

**YOKOWO CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET**

(Thousands of yen)

<b>ASSETS</b>	<b>Q1/FY2006</b>		<b>FY2005</b>		<b>Inc/(Dec)</b>		<b>Q1/FY2005</b>		
	<b>June 30, 2006</b>	<b>%</b>	<b>March 31, 2006</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>June 30, 2005</b>	<b>%</b>	
<b>Current assets:</b>									
Cash and cash equivalents	4,084,654		4,456,817		(372,163)		4,254,731		
Receivables:									
Notes and accounts receivable - trade	8,389,044		8,439,023		(49,979)		7,618,114		
Allowance for doubtful accounts	(23,280)		(23,541)		261		(19,068)		
Inventories	3,499,237		3,358,515		140,722		2,515,007		
Deferred tax assets	57,368		180,083		(122,715)		176,479		
Other current assets	631,340		687,825		(56,485)		668,455		
<b>Total current assets</b>	<b>16,638,363</b>	<b>63.19</b>	<b>17,098,722</b>	<b>63.52</b>	<b>(460,359)</b>	<b>(2.69)</b>	<b>15,213,718</b>	<b>63.56</b>	
<b>Property, plant and equipment:</b>									
Land	802,640		802,640		-		827,640		
Buildings and structures	3,051,972		3,051,757		215		2,444,255		
Machinery and equipment	9,944,220		9,940,578		3,642		8,840,732		
Construction in progress	175,312		293,832		(118,520)		633,059		
Sub-total	13,974,144		14,088,807		(114,663)		12,745,686		
Accumulated depreciation	(7,389,407)		(7,480,507)		91,100		(6,970,956)		
<b>Net property, plant and equipment</b>	<b>6,584,737</b>	<b>25.01</b>	<b>6,608,300</b>	<b>24.55</b>	<b>(23,563)</b>	<b>(0.36)</b>	<b>5,774,730</b>	<b>24.12</b>	
<b>Investments and other non-current assets:</b>									
Investment securities :									
Unconsolidated subsidiaries and affiliated companies	167,242		137,467		29,775		102,360		
Others	1,962,638		2,138,565		(175,927)		1,679,679		
Development costs of software in progress	-		-		-		404,588		
Deferred tax assets	180,113		112,768		67,345		360,986		
Other non-current assets	799,115		824,649		(25,534)		401,137		
<b>Total investments and other non-current assets</b>	<b>3,109,108</b>	<b>11.80</b>	<b>3,213,449</b>	<b>11.93</b>	<b>(104,341)</b>	<b>(3.25)</b>	<b>2,948,750</b>	<b>12.32</b>	
<b>Total assets</b>	<b>26,332,208</b>	<b>100.00</b>	<b>26,920,471</b>	<b>100.00</b>	<b>(588,263)</b>	<b>(2.19)</b>	<b>23,937,198</b>	<b>100.00</b>	
<b>LIABILITIES</b>									
<b>Current liabilities:</b>									
Short-term borrowings	500,000		500,000		-		500,000		
Notes and accounts payable - trade	4,544,447		4,865,831		(321,384)		3,898,958		
Accrued income taxes	407,536		556,549		(149,013)		417,279		
Accrued expenses	359,830		288,786		95,044		314,257		
Accrued employees' bonuses	77,517		295,533		(218,016)		72,375		
Other current liabilities	1,234,991		1,164,913		46,078		1,089,195		
<b>Total current liabilities</b>	<b>7,124,321</b>	<b>27.06</b>	<b>7,671,612</b>	<b>28.50</b>	<b>(547,291)</b>	<b>(7.13)</b>	<b>6,292,064</b>	<b>26.29</b>	
<b>Long-term liabilities</b>									
Employee's severance and retirement benefits	188,920		211,811		(22,891)		356,403		
Retirement benefits for directors and corporate auditors	457,378		444,286		13,092		410,769		
Deferred tax liabilities	74,461		76,423		(1,962)		27,720		
<b>Total long-term liabilities</b>	<b>720,759</b>	<b>2.74</b>	<b>732,520</b>	<b>2.72</b>	<b>(11,761)</b>	<b>(1.61)</b>	<b>794,892</b>	<b>3.32</b>	
<b>Total liabilities</b>	<b>7,845,080</b>	<b>29.80</b>	<b>8,404,132</b>	<b>31.22</b>	<b>(559,052)</b>	<b>(6.65)</b>	<b>7,086,956</b>	<b>29.61</b>	
<b>MINORITY INTEREST</b>									
Minority interest	-		-		-		-		
<b>SHAREHOLDERS' EQUITY</b>									
Common stock	3,996,269	15.18	3,996,269	14.84	-	-	3,996,269	16.69	
Capital Surplus	3,981,928	15.12	3,981,928	14.79	-	-	3,981,928	16.63	
Retained earnings	10,843,457	41.18	10,684,768	39.69	158,689	1.49	9,694,506	40.50	
Sub-total	18,821,654	71.48	18,662,965	69.32	158,689	0.85	17,672,703	73.82	
Net unrealized holding gains on securities	267,833	1.01	372,160	1.38	(104,327)	(28.03)	141,296	0.59	
Foreign currency translation adjustments	33,546	0.13	141,718	0.53	(108,172)	(76.33)	(280,016)	(1.16)	
Treasury stock, at cost	(635,905)	(2.42)	(660,504)	(2.45)	24,599	(3.72)	(683,741)	(2.86)	
<b>Total shareholders' equity</b>	<b>18,487,128</b>	<b>70.20</b>	<b>18,516,339</b>	<b>68.78</b>	<b>(29,211)</b>	<b>(0.16)</b>	<b>16,850,242</b>	<b>70.39</b>	
<b>Total liabilities, minority interest and shareholders' equity</b>	<b>26,332,208</b>	<b>100.00</b>	<b>26,920,471</b>	<b>100.00</b>	<b>(588,263)</b>	<b>(2.19)</b>	<b>23,937,198</b>	<b>100.00</b>	

**YOKOWO CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**

	Q1/FY2006		Q1/FY2005		Inc/(Dec)		(Thousands of yen)	
	Apr-Jun 2006		Apr-Jun 2005				FY2005	
		%		%		%	Apr'05-Mar'06	%
<b>Net sales</b>	8,032,571	100.00	6,864,667	100.00	1,167,904	17.01	30,343,090	100.00
<b>Costs and expenses</b>								
Cost of sales	5,711,134	71.10	5,093,112	74.19	618,022	12.13	21,982,637	72.45
Selling, general and administrative expenses	1,553,515	19.34	1,332,788	19.42	220,728	16.56	5,806,208	19.13
	<b>7,264,650</b>	<b>90.44</b>	<b>6,425,900</b>	<b>93.61</b>	<b>838,750</b>	<b>13.05</b>	<b>27,788,845</b>	<b>91.58</b>
<b>Operating income</b>	<b>767,922</b>	<b>9.56</b>	<b>438,767</b>	<b>6.39</b>	<b>329,155</b>	<b>75.02</b>	<b>2,554,245</b>	<b>8.42</b>
<b>Other income (expenses):</b>								
Interest and dividend income	12,912		4,759				53,270	
Interest expense	(1,522)		(740)				(5,781)	
Loss on sale of investment securities	-		-				(21,351)	
Gain on sale of investment securities	-		-				7	
Write-down of investment securities	-		(20,357)				-	
Equity in gain of affiliated companies	8,603		2,211				23,957	
Foreign exchange gain(loss), net	(54,894)		29,132				121,916	
Loss on sale and disposal of property, plant and equipment	(32,856)		(605)				(202,953)	
Impairment loss	-		-				(25,000)	
Gain on sale of property, plant and equipment	1,612		2,326				6,339	
Loss on transfer of substitutional portion of employees' pension funds	-		-	0.25			(30,237)	
Other - net	102		512	6.64			23,455	
	<b>(66,043)</b>	<b>(0.82)</b>	<b>17,238</b>	<b>(0.19)</b>	<b>(83,281)</b>	<b>-</b>	<b>(56,378)</b>	<b>(0.19)</b>
<b>Income before income taxes</b>	<b>701,879</b>	<b>8.74</b>	<b>456,005</b>	<b>6.64</b>			<b>2,497,867</b>	<b>8.23</b>
<b>Income taxes</b>								
Current	(206,142)	2.57	(292,116)	4.26	85,974	(29.43)	(1,062,420)	3.50
Deferred	(126,828)	1.58	(41,029)	0.59	(85,799)	209.12	(172,194)	0.57
<b>Net income</b>	<b>368,909</b>	<b>4.59</b>	<b>122,860</b>	<b>1.79</b>	<b>246,049</b>	<b>200.27</b>	<b>1,263,253</b>	<b>4.16</b>
<b>Amounts per share of common stock:</b>								
Net income	18.15		6.05		12.10		61.03	
Diluted net income	18.08		6.04		12.04		60.93	

**YOKOWO CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Thousands of yen)

	<u>Q1/FY2006</u> <u>Apr-Jun 2006</u>	<u>Q1/FY2005</u> <u>Apr-Jun 2005</u>	<u>FY2005</u> <u>Apr'05-Mar'06</u>
<b>Cash flows from operating activities:</b>			
Income before income taxes	701,879	456,005	2,497,867
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation	284,985	214,584	1,006,400
Increase(decrease) in allowance for doubtful accounts	(72)	(1,632)	2,444
Decrease in accrued retirement benefits	(22,903)	(23,096)	(274,828)
Net loss(gain) on sale and disposal of property, plant and equipment	31,244	(1,721)	196,614
Net loss on sale of marketable securities and investments	-	-	21,343
Impairment loss	-	-	25,000
Equity in gain of affiliated companies	(8,603)	(2,211)	(23,957)
Write-down of investment securities	-	20,357	-
Foreign exchange gain , net	(27,601)	(4,669)	(139,897)
Others	(230,282)	(201,821)	96,422
Net changes in operating assets and liabilities			
Notes and accounts receivable - trade	20,410	(42,378)	(839,994)
Inventories	(155,372)	10,150	(709,581)
Other assets	28,054	(255,169)	(76,587)
Notes and accounts payable - trade	(306,787)	(119,637)	890,103
Other liabilities	253,697	545,229	468,569
Payments for income taxes	(324,898)	(432,811)	(1,105,753)
<b>Net cash provided by operating activities</b>	<b>243,751</b>	<b>161,180</b>	<b>2,034,165</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of property, plant and equipment	15,004	1,210	16,927
Payments for acquisition of property, plant and equipment	(369,630)	(315,481)	(1,900,518)
Payments for purchases of investment in an affiliated company	(20,342)	-	-
Payments for purchases of investment securities	-	(249,703)	(1,049,525)
Proceeds from sale of investment securities	-	-	729,199
Other - net	(59,606)	(31,881)	(48,215)
<b>Net cash used in investing activities</b>	<b>(434,574)</b>	<b>(595,855)</b>	<b>(2,252,132)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from exercise of stock options	21,475	781	16,997
Increase in treasury stock	(240)	-	(996)
Cash dividends paid	(183,212)	(141,681)	(285,025)
Other - net	-	-	(5,992)
<b>Net cash used in financing activities</b>	<b>(161,977)</b>	<b>(140,900)</b>	<b>(275,016)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(19,363)</b>	<b>31,790</b>	<b>151,284</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(372,163)</b>	<b>(543,785)</b>	<b>(341,699)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>4,456,817</b>	<b>4,798,516</b>	<b>4,798,516</b>
<b>Cash and cash equivalents at end of period</b>	<b>4,084,654</b>	<b>4,254,731</b>	<b>4,456,817</b>