

Consolidated Financial Results
for the Six Months Ended April 30, 2000

* Any fractional sum less than a millions yen are disregarded.

1. Results of Operation

	For 6 months ended April 30, 2000		The year ended October 31, 1999	
	Millions of yen	Increase or (-) decrease from previous 6 months	Millions of yen	Increase or (-) decrease from the previous year
Sales	24,655	N/A	44,596	-7.9%
Operating income	1,319	N/A	1,120	-20.6%
Recurring profit	1,279	N/A	1,140	0.6%
Net income	725	N/A	503	0.3%
Net income per share	Yen 66.01	N/A	Yen 45.82	

Note: • Changes in accounting are none.
• Deferred income taxes are provided, from this fiscal term, for temporary differences between recognition of income and expenses for financial reporting purposes and that used in determining taxable income.

2. Assets and Shareholder's Equity

	Assets (A)	Shareholder's equity (B)	(B)/(A)	(Millions of yen) Shareholder's equity per share
For 6 months ended April 30, 2000	32,232	12,704	39.4%	Yen 1,156.76
The year ended October 31, 1999	29,758	11,922	40.1%	Yen 1,085.56

3. Cash Flow

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	(Millions of yen) Consolidated cash, April 30, 2000
For 6 months ended April 30, 2000	840	66	362	3,884

4. Consolidation and Application of the Equity Method

- Subsidiaries whose accounts are consolidated are 4 (Meikyo Seisakusho Co., Ltd., Tomoe Machinery Service Co., Ltd., Interstella Co. Ltd., Shenzhen Stella Plastics Co., Ltd.)
- Subsidiaries whose account are not consolidated are 2 (the equity-method subsidiaries are none)
- Affiliated companies is 1 (the equity-method affiliated is none)
- Changes in consolidation and application of the equity method are none.

5. Prospects for the Year ending October 31, 2000

	Sales	Recurring profit	(Millions of yen) Net income
For the year ending October 31, 2000	50,000	1,700	830

Note: Consolidated net income per share projected for the year: ¥75.57

Non-consolidated net income per share projected for the year: ¥69.19

4. Non-Consolidated Results of Operation for 6 Months ended April 30, 2000

	Millions of yen except for net income per share	Increase or (-) decrease from previous 6 months
Sales	24,223	12.7%
Operating income	1,210	124.7%
Recurring profit	1,196	106.2%
Net income	681	253.9%
Net income per share	Yen 62.07	
Assets	30,089	
Shareholder's Equity	12,345	

Consolidated Financial Statements

Balance Sheets

Assets	Thousands of yen			
	April 30, 2000		October 31, 1999	
Current assets				
Cash and deposits	3,984,264		3,571,844	
Receivables-trade	16,300,403		14,599,459	
Inventories	5,687,868		5,468,216	
Deferred tax assets	224,085			
Other current assets	303,248		340,677	
Allowance for doubtful receivables	(112,343)		(124,056)	
Total current assets	26,387,525	82.0%	23,856,140	80.2%
Fixed assets				
Tangible fixed assets				
Buildings	1,954,817		1,935,342	
Accumulated depreciation	(787,633)		(745,811)	
Net	1,167,183		1,189,531	
Machinery, equipment & vehicles	3,314,285		3,311,178	
Accumulated depreciation	(2,175,685)		(2,100,321)	
Net	1,138,599		1,210,857	
Land	1,063,900		1,063,900	
Other fixed assets	929,812		921,503	
Accumulated depreciation	(780,610)		(765,771)	
Net	149,201		155,732	
Total tangible fixed assets	3,518,885	10.9%	3,620,021	12.1%
Intangible fixed assets	184,002	0.6%	177,482	0.6%
Investments and others				
Investments in securities	793,544		827,168	
Guarantee deposits	739,529		751,979	
Deferred tax assets	104,584			
Other investments	349,419		446,097	
Allowance for doubtful accounts	(51,801)		(128,580)	
Total investment and others	1,935,275	6.0%	1,896,665	6.4%
Total fixed assets	5,638,164	17.5%	5,694,168	19.1%
Foreign currency				
Translation adjustments	207,257	0.6%	208,314	0.7%
Total Assets	32,232,947	100.0%	29,758,623	100.0%

	Thousands of yen			
Liabilities and Shareholder's Equity	April 30, 2000		October 31, 1999	
Current liabilities				
Payable-trade	11,816,123		10,694,904	
Short-term debt	2,709,999		2,896,897	
Account payable-others	564,855		565,864	
Accrued income tax	648,201		225,298	
Advances from customers	542,932		253,032	
Accrued employee's bonuses	610,878		579,678	
Other current liabilities	346,691		327,709	
Total current liabilities	17,239,681	53.5%	15,543,385	52.2%
Long-term liabilities				
Long-term debt	1,668,633		1,701,019	
Retirement allowances	20,050		19,896	
Officer's retirement allowance	243,845		227,720	
Total long-term liabilities	1,932,528	6.0%	1,948,635	6.5%
Total liabilities	19,172,210	59.5%	17,492,021	58.7%
Minority interests	356,007	1.1%	343,974	1.2%
Shareholder's equity				
Common stock	1,061,210	3.3%	1,061,210	3.6%
Capital surplus	1,483,410	4.6%	1,483,410	5.0%
Retained earnings	10,160,323	31.5%	9,378,201	31.5%
Total	12,704,943	39.4%	11,922,821	40.1%
Repurchased stocks	(213)	0.0%	(193)	0.0%
Total shareholder's equity	12,704,729	39.4%	11,922,627	40.1%
Total	32,232,947	100.0%	29,758,623	100.0%

Note:

	(Thousands of yen)	
	April 30, 2000	October 31, 1999
1. Repurchased stocks	306 shares	306 shares
2. Guarantees	133,797	146,047
3. Discounted bills/notes	3,489,277	3,207,312
4. Pledged assets	232,967	286,971

Statements of Consolidated Income and Retained Earnings

Thousands of yen

	For 6 months ended April 30, 2000		The year ended October 31, 1999	
Net sales	24,655,387	100.0%	44,596,690	100.0%
Cost of sales	20,246,922	82.1%	37,472,845	84.0%
Gross profit	4,408,465	17.9%	7,123,844	16.0%
Selling, general and administrative	3,089,443	12.5%	6,003,443	13.5%
Operating income	1,319,021	5.4%	1,120,400	2.5%
Other income				
Interests	11,712		26,865	
Dividends	39,606		23,861	
Rents	1,723		866	
Revenue from joint R & D	4,039		20,063	
Foreign exchange gains			47,235	
Sundry	25,018		87,861	
Other income total	82,101	0.3%	206,752	0.5%
Other expenses				
Interests	76,737		175,707	
Loss on marketable securities	12,303			
Foreign exchange losses	209			
Sundry	32,499		11,305	
Other expense total	121,750	0.5%	187,012	0.4%
Recurring profit	1,279,373	5.2%	1,140,140	2.6%
Extraordinary losses				
Losses on marketable securities	0		7,298	
Extraordinary losses total	0	0.0%	7,298	0.0%
Income before income taxes	1,279,373	5.2%	1,132,842	2.5%
Income tax	653,925	2.7%	574,162	1.3%
Deferred income tax	(113,382)	(0.5%)		
Gains to minority interests	13,826	0.1%	55,411	0.1%
Total	554,369			
Income from consolidated operations	725,003	2.9%	503,267	1.1%
Retained earnings:				
Balance, beginning of year				
Retained earnings	9,378,201			
Retained earnings-other reserve			8,867,006	
Retained earnings-legal reserve			170,000	
Net income	725,003		503,267	
Deferred income tax (adjustment)	215,286			
Total	10,318,490		9,540,274	
Deduct::				
Cash dividend paid	142,777		142,773	
Officer's bonuses	15,390		19,300	
*auditor's bonuses (included)	4,170		4,000	
Total	158,167		162,073	
Balance, end of year	10,160,323		9,378,201	

Statements of Consolidated Cash Flow

For 6 months ended April 30, 2000

Thousands of yen

Operating activities:		
Net income		1,279,373
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation amortization		202,358
Increase in accrued employee's bonuses		31,199
Increase in retirement allowances		16,279
Decrease in allowances for doubtful receivables		(11,712)
Loss on marketable securities and investments		14,649
Interest and dividend income		(51,319)
Interest expense		76,737
Loss (gain) on foreign exchanges		(10,474)
Loss on property and equipment		32,136
Increase in account receivables		(1,700,943)
Increase in inventories		(219,652)
Increase in account payables		1,121,218
Decrease in account payable-others		(1,008)
Increase in advances from customers		289,899
Increase in accrued consumption tax		93,436
Officer's bonuses		(15,390)
Others		(50,026)
	Sub total	1,096,758
Interests and dividends received		51,998
Interest paid		(77,417)
Income tax paid		(231,023)
Net cash provided by operating activities		840,316
Investing activities		
Proceeds from sale of marketable securities		20,488
Proceeds from sales of investments		30,000
Acquisition of investments		(8,699)
Expenditures for properties and equipment		(131,450)
Collection of loans receivable		13,771
Decrease in other investments		9,280
Net cash used in investing activities		(66,608)
Financing activities:		
Decrease in short-term debt		(186,898)
Repayment of long-term debt		(32,386)
Cash dividends paid		(142,777)
Net cash used in financing activities		(362,061)
Cash and cash equivalents		
Effect of exchange rate changes		774
Increase in cash and cash equivalent		412,420
Cash and cash equivalents at the beginning of year		3,471,844
Cash and cash equivalents at end of year		3,884,264

Note: Outstanding balances of cash and cash equivalents (Thousands of yen)

	April 30, 2000	October 31, 1999
Cash and deposits	3,984,264	3,571,844
Time deposits maturing after 3 months	(100,000)	(100,000)
Cash and cash equivalents	3,884,264	3,471,844

Basis of Financial Statements and Summary of Significant Accounting Policies

Significant accounting policies applied in the preparation of the financial statements are summarized below:

Consolidation

(1) Consolidated subsidiaries

Consolidated subsidiaries are Meikyo Seisakusho Co., Ltd., Tomoe Machinery Service Co., Ltd., Interstella Co. Ltd. and Shenzhen Stella Plastics Co., Ltd. And unconsolidated subsidiaries are Tomoe Butsuryu Co., Ltd., and Tomoe Wines & Spirits Co., Ltd. All shares of Akashi Mannequin Co. Ltd. were sold off. The above unconsolidated subsidiaries are small in size and their aggregated assets, sales, incomes and reserves make no significant contributions to those of the parent company.

(2) Equity-method subsidiaries and affiliates

Affiliated company whose account is consolidated by the equity method is none (subsidiaries whose accounts are not consolidated by the equity-method are 2, and affiliated company whose account is not consolidated by the equity-method is 1. Subsidiaries and affiliated companies whose accounts are not consolidated by the equity method make no significant contributions to consolidated earnings and reserves as well as to the general consolidated financial standings. Therefore, the investments in these companies are stated at cost.

(3) Interim fiscal periods of consolidated subsidiaries

Accounts of Interstella Co. Ltd. and Shenzhen Stella Plastics Co., Ltd., whose interim fiscal period ends on June 30, 2000, are closed temporarily on March 31, 2000, and necessary adjustments are made on their transactions from October 1, 1999 to the date of consolidation.

Significant Accounting Policies

(1) Marketable securities and other investments

Marketable securities are stated at the lower of cost or market on the moving average basis (the wash-again method) and other securities are stated at cost on the moving average basis

(2) Inventories

Commodities are stated principally at cost on the moving average basis (specific commodities are stated at cost on the specific identification basis).

Finished products and work in process are stated at cost on the specific identification basis.

Raw materials are stated at cost by the first-in, first-out method.

Consumables are stated by the last purchase price method.

(3) Depreciation

Depreciation of "tangible fixed assets" is computed under the declining balance method specified in the Japanese corporate tax law. However, the straight-line method is applied to buildings (excluding attached facilities) acquired after April 1, 1998.

Assets of Shenzhen Stella Plastics Co., Ltd. are computed under the straight-line method.

The petty-sum depreciable assets are included in the assets and shall be depreciated evenly in 3 years.

(4) Allowances

"Allowance for doubtful receivables" is established in amounts considered to be impaired in the receivables outstanding at the end of the interim fiscal term. It consists of the amounts estimated based upon an evaluation of potential losses in the receivables regardless of the limit, to which tax exemption is applicable under the corporate tax law.

"Accrued employee's bonuses" are established in the amount considered to be payable to employees, as bonuses, within the interim fiscal term under the company's pay-roll policy.

“Retirement allowances” mainly consist of the reserve in the amount equivalent to 40% of amounts payable to employees assuming that all of them are retiring from subsidiaries voluntarily on April 30, 2000. These allowances also include the reserve for a possible maximum amount payable, under the Korean Labor Law, to local employees employed at our Seoul branch office as of April 30, 2000.

“Officer’s retirement allowance” is established in the possible maximum amounts of grants payable to the officers as of April 30, 2000 under the company’s by-law.

(5) Lease

Finance lease transactions are treated in accordance with the generally accepted accounting method for the ordinary lease transactions, except for the case in which it is considered that ownership to property is transferred to the lessee under lease agreement.

(6) Consumption tax

The consumption taxes are separately stated with no inclusion to goods and services imposed.

(7) Acquired equities

Acquisition cost and the underlying net equity were offset with each other at the time of acquisition. As differences are not significant, all of them were charged or credited to income on the consolidated statements during the interim fiscal term when related acquisitions were made.

(8) Unrealized profits

Unrealized profits from inter-company asset transactions are eliminated and prorated profits are deducted from the minority interests.

The depreciation amounts are corrected subject to elimination of unrealized profits and losses from the depreciable assets.

(9) Foreign currency transaction

Items in foreign currencies on the financial statements of the foreign subsidiaries are translated into Japanese yen in accordance with ‘Accounting Standards for Foreign Currency Transactions’ (Revision of May 26, 1995).

Income and expense are translated at the foreign exchange rates of April 30, 2000.

(10) Retained earnings

Interim consolidated statements of income and appropriation of retained earnings are reported based on earnings appropriated by the consolidated subsidiaries during the interim fiscal term of the parent company.

(11) Deferral of corporate taxes

Deferred income taxes are provided for difference between tax and financial recognition of income and expenses from this fiscal term. By this change “income from consolidated operations” and “consolidated retained earnings” within this interim fiscal term increased by ¥113 million and ¥328 million respectively, compared with figures those would be if tax allocation were not applied. Further, the deferred tax assets are stated in the amount of ¥328 million (¥224 million in current assets and ¥104 million in fixed assets) newly.

(12) Cash and cash equivalents

Cash and cash equivalents stated in statements of consolidated cash flow consist of cash in hand, the readily withdrawable deposits, the time deposits of maturity within 3 months and the short term investments of maturity within 3 months, which are easily cashable and run low risks against fluctuation of prices.

(13) Software

Software for Company’s own use had been included in “other investments” of “investments and others” until October 31, 1999. It is included in “intangible fixed assets” in the balance sheets

as of April 31, 2000 (¥8,184 thousand), in accordance with “the practical guidance for accounting of research and development expenditures and software” (Reports of Accounting Standards Committee of Japan State Board of Public Accountancy No.12 dated March 31, 1999).

Notes

[Finance lease transactions]

Details of finance lease transactions other than those, in which ownership to properties is recognized as transferred to the lessee, are:

(1) Breakdown of outstanding balances (lessee)

Breakdown of outstanding balances (lessee)	April 30, 2000	(Thousands of yen)
		October 31, 1999
Machinery, equipment and vehicles		
Purchase prices portion	415,518	428,818
Accumulated depreciation portion	210,390	180,737
Outstanding net balance	205,127	248,080
Others		
Purchase prices portion	428,017	365,559
Accumulated depreciation portion	196,131	155,432
Outstanding net balance	231,886	210,126

(2) Accrued rental expenses

	April 30, 2000	(Thousands of yen)
		October 31, 1999
Due in one year or less	185,237	170,204
Due after one year	292,065	331,129
Total	477,303	501,333

(3) Rental expenses paid

	April 30, 2000	(Thousands of yen)
		October 31, 1999
Rental expenses paid	94,245	184,442
Depreciation portion	89,025	162,162
Interest portion	10,738	21,632

(4) Computation of depreciation and interest portions

“Depreciation portion” is computed by the straight-line method estimating that each rental period is a useful life and each remaining value is zero.

“Interest portion” is computed by the interest method estimating that a difference between an aggregate rental fee amount and an assumed acquisition cost of each rental asset is an assumed interest amount.

[Tax allocation]

Details of deferred tax assets and liabilities are;

	(Thousands of yen)
	April 31, 2000
Deferred tax assets	
Accrued local business tax, not filed	56,070
Allowances for bonuses exceeding the tax deductible limit	109,774
Accrued work expenses, not filed	22,928
Allowances for officer’s bonuses exceeding the tax deductible limit	101,927
Allowance for doubtful receivables exceeding the tax deductible limit	14,101
Others	56,654
Total	361,456
Deferred tax liabilities	
Deferred income tax on gains on land sold	32,787
Total	32,787
Net deferred tax assets	328,669

[Securities]

	April 30, 2000			October 31, 1999		
	Book value	Fair value	Unrealized gains/losses	Book value	Fair value	Unrealized gains/losses
	(Thousands of yen)					
Current assets						
Shares	31,079	46,580	15,501	33,444	55,732	22,287
Bonds	5,826	13,090	7,263	5,826	9,989	4,162
Others	11,428	11,420	(8)	11,428	10,842	(586)
Sub-total	48,334	71,090	22,756	50,699	76,563	25,863
Fixed assets						
Shares	547,354	982,479	435,124	550,979	1,160,890	609,911
Bonds						
Others						
Sub-total	547,354	982,479	435,124	550,979	1,160,890	609,911
Total	595,689	1,053,570	457,880	601,678	1,237,453	635,774

Note: 1. Fair values of the above securities are determined in accordance with the following indications.

- Listed shares are valued mainly at closing prices on the Tokyo Stock Exchange.
- Shares listed at the over the counter market are valued at trade prices publicized by the Japan Security Dealers Association.
- Security investment trusts are valued at standard prices.

2. Unrealized losses on repurchased shares.

	April 30, 2000	October 31, 1999
Thousands of yen	2	2

3. The following securities in the balance sheets are excluded from above information.

		(Thousands of yen)	
		1999	1998
Current assets	Medium term government bond funds	38,435	58,904
Fixed Assets:	Unlisted shares excluding OTC shares (included shares of affiliates)	246,189 61,100	276,189 91,100

[Derivative financial instruments and foreign currency transactions]

(1) Foreign Currency Transactions

	April 30, 2000			October 31, 1999		
	Carrying Amount	Estimated Fair Value	Gains & Losses	Carrying Amount	Estimated Fair Value	Gains & Losses
	(Thousands of yen)					
Forward Contracts						
Hedges against obligation						
US dollars	235,836	240,964	5,127	452,865	434,471	(18,393)
Others				19,470	19,045	(425)
Total	235,836	240,964	5,127	472,336	453,516	(18,819)

Note: The foreign financial assets hedged by the foreign exchange forward contracts are stated in the balance sheets in the amounts translated into Japanese yen at the contracts rates, as their yen equivalents at maturity are determined. Such foreign exchange forward contracts are excluded from above information.

Contracts due after 1 year or more were not outstanding as of April 30, 2000 and October 31, 1999.

(2) Interest Rate Swaps

	April 30, 1999			October 31, 1998		
	Contract Amount	Estimated Fair Value	Gains & Losses	Contract Amount	Estimated Fair Value	Gains & Losses
Receivable floater/ payable fixed rate (included contracts due after 1 year or more)	1,120,000	(31,983)	(31,983)	1,120,000	(33,408)	(33,408)
	<i>1,120,000</i>	<i>(31,983)</i>	<i>(31,983)</i>	<i>1,120,000</i>	<i>(33,408)</i>	<i>(33,408)</i>
Total	1,120,000	(31,983)	(31,983)	1,120,000	(33,408)	(33,408)

Note: Estimated fair values are stated at values declared by the contract financial institutions.