

Consolidated Semi-Annual Financial Statements

For The Six Months Ended September 30, 2002

KYOWA EXEO CORPORATION

Code No. : 1951
 URL : http://www.exeo.co.jp
 Stock Exchange Listed : Tokyo and Osaka Stock Exchange-First Section
 Corporate Headquarters : 29-20, Shibuya 3-chome, Shibuya-ku, Tokyo Japan
 Representative : Shunji Kaibuchi, President
 Investor Relations : Sadao Ikeda, Director, General Manager,
 Finance & Accounts Division /Tel (03) 5778-1106
 Date of the meeting of the Board of Directors for approval
 of consolidated semi-annual financial statements : November 15, 2002
 Adoption of U.S.GAAP : None

1. Consolidated Financial Results for the Six Months Ended September 30, 2002 (April 1, 2002-September 30, 2002)

(1) Consolidated Results of Operations (Millions of yen, except per share amounts)

| | Sales | | Operating Income | | Ordinary Income | |
|-------------------------------------|---------|---------|------------------|---------|-----------------|---------|
| Six months ended September 30, 2002 | 73,622 | (10.5)% | 178 | (91.5)% | 356 | (85.6)% |
| Six months ended September 30, 2001 | 82,242 | 9.7 % | 2,101 | 7.2 % | 2,475 | 21.4 % |
| Year ended March 31, 2002 | 203,336 | | 8,308 | | 9,062 | |

| | Net Income | | Net Income per Share | | Diluted Net Income Per Share Return on Equity | |
|-------------------------------------|------------|---------|----------------------|--|--|--|
| Six months ended September 30, 2002 | 107 | (90.9)% | 0.93 yen | | - yen | |
| Six months ended September 30, 2001 | 1,174 | 35.5 % | 10.01 yen | | 8.87 yen | |
| Year ended March 31, 2002 | 2,989 | | 25.56 yen | | 22.52 yen | |

Notes : 1. Equity in earnings (losses) of affiliates : For the six months ended September 30, 2002 : - million yen
 For the six months ended September 30, 2001 : - million yen
 For the fiscal year ended March 31, 2002 : - million yen
 2. Weighted average number of shares outstanding : For the six months ended September 30, 2002 : 115,012,039 shares
 For the six months ended September 30, 2001 : 117,343,631 shares
 For the fiscal year ended March 31, 2002 : 116,987,821 shares
 3. Change in accounting policy : None
 4. Percentages above represent semi-annual changes over the preceding period unless otherwise stated.

(2) Consolidated Financial Positions (Millions of yen, except per share amounts)

| | Total Assets | Shareholders' Equity | Ratio of Shareholders' Equity to Total Assets | Shareholders' Equity per Share |
|--------------------|--------------|----------------------|---|--------------------------------|
| September 30, 2002 | 125,896 | 60,221 | 47.8 % | 533.08 yen |
| September 30, 2001 | 145,982 | 62,428 | 42.8 % | 531.94 yen |
| March 31, 2002 | 136,575 | 63,314 | 46.4 % | 544.69 yen |

Notes : Number of shares outstanding at end of period : September 30, 2002 : 112,970,377 shares
 September 30, 2001 : 117,358,702 shares
 March 31, 2002 : 116,239,154 shares

(3) Consolidated Cash Flows (Millions of yen)

| | Cash Flows from Operating Activities | Cash Flows from Investing Activities | Cash Flows from Financing Activities | Cash and Cash Equivalents, End of Period |
|-------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Six months ended September 30, 2002 | 6,592 | (1,106) | (3,431) | 21,870 |
| Six months ended September 30, 2001 | 6,229 | (87) | (2,256) | 30,728 |
| Year Ended March 31, 2002 | 6,886 | (357) | (14,035) | 19,325 |

(4) Number of Consolidated Subsidiaries and Companies Accounted for Using the Equity Method

The number of consolidated subsidiaries : 24
 The number of unconsolidated subsidiaries accounted for using the equity method : -
 The number of affiliated accounted for using the equity method : -

(5) Change of Reporting Entities

The number of consolidated companies added : 3 The number of consolidated companies removed : -
 The number of companies on the equity method added : - The number of companies on the equity method removed : -

2. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2003 (April 1, 2002-March 31, 2003)

(Millions of yen, except per share amounts)

| | Sales | Ordinary Income | Net Income |
|----------------------------|---------|-----------------|------------|
| Year Ending March 31, 2003 | 193,000 | 6,000 | 2,600 |

(Reference) Expected Net Income per Share : 23.01 yen

Consolidated Balance Sheets (1)

September 30, 2001 and 2002, and March 31, 2002

(Millions of yen)

| | September 30, 2001 | September 30, 2002 | Increase (Decrease) | March 31, 2001 |
|--|-----------------------|-----------------------|------------------------|-------------------|
| (ASSETS) | | | | |
| I Current assets | ¥102,198 | ¥85,525 | ¥(16,672) | ¥95,142 |
| Cash and bank deposits | 19,027 | 15,969 | (3,057) | 14,118 |
| Notes and accounts receivable, trade | 33,809 | 28,711 | (5,097) | 52,652 |
| Marketable securities | 11,995 | 7,588 | (4,407) | 5,696 |
| Contracts in process | 33,546 | 30,004 | (3,541) | 20,309 |
| Deferred tax assets –current | 1,438 | 867 | (571) | 679 |
| Other | 2,516 | 2,398 | (117) | 1,786 |
| Allowance for doubtful accounts | (135) | (13) | 121 | (99) |
| II Fixed assets | 43,784 | 40,370 | (3,413) | 41,432 |
| Property and equipment | 27,470 | 26,724 | (745) | 26,974 |
| Buildings and structures | 18,386 | 18,473 | 86 | 18,388 |
| Machinery, vehicles, tools and equipment | 8,471 | 7,497 | (974) | 7,654 |
| Land | 15,275 | 15,271 | (4) | 15,271 |
| Construction in progress | - | 6 | 6 | - |
| Accumulated depreciation | (14,663) | (14,524) | 139 | (14,339) |
| Intangible fixed assets | 3,125 | 2,389 | (735) | 2,711 |
| Software | 2,809 | 2,003 | (806) | 2,399 |
| Other | 315 | 386 | 70 | 311 |
| Investments and other | 13,188 | 11,256 | (1,932) | 11,746 |
| Investment securities | 5,396 | 4,683 | (712) | 5,082 |
| Deferred tax assets-non-current | 4,601 | 4,106 | (494) | 4,131 |
| Other | 3,507 | 2,802 | (705) | 2,788 |
| Allowance for doubtful accounts | (316) | (336) | (19) | (256) |
| TOTAL ASSETS | ¥145,982 | ¥125,896 | ¥(20,085) | ¥136,575 |

Consolidated Balance Sheets (2)

September 30, 2001 and 2002, and March 31, 2002

(Millions of yen)

| | September 30, 2001 | September 30, 2002 | Increase (Decrease) | March 31, 2002 |
|---|-----------------------|-----------------------|------------------------|-------------------|
| (LIABILITIES) | | | | |
| I Current liabilities | ¥45,793 | ¥27,413 | ¥(18,380) | ¥35,707 |
| Notes and accounts payable, trade | 17,793 | 15,366 | (2,427) | 22,836 |
| Current portion of convertible bonds | 10,000 | - | (10,000) | - |
| Income taxes payable | 1,461 | 248 | (1,212) | 1,424 |
| Advances received on contracts in process | 10,569 | 8,731 | (1,838) | 6,127 |
| Allowance for compensation for construction damages | 141 | 124 | (17) | 130 |
| Other | 5,826 | 2,941 | (2,885) | 5,188 |
| II Long-term liabilities | 36,653 | 37,599 | 946 | 36,685 |
| Bonds | 14,600 | 14,100 | (500) | 14,100 |
| Convertible bonds | 14,664 | 14,664 | - | 14,664 |
| Deferred tax liabilities-non-current | 131 | 110 | (20) | 110 |
| Accrued pension and severance cost | 5,043 | 6,208 | 1,165 | 5,577 |
| Allowance for retirement benefits for directors and corporate auditors | 570 | 404 | (166) | 602 |
| Negative consolidation goodwill | 1,616 | 2,098 | 481 | 1,615 |
| Other | 27 | 14 | (13) | 14 |
| TOTAL LIABILITIES | 82,447 | 65,012 | (17,434) | 72,392 |
| MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES | 1,107 | 661 | (445) | 868 |
| (SHAREHOLDERS' EQUITY) | | | | |
| I Common stock | 6,888 | 6,888 | - | 6,888 |
| I Capital surplus | 5,761 | 5,761 | - | 5,761 |
| III Earned surplus | 50,098 | 50,645 | 546 | 51,914 |
| IV Net unrealized gains on securities | 241 | 252 | 10 | 209 |
| V Treasury stock | (562) | (3,325) | (2,762) | (1,459) |
| TOTAL SHAREHOLDERS' EQUITY | 62,428 | 60,221 | (2,206) | 63,314 |
| TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY | ¥145,982 | ¥125,896 | ¥(20,085) | ¥136,575 |

- Notes : 1. All amounts less than one million yen have been disregarded.
2. Liability for guarantee 2,646million yen
(including 1,276 million yen to be guaranteed by other companies)

Consolidated Statements of Income

Six Months Ended September 30, 2001 and 2002, and Year Ended March 31, 2002

(Millions of yen)

| | Six months ended September 30, 2001 | Six months ended September 30, 2002 | Increase (Decrease) | Year ended March 31, 2002 |
|--|---|---|------------------------|---------------------------------|
| I Net sales | ¥82,242 | ¥73,622 | ¥(8,620) | ¥203,336 |
| I I Cost of sales | 71,642 | 65,861 | (5,781) | 178,691 |
| Gross income | 10,600 | 7,761 | (2,839) | 24,645 |
| I I Selling, general and administrative expenses | 8,499 | 7,582 | (916) | 16,336 |
| Operating income | 2,101 | 178 | (1,922) | 8,308 |
| I V Non-operating income | 919 | 598 | (321) | 1,762 |
| Interest income | 19 | 16 | (3) | 42 |
| Dividends income | 97 | 60 | (36) | 146 |
| Commission income | - | 84 | 84 | 250 |
| Amortization of consolidation goodwill | 218 | 258 | 40 | 593 |
| Other, net | 584 | 178 | (406) | 729 |
| V Non-operating expenses | 545 | 420 | (125) | 1,008 |
| Interest expenses | 281 | 234 | (46) | 584 |
| Foreign currency exchange losses | 67 | 94 | 27 | - |
| Losses on devaluation of investment in memberships | 54 | - | (54) | - |
| Other, net | 141 | 91 | (50) | 423 |
| Ordinary income | 2,475 | 356 | (2,118) | 9,062 |
| VI Special income | - | 292 | 292 | - |
| Gains on sales of investment securities | - | 181 | 181 | - |
| Gains on sales of fixed assets | - | 111 | 111 | - |
| VII Special losses | 286 | 562 | 276 | 3,112 |
| Losses on devaluation of investment securities | 286 | 289 | 3 | 487 |
| Losses on compensation for construction | - | 167 | 167 | - |
| Special retirement benefit | - | 105 | 105 | 1,635 |
| Other, net | - | - | - | 989 |
| Income before income taxes and minority interests | 2,189 | 87 | (2,101) | 5,949 |
| Income taxes – current | 975 | (1) | (977) | 1,898 |
| Income taxes – deferred | - | - | - | 1,013 |
| Minority interests | 38 | (18) | (56) | 47 |
| Net income | ¥1,174 | ¥107 | ¥(1,067) | ¥2,989 |

Notes : All amounts less than one million yen have been disregarded.

Consolidated Statements of Retained Earnings

Six Months Ended September 30, 2001 and 2002, and Year Ended March 31, 2002

(Millions of yen)

| | Six months ended September 30, 2001 | Six months ended September 30, 2002 | Increase (Decrease) | Year ended March 31, 2002 |
|--------------------------------|---|---|------------------------|---------------------------------|
| (Capital surplus) | | | | |
| I Balance, beginning of year | ¥4,321 | ¥5,761 | ¥1,439 | ¥4,321 |
| II Increase in Capital surplus | 1,439 | - | (1,439) | 1,439 |
| Increase due to merger | 1,439 | - | (1,439) | 1,439 |
| III Balance, end of period | 5,761 | 5,761 | - | 5,761 |
| (Earned surplus) | | | | |
| I Balance, beginning of year | 45,319 | 51,914 | 6,595 | 45,319 |
| II Increase in Earned surplus | 6,075 | 107 | (5,968) | 7,891 |
| Net income | 1,174 | 107 | (1,067) | 2,989 |
| Increase due to merger | 4,901 | - | (4,901) | 4,901 |
| III Decrease in Earned surplus | 1,296 | 1,376 | 80 | 1,296 |
| Cash dividends | 1,170 | 1,278 | 108 | 1,170 |
| Directors' bonuses | 125 | 97 | (27) | 125 |
| IV Balance, end of period | ¥50,098 | ¥50,645 | ¥546 | ¥51,914 |

Notes : All amounts less than one million yen have been disregarded.

Consolidated Statements of Cash Flows

Six Months Ended September 30, 2001 and 2002, and Year Ended March 31, 2002

(Millions of yen)

| | Six months ended September 30, 2001 | Six months ended September 30, 2002 | Increase (Decrease) | Year ended March 31, 2001 |
|--|---|---|------------------------|---------------------------------|
| I Cash flows from operating activities: | | | | |
| Income before income taxes and minority interests | ¥2,189 | ¥87 | ¥(2,101) | ¥5,949 |
| Depreciation and amortization | 1,099 | 1,068 | (30) | 2,221 |
| Amortization of consolidation goodwill | (218) | (258) | (40) | (593) |
| Gains on sales of investment securities | - | (181) | (181) | - |
| Gains on sales of fixed assets | - | (111) | (111) | - |
| Losses on devaluation of investment securities | - | 289 | 289 | 487 |
| Losses on compensation for construction | - | 167 | 167 | - |
| Special retirement benefits | - | 105 | 105 | 1,635 |
| Changes in other operating assets | - | (192) | (192) | 1,499 |
| Changes in other operating liabilities | - | (2,620) | (2,620) | (3,158) |
| Changes in allowance for doubtful accounts | 52 | (5) | (57) | (43) |
| Changes in accrued pension and severance cost | 373 | 540 | 167 | 907 |
| Interest and dividends income | (116) | (76) | 40 | (189) |
| Interest expenses | 281 | 234 | (46) | 584 |
| Changes in notes and accounts receivable, trade | 29,400 | 24,641 | (4,758) | 10,082 |
| Changes in contracts in process | (12,561) | (9,127) | 3,433 | 943 |
| Decrease in accounts payable, trade | (12,552) | (8,239) | 4,313 | (7,509) |
| Changes in advances received on contracts in process | 4,261 | 2,235 | (2,025) | (181) |
| Other, net | (2,292) | (53) | 2,238 | 402 |
| Sub-total | 9,916 | 8,504 | (1,411) | 13,039 |
| Interest and dividends received | 118 | 75 | (42) | 193 |
| Interest expenses paid | (320) | (307) | 13 | (582) |
| Income taxes paid | (3,484) | (1,350) | 2,133 | (4,225) |
| Special retirement benefits paid | - | (172) | (172) | (1,538) |
| Losses on compensation for construction paid | - | (156) | (156) | - |
| Net cash provided by operating activities | 6,229 | 6,592 | 363 | 6,886 |
| II Cash flows from investing activities: | | | | |
| Proceeds from time deposits | 169 | 161 | (7) | 173 |
| Payments for purchases of marketable securities | - | (1,199) | (1,199) | (500) |
| Proceeds from sales of marketable securities | - | - | - | 290 |
| Payments for purchases of property and equipment | (365) | (226) | 139 | (721) |
| Proceeds from sales of property and equipment | - | 124 | 124 | 89 |
| Payments for purchases of intangible fixed assets and other investments | - | (100) | (100) | (99) |
| Payments for purchases of investment securities | (356) | (46) | 309 | (408) |
| Proceeds from sales of investment securities | 563 | 64 | (498) | 713 |
| Payments for purchases of subsidiary stock due to changing scope of consolidation | - | (8) | (8) | - |
| Proceeds from purchases of subsidiary stock due to changing scope of consolidation | 51 | - | (51) | 51 |
| Payment for loans | - | (46) | (46) | (265) |
| Settlement of loans | - | 173 | 173 | 207 |
| Other, net | (149) | (2) | 147 | 111 |
| Net cash used in investing activities | (87) | (1,106) | (1,019) | (357) |
| III Cash flows from financing activities: | | | | |
| Net change in short-term borrowings | (830) | (232) | 598 | (1,097) |
| Payments of long-term debt | (249) | (52) | 196 | (334) |
| Proceeds from common stock by a subsidiary | 24 | - | (24) | 24 |
| Proceeds from sales of the parent company's stock owned by a subsidiary | 35 | - | (35) | 35 |
| Proceeds from sales of treasury stock owned by the merged company | 55 | - | (55) | 55 |
| Payments for redemption of bonds | - | - | - | (10,531) |
| Payments for purchases of treasury stock | (0) | (1,865) | (1,865) | (940) |
| Proceeds from sales of treasury stock | - | - | - | 44 |
| Cash dividends paid | (1,170) | (1,278) | (108) | (1,170) |
| Cash dividends paid to minority shareholders | (11) | (1) | 9 | (11) |
| Cash delivered due to merger | (109) | - | 109 | (109) |
| Net cash used in financing activities | (2,256) | (3,431) | (1,175) | (14,035) |
| IV Effect of exchange rate changes on cash and cash equivalents | 0 | (3) | (4) | (9) |
| V Net increase (decrease) in cash and cash equivalents | 3,886 | 2,051 | (1,835) | (7,516) |
| VI Cash and cash equivalents, beginning of year | 24,053 | 19,325 | (4,727) | 24,053 |
| VII Increase in cash and cash equivalents due to inclusion of subsidiaries in consolidation | - | 367 | 367 | - |
| VIII Increase in cash and cash equivalents due to merger of non-consolidated subsidiaries | - | 126 | 126 | - |
| IX Increase in cash and cash equivalents due to merger | 2,789 | - | (2,789) | 2,789 |
| X Cash and cash equivalents, end of period | ¥30,728 | ¥21,870 | ¥(8,857) | ¥19,325 |

Notes : All amounts less than one million yen have been disregarded.

Non-consolidated Semi-Annual Financial Statements

For the Six Months Ended September 30, 2002

KYOWA EXEO CORPORATION

Code No. : 1951
 URL : http://www.exeo.co.jp
 Stock Exchange Listed : Tokyo and Osaka Stock Exchange-First Section
 Corporate Headquarters : 29-20, Shibuya 3-chome, Shibuya-ku, Tokyo Japan
 Representative : Shunji Kaibuchi, President
 Investor Relations : Sadao Ikeda, Director, General Manager,
 Finance & Accounts Division /Tel (03) 5778-1106
 Date of the meeting of the Board of Directors for approval
 of non-consolidated semi-annual financial statements : November 15, 2002
 Interim Dividends Plan : Yes
 Date of Interim Dividends : December 6, 2002
 Trading unit share plan : Yes (1,000 shares per trading unit share)

1. Non-consolidated Financial Results for the Six Months Ended September 30, 2002 (April 1, 2002-September 30, 2002)

(1) Non-consolidated Results of Operations

(Millions of yen, except per share amounts)

| | Sales | Operating Income | Ordinary Income |
|-------------------------------------|----------------|------------------|-----------------|
| Six months ended September 30, 2002 | 69,512 (11.0)% | 409 (80.5)% | 313 (85.4)% |
| Six months ended September 30, 2001 | 78,085 8.7 % | 2,095 10.7 % | 2,150 16.4 % |
| Year ended March 31, 2002 | 190,687 | 7,207 | 7,265 |

| | Net Income | Net Income per Share |
|-------------------------------------|--------------|----------------------|
| Six months ended September 30, 2002 | 29 (97.2)% | 0.26 yen |
| Six months ended September 30, 2001 | 1,032 21.2 % | 8.80 yen |
| Year Ended March 31, 2002 | 2,330 | 19.92 yen |

Notes : 1. Weighted average number of shares outstanding : For the six months ended September 30, 2002 : 115,012,039 shares
 For the six months ended September 30, 2001 : 117,358,781 shares
 For the fiscal year ended March 31, 2002 : 116,995,978 shares
 2. Change in accounting policy : None
 3. Percentages above represent semi-annual changes over the preceding period unless otherwise stated.

(2) Dividends

(yen)

| | Interim Dividends per Share | Total Dividends per Share |
|-------------------------------------|-----------------------------|---------------------------|
| Six months ended September 30, 2002 | 5.00 | - |
| Six months ended September 30, 2001 | 0.00 | - |
| Year ended March 31, 2002 | - | 11.00 |

(3) Non-consolidated Financial Positions

(Millions of yen, except per share amounts)

| | Total Assets | Shareholders' Equity | Ratio of Shareholders' Equity to Total Assets | Shareholders' Equity per Share |
|--------------------|--------------|----------------------|---|--------------------------------|
| September 30, 2002 | 118,313 | 56,570 | 47.8 % | 500.75 yen |
| September 30, 2001 | 136,744 | 59,329 | 43.4 % | 505.54 yen |
| March 31, 2002 | 129,940 | 59,685 | 45.9 % | 513.47 yen |

Notes : 1. Number of shares outstanding at end of period : September 30, 2002 : 112,970,377 shares
 September 30, 2001 : 117,358,702 shares
 March 31, 2002 : 116,239,154 shares
 2. Number of treasury stock : September 30, 2002 : 4,842,042 shares
 September 30, 2001 : 453,717 shares
 March 31, 2002 : 1,573,265 shares

2. Non-Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2003 (April 1, 2002-March 31, 2003)

(Millions of yen, except per share amounts)

| | Sales | Ordinary Income | Net Income | Total Dividends per Share | |
|----------------------------|---------|-----------------|------------|------------------------------|-----------|
| | | | | Year-End Dividends per Share | |
| Year ending March 31, 2003 | 183,000 | 5,200 | 2,200 | 6.00 yen | 11.00 yen |

(Reference) Expected Net Income per Share : 19.47 yen

Balance Sheets (1)

September 30, 2001 and 2002, and March 31, 2002

(Millions of yen)

| | September 30, 2001 | September 30, 2002 | Increase (Decrease) | March 31, 2002 |
|---------------------------------|-----------------------|-----------------------|------------------------|-------------------|
| (ASSETS) | | | | |
| I Current assets | ¥97,847 | ¥82,525 | ¥(15,322) | ¥93,157 |
| Cash and bank deposits | 18,526 | 15,309 | (3,216) | 13,761 |
| Notes receivable | 1,878 | 2,004 | 126 | 2,535 |
| Accounts receivable, trade | 30,984 | 25,731 | (5,252) | 47,098 |
| Marketable securities | 11,995 | 7,583 | (4,412) | 5,691 |
| Contracts in process | 28,013 | 26,070 | (1,942) | 18,239 |
| Deferred tax assets –current | 1,189 | 587 | (602) | 585 |
| Other | 5,402 | 5,372 | (30) | 5,468 |
| Allowance for doubtful accounts | (142) | (133) | 9 | (223) |
| II Fixed assets | 38,896 | 35,787 | (3,109) | 36,783 |
| Property and equipment | 23,647 | 22,982 | (665) | 23,242 |
| Buildings and structures | 16,065 | 16,139 | 73 | 16,101 |
| Machinery and vehicles | 2,121 | 1,495 | (626) | 1,763 |
| Tools and equipment | 3,856 | 3,603 | (253) | 3,543 |
| Land | 13,316 | 13,306 | (9) | 13,316 |
| Accumulated depreciation | (11,713) | (11,563) | 150 | (11,482) |
| Intangible fixed assets | 3,031 | 2,291 | (740) | 2,617 |
| Software | 2,804 | 1,990 | (813) | 2,390 |
| Other | 227 | 301 | 73 | 227 |
| Investments and other | 12,217 | 10,513 | (1,703) | 10,923 |
| Investment securities | 5,887 | 5,334 | (553) | 5,612 |
| Deferred tax assets-non-current | 4,122 | 3,613 | (509) | 3,654 |
| Other | 2,935 | 2,226 | (709) | 2,245 |
| Allowance for doubtful accounts | (729) | (660) | 69 | (588) |
| TOTAL ASSETS | ¥136,744 | ¥118,313 | ¥(18,431) | ¥129,940 |

Balance Sheets (2)

September 30, 2001 and 2002, and March 31, 2002

(Millions of yen)

| | September 30, 2001 | September 30, 2002 | Increase (Decrease) | March 31, 2001 |
|---|-----------------------|-----------------------|------------------------|-------------------|
| (LIABILITIES) | | | | |
| I Current liabilities | ¥43,881 | ¥27,673 | ¥(16,208) | ¥36,696 |
| Notes payable | 326 | 262 | (63) | 302 |
| Accounts payable, trade | 18,204 | 15,619 | (2,584) | 24,261 |
| Current portion of convertible bonds | 10,000 | - | (10,000) | - |
| Income taxes payable | 1,123 | 81 | (1,042) | 662 |
| Advances received on contracts in process | 8,204 | 8,026 | (178) | 5,598 |
| Allowance for compensation for construction damages | 140 | 121 | (19) | 127 |
| Other | 5,882 | 3,563 | (2,319) | 5,744 |
| II Long-term liabilities | 33,533 | 34,069 | 535 | 33,558 |
| Bonds | 14,600 | 14,100 | (500) | 14,100 |
| Convertible bonds | 14,664 | 14,664 | - | 14,664 |
| Accrued pension and severance cost | 3,964 | 5,047 | 1,082 | 4,450 |
| Allowance for retirement benefits to directors and corporate auditors | 300 | 257 | (43) | 339 |
| Other | 4 | 1 | (3) | 3 |
| TOTAL LIABILITIES | 77,415 | 61,742 | (15,672) | 70,255 |
| (SHAREHOLDERS' EQUITY) | | | | |
| I Common stock | 6,888 | 6,888 | - | 6,888 |
| II Capital surplus | 5,761 | 5,761 | - | 5,761 |
| Additional paid-in capital | 5,761 | 5,761 | - | 5,761 |
| III Earned surplus | 47,009 | 47,003 | (5) | 48,308 |
| Legal reserve | 1,547 | 1,547 | - | 1,547 |
| Voluntary reserves | 44,482 | 44,478 | (3) | 44,482 |
| Unappropriated earnings | 980 | 978 | (2) | 2,278 |
| [including net income for the period] | [1,032] | [29] | (1,002) | [2,330] |
| V Net unrealized gains on securities | 231 | 241 | 9 | 186 |
| VI Treasury stock | (562) | (3,325) | (2,762) | (1,459) |
| TOTAL SHAREHOLDERS' EQUITY | 59,329 | 56,570 | (2,758) | 59,685 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | ¥136,744 | ¥118,313 | ¥(18,431) | ¥129,940 |

- Notes : 1. All amounts less than one million yen have been disregarded.
2. Liability for guarantee 2,637 million yen
(including 1,276 million yen to be guaranteed by other companies)

Statements of Income

Six Months Ended September 30, 2001 and 2002, and Year Ended March 31, 2002

(Millions of yen)

| | Six months ended September 30, 2001 | Six months ended September 30, 2002 | Increase (Decrease) | Year ended March 31, 2002 |
|--|---|---|------------------------|---------------------------------|
| I Net sales | ¥78,085 | ¥69,512 | ¥(8,572) | ¥190,687 |
| I Cost of sales | 68,893 | 62,462 | (6,431) | 169,382 |
| Gross income | 9,191 | 7,050 | (2,141) | 21,304 |
| III Selling, general and administrative expenses | 7,096 | 6,640 | (455) | 14,096 |
| Operating income | 2,095 | 409 | (1,685) | 7,207 |
| IV Non - operating income | 477 | 287 | (189) | 932 |
| Interest and dividends income | 157 | 90 | (67) | 231 |
| Other, net | 319 | 197 | (121) | 700 |
| V Non - operating expenses | 422 | 384 | (37) | 874 |
| Interest expenses | 286 | 234 | (52) | 563 |
| Other, net | 135 | 149 | 14 | 310 |
| Ordinary income | 2,150 | 313 | (1,837) | 7,265 |
| VI Special income | - | 292 | 292 | - |
| Gains on sales of investment securities | - | 181 | 181 | - |
| Gains on sales of fixed assets | - | 111 | 111 | - |
| VII Special losses | 279 | 550 | 270 | 2,880 |
| Losses on devaluation of investment securities | 279 | 277 | (1) | 420 |
| Losses on compensation for construction | - | 167 | 167 | - |
| Special retirement benefits | - | 105 | 105 | 1,635 |
| Losses on write-off of uncollectible accounts | - | - | - | 492 |
| Other, net | - | - | - | 330 |
| Income before income taxes | 1,870 | 55 | (1,815) | 4,385 |
| Income taxes – current | 838 | 26 | (812) | 950 |
| Income taxes – deferred | - | - | - | 1,104 |
| Net income | 1,032 | 29 | (1,002) | 2,330 |
| Retained earnings brought forward | 1,906 | 948 | (957) | 1,906 |
| Undisposed deficit succeeded due to merger | 1,958 | - | (1,958) | 1,958 |
| Unappropriated earnings | ¥980 | ¥978 | ¥(2) | ¥2,278 |

Notes : All amounts less than one million yen have been disregarded.