

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

(Thousands of yen)

ASSETS	Q3/FY2008		FY2007		Inc/(Dec)		Q3/FY2007	
	Dec 31, 2008	%	March 31, 2008	%			Dec 31, 2007	%
Current assets								
Cash and deposits	4,094,984		2,784,379		1,310,605		1,723,890	
Short-term investment securities	66,941		43,794		23,147		-	
Receivables:								
Notes and accounts receivable-trade	6,276,622		7,963,851		(1,687,229)		8,494,567	
Allowance for doubtful accounts	(16,403)		(31,523)		15,120		(20,465)	
Inventories	3,324,783		3,383,689		(58,906)		3,695,487	
Deferred tax assets	52,816		262,315		(209,499)		214,775	
Other	1,126,575		834,481		292,094		1,144,271	
Total current assets	14,926,318	61.30	15,240,986	58.36	(314,668)	(2.06)	15,252,525	56.09
Property, plant and equipment								
Land	808,467		808,467		-		807,987	
Buildings and structures	3,930,673		3,942,575		(11,902)		4,048,417	
Machinery, vehicles, tools, furniture and fixtures	11,687,536		11,650,042		37,494		12,008,862	
Construction in progress	14,586		8,435		6,151		4,545	
Sub-total	16,441,262		16,409,519		31,743		16,869,811	
Accumulated depreciation	(9,812,748)		(9,154,333)		(658,415)		(9,075,469)	
Net property, plant and equipment	6,628,514	27.22	7,255,186	27.78	(626,672)	(8.64)	7,794,342	28.66
Investments and other non-current assets								
Investment securities :								
Stocks of subsidiaries and affiliates	-		-		-		212,728	
Others	1,535,852		2,295,652		(759,800)		2,634,614	
Deferred tax assets	34,770		283,202		(248,432)		202,186	
Other	1,225,600		1,039,505		186,095		1,095,940	
Total investments and other non-current assets	2,796,222	11.48	3,618,359	13.86	(822,137)	(22.72)	4,145,468	15.25
Total assets	24,351,054	100.00	26,114,531	100.00	(1,763,477)	(6.75)	27,192,335	100.00

LIABILITIES	Q3/FY2008		FY2007		Inc/(Dec)		Q3/FY2007	
	Dec 31, 2008	%	March 31, 2008	%			Dec 31, 2007	%
Current liabilities								
Short-term loans payable	1,500,000		1,300,000		200,000		1,300,000	
Notes and accounts payable-trade	3,278,167		4,266,447		(988,280)		4,532,915	
Income taxes payable	141,312		229,525		(88,213)		211,042	
Accrued expenses	376,693		349,902		26,791		393,968	
Provision for bonuses	114,950		356,531		(241,581)		130,276	
Other	822,164		598,886		223,278		714,615	
Total current liabilities	6,233,286	25.60	7,101,291	27.19	(868,005)	(12.22)	7,282,816	26.78
Noncurrent liabilities								
Long-term loans payable	1,500,000		-		1,500,000		-	
Provision for retirement benefits	186,257		189,976		(3,719)		184,096	
Deferred tax liabilities	93,391		41,656		51,735		48,749	
Other	554,969		408,590		146,379		408,590	
Total noncurrent liabilities	2,334,617	9.58	640,222	2.45	1,694,395	264.66	641,435	2.36
Total liabilities	8,567,903	35.18	7,741,513	29.64	826,390	10.67	7,924,251	29.14

NET ASSETS

Capital stock	3,996,269	16.41	3,996,269	15.30	-	-	3,996,269	14.70
Capital surplus	3,981,928	16.35	3,981,928	15.25	-	-	3,981,928	14.64
Retained earnings	9,838,013	40.40	11,697,613	44.79	(1,859,600)	(15.90)	11,940,364	43.91
Sub-total	17,816,210	73.16	19,675,810	75.34	(1,859,600)	(9.45)	19,918,561	73.25
Valuation difference on available-for-sale securities	(271,961)	(1.11)	(177,038)	(0.67)	(94,923)	53.62	(79,855)	(0.29)
Foreign currency translation adjustment	(770,207)	(3.16)	(135,935)	(0.52)	(634,272)	466.60	419,170	1.54
Treasury stock	(990,891)	(4.07)	(989,819)	(3.79)	(1,072)	0.11	(989,792)	(3.64)
Total net assets	15,783,151	64.82	18,373,018	70.36	(2,589,867)	(14.10)	19,268,084	70.86
Total liabilities and net assets	24,351,054	100.00	26,114,531	100.00	(1,763,477)	(6.75)	27,192,335	100.00

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

	Q3/FY2008		Q3/FY2007		Inc/(Dec)		(Thousands of yen)	
	Apr'08-Dec'08		Apr'07-Dec'07				FY2007	
		%		%		%	Apr'07-Mar'08	%
Net sales	23,015,730	100.00	25,429,679	100.00	(2,413,949)	(9.49)	33,565,752	100.00
Costs and expenses								
Cost of sales	17,970,117	78.08	19,202,112	75.51	(1,231,995)	(6.42)	25,311,702	75.41
Selling, general and administrative expenses	5,017,035	21.80	5,018,492	19.74	(1,457)	(0.03)	6,768,403	20.16
	22,987,152	99.88	24,220,604	95.25	(1,233,452)	(5.09)	32,080,105	95.57
Operating income	28,578	0.12	1,209,075	4.75	(1,180,497)	(97.64)	1,485,647	4.43
Other income (expenses):								
Interest and dividends income	56,913		56,612				79,673	
Interest expenses	(27,623)		(10,701)				(27,139)	
Loss on sales of investment securities	-		(4,965)				(4,966)	
Gain on sales of investment securities	-		118,274				118,274	
Loss on valuation of investment securities	(760,283)		(76,328)				(251,435)	
Gain on sales of subsidiaries and affiliates' stocks	-		-				151,427	
Equity in earnings of affiliates	-		32,881				32,881	
Foreign exchange gains (losses), net	(312,547)		(166,213)				(593,309)	
Loss on sales and retirement of noncurrent assets	(65,057)		(19,710)				(20,703)	
Gain on sales of noncurrent assets	368		3,467				4,217	
Insurance income	23,693		-				-	
Surrender value of insurance	30,483		-				-	
Other	12,425		20,888				27,545	
	(1,041,628)	(4.52)	(45,795)	(0.18)	(995,833)	2,174.55	(483,535)	(1.44)
Income before income taxes	(1,013,050)	(4.40)	1,163,280	4.57			1,002,112	2.99
Income taxes								
Income taxes-current	(182,356)	(0.79)	(379,077)	(1.49)	196,721	(51.89)	(524,760)	(1.57)
Income taxes-deferred	(311,309)	(1.35)	(152,140)	(0.59)	(159,169)	104.62	(88,017)	(0.26)
Net income	(1,506,715)	(6.54)	632,063	2.49	(2,138,778)	-	389,335	1.16
Amounts per share of common stock								
Net income	(75.30)		31.31		(106.61)		19.33	
Diluted net income	-		31.28		(31.28)		19.31	

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

(Thousands of yen)

	Q3/FY2008 Apr'08-Dec'08	Q3/FY2007 Apr'07-Dec'07	FY2007 Apr'07-Mar'08
Net cash provided by (used in) operating activities			
Income before income taxes	(1,013,051)	1,163,280	1,002,112
Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,222,189	1,164,725	1,571,858
Amortization of goodwill	11,667	-	-
Increase (decrease) in allowance for doubtful accounts	(14,361)	(2,484)	5,842
Increase (decrease) in provision for retirement benefits	(3,172)	(12,126)	(5,811)
Loss (gain) on sales and retirement of noncurrent assets	64,689	16,243	16,486
Loss (gain) on sales of investment securities	-	(113,308)	(113,308)
Loss (gain) on valuation of investment securities	760,283	76,328	251,435
Loss (gain) on sales of stocks of subsidiaries and affiliates	-	-	(151,427)
Equity in (earnings) losses of affiliates	-	(32,881)	(32,881)
Foreign exchange gains (losses), net	77,166	(1,711)	506,074
Others	(209,000)	(256,867)	18,827
Net changes in operating assets and liabilities			
Decrease (increase) in notes and accounts receivable-trade	1,527,746	(331,993)	(111,159)
Decrease (increase) in inventories	(162,088)	(242,683)	(319,231)
Decrease (increase) in other assets	75,652	(363,921)	125,990
Increase (decrease) in notes and accounts payable-trade	(836,373)	598,278	428,031
Increase (decrease) in other liabilities	93,728	(25,020)	(119,400)
Income taxes paid	(459,062)	(592,721)	(934,087)
Net cash provided by (used in) operating activities	1,136,013	1,043,139	2,139,351
Net cash provided by (used in) investment activities			
Payments into time deposits	-	-	(35,044)
Proceeds from withdrawal of time deposits	14,950	-	-
Proceeds from sales of property, plant and equipment	11,069	15,729	21,485
Purchase of property, plant and equipment	(681,896)	(1,771,905)	(1,864,864)
Purchase of intangible assets	(3,122)	-	-
Proceeds from sales of stocks of subsidiaries and affiliates	-	-	300,612
Purchase of short-term investment securities	-	-	(49,953)
Purchase of investment securities	-	(299,926)	(299,926)
Proceeds from sales of investment securities	-	270,685	322,475
Payments for transfer of business	(316,333)	-	-
Other, net	(4,128)	(6,407)	(9,396)
Net cash provided by (used in) investment activities	(979,460)	(1,791,824)	(1,614,611)
Net cash provided by (used in) financing activities			
Increase in short-term loans payable	200,000	800,000	800,000
Proceeds from long-term loans payable	1,500,000	-	-
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	-	4,686	4,686
Purchase of treasury stock	-	(380,245)	(380,317)
Repayments of lease obligations	(39,794)	-	-
Cash dividends paid	(360,878)	(361,637)	(363,343)
Other, net	(1,369)	-	28
Net cash provided by (used in) financing activities	1,297,959	62,804	61,054
Effect of exchange rate change on cash and cash equivalents	(124,111)	(19,063)	(261,749)
Net increase (decrease) in cash and cash equivalents	1,330,401	(704,944)	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	4,083,280	1,723,890	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:

(Thousands of yen)

	Q3/FY2008 Apr'08-Dec'08	Q3/FY2007 Apr'07-Dec'07	FY2007 Apr'07-Mar'08
Cash and deposits	4,094,984	1,723,890	2,784,379
Time deposits with maturities longer than 3 months	(11,704)	-	(31,500)
Cash and cash equivalents	4,083,280	1,723,890	2,752,879