

**CONSOLIDATED FINANCIAL RESULTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2019**  
**[Japanese GAAP]**

May 14, 2019

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 Stock exchange listings: Tokyo  
 Code number: 6361  
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Scheduled date for submission of quarterly report: May 15, 2019  
 Scheduled date for dividend payment: —  
 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 Three Months Ended March 31, 2019**

**(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	
		(%)		(%)		(%)		(%)
Three Months Ended March 31, 2019	130,196	(0.0)%	9,128	14.8%	10,353	28.2%	6,733	9.8%
Three Months Ended March 31, 2018	130,238	—	7,954	—	8,075	—	6,133	—

Note: Comprehensive Income: Three months ended March 31, 2019; 8,154 million yen 368.0%  
 Three months ended March 31, 2018; 1,742 million yen —%

	Net Income per Share (Yen)	Net Income per Share, Diluted (Yen)
Three Months Ended March 31, 2019	67.86	67.53
Three Months Ended March 31, 2018	60.36	60.04

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

## (2) Financial Position

Millions of yen

	Total Assets	Net Assets	Equity Ratio (%)
As of March 31, 2019	617,209	287,324	45.4
As of December 31, 2018	591,582	286,778	47.3

Notes: 1. Shareholders' Equity (Net assets excluding subscription rights to shares and non-controlling interests):

As of March 31, 2019; 280,290 million yen

As of December 31, 2018; 279,640 million yen

2. "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) has been adopted from the beginning of the three months ended March 31, 2019. Relevant figures for the previous fiscal year are presented following retroactive application of this accounting standard.

## 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, 2018	—	30.00	—	30.00	60.00
Fiscal Year Ending December 31, 2019	—				
Fiscal Year Ending December 31, 2019 (Forecast)		30.00	—	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, 2019

% on Six Months represent percentage change from a comparable previous period

% on Fiscal Year represent percentage change from the previous fiscal year

Millions of yen

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income per Share (Yen)
		%		%		%		%	
Six Months Ending June 30, 2019	253,000	0.7%	13,500	(8.3)%	13,000	(8.3)%	8,000	7.1%	80.63
Fiscal Year Ending December 31, 2019	525,000	3.1%	34,000	4.7%	33,000	5.5%	20,000	9.5%	201.57

Note: Revisions to forecast of financial results in this quarter: Yes

We revised the forecast of financial results for the six months ending June 30, 2019, previously announced on February 13, 2019. For further details, please refer to "Explanation of Forecast of Consolidated Financial Results" on page 8.

## **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) 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 Shares)

(i) Number of common shares (Including treasury shares)	As of March 31, 2019	101,995,653	As of December 31, 2018	101,957,853
(ii) Number of treasury shares	As of March 31, 2019	3,519,529	As of December 31, 2018	1,933,423
(iii) Average number of common shares	Three Months Ended March 31, 2019	99,219,923	Three Months Ended March 31, 2018	101,614,865

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

### **Explanation of the Appropriate Use of Performance Forecast and Other Related Matters**

1. The forecast 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 forecast owing to a wide range of factors. For further information on the assumptions made in the preparation of the forecast 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

Millions of yen

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2019	Change	Change Ratio (%)
Orders Received	158,820	117,082	(41,738)	(26.3)
Net Sales	130,238	130,196	(41)	(0.0)
Operating Income	7,954	9,128	1,174	14.8
Operating Income on Sales Ratio (%)	6.1	7.0	—	—
Ordinary Income	8,075	10,353	2,278	28.2
Profit Attributable to Owners of Parent	6,133	6,733	599	9.8
Net Income per Share (Yen)	60.36	67.86	7.50	—

During the three months ended March 31, 2019, globally, investment continued to recover in the oil and gas market. On the other hand, investment in the semiconductor market faced difficulties. In Japan, public investment except for some fields was firm and private capital investment ran at the same level as in a typical year. Overall, the Japanese market was steady.

During the three months ended March 31, 2019, orders received decreased compared to the same period last year mainly due to decreases in the Environmental Plants ("EP") Company and the Precision Machinery ("PM") Company. Sales were level with the same period last year due to increases in the Fluid Machinery & Systems ("FMS") Company and the EP Company despite a decrease in the PM Company. Operating income increased compared to the same period last year mainly due to an increase in the FMS Company.






Consolidated net sales for the three months ended March 31, 2019, amounted to ¥130,196 million (a decrease of 0.0% year-on-year), operating income amounted to ¥9,128 million (an increase of 14.8% year-on-year), ordinary income amounted to ¥10,353 million (an increase of 28.2% year-on-year), and profit attributable to owners of parent amounted to ¥6,733 million (an increase of 9.8% year-on-year).

### Operating Results by Business Segment

Millions of yen

Segment	Orders Received			Net Sales			Segment Income		
	Three Months Ended March 31, 2018	Three Months Ended March 31, 2019	Change Ratio (%)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2019	Change Ratio (%)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2019	Change Ratio (%)
Fluid Machinery & Systems	82,921	80,146	(3.3)	80,755	81,573	1.0	2,457	3,763	53.1
Environmental Plants	34,845	12,627	(63.8)	18,206	19,144	5.2	1,821	2,257	23.9
Precision Machinery	40,627	23,905	(41.2)	30,850	29,075	(5.8)	3,619	3,072	(15.1)
Segment Total	158,394	116,679	(26.3)	129,812	129,794	(0.0)	7,897	9,093	15.1
Others	426	403	(5.4)	425	402	(5.6)	67	25	(62.3)
Adjustment	—	—	—	—	—	—	(10)	10	—
Total	158,820	117,082	(26.3)	130,238	130,196	(0.0)	7,954	9,128	14.8

## Outline of Business Environment and Situation by Business Segment

Segment		Business Environment	Business Situation and the Trend of Orders Received (Note1)
Fluid Machinery & Systems	Pumps	<p>(In overseas market)</p> <ul style="list-style-type: none"> <li>• In the oil and gas market, due to the upward trend in crude oil prices, inquiries have been increasing and the demand is high especially in China.</li> <li>• Demand for water infrastructure is recovering with increases in the Middle East, China and Southeast Asia.</li> <li>• In electric power market, due to the regulation on CO2 emissions, the coal market was lackluster.</li> </ul> <p>(In domestic market (Japan) )</p> <ul style="list-style-type: none"> <li>• New building construction starts were level with the same period last year.</li> <li>• Investments for social infrastructure renovation and maintenance were smaller than the same period last year.</li> </ul>	<p>(In overseas market)</p> <ul style="list-style-type: none"> <li>• Oil and gas related orders received exceeded those of the same period last year.</li> <li>• The volume of orders received for the water infrastructure exceeded those of the same period last year.</li> <li>• The volume of orders received for electric power was smaller than the same period last year. </li> </ul> <p>(In domestic market (Japan) )</p> <ul style="list-style-type: none"> <li>• The volume of orders received for building construction-related equipment was smaller than the same period last year.</li> <li>• The volume of orders received for the public sectors was smaller than the same period last year.</li> </ul>
	Compressors & Turbines	<ul style="list-style-type: none"> <li>• Investment for new products has gradually recovered in the market. Investment was favorable in China and India and has been increasing in Russia and the Middle East. Although shale gas and ethylene related investments are gradually increasing in the United States, intense price competition continued with large-scale projects.</li> <li>• In the service market, demand remains firm mainly due to orders of component and remodeling. Remodeling has been vitalized especially in China.</li> <li>• The LNG market (cryogenic pumps) has gradually recovered. Although price competition is intense, the market is booming in Asia. There were movements toward Final Investment Decision for LNG carriers which had previously been postponed.</li> </ul>	<ul style="list-style-type: none"> <li>• Investment has been increasing mainly in China, India, the United States and Russia. However, the volume of orders received for new products was smaller than the same period last year as schedules for some orders received were postponed. </li> <li>• Orders received for service exceeded those of the same period last year due to orders of remodeling, repair and component being firm.</li> </ul>
	Chillers	<ul style="list-style-type: none"> <li>• In Japan, the market was level with the same period last 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 smaller than the same period last year.</li> <li>• In China, orders received exceeded those of the same period last year due to putting new products on the market and other factors. </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 incineration facilities was level with the same period last 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 for the construction of power generation facilities with woody biomass fuel and industrial waste incineration facilities continued in private companies.</li> </ul>	<ul style="list-style-type: none"> <li>• In the private sector, constructions of an industrial waste incineration facility and a biomass power generation facility have been ordered. However, the volume of orders received was smaller than the same period last year when the level was extremely high. (In addition to projects for private sector, large-scale DBO and long-term comprehensive projects in the public sector were ordered in the same period last year.)</li> </ul> <p>(Overview of large-scale orders received)</p> <ul style="list-style-type: none"> <li>• Industrial waste incineration facilities (1 order)</li> <li>• Biomass power generation facilities (1 order)</li> </ul> 
Precision Machinery		<ul style="list-style-type: none"> <li>• Semiconductor-related capital investment was lackluster overall due to a slowdown of capital investment by memory companies.</li> </ul>	<ul style="list-style-type: none"> <li>• The volume of orders received was smaller than the same period last year due to a slowdown of capital investment by memory companies which were active early last year. </li> </ul>

Note1: Arrows indicate a year-on-year increase/decrease in orders received :



in the case of +5% or more 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 contract for operation and maintenance after construction for a certain period of time, in addition to the engineering, procurement, and construction for plants

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

### **i. Assets**

Total assets as of March 31, 2019 were ¥617,209 million, ¥25,627 million higher than as of December 31, 2018. Principal changes in asset items included an increase of ¥11,665 million in cash and deposits, an increase of ¥7,054 million in notes and accounts receivable-trade, and an increase of ¥5,006 million in securities.

### **ii. Liabilities**

Total liabilities as of March 31, 2019 were ¥329,884 million, ¥25,080 million higher than as of December 31, 2018. Principal changes in liability items included an increase of ¥23,667 million in short-term loans payable, an increase of ¥5,526 million in electronically recorded obligations, and a decrease of ¥2,574 million in long-term loans payable.

### **iii. Net Assets**

Net assets as of March 31, 2019 amounted to ¥287,324 million, ¥546 million higher than as of December 31, 2018. Principal changes affecting net asset items were profit attributable to owners of parent of ¥6,733 million, an increase of ¥947 million in retained earnings due to change of scope of consolidation, an increase of ¥398 million in translation adjustments, purchase of treasury shares of ¥5,000 million, and cash dividends paid of ¥3,000 million. Shareholders' equity (Net assets excluding subscription rights to shares and non-controlling interests) amounted to ¥280,290 million, and equity ratio was 45.4%.

“Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) has been adopted from the beginning of the three months ended March 31, 2019. Regarding the financial position, figures as of the end of the previous fiscal year have been retroactively adjusted for comparison.

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

We revised the forecast for the six months ending June 30, 2019, reflecting the results after the previous announcement on February 13, 2019 mainly due to a decrease of sales in the PM Company. The revised forecast of net sales is as follows. In addition, the revised forecast of orders received by business segment is as follows.

Assumptions regarding foreign currency exchange rates have not been revised. (Assumptions are US\$1=¥110, EUR1=¥130)

Actual performance may differ from the forecast owing to factors such as changing market environment.

#### Forecast for the Six Months Ending June 30, 2019

					Millions of yen
	Orders Received	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
Previous Forecast : A	280,000	258,000	13,500	13,000	8,000
Revised Forecast : B	280,000	253,000	13,500	13,000	8,000
Change (B-A)	—	(5,000)	—	—	—

#### Forecast for the Fiscal Year Ending December 31, 2019

					Millions of yen
	Orders Received	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
Forecast	525,000	525,000	34,000	33,000	20,000

Note: The forecast for the fiscal year ending December 31, 2019 has not been revised since the previous announcement on February 13, 2019.

#### Forecast for the Six Months Ending June 30, 2019 by Business Segment

						Millions of yen
Segment		Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Others	Total
Previous Forecast : A	Orders Received	177,000	35,000	67,000	1,000	280,000
	Net Sales	156,000	33,000	68,000	1,000	258,000
	Operating Income	5,000	2,000	6,500	0	13,500
Revised Forecast : B	Orders Received	170,000	42,000	67,000	1,000	280,000
	Net Sales	156,000	33,000	63,000	1,000	253,000
	Operating Income	5,000	2,000	6,500	0	13,500
Change (B-A)	Orders Received	(7,000)	7,000	—	—	—
	Net Sales	—	—	(5,000)	—	(5,000)
	Operating Income	—	—	—	—	—

#### Forecast for the Fiscal Year Ending December 31, 2019 by Business Segment

						Millions of yen
Segment		Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Others	Total
Forecast	Orders Received	330,000	68,000	125,000	2,000	525,000
	Net Sales	331,000	67,000	125,000	2,000	525,000
	Operating Income	16,000	5,500	12,500	0	34,000

Note: The forecast for the fiscal year ending December 31, 2019 has not been revised since the previous announcement on February 13, 2019.



## 2. Consolidated Financial Statements and Significant Notes

### (1) Consolidated Balance Sheets

Millions of yen

	As of December 31, 2018	As of March 31, 2019
<b>ASSETS</b>		
Current Assets		
Cash and deposits	110,610	122,276
Notes and accounts receivable-trade	176,895	183,949
Electronically recorded monetary claims	6,990	8,018
Securities	1,668	6,674
Merchandise and finished goods	18,082	19,236
Work in process	65,845	64,370
Raw materials and supplies	38,731	38,584
Others	14,714	11,964
Allowance for doubtful accounts	(3,308)	(3,025)
Total current assets	430,230	452,049
Fixed Assets		
Tangible fixed assets		
Buildings and structures, net	44,269	44,284
Machinery and equipment, net	28,599	28,514
Others, net	35,009	39,780
Total tangible assets	107,879	112,580
Intangible assets	10,670	10,219
Investments and other assets		
Investment securities	22,301	23,322
Others	25,686	24,257
Allowance for doubtful accounts	(5,187)	(5,219)
Total investments and other assets	42,801	42,360
Total fixed assets	161,351	165,159
Total Assets	591,582	617,209

Millions of yen

	As of December 31, 2018	As of March 31, 2019
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Notes and accounts payable-trade	63,320	63,200
Electronically recorded obligations	62,854	68,381
Short-term loans payable	46,766	70,433
Provision for bonuses	6,263	8,451
Provision for directors' bonuses	344	91
Provision for losses on construction completion guarantees	4,873	4,784
Provision for product warranties	5,118	4,678
Provision for construction losses	12,374	12,290
Provision for expenses related to the sales of land	254	—
Others	56,380	54,210
Total current liabilities	258,550	286,522
<b>Long-term Liabilities</b>		
Bonds payable	10,000	10,000
Long-term loans payable	20,730	18,156
Provision for directors' retirement benefits	116	123
Defined benefit liability	10,681	10,373
Asset retirement obligations	2,245	2,217
Others	2,479	2,490
Total long-term liabilities	46,253	43,362
<b>Total Liabilities</b>	304,803	329,884
<b>NET ASSETS</b>		
<b>Shareholders' Equity</b>		
Common shares	79,066	79,104
Capital surplus	80,296	80,334
Retained earnings	135,715	142,244
Treasury shares	(5,439)	(10,440)
Total shareholders' equity	289,639	291,242
<b>Accumulated Other Comprehensive Income</b>		
Net unrealized gains (losses) on investment securities	381	671
Deferred gains (losses) on hedges	(57)	(5)
Translation adjustments	(1,226)	(828)
Remeasurements of defined benefit plans	(9,096)	(10,789)
Total accumulated other comprehensive income	(9,999)	(10,952)
Subscription Rights to Shares	1,152	1,102
Non-Controlling Interests	5,985	5,931
<b>Total Net Assets</b>	286,778	287,324
<b>Total Liabilities and Net Assets</b>	591,582	617,209

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

Millions of yen

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2019
Net Sales	130,238	130,196
Cost of Sales	98,199	96,310
Gross Profit	32,038	33,885
Selling, General and Administrative Expenses	24,084	24,756
Operating Income	7,954	9,128
Non-operating Income		
Interest income	65	85
Dividends income	259	131
Share of profit of entities accounted for using equity method	1,002	831
Foreign exchange gains	—	112
Others	161	513
Total non-operating income	1,489	1,674
Non-operating Expenses		
Interest expenses	323	301
Foreign exchange losses	701	—
Others	343	148
Total non-operating expenses	1,369	449
Ordinary Income	8,075	10,353
Extraordinary Income		
Gain on sales of fixed assets	6	3
Gain on sales of investment securities	390	56
Total extraordinary income	397	59
Extraordinary Loss		
Loss on sales of fixed assets	11	0
Loss on retirement of fixed assets	42	72
Impairment loss	—	46
Others	0	0
Total extraordinary loss	53	119
Income before Income Taxes	8,419	10,294
Income Taxes	2,062	3,037
Profit	6,357	7,257
Profit Attributable to Non-Controlling Interests	223	524
Profit Attributable to Owners of Parent	6,133	6,733

## Consolidated Statements of Comprehensive Income

Millions of yen

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2019
Profit	6,357	7,257
Other Comprehensive Income:		
Net unrealized gains (losses) on investment securities	(707)	274
Deferred gains (losses) on hedges	(83)	51
Translation adjustment	(4,585)	400
Remeasurements of defined benefit plans, net of tax	699	131
Share of other comprehensive income of entities accounted for using equity method	62	39
Total other comprehensive income	(4,614)	897
Comprehensive Income	1,742	8,154
Comprehensive income attributable to:		
Owners of parent	1,607	7,583
Non-controlling interests	134	571

### (3) Consolidated Statements of Cash Flows

Millions of yen

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2019
Cash Flows from Operating Activities:		
Income before income taxes	8,419	10,294
Depreciation and amortization	3,907	3,749
Impairment loss	—	46
Loss (gain) on sales of securities and investment securities	(390)	(56)
Increase (decrease) in provisions	2,057	770
Increase (decrease) in defined benefit liability	(1,245)	(420)
Loss (gain) on sales of fixed assets	4	(2)
Interest and dividends income	(325)	(217)
Interest expenses	323	301
Decrease (increase) in notes and accounts receivable-trade	(11,921)	(6,497)
Decrease (increase) in inventories	245	1,280
Increase (decrease) in notes and accounts payable-trade	11,103	1,969
Others	3,776	1,835
Sub-total	15,955	13,051
Interest and dividends income received	78	89
Interest expenses paid	(294)	(287)
Income taxes paid	(747)	(3,556)
Net cash provided by operating activities	14,991	9,296
Cash Flows from Investing Activities:		
Purchase of fixed assets	(3,664)	(5,999)
Proceeds from sales of fixed assets	49	324
Purchase of securities and investment securities	(611)	(1,781)
Proceeds from sales and redemption of securities and investment securities	446	72
Payments into time deposits	(540)	(457)
Proceeds from withdrawal of time deposits	508	460
Payments of loans receivable	(9)	(3)
Collection of loans receivable	20	10
Others	(56)	31
Net cash used in investing activities	(3,858)	(7,342)

Millions of yen

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2019
Cash Flows from Financing Activities:		
Net increase (decrease) in short-term loans payable	(2,305)	21,309
Repayment of long-term loans payable	(301)	(147)
Purchase of treasury shares	(2)	(5,001)
Proceeds from disposal of treasury shares	—	0
Cash dividends paid	(1,523)	(3,000)
Cash dividends paid to non-controlling interests	(400)	(687)
Others	(195)	(200)
Net cash provided by (used in) financing activities	(4,730)	12,272
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,679)	104
Increase (Decrease) in Cash and Cash Equivalents	4,723	14,331
Cash and Cash Equivalents at Beginning of Period	139,102	110,556
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	507	686
Cash and Cash Equivalents at End of Period	144,334	125,574

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

(Note for the Assumption of Going Concern)

None

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

Based on the resolution of the Board of Directors' meeting held on February 13, 2019, the Company repurchased 1,585,800 common shares of Ebara Corporation. As a result, for the three months ended March 31, 2019, treasury shares increased ¥5,000 million and amounted to ¥10,440 million as of March 31, 2019.

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

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

(Segment Information)

#### Three Months Ended March 31, 2018

##### 1. Information Regarding Sales and Income by Reportable Segment

Millions of yen

	Reportable Segments				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Total				
Sales								
Customers	80,755	18,206	30,850	129,812	425	130,238	—	130,238
Intersegment and transfers	197	—	3	200	677	878	(878)	—
Total	80,952	18,206	30,853	130,013	1,103	131,116	(878)	130,238
Segment Income	2,457	1,821	3,619	7,897	67	7,965	(10)	7,954

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)

None

(Material change in goodwill amount)

None

(Material negative goodwill arisen)

None

Three Months Ended March 31, 2019

1. Information Regarding Sales and Income by Reportable Segment

Millions of yen

	Reportable Segments				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Total				
Sales								
Customers	81,573	19,144	29,075	129,794	402	130,196	—	130,196
Intersegment and transfers	249	—	—	249	642	891	(891)	—
Total	81,822	19,144	29,075	130,043	1,044	131,087	(891)	130,196
Segment Income	3,763	2,257	3,072	9,093	25	9,118	10	9,128

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)

None

(Material change in goodwill amount)

None

(Material negative goodwill arisen)

None

(Additional Information)

Adoption of “Partial Amendments to Accounting Standard for Tax Effect Accounting”

“Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) has been adopted from the beginning of the three months ended March 31, 2019. Accordingly, deferred tax assets are presented under “Investments and other assets” and deferred tax liabilities are presented under “Fixed liabilities”.



### 3. Others

#### (1) Litigation and Others

(Progress of Dispute Regarding Fire Accident at Bulky Waste Treatment Facility at the Gifu City Eastern Clean Center)

On October 23, 2015, a fire broke out at the bulky waste treatment facility at the Gifu City Eastern Clean Center, which is located in the Akutami section of Gifu City in Gifu Prefecture, when Ebara Environmental Plant Co., Ltd. ("EEP"), the Company's consolidated subsidiary, was making repairs on the facility. EEP is responsible for the operation and management of a waste incinerating facility that is located adjacent to the bulky waste treatment facility where the fire occurred.

Regarding this incident, while the Company had been discussing with Gifu City the compensation for related damages, a lawsuit against EEP was filed by Gifu City at the Gifu District Court on January 31, 2019 claiming compensation for damages of ¥4,362 million and late charges for such compensation, and the Company received a formal petition pertaining to this lawsuit on February 26, 2019.

At this time, it is not possible to make a reasonable estimate of the effect of this incident on the Group's consolidated results of operation.

## (2) Segment Information

Business Segment

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

(i) Actual Results and Forecast of Orders Received, Sales, Operating Income and Backlog of Orders Received by Business Segment

Billions of yen

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2019			Six Months Ending June 30, 2019	Fiscal Year Ending December 31, 2019
	Actual	Actual	Change	Change Ratio (%)	Forecast	Forecast
Orders Received						
Pumps	44.1	43.9	(0.2)	(0.6)	85.0	175.0
Compressors & Turbines	26.7	23.9	(2.7)	(10.4)	63.0	110.0
Chillers	8.5	8.9	0.3	4.4	16.0	33.0
Others	3.4	3.3	(0.1)	(3.0)	6.0	12.0
Total of FMS	82.9	80.1	(2.7)	(3.3)	170.0	330.0
EP	34.8	12.6	(22.2)	(63.8)	42.0	68.0
PM	40.6	23.9	(16.7)	(41.2)	67.0	125.0
Others	0.4	0.4	(0.0)	(5.4)	1.0	2.0
<b>Total</b>	<b>158.8</b>	<b>117.0</b>	<b>(41.7)</b>	<b>(26.3)</b>	<b>280.0</b>	<b>525.0</b>
Sales						
Pumps	50.9	51.0	0.0	0.1	90.0	176.0
Compressors & Turbines	18.5	17.2	(1.2)	(6.7)	45.0	110.0
Chillers	7.5	8.8	1.3	17.3	15.0	33.0
Others	3.7	4.4	0.6	18.2	6.0	12.0
Total of FMS	80.7	81.5	0.8	1.0	156.0	331.0
EP	18.2	19.1	0.9	5.2	33.0	67.0
PM	30.8	29.0	(1.7)	(5.8)	63.0	125.0
Others	0.4	0.4	(0.0)	(5.6)	1.0	2.0
<b>Total</b>	<b>130.2</b>	<b>130.1</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>253.0</b>	<b>525.0</b>
Operating Income						
Pumps	4.3	5.1	0.7	16.3	4.5	10.0
Compressors & Turbines	(2.8)	(1.2)	1.5	(53.9)	0.0	3.5
Chillers	(0.2)	0.2	0.4	—	0.5	2.0
Others	1.1	(0.2)	(1.4)	—	0.0	0.5
Total of FMS	2.4	3.7	1.3	53.1	5.0	16.0
EP	1.8	2.2	0.4	23.9	2.0	5.5
PM	3.6	3.0	(0.5)	(15.1)	6.5	12.5
Others & Adjustment	0.0	0.0	(0.0)	(37.3)	0.0	0.0
<b>Total</b>	<b>7.9</b>	<b>9.1</b>	<b>1.1</b>	<b>14.8</b>	<b>13.5</b>	<b>34.0</b>
Backlog of Orders Received						
Pumps	95.1	90.4	(4.7)	(4.9)	95.1	99.1
Compressors & Turbines	75.6	94.1	18.4	24.3	102.3	84.3
Chillers	16.4	17.1	0.6	4.1	17.7	16.7
Others	6.3	7.3	1.0	16.1	8.1	8.1
Total of FMS	193.5	209.0	15.4	8.0	223.3	208.3
EP	186.9	207.8	20.9	11.2	223.3	215.3
PM	39.7	30.1	(9.5)	(24.1)	39.3	35.3
Others	0.0	0.0	0.0	80.5	0.0	0.0
<b>Total</b>	<b>420.2</b>	<b>447.0</b>	<b>26.7</b>	<b>6.4</b>	<b>486.0</b>	<b>459.0</b>

## (ii) Actual Results and Forecast of Orders Received and Sales in the Precision Machinery Business Segment

Billions of yen

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2019			Six Months Ending June 30, 2019	Fiscal Year Ending December 31, 2019
	Actual	Actual	Change	Change Ratio (%)	Forecast	Forecast
Orders Received						
Components	17.1	12.7	(4.3)	(25.5)	29.0	57.0
CMP Systems	22.1	9.7	(12.3)	(55.7)	35.0	62.0
Others	1.4	1.3	(0.0)	(3.5)	3.0	6.0
Total of PM	40.6	23.9	(16.7)	(41.2)	67.0	125.0
Sales						
Components	14.9	14.6	(0.2)	(2.0)	30.0	57.0
CMP Systems	14.6	13.0	(1.6)	(11.2)	30.0	62.0
Others	1.1	1.3	0.1	14.5	3.0	6.0
Total of PM	30.8	29.0	(1.7)	(5.8)	63.0	125.0

### (3) Area Information

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

Billions of yen

	Three Months Ended March 31, 2018		Three Months Ended March 31, 2019		
	Actual	Composition	Actual	Composition	Change
Net Sales		(%)		(%)	
Japan	90.3	69.4	81.9	62.9	(8.4)
North America	15.3	11.8	19.3	14.8	3.9
Asia (except Japan)	17.9	13.7	22.1	17.0	4.2
Others	6.6	5.1	6.8	5.3	0.1
Total	130.2	100.0	130.1	100.0	(0.0)
Operating Income		(%)		(%)	
Japan	6.2	—	3.6	—	(2.5)
North America	(0.6)	—	1.1	—	1.7
Asia (except Japan)	1.5	—	2.5	—	0.9
Others	0.2	—	0.3	—	0.0
Adjustment	0.5	—	1.4	—	0.9
Total	7.9	—	9.1	—	1.1

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

Billions of yen

	Three Months Ended March 31, 2018		Three Months Ended March 31, 2019		
	Actual	Composition	Actual	Composition	Change
Net Sales		(%)		(%)	
Japan	71.2	54.7	68.1	52.3	(3.1)
China	11.8	9.1	16.6	12.8	4.7
Other Asia	22.5	17.3	18.9	14.6	(3.5)
North America	6.6	5.1	12.0	9.3	5.4
Europe	8.9	6.9	6.5	5.1	(2.4)
Middle East	3.5	2.7	5.0	3.9	1.5
Others	5.5	4.2	2.8	2.0	(2.7)
Total	130.2	100.0	130.1	100.0	(0.0)

Note: Sales in China which were included in “Asia (except Japan)” are separately presented from the three months ended March 31, 2019. Additionally, “Asia (except Japan)” apart from China is restated as “Other Asia”.