

Overview of Consolidated Results for Fiscal Year 2011, ended March 31, 2012

With growth in both the Building Automation business and the Advanced Automation business, consolidated net sales rose ¥4.3 billion, or 2.0%, year on year to ¥223.5 billion. On the other hand, despite efforts to minimize the impact from the Great East Japan Earthquake and the Fukushima Daiichi nuclear power plant accident, operating income decreased ¥0.5 billion, or 3.7%, year on year to ¥14.3 billion, with the impact of price pressure and a rise in social insurance premiums. As for environmental indicators, we achieved a 12.2% year on year reduction in CO₂ emissions through our proactive efforts to conserve electricity during the summer.

Fiscal years	(Millions of yen)				
	2007	2008	2009	2010	2011
For the year:					
Net sales	248,551	236,173	212,213	219,216	223,499
Operating income	20,484	17,832	12,385	14,896	14,348
Net income	10,709	9,525	6,242	7,928	8,519
Capital expenditures	4,488	6,414	2,704	3,302	3,010
Depreciation	4,387	4,503	4,751	4,460	4,027
R&D costs	9,844	9,636	8,640	8,953	8,816
At year-end:					
Total assets	228,844	220,846	218,472	217,501	223,476
Total equity	121,721	124,984	129,278	131,362	135,077
Per share data (yen):					
Net income per share	145.63	127.87	84.52	107.35	115.35
Net assets per share	1,641.73	1,672.91	1,728.64	1,754.86	1,808.48
Cash dividends per share	60.00	62.00	62.00	63.00	63.00
Financial indicators:					
Shareholders' equity ratio (%)	52.6	55.9	58.4	59.6	59.8
Return on equity (ROE) (%)	9.0	7.8	5.0	6.2	6.5
Dividend on equity (DOE) (%)	3.7	3.7	3.6	3.6	3.5
Environmental indexes:					
CO ₂ emissions (Tons CO ₂)	33,293	30,138	26,581	26,831	23,549
CO ₂ emissions per unit sales (Tons CO ₂ /100 Millions of yen)	13.4	12.8	12.5	12.2	10.5
Total volume of waste generated (Tons)	1,417	1,484	1,215	1,111	1,145
Final disposal rate (%)	0.5	0.6	0.6	0.8	0.3

Scope of financial data:

Azbil and its consolidated subsidiaries

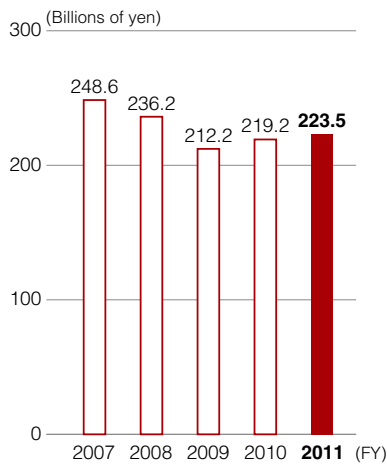
Scope of CO₂ emission volumes:

Azbil and its consolidated subsidiaries in Japan

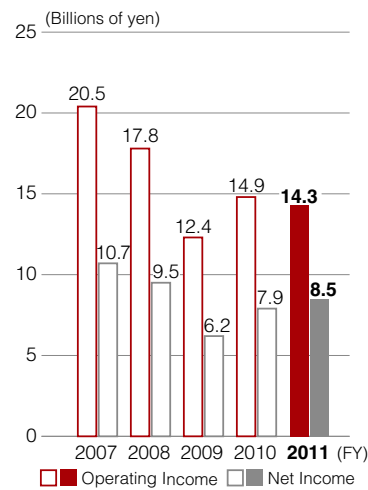
Scope of total volume of waste generated:

Azbil's four main facilities (Fujisawa Technology Center, Shonan, Isehara, and Hadano factories), Azbil Kyoto, and Azbil Taishin

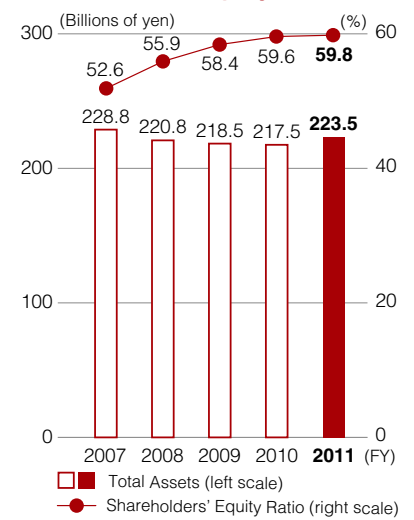
Net Sales



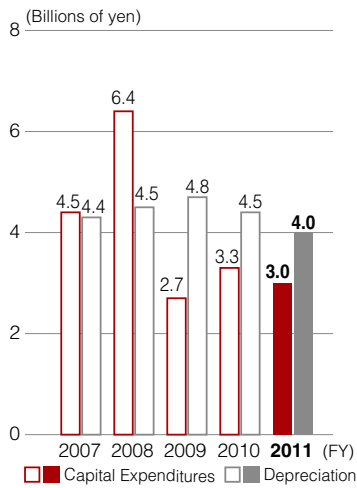
Operating Income/Net Income



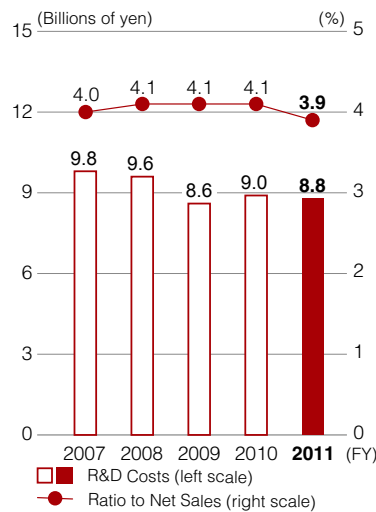
Total Assets/ Shareholders' Equity Ratio



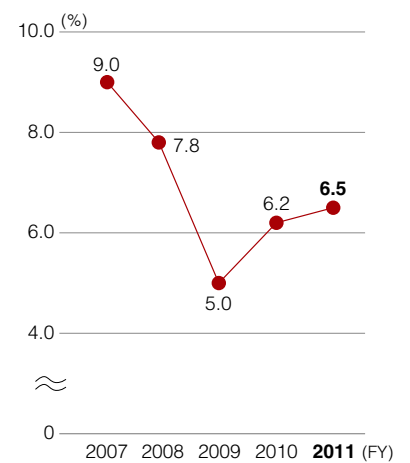
Capital Expenditures/ Depreciation



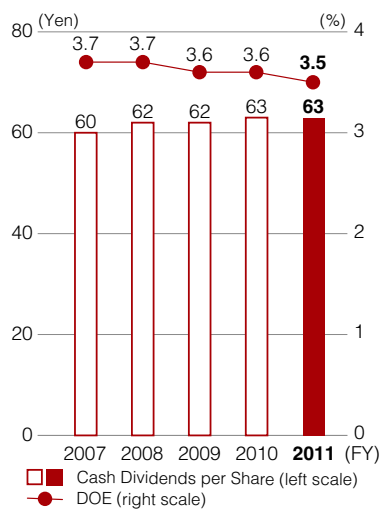
R&D Costs/Ratio to Net Sales



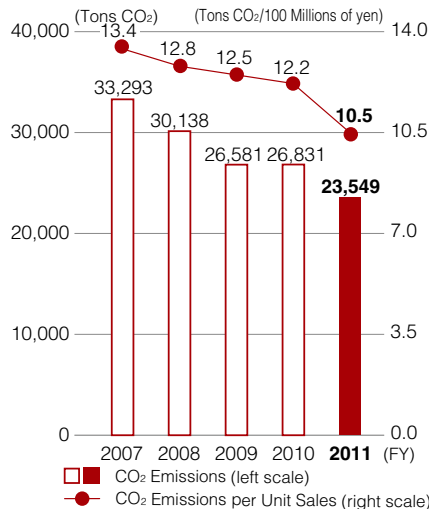
ROE



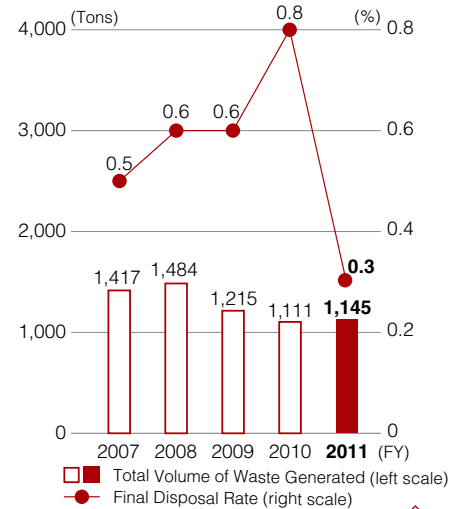
Cash Dividends per Share/DOE



CO₂ Emissions/ CO₂ Emissions per Unit Sales



Waste Disposal and Final Disposal Rate





Seiji Onoki
Chairman

Hirozumi Sone
President and Chief Executive Officer

In fiscal year 2011, ended March 31, 2012, the second year of our medium-term plan, the economy had been expected to rebound steadily after emerging from the recession set off by the financial crisis that began in 2008. However, a downturn in the Japanese economy was unavoidable in large part because of two unforeseen events – the Great East Japan Earthquake of March 2011 and the floods in Thailand. We would like to extend our deepest sympathy once again to the victims of these disasters.

The azbil Group made an all-out effort to assist its customers in restoring damaged production facilities and buildings, but our support was not limited to industry. We also assisted people in everyday life in ways such as providing an emergency alert response service through local municipalities for disaster victims living in temporary housing and in need of nursing care. “human-centered automation” is the azbil Group’s philosophy, and one aspect of that is contributing to society through our businesses. We are happy that we were able to practice that philosophy even in unforeseen circumstances like these. At the same time, we were reminded that this is one of our key responsibilities. We will continue to do everything we can to support the restoration and reconstruction of customer sites.

Looking at economic trends in fiscal year 2011, the Japanese economy had begun to show signs of recovery, but the pace of the recovery slowed due to the two disasters, exerting a substantial impact on the azbil Group’s business environment. Financial instability in Europe and a slowdown in economic growth in China and other countries in Asia as well as South America led to a strong sense of uncertainty about the economic outlook. These large-scale disasters and changes in the economic landscape presented challenges requiring urgent solutions such as improvement of supply chains, global dispersion of production bases, and more efficient operation ranging from individual buildings to the regional level to deal with electricity shortages. We see these and other current trends affecting the azbil Group not simply as part of the economic cycle but as global changes in the economic structure. For the azbil Group, these structural changes represent opportunities, and we intend to grow our business aggressively from a global perspective, viewing the domestic and international markets as an integrated whole. To do that, we need to continue to strengthen our foundation by accelerating the reform of our business and operational structures based on the management foundation we have built up to now.

With that awareness, we changed the company name on April 1, 2012, and at the same time changed our management team to embark on this fresh chapter in our history as “Azbil Corporation.” Looking ahead, we will continue to advance business structure reform (creating new businesses) and business operation reform (creating new work styles) with an emphasis on flexible management that is responsive to changes in market conditions. By pushing ahead with these reforms, we will make a qualitative transformation in our businesses and broaden our business domains to grow into a world-class enterprise.

In fiscal year 2012, ending March 31, 2013, the azbil Group will work together to be an organization that creates new value with customers at their work sites and helps them to solve diverse challenges through our pursuit of “human-centered automation.”

We want to thank all of our stakeholders, including shareholders, customers, and local communities, for their steady support and guidance.

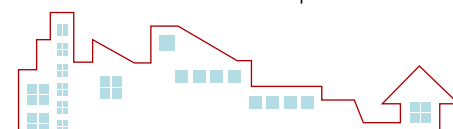
July 2012



Seiji Onoki
Chairman
Azbil Corporation



Hirozumi Sone
President and Chief Executive Officer
Azbil Corporation





With our sensitive awareness of needs at our customers' work sites, we will create a business model with new added value.

On April 1, 2012, the midway point of our medium-term plan for the “period of growth,” Hirozumi Sone took over as president and chief executive officer from Seiji Onoki, who became chairman. In this section, President and CEO Sone provides a review of recent business results and explains his strategies for the second half of the medium-term plan for the “period of growth.”

Question 01

With the first half of the four-year medium-term plan now complete, what is your assessment of fiscal year 2011, ended March 31, 2012?

Operating income was down even though sales increased, so we still have some issues left unresolved. However, we made steady progress in structural reforms to strengthen our management foundation and are starting to see some results, so I think it was a year that positioned us for the years ahead.

In fiscal year 2011, the Japanese economy moved toward a moderate recovery led by an upturn in exports and manufacturing despite the substantial impact of the Great East Japan Earthquake. However, these overall trends have recently been weakened by concerns about a slowdown in overseas economies and high crude oil prices, and the outlook remains unclear. In overseas economies, recovery continued in Asia, mainly in China, but financial instability in certain European countries, a high unemployment rate in the United States, and other factors raised growing concerns of a possible downturn in those countries. In this uncertain global economic climate, the azbil Group's operating environment also showed improvement in some markets, but capital investment activity varied considerably depending on region, industry, or time frame, and the mood of uncertainty led many companies to postpone investments. Moreover, in some markets, intense competition amid the weak business conditions put heavy pressure on prices. In this environment, the azbil Group focused on expanding orders and sales and securing profits. We also continued to take steps to minimize the effect on our business activities from the Great East Japan Earthquake and the accident at the Fukushima Daiichi nuclear power plant.

As a result, net sales for fiscal year 2011 increased 2.0% year on year to ¥223.5 billion. Operating income, however, decreased 3.7% to ¥14.3 billion due to pricing pressure and higher expenses such as social insurance premiums. Net income increased 7.5% to ¥8.5 billion, reflecting an extraordinary loss in the previous fiscal year on asset retirement obligations and environmental expenses.

Looking at results by business segment, deteriorating market conditions led to weak performance in the Building Automation business, which delivers products and services for HVAC and security, mainly to offices and other commercial buildings, and the Life Automation business, which sells gas and water meters and provides health and welfare, nursing care, and other services. On the other hand, the Advanced Automation business, which provides

products and solutions for production sites such as plants and factories, achieved growth in sales and profit. This performance was driven by strong sales of valves, field instruments such as transmitters, and system products in the energy and high-performance materials markets, which more than offset a drop in sales of control products for equipment manufacturers midway through the fiscal year.

Fiscal year 2011 ended with a decline in operating income even though we achieved sales growth, so some issues remain unresolved. However, we made significant progress in business structure reform (creating new businesses) and business operation reform (creating new work styles). We restructured our production operations to respond flexibly to changes in the market environment and reinforced our product development capabilities through tie-ups and joint development with other companies as well as in-house development. We developed automated production lines capable of high-quality production through replication of human skills and cognition. We acquired stakes in overseas companies and established subsidiaries to prepare for full-fledged expansion of our global operations. With these and other actions, we made substantial progress in reinforcing our management foundation. Considering these achievements, even though we did not reach all of our performance targets, it was a year that positioned us for the future.

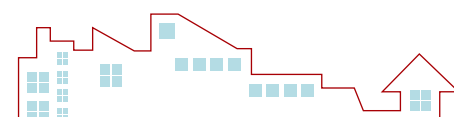
Question 02

The Company recently changed its management team. What direction do you plan to take with the new management?

We will offer solutions globally and establish a position as a long-term partner for our customers.

I took over as president on April 1, 2012 from Seiji Onoki, who is currently our chairman, but the direction of our thinking is basically the same. I feel that the idea of "human-centered automation" is better recognized in society now than it was five years ago when we formulated this philosophy. Therefore, I see my role as further advancing and evolving "human-centered automation." To do that, it is important to steadily execute the initiatives in the medium-term plan. We will also speed up the implementation of measures to respond to the dramatic changes in our business environment.

I would like to talk about three key initiatives for carrying out my plan.





We will further enhance the scope and quality of the value we provide in our quest for “human-centered automation” on a global scale.

The first is establishing a position as a long-term partner for our customers by offering solutions at customer sites based on our accumulated technologies and products. In the Building Automation business, we see growing needs for high-value-added life cycle solutions, from energy-saving solutions using building energy management systems (BEMS) to address electric power shortages and rising electricity costs to smart cities that link these systems through networks. In the Advanced Automation business, we are meeting needs by globally providing solutions for plants and equipment manufacturers. In the Life Automation business, we provide products and services for residences, health and welfare, nursing care, and lifeline infrastructure. However, I believe we will have to shift to a multifaceted approach by synthesizing these elements and drawing on synergy with the Building Automation and Advanced Automation businesses, in order to raise the value we provide in the areas of security, safety, and health. Fulfilling these needs will require that we provide not just high-quality products but multifaceted solutions that include consulting, maintenance services, and operational support.

By meeting these needs, we want to be recognized as indispensable to our customers as well as society.

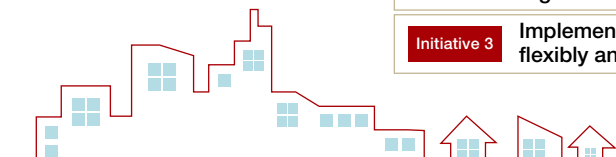
The second initiative is taking our global operations to the next level. Up to now we have been building our foundation for global expansion. Now we will expand our business to new regions while we enhance and broaden the solutions we provide to include not just the supply of products but also consulting and services.

The third initiative is reforming our organization as a corporate entity. Previously we took various measures to strengthen our organization in response to changes in the external environment. For example, we carried out organizational restructuring to optimize services, product development, and manufacturing, and reallocated staff throughout the company to match the new structure. Our task now is to respond flexibly to global and discontinuous changes in the environment by continuing to reinforce our organization and by learning from our daily experiences and thinking and evolving on our own – in other words, to transform the azbil Group into a corporate entity that never stops learning.

● **Future Priorities**

**The Quest for “human-centered automation:”
Enhancing Customer Relations and Value (Scope, Quality)**

- | | |
|---------------------|--|
| Initiative 1 | Aiming to become a long-term partner for both the customer and the community through offering solutions based on azbil’s technology and products |
| Initiative 2 | Taking global operations to the next level. Global initiative: Expansion into new regions and a qualitative change of focus |
| Initiative 3 | Implementing organizational reforms to create a corporate entity that can respond flexibly and continuously to changes in the business environment |



Question 03

Shareholders have high expectations for expansion of the azbil Group’s global operations, which are a growth area. Please explain your concrete strategies for this.

We will pursue business expansion along two dimensions – expansion of business regions and domains and a shift in qualitative focus – from a global perspective.

Up to now we have taken various measures to strengthen our foundation for global expansion. We expanded our valve maintenance centers in China and Southeast Asia to improve and enhance our service and maintenance network, and augmented local product customization and development functions in Europe, North America, and China. So we have completed the business infrastructure improvements necessary for full-fledged expansion. To take full advantage of this foundation as we expand, I am positioning the following two points as the pillars of our strategy.

The first is expansion of our geographic regions and business domains. We will aggressively expand our business regions from China and Southeast Asia to India, the Middle East, and South America (Brazil). As for products, we will base development on our competitive products with powerful solutions capabilities, such as control valves for plants in the Advanced Automation business. We will also expand business areas such as the Building Automation business for existing buildings in China and gas meters (Life Automation business) in Taiwan. To support this expansion, in the Advanced Automation business, we have signed an agreement with Tharawat Development Co. in Saudi Arabia on the establishment of a joint venture to manufacture and sell control valves in Saudi Arabia, and have also begun talks with a prospective partner in India to supply products. In the Building Automation business, we have acquired a stake in

Beijing YTYH Intelli-Technology Co., Ltd., a building construction and engineering firm, and made it an azbil Group subsidiary to advance into the local building market in China. In the Life Automation business, we are quickly implementing concrete measures, including the establishment of Azbil Kimmon Technology Corporation, a joint venture with Yung Loong Engineering Corporation in Taiwan.

Second, we will make qualitative changes in our business. Specifically, we will shift from a focus on product sales to a solution-based business model that encompasses everything from development and manufacture of products tailored to local needs to engineering and service. In China as well as in other countries in Asia and South America, where we are already conducting business, economic and social development is creating growing needs for the consulting services we provide, including energy management and facility operation and management in the Building Automation business, and plant asset management and maintenance and advanced energy-saving control in the Advanced Automation business. The business environment that is taking shape makes it easy to display the azbil Group’s strengths. To give one example in the Building Automation business, we established a joint venture with a subsidiary of China Energy Conservation and Environmental Protection Group (CECEP) that will leverage the azbil Group’s strengths in BEMS and energy conservation technology to develop the solutions business for existing buildings in China.

Question 04

What is the azbil Group’s approach to corporate social responsibility (CSR)?

Taking a “human-centered” perspective, we practice “CSR through our core businesses” such as environmental and safety solutions, an approach that is producing results.

● Presenting All Stakeholders with the “human-centered” azbil Group



The azbil Group divides its CSR activities into “basic CSR and “proactive CSR.”

Basic CSR includes compliance, environmental preservation, and other activities that are fundamental obligations for the azbil Group as a corporate citizen. Among them, concern for the environment is a key theme. We are aiming for a reduction of 10% or more in the azbil Group’s total CO₂ emissions by fiscal year 2013, ending March 31, 2014, compared with the level of fiscal year 2006, ended March 31, 2007.

Proactive CSR, on the other hand, involves leveraging the Group’s strengths to contribute to society via business operations, as well as voluntary social contribution activities. The azbil Group’s high-value-added solutions combining products and services save energy in buildings and factories, helping customers to reduce their CO₂ emissions. We take particular pride in our substantial contribution to reducing peak-hour electricity use during the summer 2011 power shortages in Japan. In addition to contributing to society through our business operations, we encourage volunteer activities focused on coexistence with society. For example, in the town of Minamiaizu in Fukushima Prefecture, where an azbil Group factory is located, we are working to protect the *himesayuri* (*Lilium rubellum*) flower, or maiden lily, which is a near threatened plant species, as an initiative to preserve biodiversity.

Our “human-centered” approach enables consistent CSR for all stakeholders, including customers as well as communities and society. We will continue to practice proactive CSR in addition to our basic CSR activities.

Question 05

The Company has maintained dividends in an uncertain and challenging business environment. What is your policy on shareholder returns?

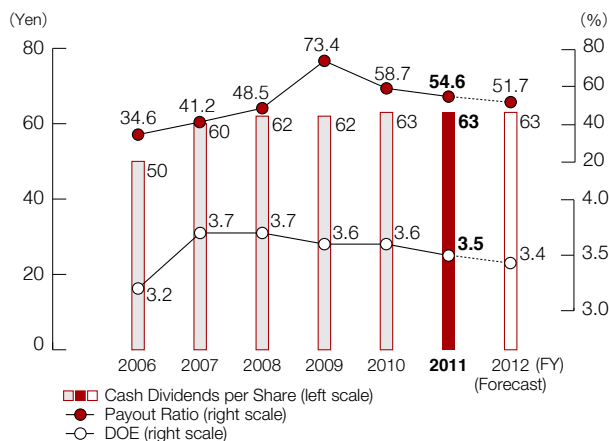
Management places priority on returning profits to shareholders, and we maintain a shareholder-oriented management policy.

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

For fiscal year 2011, we paid dividends of ¥63 per share, as announced at the beginning of the period. In fiscal year 2012, ending March 31, 2013, with the persistently challenging operating environment and uncertainty about the economic outlook, we plan to keep the dividend at ¥63

per share to provide stable returns to shareholders. As a result, we expect DOE of 3.4% and a payout ratio of 51.7% for fiscal year 2012.

Cash Dividends per Share/Payout Ratio/DOE



Question 06

In closing, what are your aspirations as the new president?

My goal is to achieve further growth through the pursuit of “human-centered automation.”

The azbil Group’s operating environment is changing dramatically. I believe that becoming an organization that is capable of an autonomous and organic response to these changing conditions is essential for further growth. Therefore, together with Group employees, we will constantly identify needs at customer sites, interpret them from the perspective of “human-centered automation,” and discuss and explore the value that customers really need. In this way, I want to promote a voluntary shift in our consciousness and behavior as a corporate entity and connect that to the creation of a business model that offers new added value. I believe that will be my biggest role as the new president.

The azbil Group will work in unison to create new value at customer sites and ensure that the unified azbil brand becomes recognized and established globally as a long-term partner of customers and society. I hope our stakeholders will look forward to the growth of the new azbil Group.

