Consolidated Financial Results for the Third Quarter Ended December 31, 2011 (Japan GAAP)

February 2, 2012

Company name	:	Yamatake Corporation
URL	:	http://www.azbil.com/jp/
Stock exchange listing	:	Tokyo Stock Exchange 1st Section (CODE 6845)
Representative	:	Seiji Onoki, President and Chief Executive Officer
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Planned quarterly report filing date	:	February 10, 2012
Planned dividend starting date	:	—
Preparation of supplementary references regarding quarterly results	:	Yes
Holding the briefing of quarterly results	:	No

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

1. Results for the Third quarter ended December 31, 2011 (April 1, 2011 to December 31, 2011)
(1) Consolidated financial results (Cumulative)

(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	%
Nine months ended December 31, 2011	154,846	2.1	6,529	4.6	6,634	8.9	3,220	29.0
Nine months ended December 31, 2010	151,654	9.6	6,242	399.2	6,093	345.9	2,497	—

Note: Comprehensive income As of December 31, 2011 2,653 million yen（65.0%）
As of December 31, 2010 1,607 million yen（—%）

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2011	43.60	—
Nine months ended December 31, 2010	33.81	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2011	207,663	129,265	61.4
As of March 31, 2011	217,501	131,361	59.6

Note : Shareholders' equity As of December 31, 2011 127,404 million yen
As of March 31, 2011 129,604 million yen

2. Dividends

	Dividends per Share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year 2010	—	31.50	—	31.50	63.00
Fiscal year 2011	—	31.50	—		
Fiscal year 2011 (Forecast)				31.50	63.00

Note : Revision of dividends forecast for during this period : No

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
Fiscal year 2011	222,000	1.3	14,000	(6.0)	13,800	(7.3)	7,800	(1.6)	105.61

Note : Revision of consolidated financial results forecast for during this period : No

4. Other

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

(2) Adoption of accounting methods specific to preparation of the quarterly consolidated financial statements : No

(3) Changes in accounting policies, accounting estimates, and retrospective restatements

1. Changes associated with revision in accounting standards : No
2. Other Changes : No
3. Changes in accounting estimates : No
4. Changes in retrospective restatements : No

(4) Number of shares issued (common stock)

1. Number of shares issued (including treasury stock)
   - As of December 31, 2011 75,116,101 shares
   - As of March 31, 2011 75,116,101 shares
2. Number of Treasury stock
   - As of December 31, 2011 1,261,414 shares
   - As of March 31, 2011 1,261,417 shares
3. Average number of shares (cumulative quarterly period)
   - Nine months ended December 31, 2011 73,854,743 shares
   - Nine months ended December 31, 2010 73,855,092 shares

* Description of the situation of the procedures for reviewing quarterly results

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

* 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.

[Effects of seasonality]

Sales for the azbil Group tend to be concentrated in the second quarter and fourth quarter accounting periods, while fixed costs are generated constantly. This means that profits in the first quarter and third quarter accounting periods are typically lower than those in the other two quarters.

Accompanying Materials

Contents

1.Qualitative information on quarterly consolidated financial results

(1) Qualitative information on consolidated financial results

In the third quarter of the current consolidated cumulative period there has been a moderate recovery in Japan's economy following the Great East Japan Earthquake; this was due to a pickup in exports and manufacturing. However, the slowdown in overseas economies and the continuing high exchange value of the yen have meant that that the future outlook remains uncertain.

In overseas economies, while there continued to be evidence of recovery in Asia, principally in China, such factors as the deterioration seen in the financial situation of some European countries, the continuing high level of unemployment in the United States, and the tight monetary policy implemented in China have combined to heighten concerns regarding an economic downturn.

As a result of the uncertain outlook in certain regions and industries, the business environment for the azbil Group has begun to show signs of customers postponing capital investment as their apprehensions of a coming downturn grow. In response, the Group has given priority to activities aimed at securing and expanding orders, sales and profits, as well as taking steps to minimize the impact on its business activities of the Great East Japan Earthquake and the Fukushima Daiichi nuclear power plant accident. As a result, orders received in the third quarter of the current consolidated cumulative period were significantly up on the same period last year, [Note 1] and both sales and profits increased.

Consequently, azbil Group sales for the third quarter of the current consolidated cumulative period were 154,846 million yen, up 2.1% on the same period last year. Turning to profits, despite increased outlays for social insurance premiums, etc., and impact on production of the March 11 earthquake and ensuing nuclear power plant accident, thanks to continued efforts to enhance the business structure while rationalizing and curbing expenditures, there was an operating income of 6,529 million yen (an increase of 4.6% on the same period last year), an ordinary income of 6,634 million yen (up 8.9% on the same period last year), and a net income of 3,220 million yen (up 29.0% on the same period last year).

Additionally, the azbil Group has been actively engaged in initiatives designed to ensure future market expansion and the efficient use of management resources. One example is the decision to invest in the US company Degree Controls, Inc., a leading supplier of cooling solutions (an investment agreement was concluded on January 12, 2012). With this new partnership, the Group will grow its business targeting the market for data centers and other facilities that require solutions for high heat load. Also, in order to make further progress with creating a production system that can cope flexibly with changes in the market environment, an absorption merger agreement was concluded on December 22, 2011, with Yamatake Control Products, a 100% consolidated subsidiary responsible for manufacturing. This merger is to take effect on April 1, 2012.

Sales for the azbil Group tend to be concentrated in the second quarter and fourth quarter accounting periods, while fixed costs are generated constantly. This means that profits in the first quarter and third quarter accounting periods are typically lower than those in the other two quarters.

Note 1: Reasons for the growth in orders

The principal factor behind the increase in orders is that, in the Building Automation (BA) business, orders are received for large-scale service contracts that cover a period of several years as a result of “market testing”.

Market testing is a government-and-private sector competitive bidding system in Japan. As required by the Act on Reform of Public Services by Introduction of Competitive Bidding, this system ensures that contracts for public services hitherto provided by the government are to be decided by competitive bidding in which public and private operators participate on an equal footing. The contract is awarded to the operator offering the best quality for the best price. As a result of this bidding process, orders are placed for large-scale service projects that stretch over several years, and the total value of a contract for that multi-year period is recorded as a lump sum for accounting purposes. The periods covered by contracts won by the azbil Group through such market testing range from 3 to 5 years, and thus the amounts involved are quite considerable; consequently, they account for the bulk of the growth in orders achieved by the BA business in the third quarter of the current cumulative period. As regards sales figures, these are recorded according to the actual services provided during the relevant year.

The results for the individual reportable segments are as follows.

Building Automation Business

In the domestic market, as well as the business related to new buildings, there was a slight drop in sales for the business targeting existing buildings; in this business there had been several large-scale projects in the same period last year. However, the service business grew steadily and as a result there was an increase in overall sales for the domestic market compared to the same period last year. In the business related to existing buildings, owing to concerns about possible power supply shortages and increases in the cost of electricity, there continued to be strong demand for energy-saving measures; the number of customer enquiries has been correspondingly high. Nevertheless, because of a sense of uncertainty regarding future business conditions there is still a tendency among many customers to postpone large-scale investments aimed at upgrading their facilities. In the service field, however, sales grew as a result of staff making proactive energy-saving proposals to generate new investment projects and also expanding business into new areas, as exemplified by the above-mentioned market testing.

Abroad, the azbil Group has traditionally had an advantage in the overseas market for factories operated by Japanese companies, but it is now also engaged in developing the non-Japanese market by forming tie-ups with local enterprises, making use of the fact that in Japan the Group has unrivalled experience and energy-saving expertise. Aided by favorable market conditions, this approach has resulted in solid sales growth.

Consequently, BA sales for the third quarter of the current consolidated cumulative period were 67,917 million yen, up 1.4% on the same period last year. As regards profits, efforts were made to curb expenditure, but in addition to the effects of falling prices, such factors as increased outlays for social insurance premiums have resulted in a segment profit (operating income) of 3,847 million yen, down 24.7% on the same period last year.

Advanced Automation Business

In Japan, sales of control products for the factory automation (FA) market took a downward turn. This can be attributed to a weakening in capital investment demand in some markets, such as that for semiconductor manufacturing equipment; there was also evidence of inventory cutbacks being made. Nevertheless, there has been an upturn in domestic demand fuelled by investments aimed at recovery in the wake of the March 11 disaster, and sales continued to increase in the third quarter of the current consolidated cumulative period. Additionally, sales increased for such field instruments as valves and transmitters as well as system products, particularly in the materials-related industry. Consequently, overall sales grew in the domestic market.

Overseas, there was a fall in sales for control products in the FA market, but sales of products to the materials-related industry expanded and, despite the negative impact of exchange rates, sales also grew. With their potential for growth, these overseas markets are of special importance to the azbil Group, which is striving to upgrade local engineering and maintenance capabilities. For example, in October 2011 the Technical Service Centre in Singapore was relocated to a new site and enlarged as part of an initiative to bolster and expand the valve business.

As a result, AA business sales in the third quarter of the current consolidated cumulative period were 60,450 million yen, an increase of 6.6% on the same period last year. Segment profit (operating income) was 2,649 million yen, an increase of 1,625 million yen from the same period last year, attributable mainly to growth in sales.

Life Automation Business

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

Kimmon Manufacturing – a company that plays a central role in the Lifeline field and accounts for the bulk of LA business sales – produces and sells gas and water meters. Following the Fukushima Daiichi nuclear power plant accident, the company's situation has now returned to normal although the accident did mean that operations at some of the company's production facilities had to be temporarily suspended. This, and the fact that LP gas meter sales are depressed in the off-demand season, resulted in reduced sales.

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. However, with cutbacks in welfare budgets by local governments, etc., the business environment is challenging. Various measures have been adopted to deal with this, such as launching new products, increasing the number of nursing care facilities, and expanding the scope of services offered (combining nursing care appliance rental and at-home care services). This approach has succeeded in increasing sales.

As regards the market for residential central air-conditioning systems, the sales force has been reinforced and an aggressive strategy targeting both house builders and individual owners has been adopted. As an example of the latter, a showroom (Platz Kikubari) has been set up inside Japan's largest permanent housing exhibition, tvk Housing Plaza Yokohama. These efforts, combined with an improvement in the market for well-insulated and airtight houses, have led to increased sales.

Owing to the fall in sales for Kimmon Manufacturing, which accounts for the bulk of sales in this segment – LA business sales in the third quarter of the current consolidated cumulative period were 24,072 million yen, a decrease of 3.8% on the same period last year. As regards profits, vigorous efforts aimed at a quick operational recovery meant that the halt in production following the March 11 earthquake and resulting nuclear power plant accident had less impact than initially envisaged. However, as a result of the increased costs associated with marketing residential central air conditioning systems, there was a segment loss (operating loss) of 104 million yen (a loss of 7 million yen was recorded for the same period last year).

Others

In others (the importing, buying-in and marketing of inspection and measurement equipment), sales of 3,589 million yen were recorded in the third quarter of the current consolidated cumulative period; this represents a decrease of 11.6% compared to the same period last year. However, an improved profit margin meant that segment profit (operating income) was 139 million yen, an increase of 19.1% compared to the same period last year.

(2) Qualitative information on consolidated financial position

(Assets)

At the end of the third quarter of fiscal year 2011, total assets were 207,663 million yen, a decrease of 9,837 million yen from the end of the previous fiscal year. This is mainly due to the decrease in notes and accounts receivable-trade of 4,796 million yen, and the decrease of 1,119 million yen in investment securities.

(Liabilities)

At the end of the third quarter of fiscal year 2011, total liabilities were 78,397 million yen, a decrease of 7,741 million yen from the end of the previous fiscal year. This is mainly due to the decrease of 5,142 million yen in income taxes payable due to the payment of income taxes, and the decrease of 3,684 million yen in provision for bonuses due to the payment of bonuses.

(Net assets)

At the end of the third quarter of fiscal year 2011, net assets were 129,265 million yen, a decrease of 2,096 million yen from the end of the previous fiscal year. This is mainly due to the decrease in retained earnings due to dividends paid.

As a result, shareholders' equity ratio was 61.4% compared with 59.6% at the end of previous fiscal year.

(3) Qualitative information on forecast of consolidated financial results

The azbil Group's financial results for the third quarter of the current consolidated cumulative period are broadly as envisioned in the performance forecast published on October 28, 2011. Consequently, the Group's financial results forecast for the fiscal year ending March 31, 2012, will remain unchanged.

In order to respond to changes in the business environment and to turn those changes to good advantage, the azbil Group has engaged in business operation reforms (“creating new work styles”) and business structure reforms (“creating new businesses”). The current business environment continues to be uncertain for a number of reasons. Global factors include the economic concerns engendered by the debt crisis in Europe, the slowing of growth in the giant market that is China, and heightened tensions in the Middle East. Turning to Japan’s domestic economy, there is also the negative impact that the prolonged appreciation of the yen is having on capital investment. These factors make it extremely difficult to forecast what lies ahead. Taking account of this situation, the azbil Group will strive to further enhance its business structure while rationalizing and curbing expenditures. Leveraging the achievements already made in the aforesaid operational and business structural reforms, all employees will work together with a shared determination to attain the Group’s performance targets.

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.

2. Matters relating to summary information (Other)

(1) Changes in significant subsidiaries during the period:

No

(2) Adoption of accounting methods specific to preparation of the quarterly consolidated financial statements:

No

(3) Changes in accounting policies, accounting estimates, and retrospective restatements:

No

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2011	As of December 31, 2011
Assets		
Current assets		
Cash and deposits	48,566	41,770
Notes and accounts receivable-trade	76,049	71,252
Short-term investment securities	12,900	12,800
Merchandise and finished goods	3,696	4,489
Work in process	4,745	8,413
Raw materials	5,343	6,633
Other	13,442	12,291
Allowance for doubtful accounts	(357)	(248)
Total current assets	164,385	157,403
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	14,423	13,747
Other, net	11,287	10,740
Total property, plant and equipment	25,711	24,488
Intangible assets		
Goodwill	3,878	2,923
Other	1,908	1,823
Total intangible assets	5,787	4,746
Investments and other assets		
Investment securities	12,528	11,409
Other	9,576	10,080
Allowance for doubtful accounts	(487)	(464)
Total investments and other assets	21,616	21,025
Total noncurrent assets	53,115	50,260
Total assets	217,501	207,663
Liabilities		
Current liabilities		
Notes and accounts payable-trade	33,946	32,658
Short-term loans payable	5,625	5,405
Income taxes payable	5,809	667
Provision for bonuses	8,016	4,332
Provision for directors' bonuses	102	60
Provision for product warranties	566	456
Provision for loss on order received	407	768
Other	11,016	14,038
Total current liabilities	65,493	58,388
Noncurrent liabilities		
Long-term loans payable	6,161	5,405
Provision for retirement benefits	12,354	12,544
Provision for directors' retirement benefits	227	238
Other	1,902	1,820
Total noncurrent liabilities	20,646	20,009
Total liabilities	86,139	78,397
Net assets		
Shareholders' equity		
Capital stock	10,522	10,522
Capital surplus	17,197	17,197
Retained earnings	103,677	102,244
Treasury stock	(2,643)	(2,642)
Total shareholders' equity	128,754	127,322
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,119	1,564
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	(1,269)	(1,482)
Total accumulated other comprehensive income	849	82
Subscription rights to shares	2	2
Minority interests	1,754	1,858
Total net assets	131,361	129,265
Total liabilities and net assets	217,501	207,663

(2) Quarterly consolidated statements of income and Quarterly consolidated statements of comprehensive income
(Quarterly consolidated statements of income)
(The third quarter of the current consolidated cumulative period)

	Nine months ended December 31, 2010 (April 1, 2010 to December 31, 2010)	Nine months ended December 31, 2011 (April 1, 2011 to December 31, 2011)
		(Millions of yen)
Net sales	151,654	154,846
Cost of sales	97,403	99,217
Gross profit	54,250	55,629
Selling, general and administrative expenses	48,008	49,099
Operating income	6,242	6,529
Non-operating income		
Interest income	80	79
Dividends income	462	268
Real estate rent	37	43
Reversal of allowance for doubtful accounts	－	36
Other	211	211
Total non-operating income	791	638
Non-operating expenses		
Interest expenses	125	80
Foreign exchange losses	558	261
Commitment fee	31	18
Rent expenses on real estates	68	75
Office transfer expenses	40	13
Other	116	84
Total non-operating expenses	940	533
Ordinary income	6,093	6,634
Extraordinary income		
Gain on sales of noncurrent assets	34	68
Gain on business transfer	－	184
Gain on sales of investment securities	186	2
Total extraordinary income	221	254
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	71	42
Impairment loss	237	104
Loss on disaster	－	215
Environmental expenses	574	84
Loss on valuation of investment securities	64	14
Loss on sales of investment securities	17	0
Loss on adjustment for changes of accounting standard for asset retirement obligations	265	－
Provision of allowance for doubtful accounts	32	－
Total extraordinary losses	1,262	460
Income before income taxes and minority interests	5,052	6,428
Income taxes-current	1,081	1,203
Income taxes-deferred	1,306	1,772
Total income taxes	2,388	2,975
Income before minority interests	2,664	3,452
Minority interests in income	167	232
Net income	2,497	3,220

(Quarterly consolidated statements of comprehensive income)
(The third quarter of the current consolidated cumulative period)

(Millions of yen)

	Nine months ended December 31, 2010 (April 1, 2010 to December 31, 2010)	Nine months ended December 31, 2011 (April 1, 2011 to December 31, 2011)
Income before minority interests	2,664	3,452
Other comprehensive income		
Valuation difference on available-for-sale securities	(850)	(564)
Deferred gains or losses on hedges	(0)	1
Foreign currency translation adjustment	(205)	(236)
Total other comprehensive income	(1,056)	(799)
Comprehensive income	1,607	2,653
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,495	2,453
Comprehensive income attributable to minority interests	112	200

(3) Notes regarding assumptions of continuing operations:

Non applicable

(4) Segment information

(segment information)

Nine months ended December 31, 2010 (From April 1, 2010 to December 31, 2010)

1. Sales and profit (loss) information every segment

(Millions of yen)

	Reportable Segment				Others (*)	Total
	Building Automation	Advanced Automation	Life Automation	Total		
Net sales						
(1)Customers	66,802	56,303	24,703	147,809	3,845	151,654
(2)Inter-segment	151	412	319	883	216	1,099
Total	66,953	56,715	25,023	148,692	4,061	152,753
Segment Profit (loss)	5,112	1,024	(7)	6,129	117	6,246

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

2. The main contents of the difference between reportable segment profit (loss) and operating income

(Millions of yen)

Profit	Amount
Total of reportable segment	6,129
Profit in Others	117
Elimination	(4)
Operating Income	6,242

Nine months ended December 31, 2011 (From April 1, 2011 to December 31, 2011)

1. Sales and profit (loss) information every segment

(Millions of yen)

	Reportable Segment				Others (*)	Total
	Building Automation	Advanced Automation	Life Automation	Total		
Net sales						
(1)Customers	67,669	59,804	23,869	151,343	3,503	154,846
(2)Inter-segment	247	645	202	1,096	86	1,182
Total	67,917	60,450	24,072	152,439	3,589	156,029
Segment Profit (loss)	3,847	2,649	(104)	6,392	139	6,532

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

2. The main contents of the difference between reportable segment profit (loss) and operating income

(Millions of yen)

Profit	Amount
Total of reportable segment	6,392
Profit in Others	139
Elimination	(2)
Operating Income	6,529

(5) Notes if there is a remarkable change in the amount of shareholders’ equity:

Non applicable

4. Supplementary information

Orders received condition

(Millions of yen)

Reportable segment	Nine months ended December 31, 2010 (April 1, 2010 to December 31, 2010)	Nine months ended December 31, 2011 (April 1, 2011 to December 31, 2011)	Change	
	Orders received	Orders Received	Orders received	
			Amount	Ratio(%)
Building Automation	79,425	93,939	14,513	18.3
Advanced Automation	63,460	64,806	1,346	2.1
Life Automation	25,050	24,192	(858)	(3.4)
Total of reportable segment	167,936	182,938	15,001	8.9
Others	3,905	3,497	(408)	(10.5)
Elimination	(1,223)	(1,601)	(377)	—
Consolidated	170,618	184,834	14,215	8.3