Financial Review

Overview

During the fiscal year ended March 31, 2015, the economy of the United States continued to recover, showing increases in the number of employed persons and declines in the unemployment ratio, and trends toward recovery also continued in Europe. However, along with the decline in crude oil prices, uncertainty about future trends spread. In Asia, although some countries showed signs of deceleration, overall, a moderate trend toward expansion continued. On the other hand, in Japan, signs of weakness appeared as the recovery in demand in the private sector, including personal consumption and housing construction, was delayed following the slump that came after the increase in the consumption tax. In addition, trends in public investment were weak. However, overall, the Japanese economy continued on a moderate recovery trend.

Amid these economic conditions, the EBARA Group (the "Group") entered the first fiscal year of the three-year, medium-term management plan "E-Plan2016," which has the four basic policies: (1) steadily capturing the growth in the global market into the Group's business; (2) becoming a service provider that targets the entire life cycle of the product / plant; (3) continuously enhancing our core competence (technological capabilities) as an industrial machinery manufacturer; and (4) enhancing the management infrastructure that supports global business expansion. Under these principles, the Group has positioned the period of E-Plan2016 as "a turning point in which it will explicitly steer a course from the current stage of 'reinforcement of the management foundation' to a stage of 'growth'" and intends to realize change and accelerate growth in a timely manner.

As a consequence, consolidated net sales for the fiscal year amounted to ¥482,700 million (an increase of 7.6% year on year), operating income amounted to ¥34,567 million (an increase of 7.4% year on year). Sales were higher year on year in all companies. Operating income was higher year on year due to improvements in performances by the EE Company and the PM Company despite a decrease in the FMS Company.

Other income (expenses), net, amounted to income of ¥2,221 million and improved ¥3,396 million from the previous fiscal year, mainly as a result of a decrease posted by taxes and dues related to the overseas project and a decrease in interest expenses in the fiscal year under review.

Consequently, income before income taxes and minority interests amounted to ¥36,788 million. Net income amounted to ¥23,581 million, an increase of 24.3% year on year.

Financial Position

Assets

Total assets at the end of the fiscal year ended March 31, 2015, were ¥570,392 million, ¥40,181 million higher than at the end of the previous fiscal year. The principal causes for these movements were as follows.

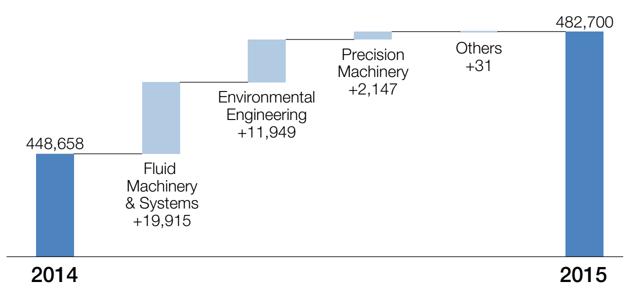
Total current assets expanded ¥34,952 million because of an increase in notes and accounts receivable-trade of ¥25,786 million.

Property, plant and equipment, net, increased ¥5,688 million because of the implementation of capital expenditures of ¥15,847 million and depreciation and amortization charges of ¥13,039 million.

Total investments and other assets decreased due primarily to a decrease in deferred tax assets.

Consolidated Net Sales

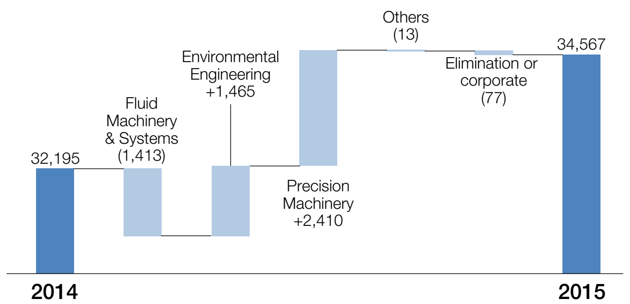
Millions of yen



(Fiscal years ended March 31)

Operating Income

Millions of yen



(Fiscal years ended March 31)

Liabilities

Total liabilities at the end of the fiscal year ended March 31, 2015, were ¥322,839 million, ¥7,675 million higher than at the end of the previous fiscal year. The principal causes of these movements were as follows.

Total current liabilities increased ¥6,827 million because of a net increase in notes and accounts payable-trade and electronically recorded obligations of ¥7,726 million.

Total long-term liabilities increased ¥848 million as a result of an increase in net defined benefit liability of ¥758 million.

Net Assets

Total net assets at the end of the fiscal year ended March 31, 2015, amounted to ¥247,553 million, ¥32,506 million higher than at the end of the previous fiscal year. Although EBARA Corporation (the "Company") paid cash dividends of ¥4,063 million, this increase in net assets was due to the reporting of consolidated net income of ¥23,581 million and an increase in translation adjustments of ¥8,951 million. Shareholders' equity (Total net assets excluding subscription rights to shares and minority interests) amounted to ¥239,059 million, and the equity ratio was 41.9%.

Cash Flows

Net cash provided by operating activities amounted to a net inflow of ¥11,296 million for the fiscal year ended March 31, 2015, compared with a net inflow of ¥26,615 million for the previous fiscal year. This primarily reflected the recovery of notes and accounts receivable-trade.

Net cash used in investing activities amounted to a net outflow of ¥15,894 million for the fiscal year ended March 31, 2015, compared with a net inflow of ¥3,539 million for the previous fiscal year. This primarily reflected purchases of securities and investment securities of ¥15,494 million.

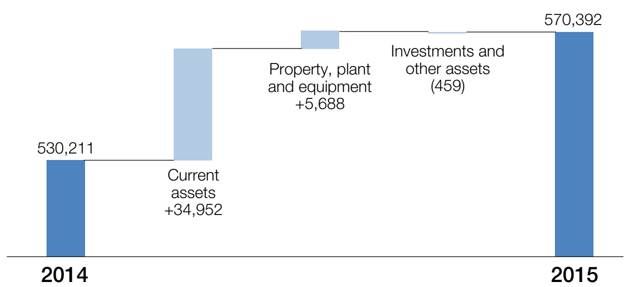
Free cash flow, or the sum of cash flows from operating and investing activities, amounted to a net outflow of ¥4,598 million for the fiscal year ended March 31, 2015, compared with a net inflow of ¥30,154 million for the previous fiscal year.

Net cash used in financing activities amounted to a net outflow of ¥7,045 million for the fiscal year ended March 31, 2015, compared with a net outflow of ¥25,337 million for the previous fiscal year. This primarily reflected a net decrease in long-term loans payable of ¥4,698 million and cash dividends paid of ¥4,063 million.

As a consequence, cash and cash equivalents at the end of the fiscal year ended March 31, 2015, amounted to ¥95,603 million, ¥6,737 million lower than at the end of the previous fiscal year.

Total Assets

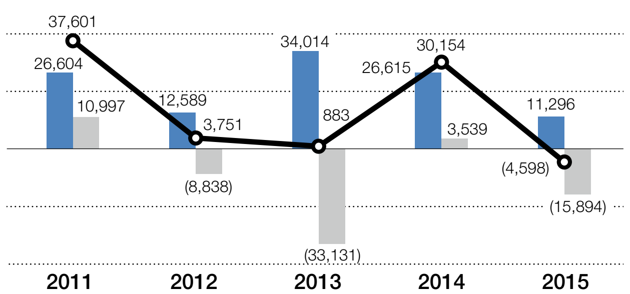
Millions of yen



(As of March 31)

Cash Flows

Millions of yen



(Fiscal years ended March 31)

- Cash Flows from Operating Activities
- Cash Flows from Investing Activities
- Free Cash Flow

Capital Expenditures

Regarding investments, during the fiscal year, the Group implemented capital expenditures amounting to ¥15,847 million. These were primarily for the expansion of production capacity and the introduction of equipment to enhance productivity. This investment includes expenditures for the acquisition of intangible fixed assets and long-term prepaid expenses.

Principal capital expenditures by business segment were as follows. Please note that these investment figures include intersegment 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 ¥10,382 million.

Environmental Engineering Company
This segment invested in equipment for the development of environment-related products. Investments by this segment totaled ¥596 million.

Precision Machinery Company
Investments were made principally for equipment for the development of new products. Investments by this segment totaled ¥2,586 million.

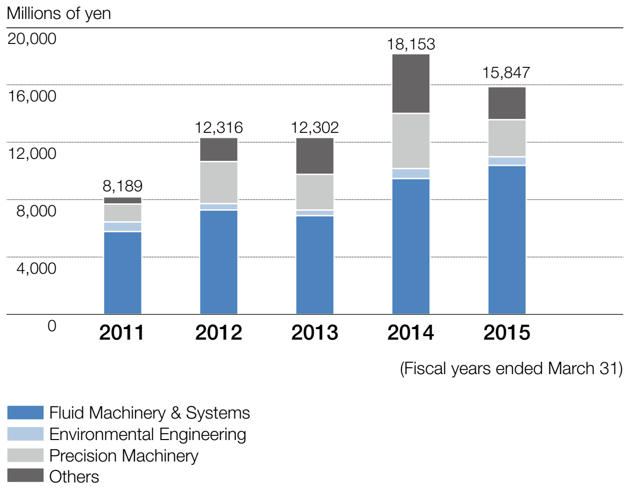
Liquidity and Capital Resources

(1) Capital Resources
At the end of the fiscal year under review, on a consolidated basis, the Group had total interest-bearing debt of ¥121,501 million, comprising ¥65,571 million in short-term interest-bearing liabilities and ¥55,930 million in long-term interest-bearing liabilities. This balance increased ¥1,828 million from the total balance at the end of the previous fiscal year of ¥119,673 million.

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 outflow of ¥4,598 million, and the amount of net outflow increased ¥34,752 million from the previous fiscal year. This was the result of a ¥15,319 million decrease in net cash provided by operating activities and the recording of net cash used in investing activities of ¥15,894 million.

(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.

Capital Expenditures



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 ¥95,603 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 four major categories:

1. R&D for common basic technology underpinning operations and for combining this technology to create core product technology,
2. R&D for discovery of seed technology based on a medium-to-long-term perspective,
3. R&D for building upon current technology, creating practical applications for new technology, and putting into practical use and commercializing new technology developed for product application, and
4. R&D for improving existing products.

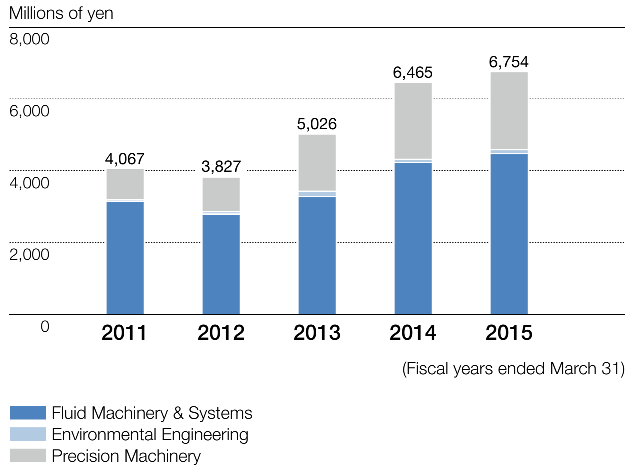
In regard to the first two categories, a new R&D organization was established within the corporate headquarters in April 2014. This organization plays a central role in advancing R&D in these categories, working closely with companies and pursuing joint research with universities and other outside research bodies. As for the third and fourth categories, individual business divisions and Group companies lead the initiatives. R&D expenses amounted to ¥6,754 million during the fiscal year under review.

Activities by business segment are as follows:

Fluid Machinery & Systems Company
In the fluid machinery and systems field, the Group expanded its product lineups for global markets that promise continuing medium-to-long-term growth, which include water infrastructure, energy (electricity, oil, and gas), and the environment (energy saving), and strengthened the appeal of products in these areas. The Group subsequently launched the products born out of these efforts, which included stepping up collaboration among overseas Group companies. In standard pumps, the Group continued to develop its lineup of energy-saving, material-saving, and eco-friendly products while advancing the market penetration of these products. The turbo chillers previously available only in Japan and China were introduced into the global market. With regard to these products, we expanded the series by undertaking applied development of high-pressure and high-capacity compressors. In relation to basic technology, the Group continued to strengthen numerical simulation technology and optimization technology aimed at further increasing developmental throughput. We also enhanced simulation infrastructure, standardized analytical processes, and developed and applied technology for providing service and support throughout product life cycles.

The FMS Company made expenditures on R&D amounting to ¥4,479 million during the fiscal year under review.

R&D Expenses



Environmental Engineering Company

In the environmental engineering field, the focus of operations is shifting from new plant construction toward operation and maintenance (O&M) services. Accordingly, current conditions are creating ever greater demand for solutions provision capabilities in relation to existing facilities' upgrades and O&M and stronger cost competitiveness. In light of these conditions, the Group is developing new products and technology that contribute to the strengthening of facilities' performance through upgrades and help reduce lifecycle costs. At the same time, the Group's development activities include improving upon existing products and repair, maintenance, and operating technology.

The EE Company made expenditures on R&D amounting to ¥101 million during the fiscal year under review.

Precision Machinery Company

In the precision machinery field, the Group is developing new processing equipment and improving existing equipment to manufacture semiconductor devices that are compatible with further miniaturization of chips and three-dimensional integration. As for component products, the Group is developing products that can further contribute to energy savings and reduced environmental footprints. Also, the Group is continuing research on next-generation semiconductor processing technologies through joint development and consortia with customers and joint research with prominent universities.

The PM Company made expenditures on R&D amounting to ¥2,172 million during the fiscal year under review.

Business Risks

The Group faces 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 through large-scale 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. Moreover, large-scale 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, if 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. If 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 as well as construction services for its manufacturing and construction activities and is influenced by fluctuations in market conditions for these materials. Increases in prices of materials and construction costs result in higher procurement 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. (the plaintiff) has brought a lawsuit against the Company for the payment of damages in the amount of approximately ¥8.5 billion (including indemnities due to late payment) in connection with the Company's failure to perform its obligations as stated in the transfer contract and owing to its responsibility for the provision of defective collateral. The Company's view is that the fragments of slate do not constitute grounds for the charges of "failure to perform its obligations as stated in the transfer contract and owing to responsibility for the provision of defective collateral." The Company has obtained a written legal opinion from a law office substantiating this view, and the Company is maintaining the position its views are legitimate.

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, the changes in the amounts of unrecognized actuarial differences and unrecognized costs related to past services of employees may have an effect on the Group's financial position.

Consolidated Balance Sheets

EBARA CORPORATION and Consolidated Subsidiaries
As of March 31, 2015 and 2014

ASSETS	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars (Note 4) 2015
Current assets:			
Cash on hand and in banks and securities	¥ 99,510	¥ 103,354	$ 828,077
Notes and accounts receivable-trade	209,864	184,078	1,746,393
Electronically recorded monetary claims	156	—	1,298
Allowance for doubtful accounts	(2,371)	(2,706)	(19,730)
Inventories (Note 5)	80,191	70,345	667,313
Deferred tax assets (Note 19)	13,101	11,912	109,021
Other current assets	14,629	13,145	121,735
Total current assets	415,080	380,128	3,454,107
Property, plant and equipment (Note 13)**:**			
Land	21,083	21,121	175,443
Buildings and structures	110,248	104,497	917,434
Machinery, equipment and vehicles	122,409	102,780	1,018,632
Lease assets	3,564	3,484	29,658
Construction in progress	6,634	5,887	55,205
Other	34,550	43,266	287,509
	298,488	281,035	2,483,881
Accumulated depreciation	(196,218)	(184,453)	(1,632,837)
Property, plant and equipment, net (Note 6)	102,270	96,582	851,044
Investments and other assets:			
Investment securities (Notes 6 and 15)	21,084	17,654	175,451
Investments in and advances to subsidiaries and affiliates	10,298	9,091	85,695
Long-term loans receivable	851	830	7,082
Deferred tax assets (Note 19)	7,595	12,398	63,202
Net defined benefit asset (Note 17)	30	53	250
Other investments	7,007	6,153	58,309
Other assets	9,894	10,086	82,333
Allowance for doubtful accounts	(3,717)	(2,764)	(30,931)
Total investments and other assets	53,042	53,501	441,391
Total assets	¥ 570,392	¥ 530,211	$ 4,746,542

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars (Note 4) 2015
Current liabilities:			
Short-term loans payable (Notes 6 and 8)	¥ 60,252	¥ 54,184	$ 501,390
Current portion of long-term debt (Notes 6 and 8)	4,655	8,734	38,737
Notes and accounts payable-trade	81,121	103,339	675,052
Electronically recorded obligations	29,944	—	249,180
Accrued income taxes	1,792	4,098	14,912
Deferred tax liabilities	0	3	0
Lease obligations	664	628	5,526
Reserve for warranties for completed construction	4,346	3,211	36,165
Reserve for product warranties	2,907	3,369	24,191
Reserve for construction losses	6,327	6,941	52,650
Reserve for expenses related to the sales of land	1,844	1,844	15,345
Accrued expenses and other current liabilities	50,376	51,050	419,206
Total current liabilities	244,228	237,401	2,032,354
Long-term liabilities:			
Long-term debt (Notes 6 and 8)	54,639	54,951	454,681
Lease obligations	1,291	1,176	10,743
Reserve for directors' retirement benefits	208	175	1,731
Net defined benefit liability (Note 17)	17,198	16,440	143,114
Deferred tax liabilities	341	336	2,838
Asset retirement obligations	1,857	1,851	15,453
Other long-term liabilities	3,077	2,834	25,605
Total long-term liabilities	78,611	77,763	654,165
Net assets (Note 11)**:**			
Shareholders' equity:			
Common stock:			
Authorized: 1,000,000,000 shares			
Issued: 465,644,024 shares in 2015 and 465,187,829 shares in 2014	68,697	68,625	571,665
Capital surplus	72,627	72,554	604,369
Retained earnings	91,816	70,629	764,051
Treasury stock: 890,743 shares in 2015 and 872,071 shares in 2014	(398)	(386)	(3,312)
Total shareholders' equity	232,742	211,422	1,936,773
Accumulated other comprehensive income:			
Net unrealized gains (losses) on investment securities	5,325	2,419	44,312
Deferred gains (losses) on hedges	74	(12)	616
Translation adjustments	10,743	1,792	89,398
Remeasurements of defined benefit plans	(9,825)	(7,585)	(81,759)
Total accumulated other comprehensive income	6,317	(3,386)	52,567
Subscription rights to shares	730	827	6,075
Minority interests	7,764	6,184	64,608
Total net assets	247,553	215,047	2,060,023
Total liabilities and net assets	¥570,392	¥530,211	$4,746,542

Consolidated Statements of Income

EBARA CORPORATION and Consolidated Subsidiaries
For the fiscal years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2015	2014	2015
Net sales	¥482,700	¥448,658	$4,016,809
Cost of sales	356,425	329,060	2,966,007
Gross profit	126,275	119,598	1,050,802
Selling, general and administrative expenses	91,708	87,403	763,152
Operating income	34,567	32,195	287,650
Other income (expenses):			
Interest and dividend income	701	723	5,833
Interest expenses	(1,281)	(1,633)	(10,660)
Gain on sales of securities	251	41	2,089
Write-down of securities and other investments	—	(85)	—
Gain (loss) on sales and retirement of fixed assets, net	392	106	3,262
Impairment loss (Note 9)	(51)	(328)	(424)
Taxes and dues related to the overseas project	(221)	(2,239)	(1,839)
Other, net	2,430	2,240	20,221
	2,221	(1,175)	18,482
Income before income taxes and minority interests	36,788	31,020	306,133
Income taxes (Note 19):			
Current taxes	8,439	7,981	70,226
Deferred tax expenses (benefits)	3,024	2,326	25,164
	11,463	10,307	95,390
Income before minority interests	25,325	20,713	210,743
Minority interests in income	1,744	1,739	14,513
Net income	¥ 23,581	¥ 18,974	$ 196,230

	Yen		U.S. dollars
Per share of common stock:			
Net income	¥50.77	¥40.86	$0.422
Fully diluted net income	46.41	36.44	0.386
Cash dividends (Note 11)	12.00	7.50	0.100

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, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2015	2014	2015
Income before minority interests	¥25,325	¥20,713	$210,743
Other comprehensive income:			
Net unrealized gains (losses) on investment securities	2,833	745	23,575
Unrealized gains (losses) on hedges	86	(24)	716
Translation adjustments	10,508	11,893	87,443
Retirement benefits liability adjustments	(2,237)	—	(18,615)
Share of other comprehensive income of associates accounted for using equity method	86	90	715
Total other comprehensive income (Note 10)	¥11,276	¥12,704	$ 93,834
Comprehensive income:	¥36,601	¥33,417	$304,577
Comprehensive income attributable to shareholders of EBARA CORPORATION	¥34,287	¥31,046	$285,321
Comprehensive income attributable to minority interests	2,314	2,371	19,256

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 years ended March 31, 2015 and 2014

		Millions of yen				
		Shareholders' equity				
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2014	465,187,829	¥68,625	¥72,554	¥70,629	¥(386)	¥211,422
Cumulative effects of changes in accounting policies				36		36
Restated balance		¥68,625	¥72,554	¥70,665	¥(386)	¥211,458
Changes during the fiscal year						
Issuance of new shares (exercise of subscription rights to shares)	456,195	72	72			144
Cash dividends				(4,063)		(4,063)
Net income				23,581		23,581
Change of scope of consolidation				1,633		1,633
Purchase of treasury stock					(12)	(12)
Disposal of treasury stock			1		0	1
Net changes of items other than shareholders' equity						
Total changes during the fiscal year	456,195	72	73	21,151	(12)	21,284
Balance at March 31, 2015	465,644,024	¥68,697	¥72,627	¥91,816	¥(398)	¥232,742

	Thousands of U.S. dollars (Note 4)				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2014	$571,066	$603,761	$587,742	$(3,212)	$1,759,357
Cumulative effects of changes in accounting policies			300		300
Restated balance	$571,066	$603,761	$588,042	$(3,212)	$1,759,657
Changes during the fiscal year					
Issuance of new shares (exercise of subscription rights to shares)	599	599			1,198
Cash dividends			(33,810)		(33,810)
Net income			196,230		196,230
Change of scope of consolidation			13,589		13,589
Purchase of treasury stock				(100)	(100)
Disposal of treasury stock		9		0	9
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	599	608	176,009	(100)	177,116
Balance at March 31, 2015	$571,665	$604,369	$764,051	$(3,312)	$1,936,773

	Millions of yen							
	Accumulated other comprehensive income							
	Net unrealized gains (losses) on investment securities	Deferred gains (losses) on hedges	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests	Total net assets
Balance at April 1, 2014	¥2,419	¥(12)	¥ 1,792	¥(7,585)	¥(3,386)	¥827	¥6,184	¥215,047
Cumulative effects of changes in accounting policies								36
Restated balance	¥2,419	¥(12)	¥ 1,792	¥(7,585)	¥(3,386)	¥827	¥6,184	¥215,083
Changes during the fiscal year								
Issuance of new shares (exercise of subscription rights to shares)								144
Cash dividends								(4,063)
Net income								23,581
Change of scope of consolidation								1,633
Purchase of treasury stock								(12)
Disposal of treasury stock								1
Net changes of items other than shareholders' equity	2,906	86	8,951	(2,240)	9,703	(97)	1,580	11,186
Total changes during the fiscal year	2,906	86	8,951	(2,240)	9,703	(97)	1,580	32,470
Balance at March 31, 2015	¥5,325	¥ 74	¥10,743	¥(9,825)	¥ 6,317	¥730	¥7,764	¥247,553

	Thousands of U.S. dollars (Note 4)							
	Accumulated other comprehensive income							
	Net unrealized gains (losses) on investment securities	Deferred gains (losses) on hedges	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests	Total net assets
Balance at April 1, 2014	$20,130	$(100)	$14,912	$(63,119)	$(28,177)	$6,882	$51,460	$1,789,522
Cumulative effects of changes in accounting policies								300
Restated balance	$20,130	$(100)	$14,912	$(63,119)	$(28,177)	$6,882	$51,460	$1,789,822
Changes during the fiscal year								
Issuance of new shares (exercise of subscription rights to shares)								1,198
Cash dividends								(33,810)
Net income								196,230
Change of scope of consolidation								13,589
Purchase of treasury stock								(100)
Disposal of treasury stock								9
Net changes of items other than shareholders' equity	24,182	716	74,486	(18,640)	80,744	(807)	13,148	93,085
Total changes during the fiscal year	24,182	716	74,486	(18,640)	80,744	(807)	13,148	270,201
Balance at March 31, 2015	$44,312	$ 616	$89,398	$(81,759)	$ 52,567	$6,075	$64,608	$2,060,023

	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
		Millions of yen				
		Shareholders' equity				
Balance at April 1, 2013	465,118,658	¥68,613	¥72,542	¥53,886	¥(284)	¥194,757
Changes during the fiscal year						
Issuance of new shares (exercise of subscription rights to shares)	69,171	12	12			24
Cash dividends				(2,322)		(2,322)
Net income				18,974		18,974
Change of scope of consolidation				91		91
Purchase of treasury stock					(102)	(102)
Net changes of items other than shareholders' equity						
Total changes during the fiscal year	69,171	12	12	16,743	(102)	16,665
Balance at March 31, 2014	465,187,829	¥68,625	¥72,554	¥70,629	¥(386)	¥211,422

	Net unrealized gains (losses) on investment securities	Deferred gains (losses) on hedges	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests	Total net assets
	Millions of yen							
	Accumulated other comprehensive income							
Balance at April 1, 2013	¥1,662	¥ 12	¥ (9,548)	¥ —	¥(7,874)	¥547	¥4,356	¥191,786
Changes during the fiscal year								
Issuance of new shares (exercise of subscription rights to shares)								24
Cash dividends								(2,322)
Net income								18,974
Change of scope of consolidation								91
Purchase of treasury stock								(102)
Net changes of items other than shareholders' equity	757	(24)	11,340	(7,585)	4,488	280	1,828	6,596
Total changes during the fiscal year	757	(24)	11,340	(7,585)	4,488	280	1,828	23,261
Balance at March 31, 2014	¥2,419	¥(12)	¥ 1,792	¥(7,585)	¥(3,386)	¥827	¥6,184	¥215,047

Consolidated Statements of Cash Flows

EBARA CORPORATION and Consolidated Subsidiaries
For the fiscal years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 4)
	2015	2014	2015
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 36,788	¥ 31,020	$ 306,133
Depreciation and amortization	13,039	12,118	108,505
Impairment loss	51	328	424
Loss (gain) on sales of securities and investment securities	(251)	(41)	(2,089)
Increase (decrease) in provision	1,349	3,375	11,226
Increase (decrease) in net defined benefit liability	(1,811)	(2,254)	(15,070)
Loss (gain) on sales of fixed assets	(611)	(395)	(5,084)
Interest and dividends income	(701)	(722)	(5,833)
Interest expenses	1,281	1,633	10,660
Decrease (increase) in notes and accounts receivable-trade	(18,568)	(20,388)	(154,514)
Decrease (increase) in inventories	(5,767)	807	(47,990)
Increase (decrease) in notes and accounts payable-trade	3,118	5,006	25,947
Increase / decrease in other assets/liabilities	(5,968)	1,745	(49,663)
Other loss (gain)	1,833	916	15,251
Sub-total	23,782	33,148	197,903
Interest and dividends received	1,648	716	13,714
Interest expenses paid	(1,290)	(1,653)	(10,735)
Income taxes paid	(12,844)	(5,596)	(106,882)
Net cash provided by operating activities	11,296	26,615	94,000
Cash Flows from Investing Activities:			
Purchases of fixed assets	(15,000)	(16,400)	(124,823)
Sales of fixed assets	1,006	814	8,371
Purchases of securities and investment securities	(15,494)	(8,576)	(128,934)
Sales and redemption of securities and investment securities	12,881	27,266	107,190
Payments into time deposits	(1,158)	(1,125)	(9,636)
Withdrawal of time deposits	810	1,210	6,740
Disbursement of loans receivable	(1,688)	(2,300)	(14,047)
Collection of loans receivable	2,728	2,259	22,701
Purchase of shares of subsidiaries	(9)	(22)	(75)
Other	30	413	249
Net cash provided by (used in) investing activities	(15,894)	3,539	(132,264)
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term loans payable	3,314	462	27,578
Proceeds from long-term loans payable	4,133	2,414	34,393
Repayment of long-term loans payable	(8,831)	(14,357)	(73,488)
Proceeds from issuance of bonds	—	10,000	—
Redemption of bonds	—	(20,000)	—
Proceeds from issuance of common stock	0	0	0
Proceeds from disposal of treasury stock	1	—	8
Purchase of treasury stock	(12)	(102)	(100)
Cash dividends paid	(4,063)	(2,322)	(33,810)
Cash dividends paid to minority shareholders	(868)	(719)	(7,223)
Other	(719)	(713)	(5,983)
Net cash used in financing activities	(7,045)	(25,337)	(58,625)
Translation Adjustments	4,076	3,716	33,919
Increase (Decrease) in Cash and Cash Equivalents	(7,567)	8,533	(62,970)
Cash and Cash Equivalents:			
At beginning of the fiscal year:			
Balance brought forward	102,340	93,793	851,627
Increase in cash and cash equivalents resulting from change of scope of consolidation	830	14	6,907
At end of the fiscal year (Note 12)	¥ 95,603	¥102,340	$ 795,564

The accompanying notes are an integral part of these statements.

Notes to the Consolidated Financial Statements

EBARA CORPORATION and Consolidated Subsidiaries

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, 2015, the numbers of consolidated subsidiaries, non-consolidated subsidiaries that applied the equity method, and affiliated companies that applied the equity method were 53, 1 and 2 (49, 1 and 2 in 2014), respectively.

The financial statements of 26 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.

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. Capital contributed 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 method.
(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

Merchandise and finished goods and raw materials and supplies are primarily 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 by the Company is amortized on a straight-line basis for the estimated useful life of five 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.

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.

Reserve for warranties for completed construction

To provide for possible expenses arising from warranties against defects, the Group 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 Group, the Group makes estimates of such losses for those uncompleted projects deemed to have a high 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 ¥1,771 million ($14,737 thousand) (including work in process of ¥1,771 million) and ¥1,112 million (including work in process of ¥1,112 million) for the fiscal years ended March 31, 2015 and 2014, respectively.

The provision to the reserve for construction losses contained in cost of sales was ¥3,930 million ($32,704 thousand) and ¥3,681 million for the fiscal years ended March 31, 2015 and 2014, respectively.

Reserve for expenses related to the sales of land

Accompanying the sales of the land formerly occupied by the Group's Haneda Plant, the estimated cost of restoring this land to its original condition has been recognized in the fiscal year.

Reserve for directors' retirement benefits

In domestic consolidated subsidiaries, reserve for directors' retirement benefits is accrued at the amounts of the future liabilities in relation to the length of service at the balance sheet date.

Retirement benefits

i. Method of attribution of projected benefit obligations

In the calculation of defined benefit liability, the method used to attribute projected benefit obligations in the period up to the fiscal year is based on the benefit formula basis.

ii. Method of amortization of actuarial gain or loss and past service cost

Past service cost is amortized using the straight-line method over a certain number of years within the average remaining service period of employees at the time of accrual.

Actuarial gain or loss is amortized starting in the fiscal year following the fiscal year in which the gain or loss is recognized using the declining-balance method over a certain number of years within the average remaining service period of employees.

iii. Adoption of the simplified accounting method in small companies, etc.

Certain consolidated subsidiaries adopt the simplified accounting method in calculating their net defined benefit liabilities and retirement benefit expenses. Under the simplified method, retirement benefit obligations are calculated as if all eligible employees voluntarily terminated their employment at the year-end.

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. For interest-rate swaps which fulfill the requirements for special exceptions under the Accounting Standard for Financial Instruments, such special exceptions are adopted.

Hedging instruments and hedged objects

Hedging instruments

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

Hedged objects

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 hedged objects. However, with regard to the interest-rate swaps that meet hedge criteria, the assessments are omitted.

Currency exchange rate risk

As long as one hedging instrument and one hedged 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 ¥6,754 million ($56,204 thousand) and ¥6,465 million for the fiscal years ended March 31, 2015 and 2014, respectively.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with insignificant risk of changes in value which have maturities of three months or less.

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 an antidilutive effect results.

Consumption tax

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

Consolidated taxation system

A consolidated taxation system is applied.

3. Changes in Accounting Policies

Application of Accounting Standard for Retirement Benefits

The Group has applied the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan [ASBJ] Statement No.26 of May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25 of March 26, 2015) to the main clause stipulated in Article 35 of the Accounting Standard for Retirement Benefits and Article 67 of the Guidance on Accounting Standard for Retirement Benefits effective from April 1, 2014. Under the new standards, calculation of retirement benefit obligations and service costs has been revised and the method of attributing expected benefit payments to periods has been changed from the straight-line method to the benefit formula method. The method for determination of the discount rate was also revised to a single weighted average discount rate reflecting the expected timing and amount of benefit payments.

In accordance with transitional treatment as stipulated in Article 37 of the Accounting Standard for Retirement Benefits, the effect of changes in accounting policies arising from initial application is recognized as an adjustment to retained earnings at the beginning of the current fiscal year.

As a result, net defined benefit liabilities increased by ¥269 million ($2,238 thousand) and retained earnings increased by ¥36 million ($300 thousand) at the beginning of the current fiscal year. The impact on operating income and income before income taxes and minority interests during the current fiscal year is immaterial. Also, the impact on net assets per share, net income per share, diluted net income per share and segment information during the current fiscal year is immaterial.

4. 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 ¥120.17=US$1, the rate of exchange prevailing on March 31, 2015.

5. Inventories

Inventories comprised the following:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Merchandise and finished goods	¥12,851	¥10,931	$106,940
Work in process	41,848	38,133	348,240
Raw materials and supplies	25,492	21,281	212,133
Total	¥80,191	¥70,345	$667,313

6. Pledged Assets and Related Liabilities

Pledged assets are as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Buildings and structures	¥3,444	¥3,103	$28,659
Machinery, equipment and vehicles	1,139	1,329	9,478
Land	110	102	915
Others	3	—	25
Investment securities	20	1,806	166
Total	¥4,716	¥6,340	$39,243

Collateral for loans is as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Short-term loans payable	¥ 504	¥1,493	$4,193
Long-term loans payable	1,197	1,540	9,961

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

As of March 31	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Investment securities	¥20	¥20	$166

7. Commitments and Contingent Liabilities

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

As of March 31	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Loans guaranteed:			
Nonconsolidated subsidiaries and affiliates	¥228	¥656	$1,897
Other	149	207	1,240

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

As of March 31, 2015 and 2014, short-term loans payable amounted to ¥60,252 million ($501,390 thousand) and ¥54,184 million, respectively, and generally represented short-term loans payable (having a life of less than 365 days), of which ¥0 million ($0 thousand) and ¥1,020 million were secured, respectively.

As of March 31, 2015 and 2014, ¥1,701 million ($14,154 thousand) and ¥3,033 million of short-term loans payable and long-term loans payable were collateralized by assets amounting to ¥4,713 million ($39,218 thousand) and ¥6,340 million, respectively.

The weighted-average interest rates for short-term loans payable and current portion of long-term loans payable as of March 31, 2015 and 2014 were 0.745% and 0.933%, respectively.

Long-term debt (excluding lease obligations) comprised:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Loans payable from banks, insurance companies and other, due 2016 to 2022 with interest rates of 0.560% to 12.0% at March 31, 2015 and with interest rates of 0.650% to 12.0% at March 31, 2014			
Secured	¥ 1,701	¥ 2,013	$ 14,154
Unsecured	27,599	31,675	229,667
Unsecured bonds with stock acquisition rights due 2018 issued in the domestic market	19,994	19,997	166,381
0.53% unsecured yen bonds due 2018 issued in the domestic market	10,000	10,000	83,215
	59,294	63,685	493,417
Less: current portion due within one year	(4,655)	(8,734)	(38,737)
Total	¥54,639	¥54,951	$454,681

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
2016	¥ 4,655	$ 38,737
2017	18,988	158,009
2018	21,399	178,073
2019	10,917	90,846
2020	2,976	24,765
2021 and thereafter	359	2,988

9. Impairment Loss of Long-Lived Assets

Fiscal year ended March 31, 2015

The Group reported impairment loss of long-lived assets amounting to ¥51 million ($424 thousand) in the fiscal year ended March 31, 2015. The impairment loss was recognized in the following asset groups: Idle assets and assets held for sale.

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

Recognition of impairment loss: Since idle machinery, equipment and vehicle, land, software and others are no longer expected to contribute to earnings in future periods, the book value has been reduced to a memorandum value. Also, since the price at which land held for sales is below the book value of such asset, the Group has written down the book value to the recoverable value.

Computation of recoverable value: The recoverable value of assets has been calculated as the net sales value. For land, reasonable estimates of its recoverable value have been made based on land tax assessment and other information.

Fiscal year ended March 31, 2014

The Group reported impairment loss of long-lived assets amounting to ¥328 million in the fiscal year ended March 31, 2014. The impairment loss was recognized in the following asset groups: Idle assets and assets held for sale.

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

Recognition of impairment loss: Since idle buildings and structures, machinery, equipment and vehicle, land, and others are no longer expected to contribute to earnings in future periods, the book value has been reduced to a memorandum value. Also, since the price at which buildings and structures and land held for sales is below the book value of such assets, the Group has written down the book value to the recoverable value.

Computation of recoverable value: The recoverable value of assets has been calculated as the net sales value. For land, reasonable estimates of its recoverable value have been made based on land tax assessment and other information.

10. 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, 2015 and 2014:

For the fiscal years ended March 31	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unrealized holding gains (losses) on securities:			
Amount arising during the fiscal year	¥ 4,020	¥ 1,151	$ 33,453
Reclassification adjustments for gains (losses) realized in net income	(17)	6	(142)
Amount of unrealized holding gains (losses) on securities before tax effect	4,003	1,157	33,311
Tax effect	(1,170)	(412)	(9,736)
Unrealized holding gains (losses) on securities	2,833	745	23,575
Deferred gains (losses) on hedges:			
Amount arising during the fiscal year	103	(39)	857
Reclassification adjustments for gains (losses) realized in net income	23	—	192
Amount of deferred gains (losses) on hedges before tax effect	126	(39)	1,049
Tax effect	(40)	15	(333)
Deferred gains (losses) on hedges	86	(24)	716
Translation adjustment:			
Amount arising during the fiscal year	10,508	11,893	87,443
Retirement benefits liability adjustments:			
Amount arising during the fiscal year	(3,389)	—	(28,202)
Reclassification adjustments for gains (losses) realized in net income	501	—	4,169
Amount before tax effect	(2,888)	—	(24,033)
Tax effect	651	—	5,418
Retirement benefits liability adjustments	(2,237)	—	(18,615)
Share of other comprehensive income of associates accounted for using equity method:			
Amount arising during the fiscal year	86	90	715
Total other comprehensive income	¥11,276	¥12,704	$ 93,834

11. 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 distributions 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, 2015

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 26, 2014	Common stock	¥2,322	$19,323	¥5.00	$0.042	March 31, 2014	June 27, 2014

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 6, 2014	Common stock	¥1,742	$14,496	¥3.75	$0.032	September 30, 2014	December 2, 2014

For the fiscal year ended March 31, 2014

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 27, 2013	Common stock	¥1,161	¥2.50	March 31, 2013	June 28, 2013

Resolution	Type of shares	Total dividends (millions of yen)	Dividends per share (yen)	Cut-off date	Effective date
Board Meeting on November 8, 2013	Common stock	¥1,161	¥2.50	September 30, 2013	December 3, 2013

2. Dividends with the cut-off date in the fiscal year ended March 31, 2015 and the effective date in the fiscal year ending March 31, 2016

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 24, 2015	Common stock	¥3,834	$31,905	Retained earnings	¥8.25	$0.069	March 31, 2015	June 25, 2015

Dividends with the cut-off date in the fiscal year ended March 31, 2014 and the effective date in the fiscal year ended March 31, 2015

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 26, 2014	Common stock	¥2,322	Retained earnings	¥5.00	March 31, 2014	June 27, 2014

12. Supplementary Cash Flow Information

Cash and cash equivalents in the consolidated statements of cash flows for the fiscal years ended March 31, 2015 and 2014 are reconciled to cash on hand and in banks and securities in the consolidated balance sheets as follows:

For the fiscal years ended March 31	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Cash on hand and in banks	¥94,323	¥ 97,840	$784,913
Securities	5,187	5,514	43,164
Securities and others with maturities of more than three months	(3,017)	(529)	(25,106)
Time deposits with maturities of more than three months	(890)	(485)	(7,407)
Cash and cash equivalents	¥95,603	¥102,340	$795,564

13. Leases

(As lessee)

1. Finance lease transactions

Finance lease transactions other than those for which the ownership transfers to the lessee

(1) Components of lease assets

Tangible fixed assets

This mainly comprises production equipment (tool, furniture and fixtures, etc.).

(2) Declining balance method of lease assets

This is presented under “Lease assets” in the section “Note 2. Summary of Significant Accounting Policies.”

2. Operating lease transactions

Future minimum lease payments for non-cancelable operating leases for the fiscal years ended March 31, 2015 and 2014 are summarized as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Due within one year	¥ 866	¥ 776	$ 7,206
Due after one year	2,180	2,197	18,141
Total	¥3,046	¥2,973	$25,347

14. 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 and electronically recorded monetary claims, 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 and electronically recorded obligations, which are operating liabilities, are settled, 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).

Derivative transactions comprise forward exchange contract transactions for the purpose of hedging exchange rate fluctuation risk for trade payables and receivables denominated in foreign currencies and interest rate swap transactions for the purpose of hedging interest rate fluctuation risk for interest payable on loans. Please note that further information on hedge accounting, including hedging instruments, hedged items, hedging policy, and assessing the effectiveness of hedging, may be found in a previous section entitled “Hedging accounting methods” in the section “Note 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’s regulations related to credit management, monitor the conditions of principal business customers and supervise the payment dates and balances by customers with the aims of identifying possible deterioration in the financial conditions 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 the Company's 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 from the Company's 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, 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, 2015 and 2014 (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, 2015	On consolidated balance sheets	Fair value	Difference
Cash on hand and in banks	¥ 94,323	¥ 94,323	¥ —
Notes and accounts receivable-trade	209,864		
Electronically recorded monetary claims	156		
Allowance for doubtful accounts (*1)	(2,371)		
	¥207,649	¥207,606	¥ (43)
Securities and investment securities	22,346	22,343	(3)
Total	¥324,318	¥324,272	¥ (46)
Notes and accounts payable-trade	¥ 81,121	¥ 81,121	¥ —
Electronically recorded obligations	29,944	29,944	—
Short-term loans payable	64,907	64,907	—
Bonds payable	10,000	10,079	79
Bonds with subscription rights to shares	19,994	19,827	(167)
Long-term loans payable	24,645	24,574	(71)
Total	¥230,611	¥230,452	¥(159)
Derivative transactions (*2)	¥ 106	¥ 106	¥ —

	Millions of yen		
As of March 31, 2014	On consolidated balance sheets	Fair value	Difference
Cash on hand and in banks	¥ 97,840	¥ 97,840	¥ —
Notes and accounts receivable-trade	184,078		
Allowance for doubtful accounts (*1)	(2,706)		
	¥181,372	¥181,239	¥ (133)
Securities and investment securities	18,736	18,736	—
Total	¥297,948	¥297,815	¥ (133)
Notes and accounts payable-trade	¥103,339	¥103,339	¥ —
Short-term loans payable	62,918	62,918	—
Bonds payable	10,000	9,743	(257)
Bonds with subscription rights to shares	19,997	19,331	(666)
Long-term loans payable	24,954	28,767	3,813
Total	¥221,208	¥224,098	¥2,890
Derivative transactions (*2)	¥ (20)	¥ (20)	¥ —

	Thousands of U.S. dollars		
As of March 31, 2015	On consolidated balance sheets	Fair value	Difference
Cash on hand and in banks	$ 784,913	$ 784,913	$ —
Notes and accounts receivable-trade	1,746,393		
Electronically recorded monetary claims	1,298		
Allowance for doubtful accounts (*1)	(19,730)		
	$1,727,961	$1,727,603	$ (358)
Securities and investment securities	185,953	185,928	(25)
Total	$2,698,827	$2,698,444	$ (383)
Notes and accounts payable-trade	$ 675,052	$ 675,052	$ —
Electronically recorded obligations	249,180	249,180	—
Short-term loans payable	540,127	540,127	—
Bonds payable	83,215	83,872	657
Bonds with subscription rights to shares	166,381	164,991	(1,390)
Long-term loans payable	205,084	204,493	(591)
Total	$1,919,039	$1,917,715	$(1,324)
Derivative transactions (*2)	$ 882	$ 882	$ —

(*1) The full amount of the allowance for doubtful accounts is excluded. Please note that the allowance for doubtful accounts includes notes receivable-trade, accounts receivable-trade, electronically recorded monetary claims and accounts receivable-other 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 fair values.

b. Notes and accounts receivable-trade and electronically recorded monetary claims

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

The fair value for stocks is based on quoted market prices. The value for bonds is determined using the price provided by exchanges or financial institutions. Also, certificates of deposit are settled within short periods and are shown at their respective book value, which is almost equivalent to their fair values. For securities to be held to maturity and others, please refer to "Note 15. Marketable and Investment Securities."

(2) Liabilities

a. Notes and accounts payable-trade, electronically recorded obligations and short-term loans payable

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 payable, 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 the 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 16. Derivative Financial Instruments."

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

	On consolidated balance sheets		
As of March 31	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Stocks of affiliate companies	¥ 7,526	¥ 7,357	$62,628
Unlisted stocks	3,925	4,433	32,662
Total	¥11,451	¥11,790	$95,290

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, 2015	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	¥ 94,323	¥ —	¥ —	¥—
Notes and accounts receivable-trade	204,421	4,750	693	—
Electronically recorded monetary claims	156	—	—	—
Investment securities and other securities:				
Bonds to be held to maturity:				
Other	2	356	—	—
Other securities with maturity:				
Negotiable certificates of deposit	3,015	—	—	—
Total	¥301,917	¥5,106	¥693	¥—

	Millions of yen			
As of March 31, 2014	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	¥ 97,840	¥ —	¥ —	¥—
Notes and accounts receivable-trade	178,502	5,469	107	—
Investment securities and other securities:				
Bonds to be held to maturity:				
Other	2	356	0	—
Other securities with maturity:				
Other	1,823	—	—	—
Total	¥278,167	¥5,825	¥107	¥—

	Thousands of U.S. dollars			
As of March 31, 2015	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	$ 784,913	$ —	$ —	$—
Notes and accounts receivable-trade	1,701,099	39,527	5,767	—
Electronically recorded monetary claims	1,298	—	—	—
Investment securities and other securities:				
Bonds to be held to maturity:				
Other	17	2,963	—	—
Other securities with maturity:				
Negotiable certificates of deposit	25,089	—	—	—
Total	$2,512,416	$42,490	$5,767	$—

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

	Millions of yen					
As of March 31, 2015	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	¥60,252	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds payable	—	—	—	10,000	—	—
Bonds with subscription rights to shares	—	—	19,994	—	—	—
Long-term loans payable	4,655	18,988	1,405	917	2,976	359
Lease obligations	664	507	377	260	114	33
Total	¥65,571	¥19,495	¥21,776	¥11,177	¥3,090	¥392

	Millions of yen					
As of March 31, 2014	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	¥54,184	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds payable	—	—	—	—	10,000	—
Bonds with subscription rights to shares	—	—	—	19,997	—	—
Long-term loans payable	8,734	4,333	18,463	1,004	640	514
Lease obligations	628	482	325	195	103	71
Total	¥63,546	¥4,815	¥18,788	¥21,196	¥10,743	¥585

	Thousands of U.S. dollars					
As of March 31, 2015	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	$501,390	$ —	$ —	$ —	$ —	$ —
Bonds payable	—	—	—	83,215	—	—
Bonds with subscription rights to shares	—	—	166,381	—	—	—
Long-term loans payable	38,737	158,009	11,692	7,631	24,765	2,987
Lease obligations	5,526	4,219	3,137	2,164	949	274
Total	$545,653	$162,228	$181,210	$93,010	$25,714	$3,261

15. 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, 2015 and 2014 are as follows.

Held-to-maturity-securities:

	Millions of yen			
As of March 31, 2015	Book value	Unrealized gains	Unrealized losses	Fair value
Book value over fair value				
Others	¥350	¥—	¥4	¥346

	Millions of yen			
As of March 31, 2014	Book value	Unrealized gains	Unrealized losses	Fair value
Book value over fair value				
Others	¥350	¥—	¥2	¥348

	Thousands of U.S. dollars			
As of March 31, 2015	Book value	Unrealized gains	Unrealized losses	Fair value
Book value over fair value				
Others	$2,913	$—	$33	$2,880

Other securities:

	Millions of yen			
As of March 31, 2015	Historical cost	Unrealized gains	Unrealized losses	Book value
Book value over historical cost				
Equity securities	¥9,021	¥7,708	¥—	¥16,729
Historical cost over book value				
Equity securities	100	—	17	83
Others	5,185	—	—	5,185

	Millions of yen			
As of March 31, 2014	Historical cost	Unrealized gains	Unrealized losses	Book value
Book value over historical cost				
Equity securities	¥7,677	¥3,766	¥—	¥11,443
Historical cost over book value				
Equity securities	1,504	—	74	1,430
Others	5,513	—	—	5,513

	Thousands of U.S. dollars			
As of March 31, 2015	Historical cost	Unrealized gains	Unrealized losses	Book value
Book value over historical cost				
Equity securities	$75,069	$64,142	$ —	$139,211
Historical cost over book value				
Equity securities	832	—	141	691
Others	43,147	—	—	43,147

Proceeds from sales of marketable and investment securities and realized gains and losses for the fiscal years ended March 31, 2015 and 2014 are as follows.

Other securities:

	Millions of yen		
For the fiscal year ended March 31, 2015	Proceeds from sales	Realized gains	Realized losses
Equity securities	¥821	¥251	¥—

	Millions of yen		
For the fiscal year ended March 31, 2014	Proceeds from sales	Realized gains	Realized losses
Equity securities	¥96	¥41	¥—

	Thousands of U.S. dollars		
For the fiscal year ended March 31, 2015	Proceeds from sales	Realized gains	Realized losses
Equity securities	$6,832	$2,089	$—

Impairment loss on securities:

For the fiscal years ended March 31	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Valuation loss on investment securities	¥—	¥84	$—

16. Derivative Financial Instruments

Fiscal year ended March 31, 2015

1. Derivatives not subject to hedge accounting

No items reported

2. Derivatives subject to hedge accounting

(1) Currency related

			Millions of yen		
Classification	Transaction	Hedged items	Contractual value	Contractual value over 1 year	Fair value
Deferred hedge accounting	Forward exchange contract	Accounts receivable-trade and accounts payable-trade			
	To sell:				
	EUR		¥ 855	¥—	¥ 74
	To buy:				
	EUR		22	—	(0)
	YEN		1,211	—	32
	Total		¥2,088	¥—	¥106

			Thousands of U.S. dollars		
Classification	Transaction	Hedged items	Contractual value	Contractual value over 1 year	Fair value
Deferred hedge accounting	Forward exchange contract	Accounts receivable-trade and accounts payable-trade			
	To sell:				
	EUR		$ 7,115	$—	$616
	To buy:				
	EUR		183	—	(0)
	YEN		10,077	—	267
	Total		$17,375	$—	$883

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

(2) Interest-rate related

Classification	Transaction	Hedged items	Millions of yen 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	¥15,000	¥15,000	(See note below)

Classification	Transaction	Hedged items	Thousands of U.S. dollars 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	$124,823	$124,823	(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 "2. Information on the fair value of financial instruments" in the section "Note 14. Financial Instruments."

Fiscal year ended March 31, 2014

1. Derivatives not subject to hedge accounting

No items reported

2. Derivatives subject to hedge accounting

(1) Currency related

Classification	Transaction	Hedged items	Millions of yen 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		¥ 25	¥—	¥ 0
	EUR		465	—	(20)
	To buy:				
	EUR		23	—	0
	Total		¥513	¥—	¥(20)

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

(2) Interest-rate related

Classification	Transaction	Hedged items	Millions of yen 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	¥19,013	¥15,000	(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 "2. Information on the fair value of financial instruments" in the section "Note 14. Financial Instruments."

17. Retirement Benefits

The Company and certain consolidated subsidiaries have either funded or unfunded defined benefit plans and a defined contribution plan.

The Company and certain consolidated subsidiaries have defined benefit plans that consist of a defined-benefit corporate pension plan and a lump-sum payment plan. Further, the Company has set up a retirement benefit trust. Also, certain consolidated subsidiaries apply the simplified method to calculate the retirement benefit obligation. In addition, the Company and certain consolidated subsidiaries have multi-employer plans. As the amount of pension assets for these plans can be reasonably calculated, they are included in the note regarding defined benefit plans.

1. The changes in the retirement benefit obligation during the fiscal years ended March 31, 2015 and 2014 are as follows:

For the fiscal years ended March 31	Millions of yen 2015	2014	Thousands of U.S. dollars 2015
Balance at April 1	¥69,267	¥68,403	$576,408
Cumulative effects of changes in accounting policies	269	—	2,239
Restated balance	69,536	68,403	578,647
Service cost	3,068	2,844	25,530
Interest cost	1,971	2,068	16,402
Actuarial (gain) loss	4,803	(2,103)	39,968
Retirement benefits paid	(6,294)	(6,848)	(52,376)
Others	6,274	4,903	52,210
Balance at March 31	¥79,358	¥69,267	$660,381

2. The changes in plan assets during the fiscal years ended March 31, 2015 and 2014 are as follows:

For the fiscal years ended March 31	Millions of yen 2015	2014	Thousands of U.S. dollars 2015
Balance at April 1	¥52,879	¥45,325	$440,035
Expected return on plan assets	2,890	2,501	24,049
Actuarial gain (loss)	2,558	2,324	21,287
Company contributions	3,695	3,922	30,748
Retirement benefits paid	(4,533)	(4,544)	(37,722)
Others	4,701	3,351	39,120
Balance at March 31	¥62,190	¥52,879	$517,517

3. The following table sets forth the funded status of the plan and the amounts recognized in the consolidated balance sheets as of March 31, 2015 and 2014 for the defined benefit plans:

As of March 31	Millions of yen 2015	2014	Thousands of U.S. dollars 2015
Funded retirement benefit obligation	¥ 61,184	¥ 52,541	$ 509,145
Plan assets	(62,190)	(52,879)	(517,516)
	(1,006)	(338)	(8,371)
Unfunded retirement benefit obligation	18,174	16,725	151,235
Net liability for retirement benefits in the consolidated balance sheets	17,168	16,387	142,864
Net defined benefit liability	17,198	16,440	143,114
Net defined benefit asset	(30)	(53)	(250)
Net liability for retirement benefits in the consolidated balance sheets	¥ 17,168	¥ 16,387	$ 142,864

4. The components of retirement benefit expense for the fiscal years ended March 31, 2015 and 2014 are as follows:

For the fiscal years ended March 31	Millions of yen 2015	2014	Thousands of U.S. dollars 2015
Service cost	¥ 3,068	¥ 2,844	$ 25,530
Interest cost	1,971	2,068	16,401
Expected return on plan assets	(2,890)	(2,501)	(24,049)
Amortization of actuarial loss (gain)	465	991	3,870
Amortization of past service cost	36	15	300
Others	(22)	41	(183)
Retirement benefit expense	¥ 2,628	¥ 3,458	$ 21,869

5. The components of retirement benefits liability adjustments (before tax effect) for the fiscal years ended March 31, 2015 and 2014 are as follows:

For the fiscal years ended March 31	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Past service cost	¥ (191)	¥—	$ (1,589)
Actuarial loss (gain)	(2,697)	—	(22,443)
Total	¥(2,888)	¥—	$(24,033)

6. Unrecognized past service cost and actuarial gain (loss) included in remeasurements of defined benefit plans of accumulated other comprehensive income (before tax effect) as of March 31, 2015 and 2014 are as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unrecognized past service cost	¥ (498)	¥ (419)	$ (4,144)
Unrecognized actuarial gain (loss)	(11,920)	(8,776)	(99,193)
Total	¥(12,418)	¥(9,195)	$(103,337)

7. Plan assets

(1) Plan assets

Percentages of total plan assets for major components as of March 31, 2015 and 2014 are as follows:

As of March 31		
	2015	2014
Stocks	41%	53%
Debt securities	36	23
General accounts	15	17
Others	8	7
Total	100%	100%

Note: A retirement benefit trusts set up for the corporate pension plan as of March 31, 2015 and 2014 accounts for 13% and 13% respectively of total plan assets.

(2) Method of determining expected long-term rate of return on plan assets

In determining an expected long-term rate of return on plan assets, the Company considers current and projected plan asset allocations and current and expected future long-term rates of return on various components of plan assets.

8. Assumptions used for actuarial calculation

The assumptions used mainly for actuarial calculation for the above plans were as follows:

For the fiscal years ended March 31		
	2015	2014
Assumptions to determine above obligation and cost:		
Discount rate (the Company and domestic subsidiaries)	0.5%	2.0%
Discount rate (foreign subsidiaries)	3.8%	4.4%
Expected long-term rate of return on plan assets (the Company and domestic subsidiaries)	2.7%	2.7%
Expected long-term rate of return on plan assets (foreign subsidiaries)	7.3%	8.0%

9. Defined contribution plans

The amount to be paid by the Company and its consolidated subsidiaries to defined contribution plans for the fiscal years ended March 31, 2015 and 2014 were ¥934 million ($7,772 thousand) and ¥846 million, respectively.

18. Stock Options

1. Items and amounts of related expenses presented in the consolidated accounts for the fiscal years ended March 31, 2015 and 2014 are as follows:

For the fiscal years ended March 31	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Cost of sales	¥12	¥ 29	$100
Selling, general and administrative expenses	40	272	333

2. Description and movement of stock options

(1) Description of stock options granted by the end of the fiscal year ended March 31, 2015

	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 granted 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. If the Company's consolidated return on equity (ROE; the "attained performance") is less than 8.0% (the "target performance") for 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 3 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 granted 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. If the Company's consolidated return on equity (ROE; the "attained performance") is less than 8.0% (the "target performance") for 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, 2010, 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 3 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 granted 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. If the Company's consolidated return on invested capital (ROIC; the "attained performance") is less than 8.0% (the "target performance") for 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 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.
5. 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.
6. 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. If the Company's consolidated return on invested capital (ROIC; the "attained performance") reaches 8.0% (the "target performance") for the final fiscal year that ends within a two-year period from the date of grant of share options (the "final fiscal year"), those granted share options may exercise all share option rights. On the other hand, if the Company's attained performance is less than the target performance for 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 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.
5. 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.
6. 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.

	5th subscription rights to shares
Scope and number of people eligible to be granted stock options	1. Directors excluding outside directors in the Company: 5 persons 2. Executive officers in the Company: 4 persons 3. Directors and executive officers in subsidiaries: 7 persons
Number of stock options granted by type of stock	Common stock: 212,000 shares (Note 1)
Granted date	October 1, 2013
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. If the Company's consolidated return on invested capital (ROIC; the "attained performance") reaches 8.0% (the "target performance") for the final fiscal year that ends within a one-year period from the date of grant of share options (the "final fiscal year"), those granted share options may exercise all share option rights. On the other hand, if the Company's attained performance is less than the target performance for 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 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.
5. 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.
6. 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.

	6th 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: 19 persons 3. Directors and executive officers in subsidiaries: 16 persons
Number of stock options granted by type of stock	Common stock: 1,309,000 shares (Note 1)
Granted date	October 1, 2014
Vesting conditions	(Note 3)
Vesting period	No relevant service period has been established.
Exercise period	From July 1, 2017 to June 30, 2029

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. If the Company's consolidated return on invested capital (ROIC; the "attained performance") reaches 7.0% (the "target performance") for the final fiscal year that ends within a three-year period from the date of grant of share options (the "final fiscal year"), those granted share options may exercise all share option rights. On the other hand, if the target performance is not met, the number of exercisable stock option rights shall not exceed an amount defined by multiplying the number of allotted rights by the degree of achievement—which shall be the number obtained by dividing the attained performance by the target performance and not less than 0.5 (the "post-performance adjustment upper limit for exercisable rights"). However, an exception may be made when a rights holder was also allocated another stock option rights during the period from October 1, 2014, to the final day of the final fiscal year, but this provision will be limited to rights for the stock option scheme that is part of the stock-linked compensation plan that is similar to the stock options (the "similar stock options"). Should the post-performance adjustment upper limit for exercisable rights for similar stock options allocated prior to the allocation of the stock options include a fraction less than one, this fraction will be added to the post-performance adjustment upper limit for exercisable rights for the stock options. One is the unit of exercise of the stock option and the fraction is not exercisable.
4. 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.
5. 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.
6. 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, 2015, 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	5th subscription rights to shares	6th subscription rights to shares
Share subscription rights which are not yet vested						
Outstanding as of March 31, 2014	—	—	1,615,000	534,000	212,000	—
Granted	—	—	—	—	—	1,309,000
Forfeited	—	—	473,000	161,000	65,000	—
Vested	—	—	1,142,000	373,000	147,000	—
Unvested balance	—	—	—	—	—	1,309,000
Share subscription rights which have already been vested						
Outstanding as of March 31, 2014	728,000	36,000	—	—	—	—
Vested	—	—	1,142,000	373,000	147,000	—
Exercised	230,000	—	121,000	84,000	15,000	—
Forfeited	—	—	—	—	—	—
Unexercised balance	498,000	36,000	1,021,000	289,000	132,000	—

b) Price information

	1st subscription rights to shares	2nd subscription rights to shares	3rd subscription rights to shares	4th subscription rights to shares	5th subscription rights to shares	6th subscription rights to shares
Exercise price (yen)	1	1	1	1	1	1
Weighted average exercise price (yen)	608	—	613	612	625	—
Fair value per stock at the granted date (yen)	341	343	245	288	520	613

3. Method of estimating the fair value of stock options

Regarding 6th subscription rights to shares issued during the consolidated fiscal year ended March 31, 2015, the method of estimating the fair value of the share options is as follows.

a) Evaluation method used: Black-Scholes Method

b) Basic parameters and evaluation methods

	6th subscription rights to shares
Expected volatility (Note 1)	39.68%
Expected holding period (Note 2)	9.0 years
Expected dividend (Note 3)	¥5.00 per share
Risk-free rate (Note 4)	0.436%

Notes: 1. Expected volatility is calculated based on actual stock prices during the preceding nine years (from October 1, 2005, through September 30, 2014).
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 nine fiscal years.
4. The risk-free rate corresponds to the interest rate (compounded) on Japanese government bonds with remaining periods to maturity of approximately nine years as of September 30, 2014.

4. Method s 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.

19. Income Taxes

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

As of March 31	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Deferred tax assets:			
Bonus payment reserve	¥ 2,313	¥ 2,402	$ 23,339
Loss recognized on a percentage-of-completion basis	573	583	5,665
Accrued enterprise tax	124	210	2,040
Net defined benefit liability	6,634	6,502	63,175
Reserve for directors' retirement benefits	58	53	515
Unrealized gains on fixed assets	1,078	1,233	11,980
Tax loss carried forward	14,239	19,200	186,553
Valuation loss on investment securities	1,431	2,174	21,123
Loss on write-down of inventories	2,919	3,277	31,840
Reserve for warranties for completed construction	3,887	4,010	38,962
Allowance for doubtful accounts	1,342	1,540	14,963
Others	5,828	6,480	62,515
Subtotal	¥ 40,426	¥ 47,664	$ 463,117
Valuation allowance	¥(13,768)	¥(18,031)	$(175,194)
Total deferred tax assets	¥ 26,658	¥ 29,633	$ 287,923
Deferred tax liabilities:			
Retained earnings of subsidiaries	(2,446)	(1,655)	(11,077)
Net unrealized gains (losses) on investment securities	(2,486)	(1,317)	(12,796)
Others	(1,371)	(2,690)	(31,141)
Total deferred tax liabilities	¥ (6,303)	¥ (5,662)	$ (55,014)
Net deferred tax assets	¥ 20,355	¥ 23,971	$ 232,909

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

For the fiscal years ended March 31	2015	2014
Statutory tax rate, giving tax effect on enterprise tax payable	35.6%	38.0%
Entertainment expenses and other expenses not deductible	0.9	0.7
Per capital equalization inhabitants' taxes	1.4	1.7
Dividends received not taxable	(21.2)	(13.4)
Dividends received effected by the exclusion from consolidation	20.3	13.1
Valuation allowance	(11.6)	(3.9)
Tax rate differences with overseas consolidated subsidiaries	(5.0)	(8.5)
Reductions in deferred tax assets at the end of the period due to changes in tax rate	11.5	2.3
Others	(0.9)	3.3
Effective tax rate as shown in statements of income	31.2%	33.2%

3. Revision of the amount of deferred tax assets and deferred tax liabilities due to change in corporation tax rate

The "Act for Partial Amendment of the Income Tax Act, etc." and the "Act for Partial Amendment of the Local Tax Act, etc." were promulgated on March 31, 2015. As a result, the effective statutory tax rate used to measure deferred tax assets and liabilities (applicable only to relevant temporary differences which are expected to be reversed on and after April 1 2015) was changed from 35.6% to 33.1% for the temporary differences expected to be realized or settled in the year during the period from April 1, 2015 to March 31, 2016, and then to 32.3% for the temporary differences expected to be realized or settled after April 1, 2016.

As a result of this change, the net deferred tax assets decreased by ¥3,862 million ($32,138 thousand) and increased deferred tax expenses by ¥4,231 million ($35,208 thousand), net unrealized gains on investment securities by ¥257 million ($2,139 thousand), and remeasurements of defined benefit plans by ¥112 million ($932 thousand) as of and for the fiscal year ended March 31, 2015.

20. Segment Information

For the fiscal years ended March 31, 2015 and 2014

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:

Segment	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, 2015 and 2014 is as follows:

	Millions of yen							
	Reportable segments							
For the fiscal year ended March 31, 2015	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Sales to customers	¥342,091	¥64,933	¥73,957	¥480,981	¥ 1,719	¥482,700	¥ —	¥482,700
Intersegment sales and transfers	604	64	—	668	3,290	3,958	(3,958)	—
Total	¥342,695	¥64,997	¥73,957	¥481,649	¥ 5,009	¥486,658	¥ (3,958)	¥482,700
Segment income	¥ 20,762	¥ 6,233	¥ 7,061	¥ 34,056	¥ 507	¥ 34,563	¥ 4	¥ 34,567
Segment assets	¥343,771	¥53,734	¥69,563	¥467,068	¥25,300	¥492,368	¥ 78,024	¥570,392
Others:								
Depreciation expense	¥ 8,408	¥ 413	¥ 2,497	¥ 11,318	¥ 1,760	¥ 13,078	¥ (39)	¥ 13,039
Amortization of goodwill	345	—	—	345	—	345	—	345
Investments for companies applying equity method	1,635	4,785	—	6,420	—	6,420	—	6,420
Increase in tangible and intangible assets	10,382	596	2,586	13,564	2,307	15,871	(24)	15,847

	Thousands of U.S. dollars							
	Reportable segments							
For the fiscal year ended March 31, 2015	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Sales to customers	$2,846,725	$540,343	$615,436	$4,002,504	$ 14,305	$4,016,809	$ —	$4,016,809
Intersegment sales and transfers	5,026	533	—	5,559	27,378	32,937	(32,937)	—
Total	$2,851,751	$540,876	$615,436	$4,008,063	$ 41,683	$4,049,746	$ (32,937)	$4,016,809
Segment income	$ 172,771	$ 51,869	$ 58,758	$ 283,398	$ 4,219	$ 287,617	$ 33	$ 287,650
Segment assets	$2,860,706	$447,150	$578,872	$3,886,728	$210,534	$4,097,262	$649,280	$4,746,542
Others:								
Depreciation expense	$ 69,968	$ 3,437	$ 20,779	$ 94,184	$ 14,646	$ 108,830	$ (325)	$ 108,505
Amortization of goodwill	2,871	—	—	2,871	—	2,871	—	2,871
Investments for companies applying equity method	13,606	39,819	—	53,425	—	53,425	—	53,425
Increase in tangible and intangible assets	86,394	4,960	21,520	112,874	19,198	132,072	(201)	131,871

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 ¥79,316 million ($660,032 thousand) for corporate assets and ¥(1,292) million ($(10,751) thousand) 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.

	Millions of yen							
	Reportable segments							
For the fiscal year ended March 31, 2014	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Sales to customers	¥322,176	¥52,984	¥71,810	¥446,970	¥ 1,688	¥448,658	¥ —	¥448,658
Intersegment sales and transfers	224	20	9	253	3,186	3,439	(3,439)	—
Total	¥322,400	¥53,004	¥71,819	¥447,223	¥ 4,874	¥452,097	¥ (3,439)	¥448,658
Segment income	¥ 22,175	¥ 4,768	¥ 4,651	¥ 31,594	¥ 520	¥ 32,114	¥ 81	¥ 32,195
Segment assets	¥307,203	¥45,020	¥73,934	¥426,157	¥15,689	¥441,846	¥88,365	¥530,211
Others:								
Depreciation expense	¥ 7,926	¥ 312	¥ 2,680	¥ 10,918	¥ 1,260	¥ 12,178	¥ (60)	¥ 12,118
Amortization of goodwill	325	—	—	325	—	325	—	325
Investments for companies applying equity method	1,474	4,674	—	6,148	—	6,148	—	6,148
Increase in tangible and intangible assets	9,464	697	3,842	14,003	4,165	18,168	(15)	18,153

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 ¥90,719 million for corporate assets and ¥(2,354) 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, 2015 and 2014 is as follows:

a. Net sales

For the fiscal years ended March 31	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Japan	¥224,002	¥211,859	$1,864,043
Asia	139,615	129,995	1,161,812
North America	58,654	50,059	488,092
Others	60,429	56,745	502,862
Total	¥482,700	¥448,658	$4,016,809

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		Thousands of U.S. dollars
	2015	2014	2015
Japan	¥ 67,297	¥67,707	$560,015
Asia	13,736	11,492	114,305
North America	19,130	15,459	159,191
Others	2,107	1,924	17,533
Total	¥102,270	¥96,582	$851,044

Information about impairment loss on fixed assets by reportable segments for the fiscal years ended March 31, 2015 and 2014 is as follows:

	Millions of yen						
	Reportable segments						
For the fiscal year ended March 31, 2015	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Others	Adjustments	Consolidated
Impairment loss	¥3	¥—	¥16	¥19	¥32	¥—	¥51

	Millions of yen						
	Reportable segments						
For the fiscal year ended March 31, 2014	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Others	Adjustments	Consolidated
Impairment loss	¥5	¥1	¥18	¥24	¥304	¥—	¥328

	Thousands of U.S. dollars						
	Reportable segments						
For the fiscal year ended March 31, 2015	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Others	Adjustments	Consolidated
Impairment loss	$25	$—	$133	$158	$266	$—	$424

Information about amortization of goodwill and year-end balances by reportable segments for the fiscal years ended March 31, 2015 and 2014 is as follows:

	Millions of yen						
	Reportable segments						
For the fiscal year ended March 31, 2015	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Others	Adjustments	Consolidated
Amortization of goodwill	¥ 345	¥—	¥—	¥ 345	¥—	¥—	¥ 345
Balance as of March 31	1,426	—	—	1,426	—	—	1,426

	Millions of yen						
	Reportable segments						
For the fiscal year ended March 31, 2014	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Others	Adjustments	Consolidated
Amortization of goodwill	¥ 325	¥—	¥—	¥ 325	¥—	¥—	¥ 325
Balance as of March 31	1,605	—	—	1,605	—	—	1,605

	Thousands of U.S. dollars						
	Reportable segments						
For the fiscal year ended March 31, 2015	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total	Others	Adjustments	Consolidated
Amortization of goodwill	$ 2,871	$—	$—	$ 2,871	$—	$—	$ 2,871
Balance as of March 31	11,867	—	—	11,867	—	—	11,867

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, 2015, 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, 2015, 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 4.

Ernst & Young ShinNihon LLC

Ernst & Young ShinNihon LLC

June 24, 2015
Tokyo, Japan