

# Annual Results for the Fiscal Year Ended March 31, 2007

May 11, 2007

**KYOWA EXEO CORPORATION**

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

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# 1.Consolidated Figures

## (1) Overview

(¥bn)

	FY 2005		FY 2006						FY 2007			
	Interim	Full year	Interim		Full year				Interim		Full year	
	A	B	Actual C	YOY C/A	Feb. 2007 forecast D	Actual E	YOY E/B	Forecast accuracy E/D	Forecast F	YOY F/C	Forecast G	YOY G/E
Orders received	141.2	281.2	156.0	111%	300.0	305.6	109%	102%	152.0	97%	312.0	102%
Net sales	111.7	278.8	128.1	115%	300.0	303.5	109%	101%	136.0	106%	310.0	102%
Gross profit	(13.2%) 14.7	(12.3%) 34.3	(13.5%) 17.3	118%	(12.5%) 37.4	(13.3%) 40.2	117%	108%	(12.7%) 17.3	100%	(13.0%) 40.2	100%
Selling, general and administrative expenses	(8.7%) 9.7	(7.1%) 19.8	(8.0%) 10.2	105%	(6.8%) 20.3	(6.5%) 19.7	100%	98%	(7.5%) 10.2	100%	(6.4%) 19.7	100%
Operating income	(4.5%) 4.9	(5.2%) 14.5	(5.5%) 7.1	143%	(5.7%) 17.1	(6.7%) 20.4	141%	120%	(5.2%) 7.1	100%	(6.6%) 20.5	100%
Ordinary income	(4.7%) 5.3	(5.5%) 15.2	(6.0%) 7.7	145%	(6.0%) 18.0	(7.0%) 21.1	138%	117%	(5.6%) 7.6	99%	(6.9%) 21.3	101%
Net income	(3.2%) 3.5	(3.3%) 9.1	(3.5%) 4.4	124%	(3.4%) 10.2	(3.6%) 11.0	120%	108%	(3.2%) 4.3	97%	(3.9%) 12.0	109%

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

## 1.Consolidated Figures

### (2) Orders Received and Net Sales Results (Previous segments)

(¥bn)

			FY 2005		FY 2006					
			Interim	Full year	Interim		Full year			
			A	B	Actual C	YOY C/A	Feb. 2007 forecast D	Actual E	YOY E/B	Forecast accuracy E/D
Orders received	<b>ENGINEERING-SOLUTIONS</b>	NTT-related telecoms facilities and equipment engineering	90.7	180.2	104.2	115%	193.7	200.4	111%	104%
		Non-NTT telecoms, electrical facilities and civil engineering	28.2	57.0	29.3	104%	61.8	61.1	107%	99%
	<b>IT-SOLUTIONS</b>		16.8	34.0	15.8	94%	33.0	32.4	95%	98%
	<b>ECO-SOLUTIONS</b>		3.2	5.2	4.3	134%	7.0	6.8	130%	98%
	Other		2.0	4.6	2.2	110%	4.5	4.7	103%	106%
	<b>TOTAL</b>		141.2	281.2	156.0	111%	300.0	305.6	109%	102%
Net sales	<b>ENGINEERING-SOLUTIONS</b>	NTT-related telecoms facilities and equipment engineering	75.9	176.2	89.8	118%	194.5	198.0	112%	102%
		Non-NTT telecoms, electrical facilities and civil engineering	19.1	58.8	20.7	108%	65.0	63.1	107%	97%
	<b>IT-SOLUTIONS</b>		13.1	34.7	14.4	110%	32.0	32.8	94%	103%
	<b>ECO-SOLUTIONS</b>		1.3	4.3	0.8	66%	4.0	4.7	109%	118%
	Other		2.0	4.6	2.1	106%	4.5	4.7	104%	106%
	<b>TOTAL</b>		111.7	278.8	128.1	115%	300.0	303.5	109%	101%

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

## 1.Consolidated Figures

### (3) Orders Received and Net Sales Forecast (New segments)

(¥bn)

				FY 2005		FY 2006				FY 2007			
				Interim	Full year	Interim		Full year		Interim		Full year	
				A	B	Actual C	YOY C/A	Actual D	YOY E/B	Forecast E	YOY E/C	Forecast F	YOY F/E
Orders received	ENGINEERING-SOLUTIONS	Telecommunications infrastructure	NTT Group engineering	90.7	180.2	104.2	115%	200.4	111%	99.5	95%	195.0	97%
			Non-NTT telecom engineering	26.4	54.1	26.9	102%	56.9	105%	27.0	100%	63.0	111%
		Sub-total	117.2	234.3	131.1	112%	257.4	110%	126.5	96%	258.0	100%	
		Environmental and social infrastructure		17.7	35.0	17.2	97%	33.2	95%	18.5	107%	39.0	117%
		Sub-total		135.0	269.3	148.4	110%	290.7	108%	145.0	98%	297.0	102%
		SYSTEM-SOLUTIONS		6.1	11.8	7.6	124%	14.8	126%	7.0	92%	15.0	101%
	TOTAL		141.2	281.2	156.0	111%	305.6	109%	152.0	97%	312.0	102%	
Net sales	ENGINEERING-SOLUTIONS	Telecommunications infrastructure	NTT Group engineering	75.9	176.2	89.8	118%	198.0	112%	92.0	102%	197.5	100%
			Non-NTT telecom engineering	18.4	51.1	20.3	110%	55.7	109%	25.0	123%	60.0	108%
		Sub-total	94.4	227.4	110.1	117%	253.7	112%	117.0	106%	257.5	101%	
		Environmental and social infrastructure		12.3	38.7	11.4	93%	34.8	90%	12.0	104%	37.3	107%
		Sub-total		106.8	266.1	121.6	114%	288.5	108%	129.0	106%	294.8	102%
		SYSTEM-SOLUTIONS		4.9	12.6	6.4	131%	15.0	118%	7.0	108%	15.2	101%
	TOTAL		111.7	278.8	128.1	115%	303.5	109%	136.0	106%	310.0	102%	

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

## 1.Consolidated Figures

### (4) Consolidated Balance Figures

(¥bn)

		FY 2005				FY 2006				
		Interim		Year-end		Interim		Year-end		D-B
		A		B		C		D		
Current assets		87.0	(62.0%)	110.2	(67.8%)	109.6	(67.5%)	131.4	(70.5%)	21.1
Fixed assets		53.2	(38.0%)	52.3	(32.2%)	52.8	(32.5%)	55.0	(29.5%)	2.7
Total assets		140.3	(100%)	162.6	(100%)	162.5	(100%)	186.4	(100%)	23.8
Liabilities	Current	47.2	(33.7%)	65.2	(40.1%)	49.3	(30.4%)	67.7	(36.3%)	2.5
	Long-term	16.8	(12.0%)	15.6	(9.6%)	28.2	(17.4%)	27.5	(14.8%)	11.9
Total liabilities		64.1	(45.7%)	80.8	(49.7%)	77.6	(47.8%)	95.3	(51.1%)	14.4
Shareholder's equity		70.5	(50.3%)	75.5	(46.5%)	78.5	(48.3%)	84.4	(45.3%)	8.9
Minority interests		5.7	(4.0%)	6.1	(3.8%)	6.3	(3.9%)	6.6	(3.6%)	0.4
Total liabilities and net assets		140.3	(100%)	162.6	(100%)	162.5	(100%)	186.4	(100%)	23.8

Notes: All amounts less than ¥100m disregarded.

## 1.Consolidated Figures

### (5) Business Overview (by Group)

(¥bn; ratios)

	FY 2006								
	Wako Engineering Group			Daiwa Densetsu Group			KANAC Group		
	Interim	Full year		Interim	Full year		Interim	Full year	
			YOY			YOY			YOY
Orders received	18.8	36.7	113%	9.2	17.5	117%	4.0	8.7	93%
Net sales	15.5	34.7	106%	6.8	16.7	113%	3.2	8.7	97%
Gross profit	(8.9%) 1.3	(8.7%) 3.0	94%	(6.9%) 0.4	(7.9%) 1.3	96%	(12.1%) 0.3	(13.2%) 1.1	96%
Selling, general and administrative expenses	(6.5%) 1.0	(5.9%) 2.0	90%	(7.5%) 0.5	(6.2%) 1.0	91%	(17.5%) 0.5	(12.4%) 1.0	104%
Operating income	(2.4%) 0.3	(2.8%) 0.9	102%	-(0.6%) -0.0	(1.7%) 0.2	115%	-(5.5%) -0.1	(0.7%) 0.0	42%
Ordinary income	(2.5%) 0.3	(2.9%) 0.9	102%	-(0.3%) -0.0	(2.0%) 0.3	110%	-(5.0%) -0.1	(1.6%) 0.1	71%
Net income	-(1.3%) -0.2	(0.4%) 0.1	25%	-(0.2%) -0.0	(1.6%) 0.2	194%	-(5.2%) -0.1	(0.4%) 0.0	84%
Total assets	14.9	17.6	108%	6.3	8.0	103%	6.4	7.0	101%
Net assets	8.2	8.5	100%	3.2	3.5	108%	3.2	3.4	100%
Equity ratio (Shareholders' equity / Total assets)	54.9%	48.3%		50.7%	44.0%		50.1%	47.9%	

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					FY 2007				
	Interim	Full year	Interim		Full year			Interim		Full year		
	A	B	Actual C	YOY C/A	Feb. 2007 forecast D	Actual E	YOY E/B	Forecast accuracy E/D	Forecast F	YOY F/C	Forecast G	YOY G/E
Orders received	109.2	217.2	121.6	111%	235.0	238.5	110%	102%	119.0	98%	243.0	102%
Net sales	85.8	216.3	100.1	117%	235.0	238.7	110%	102%	106.5	106%	242.0	101%
Gross profit	(11.2%) 9.6	(10.7%) 23.0	(12.0%) 12.0		(11.1%) 26.1	(11.7%) 28.0			(11.2%) 11.9		(11.6%) 28.1	
Selling, general and administrative expenses	(7.7%) 6.6	(6.4%) 13.8	(7.3%) 7.2		(6.1%) 14.4	(5.8%) 13.8			(6.8%) 7.2		(5.7%) 13.7	
Operating income	(3.5%) 3.0	(4.3%) 9.1	(4.7%) 4.7		(5.0%) 11.7	(5.9%) 14.1			(4.4%) 4.7		(6.0%) 14.4	
Ordinary income	(3.6%) 3.0	(4.3%) 9.2	(5.1%) 5.1		(5.1%) 12.0	(6.0%) 14.2			(4.7%) 5.0		(6.1%) 14.8	
Net income	(2.1%) 1.8	(2.3%) 5.0	(2.9%) 2.8		(2.8%) 6.6	(3.0%) 7.1			(2.8%) 3.0		(3.6%) 8.7	

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

## 2.Non-consolidated Figures

### (2) Orders Received Results (Previous segments)

(¥bn)

			FY 2005		FY 2006					
			Interim	Full year	Interim		Full year			
			A	B	Actual C	YOY C/A	Feb. 2007 forecast D	Actual E	YOY E/B	Forecast accuracy E/D
<b>ENGINEERING-SOLUTIONS</b>	NTT-related telecoms facilities and equipment engineering	Cable engineering	26.9	53.8	30.8	114%	59.0	60.0	111%	102%
		Civil engineering	6.4	12.1	7.8	123%	12.5	12.7	105%	102%
		Telecoms network engineering	10.6	19.2	9.2	86%	16.5	17.8	93%	108%
		Mobile communications engineering	29.3	60.2	36.1	123%	67.0	68.9	114%	103%
		<b>Total</b>	<b>73.4</b>	<b>145.4</b>	<b>84.0</b>	<b>114%</b>	<b>155.0</b>	<b>159.5</b>	<b>110%</b>	<b>103%</b>
	Non-NTT telecoms, electrical facilities and civil engineering	Telecoms facilities and equipment engineering	11.8	24.7	15.2	129%	30.0	32.0	130%	107%
		Electrical facilities engineering	3.6	7.6	3.7	102%	9.0	9.4	123%	104%
		Civil engineering	3.6	7.4	2.1	58%	7.0	5.6	76%	81%
	<b>Total</b>	<b>19.1</b>	<b>39.8</b>	<b>21.0</b>	<b>110%</b>	<b>46.0</b>	<b>47.0</b>	<b>118%</b>	<b>102%</b>	
	<b>IT-SOLUTIONS</b>			<b>13.4</b>	<b>26.5</b>	<b>12.2</b>	<b>90%</b>	<b>27.0</b>	<b>25.0</b>	<b>94%</b>
<b>ECO-SOLUTIONS</b>			<b>3.2</b>	<b>5.3</b>	<b>4.3</b>	<b>136%</b>	<b>7.0</b>	<b>6.8</b>	<b>127%</b>	<b>97%</b>
<b>TOTAL</b>			<b>109.2</b>	<b>217.2</b>	<b>121.6</b>	<b>111%</b>	<b>235.0</b>	<b>238.5</b>	<b>110%</b>	<b>102%</b>
(NTT DoCoMo-related construction)			<b>(36.8)</b>	<b>(74.7)</b>	<b>(45.7)</b>	<b>( 124% )</b>	<b>(82.0)</b>	<b>(85.6)</b>	<b>( 115% )</b>	<b>( 104% )</b>

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

## 2.Non-consolidated Figures

### (2) Orders Received Forecast (New segments)

				FY 2005		FY 2006				FY 2007			
				Interim	Full year	Interim		Full year		Interim		Full year	
				A	B	Actual C	YOY C/A	Actual D	YOY E/B	Forecast E	YOY E/C	Forecast F	YOY F/E
<b>ENGINEERING-SOLUTIONS</b>	Telecommunications infrastructure	NTT Group engineering	Access engineering	31.2	61.0	35.3	113%	67.5	111%	34.0	96%	70.0	104%
			Network engineering	10.6	19.2	9.2	86%	17.8	93%	9.5	103%	18.5	103%
			Mobile engineering	31.5	65.2	39.4	125%	74.0	114%	35.0	89%	66.5	90%
		Sub-total	73.4	145.4	84.0	114%	159.5	110%	78.5	93%	155.0	97%	
		Non-NTT telecom engineering	19.9	40.9	20.6	103%	43.9	107%	22.0	106%	50.0	114%	
		Sub-total	93.3	186.3	104.6	112%	203.5	109%	100.5	96%	205.0	101%	
		Environmental and social infrastructure	10.4	20.4	10.1	97%	21.8	107%	12.5	123%	24.5	112%	
	Sub-total	103.8	206.8	114.8	111%	225.3	109%	113.0	98%	229.5	102%		
<b>SYSTEM-SOLUTIONS</b>				5.3	10.3	6.7	127%	13.1	127%	6.0	88%	13.5	103%
<b>TOTAL</b>				109.2	217.2	121.6	111%	238.5	110%	119.0	98%	243.0	102%
(NTT DoCoMo-related construction)				(36.8)	(74.7)	(45.7)	( 124% )	(85.6)	( 115% )	(40.5)	( 89% )	(77.5)	( 91% )

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

## 2.Non-consolidated Figures

### (3) Net Sales Results (Previous segments)

(¥bn)

			FY 2005		FY 2006					
			Interim	Full year	Interim		Full year			
			A	B	Actual C	YOY C/A	Feb. 2007 forecast D	Actual E	YOY E/B	Forecast accuracy E/D
<b>ENGINEERING-SOLUTIONS</b>	NTT-related telecoms facilities and equipment engineering	Cable engineering	22.6	52.0	26.2	116%	59.0	58.5	113%	99%
		Civil engineering	4.2	11.3	5.7	134%	11.0	11.3	100%	103%
		Telecoms network engineering	9.2	19.2	7.6	83%	16.5	17.3	90%	105%
		Mobile communications engineering	24.6	58.7	33.8	137%	69.5	71.7	122%	103%
		<b>Total</b>	<b>60.7</b>	<b>141.3</b>	<b>73.5</b>	<b>121%</b>	<b>156.0</b>	<b>159.0</b>	<b>113%</b>	<b>102%</b>
	Non-NTT telecoms, electrical facilities and civil engineering	Telecoms facilities and equipment engineering	7.4	23.2	9.7	131%	30.0	31.6	136%	105%
		Electrical facilities engineering	2.9	9.2	2.4	83%	10.0	10.6	115%	106%
		Civil engineering	2.7	10.6	2.5	94%	9.0	7.0	66%	79%
	<b>Total</b>	<b>13.0</b>	<b>43.1</b>	<b>14.7</b>	<b>113%</b>	<b>49.0</b>	<b>49.3</b>	<b>114%</b>	<b>101%</b>	
	<b>IT-SOLUTIONS</b>			<b>10.6</b>	<b>27.5</b>	<b>11.0</b>	<b>104%</b>	<b>26.0</b>	<b>25.5</b>	<b>93%</b>
<b>ECO-SOLUTIONS</b>			<b>1.3</b>	<b>4.3</b>	<b>0.8</b>	<b>65%</b>	<b>4.0</b>	<b>4.8</b>	<b>111%</b>	<b>120%</b>
<b>TOTAL</b>			<b>85.8</b>	<b>216.3</b>	<b>100.1</b>	<b>117%</b>	<b>235.0</b>	<b>238.7</b>	<b>110%</b>	<b>102%</b>
(NTT DoCoMo-related construction)			<b>(30.3)</b>	<b>(74.4)</b>	<b>(42.0)</b>	<b>( 138% )</b>	<b>(84.5)</b>	<b>(88.3)</b>	<b>( 119% )</b>	<b>( 105% )</b>

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

## 2.Non-consolidated Figures

### (3) Net Sales Forecast (New segments)

				FY 2005		FY 2006				FY 2007			
				Interim	Full year	Interim		Full year		Interim		Full year	
				A	B	Actual C	YOY C/A	Actual D	YOY E/B	Forecast E	YOY E/C	Forecast F	YOY F/E
<b>ENGINEERING-SOLUTIONS</b>	Telecommunications infrastructure	NTT Group engineering	Access engineering	25.4	58.9	28.2	111%	64.4	109%	31.5	111%	70.0	109%
			Network engineering	9.2	19.2	7.6	83%	17.3	90%	9.5	124%	19.0	109%
			Mobile engineering	26.0	63.2	37.5	144%	77.2	122%	32.5	86%	69.0	89%
		Sub-total	60.7	141.3	73.5	121%	159.0	113%	73.5	100%	158.0	99%	
		Non-NTT telecom engineering	13.6	39.5	15.1	111%	43.8	111%	19.0	125%	47.5	108%	
		Sub-total	74.3	180.9	88.6	119%	202.9	112%	92.5	104%	205.5	101%	
		Environmental and social infrastructure	6.9	24.1	5.8	84%	22.5	93%	8.0	137%	23.0	102%	
	Sub-total	81.3	205.1	94.5	116%	225.4	110%	100.5	106%	228.5	101%		
<b>SYSTEM-SOLUTIONS</b>				4.4	11.1	5.6	127%	13.2	119%	6.0	106%	13.5	102%
<b>TOTAL</b>				85.8	216.3	100.1	117%	238.7	110%	106.5	106%	242.0	101%
(NTT DoCoMo-related construction)				(30.3)	(74.4)	(42.0)	( 138% )	(88.3)	( 119% )	(37.5)	( 89% )	(79.5)	( 90% )

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

### 3.Mid-Term Management plan (FY 2007-FY 2009)

#### (1) Outline

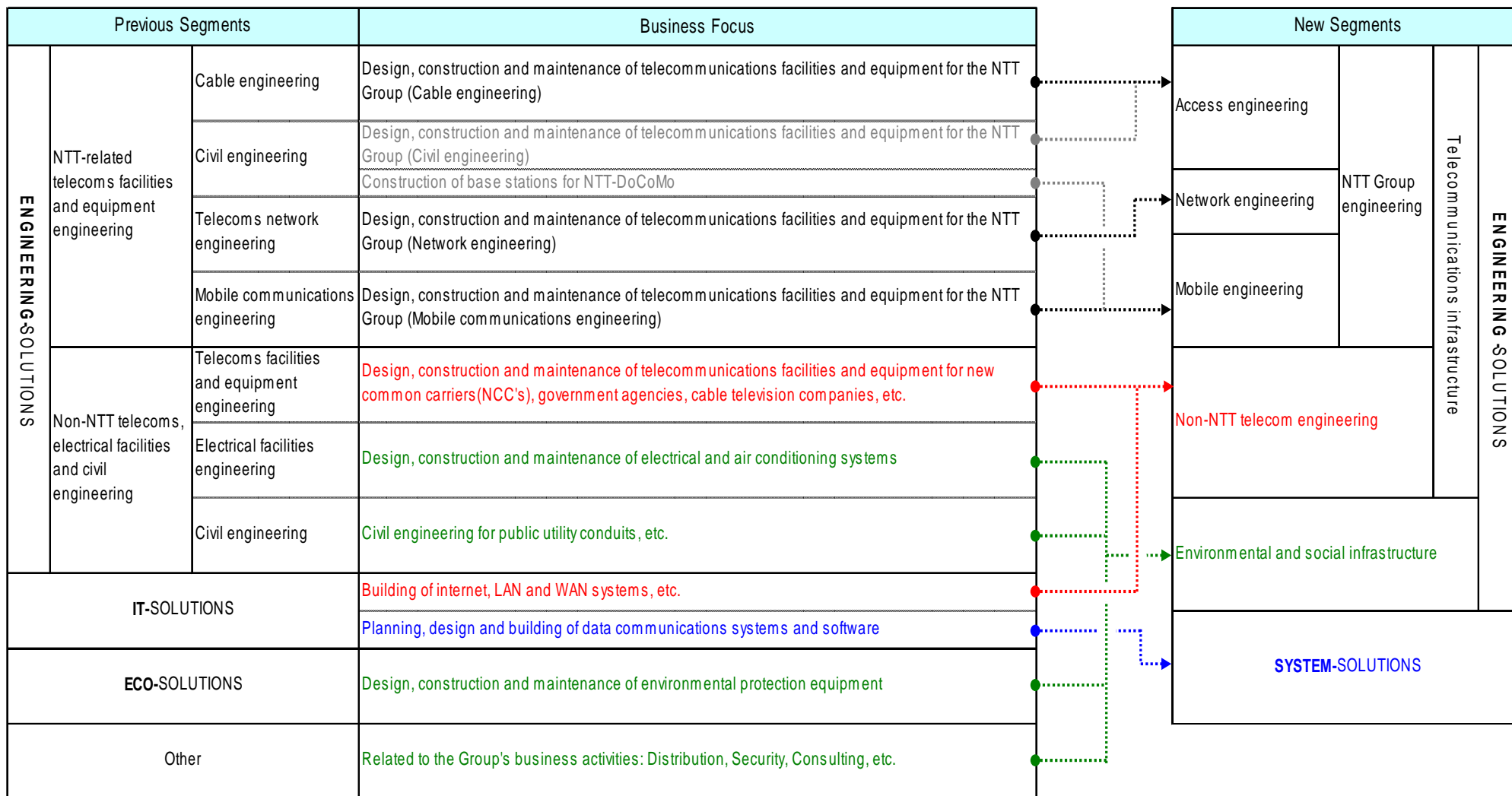
	FY 2006	FY 2007		FY 2009	
	A	Forecast B	vs FY 2006 B/A	Planned C	vs FY 2006 C/A
Orders received	305.6	312.0	102%	360.0	118%
Net sales	303.5	310.0	102%	350.0	115%
Gross profit	(13.3%) 40.2	(13.0%) 40.2	100%	(12.6%) 44.2	110%
Selling, general and administrative expenses	(6.4%) 19.7	(6.4%) 19.7	100%	(5.6%) 19.7	100%
Operating income	(6.7%) 20.4	(6.6%) 20.5	100%	(7.0%) 24.5	120%
Ordinary income	(7.0%) 21.1	(6.9%) 21.3	101%	(7.1%) 25.0	118%
Net income	(3.6%) 11.0	(3.9%) 12.0	109%	(4.0%) 14.0	127%
Earnings Per Share	100 yen	109 yen	109%	130 yen	130%

(¥bn)

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

### 3.Mid-Term Management plan (FY 2007-FY 2009)

#### (2) Segment Reorganization



## 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.

Kyowa Exeo Corporation

3-29-20 Shibuya, Shibuya-ku,  
Tokyo 150-0002 JAPAN

E-mail: [exeo.ir@en2.exeo.co.jp](mailto:exeo.ir@en2.exeo.co.jp)

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

TEL: (81)3-5778-1073

FAX: (81)3-5778-1228