Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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

February 4, 2015

Company name:	Azbil Corporation
Stock exchange listing:	Tokyo Stock Exchange 1st Section (CODE 6845)
URL:	http://www.azbil.com/
Representative:	Hirozumi Sone, President and Chief Executive Officer
Contact:	Takayuki Yokota, Executive Officer, Head of Group Management Headquarters
TEL:	+81-3-6810-1009
Scheduled date to file Quarterly Securities Report:	February 13, 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 nine months ended December 31, 2014 (from April 1, 2014 to December 31, 2014)

(1) Consolidated financial results (Cumulative) Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2014	176,566	4.1	6,586	62.8	8,674	72.2	4,036	53.4
Nine months ended December 31, 2013	169,642	8.0	4,046	(24.1)	5,035	(12.4)	2,632	2.1

Note: Comprehensive income As of December 31, 2014 6,103 million yen 8.9%
As of December 31, 2013 5,603 million yen 116.4%

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2014	54.66	—
Nine months ended December 31, 2013	35.64	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2014	247,092	151,204	60.4
As of March 31, 2014	253,448	144,978	56.5

Note : Shareholders' equity As of December 31, 2014 149,340 million yen
As of March 31, 2014 143,316 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, 2014	—	31.50	—	31.50	63.00
Year ending March 31, 2015	—	31.50	—		
Year ending March 31, 2015 (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, 2015 (from April 1, 2014 to March 31, 2015)

Percentages indicate year-on-year changes

	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 2014	255,000	2.7	15,000	7.9	15,300	4.8	8,500	10.8	115.09

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: No
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 7 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 stock)

As of December 31, 2014	75,116,101 shares	As of March 31, 2014	75,116,101 shares

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

As of December 31, 2014	1,263,767 shares	As of March 31, 2014	1,263,194 shares

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

Nine months ended December 31, 2014	73,852,673 shares	Nine months ended December 31, 2013	73,853,485 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

(Attention to the description of the future)

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

The projections of azbil Group are based on currently available information and some reasonable assumptions. Due to various factors, actual results may differ from those discussed in this document. Please see "1. Qualitative information on consolidated quarterly financial results (3) Qualitative information on forecast of consolidated financial results" on page 5 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 ····· 2
(1) Qualitative information on consolidated financial results ····· 2
(2) Qualitative information on consolidated financial position ····· 5
(3) Qualitative information on forecast of consolidated financial results ····· 5
2. Matters concerning summary information (notes) ····· 7
(1) Changes in significant subsidiaries during the period ····· 7
(2) Changes in accounting policies, accounting estimates, and retrospective restatements ····· 7
3. Consolidated quarterly financial statements ····· 8
(1) Consolidated quarterly balance sheets ····· 8
(2) Consolidated quarterly statements of income and Consolidated quarterly statements of comprehensive income ····· 10
Consolidated quarterly statements of income
The third quarter of the current consolidated cumulative period ····· 10
Consolidated quarterly statements of comprehensive income
The third quarter of the current consolidated cumulative period ····· 11
(3) Notes to the consolidated quarterly financial statements ····· 12
(Notes regarding assumptions of continuing operations) ····· 12
(Notes if there is a remarkable change in the amount of shareholders' equity) ····· 12
(Segment information) ····· 12
(Significant subsequent event) ····· 14
4. Supplementary information ····· 15
Orders received condition ····· 15

1. Qualitative information on consolidated quarterly financial results

(1) Qualitative information on consolidated financial results

In the third quarter of the current consolidated cumulative period, overall Japan's economy continued a gradual recovery. However, consumer spending was still weak owing to the rise in the consumption tax, and also the recovery in corporate earnings was not uniform across the different sectors of the economy.

As regards overseas economies, in China the tempo of economic growth was attenuated, yet growth continued to be steady. Consumer spending in the US was healthy, and the economy continued to expand. However, growth in Europe remained subdued, and there has been some uncertainty regarding where the world economy is headed, with concerns raised about a recession in emerging economies, triggered by low oil prices and changes in US monetary policy, and the unstable political situation in the Middle East.

Amid this business environment, aiming to achieve the targets of the medium-term plan, the azbil Group has adopted the following three initiatives: (1) becoming a long-term partner for the customer and the community by offering solutions based on azbil technologies and products; (2) taking global operations to the next level, with global expansion by moving into new regions and making a qualitative change of focus; (3) becoming a corporate organization that never stops learning, so that it can continuously strengthen its corporate structure. The business plan targets three growth fields: next-generation solutions, energy management solutions, and safety solutions. For this, progress has been being made to implement distinctively azbil solutions utilizing our products, technologies and services.

As a result, although orders decreased for the Life Automation (LA) business owing to a deterioration in the business environment overseas, orders increased for the Building Automation (BA) [Note] and the Advanced Automation (AA) businesses, and overall orders for the third quarter of the current consolidated cumulative period were 208,224 million yen, up 6.3% on the same period last year. Similarly, overall sales were 176,566 million yen, up 4.1% on the same period last year.

As regards profits, the LA business suffered a fall in income. And there was also an impact from increased R&D expenses and an increase in expenses incurred for the updating of core information systems, etc. However, the BA and AA businesses achieved growth in sales, and initiatives aimed at cost improvement, etc. bore fruit. As a result, operating income was up 62.8% at 6,586 million yen, compared with 4,046 million yen for the same period last year. Ordinary income increased by 72.2% to 8,674 million yen, compared with 5,035 million yen for the same period last year; this was primarily due to foreign exchange gains resulting from the lower value of the yen. While restructuring loss and impairment loss were recorded as a result of the process of business reevaluation and restructuring that is aimed at achieving a radical strengthening of the business structure so as to ensure medium- to long-term growth, because of a fall in tax expenses, net income was 4,036 million yen, up 53.4% on the same period last year (2,632 million yen).

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

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. 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).

The results for the individual reportable segments are as follows.

Building Automation (BA) Business

In the domestic market, the economic recovery and a rise in electricity charges prompted growth in demand for power/energy-saving solutions, and this sparked greater investment in construction. Benefitting from this business environment, which has continued since last year, sales increased, compared with the same period last year, in all three fields: new buildings, existing buildings, and service.

In overseas markets, sales grew in such Asian countries as Singapore, where progress has been made developing local markets. However, sales fell in China and Thailand, and thus overall sales were on a par with the same period last year.

As a result, BA business sales for the third quarter of the current consolidated cumulative period were 75,014 million yen, up 6.4% on the same period last year.

Despite increased R&D expenses and an increase in expenses incurred for the updating of core information systems, segment profit (operating income) was 5,351 million yen, up 58.1% on the same period last year, when segment profit (operating income) was 3,384 million yen. This can be attributed to increased sales in the Japanese market resulting from growth in the new buildings field, as well as in more profitable fields as existing buildings and service, and also the success of efforts to improve construction profitability.

Advanced Automation (AA) Business

In the domestic market, there has been evidence of some production being repatriated to Japan spurred by the lower value of the yen, yet the impact of the overseas shift in customers' manufacturing facilities has continued to be felt, and thus there has only been limited recovery in capital investment in the manufacturing industry. However, in addition to an improvement in the market for control products for equipment manufacturers, orders were received for large-scale projects, leading to growth. Also, sales of field instruments and system products for use in plants have continued to face challenging conditions. Nevertheless, because of business growth in markets related to the gas supply chain triggered by the energy switchover, and because of steady progress achieved in tapping into the demand for repairs and maintenance, sales figures were on a par with the same period last year. So the whole of domestic sales increased.

Abroad, there was some political uncertainty and a change of political administration in certain Asian countries; and reflecting the fact that major projects had been undertaken in the same period last year, sales in some countries fell. Nevertheless, overall there was steady growth in each region, and with the addition of a new subsidiary, sales increased.

Consequently, AA business sales for the third quarter of the current consolidated cumulative period were 66,831 million yen, up 4.8% on the same period last year. As with the BA business,

various costs increased, but thanks to growth in sales domestically and abroad, principally to equipment manufacturers, segment profit (operating income) was 2,944 million yen, up 99.0% on the same period last year, when segment profit (operating income) was 1,479 million yen.

Life Automation (LA) Business

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

The Life Science Engineering (LSE) business was affected by flagging economies and increasing competition in developing nations. As a result of undertaking radical business structure reforms, ensuring thoroughgoing job management, and furthering business reorganization, some improvement has now been observed as regards orders. However, orders have been flagging since the start of this fiscal year, and thus sales have fallen.

In the health, welfare, and nursing care field [Note], initiatives designed to win new contracts and deploy a new comprehensive service bore fruit, and sales increased.

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

Consequently, LA business sales in the third quarter of the current consolidated cumulative period were 35,693 million yen, down 1.3% on the same period last year. Owing primarily to the recording of losses engendered by lower LSE sales and projects for which profit margins were slim, segment loss (operating loss) was 1,722 million yen. For comparison, in the same period last year a segment loss (operating loss) of 832 million yen was recorded.

Note: Transfer of business in the health, welfare, and nursing care field
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. As a result, the azbil Group is withdrawing from the health, welfare, and nursing care field.

Other

In Other business, sales in the third quarter of the current consolidated cumulative period were 53 million yen, down 1.1% on the same period last year. Segment profit (operating income) was 17 million yen, up 2.8% on the same period last year, when segment profit (operating income) was 16 million yen.

(2) Qualitative information on consolidated financial position

(Assets)

Total assets at the end of the third quarter of fiscal year 2014 stood at 247,092 million yen, a decrease of 6,356 million yen from the previous fiscal year-end. This was mainly due to a decrease of 5,921 million yen in cash and deposits owing to the payment of income taxes and bonuses, reflecting seasonal factors, and a decrease of 5,437 million yen in accounts receivable – trade. At the same time, inventories increased by 6,288 million yen as a result of growth in orders.

(Liabilities)

Total liabilities at the end of the third quarter of fiscal year 2014 stood at 95,887 million yen, a decrease of 12,582 million yen from the previous fiscal year-end. This was mainly owing to a 9,212 million yen decrease in net defined benefit liability resulting from changes in the Retirement Benefits Accounting Standard, etc, as well as a 5,661 million yen decrease in income taxes payable following payment of income taxes and a 3,965 million yen decrease in provision for bonuses following the payment of bonuses. At the same time, an increase in accrued expenses, etc. led to a 5,399 million yen increase in other current liabilities.

(Net assets)

Net assets at the end of the third quarter of fiscal year 2014 stood at 151,204 million yen, an increase of 6,226 million yen from the previous fiscal year-end. Although a dividend was paid, there was an increase in retained earnings as a result of net income being recorded for the third quarter of the current consolidated cumulative period and from changes in the Retirement Benefits Accounting Standard. Additionally, there was an increase in valuation difference on available-for-sale securities.

As a result, the shareholders' equity ratio was 60.4% compared with 56.5% at the previous fiscal year-end.

(3) Qualitative information on forecast of consolidated financial results

The azbil Group's financial results for the third quarter of the current consolidated cumulative period have been within the range envisaged by the forecast published on October 30, 2014. The current business environment is on the whole unchanged from that on which performance forecasts had been premised. In the fourth quarter consolidated accounting period, it is expected that there will be an extraordinary income as a result of the transfer of shares in a subsidiary; however, as regards the results expected for the full year there is no change to the previous forecast (published on October 30, 2014).

In Japan, while there is some evidence of a pickup in manufacturing, there will be continued weakness in consumer spending, and the level of capital investment will be largely unchanged. Overall, the economic recovery will proceed at a slow pace, leaving room for uncertainty regarding its sustainability. Overseas, there are hopes for a gradual recovery in the world economy, but there are still risks of a downturn not only in the emerging economies, principally China, but also in the Eurozone. Concerns also remain about the impact of low oil prices and ongoing geopolitical risks.

As regards the business environment of the azbil Group, the Building Automation (BA) business is expected to perform robustly, but for the Advanced Automation (AA) and Life Automation (LA) businesses the outlook is uneven, varying by market and region. In the third quarter of the current consolidated cumulative period, the azbil Group has reevaluated an overseas subsidiary’s business and initiated restructuring. In the fourth quarter consolidated accounting period, a domestic subsidiary will be transferred to another company. These steps reflect the Group’s active involvement in ensuring optimal allocation of management resources and in reinforcing the business structure, based on a clear awareness of changes taking place in the market environment at home and abroad. Aiming to attain the financial results forecast for the year ending March 31, 2015, and also to achieve the targets of the medium-term plan, the azbil Group will continue to carefully monitor changes in the business environment, to take any necessary measures, and to actively strengthen the business structure.

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:

Although there is no change in specified subsidiaries, from the first quarter of the current consolidated cumulative period, Azbil Saudi Limited and Azbil Production (Thailand) Co.,Ltd. are included in the scope of consolidation due to their growing weight. Also, from the second quarter of the current consolidated cumulative period, Azbil Telstar Bangladesh Ltd. is included in the scope of consolidation due to the same reason.

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

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

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

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

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

3. Consolidated quarterly financial statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
Assets		
Current assets		
Cash and deposits	52,402	46,481
Notes and accounts receivable - trade	88,227	82,790
Securities	14,937	14,105
Merchandise and finished goods	4,236	5,617
Work in process	5,958	10,136
Raw materials	7,998	8,727
Other	16,110	13,788
Allowance for doubtful accounts	(494)	(448)
Total current assets	189,377	181,200
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,951	13,025
Other, net	11,549	12,256
Total property, plant and equipment	24,501	25,282
Intangible assets		
Goodwill	8,083	6,800
Other	4,866	5,771
Total intangible assets	12,950	12,572
Investments and other assets		
Investment securities	16,841	19,933
Other	10,153	8,475
Allowance for doubtful accounts	(375)	(371)
Total investments and other assets	26,618	28,037
Total non-current assets	64,070	65,891
Total assets	253,448	247,092
Liabilities		
Current liabilities		
Notes and accounts payable - trade	41,456	38,864
Short-term loans payable	15,380	16,219
Income taxes payable	6,247	586
Provision for bonuses	8,600	4,634
Provision for directors' bonuses	109	64
Provision for product warranties	567	504
Provision for loss on order received	370	762
Provision for loss on litigation	—	436
Other	14,625	20,024
Total current liabilities	87,356	82,098

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
Non-current liabilities		
Bonds payable	40	20
Long-term loans payable	2,215	1,590
Provision for directors' retirement benefits	111	116
Net defined benefit liability	16,636	7,424
Other	2,108	4,638
Total non-current liabilities	21,112	13,789
Total liabilities	108,469	95,887
Net assets		
Shareholders' equity		
Capital stock	10,522	10,522
Capital surplus	17,197	17,197
Retained earnings	114,275	118,441
Treasury shares	(2,646)	(2,648)
Total shareholders' equity	139,349	143,513
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,978	7,311
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	824	103
Remeasurements of defined benefit plans	(1,836)	(1,588)
Total accumulated other comprehensive income	3,966	5,827
Subscription rights to shares	2	2
Minority interests	1,660	1,861
Total net assets	144,978	151,204
Total liabilities and net assets	253,448	247,092

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

(Consolidated quarterly statements of income)

(The third quarter of the current consolidated cumulative period)

（Millions of yen）

	Nine months ended December 31, 2013 (April 1, 2013 to December 31, 2013)	Nine months ended December 31, 2014 (April 1, 2014 to December 31, 2014)
Net sales	169,642	176,566
Cost of sales	112,218	115,275
Gross profit	57,424	61,291
Selling, general and administrative expenses	53,377	54,705
Operating income	4,046	6,586
Non-operating income		
Interest income	136	111
Dividend income	284	329
Foreign exchange gains	887	1,912
Real estate rent	39	41
Reversal of allowance for doubtful accounts	5	—
Other	127	201
Total non-operating income	1,479	2,596
Non-operating expenses		
Interest expenses	325	328
Commitment fee	15	15
Rent expenses on real estates	48	44
Office transfer expenses	28	39
Provision of allowance for doubtful accounts	—	5
Share of loss of entities accounted for using equity method	4	4
Other	67	69
Total non-operating expenses	490	508
Ordinary income	5,035	8,674
Extraordinary income		
Gain on sales of non-current assets	4	71
Gain on sales of investment securities	41	53
Compensation income	506	—
Total extraordinary income	552	124
Extraordinary losses		
Loss on sales and retirement of non-current assets	31	80
Impairment loss	29	1,784
Restructuring loss	139	438
Provision for loss on litigation	—	436
Loss on sales of investment securities	18	0
Loss on valuation of investment securities	1	—
Total extraordinary losses	220	2,739
Income before income taxes and minority interests	5,367	6,059
Income taxes - current	1,540	1,017
Income taxes - deferred	1,216	824
Total income taxes	2,756	1,841
Income before minority interests	2,611	4,217
Minority interests in income (loss)	(20)	181
Net income	2,632	4,036

(Consolidated quarterly statements of comprehensive income)

(The third quarter of the current consolidated cumulative period)

（Millions of yen）

	Nine months ended December 31, 2013 (April 1, 2013 to December 31, 2013)	Nine months ended December 31, 2014 (April 1, 2014 to December 31, 2014)
Income before minority interests	2,611	4,217
Other comprehensive income		
Valuation difference on available-for-sale securities	1,959	2,332
Deferred gains or losses on hedges	1	(0)
Foreign currency translation adjustment	1,030	(695)
Remeasurements of defined benefit plans, net of tax	―	248
Total other comprehensive income	2,992	1,885
Comprehensive income	5,603	6,103
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,425	5,896
Comprehensive income attributable to minority interests	177	206

(3) 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)

Nine months ended December 31, 2013 (from April 1, 2013 to December 31, 2013)

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

(Millions of yen)

	Reportable Segment				Other*	Total
	Building Automation	Advanced Automation	Life Automation	Total		
Sales						
Customers	70,342	63,196	36,055	169,594	48	169,642
Inter-segment	160	582	104	847	5	852
Total	70,502	63,779	36,159	170,441	53	170,495
Segment Profit (loss)	3,384	1,479	(832)	4,031	16	4,048

* "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	4,031
Profit in Other	16
Elimination	(1)
Operating income	4,046

Nine months ended December 31, 2014 (from April 1, 2014 to December 31, 2014)

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

(Millions of yen)

	Reportable Segment				Other*	Total
	Building Automation	Advanced Automation	Life Automation	Total		
Sales						
Customers	74,839	66,090	35,587	176,518	48	176,566
Inter-segment	174	740	106	1,021	4	1,026
Total	75,014	66,831	35,693	177,539	53	177,593
Segment Profit (loss)	5,351	2,944	(1,722)	6,573	17	6,590

* “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	6,573
Profit in Other	17
Elimination	(4)
Operating income	6,586

3. Information on the impairment loss of non-current assets, goodwill, etc. for each reportable segment

(Material changes in goodwill amount)

In the “Life Automation business,” goodwill increased by 1,637 million yen, as the company acquired additional investments in capital of the consolidated subsidiary Azbil Telstar, S.L. during the third quarter of the current consolidated accounting period. In addition, the future revenue was revised following the process of business reevaluation and restructuring and goodwill was reduced to a recoverable amount. The decrease of 1,784 million yen is recorded in the section of extraordinary losses as impairment loss.

(Significant subsequent event)

Transfer of the shares of significant subsidiaries, etc.

The company agreed on January 19, 2015 that the company would transfer all of the shares of the consolidated subsidiary Azbil Care & Support Co., Ltd. (hereinafter called "ACS") to SOHGO SECURITY SERVICES CO.,LTD. (hereinafter called "ALSOK"), and conducted the share transfer on February 4, 2015.

1. Reason for share transfer

The azbil Group keeps a close watch of changes in the business environment, in both domestic and overseas markets, ensuring the optimum deployment of management resources and strengthening its corporate structure. In this way, it aims to realize customer satisfaction – by providing greater added value for its products and services – and thus achieve sustainable growth, which will lead to increased shareholders' value. The company has come to the conclusion that the best way to realize future business development of ACS in a speedy manner is to place this business within the ALSOK Group, a group that already possesses an extensive customer base in the field of private sector services, and which is currently expanding a range of service to watch over the elderly and to provide nursing care. It was therefore decided to transfer the shares of ACS to ALSOK.

2. Name of the company to receive the shares

SOHGO SECURITY SERVICES CO., LTD. (ALSOK)

3. Date of transfer

February 4, 2015

4. Name and businessess of the subsidiaries, etc.

(1) Name: Azbil Care & Support Co., Ltd.

(2) Business contents: Emergency alert response service business including health counseling and offer of emergency care service.
Nursing care business including home attendant care, day care, group home and rental of welfare-goods.

5. Number of shares transferred, price of shares transferred, profit (loss) from the transfer and ownership ratio after the transfer, etc.

(1) Number of shares transferred: 6,867

(2) Price of shares transferred: 2,498 million yen

(3) Profit (loss) from the transfer: The amount of extraordinary income including other expenses is being checked.

(4) Ownership ratio after the transfer: -%

6. Reportable segment

Life Automation business

4.Supplementary information

Orders received condition

(Millions of yen)

Reportable segment	Nine months ended December 31, 2013 (April 1, 2013 to December 31, 2013)	Nine months ended December 31, 2014 (April 1, 2014 to December 31, 2014)	Change	
	Orders received	Orders received	Orders received	
			Amount	Ratio (%)
Building Automation	86,899	100,639	13,739	15.8
Advanced Automation	70,310	72,953	2,642	3.8
Life Automation	39,996	35,925	(4,070)	(10.2)
Total of reportable segments	197,205	209,517	12,311	6.2
Other	53	53	(0)	(1.1)
Elimination	(1,375)	(1,346)	29	―
Consolidated	195,883	208,224	12,340	6.3