

# CONSOLIDATED FINANCIAL RESULTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017 [Japanese GAAP]

February 14, 2018

Company name: EBARA CORPORATION  
 Stock exchange listings: Tokyo  
 Code number: 6361  
 URL: <http://www.ebara.com/en/>  
 Representative: Toichi Maeda, President  
 Contact person: Akihiko Nagamine, Executive Officer, Finance & Accounting Division  
 Tel. +81-3-3743-6111

Scheduled date of General Meeting of Shareholders: March 28, 2018  
 Scheduled date for dividend payment: March 29, 2018  
 Scheduled date of submission of annual securities report: March 29, 2018

Preparing supplementary material on financial results: Yes  
 Holding financial results presentation meeting: Yes (for institutional investors and analysts)  
 (Monetary amounts are rounded down to the nearest million yen)

## 1. Results for the Fiscal Year Ended December 31, 2017

### (1) Financial Results

(% represents percentage change from a comparable previous fiscal year)

Millions of yen

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
Fiscal Year Ended December 31, 2017	381,993	—%	18,115	—%	16,529	—%	9,531	—%
Fiscal Year Ended March 31, 2017	476,104	(2.1)%	29,995	(21.1)%	28,464	(22.0)%	20,587	19.3%

Note: Comprehensive Income: Fiscal year ended December 31, 2017; 13,473 million yen —%  
 Fiscal year ended March 31, 2017; 17,429 million yen 78.0%

	Net Income per Share (Yen)	Net Income per Share, Diluted (Yen)	Return on Equity	Ordinary Income on Total Assets Ratio	Operating Income on Sales Ratio
Fiscal Year Ended December 31, 2017	93.84	93.32	3.5%	2.8%	4.7%
Fiscal Year Ended March 31, 2017	213.71	201.53	8.0%	4.9%	6.3%

Note1: Equity in earnings of affiliates: Fiscal year ended December 31, 2017; (148) million yen  
 Fiscal year ended March 31, 2017; 796 million yen

Note2: Ebara Corporation has conducted a consolidation of common shares at a rate of one share for every five shares with an effective date of October 1, 2016. Net income per share and net income per share, diluted have been calculated as if this consolidation of shares was conducted at the beginning of the previous fiscal year.

Note3: Ebara Corporation has changed its fiscal year-end from March 31 to December 31, effective from the fiscal year ended December 31, 2017, following the approval of an associated amendment to the Articles of Incorporation at the Company's 152nd general meeting of shareholders which was held on June 23, 2017. For the fiscal year ended December 31, 2017, which is the transition period of the fiscal year change, the consolidated financial results includes the results for nine months, from April 1, 2017 to December 31, 2017. The results for twelve months, from January 1, 2017 to December 31, 2017, for the consolidated subsidiaries whose fiscal year ends at December 31 are included as before. Therefore, the change from the previous fiscal year (%) is not displayed.

(Reference Information) Percentage Changes After Adjustment

The percentages below (percentage changes after adjustment) represent comparison between the results of the same period of the previous fiscal year and the fiscal year ended December 31, 2017. The results of the same period of the previous fiscal year refers to the results of the previous fiscal year adjusted to nine months, from April 1, 2016 to December 31, 2016 for Ebara Corporation and its consolidated subsidiaries whose former fiscal year ended at March 31.

Millions of yen

Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
381,993	9.1%	18,115	58.0%	16,529	73.8%	9,531	29.9%

## (2) Financial Position

Millions of yen

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
As of December 31, 2017	612,919	284,788	45.3%	2,735.94
As of March 31, 2017	588,457	277,509	46.1%	2,672.19

Note: Shareholders' Equity (Net assets excluding subscription rights to shares and non-controlling interests):

As of December 31, 2017; 277,955 million yen

As of March 31, 2017; 271,356 million yen

## (3) Cash Flows

Millions of yen

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Fiscal Year Ended December 31, 2017	44,157	(7,906)	11,296	139,102
Fiscal Year Ended March 31, 2017	33,816	(18,563)	(15,102)	90,683

## 2. Dividends

	Dividends per Share (Yen)					Total Dividend Payment (Millions of Yen)	Payout Ratio (Consolidated)	Dividend to Net Assets (Consolidated)
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	Year-End	Annual			
Fiscal Year Ended March 31, 2017	—	6.00	—	30.00	—	5,837	28.1%	2.3%
Fiscal Year Ended December 31, 2017	—	30.00	—	15.00	45.00	4,571	48.0%	1.7%
Fiscal Year Ending December 31, 2018 (Forecast)	—	30.00	—	30.00	60.00		27.7%	

Note: Ebara Corporation has conducted a consolidation of common shares at a rate of one share for every five shares with an effective date of October 1, 2016. Consequently, the impact of this consolidation of shares is factored into the figures for the fiscal year-end cash dividends per share for the fiscal year ended March 31, 2017, and the total figures for annual cash dividends are omitted.

## 3. Forecast of Financial Results for the Fiscal Year Ending December 31, 2018

(% represents percentage change from a comparable previous fiscal year)

Millions of yen

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income per Share (Yen)
Fiscal Year Ending December 31, 2018	505,000	—%	37,000	—%	36,000	—%	22,000	—%	216.55

Note: Due to the change of the fiscal year-end, the fiscal year ended December 31, 2017 refers to the nine months from April 1, 2017 to December 31, 2017. Therefore, the change from the previous fiscal year (%) is not displayed.

(Reference Information) Percentage Changes After Adjustment

The percentages below (percentage changes after adjustment) represent comparison between the results adjusted to twelve months, from January 1, 2017 to December 31, 2017 for Ebara Corporation and its consolidated subsidiaries whose former fiscal year ended at March 31, and the results forecast for the fiscal year ending December 31, 2018.

Millions of yen

Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
505,000	(0.6)%	37,000	1.0%	36,000	1.5%	22,000	(3.4)%

## 4. Other Information

- (1) Changes in significant subsidiaries during the fiscal year under review (Changes in specified subsidiaries involving changes in scope of consolidation): None

Included: — (—)

Excluded: — (—)

- (2) 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

- (3) Number of shares outstanding (Common stocks)

(i) Number of common stocks (Including treasury stocks)	As of December 31, 2017	101,783,253	As of March 31, 2017	101,736,053
(ii) Number of treasury stocks	As of December 31, 2017	189,124	As of March 31, 2017	187,635
(iii) Average number of common stocks	Fiscal Year Ended December 31, 2017	101,568,733	Fiscal Year Ended March 31, 2017	96,336,251

Note: Ebara Corporation has conducted a consolidation of common shares at a rate of one share for every five shares with an effective date of October 1, 2016. The average number of common stocks has been calculated as if this consolidation of shares was conducted at the beginning of the previous fiscal year.

(Reference Information)

## 1. Non-Consolidated Results for the Fiscal Year Ended December 31, 2017

### (1) Financial Results

(% represents percentage change from a comparable previous fiscal year)

Millions of yen

	Net Sales		Operating Income		Ordinary Income		Net Income	
Fiscal Year Ended December 31, 2017	153,107	—%	(1,932)	—%	11,631	—%	13,664	—%
Fiscal Year Ended March 31, 2017	223,366	5.9%	8,147	49.9%	25,502	0.8%	24,371	20.2%

	Net Income per Share (Yen)	Net Income per Share, Diluted (Yen)
Fiscal Year Ended December 31, 2017	134.53	133.78
Fiscal Year Ended March 31, 2017	252.98	238.57

Note1: Ebara Corporation has conducted a consolidation of common shares at a rate of one share for every five shares with an effective date of October 1, 2016. Net income per share and net income per share, diluted have been calculated as if this consolidation of shares was conducted at the beginning of the previous fiscal year.

Note2: Ebara Corporation has changed its fiscal year-end from March 31 to December 31, effective from the fiscal year ended December 31, 2017, following the approval of an associated amendment to the Articles of Incorporation at the Company's 152nd general meeting of shareholders which was held on June 23, 2017. For the fiscal year ended December 31, 2017, which is the transition period of the fiscal year change, the financial results includes the results for nine months, from April 1, 2017 to December 31, 2017. Therefore, the change from the previous fiscal year (%) is not displayed.

### (2) Financial Position

Millions of yen

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
As of December 31, 2017	475,975	258,886	54.1%	2,536.78
As of March 31, 2017	458,144	251,600	54.6%	2,464.24

Note: Shareholders' Equity (Net assets excluding subscription rights to shares):

As of December 31, 2017; 257,722 million yen

As of March 31, 2017; 250,239 million yen

**This financial report is not subject to the audit procedure.**

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

1. The forecasts of performance and other forward-looking statements contained in this report are based on information that was available to Ebara Corporation as of the time of the issuance of this report 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 the section entitled "1. Overview of Management Performance and Others (4) Forecast of Performance" on page 10. Readers are cautioned not to place undue reliance on these forward-looking statements which are valid only as of the date thereof.
2. This report has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated report and the Japanese original, the original shall prevail. Also, Ebara Corporation assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

## Contents

<b>1. Overview of Management Performance and Others</b>	<b>P.6</b>
(1) Overview of Management Performance	P.6
(2) Overview of Financial Position	P.9
(3) Overview of Cash Flows	P.9
(4) Forecast of Performance	P.10
(5) Basic Policy for Allocation of Profit and Dividends for the Fiscal Years Ended December 31, 2017 and Ending December 31, 2018	P.11
<b>2. Basic Approach to Selection of Accounting Standards</b>	<b>P.12</b>
<b>3. Consolidated Financial Statements and Significant Notes</b>	<b>P.13</b>
(1) Consolidated Balance Sheets	P.13
(2) Consolidated Statements of Income and Comprehensive Income	P.15
(3) Consolidated Statements of Changes in Net assets	P.18
(4) Consolidated Statements of Cash Flows	P.20
(5) Notes to Consolidated Financial Statements	P.22
(Note for the Assumption of Going Concern)	P.22
(Additional Information)	P.22
(Segment Information)	P.22
(Per Share Data of Common Stock)	P.25
(Significant Subsequent Events)	P.25
<b>4. Others</b>	<b>P.26</b>
(1) Segment Information	P.26
(2) Sales and Orders by Subsegment	P.27
(3) Area Information	P.29
(4) Employees	P.29

# 1. Overview of Management Performance and Others

## (1) Overview of Management Performance

To provide a more timely and appropriate disclosure of the Group's performance and other financial information in the advancing globalization of the Group's business, the Group has unified the fiscal year-end to December 31. In order to unify the fiscal year-end, Ebara Corporation and the consolidated subsidiaries whose former fiscal year ended at March 31 have changed the fiscal year-end from March 31 to December 31. Due to this change, the period of consolidation for the fiscal year ended December 31, 2017 is composed of the following periods.

Nine months from April 1, 2017 to December 31, 2017:	Results for the Company and the consolidated subsidiaries whose former fiscal year ended at March 31
Twelve months from January 1, 2017 to December 31, 2017:	Results for the consolidated subsidiaries whose fiscal year ends at December 31

Changes displayed hereinafter are based on the comparison between "the same period of the previous fiscal year" and the actual results. ("The same period of the previous fiscal year" refers to April 1, 2016 to December 31, 2016 for the companies whose former fiscal year ended at March 31, and January 1, 2016 to December 31, 2016 for the companies whose fiscal year ends at December 31.)

Millions of Yen				
	Same Period of the Previous Fiscal Year	Fiscal Year Ended December 31, 2017	Change	Change Ratio
Orders Received	385,443	413,569	28,125	7.3%
Net Sales	350,288	381,993	31,704	9.1%
Operating Income	11,462	18,115	6,653	58.0%
Operating Income on Sales Ratio (%)	3.3	4.7	—	—
Ordinary Income	9,512	16,529	7,017	73.8%
Profit Attributable to Owners of Parent	7,334	9,531	2,196	29.9%
Net Income per Share (Yen)	77.54	93.84	16.30	—

During the fiscal year ended December 31, 2017, the economy in the United States continued to be favorable, and gradual improvement was seen also in Asia. In Japan, public investment is firm and private capital investment is recovering. Overall, the Japanese economy slowly recovered.

As a result, overall orders received increased compared to the same period of the previous fiscal year mainly due to an increase in the Fluid Machinery & Systems ("FMS") Company and the Precision Machinery ("PM") Company. Both sales and operating income saw improvement compared to the same period of the previous fiscal year due to an increase in the PM Company.

Effective from the first quarter ended June 30, 2017, the name of the reportable segment previously known as "Environmental Engineering" has been changed to "Environmental Plants." Such change is only for the sake of the segment name and has no impact on the segment information.

Consolidated net sales for the fiscal year ended December 31, 2017 amounted to ¥381,993 million (an increase of 9.1% from the same period of the previous fiscal year), operating income amounted to ¥18,115 million (an increase of 58.0% from the same period of the previous fiscal year), ordinary income amounted to ¥16,529 million (an increase of 73.8% from the same period of the previous fiscal year), profit attributable to owners of parent amounted to ¥9,531 million (an increase of 29.9% from the same period of the previous fiscal year).

Operating Results by Business Segment

Millions of yen

Segment	Orders Received			Net Sales			Segment Income		
	Same Period of the Previous Fiscal Year	Fiscal Year Ended December 31, 2017	Change Ratio	Same Period of the Previous Fiscal Year	Fiscal Year Ended December 31, 2017	Change Ratio	Same Period of the Previous Fiscal Year	Fiscal Year Ended December 31, 2017	Change Ratio
Fluid Machinery & Systems	231,559	251,985	8.8%	213,874	225,795	5.6%	(3,406)	1,262	—%
Environmental Plants	50,984	51,513	1.0%	45,707	47,616	4.2%	3,958	3,148	(20.4)%
Precision Machinery	101,664	108,858	7.1%	89,473	107,368	20.0%	10,361	13,667	31.9%
Segment Total	384,208	412,358	7.3%	349,056	380,780	9.1%	10,913	18,078	65.7%
Others	1,234	1,210	(1.9)%	1,232	1,212	(1.7)%	536	37	(93.1)%
Adjustment	—	—	—	—	—	—	11	(0)	—
Total	385,443	413,569	7.3%	350,288	381,993	9.1%	11,462	18,115	58.0%

Outline of Business Environment and Situation by Business Segment

Segment		Business Environment	Business Situation and the Trend of Orders Received (Note1)
Fluid Machinery & Systems	Pumps	<p>(In overseas market)</p> <ul style="list-style-type: none"> <li>• Demand for the oil and gas market continued to be stagnant.</li> <li>• Demand for water infrastructure and electric power were level with the previous fiscal year.</li> </ul> <p>(In domestic market (Japan) )</p> <ul style="list-style-type: none"> <li>• New building construction starts were level with the previous fiscal year.</li> <li>• Investments for social infrastructure renovation and maintenance were slightly smaller than the previous fiscal year.</li> </ul>	<p>(In overseas market)</p> <ul style="list-style-type: none"> <li>• Orders received for the oil and gas market were lackluster.</li> <li>• The volume of orders received for the water infrastructure was greater than the same period of the previous fiscal year.</li> <li>• Orders received for electric power were lackluster. </li> </ul> <p>(In domestic market (Japan) )</p> <ul style="list-style-type: none"> <li>• Orders received for building construction-related equipment increased compared with the same period of the previous fiscal year.</li> <li>• Orders received for public sectors exceeded those of the same period of the previous fiscal year.</li> </ul>
	Compressors & Turbines	<ul style="list-style-type: none"> <li>• Although investments for new products have gradually recovered, the market remains stagnant with continuous and intense competition including pricing.</li> <li>• There was movement in the ethylene and oil-refinery field mainly in Korea and China, and multiple orders were placed in North America likewise.</li> <li>• Regarding service, due to the postponing of maintenance until the previous fiscal year-end, demand for customer support for plants which have stopped operation due to malfunction increased, and the trend of orders placed for remodeling being postponed has ceased.</li> </ul>	<ul style="list-style-type: none"> <li>• Orders received for new products remained lackluster.</li> <li>• Orders were received for petroleum chemical and refinery plants etc., in Asia and the Middle East. </li> <li>• Service-related orders received recovered mainly in Asia.</li> </ul>
	Chillers	<ul style="list-style-type: none"> <li>• In Japan and China, the market environment was that of a typical year.</li> </ul>	<ul style="list-style-type: none"> <li>• In Japan, domestic orders received remained firm. </li> <li>• In China, the orders received were level with the same period of the previous fiscal year. </li> </ul>
Environmental Plants (Note2)		<ul style="list-style-type: none"> <li>• New EPC orders placed by the public sector for municipal waste incinerating facilities ran at about the same level as in the same period of the previous fiscal year.</li> <li>• In the O&amp;M for existing facilities, new orders ran at about the same level as in a typical year.</li> <li>• Demands continued for the construction of biomass power generation facilities in private companies.</li> </ul>	<ul style="list-style-type: none"> <li>• Orders received for DBO projects and long-term comprehensive projects were firm. </li> </ul> <p>(Overview of major orders received)</p> <ul style="list-style-type: none"> <li>• DBO project for municipal waste incinerating facilities in the public sector (April to June: 1 order)</li> <li>• Long-term comprehensive project for municipal waste incinerating facilities in the public sector (July to September: 1 order, October to December: 1 order)</li> </ul>
Precision Machinery		<ul style="list-style-type: none"> <li>• Capital investment in the semiconductor market continued at a high level.</li> <li>• Capital investment of memory-related devices was favorable.</li> </ul>	<ul style="list-style-type: none"> <li>• Investments in memory-related devices and advanced logic devices were both favorable. In particular, capital investment flourished in Asia. </li> </ul>

Note1: Arrows indicate increase/decrease in orders received from the same period of the previous fiscal year:



in the case of +5% or greater increase



in the case of -5% or greater decrease



in the case of movement within the -5% and +5% range

Note2: EPC ..... The engineering, procurement, and construction for plants  
O&M ..... The operation and maintenance for plants  
DBO (Design, Build and Operate) ... The limited contract for operation and maintenance after construction, in addition to the engineering, procurement, and construction for plants.

## **(2) Overview of Financial Position**

### **i. Assets**

Total assets at the end of the fiscal year ended December 31, 2017 were ¥612,919 million, ¥24,462 million higher than at the end of the previous fiscal year. Principal changes in asset items included an increase of ¥48,094 million in cash and deposits, an increase of ¥5,311 million in raw material and supplies, an increase of ¥4,423 million in work in process, and a decrease of ¥33,576 million in notes and accounts receivable-trade.

### **ii. Liabilities**

Total liabilities at the end of the fiscal year ended December 31, 2017 were ¥328,131 million, ¥17,182 million higher than at the end of the previous fiscal year. Principal changes in liability items included an increase of ¥10,000 million in bonds payable and an increase of ¥7,680 million in short-term loans payable.

### **iii. Net Assets**

Net assets at the end of the fiscal year ended December 31, 2017 amounted to ¥284,788 million, ¥7,279 million higher than at the end of the previous fiscal year. Principal changes affecting net asset items were profit attributable to owners of parent of ¥9,531 million, cash dividends paid of ¥6,093 million, and an increase of ¥1,883 million in translation adjustments. Shareholders' equity (Net assets excluding subscription rights to shares and non-controlling interests) amounted to ¥277,955 million, and equity ratio was 45.3%.

## **(3) Overview of Cash Flows**

Due to the change of the fiscal year-end, the fiscal year ended December 31, 2017 refers to the nine months from April 1, 2017 to December 31, 2017. Therefore, the change from the previous fiscal year (%) is not displayed.

Net cash provided by operating activities amounted to a net inflow of ¥44,157 million, for the fiscal year ended December 31, 2017. This primarily reflected the recovery of notes and accounts receivable-trade.

Net cash used in investing activities amounted to a net outflow of ¥7,906 million for the fiscal year ended December 31, 2017. This primarily reflected the purchase of fixed assets of ¥12,380 million, proceeds from sales and redemption of securities and investment securities of ¥5,543 million.

Free cash flow, the sum of cash flows from operating and investing activities, amounted to a net inflow of ¥36,250 million for the fiscal year ended December 31, 2017.

Net cash provided in financing activities amounted to a net inflow of ¥11,296 million for the fiscal year ended December 31, 2017. This primarily reflected proceeds from issuance of bonds of ¥10,000 million, net increase in short-term and long-term loans payable of ¥8,031 million and cash dividends paid of ¥6,093 million.

As a consequence, cash and cash equivalents at the end of the fiscal year ended December 31, 2017 amounted to ¥139,102 million, ¥48,419 million higher than at the end of the previous fiscal year.

Recent trends in cash flow indicators are as follows:

	Fiscal Year Ended March 31, 2014	Fiscal Year Ended March 31, 2015	Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2017	Fiscal Year Ended December 31, 2017 (Note4)
Equity Ratio	39.2%	41.9%	41.6%	46.1%	45.3%
Equity Ratio at Market Value	56.7%	41.3%	37.7%	62.7%	71.2%
Years to Repay Debt	4.5 years	10.8 years	5.6 years	2.9 years	2.6 years
Interest Coverage Ratio	16.1	8.8	17.0	28.1	37.3

- \*Equity Ratio: Shareholders' equity (Net assets excluding subscription rights to shares and non-controlling interests) / Total assets
- \*Equity Ratio at Market Value: Stock market capitalization / Total assets
- \*Years to Repay Debt: Interest-bearing debt / Operating cash flow
- \*Interest Coverage Ratio: Operating cash flow / Interest expenses paid

Notes:

- All indicators in the table above were computed with consolidated financial data.
- Stock market capitalization was computed by multiplying the closing stock price at the end of the period by the number of shares outstanding at the end of the period (less treasury stock).
- Operating cash flow is "Net cash provided by operating activities" displayed in the Consolidated Statements of Cash Flows. Interest expenses are the amounts displayed in the item "Interest expenses paid" in the Consolidated Statements of Cash Flows.
- Due to the change of the fiscal year-end, the fiscal year ended December 31, 2017 refers to the nine months from April 1, 2017 to December 31, 2017. Therefore, years to repay debt and interest coverage ratio are calculated based on operating cash flow and interest expenses paid for the nine-month period.

#### (4) Forecast of Performance

Regarding the overall market environment, uncertainty about future trends is expected to continue due to policy trends in the United States, China, and elsewhere, as well as geopolitical risks. However, principally the United States economy is expected to act as the driver of the global economy and the recovery trend is expected to continue. In this operating environment, the Group's business environment is also expected to show gradual improvement.

Amid these conditions, the Group has set the objective of reaching orders received of ¥535,000 million, ¥505,000 million in net sales, ¥37,000 million in operating income, ¥36,000 million in ordinary income, and ¥22,000 million in profit attributable to owners of parent in the fiscal year ending December 31, 2018.

Assumptions regarding foreign currency exchange rates are as follows: US \$1=¥110 and EUR1=¥130.

Actual performance may differ from these forecasts owing to factors such as changing market environment.

Forecast for the Fiscal Year Ending December 31, 2018

(% represents percentage changes after adjustment)\*

	Millions of yen	
	Consolidated Performance	
Orders Received	535,000	5.7%
Net Sales	505,000	(0.6)%
Operating Income	37,000	1.0%
Ordinary Income	36,000	1.5%
Profit Attributable to Owners of Parent	22,000	(3.4)%

\*Please refer to the summary information entitled "3. Forecast of Financial Results for the Fiscal Year Ending December 31, 2018 (Reference Information)".

Forecast for the Fiscal Year Ending December 31, 2018 by Business Segment

Millions of yen			
Segment	Orders Received	Net Sales	Operating Income
Fluid Machinery & Systems	314,000	314,000	13,500
Environmental Plants	90,000	60,000	6,000
Precision Machinery	130,000	130,000	17,000
Others	1,000	1,000	500
Total	535,000	505,000	37,000

Forecast of Business Environment by Business Segment

Segment		Business Environment
Fluid Machinery & Systems	Pumps	<p>(In overseas market)</p> <ul style="list-style-type: none"> <li>• Capital investment will recover gradually in the oil and gas market.</li> <li>• Demand for electric power is expected to remain firm mainly in Southeast Asia.</li> <li>• Demand for water infrastructure is expected to remain firm mainly in North America and Southeast Asia.</li> <li>• Demand for fertilizer is expected to remain firm mainly in India, Southeast Asia and North America.</li> </ul> <p>(In domestic market (Japan) )</p> <ul style="list-style-type: none"> <li>• The market for building construction-related equipment will be level with the previous year.</li> <li>• Public-sector projects involving prevention of natural disasters and renovation of aging social infrastructure will be progressed, and demand is expected to remain firm.</li> </ul>
	Compressors & Turbines	<ul style="list-style-type: none"> <li>• Although oil prices have regained stability, customers remain cautious towards making investments.</li> <li>• New products for petroleum chemical and refinery plants are recovering, however, the oil and gas market continue to be stagnant and intense competition is expected to continue.</li> <li>• While significant expansion of the market is unlikely, remodeling projects are expected to increase.</li> </ul>
	Chillers	<ul style="list-style-type: none"> <li>• Domestic demand will continue to be firm, mainly for refurbishment of facilities.</li> <li>• No signs of strong recovery in Chinese market.</li> </ul>
Environmental Plants		<ul style="list-style-type: none"> <li>• In the public sector, orders for new constructions of municipal waste incinerating facilities will run at about the same level as in a typical year.</li> <li>• Demands for operating and maintenance for existing facilities are expected to be that of a typical year.</li> <li>• In the private sector, demands for the construction of power generation facilities using wood fiber biomass etc. are expected to continue.</li> </ul>
Precision Machinery		<ul style="list-style-type: none"> <li>• Capital investments related to semi-conductors will be firm in both memory-related devices and advanced logic devices.</li> </ul>

**(5) Basic Policy for Allocation of Profit and Dividends for the Fiscal Years Ended December 31, 2017 and Ending December 31, 2018**

The Group regards returning a portion of its income to its shareholders as one of its most-important management policies. Regarding dividends, the Company set a policy of linking dividends to performance and aimed for a consolidated total return ratio of 30% or more.

For the fiscal year under review, although the consolidated total return ratio exceeds 40%, in consideration of the fact that the fiscal year under review's results include the results for nine months and that the fiscal year under review is the transition period of the fiscal year change, the Company is scheduled to pay its annual dividend by ¥45.00 per share (including an interim cash dividend of ¥30.00 per share).

For the current fiscal year (ending December 31, 2018), the Company is scheduled to pay an annual cash dividend of ¥60.00 per share (including an interim cash dividend of ¥30.00 per share).

## **2. Basic Approach to Selection of Accounting Standards**

As Japanese accounting standards are in the process of converging with the International Financial Reporting Standards (IFRS), the Group has decided to continue to adopt generally accepted accounting principles in Japan in consideration of the need for comparisons of consolidated financial statements among fiscal years. Regarding the adoption of IFRS, the Group will closely monitor developments in this area in Japan and overseas, continue to survey the impact on management and financial matters, and consider the application of IFRS and the timing of the application.

### 3. Consolidated Financial Statements and Significant Notes

#### (1) Consolidated Balance Sheets

Millions of yen

	As of March 31, 2017	As of December 31, 2017
<b>ASSETS</b>		
Current Assets		
Cash and deposits	90,381	138,475
Notes and accounts receivable-trade	202,874	169,298
Electronically recorded monetary claims	4,511	6,021
Securities	2,498	2,411
Merchandise and finished goods	12,716	15,191
Work in process	56,569	60,993
Raw materials and supplies	28,041	33,353
Deferred tax assets	11,644	10,484
Others	17,419	14,954
Allowance for doubtful accounts	(3,250)	(3,694)
Total current assets	423,407	447,491
Fixed Assets		
Tangible fixed assets		
Buildings and structures, net	46,431	47,005
Machinery and equipment, net	28,974	28,632
Land	21,153	20,904
Construction in progress	5,207	5,830
Others, net	8,364	7,853
Total tangible assets	110,131	110,227
Intangible assets		
Goodwill	2,279	1,831
Software	8,275	7,370
Others	2,679	2,879
Total intangible assets	13,234	12,080
Investments and other assets		
Investment securities	26,202	25,226
Long-term loans receivable	263	262
Defined benefit asset	118	3,202
Deferred tax assets	2,660	1,742
Others	17,237	17,088
Allowance for doubtful accounts	(4,799)	(4,403)
Total investments and other assets	41,683	43,120
Total fixed assets	165,049	165,428
Total Assets	588,457	612,919

	Millions of yen	
	As of March 31, 2017	As of December 31, 2017
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Notes and accounts payable-trade	64,155	61,756
Electronically recorded obligations	55,922	57,869
Short-term loans payable	62,789	70,470
Current portion of bonds	—	10,000
Income taxes payable	4,598	1,697
Deferred tax liabilities	3	0
Bonus payment reserve	9,172	5,460
Directors' bonus payment reserve	314	250
Reserve for losses on construction completion guarantees	3,836	3,279
Reserve for product warranties	3,481	4,086
Reserve for construction losses	8,666	10,038
Reserve for expenses related to the sales of land	254	254
Others	41,022	45,529
Total current liabilities	254,217	270,691
<b>Long-term Liabilities</b>		
Bonds payable	10,000	10,000
Long-term loans payable	21,520	22,161
Deferred tax liabilities	808	1,898
Reserve for directors' retirement benefits	153	122
Provision for loss on litigation	6,464	6,464
Defined benefit liability	12,556	11,841
Asset retirement obligations	1,969	2,214
Others	3,257	2,734
Total long-term liabilities	56,730	57,439
<b>Total Liabilities</b>	310,948	328,131
<b>NET ASSETS</b>		
<b>Shareholders' Equity</b>		
Common stock	78,764	78,815
Capital surplus	81,205	81,256
Retained earnings	117,883	121,321
Treasury stock	(425)	(431)
Total shareholders' equity	277,428	280,962
<b>Accumulated Other Comprehensive Income</b>		
Net unrealized gains (losses) on investment securities	2,692	2,564
Deferred gains (losses) on hedges	(1)	10
Translation adjustments	745	2,628
Remeasurements of defined benefit plans	(9,507)	(8,210)
Total accumulated other comprehensive income	(6,071)	(3,007)
Subscription Rights to Shares	1,361	1,163
Non-Controlling Interests	4,791	5,668
<b>Total Net Assets</b>	277,509	284,788
<b>Total Liabilities and Net Assets</b>	588,457	612,919

**(2) Consolidated Statements of Income and Comprehensive Income**  
**Consolidated Statements of Income**

Millions of yen

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended December 31, 2017
Net Sales	476,104	381,993
Cost of Sales	350,032	285,261
<b>Gross Profit</b>	<b>126,072</b>	<b>96,732</b>
Sales commission	3,578	2,503
Packing and transportation	5,554	4,575
Sales promotion	1,781	1,620
Provision of allowance for doubtful accounts	447	185
Personnel expenses	40,584	33,847
Bonus payment reserve expenses	3,572	2,106
Directors' bonus payment reserve expenses	280	233
Retirement benefit expenses	1,380	1,107
Provision for directors' retirement benefits	30	25
Traveling and transportation expenses	3,671	3,253
Taxes and dues	3,011	2,446
Depreciation and amortization	4,188	3,656
Amortization of goodwill	587	416
Research and development expenses	8,758	7,218
Others	18,646	15,420
<b>Selling, General and Administrative Expenses</b>	<b>96,076</b>	<b>78,616</b>
<b>Operating Income</b>	<b>29,995</b>	<b>18,115</b>
<b>Non-operating Income</b>		
Interest income	216	273
Dividends income	559	169
Share of profit of entities accounted for using equity method	796	—
Others	509	495
<b>Total non-operating income</b>	<b>2,082</b>	<b>937</b>
<b>Non-operating Expenses</b>		
Interest expenses	1,184	1,136
Share of loss of entities accounted for using equity method	—	148
Foreign exchange losses	1,070	49
Others	1,358	1,188
<b>Total non-operating expenses</b>	<b>3,613</b>	<b>2,523</b>
<b>Ordinary Income</b>	<b>28,464</b>	<b>16,529</b>

	Millions of yen	
	Fiscal Year Ended March 31, 2017	Fiscal Year Ended December 31, 2017
<b>Extraordinary Income</b>		
Gain on sales of fixed assets	409	2,209
Gain on sales of investment securities	1,978	1,352
Gain on sales of investments in capital	289	—
Total extraordinary income	2,677	3,561
<b>Extraordinary Loss</b>		
Loss on sales of fixed assets	25	176
Loss on retirement of fixed assets	126	269
Impairment loss	—	952
Loss on sales of investment securities	56	33
Loss on valuation of investment securities	435	103
Others	0	1
Total extraordinary loss	645	1,537
<b>Income Before Income Taxes</b>	<b>30,497</b>	<b>18,554</b>
Income Taxes-current	5,546	6,324
Income Taxes-deferred	3,299	1,908
<b>Total Income Taxes</b>	<b>8,845</b>	<b>8,232</b>
<b>Profit</b>	<b>21,651</b>	<b>10,322</b>
Profit Attributable to Non-Controlling Interests	1,063	790
<b>Profit Attributable to Owners of Parent</b>	<b>20,587</b>	<b>9,531</b>

## Consolidated Statements of Comprehensive Income

Millions of yen

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended December 31, 2017
Profit	21,651	10,322
Other Comprehensive Income:		
Net unrealized gains (losses) on investment securities	(10)	(183)
Deferred gains (losses) on hedges	10	12
Translation adjustment	(5,752)	1,981
Remeasurements of defined benefit plans, net of tax	1,565	1,285
Share of other comprehensive income of entities accounted for using equity method	(34)	54
Total other comprehensive income	(4,221)	3,151
Comprehensive Income	17,429	13,473
Comprehensive income attributable to:		
Owners of parent	16,989	12,596
Non-controlling interests	439	876

### (3) Consolidated Statements of Changes in Net Assets

Fiscal Year Ended March 31, 2017

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2016	68,760	72,691	102,446	(408)	243,490
Changes of items during period					
Issuance of new shares (exercise of subscription rights to shares)	10,004	10,004			20,008
Cash dividends			(5,582)		(5,582)
Profit attributable to owners of parent			20,587		20,587
Change of scope of consolidation			431		431
Purchase of treasury stock				(17)	(17)
Disposal of treasury stock		0		0	0
Change in ownership interest of parent due to transactions with non-controlling interests		(1,489)			(1,489)
Net changes of items other than shareholders' equity					
Total changes during the period	10,004	8,514	15,437	(17)	33,938
Balance at March 31, 2017	78,764	81,205	117,883	(425)	277,428

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on investment securities	Deferred gains (losses) on hedges	Translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2016	2,739	(12)	5,878	(11,080)	(2,473)	952	8,475	250,444
Changes of items during period								
Issuance of new shares (exercise of subscription rights to shares)								20,008
Cash dividends								(5,582)
Profit attributable to owners of parent								20,587
Change of scope of consolidation								431
Purchase of treasury stock								(17)
Disposal of treasury stock								0
Change in ownership interest of parent due to transactions with non-controlling interests								(1,489)
Net changes of items other than shareholders' equity	(47)	10	(5,133)	1,572	(3,597)	408	(3,684)	(6,873)
Total changes during the period	(47)	10	(5,133)	1,572	(3,597)	408	(3,684)	27,064
Balance at March 31, 2017	2,692	(1)	745	(9,507)	(6,071)	1,361	4,791	277,509

Fiscal Year Ended December 31, 2017

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2017	78,764	81,205	117,883	(425)	277,428
Changes of items during period					
Issuance of new shares (exercise of subscription rights to shares)	50	50			101
Cash dividends			(6,093)		(6,093)
Profit attributable to owners of parent			9,531		9,531
Purchase of treasury stock				(5)	(5)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes during the period	50	51	3,438	(5)	3,534
Balance at December 31, 2017	78,815	81,256	121,321	(431)	280,962

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on investment securities	Deferred gains (losses) on hedges	Translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2017	2,692	(1)	745	(9,507)	(6,071)	1,361	4,791	277,509
Changes of items during period								
Issuance of new shares (exercise of subscription rights to shares)								101
Cash dividends								(6,093)
Profit attributable to owners of parent								9,531
Purchase of treasury stock								(5)
Disposal of treasury stock								0
Net changes of items other than shareholders' equity	(128)	12	1,883	1,297	3,064	(197)	877	3,745
Total changes during the period	(128)	12	1,883	1,297	3,064	(197)	877	7,279
Balance at December 31, 2017	2,564	10	2,628	(8,210)	(3,007)	1,163	5,668	284,788

#### (4) Consolidated Statements of Cash Flows

Millions of yen

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended December 31, 2017
Cash Flows from Operating Activities:		
Income before income taxes	30,497	18,554
Depreciation and amortization	13,739	11,923
Impairment loss	—	952
Loss (gain) on sales of securities and investment securities	(1,922)	(1,318)
Loss (gain) on sales of investments in capital	(289)	—
Increase (decrease) in reserve	744	(2,339)
Increase (decrease) in net defined benefit liability	(2,242)	(3,456)
Loss (gain) on sales of fixed assets	(384)	(2,032)
Interest and dividends income	(775)	(442)
Interest expenses	1,184	1,136
Decrease (increase) in notes and accounts receivable-trade	7,344	33,728
Decrease (increase) in inventories	(9,136)	(11,403)
Increase (decrease) in notes and accounts payable-trade	3,430	(188)
Increase /decrease in other assets / liabilities	(3,784)	7,634
Other loss (gain)	771	1,049
Sub-total	39,175	53,798
Interest and dividends received	1,181	1,133
Interest expenses paid	(1,202)	(1,183)
Income taxes paid	(5,338)	(9,590)
Net cash provided by operating activities	33,816	44,157
Cash Flows from Investing Activities:		
Purchase of fixed assets	(21,591)	(12,380)
Proceeds from sales of fixed assets	550	2,400
Purchase of securities and investment securities	(8,797)	(3,523)
Proceeds from sales and redemption of securities and investment securities	12,086	5,543
Payments into time deposits	(2,637)	(1,982)
Proceeds from withdrawal of time deposits	1,839	1,906
Payments of loans receivable	(117)	(19)
Collection of loans receivable	762	108
Others	(661)	40
Net cash used in investing activities	(18,563)	(7,906)

Millions of yen

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended December 31, 2017
Cash Flows from Financing Activities:		
Net increase (decrease) in short-term loans payable	2,501	7,083
Proceeds from long-term loans payable	14,079	3,026
Repayment of long-term loans payable	(19,615)	(2,078)
Proceeds from issuance of bonds	—	10,000
Redemption of bonds	(22)	—
Proceeds from issuance of common stock	0	0
Proceeds from disposal of treasury shares	0	0
Purchase of treasury shares	(17)	(5)
Cash dividends paid	(5,582)	(6,093)
Cash dividends paid to non-controlling interests	(458)	(4)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(5,169)	—
Others	(817)	(631)
Net cash provided by (used in) financing activities	(15,102)	11,296
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,187)	871
Increase (Decrease) in Cash and Cash Equivalents	(1,037)	48,419
Cash and Cash Equivalents at Beginning of Period	91,185	90,683
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	536	—
Cash and Cash Equivalents at End of Period	90,683	139,102

## (5) Notes to Consolidated Financial Statements

(Note for the Assumption of Going Concern)

None

(Additional Information)

On October 23, 2015, a fire broke out at the waste processing facility for bulky refuse at the Gifu City Eastern Clean Center, which is located in the Akutami section of Gifu City in Gifu Prefecture, as Ebara Environmental Plant Co., Ltd. (“EEP”), the Company’s consolidated subsidiary, was making repairs on the facility. Please note that EEP is responsible for the operation and management of a refuse incinerating facility that is located next to the bulky refuse processing plant where the fire occurred.

Regarding this incident, the Company is discussing with Gifu City the compensation for related damages. At this time, it is not possible to make a reasonable estimate of the effect of this incident on the Group’s consolidated performance.

(Segment Information)

### 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 is conducting its business operations through three in-house companies: the FMS Company, EP Company, and PM Company. Therefore, the Group is composed of product and service segments based along the lines of the in-house companies, and its three reportable segments are Fluid Machinery & Systems, Environmental Plants, and Precision Machinery.

The Group’s operations in three business segments are as follows:

Segment	Principal Products	Contents
Fluid Machinery & Systems	Pumps, compressors, turbines, freezer chillers, blowers, fans and others	Manufacture, sales, O&M services and others
Environmental Plants	Municipal waste processing plants, industrial waste incineration plants, water treatments plants and others	Engineering, construction, O&M services and others
Precision Machinery	Dry vacuum pumps, CMP equipment, plating equipment, exhaust-gas treatment equipment and others	Manufacture, sales and maintenance and others

### 2. Calculation Method Used for Sales, Income, Assets and Other Items for Each Reportable Segment

The accounting method used for reportable business segments is the same as the method based on the accounting principles used to prepare the consolidated financial statements. Income from reportable segments are figures based on operating income. Intersegment sales and transfers are recorded at the same prices used in transactions with customers.

### 3. Information About Sales, Income, Assets and Other Items for Each Reportable Segment

Fiscal Year Ended March 31, 2017

Millions of yen

	Reportable Segments				Others (Notes 1)	Total	Adjustments (Notes 2, 3)	Consolidated (Notes 4)
	Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Total				
Sales								
Customers	292,246	68,064	114,120	474,432	1,672	476,104	—	476,104
Intersegment and Transfers	333	0	—	333	3,319	3,653	(3,653)	—
Total	292,579	68,065	114,120	474,766	4,992	479,758	(3,653)	476,104
Segment Income	9,476	5,760	14,115	29,352	632	29,984	11	29,995
Segment Assets	318,666	60,659	99,750	479,076	33,994	513,071	75,386	588,457
Other Items								
Depreciation and Amortization	8,528	489	2,900	11,918	1,835	13,754	(14)	13,739
Amortization of Goodwill	587	—	—	587	—	587	—	587
Investment for Entities Applied Equity Method	—	6,012	—	6,012	—	6,012	—	6,012
Increase in Tangible and Intangible Assets	11,831	1,107	7,432	20,371	2,311	22,683	(7)	22,675

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) The total value of the adjustment of segment assets for the Company was total assets of the Group amounted to ¥77,298 million, and intersegment eliminations amounted to ¥(1,912) million. The main total assets of the Group are cash and deposits, a part of investment securities, deferred tax assets and others.

3.The adjustments of "Depreciation and Amortization" and "Increase in Tangible and Intangible Assets" under "Other Items" are due to the elimination of intersegment transactions.

4.Segment income has been adjusted with operating income in the consolidated statements of income.

Fiscal Year Ended December 31, 2017

Millions of yen

	Reportable Segments				Others (Notes 1)	Total	Adjustments (Notes 2, 3)	Consolidated (Notes 4)
	Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Total				
Sales								
Customers	225,795	47,616	107,368	380,780	1,212	381,993	—	381,993
Intersegment and Transfers	357	—	0	358	2,231	2,589	(2,589)	—
Total	226,153	47,616	107,369	381,139	3,443	384,582	(2,589)	381,993
Segment Income	1,262	3,148	13,667	18,078	37	18,116	(0)	18,115
Segment Assets	305,525	48,530	110,848	464,904	30,539	495,444	117,475	612,919
Other Items								
Depreciation and Amortization	6,984	463	2,777	10,224	1,709	11,934	(10)	11,923
Amortization of Goodwill	416	—	—	416	—	416	—	416
Investment for Entities Applied Equity Method	—	5,519	—	5,519	—	5,519	—	5,519
Increase in Tangible and Intangible Assets	6,645	444	4,026	11,117	1,271	12,388	(2)	12,386

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) The total value of the adjustment of segment assets for the Company was total assets of the Group amounted to ¥119,177 million, and intersegment eliminations amounted to ¥(1,702) million. The main total assets of the Group are cash and deposits, a part of investment securities, deferred tax assets and others.

3.The adjustments of "Depreciation and Amortization" and "Increase in Tangible and Intangible Assets" under "Other Items" are due to the elimination of intersegment transactions.

4.Segment income has been adjusted with operating income in the consolidated statements of income.

#### 4. Changes in Reportable Segments, Etc.

##### (Changes in Name of Reportable Segments)

Effective from the first quarter ended June 30, 2017, the name of the reportable segment previously known as “Environmental Engineering” has been changed to “Environmental Plants.” Such change is only for the sake of the segment name and has no impact on the segment information. In the segment information for the fiscal year ended March 31, 2017, the name of the reportable segment after the change is used.

(Per Share Data of Common Stock)

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended December 31, 2017
Net assets per share (Yen)	2,672.19	2,735.94
Net income per share (Yen)	213.71	93.84
Diluted net income per share (Yen)	201.53	93.32

1. Basic Information for Computation of Net Assets per Share

	As of March 31, 2017	As of December 31, 2017
Total net assets (Millions of yen)	277,509	284,788
Amount excluded from total net assets (Millions of yen)	6,152	6,832
(Subscription rights to shares (Millions of yen))	(1,361)	(1,163)
(Non-controlling interests (Millions of yen))	(4,791)	(5,668)
Net assets attributable to common stock at the end of the period (Millions of yen)	271,356	277,955
Number of common stocks outstanding at the end of the period calculated under "Net assets per share"	101,548,418	101,594,129

2. Basic Information for Computation of Net Income per Share and Diluted Net Income per Share

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended December 31, 2017
Net income per share		
Profit attributable to owners of parent (Millions of yen)	20,587	9,531
Amount not allocated to ordinary shareholders (Millions of yen)	—	—
Profit attributable to owners of parent attributable to common stocks (Millions of yen)	20,587	9,531
Average shares of common stocks (Number)	96,336,251	101,568,733
Diluted net income per share		
Adjustment of profit attributable to owners of parent (Millions of yen)	—	—
Increase in common stocks (Number)	5,818,309	576,069
(Bonds with subscription rights to shares (Number))	(5,175,416)	(—)
(Subscription rights to shares (Number))	(642,893)	(576,069)
Potential shares excluded from computation of diluted net income per share which don't have a dilutive effect	—	—

3. Ebara Corporation has conducted a consolidation of common shares at a rate of one share for every five shares with an effective date of October 1, 2016. Net income per share and diluted net income per share have been calculated as if this consolidation of shares was conducted at the beginning of the previous fiscal year.

(Significant Subsequent Events)

None

## 4. Others

### (1) Segment Information

Business Segment

FMS = Fluid Machinery & Systems, EP = Environmental Plants, PM = Precision Machinery

Orders Received, Sales, Operating Income and Backlog of Orders Received

Billions of yen

	Same Period of the Previous Fiscal Year	Fiscal Year Ended December 31, 2017			Fiscal Year Ending December 31, 2018
	Actual	Actual	Change	Change Ratio	Forecast
Orders Received				(%)	
FMS	231.5	251.9	20.4	8.8	314.0
EP	50.9	51.5	0.5	1.0	90.0
PM	101.6	108.8	7.1	7.1	130.0
Others	1.2	1.2	(0.0)	(1.9)	1.0
Total	385.4	413.5	28.1	7.3	535.0
Sales					
FMS	213.8	225.7	11.9	5.6	314.0
EP	45.7	47.6	1.9	4.2	60.0
PM	89.4	107.3	17.8	20.0	130.0
Others	1.2	1.2	(0.0)	(1.7)	1.0
Total	350.2	381.9	31.7	9.1	505.0
Operating Income					
FMS	(3.4)	1.2	4.6	—	13.5
EP	3.9	3.1	(0.8)	(20.4)	6.0
PM	10.3	13.6	3.3	31.9	17.0
Others & Adjustment	0.5	0.0	(0.5)	(93.3)	0.5
Total	11.4	18.1	6.6	58.0	37.0
Backlog of Orders Received					
FMS		194.0			
EP		170.4			
PM		30.8			
Others		0.0			
Total		395.3			

[Reference]

The actual adjusted to twelve months, from January 1, 2017 to December 31, 2017 for the Company and its consolidated companies whose former fiscal year ended at March 31, and the percentage changes between the actual after adjustment and the results forecast for the fiscal year ending December 31, 2018 are as follows.

Billions of yen

	Actual After Adjustment	Forecast	Change Ratio After Adjustment
Orders Received			(%)
FMS	308.9	314.0	1.6
EP	65.1	90.0	38.2
PM	130.3	130.0	(0.3)
Others	1.6	1.0	(39.4)
Total	506.0	535.0	5.7
Sales			
FMS	304.1	314.0	3.2
EP	69.9	60.0	(14.3)
PM	132.0	130.0	(1.5)
Others	1.6	1.0	(39.5)
Total	507.8	505.0	(0.6)
Operating Income			
FMS	14.1	13.5	(4.6)
EP	4.9	6.0	21.2
PM	17.4	17.0	(2.4)
Others & Adjustment	0.1	0.5	278.5
Total	36.6	37.0	1.0

## (2) Sales and Orders by Subsegment

### (i) Orders Received

Billions of yen

	Same Period of the Previous Fiscal Year	Fiscal Year Ended December 31, 2017			Fiscal Year Ending December 31, 2018
	Actual	Actual	Change	Change Ratio	Forecast
FMS				(%)	
Pumps	145.6	155.2	9.5	6.6	178.0
Compressors & Turbines	44.5	56.9	12.4	27.9	85.0
Chillers	27.5	29.2	1.6	6.0	37.0
Others	13.8	10.6	(3.1)	(23.1)	14.0
Total of FMS	231.5	251.9	20.4	8.8	314.0
EP					
Environmental Plants	50.9	51.5	0.5	1.0	90.0
Total of EP	50.9	51.5	0.5	1.0	90.0
PM					
Components	39.9	53.9	13.9	35.0	57.0
CMP Systems	57.9	47.9	(10.0)	(17.3)	67.0
Others	3.7	6.9	3.2	86.7	6.0
Total of PM	101.6	108.8	7.1	7.1	130.0
Others	1.2	1.2	(0.0)	(1.9)	1.0
Total of Others	1.2	1.2	(0.0)	(1.9)	1.0
Total	385.4	413.5	28.1	7.3	535.0

#### [Reference]

The actual adjusted to twelve months, from January 1, 2017 to December 31, 2017 for the Company and its consolidated companies whose former fiscal year ended at March 31, and the percentage changes between the actual after adjustment and the results forecast for the fiscal year ending December 31, 2018 are as follows.

Billions of yen

	Actual After Adjustment	Forecast	Change Ratio After Adjustment
FMS			(%)
Pumps	186.1	178.0	(4.4)
Compressors & Turbines	71.4	85.0	18.9
Chillers	34.5	37.0	7.0
Others	16.7	14.0	(16.2)
Total of FMS	308.9	314.0	1.6
EP			
Environmental Plants	65.1	90.0	38.2
Total of EP	65.1	90.0	38.2
PM			
Components	59.8	57.0	(4.8)
CMP Systems	62.7	67.0	6.8
Others	7.7	6.0	(22.8)
Total of PM	130.3	130.0	(0.3)
Others	1.6	1.0	(39.4)
Total of Others	1.6	1.0	(39.4)
Total	506.0	535.0	5.7

## (ii) Sales

Billions of yen

	Same Period of the Previous Fiscal Year	Fiscal Year Ended December 31, 2017			Fiscal Year Ending December 31, 2018
	Actual	Actual	Change	Change Ratio	Forecast
FMS				(%)	
Pumps	126.9	133.4	6.4	5.1	178.0
Compressors & Turbines	48.0	53.8	5.8	12.2	85.0
Chillers	25.0	29.2	4.2	16.9	37.0
Others	13.9	9.3	(4.6)	(33.2)	14.0
Total of FMS	213.8	225.7	11.9	5.6	314.0
EP					
Environmental Plants	45.7	47.6	1.9	4.2	60.0
Total of EP	45.7	47.6	1.9	4.2	60.0
PM					
Components	37.9	51.7	13.7	36.3	55.0
CMP Systems	45.8	49.8	3.9	8.7	68.0
Others	5.6	5.8	0.1	2.5	7.0
Total of PM	89.4	107.3	17.8	20.0	130.0
Others	1.2	1.2	(0.0)	(1.7)	1.0
Total of Others	1.2	1.2	(0.0)	(1.7)	1.0
Total	350.2	381.9	31.7	9.1	505.0

## [Reference]

The actual adjusted to twelve months, from January 1, 2017 to December 31, 2017 for the Company and its consolidated companies whose former fiscal year ended at March 31, and the percentage changes between the actual after adjustment and the results forecast for the fiscal year ending December 31, 2018 are as follows.

Billions of yen

	Results Adjusted to 12 Months	Forecast	Change Ratio After Adjustment
FMS			(%)
Pumps	178.0	178.0	(0.0)
Compressors & Turbines	74.3	85.0	14.3
Chillers	35.8	37.0	3.2
Others	15.9	14.0	(12.0)
Total of FMS	304.1	314.0	3.2
EP			
Environmental Plants	69.9	60.0	(14.3)
Total of EP	69.9	60.0	(14.3)
PM			
Components	57.0	55.0	(3.5)
CMP Systems	68.5	68.0	(0.8)
Others	6.4	7.0	8.7
Total of PM	132.0	130.0	(1.5)
Others	1.6	1.0	(39.5)
Total of Others	1.6	1.0	(39.5)
Total	507.8	505.0	(0.6)

Note: The amount of orders received and sales of cryogenic pumps (pumps for transporting LNG (liquefied natural gas)) is included in the following subsegments respectively.

Results for the fiscal year ended December 31, 2017: Pumps

Forecast for the fiscal year ending December 31, 2018: Compressors & Turbines

### (3) Area Information

(i) Geographical Segment ••• Compiled on the basis of the geographical location of the company reporting the sales

Billions of yen

	Fiscal Year Ended December 31, 2017	
	Actual	Composition
Net Sales		(%)
Japan	204.4	53.5
North America	67.9	17.8
Asia (except Japan)	81.4	21.3
Others	28.1	7.4
Total	381.9	100.0
Operating Income		(%)
Japan	2.6	14.9
North America	4.0	22.3
Asia (except Japan)	10.4	57.7
Others	1.8	10.2
Adjustment	(0.9)	(5.1)
Total	18.1	100.0

(ii) Regional Segment ••• Compiled on the basis of the geographical location where the goods are sold

Billions of yen

	Fiscal Year Ended December 31, 2017	
	Actual	Composition
Net Sales		(%)
Japan	152.5	39.9
Asia (except Japan)	134.7	35.3
North America	35.3	9.2
Europe	30.6	8.0
Middle East	16.9	4.4
Others	11.7	3.2
Total	381.9	100.0

### (4) Employees

	As of March 31, 2017	As of December 31, 2017	
	Numbers	Numbers	Change
Employees			
FMS	11,150	10,797	(353)
EP	2,645	2,622	(23)
PM	1,885	2,067	182
Others & Corporate	637	733	96
Total	16,317	16,219	(98)
Ebara Corporation	4,014	3,898	(116)
Domestic Consolidated Subsidiaries	3,984	3,978	(6)
Overseas Consolidated Subsidiaries	8,319	8,343	24