

Results for the Six Months Ended September 30, 2006

November 14, 2006

KYOWA EXEO CORPORATION

URL <http://www.exeo.co.jp>

1.Consolidated Figures

(1) Overview

(¥bn)

	FY 2005		FY 2006							
	Interim	Full year	Interim				Full year			
	A	B	May 2006 forecast C	Actual D	YOY D/A	Forecast accuracy D/C	May 2006 forecast E	Nov, 2006 forecast F	YOY F/B	Change in forecast F/E
Orders received	141.2	281.2	142.0	156.0	111%	110%	290.0	295.0	105%	102%
Net sales	111.7	278.8	128.0	128.1	115%	100%	285.0	290.0	104%	102%
Gross profit	(13.2%) 14.7	(12.3%) 34.3	(12.7%) 16.3	(13.5%) 17.3	118%	106%	(12.5%) 35.5	(12.6%) 36.5	106%	103%
Selling, general and administrative expenses	(8.7%) 9.7	(7.1%) 19.8	(7.8%) 10.0	(8.0%) 10.2	105%	102%	(7.1%) 20.2	(7.0%) 20.4	103%	101%
Operating income	(4.5%) 4.9	(5.2%) 14.5	(4.9%) 6.3	(5.5%) 7.1	143%	113%	(5.4%) 15.3	(5.6%) 16.1	111%	105%
Ordinary income	(4.7%) 5.3	(5.5%) 15.2	(5.2%) 6.6	(6.0%) 7.7	145%	117%	(5.6%) 16.0	(5.9%) 17.0	111%	106%
Net income	(3.2%) 3.5	(3.3%) 9.1	(3.0%) 3.8	(3.5%) 4.4	124%	117%	(3.2%) 9.2	(3.3%) 9.7	106%	105%

Notes: All amounts less than ¥100 m disregarded. Figures in parentheses are ratio to net sales.

1.Consolidated Figures

(2) Orders Received and Net Sales

(¥bn)

			FY 2005		FY 2006							
			Interim	Full year	Interim			Full year				
			A	B	May 2006 forecast C	Actual D	YOY D/A	Forecast accuracy D/C	May 2006 forecast E	Nov, 2006 forecast F	YOY F/B	Change in forecast F/E
Orders received	ENGINEERING-SOLUTIONS	NTT-related telecoms facilities and equipment engineering	90.7	180.2	98.2	104.2	115%	106%	181.7	187.2	104%	103%
		Non-NTT telecoms, electrical facilities and civil engineering	28.2	57.0	25.8	29.3	104%	114%	58.8	58.3	102%	99%
	IT-SOLUTIONS		16.8	34.0	14.0	15.8	94%	113%	34.5	34.5	101%	100%
	ECO-SOLUTIONS		3.2	5.2	2.0	4.3	134%	218%	10.5	10.5	199%	100%
	Other		2.0	4.6	2.0	2.2	110%	113%	4.5	4.5	97%	100%
	TOTAL		141.2	281.2	142.0	156.0	111%	110%	290.0	295.0	105%	102%
Net sales	ENGINEERING-SOLUTIONS	NTT-related telecoms facilities and equipment engineering	75.9	176.2	91.4	89.8	118%	98%	182.5	187.5	106%	103%
		Non-NTT telecoms, electrical facilities and civil engineering	19.1	58.8	20.5	20.7	108%	101%	57.0	59.0	100%	104%
	IT-SOLUTIONS		13.1	34.7	12.5	14.4	110%	116%	34.0	34.0	98%	100%
	ECO-SOLUTIONS		1.3	4.3	1.6	0.8	66%	56%	7.0	5.0	115%	71%
	Other		2.0	4.6	2.0	2.1	106%	108%	4.5	4.5	97%	100%
	TOTAL		111.7	278.8	128.0	128.1	115%	100%	285.0	290.0	104%	102%

Notes: All amounts less than ¥100 m are disregarded.

1.Consolidated Figures

(3) Consolidated Balance Figures

(¥bn)

		FY 2005				FY 2006		
		Interim		Year-end		Interim		C-B
		A		B		C		
Current assets		87.0	(62.0%)	110.2	(67.8%)	109.6	(67.5%)	-0.6
Fixed assets		53.2	(38.0%)	52.3	(32.2%)	52.8	(32.5%)	0.4
Total assets		140.3	(100%)	162.6	(100%)	162.5	(100%)	-0.1
Liabilities	Current	47.2	(33.7%)	65.2	(40.1%)	49.3	(30.4%)	-15.8
	Long-term	16.8	(12.0%)	15.6	(9.6%)	28.2	(17.4%)	12.6
Total liabilities		64.1	(45.7%)	80.8	(49.7%)	77.6	(47.8%)	-3.2
Shareholder's equity		70.5	(50.3%)	75.5	(46.5%)	78.5	(48.3%)	2.9
Minority interests		5.7	(4.0%)	6.1	(3.8%)	6.3	(3.9%)	0.1
Total liabilities and net assets		140.3	(100%)	162.6	(100%)	162.5	(100%)	-0.1

Notes: All amounts less than ¥100 m disregarded.

1.Consolidated Figures

(4) Business Overview (by Group)

(¥bn; ratios)

	Wako Engineering Group			Daiwa Densetsu Group			KANAC Group		
	FY 2005	FY 2006		FY 2005	FY 2006		FY 2005	FY 2006	
	Interim	Interim	YOY	Interim	Interim	YOY	Interim	Interim	YOY
Orders received	15.5	18.8	121%	6.8	9.2	135%	3.9	4.0	103%
Net sales	13.8	15.5	113%	5.1	6.8	134%	3.4	3.2	93%
Gross profit	(11.3%) 1.5	(8.9%) 1.3	89%	(11.1%) 0.5	(6.9%) 0.4	84%	(12.5%) 0.4	(12.1%) 0.3	90%
Selling, general and administrative expenses	(8.4%) 1.1	(6.5%) 1.0	87%	(11.1%) 0.5	(7.5%) 0.5	90%	(15.0%) 0.5	(17.5%) 0.5	109%
Operating income	(2.9%) 0.4	(2.4%) 0.3	93%	-(0.1%) -0.0	-(0.6%) -0.0	-	-(2.5%) -0.0	-(5.5%) -0.1	-
Ordinary income	(3.0%) 0.4	(2.5%) 0.3	94%	(0.3%) 0.0	-(0.3%) -0.0	-	-(2.0%) -0.0	-(5.0%) -0.1	-
Net income	(1.7%) 0.2	-(1.3%) -0.2	-	-(2.3%) -0.1	-(0.2%) -0.0	-	-(3.3%) -0.1	-(5.2%) -0.1	-
Total assets	14.5	14.9	103%	6.4	6.3	99%	6.2	6.4	102%
Net assets	8.1	8.2	100%	3.0	3.2	107%	3.3	3.2	99%
Equity ratio (Shareholders' equity / Total assets)	56.3%	54.9%		46.7%	50.7%		52.5%	50.1%	

Notes1: The above figures are prior to elimination of intercompany transactions between group companies.

Notes2: All amounts less than ¥100m are disregarded. Figures in parentheses are ratio to net sales.

2.Non-consolidated Figures

(1) Overview

(¥bn)

	FY 2005		FY 2006							
	Interim	Full year	Interim				Full year			
	A	B	May 2006 forecast C	Actual D	YOY D/A	Forecast accuracy D/C	May 2006 forecast E	Nov, 2006 forecast F	YOY F/B	Change in forecast F/E
Orders received	109.2	217.2	110.0	121.6	111%	111%	225.0	230.0	106%	102%
Net sales	85.8	216.3	100.0	100.1	117%	100%	220.0	225.0	104%	102%
Gross profit	(11.2%) 9.6	(10.7%) 23.0	(11.4%) 11.4	(12.0%) 12.0	125%	106%	(10.7%) 23.6	(11.1%) 25.0	108%	106%
Selling, general and administrative expenses	(7.7%) 6.6	(6.4%) 13.8	(6.9%) 6.9	(7.3%) 7.2	110%	105%	(6.3%) 13.9	(6.3%) 14.2	102%	102%
Operating income	(3.5%) 3.0	(4.3%) 9.1	(4.5%) 4.5	(4.7%) 4.7	160%	106%	(4.4%) 9.7	(4.8%) 10.8	118%	111%
Ordinary income	(3.6%) 3.0	(4.3%) 9.2	(4.5%) 4.5	(5.1%) 5.1	168%	115%	(4.5%) 9.8	(5.0%) 11.2	121%	114%
Net income	(2.1%) 1.8	(2.3%) 5.0	(2.6%) 2.6	(2.9%) 2.8	161%	111%	(2.5%) 5.5	(2.8%) 6.3	124%	115%

Notes: All amounts less than ¥100 m disregarded. Figures in parentheses are ratio to net sales.

2.Non-consolidated Figures



(2) Orders Received

(¥bn)

			FY 2005		FY 2006							
			Interim	Full year	Interim			Full year				
					May 2006 forecast	Actual	YOY	Forecast accuracy	May 2006 forecast	Nov, 2006 forecast	YOY	Change in forecast
			A	B	C	D	D/A	D/C	E	F	F/B	F/E
ENGINEERING-SOLUTIONS	NTT-related telecoms facilities and equipment engineering	Cable engineering	26.9	53.8	29.0	30.8	114%	106%	57.0	59.0	110%	104%
		Civil engineering	6.4	12.1	6.0	7.8	123%	131%	11.5	12.5	103%	109%
		Telecoms network engineering	10.6	19.2	9.0	9.2	86%	102%	18.0	16.5	86%	92%
		Mobile communications engineering	29.3	60.2	35.0	36.1	123%	103%	58.0	61.0	101%	105%
		Total	73.4	145.4	79.0	84.0	114%	106%	144.5	149.0	102%	103%
	Non-NTT telecoms, electrical facilities and civil engineering	Telecoms facilities and equipment engineering	11.8	24.7	11.0	15.2	129%	139%	27.5	29.0	117%	105%
		Electrical facilities engineering	3.6	7.6	4.0	3.7	102%	93%	7.0	7.0	92%	100%
		Civil engineering	3.6	7.4	3.0	2.1	58%	70%	7.5	6.5	87%	87%
	Total	19.1	39.8	18.0	21.0	110%	117%	42.0	42.5	107%	101%	
	IT-SOLUTIONS			13.4	26.5	11.0	12.2	90%	111%	28.5	28.5	107%
ECO-SOLUTIONS			3.2	5.3	2.0	4.3	136%	218%	10.0	10.0	187%	100%
TOTAL			109.2	217.2	110.0	121.6	111%	111%	225.0	230.0	106%	102%
(NTT DoCoMo-related construction)			(36.8)	(74.7)	(43.0)	(45.7)	(124%)	(106%)	(71.5)	(76.0)	(102%)	(106%)

Notes: All amounts less than ¥100 m are disregarded.

2.Non-consolidated Figures



(3) Net Sales

(¥bn)

			FY 2005		FY 2006							
			Interim	Full year	Interim				Full year			
					May 2006 forecast	Actual	YOY	Forecast accuracy	May 2006 forecast	Nov, 2006 forecast	YOY	Change in forecast
			A	B	C	D	D/A	D/C	E	F	F/B	F/E
ENGINEERING-SOLUTIONS	NTT-related telecoms facilities and equipment engineering	Cable engineering	22.6	52.0	27.5	26.2	116%	96%	57.0	59.0	113%	104%
		Civil engineering	4.2	11.3	5.0	5.7	134%	115%	10.0	11.0	97%	110%
		Telecoms network engineering	9.2	19.2	8.5	7.6	83%	90%	18.0	16.5	86%	92%
		Mobile communications engineering	24.6	58.7	33.0	33.8	137%	102%	60.0	63.0	107%	105%
		Total	60.7	141.3	74.0	73.5	121%	99%	145.0	149.5	106%	103%
	Non-NTT telecoms, electrical facilities and civil engineering	Telecoms facilities and equipment engineering	7.4	23.2	7.5	9.7	131%	130%	23.5	27.0	116%	115%
		Electrical facilities engineering	2.9	9.2	4.0	2.4	83%	61%	8.0	8.0	87%	100%
		Civil engineering	2.7	10.6	3.0	2.5	94%	84%	8.5	7.5	70%	88%
	Total	13.0	43.1	14.5	14.7	113%	102%	40.0	42.5	99%	106%	
	IT-SOLUTIONS			10.6	27.5	10.0	11.0	104%	111%	28.0	28.0	102%
ECO-SOLUTIONS			1.3	4.3	1.5	0.8	65%	59%	7.0	5.0	116%	71%
TOTAL			85.8	216.3	100.0	100.1	117%	100%	220.0	225.0	104%	102%
(NTT DoCoMo-related construction)			(30.3)	(74.4)	(40.5)	(42.0)	(138%)	(104%)	(75.0)	(78.0)	(105%)	(104%)

Notes: All amounts less than ¥100 m are disregarded.

Disclaimer Regarding Forward-Looking Statements

Management of the Company has made estimates and assumptions relating to financial forecasts based on information available as of the reporting date. Actual results could differ from those estimates.

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