azbil

Translation

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Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2016 (Based on Japanese GAAP)

August 5, 2015

Company name: Azbil Corporation
Stock exchange listing: Tokyo Stock Exchange 1st Section (CODE 6845)
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Scheduled date to file Quarterly Securities Report: August 7, 2015
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2015 (from April 1, 2015 to June 30, 2015)

(1) Consolidated financial results (Cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2015	49,286	(3.5)	(1,900)	–	(1,681)	–	(1,367)	–
Three months ended June 30, 2014	51,060	5.1	(1,534)	–	(1,500)	–	(1,272)	–

Note: Comprehensive income As of June 30, 2015 (550) million yen –%
As of June 30, 2014 (416) million yen –%

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2015	(18.57)	–
Three months ended June 30, 2014	(17.23)	–

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2015	247,033	153,944	61.5
As of March 31, 2015	265,718	160,294	59.6

Note : Shareholders' equity As of June 30, 2015 151,904 million yen
As of March 31, 2015 158,273 million yen

2. Dividends

	Dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2015	–	31.50	–	31.50	63.00
Year ending March 31, 2016	–				
Year ending March 31, 2016 (Forecast)		33.50	–	33.50	67.00

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

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

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2015	119,000	2.9	4,700	30.9	4,400	(1.8)	2,000	(7.9)	27.08
Fiscal year 2015	263,000	3.4	18,700	21.9	18,200	6.2	11,000	53.4	148.95

Note: Revision of consolidated financial results forecast for during this period : No

* 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) Application of special accounting methods for preparing quarterly consolidated financial statements: No

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

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

Note: For details, please refer to "2. Matters concerning summary information (notes) (2) Changes in accounting policies, accounting estimates, and retrospective restatements" on page 9 of the financial results (appendix).

(4) Number of issued shares (Common stock)

1. Total number of issued shares at the end of the period (Including treasury shares)

As of June 30, 2015	75,116,101 shares	As of March 31, 2015	75,116,101 shares

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

As of June 30, 2015	1,864,379 shares	As of March 31, 2015	1,263,924 shares

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

Three months ended June 30, 2015	73,640,547 shares	Three months ended June 30, 2014	73,852,829 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

(Attention to the description of the future)

Sales for the azbil Group tend to be concentrated in the second quarter and fourth quarter consolidated accounting periods, while fixed costs are generated constantly. This means that profits in the first quarter and third quarter consolidated accounting periods are typically lower than those in the other two quarters.

The projections of azbil Group are based on currently available information and some reasonable assumptions. Due to various factors, actual results may differ from those discussed in this document. Please see "1. Qualitative information on consolidated quarterly financial results (3) Qualitative information on forecast of consolidated financial results" on page 7 of the appendix for preconditions underlying these projections and precautions to follow in using these projections.

(How to obtain supplementary material on quarterly financial results)

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

Accompanying Materials

Contents

1. Qualitative information on consolidated quarterly financial results

(1) Qualitative information on consolidated quarterly financial results

In the first quarter of the current consolidated cumulative period, Japan's economy continued to demonstrate a recovery in employment and employee compensation as well as in corporate earnings, while the building market in the private sector remained firm. As for capital investment, signs of a moderate recovery were observed. However, exports and manufacturing lacked momentum, and the immediate outlook is that the Japanese economy will be treading water. Turning overseas, the US recovery continued, although growth in Europe has remained subdued, and in China and the other emerging economies growth slowed. The overall picture was thus one of only a moderate recovery.

Amid this business environment, guided by the philosophy of "human-centered automation", the azbil Group is focused on achieving the targets of the medium-term plan and has set out three key initiatives [Note 1] and three growth fields [Note 2] for this purpose. We are currently developing our business with unique solutions – only available from the azbil Group – based on products, technologies, and services.

Note 1: Three Key Initiatives

- Becoming a long-term partner for the customer and the community by offering solutions based on our technologies and products
- Taking global operations to the next level, with global expansion by moving into new regions and making a qualitative change of focus
- Becoming a corporate organization that never stops learning, so that it can continuously strengthen its corporate structure

Note 2: Three Growth Fields

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

Also, from the previous consolidated fiscal year, we made progress, at home and abroad, with initiatives designed not only to reinforce our solution capabilities and expand sales, but also to strengthen the corporate structure while effecting radical business structure reforms and production structure enhancement so as to achieve medium- to long-term growth.

The effect of these various corporate activities on the first quarter of the current consolidated cumulative period has been as follows. Orders fell for the Advanced Automation (AA) business, reflecting the fact that in the same period last year it benefitted from the addition of a new subsidiary as well as orders for large-scale projects. However, in the Life Automation (LA) business there was an increase in orders for the Life Science Engineering (LSE) field that was more than sufficient to offset the negative impact of transferring its business in the health, welfare, and nursing care field in the previous consolidated fiscal year. In addition to winning new orders amidst lively investment in construction in the domestic market, the Building Automation (BA) business also saw an increase in orders thanks to a revision made to the way orders for multi-year contracts are recorded, [Note 3] implemented to coincide with the introduction of our new core information system. Consequently, overall orders received were 87,881 million yen, up 2.1% on the same period last year.

Sales were down 3.5% at 49,286 million yen, compared with 51,060 million yen for the same period last year. The main reason for this decline was the impact of the aforementioned transfer of the business in the health, welfare, and nursing care field.

As regards profits, principally due to the success of radical business structure reforms carried out in the previous consolidated fiscal year, a significant improvement was achieved in the LA business. Nevertheless, the BA and AA businesses saw a fall in profits compared to the same period last year. This result was partly due to a number of transient factors. Extra costs were incurred for R&D activities and for accompanying the start of the aforesaid new core information system, aimed at business expansion and strengthening the business infrastructure. Also, to coincide with the introduction of this new system, as a result of unifying job profit-and-loss management procedures, sales fell and costs of the provision for loss increased temporarily.

Consequently, an overall operating loss of 1,900 million yen was recorded, compared with 1,534 million yen for the same period last year. Ordinary loss was 1,681 million yen, compared with 1,500 million yen for the same period last year. Loss attributable to owners of parent [Note 4] was 1,367 million yen, compared with 1,272 million yen for the same period last year.

Sales for the azbil Group tend to be concentrated in the second quarter and the fourth quarter consolidated accounting periods, while fixed costs are generated constantly. This means that profits in the first quarter and the third quarter consolidated accounting periods are typically lower than those in the other two quarters.

Note 3: A revision made to the way orders for multi-year contracts are recorded

From the first quarter of the current consolidated accounting period, a revision has been made to the domestic way orders for multi-year contracts are recorded. Previously, large-scale service projects – such as multi-year contracts awarded under “market testing” – were recorded, but recently there has been an increase in smaller service contracts that similarly span several years. Considering the increasing impact of these other contracts on orders, it has been decided to apply the same parameters for recording all multi-year contracts, to coincide with the introduction of the new core information system.

In the first quarter of the current consolidated accounting period, the figure recorded for large-scale service contracts related to market testing, etc. (approximately 7,600 million yen in fiscal year 2014) has decreased (approximately 1,000 million yen fiscal year in 2015), but as a result of this revision an additional 4,100 million yen was recorded. Moreover, approximately 3,900 million yen in multi-year contracts were additionally recorded in the current fiscal year.

Note 4: Loss attributable to owners of parent

From the first quarter of the current consolidated cumulative period, “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, issued on September 13, 2013) etc, were applied, “net income (loss)” is now termed “net income (loss) attributable to owners of parent”.

The results for the individual reportable segments are as follows.

Building Automation (BA) Business

In the domestic market, as well as the upsurge in redevelopment plans within the Tokyo metropolitan area, the economic recovery and the continuing demand for energy/cost-saving solutions prompted by the rise in electricity charges have combined to ensure that, overall, investment in construction has continued to be buoyant and robust.

Against this backdrop, overall sales in the domestic market for the first quarter of the current cumulative period were on a par with the same period last year. While there was sales growth in the domestic market for existing buildings and service, this was offset by a small decrease in sales, compared with the same period last year, in the market for new buildings, reflecting the fact that a number of jobs are still in progress.

In overseas markets, steady progress has been made with the development of local markets. In the Asian region, despite the fact that sales figures for the previous fiscal year included a large-scale project in Singapore, it was possible to maintain sales at about the same level as the same period last year. Also, even in China, where there has continued to be a difficult business environment since the previous fiscal year, there was an improvement and, overall, sales increased.

As a result, BA business sales for the first quarter of the current consolidated cumulative period were 19,884 million yen, up 0.7% on the same period last year. Turning to profits, in addition to the reinforcing of sales activities designed to win orders for large-scale projects in anticipation of the business opportunities afforded throughout the life cycle of a building, provision for loss increased temporarily, reflecting the impact of unifying job profit-and-loss management procedures to coincide with the aforesaid introduction of the new core information system. Also, costs have risen owing to an increase in staff numbers and training; this has been done to enhance the system for following through on jobs that have the potential for generating future orders for new buildings, etc. Various other costs also rose, including those for the aforesaid R&D aimed at developing new products. As a result there was a segment loss of 1,722 million yen; for comparison, in the same period last year a segment loss of 822 million yen was recorded.

Advanced Automation (AA) Business

In the domestic market, capital investment continued steadily in advanced industries such as electrical/electronics and semiconductors, domestic demand-oriented industries such as food [Note 5], and in those fields related to the gas energy supply chain. Nevertheless, among upstream customers in such materials industries as oil and chemicals, despite improvements in operation rates capital investment has generally been limited, though this observation does not apply to all industries. Consequently, sales of sensors and other control products did increase compared to the same period last year. However, sales fell for that part of the business that supplies plants – mainly in the materials industries – with everything from field instruments and system products to service. This result also reflects the fact that in the same period last year there were large-scale periodic maintenance jobs. Overall, income in the domestic market fell.

Turning to overseas markets, in China, owing to the slowdown in economic growth, the business environment has been growing even more difficult, mainly in fields related to the materials industries. However, in other parts of Asia, as well as in Europe and the US, business development has remained on track, and sales rose overall.

Consequently, for the first quarter of the current consolidated cumulative period the AA business recorded sales of 19,341 million yen, down 2.0% on the same period last year. As regards profits, although there was an improvement following the optimum deployment of resources within the azbil Group during the previous consolidated fiscal year, because of the fall in income and the aforesaid increase in costs, a segment loss of 107 million yen was recorded; for comparison, in the same period last year segment profit was 63 million yen.

Note 5: Advanced industries such as electrical/electronics and semiconductors, domestic demand-oriented industries such as food

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

Life Automation (LA) Business

LA business sales were lower than the same period last year, owing mainly to the transfer of its business in the health, welfare, and nursing care field in the previous consolidated fiscal year. [Note 6] But as regards the other fields, as a result of implementing radical business structure reforms, improvements have been achieved in both sales and profits, as detailed below.

In the field of gas and water meters, the business related to town gas achieved sales growth. And as sales of LP gas meters and water meters were on a par with the same period last year, there was an overall increase in sales.

In the Life Science Engineering (LSE) field, with the impact of the fall in orders that occurred in the second half of the previous consolidated fiscal year as part of the process of implementing business structure reforms, the first quarter of the current consolidated cumulative period saw a decrease in sales. However, there are now signs of an uptick in orders – including orders for a large-scale project – compared with the same period last year.

In the field of residential air-conditioning systems, reforms have been implemented for the development and sales systems, and as a result of strengthened marketing, sales remained on the same level as the same period last year, despite the leaner business structure.

LA business sales in the first quarter of the current consolidated cumulative period were 10,293 million yen, down 12.2% on the same period last year. An improvement in profits was achieved by the reforms carried out in the previous consolidated fiscal year targeting the structures within the LA business, and by a reduction in goodwill amortization costs. As a result, segment loss was 80 million yen; for comparison, in the same period last year a segment loss of 788 million yen was recorded.

Note 6: Azbil Corporation transferred all of its shares in Azbil Care & Support Co., Ltd., a provider of health, welfare, and nursing care services, to SOHGO SECURITY SERVICES CO., LTD. as of February 4, 2015.

Other

In Other business, sales in the first quarter of the current consolidated cumulative period were 26 million yen, (compared with 26 million yen for the same period last year). Segment profit was 14 million yen ; for comparison, in the same period last year segment profit was 13 million yen.

(2) Qualitative information on consolidated quarterly financial position

(Assets)

Total assets at the end of the first quarter of fiscal year 2015 stood at 247,033 million yen, a decrease of 18,685 million yen from the previous fiscal year-end. This was mainly due to a decrease of 19,517 million yen in notes and accounts receivable-trade.

(Liabilities)

Total liabilities at the end of the first quarter of fiscal year 2015 were 93,088 million yen, a decrease of 12,335 million yen from the previous fiscal year-end. This was mainly owing to a decrease of 4,686 million yen in notes and accounts payable-trade, a decrease of 3,579 million yen in income taxes payable due to the payment of income taxes, and a decrease of 5,435 million yen in the provision for bonuses due to bonus payments.

(Net assets)

Net assets at the end of the first quarter of fiscal year 2015 stood at 153,944 million yen, a decrease of 6,349 million yen from the previous fiscal year-end. This reduction was mainly in shareholders' equity, and it can be attributed to a decrease of 2,000 million yen as a result of repurchasing own shares, a decrease of 1,448 million yen as a result of applying the revised "Accounting Standard for Business Combinations", and a further decrease of 3,693 million yen owing to the recording of loss attributable to owners of parent and the payment of a dividend. (Note that as a result of applying the aforesaid revised standard, capital surplus fell by 4,863 million yen while retained earnings rose by 3,415 million yen.)

As a result, the shareholders' equity ratio was 61.5% compared with 59.6% at the previous fiscal year-end.

(3) Qualitative information on forecast of consolidated financial results

The performance of the azbil Group in the first quarter of the current consolidated cumulative period has generally been in line with the initial forecast, despite there being some disparity evident in the earnings of different segments. Consequently, no changes will be made to the forecasts previously published (May 13, 2015), either for the second quarter of the consolidated cumulative period or for the full fiscal year.

The domestic market environment for the BA business will continue to be favorable. Going forward, it is expected that new large-scale building projects scheduled for completion by the end of this fiscal year as well as refurbishment projects for existing buildings will make progressive, positive contributions to upcoming financial performance. In the AA business too, domestic capital investment is expected to remain steady, mainly as a result of customers opting for maintenance/renewal, rationalization/laborsaving, and safety measures. Overseas, there are concerns about the slowdown in China's economic growth, but while the economic tempo – in the Asian region as a whole, including China – is expected to slow gently, growth will continue. And the US recovery is forecast to continue. As regards the LA business, the radical business/operational structural reforms undertaken in the Life Science Engineering (LSE) field will progressively bear fruit.

While responding promptly and decisively to changes in the business environment, the azbil Group will continue to reform and strengthen the business structure so as to achieve the FY2015 performance forecast.

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.

2. Matters concerning summary information (notes)

(1) Changes in significant subsidiaries during the period:

Non applicable

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

(Application of the Accounting Standard for Business Combinations, etc.)

The “Accounting Standard for Business Combinations”(ASBJ Statement No.21 issued on September 13, 2013), the “Accounting Standard for Consolidated Financial Statements”(ASBJ Statement No.22 issued on September 13, 2013) and the “Accounting Standard for Business Divestitures” (ASBJ Statement No.7 issued on September 13, 2013) were applied from the first quarter of the current consolidated accounting period. The balance generated from the changes of ownership ratio over the affiliates under control was started to be included in capital surplus, and the expenses related to acquisition was registered as the expenses when they are generated. Furthermore, with regards to business combinations conducted on or after the beginning of the first quarter of the current consolidated accounting period, the its accounting method has been changed to reflect the revised allocation of acquisition costs arising from settlement of tentative accounting treatment in the quarterly consolidated financial statement in which the business combination occurs. In addition, the way to present net income, etc. and the method to present from minority interests to non-controlling interests were altered. In order to reflect the above changes, the quarterly consolidated financial statements and consolidated financial statements were rearranged for the first quarter of the previous consolidated cumulative period and the previous consolidated fiscal year.

The application of the "Accounting Standard for Business Combinations" was followed by the transitional handling procedure in accordance with Paragraph 58-2(3) of the "Accounting Standard for Business Combinations", Paragraph 44-5(3) of the "Accounting Standard for Consolidated Financial Statement" and Paragraph 57-4(3) of the "Accounting Standard for Business Divestitures". The cumulative effect of accounting change as of the beginning of the first quarter of the current consolidated accounting period in case that new accounting standards were applied to all the past financial statements is deleted from/added to capital surplus or retained earnings.

As a result, as of the beginning of the first quarter of the current consolidated accounting period, capital surplus decreased by 4,863 million yen, goodwill decreased by 1,448 million yen, and retained earnings increased by 3,415 million yen. This produces minor effects on operating loss, ordinary loss, and loss before income taxes for the first quarter of the current consolidated cumulative period.

(Change in revenue recognition standard)

Concerning the sales of goods within Japan, the Company had been recognizing the revenue at shipment on delivery basis; however, from the first quarter of the current consolidated accounting period, it altered the method to recognize the revenue on the date when the goods are delivered to and arrive at the customer site.

While the azbil Group companies had been recognizing the revenue for sales of goods within Japan at shipment on delivery basis, it had been recognizing the revenue for that for overseas countries on shipment basis based on the Free on board (FOB) contracts and the revenue for that by overseas consolidated subsidiaries and affiliates based on the International Financial Reporting Standards (IFRS). In recent years, however, the importance of sales of goods overseas and sales by overseas consolidated subsidiaries and affiliates is increasing, as more and more customers expand their businesses overseas. Under this circumstance, the Company reviewed the revenue recognition standards. As a result, concerning revenue recognition, the Company deemed it more appropriate to alter the method to recognize the revenue concerning the sales of goods within Japan from delivery basis to the date of the receipt of customer to emphasize the objectivity of “transferring important risks and economic values associated with possession of goods to the buyers”and also to promote integration of processing method concerning goods sales among the azbil Group. And thus, it decided to alter the method accordingly upon introduction of a new core information system from the first quarter of the current consolidated accounting period.

Because the effect of this change on sales, operating loss, ordinary loss and loss before income taxes is slight, retroactive adjustment has not been carried out. The effect on the segment information as well as information per share is also small. Therefore, the statement is omitted.

3. Consolidated quarterly financial statements

(1)Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31,2015	As of June 30,2015
Assets		
Current assets		
Cash and deposits	58,837	51,977
Notes and accounts receivable - trade	88,960	69,443
Securities	13,605	17,605
Merchandise and finished goods	5,353	5,836
Work in process	7,009	9,274
Raw materials	9,320	9,988
Other	15,474	16,247
Allowance for doubtful accounts	(565)	(520)
Total current assets	197,995	179,852
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,605	13,357
Other, net	12,092	11,796
Total property, plant and equipment	25,698	25,153
Intangible assets		
Goodwill	5,601	3,971
Other	5,923	5,794
Total intangible assets	11,524	9,765
Investments and other assets		
Investment securities	22,551	23,308
Net defined benefit asset	7	1,000
Other	8,314	8,316
Allowance for doubtful accounts	(373)	(363)
Total investments and other assets	30,499	32,261
Total non-current assets	67,722	67,180
Total assets	265,718	247,033
Liabilities		
Current liabilities		
Notes and accounts payable - trade	42,687	38,001
Short-term loans payable	15,776	14,497
Income taxes payable	3,829	249
Provision for bonuses	8,759	3,324
Provision for directors' bonuses	116	38
Provision for product warranties	484	473
Provision for loss on order received	616	994
Provision for loss on litigation	441	450
Other	16,981	19,633
Total current liabilities	89,694	77,663

(Millions of yen)

	As of March 31,2015	As of June 30,2015
Non-current liabilities		
Bonds payable	10	10
Long-term loans payable	856	810
Net defined benefit liability	8,164	4,882
Provision for directors' retirement benefits	125	119
Other	6,572	9,602
Total non-current liabilities	15,729	15,425
Total liabilities	105,424	93,088
Net assets		
Shareholders' equity		
Capital stock	10,522	10,522
Capital surplus	17,197	12,333
Retained earnings	121,573	121,294
Treasury shares	(2,648)	(4,648)
Total shareholders' equity	146,645	139,502
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,524	10,096
Deferred gains or losses on hedges	—	0
Foreign currency translation adjustment	2,505	2,424
Remeasurements of defined benefit plans	(402)	(119)
Total accumulated other comprehensive income	11,628	12,402
Non-controlling interests	2,020	2,039
Total net assets	160,294	153,944
Total liabilities and net assets	265,718	247,033

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

(Consolidated quarterly statements of income)

(The first quarter of the current consolidated cumulative period)

(Millions of yen)

	Three months ended June 30,2014 (April 1,2014 to June 30,2014)	Three months ended June 30,2015 (April 1,2015 to June 30,2015)
Net sales	51,060	49,286
Cost of sales	34,775	33,316
Gross profit	16,285	15,969
Selling, general and administrative expenses	17,820	17,870
Operating loss	(1,534)	(1,900)
Non-operating income		
Interest income	23	30
Dividend income	193	185
Foreign exchange gains	―	249
Real estate rent	12	11
Reversal of allowance for doubtful accounts	16	18
Other	77	30
Total non-operating income	324	526
Non-operating expenses		
Interest expenses	82	77
Foreign exchange losses	152	―
Commitment fee	5	5
Rent expenses on real estates	12	12
Office transfer expenses	15	150
Share of loss of entities accounted for using equity method	1	2
Other	19	59
Total non-operating expenses	290	307
Ordinary loss	(1,500)	(1,681)
Extraordinary income		
Gain on sales of non-current assets	58	2
Gain on sales of investment securities	10	188
Total extraordinary income	68	191
Extraordinary losses		
Loss on sales and retirement of non-current assets	23	7
Total extraordinary losses	23	7
Loss before income taxes	(1,455)	(1,497)
Income taxes - current	223	191
Income taxes - deferred	(350)	(366)
Total income taxes	(127)	(174)
Loss	(1,328)	(1,323)
Net income (loss) attributable to non-controlling interests	(55)	44
Loss attributable to owners of parent	(1,272)	(1,367)

(Consolidated quarterly statements of comprehensive income)

(The first quarter of the current consolidated cumulative period)

(Millions of yen)

	Three months ended June 30,2014 (April 1,2014 to June 30,2014)	Three months ended June 30,2015 (April 1,2015 to June 30,2015)
Loss	(1,328)	(1,323)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,186	572
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	(356)	(83)
Remeasurements of defined benefit plans, net of tax	83	283
Total other comprehensive income	911	772
Comprehensive income	(416)	(550)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(322)	(593)
Comprehensive income attributable to non-controlling interests	(94)	42

(3) Notes to the consolidated quarterly financial statements

(Notes regarding assumptions of continuing operations)

Non applicable

(Notes regarding significant change in shareholders' equity)

From the first quarter of the current consolidated accounting period, the azbil Group is applying the "Accounting Standard for Business Combinations", etc. As a result, the capital surplus decreased by 4,863 million yen, and retained earnings increased by 3,415 million yen.

The Company repurchased its own shares to aim not only to improve capital efficiency but also to enhance the return of profits to shareholders and develop capital policies in response to changes in the corporate environment, taking into consideration the future business performance forecast, based on the resolutions at the Board of Directors meetings held on May 13, 2015. The number of its own shares repurchased was 600,000 shares.As a result, treasury shares increased by 1,998 million yen in the first quarter of the current consolidated accounting period and amounted to 4,648 million yen at the end of the first quarter of the current consolidated accounting period.

(Segment information)

Three months ended June 30, 2014 (from April 1, 2014 to June 30, 2014)

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	19,705	19,638	11,692	51,036	24	51,060
Inter-segment	30	94	25	151	1	153
Total	19,736	19,733	11,718	51,187	26	51,213
Segment Profit (loss)	(822)	63	(788)	(1,547)	13	(1,533)

*"Other" includes insurance agent business.

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

(Millions of yen)

Income (loss)	Amount
Total of reportable segment	(1,547)
Profit in Other	13
Elimination	(1)
Operating income (loss)	(1,534)

Three months ended June 30, 2015 (from April 1, 2015 to June 30, 2015)

1. Sales and loss information about each segment

(Millions of yen)

	Reportable Segment				Other*	Total
	Building Automation	Advanced Automation	Life Automation	Total		
Sales						
Customers	19,786	19,235	10,239	49,261	25	49,286
Inter-segment	97	106	54	257	1	259
Total	19,884	19,341	10,293	49,519	26	49,545
Segment Profit (loss)	(1,722)	(107)	(80)	(1,911)	14	(1,897)

*“Other” includes insurance agent business.

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

(Millions of yen)

Income (loss)	Amount
Total of reportable segment	(1,911)
Profit in Other	14
Elimination	(3)
Operating income (loss)	(1,900)

3. Notice on the changes of the reportable segments

(Application of the Accounting Standard for Business Combinations, etc.)

The“Accounting Standard for Business Combinations”was applied from the first quarter of the current consolidated accounting period. The balance generated from the changes of ownership ratio over the affiliates under control was started to be included in capital surplus, and the expenses related to acquisition was registered as the expenses when they are generated. Furthermore, with regards to business combinations conducted on or after the beginning of the first quarter of the current consolidated cumulative period , the its accounting method has been changed to reflect the revised allocation of acquisition costs arising from settlement of tentative accounting treatment in the quarterly consolidated financial statement in which the business combination occurs. As a result, unamortized balance of goodwill decreased by 199 million yen for the“Advanced Automation Business” and 1,249 million yen for the “Life Automation Business”.

(Changes in the methods to measure internal sales or transfer amount between segments)

From the first quarter of the current consolidated accounting period, the Company reviewed the performance assessment method upon introduction of our new core information system and changed the methods to measure internal sales or transfer amount between segments. As a result, this produces minor effects on internal sales or transfer amount between segments and segment profit or loss during the first quarter of the current consolidated accounting period.

The first quarter of the previous consolidated accounting period was developed based on the new methods to measure internal sales or transfer amount between segments and described in "1.Sales and profit (loss) information about each segment".

4.Supplementary information

Orders received condition

(Millions of yen)

Reportable segment	Three months ended June 30, 2014 (April 1, 2014 to June 30, 2014)	Three months ended June 30, 2015 (April 1, 2015 to June 30, 2015)	Change	
	Orders received	Orders received	Orders received	
			Amount	Ratio (%)
Building Automation	48,662	51,416	2,753	5.7
Advanced Automation	25,090	22,441	(2,649)	(10.6)
Life Automation	12,492	14,045	1,552	12.4
Total of reportable segments	86,246	87,903	1,656	1.9
Other	26	26	0	0.7
Elimination	(194)	(48)	146	―
Consolidated	86,077	87,881	1,803	2.1

*From the first quarter of the current consolidated accounting period, the Company reviewed the performance assessment method upon introduction of our new core information system and changed the method to measure orders received between segments. Concerning increase/decrease as compared with the same quarter of last year, the figures are calculated using the method after the change. As a result, this produces minor effects on orders received between segments during the first quarter of the current consolidated accounting period.