

November 5, 2010

Financial Summary for the second quarter Ended September 30, 2010

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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
Six months ended September 30, 2010	173.1	(17.4)	9.6	301.9	7.7	615.3	3.8	-
(Forecast)	190.0		9.0		7.0		3.5	
Six months ended September 30, 2009	209.4	(6.0)	2.3	-	1.0	-	(1.1)	-
Change	(36.3)		7.2		6.6		5.0	
March 31, 2010	485.8	(3.0)	18.9	-	16.7	-	5.4	-

Change in accounting policies Applicable

(Application of standards of Asset retirement obligations)

Forecast was issued on August 6, 2010.

2. Dividend

	Cash dividend per share
	YEN
Fiscal year ended September 30, 2010	0.0
(Forecast)	(0.0)
Fiscal year ended September 30, 2009	0.0

Revision of forecast for dividend during this quarter: Not Applicable

3. Consolidated Financial Position

Billions of Yen

	Total Assets	Change ratio	Retained earnings	Change Ratio	Net Assets	Equity ratio	Net assets per share of common stock
		%		%		%	Yen
September 30, 2010	486.0	(9.6)	16.4	175.1	131.7	26.4	304.47
September 30, 2009	537.3	(2.1)	5.9	(67.5)	126.6	23.0	292.86
March 31, 2010	522.5	(7.1)	12.5	71.8	132.6	24.8	307.46

4. Consolidated, Cash Flow

Billions of Yen

	CF from operating activities	CF from investing activities	CF from financing activities	Cash and cash equivalents
Six months ended September 30, 2010	34.6	15.5	(2.7)	128.4
Six months ended September 30, 2009	12.6	(13.2)	1.3	81.8
March 31, 2010	23.5	(17.1)	(5.4)	81.7

5. Scope of consolidation

Number of consolidated subsidiaries: 50

Excluded Elliott Foreign Sales Corp.

Number of subsidiaries and affiliates accounted for equity method : 3

Forecast for the year ending March 31, 2011

Consolidated

Billions of Yen

	Net sales		Operating Income		Ordinary Income		Net Income	
	Amount	Change Ratio(%)	Amount	Change Ratio(%)	Amount	Change Ratio(%)	Amount	Change Ratio(%)
Fiscal year ending March 31, 2011	405.0	(16.6)	20.0	5.5	17.5	4.5	9.0	65.4
Fiscal year ended March 31, 2010	485.8	(3.0)	18.9	-	16.7	-	5.4	-
Change	(80.8)		1.0		0.7		3.5	

* Expectation of exchange rate US\$ = ¥85、EUR = ¥120

No decision has been made at last time on the final dividend for the fiscal year.

Consolidated Segment Information

Business segment

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

PM = Precision Machinery

Beginning with the first quarter under review, the “others” business, which was previously included in the “Environmental Engineering” business segment, has been presented in the “Others” business segment, which contains results of activities not included in principal reporting segments.

1. Order received

Billions of Yen

	Reportable segments				Others	Consolidated
	FMS	EE	PM	Total		
Six months ended September 30, 2010	119.6	38.0	29.8	187.4	5.2	192.7
Six months ended September 30, 2009	113.6	70.9	19.9	204.5	3.4	207.9
Change	5.9	(32.8)	9.9	(17.0)	1.8	(15.1)
March 31, 2011 (Forecast)	280.0	65.0	70.0	415.0	10.0	425.0
March 31, 2010	255.5	114.4	48.9	418.9	7.6	426.6

2. Sales

Billions of Yen

	Reportable segments				Others	Consolidated
	FMS	EE	PM	Total		
Six months ended September 30, 2010	117.0	18.6	31.7	167.5	5.6	173.1
Six months ended September 30, 2009	136.3	48.2	21.1	205.7	3.6	209.4
Change	(19.2)	(29.6)	10.5	(38.2)	1.9	(36.3)
March 31, 2011 (Forecast)	282.0	48.0	65.0	395.0	10.0	405.0
March 31, 2010	295.9	130.3	50.5	476.8	9.0	485.8

Billions of Yen

	Geographical Segment				Consolidated
	Japan	North America	Other	E&C	
Six months ended September 30, 2010	132.1	30.0	21.8	(10.9)	173.1
Six months ended September 30, 2009	155.2	40.5	21.3	(7.6)	209.4
Change	(23.1)	(10.5)	0.5	(3.2)	(36.3)
March 31, 2011 (Forecast)	/	/	/	/	/
March 31, 2010	382.3	75.2	45.7	(17.4)	485.8

3. Operating Income

Billions of Yen

	Reportable segments				Others	Consolidated
	FMS	EE	PM	Total		
Six months ended September 30, 2010	6.7	(1.1)	3.7	9.4	0.2	9.6
Six months ended September 30, 2009	10.2	(5.0)	(2.9)	2.2	0.1	2.3
Change	(3.5)	3.9	6.7	7.1	0.0	7.2
March 31, 2011 (Forecast)	15.0	–	5.0	20.0	–	20.0
March 31, 2010	21.8	(1.2)	(2.7)	17.8	1.0	18.9

	Geographical Segment				
	Japan	North America	Other	E&C	Consolidated
Six months ended September 30, 2010	3.5	3.4	3.1	(0.5)	9.6
Six months ended September 30, 2009	(4.5)	5.0	2.0	(0.1)	2.3
Change	8.0	(1.5)	1.1	(0.4)	7.2
March 31, 2011 (Forecast)	/	/	/	/	/
March 31, 2010	5.9	8.4	4.9	(0.4)	18.9

4. Total Assets

Billions of Yen

	Reportable segments				Others	Consolidated
	FMS	EE	PM	Total		
September 30, 2010	247.4	43.1	69.3	359.9	126.0	486.0
September 30, 2009	288.6	83.0	65.6	437.2	100.0	537.3
Change	(41.1)	(39.8)	3.7	(77.2)	25.9	(51.3)
March 31, 2010	284.4	68.0	67.8	420.3	102.1	522.5

5. Employees

Person

	Business Segment			Others	Total
	FMS	EE	PM		
September 30, 2010	9,577	1,987	1,472	773	13,809
September 30, 2009	9,613	5,239	1,442	645	16,939
Change	(36)	(3,252)	30	128	(3,130)
March 31, 2010	9,519	2,210	1,440	631	13,800

6. Research and Development expenses

Billions of Yen

	Business Segment				Others	Total
	FMS	EE	PM	Total		
Six months ended September 30, 2010	1.2	0.0	0.3	1.6	–	1.6
Six months ended September 30, 2009	1.1	1.0	0.3	2.5	–	2.5
March 31, 2011 (Forecast)	3.0	1.0	2.0	6.0	–	6.0
March 31, 2010	2.9	1.4	0.6	4.9	–	4.9

7. Depreciation and Amortization expenses

Billions of Yen

	Business Segment				Others	Total
	FMS	EE	PM	Total		
Six months ended September 30, 2010	4.5	0.2	2.0	6.8	(0.0)	6.7
Six months ended September 30, 2009	4.2	0.5	2.5	7.2	0.0	7.3
March 31, 2011 (Forecast)	9.0	0.5	4.0	13.5	–	13.5
March 31, 2010	9.0	0.9	5.2	15.3	(0.0)	15.2

8. Capital Expenditures

Billions of Yen

	Business Segment				Others	Total
	FMS	EE	PM	Total		
Six months ended September 30, 2010	3.8	0.4	0.4	4.7	0	4.7
Six months ended September 30, 2009	9.3	0.7	1.5	11.6	0.1	11.7
March 31, 2011 (Forecast)	9.0	1.0	2.0	12.0	–	12.0
March 31, 2010	15.2	1.6	2.5	19.3	0	19.4

9. Backlog of Order received

Billions of Yen

	Business Segment				Others	Total
	FMS	EE	PM	Total		
September 30, 2010	170.8	77.4	10.5	258.7	4.9	263.7
September 30, 2009	190.7	142.5	13.4	346.8	4.8	351.6
Change	(19.9)	(65.1)	(2.8)	(88.0)	0.1	(87.9)
March 31, 2011 (Forecast)	168.1	75.0	17.8	260.9	4.4	265.3
March 31, 2010	170.1	58.0	12.8	240.9	4.4	245.3

Consolidated Statements of Income

Billions of Yen

	Current	Previous	Change	
	Six months ended Sep. 30, 2010	Six months ended Sep. 30, 2009	Amount	%
Net Sales	173.1	209.4	(36.3)	(17.4)
Cost of sales	129.6	169.3	(39.6)	(23.4)
(Sales cost ratio)	74.9%	80.8%		(5.9%)
Gross Profit	43.4	40.1	3.2	8.2
S.G & A expenses	33.7	37.7	(3.9)	(10.5)
Operating Income	9.6	2.3	7.2	301.9
Non-operating income	0.9	1.0	(0.1)	(11.1)
Interest income	0.0	0.1		
Dividend income	0.2	0.1		
Insurance income	0.0	0.2		
Profit on equity method	0.0	0.0		
Others	0.5	0.4		
Non-operating expense	2.8	2.3	0.4	19.0
Interest expense	1.6	1.7		
Foreign exchange loss	0.5	–		
Others	0.6	0.6		
Ordinary Income	7.7	1.0	6.6	615.3
Extraordinary income	1.2	1.4	(0.1)	(13.3)
Gain on sales of fixed assets	0.0	0.1		
Gain on reversal of allowance for doubtful receivables	–	0.2		
Gain on sales of investment securities	1.2	0.0		
Gain on transfer among severance payment plans	–	0.2		
Gain on the prior year construction work	–	0.2		
Gain on forgiveness of debts	–	0.4		
Others	–	0.0		
Extraordinary expense	1.7	2.5	(0.7)	(30.3)
Loss on sales and disposal of fixed assets	0.2	0.3		
Loss on valuation of investment securities	0.6	0.3		
Loss on liquidation of subsidiaries and affiliates	–	1.1		
Special retirement benefit paid	–	0.5		
Loss on adjustment for changes of accounting standard for Asset retirement obligations	0.9	–		
Others	0.0	0.0		
Income (loss) before income taxes	7.2	(0.0)	7.2	–
Income taxes	2.9	0.8	2.0	
Income before minority interests	4.2	–	–	
Minority interests in income	0.3	0.2	0.1	
Net Income(loss)	3.8	(1.1)	5.0	–

Consolidated Balance Sheets (Assets)

Billions of Yen

	Current	Previous	Change		Previous
	Sep. 30, 2010	Sep. 30, 2009	Amount	%	Mar. 31,2010
Assets					
I Current assets	345.9	362.8	(16.8)	(4.7)	373.8
Cash and time deposits	119.6	79.2	40.3	50.9	80.0
Securities	8.8	2.5	6.2	240.9	1.6
※Cash and cash equivalents	128.4	81.8	46.5	56.9	81.7
Trade receivables	112.6	143.0	(30.3)	(21.2)	163.8
Inventories	72.9	80.7	(7.7)	(9.6)	69.8
Deferred tax assets	15.4	13.5	1.9	14.4	14.6
Others	17.6	44.6	(27.0)	(60.6)	44.8
Allowance for doubtful receivables	(1.2)	(1.0)	(0.2)	26.4	(1.0)
II Fixed assets	140.1	174.5	(34.4)	(19.7)	148.6
(1) Tangible fixed assets	93.3	111.2	(17.9)	(16.1)	97.7
Buildings	39.7	40.1	(0.4)	(1.2)	40.0
Machinery and equipment	24.5	34.9	(10.3)	(29.7)	25.3
Others	29.0	36.1	(7.0)	(19.6)	32.4
(2) Intangible fixed assets	8.0	10.3	(2.2)	(22.1)	8.9
(3) Investment and long-term receivables	38.6	52.8	(14.2)	(26.9)	41.9
Investment securities	19.4	22.0	(2.6)	(11.9)	23.2
Deferred tax assets	11.2	15.2	(4.0)	(26.6)	10.4
Others	11.0	19.5	(8.4)	(43.5)	11.3
Allowance for doubtful receivables	(2.9)	(3.8)	0.9	(24.1)	(3.0)
Reserve for revaluation of investments	–	(0.0)	0.0	(100.0)	–
Total assets	486.0	537.3	(51.3)	(9.6)	522.5

Ratio of Consolidated to Non-Consolidated	1.3	1.3	–	–	1.3
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Consolidated Balance Sheets (Liabilities & Net assets)

Billions of Yen

	Current	Previous	Change		Previous
	Sep. 30, 2010	Sep. 30, 2009	Amount	%	Mar. 31, 2010
Liabilities					
I Current liabilities	248.4	272.8	(24.3)	(8.9)	262.6
Trade payables	76.4	96.2	(19.8)	(20.6)	99.7
Short-term bank loans	72.7	63.7	8.9	14.0	74.6
Current portion of bonds	–	20.0	(20.0)	(100.0)	–
Current portion of bonds with subscription rights to shares	20.0	–	20.0	–	–
Advance payment received	14.1	13.7	0.4	3.0	10.4
Bonus payment reserve (including Directors')	5.0	6.1	(1.0)	(17.8)	5.3
Reserve for construction losses	26.9	28.9	(2.0)	(7.2)	31.1
Reserve for legal expenses	–	0.1	(0.1)	(100.0)	–
Reserve for expenses related to the sale of land	2.9	2.9	(0.0)	(1.4)	4.5
Others	30.2	40.8	(10.5)	(25.8)	36.8
II Long-term liabilities	105.8	137.9	(32.1)	(23.3)	127.1
Convertible bonds	20.0	40.0	(20.0)	(50.0)	40.0
Long-term bank loans	59.6	66.7	(7.1)	(10.8)	61.2
Retirement allowance reserve (including Directors')	19.7	22.3	(2.6)	(11.7)	21.0
Deferred tax liabilities	0.0	1.0	(0.9)	(94.5)	0.0
Reserve for expenses related to the sale of land	–	2.4	(2.4)	(100.0)	–
Asset retirement obligations	1.7	–	1.7	–	–
Others	4.6	5.3	(0.6)	(12.4)	4.8
Total liabilities	354.2	410.7	(56.4)	(13.8)	389.8
Net assets					
I Common stock	61.2	61.2	–	–	61.2
II Capital surplus	65.2	65.2	–	–	65.2
III Retained Earnings	16.4	5.9	10.4	175.1	12.5
IV Treasury stock, at cost	(0.2)	(0.1)	(0.0)	50.5	(0.2)
V Net unrealized gain (loss)	(0.0)	1.4	(1.4)	(104.1)	1.5
VI Translation adjustments	(14.1)	(10.0)	(4.0)	40.3	(10.6)
VII Subscription rights to shares	0.2	–	0.2	–	0.1
VIII Minority interests in consolidated subsidiaries	3.0	2.9	0.0	3.0	2.7
Total net assets	131.7	126.6	5.1	4.1	132.6
Total liabilities and net assets	486.0	537.3	(51.3)	(9.6)	522.5

Interest bearing debt	174.0	192.8	(18.8)	(9.8)	177.8
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Loans guaranteed as contingent liabilities	7.4	4.2	3.1	74.9	3.0
(Loans guaranteed ; non-consolidated)	35.0	50.0	(14.9)		38.4

Consolidated Statements of Cash Flows

Billions of Yen

	March 31,2009	March 31,2010	Six months ended September 30, 2009	Six months ended September 30, 2010	March 31,2011
	Results	Results	Results	Results	Forecast
Cash flows from operating activities					
Income(loss) before income taxes	(7.3)	11.9	(0.0)	7.2	16.5
Adjustment of cash flow item :					
Depreciation and amortization	15.1	15.2	7.3	6.7	13.5
Loss (gain) on sales of fixed assets	(0.2)	(1.0)	(0.1)	0.1	–
Loss (gain) on sales of securities	(0.5)	3.9	(0.0)	(1.2)	–
Increase(decrease) in allowance and others	14.0	3.7	(1.2)	(7.1)	(8.5)
Increase/decrease of operating assets and liabilities					
Trade receivables	24.6	(3.1)	46.7	49.6	} (3.0)
Inventories	2.9	7.2	(2.0)	(4.2)	
Trade payables	(16.2)	(14.8)	(37.4)	(21.7)	
Income taxes paid	(9.8)	(5.3)	(0.3)	(3.9)	(5.0)
Loss on violation of Antimonopoly Act and Legal expenses paid	(0.9)	–	–	–	–
Others	(4.1)	5.8	(0.1)	9.1	–
Net cash provided by (used in) operating activities	17.4	23.5	12.6	34.6	13.5
Cash flows from investing activities					
Purchase of fixed assets	(23.7)	(19.3)	(12.7)	(8.8)	(12.0)
Sales of fixed assets	6.3	0.5	0.4	15.8	12.0
Others	(5.3)	1.7	(0.9)	8.4	7.0
Withdrawal of time deposits	20.0	–	–	–	–
Net cash provided by (used in) investing activities	(2.7)	(17.1)	(13.2)	15.5	7.0
Free Cash Flows	14.7	6.4	(0.6)	50.1	20.5
Cash flows from financing activities					
Redemption of (convertible) bonds	(10.2)	(20.0)	–	–	} (15.0)
Proceeds from bank loans and commercial paper	38.4	66.6	43.3	17.1	
Repayment of bank loans and commercial paper	(29.0)	(50.0)	(41.3)	(19.1)	
Capital paid in from minority shareholders	1.1	–	–	–	–
Dividends paid	(3.1)	–	–	–	–
Dividends paid to minority shareholders' in consolidated subsidiaries	(0.4)	(1.0)	(0.6)	(0.4)	(0.5)
Purchase and sales of treasury stock	(0.0)	(0.0)	(0.0)	(0.0)	–
Others	–	(0.9)	–	(0.4)	–
Net cash provided by (used in) financing activities	(3.2)	(5.4)	1.3	(2.7)	(15.5)
Translation adjustments	(3.3)	0.3	0.8	(0.6)	–
Total Cash Flows	8.0	1.3	1.5	46.7	5.0
Cash and cash equivalents					
At beginning of period	69.1	77.1	77.1	81.7	81.7
Net effect of deconsolidation and consolidation of subsidiaries	–	3.1	3.1	–	–
At end of period	77.1	81.7	81.8	128.4	86.7
*Information on interest-bearing debt					
Short term debt	101.9	75.3	84.5	93.3	92.7
Long term debt	79.6	102.4	108.3	80.7	70.1
Total interest-bearing debt	181.5	177.8	192.8	174.0	162.8

Consolidated Sales and Orders of Subsegment

1. Order received

Billions of Yen

	2nd quarter						Annual				
	Six months ended Sep. 30, 2010		Six months ended Sep. 30, 2009		Change		Mar. 31, 2011 (Forecast)		Mar. 31, 2010	Change	
	*1	%	*1	%	*2	%	Year-end	2nd half	*2	%	
FMS Business											
Custom Pumps	20.0	10.4	22.5	10.8	(2.5)	(11.1)	55.0	35.0	44.1	24.7	
Compressors & Fans	31.1	16.1	27.8	13.4	3.3	11.9	85.0	53.9	77.8	9.3	
Fluid related plants	17.7	9.2	17.8	8.6	(0.1)	(0.6)	40.0	22.3	41.5	(3.6)	
Standard pumps	33.3	17.3	32.3	15.5	1.0	3.1	70.0	36.7	69.1	1.3	
Chillers	17.2	8.9	13.1	6.3	4.1	31.3	30.0	12.8	22.8	31.6	
Total of FMS	119.6	62.1	113.6	54.6	6.0	5.3	280.0	160.4	255.5	9.6	
EE Business											
Water treatment plants	–	0.0	38.9	18.7	(38.9)	(100.0)	–	0.0	69.6	(100.0)	
Environmental plants	38.0	19.7	26.2	12.6	11.8	45.0	65.0	27.0	32.9	97.6	
Others	–	0.0	5.7	2.7	(5.7)	(100.0)	–	0.0	11.9	(100.0)	
Total of EE	38.0	19.7	70.9	34.1	(32.9)	(46.4)	65.0	27.0	114.4	(43.2)	
PM Business											
Components	13.0	6.7	6.6	3.2	6.4	97.0	25.0	12.0	16.8	48.8	
CMPsystems	15.1	7.8	11.7	5.6	3.4	29.1	42.0	26.9	28.3	48.4	
Others	1.5	0.8	1.4	0.7	0.1	7.1	3.0	1.5	3.6	(16.7)	
Total of PM	29.8	15.5	19.9	9.6	9.9	49.7	70.0	40.2	48.9	43.1	
Others	5.2	2.7	3.4	1.6	1.8	52.9	10.0	4.8	7.6	31.6	
Total of Others	5.2	2.7	3.4	1.6	1.8	52.9	10.0	4.8	7.6	31.6	
Total	192.7	100.0	207.9	100.0	(15.2)	(7.3)	425.0	232.3	426.6	(0.4)	

2. Sales

Billions of Yen

	2nd quarter						Annual				
	Six months ended Sep. 30, 2010		Six months ended Sep. 30, 2009		Change		Mar. 31, 2011 (Forecast)		Mar. 31, 2010	Change	
	*1	%	*1	%	*2	%	Year-end	2nd half	*2	%	
FMS Business											
Custom Pumps	24.0	13.9	33.0	15.8	(9.0)	(27.3)	58.0	34.0	67.2	(13.7)	
Compressors & Fans	38.1	22.0	44.2	21.1	(6.1)	(13.8)	81.0	42.9	85.1	(4.8)	
Fluid related plants	10.9	6.3	14.6	7.0	(3.7)	(25.3)	42.0	31.1	42.1	(0.2)	
Standard pumps	31.9	18.4	32.3	15.4	(0.4)	(1.2)	70.0	38.1	69.8	0.3	
Chillers	12.0	6.9	12.0	5.7	0.0	0.0	31.0	19.0	31.5	(1.6)	
Total of FMS	117.0	67.6	136.3	65.1	(19.3)	(14.2)	282.0	165.0	295.9	(4.7)	
EE Business											
Water treatment plants	–	0.0	20.0	9.6	(20.0)	(100.0)	–	0.0	61.9	(100.0)	
Environmental plants	18.6	10.7	22.0	10.5	(3.4)	(15.5)	48.0	29.4	55.7	(13.8)	
Others	–	0.0	6.1	2.9	(6.1)	(100.0)	–	0.0	12.6	(100.0)	
Total of EE	18.6	10.7	48.2	23.0	(29.6)	(61.4)	48.0	29.4	130.3	(63.2)	
PM Business											
Components	11.7	6.8	6.2	3.0	5.5	88.7	24.0	12.3	16.4	46.3	
CMPsystems	19.0	11.0	10.6	5.1	8.4	79.2	37.0	18.0	26.7	38.6	
Others	1.0	0.6	4.2	2.0	(3.2)	(76.2)	4.0	3.0	7.2	(44.4)	
Total of PM	31.7	18.3	21.1	10.1	10.6	50.2	65.0	33.3	50.5	28.7	
Others	5.6	3.2	3.6	1.7	2.0	55.6	10.0	4.4	9.0	11.1	
Total of Others	5.6	3.2	3.6	1.7	2.0	55.6	10.0	4.4	9.0	11.1	
Total	173.1	100.0	209.4	100.0	(36.3)	(17.3)	405.0	231.9	485.8	(16.6)	

*1 shows the composition ratio

*2 shows the rate of change