

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

ASSETS	1H/FY2006		FY2005		Inc/(Dec)		(Thousands of yen)	
	Sep 30, 2006	%	March 31, 2006	%	Sep 30, 2005	%	Sep 30, 2005	%
Current assets:								
Cash and cash equivalents	3,687,247		4,456,817		(769,570)		4,324,963	
Receivables:								
Notes and accounts receivable - trade	8,506,848		8,439,023		67,825		7,838,198	
Allowance for doubtful accounts	(24,785)		(23,541)		(1,244)		(20,016)	
Inventories	3,550,366		3,358,515		191,851		2,744,647	
Deferred tax assets	182,180		180,083		2,097		198,562	
Other current assets	781,345		687,825		93,520		460,201	
Total current assets	16,683,201	62.20	17,098,722	63.52	(415,521)	(2.43)	15,546,555	63.10
Property, plant and equipment:								
Land	799,408		802,640		(3,232)		802,640	
Buildings and structures	3,136,195		3,051,757		84,438		2,463,283	
Machinery and equipment	10,224,981		9,940,578		284,403		9,254,012	
Construction in progress	232,519		293,832		(61,313)		717,033	
Sub-total	14,393,103		14,088,807		304,296		13,236,968	
Accumulated depreciation	(7,573,779)		(7,480,507)		(93,272)		(7,231,439)	
Net property, plant and equipment	6,819,324	25.42	6,608,300	24.55	211,024	3.19	6,005,529	24.37
Investments and other non-current assets:								
Investment securities :								
Unconsolidated subsidiaries and affiliated companies	182,262		137,467		44,795		88,177	
Others	2,077,936		2,138,565		(60,629)		1,929,475	
Development costs of software in progress	0		0		0		414,912	
Deferred tax assets	129,249		112,768		16,481		234,701	
Other non-current assets	929,995		824,649		105,346		419,718	
Total investments and other non-current assets	3,319,442	12.38	3,213,449	11.93	105,993	3.30	3,086,983	12.53
Total assets	26,821,967	100.00	26,920,471	100.00	(98,504)	(0.37)	24,639,067	100.00
LIABILITIES								
Current liabilities:								
Short-term borrowings	500,000		500,000		-		500,000	
Notes and accounts payable - trade	4,258,450		4,865,831		(607,381)		4,276,820	
Accrued income taxes	532,448		556,549		(24,101)		426,322	
Accrued expenses	474,703		288,786		185,917		250,142	
Accrued employees' bonuses	317,093		295,533		21,560		283,871	
Other current liabilities	934,253		1,164,913		(230,660)		606,539	
Total current liabilities	7,016,947	26.16	7,671,612	28.50	(654,665)	(8.53)	6,343,694	25.75
Long-term liabilities								
Employee's severance and retirement benefits	195,135		211,811		(16,676)		339,861	
Retirement benefits for directors and corporate auditors	-		444,286		(444,286)		419,141	
Deferred tax liabilities	75,332		76,423		(1,091)		64,851	
Other long-term liabilities	423,550		-		423,550		-	
Total long-term liabilities	694,017	2.59	732,520	2.72	(38,503)	(5.26)	823,853	3.34
Total liabilities	7,710,964	28.75	8,404,132	31.22	(693,168)	(8.25)	7,167,547	29.09
MINORITY INTEREST								
Minority interest	-		-		-		-	
SHAREHOLDERS' EQUITY								
Common stock	3,996,269	14.90	3,996,269	14.84	-	-	3,996,269	16.22
Capital Surplus	3,981,928	14.85	3,981,928	14.79	-	-	3,981,928	16.16
Retained earnings	11,263,468	41.99	10,684,768	39.69	578,700	5.42	10,044,337	40.77
Sub-total	19,241,665	71.74	18,662,965	69.32	578,700	3.10	18,022,534	73.15
Net unrealized holding gains on securities	276,949	1.03	372,160	1.38	(95,211)	(25.58)	247,643	1.00
Foreign currency translation adjustments	210,362	0.79	141,718	0.53	68,644	48.44	(118,991)	(0.48)
Treasury stock, at cost	(617,973)	(2.31)	(660,504)	(2.45)	42,531	(6.44)	(679,666)	(2.76)
Total shareholders' equity	19,111,003	71.25	18,516,339	68.78	594,664	3.21	17,471,520	70.91
Total liabilities, minority interest and shareholders' equity	26,821,967	100.00	26,920,471	100.00	(98,504)	(0.37)	24,639,067	100.00

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

	1H/FY2006		1H/FY2005		Inc/(Dec)		(Thousands of yen)	
	Apr-Sep 2006		Apr-Sep 2005				FY2005	
		%		%		%	Apr'05-Mar'06	%
Net sales	16,381,040	100.00	14,157,828	100.00	2,223,213	15.70	30,343,090	100.00
Costs and expenses								
Cost of sales	11,839,328	72.27	10,372,649	73.26	1,466,679	14.14	21,982,637	72.45
Selling, general and administrative expenses	3,178,330	19.41	2,737,161	19.33	441,169	16.12	5,806,208	19.13
	15,017,658	91.68	13,109,810	92.59	1,907,848	14.55	27,788,845	91.58
Operating income	1,363,382	8.32	1,048,018	7.41	315,364	30.09	2,554,245	8.42
Other income (expenses):								
Interest and dividend income	20,789		24,858				53,270	
Interest expense	(3,415)		(3,041)				(5,781)	
Loss on sale of investment securities	-		(21,199)				(21,351)	
Gain on sale of investment securities	-		-				7	
Write-down of investment securities	-		(156)				-	
Equity in gain of affiliated companies	17,503		(13,547)				23,957	
Foreign exchange gain(loss), net	(6,677)		74,104				121,916	
Loss on sale and disposal of property, plant and equipment	(57,242)		(11,215)				(202,953)	
Impairment loss	-		(25,000)				(25,000)	
Gain on sale of property, plant and equipment	2,061		3,037				6,339	
Loss on transfer of substitutional portion of employees' pension funds	-		(30,237)				(30,237)	
Other - net	6,533		14,465				23,455	
	(20,448)	(0.12)	12,069	0.08	(32,517)	-	(56,378)	(0.19)
Income before income taxes	1,342,934	8.20	1,060,087	7.49			2,497,867	8.23
Income taxes								
Current	(502,888)	3.07	(479,160)	3.38	(23,729)	4.95	(1,062,420)	3.50
Deferred	(44,966)	0.27	(106,620)	0.76	61,652	(57.82)	(172,194)	0.57
Net income	795,080	4.86	474,307	3.35	320,773	67.63	1,263,253	4.16
Amounts per share of common stock:								
Net income	39.09		23.36		15.73		61.03	
Diluted net income	38.97		23.32		15.65		60.93	

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

(Thousands of yen)

	<u>1H/FY2006</u> <u>Apr-Sep 2006</u>	<u>1H/FY2005</u> <u>Apr-Sep 2005</u>	<u>FY2005</u> <u>Apr'05-Mar'06</u>
Cash flows from operating activities:			
Income before income taxes	1,342,934	1,060,087	2,497,867
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation	598,151	442,595	1,006,400
Increase(decrease) in allowance for doubtful accounts	1,256	(650)	2,444
Decrease in accrued retirement benefits	(16,743)	(146,702)	(274,828)
Net loss(gain) on sale and disposal of property, plant and equipment	55,181	8,178	196,614
Net loss(gain) on sale of marketable securities and investments	-	21,199	21,343
Impairment loss	-	25,000	25,000
Equity in gain of affiliated companies	(17,503)	13,547	(23,957)
Write-down of investment securities	-	156	-
Foreign exchange gain , net	(38,519)	(54,305)	(139,897)
Others	(462,605)	33,742	96,422
Net changes in operating assets and liabilities			
Notes and accounts receivable - trade	(52,796)	(302,611)	(839,994)
Inventories	(161,291)	(178,913)	(709,581)
Other assets	10,477	61,273	(76,587)
Notes and accounts payable - trade	(608,789)	313,335	890,103
Other liabilities	296,605	80,024	468,569
Payments for income taxes	(510,214)	(623,048)	(1,105,753)
Net cash provided by operating activities	436,144	752,907	2,034,165
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	26,904	6,895	16,927
Payments for acquisition of property, plant and equipment	(880,955)	(755,404)	(1,900,518)
Payments for purchases of investment in an affiliated company	(20,342)	-	-
Payments for purchases of investment securities	(99,926)	(550,152)	(1,049,525)
Proceeds from sale of investment securities	-	228,961	729,199
Other - net	(106,119)	(83,030)	(48,215)
Net cash used in investing activities	(1,080,438)	(1,152,730)	(2,252,132)
Cash flows from financing activities:			
Proceeds from exercise of stock options	33,354	3,514	16,997
Increase in treasury stock	(346)	(274)	(996)
Cash dividends paid	(182,213)	(141,566)	(285,025)
Other - net	-	-	(5,992)
Net cash used in financing activities	(149,205)	(138,326)	(275,016)
Effect of exchange rate changes on cash and cash equivalents	23,930	64,596	151,284
Net increase (decrease) in cash and cash equivalents	(769,570)	(473,553)	(341,699)
Cash and cash equivalents at beginning of year	4,456,817	4,798,516	4,798,516
Cash and cash equivalents at end of period	3,687,247	4,324,963	4,456,817