

**Results presentation for the 1st. half
of FY2006**
(ended September 30,2006)

EBARA (6361)



EBARA

Content

1. Summary of Results presentation for the 1st. half of FY2006
2. Segment Financial result for the 1st. half of FY2006
3. Segment forecast for FY2006
4. Summary of forecast for FY2006

1. summary of Results presentation for the 1st. half of FY2006

(ended September 30,2006)

(Billions of JPY)	1st. half of FY2005 (Result)	1st. half of FY2006 (Original projection)	1st. half of FY2006 (Result)	Change (Result/ original projection)	Change (Result/ FY05)
Orders	2 6 1 . 3	-	2 8 3 . 7	-	+ 2 2 . 4
Sales	1 8 0 . 4	1 9 0 . 0	1 9 4 . 4	+ 4 . 4	+ 1 4 . 0
Operating Profits	1 7 . 1	1 4 . 0	1 3 . 8	+ 0 . 2	+ 3 . 3
Ordinary Income	1 8 . 1	1 5 . 0	1 5 . 4	- 0 . 4	+ 2 . 7
Net Income	1 1 . 1	1 0 . 0	1 1 . 9	- 1 . 9	- 0 . 8

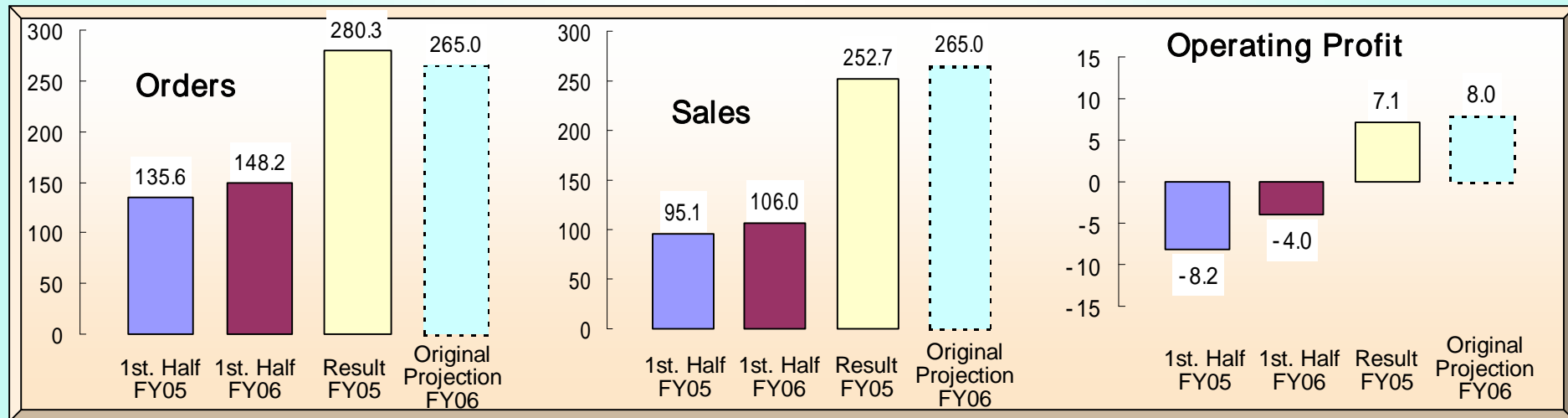
2. Segment Financial result for the 1st. half of FY2006

(ended September 30,2006)

FMS business

...Fluid machinery & Systems business

(Billions of JPY)



[Orders]

Orders increased due to expanding domestic private and overseas business.
(Domestic public decreased.)

[Sales]

Sales increased due to expanding domestic private and overseas business.

[Operating profit]

OP improved (+4.2 Bill.), due to increase of sales and improving profitability.

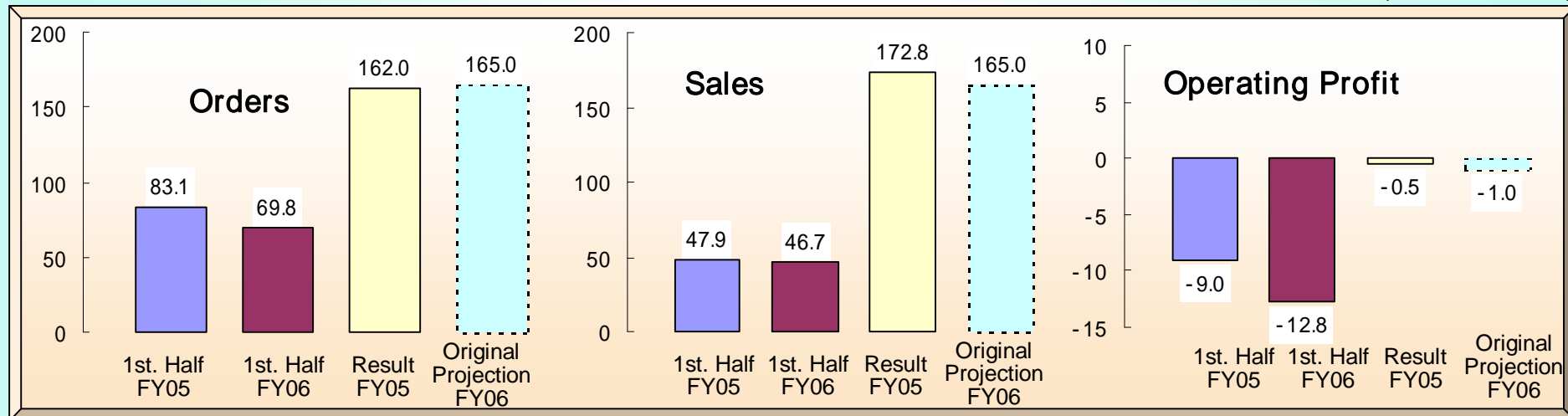
2. Segment Financial result for the 1st. half of FY2006

(ended September 30,2006)

EE business

...Environmental Engineering

(Billions of JPY)



[Orders]

Orders decreased (¥13.3Bill.) mostly because decreasing in domestic public.

[Sales]

Sales resulted same level due to domestic public decreased, while domestic private increased.

[Operating profit]

OP decreased (¥3.8Bill.) due to increase of cost for R&D(fuel cell) and of Environmental business.

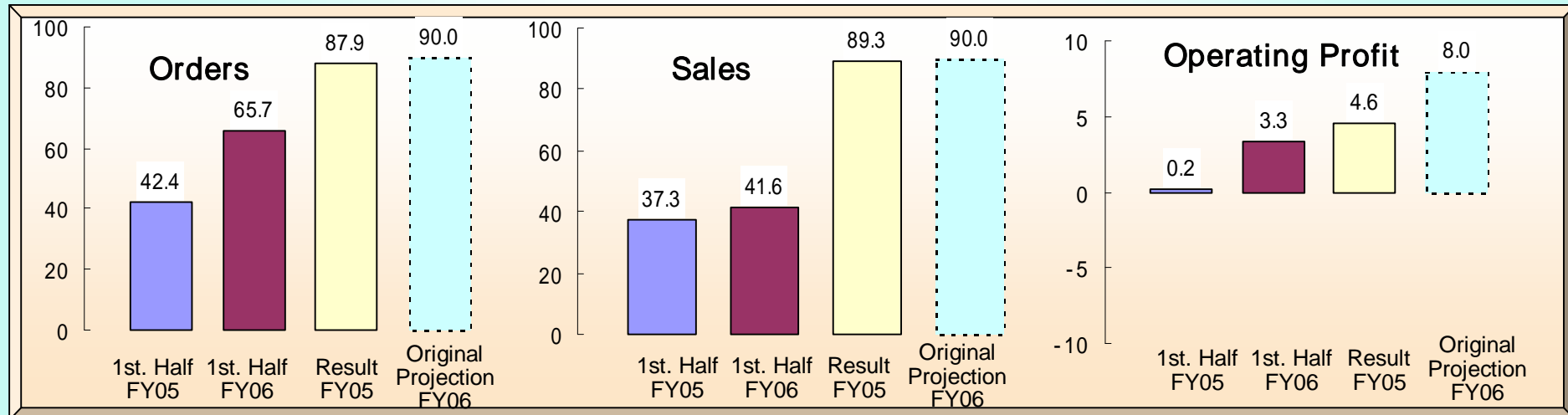
2. Segment Financial result for the 1st. half of FY2006

(ended September 30,2006)

PM business

...Precision Machinery business

(Billions of JPY)



【Orders】

Orders vastly increased in both domestic and overseas.

【Sales】

Sales increased in US and Asia.

【Operating profit】

OP improved, due to increase of sales and reduction of the development related cost.

3. Segment forecast for FY2006

FMS business

...Fluid machinery & Systems business

(Billions of JPY)	FY2005 (Result)	FY2006 (Original projection)	FY2006 (Forecast)	change (forecast/ original)	Change (forecast/ FY05)
Orders	280.3	265.0	280.0	+15.0	-0.3
Sales	252.7	265.0	270.0	+5.0	+17.3
Operating profit	7.1	8.0	9.0	+1.0	+1.9

◆ Projection of orders / sales

· Orders and sales will exceed the original projection due to expanding overseas business.

◆ Projection of OP

· OP will also exceed the original projection due to increase of sales and improving profitability.

3. Segment forecast for FY2006

Primary activities

FMS business

... Status of major action plan

Major Action Plan	Status
<u>Expanding overseas business</u>	Expanding low cost production center ·EBP*1) will complete soon, EGP*2) grew firmly.
	Expansion of standard pump business globally ·Broad sales activity started through new company in China established in May, 06.
	Expanding overseas fluid related plants business
<u>Expanding strategic business</u>	Expanding domestic private fluid related plants business and after market
<u>Strengthen core business</u>	Enhancing compressor business ·Optimization of global production efficiency. US Elliott proceeds well.
	Reorganization of pump business ·Enhance competitiveness in new EPC company established June, 06.

*1)EBP: Ebara Boshan Pumps Co., Ltd.; New production center being constructed in Shan-Dong province
*2)EGP: Ebara Great Pumps Co., Ltd.; Operating production center located in Shan-Dong province

3. Segment forecast for FY2006

EE business

...Environmental Engineering

(Billions of JPY)	FY2005 (Result)	FY2006 (Original projection)	FY2006 (Forecast)	change (forecast/ original)	Change (forecast/ FY05)
Orders	162.0	165.0	180.0	+15.0	+18.0
Sales	172.8	165.0	160.0	-5.0	-12.8
Operating profit	0.5	1.0	2.0	-1.0	-1.5

◆ Projection of orders / sales

- Despite severe condition of domestic public, revised number of orders are projected due to expecting a new overseas project.
- Decreased sales figure (against FY05) is projected due to cancellation of huge project and decreasing domestic public.

◆ Projection of OP

- OP will be projected as ¥2.0 bill. due to decreasing sales.

3. Segment forecast for FY2006

Primary activities

EE business

... Status of major action plan

Major Action Plan	Status
<u>Expanding overseas business</u>	Focusing more in overseas project · Water treatment : Mostly toward ODA projects in Asia. · Incineration : Expanding sales promotion in Europe and Asia.
<u>Expanding new business</u>	Promoting hybrid business · EPC + OM business, service provider, PFI project
	Promoting Environmental solution business · Establish a new organization applying 10 new business model
	Proceed to expand fuel cell business · Actual model for large subsidy program expand.
<u>Business Risk management</u>	Continuous execution of risk management audit for EPC and PFI project
	Termination of additional cost · Being followed by specialized committee
<u>Low cost procurement and Engineering</u>	Expanding engineering work in overseas subsidiary
	Expanding ratio of overseas procurement · Major part of manufacturing is handled by Ebara Qing Tao in China. (Boiler, ash conveyor, screw press)

3. Segment forecast for FY2006

PM business

...Precision Machinery business

(Billions of JPY)	FY2005 (Result)	FY2006 (Original projection)	FY2006 (Forecast)	change (forecast/ original)	Change (forecast/ FY05)
Orders	87.9	90.0	100.0	+10.0	+12.1
Sales	89.3	90.0	90.0	0	+0.7
Operating profit	4.6	8.0	8.0	0	+3.4

◆ Projection of orders / sales

· Orders will be slightly slowdown in second half, but are projected as ¥100bill.and sales are projected as original.

◆ Projection of OP

· OP will be projected as ¥8bill. due to improvement of profitability.

3. Segment forecast for FY2006

Primary activities

PM business

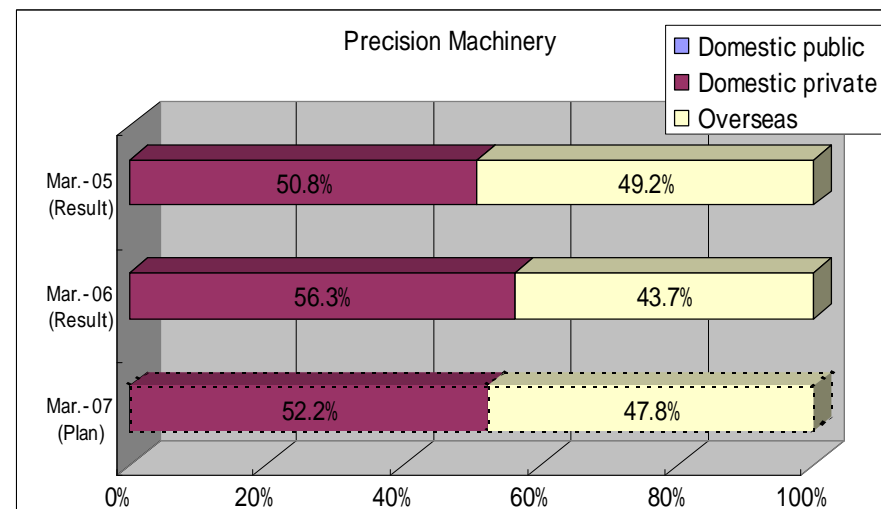
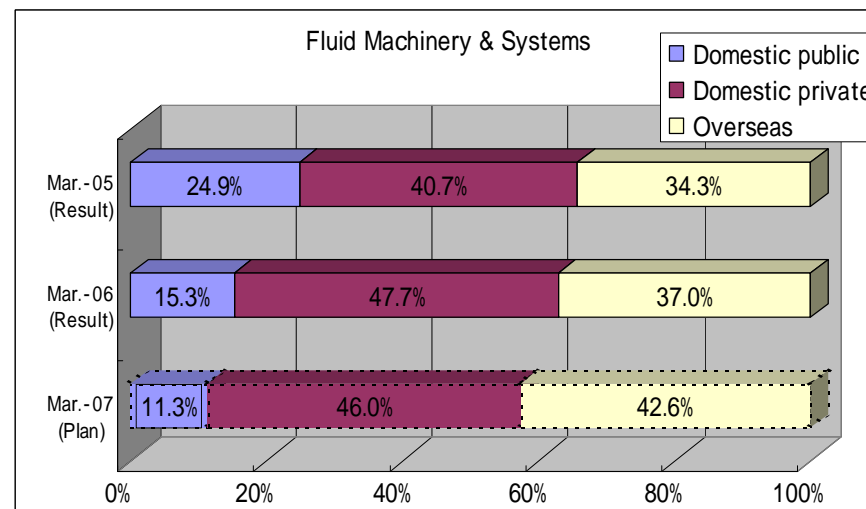
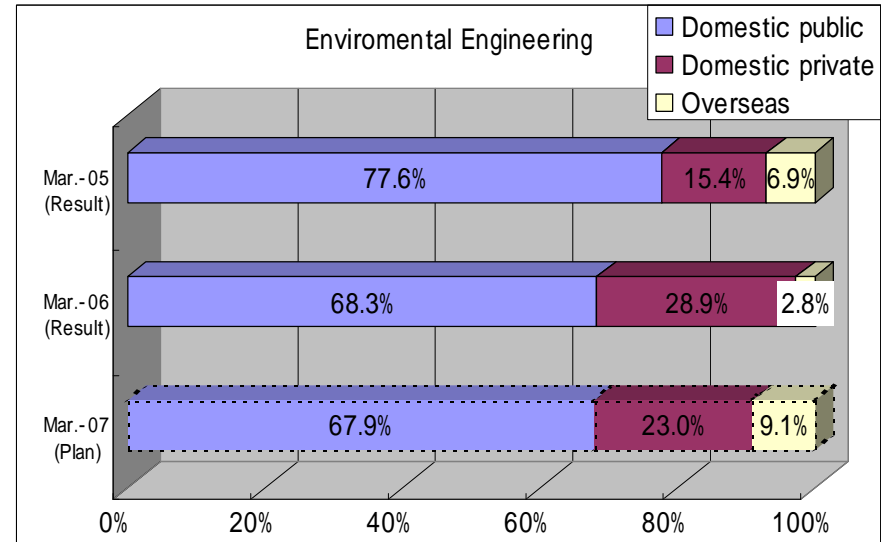
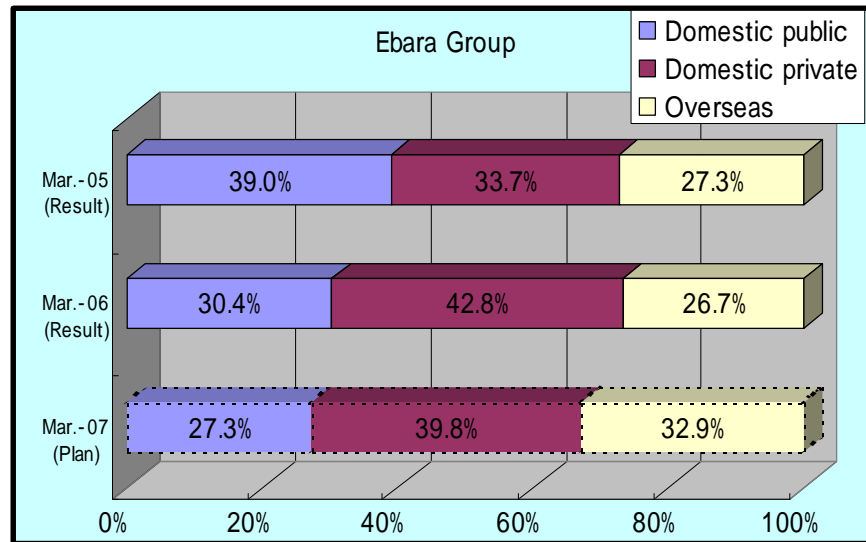
... Status of major action plan

Major Action Plan	Status
<u>Enhancing competitiveness of core product</u>	Enhancing production capability and improving profitability of CMP · Kyusyu and Fujisawa plant will be improved. (30% in capacity) · Shortening lead time and commissioning time by applying unit module
	Enhancing production and maintenance capability and improving profitability of dry pump · Improving processing machinery capacity by 50% in Fujisawa. · Increasing capability of maintenance in Taiwan and Korea by 50%.
<u>Improving Cash Flow</u>	Shortening the period commissioning and customer's certification
	Improving Inventory turnover
<u>Development of new product for new generation</u>	Action for next process generation · Applying Cu plating to new process (3D) · Research for low pressure and high speed plating for Cu/Low-K
	New product for regulation of enission · Elimination of PFC gas from secondary exhaust gas · Collecting and recycling HF from waste water

4. Summary of forecast for FY2006

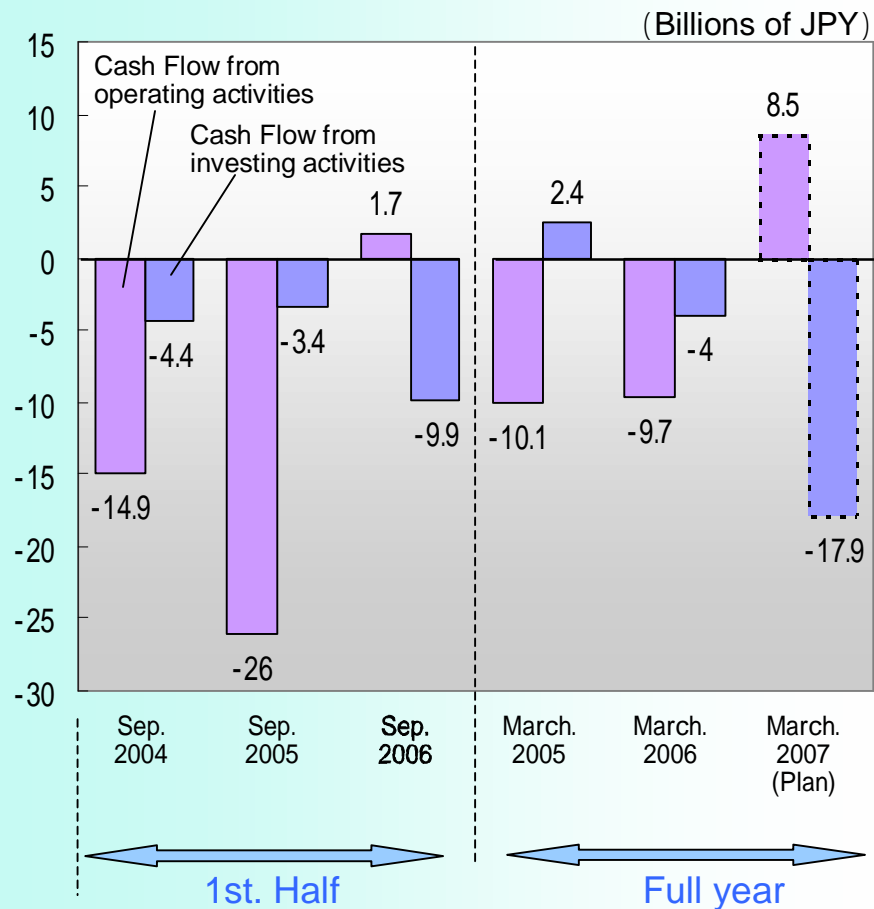
(Billions of JPY)	FY2005 (Result)	FY2006 (Original projection)	FY2006 (Forecast)	change (forecast/ original)	Change (forecast/ FY05)
Orders	530.4	520.0	560.0	+40.0	+29.6
Sales	514.9	520.0	520.0	0	+5.1
Operating Profit	10.9	15.0	15.0	0	+4.1
Ordinary income	7.7	12.0	12.0	0	+4.3
Net Income	3.3	5.0	5.0	0	+1.7

Change of sales ratio in each segment (March. 05 ... March.07)

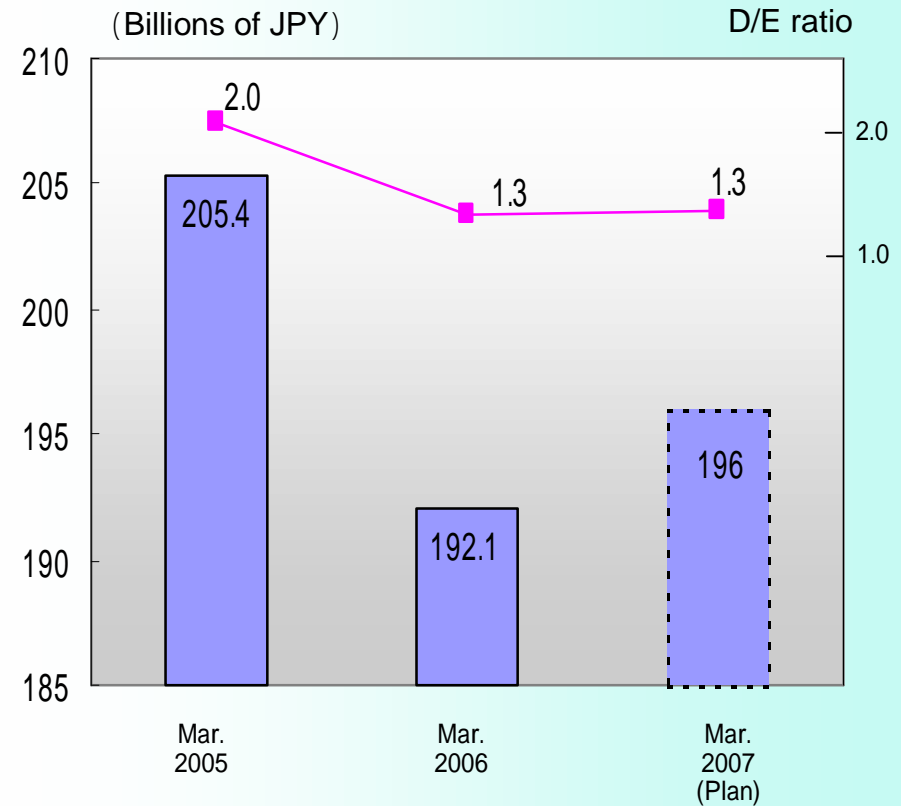


4. Summary of forecast for FY2006

Cash flow



Interest-Bearing Dept



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.