



Consolidated Financial Results for the Third Quarter Ended December 31, 2009

February 2, 2010

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 URL : <http://jp.yamatake.com/>
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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 Third quarter ended December 31, 2009 (April 1, 2009 to December 31, 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	%
Nine months ended December 31, 2009	138,371	(13.0)	1,250	(81.2)	1,366	(78.3)	(474)	—
Nine months ended December 31, 2008	158,990	—	6,656	—	6,304	—	2,887	—

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2009	(6.42)	—
Nine months ended December 31, 2008	38.66	—

(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 December 31, 2009	202,695	121,892	59.4	1,629.92
As of March 31, 2009	220,845	124,983	55.9	1,672.91

Note : Shareholders' equity As of December 31, 2009 120,378 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 : No

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 7.

(4) Number of shares issued (common stock)

1. Number of shares issued (including treasury stock)

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

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

2. Number of Treasury stock

As of December 31, 2009 1,260,619 shares

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

3. Average number of shares (cumulative quarterly period)

Nine months ended December 31, 2009 73,855,780 shares

Nine months ended December 31, 2008 74,693,096 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.

[Qualitative Information and Financial Statements]

1. Qualitative information on consolidated financial results

In the third quarter of the current consolidated cumulative period, Japan's economy was such that business conditions continued to be challenging. While there was some evidence of recovery seen in production and exports, capital investment continued to be weak because of reduced corporate earnings; other negative factors included a deterioration in the employment environment and the high value of the yen.

Turning to the economic situation overseas, despite the continued risks of credit contraction and higher unemployment, the stimulus measures implemented by several countries have borne fruit, and in China and other parts of Asia there have been signs of incipient recovery. In Europe and North America too, the economic downturn has halted and a gradual improvement is ongoing. 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 CO₂ 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.

As regards the manufacturing industries, encouraging signs – such as expanding demand in certain markets – are now evident as production volumes edge upwards and the various government-backed economic stimulus initiatives take effect. However, 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 third quarter of the current consolidated cumulative period were 138,371 million yen, an unavoidable decline of 13.0% 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 1,250 million yen, down 81.2% on the same period last year, and ordinary income was 1,366 million yen, down 78.3 % on the same period last year. Net loss was 474 million yen, (a net profit of 2,887 million yen was recorded for the same period last year).

It should be noted that sales for the azbil Group tend to be concentrated in the second quarter and fourth quarter accounting periods. The highly seasonal nature of the Group's sales is due to the peculiarities of key industries, including building construction and materials industries, and this seasonal nature is particularly evident in the concentration of sales at the fiscal year-end. On the other hand, fixed costs continue throughout the year. This means that profits in the first quarter and third quarter accounting periods are typically lower than those in the other two quarters.

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

Building Automation Business

In the domestic market, which accounts for the bulk of the BA business, the demand for factory HVAC systems continues to be weak. Nevertheless, despite the fact that worsening market conditions caused by falling office rents and rising vacancy rates does dampen investment sentiment, the demand for commercial offices continues to be robust – particularly in the nation's large cities. As a result, although sales in the market for new buildings fell compared with the same period last year, in the market for existing buildings sales increased, bolstered by impetus given to strengthened proposals for refurbishment projects targeting CO₂ emissions reduction and energy saving. In the service business too, while there was an undeniable impact from declining market conditions, efforts to expand the market were successful and sales increased. Internationally, overseas affiliates made steady progress in developing their local markets, yet sales decreased as a result of the global economic downturn, the cutbacks in investments made by Japanese companies operating abroad, and the high value of the yen.

As a result, sales for the BA business in the third quarter of the current consolidated cumulative period were 59,609 million yen, an increase of 0.3% compared with the same period last year. Although there was growth in sales, operating income fell by 29.5% compared with the same period last year to 2,659 million yen; this reflects the cost burden associated with staff reassignments from within the azbil Group to the BA workforce – a move aimed at strengthening the service business – and also by the acquisition of a new consolidated subsidiary.

Advanced Automation Business

As regards the AA business in the domestic market, there has been a leveling off after the sharp downward trend that began in the second half of last year. In fact, demand has been recovering for azbil products in some markets – notably the electronic component and semiconductor industries.

Nevertheless, there has been a continuing trend to freeze or cutback on capital investment in the materials industry, and thus generally the business environment has continued to be difficult. Turning overseas, while there has been evidence of a recovery in some markets, as in Japan, overall the business environment has been challenging, similar to that experienced by the domestic business.

As a result, sales for the AA business in the third quarter of the current consolidated cumulative period were 50,907 million yen, a decrease of 24.7 % 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 the AA human resources within the azbil Group, the impact of this fall in sales was considerable and as a result operating loss was 1,695 million yen (an operating income of 3,220 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, 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 third quarter of the current consolidated cumulative period were 25,743 million yen, a decrease of 4.7% 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. Operating income was thus 337 million yen, (an operating loss of 260 million yen was recorded for the same period last year)

Other Businesses

For Other businesses (the importing, buying-in and marketing of inspection and measurement equipment), sales of 3,142 million yen were posted, 47.5% down on the same period last year. An operating loss of 50 million yen was recorded, representing an improvement of 29 million yen compared with the same period last year (an operating loss of 79 million yen was recorded for the same period last year).

2. Qualitative information on consolidated financial position

(Assets)

At the end of the third quarter of fiscal year 2009, assets decreased 18,150 million yen compared to the end of last year. Total assets stood at 202,695 million yen. The main factor was the decrease in notes and accounts receivable-trade of 16,433 million yen.

(Liabilities)

At the end of the third quarter of fiscal year 2009, liabilities decreased 15,059 million yen compared to the end of last year. Total liabilities stood at 80,802 million yen. The main factors were the decrease in notes and accounts payable-trade of 7,160 million yen, the decrease in income taxes payable of 4,674 million yen as a result of income taxes paid, as well as the decrease in provision for bonuses of 4,624 million yen.

(Net assets)

At the end of the third quarter of fiscal year 2009, net assets decreased 3,091 million yen compared to the end of last year. Net assets stood at 121,892 million yen. This principally reflects the fall in retained earnings due to recording net loss and dividends paid despite the increase in valuation difference on available-for-sale securities.

As a result, shareholder's equity to net assets became to 59.4% compared with 55.9% at the end of last year. Net assets per share was 1,629.92 yen compared with 1,672.91 yen at the end of last year.

(Cash flows)

(1) Cash flow from operating activities

Net cash provided by operating activities in the third quarter of the current consolidated cumulative period was 4,662 million yen. This resulted in a decrease of 2,370 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.

(2) Cash flow from investing activities

Net cash used in investing activities in the third quarter of the current consolidated cumulative period was 1,255 million yen, a decrease of 13,184 million yen for the same period last year. The main factors were the impact of an increase in proceeds from sales of short-term investment securities and a decrease in purchase of property, plant and equipment.

(3) Cash flow from financing activities

Net cash used in financing activities in the third quarter of the current consolidated cumulative period was 6,137 million yen, a decrease of 1,380 million yen compared to the same period last year. The main factor was the impact of a decrease in purchase of treasury stock.

As a result, cash and cash equivalents at the end of the third quarter of the current consolidated cumulative period stood at 41,613 million yen, a decrease of 2,707 million yen compared to the end of last year.

3. Qualitative information on forecast of consolidated financial results

Looking at the financial performance of the azbil Group in the third quarter of the current consolidated cumulative period, a fall in sales and profits compared with the same period last year has proved unavoidable, as recorded in Qualitative information on consolidated financial results.

In the fourth quarter of the consolidated accounting period it is expected that the business environment will continue to be challenging for the azbil Group. However, the Group will strive to achieve its performance targets through further efforts to comprehensively strengthen the business structure while at the same time implementing more proactive sales activities. Considering the anticipated effect of these initiatives, and the fact that evidence of a recovery in demand can be seen in some markets, both in Japan and overseas, there are at present no plans to revise the performance figures forecast for this year, which were announced on October 30, 2009.

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.

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 third 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 5,126 million yen, and Operating income, Ordinary income and Income before income taxes and minority interests increased by 1,674 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 December 31, 2009	As of March 31, 2009
Assets		
Current assets		
Cash and deposits	34,048	37,866
Notes and accounts receivable-trade	58,409	74,842
Short-term investment securities	13,395	14,592
Merchandise and finished goods	4,434	3,725
Work in process	15,135	11,558
Raw materials	5,409	5,954
Other	12,922	12,717
Allowance for doubtful accounts	(327)	(301)
Total current assets	143,428	160,956
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	15,757	16,209
Other, net	12,350	13,627
Total property, plant and equipment	28,107	29,836
Intangible assets		
Goodwill	6,467	6,367
Other	1,782	1,900
Total intangible assets	8,250	8,267
Investments and other assets		
Investment securities	14,349	11,706
Other	9,369	10,749
Allowance for doubtful accounts	(811)	(670)
Total investments and other assets	22,908	21,785
Total noncurrent assets	59,266	59,889
Total assets	202,695	220,845
Liabilities		
Current liabilities		
Notes and accounts payable-trade	28,816	35,977
Short-term loans payable	14,082	14,473
Income taxes payable	204	4,878
Provision for bonuses	3,670	8,294
Provision for directors' bonuses	41	67
Provision for product warranties	610	429
Provision for loss on order received	333	369
Other	16,672	14,249
Total current liabilities	64,431	78,739

(Millions of yen)

	As of December 31, 2009	As of March 31, 2009
Noncurrent liabilities		
Bonds payable	60	110
Long-term loans payable	1,598	2,129
Provision for retirement benefits	13,130	13,242
Provision for directors' retirement benefits	186	183
Other	1,396	1,457
Total noncurrent liabilities	16,371	17,122
Total liabilities	80,802	95,862
Net assets		
Shareholders' equity		
Capital stock	10,522	10,522
Capital surplus	17,197	17,197
Retained earnings	93,646	98,691
Treasury stock	(2,641)	(2,640)
Total shareholders' equity	118,725	123,771
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,717	873
Foreign currency translation adjustment	(1,064)	(1,090)
Total valuation and translation adjustments	1,652	(217)
Subscription rights to shares	1	-
Minority interests	1,512	1,429
Total net assets	121,892	124,983
Total liabilities and net assets	202,695	220,845

(2) Quarterly consolidated statements of income
 Nine months ended December 31

	(Millions of yen)	
	Nine months ended December 31, 2008 April 1, 2008 to December 31, 2008	Nine months ended December 31, 2009 April 1, 2009 to December 31, 2009
Net sales	158,990	138,371
Cost of sales	100,754	89,928
Gross profit	<u>58,236</u>	<u>48,443</u>
Selling, general and administrative expenses	<u>51,579</u>	<u>47,192</u>
Operating income	<u>6,656</u>	<u>1,250</u>
Non-operating income		
Interest income	190	93
Dividends income	310	286
Real estate rent	90	59
Subsidy income	-	294
Other	202	133
Total non-operating income	<u>792</u>	<u>866</u>
Non-operating expenses		
Interest expenses	190	155
Foreign exchange losses	371	103
Commitment fee	28	31
Rent expenses on real estates	79	125
Office transfer expenses	376	197
Other	99	135
Total non-operating expenses	<u>1,144</u>	<u>750</u>
Ordinary income	<u>6,304</u>	<u>1,366</u>
Extraordinary income		
Gain on sales of noncurrent assets	222	1
Total extraordinary income	<u>222</u>	<u>1</u>
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	205	123
Impairment loss	99	39
Loss on valuation of investment securities	138	471
Provision of allowance for doubtful accounts	49	157
Loss on sales of investment securities	-	0
Special extra retirement payments	57	-
Total extraordinary losses	<u>550</u>	<u>792</u>
Income before income taxes and minority interests	<u>5,976</u>	<u>575</u>
Income taxes-current	546	392
Income taxes-deferred	2,349	527
Total income taxes	<u>2,895</u>	<u>919</u>
Minority interests in income	<u>192</u>	<u>129</u>
Net income (loss)	<u>2,887</u>	<u>(474)</u>

Quarterly consolidated statements of income
Three months ended December 31

	(Millions of yen)	
	Three months ended December 31, 2008 October 1, 2008 to December 31, 2008	Three months ended December 31, 2009 October 1, 2009 to December 31, 2009
Net sales	47,499	44,903
Cost of sales	30,044	29,119
Gross profit	<u>17,454</u>	<u>15,783</u>
Selling, general and administrative expenses	<u>17,463</u>	<u>16,020</u>
Operating loss	<u>(8)</u>	<u>(236)</u>
Non-operating income		
Interest income	72	35
Dividends income	100	89
Foreign exchange gains	-	79
Real estate rent	29	15
Subsidy income	-	138
Other	39	45
Total non-operating income	<u>242</u>	<u>403</u>
Non-operating expenses		
Interest expenses	60	47
Foreign exchange losses	220	-
Commitment fee	3	9
Rent expenses on real estates	22	59
Office transfer expenses	230	59
Other	28	43
Total non-operating expenses	<u>564</u>	<u>218</u>
Ordinary loss	<u>(331)</u>	<u>(51)</u>
Extraordinary income		
Gain on sales of noncurrent assets	219	0
Reversal of allowance for doubtful accounts	-	30
Total extraordinary income	<u>219</u>	<u>31</u>
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	92	76
Impairment loss	13	11
Provision of allowance for doubtful accounts	13	-
Loss on valuation of investment securities	84	50
Total extraordinary losses	<u>203</u>	<u>139</u>
Loss before income taxes and minority interests	<u>(315)</u>	<u>(159)</u>
Income taxes-current	(688)	126
Income taxes-deferred	750	(81)
Total income taxes	<u>61</u>	<u>44</u>
Minority interests in income	<u>47</u>	<u>61</u>
Net loss	<u>(424)</u>	<u>(266)</u>

(3) Quarterly consolidated statements of cash flows

	(Millions of yen)	
	Nine months ended December 31, 2008 April 1, 2008 to December 31, 2008	Nine months ended December 31, 2009 April 1, 2009 to December 31, 2009
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	5,976	575
Depreciation and amortization	3,278	3,465
Amortization of goodwill	939	1,114
Increase (decrease) in allowance for doubtful accounts	43	165
Increase (decrease) in provision for retirement benefits	(575)	(115)
Increase (decrease) in provision for bonuses	(4,585)	(4,627)
Increase (decrease) in provision for directors' bonuses	(39)	(25)
Interest and dividends income	(500)	(379)
Interest expenses	190	155
Foreign exchange losses (gains)	19	78
Loss (gain) on sales and retirement of property, plant and equipment	(22)	119
Loss (gain) on sales and valuation of investment securities	138	471
Impairment loss	99	39
Decrease (increase) in notes and accounts receivable-trade	19,487	16,475
Decrease (increase) in inventories	(10,273)	(3,651)
Increase (decrease) in notes and accounts payable-trade	(6,081)	(7,284)
Decrease (increase) in other assets	(1,296)	(487)
Increase (decrease) in other liabilities	5,658	3,179
Subtotal	12,457	9,270
Interest and dividends income received	484	391
Interest expenses paid	(154)	(150)
Income taxes paid	(5,754)	(4,848)
Net cash provided by (used in) operating activities	7,033	4,662
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,817)	(1,095)
Proceeds from withdrawal of time deposits	1,471	914
Purchase of short-term investment securities	(11,531)	(8,348)
Proceeds from sales of short-term investment securities	2,699	10,953
Purchase of trust beneficiary right	-	(8,459)
Proceeds from sales of trust beneficiary right	-	8,255
Purchase of property, plant and equipment	(4,998)	(2,374)
Proceeds from sales of property, plant and equipment	732	36
Purchase of intangible assets	(420)	(192)
Purchase of investment securities	(30)	(24)
Proceeds from sales of investment securities	2	6
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(742)
Purchase of investments in capital of subsidiaries	(95)	-
Payments for transfer of business	-	(57)
Other, net	(452)	(125)
Net cash provided by (used in) investing activities	(14,439)	(1,255)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	1,407	364
Decrease in short-term loans payable	(1,200)	(383)
Proceeds from long-term loans payable	-	513
Repayment of long-term loans payable	(1,061)	(1,760)
Redemption of bonds	(100)	(200)
Cash dividends paid	(4,506)	(4,567)
Repayments of lease obligations	(25)	(51)
Cash dividends paid to minority shareholders	(58)	(51)
Purchase of treasury stock	(1,987)	(1)
Proceeds from sales of treasury stock	14	0
Net cash provided by (used in) financing activities	(7,518)	(6,137)
Effect of exchange rate change on cash and cash equivalents	(523)	(35)
Net increase (decrease) in cash and cash equivalents	(15,448)	(2,765)
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	33,807	41,613

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

(5) Segment information

[Business segment information]

Three months ended December 31, 2008 (October 1, 2008 to December 31, 2008) (Millions of yen)

	Building Automation	Advanced Automation	Life Automation	Others	Total	Elimination/ Corporate	Consoli- dated
Sales							
(1)Customers	17,429	20,023	8,274	1,771	47,499	-	47,499
(2)Inter-segment	97	172	71	49	390	(390)	-
Total	17,527	20,195	8,345	1,820	47,889	(390)	47,499
Operating income (loss)	437	(191)	(178)	(79)	(11)	2	(8)

Three months ended December 31, 2009 (October 1, 2009 to December 31, 2009) (Millions of yen)

	Building Automation	Advanced Automation	Life Automation	Others	Total	Elimination/ Corporate	Consoli- dated
Sales							
(1)Customers	19,560	16,434	7,899	1,008	44,903	-	44,903
(2)Inter-segment	59	125	87	19	292	(292)	-
Total	19,620	16,559	7,987	1,028	45,196	(292)	44,903
Operating income (loss)	650	(984)	55	37	(240)	4	(236)

Nine months ended December 31, 2008 (April 1, 2008 to December 31, 2008) (Millions of yen)

	Building Automation	Advanced Automation	Life Automation	Others	Total	Elimination/Corporate	Consolidated
Sales							
(1)Customers	59,203	67,090	26,833	5,863	158,990	-	158,990
(2)Inter-segment	248	484	166	119	1,020	(1,020)	-
Total	59,452	67,575	26,999	5,983	160,010	(1,020)	158,990
Operating income (loss)	3,772	3,220	(260)	(79)	6,651	4	6,656

Nine months ended September 31, 2009 (April 1, 2009 to December 31, 2009) (Millions of yen)

	Building Automation	Advanced Automation	Life Automation	Others	Total	Elimination/Corporate	Consolidated
Sales							
(1)Customers	59,384	50,385	25,520	3,081	138,371	-	138,371
(2)Inter-segment	225	521	222	60	1,030	(1,030)	-
Total	59,609	50,907	25,743	3,142	139,402	(1,030)	138,371
Operating income (loss)	2,659	(1,695)	337	(50)	1,250	0	1,250

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 dispatch 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

(Nine months ended December 31, 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 third 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 3,663 million yen, 1,462 million yen for BA and AA, respectively. And operating income increased by 1,309 million yen for BA. Operating loss decreased by 364 million yen for AA.

4. Supplementary information

(Nine months ended December 31, 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 12 million yen, 126 million yen, 25 million yen and 5 million yen for BA, AA, LA and Others, respectively. Operating income decreased by the same amount of increase in operating expense for BA and AA, respectively. Operating loss increased by the same amount of increase in operating expense for LA and Others, respectively.

[Geographic segment information]

Three months ended December 31, 2008 (October 1, 2008 to December 31, 2008), Three months ended December 31, 2009 (October 1, 2009 to December 31, 2009), Nine months ended December 31, 2008 (April 1, 2008 to December 31, 2008) and Nine months ended December 31, 2009 (April 1, 2009 to December 31, 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]

Three months ended December 31, 2008 (October 1, 2008 to December 31, 2008), Three months ended December 31, 2009 (October 1, 2009 to December 31, 2009), Nine months ended December 31, 2008 (April 1, 2008 to December 31, 2008) and Nine months ended December 31, 2009 (April 1, 2009 to December 31, 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

Nine months ended December 31, 2009 (April 1, 2009 to December 31, 2009)

Non applicable

6. Other information

Order condition

Three months

(Millions of Yen)

Business segment	Three months ended December 31, 2008 (October 1, 2008 to December 30, 2008)		Three months ended December 31, 2009 (October 1, 2009 to December 31, 2009)		Change			
	Orders	Backlog	Orders	Backlog	Orders		Backlog	
					Amount	Ratio(%)	Amount	Ratio(%)
Building Automation	17,576	58,151	18,007	55,927	431	2.5	(2,223)	(3.8)
Advanced Automation	20,258	30,937	15,847	23,096	(4,411)	(21.8)	(7,840)	(25.3)
Life Automation	8,245	1,846	7,759	1,951	(486)	(5.9)	104	5.7
Others	1,583	1,346	1,088	1,670	(495)	(31.3)	324	24.1
Total	47,663	92,281	42,701	82,646	(4,962)	(10.4)	(9,635)	(10.4)
Elimination	(368)	(472)	(293)	(215)	75	-	256	-
Consolidated	47,295	91,809	42,408	82,430	(4,886)	(10.3)	(9,378)	(10.2)

Nine months

(Millions of Yen)

Business segment	Nine months ended December 31, 2008 (April 1, 2008 to December 31, 2008)		Nine months ended December 31, 2009 (April 1, 2009 to December 31, 2009)		Change			
	Orders	Backlog	Orders	Backlog	Orders		Backlog	
					Amount	Ratio(%)	Amount	Ratio(%)
Building Automation	81,038	58,151	81,088	55,927	50	0.1	(2,223)	(3.8)
Advanced Automation	72,881	30,937	49,519	23,096	(23,361)	(32.1)	(7,840)	(25.3)
Life Automation	27,637	1,846	26,483	1,951	(1,153)	(4.2)	104	5.7
Others	5,823	1,346	4,294	1,670	(1,529)	(26.3)	324	24.1
Total	187,380	92,281	161,386	82,646	(25,994)	(13.9)	(9,635)	(10.4)
Elimination	(1,339)	(472)	(928)	(215)	411	-	256	-
Consolidated	186,041	91,809	160,458	82,430	(25,582)	(13.8)	(9,378)	(10.2)

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.