azbil

Translation

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Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (Based on Japanese GAAP)

May 11, 2018

Company name:	Azbil Corporation
Stock exchange listing:	Tokyo Stock Exchange 1st Section (CODE 6845)
URL:	http://www.azbil.com/
Representative:	Hirozumi Sone, President and Chief Executive Officer
Contact:	Masatoshi Yamada, Director, Group Management Headquarters
TEL:	+81-3-6810-1009
Scheduled date of ordinary general meeting of shareholders:	June 26, 2018
Scheduled date to file Securities Report:	June 26, 2018
Scheduled date to commence dividends payments:	June 27, 2018
Preparation of supplementary material on financial results:	Yes
Holding of financial results meeting:	Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(1) Consolidated financial results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2018	260,384	2.2	24,026	19.3	24,316	18.8	17,890	36.0
Year ended March 31, 2017	254,810	(0.8)	20,145	17.6	20,475	23.1	13,153	59.1

Note: Comprehensive income Year ended March 31, 2018 22,010 million yen 55.5%
Year ended March 31, 2017 14,151 million yen 172.3%

	Net income per share	Diluted net income per share	Return on equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2018	246.16	－	10.5	9.0	9.2
Year ended March 31, 2017	179.57	－	8.3	7.8	7.9

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2018	278,629	177,962	63.2	2,426.29
As of March 31, 2017	263,317	165,751	62.2	2,236.47

Reference: Shareholders' equity As of March 31, 2018 175,995 million yen
As of March 31, 2017 163,822 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 at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2018	19,481	(48)	(10,851)	68,640
Year ended March 31, 2017	19,949	(9,060)	(6,441)	59,837

2. Dividends

	Dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Dividends on equity (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2017	―	37.00	―	40.00	77.00	5,640	42.9	3.5
Year ended March 31, 2018	―	41.00	―	41.00	82.00	6,029	33.3	3.5
Year ending March 31, 2019 (Forecast)	―	46.00	―	46.00	92.00		38.1	

Note 1: Details of dividends at the 2nd quarter-end of the fiscal year ended March 31, 2017:
ordinary dividends of 34.50 yen, commemorative dividends of 2.50 yen
Details of dividends at the end of the fiscal year ended March 31, 2017:
ordinary dividends of 37.50 yen, commemorative dividends of 2.50 yen

Note 2: The total cash dividends for the fiscal year ended March 31, 2018 include the dividends of 81 million yen for the stock of Azbil Corporation ("the Company") held by Trust & Custody Services Bank, Ltd. (Trust E) as assets in the trust of "Employee Stock Ownership Plan (J-ESOP)".

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2018	121,000	2.6	8,300	7.3	8,000	(1.4)	5,000	(6.0)	68.93
Full year	267,000	2.5	26,000	8.2	25,500	4.9	17,500	(2.2)	241.26

Note: The Company has resolved, at the Board of Directors meeting held on May 11, 2018, to repurchase its own shares.
For "Net income per share" in the forecast of consolidated financial results, the impact of this matter is not considered.

* Notes

(1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries due to changes in the scope of consolidation): No
New consolidation : ― (Company name: ―)
Exclusion : ― (Company name: ―)

(2) Changes in accounting policies, changes in 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. Retrospective restatements: No

(3) Number of issued shares (Common stock)
1. Total number of issued shares at the end of the period (Including treasury shares)

As of March 31, 2018	74,250,442 shares	As of March 31, 2017	75,116,101 shares

2. Number of treasury shares at the end of the period

As of March 31, 2018	1,713,287 shares	As of March 31, 2017	1,865,659 shares

3. Average number of shares during the period (Cumulative from the beginning of the fiscal year)

Year ended March 31, 2018	72,677,586 shares	Year ended March 31, 2017	73,250,697 shares

Note: The Company has introduced employee stock ownership plan, and the number of treasury shares at the end of the period includes the Company's stock held by a trust account (998,283 shares as of March 31, 2018). Also, the Company's stock held by the trust account is included in treasury shares that are deducted in the calculation of the average number of shares during the period (840,500 shares for the fiscal year ended March 31, 2018).
For details, please see "4. Consolidated financial statements and related notes (5) Notes to the consolidated financial statements (Additional information)" on page 22 of the accompanying materials.

* This consolidated financial results report is not subject to the audit procedures by certified public accountants or auditing firms.

* Regarding the appropriate use of forecast and other special matters

(Attention to the description of the future)

Net sales for the azbil Group tend to be low in the first quarter consolidated accounting period and highest in the fourth quarter. However, fixed costs are generated constantly. This means that profits are typically lower in the first quarter and higher in the fourth quarter.

The projections of the 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. For information on the forecast of financial results, please see "1. Overview of Financial Results and others (1) Overview of financial results 2) Forecast for the next period" on page 6 of the accompanying materials.

(How to obtain supplementary materials on financial results)

Supplementary materials on financial results is available on the company's website.

Accompanying Materials

Contents

1. Overview of financial results and others

(1) Overview of financial results

1) Financial results for the current fiscal year

In the current consolidated fiscal year, Japan's economy continued its moderate recovery. Supported by global expansion in IT-related demand, domestic production and exports continued to improve. Capital investment too was encouraging: in addition to evidence of an upturn and growth in investment thanks to an improvement in corporate earnings in several markets, there have been signs of investment for rationalization and labor-saving in response to the current labor shortage.

Looking at overseas economies, there have been continued signs of a pickup in China's economy thanks to robust domestic and overseas demand. In Europe, despite concerns over the impact of exports weakening due to the strong euro, a gradual economic recovery is under way, and in the US, there continued to be a steady improvement in consumption and capital investment.

Guided by the philosophy of "human-centered automation", the azbil Group drew up its medium-term plan (FY2017–FY2019) based on the three fundamental policies [Note 1] and we are currently implementing measures to realize sustainable growth. In the current consolidated fiscal year we have thus been actively engaged in those areas where sustainable growth is anticipated – providing solutions throughout the life cycle, developing new automation opportunities, and focusing on environmental and energy issues – while advancing further business structure reforms and improvements to the profit structure. Additionally, as a means of strengthening the business foundation to develop these fields and realize sustainable growth, we have been upgrading and expanding our R&D and production systems.

Note 1: Three fundamental policies

- Being a long-term partner for the customer and the community by offering solutions based on our technologies and products
- Taking global operations to the next level, by expansion into new regions and a qualitative change of focus
- Being a corporate organization that never stops learning, so that it can continuously grow stronger

The results for the current consolidated fiscal year are as follows.

In Japan, with the brisk investment in urban redevelopment, demand has remained high for equipment and systems for large-scale buildings. Also, capital investment in production facilities has continued to be positive, both domestically and overseas. Given this business environment, we implemented measures to expand orders and, as a result, we achieved significant growth in orders received [Note 2] for the Advanced Automation (AA) business and the Life Automation (LA) business. Overall orders received were 266,262 million yen, up 4.4% from the 254,974 million yen recorded for the previous consolidated fiscal year. Sales grew in all segments, especially in the Building Automation (BA) business and the AA business. As a result, overall net sales were

260,384 million yen, up 2.2% from the 254,810 million yen recorded for the previous consolidated fiscal year.

As regards profits, owing to further progress made with initiatives aimed at improving the profit structure that started in the previous fiscal year, operating income increased significantly to 24,026 million yen, up 19.3% from the 20,145 million yen recorded for the previous consolidated fiscal year. Owing mainly to this increase in operating income, ordinary income increased to 24,316 million yen, up 18.8% from the 20,475 million yen recorded for the previous consolidated fiscal year. Similarly, net income attributable to owners of parent rose to 17,890 million yen, up 36.0% from the 13,153 million yen recorded for the previous consolidated fiscal year. In addition to this increase in operating income and the recording of gain on sales of investment securities, this result was partly due to decrease in loss on liquidation of subsidiaries and associates as well as reduction in tax expenses following a reappraisal of the recoverability of a subsidiary’s deferred tax assets.

Note 2: Orders received

Previously, the amount of orders received included the translation gains and losses associated with contracts denominated in foreign currencies incorporated within the order backlog at the end of the previous consolidated fiscal year and at the end of the current consolidated fiscal year. However, from this fiscal year, the amount of orders received excluding aforesaid translation gains and losses has been posted, and the figures for the previous fiscal year to be compared have been revised.

This revision is aimed at providing investors with useful information for their investment judgement, by reporting our business performance in a manner to conform with the azbil Group’s business activities in each local currency, as our overseas business strategies are increasingly implemented.

The results for the individual reportable segments are as follows.

Building Automation (BA) Business

In the domestic market, in addition to urban redevelopment plans for the Tokyo metropolitan area, demand for solutions for energy saving and operational cost reduction has been high and the market environment for the BA business continued to be robust. Overseas, steady progress has been achieved in developing local markets in Asia and China.

Thanks to this business environment, orders received increased significantly for existing buildings. However, because large-scale multi-year contracts [Note 3] had been recorded in the previous fiscal year, overall orders received were down. Steady progress was continued with on-site construction using the job fulfilment system that was upgraded in the previous fiscal year, and this led to increased sales for new buildings. Sales for existing buildings and service also increased with the growing number of proposals for solutions based on intimate knowledge of on-site issues. Sales also grew overseas, despite the impact of transferring all shares in a subsidiary in the previous fiscal year.

Consequently, BA business sales in the current consolidated fiscal year were 120,233 million yen, up 3.3% from the 116,421 million yen recorded for the previous consolidated fiscal year.

Segment profit was 12,583 million yen, up 9.3% from the 11,512 million yen recorded for the previous consolidated fiscal year despite an increased cost burden. An initiative to improve profits was successful while reduction in temporary expenses for provision compensated increase in expenses for improvement of the job fulfilment system and development for new products.

Note 3: Large-scale multi-year contracts ("market testing")

The total value of an order for a multi-year service project is recorded as a lump sum in the first year of the contract. In the previous fiscal year, orders received were recorded for large-scale service projects with multi-year contracts received through the system of public-private competitive tendering called "market testing". The principal contractor decided by such market testing is then responsible for providing a variety of services related to the building in question using vendors selected for the purpose. Also, the contracts won through market testing cover periods ranging from 3 to 5 years, and thus they can significantly increase the orders received by the principal contractor, although these contracts have limited impact on profits for any individual fiscal year.

Advanced Automation (AA) Business

In Japan and overseas, expansion continued in markets related to semiconductor manufacturing equipment, and in other markets too the business environment for the AA business has continued to be generally favorable. Based on these conditions, from the previous fiscal year we have engaged in strengthening operating systems for the three AA business sub-segments (CP, IAP & SS) [Note 4] aiming to achieve global competitiveness. We have also implemented measures for realizing business growth and strengthening profitability.

Consequently, progress has been made with developing new automation fields with new products. AA business orders received thus increased significantly. As regards sales, the domestic business continued to be relatively robust, while increasing demand overseas for controllers and sensors primarily for semiconductor manufacturing equipment also led to increased sales. AA business sales for the current consolidated fiscal year were 97,231 million yen, up 1.8% from the 95,484 million yen recorded for the previous consolidated fiscal year. Thanks to the abovementioned initiatives designed to strengthen business profitability, the profit structure for each of the three sub-segments has significantly improved: segment profit was 9,931 million yen, up 37.9% from the 7,204 million yen recorded for the previous consolidated fiscal year.

Note 4: Three AA business sub-segments (CP, IAP & SS)

CP business: Control Products business (supplying factory automation products such as controllers and sensors, etc.)

IAP business: Industrial Automation Products business (supplying process automation products such as differential pressure & pressure transmitters, and control valves, etc.)

SS business: Solution & Service business (offering control systems, engineering service, maintenance service, energy-saving solution service, etc.)

Life Automation (LA) Business

The LA business covers three fields: Lifeline (gas/water meters, etc.), Life Science Engineering (LSE: pharmaceutical/laboratory fields), and Lifestyle-related (residential central air-conditioning systems).

In the current consolidated fiscal year, there was a significant increase in LA business orders received. This was principally owing to a growth in the LSE field in which the selection and concentration of business areas was promoted in the previous fiscal year to improve profitability.

LA business sales were 44,208 million yen, up 0.2% from the previous consolidated fiscal year, when sales of 44,116 million yen were recorded. Segment profits increased mainly due to the improvement in the LSE field to 1,501 million yen, up 5.7% from the 1,420 million yen recorded for the previous consolidated fiscal year.

Other

In Other business, sales of 65 million yen were recorded for the current fiscal year; in the previous fiscal year sales were 70 million yen. Segment profit was 9 million yen; in the previous fiscal year there was a segment profit of 18 million yen.

2) Forecast for the next period

The azbil Group has adopted the philosophy of striving to realize safety, comfort and fulfillment in people's lives and to contribute to global environmental preservation through "human-centered automation." By putting this philosophy into action, we aim to further develop the azbil Group as a distinctive corporate entity. Guided by this philosophy, we have set out long-term goals for FY2021 (ending March 2022), including net sales of 300 billion yen and operating income of 30 billion yen. Furthermore, by raising profitability and capital efficiency, we aim to achieve ROE of 10% or more.

The current medium-term plan (FY2017-FY2019) corresponds to the second phase in achieving these long-term goals. In FY2017, the first year of the plan, thanks in part to a robust business environment, significant progress was made with business measures and initiatives to improve the profit structure, so that our financial results exceeded the plan. In FY2018, we will further intensify these business measures and the initiatives to improve the profit structure which proved successful in the previous fiscal year. At the same time, we will accelerate investments and initiatives to enhance the business foundation by strengthening/expanding our R&D and production systems required to ensure sustainable growth in the future. We will also seek to form new partnerships with companies in Japan and overseas.

The following table shows the financial results forecast for FY2018. Each of the three segments is expected to achieve increased revenue and profit. Overall, net sales of 267 billion yen, up 2.5% on the previous consolidated fiscal year, are forecast. The forecast for operating income is 26 billion yen, up 8.2% on the previous consolidated fiscal year. With this increased operating income, ordinary income is expected to rise to 25.5 billion yen, up 4.9% on the previous consolidated fiscal year. However, net income attributable to owners of parent is forecast to be 17.5 billion yen, down 2.2% on the previous consolidated fiscal year when results were positively impacted by such transient factors as the recording of gain on sales of investment securities, and a reduction in tax expenses following a reappraisal of the recoverability of a subsidiary's deferred tax assets.

The BA business is forecast to achieve overall growth. In Japan, the business environment will continue to be robust thanks to demand related to urban redevelopment and the 2020 Tokyo Olympics. A high level of sales will be maintained by satisfying this strong domestic demand with the upgraded job fulfillment system. Overseas growth is also forecast.

The AA business, buoyed by continued capital investment in Japan and overseas, is similarly forecast to achieve continued growth through increased emphasis on the business growth measures and initiatives to strengthen profitability that proved successful in the previous consolidated fiscal year.

Growth is also forecast for the LA business, with major contributions from the gas meter field, for which the demand cycle is moving in a positive direction, and the Life Science Engineering field.

Benefitting from increased revenue in each segment and from further implementation of initiatives to improve the profit structure, as well as making necessary investments, we are aiming to achieve continued profit growth.

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.

(Billions of yen)

		Fiscal year 2017 Actual	Fiscal year 2018 Forecast	Difference	%
Building Automation	Sales	120.2	122.0	1.7	1.5
	Segment profit	12.5	13.0	0.4	3.3
Advanced Automation	Sales	97.2	100.0	2.7	2.8
	Segment profit	9.9	11.0	1.0	10.8
Life Automation	Sales	44.2	46.5	2.2	5.2
	Segment profit	1.5	2.0	0.4	33.2
Other	Sales	0.0	0.1	0.0	53.5
	Segment profit	0.0	0.0	0.0	-
Consolidated	Net sales	260.3	267.0	6.6	2.5
	Operating income	24.0	26.0	1.9	8.2
	Ordinary income	24.3	25.5	1.1	4.9
	Net income attributable to owners of parent	17.8	17.5	(0.3)	(2.2)

(2) Overview of financial position

Analysis of assets, liabilities, net assets and cash flows

(Assets)

Total assets at the end of the current consolidated fiscal year stood at 278,629 million yen, an increase of 15,312 million yen from the previous consolidated fiscal year-end.

This was mainly due to increases of 10,799 million yen in securities for short-term investment, 4,582 million yen in investment securities following a rise in the value of shares, and 2,919 million yen in notes and accounts receivable-trade, despite there being a decrease of 7,812 million yen in cash and deposits. An additional factor was an increase of 2,098 million yen in construction in progress following investments for integration and expansion of domestic production facilities.

(Liabilities)

Total liabilities at the end of the current consolidated fiscal year stood at 100,666 million yen, an increase of 3,101 million yen from the previous consolidated fiscal year-end.

This was mainly due to an increase of 1,042 million yen in notes and accounts payable-trade as well as an increase of 1,582 million yen in income taxes payable.

(Net assets)

Net assets at the end of the current consolidated fiscal year stood at 177,962 million yen, an increase of 12,211 million yen from the previous consolidated fiscal year-end.

This was mainly due to an increase of 17,890 million yen by the recording of net income attributable to owners of parent and an increase of 3,352 million yen in valuation difference on available-for-sale securities, despite a decrease of 5,944 million yen as the payment of dividends as well as a decrease of 2,999 million yen by repurchasing of own shares based on a decision in the Board of Directors meeting.

As a result, the shareholders’ equity ratio was 63.2% compared with 62.2% at the previous fiscal year-end.

(Net cash provided by (used in) operating activities)

Cash and cash equivalents (hereinafter “net cash”) provided by operating activities in the current consolidated fiscal year were 19,481 million yen, a decrease of 467 million yen, remaining virtually unchanged compared to the previous consolidated fiscal year.

This was principally owing to a decrease of the amount of notes and accounts receivable-trade collected (the last day of the current consolidated fiscal year-end having fallen on a holiday of financial institutions) as well as an increase in income taxes payable, despite an increase in income before income taxes.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities (expenditure) in the current consolidated fiscal year was 48 million yen, a decrease in expenditure of 9,012 million yen compared to the previous consolidated fiscal year.

This was mainly due to partially allocated funds from time deposits and securities for short-term investment in correspondence to capital policies as well as increased expenditures for purchase of property, plant and equipment required for integration and expansion of domestic production facilities.

(Net cash provided by (used in) financing activities)

Net cash used in financing activities (expenditure) in the current consolidated fiscal year was 10,851 million yen, an increase in expenditure of 4,410 million yen compared to the previous consolidated fiscal year.

This was mainly due to an increase in expenditure resulting from repurchase of own shares.

As a result of the above factors, net cash at the end of the current consolidated fiscal year was 68,640 million yen, an increase of 8,802 million yen from the previous consolidated fiscal year-end.

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

For the azbil Group, returning profits to our shareholders is an important priority for management. While striving to raise the dividends level, we would also like to maintain stable dividends, taking into consideration the consolidated financial results and such indicators as levels of return on equity (ROE), dividends on equity (DOE), and retained earnings required for future business development and strengthening the business structure.

Based on the above policy, it is planned to issue annual dividends of 82 yen per share for the year ended March 2018 (FY2017), as previously announced. The plan for FY2018 sees continued growth in profits, reflecting the business environment and the result of business structure reforms and measures to strengthen the profit structure. The medium-term plan is expected to produce sustainable growth. Consequently, in order to further the redistribution of profits to our shareholders, it is planned to again raise the dividends level, increasing the ordinary dividends by 10 yen to produce annual dividends of 92 yen per share.

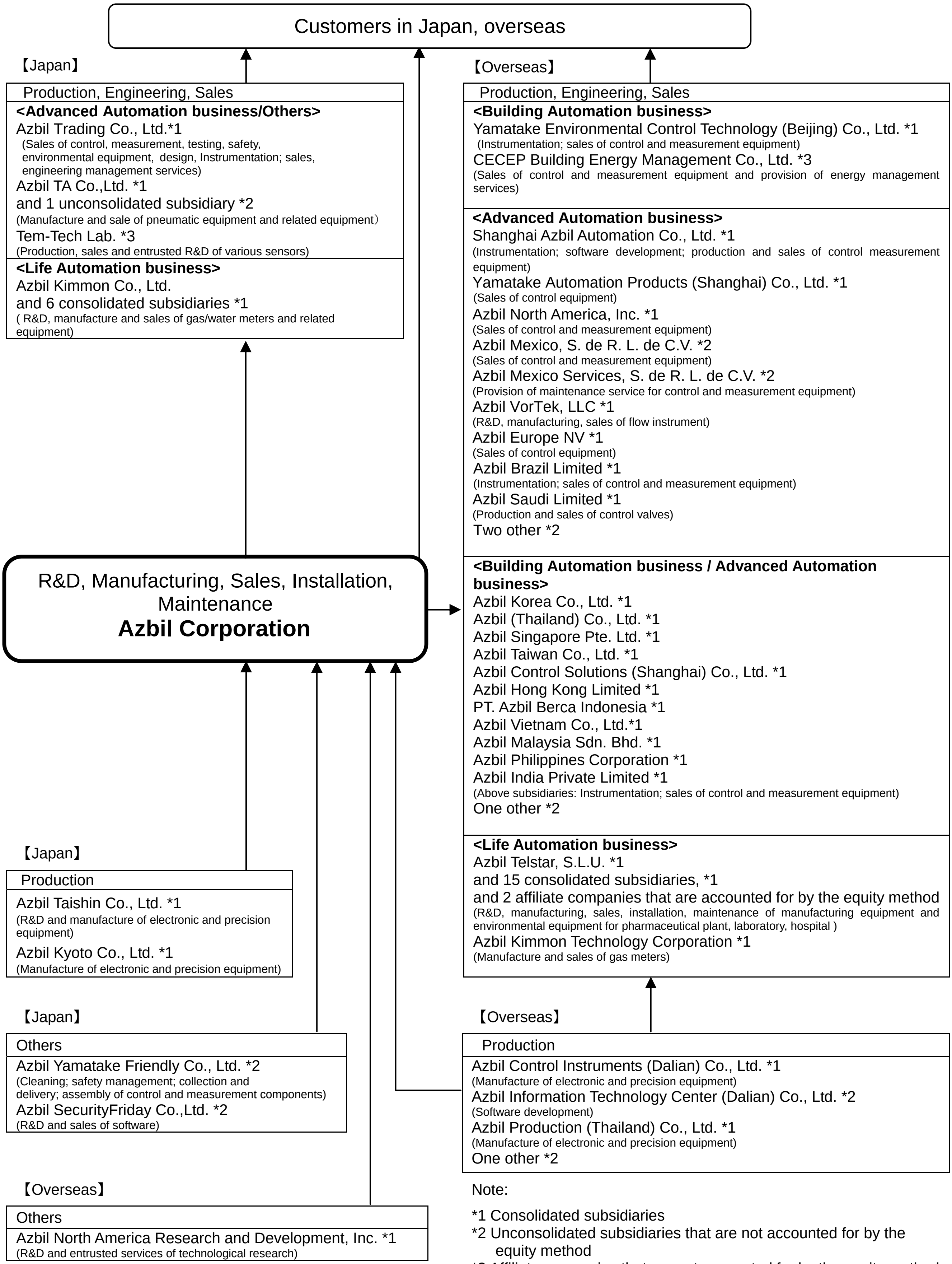
Additionally, taking into consideration business results and the outlook for future business performance, and striving to improve capital efficiency and further raise the return of profits to our shareholders, we will implement a repurchase of our own shares to enable the development of flexible capital policies responding to the changing corporate environment. For details see page 23 (5) Notes to the consolidated financial statements (Significant subsequent event).

Regarding investment in sustainable growth and strengthening the business foundation, we aim to further raise shareholder value through effective use of capital including retained earnings: enhancing our products/services, implementing structural reforms for global production/development facilities to promote growth, and ensuring we can continue our business even in the event of a major natural disaster or other unforeseen circumstances.

2. Activities (present situation) of the azbil Group

The azbil Group consists of our company, 60 subsidiaries and 4 affiliates, and is pursuing "human-centered automation" that aims to realize safety, comfort and fulfillment in people's lives 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 lifelines and everyday life. 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 industries 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 by 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 to lifelines such as gas and water, living spaces, 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.



Note:

*1 Consolidated subsidiaries
*2 Unconsolidated subsidiaries that are not accounted for by the equity method
*3 Affiliate companies that are not accounted for by the equity method

3. Basic rationale for selection of accounting standards

Group financial statements are prepared according to Japanese standards. In future we plan to continue reviewing procedures, including the possibility of optionally applying International Financial Reporting Standards (IFRS).

4. Consolidated financial statements and related notes

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	53,940	46,128
Notes and accounts receivable - trade	88,500	91,420
Securities	25,607	36,406
Merchandise and finished goods	4,905	4,968
Work in process	7,723	7,787
Raw materials	9,555	11,079
Deferred tax assets	5,754	5,690
Other	9,032	9,520
Allowance for doubtful accounts	(907)	(596)
Total current assets	204,113	212,405
Non-current assets		
Property, plant and equipment		
Buildings and structures	41,722	42,481
Accumulated depreciation	(30,316)	(31,041)
Buildings and structures, net	11,406	11,439
Machinery, equipment and vehicles	19,711	18,981
Accumulated depreciation	(17,286)	(16,526)
Machinery, equipment and vehicles, net	2,425	2,455
Tools, furniture and fixtures	19,813	20,076
Accumulated depreciation	(18,070)	(18,189)
Tools, furniture and fixtures, net	1,742	1,887
Land	6,639	6,600
Leased assets	243	230
Accumulated depreciation	(102)	(100)
Leased assets, net	141	129
Construction in progress	868	2,966
Total property, plant and equipment	23,223	25,479
Intangible assets		
Right of using facilities	143	143
Software	3,847	4,411
Goodwill	73	—
Other	1,327	724
Total intangible assets	5,392	5,279
Investments and other assets		
Investment securities	22,163	26,746
Long-term loans receivable	38	102
Claims provable in bankruptcy, claims provable in rehabilitation and other	75	268
Deferred tax assets	1,190	1,379
Net defined benefit asset	2	3
Other	7,429	7,532
Allowance for doubtful accounts	(311)	(566)
Total investments and other assets	30,587	35,465
Total non-current assets	59,203	66,223
Total assets	263,317	278,629

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	40,456	41,498
Short-term loans payable	10,669	10,171
Income taxes payable	4,730	6,313
Advances received	3,249	3,914
Provision for bonuses	9,414	10,211
Provision for directors' bonuses	115	157
Provision for product warranties	647	552
Provision for loss on order received	1,222	792
Other	13,561	13,917
Total current liabilities	84,066	87,529
Non-current liabilities		
Long-term loans payable	505	514
Deferred tax liabilities	4,493	4,824
Deferred tax liabilities for land revaluation	181	181
Net defined benefit liability	5,704	5,563
Provision for directors' retirement benefits	112	122
Provision for stock payment	311	654
Other	2,190	1,275
Total non-current liabilities	13,499	13,136
Total liabilities	97,565	100,666
Net assets		
Shareholders' equity		
Capital stock	10,522	10,522
Capital surplus	12,333	11,670
Retained earnings	136,465	147,728
Treasury shares	(4,652)	(6,966)
Total shareholders' equity	154,669	162,955
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,553	12,906
Deferred gains or losses on hedges	32	45
Foreign currency translation adjustment	1,303	1,837
Remeasurements of defined benefit plans	(1,737)	(1,749)
Total accumulated other comprehensive income	9,152	13,040
Non-controlling interests	1,929	1,967
Total net assets	165,751	177,962
Total liabilities and net assets	263,317	278,629

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

(Consolidated statements of income)

(Millions of yen)

	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Net sales	254,810	260,384
Cost of sales	163,319	162,903
Gross profit	91,491	97,480
Selling, general and administrative expenses	71,346	73,454
Operating income	20,145	24,026
Non-operating income		
Interest income	135	128
Dividend income	429	520
Real estate rent	42	42
Subsidy income	85	86
Reversal of allowance for doubtful accounts	19	—
Other	175	161
Total non-operating income	888	939
Non-operating expenses		
Interest expenses	209	165
Foreign exchange losses	113	295
Commitment fee	20	20
Rent expenses on real estates	85	78
Other	129	89
Total non-operating expenses	557	650
Ordinary income	20,475	24,316
Extraordinary income		
Gain on sales of non-current assets	47	6
Gain on sales of investment securities	62	655
Total extraordinary income	110	662
Extraordinary losses		
Loss on sales and retirement of non-current assets	330	136
Impairment loss	569	342
Loss on liquidation of subsidiaries and associates	1,057	297
Loss on valuation of investment securities	—	19
Loss on sales of investment securities	—	0
Total extraordinary losses	1,957	796
Income before income taxes	18,629	24,181
Income taxes - current	5,245	7,211
Income taxes - deferred	(13)	(1,172)
Total income taxes	5,231	6,038
Net income	13,397	18,142
Net income attributable to non-controlling interests	243	252
Net income attributable to owners of parent	13,153	17,890

(Consolidated statements of comprehensive income)

(Millions of yen)

	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Net income	13,397	18,142
Other comprehensive income		
Valuation difference on available-for-sale securities	1,912	3,352
Deferred gains or losses on hedges	33	13
Foreign currency translation adjustment	(983)	523
Remeasurements of defined benefit plans, net of tax	(208)	(21)
Total other comprehensive income	753	3,867
Comprehensive income	14,151	22,010
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,982	21,778
Comprehensive income attributable to non-controlling interests	168	232

(3) Consolidated statements of changes in net assets
Fiscal year 2016 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,522	12,333	128,476	(4,650)	146,682
Changes of items during period					
Dividends of surplus			(5,164)		(5,164)
Net income attributable to owners of parent			13,153		13,153
Change in ownership interest of parent due to transactions with non-controlling interests					—
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		0		0	0
Retirement of treasury shares					—
Transfer to capital surplus from retained earnings					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	7,989	(1)	7,987
Balance at end of current period	10,522	12,333	136,465	(4,652)	154,669

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of current period	7,641	(0)	2,212	(1,529)	8,323	1,960	156,966
Changes of items during period							
Dividends of surplus							(5,164)
Net income attributable to owners of parent							13,153
Change in ownership interest of parent due to transactions with non-controlling interests							—
Purchase of treasury shares							(1)
Disposal of treasury shares							0
Retirement of treasury shares							—
Transfer to capital surplus from retained earnings							—
Net changes of items other than shareholders' equity	1,912	33	(908)	(208)	828	(31)	797
Total changes of items during period	1,912	33	(908)	(208)	828	(31)	8,785
Balance at end of current period	9,553	32	1,303	(1,737)	9,152	1,929	165,751

Fiscal year 2017 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,522	12,333	136,465	(4,652)	154,669
Changes of items during period					
Dividends of surplus			(5,944)		(5,944)
Net income attributable to owners of parent			17,890		17,890
Change in ownership interest of parent due to transactions with non-controlling interests		(663)			(663)
Purchase of treasury shares				(6,972)	(6,972)
Disposal of treasury shares		1,476		2,500	3,976
Retirement of treasury shares		(2,158)		2,158	—
Transfer to capital surplus from retained earnings		682	(682)		—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(663)	11,263	(2,313)	8,285
Balance at end of current period	10,522	11,670	147,728	(6,966)	162,955

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of current period	9,553	32	1,303	(1,737)	9,152	1,929	165,751
Changes of items during period							
Dividends of surplus							(5,944)
Net income attributable to owners of parent							17,890
Change in ownership interest of parent due to transactions with non-controlling interests							(663)
Purchase of treasury shares							(6,972)
Disposal of treasury shares							3,976
Retirement of treasury shares							—
Transfer to capital surplus from retained earnings							—
Net changes of items other than shareholders' equity	3,352	13	533	(11)	3,888	37	3,925
Total changes of items during period	3,352	13	533	(11)	3,888	37	12,211
Balance at end of current period	12,906	45	1,837	(1,749)	13,040	1,967	177,962

(4) Consolidated statements of cash flows

(Millions of yen)

	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Cash flows from operating activities		
Income before income taxes	18,629	24,181
Depreciation	4,075	4,111
Amortization of goodwill	76	71
Increase (decrease) in allowance for doubtful accounts	241	(49)
Increase (decrease) in net defined benefit liability	66	14
Decrease (increase) in net defined benefit asset	(423)	(298)
Increase (decrease) in accrued payments due to change in retirement benefit plan	(833)	(803)
Increase (decrease) in provision for stock payment	311	349
Increase (decrease) in provision for bonuses	557	766
Increase (decrease) in provision for directors' bonuses	5	41
Increase (decrease) in provision for loss on plants reorganization	(112)	—
Interest and dividend income	(565)	(649)
Interest expenses	209	165
Foreign exchange losses (gains)	75	394
Loss (gain) on sales and retirement of non-current assets	282	130
Impairment loss	569	342
Loss on liquidation of subsidiaries and associates	1,057	297
Loss (gain) on sales and valuation of investment securities	(62)	(635)
Decrease (increase) in notes and accounts receivable - trade	1,546	(2,679)
Decrease (increase) in inventories	1,496	(1,569)
Increase (decrease) in notes and accounts payable - trade	(4,236)	762
Decrease (increase) in other assets	320	(71)
Increase (decrease) in other liabilities	959	(202)
Subtotal	24,246	24,671
Interest and dividend income received	566	647
Interest expenses paid	(219)	(164)
Payments for business restructuring	(137)	—
Income taxes paid	(4,507)	(5,672)
Net cash provided by (used in) operating activities	19,949	19,481

(Millions of yen)

	Year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
Cash flows from investing activities		
Payments into time deposits	(17,315)	(7,126)
Proceeds from withdrawal of time deposits	13,471	10,866
Purchase of securities	(37,101)	(33,200)
Proceeds from sales of securities	35,000	35,201
Purchase of trust beneficiary right	(11,556)	(11,207)
Proceeds from sales of trust beneficiary right	12,063	11,247
Purchase of property, plant and equipment	(2,682)	(5,794)
Proceeds from sales of property, plant and equipment	209	78
Purchase of intangible assets	(979)	(1,030)
Purchase of investment securities	(33)	(16)
Proceeds from sales of investment securities	196	909
Purchase of investments in capital of subsidiaries	—	(21)
Payments for sales of investments in capital of subsidiaries resulting in change in scope of consolidation	(137)	(98)
Other, net	(195)	141
Net cash provided by (used in) investing activities	(9,060)	(48)
Cash flows from financing activities		
Increase in short-term loans payable	4,781	1,596
Decrease in short-term loans payable	(5,511)	(2,437)
Proceeds from long-term loans payable	24	62
Repayments of long-term loans payable	(224)	(106)
Redemption of bonds	(10)	—
Cash dividends paid	(5,160)	(5,943)
Repayments of lease obligations	(145)	(135)
Dividends paid to non-controlling interests	(193)	(149)
Purchase of treasury shares	(1)	(6,972)
Proceeds from sales of treasury shares	0	3,970
Payments from changes in ownership interests in investments in capital of subsidiaries that do not result in change in scope of consolidation	—	(734)
Net cash provided by (used in) financing activities	(6,441)	(10,851)
Effect of exchange rate change on cash and cash equivalents	(557)	221
Net increase (decrease) in cash and cash equivalents	3,889	8,802
Cash and cash equivalents at beginning of period	55,947	59,837
Cash and cash equivalents at end of period	59,837	68,640

(5) Notes to the consolidated financial statements:

(Notes regarding going concern assumptions)

Not applicable

(Additional information)

(Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts)

The Company has introduced employee stock ownership plan (hereinafter referred to as “the system”), an incentive plan for offering the Company’s stock to its employees, to boost the linkage between stock price and business performance of the Company on the one hand, and the benefit received by employees on the other hand, and to enhance the motivation and morale of employees for increasing stock price and business performance of the Company by sharing economic effects with shareholders.

1. Outline of the transaction

Under the system, the Company offers the Company’s stock to its employees who satisfy certain requirements specified in the Company’s predetermined stock granting regulations. The Company awards points to employees according to the contribution level of them and grants the Company’s stock proportionate to the awarded points when employees obtain the right to receive stock by meeting certain conditions. The stock to be granted to employees are acquired with money previously placed in the trust, including stock to be granted in the future, and are separately managed as assets in the trust.

2. The Company’s stock remaining in the trust

Regarding the accounting procedures for the trust contract, the Company has applied “Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts” (PITF No. 30, March 26, 2015), and the Company’s stock in the trust are recorded as treasury shares under net assets at book value in the trust. The book value of the Company’s stock in the trust is 3,963 million yen for 998,283 shares as of March 31, 2018.

(Segment information)

[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 meters for lifelines, residential central air-conditioning systems and manufacture and sale of manufacturing equipment and environmental equipment for the life science research, pharmaceutical and medical fields as well as related services - all of which are intimately connected with everyday life.

2. Method of calculating sales, profit (loss), assets and other items by reportable segment

The accounting method for reportable business segments is generally the same as the method adopted for preparation of the consolidated financial statements. Profits of reportable segments are calculated based on operating income. Internal sales among segments and transfers are based on market prices, etc.

3. Information on sales, profit (loss), assets and the other items by reportable segment

Fiscal year 2016 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable Segment				Other *1	Total	Adjustment *2	Consolidated *3
	Building Automation	Advanced Automation	Life Automation	Subtotal				
Sales								
Customers	116,153	94,820	43,774	254,749	61	254,810	－	254,810
Inter-segment	267	663	341	1,273	8	1,281	(1,281)	－
Total	116,421	95,484	44,116	256,022	70	256,092	(1,281)	254,810
Segment Profit	11,512	7,204	1,420	20,136	18	20,155	(10)	20,145
Segment Assets	65,320	68,638	29,944	163,903	1	163,905	99,411	263,317
Other Items								
Depreciation and Amortization	1,176	2,030	868	4,075	－	4,075	－	4,075
Increase in Property, plant and equipment, and Intangible assets	1,470	1,903	785	4,159	－	4,159	－	4,159

*1. “Other” includes insurance agent business.

*2. Details on adjustments are as follows.

(1) The adjustment of segment profit of (10) million yen is elimination of inter-segment transactions.

(2) The adjustment of segment assets of 99,411 million yen is primarily cash and deposits, investment securities and so on which are not distributed to any reportable segment.

*3. The segment profits are adjusted to operating income stated in the consolidated financial statements.

Fiscal year 2017 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable Segment				Other *1	Total	Adjustment *2	Consolidated *3
	Building Automation	Advanced Automation	Life Automation	Subtotal				
Sales								
Customers	119,939	96,563	43,822	260,325	58	260,384	—	260,384
Inter-segment	294	668	386	1,348	6	1,354	(1,354)	—
Total	120,233	97,231	44,208	261,673	65	261,738	(1,354)	260,384
Segment Profit	12,583	9,931	1,501	24,016	9	24,026	0	24,026
Segment Assets	67,553	73,537	31,095	172,185	0	172,185	106,443	278,629
Other Items								
Depreciation and Amortization	1,214	2,027	870	4,111	—	4,111	—	4,111
Increase in Property, plant and equipment, and Intangible assets	2,351	3,868	818	7,038	—	7,038	—	7,038

*1. "Other" includes insurance agent business.

*2. Details on adjustments are as follows.

(1) The adjustment of segment profit of 0 million yen is elimination of inter-segment transactions.

(2) The adjustment of segment assets of 106,443 million yen is primarily cash and deposits, investment securities and so on which are not distributed to any reportable segment.

*3. The segment profits are adjusted to operating income stated in the consolidated financial statements.

[Related Information]

Fiscal year 2016 (April 1, 2016 to March 31, 2017)

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
211,431	19,500	8,573	3,982	8,419	2,903	254,810

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

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	China	North America	Europe	Others	Total
19,956	1,581	940	79	475	190	23,223

(Note) Property, plant and equipment, based on the location, are classified by country or region.

3. Information by principal client

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

Fiscal year 2017 (April 1, 2017 to March 31, 2018)

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
214,586	20,047	9,365	4,200	9,086	3,096	260,384

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

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	China	North America	Europe	Others	Total
21,940	1,833	960	81	495	167	25,479

(Note) Property, plant and equipment, based on the location, are classified by country or region.

3. Information by principal client

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

[Information on impairment loss in non-current assets by reportable segment]

Fiscal year 2016 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable segment				Other	Corporate/ Elimination	Total
	Building Automation	Advanced Automation	Life Automation	Subtotal			
Impairment loss	−	447	122	569	−	−	569

Fiscal year 2017 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segment				Other	Corporate/ Elimination	Total
	Building Automation	Advanced Automation	Life Automation	Subtotal			
Impairment loss	−	32	310	342	−	−	342

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

Fiscal year 2016 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable segment				Other	Corporate/ Elimination	Total
	Building Automation	Advanced Automation	Life Automation	Subtotal			
Amortization of goodwill	−	76	−	76	−	−	76
Balance at the end of period	−	73	−	73	−	−	73

Fiscal year 2017 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segment				Other	Corporate/ Elimination	Total
	Building Automation	Advanced Automation	Life Automation	Subtotal			
Amortization of goodwill	−	71	−	71	−	−	71
Balance at the end of period	−	−	−	−	−	−	−

[Information on gain on negative goodwill by reportable segment]

Fiscal year 2016 (April 1, 2016 to March 31, 2017)

Not applicable

Fiscal year 2017 (April 1, 2017 to March 31, 2018)

Not applicable

(Per share information)

Item	Fiscal year 2016 (April 1, 2016 to March 31, 2017)	Fiscal year 2017 (April 1, 2017 to March 31, 2018)
Net assets per share (Yen)	2,236.47	2,426.29
Net income per share (Yen)	179.57	246.16

Note 1. Diluted net income per share after adjusting for latent shares is not presented.

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

Item	Fiscal year 2016 (April 1, 2016 to March 31, 2017)	Fiscal year 2017 (April 1, 2017 to March 31, 2018)
Net income attributable to owners of parent (Millions of yen)	13,153	17,890
Amount not attributable to common stock holders (Millions of yen)	–	–
Net income attributable to owners of parent relevant to shares (common stock) (Millions of yen)	13,153	17,890
Average number of shares (Thousands of shares)	73,250	72,677

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

Item	Fiscal year 2016 (As of March 31, 2017)	Fiscal year 2017 (As of March 31, 2018)
Total net assets (Millions of yen)	165,751	177,962
Amount deducted from the total of net assets (Millions of yen)	1,929	1,967
(Of which non-controlling interests) (Millions of yen)	(1,929)	(1,967)
Net assets at the end of the consolidated fiscal year relevant to shares (Millions of yen)	163,822	175,995
Number of shares used to determine net assets per share (Thousands of shares)	73,250	72,537

4. The Company's own stock held by Trust & Custody Services Bank, Ltd. (Trust E) as assets in the trust of "Employee Stock Ownership Plan (J-ESOP)" is recorded as treasury shares in shareholders' equity, and included in the number of treasury shares that are deducted from the total number of issued shares at the end of the period for determining net assets per share (0 shares as of March 31, 2017; 998 thousands of shares as of March 31, 2018).

It is also included in the number of treasury shares, which is deducted in the calculation of the average number of shares during the period for determining net income per share (0 shares for the fiscal year 2016; 840 thousands of shares for the fiscal year 2017).

(Significant subsequent event)

Repurchase of the Company's own shares

The Company has resolved, at the Board of Directors meeting held on May 11, 2018, to repurchase its own shares pursuant to Article 156 and Article 165, paragraph 3 of the Companies Act of Japan.

(1) Reason for share repurchase:

Taking into consideration business results and the outlook for future business performance, the Company aims not only to improve capital efficiency but also to enhance the return of profits to shareholders and develop flexible capital policies responding to changes in the corporate environment.

(2) Type of shares to be repurchased: Common stock of the Company

(3) Total number of shares to be repurchased: Up to 1,000,000 shares

(4) Total amount of repurchase: Up to 5 billion yen

(5) Period of repurchase: From May 14, 2018 to July 31, 2018

(6) Method of repurchase: Purchase in the open market through a trust bank

5. Other

(1) Management Changes

1) Newly Appointed Director

Director Takayuki Yokota
Director Kazuyasu Hamada
Director Waka Fujiso

2) Retiring Director

Director Seiji Onoki
Director Keiichi Fuwa

[Reference]

Azbil Corporation New Management Structure ＜effective June 26, 2018＞

Position	Name	Changes
President and CEO	Hirozumi Sone	Reappointed
Executive Director	Masato Iwasaki	Reappointed
Executive Director	Yoshimitsu Hojo	Reappointed
Executive Director	Takayuki Yokota	Newly Appointed
Executive Director	Kazuyasu Hamada	Newly Appointed
Executive Director	Tadayuki Sasaki	Reappointed
Outside Director	Eugene H. Lee	Reappointed
Outside Director	Katsuhiko Tanabe	Reappointed
Outside Director	Takeshi Itoh	Reappointed
Outside Director	Waka Fujiso	Newly Appointed
Standing Audit & Supervisory Board Member	Tomohiko Matsuyasu	Uncontested
Standing Audit & Supervisory Board Member	Hisaya Katsuta	Uncontested
Outside Audit & Supervisory Board Member	Kinya Fujimoto	Uncontested
Outside Audit & Supervisory Board Member	Mitsuhiro Nagahama	Uncontested
Outside Audit & Supervisory Board Member	Shigeru Morita	Uncontested

*1. Eugene H. Lee, Katsuhiko Tanabe, Takeshi Itoh and Waka Fujiso are candidates to become Outside Directors of the Company as prescribed in Article 2, paragraph 3, Item 7 of Ordinance for Enforcement of the Japanese Companies Act.

*2. Kinya Fujimoto, Mitsuhiro Nagahama and Shigeru Morita are Outside Audit & Supervisory Board Members of the Company as prescribed in Article 2, Item 16 of the Japanese Companies Act.

(2) Orders received condition

Previously, the amount of orders received included the translation gains and losses associated with contracts denominated in foreign currencies incorporated within the order backlog at the end of the previous consolidated fiscal year and at the end of the current consolidated fiscal year. However, from this fiscal year, the amount of orders received excluding aforesaid translation gains and losses has been posted, and the figures for the previous fiscal year to be compared have been revised.

This revision is aimed at providing investors with useful information for their investment judgement, by reporting our business performance in a manner to conform with the azbil Group's business activities in each local currency, as our overseas business strategies are increasingly implemented.

(Millions of yen)

Reportable segment	Fiscal year 2016 (April 1, 2016 to March 31, 2017)		Fiscal year 2017 (April 1, 2017 to March 31, 2018)		Change	
	Orders received	Backlog	Orders received	Backlog	Orders received	Backlog
Building Automation	120,017	62,824	117,811	60,224	(2,206)	(2,600)
Advanced Automation	93,424	26,076	101,737	30,789	8,312	4,713
Life Automation	42,684	10,138	48,013	14,560	5,328	4,422
Total of reportable segments	256,127	99,040	267,562	105,575	11,435	6,535
Other	68	−	64	0	(4)	0
Elimination	(1,222)	(60)	(1,364)	(70)	(142)	(9)
Consolidated	254,974	98,979	266,262	105,504	11,288	6,525

(Reference) Before the revision

(Millions of yen)

Reportable segment	Fiscal year 2016 (April 1, 2016 to March 31, 2017)		Fiscal year 2017 (April 1, 2017 to March 31, 2018)		Change	
	Orders received	Backlog	Orders received	Backlog	Orders received	Backlog
Building Automation	117,649	62,824	117,633	60,224	(15)	(2,600)
Advanced Automation	93,724	26,076	101,944	30,789	8,220	4,713
Life Automation	42,080	10,138	48,630	14,560	6,550	4,422
Total of reportable segments	253,453	99,040	268,208	105,575	14,755	6,535
Other	70	−	65	0	(4)	0
Elimination	(1,208)	(60)	(1,364)	(70)	(156)	(9)
Consolidated	252,314	98,979	266,909	105,504	14,594	6,525