

# Consolidated Semi-Annual Financial Statements

For the Six Months Ended September 30, 2005

## KYOWA EXEO CORPORATION

Code No. : 1951  
 URL : http://www.exeo.co.jp  
 Stock Exchange Listed : Tokyo and Osaka Stock Exchange  
 Corporate Headquarters : 29-20, Shibuya 3-chome, Shibuya-ku, Tokyo Japan  
 Representative : Seiji Takashima, President  
 Investor Relations : Norio Koide, Director, General Manager,  
 Accounts & Finance Division /Phone (03) 5778-1106  
 Date of the meeting of the Board of Directors for approval  
 of consolidated semi-annual financial statements : November 18, 2005  
 Adoption of U.S.GAAP : No

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2005 (From April 1, 2005 to September 30, 2005)

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

	Sales		Operating Income		Ordinary Income	
Six months ended September 30, 2005	111,741	10.7 %	4,980	31.1 %	5,301	25.4 %
Six months ended September 30, 2004	100,943	23.1 %	3,799	52.5 %	4,227	50.4 %
Year ended March 31, 2005	247,687		11,988		12,377	

  

	Net Income		Net Income per Share		Diluted Net Income Per Share	
Six months ended September 30, 2005	3,562	62.6 %	32.45 yen		32.44 yen	
Six months ended September 30, 2004	2,190	35.1 %	19.71 yen		19.69 yen	
Year ended March 31, 2005	6,423		56.59 yen		56.55 yen	

Notes : 1. Equity in earnings (losses) of affiliates : For the six months ended September 30, 2005 : — million yen  
 For the six months ended September 30, 2004 : — million yen  
 For the fiscal year ended March 31, 2005 : — million yen  
 2. Weighted average number of shares outstanding : For the six months ended September 30, 2005 : 109,789,263 shares  
 For the six months ended September 30, 2004 : 111,146,475 shares  
 For the fiscal year ended March 31, 2005 : 110,528,935 shares  
 3. Change in accounting policy : No  
 4. Percentages above represent changes compared to corresponding previous semi-annual period.

(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, 2005	140,355	70,530	50.3 %	641.70 yen
September 30, 2004	134,849	63,912	47.4 %	579.57 yen
March 31, 2005	154,280	67,119	43.5 %	611.97 yen

Notes : Number of shares outstanding at end of period : September 30, 2005 : 109,912,123 shares  
 September 30, 2004 : 110,274,496 shares  
 March 31, 2005 : 109,402,753 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 at End of Period
Six months ended September 30, 2005	7,364	(2,344)	(11,119)	9,876
Six months ended September 30, 2004	2,226	(1,172)	(2,898)	20,051
Year ended March 31, 2005	4,112	(2,419)	(7,617)	15,973

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

The number of consolidated subsidiaries : 51  
 The number of unconsolidated subsidiaries accounted for using the equity method : —  
 The number of affiliated companies accounted for using the equity method : 1

(5) Change in Scope of Consolidation and Equity Method

The number of consolidated companies added : 9 The number of consolidated companies removed : 3  
 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, 2006 (From April 1, 2005 to March 31, 2006)

(Millions of yen)

	Sales	Ordinary Income	Net Income
Year ending March 31, 2006	270,000	14,000	8,000

(Reference) Expected Net Income per Share : 71.34 yen

※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.

Notes1: Fractions less than one million yen were omitted.

2: This financial information, based on our news release ("Kessan Tanshin") announced at the Tokyo and Osaka Stock Exchange on November 18, 2005, is presented solely for the convenience of users.

## Consolidated Balance Sheets (1)

September 30, 2004 and 2005, and March 31, 2005

(Millions of yen)

	September 30, 2004		<b>September 30, 2005</b>		Increase (Decrease)	March 31, 2005	
		%		%			%
<b>(ASSETS)</b>							
Current assets	¥88,072	65.3	¥87,079	62.0	¥(993)	¥105,434	68.3
Cash and bank deposits	12,510		5,297		(7,212)	9,478	
Notes and accounts receivable, trade	35,978		40,817		4,838	66,303	
Marketable securities	8,759		4,662		(4,096)	6,660	
Contracts in process	25,460		29,679		4,218	17,556	
Deferred tax assets	3,042		3,632		589	3,460	
Other	2,521		3,395		873	2,357	
Allowance for doubtful accounts	(201)		(405)		(204)	(383)	
Fixed assets	46,776	34.7	53,275	38.0	6,498	48,845	31.7
Property and equipment	34,254	25.4	37,414	26.7	3,159	35,450	23.0
Buildings and structures	11,672		12,295		623	11,517	
Machinery, vehicles, tools and equipment	2,121		2,343		221	2,083	
Land	20,460		22,773		2,312	21,848	
Construction in progress	—		1		1	—	
Intangible fixed assets	946	0.7	930	0.7	(15)	975	0.6
Investments and other assets	11,575	8.6	14,930	10.6	3,354	12,420	8.1
Investment securities	6,310		8,740		2,430	7,051	
Deferred tax assets	3,583		3,352		(230)	3,446	
Other	2,486		4,203		1,716	2,993	
Allowance for doubtful accounts	(805)		(1,366)		(561)	(1,070)	
<b>TOTAL ASSETS</b>	<b>¥134,849</b>	<b>100</b>	<b>¥140,355</b>	<b>100</b>	<b>¥5,505</b>	<b>¥154,280</b>	<b>100</b>

**Consolidated Balance Sheets (2)**  
September 30, 2004 and 2005, and March 31, 2005

(Millions of yen)

	September, 30 2004		September, 30 2005		Increase (Decrease)	March 31, 2005	
		%		%			%
(LIABILITIES)							
Current liabilities	¥45,792	34.0	¥47,257	33.7	¥1,464	¥62,359	40.4
Notes and accounts payable, trade	16,561		21,806		5,244	29,587	
Short-term borrowings	4,208		1,210		(2,998)	2,230	
Current portion of bonds	10,000		4,500		(5,500)	9,600	
Income taxes payable	1,662		2,487		824	5,006	
Advances received on contracts in process	5,465		7,696		2,231	3,720	
Allowance for bonuses payable	268		470		201	403	
Allowance for compensation for construction damages	277		385		108	402	
Allowance for losses on construction contracts	—		901		901	419	
Other	7,347		7,799		451	10,988	
Long-term liabilities	21,319	15.8	16,856	12.0	(4,462)	21,161	13.7
Bonds	4,500		—		(4,500)	4,500	
Employees' severance and retirement benefits	12,561		12,557		(4)	12,952	
Allowance for retirement benefits for directors and corporate auditors	525		610		85	562	
Allowance for losses on investment	—		303		303	238	
Deferred tax liabilities	1,319		543		(776)	1,339	
Consolidation goodwill	1,632		1,482		(150)	1,403	
Other	779		1,359		579	165	
<b>TOTAL LIABILITIES</b>	<b>67,112</b>	<b>49.8</b>	<b>64,114</b>	<b>45.7</b>	<b>(2,997)</b>	<b>83,521</b>	<b>54.1</b>
<b>MINORITY INTERESTS</b>	<b>3,825</b>	<b>2.8</b>	<b>5,709</b>	<b>4.0</b>	<b>1,884</b>	<b>3,639</b>	<b>2.4</b>
(SHAREHOLDERS' EQUITY)							
I Common stock	6,888	5.1	6,888	4.9	-	6,888	4.5
Capital surplus	5,761	4.3	5,870	4.2	109	5,761	3.7
Retained earnings	55,076	40.8	61,498	43.8	6,422	58,750	38.1
Net unrealized holding gains on securities	871	0.7	1,533	1.1	661	1,286	0.8
Treasury stock	(4,686)	(3.5)	(5,260)	(3.7)	(574)	(5,567)	(3.6)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>63,912</b>	<b>47.4</b>	<b>70,530</b>	<b>50.3</b>	<b>6,618</b>	<b>67,119</b>	<b>43.5</b>
<b>TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>	<b>¥134,849</b>	<b>100</b>	<b>¥140,355</b>	<b>100</b>	<b>¥5,505</b>	<b>¥154,280</b>	<b>100</b>

Notes : 1. Fractions less than one million yen were omitted.

2. Accumulated depreciation of property and equipment 21,075 million yen
3. Investments in non-consolidated subsidiaries and affiliated companies
- |                               |                 |                         |               |
|-------------------------------|-----------------|-------------------------|---------------|
| Investment securities (stock) | 634 million yen | Other (Amount invested) | 1 million yen |
|-------------------------------|-----------------|-------------------------|---------------|
4. Hypothecated asset
- |           |                   |
|-----------|-------------------|
| Buildings | 467 million yen   |
| Land      | 1,994 million yen |
| Total     | 2,462 million yen |
5. Contingent liability for guarantee 168 million yen
6. Notes receivable discounted 159 million yen
7. Notes receivable endorsed 11 million yen

## Consolidated Statements of Income

Six Months Ended September 30, 2004 and 2005, and Year Ended March 31, 2005

(Millions of yen)

	Six months ended September 30, 2004		Six months ended September 30, 2005		Increase (Decrease)	Year ended March 31, 2005	
	¥	%	¥	%		¥	%
Net sales	¥100,943	100	¥111,741	100	¥10,797	¥247,687	100
Cost of sales	87,999	87.2	97,028	86.8	9,028	216,723	87.5
Gross income	12,943	12.8	14,712	13.2	1,768	30,964	12.5
Selling, general and administrative expenses	9,143	9.0	9,731	8.7	588	18,975	7.7
Operating income	3,799	3.8	4,980	4.5	1,180	11,988	4.8
Non-operating income	814	0.8	732	0.6	(81)	1,511	0.6
Interest and dividends income	118		89		(28)	175	
Gains on sales of investment securities	—		105		105	—	
Amortization of consolidation goodwill	354		323		(31)	730	
Other	340		214		(126)	605	
Non-operating expenses	386	0.4	411	0.4	25	1,122	0.4
Interest expenses	198		140		(57)	371	
Losses on retirement of fixed assets	—		47		47	—	
Provision for losses on investment	—		65		65	—	
Losses on devaluation of investment in memberships	61		—		(61)	—	
Other	126		158		32	751	
Ordinary income	4,227	4.2	5,301	4.7	1,073	12,377	5.0
Special income	121	0.1	—	—	(121)	189	0.1
Gains on sales of property and equipment	121		—		(121)	189	
Special losses	106	0.1	223	0.2	117	514	0.2
Losses on impairment of long-lived assets	—		223		223	—	
Losses on devaluation of investment securities	106		—		(106)	106	
Losses on sales of property and equipment	—		—		—	170	
Provision for losses on investment	—		—		—	238	
Income before income taxes and minority interests	4,243	4.2	5,077	4.5	833	12,052	4.9
Income taxes – current	1,900	1.9	1,186	1.0	(713)	5,497	2.2
Income taxes – deferred	—	—	—	—	—	(258)	(0.1)
Minority interests	152	0.1	327	0.3	175	389	0.2
Net income	¥2,190	2.2	¥3,562	3.2	¥1,372	¥6,423	2.6

Notes: Fractions less than one million yen were omitted.

**Consolidated Statements of Retained Earnings**  
Six Months Ended September 30, 2004 and 2005, and Year Ended March 31, 2005

(Millions of yen)

	Six months ended September 30, 2004		Six months ended September 30, 2005		Increase (Decrease)		Year ended March 31, 2005	
(CAPITAL SURPLUS)								
Balances at beginning of period		5,761		5,761		—		5,761
Increase in capital surplus		0		109		109		—
Surplus from sales of treasury stock	0		109		109		—	
Balances at end of period		5,761		5,870		109		5,761
(RETAINED EARNINGS)								
Balances at beginning of period		53,783		58,750		4,967		53,783
Increase in retained earnings		2,190		3,562		1,372		6,423
Net income	2,190		3,562		1,372		6,423	
Decrease in retained earnings		897		814		(83)		1,456
Cash dividends paid	779		656		(123)		1,331	
Bonuses to directors	118		158		40		118	
Losses on sales of treasury stock	—		—		—		7	
Balances at end of period		55,076		61,498		6,422		58,750

Notes: Fractions less than one million yen were omitted.

## Consolidated Statements of Cash Flows

Six Months Ended September 30, 2004 and 2005, and Year Ended March 31, 2005

(Millions of yen)

	Six months ended September 30, 2004	Six months ended September 30, 2005	Increase (Decrease)	Year ended March 31, 2005
<b>Cash flows from operating activities:</b>				
Income before income taxes and minority interests	¥4,243	¥5,077	¥833	¥12,052
Depreciation and amortization	1,210	933	(276)	2,251
Losses on impairment of long-lived assets	—	223	223	—
Amortization of consolidation goodwill	(241)	(323)	(81)	(615)
Losses on devaluation of investment securities	106	—	(106)	106
Losses on sales of property and equipment	—	—	—	170
Provision for losses on investment	—	65	65	238
Gains on sales of property and equipment	(121)	—	121	(189)
Changes in other operating assets	268	(1,072)	(1,340)	60
Changes in other operating liabilities	(3,942)	(2,106)	1,836	662
Changes in allowance for doubtful accounts	(65)	15	81	382
Changes in employee's severance and retirement benefits	(203)	(873)	(670)	187
Interest and dividends income	(118)	(89)	28	(175)
Interest expenses	198	140	(57)	371
Changes in notes and accounts receivable, trade	25,448	28,236	2,788	(5,087)
Changes in contracts in process	(7,139)	(11,243)	(4,103)	703
Changes in notes and accounts payable, trade	(11,444)	(10,147)	1,297	1,580
Changes in advances received on contracts in process	366	3,551	3,185	(1,378)
Other, net	(3)	(275)	(272)	(380)
Sub-total	8,560	12,113	3,553	10,939
Interest and dividends received	133	86	(46)	188
Interest expenses paid	(197)	(165)	32	(372)
Income taxes paid	(5,677)	(4,671)	1,006	(6,017)
Special retirement benefits paid	(592)	—	592	(625)
Net cash provided by operating activities	2,226	7,364	5,138	4,112
<b>Cash flows from investing activities:</b>				
Net changes for time deposits	(24)	(417)	(393)	29
Payments for purchases of marketable securities	(999)	—	999	(999)
Proceeds from sales and redemption of marketable securities	1,009	—	(1,009)	2,009
Payments for purchases of property and equipment	(976)	(1,048)	(71)	(3,348)
Proceeds from sales of property and equipment	237	389	152	632
Payments for purchases of intangible fixed assets	(159)	(147)	12	(408)
Payments for purchases of investment securities	(109)	(1,129)	(1,019)	(409)
Proceeds from sales of investment securities	577	310	(267)	591
Payments for purchases of subsidiary stock due to changing scope of consolidation	(782)	(26)	755	(782)
Payment for loans receivable	(606)	(210)	396	(688)
Proceeds from collection of loans receivable	608	59	(549)	894
Other, net	51	(123)	(175)	58
Net cash used in investing activities	(1,172)	(2,344)	(1,171)	(2,419)
<b>Cash flows from financing activities:</b>				
Net changes in short-term borrowings	(1,098)	(1,105)	(7)	(2,908)
Proceeds from long-term borrowings	143	—	(143)	45
Payments for long-term borrowings	(238)	(99)	139	(1,177)
Payments for redemption of bonds	—	(9,600)	(9,600)	(400)
Payments for purchases of treasury stock	(833)	(97)	736	(1,897)
Proceeds from sales of treasury stock	—	514	514	—
Cash dividends paid	(779)	(657)	122	(1,331)
Cash dividends paid to minority shareholders	(93)	(73)	20	(122)
Other, net	2	—	(2)	175
Net cash used in financing activities	(2,898)	(11,119)	(8,220)	(7,617)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>3</b>	<b>2</b>	<b>(1)</b>	<b>4</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,841)</b>	<b>(6,096)</b>	<b>(4,255)</b>	<b>(5,919)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>21,893</b>	<b>15,973</b>	<b>(5,919)</b>	<b>21,893</b>
<b>VII Cash and cash equivalents at end of period</b>	<b>¥20,051</b>	<b>¥9,876</b>	<b>¥(10,174)</b>	<b>¥15,973</b>

Notes: Fractions less than one million yen were omitted.

# Non-consolidated Semi-Annual Financial Statements

For the Six Months Ended September 30, 2005

## KYOWA EXEO CORPORATION

Code No. : 1951  
 URL : http://www.exeo.co.jp  
 Stock Exchange Listed : Tokyo and Osaka Stock Exchange  
 Corporate Headquarters : 29-20, Shibuya 3-chome, Shibuya-ku, Tokyo Japan  
 Representative : Seiji Takashima, President  
 Investor Relations : Norio Koide, Director, General Manager,  
 Accounts & Finance Division /Phone (03) 5778-1106  
 Date of the meeting of the Board of Directors for approval  
 of non-consolidated semi-annual financial statements : November 18, 2005  
 Interim Dividends Plan : Yes  
 Date of Interim Dividends : December 2, 2005  
 Trading unit share plan : Yes ( 1,000 shares per trading unit share )

### 1. Non-consolidated Financial Results for the Six Months Ended September 30, 2005 (From April 1, 2005 to September 30, 2005)

(1) Non-consolidated Results of Operations

(Millions of yen, except per share amounts)

	Sales		Operating Income		Ordinary Income	
Six months ended September 30, 2005	85,840	8.8 %	3,001	3.0 %	3,063	4.8 %
Six months ended September 30, 2004	78,870	0.7 %	2,913	32.7 %	2,923	39.0 %
Year ended March 31, 2005	195,020		8,402		8,032	

	Net Income		Net Income per Share	
Six months ended September 30, 2005	1,800	19.7 %	16.40 yen	
Six months ended September 30, 2004	1,504	34.4 %	13.53 yen	
Year ended March 31, 2005	4,024		35.57 yen	

- Notes : 1. Weighted average number of shares outstanding : For the six months ended September 30, 2005 : 109,789,263 shares  
 For the six months ended September 30, 2004 : 111,147,495 shares  
 For the fiscal year ended March 31, 2005 : 110,529,508 shares  
 2. Change in accounting policy : No  
 3. Percentages above represent changes compared to corresponding previous semi-annual period.

(2) Dividends

(yen)

	Interim Dividends per Share	Total Dividends per Share
Six months ended September 30, 2005	7.00	—
Six months ended September 30, 2004	5.00	—
Year ended March 31, 2005	—	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, 2005	110,155	60,755	55.2 %	552.77 yen
September 30, 2004	106,782	57,589	53.9 %	522.24 yen
March 31, 2005	127,305	59,046	46.4 %	538.87 yen

- Notes : 1. Number of shares outstanding at end of period : September 30, 2005 : 109,912,123 shares  
 September 30, 2004 : 110,274,496 shares  
 March 31, 2005 : 109,402,753 shares  
 2. Number of treasury stock : September 30, 2005 : 7,900,296 shares  
 September 30, 2004 : 7,537,923 shares  
 March 31, 2005 : 8,409,666 shares

### 2. Non-Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2006 (From April 1, 2005 to March 31, 2006)

(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, 2006	212,000	9,000	4,600	8.00 yen	15.00 yen

(Reference) Expected Net Income per Share : 41.01yen

※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.

Notes1: Fractions less than one million yen were omitted.

2: This financial information, based on our news release ("Kessan Tanshin") announced at the Tokyo and Osaka Stock Exchange on November 18, 2005, is presented solely for the convenience of users.

**Non-Consolidated Balance Sheets (1)**

September 30, 2004 and 2005, and March 31, 2005

(Millions of yen)

	September 30, 2004		September 30, 2005		Increase (Decrease)	March 31, 2005	
		%		%			%
(ASSETS)							
Current assets	¥69,411	65.0	¥67,125	60.9	¥(2,286)	¥87,650	68.9
Cash and bank deposits	8,929		2,885		(6,043)	7,306	
Notes receivable	1,013		1,263		249	1,626	
Accounts receivable, trade	27,116		30,386		3,270	51,281	
Marketable securities	8,699		4,602		(4,096)	6,600	
Contracts in process	18,500		21,168		2,667	13,002	
Deferred tax assets	2,277		2,790		512	2,790	
Other	2,971		4,144		1,172	5,232	
Allowance for doubtful accounts	(96)		(116)		(19)	(192)	
Fixed assets	37,371	35.0	43,030	39.1	5,659	39,655	31.1
Property and equipment	22,276	20.9	24,504	22.2	2,227	23,768	18.7
Buildings and structures	8,306		8,633		327	8,252	
Machinery and vehicles	218		368		150	202	
Tools and equipment	822		984		161	938	
Land	12,928		14,474		1,545	14,376	
Construction in progress	—		41		41	—	
Intangible fixed assets	400	0.4	496	0.5	96	456	0.3
Investments and other assets	14,693	13.7	18,029	16.4	3,335	15,429	12.1
Investment securities	9,807		5,713		(4,094)	5,011	
Investment securities of affiliated companies	—		6,842		6,842	5,442	
Deferred tax assets	3,723		3,380		(343)	3,545	
Other	2,579		3,717		1,138	2,965	
Allowance for doubtful accounts	(1,417)		(1,624)		(206)	(1,535)	
<b>TOTAL ASSETS</b>	<b>¥106,782</b>	<b>100</b>	<b>¥110,155</b>	<b>100</b>	<b>¥3,373</b>	<b>¥127,305</b>	<b>100</b>

**Non-Consolidated Balance Sheets (2)**

September 30, 2004 and 2005, and March 31, 2005

(Millions of yen)

	September, 30 2004		September, 30 2005		Increase (Decrease)	March 31, 2005	
		%		%			%
(LIABILITIES)							
Current liabilities	¥38,548	36.1	¥42,611	38.7	¥4,063	¥57,231	44.9
Notes payable	168		27		(140)	83	
Accounts payable, trade	15,138		19,604		4,465	28,561	
Current portion of bonds	9,600		4,500		(5,100)	9,600	
Income taxes payable	1,216		1,560		344	3,960	
Advances received on contracts in process	4,214		5,552		1,337	3,280	
Deposit received	—		5,657		5,657	3,863	
Allowance for compensation for construction damages	270		369		98	388	
Allowance for losses on construction contracts	—		851		851	369	
Other	7,939		4,487		(3,451)	7,124	
Long-term liabilities	10,645	10.0	6,789	6.1	(3,856)	11,027	8.7
Bonds	4,500		—		(4,500)	4,500	
Employees' severance and retirement benefits	5,903		6,188		285	6,002	
Allowance for retirement benefits for directors and corporate auditors	242		297		55	287	
Allowance for losses on investment	—		303		303	238	
<b>TOTAL LIABILITIES</b>	<b>49,193</b>	<b>46.1</b>	<b>49,400</b>	<b>44.8</b>	<b>207</b>	<b>68,258</b>	<b>53.6</b>
(SHAREHOLDERS' EQUITY)							
I Common stock	6,888	6.5	6,888	6.3	—	6,888	5.4
Capital surplus	5,761	5.4	5,870	5.3	109	5,761	4.5
Additional paid-in capital	5,761		5,761		—	5,761	
Other capital surplus	0		109		109	—	
Surplus from sales of treasury stock	0		109		109	—	
Retained earnings	48,741	45.6	51,754	47.0	3,012	50,703	39.9
Legal reserve	1,547		1,547		—	1,547	
Voluntary reserves	44,475		47,172		2,697	44,475	
Unappropriated retained earnings	2,719		3,035		315	4,681	
Net unrealized holding gains on securities	883	0.8	1,501	1.4	618	1,260	1.0
Treasury stock	(4,686)	(4.4)	(5,260)	(4.8)	(574)	(5,567)	(4.4)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>57,589</b>	<b>53.9</b>	<b>60,755</b>	<b>55.2</b>	<b>3,166</b>	<b>59,046</b>	<b>46.4</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>¥106,782</b>	<b>100</b>	<b>¥110,155</b>	<b>100</b>	<b>¥3,373</b>	<b>¥127,305</b>	<b>100</b>

- Notes : 1. Fractions less than one million yen were omitted.  
2. Accumulated depreciation of property and equipment  
3. Contingent liability for guarantee

11,826 million yen  
9 million yen

## Non-Consolidated Statements of Income

Six Months Ended September 30, 2004 and 2005, and Year Ended March 31, 2005

(Millions of yen)

	Six months ended September 30, 2004		Six months ended September 30, 2005		Increase (Decrease)	Year ended March 31, 2005	
		%		%			%
Net sales	¥78,870	100	¥85,840	100	¥6,969	¥195,020	100
Cost of sales	69,557	88.2	76,205	88.8	6,647	173,283	88.9
Gross income	9,313	11.8	9,635	11.2	321	21,736	11.1
Selling, general and administrative expenses	6,400	8.1	6,633	7.7	233	13,334	6.8
Operating income	2,913	3.7	3,001	3.5	88	8,402	4.3
Non-operating income	248	0.3	344	0.4	96	474	0.2
Interest and dividends income	98		127		29	179	
Other	150		217		67	294	
Non-operating expenses	237	0.3	282	0.3	44	844	0.4
Interest expenses	160		136		(23)	316	
Other	77		145		68	527	
Ordinary income	2,923	3.7	3,063	3.6	139	8,032	4.1
Special income	100	0.1	—	—	(100)	140	0.1
Gains on sales of property and equipment	100		—		(100)	140	
Special losses	104	0.1	16	0.0	(88)	511	0.3
Losses on impairment of long-lived assets	—		16		16	—	
Losses on devaluation of investment securities	104		—		(104)	104	
Losses on sales of property and equipment	-		—		—	168	
Provision for losses on investment	—		—		—	238	
Income before income taxes	2,919	3.7	3,047	3.6	127	7,661	3.9
Income taxes – current	1,415	1.8	1,246	1.5	(168)	4,060	2.1
Income taxes – deferred	—	—	—	—	—	(423)	(0.2)
Net income	1,504	1.9	1,800	2.1	296	4,024	2.0
Retained earnings brought forward	1,215		1,234		19	1,215	
Losses on sales of treasury stock	—		—		—	7	
Interim dividends	—		—		—	551	
Unappropriated retained earnings	¥2,719		¥3,035		¥315	¥4,681	

Notes: Fractions less than one million yen were omitted.