

THE YEAR ENDED MARCH 31,2006

Financial Summary

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Cautionary statements with regard to forward-looking statements

This release contains forward looking statements which involve certain risks and uncertainties that could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements which are valid only as of the date thereof.

Ebara undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date thereof or to reflect the occurrence of unanticipated events.

Year Ended March 31, 2006 Financial Summary

1. Consolidated Financial Highlights

Billions of Yen

Year end March 31,	Net sales		Operating Income		Ordinary Income		Net Income	
	Amount	%	Amount	%	Amount	%	Amount	%
2006 (Original Forecast)	514.9 (485.0)	7.6	10.9 (11.0)	43.8	7.7 (8.0)	56.6	3.3 (3.0)	-
2005	478.3	-5.8	7.5	-27.4	4.9	-36.3	-19.6	-
2004	507.7	-2.0	10.4	-	7.7	-	2.5	-

Change in accounting policies

Impairment of Long-lived Assets

2. Non-Consolidated Financial Highlights

Billions of Yen

Year end March 31,	Net sales		Operating Income		Ordinary Income		Net Income	
	Amount	%	Amount	%	Amount	%	Amount	%
2006 (Original Forecast)	268.3 (270.0)	-0.9	2.9 (3.5)	-	5.7 (6.5)	363.2	3.0 (3.0)	-
2005	270.7	-8.5	0.2	-92.5	1.2	-67.7	-18.0	-
2004	295.8	-11.8	3.0	-	3.8	-	3.4	-

3. Outline of dividend

Year end March 31,	Cash dividend per share (First Half)	Cash dividend per share (Annual)
	YEN	YEN
2006 (Original Forecast)	0.0 (0.0)	7.5 (7.5)
2005	0.0	7.5
2004	0.0	7.5

4. Consolidated Financial Position

Billions of Yen

Year end March 31,	Total Assets	Rate of Change	Sharehold ers' equity	Equity ratio	Shareholders' equity per share of common
					Yen
2006	592.6	6.2%	153.6	25.9%	363.68
2005	558.2	-3.2%	102.9	18.4%	307.76
2004	576.4	-6.1%	112.5	19.5%	376.67

5. Cash Flow

Billions of Yen

Year end March 31,	CF from operating activities		CF from investing activities		CF from financing activities		Cash and cash equivalents	
	*1	*2	*1	*2	*1	*2	*1	*2
2006	-9.7	-2.5	-4.0	-7.6	21.7	14.2	47.5	20.8
2005	-10.1	-12.9	2.4	1.7	11.2	9.7	38.9	16.8
2004	22.0	12.8	-6.5	-13.8	-21.1	2.2	35.2	18.2

*1:Consolidated, *2:Non-consolidated

6. Scope of consolidation

Number of consolidated subsidiaries	54	Added	3 Excluded	1
Added	Ebara Kiden, Yantai Ebara, Elliott Ebara Middle East			
Excluded	Ebara Technosystem			
Equity Method	Not applicable			

Forecast of results for the year ending March 31, 2007 (FY2007)

① Consolidated

Billions of Yen

Year end March 31,	Net sales		Operating Income		Ordinary Income		Net Income	
	Amount	%	Amount	%	Amount	%	Amount	%
1st Half								
2007	190.0	5.3	-14.0	-	-15.0	-	-10.0	-
2006	180.4		-17.1		-18.1		-11.1	
Change	9.6		3.1		3.1		1.1	
Annual								
2007	520.0	1.0	15.0	37.6	12.0	55.2	5.0	49.3
2006	514.9		10.9		7.7		3.3	
Change	5.1		4.1		4.3		1.7	

* Expectation of exchange rate US\$ = ¥110

② Non-consolidated

Billions of Yen

Year end March 31,	Net sales		Operating Income		Ordinary Income		Net Income	
	Amount	%	Amount	%	Amount	%	Amount	%
1st Half								
2007	85.0	-0.6	-13.5	-	-12.0	-	-7.5	-
2006	85.5		-15.6		-10.2		-6.0	
Change	-0.5		2.1		-1.8		-1.5	
Annual								
2007	237.0	-11.7	3.5	20.7	4.5	-21.1	3.0	0.0
2006	268.3		2.9		5.7		3.0	
Change	-31.3		0.6		-1.2		0.0	

Consolidated Segment Information

Business segment

FMS = Fluid Machinery & Systems, EE = Environmental Engineering, PM = Precision Machinery

E&C = Elimination and Corporate

FY2007 shows the amount of the forecast of year ended , March 31, 2007.

1. Order received

Billions of Yen

Year end March 31,	Business Segment				Total
	FMS	EE	PM	E&C	
2006	280.3	162.0	87.9	—	530.4
2005	237.7	172.0	86.3	—	496.1
Change	42.6	-10.0	1.6	—	34.3
2007	265.0	165.0	90.0	—	520.0

2. Sales

Billions of Yen

Year end March 31,	Business Segment				Total	Geographical Segment			
	FMS	EE	PM	E&C		Japan	North America	Other	E&C
2006	255.6	178.4	89.7	-8.8	514.9	448.4	57.8	32.8	-24.1
2005	236.5	172.4	78.8	-9.5	478.3	427.4	44.5	26.3	-19.9
Change	19.1	6.0	10.9	0.7	36.6	21.0	13.3	6.5	-4.2
2007	265.0	165.0	90.0	—	520.0				

3. Operating Income

Billions of Yen

Year end March 31,	Business Segment				Total	Geographical Segment			
	FMS	EE	PM	E&C		Japan	North America	Other	E&C
2006	7.1	-0.5	4.6	-0.3	10.9	12.5	-1.2	0.7	-1.1
2005	7.2	-4.8	5.2	-0.1	7.5	8.9	-0.9	0.4	-0.8
Change	-0.1	4.3	-0.6	-0.2	3.4	3.6	-0.3	0.3	-0.3
2007	8.0	-1.0	8.0	—	15.0				

4. Total Assets

Billions of Yen

Year end March 31,	Business Segment				Total
	FMS	EE	PM	E&C	
2006	249.8	144.8	121.6	76.2	592.6
2005	220.0	152.3	107.7	78.1	558.2
Change	29.8	-7.5	13.9	-1.9	34.4

5. Employees

Person

Year end March 31,	FMS	EE	PM	Corporate	Total	Ebara Only	Japan	Other
2006	7,449	6,005	1,728	427	15,609	3,588	7,900	4,121
2005	6,702	6,035	1,811	417	14,965	3,913	7,719	3,333
Change	747	-30	-83	10	644	-325	181	788

Increase factor of FMS: 789 employees of Yantai Ebara were newly added

6. Research and Development

Billions of Yen

Year end March 31,	Business Segment				Total	Non- consolidated
	FMS	EE	PM	E&C		
2006	3.5	4.5	2.7	—	10.8	7.6
2005	2.9	4.1	2.8	—	9.9	6.7
2007	3.6	4.3	4.1	—	12.0	9.3

7. Depreciation and Amortization

Billions of Yen

Year end March 31,	Business Segment				Total	Non- consolidated
	FMS	EE	PM	E&C		
2006	5.4	3.6	3.4	0.0	12.4	7.3
2005	5.0	4.2	3.8	0.0	13.1	8.4
2007	5.8	3.9	4.0	—	13.7	7.9

8. Capital Expenditure

Billions of Yen

Year end March 31,	Business Segment				Total	Non- consolidated
	FMS	EE	PM	E&C		
2006	6.0	3.4	5.4	-0.1	14.8	9.6
2005	3.8	2.5	6.4	0.0	12.7	9.6
2007	5.0	2.6	4.4	—	12.0	9.0

9. Backlog of Order received

Billions of Yen

Year end March 31,	Business Segment				Total
	FMS	EE	PM	E&C	
2006	145.1	145.2	31.0	—	321.4
2005	112.3	147.6	31.8	—	291.9
Change	32.8	-2.4	-0.8	—	29.5
2007	145.1	145.2	31.0	—	321.3

10. Ratio of Consolidated to Non-Consolidated

Year end March 31,	Sale	Operating Income	Ordinary Income	Net Income
	times	times	times	times
2006	1.92	3.65	1.35	1.11
2005	1.77	33.54	3.99	—
2007	2.19	4.29	2.67	1.67

Consolidated Statements of Income

Billions of Yen

Year end March 31,	Current	Previous	Change	
	2006	2005	Amount	%
Net Sales	514.9	478.3	36.6	7.6
Cost of sales (Sales cost ratio)	418.4 (81.3)	384.1 (80.3)	34.3	8.9
Gross Profit	96.5	94.2	2.3	2.4
S.G & A expenses	85.6	86.6	-1.0	(1.2)
Operating Income	10.9	7.5	3.4	43.8
Non-operating income	2.7	1.7	1.0	58.8
Interest income	0.3	0.1		
Dividend income	0.7	0.3		
Others	1.7	1.1		
Non-operating expense	5.9	4.3	1.6	37.2
Interest expense	3.5	2.9		
Others	2.4	1.4		
Ordinary Income	7.7	4.9	2.8	56.6
Extraordinary income	9.9	7.3	2.6	35.6
Gain on sales of fixed assets	4.7	2.6		
Gain on sales of investment securities	5.0	4.6		
Gain on reversal of reserve for losses on contingent liabilities	0.1	-		
Extraordinary expense	3.9	29.8	-25.9	(86.9)
Loss on sales and disposal of fixed assets	1.1	1.9		
Loss on liquidation of subsidiaries and affiliates	0.0	0.4		
Loss on sales of investment securities	0.0	0.0		
Write-down of securities and other investments	0.1	0.3		
Allowance for doubtful receivables	-	0.8		
Amortization of transition obligation arising from new accounting standards on severance indemnities and pension plans	-	2.0		
Loss on restructuring charges	-	0.2		
Write-down of inventories	1.0	13.5		
Sepecial retirement benefit paid	-	2.1		
Loss on other liabilities	0.3	7.3		
Legal expenses	-	0.6		
Impairment losses	0.4	-		
Product warranty expenses	0.7	-		
Others	-	0.1		
Income(loss) before income taxes	13.6	-17.6	31.2	-
Income taxes	3.6	5.5	-1.9	(34.5)
Deferred tax benefits	6.6	-3.3	9.9	-
Minority interests in consolidated subsidiaries	-0.0	0.2	-0.2	-
Net Income	3.3	-19.6	22.9	-

Consolidated Balance Sheets (Assets)

Billions of Yen

Year end March 31,	Current	Previous	Change	
	2006	2005	Amount	%
Assets				
I Current assets	384.9	361.2	23.7	6.6
Cash and time deposits	47.5	38.9	8.6	22.1
Securities	0.0	0.0	0.0	0.0
(Cash and cash equivalent)	(47.5)	(38.9)	8.6	22.1
Trade receivables	227.5	206.7	20.8	10.1
Inventories	84.1	84.2	-0.1	-0.1
Deferred tax assets	10.8	21.2	-10.4	-49.1
Others	16.6	11.1	5.5	49.5
Allowance for doubtful receivables	-1.7	-1.1	-0.6	54.5
II Fixed assets	207.7	197.0	10.7	5.4
(1) Tangible fixed assets	96.3	95.5	0.8	0.8
Buildings	32.9	34.4	-1.5	-4.4
Machinery and equipment	34.3	32.3	2.0	6.2
Land	19.5	19.9	-0.4	-2.0
Construction in progress	3.5	2.4	1.1	45.8
Others	5.9	6.3	-0.4	-6.3
(2) Intangible fixed assets	14.9	15.9	-1.0	-6.3
(3) Investment and long-term receivables	96.4	85.4	11.0	
Investment securities	53.9	42.5	11.4	26.8
Long-term loans receivables	3.4	3.2	0.2	6.3
Deferred tax assets	27.3	27.6	-0.3	-1.1
Others	15.4	15.2	0.2	1.3
Allowance for doubtful receivables	-0.8	-0.7	-0.1	14.3
Reserve for revaluation of investments	-2.9	-2.5	-0.4	16.0
Total assets	592.6	558.2	34.4	6.2

Ratio of Consolidated to Non-Consolidated	1.3	1.2
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Consolidated Balance Sheets (Liabilities & Shareholders' equity)

		Billions of Yen			
Year end March 31,		Current	Previous	Change	
		2006	2005	Amount	%
Liabilities					
I Current liabilities		302.7	308.3	-5.6	-1.8
Trade payables		160.6	149.5	11.1	7.4
Short-term bank loans		71.6	77.1	-5.5	-7.1
Commercial paper		3.0	5.0	-2.0	-40.0
Current portion of bonds		-	16.0	-16.0	-100.0
Current portion of convertible bonds		19.9	-	19.9	-
Accrued income taxes		2.6	4.9	-2.3	-46.9
Bonus payment reserve (including Directors')		7.0	7.2	-0.2	-2.8
Reserve for construction relations		2.6	5.7	-3.1	-54.4
Others		35.0	42.7	-7.7	-18.0
II Long-term liabilities		131.1	143.1	-12.0	-8.4
Bonds		44.0	44.0	-	0.0
Convertible bonds		-	19.9	-19.9	-100.0
Long-term bank loans		53.4	43.2	10.2	23.6
Retirement allowance reserve (including Directors')		31.9	34.2	-2.3	-6.7
Others		1.7	1.6	0.1	6.3
Total of liabilities		433.9	451.5	-17.6	-3.9
Minority interest in consolidated subsidiaries		5.0	3.7	1.3	35.1
Shareholders' equity					
I Common stock		61.2	41.2	20.0	48.5
II Capital surplus		65.2	45.2	20.0	44.2
III Retained Earnings		16.9	15.8	1.1	7.0
IV Net unrealized gain on investment securities		13.4	6.2	7.2	116.1
V Translation adjustments		-3.1	-5.6	2.5	-44.6
VI Treasury stock, at cost		-0.0	-0.0	-	0.0
Total of shareholders' equity		153.6	102.9	50.7	49.3
Total liabilities and shareholders' equity		592.6	558.2	34.4	6.2
Interest bearing debt		192.1	205.4	-13.3	
Loans guaranteed as contingent liabilities		14.1	17.0	-2.9	
(Loans guaranteed ; non-consolidated)		(49.5)	(50.0)	0.5	

Consolidate Statements of Cash Flows

Year end March 31,	Billions of Yen			
	Previous 2005	Current 2006	Next 2007	Total of 3 periods
Cash flows from operating activities				
Income(loss) before income taxes	-17.6	13.6	11.0	7.0
Adjustment of cash flow item :				
Depreciation and amortization	13.1	12.4	13.7	39.2
Gain on sales of fixed assets	-2.6	-4.6	1.0	-6.2
Gain on sales of securities	-4.5	-5.0	-	-9.5
Increase(decrease) in allowance and other	13.5	-1.3	-	12.2
Increase/decrease of operating assets and liabilities				
Trade receivables	-4.4	-19.9	} -14.2	} -28.9
Inventories	12.7	1.1		
Trade payable	-14.6	10.4		
Income taxes paid	-4.5	-7.1	-3.0	-14.6
Others	-1.0	-9.3	-	-10.3
Net cash provided by (used for) operating activities	-10.1	-9.7	8.5	-11.3
Cash flows from investing activities				
Purchase of fixed assets	-12.7	-13.9	-12.0	-38.6
Sales of fixed assets	9.3	6.3	-	15.6
Others	5.8	3.5	-5.9	3.4
Net cash provided by (used for) investing activities	2.4	-4.0	-17.9	-19.6
Free Cash Flows	-7.7	-13.8	-9.4	-30.9
Cash flows from financing activities				
Issurance of (convertible)bonds	34.8	39.9	} 3.9	} 41.1
Redemption of (convertible)bonds	-10.0	-16.0		
Proceeds from bank loans and commercial paper	39.8	49.7		
Repayment of bank loans and commercial paper	-51.1	-49.9		
Capital paid in from minority shareholders'	-	0.6	-	0.6
Dividends paid	-2.2	-2.5	-3.1	-7.8
Dividends paid to minority shareholders' in consolidated subsidiaries	-0.0	-0.1	-	-0.1
Purchase and sales of treasury stock	-0.0	-0.0	-	-0.1
Net cash provided by (used for) financing activities	11.2	21.7	0.8	33.7
Translation adjustments	-	0.3	-	0.3
Total CF	3.6	8.2	-8.6	3.1
Cash and cash equivalents				
At beginning of period	35.2	38.9	47.5	
Net effect of deconsolidation and consolidation of subsidiaries	-	0.2	-	
At end of period	38.9	47.5	38.9	
*Information on interest-bearing debt				
Short term	98.1	94.6		
Long term	107.2	97.4		
Total interest-bearing debt	205.4	192.1	196.0	

Consolidated Sales and Orders of Subsegment

1. Order received

Billions of Yen

Year end March 31,	Current		Previous		Change		Next	
	2006	*1	2005	*1		*2	2007	*2
FMS Business		%		%		%		%
Custom Pumps	53.1	10.0	42.8	8.6	10.3	24.1	58.0	9.2
Compressors & Fans	75.8	14.3	47.9	9.7	27.9	58.2	54.0	-28.8
Fluid related plants	43.3	8.2	44.0	8.9	-0.7	-1.6	38.0	-12.2
Standard pumps	76.2	14.4	74.0	14.9	2.2	3.0	80.0	5.0
Chillers	31.8	6.0	28.8	5.8	3.0	10.4	35.0	10.1
Total of FMS	280.3	52.8	237.7	47.9	42.6	17.9	265.0	-5.5
EE Business								
Water treatment plants	75.3	14.2	65.5	13.2	9.8	15.0	60.0	-20.3
Environmental plants	55.5	10.5	71.6	14.4	-16.1	-22.5	71.0	27.9
Others	31.1	5.9	34.8	7.0	-3.7	-10.6	34.0	9.3
Total of EE	162.0	30.5	172.0	34.7	-10.0	-5.8	165.0	1.9
PM Business								
Components	23.9	4.5	24.5	4.9	-0.6	-2.4	25.0	4.6
CMPsystems	37.0	7.0	39.0	7.9	-2.0	-5.1	39.0	5.4
Others	26.9	5.1	22.8	4.6	4.1	18.0	26.0	-3.3
Total of PM	87.9	16.6	86.3	17.4	1.6	1.9	90.0	2.4
Total	530.4	100.0	496.1	100.0	34.3	6.9	520.0	-2.0

2. Sales

Billions of Yen

Year end March 31,	Current		Previous		Change		Next	
	2006	*1	2005	*1		*2	2007	*2
FMS Business		%		%		%		%
Custom Pumps	45.1	8.8	40.2	8.4	4.9	12.2	51.0	13.1
Compressors & Fans	58.7	11.4	44.2	9.2	14.5	32.8	64.0	9.0
Fluid related plants	42.4	8.2	49.7	10.4	-7.3	-14.7	40.0	-5.7
Standard pumps	75.3	14.6	73.4	15.3	1.9	2.6	77.0	2.3
Chillers	31.0	6.0	27.3	5.7	3.7	13.6	33.0	6.5
Total of FMS	252.7	49.1	235.1	49.2	17.6	7.5	265.0	4.9
EE Business								
Water treatment plants	73.4	14.3	71.5	14.9	1.9	2.7	68.0	-7.4
Environmental plants	63.7	12.4	56.5	11.8	7.2	12.7	63.0	-1.1
Others	35.6	6.9	36.6	7.7	-1.0	-2.7	34.0	-4.5
Total of EE	172.8	33.6	164.7	34.4	8.1	4.9	165.0	-4.5
PM Business								
Components	23.2	4.5	25.5	5.3	-2.3	-9.0	24.0	3.4
CMPsystems	40.3	7.8	33.7	7.0	6.6	19.6	41.0	1.7
Others	25.8	5.0	19.2	4.0	6.6	34.4	25.0	-3.1
Total of PM	89.3	17.3	78.5	16.4	10.8	13.8	90.0	0.8
Total	514.9	100.0	478.3	100.0	36.6	7.7	520.0	1.0

*1 shows the composition ratio

*2 shows the increase and decrease ratio

Non-consolidated Sales and Orders of Subsegment

1. Order received

Billions of Yen

Year end March 31,	Current		Previous		Change		Next	
	2006	*1	2005	*1		*2	2007	*2
FMS Business		%		%		%		%
Custom pumps & Compressors & Fans	55.5	20.2	40.3	15.8	15.2	37.7	47.0	-15.3
Fluid related plants	36.9	13.4	38.4	15.0	-1.5	-3.9	28.0	-24.1
Standard pumps	32.9	11.9	37.1	14.5	-4.2	-11.3	32.0	-2.7
Chillers	2.0	0.7	1.6	0.6	0.4	25.0	3.0	50.0
Total of FMS	127.5	46.3	117.5	46.0	10.0	8.5	110.0	-13.7
EE Business								
Water treatment plants	48.0	17.4	40.2	15.7	7.8	19.4	13.0	-72.9
Environmental plants	28.2	10.2	18.7	7.3	9.5	50.8	42.0	48.9
Others	9.3	3.4	17.3	6.8	-8.0	-46.2	16.0	72.0
Total of EE	85.6	31.1	76.2	29.8	9.4	12.3	71.0	-17.1
PM Business								
Components	18.2	6.6	18.1	7.1	0.1	0.6	18.0	-1.1
CMPsystems	36.1	13.1	35.1	13.7	1.0	2.8	38.0	5.3
Others	7.8	2.8	8.4	3.3	-0.6	-7.1	8.0	2.6
Total of PM	62.3	22.6	61.7	24.1	0.6	1.0	64.0	2.7
Total	275.4	100.0	255.5	100.0	19.9	7.8	245.0	-11.0
Governmental and municipal sector	93.0	33.8	102.9	40.3	-9.9	-9.6	32.0	-65.6
Private sector	122.4	44.4	120.2	47.0	2.2	1.8	131.0	7.0
Export	59.9	21.8	32.2	12.6	27.7	86.0	82.0	36.9

2. Sales

Billions of Yen

Year end March 31,	Current		Previous		Change		Next	
	2006	*1	2005	*1		*2	2007	*2
FMS Business		%		%		%		%
Custom pumps & Compressors & Fans	40.8	15.2	36.4	13.4	4.4	12.1	43.0	5.4
Fluid related plants	36.5	13.6	44.6	16.5	-8.1	-18.2	33.0	-9.6
Standard pumps	32.9	12.3	36.2	13.4	-3.3	-9.1	31.0	-5.8
Chillers	1.9	0.7	1.8	0.7	0.1	5.6	3.0	57.9
Total of FMS	112.2	41.8	119.1	44.0	-6.9	-5.8	110.0	-2.0
EE Business								
Water treatment plants	46.9	17.5	47.3	17.5	-0.4	-0.8	22.0	-53.1
Environmental plants	35.4	13.2	28.1	10.4	7.3	26.0	28.0	-20.9
Others	13.1	4.9	15.0	5.5	-1.9	-12.7	15.0	14.5
Total of EE	95.6	35.6	90.5	33.4	5.1	5.6	65.0	-32.0
PM Business								
Components	16.2	6.0	20.2	7.5	-4.0	-19.8	17.0	4.9
CMPsystems	37.0	13.8	33.5	12.4	3.5	10.4	38.0	2.7
Others	7.2	2.7	7.1	2.6	0.1	1.4	7.0	-2.8
Total of PM	60.4	22.5	60.9	22.5	-0.5	-0.8	62.0	2.6
Total	268.3	100.0	270.7	100.0	-2.4	-0.9	237.0	-11.7
Governmental and municipal sector	101.2	37.7	107.4	39.7	-6.2	-5.8	50.0	-50.6
Private sector	120.1	44.8	108.7	40.2	11.4	10.5	114.0	-5.1
Export	47.0	17.5	54.5	20.1	-7.5	-13.8	73.0	55.3