

CONSOLIDATED FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2018
[Japanese GAAP]

August 9, 2018

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 Stock exchange listings: Tokyo
 Code number: 6361
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Scheduled date for submission of quarterly report: August 10, 2018
 Scheduled date for dividend payment: September 10, 2018
 Preparing supplementary material on financial results: Yes
 Holding financial results presentation meeting
 (for institutional investors and analysts): Yes

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

1. Results for the Six Months Ended June 30, 2018

(1) Financial Results

(% represents percentage change from a comparable previous period)

Millions of yen

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
Six Months Ended June 30, 2018	251,257	—%	14,722	—%	14,171	—%	7,471	—%
Six Months Ended September 30, 2017	206,798	7.7%	5,116	92.5%	3,886	—%	3,103	—%

Note: Comprehensive Income: Six months ended June 30, 2018; 3,382 million yen 22.6%
 Six months ended September 30, 2017; 2,758 million yen —%

	Net Income per Share (Yen)	Net Income per Share, Diluted (Yen)
Six Months Ended June 30, 2018	73.50	73.11
Six Months Ended September 30, 2017	30.55	30.38

Note: Ebara Corporation has changed its fiscal year-end from March 31 to December 31, effective from the previous fiscal year ended December 31, 2017. Due to this change, the period of the six months ended June 30, 2018 (from January 1, 2018 to June 30, 2018) is different from the previous year (from April 1, 2017 to September 30, 2017) for the comparison. Therefore, the change from a comparable previous period (%) is not displayed.

(Reference Information) Percentage Changes After Adjustment

The percentages represent comparison between the results from the same period of the previous fiscal year (from January 1, 2017 to June 30, 2017) and the results for the six months ended June 30, 2018 (from January 1, 2018 to June 30, 2018).

Millions of yen

Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
251,257	(4.8)%	14,722	(38.8)%	14,171	(40.5)%	7,471	(54.0)%

(2) Financial Position

Millions of yen

	Total Assets	Net Assets	Equity Ratio
As of June 30, 2018	632,889	287,250	44.3%
As of December 31, 2017	612,919	284,788	45.3%

Note: Shareholders' Equity (Net assets excluding subscription rights to shares and non-controlling interests):

As of June 30, 2018; 280,485 million yen

As of December 31, 2017; 277,955 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 December 31, 2017	—	30.00	—	15.00	45.00
Fiscal Year Ending December 31, 2018	—	30.00			
Fiscal Year Ending December 31, 2018 (Forecast)			—	30.00	60.00

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

3. Forecast of Financial Results for the Fiscal Year Ending December 31, 2018

(% 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, 2018	505,000	—%	37,000	—%	36,000	—%	22,000	—%	216.42

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

Due to the change of the fiscal year-end, the fiscal year ended December 31, 2017 refers to the nine months from April 1, 2017 to December 31, 2017. Therefore, the change from the previous fiscal year (%) is not displayed.

(Reference Information) Percentage Changes After Adjustment

The percentages represent comparison between the results from the same period of the previous fiscal year (from January 1, 2017 to December 31, 2017) and the forecast for the fiscal year ending December 31, 2018.

Millions of yen

Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
505,000	(0.6)%	37,000	1.0%	36,000	1.5%	22,000	(3.4)%

4. Other Information

- (1) Changes in significant subsidiaries during the six months under review (Changes in specified subsidiaries involving changes in scope of consolidation): None

Included: — (—)

Excluded: — (—)

- (2) Adoption of specific accounting methods for preparation of quarterly financial statements: Yes

Note: For further details, please refer to “2. 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, 2018	101,923,253	As of December 31, 2017	101,783,253
(ii) Number of treasury stocks	As of June 30, 2018	190,688	As of December 31, 2017	189,124
(iii) Average number of common stocks	Six Months Ended June 30, 2018	101,654,462	Six Months Ended September 30, 2017	101,559,282

This quarterly financial result is exempt from quarterly review by certified public accountants or accounting firms.

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

To provide a more timely and appropriate disclosure of the Group's performance and other financial information in the advancing globalization of the Group's business, the Group has unified the fiscal year-end to December 31, effective from the previous fiscal year ended December 31, 2017.

Changes displayed hereinafter are based on the comparison between “the same period of the previous fiscal year” and the actual results. (“The same period of the previous fiscal year” refers to the corresponding period of the previous fiscal year, from January 1, 2017 to June 30, 2017.)

	Same Period of the Previous Fiscal Year	Six Months Ended June 30, 2018	Change	Change Ratio
Orders Received	257,693	300,805	43,112	16.7
Net Sales	263,858	251,257	(12,601)	(4.8)
Operating Income	24,035	14,722	(9,313)	(38.8)
Operating Income on Sales Ratio (%)	9.1	5.9	—	—
Ordinary Income	23,814	14,171	(9,643)	(40.5)
Profit Attributable to Owners of Parent	16,257	7,471	(8,786)	(54.0)
Net Income per Share (Yen)	160.10	73.50	(86.60)	—

During the six months ended June 30, 2018, the economy in the United States continued to recover steadily, and improvement was mainly seen in emerging countries in Asia such as China. Also, willingness in capital investment gradually recovered due to the increase of crude oil prices in the oil and gas market.

During the six months ended June 30, 2018, orders received increased compared to the same period of the previous fiscal year mainly due to an increase in the Environmental Plants (“EP”) Company and the Precision Machinery (“PM”) Company. Sales decreased compared to the same period of the previous fiscal year due to decreases in the EP Company and the PM Company. Operating income decreased due to a decrease in the Fluid Machinery & Systems (“FMS”) Company.

Consolidated net sales for the six months ended June 30, 2018, amounted to ¥251,257 million (a decrease of 4.8% from the same period of the previous fiscal year), operating income amounted to ¥14,722 million (a decrease of 38.8% from the same period of the previous fiscal year), ordinary income amounted to ¥14,171 million (a decrease of 40.5% from the same period of the previous fiscal year) and profit attributable to owners of parent amounted to ¥7,471 million (a decrease of 54.0% from the same period of the previous fiscal year) due to the booking of impairment loss and provision for loss on litigation.

Operating Results by Business Segment

Millions of yen

Segment	Orders Received			Net Sales			Segment Income		
	Same Period of the Previous Fiscal Year	Six months ended June 30, 2018	Change Ratio	Same Period of the Previous Fiscal Year	Six months ended June 30, 2018	Change Ratio	Same Period of the Previous Fiscal Year	Six months ended June 30, 2018	Change Ratio
Fluid Machinery & Systems	154,717	161,532	4.4%	155,020	154,330	(0.4)%	10,568	2,276	(78.5)%
Environmental Plants	37,571	65,815	75.2%	35,518	29,368	(17.3)%	2,476	2,217	(10.4)%
Precision Machinery	64,553	72,616	12.5%	72,471	66,720	(7.9)%	10,846	10,080	(7.1)%
Reportable Segment Total	256,842	299,964	16.8%	263,009	250,419	(4.8)%	23,891	14,574	(39.0)%
Others	850	840	(1.2)%	849	837	(1.3)%	135	171	26.4%
Adjustment	—	—	—	—	—	—	8	(24)	—
Total	257,693	300,805	16.7%	263,858	251,257	(4.8)%	24,035	14,722	(38.8)%

Outline of Business Environment and Situation by Business Segment

Segment	Business Environment	Business Situation and the Trend of Orders Received (Note1)
Fluid Machinery & Systems	<p>Pumps</p> <p>(In the overseas market)</p> <ul style="list-style-type: none"> • The oil and gas market has bottomed out due to the upward trend in crude oil prices, and inquiries have been increasing mainly in China. • Demand for water infrastructure has been increasing in the Middle East, Southeast Asia and China. • In the electric power market, due to the regulation on CO2 emissions, the coal market was lackluster. <p>(In the domestic market (Japan))</p> <ul style="list-style-type: none"> • New building construction starts were level with the same period of the previous fiscal year. • Investments for social infrastructure renovation and maintenance were smaller than the same period of the previous fiscal year. 	<p>(In the overseas market)</p> <ul style="list-style-type: none"> • Oil and gas related orders received exceeded those of the same period of the previous fiscal year. • The volume of orders received for the water infrastructure was smaller than the same period of the previous fiscal year. • Orders received for electric power were level with the same period of the previous fiscal year. <p>(In the domestic market (Japan))</p> <ul style="list-style-type: none"> • Orders received for building construction-related equipment have been recovering. • The volume of orders received for public sectors was smaller than the same period of the previous fiscal year.
	<p>Compressors & Turbines</p> <ul style="list-style-type: none"> • Although investments for new products have gradually recovered, intense price competition continued in the market. • In the ethylene and oil-refinery field, investments became active in the Asia region, especially in China. • LNG and oil-refinery projects started to come onto the market in Europe, the Middle East and the Africa region. • Regarding service, the recovery of the remodeling market was remarkable compared to the past few years. On the other hand, field service in North America and the Middle East region was lackluster due to the lean season of large-scale regular inspections. • The LNG market (cryogenic pumps) has gradually recovered, and there were movements in capital investment for LNG carriers and LNG liquefaction process plants. 	<ul style="list-style-type: none"> • New orders received for products exceeded those of the same period of the previous fiscal year due to major orders received for petrochemical plants in China and India. • Service-related orders received were level with the same period of the previous fiscal year.
	<p>Chillers</p> <ul style="list-style-type: none"> • In Japan, the market was level with the same period of the previous fiscal year. • In China, the market continued to slow down with constant and intense competition. 	<ul style="list-style-type: none"> • In Japan, the volume of orders received was slightly smaller than the same period of the previous fiscal year. • In China, orders received exceeded the same period of the previous fiscal year.
Environmental Plants (Note2)	<ul style="list-style-type: none"> • The volume of new EPC orders placed by the public sector for municipal waste incinerating facilities was smaller than the previous year, mainly due to postponements of ordering schedules. • In the O&M for existing facilities, new orders ran at about the same level as in a typical year. • Demands continued for the construction of biomass power generation facilities in private companies. 	<ul style="list-style-type: none"> • Orders received for DBO, long-term comprehensive and life-extension projects were firm. Moreover, due to an order received for the construction of biomass power generation facilities, the volume of orders dramatically exceeded that of the same period of the previous fiscal year. <p>(Overview of major orders received)</p> <ul style="list-style-type: none"> • DBO project for municipal waste incinerating facilities in the public sector (1 order) • Long-term comprehensive project for municipal waste incinerating facilities in the public sector (2 orders) • Life-extension project for municipal waste incinerating facilities in the public sector (2 orders) • Biomass power generation facilities (1 order)
Precision Machinery	<ul style="list-style-type: none"> • Semiconductor-related capital investment continued at a high level. 	<ul style="list-style-type: none"> • The business situation was favorable mainly in memory-related devices.

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



in the case of an increase of +5% or more



in the case of a decrease of -5% or more



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

Note2: EPC.....

O&M

DBO (Design, Build and Operate) ...

The engineering, procurement, and construction for plants

The operation and maintenance for plants

The limited contract for operation and maintenance after construction, in addition to the engineering, procurement and construction for plants.

(2) Explanation of Financial Position

i. Assets

Total assets as of June 30, 2018 were ¥632,889 million, ¥19,969 million higher than as of December 31, 2017. Principal changes in asset items included an increase of ¥38,545 million in cash and deposits and a decrease of ¥23,380 million in notes and accounts receivable-trade.

ii. Liabilities

Total liabilities as of June 30, 2018 were ¥345,638 million, ¥17,507 million higher than as of December 31, 2017. Principal changes in liability items included an increase of ¥9,103 million in electronically recorded obligations, an increase of ¥3,285 million in short-term loans payable and an increase of ¥1,257 million in provision for loss on litigation.

iii. Net Assets

Net assets as of June 30, 2018 amounted to ¥287,250 million, ¥2,461 million higher than as of December 31, 2017. Principal changes affecting net asset items were profit attributable to owners of parent of ¥7,471 million, cash dividends paid of ¥1,523 million, and a decrease of ¥3,819 million in translation adjustments. Shareholders' equity (Net assets excluding subscription rights to shares and non-controlling interests) amounted to ¥280,485 million, and equity ratio was 44.3%.

(3) Explanation of Forecast of Consolidated Financial Results

The forecasts below for the fiscal ending December 31, 2018 (net sales, operating income, ordinary income, profit attributable to owners of parent) and the assumptions made in the preparation of the forecast have not been revised since the previous announcement on May 14, 2018.

On the other hand, the forecast for orders received in the FMS Company was revised and amounted to ¥324,000 million (an increase of ¥10,000 million from the previous announcement).

For the PM Company, while the total of forecasts for orders received and sales remain unchanged, the breakdown has been revised as stated in "3. Others (2) Sales, Orders and Forecast by Subsegment" on page 18.

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

Forecast for the Fiscal Year Ending December 31, 2018

Millions of yen

	Fiscal Year Ending December 31, 2018
Orders Received	555,000
Net Sales	505,000
Operating Income	37,000
Ordinary Income	36,000
Profit Attributable to Owners of Parent	22,000

Forecast for the Fiscal Year Ending December 31, 2018 by Business Segment

Millions of yen

Segment	Orders Received	Net Sales	Operating Income
Fluid Machinery & Systems	324,000	314,000	13,500
Environmental Plants	90,000	60,000	6,000
Precision Machinery	140,000	130,000	17,000
Others	1,000	1,000	500
Total	555,000	505,000	37,000

2. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

Millions of yen

	As of December 31, 2017	As of June 30, 2018
ASSETS		
Current Assets		
Cash and deposits	138,475	177,021
Notes and accounts receivable-trade	169,298	145,918
Electronically recorded monetary claims	6,021	8,147
Securities	2,411	2,769
Merchandise and finished goods	15,191	18,681
Work in process	60,993	61,862
Raw materials and supplies	33,353	36,910
Others	25,439	23,789
Allowance for doubtful accounts	(3,694)	(2,948)
Total current assets	447,491	472,152
Fixed Assets		
Tangible fixed assets		
Buildings and structures, net	47,005	45,819
Machinery and equipment, net	28,632	27,653
Others, net	34,589	33,771
Total tangible assets	110,227	107,244
Intangible assets	12,080	11,610
Investments and other assets		
Investment securities	25,226	24,197
Others	22,297	22,379
Allowance for doubtful accounts	(4,403)	(4,694)
Total investments and other assets	43,120	41,881
Total fixed assets	165,428	160,736
Total Assets	612,919	632,889

Millions of yen

	As of December 31, 2017	As of June 30, 2018
LIABILITIES		
Current Liabilities		
Notes and accounts payable-trade	61,756	62,229
Electronically recorded obligations	57,869	66,972
Short-term loans payable	70,470	73,755
Current portion of bonds	10,000	10,000
Bonus payment reserve	5,460	4,908
Directors' bonus payment reserve	250	177
Reserve for losses on construction completion guarantees	3,279	3,447
Reserve for product warranties	4,086	4,260
Reserve for construction losses	10,038	10,913
Reserve for expenses related to the sales of land	254	254
Others	47,227	52,920
Total current liabilities	270,691	289,839
Long-term Liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	22,161	21,403
Reserve for directors' retirement benefits	122	109
Provision for loss on litigation	6,464	7,721
Defined benefit liability	11,841	11,027
Asset retirement obligations	2,214	2,244
Others	4,633	3,292
Total long-term liabilities	57,439	55,798
Total Liabilities	328,131	345,638
NET ASSETS		
Shareholders' Equity		
Common stock	78,815	79,039
Capital surplus	81,256	81,480
Retained earnings	121,321	127,977
Treasury stock	(431)	(437)
Total shareholders' equity	280,962	288,059
Accumulated Other Comprehensive Income		
Net unrealized gains (losses) on investment securities	2,564	1,392
Deferred gains (losses) on hedges	10	4
Translation adjustments	2,628	(1,190)
Remeasurements of defined benefit plans	(8,210)	(7,781)
Total accumulated other comprehensive income	(3,007)	(7,573)
Subscription Rights to Shares	1,163	1,155
Non-controlling Interests	5,668	5,608
Total Net Assets	284,788	287,250
Total Liabilities and Net Assets	612,919	632,889

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

Millions of yen

	Six Months Ended September 30, 2017	Six Months Ended June 30, 2018
Net Sales	206,798	251,257
Cost of Sales	155,678	187,387
Gross Profit	51,120	63,870
Selling, General and Administrative Expenses	46,004	49,148
Operating Income	5,116	14,722
Non-operating Income		
Interest income	108	121
Dividends income	168	290
Share of profit of entities accounted for using equity method	—	815
Others	244	276
Total non-operating income	521	1,503
Non-operating Expenses		
Interest expenses	647	682
Share of loss of entities accounted for using equity method	301	—
Foreign exchange losses	84	957
Others	717	414
Total non-operating expenses	1,750	2,054
Ordinary Income	3,886	14,171
Extraordinary Income		
Gain on sales of fixed assets	41	11
Gain on sales of investment securities	1,266	394
Total extraordinary income	1,308	406
Extraordinary Loss		
Loss on sales of fixed assets	2	79
Loss on retirement of fixed assets	66	108
Impairment loss	—	1,652
Loss on sales of investment securities	33	—
Provision for loss on litigation	—	1,257
Others	2	1
Total extraordinary loss	105	3,098
Income before Income Taxes	5,089	11,478
Income Taxes	1,530	3,389
Profit	3,559	8,089
Profit Attributable to Non-controlling Interests	456	617
Profit Attributable to Owners of Parent	3,103	7,471

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Six Months Ended September 30, 2017	Six Months Ended June 30, 2018
Profit	3,559	8,089
Other Comprehensive Income:		
Net unrealized gains (losses) on investment securities	(617)	(1,192)
Deferred gains (losses) on hedges	16	(5)
Translation adjustment	(443)	(3,961)
Remeasurements of defined benefit plans, net of tax	215	351
Share of other comprehensive income of entities accounted for using equity method	28	102
Total other comprehensive income	(801)	(4,706)
Comprehensive Income	2,758	3,382
Comprehensive income attributable to:		
Owners of parent	2,317	2,892
Non-controlling interests	440	489

(3) Consolidated Statements of Cash Flows

Millions of yen

	Six Months Ended September 30, 2017	Six Months Ended June 30, 2018
Cash Flows from Operating Activities:		
Income before income taxes	5,089	11,478
Depreciation and amortization	7,356	7,788
Impairment loss	—	1,652
Loss (gain) on sales of securities and investment securities	(1,232)	(394)
Increase (decrease) in reserve	(2,234)	1,339
Increase (decrease) in defined benefit liability	(1,157)	(1,380)
Loss (gain) on sales of fixed assets	(39)	68
Interest and dividends income	(277)	(411)
Interest expenses	647	682
Decrease (increase) in notes and accounts receivable-trade	56,373	19,987
Decrease (increase) in inventories	(7,376)	(8,960)
Increase (decrease) in notes and accounts payable-trade	(13,794)	9,555
Others	1,937	5,616
Sub-total	45,293	47,020
Interest and dividends income received	847	408
Interest expenses paid	(620)	(632)
Income taxes paid	(3,659)	(902)
Net cash provided by operating activities	41,860	45,893
Cash Flows from Investing Activities:		
Purchase of fixed assets	(7,639)	(7,413)
Proceeds from sales of fixed assets	69	79
Purchase of securities and investment securities	(1,712)	(1,771)
Proceeds from sales and redemption of securities and investment securities	2,038	1,027
Payments into time deposits	(651)	(751)
Proceeds from withdrawal of time deposits	660	720
Payments of loans receivable	(11)	(19)
Collection of loans receivable	97	26
Others	540	(21)
Net cash used in investing activities	(6,608)	(8,123)

	Millions of yen	
	Six Months Ended September 30, 2017	Six Months Ended June 30, 2018
Cash Flows from Financing Activities:		
Net increase (decrease) in short-term loans payable	9,577	4,699
Proceeds from long-term loans payable	100	—
Repayment of long-term loans payable	(1,068)	(1,263)
Purchase of treasury shares	(2)	(6)
Proceeds from disposal of treasury shares	0	—
Cash dividends paid	(3,046)	(1,523)
Cash dividends paid to non-controlling interests	(4)	(414)
Others	(541)	(398)
Net cash provided by (used in) financing activities	5,013	1,093
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(63)	(1,514)
Increase (Decrease) in Cash and Cash Equivalents	40,201	37,348
Cash and Cash Equivalents at Beginning of Period	90,683	139,102
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	—	507
Cash and Cash Equivalents at End of Period	130,885	176,958

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

(Segment Information)

Six Months Ended September 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	118,974	26,725	60,282	205,981	816	206,798	—	206,798
Intersegment and Transfers	174	—	—	174	1,445	1,619	(1,619)	—
Total	119,148	26,725	60,282	206,156	2,262	208,418	(1,619)	206,798
Segment Income (Loss)	(5,011)	2,017	7,923	4,929	178	5,107	8	5,116

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

Six Months Ended June 30, 2018

1. Information Regarding Sales and Income 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	154,330	29,368	66,720	250,419	837	251,257	—	251,257
Intersegment and Transfers	278	—	—	278	1,392	1,670	(1,670)	—
Total	154,608	29,368	66,720	250,697	2,230	252,927	(1,670)	251,257
Segment Income	2,276	2,217	10,080	14,574	171	14,746	(24)	14,722

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 shows eliminations among intersegment sales and transfers.

3.Segment Income 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)

In Fluid Machinery & Systems, the book value of business assets has been lowered to the expected recoverable amount following the discontinuation of Tochigi Plant's production which was concentrated to Futtsu Plant, and impairment loss has been booked mainly due to the reduced amount.

The resulting impairment loss amounted to ¥1,652 million for the six months ended June 30, 2018.

(Material change in goodwill amount)

None

(Material negative goodwill arisen)

None

(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 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

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

Billions of yen

	Same Period of the Previous Fiscal Year	Six Months Ended June 30, 2018			Fiscal Year Ending December 31, 2018
	Actual	Actual	Change	Change Ratio	Forecast
Orders Received				(%)	
FMS	154.7	161.5	6.8	4.4	324.0
EP	37.5	65.8	28.2	75.2	90.0
PM	64.5	72.6	8.0	12.5	140.0
Others	0.8	0.8	(0.0)	(1.2)	1.0
Total	257.6	300.8	43.1	16.7	555.0
Sales					
FMS	155.0	154.3	(0.6)	(0.4)	314.0
EP	35.5	29.3	(6.1)	(17.3)	60.0
PM	72.4	66.7	(5.7)	(7.9)	130.0
Others	0.8	0.8	(0.0)	(1.3)	1.0
Total	263.8	251.2	(12.6)	(4.8)	505.0
Operating Income					
FMS	10.5	2.2	(8.2)	(78.5)	13.5
EP	2.4	2.2	(0.2)	(10.4)	6.0
PM	10.8	10.0	(0.7)	(7.1)	17.0
Others & Adjustment	0.1	0.1	0.0	2.1	0.5
Total	24.0	14.7	(9.3)	(38.8)	37.0
Backlog of Orders Received					
FMS		199.7			
EP		206.7			
PM		36.2			
Others		0.0			
Total		442.7			

(2) Sales, Orders and Forecast by Subsegment

(i) Orders Received

Billions of yen

	Same Period of the Previous Fiscal Year	Six Months Ended June 30, 2018			Fiscal Year Ending December 31, 2018
	Actual	Actual	Change	Change Ratio	Forecast
FMS				(%)	
Pumps	89.0	84.9	(4.0)	(4.5)	178.0
Compressors & Turbines	39.1	50.7	11.6	29.7	95.0
Chillers	17.9	19.4	1.5	8.6	37.0
Others	8.6	6.2	(2.3)	(27.1)	14.0
Total of FMS	154.7	161.5	6.8	4.4	324.0
EP					
Environmental Plants	37.5	65.8	28.2	75.2	90.0
Total of EP	37.5	65.8	28.2	75.2	90.0
PM					
Components	29.6	30.7	1.1	3.7	64.0
CMP Systems	30.7	38.7	7.9	26.0	71.0
Others	4.1	3.1	(1.0)	(24.7)	5.0
Total of PM	64.5	72.6	8.0	12.5	140.0
Others	0.8	0.8	(0.0)	(1.2)	1.0
Total of Others	0.8	0.8	(0.0)	(1.2)	1.0
Total	257.6	300.8	43.1	16.7	555.0

(ii) Sales

Billions of yen

	Same Period of the Previous Fiscal Year	Six Months Ended June 30, 2018			Fiscal Year Ending December 31, 2018
	Actual	Actual	Change	Change Ratio	Forecast
FMS				(%)	
Pumps	88.6	90.5	1.8	2.1	178.0
Compressors & Turbines	41.0	40.6	(0.4)	(1.1)	85.0
Chillers	16.4	16.7	0.2	1.7	37.0
Others	8.7	6.3	(2.3)	(27.0)	14.0
Total of FMS	155.0	154.3	(0.6)	(0.4)	314.0
EP					
Environmental Plants	35.5	29.3	(6.1)	(17.3)	60.0
Total of EP	35.5	29.3	(6.1)	(17.3)	60.0
PM					
Components	28.0	30.6	2.6	9.4	58.0
CMP Systems	41.3	32.1	(9.1)	(22.2)	67.0
Others	3.1	3.8	0.7	25.4	5.0
Total of PM	72.4	66.7	(5.7)	(7.9)	130.0
Others	0.8	0.8	(0.0)	(1.3)	1.0
Total of Others	0.8	0.8	(0.0)	(1.3)	1.0
Total	263.8	251.2	(12.6)	(4.8)	505.0

Note: Effective from the three months ended March 31, 2018, cryogenic pumps (pumps for transporting LNG (liquefied natural gas)) are included in Compressors & Turbines. Additionally, the amount of orders received and sales for the same period of the previous fiscal year in cryogenic pumps have been restated in order to reflect this reclassification.

(3) Area Information

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

Billions of yen

	Six Months Ended June 30, 2018	
	Actual	Composition
Net Sales		(%)
Japan	157.0	62.5
North America	37.7	15.0
Asia (except Japan)	41.8	16.6
Others	14.6	5.9
Total	251.2	100.0
Operating Income		(%)
Japan	9.3	—
North America	(0.0)	—
Asia (except Japan)	4.9	—
Others	1.0	—
Adjustment	(0.4)	—
Total	14.7	—

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

Billions of yen

	Six Months Ended June 30, 2018	
	Actual	Composition
Net Sales		(%)
Japan	118.6	47.2
Asia (except Japan)	78.1	31.1
North America	20.0	8.0
Europe	17.4	7.0
Middle East	8.5	3.4
Others	8.3	3.3
Total	251.2	100.0