

Consolidated Results for the Six-month Period Ended April 30, 2001

Tomoe Engineering Co., Ltd. and subsidiaries

Code No. 6309

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1. Consolidated operating results for 6 months ended April 30, 2001 (fiscal year from November 1, 2000 to April 30, 2001)

(1) Consolidated operating results information

	Sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended April 30, 2001	27,277	10.6	1,031	(21.8)	1,322	3.4
Six months ended April 30, 2000	24,655	N/A	1,319	N/A	1,279	N/A
Year ended October 31, 2000	50,400		1,675		1,668	

	Net income		Net income per share
	Millions of yen	%	Yen
Six months ended April 30, 2001	477	(34.1)	45.36
Six months ended April 30, 2000	725	N/A	66.01
Year ended October 31, 2000	706		64.67

Notes:

1. With regard to the equity in net earnings of subsidiaries and the affiliated company, there is nothing to be reported.
2. An average number of outstanding shares (consolidated) during 6 months ended April 30, 2001 and 2000, and the year ended October 31, 2000 were 10,532,369, 10,982,894 and 10,922,198 respectively.
3. There is no significant change in accounting methods other than those altered by accounting standards.
4. Percentage figures for sales, operating income, recurring profit and net income represent changes from the first half of the previous year.

(2) Consolidated financial position information

	Total assets	Shareholder's equity	Shareholder's equity ratio	Shareholder's equity per share
	Millions of yen	Millions of yen	%	Yen
April 30, 2001	29,327	12,580	42.9	1,194.50
April 30, 2000	32,232	12,704	39.4	1,156.76
October 31, 2000	30,659	12,330	40.2	1,170.69

Note: A number of outstanding shares (consolidated) at April 30, 2001, 2000 and October 31, 2000 were 10,532,294, 10,982, 894 and 10,532,444 respectively.

(3) Consolidated cash flow information

	Millions of yen			
	Net cash provided by operating activities	Net cash provided by investing activities	Net cash used in financing activities	Cash and cash equivalents
Six months ended April 2001	(320)	89	1,238	2,188
Six months ended April 2000	840	(66)	362	3,884
Year ended October 31, 2000	1,347	(403)	903	3,527

(4) Consolidation and the equity method

Subsidiaries whose accounts are consolidated are 5 (Meikyo Seisakusho Co., Ltd., Tomoe Machinery Service Co., Ltd., Interstella Co. Ltd., Shenzhen Stella Plastics Co., Ltd. and Interstella Plastics (Shenzhen) Co., Ltd.).

Subsidiaries whose accounts are not consolidated are 2 (none of them are accounted for by the equity method).

The affiliated company is 1 (it is not accounted for by the equity method).
One subsidiary account was consolidated additionally in this fiscal term.

2. Forecast of consolidated operating results for the fiscal year ending October 31, 2001 (fiscal year from November 1, 2000 to October 31, 2001)

Millions of yen

	Sales	Recurring profit	Net income
Year ending October 31, 2001	51,850	1,250	360

Note: Forecasted basic net income per share for the fiscal year ending October 31, 2001: 34.18 yen.

Tomoe Engineering and Companies

Tomoe Group consists of Tomoe Engineering, 7 subsidiaries and 1 affiliated company. Our group is mainly engaged in manufacture and sale of centrifuges, trading of chemical products and the business related to them.

Business activities of our group are divided into 3 main categories. "Business Segments" discussed in a later section of this report is based on following business activity segments. Since "Other Business Activities" involve no consolidated subsidiary, "Business Segments" do not include figures related to their activities.

Machinery manufacture & sale:

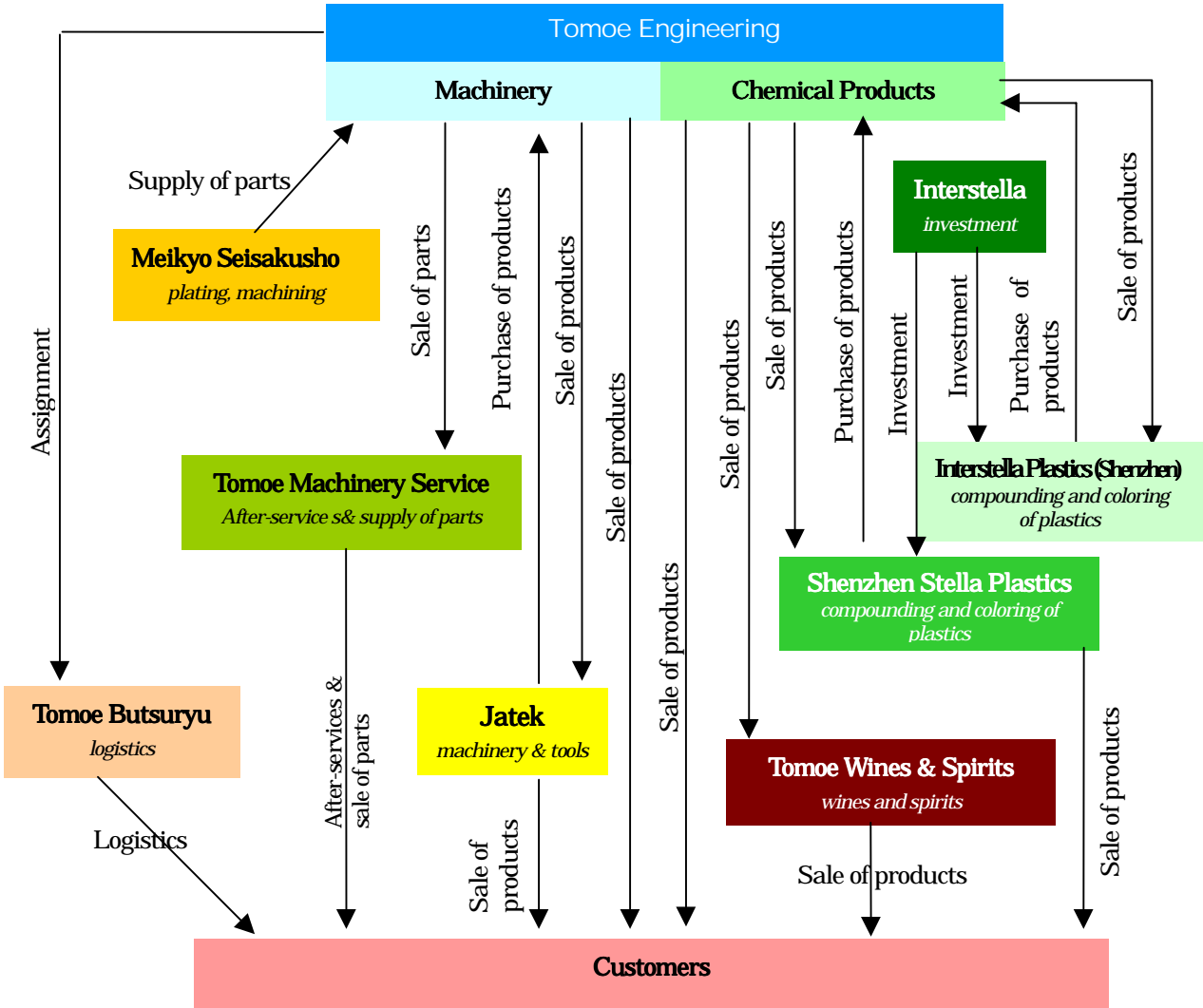
Tomoe Engineering manufactures and sells centrifuges. Tomoe Machinery Service provides after-services for the installed centrifuges and sells related parts. Meikyo Seisakusho machines, plates and grinds centrifuge parts, and assembles small sized centrifuges. Jatek sells fluid discharge equipment and special tools for automobile maintenance services.

Chemical product trading:

Shenzhen Stella Plastics is engaged in coloring and compounding of plastic materials. Tomoe Engineering supplies them with plastic materials and buys back a part of their products. Interstella Plastics (Shenzhen) was established for the same purpose of Shenzhen Stella Plastics and will start operations in this August. Interstella was established for a purpose of investment in Shenzhen Stella Plastics and Interstella Plastics (Shenzhen), and Tomoe Engineering owns 72.3% of their equities. Tomoe Wines & Spirits sells wines and spirits imported by Tomoe Engineering.

Other business:

Tomoe Butsuryu transports products and commodities and manages their inventory.



Management Policies

1. Basic Management Goals

Tomoe Engineering's basic goals are to grow and develop operation adopting creative approaches, contribute to society providing the products of advanced technology and high quality, and help all people who work with and for Tomoe Engineering, its subsidiaries and affiliates to build their bright future.

2. Basic Policy Regarding the Appropriation of Retained Earnings

Since one of our important management goals is to distribute a fair share of Company's earnings to shareholders, our basic dividend policy is based on proportional appropriation of earnings for the dividends. At the same time the amount of dividends is determined taking account of continuation of stable payment and increase of retained earnings, which shall be invested in improvement and reinforcement of a business foundation as well as new products development programs and saved for the future business plans.

3. Three Year Strategy

Tomoe Engineering, its subsidiaries and the affiliate are operated based on the three-year management plan, which started in November 1998. Its main objective is to achieve recurring profit constantly more than ¥2 billion. However, having entered into the final 6 months of this plan, we have to confess with regret that achievement of the goal is difficult. We are preparing the next three-year plan, which starts in November 1, 2001, based on the same philosophy. The following are main strategies.

Machinery & Equipment Division:

- New applications of centrifuges and increase of their sales in foreign markets.
- Advancement of technology and reinforcement of competitiveness by cost-reduction.
- Development and sales promotion of non-centrifuge new products

Chemical Product Division

- Review of trading company's functions (offering of valued services representing manufacturer's functions)
- Expansion of the businesses related to the information technology industry
- Sales promotion of specialty products in niche fields

4. Management Actions

It seems that the stagnant economy will continue further. In this situation Tomoe Engineering and companies are going to build stout organizations that can stay solid even in wild business cycles. We make our financial structure more rigid by downsizing the balance sheets, in concrete, by reducing inventories, improving the collection terms of receivables and slashing liabilities. We also offer more competitive prices to customers by streamlining production systems and increase sales and profits by promoting highly valued products in the niche field in order to improve quality of our business sources.

Activities and Results

1. Outlook of the first half of Fiscal 2001

(1) Operating Highlights

In the first half ended April 30, 2001, though the Japanese economy showed a brief sign of self-sustaining recovery, it had stayed rather weak from around the beginning of this year. Owing to a slowdown of the US economy exports decreased, then, the domestic production activities became stagnant and employment as well as consumer spending turned downward.

In this environment sales of **Machinery & Equipment Division** decreased 13.5% to ¥6,668 million. In the domestic market, sales to chemical plants and waste plastic processing plants in the private sector declined owing to delays in execution of plans. In the public sector, sales to wastewater treatment plants stayed low owing to decrease of the public investments. In the overseas market, sales grew a few.

Sales of **Chemical Product Division** grew 21.6% to ¥20,608 million. Sales of electronic and ceramic materials related to the IT industry increased steadily in the domestic market and sales of products related to the chip packaging industry grew significantly in the foreign market.

Overall, net sales in the first half of Fiscal 2001 increased 10.6% to ¥27,277 million and recurring profit rose 3.4% to ¥1,322 million. However, net income dropped 34.1% to ¥477 million owing to amortization (in 2 years starting this fiscal year) of the unfunded Company's obligations to the tax-qualified pension plan.

(2) Cash Flows

In the first half of Fiscal 2001, ended April 30, 2001, the company's consolidated cash position decreased ¥1,339 million to ¥2,188 million from the first half of Fiscal 2000.

Net cash used by operating activities was ¥320 million, which was primarily resulted from decrease in net income before taxes and increase in trade receivables.

Net cash provided by investment activities was ¥89 million mainly from the released guarantee deposits.

Net cash used in financing activities was ¥1,238 million primarily for repayment of short-term loans.

2. Outlook for Fiscal 2001

Under circumstances that a rapid recovery of the US economy is rather hopeless, capital expenditures that had sustained recovery of the Japanese economy show a sign of a downturn. Business may stay sluggish further depending on outcomes of the structural and regulatory reform plan of the Japanese new government.

We expect that sales of machinery and equipment will stay stagnant owing to weak demand in private and public sectors, and sales of IT related products (**Chemical Product Division**), which grew in the first half, will fall below the budget.

We expect that consolidated net sales will increase 2.9% to ¥51,850 million. However, recurring profit will decline 25.1% to ¥1,250 million and consolidated net income will drop 49.0% to ¥360 million owing to amortization of unfunded Company's obligation to the tax-qualified pension plan.

Consolidated Financial Statements

Balance Sheets

Assets	Thousands of yen		
	April 30, 2001	April 30, 2000	October 30, 2000
Current assets			
Cash and deposits	2,288,176	3,984,264	3,627,726
Trade receivables	15,258,499	16,300,403	14,551,897
Inventories	5,789,873	5,687,868	6,026,235
Deferred tax assets	326,758	224,085	333,396
Other current assets	275,233	303,248	332,114
Allowance for doubtful receivables	(188,954)	(112,343)	(121,522)
Total current assets	23,749,586	26,387,525	24,749,849
Fixed assets			
Tangible fixed assets			
Buildings	2,027,177	1,954,817	2,020,969
Accumulated depreciation	(871,269)	(787,633)	(823,496)
Net	1,155,908	1,167,183	1,197,472
Machinery, equipment & vehicles	3,513,742	3,314,285	3,410,779
Accumulated depreciation	(2,557,562)	(2,175,685)	(2,399,775)
Net	956,180	1,138,599	1,011,004
Land	1,049,391	1,063,900	1,063,900
Other fixed assets	912,386	929,812	906,971
Accumulated depreciation	(779,398)	(780,610)	(779,503)
Net	132,988	149,201	127,468
Total tangible fixed assets	3,294,468	3,518,885	3,399,846
Intangible fixed assets	216,778	184,002	189,184
Investments and others			
Investments in securities	814,179	793,544	804,981
Guarantee deposits	615,164	739,529	734,777
Deferred tax assets	211,434	104,584	125,617
Other investments	510,137	349,419	497,996
Allowance for doubtful receivables	(84,640)	(51,801)	(51,018)
Total investment and others	2,066,275	1,935,275	2,112,354
Total fixed assets	5,577,522	5,638,164	5,701,385
Foreign currency Translation adjustments	0	207,257	208,380
Total Assets	29,327,109	32,232,947	30,659,615

Liabilities and Shareholder's Equity	Thousands of yen		
	April 30, 2001	April 30, 2000	October 30, 2000
Current liabilities			
Trade payable	10,965,103	11,816,123	11,019,285
Short-term debt	1,497,917	2,709,999	2,563,906
Account payable-others	586,587	564,855	584,389
Accrued income tax	503,262	648,201	506,044
Advances from customers	80,773	542,932	324,308
Accrued employee's bonuses	611,100	610,878	706,845
Other current liabilities	212,106	346,691	318,757
Total current liabilities	<u>14,456,850</u>	<u>17,239,681</u>	<u>16,023,537</u>
Long-term liabilities			
Long-term debt	1,610,916	1,668,633	1,628,598
Accrued pension and severance liabilities	39,310	20,050	21,367
Officer's retirement allowance	183,400	243,845	265,030
Total long-term liabilities	<u>1,833,627</u>	<u>1,932,528</u>	<u>1,914,995</u>
Total liabilities	<u>16,290,478</u>	<u>19,172,210</u>	<u>17,938,533</u>
Minority interests	455,779	356,007	390,825
Shareholder's equity			
Common stock	1,061,210	1,061,210	1,061,210
Capital surplus	1,483,410	1,483,410	1,483,410
Retained earnings	10,095,723	10,160,323	9,786,202
Unrealized gains and losses on marketable securities and investments	91,737	0	0
Foreign currency translation adjustment	(150,555)	0	0
Total	<u>12,581,525</u>	<u>12,704,943</u>	<u>12,330,822</u>
Issued shares reacquired	(674)	(213)	(566)
Total shareholder's equity	<u>12,580,851</u>	<u>12,704,729</u>	<u>12,330,256</u>
Total	<u>29,327,109</u>	<u>32,232,947</u>	<u>30,659,615</u>

Statements of Consolidated Income

Six Months Ended April 20, 2001 and 2000,
and Year Ended October 31, 2000

Thousands of yen

	April 30, 2001	April 30, 2000	October 31, 2000
Net sales	27,277,289	24,655,387	50,400,087
Cost of sales	23,038,379	20,246,922	42,412,564
Gross profit	4,238,910	4,408,465	7,987,523
Selling, general and administrative	3,207,848	3,089,443	6,311,986
Operating income	1,031,061	1,319,021	1,675,536
Other income			
Interests	20,444	11,712	26,546
Dividends	22,046	39,606	46,527
Rents	3,058	1,723	4,736
Foreign exchange gains	313,110	0	41,967
Sundry	30,809	25,018	40,819
Other income total	389,470	82,101	160,597
Other expenses			
Interests	56,959	76,737	151,625
Discounts on bills of exchange	36,161	0	0
Sundry	4,895	32,499	16,221
Other expense total	98,016	121,750	167,846
Recurring profit	1,322,514	1,279,373	1,668,287
Extraordinary gains			
Gain on securities contributed to the employee retirement benefit trust	206,528	0	0
Gains on property and equipment	15,490	0	0
Provision for doubtful receivables	21,675	0	0
Extraordinary gains total	243,694	0	0
Extraordinary losses			
Losses on marketable securities	44,848	0	0
Loss on property and equipment	0	0	132,641
Contribution to the employee retirement benefit trust	440,754	0	0
Amortization of unfunded pension obligation	162,960	0	0
Pension liability adjustments	0	0	222,609
Others	44,899	0	
Extraordinary losses total	693,462	0	355,251
Income before income taxes	872,746	1,279,373	1,313,035
Income tax	509,854	653,925	804,726
Deferred income tax	(145,065)	(113,382)	(243,727)
Income taxes total	364,788	540,543	560,998
Minority interests in (earnings) losses of subsidiaries	(30,225)	(13,826)	(45,654)
Income from consolidated operations	477,732	725,003	706,382

Consolidated Retained Earnings

Six Months Ended April 20, 2001 and 2000,
and Year Ended October 31, 2000

Thousands of yen

	April 30, 2001	April 30, 2000	October 31, 2000
Balance, beginning of year			
Retained earnings	9,786,202	9,378,201	9,378,201
Net income	477,732	725,003	706,382
Deferred income taxes	0	215,286	215,286
Total	10,263,934	10,318,490	10,299,869
Deduct:			
Cash dividend paid	136,921	142,777	142,777
Officer's bonuses	31,290	15,390	15,390
Retirement of reacquired shares of stock	0	0	355,500
Total	168,211	158,167	513,667
Balance, end of year	10,095,723	10,160,323	9,786,202

Statements of Consolidated Cash Flows

Six Months Ended April 20, 2001 and 2000,
and Year Ended October 31, 2000

Thousands of yen

	Apr. 30, 2001	Apr. 30, 2000	Oct. 31, 2000
Operating activities:			
Income before income taxes	872,746	1,279,373	1,313,035
Adjustments to reconcile income before taxes to net cash provided by operating activities:			
Depreciation and amortization	189,549	202,358	422,393
Increase (decrease) in accrued employee's bonuses	(95,745)	31,199	127,167
Changes in accrued pension and severance liabilities	17,943	16,279	38,780
Increase (decrease) in officer's retirement allowance	(81,630)		
Increase (decrease) in allowances for doubtful receivables	60,913	(11,712)	(80,096)
Unrealized loss on marketable securities		14,649	
Unrealized loss on investments	44,848		13,741
Other extraordinary losses	44,894		
Interest and dividend income	(42,491)	(51,319)	(73,073)
Interest expense	56,959	76,737	151,625
Discount on bills and notes	36,161		
Loss (gain) on foreign exchanges	(116,549)	(10,474)	(34,995)
Loss on property and equipment	3,978	32,136	132,641
Loss (gain) on property and equipment	(15,485)		
Loss (gain) on securities contributed to the employee retirement benefit trust	(206,528)	0	0
Contribution to the employee retirement benefit trust	440,754	0	0
Decrease (increase) in trade receivables	(563,929)	(1,700,943)	126,231
Decrease (increase) in inventories	291,243	(219,652)	(558,019)
Increase (decrease) in account payables	(235,337)	1,121,218	264,593
Increase (decrease) in account payable-others	(12,824)	(1,008)	18,525
Increase (decrease) in advances from customers	(243,534)	289,899	71,275
Increase (decrease) in accrued consumption tax	(53,114)	93,436	73,835
Officer's bonuses	(31,290)	(15,390)	(15,390)
Others	(130,313)	(50,026)	(31,405)
Sub total	231,219	1,096,758	1,960,866
Interests and dividends received	42,524	51,998	71,047
Interest paid	(81,627)	(77,417)	(160,820)
Income tax paid	(512,636)	(231,023)	(523,980)
Net cash provided by operating activities	(320,520)	840,316	1,347,112
Investing activities			
Increase in time deposits	0	0	(100,000)
Decrease in time deposits	0	0	100,000
Acquisition of marketable securities	0	0	(24,379)
Proceeds from sale of marketable securities	0	20,488	0
Proceeds from sales of investments	17,083	30,000	30,000
Acquisition of investments	(13,747)	(8,699)	(21,553)
Expenditures for properties and equipment	(59,420)	(131,450)	(337,349)
Proceeds from sales of properties and equipment	28,142	0	0
Expenditures for intangible fixed assets	(6,562)	0	0
Collection of loans receivable	23,706	13,771	0
Increase in loans receivable	(11,600)	0	(143,022)
Decrease in other investments	112,079	9,280	93,018
Net cash provided by investing activities	89,682	(66,608)	(403,288)

Financing activities:

Decrease in short-term debt	(1,083,413)	(186,898)	(332,991)
Repayment of long-term debt	(17,681)	(32,386)	(72,420)
Reacquisition of issued shares of stocks	(107)		(355,500)
Cash dividends paid	(136,921)	(142,777)	(142,777)
Net cash used in financing activities	<u>(1,238,126)</u>	<u>(362,061)</u>	<u>(903,689)</u>

Cash and cash equivalents

Effect of exchange rate changes	129,415	774	15,746
Increase in cash and cash equivalent	(1,339,550)	412,420	55,882
Cash and cash equivalents at the beginning of year	3,527,726	3,471,844	3,471,844
Cash and cash equivalents at end of year	<u>2,188,176</u>	<u>3,884,264</u>	<u>3,527,726</u>

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., Shenzhen Stella Plastics Co., Ltd. and Interstella Plastics (Shenzhen) Co., Ltd. And unconsolidated subsidiaries are Tomoe Butsuryu Co., Ltd., and Tomoe Wines & Spirits Co., Ltd. The above unconsolidated subsidiaries are small in size and their aggregated assets, sales, incomes and reserves, and make no significant contributions to the general consolidated financial standings.

(2) Equity-method

None of the investments in the affiliated company is accounted for by the equity method. Main unconsolidated subsidiaries and the affiliated company, whose accounts are not accounted for by the equity method, are Tomoe Butsuryu Co., Ltd., Tomoe Wines & Spirits Co., Ltd. and Jatek Co., Ltd. The investments in these companies are stated at cost, since they make minimal contributions to consolidated earnings and reserves, or make no significant contributions to the general consolidated financial standings.

(3) Fiscal period of consolidated subsidiaries

Accounts of Interstella Co., Ltd., Shenzhen Stella Plastics Co., Ltd. and Interstella Plastics (Shenzhen) Co., Ltd, whose semi-annual fiscal term ends on June 30, 2001, are closed temporarily on March 31, 2001, and necessary adjustments are made on their transactions from April 1, 2001 to the date of consolidation.

Significant Accounting Policies

(1) Marketable securities and other investments

Marketable securities are stated at fair value. 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) Derivative financial instruments

Derivative financial instruments are stated at fair value.

(4) Depreciation

Depreciation of tangible fixed assets is computed principally 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.

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

Assets of Shenzhen Stella Plastics Co., Ltd. are computed under the declining-balance method.

Depreciation of intangible fixed assets is computed under the straight-line method. However, company's internal-use software is computed under the straight-line method based on estimated useful life (5 years).

(5) Allowances and accruals

An allowance for doubtful receivables is established in amounts considered to be appropriate based on the company's past credit loss experience with regard to the general receivables outstanding and individual evaluation of potential loss in the impaired receivables outstanding.

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

Accrued pension and severance liabilities are recorded based on the vested benefit obligation, which is the amount required to be paid if all employees covered by the severance indemnities plan voluntarily terminated their employment at the semi-annual fiscal closing date. According to the change of the Japanese accounting standards the unfunded severance indemnities plans, ¥651,842 thousand, must be amortized in two years. The amount of obligation to be amortized in this semi-annual fiscal term is stated in extraordinary losses of the statement of consolidated income.

Officer's retirement allowance is established in the estimated amounts of grants payable to the officers as of

April 30, 2001 in accordance with the company's by-law.

(6) Foreign currency translation

Foreign currency financial statements are translated into Japanese yen at the respective exchange rates of April 30, 2001 and resulting translation adjustments are stated as the foreign exchange gains (losses). The assets and liabilities of the foreign subsidiaries, as well as their income and expense accounts, are translated into Japanese yen likewise, and resulting translation adjustments are included in foreign currency translation adjustment (shareholder's equity).

(7) 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 ownership to property is considered to be transferred to the lessee under lease agreement.

(8) Derivative financial instruments

Interest differentials on the interest rate swap agreements, gains and losses on foreign exchange forward contracts and currency swap agreements, which are effective as hedges of certain assets and liabilities, are accrued and deferred over the contract periods. However, the interest rate swap agreement, whose period and amount completely correspond to those of the debt, are not accounted for by the above method, but by the exceptional provisions.

(9) Consumption tax

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

(10) Cash and cash equivalents

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

- The Company applied the new accounting standards to accounting for the pension and severance indemnities plan from this semi-annual fiscal term. As a result recurring profit dropped ¥12,365 thousand and profit before income tax rose ¥9,484 thousand.
- The Company applied the new accounting standards to accounting for the financial instruments from this semi-annual fiscal term. Effects on profits and losses by this change are minimal. Purposes of all the securities kept at the beginning of this fiscal term have been reviewed and all the securities were classified as held-to maturity securities and included on investments. As a result marketable securities in current assets decreased ¥133,983 thousand and securities in investments and others increased by the same amount.
- The Company applied the new accounting standards to foreign currency translation from this semi-annual fiscal term. By this change both of recurring profit and income before income tax increased ¥16,077 thousand. Foreign currency translation adjustment, which had been included in assets, is included in shareholder's equity from this semi-annual fiscal term in accordance with revised regulations of consolidated financial statements.

Notes to Consolidated Financial Statements

Balance Sheets

(1) Investments in the non-consolidated subsidiaries and affiliate

The following items in balance sheets are related to non-consolidated subsidiaries and affiliate.

	April 30, 2001	Thousands of yen October 31, 2000
Investments in securities (capital stocks)	61,100	61,100

(2) Pledged Assets

At April 30, 2001 and October 31, 2000 the following assets were pledged as collateral for certain liabilities of the company.

April 30, 2001		October 31, 2000	
Collateral:		Collateral:	
Investment securities:	200,554	Investment securities:	177,803
Related liabilities:		Related liabilities:	
Long-term debt	70,000	Long-term debt	120,000
Accounts payable	357,387	Accounts payable	341,928

(3) Contingent Liabilities

Contingent liabilities at October 31, 2000 and 1999 are as follows.

April 30, 2001		October 31, 2000	
Guarantees:		Guarantees:	
Banks (a)	60,777	Banks (a)	67,185
Notes discounted with banks (b)		Notes discounted with banks (b)	
Banks	4,398,864	Banks	3,799,099

(a) Tomoe Engineering guarantees indebtedness of employees who took mortgage loans in accordance with company's mortgage loan program.

(b) The above does not include the bills received from non-consolidated subsidiaries and affiliate.

(4) Trade notes and bills

Notes/bills receivable and payable are stated in accordance with our accounting policy, in which items are settled on the days when they are cleared by the clearing house. Since this semi-annual fiscal closing date fell on the non-business day of the financial institutions, notes/bills receivable and payable outstanding at the end of the semi-annual fiscal closing date include those due on that date.

	Thousands of yen April 30, 2001
Trade notes and bills receivable:	114,493
Trade notes and bills payable:	361,086
Trade notes and bills discounted with banks:	590,118

Statements of Consolidated Income and Retained Earnings

The following expenses are included in "selling, general and administrative."

6 Months Ended April 30, 2001 and Year Ended October 31, 2000	Thousands of yen	
	2001	2000
Shipping & packaging costs:	309,356	595,949
Provision for doubtful receivables	113,598	15,780
Provision for retirement allowance		1,810
Contribution to the pension and severance indemnities plan	53,011	
Provision for officer's retirement allowance	26,200	37,310
Employee's pay-rolls	826,043	1,933,730
Provision for accrued employee's bonuses	371,620	446,369
Welfare expenses	212,096	412,487
Travel expenses	183,904	382,434
Depreciation	59,189	136,541
Rents	216,238	411,337
Other expenses	183,411	418,137
Expenses for research and development	48,782	*

* Expenses for research and development included in "selling, general and administrative" and manufacturing costs for the year ended October 31, 2000 were ¥228,956 thousand.

Segment Information

The Company's operating segments have been aggregated based on the nature of the products and the regions that overseas offices serve into two product-wise reportable operating segments and two region-wise reportable operating segments.

(1) Operating Segment Information

6 Months Ended April 30, 2001	Machinery & Equipment	Chemical Products	Total	Thousands of yen	
				Elimination & Other	Consolidated
Net sales					
External customers	6,668,596	20,608,692	27,277,289	0	27,277,289
Intersegment	0	0	0	0	0
Total	6,668,596	20,608,692	27,277,289	0	27,277,289
Operation costs	6,184,679	20,061,548	26,246,228	0	26,246,228
Operating income	483,916	547,144	1,031,061	0	1,031,061

Note: Sales of Machinery & Equipment and Chemical Products to external customers outside Japan for the year ended April 30, 2001 are ¥621,647 thousand and ¥7,216,911 thousand respectively.

Year ended October 31, 2000	Machinery & Equipment	Chemical Products	Total	Thousands of yen	
				Elimination & Other	Consolidated
Net sales					
External customers	14,305,245	36,094,841	50,400,087	0	50,400,087
Intersegment	0	0	0	0	0
Total	14,305,245	36,094,841	50,400,087	0	50,400,087
Operation costs	13,442,445	35,282,105	48,724,551	0	48,724,551
Operating income	862,800	812,736	1,675,536	0	1,675,536

Notes: The companies' reportable operating segments consist of the following business groups.

Machinery & Equipment: Sale of centrifuges, separators and other machines.

Chemical Products: Sale of plastics, inorganic materials and other chemical products.

Sales of Machinery & Equipment and Chemical Products to external customers outside Japan for the year ended October 31, 2000 are ¥2,443,750 thousand and ¥9,112,751 thousand respectively.

(2) Geographic Area Information

6 Months Ended April 30, 2001	Thousands of yen				
	Japan	Asia	Total	Elimination & Other	Consolidated
Net sales					
External customers	19,975,433	7,301,856	27,277,289	0	27,277,289
Intersegment	126,365		126,365	(126,365)	
Total	20,101,798	7,301,856	27,403,655	(126,365)	27,277,289
Operation costs	19,245,040	7,083,023	26,328,064	(81,836)	26,246,228
Operating income	856,758	218,832	1,075,590	(44,529)	1,031,061

Year ended October 31, 2000	Thousands of yen				
	Japan	Asia	Total	Elimination & Other	Consolidated
Net sales					
External customers	38,184,646	12,215,441	50,400,087	0	50,400,087
Intersegment	72,493	0	72,493	(72,493)	0
Total	38,257,139	12,215,441	50,472,580	(72,493)	50,400,087
Operation costs	36,989,384	11,804,802	48,794,186	(69,635)	48,724,551
Operating income	1,267,755	410,639	1,678,394	(2,857)	1,675,536

Note: Countries included in Asia are China, Korea, Taiwan and Indonesia.

(3) Total Net Sales to External Customers outside Japan for 6 Months Ended April 30, 2001 and Year Ended October 31, 2000

6 Months Ended April 30, 2001	Thousands of yen		
	Asia	Other areas	Total
Total net sales to external customers outside Japan	7,651,124	187,434	7,838,558
Consolidated total			27,277,289
Percentage of total net sales to external customers outside Japan out of consolidated total	28.0%	0.7%	28.7%

Year Ended October 31, 2000	Thousands of yen		
	Asia	Other areas	Total
Total net sales to external customers outside Japan	11,204,530	351,971	11,556,501
Consolidated total			50,400,087
Percentage of total net sales to external customers outside Japan out of consolidated total	22.2%	0.7%	22.9%

Note: Each part consists primarily of the following countries and areas.

Asia: China, Korea, Taiwan and Indonesia

Other areas: North America and Europe

(4) Sales of Products Manufactured by the Companies for 6 Months Ended April 30, 2001 and Year Ended October 31, 2000

		Thousands of yen	
		6 Months Ended April 30, 2001	Year Ended October 31, 2000
Machinery & Equipment:	Sales to external customers outside Japan	496,724	2,355,015
	Total production	5,641,118	12,343,505

Notes: 1. Amounts are stated in sold price.

2. The above amounts do not include consumption taxes.

(5) Orders Received

	6 months ended April 30, 2001		The year ended October 31, 2000	
	Orders received for the year	Orders in hand	Orders received for the year	Orders in hand
Operating segment				
Machinery & Equipment	4,454,304	4,583,458	9,723,449	5,770,272
*From external customers outside Japan	1,336,140	1,773,159	949,556	933,743

Statements of Consolidated Cash Flow

Balances of cash and cash equivalents outstanding as of April 30, 2001 and October 31, 2000 are as follows.

	April 30, 2001	October 31, 2000
Cash and deposits	2,288,176	3,627,726
Time deposits maturing after 3 months	(100,000)	(100,000)
Cash and cash equivalents	2,188,176	3,527,726

Finance Lease Transactions

Details of finance lease transactions other than those, in which ownership to properties is recognized that it was transferred to the lessees, are:

(1) Breakdown of outstanding balances (lessee)

	April 30, 2001	October 31, 2000
Machinery, equipment and vehicles		
Acquired cost portion	411,018	411,018
Accumulated depreciation portion	285,969	244,867
Outstanding net balance	125,048	166,150
Others		
Acquired cost portion	455,385	462,429
Accumulated depreciation portion	226,067	242,017
Outstanding net balance	229,318	220,412
Total	354,366	386,562

(2) Accrued rental expenses as of April 30, 2001 and October 31, 2000

	April 30, 2001	October 31, 2000
Due in one year or less	170,032	184,071
Due after one year	206,134	228,676
Total	376,166	412,747

(3) Rental expenses paid

	6 Months Ended April 30, 2001	Year ended October 31, 2000
Rental expenses paid	98,479	196,982
Depreciation portion	91,174	155,887
Interest portion	10,218	16,701

(4) Computation of depreciation and interest portions

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

The 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.

Securities

Securities stated at fair value

	Thousands of yen		
	April 30, 2001		
	Carrying value	Fair value	Unrealized gains/losses
Shares	364,205	498,513	134,308
Bonds	5,826	11,130	5,303
Others	75,482	73,531	(1,950)
Total	445,513	583,175	137,661

Unlisted securities excluding OTC shares, which are stated at cost, are outstanding in the amount of ¥169,903 thousand as of April 30, 2001.

Derivative Financial Instruments and Foreign Currency Transactions

	Thousands of yen		
	April 30, 2001		
	Carrying value	Fair value	Unrealized gains/losses
Forward contracts	41,273	47,812	6,538

Note: Derivative financial instruments to hedge certain assets and liabilities are excluded from the above.