

Consolidated Financial Results for the First Quarter Ended January 31, 2004

(Unaudited)

Tomoe Engineering Co., Ltd. and Subsidiaries

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Financial Highlights for the First Quarter Ended January 31, 2004

(from November 1, 2003 to January 31, 2004)

1. Results of Operation

	Three-month period ended Jan. 31, 2004	Millions of yen
		Year ended October 31, 2003
Sales	9,289	40,628
Operating income	229	1,051
Recurring profit	214	1,000
Net income	(17)	623
Net income (loss) per share	(¥1.78)	¥57.61

Notes: The net loss of ¥17 million was recorded in the first quarter ended January 31, 2004 due to the loss of ¥136 million from liquidation of Shenzhen Stella Plastics.

Machinery and Equipment Division posted the net sales of ¥1,662 million and the operating loss of ¥65 million in the period owing to the seasonal slowdown of sales in the municipal segment. Installations of machines concentrate in the second quarter.

The net sales and the operating income of Chemical Products Division were ¥7,626 million and ¥294 million respectively, since an upsurge of the semiconductor industry helped a steady increase in sales of Electronic Materials Department and introduction of new mineral products accelerated sales of Industrial Materials Department.

2. Assets and Shareholder's Equity

	Three-month period ended Jan. 31, 2004	Millions of yen
		Year ended October 31, 2003
Assets (A)	24,853	23,983
Shareholder's equity (B)	12,434	12,556
(B)/(A)	50.0%	52.4%
Shareholder's equity per share	¥1,245.95	¥1,256.03

3. Cash Flows

	Three-month period ended Jan. 31, 2004	Millions of yen
		Year ended October 31, 2003
Net cash provided (used) by operating activities	(1,206)	49
Net cash provided (used) in investing activities	36	(403)
Net cash provided (used) by financing activities	520	(331)
Consolidated cash and cash equivalent (term-end)	1,106	1,770

Notes: The total assets outstanding at January 31, 2004 increased ¥869 million, compared with those at October 31, 2003, due to the increase in account receivables.

In the first quarter ended January 31, 2004, net cash used in operating activities was ¥1,206 million due to the increase in account receivables and inventories.

Net cash provided by investment activities was ¥36 million owing to the decrease in "other investments."

Net cash provided by financing activities was ¥520 million due to the decrease in short-term debts.

Consolidated Financial Statements

Balance Sheets

Assets	Thousands of yen	
	January 31, 2004	October 31, 2003
Current assets		
Cash and deposits	1,306,509	1,870,047
Trade receivables	14,088,505	13,013,851
Inventories	3,714,723	3,040,145
Other current assets	347,371	443,507
Total current assets	19,457,110	18,367,551
Fixed assets		
Tangible fixed assets		
Buildings	2,101,543	2,100,498
Accumulated depreciation	(1,077,777)	(1,059,753)
Net	1,023,765	1,040,745
Machinery, equipment & vehicles	2,789,369	2,821,284
Accumulated depreciation	(1,989,330)	(1,987,099)
Net	800,038	834,184
Land	1,049,391	1,049,391
Other fixed assets	945,222	927,817
Accumulated depreciation	(808,722)	(795,784)
Net	136,499	132,032
Total tangible fixed assets	3,009,695	3,056,355
Intangible fixed assets	22,183	197,931
Investments and others		
Investments in securities	973,100	953,270
Guarantee deposits	533,200	553,922
Other investments	857,961	854,408
Total investment and others	2,364,263	2,361,602
Total fixed assets	5,396,142	5,615,889
Total assets	24,853,252	23,983,441

Liabilities and Shareholder's Equity	January 31, 2004	October 31, 2003
Current liabilities		
Trade-payables	7,140,679	6,631,818
Short-term debt	3,216,859	2,475,470
Accrued employees' bonuses	270,471	0
Other current liabilities	1,052,075	1,477,409
Total current liabilities	11,680,085	10,584,698
Long-term liabilities		
Long-term debt	25,291	25,291
Accrued pension and severance liabilities	108,009	142,900
Officer's retirement allowance	215,847	215,670
Other long-term liability	305,424	234,568
Total long-term liabilities	654,572	618,430
Total liabilities	12,334,657	11,203,128
Minority interests	84,165	224,159
Shareholder's equity		
Common stock	1,061,210	1,061,210
Capital surplus	1,483,410	1,483,410
Retained earnings	10,232,609	10,401,120
Unrealized gains and losses on marketable securities and investments	89,994	80,087
Foreign currency translation adjustment	(71,009)	(107,962)
Total	12,796,214	12,917,865
Issued shares reacquired	(361,784)	(361,711)
Total shareholder's equity	12,434,429	12,556,153
Total	24,853,252	23,983,441

Statements of Consolidated Income

	Thousands of yen	
	Three-month period ended January 31, 2004	Year ended October 31, 2003
Net sales	9,289,367	40,628,510
Cost of sales	7,696,399	34,086,550
Gross profit	1,592,968	6,541,960
Selling, general and administrative	1,363,776	5,490,824
Operating income	229,191	1,051,135
Other income		
Interests and dividends	4,210	52,076
Sundry	10,789	64,176
Other income total	15,000	116,252
Other expenses		
Interests	13,028	56,961
Foreign exchange loss	13,438	80,839
Sundry	3,422	28,961
Other expense total	29,889	166,761
Recurring profit	214,302	1,000,626
Extraordinary gains		
Realized gains on marketable securities	0	141,288
Realized gains on property and equipment	0	1,014
Reversal from doubtful receivables	49,202	103,026
Extraordinary gains total	49,202	245,329
Extraordinary losses		
Unrealized losses on marketable securities	0	28,000
Written-off losses on property and equipment	534	32,149
Realized losses on property and equipment	2,159	4,283
Additions to doubtful receivables	0	17,984
Others	136,110	0
Extraordinary losses total	138,804	82,417
Income before income taxes	124,700	1,163,539
Income taxes		
Current	21,133	493,529
Deferred	157,307	50,650
Income taxes total	178,440	544,180
Losses on minority interests	35,938	3,841
Income (loss) from consolidated operations	(17,801)	623,200

Consolidated Retained Earnings

	Thousands of yen	
	Three-month period ended January 31, 2004	Year ended October 31, 2003
Balance, beginning of year		
Retained earnings	10,401,120	9,933,458
Net income (loss)	(17,801)	623,200
Deferred income taxes		
Total	10,383,319	10,556,658
Deduct:		
Cash dividend paid	129,739	136,908
Officer's bonuses	20,970	18,630
Total	150,709	155,538
Balance, end of year	10,232,609	10,401,120

Statements of Consolidated Cash Flows

	Thousands of yen	
	Three-month period ended January 31, 2004	Year ended October 31, 2003
Operating activities		
Net income before income taxes	124,700	1,163,539
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	80,739	331,835
Increase in accrued employees' bonuses	270,471	0
Increase (decrease) in accrued pension and severance liabilities	(34,890)	(65,219)
Provision for doubtful receivables	(73,276)	(220,365)
Unrealized loss on investments	0	28,000
Interest and dividend income	(4,210)	(52,076)
Interest expense	13,028	56,961
Realized gains on marketable securities	0	(141,288)
(Increase) decrease in trade receivables	(1,103,519)	149,568
Decrease in inventories	(703,592)	39,401
Increase (decrease) in trade payables	522,516	(652,166)
Increase (decrease) in advances from customers	154,366	(2,722)
Officer's bonuses	(20,970)	(18,630)
Others	(334,741)	227,206
Sub total	(1,109,377)	844,044
Interests and dividends received	5,053	52,398
Interests paid	(3,592)	(57,426)
Income taxes paid	(99,003)	(789,570)
Net cash provided (used) by operating activities	(1,206,919)	49,446
Investing activities		
Increase in time deposits	0	(100,000)
Decrease in time deposits	0	100,000
Proceeds from sales of investments	0	154,040
Acquisition of investments	(3,206)	(280,814)
Expenditures for properties and equipment	(55,182)	(246,498)
Proceeds from sales of properties and equipment	0	6,623
Expenditures for intangible fixed assets	0	(6,240)
Collection of loans receivable	16,178	111,925
Increase in loans receivable	(6,550)	(173,219)
Decrease in guarantee deposits	20,458	25,593
Decrease in other investments	64,890	4,696
Net cash provided (used) in investing activities	36,588	(403,892)
Financing activities		
(Decrease) increase in short-term debt	663,467	201,000
Repayment of long-term debt	(13,545)	(35,401)
Reacquisition of issued shares of stocks	(72)	(360,465)
Cash dividends paid	(129,739)	(136,908)
Net cash used in financing activities	520,110	(331,775)
Cash and cash equivalents		
Effect of exchange rate changes	(13,315)	(38,452)
Increase in cash and cash equivalents	(663,537)	(724,674)
Cash and cash equivalents at the beginning of year	1,770,047	2,494,721
Cash and cash equivalents at end of year	1,106,509	1,770,047

Operating Segment Information

(unaudited)

Operating Segment Information

Three-month period ended January 31, 2004 (from November 1, 2003-January 31, 2004)

from Nov. 1, 2003 to Jan. 31, 2004	Machinery & Equipment	Chemical Products	Total	Elimination & Other	Thousands of yen Consolidated
Net sales					
External customers	1,662,747	7,626,620	9,289,367	0	9,289,367
Intersegment	0	0	0	0	0
Total	1,662,747	7,626,620	9,289,367	0	9,289,367
Operation costs	1,727,941	7,332,233	9,060,175	0	9,060,175
Operating income	(65,194)	294,386	229,191	0	229,191

The year ended October 31, 2003

Year ended October 31, 2003	Machinery & Equipment	Chemical Products	Total	Elimination & Other	Thousands of yen Consolidated
Net sales					
External customers	10,642,886	29,985,624	40,628,510	0	40,628,510
Intersegment	0	0	0	0	0
Total	10,642,886	29,985,624	40,628,510	0	40,628,510
Operation costs	10,378,810	29,198,564	39,577,375	0	39,577,375
Operating income	264,075	787,059	1,051,135	0	1,051,135

Geographic Area Information

Three-month period ended January 31, 2004 (from November 1, 2003-January 31, 2004)

from Nov. 1, 2003 to Jan. 31, 2004	Japan	Asia	Total	Elimination & Other	Thousands of yen Consolidated
Net sales					
External customers	7,742,400	1,546,967	9,289,367	0	9,289,367
Intersegment	24,828	0	24,828	(24,828)	0
Total	7,767,228	1,546,967	9,314,195	(24,828)	9,289,367
Operation costs	7,528,882	1,531,723	9,060,606	(430)	9,060,175
Operating income	238,345	15,243	253,589	(24,397)	229,191

The year ended October 31, 2003

Year ended October 31, 2003	Japan	Asia	Total	Elimination & Other	Thousands of yen Consolidated
Net sales					
External customers	32,839,091	7,789,419	40,628,510	0	40,628,510
Intersegment	77,442	74	77,516	(77,516)	0
Total	32,916,533	7,789,493	40,706,027	(77,516)	40,628,510
Operation costs	32,075,259	7,572,824	39,648,084	(70,709)	39,577,375
Operating income	841,273	216,668	1,057,942	(6,807)	1,051,135