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 Second Quarter of the Fiscal Year Ending March 31, 2017 (Based on Japanese GAAP)

November 2, 2016

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:	Masatoshi Yamada, General Manager, Accounting Department, Group Management Headquarters
TEL:	+81-3-6810-1009
Scheduled date to file Quarterly Securities Report:	November 11, 2016
Scheduled date to commence dividend payments:	December 6, 2016
Preparation of supplementary material on quarterly financial results:	Yes
Holding of quarterly financial results meeting:	Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

(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	%
Six months ended September 30, 2016	117,600	3.1	4,928	39.1	4,209	21.5	2,318	33.6
Six months ended September 30, 2015	114,089	(1.4)	3,542	(1.4)	3,464	(22.7)	1,735	(20.1)

Note: Comprehensive income Six months ended September 30, 2016 391 million yen (16.8)%
Six months ended September 30, 2015 470 million yen (82.7)%

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2016	31.65	—
Six months ended September 30, 2015	23.63	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	239,813	154,737	63.8
As of March 31, 2016	259,127	156,966	59.8

Reference: Shareholders' equity As of September 30, 2016 153,026 million yen
As of March 31, 2016 155,005 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, 2016	—	33.50	—	33.50	67.00
Year ending March 31, 2017	—	37.00			
Year ending March 31, 2017 (Forecast)			—	37.00	74.00

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

Details of dividends at the 2nd quarter-end of the fiscal year ending March 31, 2017:
an ordinary dividend of 34.50 yen, a commemorative dividend of 2.50 yen
Details of dividends at the end of the fiscal year ending March 31, 2017 (forecast):
an ordinary dividend of 34.50 yen, a commemorative dividend of 2.50 yen

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

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
Fiscal year 2016	260,000	1.2	19,000	10.9	18,000	8.3	11,500	39.1	157.00

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

(3) Changes in accounting policies, 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 8 of the accompanying materials.

(4) Number of issued shares (Common stock)
1. Total number of issued shares at the end of the period (Including treasury shares)

As of September 30, 2016	75,116,101 shares	As of March 31, 2016	75,116,101 shares

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

As of September 30, 2016	1,865,407 shares	As of March 31, 2016	1,865,122 shares

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

Six months ended September 30, 2016	73,250,847 shares	Six months ended September 30, 2015	73,444,957 shares

* Description of the situation of the procedures for reviewing quarterly results
This quarterly financial results report 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 report, 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. Also, sales tend to be concentrated in the fourth rather than the second quarter consolidated accounting period so, for the same reason, profit in the first half (sum of the first and second quarters consolidated accounting periods) tends to be lower than profit in the second half (sum of the third and fourth 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 6 of the accompanying materials 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 is available on the company's website.

Accompanying Materials

Contents

1. Qualitative information on consolidated quarterly financial results ····· 2
(1) Qualitative information on consolidated quarterly business performance ····· 2
(2) Qualitative information on consolidated quarterly financial position ····· 5
(3) Qualitative information on forecast of consolidated financial results ····· 6
2. Matters concerning summary information (notes) ····· 8
(1) Changes in significant subsidiaries during the period ····· 8
(2) Changes in accounting policies, accounting estimates, and retrospective restatements ····· 8
(3) Additional information ····· 8
3. Consolidated quarterly financial statements ····· 9
(1) Consolidated quarterly balance sheets ····· 9
(2) Consolidated quarterly statements of income and Consolidated quarterly statements of comprehensive income ····· 11
Consolidated quarterly statements of income
The second quarter of the current consolidated cumulative period ····· 11
Consolidated quarterly statements of comprehensive income
The second quarter of the current consolidated cumulative period ····· 12
(3) Consolidated quarterly statements of cash flows ····· 13
(4) Notes to the consolidated quarterly financial statements ····· 15
(Notes regarding going concern assumption) ····· 15
(Notes regarding significant change in shareholders' equity) ····· 15
(Segment information) ····· 15
4. Supplementary information ····· 17
Orders received condition ····· 17

1. Qualitative information on consolidated quarterly financial results

(1) Qualitative information on consolidated quarterly business performance

In the second quarter of the current consolidated cumulative period, Japan's economy demonstrated signs of a moderate recovery, with improvements in employment and employee compensation. However, both domestic and foreign demand have been treading water for an extended period. Owing to concerns about a deterioration in corporate earnings as a result of the continued appreciation of the yen and a sense of uncertainty as regards the overseas situation, companies, especially in the manufacturing industry, would appear to be taking a cautious approach to decisions on capital investment. As regards overseas economies, there is evidence that, despite concerns about the future, the economic slowdown in China has levelled off somewhat thanks to infrastructure investment policies. The US has seen improvements in personal consumption and business confidence in the manufacturing industry as a result of the correction of low oil prices and appreciation of the dollar. In Europe, too, signs of a moderate recovery were observed.

Guided by the philosophy of "human-centered automation", the azbil Group has in the current medium-term plan (FY2013–FY2016) set out three key initiatives [Note 1] and three growth fields [Note 2]. We have been currently developing and expanding our business with unique solutions – only available from the azbil Group – based on products, technologies, and services. In addition, in order to realize sustained growth over the medium to long term, we have been implementing, both in Japan and overseas, business structure reforms and measures to enhance the corporate structure. In the second quarter of the current consolidated cumulative period too, taking into account the aforementioned economic circumstances in Japan and abroad as well as the business environment for the azbil Group, we are continuing to implement such measures as the reallocation of human resources and other management resources, as well as the restructuring of business and production systems.

Turning to the financial results for the second quarter of the current consolidated cumulative period, for the Building Automation (BA) business, although the business environment in Japan remained robust, orders received fell owing to the appreciation of the yen and the revision [Note 3] made in the previous fiscal year to the way multi-year contracts are recorded, and also because there had been orders received for large-scale projects in the same period last year. Orders received similarly fell for the Advanced Automation (AA) and Life Automation (LA) businesses due to fluctuations in foreign exchange rates and also the fact that there had been large-scale projects recorded in the same period last year. Consequently, overall orders received were 140,708 million yen, down 11.9% from the 159,756 million yen recorded for the same period last year.

On the other hand, as a consequence of the steady build-up of order backlogs at the end of the previous fiscal year, sales increased for the BA and AA businesses. Overall net sales were 117,600 million yen, up 3.1% on the 114,089 million yen recorded for the same period last year.

As regards profits, operating income improved. This reflects not only increased net sales and an improved profit structure, but also the result of business structure reforms as well as a reduction in goodwill amortization expenses. Consequently, overall operating income was 4,928 million yen, up 39.1% on the 3,542 million yen recorded for the same period last year. Thanks to this improvement in operating income, ordinary income also increased – despite the impact of

foreign exchange losses – to 4,209 million yen, up 21.5% on the 3,464 million yen recorded for the same period last year. Also, despite the recording of an extraordinary loss engendered by a review of part of our overseas business, thanks to improvement in operating income and a reduction in tax expenses, net income attributable to owners of parent was 2,318 million yen, up 33.6% on the 1,735 million yen recorded for the same period last year.

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

Note 3: Revision to the way orders received for multi-year contracts are recorded

In recent years there has been an increase in smaller service contracts that span several years, as is the case with some large-scale service projects, and this led to a situation in which they began to have an increasing impact on the orders received recorded for an accounting period. For this reason, in the previous consolidated fiscal year a revision was made to the way orders received for such multi-year contracts are recorded for the domestic market. This revision led to a transient jump in the amount of orders received for multi-year contracts recorded in the previous consolidated fiscal 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. Also, sales tend to be concentrated in the fourth rather than the second quarter consolidated accounting period so, for the same reason, profit in the first half (sum of the first and second quarters consolidated accounting periods) tends to be lower than profit in the second half (sum of the third and fourth quarters).

The results for the individual reportable segments are as follows.

Building Automation (BA) Business

In the domestic market, in addition to the urban redevelopment plans for the Tokyo metropolitan area, there has been continuing demand for energy/cost-saving solutions. In this business environment, domestic market sales increased compared with the same period last year thanks to growth in the markets for existing buildings and service. Overseas steady progress has been made with the development of local markets, but owing to the effect of foreign exchange rates,

sales decreased.

As a result, BA business sales for the second quarter of the current consolidated cumulative period were 49,452 million yen, up 2.6% on the 48,196 million yen recorded for the same period last year. Profits were positively impacted by increased sales in the profitable market for existing buildings. However, this was countered by temporary expenses such as allowance for doubtful accounts etc. and also increased R&D expenses, and consequently segment profit was 1,677 million yen, virtually unchanged from the segment profit of 1,711 million yen that was recorded the same period last year.

Advanced Automation (AA) Business

In the domestic market, companies have in the main stuck to their wait-and-see approach to capital investment, but there have been signs of recovery in certain markets such as that related to semiconductor manufacturing equipment. Also, in the materials-related field, sales grew as a consequence of the build-up of order backlogs for system and service projects at the end of the previous fiscal year. As a result, for the domestic market as a whole, sales increased significantly compared with the same period last year. In overseas markets, the business environment has continued to be difficult in various regions, and with the added negative impact of foreign exchange rates there was an overall decrease in overseas sales.

Consequently, for the second quarter of the current consolidated cumulative period the AA business achieved sales of 46,047 million yen, up 5.5% on the same period last year, when sales of 43,639 million yen were recorded. Profits were affected by the appreciation of the yen but, thanks to domestic sales growth and the progress of initiatives aimed at improving the profit structure, segment profit was 2,596 million yen, up 68.4% on the 1,541 million yen recorded for the same period last year.

Life Automation (LA) Business

The LA business covers three fields: Lifeline (gas/water meters, etc.), Life Science (pharmaceutical/medical fields), and Lifestyle-related (residential central air-conditioning systems). Sales for the second quarter of the current consolidated cumulative period were on a par with the same period last year, but profits saw an improvement thanks to a reduction in goodwill amortization expenses and the progress of initiatives aimed at achieving business structure reforms.

In the field of gas and water meters, sales increased thanks to a recovery in demand for LP gas meters and sales of water meters. However, profits were slightly down owing to lower sales of town gas meters and increased R&D expenses.

In the Life Science Engineering (LSE) field, sales were down, but profits improved thanks to a reduction in goodwill amortization expenses and the progress of business structure reforms.

In the residential central air-conditioning systems field, thanks to sales system reforms implemented in the previous consolidated fiscal year, as well as improvements made to marketing and development systems, sales increased. Furthermore, the profit structure was strengthened.

Consequently, LA business sales for the second quarter of the current consolidated cumulative period were 22,628 million yen, down 0.5% from the same period last year, when sales of

22,746 million yen were recorded. Profits improved as a result of reduced goodwill amortization expenses and the progress of business structure reforms, especially in the LSE business, so that segment profit was 647 million yen, up 134.3% on the 276 million yen segment profit recorded for the same period last year.

Other

In Other business, sales in the second quarter of the current consolidated cumulative period were 43 million yen (compared with 41 million yen for the same period last year). Segment profit was 18 million yen; for comparison, in the same period last year segment profit was 18 million yen.

(2) Qualitative information on consolidated quarterly financial position

(Assets)

Total assets at the end of the second quarter of fiscal year 2016 stood at 239,813 million yen, a decrease of 19,314 million yen from the previous fiscal year-end. This was mainly due to a decrease of 16,362 million yen in notes and accounts receivable-trade.

(Liabilities)

Total liabilities at the end of the second quarter of fiscal year 2016 stood at 85,076 million yen, a decrease of 17,085 million yen from the previous fiscal year-end. This was mainly due to a decrease of 9,101 million yen in notes and accounts payable-trade, and a decrease of 2,844 million yen in income taxes payable and a decrease of 2,675 million yen in provision for bonuses.

(Net assets)

Net assets at the end of the second quarter of fiscal year 2016 stood at 154,737 million yen, a decrease of 2,229 million yen from the previous fiscal year-end. This reduction in net assets was mainly attributed to a decrease of 2,453 million yen as the payment of dividends and also a decrease of 1,909 million yen in foreign currency translation adjustment, despite an increase of 2,318 million yen by the recording of net income attributable to owners of parent.

As a result, the shareholders' equity ratio was 63.8% compared with 59.8% 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 grew by 6,822 million yen, an increase of 4,556 million yen compared to the same period last year. This was mainly due to a fall in inventories coupled with a decrease in other assets such as advance payments.

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

Net cash used in investment activities (expenditure) in the second quarter of the current consolidated cumulative period was 994 million yen; in the same period last year net cash

provided by those activities (income) was 7,549 million yen. This was mainly due to an increase in payments into time deposits as well as a fall in proceeds from sale of securities.

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

Net cash used in financing activities in the second quarter of the current consolidated cumulative period was 2,538 million yen, a decrease of 4,313 million yen compared to the same period last year. This was mainly due to a decrease in expenditure resulting from purchase of own shares and the repayment of loans payable.

As a result of the above factors, net cash at the end of the second quarter of the current consolidated cumulative period stood at 57,655 million yen, an increase of 1,708 million yen from the previous fiscal year-end.

(3) Qualitative information on forecast of consolidated financial results

Based on the financial results for the second quarter of the current consolidated cumulative period and on currently available information regarding the business climate, etc., the forecast for consolidated financial results for the fiscal year ending March 31, 2017, has been adjusted for individual segment profits. However, the forecasts for azbil Group sales and operating income remain unchanged from those published on May 13, 2016, at the start of the fiscal year – namely 260 billion yen and 19 billion yen, respectively. Ordinary income is now expected to decrease by 0.5 billion yen (2.7%) to 18 billion yen owing to the recording of foreign exchange losses in the first half, but no change is made to the forecast for net income attributable to owners of parent, which remains at 11.5 billion yen.

Regarding the BA business, since demand is expected to continue at a high level, we will reinforce structures to ensure a sufficient job processing capability. This will mean a revision to the profit plan but we are still aiming to achieve a segment profit greater than that of the previous fiscal year. Regarding the AA business, the appreciation of the yen and the uncertainty regarding the business environment in the second half are reasons for concern, but, based on the results for the first half, the forecast for segment profit for the full fiscal year has been raised. For the LA business, the forecast for segment profit has been slightly adjusted downward to account for concerns about the impact of foreign exchange rates and falling orders received for the cleanroom business in Europe; however, it is expected that a significant improvement in profitability, compared with the previous fiscal year, will result from what has been achieved with the extensive reforms in the LSE field carried out to date.

Conscious that FY2016 marks the 110th anniversary of its founding and the 10th anniversary of the adoption of the Group philosophy of “human-centered automation”, the azbil Group is focusing on the three key initiatives. In the three business segments of BA, AA and LA, we are implementing business structure reforms and measures to enhance the corporate structure. While closely tracking changes in the business environment, we will make sure to implement organizational reforms and measures where necessary. In this way, as well as striving to attain our FY2016 performance targets, we will also make progress with enhancing the business foundation and reinforcing the corporate structure so as to achieve medium- to long-term growth from FY2017, which marks the start of the next medium-term plan.

The forecasts for the individual reportable segments are as follows.

(Billions of yen)

		Revised forecast (November 2, 2016)	Initial forecast (May 13, 2016)	Difference	%	(Reference) FY2015 Actual
Building Automation	Sales	120.0	120.0	-	-	118.8
	Operating income	12.5	13.0	(0.5)	(3.8)	12.0
Advanced Automation	Sales	94.0	94.0	-	-	93.5
	Operating income	5.0	4.3	0.7	16.3	5.0
Life Automation	Sales	46.0	46.0	-	-	45.6
	Operating income	1.5	1.7	(0.2)	(11.8)	0.0
Other	Sales	0.1	0.1	-	-	0.0
	Operating income	0.0	0.0	-	-	0.0
Consolidated	Net sales	260.0	260.0	-	-	256.8
	Operating income	19.0	19.0	-	-	17.1
	Ordinary income	18.0	18.5	(0.5)	(2.7)	16.6
	Net income attributable to owners of parent	11.5	11.5	-	-	8.2

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:
Not applicable

(2) Changes in accounting policies, accounting estimates, and retrospective restatements:
(Application of Practical Solution on a change in depreciation method due to Tax Reform 2016)
In accordance with the revision of the Corporate Tax Act, the "Practical Solution on a change in depreciation method due to Tax Reform 2016" (ASBJ Practical Issues Task Force No.32, June 17, 2016) has been applied effective from the first quarter of the consolidated accounting period. As a result, the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 was changed from the declining-balance method to the straight-line method.
The impact of this change on operating income, ordinary income, and income before income taxes for the second quarter of the current consolidated cumulative period is immaterial. As the effect of this change on segment information is also slight, such statement is omitted.

(3) Additional information:
(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)
The "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016) has been applied from the first quarter of the consolidated accounting period.

3. Consolidated quarterly financial statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	48,211	51,491
Notes and accounts receivable - trade	91,772	75,409
Securities	21,505	19,505
Merchandise and finished goods	6,489	4,816
Work in process	7,520	8,367
Raw materials	10,143	9,856
Other	15,804	14,093
Allowance for doubtful accounts	(621)	(767)
Total current assets	200,826	182,773
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,760	12,094
Other, net	11,611	11,371
Total property, plant and equipment	24,371	23,465
Intangible assets		
Goodwill	158	104
Other	5,529	5,385
Total intangible assets	5,687	5,490
Investments and other assets		
Investment securities	19,482	19,488
Net defined benefit asset	5	—
Other	9,127	8,927
Allowance for doubtful accounts	(372)	(331)
Total investments and other assets	28,242	28,084
Total non-current assets	58,301	57,040
Total assets	259,127	239,813
Liabilities		
Current liabilities		
Notes and accounts payable - trade	45,587	36,485
Short-term loans payable	11,990	11,216
Income taxes payable	3,795	951
Provision for bonuses	8,894	6,219
Provision for directors' bonuses	109	77
Provision for product warranties	649	730
Provision for loss on order received	945	1,324
Provision for loss on plants reorganization	112	—
Other	16,858	16,294
Total current liabilities	88,944	73,300

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Non-current liabilities		
Long-term loans payable	605	518
Net defined benefit liability	5,698	5,570
Provision for directors' retirement benefits	133	122
Other	6,780	5,564
Total non-current liabilities	13,217	11,775
Total liabilities	102,161	85,076
Net assets		
Shareholders' equity		
Capital stock	10,522	10,522
Capital surplus	12,333	12,333
Retained earnings	128,476	128,340
Treasury shares	(4,650)	(4,651)
Total shareholders' equity	146,682	146,545
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,641	7,674
Deferred gains or losses on hedges	(0)	—
Foreign currency translation adjustment	2,212	303
Remeasurements of defined benefit plans	(1,529)	(1,496)
Total accumulated other comprehensive income	8,323	6,481
Non-controlling interests	1,960	1,710
Total net assets	156,966	154,737
Total liabilities and net assets	259,127	239,813

(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, 2015 (April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)
Net sales	114,089	117,600
Cost of sales	75,025	77,860
Gross profit	39,064	39,740
Selling, general and administrative expenses	35,522	34,811
Operating income	3,542	4,928
Non-operating income		
Interest income	71	64
Dividend income	199	237
Real estate rent	22	21
Reversal of allowance for doubtful accounts	3	20
Other	163	74
Total non-operating income	460	417
Non-operating expenses		
Interest expenses	174	125
Foreign exchange losses	114	932
Commitment fee	10	10
Rent expenses on real estates	25	38
Office transfer expenses	150	―
Other	62	29
Total non-operating expenses	537	1,136
Ordinary income	3,464	4,209
Extraordinary income		
Gain on sales of non-current assets	28	3
Gain on sales of investment securities	188	11
Total extraordinary income	216	15
Extraordinary losses		
Loss on sales and retirement of non-current assets	14	21
Impairment loss	21	―
Loss on liquidation of subsidiaries and associates	―	931
Loss on valuation of investment securities	―	61
Loss on plants reorganization	265	―
Total extraordinary losses	301	1,014
Income before income taxes	3,379	3,211
Income taxes - current	668	868
Income taxes - deferred	851	(65)
Total income taxes	1,519	803
Net income	1,859	2,407
Net income attributable to non-controlling interests	124	89
Net income attributable to owners of parent	1,735	2,318

(Consolidated quarterly statements of comprehensive income)

(The second quarter of the current consolidated cumulative period)

(Millions of yen)

	Six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)
Net income	1,859	2,407
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,952)	33
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	266	(2,082)
Remeasurements of defined benefit plans, net of tax	297	32
Total other comprehensive income	(1,388)	(2,016)
Comprehensive income	470	391
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	332	475
Comprehensive income attributable to non-controlling interests	138	(84)

(3) Consolidated quarterly statements of cash flows

(Millions of yen)

	Six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)
Cash flows from operating activities		
Income before income taxes	3,379	3,211
Depreciation	1,940	1,961
Amortization of goodwill	358	39
Increase (decrease) in allowance for doubtful accounts	(16)	194
Increase (decrease) in net defined benefit liability	(2,758)	111
Decrease (increase) in net defined benefit asset	(1,252)	(208)
Increase (decrease) in accrued payments due to change in retirement benefit plan	2,567	(820)
Increase (decrease) in provision for bonuses	(2,704)	(2,627)
Increase (decrease) in provision for directors' bonuses	(42)	(31)
Increase (decrease) in provision for loss on litigation	(441)	—
Increase (decrease) in provision for loss on plants reorganization	251	(112)
Interest and dividend income	(271)	(302)
Interest expenses	174	125
Foreign exchange losses (gains)	61	656
Loss (gain) on sales of property, plant and equipment	(13)	17
Loss (gain) on sales and valuation of investment securities	(188)	49
Impairment loss	21	—
Decrease (increase) in notes and accounts receivable - trade	14,920	14,731
Decrease (increase) in inventories	(1,604)	274
Increase (decrease) in notes and accounts payable - trade	(6,588)	(8,063)
Decrease (increase) in other assets	(953)	447
Increase (decrease) in other liabilities	(637)	729
Subtotal	6,202	10,382
Interest and dividend income received	269	306
Interest expenses paid	(144)	(123)
Payments for business restructuring	(172)	(20)
Income taxes paid	(3,889)	(3,722)
Net cash provided by (used in) operating activities	2,266	6,822
Cash flows from investing activities		
Payments into time deposits	(2,801)	(6,693)
Proceeds from withdrawal of time deposits	7,265	6,949
Purchase of securities	(12,100)	(12,400)
Proceeds from sales of securities	15,500	12,400
Purchase of trust beneficiary right	(6,159)	(6,006)
Proceeds from sales of trust beneficiary right	7,187	6,369
Purchase of property, plant and equipment	(1,310)	(1,331)
Proceeds from sales of property, plant and equipment	96	1
Purchase of intangible assets	(377)	(381)
Proceeds from sales of intangible assets	0	—
Purchase of investment securities	(11)	(21)
Proceeds from sales of investment securities	237	63
Proceeds from sales of investments in capital of subsidiaries and associates	17	—
Other, net	6	56
Net cash provided by (used in) investing activities	7,549	(994)

(Millions of yen)

	Six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)
Cash flows from financing activities		
Increase in short-term loans payable	3,089	2,987
Decrease in short-term loans payable	(5,198)	(2,747)
Proceeds from long-term loans payable	96	12
Repayments of long-term loans payable	(173)	(115)
Redemption of bonds	(20)	(10)
Cash dividends paid	(2,325)	(2,451)
Repayments of lease obligations	(63)	(61)
Dividends paid to non-controlling interests	(256)	(151)
Purchase of treasury shares	(2,001)	(0)
Proceeds from sales of treasury shares	—	0
Net cash provided by (used in) financing activities	(6,851)	(2,538)
Effect of exchange rate change on cash and cash equivalents	(32)	(1,581)
Net increase (decrease) in cash and cash equivalents	2,931	1,708
Cash and cash equivalents at beginning of period	51,920	55,947
Cash and cash equivalents at end of period	54,852	57,655

(4) Notes to the consolidated quarterly financial statements

(Notes regarding going concern assumption)

Not applicable

(Notes regarding significant change in shareholders' equity)

Not applicable

(Segment information)

I. Six months ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

1. Sales and profit information about each segment

(Millions of yen)

	Reportable Segment				Other*	Total
	Building Automation	Advanced Automation	Life Automation	Total		
Sales						
Customers	48,031	43,376	22,642	114,050	38	114,089
Inter-segment	165	262	103	531	3	534
Total	48,196	43,639	22,746	114,581	41	114,623
Segment Profit	1,711	1,541	276	3,529	18	3,547

* "Other" includes insurance agent business.

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

(Millions of yen)

Income	Amount
Total of reportable segments	3,529
Profit in Other	18
Elimination	(5)
Operating income	3,542

II. Six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

1. Sales and profit information about each segment

(Millions of yen)

	Reportable Segment				Other*	Total
	Building Automation	Advanced Automation	Life Automation	Total		
Sales						
Customers	49,321	45,782	22,457	117,560	40	117,600
Inter-segment	131	265	171	568	3	571
Total	49,452	46,047	22,628	118,129	43	118,172
Segment Profit	1,677	2,596	647	4,920	18	4,939

* "Other" includes insurance agent business.

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

(Millions of yen)

Income	Amount
Total of reportable segments	4,920
Profit in Other	18
Elimination	(10)
Operating income	4,928

4. Supplementary information

Orders received condition

(Millions of yen)

Reportable segment	Six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)	Change	
	Orders received	Orders received	Orders received	
			Amount	Ratio (%)
Building Automation	85,561	75,145	(10,415)	(12.2)
Advanced Automation	50,148	45,715	(4,432)	(8.8)
Life Automation	24,376	20,442	(3,934)	(16.1)
Total of reportable segments	160,086	141,303	(18,782)	(11.7)
Other	42	44	1	4.5
Elimination	(371)	(639)	(267)	―
Consolidated	159,756	140,708	(19,048)	(11.9)