Consolidated Financial Results
For Fiscal 2013 Ended March 31, 2014 (Japan GAAP)

May 12, 2014

Company name	:	Azbil Corporation
URL	:	http://www.azbil.com/
Stock exchange listing	:	Tokyo Stock Exchange 1st Section (CODE 6845)
Representative	:	Hirozumi Sone, President and Chief Executive Officer
Contact	:	Takayuki Yokota, Executive Officer, Head of Group Management Headquarters
Telephone	:	+81-3-6810-1009
Planned date of general shareholders meeting	:	June 26, 2014
Planned date of cash dividends	:	June 27, 2014
Planned date to file annual security report	:	June 26, 2014
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 fiscal 2013 ended March 31, 2014 (April 1, 2013 to March 31, 2014)
(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 2013	248,416	9.2	13,903	3.7	14,599	0.2	7,669	(7.7)
Fiscal year 2012	227,584	1.8	13,410	(6.5)	14,569	(0.2)	8,308	(2.5)

Note : Comprehensive income As of March 31, 2014 10,892 million yen 3.3%
As of March 31, 2013 10,540 million yen 18.3%

	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 2013	103.85	—	5.4	5.9	5.6
Fiscal year 2012	112.50	—	6.1	6.2	5.9

Reference : Equity in earnings (losses) of affiliates As of March 31, 2014 (6) million yen
As of March 31, 2013 - million yen

(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, 2014	253,448	144,978	56.5	1,940.56
As of March 31, 2013	243,418	141,197	57.1	1,882.66

Note : Shareholders' equity As of March 31, 2014 143,316 million yen
As of March 31, 2013 139,041 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 2013	15,835	(10,669)	(6,939)	55,844
Fiscal year 2012	15,010	(12,716)	(2,486)	56,050

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 2012	—	31.50	—	31.50	63.00	4,652	56.0	3.4
Fiscal year 2013	—	31.50	—	31.50	63.00	4,652	60.7	3.3
Fiscal year 2014 (Forecast)	—	31.50	—	31.50	63.00		54.7	

3. Forecast of consolidated financial results for fiscal year ending March 31, 2015
(April 1, 2014 to March 31, 2015)

(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, 2014	116,000	4.2	3,400	38.3	3,200	15.9	1,600	56.7	21.66
Fiscal year 2014	260,000	4.7	15,500	11.5	15,000	2.7	8,500	10.8	115.09

*** Notes**

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries due to changes in the scope of consolidation) : No

New consolidation : None (Company name:)

Exclusion : None (Company name :)

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

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

(Note) For details, please refer to “4. Consolidated financial Statements (5) Notes to the consolidated financial statements (Changes in accounting standards) on page 26 of the appendix.

(3) Number of shares issued (common stock)

1. Number of shares issued (including treasury stock)
   As of March 31, 2014 75,116,101 shares
   As of March 31, 2013 75,116,101 shares
2. Number of Treasury stock
   As of March 31, 2014 1,263,194 shares
   As of March 31, 2013 1,262,123 shares
3. Average number of shares
   As of March 31, 2014 73,853,357 shares
   As of March 31, 2013 73,854,399 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

(Attention to the description of the future)

Sales for the azbil Group tend to be concentrated in the second quarter and the fourth quarter consolidated accounting periods, while fixed costs are generated constantly. This means that profits in the first quarter and the third quarter consolidated accounting periods are typically lower than those in the other two quarters. Sales for the azbil Group tend to be more concentrated in the fourth quarter consolidated accounting period than in the second quarter. For a similar reason, profits in the first half (combining first & second quarter consolidated accounting periods) tend to be lower than in the second half (combining third & fourth quarter consolidated accounting periods).

The projections of azbil Group are based on currently available information and some reasonable assumptions. Due to various factors, actual results may differ from those discussed in this document. Please see “Analysis of financial results” on page 2 of the financial results (appendix) for preconditions underlying these projections and precautions to follow in using these projections.

(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.

Accompanying Materials
Contents

1. Financial Results

(1) Analysis of financial results

1) Financial results for the current fiscal year

In the current fiscal year, Japan's economy has continued a moderate recovery that began at the start of the period, spurred by the Japanese government's economic policies and the Bank of Japan's monetary easing measures. There has been an improvement in corporate financial results – especially those of export-related businesses, which have benefitted from the lower value of the yen – and signs of a pickup in both capital expenditure and consumer spending have been evident. The general picture overseas has also been promising: despite the slackening of growth in China and other emerging economies, the US economy has been gradually recovering and in Europe too there has been an upward momentum. Overall, therefore, there has been a continued recovery.

As for the business environment of the azbil Group, this continues to be better in some markets than others, but nonetheless there are clear indications of recovery.

Against this backdrop, aiming to achieve the targets of the medium-term plan, the azbil Group has adopted the following three initiatives: (1) becoming a long-term partner for both the customer and the community through offering solutions based on azbil technologies and products; (2) implementing global initiative aimed at expansion into new regions and a qualitative change of focus (3) aiming to become a corporate organization that never stops learning so that it can continuously strengthen its corporate structure. The business plan targets three growth fields: next-generation solutions, energy management solutions, and safety solutions. For this, progress is being made, in Japan and overseas, to implement distinctively azbil solutions utilizing our products, technologies and services. In the current fiscal year, progress has been made not only with reinforcing the business structure, but also with developing new business fields in Japan and overseas.

Overall orders received for the current fiscal year were 252,435 million yen, up 9.2% on the previous fiscal year. This increase follows the launch, as a new solutions initiative, of the Life Science Engineering (LSE) business [Note] in the first quarter of the current consolidated accounting period and the inclusion of the Azbil Telstar and its subsidiaries in the results of the Life Automation (LA) business. In addition to the resulting sharp growth in orders received for the LA business, orders were also up for the Building Automation (BA) business and the Advanced Automation (AA) business. In sales too, all three businesses achieved increases, with the LA business taking the lead. The overall figure for net sales was 248,416 million yen, up 9.2% on the previous fiscal year.

Overseas sales increased significantly with the addition to the LA business of new LSE operations in Europe, Asia and Central and South America. In addition, exchange rates contributed to robust growth in existing regions and markets, and as a result sales doubled. Overseas sales now represent 18.6% of the total (current fiscal year), compared to 10.1% in the previous year.

Profits have been impacted not only by a transient increase in the cost of retirement benefits, but also by the increased goodwill amortization costs associated with the addition of several new subsidiaries. Nevertheless, sales were up for each business, and steady progress has been achieved with improving profitability by reinforcing the business structure. Consequently, there was an operating income of 13,903 million yen (up 3.7% on previous fiscal year). Ordinary income was 14,599 million yen (up 0.2% on previous fiscal year) primarily due to foreign exchange gains; and net income was 7,669 million yen (down 7.7% on previous fiscal year), reflecting an increase in the amount of income taxes - deferred following a reduction in deferred tax assets resulting from a revision of the tax system.

Note : As of January 2013, the azbil Group acquired a stake in Telstar, S.A. (located in Spain), which develops, manufactures and markets manufacturing and environmental equipment for pharmaceutical formulation plants, research labs and hospitals. This is now a subsidiary with the new name Azbil Telstar, S.L. In conjunction with this acquisition, the Group launched a LSE business designed to serve markets that contribute to people’s health, providing next-generation solutions inspired by automation technologies that integrate manufacturing equipment with environmental systems.

The results for the individual reportable segments are as follows.

Building Automation (BA) Business

There was a slight decrease in domestic sales, but thanks to an increase in overseas sales, revenue grew for the BA business as a whole.

On the domestic scene, the service business continued to perform well, thanks to a steadily growing track record. In addition, there was been increasing investment in energy management solutions designed to achieve power/energy savings and, thanks to proactive marketing that draws on our engineering experience and long-term accumulated data, sales were up for projects involving existing buildings. However, sales for the market for new buildings decreased by trend of sales in large-scale development projects. Domestically, overall sales declined.

Abroad, sales grew in Singapore, Vietnam and Taiwan as a result of measures focused on developing local building markets. Also, there was significant sales growth in China resulting from the first full-year contribution made by a subsidiary involved in construction and engineering that was acquired part way through the previous fiscal year.

Accordingly, BA business sales for the current fiscal year were 109,566 million yen, up 2.0% on the previous fiscal year. Profits were adversely affected by a transient increase in the cost of retirement benefits and the addition of an overseas subsidiary with the associated goodwill amortization costs. However, profitability increased thanks to on-site cost improvements and improved job management; additionally, sales grew in the existing building and service fields. Consequently, segment profit (operating income) was 10,593 million yen, up 4.3% on the previous fiscal year.

Advanced Automation (AA) Business

As a result of the decline in capital investment among Japan's manufacturing industries, there was a fall in domestic sales. However, overseas sales grew, so for the AA business overall there was an increase in sales.

In Japan, demand has recovered in the market for equipment manufacturers such as industrial furnace. In addition, business development has progressed, offering new products and solutions to companies in the food, pharmaceutical and automobile markets. This has led to growth in the sales of control products to equipment manufacturers. On the other hand, despite investments and replacement demand being brisk in markets related to the energy field involving LNG and for plant operational safety, sales were adversely affected by curbs on new capital investment in the chemical market, particularly related to functional materials, where demand has hitherto been robust. Consequently, there was a fall in sales of field instruments, control valves and system products to plants. Domestically, overall sales declined.

In overseas markets, there was growth in sales of control products to equipment manufacturers in Europe, the US, China and Korea. Also, a North American subsidiary was newly consolidated– a company that develops and sells flowmeters – and sales of field instruments and control valves to plants throughout Asia continued to be robust. Overseas revenue thus increased overall.

As a result, AA business sales for the fiscal year were 90,826 million yen, up 3.6% on the previous fiscal year.

Profits were impacted not only by a transient increase in the cost of retirement benefits, but also by the increased goodwill amortization costs associated with the new consolidation. However, thanks to increased sales and efforts to improve the cost rate, segment profit (operating income) was 3,966 million yen, up 8.8% on the previous fiscal year.

Life Automation (LA) Business

In the gas and water meter field, efforts have been made to develop solutions for energy supply lines, but sales fell mainly due to the demand cycle of gas meters. As regards water meters, thanks to efforts aimed at enhancing profitability and proactively developing the market, the profitability improved.

In the nursing care and health support field, the market is growing as Japan's population ages; however, with cutbacks in welfare budgets by local governments, etc., the business environment continues to be challenging. In response, various measures have been adopted – such as increasing the number of care centers and offering a new comprehensive service – and as a result sales have increased.

As regards residential central air-conditioning systems, we continue to strengthen our development and sales capabilities, adopting an aggressive strategy targeting both house builders and individual owners. This approach has succeeded in increasing sales.

The Life Science Engineering (LSE) business serves overseas pharmaceutical markets, and these are doing well. The Azbil Telstar and its subsidiaries that is now included in the consolidated results supplies a variety of equipment to these markets, and consequently sales have risen significantly.

As a result, LA business sales for the current fiscal year were 49,597 million yen, up 45.9% on the previous fiscal year.

As regards profit for the LA business as a whole, however, despite improved profitability in the gas and water meter field, owing to the cost of reinforcing and expanding the business foundation, and also the generation of goodwill amortization costs associated with the new consolidation, there was a segment loss (operating loss) of 671 million yen; for comparison a loss of 399 million yen was recorded for the previous fiscal year.

Other

In the Other business, sales of 66 million yen were recorded for the current fiscal year; in the previous fiscal year sales were 73 million yen. Segment profit (operating income) was 17 million yen; in the previous fiscal year there was a segment profit (operating income) of 9 million yen.

2) Forecast for the next period

As shown in the table below, business performance for the next period is forecast as follows: net sales of 260,000 million yen, an increase of 4.7% on the previous fiscal year; operating income of 15,500 million yen (up 11.5%); ordinary income of 15,000 million yen (up 2.7%); and net income of 8,500 million yen (up 10.8%).

Guided by the philosophy of “human-centered automation,” the azbil Group is developing its business based on the three initiatives listed below. Already steady progress is being made with business reforms in the domestic market, expansion of overseas business, and strengthening the business structure.

<Three initiatives>

(1) Becoming a long-term partner for both the customer and the community through offering solutions based on azbil technologies and products

(2) Implementing global initiatives aimed at expansion into new regions and a qualitative change of focus

(3) Aiming to become a corporate organization that never stops learning so that it can continuously strengthen its corporate structure

As regards the economic environment in the next period, although there are concerns about a temporary slowdown in Japan’s economy following the increase in consumption tax – a result of the government’s economic policies – a gradual recovery is expected. Overseas, the economies of some Asian countries will remain stagnant, and there is uncertainty regarding the outlook for China’s economy. However, the upturn seen in Europe and the US is expected to continue, and, as with Japan, a gradual recovery is forecast.

The year ending March 31, 2015 (FY2014) is the second year in the current 4-year medium-term plan, and in it we will continue to pursue the three initiatives to realize growth at home and abroad by implementing business reforms and strengthening the corporate structure, aiming at achieving our performance forecast.

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.

		Fiscal year 2013 Actual	Fiscal year 2014 Forecast	Difference	%
Building Automation	Sales	1,095	1,140	44	4.0
	Operating income	105	111	5	4.8
Advanced Automation	Sales	908	950	41	4.6
	Operating income	39	46	6	16.0
Life Automation	Sales	495	530	34	6.9
	Operating income	(6)	(2)	4	-
Other	Sales	0	1	0	49.4
	Operating income	0	0	0	-
Consolidated	Net Sales	2,484	2,600	115	4.7
	Operating income	139	155	15	11.5
	Ordinary income	145	150	4	2.7
	Net income	76	85	8	10.8

(2) Analysis of financial position

Analysis of assets, liabilities, net assets and cash flows

(Assets)

Total assets at the end of the current fiscal year were 253,448 million yen, an increase of 10,029 million yen from the previous fiscal year-end. The increase in current assets was due to (1) the fact that the last day of the previous period was a national holiday, so accounts receivable-trade was recorded for the current period, leading to an increase compared to the previous fiscal year of 3,991 million yen in cash and deposits; and (2) inventories rose by 1,691 million yen as a result of growth in orders. As regards the growth in noncurrent assets, this was primarily due to investment securities increasing by 1,536 million yen with the rise in the stock market.

(Liabilities)

Total liabilities at the end of the current fiscal year were 108,469 million yen, an increase of 6,247 million yen from the previous fiscal year-end. This was mainly due to an increase of 3,916 million yen in net defined benefit liability resulting from changes in accounting standards, and also the fact that purchase liabilities increased by 907 million yen and the provision for bonuses increased by 761 million yen.

(Net assets)

Net assets at the end of the current fiscal year were 144,978 million yen, an increase of 3,781 million yen from the previous fiscal year-end. This was mainly owing to an increase in retained earnings due to the addition of net income of the current fiscal year.

(Cash flows from operating activities)

Cash and cash equivalents (hereinafter, net cash) provided by operating activities in the current fiscal year ended March 31, 2014 were 15,835 million yen, an increase of 825 million yen compared with the previous fiscal year. Net cash provided by operating activities in the current fiscal year was on the same level with the previous fiscal year.

(Cash flows from investing activities)

Net cash used in investing activities (net increase (decrease)) in the current fiscal year were 10,669 million yen, a decrease of 2,046 million yen compared with the previous fiscal year. Although there was an increase in net cash resulting from the acquisition of securities, the total sum fell compared to the previous fiscal year when there were expenditures to acquire shares of subsidiaries.

(Cash flows from financing activities)

Net cash used in financing activities (net increase (decrease)) in the current fiscal year were 6,939 million yen, an increase of 4,453 million yen compared with the previous fiscal year. This was primarily due to increased expenditure for the repayment of loans, and also that there was a decrease in net cash from loans payable.

As a result of the above factors, the balance of net cash at the end of the current fiscal year was

55,844 million yen, a decrease of 205 million yen from the previous fiscal year-end.

(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.

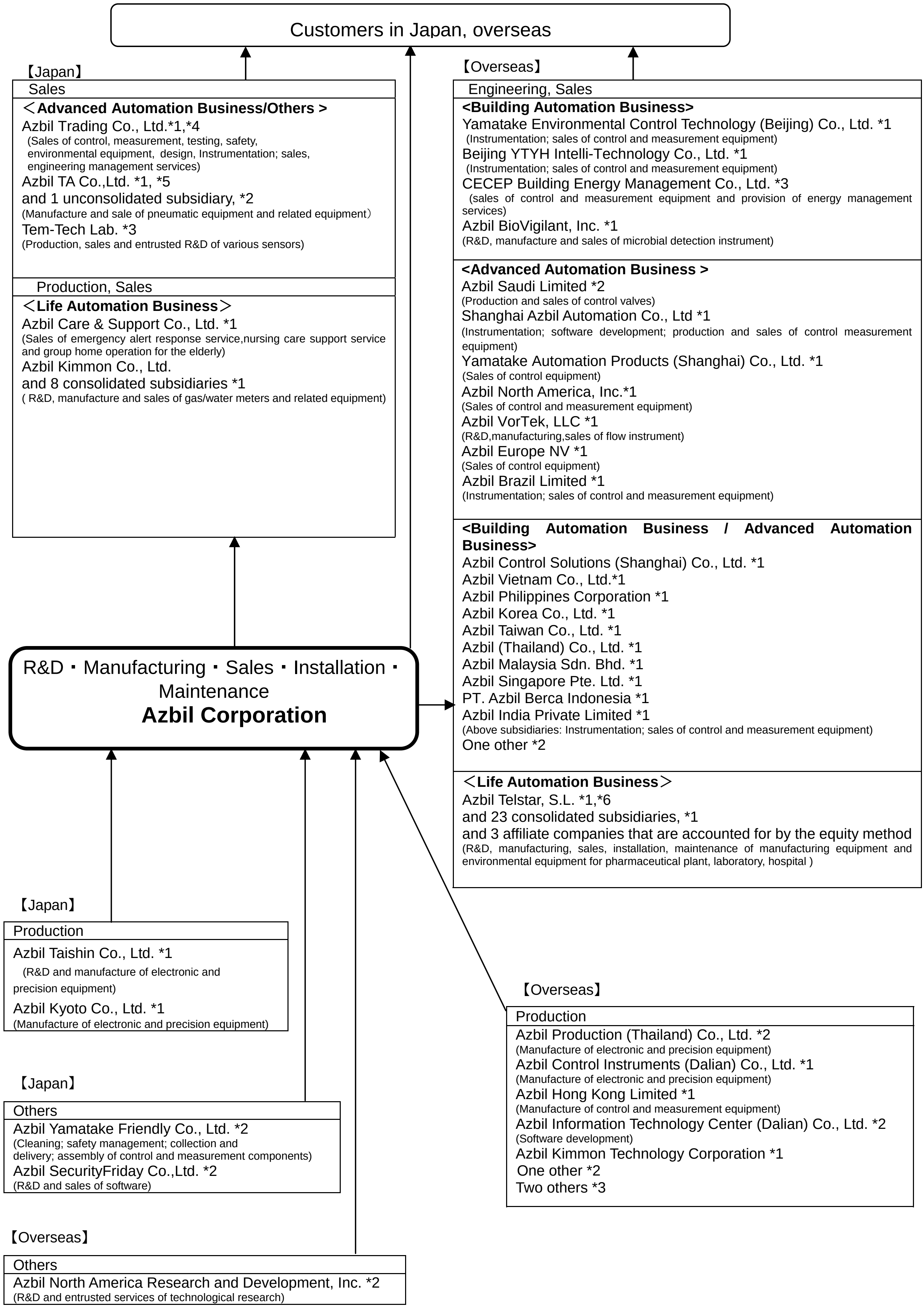
In consideration of the policies outlined above, it is planned to issue an annual dividend for FY2013 of 63 yen per share, as previously announced. For FY2014, an annual dividend of 63 yen per share is projected in order to maintain stable shareholders' return.

As regards the use to which retained earnings will be put, while effectively investing them in strengthening the business base and business expansion – for example, reinforcing products and services for business growth and implementing structural reform of global production and development – as well as in enhancing management, we will also invest in contingency plans to ensure business continuity following natural disasters, etc., thus aiming to realize even greater shareholder value.

2. Activities (Present situation) of the azbil Group

The azbil Group consists of our company, 69 subsidiaries and 7 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, residential central air-conditioning systems, nursing care and healthcare support, the pharmaceutical and medical fields and life science research. The Group conducts business to support active lifestyles.

As for the above mentioned business contents, our company and other companies are positioned as shown in the following business chart.



*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

*4 On April 1, 2013, Azbil RoyalControls Co., Ltd. merged with Azbil Trading Co., Ltd. and changed its name to Azbil Trading Co., Ltd.

*5 On April 1, 2013, TACO Co., Ltd, changed its name to Azbil TA Co., Ltd.

*6 On June 17, 2013, Telstar, S.A. changed its name to Azbil Telstar, S.L.

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 and 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.

A new 4-year medium-term plan was drawn up in FY2013, aiming to achieve this goal by the year ending March 31, 2017 (FY2016). In order to respond effectively to changes in the business environment and realize sustainable yet accelerated growth, we will make use of the synergies of the whole Group to invigorate and achieve global growth for our businesses founded on technologies, products and services. In this way, we aim to achieve operating income of 22,000 million yen and sales of 280,000 million yen, and to increase overseas sales to over 20% of the total.

(3) Medium- to long-term management strategies

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. Nevertheless, in these business fields there are some markets that are mature, making it hard to achieve sustainable growth by offering existing products and services, but then there are other markets that are growing at a rapid pace. Henceforth, we will continue to firmly establish the foundation for attaining the Group's mission and ensuring our future as an enterprise. 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. And as a long-term partner for both the customer and the community worldwide, we will demonstrate that we can offer unique value that is only available from the azbil Group.

The year ended March 31, 2014 (FY2013) was the first year in the new medium-term plan. In addition to generating new business opportunities that are finely tuned to energy-saving and environment-related trends, to bolster the management foundation so that it will be less susceptible to changes in the business environment, this plan targets the following three growth areas: energy management solutions, next-generation solutions for production and working/living spaces, and safety solutions. As well as being vital for our customers' own operations, these are areas in which we can offer unique value that is only available from the azbil Group. By implementing measures to realize this plan and by strengthening the business structure, we have increased sales and profits. From the year ending March 31, 2015 (FY2014), the second year of the plan, we will focus increasingly on these three growth areas. In this way, as a world-class, comprehensive automation manufacturer, we will 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 society, the environment and the economy.

(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. Through the pursuit of "human-centered automation," we have been emphasizing the three initiatives: (1) aiming to become a long-term partner for both the customer and community through offering solutions based on the technologies and products of our three business fields (BA business, AA business, LA business); (2) implementing global initiatives aimed at expansion into new regions and a qualitative change of focus; and in realizing those initiatives, (3) transforming the azbil Group into a learning corporate organization. We have also been implementing 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 new business fields which azbil has not yet addressed. For example, the name ENEOPT has now been adopted to cover all of those products and services related to energy management solutions offered by the azbil Group, thus making it clear that the Group companies are working together to actively develop energy management solutions for buildings, plants and factories. In addition to offering planned services that are tailored to the lifecycle of the facilities in a customer’s business and/or manufacturing plant, we provide operational support services, access control for a facility, and even perimeter controls to prevent physical trespass. Unauthorized access can also come in the form of a cyber-attack, and for this and other contingencies, such as natural disasters and accidents, we offer a variety of business-continuity solutions based on many years of accumulated know-how and achievements. We are actively developing these high value-added services, unique to the azbil Group, harnessing group-wide coordination that transcends the conventional BA/AA business framework.

2. Our LA business offers heartfelt, hands-on service with warmth and compassion – as well as measurement and control technologies developed over many years. It operates in the fields which have a different business cycle to that of the BA and AA businesses. Its activities cover the supply of gas and water meters, residential central air-conditioning systems, and nursing care and healthcare support, the pharmaceutical and medical fields, life science research and other segments. In many ways, the LA business helps people to lead active, fulfilling lives. Examples include the strengthening of Kikubari™ products in the field of residential central air-conditioning systems; the provision by Azbil Care & Support of nursing care and emergency alert/response services in assisted living facilities for the elderly; and the launch of scheduled visits and on-demand services. Also, we have begun development of the Life Science Engineering business targeting pharmaceutical markets worldwide, an initiative in which Azbil Telstar is playing a key role.
3. In overseas markets that have potential for future growth, as one example of strengthening the business base, we are focusing on training global human resources that are needed for future business development; this initiative will be implemented worldwide. Specifically, we will pursue business expansion in fast-growing emerging economies, including the Chinese and other Asian markets in which the azbil Group is already engaged. We will also qualitatively enhance business operations, ensuring they are attuned to the specific characteristics of the local

business environment. In the case of Azbil Saudi Limited, the construction of the valve manufacturing plant currently underway is one initiative aimed at further global expansion: as well as providing customers with meticulous maintenance and repair services for facilities/equipment already in use in the region, this is intended to facilitate future sales activities targeting new customers.

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. Examples of this include the installation by Azbil (Thailand) Co., Ltd. of a BEMS [Note 1] in a large-scale mixed-use building, marking the start of its ESCO business [Note 2]; organizing energy-saving seminars in Japan and abroad; taking part in environment-related trade shows and conferences; and making available our own domestic carbon credits to offset the CO_2 emissions resulting from the Shonan International Marathon, an event cosponsored by the azbil Group.

Note 1 : BEMS (Building and Energy Management System)

A system for minimizing energy consumption for entire buildings – offices, factories and DHC facilities – through automation and visualization of energy management (monitoring and control).

Note 2 : ESCO (Energy Service COmpany) business

A business in which the provider is responsible not only for a comprehensive energy-saving service but also for guaranteeing energy savings in the customer’s factory or office building.

5. In order to enhance our product development competences, while restructuring the group-wide R&D organization and building up resources, we are reinforcing and upgrading our development system worldwide, prioritizing the development of products that are perfectly matched to customer needs, and working to reduce time-to-market. Looking to satisfy the demands of customers operating in markets worldwide, and in order to develop future technologies from a global perspective on technical innovation and market reform, we have established a local R&D subsidiary in North America: Azbil North America Research & Development, Inc. Moreover, in the area of production, we are making further improvements to realize a more flexible, optimum production system that can cope with global market needs,

changes in the business environment and other business risks. Azbil Production (Thailand) Co., Ltd., a local manufacturing subsidiary in Thailand that began operating in the summer of 2013, demonstrates how we are restructuring our production system in Japan and abroad to meet this objective. Another example can be seen in Dalian, China, where we have started production of gas flowmeters and electromagnetic flowmeters for the Chinese market.

6. The promotion of CSR management has been set out as a goal in the medium-term plan, and the entire Group – including overseas subsidiaries as well as domestic companies – is actively engaged in matters that prioritize our contribution to society: compliance (corporate ethics and legal compliance); risk management (quality, PL, disaster prevention, BCP and information security); management that emphasizes people; contributing to the environment; and Group administration. In the current fiscal year, we have made a special effort to raise the standard of internal controls, including a system designed to ensure reliable financial reporting in the subsidiaries that have recently joined the Group. 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 to encourage voluntary participation in social contribution activities by azbil Group employees. 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.

4. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Assets		
Current assets		
Cash and deposits	48,411	52,402
Notes and accounts receivable - trade	88,874	88,227
Securities	13,251	14,937
Merchandise and finished goods	4,186	4,236
Work in process	5,263	5,958
Raw materials	7,053	7,998
Deferred tax assets	5,530	5,403
Other	9,505	10,706
Allowance for doubtful accounts	(362)	(494)
Total current assets	181,714	189,377
Non-current assets		
Property, plant and equipment		
Buildings and structures	39,350	40,831
Accumulated depreciation	(26,216)	(27,879)
Buildings and structures, net	13,133	12,951
Machinery, equipment and vehicles	18,578	19,712
Accumulated depreciation	(16,188)	(17,187)
Machinery, equipment and vehicles, net	2,389	2,525
Tools, furniture and fixtures	21,141	20,226
Accumulated depreciation	(18,997)	(18,123)
Tools, furniture and fixtures, net	2,144	2,102
Land	6,699	6,623
Leased assets	397	293
Accumulated depreciation	(275)	(164)
Leased assets, net	121	129
Construction in progress	187	167
Total property, plant and equipment	24,677	24,501
Intangible assets		
Right of using facilities	144	144
Software	740	787
Goodwill	9,662	8,083
Other	2,078	3,934
Total intangible assets	12,625	12,950

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Investments and other assets		
Investment securities	15,304	16,841
Long-term loans receivable	288	125
Claims provable in bankruptcy, claims provable in rehabilitation and other	68	84
Deferred tax assets	1,801	2,101
Other	7,377	7,841
Allowance for doubtful accounts	(438)	(375)
Total investments and other assets	24,401	26,618
Total non-current assets	61,704	64,070
Total assets	243,418	253,448
Liabilities		
Current liabilities		
Notes and accounts payable - trade	40,548	41,456
Short-term loans payable	13,308	15,380
Current portion of bonds	80	50
Income taxes payable	5,625	6,247
Advances received	3,094	2,842
Provision for bonuses	7,838	8,600
Provision for directors' bonuses	96	109
Provision for product warranties	583	567
Provision for loss on order received	443	370
Other	11,209	11,732
Total current liabilities	82,828	87,356
Non-current liabilities		
Bonds payable	90	40
Long-term loans payable	4,441	2,215
Deferred tax liabilities	736	815
Deferred tax liabilities for land revaluation	210	210
Provision for retirement benefits	12,719	—
Net defined benefit liability	—	16,636
Provision for directors' retirement benefits	105	111
Other	1,089	1,083
Total non-current liabilities	19,393	21,112
Total liabilities	102,221	108,469

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Net assets		
Shareholders' equity		
Capital stock	10,522	10,522
Capital surplus	17,197	17,197
Retained earnings	111,141	114,275
Treasury shares	(2,644)	(2,646)
Total shareholders' equity	136,217	139,349
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,776	4,978
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(952)	824
Remeasurements of defined benefit plans	－	(1,836)
Total accumulated other comprehensive income	2,824	3,966
Subscription rights to shares	2	2
Minority interests	2,152	1,660
Total net assets	141,197	144,978
Total liabilities and net assets	243,418	253,448

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

(Consolidated statements of income)

(Millions of yen)

	Fiscal year 2012 (April 1, 2012 to March 31, 2013)	Fiscal year 2013 (April 1, 2013 to March 31, 2014)
Net sales	227,584	248,416
Cost of sales	149,712	161,866
Gross profit	77,871	86,549
Selling, general and administrative expenses	64,461	72,645
Operating income	13,410	13,903
Non-operating income		
Interest income	128	170
Dividend income	285	299
Foreign exchange gains	954	517
Real estate rent	54	51
Subsidy income	100	85
Reversal of allowance for doubtful accounts	－	4
Other	200	184
Total non-operating income	1,723	1,314
Non-operating expenses		
Interest expenses	108	393
Commitment fee	24	21
Rent expenses on real estates	78	62
Office transfer expenses	40	34
Share of loss of entities accounted for using equity method	－	6
Provision of allowance for doubtful accounts	255	－
Other	58	99
Total non-operating expenses	565	617
Ordinary income	14,569	14,599
Extraordinary income		
Gain on sales of non-current assets	636	9
Compensation income	－	506
Gain on sales of investment securities	0	43
Total extraordinary income	636	559
Extraordinary losses		
Loss on sales and retirement of non-current assets	49	63
Impairment loss	94	35
Restructuring loss	－	358
Lump-sum withdrawal from employees' pension funds	800	－
Environmental expenses	159	－
Loss on valuation of investment securities	10	133
Loss on sales of investment securities	0	19
Total extraordinary losses	1,113	609
Income before income taxes and minority interests	14,092	14,549
Income taxes - current	5,616	6,663
Income taxes - deferred	(58)	237
Total income taxes	5,557	6,900
Income before minority interests	8,534	7,648
Minority interests in income (loss)	225	(21)
Net income	8,308	7,669

(Consolidated statements of comprehensive income)

(Millions of yen)

	Fiscal year 2012 (April 1, 2012 to March 31, 2013)	Fiscal year 2013 (April 1, 2013 to March 31, 2014)
Income before minority interests	8,534	7,648
Other comprehensive income		
Valuation difference on available-for-sale securities	1,324	1,202
Deferred gains or losses on hedges	1	0
Foreign currency translation adjustment	680	2,041
Total other comprehensive income	2,006	3,244
Comprehensive income	10,540	10,892
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,184	10,648
Comprehensive income attributable to minority interests	356	243

(3) Consolidated statements of changes in net assets

Fiscal year 2012 (April 1, 2012 to March 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,522	17,197	107,538	(2,643)	132,615
Changes of items during period					
Dividends of surplus			(4,652)		(4,652)
Net income			8,308		8,308
Change of scope of consolidation			(53)		(53)
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(0)		0	0
Transfer to capital surplus from retained earnings		0	(0)		—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	3,603	(1)	3,601
Balance at end of current period	10,522	17,197	111,141	(2,644)	136,217

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	2,451	(0)	(1,501)	—	948	2	1,509	135,076
Changes of items during period								
Dividends of surplus								(4,652)
Net income								8,308
Change of scope of consolidation								(53)
Purchase of treasury shares								(1)
Disposal of treasury shares								0
Transfer to capital surplus from retained earnings								—
Net changes of items other than shareholders' equity	1,324	1	549	—	1,875	0	643	2,518
Total changes of items during period	1,324	1	549	—	1,875	0	643	6,120
Balance at end of current period	3,776	0	(952)	—	2,824	2	2,152	141,197

Fiscal year 2013 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,522	17,197	111,141	(2,644)	136,217
Changes of items during period					
Dividends of surplus			(4,652)		(4,652)
Net income			7,669		7,669
Change of scope of consolidation			117		117
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(0)		0	0
Transfer to capital surplus from retained earnings		0	(0)		－
Net changes of items other than shareholders' equity					
Total changes of items during period	－	－	3,133	(2)	3,131
Balance at end of current period	10,522	17,197	114,275	(2,646)	139,349

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	3,776	0	(952)	－	2,824	2	2,152	141,197
Changes of items during period								
Dividends of surplus								(4,652)
Net income								7,669
Change of scope of consolidation								117
Purchase of treasury shares								(2)
Disposal of treasury shares								0
Transfer to capital surplus from retained earnings								－
Net changes of items other than shareholders' equity	1,202	0	1,776	(1,836)	1,142	－	(492)	649
Total changes of items during period	1,202	0	1,776	(1,836)	1,142	－	(492)	3,781
Balance at end of current period	4,978	0	824	(1,836)	3,966	2	1,660	144,978

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year 2012 (April 1, 2012 to March 31, 2013)	Fiscal year 2013 (April 1, 2013 to March 31, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	14,092	14,549
Depreciation and amortization	3,620	3,722
Amortization of goodwill	1,359	1,871
Increase (decrease) in allowance for doubtful accounts	(98)	188
Increase (decrease) in provision for retirement benefits	(53)	—
Increase(decrease)in net defined benefit liability	—	1,312
Increase (decrease) in provision for bonuses	(324)	732
Increase (decrease) in provision for directors' bonuses	(26)	13
Interest and dividend income	(414)	(470)
Interest expenses	108	393
Foreign exchange losses (gains)	(763)	(596)
Loss (gain) on sales and retirement of property, plant and equipment	(403)	53
Loss (gain) on sales and valuation of investment securities	9	109
Impairment loss	94	35
Loss on business restructuring	—	358
Lump-sum withdrawal from employees' pension funds	800	—
Environmental expenses	159	—
Compensation income	—	(506)
Decrease (increase) in notes and accounts receivable - trade	2,596	2,630
Decrease (increase) in inventories	1,981	(846)
Increase (decrease) in notes and accounts payable - trade	(1,039)	(340)
Decrease (increase) in other assets	(851)	(1,090)
Increase (decrease) in other liabilities	(157)	(765)
Subtotal	20,690	21,355
Interest and dividend income received	415	468
Interest expenses paid	(101)	(390)
Payments for Lump-sum withdrawal from employees' pension funds	(800)	—
Payments for loss on disaster	(48)	—
Proceeds from compensation	268	506
Payments for business restructuring	—	(158)
Income taxes paid	(5,413)	(5,946)
Net cash provided by (used in) operating activities	15,010	15,835

(Millions of yen)

	Fiscal year 2012 (April 1, 2012 to March 31, 2013)	Fiscal year 2013 (April 1, 2013 to March 31, 2014)
Cash flows from investing activities		
Payments into time deposits	(3,570)	(2,856)
Proceeds from withdrawal of time deposits	3,722	4,198
Purchase of securities	(3,000)	(16,700)
Proceeds from sales of securities	31	9,845
Purchase of trust beneficiary right	(13,402)	(13,301)
Proceeds from sales of trust beneficiary right	13,889	12,998
Purchase of property, plant and equipment	(2,512)	(2,650)
Proceeds from sales of property, plant and equipment	589	253
Purchase of intangible assets	(782)	(2,091)
Proceeds from sales of intangible assets	329	18
Purchase of investment securities	(34)	(26)
Proceeds from sales of investment securities	3	249
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(7,574)	–
Payments for investments in capital of subsidiaries and associates	(205)	–
Purchase of shares of subsidiaries and associates	(456)	(40)
Other, net	256	(566)
Net cash provided by (used in) investing activities	(12,716)	(10,669)
Cash flows from financing activities		
Increase in short-term loans payable	5,747	4,307
Decrease in short-term loans payable	(1,851)	(3,518)
Proceeds from long-term loans payable	140	87
Repayments of long-term loans payable	(1,582)	(2,421)
Redemption of bonds	(45)	(80)
Cash dividends paid	(4,649)	(4,651)
Repayments of lease obligations	(83)	(64)
Cash dividends paid to minority shareholders	(160)	(596)
Purchase of treasury shares	(1)	(2)
Proceeds from sales of treasury shares	0	0
Net cash provided by (used in) financing activities	(2,486)	(6,939)
Effect of exchange rate change on cash and cash equivalents	837	1,532
Net increase (decrease) in cash and cash equivalents	644	(241)
Cash and cash equivalents at beginning of period	55,355	56,050
Increase in cash and cash equivalents from newly consolidated subsidiary	49	36
Cash and cash equivalents at end of period	56,050	55,844

(5) Notes to the consolidated financial statements:

(Notes regarding assumptions of continuing operations)

Non applicable

(Changes in accounting standards)

(Application of Accounting Standard for Retirement Benefits)

"The Accounting Standard for Retirement Benefits" (ASBJ statement No.26, May 17, 2012, hereafter referred to as "the Retirement Benefits Accounting Standard") and "the Application Guidance on the Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, May 17, 2012, hereafter referred to as "the Retirement Benefits Application Guidance") were adopted at the end of the current fiscal year (with the exception of the provisions found in the body of paragraph 35 of the Retirement Benefits Accounting Standard and in the body of paragraph 67 of the Retirement Benefits Application Guidance). As a result of this change, net defined benefit liability are calculated by deducting pension assets from the retirement benefit obligation ; the unrecognized actuarial loss and unrecognized prior service cost are recorded under these net defined benefit liability.

Regarding the application of the Retirement Benefits Accounting Standard, in accordance with the method for handling the transition stipulated in paragraph 37 of the Retirement Benefits Accounting Standard, at the end of the current fiscal year the difference resulting from the said accounting changes has been subtracted from the remeasurements of defined benefit plans within accumulated other comprehensive income.

As a result, net defined benefit liability of 2,601 million yen have been recorded for the current fiscal year, while accumulated other comprehensive income has fallen by 1,836 million yen. At the same time net assets per share have decreased by 24.87 yen.

(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 and manufacture and sale of manufacturing equipment and environmental equipment for pharmaceutical plants, laboratories, and hospitals 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 2012 (April 1, 2012 to March 31, 2013) (Millions of yen)

	Reportable segment				Other *1	Total	Adjust-ment *2	Consoli-dated *3
	Building Automation	Advanced Automation	Life Automation	Subtotal				
Sales								
Customers	107,137	86,534	33,850	227,522	62	227,584	—	227,584
Inter-segment	288	1,142	143	1,574	11	1,586	(1,586)	—
Total	107,426	87,676	33,994	229,097	73	229,171	(1,586)	227,584
Segment Profit(loss)	10,152	3,646	(399)	13,399	9	13,409	1	13,410
Segment Assets	62,894	65,359	39,808	168,062	10	168,073	75,345	243,418
Other items								
Depreciation and Amortization	1,027	1,845	746	3,619	0	3,620	—	3,620
Increase in Property, plant and equipment, and Intangible assets	899	1,587	631	3,119	0	3,120	—	3,120

Note *1."Other" includes insurance agent business.

*2. Details on adjustments are as follows.

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

(2) The main contents of the adjustment of "segment assets 75,345 million yen" are cash and deposits, investment securities and so on which are not distributed to every reportable segment.

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

Fiscal year 2013 (April 1, 2013 to March 31, 2014) (Millions of yen)

	Reportable segment				Other *1	Total	Adjust-ment *2	Consoli-dated *3
	Building Automation	Advanced Automation	Life Automation	Subtotal				
Sales								
Customers	109,284	89,637	49,434	248,356	60	248,416	－	248,416
Inter-segment	282	1,188	163	1,634	6	1,640	(1,640)	－
Total	109,566	90,826	49,597	249,990	66	250,057	(1,640)	248,416
Segment Profit(loss)	10,593	3,966	(671)	13,887	17	13,904	(1)	13,903
Segment Assets	62,299	66,716	40,558	169,574	15	169,589	83,858	253,448
Other items								
Depreciation and Amortization	989	1,642	1,090	3,722	0	3,722	－	3,722
Increase in Property, plant and equipment, and Intangible assets	1,819	2,666	815	5,302	0	5,302	－	5,302

Note *1.“Other” includes insurance agent business.

*2. Details on adjustments are as follows.

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

(2) The main contents of the adjustment of "segment assets 83,858 million yen" are cash and deposits, investment securities and so on which are not distributed to every reportable segment.

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

[Related Information]

Fiscal year 2012 (April 1, 2012 to March 31, 2013)

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

(Millions of yen)

Japan	Asia	China	North America	Europe	Others	Total
204,628	11,115	8,639	1,589	895	715	227,584

(Note) Sales, based on the location of customers, are classified by country or region.

(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 sheets, so this information is omitted.

3. Information by principal client

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

Fiscal year 2013 (April 1, 2013 to March 31, 2014)

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

(Millions of yen)

Japan	Asia	China	North America	Europe	Others	Total
202,281	16,066	11,292	3,444	11,572	3,758	248,416

(Note) Sales, based on the location of customers, are classified by country or region.

(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 sheets, so this information is omitted.

3. Information by principal client

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

[Information on impairment loss in noncurrent assets by reportable segment]

Fiscal year 2012 (April 1, 2012 to March 31, 2013) (Millions of yen)

	Reportable segment				Other	Corporate/ Elimination	Total
	Building Automation	Advanced Automation	Life Automation	Subtotal			
Impairment loss	—	—	94	94	—	—	94

Fiscal year 2013 (April 1, 2013 to March 31, 2014) (Millions of yen)

	Reportable segment				Other	Corporate/ Elimination	Total
	Building Automation	Advanced Automation	Life Automation	Subtotal			
Impairment loss	—	—	35	35	—	—	35

[Information on amortization of goodwill and unamortized balance by reportable segment]

Fiscal year 2012 (April 1, 2012 to March 31, 2013) (Millions of yen)

	Reportable segment				Other	Corporate/ Elimination	Total
	Building Automation	Advanced Automation	Life Automation	Subtotal			
Amortization of goodwill	79	16	1,264	1,359	—	—	1,359
Balance at end of period	712	1,371	7,578	9,662	—	—	9,662

Fiscal year 2013 (April 1, 2013 to March 31, 2014) (Millions of yen)

	Reportable segment				Other	Corporate/ Elimination	Total
	Building Automation	Advanced Automation	Life Automation	Subtotal			
Amortization of goodwill	158	314	1,399	1,871	—	—	1,871
Balance at end of period	554	1303	6,225	8,083	—	—	8,083

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

Fiscal year 2012 (April 1, 2012 to March 31, 2013)

Non applicable

Fiscal year 2013 (April 1, 2013 to March 31, 2014)

Non applicable

(Per share information)

Fiscal year 2012 (April 1,2012 to March 31, 2013)		Fiscal year 2013 (April 1,2013 to March 31,2014)	
Net assets per share(Yen)	1,882.66	Net assets per share(Yen)	1,940.56
Net income per share(Yen)	112.50	Net income per share(Yen)	103.85

Note 1. Net income per share after adjusting for latent shares is not presented. Although latent shares exist, 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 2012 (April 1,2012 to March 31, 2013)	Fiscal year 2013 (April 1,2013 to March 31,2014)
Net income (Millions of yen)	8,308	7,669
Amount not attributable to common stock holders (Millions of yen)	–	–
Net income relevant to common stock (Millions of yen)	8,308	7,669
Average number of shares (Thousands of shares)	73,854	73,853

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

Item	As of March 31,2013	As of March 31,2014
Total of net assets (Millions of yen)	141,197	144,978
Amount deducted from the total of net assets (Millions of yen)	2,155	1,662
(of which subscription rights to shares (Millions of yen))	(2)	(2)
(of which minority interests (Millions of yen))	(2,152)	(1,660)
Net assets at the end of the consolidated fiscal year relevant to common stock (Millions of yen)	139,041	143,316
Number of shares of common stock used to determine total net assets per share (Thousands of shares)	73,853	73,852

(Events after the reporting period)

Non applicable

5. Others

(1) Management Changes(effective June 26, 2014)

1) Newly Appointed Director

Director Yoshimitsu Hojo

Director Takeshi Ito

2) Retiring Director

Director Makoto Kawai

Director Makoto Yasuda

[Reference]

Azbil Corporation New Management Structure ＜effective June 26, 2014＞

Position	Name	Changes
Chairman	Seiji Onoki	Reappointed
President and CEO	Hirozumi Sone	Reappointed
Director	Tadayuki Sasaki	Reappointed
Director	Keiichi Fuwa	Reappointed
Director	Masato Iwasaki	Reappointed
Director	Yoshimitsu Hojo	Newly Appointed
Director	Eugene H. Lee	Reappointed
Director	Katsuhiko Tanabe	Reappointed
Director	Takeshi Ito	Newly Appointed
Full-time Corporate Auditor	Tomohiko Matsuyasu	Uncontested
Full-time Corporate Auditor	Kensei Sukizaki	Uncontested
Corporate Auditor	Kinya Fujimoto	Uncontested
Corporate Auditor	Jyunichi Asada	Uncontested
Corporate Auditor	Hideo Sato	Uncontested

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

*2. Takeshi Itou is candidates to become external Director as prescribed by Item2 of Article 3, paragraph7 of Ordinance for Enforcement of the Companies Act.

*3. Kinya Fujimoto, Jyunichi Asada and Hideo Sato are external auditors as prescribed by Article 2, Item 16 of the Companies Act.

(2) Other information

Orders received condition

(Millions of yen)

Reportable segment	Fiscal year 2012 (April 1,2012 to March 31,2013)		Fiscal year 2013 (April 1,2013 to March 31,2014)		Change	
	Orders received	Backlog	Orders received	Backlog	Orders Received	Backlog
Building Automation	105,726	39,610	108,432	38,476	2,705	(1,134)
Advanced Automation	86,663	20,980	93,105	23,259	6,441	2,278
Life Automation	40,118	7,873	52,628	10,904	12,510	3,031
Total of reportable segment	232,508	68,464	254,165	72,640	21,657	4,175
Other	72	0	66	0	(5)	(0)
Elimination	(1,437)	(188)	(1,797)	(345)	(359)	(156)
Consolidated	231,143	68,276	252,435	72,295	21,291	4,018