

Consolidated Financial Results for the Nine Months Ended July 31, 2005

(Unaudited)

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

President: Hideaki Fukuma

Investor Relations Contacts: Koichi Karita, Director, Finance and Management Planning, Tel: (03) 3271-4056

Financial Highlights for the Nine Months Ended July 31, 2005:

1. Notes to Consolidated Financial Information

- (1) Adoption of simplified accounting method: None
- (2) Change in accounting policies: None
- (3) Change in scope of consolidated and application of the equity method:
 - Consolidated subsidiaries: Newly included/excluded: None
 - Affiliated companies accounted for by the equity method: Newly included: 1

2. Consolidated Financial Data for the Third Quarter Ended July 31, 2005

(1) Results of Operation

9-month periods ended July 31	2005	2004	Millions of yen
			Yr. ended Oct. 31, 2004
Sales	34,890	31,752	45,551
Operating income	1,493	1,156	1,711
Recurring profit	1,524	1,227	1,720
Net income	876	586	745
Net income (loss) per share	¥87. ⁸⁵	¥58. ⁷⁹	¥70. ⁴⁸

Notes: An average number of outstanding shares (consolidated) during the 9-month periods ended July 31, 2005 and July 31, 2004, and the year ended Oct. 31, 2004 were 9,979,498, 9,979,841 and 9,979,806 respectively.

Quantitative information related to the operation results:

In **Machinery & Equipment business**, since sales for the machines and parts have demonstrated steady performance, sales amount and operating income during this third quarter period were ¥9,142 million and ¥868 million respectively. As for **Chemical Products business**, sales amount and operating income were ¥25,748 million and ¥624 million respectively due to decrease from initial expectation in sales of surface-mount IC packages in China (electronic material segment). In consequence, the **Companies' consolidated business results** in this third quarter period were ¥34,890 million for sales amount, ¥1,493 million for operating income, ¥1,524 million for recurring profit and ¥876 million for net income.

(2) Financial Condition

	July 31, 2005	July 31, 2004	Millions of yen
			Yr. ended Oct. 31, 2004
Assets (A)	28,236	26,205	28,721
Shareholder's equity (B)	13,970	13,061	13,273
Asset/equity ratio (B / A)	49.5%	49.8%	46.2%
Shareholder's equity per share	¥1,399. ⁹⁷	¥1,308. ⁸²	¥1,325. ⁸⁹

Note: A number of outstanding shares (consolidated) at the end of the periods on July 31, 2005 and July 31, 2004 and the yearend on October 31, 2004 were 9,979,410, 9,979,719 and 9,979,694 respectively.

[Cash Flows]

	July 31, 2005	July 31, 2004	Millions of yen Year ended Oct. 31, 2004
Net cash provided (used) by operating activities	(1,806)	(356)	(77)
Net cash provided (used) in investing activities	47	(150)	(310)
Net cash provided (used) by financing activities	1,065	132	357
Consolidated cash and cash equivalent (period-end)	1,058	1,398	1,735

Quantitative information related to the Financial Condition:

As compared to the previous fiscal year (consolidated), total assets as of the end of the third quarter period (consolidated) accounted for ¥28,236 million which was reduced by ¥484 million, current assets accounted for ¥23,350 million which was increased by ¥11 million, and fixed assets accounted for ¥4,885 million which was reduced by ¥496 million. This was mainly due to decrease in guarantee deposits as a result of reimbursement of guarantee deposits.

Total liabilities as of the end of the third quarter period (consolidated) accounted for ¥14,170 million which was reduced by ¥118.7 million from the previous fiscal year (consolidated). Current liabilities accounted for ¥13,420 million which was reduced by ¥763 million from the previous fiscal year. This is mainly due to decrease in trade payables. Fixed liabilities accounted for ¥749 million which was reduced by ¥424 million from the previous fiscal year. This is mainly due to decrease in long-term debts, derivative liabilities, etc.

Minority interests as of the end of the third quarter period (consolidated) accounted for ¥95 million which was increased by ¥5 million from the previous fiscal year (consolidated).

Total shareholders' equity accounted for ¥13,970 million which was increased by ¥697 million from the previous fiscal year (consolidated). This is mainly due to accounting for the third quarter net profit.

As a result, shareholders' equity ratio accounted for 49.5% up by 3.3 points from the previous fiscal year (consolidated).

For cash flow situation, the outstanding balance of cash and cash equivalents accounted for ¥1,058 million as of the end of the third quarter period (consolidated) which was reduced by ¥676 million from the previous fiscal year (consolidated).

Cash flow from business activities had expenditure of ¥186 million. This is mainly due to increase in inventory assets, decrease in purchase liabilities, payment of corporate tax, etc. while quarterly net profit of ¥1,524 million before adjustment of tax, etc. was accounted for.

Cash flow from investment activities had income of ¥47 million. This is mainly due to the income from reimbursement of guarantee deposits.

Cash flow from financing activities had income of ¥1,065 million. This is mainly due to funding of short-term debts.

3. Earning Projections for the Year ending October 31, 2005

	Millions of yen			
	Sales	Recurring profit	Net income	Net income per share
Previous projection (A) (6/14 announcement)	46,420	1,930	1,100	¥106.40
Projection this time (B)	46,230	1,890	1,090	¥105.40
Increase/decrease (B-A)	(190)	(40)	(10)	-
Increase/decrease (%)	(0.4)	(2.1)	(0.9)	-

Quantitative information related to the prospects for the fiscal year 2005:

[Machinery & Equipment Business]

Some of the jobs that are expected to be completed in the second half of this fiscal term would be delayed into the next fiscal term and the price increase of raw materials and purchased parts may affect its business.

[Chemical Products Business]

Substrate mounting business related to the electronic industry is expected to fall short of the original forecast even for the full business year.

As a result, we estimate our sales for one full year will be ¥46,230 million, pretax profit will be ¥1,890 million and net profit for one full year will be ¥1,090 million.

(Note):

Above prospect is based on the information available on the day of this announcement. Actual business results may show different figures from this prospect depending upon future factors.

Consolidated Financial Statements

Balance Sheets

Assets	Thousands of yen		
	July 31, 2005	July 31, 2004	Year ended Oct. 31, 2004
Current assets			
Cash and deposits	1,158,638	1,498,707	1,835,006
Trade receivables	16,936,954	15,146,716	17,106,755
Inventories	4,640,551	4,016,064	3,785,435
Other current assets	614,826	322,202	611,931
Total current assets	23,350,970	20,983,690	23,339,128
Fixed assets			
Tangible fixed assets			
Buildings	2,144,532	2,117,158	2,116,545
Accumulated depreciation	(1,198,791)	(1,120,728)	(1,137,003)
Net	945,740	996,429	979,541
Machinery, equipment & vehicles	3,031,731	2,962,704	3,077,932
Accumulated depreciation	(2,181,125)	(2,079,905)	(2,122,032)
Net	850,605	882,798	955,899
Land	975,451	1,049,391	975,451
Other fixed assets	1,003,945	939,461	931,049
Accumulated depreciation	(846,992)	(827,443)	(817,776)
Net	156,953	111,017	113,272
Total tangible fixed assets	2,928,752	3,039,637	3,024,166
Intangible fixed assets	15,144	19,617	18,399
Investments and others			
Investments in securities	1,217,595	1,008,136	1,009,804
Guarantee deposits	354,778	550,425	552,877
Other investments	369,501	604,269	777,240
Total investment and others	1,941,874	2,162,832	2,339,922
Total fixed assets	4,885,771	5,222,087	5,382,487
Total assets	28,236,742	26,205,777	28,721,616

Thousands of yen

Liabilities and Shareholder's Equity	July 31, 2005	July 31, 2004	Year ended Oct. 31, 2004
Current liabilities			
Trade-payables	8,097,265	8,346,778	9,343,317
Short-term debt	3,741,172	2,018,654	2,342,421
Accrued employee's bonus	564,576	387,709	0
Other current liabilities	1,017,590	1,226,774	2,498,048
Total current liabilities	13,420,604	11,979,916	14,183,788
Long-term liabilities			
Long-term debt	540,000	737,102	644,019
Accrued pension and severance liabilities	20,910	32,804	28,527
Officer's retirement allowance	183,267	233,102	241,730
Other long-term liabilities	5,801	77,662	259,740
Total long-term liabilities	749,979	1,080,670	1,174,016
Total liabilities	14,170,584	13,060,587	15,357,805
Minority interests	95,314	83,568	90,230
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	11,600,917	10,837,094	10,995,414
Unrealized gains and losses on marketable securities and investments	222,862	115,473	118,285
Foreign currency translation adjustment	(35,292)	(73,639)	(22,788)
Issued shares reacquired	(362,263)	(361,926)	(361,951)
Total shareholder's equity	13,970,843	13,061,622	13,273,579
Total	28,236,742	26,205,777	28,721,616

Statements of Consolidated Income

9-month periods ended July 31	Thousands of yen		
	2005	2004	Year ended Oct. 31, 2004
Sales	34,890,291	31,752,646	45,551,561
Cost of sales	28,693,768	26,295,633	37,901,060
Gross profit	6,196,523	5,457,012	7,650,500
Selling, general and administrative	4,702,984	4,300,360	5,939,194
Operating income	1,493,539	1,156,652	1,711,306
Other income			
Interests & Dividends	41,686	51,488	53,633
Foreign exchange gains	0	21,610	0
Sundry	61,172	40,800	53,726
Other income total	102,858	113,898	107,360
Other expenses			
Interests	44,415	29,620	38,143
Listing expenses	0	0	27,150
Foreign exchange losses	4,657	0	12,376
Sundry	22,465	13,760	20,782
Other expense total	71,538	43,380	98,451
Recurring profit	1,524,858	1,227,169	1,720,215
Extraordinary gains			
Realized gains on property and equipment	2,182	15,001	0
Realized gains on marketable securities	0	0	15,001
Reversal of allowance for doubtful receivables	0	24,762	7,660
Extraordinary gains total	2,182	39,764	22,661
Extraordinary losses			
Realized losses on property and equipment	158	2,159	2,159
Written-off losses on property and equipment	792	998	3,971
Unrealized losses on marketable securities	0	0	3,497
Loss from depletion	0	0	73,939
Loss from liquidation of a subsidiary	0	136,701	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	2,761	139,859	261,967
Income before income taxes	1,524,280	1,127,074	1,480,909
Income taxes			
Current	534,704	462,408	933,805
Deferred	107,572	115,039	(164,201)
Income taxes total	642,276	577,447	769,603
Losses on minority interests	5,336	(37,057)	(33,697)
Income from consolidated operations	876,666	586,683	745,003

Consolidated Retained Earnings

9-month periods ended July 31	Thousands of yen		
	2005	2004	Year ended Oct. 31, 2004
Surplus at opening of the period	<u>1,483,410</u>	<u>1,483,410</u>	<u>1,483,410</u>
Balance, beginning of year			
Retained earnings	10,995,414	10,401,120	10,401,120
Net income (loss)	876,666	586,683	745,003
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	<u>271,162</u>	<u>150,709</u>	<u>150,709</u>
Balance, end of the 6-month period and the year	<u>11,600,917</u>	<u>10,837,094</u>	<u>10,995,414</u>

Statements of Consolidated Cash Flows

	Thousands of yen		
	July 31, 2005	July 31, 2004	Year ended Oct 31, 2004
Operating activities			
Net income before income taxes	1,524,280	1,127,074	1,480,909
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	250,502	250,019	354,392
Increase in accrued employees' bonuses	564,576	387,709	0
Increase (decrease) in accrued pension and severance liabilities	(7,616)	(110,096)	(114,373)
Provision for doubtful receivables	65,772	(82,677)	(50,580)
Loss from liquidation of a subsidiary	0	136,701	140,444
Interest and dividend income	(41,686)	(51,488)	(53,633)
Interest expense	44,415	29,620	38,143
Realized gains on marketable securities	0	(15,001)	0
Loss from depletion	0	0	73,939
(Increase) decrease in trade receivables	168,469	(2,143,524)	(4,094,296)
(Increase) decrease in inventories	(856,734)	(987,894)	(746,977)
Increase (decrease) in trade payables	(1,243,329)	1,732,127	2,718,320
Increase (decrease) in advances from customers	(149,900)	162,651	129,941
Officer's bonuses	(41,630)	(20,970)	(20,970)
Others	(867,284)	(482,449)	369,858
Sub total	(590,164)	(68,198)	225,117
Interests and dividends received	42,536	52,994	54,742
Interests paid	(35,379)	(35,398)	(46,903)
Income taxes paid	(1,223,950)	(305,569)	(310,918)
Net cash provided (used) by operating activities	(1,806,959)	(356,172)	(77,962)
Investing activities			
Increase in time deposits	(100,000)	(100,000)	(100,000)
Decrease in time deposits	100,000	100,000	100,000
Expenditures for properties and equipment	(164,580)	(236,166)	(405,110)
Proceeds from sales of properties and equipment	9,632	0	569
Acquisition of investments	(30,433)	(20,063)	(23,159)
Proceeds from sales of investments	0	39,572	42,220
Collection of loans receivable	36,063	45,896	58,801
Increase in loans receivable	(4,040)	(12,730)	(14,050)
Decrease in guarantee deposits	198,246	3,207	992
Decrease in other investments	2,948	30,257	29,234
Net cash provided (used) in investing activities	47,837	(150,027)	(310,502)
Financing activities			
Increase (decrease) in short-term debt	1,411,161	891,879	1,209,539
Increase (decrease) in long-term debt	0	900,000	900,000
Repayment of long-term debt	(115,671)	(1,529,282)	(1,622,154)
Reacquisition of issued shares of stocks	(312)	(214)	(239)
Cash dividends paid	(229,532)	(129,739)	(129,739)
Net cash provided (used) in financing activities	1,065,644	132,642	357,406
Cash and cash equivalents			
Effect of exchange rate changes	17,108	2,217	(3,982)
Increase (decrease) in cash and cash equivalents	(676,368)	(371,339)	(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 year	1,058,638	1,398,707	1,735,006

(Segment information)

1. Segment by type of business:

9-month period ended July 31, 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	9,142,205	25,748,085	34,890,291	-	34,890,291
(2) Internal sales among segments or amount transferred	-	-	-	-	-
Total	9,142,205	25,748,085	34,890,291	-	34,890,291
Operating costs	8,273,217	25,123,535	33,396,752	-	33,396,752
Operating profits	868,988	624,550	1,493,539	-	1,493,539

9-month period ended July 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	7,578,784	24,173,861	31,752,646	-	31,752,646
(2) Internal sales among segments or amount transferred	-	-	-	-	-
Total	7,578,784	24,173,861	31,752,646	-	31,752,646
Operating costs	7,261,273	23,334,721	30,595,994	-	30,595,994
Operating profits	317,511	839,140	1,156,652	-	1,156,652

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:

9-month period ended July 31, 2005

Thousands of yen

	Japan	Asia	Total	Deletion or total company	Consolidated
I. Sales and operating profits:					
Sales					
(1) Sales to unaffiliated customers	28,916,242	5,974,049	34,890,291	-	34,890,291
(2) Internal sales among segments or amount transferred	166,487	21,573	188,060	(188,060)	-
Total	29,082,729	5,995,622	35,078,352	(188,060)	34,890,291
Operating costs	27,772,607	5,819,969	33,592,576	(195,824)	33,396,752
Operating profits	1,310,121	175,653	1,485,775	7,763	1,493,539

9-month period ended. July 31, 2004

Thousands of yen

	Japan	Asia	Total	Deletion or total company	Consolidated
I. Sales and operating profits:					
Sales					
(1) Sales to unaffiliated customers	26,489,325	5,263,321	31,752,646	-	31,752,646
(2) Internal sales among segments or amount transferred	31,472	-	31,472	(31,472)	-
Total	26,520,798	5,263,321	31,784,119	(31,472)	31,752,646
Operating costs	25,481,604	5,124,829	30,606,434	(10,439)	30,595,994
Operating profits	1,039,193	138,491	1,177,685	(21,033)	1,156,652

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)

Asia: China, Korea, Taiwan, and Indonesia (Total 4 countries)