

**RESULTS OF OPERATIONS FOR
THE THIRD QUARTER ENDED DECEMBER 31, 2008 (CONSOLIDATED)**

February 9 2009

Company name: EBARA CORPORATION
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 (Stock code: 6361, Tokyo and Sapporo Stock Exchange in Japan)
 (URL <http://www.ebara.co.jp>)
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 Scheduled day of submission of quarterly report: February 13 2009

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

1. Outline of the third quarter results for FY2009 (April 1 - December 31, 2008)

(1) Consolidated Financial Highlights Millions of yen, except per share data

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
Through FY2009 3rd quarter	332,215	-	(4,443)	-	(6,240)	-	(11,738)	-
Through FY2008 3rd quarter	355,109	12.0	(4,873)	-	(7,416)	-	(19,528)	-

	Net income per share	Net income per share, diluted
	Yen	Yen
Through FY2009 3rd quarter	(27.79)	-
Through FY2008 3rd quarter	(46.22)	-

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
Through FY2009 3rd quarter	546,129	133,034	23.6	305.41
FY2008	607,006	155,263	24.9	358.01

Note: Shareholder's Equity (consolidated) FY2009 3rd quarter 129,003 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	-	7.50	7.50
FY2009 3rd quarter	-	0.00	-	-	-
FY2009 (Forecast)	-	-	-	0.00	0.00

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
FY2009	530,000 (6.6)	(5,000) -	(8,000) -	(17,000) -	(40.24)

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 6-7.
- (3) Changes in accounting policies and presentation: Applicable
 - (i) Changes due to revisions of accounting standards, etc.: Yes
 - (ii) Changes other than (i) above: Yes
 Note: The details are shown in Clause 4 'Others in page 7.
- (4) Number of shares outstanding (Common Stocks)
 - (i) Number of common stocks (including treasury stocks)
FY2009 3rd quarter 422,725,658 FY2008 422,725,658
 - (ii) Number of treasury stocks
FY2009 3rd quarter 333,159 FY2008 267,250
 - (iii) Average number of common stocks (accumulated period)
FY2009 3rd quarter 422,430,661 FY2008 3rd quarter 422,489,924

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 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."

(Reference)

Outline of the third quarter results for FY2009 (October 1 - December 31, 2008)

		Millions of yen, except per share data							
		Net sales		Operating income		Ordinary income		Net income	
			%		%		%		%
FY2009 3rd quarter		109,337	-	(863)	-	(1,937)	-	(9,077)	-
FY2008 3rd quarter		-	-	-	-	-	-	-	-

		Net income per share	Net income per share, diluted
		Yen	Yen
FY2009 3rd quarter		(21.49)	-
FY2008 3rd quarter		-	-

Note: % represents percentage change from a comparable previous period

[Qualitative information, Financial Statements, etc.]

1. Qualitative information on consolidated results of operations

(1) Overview

During the third quarter (three months), important developments in the business environment overseas included the emergence of clear signs that the effects of the financial crisis, which was triggered by the subprime loan problem in the United States, were spreading to the real economy. In the European region, recessionary conditions are becoming severer, owing to the effects of the international financial crisis. Also, in Asia outside Japan, the economies of the region, including China, where economic expansion had been continuing, are experiencing deceleration. In Japan, economic conditions are becoming increasingly severe as demand from the public sector continues to be stagnant, and, in the private sector, corporate profitability is declining substantially because of the economic downturn.

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.” To implement these policies effectively, 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.

During the quarter under review, new orders received declined overall compared with the same quarter of the previous fiscal year because of the drop in orders received by the Precision Machinery (PM) Group, as a result of lackluster market conditions and other factors. Net sales decreased overall because the relatively high level of orders in the Fluid Machinery & Systems (FMS) Group, which was supported by a substantial backlog of orders, was insufficient to offset the decline in sales of the PM Group. Operating income deteriorated on an overall basis, despite improvements in profitability reported by the FMS Group owing to losses due to foreign currency factors and the impact of the decrease in operating income accompanying the drop in sales of the PM Group.

As a result, consolidated net sales for the third quarter (three months) declined 7.4% compared with the same period of the previous year, to ¥109,337 million; operating loss amounted to ¥863 million (a deterioration of ¥3,170 million from the same quarter of the previous fiscal year); ordinary loss was ¥1,937 million (a deterioration of ¥3,029 million from a year earlier); and net loss amounted to ¥9,077 million (a deterioration of ¥14,125 million).

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, in overseas markets, the pace of investments in the oil and gas industry has slowed somewhat from the peak period because of the drop in crude oil prices, but investments in the electric power and water supply infrastructure industries are continuing to be firm, even under the current global economic downturn. Conditions in overseas markets, in general, are uncertain because of the impact of the deceleration in the world economy, the sharp appreciation of the yen, and other factors. However, the FMS Group is strengthening its sales activities to obtain orders from the electric power and other promising sectors as well as continuing to step up its activities to tap latent demand by integrating its sales, production, and distribution activities around the world, including Japan. In the private sector in Japan, the global slump in consumer spending has set off a chain reaction of cuts in capital investments in many industries, and there are signs that companies are postponing the timing of investments in anticipation of declines in raw material prices. The FMS Group is increasing its marketing activities to obtain orders in markets for investment goods that are holding firm, including the electric power industry. In the public-sector market, conditions remain lackluster but are stable. Accordingly, to secure profitability, the FMS Group is exercising substantially closer supervision over projects.

Sales for the third quarter (three months) increased 3.6% over the same period of the previous fiscal year, to ¥66,924 million. Operating income amounted to ¥3,426 million for the quarter, representing an improvement of ¥666 million over the same quarter a year earlier.

Environmental Engineering (EE)

In the EE Group, where the core business is meeting demand in the mature public works market, competition continues to be intense. Amid these conditions, to attain EBARA's top-priority goal, under the Group's "E-Plan2010" Medium-Term Management Plan, of restructuring the earnings base, the EE Group is moving forward with reductions in fixed costs and other business reforms. In addition, to achieve further improvement in profitability, the EE Group is focusing its resources on its core businesses of water processing and waste processing. At the same time, the EE Group is proceeding with measures to unify the management of its engineering, procurement, and construction (EPC) business as well as its operating and maintenance (O&M) services business to strengthen its initiatives in the after-sales services business, which is expected to show expansion in the years ahead. The EE Group is working to gain an accurate grasp of customers' needs and offer products and services that earn a high level of customer satisfaction by drawing on its strengths, which include its nationwide service network and the sophisticated technological capabilities of its EPC business.

During the third quarter (three months), sales of the EE Group increased 5.9% over the same quarter of the previous year, to ¥31,323 million. Despite reductions in staff, cuts in R&D expenditures, and reductions in fixed costs, the Group's operating loss increased ¥282 million over the same quarter of the previous fiscal year, to ¥2,782 million, because of additional costs incurred in connection with the InfraServe project in Germany.

Precision Machinery (PM)

In the PM Group, where the core market is the semiconductor industry, operating conditions are severe because of the combination of the slump in the semiconductor market that began in the latter half of the previous year and the effects of the worldwide economic downturn. As a result, orders for and sales of after-sales services continued to be firm, but orders and sales of new equipment, including chemical mechanical polishing (CMP) equipment, dry pumps, and other products dropped sharply because of the postponement of capital investment plans and requests from customers to delay the delivery of finished products.

Amid these conditions, the PM Group focused on reducing costs, principally through lowering fixed costs, including reducing the number of staff and suspending activities on some of its production lines.

For the third quarter (three months), sales of the PM Group were down 53.7% from the same quarter a year earlier, to ¥11,089 million, and the operating loss amounted to ¥1,552 million for the quarter, a deterioration of ¥3,609 million over the same quarter a year earlier.

For further information on the Group's consolidated results of operations in the first quarter (April 1 to June 30, 2008) and the second quarter (October 1 to December 31, 2008) of the fiscal year that will end on March 31, 2009, please refer to "Results of Operations for the First Quarter Ended June 30, 2008 (Consolidated)," which was released on August 11, 2008, and "Results of Operations for the Second Quarter Ended September 30, 2008 (Consolidated)," which was released on November 14, 2008 are available on the Group website (www.ebara.co.jp).

2. Qualitative information on consolidated financial position

At the end of the third quarter, the Group's total assets amounted to ¥546,129 million, ¥60,877 million lower than at the end of the previous fiscal year. Principal changes in asset items included a decline in trade receivables of ¥72,230 million and an increase in inventories of ¥23,951 million.

Total liabilities at the end of the third quarter, were ¥413,094 million, ¥38,648 million lower than at the end of the previous fiscal year. Principal changes in liability items included a decline of ¥31,955 million in trade payables and a reduction of ¥14,494 million in interest-bearing debt.

Net assets at the end of the third quarter amounted to ¥133,034 million, representing a decline of ¥22,228 million from the end of the previous fiscal year. Principal changes affecting net asset items were cash dividend payments of ¥3,168 million, a net loss for the quarter of ¥11,738 million, and a decline in translation adjustments (including foreign exchange effects) of ¥5,537 million.

The principal factor resulting in the previously mentioned changes in consolidated 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 year ending March 31, 2009

For qualitative information on consolidated performance for the fiscal year ending March 31, 2009, please refer to the "Announcement of Revisions in the Outlook for Performance and Dividends," which was issued on January 26, 2009. No changes have been made in this outlook since it was released.

Forecast of consolidated results by segment for the year ending March 31, 2009

% represents percentage change from a comparable previous period

	FY2009 (Forecast)	
	Millions of yen	%
Net Sales	530,000	(6.6%)
Operating income	(5,000)	-%
Ordinary income	(8,000)	-%
Net income	(17,000)	-%

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

% represents composition

	Net Sales		Operating income	
	Millions of yen	%	Millions of yen	%
Fluid Machinery & Systems	325,000	61.3%	11,500	-%
Environmental Engineering	145,000	27.4%	(11,000)	-%
Precision Machinery	60,000	11.3%	(5,500)	-%
Total	530,000	100%	(5,000)	-%

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 overseas business operations (including country risk and exchange rate fluctuations)
- 3.Effects, such as additional costs incurred, liabilities for completion delays, etc., of large-scale projects (including the InfraServe project in Germany)
- 4.Increases in interest rate payments owing to fluctuations in interest rates
- 5.Effects of changes in prices of raw materials
- 6.Changes in possibility of recovery of deferred tax assets
- 7.Effects of government administrative actions
- 8.Effects of passage of new laws, revisions in existing laws, and related developments
- 9.Impact of natural disasters and damage to the social infrastructure

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 accumulated consolidated results through the third quarter, 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".

To make judgments regarding the recoverability of deferred tax assets, in cases where it is deemed that there have been no major changes in the management environment since the end of the previous fiscal year and no temporary differences or other circumstances have arisen, the Group uses the outlook for consolidated performance and tax planning employed for the previous accounting year. When it is deemed that major changes have occurred or when temporary differences or other circumstances have arisen, the Group uses the outlook for consolidated performance and tax planning employed for the previous accounting year after making adjustments to take account of such major changes, etc.

- (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 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)

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, and the newly consolidation of Elliott MVP service, LLC. on December 31, 2008.

(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 first quarter of 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 third quarter, sales of the PM Group were ¥3,916million lower and the operating loss, ordinary loss, and loss before income taxes were each ¥1,651million 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, for accumulated consolidated results through the third quarter, the operating loss, ordinary loss, and loss before income taxes were each ¥336 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.

(Accrued severance and pension costs)

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).

As a result of this transfer, the Group reported extraordinary income of ¥653 million in its accumulated consolidated results through the third quarter for the current fiscal year.

5. Consolidated financial statements

(1) Consolidated Balance Sheets

	December 31, 2008	March 31, 2008
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and time deposits	66,915	70,252
Trade receivables	143,560	215,790
Securities	2,796	18,907
Finished goods	9,570	13,639
Work in process	69,202	41,792
Raw materials	26,356	25,745
Others	47,485	31,443
Allowance for doubtful receivables	(3,419)	(636)
Total current assets	362,468	416,935
Fixed assets		
Tangible fixed assets		
Buildings	29,259	30,238
Machinery and equipment	32,811	36,922
Others	37,300	35,706
Total tangible assets	99,371	102,867
Intangible assets		
Investments and long-term receivables	11,219	10,691
Investment securities	22,829	27,425
Others	59,411	60,890
Allowance for doubtful receivables	(9,067)	(11,692)
Reserve for revaluation of investments	(103)	(111)
Total investments and long-term receivables	73,070	76,512
Total fixed assets	183,661	190,071
Total assets	546,129	607,006
Liabilities		
Current liabilities		
Trade payables	118,807	150,763
Short-term bank loans	72,433	66,883
Current portion of bonds	20	10,200
Bonus payment reserve	4,008	7,357
Directors' bonus payment reserve	106	153
Reserve for losses on construction completion guarantees	6,678	4,674
Reserve for construction losses	19,460	17,129
Reserve for losses arising from violation of the Antimonopoly Act	—	962
Reserve for legal expenses	172	200
Reserve for expenses related to the sale of land	2,706	2,774
Others	60,652	48,961
Total current liabilities	285,047	310,060

	December 31, 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	37,510	47,375
Accrued severance and pension costs	23,058	27,495
Directors' retirement allowance reserve	622	583
Reserve for expenses related to the sale of land	2,800	2,800
Reserve for losses on contingent liabilities	14	10
Others	4,040	3,418
Total long-term liabilities	128,047	141,682
Total liabilities	413,094	451,743
Net assets		
Shareholders' equity		
Common stock	61,284	61,284
Capital surplus	65,212	65,212
Retained earnings	9,343	24,256
Treasury stock, at cost	(145)	(134)
Total shareholder' equity	135,694	150,618
Net unrealized gain		
Net unrealized gain on investment securities	1,144	2,917
Profit/Loss deferral hedge accounting	1	6
Translation adjustments	(7,836)	(2,298)
Total net unrealized gain	(6,690)	625
Minority interests in consolidated subsidiaries	4,031	4,020
Total Net assets	133,034	155,263
Total liabilities and net assets	546,129	607,006

(2) Consolidated statements of income (3rd quarter accumulation of FY2009)

	From April 1, 2008 to December 31, 2008
	Millions of yen
Net sales	332,215
Cost of sales	274,046
Gross profit	58,169
Selling, general and administrative expenses	62,612
Operating loss	(4,443)
Non-operating income	
Interest income	572
Dividend income	361
Profit in equity method	31
Others	1,029
Total of non-operating income	1,995
Non-operating expenses	
Interest expenses	2,488
Foreign exchange loss	52
Others	1,250
Total of non-operating expenses	3,792
Ordinary loss	(6,240)
Extraordinary income	
Gain on sales of fixed assets	348
Gain on reversal of special retirement benefit paid	806
Gain on transfer among severance payment plans	653
Others	114
Total of extraordinary income	1,922
Extraordinary expenses	
Loss on disposal of fixed assets	479
Write-down of securities and other investments	3,198
Loss on liquidation of subsidiaries and affiliates	308
Others	130
Total of extraordinary expenses	4,117
Loss before income taxes	(8,434)
Income taxes	3,986
Minority interests in consolidated subsidiaries	(682)
Net loss	(11,738)

(3) Consolidated statements of income (3rd quarter of FY2009)

	From October 1, 2008 to December 31, 2008
	Millions of yen
Net sales	109,337
Cost of sales	90,784
Gross profit	18,553
Selling, general and administrative expenses	19,417
Operating loss	(863)
Non-operating income	
Interest income	138
Dividend income	18
Income equity method	17
Foreign exchange income	44
Others	210
Total of non-operating income	429
Non-operating expenses	
Interest expenses	773
Others	729
Total of non-operating expenses	1,502
Ordinary loss	(1,937)
Extraordinary income	
Gain on sales of fixed assets	29
Others	0
Total of extraordinary income	30
Extraordinary expenses	
Loss on disposal of fixed assets	56
Write-down of securities and other investments	1,428
Loss on liquidation of subsidiaries and affiliates	12
Others	56
Total of extraordinary expenses	1,553
Loss before income taxes	(3,460)
Income taxes	5,693
Minority interests in consolidated subsidiaries	(76)
Net loss	(9,077)

(4) Consolidated statements of cash flows

	From April 1, 2008 to December 31, 2008
	Millions of yen
Cash flows from operating activities	
Income (loss) before income taxes	(8,434)
Loss on violation of Antimonopoly Act	3
Depreciation and amortization	11,295
Increase (decrease) in allowances	(3,365)
Gain on sales of fixed assets	(265)
Interest and dividend income	(934)
Interest expenses	2,488
Decrease (increase) in trade receivables	70,203
Decrease (increase) in inventories	(25,087)
Increase (decrease) in trade payables	(30,413)
Others	8,117
Sub-total	23,608
Loss on violation of Antimonopoly Act and Legal expenses paid	(362)
Interest and dividend received	1,141
Interest expenses paid	(2,416)
Income taxes paid	(9,060)
Net cash provided by (used in) operating activities	12,910
Cash flows from investing activities	
Sales of fixed assets	6,741
Purchase of fixed assets	(17,511)
Purchase of investment securities	(2,763)
Sales (purchase) of other investments, net	80
Sales of securities and investment securities	18,103
Withdrawal of time deposits	2,200
Collection of loans receivable	2,814
Disbursement of loans receivable	(5,079)
Net cash provided by (used in) investing activities	4,585
Cash flows from financing activities	
Redemption of bonds	(10,180)
Proceeds from short-term banks loans and commercial paper	34,953
Repayment of short-term bank loan and commercial paper	(37,621)
Repayment of long-term bank loans	(44)
Capital paid in from minority shareholders	1,173
Purchase and sales of treasury stock	(5)
Dividends paid	(3,168)
Dividends paid to minority Shareholders in consolidated subsidiaries	(453)
Net cash provided by (used in) financing activities	(15,345)
Translation adjustments	(1,598)
Increase (decrease) in cash and cash equivalents	552
Cash and cash equivalents at the beginning of period:	69,160
Cash and cash equivalents at the end of period	69,712

Beginning with 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.”

(5) Note for the assumption of going concern

There is no applicable information.

(6) Segment information

【Business segment information】

From October 1, 2008 to December 31, 2008

(Millions of yen)

	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Elimination and corporate	Consolidated
Sales						
(1) Sales to third parties	66,924	31,323	11,089	109,337	—	109,337
(2) Intersegment sales and transfer	589	984	0	1,574	(1,574)	—
Total	67,513	32,308	11,090	110,912	(1,574)	109,337
Operating income (loss)	3,426	(2,782)	(1,552)	(908)	45	(863)

From April 1, 2008 to December 31, 2008

(Millions of yen)

	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Elimination and corporate	Consolidated
Sales						
(1) Sales to third parties	206,323	79,117	46,774	332,215	—	332,215
(2) Intersegment sales and transfer	1,065	3,390	11	4,467	(4,467)	—
Total	207,388	82,508	46,785	336,683	(4,467)	332,215
Operating income (loss)	9,855	(13,386)	(995)	(4,527)	84	(4,443)

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

- 2 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.
- 3 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, for accumulated consolidated results through the third quarter, sales of the PM Group were ¥3,916million lower and the operating loss of the PM Group were ¥1,651million larger than under the previous method for the recognition of sales.

4 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, for accumulated consolidated results through the third quarter, operating income of the FMS group was ¥34 million less than, operating loss of the EE group was ¥27 million larger than, the PM group was ¥274 million larger than, the previous method of calculation.

【Geographical segment information】

From October 1, 2008 to December 31, 2008

(Millions of yen)

	Japan	North America	Other	Total	Elimination and corporate	Consolidated
Sales						
(1) Sales to third parties	84,000	16,559	8,778	109,337	—	109,337
(2) Intersegment sales and transfer	1,932	1,505	1,035	4,474	(4,474)	—
Total	85,932	18,064	9,814	113,812	(4,474)	109,337
Operating income (loss)	(3,864)	1,627	1,000	(1,235)	371	(863)

From April 1, 2008 to December 31, 2008

(Millions of yen)

	Japan	North America	Other	Total	Elimination and corporate	Consolidated
Sales						
(1) Sales to third parties	250,436	50,034	31,743	332,215	—	332,215
(2) Intersegment sales and transfer	8,259	3,960	3,898	16,118	(16,118)	—
Total	258,696	53,995	35,641	348,333	(16,118)	332,215
Operating income (loss)	(14,234)	5,041	3,654	(5,538)	1,095	(4,443)

- 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, for accumulated consolidated results through the third quarter, sales in Japan were ¥3,916 million lower and the operating loss in Japan was ¥1,651 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, for accumulated consolidated results through the third quarter, operating loss in Japan was ¥336 million larger than the previous method of calculation.

【Overseas sales】

From October, 2008 to December 31, 2008

(Millions of yen)

	Asia	North America	Europe	Other areas	Total
I Overseas sales	14,359	10,295	9,564	10,228	44,448
II Consolidated net sales					109,337
III Percentage of overseas sales to net sales (%)	13.1	9.4	8.7	9.4	40.7

From April, 2008 to December 31, 2008

(Millions of yen)

	Asia	North America	Europe	Other areas	Total
I Overseas sales	50,089	30,207	34,156	30,931	145,384
II Consolidated net sales					332,215
III Percentage of overseas sales to net sales (%)	15.1	9.1	10.3	9.3	43.8

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

3 Overseas sales are net sales of the Group 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 3rd quarter (accumulated) of the previous fiscal year

Consolidated statements of income

	From April 1, 2007 to December 31, 2007
	Millions of yen
Net sales	355,109
Cost of sales	294,261
Gross profit	60,848
Selling, general and administrative expenses	65,721
Operating loss	(4,873)
Non-operating income	
Interest income	415
Dividend income	608
Insurance income	97
Foreign exchange gain	9
Profit on equity method	68
Others	1,257
Non-operating expenses	
Interest expenses	3,047
Loss on allowance for doubtful receivables	885
Others	1,067
Ordinary loss	(7,416)
Extraordinary income	
Gain on sales of fixed assets	1,999
Gain on sales of investment securities	1,705
Gain on reversal of reserve for revaluation of investments	149
Gain on reversal of reserve for losses on contingent liabilities	61
Profit from recovery of bad debts	230
Extraordinary expenses	
Loss on sales of fixed assets	15
Loss on disposal of fixed assets	871
Loss on liquidation of subsidiaries and affiliates	1,871
Loss on sales of investment securities	22
Write-down of securities and other investments	636
Impairment losses	66
Losses arising from violation of the Antimonopoly Act	5
Reserve for losses arising from violation of the Antimonopoly Act	256
Losses on completion guarantees for specific projects	5,278
Losses on suspension of specific projects	10,039
Provision to the reserve for losses on specific construction work	13,658
Loss before income taxes	(35,992)
Income taxes	(15,913)
Minority interests in consolidated subsidiaries	(550)
Net loss	(19,528)

Consolidated statements of cash flows

	From April 1, 2007 to December 31, 2007
	Millions of yen
Cash flows from operating activities	
Income (loss) before income taxes	(35,992)
Depreciation and amortization	11,310
Impairment losses	66
Gain on sales of securities	(1,682)
Loss on violation of Antimonopoly Act	261
Increase (decrease) in allowances	15,170
Loss (gain) on sales of fixed assets	(1,983)
Other noncash expenses	3,841
Interest and dividend income	(1,024)
Interest expenses	3,047
Decrease (increase) in trade receivables	47,835
Decrease (increase) in inventories	(37,453)
Increase (decrease) in trade payables	(23,987)
Others	4,895
Sub-total	(15,696)
Interest and dividend received	1,270
Interest expenses paid	(3,002)
Loss on violation of Antimonopoly Act and Legal expenses paid	(578)
Income taxes paid	(3,598)
Net cash provided by (used in) operating activities	(21,605)
Cash flows from investing activities	
Sales of fixed assets	17,729
Purchase of fixed assets	(11,316)
Sales of investment securities	4,905
Purchase of investment securities	(370)
Sales (purchase) of other investments, net	641
Collection of loans receivable	3,028
Disbursement of loans receivable	(2,356)
Sale of stock in subsidiaries with a change of basis of consolidation	881
Net cash provided by (used in) investing activities	13,142
Cash flows from financing activities	
Redemption of bonds	(10,050)
Proceeds from short-term banks loans and commercial paper	108,874
Repayment of short-term bank loan and commercial paper	(103,722)
Proceeds from long-term bank loans	15,066
Repayment of long-term bank loans	(528)
Capital paid in from minority shareholders	1,007
Purchase and sales of treasury stock	(42)
Dividends paid	(3,169)
Dividends paid to minority Shareholders in consolidated subsidiaries	(304)
Net cash provided by (used in) financing activities	7,132
Translation adjustments	(287)
Increase (decrease) in cash and cash equivalents	(1,618)
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	64,642

Segment information

【Business segment information】

From April 1, 2007 to December 31, 2007

(Millions of yen)

	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Elimination and corporate	Consolidated
Sales						
(1) Sales to third parties	195,628	74,559	84,921	355,109	—	355,109
(2) Intersegment sales and transfer	1,268	4,064	159	5,491	(5,491)	—
Total	196,896	78,624	85,080	360,601	(5,491)	355,109
Operating costs and expenses	196,058	93,264	76,051	365,373	(5,390)	359,982
Operating income (loss)	838	(14,639)	9,029	(4,772)	(101)	(4,873)

【Geographical segment information】

From April 1, 2007 to December 31, 2007

(Millions of yen)

	Japan	North America	Other	Total	Elimination and corporate	Consolidated
Sales						
(1) Sales to third parties	278,081	44,601	32,427	355,109	—	355,109
(2) Intersegment sales and transfer	13,438	4,308	4,415	22,162	(22,162)	—
Total	291,519	48,909	36,843	377,272	(22,162)	355,109
Operating costs and expenses	302,699	45,502	33,246	381,448	(21,465)	359,982
Operating income (loss)	(11,179)	3,406	3,596	(4,176)	(697)	(4,873)

【Overseas sales】

From April 1, 2007 to December 31, 2007

(Millions of yen)

	Asia	North America	Other areas	Total
I Overseas sales	57,037	26,482	60,233	143,752
II Consolidated net sales				355,109
III Percentage of overseas sales to net sales (%)	16.1	7.5	17.0	40.5

Order received and sales

(1) Order received

(Millions of yen)

Business segment	From April 1, 2007 to December 31, 2007	From April 1, 2008 to December 31, 2008	From April 1, 2007 to March 31, 2008
Fluid Machinery & Systems	249,780	237,227	347,665
Environmental Engineering	117,926	97,181	151,117
Precision Machinery	78,419	33,327	99,160
Total	446,125	367,735	597,943

(2) Sales

(Millions of yen)

Business segment	From April 1, 2007 to December 31, 2007	From April 1, 2008 to December 31, 2008	From April 1, 2007 to March 31, 2008
Fluid Machinery & Systems	195,628	206,323	318,449
Environmental Engineering	74,559	79,117	141,445
Precision Machinery	84,921	46,774	107,295
Total	355,109	332,215	567,190

(3) Backlog of order received

(Millions of yen)

Business segment	December 31, 2007	December 31, 2008	March 31, 2008
Fluid Machinery & Systems	232,149	235,965	209,051
Environmental Engineering	164,077	149,841	130,903
Precision Machinery	34,593	18,588	32,857
Total	430,820	404,395	372,812

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