

**RESULTS OF OPERATIONS FOR
THE FIRST QUARTER ENDED JUNE 30, 2008 (CONSOLIDATED)**

August 11 2008

Company name: EBARA CORPORATION
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 (Stock code: 6361, Tokyo and Sapporo Stock Exchange in Japan)
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 Scheduled day of submission of quarterly report: August 12 2008

Note: The amounts are rounded down to the nearest million.

1. Outline of the first quarter results for FY2009 (April 1-June 30, 2008)

(1) Consolidated Financial Highlights

Millions of yen, except per share data

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
FY2009 1st quarter	98,017	-	(6,171)	-	(7,132)	-	(3,267)	-
FY2008 1st quarter	103,294	25.7	(3,622)	-	(3,838)	-	(2,065)	-

	Net income per share	Net income per share, diluted
	Yen	Yen
FY2009 1st quarter	(7.74)	-
FY2008 1st quarter	(4.89)	-

Note: % 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 1st quarter	580,641	146,251	24.4	335.23
FY2008	607,006	155,263	24.9	358.01

Note: Shareholder's Equity (consolidated) FY2009 1st quarter 141,619 million FY2008 151,243 million

2. Dividend

	Cash Dividend per share of common stock				
	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	End of the fiscal year	Annual
	Yen	Yen	Yen	Yen	Yen
FY2008	0.00	0.00	0.00	7.50	7.50
FY2009 1st quarter	0.00	-	-	-	-
FY2009 (Forecast)	-	0.00	0.00	7.50	7.50

Note: Revision of forecast for dividend during this quarter: No

3. Forecast of results for the year ending March 31, 2009

Millions of yen

	Net sales		Operating income		Ordinary income		Net income		Net income per share
		%		%		%		%	Yen
2 nd quarter accumulation of FY2009	220,000	(7.2)	(14,000)	-	(16,000)	-	(9,000)	-	(21.30)
FY2009	560,000	(1.3)	8,000	33.0	4,000	45.1	1,500	(80.3)	3.55

Note 1: % represents percentage change from a comparable previous period

Note 2: Revision of the forecast during this quarter: No

4. Others

- (1) Changes in significant subsidiaries: Not applicable
- (2) Adoption of simplified accounting methods and specified accounting methods for the preparation of quarterly consolidated financial statements: Applicable
Note: The details are shown in Clause 4 ‘Others in page 4.
- (3) Changes in accounting policies and presentation: Applicable
 - (i) Changes due to revisions of accounting standards, etc.: Yes
 - (ii) Changes other than (i) above: YesNote: The details are shown in Clause 4 ‘Others in page 4.
- (4) Number of shares outstanding (Common Stocks)
 - (i) Number of common stocks (including treasury stocks)
FY2009 1st quarter 422,725,658 FY2008 422,725,658
 - (ii) Number of treasury stocks
FY2009 1st quarter 274,065 FY2008 267,250
 - (iii) Average number of common stocks
FY2009 1st quarter (accumulated period) 422,454,587 FY2008 422,522,049

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

1. This release contains forward-looking statements which involve certain risks and uncertainties that could cause actual results to differ materially from those projected. 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.
2. Beginning with the first quarter of the current fiscal year, the “Accounting Standards for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statement No. 12 and the “Implementation Guidance for the Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14) have been applied. In addition, the quarterly consolidated financial statements have been prepared following the “Rules for Quarterly Consolidated Financial Statements.”

[Qualitative information, Financial Statements, etc.]

1. Qualitative information on consolidated results of operations

(1) Overview

The business environment in Japan in the first quarter was characterized by continued stagnation in the market for public works projects, owing to further reductions in government budgets, and lackluster conditions in the private sector due to weakness in the economy resulting from concerns about a downturn in the U.S. economy, fluctuations in equity and foreign exchange markets, increases in the prices of fuels and raw materials, and other factors. As a result, the economy as a whole experienced a lull in performance. Overseas, the U.S. economy appeared to be slipping into a downward trend as a result of the effects of the subprime loan issue. On the other hand, in the economies of Asia outside Japan, including China, Singapore, and Malaysia, where economic expansion is continuing, and in Europe, which continued to experience gradual economic growth, concern increased regard inflation. As a result of these factors, uncertainty mounted regarding the world economy as a whole.

Amid this business environment, in the EBARA Group (the Group), the Fluid Machinery & System (FMS) group conducted aggressive marketing activities in Japan directed at the basic materials industries in the private sector, where the drive to make capital investments remains strong. Overseas, the FMS group focused its marketing efforts on the oil and gas sector and the electric power industry. In the Environmental Engineering (EE) group, activities focused on improving profitability and included making continued reductions in fixed costs, including the implementation of a system for providing special benefits to persons taking early retirement. In the Precision Machinery (PM) group, new products were introduced for the processing of gas emissions.

Nevertheless, new orders were lackluster because of a temporary pause in capital expenditures in the oil and gas industries, principally in Asia and the Middle East, and the adverse effect of declining capital investment in the semiconductor manufacturing industry owing to weakness in the semiconductor market. On the other hand, sales of the FMS group remained at a high level because of the substantial backlog of orders in that group, but as a result of a change in the accounting principles for recognizing sales in the PM group and other factors, sales contracted. Please note that, unfortunately, because of an additional provision of ¥5 billion in the EE group for losses on construction in connection with the InfraServe project in Germany, we announced a downward revision in our consolidated outlook on August 4, 2008.

Consolidated net sales of the Group in the first quarter amounted to ¥98,017 million, 5.1% lower than for the same quarter of the previous fiscal year. The operating loss for the first quarter was ¥6,171 million, which represented a deterioration of ¥2,548 million from the operating loss reported for the first quarter of the previous year. The ordinary loss for the first quarter was ¥7,132 million (a deterioration of ¥3,293 million from the same quarter of the previous fiscal year), and the net loss amounted to ¥3,267 million (a deterioration of ¥1,202 million from the same quarter of the prior fiscal year).

Please note that, because of the nature of its business operations, the Group's sales are seasonal and tend to be concentrated prior to the closing of accounts at the end of the fiscal year, when a relatively high percentage of construction is completed.

(2) Business segment information

Results by business segment were as follows.

Fluid Machinery & Systems (FMS)

In the FMS group, the focus of demand in overseas markets is shifting from the oil and gas industry to the electric power and water supply infrastructure industries. By geographical area, demand in China, India, and Russia is expanding. Although demand remains strong in overseas markets, the increase in plant construction costs and the lengthening of construction periods are leading to reexaminations and postponement of some projects. The Group is monitoring these developments closely. In addition, the FMS group is conducting marketing activities targeted at Japanese-affiliated companies located in China and Southeast Asia.

On the other hand, in the Japanese market, there are concerns about the effects of the high prices of crude oil and materials as well as foreign currency factors. However, capital investments aimed at substantially increasing efficiency and locating production capacity in optimal areas remain firm, and the FMS group is focusing on steadily expanding its after-sales operating and maintenance services business, concentrating on the steel and petrochemical industries

In the first quarter, sales of the FMS group increased 7.3%, to ¥63,024 million, and operating income amounted to ¥2,059 million, representing an improvement of ¥2,872 million over the same quarter of the previous fiscal year.

Environmental Engineering (EE)

In the EE group, where the core business is meeting demand in the public works market, there is a general recognition that the downtrend in prices has begun to bottom out, but competitive conditions continue to be severe. To restructure its earnings base, which is the most important task this fiscal year for the entire Group, the EE group is steadily implementing measures aimed at attaining numerical goals set under the Group's "E-Plan 2010" medium-term management plan.

The EE group is focusing its resources on its core businesses of water processing and waste processing as well as moving forward with further steps to unify the management of its engineering, procurement, and construction (EPC) business and operating and maintenance (O&M) business, while working to strengthen its initiatives in the after-sale services business, which is expected to undergo expansion in the years ahead. One of the strengths of the Group is its nationwide service network, and the EE group is working to draw on this strength to gain an accurate grasp of customers needs, then offer products and services based on the application of technology developed in its EPC business that earn a high level of customer satisfaction, with the objective of attaining firm recovery in orders and sales.

In the first quarter, sales of the EE group rose 21.5% over the first quarter of the previous fiscal year, to ¥21,252 million, and the operating loss was ¥8,425 million, representing a deterioration of ¥3,205 million from the first quarter of the previous fiscal year.

Precision Machinery (PM)

In the PM group, as a result of the postponement or cancellation of new capital investments in the semiconductor manufacturing industry owing to the weakness in semiconductor market prices, especially for DRAMs, that began in the latter half of the previous fiscal year, weakness in new orders has continued. Amid this challenging environment, the PM group has introduced its F-type fixed emission gas processing equipment, which can render PFCs—perfluorinated carbon gases, which are greenhouse gases that create a high environmental load—harmless. This PFC processing equipment has generated strong interest among customers.

On the other hand, sales of the PM group were lackluster because of a change in the accounting methods for chemical mechanical polishing (CMP) equipment and plating equipment. Sales of such equipment were formerly recognized at the time of shipment but beginning with the quarter under review, are now accounted for when the installation of such equipment is completed.

In the first quarter, sales of the PM group amounted to ¥13,741 million, representing a 49.3% decline from the level of the first quarter of the previous fiscal year. Operating income amounted ¥124 million, a 95.1% decline from the same quarter a year earlier.

2. Qualitative information on consolidated financial position

(1) Financial position

At the end of the first quarter, the Group's total assets were ¥580,641 million, ¥26,365 million lower than at the end of the same quarter of the previous fiscal year. Principal changes in asset items included an increase in cash and cash equivalents of ¥29,456 million, a decline in trade receivables of ¥67,258 million, and an increase in inventories of ¥12,475 million.

Total liabilities at the end of the first quarter amounted to ¥434,390 million, ¥17,352 million lower than at the end of the same quarter a year earlier. Principal changes in liability items included a decline of ¥21,611 million in trade payables, an increase of ¥3,312 million in bonus payment reserve, an increase of ¥4,642 million in the reserve for construction losses, and a reduction of ¥2,271 million in interest-bearing debt.

Net assets at the end of the first quarter amounted to ¥146,251 million, representing a decline of ¥9,012 million from the end of the first quarter a year earlier. Principal changes affecting net asset items were cash dividend payments of ¥3,168 million, a net loss for the quarter of ¥3,267 million, an increase of net unrealized gains on other securities of ¥1,343 million, and a decline in translation adjustments of ¥4,529 million.

The principal factor resulting in the previously mentioned changes in financial position was the seasonal nature of the Group's business activities, which leads to a concentration of sales in the fourth quarter of the fiscal year.

3. Qualitative information on forecast of results for the six months ending September 30, 2008 and the year ending March 31, 2009

There have been no changes in the overall outlook for the six months ending September 30, 2008 and the year ending March 31, 2009 since the last announcement "Announcement of Reporting of Construction Losses and Revision of the Outlook for Performance" dated August 4 2008, on a consolidated basis.

Forecast of consolidated results by segment for the six months ending September 30, 2008 and the year ending March 31, 2009

% represents percentage change from a comparable previous period

	2 nd quarter accumulation of FY2009 (Forecast)		FY2009 (Forecast)	
	Millions of yen		Millions of yen	
Net Sales	220,000	(7.2%)	560,000	(1.3%)
Operating income	(14,000)	-%	8,000	33.0%
Ordinary income	(16,000)	-%	4,000	45.1%
Net income	(9,000)	-%	1,500	(80.3%)

The outlook for sales and operating income by business segment for the year ending March 31, 2009 is as follows.

	Net Sales		Operating income	
	Millions of yen	% represents composition	Millions of yen	% represents composition
Fluid Machinery & Systems	328,000	58.6%	11,000	-%
Environmental Engineering	150,000	26.8%	(8,000)	-%
Precision Machinery	82,000	14.6%	5,000	-%
Total	560,000	100%	8,000	-%

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

1. Impact of changes in market conditions
2. Effects of major projects and overseas business operations (including incurring of additional costs, responsibility for compensating customers as a result of delays in delivery, country risk, and exchange rate fluctuations)
3. Increases in interest rate payments owing to fluctuations in interest rates
4. Impact of natural disasters and damage to the social infrastructure
5. Effects of government administrative actions
6. Changes in possibility of recovery of deferred tax assets
7. Impact of fluctuations in materials prices
8. Effects of passage of new laws, revisions in existing laws, and related developments

4. Others

(1) Changes in significant subsidiaries: Not applicable

(2) Adoption of simplified accounting methods and specified accounting methods for the preparation of quarterly consolidated financial statements: Applicable

(i) Simplified accounting methods

(Method for calculating income taxes and deferred tax assets and liabilities)

In calculating corporate income tax, etc., to be paid, the Group employs a simplified method that limits the items to be added and subtracted, and items to be deducted from the tax amount, to material items.

In calculating tax expenses for the consolidated accounting statements for the first quarter under review, the Group has applied tax effect accounting using the simplified method, and corporate income taxes, inhabitants' taxes, and enterprise taxes as well as adjustments to corporate income taxes under the single item "Income taxes".

In judging the possibility of recovering deferred tax assets, since it was determined that there had been no major changes in the operating environment or major temporary differences following the close of the previous fiscal year, the future business forecasts and tax planning documents that were used for making such judgments related to the previous fiscal year were used for making such judgments for the quarter under review.

(ii) Specified accounting methods for the preparation of quarterly consolidated financial statements

Use of special accounting treatment was not material.

(3) Changes in accounting policies and presentation:

(Change in accounting standards applied)

Beginning with the first quarter of the current fiscal year, the "Accounting Standards for Quarterly Financial Reporting" (Accounting Standards Board of Japan (ASBJ) Statement No. 12 and the "Implementation Guidance for the Accounting Standards for Quarterly Financial Statements" (ASBJ Guidance No. 14) have been applied. In addition, the quarterly consolidated financial statements have been prepared following the "Rules for Quarterly Consolidated Financial Statements."

(Change in the scope of consolidation)

The number of consolidated subsidiaries decreased by one company, to 54, 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. (a consolidated subsidiary), with Ebara Engineering Service as the surviving company.

(Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”)

Beginning with the first quarter of 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). As a result of application of these solutions, the effect on the operating loss, ordinary loss, net loss before income taxes was not material. Please note that the effect of the application of these solutions by segment is presented in the segment information section.

(Change in method for recognition of sales)

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 quarter under review, 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, sales of the PM Group were ¥6,012 million lower and the operating loss, ordinary loss, and loss before income taxes were each ¥2,439 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.

(Change in method for estimating the useful lives of tangible fixed assets)

Accompanying the revision of Japan’s Corporation Tax Law, the Group have reviewed the conditions of use of their assets, and, beginning with the first quarter of the current fiscal year, has changed the useful lives of certain of its tangible fixed assets. As a result, the operating loss, ordinary loss, and loss before income taxes were each ¥122 million larger than under the previous method of accounting for depreciation. Please note that the effect of the application of these accounting changes by segment is presented in the segment information section.

5. Consolidated financial statements

(1) Consolidated Balance Sheets

	June 30, 2008	March 31, 2008
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and time deposits	99,708	70,252
Trade receivables	148,531	215,790
Securities	18,638	18,907
Raw materials	14,093	13,639
Work in process	52,264	41,792
Finished goods	27,294	25,745
Others	38,593	31,443
Allowance for doubtful receivables	(727)	(636)
Total current assets	398,398	416,935
Fixed assets		
Tangible fixed assets		
Buildings	29,095	30,238
Machinery and equipment	34,817	36,922
Others	29,065	35,706
Total tangible assets	92,977	102,867
Intangible assets		
Investments and long-term receivables	11,492	10,691
Investment securities	30,562	27,425
Others	58,848	60,890
Allowance for doubtful receivables	(11,533)	(11,692)
Reserve for revaluation of investments	(103)	(111)
Total investments and long-term receivables	77,772	76,512
Total fixed assets	182,243	190,071
Total assets	580,641	607,006
Liabilities		
Current liabilities		
Trade payables	129,152	150,763
Short-term bank loans	66,348	66,883
Current portion of bonds	10,100	10,200
Bonus payment reserve	10,669	7,357
Directors' bonus payment reserve	113	153
Reserve for losses on construction completion guarantees	5,701	4,674
Reserve for construction losses	21,772	17,129
Reserve for losses arising from violation of the Antimonopoly Act	962	962
Reserve for legal expenses	172	200
Reserve for expenses related to the sale of land	2,735	2,774
Others	49,666	48,961
Total current liabilities	297,394	310,060

	June 30, 2008	March 31, 2008
	Millions of yen	Millions of yen
Long-term liabilities		
Bonds	20,000	20,000
Bonds with stock acquisition rights	40,000	40,000
Long-term bank loans	45,739	47,375
Accrued severance and pension costs	24,470	27,495
Directors' retirement allowance reserve	563	583
Reserve for expenses related to the sale of land	2,800	2,800
Reserve for losses on contingent liabilities	15	10
Others	3,406	3,418
Total long-term liabilities	136,995	141,682
Total liabilities	434,390	451,743
Net assets		
Shareholders' equity		
Common stock	61,284	61,284
Capital surplus	65,212	65,212
Retained earnings	17,819	24,256
Treasury stock, at cost	(136)	(134)
Total shareholder' equity	144,179	150,618
Net unrealized gain		
Net unrealized gain on investment securities	4,260	2,917
Profit/Loss deferral hedge accounting	6	6
Translation adjustments	(6,828)	(2,298)
Total net unrealized gain	(2,560)	625
Minority interests in consolidated subsidiaries	4,631	4,020
Total Net assets	146,251	155,263
Total liabilities and net assets	580,641	607,006

(2) Consolidated statements of income

	From April 1, 2008 to June 30, 2008
	Millions of yen
Net sales	98,017
Cost of sales	83,218
Gross profit	14,799
Selling, general and administrative expenses	20,970
Operating loss	(6,171)
Non-operating income	
Interest income	199
Dividend income	124
Others	455
Total of non-operating income	778
Non-operating expenses	
Interest expenses	818
Foreign exchange loss	794
Loss on equity method	18
Others	107
Total of non-operating expenses	1,739
Ordinary loss	(7,132)
Extraordinary income	
Gain on sales of fixed assets	288
Gain on reversal of special retirement benefit paid	806
Others	62
Total of extraordinary income	1,156
Extraordinary expenses	
Loss on disposal of fixed assets	172
Write-down of securities and other investments	209
Others	76
Total of extraordinary expenses	458
Loss before income taxes	(6,434)
Income taxes	(2,946)
Minority interests in consolidated subsidiaries	(219)
Net loss	(3,267)

(3) Consolidated statements of cash flows

	From April 1, 2008 to June 30, 2008
	Millions of yen
Cash flows from operating activities	
Income (loss) before income taxes	(6,434)
Depreciation and amortization	3,887
Increase (decrease) in allowances	5,788
Gain on sales of fixed assets	(288)
Interest and dividend income	(323)
Interest expenses	818
Decrease (increase) in trade receivables	65,775
Decrease (increase) in inventories	(12,994)
Increase (decrease) in trade payables	(20,557)
Others	4,415
Sub-total	40,087
Interest and dividend received	461
Interest expenses paid	(704)
Income taxes paid	(3,810)
Net cash provided by (used in) operating activities	36,033
Cash flows from investing activities	
Sales of fixed assets	6,622
Purchase of fixed assets	(7,324)
Sales of investment securities	50
Purchase of investment securities	(1,167)
Sales (purchase) of other investments, net	(786)
Collection of loans receivable	1,407
Disbursement of loans receivable	(1,666)
Net cash provided by (used in) investing activities	(2,863)
Cash flows from financing activities	
Redemption of bonds	(100)
Proceeds from short-term banks loans and commercial paper	10,343
Repayment of short-term bank loan and commercial paper	(10,700)
Proceeds from long-term bank loans	0
Repayment of long-term bank loans	(192)
Capital paid in from minority shareholders	1,172
Purchase and sales of treasury stock	(1)
Dividends paid	(3,168)
Dividends paid to minority Shareholders in consolidated subsidiaries	(184)
Net cash provided by (used in) financing activities	(2,830)
Translation adjustments	(1,152)
Increase (decrease) in cash and cash equivalents	29,187
Cash and cash equivalents at the beginning of period:	69,160
Cash and cash equivalents at the end of period	98,347

Beginning with the first quarter of the current fiscal year, the “Accounting Standards for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statement No. 12 and the “Implementation Guidance for the Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14) have been applied. In addition, the quarterly consolidated financial statements have been prepared following the “Rules for Quarterly Consolidated Financial Statements.”

(4) Note for the assumption of going concern

There is no applicable information.

(5) Segment information

【Business segment information】

From April 1, 2008 to June 30, 2008

(Millions of yen)						
	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Elimination and corporate	Consolidated
Sales						
(1) Sales to third parties	63,024	21,252	13,741	98,017	—	98,017
(2) Intersegment sales and transfer	166	1,284	7	1,457	(1,457)	—
Total	63,190	22,536	13,748	99,475	(1,457)	98,017
Operating income (loss)	2,059	(8,425)	124	(6,242)	(70)	(6,171)

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
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

- Beginning with the first quarter of 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). As a result, the effect was 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 quarter under review, 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, sales of the PM Group were ¥6,012 million lower and the operating income of the PM Group were ¥2,439 million lower 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 first quarter of the current fiscal year, has changed the useful lives of certain of its tangible fixed assets. As a result, operating income of the FMS group was ¥4 million less than, the PM group was ¥115 million less than, operating loss of thr EE group was ¥2 million lager than the previous method of calculation.

【Geographical segment information】

From April 1, 2008 to June 30, 2008

(Millions of yen)

	Japan	North America	Other	Total	Elimination and corporate	Consolidated
Sales						
(1) Sales to third parties	74,351	13,995	9,670	98,017	—	98,017
(2) Intersegment sales and transfer	2,362	1,339	1,322	5,023	(5,023)	—
Total	76,714	15,334	10,992	103,041	(5,023)	98,017
Operating income (loss)	(10,267)	1,347	1,004	(7,916)	(1,744)	(6,171)

- Notes:
- 1 Countries and areas are classified according to the geographical proximity.
 - 2 Countries and areas included in the above classification are as follows:
 - (1) North America: USA
 - (2) Other areas: Italy, Germany, China, Philippines, Taiwan, Singapore, Brazil, Korea and Malaysia
 - 3 Beginning with the first quarter of 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). As a result, the effect was not material.
 - 4 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 quarter under review, 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, sales in Japan were ¥6,012 million lower and the operating loss in Japan was ¥2,439 million larger than under the previous method for the recognition of sales.
 - 5 Accompanying the revision of Japan’s Corporation Tax Law, the Group have reviewed the conditions of use of their assets, and, beginning with the first quarter of the current fiscal year, has changed the useful lives of certain of its tangible fixed assets. As a result, operating loss in Japan was ¥122 million larger than the previous method of calculation.

【Overseas sales】

From April 1, 2008 to June 30, 2008

(Millions of yen)

	Asia	North America	Europe	Other areas	Total
I Overseas sales	14,657	8,992	12,063	8,833	44,547
II Consolidated net sales					98,017
III Percentage of overseas sales to net sales (%)	15.0	9.1	12.3	9.0	45.4

- Notes:
- 1 Countries and areas are classified according to the geographical proximity.
 - 2 Countries and areas included in the above classification are as follows:
 - (1) Asia: Taiwan, China and Korea
 - (2) North America: USA
 - (3) Europe: Italy, Germany and UK
 - (4) Other areas: Saudi Arabia, Qatar
 - 3 Overseas sales is net sales of the Company and its subsidiaries other than in Japan.

(6) Note for significant changes in the amount of shareholders’ equity

There is no applicable information.

(Reference)

Consolidated financial statements for the 1st quarter of the previous fiscal year

Consolidated statements of income

	From April 1, 2007 to June 30, 2007
	Millions of yen
Net sales	103,294
Cost of sales	84,515
Gross profit	18,779
Selling, general and administrative expenses	22,401
Operating loss	(3,622)
Non-operating income	
Interest income	150
Dividend income	466
Insurance income	38
Foreign exchange gain	25
Others	384
Non-operating expenses	
Interest expenses	978
Loss on equity method	2
Loss on allowance for doubtful receivable	166
Others	133
Ordinary loss	(3,838)
Extraordinary income	
Gain on sales of fixed assets	66
Gain on reversal of reserve for losses on contingent liabilities	60
Extraordinary expenses	
Loss on sales of fixed assets	0
Loss on disposal of fixed assets	213
Loss on sales of investment securities	13
Write-down of securities and other investments	0
Reserve for revaluation of investments	18
Loss before income taxes	(3,956)
Income taxes	(1,591)
Minority interests in consolidated subsidiaries	(299)
Net loss	(2,065)

Consolidated statements of cash flows

	From April 1, 2007 to June 30, 2007
	Millions of yen
Cash flows from operating activities	
Income (loss) before income taxes	(3,956)
Depreciation and amortization	3,481
Gain (loss) on sales of securities	13
Increase (decrease) in allowances	2,654
Gain on sales of fixed assets	(66)
Other noncash expenses	448
Interest and dividend income	(617)
Interest expenses	978
Decrease (increase) in trade receivables	43,049
Decrease (increase) in inventories	(22,042)
Increase (decrease) in trade payables	(16,619)
Others	5,562
Sub-total	12,886
Interest and dividend received	269
Interest expenses paid	(928)
Loss on violation of Antimonopoly Act and Legal expenses paid	(482)
Income taxes paid	(2,713)
Net cash provided by (used in) operating activities	9,032
Cash flows from investing activities	
Sales of fixed assets	80
Purchase of fixed assets	(3,981)
Sales of investment securities	4,488
Purchase of investment securities	(123)
Sales (purchase) of other investments, net	199
Collection of loans receivable	948
Disbursement of loans receivable	(904)
Net cash provided by (used in) investing activities	706
Cash flows from financing activities	
Proceeds from short-term banks loans and commercial paper	25,692
Repayment of short-term bank loan and commercial paper	(34,640)
Repayment of long-term bank loans	(194)
Capital paid in from minority shareholders	1,007
Purchase and sales of treasury stock	(12)
Dividends paid	(3,169)
Dividends paid to minority Shareholders in consolidated subsidiaries	(244)
Net cash provided by (used in) financing activities	(11,560)
Translation adjustments	(485)
Increase (decrease) in cash and cash equivalents	(2,307)
Cash and cash equivalents at the beginning of period:	66,086
Net effect of deconsolidation and consolidation of subsidiaries	174
Cash and cash equivalents at the end of period	63,953

Segment information

【Business segment information】

From April 1, 2007 to June 30, 2007

(Millions of yen)

	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Elimination and corporate	Consolidated
Sales						
(1) Sales to third parties	58,715	17,492	27,087	103,294	—	103,294
(2) Intersegment sales and transfer	241	1,422	106	1,771	(1,771)	—
Total	58,957	18,914	27,193	105,065	(1,771)	103,294
Operating costs and expenses	59,769	24,135	24,645	108,550	(1,633)	106,917
Operating income (loss)	(812)	(5,220)	2,548	(3,484)	(137)	(3,622)

【Geographical segment information】

From April 1, 2007 to June 30, 2007

(Millions of yen)

	Japan	North America	Other	Total	Elimination and corporate	Consolidated
Sales						
(1) Sales to third parties	82,215	12,209	8,870	103,294	—	103,294
(2) Intersegment sales and transfer	3,997	1,320	1,590	6,908	(6,908)	—
Total	86,212	13,529	10,461	110,203	(6,908)	103,294
Operating costs and expenses	91,144	12,755	9,558	113,459	(6,541)	106,917
Operating income (loss)	(4,932)	774	902	(3,255)	(367)	(3,622)

【Overseas sales】

From April 1, 2007 to June 30, 2007

(Millions of yen)

	Asia	North America	Other areas	Total
I Overseas sales	19,214	7,848	17,417	44,479
II Consolidated net sales				103,294
III Percentage of overseas sales to net sales (%)	18.6	7.6	16.9	43.1

Order received and sales

(1) Order received

(Millions of yen)

Business segment	From April 1, 2007 to June 30, 2007	From April 1, 2008 to June 30, 2008	From April 1, 2007 to March 31, 2008
Fluid Machinery & Systems	85,479	62,567	347,665
Environmental Engineering	49,572	46,226	151,117
Precision Machinery	31,993	11,083	99,160
Total	167,045	119,877	597,943

(2) Sales

(Millions of yen)

Business segment	From April 1, 2007 to June 30, 2007	From April 1, 2008 to June 30, 2008	From April 1, 2007 to March 31, 2008
Fluid Machinery & Systems	58,715	63,024	318,449
Environmental Engineering	17,492	21,252	141,445
Precision Machinery	27,087	13,741	107,295
Total	103,294	98,017	567,190

(3) Backlog of order received

(Millions of yen)

Business segment	June 30, 2007	June 30, 2008	March 31, 2008
Fluid Machinery & Systems	206,110	203,200	209,051
Environmental Engineering	152,020	156,018	130,903
Precision Machinery	58,151	29,167	32,857
Total	416,281	388,385	372,812

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