

CONSOLIDATED FINANCIAL RESULTS
FOR THE FIRST QUARTER ENDED JUNE 30, 2017
[Japanese GAAP]

August 8, 2017

Company name: EBARA CORPORATION
 Stock exchange listings: Tokyo
 Code number: 6361
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Scheduled date for submission of quarterly report: August 9, 2017
 Scheduled date for dividend payment: —
 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 Three Months Ended June 30, 2017

(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	
Three Months Ended June 30, 2017	102,944	11.8%	669	—%	114	—%	(276)	—%
Three Months Ended June 30, 2016	92,055	2.8%	(296)	—%	(2,032)	—%	(1,453)	—%

Note: Comprehensive Income: Three months ended June 30, 2017; (420) million yen —%
 Three months ended June 30, 2016; (8,299) million yen —%

	Net Income per Share (Yen)	Net Income per Share, Diluted (Yen)
Three Months Ended June 30, 2017	(2.72)	—
Three Months Ended June 30, 2016	(15.62)	—

Note1: During the third quarter ended December 31, 2016, Ebara Corporation finalized a provisional accounting treatment related to the business combination. The impact of the finalization of the provisional accounting treatment has been reflected in the consolidated financial statements for the three months ended June 30, 2016.

Note2: Ebara Corporation has conducted a consolidation of common shares at a rate of one share for every five shares with an effective date of October 1, 2016. Net income per share has been calculated as if this consolidation of shares was conducted at the beginning of the previous fiscal year.

(2) Financial Position

Millions of yen

	Total Assets	Net Assets	Equity Ratio
As of June 30, 2017	577,511	273,914	46.4%
As of March 31, 2017	588,457	277,509	46.1%

Note: Shareholders' Equity (Net assets excluding subscription rights to shares and non-controlling interests):
 As of June 30, 2017; 267,696 million yen
 As of March 31, 2017; 271,356 million yen

2. Dividends

	Dividends per Share (Yen)				
	End of 1 st Quarter	End of 2 nd Quarter	End of 3 rd Quarter	Year-End	Annual
Fiscal Year Ended March 31, 2017	—	6.00	—	30.00	—
Fiscal Year Ending December 31, 2017	—				
Fiscal Year Ending December 31, 2017 (Forecast)		30.00	—	15.00	45.00

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

Ebara Corporation has conducted a consolidation of common shares at a rate of one share for every five shares with an effective date of October 1, 2016. Consequently, the impact of this consolidation of shares is factored into the figures for the fiscal year-end cash dividends per share for the fiscal year ended March 31, 2017, and the total figures for annual cash dividends are omitted.

3. Forecast of Financial Results for the Fiscal Year Ending December 31, 2017

(% 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 December 31, 2017	354,000	—%	15,000	—%	14,000	—%	8,000	—%	78.78

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

Ebara Corporation has changed its fiscal year-end from March 31 to December 31, effective from the fiscal year ending December 31, 2017, following the approval of an associated amendment to the Articles of Incorporation at the Company's 152nd general meeting of shareholders which was held on June 23, 2017. In the fiscal year ending December 31, 2017, which is the transition period of the fiscal year change, the consolidated financial results will include the results for nine months, from April 1, 2017 to December 31, 2017. The results for twelve months, from January 1, 2017 to December 31, 2017, for the consolidated subsidiaries whose fiscal year ends at December 31 will also be included as before. And therefore, the change from the previous fiscal year (%) is not included herein.

(Reference information) percentage changes after adjustment

The percentages below (percentage changes after adjustment) represent comparison between the results for the previous fiscal year adjusted to nine months, from April 1, 2016 to December 31, 2016 for the Company and its consolidated companies whose former fiscal year ends at March 31, and the results forecast for the fiscal year ending December 31, 2017.

Millions of yen

Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
354,000	1.1%	15,000	30.9%	14,000	47.2%	8,000	9.1%

4. Other Information

- (1) Changes in significant subsidiaries during the fiscal year 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. Consolidated Financial Statements and Significant Notes (4) Notes to Consolidated Financial Statements (Adoption of Specific Accounting Methods for Preparation of Quarterly Consolidated Financial Statements)” on page 15.
- (3) Changes in accounting policies, Changes in accounting estimates, and Restatement of prior financial statements after error corrections
 - (i) Changes in accounting policies due to revisions of accounting standards, etc.: None
 - (ii) Changes in accounting policies other than (i) above: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement of prior financial statements after error corrections: None

(4) Number of shares outstanding (Common Stocks)

(i) Number of common stocks (Including treasury stocks)	As of June 30, 2017	101,740,053	As of March 31, 2017	101,736,053
(ii) Number of treasury stocks	As of June 30, 2017	187,877	As of March 31, 2017	187,635
(iii) Average number of common stocks	Three Months Ended June 30, 2017	101,550,913	Three Months Ended June 30, 2016	93,032,815

Note: Ebara Corporation has conducted a consolidation of common shares at a rate of one share for every five shares with an effective date of October 1, 2016. Average number of common stocks has been calculated as if this consolidation of shares was conducted at the beginning of the previous fiscal year.

This financial report is not subject to the audit procedure.

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 8. Readers are cautioned not to place undue reliance on these forward-looking statements which are valid only as of the date thereof.
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.

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1. Qualitative Information Regarding Consolidated Financial Results

(1) Explanation of Financial Results

Ebara Corporation and the consolidated subsidiaries whose former fiscal year ends at March 31 have changed its fiscal year-end from March 31 to December 31, effective from the fiscal year ending December 31, 2017. As a result of this change, the Group will unify the fiscal year-end of the Company and all the consolidated subsidiaries. The period of consolidation for the first quarter ended June 30, 2017 includes the same three months as before, which is from April 1, 2017 to June 30, 2017 for the Company and the consolidated subsidiaries whose former fiscal year ends at March 31, and from January 1, 2017 to March 31, 2017 for the consolidated subsidiaries whose fiscal year ends at December 31.

Millions of yen

	Three months ended June 30, 2016	Three months ended June 30, 2017	Change	Change Ratio
Order Received	123,580	126,207	2,627	2.1%
Net Sales	92,055	102,944	10,889	11.8%
Operating Income	(296)	669	965	—%
Operating Income on Sales Ratio (%)	—%	0.6%	—	—
Ordinary Income	(2,032)	114	2,146	—%
Profit Attributable to Owners of Parent	(1,453)	(276)	1,177	—%
Net Income per Share (Yen)	(15.62)	(2.72)	12.90	—

Note: Financial results for the three months ended June 30, 2016 reflects the impact of the finalization of the provisional accounting treatment related to the business combination for the third quarter ended December 31, 2016.

During the three months ended June 30, 2017, the economy in the United States continued to be favorable, and improvement was seen also in Asia. In Japan, public investment is firm and private capital investment is recovering. Overall, the Japanese economy slowly recovered.

During the three months ended June 30, 2017, orders received increased compared to the same period of the previous fiscal year mainly due to an increase in the Fluid Machinery & Systems (“FMS”) Company despite a decrease in the Precision Machinery (“PM”) Company. Sales increased due to an increase in the PM Company. An increase in profits for the PM Company contributed to an improvement in operating income on the whole.

Effective from the first quarter ended June 30, 2017, the name of the reportable segment previously known as “Environmental Engineering” has been changed to “Environmental Plants.” Such change is only for the sake of the segment name and has no impact on the segment information.

Consolidated net sales for the three months ended June 30, 2017, amounted to ¥102,944 million (an increase of 11.8% year on year), operating income amounted to ¥669 million (¥965 million better year on year), ordinary income amounted to ¥114 million (¥2,146 million better year on year), loss attributable to owners of parent amounted to ¥276 million (¥1,177 million better year on year).

Operating results by business segment

Millions of yen

Segment	Order Received			Net Sales			Segment Income		
	Three months ended June 30, 2016	Three months ended June 30, 2017	Change Ratio	Three months ended June 30, 2016	Three months ended June 30, 2017	Change Ratio	Three months ended June 30, 2016	Three months ended June 30, 2017	Change Ratio
Fluid Machinery & Systems	66,073	74,390	12.6%	58,629	56,725	(3.2)%	(3,152)	(4,171)	—%
Environmental Plants	22,022	23,305	5.8%	11,496	12,239	6.5%	132	462	248.6%
Precision Machinery	35,083	28,099	(19.9)%	21,536	33,570	55.9%	2,603	4,337	66.6%
Segment Total	123,179	125,796	2.1%	91,661	102,535	11.9%	(416)	628	—%
Others	400	411	2.7%	394	408	3.8%	118	36	(69.0)%
Adjustment	—	—	—	—	—	—	1	3	—
Total	123,580	126,207	2.1%	92,055	102,944	11.8%	(296)	669	—%

Note: Segment information for the three months ended June 30, 2016 reflects the impact of the finalization of the provisional accounting treatment related to the business combination for the third quarter ended December 31, 2016.

Outline of business environment and situation by business segment

Segment		Business environment	Business situation and the trend of orders received (Note1)
Fluid Machinery & Systems	Pumps	<p>(In overseas market)</p> <ul style="list-style-type: none"> ▪Demand for the oil and gas market continued to be stagnant. ▪Demand for the water infrastructure and electric power were level with the same period of the previous fiscal year. <p>(In domestic market (Japan))</p> <ul style="list-style-type: none"> ▪The number of building construction was level with the same period of the previous fiscal year. ▪Investments for the renewal and maintenance of the social infrastructure exceeded those of the same period of the previous fiscal year. 	<p>(In overseas market)</p> <ul style="list-style-type: none"> ▪Oil and gas related orders received were lackluster. ▪The volume of orders received for the water infrastructure was greater than the same period of the previous fiscal year. ▪Orders received for electric power were lackluster. <p>(In domestic market (Japan))</p> <ul style="list-style-type: none"> ▪Orders received for building construction-related equipment slightly exceeded those of the same period of the previous fiscal year. ▪Performances in the public sector related businesses were favorable due to orders received for large pumping station, rising above the same period of the previous year.
	Compressors & Turbines	<ul style="list-style-type: none"> ▪Demand for the oil and gas market continued to be stagnant. ▪There was a movement toward realization of new capital investment in Asia, the Middle East, the United States and other countries. 	<ul style="list-style-type: none"> ▪Orders received for new products were lackluster. ▪Orders were received for petrochemical plants etc., in Asia and the United States. ▪Service related orders received recovered.
	Chillers	<ul style="list-style-type: none"> ▪In Japan and China, the markets were level with the same period of the previous fiscal year. 	<ul style="list-style-type: none"> ▪In Japan, the orders received remained firm. ▪In China, the orders received were lackluster.
Environmental Plants (Note2)		<ul style="list-style-type: none"> ▪In the EPC for municipal waste incinerating facilities field in the public sector, new orders ran at about the same level as in the same period of the previous fiscal year. ▪In the O&M for existing facilities, new orders ran at about the same level as in a typical year. ▪Plans for power generation facilities using sources such as biomass in private companies increased. 	<ul style="list-style-type: none"> ▪The volume of orders received was greater than the same period of the previous fiscal year due to orders received for major DBO services.
Precision Machinery		<ul style="list-style-type: none"> ▪Capital investment in the semiconductor market still continued at a high level. ▪Capital investment of memory-related devices were favorable. 	<ul style="list-style-type: none"> ▪Investments in memory-related devices and advanced logic devices were both favorable, however, due to major orders received for logic devices in the previous fiscal year, orders received decreased compared to the same period of the previous fiscal year .

Note1: Arrows indicate increase/decrease in orders received from the same period of the previous fiscal year:



in the case of +5% or more increase



in the case of -5% or greater decrease



in the case of movement within the -5% and +5% range

Note2: EPC The engineering, procurement, and construction for plants

O&M The operation and maintenance for plants

DBO (Design, Build and Operate) ... The contract for operation and maintenance after construction for a certain period of time, in addition to the engineering, procurement, and construction for plants

(2) Explanation of Financial Position

i. Assets

Total assets as of June 30, 2017 were ¥577,511 million, ¥10,945 million lower than as of March 31, 2017. Principal changes in asset items included an increase of ¥43,561 million in cash and deposits and a decrease of ¥55,765 million in notes and accounts receivable-trade.

ii. Liabilities

Total liabilities as of June 30, 2017 were ¥303,597 million, ¥7,350 million lower than as of March 31, 2017. Principal changes in liability items included an increase of ¥3,144 million in short-term loans payable and a decrease of ¥10,838 million in notes and accounts payable-trade.

iii. Net Assets

Net assets as of June 30, 2017 amounted to ¥273,914 million, ¥3,595 million lower than as of March 31, 2017. Principal changes affecting net asset items were cash dividends paid of ¥3,046 million. Shareholders' equity (Net assets excluding subscription rights to shares and non-controlling interests) amounted to ¥267,696 million, and equity ratio was 46.4%.

(3) Explanation of Forecast of Consolidated Financial Results

The forecast of financial results for the fiscal year ending December 31, 2017, and the assumptions made in the preparation of the forecast have not been revised since the previous announcement on May 11, 2017.

Forecast for the fiscal year ending December 31, 2017

Millions of yen

	Consolidated Performance
Order Received	404,000
Net Sales	354,000
Operating Income	15,000
Ordinary Income	14,000
Profit Attributable to Owners of Parent	8,000

Forecast for the fiscal year ending December 31, 2017 by business segment

Millions of yen

Segment	Order Received	Net Sales	Operating Income
Fluid Machinery & Systems	238,000	218,000	2,000
Environmental Plants	75,000	45,000	4,000
Precision Machinery	90,000	90,000	9,000
Others	1,000	1,000	0
Total	404,000	354,000	15,000

Actual performance may differ from these forecasts owing to factors such as changing market environment.

2. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

	Millions of yen	
	As of March 31, 2017	As of June 30, 2017
ASSETS		
Current Assets		
Cash and deposits	90,381	133,943
Notes and accounts receivable-trade	202,874	147,109
Electronically recorded monetary claims	4,511	5,884
Securities	2,498	3,705
Merchandise and finished goods	12,716	14,499
Work in process	56,569	55,984
Raw materials and supplies	28,041	29,243
Others	29,064	26,234
Allowance for doubtful accounts	(3,250)	(3,618)
Total current assets	423,407	412,987
Fixed Assets		
Tangible fixed assets		
Buildings and structures, net	46,431	46,691
Machinery and equipment, net	28,974	28,355
Others, net	34,725	34,063
Total tangible assets	110,131	109,111
Intangible assets	13,234	12,880
Investments and other assets		
Investment securities	26,202	26,375
Others	20,280	20,860
Allowance for doubtful accounts	(4,799)	(4,704)
Total investments and other assets	41,683	42,531
Total fixed assets	165,049	164,523
Total Assets	588,457	577,511

	Millions of yen	
	As of March 31, 2017	As of June 30, 2017
LIABILITIES		
Current Liabilities		
Notes and accounts payable-trade	64,155	53,317
Electronically recorded obligations	55,922	57,329
Short-term loans payable	62,789	65,934
Bonus payment reserve	9,172	11,159
Directors' bonus payment reserve	314	326
Reserve for losses on construction completion guarantees	3,836	3,296
Reserve for product warranties	3,481	3,377
Reserve for construction losses	8,666	9,792
Reserve for expenses related to the sales of land	254	254
Others	45,624	43,503
Total current liabilities	254,217	248,291
Long-term Liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	21,520	20,914
Reserve for directors' retirement benefits	153	107
Provision for loss on litigation	6,464	6,464
Defined benefit liability	12,556	12,338
Asset retirement obligations	1,969	1,995
Others	4,066	3,485
Total long-term liabilities	56,730	55,305
Total Liabilities	310,948	303,597
NET ASSETS		
Shareholders' Equity		
Common stock	78,764	78,767
Capital surplus	81,205	81,208
Retained earnings	117,883	114,561
Treasury stock	(425)	(426)
Total shareholders' equity	277,428	274,110
Accumulated Other Comprehensive Income		
Net unrealized gains (losses) on investment securities	2,692	3,269
Deferred gains (losses) on hedges	(1)	8
Translation adjustments	745	(333)
Remeasurements of defined benefit plans	(9,507)	(9,357)
Total accumulated other comprehensive income	(6,071)	(6,413)
Subscription Rights to Shares	1,361	1,235
Non-Controlling Interests	4,791	4,982
Total Net Assets	277,509	273,914
Total Liabilities and Net Assets	588,457	577,511

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

Millions of yen

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2017
Net Sales	92,055	102,944
Cost of Sales	69,647	78,541
Gross Profit	22,408	24,403
Selling, General and Administrative Expenses	22,704	23,734
Operating Income (Loss)	(296)	669
Non-operating Income		
Interest income	46	61
Dividends income	84	46
Others	141	79
Total non-operating income	272	187
Non-operating Expenses		
Interest expenses	295	291
Equity in losses of affiliates	259	217
Foreign exchange losses	1,389	121
Others	64	112
Total non-operating expenses	2,008	742
Ordinary Income (Loss)	(2,032)	114
Extraordinary Income		
Gain on sales of fixed assets	94	19
Gain on sales of investment securities	40	93
Total extraordinary income	134	112
Extraordinary Loss		
Loss on sales of fixed assets	0	1
Loss on retirement of fixed assets	17	37
Others	0	2
Total extraordinary loss	17	40
Income (Loss) before Income Taxes	(1,915)	186
Income Taxes	(777)	218
Loss	(1,138)	(32)
Profit Attributable to Non-Controlling Interests	315	243
Loss Attributable to Owners of Parent	(1,453)	(276)

Consolidated Statements of Comprehensive Income

Millions of yen

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2017
Loss	(1,138)	(32)
Other Comprehensive Income:		
Net unrealized gains (losses) on investment securities	(688)	563
Deferred gains (losses) on hedges	10	9
Translation adjustment	(7,648)	(1,126)
Remeasurements of defined benefit plans, net of tax	1,180	151
Share of other comprehensive income of associates accounted for using equity method	(15)	12
Total other comprehensive income	(7,161)	(388)
Comprehensive Income	(8,299)	(420)
Comprehensive income attributable to:		
Owners of parent	(8,226)	(617)
Non-controlling interests	(72)	197

(3) Consolidated Statements of Cash Flows

Millions of yen

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2017
Cash Flows from Operating Activities:		
Income (loss) before income taxes	(1,915)	186
Depreciation and amortization	3,146	3,685
Loss (gain) on sales of securities and investment securities	(40)	(93)
Increase (decrease) in reserve	1,840	2,708
Increase (decrease) in defined benefit liability	(1,160)	(345)
Loss (gain) on sales of fixed assets	(94)	(18)
Interest and dividends income	(130)	(107)
Interest expenses	295	291
Decrease (increase) in notes and accounts receivable-trade	59,541	53,593
Decrease (increase) in inventories	(7,204)	(3,060)
Increase (decrease) in notes and accounts payable-trade	(9,573)	(9,069)
Others	(2,371)	4,201
Sub-total	42,332	51,970
Interest and dividends income received	771	776
Interest expenses paid	(260)	(269)
Income taxes paid	(3,765)	(2,988)
Net cash provided by operating activities	39,078	49,489
Cash Flows from Investing Activities:		
Purchase of fixed assets	(5,300)	(4,331)
Proceeds from sales of fixed assets	115	33
Purchase of securities and investment securities	(2,488)	(31)
Proceeds from sales and redemption of securities and investment securities	2,799	720
Payments into time deposits	(462)	(310)
Proceeds from withdrawal of time deposits	457	334
Payments of loans receivable	(9)	(8)
Collection of loans receivable	173	93
Others	86	120
Net cash used in investing activities	(4,629)	(3,378)

	Millions of yen	
	Three Months Ended June 30, 2016	Three Months Ended June 30, 2017
Cash Flows from Financing Activities:		
Net increase (decrease) in short-term loans payable	2,240	3,402
Proceeds from long-term loans payable	—	100
Repayment of long-term loans payable	(1,733)	(762)
Purchase of treasury shares	(1)	(0)
Proceeds from disposal of treasury shares	—	0
Cash dividends paid	(2,790)	(3,046)
Cash dividends paid to non-controlling interests	(68)	(4)
Others	(309)	(211)
Net cash used in financing activities	(2,663)	(522)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(2,184)	(254)
Increase (Decrease) in Cash and Cash Equivalents	29,601	45,334
Cash and Cash Equivalents at Beginning of Period	91,185	90,683
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	536	—
Cash and Cash Equivalents at End of Period	121,323	136,018

(4) Notes to Consolidated Financial Statements

(Note for the Assumption of Going Concern)

None

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

None

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

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

(Segment Information)

Three Months Ended June 30, 2016

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

Millions of yen

	Reportable Segments				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Total				
Sales								
Customers	58,629	11,496	21,536	91,661	394	92,055	—	92,055
Intersegment and transfers	50	0	—	51	832	883	(883)	—
Total	58,680	11,496	21,536	91,712	1,226	92,938	(883)	92,055
Segment Income (Loss)	(3,152)	132	2,603	(416)	118	(297)	1	(296)

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

3.Segment Income (Loss) has been adjusted with operating income in the 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

Three Months Ended June 30, 2017

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

Millions of yen

	Reportable Segments				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Total				
Sales								
Customers	56,725	12,239	33,570	102,535	408	102,944	—	102,944
Intersegment and transfers	89	—	—	89	745	835	(835)	—
Total	56,815	12,239	33,570	102,625	1,154	103,780	(835)	102,944
Segment Income (Loss)	(4,171)	462	4,337	628	36	665	3	669

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

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

4.Segment information for the three months ended June 30, 2016 reflects the impact of the finalization of the provisional accounting treatment related to the business combination for the third quarter ended December 31, 2016.

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

3. Changes in reportable segments, etc.

(Changes in name of reportable segments)

Effective from the first quarter ended June 30, 2017, the name of the reportable segment previously known as “Environmental Engineering” has been changed to “Environmental Plants.” Such change is only for the sake of the segment name and has no impact on the segment information. In the segment information for the three months ended June 30, 2016, the name of the reportable segment after the change is used.

(Additional Information)

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.

Regarding this incident, the Company is discussing with Gifu City the construction work required to make the damaged facility operational again and compensation for related damages. At this time, it is not possible to make a reasonable estimate of the effect of this incident on the Group’s consolidated performance.

3. Others

(1) Segment Information

Business Segment

FMS = Fluid Machinery & Systems, EP = Environmental Plants, PM = Precision Machinery

Order Received, Sales, Operating Income and Backlog of Order Received

Billions of yen

		1st quarter ended	1st quarter ended		
		June 30, 2016	June 30, 2017		
		Actual	Actual	Change	Change Ratio
Order Received					(%)
Reportable segments	FMS	66.0	74.3	8.3	12.6
	EP	22.0	23.3	1.2	5.8
	PM	35.0	28.0	(6.9)	(19.9)
Others		0.4	0.4	0.0	2.7
Total		123.5	126.2	2.6	2.1
Sales					
Reportable segments	FMS	58.6	56.7	(1.9)	(3.2)
	EP	11.4	12.2	0.7	6.5
	PM	21.5	33.5	12.0	55.9
Others		0.3	0.4	0.0	3.8
Total		92.0	102.9	10.8	11.8
Operating Income					
Reportable segments	FMS	(3.1)	(4.1)	(1.0)	—
	EP	0.1	0.4	0.3	248.6
	PM	2.6	4.3	1.7	66.6
Others & adjustment		0.1	0.0	(0.0)	(66.5)
Total		(0.2)	0.6	0.9	—
Backlog of Order Received					
Reportable segments	FMS	176.0	183.9	7.8	4.5
	EP	180.4	177.2	(3.2)	(1.8)
	PM	33.7	23.6	(10.0)	(29.9)
Others		0.0	0.0	(0.0)	(39.7)
Total		390.2	384.8	(5.4)	(1.4)

Note: Segment information for the 1st quarter ended June 30, 2016 reflects the impact of the finalization of the provisional accounting treatment related to the business combination for the 3rd quarter ended December 31, 2016.

(2) Sales and Orders by Subsegment**(i) Order Received**

Billions of yen

	1st quarter ended June 30, 2016	1st quarter ended June 30, 2017		
	Actual	Actual	Change	Change Ratio
FMS				(%)
Pumps	37.9	44.3	6.4	17.0
Compressors & Turbines	16.1	19.7	3.5	22.1
Chillers	8.1	7.7	(0.4)	(5.2)
Others	3.8	2.5	(1.2)	(33.4)
Total of FMS	66.0	74.3	8.3	12.6
EP				
Environmental Plants	22.0	23.3	1.2	5.8
Total of EP	22.0	23.3	1.2	5.8
PM				
Components	10.6	14.5	3.8	36.1
CMP Systems	23.4	12.4	(10.9)	(46.7)
Others	0.9	1.0	0.1	10.6
Total of PM	35.0	28.0	(6.9)	(19.9)
Others	0.4	0.4	0.0	2.7
Total of Others	0.4	0.4	0.0	2.7
Total	123.5	126.2	2.6	2.1

(ii) Sales

Billions of yen

	1st quarter ended June 30, 2016	1st quarter ended June 30, 2017		
	Actual	Actual	Change	Change Ratio
FMS				(%)
Pumps	32.4	31.4	(1.0)	(3.2)
Compressors & Turbines	14.7	16.0	1.3	9.2
Chillers	6.3	7.0	0.7	11.6
Others	5.1	2.1	(2.9)	(58.0)
Total of FMS	58.6	56.7	(1.9)	(3.2)
EP				
Environmental Plants	11.4	12.2	0.7	6.5
Total of EP	11.4	12.2	0.7	6.5
PM				
Components	9.3	13.3	4.0	42.9
CMP Systems	8.8	18.3	9.5	108.4
Others	3.3	1.8	(1.5)	(46.0)
Total of PM	21.5	33.5	12.0	55.9
Others	0.3	0.4	0.0	3.8
Total of Others	0.3	0.4	0.0	3.8
Total	92.0	102.9	10.8	11.8

(3) Area Information

(i) Geographical Segment ••• Compiled on the basis of the geographical location of the company reporting the sales

Billions of yen

	1st quarter ended June 30, 2016		1st quarter ended June 30, 2017		
	Actual	Composition	Actual	Composition	Change
Net Sales		(%)		(%)	
Japan	57.1	62.1	63.0	61.3	5.8
North America	18.0	19.6	18.2	17.7	0.2
Asia (except Japan)	11.1	12.1	15.1	14.7	3.9
Others	5.6	6.2	6.4	6.3	0.7
Total	92.0	100.0	102.9	100.0	10.8
Operating Income		(%)		(%)	
Japan	(3.2)	—	(2.8)	—	0.3
North America	1.5	—	0.4	—	(1.0)
Asia (except Japan)	1.0	—	2.2	—	1.2
Others	0.1	—	0.4	—	0.2
Adjustment	0.2	—	0.3	—	0.1
Total	(0.2)	—	0.6	—	0.9

Note: Area information for the 1st quarter ended June 30, 2016 reflects the impact of the finalization of the provisional accounting treatment related to the business combination for the 3rd quarter ended December 31, 2016.

(ii) Regional Segment ••• Compiled on the basis of the geographical location where the goods are sold

Billions of yen

	1st quarter ended June 30, 2016		1st quarter ended June 30, 2017		
	Actual	Composition	Actual	Composition	Change
Net Sales		(%)		(%)	
Japan	43.1	46.9	43.6	42.4	0.5
Asia (except Japan)	24.5	26.7	34.7	33.8	10.1
North America	9.6	10.5	9.1	8.8	(0.5)
Europe	6.6	7.2	7.1	7.0	0.5
Middle East	3.7	4.1	5.2	5.1	1.5
Others	4.2	4.6	2.9	2.9	(1.2)
Total	92.0	100.0	102.9	100.0	10.8