

YOKOWO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
Six months ended September 30, 2003 and 2002

<u>ASSETS</u>	Thousands of yen		Thousands of U.S. dollars
	2003	2002	2003
Current assets:			
Cash and cash equivalents	¥ 7,964,869	¥ 7,303,140	\$ 71,594
Marketable securities	80,390	80,368	723
Receivables:			
Notes and accounts receivable - trade	7,820,976	6,862,762	70,301
Allowance for doubtful accounts	(7,079)	(11,900)	(64)
Inventories	2,517,480	2,399,674	22,629
Deferred tax assets	182,051	171,557	1,637
Other current assets	344,101	224,542	3,093
Total current assets	18,902,788	17,030,143	169,913
Property, plant and equipment:			
Land	839,203	858,847	7,543
Buildings and structures	2,300,028	2,661,603	20,674
Machinery and equipment	7,705,855	7,560,328	69,267
Construction in progress	269,640	126,362	2,424
	11,114,726	11,207,140	99,908
Accumulated depreciation	(5,803,604)	(5,631,333)	(52,168)
Net property, plant and equipment	5,311,122	5,575,807	47,740
Investments and other non-current assets:			
Investment securities			
Unconsolidated subsidiaries and an affiliated company	43,199	112,603	388
Others	1,226,063	915,799	11,021
Deferred tax assets	928,849	721,320	8,349
Other non-current assets	258,591	576,262	2,325
Allowance for doubtful accounts	(67)	(60)	(1)
	2,456,635	2,325,924	22,082
	¥ 26,670,545	¥ 24,931,874	\$ 239,735

Rate

111.25

YOKOWO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
Six months ended September 30, 2003 and 2002

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	Thousands of yen		Thousands of U.S. dollars
	2003	2002	2003
Current liabilities:			
Short-term bank loans	¥ -	¥ 5,457	\$ -
Convertible bond due within one year	4,866,000	-	43,739
Notes and accounts payable - trade	4,381,009	3,869,587	39,380
Accrued income taxes	219,331	120,250	1,972
Accrued expenses	243,674	299,470	2,190
Accrued employees' bonuses	234,585	215,022	2,109
Deferred tax liabilities	603	-	5
Other current liabilities	641,159	346,250	5,763
Total current liabilities	10,586,361	4,856,036	95,158
Convertible bond	-	4,866,000	-
Employee's severance and retirement benefits	1,278,484	1,027,773	11,492
Retirement benefits for directors and corporate auditors	367,109	382,085	3,300
Deferred tax liabilities	1,001	1,594	9
Contingent liabilities			
Shareholders' equity			
Common stock			
Authorized - 40,000,000 shares			
Issued -20,849,878 shares in 2003 and 2002	3,996,269	3,996,269	35,921
Capital Surplus	3,981,928	3,997,503	35,793
Retained earnings	7,622,443	6,924,851	68,516
	15,600,640	14,918,623	140,230
Net unrealized holding profits (losses) on securities	4,211	(186,975)	38
Foreign currency translation adjustments	(385,405)	(302,384)	(3,464)
Treasury stock, at cost			
629,700 shares in 2003			
375,146 shares in 2002	(781,856)	(630,878)	(7,028)
Total shareholders' equity	14,437,590	13,798,386	129,776
	¥ 26,670,545	¥ 24,931,874	\$ 239,735

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YOKOWO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Six months ended September 30, 2003 and 2002

	Thousands of yen		Thousands of U.S. dollars
	2003	2002	2003
Net sales	¥ 12,907,971	¥ 11,882,256	\$ 116,027
Costs and expenses			
Cost of sales	9,189,439	8,799,154	82,602
Selling, general and administrative expenses	2,650,807	2,337,946	23,827
	<u>11,840,246</u>	<u>11,137,100</u>	<u>106,429</u>
Operating income	1,067,725	745,156	9,598
Other income (expenses):			
Interest and dividend income	5,439	8,458	49
Interest expense	(1,211)	(139)	(11)
Loss on sale of investment securities	(234,850)	-	(2,111)
Gain on sale of investment securities	6,054	-	54
Write-down of investment securities	-	(34,429)	-
Equity in losses of an affiliated company	(35,184)	(32,066)	(316)
Foreign exchange gains(losses), net	(247,705)	(208,084)	(2,227)
Loss on sale and disposal of property, plant and equipment	(33,823)	(17,262)	(304)
Gain on sale of property, plant and equipment	152,178	2,781	1,368
Amortization of transition obligation of employees' retirement benefit plans	-	(170,385)	-
Other - net	61,814	20,686	556
	<u>(327,288)</u>	<u>(430,440)</u>	<u>(2,942)</u>
Income before income taxes	740,437	314,716	6,656
Income taxes			
Current	218,438	297,248	1,964
Defferd	(31,665)	(139,756)	(285)
Net income	<u>¥ 553,664</u>	<u>¥ 157,224</u>	<u>\$ 4,977</u>

Amounts per share of common stock:

	Yen		U.S. dollars
	2003	2002	2003
Net income	¥ 27.41	¥ 7.68	\$ 0.25
Diluted net income	24.57	6.91	0.22
Cash dividends applicable to the interim accounting period	6.00	4.00	0.05

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YOKOWO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Six months ended September 30, 2003 and 2002

	Thousands of yen		Thousands of
	2003	2002	U.S. dollars
Cash flows from operating activities:			
Income before income taxes	¥ 740,437	¥ 314,716	\$ 6,656
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	430,861	469,211	3,873
Increase(decrease) in allowance for doubtful accounts	(4,961)	1,463	(45)
Increase in employees' accrued retirement benefits	17,908	153,540	161
Increase (decrease) in retirement benefits to directors and corporate auditors	(44,179)	21,000	(397)
Net profit (loss) on sale and disposal of property, plant and equipment	(118,356)	14,481	(1,064)
Net loss on sale of marketable securities and investments	228,796	-	2,057
Equity in losses of an affiliated company	35,184	32,066	316
Write-down of investment securities	-	34,429	-
Foreign exchange losses (gains), net	4,240	18,333	38
Others	(38,797)	2,858	(349)
Net changes in operating assets and liabilities, net of effect due to additions of consolidated subsidiaries:			
Notes and accounts receivable - trade	(1,167,991)	(1,586,707)	(10,499)
Inventories	(441,496)	(10,312)	(3,969)
Other assets	105,143	(52,082)	945
Notes and accounts payable - trade	700,276	1,207,835	6,295
Other liabilities	261,474	248,386	2,351
Payments for income taxes	(534,768)	(181,194)	(4,807)
Net cash provided by (used in) operating activities	173,771	688,023	1,562
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	307,021	18,895	2,760
Payments for acquisition of property, plant and equipment	(556,926)	(688,226)	(5,006)
Payments for purchases of investment securities	(228,241)	(110,711)	(2,052)
Proceeds from sale of investment securities	477,395	45,703	4,291
Other - net	160,248	(1,035)	1,441
Net cash used in investing activities	159,497	(735,374)	1,434
Cash flows from financing activities:			
Net increase (decrease) in short-term bank loans	-	(41,556)	-
Increase in treasury stock	(823)	(217)	(8)
Increase in exercise of stock acquisition rights	20,670	-	186
Cash dividends paid	(80,096)	(81,498)	(720)
Net cash used in financing activities	(60,249)	(123,271)	(542)
Effect of exchange rate changes on cash and cash equivalents	(55,612)	(53,537)	(500)
Net increase (decrease) in cash and cash equivalents	217,407	(224,159)	1,954
Cash and cash equivalents at beginning of year	7,747,462	7,527,299	69,640
Cash and cash equivalents at end of year	¥ 7,964,869	¥ 7,303,140	\$ 71,594

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