

Consolidated Semiannual Results 2005

(Unaudited)

Tomoe Engineering Co., Ltd. and Subsidiaries (Web Site: <http://www.tomo-e.co.jp>)

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Financial Highlights for the First Half Ended April 30, 2005 (from November 1, 2004 to April 30, 2005)

1. Results of Operation

Six-month period ended Apr. 30	2005	2004	Millions of yen
			Year ended Oct. 31, 2004
Sales	25,192	21,424	45,551
Operating income	1,659	1,172	1,711
Recurring profit	1,674	1,220	1,720
Net income	964	636	745
Net income (loss) per share	¥96. ⁶⁷	¥63. ⁷⁷	¥70. ⁴⁸

Notes: (1) The equity in net earnings of affiliated companies for the 6-month period ended April 30, 2005 and 2004 were none.

(2) An average number of outstanding shares (consolidated) during the 6 month period ended April 30, 2005 and the year ended October 31, 2004 were 9,979,543 and 9,979,806 respectively.

(3) There is no change in accounting methods.

2. Assets and Shareholder's Equity

	Apr. 30, 2005	Apr. 30, 2004	Millions of yen
			Yr. ended Oct. 31, 2004
Assets (A)	29,643	25,412	28,721
Shareholder's equity (B)	13,953	13,111	13,273
Asset/equity ratio (B/A)	47.1%	51.6%	46.2%
Shareholder's equity per share	¥1,398. ⁶⁸	¥1,313. ⁷⁷	¥1,325. ⁸⁹

Note: A number of outstanding shares (consolidated) at April 30, 2005 and October 31, 2004 were 9,979,460 and 9,979,694 respectively.

3. Cash Flows

Six-month period ended Apr. 30	2005	2004	Millions of yen
			Year ended Oct. 31, 2004
Net cash provided (used) by operating activities	(634)	217	(77)
Net cash provided (used) in investing activities	104	(99)	(310)
Net cash provided (used) by financing activities	668	(278)	357
Consolidated cash and cash equivalent (period-end)	1,870	1,596	1,735

4. Consolidation and Application of the Equity Method

Reportable subsidiaries, whose accounts were consolidated in the 6-month period ended April 30, 2005, are 6.

5. Change in Consolidation or Application of the Equity Method

Cosolidated account (new): 1

6. Prospects for the Year ending October 31, 2005

	Millions of yen
	The year ending October 31, 2005
Sales	46,420
Recurring profit	1,930
Net income	1,100

We expect that consolidated net income per share for the year ending October 31, 2005 will be ¥106.⁴⁰.

Tomoe Engineering and Companies

Tomoe Group consists of Tomoe Engineering and its 8 subsidiaries. Its group is mainly engaged in manufacture and distribution of centrifuges, trading of chemical products. Business activities of the group are divided into the following 3 main categories. “Business Segments,” which will be discussed in a later section, are based on the following business activity segments. Since “other businesses” involve no consolidated subsidiary, “Business Segments” do not include figures related to them.

Machinery manufacture & distribution:

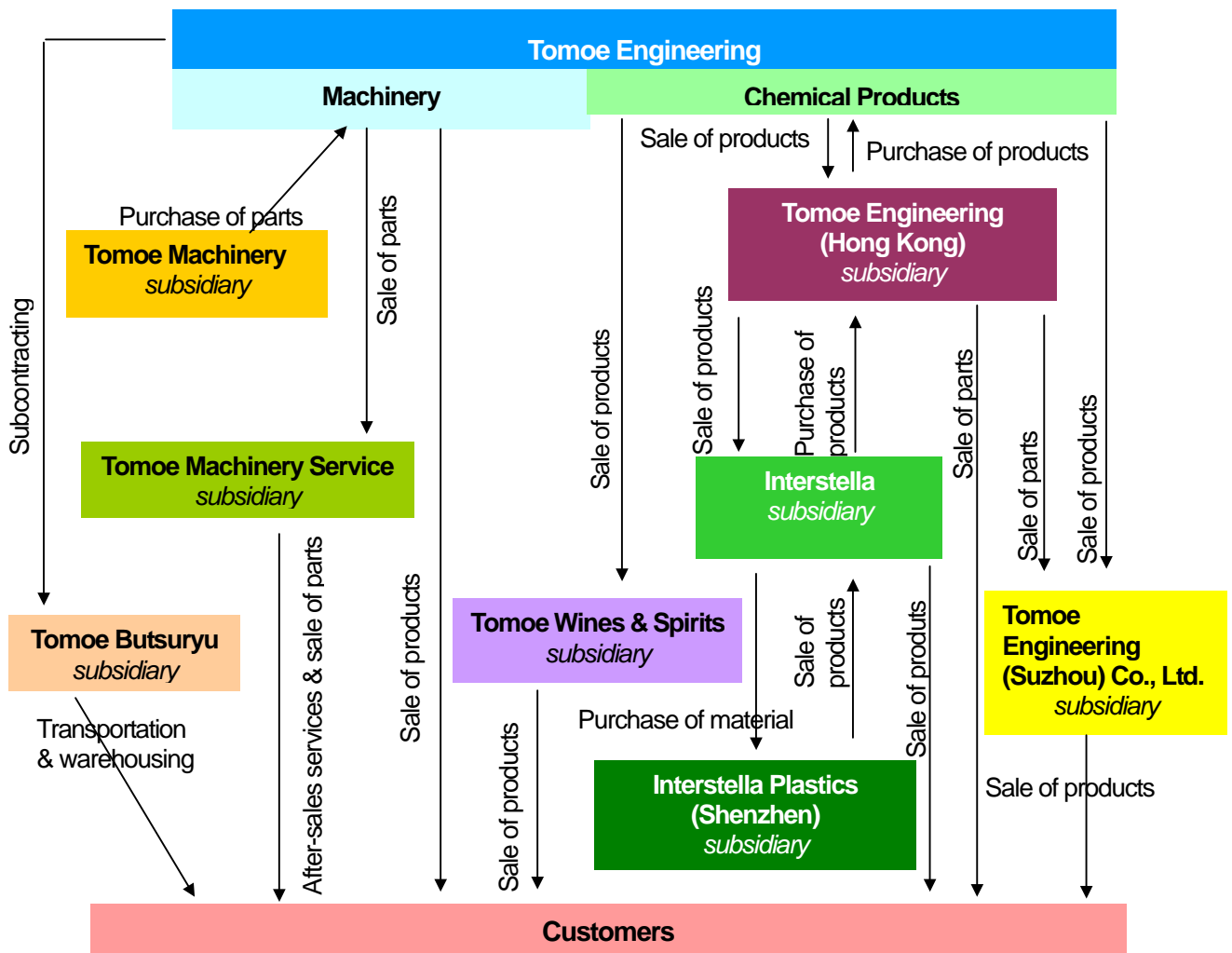
Tomoe Engineering manufactures and distributes solid bowl centrifuges. Tomoe Machinery Service provides centrifuge users with after-sales services as well as parts. Tomoe Machinery undertakes machining, sheet-metal processing of centrifuge.

Chemical product trading:

Interstella Plastics (Shenzhen) is engaged in coloring and compounding of plastic materials. Interstella is the investing company and also serves a contact for purchasing and sales. Tomoe Engineering (Hong Kong) Co., Ltd. functions as hub in relation to the marketing and sales activities in China for the Group. Tomoe Engineering (Suzhou) conducts surface-mount IC packaging and Tomoe Wines & Spirits distributes wines and spirits imported by Tomoe Engineering.

Other businesses:

Tomoe Butsuryu subcontracts with Tomoe Engineering for transportation and warehousing.



Management Policy

(1) Basic management philosophy

Our basic management philosophy is to contribute to society and bring good life to every people involved through growth and development of the Company with spirit of creation and entrepreneurship and to provide our customers with high level of technologies and excellent products.

(2) Basic policy on distribution of profits

We recognize one of our most important management goals is to pay fair share of the Company's earnings to our shareholders. While our basic management policy is to deliver dividends in accordance with our earnings performance, we also place great importance on maintaining and sustaining stable dividends. At the same time, in order to strengthen our management bases to enable to deliver dividends on a stable basis, enhancement of retained earnings is taken into our consideration when deciding dividends.

(3) Targeted management index and long- and mid-term corporate strategy

Tomoe Engineering is currently driving forward a scheme "TBC25" (Tomoe Breakthrough & Challenge 25), which is the No. 7 Mid-term Management Plan covering three fiscal years from 2005 (from November 1, 2004 through October 31, 2005) to 2007 (November 1, 2006 through October 31, 2007). Under "TBC25," Tomoe and its group companies have set a goal of enhancing stable profit-earning capacity and achieving higher profit level. For management index, Tomoe places top priority on pretax profit that plainly demonstrates absolute amount of corporate profit-earning capacity and its increase or decrease. Meanwhile, from the No. 7 Mid-term Management Plan, we will review a plan year by year and make corrections if necessary for the following three years on a rolling basis and keep mid-term management strategies in place coping with changing environments.

Basic policies for achieving the goal set in the No. 7 Mid-term Management Plan are as follows:

- Machinery and Equipment Business:

- * Developing new products and goods such as energy-saving items and promoting cost reduction through collective efforts of the entire group.
- * Developing new markets further in Asia and North America.
- * Enhancing stable profit performance by promoting sales of parts and services as Tomoe Machinery Service Co. being core unit.

- Chemical Products Business:

- * Strengthening and speeding up development of new business chances.
- * Developing new businesses and new business chances that will provide Tomoe with manufacturer's function, with keywords of "Environment and High-Tech."
- * Expanding and developing new businesses in China as Tomoe Engineering (Hong Kong) Co., Ltd. being core unit.

Tomoe Engineering has two different faces, one as a manufacturer/distributor of machinery products and the other as a trading company of chemical related materials and products. Our basic stance is and has been in supplying excellent products, goods and services to serve the needs of the market based on the experiences and track records we have established over the years. And, this stance of ours will not be changed in the years to come. We will continue to strive for enhancement and development of such functions on which we stand.

(4) Challenges of the company to respond to

Enhancing stable profit level is set as one of the goals in "TBC25" of the No.7 Mid-term Management

Plan.

To realize this goal, our **Machinery and Equipment Business** sector including consolidated subsidiaries will continue to improve production efficiency. We will strive for laying foundation for steady cost reduction with an eye to establishment of a base for services and future local production of our machine in China as well as promoting sales through further development of overseas markets. The greatest challenge for Machinery and Equipment Business is enhancement of profit-earning capacity by utilizing synergy effects of measures as outlined above.

For **Chemical Products Business**, we will strive for effective utilization of corporate resources and improvement of cash flow by making a choice of low-return items in the future. We will also strive for improvement of profit margin by promoting development and sales of items in advanced technology such as IT related and nano-technology and environmental related industries and also by increasing their market share in specialty items such as mineral products.

By implementation of the measures as mentioned above, we will strive for further expansion and enhancement of our revenue base.

(5) Basic concept on corporate governance and monitoring compliance with its measures

(Basic concept on corporate governance)

We realize enhancement of corporate governance is indispensable for improving corporate value and responding to the expectations of the concerned parties including shareholders. We consider “speedy and efficient business operation,” “maintenance and improvement of internal control system” and “securement of transparency” are the bases of corporate governance.

(Monitoring compliance with corporate governance measures)

Based on our business descriptions and size, we will continue to maintain corporate auditors. Presently, our management organization consists of Board of Directors (10 directors) for making decisions on management policies and other important issues and auditing job performance of directors, Management Committee (same structure as Board of Directors) for discussing and reporting on the matters to be enforced in accordance with management policies adopted by Board of Directors and Board of Corporate Auditors (4 corporate auditors) as an auditing arm. We appoint Chuo Aoyama Auditing Co. as our accounting auditor, who carries out independent and fair auditing under the audit engagement concluded between the two parties.

For making management decisions and implementations, we hold regular Board of Directors Meeting once a month and Special Meeting of the Board as required and Management Committee two times a month in principle to facilitate speedy management decision making. While sharing updated information, intensive discussions and reporting are made at those meetings to accomplish fair and efficient management on various issues such as business developments, risks involved, prevention and avoidance of such risks, etc. During this mid-term six month period, we held Board of Directors’ meeting eleven times and Management Committee also eleven times. In the meantime, no outside board members are appointed at present time.

On management control and supervision, Corporate Auditors attend Board of Directors Meeting and Management Committee as well as other important meeting as required and deliver their remarks. Board of Corporate Auditors decides auditing policy independently, audits operations and assets of the Company and its Group Companies in cooperation with company staff in charge of auditing and accounting auditor and delivers its opinions. Board of Corporate Auditors consists of four auditors with two of them being outside board members (one of them is a lawyer). No members on the Board of Directors have personal, equity or business relationship with the Company. Effective November 1, 2004, Internal Audit & Compliance Division is newly created under the direct supervision of President (with three staffs). This Division will be in charge of internal auditing and have function to lead enhancement of compliance and risk management.

As to disclosure of corporate information, we disclose information on financial matters and business performance on a quarterly basis in addition to traditional brief announcement for every mid-term and year-end account settlement. We also disclose corporate information in a timely manner in accordance with the related regulations and hold briefings on account settlement for analysts, etc. two times a year. We also provide and update various corporate information in our Web site as a part of our wide-ranging IR activities.

Activities and Result

1. Operating results

(1) Operating Highlights (six month period ended April 30, 2005)

The economy of Japan during this mid-term six month period has shown general trend of recovery, although uncertain factors such as high-price of crude oil, increase of raw material price, etc. are seen in some areas. In addition to improvement in corporate earnings, we started to see some brightness in private sector demand.

Machinery and Equipment Business:

Significant recovery is seen in public sector demand owing to renewal demand, etc. in large city areas. And, private sector demand and overseas market have demonstrated steady performance. Thanks to business increase in public sector where we get relatively higher profit, pretax recurring profit during this mid-term six month period is up by 104.5% to ¥1,237 million from the previous corresponding period, with the sales up by 34.3% to ¥7,613 million from the previous corresponding period.

Chemical Products Business:

With increase of sales in electronic materials related business supported by growth of substrate mounting business in China, the sales of the Division for this mid-term six month period are substantially increased. In the area of mineral related items, business of functional resin raw materials also marked increase and business of advanced materials had steady trend. As a result, the sales are up by 11.6% to ¥17,578 million from the previous corresponding period. However, operating profit stays at ¥421 million, down by 25.7% from the previous corresponding period due to sluggish growth in plastic related business and advance material related business and increase of business expenses due to sales increase. At the same time, it should be noted that the inventory of low cost rate and spot sales of minerals of high profit margin boosted operating profit in the previous corresponding period.

As a result, the sales for this consolidated semiannual term are up by 17.6% to ¥25,192 million and operating profit is up by 41.5% to ¥1,659 million from the previous corresponding period, with pretax profit of ¥1,674 million, up by 37.2% from the previous corresponding period. Net profit for this mid-term six month period is up by 51.6% to ¥964 million from the previous period when special loss arising from liquidation of a subsidiary company was allocated.

By location of business, the sales inside Japan are up by 15.5% to ¥20,957 million with operating profit of ¥1,551 million, up by 35.6% from the previous corresponding period. The sales in Asia are up by 31.4% to ¥4,339 million thanks to increase of sales in substrate mounting business in China, with operating profit of ¥104 million, up by 88.0% from the previous corresponding period.

(2) Outlook for full business year (ended October 31, 2005)

Machinery and Equipment Business:

We expect public demand, which was the main source of the sales in the first six month period, will level off and overseas sales will be kind of slow. We, however, expect our sales will exceed that of the previous corresponding period as the demand in private sector is expected to remain steady.

Chemical Products Business:

We expect continued strong mineral related business and solid advanced material related business in the second six month period. However, as the large contract of substrate mounting business in China is completed, substantial decrease in electronics material related business is expected. We expect the sales for one full year will be less than that of the previous corresponding period.

As a result, we estimate our sales for one full year will be up by 1.9% to ¥46,420 million from the previous consolidated fiscal year and pretax profit will be up by 12.2% to ¥1,930 million from the previous year. Net profit for one full year is expected to be ¥1,100 million, up by 47.7% from the previous year when special loss arising from liquidation of a subsidiary company was allocated.

2. Financial Condition

(1) Review (six month period ended April 30, 2005)

Fixed assets as of the end of this consolidated semiannual term are reduced by ¥329 million owing to investment, reduction of other assets, etc. Overall assets, however, are increased by ¥922 million (3.2%) from the end of the previous consolidated semiannual term as a result of increase in current assets such as trade receivables, etc. by ¥1,251 million. Total liabilities are increased by ¥238 million (1.6%) from the end of the previous consolidated fiscal year with decrease of purchase liabilities by ¥342 million and increase of interest-bearing liabilities by ¥880 million. Stockholders' equity is increased by ¥684 million (5.2%) from the end of the previous consolidated fiscal year owing to the increase in retained earnings, marginal gain in the appraisal of other securities, etc. As a result, SHAREHOLDER'S EQUITY RATIO (return on equity) as of the end of this mid-term six month period is increased by 0.9 point to 47.1%.

Cash and cash equivalent as of the end of this consolidated semiannual term is increased by ¥135 million (7.8%) to ¥1,870 million from the end of the previous consolidated fiscal year due to increase in trade receivables, acquisition of tangible fixed assets, increase of short-term borrowings, etc.

(Cash flow from business activities)

Although we have net profit of ¥1,673 million before adjustment of tax, etc. for this mid-term six month period, we have spending of ¥634 million owing to increase in trade receivables, payment of corporate tax, etc. As a result, cash flow is decreased by ¥852 million from the previous consolidated semiannual term.

(Cash flow from investment activities)

We have income of ¥104 million with spending of ¥112 million on acquisition of tangible fixed assets and income of ¥200 million from net reduction of guarantee money, etc. As a result, cash flow from investment activities is increased by ¥204 million from the previous mid-term consolidated fiscal year.

(Cash flow from financing activities)

We have income of ¥668 million from short-term borrowings, etc.

As a result, cash flow from financing activities is increased by ¥947 million from the previous mid-term consolidated year.

Changes of main indexes on cash flow, etc:

year ended Oct. 31	2001	2002	2003	2004	2005
Shareholder's equity ratio(%)	47.4	49.9	52.4	46.2	47.1
Shareholder's equity ratio in current value (%)	32.9	23.3	27.6	34.1	48.8
Debt redemption years (years)	11.2	2.0	50.6	-	-
Interest coverage ratio (%)	3.1	12.3	0.9	-	-

(Notes)

Shareholder's equity ratio: Shareholders' equity/Total assets

Shareholder's equity ratio in current value: Total market value of shares/Total assets

Debt redemption years: Interest-bearing debt/Cash flow from operating activities

(not mentioned for mid-term period)

Interest coverage ratio: Cash flow from operating activities /Interest paid

- * Each index is calculated based on the figures from consolidated financial statements.
- * Total market value of shares is calculated as follows:
Mid-term closing share quotation X Mid-term outstanding balance of issued shares (after deducting own shares)
- * Cash flow from operating activities in the consolidated cash flow statement is used as operating cash flow. Interest-bearing debt includes all of interest-bearing debts accounted for consolidated balance sheet. Also, the amount of interest paid in consolidated cash flow statement is used as interest paid.
- * Debt redemption years and interest coverage ratio for 2004 fiscal year are not listed as they show negative figures.

(2) Outlook for fiscal year 2005

We expect net profit before adjustment of tax, etc. for the current fiscal year will increase from the previous consolidated fiscal year. As a result, combined with reduction in trade receivables, consolidated cash flow from operating activities is expected to increase in the current fiscal year.

Although income from reimbursement of guarantee money, etc. is expected, we expect expenditure from acquisition of tangible fixed assets will remain the same level as the previous consolidated fiscal year. As a result, we expect cash flow from investment activities will be negative.

Cash flow from financing activities is expected to increase from the previous consolidated fiscal year with implementation of commemorative dividend payment. We will respond with mobility to financial activities such as fund raising, repayment of debts, etc.

As a result, cash and cash equivalent as of the end of this fiscal year is expected to be nearly the same level as the previous consolidated fiscal year.

(Note)

Above forecast is based on the information available at the date of this announcement. Actual financial conditions may differ from the forecasted figures depending on future factors.

Consolidated Financial Statements

Balance Sheets

Assets	Thousands of yen		
	Apr. 30, 2005	Apr. 30, 2004	Oct. 31, 2004
Current assets			
Cash and deposits	1,970,999	1,696,424	1,835,006
Trade receivables *3	18,290,473	14,490,478	17,106,755
Inventories	3,676,783	3,384,011	3,785,435
Deferred tax assets	475,070	326,245	440,189
Other current assets	353,375	243,144	254,895
Allowance for doubtful receivables	(175,633)	(61,125)	(83,153)
Total current assets	24,591,069	20,079,179	23,339,128
Fixed assets			
Tangible fixed assets			
Buildings	2,137,541	2,106,826	2,116,545
Accumulated depreciation	(1,174,397)	(1,099,872)	(1,137,003)
Net	963,144	1,006,953	979,541
Machinery, equipment & vehicles	2,986,866	2,916,847	3,077,932
Accumulated depreciation	(2,136,924)	(2,027,018)	(2,122,032)
Net	849,942	889,828	955,899
Land	975,451	1,049,391	975,451
Other fixed assets	996,323	939,925	931,049
Accumulated depreciation	(834,980)	(817,784)	(817,776)
Net	161,343	122,141	113,272
Total tangible fixed assets	2,949,881	3,068,315	3,024,166
Intangible fixed assets	16,177	20,835	18,399
Investments and others			
Investments in securities *1	1,059,322	1,027,429	1,009,804
Guarantee deposits	352,379	537,045	552,877
Deferred tax assets	249,331	262,866	330,715
Financial derivative loss	256,190	168,287	259,740
Other investments	292,796	368,163	313,300
Allowance doubtful receivable	(123,219)	(119,665)	(126,516)
Total investment and others	2,086,802	2,244,126	2,339,922
Total fixed assets	5,052,860	5,333,277	5,382,487
Total assets	29,643,929	25,412,456	28,721,616

	Thousands of yen		
Liabilities and Shareholder's Equity	Apr. 30, 2005	Apr. 30, 2004	Oct. 31, 2004
Current liabilities			
Trade-payables *1, 3	9,000,557	7,297,469	9,343,317
Short-term debt *6	3,327,345	1,599,310	2,342,421
Account payable-others	665,580	516,802	666,249
Accrued income tax	612,781	531,756	711,725
Advances from customers	92,732	350,410	226,622
Accrued employee's bonus	652,068	541,062	0
Other current liabilities	256,268	212,418	893,451
Total current liabilities	14,607,334	11,049,231	14,183,788
Long-term liabilities			
Long-term debt *1	540,000	739,541	644,019
Accrued pension and severance liabilities	20,563	39,846	28,527
Officer's retirement allowance	172,625	224,475	241,730
Financial derivatives	256,190	168,287	259,740
Total long-term liabilities	989,379	1,172,150	1,174,016
Total liabilities	15,596,713	12,221,381	15,357,895
Minority interests	89,130	80,000	90,230
Shareholder's equity			
Common stock *4	1,061,210	1,061,210	1,061,210
Capital surplus	1,483,410	1,483,410	1,483,410
Retained earnings	11,688,991	10,886,838	10,995,414
Unrealized gains and losses on marketable securities and investments	141,425	129,231	118,285
Foreign currency translation adjustment	(54,758)	(87,713)	(22,788)
Total	14,320,278	13,472,976	13,635,530
Issued shares reacquired *5	(362,193)	(361,902)	(361,951)
Total shareholder's equity	13,958,085	13,111,074	13,273,579
Total	29,643,929	25,412,456	28,721,616

Statements of Consolidated Income

Six-month period ended Apr. 30	Thousands of yen		
	2005	2004	Year ended Oct. 31, 2004
Sales	25,192,737	21,424,503	45,551,561
Cost of sales	20,408,110	17,461,208	37,901,060
Gross profit	4,784,626	3,963,295	7,650,500
Selling, general and administrative *1	3,125,367	2,790,948	5,939,194
Operating income	1,659,258	1,172,347	1,711,306
Other income			
Interests	6,716	4,325	8,281
Dividends	20,003	36,714	45,352
Rents	9,104	4,028	13,151
Foreign exchange gains	0	8,036	0
Sundry	21,964	25,592	40,575
Other income total	57,789	78,696	107,360
Other expenses			
Interests	26,116	21,851	38,143
Discounts on bills of exchange	617	664	1,274
Listing expenses	0	0	27,150
Foreign exchange losses	957	0	12,376
Sundry	15,013	8,251	19,507
Other expense total	42,704	30,767	98,451
Recurring profit	1,674,344	1,220,276	1,720,215
Extraordinary gains			
Realized gains on marketable securities	0	15,001	15,001
Realized gains on property and equipment *2	1,970	0	0
Reversal of allowance for doubtful receivables	0	55,386	7,660
Extraordinary gains total	1,970	70,387	22,661
Extraordinary losses			
Realized losses on property and equipment *3	0	2,159	2,159
Written-off losses on property and equipment *4	527	880	3,971
Unrealized losses on marketable securities	0	0	3,497
Loss from depletion *5	0	0	73,939
Loss from liquidation of a subsidiary	0	133,353	140,444
Provision for allowance for doubtful receivables	1,810	0	31,655
Loss on revaluation of membership	0	0	6,300
Extraordinary losses total	2,338	136,392	261,967
Income before income taxes	1,673,975	1,154,271	1,480,909
Income taxes			
Current	676,255	545,342	933,805
Deferred	30,788	10,170	(164,201)
Income taxes total	707,044	555,513	769,603
Losses on minority interests	2,190	(37,670)	(33,697)
Income from consolidated operations	964,740	636,427	745,003

Consolidated Retained Earnings

Six-month period ended Apr. 30	Thousands of yen		
	2005	2004	Year ended Oct. 31, 2004
Surplus at opening of the period	1,483,410	1,483,410	1,483,410
Balance, beginning of year			
Retained earnings	10,995,414	10,401,120	10,401,120
Net income (loss)	964,740	636,427	745,003
Total	11,960,154	11,037,547	11,146,123
Deduct:			
Cash dividend paid	229,532	129,739	129,739
Officer's bonuses	41,630	20,970	20,970
<Including Corporate Auditor's bonuses>	<10,290>	<5,580>	<5,580>
Total	271,162	150,709	150,709
Balance, end of the 6-month period and the year	11,688,991	10,886,838	10,995,414

Statements of Consolidated Cash Flows

Six-month period ended Apr. 30	Thousands of yen		
	2005	2004	Year ended Oct 31, 2004
Operating activities			
Net income before income taxes	1,673,975	1,154,271	1,480,909
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	158,568	157,656	354,392
Increase in accrued employees' bonuses	652,068	541,062	0
Increase (decrease) in accrued pension and severance liabilities	(7,963)	(103,053)	(114,373)
Increase (decrease) in officer's retirement allowance	(69,105)	8,805	26,060
Provision for doubtful receivables	89,181	(79,460)	(50,580)
Loss from liquidation of a subsidiary	0	133,353	140,444
Interest and dividend income	(26,720)	(41,040)	(53,633)
Interest expense	26,116	21,851	38,143
Losses (gains) on foreign exchanges	(8,741)	(3,344)	1,114
Realized gains on marketable securities	0	(15,001)	(11,503)
Realized losses (profit) on property and equipment	(1,970)	2,159	2,145
Write-off of property and equipment	527	880	3,971
Loss from depletion	0	0	73,939
Loss on revaluation of membership	0	0	6,300
(Increase) decrease in trade receivables	(1,203,756)	(1,494,683)	(4,094,296)
(Increase) decrease in inventories	83,464	(364,151)	(746,977)
Increase (decrease) in trade payables	(317,843)	694,731	2,718,320
Increase (decrease) in account payable-others	1,510	3,276	147,101
Increase (decrease) in advances from customers	(133,890)	253,729	129,941
Increase (decrease) in accrued consumption tax	120,970	58,256	(7,501)
Officer's bonuses	(41,630)	(20,970)	(20,970)
Others	(841,795)	(599,558)	202,170
Sub total	152,968	308,769	225,117
Interests and dividends received	27,569	41,363	54,742
Interests paid	(22,045)	(30,380)	(46,903)
Income taxes paid	(793,490)	(102,424)	(310,918)
Net cash provided (used) by operating activities	(634,998)	217,328	(77,962)
Investing activities			
Increase in time deposits	0	0	(100,000)
Decrease in time deposits	0	0	100,000
Expenditures for properties and equipment	(112,707)	(189,698)	(405,110)
Proceeds from sales of properties and equipment	7,154	0	569
Acquisition of investments	(10,690)	(16,271)	(23,159)
Proceeds from sales of investments	0	39,571	42,220
Collection of loans receivable	24,504	29,938	58,801
Increase in loans receivable	(3,410)	(11,160)	(14,050)
Decrease in guarantee deposits	200,278	16,479	992
Decrease in other investments	(576)	31,372	29,234
Net cash provided (used) in investing activities	104,552	(99,767)	(310,502)
Financing activities			
Increase (decrease) in short-term debt	1,014,137	467,760	1,209,539
Increase (decrease) in long-term debt	0	900,000	900,000
Repayment of long-term debt	(115,671)	(1,516,792)	(1,622,154)
Reacquisition of issued shares of stocks	(242)	(190)	(239)
Cash dividends paid	(229,532)	(129,739)	(129,739)
Net cash provided (used) in financing activities	668,690	(278,962)	357,406

Cash and cash equivalents

Effect of exchange rate changes	(2,251)	(12,220)	(3,982)
Increase (decrease) in cash and cash equivalents	135,992	(173,622)	(35,040)
Cash and cash equivalents at the beginning of year	1,735,006	1,770,047	1,770,047
Cash and cash equivalents at end of the 6-month period *1	1,870,999	1,596,424	1,735,006

Notes to Consolidated Financial Statements

(Consolidated balance sheet)

Six-month period ended Apr. 30, 2005

Thousands of yen

- *1 (Collateral assets)
A portion of the assets is pledged as collateral. Details are as follows:
- | <u>Pledged assets amount</u> | <u>Secured liabilities amount</u> |
|------------------------------|-----------------------------------|
| Investments | Bills payable & |
| Securities: 167,895 | accounts payable: 199,349 |
- 2 Contingent liabilities:
* Liabilities for guarantee:
Liabilities for guarantee on bank borrowings for home ownership financing of employees:
Employees (home ownership financing for employees) ¥20,857
- *3 Term-end maturing bills are cleared on bill clearing date. Since the last day of the current consolidated fiscal term was holiday for banking institutions, bills maturing on the last day of the succeeding fiscal term are included in term-end balance.
- | | |
|------------------|---------|
| Bills receivable | 692,106 |
| Bills payable | 216,000 |
- *4 Total number of issued stocks: Common stocks 10,533,200 shares
- *5 Own shares:
The shares owned by consolidated companies who submitted consolidated financial statement:
- | | |
|---------------|----------------|
| Common stocks | 553,740 shares |
|---------------|----------------|
- *6 The holding company of the group concluded overdraft contract and loan commitment contract with main correspondent financial institutions for enabling efficient operating funds raising. Unrealized borrowing balance is as follows:
- | | |
|--|-----------|
| Limit of overdraft and total amount of loan commitment | 6,650,000 |
| Balance of executed borrowings | 2,134,000 |
| Balance | 4,516,000 |

(Consolidated profit and loss statement)

Six-month period ended Apr. 30, 2005

Thousands of yen

*1	Main expense items and amount in selling costs and general administrative costs are as follows:	
	Packing and freight costs	414,220
	Retirement benefit costs	65,281
	Money transferred for director's retirement allowance	21,285
	Employee's salary costs	803,985
	Provision for employee's bonuses	415,322
	Welfare costs	187,720
	Traveling and transportation costs	166,910
	Depreciation costs	43,656
	Rent	178,891
*2	Profit on sale of fixed assets:	
	Machinery and vehicle	1,970
*3	Loss on sale of fixed assets:	
	Machinery and vehicle	-
*4	Loss on removal of fixed assets:	
	Machinery and vehicle	318
	Others	209
	Total	527
*5	Depletion loss:	-

(Consolidated cash flow statement)

Six-month period ended Apr. 30, 2005

Thousands of yen

*1	Term-end balance of cash and cash equivalent and relation with the amount of the accounts listed in the consolidated balance sheet:	
	Cash and deposit account	1,970,999
	Time deposits over three months	(100,000)
	Cash and cash equivalent	1,870,999

(Segment information)

1. Segment by type of business:

Six-month period ended Apr. 30, 2005

Thousands of yen

	Machinery mfg & sales	Chemical products sales	Total	Deletion or total company	Consolidated
I. Sales and operating profits:					
Sales					
(1) Sales to unaffiliated customers	7,613,752	17,578,984	25,192,737	-	25,192,737
(2) Internal sales among segments or amount transferred	-	-	-	-	-
Total	7,613,752	17,578,984	25,192,737	-	25,192,737
Operating costs	6,375,834	17,157,643	23,533,478	-	23,533,478
Operating profits	1,237,917	421,341	1,659,258	-	1,659,258

Six-month period ended Apr. 30, 2004

Thousands of yen

	Machinery mfg & sales	Chemical products sales	Total	Deletion or total company	Consolidated
I. Sales and operating profits:					
Sales					
(1) Sales to unaffiliated customers	5,667,441	15,757,062	21,424,503	-	21,424,503
(2) Internal sales among segments or amount transferred	-	-	-	-	-
Total	5,667,441	15,757,062	21,424,503	-	21,424,503
Operating costs	5,061,989	15,190,167	20,252,156	-	20,252,156
Operating profits	605,452	566,894	1,172,347	-	1,172,347

Year ended Oct. 31, 2004

Thousands of yen

	Machinery mfg & sales	Chemical products sales	Total	Deletion or total company	Consolidated
I. Sales and operating profits:					
Sales					
(1) Sales to unaffiliated customers	11,184,809	34,366,751	45,551,561	-	45,551,561
(2) Internal sales among segments or amount transferred	-	-	-	-	-
Total	11,184,809	34,366,751	45,551,561	-	45,551,561
Operating costs	10,539,799	33,300,456	43,840,255	-	43,840,255
Operating profits	645,010	1,066,295	1,711,306	-	1,711,306

(Notes)

1. Business classification is by aggregate sales classification.
2. Main products and goods in each business:
 - (1) Machinery manufacturing & sales: various type of centrifuges, other machinery
 - (2) Chemical products sales: Synthetic resin, inorganic materials, other chemical products

2. Segment by location:

Six-month period ended Apr. 30, 2005

	Thousands of yen				
	Japan	Asia	Total	Deletion or total company	Consolidated
I. Sales and operating profits:					
Sales					
(1) Sales to unaffiliated customers	20,865,828	4,326,908	25,192,737	-	25,192,737
(2) Internal sales among segments or amount transferred	92,132	12,252	104,384	(104,384)	-
Total	20,957,960	4,339,161	25,297,121	(104,384)	25,192,737
Operating costs	19,406,050	4,234,753	23,640,804	(107,325)	23,533,478
Operating profits	1,551,910	104,407	1,656,317	2,941	1,659,258

Six-month period ended Apr. 30, 2004

	Thousands of yen				
	Japan	Asia	Total	Deletion or total company	Consolidated
I. Sales and operating profits:					
Sales					
(1) Sales to unaffiliated customers	18,121,498	3,303,004	21,424,503	-	21,424,503
(2) Internal sales among segments or amount transferred	27,614	-	27,614	(27,614)	-
Total	18,149,113	3,303,004	21,452,118	(27,614)	21,424,503
Operating costs	17,004,679	3,247,477	20,252,156	-	20,252,156
Operating profits	1,144,434	55,527	1,199,962	(27,614)	1,172,347

Year ended Oct. 31, 2004

	Thousands of yen				
	Japan	Asia	Total	Deletion or total company	Consolidated
I. Sales and operating profits:					
Sales					
(1) Sales to unaffiliated customers	35,871,558	9,680,002	45,551,561	-	45,551,561
(2) Internal sales among segments or amount transferred	128,672	-	128,672	(128,672)	-
Total	36,000,230	9,680,002	45,680,233	(128,672)	45,551,561
Operating costs	34,505,990	9,340,671	43,846,662	(6,406)	43,840,255
Operating profits	1,494,240	339,331	1,833,571	(122,265)	1,711,306

(Notes)

1. Classification of countries and regions is based on geographical proximity.
2. Main countries or regions included in each classification except Japan:
Asia: China, Korea, Taiwan, Indonesia

3. Overseas sales:

Six-month period ended Apr. 30, 2005

Thousands of yen

	Asia	Other regions	Total
I. Overseas sales	5,253,954	520,483	5,774,437
II. Consolidated sales	-	-	25,192,737
III. Percentage of overseas sales for consolidated sales	20.8%	2.1%	22.9%

Six-month period ended Apr. 30, 2004

Thousands of yen

	Asia	Other regions	Total
I. Overseas sales	3,872,990	148,895	4,021,885
II. Consolidated sales	-	-	21,424,503
III. Percentage of overseas sales for consolidated sales	18.1%	0.7%	18.8%

Year ended Oct. 31, 2004

Thousands of yen

	Asia	Other regions	Total
I. Overseas sales	12,001,679	321,613	12,323,292
II. Consolidated sales	-	-	45,551,561
III. Percentage of overseas sales for consolidated sales	26.4%	0.7%	27.1%

(Notes)

1. Classification of countries and regions is based on geographical proximity.
2. Main countries or regions included in each classification:
 - (1) Asia: China, Korea, Taiwan, Indonesia
 - (2) Other regions: USA, Europe
3. Overseas sales are the sales for countries or regions other than Japan by our company or consolidated subsidiary companies.

(Lease)

Finance lease transactions other than those of which ownership of leased item is acknowledged to be transferred to lessee:

1. Acquisition price equivalent, accumulated depreciation equivalent, accumulated depletion loss equivalent of leased items and term-end outstanding balance equivalent:

Six month period ended Apr. 30, 2005		Thousands of yen		
	Acquisition price equivalent	Accumulated depreciation equivalent	Accumulated depletion loss equivalent	Term-end outstanding balance
Machinery and vehicles	42,500	16,383	0	26,116
Tools & equipment	208,430	101,868	0	106,561
Total	250,930	118,252	0	132,561

Six month period ended Apr. 30, 2004		Thousands of yen		
	Acquisition price equivalent	Accumulated depreciation equivalent	Accumulated depletion loss equivalent	Term-end outstanding balance
Machinery and vehicles	18,900	18,702	0	197
Tools & equipment	277,938	125,077	0	152,861
Total	296,838	143,779	0	153,058

Year ended Oct. 31, 2005		Thousands of yen		
	Acquisition price equivalent	Accumulated depreciation equivalent	Accumulated depletion loss equivalent	Term-end outstanding balance
Machinery and vehicles	40,400	28,933	0	11,466
Tools & equipment	266,900	130,076	0	136,824
Total	307,300	159,009	0	148,290

2. Term-end balance equivalent of unexpired lease fee and outstanding balance of lease assets depletion account:

Six-month period ended	Apr. 30, 2005	Apr. 30, 2004	Year ended Oct. 30, 2005
Term-end balance equivalent of unexpired lease fee			
Within one year	46,766	50,834	50,100
Exceeding one year	89,562	106,659	102,671
Total	136,328	157,493	152,771

Outstanding balance of lease assets depletion account 0

3. Lease fee paid, amount withdrawn from lease assets depletion account, depreciation cost equivalent, interests paid equivalent and depletion loss:

Six-month period ended	April 30, 2005	April 30, 2004	Year ended Oct. 30, 2005
Lease fee paid	28,317	33,200	63,830
Amount withdrawn from lease assets depletion account	0	0	0
Depreciation cost equivalent	26,761	30,287	61,953
Interests paid equivalent	1,483	1,482	3,191
Depletion loss	0	0	0

4. Calculation method of depreciation cost equivalent:

Six month period ended Apr. 30, 2005

By fixed amount method with service life being lease period and residual value being zero.

Six month period ended Apr. 30, 2004

By fixed amount method with service life being lease period and residual value being zero.

Year ended Oct. 31, 2004

By fixed amount method with service life being lease period and residual value being zero.

5. Calculation method of interests equivalent:

Six month period ended Apr. 30, 2005

Allocation for each term is by interest method with the difference between the total amount of lease fee and acquisition price equivalent of leased items being interests equivalent.

Six month period ended Apr. 30, 2004

Allocation for each term is by interest method with the difference between the total amount of lease fee and acquisition price equivalent of leased items being interests equivalent.

Year ended Oct. 31, 2004

Allocation for each term is by interest method with the difference between the total amount of lease fee and acquisition price equivalent of leased items being interests equivalent.

(Securities)Six month period ended Apr. 30, 20051. Other securities with market value: Thousands of yen

Classification	Acquisition cost	Amount accounted for balance sheet	Difference
(1) Stocks	355,256	589,936	234,680
(2) Others	11,428	7,796	(3,632)
Total	366,684	597,732	231,047

2. Main securities not being appraised on market price: Thousands of yen

Classification	Amount accounted for balance sheet
Other securities: Unlisted stocks (excluding over-the-counter stocks)	410,089
Total	410,089
Stocks of subsidiary companies and affiliated companies: Stocks of subsidiary companies	51,500
Total	51,500

Six month period ended Apr. 30, 20041. Other securities with market value: Thousands of yen

Classification	Acquisition cost	Amount accounted for balance sheet	Difference
(1) Stocks	343,822	554,104	210,282
(2) Others	11,428	8,192	(3,236)
Total	355,251	562,296	207,045

2. Main securities not being appraised on market price: Thousands of yen

Classification	Amount accounted for balance sheet
Other securities: Unlisted stocks (excluding over-the-counter stocks)	413,632
Total	413,632
Stocks of subsidiary companies and affiliated companies: Stocks of subsidiary companies	51,500
Total	51,500

Year ended Oct. 31, 2004

1. Other securities with market value: Thousands of yen

Classification	Acquisition cost	Amount accounted for balance sheet	Difference
(1) Stocks	344,565	540,419	195,853
(2) Others	11,428	7,518	(3,910)
Total	355,993	547,937	191,943

2. Main securities not being appraised on market price: Thousands of yen

Classification	Amount accounted for balance sheet
Other securities:	
Unlisted stocks (excluding over-the-counter stocks)	410,367
Total	410,367
Stocks of subsidiary companies and affiliated companies:	
Stocks of subsidiary companies	51,500
Total	51,500

(Derivative transactions)

Six month period ended Apr. 30, 2005

There are no relevant matters.

Although exchange contract transactions, currency swaps transactions and interest rate swaps transactions are executed, they are excluded from the "Notes" since hedge accounting is adopted.

Six month period ended Apr. 30, 2004

There are no relevant matters.

Although exchange contract transactions, currency swaps transactions and interest rate swaps transactions are executed, they are excluded from the "Notes" since hedge accounting is adopted.

Year ended Oct. 31, 2004

There are no relevant matters.

Although exchange contract transactions, currency swaps transactions and interest rate swaps transactions are executed, they are excluded from the "Notes" since hedge accounting is adopted.

5. Situation of manufacturing, order receiving and sales:

(1) Results of manufacturing:

Results of manufacturing by type of segment in the six month period ended Apr. 30, 2005 are as follows:

Business by type of segment	Output (Thousands of yen)	Year-on-year comparison (%)
Machinery manufacturing	7,431,086	33.8
	[1,371,081]	[58.3]
Total	7,431,086	33.8
	[1,371,081]	[58.3]

(Notes)

1. Amounts are based on selling price.
2. Output for overseas included in total output is shown in [].
3. No consumption tax is included in the above amount.

(2) Order receiving:

Results of order receiving by type of segment in the current consolidated fiscal term are as follows:

Classification	Amount of orders received (Thousands of yen)	Year-on-year comparison (%)	Order backlog (Thousands of yen)	Year-on-year comparison (%)
Machinery mfg & sales	5,139,629	(3.7)	4,130,534	(6.8)
	[1,143,720]	[(36.5)]	[1,859,777]	[(28.0)]
Total	5,139,629	(3.7)	4,130,534	(6.8)
	[1,143,720]	[(36.5)]	[1,859,777]	[(28.0)]

(Notes)

1. Amount of order received for overseas included in total amount of order received is shown in [].
2. No consumption tax is included in the above amount.

(3) Results of sales:

Results of sales by type of segment in the current consolidated fiscal term are as follows:

Business by type of segment	Sales (Thousands of yen)	Year-on-year comparison (%)
Machinery manufacturing & sales	7,613,752	34.3
	[1,352,131]	[50.8]
Chemical products sales	17,578,984	11.6
	[4,422,306]	[41.5]
Total	25,192,737	17.6
	[5,774,437]	[43.6]

(Notes)

1. Export sales included in total sales are shown in [].
2. No consumption tax is included in the above amount.