azbil

Consolidated Financial Results for the Fiscal 2009 Ended March 31, 2010

May 7, 2010

Company name	:	Yamatake Corporation
URL	:	http://jp.yamatake.com/
Stock exchange listing	:	Tokyo Stock Exchange 1st Section (CODE 6845)
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Planed date of general shareholders meeting		June 25,2010
Planed date of cash dividends		June 28,2010
Planed date to file annual security report	:	June 25,2010

Notes: 1. The Japanese financial accounting standards are applied for this statement of accounts.
2. Amounts indicated are rounded down.

1. Results for the fiscal 2009 ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(1) Consolidated financial results

(Percentage shows the increase/(decrease) from the previous period.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year 2009	212,213	(10.1)	12,384	(30.5)	12,646	(26.3)	6,242	(34.5)
Fiscal year 2008	236,173	(5.0)	17,832	(12.9)	17,169	(15.9)	9,524	(11.1)

	Net income per share	Diluted net income per share	Net income to shareholders' equity	Ordinary income to total assets	Operating Income ratio
	Yen	Yen	%	%	%
Fiscal year 2009	84.52	―	5.0	5.8	5.8
Fiscal year 2008	127.87	―	7.8	7.6	7.6

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2010	218,471	129,277	58.4	1,728.64
As of March 31, 2009	220,845	124,983	55.9	1,672.91

Note : Shareholders' equity As of March 31, 2010 127,668 million yen
As of March 31, 2009 123,554 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year 2009	15,713	1,960	(6,757)	55,363
Fiscal year 2008	21,371	(16,606)	(8,574)	44,321

2. Dividends

	Dividends per Share					Total Dividends (Annual)	Payout ratio (Consol.)	Dividends on Equity (Consol.)
	1Q	2Q	3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year 2008	―	31.00	―	31.00	62.00	4,610	48.5	3.7
Fiscal year 2009	―	31.00	―	31.00	62.00	4,579	73.4	3.6
Fiscal year 2010 (Forecast)	―	31.50	―	31.50	63.00		49.0	

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2011 (April 1, 2010 to March 31, 2011)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2010	100,000	7.0	3,500	135.3	3,400	139.7	1,800	—	24.37
Fiscal year 2010	225,000	6.0	16,000	29.2	15,700	24.1	9,500	52.2	128.63

4. Other

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation) : No

(2) Changes in accounting principles, procedures and disclosure methods etc., preparing for the consolidated financial statements (Those to be stated as changes in basis of presenting consolidated financial statements)

1. Changes associated with revision in accounting standards : Yes
2. Other Changes : No

Note: For more details, refer to "Change to important itms that serve as the creation of consolidated financial statements" on page 23.

(3) Number of shares issued (common stock)

1. Number of shares issued (including treasury stock)
   - As of March 31, 2010 75,116,101 shares
   - As of March 31, 2009 75,116,101 shares
2. Number of Treasury stock
   - As of March 31, 2010 1,260,779 shares
   - As of March 31, 2009 1,260,121 shares

Note: For the number of shares used as a calculation basis for net income per share, please refer to "Per-share Information" on page 28.

(Reference) Non-consolidated

1. Results for the Fiscal 2009 Ended March 31, 2010 (April 1, 2009 to March 31, 2010)

(1) Non-consolidated financial results

(Percentage shows the increase/(decrease) from the previous period.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year 2009	159,460	(9.7)	11,494	(27.7)	12,047	(26.2)	6,749	(31.8)
Fiscal year 2008	176,573	(4.6)	15,908	(7.9)	16,318	(7.4)	9,892	0.9

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year 2009	91.39	—
Fiscal year 2008	132.80	—

(2) Non-Consolidated financial position

	Total assets	Net assets	Shareholder's equity to net assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2009	181,439	119,703	66.0	1,620.78
Fiscal 2008	181,842	115,393	63.5	1,562.42

Note : Shareholders' equity As of March 31, 2010 119,703 million yen
As of March 31, 2009 115,393 million yen

2. Forecast of non-consolidated financial results for the fiscal year ending March 31, 2011 (April 1, 2010 to March 31, 2011)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2010	73,000	6.6	3,000	83.8	3,000	65.9	1,800	421.4	24.37
Fiscal year 2010	169,000	6.0	14,500	26.1	14,500	20.4	9,100	34.8	123.21

* Regarding the appropriate use of forecast and other special matters

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.

1. Financial Results

(1) Analysis of financial results

1. Financial results for the current fiscal year

During the current fiscal year, evidence of improvement in Japan's economy was discernible in such developments as the gradual recovery in exports and manufacturing. Moreover, corporate capital investment and the employment situation began to turn around. Nevertheless, the economic recovery has proved to be slow, and uncertainty continues to cloud future prospects.

Turning to the economic situation overseas, while there continue to be such risks as the credit contraction, the various monetary and economic measures adopted in different countries have had a beneficial effect. There has been an economic recovery in China and other parts of the Asian region, and in Europe and North America the recession has come to an end, so that the overall picture is one of a modest pickup.

For the azbil Group, the business environment has indeed been showing signs of a definite recovery overseas as well as in certain domestic markets, but, taken as a whole, conditions were as ever very challenging. Nevertheless, the impact of the economic downturn has proved to be relatively mild for the Building Automation (BA) and Life Automation (LA) businesses. The BA business has benefited from the tightening of environment-related regulations helping to drive robust demand for the upgrading and maintenance of legacy azbil systems, while the bulk of LA business sales is accounted for by demand generated by the periodic replacement of gas and water meters, as required by law. However, since the start of 2010 business confidence in the manufacturing industry has been rising significantly, especially among exporters; this is explained by growing demand in overseas markets following the recent fall in the value of the yen and growth in the emerging economies. Despite the fact that some markets showed evidence of robust recovery, however, capital investment has only grown slowly and business has continued to be stagnant overall. Consequently, the Advanced Automation (AA) business faced challenging conditions and suffered an unavoidable and significant fall in performance compared to the previous fiscal year.

Having designated the 3-year period from FY2007 to FY2009 as the "period of firmly establishing the foundation" for attaining the Group's mission, the azbil Group has been engaged in reforms of both its business and operational structures in order to strengthen its profit base and expand the scope of its businesses. It is worth pointing out that in the current fiscal year from the outset it was expected that the business environment would be extremely difficult and so, while striving to keep expenditures down, the entire Group engaged in a concerted effort to strengthen the business structure so that it would be able to respond flexibly to changes in the business environment.

These recent changes in the global economic situation were not simply the result of a normal business cycle. It was more like an upheaval that brought about structural changes in the markets, and which also had an enormous impact on the business environment of the azbil Group. Yet, at the same time, it has brought about new opportunities. In the business of reducing environmental load (CO_2 emissions), favorable conditions for growth are more in evidence. In order to be sure of harnessing these market changes to ensure business expansion, in the BA business field azbil began marketing such products as the PARACONDUCTOR (a controller for heat source optimization that effectively reduces the carbon footprint of a building's HVAC heat source system) and an application software to break down HVAC energy consumption per tenant. In the AA business field, azbil has been launching a number of new products and services; included are the NX instrumentation network module, which features advanced environment-conscious control capabilities, and ENEOPT energy-saving solutions for factories that contribute to reducing power consumption and CO_2 emissions.

Nevertheless, as a result of the significant impact of the economic downturn that has continued from the start of the year, with companies implementing freezes or cutbacks on capital investment, sales for the current fiscal year were 212,213 million yen, a decline of 10.1% on the previous year. Turning to profits, despite the above-mentioned efforts, concerted and continuing, to implement reforms aimed at curbing expenditure and strengthening the profit base, operating income was 12,384 million yen (down 30.5% on the previous fiscal year), and ordinary income was 12,646 million yen (down 26.3 % on the previous fiscal year). Net income for the current year was 6,242 million yen (down 34.5% from the previous fiscal year).

The results for each of Group's business segments are as follows:

Building Automation Business

In the domestic market, the demand for factory HVAC control systems remained stagnant, but for commercial offices demand continued to be brisk, particularly the nation's large cities, despite the dampening of investor sentiment caused by worsening market conditions, as evidenced by falling rental rates and rising vacancy rates.

Amidst these conditions, in the market for new buildings a fall in sales was unavoidable, especially since the previous year had seen the completion of several large-scale production facilities. However, the existing building business and the service business, although not immune to the effects of the market downturn, did succeed in increasing sales. This was due to putting more emphasis on proactive sales offering customers ways to reduce CO_2 emissions and save energy – an initiative that was stimulated by a tightening in environment-related regulations – as well as efforts made to expand the market.

Internationally, overseas affiliates made steady progress in developing their local markets, yet sales decreased as a result of the global economic downturn, cutbacks in investments made by Japanese companies operating abroad, and the high value of the yen.

As a result, sales for the BA business in the current fiscal year were 96,671 million yen, a drop of 3.7% from the previous fiscal year, attributable mainly to the fall in sales in the market for new buildings. Profitability was adversely impacted not only by reduced sales, but also by an increase in fixed costs following staff reassignments from within the azbil Group to the BA workforce – a move aimed at strengthening the service business – and by the acquisition of a new consolidated subsidiary. Consequently, an operating income of 11,517 million yen was recorded, representing a fall of 11.9% compared to the previous fiscal year.

Advanced Automation Business

In the domestic market, the drastic curtailment of production and severe capital investment freeze/cutbacks that followed in the wake of the "Lehman Shock" of September 2008 continued through from the start of the year. And, although a gradual recovery in business sentiment – reflecting expansion in overseas demand – was evident from the second half of the current fiscal year, there still appears to be only a weak knock-on effect to capital investment. Overall the AA business has found itself in an extremely difficult business environment. Looking more closely at the different industries, the demand for azbil products in some sectors – the semiconductor industry, for example – has demonstrated a rapid recovery, and there is increasing evidence that the pace will not falter. Yet, at the same time, capital investment in the materials-related industries continues to be stagnant, with the exception of a few industries involved with new energy and high-functioning materials.

Overseas, the overall business climate was testing throughout the year, despite there being indications of a steady recovery in certain markets, just as seen in Japan.

As a result, sales for the AA business in the current fiscal year were 76,938 million yen, a decrease of 17.8% on the previous year. Despite making concerted efforts to reduce expenditure and realizing a substantial reduction in fixed costs through implementing such measures as large-scale reassignment of AA human resources within the azbil Group, the impact of this fall in sales was considerable and as a result operating income fell to 552 million yen, down 88.9% from the previous fiscal year.

Life Automation Business

The LA business is composed of several fields with differing business environments. Kimmon Manufacturing – a company that plays a central role in the Lifeline business field and accounts for the bulk of LA sales – was relatively untouched by the economic downturn owing to the fact that it benefits from demand generated by the periodic replacement of residential gas and water meters, as required by law. However, sales were down because of the impact of the downturn on new demand and also on sales of city gas meters for industrial use.

The business conditions facing the Life Assist field – with its nursing care and emergency response/dispatch services – continued to be challenging owing to such factors as cutbacks in welfare budgets by local governments. However, as a result of a proactive sales drive that increased the number of emergency response/dispatch service contracts, and the beneficial effect of the revision to nursing-care benefits, sales were up.

Consequently, sales for the LA business in the current fiscal year were 34,721 million yen, a decrease of 3.3% on the previous year. However, the fall in sales was effectively covered by the contribution of the Kimmon-Yamatake Jump-up Plan – aimed at enhancing Kimmon Manufacturing's profit base – and by the improved profits of companies in the Life Assist field. Operating income was thus 352 million yen, an increase of 513 million yen on the previous fiscal year, (an operating loss of 160 million yen was recorded for the same period last year)

Other Businesses

In other businesses (the importing, buying-in and marketing of inspection and measurement equipment), sales for the current fiscal year were 5,329 million yen, 32.7% down on the previous fiscal year. An operating loss of 40 million yen was posted.

2. Forecast for the next period

In spite of the fact that signs of a self-sustaining recovery in domestic demand are still weak, since the new year earnings have picked up, mainly among exporters, following the recent easing in the value of the yen and growth in the emerging economies. There are also indications that capital investment, which had been frozen, is beginning to recover. Overseas too, the pace of economic recovery, particularly in countries of the Asian region like China, has been gathering speed.

Looking at each business segment individually, robust performance is forecast for the BA business. This is partly because recovery is expected in the market for new buildings, but also because the business for existing buildings and the service business are expected to turn in a solid performance owing to the fact that the current fiscal year marks the start of the period when the enforcement of CO_2 reductions stipulated by the revised Rationalization in Energy Use Law and the Tokyo Municipal Environmental Protection Ordinance comes into effect. As for the AA business, although it is expected that the difficulties regarding capital investment by materials-related industries will remain for the time being, a steady recovery is forecast in the demand for products intended for processing/assembly industries – for semiconductor manufacturing equipment, etc. The LA business will continue to make concerted efforts to implement a variety of measures aimed at improving profitability. Considering this business environment and the measures to be implemented by azbil, the results forecast for the next period are as detailed below.

These projections are based on management's assumptions, intent and expectations in light of the information currently available to it, and actual results may differ owing to various factors.

(Hundred millions of yen)

		FY2009 ended Mar. 31, 2010 (Actual)	FY2010 ending Mar. 31, 2011 (Forecast)	Difference	%
Building Automation	Net sales	966	1,050	83	8.6
	Operating income	115	130	14	12.9
Advanced Automation	Net sales	769	830	60	7.9
	Operating income	5	25	19	352.5
Life Automation	Net sales	347	350	2	0.8
	Operating income	3	5	1	41.7
Others	Net sales	53	38	(15)	(28.7)
	Operating income	(0)	0	0	-
Consolidated	Net sales	2,122	2,250	127	6.0
	Operating income	123	160	36	29.2
	Ordinary income	126	157	30	24.1
	Net income	62	95	32	52.2

(2) Qualitative information on consolidated financial position

Assets

At the end of the current fiscal year, assets fell by 2,374 million yen compared with the previous fiscal year. Total assets stood at 218,471 million yen. The main factors were the decrease of 4,803 million yen in inventories, as well as the decrease of 2,696 million yen in short-term investment securities.

Liabilities

At the end of the current fiscal year, liabilities fell by 6,668 million yen compared with the previous fiscal year. Total liabilities stood at 89,193 million yen. The main factors were the decrease in notes and accounts payable-trade of 992 million yen, as well as the decrease in income taxes payable of 1,236 million yen and the decrease in long-term loans payable of 1,441 million yen.

Net assets

At the end of the current fiscal year, net assets increased by 4,294 million yen compared with the previous fiscal year. Net assets stood at 129,277 million yen. This principally reflected the recording of net income, as well as the increase in valuation difference on available-for-sale securities.

Cash flow from operating activities

Net cash provided by operating activities in the current fiscal year was 15,713 million yen, a decrease of 5,658 million yen compared with the previous fiscal year. This was principally due to the decrease of income before income taxes and minority interests.

Cash flow from investing activities

Net cash provided by investment activities in the current fiscal year was 1,960 million yen (16,606 million yen was used in investment activities in the previous fiscal year). The main factors included the increase in proceeds from the sales of short-term investment securities and the decrease in the purchase of property, plant and equipment.

Cash flow from financing activities

Net cash used for financing activities in the current fiscal year was 6,757 million yen, a decrease of 1,817 million yen compared with the previous fiscal year. The main factor was the impact of a decrease in the purchase of treasury stock.

As a result of the above, cash and cash equivalents at the end of the current fiscal year stood at 55,363 million yen, an increase of 11,042 million yen compared with the previous fiscal year.

(3) Basic policy regarding profit sharing and the dividends for the current and next accounting period

The azbil Group places great importance on the distribution of profits to its shareholders. The management would like to maintain stable dividends while striving to increase its dividends payout, taking into account comprehensively its consolidated performance, levels of ROE (Return On Equity), DOE (Dividends On Equity), as well as retained earnings for strengthening its business base and developing future businesses.

In consideration of the policies outlined above, it is planned to issue an annual dividend for FY2009 of 62 yen per share, as previously announced. As for FY2010, it is true that there remains uncertainty in the business environment; however, improved business performance is forecast, so in order to raise the dividend, and thus increase the shareholders' return, it is planned to increase the ordinary dividend by 1 yen to issue an annual dividend of 63 yen per share.

As regards the appropriation of retained earnings, the management proposes to make effective investments designed to reinforce the company's business base, expand businesses. 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. In addition, the management also proposes to pay out for strengthening management structures and to prepare for unexpected contingency such as disasters. They are implemented for a further increase in shareholder value.

2. Activities (Present situation) of the azbil Group

The azbil Group consists of Yamatake Corporation, forty-three subsidiaries and three related companies, and is pursuing "human-centered automation" that aims to realize safety, comfort and fulfillment and contribute to global environmental preservation. The Group operates in three core business segments: Building Automation (BA) business in the building market, Advanced Automation (AA) business in the industrial market, and Life Automation (LA) business in markets closely related to everyday life such as lifelines and healthcare. The BA business develops and manufactures a comprehensive lineup, from building management and security systems to application software, controllers, valves and sensors, and also provides instrumentation design, sales, engineering, maintenance, energy-saving solutions, and operation and management of facilities. The Group also draws on its original environmental control technologies to create comfortable and productive office and factory spaces and to develop business that contributes to environmental load reduction. The AA business is focused on solving issues in the materials industry such as oil, chemical, steel, and pulp and paper, as well as in the processing and assembly industries including automobiles, electrical and electronic, semiconductors and food, through the provision of products, solutions, instrumentation, engineering and maintenance to support the optimum operation of equipment and facilities throughout their lifecycle. The Group develops advanced measurement and control technologies, aims to create production spaces that are safe and enhance human capabilities, and conducts business to create new value through collaboration with customers. The LA business applies measurement, control and metering technologies cultivated over many years in the building and industrial markets, as well as heartfelt, attentive service, to lifelines such as gas and water, and also to lifestyle, nursing and healthcare support. The Group conducts business to support active lifestyles.

The following diagram illustrates the relations between the companies of the azbil Group.

Customers in Japan, overseas

【Japan】

Sales

＜Advanced Automation Business/Others >

Yamatake & Co, Ltd. ※1
and 1 unconsolidated subsidiary ※2
(Sales of control, measurement, testing, safety, environmental equipment)
Royal Controls Co., Ltd. ※1
(Instrumentation; sales of control and measurement equipment)
Tem-Tech Lab. ※3
(Production, sales and entrusted development of various sensors)

Production, Sales

＜Life Automation Business＞

Yamatake Care-Net Co., Ltd.※1
(Nursing care support service and group home operation for the elderly)
Safety Service Center Co., Ltd. ※1
(Sales of emergency response/dispatch service for the elderly)
Kumamoto Safety Service Center Co., Ltd. ※1
(Sales of emergency response/dispatch service for the elderly)
Kimmon Manufacturing Co., Ltd.
and 10 consolidated subsidiaries ※1
(Development, manufacture and sales of gas/water meters and related equipment)

【Overseas】

Engineering, Sales

<Building Automation Business>

Yamatake Environmental Control Technology (Beijing) Co., Ltd. ※1
(Instrumentation; sales of control and measurement equipment)
BioVigilant Systems, Inc ※1
(Development, manufacture and sales of microbial detection instrument)

<Advanced Automation Business >

Azbil Control Solutions (Shanghai) Co., Ltd.※1
(Instrumentation; software development; production and sales of control measurement equipment)
Azbil North America, Inc. ※1
(Sales of control and measurement equipment)
Azbil Europe NV ※1
(Sales of control equipment)
Yamatake Automation Products (Shanghai) Co., Ltd.※1
(Sales of control equipment)

<Building Automation Business / Advance Automation Business>

Azbil Control Solutions (Shanghai) Co., Ltd.※1
Azbil Vietnam Co., Ltd. ※1
Azbil Philippines Corporation ※1
Azbil Korea Co., Ltd. ※1
Azbil Taiwan Co., Ltd. ※1
Azbil (Thailand) Co., Ltd. ※1
Azbil Malaysia Sdn. Bhd. ※1
Azbil Singapore Pte. Ltd. ※1
Pt. Azbil Berca Indnesia ※1
(Above subsidiaries : Instrumentation; sales of control and measurement equipment)
One other ※2

Development・Manufacturing・Sales・Installation・Maintenance
Yamatake Corporation

【Japan】

Production

Yamatake Control Products Co., Ltd. ※1
(Manufacture of electronic equipment; plastic and die-cast parts)
Taishin Co., Ltd. ※1
(Development and manufacture of electronic and precision equipment)
Yamatake Mizuho Co., Ltd. ※1
(Manufacture of electronic and precision equipment)

【Overseas】

Production

Azbil Control Instruments (Dalian) Co., Ltd. ※1
(Manufacture of electronic and precision equipment)
Azbil Hong Kong Limited ※1
(Instrumentation; manufacture of control and measurement equipment)
Azbil Information Technology Center (Dalian) Co., Ltd. ※2
(Software development)
One other ※2
Two others ※3

Others

Yamatake Expert Services Co., Ltd. ※2
(Temporary staffing/outsourcing of retirees)
Yamatake Friendly Co., Ltd. ※2
(Cleaning; safety management; collection and delivery; assembly of control and measurement components)
SecrityFriday Co., Ltd. ※2
(Development and sales of software)

※1 Consolidated subsidiary
※2 Unconsolidated subsidiary that are not accounted for by equity the method.
※3 Affiliate company that are not accounted for by the equity method

3.Management Policy

(1) Basic policy for corporate management

The philosophy of the azbil Group is to realize safety, comfort and fulfillment in people's lives and to contribute to global environmental preservation through "human-centered automation." The azbil Group seeks to thrive and grow as a unique corporate consortium through implementing this philosophy. Drawing on considerable technologies and resources – principally for measurement & control – that have been built up over many years, and using them to create high-quality products and services that offer customers safety, peace of mind and high added value, the azbil Group delivers unique solutions for the issues faced by its customers.

Guided by the Group philosophy of "human-centered automation," we adopt a medium- to long-term perspective to managing integrated Group operations in our three business segments: Building Automation (BA), Advanced Automation (AA), and Life Automation (LA). In striving to enhance and maximize enterprise value, we not only satisfy the expectations of all our stakeholders – shareholders, customers, employees and local communities – but we can also play a leading role in realizing a sustainable society.

(2) Management metrics

The azbil Group places great importance on its shareholders, and therefore a basic objective is to enhance consolidated ROE in order to increase shareholder value. By enhancing profitability and capital efficiency, we aim to achieve a consolidated ROE of at least 10% in the medium to long term.

The azbil Group has announced a numerical target for the reduction of environmental load resulting from corporate activities: by FY2013 we are committed to reducing total CO_2 emissions by at least 10% (compared with FY2006 levels).

(3) Medium- to long-term management strategies

Following the basic policy outlined above, and based on the azbil Group philosophy of "human-centered automation," we seek to thrive and grow as a unique corporate consortium. With this as our goal, we have set long-term targets for the azbil Group, and we have been working steadily towards achieving those targets.

While focusing on automation, we have avoided an overconcentration on single markets, and instead we have created a diverse business portfolio; this is made up of the three businesses (BA, AA, LA), each of which is aligned to a different market structure. And we have been striving to expand our business domain by winning new customers and generating synergies within the Group. From now on, we will continue to “firmly establish the foundation” for attaining the Group’s mission and ensuring our future as an enterprise. And, at the same time, in order to realize further growth, we will strive to enhance our capabilities for providing solutions in the form of products and collaboration with customers at their site, from the perspective of business creation. We will demonstrate that we can offer unique customer value that is only available from the azbil Group.

The Medium-Term Plan that began in FY2010 is designated as the ”period of growth;” this follows the “period for building azbil spirit” and the “period of firmly establishing the foundation.” In the BA and AA businesses, we will move ahead with the creation of business opportunities based on an accurate grasp of new market trends associated with energy conservation and the environment. Simultaneously, in order to ensure a strong management foundation that is hardly susceptible to changes in the business environment, we will actively seek to develop and expand our LA business and also our operations in overseas markets that show potential for growth. Moreover, as a world-class, comprehensive automation manufacturer, we aim to achieve sustainable development – both for our enterprise and for society – and we will realize CSR management that respects mankind and actively contributes to the economy, the environment, and society.

(4) Issues to be tackled

To secure medium- to long-term business growth, the azbil Group is keen to meet the expectations of its shareholders and other stakeholders by striving to continually enhance enterprise value. For this reason, we have set long-term targets for the azbil Group, and we have been working steadily towards achieving those targets.

Guided by the Group philosophy of “human-centered automation,” we are “creating new businesses (business structural reform)” and “creating new work styles (business operation reform),” responding swiftly and flexibly to business fluctuations and structural changes in the markets, and striving to implement business structural reforms that can lead to business expansion. In future, emphasizing the priorities listed below, and distributing management resources boldly and effectively, we will endeavor to achieve sustainable growth by accelerating these reform activities and seeing that they are continued over the long term.

1. Our core BA and AA businesses are serving mature industries; however, by recombining the three key elements – customers, products, and technologies – in different ways, future growth is possible. With each segment pursuing the concept of “human-centered automation,” we will go beyond the conventional business

boundaries by developing comprehensive strengths – everything from development and production to sales, installation, maintenance and service. These are uniquely azbil in nature and unavailable from other companies. In this way, we will strive to develop new business models and develop new business fields which azbil has not yet addressed. For example, by integrating the service functions of the BA and AA businesses, and by merging their technologies, we can strengthen our business on-site with the customer and thus offer solutions with high customer value in a wide range of service fields, including social infrastructure.

2. Our LA business offers heartfelt, hands-on service with warmth and compassion – as well as measurement and control technologies developed over many years. The LA business operates in the nursing care and health support fields, as well as in the lifeline field involving gas and water supplies, and has a different business cycle to that of the BA and AA businesses. In many ways, the LA business helps people to lead active, fulfilling lives.
3. In overseas markets that are expected to grow in future, we are aiming to achieve business expansion, further strengthening the business foundation and evolving management that is based on the individual characteristics of local business environments. Our priority is business development in fast-growth emerging economies, mainly Asian markets where we already have a presence.
4. As regards environmental protection and reducing CO_2 emissions, the azbil Group is striving to reduce environmental load resulting from its own corporate activities. At the same time, making maximum use of our measurement and control technologies, we will contribute to solving environmental and energy issues faced by our customers and society as a whole. We are thus working to expand our business in fields where stricter regulations mean that we can reliably predict future growth in demand domestically and internationally.
5. Based on our own unique technologies, such as MEMS (Micro Electro Mechanical Systems), our high-performance products enable more advanced control and even finer measurement. These are core products that solve issues faced by our customers. We reorganized our corporate R&D function and enhanced its resources in order to strengthen product development capabilities. We also focus development on products that accurately meet the needs of customers, and bring these products sooner to market. Production too is being enhanced: we are working on further improvements to assure an optimum production system that is flexible and which enables rapid response to global market needs and business fluctuations.
6. The promotion of CSR management has been set out as a goal in the Medium-Term

Plan, and the entire Group is actively engaged in implementing CSR activities. These are divided into 8 priority areas: compliance (corporate ethics & legal compliance); disaster prevention; information security; financial reporting; labor and safety; quality; environment; management infrastructure and Group governance. Furthermore, we are enhancing our social action program. This includes providing the community with opportunities for environmental education; participating in eco-friendly international marathons; and establishing the azbil Honey Bee Club, an employee volunteer program which sponsors activities that contribute to society. At the same time, we are increasingly contributing to the environment and society through our main businesses – for example, promoting activities connected with reducing CO_2 that employ Group technologies. We are also reinforcing the system of internal controls, and we are improving measures to assure accurate financial reporting.

4. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2009	**As of March 31, 2010**
Assets		
Current assets		
Cash and deposits	37,866	45,067
Notes and accounts receivable-trade	74,842	74,651
Short-term investment securities	14,592	11,895
Merchandise and finished goods	3,725	3,263
Work in process	11,558	8,251
Raw materials	5,954	4,919
Deferred tax assets	5,231	4,855
Other	7,486	7,655
Allowance for doubtful accounts	(301)	(313)
Total current assets	160,956	160,245
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	37,549	38,105
Accumulated depreciation	(21,340)	(22,682)
Buildings and structures, net	16,209	15,422
Machinery, equipment and vehicles	16,466	17,075
Accumulated depreciation	(13,472)	(14,020)
Machinery, equipment and vehicles, net	2,994	3,055
Tools, furniture and fixtures	19,164	19,047
Accumulated depreciation	(16,663)	(16,811)
Tools, furniture and fixtures, net	2,501	2,236
Land	6,476	6,439
Lease assets	182	264
Accumulated depreciation	(27)	(71)
Lease assets, net	154	193
Construction in progress	1,500	102
Total property, plant and equipment	29,836	27,448
Intangible assets		
Right of using facilities	149	147
Software	952	856
Goodwill	6,367	5,369
Other	798	760
Total intangible assets	8,267	7,134
Investments and other assets		
Investment securities	11,706	15,213
Long-term loans receivable	578	306
Claims provable in bankruptcy, claims provable in rehabilitation and other	113	127
Deferred tax assets	2,533	1,110
Other	7,522	7,411
Allowance for doubtful accounts	(670)	(526)
Total investments and other assets	21,785	23,642
Total noncurrent assets	59,889	58,226
Total assets	220,845	218,471

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	35,977	34,984
Short-term loans payable	14,473	14,391
Current portion of bonds	200	50
Income taxes payable	4,878	3,641
Advances received	3,759	3,245
Provision for bonuses	8,294	7,823
Provision for directors' bonuses	67	85
Provision for product warranties	429	586
Provision for loss on order received	369	316
Other	10,290	8,830
Total current liabilities	78,739	73,954
Noncurrent liabilities		
Bonds payable	110	60
Long-term loans payable	2,129	688
Deferred tax liabilities	753	828
Deferred tax liabilities for land revaluation	240	240
Provision for retirement benefits	13,242	12,921
Provision for directors' retirement benefits	183	194
Other	463	305
Total noncurrent liabilities	17,122	15,239
Total liabilities	95,862	89,193
Net assets		
Shareholders' equity		
Capital stock	10,522	10,522
Capital surplus	17,197	17,197
Retained earnings	98,691	100,362
Treasury stock	(2,640)	(2,641)
Total shareholders' equity	123,771	125,441
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	873	3,148
Deferred gains or losses on hedges	―	1
Foreign currency translation adjustment	(1,090)	(923)
Total valuation and translation adjustments	(217)	2,227
Subscription rights to shares	―	1
Minority interests	1,429	1,607
Total net assets	124,983	129,277
Total liabilities and net assets	220,845	218,471

(2) Consolidated statements of income

	Fiscal year 2008 April 1, 2008 to March 31, 2009	Fiscal year 2009 April 1, 2009 to March 31, 2010
		(Millions of yen)
Net sales	236,173	212,213
Cost of sales	149,518	135,793
Gross profit	86,654	76,419
Selling, general and administrative expenses	68,822	64,034
Operating income	17,832	12,384
Non-operating income		
Interest income	250	121
Dividends income	322	296
Real estate rent	116	78
Subsidy income	—	393
Other	271	167
Total non-operating income	960	1,058
Non-operating expenses		
Interest expenses	250	205
Foreign exchange losses	643	34
Commitment fee	46	51
Rent expenses on real estates	110	167
Office transfer expenses	421	204
Other	151	133
Total non-operating expenses	1,623	796
Ordinary income	17,169	12,646
Extraordinary income		
Gain on sales of noncurrent assets	223	2
Gain on sales of subsidiaries and affiliates' stocks	12	—
Total extraordinary income	235	2
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	247	153
Impairment loss	161	837
Loss on valuation of investment securities	173	400
Loss on revision of retirement benefit plan	172	—
Special extra retirement payments	147	—
Provision of allowance for doubtful accounts	75	135
Loss on sales of investment securities	—	0
Total extraordinary losses	978	1,527
Income before income taxes and minority interests	16,426	11,121
Income taxes-current	6,216	4,342
Income taxes-deferred	446	335
Total income taxes	6,663	4,678
Minority interests in income	238	200
Net income	9,524	6,242

(3) Consolidated statements of changes in net assets

	Fiscal year 2008 April 1, 2008 to March 31, 2009	Fiscal year 2009 April 1, 2009 to March 31, 2010
		(Millions of yen)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	10,522	10,522
Balance at the end of current period	10,522	10,522
Capital surplus		
Balance at the end of previous period	12,647	17,197
Changes of items during the period		
Disposal of treasury stock	(1)	(0)
Increase by share exchanges	4,550	―
Transfer to capital surplus from retained earnings	1	0
Total changes of items during the period	4,550	―
Balance at the end of current period	17,197	17,197
Retained earnings		
Balance at the end of previous period	93,688	98,691
Changes of items during the period		
Dividends from surplus	(4,519)	(4,579)
Net income	9,524	6,242
Change of scope of consolidation	―	7
Disposal of treasury stock	(0)	―
Transfer to capital surplus from retained earnings	(1)	(0)
Total changes of items during the period	5,003	1,670
Balance at the end of current period	98,691	100,362
Treasury stock		
Balance at the end of previous period	(667)	(2,640)
Changes of items during the period		
Purchase of treasury stock	(1,988)	(1)
Disposal of treasury stock	16	0
Total changes of items during the period	(1,972)	(1)
Balance at the end of current period	(2,640)	(2,641)
Total shareholders' equity		
Balance at the end of previous period	116,190	123,771
Changes of items during the period		
Dividends from surplus	(4,519)	(4,579)
Net income	9,524	6,242
Change of scope of consolidation	―	7
Purchase of treasury stock	(1,988)	(1)
Disposal of treasury stock	14	0
Increase by share exchanges	4,550	―
Transfer to capital surplus from retained earnings	―	―
Total changes of items during the period	7,580	1,669
Balance at the end of current period	123,771	125,441

	Fiscal year 2008 April 1, 2008 to March 31, 2009	Fiscal year 2009 April 1, 2009 to March 31, 2010
		(Millions of yen)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	3,857	873
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,984)	2,275
Total changes of items during the period	(2,984)	2,275
Balance at the end of current period	873	3,148
Deferred gains or losses on hedges		
Balance at the end of previous period	0	－
Changes of items during the period		
Net changes of items other than shareholders' equity	(0)	1
Total changes of items during the period	(0)	1
Balance at the end of current period	－	1
Foreign currency translation adjustment		
Balance at the end of previous period	317	(1,090)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,407)	167
Total changes of items during the period	(1,407)	167
Balance at the end of current period	(1,090)	(923)
Total valuation and translation adjustments		
Balance at the end of previous period	4,175	(217)
Changes of items during the period		
Net changes of items other than shareholders' equity	(4,393)	2,445
Total changes of items during the period	(4,393)	2,445
Balance at the end of current period	(217)	2,227
Subscription rights to shares		
Balance at the end of previous period	－	－
Changes of items during the period		
Net changes of items other than shareholders' equity	－	1
Total changes of items during the period	－	1
Balance at the end of current period	－	1
Minority interests		
Balance at the end of previous period	1,354	1,429
Changes of items during the period		
Net changes of items other than shareholders' equity	75	177
Total changes of items during the period	75	177
Balance at the end of current period	1,429	1,607
Total net assets		
Balance at the end of previous period	121,721	124,983
Changes of items during the period		
Dividends from surplus	(4,519)	(4,579)
Net income	9,524	6,242
Change of scope of consolidation	－	7
Purchase of treasury stock	(1,988)	(1)
Disposal of treasury stock	14	0
Increase by share exchanges	4,550	－
Net changes of items other than shareholders' equity	(4,318)	2,624
Total changes of items during the period	3,262	4,294
Balance at the end of current period	124,983	129,277

(4) Consolidated statements of cash flows

	Fiscal year 2008 April 1, 2008 to March 31, 2009	(Millions of yen) Fiscal year 2009 April 1, 2009 to March 31, 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	16,426	11,121
Depreciation and amortization	4,503	4,751
Amortization of goodwill	1,253	1,491
Increase (decrease) in allowance for doubtful accounts	104	(133)
Increase (decrease) in provision for retirement benefits	(752)	(324)
Increase (decrease) in provision for bonuses	(655)	(474)
Increase (decrease) in provision for directors' bonuses	(13)	18
Interest and dividends income	(572)	(418)
Interest expenses	250	205
Foreign exchange losses (gains)	1	69
Loss (gain) on sales and retirement of property, plant and equipment	17	147
Loss (gain) on sales and valuation of investment securities	161	400
Impairment loss	161	837
Decrease (increase) in notes and accounts receivable-trade	10,705	273
Decrease (increase) in inventories	2,192	4,924
Increase (decrease) in notes and accounts payable-trade	(6,116)	(1,081)
Decrease (increase) in other assets	475	222
Increase (decrease) in other liabilities	(103)	(1,064)
Subtotal	28,041	20,964
Interest and dividends income received	564	433
Interest expenses paid	(247)	(225)
Income taxes paid	(6,985)	(5,459)
Net cash provided by (used in) operating activities	21,371	15,713
Net cash provided by (used in) investing activities		
Payments into time deposits	(2,022)	(1,312)
Proceeds from withdrawal of time deposits	1,781	1,198
Purchase of short-term investment securities	(15,056)	(8,348)
Proceeds from sales of short-term investment securities	9,357	14,953
Purchase of trust beneficiary right	(4,806)	(11,884)
Proceeds from sales of trust beneficiary right	821	11,310
Purchase of property, plant and equipment	(6,477)	(2,902)
Proceeds from sales of property, plant and equipment	746	38
Purchase of intangible assets	(521)	(293)
Purchase of investment securities	(231)	(31)
Proceeds from sales of investment securities	95	6
Purchase of investments in subsidiaries resulting in change in scope of consolidation	−	(743)
Purchase of investments in capital of subsidiaries	(95)	−
Purchase of stocks of subsidiaries and affiliates	−	(67)
Payments for transfer of business	−	(57)
Other, net	(199)	93
Net cash provided by (used in) investing activities	(16,606)	1,960
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	1,547	717
Decrease in short-term loans payable	(1,687)	(422)
Proceeds from long-term loans payable	200	513
Repayment of long-term loans payable	(1,937)	(2,658)
Redemption of bonds	(110)	(200)
Cash dividends paid	(4,516)	(4,578)
Repayments of lease obligations	(40)	(72)
Cash dividends paid to minority shareholders	(58)	(55)
Purchase of treasury stock	(1,988)	(1)
Proceeds from sales of treasury stock	16	0
Net cash provided by (used in) financing activities	(8,574)	(6,757)
Effect of exchange rate change on cash and cash equivalents	(1,126)	67
Net increase (decrease) in cash and cash equivalents	(4,935)	10,984
Cash and cash equivalents at beginning of period	49,256	44,321
Increase in cash and cash equivalents from newly consolidated subsidiary	−	58
Cash and cash equivalents at end of period	44,321	55,363

(5) Notes regarding assumptions of continuing operations : Non applicable

(6) Significant matters constituting the basis for preparing the consolidated financial statements

Matters regarding accounting standards

Standards for recognizing significant revenue and cost

Standards for recognizing completed contract revenue and completed contract cost

1.Contracts for which the outcome of the construction is deemed certain during the period to the end of the current consolidated fiscal year

The percentage of completion method (percentage of completion shall be estimated based on the cost-to-cost method)

2.All other construction contracts:

The completed-contract method

Other than those above, no major change have been made to the description in latest annual security report (submission on June 25, 2009), so we abbreviate the disclosure of these items.

(7) Changes in significant matters constituting the basis for preparing the consolidated financial statements

1. Cnange in matters regarding accounting standards

Changes in standards for the recognition of completed contracts and cost of completed contracts

In terms of standards for the recognition of sales in construction contracts, the Company had previously applied the completed-contract method. However, starting from the current fiscal year, the Company has applied the “Accounting Standard for Construction Contracts"(ASBJ Statement No. 15, December 27, 2007) and the “Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, December 27, 2007); and in terms of construction contracts commenced during the current fiscal year, the percentage of completion method to contracts in progress (percentage of completion shall be estimated based on the cost-to-cost method) is applied to contracts for which the outcome of the construction is deemed certain during the period to the end of the current fiscal year and the completed-contract method for all other construction contracts.

As a result of this change, net sales increased by 7,285 million yen, and Operating income, Ordinary income and Income before income taxes increased by 2,410 million yen, respectively. The effects of this change on segment information have been stated in the relevant sections.

2. Application of the partial revision of the “Accounting Standards for Retirement Benefits”

The application of the partial revision of the “Accounting Standards for Retirement Benefits”

Starting from the current fiscal year, the Company has applied the partial revision of the

“Accounting Standards for Retirement Benefits” (Part Three) (ASBJ Statement No. 19, July 31, 2008).

This has no impact on operating income, ordinary income and income before income taxes and minority interests as any actuarial calculation difference will be amortized starting from the next fiscal year.

No untreated balance of the difference on retirement benefits liability is incurred due to the application of these accounting standards.

(8) Notes to consolidated financial statements

(Segment information)

1. Business segment information

Fiscal year 2008 (April 1, 2008 to March 31, 2009) (Millions of yen)

	Building Automation	Advanced Automation	Life Automation	Others	Total	Elimination/ Corporate	Consoli-dated
(1)Net sales and Operating income/loss							
Net sales							
①Customers	99,972	92,868	35,601	7,731	236,173	—	236,173
②Inter-segment	395	761	321	185	1,663	(1,663)	—
Total	100,367	93,630	35,922	7,916	237,837	(1,663)	236,173
Operating cost and expenses	87,294	88,665	36,083	7,970	220,013	(1,672)	218,341
Operating income(loss)	13,072	4,965	△160	△53	17,823	8	17,832
(2)Assets, Depreciation, Impairment loss and Capital expenditure							
Assets	55,007	66,016	31,173	3,702	155,901	64,944	220,845
Depreciation	1,018	2,560	869	54	4,503	—	4,503
Impairment loss	25	—	906	—	931	(769)	161
Capital expenditure	1,517	4,208	639	48	6,413	—	6,413

Fiscal year 2009 (April 1, 2009 to March 31, 2010) (Millions of yen)

	Building Automation	Advanced Automation	Life Automation	Others	Total	Elimination/ Corporate	Consoli-dated
(1)Sales and Operating income /loss							
Sales							
①Customers	96,386	76,177	34,444	5,204	212,213	—	212,213
②Inter-segment	284	760	276	124	1,446	(1,446)	—
Total	96,671	76,938	34,721	5,329	213,659	(1,446)	212,213
Operating cost and expenses	85,153	76,385	34,368	5,370	201,277	(1,448)	199,828
Operating income(loss)	11,517	552	352	△40	12,382	2	12,384
(2)Assets, Depreciation, Impairment loss and Capital expenditure							
Assets	54,048	59,160	29,322	3,255	145,786	72,684	218,471
Depreciation	1,265	2,603	840	41	4,751	—	4,751
Impairment loss	723	—	178	—	901	(63)	837
Capital expenditure	1,045	1,064	574	20	2,704	—	2,704

Note :

1. Classification method of business segments

The business segments have been classified, based on the classifications of the azbil Group used for internal control purposes and by taking into account the product lines and similarities of markets and other factors. The business segments are the Building Automation business, which primarily deals with building automation; the Advanced Automation business, which focuses on process automation, factory automation and the sales of control products; the Life Automation business, which utilizes automation technologies in areas closely related to everyday life and social infrastructure; and Others, which includes all other businesses.

2. The main products by business segment are as shown in “2.Activities (Present situation) of the azbil Group”.

3. Of operating expenses, no unallocatable operating expenses were included in Elimination or Corporate.

4. Of assets, the amount of the company’s total assets included in Elimination or Corporate stood at 65,320 million yen in the previous consolidated fiscal year and 72,792 million yen in the current consolidated fiscal year, It mainly consists of operating fund (cash and deposits) and long-term investment fund (investment securities) at the parent company, etc.

5. Changes in accounting principles and procedures

Fiscal year 2009 (April 1, 2009 to March 31, 2010)

As stated on (7) Changes in significant matters constituting the basis for preparing the consolidated financial statements of 4. consolidated financial statements, The company have applied the "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, December 27, 2007). And in terms of construction contracts commenced during the current fiscal year, the percentage of completion method to contracts in progress (percentage of completion shall be estimated based on the cost-to-cost method) is applied to contracts for which the outcome of the construction is deemed certain during the period to the end of the current fiscal year and the completed-contract method for all other construction contracts.

As a result of this change, net sales increased by 4,719 million yen, 2,565 million yen for BA and AA, respectively. And operating income increased by 1,905 million yen, 505 million yen for BA and AA, respectively.

6.Supplementary information

Fiscal year 2008 (April 1, 2008 to March 31, 2009)

As stated on (6) Significant matters constituting the basis for preparing the consolidated financial

statements of 4. consolidated financial statements,, from current fiscal year, accompanying revisions in Japan's income tax law in fiscal year 2008, the Company and its domestic consolidated subsidiaries have revised the useful lives of their machinery and equipment. Based on this, the useful lives of machinery and equipment included among property, plant and equipment have been changed.
As a result of this change, operating expense increased by 17 million yen, 175 million yen, 36 million yen and 7 million yen for BA, AA, LA and Others, respectively. Operating income decreased by the same amount of increase in operating expense for BA and AA, respectivery. Operating loss increased by the same amount of increase in operating expense for LA and Others, respectively.

2. Geographic segment information

Fiscal year 2008 (April 1, 2008 to March 31, 2009) and Fiscal year 2009 (April 1, 2009 to March 31, 2010)
Since domestic sales account for the more than 90% of the total sales of all segments, the notation of geographic segment information has been omitted.

3. Overseas sales

Fiscal year 2008 (April 1, 2008 to March 31, 2009) and Fiscal year 2009 (April 1, 2009 to March 31, 2010)
Since overseas sales account for less than 10% of consolidated sales, the notation of overseas sales has been omitted.

(Per-share Information)

Fiscal year 2008 (April 1, 2008 to March 31, 2009)		Fiscal year 2009 (April 1, 2009 to March 31, 2010)	
Net assets per share(Yen)	1,672.91	Net assets per share(Yen)	1,728.64
Net income per share(Yen)	127.87	Net income per share(Yen)	84.52

Note 1: Net income per share after adjusting for latent shares is not presented because there are no latent shares for the previous fiscal year . Furthermore, although diluted shares exist for the current fiscal year, they have not been stated in the absence of any dilution effects.

2: The basis for calculating net income per share is as follows.

item	Fiscal year 2008 (April 1, 2008 to March 31, 2009)	Fiscal year 2009 (April 1, 2009 to March 31, 2010)
Net income（Millions of yen）	9,524	6,242
Amount not attributable to common stock holders (Millions of Yen)	―	―
Net income relevant to common stock (Millions of Yen)	9,524	6,242
Average number of shares（Thousands of shares）	74,486	73,855

3: The basis for calculating net assets per share is as follows.

item	As of March 31, 2009	As of March 31, 2010
Total of net assets（Millions of yen）	124,983	129,277
Amount deducted from the total of net assets（Millions of yen）	1,429	1,608
（of which subscription rights to shares（Millions of yen））	―	1
（of which minority interests（Millions of yen））	1,429	1,607
Net assets at the end of the consolidated fiscal year relevant to common stock（Millions of yen）	123,554	127,668
Number of shares of common stock used to determine total net assets per share（Thousands of shares）	73,855	73,855

5.Non-consolidated financial statement

(1) Balance sheets

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
Assets		
Current assets		
Cash and deposits	28,436	34,319
Notes receivable-trade	9,236	8,237
Accounts receivable-trade	30,494	29,583
Accounts receivable from completed construction contracts	22,921	23,996
Short-term investment securities	14,592	11,895
Merchandise and finished goods	1,692	1,449
Work in process	4,249	2,312
Costs on uncompleted construction contracts	5,893	4,502
Raw materials	2,516	1,609
Advance payments-trade	14	8
Deferred tax assets	4,636	4,174
Short-term loans receivable from subsidiaries and affiliates	902	745
Accounts receivable-other	633	1,289
Prepaid expenses	1,666	1,601
Trust beneficiary right	3,995	4,575
Other	293	63
Allowance for doubtful accounts	(144)	(211)
Total current assets	132,031	130,153
Noncurrent assets		
Property, plant and equipment		
Buildings	21,619	22,099
Accumulated depreciation	(11,029)	(11,912)
Buildings, net	10,590	10,186
Structures	575	596
Accumulated depreciation	(386)	(408)
Structures, net	189	188
Machinery and equipment	9,136	9,542
Accumulated depreciation	(7,377)	(7,611)
Machinery and equipment, net	1,758	1,930
Vehicles	43	44
Accumulated depreciation	(39)	(40)
Vehicles, net	4	3
Tools, furniture and fixtures	14,642	14,584
Accumulated depreciation	(12,642)	(12,863)
Tools, furniture and fixtures, net	2,000	1,720
Land	2,890	2,890
Lease assets	95	108
Accumulated depreciation	(12)	(33)
Lease assets, net	82	75
Construction in progress	1,399	88
Total property, plant and equipment	18,916	17,083
Intangible assets		
Right of using facilities	147	146
Software	796	717
Lease assets	―	6
Other	426	381
Total intangible assets	1,370	1,251
Investments and other assets		

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
Investment securities	8,750	11,939
Stocks of subsidiaries and affiliates	13,979	14,754
Investments in capital of subsidiaries and affiliates	1,223	1,223
Long-term loans receivable from employees	291	223
Long-term loans receivable from subsidiaries and affiliates	78	1,564
Claims provable in bankruptcy, claims provable in rehabilitation and other	31	32
Deferred tax assets	2,218	609
Lease deposits	3,029	2,710
Other	638	1,103
Allowance for doubtful accounts	(197)	(239)
Allowance for investment loss	(517)	(971)
Total investments and other assets	29,525	32,950
Total noncurrent assets	49,811	51,285
Total assets	181,842	181,439
Liabilities		
Current liabilities		
Notes payable-trade	2,328	2,099
Account payable-factoring	12,653	9,903
Accounts payable-trade	10,003	12,399
Accounts payable for construction contracts	3,349	3,315
Short-term loans payable	2,810	2,842
Current portion of long-term loans payable	450	50
Accounts payable-other	892	468
Accrued expenses	4,043	3,654
Income taxes payable	4,697	3,176
Accrued consumption taxes	456	221
Advances received	1,203	684
Advances received on uncompleted construction contracts	2,228	2,155
Deposits received	1,898	1,927
Deposits received from subsidiaries and affiliates	1,911	2,328
Provision for bonuses	7,257	6,627
Provision for directors' bonuses	52	46
Provision for product warranties	313	475
Provision for loss on order received	353	296
Notes payable-facilities	391	69
Other	78	57
Total current liabilities	57,375	52,800
Noncurrent liabilities		
Long-term loans payable	279	514
Provision for retirement benefits	8,605	8,357
Other	187	63
Total noncurrent liabilities	9,073	8,935
Total liabilities	66,448	61,736

(Millions of yen)

	As of March 31, 2009	As of March 31, 2010
Net assets		
Shareholders' equity		
Capital stock	10,522	10,522
Capital surplus		
Legal capital surplus	17,197	17,197
Total capital surpluses	17,197	17,197
Retained earnings		
Legal retained earnings	2,519	2,519
Other retained earnings		
Reserve for special depreciation	52	96
Reserve for advanced depreciation of noncurrent assets	2,439	2,634
General reserve	51,811	51,811
Retained earnings brought forward	32,138	34,068
Total retained earnings	88,960	91,130
Treasury stock	(2,640)	(2,641)
Total shareholders' equity	114,040	116,209
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,353	3,493
Total valuation and translation adjustments	1,353	3,493
Total net assets	115,393	119,703
Total liabilities and net assets	181,842	181,439

(2) Statements of income

	Fiscal year 2008 April 1, 2008 to March 31, 2009	(Millions of yen) Fiscal year 2009 April 1, 2009 to March 31, 2010
Statements of income		
Net sales		
Net sales of finished goods and others	117,433	105,075
Net sales of completed construction contracts	59,140	54,384
Total net sales	176,573	159,460
Cost of sales		
Cost of sales of finished goods and others	69,623	64,884
Cost of sales of completed construction contracts	37,985	34,534
Total cost of sales	107,608	99,419
Gross profit		
Gross profit-finished goods and others	47,809	40,190
Gross profit-completed construction contracts	21,155	19,850
Gross profit	68,965	60,041
Selling, general and administrative expenses	53,056	48,546
Operating income	15,908	11,494
Non-operating income		
Interest income	193	84
Dividends income	566	455
Real estate rent	76	75
Subsidy income	―	268
Other	78	115
Total non-operating income	914	1,000
Non-operating expenses		
Interest expenses	85	64
Foreign exchange losses	98	81
Office transfer expenses	274	192
Commitment fee	24	24
Other	22	86
Total non-operating expenses	504	448
Ordinary income	16,318	12,047
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Reversal of allowance for doubtful accounts	45	―
Gain on sales of subsidiaries and affiliates' stocks	12	―
Total extraordinary income	58	0
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	132	93
Impairment loss	25	―
Provision of allowance for investment loss	37	454
Loss on valuation of investment securities	28	396
Provision of allowance for doubtful accounts	―	69
Special extra retirement payments	90	―
Loss on valuation of stocks of subsidiaries and affiliates	69	―
Total extraordinary losses	383	1,013
Income before income taxes	15,992	11,033
Income taxes-current	5,732	3,642
Income taxes-deferred	368	641
Total income taxes	6,100	4,283
Net income	9,892	6,749

(3) Statements of changes in net assets

	Fiscal year 2008 April 1, 2008 to March 31, 2009	Fiscal year 2009 April 1, 2009 to March 31, 2010
		(Millions of yen)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	10,522	10,522
Balance at the end of current period	10,522	10,522
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	12,647	17,197
Changes of items during the period		
Increase by share exchanges	4,550	—
Total changes of items during the period	4,550	—
Balance at the end of current period	17,197	17,197
Other capital surplus		
Balance at the end of previous period	0	—
Changes of items during the period		
Disposal of treasury stock	(1)	(0)
Transfer to capital surplus from retained earnings	1	0
Total changes of items during the period	(0)	—
Balance at the end of current period	—	—
Total capital surplus		
Balance at the end of previous period	12,647	17,197
Changes of items during the period		
Disposal of treasury stock	(1)	(0)
Increase by share exchanges	4,550	—
Transfer to capital surplus from retained earnings	1	0
Total changes of items during the period	4,550	—
Balance at the end of current period	17,197	17,197
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	2,519	2,519
Balance at the end of current period	2,519	2,519
Other retained earnings		
Reserve for special depreciation		
Balance at the end of previous period	102	52
Changes of items during the period		
Provision of reserve for special depreciation	15	58
Reversal of reserve for special depreciation	(65)	(13)
Total changes of items during the period	(50)	44
Balance at the end of current period	52	96
Reserve for advanced depreciation of noncurrent assets		
Balance at the end of previous period	2,599	2,439
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurren assets	960	384
Reversal of reserve for advanced depreciation of noncurrent assets	(1,120)	(189)
Total changes of items during the period	(160)	195
Balance at the end of current period	2,439	2,634

	Fiscal year 2008 April 1, 2008 to March 31, 2009	Fiscal year 2009 April 1, 2009 to March 31, 2010
General reserve		
Balance at the end of previous period	51,811	51,811
Balance at the end of current period	51,811	51,811
Retained earnings brought forward		
Balance at the end of previous period	26,556	32,138
Changes of items during the period		
Provision of reserve for special depreciation	(15)	(58)
Reversal of reserve for special depreciation	65	13
Provision of reserve for advanced depreciation of noncurren assets	(960)	(384)
Reversal of reserve for advanced depreciation of noncurrent assets	1,120	189
Dividends from surplus	(4,519)	(4,579)
Net income	9,892	6,749
Transfer to capital surplus from retained earnings	(1)	(0)
Total changes of items during the period	5,581	1,930
Balance at the end of current period	32,138	34,068
Total retained earnings		
Balance at the end of previous period	83,589	88,960
Changes of items during the period		
Provision of reserve for special depreciation	—	—
Reversal of reserve for special depreciation	—	—
Provision of reserve for advanced depreciation of noncurrent assets	—	—
Reversal of reserve for advanced depreciation of noncurrent assets	—	—
Dividends from surplus	(4,519)	(4,579)
Net income	9,892	6,749
Transfer to capital surplus from retained earnings	(1)	(0)
Total changes of items during the period	5,371	2,170
Balance at the end of current period	88,960	91,130
Treasury stock		
Balance at the end of previous period	(667)	(2,640)
Changes of items during the period		
Purchase of treasury stock	(1,988)	(1)
Disposal of treasury stock	16	0
Total changes of items during the period	(1,972)	(1)
Balance at the end of current period	(2,640)	(2,641)
Total shareholders' equity		
Balance at the end of previous period	106,092	114,040
Changes of items during the period		
Dividends from surplus	(4,519)	(4,579)
Net income	9,892	6,749
Purchase of treasury stock	(1,988)	(1)
Disposal of treasury stock	14	0
Increase by share exchanges	4,550	—
Transfer to capital surplus from retained earnings	—	—
Total changes of items during the period	7,948	2,168
Balance at the end of current period	114,040	116,209

(Millions of yen)

(Millions of yen)

	Fiscal year 2008 April 1, 2008 to March 31, 2009	Fiscal year 2009 April 1, 2009 to March 31, 2010
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	4,214	1,353
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,860)	2,140
Total changes of items during the period	(2,860)	2,140
Balance at the end of current period	1,353	3,493
Deferred gains or losses on hedges		
Balance at the end of previous period	0	−
Changes of items during the period		
Net changes of items other than shareholders' equity	(0)	−
Total changes of items during the period	(0)	−
Balance at the end of current period	−	−
Total valuation and translation adjustments		
Balance at the end of previous period	4,215	1,353
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,861)	2,140
Total changes of items during the period	(2,861)	2,140
Balance at the end of current period	1,353	3,493
Total net assets		
Balance at the end of previous period	110,307	115,393
Changes of items during the period		
Dividends from surplus	(4,519)	(4,579)
Net income	9,892	6,749
Purchase of treasury stock	(1,988)	(1)
Disposal of treasury stock	14	0
Increase by share exchanges	4,550	−
Net changes of items other than shareholders' equity	(2,861)	2,140
Total changes of items during the period	5,086	4,309
Balance at the end of current period	115,393	119,703

(4) Notes regarding assumptions of continuing operations: Non applicable

6. Others

(1) Management Changes (effective June 25, 2010)

1) Newly Appointed Directors (Current title)

Director	Hirozumi Sone (Managing Executive Officer)
Director	Makoto Kawai (Managing Executive Officer)
Director	Katsuhiko Tanabe (Corporate Auditor)

2) Retiring Directors and Advisors (New title upon appointment)

Director	Jun Kawachi (Advisor)
Director	Hajime Ikeda (Advisor)
Corporate Auditor	Katsuhiko Tanabe (Director)

[Reference]

Yamatake Corporation New Management Structure ＜effective June 25, 2010＞

Position	Name	Changes
President and CEO	Seiji Onoki	Reappointed
Director	Kiyofumi Saito	Reappointed
〃	Tadayuki Sasaki	Reappointed
〃	Masaaki Inozuka	Reappointed
〃	Hirozumi Sone	Newly appointed
〃	Makoto Kawai	Newly appointed
〃	Makoto Yasuda	Reappointed
〃	Eugene Lee	Reappointed
〃	Katsuhiko Tanabe	Newly appointed
Full-time Corporate Auditor	Yukihiko Tsuruta	Uncontested
〃	Kozo Edanami	Uncontested
〃	Tomonori Kobayashi	Uncontested
Corporate Auditor	Kinya Fujimoto	Uncontested

Note: Eugene Lee and Katsuhiko Tanabe are external directors, as prescribed by Article 2, Item 15 of the Companies Act.

Tomonori Kobayashi and Kinya Fujimoto are external auditors, as prescribed by Article 2, Item 16 of the Companies Act.

(2) Other information

Order condition

(Millions of yen)

Business segment	Fiscal year 2008 (April 1, 2008 to March 31, 2009)		Fiscal year 2009 (April 1, 2009 to March 31, 2010)		Change	
	Orders received	Backlog	Orders received	Backlog	Orders received	Backlog
Building Automation	98,251	34,448	98,915	36,692	663	2,243
Advanced Automation	92,483	24,484	69,743	17,289	(22,740)	(7,194)
Life Automation	35,923	1,210	35,189	1,678	(734)	468
Others	6,929	519	5,521	711	(1,408)	191
Total	233,587	60,662	209,368	56,371	(24,219)	(4,291)
Elimination	(1,828)	(317)	(1,382)	(253)	446	63
Consolidated	231,759	60,344	207,986	56,117	(23,772)	(4,227)

Note: No consumption tax is included in the amount stated above.

Sales performance

(Millions of yen)

Business segment	Fiscal year 2008 (April 1, 2008 to March 31, 2009)		Fiscal year 2009 (April 1, 2009 to March 31, 2010)		Change	
	Amount	Component ratio(%)	Amount	Component ratio(%)	Amount	Ratio(%)
Building Automation	100,367	42.5	96,671	45.6	(3,696)	(3.7)
Advanced Automation	93,630	39.6	76,938	36.3	(16,692)	(17.8)
Life Automation	35,922	15.2	34,721	16.4	(1,201)	(3.3)
Others	7,916	3.4	5,329	2.5	(2,586)	(32.7)
Total	237,837	100.7	213,659	100.7	(24,177)	(10.2)
Elimination	(1,663)	(0.7)	(1,446)	(0.7)	217	—
Consolidated	236,173	100.0	212,213	100.0	(23,959)	(10.1)

Note: 1. No consumption tax is included in the amount stated above.

2. There is no customer accounting for more than 10% of the Company’s total sales.