



Consolidated Financial Statements for the First Half of the Year Ending March 31, 2007

Date: October 31, 2006

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: Isao Uchida, President and Chief Executive Officer

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

Telephone Number: +81-422-52-5530

Date of Resolution of Board of Directors Approving Interim Settlement: October 31, 2006

Conformance with U.S. Accounting Standards: No

1. Business results for the half year ended September 30, 2006 (April 1, 2006-September 30, 2006)

(1) Results of operations on a consolidated basis (Any amount less than one million yen is disregarded)

	Net Sales		Operating Income		Ordinary Income	
	Million yen	%	Million yen	%	Million yen	%
For the half year ended September 30, 2006	186,410	4.8	9,065	17.2	11,448	37.1
For the half year ended September 30, 2005	177,796	-5.0	7,733	-26.9	8,350	-16.2
For the year ended March 31, 2006	388,877		25,320		26,402	

	Net Income		Net Earnings per Share		Diluted Net Earnings per Share	
	Million yen	%	Yen		Yen	
For the half year ended September 30, 2006	4,036	120.2	15.35		-	
For the half year ended September 30, 2005	1,832	-35.5	7.53		6.97	
For the year ended March 31, 2006	21,559		87.45		-	

(Note)

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

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

For the half year ended September 30, 2005 653 million yen

For the year ended March 31, 2006 1,655 million yen

2) Average number of shares on a consolidated basis:

For the half year ended September 30, 2006 262,889,119 shares

For the half year ended September 30, 2005 243,215,038 shares

For the year ended March 31, 2006 246,527,449 shares

3) Change of accounting method: None

4) The percentages in the Net Sales, Operating Income, Ordinary Income, and Net Income columns in the above table show the percentage increase or decrease since the first half of the previous fiscal year.

(2) Financial conditions on a consolidated basis (Any amount less than one million yen is disregarded)

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Million yen	Million yen	%	Yen
For the half year ended September 30, 2006	407,332	230,961	55.6	861.12
For the half year ended September 30, 2005	386,055	174,106	45.1	715.83
For the year ended March 31, 2006	417,805	224,566	53.7	854.24

(Note)

Number of shares issued at end of the period (consolidated):

For the half year ended September 30, 2006 262,894,313 shares

For the half year ended September 30, 2005 243,221,913 shares

For the year ended March 31, 2006 262,884,517 shares

(3) Conditions of cash flow on a consolidated basis (Any amount less than one million yen is disregarded)

	Net Cash Provided by Operating Activities	Net Cash Provided by (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, 2006	18,902	(18,322)	(11,181)	31,584
For the half year ended September 30, 2005	11,287	(10,432)	(14,052)	27,382
For the year ended March 31, 2006	25,636	(11,724)	(14,091)	41,565

(4) Matters concerning investments in consolidated subsidiaries and affiliates that involve the equity method of accounting

Number of consolidated subsidiaries: 81

Number of non-consolidated subsidiaries whose investments involve the equity method of accounting: 3

Number of affiliates whose investments involve the equity method of accounting: 9

(5) Changes of the extent of consolidation and companies as to investments in which the equity method of accounting has been carried out:

Consolidated subsidiaries	Newly included: 2	Excluded: 1
Companies whose investments involve the equity method of accounting	Newly included: -	Excluded: 2

2. Business forecast for the year ending March 31, 2007 (April 1, 2006-March 31, 2007)

	Net Sales	Ordinary Income	Net Income
Full year	Million yen 410,000	Million yen 30,000	Million yen 15,000

(Reference)

Earnings per share expected for the year ending March 31, 2007 on a consolidated basis: 57.06 yen

* 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.

1. Status of the Yokogawa Group

The Yokogawa Group consists of Yokogawa Electric Corporation (“the Company”), 91 subsidiaries, and 14 affiliated companies. The major businesses of the Group companies and businesses pertaining to each company in the Group by segment are as follows:

Note: Business activities are classified as either (1) the measurement, control, and information systems business segment, or (2) the other businesses segment. This classification is based on a consideration of product affiliations and market similarities.

(1) The measurement, control, and information systems business: 96 companies

In this business segment, products manufactured by consolidated subsidiaries such as Yokogawa Manufacturing Corporation, Yokogawa Electric China Co., Ltd., and Yokogawa Electric Asia Pte. Ltd. are sold in Japan by the Company. Outside Japan, mainly Yokogawa Engineering Asia Pte. Ltd. in Southeast Asia, Yokogawa Europe B.V. in Europe, and Yokogawa Corporation of America in the United States add some of their own products and conduct sales, engineering service, and after-sales service.

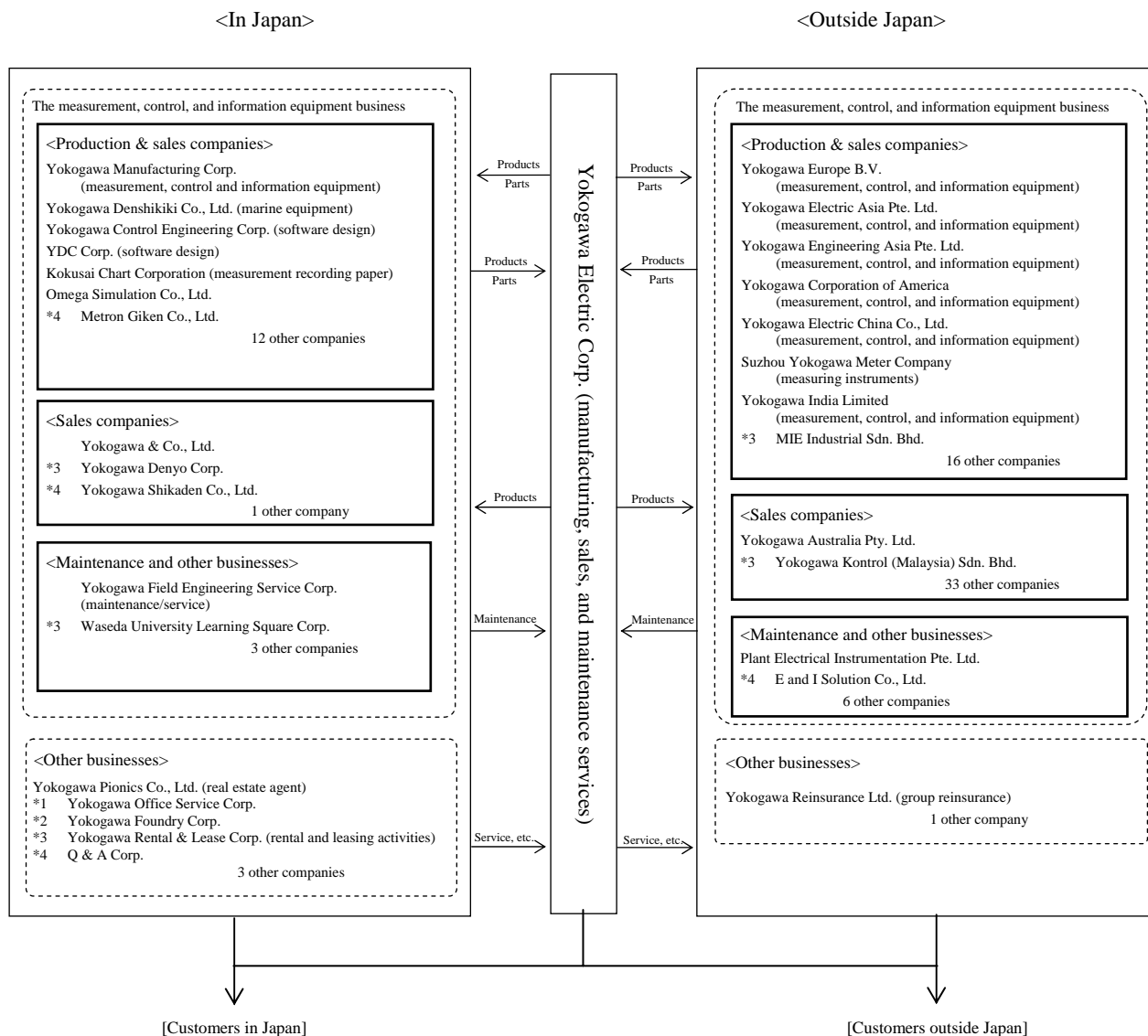
The Company and Yokogawa Denshikiki Co., Ltd. are also engaged in the manufacture and sale of electronics equipment for public sector use

(2) Other businesses: 10 companies

Yokogawa Pionics Co., Ltd. handles operations relating to real estate, while 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.



(Notes)

- | | |
|---------------|---|
| No indication | Consolidated subsidiary |
| *1 | Unconsolidated subsidiary |
| *2 | Unconsolidated subsidiary as to investments in which the equity method has been carried out |
| *3 | Affiliated company as to investments in which the equity method has been carried out |
| *4 | Affiliated company as to investments in which the equity method has not been carried out |

In addition, of the above, the subsidiaries listed in Japan securities markets, and open markets, are as follows.
 Kokusai Chart Corporation Jasdaq Securities Exchange, Inc.

2. Management Policies

(1) Core Management Policies

In keeping with the core targets of VISION-21 and ACTION-21 which were announced in January 2000, and with FY2005 as the First Milestone, the Yokogawa Group has pursued a business strategy of bringing about innovations in business structure and Group management. Beginning this fiscal year, we have started the second phase of the ACTION-21 with FY2010 as the Second Milestone, and have been carrying out activities that will significantly grow our business, on the foundation built through our structural reform. The key phrase is "One Global YOKOGAWA." We will exercise sound and profitable management in a truly consolidated manner to dramatically improve management efficiency, and utilize Leading Edge Technology to achieve Customer Centric Solutions.

(2) Policy on Appropriation of Profit

Taking into consideration such factors as the need to strengthen our consolidated business performance, internal reserve, and financial standing while establishing a stable corporate foundation, the Company is committed to the continued payment of dividends, recognizing that the distribution of earnings to shareholders is one of its most important policies.

In addition, in the interest of achieving the objectives set out in our corporate strategy and bolstering consolidated performance, an internal reserve will be secured to invest in new businesses and the development of new products for growing markets.

Moreover, based on the above policy, we have increased the ordinary dividend from 5 yen per share to 7.5 yen per share.

(3) 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%. As the management plan for the initial year of FY2006, our targets will be a consolidated operating income of 31 billion yen and consolidated net sales of 410 billion yen. For the interim year of FY2008, the targets will be consolidated operating income of 55 billion yen and consolidated net sales of 490 billion yen.

(4) Medium- and Long-term Business Strategies

The Company has classified its operations into key business domains: industrial automation and control, test and measurement, and industry support and other businesses. Yokogawa is now pursuing an aggressive business strategy in each of these domains, the core strategies for which are outlined below.

Industrial Automation and Control Business

We will aggressively develop our industrial automation and control business, aiming toward becoming the global number one company in the year 2010. In areas where the Company's competitive power is strong, and in areas where market growth is large, we will solidify our status as the number one market shareholder, and in markets which have matured, we will increase our share by responding to replacement demand.

Outside Japan, our "Vigilance" marketing campaign has indicated the stance of our customer activities and significantly increased our credibility. We will use this opportunity to increase our competitive strength and strive aggressively to open markets worldwide. For this, along with transferring production outside Japan and strengthening our engineering setup to efficiently use superior resources, we will simultaneously strengthen our global development setup to meet the needs of customers in each region.

In Japan, we will capitalize on our ability to propose comprehensive solutions to customer issues, and on the reliability of our products to increase market share, while focusing on replacement demand. In addition, we will provide manufacturing execution systems (MES), enterprise resource planning (ERP) packages, and other new products and services to expand our business domain and develop our business.

Test and Measurement Business

Yokogawa is expanding its business presence in the semiconductor market and the markets for communications and measurement equipment through the strategic debut of competitive new products. In the market segment for semiconductor testers, the Company is expanding operations with a product strategy geared to the needs of the customer, by strengthening the capability to develop products, and narrowing down the development themes. Acting from the customer's point of view, we will strengthen our ability to propose solutions for the entire semiconductor test process, from the design environment

to service. In addition, we will work to strengthen our international business structure. In the communications and measurement equipment business, the Company will focus development resources on the mechatronics and energy markets, which are growing rapidly due to the computerization of automobiles and other factors; the electronics and semiconductor markets, which are expanding due to the increasing use of information appliances; and the communications and networking markets, which are growing as the result of the full implementation of next-generation optical communication networks. The Company will accelerate product development based on leading edge measurement and semiconductor technology, aiming for the expansion of its operations.

New and Other Businesses

In the photonics business, the Company will work toward the expansion of sales in the core optical communications market by commercializing the next generation of optical communications modules and optical communications subsystems, and toward the expansion of sales in the optical packet network business, which is expected to see a rapid increase in demand with the use of next-generation computers. In the advanced stage business, we will focus investment on the development of three core technologies—precision positioning technology, high-function and high-performance controller technology, and image protocol technology—and maintain the world's top level of technology, in order to increase our share of the liquid crystal panel manufacturing and semiconductor manufacturing markets. Moreover, the Company will invest resources in life science fields such as magnetoencephalography and the drug discovery, to aggressively open new markets and launch new businesses. Further, in the aviation business, in addition to the conventional government-oriented business, we will aim for the expansion of business by actively promoting private sector applications.

(5) Challenges for the Company

To achieve our FY2010 management targets, the Company will implement the following three strategies:

- (1) Achieve the business plan through highly efficient and truly consolidated management.
- (2) Aim for increased profits through increased globalization and by expanding our market share worldwide.
- (3) Continuously develop leading edge technology and create new demand by starting up new fields and businesses.

In addition, to dramatically increase management efficiency, we will realize consolidation of five themes, namely, strategy, information, human resources, accounting, and systems. Regarding strategy, while each company in the Group will play its own distinct role, the strategies of the individual companies will be consolidated so that the Group can implement a unified and comprehensive strategy with the aim of achieving the FY2010 targets. For the consolidation of information, we will share valuable information in the Group and advance measures to increase management efficiency. For the consolidation of human resources, we will create a global human resources management system, making it possible to put the right human resources in the right places. For the consolidation of accounting, we will conform financial accounting to global standards. Also, in management accounting, we will create a structure for evaluation of each business to channel cash produced through business operations to investments for the future. For consolidation of systems, we will globally unify a variety of systems, review regulations, and move toward establishment of an internal control system.

(6) Items Related to the Parent Company, etc.

No applicable items

3. Business Results and Financial Condition

(1) Business Results

In our core industrial automation and control business, the increase in energy demand and continued high oil prices have resulted in active investment in the construction of petroleum/petrochemical/natural gas plants outside Japan. There has also been new investment to replace production facilities in the Japanese market as well, chiefly in the materials industry, resulting in favorable movement in the control business overall. On the other hand, in the semiconductor tester business, the main segment of the test and measurement business, the core liquid crystal driver IC tester market was in an adjustment phase and purchases of memory IC testers declined, resulting in a reduction of orders and sales.

In such circumstances, we focused our efforts on achieving results from the various management measures we have been implementing, and aggressively pushed forward our strategy to increase sales through increasing orders from existing customers and through developing new customers.

As a result, performance for the current interim accounting period was as follows:

<Consolidated>

Net sales	186.4 billion yen	(up 8.6 billion yen, 4.8% from the same term last year)
Operating income	9 billion yen	(up 1.3 billion yen, 17.2% from the same term last year)
Ordinary income	11.4 billion yen	(up 3 billion yen, 37.1% from the same term last year)
Net income	4 billion yen	(up 2.2 billion yen, 120.2% from the same term last year)

<Non-consolidated>

Net sales	108.1 billion yen	(down 1.4 billion yen, 1.3% from the same term last year)
Operating income	2.5 billion yen	(up 2.4 billion yen, 1478.2% from the same term last year)
Ordinary income	6.8 billion yen	(up 3.5 billion yen, 105.8% from the same term last year)
Net income	2.4 billion yen	(up 2.2 billion yen, 1494.1% 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 market, increases in energy demand and high oil prices have led to active investment in large-scale petroleum, petrochemical, and natural gas plants outside Japan. In this favorable business environment, the high reliability of the Company's products based on our continued investment in development and our ability to carry out projects have been evaluated very positively, leading to a large number of orders. These results produce subsequent orders, creating a favorable cycle.

In the Japanese market, where investment to enhance efficiency by replacing and enhancing production facilities is strong, especially in the materials industry, the Company has striven to strengthen the profit management structure for each individual project and to solidify its foundation for generating profits. The Company is also working to provide comprehensive solutions, including consulting, that help customers realize the ideal plant and widen our range of operations into high-value-added businesses, and is moving forward aggressively with activities to obtain orders.

As a result, orders and sales for this business are significantly higher than those for the same term last year.

Test and Measurement Business

In the test and measurement business, the semiconductor tester business saw a decrease in orders and sales of liquid crystal driver IC testers over the same term last year due to the market entering an adjustment phase. In addition, in the case of our leading performer, the memory IC tester, trends in investment by our major customers caused orders and sales to lag, resulting in continued severe conditions for the entire semiconductor tester business.

In the communications and measurement equipment business, the Company has strengthened the sales and development setup to link product development directly to the needs of the customer. As a result, orders and sales exceeded the same term last year, chiefly in markets outside Japan.

New and Other Businesses

Commercialization is moving ahead steadily for photonics products, centering on optical packet networks and 40-Gbps optical communication modules, which are key technologies for the realization of next generation communication networks. A new facility in Sagami-hara City (Kanagawa Prefecture) that will house the development and production functions is scheduled to be completed and will begin supplying a steady stream of products this December.

Further, with the widening popularity of large-scale flat panel television in its sights, the Company is also aggressively expanding marketing activities, in anticipation of the renewal of facilities and the increased demand for its large-scale and ultra-high-precision XY stage that will accompany the expansion of the market for 8th generation (2200 mm x 2400 mm) mother glass substrates.

In addition, while working to expand our aviation flat panel display business, we have also made an effort to increase orders for life science related products such as magnetoencephalographs and confocal scanners.

Results by region were as follows.

1. Japan

In Japan, though there was an increase in income from the industrial automation and control business, a drop in income from the semiconductor business as well as withdrawal from parts resale decreased net sales to 113 billion yen (down 8 billion yen, 6.6% from the same term last year). Operating income increased to 4.3 billion yen (up 1.6 billion yen, 59.5% from the same term last year) due to an improvement in the profit margin of the industrial automation and control business.

2. Asia

In Asia, the industrial automation and control business performed well, resulting in increased net sales of 32.6 billion yen (up 9 billion yen, 38.4% from the same term last year). Operating income, however, dropped to 2.6 billion yen (down 200 million yen, 8.9% from the same term last year).

3. Europe

In Europe, the industrial automation and control business performed well, resulting in increased income and profit. Net sales were 17.8 billion yen (up 3.9 billion yen, 27.9% from the same term last year) and operating income was 1.3 billion yen (up 100 million yen, 14.7% from the same term last year).

4. North America

The industrial automation and control business also performed well in North America, producing net sales of 11.2 billion yen (up 1.7 billion yen, 18.4% from the same term last year). Operating income, however, dropped to 200 million yen (down 100 million yen, 36.0% from the same term last year).

5. Other regions

Other regions as well, including the Middle East and Russia, saw an upswing in the petroleum/petrochemical/natural gas related business, resulting in increased income and profit for the industrial automation and control business. Net sales were 11.6 billion yen (up 1.9 billion yen, 19.8% from the same term last year) and operating income was 900 million yen (up 500 million yen, 118.7% from the same term last year).

(2) Financial Status

Total assets came to 407.3 billion yen, down 10.4 billion yen from the previous consolidated accounting period. This is mainly due to the fact that, while inventories increased 6.3 billion yen, and tangible fixed assets increased 6.7 billion yen, cash and time deposits decreased 10.1 billion yen, notes and accounts receivable decreased 8.5 billion yen, and investments in securities decreased 4.4 billion yen. Total debt was 176.3 billion yen, down 11.9 billion yen from the previous consolidated accounting period. This is mainly due to the fact that there was a decrease of 9.4 billion yen in interest-bearing debt. Net assets came to 230.9 billion yen due to factors such as a 2.6 billion yen increase in retained earnings.

Additional information about cash flow is as follows:

Cash flow from operating activities was 18.9 billion yen, an increase of 7.6 billion yen over the previous interim period, from a net profit before taxes of 9 billion yen, after adjusting for positive items such as depreciation costs of 7.7 billion yen and a sales credit decrease of 13.8 billion yen, and negative items including a 5.9 billion yen increase in inventory assets and a 4.6 billion yen decrease in notes and accounts payable.

Cash flow from investment activities decreased 7.8 billion yen over the previous interim period, due to outlays for tangible fixed assets such as the construction of offices and the purchase of production facilities, resulting in a loss of 18.3 billion yen.

Cash flow from financing activities increased 2.8 billion yen over the previous interim term, but repayment of interest-bearing debt resulted in a loss of 11.1 billion yen.

As a result of the above, the balance of cash and cash equivalents for the end of the current interim period showed a decrease of 9.9 billion yen over the end of the previous consolidated accounting year, coming to 31.5 billion yen.

Trends in cash flow indicators are as follows.

	Period ended Mar. 2003	Period ended Mar. 2004	Period ended Mar. 2005	Period ended Mar. 2006	Interim period ended Sep. 2006
Shareholders' equity ratio (%)	36.1	40.3	42.2	53.7	55.6

Market value based shareholders' equity ratio (%)	52.5	94.5	88.2	131.8	100.2
Debt redemption schedule (years)	59.4	12.0	5.5	2.4	--
Interest coverage ratio (multiple)	1.0	7.4	21.1	34.1	39.7

Shareholders' equity ratio: Shareholders' equity / total assets

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

Debt redemption schedule: Interest-bearing debt / operating cash flow (not listed for the interim period)

Interest coverage ratio: Operating cash flow / interest payments

* All values are calculated using consolidated financial figures.

* Interest bearing debt includes all debt listed on the interim consolidated balance sheets for which interest is being paid.

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

(3) Full Year Business Forecast

<Consolidated Business Performance Forecasts (Yearly)>

Net Sales	410 billion yen	(up 5.4% from the previous year)
Operating Income	31 billion yen	(up 22.4% from the previous year)
Ordinary Income	30 billion yen	(up 13.6% from the previous year)
Net Income	15 billion yen	(down 30.4% from the previous year)

<Non-consolidated Business Performance Forecasts (Yearly)>

Net Sales	250 billion yen	(up 6.1% from the previous year)
Operating Income	12 billion yen	(up 18.0% from the previous year)
Ordinary Income	16.5 billion yen	(down 21.4% from the previous year)
Net Income	7 billion yen	(down 49.3% from the previous year)

Note: The consolidated business forecast assumes an average exchange rate of
US\$1 = 110 yen, 1 Euro = 135 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

(4) Business Risks

Risks Related to Economic Conditions

The market for our core industrial automation and control business has been favorable, with continued high oil prices resulting in active investment in the construction of plants outside Japan. The Company tends to be easily affected by trends in the economy that are the result of fluctuation of crude oil prices, and in the future, reductions in investments in the construction of plants due to decreased crude oil prices can have an adverse impact on the company's orders. In addition, the Company relies heavily on markets outside Japan in its industrial automation and control business and semiconductor tester business, and the European, North American, Middle Eastern, Chinese, Southeast Asian, and South Korean markets are particularly important to net sales. If political turmoil, conflicts, or economic downturns occur in these regions, it remains possible that declining demand in these regions can

adversely affect the Company's performance.

Risks Related to Industrial Automation and Control Business

Industrial automation and control systems monitor and control the operation of petroleum refineries, chemical plants, and other types of plants. The plant operation rate has impact on a company's production capacity, and products that are reliable and will be durable for many years are required. Accordingly, industrial automation and control business products and systems tend to have a lower replacement rate than consumer products. In addition, because customers enter into long-term contractual relationships with their industrial automation and control suppliers, it is possible that opportunities to acquire new customers are more limited than in other industries. Further, in the case of a petroleum refinery or a chemical plant, once an accident has occurred, it not only can bring damage to the plant itself but can escalate into a catastrophe that involves surrounding areas as well. If an accident happens, we will work closely with the customer and our departments in charge of crisis and risk management will move forward with appropriate responses. Still, if one of our products happens to be the cause of an accident, it is possible that the reputation of the Company can be greatly damaged.

Risks Related to the Test and Measurement Business

The market for semiconductor testers, the leading product line of our test and measurement businesses, is greatly affected by the silicon cycle, the boom and bust pattern that is repeated every few years in the semiconductor industry business. To reduce this affect as much as possible, we have been restructuring our production structure and creating a structure that can respond flexibly to fluctuations in production quantities; however, if the production quantities of LCD driver IC testers and memory testers fall significantly under the forecast, it is possible that it will have an adverse effect on the Company's performance. In addition, test and measurement instruments play a key "mother tool" support role in research & development and production activities in a wide variety of fields, and therefore require a high level of reliability and performance. With the technology that it has accumulated over many years and its solid quality control structure, the Company has been able to ensure the reliability of its products; however, any reliability problem with these products can have an adverse impact on the Company's performance.

Risks Related to Production Outside Japan

To win out in the international competition that is expected to intensify in the future, the Company is pushing forward to expand its production structure outside Japan, with the result that the percentage of products that we produce outside Japan is increasing each year. Accordingly, if there is any political turmoil or if there is any economic or legal change that adversely affects production in a country or region in which the Company has a production site, it is possible that the Company's entire production structure can be adversely affected.

Risks Related to Competitive Relationships and Markets

In the Japanese industrial automation and control market, the industry situation can change considerably if a non-Japanese company enters this market, and this can affect our market share and net sales. In addition, while investment is active in the market outside Japan, it is expected that competition with American and European companies will become even more severe in the future. Further, although business activities for the test and measurement business are currently being expanded in the Japanese market, it will be necessary in the future also to increase net sales in the large-scale markets outside Japan. Because international competitors in this area have a corporate scale and resources that exceed those of Yokogawa, a concerted effort will be essential to come out ahead in the highly competitive international marketplace.

4. Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheets

Item	Previous Interim Accounting Period ended September 30, 2005		Current Interim Accounting Period ended September 30, 2006		Change	Previous Fiscal Year Summary Consolidated Balance Sheets for the Year ended March 31, 2006	
	Amount (¥mil)	Composition Ratio (%)	Amount (¥mil)	Composition Ratio (%)	Change (¥mil)	Amount (¥mil)	Composition Ratio (%)
ASSETS	386,055	100.0	407,332	100.0	21,276	417,805	100.0
I Current Assets	218,263	56.5	226,098	55.5	7,835	239,881	57.4
1. Cash and time deposits	28,190		32,093			42,194	
2. Notes and accounts receivable	110,080		120,429			129,001	
3. Marketable securities	323		251			287	
4. Inventories	53,262		51,347			44,962	
5. Deferred tax assets – current	15,612		12,322			11,420	
6. Other current assets	12,546		11,172			13,457	
Allowance for doubtful accounts	(1,752)		(1,517)			(1,443)	
II Fixed Assets	167,792	43.5	181,233	44.5	13,441	177,924	42.6
1. Tangible fixed assets	79,875	20.7	96,508	23.7	16,633	89,743	21.5
(1) Buildings and structures	39,125		44,109			44,593	
(2) Other	40,749		52,398			45,150	
2. Intangible fixed assets	12,595	3.3	11,601	2.8	(994)	12,089	2.9
Other	12,595		11,601			12,089	
3. Investments and other assets	75,321	19.5	73,124	18.0	(2,197)	76,091	18.2
(1) Investments in securities	50,121		50,244			54,706	
(2) Other	26,080		23,621			22,143	
Allowance for doubtful accounts	(880)		(742)			(758)	
Total Assets	386,055	100.0	407,332	100.0	21,276	417,805	100.0

Item	Previous Interim Accounting Period ended September 30, 2005		Current Interim Accounting Period ended September 30, 2006		Change	Previous Fiscal Year Summary Consolidated Balance Sheets for the Year ended March 31, 2006	
	Amount (¥mil)	Composition Ratio (%)	Amount (¥mil)	Composition Ratio (%)	Change (¥mil)	Amount (¥mil)	Composition Ratio (%)
LIABILITIES AND SHAREHOLDERS' EQUITY	207,319	53.7	176,371	43.3	(30,948)	188,279	45.1
I Current Liabilities	100,169	25.9	122,622	30.1	22,453	114,699	27.5
1. Notes and accounts payable	36,904		34,859			40,587	
2. Short-term bank loans	11,898		17,424			12,150	
3. Bonds (to be redeemed within one year)	-		10,000			-	
4. Bonus allowances	9,834		10,750			13,162	
5. Other	41,531		49,587			48,798	
II Fixed Liabilities	107,149	27.8	53,748	13.2	(53,401)	73,580	17.6
1. Bonds	20,000		10,000			20,000	
2. Bonds with subscription rights to new shares	30,000		-			-	
3. Long-term bank loans	25,846		14,441			24,176	
4. Reserve for retirement payments	5,180		7,113			7,314	
5. Other reserves	478		467			480	
6. Long-term accounts payable	24,126		20,442			20,166	
7. Other	1,518		1,282			1,442	
(Minority interests in consolidated subsidiaries)	4,629	1.2	-	-	-	4,959	1.2
Minority interests in consolidated subsidiaries	4,629	1.2	-	-	-	4,959	1.2
(Shareholders' equity)	174,106	45.1	-	-	-	224,566	53.7
I Common Stock	32,306	8.4	-	-	-	43,401	10.4
II Capital Surplus	35,474	9.2	-	-	-	50,348	12.0
III Retained Earnings	107,532	27.8	-	-	-	123,310	29.5
IV Net Unrealized Gains on Other Securities	11,946	3.1	-	-	-	14,863	3.6
V Foreign Currency Translation Adjustments	(4,975)	(1.3)	-	-	-	(2,978)	(0.7)
VI Treasury Stock	(8,177)	(2.1)	-	-	-	(4,378)	(1.1)
Total liabilities and minority shareholders' interests and equity	386,055	100.0	-	-	-	417,805	100.0
(Net Assets)	-	-	230,961	56.7	-	-	-
I Shareholders' Equity	-	-	215,342	52.9	-	-	-
1. Capital	-	-	43,401	10.7	-	-	-
2. Capital surplus	-	-	50,355	12.4	-	-	-
3. Earned surplus	-	-	125,960	30.9	-	-	-
4. Treasury stock	-	-	(4,375)	(1.1)	-	-	-
II Unrealized Gains from Appraisal/Adjustment, etc.	-	-	11,041	2.7	-	-	-
1. Net unrealized gains on other securities	-	-	12,892	3.2	-	-	-

2. Gain on deferred hedging	-	-	(7)	(0.0)	-	-	-
3. Foreign currency translation adjustments	-	-	(1,843)	(0.5)	-	-	-
III Minority interests	-	-	4,577	1.1	-	-	-
Liabilities, Net Asset Total	-	-	407,332	100.0	-	-	-

(2) Interim Consolidated Statements of Income

Item	Previous Interim Accounting Period (April 1, 2005 to September 30, 2005)		Current Interim Accounting Period (April 1, 2006 to September 30, 2006)		Change	Previous Fiscal Year Summary Consolidated Profit and Loss Statements (April 1, 2005 to March 31, 2006)	
	Amount (¥mil)	Composition Ratio (%)	Amount (¥mil)	Composition Ratio (%)		Change (¥mil)	Amount (¥mil)
I Net Sales	177,796	100.0	186,410	100.0	8,614	388,877	100.0
II Cost of Sales	113,067	63.6	118,086	63.3	5,019	245,917	63.2
Gross profit	64,728	36.4	68,323	36.7	3,594	142,959	36.8
III Selling, General and Administrative Expenses	56,995	32.1	59,257	31.8	2,262	117,639	30.3
Operating income	7,733	4.3	9,065	4.9	1,332	25,320	6.5
IV Non-operating Income	2,381	1.4	5,198	2.7	2,817	6,446	1.7
1. Interest income	167		228			403	
2. Dividend income	221		3,783			1,358	
3. Foreign exchange gain	871		-			1,643	
4. Profit from investments according to the equity method	653		570			1,655	
5. Other	466		616			1,385	
V Non-operating Expenses	1,763	1.0	2,816	1.5	1,052	5,364	1.4
1. Interest expenses	369		450			768	
2. Loss on disposal of inventories	140		507			812	
3. Loss on write-down of inventories	527		531			1,278	
4. Foreign exchange loss	-		294			-	
5. Other	726		1,032			2,505	
Ordinary income	8,350	4.7	11,448	6.1	3,097	26,402	6.8
VI Extraordinary Income	77	0.0	357	0.2	280	14,407	3.7
1. Gain on sale of fixed assets	31		32			203	
2. Gain on sale of marketable securities	28		28			13,528	
3. Prior year asset impairment loss adjustment	-		201			-	
4. Other	17		94			674	
VII Extraordinary Losses	3,749	2.1	2,756	1.4	(992)	7,919	2.0
1. Loss on sale of fixed assets	2		207			10	
2. Loss on disposal of fixed assets	345		336			979	
3. Loss on impaired assets	2,390		293			3,025	
4. Loss on write-down of investments in marketable securities	44		1,400			105	
5. Loss on restructuring	101		278			1,786	
6. Loss due to change in retirement benefit plan	78		66			293	
7. Other	786		173			1,717	
Interim net income before tax and other adjustments	4,678	2.6	9,049	4.9	4,370	32,889	8.5

Corporate, resident and enterprise tax	2,050	1.1	2,279	1.2	229	4,350	1.1
Income tax refund	15	0.0	21	0.0	5	35	0.0
Adjustment of corporate tax, etc.	481	0.3	2,674	1.4	2,193	6,545	1.7
Minority shareholders' income (deduction)	330	0.2	80	0.1	(249)	469	0.2
Interim net income	1,832	1.0	4,036	2.2	2,203	21,559	5.5

(3) Interim Consolidated Retained Earnings, Shareholders' Equity, and Other Statements on Fluctuating Items

Statements of Interim Consolidated Retained Earnings

	Previous Interim Consolidated Accounting Period (April 1, 2005 to September 30, 2005)	Previous Fiscal Year Summary Consolidated Surplus Statements (April 1, 2005 to March 31, 2006)
Item	Amount (¥mil)	Amount (¥mil)
CAPITAL SURPLUS		
I Capital Surplus at Beginning of Period	35,463	35,463
II Increase in Consolidated Balance	11	14,885
1. Issue of new shares through execution of new share subscription rights	-	11,094
2. Gain on sale of treasury stock	11	3,790
III Capital Surplus at End of Interim Period	35,474	50,348
RETAINED EARNINGS		
I Retained Earnings at Beginning of Period	106,663	106,663
II Increase in Retained Earnings	1,837	21,571
1. Interim net income	1,832	21,559
2. Other increases	4	12
III Decrease in Retained Earnings	968	4,925
1. Dividends	912	3,344
2. Bonuses to directors and corporate auditors	31	44
3. Amount of obligation for retirement payments for overseas subsidiaries	-	1,486
4. Other decreases	24	49
IV Retained Earnings at End of Interim Period	107,532	123,310

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

	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 ¹			(1,314)		(1,314)
Executive bonuses ¹			(20)		(20)
Interim net income			4,036		4,036
Acquisition of treasury stock				(8)	(8)
Disposal of treasury stock		7		12	19
Other			(51)		(51)
Net fluctuations during interim consolidated accounting period for items other than shareholders' equity					
Interim consolidated accounting period fluctuation total (¥mil)	-	7	2,650	3	2,661
September 30, 2006 balance (¥mil)	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 (¥mil)	14,863	-	(2,978)	11,885	4,959	229,525
Fluctuations during interim consolidated accounting period						
Dividend on retained earnings ¹						(1,314)
Executive bonuses ¹						(20)
Interim net income						4,036
Acquisition of treasury stock						(8)
Disposal of treasury stock						19
Other						(51)
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 fluctuation total (¥mil)	(1,971)	(7)	1,135	(843)	(381)	1,435
September 30, 2006 balance (¥mil)	12,892	(7)	(1,843)	11,041	4,577	230,961

Note 1: Profit appropriation items at the June 2006 annual general meeting of shareholders

(4) Interim Consolidated Cash Flow Statements

	Previous Interim Accounting Period (April 1, 2005 to September 30, 2005)	Current Interim Accounting Period (April 1, 2006 to September 30, 2006)	Change	Previous Fiscal Year Summary Consolidated Cash Flow Statement (April 1, 2005 to March 31, 2006)
Item	Amount (¥mil)	Amount (¥mil)	Change (¥mil)	Amount (¥mil)
I Cash Flows from Operating Activities				
Net income for the interim period under review before tax and other adjustments	4,678	9,049	4,370	32,889
Depreciation and amortization	7,063	7,746	683	15,124
Loss on impairment	2,390	293	(2,097)	3,025
Changes in allowance for doubtful accounts	(115)	26	141	(607)
Changes in reserve for retirement benefits	(929)	(397)	531	1,087
Changes in accrued bonus	(1,291)	(2,449)	(1,157)	1,930
Loss on write-down of marketable securities	40	1,400	1,359	79
Interest and dividend income	(388)	(4,011)	(3,623)	(1,762)
Interest expenses	369	450	80	768
Gain on equity method	(653)	(570)	83	(1,655)
Gain on sale of investments in securities	(28)	(28)	(0)	(13,528)
Loss on disposal of fixed assets	344	336	(8)	979
Changes in trade receivables	7,504	13,835	6,330	(11,309)
Changes in inventories	(1,685)	(5,989)	(4,304)	7,899
Changes in trade payables	(7,772)	(4,674)	3,097	(5,899)
Changes in accrued liabilities due to change in retirement benefit plan	(189)	145	335	(3,881)
Other	3,948	2,066	(1,882)	1,881
Subtotal	13,285	17,226	3,941	27,023
Interest and dividend income received	735	4,925	4,190	3,858
Interest expenses paid	(345)	(475)	(130)	(751)
Income taxes paid or refunded	(2,387)	(2,774)	(387)	(4,493)
Cash flows from operating activities	11,287	18,902	7,614	25,636
II Cash Flows from Investing Activities				
Payments for deposit in time deposits	(492)	(357)	135	(840)
Proceeds from return on time deposits	328	484	156	924
Acquisition of tangible fixed assets	(8,409)	(13,886)	(5,477)	(21,994)
Proceeds from sale of tangible fixed assets	389	735	346	912
Acquisition of intangible fixed assets	(1,395)	(2,079)	(684)	(3,789)
Acquisition of investments in marketable securities	(1,131)	(234)	897	(3,600)
Proceeds from sale of investments in marketable securities	66	98	32	15,817
Other	212	(3,083)	(3,296)	844
Cash flow provided by investment activities	(10,432)	(18,322)	(7,889)	(11,724)

	Previous Interim Consolidated Accounting Period (April 1, 2005 to September 30, 2005)	Current Interim Consolidated Accounting Period (April 1, 2006 to September 30, 2006)	Change	Previous Fiscal Year Summary Consolidated Cash Flow Statement April 1, 2005 to March 31, 2006)
Item	Amount (¥mil)	Amount (¥mil)	Change (¥mil)	Amount (¥mil)
III Cash Flows from Financing Activities				
Change in short-term bank borrowings, net	(4,847)	(4,685)	162	(7,128)
Net reduction in balance of commercial paper	(8,000)	(5,000)	3,000	(3,000)
Proceeds from issuance of long-term debt	0	100	99	200
Repayment of long-term debt	(129)	(16)	112	(248)
Cash dividends paid	(912)	(1,314)	(402)	(3,340)
Payment for purchase of treasury stock	(8)	(8)	(0)	(28)
Cash dividends paid to minority shareholders	(207)	(276)	(68)	(393)
Other	52	19	(32)	(151)
Cash flows from financing activities	(14,052)	(11,181)	2,871	(14,091)
IV Effect of Exchange Rate Change on Cash and Cash Equivalents	489	560	70	1,645
V Net Change in Cash and Cash Equivalents	(12,708)	(10,041)	2,666	1,465
VI Cash and Cash Equivalents at Beginning of Period	40,091	41,565	1,474	40,091
VII Increase in cash and cash equivalents due to changes in scope of consolidated subsidiaries	-	60	60	8
VIII Cash and Cash Equivalents at End of Interim Period	27,382	31,584	4,201	41,565