

November 14, 2008

Financial Summary for the second quarter Ended September 30, 2008

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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.

EBARA CORPORATION

Summary of Financial Results for the second quarter

1. Consolidated Financial Highlights

Billions of Yen

	Net sales		Operating Income		Ordinary Income		Net Income	
	Amount	Change Ratio	Amount	Change Ratio	Amount	Change Ratio	Amount	Change Ratio
Through FY2009 2nd quarter	222.8	-6.0	-3.5	-	-4.3	-	-2.6	-
(Original Forecast)	222.8		-3.5		-4.3		-2.6	
1st half 2008	236.9	21.9	-7.1	-	-8.5	-	-24.5	-
Change	-14.1		3.6		4.2		21.9	
FY2008	567.1	5.4	6.0	-54.6	2.7	-73.5	7.6	39.7

Change in accounting policies:

(Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements")

(Change in method for recognition of sales)

2. Dividend

	Cash dividend per share (Annual)
Through FY2009 2nd quarter	YEN 0.0
(Original Forecast)	(-)
1st half 2008	0.0

3. Consolidated Financial Position

Billions of Yen

	Total Assets	Change ratio	Net Assets	Equity ratio	Net assets per share of common stock
					Yen
FY2009 2nd quarter	548.8	-6.9%	147.5	26.1%	339.51
1st half 2008	589.5	4.3%	128.8	21.1%	294.70
FY2008	607.0	-2.9%	155.2	24.9%	358.01

4. Cash Flow

Billions of Yen

	CF from operating activities		CF from investing activities		CF from financing activities		Cash and cash equivalents	
	*1	*2	*1	*2	*1	*2	*1	*2
Through FY2009 2nd quarter	14.1	5.0	0.8	5.6	-14.6	-11.0	68.6	37.4
1st half 2008	-14.0	-2.4	-2.3	7.9	9.4	-0.4	60.5	31.1
FY2008	-6.3	-4.8	31.7	39.1	-21.8	-22.7	69.1	37.7

*1:Consolidated, *2:Non-consolidated

5. Scope of consolidation

Number of consolidated subsidiaries: 54

Excluded 1 Aqua Chemical Co., Ltd.

Number of subsidiaries and affiliates accounted for equity method : 2

Forecast for the year ending March 31, 2009 (FY2009)

Consolidated

Billions of Yen

Year-end March 31	Net sales		Operating Income		Ordinary Income		Net Income	
	Amount	Change Ratio(%)	Amount	Change Ratio(%)	Amount	Change Ratio(%)	Amount	Change Ratio(%)
FY2009	550.0	-3.0	4.0	-33.5	0.5	-81.9	0.0	-100.0
FY2008	567.1		6.0		2.7		7.6	
Change	-17.1		-2.0		-2.2		-7.6	

* Expectation of exchange rate US\$ = ¥103

Planned annual dividend is ¥7.5 per share.

Consolidated Segment Information

Business segment

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

PM = Precision Machinery, E&C = Elimination and Corporate

FY2009 shows the amount of the forecast for the year ending , March 31, 2009.

1. Order received Billions of Yen

	Business Segment			Total
	FMS	EE	PM	
Through FY2009 2nd quarter	158.2	72.6	23.8	254.6
1st half 2008	169.1	70.6	59.3	299.1
Change	-10.9	2.0	-35.5	-44.4
FY2009 Forecast	340.0	130.0	60.0	530.0
FY2008	347.6	151.1	99.1	597.9

2. Sales Billions of Yen

	Business Segment				Total	Geographical Segment			
	FMS	EE	PM			Japan	North America	Other	E&C
Through FY2009 2nd quarter	139.3	47.7	35.6		222.8	172.7	35.9	25.8	-11.6
1st half 2008	131.0	44.9	60.9		236.9	194.2	32.4	24.7	-14.3
Change	8.3	2.8	-25.2		-14.1	-21.4	3.5	1.1	2.6
FY2009 Forecast	330.0	150.0	70.0		550.0				
FY2008	318.4	141.4	107.2		567.1	475.1	73.6	52.0	-33.6

3. Operating Income Billions of Yen

	Business Segment					Total	Geographical Segment			
	FMS	EE	PM	E&C			Japan	North America	Other	E&C
Through FY2009 2nd quarter	6.4	-10.6	0.5	0.0		-3.5	-10.3	3.4	2.6	0.7
1st half 2008	-1.9	-12.1	6.9	-0.0		-7.1	-11.6	2.2	2.4	-0.2
Change	8.3	1.5	-6.4	0.1		3.6	1.3	1.1	0.1	0.9
FY2009 Forecast	11.5	-8.0	0.5	-		4.0				
FY2008	10.2	-12.1	7.9	-0.0		6.0	-3.9	5.2	4.9	-0.1

4. Total Assets Billions of Yen

	Business Segment				Total
	FMS	EE	PM	E&C	
2nd quarter of FY2009	282.0	82.2	96.3	88.2	548.8
1st half 2008	304.4	87.8	112.8	84.3	589.5
Change	-22.4	-5.6	-16.5	3.8	-40.6
FY2007	295.3	138.9	107.8	64.7	607.0

5. Employees

Person

	FMS	EE	PM	Corporate	Total	Ebara Only	Japan	Other
2nd quarter of FY2009	8,396	5,392	1,812	456	16,056	2,736	8,255	5,065
1st half 2008	8,155	5,529	1,925	451	16,060	2,609	8,610	4,841
Change	241	-137	-113	5	-4	127	-355	224
FY2008	8,315	5,525	1,803	431	16,074	2,649	8,431	4,994

6. Research and Development expenses

Billions of Yen

	Business Segment				Total	Non-consolidated
	FMS	EE	PM	E&C		
Through FY2009 2nd quarter	1.0	1.7	1.2	-	4.0	1.6
1st half 2008	1.6	1.9	1.0	-	4.6	2.0
FY2009 Forecast	4.0	3.0	4.0	-	11.0	6.5
FY2008	3.8	4.1	2.8	-	10.8	6.2

7. Depreciation and Amortization expenses

Billions of Yen

	Business Segment				Total	Non-consolidated
	FMS	EE	PM	E&C		
Through FY2009 2nd quarter	3.5	1.1	2.9	-0.0	7.6	4.5
1st half 2008	3.5	1.4	2.5	-0.0	7.4	4.3
FY2009 Forecast	8.0	3.5	5.5	-	17.0	9.0
FY2008	7.3	2.6	5.3	-0.0	15.3	9.2

8. Capital Expenditures

Billions of Yen

	Business Segment				Total	Non-consolidated
	FMS	EE	PM	E&C		
Through FY2009 2nd quarter	3.4	2.1	1.7	-0.0	7.2	3.7
1st half 2008	4.2	1.6	3.6	-0.1	9.3	5.1
FY2009 Forecast	15.0	4.0	4.0	-	23.0	18.0
FY2008	9.8	4.2	8.4	-0.1	22.3	14.3

9. Backlog of Order received

Billions of Yen

	Business Segment				Total
	FMS	EE	PM	E&C	
2nd quarter of FY2009	225.1	156.4	20.4	-	402.0
1st half 2008	219.1	146.0	39.9	-	405.2
Change	5.9	10.3	-19.4	-	-3.1
FY2009 Forecast	219.0	110.9	22.8	-	352.7
FY2008	209.0	130.9	32.8	-	372.8

Consolidated Statements of Income

Billions of Yen

	Current	Previous	Change	
	Through FY2009 2nd quarter	1st half 2008	Amount	%
Net Sales	222.8	236.9	(14.1)	(6.0)
Cost of sales	183.2	199.0	(15.7)	(7.9)
(Sales cost ratio)	(82.2)	(84.0)		(1.8)
Gross Profit	39.6	37.9	1.6	4.3
S.G & A expenses	43.1	45.1	(1.9)	(4.3)
Operating Income (loss)	(3.5)	(7.1)	3.6	—
Non-operating income	1.6	2.0		
Interest income	0.4	0.2		
Dividend income	0.3	0.5		
Profit on equity method	0.0	0.0		
Foreign exchange gain	—	0.1		
Others	0.7	1.0		
Non-operating expense	2.3	3.3		
Interest expense	1.7	1.9		
Allowance for uncollectible accounts	0.1	0.8		
Foreign exchange loss	0.0	—		
Others	0.4	0.5		
Ordinary Income (loss)	(4.3)	(8.5)	4.2	—
Extraordinary income	1.8	2.0		
Gain on sales of fixed assets	0.3	0.0		
Gain on sales of investment securities	0.1	1.6		
Gain on reversal of special retirement benefit paid	0.8	—		
Gain on transfer among severance payment plans	0.6	—		
Others	0.0	0.3		
Extraordinary expense	2.5	32.0		
Loss on sales and disposal of fixed assets	0.4	0.6		
Write-down of securities and other investments	1.7	0.5		
Loss on liquidation of subsidiaries and affiliates	0.2	1.5		
Reserve for losses arising from violation of the Antimonopoly Act	0.0	0.2		
Losses on completion guarantees for specific projects	—	5.2		
Provision to the reserve for losses on specific construction work	—	13.6		
Losses on suspension of specific construction work	—	10.0		
Others	0.0	0.0		
Income (loss) before income taxes	(4.9)	(38.5)	33.5	—
Income taxes	(1.7)	(13.3)	11.6	
Minority interests in consolidated subsidiaries	0.6	0.6	(0.0)	
Net Income (loss)	(2.6)	(24.5)	21.9	—

Consolidated Balance Sheets (Assets)

Billions of Yen

As of September 30	Current	Previous	Change	
	FY2009 2nd quarter	1st half 2008	Amount	%
Assets				
I Current assets	369.5	390.8	(21.2)	(5.4)
Cash and time deposits	67.8	58.4	9.3	16.1
Securities	10.8	2.0	8.7	418.9
(Cash and cash equivalents)	(78.6)	(60.5)	18.1	29.9
Trade receivables	150.7	167.3	(16.6)	(9.9)
Inventories	96.1	119.2	(23.1)	(19.4)
Deferred tax assets	18.6	24.1	(5.4)	(22.8)
Others	26.4	22.2	4.2	18.9
Allowance for doubtful receivables	(0.9)	(2.6)	1.6	(62.8)
II Fixed assets	179.2	198.6	(19.4)	(9.8)
(1) Tangible fixed assets	93.5	101.6	(8.1)	(8.0)
Buildings	29.6	32.9	(3.3)	(10.0)
Machinery and equipment	34.0	38.5	(4.4)	(11.6)
Others	29.9	30.2	(0.3)	(1.0)
(2) Intangible fixed assets	11.4	13.7	(2.3)	(17.0)
(3) Investment and long-term receivables	74.2	83.2	(8.9)	(10.8)
Investment securities	26.7	32.4	(5.7)	(17.6)
Deferred tax assets	11.9	32.4	(20.4)	(63.2)
Others	47.4	28.6	18.7	65.3
Allowance for doubtful receivables	(11.7)	(10.1)	(1.5)	15.0
Reserve for revaluation of investments	(0.1)	(0.1)	0.0	(23.9)
Total assets	548.8	589.5	(40.6)	(6.9)

Ratio of Consolidated to Non-Consolidated	1.38	1.32
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Consolidated Balance Sheets (Liabilities & Net assets)

Billions of Yen

As of September 30	Current	Previous	Change	
	FY2009 2nd quarter	1st half 2008	Amount	%
Liabilities				
I Current liabilities	271.9	310.7	(38.7)	(12.5)
Trade payables	112.8	130.7	(17.8)	(13.6)
Short-term bank loans	73.1	66.6	6.4	9.7
Commercial paper	–	6.0	(6.0)	(100.0)
Current portion of bonds	0.0	24.2	(24.1)	(99.9)
Advance payment received	17.7	29.1	(11.4)	(39.3)
Bonus payment reserve (including Directors')	7.4	7.2	0.2	2.8
Reserve for construction losses	25.1	18.6	6.5	35.2
Reserve for legal expenses	0.1	–	0.1	–
Reserve for losses arising from violation of the Antimonopoly Act	0.6	1.1	(0.5)	(48.9)
Reserve for expenses related to the sale of land	2.7	–	2.7	–
Others	32.1	26.9	5.1	19.2
II Long-term liabilities	129.3	149.9	(20.6)	(13.7)
Bonds	20.0	20.0	(0.0)	(0.2)
Convertible bonds	40.0	40.0	–	–
Long-term bank loans	38.5	59.8	(21.3)	(35.7)
Retirement allowance reserve (including Directors')	24.1	27.6	(3.4)	(12.6)
Deferred tax liabilities	0.8	0.7	0.1	25.1
Reserve for losses on contingent liabilities	0.0	0.0	0.0	43.1
Reserve for expenses related to the sale of land	2.8	–	2.8	–
Others	2.9	1.6	1.3	79.6
Total liabilities	401.3	460.7	(59.3)	(12.9)
Net assets				
I Common stock	61.2	61.2	–	–
II Capital surplus	65.2	65.2	–	–
III Retained Earnings	18.4	(7.9)	26.3	–
IV Treasury stock, at cost	(0.1)	(0.1)	(0.0)	12.6
V Net unrealized gain (loss)	2.9	5.8	(2.8)	(48.5)
VI Translation adjustments	(4.3)	0.2	(4.6)	–
VII Minority interests in consolidated subsidiaries	4.0	4.3	(0.2)	(4.7)
Total net assets	147.5	128.8	18.7	14.5
Total liabilities and net assets	548.8	589.5	(40.6)	(6.9)

Interest bearing debt	171.6	216.7	(45.1)	(20.8)
Loans guaranteed as contingent liabilities	11.4	13.0	(1.6)	
(Loans guaranteed ; non-consolidated)	45.0	48.9	(3.8)	

Consolidated Statements of Cash Flows

Billions of Yen

	FY2007	FY2008	FY2008	Through	FY2009
	Results	Results	1st half	FY2009	Forecast
			Results	2nd quarter	
Cash flows from operating activities					
Income(loss) before income taxes	11.1	33.5	(38.5)	(4.9)	(2.0)
Adjustment of cash flow item :					
Depreciation and amortization	12.8	15.3	7.4	7.6	17.0
Loss (gain) on sales and disposal of fixed assets	(0.5)	(77.9)	(0.0)	(0.2)	1.0
Loss (gain) on sales of securities	(7.2)	(1.2)	(1.5)	(0.1)	–
Increase(decrease) in allowance and others	1.1	35.7	24.0	2.6	(10.0)
Increase/decrease of operating assets and liabilities					
Trade receivables	2.0	(1.6)	46.9	64.3	} 9.9
Inventories	(11.8)	10.9	(26.4)	(15.0)	
Trade payables	6.7	(13.3)	(33.0)	(36.8)	
Income taxes paid	(4.3)	(5.0)	(2.5)	(6.1)	(10.0)
Loss on violation of Antimonopoly Act and Legal expenses paid	(1.9)	(0.8)	(0.4)	–	(1.2)
Others	1.5	(1.8)	10.1	3.0	–
Net cash provided by (used for) operating activities	9.5	(6.3)	(14.0)	14.1	4.7
Cash flows from investing activities					
Purchase of fixed assets	(17.4)	(16.7)	(8.1)	(13.6)	(24.3)
Sales of fixed assets	2.6	64.2	0.0	6.6	6.7
Others	4.3	(15.7)	5.7	7.7	12.0
Net cash provided by (used for) investing activities	(10.5)	31.7	(2.3)	0.8	(5.6)
Free Cash Flows	(1.0)	25.4	(16.4)	14.9	(0.9)
Cash flows from financing activities					
Issurance of (convertible) bonds	39.9	–	–	–	} (22.6)
Redemption of (convertible) bonds	(20.1)	(14.1)	(0.0)	(10.1)	
Proceeds from bank loans and commercial paper	59.1	149.3	77.7	14.9	
Repayment of bank loans and commercial paper	(59.3)	(154.4)	(65.7)	(16.9)	
Capital paid in from minority shareholders	0.9	1.0	1.0	1.1	1.2
Dividends paid	(3.1)	(3.1)	(3.1)	(3.1)	(3.1)
Dividends paid to minority shareholders' in consolidated subsidiaries	(0.1)	(0.3)	(0.2)	(0.4)	(0.4)
Purchase and sales of treasury stock	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Net cash provided by (used for) financing activities	17.1	(21.8)	9.4	(14.6)	(24.9)
Translation adjustments	1.6	(0.7)	1.2	(0.8)	(0.9)
Total Cash Flows	17.8	2.8	(5.7)	(0.4)	(26.7)
Cash and cash equivalents					
At beginning of period	47.5	66.0	66.0	69.1	69.1
Net effect of deconsolidation and consolidation of	0.7	0.1	0.1	–	–
At end of period	66.0	69.1	60.5	68.6	42.4
*Information on interest-bearing debt					
Short term debt	98.0	77.0	96.8	73.1	77.0
Long term debt	115.3	107.3	119.9	98.5	84.8
Total interest-bearing debt	213.3	184.4	216.7	171.6	161.8

Consolidated Sales and Orders of Subsegment

1. Order received

Billions of Yen

	2nd quarter						Annual			
	FY2009		FY2008		Change		FY2009		FY2008	Change
	Sep. 30	*1	Sep. 30	*1	*2		Mar. 31	2nd half	Mar. 31	*2
FMS Business		%		%		%				%
Custom Pumps	28.6	11.2	50.3	16.8	-21.7	-43.1	62.0	33.4	88.6	-30.0
Compressors & Fans	49.9	19.6	36.9	12.3	12.9	35.0	109.0	59.1	93.4	16.7
Fluid related plants	20.1	7.9	22.6	7.6	-2.4	-10.6	49.0	28.9	44.3	10.6
Standard pumps	41.5	16.3	41.1	13.7	0.3	0.7	86.0	44.5	84.6	1.7
Chillers	17.9	7.0	17.9	6.0	0.0	0.1	34.0	16.1	36.6	-7.1
Total of FMS	158.2	62.1	169.1	56.5	-10.9	-6.4	340.0	181.8	347.6	-2.2
EE Business										
Water treatment plants	29.1	11.4	29.8	10.0	-0.7	-2.3	57.0	27.9	56.4	1.1
Environmental plants	29.2	11.5	27.9	9.3	1.2	4.3	46.0	16.8	65.9	-30.2
Others	14.3	5.6	12.8	4.3	1.4	10.9	27.0	12.7	28.7	-5.9
Total of EE	72.6	28.5	70.6	23.6	2.0	2.8	130.0	57.4	151.1	-14.0
PM Business										
Components	10.6	4.2	17.3	5.8	-6.7	-38.7	25.0	14.4	31.1	-19.6
CMPsystems	10.2	4.0	28.0	9.4	-17.8	-63.6	30.0	19.8	52.3	-42.6
Others	3.0	1.2	13.9	4.6	-10.9	-78.4	5.0	2.0	15.7	-68.2
Total of PM	23.8	9.3	59.3	19.8	-35.5	-59.9	60.0	36.2	99.1	-39.5
Total	254.6	100.0	299.1	100.0	-44.4	-14.8	530.0	275.4	597.9	-11.4

2. Sales

Billions of Yen

	2nd quarter						Annual			
	FY2009		FY2008		Change		FY2009		FY2008	Change
	Sep. 30	*1	Sep. 30	*1	*2		Mar. 31	2nd half	Mar. 31	*2
FMS Business		%		%		%				%
Custom Pumps	30.5	13.7	27.8	11.7	2.6	9.4	73.0	42.5	71.1	2.7
Compressors & Fans	40.9	18.4	35.3	14.9	5.6	15.9	85.0	44.1	79.9	6.4
Fluid related plants	12.2	5.5	12.2	5.1	-0.0	-0.2	49.0	36.8	47.2	3.8
Standard pumps	40.9	18.4	38.9	16.4	1.9	4.9	87.0	46.1	84.4	3.1
Chillers	14.7	6.6	16.6	7.0	-1.9	-11.4	36.0	21.3	35.6	1.1
Total of FMS	139.3	62.5	131.0	55.3	8.3	6.3	330.0	190.7	318.4	3.6
EE Business										
Water treatment plants	16.9	7.6	15.2	6.4	1.7	11.2	64.0	47.1	54.9	16.6
Environmental plants	19.8	8.9	18.1	7.6	1.6	8.8	60.0	40.2	56.6	6.0
Others	10.9	4.9	11.5	4.9	-0.5	-4.3	26.0	15.1	29.9	-13.0
Total of EE	47.7	21.4	44.9	19.0	2.8	6.2	150.0	102.3	141.4	6.1
PM Business										
Components	12.2	5.5	17.3	7.3	-5.1	-29.5	25.0	12.8	33.2	-24.7
CMPsystems	19.7	8.8	30.0	12.7	-10.2	-34.0	40.0	20.3	58.2	-31.3
Others	3.7	1.7	13.6	5.7	-9.8	-72.1	5.0	1.3	15.8	-68.4
Total of PM	35.6	16.0	60.9	25.7	-25.2	-41.4	70.0	34.4	107.2	-34.7
Total	222.8	100.0	236.9	100.0	-14.1	-6.0	550.0	327.2	567.1	-3.0

*1 shows the composition ratio

*2 shows the rate of change