CONSOLIDATED FINANCIAL RESULTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2015
〔Japanese GAAP〕

May 11, 2015

Company name: EBARA CORPORATION
Stock exchange listings: Tokyo
Code number: 6361
URL: http://www.ebara.com/en/
Representative: Toichi Maeda, President
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Scheduled date of General Meeting of Shareholders: June 24, 2015
Scheduled date for dividend payment: June 25, 2015
Scheduled date of submission of annual securities report: June 25, 2015

Preparing supplementary material on financial results: Yes
Holding financial results presentation meeting: Yes (for institutional investors and analysts)

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

1. Results for the Fiscal Year Ended March 31, 2015

(1) Financial Results

(% represents percentage change from a comparable previous period) Millions of yen

	Net Sales		Operating Income		Ordinary Income		Net Income	
Year Ended March 31, 2015	482,699	7.6%	34,567	7.4%	36,258	15.8%	23,580	24.3%
Year Ended March 31, 2014	448,657	5.2%	32,194	28.3%	31,311	22.0%	18,973	24.0%

Note: Comprehensive Income: Year ended March 31, 2015; 36,600 million yen 9.5 %
Year ended March 31, 2014; 33,416 million yen 27.5 %

	Net Income per Share (Yen)	Net Income per Share, Diluted (Yen)	Return on Equity	Ordinary Income on Total Assets Ratio	Operating Income on Sales Ratio
Year Ended March 31, 2015	50.77	46.41	10.5%	6.6%	7.2%
Year Ended March 31, 2014	40.86	36.44	9.6%	6.1%	7.2%

Reference: Equity in earnings of affiliates: Year ended March 31, 2015; 871 million yen
Year ended March 31, 2014; 552 million yen

(2) Financial Position

Millions of yen

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
As of March 31, 2015	570,392	247,553	41.9%	514.38
As of March 31, 2014	530,211	215,048	39.2%	448.05

Note: Shareholders' Equity (Net assets excluding subscription rights to shares and minority interests):
As of March 31, 2015; 239,058 million yen
As of March 31, 2014; 208,037 million yen

(3) Cash Flows

Millions of yen

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Year Ended March 31, 2015	11,296	(15,894)	(7,044)	95,604
Year Ended March 31, 2014	26,615	3,540	(25,336)	102,341

2. Dividends

	Dividends per Share (Yen)					Total Dividend Payment (Millions of Yen)	Pay-out Ratio (Consolidated)	Dividend to Net Assets (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual			
Year Ended March 31, 2014	–	2.50	–	5.00	7.50	3,482	18.4%	1.8%
Year Ended March 31, 2015	–	3.75	–	8.25	12.00	5,576	23.6%	2.5%
Year Ending March 31, 2016 (Forecast)	–	6.00	–	6.00	12.00		23.2%	

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		Net Income		Net Income per Share (Yen)
Year Ending March 31, 2016	507,000	5.0%	37,000	7.0%	37,000	2.0%	24,000	1.8%	51.64

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) 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: None

(iii) Changes in accounting estimates: None

(iv) Restatement of prior financial statements after error corrections: None

Note: For further details, please refer to the section entitled “5. Consolidated financial statements (5) Notes to Consolidated Financial Statements (Changes in Accounting policies)” on page 29.

(3) Number of shares outstanding (Common Stocks)

(i) Number of common stocks (Including treasury stocks)	As of March 31, 2015	465,644,024	As of March 31, 2014	465,187,829
(ii) Number of treasury stocks	As of March 31, 2015	890,743	As of March 31, 2014	872,071
(iii) Average number of common stocks	Year Ended March 31, 2015	464,501,661	Year Ended March 31, 2014	464,324,222

(Reference information)

1. Non-Consolidated Results for the Fiscal Year Ended March 31, 2015

(1) Financial Results

(% represents percentage change from a comparable previous period) Millions of yen

	Net Sales		Operating Income		Ordinary Income		Net Income	
Year Ended March 31, 2015	190,851	3.6%	(379)	－%	12,877	151.1%	13,839	162.1%
Year Ended March 31, 2014	184,195	4.2%	874	－%	5,128	28.3%	5,279	13.2%

	Net Income per Share (Yen)	Net Income per Share, Diluted (Yen)
Year Ended March 31, 2015	29.79	27.24
Year Ended March 31, 2014	11.37	10.25

(2) Financial Position

Millions of yen

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
As of March 31, 2015	411,784	201,011	48.6%	430.94
As of March 31, 2014	401,260	188,869	46.9%	404.99

Note: Shareholders' Equity (Net assets excluding subscription rights to shares):
As of March 31, 2015; 200,281 million yen
As of March 31, 2014; 188,043 million yen

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 audit procedures for its financial statements have not been completed.

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

1. We revised the forecast of financial results for the year ended March 31, 2015, previously announced on November 6, 2014.

2. 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 the section entitled "1. Management Performance and Financial Position (1) Analysis of Management Performance" on page 5. Readers are cautioned not to place undue reliance on these forward-looking statements which are valid only as of the date thereof.

3. 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

1. Management Performance and Financial Position

(1) Analysis of Management Performance

i. Overview of Performance of the Fiscal Year

During the fiscal year ended March 31, 2015, the economy of the United States continued to recover, showing increases in the number of employed persons and declines in the unemployment ratio, and trends toward recovery also continued in Europe. However, along with the decline in crude oil prices, uncertainty about future trends spread. In Asia, although some countries showed signs of deceleration, overall, a moderate trend toward expansion continued. On the other hand, in Japan, signs of weakness appeared as the recovery in demand in the private sector, including personal consumption and housing construction, was delayed following the slump that came after the increase in the consumption tax. In addition, trends in public investment were weak. However, overall, the Japanese economy continued on a moderate recovery trend.

Amid these economic conditions, the EBARA Group (the “Group”) has entered first fiscal year of three-year, medium-term management plan entitled “E-Plan 2016” which has the four basic policies: (1) steadily capturing the growth in global market into the Group’s business; (2) becoming a service provider that targets the entire lifecycle of the product / plant; (3) Continuously enhancing our core competence (technological capabilities) as an industrial machinery manufacturer; and (4) enhancing the management infrastructure that supports global business expansion. Under these principles, the Group has positioned the period of E-Plan 2016 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’” and intends to realize change and accelerate growth in a timely manner.

As a consequence, orders received decreased compared to the previous fiscal year due to a decrease in the Fluid Machinery & Systems (“FMS”) Company and the Environmental Engineering (“EE”) Company despite an increase in the Precision Machinery (“PM”) Company. On the other hand, sales were higher year on year in all companies. Operating income were higher year on year due to an improvement in the EE Company and the PM Company despite a decrease in the FMS Company.

Consolidated net sales for the fiscal year amounted to ¥482,699 million (an increase of 7.6% year on year), operating income amounted to ¥34,567 million (an increase of 7.4% year on year), ordinary income amounted to ¥36,258 million (an increase of 15.8% year on year) and net income amounted to ¥23,580 million (an increase of 24.3% year on year).

Operating results by business segments are as follows:

<u>Fluid Machinery & Systems</u>

In the pump business, in the overseas countries, demand from the oil and gas market related to pipeline construction and demand from oil refinery plant projects in the Middle East and Southeast Asia remained firm, and, in the chemicals market, the Company continued to receive a steady stream of orders for pumps for fertilizer plants. In the electric power market, orders for power plants in China and Southeast Asia remained strong. In the domestic private-sector market, recovery from the effects of the increase in the consumption tax was weak, and the number of new construction starts was below the previous fiscal year. However, orders were above the previous year’s because of orders for new products that had been launched up to that time and the receipt of major orders. On the other hand, public-sector investment for the renewal and repair of the social infrastructure continued to be firm, but, because large orders for pumps were weak, orders were below the previous fiscal year’s levels.

In the compressor and turbines business, orders were below the previous year because performance was affected by postponement of orders for new projects and delays in decisions on investments in the oil and gas markets due to the decline in crude oil prices as well as more intense price competition.

In the chillers business, although demand in the domestic market is on a recovery trend, in China, investments in heat pump projects, especially in the electric power industry, continued to stagnate, and overall orders were below the previous year.

Sales in the FMS Company for the fiscal year amounted to ¥342,091 million (an increase of 6.2% year on year). The segment income amounted to ¥20,762 million (a decrease of 6.4% year on year).

Environmental Engineering

In the Environmental Engineering (EE) Company, in the engineering, procurement, and construction (EPC) field, and in design, build, and operate (DBO) services, new orders gradually recovered. In the operating and maintenance (O&M) for municipal waste incinerating facilities field, new orders for major repairs of existing facilities, work to upgrade core facilities to restrain greenhouse gas emissions, and long-term comprehensive management contracts, ran at about the same level as in a typical year. Amid these conditions, the Company reported orders for three projects for construction to upgrade basic equipment and one order each for a DBO project and a long-term comprehensive management contract. In addition, one processing facility for non-industrial waste for a local government and one facility for processing of industrial waste for a private-sector customer, which had been under construction, were completed and turned over to the clients.

Sales in the EE Company for the fiscal year amounted to ¥64,932 million (an increase of 22.6% year on year). The segment income amounted to ¥6,231 million (an increase of 30.7% year on year).

Precision Machinery

In the Precision Machinery (PM) Company, in the semiconductor market, demand from the manufacturers of smartphones as well as tablet computers and other mobile devices continued to be favorable and drove the market as a whole. Along with this, investments in DRAM and NAND flash memory devices held steady, and orders, principally from component manufacturers, remained firm. On the other hand, conditions in the markets for flat panel displays and photovoltaic batteries as well as LEDs and other products were lackluster.

Sales in the PM Company for the fiscal year amounted to ¥73,956 million (an increase of 3.0% year on year). The segment income amounted to ¥7,060 million (an increase of 51.8% year on year).

ii. Outlook for the Next Fiscal Year

Regarding the overall market environment, although there are risks related to changes in the external environment, mainly for the FMS Company, including the continued stagnation in crude oil prices, geopolitical tensions, and other factors, the world economy is expected to continue to recover, led mainly by the U.S. economy, and the business environment for the Group is expected to show moderate improvement. The outlook by reportable segment and strategies to be implemented in each business are as follows.

Fluid Machinery & Systems

In the pump business, in the oil and gas market, demand for pumps for oil refineries and demand for cryogenic pumps for use in LNG liquefaction plants, LNG delivery/loading facilities, and carriers are expected to continue. In the electric power market, the outlook in Japan is for continued demand in connection with scrap-and-build projects related to electric power deregulation. In addition, overseas, demand for large-scale thermal power generation plants, mainly in Southeast Asia, will continue, along with active investments and construction of LNG combined cycle thermal power plants. In the domestic construction facilities market, even though the Japanese government has announced a postponement of the next increase in the consumption tax, this has not eliminated market uncertainty, but an increase in the value of orders is expected due to the implementation of price revisions as a result of the regulation of “Top runner motors” at the beginning of the period. In the domestic general industrial markets, an increase in demand is expected for renewal, etc., of corporate facilities. Overseas, growth in demand is expected to be firm, especially in the emerging countries in the construction facilities and general industrial markets, despite uncertainty in some regions.

In the compressor and turbines business, the current level of crude oil prices is expected to continue, and, in part because of stagnation in world economic growth, the business environment, mainly in the oil and gas market, will be uncertain. Although price competition around the world for new products will continue to be severe, since orders for projects in the United States are expected, we will step up our responses in this area. Although the market environment in this business will be difficult, we will focus on profitability as we expand orders.

In the chillers business, moderate recovery in demand for heat pumps in the electric power industry is expected in China, where conditions had been stagnant. The outlook is for continued firmness in demand in Japan and overseas, especially in Southeast Asia.

Amid these conditions, overseas, the Group is pursuing the development of products suited to the needs of individual regions, and, by strengthening its global production and sales systems as well as its service and support capabilities, the Group is moving forward with expanding the scope of its business activities. In addition, in Japan, the Group will expand and upgrade its sales and service systems to meet customer needs.

Environmental Engineering

In the EE Company, in the public-sector market, demand for renewal of facilities is expected to be firm, and demand for major repair work on existing facilities and construction on core facility reforms aimed at reducing greenhouse gas emissions is also expected to be strong. In addition, as a result of the weak financial condition of government and other public entities as well as the shortage of technical personnel, the Group continues to anticipate expansion in long-term comprehensive O&M projects as well as DBO projects, including those involving the full range of services from the construction of facilities to operation and business management. In addition, along with the revision of Japan’s energy policy, power-generating facilities using waste materials as energy fuel are drawing increasing attention.

Amid these conditions, by combining O&M and EPC technologies to respond to market needs identified through the O&M business, the Group is responding accurately to changes in the market and customer needs by actively presenting proposals for DBO projects and construction work on core facilities. In addition, the Group will make major strides toward increasing efficiency by improving its business processes.

Precision Machinery

In the PM Company, in the semiconductor market, demand is expected to continue to be driven by mobile devices. Although uncertainty about future trends will remain, demand for DRAM and NAND flash memories will recover, and it is assumed that the trend toward investments in cutting-edge equipment for further miniaturization, 3D memories, etc., will continue to become more active. In addition, in the markets for flat panel displays, photovoltaic batteries, LEDs, etc., demand for products will show a gradual recovery trend. The Group expects recovery in capital investment beginning next year.

Amid these operating conditions, the Group will continue to work to lower manufacturing costs by shortening lead times through production reforms and through overseas production and procurement. The Group will also work to realize a stable earnings structure through strengthening our systems for working closely with our customers and providing them with services and support. In addition, the Group will work to expand our business activities by continuing development activities that respond to customer needs, including further miniaturization, new device uses, 3D mountings, and use of larger silicon wafers.

Based on the previously mentioned policies and initiatives, the Group has set the objective of reaching consolidated net sales of ¥507,000 million and ¥37,000 million in operating income in the fiscal year ending March 31, 2016.

Forecast of Performance for the Fiscal Year ending March 31, 2016

(% represents percentage change from the previous period)

Millions of yen

	Consolidated	
Net sales	507,000	5.0%
Operating income	37,000	7.0%
Ordinary income	37,000	2.0%
Net income	24,000	1.8%

Forecast of Net Sales and Operating Income by Business Segment

(% represents composition ratio) Millions of yen

Segment	Net Sales		Operating 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%

The above information is projected at the expected foreign exchange rate US$1=¥115, EUR1=¥130, RMB1=¥19.

iii. Progress toward Goals of the Medium-Term Management Plan

Performance during this fiscal year, which was the first year under the “E-Plan2016” medium-term management plan, was as follows:

Millions of yen

	Fiscal Year Ended March 31, 2015	Fiscal Year Ending March 31, 2017
	Actual figures	E-Plan2016
Net Sales	482,699	535,000
Operating Income	34,567	47,000
Net Income	23,580	27,000
Return on Investment capital (ROIC)	6.9%	7.0% or more
Operating Income on Sales Ratio	7.2%	8.0% or more

(2) Analysis of Financial Position

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

i. Assets

Total assets at the end of the fiscal year ended March 31, 2015 were ¥570,392 million, ¥40,180 million higher than at the end of the previous fiscal year. The principal causes for these movements were as follows.

Current assets expanded ¥34,952 million because of an increase in notes and accounts receivable-trade of ¥25,786 million.

Tangible and intangible fixed assets increased ¥5,389 million because of the implementation of capital expenditures of ¥15,846 million and depreciation charges of ¥13,038 million.

Investments and other assets decreased ¥160 million as a result of a decrease in deferred tax assets.

ii. Liabilities

Total liabilities at the end of the fiscal year ended March 31, 2015 were ¥322,838 million, ¥7,675 million higher than at the end of the previous fiscal year. The principal causes of these movements were as follows.

Current liabilities increased ¥6,827 million because of a net increase in notes and accounts payable-trade and electronically recorded obligations of ¥7,726 million.

Long-term liabilities increased ¥848 million as a result of an increase in net defined benefit liability of ¥757 million.

iii. Net Assets

Net assets at the end of the fiscal year ended March 31, 2015 amounted to ¥247,553 million, ¥32,505 million higher than at the end of the previous fiscal year. Although Ebara Corporation (the “Company”) paid cash dividends of ¥4,063 million, this increase in net assets was due to the reporting of consolidated net income of ¥23,580 million and an increase in translation adjustments of ¥8,950 million. Shareholders’ equity (Net assets excluding subscription rights to shares and minority interests) amounted to ¥239,058 million, and equity ratio was 41.9%.

iv. Cash Flows

Net cash provided by operating activities amounted to a net inflow of ¥11,296 million, for the fiscal year ended March 31, 2015, compared to a net inflow ¥26,615 million for the previous fiscal year. This primarily reflected the recovery of notes and accounts receivable.

Net cash used in investing activities amounted to a net outflow ¥15,894 million for the fiscal year ended March 31, 2015, compared to a net inflow ¥3,540 million for the previous fiscal year. This primarily reflected purchases of securities and investment securities of ¥15,494 million.

Free cash flow, the sum of cash flows from operating and investing activities, amounted to a net outflow ¥4,597 million for the fiscal year ended March 31, 2015, compared to a net inflow ¥30,155 million for the previous fiscal year.

Net cash used in financing activities amounted to a net outflow ¥7,044 million for the fiscal year ended March 31, 2015, compared to a net outflow ¥25,336 million for the previous fiscal year. This primarily reflected a net decrease in long-term loans payable of ¥4,697 million and cash dividends paid of ¥4,063 million.

As a consequence, cash and cash equivalents at the end of the fiscal year ended March 31, 2015 amounted to ¥95,604 million, ¥6,737 million lower than at the end of the previous fiscal year.

Recent trends in cash flow indicators are as follows.

	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015
Equity ratio	29.9%	30.9%	37.0%	39.2%	41.9%
Equity ratio at market value	37.0%	25.6%	36.0%	56.7%	41.3%
Years to repay debt	6.0 years	11.4 years	4.1 years	4.5 years	10.8years
Interest coverage ratio	8.7	4.9	14.2	16.1	8.8

Notes:

1. Equity ratio: Shareholders' equity (Net assets excluding subscription rights to shares and minority interests) / Total assets
2. Equity ratio at market value: Stock market capitalization / Total assets
3. Years to repay debt: Interest-bearing debt / Operating cash flow
4. Interest coverage ratio: Operating cash flow / Interest expenses

* All indicators in the table above were computed with consolidated financial data.

* Stock market capitalization was computed by multiplying the closing stock price at the end of the period by the number of shares outstanding at the end of the period (less treasury stock).

* Operating cash flow is "Net cash provided by operating activities" appearing in the Consolidated Statements of Cash Flows. Interest expenses are the amounts appearing in the item "Interest expenses paid" in the Consolidated Statements of Cash Flows.

(3) Basic Policy for Allocation of Profit and Dividends for the fiscal years ended March 31, 2015 and ending March 31, 2016

The Group regards returning a portion of its income to its shareholders as one of its most-important management policies. Regarding dividends, the Company has set a policy of linking dividends to performance and is aiming for a consolidated dividend payout ratio of about 25% in the medium-to-long term.

In addition, the Company adopts a policy of paying an interim cash dividend with a date of record of September 30, and, for the fiscal year under review, it paid an interim cash dividend of ¥3.75 per share. The Company is scheduled to increase its year-end dividend for the fiscal year under review by ¥2.00 per share to ¥8.25 per share.

Beginning with the current fiscal year (ending March 31, 2016), the Company is scheduled to pay an annual cash dividend of ¥12.0 per share (including an interim cash dividend of ¥6.0 per share).

(4) Business Risks

The Group confronts a number of business risks that may have an influence on the judgment of investors. These are described below. In addition to being aware of the possibility of the emergence of these risks, the Group implements measures to prevent their occurrence and deal with them when they emerge.

This section includes forward-looking statements that are based on judgments made at the time of the preparation of this report on the Group's performance.

i. Market Risk

The markets where the Group conducts its business activities are highly competitive, and downward pressures on the prices of most of the products and services it offers may have a negative impact on the Group's performance. In addition, the percentage of the business of the EE Company accounted for by the public sector is high, and its performance is influenced by trends in expenditures on public works projects. Moreover, the businesses of the PM Company are strongly affected by market fluctuations accompanying the silicon cycle.

ii. Large-scale projects and overseas business activities

The Group engineers, manufactures, installs and constructs machinery and plants in big projects both in Japan and foreign countries. Certain of these projects involve technical issues with a high degree of difficulty. There is a possibility that additional costs may be incurred due to failure to function properly, prolongation of the time required to achieve the specified capabilities, and other factors. And big projects in foreign countries involve risks related to business environments which differ from those of Japan. Group companies overseas and their employees may face difficulties related to compliance. The Group takes a full range of measures to manage this risk, but, in cases where appropriate steps cannot be taken, this may have an adverse effect on the Group's performance as well as on the trust placed in the Group by society.

iii. Business realignments, etc

The Group takes continuing initiatives to strengthen its management base and may withdraw from certain unprofitable businesses and liquidate or take other appropriate action with regard to affiliates. Such realignments may have an effect on the Group's performance.

iv. Exchange risk

Transactions denominated in foreign currencies that are conducted as part of business activities overseas are converted to yen in the course of preparing the consolidated financial statements. As a result of changes in foreign exchange conversion rates at the time of conversion, there is a possibility that this may have an effect on the Group's performance.

v. Risks related to the interest rate and funding

The Group has both fixed-rate and floating-rate interest-bearing debt, and there is a possibility that fluctuations in interest rates may have an effect on the Group's performance. Moreover, when the Group violates the covenants contained in its borrowing agreements, it may be required to increase the interest rates it pays and/or lose the advantages of repayment schedules. When the Group's debt ratings are lowered and during times of market turmoil, there is a possibility that the Group's borrowing costs and its ability to raise funds may be affected.

vi. Risks related to the impact of natural disasters and impairment of the social infrastructure

If a Group place of business is struck by a major typhoon, earthquake, or other natural disaster that adversely affects its ability to conduct business activities, this may have an adverse impact on the Group's performance. In addition, in the event of a major accident affecting the labor force or an accident involving equipment that leads to a stoppage, or impairment, of business activities, this may have an adverse impact on the Group's performance.

vii. Deferred tax assets

The Group's deferred tax assets are calculated by making a judgment regarding the future recoverability of income taxes paid, identifying those deferred tax assets whose recoverability is uncertain (amount regarding which there is concern about future recoverability), and the amount of deferred tax assets judged to be recoverable is presented in the financial statements in a valuation reserve. Since the amount of taxes paid deemed to be recoverable fluctuates depending on corporate performance and other factors, if certain factors influence the estimate of taxable income, the Company revises the amount regarding which there is concern about future recoverability, and revises the value of its deferred tax assets. Such revisions may cause fluctuations in net income for the fiscal year.

viii. Material procurement

The Group procures parts and materials as well as construction services for its manufacturing and construction activities and is influenced by fluctuations in market conditions for these materials. Increases in prices of materials and construction costs result in higher procurement costs for the Group and may have an adverse effect on the Group's performance.

ix. Legal restrictions

The Group conducts operations in Japan and foreign countries, and is subject to the legal regulations of the countries where its operations take place related to approvals, product liability, trade, taxation, competition, corruption, intellectual property, environment, labor, and other matters. Therefore, if the Group should violate such legal regulations, this may have an impact on the Group's performance as well as on the trust placed in the Group by society. In some instances, the passage of laws and changes in existing legislation may result in an alteration of assumptions for operating and business plans. Such changes in assumptions may have an impact on the Group's performance.

x. Risk of Litigation and other conflicts

In conducting its business operations the Group may be the object of lawsuits or bring lawsuits against other parties with regard to such matters as product liability, intellectual property, environmental protection, labor issues, and other matters. In addition, there may be cases where lawsuits may be brought against the Group by product suppliers on the grounds that the Group's products violate intellectual property regulations. Depending on the outcome of such lawsuits, litigation of this kind may have an impact on the Group's performance as well as on the trust placed in the Group by society.

xi. Risk of increased costs of land sales

As provided for in the sales contract for the land where the Company's former headquarters and its Haneda Plant were located, the area was handed over to Yamato Transport Co., Ltd. Subsequently, during the course of the construction of a logistics terminal by this company, slate fragments containing asbestos were discovered. Yamato Transport Co., Ltd. (the plaintiff) has brought a lawsuit against the Company for the payment of damages in the amount of approximately ¥8.5 billion (including indemnities due to late payment) in connection with the Company's failure to perform its obligations as stated in the transfer contract and owing to its responsibility for the provision of defective collateral. The Company's view is that the fragments of slate do not constitute grounds for the charges of "failure to perform its obligations as stated in the transfer contract and owing to responsibility for the provision of defective collateral." The Company has obtained a written legal opinion from a law office substantiating this view and the Company is maintaining the position its views are legitimate.

Nevertheless, depending on the subsequent course of events, this matter may have an adverse effect on the Group's performance.

xii. Risk of collection of export receivables

The Group exports its products to the Middle East, etc. There is concern that export receivables outstanding from customers in this region may not be collectible because of international cooperation measures, changes in regional political conditions, and other factors. In the event that it's impossible to make collections, this may have an adverse impact on the Group's performance.

xiii. Projected benefit obligation

The changes in the cost burden of the Group's retirement benefit plans (due to changes and other variations in the market value of pension assets, return on pension assets under management, and other factors) may have an effect on the Group's performance and financial position. In addition, the changes in the amounts of unrecognized actuarial differences and unrecognized costs relate to past services of employees may have an effect on the Group's financial position.

2. Corporate Group Information

The Group comprises Ebara Corporation (the Company), 78 subsidiaries (53 of which are consolidated), and 10 affiliates. The Group is engaged in manufacturing, sales, construction, maintenance, provision of services, and related activities in the fields of Fluid Machinery & Systems, Environmental Engineering, Precision Machinery, and other areas.

The principal lines of business, the functions and the areas of responsibility of the Company, principal consolidated subsidiaries, and affiliated companies (applied equity method), and their names are as shown below.

Segment	Principal Lines of Business	Functions and Areas of Responsibility	Ebara Corporation, principal consolidated subsidiaries, and affiliated companies (applied equity method)
Fluid Machinery and Systems	Pumps, compressors, turbines, refrigeration and heating equipment, blowers, fans	Manufacturing and sales	• Ebara Corporation • Elliott Ebara Turbomachinery Corporation • Ebara Refrigeration Equipment & Systems Co., Ltd • Ebara Densan Ltd. • Ebara Hamada Blower Co., Ltd. • Ebara International Corporation • Ebara Machinery Zibo Co., Ltd. • Ebara Machinery (China) Co., Ltd. • Ebara Great Pumps Co., Ltd. • Ebara Pumps Europe S. p. A. • Elliott Company • Yantai Ebara Air Conditioning Equipment Co., Ltd.
		Engineering, construction, operation and maintenance	• Ebara Corporation
		Sales and maintenance	• Ebara-Byron Jackson., Ltd.
		Supply of materials, etc.	• Ebara Material Co., Ltd.
Environmental Engineering	Municipal waste incineration plants, industrial waste incineration plants, water treatment plants	Engineering and construction	• Ebara Environmental Plant Co., Ltd. • Ebara Qingdao Co., Ltd. • Swing Corporation *1
		Operation and maintenance	• Ebara Environmental Plant Co., Ltd. • Swing Corporation *1
		Manufacturing and sales of chemicals	• Swing Corporation *1
Precision Machinery	Dry vacuum pumps, CMP equipment, plating equipment, exhaust-gas treatment equipment	Manufacturing and sales	• Ebara Corporation
		Sales and maintenance	• Ebara Field Tech. Corporation • Ebara Technologies Inc. • Ebara Precision Machinery Korea Inc. • Ebara Precision Machinery Taiwan
Others	—	Business support service, etc.	• Ebara Agency Co., Ltd.

Notes: *1 Subsidiaries of applied equity method.

3. Management Policies

(1) Basic Policies

The corporate philosophy of the Group is "to contribute broadly to society by offering superior technologies and optimal services in the areas of water, the air, and the environment." As a manufacturer of industrial machinery, the Group will grasp and anticipate customer needs, manufacture and sell superior products, and provide high-quality support to its customers with the aims of thereby contributing to society and attaining the further development in the Group as a whole.

In addition, the Group's basic management policy is to endeavor to strengthen its management base and increase profitability and increase its corporate value and the value of its shares by managing its corporate resources efficiently.

(2) Target Management Performance Measures

The Group has prepared a medium-term management plan, E-Plan2016, which began in May 2014 and will conclude its final fiscal year ending March 31, 2017. Under this plan, the Group has positioned return on invested capital (ROIC)* as its key management indicator and is taking steps toward improving it. In addition, the Group positioned the debt-to-equity (D/E) ratio (a measure of financial stability) and the return on shareholders' equity (Net assets excluding subscription rights to shares and minority interests) ratio (ROE), a measure of efficiency, as key indicators and is working to attain a proper balance between the two. In view of these corporate objectives, each business unit is positioning its ratio of operating income to net sales as a key indicator for executing business, and is working to maximize this ratio.

* Return on invested capital (ROIC)

= Net income/ Invested capital = Net income / (Interest bearing debt + Shareholders' equity (Net assets excluding subscription rights to shares and minority interests))

Target of key indicators

ROIC: 7.0% or more

Ratio of operating income to net sales: 8.0% or more

To implement initiatives aimed at attaining targets set for these indicators, the above metrics are positioned as important indicators of management performance in medium- to long-term plans and the annual budgeting process. Moreover, they are used in the Group's management by objectives (MBO) system to evaluate the performance of the management team and are linked to compensation.

(3) Medium-to-Long Term Management Policies

During the period of the plan, the Group has established an overall policy that will involve the implementation of the following four policies.

I. Steadily capture the growth in global market into the Company's business

1) The Group will determine priority domains in the growing markets in terms of both region and industry, and expand its market shares upon establishing a system of accountability for business execution in each domain.
2) The Group will reinforce its product planning and development capabilities, which will allow it to continuously supply products that meet market needs.
3) The Group will proactively engage in M&As as a viable option for gaining a foothold in new domains.

II. Become a service provider that targets the entire lifecycle of the product / plant

1) In the domestic market in Japan, the Group will implement various measures that will maximize profits from previously delivered machinery and plants in the matured market on the strength of its abundant track records.
2) In overseas markets, the Group will reinforce its business framework mainly in areas where it has had strong track records to raise its coverage of existing equipment that it delivered, particularly in the Service & Support(S&S) business.
3) The Group will launch new business systems that go beyond the existing framework of “manufacturing”.

III. Continuously enhance its core competence (technological capabilities) as an industrial machinery manufacturer

1) The Group will clearly define and continuously enhance its core competence (including technology relating to production, quality control, and other matters as well as products), which is the source of product competitiveness of each business. In the pumps business, in particular, the enhancement of core competence will be recognized as a Companywide objective, and fundamental overhauls from the design level will be undertaken through the utilization of Companywide resources to reinforce our product competitiveness.
2) The Group will develop and operate basic technology and internal infrastructure applicable to all businesses to enhance “core competence”.
3) In terms of the productivity innovation activities, which aims to build the most efficient production system in the industry, the Group will accelerate the further optimization of the *monozukuri* (manufacturing) process and set specific quantitative indicators that will enable the verification of its progress, thereby practicing thorough management over the progress made in achieving these targets, as well as accelerate its rollout to the overseas production hubs.
4) The Group will plan for the improvement of production efficiency and the timely reflection of regional / customer needs in its products and accelerate the shift to optimally located production, including the rearrangement of production functions and the reorganization of production plants both in and outside of Japan, while at the same time conducting the ongoing development of human resources who will play a vital role in the global production system.

IV. Enhance the management infrastructure that supports global business expansion

1) By deepening the various specialized functions and refining services based on such functions, the Group will reinforce the corporate headquarters’ functions required for adequately supporting the global expansion of each business.
2) The Group will fully utilize Information and Communication Technology (ICT) in the monitoring and control of every aspect of business activities, including production, sales, inventory, and procurement, as well as develop a management system that takes full advantage of such technology.

(4) Issues to be Addressed

Based on the medium term management plan “E-Plan 2016” which set the fiscal year ending March 31, 2017 for the target year, the Group is pursuing business development on a global scale and establishing a high profit generating structure that maximizes its global presence. To realize these objectives, the Group is solidifying the position of all its businesses in their respective domains with the aim of accelerating change and realizing growth through the flexible and focused utilization of its resources in Japan and overseas.

In addition, to strengthen its corporate governance framework and ensure the highest standards of compliance, the Group is structuring a corporate governance system appropriate for a company developing its business operations on a global basis. The objectives of this system are to secure transparency and objectivity in management.

4. Basic Approach to Selection of Accounting Standards

As Japanese accounting standards are in the process of converging with the International Financial Reporting Standards (IFRS), the Group has decided to continue to adopt generally accepted accounting principles in Japan in consideration of the need for comparisons of consolidated financial statements among fiscal years. Regarding the adoption of IFRS, the Group will continue to monitor closely developments in this area in Japan and overseas and will continue to survey the impact on management and financial matters. At the time of disclosure of the financial report, the Group has not made a decision on the adoption of IFRS and the timing thereof.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of yen

		As of March 31, 2014		As of March 31, 2015
ASSETS				
Current Assets				
Cash and deposits		97,839		94,323
Notes and accounts receivable-trade		184,077		209,864
Electronically recorded monetary claims		—		156
Securities		5,514		5,186
Merchandise and finished goods		10,930		12,851
Work in process	*6	38,133	*6	41,848
Raw materials and supplies		21,280		25,491
Deferred tax assets		11,912		13,100
Others		13,145		14,628
Allowance for doubtful accounts		(2,705)		(2,370)
Total current assets		380,128		415,080
Fixed Assets				
Tangible fixed assets				
Buildings and structures, net		41,342		43,247
Machinery and equipment, net		22,705		24,850
Land		21,121		21,083
Construction in progress		5,886		6,633
Others, net		5,526		6,454
Total tangible assets	*1, *3	96,582	*1, *3	102,270
Intangible assets				
Goodwill		1,605		1,426
Software		6,125		5,813
Others		2,163		2,356
Total intangible assets		9,894		9,596
Investments and other assets				
Investment securities	*2, *3	25,011	*2, *3	28,609
Long-term loans receivable		885		850
Net defined benefit asset		52		29
Deferred tax assets		12,398		7,594
Others	*2	8,022	*2	10,077
Allowance for doubtful accounts		(2,764)		(3,717)
Total investments and other assets		43,606		43,445
Total fixed assets		150,083		155,311
Total Assets		530,211		570,392

Millions of yen

		As of March 31, 2014		As of March 31, 2015
LIABILITIES				
Current Liabilities				
Notes and accounts payable-trade		103,339		81,121
Electronically recorded obligations		—		29,944
Short-term loans payable	*3	62,917	*3	64,906
Income taxes payable		4,098		1,792
Deferred tax liabilities		3		0
Bonus payment reserve		8,328		9,036
Directors' bonus payment reserve		286		273
Reserve for losses on construction completion guarantees		3,210		4,346
Reserve for product warranties		3,368		2,906
Reserve for construction losses	*6	6,940	*6	6,326
Reserve for expenses related to the sales of land		1,843		1,843
Others		43,062		41,729
Total current liabilities		237,400		244,228
Long-term Liabilities				
Bonds payable		10,000		10,000
Bonds with subscription rights to shares		19,997		19,994
Long-term loans payable	*3	24,954	*3	24,644
Deferred tax liabilities		335		341
Reserve for directors' retirement benefits		175		208
Net defined benefit liability		16,440		17,197
Asset retirement obligations		1,851		1,857
Others		4,008		4,367
Total long-term liabilities		77,762		78,610
Total Liabilities		315,163		322,838
NET ASSETS				
Shareholders' Equity				
Common stock		68,625		68,697
Capital surplus		72,555		72,627
Retained earnings		70,629		91,815
Treasury stock		(386)		(397)
Total shareholders' equity		211,423		232,742
Accumulated Other Comprehensive Income				
Net unrealized gains (losses) on investment securities		2,418		5,324
Deferred gains (losses) on hedges		(12)		73
Translation adjustments		1,792		10,742
Remeasurements of defined benefit plans		(7,584)		(9,824)
Total accumulated other comprehensive income		(3,385)		6,316
Subscription Rights to Shares		826		730
Minority Interests		6,183		7,764
Total Net Assets		215,048		247,553
Total Liabilities and Net Assets		530,211		570,392

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

Millions of yen

		Year Ended March 31, 2014		Year Ended March 31, 2015
Net Sales		448,657		482,699
Cost of Sales	*1, *7	329,059	*1, *7	356,424
Gross Profit		119,597		126,275
Sales commission		4,554		4,056
Packing and transportation		5,358		5,538
Sales promotion		3,212		1,920
Provision of allowance for doubtful accounts		657		606
Personnel expenditure		37,219		41,468
Bonus payment reserve expense		3,407		3,573
Directors’ bonus payment reserve expense		260		246
Retirement benefit expenses		1,525		1,217
Provision for directors' bonuses		25		72
Traveling and transportation expenses		3,790		4,222
Taxes and dues		1,777		1,900
Depreciation and amortization		3,350		4,012
Amortization of goodwill		325		345
Research and development expenses	*2	6,465	*2	6,754
Others		15,472		15,771
Selling, General and Administrative Expenses		87,403		91,708
Operating Income		32,194		34,567
Non-operating Income				
Interest income		215		219
Dividends income		507		482
Equity in earnings of affiliates		552		871
Foreign exchange gains		1,546		1,597
Others		785		920
Total non-operating income		3,607		4,090
Non-operating Expenses				
Interest expenses		1,632		1,281
Taxes and dues related to the overseas project		2,239		221
Others		618		896
Total non-operating expenses		4,490		2,399
Ordinary Income		31,311		36,258

Millions of yen

	Year Ended March 31, 2014		Year Ended March 31, 2015	
Extraordinary Income				
Gain on sales of fixed assets	*3	451	*3	656
Gain on sales of investment securities		40		251
Others		2		7
Total extraordinary income		494		916
Extraordinary Loss				
Loss on sales of fixed assets	*4	57	*4	45
Loss on retirement of fixed assets	*5	288	*5	218
Impairment loss	*6	327	*6	50
Loss on valuation of investment securities		83		―
Loss on valuation of investments in capital		―		70
Others		29		0
Total extraordinary loss		786		385
Income before Income Taxes		31,019		36,788
Income Taxes-current		7,981		8,439
Income Taxes-deferred		2,325		3,024
Total Income Taxes		10,306		11,463
Income before Minority Interests		20,712		25,324
Minority Interests in Income		1,738		1,743
Net Income		18,973		23,580

Consolidated Statements of Comprehensive Income

Millions of yen

	Year Ended March 31, 2014	Year Ended March 31, 2015
Income before Minority Interests	20,712	25,324
Other Comprehensive Income:		
Net unrealized gains (losses) on investment securities	744	2,833
Deferred gains (losses) on hedges	(23)	86
Translation adjustment	11,893	10,507
Remeasurements of defined benefit plans, net of tax	—	(2,236)
Share of other comprehensive income of associates accounted for using equity method	89	85
Total other comprehensive income	12,704	11,275
Comprehensive Income	33,416	36,600
Comprehensive income attributable to:		
Owners of the parent	31,046	34,287
Minority interests	2,370	2,313

(3) Consolidated Statements of Changes in Net Assets

Year Ended March 31, 2014

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2013	68,613	72,543	53,886	(284)	194,758
Changes during the period					
Issuance of new shares (exercise of subscription rights to shares)	12	12			24
Cash dividends			(2,321)		(2,321)
Net income			18,973		18,973
Change of scope of consolidation			90		90
Purchase of treasury stock				(102)	(102)
Net changes of items other than shareholders' equity					
Total changes during the period	12	12	16,742	(102)	16,664
Balance at March 31, 2014	68,625	72,555	70,629	(386)	211,423

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Net Assets
	Net unrealized gains (losses) on investment securities	Deferred gains (losses) on hedges	Translation adjustment	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income			
Balance at April 1, 2013	1,662	11	(9,547)	—	(7,873)	547	4,356	191,788
Changes during the period								
Issuance of new shares (exercise of subscription rights to shares)								24
Cash dividends								(2,321)
Net income								18,973
Change of scope of consolidation								90
Purchase of treasury stock								(102)
Net changes of items other than shareholders' equity	756	(23)	11,340	(7,584)	4,488	279	1,827	6,595
Total changes during the period	756	(23)	11,340	(7,584)	4,488	279	1,827	23,259
Balance at March 31, 2014	2,418	(12)	1,792	(7,584)	(3,385)	826	6,183	215,048

Year Ended March 31, 2015

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2014	68,625	72,555	70,629	(386)	211,423
Cumulative effects of changes in accounting policies			36		36
Restated balance	68,625	72,555	70,665	(386)	211,459
Changes of items during period					
Issuance of new shares (exercise of subscription rights to shares)	71	71			143
Cash dividends			(4,063)		(4,063)
Net income			23,580		23,580
Change of scope of consolidation			1,633		1,633
Purchase of treasury stock				(11)	(11)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes during the period	71	72	21,150	(11)	21,283
Balance at March 31, 2015	68,697	72,627	91,815	(397)	232,742

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Net Assets
	Net unrealized gains (losses) on investment securities	Deferred gains (losses) on hedges	Translation adjustment	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income			
Balance at April 1, 2014	2,418	(12)	1,792	(7,584)	(3,385)	826	6,183	215,048
Cumulative effects of changes in accounting policies								36
Restated balance	2,418	(12)	1,792	(7,584)	(3,385)	826	6,183	215,084
Changes of items during period								
Issuance of new shares (exercise of subscription rights to shares)								143
Cash dividends								(4,063)
Net income								23,580
Change of scope of consolidation								1,633
Purchase of treasury stock								(11)
Disposal of treasury stock								0
Net changes of items other than shareholders' equity	2,905	86	8,950	(2,240)	9,701	(96)	1,580	11,185
Total changes during the period	2,905	86	8,950	(2,240)	9,701	(96)	1,580	32,469
Balance at March 31, 2015	5,324	73	10,742	(9,824)	6,316	730	7,764	247,553

(4) Consolidated Statements of Cash Flows

Millions of yen

	Year Ended March 31, 2014	Year Ended March 31, 2015
Cash Flows from Operating Activities:		
Income before income taxes	31,019	36,788
Depreciation and amortization	12,117	13,038
Impairment loss	327	50
Loss (gain) on sales of securities and investment securities	(40)	(251)
Increase (decrease) in reserve	3,374	1,348
Increase (decrease) in net defined benefit liability	(2,253)	(1,810)
Loss (gain) on sales of fixed assets	(394)	(611)
Interest and dividends income	(722)	(700)
Interest expenses	1,632	1,281
Decrease (increase) in notes and accounts receivable-trade	(20,388)	(18,568)
Decrease (increase) in inventories	806	(5,766)
Increase (decrease) in notes and accounts payable-trade	5,006	3,118
Increase /decrease in other assets / liabilities	1,745	(5,968)
Other loss (gain)	916	1,833
Sub-total	33,147	23,782
Interest and dividends received	715	1,648
Interest expenses paid	(1,652)	(1,290)
Income taxes paid	(5,595)	(12,843)
Net cash provided by operating activities	26,615	11,296
Cash Flows from Investing Activities:		
Purchase of fixed assets	(16,400)	(15,000)
Proceeds from sales of fixed assets	813	1,005
Purchase of securities and investment securities	(8,575)	(15,494)
Proceeds from sales and redemption of securities and investment securities	27,265	12,880
Payments into time deposits	(1,125)	(1,158)
Proceeds from withdrawal of time deposits	1,209	809
Payments of loans receivable	(2,299)	(1,688)
Collection of loans receivable	2,259	2,727
Purchase of shares of subsidiaries	(22)	(9)
Others	414	31
Net cash provided by (used in) investing activities	3,540	(15,894)

	Year Ended March 31, 2014	Year Ended March 31, 2015
Cash Flows from Financing Activities:		
Net increase (decrease) in short-term loans payable	462	3,314
Proceeds from long-term loans payable	2,414	4,133
Repayment of long-term loans payable	(14,357)	(8,830)
Proceeds from issuance of bonds	10,000	—
Redemption of bonds	(20,000)	—
Proceeds from issuance of common stock	0	0
Proceeds from disposal of treasury shares	—	0
Purchase of treasury shares	(102)	(11)
Cash dividends paid	(2,321)	(4,063)
Cash dividends paid to minority shareholders	(718)	(868)
Others	(713)	(719)
Net cash used in financing activities	(25,336)	(7,044)
Translation Adjustments	3,715	4,075
Increase (Decrease) in Cash and Cash Equivalents	8,534	(7,566)
Cash and Cash Equivalents at Beginning of Period	93,792	102,341
Increase (Decrease) in Cash and Cash Equivalents Resulting from change of scope of consolidation	14	829
Cash and Cash Equivalents at End of Period	* 102,341	* 95,604

(5) Notes to Consolidated Financial Statements

(Note for the Assumption of Going Concern)

None

(Basis of Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries 53

The following subsidiaries were newly consolidated due to its increased materiality:

P.T. Ebara Indonesia
Ebara (Thailand) Limited
Ebara Pumps Malaysia Sdn. Bhd.
EBARA Pumps RUS Limited Liability Company

(2) Names of significant non-consolidated subsidiary

Ebara Espana Bombas S.A.

(3) The accounts of non-consolidated subsidiaries are not included in the consolidated financial statements owing to insignificance in volume of assets, sales, net income and retained earnings.

2. Equity method

(1) Number of subsidiaries applied equity method 1

Ebara Espana Bombas S.A.

(2) Number of affiliated companies applied equity method 2

Swing Corporation
Pacific Machinery and Engineering Co., Ltd.

(3) Name of subsidiaries and affiliated companies non-applied equity method

Chubu Recycle Co., Ltd.

(4) Non-consolidated subsidiaries and affiliated companies are not applied equity method owing to insignificance in volume of net income and retained earnings.

3. Fiscal year end of consolidated subsidiaries

The account closing date of the 26 overseas consolidated subsidiaries is December 31.

The financial statements of foreign subsidiaries are consolidated by using their financial statements as of the fiscalyear-end,and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31.

4. Significant accounting principles

(1) Valuation standards and valuation methods of assets

i. Securities

Held-to-maturity securities

Amortized cost method

ii. Other securities

Other securities with market value

Securities having market value are stated at market value, and unrealized gains or losses, net of tax is credited or debited to shareholders' equity as shown in the balance sheets.

Other securities without market value

Gross average cost method

iii. Derivatives

Fair market value method

iv. Inventories

Finished goods and raw materials are primary stated at gross average cost method (in PM company, moving-average method is stated), and work in process is stated at identified cost method.

(For figures shown on balance sheet, the book value write-down method based on decreased profitability is used.)

(2) Property, plant and equipment and related depreciation

i. Tangible assets (except lease assets)

The declining balance method, applied according to the criteria specified in the corporate income tax laws, is used as the primary method for computing depreciation. However, depreciation of buildings (excluding fixtures installed in such buildings) that were acquired on or after April 1, 1998 is computed using the straight-line method. Consolidated overseas subsidiaries employ the straight-line method.

Note that the method for depreciating minor assets valued from ¥100,000 to less than ¥200,000 is the lump-sum method specified in the corporate income tax laws, and these asset are depreciated in equal amounts over a three-year period.

ii. Intangible assets and investments and other assets (except lease assets)

Intangible assets are amortized on a straight-line basis.

Software used in the Company is amortized on a straight-line basis for the estimated useful lives, 5 years.

iii. Lease assets

The Group adopts the method of taking the useful life of the asset as the term of the lease for which lease assets under finance lease transactions other than those for which the ownership transfers to the lessee and depreciating the residual value to zero.

(3) Standards of significant allowance

i. Allowance for doubtful accounts

An allowance for doubtful accounts is provided on an amount sufficient to cover possible losses on collection of receivables. The amount of the allowance is determined based on an estimated amount for probable doubtful accounts based on a review of the collectability of individual receivables, and a ratio based on the historical ratio of write-offs of receivables.

ii. Bonus payment reserve

Bonus payment reserve is provided based on the future liabilities.

iii. Directors' bonus payment reserve

Directors' bonus payment reserve is provided based on the future liabilities.

iv. Reserve for directors' retirement benefits

In domestic consolidated subsidiaries, reserve for directors' retirement benefits is accrued at the amounts of the future liabilities in relation to the length of service at the balance sheet date and included in accrued severance and pension costs.

v. Reserve for warranties for completed construction

To provide for possible expenses arising from warranties against defects, the Group makes reasonable estimates of the ratio of such expenses and uses this ratio to derive provisions for such losses.

vi. Reserve for product warranties

To provide for expenses related to defect guarantees related to buying and selling contracts, the amount of such warranties is estimated by multiplying a reasonable percentage of defects by the value of product sales.

vii. Reserve for construction losses

To prepare for possible losses on construction projects contracted to the Group, the Group makes estimates of such losses for those uncompleted projects deemed to have a strong possibility of incurring losses and for which such construction losses can be reasonably estimated.

viii. Reserve for expenses related to the sales of land

Accompanying the sales of the land formerly occupied by the Group's Haneda Plant, the estimated cost of returning this land to its original condition has been recognized in the fiscal year under review.

(4) Accounting treatment regarding retirement benefits

i. Method of attribution of projected benefit obligations

In the calculation of defined benefit liability, the method used to attribute projected benefit obligations in the period up to the fiscal year under review is benefit formula basis.

ii. Method of amortization of actuarial gain or loss and past service cost

Past service cost is amortized using the straight-line method over a certain number of years within the average remaining service period of employees at the time of accrual.

Actuarial gain or loss is amortized starting in the fiscal year following the fiscal year in which it occur using the declining-balance method over a certain number of years within the average remaining service period of employees.

iii. Adoption of the simplified accounting method in small companies, etc.

Certain consolidated subsidiaries adopt the simplified accounting method in calculating their net defined benefit liabilities and retirement benefit expenses. Under the simplified method, retirement obligations are calculated as retirement and severance costs that would be incurred if all employees retired at the end of the accounting period under review.

(5) Revenue recognition

Standard for cost of completed work and construction revenue

The percentage-of-completion method has been applied for the completion of a portion of the construction work is deemed to be certain by the end of the current fiscal year. (The percentage of completion is estimated based on the percentage of cost incurred compared with the estimated total cost). For other construction work, the completed-contract method has been applied.

(6) Significant hedging accounting methods

i. Hedging transactions

Gains or losses and evaluation differences related to hedging transactions accounted for at fair market value are deferred as assets or liabilities until recognized. Evaluation gains and losses on foreign exchange contracts are allocated to settlement periods throughout the period of the contract. Interest rate swaps are treated as special exceptions.

ii. Hedging instruments and hedging objects

Hedging instruments

Foreign exchange forward contracts, foreign currency option contracts and interest rate swap agreements were used.

Hedging objects

Currency exchange rate risk and interest rate risk on existing assets and liabilities in foreign currencies are hedging objects.

iii. Hedging policy

The Company and its consolidated subsidiaries use derivatives only for the purpose of hedging related to exports, imports, funding and others in accordance with internal fund management regulation.

iv. Assessing the effectiveness of hedging

Interest risk

The effectiveness of hedging is assessed by comparing he accumulated cash flows between hedging instruments and hedging objects. However, with regard to the interest rate swaps that agree with hedge criteria, the assessments are omitted.

Currency exchange rate risk

As long as one hedging instrument and one hedging object correspond, the hedge is considered effective.

(7) Method and Period for Amortization of Goodwill

The Company has set 20 years as a reasonable period for the amortization of goodwill and negative goodwill and uses the straight-line method to determine the amount to be amortized in each period. Those goodwill items that are not deemed to be material may be amortized in periods when they arise.

(8) Scope of Cash and Cash Equivalents in Consolidated Statements of Cash Flows

Cash and cash equivalents include cash on hand, demand deposits, and time deposits with insignificant risk of changes in value which have maturities of three months or less.

(9) Other basis of preparation of the Consolidated Financial Statements

i. Consumption tax

Consumption taxes are accounted for using the net-of-tax method.

ii. Consolidated taxation system

A consolidated tax system is applied.

(Changes in Accounting Policies)

(Application of Accounting Standard for Retirement Benefits)

The Group has applied the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan [ASBJ] Statement No.26 of May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25 of March 26, 2015) to the main clause stipulated in Article 35 of the Accounting Standard for Retirement Benefits and Article 67 of the Guidance on Accounting Standard for Retirement Benefits from April 1, 2014. Under the new standard, calculation of liabilities for retirement benefits and service costs has been revised and the method of attributing expected benefits to periods has been changed from straight-line basis to benefit formula basis. The method of determination of the discount rate also revised to a single weighted average discount rate reflecting the estimated timing and amount of benefit payment.

In accordance with transitional accounting as stipulated in article 37 of the Accounting Standard for Retirement Benefits, the effect of changes in accounting policies arising from initial application is recognized as an adjustment to retained earnings at the beginning of the fiscal year.

As a result, net defined benefit liabilities increased by 269 million yen, retained earnings increased by 36 million yen. The impact on operating income, ordinary income, and income before income taxes and minority interests during the fiscal year is immaterial.

(Changes in Classification)

(Consolidated Statements of Income)

The item “Insurance income,” which is not material, was formerly presented as an independent item under “Non-operating Income” on the consolidated financial statements, has been reclassified and included in the “Others” item beginning with the consolidated financial statements for the fiscal year under review.

As a result of this change, the ¥12 million in “Insurance income” within “Non-operating Income” has been transferred to “Others.”

(Balance Sheets)

*1 Accumulated depreciation of tangible assets was as follows:

Millions of yen

	As of March 31, 2014	As of March 31, 2015
Accumulated depreciation of tangible assets	183,690	195,595

*2 Investments in non-consolidated subsidiaries and affiliated companies in investments securities and others were as follows:

Millions of yen

	As of March 31, 2014	As of March 31, 2015
Investment securities (Stock)	7,356	7,525
Others (Investments in capital)	1,678	2,772

*3 Collateral assets and collateral for loans

Collateral assets were as follows:

Millions of yen

	As of March 31, 2014	As of March 31, 2015
Buildings and structures	3,103	3,443
Machinery and equipment	1,329	1,138
Land	101	110
Investment securities	1,805	20
Others	―	3
Total	6,339	4,716

Collateral for loans were as follows:

Millions of yen

	As of March 31, 2014	As of March 31, 2015
Short-term loans payable	1,493	504
Long-term loans payable	1,540	1,197

Collateral assets for purposes other than loans payable were as follows:

Millions of yen

	As of March 31, 2014	As of March 31, 2015
Investment securities	20	20

4 Commitments and contingent liabilities

(1) Loans guaranteed to employees:

Millions of yen

	As of March 31, 2014	As of March 31, 2015
Employees	200	149

(2) Loans guaranteed to non-consolidated subsidiaries and affiliates:

Millions of yen

As of March 31, 2014		As of March 31, 2015	
P.T. Ebara Indonesia	210	Chubu Recycle Co., Ltd.	150
Chubu Recycle Co., Ltd.	150	Ebara Vietnam Pump Company Limited	78
Ebara Pumps Malaysia Sdn. Bhd.	134		
Other 3 companies	160		
Total	655	Total	228

(3) Loans guaranteed to business partners:

Millions of yen

	As of March 31, 2014	As of March 31, 2015
Tomen Power Samukawa Co., Ltd.	7	―

5 Overdrafts and commitment lines

The Group signs contracts for overdrafts and commitment lines to provide alternative sources of liquidity.
The unused portions under these contracts at the end of the fiscal year were as follows:

Millions of yen

	As of March 31, 2014	As of March 31, 2015
Current account overdrafts	5,000	5,000
Commitment lines	45,000	45,000
Used portions under these contracts	―	―
Balance	50,000	50,000

*6 Inventories related to construction work for which losses are anticipated and the reserve for construction losses are not offset and are presented as separate items in the accounts. Among inventories related to construction work for which losses are anticipated, the following were the amounts corresponding to the reserve for construction losses.

Millions of yen

	As of March 31, 2014	As of March 31, 2015
Work in process	1,111	1,771

(Statements of Income)

*1 The amounts of inventories at the end of the fiscal year are shown after write-downs in book value to take account of declines in the profitability of inventories. The figure below for the loss on valuation of inventories was included in the cost of sales.

Millions of yen

Year Ended March 31, 2014	Year Ended March 31, 2015
411	329

*2 Research and development expenses included in Selling, general and administrative expenses Millions of yen

Year Ended March 31, 2014	Year Ended March 31, 2015
6,465	6,754

*3 Gain on sales of fixed assets comprised the following: Millions of yen

	Year Ended March 31, 2014	Year Ended March 31, 2015
Buildings and structures	6	0
Machinery and equipment	79	91
Land	361	562
Others	4	2
Total	451	656

*4 Loss on sales of fixed assets comprised the following: Millions of yen

	Year Ended March 31, 2014	Year Ended March 31, 2015
Buildings and structures	5	11
Machinery and equipment	1	7
Land	37	25
Others	12	0
Total	57	45

*5 Loss on retirement of fixed assets comprised the following: Millions of yen

	Year Ended March 31, 2014	Year Ended March 31, 2015
Buildings and structures	22	42
Machinery and equipment	37	16
Other tangible fixed assets	216	104
Software	2	16
Others	9	38
Total	288	218

*6 Impairment loss

The Group has recognized impairment loss on the following Group assets.

Year Ended March 31, 2014

(1) Summary of asset groups for which impairment loss was recognized

Location	Use	Type
Sodegaura Chiba, Sano Tochigi	Idle assets	Buildings and structures, Machinery and equipment, Land, Others
Sapporo Hokkaido, Nishinomiya Hyogo, Shinjuku Tokyo, Sano Tochigi, Hatsukaichi Hiroshima, Shunan Yamaguchi, Kitakyushu Fukuoka	Plan to sell	Buildings and structures, Land

(2) Outline of asset grouping

The Group groups its assets according to its business segments, but idle assets are grouped individually.

(3) Background of recognition of impairment loss

Since idle buildings and structures, machinery and equipment, land and others are no longer expected to contribute to earnings in future periods, the book value has been reduced to a memorandum value. Also, since the price at which buildings and structures, and land scheduled to be sold is below the book value of such assets, the Group has revised the book value to the recoverable value.

(4) Computation of recoverable value

The recoverable value of assets has been calculated as the net sales value. For land, reasonable estimates of its value have been made based on publicly available prices along railway lines.

(5) Amount of impairment loss

	Millions of yen
Buildings and structures	103
Machinery and equipment	15
Land	199
Other	9
Total	327

Year Ended March 31, 2015

(1) Summary of asset groups for which impairment loss was recognized

Location	Use	Type
Toyama Toyama, Fujisawa Kanagawa, Sodegaura Chiba	Idle assets	Machinery and equipment, Land, Software, Others
Sano Tochigi	Plan to sell	Land

(2) Outline of asset grouping

The Group groups its assets according to its business segments, but idle assets are grouped individually.

(3) Background of recognition of impairment loss

Since idle machinery and equipment, land, software and others are no longer expected to contribute to earnings in future periods, the book value has been reduced to a memorandum value. Also, since the price at which land scheduled to be sold is below the book value of such assets, the Group has revised the book value to the recoverable value.

(4) Computation of recoverable value

The recoverable value of assets has been calculated as the net sales value. For land, reasonable estimates of its value have been made based on publicly available prices along railway lines.

(5) Amount of impairment loss

	Millions of yen
Buildings and structures	12
Land	23
Software	13
Other	1
Total	50

*7 The provision to the reserve for construction losses contained in cost of sales Millions of yen

Year Ended March 31, 2014	Year Ended March 31, 2015
3,681	3,930

(Statements of Changes in Net Assets)

Year Ended March 31, 2014

1. Shares Issued and Treasury Stock

	Number of Shares as of April 1, 2013	Increase	Decrease	Number of Shares as of March 31, 2014
Shares issued Common stock	465,118,658	69,171	–	465,187,829
Total	465,118,658	69,171	–	465,187,829
Treasury stock Common stock	703,461	168,610	–	872,071
Total	703,461	168,610	–	872,071

Notes: 1. Increase in common shares issued of 69,171 was due to the exercise of subscription rights to shares.
2. Increase in treasury common stock of 168,610 was due to the purchase from shareholders whose whereabouts are unknown of 134,535 and the purchase of shareholdings of less than one trading unit of 34,075.

2. Subscription rights to shares and own subscription rights to shares

Category	Breakdown	Type of shares for purpose	Number of shares for purpose				As of March 31, 2014 (Millions of yen)
			As of April 1, 2013	Increase	Decrease	As of March 31, 2014	
Ebara Corporation	Stock options issued as compensation in 2010	–	–	–	–	–	248
	Stock options issued as compensation in 2011	–	–	–	–	–	12
	Stock options issued as compensation in 2012	–	–	–	–	–	360
	Stock options issued as compensation in 2013	–	–	–	–	–	131
	Stock options issued as compensation in 2014	–	–	–	–	–	73
Total			–	–	–	–	826

Notes: The first dates for the exercise of compensation-type stock options for fiscal 2012, 2013 and 2014 have not arrived (as of the balance sheet date).

3. Items Related to Dividend

(1) Payment of Dividends

Date of approval	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Base date	Effective date
June 27, 2013 at the Regular General Meeting of Shareholders	Common stock	1,161	2.50	March 31, 2013	June 28, 2013
November 8, 2013 at the Board Meeting	Common stock	1,160	2.50	September 30, 2013	December 3, 2013

(2) Mention related to any dividends belonging to the base date of the period for which the effective date falls after the end of the interim period.

Date of approval	Type of shares	Dividend resource	Total dividends (Millions of yen)	Dividends per share (Yen)	Base date	Effective date
June 26, 2014 at the Regular General Meeting of Shareholders	Common stock	Retained earnings	2,321	5.00	March 31, 2014	June 27, 2014

Year Ended March 31, 2015

1. Shares Issued and Treasury Stock

	Number of Shares as of April 1, 2014	Increase	Decrease	Number of Shares as of March 31, 2015
Shares issued Common stock	465,187,829	456,195	—	465,644,024
Total	465,187,829	456,195	—	465,644,024
Treasury stock Common stock	872,071	20,150	1,478	890,743
Total	872,071	20,150	1,478	890,743

Notes: 1. Increase in common shares issued of 456,195 was due to the exercise of subscription rights to shares.
2. Increase in treasury common stock of 20,150 was due to the purchase of shareholdings of less than one trading unit.
3. Decrease in treasury common stock of 1,478 was due to the sales of shareholdings of less than one trading unit.

2. Subscription rights to shares and own subscription rights to shares

Category	Breakdown	Type of shares for purpose	Number of shares for purpose				As of March 31, 2015 (Millions of yen)
			As of April 1, 2014	Increase	Decrease	As of March 31, 2015	
Ebara Corporation	Stock options issued as compensation in 2010	—	—	—	—	—	169
	Stock options issued as compensation in 2011	—	—	—	—	—	12
	Stock options issued as compensation in 2012	—	—	—	—	—	250
	Stock options issued as compensation in 2013	—	—	—	—	—	83
	Stock options issued as compensation in 2014	—	—	—	—	—	68
	Stock options issued as compensation in 2015	—	—	—	—	—	145
Total			—	—	—	—	730

Notes: The first dates for the exercise of compensation-type stock options for fiscal 2015 have not arrived (as of the balance sheet date).

3. Items Related to Dividend

(1) Payment of Dividends

Date of approval	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Base date	Effective date
June 26, 2014 at the Regular General Meeting of Shareholders	Common stock	2,321	5.00	March 31, 2014	June 27, 2014
November 6, 2014 at the Board Meeting	Common stock	1,741	3.75	September 30, 2014	December 2, 2014

(2) Mention related to any dividends belonging to the base date of the period for which the effective date falls after the end of the interim period.

Date of approval	Type of shares	Dividend resource	Total dividends (Millions of yen)	Dividends per share (Yen)	Base date	Effective date
June 24, 2015 at the Regular General Meeting of Shareholders	Common stock	Retained earnings	3,834	8.25	March 31, 2015	June 25, 2015

(Statements of Cash Flows)

* A reconciliation of cash and cash equivalents to the amounts shown in the balance sheets was as follows: Millions of yen

	Year Ended March 31, 2014	Year Ended March 31, 2015
Cash and deposits	97,839	94,323
Securities	5,514	5,186
Securities and others which the term is over 3 months	(529)	(3,017)
Time deposits which the term is over 3 months	(483)	(888)
Cash and cash equivalents	102,341	95,604

(Segment Information)

1. Overview of reportable segments

The reportable segments are constituent units of the Group for which separate financial information is available. The Board of Directors periodically examines these segments for the purpose of deciding the allocation of management resources and evaluating operating performance.

The Group is conducting its business operations through three in-house companies: the FMS Company, EE Company, and PM Company. Therefore, the Group is composed of product and service segments based along the lines of the in-house companies, and its three reportable segments are Fluid Machinery & Systems, Environmental Engineering, and Precision Machinery.

The Group's operations in three business segments are as follows:

Segment	Principal Products	Contents
Fluid Machinery & Systems	Pumps, compressors, turbines, freezer chillers, blowers, fans and others	Manufacture, sales, operation and maintenance (O&M) services and others
Environmental Engineering	Municipal waste processing plants, industrial waste incineration plants, water treatments plants and others	Engineering, construction, O&M services and others
Precision Machinery	Dry vacuum pumps, CMP equipment, plating equipment, exhaust-gas treatment equipment and others	Manufacture, sales and maintenance

2. Calculation method used for sales, profits and loss, assets and liabilities and other items for each reportable segment

The accounting method used for reportable business segments is the same as the method stated in "Basis of preparation of the Consolidated Financial Statements." Profits from reportable segments are figures based on operating income. Intersegment sales and transfers are recorded at the same prices used in transactions with customers.

3. Information about sales, profits and losses, assets and liabilities, and other items for each reportable segment

Year Ended March 31, 2014

Millions of yen

	Reportable segments				Others (Notes 1)	Total	Adjustments (Notes 2, 3)	Consolidated (Notes 4)
	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total				
Sales								
Customers	322,175	52,983	71,810	446,969	1,688	448,657	—	448,657
Intersegment and transfers	223	20	8	252	3,186	3,439	(3,439)	—
Total	322,399	53,003	71,818	447,222	4,874	452,096	(3,439)	448,657
Segment income	22,174	4,767	4,650	31,592	520	32,113	81	32,194
Segment assets	307,203	45,020	73,933	426,157	15,688	441,845	88,365	530,211
Others								
Depreciation and amortization	7,926	311	2,679	10,918	1,259	12,177	(59)	12,117
Amortization of Goodwill	325	—	—	325	—	325	—	325
Investment for companies applied equity method	1,473	4,674	—	6,147	—	6,147	—	6,147
Increase in tangible and intangible assets	9,463	697	3,842	14,003	4,165	18,168	(15)	18,152

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 is as follows:

(1) Segment income shows eliminations among intersegment sales and transfers.

(2) The total value of the adjustment of segment assets for the Company was total assets of the Group amounted to ¥90,719 million, and intersegment eliminations amounted to ¥(2,353) million. The main total assets of the Group are Cash and deposits, a part of investment securities, deferred tax assets and others.

3. The adjustment in the increase in “Others” items under depreciation, fixed assets, and intangible assets is due to the elimination of intersegment transactions.
4. Segment income has been adjusted with operating income in the consolidated statements of income.

Year Ended March 31, 2015

Millions of yen

	Reportable segments				Others (Notes 1)	Total	Adjustments (Notes 2, 3)	Consolidated (Notes 4)
	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total				
Sales								
Customers	342,091	64,932	73,956	480,980	1,719	482,699	—	482,699
Intersegment and transfers	603	63	—	667	3,289	3,957	(3,957)	—
Total	342,695	64,996	73,956	481,648	5,009	486,657	(3,957)	482,699
Segment income	20,762	6,231	7,060	34,054	507	34,562	4	34,567
Segment assets	343,771	53,734	69,563	467,068	25,299	492,367	78,024	570,392
Others								
Depreciation and amortization	8,408	413	2,497	11,318	1,760	13,079	(40)	13,038
Amortization of Goodwill	345	—	—	345	—	345	—	345
Investment for companies applied equity method	1,634	4,785	—	6,420	—	6,420	—	6,420
Increase in tangible and intangible assets	10,381	596	2,586	13,564	2,307	15,871	(24)	15,846

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 is as follows:
   (1) Segment income shows eliminations among intersegment sales and transfers.
   (2) The total value of the adjustment of segment assets for the Company was total assets of the Group amounted to ¥79,316 million, and intersegment eliminations amounted to ¥(1,292) million. The main total assets of the Group are Cash and deposits, a part of investment securities, deferred tax assets and others.
3. The adjustment in the increase in “Others” items under depreciation, fixed assets, and intangible assets is due to the elimination of intersegment transactions.
4. Segment income has been adjusted with operating income in the consolidated statements of income.

(Income Taxes)

1. Significant components of the deferred tax assets and liabilities

	Year Ended March 31, 2014	Year Ended March 31, 2015
	Millions of yen	
Deferred tax assets		
Bonus payment reserve	2,401	2,313
Loss recognized on a percentage-of-completion basis	582	573
Accrued enterprise tax	209	123
Net defined benefit liability	6,502	6,634
Reserve for directors' retirement benefits	52	57
Unrealized gains on fixed assets	1,232	1,077
Tax loss carried forward	19,199	14,239
Loss on valuation of investment securities	2,173	1,431
Loss on write-down of inventories	3,277	2,918
Reserve for warranties for completed construction	4,009	3,887
Provision of allowance for doubtful accounts	1,540	1,341
Others	6,481	5,827
Subtotal	47,663	40,426
Valuation allowance	(18,030)	(13,768)
Total deferred tax assets	29,633	26,657
Deferred tax liabilities		
Unallocated surplus	1,654	2,445
Net unrealized gains (losses) on investment securities	1,316	2,486
Other	2,690	1,371
Total deferred tax liabilities	5,661	6,303
Net deferred tax assets	23,971	20,354

2. Revision of the amount of deferred tax assets and deferred tax liabilities due to change in corporation tax rate

Accompanying the implementation of the Law Revising a Portion of Income Taxation, Etc., and the Law Revising a Portion of the Local Taxation, Etc., which were issued on March 31, 2015, the legal effective tax rate applicable to the calculation of consolidated tax assets and deferred tax liabilities for the fiscal year under review (applicable only to such assets and liabilities that will expire on and after April 1, 2015) was changed from 35.6% to 33.1% for such assets and liabilities that are expected to be recovered or paid during the period from April 1, 2015 to March 31, 2016, and then to 32.3% for such assets and liabilities after April 1, 2016.

As a result of this change, the net value of the Group’s deferred tax assets (after deduction of the value of deferred tax liabilities) decreased ¥3,862 million and the following increases were recorded: income taxes deferred, ¥4,231 million; net unrealized gains on investment securities, ¥257 million; and remeasurements of defined benefit plans, ¥111 million.

(Per Share Data of Common Stock)

	Year Ended March 31, 2014	Year Ended March 31, 2015
Net assets per share (Yen)	448.05	514.38
Net income per share (Yen)	40.86	50.77
Diluted net income per share (Yen)	36.44	46.41

1. Basic information for computation of net assets per share

	Year Ended March 31, 2014	Year Ended March 31, 2015
Total net assets (Millions of yen)	215,048	247,553
Amount excluded from total net assets (Millions of yen)	7,010	8,494
(Subscription rights to shares (Millions of yen))	(826)	(730)
(Minority interests (Millions of yen))	(6,183)	(7,764)
Net assets attributable to common stock at the end of the period (Millions of yen)	208,037	239,058
Number of common stocks outstanding at the end of the period calculated under “Net assets per share”	464,315,758	464,753,281

2. Basic information for computation of net income per share

	Year Ended March 31, 2014	Year Ended March 31, 2015
Net income per share		
Net income (Millions of yen)	18,973	23,580
Amount not allocated to ordinary shareholders (Millions of yen)	—	—
Net income attributable to common stocks (Millions of yen)	18,973	23,580
Average shares of common stocks (Number)	464,324,222	464,501,661
Diluted net income per share		
Adjustment of net income (Millions of yen)	80	—
(Interest payable after tax deduction (Millions of yen))	(80)	(—)
Increase of common stocks (Number)	58,519,365	43,585,689
(Bonds with subscription rights to shares (Number))	(55,616,147)	(41,260,120)
(Subscription rights to shares (Number))	(2,903,218)	(2,325,569)
Potential shares excluded from computation of diluted net income per share which don’t have a dilutive effect	――――	――――

(Significant Subsequent Events)

None