Contents

Eleven-Year Summary

EBARA CORPORATION and Consolidated Subsidiaries
Fiscal years ended March 31

	2013	2012	2011
Net sales	**¥426,302**	¥412,077	¥401,676
Cost of sales	**322,192**	318,937	301,658
Gross profit	**104,110**	93,140	100,018
Operating income (loss)	**25,084**	23,267	31,542
Net income (loss)	**15,303**	2,890	28,192
Capital expenditures	**12,302**	12,316	8,189
R&D expenses	**5,026**	3,827	4,067
Shareholders' equity and accumulated other comprehensive income**	**186,883**	151,063	151,951
Total net assets	**191,786**	154,656	154,938
Total assets	**504,576**	488,964	507,898
Net income (loss) per share (yen and U.S. dollars)	**¥ 35.93**	¥ 6.85	¥ 66.78
ROIC (%)***	**4.9**	1.0	9.1
ROE (%)****	**9.1**	1.9	20.0

* The U.S. dollar amounts are included solely for convenience and have been translated as a matter of arithmetical computation only at the rate of ¥94.05=US$1, the rate of exchange prevailing on March 31, 2013.

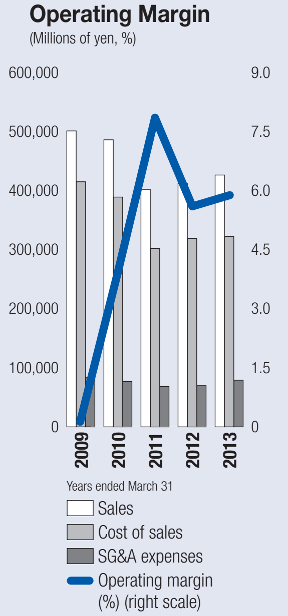
** The EBARA Group has applied "Accounting Standards for Presentation of Net Assets on the Balance Sheets" (ASBJ Statement No. 5, issued on December 9, 2005) and "Guidance on Accounting Standards for Presentation of Net Assets on the Balance Sheets" (ASBJ Guidance No. 8, issued on December 9, 2005) from the fiscal year ended March 31, 2007. The amount corresponding to shareholders' equity, according to the previous method of presentation, is ¥186,873 million for the fiscal year 2013, ¥151,054 million for the fiscal year 2012, ¥151,960 million for the fiscal year 2011, ¥129,806 million for the fiscal year 2010, ¥121,411 million for the fiscal year 2009, ¥151,237 million for the fiscal year 2008, and ¥151,242 million for the fiscal year 2007.

*** ROIC: Net income/(Interest-bearing debt (Average between beginning and end of period) + Shareholders' equity and accumulated other comprehensive income (Average between beginning and end of period))

**** ROE: Net income/Shareholders' equity and accumulated other comprehensive income (Average between beginning and end of period)

								Thousands of U.S. dollars*
Millions of yen								
2010	2009	2008	2007	2006	2005	2004	2003	**2013**
¥485,889	¥501,149	¥567,191	¥538,098	¥514,957	¥478,397	¥507,767	¥517,981	**$4,532,716**
389,437	415,827	469,865	434,934	418,414	384,168	405,760	420,079	**3,425,752**
96,452	85,322	97,326	103,164	96,543	94,229	102,007	97,902	**1,106,964**
18,953	638	6,017	13,249	10,902	7,581	10,446	(1,424)	**266,709**
5,442	(13,113)	7,609	5,446	3,350	(19,649)	2,586	(28,538)	**162,711**
19,484	23,560	22,381	17,917	14,838	12,706	13,690	19,600	**130,802**
4,977	8,829	10,812	11,357	10,883	9,994	10,965	14,116	**53,440**
129,806	121,411	151,243	151,255	153,695	102,952	112,578	106,782	**1,987,060**
132,665	124,264	155,263	154,970	—	—	—	—	**2,039,192**
522,540	562,456	607,007	625,033	592,631	558,265	576,412	613,759	**5,364,976**
¥ 12.89	¥ (31.04)	¥ 18.01	¥ 12.89	¥ 9.11	¥ (64.43)	¥ 8.34	¥ (95.49)	**$ 0.382**
1.8	(4.1)	2.2	1.5	1.0	(6.2)	0.8	(8.5)	
4.3	(9.6)	5.0	3.6	2.6	(18.2)	2.3	(23.1)	

Financial Review



Overview

During the fiscal year ended March 31, 2013, while the economy was showing gradual recovery in the United States, in Europe, the economy continued to stagnate due to such factors as the continuing uncertainty regarding the financial system. In Asia, although the pace of economic expansion has recovered to some degree, relatively low rates of growth are forecast for the time being. In Japan, the outlook is for the economy to show moderate improvement as investment by the public sector remains firm and signs of a bottoming out of investment in the private sector continue to emerge.

Amid these economic conditions, the EBARA Group (the "Group") entered the second fiscal year of the three-year medium-term management plan "E-Plan2013," working to establish a firmer and stabler business structure under the plan, which has four basic policies: (1) promoting "regional production for regional supply" in priority areas and establishing an optimally located production and supply system from a global perspective; (2) working to enter new markets by expanding core business domains; (3) aiming to optimize "*monozukuri*" (manufacturing) processes through scientific approaches; and (4) expanding the functions of the corporate headquarters in keeping with the globalization of business domains.

As a consequence, consolidated net sales for the fiscal year amounted to ¥426,302 million (an increase of 3.5% year on year), and operating income amounted to ¥25,084 million (an increase of 7.8% year on year). Overall net sales rose, despite a decline in sales in the Precision Machinery ("PM") Company. Operating income rose overall, in spite of a decline in the PM Company, because of higher income in the Fluid Machinery & Systems ("FMS") Company and Environmental Engineering ("EE") Company.

Other income (expense), net, amounted to expenses of ¥1,196 million, and improved ¥11,206 million from the previous fiscal year, mainly as a result of the reporting of an extraordinary loss of ¥10,295 million in connection with the withdrawal from a business accompanying the concluding of an agreement to make a final transfer of a plant to the client in the InfraServ project in Germany in the previous fiscal year.

Consequently, income before income taxes and minority interests amounted to ¥23,888 million. Net income amounted to ¥15,303 million (an increase of 429.6% year on year).

Financial Position

Assets

Compared with the previous fiscal year-end, as a result of an increase in current assets of ¥17,049 million and a decrease in fixed assets of ¥1,437 million, total assets increased ¥15,612 million, to ¥504,576 million. The principal reasons for these movements in assets were as follows.

The increase in current assets was due to an increase in cash on hand and in banks and securities of ¥26,494 million, despite a decrease of ¥3,537 million in notes and accounts receivable–trade and a decrease of ¥2,763 million in inventories.

The increase in property, plant and equipment was due to the implementation of capital expenditures of ¥12,302 million and depreciation charges of ¥11,222 million.

The decrease in investments and other assets was due primarily to a decrease in deferred tax assets.

Liabilities

Compared with the previous fiscal year-end, current liabilities decreased ¥4,611 million, and long-term liabilities decreased ¥16,907 million; thus, total liabilities decreased ¥21,518 million, to ¥312,790 million. The principal causes of these decreases were as follows.

Current liabilities decreased ¥4,611 million primarily as a result of a decrease in notes and accounts payable–trade of ¥9,752 million, despite an increase of ¥9,412 million in the current portion of long-term debt.

Long-term liabilities decreased ¥16,907 million as a result of a decrease of ¥11,303 million in long-term debt and a decrease of ¥5,449 million in accrued severance and pension costs.

Net Assets

Net assets at the end of the fiscal year amounted to ¥191,786 million, ¥37,130 million higher than at the end of the previous fiscal year. Although the Company paid cash dividends of ¥3,169 million, this increase in net assets was due to the reporting of consolidated net income of ¥15,303 million, the issuance of 42 million new shares in March 2013, which added ¥14,524 million to shareholders' equity, and other factors.

Cash Flows

Net cash flow provided by operating activities increased from the previous fiscal year and amounted to a net inflow of ¥34,014 million due mainly to an increase of ¥13,023 million in income before income taxes and minority interests.

Net cash used in investing activities amounted to a net outflow of ¥33,131 million for the fiscal year ended March 31, 2013, compared to a net outflow of ¥8,838 million for the previous fiscal year. This primarily reflected the purchase of fixed assets of ¥11,816 million and the purchase of securities and investment securities of ¥26,278 million.

Net cash used for financing activities amounted to a net inflow of ¥3,264 million for the fiscal year ended March 31, 2013, compared to a net outflow of ¥19,998 million for the previous fiscal year. This primarily reflected proceeds from the issuance of common stock of ¥14,524 million and proceeds from the issuance of bonds of ¥20,000 million, despite a net decrease in short-term loans payable and long-term loans payable of ¥26,695 million.

As a consequence, consolidated cash and cash equivalents at the end of the period were ¥93,791 million, ¥6,495 million higher than at the end of the previous fiscal year.

Capital Expenditures

Regarding investments, during the fiscal year, the Group implemented capital investments amounting to ¥12,302 million. These were primarily for expansion of production capacity and the introduction of equipment to enhance productivity. This figure for investment includes expenditures for the acquisition of intangible fixed assets and long-term prepaid expenses.

Principal capital investments by business segment were as follows. Please note that these investment figures include inter-segment transactions.

Fluid Machinery & Systems Company

Investments were made primarily for expanding capacity and increasing productivity, and the amount of capital investment during the fiscal year was ¥6,876 million.

Environmental Engineering Company

This segment invested in equipment intended for the development of environment-related products. Investments by this segment totaled ¥394 million.

Precision Machinery Company

Investments were made principally for equipment needed for development of new products. Investments by this segment totaled ¥2,486 million.

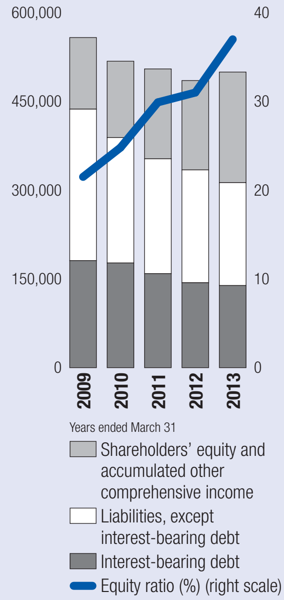
Liquidity and Capital Resources

(1) Capital Resources

At the end of the fiscal year under review, on a consolidated basis, the Group had total interest-bearing debt of ¥138,914 million, comprising ¥86,670 million in short-term interest-bearing liabilities and ¥52,244 million in long-term interest-bearing liabilities. Although this balance decreased ¥4,703 million from the total balance at the end of the previous fiscal year of ¥143,617 million,

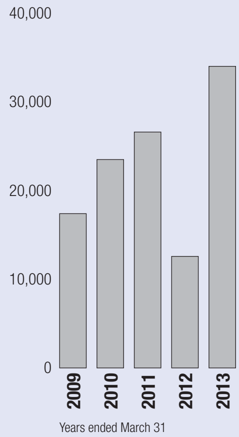
Interest-Bearing Debt/ Equity Ratio

(Millions of yen, %)



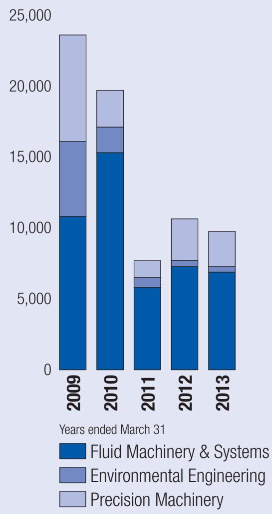
Net Cash Provided by Operating Activities

(Millions of yen)



Capital Expenditures

(Millions of yen)



the Group's dependence on interest-bearing debt remains at a high level, and management believes that reducing this dependence is an important issue. We believe that increasing profitability and the efficiency of capital are basic to strengthening the Group's financial base.

During the fiscal year under review, the Group's free cash flow, defined as net cash from operating activities plus net cash from investing activities, amounted to a net inflow of ¥883 million, and the amount of net outflow increased ¥2,868 million from the previous fiscal year. While net cash flow provided by operating activities amounted to ¥34,014 million, a ¥21,425 million increase from ¥12,589 million of net cash provided by operating activities in the previous fiscal year, the increase in net outflow reflected a ¥24,293 million increase in net cash used in investing activities, to ¥33,131 million, compared with ¥8,838 million of net cash used in investing activities in the previous fiscal year.

(2) Management of Liquidity

Regarding asset liquidity, the Group maintains a level of cash and cash equivalents appropriate for the scale of its business activities. To manage liquidity risk, the Company has concluded commitment line contracts with its principal banks that provide an adequate amount of financial liquidity for its operations.

In addition, to increase the efficiency of cash within the Group, the Company has instituted a system whereby idle cash is concentrated in the parent company and then allocated to Group companies with cash requirements.

The consolidated balance of cash and cash equivalents at the end of the fiscal year was ¥93,791 million. In addition, the available balance of commitment lines was ¥45,000 million, and available overdrafts amounted to ¥5,000 million. While the total funding limit from overdrafts and commitment lines was ¥50,000 million, the Company had no borrowings from these sources at the end of the fiscal year.

R&D Expenses

R&D expenditures of the Group can be divided into three major categories:

1. Basic research aimed at discovering and establishing seed technologies for the medium-to-long term,
2. Development research focused on the application of technologies and the creation of new products, and
3. R&D to provide the development research of existing businesses and improvement of existing products.

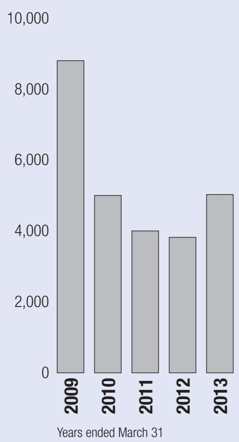
The Company implemented R&D activities that are directly linked to its businesses and the commercialization of products by integrating these activities directly into the respective companies and subsidiaries.

Regarding point 1. above, the corporate headquarters takes the leadership in this area, and, by working closely with the operating companies, research is focused on technological "seeds" and the search for new markets.

With regard to points 2. and 3. above, the individual business divisions and Group companies take the leadership in implementing these two categories of R&D.

R&D expenses amounted to ¥5,026 million during the fiscal year under review.

R&D Expenses
(Millions of yen)



Activities by business segment are as follows:

Fluid Machinery & Systems Company

The FMS Company worked to strengthen its lineup of products for global markets and develop products suited to the individual regions where they are sold in the fields of water, energy, and the natural environment, where sustained growth is expected in the medium-to-long term. In addition, the FMS Company advanced the development of equipment for seawater desalination, process pumps for oil and gas markets, energy-saving high-efficiency standard pumps and motors, submersible pumps for use globally in sewage treatment applications, and other types of equipment. It also completed the development of a series of turbo chillers equipped with a new, high-performance compressor and will introduce these to the market one by one as well as develop further applications. Amid an increasingly competitive environment, initiatives were also taken to enhance cost-competitiveness and reliability through the application of basic technologies, including advanced numerical simulation technology and materials engineering technology, as well as strengthen R&D for service and support businesses.

The FMS Company made expenditures on R&D amounting to ¥3,282 million during the fiscal year under review.

Environmental Engineering Company

In the environmental engineering field, since the focus of operations is shifting from the construction of new plants to after-sales service, in today's market, more so than in the past, the EE Company is being required to provide services related to the renewal of existing facilities and strengthen its capabilities for offering proposals for operation and maintenance (O&M) services as well as improve its cost-competitiveness. In view of these circumstances, the EE Company is working to strengthen its capabilities for the renewal of facilities, develop new technologies and products that will make possible reductions in the life-cycle cost of facilities, and promote repair, maintenance, and operating technologies that will improve the performance of existing products.

The EE Company made expenditures on R&D amounting to ¥147 million during the fiscal year under review.

Precision Machinery Company

In the precision machinery field, in the semiconductor device manufacture equipment field, the PM Company worked to refine and improve its existing products and develop new equipment with the aims of responding to the requirements for larger-diameter wafers as well as greater miniaturization and three-dimensional integration. Among component products, the PM Company is striving to develop products that can contribute to energy conservation as well as reduce the burden on the natural environment with the aims of responding to the "green fab" (eco-friendly) semiconductor manufacturing concept, which calls for greater conservation of energy and materials. Also, by pursuing collaborative R&D with customers and universities, and participating in consortia for the development of cutting-edge technologies, the PM Company is continuing its research into next-generation semiconductor process technologies.

The PM Company made expenditures on R&D amounting to ¥1,597 million during the fiscal year under review.

Business Risks

The Group confronts a number of business risks that may have an influence on the judgment of investors. These are described as follows. 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

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

2. Large-Scale Projects and Overseas Business Activities

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

3. Business Realignments, etc.

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

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. Risks Related to the Interest Rate and Funding

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

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 an adverse impact on the Group's performance. In addition, in the event of a major accident affecting the labor force or an accident involving equipment that leads to a stoppage, or impairment, of business activities, this may have an adverse impact on the Group's performance.

7. Deferred Tax Assets

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

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 effect on the Group's performance.

9. Legal Restrictions

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

10. Risk of Litigation and Other Conflicts

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

11. Risk of Increased Costs of Land Sales

As provided for in the sales contract for the land where the Company's former headquarters and its Haneda Plant were located, the area was handed over to Yamato Transport Co., Ltd. Subsequently, during the course of the construction of a logistics terminal by this company, slate fragments containing asbestos were discovered. Yamato Transport Co., Ltd., has brought a lawsuit against the Company for the payment of damages in the amount of approximately ¥7.4 billion (including indemnities due to late payment) in connection with the Company's failure to perform on its obligations as stated in the transfer contract and owing to responsibility for the provision of defective collateral. After investigating this matter, the Company has drawn the conclusion that the said slate fragments do not constitute defects under the contract. The Company has obtained a written legal opinion from a law office substantiating this view and will use this to assert the correctness of its position in this matter. Nevertheless, depending on the subsequent course of events, this matter may have an adverse effect on the Group's performance.

12. Risk of Collection of Export Receivables

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

13. Projected Benefit Obligation

The changes in the cost burden of the Group's retirement benefit plans (due to changes and other variations in the market value of pension assets, return on pension assets under management, and other factors) may have an effect on the Group's performance and financial position. In addition, in accordance with the revised Accounting Standard for Retirement Benefits, which will be applied in financial statements beginning in the fiscal year ending March 31, 2014, the amounts of unrecognized actuarial differences and unrecognized costs related to past services of employees will be presented among net assets on the balance sheets after deductions for tax effects. The amount of net assets is forecast to decline in the first year these accounting standards are applied, and, therefore, these accounting changes may have an effect on the Group's financial position.

Please note that the amounts of unrecognized actuarial differences and unrecognized costs related to past services of employees are presented in "Note 19."

Consolidated Balance Sheets

EBARA CORPORATION and Consolidated Subsidiaries
As of March 31, 2013 and 2012

ASSETS	Millions of yen 2013	2012	Thousands of U.S. dollars (Note 5) 2013
Current assets:			
Cash on hand and in banks and securities	**¥114,306**	¥ 87,812	**$1,215,375**
Notes and accounts receivable–trade	**157,459**	160,996	**1,674,205**
Allowance for doubtful accounts	**(1,702)**	(1,107)	**(18,097)**
Inventories (Note 6)	**66,948**	69,711	**711,834**
Deferred tax assets (Note 21)	**11,002**	11,514	**116,980**
Others	**15,285**	17,323	**162,521**
Total current assets	**363,298**	346,249	**3,862,818**
Property, plant and equipment (Note 15)**:**			
Land	**21,231**	21,669	**225,742**
Buildings	**97,867**	93,208	**1,040,585**
Machinery and equipment	**138,875**	129,879	**1,476,608**
Lease assets	**2,841**	3,185	**30,207**
Construction in progress	**4,609**	4,642	**49,006**
	265,423	252,583	**2,822,148**
Accumulated depreciation	**(174,701)**	(163,479)	**(1,857,533)**
Property, plant and equipment, net (Note 7)	**90,722**	89,104	**964,615**
Investments and other assets:			
Investment securities (Notes 7 and 17)	**16,576**	15,881	**176,247**
Investments in and advances to subsidiaries and affiliates	**7,845**	7,415	**83,413**
Long-term loans receivable	**564**	554	**5,997**
Deferred tax assets (Note 21)	**14,723**	19,115	**156,544**
Other investments	**6,989**	15,956	**74,311**
Other assets	**7,084**	5,766	**75,321**
Allowance for doubtful accounts	**(3,225)**	(11,076)	**(34,290)**
Total investments and other assets	**50,556**	53,611	**537,543**
Total assets	**¥504,576**	¥488,964	**$5,364,976**

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 5) 2013
Current liabilities:			
Short-term loans payable (Notes 7 and 9)	**¥ 52,024**	¥ 54,798	**$ 553,153**
Current portion of long-term debt (Notes 7 and 9)	**33,991**	24,579	**361,414**
Notes and accounts payable–trade	**95,887**	105,639	**1,019,532**
Accrued income taxes	**2,178**	3,324	**23,158**
Deferred tax liabilities	**31**	19	**330**
Lease obligations	**655**	649	**6,964**
Reserve for losses on construction completion guarantees	**3,169**	5,359	**33,695**
Reserve for product warranties	**2,769**	1,713	**29,442**
Reserve for construction losses	**5,585**	8,758	**59,383**
Reserve for expenses related to the sales of land	**1,847**	1,850	**19,638**
Accrued expenses and other current liabilities	**47,594**	43,653	**506,050**
Total current liabilities	**245,730**	250,341	**2,612,759**
Long-term liabilities:			
Long-term debt (Notes 7 and 9)	**51,338**	62,641	**545,859**
Lease obligations	**906**	950	**9,633**
Accrued severance and pension costs (Note 19)	**9,801**	15,250	**104,211**
Deferred tax liabilities	**322**	260	**3,424**
Asset retirement obligations	**1,825**	1,800	**19,405**
Other long-term liabilities	**2,868**	3,066	**30,493**
Total long-term liabilities	**67,060**	83,967	**713,025**
Net assets (Note 13)**:**			
Shareholders' equity:			
Common stock:			
Authorized: 1,000,000,000 shares			
Issued: 465,118,658 shares in 2013 and 422,899,658 shares in 2012	**68,613**	61,314	**729,537**
Capital surplus	**72,542**	65,243	**771,313**
Retained earnings	**53,886**	41,752	**572,951**
Treasury stock			
703,461 shares in 2013 and 689,200 shares in 2012	**(284)**	(278)	**(3,020)**
Total shareholders' equity	**194,757**	168,031	**2,070,781**
Accumulated other comprehensive income (loss):			
Net unrealized gains on investment securities	**1,662**	1,116	**17,671**
Deferred gains on hedges	**12**	6	**128**
Translation adjustments	**(9,548)**	(18,090)	**(101,520)**
Total accumulated other comprehensive income (loss)	**(7,874)**	(16,968)	**(83,721)**
Subscription rights to shares	**547**	439	**5,815**
Minority interests	**4,356**	3,154	**46,317**
Total net assets	**191,786**	154,656	**2,039,192**
Total liabilities and net assets	**¥504,576**	¥488,964	**$5,364,976**

Consolidated Statements of Income

EBARA CORPORATION and Consolidated Subsidiaries
For the fiscal years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 5)
	2013	2012	2013
Net sales	¥426,302	¥412,077	$4,532,716
Cost of sales	322,192	318,937	3,425,752
Gross profit	104,110	93,140	1,106,964
Selling, general and administrative expenses	79,026	69,873	840,255
Operating income	25,084	23,267	266,709
Other income (expenses):			
Interest and dividend income	754	812	8,017
Interest expenses	(2,351)	(2,515)	(24,997)
Gain on sales of securities	5	42	53
Write-down of securities and other investments	(408)	(161)	(4,338)
Loss on sales and disposal of fixed assets, net	(503)	(126)	(5,348)
Gain on sales of investments in subsidiaries and affiliates	—	462	—
Impairment loss (Note 11)	(278)	(128)	(2,956)
Loss on liquidation of subsidiaries and affiliates	(45)	(168)	(478)
Loss on business withdrawal (Note 10)	—	(10,295)	—
Special retirement expenses	(298)	—	(3,169)
Other, net	1,928	(325)	20,499
	(1,196)	(12,402)	(12,717)
Income before income taxes and minority interests	23,888	10,865	253,992
Income taxes (Note 21)**:**			
Current taxes	5,766	3,336	61,308
Deferred tax expenses (benefits)	1,364	3,596	14,503
	7,130	6,932	75,811
Income before minority interests	16,758	3,933	178,181
Minority interests in income	1,455	1,043	15,470
Net income	¥ 15,303	¥ 2,890	$ 162,711

	Yen		U.S. dollars
Per share of common stock:			
Net income	¥35.93	¥6.85	$0.382
Fully diluted net income	33.69	6.72	0.358
Cash dividends (Note 13)	5.00	5.00	0.053

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

EBARA CORPORATION and Consolidated Subsidiaries
For the fiscal years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 5)
	2013	2012	**2013**
Income before minority interests	**¥16,758**	¥3,933	**$178,181**
Other comprehensive income (loss)			
Net unrealized gains (losses) on investment securities	**528**	51	**5,614**
Unrealized gains (losses) on hedges	**5**	16	**53**
Translation adjustments	**8,850**	(2,014)	**94,099**
Share of other comprehensive income (loss) of associates accounted for using equity method	**59**	(7)	**627**
Total other comprehensive income (loss) (Note 12)	**9,442**	(1,954)	**100,393**
Comprehensive income	**26,200**	1,979	**278,574**
Comprehensive income attributable to shareholders of EBARA CORPORATION	**24,397**	962	**259,404**
Comprehensive income attributable to minority interests	**1,803**	1,017	**19,170**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

EBARA CORPORATION and Consolidated Subsidiaries
For the fiscal year ended March 31, 2013

	Millions of yen					
		Shareholders' equity				
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2012	422,899,658	¥61,314	¥65,243	¥41,752	¥(278)	¥168,031
Changes during the fiscal year						
Net income				**15,303**		**15,303**
Cash dividends				**(3,169)**		**(3,169)**
Issuance of new shares	**42,000,000**	**7,262**	**7,262**			**14,524**
Issuance of new shares (exercise of subscription rights to shares)	**219,000**	**37**	**37**			**74**
Change of increase in scope of consolidation						
Net unrealized gains on investment securities						
Change in translation adjustments						
Purchase of treasury stock					**(6)**	**(6)**
Loss on disposal of treasury stock			**0**		**0**	**0**
Changes in profit/loss deferral hedge accounting						
Changes in subscription rights to shares						
Changes in minority interests						
Total changes during the fiscal year		**7,299**	**7,299**	**12,134**	**(6)**	**26,726**
Balance at March 31, 2013	**465,118,658**	**¥68,613**	**¥72,542**	**¥53,886**	**¥(284)**	**¥194,757**

	Millions of yen						
	Accumulated other comprehensive income (loss)						
	Net unrealized gains on investment securities	Deferred gains on hedges	Translation adjustments	Total accumulated other comprehensive income (loss)	Subscription rights to shares	Minority interests	Total net assets
Balance at April 1, 2012	¥1,116	¥ 6	¥(18,090)	¥(16,968)	¥439	¥3,154	¥154,656
Changes during the fiscal year							
Net income							**15,303**
Cash dividends							**(3,169)**
Issuance of new shares							**14,524**
Issuance of new shares (exercise of subscription rights to shares)					**(74)**		**0**
Change of increase in scope of consolidation							
Net unrealized gains on investment securities	**546**			**546**			**546**
Change in translation adjustments			**8,542**	**8,542**			**8,542**
Purchase of treasury stock							**(6)**
Loss on disposal of treasury stock							**0**
Changes in profit/loss deferral hedge accounting		**6**		**6**			**6**
Changes in subscription rights to shares					**182**		**182**
Changes in minority interests						**1,202**	**1,202**
Total changes during the fiscal year	**546**	**6**	**8,542**	**9,094**	**108**	**1,202**	**37,130**
Balance at March 31, 2013	**¥1,662**	**¥12**	**¥ (9,548)**	**¥ (7,874)**	**¥547**	**¥4,356**	**¥191,786**

EBARA CORPORATION and Consolidated Subsidiaries
For the fiscal year ended March 31, 2013

	Thousands of U.S. dollars (Note 5)				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2012	$651,931	$693,703	$443,935	$(2,960)	$1,786,609
Changes during the fiscal year					
Net income			**162,711**		**162,711**
Cash dividends			**(33,695)**		**(33,695)**
Issuance of new shares	**77,214**	**77,214**			**154,428**
Issuance of new shares (exercise of subscription rights to shares)	**392**	**392**			**784**
Change of increase in scope of consolidation					
Net unrealized gains on investment securities					
Change in translation adjustments					
Purchase of treasury stock				**(64)**	**(64)**
Loss on disposal of treasury stock		**4**		**4**	**8**
Changes in profit/loss deferral hedge accounting					
Changes in subscription rights to shares					
Changes in minority interests					
Total changes during the fiscal year	**77,606**	**77,610**	**129,016**	**(60)**	**284,172**
Balance at March 31, 2013	**$729,537**	**$771,313**	**$572,951**	**$(3,020)**	**$2,070,781**

	Thousands of U.S. dollars (Note 5)						
	Accumulated other comprehensive income (loss)						
	Net unrealized gains on investment securities	Deferred gains on hedges	Translation adjustments	Total accumulated other comprehensive income (loss)	Subscription rights to shares	Minority interests	Total net assets
Balance at April 1, 2012	$11,866	$ 64	$(192,344)	$(180,414)	$4,664	$33,535	$1,644,394
Changes during the fiscal year							
Net income							**162,711**
Cash dividends							**(33,695)**
Issuance of new shares							**154,428**
Issuance of new shares (exercise of subscription rights to shares)					**(784)**		**0**
Change of increase in scope of consolidation							
Net unrealized gains on investment securities	**5,805**			**5,805**			**5,805**
Change in translation adjustments			**90,824**	**90,824**			**90,824**
Purchase of treasury stock							**(64)**
Loss on disposal of treasury stock							**8**
Changes in profit/loss deferral hedge accounting		**64**		**64**			**64**
Changes in subscription rights to shares					**1,935**		**1,935**
Changes in minority interests						**12,782**	**12,782**
Total changes during the fiscal year	**5,805**	**64**	**90,824**	**96,693**	**1,151**	**12,782**	**394,798**
Balance at March 31, 2013	**$17,671**	**$128**	**$(101,520)**	**$ (83,721)**	**$5,815**	**$46,317**	**$2,039,192**

EBARA CORPORATION and Consolidated Subsidiaries
For the fiscal year ended March 31, 2012

	Millions of yen					
		Shareholders' equity				
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2011	459,245,678	¥61,284	¥65,213	¥40,760	¥(266)	¥166,991
Changes during the fiscal year						
Net income				2,890		2,890
Cash dividends				(2,110)		(2,110)
Issuance of new shares (exercise of subscription rights to shares)	174,000	30	30			60
Change of increase in scope of consolidation				212		212
Net unrealized gains on investment securities						
Change in translation adjustments						
Purchase of treasury stock					(13)	(13)
Retirement of treasury stock	(36,520,020)					
Loss on disposal of treasury stock			0		1	1
Changes in profit/loss deferral hedge accounting						
Changes in subscription rights to shares						
Changes in minority interests						
Total changes during the fiscal year		30	30	992	(12)	1,040
Balance at March 31, 2012	422,899,658	¥61,314	¥65,243	¥41,752	¥(278)	¥168,031

	Millions of yen						
	Accumulated other comprehensive income (loss)						
	Net unrealized gains on investment securities	Deferred gains on hedges	Translation adjustments	Total accumulated other comprehensive income (loss)	Subscription rights to shares	Minority interests	Total net assets
Balance at April 1, 2011	¥1,053	¥(10)	¥(16,083)	¥(15,040)	¥362	¥2,625	¥154,938
Changes during the fiscal year							
Net income							2,890
Cash dividends							(2,110)
Issuance of new shares (exercise of subscription rights to shares)					(58)		2
Change of increase in scope of consolidation							212
Net unrealized gains on investment securities	63			63			63
Change in translation adjustments			(2,007)	(2,007)			(2,007)
Purchase of treasury stock							(13)
Retirement of treasury stock							
Loss on disposal of treasury stock							1
Changes in profit/loss deferral hedge accounting		16		16			16
Changes in subscription rights to shares					135		135
Changes in minority interests						529	529
Total changes during the fiscal year	63	16	(2,007)	(1,928)	77	529	(282)
Balance at March 31, 2012	¥1,116	¥ 6	¥(18,090)	¥(16,968)	¥439	¥3,154	¥154,656

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

EBARA CORPORATION and Consolidated Subsidiaries
For the fiscal years ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 5)
	2013	2012	**2013**
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	**¥23,888**	¥ 10,865	**$253,992**
Depreciation and amortization	**12,356**	12,765	**131,377**
Impairment loss	**278**	128	**2,956**
Gain on sales of securities and investment securities	**(5)**	(504)	**(53)**
Decrease in provision	**(15,527)**	(3,712)	**(165,093)**
Loss (gain) on sales of fixed assets	**123**	(18)	**1,308**
Interest and dividend income	**(754)**	(812)	**(8,017)**
Interest expenses	**2,351**	2,515	**24,997**
Decrease (increase) in notes and accounts receivable–trade	**8,676**	(2,839)	**92,249**
Decrease (increase) in inventories	**5,959**	(3,387)	**63,360**
Increase (decrease) in notes and accounts payable–trade	**(11,485)**	8,613	**(122,116)**
Increase (decrease) in other assets/liabilities	**13,881**	(2,647)	**147,581**
Other loss (gain)	**1,737**	(190)	**18,480**
Sub-total	**41,478**	20,777	**441,021**
Interest and dividends received	**816**	823	**8,676**
Interest expenses paid	**(2,400)**	(2,550)	**(25,518)**
Income taxes paid	**(5,880)**	(6,461)	**(62,520)**
Net cash provided by operating activities	**34,014**	12,589	**361,659**
Cash Flows from Investing Activities:			
Purchases of fixed assets	**(11,816)**	(10,133)	**(125,635)**
Sales of fixed assets	**60**	244	**638**
Purchases of securities and investment securities	**(26,278)**	(3,392)	**(279,405)**
Sales and redemption of securities and investment securities	**5,690**	3,826	**60,500**
Payment into time deposits	**(918)**	(516)	**(9,761)**
Withdrawal of time deposits	**1,023**	—	**10,877**
Disbursement of loans receivable	**(2,797)**	(3,077)	**(29,740)**
Collection of loans receivable	**2,761**	2,618	**29,357**
Purchase of investments in capital of subsidiaries	**(992)**	—	**(10,548)**
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	**—**	870	**—**
Sales or purchases of other investments, net	**136**	722	**1,446**
Net cash used in investing activities	**(33,131)**	(8,838)	**(352,271)**
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term loans payable	**(4,689)**	1,337	**(49,856)**
Proceeds from long-term loans payable	**2,629**	16,267	**27,953**
Repayment of long-term loans payable	**(24,635)**	(14,466)	**(261,935)**
Proceeds from issuance of bonds	**20,000**	—	**212,653**
Redemption of bonds	**—**	(20,000)	**—**
Proceeds from issuance of common stock	**14,524**	—	**154,428**
Purchase of treasury stock	**(6)**	(13)	**(64)**
Cash dividends paid	**(3,169)**	(2,110)	**(33,695)**
Proceeds from stock issuance to minority shareholders	**97**	241	**1,031**
Cash dividends paid to minority shareholders	**(708)**	(692)	**(7,528)**
Others	**(779)**	(562)	**(8,282)**
Net cash provided by (used in) financing activities	**3,264**	(19,998)	**34,705**
Translation Adjustments	**2,348**	(771)	**24,965**
Increase (decrease) in Cash and Cash Equivalents	**6,495**	(17,018)	**69,058**
Cash and Cash Equivalents:			
At beginning of fiscal year:			
Balance brought forward	**87,296**	104,003	**928,187**
Increase in cash and cash equivalents resulting from change of scope of consolidation	**—**	311	**—**
At end of fiscal year (Note 14)	**¥93,791**	¥ 87,296	**$997,245**

The accompanying notes are an integral part of these statements.

1. Basis of Presenting Consolidated Financial Statements

EBARA CORPORATION (the "Company") and its subsidiaries (hereinafter, collectively referred to as the "Group") maintain their records and prepare their statutory financial statements in accordance with generally accepted accounting principles in Japan, and its foreign subsidiaries in conformity with those of the countries of their domicile. The accompanying consolidated financial statements were also prepared in accordance with generally accepted accounting principles in Japan.

2. Summary of Significant Accounting Policies

Basis of consolidation

The consolidated financial statements include the accounts of the Company and those of certain of its subsidiaries. All significant intercompany transactions and accounts are eliminated in consolidation.

As of March 31, 2013, the numbers of consolidated subsidiaries, non-consolidated subsidiaries that applied the equity method, and affiliated companies that applied the equity method were 49, 1 and 2 (53, 1 and 2 in 2012), respectively.

The financial statements of 21 foreign subsidiaries are consolidated by using their financial statements as of the fiscal year end, and necessary adjustments are made to their financial statements to reflect any significant transactions from January 1 to March 31.

Previously, the date for closing the accounts of Elliott Company and its 11 subsidiaries, Ebara-Elliott Service (Taiwan) Co., Ltd., Elliott Ebara Singapore Pte. Ltd. and Elliott Ebara Turbomachinery India Pvt. Ltd. was December 31. As a result of the change in the account closing date of these companies to March 31, the financial statements consolidated with the Company's accounts for the fiscal year ended March 31, 2013 cover the 15-month period from January 1, 2012, through March 31, 2013.

The differences, at the time of acquisition or consolidation newly made, between the cost and underlying net equity of investments in consolidated subsidiaries are included in other assets and are amortized on a straight-line basis over a reasonable estimated period of time within a 20-year period in respect of each particular difference.

Foreign currency translation

Foreign currency denominated trade receivables and payables are translated into yen at the balance sheet date. Investments are translated into yen at the exchange rates current when the transactions occur.

Assets and liabilities of foreign consolidated subsidiaries are translated into yen at appropriate year-end rates. Revenue, expenses and net income of these companies are also translated into yen at the appropriate year-end rates. Contributed capital to those companies by the parent company is translated at the rates at which the transactions were made. Receivables and payables with the parent company are translated at the same rates used by the parent company, and the resultant translation adjustments are stated in the net assets section.

Investment securities and other financial instruments

Investment securities and other financial instruments are valued using the following methods:

(a) Securities having market value are stated at market value, and the unrealized gains or losses, net of tax, is credited or debited to net assets as shown in the balance sheets. Cost of securities sold is determined by the gross average.
(b) Securities not having market value are recorded at the gross average cost.
(c) Bonds held to maturity are stated at cost less accumulated amortization.
(d) Other financial assets (or instruments), including golf memberships, are valued at market value, if available.

Inventories

Finished goods and raw materials are stated at the gross average cost 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), 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 the specific identification cost 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).

Property, plant and equipment and related depreciation (except lease assets)
The declining balance method, applied according to the criteria specified in the corporate income tax laws, is used as the primary method for computing depreciation. However, depreciation of buildings (excluding fixtures installed in such buildings) that were acquired on or after April 1, 1998 is computed using the straight-line method. Consolidated foreign subsidiaries employ the straight-line method. Note that the method for depreciating minor assets valued from ¥100,000 to less than ¥200,000 is the lump-sum method specified in the corporate income tax laws, and these assets are depreciated in equal amounts over a three-year period.

Intangible assets and investments and other assets (except lease assets)
Intangible assets are amortized on a straight-line basis, according to the criteria specified in the Corporation Tax Law, and are used as the primary method for computing depreciation.
Software used in the Company is amortized on a straight-line basis for the estimated useful life of 5 years.

Lease assets
Lease assets under finance lease transactions that do not transfer ownership of the asset to the lessee are depreciated by the straight-line method over the lease term as the useful life and a residual value of zero.
For financial leases that do not transfer ownership to the lessee commencing on or prior to March 31, 2008, the Group adopts accounting standards normally applicable to ordinary operating lease transactions.

Allowance for doubtful accounts
Allowance for doubtful accounts is provided based on past experience for normal receivables and on an estimate of the collectability of receivables from companies in financial difficulty.

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.
Retirement benefits to directors and corporate auditors are also accrued at the amounts of the future liability in relation to the length of service at the balance sheet date and included in accrued severance and pension costs.
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.

Reserve for losses on construction completion guarantees
To provide for possible expenses arising from guarantees against defects, the Company makes reasonable estimates of the ratio of such expenses and uses this ratio to derive provisions for such losses.

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

Reserve for construction losses
To prepare for possible losses on construction projects contracted to the Company, the Company 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.
Inventories related to construction contracts on which losses are expected and the reserve for construction losses are both presented on the balance sheets without offsetting. The value of inventories related to construction contracts on which losses are expected that are contained within the reserve for construction losses was ¥4,693 million ($49,899 thousand) (Including work in process of ¥4,693 million) and ¥3,289 million (Including work in process of ¥3,289 million) for the fiscal years ended March 31, 2013 and 2012, respectively.
The provision to the reserve for construction losses contained in cost of sales was ¥2,740 million ($29,133 thousand) and ¥8,152 million for the fiscal years ended March 31, 2013 and 2012, respectively.

Reserve for expenses related to the sales of land
Accompanying the sales of the land formerly occupied by the Group's headquarters and Haneda Plant, this reserve has been created to provide for expenses related to restoring the land to its original condition.

Revenue recognition
Standard for cost of completed work and construction revenue

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

Hedging accounting methods
Hedging transactions

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

Hedging instruments and hedged items

Hedging instruments

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

Hedged items

Currency exchange rate risk on existing assets and liabilities in foreign currencies and interest-rate risk.

Hedging policy

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

Assessing the effectiveness of hedging

Interest risk

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

Currency exchange rate risk

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

Income taxes
Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured by applying currently enacted tax rates and laws.

Stock and bond issue costs
Stock and bond issue costs are charged to income as incurred.

Research and development costs
Costs relating to research and development activities are charged to income as incurred. Research and development costs charged to income were ¥5,026 million ($53,440 thousand) and ¥3,827 million for the fiscal years ended March 31, 2013 and 2012, respectively.

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 investments.

Net income (loss) and dividends per share

Primary net income (loss) per share of common stock is based on the average number of shares of common stock outstanding during each period.

Common stock equivalents on warrants and convertible bonds are not taken into consideration for the above computation. Fully diluted net income per share of common stock is computed assuming outstanding convertible bonds at that date are all converted to common shares after adjustment of after-tax debt servicing costs, unless antidilutive effect results.

Consumption tax

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

Non-deductible consumption taxes are expensed for the fiscal year ended March 31, 2013.

Consolidated taxation system

A consolidated taxation system is applied.

Standard issued but not yet effective

On May 17, 2012, the ASBJ issued "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan [ASBJ] Statement No. 26) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25), which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000 and the other related practical guidance, being followed by partial amendments from time to time through 2009. The major changes are as follows:

(1) Treatment in the balance sheet

Actuarial gains and losses and prior service costs that have yet to be recognized in profit or loss shall be recognized within the net assets (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(2) Treatment in the statements of income and the statements of comprehensive income

Actuarial gains and losses and prior service costs that arose in the current period and have yet to be recognized in profit or loss shall be included in other comprehensive income, and actuarial gains and losses and prior service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

This standard and related guidance are effective as of the end of the fiscal years beginning on or after April 1, 2013. The Company is currently evaluating the effect these modifications will have on its consolidated results of operations and financial position.

3. Change in Accounting Policies

Application of Accounting Standard for Earnings Per Share

From the fiscal year ended March 31, 2012, the Group has applied the "Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2, issued on June 30, 2010), the "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4, issued on June 30, 2010), and the "Practical Solution on Accounting for Earnings Per Share" (ASBJ PITF No. 9, issued on June 30, 2010).

To calculate diluted net income per share of the quarter, the Group has changed the method to include potential services offered by the employees in the fair valuation of stock options of payment when exercising the right regarding stock options whose rights are secured after a certain period of employment.

Changes in Depreciation Method

In accordance with an amendment of the Corporation Tax Law effective April 1, 2012, the Company and its domestic consolidated subsidiaries have changed their depreciation method for tangible fixed assets acquired on or after April 1, 2012 to reflect the methods prescribed in the amended Corporation Tax Law. This change had an immaterial impact on the profit and loss.

4. Additional Information

Adoption of Accounting Standard for Accounting Changes and Error Corrections

For accounting changes and corrections of prior period errors made on and after the beginning of the fiscal year ended March 31, 2012, the Group adopted the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, issued on December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, issued on December 4, 2009).

5. U.S. Dollar Amounts

The U.S. dollar amounts are included solely for convenience and have been translated as a matter of arithmetical computation only at the rate of ¥94.05=US$1, the rate of exchange prevailing on March 31, 2013. The approximate rate of exchange prevailing at May 31, 2013 was ¥101.18=US$1. This translation should not be construed as a representation that yen amounts actually represent or could be converted into U.S. dollars.

6. Inventories

Inventories comprise the following:

	Millions of yen		Thousands of U.S. dollars
As of March 31	2013	2012	2013
Finished goods	¥ 9,949	¥10,622	$105,784
Raw materials	19,118	18,977	203,275
Work in process	37,881	40,112	402,775
Total	¥66,948	¥69,711	$711,834

7. Pledged Assets and Related Liabilities

Pledged assets are as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	2013	2012	2013
Buildings	¥2,783	¥1,120	$29,591
Machinery and equipment	1,551	1,807	16,491
Land	83	189	883
Investment securities	1,774	1,290	18,862
Total	¥6,191	¥4,406	$65,827

Foundation mortgages of pledged assets are as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	2013	2012	2013
Buildings	¥—	¥ 17	$—
Machinery and equipment	—	—	—
Land	—	114	—
Investment securities	—	—	—
Total	¥—	¥131	$—

Collateral for loans is as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	2013	2012	2013
Short-term loans payable	¥1,087	¥6,877	$11,558
Long-term loans payable	2,173	1,331	23,105

Foundation mortgages of collateral for loans are as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	**2013**	2012	**2013**
Short-term loans payable	**¥—**	¥700	**$—**
Long-term loans payable	**—**	—	**—**

Pledged assets for purposes other than loans payable are as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	**2013**	2012	**2013**
Investment securities	**¥20**	¥20	**$213**

8. Commitments and Contingent Liabilities

The Company and its consolidated subsidiaries had the following commitments and contingent liabilities:

	Millions of yen		Thousands of U.S. dollars
As of March 31	**2013**	2012	**2013**
Loans guaranteed:			
Unconsolidated subsidiaries and affiliates	**¥626**	¥736	**$6,656**
Others	**275**	359	**2,924**

9. Short-Term Loans Payable and Long-Term Debt

As of March 31, 2013 and 2012, short-term loans payable amounted to ¥52,024 million ($553,153 thousand) and ¥54,798 million, respectively, and generally represent short-term loans payable (having a life of less than 365 days), of which ¥639 million ($6,794 thousand) and ¥1,446 million are secured, respectively.

As of March 31, 2013 and 2012, ¥3,260 million ($34,662 thousand) and ¥8,208 million of short-term loans payable and long-term loans payable were collateralized by assets amounting to ¥6,191 million ($65,827 thousand) and ¥4,406 million, respectively.

The weighted-average interest rates for short-term loans and current portion of long-term loans as of March 31, 2013 and 2012 were 0.978% and 1.188%, respectively.

Long-term debt (excluding lease obligations) comprised:

	Millions of yen		Thousands of U.S. dollars
As of March 31	**2013**	2012	**2013**
Loans payable from banks, insurance companies, and other, due 2013 to 2022 with interest rate of 0.014% to 12.0% at March 31, 2013 and with interest rate of 0.7% to 12.0% at March 31, 2012			
Secured	**¥ 2,621**	¥ 6,762	**$ 27,868**
Unsecured	**42,708**	60,458	**454,099**
1.30% unsecured bonds with stock acquisition rights due 2013 issued in the overseas market	**20,000**	20,000	**212,653**
Unsecured bonds with stock acquisition rights due 2018 issued in the overseas market	**20,000**	—	**212,653**
	85,329	87,220	**907,273**
Less current portion due within one year	**(33,991)**	(24,579)	**(361,414)**
Total	**¥51,338**	¥62,641	**$545,859**

The maturities of long-term debt (excluding lease obligations) are summarized as follows:

As of March 31	Millions of yen	Thousands of U.S. dollars
2014	¥33,991	$361,414
2015	8,215	87,347
2016	4,030	42,850
2017	17,955	190,909
2018	20,504	218,012
2019 and thereafter	634	6,741

10. Loss on Business Withdrawal

The loss on business withdrawal is the estimate of loss to be incurred in connection with the withdrawal from the InfraServ project in Germany. The breakdown of this loss is as follows:

	Millions of yen		Thousands of U.S. dollars
For the fiscal years ended March 31	**2013**	2012	**2013**
Provision of allowance for doubtful accounts accompanying the aging of accounts receivable (accompanying the payment of certain accounts receivable on a long-term basis)	**¥—**	¥ 7,000	**$—**
Portion of cost incurred related to additional construction for improvements	**—**	3,295	**—**
Total	**¥—**	¥10,295	**$—**

11. Impairment Loss on Long-Lived Assets

Fiscal year ended March 31, 2013

The Group reported an impairment loss of long-lived assets amounting to ¥278 million ($2,956 thousand) in the fiscal year ended March 31, 2013. This impairment loss was recognized in the following asset groups: Contracts of technical alliances and idle assets.

Outline of asset grouping: The Group groups its assets according to its business segments, but idle assets are grouped individually.

Recognition of impairment loss: Since the price at which buildings and land are planned to be sold is below the book value of such assets, the Company has written down the book value to the recoverable value. Also, since the value in use of equipment for the manufacturing of chillers machinery was below the book value of such machinery, the book value has been reduced to the recoverable value. Since idle buildings, machinery and equipment, and land are no longer expected to contribute to earnings in future periods, the book value has been reduced to the memorandum value or recoverable value.

Computation of recoverable value: The recovery value of assets has been calculated as the value in use or the net sales value. The net sales value is estimated by reasonable methods, taking officially announced land prices and other information as a base. The discount rate used for measuring the value in use as the recoverable value based on future cash flows was 6.0%.

Fiscal year ended March 31, 2012

The Group reported an impairment loss of long-lived assets amounting to ¥128 million in the fiscal year ended March 31, 2012. This impairment loss was recognized in the following asset groups: Contracts of technical alliances and idle assets.

Recognition of impairment loss: Regarding machinery and equipment, patents and others that are no longer expected to contribute to future income, the value of such assets has been derogated to the memorandum value. Regarding land and buildings, since the market value has decreased significantly compared with the book value, the book value has been reduced to the recoverable value.

Computation of recoverable value: The Group employs the net sales value as the recoverable amounts of idle assets. The net sales value is estimated by reasonable methods, taking officially announced land prices and other information as a base.

12. Other Comprehensive Income

The following table presents reclassification adjustments and tax effects allocated to each component of other comprehensive income for the fiscal years ended March 31, 2013 and 2012:

For the fiscal years ended March 31	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars 2013
Unrealized holding gain on securities:			
Amount arising during the fiscal year	¥ 771	¥ 86	$ 8,198
Reclassification adjustments for gains (losses) realized in net income	44	(72)	468
The amount of unrealized holding gains on securities before tax effect	815	14	8,666
Tax effect	(287)	37	(3,052)
Unrealized holding gains on securities	528	51	5,614
Deferred gains on hedges:			
Amount arising during the fiscal year	8	11	85
Reclassification adjustments for gains (losses) realized in net income	—	16	—
The amount of unrealized holding gains (losses) on securities before tax effect	8	27	85
Tax effect	(3)	(11)	(32)
Deferred gains on hedges	5	16	53
Translation adjustment:			
Amount arising during the fiscal year	8,596	(2,015)	91,398
Reclassification adjustments for gains (losses) realized in net income	254	—	2,701
Translation adjustment	8,850	(2,015)	94,099
Share of other comprehensive income (loss) of associates accounted for using equity method:			
Amount arising during the fiscal year	59	(6)	627
Total other comprehensive income (loss)	¥9,442	¥(1,954)	$100,393

13. Net Assets

The Companies Act of Japan (Act No. 86 of 2005, as amended) provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the total of the capital reserve and the legal reserve equals 25% of the common stock account.

Such distribution can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

Dividends

1. Dividends paid

For the fiscal year ended March 31, 2013

Resolution	Type of shares	Total dividends Millions of yen	Total dividends Thousands of U.S. dollars	Dividends per share Yen	Dividends per share U.S. dollars	Cut-off date	Effective date
Regular General Meeting of Shareholders on June 28, 2012	Common stock	¥2,111	$22,446	¥5.00	$0.053	March 31, 2012	June 29, 2012

Resolution	Type of shares	Total dividends Millions of yen	Total dividends Thousands of U.S. dollars	Dividends per share Yen	Dividends per share U.S. dollars	Cut-off date	Effective date
Board Meeting on November 5, 2012	Common stock	**¥1,056**	**$11,228**	**¥2.50**	**$0.0265**	September 30, 2012	December 4, 2012

For the fiscal year ended March 31, 2012

Resolution	Type of shares	Total dividends Millions of yen	Dividends per share Yen	Cut-off date	Effective date
Regular General Meeting of Shareholders on June 24, 2011	Common stock	¥2,110	¥5.00	March 31, 2011	June 27, 2011

2. Dividends with the cut-off date in the fiscal year ended March 31, 2013 and the effective date in the fiscal year ending March 31, 2014

Resolution	Type of shares	Total dividends Millions of yen	Total dividends Thousands of U.S. dollars	Source of dividends	Dividends per share Yen	Dividends per share U.S. dollars	Cut-off date	Effective date
Regular General Meeting of Shareholders on June 27, 2013	Common stock	**¥1,161**	**$12,344**	Retained earnings	**¥2.50**	**$0.0265**	March 31, 2013	June 28, 2013

Dividends with the cut-off date in the fiscal year ended March 31, 2012 and the effective date in the fiscal year ended March 31, 2013

Resolution	Type of shares	Total dividends Millions of yen	Source of dividends	Dividends per share Yen	Cut-off date	Effective date
Regular General Meeting of Shareholders on June 28, 2012	Common stock	¥2,111	Retained earnings	¥5.00	March 31, 2012	June 29, 2012

14. Supplementary Cash Flow Information

Cash and cash equivalents in the consolidated statements of cash flows for the fiscal years ended March 31, 2013 and 2012 are reconciled to cash on hand and in banks in the consolidated balance sheets as follows:

For the fiscal years ended March 31	Millions of yen **2013**	Millions of yen 2012	Thousands of U.S. dollars **2013**
Cash on hand and in banks	**¥90,753**	¥84,956	**$964,944**
Securities	**23,553**	2,856	**250,431**
Securities with maturities of more than three months	**(20,005)**	(1)	**(212,706)**
Time deposits with maturities of more than three months	**(510)**	(515)	**(5,424)**
Cash and cash equivalents	**¥93,791**	¥87,296	**$997,245**

15. Leases

For finance lease transactions that do not transfer ownership to the lessee commencing on or prior to March 31, 2008, the Group adopts accounting treatment normally applicable to ordinary operating lease transactions.

The following pro forma amounts concern the finance leases, which would have been reflected in the financial statements if finance lease accounting had been applied to the finance lease transactions currently accounted for as operating leases:

(As lessee)

	Millions of yen		Thousands of U.S. dollars
As of March 31	**2013**	2012	**2013**
Acquisition costs:			
Machinery and equipment	**¥2,501**	¥3,144	**$26,592**
Accumulated depreciation:			
Machinery and equipment	**1,584**	1,824	**16,842**
Net book value:			
Machinery and equipment	**917**	1,320	**9,750**
Future lease payments:			
Due within one year	**236**	492	**2,509**
Due after one year	**73**	397	**776**
Total	**¥ 309**	¥ 889	**$ 3,285**
Amounts equivalent to lease payments, depreciation expenses, and interest expense:			
Lease payments	**¥ 425**	¥ 512	**$ 4,519**
Depreciation expense	**336**	486	**3,573**
Interest expense	**11**	18	**117**

The depreciation expense is computed by the straight-line method over the lease terms.

Interest is computed as the difference between the total lease payments and the value of leased assets and is allocated to each period using the interest method.

Information concerning operating leases is as follows:

(As lessee)

	Millions of yen		Thousands of U.S. dollars
As of March 31	**2013**	2012	**2013**
Future lease payments for operating lease transactions:			
Due within one year	**¥ 582**	¥ 502	**$ 6,188**
Due after one year	**2,375**	2,103	**25,253**
Total	**¥2,957**	¥2,605	**$31,441**

16. Financial Instruments

1. Status of financial instruments

(1) Policies regarding financial instruments

The Company raises the necessary long-term funds for its capital investment and other requirements principally from bank borrowings, the issuance of bonds, and other means. Short-term working capital is raised through bank borrowings and other sources, as necessary. Available short-term funds are invested in highly secure financial assets. In addition, derivatives are used to avoid risk based on actual demand, and the Company's policy is not to use derivatives for speculative purposes.

(2) Types and risk for financial instruments

Notes and accounts receivable–trade, which are operating assets, are exposed to customer credit risk. In addition, since the Company conducts its business activities globally, its operating assets denominated in foreign currencies are exposed to foreign currency risk. To manage foreign currency risk, the Company hedges its net foreign currency assets and liabilities position through the use of foreign currency borrowings and deposits. The Company's consolidated subsidiaries use foreign currency forward contracts to hedge foreign currency exposure. Securities and investment securities are principally certificates of deposit, money market funds (MMFs), and stocks in financial institutions and other companies that are held for business relationship purposes and are, therefore, exposed to market price fluctuations.

Notes and accounts payable–trade, which are operating liabilities, are made payment, for the most part, within one year. In addition, a portion of these, which arise in connection with imports of motors and other items, are denominated in foreign currencies and are exposed to foreign currency risk; however, in general, the balance of these liabilities is within the amounts of accounts receivable–trade denominated in foreign currencies. Among these, a portion of borrowings have floating interest rates and are subject to interest-rate risk. These are hedged through the use of derivatives (interest-rate swaps). The Company also makes use of other derivatives: namely, foreign currency forward contracts that are employed to hedge the foreign currency risk of operating assets and liabilities denominated in foreign currencies as well as interest-rate swaps that are arranged to hedge the risk of interest paid on borrowings. Please note that further information on hedge accounting, including hedging instruments, hedging items, hedging policy, and assessing the effectiveness of hedging, may be found in a previous section entitled "Hedging accounting methods" contained in the section "2. Summary of Significant Accounting Policies".

(3) Risk management systems for financial instruments

a. Management of credit risk (risk related to nonperformance of contractual obligations by transaction counterparties)

Regarding operating assets, the Company's finance and business departments, based on the Company regulations related to invoices and the credit management, monitor the condition of principal business customers, and supervise the payment dates and balances by customer with the aims of identifying possible deterioration in the financial condition of customers and other issues related to the recovery of exposure at an early date and taking steps to minimize credit risk. The Company's consolidated subsidiaries have also adopted the same method of management.

For securities held to maturity, under the Company's regulations, investments are made only in securities with high credit ratings, and the credit risk of these investments is minimal.

The maximum value of credit risk, as of the date of the closing of accounts, is shown by the value on the balance sheets of financial assets subject to credit risk.

b. Management of market risk (risk of fluctuations in foreign currency rates, interest rates, and other indicators)

To manage foreign currency risk, assets and liabilities denominated in foreign currencies are classified by currency, and risk is hedged through the use of foreign currency borrowings and deposits. Also, for foreign currency assets and liabilities, the Company makes use of foreign currency forward contracts to hedge its exposure. Please note that, depending on conditions in foreign currency markets, for confirmed and scheduled foreign currency assets and obligations that are certain to take place, the Company makes arrangements for foreign currency forward contracts. To hedge against interest-rate fluctuations, the Company makes use of interest-rate swaps.

For securities and investment securities, the Company confirms the market prices and the financial condition of the issuers (transactions counterparties). In addition, for securities other than those held to maturity, the Company reviews its holdings on a continuing basis, taking account of the relationship with the issuer (counterparty).

For derivatives, the Company and its consolidated subsidiaries manage such exposure based on Company regulations for accounting for financial instruments.

c. Management of liquidity risk related to fund-raising (risk of being unable to meet payment obligations on the scheduled date)

The Company's Finance Department prepares and revises cash flow plans based on reports of the Company departments, and manages liquidity risk by maintaining a volume of liquidity appropriate for business conditions. Also, as an alternative to liquid assets, the Company manages its liquidity by arranging for commitment lines in a specified amount.

(4) Supplementary information on the fair value of financial instruments

The fair value of financial instruments, in addition to values based on market prices, also includes the value of instruments that do not have market prices that have been calculated based on reasonable methods. Since factors that may fluctuate are taken into account in these calculations, the respective values may change when different assumptions are adopted.

In addition, the contract value of derivatives, as contained in "Information of the fair value of financial instruments", does not indicate the value of the market risk of these derivative transactions.

2. Information on the fair value of financial instruments

The amounts shown on the consolidated balance sheets as of March 31, 2013 and 2012 (the Company's closing date of the consolidated accounts), the corresponding fair values, and differences between book and fair value are as follows.

Please note that the values of the financial instruments for which ascertaining the fair value is recognized to be extremely difficult have not been included (Refer to Note 2.).

	Millions of yen		
As of March 31, 2013	On consolidated balance sheets	Fair value	Difference
Cash on hand and in banks	**¥ 90,753**	**¥ 90,753**	**¥ —**
Notes and accounts receivable–trade	**157,459**		
Allowance for doubtful accounts*1	**(1,702)**		
	155,757	**155,594**	**(163)**
Securities and investment securities	**35,282**	**35,282**	**—**
Total	**¥281,792**	**¥281,629**	**¥ (163)**
Notes and accounts payable–trade	**¥ 95,887**	**¥ 95,887**	**¥ —**
Short-term loans payable	**66,014**	**66,014**	**—**
Current portion of bonds with subscription rights to shares	**20,000**	**20,000**	**—**
Bonds with subscription rights to shares	**20,000**	**18,731**	**(1,269)**
Long-term loans payable	**31,338**	**31,225**	**(113)**
Total	**¥233,239**	**¥231,857**	**¥(1,382)**
Derivative transactions*2	**¥ 19**	**¥ 19**	**¥ —**

	Millions of yen		
As of March 31, 2012	On consolidated balance sheets	Fair value	Difference
Cash on hand and in banks	¥ 84,956	¥ 84,956	¥ —
Notes and accounts receivable–trade	160,996		
Allowance for doubtful accounts*1	(1,107)		
	159,889	159,750	(139)
Securities and investment securities	13,876	13,876	—
Total	¥258,721	¥258,582	¥(139)
Notes and accounts payable–trade	¥105,639	¥105,639	¥ —
Short-term loans payable	79,377	79,377	—
Bonds with subscription rights to shares	20,000	19,830	(170)
Long-term loans payable	42,641	41,916	(725)
Total	¥247,657	¥246,762	¥(895)
Derivative transactions*2	¥ 10	¥ 10	¥ —

As of March 31, 2013	Thousands of U.S. dollars On consolidated balance sheets	Fair value	Difference
Cash on hand and in banks	$ 964,940	$ 964,940	$ —
Notes and accounts receivable–trade	1,674,205		
Allowance for doubtful accounts*1	(18,097)		
	1,656,108	1,654,375	(1,733)
Securities and investment securities	375,141	375,141	—
Total	$2,996,189	$2,994,456	$ (1,733)
Notes and accounts payable–trade	$1,019,532	$1,019,532	$ —
Short-term loans payable	701,916	701,916	—
Current portion of bonds with subscription rights to shares	212,653	212,653	—
Bonds with subscription rights to shares	212,653	199,160	(13,493)
Long-term loans payable	333,206	332,005	(1,201)
Total	$2,479,960	$2,465,266	$(14,694)
Derivative transactions*2	$ 202	$ 202	$ —

*1 The full amount of the allowance for doubtful accounts is excluded. Please note that the allowance for doubtful accounts includes promissory notes receivable–trade, accounts receivable–trade, and other receivable–trade that are considered to be doubtful.
*2 The net amount of the assets and liabilities is shown.

Note 1: Methods of calculating the fair value of financial instruments and matters related to securities and derivatives

(1) Assets

a. Cash on hand and in banks

These items are settled within short periods and are shown at their respective book value, which is almost equivalent to their settlement values.

b. Notes and accounts receivable–trade

The fair value of these financial instruments is calculated, by specified period and type of security, as the present value by discounting the cash flow to maturity using a discount rate that takes account of credit risk.

c. Securities and investment securities

These fair values for stocks are based on quoted market prices. Also, certificates of deposit are settled within short periods and are shown at their respective book value, which is almost equivalent to their settlement values. For the note related to securities to be held to maturity, please refer to the “Marketable and Investment Securities” section of these notes.

(2) Liabilities

a. Notes and accounts payable–trade, Short-term loans payable, and Current portion of bonds with subscription rights to shares

Since these items are settled within short periods of time and the book value is close to fair value, they are presented at book value.

b. Bonds with subscription rights to shares and Long-term loans payable

These fair values are calculated using the discount rate that would apply if the full amount of the principal were newly borrowed. Long-term borrowings at floating rates are subject to special treatment as interest-rate swaps, with the total amount of principal being treated together with the related interest-rate swap, and the value is calculated as the present value, of the same kind of borrowing, using a discount rate determined by reasonable estimation methods.

(3) Derivative transactions

Please refer to “Note 18. Derivative Financial Instruments.”

Note 2: Financial instruments for which ascertaining the fair value is recognized to be extremely difficult

	On consolidated balance sheets		
	Millions of yen		Thousands of U.S. dollars
As of March 31	**2013**	2012	**2013**
Stocks of associated companies	**¥ 6,620**	¥ 6,356	**$ 70,388**
Unlisted stocks	**4,847**	4,863	**51,536**
Total	**¥11,467**	¥11,219	**$121,924**

Note: Market values are not available for these stocks, and, since ascertaining their fair value is recognized to be extremely difficult, the values of these stocks have not been included in "Securities and investment securities."

Note 3: Monetary claims and securities with maturity dates that are scheduled to be amortized after the closing date of the consolidated accounts

	Millions of yen			
As of March 31, 2013	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Over 10 years
Cash on hand and in banks	**¥ 90,753**	**¥ —**	**¥ —**	**¥—**
Notes and accounts receivable–trade	**152,050**	**5,216**	**193**	**—**
Investment securities and other securities:				
Bonds to be held to maturity:				
Other	**1**	**356**	**0**	**—**
Other securities with maturity:				
Other	**23,549**	**—**	**—**	**—**
Total	**¥266,353**	**¥5,572**	**¥193**	**¥—**

	Millions of yen			
As of March 31, 2012	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Over 10 years
Cash on hand and in banks	¥ 84,956	¥ —	¥—	¥—
Notes and accounts receivable–trade	157,872	3,104	20	—
Investment securities and other securities:				
Bonds to be held to maturity:				
Other	1	354	1	—
Other securities with maturity:				
Other	2,855	—	—	—
Total	¥245,684	¥3,458	¥21	¥—

	Thousands of U.S. dollars			
As of March 31, 2013	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Over 10 years
Cash on hand and in banks	**$ 964,940**	**$ —**	**$ —**	**$—**
Notes and accounts receivable–trade	**1,616,693**	**55,460**	**2,052**	**—**
Investment securities and other securities:				
Bonds to be held to maturity:				
Other	**11**	**3,785**	**0**	**—**
Other securities with maturity:				
Other	**250,388**	**—**	**—**	**—**
Total	**$2,832,032**	**$59,245**	**$2,052**	**$—**

Note 4: Interest-bearing debt that is scheduled to be repaid after the closing date of the consolidated accounts

As of March 31, 2013	Millions of yen Within 1 year	Over 1 year and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and within 5 years	Over 5 years
Short-term loans payable	**¥52,024**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Current portion of bonds with subscription rights to shares	**20,000**	**—**	**—**	**—**	**—**	**—**
Bonds with subscription rights to shares	**—**	**—**	**—**	**—**	**20,000**	**—**
Long-term loans payable	**13,991**	**8,215**	**4,030**	**17,955**	**504**	**634**
Lease obligations	**655**	**449**	**287**	**131**	**35**	**4**
Total	**¥86,670**	**¥8,664**	**¥4,317**	**¥18,086**	**¥20,539**	**¥638**

As of March 31, 2012	Millions of yen Within 1 year	Over 1 year and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and within 5 years	Over 5 years
Short-term loans payable	¥54,798	¥ —	¥ —	¥ —	¥ —	¥—
Bonds with subscription rights to shares	—	20,000	—	—	—	—
Long-term loans payable	24,579	13,692	8,098	3,311	17,470	70
Lease obligations	649	486	302	101	45	16
Total	¥80,026	¥34,178	¥8,400	¥3,412	¥17,515	¥86

As of March 31, 2013	Thousands of U.S. dollars Within 1 year	Over 1 year and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and within 5 years	Over 5 years
Short-term loans payable	**$553,153**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Current portion of bonds with subscription rights to shares	**212,653**	**—**	**—**	**—**	**—**	**—**
Bonds with subscription rights to shares	**—**	**—**	**—**	**—**	**212,653**	**—**
Long-term loans payable	**148,761**	**87,347**	**42,850**	**190,909**	**5,359**	**6,741**
Lease obligations	**6,964**	**4,774**	**3,052**	**1,393**	**372**	**42**
Total	**$921,531**	**$92,121**	**$45,902**	**$192,302**	**$218,384**	**$6,783**

17. Marketable and Investment Securities

Marketable and investment securities comprise securities which have fair value. The book value, gross unrealized gains and losses, and fair value for such securities at March 31, 2013 and 2012 are as follows:

Other securities:

As of March 31, 2013	Millions of yen Historical value	Unrealized gains	Unrealized losses	Book value
Book value over historical cost:				
Equity securities	**¥ 7,639**	**¥2,806**	**¥ —**	**¥10,445**
Historical cost over book value:				
Equity securities	**1,551**	**—**	**263**	**1,288**
Others	**23,549**	**—**	**—**	**23,549**

As of March 31, 2012	Millions of yen Historical value	Unrealized gains	Unrealized losses	Book value
Book value over historical cost:				
Equity securities	¥4,139	¥2,907	¥ —	¥7,046
Historical cost over book value:				
Equity securities	5,134	—	1,161	3,973
Others	2,855	—	—	2,855

As of March 31, 2013	Thousands of U.S. dollars Historical value	Unrealized gains	Unrealized losses	Book value
Book value over historical cost:				
Equity securities	**$ 81,223**	**$29,835**	**$ —**	**$111,058**
Historical cost over book value:				
Equity securities	**16,491**	**—**	**2,796**	**13,695**
Others	**250,388**	**—**	**—**	**250,388**

Proceeds from sales of marketable and investment securities and realized gains and losses for the fiscal years ended March 31, 2013 and 2012 are as follows:

Other securities:

For the fiscal year ended March 31, 2013	Millions of yen Proceeds of sales	Realized gains	Realized losses
Equity securities	**¥57**	**¥7**	**¥1**

For the fiscal year ended March 31, 2012	Millions of yen Proceeds of sales	Realized gains	Realized losses
Equity securities	¥3,826	¥83	¥41

For the fiscal year ended March 31, 2013	Thousands of U.S. dollars Proceeds of sales	Realized gains	Realized losses
Equity securities	**$606**	**$74**	**$11**

Impairment loss on securities:

	Millions of yen		Thousands of U.S. dollars
For the fiscal years ended March 31	**2013**	2012	**2013**
Valuation loss on investment securities	**¥398**	¥139	**$4,232**
Loss on valuation of membership	**11**	22	**117**
Total	**¥409**	¥161	**$4,349**

18. Derivative Financial Instruments

Fiscal year ended March 31, 2013

1. Derivatives not subject to hedge accounting

No items reported

2. Derivatives subject to hedge accounting

(1) Currency related

Classification	Transaction	Hedging instruments	Contractual value	Contractual value over 1 year	Fair value
			Millions of yen		
Deferred hedge accounting	Forward exchange contract	Accounts receivable–trade and accounts payable–trade			
	To sell:				
	CAD		¥ 25	¥—	¥ 0
	EUR		804	—	18
	To buy:				
	EUR		142	—	(1)
	GBP		1	—	(0)
	JPY		99	—	2
	Total		¥1,071	¥—	¥19

Classification	Transaction	Hedging instruments	Contractual value	Contractual value over 1 year	Fair value
			Thousands of U.S. dollars		
Deferred hedge accounting	Forward exchange contract	Accounts receivable–trade and accounts payable–trade			
	To sell:				
	CAD		$ 266	$—	$ 0
	EUR		8,549	—	191
	To buy:				
	EUR		1,510	—	(11)
	GBP		11	—	(0)
	JPY		1,052	—	21
	Total		$11,388	$—	$201

Note: Fair value is computed based on quotes from financial institutions, among other sources.

(2) Interest-rate related

Classification	Transaction	Hedging instruments	Contractual value	Contractual value over 1 year	Fair value
			Millions of yen		
Special treatment of interest-rate swaps	Interest-rate swap contract Receipts floating, payments fixed	Long-term loans payable	¥27,038	¥19,013	(See note below)

Classification	Transaction	Hedging instruments	Contractual value	Contractual value over 1 year	Fair value
			Thousands of U.S. dollars		
Special treatment of interest-rate swaps	Interest-rate swap contract Receipts floating, payments fixed	Long-term loans payable	$287,485	$202,158	(See note below)

Note: Items subject to special treatment of interest-rate swaps are handled together with long-term loans payable that are subject to hedging. The fair value is presented in the section entitled, “2. Information on the fair value of financial instruments” contained in the section “16. Financial Instruments.”

Fiscal year ended March 31, 2012

1. Derivatives not subject to hedge accounting

No items reported

2. Derivatives subject to hedge accounting

(1) Currency related

			Millions of yen		
Classification	Transaction	Hedging instruments	Contractual value	Contractual value over 1 year	Fair value
Deferred hedge accounting	Forward exchange contract	Accounts receivable–trade and accounts payable–trade			
	To sell:				
	CAD		¥ 40	¥—	¥ 2
	EUR		259	—	10
	JPY		233	—	(1)
	To buy:				
	EUR		86	—	(1)
	JPY		56	—	0
	Total		¥674	¥—	¥10

Note: Fair value is computed based on quotes from financial institutions, among other sources.

(2) Interest-rate related

			Millions of yen		
Classification	Transaction	Hedging instruments	Contractual value	Contractual value over 1 year	Fair value
Special treatment of interest-rate swaps	Interest-rate swap contract Receipts floating, payments fixed	Long-term loans payable	¥42,563	¥27,038	(See note below)

Note: Items subject to special treatment of interest-rate swaps are handled together with long-term loans payable that are subject to hedging. The fair value is presented in the section entitled, “2. Information on the fair value of financial instruments” contained in the section “16. Financial Instruments.”

19. Severance and Pension Plans

The Company, its domestic consolidated subsidiaries, and some foreign consolidated subsidiaries have severance and defined benefit pension plans as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	**2013**	2012	**2013**
Benefit obligation:			
Benefit obligation	**¥68,403**	¥54,567	**$727,305**
Fair value of plan assets	**(45,325)**	(35,692)	**(481,925)**
Unrecognized actuarial loss	**(12,930)**	(3,215)	**(137,480)**
Unrecognized prior service cost	**(519)**	(612)	**(5,518)**
Net amount recognized	**¥ 9,629**	¥15,048	**$102,382**

Accrued severance and pension costs as of March 31, 2013 and 2012 include the reserve for directors’ retirement benefits of ¥172 million ($1,829 thousand) and ¥202 million, respectively.

For the fiscal years ended March 31	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars 2013
Benefit cost:			
Service cost	**¥3,034**	¥2,840	**$32,259**
Interest cost	**2,182**	1,736	**23,200**
Expected return on plan assets	**(998)**	(1,020)	**(10,611)**
Recognized actuarial loss	**681**	773	**7,241**
Recognized prior service cost	**50**	72	**532**
Special retirement benefits	**266**	23	**2,828**
Others	**760**	727	**8,081**
Net periodic benefit cost	**¥5,975**	¥5,151	**$63,530**

For the fiscal years ended March 31	2013	2012
Assumptions to determine above obligation and cost:		
Discount rate	**2.0%**	2.0%
Discount rate (Subsidiaries outside Japan)	**4.0%**	4.4%
Expected return rate on plan assets	**2.7%**	2.7%
Expected return rate on plan assets (Subsidiaries outside of Japan)	**8.0%**	8.0%
Amortization period of actuarial loss	**10 years**	10 years
Amortization period of prior service cost	**10 years**	10 years

20. Stock Options

1. Items and amounts of related expenses presented in the consolidated accounts for the fiscal years 2013 and 2012 are as follows:

For the fiscal years ended March 31	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars 2013
Cost of sales	**¥ 26**	¥ 31	**$ 276**
Selling, general and administrative expenses	**158**	103	**1,680**

2. Description and Movement of Stock Options

(1) Description of stock options granted by the end of the fiscal year ended March 31, 2013

	1st subscription rights to shares
Scope and number of people eligible to be granted stock options	1. Directors excluding outside directors in the Company: 9 persons 2. Executive officers in the Company: 23 persons
Number of stock options awarded by type of stock	Common stock: 1,223,000 shares (Note 1)
Granted date	November 5, 2009
Vesting conditions	(Note 3)
Vesting period	No relevant service period has been established.
Exercise period	From July 1, 2011 to November 5, 2024

Notes: 1. Options are presented after conversion to the number of shares.
2. Those granted share options may exercise those options only while serving as directors or executive officers of the Company and during a period of five years after retiring from those positions.
3. When the Company's consolidated return on equity (ROE; the "attained performance") is less than 8.0% (the "target performance") as of the final fiscal year-end within a two-year period (the "final fiscal year"), those granted share options may only exercise share option rights for a number of shares calculated by multiplying the number of share option rights by the vesting ratio (a figure with a lower limit of 0.5 calculated by dividing the attained performance by the target performance).
4. When those granted share options are those newly appointed as directors or executive officers after July 1, 2009, or when those granted share options retire from their positions as directors or executive officers before the final day of the final fiscal year, the number of share option rights they may exercise is calculated by multiplying the adjusted figure described in Note 2 above by a tenure period ratio (a figure representing the ratio of days of tenure to the number of days in the period from April 1, 2009, through March 31, 2011).
5. When the calculations described in notes 3 and 4 above result in numbers of exercisable share option rights including a fraction of a right (a figure less than one), this fractional right is to be discarded.
6. When those who were granted share options are recognized to have executed their official duties in an illegal or improper manner during their tenure, it is possible for the Company to restrict the number of share option rights that the people in question may exercise based on a decision by the Board of Directors. In such cases, the people granted share options in question may not exercise a number of share options in excess of the restricted number.
7. When those granted share options die, the heirs of those people may exercise the share options until a date three months after the day following the date of death or until a date six months after the last day of the final fiscal year, whichever is later.
8. In addition to the provisions described in each of the previous notes, the exercise of share options is to be undertaken in accordance with the conditions stipulated in "share option grant contracts" agreed between the Company and those granted share options.

	2nd subscription rights to shares
Scope and number of people eligible to be granted stock options	Executive officers in the Company: 4 persons
Number of stock options awarded by type of stock	Common stock: 36,000 shares (Note 1)
Granted date	September 28, 2010
Vesting conditions	(Note 3)
Vesting period	No relevant service period has been established.
Exercise period	From July 1, 2011 to November 5, 2024

Notes: 1. Options are presented after conversion to the number of shares.
2. Those granted share options may exercise those options only while serving as directors or executive officers of the Company and during a period of five years after retiring from those positions.
3. When the Company's consolidated return on equity (ROE; the "attained performance") is less than 8.0% (the "target performance") as of the final fiscal year-end within a one-year period (the "final fiscal year"), those granted share options may only exercise share option rights for a number of shares calculated by multiplying the number of share option rights by the vesting ratio (a figure with a lower limit of 0.5 calculated by dividing the attained performance by the target performance).
4. When those granted share options are those newly appointed as directors or executive officers after July 1, 2009, or when those granted share options retire from their positions as directors or executive officers before the final day of the final fiscal year, the number of share option rights they may exercise is calculated by multiplying the adjusted figure described in Note 2 above by a tenure period ratio (a figure representing the ratio of days of tenure to the number of days in the period from April 1, 2010, through March 31, 2011).
5. When the calculations described in notes 3 and 4 above result in numbers of exercisable share option rights including a fraction of a right (a figure less than one), this fractional right is to be discarded.
6. When those who were granted share options are recognized to have executed their official duties in an illegal or improper manner during their tenure, it is possible for the Company to restrict the number of share option rights that the people in question may exercise based on a decision by the Board of Directors. In such cases, the people granted share options in question may not exercise a number of share options in excess of the restricted number.
7. When those granted share options die, the heirs of those people may exercise the share options until a date three months after the day following the date of death or until a date six months after the last day of the final fiscal year, whichever is later.
8. In addition to the provisions described in each of the previous notes, the exercise of share options is to be undertaken in accordance with the conditions stipulated in "share option grant contracts" agreed between the Company and those granted share options.

	3rd subscription rights to shares
Scope and number of people eligible to be granted stock options	1. Directors excluding outside directors in the Company: 8 persons 2. Executive officers in the Company: 23 persons
Number of stock options awarded by type of stock	Common stock: 1,615,000 shares (Note 1)
Granted date	September 27, 2011
Vesting conditions	(Note 3)
Vesting period	No relevant service period has been established.
Exercise period	From July 1, 2014 to June 30, 2026

Notes: 1. Options are presented after conversion to the number of shares.
2. Those granted share options may exercise those options only while serving as directors or executive officers of the Company and during a period of five years after retiring from those positions.
3. When the Company's consolidated return on invested capital (ROIC; the "attained performance") is less than 8.0% (the "target performance") as of the final fiscal year-end within a three-year period (the "final fiscal year"), those granted share options may only exercise share option rights for a number of shares calculated by multiplying the number of share option rights by the vesting ratio (a figure with a lower limit of 0.5 calculated by dividing the attained performance by the target performance).
4. When those granted share options are those newly appointed as directors or executive officers after July 1, 2009, or when those granted share options retire from their positions as directors or executive officers before the final day of the final fiscal year, the number of share option rights they may exercise is calculated by multiplying the adjusted figure described in Note 2 above by a tenure period ratio (a figure representing the ratio of days of tenure to the number of days in the period from April 1, 2011, through March 31, 2012).
5. When the calculations described in notes 3 and 4 above result in numbers of exercisable share option rights including a fraction of a right (a figure less than one), this fractional right is to be discarded.
6. When those who were granted share options are recognized to have executed their official duties in an illegal or improper manner during their tenure, it is possible for the Company to restrict the number of share option rights that the people in question may exercise based on a decision by the Board of Directors. In such cases, the people granted share options in question may not exercise a number of share options in excess of the restricted number.
7. When those granted share options die, the heirs of those people may exercise the share options until a date three months after the day following the date of death or until a date six months after the last day of the final fiscal year, whichever is later.
8. In addition to the provisions described in each of the previous notes, the exercise of share options is to be undertaken in accordance with the conditions stipulated in "share option grant contracts" agreed between the Company and those granted share options.

	4th subscription rights to shares
Scope and number of people eligible to be granted stock options	1. Directors excluding outside directors in the Company: 4 persons 2. Executive officers in the Company: 4 persons 3. Directors and executive officers in subsidiaries: 10 persons
Number of stock options granted by type of stock	Common stock: 534,000 shares (Note 1)
Granted date	October 1, 2012
Vesting conditions	(Note 3)
Vesting period	No relevant service period has been established.
Exercise period	From July 1, 2014 to June 30, 2026

Notes: 1. Options are presented after conversion to the number of shares.
2. Those granted share options may exercise those options only while serving as directors or executive officers of the Company or subsidiaries and during a period of five years after retiring from those positions.
3. When the Company's consolidated return on invested capital (ROIC; the "attained performance") is less than 8.0% (the "target performance") as of the final fiscal year-end within a two-year period (the "final fiscal year"), those granted share options may only exercise share option rights for a number of shares calculated by multiplying the number of share option rights by the vesting ratio (a figure with a lower limit of 0.5 calculated by dividing the attained performance by the target performance).
4. When those granted share options are those newly appointed as directors or executive officers after July 1, 2009, or when those granted share options retire from their positions as directors or executive officers before the final day of the final fiscal year, the number of share option rights they may exercise is calculated by multiplying the adjusted figure described in Note 2 above by a tenure period ratio (a figure representing the ratio of days of tenure to the number of days in the period from April 1, 2011, through March 31, 2012).
5. When the calculations described in notes 3 and 4 above result in numbers of exercisable share option rights including a fraction of a right (a figure less than one), this fractional right is to be discarded.
6. When those who were granted share options are recognized to have executed their official duties in an illegal or improper manner during their tenure, it is possible for the Company to restrict the number of share option rights that the people in question may exercise based on a decision by the Board of Directors. In such cases, the people granted share options in question may not exercise a number of share options in excess of the restricted number.
7. When those granted share options die, the heirs of those people may exercise the share options until a date three months after the day following the date of death or until a date six months after the last day of the final fiscal year, whichever is later.
8. In addition to the provisions described in each of the previous notes, the exercise of share options is to be undertaken in accordance with the conditions stipulated in "share option grant contracts" agreed between the Company and those granted share options.

(2) Movement of stock options and status of related changes

With respect to stock options existing during the consolidated fiscal year ended March 31, 2013, the relevant numbers of stock options and numbers of shares issuable on the conversion of stock options are as follows:

a. Number of Stock Options

	1st subscription rights to shares	2nd subscription rights to shares	3rd subscription rights to shares	4th subscription rights to shares
Share subscription rights which are not yet vested				
Outstanding as of March 31, 2012	—	—	1,615,000	—
Granted	—	—	—	534,000
Forfeited	—	—	—	—
Vested	—	—	—	—
Undetermined balance	—	—	1,615,000	534,000
Share subscription rights which have already been vested				
Outstanding as of March 31, 2012	1,010,000	36,000	—	—
Vested	—	—	—	—
Exercised	219,000	—	—	—
Forfeited	—	—	—	—
Unexercised balance	791,000	36,000	—	—

b. Price Information

	1st subscription rights to shares	2nd subscription rights to shares	3rd subscription rights to shares	4th subscription rights to shares
Exercise price (yen)	¥ 1	¥ 1	¥ 1	¥ 1
Weighted average exercise price (yen)	300	—	—	—
Weighted average fair value per stock at the granted date (yen)	341	343	245	288

3. Method of Estimating the Fair Value of Stock Options

Regarding 4th subscription rights to shares issued during the consolidated fiscal year ended March 31, 2013, the method of estimating the fair value of the share options is as follows.

a. Evaluation Method Used: Black-Scholes Method

b. Main Basic Parameters and Evaluation Methods

	4th subscription rights to shares
Expected volatility (Note 1)	39.17%
Expected holding period (Note 2)	8.0 years
Expected dividend (Note 3)	¥5.0 per share
Risk-free rate (Note 4)	0.513%

Notes: 1. Expected volatility is calculated based on actual stock prices during the preceding eight years (from September 29, 2004, through September 28, 2012).
2. Because sufficient data has not yet been accumulated and a rational estimate is difficult, estimates were performed based on an assumption that share options are exercised at the midpoint of the period in which the options may be exercised.
3. The expected dividend is a simple average value calculated based on actual dividends during the most recent eight fiscal years.
4. The risk-free rate corresponds to the interest rate (compounded) on Japanese government bonds with remaining periods to maturity of approximately eight years as of September 28, 2012.

4. Method of Estimating the Number of Vested Stock Option Rights

Basically, because rationally estimating the number of rights invalidated in the future is difficult, the method used is to reflect only the number of rights that are actually forfeited.

21. Income Taxes

Significant components of the deferred tax assets and liabilities are as follows:

	Millions of yen		Thousands of U.S. dollars
As of March 31	**2013**	2012	**2013**
Deferred tax assets:			
Excess provision of accrued bonuses to employees	**¥ 2,554**	¥ 2,087	**$ 27,156**
Loss recognized on a percentage-of-completion basis	**730**	642	**7,762**
Accrued enterprise tax	**117**	117	**1,244**
Accrued severance and pension costs	**5,118**	5,545	**54,418**
Unrealized gain on fixed assets	**1,269**	887	**13,493**
Tax loss carried forward	**22,415**	21,268	**238,331**
Write-down of other investments	**1,604**	2,232	**17,055**
Loss from liquidation of investments in subsidiaries and affiliates	**—**	46	**—**
Research and development expenses	**100**	334	**1,063**
Loss on write-down of inventories	**3,645**	3,794	**38,756**
Reserve for losses on construction completion guarantees	**3,742**	5,027	**39,787**
Allowance for doubtful accounts	**1,470**	4,033	**15,630**
Others based on overseas tax codes outside Japan	**4,097**	4,241	**43,562**
Others	**2,138**	5,604	**22,732**
	48,999	55,857	**520,989**
Valuation allowance	**(19,240)**	(20,798)	**(204,572)**
Total deferred tax assets	**29,759**	35,059	**316,417**
Deferred tax liabilities:			
Reserve for advanced depreciation of fixed assets	**(1,350)**	(1,415)	**(14,354)**
Net unrealized gains on investment securities	**(904)**	(617)	**(9,612)**
Others	**(2,133)**	(2,677)	**(22,679)**
Total deferred tax liabilities	**(4,387)**	(4,709)	**(46,645)**
Net deferred tax assets	**¥25,372**	¥30,350	**$269,772**

A summary of the major differences between the Japanese statutory tax rate and the Group's effective tax rate is as follows:

As of March 31	2013	2012
Statutory tax rate, giving tax effect on enterprise tax payable	**38.0%**	40.7%
Entertainment expenses and other expenses not deductible	**1.2**	3.4
Per capital equalization inhabitants' taxes	**2.2**	2.8
Dividends received not taxable	**(17.5)**	(62.7)
Dividends received effected by the exclusion from consolidation	**16.1**	69.7
Valuation allowance	**(8.2)**	25.7
Tax rate differences with overseas consolidated subsidiaries	**(9.0)**	(21.5)
Reduction in deferred tax assets at the end of the period due to changes in tax rate	**—**	21.8
Others	**7.1**	(16.2)
Effective tax rate as shown in statements of income	**29.8**	63.8

22. Segment Information

For the fiscal years ended March 31, 2013 and 2012

1. Overview of reportable segments

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

The Group operates in three business segments as follows:

Segments	Principal Products	Contents
Fluid Machinery & Systems	Pumps, compressors, turbines, refrigeration equipment, fans, and others	Manufacture, sale, operation and maintenance (O&M) services, and others
Environmental Engineering	Municipal waste incineration plants, industrial waste incineration plants, water treatment plants, and others	Engineering, construction, O&M services, and others
Precision Machinery	Dry vacuum pumps, CMP systems, plating systems, gas abatement systems, and others	Manufacture, sale, and maintenance

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

The accounting method used for reportable business segments is the same as the method stated in "Notes to the Consolidated Financial Statements."

Profits from reportable segments are figures based on operating income.

Intersegment sales are recorded at the same prices used in transactions with customers.

3. Information about sales, profits and losses, assets and liabilities, and other items for each reportable segment for the fiscal years ended March 31, 2013 and 2012, is as follows:

	Millions of yen							
	Reportable segments							
For the fiscal year ended March 31, 2013	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Sales to customers	¥305,586	¥52,496	¥66,504	¥424,586	¥ 1,716	¥426,302	¥ —	¥426,302
Intersegment sales and transfers	319	5	—	324	3,721	4,045	(4,045)	—
Total	¥305,905	¥52,501	¥66,504	¥424,910	¥ 5,437	¥430,347	¥ (4,045)	¥426,302
Segment income	¥ 15,942	¥ 5,177	¥ 3,306	¥ 24,425	¥ 552	¥ 24,977	¥ 107	¥ 25,084
Segment assets	¥267,037	¥46,393	¥60,327	¥373,757	¥20,594	¥394,351	¥110,225	¥504,576
Others:								
Depreciation expense	¥ 8,221	¥ 340	¥ 2,950	¥ 11,511	¥ 921	¥ 12,431	¥ (76)	¥ 12,356
Amortization of goodwill	382	—	—	382	—	382	—	382
Investments for companies applying equity method	1,283	4,418	—	5,701	—	5,701	—	5,701
Increase in tangible and intangible assets	6,876	394	2,486	9,756	2,574	12,330	(28)	12,302

	Thousands of U.S. dollars							
	Reportable segments							
For the fiscal year ended March 31, 2013	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Sales to customers	$3,249,187	$558,171	$707,113	$4,514,471	$ 18,245	$4,532,716	$ —	$4,532,716
Intersegment sales and transfers	3,392	53	—	3,445	39,564	43,009	(43,009)	—
Total	$3,252,579	$558,224	$707,113	$4,517,916	$ 57,809	$4,575,725	$ (43,009)	$4,532,716
Segment income	$ 169,506	$ 55,045	$ 35,151	$ 259,702	$ 5,869	$ 265,571	$ 1,138	$ 266,709
Segment assets	$2,839,309	$493,280	$641,435	$3,974,024	$218,969	$4,192,993	$1,171,983	$5,364,976
Others:								
Depreciation expense	$ 87,411	$ 3,615	$ 31,366	$ 122,392	$ 9,793	$ 132,185	$ (808)	$ 131,377
Amortization of goodwill	4,062	—	—	4,062	—	4,062	—	4,062
Investments for companies applying equity method	13,642	46,975	—	60,617	—	60,617	—	60,617
Increase in tangible and intangible assets	73,110	4,189	26,433	103,732	27,368	131,100	(298)	130,802

Notes: 1. The "Others" item in the table above is the business segment for operations that are not included among reportable segments. It contains business support services and other activities.
2. The "Adjustments" item is as follows:
(1) Segment income shows eliminations among intersegment sales and transfers.
(2) Segment assets consisted of ¥113,022 million for corporate assets and ¥(2,797) million for eliminations among intersegment sales and transfers. The corporate assets primarily consisted of cash and cash equivalents, some investment securities, and deferred tax assets of the Group.
3. The adjustment in the increase in "Others" items under depreciation, fixed assets, and intangible assets is due to the elimination of intersegment transactions.
4. Segment income has been reconciled within operating income in the consolidated statements of income.

For the fiscal year ended March 31, 2012	Millions of yen: Reportable segments: Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Sales to customers	¥286,090	¥50,129	¥68,373	¥404,592	¥ 7,485	¥412,077	¥ —	¥412,077
Intersegment sales and transfers	954	0	7	961	3,593	4,554	(4,554)	—
Total	¥287,044	¥50,129	¥68,380	¥405,553	¥11,078	¥416,631	¥ (4,554)	¥412,077
Segment income	¥ 15,579	¥ 322	¥ 6,594	¥ 22,495	¥ 617	¥ 23,112	¥ 155	¥ 23,267
Segment assets	¥268,430	¥47,974	¥67,591	¥383,995	¥18,061	¥402,056	¥86,908	¥488,964
Others:								
Depreciation expense	¥ 8,569	¥ 355	¥ 3,264	¥ 12,188	¥ 697	¥ 12,885	¥ (120)	¥ 12,765
Amortization of goodwill	235	—	—	235	—	235	—	235
Investments for companies applying equity method	1,187	3,966	—	5,153	—	5,153	—	5,153
Increase in tangible and intangible assets	7,273	440	2,932	10,645	1,685	12,330	(14)	12,316

Notes: 1. The "Others" item in the table above is the business segment for operations that are not included among reportable segments. It contains business support services and other activities.
2. The "Adjustments" item is as follows:
(1) Segment income shows eliminations among intersegment sales and transfers.
(2) Segment assets consisted of ¥90,091 million for corporate assets and ¥(3,183) million for eliminations among intersegment sales and transfers. The corporate assets primarily consisted of cash and cash equivalents, some investment securities, and deferred tax assets of the Group.
3. The adjustment in the increase in "Others" items under depreciation, fixed assets, and intangible assets is due to the elimination of intersegment transactions.
4. Segment income has been reconciled within operating income in the consolidated statements of income.

Reference information

1. Geographical segment information for the fiscal years ended March 31, 2013 and 2012 is as follows:

a. Net sales

For the fiscal years ended March 31	Millions of yen 2013	2012	Thousands of U.S. dollars 2013
Japan	**¥210,566**	¥230,863	**$2,238,873**
Asia	**117,126**	99,408	**1,245,359**
North America	**45,631**	36,085	**485,178**
Others	**52,979**	45,721	**563,306**
Total	**¥426,302**	¥412,077	**$4,532,716**

Note: Net sales information above is based on the location of the customer.

b. Property, plant and equipment

As of March 31	Millions of yen 2013	2012	Thousands of U.S. dollars 2013
Japan	**¥66,299**	¥68,734	**$704,934**
Asia	**9,320**	8,183	**99,096**
North America	**13,638**	10,303	**145,008**
Others	**1,465**	1,884	**15,577**
Total	**¥90,722**	¥89,104	**$964,615**

Information about impairment loss on fixed assets by reportable segments for the fiscal years ended March 31, 2013 and 2012 is as follows:

	Millions of yen						
	Reportable segments						
For the fiscal year ended March 31, 2013	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Others	Adjustments	Consolidated
Impairment loss	**¥263**	**¥0**	**¥0**	**¥263**	**¥15**	**¥—**	**¥278**

	Millions of yen						
	Reportable segments						
For the fiscal year ended March 31, 2012	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Others	Adjustments	Consolidated
Impairment loss	¥—	¥—	¥—	¥—	¥128	¥—	¥128

	Thousands of U.S. dollars						
	Reportable segments						
For the fiscal year ended March 31, 2013	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Others	Adjustments	Consolidated
Impairment loss	**$2,796**	**$0**	**$0**	**$2,796**	**$160**	**$—**	**$2,956**

Information about amortization of goodwill and year-end balances by reportable segments for the fiscal years ended March 31, 2013 and 2012 is as follows:

	Millions of yen						
	Reportable segments						
For the fiscal year ended March 31, 2013	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Others	Adjustments	Consolidated
Amortization of goodwill	**¥ 382**	**¥—**	**¥—**	**¥ 382**	**¥—**	**¥—**	**¥ 382**
Balances as of March 31	**1,785**	**—**	**—**	**1,785**	**—**	**—**	**1,785**

	Millions of yen						
	Reportable segments						
For the fiscal year ended March 31, 2012	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Others	Adjustments	Consolidated
Amortization of goodwill	¥235	¥—	¥—	¥235	¥—	¥—	¥235
Balances as of March 31	859	—	—	859	—	—	859

	Thousands of U.S. dollars						
	Reportable segments						
For the fiscal year ended March 31, 2013	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Others	Adjustments	Consolidated
Amortization of goodwill	**$ 4,062**	**$—**	**$—**	**$ 4,062**	**$—**	**$—**	**$ 4,062**
Balances as of March 31	**18,979**	**—**	**—**	**18,979**	**—**	**—**	**18,979**

Independent Auditor's Report

The Board of Directors
EBARA CORPORATION

We have audited the accompanying consolidated financial statements of EBARA CORPORATION and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of EBARA CORPORATION and its consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation
We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 5.

Ernst & Young ShinNihon LLC   Ernst & Young ShinNihon LLC

June 27, 2013
Tokyo, Japan