

**RESULTS OF OPERATIONS FOR
THE YEAR ENDED MARCH 31, 2009 (CONSOLIDATED)**

May 13 2009

Company name: EBARA CORPORATION
11-1 Haneda Asahi-cho, Ota-ku, Tokyo 144-8510, Japan
(Stock Code. 6361, Tokyo and Sapporo Stock Exchange in Japan)
(URL <http://www.ebara.co.jp>)

Representative: Natsunosuke Yago, President
Contact person: Shusuke Tsumura, General Manager, Corporate Accounting Department Tel: 81-3-3743-6111
Scheduled day of general meeting of shareholders: June 26 2009
Scheduled day of commencement of delivery of dividend: —
Scheduled day of submission of annual security report: June 26 2009

Note: The amounts are rounded down to the nearest millions of yen.

1. Outline of the results for FY2009 (April 1-March 31, 2009)

(1) Consolidated Financial Highlights

Millions of yen, except per share data

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
FY2009	501,149	(11.6)	637	(89.4)	(2,383)	-	(13,113)	-
FY2008	567,190	5.4	6,016	(54.6)	2,757	(73.5)	7,608	39.7

	Net income per share	Net income per share, diluted	Return on equity	Ordinary income on Total assets ratio	Operating income on sales ratio
	Yen	Yen	%	%	%
FY2009	(31.04)	—	(9.6)	(0.4)	0.1
FY2008	18.01	16.34	5.0	0.4	1.1

Notes (i) Profit & loss in equity method: FY2009 28million FY 2008 126million
(ii) % represents percentage change from a comparable previous period

(2) Consolidated Financial Position

Millions of yen, except per share data

	Total assets	Net assets	Equity ratio	Net assets per share of common stock
			%	Yen
FY2009	562,456	124,263	21.6	287.44
FY2008	607,006	155,263	24.9	358.01

Notes Shareholders's Equity (consolidated) FY2009 121,411million FY2008 151,243 million

(3) Consolidated Cash Flow

Millions of yen

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents
FY2009	17,438	(2,774)	(3,233)	77,194
FY2008	(6,316)	31,770	(21,807)	69,160

2. Dividend

	Cash Dividend per share of common stock					Total dividend for the year	Dividend payout ratio Consolidated	Dividend rate per net assets Consolidated
	1 st quarter	End of 2 nd quarter	End of 3 rd quarter	End of 4 th quarter	Total for the year			
	Yen	Yen			Yen	Million yen	%	%
FY2008	-	0.0	-	7.5	7.5	3,168	41.6	2.1
FY2009	-	0.0	-	0.0	0.0	0.0	-	-
FY2010 (Forecast)	-	0.0	-	-	-	-	-	-

3. Forecast of results for the year ending March 31, 2010

Millions of yen

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
		%		%		%		%	Yen	
FY2010 1st half	200,000	(10.3)	(5,000)	-	(6,000)	-	(4,000)	-	(9.47)	
FY2010	500,000	(0.2)	10,000	-	7,000	-	3,000	-	7.10	

Notes % represents percentage change from a comparable previous period

4. Others

(1) Changes in significant subsidiaries: Not applicable

(2) Changes in accounting policies

(i) Changes according to amendment of accounting standard: Yes

(ii) Changes with other reasons except clause (i) above: Yes

Notes Please refer Page 32 'Change in accounting policies' for detail information.

(3) Number of shares outstanding (Common Stocks)

(i) Number of common stocks (including treasury stocks) FY2009 422,725,658 FY2008 422,725,658

(ii) Number of treasury stocks FY2009 341,744 FY2008 267,250

Notes Please refer Page 49 'Per share data of common stock regarding the number of stocks to be basis of calculation of dividend rate per net assets.

(Reference information)

1. Outline of the results for FY2009 (April 1-March 31, 2009), Non-consolidated

(1) Non-consolidated Financial Highlights

Million of yen, except per share data

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
FY2009	204,520	(17.1)	(16,892)	-	3,300	-	(8,132)	-
FY2008	246,704	(1.9)	(6,205)	-	(3,218)	-	(1,988)	-

	Net income per share	Net income per share, diluted
	Yen	Yen
FY2009	(19.25)	-
FY2008	(4.71)	-

Notes % represents percentage change from a comparable previous period

(2) Non-Consolidated Financial Position

Millions of yen, except per share data

	Total assets	Net assets	Equity ratio	Net assets per share of common stock
			%	Yen
FY2009	419,663	124,967	29.8	295.86
FY2008	435,254	138,905	31.9	328.80

Notes Shareholder's Equity (Non-consolidated) FY2009 124,967million FY2008 138,905million

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

The forecasts of performance and other forward-looking statements contained in this document are based on information that was available to Ebara as of the time of the issuance of this document and on certain assumptions about uncertainties that may have an impact on the Company'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, (1) Analysis of Management Performance," on page 3 of this document.

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

Ebara undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date thereof or to reflect the occurrence of unanticipated events.

1. Management Performance

(1) Analysis of Management Performance

① Overview of Performance of the Fiscal Year

During the fiscal year under review, ended March 31, 2009, the effects of the financial crisis triggered by the subprime loan crisis in the United States spread to the real economy. Especially from the latter half of the fiscal year, the downturn in the economy accelerated suddenly, leading to serious recessionary conditions. In the United States, the deepening of the financial crisis and prolonged stagnation in the housing market brought a sharp decline in demand for consumer goods, principally automobiles, and a steep downturn in the economy. In Europe as well, the financial crisis brought a deterioration in the real economy and created a vicious circle that led to even deeper recessionary conditions. In the emerging economies of Asia and the Middle East, which had been experiencing rapid growth, the economic downturn became even more pronounced because of the sudden drop in exports resulting from the simultaneous recession throughout the world economy.

In the Japanese economy, corporate profitability deteriorated owing to the sudden decline in domestic and overseas demand caused by the global recession. In addition, as a consequence of the major decrease in private capital investment, stagnation in personal consumption, the slump in the number of construction starts, and other factors, private-sector demand as a whole deteriorated sharply, leading to a sharp downturn in the economy. In addition, conditions in the public sector continued to show weakness.

Amid these adverse economic conditions, the EBARA Group (the Group) proceeded with the implementation of its “E-Plan2010” Medium-Term Management Plan, and all the Group’s business segments focused their fullest efforts on improving profitability. Under E-Plan2010, which is now in its first year of implementation and will cover the period through the target year of fiscal 2010 (ending March 31, 2011), the Group is concentrating on the basic policies of “strengthening the business base for sustained growth” and “implementing corporate activities that emphasize compliance.” According to these basic policies, the Group is emphasizing selectivity and concentration in the allocation of its management resources, working to establish a business base from a global perspective, and improving cash flow.

In the Fluid Machinery & Systems (FMS) Group, as part of activities to develop operations globally, the Group worked to strengthen its production capabilities and systems, including proceeding with work on a new production plant located in Futtsu in Chiba Prefecture, and make improvements in its marketing and after-sales services.

In the Environmental Engineering (EE) Group, to respond accurately to changes in the needs of the market environment and customer requirements, its operations were decided to be realigned to create a water treatment company and a waste treatment company that bring together the EPC (engineering and design, procurement, and construction) and O&M (operation and maintenance) functions that had been dispersed within the EE Group.

Moreover, the Group moved forward with measures to restructure its businesses and corporate organization, including the integration of the operations of consolidated subsidiaries EBARA KIDEN CO., LTD., and EBARA Research Laboratory into EBARA CORPORATION as well as the implementation of measures related to other affiliated companies in environment-related businesses.

Although the Group implemented the previously mentioned initiatives, net sales for the fiscal year under review were below the level of the previous fiscal year. This was due to a decline in sales in the FMS Group, owing to the impact of the worldwide economic downturn, and the drop in sales of Precision Machinery (PM) Group because of substantial reductions in capital investment in the semiconductor industry. Profitwise, although the FMS Group was able to offset the impact of the sudden changes in foreign exchange rates and report an increase in operating income because of the positive effects of measures to increase profitability, overall operating income posted a steep decline. This was because of an increase in costs related to an overseas incinerator project in the EE Group, the decrease in sales in the PM Group, and other factors.

Consolidated net sales for the fiscal year amounted to ¥501,149 million (a decline of 11.6% year on year), and operating income decreased to ¥637 million (a decline of 89.4%). The Group reported an ordinary loss of ¥2,383 million (which represented a deterioration of ¥5,140 million from ordinary income of the previous fiscal year). Factors influencing net income included extraordinary gains of ¥5,478 million, which included a reversal of allowance for doubtful receivables of ¥3,140 million. On the other hand, the Group reported extraordinary losses totaling ¥10,436 million due to a write-down of securities and other investments of ¥4,298 million, impairment losses of ¥3,337 million, and other factors. In addition, the Group made further additions to reserves related to the valuation of deferred tax assets. As a consequence of these various factors, the Group reported a net loss for the fiscal year under review of ¥13,113 million (which represented a deterioration of ¥20,721 million from the net income of the previous fiscal year).

Please note that the legal action ongoing of the consortium between the Company and a Malaysian company related to the notice of cancellation of a gasification fluidized bed incinerator construction project received from the Ministry of Housing and Local Government of Malaysia in September 2006 was amicably settled in December 2008.

Results by Business Segment

Fluid Machinery & Systems

In the FMS Group, major developments in overseas markets included the deceleration of capital investments in the oil and gas industries, where investment activities had been strong in the previous fiscal year, owing to such factors as the downturn in the world economy and the drop in oil prices. However, the impact of the downturn on capital investment in the electric power industry was relatively limited, and construction of nuclear power plants, especially in China, increased. In the domestic market, capital investment in the private sector stagnated because of the major downturn in the economy, principally in the automobile and basic materials industries, and, as a result, the number of construction projects dropped significantly. On the other hand, in the public-sector market, the downtrend experienced in recent years began to bottom out and conditions were relatively stable.

Amid these operating conditions, the FMS Group succeeded in expanding orders for gas-transport equipment to the oil and gas industries, where capital investment was strong from the previous fiscal year through the first half of the fiscal year under review. However, as a result of foreign currency factors, the value of orders remained at about the same level as in the previous fiscal year. In the fluid transport machinery field, conditions in the electric power industry were firm, and the FMS Group received orders for large-scale pumps for installation in nuclear power plants in China. However, because of the decline in the number of major projects and the impact of restraints on capital investment in the domestic market, on an overall basis, orders dropped substantially compared with the previous fiscal year. In the standard pump business, orders showed little drop because of the effect of the drop in the number of new construction projects. In the fluid machinery system engineering field, the FMS Group worked to

strengthen the supervision and management of projects and substantially reduce fixed costs.

Sales in the FMS Group declined 5.1% from the previous fiscal year, to ¥302,343 million, as a result of the impact of foreign currency fluctuations and the major downturn in the world economy that began in the latter half of the fiscal year. However, operating income increased 63.3% over the previous fiscal year, to ¥16,789 million. Despite the impact of foreign currency factors, the FMS Group was able to report an increase in operating income because of its activities to promote overseas procurement and activities to reduce costs, including improved profit supervision.

Environmental Engineering

In the EE Group, operating conditions in the market for public-sector projects in Japan, which is a core market for this Group, remained highly competitive throughout the fiscal year. However, the market for after-sales service is growing steadily as the scope of operation and maintenance (O&M) services expands and the number of O&M service contracts spanning several years continues to increase. On the other hand, in the private sector, there are trends toward the postponement of projects and the reduction of capital investment because of the sudden deterioration in economic conditions.

Amid these conditions, the EE Group continued to pursue its highest priority objective under EBARA's "E-Plan2010," which is to restructure its earnings base, as well as continued to implement measures to reduce fixed costs and make improvements in business processes. In addition, the number of orders for projects to be implemented under the private finance initiative (PFI) method for the national and local governments in Japan (including develop, build, and operate (DBO) and build, own, and transfer (BOT) projects) is expanding. As a result, the importance of combining EPC technology and O&M technology is rising. To improve the capabilities of the EE Group to respond to the changing needs of the market and its customers, the Group realigned its water treatment and waste treatment businesses during the fiscal year under review.

Sales in the EE Group rose 3.3%, to ¥146,045 million, for the fiscal year under review. Despite an increase in losses of ¥13,810 million in connection with the InfraServ project in Germany, because of a certain level of improvement due to reductions in fixed costs and reforms in business processes, the operating loss for the EE Group decreased ¥708 million from the previous fiscal year, to ¥11,472 million, during the fiscal year under review.

Precision Machinery

In the PM Group, operating conditions in the business's core semiconductor market were extremely challenging. The stagnation in conditions in the semiconductor market, which began in the second half of the previous fiscal year, was compounded by the effects of the downturn in the world economy that began in the latter half of the fiscal year under review, thus resulting in the continued suspension or postponement of investments in the semiconductor industry.

Under these circumstances, the PM Group worked to strengthen its after-sales service offerings, focusing principally on identifying the needs of existing customers for making improvements in productivity, with the aim of creating a business base that is not influenced by the silicon cycle. The PM Group also focused on lowering personnel costs, focusing its R&D activities more sharply, and restraining capital investment, while also suspending work on a portion of its production lines. However, the reduction in fixed costs was not sufficient to offset the adverse effects of the decline in sales on profitability, and, as a consequence, the PM Group reported a substantial operating loss.

Sales of the PM group amounted to ¥52,760 million, 50.8% lower than for the previous fiscal year. Operating loss amounted to ¥4,776 million which represented a deterioration of ¥12,761million from the operating income of the previous fiscal year.

② Outlook for the Next Fiscal Year

As it remains unclear when the downturn in the economies of the United States and Europe will bottom out, full-scale recovery in the market as a whole is expected to take some time. In the countries of Asia also, growth in domestic demand is expected to be limited, and the downturn in those economies, due to marked deceleration in external demand from the United States and Europe, will continue. These and other considerations suggest that the current severe downturn in the world economy will be prolonged.

The outlook by operating segment and strategies to be implemented in each business are as follows.

In the FMS Group, uncertainty regarding conditions in the market overall is expected to continue because of the worldwide downturn. In the fluid and gas transport equipment business overseas, the downward trend in capital investment in the oil and gas industries in Asia outside Japan, the Middle East, and elsewhere is likely to continue. However, there will a number of major electric power projects, which will require pumps for nuclear power generation facilities, put out for bidding, principally in Asia, the United States, and elsewhere. In the fluid transport equipment business in Japan, most private-sector industries are postponing investments because of the impact of the economic downturn, and capital investment is not expected to recover in the short term.

In view of this outlook, the FMS Group will significantly step up its marketing activities targeted as the electric power business in China, the United States, and elsewhere, while also focusing on marketing desalination projects in the Middle East. The FMS Group will also work to substantially expand the marketing of its after-sales service business. In addition, work will move forward steadily on transferring equipment and upgrading production facilities in the new Futtsu Plant, strengthening business bases in China, and promoting the development of a worldwide horizontal division of labor among production bases. In the domestic public-sector market, along with the introduction of comprehensive vendor bidding and selection criteria, the FMS Group will work to enhance its overall competitiveness. In the domestic private-sector market, the FMS Group will take measures to further expand its after-sales service business and carefully tailor its marketing and order-taking activities to meet the needs of specific customers.

In the EE Group, difficult operating conditions are expected to continue in the domestic private-sector market because of the economic downturn. In the domestic public sector, although no increase in project orders for new facilities is anticipated, the number of projects involving major renewal and replacement of aging installations is expected to rise.

Moreover, along with the continuing shortage of financial resources in the national and local governments as well as the lack of sufficient technical personnel, the trend toward subcontracting the operation and management of facilities in the public sector is expected to continue gradually.

In view of these changes in market trends, the EE Group decided to realign and integrate certain of its operations during the fiscal year ended March 31, 2009. After integrating the EPC and O&M activities of the water treatment business in April, the EE Group is scheduled to complete the integration of the EPC and O&M functions in the waste treatment business in October 2009. The objectives of these realignments are to strengthen capabilities for drawing fully on abundant technological capabilities and an extensive record of successful

deliveries of EPC services and to create a seamless, nationwide after-sale service network for O&M services as well as thereby respond effectively to changes in market and customer needs. In addition, by combining these functions, which had been spread across three companies, into two companies, the EE Group will be able to consolidate overlapping divisions, administrative functions, and regional offices to reduce fixed costs.

In the PM Group, there are concerns that the current restraints on new investments in the semiconductor industry owing to the simultaneous worldwide recession may be prolonged. On the other hand, signs of progress toward reducing excess inventories in the semiconductor market are emerging, and there is hope that customers in that industry may be able to increase their current low operating rates.

Amid these conditions, the PM Group will continue to reduce fixed costs by lowering the number of personnel and suspending activities on certain production lines, while also focusing R&D expenses on core products and working to reduce manufacturing costs through the shortening of lead times. On the other hand, the PM Group will also strengthen its sales activities for component products, principally dry pumps, targeted especially at the solar cell manufacturing industry, where growth is expected. In addition, along with the rise in utilization rates at customer plants, the PM Group will also strengthen its after-sales services business functions to help customers increase productivity in their plants. Through these activities, the PM Group will strive to improve profitability and create an earnings structure that is not influenced by the silicon cycle.

Based on the previously mentioned policies and initiatives, the Group has set the objective of reaching consolidated net sales of ¥500 billion and ¥10 billion in operating income in the fiscal year ending March 31, 2010.

(Billions of yen, % increase from the previous period)

	Consolidated	
Net sales	¥500.0	(-0.2%)
Operating income	¥10.0	(-%)
Ordinary income	¥7.0	(-%)
Net income	¥3.0	(-%)

Business Segment Information

The outlook for sales and operating by business segment is as follows.

(Billions of yen, percentage composition)

Group	Sales		Operating Income	
	Amount	Percentage	Amount	Percentage
Fluid Machinery & Systems	¥317.0	(63.4%)	¥13.0	(-%)
Environmental Engineering	¥140.0	(28.0%)	¥2.0	(-%)
Precision Machinery	¥43.0	(8.6%)	(¥5.0)	(-%)
Total	¥500.0	(100%)	¥10.0	(-%)

The above information is projected at the expected foreign exchange rate 1US\$=¥95, 1EUR=¥130

③ Progress toward Goals of the Medium-Term Management Plan

The following are the Group's consolidated financial highlights for the fiscal year under review, which was the first year under the Group's "E-Plan2010" medium-term management plan.

As a result of such factors as the emergence of additional costs related to an overseas incinerator project in the EE Group and the major decline in sales of the PM Group owing to severe restraints on capital investment in the semiconductor industry, net sales, operating income, and net income were all below the target figures set in the medium-term plan.

(Billions of yen)

	Performance figures	Midium-term management plan
Sales	¥501.1	¥563.0
Operating Income	¥6.0	¥20.0
Net Income	(¥13.1)	¥7.0

Under E-Plan2010, the Group is reviewing its business promotion systems and taking measures to restructure its management base and has set the following targets for the fiscal year ending March 31, 2011, the final year of the medium-term plan.

ROE: 8% or more

Debt/equity ratio: 0.9 or lower, or Equity ratio: 30% or more

At the close of the fiscal year ended March 31, 2009, which was the first year under the Group's E-Plan2010, the status of attainment of the Group's target indicators was as follows:

ROE: —%

Debt/equity ratio: 1.5

④ Attainment of Management Objectives

Please see related item covered previously.

(2) Analysis of Financial Position

The following is an analysis of assets, liabilities, net assets, and cash flows.

① Assets

As a result of a decrease from the end of the previous year in current assets of ¥36,509 million and a decrease in fixed assets of ¥8,041 million, total assets declined 44,550 million to ¥562,456 million. The principal reasons for these movements in assets were as follows.

The decline in current assets was due to decreases of ¥29,087 million in trade receivables and ¥17,750 million in securities owing to withdrawals from negotiable certificates of deposit.

Tangible and intangible fixed assets declined ¥6,460 million because of the implementation of capital expenditures of ¥23,560 million and depreciation charges of ¥15,179 million. In addition, the Group reported impairment losses of ¥3,337 million and sales of assets amounting to ¥6,104 million.

Investments and other assets declined ¥1,580 million from the previous fiscal year as a result of the combination of a decrease in the value of investment securities, owing to lower market prices, and increases in deferred tax assets and long-term loans.

② Liabilities

Compared with the previous fiscal year-end, current liabilities increased ¥18,962 million, and Long-Term Liabilities decreased ¥32,513 million, thus total liabilities declined ¥13,550 million to ¥438,192 million. The principal causes of these decreases were as follows.

Current liabilities increased ¥18,962 million as a result of the net effect of a decrease in trade payables of ¥19,581 million accompanying a rise in the settlement of notes and accounts payable, an increase in short-term bank loans of ¥14,670 million, and an increase in the current portion of long-term debt of ¥9,800 million.

Long-term liabilities, principally straight bonds, declined ¥32,513 million from the previous fiscal year-end. As a result of the scheduled repayment of certain straight bonds and certain long-term debt within one year, the amounts of those bonds and loans were transferred to the current portion of long-term debt account among current liabilities.

③ Net Assets

Among items in net assets, shareholders' equity decreased ¥16,952 million, net unrealized gain decreased ¥12,879 million, and minority interests in consolidated subsidiaries also decreased, moving down ¥1,167 million. As a result, net assets were down ¥30,999 million and amounted to ¥124,263 million at the end of the period under review. The decrease in shareholders' equity was mainly due to the reporting of a net loss of ¥13,113 million and the payment of dividends from retained earnings of ¥3,168 million.

④ Cash Flows

Net cash flow provided by operating activities before payments of interest and taxes was ¥28,900 million upper than for the previous fiscal year and amounted to a net inflow ¥17,438 million, owing to decreases in interest and dividends received and higher payments of corporate income taxes.

Among investing activities, the Group reported a cash inflow from the sale of fixed assets amounting to ¥6,351 million as a result of the sale of its Haneda headquarters building and other assets and an inflow of ¥17,800 million from the withdrawal of funds from negotiable certificates of deposit. On the other hand, the Group spent ¥23,768 million for the acquisition of fixed assets in connection principally with the construction of its new plant in Futtsu, Chiba Prefecture. As a result, cash used in investing activities amounted to ¥2,774 million.

Net cash provided by financing activities amounted to a net outflow of ¥3,233 million through the redemption of bonds and refunds to other types of interest-bearing debt, cash dividends paid of ¥3,168 million, and other factors.

As a consequence, consolidated cash and cash equivalents at the end of the period were ¥77,194 million, ¥8,034 million higher than at the end of the previous fiscal year.

Recent trends in cash flow indicators are as follows.

	March 31 2005	March 31 2006	March 31 2007	March 31 2008	March 31 2009
Shareholders' equity ratio:	18.4%	25.9%	24.2%	24.9%	21.6%
Shareholders' equity ratio at market value:	28.5%	52.8%	37.8%	21.2%	16.2%
Years to repay debt:	-	-	22.4 years	-	10.4years
Interest coverage ratio:	-	-	2.8	-	5.1

Notes:

1. Shareholders' equity ratio: Shareholders' equity/Total assets
2. Shareholders' equity ratio as 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-bearing debt is defined as all liabilities appearing on the Consolidated Balance Sheets on which interest must be paid. 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 Fiscal 2009 and Fiscal 2009

The Company regards returning a portion of its income to its shareholders as one of its most important management tasks. In setting its dividends, the Company takes into account its consolidated performance and financial position for the current and future fiscal period while aiming to pay stable cash dividends. Dividends are paid twice a year, with the dates of record being March 31 and September 30.

For the fiscal year under review, in view of the substantial losses reported and the uncertainty surrounding the operating environment going forward, the Company regrets that it will not pay a final dividend for the fiscal year. We wish to express our sincerest apologies to our shareholders for this decision.

Regarding dividends for the current fiscal year, ending March 31, 2010, the Company has decided to suspend its interim dividend. No decision has been made at this time on the final dividend for the current fiscal year.

(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.

① Market Risk

Public works projects account for a high percentage of the sales of the fluid machinery system engineering and the EE Group. Accordingly, there is a possibility that cutbacks in public works by the national government, regional governments, and related entities may increase fluctuations in the Group's business activities, performance, and financial position.

In addition, the business of the PM Group is strongly influenced by the silicon cycle. Accordingly, fluctuations in the market for semiconductors may increase fluctuations in the Group's business activities, performance, and financial position.

As a result of the stagnant conditions in the semiconductor market, the PM Group experienced a sudden decline in demand for its principal products, including chemical mechanical polishing (CMP) equipment and dry pumps, and thus reported an operating loss of ¥4,776 million for the fiscal year ended March 31, 2009. This weakness in the market may be prolonged, and this may have an adverse impact on the Group's performance and financial position.

② Large-scale projects and overseas business activities

The Group manufactures 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.

Some of these projects involve a high level of technical difficulty. And big projects in foreign countries involve risks related to business environments which differ from those of Japan. The Group takes possible measures to control these risks and provides for construction losses by setting aside an amount based on its estimate of such costs; however, if actual additional costs exceed the reserves, this may have a detrimental impact on the Group's performance.

③ The InfraServ project in Germany in view of progress

The Group has reviewed and revised its estimate of the additional costs that may be incurred in connection with the InfraServ project in Germany in view of progress toward the completion of the construction work and penalties for delays in completion. In view of this revised estimate, the Group has made ¥13,810 million in additional provisions to reserves for the fiscal year under review.

Since receiving the order for this project in December 2006, the Group has reported construction losses on four occasions. The Group has found it is necessary to continue to make provisions to loss reserves because of the occurrence of special circumstances that have arisen and that were beyond the Group's original expectations. This has been because this is the first time the Group has acted as general contractor for a major incinerator project overseas and because the project is situated in Germany where related regulations are exceptionally stringent. In addition, following the receipt of the order for this project, the European economies experienced overheating, and this resulted in major increases of "bubble" proportions in material and personnel costs. These unusual circumstances were also reasons for the losses on the project.

The Group has estimated and set aside amounts in its reserve for construction losses that represent the maximum reasonable amounts the Group thinks may be incurred, given information available at the present time, but in the event that losses are larger than anticipated, there is a possibility that this may have an adverse impact on the Group's performance. Please note that at present the project is approximately 70% completed.

④ 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.

⑤ Interest Rate Risk

The Group is working to reduce its interest-bearing debt, but, as of March 31, 2009, a short-term interest bearing debt amounted to ¥101,944 million and the balance of long-term interest bearing debt was ¥79,611 million, which reached a total of ¥181,555 million. Interest-bearing debt includes fixed- and floating-rate liabilities. For that portion of interest-bearing debt borrowed at floating rates, the Group has arranged for interest rate swaps to fix the interest liability and loans with floating – rates to lessen the risk of interest rate fluctuations; however, if interest payments on the unhedged portion rise due to higher interest rates, this may have an impact on the Group's performance.

⑥ 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 a detrimental impact on Group 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 Group performance.

⑦ Deferred Tax Assets

The Group believes that its deferred tax assets will make it possible to make recoveries from future taxable income. Regarding the portion of deferred tax assets for which the Group believes there is doubt about making recoveries, the Group has provided the valuation allowance for such doubtful amounts. However, the estimate of future taxable income may vary depending on performance at that time. In the event that factors influencing the estimate of taxable income vary, it may be necessary to make changes in the valuation allowance amounts. In such cases, the Group will make adjustments in the doubtful portion of deferred tax assets, and, since an equivalent amount will be reflected in the deferred tax benefit on the Consolidated Statements of Income, there is a possibility that net income may decline as a result.

⑧ Material Procurement

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

⑨ Legal restrictions

The Group conducts operations in Japan and foreign countries and is subject to the laws of the countries where its operations take place. 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 adverse impact on the Group's performance.

2. Corporate Group Information

The Group comprises the parent Group (Ebara Corporation, the Company), 104 subsidiaries (53 of which are consolidated), and 15 affiliates. With the Group as the focus of its activities, 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 and principal consolidated subsidiaries, and their names are as shown below.

Segment	Principal Lines of Business	Functions and Areas of Responsibility	Ebara Corporation and principal consolidated subsidiaries
Fluid Machinery and Systems	Manufacturing, sales, and maintenance of pumps, blowers, fans, compressors, turbines, refrigeration and heating equipment, and other items. Engineering, construction, operation, and maintenance services for wind-powered and hydroelectric power plants. Energy supply, Nuclear power related equipment.	Manufacturing and sales	<ul style="list-style-type: none"> • Ebara Corporation • Ebara Densan Ltd. • Ebara Shinwa Ltd. • Ebara Hamada Blower Co., Ltd. • Ebara Yoshikura Hydro-Tech Co., Ltd. • Elliott Ebara Turbomachinery Corporation • Ebara Refrigeration Equipment & Systems Co., Ltd • Elliott Company • Ebara International Corporation • Ebara Pumps Europe S. p. A
		Engineering, construction, operation and maintenance	<ul style="list-style-type: none"> • Ebara Corporation • Ebara Yoshikura Hydro-Tech Co., Ltd.
		Energy supply	<ul style="list-style-type: none"> • Ebara Corporation • Eco-Power Co., Ltd.
		Sales and maintenance	<ul style="list-style-type: none"> • Ebara Techno-serve Co., Ltd. • Ebara-Byron Jackson., Ltd.
		Supply of materials, etc.	<ul style="list-style-type: none"> • Ebara Material Co., Ltd.
Environmental Engineering	Engineering, construction, operation, and maintenance of environmental improvement equipment, incinerator plants, waterworks and sewage system, and other types of plants and equipment. Manufacturing and sales of industrial chemicals.	Engineering and construction	<ul style="list-style-type: none"> • Ebara Corporation • Ebara Engineering Service Co., Ltd. • Ebara Environmental Engineering Co., Ltd. • Ebara Qindao Co., Ltd.
		Operation and maintenance	<ul style="list-style-type: none"> • Ebara Engineering Service Co., Ltd.
		Manufacturing and sales of chemicals	<ul style="list-style-type: none"> • Ebara Engineering Service Co., Ltd.
Precision Machinery	Manufacturing, sales, and maintenance of vacuum pumps and machinery and equipment for the semiconductor industry	Manufacturing and sales	<ul style="list-style-type: none"> • Ebara Corporation
		Manufacturing and maintenance	<ul style="list-style-type: none"> • Ebara Field Tech. Corporation • Ebara Technologies Inc.
Others	All other lines of business not mentioned above	Management of real estate, etc.	<ul style="list-style-type: none"> • Ebara Agency Co., Ltd.

Note: Results of the segment "Others" are not material and are reported in the Environmental Engineering segment.

3. Management Policies

(1) Basic Policies

The corporate philosophy of the Ebara Group is “to contribute broadly to society by offering superior technologies and optimal services in the areas of water, the air, and the environment.” The Group is committed to responding to a wide range of social needs by minimizing the impact of its activities on the natural environment and engaging in corporate activities that contribute to the creation of a sustainable, recycling-oriented society. Moreover, the Group aims to be a corporate entity in harmony with the natural environment, giving full consideration to environmental management to minimize the burden its corporate activities place on the environment, both directly and indirectly.

In addition, the Group’s basic management policy is to endeavor to strengthen its management base and increase profitability through selectivity and concentration in the allocation of its resources and increase its corporate value and the value of its shares by managing its corporate resources efficiently.

(2) Target Management Performance Measures

Ebara and the other companies of the Ebara Group regard return on equity (ROE) and return on assets (ROA) as their most important management indicators. Management employs both indicators to measure the overall performance of Ebara and the Ebara Group as a whole and considers ROA the most important indicator for the Group’s individual business segments and other Group companies operating within these segments. Among other indicators, next in significance are cash flows, net sales, and ordinary income.

Ebara and other Group companies have chosen ROE as their key management indicator to make clear, both internally and externally, the shareholder-oriented stance of their management policies. In addition, ROA, cash flows, sales, and ordinary income have been selected as metrics to assess the performance of both business segments and Group companies operating under these segments because of their wide applicability and their usefulness in making comparisons and analyses over time.

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.

To strengthen the Group’s financial position through the reduction of interest-bearing debt, the debt to equity ratio (defined as the ratio of interest-bearing debt to shareholders’ equity) has been selected as another indicator and it is used in guiding the management of the Group.

Under E-Plan2010, the Group is reviewing its business promotion systems and implementing measures to strengthen its management foundation. The targets set for the year ending March 31, 2011, the final year of the plan, are as follows.

ROE: 8% or more

Debt/equity ratio: less than 0.9 or Equity ratio: more than 30%

(3) Medium-to-Long Term Management Policies

The Group will implement its business activity in accordance with new medium term management plan “E-Plan 2010” which began in fiscal 2009. The Group has defined the period of this management plan, extending from fiscal 2009 through fiscal 2011, as “a period for restructuring the Group’s management foundation,” when it will review its overall business implementation system and address and resolve the issues identified. The period of the plan is positioned as a time for preparing for the next management plan (extending from fiscal 2012 forward), which will be “a period for taking up the challenge of business expansion.”

Under this plan (E-Plan 2010), the Group will maintain the following basic stances:

- Work to further increase the profitability of existing businesses that have a strong operating base and work to make an early withdrawal from those businesses that have no prospects for improvement in profitability,
- Give priority to improvement in profitability in the allocation of limited human resources, and
- Make effective use of the Group’s assets, allocating them on a priority basis to those businesses that are generating profits and employing the resources necessary to withdrawing from unprofitable businesses.

Under this plan (E-Plan 2010), the Group will implement its management with the following concerns.

① The Group’s Concerns as a Manufacturing Enterprise

The Group is aware that manufacturing and marketing superior hardware and providing top-quality supporting services are the keys to business growth. The Group will further polish its capabilities in the areas where it is strong and will aim to be one of the world’s leading manufacturers of industrial machinery.

② Concern for Improving the Natural Environment

By continuing to provide products and services that conserve energy and contribute to preserving the natural environment, the Group intends to contribute to improving the earth’s environment and assist in passing this improved environment on to the next generations. At the same time, we will endeavor to improve our own work environment, which is the place where we work to achieve self-fulfillment.

③ Concern for Internal Control Systems and Improvement in Operating Efficiency

To create a culture that emphasizes compliance, we are continuing to work not only to enhance our internal control systems and enhance management transparency but also to improve operating efficiency.

④ Concern for the Group’s Motto: “EBARA Walking with Its Customers”

The conceptual origin of the Group’s business activities is “meeting customer needs,” and devoting our efforts to meet customer needs is the way we have grown. We will aim to accurately identify and anticipate customer needs, which change from one era to the next, and, by responding to these needs, will work to enhance customer satisfaction and, at the same time, work toward the further development of the Group.

Under this plan (E-Plan 2010), the Group as a whole will focus on the following two fundamental items.

① Strengthening the Business Base for Sustained Growth

Going forward, the Group positions strengthening of its business base as a priority issue for sustained growth. To this end, the Group has planned and will decisively implement the following measures.

i) Promote Selectivity and Concentration

- The Group will withdraw from unprofitable businesses without prospects for improvement and businesses that require an extended period for recovery of invested capital. This will apply to such business whether they are within the parent company or subsidiaries.
- The Group will allocate capital on a priority basis to those businesses that have the potential of attaining annual sales in excess of ¥100 billion and a ratio of operating income to sales of greater than 7% (the standard pump business, custom pump business, compressor business, and precision machinery business), with the aim of attaining further increases in sales and improvement in product profitability.

ii) Establish a Business Base from a Global Perspective

- The Group will enhance the efficiency of its systems for international marketing and support services for its product groups that are marketable globally.
- For those product groups that lack international marketability, the Group will withdraw from such businesses or projects in overseas markets and will have them continue their operations focusing on the domestic market.

iii) Improve Cash Flow

- With the exception of those new products and businesses where the Group will make developmental investments looking to the next medium-term plan in fiscal 2012 and later, all companies will be expected to generate positive free cash flow within two years.

② Implementing Corporate Activities that Emphasize Compliance

The Group will emphasize compliance and implement its corporate activities through appropriate and legal business processes. To this end, the Group will strengthen and upgrade its internal control systems and will implement a range of measures on a Groupwide basis that will enable a spirit that truly emphasizes compliance to take root in its corporate culture. In addition, the Group will review its individual business processes and strengthen internal controls, with the objectives of eliminating waste and duplication in its operations and improving efficiency.

Under this plan, the Group will establish concrete action plan to achieve objectives of management for sustained growth, and will decisively implement these measures so that satisfaction may be ensured for stakeholders and will aim for maximization of corporate value and stock value.

(4) Issues to Be Addressed

① Strengthening the Business Base for Sustained Growth

To attain the targets of the E-Plan2010 medium-term management plan, which was launched at the beginning of the year ended March 31, 2008, the Group has positioned strengthening its management foundation as a top priority objective. To this end, the Group is allocating its resources with selectivity and focus and making improvements in its business systems with the aim of concentrating its investments on businesses that have potential of generating high profit rates and withdrawing from unprofitable businesses. As one of the key measures implemented during the fiscal year ended March 31, 2009, the EE Group realigned units within the Group to strengthen competitiveness and substantially enhanced its capabilities for responding quickly and flexibly through measures to strengthen EPC and O&M activities.

In addition, in the PM Group, as a result of the sudden drop in the semiconductor market and in the midst of stagnant demand, measures are being implemented to improve profitability through the major streamlining of operations and focusing on creating a business base that is not influenced by the silicon cycle. In addition, the Group as a whole is continuing to work to lower fixed costs.

② Achieving Financial Soundness

The Group pursues initiatives to increase the soundness of its financial position and address financial issues. These initiatives include reducing the balance of the Group's interest-bearing debt, increasing capital, and securing liquidity for its operations.

③ The InfraServ project in Germany

The Group has reviewed and revised its estimate of the additional costs that may be incurred in connection with the InfraServ project in Germany in view of progress toward the completion of the construction work and penalties for delays in completion. In view of this revised estimate, the Group has made ¥13,810 million in additional provisions to reserves for the fiscal year under review.

To prevent the emergence of additional costs, the Group is working to strengthen its management systems, including the dispatching of a significantly larger number of project personnel to improve on-site design and construction supervision. Moreover, the Group has strengthened its management arrangements with the aim of speeding up decision making on the project site by having the director in charge of operations devote virtually all his time to supervising the project.

To prevent the occurrence of unforeseen developments during the course of test operations and handover of the project, the Group has organized a specialized team to conduct the test runs that will be responsible for hands-on training of the customer's operations personnel and cost management.

④ Strengthen its corporate governance and create a corporate culture that places strong emphasis on compliance

In March 2009, a settlement was reached regarding the legal action which was brought against a former director and vice president of the Company to pay compensation because of improper use of Company funds. As a result of this settlement, including amounts voluntarily reimbursed by the director and others, almost all the funds in question were recovered. To prevent a recurrence of such issues, the Company is working to strengthen its corporate governance and create a corporate culture that places strong emphasis on compliance.

(5) Other Items Significant for the Company's Management

Regarding the order to cease certain operations that was under consideration since 2003 by Japan's Fair Trade Commission relating to orders for sewage pump construction work for the Sewage Commission of the City of Tokyo, in April 2008, the Company received the statement of a ruling requesting that such an exclusion order be issued and an order from the Fair Trade Commission in August 2008 to pay certain penalties. Accompanying this, the Company received a penalty order from the Ministry of Land, Infrastructure and Transport in December 2008 to cease certain construction operations for 15 days. The Company has already decided not to engage in marketing activities that are in violation of Japan's Antimonopoly Law, but will prevent a recurrence of such issues through continued monitoring and checking on activities on a daily basis.

5. Consolidated financial statements

(1) Consolidated Balance Sheets

	March 31, 2008	March 31, 2009
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and time deposits	70,252	76,037
Trade receivables	215,790	186,703
Securities	18,907	1,156
Inventories	81,177	—
Finished goods	—	10,081
Work in process	—	41,382
Raw materials	—	24,019
Deferred tax assets	12,075	8,747
Others	19,368	33,421
Allowance for doubtful receivables	(636)	(1,124)
Total current assets	416,935	380,426
Fixed assets		
Tangible fixed assets		
Buildings, net	30,238	28,395
Machinery and equipment, net	36,922	29,601
Land	19,566	21,323
Lease assets, net	—	1,694
Construction in progress	10,747	11,652
Others	5,392	4,303
Total tangible assets	102,867	96,971
Intangible assets		
Software	2,792	4,233
Goodwill	3,477	1,819
Lease assets	—	190
Others	4,420	3,882
Total intangible tangible assets	10,691	10,127
Investments and long-term receivables		
Investment securities	27,425	20,649
Long-term loans receivable	6,480	8,002
Deferred tax assets	13,222	17,192
Others	41,186	33,146
Allowance for doubtful receivables	(11,692)	(3,955)
Reserve for revaluation of investments	(111)	(103)
Total investments and long-term receivables	76,512	74,931
Total fixed assets	190,071	182,029
Total assets	607,006	562,456

	March 31, 2008	March 31, 2009
	Millions of yen	Millions of yen
Liabilities		
Current liabilities		
Trade payables	150,763	131,181
Short-term bank loans	66,883	81,554
Current portion of bonds	10,200	20,000
Lease obligations	—	390
Accrued income taxes	5,467	4,203
Deferred tax liabilities	111	87
Bonus payment reserve	7,357	6,536
Directors' bonus payment reserve	153	117
Reserve for losses on construction completion guarantees	4,674	9,755
Reserve for product warranties	—	863
Reserve for construction losses	17,129	19,230
Reserve for losses on contingent liabilities	—	41
Reserve for losses arising from violation of the Antimonopoly Act	962	—
Reserve for legal expenses	200	172
Reserve for expenses related to the sale of land	2,774	2,706
Others	43,382	52,181
Total current liabilities	310,060	329,023
Long-term liabilities		
Bonds	20,000	—
Bonds with stock acquisition rights	40,000	40,000
Long-term bank loans	47,375	38,555
Lease obligations	—	1,055
Deferred tax liabilities	956	864
Accrued severance and pension costs	27,495	22,783
Directors' retirement allowance reserve	583	709
Reserve for expenses related to the sale of land	2,800	2,800
Reserve for losses on contingent liabilities	10	13
Others	2,461	2,386
Total long-term liabilities	141,682	109,168
Total liabilities	451,743	438,192
Net assets		
Shareholders' equity		
Common stock	61,284	61,284
Capital surplus	65,212	65,212
Retained earnings	24,256	7,315
Treasury stock, at cost	(134)	(146)
Total shareholders' equity	150,618	133,665
Net unrealized gain		
Net unrealized gain on investment securities	2,917	259
Profit/Loss deferral hedge accounting	6	0
Translation adjustments	(2,298)	(12,514)
Total net unrealized gain	625	(12,254)
Minority interests in consolidated subsidiaries	4,020	2,852
Total Net assets	155,263	124,263
Total liabilities and net assets	607,006	562,456

(2) Consolidated statements of income

	From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
	Millions of yen	Millions of yen
Net sales	567,190	501,149
Cost of sales	469,865	415,827
Gross profit	97,325	85,321
Sales commission	4,943	5,605
Packing and transportation	5,073	4,333
Sales promotion	1,314	980
Allowance for doubtful receivables	205	1,308
Personnel expenditure	37,566	34,403
Bonus payment reserve expense	1,219	1,315
Directors' bonus payment reserve expense	95	46
Employee's retirement expenses	2,557	2,324
Directors' retirement expenses	121	233
Traveling expenses	4,252	3,566
Public dues and taxes	1,797	1,608
Depreciation and amortization	2,765	2,552
Amortization of goodwill	656	710
Research and development costs	10,811	8,829
Others	17,928	16,866
Selling, general and administrative expenses	91,308	84,684
Operating loss	6,016	637
Non-operating income		
Interest income	702	708
Dividend income	1,515	1,434
Insurance income	182	55
Foreign exchange gain	69	—
Profit in equity method	126	28
Others	1,307	1,021
Total of non-operating income	3,903	3,248
Non-operating expenses		
Interest expenses	3,987	3,183
Allowance for doubtful receivables	826	97
Foreign exchange loss	—	1,132
Others	2,349	1,856
Total of non-operating expenses	7,163	6,270
Ordinary income or loss	2,757	(2,383)
Extraordinary income		
Gain on sales of fixed assets	72,413	338
Gain on sales of investment securities	1,724	531
Gain on reversal of reserve for revaluation of investments	135	7
Gain on reversal of allowance for doubtful receivables	—	3,140
Gain on reversal of reserve for losses on contingent liabilities	66	—
Profit on bad debt recovered	230	0
Gain on reversal of special retirement benefit paid	—	806
Gain on transfer among severance payment plans	—	653
Total of extraordinary income	74,571	5,478

	From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
	Millions of yen	Millions of yen
Extraordinary expenses		
Loss on sales of fixed assets	58	91
Loss on disposal of fixed assets	2,363	1,656
Loss on liquidation of subsidiaries and affiliates	1,998	288
Impairment losses	902	3,337
Loss on sales of investment securities	481	7
Write-down of securities and other investments	1,036	4,298
Write-down of inventories	6,095	—
Reserve for losses on contingent liabilities	—	2
Losses arising from violation of the Antimonopoly Act	6	3
Reserve for losses arising from violation of the Antimonopoly Act	298	—
Loss on completion guarantees for specific projects	5,278	—
Provision to the reserve for losses on specific construction work	13,658	—
Losses on suspension of specific projects	9,864	250
Reserve for legal expenses	200	—
Special retirement benefit paid	1,500	—
Penalty Expense	—	500
Total of extraordinary expenses	43,742	10,436
Loss or gain before income taxes	33,585	(7,341)
Income taxes	9,088	4,674
Deferred tax benefits	17,436	2,750
Total of income taxes	26,524	7,424
Minority interests in consolidated subsidiaries	(547)	(1,652)
Net income (loss)	7,608	(13,113)

(3) Consolidated Statements of Net assets

	From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
	Millions of yen	Millions of yen
Shareholders' equity		
Capital stock		
Balance at the end of previous period	61,284	61,284
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	61,284	61,284
Capital surplus		
Balance at the end of previous period	65,212	65,212
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	65,212	65,212
Retained earnings		
Balance at the end of previous period	19,455	24,256
Increases (decreases) owing to changes in accounting principles of overseas subsidiaries	—	(651)
Changes of items during the period		
Dividends from surplus	(3,169)	(3,168)
Net income (loss)	7,608	(13,113)
Change of scope of consolidation	362	—
Disposal of treasury stock	(1)	(7)
Total changes of items during the period	4,801	(16,288)
Balance at the end of current period	24,256	7,315
Treasury stock		
Balance at the end of previous period	(92)	(134)
Changes of items during the period		
Purchase of treasury stock	(49)	(28)
Disposal of treasury stock	8	15
Total changes of items during the period	(41)	(12)
Balance at the end of current period	(134)	(146)
Total shareholders' equity		
Balance at the end of previous period	145,858	150,618
Change of scope of consolidation	-	(651)
Changes of items during the period		
Dividends from surplus	(3,169)	(3,168)
Net income (loss)	7,608	(13,113)
Change of scope of consolidation	362	—
Purchase of treasury stock	(49)	(28)
Disposal of treasury stock	6	8
Total changes of items during the period	4,759	(16,301)
Balance at the end of current period	150,618	133,665

(3) Consolidated Statements of Net assets

	From April 1, 2007 to March 31, 2008 Millions of yen	From April 1, 2008 to March 31, 2009 Millions of yen
Net unrealized gain		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	6,766	2,917
Change of scope of consolidation		
Net changes of items other than shareholders' equity	(3,848)	(2,658)
Total changes of items during the period	(3,848)	(2,658)
Balance at the end of current period	2,917	259
Deferred gains or losses on hedges		
Balance at the end of previous period	13	6
Change of scope of consolidation		
Net changes of items other than shareholders' equity	(6)	(5)
Total changes of items during the period	(6)	(5)
Balance at the end of current period	6	0
Translation adjustment		
Balance at the end of previous period	(1,383)	(2,298)
Change of scope of consolidation		
Net changes of items other than shareholders' equity	(915)	(10,215)
Total changes of items during the period	(915)	(10,215)
Balance at the end of current period	(2,298)	(12,514)
Total net unrealized gain		
Balance at the end of previous period	5,396	625
Change of scope of consolidation		
Net changes of items other than shareholders' equity	(4,771)	(12,879)
Total changes of items during the period	(4,771)	(12,879)
Balance at the end of current period	625	(12,254)
Minority interests		
Balance at the end of previous period	3,714	4,020
Change of scope of consolidation		
Net changes of items other than shareholders' equity	306	(1,167)
Total changes of items during the period	306	(1,167)
Balance at the end of current period	4,020	2,852
Net assets		
Balance at the end of previous period	154,969	155,263
Increases (decreases) owing to changes in accounting principles of overseas subsidiaries	—	(651)
Change of scope of consolidation		
Dividends from surplus	(3,169)	(3,168)
Net income (loss)	7,608	(13,113)
Change of scope of consolidation	362	—
Purchase of treasury stock	(49)	(28)
Disposal of treasury stock	6	8
Net changes of items other than shareholders' equity	(4,465)	(14,047)
Total changes of items during the period	294	(30,348)
Balance at the end of current period	155,263	124,263

(4) Consolidated statements of cash flows

	From April 1, 2007 to March 31, 2008 Millions of yen	From April 1, 2008 to March 31, 2009 Millions of yen
Cash flows from operating activities:		
Income (loss) before income taxes	33,585	(7,341)
Depreciation and amortization	15,316	15,179
Loss on impairment losses	902	3,337
Gain on sales of securities	(1,243)	(523)
Loss on violation of Antimonopoly Act	304	3
Legal expenses	200	-
Increase (decrease) in allowance	30,044	3,007
Gain on sales of fixed assets	(77,930)	(247)
Other no cash expenses	5,738	7,655
Interest and dividend income	(2,217)	(2,142)
Interest expenses	3,987	3,183
Decrease (increase) in trade receivables	(1,626)	24,623
Decrease (increase) in inventories	10,906	2,955
Decrease in trade payables	(13,378)	(16,285)
Others	(3,169)	(3,085)
Sub-total	1,421	30,321
Interest and dividend received	2,278	1,332
Interest expenses paid	(4,138)	(3,432)
Loss on violation of Antimonopoly Act and Legal expenses paid	(834)	(965)
Income taxes paid	(5,043)	(9,817)
Net cash provided by (used for) operating activities	(6,316)	17,438
Cash flows from investing activities		
Sales of fixed assets	64,286	6,351
Purchase of fixed assets	(16,729)	(23,768)
Sales of investment securities	5,040	19,244
Purchase of investment securities	(1,113)	(3,848)
Purchase of securities	(17,800)	-
Payments into time deposits	(2,200)	-
Withdrawal of time deposits	-	2,200
Sales (purchase) of other investments, net	933	435
Collection of loans receivable	4,039	3,262
Disbursement of loans receivable	(5,568)	(6,650)
Sale of consolidated subsidiaries	881	-
Net cash used for investing Activities	31,770	(2,774)
Cash flows from financing activities:		
Redemption of bonds	(14,100)	(10,200)
Proceeds from short-term bank loans	133,717	29,761
Repayment of short-term bank loans	(153,550)	(16,519)
Proceeds from long-term bank loans	15,589	8,730
Repayment of long-term bank loans	(907)	(12,556)
Capital paid in from minority shareholders	1,007	1,173
Purchase and sales of treasury stock	(39)	(5)
Dividends paid	(3,169)	(3,168)
Dividends paid to minority shareholders in consolidated subsidiaries	(355)	(448)
Net cash provided by (used for) financing activities	(21,807)	(3,233)
Translation adjustments	(747)	(3,396)
Increase (decrease) in cash and cash equivalents	2,898	8,034
Cash and cash equivalents at beginning of period:		
Balance brought forward	66,086	69,160

	From April 1, 2007 to March 31, 2008 Millions of yen	From April 1, 2008 to March 31, 2009 Millions of yen
Net effect of deconsolidation and consolidation of subsidiaries	174	-
At end of period:		
Balance brought forward	69,160	77,194

Significant accounting principles

From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
<p>1 Scope of consolidation</p> <p>(1) Number of consolidated subsidiaries 55 Significant consolidated subsidiaries: Mentioned in Corporate Group Information</p> <p>The following subsidiaries were newly consolidated: Ebara Great Pumps Co., Ltd.</p> <p>The following subsidiaries were excluded from consolidation owing to transfer of shares. Matsubo Company Ltd., Elliott Energy Systems, Inc.</p> <p>(2) Names of significant non-consolidated subsidiaries Ebara-Densan Taiwan Manufacturing Co., Ltd. P.T. Ebara Indonesia</p> <p>(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.</p> <p>2 Equity method</p> <p>(1) Number of subsidiaries applied equity method 1 Ebara Espana Bombas S.A.</p> <p>(2) Number of affiliated companies applied equity method 1 IT Engineering Limited The following subsidiaries were excluded from application to equity method owing to liquidation. e-BEAM Corporation</p> <p>(3) Name of subsidiaries and affiliated companies non-applied equity method (Non-consolidated subsidiary) Mentioned in Names of significant non-consolidated subsidiaries (Affiliated company) Hyosung-Ebara Co., Ltd.</p> <p>(4) Non-consolidated subsidiaries and affiliated companies are not applied equity method owing to insignificance in volume of net income and retained earnings.</p> <p>3 Financial year end of consolidated subsidiaries The period end of the following consolidated subsidiaries is December 31: Overseas consolidated subsidiaries Ebara Ballard Corp. Elliott Ebara Turbomachinery Corp. Significant transactions between December 31 and the period end were adjusted in consolidation.</p>	<p>1 Scope of consolidation</p> <p>(1) Number of consolidated subsidiaries 53 Significant consolidated subsidiaries: Mentioned left</p> <p>The following subsidiaries were newly consolidated: Elliott MVP service, LLC. As a result of the merger, on April 1, 2008, of Aqua Chemical Co., Ltd., which was a consolidated subsidiary at the end of the previous fiscal year, with Ebara Engineering Service Co., Ltd.</p> <p>The following subsidiaries were excluded from consolidation owing to liquidation. EBARA KIDEN Co., Ltd. Ebara Environmental International Co., Ltd.</p> <p>(2) Mentioned left</p> <p>(3) Mentioned left</p> <p>2 Equity method</p> <p>(1) Number of subsidiaries applied equity method 1 Ebara Espana Bombas S.A.</p> <p>(2) Number of affiliated companies applied equity method 0 The following affiliates were excluded from application to equity method owing to transfer of shares. IT Engineering Limited</p> <p>(3) Name of subsidiaries and affiliated companies non-applied equity method (Non-consolidated subsidiary) Mentioned left (Affiliated company) Mentioned left</p> <p>(4) Mentioned left</p> <p>3 Financial year end of consolidated subsidiaries Mentioned left</p>

From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
<p>4 Significant accounting principles</p> <p>(1) Valuation standards and valuation methods of assets</p> <p>①Securities</p> <p>Held-to-maturity securities Amortized cost method</p> <p>Other securities with market value Securities having market value are stated at market value, and unrealized gain or loss, net of tax is credited or debited to shareholders' equity as shown in the balance sheets</p> <p>Securities not quoted Gross average cost</p> <p>②Inventories</p> <p>Finished products and raw materials are stated at the gross average cost (computed by lowering the value on the balance sheets from book value to account for any decline in earnings-generation capacity of such assets), except for in the Precision Machinery group, which employs the moving average method (computed by lowering the value on the balance sheets from book value to account for any decline in earnings-generation capacity of such assets), and work in process is valued at accumulated job cost (computed by lowering the value on the balance sheets from book value to account for any decline in earnings-generation capacity of such assets). Real estate for sale represents the accumulated cost for each parcel of land and each structure.</p> <p>(2) Property, plant and equipment and related depreciation</p> <p>①Tangible assets</p> <p>Property, plant and equipment are stated at cost. Depreciation is computed on the declining-balance method at rates based on the estimated useful lives of the assets of the Company and its domestic subsidiaries, except for buildings placed in service after April 1, 1998, depreciation for which is computed on the straight-line method. The straight-line method is used by the consolidated foreign subsidiaries. Maintenance, repairs and minor renewals are charged to income as incurred. With respect to the Company and its domestic consolidated subsidiaries, the estimated useful lives of the assets used for computing depreciation, which are the same as the useful lives provided for under the Japanese income tax regulations.</p> <p>②Intangible assets and other investments</p> <p>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.</p>	<p>4 Significant accounting principles</p> <p>(1) Valuation standards and valuation methods of assets</p> <p>①Securities</p> <p>Held-to-maturity securities Mentioned left</p> <p>Other securities with market value Mentioned left</p> <p>Securities not quoted Mentioned left</p> <p>②Inventories</p> <p>Finished goods and raw materials are stated at the gross average cost (computed by lowering the value on the balance sheets from book value to account for any decline in earnings-generation capacity of such assets), except for in the Precision Machinery group, which employs the moving average method (computed by lowering the value on the balance sheets from book value to account for any decline in earnings-generation capacity of such assets), and work in process is valued at accumulated job cost (computed by lowering the value on the balance sheets from book value to account for any decline in earnings-generation capacity of such assets).</p> <p>(2) Property, plant and equipment and related depreciation</p> <p>①Tangible assets(except lease assets) Mentioned left</p> <p>②Intangible assets and other investments(except lease assets) Mentioned left</p> <p>③Lease assets</p> <p>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. Please note that for financial leases for which ownership is not transferred to the lessee and which commenced on or prior to March 31, 2008, the Group adopts accounting standards normally applicable to ordinary rental transactions.</p>

From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
<p>(3) Standards of significant allowance</p> <p>① Allowance for doubtful receivables An allowance for doubtful receivables 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 collectibility of individual receivables, and a ratio based on the historical ratio of write-offs of receivables.</p> <p>② Bonus payment reserve Bonus payment reserve is provided based on the future liabilities.</p> <p>③ Directors' bonus payment reserve Directors' bonus payment reserve is provided based on the future liabilities.</p> <p>④ Severance and pension plans The cost of the severance and pension plans, based on actuarial computations of current and future employee benefits, including the unfunded severance indemnities plan, is charged to income. Actuarial gains and losses are recognized by declining-balance amortization within the average of the estimated remaining service lives with the following period.</p> <p>⑤ Directors' retirement allowance reserve Directors' retirement allowance reserve 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.</p> <p>⑥ Reserve for revaluation of investments To prepare for possible declines in the value of stocks of subsidiaries and affiliated companies, the Group makes provisions based on estimates of the effects of major fluctuations in foreign exchange rates and changes in the financial positions of these subsidiaries and affiliated companies.</p> <p>⑦ Reserve for losses on contingent liabilities To prepare for possible losses related to liabilities of subsidiaries and affiliated companies that are guaranteed by the Group (contingent liabilities), the Group makes provisions based on estimate of possible losses, taking into account the financial positions of the related companies.</p> <p>⑧ Reserve for losses on construction completion guarantees To provide for possible expenses arising from guarantees against defects, the Group makes reasonable estimates of the ratio of such expenses and uses this ratio to derive provisions for such losses.</p> <p>⑨ 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.</p> <p>⑩ Reserve for losses arising from violation of the Antimonopoly Act To provide for possible expenses arising from violation of the Antimonopoly Act, the Group makes reasonable estimates of the expenses.</p> <p>⑪ Reserve for legal expenses To provide for possible expenses arising from lawsuits, the Group makes reasonable estimates of the expenses.</p> <p>⑫ Reserve for expenses related to the sale of land Accompanying the sale of the land formerly occupied by the Group's Haneda Plant, this reserve has been created to provide for expenses related to restoring the land to its original condition and moving to the new Futtsu Plant as well as other related costs.</p>	<p>(3) Standards of significant allowance</p> <p>① Allowance for doubtful receivables Mentioned left</p> <p>② Bonus payment reserve Mentioned left</p> <p>③ Directors' bonus payment reserve Mentioned left</p> <p>④ Severance and pension plans Mentioned left</p> <p>⑤ Directors' retirement allowance reserve Mentioned left</p> <p>⑥ Reserve for revaluation of investments Mentioned left</p> <p>⑦ Reserve for losses on contingent liabilities Mentioned left</p> <p>⑧ Reserve for losses on construction completion guarantees Mentioned left</p> <p>⑨ Reserve for construction losses Mentioned left</p> <p>⑩ —</p> <p>⑪ Reserve for legal expenses Mentioned left</p> <p>⑫ Reserve for expenses related to the sale of land Mentioned left</p>

From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
<p>⑬----</p> <p>(4) Revenue recognition Sales are recorded when the units are accepted by the customers. However, sales of major units (100 million or more), installation of which requires more than 12 months, are recorded on a percentage-of-completion basis. Sales recorded on a percentage-of-completion basis is 134,570million. In the Wind power generation business, for those long-term contracts that provide for future reductions in the “unit price that can be charged,” Ebara recognizes revenues based on one of two methods: the “adjusted unit price” or the “weighted average unit price over the period of the contract.” The differences between consolidated net sales based on the “unit price that can be charged” and consolidated net sales based on one of the two methods are recognized in the fiscal year when the “unit price that can be charged” declines and is treated as a carry forward. The amount carried forward is presented under other long-term liabilities.</p> <p>(5) Leases All leases of the Company and its domestic subsidiaries are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that are deemed to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions.</p> <p>(6) Significant hedging accounting methods</p> <p>①Hedging 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.</p> <p>② 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.</p> <p>③Hedging 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.</p>	<p>⑬Provision 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.</p> <p>(4) Revenue recognition Sales are recorded when the units are accepted by the customers. However, sales of major units (100 million or more), installation of which requires more than 12 months, are recorded on a percentage-of-completion basis. Sales recorded on a percentage-of-completion basis are 123,582 million. Mentioned left</p> <p>(5) —</p> <p>(6) Significant hedging accounting methods</p> <p>①Hedging transactions Mentioned left</p> <p>② Hedging instruments and hedging objects Hedging instruments Mentioned left Hedging objects Mentioned left</p> <p>③Hedging policy Mentioned left</p>

From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
<p>④ Assessing the effectiveness of hedging</p> <p>Interest risk The effectiveness of hedging is assessed by comparing the 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.</p> <p>Currency exchange rate risk As long as one hedging instrument and one hedging object correspond, the hedge is considered effective.</p> <p>(7) Consumption tax Consumption taxes are accounted for using the net-of-tax method.</p> <p>(8) Consolidated taxation system A consolidated tax system is applied.</p> <p>5. Valuation of assets and liabilities of consolidated subsidiaries The assets and liabilities of consolidated subsidiaries are stated as a whole at fair market value.</p> <p>6. Amortization of Goodwill and Negative 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.</p> <p>7. Cash and Cash Equivalents Cash and cash equivalents include cash on hand, demand deposits, time deposits with maturities of three months or less and highly liquid investment.</p>	<p>④ Assessing the effectiveness of hedging Mentioned left</p> <p>(7) Consumption tax Mentioned left</p> <p>(8) Consolidated taxation system Mentioned left</p> <p>5. Valuation of assets and liabilities of consolidated subsidiaries Mentioned left</p> <p>6. Amortization of Goodwill and Negative Goodwill Mentioned left</p> <p>7. Cash and Cash Equivalents Mentioned left</p>

Change in accounting policies

From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
<p>(Depreciation of tangible assets)</p> <p>Accompanying the revision of Japan's Corporate Tax Law, beginning with the current fiscal year, tangible fixed assets acquired on April 1 or later are depreciated according to methods stipulated in the revised corporate tax regulations.</p> <p>As a result of this accounting change, operating income, ordinary income and income before income taxes was ¥414 million lower than this loss would have been under the previous method of accounting.</p> <p>(Valuation standards and method for inventories)</p> <p>Accompanying the granting of permission to apply the "Accounting Standards for Valuation of Inventories" (Corporate Accounting Standard No. 9; July 5, 2006) for consolidated financial statements for years commencing March 31, 2009, or earlier, the Group has applied this accounting standard beginning with the fiscal year under review. As a consequence, income before income taxes was ¥6,095 million lower than it would have been otherwise.</p>	<p>(Practical Solution for Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements)</p> <p>Beginning with the current fiscal year, the Group has applied "Practical Solution for Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"(Practical Issues Task Force No. 18, issued by ASBJ on May 17, 2006).</p> <p>Revisions are made that are necessary for consolidation. The effect of these is not material.</p> <p>(Change in method for recognition of sales)</p> <p>Sales of chemical mechanical polishing (CMP) equipment and plating equipment in the PM Group were formerly recognized at the time of shipment but, beginning with the current fiscal year, are now accounted for when the installation of such equipment is completed. This change was implemented (1)because of the trend toward the lengthening of the period between shipment of such equipment and the completion of installation and (2) because it has become possible to obtain data on the time of completion of installation as a result of the review of the related business processes. This change results in reporting that is more in line with the realities of the sales process. As a consequence, for accumulated consolidated results through the fiscal year, sales of the Group were ¥228 million lower and the operating income, were ¥102 million lower ordinary loss, and loss before income taxes were each ¥102 million larger than under the previous method for the recognition of sales. Please note that the effect of this accounting change by segment is presented in the segment information section.</p> <p>(Accounting Standards for Lease Transactions)</p> <p>For finance leases for which ownership is not transferred to the lessee, the Group previously treated such transactions in the same manner as rental transactions. However, beginning with the fiscal year under review, accompanying the application of "Accounting Standards for Lease Transactions" (Accounting Standards Board of Japan (ASBJ) Statement No. 13, originally issued by ASBJ on June 17, 1993 (by the First Subcommittee of the Corporate Accounting Deliberation Council), and the final revision issued on March 30, 2007) and the "Implementation Guidance on Accounting Standards for Lease Transactions (ASBJ Guidance No. 16, originally issued by ASBJ on January 18, 1994 (by the Accounting System Committee of the Japan Association of Certified Public Accountants), and the final revision issued on March 30, 2007), the accounting treatment for such leases has been changed from methods applicable to rental transactions to methods applicable to ordinary buying and selling transactions.</p> <p>Please note that for financial leases for which ownership is not transferred to the lessee and which commenced on or prior to March 31, 2008, the Group adopts accounting standards normally applicable to ordinary rental transactions.</p>

Changes in classification

From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
—	<p>(Consolidated balance sheet)</p> <p>Accompanying the application of revisions of certain of the rules for financial instruments, as contained in a cabinet order (Cabinet Order No. 50, issued on August 7, 2008), certain items presented in “inventories” through the end of the fiscal year prior to the fiscal year under review are now presented in “finished goods,” “work in process,” and “raw materials.” Please note that the values of items previously included in “inventories,” but now included in “finished goods,” “work in process,” and “raw materials” were ¥13,639 million, ¥41,792 million, and ¥25,745 million, respectively, for the fiscal year under review.</p>

Additional information

From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
<p>(Depreciation of residual value of tangible assets purchased on or before March 31, 2007)</p> <p>Accompanying the revision of Japan's Corporate Tax Law, the Group have adopted the following method for the calculation of tangible fixed assets that were purchased on or before March 31, 2007, and have been fully depreciated to the limit prescribed in previous corporate tax provisions.</p> <p>Beginning with the year following depreciation to the limit of 5% of the original value, the difference between the remaining value of such assets and a hypothetical reminder value will be depreciated in equal amounts over a five-year period.</p> <p>As a result of this adoption, operating income, ordinary income and income before income taxes was ¥581 million lower than this loss would have been under the previous method of calculation.</p>	<p>(Change in method for estimating the useful lives of tangible fixed assets)</p> <p>Accompanying the revision of Japan's Corporation Tax Law, the Group have reviewed the conditions of use of their assets, and, beginning with the current fiscal year, has changed the useful lives of certain of its tangible fixed assets. As a result, for accumulated consolidated results, the operating income lower ¥450 million, ordinary loss, and loss before income taxes were each ¥450 million larger than under the previous method of calculation. Please note that the effect of the application of these accounting changes by segment is presented in the segment information section.</p> <p>(Accrued severance and pension costs)</p> <p>Accompanying the implementation of the Defined Contribution Pension Plan Law, in August 2008, the Group transferred a portion of its lump-sum severance payment plan to its defined contribution pension plan and applied "Accounting Standards for Transition among Severance Payment Plans" (Application Guidelines for Corporate Accounting Standards, No. 1).</p> <p>As a result of this transfer, the Group reported extraordinary income of ¥653 million in its accumulated consolidated results through the current fiscal year.</p> <p>(Accounting Standard for Related Party Disclosures)</p> <p>Beginning with the fiscal year under review, the Group has applied "Accounting Standard for Related Party Disclosures (ASBJ Statement No. 11, issued by ASBJ on October 17, 2006) and "Guidance on Accounting Standard for Related Party Disclosures" (ASBJ Guidance No. 13, issued by ASBJ on October 17, 2006).</p> <p>(Provision for product warranties)</p> <p>Previously, the Group has treated product guarantee costs as an expense at the time such expenses are incurred, except for provisions to the reserve for losses on construction completion guarantees, which are based on the case-by-case consideration of specific projects and products and a reasonable estimate of such costs. Beginning with the fiscal year under review, in view of the rising importance of product guarantee costs, the Group estimates a defective product ratio as a percentage of sales and calculates appropriate provision for product warranties.</p> <p>As a result, for accumulated consolidated results, the gross profit and the operating income were each ¥863 million lower, ordinary loss, and loss before income taxes were each ¥863 million larger than under the previous year. Please note that the effect of the application of these accounting changes by segment is presented in the segment information section.</p>

Notes to consolidated financial statements

(Balance sheets)

March 31, 2008		March 31, 2009	
*1	Accumulated depreciation of tangible assets 173,813 million	*1	Accumulated depreciation of tangible assets 157,198million
*2	Investments in non-consolidated subsidiaries and affiliated companies in investments securities and others are as follows:	*2	Investments in non-consolidated subsidiaries and affiliated companies in investments securities and others are as follows:
	Investment securities 6,327 million		Investment securities 5,307 million
	Others 5,092 million		Others 5,811 million
*3	Collateral assets	*3	Collateral assets
	(Collateral assets for bank loans)		(Collateral assets for bank loans)
	Buildings 2,089 million		Buildings 1,913 million
	Machinery and equipment 9,789 million		Machinery and equipment 8,943 million
	Land 955 million		Land 1,047 million
	Investment securities 2,823 million		Investment securities 1,538 million
	<u>Total</u> 15,657 million		<u>Total</u> 13,442 million
	Amount of bank loans		Amount of bank loans
	Short-term loan 1,311 million		Short-term loan 1,754 million
	Long-term loan 9,470 million		Long-term loan 8,621 million
	The above collateral assets include a portion of industrial factory foundation as follows:		The above collateral assets include a portion of industrial factory foundation as follows:
	Buildings 670 million		Buildings 678 million
	Machinery and equipment 88 million		Machinery and equipment 73 million
	Land 507 million		Land 620 million
	<u>Total</u> 1,266 million		<u>Total</u> 1,372 million
	Amount of bank loans		Amount of bank loans
	Short-term loan 140 million		Short-term loan 440 million
	Long-term loan 66 million		Long-term loan 26 million
	(Collateral assets for purposes other than bank loans)		(Collateral assets for purposes other than bank loans)
	Investment securities 62 million		Investment securities 1 million
4	Commitments and contingent liabilities	4	Commitments and contingent liabilities
	(1) Loans guaranteed to employees: 801 million		(1) Loans guaranteed to employees: 624 million
	(2) Loans guaranteed to unconsolidated subsidiaries and affiliates:		(2) Loans guaranteed to unconsolidated subsidiaries and affiliates:
	Oiwa Machinery Corporation 3,097 million		Oiwa Machinery Corporation 2,603 million
	E-Square Co., Ltd. 2,370 million		E-Square Co., Ltd. 2,072 million
	Ebara Boshan Pumps. 1,309 million		Ebara Boshan Pumps. 1,317 million
	Hasaki Wind Farm Co., Ltd. 1,270 million		Hasaki Wind Farm Co., Ltd. 1,270 million
	Ebara Machinery (China) 1,153 million		Other 8 companies 1,338 million
	Other 10 companies 2,527 million		
	(3) Loan guaranteed to business partners:		(3) Loan guaranteed to business partners:
	Tomen Power Samukawa Co., Ltd. 149 million		Tomen Power Samukawa Co., Ltd. 118 million
			Tokyo Tama Ecocement Inc. 62 million
	(4) Off-balance notes receivables with repurchase obligation 584 million		(4) Off-balance notes receivables with repurchase obligation 1,801million
5	Overdrafts and commitment lines	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 consolidated accounting year were as follows:		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 consolidated accounting year were as follows:
	Current account overdrafts 13,900 million		Current account overdrafts 13,900 million
	Commitment lines 36,600 million		Commitment lines 36,600 million
	Balance of borrowings -million		Balance of borrowings 15,000 million
	<u>Total</u> 50,500 million		<u>Total</u> 35,500 million

(Statements of income)

From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009																																				
*1 Research and development costs 10,811 million	*1 Research and development costs 8,829 million																																				
*2 Gain on sales of fixed assets comprises the following:	*2 Gain on sales of fixed assets comprises the following:																																				
Buildings 33 million	Buildings 1 million																																				
Machinery and equipment 95 million	Machinery and equipment 26 million																																				
Land 72,277 million	Land 262 million																																				
Others 7 million	Others 47 million																																				
<u>Total 72,413 million</u>	<u>Total 338 million</u>																																				
*3 Loss on sales of fixed assets comprises the following:	*3 Loss on sales of fixed assets comprises the following:																																				
Buildings 4 million	Buildings 5 million																																				
Machinery and equipment 10 million	Machinery and equipment 33 million																																				
Land 27 million	Land 40 million																																				
Others 15 million	Others 11 million																																				
<u>Total 58 million</u>	<u>Total 91 million</u>																																				
*4 Loss on disposal of fixed assets comprises the following:	*4 Loss on disposal of fixed assets comprises the following:																																				
Buildings 163 million	Buildings 154 million																																				
Machinery and equipment 1,003 million	Machinery and equipment 1,157 million																																				
Other tangible fixed assets 606 million	Other tangible fixed assets 289 million																																				
Software 329 million	Software 29 million																																				
Other intangible assets 260 million	Other intangible assets 25 million																																				
<u>Total 2,363 million</u>	<u>Total 1,656 million</u>																																				
*5 Impairment losses	*5 Impairment losses																																				
(1) Summary of asset groups for which impairment losses were recognized	(1) Summary of asset groups for which impairment losses were recognized																																				
<table border="1"> <thead> <tr> <th>Use</th> <th>Type</th> <th>Location</th> </tr> </thead> <tbody> <tr> <td>Rental housing</td> <td>Land Buildings</td> <td>Miura-shi Kanagawa</td> </tr> <tr> <td>Rental housing</td> <td>Land Buildings</td> <td>Toshima-ku Tokyo</td> </tr> <tr> <td>Goodwill</td> <td>Goodwill</td> <td>Ebara-Yoshikura Hydro-Tech Co., Ltd.</td> </tr> <tr> <td>Parking</td> <td>Land</td> <td>Fukushima-ku Osaka</td> </tr> <tr> <td>Idle assets</td> <td>Other intangible assets</td> <td>Ohta-ku Tokyo</td> </tr> <tr> <td>Idle assets</td> <td>Building Other intangible assets</td> <td>Shinagawa-ku Tokyo</td> </tr> </tbody> </table>	Use	Type	Location	Rental housing	Land Buildings	Miura-shi Kanagawa	Rental housing	Land Buildings	Toshima-ku Tokyo	Goodwill	Goodwill	Ebara-Yoshikura Hydro-Tech Co., Ltd.	Parking	Land	Fukushima-ku Osaka	Idle assets	Other intangible assets	Ohta-ku Tokyo	Idle assets	Building Other intangible assets	Shinagawa-ku Tokyo	<table border="1"> <thead> <tr> <th>Use</th> <th>Type</th> <th>Location</th> </tr> </thead> <tbody> <tr> <td>Equipment for development of fuel cell batteries</td> <td>Buildings Machinery</td> <td>Fujisawa Kanagawa</td> </tr> <tr> <td>Rights to technical alliances related to development of fuel cell batteries</td> <td>Other depreciable assets</td> <td>Ebara Ballard Corporation</td> </tr> <tr> <td>Office</td> <td>Land Buildings</td> <td>Yokohama Kanagawa</td> </tr> <tr> <td>Equipment for measuring development and test data</td> <td>Machinery</td> <td>Fukushima-ku Osaka</td> </tr> </tbody> </table>	Use	Type	Location	Equipment for development of fuel cell batteries	Buildings Machinery	Fujisawa Kanagawa	Rights to technical alliances related to development of fuel cell batteries	Other depreciable assets	Ebara Ballard Corporation	Office	Land Buildings	Yokohama Kanagawa	Equipment for measuring development and test data	Machinery	Fukushima-ku Osaka
Use	Type	Location																																			
Rental housing	Land Buildings	Miura-shi Kanagawa																																			
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Rights to technical alliances related to development of fuel cell batteries	Other depreciable assets	Ebara Ballard Corporation																																			
Office	Land Buildings	Yokohama Kanagawa																																			
Equipment for measuring development and test data	Machinery	Fukushima-ku Osaka																																			
(2) Outline of asset grouping The Group groups its assets according to its business segments, but idle assets are grouped individually	(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 losses Since the profit position of Ebara Yoshikura Hydro-Tech Co., Ltd., has continued to deteriorate, the Group has lowered the book value of asset groups to the amount deemed to be recoverable. In addition, for those asset groups among idle assets for which market value has declined substantially, the book value of such has been reduced to the amount deemed to be recoverable.	(3) Background of recognition of impairment losses Since operating losses have continued to worsen, the book value has been reduced to the recoverable value. Regarding land, since the market value has decreased significantly compared with the book value, the book value has been reduced to the recoverable value.																																				

From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009																																
<p>(4) Computation of recoverable value</p> <p>The amount deemed to be recoverable is computed as the net sale price. In the case of land, buildings, and structures, the recoverable amount is estimated from valuations of real estate appraisers.</p>	<p>(4) Computation of recoverable value</p> <p>The amount deemed to be recoverable is computed as the net sale price. In the case of land, buildings, and structures, the recoverable amount is estimated from valuations of real estate appraisers.</p>																																
<p>(5) Amount of impairment losses</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Equipment</td> <td style="text-align: right;">6 million</td> </tr> <tr> <td>Buildings and structures</td> <td style="text-align: right;">12 million</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">84 million</td> </tr> <tr> <td>Other tangible assets</td> <td style="text-align: right;">0 million</td> </tr> <tr> <td>Goodwill</td> <td style="text-align: right;">781 million</td> </tr> <tr> <td>Other intangible assets</td> <td style="text-align: right;"><u>17 million</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">902 million</td> </tr> </table>	Equipment	6 million	Buildings and structures	12 million	Land	84 million	Other tangible assets	0 million	Goodwill	781 million	Other intangible assets	<u>17 million</u>	Total	902 million	<p>(5) Amount of impairment losses</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Machinery</td> <td style="text-align: right;">277 million</td> </tr> <tr> <td>Buildings and structures</td> <td style="text-align: right;">294 million</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">171 million</td> </tr> <tr> <td>Tools, Furniture & Fixtures</td> <td style="text-align: right;">273 million</td> </tr> <tr> <td>Other tangible assets</td> <td style="text-align: right;">57 million</td> </tr> <tr> <td>Software</td> <td style="text-align: right;">102 million</td> </tr> <tr> <td>Long-term prepaid expense</td> <td style="text-align: right;">2,124 million</td> </tr> <tr> <td>Other intangible assets</td> <td style="text-align: right;"><u>35 million</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">3,337 million</td> </tr> </table>	Machinery	277 million	Buildings and structures	294 million	Land	171 million	Tools, Furniture & Fixtures	273 million	Other tangible assets	57 million	Software	102 million	Long-term prepaid expense	2,124 million	Other intangible assets	<u>35 million</u>	Total	3,337 million
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<p>*6 Losses on suspension of specific projects</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Allowance for doubtful receivables</td> <td style="text-align: right;">8,821 million</td> </tr> <tr> <td>Write-down of inventories</td> <td style="text-align: right;">1,042 million</td> </tr> </table>	Allowance for doubtful receivables	8,821 million	Write-down of inventories	1,042 million	6 ----																												
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<p>*7 Special retirement benefit paid</p> <p>Special retirement benefit paid is an additional benefit due to preferential early retirement program.</p>	7 ----																																

(Statement of Changes in Consolidated Shareholders' Equity)

From April 1, 2007 to March 31, 2008

1. Shares Issued and Treasury Shares

	Number of shares as of March 31, 2007	Increase	Decrease	Number of shares as of March 31, 2008
Shares issued Common stock	422,725,658	—	—	422,725,658
Total	422,725,658	—	—	422,725,658
Treasury stock Common stock	190,191	93,192	16,133	267,250
Total	190,191	93,192	16,133	267,250

Notes: 1. The increase in treasury common stock of 93,192 was due to the purchase of shareholdings of less than one trading unit.

2. The decrease in treasury common stock of 16,133 was due to the sale of shareholdings of less than one trading unit.

2. Items Related to Dividend

(1) Payment of Dividends

Date of approval	Type of shares	Total dividends (Millions of yen)	Dividends per share (¥)	Base date	Effective date
June 28, 2007 at the Regular General Meeting of Shareholders	Common stock	3,169	7.5	March 31, 2007	June 29, 2007

(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.

The bill for payment of dividend below is expected to be resolved at general meeting of shareholders on June 29 2008.

Date of approval	Type of shares	Total dividends (Millions of yen)	Dividends per share (¥)	Base date	Effective date
June 27, 2008 at the Regular General Meeting of Shareholders	Common stock	3,168	7.5	March 31, 2008	June 30, 2008

From April 1, 2008 to March 31, 2009

1. Shares Issued and Treasury Shares

	Number of shares as of March 31, 2008	Increase	Decrease	Number of shares as of March 31, 2009
Shares issued Common stock	422,725,658	—	—	422,725,658
Total	422,725,658	—	—	422,725,658
Treasury stock Common stock	267,250	111,513	37,019	341,744
Total	267,250	111,513	37,019	341,744

Notes: 1. The increase in treasury common stock of 111,513 was due to the purchase of shareholdings of less than one trading unit.

2. The decrease in treasury common stock of 37,019 was due to the sale of shareholdings of less than one trading unit.

2. Items Related to Dividend

(1) Payment of Dividends

Date of approval	Type of shares	Total dividends (Millions of yen)	Dividends per share (¥)	Base date	Effective date
June 27, 2008 at the Regular General Meeting of Shareholders	Common stock	3,168	7.5	March 31, 2008	June 30, 2008

(Statements of cash flows)

From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009																																																				
<p>1.A reconciliation of cash and cash equivalents to the amounts shown in the balance sheets is as follows:</p> <table> <tr> <td>Cash and time deposits</td> <td style="text-align: right;">70,252 million</td> </tr> <tr> <td>Time deposits which the deposit term is over 3 months</td> <td style="text-align: right;">(2,200) million</td> </tr> <tr> <td>Securities</td> <td style="text-align: right;">18,907 million</td> </tr> <tr> <td>Short-term investment which the term is over 3 months(Negotiable time certificate of deposit)</td> <td style="text-align: right;">(17,800)million</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>69,160 million</u></td> </tr> <tr> <td><u>Cash and cash equivalents</u></td> <td style="text-align: right;"><u>69,160 million</u></td> </tr> </table> <p>2. A schedule of assets and liabilities of an excluded Group from consolidation</p> <p>Accompanying the exclusion of Matsubo Company Ltd., from the scope of consolidation owing to the sale of that company's shares, the breakdown of the assets and liabilities of that company at the time its shares were sold as well as the sale price of that company's shares and the decline in cash and cash equivalents as a result of the sale of the shares are as follows:</p> <table> <tr> <td>Current assets</td> <td style="text-align: right;">18,494 million</td> </tr> <tr> <td>Fixed assets</td> <td style="text-align: right;">688 million</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">(18,000) million</td> </tr> <tr> <td>Fixed liabilities</td> <td style="text-align: right;">(480) million</td> </tr> <tr> <td>Minority interest</td> <td style="text-align: right;">(1) million</td> </tr> <tr> <td>Gain on sales of investment securities in Matsubo Company Ltd.,</td> <td style="text-align: right;"><u>1,594 million</u></td> </tr> <tr> <td>Sales of investment securities in Matsubo Company Ltd.,</td> <td style="text-align: right;">2,294 million</td> </tr> <tr> <td>Cash and cash equivalents of Matsubo Company Ltd.,</td> <td style="text-align: right;"><u>(1,394) million</u></td> </tr> <tr> <td>Net: Decrease of cash and cash equivalents</td> <td style="text-align: right;"><u>900 million</u></td> </tr> </table> <p>Following the sale of the Group's shares held in Elliott Energy Systems, Inc., that company has been excluded from the scope of consolidation. The breakdown of that company's assets and liabilities at the time of the sale of its shares, the sale price of that company's shares, and the decline in cash and cash equivalents as a result of the sale are as shown below.:</p> <table> <tr> <td>Current assets</td> <td style="text-align: right;">616 million</td> </tr> <tr> <td>Fixed assets</td> <td style="text-align: right;">164 million</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">(424) million</td> </tr> <tr> <td>Loss on sales of investment securities in Elliott Energy Systems, Inc.</td> <td style="text-align: right;"><u>(312) million</u></td> </tr> <tr> <td>Sales of investment securities in Elliott Energy Systems, Inc.</td> <td style="text-align: right;">43 million</td> </tr> <tr> <td>Cash and cash equivalents of Elliott Energy Systems, Inc.</td> <td style="text-align: right;"><u>(62) million</u></td> </tr> <tr> <td>Net: Decrease of cash and cash equivalents</td> <td style="text-align: right;">(18) million</td> </tr> </table>	Cash and time deposits	70,252 million	Time deposits which the deposit term is over 3 months	(2,200) million	Securities	18,907 million	Short-term investment which the term is over 3 months(Negotiable time certificate of deposit)	(17,800)million	<u>Total</u>	<u>69,160 million</u>	<u>Cash and cash equivalents</u>	<u>69,160 million</u>	Current assets	18,494 million	Fixed assets	688 million	Current liabilities	(18,000) million	Fixed liabilities	(480) million	Minority interest	(1) million	Gain on sales of investment securities in Matsubo Company Ltd.,	<u>1,594 million</u>	Sales of investment securities in Matsubo Company Ltd.,	2,294 million	Cash and cash equivalents of Matsubo Company Ltd.,	<u>(1,394) million</u>	Net: Decrease of cash and cash equivalents	<u>900 million</u>	Current assets	616 million	Fixed assets	164 million	Current liabilities	(424) million	Loss on sales of investment securities in Elliott Energy Systems, Inc.	<u>(312) million</u>	Sales of investment securities in Elliott Energy Systems, Inc.	43 million	Cash and cash equivalents of Elliott Energy Systems, Inc.	<u>(62) million</u>	Net: Decrease of cash and cash equivalents	(18) million	<p>1.A reconciliation of cash and cash equivalents to the amounts shown in the balance sheets is as follows:</p> <table> <tr> <td>Cash and time deposits</td> <td style="text-align: right;">76,037 million</td> </tr> <tr> <td>Securities</td> <td style="text-align: right;">1,156 million</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>77,194 million</u></td> </tr> <tr> <td><u>Cash and cash equivalents</u></td> <td style="text-align: right;"><u>77,194 million</u></td> </tr> </table> <p>2. —</p>	Cash and time deposits	76,037 million	Securities	1,156 million	<u>Total</u>	<u>77,194 million</u>	<u>Cash and cash equivalents</u>	<u>77,194 million</u>
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(Lease)

From April 1, 2007 to March 31, 2008				From April 1, 2008 to March 31, 2009																																																											
<p>1. Notes regarding finance leases other than those for which the ownership rights of the leased items are transferred to the lessee</p> <p>From the lessee's perspective</p> <p>① Pro forma amounts representing the acquisition costs, accumulated depreciation, and net book value of the leased items</p> <table border="1"> <thead> <tr> <th></th> <th>Pro forma acquisition costs</th> <th>Pro forma accumulated depreciation</th> <th>Pro forma net book value</th> </tr> </thead> <tbody> <tr> <td>Machinery, Equipment and conveyance vehicles</td> <td>7,973 million</td> <td>3,889 million</td> <td>4,083 million</td> </tr> <tr> <td>Other items</td> <td>3,965 million</td> <td>1,584 million</td> <td>2,380 million</td> </tr> <tr> <td>Total</td> <td>11,939 million</td> <td>5,474 million</td> <td>6,464 million</td> </tr> </tbody> </table> <p>② Lease payments remaining at the end of the fiscal year</p> <table> <tr> <td>Payments due within one year</td> <td>2,408 million</td> </tr> <tr> <td>Payments due after one year</td> <td><u>4,091 million</u></td> </tr> <tr> <td>Total</td> <td>6,499 million</td> </tr> </table> <p>③ Lease payments made, accumulated depreciation, and interest payments</p> <table> <tr> <td>Lease payments made</td> <td>2,256 million</td> </tr> <tr> <td>Accumulated depreciation</td> <td>1,903 million</td> </tr> <tr> <td>Interest payments</td> <td>150 million</td> </tr> </table> <p>④ Method of computing depreciation</p> <p>Depreciation are computed with the straight-line method over a period up to the length of the relevant lease contracts with no residual value.</p> <p>⑤ Method of computing interest</p> <p>Interests are computed as the difference between the total lease payments and the value of leased assets and are allocated to each period using the interest method.</p>					Pro forma acquisition costs	Pro forma accumulated depreciation	Pro forma net book value	Machinery, Equipment and conveyance vehicles	7,973 million	3,889 million	4,083 million	Other items	3,965 million	1,584 million	2,380 million	Total	11,939 million	5,474 million	6,464 million	Payments due within one year	2,408 million	Payments due after one year	<u>4,091 million</u>	Total	6,499 million	Lease payments made	2,256 million	Accumulated depreciation	1,903 million	Interest payments	150 million	<p>Please note that for financial leases for which ownership is not transferred to the lessee and which commenced on or prior to March 31, 2008, the Group adopts accounting standards normally applicable to ordinary rental transactions.</p> <p>1. Notes regarding finance leases other than those for which the ownership rights of the leased items are transferred to the lessee</p> <p>From the lessee's perspective</p> <p>① Pro forma amounts representing the acquisition costs, accumulated depreciation, and net book value of the leased items</p> <table border="1"> <thead> <tr> <th></th> <th>Pro forma acquisition costs</th> <th>Pro forma accumulated depreciation</th> <th>Pro forma net book value</th> </tr> </thead> <tbody> <tr> <td>Machinery, Equipment and conveyance vehicles</td> <td>5,596 million</td> <td>3,037 million</td> <td>2,559 million</td> </tr> <tr> <td>Other items</td> <td>3,470 million</td> <td>1,504 million</td> <td>1,965 million</td> </tr> <tr> <td>Total</td> <td>9,066 million</td> <td>4,541 million</td> <td>4,524 million</td> </tr> </tbody> </table> <p>② Lease payments remaining at the end of the fiscal year</p> <table> <tr> <td>Payments due within one year</td> <td>1,987 million</td> </tr> <tr> <td>Payments due after one year</td> <td><u>1,650 million</u></td> </tr> <tr> <td>Total</td> <td>3,638 million</td> </tr> </table> <p>③ Lease payments made, accumulated depreciation, and interest payments</p> <table> <tr> <td>Lease payments made</td> <td>1,946 million</td> </tr> <tr> <td>Accumulated depreciation</td> <td>1,542 million</td> </tr> <tr> <td>Interest payments</td> <td>102 million</td> </tr> </table> <p>④ Method of computing depreciation</p> <p>Mentioned left</p> <p>⑤ Method of computing interest</p> <p>Mentioned left</p>					Pro forma acquisition costs	Pro forma accumulated depreciation	Pro forma net book value	Machinery, Equipment and conveyance vehicles	5,596 million	3,037 million	2,559 million	Other items	3,470 million	1,504 million	1,965 million	Total	9,066 million	4,541 million	4,524 million	Payments due within one year	1,987 million	Payments due after one year	<u>1,650 million</u>	Total	3,638 million	Lease payments made	1,946 million	Accumulated depreciation	1,542 million	Interest payments	102 million
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(Marketable and investment securities)

From April 1, 2007 to March 31, 2008				From April 1, 2008 to March 31, 2009					
1. Other marketable securities				1. Other marketable securities					
Equity securities				Equity securities					
	Historical cost (Millions of yen)	Book value (Millions of yen)	Unrealized gains (losses), net (Millions of yen)		Historical cost (Millions of yen)	Book value (Millions of yen)	Unrealized gains (losses), net (Millions of yen)		
Fair value over historical cost	6,054	12,446	6,391	Fair value over historical cost	2,508	4,419	1,911		
Historical cost over fair value	4,707	3,025	(1,682)	Historical cost over fair value	8,237	6,627	(1,610)		
Total	10,762	15,471	4,709	Total	10,746	11,047	301		
Note: Securities were judged as impaired when their market values had declined 50% or more from their values at the end of respective fiscal years, or had declined from 30% to 50% from their book values for three fiscal years.				Note: Securities were judged as impaired when their market values had declined 50% or more from their values at the end of respective fiscal years, or had declined from 30% to 50% from their book values for three fiscal years.					
2. Sale of other securities				2. Sale of other securities					
Amount of sold other securities		4,156 million		Amount of sold other securities		1,807 million			
Gain on sale of other securities		1,724 million		Gain on sale of other securities		531 million			
Loss on sale of other securities		481 million		Loss on sale of other securities		7 million			
3. Non marketable securities				3. Non marketable securities					
Held-to-maturity bonds				Held-to-maturity bonds					
Other government bonds		9 million		Other government bonds		5 million			
Other securities				Other securities					
Securities		1,105million		Securities		1,156 million			
Negotiable		17,800 million		Unlisted securities		4,147 million			
Unlisted securities		5,473 million		Investments in and advances to subsidiaries and affiliates		5,307 million			
Investments in and advances to subsidiaries and affiliates		6,327 million		Investments in limited investment partnerships		141 million			
Investments in limited investment partnerships		144 million							
4. The maturity schedule of held-to-maturity securities with due dates is as follows:				4. The maturity schedule of held-to-maturity securities with due dates is as follows:					
	Within 1 year	Over 1 year and less than 5 years	Over 5 years and less than 10 years	Over 10 years		Within 1 year	Over 1 year and less than 5 years	Over 5 years and less than 10 years	Over 10 years
Other government bonds	17,801	5	1	-	Other government bonds	0	3	1	-
Negotiable	17,800	-	-	-					

(Derivatives)

From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
<p>1. Matters Related to Transactions</p> <p>(1) Content of transactions During the fiscal year under review, on a consolidated basis, transactions employed by the Company were forward foreign currency exchange contracts and interest rate swaps involving the swapping of floating rate obligations for fixed rate obligations.</p> <p>(2) Policy for conducting transactions Ebara's policy is to employ derivative transactions only for export and import, fund management/fund-raising, and other transactions that are actually required by its business activities.</p> <p>(3) Objectives in using transactions</p> <p>① Hedging instruments and hedged items Hedging instruments: Forward foreign currency exchange transactions, currency swap transactions, and interest rate swap transactions. Hedged items: For hedging foreign exchange fluctuation risk of foreign currency denominated assets and liabilities held and scheduled transactions, for hedging interest rate fluctuation risk in fund management and und-raising</p> <p>② Method for evaluating the effectiveness of hedges For interest rate fluctuation risk (as noted in the previous item (1)) Effectiveness is judged by comparing the cash flow of the hedged item from the time of the commencement of the hedge transaction to the time of evaluation with the cash flow of the hedge instrument. However, for interest rate swaps that satisfy the conditions for special accounting treatment, evaluation is omitted. For foreign currency fluctuation risk (as noted in the previous item (1)) Effectiveness is judged by confirming the effects of the use of the hedged instrument for each hedged transaction.</p> <p>(4) Risks inherent in transactions The derivatives employed by the Company have inherent interest rate and foreign currency risk, but these are cancelled out by the risk of hedged items. In addition, counterparties in derivative transactions are all financial institutions with high creditworthiness, meaning the risk of non-fulfillment on derivative contracts is virtually zero.</p> <p>(5) Systems for managing transaction risk The Company has prepared internal rules that specify the persons with authority for the approval of transactions and transaction limits. In addition, these transactions are supervised under the Company's cash management rules.</p>	<p>1. Matters Related to Transactions</p> <p>(1) Content of transactions Mentioned left</p> <p>(2) Policy for conducting transactions Mentioned left</p> <p>(3) Objectives in using transactions</p> <p>① Hedging instruments and hedged items Hedging instruments: Mentioned left Hedged items: Mentioned left</p> <p>② Method for evaluating the effectiveness of hedges For interest rate fluctuation risk (as noted in the previous item (1)) Mentioned left For foreign currency fluctuation risk (as noted in the previous item (1)) Mentioned left</p> <p>(4) Risks inherent in transactions Mentioned left</p> <p>(5) Systems for managing transaction risk Mentioned left</p>

From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
<p>(6) Supplementary information regarding market value, etc., of transactions</p> <p style="text-align: center;">-----</p> <p>2. Matters Related to Market Value, Etc., of Transactions</p> <p>During the fiscal year under review, on a consolidated basis, the Company applied hedge accounting principles to its derivative transactions, and there were no transactions for which disclosure was required.</p>	<p>(6) Supplementary information regarding market value, etc., of transactions</p> <p style="text-align: center;">-----</p> <p>2. Matters Related to Market Value, Etc., of Transactions</p> <p style="text-align: center;">Mentioned left</p>

(Severance and Pension Plans)

From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009																												
<p>1. Outline of Severance and Pension Plans</p> <p>The company, its domestic consolidated subsidiaries and some foreign consolidated subsidiaries have termination allowance plans and retirement pension plans as severance and defined benefit pension plans.</p>	<p>1. Outline of Severance and Pension Plans</p> <p>The company, its domestic consolidated subsidiaries and some foreign consolidated subsidiaries have termination allowance plans and retirement pension plans as severance and defined benefit pension plans.</p> <p>The company has shifted a portion of the lump-sum retirement payment plan to defined contribution pension plan in August 2008.</p>																												
<p>2. Benefit obligation</p> <table> <tr> <td>Benefit obligation</td> <td style="text-align: right;">87,072 million</td> </tr> <tr> <td>Fair value of plan assets</td> <td style="text-align: right;">(56,708) million</td> </tr> <tr> <td>Unrecognized actuarial loss</td> <td style="text-align: right;">(2,777) million</td> </tr> <tr> <td>Unrecognized prior service cost</td> <td style="text-align: right;">(91) million</td> </tr> <tr> <td>Net amount recognized</td> <td style="text-align: right;"><u>27,495 million</u></td> </tr> </table>	Benefit obligation	87,072 million	Fair value of plan assets	(56,708) million	Unrecognized actuarial loss	(2,777) million	Unrecognized prior service cost	(91) million	Net amount recognized	<u>27,495 million</u>	<p>2. Benefit obligation</p> <table> <tr> <td>Benefit obligation</td> <td style="text-align: right;">68,593 million</td> </tr> <tr> <td>Fair value of plan assets</td> <td style="text-align: right;">(37,784) million</td> </tr> <tr> <td>Unrecognized actuarial loss</td> <td style="text-align: right;">(7,247) million</td> </tr> <tr> <td>Unrecognized prior service cost</td> <td style="text-align: right;">(778) million</td> </tr> <tr> <td>Net amount recognized</td> <td style="text-align: right;"><u>22,783 million</u></td> </tr> </table>	Benefit obligation	68,593 million	Fair value of plan assets	(37,784) million	Unrecognized actuarial loss	(7,247) million	Unrecognized prior service cost	(778) million	Net amount recognized	<u>22,783 million</u>								
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<p>3. Benefit cost</p> <table> <tr> <td>Service cost</td> <td style="text-align: right;">4,242 million</td> </tr> <tr> <td>Interest cost</td> <td style="text-align: right;">2,609 million</td> </tr> <tr> <td>Expected return on plan assets</td> <td style="text-align: right;">(2,360) million</td> </tr> <tr> <td>Recognized prior service cost</td> <td style="text-align: right;">12 million</td> </tr> <tr> <td>Recognized actuarial loss</td> <td style="text-align: right;">456 million</td> </tr> <tr> <td>Special retirement benefit paid</td> <td style="text-align: right;">1,500 million</td> </tr> <tr> <td>Net periodic benefit cost</td> <td style="text-align: right;"><u>6,640 million</u></td> </tr> </table>	Service cost	4,242 million	Interest cost	2,609 million	Expected return on plan assets	(2,360) million	Recognized prior service cost	12 million	Recognized actuarial loss	456 million	Special retirement benefit paid	1,500 million	Net periodic benefit cost	<u>6,640 million</u>	<p>3. Benefit cost</p> <table> <tr> <td>Service cost</td> <td style="text-align: right;">3,613 million</td> </tr> <tr> <td>Interest cost</td> <td style="text-align: right;">2,182 million</td> </tr> <tr> <td>Expected return on plan assets</td> <td style="text-align: right;">(1,613) million</td> </tr> <tr> <td>Recognized prior service cost</td> <td style="text-align: right;">19 million</td> </tr> <tr> <td>Recognized actuarial loss</td> <td style="text-align: right;">532 million</td> </tr> <tr> <td>Special retirement benefit paid</td> <td style="text-align: right;">— million</td> </tr> <tr> <td>Net periodic benefit cost</td> <td style="text-align: right;"><u>4,734 million</u></td> </tr> </table>	Service cost	3,613 million	Interest cost	2,182 million	Expected return on plan assets	(1,613) million	Recognized prior service cost	19 million	Recognized actuarial loss	532 million	Special retirement benefit paid	— million	Net periodic benefit cost	<u>4,734 million</u>
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(Income taxes)

From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
1. Significant components of the deferred tax assets and liabilities	1. Significant components of the deferred tax assets and liabilities
Deferred tax assets:	Deferred tax assets:
Excess provision of accrued bonuses to employees	Excess provision of accrued bonuses to employees
2,804 million	2,680 million
Loss recognized on a percentage-of-completion basis	Loss recognized on a percentage-of-completion basis
2,277 million	3,831 million
Accrued enterprise tax	Accrued enterprise tax
411 million	258 million
Intercompany profit on ending Inventories	Intercom any profit on ending Inventories
637 million	- million
Excess provision of accrued severance indemnities	Excess provision of accrued severance indemnities
10,210 million	8,856 million
Directors' retirement expense	Directors' retirement expense
214 million	251 million
Intercom any profit on fixed assets	Intercom any profit on fixed assets
1,746 million	1,741 million
Tax loss carried forward	Tax loss carried forward
4,239 million	2,730 million
Write-down of investment securities	Write-down of investment securities
248 million	1,360 million
Loss on liquidation of subsidiary companies	Loss on liquidation of subsidiary companies
1,996 million	1,869 million
Research and development expenses	Research and development expenses
544 million	520 million
Loss from write-down of real estate for sale	Loss from write-down of real estate for sale
972 million	977 million
Loss on write-down of inventories	Loss on write-down of inventories
5,104 million	3,732 million
Reserve for losses on construction completion guarantees	Reserve for losses on construction completion guarantees
8,013 million	11,655 million
Allowance for doubtful receivables	Allowance for doubtful receivables
3,791 million	1,621 million
Others based on tax codes outside Japan	Others based on tax codes outside Japan
6,331 million	5,473 million
Others	Others
7,337 million	8,860 million
Subtotal	Subtotal
56,885 million	56,420 million
Valuation allowance	Valuation allowance
<u>(23,271) million</u>	<u>(27,450) million</u>
Total deferred tax assets	Total deferred tax assets
33,614 million	28,969 million
Deferred tax liabilities:	Deferred tax liabilities:
Reserve for deferral of capital gains on sales of property	Reserve for deferral of capital gains on sales of property
(1,260) million	(1,193) million
Reserve for compressed entry	Reserve for compressed entry
(4,858) million	(1,220) million
Net unrealized gain on investment securities	Net unrealized gain on investment securities
(2,599) million	(122) million
Other	Other
(665) million	(1,444) million
Total deferred tax liabilities	Total deferred tax liabilities
<u>(9,383) million</u>	<u>(3,981) million</u>
Net deferred tax assets	Net deferred tax assets
<u>24,230 million</u>	<u>24,988 million</u>
2. Summary of the major differences between the Japanese statutory tax rate and the Company's effective tax rate	2. Summary of the major differences between the Japanese statutory tax rate and the Company's effective tax rate.
Statutory tax rate, giving tax effect on enterprise tax payable	----
40.5%	
Entertainment expenses and other expenses not deductible	
1.9%	
Per capita equalization inhabitants' taxes	
0.5%	
Dividends received not taxable	
-0.2%	
Amortization of goodwill	
1.7%	
Valuation allowance	
40.1%	
Others	
<u>-5.5%</u>	
Effective tax rate as shown in statements of income	
79.0%	

(Segment information)

【Business segment information】

From April 1, 2007 to March 31, 2008

(Millions of yen)

	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Elimination and corporate	Consolidated
I Sales and operating income						
Sales						
(1) Sales to third parties	318,449	141,445	107,295	567,190	-	567,190
(2) Intersegment sales and transfer	2,465	6,488	161	9,114	(9,114)	-
Total	320,915	147,934	107,456	576,305	(9,114)	567,190
Operating costs and expenses	310,630	160,115	99,471	570,217	(9,043)	561,173
Operating income (loss)	10,284	(12,181)	7,985	6,088	(71)	6,016
II Assets, depreciation and amortization and capital expenditure						
Assets	295,377	138,993	107,883	542,254	64,752	607,006
Depreciation and amortization	7,356	2,671	5,334	15,362	(46)	15,316
Impairment losses	894	8	-	902	-	902
Capital expenditure	9,844	4,248	8,436	22,529	(148)	22,381

Notes 1 The companies operate in three business segments as follows:

Business segment	Products
Fluid Machinery & Systems	Pumps, Browsers, Turbo-compressors, Gas and steam turbines, Chillers, Machinery plant and Pumping system engineering, Incinerators, Energy supply
Environmental Engineering	Environmental restoration equipment, Cooling and water supply systems for nuclear power plants, Industrial water/wastewater treatment plants, Environmental system engineering, Chemicals and others, Other product
Precision Machinery	Dry vacuum pumps, CMP systems and other equipment for semiconductor industries

- The amount of the corporate assets included in 'Elimination and corporate' is ¥67,732 million. The material assets are cash and cash equivalent, some of the investment securities and deferred tax assets of the Group.
- Depreciation and amortization include intangible assets, other depreciable assets and the depreciation of them.
- The Group changed the segmentation of wind power generation business and cooling and water supply systems for nuclear power plants from the Environmental Engineering Group to the Fluid Machinery Systems Group at the beginning of the fiscal year ending March 31 2008 to optimize the Group from an overall perspective and restructure its organization. Figures for FY2007 under new segmentation are followings.

From April 1, 2006 to March 31, 2007

(Millions of yen)

	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Elimination and corporate	Consolidated
I Sales and operating income						
Sales						
(1) Sales to third parties	290,099	140,298	107,700	538,097	-	538,097
(2) Intersegment sales and transfer	2,889	4,829	692	8,411	(8,411)	-
Total	292,988	145,127	108,392	546,508	(8,411)	538,097
Operating costs and expenses	282,396	152,572	98,308	533,277	(8,428)	524,848
Operating income (loss)	10,592	(7,444)	10,083	13,231	17	13,249
II Assets, depreciation and amortization and capital expenditure						
Assets	299,698	139,910	129,900	569,508	55,524	625,032
Depreciation and amortization	6,064	2,666	4,142	12,872	(30)	12,842
Capital expenditure	8,679	2,342	6,941	17,963	(46)	17,917

- Accompanying the revision of Japan's Corporate Tax Law, beginning with the current fiscal year, tangible fixed assets acquired on April 1 or later are depreciated according to methods stipulated in the revised corporate tax regulations, and that are acquired on or before March 31, 2007, and have been fully depreciated to the limit prescribed in previous corporate tax provisions. Beginning with the year following depreciation to the limit of 5% of the original value, the difference between the remaining value of such assets and a hypothetical reminder value will be depreciated in equal amounts over a five-year period. As a result of these adoption, operating income of FMS group was ¥540 million less than, PM group was ¥336 million less than, operating loss of EE group was ¥119 million larger than the previous method of calculation.

From April 1, 2008 to March 31, 2009

(Millions of yen)

	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Elimination and corporate	Consolidated
I Sales and operating income						
Sales						
(1) Sales to third parties	302,343	146,045	52,760	501,149	-	501,149
(2) Intersegment sales and transfer	3,297	5,818	12	9,128	(9,128)	-
Total	305,641	151,864	52,772	510,277	(9,128)	501,149
Operating costs and expenses	288,851	163,336	57,549	509,737	(9,226)	500,511
Operating income (loss)	16,789	(11,472)	(4,776)	540	97	637
II Assets, depreciation and amortization and capital expenditure						
Assets	289,952	142,479	76,621	509,053	53,402	562,456
Depreciation and amortization	7,153	2,055	6,020	15,229	(49)	15,179
Impairment losses	133	3,090	112	3,336	1	3,337
Capital expenditure	10,781	5,292	7,508	23,582	(21)	23,560

Notes 1 The companies operate in three business segments as follows:

Business segment	Products
Fluid Machinery & Systems	Pumps, Browsers, Turbo-compressors, Gas and steam turbines, Chillers, Machinery plant and Pumping system engineering, Cooling and water supply systems for nuclear power plants, Energy supply
Environmental Engineering	Environmental restoration equipment, Incinerators, Industrial water/wastewater treatment plants, Environmental system engineering, Chemicals and others
Precision Machinery	Dry vacuum pumps, CMP systems and other equipment for semiconductor industries

- The amount of the corporate assets included in 'Elimination and corporate' is ¥58,001 million. The material assets are cash and cash equivalent, some of the investment securities and deferred tax assets of the Group.
- Depreciation and amortization include intangible assets, other depreciable assets and the depreciation of them.
- Beginning with the current fiscal year, the Group has applied "Practical Solution for Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force No. 18, issued by ASBJ on May 17, 2006).
- Sales of chemical mechanical polishing (CMP) equipment and plating equipment in the PM Group were formerly recognized at the time of shipment but, beginning with the current fiscal year, are now accounted for when the installation of such equipment is completed. This change was implemented (1) because of the trend toward the lengthening of the period between shipment of such equipment and the completion of installation and (2) because it has become possible to obtain data on the time of completion of installation as a result of the review of the related business processes. This change results in reporting that is more in line with the realities of the sales process. As a result sales of the PM Group were ¥228 million lower, the operating loss were ¥102 million larger than under the previous method for the recognition of sales.
- Accompanying the revision of Japan's Corporation Tax Law, the Group have reviewed the conditions of use of their assets, and, beginning with the current fiscal year, has changed the useful lives of certain of its tangible fixed assets. As a result, the operating income of the FMS Group were ¥48 million lower, the operating loss of the EE Group were ¥36 million larger, the operating loss of the PM Group were ¥365 million larger than under the previous method of accounting for depreciation.
- Because the Provision for product warranties was summed up, the operating income of the FMS Group were ¥567 million lower, the operating loss of the EE Group were ¥2 million larger, the operating loss of the PM Group were ¥294 million larger than the previous method of calculation.

【Geographical segment information】

From April 1, 2007 to March 31, 2008

(Millions of yen)

	Japan	North America	Other	Total	Elimination and corporate	Consolidated
I Sales						
(1) Sales to third parties	457,447	64,141	45,600	567,190	-	567,190
(2) Intersegment sales and transfer	17,705	9,488	6,466	33,660	(33,660)	-
Total	475,153	73,630	52,067	600,851	(33,660)	567,190
Operating costs and expenses	479,140	68,402	47,110	594,653	(33,479)	561,173
Operating income (loss)	(3,986)	5,228	4,956	6,198	(181)	6,016
II Assets	512,029	55,328	48,294	615,652	(8,645)	607,006

- Notes
- The amount of the corporate assets included in 'Elimination and corporate' is ¥67,732million. The material assets are cash and cash equivalent, some of the investment securities and deferred tax assets of the Group.
 - Countries and areas included in Other are as follows:
Italy, Germany, China, Philippines, Taiwan, Singapore, Brazil, Korea and Malaysia
 - Accompanying the revision of Japan's Corporate Tax Law, beginning with the current fiscal year, tangible fixed assets acquired on April 1 or later are depreciated according to methods stipulated in the revised corporate tax regulations, and that are acquired on or before March 31, 2007, and have been fully depreciated to the limit prescribed in previous corporate tax provisions. Beginning with the year following depreciation to the limit of 5% of the original value, the difference between the remaining value of such assets and a hypothetical reminder value will be depreciated in equal amounts over a five-year period. As a result of these adoption, operating loss in Japan was ¥996 million larger than this loss would have been under the previous method of calculation.

From April 1, 2008 to March 31, 2009

(Millions of yen)

	Japan	North America	Other	Total	Elimination and corporate	Consolidated
I Sales						
(1) Sales to third parties	404,342	59,745	37,061	501,149	-	501,149
(2) Intersegment sales and transfer	15,504	3,561	4,945	24,011	(24,011)	-
Total	419,846	63,306	42,007	525,160	(24,011)	501,149
Operating costs and expenses	430,168	57,518	38,171	525,859	(25,347)	500,511
Operating income(loss)	(10,322)	5,788	3,835	(698)	1,336	637
II Assets	486,906	58,577	39,079	584,563	(22,107)	562,456

- Notes
- The amount of the corporate assets included in 'Elimination and corporate' is ¥58,001million. The material assets are cash and cash equivalent, some of the investment securities and deferred tax assets of the Group.
 - Countries and areas included in Other are as follows:
Italy, Germany, China, Philippines, Taiwan, Singapore, Brazil, Korea and Malaysia
 - Beginning with the current fiscal year, the Group has applied "Practical Solution for Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force No. 18, issued by ASBJ on May 17, 2006).
Revisions are made that are necessary for consolidation. The effect of these is not material.
 - Sales of chemical mechanical polishing (CMP) equipment and plating equipment in the PM Group were formerly recognized at the time of shipment but, beginning with the current fiscal year, are now accounted for when the installation of such equipment is completed. This change was implemented (1)because of the trend toward the lengthening of the period between shipment of such equipment and the completion of installation and (2) because it has become possible to obtain data on the time of completion of installation as a result of the review of the related business processes. This change results in reporting that is more in line with the realities of the sales process.
As a result of these adoption, sales in Japan was ¥228 million lower, operating loss in Japan was ¥102 million larger than the previous method of calculation.
 - Accompanying the revision of Japan's Corporation Tax Law, the Group have reviewed the conditions of use of their assets, and, beginning with the current fiscal year, has changed the useful lives of certain of its tangible fixed assets.
As a result of these adoptions, operating loss Japan was ¥450 million larger, than the previous method of calculation.
 - Because the Provision for product warranties was summed up, operating loss Japan was ¥863 million larger, than the previous method of calculation.

【Overseas sales】

From April 1, 2007 to March 31, 2008

(Millions of yen)

	Asia	North America	Other areas	Total
I Overseas sales	83,802	38,754	90,213	212,771
II Consolidated net sales				567,190
III Percentage of overseas sales to net sales(%)	14.8	6.8	15.9	37.5

Notes 1 Significant countries and areas included in the above classification are as follows:

- (1) Asia Taiwan, China, Korea
- (2)North America USA
- (3)Other areas Italy, Qatar, UK, Britain, Germany

2 Overseas sales is net sales of the Group and its subsidiaries other than in Japan.

From April 1, 2008 to March 31, 2009

(Millions of yen)

	Asia	North America	Other areas	Total
I Overseas sales	62,508	35,332	83,134	180,975
II Consolidated net sales				541,149
III Percentage of overseas sales to net sales(%)	12.5	7.1	16.6	36.1

Notes 1 Significant countries and areas included in the above classification are as follows:

- (1) Asia China, Pakistan, Taiwan, and South Korea
- (2)North America USA
- (3)Other areas Saudi Arabia, Italy, Germany, Russia

2 Overseas sales is net sales of the Group and its subsidiaries other than in Japan.

Per share data of common stock

From April 1, 2007 to March 31, 2008		From April 1, 2008 to March 31, 2009	
Shareholders' equity per share of common stock	358.01	Shareholders' equity per share of common stock	287.44
Net income per share	18.01	Net income per share	31.04
Diluted net income per share	16.34	Diluted net income per share	—
Basic information for computation of net income (loss) per share		Basic information for computation of net income (loss) per share	
(1) Net income (loss) on consolidated statements of income	7,608 million	(1) Net income (loss) on consolidated statements of income	13,113 million
(2) Net income (loss) available to common shareholders	7,608 million	(2) Net income (loss) available to common shareholders	13,113 million
(3) Average shares of common stocks	422,482,050	(3) Average shares of common stocks	422,420,113
(4) Amount excluded from computation of diluted net income per share:		(4) Amount excluded from computation of diluted net income per share:	
Interest payable after tax deduction	238 million	-----	
Consignment fee for paying interest after tax deduction	- million		
Adjustment of net income	238 million		
(5) Increase of common stocks for computation of diluted net income per share:		(5) Increase of common stocks for computation of diluted net income per share:	
Increase of common stocks	57,720,056	-----	
(Bonds with rights to purchase new shares)	(57,720,056)		
(6) Potential shares excluded from computation of diluted income per share which don't have a dilutive effect	-----	(6) Potential shares excluded from computation of diluted income per share which don't have a dilutive effect	
		Unsecured bounds with stock acquisition rights due 2011 issued in the overseas market	28,860,028
		Unsecured bounds with stock acquisition rights due 2013 issued in the overseas market	28,860,028

Order received and sales

(1) Output

(Millions of yen)

Business segment	From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
Fluid Machinery & Systems	327,156	274,961
Environmental Engineering	43,061	43,058
Precision Machinery	95,134	40,807
Total	465,352	358,827

Note The above figures are amount of output in manufacturing companies and construction companies. The above figures don't include consumption taxes and are eliminated intersegment sales and transfer.

(2) Order received

(Millions of yen)

Business segment	From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
Fluid Machinery & Systems	347,665	307,150
Environmental Engineering	151,117	138,210
Precision Machinery	99,160	36,038
Total	597,943	481,398

Note The above figures don't include consumption taxes and are eliminated intersegment sales and transfer.

(3) Sales

(Millions of yen)

Business segment	From April 1, 2007 to March 31, 2008	From April 1, 2008 to March 31, 2009
Fluid Machinery & Systems	318,449	302,343
Environmental Engineering	141,445	146,045
Precision Machinery	107,295	52,760
Total	567,190	501,149

Note The above figures don't include consumption taxes and are eliminated intersegment sales and transfer.

(4) Backlog of order received

(Millions of yen)

Business segment	March 31, 2008	March 31, 2009
Fluid Machinery & Systems	209,051	204,627
Environmental Engineering	130,903	124,065
Precision Machinery	32,857	14,331
Total	372,812	343,025

Note The above figures don't include consumption taxes and are eliminated intersegment sales and transfer.