Translation

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Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (Based on Japanese GAAP)

May 13, 2015

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
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Scheduled date of ordinary general meeting of shareholders:	June 25, 2015
Scheduled date to file Securities Report:	June 25, 2015
Scheduled date to commence dividend payments:	June 26, 2015
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, 2015 (from April 1, 2014 to March 31, 2015)

(1) Consolidated financial results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2015	254,469	2.4	15,337	10.3	17,141	17.4	7,168	(6.5)
Year ended March 31, 2014	248,416	9.2	13,903	3.7	14,599	0.2	7,669	(7.7)

Note: Comprehensive income Year ended March 31, 2015 15,193 million yen 39.5%
Year ended March 31, 2014 10,892 million yen 3.3%

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2015	97.07	–	4.8	6.6	6.0
Year ended March 31, 2014	103.85	–	5.4	5.9	5.6

Reference: Equity in earnings (losses) of affiliates As of March 31, 2015 (9) million yen
As of March 31, 2014 (6) million yen

(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, 2015	265,718	160,294	59.6	2,143.11
As of March 31, 2014	253,448	144,978	56.5	1,940.56

Note : Shareholders' equity As of March 31, 2015 158,273 million yen
As of March 31, 2014 143,316 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, 2015	13,698	(13,472)	(6,065)	51,920
Year ended March 31, 2014	15,835	(10,669)	(6,939)	55,844

2. Dividends

	Dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (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, 2014	–	31.50	–	31.50	63.00	4,652	60.7	3.3
Year ended March 31, 2015	–	31.50	–	31.50	63.00	4,652	64.9	3.1
Year ending March 31, 2016 (Forecast)	–	33.50	–	33.50	67.00		45.0	

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2015	119,000	2.9	4,700	30.9	4,400	(1.8)	2,000	(7.9)	27.08
Full year	263,000	3.4	18,700	21.9	18,200	6.2	11,000	53.5	148.95

* Notes

(1) Changes in significant subsidiaries during the period

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

New consolidation : None (Company name: －)

Exclusion : None (Company name: －)

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

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

Note: For details, please refer to "5. Consolidated financial statements (5) Notes to the consolidated financial statements" on page 25 of the financial results (appendix).

(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, 2015	75,116,101 shares	As of March 31, 2014	75,116,101 shares

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

As of March 31, 2015	1,263,924 shares	As of March 31, 2014	1,263,194 shares

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

Year ended March 31, 2015	73,852,582 shares	Year ended March 31, 2014	73,853,357 shares

* Description of the situation of the procedures audit results

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

* Regarding the appropriate use of forecast and other special matters

(Attention to the description of the future)

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

The projections of azbil Group are based on currently available information and some reasonable assumptions. Due to various factors, actual results may differ from those discussed in this document. Please see "1. Financial Results (1) Analysis of financial results" on page 2 of the appendix for preconditions underlying these projections and precautions to follow in using these projections.

(How to obtain supplementary material on financial results)

Supplementary material on financial results will be published on the company's website on the same day.

Accompanying Materials

Contents

1. Financial Results

(1) Analysis of financial results

1) Financial results for the current fiscal year

In the current fiscal year, Japan’s economy has in general demonstrated a moderate recovery. It is true there is evidence that the economic virtuous cycle stimulated by government measures may be faltering; this can be explained by the fall in consumer spending triggered by the rise in consumption tax and also by the decline in profits among industries affected by the falling price of oil. Nevertheless, thanks to the yen’s low exchange rate, overseas business has remained buoyant, especially for the manufacturing industry, and it appears that some firms may be repatriating production from abroad.

Turning to overseas economies, growth in Europe has remained subdued, but China’s economy continued to expand, albeit at a reduced speed; the US also achieved growth, underpinned by a robust job market. The overall picture was thus one of moderate growth, despite some uncertainty regarding where the world economy is headed, given the scaling back of quantitative monetary easing and heightened geopolitical risks.

Guided by the philosophy of “human-centered automation”, the azbil Group is focused on achieving the targets of the medium-term plan and has set out three key initiatives [Note 1] and three growth areas [Note 2] for this purpose. We are currently developing our business with unique solutions – only available from the azbil Group – based on products, technologies and services. In the year ended March 31, 2015 (FY2014), these three initiatives were implemented along with various measures, such as business structure reforms that stretch into next year – including reviews of the domestic/overseas business portfolio – and also production structure improvement. A degree of success has been achieved.

Note 1: Three Key Initiatives

- Becoming 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, with global expansion by moving into new regions and making a qualitative change of focus
- Becoming a corporate organization that never stops learning, so that it can continuously strengthen its corporate structure

Note 2: Three Growth Fields

- Next-generation solutions for the indoor spaces of factories, offices, and homes
- Energy management solutions
- Safety solutions

As a result, although orders decreased for the Life Automation (LA) business owing to a deterioration in the business environment overseas, orders increased for the Building Automation (BA) [Note 3] and the Advanced Automation (AA) businesses, and overall orders for the current fiscal year were 266,925 million yen, up 5.7% compared with 252,435 million yen for the previous fiscal year. Similarly, overall sales were 254,469 million yen, up 2.4% compared with 248,416 million yen for the previous fiscal year.

As regards profits, the LA business suffered a fall in income. And there was also an impact from increased R&D expenses and an increase in expenses incurred for the updating of core information systems, etc. However, the BA and AA businesses achieved growth in sales, and initiatives aimed at cost improvement, etc. bore fruit. As a result, operating income was up 10.3% at 15,337 million yen, compared with 13,903 million yen for the previous fiscal year. Ordinary income increased by 17.4% to 17,141 million yen, compared with 14,599 million yen for the previous fiscal year; this was primarily due to foreign exchange gains resulting from the lower value of the yen. As part of the process of strengthening the corporate structure and reforming the business structure to achieve medium- to long-term growth, costs were incurred as a result of reviewing and restructuring businesses; additionally, there was a loss due to impairment. Also recorded was the loss on abolishment of the retirement benefit scheme following changes in the retirement pension plan. Consequently, despite profits from sales of stock associated with the transfer of subsidiary shares, and a reduction in income tax expenses, net income was 7,168 million yen, down 6.5% on the previous fiscal year (7,669 million yen).

Note 3: In addition to the growth in orders in the various fields within the BA business in Japan and abroad, a number of large-scale service contracts that span several years came up for renewal, and the total value of these multi-year contracts, approximately 7,600 million yen, is included in this period's orders.

The results for the individual reportable segments are as follows.

Building Automation (BA) Business

In the domestic market, the economic recovery and a rise in electricity charges prompted growth in demand for power/energy-saving solutions, and this sparked greater investment in construction. Against the backdrop of a favorable business environment that has continued since the second half of the previous fiscal year, sales grew in each field: new buildings, existing buildings, service and security.

In overseas markets, China saw a fall in sales as a result of the slowdown in the property market which has continued since the previous fiscal year. However, this was offset by growth in the Asian region, including Singapore, where progress has been made with the development of local markets. As a result, overall sales were up.

Consequently, BA business sales for the current fiscal year were 114,521 million yen, up 4.5% on the previous fiscal year (109,566 million yen).

Despite increased R&D expenses and extra expenses incurred by the updating of core information systems, segment profit (operating income) was 12,245 million yen, up 15.6% on the previous fiscal year (10,593 million yen). This can be attributed to increased sales in Japan and abroad, especially, to the success of efforts to improve construction profitability, and to the growth the domestic sales of service contracts and of projects involving existing buildings, which were profitable.

Advanced Automation (AA) Business

In the domestic market, capital investment by upstream customers in the materials and other industries was mainly limited to maintenance and replacement. Nevertheless, capital investment has been robust as regards serving the following industries: those involved with the energy switchover; advanced industries involved with high functional materials, electrical/electronics and semiconductors; domestic demand-oriented industries such as food and pharmaceuticals; and also enterprises that supply manufacturing equipment to the aforesaid industries [Note 4]. This reflects national policy and a heightened awareness regarding safety. Also contributing to this result was expanded demand overseas.

Because of this situation, sales of system products continued to be weak for that part of the business that supplies plants, mainly in the materials industry, with everything from field instruments and system products to service. However, measures have been implemented to expand the market centered on the energy switchover, and also to foster repair & maintenance demand. In the field of control products – such as sensors for use in manufacturing equipment – a significant growth in sales was achieved. This was the result of measures taken to expand sales, an improvement in market conditions, and also large-scale project orders. Consequently, sales were up overall for the domestic market.

Abroad, some countries were affected by political uncertainty and a change of political administration. Nevertheless, there was growth in China, the rest of Asia, Europe and the US; this, coupled with the addition of a new subsidiary, led to increased sales overall.

Consequently, AA business sales for the current fiscal year were 94,362 million yen, up 3.9% on the previous fiscal year (90,826 million yen). As in the case of the BA business, there was an increase in expenses; however, sales grew in Japan and abroad, particularly for control products, and thanks also to cost improvements resulting from the expansion of overseas production, segment profit (operating income) was 5,013 million yen, up 26.4% on the previous fiscal year (3,966 million yen).

Note 4: The azbil Group has identified as a growth area the high functional materials, food and pharmaceutical industries, together with the companies that produce manufacturing equipment for the aforesaid industries. These are referred to collectively as HA/FA (Hybrid Automation and Factory Automation), and the azbil Group is actively engaged in growing this HA/FA business.

Life Automation (LA) Business

In the field of gas and water meters, sales of town gas meters and water meters grew, but sales of LP gas meters fell reflecting the demand cycle. Nevertheless, overall sales increased compared with the previous fiscal year.

In the field of residential central air-conditioning systems, an aggressive sales strategy targeting house builders has resulted in sales growth.

In the Life Science Engineering (LSE) field, evidence has just started to appear of an improvement in the orders situation, but both sales and profits fell. This reflects the downturn in orders from the second half of the previous fiscal year to the first half of current fiscal year because of the slowdown and intensified competition in emerging economies. In response, steps have been taken to effect radical structural reinforcement and to make progress with business structure reforms. These include concentrating on core areas, upgrading project management systems, and closing and merging subsidiaries and organizational functions.

In the health, welfare and nursing care field, initiatives designed to win new contracts and deploy a new comprehensive service bore fruit: performance was robust up until the third quarter. However, following the transfer of subsidiary stock in the fourth quarter, [Note 5] sales figures for the current fiscal year were down. The subsidiary performed business in the health, welfare and nursing care field.

Consequently, LA business sales for the current fiscal year were 47,331 million yen, down 4.6% on the previous fiscal year (49,597 million yen). Owing primarily to the recording of losses engendered by lower LSE sales and projects for which profit margins were slim, segment loss (operating loss) was 1,937 million yen. For comparison a loss of 671 million yen was recorded for the previous fiscal year.

Note 5: Azbil Corporation transferred all of its shares in Azbil Care & Support Co., Ltd., a provider of health, welfare and nursing care services, to SOHGO SECURITY SERVICES CO., LTD. as of February 4, 2015.

Other

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

2) Forecast for the next period

Regarding the economic environment in the following period, in Japan compensation of employees are continuing to rise and the enduring low exchange value for the yen is driving an increase in exports. Consequently, growth in capital investment is expected to track the recovery in production and company profits. Accordingly, a gentle recovery in the domestic economy is foreseen. Overseas, growth in Europe is expected to remain subdued owing to such problems as government debt. In the US, however, although capital investment has recently shown signs of sluggishness because of the high exchange value of the dollar, a continued recovery is anticipated against the backdrop of robust consumer spending. In China and the rest of Asia it is expected that growth will continue but at a slower pace.

Guided by the philosophy of “human-centered automation”, the azbil Group established the current medium-term plan in FY2013 and, based on the three key initiatives we have been engaged in business reforms for domestic markets, expanding overseas business, and strengthening the corporate structure. As a result, progress has been made with promoting domestic business that is well positioned to benefit from demand generated by active redevelopment projects and the 2020 Summer Olympics in Tokyo; the system in place for handling such business has also been improved. Additionally, azbil Group resources have been redeployed and optimized to reflect the changing market environment. This will ensure efficient management of resources in the case of mature markets at the same time as shifting resources toward growth markets. The development, production and engineering structures that support global business expansion have also been upgraded. Moreover, domestic and overseas businesses have been subject to feasibility reviews, and for the LA business progress has been made with radical business/operational structural reforms implemented in the field of Life Science Engineering. In FY2015 (the year ending March 31, 2016), we review the business environment of domestic and abroad, as above. And building on what has been achieved so far with business reforms and structural reinforcement, we aim to increase sales and profits.

As shown in the table below, business performance for the next period is forecast as follows: net sales of 263,000 million yen, an increase of 3.4% on the previous fiscal year; operating income of 18,700 million yen (up 21.9%); ordinary income of 18,200 million yen (up 6.2%); and net income of 11,000 million yen (up 53.4%).

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 2014 Actual	Fiscal year 2015 Forecast	Difference	%
Building Automation	Sales	114.5	121.5	6.9	6.1
	Operating income	12.2	12.5	0.2	2.1
Advanced Automation	Sales	94.3	98.0	3.6	3.9
	Operating income	5.0	5.6	0.5	11.7
Life Automation	Sales	47.3	44.5	(2.8)	(6.0)
	Operating income	(1.9)	0.6	2.5	-
Other	Sales	0.0	0.1	0.0	49.9
	Operating income	0.0	0.0	0.0	-
Consolidated	Net Sales	254.4	2,63.0	8.5	3.4
	Operating income	15.3	18.7	3.3	21.9
	Ordinary income	17.1	18.2	1.0	6.2
	Net income	7.1	11.0	3.8	53.4

(2) Analysis of financial position

Analysis of assets, liabilities, net assets and cash flows

(Assets)

Total assets at the end of the current fiscal year were 265,718 million yen, an increase of 12,270 million yen from the previous fiscal year-end. The increase in current assets was mainly due to an increase of 6,434 million yen in cash and deposits compared to the previous fiscal year-end thanks to sales of shares of subsidiaries and associates; and inventories rising by 3,488 million yen as a result of growth in orders. As regards the growth in non-current assets, this was primarily due to investment securities increasing by 5,709 million yen with the rise in the stock market.

(Liabilities)

Total liabilities at the end of the current fiscal year were 105,424 million yen, a decrease of 3,045 million yen from the previous fiscal year-end. This was mainly due to the fact there was a decrease of 8,471 million yen in net defined benefit liability resulting from the adoption of changes to the Retirement Benefits Accounting Standard, despite an increase of 3,718 million yen in deferred tax liabilities related to the adoption of changes to the Retirement Benefits Accounting Standard and the valuation difference on available-for-sale securities, and also an increase of 1,231 million yen in notes and accounts payable-trade, .

(Net assets)

Net assets at the end of the current fiscal year were 160,294 million yen, an increase of 15,315 million yen from the previous fiscal year-end, despite a decrease resulting from a dividend payment. This growth was mainly owing to an increase of 7,298 million yen in retained earnings resulting from the recording of net income in the current fiscal year and adoption of changes to the Retirement Benefits Accounting Standard; and an increase of 4,546 million yen in the valuation difference on available-for-sale securities.

(Cash flows from operating activities)

Cash and cash equivalents (hereinafter, net cash) provided by operating activities in the current fiscal year were 13,698 million yen, a decrease of 2,136 million yen compared with the previous fiscal year. This was mainly due to an increase in notes and accounts receivable-trade and inventories according to an increase in sales, etc.

(Cash flows from investing activities)

Net cash used in investing activities (net increase (decrease)) in the current fiscal year was 13,472 million yen, an increase of 2,802 million yen compared with the previous fiscal year. This was principally due to the acquisition of tangible fixed assets for expanding overseas production structures and also increased expenditures resulting from investment in subsidiaries.

(Cash flows from financing activities)

Net cash used in financing activities (net increase (decrease)) in the current fiscal year was 6,065 million yen, a decrease of 874 million yen compared with the previous fiscal year. This was primarily due to a decrease in loans payable, with the decrease being less than the previous fiscal year, and also a decrease in dividend payments to minority shareholders.

As a result of the above factors, the balance of net cash at the end of the current fiscal year was 51,920 million yen, a decrease of 3,924 million yen from the previous fiscal year-end.

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

The azbil Group places great importance on the distribution of profits to our 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 FY2014 of 63 yen per share, as previously announced. In FY2015 (the year ending March 31, 2016), our intention is to increase the distribution of profits to our shareholders by raising the dividend level. We therefore plan to raise the ordinary dividend by 4 yen per share, making the annual dividend payment 67 yen per share.

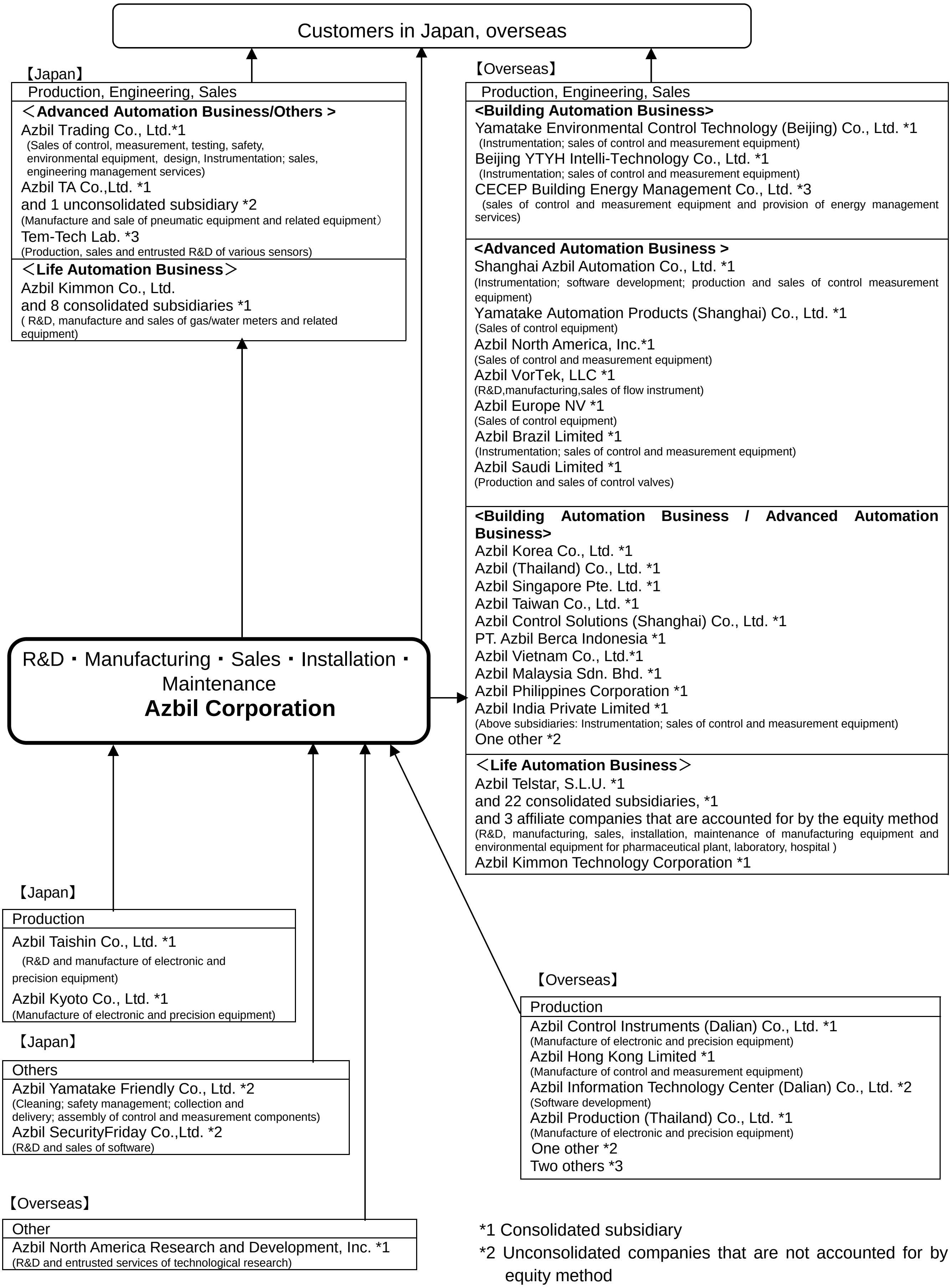
In addition, we will repurchase our own shares. Reflecting the outlook for future business performance, this is intended not only to enhance capital efficiency but also to facilitate further distribution of profits to our shareholders as well as an expeditious capital policy attuned to changes in the corporate environment.

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, 66 subsidiaries and 7 affiliates, and is pursuing "human-centered automation" that aims to realize safety, comfort and fulfillment and contribute to global environmental preservation. The Group operates in three core business segments: Building Automation (BA) business in the building market, Advanced Automation (AA) business in the industrial market, and Life Automation (LA) business in markets closely related to everyday life such as lifelines and healthcare. The BA business develops and manufactures a comprehensive lineup, from building management and security systems to application software, controllers, valves and sensors, and also provides instrumentation design, sales, engineering, maintenance, energy-saving solutions, and operation and management of facilities. The Group also draws on its original environmental control technologies to create comfortable and productive office and factory spaces and to develop business that contributes to environmental load reduction. The AA business is focused on solving issues in the materials industry such as oil, chemical, steel, and pulp and paper, as well as in the processing and assembly industries including automobiles, electrical and electronic, semiconductors and food, through the provision of products, solutions, instrumentation, engineering and maintenance to support the optimum operation of equipment and facilities throughout their lifecycle. The Group develops advanced measurement and control technologies, aims to create production spaces that are safe and enhance human capabilities, and conducts business to create new value through collaboration with customers. The LA business applies measurement, control and metering technologies cultivated over many years in the building and industrial markets, as well as 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.



*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

3. Management Policy

(1) Basic policy for corporate management

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

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

(2) Management metrics

The azbil Group places great importance on its shareholders, and therefore a basic objective is to enhance consolidated ROE in order to increase shareholder value. By enhancing profitability and capital efficiency, we aim to achieve a consolidated ROE of at least 10% by the year ending March 2022 (FY2021) as a long-term target.

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

(3) Medium- to long-term management strategies

While focusing on automation, we have avoided an overconcentration on single markets, and instead we have created a diverse business portfolio; this is made up of the three businesses (BA, AA, LA), each of which is aligned to a different market structure. And we have been striving to expand our business domain by winning new customers and generating synergies within the Group. Nevertheless, in these business fields there are some markets that are mature, making it hard to achieve sustainable growth by offering existing products and services, but then there are other markets that are growing at a rapid pace. Going forward, we will reinforce the foundations of our business while continuing to take steps to ensure enterprise survival. In order to realize further growth we will accurately track changing business opportunities in Japan and overseas, striving to improve our solution proposal capabilities “through our products and collaboration with customers at their site”, viewed from the perspective of business creation. As a long-term partner for customers and communities around the world, we will assuredly supply the sort of value that is only available from the azbil Group.

From FY2015 (the year ending March 31, 2016), the third year of the medium-term plan, we will continue to work together with our customers to meet the emerging needs of society by supplying value unique to the azbil Group. In order to realize this, we will proceed with structural reinforcement and reforms so that we can engage in the three growth areas – namely, “Energy management solutions”, “Next-generation solutions for the indoor spaces of factories, offices, and homes”, and “Safety solutions”. At the same time, as a world-class, comprehensive automation manufacturer aiming at sustainable development – both for our enterprise and for society – we will realize CSR management that actively contributes to society, the environment and the economy through optimized and effective use of the Group’s management resources.

(4) Issues to be tackled

To secure medium- to long-term business growth, the azbil Group is keen to meet the expectations of its shareholders and other stakeholders by striving to continually enhance enterprise value. For this reason, we have set long-term targets for the azbil Group, and we have been working steadily towards achieving those targets. Through the pursuit of “human-centered automation”, we have been emphasizing the three initiatives: (1) aiming to become a long-term partner for both the customer and community through offering solutions based on the technologies and products of our three business fields (BA business, AA business, LA business); (2) implementing global initiatives aimed at expansion into new regions and a qualitative change of focus; and in realizing those initiatives, (3) transforming into a corporate organization that never stops learning. 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. Within Japan, the BA and AA businesses serve what are mature industries. We will therefore put more emphasis on redeploying and optimizing azbil Group resources to reflect the changing market environment, aiming to achieve efficient management of an integrated structure in mature fields, and shifting resources to new growth fields. In order to be sure of benefitting from the expanding demand in markets related to the BA business, and to reinforce the foundation of the service business, we will enhance the job processing system by redeploying personnel within the Group. As regards the upstream fields in the materials and other industries served by the AA business, we will further integrate functions for sales, engineering and service, improving and making more efficient the ways in which we engage with our customers. Meanwhile, to meet the domestic demand from advanced industries – such as the electrical/electronics and semiconductor industries, and the chemical industry that produces high functional materials – as well as from the food and pharmaceutical industries – which are charged with ensuring not only quality but also safety and compliance with stricter regulations – and also from the equipment manufacturers, we will develop new markets by providing the optimum product lineup backed by our life-cycle support capabilities – ranging from engineering through to maintenance services – in our role as professionals with expert knowledge of the manufacturing equipment used on the production lines of the end user. One of these initiatives involves solutions based on the NX Network Instrumentation Module that has been widely adopted in manufacturing facilities; it features advanced control technologies and network functions. Also, as exemplified by the supply of automated solutions that integrate measurement, control, management and reading a meter in the form of an energy

utility meter, we have begun initiatives that transcend the boundaries of not only the BA and AA businesses but also the LA business. Taking optimization of intra-Group resources one step further to reflect changes in the market environment, and while emphasizing "human-centered automation" within each business, we will enhance the comprehensive strengths unique to the azbil Group – from development and production to sales, installation and maintenance service. In this way, we will strive to develop business fields that have not previously been addressed.

2. The LA business, which is the third pillar of the azbil Group's operations, deploys a considerable wealth of measurement, control and metering technologies as well as service expertise in such fields as gas and water meters for lifelines – a business which operates on a different cycle to that of the BA and AA businesses – residential central air-conditioning systems, pharmaceuticals, healthcare and life science research. New initiatives in the LA business are designed to contribute to people's active lives. Many of the businesses that constitute the LA business are new ventures or have at their core a business that was acquired through capital participation in an enterprise outside the Group. At the same time as promoting such new businesses, we are reviewing existing businesses from the perspective of strengthening Group synergies, and also actively pursuing opportunities for radical structural reform and consolidation. In this way we are working to reinforce the business structure. Concrete examples of this are the transfer of all shares in Azbil Care & Support Co., Ltd., to SOHGO SECURITY SERVICES CO., LTD.; the realignment of the Life Science Engineering field – principally, Azbil Telstar, S.L.U. – in the pharmaceutical formulation market; and structural improvement through company consolidation and elimination.
3. In overseas markets, as one example of the further strengthening of business infrastructure to enhance profitability, we are focusing on meeting the particular requirements of local markets – including the growing number of large-scale projects – and training staff to that end. This initiative is being expanded on a global scale. We are accelerating efforts to meet global market needs as demonstrated by the following developments: acquisition by Azbil Singapore Pte Ltd of the top-level (Level 6) license issued by Singapore's Building and Construction Authority (BCA); the start of sales of electromagnetic flowmeters supplied with calibration certificates compliant with international standards; the start of sales of integrated building management systems for large-scale mixed-use facilities overseas; the start of a maintenance service for overseas buildings using remote monitoring; and product manufacturing by Azbil Saudi Limited, as well as the acquisition of international certification for its service and certification by major clients in the kingdom. Furthermore, regarding company management, at the same time as working to strengthen administration and governance in overseas subsidiaries, we are organizing global HR training programs for managers in Japan and abroad, thus enhancing and standardizing azbil Group leadership skills.
4. In order to contribute to business planning, we are reviewing product development programs, setting new product development topics with high priority as regards management and feasibility, and deciding on how to assign resources, from the perspective of management, at every step from planning to execution. In this way, we are progressively engaging in the optimization of development resources within each company in the azbil Group, aiming at accelerating product development in priority fields and enhancing core technologies related to automation. Turning to production, we have worked to further improve a flexible, optimized production system that is able to respond rapidly to ongoing changes in global market requirements and economic fluctuations as well as other business risks. In November 2014, Azbil Saudi Limited, began manufacturing operations at its new factory. By also

providing comprehensive support, from instrumentation work to maintenance, it aims to continue serving its customers throughout the life cycle of their plants. In December 2014, Azbil Production (Thailand) Co., Ltd. completed construction of a new factory and started production of temperature controllers. In future, this company plans to steadily expand its product range to include HVAC controllers and photoelectric sensors.

5. 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 expect future growth in demand domestically and internationally. The Fujisawa Technology Center is the azbil Group's R&D center, and it has been designated as a test bed for ENEOPT energy management solutions. New products under development are actually tested by engineers on site to verify their performance. At the same time, guided tours for customers are regularly organized so as to provide them with opportunities to experience azbil's energy management. We are also planning to introduce ENEOPT at other key Group sites. Through this visualization of electrical power consumption, we are actively engaging in effective energy/power-saving that results in the optimization of energy use in production and office environments. Other related activities include organizing energy-saving seminars in Japan and abroad; taking part in environment-related trade shows and conferences; and making available our own domestic carbon credits to offset the CO_2 emissions resulting from the Shonan International Marathon, an event cosponsored by the azbil Group.
6. The promotion of CSR management has been set out as a goal in the medium-term plan, and the entire Group – including overseas subsidiaries as well as domestic companies – is actively engaged in matters that prioritize: compliance (corporate ethics and legal compliance); risk management (quality, PL, disaster prevention, BCP and information security); management that values people; contributing to the environment; promoting Group management and building a governance structure that ensures higher levels of management fairness, neutral perspective, transparency; and contribution to society. In the current fiscal year, we are especially planning a compliance training program for overseas subsidiaries; initially this will be implemented in priority regions, such as China. 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. 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).

5.Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Assets		
Current assets		
Cash and deposits	52,402	58,837
Notes and accounts receivable - trade	88,227	88,960
Securities	14,937	13,605
Merchandise and finished goods	4,236	5,353
Work in process	5,958	7,009
Raw materials	7,998	9,320
Deferred tax assets	5,403	5,387
Other	10,706	10,087
Allowance for doubtful accounts	(494)	(565)
Total current assets	189,377	197,995
Non-current assets		
Property, plant and equipment		
Buildings and structures	40,831	42,254
Accumulated depreciation	(27,879)	(28,648)
Buildings and structures, net	12,951	13,605
Machinery, equipment and vehicles	19,712	20,263
Accumulated depreciation	(17,187)	(17,308)
Machinery, equipment and vehicles, net	2,525	2,954
Tools, furniture and fixtures	20,226	20,231
Accumulated depreciation	(18,123)	(18,108)
Tools, furniture and fixtures, net	2,102	2,123
Land	6,623	6,617
Leased assets	293	278
Accumulated depreciation	(164)	(130)
Leased assets, net	129	148
Construction in progress	167	249
Total property, plant and equipment	24,501	25,698
Intangible assets		
Right of using facilities	144	144
Software	787	789
Goodwill	8,083	5,601
Other	3,934	4,989
Total intangible assets	12,950	11,524

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Investments and other assets		
Investment securities	16,841	22,551
Long-term loans receivable	125	93
Claims provable in bankruptcy, claims provable in rehabilitation and other	84	57
Deferred tax assets	2,101	874
Other	7,841	7,296
Allowance for doubtful accounts	(375)	(373)
Total investments and other assets	26,618	30,499
Total non-current assets	64,070	67,722
Total assets	253,448	265,718
Liabilities		
Current liabilities		
Notes and accounts payable - trade	41,456	42,687
Short-term loans payable	15,380	15,776
Current portion of bonds	50	30
Income taxes payable	6,247	3,829
Advances received	2,842	2,582
Provision for bonuses	8,600	8,759
Provision for directors' bonuses	109	116
Provision for product warranties	567	484
Provision for loss on order received	370	616
Provision for loss on litigation	—	441
Other	11,732	14,369
Total current liabilities	87,356	89,694
Non-current liabilities		
Bonds payable	40	10
Long-term loans payable	2,215	856
Deferred tax liabilities	815	4,534
Deferred tax liabilities for land revaluation	210	190
Net defined benefit liability	16,636	8,164
Provision for directors' retirement benefits	111	125
Other	1,083	1,847
Total non-current liabilities	21,112	15,729
Total liabilities	108,469	105,424

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Net assets		
Shareholders' equity		
Capital stock	10,522	10,522
Capital surplus	17,197	17,197
Retained earnings	114,275	121,573
Treasury shares	(2,646)	(2,648)
Total shareholders' equity	139,349	146,645
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,978	9,524
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustment	824	2,505
Remeasurements of defined benefit plans	(1,836)	(402)
Total accumulated other comprehensive income	3,966	11,628
Subscription rights to shares	2	—
Minority interests	1,660	2,020
Total net assets	144,978	160,294
Total liabilities and net assets	253,448	265,718

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

(Millions of yen)

	Year ended March,31,2014 (April 1,2013 to March 31,2014)	Year ended March 31,2015 (April 1,2014 to March 31,2015)
Net sales	248,416	254,469
Cost of sales	161,866	164,585
Gross profit	86,549	89,883
Selling, general and administrative expenses	72,645	74,546
Operating income	13,903	15,337
Non-operating income		
Interest income	170	131
Dividend income	299	341
Foreign exchange gains	517	1,770
Real estate rent	51	54
Subsidy income	85	81
Reversal of allowance for doubtful accounts	4	—
Other	184	294
Total non-operating income	1,314	2,673
Non-operating expenses		
Interest expenses	393	461
Commitment fee	21	20
Rent expenses on real estates	62	56
Office transfer expenses	34	73
Share of loss of entities accounted for using equity method	6	9
Provision of allowance for doubtful accounts	—	119
Other	99	126
Total non-operating expenses	617	869
Ordinary income	14,599	17,141
Extraordinary income		
Gain on sales of non-current assets	9	244
Gain on sales of shares of subsidiaries and associates	—	1,606
Compensation income	506	131
Gain on sales of investment securities	43	53
Total extraordinary income	559	2,036
Extraordinary losses		
Loss on sales and retirement of non-current assets	63	149
Impairment loss	35	2,669
Loss on abolishment of retirement benefit plan	—	2,885
Loss on reversal of foreign currency translation adjustment due to liquidation of a foreign subsidiary	—	899
Restructuring loss	358	449
Provision for loss on litigation	—	441
Loss on valuation of investment securities	133	70
Loss on sales of investment securities	19	0
Total extraordinary losses	609	7,565
Income before income taxes and minority interests	14,549	11,612
Income taxes - current	6,663	4,425
Income taxes - deferred	237	(232)
Total income taxes	6,900	4,193
Income before minority interests	7,648	7,419
Minority interests in income (loss)	(21)	250
Net income	7,669	7,168

(Consolidated statements of comprehensive income)

(Millions of yen)

	Year ended March,31,2014 (April 1,2013 to March 31,2014)	Year ended March 31,2015 (April 1,2014 to March 31,2015)
Income before minority interests	7,648	7,419
Other comprehensive income		
Valuation difference on available-for-sale securities	1,202	4,546
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	2,041	1,794
Remeasurements of defined benefit plans, net of tax	―	1,434
Total other comprehensive income	3,244	7,774
Comprehensive income	10,892	15,193
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,648	14,829
Comprehensive income attributable to minority interests	243	363

(3) Consolidated statements of changes in net assets

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

(Millions of yen)

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

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

Fiscal year 2014 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,522	17,197	114,275	(2,646)	139,349
Cumulative effects of changes in accounting policies			5,148		5,148
Restated balance	10,522	17,197	119,423	(2,646)	144,497
Changes of items during period					
Dividends of surplus			(4,652)		(4,652)
Net income			7,168		7,168
Change of scope of consolidation			(366)		(366)
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		0		0	0
Transfer to capital surplus from retained earnings					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	2,149	(2)	2,147
Balance at end of current period	10,522	17,197	121,573	(2,648)	146,645

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	4,978	0	824	(1,836)	3,966	2	1,660	144,978
Cumulative effects of changes in accounting policies								5,148
Restated balance	4,978	0	824	(1,836)	3,966	2	1,660	150,127
Changes of items during period								
Dividends of surplus								(4,652)
Net income								7,168
Change of scope of consolidation								(366)
Purchase of treasury shares								(2)
Disposal of treasury shares								0
Transfer to capital surplus from retained earnings								—
Net changes of items other than shareholders' equity	4,546	(0)	1,681	1,434	7,661	(2)	360	8,019
Total changes of items during period	4,546	(0)	1,681	1,434	7,661	(2)	360	10,166
Balance at end of current period	9,524	—	2,505	(402)	11,628	—	2,020	160,294

(4) Consolidated statements of cash flows

(Millions of yen)

	Year ended March,31,2014 (April 1,2013 to March 31,2014)	Year ended March 31,2015 (April 1,2014 to March 31,2015)
Cash flows from operating activities		
Income before income taxes and minority interests	14,549	11,612
Depreciation	3,722	3,784
Amortization of goodwill	1,871	1,850
Increase (decrease) in allowance for doubtful accounts	188	51
Increase (decrease) in net defined benefit liability	1,312	(1,724)
Increase (decrease) in provision for bonuses	732	196
Increase (decrease) in provision for directors' bonuses	13	7
Increase (decrease) in provision for loss on litigation	—	441
Interest and dividend income	(470)	(472)
Interest expenses	393	461
Foreign exchange losses (gains)	(596)	(1,334)
Loss (gain) on sales and retirement of property, plant and equipment	53	(95)
Impairment loss	35	2,669
Loss on abolishment of retirement benefit plan	—	2,885
Loss on reversal of foreign currency translation adjustment due to liquidation of a foreign subsidiary	—	899
Loss on business restructuring	358	449
Loss (gain) on sales of shares of subsidiaries and associates	—	(1,606)
Compensation income	(506)	(131)
Loss (gain) on sales and valuation of investment securities	109	17
Decrease (increase) in notes and accounts receivable - trade	2,630	(351)
Decrease (increase) in inventories	(846)	(2,977)
Increase (decrease) in notes and accounts payable - trade	(340)	456
Decrease (increase) in other assets	(1,090)	438
Increase (decrease) in other liabilities	(765)	3,228
Subtotal	21,355	20,758
Interest and dividend income received	468	464
Interest expenses paid	(390)	(461)
Proceeds from compensation	506	131
Payments for business restructuring	(158)	(342)
Income taxes paid	(5,946)	(6,851)
Net cash provided by (used in) operating activities	15,835	13,698

(Millions of yen)

	Year ended March,31,2014 (April 1,2013 to March 31,2014)	Year ended March 31,2015 (April 1,2014 to March 31,2015)
Cash flows from investing activities		
Payments into time deposits	(2,856)	(11,519)
Proceeds from withdrawal of time deposits	4,198	6,170
Purchase of securities	(16,700)	(33,500)
Proceeds from sales of securities	9,845	30,000
Purchase of trust beneficiary right	(13,301)	(13,971)
Proceeds from sales of trust beneficiary right	12,998	14,026
Purchase of property, plant and equipment	(2,650)	(4,463)
Proceeds from sales of property, plant and equipment	253	561
Purchase of intangible assets	(2,091)	(1,590)
Proceeds from sales of intangible assets	18	17
Purchase of investment securities	(26)	(76)
Proceeds from sales of investment securities	249	137
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	2,373
Purchase of shares of subsidiaries and associates	(40)	(15)
Purchase of investments in capital of subsidiaries	—	(1,637)
Other, net	(566)	15
Net cash provided by (used in) investing activities	(10,669)	(13,472)
Cash flows from financing activities		
Increase in short-term loans payable	4,307	5,393
Decrease in short-term loans payable	(3,518)	(4,806)
Proceeds from long-term loans payable	87	380
Repayments of long-term loans payable	(2,421)	(2,064)
Redemption of bonds	(80)	(50)
Cash dividends paid	(4,651)	(4,650)
Repayments of lease obligations	(64)	(50)
Cash dividends paid to minority shareholders	(596)	(214)
Purchase of treasury shares	(2)	(2)
Proceeds from sales of treasury shares	0	0
Net cash provided by (used in) financing activities	(6,939)	(6,065)
Effect of exchange rate change on cash and cash equivalents	1,532	1,431
Net increase (decrease) in cash and cash equivalents	(241)	(4,407)
Cash and cash equivalents at beginning of period	56,050	55,844
Increase in cash and cash equivalents from newly consolidated subsidiary	36	483
Cash and cash equivalents at end of period	55,844	51,920

(5) Notes to the consolidated financial statements:

(Notes regarding assumptions of continuing operations)

Non applicable

(Changes in accounting standards)

(Application of Accounting Standard for Retirement Benefits, etc.)

"Accounting Standard for Retirement Benefits" (ASBJ statement No. 26, May 17, 2012; hereinafter called "the Retirement Benefits Accounting Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ guidance No. 25, March 26, 2015; hereinafter called "the Retirement Benefits Application Guidance") were applied from the current fiscal year, regarding Section 35 of the Retirement Benefits Accounting Standard and Section 67 of the Retirement Benefits Application Guidance. The method is changed to the benefit formula basis. For the method of determining the discount rate, a single weighted average discount rate which reflects the estimated period and amount of benefit payment, is used.

As for the application of the Retirement Benefits Accounting Standard, etc., effect of the changes in calculation method of retirement benefit obligations and service costs were posted in retained earnings at the beginning of the current fiscal year, in accordance with the provision for transitional handling set forth in Section 37 of the Retirement Benefits Accounting Standard.

As a result, net defined benefit liabilities decreased 7,985 million yen and retained earnings increased 5,148 million yen at the beginning of the current fiscal year. This produces minor effects on the operating income, ordinary income, and income before income taxes and minority interests for the current term.

Also, net assets per share of the current fiscal year increased 69.72 yen.

(Segment information)

1.The summary of the reportable segments

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

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

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

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

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

(Millions of yen)

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

*1. “Other” includes insurance agent business.

*2. Details on adjustments are as follows.

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

(2) The main contents of the adjustment of "segment assets 83,858million 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 2014(April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable Segment				Other *1	Total	Adjustment *2	Consolidated *3
	Building Automation	Advanced Automation	Life Automation	Subtotal				
Sales								
Customers	114,097	93,131	47,178	254,408	60	254,469	－	254,469
Inter-segment	423	1,230	152	1,806	5	1,812	(1,812)	－
Total	114,521	94,362	47,331	256,214	66	256,281	(1,812)	254,469
Segment Profit (loss)	12,245	5,013	(1,937)	15,321	17	15,339	(1)	15,337
Segment Assets	65,550	69,879	36,011	171,441	6	171,448	94,270	265,718
Other Items								
Depreciation and Amortization	935	1,708	1,140	3,784	0	3,784	－	3,784
Increase in Property, plant and equipment, and Intangible assets	1,581	4,016	703	6,301	0	6,301	－	6,301

*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 94,270 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. Disclosure of changes, etc. in reportable segments

As regards the emergency alert response and nursing care services within the LA business, in February 2015 all shares in Azbil Care & Support Co., Ltd., which had been a consolidated subsidiary, were transferred. The income of Azbil Care & Support Co., Ltd. until the third quarter of the consolidated cumulative period has been included in the LA business results.

[Related Information]

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

1. Information by product and service

The information disclosed is identical to the segment information. It is therefore omitted.

2. Information by region

(1) Sales

(Millions of yen)

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

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

(2) Property, plant and equipment

The value of domestic property, plant and equipment exceed 90% of the value of the property, plant and equipment on the consolidated balance sheets, so this information is omitted.

3. Information by principal client

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

Fiscal year 2014 (April 1, 2014 to March 31, 2015)

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
207,713	18,353	9,630	4,194	10,244	4,333	254,469

(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
21,373	1,675	1,173	61	674	740	25,698

(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 statements of income, so this information is omitted.

[Information on impairment loss in non-current assets by reportable segment]
Fiscal year 2013 (April 1, 2013 to March 31, 2014)

(Millions of yen)

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

Fiscal year 2014 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable segment				Other	Corporate/ Elimination	Total
	Building Automation	Advanced Automation	Life Automation	Subtotal			
Impairment loss	396	406	1,866	2,669	−	−	2,669

[Information on amortization of goodwill and unamortized balance by reportable segment]
Fiscal year 2013 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Reportable segment				Other	Corporate/ Elimination	Total
	Building Automation	Advanced Automation	Life Automation	Subtotal			
Amortization of goodwill	158	314	1,399	1,871	−	−	1,871
Balance at the end of period	554	1,303	6,225	8,083	−	−	8,083

Fiscal year 2014 (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable segment				Other	Corporate/ Elimination	Total
	Building Automation	Advanced Automation	Life Automation	Subtotal			
Amortization of goodwill	174	355	1,321	1,850	−	−	1,850
Balance at the end of period	−	837	4,763	5,601	−	−	5,601

[Information on profits resulting from negative goodwill by reportable segment]
Fiscal year 2013 (April 1, 2013 to March 31, 2014)
Non applicable

Fiscal year 2014 (April 1, 2014 to March 31, 2015)
Non applicable

(Per share information)

Item	Fiscal year 2013 (April 1,2013 to March 31, 2014)	Fiscal year 2014 (April 1,2014 to March 31,2015)
Net assets per share(Yen)	1,940.56	2,143.11
Net income per share(Yen)	103.85	97.07

Note 1. In the fiscal year 2014, net income per share after adjusting for latent shares is not presented. Although latent shares exist in the fiscal year 2013, 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 2013 (April 1,2013 to March 31, 2014)	Fiscal year 2014 (April 1,2014 to March 31,2015)
Net income (Millions of yen)	7,669	7,168
Amount not attributable to common stock holders (Millions of yen)	–	–
Net income relevant to common stock (Millions of yen)	7,669	7,168
Average number of shares (Thousands of shares)	73,853	73,852

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

Item	Fiscal year 2013 (April 1,2013 to March 31, 2014)	Fiscal year 2014 (April 1,2014 to March 31,2015)
Total of net assets (Millions of yen)	144,978	160,294
Amount deducted from the total of net assets (Millions of yen)	1,662	2,020
(Of which subscription rights to shares (Millions of yen))	(2)	(–)
(Of which minority interests (Millions of yen))	(1,660)	(2,020)
Net assets at the end of the consolidated fiscal year relevant to common stock (Millions of yen)	143,316	158,273
Number of shares of common stock used to determine total net assets per share (Thousands of shares)	73,852	73,852

4. As described in (5)Notes to the consolidated financial statements: (Changes in accounting standards), we have adopted the Retirement Benefits Accounting Standard, etc. and in accordance with the provision for transitional handling set forth in section 37 of the Retirement Benefits Accounting Standard. As a result, net assets per share of the current consolidated accounting periods increased 69.72 yen.

(Significant subsequent event)

Non applicable

6. Others

(1) Management Changes(effective June 25, 2015)

1) Newly Appointed Corporate Auditor

Corporate Auditor Hisaya Katsuta
Corporate Auditor Mitsuhiro Nagahama
Corporate Auditor Shigeru Morita

2) Retiring Corporate Auditor

Corporate Auditor Kensei Sukizaki
Corporate Auditor Jyunichi Asada
Corporate Auditor Hideo Sato

[Reference]

Azbil Corporation New Management Structure ＜effective June 25, 2015＞

Position	Name	Changes
Chairman	Seiji Onoki	Uncontested
President and CEO	Hirozumi Sone	Uncontested
Director	Tadayuki Sasaki	Uncontested
Director	Keiichi Fuwa	Uncontested
Director	Masato Iwasaki	Uncontested
Director	Yoshimitsu Hojo	Uncontested
Director	Eugene H. Lee	Uncontested
Director	Katsuhiko Tanabe	Uncontested
Director	Takeshi Ito	Uncontested
Full-time Corporate Auditor	Tomohiko Matsuyasu	Reappointed
Full-time Corporate Auditor	Hisaya Katsuta	Newly Appointed
Corporate Auditor	Kinya Fujimoto	Reappointed
Corporate Auditor	Mitsuhiro Nagahama	Newly Appointed
Corporate Auditor	Shigeru Morita	Newly Appointed

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

*2. Kinya Fujimoto, Mitsuhiro Nagahama and Shigeru Morita are candidates to become outside auditors as prescribed by Item 2 of Article 3, paragraph 8 of Ordinance for Enforcement of the Companies Act.

(2) Other information

Orders received condition

(Millions of yen)

Reportable segment	Fiscal year 2013 (April 1,2013 to March 31,2014)		Fiscal year 2014 (April 1,2014 to March 31,2015)		Change	
	Orders received	Backlog	Orders received	Backlog	Orders received	Backlog
Building Automation	108,432	38,476	122,614	46,569	14,182	8,093
Advanced Automation	93,105	23,259	97,605	26,502	4,500	3,242
Life Automation	52,628	10,904	48,462	12,036	(4,165)	1,131
Total of reportable segment	254,165	72,640	268,682	85,108	14,516	12,467
Other	66	0	66	0	(0)	0
Elimination	(1,797)	(345)	(1,823)	(356)	(26)	(11)
Consolidated	252,435	72,295	266,925	84,751	14,490	12,456