azbil

Consolidated Financial Results for the Fiscal 2010 Ended March 31, 2011

May 10, 2011

Company name	:	Yamatake Corporation
URL	:	http://www.azbil.com/jp/
Stock exchange listing	:	Tokyo Stock Exchange 1st Section (CODE 6845)
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Planed date of general shareholders meeting		June 28,2011
Planed date of cash dividends		June 29,2011
Planed date to file annual security report	:	June 28,2011
Supplementary materials prepared	:	Yes
Financial results information meeting held	:	Yes (for investors and analysts,etc.)

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 2010 ended March 31, 2011 (April 1, 2010 to March 31, 2011)

(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 2010	219,216	3.3	14,896	20.3	14,891	17.8	7,928	27.0
Fiscal year 2009	212,213	(10.1)	12,384	(30.5)	12,646	(26.3)	6,242	(34.5)

Note : Comprehensive income As of March 31, 2011 6,761 million yen (24.2)%
As of March 31, 2010 8,920 million yen －%

	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 2010	107.35	－	6.2	6.8	6.8
Fiscal year 2009	84.52	－	5.0	5.8	5.8

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio	Net assets per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2011	217,501	131,361	59.6	1,754.86
As of March 31, 2010	218,471	129,277	58.4	1,728.64

Note : Shareholders' equity As of March 31, 2011 129,604 million yen
As of March 31, 2010 127,668 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 2010	15,223	(2,275)	(8,001)	59,843
Fiscal year 2009	15,713	1,960	(6,757)	55,363

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 2009	－	31.00	－	31.00	62.00	4,579	73.4	3.6
Fiscal year 2010	－	31.50	－	31.50	63.00	4,652	58.7	3.6
Fiscal year 2011 (Forecast)	－	31.50	－	31.50	63.00		63.7	

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2012 (April 1, 2011 to March 31, 2012)

(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, 2011	99,000	(0.3)	2,500	(34.1)	2,400	(34.5)	900	(30.0)	12.19
Fiscal year 2011	220,000	0.4	13,000	(12.7)	13,000	(12.7)	7,300	(7.9)	98.84

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 "(6) Change to the Basis of Presenting Consolidated Financial Statements" on page 25.

(3) Number of shares issued (common stock)

1. Number of shares issued (including treasury stock)		
	As of March 31, 2011	75,116,101 shares
	As of March 31, 2010	75,116,101 shares
2. Number of Treasury stock		
	As of March 31, 2011	1,261,417 shares
	As of March 31, 2010	1,260,779 shares
3. Average number of shares		
	As of March 31, 2011	73,854,991 shares
	As of March 31, 2010	73,855,681 shares

* Description of the situation of the procedures for audit results

This financial results is not subject to the audit procedures specified in the Financial Instruments and Exchange Act. As of the disclosure of this financial results, the procedures for auditing consolidated financial statements are in progress.

* Regarding the appropriate use of forecast and other special matters

The earnings forecast of azbil Group is based on currently available information and some reasonable assumptions. In addition, the assumable effects of the Great Eastern Japan Earthquake at the time of disclosure are taken into account. However, there are many uncertainties related to the procurement of parts, etc., and so our actual performance may be different from the forecast due to various changes in the business environment. If there emerge any significant effects, we will inform with the least delay. Please see "Analysis of financial results" on page 2 of the financial results (appendix) for preconditions underlying the earnings forecast and precautions to follow in using the earnings forecast.

(How to obtain supplementary information on the settlement of accounts)

Supplementary information on the settlement of accounts will be published on the company's homepage on the same day.

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1. Financial results

(1) Analysis of financial results

1) Financial results for the current fiscal year

The azbil Group would like to take this opportunity to extend its deepest sympathy to all those who have suffered as a result of the recent Great East Japan Earthquake. It is our fervent hope that the country will be able to recover from this crisis as soon as possible, and all employees of the azbil Group are united in a commitment to do whatever they can to assist with the recovery in the affected areas.

During the current fiscal year, prior to the earthquake, economic stimulus measures helped to ensure that Japan's economy continued to recover. Although there was a lull occasioned by a temporary slowdown in exports, a pickup in manufacturing output meant that the economy overall had started a gradual recovery. However, as a result of the massive earthquake and tsunami that struck eastern Japan on March 11, 2011, extensive damage was inflicted on the Tohoku region and as far away as the Kanto region. In addition to the huge impact on economic conditions in the areas directly affected, this crisis has reduced the country's capacity to supply electrical power, parts, and raw materials, and this is why some uncertainty now clouds Japan's economic prospects.

Turning to overseas economies, a gradual recovery has been discernible in Europe and the United States, while robust expansion has continued in China and elsewhere in Asia. Overall it can be said that in these economies the recovery is ongoing.

The current fiscal year is the first year in the "period of growth" (FY2010–FY2013) designated as the third phase of the medium-term plans designed to progressively achieve the long-term objectives of the azbil Group. The Group has thus implemented business structure reforms with a focus on those overseas markets with rapid growth, such as in Asia, and on environmental/energy-saving markets in which new demand is expected to be generated by increasing regulatory pressure. Viewed overall, the business environment for the azbil Group can still not be characterized as robust; indeed, in some fields recovery has clearly been delayed as a result of uncertainty in market conditions and business sentiment. Nevertheless, thanks to the pickup in capital investment in the manufacturing industry, both overseas and in Japan, and also to the implementation of the above-mentioned structure reforms, business performance has improved.

As a result, azbil Group sales in the current fiscal year were 219,216 million yen, an increase of 3.3% on the previous fiscal year. Turning to profits, as a result of enhancing the business structure and increasing sales, operating income was 14,896 million yen (up 20.3% on the previous year), ordinary income was 14,891 million yen (up 17.8% on the previous year), and net income was 7,928million yen (up 27.0% on the previous year).

As regards the impact of the Great East Japan Earthquake on the azbil Group's manufacturing and other facilities, it should be noted that partial damage was suffered by factories and other business premises located in the Tohoku region, and a temporary halt to operations was unavoidable. However, these facilities are now back in operation.

The azbil Group responded to the Great East Japan Earthquake by establishing – within the Head Office of Yamatake Corporation (Chiyoda-ku, Tokyo) – a headquarters, headed by the President of Yamatake, in charge of all countermeasures to be taken by the Group in response to the Tohoku crisis. This HQ has played a central role in organizing the Group's activities aimed at assisting recovery in the affected areas and among its customers, while at the same time gathering information on the impact of the crisis on its employees and their families, and on its business facilities. Based on this information, appropriate measures have been decided and put into effect. The HQ is also developing contingency plans and implementing solutions to problems with procurement and power supplies that are expected to arise in the months ahead.

The results for the individual reportable segments are as follows. From the current fiscal year, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ statement No. 17, March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008) have been applied.

For details, please see "Segment information" on page 28 of the accompanying materials.

Building Automation Business

In Japan, the domestic market for large-scale commercial offices continued to be robust, particularly in the large metropolitan areas, and so sales increased significantly.

As regards the market for existing buildings, owing to the fact that from April 2010 the Revised Act on the Rational Use of Energy came into effect along with the revised Tokyo Metropolitan Environmental Security Ordinance, it was expected that there would be expanded investment in the refurbishment of buildings for the purpose of saving energy (reducing CO_2 emissions). With the start of the third quarter of the consolidated accounting period, signs of this growth gradually began to appear. A sales expansion strategy that focused on providing customers with attractive energy-saving proposals met with success, leading to sales growth. However, competition in the market for existing buildings has been growing ever fiercer, and this has impacted the profitability of individual projects.

In the service field sales grew as a result of efforts to generate new investment projects by giving added impetus to energy-saving proposals as well as an initiative aimed at expanding the scope of business. And while there were some instances of delivery postponement resulting from the Great East Japan Earthquake, overall this crisis has had a relatively minor impact on the financial results for the current fiscal year.

Turning to overseas economies, where azbil has traditionally had an advantage in the market for HVAC for factories operated by Japanese companies, a new initiative has been implemented to develop the non-Japanese factory HVAC market by forming tie-ups with local enterprises. This initiative benefits from the fact that in Japan azbil has unrivalled experience and energy-saving expertise. In Indonesia, Korea and China, this approach is clearly beginning to yield rewards, and overall in overseas markets sales have grown significantly.

The result was that BA business sales in the current fiscal year were 102,124 million yen, an increase of 5.6% on the previous fiscal year. A segment profit (operating income) of 11,748 million yen was posted, up 2.0% on the previous year.

Advanced Automation (AA) Business

In Japan, market conditions for azbil's factory automation (FA) control products meant that cyclical fluctuations in demand led to a dip in sales of components for semiconductor and flat panel display (FPD) manufacturing equipment from the second quarter of the consolidated accounting period. Consequently, growth slowed, but overall sales were robust.

As regards sales of automation systems in the materials-related market, despite there being some evidence of investment aimed at energy saving, in general the pace of recovery in market conditions was modest and in fact started to weaken. The impact on financial results has been relatively mild, but there have been cases of cancellations and postponements as a result of the Tohoku crisis.

Overseas, in order to establish a bridgehead in the fast-growing markets of Asia and South America, new overseas subsidiaries have been established in India and Brazil, expanding the business area. At the same time, progress has been made in enhancing the international business infrastructure by setting up an Asia Solutions Center in

Thailand to bolster engineering functions. Moreover, work has begun on enhancing customization capabilities so as to be able to tailor response to specific customer needs in each region. As a result of these initiatives, overseas sales (principally in the FA market) grew – not just in China and other Asian countries but also in North America.

Consequently, AA business sales in the current fiscal year were 80,975 million yen, representing an increase of 5.2% on the previous fiscal year. Thanks to continued efforts to curb expenditure and fortify the business structure, as well as an increase in sales, segment profit (operating income) was 3,233 million yen, an increase of 2,681 million yen on the previous year.

Life Automation (LA) Business

The LA business covers a wide variety of fields closely connected with people's everyday lives: it sells lifeline-related measuring equipment; it provides nursing care and lifestyle support services; and it also markets central air-conditioning systems for homes that ensure a comfortable and healthy environment while contributing to energy saving.

For Kimmon Manufacturing – a company that plays a central role in the Lifeline business field and accounts for the bulk of LA sales – sales has decreased because LP gas meter sales are lower in the off-demand season, and also because increased competition has depressed water meter bid prices, so that in some cases the company selectively avoided low-margin orders. Additionally, Kimmon Manufacturing has a number of factories in the Tohoku region, which were affected by the 2011 earthquake and tsunami, and the ensuing Fukushima Daiichi nuclear power plant accident. Since operations were unavoidably suspended, this had an impact on business performance. All affected facilities are now back in operation.

Turning to the Life Assist field – with its nursing care and emergency alert response services – demand is growing as Japan's population ages, and a steadily increasing number of people are making use of these services. Nevertheless, this segment continued to face a challenging business environment owing to such factors as cutbacks in welfare budgets by local governments. Countermeasures included strengthening sales efforts and expanding the scope of services, and this approach was rewarded with increased sales.

As regards the market for residential central air-conditioning systems, uncertainties surrounding consumer trends meant that housing starts remained stagnant, resulting in a challenging business environment. However, there has been a steady improvement in product recognition thanks to the implementation of an aggressive sales strategy targeting both house builders and individual clients.

As a result, LA business sales in the current fiscal year were 32,620 million yen, a decrease of 6.0% on the previous year. Despite continued efforts to curb expenditure and strengthen the business structure, owing to the severe impact of the Tohoku crisis on the business performance of Kimmon Manufacturing, segment loss (operating loss) was 227 million yen (a segment profit of 352 million yen was recorded in the previous fiscal year).

Other Businesses

In other businesses (the importing, buying-in and marketing of inspection and measurement equipment), sales for the current fiscal year were 5,123 million yen, 3.9% down on the previous fiscal year. Thanks to continued efforts to boost profitability, segment profit (operating income) was 144 million yen (a segment loss of 40 million yen was recorded in the previous fiscal year).

2) Forecast for the next period

The damage caused by the recent Great East Japan Earthquake, and the resulting electrical power shortages that are expected to continue for some time, are having a serious impact on Japan's economic activities – particularly manufacturing, distribution and marketing. At this point in time it is very difficult to calculate with any degree of certainty the extent of this impact on the economy in general or specifically on the business performance of the azbil Group. The concern is that manufacturing output may falter as a result of power shortages, parts shortages, and an economic downturn caused by the drop in consumer confidence brought on by the Tohoku crisis.

Nevertheless, the azbil Group will swiftly put into action any measures deemed appropriate for contingences that can be envisioned, and at the same time make further progress with the business structure and operational structure reforms that underpin the Medium-Term Plan. As well as developing overseas markets and environmental/energy-saving markets, the Group will seek to create new businesses that meet emerging customer needs.

Social and market structural changes that have grown increasingly conspicuous since the "Lehman Shock" of September 2008 have apparently accelerated as a result of the Great East Japan Earthquake. To respond to these developments, the azbil Group is accelerating its own reforms. Everyone in the azbil Group is united in a commitment to strengthen the business structure with a view to ensuring the sustainability and continuity of the enterprise.

Regarding the forecast for the next period, as can be seen from the accompanying table, sales are expected to be 220 billion yen (up 0.4% on the previous year). However, profits are expected to be impacted negatively by a projected fall in output at Kimmon Manufacturing's factories as a result of procurement difficulties, and also by increased social insurance premium. Consequently, current projections show that operating income will be 13 billion yen (down 12.7% on the previous year), ordinary income will be 13 billion yen (down 12.7%), and net income will be 7.3 billion yen (down 7.9%).

* The earnings forecast of azbil Group is based on currently available information and some reasonable assumptions. In addition, the assumable effects of the Great Eastern Japan Earthquake at the time of disclosure are taken into account. However, there are many uncertainties related to the procurement of parts, etc., and so our actual performance may be different from the forecast due to various changes in the business environment. If there emerge any significant effects, we will inform you with the least delay.

(Hundred millions of yen)

		FY2010 ended Mar. 31, 2011 (Actual)	FY2011 ending Mar. 31, 2012 (Forecast)	Difference	%
Building Automation	Net sales	1,021	1,040	18	1.8
	Operating income	117	106	(11)	(9.8)
Advanced Automation	Net sales	809	830	20	2.5
	Operating income	32	34	1	5.1
Life Automation	Net sales	326	310	(16)	(5.0)
	Operating income	(2)	(9)	(6)	-
Others	Net sales	51	40	(11)	(21.9)
	Operating income	1	(1)	(2)	-
Consolidated	Net sales	2,192	2,200	7	0.4
	Operating income	148	130	(18)	(12.7)
	Ordinary income	148	130	(18)	(12.7)
	Net income	79	73	(6)	(7.9)

(2) Qualitative information on consolidated financial position

(Assets)

At the end of the current fiscal year, the total asset was 217,501 million yen, a decrease of 970 million yen from the end of the previous fiscal year. This is mainly caused by the increase in notes and accounts receivable-trade of 1,398 million yen, while decreasing in inventories by 2,649 million yen.

(Liabilities)

At the end of the current fiscal year, the total liabilities was 86,139 million yen, a decrease of 3,054 million yen from the end of the previous fiscal year. This is mainly caused by the decrease of 3,292 million yen in loan payable.

(Net assets)

At the end of the current fiscal year, the net assets was 131,361 million yen, an increase of 2,083 million yen from the end of the previous fiscal year. This is mainly caused by an increase in the retained earnings by adding the net income of the current fiscal year.

(Cash flow from operating activities)

Cash and cash equivalents (hereinafter referred to as "cash") provided by operating activities for the current fiscal year was 15,223 million yen, resulting in a decrease of 490 million yen compared with the previous fiscal year. The main factor is the increase of notes and accounts receivable-trade, despite an increase in income before income taxes and minority interests.

(Cash flow from investing activities)

Net cash used in investing activities was 2,275 million yen (In the previous fiscal year, net cash provided by investing activities was 1,960 million yen). The main factor is the decrease in proceeds from sales of short-term investment securities.

(Cash flow from financing activities)

Net cash used in financing activities was 8,001 million yen, resulting in an increase of 1,244 million yen compared with the previous fiscal year. The main factor is the increase in cash outflows resulting from the repayment of loans payable.

As a result of above, the balance of cash at the end of current fiscal year stood at 59,843 million yen, an increase of 4,480 million yen compared with the end of 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 FY2010 of 63 yen per share, as previously announced. As for FY2011, it is true that there remains uncertainty in the business environment by the assumable effects of the Great Eastern Japan Earthquake; however, Yamatake plans to pay a the normal dividend of 63 yen per share annually in order to maintain profit sharing with its shareholders, on which we have strived to improve until now.

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-four subsidiaries and three affiliates, 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)
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)
Azbil Brazil Ltd. *2
(Instrumentation; sales of control and measurement 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 Indonesia *1
Azbil India Pvt. Ltd. *2
(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)
SecurityFriday Co., Ltd. *2
(Development and sales of software)

*1 Consolidated subsidiary
*2 Unconsolidated companies that are not accounted for by the equity method.
*3 Affiliate companies 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 business from the viewpoint of the three key elements – customers, value and products/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. One such initiative is aimed at meeting market needs for saving energy through the active deployment of energy-saving solutions, based on the expertise built up by the BA business, and offered to the factories and plants that are the domain of the AA business.

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. As regards the lifeline field, demand is expected to decline over the long term; however, by cooperating with the BA and AA businesses the goal is to achieve continuous growth through expansion of the business field, including the private sector and supply side, as well as initiatives targeting overseas markets.
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. One way in which this is being achieved is by strengthening sales and engineering support, by for example establishing overseas subsidiaries in India and Brazil, and also the Asia Solutions Center.
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. We are, for example, actively promoting the azbil Group's activities and solutions by offering tours of the model factory for energy conservation at the Fujisawa Technology Center.

5. 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, business fluctuations, other business risks and so on. For example, we have strengthened development functions through a restructuring of the valve development department and enhanced operational efficiency by relocating the Head Office of Yamatake Control Products Co., Ltd.
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 & BCP; information security; financial reporting; labor and safety; quality; environment; management infrastructure and Group governance. Furthermore, we are enhancing our social action program. Of special note this year is the fact that, while emphasizing initiatives at overseas subsidiaries, we have striven to bolster the system of internal controls, including a mechanism to ensure accurate financial reporting. Moreover, we have further expanded our own social action program; this includes co-sponsoring international eco-friendly marathons and expanding the azbil Honey Bee Club program for volunteer employees designed to sponsor activities that contribute to society. At the same time, in order to contribute to the global environment and society through our core businesses, we are actively promoting business activities that will help realize a reduction in CO_2 emissions using azbil Group technologies.

With the approval of its shareholders, Yamatake Corporation is planning to adopt a new company name from April 1, 2012 – “Azbil Corporation”. The other major domestic companies in the Group will also add “Azbil” to their company names from the same date (this has already been implemented by the overseas subsidiaries). By unifying the Group philosophy, Group name and company names in this way, and by uniformly adopting “azbil” for the brand worldwide, this will pave the way for further progress toward realizing an integrated Group management. The more than 8,000 employees in

Japan and overseas will thus possess a shared resolve as they implement ongoing reforms to create a company worthy of the new title “Azbil Corporation,” an enterprise ready and willing to take on new challenges in the wake of the sweeping changes currently affecting society.

4. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
Assets		
Current assets		
Cash and deposits	45,067	48,566
Notes and accounts receivable-trade	74,651	76,049
Short-term investment securities	11,895	12,900
Merchandise and finished goods	3,263	3,696
Work in process	8,251	4,745
Raw materials	4,919	5,343
Deferred tax assets	4,855	5,486
Other	7,655	7,955
Allowance for doubtful accounts	(313)	(357)
Total current assets	160,245	164,385
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	38,105	38,092
Accumulated depreciation	(22,682)	(23,668)
Buildings and structures, net	15,422	14,423
Machinery, equipment and vehicles	17,075	17,197
Accumulated depreciation	(14,020)	(14,628)
Machinery, equipment and vehicles, net	3,055	2,568
Tools, furniture and fixtures	19,047	19,042
Accumulated depreciation	(16,811)	(17,191)
Tools, furniture and fixtures, net	2,236	1,851
Land	6,439	6,334
Lease assets	264	338
Accumulated depreciation	(71)	(155)
Lease assets, net	193	182
Construction in progress	102	350
Total property, plant and equipment	27,448	25,711
Intangible assets		
Right of using facilities	147	145
Software	856	866
Goodwill	5,369	3,878
Other	760	896
Total intangible assets	7,134	5,787
Investments and other assets		
Investment securities	15,213	12,528
Long-term loans receivable	306	241
Claims provable in bankruptcy, claims provable in rehabilitation and other	127	134
Deferred tax assets	1,110	1,585
Other	7,411	7,614
Allowance for doubtful accounts	(526)	(487)
Total investments and other assets	23,642	21,616
Total noncurrent assets	58,226	53,115
Total assets	218,471	217,501

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	34,984	33,946
Short-term loans payable	14,391	5,625
Current portion of bonds	50	60
Income taxes payable	3,641	5,809
Advances received	3,245	1,760
Provision for bonuses	7,823	8,016
Provision for directors' bonuses	85	102
Provision for product warranties	586	566
Provision for loss on order received	316	407
Other	8,830	9,196
Total current liabilities	73,954	65,493
Noncurrent liabilities		
Bonds payable	60	―
Long-term loans payable	688	6,161
Deferred tax liabilities	828	722
Deferred tax liabilities for land revaluation	240	240
Provision for retirement benefits	12,921	12,354
Provision for directors' retirement benefits	194	227
Other	305	939
Total noncurrent liabilities	15,239	20,646
Total liabilities	89,193	86,139
Net assets		
Shareholders' equity		
Capital stock	10,522	10,522
Capital surplus	17,197	17,197
Retained earnings	100,362	103,677
Treasury stock	(2,641)	(2,643)
Total shareholders' equity	125,441	128,754
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,148	2,119
Deferred gains or losses on hedges	1	(0)
Foreign currency translation adjustment	(923)	(1,269)
Total accumulated other comprehensive income	2,227	849
Subscription rights to shares	1	2
Minority interests	1,607	1,754
Total net assets	129,277	131,361
Total liabilities and net assets	218,471	217,501

(2) Consolidated statements of income and Consolidated statements of comprehensive income
(Consolidated statements of income)

	Fiscal year 2009 April 1, 2009 to March 31, 2010	Fiscal year 2010 April 1, 2010 to March 31, 2011
		(Millions of yen)
Consolidated statements of income		
Net sales	212,213	219,216
Cost of sales	135,793	139,502
Gross profit	76,419	79,713
Selling, general and administrative expenses	64,034	64,817
Operating income	12,384	14,896
Non-operating income		
Interest income	121	106
Dividends income	296	469
Real estate rent	78	51
Subsidy income	393	130
Other	167	231
Total non-operating income	1,058	990
Non-operating expenses		
Interest expenses	205	158
Foreign exchange losses	34	472
Commitment fee	51	76
Rent expenses on real estates	167	89
Office transfer expenses	204	40
Other	133	157
Total non-operating expenses	796	995
Ordinary income	12,646	14,891
Extraordinary income		
Gain on sales of noncurrent assets	2	34
Gain on sales of investment securities	—	194
Reversal of allowance for doubtful accounts	—	19
Total extraordinary income	2	248
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	153	92
Impairment loss	837	244
Environmental expenses	—	571
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	265
Loss on disaster	—	150
Loss on valuation of investment securities	400	70
Loss on sales of investment securities	0	18
Provision of allowance for doubtful accounts	135	—
Total extraordinary losses	1,527	1,414
Income before income taxes and minority interests	11,121	13,726
Income taxes-current	4,342	6,076
Income taxes-deferred	335	(559)
Total income taxes	4,678	5,517
Income before minority interests	—	8,208
Minority interests in income	200	280
Net income	6,242	7,928

(Consolidated statements of comprehensive income)

	Fiscal year 2009 April 1, 2009 to March 31, 2010	(Millions of yen) Fiscal year 2010 April 1, 2010 to March 31, 2011
Consolidated statements of comprehensive income		
Income before minority interests	－	8,208
Other comprehensive income		
Valuation difference on available-for-sale securities	－	(1,023)
Deferred gains or losses on hedges	－	(2)
Foreign currency translation adjustment	－	(421)
Total other comprehensive income	－	(1,446)
Comprehensive income	－	6,761
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	－	6,550
Comprehensive income attributable to minority interests	－	211

(3) Consolidated statements of changes in net assets

	Fiscal year 2009 April 1, 2009 to March 31, 2010	(Millions of yen) Fiscal year 2010 April 1, 2010 to March 31, 2011
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	17,197	17,197
Changes of items during the period		
Disposal of treasury stock	(0)	0
Transfer to capital surplus from retained earnings	0	–
Total changes of items during the period	–	0
Balance at the end of current period	17,197	17,197
Retained earnings		
Balance at the end of previous period	98,691	100,362
Changes of items during the period		
Dividends from surplus	(4,579)	(4,615)
Net income	6,242	7,928
Change of scope of consolidation	7	2
Transfer to capital surplus from retained earnings	(0)	–
Total changes of items during the period	1,670	3,314
Balance at the end of current period	100,362	103,677
Treasury stock		
Balance at the end of previous period	(2,640)	(2,641)
Changes of items during the period		
Purchase of treasury stock	(1)	(1)
Disposal of treasury stock	0	0
Total changes of items during the period	(1)	(1)
Balance at the end of current period	(2,641)	(2,643)
Total shareholders' equity		
Balance at the end of previous period	123,771	125,441
Changes of items during the period		
Dividends from surplus	(4,579)	(4,615)
Net income	6,242	7,928
Change of scope of consolidation	7	2
Purchase of treasury stock	(1)	(1)
Disposal of treasury stock	0	0
Transfer to capital surplus from retained earnings	–	–
Total changes of items during the period	1,669	3,313
Balance at the end of current period	125,441	128,754

	Fiscal year 2009 April 1, 2009 to March 31, 2010	(Millions of yen) Fiscal year 2010 April 1, 2010 to March 31, 2011
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	873	3,148
Changes of items during the period		
Net changes of items other than shareholders' equity	2,275	(1,029)
Total changes of items during the period	2,275	(1,029)
Balance at the end of current period	3,148	2,119
Deferred gains or losses on hedges		
Balance at the end of previous period	–	1
Changes of items during the period		
Net changes of items other than shareholders' equity	1	(2)
Total changes of items during the period	1	(2)
Balance at the end of current period	1	(0)
Foreign currency translation adjustment		
Balance at the end of previous period	(1,090)	(923)
Changes of items during the period		
Net changes of items other than shareholders' equity	167	(345)
Total changes of items during the period	167	(345)
Balance at the end of current period	(923)	(1,269)
Total accumulated other comprehensive income		
Balance at the end of previous period	(217)	2,227
Changes of items during the period		
Net changes of items other than shareholders' equity	2,445	(1,377)
Total changes of items during the period	2,445	(1,377)
Balance at the end of current period	2,227	849
Subscription rights to shares		
Balance at the end of previous period	–	1
Changes of items during the period		
Net changes of items other than shareholders' equity	1	0
Total changes of items during the period	1	0
Balance at the end of current period	1	2
Minority interests		
Balance at the end of previous period	1,429	1,607
Changes of items during the period		
Net changes of items other than shareholders' equity	177	147
Total changes of items during the period	177	147
Balance at the end of current period	1,607	1,754
Total net assets		
Balance at the end of previous period	124,983	129,277
Changes of items during the period		
Dividends from surplus	(4,579)	(4,615)
Net income	6,242	7,928
Change of scope of consolidation	7	2
Purchase of treasury stock	(1)	(1)
Disposal of treasury stock	0	0
Transfer to capital surplus from retained earnings	–	–
Net changes of items other than shareholders' equity	2,624	(1,229)
Total changes of items during the period	4,294	2,083
Balance at the end of current period	129,277	131,361

(4) Consolidated statements of cash flows

	Fiscal year 2009 April 1, 2009 to March 31, 2010	(Millions of yen) Fiscal year 2010 April 1, 2010 to March 31, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	11,121	13,726
Depreciation and amortization	4,751	4,460
Amortization of goodwill	1,491	1,328
Increase (decrease) in allowance for doubtful accounts	(133)	8
Increase (decrease) in provision for retirement benefits	(324)	(565)
Increase (decrease) in provision for bonuses	(474)	195
Increase (decrease) in provision for directors' bonuses	18	17
Interest and dividends income	(418)	(576)
Interest expenses	205	158
Foreign exchange losses (gains)	69	327
Loss (gain) on sales and retirement of property, plant and equipment	147	56
Loss (gain) on sales and valuation of investment securities	400	(105)
Impairment loss	837	244
Environmental expenses	―	571
Loss on adjustment for changes of accounting standard for asset retirement obligations	―	265
Loss on disaster	―	150
Decrease (increase) in notes and accounts receivable-trade	273	(1,610)
Decrease (increase) in inventories	4,924	2,500
Increase (decrease) in notes and accounts payable-trade	(1,081)	(906)
Decrease (increase) in other assets	222	(287)
Increase (decrease) in other liabilities	(1,064)	(1,233)
Subtotal	20,964	18,727
Interest and dividends income received	433	577
Interest expenses paid	(225)	(161)
Payments for loss on disaster	―	(55)
Income taxes paid	(5,459)	(3,865)
Net cash provided by (used in) operating activities	15,713	15,223
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,312)	(2,990)
Proceeds from withdrawal of time deposits	1,198	2,835
Purchase of short-term investment securities	(8,348)	―
Proceeds from sales of short-term investment securities	14,953	―
Purchase of trust beneficiary right	(11,884)	(14,081)
Proceeds from sales of trust beneficiary right	11,310	13,793
Purchase of property, plant and equipment	(2,902)	(2,531)
Proceeds from sales of property, plant and equipment	38	175
Purchase of intangible assets	(293)	(675)
Purchase of investment securities	(31)	(83)
Proceeds from sales of investment securities	6	1,262
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(743)	―
Purchase of investments in capital of subsidiaries	―	(62)
Purchase of stocks of subsidiaries and affiliates	(67)	―
Proceeds from transfer of business	(57)	―
Other, net	93	82
Net cash provided by (used in) investing activities	1,960	(2,275)

(Millions of yen)

	Fiscal year 2009 April 1, 2009 to March 31, 2010	Fiscal year 2010 April 1, 2010 to March 31, 2011
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	717	1,156
Decrease in short-term loans payable	(422)	(9,565)
Proceeds from long-term loans payable	513	7,050
Repayment of long-term loans payable	(2,658)	(1,843)
Redemption of bonds	(200)	(50)
Cash dividends paid	(4,578)	(4,613)
Repayments of lease obligations	(72)	(73)
Cash dividends paid to minority shareholders	(55)	(61)
Purchase of treasury stock	(1)	(1)
Proceeds from sales of treasury stock	0	0
Net cash provided by (used in) financing activities	(6,757)	(8,001)
Effect of exchange rate change on cash and cash equivalents	67	(466)
Net increase (decrease) in cash and cash equivalents	10,984	4,480
Cash and cash equivalents at beginning of period	44,321	55,363
Increase in cash and cash equivalents from newly consolidated subsidiary	58	―
Cash and cash equivalents at end of period	55,363	59,843

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

(6) Changes to the Basis for Presenting Consolidated Financial Statements

Application of the accounting standard regarding Asset Retirement Obligations.

Effective from the current fiscal year, “Accounting Standards for Asset Retirement Obligations” (ASBJ statement No. 18, March 31, 2008) and “Application Guidance on Accounting Standards regarding for the Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) are applied.

Then, Operating income and Ordinary income decreased by 23 million yen respectively, and Income before income taxes and minority interests decreased by 289 million yen. Furthermore, the change in the asset retirement obligations after applying of this Accounting Standard is 149 million yen.

(7) Changes in disclosure method

(Consolidated statements of income)

Effective from the current fiscal year, in accordance with the “Accounting Standards for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), the “Cabinet Office Regulations for amending part of the regulations regarding the terms, forms, and production methods of financial statement, etc.” (Cabinet Office Edict No.5, March 24, 2009) is applied. Thus, the subject line of the “income before minority interests” is displayed.

(8) Additional Information

From the current fiscal year, the “Accounting Standard for Presentation of Comprehensive Income” (ASBJ statement No. 25, June 30, 2010) is applied. However, the amount of “Accumulated other comprehensive income” and “Total accumulated other comprehensive income” for the previous fiscal year (ended March 31,2010) indicate the amount of “Valuation and translation adjustments” and “Total valuation and translation adjustments”, respectively.

(9) Notes to the consolidated financial statements

(Concerning the consolidated statements of income)

Fiscal year 2010 (April 1, 2010 to March 31, 2011)

Loss on disaster

Loss on disaster caused by the Great East Japan Earthquake.

The breakdown is as follows:

Equipment restoration costs	67 million yen
Charitable donations	53 million yen
Production suspensions caused by natural disasters	
Fixed costs during the suspension period	15 million yen
Loss on destruction of Inventory	14 million yen
Total	150 million yen

(Consolidated statements of comprehensive income)

Fiscal year 2010 (April 1, 2010 to March 31, 2011)

1 Comprehensive income in the previous fiscal year (April 1,2009 to March 31,2010)

Comprehensive income of attributable to owners of the parent	8,687 million yen
Comprehensive income of attributable to minority interests	233 million yen
Total	8,920 million yen

2 Other comprehensive income in the previous fiscal year (April 1,2009 to March 31,2010)

Valuation difference on available-for-sale securities	2,288 million yen
Deferred gains or losses on hedges	1 million yen
Foreign currency translation adjustments	188 million yen
Total	2,478 million yen

(Segment information)

1.Business segment information

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)Net Sales and Operating income/loss							
Net Sales							
1) Customers	96,386	76,177	34,444	5,204	212,213	—	212,213
2) Inter-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. 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)

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.

2.Geographic segment information

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 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.

[Segment information]

1. The summary of the reportable segments

The reportable segments of the azbil Group – identifiable operating segments of the Group’s business structure for which financial information is made separately available – are subject to periodic review by the Board of Directors in order to make decisions on the distribution of management resources and to assess performance.

The azbil Group identifies its operating segments using such criteria as business organization, product lines, service content, and markets. This approach results in three separate reportable segments: the Building Automation business, the Advanced Automation business, and the Life Automation business.

The Building Automation business supplies commercial buildings and production facilities with automatic HVAC control and security systems, including products, engineering and related services. The Advanced Automation business supplies automation control systems, switches and sensors, engineering and maintenance services to industrial plants and factories. The Life Automation business supplies lifeline meters as well as products and services related to nursing care/health support and emergency alert response services – all of which are intimately connected with the daily lives of the general public.

2. Information on sales, profit(loss), assets, liabilities and the other items every segment

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

Since the similar segment information conformed to “Accounting Standard for Disclosures about

Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) etc. is disclosed as segment information on the consolidated financial statements based on former treatment of segment information, this notation has been omitted.

Fiscal year 2010 (April 1, 2010 to March 31, 2011) (Millions of yen)

	Reportable segment				Others *1	Total	Adjust-ment *2	Consoli-dated *3
	Building Automation	Advanced Automation	Life Automation	Subtotal				
Net sales								
Customers	101,871	80,202	32,248	214,322	4,894	219,216	—	219,216
Inter-segment	252	772	372	1,398	229	1,627	(1,627)	—
Total	102,124	80,975	32,620	215,720	5,123	220,843	(1,627)	219,216
Segment Profit(loss)	11,748	3,233	(227)	14,755	144	14,899	(3)	14,896
Segment Assets	55,591	58,307	26,196	140,095	2,137	142,233	75,267	217,501
Other items								
Depreciation and Amortization	1,209	2,345	890	4,444	15	4,460	—	4,460
Increase in Property,plant and equipment,and Intangible assets	1,059	1,619	658	3,337	13	3,350	—	3,350

Note 1.“Others” includes the importing, buying-in and marketing of inspection and measurement equipment

2. Details on adjustments are as follows

(1) The adjustment of "Segment Profit(loss) (3) million yen" is elimination of inter-segment transactions.

(2) The main contents of the adjustment of "Segment Assets 75,267 million yen" is cash and deposits, Investment Securities and so on which are not distributed to every Reportable Segments.

3. The segment profit is adjusted to operating income stated in the conslidated financial statements.

[Related Information]

Fisical year 2010 (April 1, 2010 to March 31, 2011)

1.Information by product and service

The information disclosed is identical to the segment information. It is therefore omitted.

2.Information by region

(1) Sales

Sales to domestic unaffiliated clients exceed 90% of the sales in the consolidated statements of income, so this information is omitted.

(2) Property, plant and equipment

The value of domestic property, plant and equipment exceed 90% of the value of the property, plant and equipment on the consolidated balance sheet, so this information is omitted.

3.Information by principal client

No clients accounted for more than 10% of sales on the consolidated statements of income, so this information is omitted.

[Information on impairment loss in noncurrenct assets by Reportable segment]

Fiscal year 2010 (April 1, 2010 to March 31, 2011) (Millions of yen)

	Reportable segment				Others	Corporate/ Elimination	Total
	Building Automation	Advanced Automation	Life Automation	Subtotal			
Impairment loss	190	—	54	244	—	—	244

[Information on amortization of goodwill and anamotized balance by Reportable segment]

Fiscal year 2010 (April 1, 2010 to March 31, 2011) (Millions of yen)

	Reportable segment				Others	Corporate/ Elimination	Total
	Building Automation	Advanced Automation	Life Automation	Subtotal			
Amortization of goodwill	39	10	1,279	1,328	—	—	1,328
Balance at end of period	—	35	3,842	3,878	—	—	3,878

[Information on profits resulting from negative goodwill by Reportable segment]

Fiscal year 2010 (April 1, 2010 to March 31, 2011)

Non applicable

(Additional Information)

Effective from the current fiscal year, the company has applied “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008).

(Per share Information)

Fiscal year 2009 (April 1,2009 to March 31, 2010)		Fiscal year 2010 (April 1,2010 to March 31, 2011)	
Net assets per share(Yen)	1,728.64	Net assets per share(Yen)	1,754.86
Net income per share(Yen)	84.52	Net income per share(Yen)	107.35

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 2009 (April 1, 2009 to March 31, 2010)	Fiscal year 2010 (April 1, 2010 to March 31, 2011)
Net income（Millions of yen）	6,242	7,928
Amount not attributable to common stock holders (Millions of Yen)	—	—
Net income relevant to common stock (Millions of Yen)	6,242	7,928
Average number of shares（Thousands of shares）	73,855	73,854

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

Item	As of March 31, 2010	As of March 31, 2011
Total of net assets（Millions of yen）	129,277	131,361
Amount deducted from the total of net assets（Millions of yen）	1,608	1,757
（of which subscription rights to shares（Millions of yen））	(1)	(2)
（of which minority interests（Millions of yen））	(1,607)	(1,754)
Net assets at the end of the consolidated fiscal year relevant to common stock（Millions of yen）	127,668	129,604
Number of shares of common stock used to determine total net assets per share（Thousands of shares）	73,855	73,854

(Events after the reporting period)

Non applicable

5. Others

(1) Management Changes (effective June 28, 2011)

1) Newly Appointed Corporate Auditor (Current title)

Corporate Auditor Tomohiko Matsuyasu
(General Manager, Corporate Auditor's staff office)

Corporate Auditor Kensei Sukizaki
(Engineering Head quarters, Building System Company)

Corporate Auditor Junichi Asada

Corporate Auditor Kazuo Yamamoto

2) Retiring Corporate Auditor (New title upon appointment)

Corporate Auditor Yukihiko Tsuruta (Advisor)

Corporate Auditor Kozo Edanami (Advisor)

Corporate Auditor Tomonori Kobayashi

[Reference]

Yamatake Corporation New Management Structure ＜effective June 28, 2011＞

Position	**Name**	**Changes**
President and CEO	Seiji Onoki	Uncontested
Director	Kiyofumi Saito	Uncontested
〃	Tadayuki Sasaki	Uncontested
〃	Masaaki Inozuka	Uncontested
〃	Hirozumi Sone	Uncontested
〃	Makoto Kawai	Uncontested
〃	Makoto Yasuda	Uncontested
〃	Eugene H. Lee	Uncontested
〃	Katsuhiko Tanabe	Uncontested
Full-time Corporate Auditor	Tomohiko Matsuyasu	Newly appointed
〃	Kensei Sukizaki	Newly appointed
Corporate Auditor	Kinya Fujimoto	Reappointed
〃	Junichi Asada	Newly appointed
〃	KazuoYamamoto	Newly appointed

*1Eugene H. Lee and Katsuhiko Tanabe are external directors, as prescribed by Article 2, Item 15 of the Companies Act.

*2. Kinya Fujimoto, Junichi Asada and Kazuo Yamamoto are candidates to become external auditors as prescribed by Article 2, Item 16 of the Companies Act.

*3. According to law, the title of external director does not apply to Makoto Yasuda, but the wealth of management experience and insights he has gained both domestically and overseas in over forty years since leaving this company make him a highly independent director.

(2) Other information

Order received condition

(Millions of Yen)

Reportable segments	Fiscal 2009 (April 1,2009 to March 31,2010)		Fiscal 2010 (April 1,2010 to March 31,2011)		Change	
	Orders received	Backlog	Orders received	Backlog	Orders received	Backlog
Building Automation	98,915	36,692	97,257	31,824	(1,657)	(4,867)
Advanced Automation	69,743	17,289	82,986	19,300	13,243	2,011
Life Automation	35,189	1,678	32,792	1,850	(2,396)	171
Total of reportable segment	203,847	55,660	213,036	52,975	9,188	(2,684)
Others	5,521	711	6,127	1,715	606	1,004
Elimination	(1,382)	(253)	(1,769)	(395)	(386)	(141)
Consolidated	207,986	56,117	217,394	54,295	9,408	(1,821)

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