



## Consolidated Financial Statements for the First Half of the Year Ending March 31, 2008

Date: October 31, 2007

Name of Listed Company: Yokogawa Electric Corporation (the "Company" herein)

Stock Exchanges Where the Company's Shares are Listed: Tokyo Stock Exchange

Location of Company Head Office: Tokyo

Stock Code: 6841

(URL: <http://www.yokogawa.com>)

Name and Position of the Representative: Shuzo Kaihori, President

Name and Position of Person in Charge: Masatoshi Okabe, General Manager of Public Relations &amp; Investor Relations Dept.

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Planned First Half Report Filing Date: December 27, 2007

Planned Dividend Payment Starting Date: December 7, 2007

(Any amount less than one million yen is disregarded)

## 1. Business results for the half year ended September 30, 2007 (April 1, 2007 – September 30, 2007)

(1) Results of operations on a consolidated basis (The percentages show the percentage increase or decrease since the first half of the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the half year ended September 30, 2007	204,283	9.6	8,764	-3.3	5,720	-50.0	2,718	-32.6
For the half year ended September 30, 2006	186,410	4.8	9,065	17.2	11,448	37.1	4,036	120.2
For the year ended March 31, 2007	433,405		29,274		29,616		12,563	

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
For the half year ended September 30, 2007	10.34	--
For the half year ended September 30, 2006	15.35	--
For the year ended March 31, 2007	47.79	--

(Note)

Profit or loss from investments accounted for by the equity method:

For the half year ended September 30, 2007 623 million yen

For the half year ended September 30, 2006 570 million yen

For the year ended March 31, 2007 877 million yen

## (2) Financial conditions on a consolidated basis

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Million yen	Million yen	%	Yen
For the half year ended September 30, 2007	440,222	238,012	53.0	887.81
For the half year ended September 30, 2006	407,332	230,961	55.6	861.12
For the year ended March 31, 2007	438,683	238,902	53.4	891.08

(Note)

Shareholders' equity:

For the half year ended September 30, 2007 233,388 million yen

For the half year ended September 30, 2006 226,383 million yen

For the year ended March 31, 2007 234,252 million yen

## (3) Conditions of cash flow on a consolidated basis

	Net Cash Provided by Operating Activities	Net Cash Used in Investment Activities	Net Cash Used in Financing Activities	Cash and Cash Equivalents at the End of the Period
	Million yen	Million yen	Million yen	Million yen
For the half year ended September 30, 2007	8,166	(27,434)	7,996	27,044
For the half year ended September 30, 2006	18,902	(18,322)	(11,181)	31,584
For the year ended March 31, 2007	40,461	(39,038)	(6,096)	38,178

2. Dividend conditions

(Record date)	Dividend per share		
	End of Interim Term	End of Term	Annual Total
	Yen	Yen	Yen
For the year ended March 31, 2007	7.50	7.50	15.00
For the year ended March 31, 2008	8.00		
For the year ended March 31, 2008 (forecast)		8.00	

3. Business forecast for the year ending March 31, 2008 (April 1, 2007-March 31, 2008)

(The percentages show the percentage increase or decrease since the first half of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net Income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	450,000	3.8	31,000	5.9	24,000	-19.0	12,000	-4.5	45.65

4. Other

(1) Changes in important subsidiaries during the period (changes in specific subsidiaries accompanying changes in consolidated subsidiaries)?  
No

(2) Changes to the principles/procedures for accounting or the method of display, etc., related to the creation of interim consolidated financial statements?

(Items listed in changes to important items that serve as the foundation for the creation of interim consolidated financial statements)

(1) Changes accompanying revision of accounting standards? Yes

(2) Changes other than (1)? No

(3) Number of shares issued (common stock)

(1) Number of shares outstanding at the end of the period (including treasury stock)

For the half year ended September 2007 268,624,510 shares

For the half year ended September 2006 268,624,510 shares

For the year ended March 31, 2007 268,624,510 shares

(2) Treasury stock at the end of the period

For the half year ended September 2007 5,742,513 shares

For the half year ended September 2006 5,730,197 shares

For the year ended March 31, 2007 5,737,599 shares

(Note)

Overview of non-consolidated business results

1. Non-consolidated business results for the half year ended September 30, 2007 (April 1, 2007-September 30, 2007)

(1) Results of operations on a non-consolidated basis

( The percentages show the percentage increase or decrease since the first half of the previous fiscal year. )

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the half year ended September 30, 2007	110,826	2.5	(255)	--	(1,411)	--	(1,201)	--
For the half year ended September 30, 2006	108,140	-1.3	2,599	--	6,842	105.8	2,446	--
For the year ended March 31, 2006	239,399		10,605		14,946		5,039	

	Net Income per Share
	Yen
For the half year ended September 30, 2007	-4.57
For the half year ended September 30, 2006	9.30
For the year ended March 31, 2006	19.17

(2) Financial conditions on a non-consolidated basis

	Total Assets	Shareholders' Equity	Shareholder's Equity Ratio	Shareholder's Equity per Share
	Million yen	Million yen	%	Yen
For the half year ended September 30, 2007	337,381	202,887	60.1	771.77
For the half year ended September 30, 2006	319,091	208,545	65.4	793.25
For the year ended March 31, 2006	341,754	208,169	60.9	791.84

(Note)

Shareholders' equity

For the half year ended September 2007 202,887 million yen

For the half year ended September 2006 208,545 million yen

For the year ended March 31, 2007 208,169 million yen

2. Non-consolidated business forecast for the year ending March 31, 2008 (April 1,2007 to March 31, 2008)

( The percentages show the percentage increase or decrease since the first half of the previous fiscal year. )

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
	Million yen %	Million yen %	Million yen %	Million yen %	Yen
Annual	250,000 4.4	11,000 3.7%	9,000 -39.8%	5,000 -0.8%	19.02

\* The above forecasts are based on the information that was available at the time this document was released and involve assumptions regarding uncertain factors that may have an effect on future performance. Actual performance may vary greatly due to a variety of factors. Please refer to page 6 of the attached materials for a disclaimer regarding the assumptions used in performance forecasts, as well as the use of such forecasts.

## 1. Business Results

### (1) Analysis of Business Results

In our core industrial automation and control business, increasing energy demand and rising oil prices led to active investment outside Japan in petroleum, petrochemical, natural gas, and other energy-related plants. As a result, growth was strong for this business. In the semiconductor tester business, the main segment of the test and measurement business, a decline in DRAM prices and the slowdown of the FPD driver IC market resulted in sluggish growth. In addition, the communications and measurement equipment business was also sluggish due to the weak Japan market. As for new and other businesses, progress has been made in the photonics business's core 40-Gbps optical communications market toward building next-generation networks. And in the advanced stage business, the market remains strong, centering on the related fields of semiconductor manufacturing and liquid crystal panel manufacturing.

As a result, the industrial automation and control business had significantly higher sales and operating income than the same term last year. However, sales fell for the test and measurement business and operating income was down due to a large increase in research and development costs. In addition, depreciation costs increased sharply for the new businesses. All of these factors led to an overall increase in net sales and a drop in operating income compared to the same term last year.

#### <Consolidated>

Net sales	204.2 billion yen (up 17.8 billion yen from the same term last year)
Operating income	8.7 billion yen (down 300 million yen from the same term last year)
Ordinary income	5.7 billion yen (down 5.7 billion yen from the same term last year)
Net income	2.7 billion yen (down 1.3 billion yen from the same term last year)

#### <Non-consolidated>

Net sales	110.8 billion yen (up 2.6 billion yen from the same term last year)
Operating income	(0.2) billion yen (down 2.8 billion yen from the same term last year)
Ordinary income	(1.4) billion yen (down 8.2 billion yen from the same term last year)
Net income	(1.2) billion yen (down 3.6 billion yen from the same term last year)

Results by individual business segment are outlined below.

### Industrial Automation and Control Business

In the industrial automation and control business, which centers on production control systems for plants, the increases in energy demand in China and India and high oil prices have led to continued active investment in energy-related projects mainly outside Japan. In this market environment, the Company received many orders for large-scale projects, starting with a modernization project from an oil major, and the business remained at favorable levels.

As a result, sales came to 151.4 billion yen and operating income to 16.5 billion yen for the industrial automation and control business.

### Test and Measurement Business

In the semiconductor tester business of the test and measurement business, although investment in FPD driver ICs was favorable in the first quarter, this slowed down in the second quarter. Combined with weak DRAM investment, this resulted in weak conditions for the entire semiconductor tester business. Moreover, in the communications and measurement equipment business, the weak trend in waveform measuring instruments, etc., resulted in relatively flat growth.

As a result, the test and measurement business had sales of 31.8 billion yen and an operating loss of 2.3 billion yen.

### New and Other Businesses

In new businesses, the photonics business addressed the mass production of 40-Gbps optical transmitter and receiver modules in preparation for a future increase in orders and sales. In the advanced stage business, the Company has completed the establishment of a new production system. In the life science business, a new confocal scanner model has been released and is expected to do well in the active international market. As for other businesses, the aviation equipment business exceeded the planned results.

As a result, the new and other businesses had net sales of 21 billion yen and an operating loss of 5.4 billion yen.

Results by region were as follows.

#### 1. Japan

In Japan, sales fell for both the semiconductor tester business and the communications and measurement business. As a result, sales for the test and measurement business decreased to 108.3 billion yen (down 4.7 billion yen, 4.2% from the same term last year). Operating income decreased to 1.5 billion yen (down 2.7 billion yen, 64.4% from the same term last year).

#### 2. Asia

In Asia, the industrial automation and control business performed well, resulting in increased sales and operating income. Sales were 41.9 billion yen (up 9.3 billion yen, 28.7% from the same term last year) and operating income was 3.6 billion yen (up 900 million yen, 35.7% from the same term last year).

#### 3. Europe

In Europe, the industrial automation and control business performed well, resulting in increased sales and operating income. Sales were 21.7 billion yen (up 3.8 billion yen, 21.4% from the same term last year) and operating income was 2.2 billion yen (up 800 million yen, 62.8% from the same term last year).

#### 4. North America

In North America, the industrial automation and control business also performed well resulting in increased sales and operating income. Sales were 15.2 billion yen (up 4 billion yen, 35.7% from the same term last year) and operating income was 300 million yen (up 80 million yen, 35.7% from the same term last year).

#### 5. Other regions

In other regions as well, including the Middle East and South America, the industrial automation and control business also performed well resulting in increased sales and operating income. Sales were 17 billion yen (up 5.4 billion yen, 46.4% from the same term last year) and operating income was 1.6 billion yen (up 600 million yen, 65.2% from the same term last year).

#### <Consolidated Business Performance Forecasts (Yearly)>

Net sales	450 billion yen	(up 3.8% from the same term last year)
Operating income	31 billion yen	(up 5.9% from the same term last year)
Ordinary income	24 billion yen	(down 19.0% from the same term last year)
Net income	12 billion yen	(down 4.5% from the same term last year)

#### <Non-consolidated Business Performance Forecasts (Yearly)>

Net sales	250 billion yen	(up 4.4% from the same term last year)
Operating income	11 billion yen	(up 3.7% from the same term last year)
Ordinary income	9 billion yen	(down 39.8% from the same term last year)
Net income	5 billion yen	(down 0.8% from the same term last year)

Note: The consolidated business forecast assumes an average exchange rate of US\$1 = 115 yen, 1 Euro = 155 yen.

<Notes Regarding Forecasts>

The above forecasts are based on certain assumptions deemed reasonable by Yokogawa at the present time, and may differ from actual business results.

Major factors that may affect business performance include the following:

- Fluctuations in the U.S. dollar, the euro, and Asian currencies relative to the yen
- Sudden changes in economic conditions in major markets, trade regulations, or other aspects of the business environment
- Sudden fluctuations in product supply or demand
- Rapid technological innovations
- Fluctuations in Japanese share prices
- Protection of Yokogawa patents and the licensing of patents held by other companies
- Alliances with other companies for product development or other purposes

## (2) Analysis of Financial Status

### 1. Conditions of assets, liabilities, and net assets

Total assets came to 440.2 billion yen, up 1.5 billion yen from the previous consolidated accounting period. This is mainly due to the fact that, while cash and time deposits decreased 11.1 billion yen, inventories increased 3.2 billion yen, tangible fixed assets increased 6.1 billion yen, and intangible fixed assets increased 3.4 billion yen.

Total liabilities came to 202.2 billion yen, up 2.4 billion yen from the previous consolidated accounting period. This is mainly due to the fact that, while notes and accounts payable decreased 4.8 billion yen, short-term bank loans decreased 10 billion yen, corporate bonds decreased 10 billion yen, and the bonus allowance decreased 3.6 billion yen, commercial paper increased 5 billion yen and long-term bank loans increased 25.2 billion yen. The interest-bearing liability balance increased 10.2 billion yen from the previous consolidated accounting period to 69.8 billion yen.

Net assets came to 238 billion yen, down 800 million yen from the previous consolidated accounting period. This is mainly due to the fact that, while retained earnings increased 0.8 billion yen, net unrealized gains on other securities decreased 2.1 billion yen.

### 2. Cash flow status

Cash flow from operating activities was 8.1 billion yen, a decrease of 10.7 billion yen over the previous interim period. This is from an interim net income before taxes of 5 billion yen, after adjusting for positive items such as depreciation costs of 10.8 billion yen and an account receivables decrease of 7.1 billion yen, and negative items including a 3.6 billion yen decrease in bonus allowances, a 3 billion yen increase in inventory assets, a 5.7 billion yen decrease in trade payable, and 3.3 billion yen of income taxes paid or refunded. Cash flow from investment activities saw an expenditure of 27.4 billion yen, an increase of 9.1 billion yen over the previous interim period, due to an outlay of 18.6 billion yen for the acquisition of tangible fixed assets, an outlay of 4.7 billion yen for the acquisition of intangible fixed assets, and an outlay of 6.3 billion yen for the acquisition of marketable securities, etc.

Cash flow from financing activities saw an income of 7.9 billion yen, an increase of 19.1 billion yen over the previous interim period, due to the taking out of 25.5 billion yen in long-term bank loans for fund raising purposes, a 10.2 billion yen expenditure to decrease the short-term bank loan balance, and a 10 billion yen expenditure for the redemption of bonds.

As the result of the above, the balance of cash and cash equivalents for the end of the current interim period showed a decrease of 11.1 billion yen over the end of the previous consolidated accounting year, coming to 27 billion yen.

#### Trends in cash flow indicators

	Year ended Mar. 31, 2004	Year ended Mar. 31, 2005	Year ended Mar. 31, 2006	Year ended Mar. 31, 2007	Interim period ended Sep. 2007
Shareholders' equity ratio (%)	40.3	42.2	53.7	53.4	53.0
Market value based shareholders' equity ratio (%)	94.5	88.2	131.8	108.2	83.5
Cash flow to interest bearing debt ratio (%)	12.0	5.5	2.4	1.5	--
Interest coverage ratio (multiple)	7.4	21.1	34.1	37.6	13.6

Shareholders' equity ratio: Shareholders' equity / total assets

Shareholders' equity ratio on market value basis: Total market value of stock / total assets

Cash flow to interest bearing debt ratio: Interest bearing debt / operating cash flow

(Not listed for the interim period.)

Interest coverage ratio: Operating cash flow / interest payments

(Note 1) All values are calculated using consolidated financial figures.

(Note 2) Market value has been calculated based on the number of shares issued excluding treasury stock.

(Note 3) Interest bearing debt includes all debt listed on the interim consolidated balance sheets for which interest is being paid. (Includes zero coupons and euro-yen convertible bonds.)

(Note 4) The figures for operating cash flow and interest payments utilize the "Cash flows from operating activities" and "Interest expenses paid" shown in the consolidated cash flow statements.

(3) Policy on Appropriation of Profit and Dividends for Period under Review

The Company recognizes that, along with establishing a stable management foundation, the continued distribution of earnings to shareholders is one of our most important policies. With the objective of investment in new businesses and development of new products for growing markets aiming toward medium- to long-term growth, and taking under consideration the securement of an internal reserve and strengthening of our financial standing in a comprehensive manner, we have set the consolidated dividend ratio at 30% as our appropriation policy.

Under this policy, we will set the interim dividend at 8 yen per share as planned at the beginning of the period. For the year, we plan an increase of 1 yen over the previous period to set the yearly ordinary dividend at 16 yen per share.

## 2. Status of the Yokogawa Group

The Yokogawa Group consists of Yokogawa Electric Corporation (“the Company”), 93 subsidiaries, and 12 affiliated companies. The major businesses of the Group companies and businesses pertaining to each company in the Group by segment are as follows below. In these consolidated financial statements for the first half of the year, the segments by business category have been changed.

### (1) Industrial Automation and Control Business

Major products are production control systems, flowmeters, and differential pressure and pressure transmitters. In this business segment, products manufactured by consolidated subsidiaries such as Yokogawa Manufacturing Corporation, Yokogawa Electric Asia Pte. Ltd., and Yokogawa Electric China Co., Ltd. are sold, engineered, and serviced in Japan by Yokogawa Electric Corporation. Outside Japan, mainly Yokogawa Engineering Asia Pte. Ltd. in Southeast Asia, Yokogawa Europe B.V. in Europe, Yokogawa Corporation of America in the United States, Yokogawa Middle East B.S.C.(c) in the Middle East, and Yokogawa China Co., Ltd. in China conduct sales, engineering, and after-sales service.

### (2) Test and Measurement Business

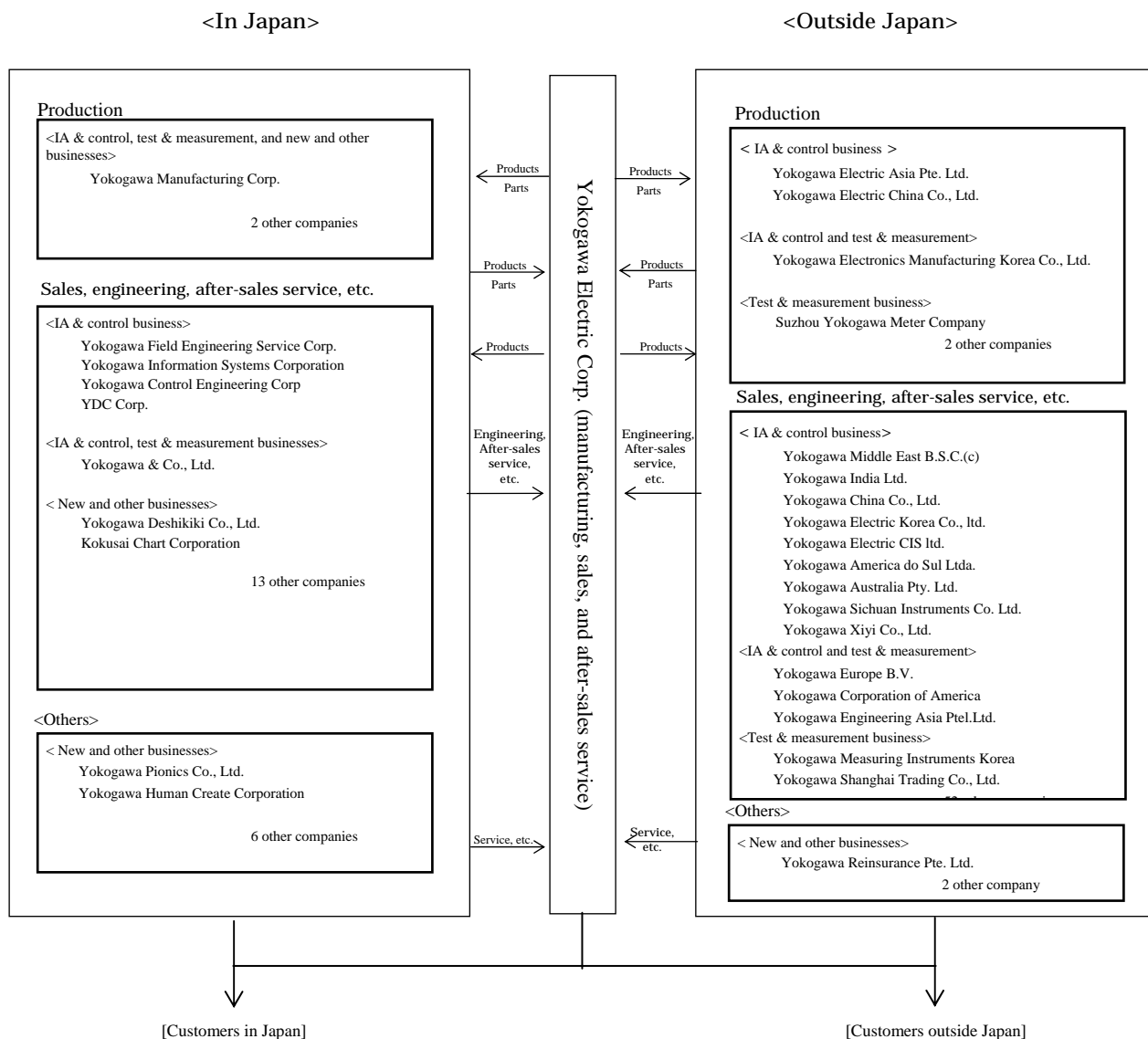
Major products are semiconductor test systems, waveform measurement instruments, and optical communication measurement instruments. In this business segment, products manufactured by Yokogawa Manufacturing Corporation and Yokogawa Electronics Manufacturing Korea are sold and serviced in Japan by Yokogawa Electric Corporation. Outside Japan, mainly Yokogawa Engineering Asia Pte. Ltd. in Southeast Asia, Yokogawa Europe B.V. in Europe, Yokogawa Corporation of America in the United States, Yokogawa Measuring Instruments Korea in South Korea, and Yokogawa Shanghai Trading Co., Ltd. in China conduct sales and after-sales service.

### (3) New and other businesses

Major products are optical communications equipment, the XY-stage, confocal scanners, and aviation equipment. Yokogawa Manufacturing Corporation is in charge of the manufacture of optical communication instruments, the XY-stage, confocal scanners, and the like, while the Company conducts sales and after-sales service. The Company and Yokogawa Denshikiki Co., Ltd. are engaged in the manufacture and sales of aviation equipment. Kokusai Chart Corporation is involved in manufacturing measurement recording paper, Yokogawa Pionics Co., Ltd. handles operations relating to real estate, and Yokogawa Human Create Corporation acts as a temporary staffing agency.

**Business Overview**

The following diagram illustrates the relations of the companies in the Yokogawa Group.



(Note) Description about consolidated subsidiary

In addition to the above, the following subsidiary is listed on a Japanese securities exchange:

Kokusai Chart Corporation                      Jasdac Securities Exchange, Inc.

### 3. Management Policies

#### (1) Core Corporate Management Policy

##### [Corporate Philosophy]

As a group, our goal is to contribute to society through broad-ranging activities in the areas of measurement, control, and information. Individually, we aim to combine good citizenship with the courage to innovate – we take this as our corporate philosophy and make every effort to realize it.

##### [Corporate Social Responsibility (CSR)]

In order to fulfill its corporate social responsibility, Yokogawa will enhance its corporate governance by developing and operating an internal control system, and contribute to community and society through the pursuit of high quality and customer satisfaction, the observance of corporate ethics, fair trade, the training and utilization of human resources, and environmental management activities, while aiming for continuous improvement of its corporate value. In doing so, we prioritize safety and compliance.

##### [Business Concept]

A business concept that Yokogawa presents to a wide range of industries is Enterprise Technology Solutions (ETS). With the aim of making a great contribution to our customers' corporate management, we take the customer perspective to provide optimal solutions that meet expectations and needs with the latest and most sophisticated technologies. Yokogawa aims to become a global service company based on ETS.

#### (2) Management Targets

For the Second Milestone of FY2010, we will establish as our targets a consolidated operating income of 75 billion yen, a return on sales of 12.5%, and a return on investment of 23%.

#### (3) Medium- and Long-term Business Strategies

In January 2000, the Yokogawa Group announced VISON-21 & ACTION-21, a corporate vision and strategy with the goal of achieving healthy and profitable management. We made a declaration to create value with our customers in the industrial and social system areas, and contribute to the well being of society and local communities in the 21<sup>st</sup> century through resource recycling, environmental conservation, and other activities. Beginning in FY2006, we started the second phase of VISON-21 & ACTION-21 with FY2010 as the Second Milestone. The key initiative for this phase is One Global YOKOGAWA. We will exercise healthy and profitable management in a truly consolidated manner that is evident to all our customers around the world while utilizing Leading Edge Technology to achieve Customer Centric Solutions.

#### (4) Challenges for the Company

In order to pursue an aggressive strategy in the industrial automation & control, test & measurement, and new and other businesses segments, we will develop leading edge technologies, enhance our product lineup, release products in a timely manner, strengthen price competitiveness, and improve our sales and engineering service system.

Aiming to realize management in a truly consolidated manner through the reform of our business structure and Group management under the corporate strategy, we will establish a basis for Group-wide management that consolidates strategy, information, human resources, systems, and accounting.

At the meetings of the board of directors, which manages the Company at the behest of its shareholders, we will strive for quick and transparent decision making following deliberations by directors who are familiar with Yokogawa's business as well as external directors who are independent from the organization. In addition, we will improve our management audit function by strictly checking the legality of the duties of directors through an audit by a board of auditors in which external auditors form a majority. We will enhance our corporate governance as one of the important measures to realize a healthy and profitable management. In order to ensure that daily business is efficiently and properly carried out in accordance with management policies/plans as well as laws and regulations, we will further promote the development and operation of an internal control system.

Specifically, we will designate departments to take responsibility for each of 10 categories including quality, environment, and export control, and then will implement risk control across the entire Group. Through an objective audit by the internal audit department, we will also check whether the internal control system is working effectively.

#### 4. Interim Consolidated Financial Statements

##### (1) Interim Consolidated Balance Sheets

Item	Previous Interim Accounting Period ended September 30, 2006		Current Interim Accounting Period ended September 30, 2007		Change	Summary Consolidated Balance Sheets for the Previous Consolidated Accounting Year ended March 31, 2007	
	Amount (¥mil)	Composition Ratio (%)	Amount (¥mil)	Composition Ratio (%)	Change (¥mil)	Amount (¥mil)	Composition Ratio (%)
<b>ASSETS</b>	<b>407,332</b>	<b>100.0</b>	<b>440,222</b>	<b>100.0</b>	<b>32,889</b>	<b>438,683</b>	<b>100.0</b>
<b>I Current Assets</b>	<b>226,098</b>	<b>55.5</b>	<b>230,572</b>	<b>52.4</b>	<b>4,473</b>	<b>243,158</b>	<b>55.4</b>
1. Cash and time deposits	32,093		27,686			38,819	
2. Notes and accounts receivable	120,429		132,608			134,480	
3. Marketable securities	251		252			252	
4. Inventories	51,347		53,373			50,133	
5. Deferred tax assets – current	12,322		9,281			10,685	
6. Other current assets	11,172		10,761			10,852	
Allowance for doubtful accounts	(1,517)		(3,391)			(2,065)	
<b>II Fixed Assets</b>	<b>181,233</b>	<b>44.5</b>	<b>209,649</b>	<b>47.6</b>	<b>28,415</b>	<b>195,525</b>	<b>44.6</b>
1. Tangible fixed assets	96,508	23.7	115,260	26.2	18,752	109,131	24.9
(1) Buildings and structures	44,109		54,168			54,511	
(2) Machinery and delivery equipment	--		24,364			19,822	
(3) Other	52,398		36,727			34,796	
2. Intangible fixed assets	11,601	2.8	17,753	4.0	6,151	14,275	3.3
3. Investments and other assets	73,124	18.0	76,636	17.4	3,511	72,188	
(1) Investments in securities	50,244		51,439			50,560	16.4
(2) Other	23,621		25,858			22,220	
Allowance for doubtful accounts	(742)		(661)			(642)	
<b>Total Assets</b>	<b>407,332</b>	<b>100.0</b>	<b>440,222</b>	<b>100.0</b>	<b>32,889</b>	<b>438,683</b>	<b>100.0</b>

Item	Previous Interim Accounting Period ended September 30, 2006		Current Interim Accounting Period ended September 30, 2007		Change	Summary Consolidated Balance Sheets for the Previous Consolidated Accounting Year ended March 31, 2007	
	Amount (¥mil)	Composition Ratio (%)	Amount (¥mil)	Composition Ratio (%)	Change (¥mil)	Amount (¥mil)	Composition Ratio (%)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>176,371</b>	<b>43.3</b>	<b>202,209</b>	<b>45.9</b>	<b>25,838</b>	<b>199,781</b>	<b>45.5</b>
<b>I Current Liabilities</b>	<b>122,622</b>	<b>30.1</b>	<b>132,228</b>	<b>30.0</b>	<b>9,605</b>	<b>154,188</b>	<b>35.1</b>
1. Notes and accounts payable	34,859		36,526			41,344	
2. Short-term bank loans	17,424		8,348			18,356	
3. Bonds (to be redeemed within one year)	10,000		10,000			20,000	
4. Bonus allowances	10,750		11,232			14,852	
5. Other	49,587		66,120			59,635	
<b>II Fixed Liabilities</b>	<b>53,748</b>	<b>13.2</b>	<b>69,981</b>	<b>15.9</b>	<b>16,233</b>	<b>45,593</b>	<b>10.4</b>
1. Bonds	10,000		--			--	
2. Bonds with subscription rights to new shares	14,441		46,521			21,273	
3. Long-term bank loans	7,113		5,744			6,223	
4. Reserve for retirement payments	467		369			590	
5. Other reserves	20,442		15,928			16,137	
6. Long-term accounts payable	1,282		1,418			1,366	
<b>(Net Assets)</b>	<b>230,961</b>	<b>56.7</b>	<b>238,012</b>	<b>54.1</b>	<b>(7,051)</b>	<b>238,902</b>	<b>54.5</b>
<b>I Shareholders' Equity</b>	<b>215,342</b>	<b>52.9</b>	<b>222,828</b>	<b>50.6</b>	<b>7,486</b>	<b>221,970</b>	<b>50.6</b>
1. Capital	43,401	10.7	43,401	9.9	--	43,401	9.9
2. Capital surplus	50,355	12.4	50,355	11.4	0	50,355	11.5
3. Earned surplus	125,960	30.9	133,471	30.3	7,510	132,603	30.2
4. Treasury stock	(4,375)	-1.1	(4,398)	-1.0	(23)	(4,389)	-1.0
<b>II Unrealized Gains from Appraisal/Adjustment, etc.</b>	<b>11,041</b>	<b>2.7</b>	<b>10,559</b>	<b>2.4</b>	<b>(481)</b>	<b>12,281</b>	<b>2.8</b>
1. Net unrealized gains on other securities	12,892	3.2	9,807	2.2	(3,084)	11,926	2.7
2. Gain on deferred hedge	(7)	-0.0	22	0.0	30	6	0.0
3. Foreign currency translation adjustments	(1,843)	-0.5	729	0.2	2,572	348	0.1
<b>III Minority interests</b>	<b>4,577</b>	<b>1.1</b>	<b>4,623</b>	<b>1.1</b>	<b>45</b>	<b>4,650</b>	<b>1.1</b>
<b>Liabilities, Net Asset Total</b>	<b>407,332</b>	<b>100.0</b>	<b>440,222</b>	<b>100.0</b>	<b>32,889</b>	<b>438,683</b>	<b>100.0</b>

## (2) Interim Consolidated Statements of Income

Item	Previous Interim Accounting Period (April 1, 2006 to September 30, 2006)		Current Interim Accounting Period (April 1, 2007 to September 30, 2007)		Change	Summary Consolidated Statements of Income for the Previous Consolidated Accounting Year (April 1, 2006 to March 31, 2007)	
	Amount (¥mil)	Composition Ratio (%)	Amount (¥mil)	Composition Ratio (%)		Change (¥mil)	Amount (¥mil)
I Net Sales	186,410	100.0	204,283	100.0	17,873	433,405	100.0
II Cost of Sales	118,086	63.3	129,549	63.4	11,463	275,948	63.7
<b>Gross profit</b>	<b>68,323</b>	<b>36.7</b>	<b>74,733</b>	<b>36.6</b>	<b>6,410</b>	<b>157,456</b>	<b>36.3</b>
III Selling, General and Administrative Expenses	59,257	31.8	65,969	32.3	6,711	128,181	29.5
<b>Operating income</b>	<b>9,065</b>	<b>4.9</b>	<b>8,764</b>	<b>4.3</b>	<b>(301)</b>	<b>29,274</b>	<b>6.8</b>
IV Non-operating Income	5,198	2.7	1,612	0.8	(3,585)	7,592	1.7
1. Interest income	228		160			565	
2. Dividend income	3,783		349			5,010	
3. Profit from investments according to the equity method	570		623			877	
4. Other	616		479			1,139	
V Non-operating Expenses	2,816	1.5	4,657	2.3	1,841	7,251	1.7
1. Interest expenses	450		584			1,097	
2. Loss on disposal of inventories	507		466			1,263	
3. Loss on write-down of inventories	531		1,018			1,813	
4. Foreign exchange loss	294		1,014			830	
5. Other	1,032		1,573			2,245	
<b>Ordinary income</b>	<b>11,448</b>	<b>6.1</b>	<b>5,720</b>	<b>2.8</b>	<b>(5,728)</b>	<b>29,616</b>	<b>6.8</b>

Item	Previous Interim Accounting Period (April 1, 2006 to September 30, 2006)		Current Interim Accounting Period (April 1, 2007 to September 30, 2007)		Change	Summary Consolidated Statements of Income for the Previous Consolidated Accounting Year (April 1, 2006 to March 31, 2007)	
	Amount (¥mil)	Composition Ratio (%)	Amount (¥mil)	Composition Ratio (%)		Item	Amount (¥mil)
VI Extraordinary Income	357	0.2	1,353	0.7	996	540	0.1
1. Gain on sale of fixed assets	32		48			54	
2. Gain on sale of marketable securities	28		71			58	
3. Prior year asset impairment loss adjustment	201		-			201	
4. Government subsidy	-		1,007			-	
5. Gains on the reverse of reserve for the retirement benefits	-		142			-	
6. Other	94		84			226	
VII Extraordinary Losses	2,756	1.4	2,041	1.0	(714)	5,035	1.1
1. Loss on sale of fixed assets	207		10			223	
2. Loss on disposal of fixed assets	336		151			890	
3. Loss on impaired assets	293		703			775	
4. Loss on write-down of investments in marketable securities	1,400		69			1,607	
5. Loss on restructuring	278		-			794	
6. Transfer of the bonus allowances on prior period	-		262			-	
7. Loss due to change in retirement benefit plan	66		-			-	
8. Other	173		844			743	
<b>Current interim net income before tax and other adjustments</b>	<b>9,049</b>	<b>4.9</b>	<b>5,032</b>	<b>2.5</b>	<b>(4,017)</b>	<b>25,120</b>	<b>5.8</b>
Corporate, resident and enterprise tax	<b>2,279</b>	<b>1.2</b>	<b>2,399</b>	<b>1.2</b>	<b>119</b>	<b>5,152</b>	<b>1.2</b>
Income tax refund	<b>21</b>	<b>0.0</b>	<b>10</b>	<b>0.0</b>	<b>(10)</b>	<b>227</b>	<b>0.1</b>
Adjustment of corporate tax, etc.	<b>2,674</b>	<b>1.4</b>	<b>(430)</b>	<b>(0.2)</b>	<b>(3,104)</b>	<b>6,928</b>	<b>1.6</b>
Minority shareholders' income (deduction)	<b>80</b>	<b>0.1</b>	<b>354</b>	<b>0.2</b>	<b>274</b>	<b>703</b>	<b>0.2</b>
<b>Interim net income</b>	<b>4,036</b>	<b>2.2</b>	<b>2,718</b>	<b>1.3</b>	<b>(1,317)</b>	<b>12,563</b>	<b>2.9</b>

## (3) Interim Consolidated Shareholders' Equity, Etc., Fluctuation Statement

Previous Interim Consolidated Accounting Period (April 1, 2006 to September 30, 2006)

(Unit: Million Yen)

	Shareholders' Equity				
	Capital	Capital Surplus	Retained Earnings	Treasury Stock	Shareholders' Equity Total
March 31, 2006 balance (¥mil)	43,401	50,348	123,310	(4,378)	212,681
Fluctuations during interim consolidated accounting period					
Dividend on retained earnings <sup>1</sup>			(1,314)		(1,314)
Executive bonuses <sup>1</sup>			(20)		(20)
Interim net income			4,036		4,036
Acquisition of treasury stocks				(8)	(8)
Disposal of treasury stock		7		12	19
Decrease by change of accounting standard on overseas subsidiaries			(42)		(42)
Other			(9)	0	(8)
Net fluctuations during interim consolidated accounting period for items other than shareholders' equity					
Interim consolidated accounting period fluctuations total	-	7	2,650	3	2,661
September 30, 2006 balance	43,401	50,355	125,960	(4,375)	215,342

	Unrealized Gains from Appraisal/Adjustment, etc.				Minority interests	Net assets total
	Net unrealized gains on other securities	Gain on deferred hedge	Foreign currency translation adjustment	Unrealized gains from appraisal/adjustment, etc., total		
March 31, 2006 balance	14,863	--	(2,978)	11,885	4,959	229,525
Fluctuations during interim consolidated accounting period						
Dividend on retained earnings (Note)						(1,314)
Executive bonuses (Note)						(20)
Interim net income						4,036
Acquisition of treasury stocks						(8)
Disposal of treasury stock						19
Decrease by change of accounting standard on overseas subsidiaries						(42)
Other						(8)
Net fluctuations during interim consolidated accounting period for items other than shareholders' equity	(1,971)	(7)	1,135	(843)	(381)	(1,225)
Interim consolidated accounting period fluctuations total	(1,971)	(7)	1,135	(843)	(381)	1,435
September 30, 2006 balance	12,892	(7)	(1,843)	11,041	4,577	230,961

(Note) Profit appropriation items at the June 2006 regular general meeting of shareholders.

Current Interim Consolidated Accounting Period (April 1, 2007 to September 30, 2007)

(Unit: Million Yen)

	Shareholders' Equity				
	Capital	Capital Surplus	Retained Earnings	Treasury Stock	Shareholders' Equity Total
March 31, 2007 balance	43,401	50,355	132,603	(4,389)	221,970
Fluctuations during interim consolidated accounting period					
Dividend on retained earnings			(1,971)		(1,971)
Interim net income			2,718		2,718
Acquisition of treasury stocks				(11)	(11)
Disposal of treasury stock		0		1	1
Other			120	0	120
Net fluctuations during interim consolidated accounting period for items other than shareholders' equity					
Interim consolidated accounting period fluctuations total	--	0	867	(9)	858
September 30, 2007 balance	43,401	50,355	133,471	(4,398)	222,828

	Unrealized Gains from Appraisal/Adjustment, etc.				Minority interests	Net assets total
	Net unrealized gains on other securities	Gain on deferred hedge	Foreign currency translation adjustment	Unrealized gains from appraisal/adjustment, etc., total		
March 31, 2007 balance	11,926	6	348	12,281	4,650	238,902
Fluctuations during interim consolidated accounting period						
Dividend on retained earnings <sup>1</sup>						(1,971)
Interim net income						2,718
Acquisition of treasury stocks						(11)
Disposal of treasury stock						1
Other						120
Net fluctuations during interim consolidated accounting period for items other than shareholders' equity	(2,118)	15	380	(1,722)	(26)	(1,749)
Interim consolidated accounting period fluctuations total	(2,118)	15	380	(1,722)	(26)	(897)
September 30, 2007 balance	9,807	22	729	10,559	4,623	238,012

Previous Consolidated Accounting Period (April 1, 2006 to March 31, 2007)

(Unit: Million Yen)

	Shareholders' Equity				
	Capital	Capital Surplus	Retained Earnings	Treasury Stock	Shareholders' Equity Total
March 31, 2006 balance	43,401	50,348	123,310	(4,378)	212,681
Fluctuations during consolidated accounting period					
Dividend on retained earnings <sup>1</sup>			(1,314)		(1,314)
Dividend on retained earnings			(1,971)		(1,971)
Executive bonuses <sup>1</sup>			(20)		(20)
Current net income			12,563		12,563
Acquisition of treasury stocks				(24)	(24)
Disposal of treasury stock		7		13	20
Other			35		35
Net fluctuations during consolidated accounting period for items other than shareholders' equity					
Consolidated accounting period fluctuations total	--	7	9,292	(10)	9,288
September 30, 2007 balance	43,401	50,355	132,603	(4,389)	221,970

	Unrealized Gains from Appraisal/Adjustment, etc.				Minority interests	Net assets total
	Net unrealized gains on other securities	Gain on deferred hedge	Foreign currency translation adjustment	Unrealized gains from appraisal/adjustment, etc., total		
March 31, 2006 balance	14,863	--	(2,978)	11,885	4,959	229,525
Fluctuations during consolidated accounting period						
Dividend on retained earnings (Note)						(1,314)
Dividend on retained earnings						(1,971)
Executive bonuses (Note)						(20)
Current net income						12,563
Acquisition of treasury stocks						(24)
Disposal of treasury stock						20
Other						35
Net fluctuations during consolidated accounting period for items other than shareholders' equity	(2,936)	6	3,327	396	(309)	87
Consolidated accounting period fluctuations total	(2,936)	6	3,327	396	(309)	9,376
September 30, 2007 balance	11,926	6	348	12,281	4,650	238,902

(Note) Profit appropriation items at the June 2006 regular general meeting of shareholders.

## (4) Interim Consolidated Cash Flow Statements

	Previous Interim Consolidated Accounting Period (April 1, 2006 to September 30, 2006)	Current Interim Consolidated Accounting Period (April 1, 2007 to September 30, 2007)	Change	Summary Consolidated Cash Flow Statement for the Previous Consolidated Accounting Year (April 1, 2006 to March 31, 2007)
Item	Amount (¥mil)	Amount (¥mil)	Change (¥mil)	Amount (¥mil)
<b>I Cash Flows from Operating Activities</b>				
Net income for the interim period under review before tax and other adjustments	9,049	5,032	(4,017)	25,120
Depreciation and amortization	7,746	10,888	3,142	16,483
Loss on impairment	293	703	409	775
Changes in allowance for doubtful accounts	26	1,339	1,313	389
Changes in reserve for retirement benefits	(397)	(517)	(120)	(1,393)
Changes in accrued bonus	(2,449)	(3,616)	(1,166)	1,563
Loss on write-down of marketable securities	1,400	69	(1,330)	1,607
Interest and dividend income	(4,011)	(510)	3,501	(5,575)
Interest expenses	450	584	133	1,097
Gain on equity method	(570)	(623)	(53)	(877)
Gain on sale of investments in securities	(28)	(71)	(43)	(55)
Loss on disposal of fixed assets	336	151	(185)	890
Changes in trade receivables	13,835	7,184	(6,650)	689
Changes in inventories	(5,989)	(3,099)	2,890	(4,175)
Changes in trade payables	(4,674)	(5,750)	(1,075)	965
Changes in accrued liabilities due to change in retirement benefit plan	145	(263)	(409)	(4,188)
Other	2,066	(854)	(2,920)	7,539
Subtotal	17,226	10,645	(6,581)	40,856
Interest and dividend income received	4,925	1,423	(3,502)	5,645
Interest expenses paid	(475)	(600)	(124)	(1,076)
Income taxes paid or refunded	(2,774)	(3,302)	(527)	(4,964)
Cash flows from operating activities	18,902	8,166	(10,735)	40,461
<b>II Cash Flows from Investing Activities</b>				
Payments for deposit in time deposits	(357)	(1,544)	(1,187)	(1,796)
Proceeds from return on time deposits	484	1,557	1,073	1,811
Acquisition of tangible fixed assets	(13,886)	(18,613)	(4,726)	(27,244)
Proceeds from sale of tangible fixed assets	735	664	(71)	1,289
Acquisition of intangible fixed assets	(2,079)	(4,710)	(2,630)	(6,127)
Acquisition of investments in marketable securities	(234)	(6,323)	(6,088)	(2,588)
Proceeds from sale of investments in marketable securities	98	2,202	2,103	106
Other	(3,083)	(666)	2,416	(4,489)
Cash flow provided by investment activities	(18,322)	(27,434)	(9,111)	(39,038)

	Previous Interim Consolidated Accounting Period (April 1, 2006 to September 30, 2006)	Current Interim Consolidated Accounting Period (April 1, 2007 to September 30, 2007)	Change	Summary Consolidated Cash Flow Statement for the Previous Consolidated Accounting Year (April 1, 2006 to March 31, 2007)
Item	Amount (¥mil)	Amount (¥mil)	Change (¥mil)	Amount (¥mil)
<b>III Cash Flows from Financing Activities</b>				
Change in short-term bank borrowings, net	(4,685)	(10,260)	(5,574)	(4,812)
Net reduction in balance of commercial paper	(5,000)	5,000	10,000	(5,000)
Proceeds from borrowing of long-term debt	100	25,504	25,404	8,097
Repayment of long-term debt	(16)	(9)	6	(542)
Payment for redemption of corporate bonds	--	(10,000)	(10,000)	--
Cash dividends paid	(1,314)	(1,969)	(655)	(3,289)
Payment for purchase of treasury stock	(8)	(11)	(2)	(24)
Cash dividends paid to minority shareholders	(276)	(258)	17	(545)
Other	19	1	(18)	20
Cash flows from financing activities	(11,181)	7,996	19,178	(6,096)
<b>IV Effect of Exchange Rate Change on Cash and Cash Equivalents</b>	560	(2)	(563)	1,220
<b>V Net Change in Cash and Cash Equivalents</b>	(10,041)	(11,272)	(1,231)	(3,452)
<b>VI Cash and Cash Equivalents at Beginning of Period</b>	41,565	38,178	(3,386)	41,565
<b>VII Increase in cash and cash equivalents due to changes in scope of consolidated subsidiaries</b>	60	138	78	66
<b>VIII Cash and Cash Equivalents at End of Interim Period</b>	31,584	27,044	(4,539)	38,178