

# Consolidated Semi-Annual Financial Statements

For the Six Months Ended September 30, 2006

## 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 14, 2006  
 Adoption of U.S.GAAP : No

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2006 (From April 1, 2006 to September 30, 2006)

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

	Sales		Operating Income		Ordinary Income	
Six months ended September 30, 2006	128,100	14.6 %	7,105	42.7 %	7,702	45.3 %
Six months ended September 30, 2005	111,741	10.7 %	4,980	31.1 %	5,301	25.4 %
Year ended March 31, 2006	278,869		14,537		15,278	

  

	Net Income		Net Income per Share		Diluted Net Income Per Share	
Six months ended September 30, 2006	4,432	24.4 %	40.34 yen		39.26 yen	
Six months ended September 30, 2005	3,562	62.6 %	32.45 yen		32.44 yen	
Year ended March 31, 2006	9,174		81.94 yen		81.82 yen	

- Notes : 1. Equity in earnings (losses) of affiliates : For the six months ended September 30, 2006 : — million yen  
 For the six months ended September 30, 2005 : — million yen  
 For the fiscal year ended March 31, 2006 : — million yen
2. Weighted average number of shares outstanding : For the six months ended September 30, 2006 : 109,879,132 shares  
 For the six months ended September 30, 2005 : 109,789,263 shares  
 For the fiscal year ended March 31, 2006 : 109,839,021 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	Net Assets	Ratio of Equity Capital to Total Assets	Net Assets per Share
September 30, 2006	162,507	84,855	48.3 %	714.96 yen
September 30, 2005	140,355	70,530	50.3 %	641.70 yen
March 31, 2006	162,640	75,575	46.5 %	686.15 yen

- Notes : 1. Number of shares outstanding at end of period : September 30, 2006 : 109,873,504 shares  
 September 30, 2005 : 109,912,123 shares  
 March 31, 2006 : 109,890,079 shares
2. The figures for September 30, 2005 and for March 31, 2006 are those of "Shareholders' Equity," "Ratio of Shareholders' Equity to Total Assets," and "Shareholders' Equity per share," as previously reported.

(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, 2006	6,635	(1,232)	8,721	22,660
Six months ended September 30, 2005	7,364	(2,344)	(11,119)	9,876
Year ended March 31, 2006	7,529	(2,858)	(12,125)	8,537

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

- The number of consolidated subsidiaries : 46  
 The number of unconsolidated subsidiaries accounted for using the equity method : —  
 The number of affiliated companies accounted for using the equity method : —

(5) Change in Scope of Consolidation and Equity Method

- The number of consolidated companies added : — The number of consolidated companies removed : 2  
 The number of companies on the equity method added : — The number of companies on the equity method removed : 1

### 2. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2007 (From April 1, 2006 to March 31, 2007)

(Millions of yen)

	Sales	Ordinary Income	Net Income
Year ending March 31, 2007	290,000	17,000	9,700

(Reference) Expected Net Income per Share : 88.28 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 14, 2006, is presented solely for the convenience of users.

**Consolidated Balance Sheets (1)**  
September 30, 2005 and 2006, and March 31, 2006

(Millions of yen)

	September 30, 2005		September 30, 2006		Increase (Decrease)	March 31, 2006	
		%		%			%
(ASSETS)							
I Current assets	¥87,079	62.0	¥109,665	67.5	¥22,585	¥110,291	67.8
Cash and bank deposits	5,297		12,646		7,348	8,532	
Notes and accounts receivable, trade	40,817		49,621		8,804	75,579	
Marketable securities	4,662		10,058		5,395	68	
Contracts in process	29,679		30,356		676	19,449	
Deferred tax assets	3,632		4,621		989	4,673	
Other	3,395		2,660		(734)	2,430	
Allowance for doubtful accounts	(405)		(300)		104	(442)	
II Fixed assets	53,275	38.0	52,842	32.5	(432)	52,348	32.2
Property and equipment	37,414	26.7	36,465	22.4	(948)	36,786	22.6
Buildings and structures	12,295		11,796		(498)	12,059	
Machinery, vehicles, tools and equipment	2,343		2,057		(285)	2,100	
Land	22,773		22,597		(175)	22,613	
Construction in progress	1		12		11	12	
Intangible fixed assets	930	0.7	1,635	1.0	704	1,060	0.7
Investments and other assets	14,930	10.6	14,741	9.1	(188)	14,501	8.9
Investment securities	8,740		8,222		(518)	8,663	
Deferred tax assets	3,352		3,530		177	3,100	
Other	4,203		4,910		707	4,747	
Allowance for doubtful accounts	(1,366)		(1,921)		(555)	(2,009)	
<b>TOTAL ASSETS</b>	<b>¥140,355</b>	<b>100</b>	<b>¥162,507</b>	<b>100</b>	<b>¥22,152</b>	<b>¥162,640</b>	<b>100</b>

**Consolidated Balance Sheets (2)**  
September 30, 2005 and 2006, and March 31, 2006

(Millions of yen)

	September, 30 2005		September, 30 2006		Increase (Decrease)	March 31, 2006	
		%		%			%
(LIABILITIES)							
I Current liabilities	¥47,257	33.7	¥49,397	30.4	¥2,139	¥65,270	40.1
Notes and accounts payable, trade	21,806		25,355		3,549	34,040	
Short-term borrowings	1,210		121		(1,089)	911	
Current portion of bonds	4,500		—		(4,500)	4,500	
Income taxes payable	2,487		3,270		783	5,515	
Advances received on contracts in process	7,696		7,304		(392)	5,153	
Allowance for bonuses payable	470		532		61	684	
Allowance for bonuses to directors	—		91		91	—	
Allowance for compensation for construction damages	385		183		(202)	116	
Allowance for losses on construction contracts	901		423		(477)	938	
Other	7,799		12,115		4,315	13,410	
II Long-term liabilities	16,856	12.0	28,255	17.4	11,399	15,603	9.6
Convertible bonds	—		15,000		15,000	—	
Employees' severance and retirement benefits	12,557		6,643		(5,913)	6,857	
Allowance for retirement benefits for directors and corporate auditors	610		751		140	698	
Allowance for losses on investment	303		324		21	322	
Deferred tax liabilities	543		355		(187)	617	
Consolidation goodwill	1,482		—		(1,482)	1,123	
Negative goodwill	—		875		875	—	
Other	1,359		4,304		2,945	5,984	
<b>TOTAL LIABILITIES</b>	<b>¥64,114</b>	<b>45.7</b>	<b>¥77,652</b>	<b>47.8</b>	<b>¥13,538</b>	<b>¥80,873</b>	<b>49.7</b>

**Consolidated Balance Sheets (3)**  
September 30, 2005 and 2006, and March 31, 2006

(Millions of yen)

	September, 30 2005		September, 30 2006		Increase (Decrease)	March 31, 2006	
MINORITY INTERESTS	5,709	4.0	—	—	(5,709)	6,191	3.8
(SHAREHOLDERS' EQUITY)							
I Common stock	6,888	4.9	—	—	(6,888)	6,888	4.2
II Capital surplus	5,870	4.2	—	—	(5,870)	5,868	3.6
III Retained earnings	61,498	43.8	—	—	(61,498)	66,340	40.8
IV Net unrealized holding gains on securities	1,533	1.1	—	—	(1,533)	1,794	1.1
V Treasury stock	(5,260)	(3.7)	—	—	5,260	(5,316)	(3.2)
TOTAL SHAREHOLDERS' EQUITY	70,530	50.3	—	—	(70,530)	75,575	46.5
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	¥140,355	100	—	—	¥(140,355)	¥162,640	100
(NET ASSETS)							
I Shareholders' equity	—	—	77,125	47.4	77,125	—	—
Common stock	—	—	6,888		6,888	—	—
Capital surplus	—	—	5,868		5,868	—	—
Retained earnings	—	—	69,715		69,715	—	—
Treasury stock	—	—	(5,346)		(5,346)	—	—
II Valuation and translation adjustments	—	—	1,428	0.9	1,428	—	—
Net unrealized holding gains on securities	—	—	1,428		1,428	—	—
III Minority interests	—	—	6,300	3.9	6,300	—	—
TOTAL NET ASSETS	—	—	84,855	52.2	84,855	—	—
TOTAL LIABILITIES AND NET ASSETS	—	—	¥162,507	100	¥162,507	—	—

- Notes :
1. Fractions less than one million yen were omitted.
  2. Accumulated depreciation of property and equipment 21,274 million yen
  3. Investments in non-consolidated subsidiaries and affiliated companies
    - Investment securities 591 million yen
  4. Hypothecated asset
    - Buildings 146 million yen
    - Land 792 million yen
    - Total 938 million yen
  5. Contingent liability for guarantee 1,044 million yen
  6. Notes receivable discounted 120 million yen
  7. Notes receivable endorsed 1 million yen
  8. The Company has accounted for notes maturing at the end of the interim period by clearing on the settling dates. The final day of the interim period was a bank holiday, so the following matured notes are included in the balance as of the interim period-end.
    - Notes receivable 124 million yen

## Consolidated Statements of Income

Six Months Ended September 30, 2005 and 2006, and Year Ended March 31, 2006

(Millions of yen)

	Six months ended September 30, 2005		Six months ended September 30, 2006		Increase (Decrease)	Year ended March 31, 2006	
	¥	%	¥	%		¥	%
I Net sales	¥111,741	100	¥128,100	100	¥16,359	¥278,869	100
II Cost of sales	97,028	86.8	110,775	86.5	13,746	244,485	87.7
Gross income	14,712	13.2	17,325	13.5	2,612	34,383	12.3
III Selling, general and administrative expenses	9,731	8.7	10,219	8.0	487	19,846	7.1
Operating income	4,980	4.5	7,105	5.5	2,124	14,537	5.2
IV Non-operating income	732	0.6	822	0.7	89	1,619	0.6
Interest and dividends income	89		124		34	213	
Reversal of allowance for doubtful accounts	—		97		97	—	
Insurance income	—		93		93	—	
Gains on sales of investment securities	105		—		(105)	209	
Amortization of consolidation goodwill	323		—		(323)	645	
Amortization of negative goodwill	—		255		255	—	
Other	214		251		36	549	
V Non-operating expenses	411	0.4	225	0.2	(186)	878	0.3
Interest expenses	140		42		(98)	193	
Losses on disposal of equipment	—		49		49	—	
Losses on retirement of fixed assets	47		—		(47)	139	
Provision for losses on investment	65		—		(65)	—	
Other	158		132		(26)	545	
Ordinary income	5,301	4.7	7,702	6.0	2,401	15,278	5.5
VI Special income	—	—	—	—	—	391	0.1
Gains on contribution of securities to retirement benefit trust	—		—		—	391	
VII Special losses	223	0.2	224	0.2	0	1,489	0.5
Expense for soil quality improvement	—		224		224	—	
Losses on impairment of long-lived assets	223		—		(223)	228	
Provision for doubtful accounts of long-term accumulated credits	—		—		—	523	
Losses on shift of retirement benefit scheme	—		—		—	737	
Income before income taxes and minority interests	5,077	4.5	7,478	5.8	2,401	14,180	5.1
Income taxes – current	1,186	1.0	2,790	2.1	1,603	6,060	2.2
Income taxes – deferred	—	—	—	—	—	(1,899)	(0.7)
Minority interests	327	0.3	255	0.2	(72)	844	0.3
Net income	¥3,562	3.2	¥4,432	3.5	¥869	¥9,174	3.3

Notes: Fractions less than one million yen were omitted.

**Consolidated Statements of Retained Earnings**  
Six Months Ended September 30, 2005, and Year Ended March 31, 2006

(Millions of yen)

	Six months ended September 30, 2005		Year ended March 31, 2006	
(CAPITAL SURPLUS)				
I Balances at beginning of period		5,761		5,761
II Increase in capital surplus		109		107
Surplus from sales of treasury stock	109		107	
III Balances at end of period		5,870		5,868
(RETAINED EARNINGS)				
I Balances at beginning of period		58,750		58,750
II Increase in retained earnings		3,562		9,174
Net income	3,562		9,174	
III Decrease in retained earnings		814		1,584
Cash dividends paid	656		1,425	
Bonuses to directors	158		158	
Difference caused by shift of interests	—		0	
IV Balances at end of period		61,498		66,340

Notes: Fractions less than one million yen were omitted.

## Consolidated Statements of Changes in Net Assets

Six Months Ended September 30, 2006 (April 1,2006-September 30,2006)

(Millions of yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance as of March 31,2006	6,888	5,868	66,340	(5,316)	73,781
Changes of items during the period					
Cash dividends from retained earnings (Note 2)			(879)		(879)
Bonuses to directors (Note 2)			(174)		(174)
Net income			4,432		4,432
Acquisition of treasury stock				(40)	(40)
Disposal of treasury stock		(0)		10	10
Decrease due to exclusion of consolidated subsidiaries			(3)		(3)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(0)	3,374	(30)	3,344
Balance as of September 30,2006	6,888	5,868	69,715	(5,346)	77,125

	Valuation and Translation Adjustments		Minority Interests	TOTAL NET ASSETS
	Net Unrealized Holding Gains on Securities	Total Valuation and Translation Adjustments		
Balance as of March 31,2006	1,794	1,794	6,191	81,766
Changes of items during the period				
Cash dividends from retained earnings (Note 2)				(879)
Bonuses to directors (Note 2)				(174)
Net income				4,432
Acquisition of treasury stock				(40)
Disposal of treasury stock				10
Decrease due to exclusion of consolidated subsidiaries				(3)
Net changes of items other than shareholders' equity	(365)	(365)	109	(255)
Total changes of items during the period	(365)	(365)	109	3,088
Balance as of September 30,2006	1,428	1,428	6,300	84,855

- Notes :
1. Fractions less than one million yen were omitted.
  2. This figure was presented to the Regular General Meeting of Shareholders, held in June 2006,as an item in appropriation of retained earnings.

## Consolidated Statements of Cash Flows

Six Months Ended September 30, 2005 and 2006, and Year Ended March 31, 2006

(Millions of yen)

	Six months ended September 30, 2005	Six months ended September 30, 2006	Increase (Decrease)	Year ended March 31, 2006
<b>I Cash flows from operating activities:</b>				
Income before income taxes and minority interests	¥5,077	¥7,478	¥2,401	¥14,180
Depreciation and amortization	933	872	(60)	1,943
Losses on impairment of long-lived assets	223	—	(223)	228
Amortization of consolidation goodwill	(323)	—	323	(645)
Amortization of goodwill	—	(224)	(224)	—
Provision for losses on investment	65	—	(65)	—
Changes in allowance for doubtful accounts	15	(216)	(232)	694
Changes in employee's severance and retirement benefits	(873)	(213)	660	(6,468)
Interest and dividends income	(89)	(124)	(34)	(213)
Interest expenses	140	42	(98)	193
Changes in notes and accounts receivable, trade	28,236	25,871	(2,365)	(6,537)
Changes in contracts in process	(11,243)	(10,896)	346	(1,010)
Changes in other operating assets	(1,072)	(145)	926	(412)
Changes in notes and accounts payable, trade	(10,147)	(8,618)	1,528	2,008
Changes in advances received on contracts in process	3,551	2,154	(1,396)	965
Changes in other operating liabilities	(2,106)	(3,873)	(1,766)	8,551
Other, net	(275)	(314)	(39)	(271)
Sub-total	12,113	11,793	(320)	13,207
Interest and dividends received	86	121	35	209
Interest expenses paid	(165)	(51)	113	(218)
Income taxes paid	(4,671)	(5,228)	(557)	(5,668)
Net cash provided by operating activities	7,364	6,635	(728)	7,529
<b>II Cash flows from investing activities:</b>				
Net changes for time deposits	(417)	—	417	(389)
Payments for purchases of property and equipment	(1,048)	(444)	604	(1,945)
Proceeds from sales of property and equipment	389	24	(365)	662
Payments for purchases of intangible fixed assets	(147)	(381)	(234)	(437)
Payments for purchases of investment securities	(1,129)	(509)	620	(1,715)
Proceeds from sales of investment securities	310	369	59	1,362
Payments for purchases of subsidiary stock due to changing scope of consolidation	(26)	—	26	(26)
Payments for sales of subsidiary stock due to changing scope of consolidation	—	(60)	(60)	—
Payment for loans receivable	(210)	(332)	(121)	(444)
Proceeds from collection of loans receivable	59	83	23	139
Other, net	(123)	18	142	(64)
Net cash used in investing activities	(2,344)	(1,232)	1,111	(2,858)
<b>III Cash flows from financing activities:</b>				
Net changes in short-term borrowings	(1,105)	(766)	339	(1,428)
Proceeds from long-term borrowings	—	—	—	174
Payments for long-term borrowings	(99)	(21)	78	(112)
Proceeds from issue of bonds	—	15,000	15,000	—
Payments for redemption of bonds	(9,600)	(4,500)	5,100	(9,600)
Payments for purchases of treasury stock	(97)	(40)	56	(178)
Proceeds from sales of treasury stock	514	10	(504)	536
Cash dividends paid	(657)	(878)	(221)	(1,426)
Cash dividends paid to minority shareholders	(73)	(82)	(8)	(89)
Net cash used in financing activities	(11,119)	8,721	19,840	(12,125)
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	2	(0)	(3)	19
<b>V Net increase (decrease) in cash and cash equivalents</b>	(6,096)	14,123	20,220	(7,436)
<b>VI Cash and cash equivalents at beginning of period</b>	15,973	8,537	(7,436)	15,973
<b>VII Cash and cash equivalents at end of period</b>	¥9,876	¥22,660	¥12,784	¥8,537

Notes: Fractions less than one million yen were omitted.

# Non-consolidated Semi-Annual Financial Statements

For the Six Months Ended September 30, 2006

## 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 14, 2006  
 Date of Interim Dividends : December 1, 2006  
 Trading unit share plan : Yes ( 1,000 shares per trading unit share )

### 1. Non-consolidated Financial Results for the Six Months Ended September 30, 2006 (From April 1, 2006 to September 30, 2006)

(1) Non-consolidated Results of Operations (Millions of yen, except per share amounts)

	Sales		Operating Income		Ordinary Income	
Six months ended September 30, 2006	100,196	16.7 %	4,787	59.5 %	5,160	68.4 %
Six months ended September 30, 2005	85,840	8.8 %	3,001	3.0 %	3,063	4.8 %
Year ended March 31, 2006	216,342		9,177		9,285	

	Net Income		Net Income per Share	
Six months ended September 30, 2006	2,892	60.7 %	26.33 yen	
Six months ended September 30, 2005	1,800	19.7 %	16.40 yen	
Year ended March 31, 2006	5,060		45.16 yen	

- Notes : 1. Weighted average number of shares outstanding : For the six months ended September 30, 2006 : 109,879,132 shares  
 For the six months ended September 30, 2005 : 109,789,263 shares  
 For the fiscal year ended March 31, 2006 : 109,839,021 shares
2. Change in accounting policy : No
3. Percentages above represent changes compared to corresponding previous semi-annual period.

(2) Non-consolidated Financial Positions (Millions of yen, except per share amounts)

	Total Assets	Net Assets	Ratio of Equity Capital to Total Assets	Net Assets per Share
September 30, 2006	132,194	64,990	49.2 %	591.50 yen
September 30, 2005	110,155	60,755	55.2 %	552.77 yen
March 31, 2006	130,411	63,482	48.7 %	576.78 yen

- Notes : 1. Number of shares outstanding at end of period : September 30, 2006 : 109,873,504 shares  
 September 30, 2005 : 109,912,123 shares  
 March 31, 2006 : 109,890,079 shares
2. Number of treasury stock : September 30, 2006 : 7,938,915 shares  
 September 30, 2005 : 7,900,296 shares  
 March 31, 2006 : 7,922,340 shares
3. The figures for September 30, 2005 and for March 31, 2006 are those of "Shareholders' Equity," "Ratio of Shareholders' Equity to Total Assets," and "Shareholders' Equity per share," as previously reported.

### 2. Non-Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2007 (From April 1, 2006 to March 31, 2007)

(Millions of yen)

	Sales	Ordinary Income	Net Income
Year ending March 31, 2007	225,000	11,200	6,300

(Reference) Expected Net Income per Share : 57.34yen

### 3. Cash Dividends

	Cash Dividends per Share (yen)		
	Interim Dividends per Share	Year-End Dividends per Share	Total Dividends for the Year
Year ended March 31, 2006	7.00	8.00	15.00
Year ending March 31, 2007(results)	7.00	—	15.00
Year ending March 31, 2007(forecast)	—	8.00	

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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 14, 2006, is presented solely for the convenience of users.

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

September 30, 2005 and 2006, and March 31, 2006

(Millions of yen)

(ASSETS)	September 30, 2005		September 30, 2006		Increase (Decrease)	March 31, 2006	
		%		%			%
I Current assets	¥67,125	60.9	¥88,952	67.3	¥21,826	¥87,675	67.2
Cash and bank deposits	2,885		10,716		7,830	6,690	
Notes receivable	1,263		796		(466)	1,731	
Accounts receivable, trade	30,386		38,901		8,514	57,822	
Marketable securities	4,602		9,998		5,395	7	
Contracts in process	21,168		22,126		958	14,319	
Deferred tax assets	2,790		3,608		817	3,608	
Other	4,144		3,034		(1,110)	3,843	
Allowance for doubtful accounts	(116)		(229)		(113)	(347)	
II Fixed assets	43,030	39.1	43,242	32.7	211	42,736	32.8
Property and equipment	24,504	22.2	24,042	18.2	(462)	24,235	18.6
Buildings and structures	8,633		8,322		(311)	8,507	
Machinery and vehicles	368		307		(61)	316	
Tools and equipment	984		906		(77)	906	
Land	14,474		14,492		17	14,492	
Construction in progress	41		12		(29)	12	
Intangible fixed assets	496	0.5	1,257	0.9	760	653	0.5
Investments and other assets	18,029	16.4	17,942	13.6	(86)	17,847	13.7
Investment securities	5,713		5,429		(284)	5,913	
Investment securities of affiliated companies	6,842		6,843		1	6,836	
Deferred tax assets	3,380		3,333		(46)	3,076	
Other	3,717		4,393		675	4,097	
Allowance for doubtful accounts	(1,624)		(2,056)		(432)	(2,077)	
<b>TOTAL ASSETS</b>	<b>¥110,155</b>	<b>100</b>	<b>¥132,194</b>	<b>100</b>	<b>¥22,038</b>	<b>¥130,411</b>	<b>100</b>

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

September 30, 2005 and 2006, and March 31, 2006

(Millions of yen)

(LIABILITIES)	September, 30 2005		September, 30 2006		Increase (Decrease)	March 31, 2006	
	¥	%	¥	%		¥	%
I Current liabilities	¥42,611	38.7	¥48,240	36.5	¥5,628	¥61,183	46.9
Notes payable	27		139		112	241	
Accounts payable, trade	19,604		24,698		5,093	32,018	
Current portion of bonds	4,500		—		(4,500)	4,500	
Income taxes payable	1,560		2,109		548	4,155	
Advances received on contracts in process	5,552		5,225		(326)	3,434	
Deposit received	5,657		7,043		1,386	6,673	
Allowance for bonuses to directors	—		53		53	—	
Allowance for compensation for construction damages	369		174		(194)	107	
Allowance for losses on construction contracts	851		390		(460)	907	
Other	4,487		8,404		3,916	9,144	
II Long-term liabilities	6,789	6.1	18,963	14.3	12,174	5,745	4.4
Convertible bonds	—		15,000		15,000	—	
Long-term accounts payable-other	—		2,935		2,935	4,503	
Employees' severance and retirement benefits	6,188		311		(5,877)	577	
Allowance for retirement benefits for directors and corporate auditors	297		392		94	342	
Allowance for losses on investment	303		324		21	322	
<b>TOTAL LIABILITIES</b>	<b>¥49,400</b>	<b>44.8</b>	<b>¥67,204</b>	<b>50.8</b>	<b>17,803</b>	<b>¥66,928</b>	<b>51.3</b>

**Non-Consolidated Balance Sheets (3)**

September 30, 2005 and 2006, and March 31, 2006

(Millions of yen)

	September, 30 2005		September, 30 2006		Increase (Decrease)	March 31, 2006	
(SHAREHOLDERS' EQUITY)							
I Common stock	6,888	6.3	—	—	(6,888)	6,888	5.3
II Capital surplus	5,870	5.3	—	—	(5,870)	5,868	4.5
Additional paid-in capital	5,761		—		(5,761)	5,761	
Other capital surplus	109		—		(109)	107	
Surplus from sales of treasury stock	109		—		(109)	107	
III Retained earnings	51,754	47.0	—	—	(51,754)	54,245	41.6
Legal reserve	1,547		—		(1,547)	1,547	
Voluntary reserves	47,172		—		(47,172)	47,172	
Unappropriated retained earnings	3,035		—		(3,035)	5,526	
IV Net unrealized holding gains on securities	1,501	1.4	—	—	(1,501)	1,796	1.4
V Treasury stock	(5,260)	(4.8)	—	—	5,260	(5,316)	(4.1)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>60,755</b>	<b>55.2</b>	<b>—</b>	<b>—</b>	<b>(60,755)</b>	<b>63,482</b>	<b>48.7</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>¥110,155</b>	<b>100</b>	<b>—</b>	<b>—</b>	<b>(110,155)</b>	<b>¥130,411</b>	<b>100</b>
(NET ASSETS)							
I Shareholders' equity	—	—	63,568	48.1	63,568	—	—
Common stock	—	—	6,888	5.2	6,888	—	—
Capital surplus	—	—	5,868	4.4	5,868	—	—
Additional paid-in capital	—	—	5,761		5,761	—	—
Other capital surplus	—	—	107		107	—	—
Retained earnings	—	—	56,158	42.5	56,158	—	—
Legal reserve	—	—	1,547		1,547	—	—
Other retained earnings	—	—	54,611		54,611	—	—
Reserve for deferred gain on sale of property	—	—	139		139	—	—
General reserve	—	—	49,930		49,930	—	—
Retained earnings brought forward	—	—	4,541		4,541	—	—
Treasury stock	—	—	(5,346)	(4.0)	(5,346)	—	—
II Valuation and translation adjustments	—	—	1,421	1.1	1,421	—	—
Net unrealized holding gains on securities	—	—	1,421		1,421	—	—
<b>TOTAL NET ASSETS</b>	<b>—</b>	<b>—</b>	<b>64,990</b>	<b>49.2</b>	<b>64,990</b>	<b>—</b>	<b>—</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>—</b>	<b>—</b>	<b>132,194</b>	<b>100</b>	<b>132,194</b>	<b>—</b>	<b>—</b>

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

2. Accumulated depreciation of property and equipment

12,282 million yen

3. Contingent liability for guarantee

963 million yen

4. The Company has accounted for notes maturing at the end of the interim period by clearing on the settling dates. The final day of the interim period was a bank holiday, so the following matured notes are included in the balance as of the interim period-end.

Notes receivable

60 million yen

## Non-Consolidated Statements of Income

Six Months Ended September 30, 2005 and 2006, and Year Ended March 31, 2006

(Millions of yen)

	Six months ended September 30, 2005		Six months ended September 30, 2006		Increase (Decrease)	Year ended March 31, 2006	
	¥	%	¥	%		¥	%
I Net sales	¥85,840	100	¥100,196	100	¥14,355	¥216,342	100
II Cost of sales	76,205	88.8	88,133	88.0	11,927	193,265	89.3
Gross income	9,635	11.2	12,063	12.0	2,428	23,077	10.7
III Selling, general and administrative expenses	6,633	7.7	7,275	7.3	641	13,899	6.4
Operating income	3,001	3.5	4,787	4.7	1,786	9,177	4.3
IV Non-operating income	344	0.4	519	0.5	174	652	0.3
Interest and dividends income	127		217		89	230	
Other	217		301		84	422	
V Non-operating expenses	282	0.3	146	0.1	(136)	544	0.3
Interest expenses	136		44		(92)	189	
Other	145		101		(43)	355	
Ordinary income	3,063	3.6	5,160	5.1	2,096	9,285	4.3
VI Special income	—	—	—	—	—	391	0.2
Gains on contribution of securities to retirement benefit trust	—		—		—	391	
VII Special losses	16	0.0	224	0.2	207	1,282	0.6
Expense for soil quality improvement	—		224		224	—	
Losses on impairment of long-lived assets	16		—		(16)	21	
Provision for doubtful accounts of long-term accumulated credits	—		—		—	523	
Losses on shift of retirement benefit scheme	—		—		—	737	
Income before income taxes	3,047	3.6	4,936	4.9	1,889	8,395	3.9
Income taxes – current	1,246	1.5	2,043	2.0	797	4,050	1.9
Income taxes – deferred	—	—	—	—	—	(715)	(0.3)
Net income	1,800	2.1	2,892	2.9	1,092	5,060	2.3
Retained earnings brought forward	1,234		—		—	1,234	
Interim dividends	—		—		—	769	
Unappropriated retained earnings	¥3,035		—		—	¥5,526	

Notes: Fractions less than one million yen were omitted.

## Non-Consolidated Statements of Changes in Net Assets

Six Months Ended September 30, 2006 (April 1,2006-September 30,2006)

(Millions of yen)

	Shareholders' Equity								
	Common Stock	Capital Surplus			Legal Reserve	Retained Earnings			
		Additional Paid-in Capital	Other Capital Surplus	Total Capital Surplus		Other Retained Earnings			Total Retained Earnings
					Reserve for Deferred Gain on Sale of Property	General Reserve	Retained Earnings Brought Forward		
Balance as of March 31,2006	6,888	5,761	107	5,868	1,547	142	47,030	5,526	54,245
Changes of items during the period									
Transfer from reserve for deferred gain on sale of property (Note 2)						(2)		2	—
General reserve (Note 2)							2,900	(2,900)	—
Cash dividends from retained earnings (Note 2)								(879)	(879)
Bonuses to directors (Note 2)								(101)	(101)
Net income								2,892	2,892
Acquisition of treasury stock									
Disposal of treasury stock			(0)	(0)					
Net changes of items other than shareholders' equity									
Total changes of items during the period	—	—	(0)	(0)	—	(2)	2,900	(984)	1,912
Balance as of September 30,2006	6,888	5,761	107	5,868	1,547	139	49,930	4,541	56,158

	Shareholders' Equity		Valuation and Translation Adjustments		TOTAL NET ASSETS
	Treasury Stock	Total Shareholders' Equity	Net Unrealized Holding Gains on Securities	Total Valuation and Translation Adjustments	
Balance as of March 31,2006	(5,316)	61,686	1,796	1,796	63,482
Changes of items during the period					
Transfer from reserve for deferred gain on sale of property (Note 2)		—			—
General reserve (Note 2)		—			—
Cash dividends from retained earnings (Note 2)		(879)			(879)
Bonuses to directors (Note 2)		(101)			(101)
Net income		2,892			2,892
Acquisition of treasury stock	(40)	(40)			(40)
Disposal of treasury stock	10	10			10
Net changes of items other than shareholders' equity			(374)	(374)	(374)
Total changes of items during the period	(30)	1,882	(374)	(374)	1,507
Balance as of September 30,2006	(5,346)	63,568	1,421	1,421	64,990

- Notes : 1. Fractions less than one million yen were omitted.  
2. This figure was presented to the Regular General Meeting of Shareholders, held in June 2006, as an item in appropriation of retained earnings.