Consolidated Financial Results
For Fiscal 2012 Ended March 31, 2013 (Japan GAAP)

May 10, 2013

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	:	Daishi Kumata, General Manager of Finance Division
Telephone	:	+81-3-6810-1009
Planed date of general shareholders meeting	:	June 26, 2013
Planed date of cash dividends	:	June 27, 2013
Planed date to file annual security report	:	June 26, 2013
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 2012 ended March 31, 2013 (April 1, 2012 to March 31, 2013)
(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 2012	227,584	1.8	13,410	(6.5)	14,569	(0.2)	8,308	(2.5)
Fiscal year 2011	223,499	2.0	14,348	(3.7)	14,596	(2.0)	8,518	7.5

Note : Comprehensive income As of March 31, 2013 10,540 million yen 18.3%
As of March 31, 2012 8,908 million yen 31.7%

	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 2012	112.50	—	6.1	6.2	5.9
Fiscal year 2011	115.35	—	6.5	6.6	6.4

(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, 2013	243,418	141,197	57.1	1,882.66
As of March 31, 2012	223,476	135,076	59.8	1,808.48

Note : Shareholders' equity As of March 31, 2013 139,041 million yen
As of March 31, 2012 133,564 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 2012	15,010	(12,716)	(2,486)	56,050
Fiscal year 2011	5,633	(3,549)	(6,393)	55,355

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 2011	—	31.50	—	31.50	63.00	4,652	54.6	3.5
Fiscal year 2012	—	31.50	—	31.50	63.00	4,652	56.0	3.4
Fiscal year 2013 (Forecast)	—	31.50	—	31.50	63.00		58.2	

3. Forecast of consolidated financial results for fiscal year ending March 31, 2014
(April 1, 2013 to March 31, 2014)

(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, 2013	110,000	5.0	2,700	(23.9)	2,400	(27.4)	900	(39.6)	12.19
Fiscal year 2013	250,000	9.8	14,200	5.9	13,500	(7.3)	8,000	(3.7)	108.32

*** Notes**

(1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries due to changes in the scope of consolidation) : Yes

New consolidation : None (Company name:)
Exclusion : 1 (Company name : Yamatake Control Products Co., Ltd.)

(Note) In the current fiscal year, a merger and acquisition was carried out with the company and Yamatake Control Products Co., Ltd. being a merging company and a merged company, respectively. With its dissolution,Yamatake Control Products Co., Ltd. is excluded from the scope of consolidation.

(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 : Yes
4. Retrospective restatements : No

(Note) For details, please refer to “4. Consolidated financial Statements (5) Notes to the consolidated financial statements (Change of accounting policies that are difficult to distinguish from the change in accounting estimate) 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, 2013 75,116,101 shares
   - As of March 31, 2012 75,116,101 shares
2. Number of Treasury stock
   - As of March 31, 2013 1,262,123 shares
   - As of March 31, 2012 1,261,480 shares
3. Average number of shares
   - As of March 31, 2013 73,854,399 shares
   - As of March 31, 2012 73,854,722 shares

* Description of the situation of the procedures for audit results

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

* Regarding the appropriate use of forecast and other special matters

The 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 doctment. 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, a modest improvement was observed in some sectors of Japan's economy, underpinned by reconstruction demand following the Great East Japan Earthquake. There has also been some anticipation that deflation may finally be in retreat. Nevertheless, a slowdown in the recovery of overseas economies has affected exports and manufacturing, leading to continuing uncertainty regarding the future outlook.

Overseas economies have been slowing due to the European financial crisis and other factors. Even in China economic growth has been slackening, and overall signs of recovery have been modest.

Given such economic conditions inside Japan and overseas, there has been no significant pickup in overall capital investment, despite there being some recent evidence of improvement in those industries able to benefit from monetary easing and readjustment of the value of the yen. As regards the business environment of the azbil Group, conditions continued to be challenging.

Looking at orders, while there was some growth overseas for the Building Automation (BA) business and Life Automation (LA) business, [Note 1] azbil Group orders received in the current fiscal year were 231,143 million yen, down 1.2% on the previous fiscal year. One reason for this drop is that in the same period last year atypical factors resulted in a transitory spike in orders for the BA business; [Note 2] another reason is that the Advanced Automation (AA) business suffered from stagnant demand in the market for equipment manufacturers. Net sales, on the other hand, grew to 227,584 million yen, up 1.8% on the previous fiscal year, reflecting growth in the BA and LA businesses, and despite a fall in revenue for the AA business. Nevertheless, profits have suffered. A scaling down of investments in the building market and lower unit prices resulting from increased competition hit profits for the BA business. Another reason is the aforementioned fall in AA business revenue. This has resulted in an operating income of 13,410 million yen (down 6.5% on the previous fiscal year). Benefitting from exchange-rate gains, ordinary income was 14,569 million yen (down 0.2% on the previous year), and net income was 8,308 million yen (down 2.5% on the previous year).

On April 1, 2012, our company changed its name from Yamatake Corporation to Azbil Corporation, starting the new fiscal year with a fresh management team. At the same time, the other domestic companies in the azbil Group added "Azbil" to their company names. Thus, the names of Group companies in Japan and overseas are all now identified with "Azbil" and our philosophy of "human-centered automation" that aims to realize safety, comfort and fulfillment and contribute to global environmental preservation. With this unified brand and new management, the Group is now emphasizing three key initiatives: (1) aiming to become a long-time partner for both the customer and the community by offering solutions based on azbil technologies and products; (2) implementing global initiatives aimed at expansion into new regions and a qualitative change of focus; and (3) transforming the azbil Group into an organization that never stops learning so that it can better adapt to environmental change. Steady progress has been achieved with these three key initiatives in this fiscal year, as follows.

Starting with the solutions initiative, aiming to become a long-term partner for both the customer and the community, we have expanded the range of products and services. Moreover, the name ENEOPT [Note 3] 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 this business is being developed by the azbil Group as a whole. Moreover, we acquired a stake in TACO Co., Ltd., a company that specializes in pneumatic technologies, especially atomization; Azbil TA Co., Ltd. is now a wholly owned azbil Group subsidiary. By combining TACO's technologies with azbil's sensing and control technologies, we will create and offer new value to machine-tool manufacturers in Japan and overseas. Additionally, on April 1, 2013, two azbil Group companies – Azbil Trading Co., Ltd. and Azbil RoyalControls Co., Ltd. – merged to form Azbil Trading Co., Ltd. Bringing together the former Azbil Trading's extensive portfolio, including overseas products, with Azbil RoyalControls' system solution competence, this merger enhances the Group's capability to provide one-stop value to customers.

Significant progress has also been evident in the implementation of global initiatives. In the BA business, aiming to develop China's vast local building market we have established a joint venture – CECEP Building Energy Management Co., Ltd. – together with a Chinese government-financed enterprise. Azbil Corporation also acquired a stake in Beijing YTYH Intelli-Technology Company Limited, a Chinese construction and engineering firm that provides light electrical equipment for buildings; this is now an azbil Group company.In the AA business, to expand our control valve business in the Middle East we have set up Azbil Saudi Arabia Limited, a joint venture based in Saudi Arabia, which is now an azbil Group subsidiary. We are also working on supply chain development though a tie-up with a locally capitalized company in India. Furthermore, so as to reinforce and expand the flowmeter business, Azbil Corporation has acquired a stake in VorTek Instruments, LLC – a US company with a proven track record worldwide in the development and sale of vortex flowmeters; this too is now a subsidiary. Under the new name Azbil VorTek, LLC, this acquisition will add impetus to the development of the Group's global business.And in the LA business, Azbil Corporation acquired a stake in Telstar, S.A., a Spanish firm that develops, manufactures and markets manufacturing equipment and environmental systems for pharmaceutical formulation facilities, laboratories and hospitals; this too is now an azbil Group company. This acquisition is key to the launching of a new Life Science Engineering (LSE) business that will serve markets that contribute to people's health. LSE will provide next-generation solutions that integrate manufacturing equipment with environmental systems, inspired by automation technologies.

As regards the third key initiative – organizational reforms designed to transform the azbil Group into “an organization that never stops learning” – in addition to the above business developments, in order to enhance cost competitiveness, progress has been made with strengthening the business foundation for production and procurement. On April 1, 2012, an absorption merger was completed with Yamatake Control Products Co., Ltd., a wholly owned subsidiary responsible for manufacturing. Also, in February 2013, to expand overseas production we set up Azbil Production (Thailand) Co., Ltd., a local manufacturing affiliate that will begin operations this summer. These developments are linked with a reorganization of existing production systems in Japan and China.

Moreover, the Azbil Academy was newly established; this integrates groupwide education/training functions with the aim of fostering those skills that employees will require for future business development. In order to secure staff for growth areas and manage changes in personnel composition, we will comprehensively develop a variety of measures designed to foster global human resources as well as to facilitate changing occupations and acquiring new skills through retraining.

Note 1: Increase in overseas orders received for the LA business

Since Telstar, S.A. and its consolidated subsidiaries were included within the azbil Group’s consolidated accounts at the end of the current fiscal year, their order backlog as of current fiscal year-end (6,238 million yen) has been recorded under the LA business orders received for the current fiscal year.

Note 2: Reasons for the atypical growth in orders

The principal factor behind the increase in orders is that, in the Building Automation (BA) business, orders were received for large-scale service contracts that cover a period of several years as a result of “market testing”. Market testing is a government-and-private sector competitive bidding system in Japan. As required by the Act on Reform of Public Services by Introduction of Competitive Bidding, this system ensures that contracts for public services hitherto provided by the government are to be decided by competitive bidding in which public and private operators participate on an equal footing. The contract is awarded to the operator offering the best quality for the best price. As a result of this bidding process, orders were placed for large-scale service projects that stretch over several years, and the total value of a contract for that multi-year period was recorded as a lump sum for accounting purposes. The periods covered by contracts won through such market testing range from 3 to 5 years, and thus the sums involved were quite considerable. Consequently, they account for the bulk of the growth in orders for the BA business in the previous fiscal year. Note, however, that the revenue from services rendered in any year is recorded in the sales figures for that fiscal year.

Note 3: ENEOPT

The name ENEOPT is derived from Energy + Optimization.

The results for the individual reportable segments are as follows. Note that from the current fiscal year changes have been made to the division of the reportable segments. As regards the comparisons made with the the previous fiscal year that appear in the following financial result summaries for each segment, the figures for the previous fiscal year have been reclassified to take account of the new segment divisions so as to enable direct comparison.

Building Automation (BA) Business

In the domestic market, although the business environment continued to be challenging, revenue increased compared to the previous fiscal year. As regards new buildings, performance was approximately the same as the previous year, but in the field for existing buildings, while there was still no substantive pickup in investment activity, sales grew as a result of proactive energy-saving proposals that leverage our strengths in historical on-site data and our engineering expertise. Additionally, the service business recorded steady growth.

Overseas, the Group has established a track record for supplying factory HVAC systems and other equipment to Japanese manufacturers, but emphasis is also being placed on developing the local, non-Japanese building market. This has borne fruit, with sales growth recorded in Singapore and other markets. Also, the consolidation of a construction and engineering company in China and post-flood reconstruction demand in Thailand have both contributed to growth in revenue.

Accordingly, BA business sales for the current fiscal year were 107,426 million yen, up 3.4% on the previous fiscal year. However, segment profit (operating income) fell by 1.7% compared to the previous year, to 10,152 million yen. While on-site cost improvements and enhanced job management led to increased revenue in the second half, this proved to be insufficient to offset the negative impact, particularly in the first half, of the scaling down of investments in the building market and of increased competition.

Advanced Automation (AA) Business

The current fiscal year as a whole has been affected by the high value of the yen and uncertainties concerning the future economic outlook in Japan and abroad. These factors led to demand remaining stagnant in the market for semiconductor and related equipment manufacturers, and consequently sales of control products declined. On the other hand, despite there being only weak signs of recovery in capital investment, in the energy and pharmaceutical markets, as well as in the functional materials-related markets, where Japanese companies enjoy a competitive edge internationally, sales increased for such field instruments as transmitters and for control valves. However, this was not sufficient to offset the fall in sales of control products, and thus overall revenue was lower than for the previous fiscal year.

In overseas markets too there was a fall in revenue for control products supplied to equipment manufacturers, mainly in China. But since there was an increase in sales of field instruments, such as transmitters, and control valves, overseas revenue grew overall.

Consequently, AA business sales for the current fiscal year were 87,676 million yen, down 1.3% on the previous year. As a result of decreased revenue, segment profit (operating income) was down 12.3% on the previous year, at 3,646 million yen.

Life Automation Business

As regards the production and sales of gas and water meters – products that account for the bulk of LA business sales – in the same period last year, as a result of the Fukushima Daiichi nuclear power plant accident, operations at some production facilities in that area had to be temporarily suspended, leading to restrictions being placed on the volume of manufacturing output. However, from the start of the current fiscal year, it was possible to implement vigorous sales activities. This, together with the fact that the market for town gas meters has been robust, resulted in increased sales of gas meters and water meters.

Turning to the health and welfare and nursing care field, while it is true that the market is growing as Japan's population ages, owing to cutbacks in welfare budgets by local governments, etc., the business environment is challenging. In response to this situation, at the start of this fiscal year the azbil Group carried out a business merger between two of its subsidiaries in the health and welfare and nursing care field. [Note 4] Additionally, various measures have been adopted, such as increasing the number of care centers and expanding the scope of services offered, and this approach has succeeded in increasing sales.

Sales of residential central air conditioning systems remained at approximately the same level. Nevertheless, aiming to expand the business, we continue to enhance our sales capabilities, employing an aggressive strategy targeting both house builders and individual owners.

As a result, LA business sales for the current fiscal year were 33,994 million yen, up 4.5% on the previous year. As regards profits, however, owing principally to the increased expenditure associated with sales promotion for residential central air conditioning systems, there was a segment loss (operating loss) of 399 million yen (a loss of 127 million yen was recorded on the previous fiscal year).

Note 4: Merger of two companies in the health and welfare and nursing care field

Within the azbil Group, as of April 1, 2012, a merger was effected between Safety Service Center Co., Ltd., which operates an emergency alert response service, and Yamatake Care-Net Co., Ltd., which runs a nursing care support business. The name of the merged company is Azbil Care & Support Co., Ltd. By pooling and thus making maximum use of the two companies' combined technologies and knowhow for emergency alert response and nursing care, the azbil Group can now offer a unique service to customers.

Other

In the Other segment, sales of 73 million yen were recorded for the current fiscal year; in the previous fiscal year sales were 93 million yen. Segment profit (operating income) was 9 million yen; in the previous fiscal year there was a segment loss (operating loss) of 7 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 250,000 million yen, an increase of 9.8% on the previous fiscal year; operating income of 14,200 million yen (up 5.9%); ordinary income of 13,500 million yen (down 7.3%); and net income of 8,000 million yen (down 3.7%).

Following the change of administration following Japan's 2012 general election, and the Bank of Japan's new policy of aggressive monetary easing, the exchange value of the yen, which has been high for so long, has started to return to previous levels, and there have been signs of a brighter outlook for the economy. Depreciation of the yen and rising stock prices have buoyed consumer sentiment. In addition to an uptick in consumption, there has been an increase in output in some manufacturing industries. Nevertheless, owing to concerns about whether this recovery can be sustained, companies are still being cautious when it comes to hiring and investing within Japan. It is believed that a little more time is needed for yen depreciation to push up exports overall. In overseas economies too, although there has been an economic upturn in North America, there continue to be anxiety regarding the financial crisis in Europe and concerns that China's economic recovery is losing momentum. Because of these factors, conditions at present do not yet warrant optimism regarding the business environment of the azbil Group.

In order to adjust to changes in the business environment and realize sustainable medium- to long-term growth, in the year ending March 1, 2013 (FY2012) the azbil Group adopted the following three key initiatives: (1) aiming to become a long-term partner for both the customer and the community by offering solutions based on azbil technologies and products; (2) implementing global initiatives aimed at expansion into new regions and a qualitative change of focus; and (3) transforming the azbil Group into an organization that never stops learning so that it can better adapt to environmental change. Steady progress has been achieved with implementing these initiatives in this fiscal year. Consequently, under the collective name ENEOPT our energy management related business is growing. We have also teamed up with new partners in Japan and abroad, expanding the product portfolio and launching the new Life Science Engineering (LSE) business. Additionally, progress has been made with strengthening the business foundation for production and procurement, and making the organizational reforms required to advance these business initiatives.

Building on these achievements, the azbil Group has embarked on a new 4-year medium-term plan in the year ending March 31, 2014 (FY2013). This targets the following three areas for growth: (1) energy management solutions; (2) next-generation solutions for factory, office and residential spaces; and (3) safety solutions. The final year of this plan will therefore be FY2016 (ending in March 31, 2017), which happens to be the 110th anniversary of the founding of the company.

Guided by this new medium-term plan, the azbil Group will implement measures aimed at achieving steady growth in sales and profits in order to attain our performance forecast for the year ending March 31, 2014 (FY2013), and realize growth in both domestic and overseas markets.

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 2012 Actual	Fiscal year 2013 Forecast	Difference	%
Building Automation	Sales	1,074	1,110	35	3.3
	Operating income	101	103	1	1.5
Advanced Automation	Sales	876	930	53	6.1
	Operating income	36	38	1	4.2
Life Automation	Sales	339	480	140	41.2
	Operating income	(3)	1	4	-
Other	Sales	0	1	0	36.0
	Operating income	0	0	0	-
Consolidated	Net Sales	2,275	2,500	224	9.8
	Operating income	134	142	7	5.9
	Ordinary income	145	135	(10)	(7.3)
	Net income	83	80	(3)	(3.7)

(2) Qualitative information on consolidated financial position

(Assets)

Total assets at the end of the current fiscal year were 243,418 million yen, an increase of 19,942 million yen from the previous fiscal year-end. This was mainly due to an increase in notes and accounts receivable-trade of 3,328 million yen and an increase in goodwill of 7,058 million yen as a result of the inclusion of Telstar S.A. and its consolidated subsidiaries in the scope of consolidation from the current fiscal year and other factors, and an increase in investment securities of 2,431 million yen affected by the movements of the stock market.

(Liabilities)

Total liabilities at the end of the current fiscal year were 102,221 million yen, an increase of 13,822 million yen from the previous fiscal year-end. This was mainly due to an increase in short-term loans payable of 7,764 million yen as a result of the inclusion of Telstar S.A. and its consolidated subsidiaries in the scope of consolidation from the current fiscal year and other factors, and an increase in notes and accounts payable-trade of 3,362 million yen.

(Net assets)

Net assets at the end of the current fiscal year were 141,197 million yen, an increase of 6,120million 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.

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

Cash and cash equivalents (hereinafter, net cash) provided by operating activities in the current fiscal year ended March 31, 2013 were 15,010 million yen, an increase of 9,376 million yen compared with the previous fiscal year. This was mainly owing to a decrease in notes and accounts receivable-trade.

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

Net cash used in investing activities (net increase (decrease)) in the current fiscal year were 12,716 million yen, an increase of 9,166 million yen compared with the previous fiscal year. This is primarily due to investments in shares of subsidiaries.

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

Net cash used in financing activities (net increase (decrease)) in the current fiscal year were 2,486 million yen, a decrease of 3,906 million yen compared with the previous fiscal year. This was primarily due to an increase in loans payable .

As a result of the above factors, the balance of net cash at the end of the current fiscal year was 56,050 million yen, an increase of 694 million from the previous fiscal year-end.

*With regard to Telstar S.A., which has become a consolidated subsidiary, and its consolidated subsidiaries, etc., the deemed date of acquisition is defined as the last day of the current consolidated fiscal year, and so for the current fiscal year, only balance sheets are consolidated, and the effects on consolidated statements of income and consolidated statements of cash flows will emerge from the next fiscal year.

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

The azbil Group places great importance on the distribution of profits to its shareholders. The management would like to maintain stable dividends while striving to increase its dividends payout, taking into account comprehensively its consolidated performance, levels of ROE (Return On Equity), DOE (Dividends On Equity), as well as retained earnings for strengthening its business base and developing future businesses.

In consideration of the policies outlined above, it is planned to issue an annual dividend for FY2012 of 63 yen per share, as previously announced. For FY2013, 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, 71 subsidiaries and 8 affiliates, and is pursuing "human-centered automation" that aims to realize safety, comfort and fulfillment and contribute to global environmental preservation. The Group operates in three core business segments: Building Automation (BA) business in the building market, Advanced Automation (AA) business in the industrial market, and Life Automation (LA) business in markets closely related to everyday life such as lifelines and healthcare. The BA business develops and manufactures a comprehensive lineup, from building management and security systems to application software, controllers, valves and sensors, and also provides instrumentation design, sales, engineering, maintenance, energy-saving solutions, and operation and management of facilities. The Group also draws on its original environmental control technologies to create comfortable and productive office and factory spaces and to develop business that contributes to environmental load reduction. The AA business is focused on solving issues in the materials industry such as oil, chemical, steel, and pulp and paper, as well as in the processing and assembly industries including automobiles, electrical and electronic, semiconductors and food, through the provision of products, solutions, instrumentation, engineering and maintenance to support the optimum operation of equipment and facilities throughout their lifecycle. The Group develops advanced measurement and control technologies, aims to create production spaces that are safe and enhance human capabilities, and conducts business to create new value through collaboration with customers. The LA business applies measurement, control and metering technologies cultivated over many years in the building and industrial markets, as well as heartfelt, attentive service, to lifelines such as gas and water, and also to lifestyle, nursing and healthcare support, life science research, the pharmaceutical and medical fields. 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.

Customers in Japan, overseas

【Japan】

Sales

＜Advanced Automation Business/Others >

Azbil Trading Co., Ltd.*1,*4
(Sales of control, measurement, testing, safety, environmental equipment)
Azbil RoyalControls Co., Ltd. *1,*4
(Instrumentation; sales of control and measurement equipment)
TACO Co.,Ltd. *1, *5
and 1 unconsolidated subsidiary, etc. *2
(Manufacture and sale of pneumatic equipment and related equipment)
Tem-Tech Lab. *3
(Production, sales and entrusted R&D of various sensors)

Production, Sales

＜Life Automation Business＞

Azbil Care & Support Co., Ltd.*1
(Sales of emergency alert response service,nursing care support service and group home operation for the elderly)
Azbil Kimmon Co., Ltd.
and 8 consolidated subsidiaries *1,
(R&D, manufacture and sales of gas/water meters and related equipment)

【Overseas】

Engineering, Sales

<Building Automation Business>

Yamatake Environmental Control Technology (Beijing) Co., Ltd. *1
(Instrumentation; sales of control and measurement equipment)
Beijing YTYH Intelli-Technology Co., Ltd. *1
(Instrumentation; sales of control and measurement equipment)
CECEP Building Energy Management Co., Ltd. *3
(sales of control and measurement equipment and provision of energy management services)
Azbil BioVigilant, Inc. *1
(R&D, manufacture and sales of microbial detection instrument)

<Advanced Automation Business >

Azbil Saudi Arabia Limited *2
(Production and sales of control valves)
Shanghai Azbil Automation Co., Ltd*1
(Instrumentation; software development; production and sales of control measurement equipment)
Yamatake Automation Products (Shanghai) Co., Ltd. *1
(Sales of control equipment)
Azbil North America, Inc.*1
(Sales of control and measurement equipment)
Azbil VorTek, LLC *1
(R&D,manufacturing,sales of flow instrument)
Azbil Europe NV *1
(Sales of control equipment)
Azbil Brazil Limited. *2
(Instrumentation; sales of control and measurement equipment)

<Building Automation Business / Advanced Automation Business>

Azbil Control Solutions (Shanghai) Co., Ltd *1
Azbil Vietnam Co., Ltd.*1
Azbil Philippines Corporation *1
Azbil Korea Co., Ltd. *1
Azbil Taiwan Co., Ltd. *1
Azbil (Thailand) Co., Ltd. *1
Azbil Malaysia Sdn. Bhd. *1
Azbil Singapore Pte. Ltd. *1
Pt. Azbil Berca Indonesia *1
Azbil India Private Limited *1
(Above subsidiaries: Instrumentation; sales of control and measurement equipment)
One other *2

＜Life Automation Business＞

Telstar, S.A. *1
and 25 consolidated subsidiaries, etc. *1
and 4 affiliate companies that are accounted for by the equity method
(R&D, manufacturing, sales, installation, maintenance of manufacturing equipment and environmental equipment for pharmaceutical plant, laboratory, hospital)

R&D・Manufacturing・Sales・Installation・Maintenance

Azbil Corporation

【Japan】

Production

Azbil Taishin Co., Ltd. *1
(R&D and manufacture of electronic and precision equipment)
Azbil Kyoto Co., Ltd. *1
(Manufacture of electronic and precision equipment)

【Overseas】

Production

Azbil Production (Thailand) Co., Ltd. *2
(Manufacture of electronic and precision equipment)
Azbil Control Instruments (Dalian) Co., Ltd. *1
(Manufacture of electronic and precision equipment)
Azbil Hong Kong Limited *1
(Manufacture of control and measurement equipment)
Azbil Information Technology Center (Dalian) Co., Ltd. *2
(Software development)
Azbil Kimmon Technology Corporation *1
One other *1
Two others *3

Others

Azbil Yamatake Friendly Co., Ltd. *2
(Cleaning; safety management; collection and delivery; assembly of control and measurement components)
Azbil SecurityFriday Co.,Ltd. *2
(R&D and sales of software)

*1 Consolidated subsidiary

*2 Unconsolidated companies that are not accounted for by the equity method.

*3 Affiliate companies that are not accounted for by the equity method

*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.

3. Management Policy

(1) Basic policy for corporate management

The philosophy of the azbil Group is to realize safety, comfort and fulfillment in people's lives and to contribute to global environmental preservation through "human-centered automation." The azbil Group seeks to thrive and grow as a unique corporate consortium through implementing this philosophy. Drawing on considerable technologies and resources – principally for measurement & control – that have been built up over many years, and using them to create high-quality products and services that offer customers safety, peace of mind and high added value, the azbil Group delivers unique solutions for the issues faced by its customers.

Guided by the Group philosophy of "human-centered automation," we adopt a medium- to long-term perspective to managing integrated Group operations in our three business segments: Building Automation (BA), Advanced Automation (AA), and Life Automation (LA). In striving to enhance and maximize enterprise value, we not only satisfy the expectations of all our stakeholders – shareholders, customers, employees and local communities – but we can also play a leading role in realizing a sustainable society.

(2) Management metrics

The azbil Group places great importance on its shareholders, and therefore a basic objective is to enhance consolidated ROE in order to increase shareholder value. By enhancing profitability and capital efficiency, we aim to achieve a consolidated ROE of at least 10% in the medium to long term.

The azbil Group has announced a numerical target for the reduction of environmental load resulting from corporate activities: by FY2013 we are committed to reducing total CO_2 emissions by at least 10% (compared with FY2006 levels).

(3) Medium- to long-term management strategies

Following the basic policy outlined above, and based on the azbil Group philosophy of "human-centered automation," we seek to thrive and grow as a unique corporate group. With this as our goal, we have set long-term targets for the azbil Group, and we have been working steadily towards achieving those targets.

While focusing on automation, we have avoided an overconcentration on single markets, and instead we have created a diverse business portfolio; this is made up of the three businesses (BA, AA, LA), each of which is aligned to a different market structure. And we have been striving to expand our business domain by winning new customers and generating synergies within the Group. 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.

As well as being the last year of the medium-term plan designated as "period of growth," the year ending March 31, 2014 (FY2013) also marks the start of the next growth phase. In addition to creating business opportunities that are finely tuned to energy-saving and environment-related trends, to strengthen our management foundation so that it will be less susceptible to changes in the business environment, the azbil Group is embarking on a new 4-year medium-term plan that targets the following three growth areas: (1) energy management solutions ; (2)next generation solutions for production and working / living spaces; and (3) safety solutions.

Moreover, 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 key initiatives: (1) aiming to become a long-term partner for both the customer and community by 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 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 develop 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. Moreover, we acquired a stake in TACO Co., Ltd., a company that specializes in pneumatic technologies, especially atomization; Azbil TA Co., Ltd. is now a wholly owned azbil Group subsidiary. By combining TACO's technologies with azbil's sensing and control technologies, we will create and offer new value to machine-tool manufacturers in Japan and overseas. Additionally, on April 1, 2013, two azbil Group companies – Azbil Trading Co., Ltd. and Azbil RoyalControls Co., Ltd. – merged to form Azbil Trading Co., Ltd.

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 meter, residential central air-conditioning systems, and nursing care and health support, life science research, the pharmaceutical and medical fields, and other segments. In many ways, the LA business helps people to lead active, fulfilling lives. For example, we acquired a stake in Telstar, S.A. in Spain, which is now an azbil Group company, and launched a new Life Science Engineering (LSE) business.
3. In overseas markets that have potential for future growth, we will further strengthen the business base and aim to expand our global initiatives. 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. As part of implementing our global initiatives, in the BA business we have established a joint venture CECEP Building Energy Management Co., Ltd., and acquired a stake in Beijing YTYH Intelli-Technology Company Limited, which is also now a Group company; similarly, in the AA business, we have established and made a subsidiary of the joint venture Azbil Saudi Arabia Limited, and acquired a stake in VorTek Instruments, LLC, which as Azbil VorTek, LLC is now a Group company.
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. For example, we organize energy-saving seminars in Japan and abroad, take part in environment-related trade shows and

conferences, and make available to customers our own domestic carbon credits to offset CO_2 emissions resulting from work undertaken at their facilities as part of our ESCO business.

5. In order to enhance our product development competences, while restructuring the groupwide 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. Moreover, in the area of production, we are making further improvement for a more flexible and optimum production system that can cope with business risks such as global market needs and the changes in the business environment. For example, so we may swiftly respond to the increasingly diversified issues faced by local customers and meet their diverse specification requirements we reorganized existing production systems in Japan and overseas like setting up Azbil Production (Thailand) Co., Ltd. at Thailand.
6. The promotion of CSR management has been set out as a goal in the medium-term plan, and the entire Group is actively engaged in implementing CSR activities. These are divided into 9 priority areas: compliance (corporate ethics & legal compliance); disaster prevention & BCP; information security; financial reporting; labor and safety; quality; environment; management infrastructure &, Group governance and social action programs. This fiscal year, we attempted to strengthen disaster prevention & BCP and information security, and raise internal control levels. 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, 2012	As of March 31, 2013
Assets		
Current assets		
Cash and deposits	45,061	48,411
Notes and accounts receivable-trade	85,546	88,874
Securities	12,400	13,251
Merchandise and finished goods	4,126	4,186
Work in process	5,525	5,263
Raw materials	6,482	7,053
Deferred tax assets	5,224	5,530
Other	8,914	9,505
Allowance for doubtful accounts	(295)	(362)
Total current assets	172,986	181,714
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	38,072	39,350
Accumulated depreciation	(24,622)	(26,216)
Buildings and structures, net	13,450	13,133
Machinery, equipment and vehicles	17,437	18,578
Accumulated depreciation	(15,124)	(16,188)
Machinery, equipment and vehicles, net	2,313	2,389
Tools, furniture and fixtures	18,809	21,141
Accumulated depreciation	(17,011)	(18,997)
Tools, furniture and fixtures, net	1,797	2,144
Land	6,292	6,699
Lease assets	343	397
Accumulated depreciation	(202)	(275)
Lease assets, net	140	121
Construction in progress	151	187
Total property, plant and equipment	24,146	24,677
Intangible assets		
Right of using facilities	143	144
Software	721	740
Goodwill	2,604	9,662
Other	935	2,078
Total intangible assets	4,405	12,625
Investments and other assets		
Investment securities	12,872	15,304
Long-term loans receivable	247	288
Claims provable in bankruptcy, claims provable in rehabilitation and other	71	68
Deferred tax assets	1,638	1,801
Other	7,625	7,377
Allowance for doubtful accounts	(517)	(438)
Total investments and other assets	21,937	24,401
Total noncurrent assets	50,489	61,704
Total assets	223,476	243,418

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	37,185	40,548
Short-term loans payable	5,543	13,308
Current portion of bonds	−	80
Income taxes payable	5,104	5,625
Advances received	1,744	3,094
Provision for bonuses	8,097	7,838
Provision for directors' bonuses	115	96
Provision for product warranties	397	583
Provision for loss on order received	774	443
Other	10,327	11,209
Total current liabilities	69,290	82,828
Noncurrent liabilities		
Bonds payable	−	90
Long-term loans payable	4,686	4,441
Deferred tax liabilities	662	736
Deferred tax liabilities for land revaluation	210	210
Provision for retirement benefits	12,392	12,719
Provision for directors' retirement benefits	189	105
Other	968	1,089
Total noncurrent liabilities	19,109	19,393
Total liabilities	88,399	102,221
Net assets		
Shareholders' equity		
Capital stock	10,522	10,522
Capital surplus	17,197	17,197
Retained earnings	107,538	111,141
Treasury stock	(2,643)	(2,644)
Total shareholders' equity	132,615	136,217
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,451	3,776
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	(1,501)	(952)
Total accumulated other comprehensive income	948	2,824
Subscription rights to shares	2	2
Minority interests	1,509	2,152
Total net assets	135,076	141,197
Total liabilities and net assets	223,476	243,418

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

(Millions of yen)

	Fiscal year 2011 (April 1, 2011 to March 31, 2012)	Fiscal year 2012 (April 1, 2012 to March 31, 2013)
Net sales	223,499	227,584
Cost of sales	142,659	149,712
Gross profit	80,840	77,871
Selling, general and administrative expenses	66,491	64,461
Operating income	14,348	13,410
Non-operating income		
Interest income	109	128
Dividends income	276	285
Foreign exchange gains	−	954
Real estate rent	58	54
Subsidy income	149	100
Other	209	200
Total non-operating income	804	1,723
Non-operating expenses		
Interest expenses	106	108
Foreign exchange losses	38	−
Commitment fee	24	24
Rent expenses on real estates	97	78
Office transfer expenses	15	40
Provision of allowance for doubtful accounts	173	255
Other	100	58
Total non-operating expenses	556	565
Ordinary income	14,596	14,569
Extraordinary income		
Gain on sales of noncurrent assets	69	636
Compensation income	317	−
Gain on bargain purchase	197	−
Gain on transfer of business	184	−
Gain on sales of investment securities	2	0
Total extraordinary income	771	636
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	56	49
Impairment loss	177	94
Lump-sum withdrawal from employees' pension funds	−	800
Environmental expenses	84	159
Loss on valuation of investment securities	27	10
Loss on sales of investment securities	0	0
Loss on disaster	213	−
Total extraordinary losses	560	1,113
Income before income taxes and minority interests	14,807	14,092
Income taxes-current	5,600	5,616
Income taxes-deferred	382	(58)
Total income taxes	5,983	5,557
Income before minority interests	8,823	8,534
Minority interests in income	305	225
Net income	8,518	8,308

(Consolidated statements of comprehensive income)

	Fiscal year 2011 (April 1, 2011 to March 31, 2012)	Fiscal year 2012 (April 1, 2012 to March 31, 2013)
		(Millions of yen)
Income before minority interests	8,823	8,534
Other comprehensive income		
Valuation difference on available-for-sale securities	322	1,324
Deferred gains or losses on hedges	(0)	1
Foreign currency translation adjustment	(238)	680
Total other comprehensive income	84	2,006
Comprehensive income	8,908	10,540
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	8,618	10,184
Comprehensive income attributable to minority interests	290	356

(3) Consolidated statements of changes in net assets

	Fiscal year 2011 (April 1, 2011 to March 31, 2012)	Fiscal year 2012 (April 1, 2012 to March 31, 2013)
		(Millions of yen)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	10,522	10,522
Balance at the end of current period	10,522	10,522
Capital surplus		
Balance at the beginning of current period	17,197	17,197
Disposal of treasury stock	(0)	(0)
Transfer to capital surplus from retained earnings	0	0
Total changes of items during the period	(0)	−
Balance at the end of current period	17,197	17,197
Retained earnings		
Balance at the beginning of current period	103,677	107,538
Changes of items during the period		
Dividends from surplus	(4,652)	(4,652)
Net income	8,518	8,308
Change of scope of consolidation	(5)	(53)
Transfer to capital surplus from retained earnings	(0)	(0)
Total changes of items during the period	3,860	3,603
Balance at the end of current period	107,538	111,141
Treasury stock		
Balance at the beginning of current period	(2,643)	(2,643)
Changes of items during the period		
Purchase of treasury stock	(0)	(1)
Disposal of treasury stock	0	0
Total changes of items during the period	0	(1)
Balance at the end of current period	(2,643)	(2,644)
Total shareholders' equity		
Balance at the beginning of current period	128,754	132,615
Changes of items during the period		
Dividends from surplus	(4,652)	(4,652)
Net income	8,518	8,308
Change of scope of consolidation	(5)	(53)
Purchase of treasury stock	(0)	(1)
Disposal of treasury stock	0	0
Transfer to capital surplus from retained earnings	−	−
Total changes of items during the period	3,860	3,601
Balance at the end of current period	132,615	136,217

	Fiscal year 2011 (April 1, 2011 to March 31, 2012)	Fiscal year 2012 (April 1, 2012 to March 31, 2013)
		(Millions of yen)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	2,119	2,451
Changes of items during the period		
Net changes of items other than shareholders' equity	332	1,324
Total changes of items during the period	332	1,324
Balance at the end of current period	2,451	3,776
Deferred gains or losses on hedges		
Balance at the beginning of current period	(0)	(0)
Changes of items during the period		
Net changes of items other than shareholders' equity	(0)	1
Total changes of items during the period	(0)	1
Balance at the end of current period	(0)	0
Foreign currency translation adjustment		
Balance at the beginning of current period	(1,269)	(1,501)
Changes of items during the period		
Net changes of items other than shareholders' equity	(232)	549
Total changes of items during the period	(232)	549
Balance at the end of current period	(1,501)	(952)
Total accumulated other comprehensive income		
Balance at the beginning of current period	849	948
Changes of items during the period		
Net changes of items other than shareholders' equity	99	1,875
Total changes of items during the period	99	1,875
Balance at the end of current period	948	2,824
Subscription rights to shares		
Balance at the beginning of current period	2	2
Changes of items during the period		
Net changes of items other than shareholders' equity	0	0
Total changes of items during the period	0	0
Balance at the end of current period	2	2
Minority interests		
Balance at the beginning of current period	1,754	1,509
Changes of items during the period		
Net changes of items other than shareholders' equity	(245)	643
Total changes of items during the period	(245)	643
Balance at the end of current period	1,509	2,152
Total net assets		
Balance at the beginning of current period	131,361	135,076
Changes of items during the period		
Dividends from surplus	(4,652)	(4,652)
Net income	8,518	8,308
Change of scope of consolidation	(5)	(53)
Purchase of treasury stock	(0)	(1)
Disposal of treasury stock	0	0
Transfer to capital surplus from retained earnings	―	―
Net changes of items other than shareholders' equity	(145)	2,518
Total changes of items during the period	3,714	6,120
Balance at the end of current period	135,076	141,197

(4) Consolidated statements of cash flows

	Fiscal year 2011 (April 1, 2011 to March 31, 2012)	Fiscal year 2012 (April 1, 2012 to March 31, 2013)
		(Millions of yen)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	14,807	14,092
Depreciation and amortization	4,026	3,620
Amortization of goodwill	1,274	1,359
Gain on bargain purchase	(197)	−
Increase (decrease) in allowance for doubtful accounts	(30)	(98)
Increase (decrease) in provision for retirement benefits	40	(53)
Increase (decrease) in provision for bonuses	85	(324)
Increase (decrease) in provision for directors' bonuses	12	(26)
Interest and dividends income	(386)	(414)
Interest expenses	106	108
Foreign exchange losses (gains)	12	(763)
Loss (gain) on sales and retirement of property, plant and equipment	(15)	(403)
Loss (gain) on sales and valuation of investment securities	26	9
Impairment loss	177	94
Lump-sum withdrawal from employees' pension funds	−	800
Environmental expenses	84	159
Compensation income	(317)	−
Loss on disaster	213	−
Loss (gain) on transfer of business	(184)	−
Decrease (increase) in notes and accounts receivable-trade	(9,574)	2,596
Decrease (increase) in inventories	(2,415)	1,981
Increase (decrease) in notes and accounts payable-trade	3,334	(1,039)
Decrease (increase) in other assets	(291)	(851)
Increase (decrease) in other liabilities	1,031	(157)
Subtotal	11,820	20,690
Interest and dividends income received	380	415
Interest expenses paid	(106)	(101)
Payments for Lump-sum withdrawal from employees' pension funds	−	(800)
Payments for loss on disaster	(207)	(48)
Proceeds from compensation	49	268
Income taxes paid	(6,302)	(5,413)
Net cash provided by (used in) operating activities	5,633	15,010
Net cash provided by (used in) investing activities		
Payments into time deposits	(2,760)	(3,570)
Proceeds from withdrawal of time deposits	2,223	3,722
Purchase of securities	−	(3,000)
Proceeds from sales of securities	−	31
Purchase of trust beneficiary right	(14,444)	(13,402)
Proceeds from sales of trust beneficiary right	14,468	13,889
Purchase of property, plant and equipment	(2,377)	(2,512)
Proceeds from sales of property, plant and equipment	150	589
Purchase of intangible assets	(339)	(782)
Proceeds from sales of intangible assets	−	329
Purchase of investment securities	(346)	(34)
Proceeds from sales of investment securities	5	3
Purchase of investments in subsidiaries resulting in change in scope of consolidation	−	(7,574)
Payments for investments in capital of subsidiaries and affiliates	(97)	(205)
Purchase of stocks of subsidiaries and affiliates	(273)	(456)
Proceeds from transfer of business	235	−
Other, net	8	256
Net cash provided by (used in) investing activities	(3,549)	(12,716)

	Fiscal year 2011 (April 1, 2011 to March 31, 2012)	Fiscal year 2012 (April 1, 2012 to March 31, 2013)
		(Millions of yen)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	1,030	5,747
Decrease in short-term loans payable	(1,016)	(1,851)
Proceeds from long-term loans payable	–	140
Repayment of long-term loans payable	(1,529)	(1,582)
Redemption of bonds	(60)	(45)
Cash dividends paid	(4,647)	(4,649)
Repayments of lease obligations	(72)	(83)
Cash dividends paid to minority shareholders	(98)	(160)
Purchase of treasury stock	(0)	(1)
Proceeds from sales of treasury stock	0	0
Net cash provided by (used in) financing activities	(6,393)	(2,486)
Effect of exchange rate change on cash and cash equivalents	(179)	837
Net increase (decrease) in cash and cash equivalents	(4,487)	644
Cash and cash equivalents at beginning of period	59,843	55,355
Increase in cash and cash equivalents from newly consolidated subsidiary	–	49
Cash and cash equivalents at end of period	55,355	56,050

(5) Notes to the consolidated financial statements:

(Notes regarding assumptions of continuing operations)

Non applicable

(Change of accounting policies that are difficult to distinguish from the change in accounting estimate)

From the fiscal year 2012, the company and its consolidated subsidiaries in Japan, upon the revision of the Corporation Tax Act, have adopted the new depreciation method compatible with the revised Corporation Tax Act for the property, plant and equipment acquired after April 1, 2012.

The impact of this change on gross profit, operating income, ordinary income, and income before income taxes and minority interests is not significant.

(Segment information)

1. The summary of the reportable segments

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

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

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

Concerning the segments, as a result of the our group corporations' restructuring, organizational reform and management changes, the "importing, buying-in and marketing of inspection and measurement equipment", which was used to be categorized in "Other", belongs to "Advanced Automation Business" from the current fiscal year.

The disclosed segment information for the previous fiscal year is reclassified based on the new segmentation of the current fiscal year.

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

Fiscal year 2011 (April 1, 2011 to March 31, 2012) (Millions of yen)

	Reportable segment				Other *1	Total	Adjust-ment *2	Consoli-dated *3
	Building Automation	Advanced Automation	Life Automation	Subtotal				
Sales								
Customers	103,399	87,770	32,266	223,436	62	223,499	—	223,499
Inter-segment	495	1,102	276	1,875	31	1,906	(1,906)	—
Total	103,895	88,873	32,543	225,312	93	225,406	(1,906)	223,499
Segment Profit(loss)	10,328	4,158	(127)	14,358	(7)	14,351	(2)	14,348
Segment Assets	61,444	64,219	26,681	152,345	8	152,354	71,121	223,476
Other items								
Depreciation and Amortization	1,022	2,158	845	4,026	0	4,026	—	4,026
Increase in Property, plant and equipment, and Intangible assets	740	1,674	593	3,009	0	3,009	—	3,009

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

*2. Details on adjustments are as follows.

(1) The adjustment of "Segment Profit(loss) (2) million yen" is elimination of inter-segment transactions.

(2) The main contents of the adjustment of "Segment Assets 71,121 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 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.

3.Notice on the changes of the reportable segments

As a result of the our group corporations’ restructuring, organizational reform and management changes, the “importing, buying-in and marketing of inspection and measurement equipment”, which was used to be categorized in “Other”, belongs to “Advanced Automation Business” from the current fiscal year.

The disclosed segment information for the previous fiscal year is reclassified based on the new segmentation of the current fiscal year.

[Related Information]

Fiscal year 2011 (April 1, 2011 to March 31, 2012)

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
203,662	9,978	6,690	1,721	822	624	223,499

(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 sheet, 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 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 sheet, 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.

* In the current fiscal year, overseas sales exceeds 10% of net sales of consolidated statements of income. Consequently, it is disclosed. For the information of the previous fiscal year, as comparative information, it is disclosed based on the same classification of the current fiscal year, although its overseas sales didn't exceed 10% of net sales of consolidated statements of income.

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

Fiscal year 2011 (April 1, 2011 to March 31, 2012) (Millions of yen)

	Reportable segment				Other	Corporate/ Elimination	Total
	Building Automation	Advanced Automation	Life Automation	Subtotal			
Impairment loss	—	—	177	177	—	—	177

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

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

Fiscal year 2011 (April 1, 2011 to March 31, 2012) (Millions of yen)

	Reportable segment				Other	Corporate/ Elimination	Total
	Building Automation	Advanced Automation	Life Automation	Subtotal			
Amortization of goodwill	—	10	1,264	1,274	—	—	1,274
Balance at end of period	—	25	2,578	2,604	—	—	2,604

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

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

Fiscal year 2011 (April 1, 2011 to March 31, 2012)

With regard to Advanced Automation business, we acquired the additional shares of the consolidated subsidiary Royal Controls Co., Ltd. to make it a 100% consolidated subsidiary. Accordingly, Gain on negative goodwill of 197 million yen is posted for this consolidated fiscal year.

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

Non applicable

(Per share information)

Fiscal year 2011 (April 1,2011 to March 31, 2012)		Fiscal year 2012 (April 1,2012 to March 31,2013)	
Net assets per share(Yen)	1,808.48	Net assets per share(Yen)	1,882.66
Net income per share(Yen)	115.35	Net income per share(Yen)	112.50

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 2011 (April 1,2011 to March 31, 2012)	Fiscal year 2012 (April 1,2012 to March 31,2013)
Net income（Millions of yen）	8,518	8,308
Amount not attributable to common stock holders (Millions of Yen)	―	―
Net income relevant to common stock (Millions of Yen)	8,518	8,308
Average number of shares（Thousands of shares）	73,854	73,854

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

Item	As of March 31,2012	As of March 31,2013
Total of net assets（Millions of yen）	135,076	141,197
Amount deducted from the total of net assets (Millions of yen)	1,511	2,155
(of which subscription rights to shares (Millions of yen))	(2)	(2)
(of which minority interests (Millions of yen))	(1,509)	(2,152)
Net assets at the end of the consolidated fiscal year relevant to common stock（Millions of yen）	133,564	139,041
Number of shares of common stock used to determine total net assets per share（Thousands of shares）	73,854	73,853

(Events after the reporting period)

Non applicable

5. Others

(1) Management Changes(effective June 26, 2013)

1) Newly Appointed Auditor

Corporate Auditor　Hideo Sato

2) Retiring Auditor

Corporate Auditor　Kazuo Yamamoto

[Reference]

Azbil Corporation New Management Structure ＜effective June 26, 2013＞

Position	Name	Changes
Chairman	Seiji Onoki	Uncontested
President and CEO	Hirozumi Sone	Uncontested
Director	Tadayuki Sasaki	Uncontested
Director	Makoto Kawai	Uncontested
Director	Keiichi Fuwa	Uncontested
Director	Masato Iwasaki	Uncontested
Director	Makoto Yasuda	Uncontested
Director	Eugene H. Lee	Uncontested
Director	Katsuhiko Tanabe	Uncontested
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	Newly Appointed

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

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

*3. Hideo Sato is candidates to become corporate auditor as prescribed by Item8 of Article 2, paragraph3 of Ordinance for Enforcement of the Companies Act.

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

(2) Other information

Orders received condition

(Millions of Yen)

Reportable segment	Fiscal year 2011 (April 1,2011 to March 31,2012)		Fiscal year 2012 (April 1,2012 to March 31,2013)		Change	
	Orders received	Backlog	Orders received	Backlog	Orders Received	Backlog
Building Automation	113,381	41,310	105,726	39,610	(7,655)	(1,699)
Advanced Automation	89,851	21,993	86,663	20,980	(3,188)	(1,013)
Life Automation	32,441	1,749	40,118	7,873	7,676	6,124
Total of reportable segment	235,675	65,053	232,508	68,464	(3,166)	3,410
Other	94	0	72	0	(21)	(0)
Elimination	(1,848)	(337)	(1,437)	(188)	410	148
Consolidated	233,921	64,717	231,143	68,276	(2,777)	3,559

(Note) From the current fiscal year, the reportable segments have been changed. For the comparison of figures with the previous fiscal year, the previous year’s figures have been reclassified based on the new segments.

For details, please refer to 4. Consolidated financial statements, (5) Notes to the consolidated financial statements (Segment information), 1. The summary of the reportable segments.