azbil

Consolidated Financial Results
For the Second Quarter Ended September 30, 2013
(Japan GAAP)

November 1, 2013

Company name	:	Azbil Corporation
URL	:	http://www.azbil.com/
Stock exchange listing	:	Tokyo Stock Exchange 1st Section (CODE 6845)
Representative	:	Hirozumi Sone, President and Chief Executive Officer
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Planned quarterly report filing date	:	November 12, 2013
Planned dividend starting date	:	December 5, 2013
Preparation of supplementary references regarding quarterly results	:	Yes
Holding the briefing of quarterly results	:	Yes (for institutional investors and analysts)

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, 2013 (April 1, 2013 to September 30, 2013)
(1) Consolidated financial results (Cumulative)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2013	111,286	6.2	2,457	(30.7)	2,761	(16.5)	1,020	(31.5)
Six months ended September 30, 2012	104,761	1.5	3,547	(24.6)	3,307	(29.2)	1,491	(39.1)

Note: Comprehensive income As of September 30, 2013 3,422 million yen 358.4%
As of September 30, 2012 746 million yen (73.1)%

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2013	13.82	—
Six months ended September 30, 2012	20.19	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2013	230,055	141,680	60.9
As of March 31, 2013	243,418	141,197	57.1

Note : Shareholders' equity As of September 30, 2013 140,053 million yen
As of March 31, 2013 139,041 million yen

2. Dividends

	Dividends per Share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year 2012	—	31.50	—	31.50	63.00
Fiscal year 2013	—	31.50			
Fiscal year 2013 (Forecast)			—	31.50	63.00

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

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

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year 2013	250,000	9.8	13,700	2.2	13,200	(9.4)	7,800	(6.1)	105.61

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

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

(3) Changes in accounting policies, accounting estimates, and retrospective restatements

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

(4) Number of shares issued (common stock)

1. Number of shares issued (including treasury stock)
   - As of September 30, 2013 75,116,101 shares
   - As of March 31, 2013 75,116,101 shares
2. Number of Treasury stock
   - As of September 30, 2013 1,262,791 shares
   - As of March 31, 2013 1,262,123 shares
3. Average number of shares (cumulative quarterly period)
   - Six months ended September 30, 2013 73,853,613 shares
   - Six months ended September 30, 2012 73,854,485 shares

* Description of the situation of the procedures for reviewing quarterly results

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

* Regarding the appropriate use of forecast and other special matters

The forecast of consolidated financial results of azbil Group are based on currently available information and some reasonable assumptions. Due to various factors, actual results may differ from those discussed in this doctment.

[Effects of seasonality reporting]

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 accounting periods).

Accompanying Materials

Contents

1. Qualitative information on consolidated quarterly financial results

(1) Qualitative information on consolidated financial results

In the second quarter of the current consolidated cumulative period, spurred by the Japanese government's economic policies and the Bank of Japan's monetary easing measures, Japan's economy showed signs of improvement in business performance, mainly for export-related industries, and a gentle recovery has been underway. Looking overseas, the US economy has been recovering, but growth in China and other emerging countries has been slowing, and the European economies are lackluster. All this has led to uncertainty regarding the future outlook.

As for the business environment of the azbil Group, while some markets appear to be recovering, capital investment by domestic manufacturing industries has been weak overall, and as a result conditions continued to be challenging in the second quarter of the current consolidated cumulative period.

Against this backdrop, aiming to achieve the targets of the Medium-term Plan, the azbil Group has adopted the following three initiatives: (1) aiming to become a long-term partner for both the customer and the community through offering solutions based on azbil technologies and products; (2) taking global operations to the next level. Global initiative: Expansion into new regions and a qualitative change of focus (3) implementing organizational reforms to create a corporate entity that can respond flexibly and continuously to change in the business environment. The business plan targets three growth fields: next-generation solutions, energy management solutions, and safety solutions. For this, progress is being made, in Japan and overseas, to implement distinctively azbil solutions utilizing our products, technologies and services.

Overall orders received for the second quarter of the current consolidated cumulative period were 137,680 million yen, up 8.6% on the same period last year. This increase follows the launch, as a new solutions initiative, of the Life Science Engineering (LSE) business[Note] in the first quarter of the current consolidated cumulative period and the inclusion of Azbil Telstar group in the results of the Life Automation (LA) business. Also in sales, the LA business achieved growth. And although sales for both the Building Automation (BA) business and the Advanced Automation (AA) business were little changed from the same period last year, net sales was 111,286 million yen, up 6.2% on the same period last year.

Overseas, reflecting progress made in implementing global initiatives aimed at expansion into new regions and a qualitative change of focus, as well as the effect of exchange rates, there was a growth in existing regions and markets. Additionally, the sales doubled mainly due to the LA business with the addition of new LSE operations in

Europe, Asia, and Central and South America.

Looking at profits, the Group is committed to strengthening the corporate structure, with a strong emphasis on profitability; we strive to rationalize and curb expenditures; and the cost rate has been improved. Nevertheless, profits have been impacted by the increased goodwill amortization costs associated with the addition of several new subsidiaries, and by a transient increase in the cost of retirement benefits. Consequently, there was an operating income of 2,457 million yen (down 30.7% on the same period last year). Ordinary income was 2,761 million yen (down 16.5% on the same period last year), primarily due to foreign exchange gains; and net income was 1,020 million yen (down 31.5% on the same period last year).

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 accounting periods).

Note: As of January 2013, the azbil Group acquired a stake in Telstar, S.A., which develops, manufactures, and markets manufacturing and environmental equipment for pharmaceutical formulation plants, research labs, and hospitals. This is now a subsidiary with the new name Azbil Telstar, S.L. In conjunction with this acquisition, the Group launched a LSE business designed to serve markets that contribute to people's health, providing next-generation solutions inspired by automation technologies that integrate manufacturing equipment with environmental systems.

The results for the individual reportable segments are as follows.

Building Automation (BA) Business

There was a decrease in domestic sales, reflecting a fall in the market for new buildings mainly due to the trend of the projects. Despite an increase in sales overseas, sales fell slightly for the BA business as a whole.

On the domestic scene, the service business continued to perform well, thanks to a steadily growing track record. However, the above-mentioned fall in sales for new buildings resulted in lower sales overall for the domestic market. As regards existing buildings, it should be noted that sales figures for the same period last year included multiple large-scale projects; because of this, sales were virtually same as the last year.

Nevertheless, the demand on the power/energy-saving solutions (i.e. energy management), and sales for the related fields has increased taking advantage of the engineering experience and extensive long-term data for the service.

Abroad, sales grew as a result of measures focused on developing the local building market. There was significant sales growth in China following the addition of a new subsidiary, a company involved in construction and engineering, while sales also grew in Thailand, Singapore, Indonesia, etc.

Consequently, BA business sales for the second quarter of the current consolidated cumulative period were 45,092 million yen, down 0.5% on the same period last year. Turning to profit, while there was a transient increase in the cost of retirement benefits, profitability improved thanks to on-site cost improvements and improved job management. Nonetheless, the impact of adding a subsidiary with the associated goodwill amortization costs etc. has resulted in a segment profit (operating income) of 1,503 million yen, 13.4% lower than for the same period last year.

Advanced Automation (AA) Business

As a result of the decline in capital investment among domestic manufacturing industries, there was a fall in domestic sales. Overseas sales grew, but for the AA business overall there was a slight drop in sales.

In Japan, signs of a gentle recovery in demand were observed in the market for semiconductor equipment manufacturers, but overall conditions continued to be lackluster. In response, emphasis was placed on business development by solutions and offering new products; and helped by the addition of a new subsidiary, sales of control products to equipment manufacturers increased. Investments in energy management and operational safety as well as replacement demand were robust; however, sales were affected by curbs in new capital investment in the chemical market, particularly related to functional materials, where demand has hitherto been robust; and there was a fall in sales of field instruments, control valves, and system products to plants. Domestically, overall sales declined.

In overseas markets, there was growth in sales of control products to equipment manufacturers in Europe and the US. Also, a new subsidiary has been acquired, a company that develops and sells flowmeters. This addition, combined with the effect of exchange rates, resulted in increased international sales, leading to overall sales growth overseas.

As a result, AA business sales for the second quarter of the current consolidated cumulative period were 42,454 million yen, down 0.4% on the same period last year.

Despite efforts to rationalize and curb expenditures, such factors as lower domestic sales and a transient increase in the cost of retirement benefits resulted in a segment profit (operating income) of 1,249 million yen, down 35.7% on the same period last year.

Life Automation (LA) Business

In the gas and water meter field, efforts have been made to develop solutions for energy supply lines, but sales of gas meters fell because of the demand cycle. As regards water meters, thanks to efforts aimed at enhancing profitability and proactively developing the market, the fall in sales was moderate and profitability improved.

In the nursing care and health support field, the market is growing as Japan's population ages; however, with cutbacks in welfare budgets by local governments, etc., the business environment continues to be challenging. In response, various measures have been adopted, such as increasing the number of care centers and expanding the scope of services offered, and as a result sales have increased.

As regards residential central air-conditioning systems, we continue to strengthen our development and sales capabilities, adopting an aggressive strategy targeting both house builders and individual owners. This approach has succeeded in increasing sales.

The new Life Science Engineering (LSE) business, launched in the first quarter of the current consolidated cumulative period, serves overseas pharmaceutical markets, and these are doing well. Azbil Telstar group that is now included in the consolidated results, supplies a variety of equipment to these markets, and consequently sales have risen significantly.

As a result, LA business sales in the second quarter of the current consolidated cumulative period were 24,247 million yen, up 38.4% on the same period last year. As regards profit for the LA business as a whole, however, despite improved profitability in the gas and water meter field, the prior investment for sales in the residential air-conditioning field and the generation of goodwill amortization cost associated with the new consolidation will impact, there was a segment loss (operating loss) of 306 million yen; for comparison, a loss of 144 million yen was recorded for the same period last year.

Other

In Other business, sales in the second quarter of the current consolidated cumulative period were 40 million yen (compared with 46 million yen for the same period last year). Segment profit (operating income) was 15 million yen; for comparison, a profit of 11 million yen was recorded for the same period last year.

(2) Qualitative information on consolidated financial position

(Assets)

Total assets at the end of the second quarter of fiscal year 2013 stood at 230,055 million yen, a decrease of 13,363 million yen from the previous fiscal year-end. This was mainly due to a decrease of 16,744 million yen in notes and accounts receivable-trade, despite there being an increase of 1,273 million yen in investment securities due to the rise in the Japanese stock market.

(Liabilities)

Total liabilities at the end of the second quarter of fiscal year 2013 were 88,374 million yen, a decrease of 13,847 million yen from the previous fiscal year-end. This was mainly owing to a decrease of 7,253 million yen in notes and accounts payable-trade, and a decrease of 4,929 million yen in income taxes payable due to the payment of income taxes.

(Net assets)

Net assets at the end of the second quarter of fiscal year 2013 were 141,680 million yen, an increase of 483 million yen from the previous fiscal year-end. This was mainly due to increases in valuation difference on available-for-sale securities and foreign currency translation adjustment, which more than offset a decrease in retained earnings resulting from dividend payments.

As a result, the shareholders' equity ratio was 60.9% compared with 57.1% at the previous fiscal year-end.

(Cash Flows)

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

Cash and cash equivalents (hereinafter, net cash) provided by operating activities in the second quarter of the current consolidated cumulative period increased by 5,805 million yen, representing a decrease of 1,566 million yen compared to the same period last year. This was primarily due to a decrease in income before income taxes and minority interests, and also income tax paid.

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

Net cash provided by (used in) investing activities in the second quarter of the current consolidated cumulative period was 1,300 million yen, a decrease of 698 million yen compared to the same period last year. This was mainly due to purchase of investments in subsidiaries resulting in change in scope of consolidation in the same period last year.

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

Net cash used in financing activities (net increase (decrease)) in the second quarter of the current consolidated cumulative period was 3,157 million yen, a decrease of 300 million yen compared to the same period last year. The primary reason was an increase in loans payable.

As a result of the above factors, cash and cash equivalents at the end of the second quarter of the current consolidated cumulative period stood at 58,362 million yen, an increase of 2,311 million yen from the previous fiscal year-end.

(3) Qualitative information on forecast of consolidated financial results

Based on the consolidated financial results for the second quarter of the current consolidated cumulative period, and on other information related to trends in the business environment currently available to management, the forecast for consolidated financial results in the fiscal year ending March 31, 2014, initially published on May 10, 2013, will be revised as follows.

The figure for sales of 250,000 million yen remains unchanged; however, operating income is set at 13,700 million yen, down 500 million yen (3.5%) from the initial forecast, and ordinary income is set at 13,200 million yen, down 300 million yen (2.2%). Net income is expected to be 7,800 million yen, down 200 million yen (2.5%). The performance forecasts for each segment are as shown in the table below.

The BA business environment continues to be robust; steady growth is expected thanks to the solutions initiative that benefits from increased demand for energy saving prompted by higher electricity charges, and the overseas business initiative.

As regards the AA business, owing to seasonal factors, control systems and service sales to plants are expected to be higher in the second half. Also, thanks to the recovery in the market for semiconductor equipment manufacturers, and the implementation of business measures involving new products and solutions, results for the second half are expected to be about the same as the initial forecast. However, figures for sales and profits have been revised to reflect the first-half financial results, in which the AA business underperformed, principally as a result of the continuing low level of capital investment among domestic manufacturing industries.

Turning to the LA business, sales are expected to be considerably higher than the previous fiscal year owing to the addition of the Azbil Telstar group[Note1] in the LSE field. However, considering the cost of strengthening the corporate structure of Azbil Telstar group over the first and second halves, as well as the impact of investment aimed at future business expansion in other fields within the LA business, the figure for profits has been revised.

As regards the azbil Group as a whole, in accordance with the three initiatives [Note 2] in the Medium-term Plan, efforts to strengthen the corporate structure will be redoubled, and steady progress will be made implementing measures designed to ensure that the forecasts for the second half will be attained.

Note 1: Sales for the Azbil Telstar group tend to be concentrated in the second half, and similarly second-half profits tend to be higher than those for the first half.

Note 2: Three initiatives

(1) Aiming to become a long-term partner for both the customer and the community through offering solutions based on azbil technologies and products

(2) Taking global operations to the next level. Global initiative: Expansion into new regions and a qualitative change of focus

(3) Implementing organizational reforms to create a corporate entity that can respond flexibly and continuously to change in the business environment

(Hundred millions of yen)

		Revised forecast (November 1, 2013)	Initial forecast (May 10, 2013)	Difference	%	(Reference) FY2012 Actual
Building Automation	Sales	1,110	1,110	-	-	1,074
	Operating income	104	103	1	1.0	101
Advanced Automation	Sales	910	930	(20)	(2.2)	876
	Operating income	36	38	(2)	(5.3)	36
Life Automation	Sales	500	480	20	4.2	339
	Operating income	(3)	1	(4)	-	(3)
Other	Sales	1	1	-	-	0
	Operating income	0	0	-	-	0
Consolidated	Net Sales	2,500	2,500	-	-	2,275
	Operating income	137	142	(5)	(3.5)	134
	Ordinary income	132	135	(3)	(2.2)	145
	Net income	78	80	(2)	(2.5)	83

* The forecast of consolidated financial results 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.

2. Matters concerning summary information (notes)

(1) Changes in significant subsidiaries during the period:

Although this is not a change in specified subsidiaries, from the first quarter of the current consolidated cumulative period, Azbil Brazil Limited is included in the scope of consolidation due to its growing weight.

In the first quarter of the current consolidated cumulative, a merger and acquisition was carried out, with Azbil RoyalControls Co., Ltd. and Azbil Trading Co., Ltd. being a merging company and a merged company, respectively. With its dissolution, Azbil Trading Co., Ltd. is excluded from the scope of consolidation. Also, Azbil RoyalControls Co., Ltd. has changed its name to "Azbil Trading Co., Ltd." on April 1, 2013.

(2) Adoption of accounting methods specific to preparation of the consolidated quarterly financial statements:

No

(3) Changes in accounting policies, accounting estimates, and retrospective restatements:

No

3. Consolidated quarterly financial statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
Assets		
Current assets		
Cash and deposits	48,411	52,687
Notes and accounts receivable-trade	88,874	72,130
Securities	13,251	11,123
Merchandise and finished goods	4,186	4,645
Work in process	5,263	6,579
Raw materials	7,053	7,199
Other	15,036	13,524
Allowance for doubtful accounts	(362)	(444)
Total current assets	181,714	167,445
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	13,133	13,034
Other, net	11,543	11,370
Total property, plant and equipment	24,677	24,404
Intangible assets		
Goodwill	9,662	8,920
Other	2,963	3,909
Total intangible assets	12,625	12,830
Investments and other assets		
Investment securities	15,304	16,578
Other	9,535	9,061
Allowance for doubtful accounts	(438)	(263)
Total investments and other assets	24,401	25,375
Total noncurrent assets	61,704	62,610
Total assets	243,418	230,055
Liabilities		
Current liabilities		
Notes and accounts payable-trade	40,548	33,295
Short-term loans payable	13,308	14,689
Income taxes payable	5,625	696
Provision for bonuses	7,838	6,006
Provision for directors' bonuses	96	73
Provision for product warranties	583	561
Provision for loss on order received	443	483
Other	14,384	13,453
Total current liabilities	82,828	69,259
Noncurrent liabilities		
Bonds payable	90	60
Long-term loans payable	4,441	3,528
Provision for retirement benefits	12,719	13,432
Provision for directors' retirement benefits	105	99
Other	2,036	1,995
Total noncurrent liabilities	19,393	19,115
Total liabilities	102,221	88,374
Net assets		
Shareholders' equity		
Capital stock	10,522	10,522
Capital surplus	17,197	17,197
Retained earnings	111,141	109,952
Treasury stock	(2,644)	(2,645)
Total shareholders' equity	136,217	135,027
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,776	4,709
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	(952)	316
Total accumulated other comprehensive income	2,824	5,026
Subscription rights to shares	2	2
Minority interests	2,152	1,624
Total net assets	141,197	141,680
Total liabilities and net assets	243,418	230,055

(2) Consolidated quarterly statements of income and Consolidated quarterly statements of comprehensive income
(Consolidated quarterly statements of income)
(The second quarter of the current consolidated cumulative period)

(Millions of yen)

	Six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)	Six months ended September 30, 2013 (April 1, 2013 to September 30, 2013)
Net sales	104,761	111,286
Cost of sales	69,664	73,870
Gross profit	35,096	37,416
Selling, general and administrative expenses	31,549	34,958
Operating loss	3,547	2,457
Non-operating income		
Interest income	64	79
Dividends income	167	170
Foreign exchange gains	―	273
Real estate rent	26	25
Reversal of allowance for doubtful accounts	―	36
Other	68	82
Total non-operating income	326	667
Non-operating expenses		
Interest expenses	47	208
Foreign exchange losses	298	―
Commitment fee	13	10
Rent expenses on real estates	46	34
Office transfer expenses	19	22
Provision of allowance for doubtful accounts	121	―
Equity in losses of affiliates	―	2
Other	20	85
Total non-operating expenses	567	363
Ordinary income	3,307	2,761
Extraordinary income		
Gain on sales of noncurrent assets	2	3
Gain on sales of investment securities	0	41
Total extraordinary income	2	45
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	22	18
Impairment loss	58	26
Restructuring loss	―	137
Loss on sales of investment securities	―	1
Loss on valuation of investment securities	63	0
Total extraordinary losses	143	184
Income before income taxes and minority interests	3,165	2,622
Income taxes-current	449	714
Income taxes-deferred	1,107	902
Total income taxes	1,557	1,617
Income before minority interests	1,608	1,004
Minority interests in income (loss)	117	(15)
Net income	1,491	1,020

(Consolidated quarterly statements of comprehensive income)
(The second quarter of the current consolidated cumulative period)

(Millions of yen)

	Six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)	Six months ended September 30, 2013 (April 1, 2013 to September 30, 2013)
Income before minority interests	1,608	1,004
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,112)	933
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	249	1,484
Total other comprehensive income	(861)	2,417
Comprehensive income	746	3,422
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	628	3,222
Comprehensive income attributable to minority interests	117	199

(3) Consolidated quarterly statements of cash flows
(Six months ended September 30)

(Millions of yen)

	Six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)	Six months ended September 30, 2013 (April 1, 2013 to September 30, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,165	2,622
Depreciation and amortization	1,720	1,781
Amortization of goodwill	637	933
Increase (decrease) in allowance for doubtful accounts	83	52
Increase (decrease) in provision for retirement benefits	(1)	704
Increase (decrease) in provision for bonuses	(1,988)	(1,849)
Increase (decrease) in provision for directors' bonuses	(40)	(22)
Interest and dividends income	(231)	(250)
Interest expenses	47	208
Foreign exchange losses (gains)	176	(338)
Equity in (earnings) losses of affiliates	―	2
Loss (gain) on sales and retirement of property, plant and equipment	19	14
Loss (gain) on sales and valuation of investment securities	63	(39)
Impairment loss	58	26
Loss on business restructuring	―	137
Decrease (increase) in notes and accounts receivable-trade	13,011	17,942
Decrease (increase) in inventories	560	(1,448)
Increase (decrease) in notes and accounts payable-trade	(5,419)	(8,065)
Decrease (increase) in other assets	585	40
Increase (decrease) in other liabilities	(582)	(1,199)
Subtotal	11,864	11,252
Interest and dividends income received	232	249
Interest expenses paid	(46)	(203)
Payments for loss on disaster	(22)	―
Proceeds from compensation	268	―
Payments for business restructuring	―	(52)
Income taxes paid	(4,923)	(5,440)
Net cash provided by (used in) operating activities	7,371	5,805
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,851)	(2,039)
Proceeds from withdrawal of time deposits	1,877	2,298
Purchase of securities	―	(3,700)
Proceeds from sales of securities	―	3,827
Purchase of trust beneficiary right	(6,791)	(6,405)
Proceeds from sales of trust beneficiary right	7,271	6,663
Purchase of property, plant and equipment	(1,283)	(1,348)
Proceeds from sales of property, plant and equipment	11	142
Purchase of intangible assets	(281)	(972)
Purchase of investment securities	(19)	(14)
Proceeds from sales of investment securities	0	199
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(836)	―
Other, net	(97)	48
Net cash provided by (used in) investing activities	(1,999)	(1,300)

	Six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)	(Millions of yen) Six months ended September 30, 2013 (April 1, 2013 to September 30, 2013)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	210	2,924
Decrease in short-term loans payable	(420)	(2,018)
Proceeds from long-term loans payable	―	71
Repayment of long-term loans payable	(726)	(1,140)
Redemption of bonds	―	(45)
Cash dividends paid	(2,323)	(2,326)
Repayments of lease obligations	(38)	(34)
Cash dividends paid to minority shareholders	(157)	(586)
Purchase of treasury stock	(0)	(1)
Proceeds from sales of treasury stock	0	0
Net cash provided by (used in) financing activities	(3,457)	(3,157)
Effect of exchange rate change on cash and cash equivalents	20	928
Net increase (decrease) in cash and cash equivalents	1,935	2,275
Cash and cash equivalents at beginning of period	55,355	56,050
Increase in cash and cash equivalents from newly consolidated subsidiary	49	36
Cash and cash equivalents at end of period	57,340	58,362

(4) Notes to the consolidated quarterly financial statements

(Notes regarding assumptions of continuing operations)

Non applicable

(Notes if there is a remarkable change in the amount of shareholders’ equity)

Non applicable

(Segment information)

Six months ended September 30, 2012 (From April 1, 2012 to September 30, 2012)

1. Sales and profit (loss) information about each segment

(Millions of yen)

	Reportable Segment				Other*	Total
	Building Automation	Advanced Automation	Life Automation	Total		
Sales						
Customers	45,195	42,079	17,448	104,723	38	104,761
Inter-segment	140	526	76	742	8	751
Total	45,335	42,605	17,524	105,465	46	105,512
Segment Profit (loss)	1,736	1,944	(144)	3,536	11	3,547

* “Other” includes insurance agent business.

2.The main contents of the difference between reportable segment profit (loss) and operating income.

(Millions of yen)

Income	Amount
Total of reportable segment	3,536
Profit in Other	11
Elimination	(0)
Operating income	3,547

Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)

1.Sales and profit (loss) information about each segment

(Millions of yen)

	Reportable Segment				Other*	Total
	Building Automation	Advanced Automation	Life Automation	Total		
Sales						
Customers	44,994	42,073	24,182	111,250	36	111,286
Inter-segment	98	380	64	543	3	547
Total	45,092	42,454	24,247	111,794	40	111,834
Segment Profit (loss)	1,503	1,249	(306)	2,446	15	2,462

* “Other” includes insurance agent business.

2.The main contents of the difference between reportable segment profit (loss) and operating income.

(Millions of yen)

Income	Amount
Total of reportable segment	2,446
Profit in Other	15
Elimination	(4)
Operating income	2,457

4. Supplementary information

Orders received condition

(Millions of yen)

Reportable segment	Six months ended September 30, 2012 (April 1, 2012 to September 30, 2012)	Six months ended September 30, 2013 (April 1, 2013 to September 30, 2013)	Change	
	Orders received	Orders received	Orders received	
			Amount	Ratio (%)
Building Automation	63,917	64,426	508	0.8
Advanced Automation	45,256	46,556	1,299	2.9
Life Automation	18,317	27,604	9,286	50.7
Total of reportable segments	127,492	138,587	11,095	8.7
Other	46	40	(5)	(12.8)
Elimination	(741)	(947)	(205)	―
Consolidated	126,796	137,680	10,883	8.6