



# Consolidated Financial Results for the Second Quarter Ended September 30, 2009

October 30, 2009

Company name : Yamatake Corporation  
 URL : <http://jp.yamatake.com/>  
 Stock exchange listing : Tokyo Stock Exchange 1<sup>st</sup> Section (CODE 6845)  
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Notes: 1. The Japanese financial accounting standards are applied for this statement of accounts.  
 2. Amounts indicated are rounded down.

## 1. Results for the Second quarter ended September 30, 2009 (April 1, 2009 to September 30, 2009)

### (1) Consolidated financial results (Cumulative)

(Percentage shows the increase/(decrease) from the previous period.)

	Sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2009	93,468	(16.2)	1,487	(77.6)	1,418	(78.6)	(207)	—
Six months ended September 30, 2008	111,491	—	6,653	—	6,624	—	3,312	—

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2009	(2.82)	—
Six months ended September 30, 2008	44.25	—

### (2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity to net assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2009	203,507	124,923	60.6	1,671.19
As of March 31, 2009	220,845	124,983	55.9	1,672.91

Note : Shareholders' equity As of September 30, 2009 123,426 million yen  
 As of March 31, 2009 123,554 million yen

## 2. Dividends

	Dividends per Share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year 2008	—	31.00	—	31.00	62.00
Fiscal year 2009	—	31.00	—	—	—
Fiscal year 2009 (Forecast)	—	—	—	31.00	62.00

Note : Revision of dividends forecast for during this period : No

**3. Forecast of consolidated financial results for the fiscal year ending March 31, 2010  
(April 1, 2009 to March 31, 2010)**

(Percentage shows the increase/(decrease) from the previous fiscal year.)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year 2009	212,000	(10.2)	10,600	(40.6)	10,500	(38.8)	5,500	(42.3)	74.47

Note : Revision of consolidated financial results forecast for during this period : Yes

**4. Other**

**(1) Changes in significant subsidiaries during the period  
(changes in specified subsidiaries due to changes in the scope of consolidation) : No**

**(2) Adoption of simplified accounting methods and accounting methods specific  
to preparation of the quarterly consolidated financial statements : No**

**(3) Changes in accounting principles, procedures and disclosure methods etc., preparing for  
the quarterly consolidated financial statements (Those to be stated as changes in basis of  
presenting quarterly consolidated financial statements)**

1. Changes associated with revision in accounting standards : Yes

2. Other Changes : No

Note: For more details, refer to "4 Other" in Qualitative Information and Financial Statements, etc.  
on page 9.

**(4) Number of shares issued (common stock)**

1. Number of shares issued (including treasury stock)

As of September 30, 2009 75,116,101 shares

As of March 31, 2009 75,116,101 shares

2. Number of Treasury stock

As of September 30, 2009 1,260,500 shares

As of March 31, 2009 1,260,121 shares

3. Average number of shares (cumulative quarterly period)

Six months ended September 30, 2009 73,855,915 shares

Six months ended September 30, 2008 75,854,172 shares

\* Regarding the appropriate use of forecast and other special matters

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.

**(Reference) Non-consolidated**

**Forecast of non-consolidated financial results for the fiscal year ending March 31, 2010**

**(April 1, 2009 to March 31, 2010)**

(Percentage shows the increase/(decrease) from the previous fiscal year.)

	Sales		Operating income		Ordinary income		Net income		Net income per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Fiscal year 2009	159,000	(10.0)	10,300	(35.3)	10,400	(36.3)	6,000	(39.3)	81.24	

Note : Revision of non-consolidated financial results forecast for during this period : Yes

## **[Qualitative Information and Financial Statements]**

### **1. Qualitative information on consolidated financial results**

In the second quarter cumulative consolidated accounting period Japan's economy did show indications of a rally in manufacturing and exports, but worsening corporate earnings contributed to a further slump in capital investment. This, together with such factors as a marked deterioration in the employment situation, meant that business conditions continued to be difficult. Although there have been signs of recovery in China and other Asian countries, economic conditions in Europe and North America were as severe as ever and the outlook is still difficult. For the azbil Group, the business environment continued to be challenging, but the impact of the economic downturn on the Building Automation (BA) and Life Automation (LA) businesses has been comparatively moderate. The BA business has benefited from heightened demand for refurbishing large buildings, principally offices, in order to reduce CO<sub>2</sub> emissions and save energy; this follows a tightening of environment-related regulations. The LA business is less sensitive to economic conditions since the bulk of its business is driven by periodic demand for the replacement of gas and water meters. Furthermore, the manufacturing industry has completed its round of inventory adjustments and thus output is starting to recover. This, together with the effect of the government's economic stimulus program, has meant that signs of recovery are starting to appear in certain markets. Nevertheless, overall there is still a clear awareness of production equipment overcapacity in the manufacturing industry, so it is considered that more time is needed before an increase in capital investment demand can be expected. This situation has meant that the Advanced Automation (AA) business could not avoid suffering a sharp decline, compared with the same period last year, amidst testing economic conditions.

Having designated the 3-year period from FY2007 to FY2009 as the "period for firmly establishing the foundation" for attaining the Group's mission, the azbil Group has been engaged in reforms of both its business and operational structures in order to strengthen its profit base and expand its business domains. It should be noted that from the outset of the current fiscal year a difficult business climate was expected; therefore, efforts have been made to curb expenditure, and the whole Group is united in strengthening the business structure, enabling it to respond more flexibly to changes in the business environment. Nevertheless, the azbil Group sales for the second quarter cumulative consolidated accounting period were 93,468 million yen, an unavoidable decline of 16.2% on the same period last year. Turning to profits, despite the above-mentioned efforts, concerted and continuing, to implement reforms aimed at curbing expenditure and strengthening the profit base, operating income was 1,487 million yen, down 77.6% on the same period last year, and ordinary income was 1,418 million yen, down 78.6% on the same period last year. Net loss for the quarter was 207 million yen (a net profit of 3,312 million yen was recorded for the same period last year).

The results for the each of Group's business segments are as follows:

### **Building Automation Business**

Within Japan, as a result of the economic downturn the markets for new and existing buildings have been sluggish, particularly for sales of HVAC equipment and systems for factories, thus making for a challenging business environment. But for the service business, despite suffering some impact from the recession, efforts at market expansion bore fruit and sales remained robust. Nevertheless, the BA business as a whole was unable to avoid a decline in sales. Internationally, overseas affiliates made steady progress in developing their local markets, yet sales decreased as a result of the global economic downturn and the cutbacks in investments made by Japanese companies operating abroad.

As a result, sales for the BA business in the second quarter cumulative consolidated accounting period were 39,989 million yen, a drop of 4.6% on the same period last year. Profitability was adversely impacted not only by reduced sales, but also by an increase in fixed costs following staff reassignments from within the azbil Group to the BA workforce – a move aimed at strengthening the service business – and by the effect of acquisition of a new consolidated subsidiary. Consequently, an operating income of 2,009 million yen was recorded, representing a fall of 39.6% on the same period last year.

### **Advanced Automation Business**

As regards the business climate affecting the manufacturing industry, following the sudden downturn that started in the second half of the previous fiscal year, encouraging signs did appear in some markets, including progress made with inventory adjustment and a recovery in demand in China. Yet, overall, production levels continued to be depressed, and companies continued to freeze or cutback on capital investment. In Japan, some improvement was evident in electronic components and parts for semiconductor manufacturing equipment, but the pace of recovery has been slow. As a whole, industry performance has been weak and AA business sales in the second quarter cumulative consolidated accounting period fell far short of the figure posted for the same period last year.

Overseas too poor economic conditions continued to prevail, resulting in decreased sales, as in Japan. As a result, sales for the AA business in the second quarter cumulative consolidated accounting period were 34,347 million yen, a decrease of 27.5% on the same period last year. Despite making concerted efforts to reduce expenditure and realizing a substantial reduction in fixed costs through implementing such measures as large-scale reassignment of AA human resources within the azbil Group, the impact of this fall in sales was considerable and as a result operating loss was 711 million yen (an operating profit of 3,409 million yen was recorded for the same period last year).

### **Life Automation Business**

The LA business is composed of several fields with differing business environments. Kimmon Manufacturing – a company that plays a central role in the Lifeline field and accounts for the bulk of LA business sales – suffered a fall in sales due to the impact of the economic downturn both on replacement demand for residential gas and water meters and on sales of city gas meters for industrial use.

The business conditions facing the Life Assist field – with its nursing care and emergency response

services – continued to be challenging owing to such factors as cutbacks in welfare budgets by local governments. However, as a result of a proactive sales drive that increased the number of emergency response service contracts, sustained efforts to expand the service menu, and the beneficial effect of the revised nursing-care benefits, sales was up on the same period last year.

Consequently, sales for the LA business in the second quarter cumulative consolidated accounting period were 17,755 million yen, a decrease of 4.8% on the same period last year. However, the fall in sales was offset by the effect of the Kimmon-Yamatake Jump-up Plan – aimed at enhancing Kimmon Manufacturing's profit base – and by the improved profits of companies in the Life Assist field. As a result, operating income was thus 281 million yen (an operating loss of 84 million yen was recorded for the same period last year).

### **Other Businesses**

In Other businesses (the importing, buying-in and marketing of inspection and measurement equipment), sales of 2,114 million yen were posted, 49.2% down on the same period last year. An operating loss of 88 million yen was posted, representing a deterioration of 86 million yen on the same period last year (an operating loss of 2 million yen was recorded for the same period last year).

## **2. Qualitative information on consolidated financial position**

### **(1). Financial condition**

#### (Assets)

At the end of the second quarter of fiscal year 2009, assets decreased 17,338 million yen compared to the end of last year. Total assets stood at 203,507 million yen. The main factor was the decrease in notes and accounts receivable-trade of 16,701 million yen.

#### (Liabilities)

At the end of the second quarter of fiscal year 2009, liabilities decreased 17,278 million yen compared to the end of last year. Total liabilities stood at 78,584 million yen. The main factors were the decrease in notes and accounts payable-trade of 9,319 million yen and the decrease in income taxes payable of 4,481 million yen as a result of income taxes paid.

#### (Net assets)

At the end of the second quarter of fiscal year 2009, net assets decreased 60 million yen compared to the end of last year. Net assets stood at 124,923 million yen. This principally reflects the fall in retained earnings due to dividends paid despite the increase in valuation difference on available-for-sale securities. As a result, shareholder's equity to net assets became to 60.6% compared with 55.9% at the end of last year. Net assets per share was 1,671.19 yen compared with 1,672.91 yen at the end of last year.

## **(2) Cash flows**

### **Cash flow from operating activities**

Net cash provided by operating activities in the second quarter cumulative consolidated accounting period increased 5,687 million yen. This resulted in a decrease of 5,011 million yen compared to the same period last year. The main factor was the impact of a decrease in income before income taxes and minority interests.

### **Cash flow from investing activities**

Net cash provided by investing activities in the second quarter cumulative consolidated accounting period increased 483 million yen (an outflow of 10,171 million yen for the same period last year). The main factors were the impact of an increase in sales of short-term investment securities and a decrease in purchase of property, plant and equipment.

### **Cash flow from financing activities**

Net cash used in financing activities in the second quarter cumulative consolidated accounting period was 3,723 million yen, an increase of 681 million yen compared to the same period last year. The main factor was the repayment of short-term and long-term loans payable.

As a result, cash and cash equivalents at the end of the second quarter cumulative consolidated accounting period stood at 47,098 million yen, an increase of 2,777 million yen compared to the end of last year.

### 3. Qualitative information on forecast of consolidated financial results

The results for the azbil Group for the second quarter cumulative consolidated accounting period, as detailed above in the section titled "Qualitative information on consolidated financial results," represent an unavoidable decline in both sales and profits. However, performance in the second half is expected to be very close to that of the initial plan; furthermore, continued and concerted efforts will be made to strengthen the business structure. Given this situation, the results forecast for the current business year are as detailed below.

These projections are based on management's assumptions, intent and expectations in light of the information currently available to it, and actual results may differ owing to various factors.

(Hundred millions of yen)

		Revised plan	Initial plan on May 8, 2009	Difference	%	(Reference) FY2008
Building Automation	Sales	975	970	5	0.5	1,003
	Operating income	105	110	(5)	(4.5)	130
Advanced Automation	Sales	770	830	(60)	(7.2)	936
	Operating income	(2)	3	(5)	-	49
Life Automation	Sales	340	350	(10)	(2.9)	359
	Operating income	3	3	-	-	(1)
Others	Sales	50	45	5	11.1	79
	Operating income	0	0	-	-	(0)
Consolidated	Sales	2,120	2,175	(55)	(2.5)	2,361
	Operating income	106	115	(9)	(7.8)	178
	Ordinary income	105	113	(8)	(7.1)	171
	Net income	55	60	(5)	(8.3)	95



#### **4. Other**

**(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation) : No**

**(2) Adoption of simplified accounting methods and accounting methods specific to preparation of the quarterly consolidated financial statements : No**

**(3) Changes in accounting principles, procedures and disclosure methods etc., preparing for the quarterly consolidated financial statements**

Changes in standards for the recognition of completed contracts and cost of completed contracts

In terms of standards for the recognition of sales in construction contracts, the Company had previously applied the completed-contract method. However, starting from the first quarter of the current consolidated fiscal year, the Company has applied the "Accounting Standard for Construction Contracts"(ASBJ Statement No. 15, December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, December 27, 2007); and in terms of construction contracts commenced during the first quarter of the current consolidated fiscal year, the percentage of completion method to contracts in progress (percentage of completion shall be estimated based on the cost-to-cost method) is applied to contracts for which the outcome of the construction is deemed certain during the period to the end of the second quarter of the current consolidated fiscal year and the completed-contract method for all other construction contracts.

As a result of this change, net sales increased by 2,938 million yen, and Operating income, Ordinary income and Income before income taxes increased by 1,178 million yen, respectively.

The effects of this change on segment information have been stated in the relevant sections.

## 5. Quarterly consolidated financial statements

### (1) Quarterly consolidated balance sheets

(Millions of yen)

	As of September 30, 2009	As of March 31, 2009
<b>Assets</b>		
Current assets		
Cash and deposits	42,917	37,866
Notes and accounts receivable-trade	58,140	74,842
Short-term investment securities	10,095	14,592
Merchandise and finished goods	3,264	3,725
Work in process	12,117	11,558
Raw materials	5,134	5,954
Other	11,209	12,717
Allowance for doubtful accounts	(304)	(301)
Total current assets	142,573	160,956
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	16,088	16,209
Other, net	12,854	13,627
Total property, plant and equipment	28,943	29,836
Intangible assets		
Goodwill	6,734	6,367
Other	1,879	1,900
Total intangible assets	8,614	8,267
Investments and other assets		
Investment securities	14,656	11,706
Other	9,593	10,749
Allowance for doubtful accounts	(874)	(670)
Total investments and other assets	23,375	21,785
Total noncurrent assets	60,933	59,889
Total assets	203,507	220,845
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	26,657	35,977
Short-term loans payable	14,429	14,473
Income taxes payable	396	4,878
Provision for bonuses	5,677	8,294
Provision for directors' bonuses	64	67
Provision for product warranties	637	429
Provision for loss on order received	342	369
Other	14,144	14,249
Total current liabilities	62,350	78,739

(Millions of yen)

	As of September 30, 2009	As of March 31, 2009
Noncurrent liabilities		
Bonds payable	85	110
Long-term loans payable	1,340	2,129
Provision for retirement benefits	13,139	13,242
Provision for directors' retirement benefits	176	183
Other	1,492	1,457
Total noncurrent liabilities	<u>16,233</u>	<u>17,122</u>
Total liabilities	<u>78,584</u>	<u>95,862</u>
Net assets		
Shareholders' equity		
Capital stock	10,522	10,522
Capital surplus	17,197	17,197
Retained earnings	96,202	98,691
Treasury stock	(2,641)	(2,640)
Total shareholders' equity	<u>121,281</u>	<u>123,771</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,886	873
Foreign currency translation adjustment	(741)	(1,090)
Total valuation and translation adjustments	<u>2,145</u>	<u>(217)</u>
Subscription rights to shares	1	-
Minority interests	1,495	1,429
Total net assets	<u>124,923</u>	<u>124,983</u>
Total liabilities and net assets	<u>203,507</u>	<u>220,845</u>

(2) Quarterly consolidated statements of income  
Six months ended September 30

	(Millions of yen)	
	Six months ended September 30, 2008 April 1, 2008 to September 30, 2008	Six months ended September 30, 2009 April 1, 2009 to September 30, 2009
Net sales	111,491	93,468
Cost of sales	70,709	60,808
Gross profit	40,781	32,659
Selling, general and administrative expenses	34,127	31,172
Operating income	6,653	1,487
Non-operating income		
Interest income	117	57
Dividends income	209	197
Real estate rent	61	43
Subsidy income	—	156
Other	162	88
Total non-operating income	550	542
Non-operating expenses		
Interest expenses	129	108
Foreign exchange losses	151	183
Commitment fee	25	22
Rent expenses on real estates	56	66
Office transfer expenses	145	137
Other	71	92
Total non-operating expenses	579	611
Ordinary income	6,624	1,418
Extraordinary income		
Gain on sales of noncurrent assets	3	0
Total extraordinary income	3	0
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	113	46
Impairment loss	85	27
Loss on valuation of investment securities	54	420
Provision of allowance for doubtful accounts	25	188
Loss on sales of investment securities	—	0
Special extra retirement payments	57	—
Total extraordinary losses	336	683
Income before income taxes and minority interests	6,291	735
Income taxes-current	1,235	265
Income taxes-deferred	1,598	609
Total income taxes	2,834	875
Minority interests in income	145	68
Net income (loss)	3,312	(207)

Three months ended September 30

(Millions of yen)

	Three months ended September 30, 2008 July 1, 2008 to September 30, 2008	Three months ended September 30, 2009 July 1, 2009 to September 30, 2009
Net sales	62,842	54,256
Cost of sales	39,168	34,619
Gross profit	23,674	19,637
Selling, general and administrative expenses	16,941	15,571
Operating income	6,733	4,066
Non-operating income		
Interest income	58	22
Dividends income	16	15
Real estate rent	32	22
Subsidy income	-	85
Other	64	32
Total non-operating income	171	177
Non-operating expenses		
Interest expenses	63	49
Foreign exchange losses	163	168
Commitment fee	13	9
Rent expenses on real estates	32	36
Office transfer expenses	141	44
Other	17	50
Total non-operating expenses	433	358
Ordinary income	6,471	3,884
Extraordinary income		
Gain on sales of noncurrent assets	2	0
Total extraordinary income	2	0
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	94	26
Impairment loss	85	-
Loss on valuation of investment securities	42	417
Provision of allowance for doubtful accounts	36	65
Loss on sales of investment securities	-	0
Total extraordinary losses	259	510
Income before income taxes and minority interests	6,215	3,374
Income taxes-current	1,069	135
Income taxes-deferred	1,513	1,407
Total income taxes	2,582	1,542
Minority interests in income	75	65
Net income	3,556	1,766

## (3) Quarterly consolidated statements of cash flows

	(Millions of yen)	
	Six months ended September 30, 2008 April 1, 2008 to September 30, 2008	Six months ended September 30, 2009 April 1, 2009 to September 30, 2009
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	6,291	735
Depreciation and amortization	2,142	2,252
Amortization of goodwill	625	738
Increase (decrease) in allowance for doubtful accounts	18	243
Increase (decrease) in provision for retirement benefits	(363)	(102)
Increase (decrease) in provision for bonuses	(2,043)	(2,618)
Increase (decrease) in provision for directors' bonuses	(21)	(2)
Interest and dividends income	(326)	(254)
Interest expenses	129	108
Foreign exchange losses (gains)	(20)	29
Loss (gain) on sales and retirement of property, plant and equipment	104	43
Loss (gain) on sales and valuation of investment securities	54	421
Impairment loss	85	27
Decrease (increase) in notes and accounts receivable-trade	17,451	16,710
Decrease (increase) in inventories	(3,288)	787
Increase (decrease) in notes and accounts payable-trade	(5,888)	(9,362)
Decrease (increase) in other assets	316	(251)
Increase (decrease) in other liabilities	607	641
Subtotal	<u>15,874</u>	<u>10,148</u>
Interest and dividends income received	326	263
Interest expenses paid	(129)	(109)
Income taxes paid	(5,372)	(4,613)
Net cash provided by (used in) operating activities	<u>10,699</u>	<u>5,687</u>
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,047)	(571)
Proceeds from withdrawal of time deposits	1,002	459
Purchase of short-term investment securities	(7,736)	(4,348)
Proceeds from sales of short-term investment securities	1,455	6,850
Purchase of trust beneficiary right	-	(5,101)
Proceeds from sales of trust beneficiary right	-	5,762
Purchase of property, plant and equipment	(3,518)	(1,671)
Proceeds from sales of property, plant and equipment	-	7
Purchase of intangible assets	(250)	(162)
Purchase of investment securities	(18)	(17)
Proceeds from sales of investment securities	2	5
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(682)
Purchase of investments in capital of subsidiaries	(95)	-
Other, net	34	(46)
Net cash provided by (used in) investing activities	<u>(10,171)</u>	<u>483</u>
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	1,081	250
Decrease in short-term loans payable	(860)	(324)
Proceeds from long-term loans payable	-	200
Repayment of long-term loans payable	(933)	(1,319)
Redemption of bonds	(55)	(155)
Cash dividends paid	(2,197)	(2,289)
Repayments of lease obligations	(14)	(33)
Cash dividends paid to minority shareholders	(54)	(51)
Purchase of treasury stock	(7)	(0)
Net cash provided by (used in) financing activities	<u>(3,042)</u>	<u>(3,723)</u>
Effect of exchange rate change on cash and cash equivalents	<u>(285)</u>	<u>272</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,800)</u>	<u>2,719</u>
Cash and cash equivalents at beginning of period	49,256	44,321
Increase in cash and cash equivalents from newly consolidated subsidiary	-	58
Cash and cash equivalents at end of period	<u>46,455</u>	<u>47,098</u>

**(4) Notes regarding assumptions of continuing operations** : Non applicable

**(5) Segment information**

**[Business segment information]**

Three months ended September 30, 2008 (July 1, 2008 to September 30, 2008) (Millions of yen)

	Building Automation	Advanced Automation	Life Automation	Others	Total	Elimination/Corporate	Consolidated
Sales							
(1)Customers	24,525	26,598	9,396	2,322	62,842	-	62,842
(2)Inter-segment	87	170	59	24	341	(341)	-
Total	24,613	26,769	9,455	2,347	63,184	(341)	62,842
Operating income (loss)	3,470	3,259	(46)	68	6,752	(19)	6,733

Three months ended September 30, 2009 (July 1, 2009 to September 30, 2009) (Millions of yen)

	Building Automation	Advanced Automation	Life Automation	Others	Total	Elimination/Corporate	Consolidated
Sales							
(1)Customers	23,603	20,363	9,217	1,073	54,256	-	54,256
(2)Inter-segment	122	313	101	32	569	(569)	-
Total	23,725	20,676	9,318	1,105	54,826	(569)	54,256
Operating income (loss)	2,911	979	224	(37)	4,077	(11)	4,066

Six months ended September 30, 2008 (April 1, 2008 to September 30, 2008) (Millions of yen)

	Building Automation	Advanced Automation	Life Automation	Others	Total	Elimination/Corporate	Consolidated
Sales							
(1)Customers	41,773	47,067	18,558	4,092	111,491	-	111,491
(2)Inter-segment	151	312	95	70	630	(630)	-
Total	41,924	47,380	18,654	4,162	112,121	(630)	111,491
Operating income (loss)	3,328	3,409	(84)	(2)	6,651	2	6,653

Six months ended September 30, 2009 (April 1, 2009 to September 30, 2009) (Millions of yen)

	Building Automation	Advanced Automation	Life Automation	Others	Total	Elimination/Corporate	Consolidated
Sales							
(1)Customers	39,823	33,950	17,620	2,072	93,468	-	93,468
(2)Inter-segment	165	396	134	41	737	(737)	-
Total	39,989	34,347	17,755	2,114	94,205	(737)	93,468
Operating income (loss)	2,009	(711)	281	(88)	1,491	(3)	1,487

Note :

1. Classification method of business segments

The business segments have been classified, based on the classifications of the azbil Group used for internal control purposes and by taking into account the product lines and similarities of markets and other factors. The business segments are the Building Automation business, which primarily deals with building automation; the Advanced Automation business, which focuses on process automation, factory automation and the sales of control products; the Life Automation business, which utilizes automation technologies in areas closely related to everyday life and social infrastructure; and Others, which includes all other businesses.



## 2. Main products by business segment

Segment	Main products
Building Automation	Network Building Management System, wide area management system, HVAC system for each type of buildings, Critical Environment System, application package for energy management, security access control system, HVAC controller, plant controller, HVAC control device, wireless sensor, temperature/humidity sensor, energy saving and environment monitoring sensor, Instantaneous Microbial Detection™, HVAC control valve and actuator, building energy management system, maintenance service, consulting service.etc.
Advanced Automation	Distributed control systems, Market-specific solution packages, Energy management systems, Facility diagnosis equipment, Differential pressure transmitters, Electromagnetic flowmeters, Analyzers, Control valves, Controllers, Recorders, Indicators, Converters, Combustion control equipment, Earthquake sensors, Micro Flow™ sensors, Photoelectric sensors, Proximity sensors, Limit switches, Microswitches, Mechanical switches, Electronic air cleaners, Maintenance services, Consulting services.etc.
Life Automation	city gas meters, LP gas meters, water meters, emergency response service, Nursing care service, Commercial-use food waste processing and recycling, Residential central air-conditioning system.etc.
Others	Precision Machine Tools, Dedicated Assembly Machines, Processing Machines, Measuring Instruments, Various Control Products.etc.

## 3. Changes in accounting principles and procedures

(Six months ended September 30, 2009)

As stated on (3) Changes in accounting principles, procedures and disclosure methods etc., preparing for the quarterly consolidated financial statements of 4. other of qualitative Information and financial statements, The company have applied the "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, December 27, 2007). And in terms of construction contracts commenced during the first quarter of the current consolidated fiscal year, the percentage of completion method to contracts in progress (percentage of completion shall be estimated based on the cost-to-cost method) is applied to contracts for which the outcome of the construction is deemed certain during the period to the end of the second quarter of the current consolidated fiscal year and the completed-contract method for all other construction contracts.

As a result of this change, net sales increased by 2,262 million yen, 675 million yen for BA and AA, respectively. And operating income increased by 1,012 million yen for BA. Operating loss decreased by 166 million yen for AA.

#### 4. Supplementary information

(Six months ended September 30, 2008)

As stated on (3) Changes in accounting principles, procedures and disclosure methods etc., preparing for the quarterly consolidated financial statements of 4. other of qualitative information and financial statements, from current fiscal year, accompanying revisions in Japan's income tax law in fiscal year 2008, the Company and its domestic consolidated subsidiaries have revised the useful lives of their machinery and equipment. Based on this, the useful lives of machinery and equipment included among property, plant and equipment have been changed.

As a result of this change, operating expense increased by 8 million yen, 81 million yen, 13 million yen and 3 million yen for BA, AA, LA and Others, respectively. Operating income decreased by the same amount of increase in operating expense for BA, AA, and Others, respectively. Operating loss increased by the same amount of increase in operating expense for LA.

#### **[Geographic segment information]**

Six months ended September 30, 2008 (April 1, 2008 to September 30, 2008) and Six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)

Since domestic sales account for the more than 90% of the total sales of all segments, the notation of geographic segment information has been omitted.

#### **[Overseas sales]**

Six months ended September 30, 2008 (April 1, 2008 to September 30, 2008) and Six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)

Since overseas sales account for less than 10% of consolidated sales, the notation of overseas sales has been omitted.

#### **(6) Notes if there is a remarkable change in the amount of shareholders' equity**

Six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)

Non applicable

## 6. Other information

### Order condition

#### Three months

(Millions of Yen)

Business segment	Three months ended September 30, 2008 (July 1, 2008 to September 30, 2008)		Three months ended September 30, 2009 (July 1, 2009 to September 30, 2009)		Change			
	Orders	Backlog	Orders	Backlog	Orders		Backlog	
					Amount	Ratio (%)	Amount	Ratio (%)
Building Automation	24,191	58,103	23,210	57,540	(981)	(4.1)	(562)	(1.0)
Advanced Automation	27,763	30,874	18,171	23,809	(9,591)	(34.5)	(7,064)	(22.9)
Life Automation	9,313	1,946	9,216	2,179	(96)	(1.0)	233	12.0
Others	2,034	1,583	1,306	1,610	(728)	(35.8)	27	1.7
Total	63,303	92,507	51,904	85,140	(11,399)	(18.0)	(7,366)	(8.0)
Elimination	(604)	(494)	(396)	(214)	208	-	279	-
Consolidated	62,699	92,013	51,507	84,926	(11,191)	(17.8)	(7,087)	(7.7)

#### Six months

(Millions of Yen)

Business segment	Six months ended September 30, 2008 (April 1, 2008 to September 30, 2008)		Six months ended September 30, 2009 (April 1, 2009 to September 30, 2009)		Change			
	Orders	Backlog	Orders	Backlog	Orders		Backlog	
					Amount	Ratio (%)	Amount	Ratio (%)
Building Automation	63,462	58,103	63,081	57,540	(381)	(0.6)	(562)	(1.0)
Advanced Automation	52,622	30,874	33,672	23,809	(18,950)	(36.0)	(7,064)	(22.9)
Life Automation	19,391	1,946	18,724	2,179	(666)	(3.4)	233	12.0
Others	4,239	1,583	3,205	1,610	(1,034)	(24.4)	27	1.7
Total	139,716	92,507	118,684	85,140	(21,032)	(15.1)	(7,366)	(8.0)
Elimination	(971)	(494)	(634)	(214)	336	-	279	-
Consolidated	138,745	92,013	118,049	84,926	(20,695)	(14.9)	(7,087)	(7.7)

Note : The method of classification of business segments is as stated in the Note to (5) Segment information of 5.

quarterly consolidated financial statements of qualitative information and financial statements.