

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

(Thousands of yen)

ASSETS	3H/FY2006		FY2005		Inc/(Dec)		3H/FY2005	
	Dec 31, 2006	%	March 31, 2006	%		%	Dec 31, 2005	%
<b>Current assets:</b>								
Cash and cash equivalents	3,274,837		4,456,817		(1,181,980)		4,125,454	
Receivables:								
Notes and accounts receivable - trade	8,968,669		8,439,023		529,645		8,529,555	
Allowance for doubtful accounts	(17,602)		(23,541)		5,938		(25,017)	
Inventories	3,411,593		3,358,515		53,078		3,150,067	
Deferred tax assets	79,338		180,083		(100,745)		98,083	
Other current assets	820,247		687,825		132,422		666,033	
<b>Total current assets</b>	<b>16,537,082</b>	<b>62.21</b>	<b>17,098,722</b>	<b>63.52</b>	<b>(561,640)</b>	<b>(3.28)</b>	<b>16,544,175</b>	<b>64.39</b>
<b>Property, plant and equipment:</b>								
Land	799,408		802,640		(3,232)		802,640	
Buildings and structures	3,126,618		3,051,757		74,861		2,847,886	
Machinery and equipment	10,412,611		9,940,578		472,033		9,572,121	
Construction in progress	251,477		293,832		(42,355)		252,849	
Sub-total	14,590,114		14,088,807		501,307		13,475,496	
Accumulated depreciation	(7,751,173)		(7,480,507)		(270,666)		(7,311,919)	
<b>Net property, plant and equipment</b>	<b>6,838,941</b>	<b>25.73</b>	<b>6,608,300</b>	<b>24.55</b>	<b>230,641</b>	<b>3.49</b>	<b>6,163,577</b>	<b>23.99</b>
<b>Investments and other non-current assets:</b>								
Investment securities :								
Unconsolidated subsidiaries and affiliated companies	208,723		137,467		71,255		122,923	
Others	1,877,458		2,138,565		(261,107)		1,807,351	
Deferred tax assets	155,215		112,768		42,447		146,884	
Other non-current assets	965,109		824,649		140,460		908,872	
<b>Total investments and other non-current assets</b>	<b>3,206,505</b>	<b>12.06</b>	<b>3,213,449</b>	<b>11.93</b>	<b>(6,945)</b>	<b>(0.22)</b>	<b>2,986,030</b>	<b>11.62</b>
<b>Total assets</b>	<b>26,582,528</b>	<b>100.00</b>	<b>26,920,471</b>	<b>100.00</b>	<b>(337,943)</b>	<b>(1.26)</b>	<b>25,693,782</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	4,148,203		4,865,831		(717,628)		4,459,923	
Accrued income taxes	420,381		556,549		(136,167)		317,136	
Accrued expenses	275,524		288,786		(13,262)		289,605	
Accrued employees' bonuses	100,835		295,533		(194,699)		82,648	
Other current liabilities	1,042,278		1,164,913		(122,635)		1,208,333	
<b>Total current liabilities</b>	<b>6,487,221</b>	<b>24.40</b>	<b>7,671,612</b>	<b>28.50</b>	<b>(1,184,391)</b>	<b>(15.44)</b>	<b>6,857,645</b>	<b>26.69</b>
<b>Long-term liabilities</b>								
Employee's severance and retirement benefits	193,284		211,811		(18,528)		287,273	
Retirement benefits for directors and corporate auditors	-		444,286		(444,286)		431,713	
Deferred tax liabilities	71,554		76,423		(4,868)		99,250	
Other long-term liabilities	421,150		-		421,150		-	
<b>Total long-term liabilities</b>	<b>685,988</b>	<b>2.58</b>	<b>732,520</b>	<b>2.72</b>	<b>(46,533)</b>	<b>(6.35)</b>	<b>818,236</b>	<b>3.18</b>
<b>Total liabilities</b>	<b>7,173,209</b>	<b>26.98</b>	<b>8,404,132</b>	<b>31.22</b>	<b>(1,230,923)</b>	<b>(14.65)</b>	<b>7,675,881</b>	<b>29.87</b>
<b>MINORITY INTEREST</b>								
Minority interest	-		-		-		-	
<b>SHAREHOLDERS' EQUITY</b>								
Common stock	3,996,269	15.03	3,996,269	14.84	-	-	3,996,269	15.55
Capital Surplus	3,981,928	14.98	3,981,928	14.79	-	-	3,981,928	15.50
Retained earnings	11,560,403	43.49	10,684,768	39.69	875,635	8.20	10,238,082	39.85
Sub-total	19,538,600	73.50	18,662,965	69.32	875,635	4.69	18,216,279	70.90
Net unrealized holding gains on securities	191,015	0.72	372,160	1.38	(181,145)	(48.67)	353,265	1.38
Foreign currency translation adjustments	295,935	1.11	141,718	0.53	154,217	108.82	124,110	0.48
Treasury stock, at cost	(616,231)	(2.31)	(660,504)	(2.45)	44,273	(6.70)	(675,753)	(2.63)
<b>Total shareholders' equity</b>	<b>19,409,319</b>	<b>73.02</b>	<b>18,516,339</b>	<b>68.78</b>	<b>892,980</b>	<b>4.82</b>	<b>18,017,901</b>	<b>70.13</b>
<b>Total liabilities, minority interest and shareholders' equity</b>	<b>26,582,528</b>	<b>100.00</b>	<b>26,920,471</b>	<b>100.00</b>	<b>(337,943)</b>	<b>(1.26)</b>	<b>25,693,782</b>	<b>100.00</b>

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

(Thousands of yen)

	3H/FY2006		3H/FY2005		Inc/(Dec)		FY2005	
	Apr-Dec 2006	%	Apr-Dec 2005	%		%	Apr'05-Mar'06	%
<b>Net sales</b>	25,019,641	100.00	22,184,561	100.00	2,835,080	12.78	30,343,090	100.00
<b>Costs and expenses</b>								
Cost of sales	18,064,732	72.20	16,041,015	72.30	2,023,717	12.62	21,982,637	72.45
Selling, general and administrative expenses	4,825,737	19.29	4,296,265	19.37	529,472	12.32	5,806,208	19.13
	22,890,469	91.49	20,337,280	91.67	2,553,190	12.55	27,788,845	91.58
<b>Operating income</b>	2,129,172	8.51	1,847,281	8.33	281,892	15.26	2,554,245	8.42
<b>Other income (expenses):</b>								
Interest and dividend income	31,351		47,654				53,270	
Interest expense	(5,165)		(4,422)				(5,781)	
Loss on sale of investment securities	-		(21,351)				(21,351)	
Gain on sale of investment securities	59,412		7				7	
Write-down of investment securities	-		-				-	
Equity in gain of affiliated companies	38,953		12,775				23,957	
Foreign exchange gain, net	16,474		116,604				121,916	
Loss on sale and disposal of property, plant and equipment	(62,985)		(147,194)				(202,953)	
Impairment loss	-		(25,000)				(25,000)	
Gain on sale of property, plant and equipment	2,166		3,092				6,339	
Loss on transfer of substitutional portion of employees' pension funds	-		(30,237)				(30,237)	
Other - net	15,931		9,587				23,455	
	96,137	0.38	(38,485)	(0.18)	134,623	-	(56,378)	(0.19)
<b>Income before income taxes</b>	2,225,309	8.90	1,808,796	8.15			2,497,867	8.23
<b>Income taxes</b>								
Current	(769,649)	3.08	(743,754)	3.35	(25,896)	3.48	(1,062,420)	3.50
Deferred	(180,068)	0.72	(253,753)	1.14	73,683	(29.04)	(172,194)	0.57
<b>Net income</b>	1,275,592	5.10	811,289	3.66	464,304	57.23	1,263,253	4.16
<b>Amounts per share of common stock:</b>								
Net income	62.70		39.96		22.74		61.03	
Diluted net income	62.51		39.89		22.62		60.93	

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

(Thousands of yen)

	<u>3H/FY2006</u> <u>Apr-Dec 2006</u>	<u>3H/FY2005</u> <u>Apr-Dec 2005</u>	<u>FY2005</u> <u>Apr'05-Mar'06</u>
<b>Cash flows from operating activities:</b>			
Income before income taxes	2,225,309	1,808,796	2,497,867
Adjustments to reconcile income before income taxes to net cash provided by operating activities			
Depreciation	930,616	716,023	1,006,400
Increase(decrease) in allowance for doubtful accounts	(6,090)	4,008	2,444
Decrease in accrued retirement benefits	(18,612)	(199,290)	(274,828)
Net loss(gain) on sale and disposal of property, plant and equipmen	60,819	144,102	196,614
Net loss(gain) on sale of marketable securities and investments	(59,412)	21,343	21,343
Impairment loss	-	25,000	25,000
Equity in gain of affiliated companies	(38,953)	(12,775)	(23,957)
Foreign exchange gain , net	(66,373)	(155,320)	(139,897)
Others	(683,834)	(145,186)	96,422
Net changes in operating assets and liabilities			
Notes and accounts receivable - trade	(472,943)	(920,980)	(839,994)
Inventories	(26,899)	(500,654)	(709,581)
Other assets	(85,693)	(147,248)	(76,587)
Notes and accounts payable - trade	(730,987)	488,995	890,103
Other liabilities	185,936	547,107	468,569
Payments for income taxes	(891,395)	(1,017,037)	(1,105,753)
<b>Net cash provided by operating activities</b>	<b>321,489</b>	<b>656,884</b>	<b>2,034,165</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of property, plant and equipmen	74,577	9,668	16,927
Payments for acquisition of property, plant and equipmen	(1,116,574)	(1,107,707)	(1,900,518)
Payments for purchases of investment in an affiliated company	(20,342)	-	-
Payments for purchases of investment securities	(99,926)	(750,169)	(1,049,525)
Proceeds from sale of investment securities	115,000	729,199	729,199
Other - net	(177,898)	(81,599)	(48,215)
<b>Net cash used in investing activities</b>	<b>(1,225,163)</b>	<b>(1,200,608)</b>	<b>(2,252,132)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from exercise of stock options	35,408	6,741	16,997
Increase in treasury stock	(1,090)	(711)	(996)
Cash dividends paid	(366,861)	(283,039)	(285,025)
Other - net	-	-	(5,992)
<b>Net cash used in financing activities</b>	<b>(332,543)</b>	<b>(277,009)</b>	<b>(275,016)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>54,237</b>	<b>147,671</b>	<b>151,284</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,181,980)</b>	<b>(673,062)</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>3,274,837</b>	<b>4,125,454</b>	<b>4,456,817</b>