

azbil

Through “**human-centered automation,**”
the azbil Group creates value for customers and society and
develops the value in its Building Automation,
Advanced Automation and Life Automation businesses.

Environment
and Energy
Conservation

Peace of Mind
and Safety

Quality and
Productivity

To realize this,


We create value together with customers at their site.

We pursue our unique value based on the idea of “human-centered.”

We think towards the future and act progressively.

**On April 1, 2012, all Group companies
including Yamatake Corporation
will uniformly add “Azbil” to their names.**

This will be the start of a new path toward providing higher-value-added products and solutions collectively as a single corporate group.



How to Conserve Energy

- In buildings, energy is conserved by improving operating methods of equipment that cools or heats the air and modifying air-conditioning or heating to match its application in a particular building.
- For factories, the key points include maintaining a constant temperature as much as possible for cooling or heating in manufacturing processes, such as for crude oil distillation or beverages, and minimizing electricity, steam, and compressed air used in production facilities.
- Energy conservation begins with measurement. We measure when, where, and to what extent energy is being used, and then eliminate any waste. The key is to eliminate waste while maintaining comfort and quality. To achieve this requires collaboration across businesses, from on-site management of production and buildings to business operations.

Value Provided by the **azbil** Group

- Since the 1970s the azbil Group has incorporated the term “save” in its philosophy, and its people and technologies have optimized society’s energy use, driven by measurement and control technologies.
- We support improvements in building and factory operation to reduce the energy use of not just individual systems and equipment, but of the building or factory as a whole.
- We can streamline and reduce energy use on the scale of an entire company or community, toward the realization of smart cities and smart communities.

52.3%¹ of the world’s CO₂ emissions originate from buildings and factories.
Our mission is to **reduce** these emissions.

Product and Service Examples

BUILDING AUTOMATION BUSINESS

- **BEMS**: A system that supports energy conservation by visualizing and optimizing the energy consumption of an entire building.
- **CO₂ Management System**: A system that manages total CO₂ emissions from an entire enterprise.
- **AdaptivCOOL™²**: A dedicated cooling system for data centers with high cooling loads.



CO₂ Management System



AdaptivCOOL

ADVANCED AUTOMATION BUSINESS

- **ENEOPT™**: A plant energy conservation solution that provides an optimized energy conservation plan through systemically capturing data on air, steam, and electrical energy used by the entire plant.
- **FINEDEW™**: A hygrometer that helps conserve energy and improve yield by precisely measuring moisture in heat treatment processes for electronic components and metal parts or in the manufacturing environment of lithium ion batteries, etc.



ENEOPT



FINEDEW

LIFE AUTOMATION BUSINESS

- **Kikubari™**: A central air-conditioning system that conserves energy by centrally supplying heating or air-conditioning to an entire home.

1. Source: Calculated from “CO₂ Emissions from Fuel Combustion (2008)” compiled annually by the International Energy Agency

2. AdaptivCOOL is a registered trademark of Degree Controls, Inc.



Peace of Mind and Safety

How to Achieve Safety and Security in Our Lives

- Mistakes in the operation of factories and other large-scale facilities can lead to major accidents that involve the local community. Measuring equipment that detects malfunctions invisible to the naked eye, emergency response programs, and facility management systems play a role in the safe operation of these facilities.
- Thorough management of access, automation of dangerous work processes, and systems that detect microorganisms play an important role in safeguarding people who work in offices, shopping areas or factories.
- Production to supply of food, water, electricity, and gas provided to homes is managed in an integrated manner.
- Whenever a health problem or concern arises, a specialist will respond to the push of a button any time, 24 hours a day.

Value Provided by the **azbil** Group

- We prevent illegal entry into buildings and ensure that equipment and facilities operate safely using advanced security systems and remote monitoring and control technologies.
- We create safe workplace environments by monitoring harmful airborne substances at production sites in real time.
- We contribute to the safe and stable operation of social infrastructure, such as electricity, gas, and water, based on measurement and control technologies accumulated over many years.
- Through our commitment to personal services, we provide peace of mind and safety to people with health concerns.

To live and work healthily
with peace of mind.
Our goal is to
achieve this vision.

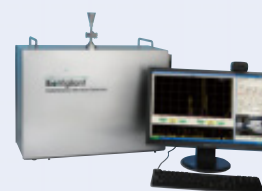
Product and Service Examples

BUILDING AUTOMATION BUSINESS

- **savic-net™ FX security system:** An access control system for buildings using biometric recognition such as fingerprint matching.
- **IMD™ Instantaneous Microbial Detection:** A sensor that detects microorganisms in the air in real time.
- **Building operator support service BOSS-24™:** A service that monitors a building remotely 24 hours a day and accommodates maintenance requirements.



savic-net FX security system



IMD Instantaneous Microbial Detection

ADVANCED AUTOMATION BUSINESS

- **RX series:** Combustion safety control equipment that ensures the safe operation of industrial furnaces in combination with related equipment.
- **Sensors / Switches:** Detect a variety of conditions and ensure the safe operation of equipment.
- **ISOP™ (Industrial Services Operation Program):** A contract maintenance program that provides remote diagnoses for control systems and emergency response 24 hours a day, 365 days a year.



RX series



Sensors



Switch

LIFE AUTOMATION BUSINESS

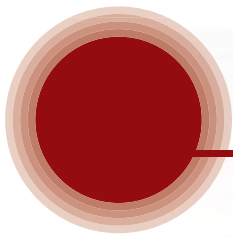
- **Gas meter:** Contains safety features such as an automatic shut-off function to deliver gas safely and stably.
- **Emergency alert response service:** A service where specialist staff including nurses provide emergency response and health counseling 24 hours a day, 365 days a year for elderly people living alone.
- **Welfare equipment rental service:** A rental service for welfare equipment that maintains a dedicated ISO 9001-certified maintenance center featuring the latest cleaning, disinfecting, and drying equipment to ensure cleanliness, peace of mind, and comfort.



Gas meter



Emergency alert response service



Quality and Productivity

Comfort and productivity form
the heart of the “quality”
of daily life or business.
Our commitment is
to pursue it.

Product and Service Examples

BUILDING AUTOMATION BUSINESS

- **savic-net™ FX**: A building management system that supports operations by comprehensively managing the building.
- **ACTIVAL™ PLUS**: A control valve that has built-in temperature sensor, pressure sensor, flow measurement, and control functions.
- **BESTMAN™ EV**: A service that supports efficient building operations by maintenance work using remote monitoring through BMS.



savic-net FX



ACTIVAL PLUS

ADVANCED AUTOMATION BUSINESS

- **Industrial-DEO™**: A control and monitoring system that helps improve productivity and quality during manufacturing and production processes.
- **NX instrumentation network modules**: Instrumentation network modules that meet the increasingly complex demands of production sites.
- **InnovativeField Organizer™**: A system that monitors and diagnoses the condition of multiple control valves and measurement instruments used in production facilities.



Industrial-DEO



NX instrumentation network modules

LIFE AUTOMATION BUSINESS

- **Lifestyle support service**: A service that provides health counseling, mental health care, health guidance, and counseling for family caregivers 24 hours a day, 365 days a year, led by nurses, nursing care managers, psychological counselors, and nutritionists.
- **Nursing care support**: Experts including nursing care managers, nursing care workers, in-home care givers, and specialist counselors for welfare equipment provide high-quality nursing care services.
- **Measuring equipment calibration service**: As a Japan Calibration Service System (JCSS) accredited calibration laboratory for temperature, pressure, humidity, electricity (direct current and low frequency), and flowrate calibration services, we provide measuring equipment calibration services using top-level technologies.

Value Provided by the **azbil** Group

- We enhance the productivity of offices and other work spaces by controlling temperature, humidity, and air flow within normal comfort zones.
- Automation and information technologies can raise productivity, product quality, and customer satisfaction at the same time. This in turn raises the quality of work and business.
- We use sensors, systems, and information technology to create the optimum automation environment, and maintain and improve quality and productivity at all times with consulting and services.

How to Improve Living and Business Quality

- Creating comfortable living spaces for people involves measuring and analyzing indoor atmospheric conditions, then adjusting temperature and humidity, eliminating dust and pollen, and creating living conditions with minimal temperature differences between locations.
- The ability to safely and optimally use industrial products as necessary in our daily lives is the result of production systems that can quickly meet various conditions to maintain quality.
- Buildings and factories operated by automation utilizing various information and technologies enable building managers and factory operators to work effectively, safely, and with ease.
- Appropriate business decisions on a wider scope are made possible by linking management information held by each business department, such as market needs, business strategy, and customer information, with management information of on-site facilities.
- Regular "calibrations" play a major role in raising the reliability of sensors, flow meters, and other measuring equipment.

Highlights

Fiscal years ended March 31

Overview of Consolidated Results for Fiscal Year 2010, ended March 31, 2011

We achieved increases in both consolidated sales and income, as business results of the Building Automation and Advanced Automation businesses steadily recovered. As for our environmental indexes, we decreased CO₂ emissions toward our medium-term target.

(Millions of yen)

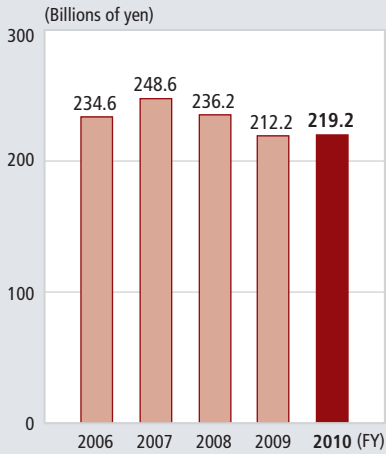
Fiscal years	2006	2007	2008	2009	2010
For the year:					
Net sales	234,572	248,551	236,173	212,213	219,216
Operating income	17,314	20,484	17,832	12,385	14,896
Net income	10,646	10,709	9,525	6,242	7,928
Capital expenditures	5,273	4,488	6,414	2,704	3,302
Depreciation	3,891	4,387	4,503	4,751	4,460
R&D costs	8,776	9,844	9,636	8,640	8,953
At year-end:					
Total assets	230,679	228,844	220,846	218,472	217,501
Total equity	118,967	121,721	124,984	129,278	131,362
Per share data (yen):					
Net income per share	144.71	145.63	127.87	84.52	107.35
Net assets per share	1,602.33	1,641.73	1,672.91	1,728.64	1,754.86
Cash dividends per share	50.00	60.00	62.00	62.00	63.00
Financial indicators:					
Shareholders' equity ratio (%)	51.1	52.6	55.9	58.4	59.6
Return on equity (ROE) (%)	9.3	9.0	7.8	5.0	6.2
Dividend on equity (DOE) (%)	3.2	3.7	3.7	3.6	3.6
Environmental indexes:					
CO ₂ emissions (Tons CO ₂)	33,320	33,422	30,551	26,414	26,678
Unit (Tons CO ₂ /100 Millions of yen)	14.2	13.4	12.9	12.4	12.2
Total volume of waste generated (Tons)	1,574	1,416	1,485	1,215	1,104
Rate of recycling/reuse (%)	99.3	99.1	99.0	98.9	99.2

Scope of financial data: Yamatake and consolidated subsidiaries

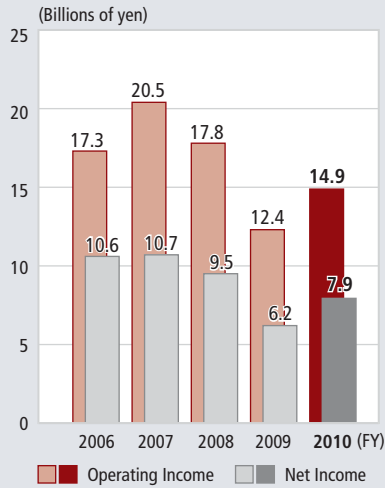
Scope of CO₂ emission volumes: Yamatake, Yamatake & Co., Yamatake Control Products, Yamatake Care-Net, Safety Service Center Headquarters, Kimmon Manufacturing and its consolidated subsidiaries in Japan, Yamatake Mizuho, Royal Controls, and Taishin

Scope of total volume of waste generated: Yamatake's Fujisawa Technology Center, Shonan and Isehara factories, Yamatake Control Products, Yamatake Mizuho, and Taishin

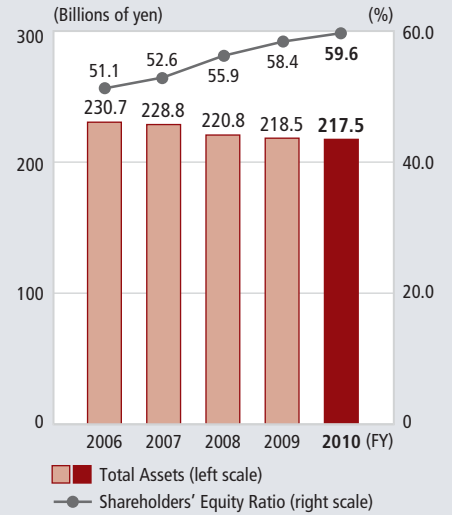
Net Sales



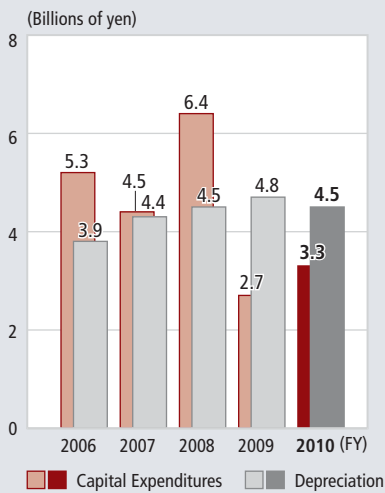
Operating Income/Net Income



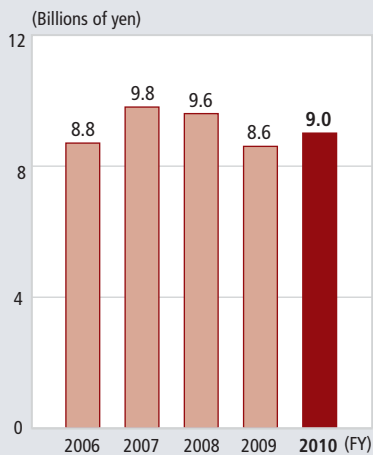
Total Assets/Shareholders' Equity Ratio



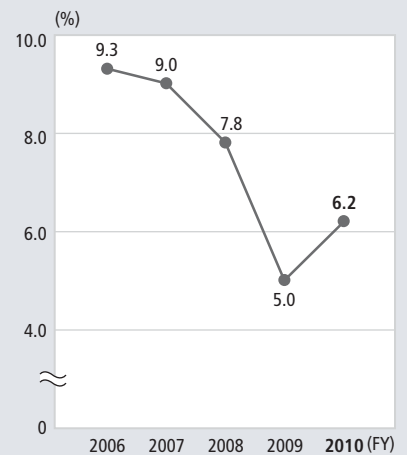
Capital Expenditures/Depreciation



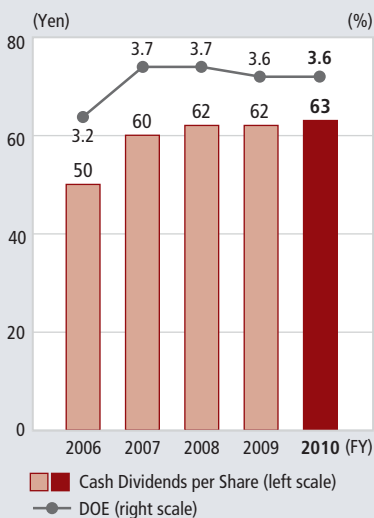
R&D Costs



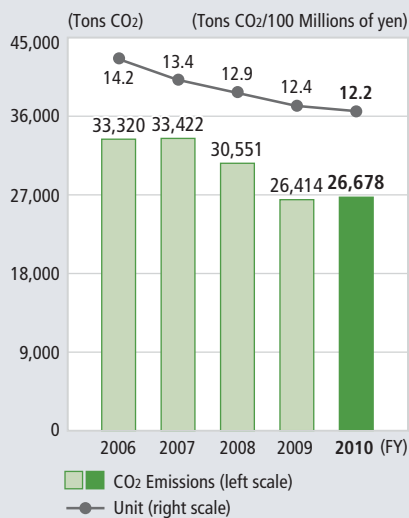
ROE



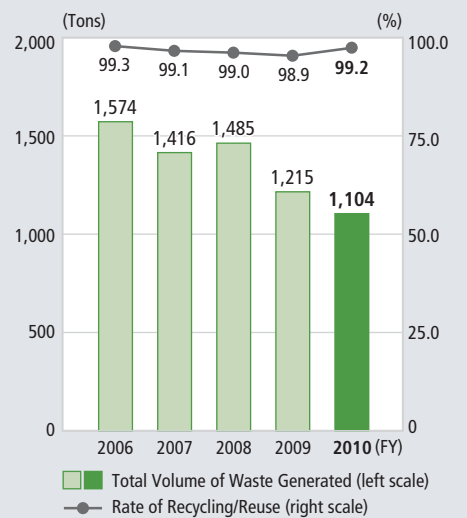
Cash Dividends per Share/DOE



CO₂ Emissions/Unit



Waste Disposal and Rate of Recycling/Reuse



To Our Stakeholders



I would like to begin by extending my deepest sympathy to all who were affected by the Great East Japan Earthquake that struck on March 11, 2011.

The azbil Group also incurred damage from the earthquake, mainly at factories and branch offices in the Tohoku region. We set up an emergency response headquarters immediately after the disaster and quickly planned and implemented countermeasures. This allowed us to limit the impact of the disaster itself and the subsequent power shortage and supply chain disruptions to a relatively minor level. The headquarters has also been the center of efforts to support the recovery of our customers. The foundation of our business is creating and providing value on-site throughout the life cycle of our customers' buildings and production facilities, from product delivery to maintenance services. We believe we have an obligation to work together with our customers for the swift recovery of their work sites through our core businesses so that they can conduct safe, stable operations, and azbil Group employees are making a concerted effort toward that end. In conjunction with recovery and restoration efforts, we will continue to do everything we can at customer sites from the standpoint of conserving energy, not only this summer but over the long term.

Fiscal year 2010, ended March 31, 2011, was the first year of our new four-year medium-term plan positioned as the "period of growth." As a result of our initiatives for business structure reform, we achieved increases in both sales and income for the fiscal year.

In fiscal year 2011, ending March 31, 2012, we will further enhance the strengths of the azbil Group in resolving on-site issues together with our customers as we tackle "creating new businesses (business structure reform)" from the aspects of both products and on-site solutions. At the same time, we will raise awareness and promote the practice of good corporate citizenship (CSR management).

I thank our shareholders, local communities and other stakeholders for their continuing support and guidance.

A handwritten signature in black ink, reading "Seiji Onoki". The signature is fluid and cursive, written over a white background.

Seiji Onoki
President and Chief Executive Officer

July 2011

Executive Interview

Fiscal year 2010 was the first year of your medium-term plan for the “period of growth.” How would you evaluate the progress of measures and results for the year?

It was a productive year as we steadily implemented key measures and achieved growth in sales and income.

The business environment in Japan in fiscal year 2010 generally shifted toward a gradual recovery. While economic stimulus measures helped the Japanese economy’s upward momentum, a temporary slowdown in exports caused a lull that was offset by a pickup in manufacturing output. Overseas, solid expansion continued in China and elsewhere in Asia, while a moderate recovery trend was discernible in Europe and the United States.

For the azbil Group, fiscal year 2010 was the first year of our new four-year medium-term plan, which we designated as the “period of growth.” In response to our rapidly changing business environment, we focused on reforming our business structure with an emphasis on overseas expansion, particularly in the fast-growing Asian market, as well as environmental preservation and energy conservation, where we anticipate new demand due to tougher regulations.

As a result, net sales for fiscal year 2010 increased 3.3% year on year to ¥219.2 billion, operating income increased 20.3% to ¥14.9 billion, and net income increased 27.0% to ¥7.9 billion. Looking at results by business segment, sales and income declined in the Life Automation business, which sells gas and water meters and provides nursing care and health support and other services. The main factors in the decline were reduced demand for LP gas meters and the suspension of operations due to the Great East Japan Earthquake. However, results steadily rebounded in the Building Automation business, which delivers products and services for HVAC and security, mainly to offices and other commercial buildings, and the Advanced Automation business, which provides products and solutions for production sites such as plants and factories. As a result, both businesses recorded solid performance.

Although the azbil Group’s operating environment is recovering, the recovery has been weaker than we expected. Because of that, coupled with the unforeseen consequences of the unprecedentedly large earthquake near the end of the fiscal year, we did not achieve the results we had planned. Still, we were able to increase sales and income, and achieved a number of successes with our business measures. Overall, I feel positive about our performance for the year.

(Billions of yen)

	FY2009	FY2010	% Change	Plan	% Change
Net Sales	212.2	219.2	3.3%	225.0	(2.6)%
Operating Income	12.4	14.9	20.3%	16.0	(6.9)%
Net Income	6.2	7.9	27.0%	8.2*	(3.3)%

* Plan revised during the fiscal year (original plan: ¥9.5 billion)

The core initiative of the medium-term plan for the “period of growth” is “creating new businesses.” How much progress have you made in that area?

Our business transformation is starting to yield visible results, especially in international business and in environmental preservation and energy conservation.

The azbil Group is promoting business structure reform – “creating new businesses” – in response to the rise of newly industrialized countries in Asia and elsewhere and structural changes to the market such as environmental issues, the falling birth rate and aging population, new technologies, and higher added value. The cornerstones of this initiative are the



international solution business and the solution business for environmental preservation and energy conservation.

In the international solution business, we provide services throughout the life cycle of customer facilities, from installation of control systems and on-site equipment to maintenance and renewal, to keep them running in optimal condition at all times. In fiscal year 2010, ended March 31, 2011, we expanded our valve maintenance centers in each region of Asia and established the Asia Solutions Center to augment our engineering capabilities, with the aim of strengthening the azbil Group's engineering and service network. Based on our track record of more than 10,000 systems in operation around the world, we launched an original program to evolve and extend the life of existing plants. We are also putting efforts into solutions by product line. For example, we strengthened product development tailored in detail to the needs of customers in each region, an approach that has produced substantial results in North America. In addition, we are making market inroads through collaboration with local companies in various countries. In China and Korea, for example, we deployed the energy-saving expertise developed by the Building Automation business in Japan to win orders for a number of large-scale HVAC projects in cooperation with local enterprises.

In the solution business for environmental preservation and energy conservation, we expect rapid expansion in the data center market due in part to the trend toward cloud-computing services. To deepen and expand our presence in this market, where saving energy is a pressing issue, we fortified our ability to provide solutions using our product lineup as well as our ability to use and analyze the azbil Group's extensive proprietary data. We are also promoting collaboration between businesses. For example, our Building Automation business has provided a variety of solutions for clean rooms in semiconductor fabs and other facilities because a large amount of energy is consumed in their HVAC systems. We built on this by leveraging the products and technologies of the Advanced Automation business to realize energy savings in utility facilities that supply energy to clean rooms and in production facilities. This led to projects that developed into energy conservation solutions for the entire production site.

With concerns about power shortages in Japan this summer due to the effects of the Great East Japan Earthquake, inquiries about total energy-saving solutions for offices and production sites are increasing. We expect more opportunities to provide value that only the azbil Group can deliver through combining the capabilities of the Building Automation and Advanced Automation businesses.

In the Life Automation business, we began cultivating the market for the *Kikubari*TM residential central air-conditioning system. For example, we developed a new system for

houses of between 99 and 115 square meters, which account for approximately half of Japan's detached housing market. We also ran television ads promoting *Kikubari*. *Kikubari* utilizes the expertise of the Building Automation business to save energy in residences. At the same time, it helps to prevent shock from sudden changes in temperature and eliminates pollen and house dust to create comfortable, healthy living spaces. By setting reasonable prices, we hope to provide comfortable, energy-efficient, and clean indoor environments to many more customers.

Business Structure Reform – “Creating New Businesses”

Promoting business structure reform (or creating new businesses) to deal with structural changes to the market, such as environmental issues, the falling birth rate and aging population, new technologies, and higher added value

International solution business

Solution business for environmental preservation and energy conservation

Develop life cycle solutions overseas

Enhance global product solutions

Enter the Asian infrastructure market with an emphasis on safety

Offer solutions through collaboration of Building Automation, Advanced Automation, and Life Automation in response to large-scale energy conservation needs in Japan

Cultivate overseas customers based on energy-saving achievements in Japan

What distinguishes the azbil Group's approach to corporate social responsibility (CSR)?

I believe our proactive approach to "CSR via business operations" leverages the Group's strengths.

The azbil Group energetically undertakes CSR activities as one of the key issues of its medium-term plan. These activities can be broadly divided into "basic CSR" and "proactive CSR."

"Basic CSR" encompasses the azbil Group's fundamental responsibilities as a corporate citizen, including compliance and environmental preservation. In particular, concern for the global environment is a key theme. We are aiming for a reduction of 10% or more in the azbil Group's total CO₂ emissions by fiscal year 2013, ending March 31, 2014, compared with the level of fiscal year 2006, ended March 31, 2007.

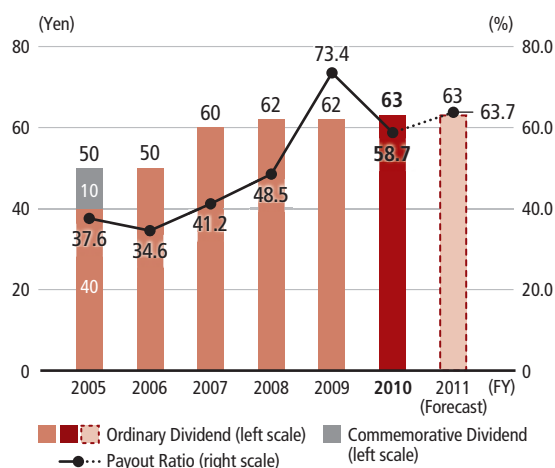
Our "proactive CSR," on the other hand, involves "social contribution via business operations" that leverages the Group's strengths as well as "voluntary social contribution activities." Our high-value-added solutions combining products and services save energy in office buildings and factories, helping customers to reduce their CO₂ emissions. This in turn contributes significantly to reducing the global environmental load, and we take pride in that. Not only do we contribute to society via our business operations, but we also think at all times of sustainable activities linked to those operations, including using carbon credits obtained in the ESCO business at local events.

In essence, our CSR activities and business activities are inseparable. The strength of the azbil Group is that CSR management combining these two activities is ingrained at the operating level.

Dividends increased in fiscal year 2010. Even with the uncertain outlook for the operating environment in fiscal year 2011, ending March 31, 2012, you are planning to maintain the dividend at the same level. What is your stance on shareholder returns?

We place great importance on profit sharing with shareholders and work to maintain and improve returns to them.

Cash Dividends per Share/Payout Ratio



Returning profits to shareholders is one of the top management priority issues of the azbil Group. Our basic policy is to maintain stable dividends while striving to increase the dividend payout, taking into account consolidated performance, levels of return on equity (ROE) and dividends on equity (DOE), as well as retained earnings for strengthening the business structure and developing future businesses.

For fiscal year 2010, we increased total dividends to ¥63 per share, as announced at the start of the period. In fiscal year 2011, some uncertainty remains in the business environment in Japan due to the effects of the earthquake and other factors, but we will aim for consistent returns and forecast total dividends of ¥63 per share. As a result, we expect DOE of 3.5% and a payout ratio of 63.7% for fiscal year 2011.



It has been announced that Yamatake will change its name to Azbil Corporation on April 1, 2012. Please talk about the reason for this change.

Five years have passed since “azbil” was formulated as the Group symbol. Now that the azbil symbol has been gaining recognition in and outside Japan, we decided to change the company name to further strengthen our brand.

Since it was founded as Yamatake Shokai Co., Ltd. in 1906, Yamatake has been meeting the needs of society through automation with the aim of “freedom from drudgery.” This philosophy has been carried on progressively over the years, such as in “Savemation” (saving through automation) and in the present Group philosophy of “human-centered automation.”

The Group symbol, azbil, representing the “human-centered automation” philosophy, was formulated five years ago, and has since been gaining recognition in Japan and overseas. We therefore decided to change the company’s name from “Yamatake” to “Azbil” on the occasion of its 105th anniversary. Key Group companies in Japan will also adopt names that begin with “Azbil.”

This name change will unify the Group philosophy, the Group name, and the names of domestic and international Group companies. The azbil Group is a corporate entity that contributes to solving its customers’ issues with both products and on-site solutions through its multiple points of contact with customers. By making contact with customers through the single brand “azbil” at various sites and settings, we will raise recognition of the azbil Group, strengthen and establish our brand globally, and further promote unified Group management so that our employees worldwide can work together to tackle new challenges.

Finally, please talk about your goal of becoming “a top-class global automation enterprise.”

We will further accelerate development of products and solutions to become an automation enterprise that is unique in the world.

Over the past several years, our operating environment has changed along with unexpectedly rapid structural changes in the market. We will therefore further transform our business structure by “creating new businesses” and focus on realizing a world of automation created by human ingenuity and technology.

There are many companies that offer automation, but not many of them go as far as providing products together with solutions that solve problems at the customer’s site. Furthermore, the azbil Group is proud to be the only one that conducts business with a “human-centered” concept. The needs of our customers are about more than just changes in the business environment. By further accelerating development of products and solutions, we aim to be an automation enterprise that is unique in the world.

The azbil Group will continue to evolve step-by-step to meet the expectations of our shareholders, customers, local communities, and other stakeholders.

