

CONSOLIDATED FINANCIAL RESULTS
FOR THE FIRST QUARTER ENDED JUNE 30, 2013
[Japanese GAAP]

August 9, 2013

Company name: EBARA CORPORATION
 Stock exchange listings: Tokyo and Sapporo
 Code number: 6361
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Scheduled date for submission of quarterly report: August 13, 2013

Scheduled date for dividend payment: —

Preparing supplementary material on financial results: None

Holding financial results presentation meeting (for institutional investors and analysts): None

(Monetary amounts are rounded down to the nearest million yen)

1. Results for the Three Months Ended June 30, 2013

(1) Financial Results

(% represents percentage change from a comparable previous period)

Millions of yen

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Three Months Ended June 30, 2013	79,834	(1.8)%	(1,950)	—	(2,182)	—	(2,386)	—
Three Months Ended June 30, 2012	81,288	1.6%	839	(64.7)%	772	(53.2)%	(424)	—

Note : Comprehensive Income: June 30, 2013; 2,806 million yen (3.6)%
 June 30, 2012; 2,911 million yen 45.4%

	Net Income per Share (Yen)	Net Income per Share, Diluted (Yen)
Three Months Ended June 30, 2013	(5.14)	—
Three Months Ended June 30, 2012	(1.00)	—

(2) Financial Position

Millions of yen

	Total Assets	Net Assets	Equity Ratio
As of June 30, 2013	495,724	193,500	37.9 %
As of March 31, 2013	504,576	191,788	37.0 %

Note : Equity: June 30, 2013; 187,907 million yen
 March 31, 2013; 186,885 million yen

2. Dividends

	Dividends per Share (Yen)				
	End of 1 st Quarter	End of 2 nd Quarter	End of 3 rd Quarter	Year-End	Annual
Fiscal Year Ended March 31, 2013	—	2.50	—	2.50	5.00
Fiscal Year Ending March 31, 2014	—				
Fiscal Year Ending March 31, 2014 (Forecast)		2.50	—	2.50	5.00

Note : Revisions to forecast of dividends in this quarter: None

3. Forecast of Financial Results for the Fiscal Year Ending March 31, 2014

(% represents percentage change from a comparable previous period)

	Net Sales		Operating Income		Ordinary Income		Net Income		Millions of yen
									Net Income per Share (Yen)
Fiscal Year Ending March 31, 2014	422,000	(1.0)%	29,000	15.6%	28,000	9.1%	15,000	(2.0)%	32.30

Note : Revisions to forecast of financial results in this quarter: None

4. Other Information

- (1) Changes in significant subsidiaries during the three months under review (Changes in specified subsidiaries involving changes in scope of consolidation): None
 - Included: — (—)
 - Excluded: — (—)
- (2) Adoption of specific accounting methods for preparation of quarterly financial statements: Yes
Note: For further details, please refer to “2. Summary Information (Notes)” on page 7.
- (3) Changes in accounting policies, Changes in accounting estimates, and Restatement of prior financial statements after error corrections
 - (i) Changes due to revisions of accounting standards, etc.: None
 - (ii) Changes other than (i) above: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement of prior financial statements after error corrections: None

(4) Number of shares outstanding (Common Stocks)

(i) Number of common stocks (Including treasury stocks)	As of June 30, 2013	465,160,829	As of March 31, 2013	465,118,658
(ii) Number of treasury stocks	As of June 30, 2013	842,746	As of March 31, 2013	703,461
(iii) Average number of common stocks	Three Months Ended June 30, 2013	464,362,520	Three Months Ended June 30, 2012	422,315,431

Recording of Implementation Conditions Regarding Auditing Procedures

This financial report does not fall within the scope of the Auditing Procedures referenced in the Financial Instruments and Exchange Act. At the time of disclosure of the financial report, the quarterly review procedures for its quarterly financial statements have not been completed.

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

The forecasts of performance and other forward-looking statements contained in this document are based on information that was available to Ebara Corporation as of the time of the issuance of this document and on certain assumptions about uncertainties that may have an impact on the Group's performance. Actual performance may differ substantially from these forecasts owing to a wide range of factors. For further information on the assumptions made in the preparation of the forecasts of performance, please refer to “Explanation of Forecast of Consolidated Financial Results” on page 6.

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1. Qualitative Information Regarding Consolidated Financial Results

(1) Explanation of Financial Results

During the first quarter (three months) ended June 30, 2013, the economy of the United States is continuing on a moderate upward trend, and in Europe, signs of a bottoming out have appeared in some areas. In Asia, the pace of expansion has become more moderate, and in some areas there are signs of stagnation and slowdowns. In Japan, the outlook is for the economy to show steady improvement as investment by the public sector remains firm and signs of a bottoming out of investment in the private sector continue to emerge.

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

During the three months ended June 30, 2013, orders received increased compared to the same period in the previous fiscal year due to an increase in the Fluid Machinery & Systems (“FMS”) Company and the Environmental Engineering (“EE”) Company despite a decrease in the Precision Machinery (“PM”) Company. Sales were lower year on year mainly due to a decrease in the PM Company despite an increase in the FMS Company and the EE Company. Operating income (loss) were worse year on year in all Companies.

Consolidated net sales for the three months amounted to ¥79,834 million (a decrease of 1.8% year on year), operating loss amounted to ¥1,950 million (¥2,789 million worse year on year), ordinary loss amounted to ¥2,182 million (¥2,955 million worse year on year) and net loss amounted to ¥2,386 million (¥1,962 million worse year on year).

Operating results by business segments are as follows:

Fluid Machinery & Systems

In the pump business, mainly in the emerging countries, inquiries regarding electric power generation plant projects in the electric power market, oil refinery plant projects in the oil and gas market and, in the chemicals market, fertilizer plant projects accompanying the expansion in the production of shale gas are increasing, and firm orders for such projects are being received. In Japan, in the private sector construction investments, and, in the public sector, investments for renewal and repair of the social infrastructure are on a moderate upward trend and holding firm.

In the compressor and turbines business, against a background of increases in energy demand and expansion in shale gas production, projects in the oil and gas market increased and remained firm in North America, the Middle East, and Asia, including China, India, and certain other markets.

In the chillers business, although demand in Japan is on a moderate decreasing trend, China is continuing to show growth, and the level of sales is running at about the same level as during the previous fiscal year.

Sales in the FMS Company for the three months amounted to ¥60,517 million (an increase of 7.7% year on year). The segment loss amounted to ¥1,659 million (¥835 million worse year on year).

Environmental Engineering

In the EE Company, in the operating and maintenance (O&M) field, orders for municipal waste incinerating facilities from the public sector—including major repairs of existing facilities, work to upgrade core facilities to restrain greenhouse gas emissions, and long-term comprehensive management contracts—are running at about the same level as in a typical year. In addition, in the engineering, procurement, and construction (EPC) field, demand for the replacement of facilities is expected to run at about the same level as in the previous period. Under these circumstances, the Group has won multiple orders for develop, build, and operate (DBO) services.

Sales in the EE Company for the three months amounted to ¥6,894 million (an increase of 1.8% year on year). The segment income amounted to ¥62 million (a decrease of 85.9% year on year).

Precision Machinery

In the PM Company, in the semiconductor market, demand for smartphones and tablet-type portable terminals is driving the market as a whole, but demand for personal computers and servers remains stagnant. In addition, demand from relevant markets such as the flat panel display, photovoltaic battery and LEDs continues to remain sluggish. As in the previous year, performance during this period may experience a slow start, but a leading domestic memory production company has announced it will undertake capital investments to expand capacity. This and other factors suggest that capital investment, which has been weak thus far, may show a trend toward gradual recovery.

Sales in the PM Company for the three months amounted to ¥11,993 million (a decrease of 32.8% year on year). The segment loss amounted to ¥561 million (¥1,665 million worse year on year).

(2) Explanation of Financial Position

An analysis of assets, liabilities and net assets is as follows:

Total Assets

Total assets as of June 30, 2013 were ¥495,724 million, ¥8,851 million lower than as of March 31, 2013. Principal changes in asset items included an increase of ¥29,272 million in securities, an increase of ¥2,193 million in work in process and a decrease of ¥44,742 million in notes and accounts receivable-trade.

Total Liabilities

Total liabilities as of June 30, 2013 were ¥302,224 million, ¥10,563 million lower than as of March 31, 2013. Principal changes in liability items included a decrease of ¥10,900 million in notes and accounts payable-trade and other factors.

Net Assets

Although retained earnings declined ¥3,456 million from March 31, 2013 because of dividend payments of ¥1,161 million and a net loss for the quarter of ¥2,386 million, the Group reported an increase in translation adjustments of ¥4,352 million and an increase in minority interests of ¥644 million. As a consequence, net assets as of June 30, 2013 were ¥193,500 million, ¥1,711 million higher than as of March 31, 2013. The sum of shareholders' equity and accumulated other comprehensive income amounted to ¥187,907 million, and equity ratio was 37.9%.

(3) Explanation of Forecast of Consolidated Financial Results

The forecast of financial results for the fiscal year ending March 31, 2014, since the previous announcement on May 8, 2013, has not been revised.

Forecast of Financial Results for the Fiscal Year Ending March 31, 2014

(% represents percentage change from a comparable previous period)

	Millions of yen	
	Fiscal Year Ending March 31, 2014	
Net Sales	422,000	(1.0)%
Operating Income	29,000	15.6%
Ordinary Income	28,000	9.1%
Net Income	15,000	(2.0)%

Forecast of Net Sales and Operating Income by Business Segment

(% represents composition ratio)

	Millions of yen			
	Net Sales		Segment Income	
Fluid Machinery & Systems	310,000	73.4%	20,000	69.0%
Environmental Engineering	48,000	11.4%	5,000	17.2%
Precision Machinery	62,000	14.7%	4,000	13.8%
Others	2,000	0.5%	—	—%
Total	422,000	100%	29,000	100%

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

1. Market Risk
2. Large-scale projects and overseas business activities
3. Business realignments, etc.
4. Exchange risk
5. Risks related to the interest rate and funding
6. Risks related to the impact of natural disasters and impairment of the social infrastructure
7. Deferred tax assets
8. Material procurement
9. Legal restrictions
10. Risk of Litigation and other conflicts
11. Risk of increased costs of land sales
12. Risk of collection of export receivables
13. Projected benefit obligation

2. Summary Information (Notes)

(1) Adoption of Specific Accounting Methods for Preparation of Quarterly Consolidated Financial Statements

Tax expenses on income before income taxes and minority interests for the three months under review are calculated by multiplying income before income taxes and minority interests for the three months under review by the reasonably estimated annual effective tax rate for the entire fiscal year with application of tax effect accounting.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of yen

	As of March 31, 2013	As of June 30, 2013
ASSETS		
Current Assets		
Cash and deposits	90,752	90,219
Notes and accounts receivable-trade	157,459	112,717
Securities	23,553	52,825
Merchandise and finished goods	9,948	10,938
Work in process	37,881	40,075
Raw materials and supplies	19,118	20,335
Others	26,286	27,083
Allowance for doubtful accounts	(1,701)	(1,836)
Total current assets	363,298	352,358
Fixed Assets		
Tangible fixed assets		
Buildings and structures, net	37,528	37,745
Machinery and equipment, net	22,592	23,197
Others, net	30,602	31,876
Total tangible assets	90,722	92,818
Intangible assets	6,889	7,224
Investments and other assets		
Investment securities	23,195	23,134
Others	23,694	23,352
Allowance for doubtful accounts	(3,224)	(3,164)
Total investments and other assets	43,665	43,322
Total fixed assets	141,277	143,366
Total Assets	504,576	495,724

As of March 31, 2013

As of June 30, 2013

LIABILITIES

Current Liabilities		
Notes and accounts payable-trade	95,886	84,986
Short-term loans payable	66,015	65,622
Current portion of bonds with subscription rights to shares	20,000	20,000
Bonus payment reserve	7,558	10,005
Directors' bonus payment reserve	257	239
Reserve for losses on construction completion guarantees	3,169	2,729
Reserve for product warranties	2,768	2,938
Reserve for construction losses	5,585	5,719
Reserve for expenses related to the sales of land	1,846	1,846
Others	42,643	42,733
Total current liabilities	245,730	236,820
Long-term Liabilities		
Bonds with subscription rights to shares	20,000	19,997
Long-term loans payable	31,338	30,104
Reserve for retirement benefits	9,629	9,413
Reserve for directors' retirement benefits	172	154
Asset retirement obligations	1,825	1,831
Others	4,092	3,901
Total long-term liabilities	67,057	65,403
Total Liabilities	312,787	302,224
NET ASSETS		
Shareholders' Equity		
Capital stock	68,613	68,620
Capital surplus	72,543	72,550
Retained earnings	53,886	50,430
Treasury stock	(284)	(368)
Total shareholders' equity	194,758	191,233
Accumulated Other Comprehensive Income		
Net unrealized gains on investment securities	1,662	1,856
Deferred gains on hedges	11	12
Translation adjustments	(9,547)	(5,194)
Total accumulated other comprehensive income	(7,873)	(3,326)
Subscription Rights to Shares	547	591
Minority Interests	4,356	5,000
Total Net Assets	191,788	193,500
Total Liabilities and Net Assets	504,576	495,724

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

Millions of yen

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2013
Net Sales	81,288	79,834
Cost of Sales	63,188	61,931
Gross Profit	18,099	17,902
Selling, General and Administrative Expenses	17,260	19,852
Operating Income (Loss)	839	(1,950)
Non-operating Income		
Interest income	37	45
Dividends income	81	84
Foreign exchange gains	—	436
Reversal of allowance for doubtful accounts	459	—
Others	512	124
Total non-operating income	1,090	691
Non-operating Expenses		
Interest expenses	604	481
Equity in losses of affiliates	317	324
Foreign exchange losses	109	—
Others	126	117
Total non-operating expenses	1,157	923
Ordinary Income (Loss)	772	(2,182)
Extraordinary Income		
Gain on sales of fixed assets	3	22
Gain on transfer of business	1	—
Total extraordinary income	4	22
Extraordinary Loss		
Loss on disposal of fixed assets	28	6
Impairment loss	—	172
Loss on sales of investment securities	0	—
Loss on valuation of investment securities	45	—
Loss on valuation of investments in capital	246	—
Others	15	1
Total extraordinary loss	336	180
Income (Loss) before Income Taxes and Minority Interests	439	(2,340)
Income Taxes	563	(290)
Loss before Minority Interests	(123)	(2,050)
Minority Interests in Income	300	336
Net Loss	(424)	(2,386)

Consolidated Statements of Comprehensive Income

Millions of yen

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2013
Loss before Minority Interests	(123)	(2,050)
Other Comprehensive Income:		
Net unrealized gains (losses) on investment securities	(893)	195
Deferred gains (losses) on hedges	0	0
Translation adjustment	3,903	4,645
Share of other comprehensive income of associates accounted for using equity method	23	14
Total other comprehensive income	3,034	4,856
Comprehensive Income	2,911	2,806
Comprehensive income attributable to:		
Owners of the parent	2,403	2,161
Minority interests	507	645

(3) Consolidated Statements of Cash Flows

Millions of yen

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2013
Cash Flows from Operating Activities:		
Income (loss) before income taxes and minority interests	439	(2,340)
Depreciation and amortization	2,823	2,775
Impairment loss	—	172
Loss (gain) on sales of securities and investment securities	1	—
Increase (decrease) in reserve	1,253	2,139
Loss (gain) on sales of fixed assets	0	(21)
Interest and dividends income	(119)	(129)
Interest expenses	604	481
Decrease (increase) in notes and accounts receivable-trade	40,047	47,045
Decrease (increase) in inventories	(4,294)	(2,820)
Increase (decrease) in notes and accounts payable-trade	(7,212)	(11,877)
Others	1,847	1,056
Sub-total	35,391	36,481
Interest and dividends income received	323	273
Interest expenses paid	(348)	(341)
Income taxes paid	(3,219)	(1,641)
Net cash provided by operating activities	32,148	34,771
Cash Flows from Investing Activities:		
Purchase of fixed assets	(2,082)	(3,606)
Proceeds from sales of fixed assets	0	22
Purchase of securities and investment securities	(2,905)	(1,983)
Proceeds from sales and redemption of securities and investment securities	1	3
Payments into time deposits	(507)	(413)
Proceeds from withdrawal of time deposits	435	384
Payments of loans receivable	(582)	(628)
Collection of loans receivable	559	428
Others	805	264
Net cash used in investing activities	(4,277)	(5,528)
Cash Flows from Financing Activities:		
Net increase (decrease) in short-term loans payable	(3,025)	(777)
Proceeds from long-term loans payable	410	14
Repayment of long-term loans payable	(573)	(1,644)
Proceeds from disposal of (Purchase of) treasury stock	(0)	(83)
Cash dividends paid	(2,111)	(1,161)
Cash dividends paid to minority shareholders	(51)	(12)
Others	(179)	(190)
Net cash used in financing activities	(5,530)	(3,855)
Translation Adjustments	970	1,424
Increase (Decrease) in Cash and Cash Equivalents	23,311	26,810
Cash and Cash Equivalents at Beginning of Period	87,294	93,792
Increase (Decrease) in Cash and Cash Equivalents Resulting from change of scope of consolidation	—	14
Cash and Cash Equivalents at End of Period	110,606	120,618

(4) Note for Consolidated Financial Statements**(Note for the Assumption of Going Concern)**

None

(Note for Significant Changes in the Amount of Shareholders' Equity)

None

(Segment Information)Three Months Ended June 30, 2012

1. Information regarding sales and income (loss) by reportable segment

Millions of yen

	Reportable segments				Others (Notes 1)	Total	Adjustments (Notes 2)	Consolidated (Notes 3)
	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total				
Sales								
Customers	56,204	6,772	17,860	80,836	451	81,288	—	81,288
Intersegment and transfer	69	0	—	69	934	1,003	(1,003)	—
Total	56,273	6,772	17,860	80,906	1,385	82,291	(1,003)	81,288
Segment Income (Loss)	(823)	442	1,103	722	89	811	27	839

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 for Segment Income (Loss) shows eliminations among intersegment sales and transfers.

3. Segment Income (Loss) has been adjusted with operating income in the quarterly consolidated statements of income.

2. Information regarding impairment loss of fixed assets, goodwill and negative goodwill by reportable segment

(Material impairment loss of fixed assets)

None

(Material change in goodwill amount)

None

(Material negative goodwill arisen)

None

Three Months Ended June 30, 2013

1. Information regarding sales and income (loss) by reportable segment

Millions of yen

	Reportable segments				Others (Notes 1)	Total	Adjustments (Notes 2)	Consolidated (Notes 3)
	Fluid Machinery & Systems	Environmental Engineering	Precision Machinery	Total				
Sales								
Customers	60,517	6,894	11,993	79,405	429	79,834	—	79,834
Intersegment and transfer	11	—	—	11	796	807	(807)	—
Total	60,528	6,894	11,993	79,416	1,225	80,642	(807)	79,834
Segment Income (Loss)	(1,659)	62	(561)	(2,158)	151	(2,007)	56	(1,950)

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 for Segment Income (Loss) shows eliminations among intersegment sales and transfers.

3. Segment Income (Loss) has been adjusted with operating loss in the quarterly consolidated statements of income.

2. Information regarding impairment loss of fixed assets, goodwill and negative goodwill by reportable segment

(Material impairment loss of fixed assets)

None

(Material change in goodwill amount)

None

(Material negative goodwill arisen)

None

4. Additional Information

Orders received and sales

(1) Orders received

Millions of yen

Name of Segment	Three Months Ended June 30, 2012	Three Months Ended June 30, 2013	Twelve Months Ended March 31, 2013
Fluid Machinery & Systems	73,918	88,960	297,999
Environmental Engineering	18,690	49,921	66,631
Precision Machinery	14,252	10,807	62,212
Reportable segments	106,861	149,689	426,842
Others	22	432	1,697
Total	106,883	150,122	428,540

(2) Sales

Millions of yen

Name of Segment	Three Months Ended June 30, 2012	Three Months Ended June 30, 2013	Twelve Months Ended March 31, 2013
Fluid Machinery & Systems	56,204	60,517	305,586
Environmental Engineering	6,772	6,894	52,495
Precision Machinery	17,860	11,993	66,503
Reportable segments	80,836	79,405	424,585
Others	451	429	1,716
Total	81,288	79,834	426,302

(3) Backlog of orders received

Millions of yen

Name of Segment	As of June 30, 2012	As of June 30, 2013	As of March 31, 2013
Fluid Machinery & Systems	174,445	185,157	153,827
Environmental Engineering	101,899	148,417	104,144
Precision Machinery	8,764	7,373	8,292
Reportable segments	285,108	340,948	266,265
Others	0	3	—
Total	285,108	340,951	266,265

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