



Consolidated Financial Statements

For the Six Months Ended September 30, 2007

November 9, 2007

Company name : **KYOWA EXEO CORPORATION**
 Stock Exchange Listed : Tokyo and Osaka Stock Exchange-First Section
 Code No. : 1951
 URL : <http://www.exeo.co.jp/>
 Representative : Seiji Takashima, President
 Investor Relations : Yoshiaki Suzuki, Managing Director, General Manager,
 Accounting & Financial Division /Phone (03) 5778-1106
 Date of scheduled filing of semi-annual report : December 14, 2007
 Date of scheduled payment of dividends : December 5, 2007

(Amounts are rounded off to the nearest 1 million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2007 (From April 1, 2007 to September 30, 2007)

(1) Consolidated Results of Operations

(% of change from the same half in the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Six Months ended Sept.30,'07	115,283	(10.0)	4,182	(41.1)	4,953	(35.7)	3,000	(32.3)
Six Months ended Sept.30,'06	128,100	14.6	7,105	42.7	7,702	45.3	4,432	24.4
Year ended Mar.31,'07	303,537	—	20,453	—	21,117	—	11,023	—

	Net Income per Share	Diluted Net Income per Share
	¥	¥
Six Months ended Sept.30,'07	27.28	25.31
Six Months ended Sept.30,'06	40.34	39.26
Year ended Mar.31,'07	100.33	95.30

Reference: Equity in net income(losses)of affiliates : For the six months ended Sept.30,'07 —million yen For the six months ended Sept.30,'06 —million yen
 For the fiscal year ended Mar.31,'07 —million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	¥ million	¥ million	%	¥
As of Sept.30,'07	162,540	92,735	53.0	781.86
As of Sept.30,'06	162,507	84,855	48.3	714.96
As of Mar.31,'07	186,485	91,136	45.3	768.81

Reference: Shareholders' Equity : As of Sept.30,'07 86,093million yen As of Sept.30,'06 78,554million yen
 As of Mar.31,'07 84,479million yen

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
	¥ million	¥ million	¥ million	¥ million
Six Months ended Sept.30,'07	2,526	(4,173)	(1,239)	24,888
Six Months ended Sept.30,'06	6,635	(1,232)	8,721	22,660
Year ended Mar.31,'07	14,660	(4,360)	8,923	27,776

2. Cash Dividends

(Period)	Cash dividends per share		
	Interim	Year-End	Full Year
	¥	¥	¥
Year ended Mar.31,'07	7.00	11.00	18.00
Year ending Mar.31,'08	9.00	—	18.00
Year ending Mar.2008 (Forecasts)	—	9.00	

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2008 (From April 1, 2007 to March 31, 2008)

(% of change from the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Year ending Mar.2008	291,000	(4.1)	16,600	(18.8)	17,600	(16.7)	10,000	(9.3)	90.93

4.Others

(1) Changes in major subsidiaries (scope of consolidation) during the period : None

(2) Changes in accounting principles, procedures, disclosure methods, etc., pertaining to preparation of consolidated financial statements (Those to be stated as changes in Basis of Presenting Consolidated Financial Statements)

① Changes associated with revision in accounting standards : Yes

② Other changes : Yes

(3) The number of shares issued (common stock)

① The number of shares issued : As of Sept.30,'07 117,812,419shares As of Sept.30,'06 117,812,419shares As of Mar.31,'07 117,812,419shares (inclusive of treasury stock)

② The number of treasury stock : As of Sept.30,'07 7,698,634shares As of Sept.30,'06 7,938,915shares As of Mar.31,'07 7,928,743shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Six Months Ended September 30, 2007 (From April 1, 2007 to September 30, 2007)

(1) Non-Consolidated Results of Operations

(% of change from the same half in the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Six Months ended Sept.30,'07	88,136	(12.0)	2,789	(41.7)	3,189	(38.2)	1,846	(36.2)
Six Months ended Sept.30,'06	100,196	16.7	4,787	59.5	5,160	68.4	2,892	60.7
Year ended Mar.31,'07	238,758	—	14,160	—	14,228	—	7,103	—

	Net Income per Share
	¥
Six Months ended Sept.30,'07	16.79
Six Months ended Sept.30,'06	26.33
Year ended Mar.31,'07	64.65

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	¥ million	¥ million	%	¥
As of Sept.30,'07	131,154	69,096	52.7	627.26
As of Sept.30,'06	132,194	64,990	49.2	591.50
As of Mar.31,'07	152,396	68,531	45.0	623.67

Reference: Shareholders' Equity : As of Sept.30,'07 69,070million yen As of Sept.30,'06 64,990million yen
As of Mar.31,'07 68,531million yen

2. Non-Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2008 (From April 1, 2007 to March 31, 2008)

(% of change from the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Year ending Mar.2008	227,000	(4.9)	11,700	(17.4)	12,100	(15.0)	7,000	(1.5)	63.65

Notes 1: Management of the Company has made estimates and assumptions relating to financial forecasts based on information available as of the reporting date. Actual results may differ from those estimates.

2: It has revised its consolidated business forecasts for fiscal 2007, the year ending March 31, 2008, in light of recent business performance. These forecasts after revision are set forth above. For details on matters of caution concerning the appropriate use of business forecasts, please refer to "Notice of Financial Forecast Modifications" announced November 2, 2007 for details.

Consolidated Balance Sheets (1)

	As of September 30, 2006		As of September 30, 2007		Increase (Decrease) Amount (Millions of yen)	As of March 31, 2007		
	Amount (Millions of yen)	(%)	Amount (Millions of yen)	(%)		Amount (Millions of yen)	(%)	
(ASSETS)								
I Current assets								
Cash and bank deposits	12,646		8,411				16,728	
Notes and accounts receivable, trade	49,621		40,926				76,792	
Marketable securities	10,058		16,516				11,065	
Costs on uncompleted construction contracts	30,356		32,530				19,753	
Deferred tax assets	4,621		5,339				5,320	
Other current assets	2,660		2,640				2,107	
Allowance for doubtful accounts	(300)		(213)				(359)	
Total current assets	109,665	67.5	106,152	65.3	(3,513)		131,407	70.5
II Fixed assets								
Property and equipment								
Buildings and structures	25,037		25,903				25,219	
Machinery, vehicles and equipment	10,091		10,350				10,232	
Land	22,597		23,041				22,448	
Construction in progress	12		86				329	
Accumulated depreciation	(21,274)	36,465	(22,158)	37,223	758	(21,501)	36,728	
Intangible fixed assets		1,635		3,304	1,669		3,452	
Investments and other assets								
Investment securities	8,222		8,435				8,838	
Deferred tax assets	3,530		2,420				1,948	
Other investments and other assets	4,910		7,040				6,315	
Allowance for doubtful accounts	(1,921)	14,741	(2,036)	15,859	1,117	(2,204)	14,897	
Total fixed assets		52,842	32.5	56,388	34.7	3,545	55,078	29.5
TOTAL ASSETS		162,507	100	162,540	100	32	186,485	100

Consolidated Balance Sheets (2)

	As of September 30, 2006		As of September 30, 2007		Increase (Decrease) Amount (Millions of yen)	As of March 31, 2007		
	Amount (Millions of yen)	(%)	Amount (Millions of yen)	(%)		Amount (Millions of yen)	(%)	
(LIABILITIES)								
I Current liabilities								
Notes and accounts payable, trade	25,355		21,452				34,534	
Short-term borrowings	121		1,012				1,138	
Accrued income taxes	3,270		2,213				7,408	
Advances received on uncompleted construction contracts	7,304		8,988				5,458	
Reserve for bonuses	532		413				589	
Reserve for directors' bonuses	91		71				213	
Reserve for guarantee for after-care of construction	183		272				282	
Reserve for loss on construction contracts	423		466				318	
Other current liabilities	12,115		9,763				17,829	
Total current liabilities	49,397	30.4	44,654	27.5	(4,742)		67,772	36.3
II Long-term liabilities								
Convertible bond	15,000		15,000				15,000	
Reserve for employees' retirement benefits	6,643		5,849				6,180	
Reserve for directors' retirement benefits	751		623				832	
Reserve for loss on investment	324		444				417	
Deferred tax liabilities	355		316				363	
Negative goodwill	875		536				696	
Other long-term liabilities	4,304		2,379				4,086	
Total long-term liabilities	28,255	17.4	25,149	15.4	(3,106)		27,576	14.8
TOTAL LIABILITIES	77,652	47.8	69,804	42.9	(7,848)		95,349	51.1
(NET ASSETS)								
I Shareholders' equity								
Common stock	6,888	4.2	6,888	4.2	—		6,888	3.7
Capital surplus	5,868	3.6	5,946	3.7	77		5,866	3.2
Retained earnings	69,715	42.9	77,329	47.6	7,613		75,537	40.5
Treasury stock	(5,346)	(3.3)	(5,236)	(3.2)	110		(5,354)	(2.9)
Total shareholders' equity	77,125	47.4	84,927	52.3	7,802		82,937	44.5
II Valuation and translation adjustments								
Valuation difference on available-for-sale securities	1,428	0.9	1,165	0.7	(263)		1,541	0.8
Total valuation and translation adjustments	1,428	0.9	1,165	0.7	(263)		1,541	0.8
III Stock acquisition rights								
	—	—	25	0.0	25		—	—
IV Minority interests								
	6,300	3.9	6,616	4.1	316		6,657	3.6
TOTAL NET ASSETS	84,855	52.2	92,735	57.1	7,880		91,136	48.9
TOTAL LIABILITIES AND NET ASSETS	162,507	100	162,540	100	32		186,485	100

Consolidated Statements of Income

	Six months ended September 30, 2006		Six months ended September 30, 2007			Increase (Decrease)	Year ended March 31, 2007			
	Amount (Millions of yen)	(%)	Amount (Millions of yen)	(%)	Amount (millions of yen)		Amount (Millions of yen)	(%)		
I Net sales		128,100	100		115,283	100	(12,817)		303,537	100
II Cost of sales		110,775	86.5		101,422	88.0	(9,353)		263,286	86.7
Gross income		17,325	13.5		13,860	12.0	(3,464)		40,251	13.3
III Selling, general and administrative expenses		10,219	8.0		9,677	8.4	(541)		19,797	6.6
Operating income		7,105	5.5		4,182	3.6	(2,922)		20,453	6.7
IV Non-operating income										
Interest income	18				86				65	
Dividends income	105				106				205	
Provision of allowance for doubtful accounts	97				254				—	
Insurance income	93				—				176	
Amortization of negative goodwill	255				206				508	
Other	251	822	0.7	270	923	0.8	101	688	1,644	0.6
V Non-operating expenses										
Interest expenses	42				6				50	
Foreign exchange losses	—				22				—	
Loss on valuation of investment securities	—				21				—	
Provision of allowance for investment loss	—				26				—	
Loss on valuation of telephone subscription right	—				28				—	
Loss on disposal of equipment	49				—				—	
Other	132	225	0.2	48	153	0.1	(71)	930	981	0.3
Ordinary income		7,702	6.0		4,953	4.3	(2,749)		21,117	7.0
VI Extraordinary loss										
Expense for soil quality improvement	224				—				201	
Losses on cancellation of lease contracts	—	224	0.2	—	—	—	(224)	180	381	0.2
Income before income taxes and minority interests		7,478	5.8		4,953	4.3	(2,525)		20,736	6.8
Income taxes – current	2,790			1,847				8,597		
Income taxes – deferred	—	2,790	2.1	—	1,847	1.6	(942)	417	9,014	3.0
Minority interests		255	0.2		105	0.1	(149)		697	0.2
Net income		4,432	3.5		3,000	2.6	(1,432)		11,023	3.6

Consolidated Statements of Changes in Net Assets (1)

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)
Directors' bonuses (Note 2)			(174)		(174)
Net income			4,432		4,432
Purchase 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
	Valuation difference on available-for-sale 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)
Directors' bonuses (Note 2)				(174)
Net income				4,432
Purchase 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 Changes in Net Assets (2)

Six months ended September 30, 2007 (April 1, 2007 – September 30, 2007)

(Millions of yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance as of March 31, 2007	6,888	5,866	75,537	(5,354)	82,937
Changes of items during the period					
Cash dividends from retained earnings			(1,208)		(1,208)
Net income			3,000		3,000
Purchase of treasury stock				(76)	(76)
Disposal of treasury stock		79		195	275
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	79	1,791	118	1,990
Balance as of September 30, 2007	6,888	5,946	77,329	(5,236)	84,927

	Valuation and Translation Adjustments		Stock Acquisition rights	Minority Interests	TOTAL NET ASSETS
	Valuation difference on available-for-sale Securities	Total Valuation and Translation Adjustments			
Balance as of March 31, 2007	1,541	1,541	–	6,657	91,136
Changes of items during the period					
Cash dividends from retained earnings					(1,208)
Net income					3,000
Purchase of treasury stock					(76)
Disposal of treasury stock					275
Net changes of items other than shareholders' equity	(375)	(375)	25	(40)	(390)
Total changes of items during the period	(375)	(375)	25	(40)	1,599
Balance as of September 30, 2007	1,165	1,165	25	6,616	92,735

Notes : Fractions less than one million yen were omitted.

Consolidated Statements of Changes in Net Assets (3)

Year ended March 31,2007 (April 1,2006 – March 31,2007)

(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)
Cash dividends from retained earnings			(769)		(769)
Directors' bonuses (Note 2)			(174)		(174)
Net income			11,023		11,023
Purchase of treasury stock				(75)	(75)
Disposal of treasury stock		(2)		36	34
Decrease due to exclusion of consolidated subsidiaries			(3)		(3)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(2)	9,196	(38)	9,156
Balance as of March 31,2007	6,888	5,866	75,537	(5,354)	82,937

	Valuation and Translation Adjustments		Minority Interests	TOTAL NET ASSETS
	Valuation difference on available-for-sale 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)
Cash dividends from retained earnings				(769)
Directors' bonuses (Note 2)				(174)
Net income				11,023
Purchase of treasury stock				(75)
Disposal of treasury stock				34
Decrease due to exclusion of consolidated subsidiaries				(3)
Net changes of items other than shareholders' equity	(252)	(252)	466	213
Total changes of items during the period	(252)	(252)	466	9,369
Balance as of March 31,2007	1,541	1,541	6,657	91,136

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, 2006	Six months ended September 30, 2007	Increase (Decrease)	Year ended March 31, 2007
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)
I Cash flows from operating activities:				
Income before income taxes and minority interests	7,478	4,953	(2,525)	20,736
Depreciation and amortization	872	1,239	366	1,860
Amortization of goodwill	(224)	(183)	40	(450)
Increase(decrease) in allowance for doubtful accounts	(216)	(314)	(97)	125
Increase(decrease) in reserve for retirement benefits	(213)	(330)	(117)	(676)
Interest and dividends income	(124)	(192)	(68)	(271)
Interest expenses	42	6	(36)	50
Decrease(increase) in notes and accounts receivable, trade	25,871	35,866	9,995	(1,299)
Decrease(increase) in costs on uncompleted construction contracts	(10,896)	(12,777)	(1,880)	(293)
Decrease(increase) in other operating assets	(145)	(891)	(745)	493
Increase(decrease) in notes and accounts payable, trade	(8,618)	(13,235)	(4,616)	560
Increase(decrease) in advances received on uncompleted construction contracts	2,154	3,529	1,374	309
Increase(decrease) in other operating liabilities	(3,873)	(8,410)	(4,537)	485
Other, net	(314)	107	422	(412)
Sub-total	11,793	9,367	(2,425)	21,217
Interest and dividends income received	121	202	80	263
Interest expenses paid	(51)	(7)	44	(58)
Income taxes paid	(5,228)	(7,036)	(1,808)	(6,762)
Net cash provided by operating activities	6,635	2,526	(4,108)	14,660
II Cash flows from investing activities:				
Purchase of property and equipment	(444)	(1,613)	(1,169)	(1,200)
Proceeds from sales of property and equipment	24	10	(13)	118
Purchase of intangible fixed assets	(381)	(1,752)	(1,370)	(1,276)
Purchase of investment securities	(509)	(290)	219	(1,343)
Proceeds from sales of investment securities	369	25	(343)	808
Proceeds from sales of subsidiaries stock due to changing scope of consolidation	(60)	—	60	(60)
Payments of loans receivable	(332)	(583)	(250)	(1,428)
Collection of loans receivable	83	89	6	301
Other, net	18	(60)	(79)	(278)
Net cash used in investing activities	(1,232)	(4,173)	(2,940)	(4,360)
III Cash flows from financing activities:				
Net change in short-term borrowings	(766)	(120)	646	251
Repayment of long-term borrowings	(21)	(29)	(8)	(39)
Proceeds from issuance of bonds	15,000	—	(15,000)	15,000
Redemption of bonds	(4,500)	—	4,500	(4,500)
Purchase of treasury stock	(40)	(76)	(36)	(75)
Proceeds from sales of treasury stock	10	275	265	34
Cash dividends paid	(878)	(1,207)	(328)	(1,648)
Cash dividends paid to minority shareholders	(82)	(81)	1	(99)
Net cash provided by (used in) financing activities	8,721	(1,239)	(9,960)	8,923
IV Effect of exchange rate change on cash and cash equivalents	(0)	(1)	(1)	15
V Increase (decrease) in cash and cash equivalents	14,123	(2,888)	(17,011)	19,239
VI Cash and cash equivalents, beginning of year	8,537	27,776	19,239	8,537
VII Cash and cash equivalents	22,660	24,888	2,227	27,776

Notes: Fractions less than one million yen were omitted.

Non-Consolidated Balance Sheets (1)

	As of September 30, 2006		As of September 30, 2007		Increase (Decrease)	As of March 31, 2007		
	Amount (Millions of yen)	(%)	Amount (Millions of yen)	(%)		Amount (Millions of yen)	(%)	
(ASSETS)								
I Current assets								
Cash and bank deposits	10,716		6,811			14,994		
Notes receivable	796		428			934		
Accounts receivable, trade	38,901		31,204			59,373		
Marketable securities	9,998		16,516			11,005		
Costs on uncompleted construction contracts	22,126		22,595			13,824		
Deferred tax assets	3,608		4,126			4,126		
Other current assets	3,034		2,853			2,863		
Allowance for doubtful accounts	(229)		(149)			(277)		
Total current assets		88,952	67.3	84,386	64.3	(4,565)	106,843	70.1
II Fixed assets								
Property and equipment								
Buildings	15,407		16,067			15,575		
Land	14,492		15,089			14,496		
Others	6,424		6,791			6,908		
Accumulated depreciation	(12,282)		(13,017)			(12,487)		
Total property and equipment	24,042		24,930		888	24,493		
Intangible fixed assets	1,257		2,975		1,717	3,117		
Investments and other assets								
Investment securities	5,429		5,653			5,881		
Investment securities of affiliates	6,843		6,872			6,847		
Deferred tax assets	3,333		1,974			1,770		
Other investments and other assets	4,393		6,766			5,907		
Allowance for doubtful accounts	(2,056)		(2,404)			(2,465)		
Total investments and other assets	17,942		18,861		919	17,940		
Total fixed assets		43,242	32.7	46,767	35.7	3,525	45,552	29.9
TOTAL ASSETS		132,194	100	131,154	100	(1,040)	152,396	100

Non-Consolidated Balance Sheets (2)

	As of September 30, 2006			As of September 30, 2007			Increase (Decrease) Amount (Millions of yen)	As of March 31, 2007		
	Amount (Millions of yen)		(%)	Amount (Millions of yen)		(%)		Amount (Millions of yen)		(%)
(LIABILITIES)										
I Current liabilities										
Notes payable	139			511				578		
Accounts payable, trade	24,698			19,292				32,426		
Accrued income taxes	2,109			1,425				5,336		
Advances received on uncompleted construction contracts	5,225			7,098				3,955		
Deposits received	7,043			9,579				9,354		
Reserve for directors' bonuses	53			32				121		
Reserve for guarantee for after-care of construction	174			261				269		
Reserve for loss on construction contracts	390			425				297		
Other current liabilities	8,404			6,420				12,836		
Total current liabilities		48,240	36.5		45,047	34.3	(3,192)		65,176	42.8
II Long-term liabilities										
Convertible bond	15,000			15,000				15,000		
Long-term accounts payable-other	2,935			1,283				2,837		
Reserve for employees' retirement benefits	311			—				—		
Reserve for directors' retirement benefits	392			282				433		
Reserve for loss on investment	324			444				417		
Total long-term liabilities		18,963	14.3		17,010	13.0	(1,953)		18,688	12.2
TOTAL LIABILITIES		67,204	50.8		62,057	47.3	(5,146)		83,864	55.0

Non-Consolidated Balance Sheets (3)

	As of September 30, 2006		As of September 30, 2007		Increase (Decrease)	As of March 31, 2007		
	Amount (Millions of yen)	(%)	Amount (Millions of yen)	(%)		Amount (Millions of yen)	(%)	
(NET ASSETS)								
I Shareholders' equity								
Common stock		6,888	5.2	6,888	5.3	—	6,888	4.5
Capital surplus								
Legal capital surplus	5,761			5,761			5,761	
Other capital surplus	107			185			105	
Total capital surplus		5,868	4.4	5,946	4.5	77	5,866	3.9
Retained earnings								
Legal retained earnings	1,547			1,547			1,547	
Other retained earnings								
Reserve for advanced depreciation of fixed assets	139			136			136	
General reserve	49,930			54,630			49,930	
Retained earnings brought forward	4,541			3,923			7,985	
Total retained earnings		56,158	42.5	60,237	45.9	4,079	59,599	39.1
Treasury stock		(5,346)	(4.0)	(5,236)	(4.0)	110	(5,354)	(3.5)
Total shareholders' equity		63,568	48.1	67,836	51.7	4,267	66,999	44.0
II Valuation and translation adjustments								
Valuation difference on available-for-sale securities		1,421	1.1	1,233	1.0	(188)	1,531	1.0
Total valuation and translation adjustments		1,421	1.1	1,233	1.0	(188)	1,531	1.0
III Stock acquisition rights		—	—	25	0.0	25	—	—
TOTAL NET ASSETS		64,990	49.2	69,096	52.7	4,105	68,531	45.0
TOTAL LIABILITIES AND NET ASSETS		132,194	100	131,154	100	(1,040)	152,396	100

Non-Consolidated Statements of Income

	Six months ended September 30, 2006		Six months ended September 30, 2007			Increase (Decrease)	Year ended March 31, 2007			
	Amount (Millions of yen)	(%)	Amount (Millions of yen)	(%)	Amount (millions of yen)		Amount (Millions of yen)	(%)		
I Net sales		100,196	100		88,136	100	(12,060)		238,758	100
II Cost of sales		88,133	88.0		78,408	89.0	(9,724)		210,755	88.3
Gross income		12,063	12.0		9,727	11.0	(2,335)		28,002	11.7
III Selling, general and administrative expenses		7,275	7.3		6,938	7.9	(337)		13,842	5.8
Operating income		4,787	4.7		2,789	3.1	(1,997)		14,160	5.9
IV Non-operating income										
Interest and dividends income	217				267				349	
Other	301	519	0.5	260	528	0.6	8	547	897	0.4
V Non-operating expenses										
Interest expenses	44				28				63	
Other	101	146	0.1	100	128	0.1	(17)	766	829	0.3
Ordinary income		5,160	5.1		3,189	3.6	(1,971)		14,228	6.0
VI Extraordinary loss										
Expense for soil quality improvement	224				—				201	
Losses on cancellation of lease contracts	—	224	0.2	—	—	—	(224)	180	381	0.2
Income before income taxes		4,936	4.9		3,189	3.6	(1,747)		13,846	5.8
Income taxes – current	2,043				1,342				5,773	
Income taxes – deferred	—	2,043	2.0	—	1,342	1.5	(701)	969	6,743	2.8
Net income		2,892	2.9		1,846	2.1	(1,046)		7,103	3.0

Non-Consolidated Statements of Changes in Net Assets (1)

Six months ended September 30,2006 (April 1,2006 — September 30,2006)

(Millions of yen)

	Shareholders' Equity								
	Common Stock	Capital Surplus			Legal retained earnings	Retained Earnings			
		Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus		Other Retained Earnings			Total Retained Earnings
					Reserve for Advanced Depreciation of Fixed Assets	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									
Reversal of reserve for advanced depreciation of fixed assets (Note 2)						(2)		2	—
Provision of general reserve (Note 2)							2,900	(2,900)	—
Cash dividends from retained earnings(Note 2)								(879)	(879)
Directors' bonuses (Note 2)								(101)	(101)
Net income								2,892	2,892
Purchase 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	Valuation difference on available-for-sale 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					
Reversal of reserve for advanced depreciation of fixed assets (Note 2)		—			—
Provision of general reserve (Note 2)		—			—
Cash dividends from retained earnings(Note 2)		(879)			(879)
Directors' bonuses (Note 2)		(101)			(101)
Net income		2,892			2,892
Purchase 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.

Non-Consolidated Statements of Changes in Net Assets (2)

Six months ended September 30, 2007 (April 1, 2007 – September 30, 2007)

(Millions of yen)

	Shareholders' Equity								
	Common Stock	Capital Surplus			Legal retained earnings	Retained Earnings			
		Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus		Other Retained Earnings			Total Retained Earnings
						Reserve for Advanced Depreciation of Fixed Assets	General Reserve	Retained Earnings Brought Forward	
Balance as of March 31, 2007	6,888	5,761	105	5,866	1,547	136	49,930	7,985	59,599
Changes of items during the period									
Provision of general reserve							4,700	(4,700)	—
Cash dividends from retained earnings								(1,208)	(1,208)
Net income								1,846	1,846
Purchase of treasury stock									
Disposal of treasury stock			79	79					
Net changes of items other than shareholders' equity									
Total changes of items during the period	—	—	79	79	—	—	4,700	(4,062)	637
Balance as of September 30, 2007	6,888	5,761	185	5,946	1,547	136	54,630	3,923	60,237

	Shareholders' Equity		Valuation and Translation Adjustments		Stock acquisition rights	TOTAL NET ASSETS
	Treasury Stock	Total Shareholders' Equity	Valuation difference on available-for-sale Securities	Total Valuation and Translation Adjustments		
Balance as of March 31, 2007	(5,354)	66,999	1,531	1,531	—	68,531
Changes of items during the period						
Provision of general reserve		—				—
Cash dividends from retained earnings		(1,208)				(1,208)
Net income		1,846				1,846
Purchase of treasury stock	(76)	(76)				(76)
Disposal of treasury stock	195	275				275
Net changes of items other than shareholders' equity			(297)	(297)	25	(271)
Total changes of items during the period	118	836	(297)	(297)	25	564
Balance as of September 30, 2007	(5,236)	67,836	1,233	1,233	25	69,096

Notes : Fractions less than one million yen were omitted.

Non-Consolidated Statements of Changes in Net Assets (3)

Year ended March 31,2007 (April 1,2006 – March 31,2007)

(Millions of yen)

	Shareholders' Equity								
	Common Stock	Capital Surplus			Legal Retained Earnings	Retained Earnings			
		Legal Capital Surplus	Other Capital Surplus	Total Capital Surplus		Reserve for Advanced Depreciation of Fixed Assets	General Reserve	Retained Earnings Brought Forward	Total Retained Earnings
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									
Reversal of reserve for advanced depreciation of fixed assets (Note 2)						(2)		2	—
Reversal of reserve for advanced depreciation of fixed assets						(2)		2	—
Provision of general reserve (Note 2)							2,900	(2,900)	—
Cash dividends from retained earnings(Note 2)								(879)	(879)
Cash dividends from retained earnings								(769)	(769)
Directors' bonuses (Note 2)								(101)	(101)
Net income								7,103	7,103
Purchase of treasury stock									
Disposal of treasury stock				(2)	(2)				
Net changes of items other than shareholders' equity									
Total changes of items during the period	—	—	(2)	(2)	—	(5)	2,900	2,459	5,354
Balance as of March 31,2007	6,888	5,761	105	5,866	1,547	136	49,930	7,985	59,599

	Shareholders' Equity		Valuation and Translation Adjustments		TOTAL NET ASSETS
	Treasury Stock	Total Shareholders' Equity	Valuation difference on available-for-sale 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					
Reversal of reserve for advanced depreciation of fixed assets (Note 2)		—			—
Reversal of reserve for advanced depreciation of fixed assets		—			—
Provision of general reserve (Note 2)		—			—
Cash dividends from retained earnings(Note2)		(879)			(879)
Cash dividends from retained earnings		(769)			(769)
Directors' bonuses (Note 2)		(101)			(101)
Net income		7,103			7,103
Purchase of treasury stock	(75)	(75)			(75)
Disposal of treasury stock	36	34			34
Net changes of items other than shareholders' equity			(264)	(264)	(264)
Total changes of items during the period	(38)	5,313	(264)	(264)	5,048
Balance as of March 31,2007	(5,354)	66,999	1,531	1,531	68,531

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.