

**CONSOLIDATED FINANCIAL RESULTS**  
**FOR THE SECOND QUARTER ENDED SEPTEMBER 30, 2015**  
**[Japanese GAAP]**

November 10, 2015

Company name: EBARA CORPORATION  
 Stock exchange listings: Tokyo  
 Code number: 6361  
 URL: <http://www.ebara.com/en/>  
 Representative: Toichi Maeda, President  
 Contact person: Akihiko Nagamine, Executive Officer, Finance & Accounting Division  
 Tel. +81-3-3743-6111

Scheduled date for submission of quarterly report: November 11, 2015

Scheduled date for dividend payment: December 7, 2015

Preparing supplementary material on financial results: Yes

Holding financial results presentation meeting (for institutional investors and analysts): Yes

(Monetary amounts are rounded down to the nearest million yen)

**1. Results for the Six Months Ended September 30, 2015**

**(1) Financial Results**

(% represents percentage change from a comparable previous period)

Millions of yen

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
Six Months Ended September 30, 2015	207,065	11.3%	4,616	—	3,834	—	1,357	—
Six Months Ended September 30, 2014	186,117	6.5%	(616)	—	(309)	—	(1,923)	—

Note : Comprehensive Income: Six months ended September 30, 2015; 1,449 million yen —%  
 Six months ended September 30, 2014; (1,700) million yen —%

	Net Income per Share (Yen)	Net Income per Share, Diluted (Yen)
Six Months Ended September 30, 2015	2.92	2.67
Six Months Ended September 30, 2014	(4.14)	—

**(2) Financial Position**

Millions of yen

	Total Assets	Net Assets	Equity Ratio
As of September 30, 2015	547,431	245,253	43.1%
As of March 31, 2015	570,392	247,553	41.9%

Note : Shareholders' Equity (Net assets excluding subscription rights to shares and non-controlling interests) :  
 As of September 30, 2015; 235,930 million yen  
 As of March 31, 2015; 239,058 million yen

**2. Dividends**

	Dividends per Share (Yen)				
	End of 1 <sup>st</sup> Quarter	End of 2 <sup>nd</sup> Quarter	End of 3 <sup>rd</sup> Quarter	Year-End	Annual
Fiscal Year Ended March 31, 2015	—	3.75	—	8.25	12.00
Fiscal Year Ending March 31, 2016	—	6.00			
Fiscal Year Ending March 31, 2016 (Forecast)			—	6.00	12.00

Note : Revisions to forecast of dividends in this quarter: None

### **3. Forecast of Financial Results for the Fiscal Year Ending March 31, 2016**

(% represents percentage change from a comparable previous period)

Millions of yen

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income per Share (Yen)
Fiscal Year Ending March 31, 2016	507,000	5.0%	37,000	7.0%	37,000	2.0%	24,000	1.8%	51.63

Note : Revisions to forecast of financial results in this quarter: None

### **4. Other Information**

- (1) Changes in significant subsidiaries during the six months under review (Changes in specified subsidiaries involving changes in scope of consolidation): None
  - Included: — (—)
  - Excluded: — (—)
- (2) Adoption of specific accounting methods for preparation of quarterly financial statements: Yes  
Note: For further details, please refer to “2. Summary Information (Notes)” on page 7.
- (3) Changes in accounting policies, Changes in accounting estimates, and Restatement of prior financial statements after error corrections
  - (i) Changes due to revisions of accounting standards, etc.: Yes
  - (ii) Changes other than (i) above: Yes
  - (iii) Changes in accounting estimates: Yes
  - (iv) Restatement of prior financial statements after error corrections: None

Note: The EBARA Group has applied the Accounting Standard for Business Combinations, and other relevant standards and guidances from April 1, 2015. As a result of this change, the previous fiscal year’s amount presented as “Net Income” has been transferred to “Profit Attributable to Owners of Parent.” Also, the Group has changed the depreciation method from April 1, 2015. For further details, please refer to “2. Summary Information (Notes)” on page 7.

- (4) Number of shares outstanding (Common Stocks)

(i) Number of common stocks (Including treasury stocks)	As of September 30, 2015	465,770,215	As of March 31, 2015	465,644,024
(ii) Number of treasury stocks	As of September 30, 2015	898,890	As of March 31, 2015	890,743
(iii) Average number of common stocks	Six Months Ended September 30, 2015	464,803,441	Six Months Ended September 30, 2014	464,368,826

### **Recording of Implementation Conditions Regarding Auditing Procedures**

This financial report does not fall within the scope of the Auditing Procedures referenced in the Financial Instruments and Exchange Act. At the time of disclosure of the financial report, the quarterly review procedures for its quarterly financial statements have not been completed.

### **Explanation of the Appropriate Use of Performance Forecasts and Other Related Matters**

1. The forecasts of performance and other forward-looking statements contained in this report are based on information that was available to Ebara Corporation as of the time of the issuance of this report and on certain assumptions about uncertainties that may have an impact on the Group’s performance. Actual performance may differ substantially from these forecasts owing to a wide range of factors. For further information on the assumptions made in the preparation of the forecasts of performance, please refer to “Explanation of Forecast of Consolidated Financial Results” on page 6.
2. This report has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated report and the Japanese original, the original shall prevail. Also, Ebara Corporation assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

## Contents

<b>1. Qualitative Information Regarding Consolidated Financial Results</b>	<b>P. 4</b>
(1) Explanation of Financial Results	P. 4
(2) Explanation of Financial Position	P. 5
(3) Explanation of Forecast of Consolidated Financial Results	P. 6
<b>2. Summary Information (Notes)</b>	<b>P. 7</b>
(1) Adoption of Specific Accounting Methods for Preparation of Quarterly Consolidated Financial Statements	P. 7
(2) Changes in Accounting Policies and Accounting-based Estimates, and Revised Restatements	P. 7
<b>3. Consolidated Financial Statements</b>	<b>P. 8</b>
(1) Consolidated Balance Sheets	P. 8
(2) Consolidated Statements of Income and Comprehensive Income	P. 10
Consolidated Statements of Income	P. 10
Consolidated Statements of Comprehensive Income	P. 11
(3) Consolidated Statements of Cash Flows	P. 12
(4) Note for Consolidated Financial Statements	P. 13
(Note for the Assumption of Going Concern)	P. 13
(Note for Significant Changes in the Amount of Shareholders' Equity)	P. 13
(Segment Information)	P. 13
(Significant Subsequent Events)	P. 15

## **1. Qualitative Information Regarding Consolidated Financial Results**

### **(1) Explanation of Financial Results**

During the second quarter (six months) ended September 30, 2015, although the economy of the United States continues to recover and of Europe is going to, uncertainty about future trends spread due to the economic slowdown in Asia's emerging countries, including China. In Japan, while trends in public investment are weak, signs of improvement have appeared in personal consumption, private housing investment, and private capital investment. Overall, the economy continued on a moderate recovery trend.

During the six months ended September 30, 2015, orders received increased compared to the same period in the previous fiscal year due to an increase in the Precision Machinery ("PM") Company. Sales were higher year on year in all companies. Operating income were higher year on year due to a sharp increase in the PM Company and an improvement in the Fluid Machinery & Systems ("FMS") Company.

Consolidated net sales for the six months amounted to ¥207,065 million (an increase of 11.3% year on year), operating income amounted to ¥4,616 million (¥5,232 million better year on year), ordinary income amounted to ¥3,834 million (¥4,143 million better year on year) and profit attributable to owners of parent amounted to ¥1,357 million (¥3,281 million better year on year).

Operating results by business segments are as follows:

### **Fluid Machinery & Systems**

In the pump business, in overseas countries, although trend toward shrinkage in new projects in the oil & gas industries has appeared in the Middle East and Southeast Asia, we have won orders for water transmission projects for electric power plants in the Middle East and oil & gas projects in Southeast Asia. As a result of these and other factors performance is firm. In the domestic private-sector market, the number of building construction starts is above the same period of the previous year and orders held firm. In the public-sector market, we have obtained new projects and renewal projects for large-scale pumping facilities, and orders increased compared to the same period in the previous fiscal year.

In the compressor and turbines business, because of the impact of lower crude oil prices, customers in the oil and gas markets are continuing to postpone orders for new projects and delaying decisions on investments. In addition to the weakening of the market along with the slowing of the Chinese economy, due to increased price competition for new projects and other factors, the business environment for new orders has become increasingly severe. Amid these conditions, we have won orders for a petrochemical plant in North America and an oil refinery in South Korea. Furthermore, in the Middle East, we have received orders for service parts for petrochemical plants and local on-site technical services.

In the chillers business, although demand from the electric power industry continues to be stagnant in China, demand in Japan is on a recovery trend, and orders increased compared to the same period in the previous fiscal year.

Sales in the FMS Company for the six months amounted to ¥138,727 million (an increase of 5.5% year on year). The segment loss amounted to ¥1,882 million (¥1,244 million better year on year).

## **Environmental Engineering**

In the Environmental Engineering (“EE”) Company, in the engineering, procurement, and construction (EPC) for municipal waste incinerating facilities field, and in design, build, and operate (DBO) services, new orders were somewhat below the previous period mainly due to delays of orders. The volume of orders for operating and maintenance (O&M) for existing facilities ran at about the same level as in a typical quarter. Amid these conditions, we received orders for two new construction projects and one project for upgrading core sections of existing facilities.

Sales in the EE Company for the six months amounted to ¥25,710 million (an increase of 10.4% year on year). The segment income amounted to ¥1,464 million (an increase of 33.9% year on year).

## **Precision Machinery**

In the PM Company, in the semiconductor market, demand for mobile devices such as smartphones continued to drive the market and demand for server memory units also increased. As a result, investments in DRAM and NAND flash memory devices held steady. Conditions in the markets flat panel displays, photovoltaic batteries, and LEDs are recovering gradually mainly in China.

Sales in the PM Company for the six months amounted to ¥41,770 million (an increase of 37.3% year on year). The segment income amounted to ¥4,705 million (an increase of 347.1% year on year).

## **(2) Explanation of Financial Position**

An analysis of assets, liabilities and net assets is as follows:

### **Total Assets**

Total assets as of September 30, 2015 were ¥547,431 million, ¥22,960 million lower than as of March 31, 2015. Principal changes in asset items included an increase of ¥16,556 million in securities, an increase of ¥7,248 million in work in process, and a decrease of ¥48,816 million in notes and accounts receivable-trade.

### **Total Liabilities**

Total liabilities as of September 30, 2015 were ¥302,178 million, ¥20,660 million lower than as of March 31, 2015. Principal changes in liability items included a decrease of ¥21,370 million in notes and accounts payable-trade.

### **Net Assets**

Net assets as of September 30, 2015 were ¥245,253 million, ¥2,299 million lower than as of March 31, 2015. Principal changes affecting net asset items were a profit attributable to owners of parent for the quarter of ¥1,357 million and cash dividends paid of ¥3,834 million. Shareholders’ equity (Net assets excluding subscription rights to shares and non-controlling interests) amounted to ¥235,930 million, and equity ratio was 43.1%.

### (3) Explanation of Forecast of Consolidated Financial Results

The forecast of financial results for the fiscal year ending March 31, 2016, since the previous announcement on May 11, 2015, has not been revised.

#### **Forecast of Financial Results for the Fiscal Year Ending March 31, 2016**

(% represents percentage change from a comparable previous period)

	Millions of yen	
	Fiscal Year Ending March 31, 2016	
Net Sales	507,000	5.0%
Operating Income	37,000	7.0%
Ordinary Income	37,000	2.0%
Profit Attributable to Owners of Parent	24,000	1.8%

#### **Forecast of Net Sales and Operating Income by Business Segment**

(% represents composition ratio)

Millions of yen

	Net Sales		Segment Income	
Fluid Machinery & Systems	355,000	70.0%	21,500	58.1%
Environmental Engineering	70,000	13.8%	7,000	18.9%
Precision Machinery	80,000	15.8%	8,000	21.6%
Others	2,000	0.4%	500	1.4%
Total	507,000	100.0%	37,000	100.0%

Factors that may have an influence on the Group's actual performance include those listed below; however, such factors are not limited to those on this list.

1. Market Risk
2. Large-scale projects and overseas business activities
3. Business realignments, etc.
4. Exchange risk
5. Risks related to the interest rate and funding
6. Risks related to the impact of natural disasters and impairment of the social infrastructure
7. Deferred tax assets
8. Material procurement
9. Legal restrictions
10. Risk of Litigation and other conflicts
11. Risk of increased costs of land sales
12. Risk of collection of export receivables
13. Projected benefit obligation

## **2. Summary Information (Notes)**

### **(1) Adoption of Specific Accounting Methods for Preparation of Quarterly Consolidated Financial Statements**

Tax expenses on income before income taxes for the six months under review are calculated by multiplying income before income taxes for the six months under review by the reasonably estimated annual effective tax rate for the entire fiscal year with application of tax effect accounting.

### **(2) Changes in Accounting Policies and Accounting-based Estimates, and Revised Restatements**

#### **Changes in Accounting Policies**

##### **(Application of the Accounting Standard for Business Combinations)**

Effective from the first quarter under review, the Group has applied the “Accounting Standards for Business Combinations” (Accounting Standard Board of Japan [ASBJ] Statement No. 21, issued September 13, 2013), “Accounting Standards for Consolidated Financial Statements” (ASBJ Statement No. 22, issued September 13, 2013), and “Accounting Standards for Business Divestitures” (ASBJ Statement No. 7, issued September 13, 2013). As a result, representation of Net Income and other items was changed and “Minority Interests” was changed to “Non-Controlling Interests.” To reflect these changes in presentation, the consolidated financial statements for the second quarter of the previous year and the previous fiscal year have been reclassified.

#### **Changes in Accounting Policy that are Difficult to Distinguish from Changes in Accounting Estimates**

##### **(Changes in the Method of Calculating Depreciation on Tangible Fixed Assets)**

Previously, Ebara Corporation (“the Company”) and its consolidated subsidiaries in Japan calculated depreciation on tangible fixed assets (excluding leased assets) principally using the declining-balance method, which is specified in the Corporate Income Tax Law. (Notwithstanding, for buildings (excluding fixtures attached to buildings) that were acquired on or after April 1, 1998, the Company uses the straight-line method.) However, beginning with the first quarter under review, the Company and its domestic consolidated subsidiaries have changed to the straight-line method. The Group, under its Medium-Term Management Plan “E-Plan 2016” (covering the three-year period from fiscal 2014 through fiscal 2016) which is positioned as “a turning point in which it will explicitly steer a course from the current stage of ‘reinforcement of the management foundation’ to a stage of “growth.” By prioritizing quantity (sales) in the overseas markets and quality (operating income) in the domestic market in Japan, the Company, through the flexible and focused utilization of both internal and external resources, intends to realize change and accelerate growth in a timely manner. Based on this policy, the Group is transitioning to an optimal production system, including a review of functions and realignment of domestic and overseas production plants and is structuring a global production system.

As it implements these policies, following a review of the usage of tangible fixed assets, the Company made the judgment that, since stable operation of domestic facilities is expected, changing from the declining-balance to the straight-line method of depreciation for tangible fixed assets of the Company and its domestic subsidiaries from the fiscal year under review would more appropriately reflect the usage of these facilities.

As a result of this change, compared to the previous method of calculating depreciation, for the second quarter under review, the operating income, ordinary income, and income before income taxes were all ¥658 million higher than they would have been under the previous method of depreciation.

The effects of this change for each segment are shown in the Segment Information section.

### **3. Consolidated Financial Statements**

#### **(1) Consolidated Balance Sheets**

Millions of yen

	As of March 31, 2015	As of September 30, 2015
<b>ASSETS</b>		
Current Assets		
Cash and deposits	94,323	94,007
Notes and accounts receivable-trade	209,864	161,047
Electronically recorded monetary claims	156	334
Securities	5,186	21,743
Merchandise and finished goods	12,851	13,246
Work in process	41,848	49,096
Raw materials and supplies	25,491	27,974
Others	27,729	27,946
Allowance for doubtful accounts	(2,370)	(2,504)
Total current assets	<u>415,080</u>	<u>392,893</u>
Fixed Assets		
Tangible fixed assets		
Buildings and structures, net	43,247	42,974
Machinery and equipment, net	24,850	26,532
Others, net	34,171	34,524
Total tangible assets	<u>102,270</u>	<u>104,031</u>
Intangible assets	9,596	9,681
Investments and other assets		
Investment securities	28,609	25,887
Others	18,552	18,602
Allowance for doubtful accounts	(3,717)	(3,665)
Total investments and other assets	<u>43,445</u>	<u>40,824</u>
Total fixed assets	<u>155,311</u>	<u>154,537</u>
Total Assets	<u>570,392</u>	<u>547,431</u>



As of March 31, 2015 As of September 30, 2015

**LIABILITIES**

	As of March 31, 2015	As of September 30, 2015
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Notes and accounts payable-trade	81,121	59,751
Electronically recorded obligations	29,944	39,194
Short-term loans payable	64,906	66,560
Bonus payment reserve	9,036	7,676
Directors' bonus payment reserve	273	176
Reserve for losses on construction completion guarantees	4,346	3,425
Reserve for product warranties	2,906	3,012
Reserve for construction losses	6,326	7,928
Reserve for expenses related to the sales of land	1,843	1,843
Others	43,522	36,865
Total current liabilities	244,228	226,435
<b>Long-term Liabilities</b>		
Bonds payable	10,000	10,000
Bonds with subscription rights to shares	19,994	19,992
Long-term loans payable	24,644	23,123
Reserve for directors' retirement benefits	208	134
Net defined benefit liability	17,197	15,343
Asset retirement obligations	1,857	1,869
Others	4,708	5,278
Total long-term liabilities	78,610	75,742
<b>Total Liabilities</b>	<b>322,838</b>	<b>302,178</b>
<b>NET ASSETS</b>		
<b>Shareholders' Equity</b>		
Common stock	68,697	68,718
Capital surplus	72,627	72,649
Retained earnings	91,815	89,339
Treasury stock	(397)	(402)
Total shareholders' equity	232,742	230,305
<b>Accumulated Other Comprehensive Income</b>		
Net unrealized gains (losses) on investment securities	5,324	3,834
Deferred gains (losses) on hedges	73	17
Translation adjustments	10,742	11,277
Remeasurements of defined benefit plans	(9,824)	(9,504)
Total accumulated other comprehensive income	6,316	5,624
Subscription Rights to Shares	730	834
Non-Controlling Interests	7,764	8,488
<b>Total Net Assets</b>	<b>247,553</b>	<b>245,253</b>
<b>Total Liabilities and Net Assets</b>	<b>570,392</b>	<b>547,431</b>

## (2) Consolidated Statements of Income and Comprehensive Income

### Consolidated Statements of Income

Millions of yen

	Six Months Ended September 30, 2014	Six Months Ended September 30, 2015
Net Sales	186,117	207,065
Cost of Sales	144,666	156,494
Gross Profit	41,450	50,570
Selling, General and Administrative Expenses	42,067	45,954
Operating Income (Loss)	(616)	4,616
Non-operating Income		
Interest income	107	112
Dividends income	225	227
Foreign exchange gains	359	7
Reversal of allowance for doubtful accounts	413	—
Others	287	159
Total non-operating income	1,392	508
Non-operating Expenses		
Interest expenses	670	613
Equity in losses of affiliates	135	258
Others	279	417
Total non-operating expenses	1,085	1,289
Ordinary Income (Loss)	(309)	3,834
Extraordinary Income		
Gain on sales of fixed assets	46	35
Gain on sales of investment securities	17	380
Others	4	1
Total extraordinary income	67	417
Extraordinary Loss		
Loss on sales of fixed assets	19	2
Loss on retirement of fixed assets	71	26
Loss on valuation of investments in capital	66	—
Others	1	5
Total extraordinary loss	159	34
Income (Loss) before Income Taxes	(401)	4,217
Income Taxes	880	2,194
Profit (Loss)	(1,281)	2,023
Profit Attributable to Non-Controlling Interests	642	665
Profit (Loss) Attributable to Owners of Parent	(1,923)	1,357

## Consolidated Statements of Comprehensive Income

Millions of yen

	Six Months Ended September 30, 2014	Six Months Ended September 30, 2015
Profit (Loss)	(1,281)	2,023
Other Comprehensive Income:		
Net unrealized gains (losses) on investment securities	944	(1,460)
Deferred gains (losses) on hedges	6	(56)
Translation adjustment	(1,070)	681
Remeasurements of defined benefit plans, net of tax	(302)	315
Share of other comprehensive income of associates accounted for using equity method	3	(53)
Total other comprehensive income	(418)	(574)
Comprehensive Income	(1,700)	1,449
Comprehensive income attributable to:		
Owners of parent	(2,014)	666
Non-controlling interests	313	782

**(3) Consolidated Statements of Cash Flows**

Millions of yen

	Six Months Ended September 30, 2014	Six Months Ended September 30, 2015
<b>Cash Flows from Operating Activities:</b>		
Income (loss) before income taxes	(401)	4,217
Depreciation and amortization	6,121	5,790
Loss (gain) on sales of securities and investment securities	(17)	(380)
Increase (decrease) in reserve	(1,406)	(661)
Increase (decrease) in net defined benefit liability	(960)	(1,671)
Loss (gain) on sales of fixed assets	(26)	(33)
Interest and dividends income	(332)	(340)
Interest expenses	670	613
Decrease (increase) in notes and accounts receivable-trade	45,309	48,553
Decrease (increase) in inventories	(9,314)	(10,286)
Increase (decrease) in notes and accounts payable-trade	(17,912)	(12,132)
Others	(5,058)	(5,928)
Sub-total	16,670	27,739
Interest and dividends income received	710	432
Interest expenses paid	(691)	(610)
Income taxes paid	(5,398)	(1,949)
Net cash provided by operating activities	11,291	25,612
<b>Cash Flows from Investing Activities:</b>		
Purchase of fixed assets	(5,888)	(6,604)
Proceeds from sales of fixed assets	244	61
Purchase of securities and investment securities	(7,603)	(6,147)
Proceeds from sales and redemption of securities and investment securities	4,640	5,806
Payments into time deposits	(628)	(576)
Proceeds from withdrawal of time deposits	534	576
Payments of loans receivable	(1,122)	(55)
Collection of loans receivable	893	327
Purchase of shares of subsidiaries	(9)	—
Others	(25)	128
Net cash used in investing activities	(8,965)	(6,483)
<b>Cash Flows from Financing Activities:</b>		
Net increase (decrease) in short-term loans payable	1,533	2,237
Proceeds from long-term loans payable	376	411
Repayment of long-term loans payable	(6,408)	(2,455)
Purchase of treasury stocks	(5)	(4)
Proceeds from disposal of treasury stocks	0	—
Cash dividends paid	(2,321)	(3,834)
Dividends paid to non-controlling interests	(3)	—
Others	(352)	(360)
Net cash used in financing activities	(7,180)	(4,006)
Translation Adjustments	(97)	93
Increase (Decrease) in Cash and Cash Equivalents	(4,950)	15,216
Cash and Cash Equivalents at Beginning of Period	102,341	95,604
Increase (Decrease) in Cash and Cash Equivalents Resulting from change of scope of consolidation	829	—
Cash and Cash Equivalents at End of Period	98,220	110,820

**(4) Note for Consolidated Financial Statements****(Note for the Assumption of Going Concern)**

None

**(Note for Significant Changes in the Amount of Shareholders' Equity)**

None

**(Segment Information)**Six Months Ended September 30, 2014

## 1. Information regarding sales and income (loss) by reportable segment

Millions of yen

	Reportable segments				Others (Notes 1)	Total	Adjustments (Notes 2)	Consolidated (Notes 3)
	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total				
Sales								
Customers	131,545	23,287	30,426	185,259	858	186,117	—	186,117
Intersegment and transfer	221	33	—	255	1,643	1,898	(1,898)	—
Total	131,767	23,320	30,426	185,514	2,501	188,016	(1,898)	186,117
Segment Income (Loss)	(3,126)	1,093	1,052	(980)	369	(611)	(4)	(616)

Notes: 1. The "Others" item in the table above is the business segment for operations that are not included among reportable segments. It contains business support services and other activities.

2. The "Adjustments" item for Segment Income (Loss) shows eliminations among intersegment sales and transfers.

3. Segment Income (Loss) has been adjusted with operating loss in the quarterly consolidated statements of income.

## 2. Information regarding impairment loss of fixed assets, goodwill and negative goodwill by reportable segment

(Material impairment loss of fixed assets)

None

(Material change in goodwill amount)

None

(Material negative goodwill arisen)

None

## Six Months Ended September 30, 2015

### 1. Information regarding sales and income (loss) by reportable segment

Millions of yen

	Reportable segments				Others (Notes 1)	Total	Adjustments (Notes 2)	Consolidated (Notes 3)
	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total				
Sales								
Customers	138,727	25,710	41,770	206,208	857	207,065	—	207,065
Intersegment and transfer	372	3	—	376	1,617	1,993	(1,993)	—
Total	139,100	25,713	41,770	206,584	2,474	209,058	(1,993)	207,065
Segment Income (Loss)	(1,882)	1,464	4,705	4,287	299	4,587	29	4,616

Notes: 1. The “Others” item in the table above is the business segment for operations that are not included among reportable segments. It contains business support services and other activities.

2. The “Adjustments” item for Segment Income (Loss) shows eliminations among intersegment sales and transfers.

3. Segment Income (Loss) has been adjusted with operating income in the quarterly consolidated statements of income.

### 2. Changes in reportable segments, etc.

(Changes in the method of calculating depreciation on tangible fixed assets)

As indicated on page 7, “2. Summary Information (Notes), Item (2) Changes in Accounting Policies and Accounting-based Estimates, and Revised Restatements”, the Company and its domestic consolidated subsidiaries have changed its method of calculating depreciation on tangible fixed assets. As a result of this change, compared to the previous method, the segment loss for six months ended September 30, 2015 decreased by ¥336 million in the Fluid Machinery & Systems, and segment income increased by ¥6 million in the Environmental Engineering, ¥174 million in the Precision Machinery, and ¥140 million in the Others respectively.

### 3. Information regarding impairment loss of fixed assets, goodwill and negative goodwill by reportable segment

(Material impairment loss of fixed assets)

None

(Material change in goodwill amount)

None

(Material negative goodwill arisen)

None

**(Significant Subsequent Events)**

On October 23, 2015, a fire broke out at the waste processing facility for bulky refuse at the Gifu City Eastern Clean Center, which is located in the Akutami section of Gifu City in Gifu Prefecture, as Ebara Environmental Plant Co., Ltd. (“EEP”), the Company’s consolidated subsidiary, was making repairs on the facility. Please note that EEP is responsible for the operation and management of a refuse incinerating facility that is located next to the bulky refuse processing plant where the fire occurred.

At this time, it is not possible to make a reasonable estimate of the effect of this incident on the Group’s consolidated statements of income for the fiscal year ending March 31, 2016.