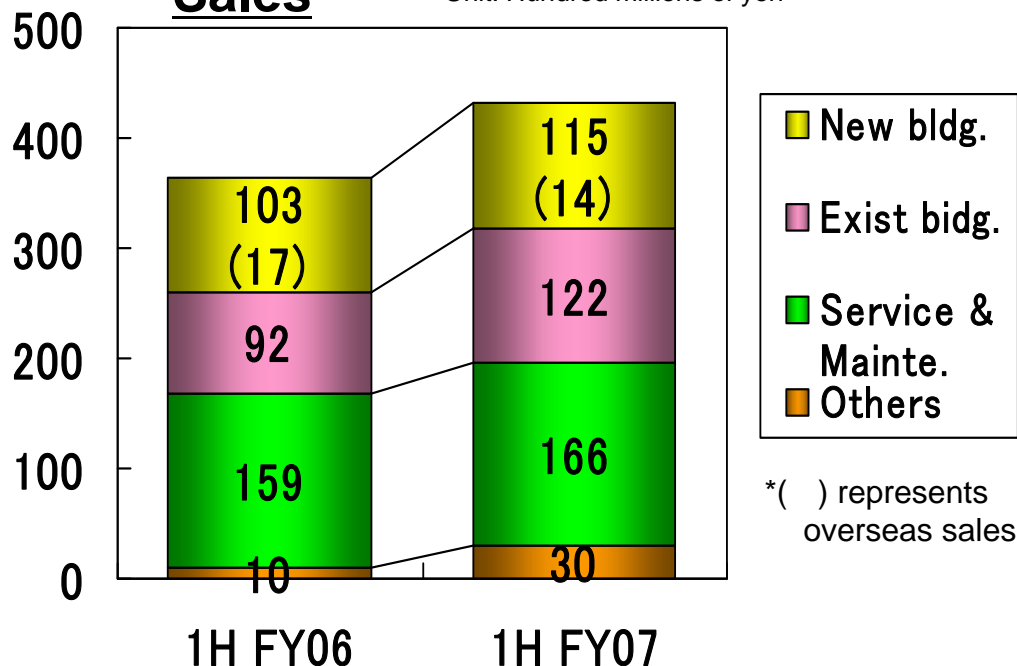


(Millions of yen)

| | <u>1H of FY06</u> | <u>1H of FY07</u> | <u>Difference</u> | <u>% Change</u> |
|---------------|-------------------|-------------------|-------------------|-----------------|
| BA Net sales | 36,495 | 43,310 | 6,814 | 18.7 |
| Op. income | 1,620 | 3,177 | 1,558 | 96.2 |
| % | 4.4 | 7.3 | 2.9 | |
| Orders | 55,941 | 61,117 | 5,176 | 9.3 |
| Order backlog | 48,680 | 52,739 | 4,059 | 8.3 |

Sales

Unit: Hundred millions of yen



- ◆ **New buildings:** The Tokyo metro area's office building market and factory HVAC market continue to be very lively, resulting in sales growth of 1.2 billion yen (12%) compared with the same period last year .
- ◆ **Existing buildings and service:** Market for existing buildings has grown rapidly by 3 billion yen (32%) compared with the same period last year. Service has also recorded steady growth in sales.
- ◆ **Orders** continue to be strong, and the backlog is growing steadily.

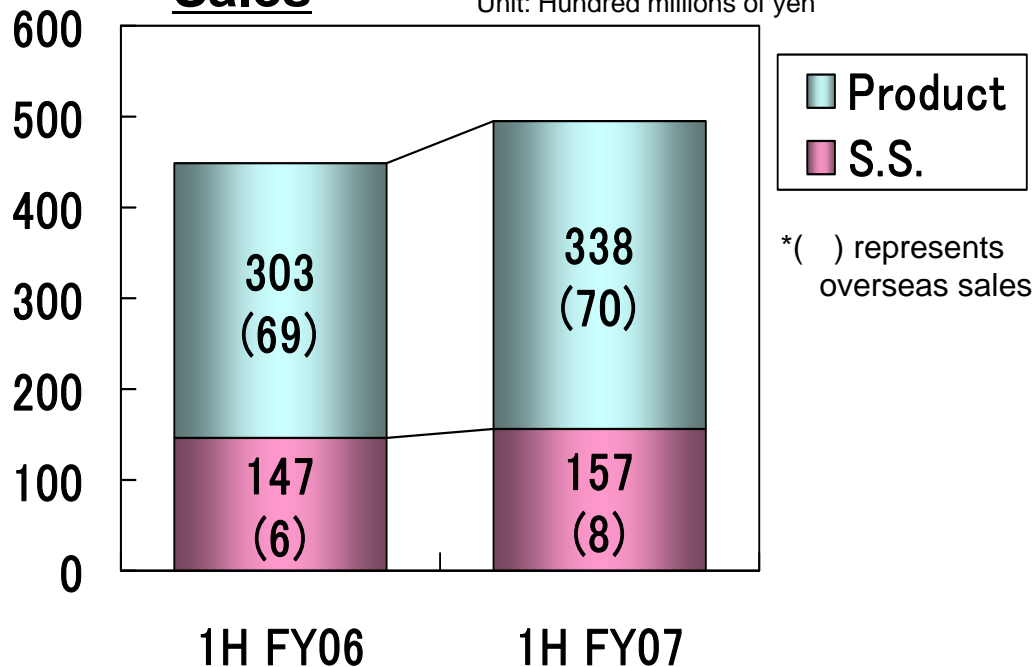
Advanced Automation Business



| | (Millions of yen) | | | |
|---------------|-------------------|-------------------|-------------------|-----------------|
| | <u>1H of FY06</u> | <u>1H of FY07</u> | <u>Difference</u> | <u>% Change</u> |
| AA Net sales | 45,004 | 49,526 | 4,522 | 10.0 |
| Op. income | 3,846 | 4,122 | 277 | 7.2 |
| % | 8.5 | 8.3 | (0.2) | |
| Orders | 49,421 | 52,820 | 3,399 | 6.9 |
| Order backlog | 30,709 | 31,459 | 750 | 2.4 |

Sales

Unit: Hundred millions of yen



- ◆ Domestically some weakness has been evident in part of the market, but helped partly by the additional contribution of a sales subsidiary consolidated in FY2006 2H, sales growth has been robust.
- ◆ Despite a significant growth in sales of the overseas affiliates, overall there was a fall resulting from a decrease in domestic direct exports owing to completion of third-party sales and large projects in the previous period.

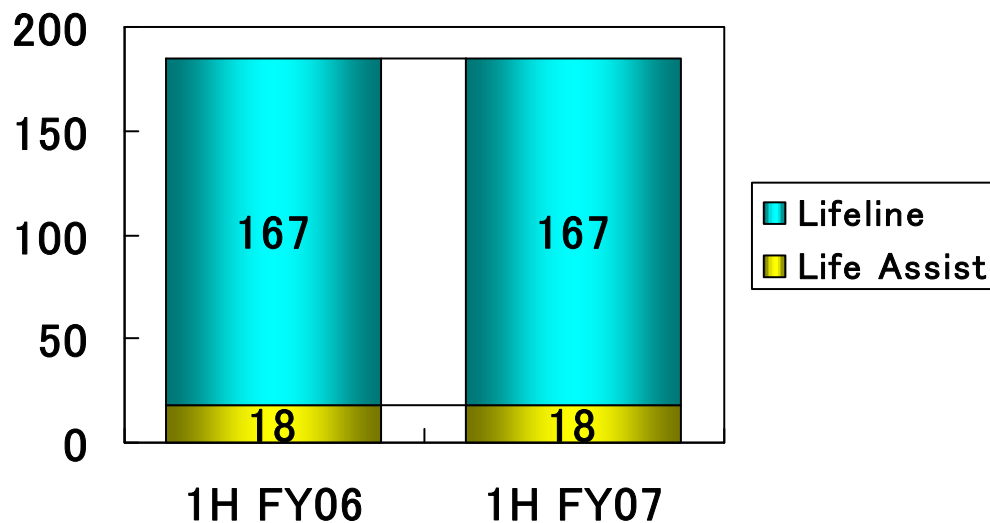
Life Automation Business



| | (Millions of yen) | | | |
|---------------|-------------------|-------------------|-------------------|-----------------|
| | <u>1H of FY06</u> | <u>1H of FY07</u> | <u>Difference</u> | <u>% Change</u> |
| LA Net sales | 18,574 | 18,461 | (113) | (0.6) |
| Op. income | (284) | (219) | 65 | — |
| % | (1.5) | (1.2) | 0.3 | |
| Orders | 19,258 | 19,009 | (249) | (1.3) |
| Order backlog | 1,535 | 1,632 | 97 | 6.3 |

Sales

Unit: Hundred millions of yen



- ◆ **Lifeline field:** Kimmon Manufacturing, the core company of the Lifeline field, saw growth in its LP gas equipment business, but sales fell from 16.4 billion yen in FY2006 1H to 16.3 billion yen in FY2007 1H as a result of the cyclical drop off fall in demand for town gas meters.
- ◆ **Life Assist field:** Despite the severe business climate, efforts to expand the scope of business have meant that sales were maintained at the previous level.

Overseas Sales



(Hundred millions of yen)

Net sales

1H of FY06

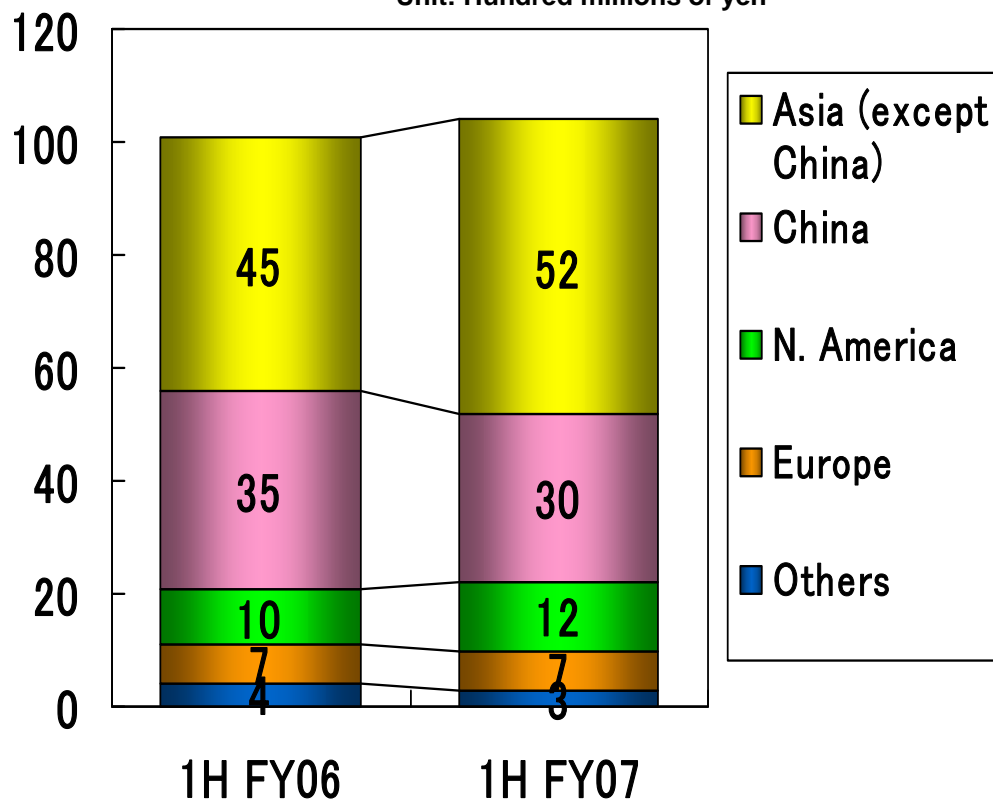
1H of FY07

98

103

Sales

Unit: Hundred millions of yen



- ◆ **BA business:** Sales fell compared to the previous period because manufacturers reassessed their production bases in the SE Asian region and postponed capital investment to the following accounting period or later.
- ◆ **AA business:** Sales of overseas affiliates grew sharply. Growth has been especially strong in China, a priority market, and in other Asian countries .

Operating Plan for Fiscal Year 2007 ending March 31, 2008

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Operating Plan for FY2007



(Millions of yen)

| | FY2006 | | FY2007 | | Dif.(FY07 - FY06) | % |
|----------------------|-------------|----------------|----------------|-------------------|-------------------|------|
| | <u>Act.</u> | <u>1H Act.</u> | <u>2H Plan</u> | <u>Total year</u> | | |
| Net sales | 234,572 | 114,678 | 133,822 | 248,500 | 13,928 | 5.9 |
| Op. income | 17,314 | 7,200 | 13,100 | 20,300 | 2,986 | 17.2 |
| % | 7.4 | 6.3 | 9.8 | 8.2 | 0.8 | |
| Recurring income | 17,857 | 7,411 | 12,889 | 20,300 | 2,443 | 13.7 |
| Net income | 10,646 | 3,307 | 8,093 | 11,400 | 754 | 7.1 |
| Total assets | 230,679 | 219,490 | 245,000 | 245,000 | 14,321 | 6.2 |
| Shareholders' equity | 117,880 | 118,341 | 124,200 | 124,200 | 6,320 | 5.4 |

Summary of the Operating Plan for FY2007 (ending March 31, 2008)

As a result of growth in the BA and AA businesses, sales for the fiscal year are forecast to increase by 13.9 billion yen (5.9%). Income has been affected by a severe business environment, but profit structure improvements and efficient management of selling, general and administrative expenses are expected to result in operating income rising by 2.9 billion yen (17.2%).

- **BA business:** Growth in sales and income is forecast as a result of significant business expansion in both the new building and existing building markets.
- **AA business:** Despite weak capital investment seen in part of the domestic market, sales growth is expected as a result of expansion both in Japan and overseas .
- **LA business:** In a difficult business environment a fall in sales has been unavoidable, but with continued efforts directed at developing the business foundation, the profit structure will be improved .

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



(Millions of yen)

| | <u>FY2006 Act.</u> | <u>FY2007 Plan</u> | <u>Difference</u> | <u>% Change</u> |
|--|--------------------|--------------------|-------------------|-----------------|
| Operating income | 17,314 | 20,300 | 2,986 | 17.2 |
| Non-op. income | 1,109 | 798 | (311) | (28.0) |
| Non-op. expenses | 566 | 798 | 232 | 41.0 |
| Reccuring income | 17,857 | 20,300 | 2,443 | 13.7 |
| Extra. profit | 630 | 3,271 | 2,641 | - |
| Extra. loss | 631 | 3,203 | 2,572 | - |
| Income before income taxes and minority interest | 17,856 | 20,368 | 2,512 | 14.1 |
| Income taxes and minority interests | 7,210 | 8,968 | 1,758 | 24.4 |
| Net income | 10,646 | 11,400 | 754 | 7.1 |

Operating Plan by Segment



(Millions of yen)

| | | FY2006 | | FY2007 | | | |
|----------------|------------|-------------|----------------|----------------|-------------------|--------------------------|----------|
| | | <u>Act.</u> | <u>1H Act.</u> | <u>2H Plan</u> | <u>Total year</u> | <u>Dif.(FY07 - FY06)</u> | <u>%</u> |
| BA | Net sales | 88,978 | 43,310 | 56,490 | 99,800 | 10,822 | 12.2 |
| | Op. income | 8,459 | 3,177 | 7,523 | 10,700 | 2,241 | 26.5 |
| | % | 9.5 | 7.3 | 13.3 | 10.7 | 1.2 | |
| AA | Net sales | 99,750 | 49,526 | 55,974 | 105,500 | 5,750 | 5.8 |
| | Op. income | 9,068 | 4,122 | 5,478 | 9,600 | 532 | 5.9 |
| | % | 9.1 | 8.3 | 9.8 | 9.1 | 0.0 | |
| LA | Net sales | 36,805 | 18,461 | 17,339 | 35,800 | (1,005) | (2.7) |
| | Op. income | (523) | (219) | 19 | (200) | 323 | — |
| | % | (1.4) | (1.2) | 0.1 | (0.6) | 0.9 | |
| New& Others | Net sales | 11,124 | 4,303 | 4,497 | 8,800 | (2,324) | (20.9) |
| | Op. income | 352 | 95 | 105 | 200 | (152) | (43.2) |
| | % | 3.2 | 2.2 | 2.3 | 2.3 | (0.9) | |
| Consoli. | Net sales | 234,572 | 114,678 | 133,822 | 248,500 | 13,928 | 5.9 |
| | Op. income | 17,314 | 7,200 | 13,100 | 20,300 | 2,986 | 17.2 |
| | % | 7.4 | 6.3 | 9.8 | 8.2 | 0.8 | |

Reference Data

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Order & Backlog



(Millions of yen)

| | FY2006 | | | FY2007 | |
|-----------------------|-------------|----------------|----------------|-------------------|------------|
| | <u>Act.</u> | <u>1H Act.</u> | <u>2H Plan</u> | <u>Total year</u> | Difference |
| BA | | | | | |
| Order | 94,676 | 61,117 | 39,983 | 101,100 | 6,424 |
| Backlog | 34,933 | 52,739 | 36,232 | 36,232 | 1,299 |
| AA | | | | | |
| Order | 101,623 | 52,820 | 53,980 | 106,800 | 5,177 |
| Backlog | 28,165 | 31,459 | 29,465 | 29,465 | 1,300 |
| LA | | | | | |
| Order | 37,042 | 19,009 | 17,491 | 36,500 | (542) |
| Backlog | 1,087 | 1,632 | 1,787 | 1,787 | 700 |
| New&Others | | | | | |
| Order | 11,316 | 4,359 | 4,741 | 9,100 | (2,216) |
| Backlog | 1,106 | 1,162 | 1,406 | 1,406 | 300 |
| Consoli. | | | | | |
| Order | 242,318 | 136,467 | 115,533 | 252,000 | 9,682 |
| Backlog | 64,710 | 86,499 | 68,210 | 68,210 | 3,500 |

Other Reference Data



| | FY2006 | | FY2007 | | Dif.(FY07 - FY06) | % |
|--|--------------|--------------|--------------|--------------|-------------------|-------------|
| | Act. | 1H Act. | 2H Plan | Total year | | |
| ● Capital investments | | | | | | |
| Yamatake | 4,324 | 1,285 | 3,215 | 4,500 | 176 | |
| Consoli. Sub. | 949 | 387 | 613 | 1,000 | 51 | |
| Total | 5,273 | 1,672 | 3,828 | 5,500 | 227 | 4.3 |
| ● Depreciation | | | | | | |
| Yamatake | 2,268 | 1,311 | 1,689 | 3,000 | 732 | |
| Consoli. Sub. | 1,622 | 774 | 926 | 1,700 | 78 | |
| Total | 3,891 | 2,085 | 2,615 | 4,700 | 809 | 20.8 |
| ● Research & development cost | | | | | | |
| | 8,776 | 4,610 | 5,090 | 9,700 | 924 | 10.5 |
| % to net sales | 3.7% | 4.0% | 3.8% | 3.9% | | |
| ● Employees | | | | | | |
| Yamatake | 6,193 | 6,322 | 6,328 | 6,328 | 135 | 2.2 |
| Domest. | | | | | | |
| Consoli. Sub. | 2,766 | 2,728 | 2,736 | 2,736 | (30) | (1.1) |
| Total | 8,959 | 9,050 | 9,064 | 9,064 | 105 | 1.2 |