

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

(Thousands of yen)

ASSETS	Q2/FY2008		FY2007		Inc/(Dec)		Q2/FY2007		
	Sep 30, 2008	%	March 31, 2008	%		%	Sep 30, 2007	%	
Current assets:									
Cash and deposits	2,949,313		2,784,379		164,934		1,326,772		
Marketable securities	46,522		43,794		2,728		105,197		
Receivables:									
Notes and accounts receivable - trade	7,743,485		7,963,851		(220,366)		8,526,623		
Allowance for doubtful accounts	(22,202)		(31,523)		9,321		(27,549)		
Inventories	3,917,499		3,383,689		533,810		3,727,961		
Deferred tax assets	253,773		262,315		(8,542)		345,666		
Other current assets	895,302		834,481		60,821		1,034,406		
Total current assets	15,783,692	59.29	15,240,986	58.36	542,706	3.56	15,039,076	54.91	
Property, plant and equipment:									
Land	808,467		808,467		-		807,987		
Buildings and structures	4,052,501		3,942,575		109,926		4,031,459		
Machinery and equipment	12,231,908		11,650,042		581,866		11,756,355		
Construction in progress	28,037		8,435		19,602		12,971		
Sub-total	17,120,913		16,409,519		711,394		16,608,772		
Accumulated depreciation	(9,854,661)		(9,154,333)		(700,328)		(8,703,281)		
Net property, plant and equipment	7,266,252	27.29	7,255,186	27.78	11,066	0.15	7,905,491	28.86	
Investments and other non-current assets:									
Investment securities :									
Unconsolidated subsidiaries and affiliated companies	-		-		-		205,823		
Others	1,929,238		2,295,652		(366,414)		3,054,815		
Deferred tax assets	310,170		283,202		26,968		97,459		
Other non-current assets	1,331,839		1,039,505		292,334		1,087,497		
Total investments and other non-current assets	3,571,247	13.42	3,618,359	13.86	(47,112)	(1.30)	4,445,594	16.23	
Total assets	26,621,191	100.00	26,114,531	100.00	506,660	1.94	27,390,161	100.00	

LIABILITIES	Q2/FY2008		FY2007		Inc/(Dec)		Q2/FY2007		
	Sep 30, 2008	%	March 31, 2008	%		%	Sep 30, 2007	%	
Current liabilities:									
Short-term borrowings	1,300,000		1,300,000		-		889,046		
Notes and accounts payable - trade	4,372,834		4,266,447		106,387		4,510,252		
Accrued income taxes	168,135		229,525		(61,390)		343,094		
Accrued expenses	415,205		349,902		65,303		398,286		
Accrued employees' bonuses	389,850		356,531		33,319		357,237		
Other current liabilities	667,882		598,886		68,996		840,203		
Total current liabilities	7,313,906	27.48	7,101,291	27.19	212,615	2.99	7,338,118	26.79	
Long-term liabilities:									
Employee's severance and retirement benefits	185,758		189,976		(4,218)		190,330		
Deferred tax liabilities	53,644		41,656		11,988		48,074		
Other long-term liabilities	570,292		408,590		161,702		408,589		
Total long-term liabilities	809,694	3.04	640,222	2.45	169,472	26.47	646,993	2.36	
Total liabilities	8,123,600	30.52	7,741,513	29.64	382,087	4.94	7,985,111	29.15	

NET ASSETS

Common stock	3,996,269	15.01	3,996,269	15.30	-	-	3,996,269	14.59
Capital surplus	3,981,928	14.96	3,981,928	15.25	-	-	3,981,928	14.53
Retained earnings	11,750,354	44.14	11,697,613	44.79	52,741	0.45	11,865,859	43.32
Sub-total	19,728,551	74.11	19,675,810	75.34	52,741	0.27	19,844,056	72.44
Net unrealized holding gains on securities	(241,016)	(0.91)	(177,038)	(0.67)	(63,978)	36.14	116,449	0.43
Foreign currency translation adjustments	10	0.00	(135,935)	(0.52)	135,945	(100.01)	434,222	1.59
Treasury stock, at cost	(989,954)	(3.72)	(989,819)	(3.79)	(135)	0.01	(989,677)	(3.61)
Total net assets	18,497,591	69.48	18,373,018	70.36	124,573	0.68	19,405,050	70.85
Total liabilities and net assets	26,621,191	100.00	26,114,531	100.00	506,660	1.94	27,390,161	100.00

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

	(Thousands of yen)							
	Q2/FY2008		Q2/FY2007		Inc/(Dec)		FY2007	
	Apr'08-Sep'08	%	Apr'07-Sep'07	%		%	Apr'07-Mar'08	%
Net sales	16,292,390	100.00	16,647,911	100.00	(355,521)	(2.14)	33,565,752	100.00
Costs and expenses								
Cost of sales	12,455,159	76.45	12,563,515	75.46	(108,356)	(0.86)	25,311,702	75.41
Selling, general and administrative expenses	3,471,943	21.31	3,353,915	20.15	118,028	3.52	6,768,403	20.16
	15,927,102	97.76	15,917,430	95.61	9,672	0.06	32,080,105	95.57
Operating income	365,288	2.24	730,481	4.39	(365,193)	(49.99)	1,485,647	4.43
Other income (expenses):								
Interest and dividend income	36,508		40,311				79,673	
Interest expense	(14,700)		(5,431)				(27,139)	
Loss on sale of investment securities	-		(4,966)				(4,966)	
Gain on sale of investment securities	-		56,535				118,274	
Write-down of investment securities	(258,543)		(146)				(251,435)	
Gain on sale of investment in an affiliated company	-		-				151,427	
Equity in gain of affiliated companies	-		18,661				32,881	
Foreign exchange gain (loss), net	200,523		(91,004)				(593,309)	
Loss on sale and disposal of property, plant and equipment	(64,714)		(13,252)				(20,703)	
Gain on sale of property, plant and equipment	389		2,939				4,217	
Surrender value of insurance	30,483		-				-	
Other - net	32,071		17,923				27,545	
	(37,983)	(0.23)	21,570	0.13	(59,553)	-	(483,535)	(1.44)
Income before income taxes	327,305	2.01	752,051	4.52			1,002,112	2.99
Income taxes								
Current	(146,342)	(0.90)	(371,744)	(2.23)	225,402	(60.63)	(524,760)	(1.57)
Deferred	44,317	0.27	(2,825)	(0.02)	47,142	-	(88,017)	(0.26)
Net income	225,280	1.38	377,482	2.27	(152,202)	(40.32)	389,335	1.16
Amounts per share of common stock:								
Net income	11.26		18.63		(7.37)		19.33	
Diluted net income	-		18.60		-		19.31	

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

(Thousands of yen)

	Q2/FY2008 Apr'08-Sep'08	Q2/FY2007 Apr'07-Sep'07	FY2007 Apr'07-Mar'08
Cash flows from operating activities:			
Income before income taxes	327,305	752,051	1,002,112
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation	796,951	755,100	1,571,858
Amortization of goodwill	6,667	-	-
Increase(decrease) in allowance for doubtful accounts	(9,811)	(92)	5,842
Decrease in accrued retirement benefits	(3,783)	(5,894)	(5,811)
Net loss on sale and disposal of property, plant and equipment	64,325	10,312	16,486
Net gain on sale of marketable securities and investments	-	(51,570)	(113,308)
Write-down of investment securities	258,543	146	251,435
Gain on sale of investment in an affiliated company	-	-	(151,427)
Equity in gain of affiliated companies	-	(18,661)	(32,881)
Foreign exchange loss (gain),net	(126,801)	90,492	506,074
Others	66,596	(20,001)	18,827
Net changes in operating assets and liabilities			
Notes and accounts receivable - trade	283,055	(336,369)	(111,159)
Inventories	(470,273)	(338,237)	(319,231)
Other assets	40,307	(212,955)	125,990
Notes and accounts payable - trade	187,276	568,498	428,031
Other liabilities	(131,926)	(70,896)	(119,400)
Payments for income taxes	(134,865)	(476,372)	(934,087)
Net cash provided by operating activities	1,153,566	645,552	2,139,351
Cash flows from investing activities:			
Payments for purchases of time deposits	-	-	(35,044)
Proceeds from repayment of time deposits	15,380	-	-
Proceeds from sale of property, plant and equipment	10,158	9,612	21,485
Payments for acquisition of property, plant and equipment	(492,624)	(1,371,124)	(1,864,864)
Payments for intangible assets	(5,004)	-	-
Proceeds from sale of investment in an affiliated company	-	-	300,612
Payments for purchases of marketable securities	-	-	(49,953)
Payments for purchases of investment securities	-	(299,926)	(299,926)
Proceeds from sale of investment securities	-	90,711	322,475
Acquisition of business	(316,333)	-	-
Other - net	(15,823)	(6,808)	(9,396)
Net cash used in investing activities	(804,246)	(1,577,535)	(1,614,611)
Cash flows from financing activities:			
Net increase in short-term borrowings	-	-	800,000
Proceeds from exercise of stock options	-	4,686	4,686
Increase in treasury stock	-	(380,131)	(380,317)
Repayments of lease obligations	(21,963)	-	-
Cash dividends paid	(180,074)	(182,923)	(363,343)
Other - net	(163)	-	28
Net cash provided by (used in) financing activities	(202,200)	(558,368)	61,054
Effect of exchange rate changes on cash and cash equivalents	32,892	(756)	(261,749)
Net increase(decrease) in cash and cash equivalents	180,012	(1,491,107)	324,045
Cash and cash equivalents at beginning of year	2,752,879	2,428,834	2,428,834
Cash and cash equivalents at end of period	2,932,891	937,727	2,752,879

The reconciliation of cash and deposits shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows are as follows:

	Q2/FY2008 Apr'08-Sep'08	Q2/FY2007 Apr'07-Sep'07	FY2007 Apr'07-Mar'08
Cash and deposits	2,949,313	1,326,772	2,784,379
Time deposits with maturities longer than 3 months	(16,422)	(389,045)	(31,500)
Cash and cash equivalents	2,932,891	937,727	2,752,879