

Interim Consolidated Results

Six-Month Period Ended April 30, 2006

(November 1, 2005 ~ April 30, 2006)

Date: June 12, 2006
 Company: Tomoe Engineering Co., Ltd. and Subsidiaries
 (Web Site: http://www.tomo-e.co.jp/index_e.html)
 Stock exchange listing: 1st Section, Tokyo Stock Exchange
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1. Consolidated financial data for the 6-month period results ended April 30, 2006:

(1) Results of Operation (Consolidated)

6-month period ended Apr. 30	2006	2005	Millions of yen
			Year ended Oct. 31, 2005
Sales	25,095	25,192	46,935
Operating income	1,537	1,659	1,917
Recurring profit	1,614	1,674	1,955
Net income	987	964	1,139
Net income (loss) per share	¥98. ⁹³	¥96. ⁶⁷	¥109. ⁹⁹

- Notes: (1) The equity in net earnings of affiliated companies for the 6-month periods ended April 30, 2006 and April 30, 2005 and the year ended October 31, 2005 were none.
- (2) The average numbers of outstanding shares (consolidated) during the 6-month periods ended April 30, 2006 and April 30, 2005 and the year ended October 31, 2005 were 9,979,241, 9,979,543 and 9,979,460 respectively.
- (3) There is no change in accounting methods.

(2) Assets and Shareholder's Equity (Consolidated)

6-month period ended Apr. 30	2006	2005	Millions of yen
			Yr. ended Oct. 31, 2005
Assets (A)	29,493	29,643	27,208
Shareholder's equity (B)	15,091	13,958	14,336
Shareholder's equity/assets (B/A)	51.2%	47.1%	52.7%
Shareholder's equity per share	¥1,512. ²⁵	¥1,398. ⁶⁸	¥1,432. ³⁹

Note: The numbers of outstanding shares (consolidated) at April 30, 2006, April 30, 2005 and October 31, 2005 were 9,979,196, 9,979,460 and 9,979,285 respectively.

(3) Cash Flows (Consolidated)

6-month period ended Apr. 30	2006	2005	Millions of yen
			Year ended Oct. 31, 2005
Net cash provided (used) by operating activities	(779)	(634)	468
Net cash provided (used) in investing activities	(47)	104	(257)
Net cash provided (used) by financing activities	189	668	(459)
Consolidated cash and cash equivalent (period-end)	881	1,870	1,511

(4) Consolidation and Application of the Equity Method

Reportable subsidiaries, whose accounts were consolidated in the 6-month period ended April 30, 2006, are 6.

(5) Change in Consolidation or Application of the Equity Method

None

2. Prospects for the Year ending October 31, 2006 (Consolidated)

	<u>Millions of yen</u>
	<u>Year ending October 31, 2006</u>
Sales	47,100
Recurring profit	2,100
Net income	1,140

We expect that consolidated net income per share for the year ending October 31, 2006 will be ¥114.²⁴.

The above projections are based on the information available on the day of this announcement. Actual business results may show different figures from these projections depending upon future factors.

1. Tomoe Engineering and Companies

Tomoe Group consists of Tomoe Engineering and its 8 subsidiaries. Its group is mainly engaged in manufacture/distribution of centrifuges and 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 & Equipment Business:

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

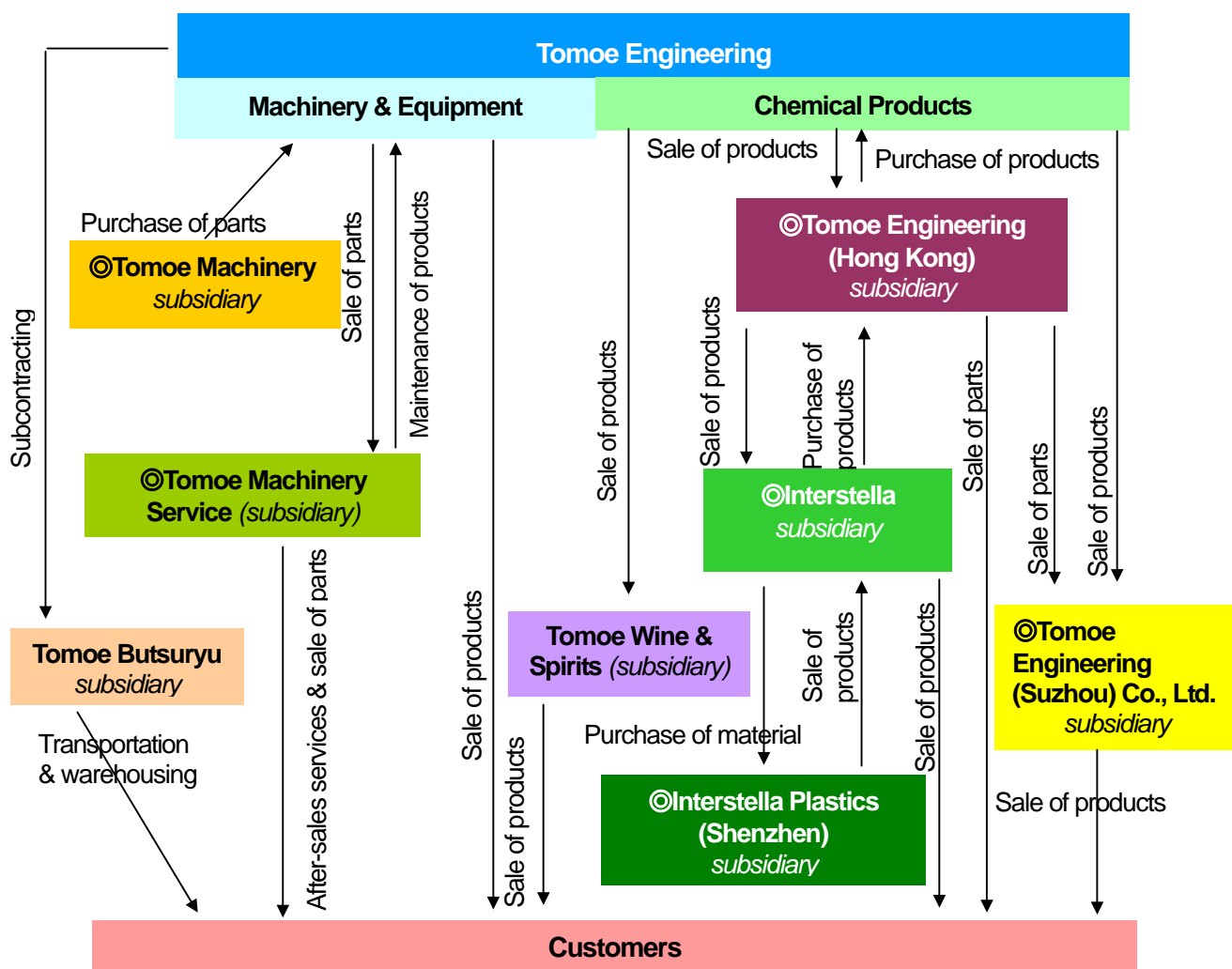
Chemical Products Business:

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.

(◎: Consolidated subsidiaries)



2. 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 improve and strengthen our management bases, develop of new products and merchandise, and prepare for the future business development, 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 recurring 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 & 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 repair 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 & Equipment Business** will continue to improve production efficiency by expanding the function of consolidated subsidiaries more than before. We will strive for laying foundation for steady cost reduction with an eye to establishment of a base for services and local subsidiary for the local production of our machine in China as well as promoting sales through further development of overseas markets including U.S.A. The greatest challenge for Machinery & 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 enhancing to make a choice of low-return items. We will also strive for improvement of profit margin by promoting development and sales of items in advanced technology such as IT related and ceramics 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.

3. Operating Results and Financial Condition

1. Operating results

(1) **Operating Highlights** (6-month period ended April 30, 2006)

The economy of Japan during this 6-month period has shown general trend of recovery, although uncertain factors such as high-price of crude oil, etc. are seen in some areas. In addition to improvement in corporate earnings, we see that private sector demand is on the verge of restoration.

Machinery & Equipment Business:

Both public sector demand and private sector demand have demonstrated steady performance. However, overseas businesses hit the wall because the demand for petrochemical use in China has calmed down, and also due to the increase of material costs, procured parts cost, and the machining costs, the operating income during this 6-month period is down by 28.6% to ¥884 million from the previous corresponding period, with the sales down by 5.8% to ¥7,172 million from the previous corresponding period.

Chemical Products Business:

Though the significant decrease of sales in electronic materials related business was seen due to closure of substrate mounting business in China, the sales of the Chemical Products Business for this 6-month period were favorable. In the business of plastics related, dealings in China became brisk, and mineral related, fine chemicals related, and advanced materials related businesses kept favorable sales. As a result, the sales are up by 2.0% to ¥17,923 million, and the operating income was ¥653 million, up by 55.0% from the previous corresponding period.

As a result, the sales for this consolidated 6-month period are down by 0.4% to ¥25,095 million which is about the same level as the previous year, and because of the decrease at Machinery & Equipment Business, operating income for this consolidated 6-month period is down by 7.3% to ¥1,537 million from the previous corresponding period, with recurring profit of ¥1,614 million, down by 3.6% from the previous corresponding period. However, Net profit for this 6-month period is up by 2.3% to ¥987 million from the previous period since extraordinary gains were increased.

By location of business, the sales inside Japan are up by 2.4% to ¥21,465 million with operating income of ¥1,387 million, down by 10.6% from the previous corresponding period. The sales in Asia are down by 12.9% to ¥3,778 million largely affected by closure of substrate mounting business in China. The operating income is ¥149 million, up by 43.1% from the previous corresponding period. As the profit margin of substrate mounting business was relatively low, the increase in profit of plastic related business in China made a contribution to this result.

(2) **Outlook for full business year** (ending October 31, 2006)

Machinery & Equipment Business:

We expect our sales in latter part of this consolidated fiscal year will exceed that of the former part of this fiscal year, and will become about the same as the previous corresponding period.

Chemical Products Business:

We expect continued steady business in every business area except electronic materials related business and the sales for one full year will be slightly exceed that of the previous corresponding period.

As a result, we estimate our sales for one full year will be ¥47,100 million, the same level as the previous consolidated fiscal year, and recurring profit will be up by 7.4% to ¥2,100 million from the previous consolidated fiscal year. However, we may allocate allowance for doubtful receivables as the

extraordinary loss, and if that is the case, net income from consolidated operations is expected to be ¥1,140 million.

(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.

2. Financial Condition

(1) Review (6-month period ended April 30, 2006)

Fixed assets as of the end of this consolidated 6-month period are reduced by ¥43 million owing to reduction of tangible fixed assets, etc. Overall assets, however, are increased by ¥2,284 million (8.4%) from the end of the previous consolidated 6-month period as a result of increase in current assets such as trade receivables, etc. by ¥2,328 million. Total liabilities are increased by ¥1,508 million (11.8%) from the end of the previous consolidated fiscal year with increase of purchase liabilities by ¥888 million and increase of interest-bearing liabilities by ¥464 million. Stockholders' equity is increased by ¥754 million (5.3%) 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/total assets as of the end of this 6-month period is decreased by 1.5% to 51.2%.

Cash and cash equivalent as of the end of this consolidated 6-month period is decreased by ¥629 million (41.7%) to ¥881 million from the end of the previous consolidated 6-month period due to increase in trade receivables, etc.

(Cash flow from business activities)

Although we have net profit of ¥1,658 million before adjustment of tax, etc. for this 6-month period, we have spending of ¥779 million owing to increase in trade receivables, etc. As a result, cash flow is decreased by ¥144 million from the previous consolidated 6-month period.

(Cash flow from investment activities)

We have spending of ¥47 million on acquisition of tangible fixed assets. As a result, cash flow from investment activities is decreased by ¥151 million from the previous consolidated 6-month period.

(Cash flow from financing activities)

Though short-term borrowings, etc. are increased, the income stays only ¥189 million. As a result, cash flow from financing activities is decreased by ¥479 million from the previous consolidated 6-month period.

Changes of main indexes on cash flow, etc.:

Year ended Oct. 31	2002	2003	2004	2005	6-month ended April 30, 2006
Equity/assets ratio (%)	49.9	52.4	46.2	52.7	51.2
Share/assets ratio in current value (%)	23.3	27.6	34.1	63.9	77.3
Debt redemption years (years)	2.0	50.6	-	5.9	-
Interest coverage ratio (%)	12.3	0.9	-	9.4	-

(Notes)

Equity/assets ratio: Shareholders' equity/Total assets

Share/assets 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 6-month 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:
6-month period closing share quotation x 6-month period outstanding balance of issued shares (after deducting reacquired 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.
- * Interest coverage ratio for this 6-month period ended April 30, 2006 and debt redemption years as well as interest coverage ratio for the fiscal year ended October 31, 2004 are not listed as they show negative figures.

4. Consolidated Financial Statements

(1) Balance Sheets

Assets	Thousands of yen		
	6-month period ended April 30, 2006	6-month period ended Apr. 30, 2005	Year ended Oct. 31, 2005
Current assets			
Cash and deposits	981,510	1,970,999	1,611,339
Trade receivables *3	18,458,199	18,290,473	15,570,146
Inventories	3,878,198	3,676,783	4,074,197
Deferred tax assets	428,134	475,070	505,720
Other current assets	754,465	353,375	451,567
Allowance for doubtful receivables	(89,556)	(175,633)	(130,696)
Total current assets	24,410,952	24,591,069	22,082,276
Fixed assets			
Tangible fixed assets			
Buildings	2,141,507	2,137,541	2,153,181
Accumulated depreciation	(1,257,100)	(1,174,397)	(1,223,462)
Net	884,406	963,144	929,718
Machinery, equipment & vehicles	3,110,149	2,986,866	3,170,205
Accumulated depreciation	(2,224,231)	(2,136,924)	(2,241,297)
Net	885,917	849,942	928,907
Land	975,451	975,451	975,451
Other fixed assets	979,767	996,323	976,745
Accumulated depreciation	(847,405)	(834,980)	(847,350)
Net	132,362	161,343	129,394
Total tangible fixed assets	2,878,138	2,949,881	2,963,472
Intangible fixed assets	12,588	16,177	14,268
Investments and others			
Investments in securities *1	1,334,264	1,059,322	1,343,744
Guarantee deposits	361,864	352,379	359,918
Deferred tax assets	135,783	249,331	149,938
Financial derivatives	155,437	0	143,792
Financial derivative loss	0	256,190	0
Other investments	292,396	292,796	240,005
Allowance doubtful receivable	(87,779)	(123,219)	(88,610)
Total investment and others	2,191,966	2,086,802	2,148,788
Total fixed assets	5,082,693	5,052,860	5,126,529
Total assets	29,493,645	29,643,929	27,208,805

Thousands of yen

Liabilities and Shareholder's Equity	6-month period ended Apr. 30, 2006	6-month period ended Apr. 30, 2005	Year ended Oct. 31, 2005
Current liabilities			
Trade payables *1, 3	8,204,884	9,000,557	7,316,526
Short-term debt	2,874,345	3,327,345	2,320,060
Account payable-others	749,106	665,580	801,507
Accrued income tax	589,154	612,781	313,983
Advances from customers	131,519	92,732	134,734
Accrued employee's bonuses	687,483	652,068	11,483
Accrued officers' bonuses	23,000	0	0
Other current liabilities	256,736	256,268	1,049,580
Total current liabilities	13,516,230	14,607,334	11,947,877
Long-term liabilities			
Long-term debt	360,000	540,000	450,000
Accrued pension and severance liabilities	22,719	20,563	22,788
Officer's retirement allowance	212,015	172,625	193,910
Financial derivative gain	155,437	0	143,792
Financial derivatives	0	256,190	0
Total long-term liabilities	750,171	989,379	810,490
Total liabilities	14,266,401	15,596,713	12,758,368
Minority interests	136,200	89,130	114,324
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	12,559,635	11,688,991	11,863,794
Unrealized gains and losses on marketable securities and investments	327,702	141,425	295,905
Foreign currency translation adjustment	21,775	(54,758)	(5,744)
Issued shares reacquired *5	(362,690)	(362,193)	(362,462)
Total shareholder's equity	15,091,043	13,958,085	14,336,113
Total	29,493,645	29,643,929	27,208,805

(2) Statements of Consolidated Income

	Thousands of yen		
6-month period ended Apr. 30	2006	2005	Year ended Oct. 31, 2005
Sales	25,095,346	25,192,737	46,935,306
Cost of sales	20,507,402	20,408,110	38,802,261
Gross profit	4,587,943	4,784,626	8,133,044
Selling, general and administrative *1	3,050,391	3,125,367	6,215,744
Operating income	1,537,552	1,659,258	1,917,300
Other income			
Interests	2,153	6,716	9,185
Dividends	41,463	20,003	33,720
Rents	22,179	9,104	25,531
Foreign exchange gains	39,786	0	8,393
Sundry	19,513	21,964	59,264
Other income total	125,096	57,789	136,094
Other expenses			
Interests	32,102	26,116	55,860
Discounts on bills of exchange	1,894	617	1,290
Commitment fee	0	0	20,019
Foreign exchange losses	0	957	0
Sundry	14,114	15,013	20,831
Other expense total	48,111	42,704	98,001
Recurring profit	1,614,537	1,674,344	1,955,393
Extraordinary gains			
Realized gains on property and equipment *2	17,659	1,970	2,118
Reversal of allowance for doubtful receivables	41,446	0	0
Extraordinary gains total	59,105	1,970	2,118
Extraordinary losses			
Written-off losses on property and equipment *3	5,625	527	2,052
Unrealized losses on marketable securities	10,000	0	0
Provision for allowance for doubtful receivables	0	1,810	1,390
Extraordinary losses total	15,625	2,338	3,442
Income before income taxes	1,658,018	1,673,975	1,954,068
Income taxes			
Current	583,089	676,255	804,490
Deferred	71,358	30,788	(8,448)
Income taxes total	654,448	707,044	796,041
Gains and losses in on minority interests	16,316	2,190	18,483
Income from consolidated operations	987,253	964,740	1,139,542

(3) Consolidated Retained Earnings

	Thousands of yen		
6-month period ended Apr. 30	2006	2005	Year ended Oct. 31, 2005
Surplus at opening of the period	1,483,410	1,483,410	1,483,410
Balance, beginning of year			
Retained earnings	11,863,794	10,995,414	10,995,414
Net income (loss)	987,253	964,740	1,139,542
Total	12,851,047	11,037,547	12,134,956
Deduct:			
Cash dividend paid	249,482	229,532	229,532
Officer's bonuses	41,930	41,630	41,630
<Including Corporate Auditor's bonuses>	<11,250>	<10,290>	<10,290>
Total	291,412	271,162	271,162
Balance, end of the 6-month period and the year	12,559,635	11,688,991	11,863,794

(4) Statements of Consolidated Cash Flows

	Thousands of yen		
6-month period ended Apr. 30	2006	2005	Year ended Oct 31, 2005
Operating activities			
Net income before income taxes	1,658,018	1,673,975	1,954,068
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	170,087	158,568	319,947
Increase in accrued employees' bonuses	675,999	652,068	11,483
Increase or decrease in accrued Officer's bonuses	23,000	0	0
Increase or decrease in accrued pension and severance liabilities	(69)	(7,963)	(5,738)
Increase or decrease in officer's retirement allowance	18,105	(69,105)	(47,820)
Provision for doubtful receivables	(41,971)	89,181	9,636
Unrealized losses on investment securities	10,000	0	0
Interest and dividend income	(43,616)	(26,720)	(42,906)
Interest expense	32,102	26,116	55,860
Losses or gains on foreign exchanges	(2,307)	(8,741)	(20,841)
Realized losses or gains on property and equipment	(17,659)	(1,970)	(2,118)
Write-off loss of property and equipment	5,625	527	2,052
Increase or decrease in trade receivables	(2,799,812)	(1,203,756)	1,554,623
Increase or decrease in inventories	231,950	83,464	(272,883)
Increase or decrease in trade payables	811,611	(317,843)	(2,045,347)
Increase or decrease in account payable-others	(56,955)	1,510	134,228
Increase or decrease in advances from customers	(3,215)	(133,890)	(91,888)
Increase or decrease in accrued consumption tax	65,067	120,970	62,965
Officer's bonuses	(41,630)	(41,630)	(41,630)
Others	(1,185,163)	(841,795)	172,605
Sub total	491,133	152,968	1,706,297
Interests and dividends received	43,697	27,569	43,774
Interests paid	(35,104)	(22,045)	(49,747)
Income taxes paid	(296,461)	(793,490)	(1,231,856)
Net cash provided (used) by operating activities	(779,000)	(634,998)	468,468
Investing activities			
Increase in time deposits	0	0	(100,000)
Decrease in time deposits	0	0	100,000
Expenditures for properties and equipment	(94,155)	(112,707)	(269,267)
Proceeds from sales of properties and equipment	43,045	7,154	10,047
Acquisition of investments	(13,902)	(10,690)	(33,406)
Collection of loans receivable	20,850	24,504	45,651
Increase in loans receivable	(1,230)	(3,410)	(5,370)
Decrease in guarantee deposits	(1,466)	200,278	(6,614)
Decrease in other investments	(244)	(576)	1,120
Net cash provided (used) in investing activities	(47,102)	104,552	(257,838)
Financing activities			
Increase or decrease in short-term debt	528,783	1,014,137	(23,982)
Repayment of long-term debt	(90,000)	(115,671)	(205,671)
Reacquisition of issued shares of stocks	(228)	(242)	(510)
Cash dividends paid	(249,482)	(229,532)	(229,532)
Net cash provided (used) in financing activities	189,072	668,690	(459,697)
Cash and cash equivalents			
Effect of exchange rate changes	7,201	(2,251)	25,400

Increase (decrease) in cash and cash equivalents	(629,829)	135,992	(223,667)
Cash and cash equivalents at the beginning of year	1,511,339	1,735,006	1,735,006
Cash and cash equivalents at end of the 6-month period *1	881,510	1,870,999	1,511,339

Basis of Financial Statements and Summary of Significant Accounting Policies

Significant basic matters in preparing consolidated financial statements

1. Scope of consolidation:

6-month period ended April 30, 2006:

- (1) Number of consolidated subsidiaries: 6
Names of consolidated subsidiaries are
Tomoe Machinery Co., Ltd.
Tomoe Machinery Service Co., Ltd.
Interstella Co., Ltd.
Interstella Plastics (Shenzhen) Co., Ltd.
Tomoe Engineering (Suzhou) Co., Ltd.
Tomoe Engineering (Hong Kong) Co., Ltd.
- (2) Names of main unconsolidated subsidiaries:
Tomoe Butsuryu Co., Ltd.
Tomoe Wine & Spirits Co., Ltd.

Reason for excluding from scope of consolidation:

Above two unconsolidated subsidiaries are excluded from scope of consolidation because they are small-scale companies and their total assets, sales, net income and loss for this consolidated 6-month period (in amount appropriate for equity) and retained earnings (in amount appropriate for equity) have no significant effects on this 6-month consolidated financial statements.

6-month period ended April 30, 2005:

- (1) Number of consolidated subsidiaries: 6
Names of consolidated subsidiaries are
Tomoe Machinery Co., Ltd.
Tomoe Machinery Service Co., Ltd.
Interstella Co., Ltd.
Interstella Plastics (Shenzhen) Co., Ltd.
Tomoe Engineering (Suzhou) Co., Ltd.
Tomoe Engineering (Hong Kong) Co., Ltd.
- (2) Names of main unconsolidated subsidiaries:
Tomoe Butsuryu Co., Ltd.
Tomoe Wine & Spirits Co., Ltd.

Note that Tomoe Engineering (Hong Kong) Co., Ltd. is the 100% owned subsidiary founded in November 2004 and we include it in the scope of the consolidation from this consolidated 6-month period.

Reason for excluding from scope of consolidation:

Same as the above for the 6-month ended April 30, 2006.

Year ended October 31, 2005:

- (1) Number of consolidated subsidiaries: 6
Tomoe Machinery Co., Ltd.
Tomoe Machinery Service Co., Ltd.
Interstella Co., Ltd.
Interstella Plastics (Shenzhen) Co., Ltd.
Tomoe Engineering (Suzhou) Co., Ltd.
Tomoe Engineering (Hong Kong) Co., Ltd.

Note that Tomoe Engineering (Hong Kong) Co., Ltd. is the 100% owned subsidiary

founded in November 2004 and we include it in the scope of the consolidation from this consolidated fiscal year.

(2) Names of main unconsolidated subsidiaries:

Tomoe Butsuryu Co., Ltd.
Tomoe Wine & Spirits Co., Ltd.

Reason for excluding from scope of consolidation:

Above two unconsolidated subsidiaries are excluded from scope of consolidation because they are small-scale companies and their total assets, sales, net income and loss for this fiscal term (in amount appropriate for equity) and retained earnings (in amount appropriate for equity) have no significant effects on this consolidated financial statements.

2. Matters related to applying equity method:

6-month period ended April 30, 2006:

- (1) Number of unconsolidated subsidiaries equity method is applied: None
- (2) Number of consolidated subsidiaries equity method is applied: None
- (3) Names of main unconsolidated subsidiaries and affiliated companies equity method is not applied:
Tomoe Butsuryu Co., Ltd.
Tomoe Wine & Spirits Co., Ltd.

Reason for not applying equity method:

Investments in the above two unconsolidated subsidiaries are appraised by cost method instead of equity method as they have no major effects on net income or loss, retained earnings, etc. for this 6-month consolidated period and are not important in totality.

6-month period ended April 30, 2005:

- (1) Number of unconsolidated subsidiaries equity method is applied: None
- (2) Number of consolidated subsidiaries equity method is applied: None
- (3) Names of main unconsolidated subsidiaries and affiliated companies equity method is not applied:
Tomoe Butsuryu Co., Ltd.
Tomoe Wine & Spirits Co., Ltd.

Reason for not applying equity method: Same as the above 6-month ended April 30, 2006.

Year ended October 31, 2005:

- (1) Number of unconsolidated subsidiaries equity method is applied: None
- (2) Number of consolidated subsidiaries equity method is applied: None
- (3) Names of main unconsolidated subsidiaries and affiliated companies equity method is not applied:
Tomoe Butsuryu Co., Ltd.
Tomoe Wine & Spirits Co., Ltd.

Reason for not applying equity method:

Investments in the above two unconsolidated subsidiaries are appraised by cost method instead of equity method as they have no major effects on net income or loss, retained earnings, etc. for this consolidated fiscal year and are not important in totality.

3. Business year, etc. of consolidated subsidiaries:

6-month period ended April 30, 2006:

As the 6-month fiscal term of Interstella Co., Ltd., Interstella Plastics (Shenzhen) Co., Ltd., and Tomoe Engineering (Suzhou) Co., Ltd. ends on June 30, their accounts are provisionally closed on March 31 of the respective fiscal term and Tomoe Engineering (Hong Kong) Co., Ltd. ends on March 31. Therefore, as for 4 companies including Tomoe Hong Kong, necessary

adjustments required for consolidation are made on important transactions among consolidated companies from April 1 to the closing date.

6-month period ended April 30, 2005:

Same as the above 6 month ended April 30, 2006

Year ended October 31, 2005:

As the fiscal term of Interstella Co., Ltd., Interstella Plastics (Shenzhen) Co., Ltd., and Tomoe Engineering (Suzhou) Co., Ltd. ends on December 31, their accounts are provisionally closed on September 30 of the respective fiscal term and Tomoe Engineering (Hong Kong) Co., Ltd. ends on September 30. Therefore, as for 4 companies including Tomoe Hong Kong, necessary adjustments required for consolidation are made on important transactions among consolidated companies from October 1 to the closing date.

4. Accounting procedure standard:

6-month period ended April 30, 2006:

(1) Appraisal standard and appraisal method for important assets:

1) Appraisal standard and appraisal method for securities:

Other securities

Assets with market value:

Market value method based on market value, etc. on the closing date of 6-month term (All of appraisal differences are processed by capital infusion method and cost of sales is calculated by moving average method.)

Assets without market value:

Cost method by moving average method

2) Appraisal standard and appraisal method for inventories:

Goods: Cost method based on moving average method (cost method based on individual method for certain specific goods)

Finished products and products in process: Mainly cost method based on individual method

Raw materials: Mainly cost method based on first-in first-out method

Supplies: Last cost method

(2) Depreciation method for important depreciation assets:

1) Tangible fixed assets:

Fixed rate method is mainly applied for depreciation, while fixed amount method is applied for the buildings excluding accessory equipment acquired on or after April 1, 1998.

Meanwhile, service lives of the main assets are as follows:

Buildings and structures: 5~47 years

Machinery and vehicles: 2~15 years

(Depreciation assets of small amount)

Assets with acquisition price of ¥100,000 - less than ¥200,000 will be accounted for as assets, and method of equal installment in three years is adopted for depreciation.

2) Intangible fixed assets:

Software: Equal installment method based on estimated utilizable period (5 years) is adopted.

(3) Allocation standard of important reserves:

1) Allowance for doubtful receivables:

Mainly preparing for bad debts, estimated non-recoverable amount is accounted for by loss ratio for general debts and collectability of specific debts such as doubtful debt is taken into consideration individually.

2) Accrued bonuses:

To appropriate for bonuses in accordance with our pay regulation for employees, accrued bonuses are accounted based on estimated amount to be supplied.

3) Accrued officers' bonuses:

To appropriate for officers' bonuses, accrued officers' bonuses are accounted based on estimated amount to be supplied.

(Additional information)

From this 6-month consolidated accounting period, accrued officers' bonuses are processed on an accrual basis in accordance with the handling rule of Accounting Standard Committee. As a result, in comparison with the result based on the traditional accounting method, operating profits, recurring profits and 6-month net profits before adjustments of taxes, etc. are decreased by 23,000,000 yen respectively.

4) Accrued pension and severance liabilities:

Preparing for employee's accrued pension, the amount acknowledged being incurred as of the end of the this consolidated 6-month period is accounted for based on estimated amount of accrued pension debts and pension assets as of the end of the current consolidated fiscal term.

Meanwhile, mathematical calculation difference is processed proportionately as cost in each consolidated fiscal term of its occurrence by equal installment method based on certain number of years (10 years) within employees' average remaining work period.

5) Officer's retirement allowance:

Payable allowances at the end of 6-month period based on the bylaw are appropriated to prepare for payment of officer's retirement allowances.

(4) Process method of important lease transaction:

Finance lease transactions other than those in which ownership of leased objects is acknowledged being transferred to lessee are processed in accordance with the method for ordinary rental transactions.

(5) Method of important hedge accounting:

1) Method of hedge accounting:

Deferred hedge accounting is adopted.

For exchange contracts and currency swaps, appropriated process is adopted if requirements for appropriated process are satisfied. Special process is adopted for interest swaps if requirements for special process are satisfied.

2) Means for hedging and objects for hedging:

<u>Means for hedging</u>	<u>Objects for hedging</u>
Interest swaps	Interest rate fluctuation on borrowings
Exchange contracts and currency swaps	Exchange rate fluctuation for debts and credits in foreign currencies

3) Hedge policy:

We hedge risks against fluctuation of exchange rate, interest rate, etc. In principle, we hedge risks based on actual demand and no derivative transactions are made for speculation purpose.

4) Appraisal method of hedge effectiveness:

We make our hedge transactions in accordance with our risk management method and acknowledge that the correlation between means for hedging against fluctuation of exchange rate, interest rate, etc. and objects for hedging are completely justified.

(6) Other important matters in preparing consolidated financial statement:

1) Accounting procedure for consumption tax, etc.:

Accounting procedure for consumption tax and local consumption tax is in accordance with net of tax method.

2) Handling of various reserves, etc. for calculation of tax amount, etc.:

Income taxes such as current and deferred for this 6-month consolidated accounting period are calculated on the premise of accumulation and disposition of reserves projected for this consolidated accounting period in accordance with the rules and regulations of corporate tax law, etc.

6-month period ended April 30, 2005: Same as the above for the 6-month ended April 30, 2006 except for:

(3) 3) Accrued officers' bonuses: N/A

Year ended October 31, 2005: Same as the above for the 6-month ended April 30, 2005 except for:

(1) 1) Appraisal standard and appraisal method for securities:

Other securities

Assets with market value:

Market value method based on market value, etc. on the closing date of the fiscal term (All of appraisal differences are processed by capital infusion method and cost of sales is calculated by moving average method.)

Assets without market value:

Cost method by moving average method

(3) 2) Accrued bonuses:

To appropriate for bonuses in accordance with our pay regulation for employees of consolidated subsidiaries, accrued bonuses are accounted based on estimated amount to be supplied.

(3) 3) Accrued officers' bonuses: N/A

(3) 4) Accrued pension and severance liabilities:

Preparing for employee's accrued pension, the amount acknowledged being incurred as of the end of the current consolidated fiscal term is accounted for based on estimated amount of accrued pension debts and pension assets as of the end of the current consolidated fiscal term .

Meanwhile, mathematical calculation difference is processed proportionately as cost in each consolidated fiscal term of its occurrence by equal installment method based on certain number of years (10 years) within employees' average remaining work period.

(3) 5) Officer's retirement allowance:

Payable allowances at the end of the fiscal term based on the bylaw are appropriated to prepare for payment of officer's retirement allowances.

(6) 2) Handling of various reserves, etc. for calculation of tax amount, etc.: N/A

5. Range of funds in consolidated cash flow statement:

6-month period ended April 30, 2006:

Funds (cash, cash equivalent, etc.) in consolidated 6-month period cash flow statement consist of cash on hand, deposits derivable as needed and easily convertible and yet short-term investments with maturity date within 3 months from acquisition date bearing small risks only in price fluctuation.

6-month period ended April 30, 2005: Same as the above for the 6-month ended April 30, 2006

Year ended October 31, 2005:

Funds (cash, cash equivalent, etc.) in consolidated cash flow statement consist of cash on hand, deposits derivable as needed and easily convertible and yet short-term investments with maturity date within 3 months from acquisition date bearing small risks only in price fluctuation.

Description Changes:

6-month period ended April 30, 2006: None

6-month period ended April 30, 2005: None

Year ended October 31, 2005:

(Profit-and-Loss Statement)

The amount of "commitment fee" was included in "Sundry" of "other expenses" in the previous consolidated fiscal term, but this expense item is stated separately in the current consolidated fiscal term since it exceeded 10/100 of the total amount of "other expenses."

In the meantime, the amount of "commitment fee" in the previous consolidated fiscal term was 9,257 thousand yen.

Additional Information:

6-month period ended April 30, 2006: None

6-month period ended April 30, 2005: None

Year ended October 31, 2005:

(Pro Forma Standard Taxation)

The "Law on amendment of part of Local Tax Law, etc." (Law No. 9 of 2003) was officially announced on March 31, 2003 and the Pro Forma Standard Taxation System was introduced for fiscal term commencing April 1, 2004 or later. Added value allocation of corporate enterprise tax and capital allocation are hereby accounted for in selling expense and general and administration expenses in accordance with the handling rule of Business Accounting Standard Committee.

As a result, selling expense and general and administration expenses were increased by 29,625 thousand yen and operating income, recurring profit and income before income tax for the current consolidated fiscal term were decreased by the same amount respectively.

Notes to Consolidated Financial Statements

(Consolidated balance sheet)

6-month period ended Apr. 30, 2006

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: 223,081 | accounts payable: 162,684 |
- 2 Contingent liabilities:
Liabilities for guarantee:
Liabilities for guarantee on bank borrowings for home ownership financing of employees:
Employees (home ownership financing for employees) 16,837
- *3 Term-end maturing bills are cleared on bill clearing date. Since the last day of the current consolidated 6-month period was holiday for banking institutions, bills maturing on the last day of the succeeding fiscal term are included in term-end balance.
- | | |
|------------------|---------|
| Bills receivable | 359,751 |
| Bills payable | 154,707 |
- *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 | 554,004 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 amount of loan | 6,350,000 |
| commitment in total | |
| <u>Balance of executed borrowings</u> | <u>2,015,000</u> |
| Balance | 4,335,000 |

6-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 6-month period was holiday for banking institutions, bills maturing on the last day of the succeeding fiscal term are included in term-end balance.

Bills receivable	629,106
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 amount of loan commitment in total	6,650,000
Balance of executed borrowings	2,134,000
Balance	4,516,000

Year ended October 31, 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: 199,072	accounts payable: 144,872

2 Contingent liabilities:

* Liabilities for guarantee:

Liabilities for guarantee on bank borrowings for home ownership financing of employees:

Employees (home ownership financing for employees) 18,831

*3 None

*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 553,915 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 amount of loan commitment in total	6,650,000
Balance of executed borrowings	1,022,000
Balance	5,628,000

(Consolidated profit and loss statement)

6-month period ended Apr. 30, 2006

Thousands of yen

*1	Main expense items and amount in selling, general and administrative costs are as follows:	
	Packing and freight costs	399,123
	Pension and severance costs	44,284
	Provision for officer's retirement allowance	18,105
	Employee's salary costs	803,546
	Provision for accrued employees' bonuses	425,961
	Provision for accrued officers' bonuses	23,000
	Welfare costs	200,666
	Traveling and transportation costs	156,447
	Depreciation costs	46,789
	Rent	180,747
*2	Realized gains on property and equipment::	
	Machinery and vehicle	16,677
	Others	982
	Total	17,659
*3	Written-off losses on property and equipment:	
	Machinery and vehicle	4,427
	Others	1,198
	Total	5,625

6-month period ended Apr. 30, 2005

Thousands of yen

*1	Main expense items and amount in selling, general and administrative costs are as follows:	
	Packing and freight costs	414,220
	Pension and severance costs	65,281
	Provision for officer's retirement allowance	21,285
	Employees' salary costs	803,985
	Provision for accrued employee's bonuses	415,322
	Welfare costs	187,720
	Traveling and transportation costs	166,910
	Depreciation costs	43,656
	Rent	178,891
*2	Realized gains on property and equipment::	
	Machinery and vehicle	1,970
*3	Written-off losses on property and equipment:	
	Machinery and vehicle	318
	Others	209
	Total	527

Year ended October 31, 2005

Thousands of yen

*1	Main expense items and amount in selling, general and administrative costs are as follows:	
	Packing and freight costs	799,150
	Pension and severance costs	132,703
	Provision for officer's retirement allowance	42,570
	Employee's salary costs	1,837,583
	Welfare costs	401,474
	Provision for accrued employees' bonuses	11,483
	Provision for doubtful receivables allowance	46,828
	Traveling and transportation costs	334,339
	Depreciation costs	102,857
	Rent	353,243
	Fatigue duty costs	2,339
*2	Realized gains on property and equipment::	
	Machinery and vehicle	2,118
*3	Written-off losses on property and equipment:	
	Machinery and vehicle	644
	Others	1,407
	Total	2,052

(Consolidated cash flow statement)

6-month period ended Apr. 30, 2006

Thousands of yen

*1 6-month period balance of cash and cash equivalent and relation with the amount of the accounts listed in the consolidated 6-month period balance sheet:

Cash and deposit account	981,510
Time deposits over three months	(100,000)
Cash and cash equivalents	881,510

6-month period ended Apr. 30, 2005

Thousands of yen

*1 6-month period balance of cash and cash equivalent and relation with the amount of the accounts listed in the consolidated 6-month period balance sheet:

Cash and deposit account	1,970,999
Time deposits over three months	(100,000)
Cash and cash equivalents	1,870,999

Year ended October 31, 2005

Thousands of yen

*1 Fiscal year-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	1,611,339
Time deposits over three months	(100,000)
Cash and cash equivalents	1,511,339

(Segment information)

1. Segment by type of business:

6-month period ended Apr. 30, 2006

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	7,172,164	17,923,181	25,095,346	-	25,095,346
(2) Internal sales among segments or amount transferred	-	-	-	-	-
Total	7,172,164	17,923,181	25,095,346	-	25,095,346
Operating costs	6,287,796	17,269,998	23,557,794	-	23,557,794
Operating profits	884,368	653,183	1,537,552	-	1,537,552

6-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

Year ended Oct. 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	12,600,789	34,334,516	46,935,306	-	46,935,306
(2) Internal sales among segments or amount transferred	-	-	-	-	-
Total	12,600,789	34,334,516	46,935,306	-	46,935,306
Operating costs	11,627,905	33,390,100	45,018,005	-	45,018,005
Operating profits	972,883	944,416	1,917,300	-	1,917,300

(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:

6-month period ended Apr. 30, 2006

Thousands of yen

	Japan	Asia	Total	Deletion or total company	Consolidated
I. Sales and operating profits:					
Sales					
(1) Sales to unaffiliated customers	21,317,551	3,777,794	25,095,346	-	25,095,346
(2) Internal sales among segments or amount transferred	148,242	242	148,484	(148,484)	-
Total	21,465,794	3,778,036	25,243,830	(148,484)	25,095,346
Operating costs	20,078,076	3,628,604	23,706,681	(148,886)	23,557,794
Operating profits	1,387,717	149,432	1,537,149	402	1,537,552

6-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

Year ended Oct. 31, 2005

Thousands of yen

	Japan	Asia	Total	Deletion or total company	Consolidated
I. Sales and operating profits:					
Sales					
(1) Sales to unaffiliated customers	38,799,296	8,136,009	46,935,306	-	46,935,306
(2) Internal sales among segments or amount transferred	233,038	25,253	258,291	(258,291)	-
Total	39,032,334	8,161,262	47,193,597	(258,291)	46,935,306
Operating costs	37,413,645	7,879,101	45,292,746	(274,740)	45,018,005
Operating profits	1,618,689	282,161	1,900,850	16,449	1,917,300

(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:

6-month period ended Apr. 30, 2006

Thousands of yen

	Asia	Other regions	Total
I. Overseas sales	4,305,862	231,923	4,537,786
II. Consolidated sales	-	-	25,095,346
III. Percentage of overseas sales for consolidated sales	17.2%	0.9%	18.1%

6-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%

Year ended Oct. 31, 2005

Thousands of yen

	Asia	Other regions	Total
I. Overseas sales	10,629,098	899,979	11,529,077
II. Consolidated sales	-	-	46,935,306
III. Percentage of overseas sales for consolidated sales	22.7%	1.9%	24.6%

(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:

6-month period ended Apr. 30, 2006		Thousands of yen		
	Acquisition price equivalent	Accumulated depreciation equivalent	Accumulated depletion loss equivalent	Term-end outstanding balance
Machinery and vehicles	21,500	16,483	0	5,016
Tools & equipment	176,455	92,733	0	83,722
Total	197,955	109,216	0	88,738

6-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	132,678

Year ended Oct. 31, 2006		Thousands of yen		
	Acquisition price equivalent	Accumulated depreciation equivalent	Accumulated depletion loss equivalent	Term-end outstanding balance
Machinery and vehicles	21,500	14,333	0	7,166
Tools & equipment	217,573	116,857	0	100,716
Total	239,073	131,190	0	107,882

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

6-month period ended	Apr. 30, 2006	Apr. 30, 2005	Year ended Oct. 30, 2006
Term-end balance equivalent of unexpired lease fee			
Within 1 year	39,016	46,766	41,549
Exceeding 1 year	52,865	89,562	69,746
Total	91,881	136,328	111,296

Outstanding balance of lease assets depletion account 0 0 0

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

6-month period ended	April 30, 2006	April 30, 2005	Year ended Oct. 30, 2006
Lease fee paid	22,727	28,317	54,515
Amount withdrawn from lease assets depletion account	0	0	0
Depreciation cost equivalent	21,521	26,761	51,499
Interests paid equivalent	986	1,483	2,707
Depletion loss	0	0	0

4. Calculation method of depreciation cost equivalent:

6-month period ended Apr. 30, 2006

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

6-month period ended Apr. 30, 2005

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

Year ended Oct. 31, 2005

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

5. Calculation method of interests equivalent:

6-month period ended Apr. 30, 2006

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.

6-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.

Year ended Oct. 31, 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.

(Securities)6-month period ended Apr. 30, 2006

1. Other securities with market value:

Thousands of yen

Classification	Acquisition cost	Amount accounted for balance sheet	Difference
(1) Stocks	384,931	922,746	537,814
(2) Others	11,368	11,940	571
Total	396,300	934,686	538,386

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)	348,077
Total	348,077
Stocks of subsidiary companies and affiliated companies: Stocks of subsidiary companies	51,500
Total	51,500

6-month period ended Apr. 30, 2005

1. 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

Year ended Oct. 31, 2005

1. Other securities with market value: Thousands of yen

Classification	Acquisition cost	Amount accounted for balance sheet	Difference
(1) Stocks	378,032	862,915	484,883
(2) Others	11,368	10,000	(1,368)
Total	389,400	872,915	483,515

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)	419,328
Total	419,328
Stocks of subsidiary companies and affiliated companies:	
Stocks of subsidiary companies	51,500
Total	51,500

(Derivative transactions)

6-month period ended Apr. 30, 2006

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.

6-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.

Year ended Oct. 31, 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.

5. Situation of Manufacturing, Order Receiving and Sales

(1) Results of manufacturing:

Results of manufacturing by type of segment in the 6-month period ended Apr. 30, 2006 are as follows:

Business by type of segment	Output (Thousands of yen)	Year-on-year comparison (%)
Machinery manufacturing	7,086,665	(4.6)
	[761,793]	[(44.4)]
Total	7,086,665	(4.6)
	[761,793]	[(44.4)]

(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	6,681,565	30.0	5,510,279	33.4
	[3,139,903]	[174.5]	[3,295,072]	[77.2]
Total	6,681,565	30.0	5,510,279	33.4
	[3,139,903]	[174.5]	[3,295,072]	[77.2]

(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	7,172,164	(5.8)
	[755,989]	[(44.1)]
Chemical products sales	17,923,181	2.0
	[3,781,797]	[(14.5)]
Total	25,095,346	(0.4)
	[4,537,786]	[(21.4)]

(Notes)

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

