

**CONSOLIDATED FINANCIAL RESULTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2018**  
**[Japanese GAAP]**

August 9, 2018

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 Stock exchange listings: Tokyo  
 Code number: 6361  
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Scheduled date for submission of quarterly report: August 10, 2018  
 Scheduled date for dividend payment: September 10, 2018  
 Preparing supplementary material on financial results: Yes  
 Holding financial results presentation meeting  
 (for institutional investors and analysts): Yes

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

**1. Results for the Six Months Ended June 30, 2018**

**(1) Financial Results**

(% represents percentage change from a comparable previous period)

Millions of yen

|                                     | Net Sales |      | Operating Income |       | Ordinary Income |    | Profit Attributable to Owners of Parent |    |
|-------------------------------------|-----------|------|------------------|-------|-----------------|----|---|----|
|                                     |           |      |                  |       |                 |    |   |    |
| Six Months Ended June 30, 2018      | 251,257   | —%   | 14,722           | —%    | 14,171          | —% | 7,471                                   | —% |
| Six Months Ended September 30, 2017 | 206,798   | 7.7% | 5,116            | 92.5% | 3,886           | —% | 3,103                                   | —% |

Note: Comprehensive Income: Six months ended June 30, 2018; 3,382 million yen 22.6%  
 Six months ended September 30, 2017; 2,758 million yen —%

|                                     | Net Income per Share (Yen) | Net Income per Share, Diluted (Yen) |
|-------------------------------------|----------------------------|-------------------------------------|
| Six Months Ended June 30, 2018      | 73.50                      | 73.11                               |
| Six Months Ended September 30, 2017 | 30.55                      | 30.38                               |

Note: Ebara Corporation has changed its fiscal year-end from March 31 to December 31, effective from the previous fiscal year ended December 31, 2017. Due to this change, the period of the six months ended June 30, 2018 (from January 1, 2018 to June 30, 2018) is different from the previous year (from April 1, 2017 to September 30, 2017) for the comparison. Therefore, the change from a comparable previous period (%) is not displayed.

(Reference Information) Percentage Changes After Adjustment

The percentages represent comparison between the results from the same period of the previous fiscal year (from January 1, 2017 to June 30, 2017) and the results for the six months ended June 30, 2018 (from January 1, 2018 to June 30, 2018).

Millions of yen

| Net Sales |        | Operating Income |         | Ordinary Income |         | Profit Attributable to Owners of Parent |         |
|-----------|--------|------------------|---------|-----------------|---------|---|---------|
| 251,257   | (4.8)% | 14,722           | (38.8)% | 14,171          | (40.5)% | 7,471                                   | (54.0)% |

**(2) Financial Position**

Millions of yen

|                         | Total Assets | Net Assets | Equity Ratio |
|-------------------------|--------------|------------|--------------|
| As of June 30, 2018     | 632,889      | 287,250    | 44.3%        |
| As of December 31, 2017 | 612,919      | 284,788    | 45.3%        |

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

As of June 30, 2018; 280,485 million yen

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

**2. Dividends**

|   | Dividends per Share (Yen)      |                                |                                |          |        |
|---|--------------------------------|--------------------------------|--------------------------------|----------|--------|
|   | End of 1 <sup>st</sup> Quarter | End of 2 <sup>nd</sup> Quarter | End of 3 <sup>rd</sup> Quarter | Year-End | Annual |
| Fiscal Year Ended December 31, 2017             | —                              | 30.00                          | —                              | 15.00    | 45.00  |
| Fiscal Year Ending December 31, 2018            | —                              | 30.00                          |                                |          |        |
| Fiscal Year Ending December 31, 2018 (Forecast) |                                |                                | —                              | 30.00    | 60.00  |

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

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

(% represents percentage change from a comparable previous period)

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                                  | —% | 216.42                     |

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

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 represent comparison between the results from the same period of the previous fiscal year (from January 1, 2017 to December 31, 2017) and the 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 six 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. Consolidated Financial Statements and Significant Notes (4) Notes to Consolidated Financial Statements (Adoption of Specific Accounting Methods for Preparation of Quarterly Consolidated Financial Statements)” on page 15.

- (3) Changes in accounting policies, Changes in accounting estimates, and Restatement of prior financial statements after error corrections

(i) Changes in accounting policies due to revisions of accounting standards, etc.: None

(ii) Changes in accounting policies 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, 2018            | 101,923,253 | As of December 31, 2017             | 101,783,253 |
| (ii) Number of treasury stocks                          | As of June 30, 2018            | 190,688     | As of December 31, 2017             | 189,124     |
| (iii) Average number of common stocks                   | Six Months Ended June 30, 2018 | 101,654,462 | Six Months Ended September 30, 2017 | 101,559,282 |

**This quarterly financial result is exempt from quarterly review by certified public accountants or accounting firms.**

#### **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 “Explanation of Forecast of Consolidated Financial Results” on page 8. 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.

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# 1. Qualitative Information Regarding Consolidated Financial Results

## (1) Explanation of Financial Results

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, effective from the previous fiscal year ended December 31, 2017.

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 the corresponding period of the previous fiscal year, from January 1, 2017 to June 30, 2017.)

|   | Same Period of the Previous Fiscal Year | Six Months Ended June 30, 2018 | Change   | Change Ratio |
|---|---|--------------------------------|----------|--------------|
| Orders Received                         | 257,693                                 | 300,805                        | 43,112   | 16.7         |
| Net Sales                               | 263,858                                 | 251,257                        | (12,601) | (4.8)        |
| Operating Income                        | 24,035                                  | 14,722                         | (9,313)  | (38.8)       |
| Operating Income on Sales Ratio (%)     | 9.1                                     | 5.9                            | —        | —            |
| Ordinary Income                         | 23,814                                  | 14,171                         | (9,643)  | (40.5)       |
| Profit Attributable to Owners of Parent | 16,257                                  | 7,471                          | (8,786)  | (54.0)       |
| Net Income per Share (Yen)              | 160.10                                  | 73.50                          | (86.60)  | —            |

Millions of yen

During the six months ended June 30, 2018, the economy in the United States continued to recover steadily, and improvement was mainly seen in emerging countries in Asia such as China. Also, willingness in capital investment gradually recovered due to the increase of crude oil prices in the oil and gas market.

During the six months ended June 30, 2018, orders received increased compared to the same period of the previous fiscal year mainly due to an increase in the Environmental Plants (“EP”) Company and the Precision Machinery (“PM”) Company. Sales decreased compared to the same period of the previous fiscal year due to decreases in the EP Company and the PM Company. Operating income decreased due to a decrease in the Fluid Machinery & Systems (“FMS”) Company.

Consolidated net sales for the six months ended June 30, 2018, amounted to ¥251,257 million (a decrease of 4.8% from the same period of the previous fiscal year), operating income amounted to ¥14,722 million (a decrease of 38.8% from the same period of the previous fiscal year), ordinary income amounted to ¥14,171 million (a decrease of 40.5% from the same period of the previous fiscal year) and profit attributable to owners of parent amounted to ¥7,471 million (a decrease of 54.0% from the same period of the previous fiscal year) due to the booking of impairment loss and provision for loss on litigation.

Operating Results by Business Segment

Millions of yen

| Segment                   | Orders Received                         |                                |              | Net Sales                               |                                |              | Segment Income                          |                                |              |
|---------------------------|---|--------------------------------|--------------|---|--------------------------------|--------------|---|--------------------------------|--------------|
|                           | Same Period of the Previous Fiscal Year | Six months ended June 30, 2018 | Change Ratio | Same Period of the Previous Fiscal Year | Six months ended June 30, 2018 | Change Ratio | Same Period of the Previous Fiscal Year | Six months ended June 30, 2018 | Change Ratio |
| Fluid Machinery & Systems | 154,717                                 | 161,532                        | 4.4%         | 155,020                                 | 154,330                        | (0.4)%       | 10,568                                  | 2,276                          | (78.5)%      |
| Environmental Plants      | 37,571                                  | 65,815                         | 75.2%        | 35,518                                  | 29,368                         | (17.3)%      | 2,476                                   | 2,217                          | (10.4)%      |
| Precision Machinery       | 64,553                                  | 72,616                         | 12.5%        | 72,471                                  | 66,720                         | (7.9)%       | 10,846                                  | 10,080                         | (7.1)%       |
| Reportable Segment Total  | 256,842                                 | 299,964                        | 16.8%        | 263,009                                 | 250,419                        | (4.8)%       | 23,891                                  | 14,574                         | (39.0)%      |
| Others                    | 850                                     | 840                            | (1.2)%       | 849                                     | 837                            | (1.3)%       | 135                                     | 171                            | 26.4%        |
| Adjustment                | —                                       | —                              | —            | —                                       | —                              | —            | 8                                       | (24)                           | —            |
| Total                     | 257,693                                 | 300,805                        | 16.7%        | 263,858                                 | 251,257                        | (4.8)%       | 24,035                                  | 14,722                         | (38.8)%      |

## Outline of Business Environment and Situation by Business Segment

| Segment                      | Business Environment  | Business Situation and the Trend of Orders Received (Note1)   |
|------------------------------|---|---|
| Fluid Machinery & Systems    | <p style="text-align: center;">Pumps</p> <ul style="list-style-type: none"> <li>(In the overseas market)</li> <li>• The oil and gas market has bottomed out due to the upward trend in crude oil prices, and inquiries have been increasing mainly in China.</li> <li>• Demand for water infrastructure has been increasing in the Middle East, Southeast Asia and China.</li> <li>• In the electric power market, due to the regulation on CO2 emissions, the coal market was lackluster.</li> <li>(In the domestic market (Japan) )</li> <li>• New building construction starts were level with the same period of the previous fiscal year.</li> <li>• Investments for social infrastructure renovation and maintenance were smaller than the same period of the previous fiscal year.</li> </ul>  | <ul style="list-style-type: none"> <li>(In the overseas market)</li> <li>• Oil and gas related orders received exceeded those of the same period of the previous fiscal year.</li> <li>• The volume of orders received for the water infrastructure was smaller than the same period of the previous fiscal year.</li> <li>• Orders received for electric power were level with the same period of the previous fiscal year. </li> <li>(In the domestic market (Japan) )</li> <li>• Orders received for building construction-related equipment have been recovering.</li> <li>• The volume of orders received for public sectors was smaller than the same period of the previous fiscal year.</li> </ul>  |
|                              | <p style="text-align: center;">Compressors &amp; Turbines</p> <ul style="list-style-type: none"> <li>• Although investments for new products have gradually recovered, intense price competition continued in the market.</li> <li>• In the ethylene and oil-refinery field, investments became active in the Asia region, especially in China.</li> <li>• LNG and oil-refinery projects started to come onto the market in Europe, the Middle East and the Africa region.</li> <li>• Regarding service, the recovery of the remodeling market was remarkable compared to the past few years. On the other hand, field service in North America and the Middle East region was lackluster due to the lean season of large-scale regular inspections.</li> <li>• The LNG market (cryogenic pumps) has gradually recovered, and there were movements in capital investment for LNG carriers and LNG liquefaction process plants.</li> </ul> | <ul style="list-style-type: none"> <li>• New orders received for products exceeded those of the same period of the previous fiscal year due to major orders received for petrochemical plants in China and India. </li> <li>• Service-related orders received were level with the same period of the previous fiscal year.</li> </ul>   |
|                              | <p style="text-align: center;">Chillers</p> <ul style="list-style-type: none"> <li>• In Japan, the market was level with the same period of the previous fiscal year.</li> <li>• In China, the market continued to slow down with constant and intense competition.</li> </ul>  | <ul style="list-style-type: none"> <li>• In Japan, the volume of orders received was slightly smaller than the same period of the previous fiscal year. </li> <li>• In China, orders received exceeded the same period of the previous fiscal year. </li> </ul>   |
| Environmental Plants (Note2) | <ul style="list-style-type: none"> <li>• The volume of new EPC orders placed by the public sector for municipal waste incinerating facilities was smaller than the previous year, mainly due to postponements of ordering schedules.</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, long-term comprehensive and life-extension projects were firm. Moreover, due to an order received for the construction of biomass power generation facilities, the volume of orders dramatically exceeded that of the same period of the previous fiscal year.</li> <li>(Overview of major orders received)</li> <li>• DBO project for municipal waste incinerating facilities in the public sector (1 order) </li> <li>• Long-term comprehensive project for municipal waste incinerating facilities in the public sector (2 orders)</li> <li>• Life-extension project for municipal waste incinerating facilities in the public sector (2 orders)</li> <li>• Biomass power generation facilities (1 order)</li> </ul> |
| Precision Machinery          | <ul style="list-style-type: none"> <li>• Semiconductor-related capital investment continued at a high level.</li> </ul>   | <ul style="list-style-type: none"> <li>• The business situation was favorable mainly in memory-related devices. </li> </ul>   |

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



in the case of an increase of +5% or more



in the case of a decrease of -5% or more



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

Note2: EPC.....

O&M .....

DBO (Design, Build and Operate) ...

The engineering, procurement, and construction for plants

The operation and maintenance for plants

The limited contract for operation and maintenance after construction, in addition to the engineering, procurement and construction for plants.

## (2) Explanation of Financial Position

### i. Assets

Total assets as of June 30, 2018 were ¥632,889 million, ¥19,969 million higher than as of December 31, 2017. Principal changes in asset items included an increase of ¥38,545 million in cash and deposits and a decrease of ¥23,380 million in notes and accounts receivable-trade.

### ii. Liabilities

Total liabilities as of June 30, 2018 were ¥345,638 million, ¥17,507 million higher than as of December 31, 2017. Principal changes in liability items included an increase of ¥9,103 million in electronically recorded obligations, an increase of ¥3,285 million in short-term loans payable and an increase of ¥1,257 million in provision for loss on litigation.

### iii. Net Assets

Net assets as of June 30, 2018 amounted to ¥287,250 million, ¥2,461 million higher than as of December 31, 2017. Principal changes affecting net asset items were profit attributable to owners of parent of ¥7,471 million, cash dividends paid of ¥1,523 million, and a decrease of ¥3,819 million in translation adjustments. Shareholders' equity (Net assets excluding subscription rights to shares and non-controlling interests) amounted to ¥280,485 million, and equity ratio was 44.3%.

## (3) Explanation of Forecast of Consolidated Financial Results

The forecasts below for the fiscal ending December 31, 2018 (net sales, operating income, ordinary income, profit attributable to owners of parent) and the assumptions made in the preparation of the forecast have not been revised since the previous announcement on May 14, 2018.

On the other hand, the forecast for orders received in the FMS Company was revised and amounted to ¥324,000 million (an increase of ¥10,000 million from the previous announcement).

For the PM Company, while the total of forecasts for orders received and sales remain unchanged, the breakdown has been revised as stated in "3. Others (2) Sales, Orders and Forecast by Subsegment" on page 18.

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

### Forecast for the Fiscal Year Ending December 31, 2018

Millions of yen

|  | Fiscal Year Ending<br>December 31, 2018 |
|--|---|
| Orders Received                            | 555,000                                 |
| Net Sales                                  | 505,000                                 |
| Operating Income                           | 37,000                                  |
| Ordinary Income                            | 36,000                                  |
| Profit Attributable to<br>Owners of Parent | 22,000                                  |

### 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 | 324,000         | 314,000   | 13,500           |
| Environmental Plants      | 90,000          | 60,000    | 6,000            |
| Precision Machinery       | 140,000         | 130,000   | 17,000           |
| Others                    | 1,000           | 1,000     | 500              |
| Total                     | 555,000         | 505,000   | 37,000           |



## 2. Consolidated Financial Statements and Significant Notes

### (1) Consolidated Balance Sheets

Millions of yen

|   | As of<br>December 31, 2017 | As of<br>June 30, 2018 |
|---|----------------------------|------------------------|
| <b>ASSETS</b>                           |                            |                        |
| Current Assets                          |                            |                        |
| Cash and deposits                       | 138,475                    | 177,021                |
| Notes and accounts receivable-trade     | 169,298                    | 145,918                |
| Electronically recorded monetary claims | 6,021                      | 8,147                  |
| Securities                              | 2,411                      | 2,769                  |
| Merchandise and finished goods          | 15,191                     | 18,681                 |
| Work in process                         | 60,993                     | 61,862                 |
| Raw materials and supplies              | 33,353                     | 36,910                 |
| Others                                  | 25,439                     | 23,789                 |
| Allowance for doubtful accounts         | (3,694)                    | (2,948)                |
| Total current assets                    | 447,491                    | 472,152                |
| Fixed Assets                            |                            |                        |
| Tangible fixed assets                   |                            |                        |
| Buildings and structures, net           | 47,005                     | 45,819                 |
| Machinery and equipment, net            | 28,632                     | 27,653                 |
| Others, net                             | 34,589                     | 33,771                 |
| Total tangible assets                   | 110,227                    | 107,244                |
| Intangible assets                       | 12,080                     | 11,610                 |
| Investments and other assets            |                            |                        |
| Investment securities                   | 25,226                     | 24,197                 |
| Others                                  | 22,297                     | 22,379                 |
| Allowance for doubtful accounts         | (4,403)                    | (4,694)                |
| Total investments and other assets      | 43,120                     | 41,881                 |
| Total fixed assets                      | 165,428                    | 160,736                |
| Total Assets                            | 612,919                    | 632,889                |

Millions of yen

|  | As of<br>December 31, 2017 | As of<br>June 30, 2018 |
|--|----------------------------|------------------------|
| <b>LIABILITIES</b>                                       |                            |                        |
| <b>Current Liabilities</b>                               |                            |                        |
| Notes and accounts payable-trade                         | 61,756                     | 62,229                 |
| Electronically recorded obligations                      | 57,869                     | 66,972                 |
| Short-term loans payable                                 | 70,470                     | 73,755                 |
| Current portion of bonds                                 | 10,000                     | 10,000                 |
| Bonus payment reserve                                    | 5,460                      | 4,908                  |
| Directors' bonus payment reserve                         | 250                        | 177                    |
| Reserve for losses on construction completion guarantees | 3,279                      | 3,447                  |
| Reserve for product warranties                           | 4,086                      | 4,260                  |
| Reserve for construction losses                          | 10,038                     | 10,913                 |
| Reserve for expenses related to the sales of land        | 254                        | 254                    |
| Others   | 47,227                     | 52,920                 |
| Total current liabilities                                | 270,691                    | 289,839                |
| <b>Long-term Liabilities</b>                             |                            |                        |
| Bonds payable  | 10,000                     | 10,000                 |
| Long-term loans payable                                  | 22,161                     | 21,403                 |
| Reserve for directors' retirement benefits               | 122                        | 109                    |
| Provision for loss on litigation                         | 6,464                      | 7,721                  |
| Defined benefit liability                                | 11,841                     | 11,027                 |
| Asset retirement obligations                             | 2,214                      | 2,244                  |
| Others   | 4,633                      | 3,292                  |
| Total long-term liabilities                              | 57,439                     | 55,798                 |
| <b>Total Liabilities</b>                                 | 328,131                    | 345,638                |
| <b>NET ASSETS</b>  |                            |                        |
| <b>Shareholders' Equity</b>                              |                            |                        |
| Common stock   | 78,815                     | 79,039                 |
| Capital surplus  | 81,256                     | 81,480                 |
| Retained earnings  | 121,321                    | 127,977                |
| Treasury stock   | (431)                      | (437)                  |
| Total shareholders' equity                               | 280,962                    | 288,059                |
| <b>Accumulated Other Comprehensive Income</b>            |                            |                        |
| Net unrealized gains (losses) on investment securities   | 2,564                      | 1,392                  |
| Deferred gains (losses) on hedges                        | 10                         | 4                      |
| Translation adjustments                                  | 2,628                      | (1,190)                |
| Remeasurements of defined benefit plans                  | (8,210)                    | (7,781)                |
| Total accumulated other comprehensive income             | (3,007)                    | (7,573)                |
| Subscription Rights to Shares                            | 1,163                      | 1,155                  |
| Non-controlling Interests                                | 5,668                      | 5,608                  |
| <b>Total Net Assets</b>                                  | 284,788                    | 287,250                |
| <b>Total Liabilities and Net Assets</b>                  | 612,919                    | 632,889                |

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

Millions of yen

|   | Six Months Ended<br>September 30, 2017 | Six Months Ended<br>June 30, 2018 |
|---|--|-----------------------------------|
| Net Sales   | 206,798                                | 251,257                           |
| Cost of Sales   | 155,678                                | 187,387                           |
| Gross Profit  | 51,120                                 | 63,870                            |
| Selling, General and Administrative Expenses                  | 46,004                                 | 49,148                            |
| Operating Income  | 5,116                                  | 14,722                            |
| Non-operating Income  |  |                                   |
| Interest income   | 108                                    | 121                               |
| Dividends income  | 168                                    | 290                               |
| Share of profit of entities accounted for using equity method | —                                      | 815                               |
| Others  | 244                                    | 276                               |
| Total non-operating income                                    | 521                                    | 1,503                             |
| Non-operating Expenses  |  |                                   |
| Interest expenses   | 647                                    | 682                               |
| Share of loss of entities accounted for using equity method   | 301                                    | —                                 |
| Foreign exchange losses                                       | 84                                     | 957                               |
| Others  | 717                                    | 414                               |
| Total non-operating expenses                                  | 1,750                                  | 2,054                             |
| Ordinary Income   | 3,886                                  | 14,171                            |
| Extraordinary Income  |  |                                   |
| Gain on sales of fixed assets                                 | 41                                     | 11                                |
| Gain on sales of investment securities                        | 1,266                                  | 394                               |
| Total extraordinary income                                    | 1,308                                  | 406                               |
| Extraordinary Loss  |  |                                   |
| Loss on sales of fixed assets                                 | 2                                      | 79                                |
| Loss on retirement of fixed assets                            | 66                                     | 108                               |
| Impairment loss   | —                                      | 1,652                             |
| Loss on sales of investment securities                        | 33                                     | —                                 |
| Provision for loss on litigation                              | —                                      | 1,257                             |
| Others  | 2                                      | 1                                 |
| Total extraordinary loss                                      | 105                                    | 3,098                             |
| Income before Income Taxes                                    | 5,089                                  | 11,478                            |
| Income Taxes  | 1,530                                  | 3,389                             |
| Profit  | 3,559                                  | 8,089                             |
| Profit Attributable to Non-controlling Interests              | 456                                    | 617                               |
| Profit Attributable to Owners of Parent                       | 3,103                                  | 7,471                             |

## Consolidated Statements of Comprehensive Income

|  | Millions of yen                        |                                   |
|--|--|-----------------------------------|
|  | Six Months Ended<br>September 30, 2017 | Six Months Ended<br>June 30, 2018 |
| Profit   | 3,559                                  | 8,089                             |
| Other Comprehensive Income:  |  |                                   |
| Net unrealized gains (losses) on investment securities                               | (617)                                  | (1,192)                           |
| Deferred gains (losses) on hedges  | 16                                     | (5)                               |
| Translation adjustment   | (443)                                  | (3,961)                           |
| Remeasurements of defined benefit plans, net of tax                                  | 215                                    | 351                               |
| Share of other comprehensive income of<br>entities accounted for using equity method | 28                                     | 102                               |
| Total other comprehensive income   | (801)                                  | (4,706)                           |
| Comprehensive Income   | 2,758                                  | 3,382                             |
| Comprehensive income attributable to:  |  |                                   |
| Owners of parent   | 2,317                                  | 2,892                             |
| Non-controlling interests  | 440                                    | 489                               |

### (3) Consolidated Statements of Cash Flows

Millions of yen

|   | Six Months Ended<br>September 30, 2017 | Six Months Ended<br>June 30, 2018 |
|---|--|-----------------------------------|
| Cash Flows from Operating Activities:   |  |                                   |
| Income before income taxes  | 5,089                                  | 11,478                            |
| Depreciation and amortization   | 7,356                                  | 7,788                             |
| Impairment loss   | —                                      | 1,652                             |
| Loss (gain) on sales of securities and investment securities                  | (1,232)                                | (394)                             |
| Increase (decrease) in reserve  | (2,234)                                | 1,339                             |
| Increase (decrease) in defined benefit liability                              | (1,157)                                | (1,380)                           |
| Loss (gain) on sales of fixed assets  | (39)                                   | 68                                |
| Interest and dividends income   | (277)                                  | (411)                             |
| Interest expenses   | 647                                    | 682                               |
| Decrease (increase) in notes and accounts receivable-trade                    | 56,373                                 | 19,987                            |
| Decrease (increase) in inventories  | (7,376)                                | (8,960)                           |
| Increase (decrease) in notes and accounts payable-trade                       | (13,794)                               | 9,555                             |
| Others  | 1,937                                  | 5,616                             |
| Sub-total   | 45,293                                 | 47,020                            |
| Interest and dividends income received  | 847                                    | 408                               |
| Interest expenses paid  | (620)                                  | (632)                             |
| Income taxes paid   | (3,659)                                | (902)                             |
| Net cash provided by operating activities                                     | 41,860                                 | 45,893                            |
| Cash Flows from Investing Activities:   |  |                                   |
| Purchase of fixed assets  | (7,639)                                | (7,413)                           |
| Proceeds from sales of fixed assets   | 69                                     | 79                                |
| Purchase of securities and investment securities                              | (1,712)                                | (1,771)                           |
| Proceeds from sales and redemption of securities<br>and investment securities | 2,038                                  | 1,027                             |
| Payments into time deposits   | (651)                                  | (751)                             |
| Proceeds from withdrawal of time deposits                                     | 660                                    | 720                               |
| Payments of loans receivable  | (11)                                   | (19)                              |
| Collection of loans receivable  | 97                                     | 26                                |
| Others  | 540                                    | (21)                              |
| Net cash used in investing activities   | (6,608)                                | (8,123)                           |

|  | Millions of yen                        |                                   |
|--|--|-----------------------------------|
|  | Six Months Ended<br>September 30, 2017 | Six Months Ended<br>June 30, 2018 |
| Cash Flows from Financing Activities:  |  |                                   |
| Net increase (decrease) in short-term loans payable  | 9,577                                  | 4,699                             |
| Proceeds from long-term loans payable  | 100                                    | —                                 |
| Repayment of long-term loans payable   | (1,068)                                | (1,263)                           |
| Purchase of treasury shares  | (2)                                    | (6)                               |
| Proceeds from disposal of treasury shares  | 0                                      | —                                 |
| Cash dividends paid  | (3,046)                                | (1,523)                           |
| Cash dividends paid to non-controlling interests   | (4)                                    | (414)                             |
| Others   | (541)                                  | (398)                             |
| Net cash provided by (used in) financing activities  | 5,013                                  | 1,093                             |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents                                     | (63)                                   | (1,514)                           |
| Increase (Decrease) in Cash and Cash Equivalents   | 40,201                                 | 37,348                            |
| Cash and Cash Equivalents at Beginning of Period   | 90,683                                 | 139,102                           |
| Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation | —                                      | 507                               |
| Cash and Cash Equivalents at End of Period   | 130,885                                | 176,958                           |

#### (4) Notes to Consolidated Financial Statements

(Note for the Assumption of Going Concern)

None

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

None

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

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

(Segment Information)

Six Months Ended September 30, 2017

##### 1. Information Regarding Sales and Income (Loss) by Reportable Segment

Millions of yen

|                            | Reportable Segments             |                         |                        |         | Others<br>(Note 1) | Total   | Adjustment<br>(Note 2) | Consolidated<br>(Note 3) |
|----------------------------|---------------------------------|-------------------------|------------------------|---------|--------------------|---------|------------------------|--------------------------|
|                            | Fluid<br>Machinery &<br>Systems | Environmental<br>Plants | Precision<br>Machinery | Total   |                    |         |                        |                          |
| Sales                      |                                 |                         |                        |         |                    |         |                        |                          |
| Customers                  | 118,974                         | 26,725                  | 60,282                 | 205,981 | 816                | 206,798 | —                      | 206,798                  |
| Intersegment and Transfers | 174                             | —                       | —                      | 174     | 1,445              | 1,619   | (1,619)                | —                        |
| Total                      | 119,148                         | 26,725                  | 60,282                 | 206,156 | 2,262              | 208,418 | (1,619)                | 206,798                  |
| Segment Income (Loss)      | (5,011)                         | 2,017                   | 7,923                  | 4,929   | 178                | 5,107   | 8                      | 5,116                    |

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

3.Segment Income (Loss) has been adjusted with operating income in the 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

Six Months Ended June 30, 2018

1. Information Regarding Sales and Income by Reportable Segment

Millions of yen

|                            | Reportable Segments             |                         |                        |         | Others<br>(Note 1) | Total   | Adjustment<br>(Note 2) | Consolidated<br>(Note 3) |
|----------------------------|---------------------------------|-------------------------|------------------------|---------|--------------------|---------|------------------------|--------------------------|
|                            | Fluid<br>Machinery &<br>Systems | Environmental<br>Plants | Precision<br>Machinery | Total   |                    |         |                        |                          |
| Sales                      |                                 |                         |                        |         |                    |         |                        |                          |
| Customers                  | 154,330                         | 29,368                  | 66,720                 | 250,419 | 837                | 251,257 | —                      | 251,257                  |
| Intersegment and Transfers | 278                             | —                       | —                      | 278     | 1,392              | 1,670   | (1,670)                | —                        |
| Total                      | 154,608                         | 29,368                  | 66,720                 | 250,697 | 2,230              | 252,927 | (1,670)                | 251,257                  |
| Segment Income             | 2,276                           | 2,217                   | 10,080                 | 14,574  | 171                | 14,746  | (24)                   | 14,722                   |

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 “Adjustment” item for Segment Income shows eliminations among intersegment sales and transfers.

3.Segment Income has been adjusted with operating income in the 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)

In Fluid Machinery & Systems, the book value of business assets has been lowered to the expected recoverable amount following the discontinuation of Tochigi Plant's production which was concentrated to Futtsu Plant, and impairment loss has been booked mainly due to the reduced amount.

The resulting impairment loss amounted to ¥1,652 million for the six months ended June 30, 2018.

(Material change in goodwill amount)

None

(Material negative goodwill arisen)

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.



### 3. 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<br>the Previous<br>Fiscal Year | Six Months Ended<br>June 30, 2018 |        |                 | Fiscal Year Ending<br>December 31, 2018 |
|-------------------------------|---|-----------------------------------|--------|-----------------|---|
|                               | Actual  | Actual                            | Change | Change<br>Ratio | Forecast                                |
| Orders Received               |   |                                   |        | (%)             |   |
| FMS                           | 154.7   | 161.5                             | 6.8    | 4.4             | 324.0                                   |
| EP                            | 37.5  | 65.8                              | 28.2   | 75.2            | 90.0                                    |
| PM                            | 64.5  | 72.6                              | 8.0    | 12.5            | 140.0                                   |
| Others                        | 0.8   | 0.8                               | (0.0)  | (1.2)           | 1.0                                     |
| Total                         | 257.6   | 300.8                             | 43.1   | 16.7            | 555.0                                   |
| Sales                         |   |                                   |        |                 |   |
| FMS                           | 155.0   | 154.3                             | (0.6)  | (0.4)           | 314.0                                   |
| EP                            | 35.5  | 29.3                              | (6.1)  | (17.3)          | 60.0                                    |
| PM                            | 72.4  | 66.7                              | (5.7)  | (7.9)           | 130.0                                   |
| Others                        | 0.8   | 0.8                               | (0.0)  | (1.3)           | 1.0                                     |
| Total                         | 263.8   | 251.2                             | (12.6) | (4.8)           | 505.0                                   |
| Operating Income              |   |                                   |        |                 |   |
| FMS                           | 10.5  | 2.2                               | (8.2)  | (78.5)          | 13.5                                    |
| EP                            | 2.4   | 2.2                               | (0.2)  | (10.4)          | 6.0                                     |
| PM                            | 10.8  | 10.0                              | (0.7)  | (7.1)           | 17.0                                    |
| Others & Adjustment           | 0.1   | 0.1                               | 0.0    | 2.1             | 0.5                                     |
| Total                         | 24.0  | 14.7                              | (9.3)  | (38.8)          | 37.0                                    |
| Backlog of Orders<br>Received |   |                                   |        |                 |   |
| FMS                           |   | 199.7                             |        |                 |   |
| EP                            |   | 206.7                             |        |                 |   |
| PM                            |   | 36.2                              |        |                 |   |
| Others                        |   | 0.0                               |        |                 |   |
| Total                         |   | 442.7                             |        |                 |   |

## (2) Sales, Orders and Forecast by Subsegment

### (i) Orders Received

Billions of yen

|                        | Same Period of<br>the Previous<br>Fiscal Year | Six Months Ended<br>June 30, 2018 |        |                 | Fiscal Year Ending<br>December 31, 2018 |
|------------------------|---|-----------------------------------|--------|-----------------|---|
|                        | Actual  | Actual                            | Change | Change<br>Ratio | Forecast                                |
| FMS                    |   |                                   |        | (%)             |   |
| Pumps                  | 89.0  | 84.9                              | (4.0)  | (4.5)           | 178.0                                   |
| Compressors & Turbines | 39.1  | 50.7                              | 11.6   | 29.7            | 95.0                                    |
| Chillers               | 17.9  | 19.4                              | 1.5    | 8.6             | 37.0                                    |
| Others                 | 8.6   | 6.2                               | (2.3)  | (27.1)          | 14.0                                    |
| Total of FMS           | 154.7   | 161.5                             | 6.8    | 4.4             | 324.0                                   |
| EP                     |   |                                   |        |                 |   |
| Environmental Plants   | 37.5  | 65.8                              | 28.2   | 75.2            | 90.0                                    |
| Total of EP            | 37.5  | 65.8                              | 28.2   | 75.2            | 90.0                                    |
| PM                     |   |                                   |        |                 |   |
| Components             | 29.6  | 30.7                              | 1.1    | 3.7             | 64.0                                    |
| CMP Systems            | 30.7  | 38.7                              | 7.9    | 26.0            | 71.0                                    |
| Others                 | 4.1   | 3.1                               | (1.0)  | (24.7)          | 5.0                                     |
| Total of PM            | 64.5  | 72.6                              | 8.0    | 12.5            | 140.0                                   |
| Others                 | 0.8   | 0.8                               | (0.0)  | (1.2)           | 1.0                                     |
| Total of Others        | 0.8   | 0.8                               | (0.0)  | (1.2)           | 1.0                                     |
| Total                  | 257.6   | 300.8                             | 43.1   | 16.7            | 555.0                                   |

### (ii) Sales

Billions of yen

|                        | Same Period of<br>the Previous<br>Fiscal Year | Six Months Ended<br>June 30, 2018 |        |                 | Fiscal Year Ending<br>December 31, 2018 |
|------------------------|---|-----------------------------------|--------|-----------------|---|
|                        | Actual  | Actual                            | Change | Change<br>Ratio | Forecast                                |
| FMS                    |   |                                   |        | (%)             |   |
| Pumps                  | 88.6  | 90.5                              | 1.8    | 2.1             | 178.0                                   |
| Compressors & Turbines | 41.0  | 40.6                              | (0.4)  | (1.1)           | 85.0                                    |
| Chillers               | 16.4  | 16.7                              | 0.2    | 1.7             | 37.0                                    |
| Others                 | 8.7   | 6.3                               | (2.3)  | (27.0)          | 14.0                                    |
| Total of FMS           | 155.0   | 154.3                             | (0.6)  | (0.4)           | 314.0                                   |
| EP                     |   |                                   |        |                 |   |
| Environmental Plants   | 35.5  | 29.3                              | (6.1)  | (17.3)          | 60.0                                    |
| Total of EP            | 35.5  | 29.3                              | (6.1)  | (17.3)          | 60.0                                    |
| PM                     |   |                                   |        |                 |   |
| Components             | 28.0  | 30.6                              | 2.6    | 9.4             | 58.0                                    |
| CMP Systems            | 41.3  | 32.1                              | (9.1)  | (22.2)          | 67.0                                    |
| Others                 | 3.1   | 3.8                               | 0.7    | 25.4            | 5.0                                     |
| Total of PM            | 72.4  | 66.7                              | (5.7)  | (7.9)           | 130.0                                   |
| Others                 | 0.8   | 0.8                               | (0.0)  | (1.3)           | 1.0                                     |
| Total of Others        | 0.8   | 0.8                               | (0.0)  | (1.3)           | 1.0                                     |
| Total                  | 263.8   | 251.2                             | (12.6) | (4.8)           | 505.0                                   |

Note: Effective from the three months ended March 31, 2018, cryogenic pumps (pumps for transporting LNG (liquefied natural gas)) are included in Compressors & Turbines. Additionally, the amount of orders received and sales for the same period of the previous fiscal year in cryogenic pumps have been restated in order to reflect this reclassification.

### (3) Area Information

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

Billions of yen

|                     | Six Months Ended<br>June 30, 2018 |             |
|---------------------|-----------------------------------|-------------|
|                     | Actual                            | Composition |
| Net Sales           |                                   | (%)         |
| Japan               | 157.0                             | 62.5        |
| North America       | 37.7                              | 15.0        |
| Asia (except Japan) | 41.8                              | 16.6        |
| Others              | 14.6                              | 5.9         |
| Total               | 251.2                             | 100.0       |
| Operating Income    |                                   | (%)         |
| Japan               | 9.3                               | —           |
| North America       | (0.0)                             | —           |
| Asia (except Japan) | 4.9                               | —           |
| Others              | 1.0                               | —           |
| Adjustment          | (0.4)                             | —           |
| Total               | 14.7                              | —           |

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

Billions of yen

|                     | Six Months Ended<br>June 30, 2018 |             |
|---------------------|-----------------------------------|-------------|
|                     | Actual                            | Composition |
| Net Sales           |                                   | (%)         |
| Japan               | 118.6                             | 47.2        |
| Asia (except Japan) | 78.1                              | 31.1        |
| North America       | 20.0                              | 8.0         |
| Europe              | 17.4                              | 7.0         |
| Middle East         | 8.5                               | 3.4         |
| Others              | 8.3                               | 3.3         |
| Total               | 251.2                             | 100.0       |