

Consolidated Results for the First Half Ended April 30, 2002 (Unaudited)

* Any fractional sums less than one million yen are disregarded.

1. Results of Operation

	6 months ended April 30				Year ended Oct.31, 2001
	2002		2001		
	Millions of yen	Change from the previous first half	Millions of yen	Change from the previous first half	Millions of yen
Sales	22,789	-16.5%	27,277	10.6%	50,029
Operating income	817	-20.7%	1,031	-21.8%	764
Recurring profit	988	-25.2%	1,322	3.4%	1,047
Net income	464	-2.9%	477	-34.1%	171
Net income per share	¥44.06		¥45.36		¥16.29

Notes:

- (1) The equity in net earnings of affiliated companies for 6 months ended April 30, 2002 and 2001 were none.
- (2) An average number of outstanding shares (consolidated) during the 6 months ended April 30, 2002 and 2001 were 10,532,019 and 10,532,369 respectively.
- (3) There is no change in accounting methods other than those altered by accounting standard regulations.

2. Assets and Shareholder's Equity

	Millions of yen		
	April 30, 2002	April 30, 2001	October 31, 2001
Assets (A)	27,477	29,327	25,842
Shareholder's equity (B)	12,658	12,580	12,256
(B)/(A)	46.1%	42.9%	47.4
Shareholder's equity per share	¥1,201.92	¥1,194.50	1,163.64

Note: A number of outstanding shares (consolidated) at April 30, 2002 and 2001 were 10,531,894 and 10,532,294 respectively.

3. Cash Flows

	Millions of yen		
	6 months ended April 30		Year ended Oct. 31, 2001
	2002	2001	
Net cash provided by operating activities	451	(320)	263
Net cash used in investing activities	204	(89)	252
Net cash provided by financing activities	847	(1,238)	(1,400)
Consolidated cash and cash equivalent (term-end)	3,396	2,188	2,233

4. Consolidation and Application of the Equity Method

Reportable subsidiaries, whose accounts were consolidated in the 6-month period ended April 30, 2002 are 5.

5. Prospects for the Year ending October 31, 2002

	Millions of yen
	The year ending October 31, 2002
Sales	43,700
Recurring profit	920
Net income	290

We expect that consolidated net income per share for the year ending October 31, 2002 will be ¥27.54.

Tomoe Engineering and Companies

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

Business activities of the group are divided into following 3 main categories. "Business Segments," which will be discussed in a later section, are based on following business activity segments. Since "Other Business Activities" involve no consolidated subsidiary, "Business Segments" do not include figures related to them.

Machinery manufacture & sale:

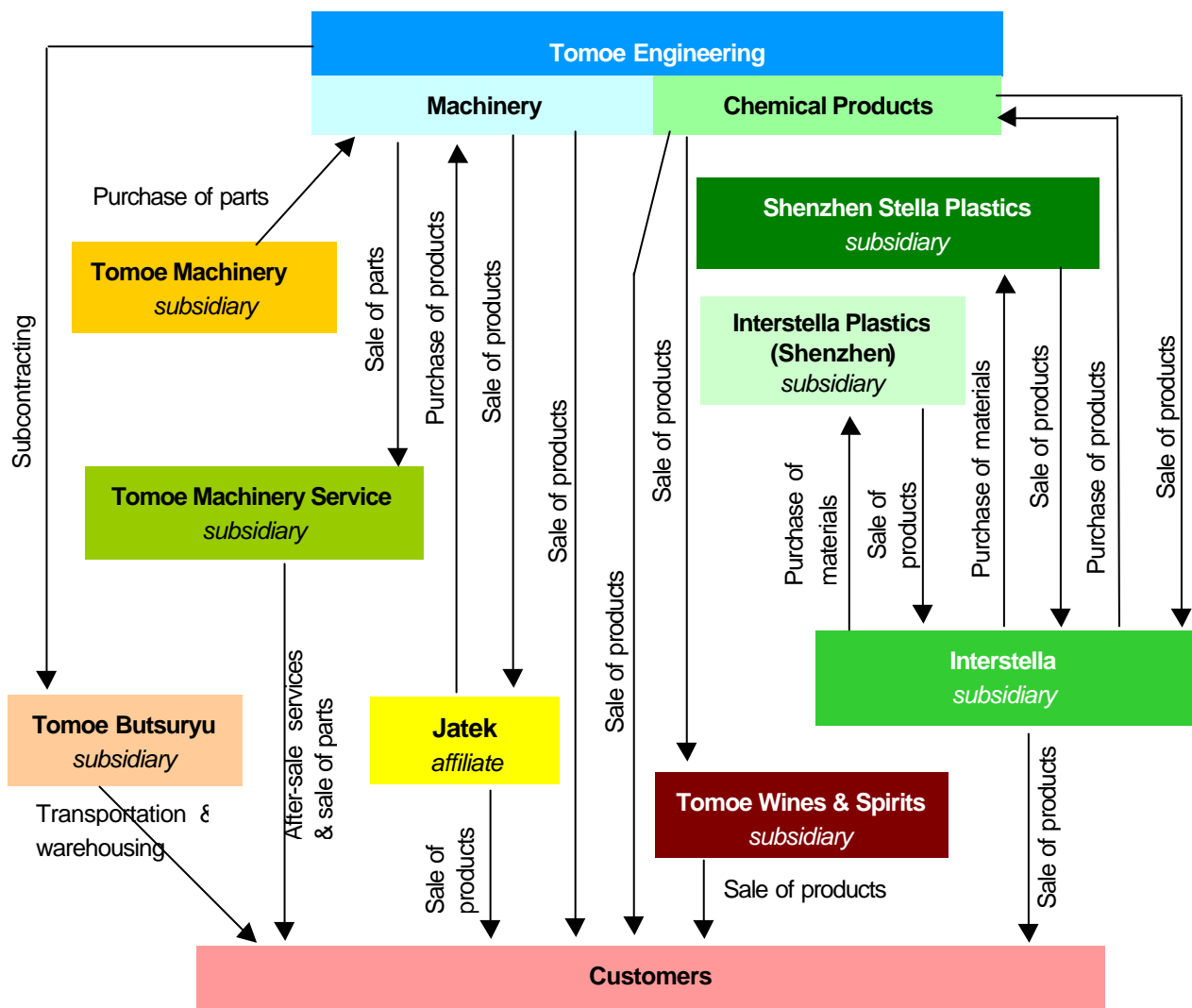
Tomoe Engineering manufactures and distributes centrifuges. Tomoe Machinery Service provides centrifuge users with after-sales service as well as components. Tomoe Machinery machines, plates and grinds centrifuge components, and assembles the small size centrifuges. Jatek distributes fluorocarbon recovery equipment and special tools for automobile maintenance services.

Chemical product trading:

Shenzhen Stella Plastics and Interstella Plastics (Shenzhen) are engaged in coloring and compounding of plastic materials. Interstella was established for a purpose of investment in these two companies, who sell and buy products through Interstella. Tomoe Engineering supplies them with plastic materials and buys back a part of their products. Tomoe Wines & Spirits distributes wines and spirits imported by Tomoe Engineering.

Other businesses:

Tomoe Butsuryu subcontracts to transport and warehouse products and commodities of the parent company.



Management Policies

1. Basic Management Goals

Tomoe Engineering's basic goals are to grow and develop operation taking the entrepreneurial and 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, as well as its subsidiaries and affiliates, to pave the way for 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 its stable payment and accumulation of retained earnings. The earnings are used for streamlining and reinforcement of the current business base, invested in new product development programs, and saved for the future business plans.

3. Reduction of a face amount of the share

Tomoe Engineering recognizes that a reduction in investment price for one unit of shares is important in order to encourage circulation of our shares and to increase a number of shareholders. We will deliberate this issue.

4. Three Year Strategy

Tomoe Engineering, its subsidiaries and affiliates have been operated aiming at a constant growth of recurring profit to achieve ¥2 billion in Fiscal 2006. Taking the current economic uncertainty into account, we set forth an intermediate objective to achieve ¥1.65 billion recurring profit in October 2004. In order to achieve the objective we are striving for building sound and solid financial standing by slashing inventory and down-sizing the balance sheets.

Operating divisions are managed by means of the following basic strategies.

Machinery & Equipment Division:

- * New applications of centrifuges and sales increase in foreign markets.
- * Further product competitiveness by means of advanced technology and cost-reduction.
- * Development and sales promotion of new products other than the centrifuge

Chemical Product Division

- * Review of trading company's functions (value-added services and the engineering support)
- * Expansion of the business related to information technology
- * Sales promotion of specialty products in niche business fields

5. Management Actions

Stagnation of the Japanese economy will continue further. The hollowing-out of the industrial base — more domestic production was transferred to low-cost Asian countries and more foreign-made products were exported back to Japan — caused an increase in bankruptcies.

Tomoe Engineering and companies will improve credit risk management system to minimize risks of non-performing assets. Further, the companies will improve the profit earning ability and strengthen corporate infrastructures. The machinery business unit will make effort to achieve the 30% cost reduction program on an earlier stage to increase competitiveness of his product. The chemical unit will secure more new accounts by strengthening sale activities and accelerate marketing of new products.

Activities and Results

Outlook of Fiscal 2001

Operating Highlights

In the first half ended April 30, 2002 it seemed that the Japanese economy had bottomed out, since export to US and the Asian region increased with their economic recovery. However, we are unable to find a sign of remarkable recovery yet, as capital expenditures were still slow and an unemployment ratio stayed high.

In this environment, sales of **Machinery & Equipment Division** decreased 0.8% to ¥6,614 million, as compared with the first half of the previous year. In the overseas market sales grew rather steadily. On the other hand, in the domestic market, a strenuous effort in the public sector, despite of a reduction in public investments, was rewarded, while sales to the chemical and waste plastic processing industries got behind the schedule.

Sales of **Chemical Products Division** dropped 21.5% to ¥16,174 million. All of the domestic sales fell largely, owing to an effect of depression, and overseas sales of the products that were related to the chip packaging industry dropped steeply as compared with the first half of the previous fiscal year.

Overall, net sales for the first half ended April 30, 2002 decreased 16.5% to ¥22,789 million and its recurring profit dropped 25.2% to ¥988 million. Net income fell 2.9% to ¥464 million compared with the first half of the previous year, in which extraordinary losses were incurred by amortization of the unfounded companies' obligations and so on.

Cash Flows

In the first half ended April 30, 2002, the company's consolidated cash position increased by ¥1,208 million to ¥3,396 million, compared with the first half of the previous fiscal year, due to a reduction in inventories and an increase in advance payments from the customers.

Net cash provided in operating activities was ¥451 million owing to the reduction in the inventory account and the increase of the advances from buyers, while net cash used in the first half of the previous year was ¥320 million.

Net cash used in investment activities was ¥204 million due to acquisition of the ¥225 million tangible fixed assets, while ¥89 million net cash was provided in the same first half of the previous fiscal year.

Net cash provided in financing activities was ¥847 million, as drawdown of the loan facilities (committed line) with banks increased, while ¥1,238 million net cash was used in the first half of the previous year. .

Outlook for Fiscal 2002

It seems less possible for the Japanese economy to recover from stagnation within 2002.

In this circumstances we expect that the companies' total sales and recurring profit will decrease 12.7% and 12.1% to ¥43,700 million and ¥920 million respectively, while net income will increase 69.6% to ¥290 million with help of a remarkable reduction in extraordinary losses. We expect that sales and gross profit in **Machinery & Equipment Segment** will decrease owing to user's delay in capital investment and postponement of installations of machines to the next fiscal year. In **Chemical Products Segment** sales will fall far below the budget, as depression dampens sales of plastic and inorganic products.

Consolidated Financial Statements

Balance Sheets

Assets	Thousands of yen		
	April 30, 2002	April 30, 2001	October 31, 2001
Current assets			
Cash and deposits	3,496,419	2,288,176	2,333,955
Trade receivables	14,248,031	15,258,499	12,885,835
Inventories	3,631,772	5,789,873	4,591,607
Deferred tax assets	292,906	326,758	166,082
Other current assets	440,714	275,233	531,781
Allowance for doubtful receivables	(143,561)	(188,954)	(239,607)
Total current assets	21,966,283	23,749,586	20,269,655
Fixed assets			
<i>Tangible fixed assets</i>			
Buildings	2,141,564	2,027,177	2,055,818
Accumulated depreciation	(962,220)	(871,269)	(916,204)
Net	1,179,344	1,155,908	1,139,613
Machinery, equipment & vehicles	3,231,593	3,513,742	3,141,078
Accumulated depreciation	(2,242,796)	(2,557,562)	(2,135,974)
Net	970,797	956,180	1,005,104
Land	1,049,391	1,049,391	1,049,391
Other fixed assets	979,911	912,386	1,010,932
Accumulated depreciation	(803,586)	(779,398)	(775,641)
Net	176,325	132,988	235,290
<i>Total tangible fixed assets</i>	3,375,858	3,294,468	3,429,400
<i>Intangible fixed assets</i>	233,802	216,778	207,738
<i>Investments and others</i>			
Investments in securities (Notes 1, 2)	671,809	814,179	702,768
Guarantee deposits	584,497	615,164	606,286
Deferred tax assets	431,155	211,434	381,180
Other investments	487,996	510,137	381,796
Allowance for doubtful receivables	(274,044)	(84,640)	(136,801)
<i>Total investment and others</i>	1,901,413	2,066,275	1,935,230
Total fixed assets	5,511,075	5,577,522	5,572,370
Total assets	27,477,358	29,327,109	25,842,025

Liabilities and Shareholders Equity	Thousands of yen		
	April 30,2002	April 30, 2001	October 31, 2001
Current liabilities			
Payable-trade (Note 3)	7,724,874	10,965,103	8,699,783
Short-term debt (Note 4)	2,379,831	1,497,917	1,349,844
Account payable-others	524,037	586,587	581,333
Accrued income tax	636,803	503,262	40,288
Advances from customers	481,522	80,773	27,460
Accrued employee's bonuses	526,068	611,100	
Other current liabilities	301,464	212,106	701,859
Total current liabilities	12,574,601	14,456,850	11,400,571
Long-term liabilities			
Long-term debt (Notes 3, 4)	1,575,530	1,610,916	1,593,227
Accrued pension and severance liabilities	111,490	39,310	51,012
Officer's retirement allowance	228,950	183,400	209,600
Total long-term liabilities	1,915,970	1,833,627	1,853,839
Total liabilities	14,490,572	16,290,478	13,254,411
Minority interests	328,343	455,779	330,917
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	10,105,129	10,095,723	9,789,611
Unrealized gains and losses on marketable securities and investments	40,819	91,737	18,654
Foreign currency translation adjustment	(31,225)	(150,555)	(96,108)
Total	12,659,343	12,581,525	12,256,776
Treasury stocks	(900)	(674)	(79)
Total shareholder's equity	12,658,442	12,580,851	12,256,696
Total	27,477,358	29,327,109	25,842,025

Statements of Consolidated Income

Thousands of yen

	6 months ended April 30		Year ended
	2002	2001	October 31, 2001
Net sales (Notes 5)	22,789,619	27,277,289	50,029,576
Cost of sales	18,980,217	23,038,379	42,873,529
Gross profit	3,809,401	4,238,910	7,156,046
Selling, general and administrative (Notes 6,7)	2,991,706	3,207,848	6,391,777
Operating income	817,694	1,031,061	764,268
Other income			
Interests	14,613	20,444	36,970
Dividends	41,388	22,046	25,469
Rents	9,376	3,058	10,939
Foreign exchange gains	131,681	313,110	313,517
Sundry	27,528	30,809	70,363
Other income total	224,589	389,470	457,260
Other expenses			
Interests	36,185	56,959	104,334
Discounts on bills of exchange	15,106	36,161	58,619
Sundry	2,010	4,895	11,301
Other expense total	53,302	98,016	174,255
Recurring profit	988,981	1,322,514	1,047,273
Extraordinary gains			
Gain on securities contributed to the employee retirement benefit trust		206,528	206,528
Gains on property and equipment		15,490	15,789
Provision for doubtful receivables	120,715	21,675	23,588
Extraordinary gains total	120,715	243,694	245,906
Extraordinary losses			
Loss on marketable securities	35,579	44,848	
Losses on property and equipment (Note 8)	904		12,703
Contribution to the employee retirement benefit trust		440,754	440,754
Amortization of unrecognized benefit obligation existing at transition	162,960	162,960	325,921
Others (Note 9)	41,722	44,899	106,867
Extraordinary losses total	241,166	693,462	886,246
Income before income taxes	868,530	872,746	406,934
Income tax			
Current	637,179	509,854	341,305
Deferred	(192,716)	(145,065)	(101,647)
Income taxes total	444,462	364,788	239,657
Gains (losses) to minority interests	(39,960)	30,225	(4,343)
Income from consolidated operations	464,028	477,732	171,620

Consolidated Retained Earnings

Thousands of yen

	6 months ended April 30		Year ended
	2002	2001	October 31, 2001
Balance, beginning of year			
Retained earnings	9,789,611	9,786,202	9,786,202
Net income	464,028	477,732	171,620
Deferred income taxes			
Total	10,253,639	10,263,934	9,957,822
Deduct:			
Cash dividend paid	136,930	136,921	136,921
Officer's bonuses	11,580	31,290	31,290
Total	148,510	168,211	168,211
Balance, end of year	10,105,129	10,095,723	9,789,611

Statements of Consolidated Cash Flows

Thousands of yen

	6 months ended April 30		Year ended
	2002	2001	October 31, 2001
Operating activities:			
Net income	868,530	872,746	406,934
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	257,532	189,549	394,921
Increase (decrease) in accrued employee's bonuses	526,068	(95,745)	(706,845)
Increase (decrease) in accrued pension and severance liabilities	60,477	17,943	29,645
Increase (decrease) in officer's retirement allowance	19,350	(81,630)	(55,430)
Provision for doubtful receivables	41,197	60,913	203,868
Unrealized loss on investments	35,579	44,848	60,943
Interest and dividend income	(56,001)	(42,491)	(62,439)
Interest expense	36,185	56,959	104,334
Discounts on bills of exchange	0	36,161	0
Gain on foreign exchanges	(41,357)	(116,549)	(76,893)
Gain on securities contributed to the employee retirement benefit trust	0	(206,528)	(206,528)
Gain on property and equipment	3,811	(15,485)	(15,789)
Loss on property and equipment	904	3,978	12,703
Contribution to the employee retirement benefit trust	0	440,754	440,754
Other extraordinary loss	5,631	44,894	7,054
(Increase) decrease in trade receivables	(1,318,845)	(563,929)	1,633,983
Decrease in inventories	999,244	291,243	1,428,798
Increase (decrease) in account payables	(1,034,490)	(235,337)	(2,288,949)
Increase (decrease) in account payable-others	(37,954)	(12,824)	(23,310)
Increase (decrease) in advances from customers	454,061	(243,534)	(296,847)
Increase (decrease) in accrued consumption tax	84,185	(53,114)	(73,044)
Officer's bonuses	(11,580)	(31,290)	(31,290)
Others	(546,094)	(130,313)	338,489
Sub total	346,434	231,219	1,225,061
Interests and dividends received	57,292	42,524	62,655
Interest paid	(45,279)	(81,627)	(83,949)
Income tax paid	92,973	(512,636)	(940,698)
Net cash provided by operating activities	451,421	(320,520)	263,068
Investing activities			
Increase in time deposits			(100,000)
Decrease in time deposits			100,000
Proceeds from sales of investments		17,083	17,058
Acquisition of investments	(8,527)	(13,747)	(43,978)
Expenditures for properties and equipment	(225,601)	(59,420)	(412,975)
Proceeds from sales of properties and equipment	23,766	28,142	27,500
Expenditures for intangible fixed assets	(7,003)	(6,562)	(6,562)
Collection of loans receivable	18,405	23,706	90,264
Increase in loans receivable	(29,660)	(11,600)	(42,970)
Decrease in bad debts		21,675	
Decrease in guarantee deposits	21,788	102,153	128,491
Decrease in other investments	1,849	(11,749)	(9,269)
Net cash used in investing activities	(204,982)	89,682	(252,440)

Financing activities:			
Decrease in short-term debt	1,003,000	(1,083,415)	(1,174,091)
Repayment of long-term debt	(17,681)	(17,681)	(89,622)
Gain on sale of reacquired shares of stocks			1,498
Reacquisition of issued shares of stocks	(820)	(107)	(1,012)
Cash dividends paid	(136,930)	(136,921)	(136,921)
Net cash provided by financing activities	<u>847,567</u>	<u>(1,238,126)</u>	<u>(1,400,148)</u>
Cash and cash equivalents (Note 14)			
Effect of exchange rate changes	68,457	129,415	95,750
Increase in cash and cash equivalent	1,162,464	(1,339,550)	(1,293,770)
Cash and cash equivalents at the beginning of year	<u>2,233,955</u>	<u>3,527,726</u>	<u>3,527,726</u>
Cash and cash equivalents at end of year	<u>3,396,419</u>	<u>2,188,176</u>	<u>2,233,955</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 Tomoe Machinery Co., Ltd., Tomoe Machinery Service Co., Ltd., Shenzhen Stella Plastics Co., Ltd., Interstella Plastics (Shenzhen) Co., Ltd. and Interstella Co., Ltd. (Meikyo Seisakusho was renamed Tomoe Machinery as of November 1, 2002.)

And unconsolidated subsidiaries are Tomoe Butsuryu Co., Ltd., and Tomoe Wines & Spirits Co., Ltd. These unconsolidated subsidiaries are small in size and their aggregated assets, sales, incomes and reserves, and make no significant contributions to those of the parent company.

(2) Equity-method

None of accounts of subsidiaries and affiliated companies are accounted for by the equity method. Main subsidiaries and affiliated companies, whose accounts are not accounted for by the equity method, are Tomoe Butsuryu Co., Ltd., Tomoe Wines & Spirits Co., Ltd. and Jatek 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 periods 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, 2002, are closed temporarily on March 30, 2002, and necessary adjustments are made on their transactions from April 1, 2002 to the date of consolidation.

Significant Accounting Policies

(1) Marketable securities and other investments

Marketable securities are stated at fair value at April 30, 2002 (unrealized gains and losses, which are computed at cost on the moving average basis, are included in the equity account). 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 works-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 principally under the declining-balance method. However, the straight-line method is applied to buildings (excluding attached facilities) acquired after April 1, 1998. The buildings are amortized over their depreciable life of 5-47 years while equipment and vehicles are depreciated over 2-15 years.

The petty-sum depreciable assets in acquired amounts of ¥100-200 thousand are included in the assets and depreciated evenly over 3 years.

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

(4) Allowances

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 with regard to the impaired receivables outstanding.

Officer's retirement allowance is established in the amounts of grants payable to the officers as of April 30, 2002 in accordance with the company's by-law.

"Accrued employee's bonuses" was included in "other current liabilities" at April 30, 2002 in accordance with the accounting guidance.

(5) Pension and severance indemnities plans

The companies have defined benefit pension plans covering substantially all employees other than directors. In the year ended October 31 2002, the companies apply the actuarial funding method to accounting of the

pension and severance liabilities. The projected amount of the benefit obligation of the company outstanding at April 30, 2002 was stated in “accrued pension and severance liabilities.”

Benefit obligation existing at transition, amounting to ¥651,842 thousand, is supposed to be amortized in 2 years. The amount amortized for 6 months ended April 30, 2002 was stated in “extraordinary losses.”

The difference between the amount of the benefit obligation outstanding at April 30, 2002 and the amount calculated based on the plan’s contribution formula is supposed to be amortized over the specific period, which is shorter than the employee’s average service years (10 years).

(6) Derivative financial instruments

The companies are parties to derivative financial instruments, which are used in the normal course of business to reduce exposure to fluctuation in foreign exchange rates and interest rates. The companies enter into foreign exchange forward contracts and currency swap agreements to reduce exposure to fluctuation in foreign exchange rates associated with existing assets and obligations denominated in foreign currency. The companies also enter into the interest rate swap agreement to convert the floating rate debt to a fixed basis.

Assets and liabilities denominated in foreign currencies, whose cash flows are hedged by the forward exchange contracts or currency swap agreements, are translated into Japanese yen at their contract rates. The differences between their amounts on the financial statements and those translated at spot rates at acquisition dates of assets and liabilities are deferred and stated on the consolidated financial statements as the deferred gains or losses.

Paid or received interests on the debts or assets, whose cash flows have been hedged by the interest swap agreements, are stated in the net amounts, setting-off by the fixed-rate and floating-rate interest amounts.

The companies deal with selective domestic financial institutions to minimize the credit risk exposure of derivative financial instruments. Credit risk exposure of these financial instruments is controlled through credit approvals, limits and monitoring procedures based on the company credit policy. The company does not hold or use derivative financial instruments for speculation purposes.

(7) Finance leases

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 that it is transferred to the lessee under lease agreement.

(8) Consumption tax

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

(9) Retained earnings

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

(10) Cash and cash equivalents

Cash and cash equivalents stated in statements of consolidated cash flow 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.

Notes to Consolidated Financial Statements

1. Marketable Securities and Investments

The aggregate cost, gross unrealized holding gains and losses, and aggregate fair value for marketable equity securities and debt securities as available-for-sale security type at April 30, 2002 were as follows: Gross losses during the 6-month period ended April 30, 2002 were ¥35,579 thousand.

April 30, 2002	Carrying value	Fair value	<u>Thousands of yen</u> Unrealized holding gains (losses)
Appreciated marketable securities			
Shares	225,931	296,992	71,061
Bonds			
Treasury and municipal bonds	0	0	0
Corporate bonds	5,826	9,407	3,580
Other bonds	0	0	0
Other securities	0	0	0
Sub-total	<u>231,757</u>	<u>306,399</u>	<u>74,642</u>
Depreciated marketable securities			
Shares	121,441	94,746	(26,695)
Bonds			
Treasury and municipal bonds	0	0	0
Corporate bonds	0	0	0
Other bonds	0	0	0
Other securities	11,428	7,510	(3,918)
Sub-total	<u>132,870</u>	<u>102,256</u>	<u>(30,614)</u>
Total	<u><u>364,628</u></u>	<u><u>408,655</u></u>	<u><u>44,027</u></u>

Investments other than investments in marketable equity securities and debt securities at April 30, 2002 were as follows:

	<u>Thousands of yen</u> Carrying value
Unlisted securities (except for OTC market securities)	179,955
MMF	22,097
Total	<u>202,053</u>

2. Investments in Non-consolidated and Affiliated Companies

The following items in balance sheets are related to non-consolidated and affiliated companies.

At April 30	2002	<u>Thousands of yen</u> 2001
Investments in securities (capital stocks)	61,100	61,100

3. Pledged Assets

At April 30, 2002 and 2001 the following assets were pledged as collateral for certain liabilities of the Company.

At April 30	2002	<u>Thousands of yen</u> 2001
Collateral		
Investment securities:	149,439	200,554
Related liabilities		
Long-term debt	50,000	70,000
Accounts payable	268,035	357,387

4. Short-term Borrowing and Long-term Debt

The parent company maintained committed lines with Japanese banking syndicates totaling Japanese yen facility of ¥6,080 million at April 30, 2002 to finance daily operation. The unused committed lines were totaling ¥4,080 million at April 30, 2002.

Notes discounted with banks at October 31, 2001 were:

At April 30	Thousands of yen	
	2002	2001
Notes discounted with banks	1,799,032	4,398,864
(The above does not include the bills received from non-consolidated and affiliated companies.)		

5. Segment Information

The companies' reportable operating segments aggregated based on the nature of the products and other criteria into two product-wise reportable operating segments and two region-wise reportable operating segments.

Machinery & Equipment manufactures, sells and trades centrifuges, separators and other machines.
Chemical Products trades and sells plastics, inorganic materials and other chemical products.

Operating Segment Information

The companies' operating segment information for 6 months ended April 30, 2002 and 2001 and the year ended October 31, 2001 were as follows:

6 months ended April 30, 2002	Machinery & Equipment	Chemical Products	Total	Thousands of yen	
				Elimination & Other	Consolidated
Net sales					
External customers	6,614,771	16,174,847	22,789,619	0	22,789,619
Intersegment	0	0	0	0	0
Total	6,614,771	16,174,847	22,789,619	0	22,789,619
Operation costs	5,862,540	16,109,383	21,971,924	0	21,971,924
Operating income	752,230	65,463	817,694	0	817,694

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

Year ended October 31, 2001	Machinery & Equipment	Chemical Products	Total	Thousands of yen	
				Elimination & Other	Consolidated
Net sales					
External customers	12,173,518	37,856,058	50,029,576	0	50,029,576
Intersegment	0	0	0	0	0
Total	12,173,518	37,856,058	50,029,576	0	50,029,576
Operation costs	12,066,307	37,198,999	49,265,307	0	49,265,307
Operating income	107,210	657,058	764,268	0	764,268

Geographic Area Information

Net sales, which are attributed to areas based on the locations of the assets producing revenues for 6 months ended April 30, 2002 and 2001 and the year ended October 31, 2001 were as follows:

6 months ended April 30, 2002	Thousands of yen				
	Japan	Asia	Total	Elimination & Other	Consolidated
Net sales					
External customers	17,474,966	5,314,652	22,789,619	0	22,789,619
Intersegment	10,085	0	10,085	(10,085)	0
Total	17,485,052	5,314,652	22,799,704	(10,085)	22,789,619
Operation costs	16,708,736	5,272,387	21,981,124	(9,200)	21,971,924
Operating income	776,315	42,265	818,580	(885)	817,694

(Countries included in Asia are China, Korea, Taiwan and Indonesia.)

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	0	126,365	(126,365)	0
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, 2001	Thousands of yen				
	Japan	Asia	Total	Elimination & Other	Consolidated
Net sales					
External customers	36,730,666	13,298,909	50,029,576	0	50,029,576
Intersegment	129,109	0	129,109	(129,109)	0
Total	36,859,776	13,298,909	50,158,685	(129,109)	50,029,576
Operation costs	36,407,947	12,935,347	49,343,295	(77,987)	49,265,307
Operating income	451,828	363,561	815,390	(51,121)	764,268

Total net sales to external customers outside Japan for 6 months ended April 30, 2002 and 2001 were as follows:

6 months ended April 30, 2002	2002			2001		
	Asia	Other areas	Total	Asia	Other areas	Total
Total net sales to external customers	5,559,363	217,969	5,777,332	7,651,124	187,434	7,838,558
Consolidated net sales	0	0	22,789,619			27,277,289
Ratio to consolidated net sales	24.4%	1.0%	25.4%	28.0%	0.7%	28.7%

(The Asian area consists of primarily China, Korea, Taiwan and Indonesia. And other areas consist of mainly North America and Europe.)

Orders received by Machinery & Equipment

Orders received for 6 months ended April 30, 2002	Thousands of yen			
	Change from the previous first half		Unexecuted orders outstanding at April 30, 2002	Change from the previous first half
4,026,560	(9.6%)		4,059,653	(11.4%)

6. Selling, General and Administrative

Significant components of “selling, general and administrative” for 6 months ended April 30, 2002 and 2001 were as follows:

6 months ended April 30, 2002 and 2001	Thousands of yen	
	2002	2001
Shipping & packaging costs:	283,753	309,356
Provision for doubtful receivables	127,534	113,598
Provision for retirement allowance	54,137	53,011
Provision for officer's indemnities	19,350	26,200
Employee's pay-rolls	791,399	826,043
Provision for accrued employee's bonuses	311,341	371,620
Welfare expenses	203,365	212,096
Travel expenses	163,168	183,904
Depreciation	74,816	59,189
Rents	179,879	216,238
Other expenses	166,655	183,411

7. Research and Development

Research and development costs were charged to expenses (“selling, general and administrative” and cost of sales) as incurred. They amounted to ¥89,714 thousand for 6 months ended April 30, 2002.

8. Loss on Property and Equipment

The companies assessed the potential impairment of long-lived assets. The following written-down amounts of these assets, which were included in “loss on property and equipment,” were determined as the difference between the carrying value and the estimated fair value of them.

6 months ended April 30, 2002 and 2001	Thousands of yen	
	2002	2001
Equipment and vehicles	702	0
Other assets	202	0
Total	904	0

9. Other extraordinary loss

Components of “other extraordinary loss as of April 30, 2002 and 2001 were as follows.

6 months ended April 30, 2002 and 2001	Thousands of yen	
	2002	2001
Loss on membership certificates	37,911	40,140
Realized loss on property and equipment	3,811	0
Total	41,722	40,140

10. Finance Leases

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 that it is transferred to the lessee under lease agreement.

Lessee

The companies lease machinery, equipment and other certain properties and sublease some of them further to the subcontractors.

Equivalent values of lease properties were estimated at April 30, 2002 and 2001 as follows:

April 30, 2002 and 2001	Thousands of yen	
	2002	2001
Machinery, equipment and vehicles		
Purchase price equivalents	211,818	411,018
Accumulated depreciation equivalents	(152,373)	(285,969)
Net value equivalence	59,444	125,048
Others		
Purchase price equivalents	344,317	455,385
Accumulated depreciation equivalents	(204,355)	(226,067)
Net value equivalence	139,961	229,318
Total	199,406	354,366

Equivalent values of the subleased properties at April 30, 2002 and 2001 were estimated at ¥47,781 thousand and ¥104,587 thousand respectively.

Accrued rental expenses outstanding at April 30, 2002 and 2001 were as follows:

	Thousands of yen	
	2002	2001
Due in one year or less	116,256	170,032
Due after one year	95,288	206,134
Total	211,545	376,166

Accrued rental expenses for the subleased properties outstanding at April 30, 2002 and 2001 were ¥54,662 thousand and ¥121,482 thousand respectively.

Rental expenses paid for the year ended April 30, 2002 and 2001 were as follows:

6 months ended April 30	Thousands of yen	
	2002	2001
Rental expenses paid	77,309	98,479
Depreciation portion	70,266	91,174
Interest portion	5,664	10,218

Rental expenses paid for the subleased properties for 6 months ended April 30, 2002 and 2001 were ¥23,259 thousand and ¥43,559 thousand respectively.

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

11. Contingent Liabilities

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

At April 30, 2002 and 2001	Thousands of yen	
	2002	2001
Guarantees	49,318	60,777

12. Cash and Cash Equivalents

Relationship between “cash and deposits” in Balance Sheets and “cash and cash equivalents” of in Statements of Consolidated Cash Flows at April 30, 2002 and 2001 were as follows:

	Thousands of yen	
	2002	2001
Cash and deposits	3,496,419	2,288,176
Time deposits with contractual period more than 3 months	(100,000)	(100,000)
Cash and cash equivalents	<u>3,396,419</u>	<u>2,188,176</u>