

## Consolidated and Non-Consolidated Financial Results for the First Quarter Ended January 31, 2010

Date: March 8, 2010  
 Company Name and Code: Tomoe Engineering Co., Ltd. and Subsidiaries - 6309  
 (Website: [http://www.tomo-e.co.jp/index\\_e.html](http://www.tomo-e.co.jp/index_e.html))  
 Stock Exchange Listing: 1<sup>st</sup> Section, Tokyo Stock Exchange  
 Head Office: 2-2, Osaki 1-chome, Shinagawa-ku, Tokyo, Japan  
 President: Noboru Shiono  
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 Date to report Consolidated Quarterly Financial Statement: March 15, 2010  
 Date for Dividend Payment:

\* Any fractional sums less than one million (or one thousand) yen are disregarded.

### 1. Consolidated Financial Data for the First Quarter Ended January 31, 2010

(1) Results of Operation (Consolidated) (Percent: Change from the same quarter of the previous year)

	Net Sales		Operating Income		Ordinary Income	
	Millions of Yen	Percent	Millions of Yen	Percent	Millions of Yen	Percent
Quarter Ended January 31, 2010	7,955	(16.7)	169	(16.0)	174	159.2
Quarter Ended January 31, 2009	9,546	-	201	-	67	-

	Net Income		Net Income per Share	Fully Diluted Quarterly Net Income per Share
	Millions of Yen	Percent	Yen	Yen
Quarter Ended January 31, 2010	203	-	20. <sup>39</sup>	-
Quarter Ended January 31, 2009	(22)	-	(2. <sup>28</sup> )	-

(2) Financial Condition (Consolidated)

	Total Assets (A) (Millions of Yen)	Net Assets (B) (Millions of Yen)	Net Assets Ratio (B) / (A) (Percent)	Net Assets per Share (Yen)
Quarter Ended January 31, 2010	26,596	17,872	66.1	1,762. <sup>46</sup>
Year Ended October 31, 2009	26,412	17,921	66.8	1,767. <sup>97</sup>

(Reference) Net assets (not including minority interests):

First Quarter ended January 31, 2010: 17,587 million yen

Year ended October 31, 2009: 17,642 million yen

### 2. Dividend Status

(Record Date)	Dividend per Share (Yen)				
	First Quarter	Interim Term	Third Quarter	End of Fiscal Year	Annual
Year Ended October 31, 2009	-	-	-	30. <sup>00</sup>	30. <sup>00</sup>
Year Ending October 31, 2010	-				
Year Ending October 31, 2010 (Prospect)			-	30. <sup>00</sup>	30. <sup>00</sup>

(Note) Correction of the prospected dividend for this quarter: None

### 3. Forecast for Earnings for the Year Ending October 31, 2010 (Consolidated)

(Percent: Change from the previous quarter)

	Net Sales		Operating Income		Ordinary Income	
	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)
2 <sup>nd</sup> Quarter YTD (consolidated)	20,500	3.4	1,130	(17.6)	1,130	(24.7)
Full Business Year	39,500	8.8	1,730	9.1	1,750	3.7

	Net Income		Net Income per Share
	(Millions of Yen)	(Percent)	Yen
2 <sup>nd</sup> Quarter YTD (consolidated)	730	(12.9)	73. <sup>15</sup>
Full Business Year	1,100	10.7	110. <sup>23</sup>

(Note) Correction of the prospected earnings for this quarter: None

### 4. Others

(1) Significant changes in subsidiaries during this quarter (changes in specific subsidiaries involving changes in the scope of consolidation): None

(2) Adoption of simplified accounting method and the specific accounting method in preparing the consolidated quarterly financial statements: Yes

(Note) For details, refer to 4. Other Information, [Qualitative Information and Financial Statements, etc.] on p.4.

(3) Change of the principle, procedure, and representation of the accounting policies concerning the preparation of consolidated quarterly financial statements (Changes to be described in "Change in the Basis of Presenting Consolidated Quarterly Financial Statements")

1) Change due to revision of accounting standard: Yes

2) Other changes: None

(Note) For details, refer to 4. Other Information, [Qualitative Information and Financial Statements, etc.] on p.4.

(4) Number of outstanding shares (Ordinary shares)

1) Number of outstanding shares as of quarter-end and year-end (including treasury stocks)

At January 31, 2010: 10,533,200 shares      At October 31, 2009: 10,533,200 shares

2) Number of treasury stocks as of quarter-end and year-end

At January 31, 2010: 554,328 shares      At October 31, 2009: 554,298 shares

3) Number of average shares during consolidated First quarters

At January 31, 2010: 9,978,886 shares      At January 31, 2009: 9,978,952 shares

\*Explanations for appropriate use of the earnings forecast and other special instructions

The forward-looking statements such as a forecast of our financial results described herein are based on the information currently available to us and certain assumptions that we believe are reasonable. Actual results could differ materially due to various factors.

## **[Qualitative Information and Financial Statements, etc.]**

### **1. Qualitative Information on Consolidated Operating Results:**

#### (1) General operating results

During the first quarter Japan's economy benefitted from several positive changes, including a recovery in exports, and production exhibited a brisk level of activity. On the other hand, personal consumption remained flat against the backdrop of no growth in the number of workers employed and stagnant wages, and with deflationary pressures becoming stronger there were no signs of expansion in capital investment.

Given such circumstances, consolidated net sales for the Tomoe Engineering Group for the first quarter were 7,955 million yen, 16.7% down from the same period last year. Net sales for the Chemical Products Business were basically unchanged from the previous year, while the Machinery & Equipment Business experienced a lower level of activity reflecting the large-scale overseas sales in the previous year. As a result, consolidated operating income was 169 million yen, 16.0% down from the same period last year. Ordinary income, however, was 174 million yen, 159.2% up from the same period last year because of a smaller loss on valuation of derivatives. Following the addition of extraordinary income that included a gain on sales of investments securities, net income for the quarter was 203 million yen, compared with a 22 million yen net loss in the same period last year.

#### (2) Machinery & Equipment Business

In the Machinery & Equipment Business, consolidated net sales were 1,332 million yen, 53.7% down from the same period last year, which mainly reflected completion of the large-scale machinery shipments for the chemical industry in Poland in the same period one year ago. Although earnings were affected positively by a decline in the cost rate, consolidated earnings for this sector changed to a loss of 129 million yen, from a profit of 41 million yen in the same period last year, mainly because of the lower net sales.

#### (3) Chemical Products Business

In the Chemical Products Business, sales of some commercial products slipped in the industrial materials business and the advanced materials business, in contrast to the electronic materials business, where net sales remained strong thanks to a recovery in semiconductor-related demand. As a result, the consolidated net sales for all sectors were 6,623 million yen, 0.7% down from the same period last year. From a profit perspective, on the other hand, earnings were boosted by the growth in net sales of commercial products enjoying relatively high profit margins in the electronic materials business and the fine chemicals business, together with the effects of spending reductions, and consolidated operating income was 298 million yen, 86.1% up from the same period last year.

### **2. Qualitative Information on Consolidated Financial Position:**

#### (1) Assets, Liabilities, and Net Assets

Total assets at the end of the consolidated first quarter under review increased by 184 million yen (0.7%) from the end of the previous consolidated fiscal year (consolidated fiscal year ended October 31, 2009) to 26,596 million yen (mainly due to an increase in inventories and other current assets, which exceeded the decrease in noncurrent assets resulting from depreciation and sales of investments securities).

Total liabilities increased by 233 million yen (2.8%) from the end of the previous consolidated fiscal year to 8,724 million yen, mainly due to the increase in notes and accounts payable-trade, advances received and accounts payable-other, which exceeded decreases in provision for bonuses and other accounts. Net assets decreased by 49 million yen (0.3%) from the end of the previous consolidated fiscal year to 17,872 million, due mainly to cash dividends paid.

As a result, the net assets ratio at the end of the consolidated first quarter under review decreased by 0.7 points to 66.1% from the end of the previous consolidated fiscal year.

## (2) Cash Flow Status

Cash and cash equivalents as of the end of the consolidated first quarter under review decreased by 1,817 million yen to 2,630 million yen from the end of the previous consolidated fiscal year. The status of each cash flow and their factors during the first quarter are as follows:

### (Net Cash Provided by (Used in) Operating Activities)

Inventories increased by 1,391 million yen, and the provision for bonuses decreased by 472 million yen. As a result of these and other changes, net cash used in operating activities was 689 million yen.

### (Net Cash Provided by (Used in) Investment Activities)

Net cash used in investment activities was 835 million yen. This mainly reflected 1,000 million yen in funds used to increase time deposits, which exceeded the proceeds from sales of investment securities and changes in other accounts.

### (Net Cash Provided by (Used in) Financing Activities)

Net cash used in financing activities was 306 million yen, mainly for cash dividends paid.

## 3. Qualitative Information on Consolidated Earnings Forecast:

There are no changes to the six-month period and full business year projections included in the Forecast for the Year Ending October 2010 (Consolidated) that we released on December 10, 2009.

## 4. Other Information

(1) Changes in important subsidiaries during this quarter (Changes in specific subsidiaries involving changes in the scope of consolidation): None

(2) Adoption of simplified accounting method and the specific accounting method in presenting the consolidated quarterly financial statements

Calculation method of depreciation of noncurrent assets:

For the assets adopting the declining-balance method, we adopt the method to calculate the amount of depreciation for the consolidated fiscal year by dividing the period proportionally.

(3) Change of the principle, procedure, and representation of the accounting policies concerning the preparation of consolidated financial statements

Change of accounting policy for reporting balance of completed contracts and cost of completed contracts

We have traditionally reported revenues and costs of construction contracts by applying the completed-contract method. Beginning from the first quarter consolidated accounting period, we will apply the Accounting Standard for Construction Contracts (Accounting Standards Board of Japan Statement No. 15, December 27, 2007) and the Guidance on Accounting Standard for Construction Contracts (Accounting Standards Board of Japan Implementation Guidance No. 18, December 27, 2007). Beginning from works contracts for which construction activity was begun during the consolidated first quarter period under review, we will apply the percentage of completion method for works for which the outcome of the construction activity is deemed certain by the end of the consolidated first quarter period, and will apply the completed-contract method for all other works.

For the consolidated first quarter under review, this change did not have a material effect on our earning and business segment information, because we did not have any contracts that fulfilled the requirements for application of the percentage of completion method.

## 5. Consolidated Financial Statement

### (1) Consolidated Quarterly Balance Sheets

(Thousands of Yen)

Assets	End of First Quarter (January 31, 2010)	Summarized Balance Sheet for End of Previous Year (October 31, 2009)
<b>Current Assets</b>		
Cash and Deposits	3,630,205	4,447,793
Notes and Accounts Receivable-Trade	11,700,809	11,995,465
Merchandise and Finished Goods	3,417,309	2,591,153
Work in Process	1,360,047	914,572
Raw Materials and Supplies	928,657	787,926
Deferred Tax Assets	304,706	398,437
Others	380,902	356,812
Allowance for Doubtful Accounts	(20,933)	(34,896)
<b>Total Current Assets</b>	<b>21,701,704</b>	<b>21,457,266</b>
<b>Noncurrent Assets</b>		
Property, Plant and Equipment		
Buildings and Structures	2,525,099	2,522,652
Accumulated Depreciation	(1,456,456)	(1,433,070)
Buildings and Structures, Net	1,068,642	1,089,581
Machinery, Equipment and Vehicles	3,438,808	3,400,759
Accumulated Depreciation	(2,529,344)	(2,482,626)
Machinery, Equipment and Vehicles, Net	909,463	918,132
Land	970,253	970,253
Lease Assets	88,451	88,451
Accumulated Depreciation	(35,036)	(29,614)
Lease Assets, Net	53,415	58,837
Others	960,545	956,862
Accumulated Depreciation	(876,707)	(869,884)
Others, Net	83,837	86,978
<b>Total Property, Plant and Equipment</b>	<b>3,085,612</b>	<b>3,123,783</b>
Intangible Assets	51,965	48,713
Investments and Other Assets		
Investment Securities	854,059	903,416
Guarantee Deposits	413,101	410,359
Deferred Tax Assets	48,697	53,522
Others	521,467	506,668
Allowance for Doubtful Accounts	(79,946)	(91,282)
<b>Total Investments and Other Assets</b>	<b>1,757,378</b>	<b>1,782,685</b>
<b>Total Noncurrent Assets</b>	<b>4,894,956</b>	<b>4,955,182</b>
<b>Total Assets</b>	<b>26,596,661</b>	<b>26,412,448</b>

(Thousands of Yen)

<b>Liabilities and Net Assets</b>	<b>End of First Quarter (January 31, 2010)</b>	<b>Summarized Balance Sheet for End of Previous Year (October 31, 2009)</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes and Accounts Payable-Trade	5,882,104	5,430,683
Short-Term Loans Payable	705,615	692,481
Lease Obligations	27,455	28,107
Accounts Payable-Others	489,839	427,104
Income Taxes Payable	26,488	53,760
Advances Received	437,739	243,984
Provision for Bonuses	319,820	791,939
Provision for Directors' Bonuses	13,876	48,470
Allowance for Product Warranty	148,180	154,997
Others	311,899	294,512
<b>Total Current Liabilities</b>	<b>8,363,019</b>	<b>8,166,042</b>
<b>Noncurrent Liabilities</b>		
Lease Obligations	39,991	46,686
Provision for Retirement Benefits	31,423	29,034
Provision for Directors' Retirement Benefits	142,760	142,760
Deferred Tax Liabilities	81,393	50,901
Derivatives	65,862	55,478
<b>Total Noncurrent Liabilities</b>	<b>361,430</b>	<b>324,861</b>
<b>Total Liabilities</b>	<b>8,724,449</b>	<b>8,490,904</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Capital Stock	1,061,210	1,061,210
Capital Surplus	1,483,410	1,483,410
Retained Earnings	15,461,666	15,557,577
Treasury Stock	(363,081)	(363,045)
<b>Total Shareholders' Equity</b>	<b>17,643,204</b>	<b>17,739,152</b>
<b>Valuation and Translation Adjustments</b>		
Valuation Difference on Available-for-Sale Securities	89,867	77,749
Deferred Gains or Losses on Hedges	(264)	(712)
Foreign Currency Translation Adjustment	(145,460)	(173,790)
<b>Total Valuation and Translation Adjustments</b>	<b>(55,857)</b>	<b>(96,753)</b>
<b>Minority Interests</b>		
	284,863	279,145
<b>Total Net Assets</b>	<b>17,872,211</b>	<b>17,921,544</b>
<b>Total Liabilities and Net Assets</b>	<b>26,596,661</b>	<b>26,412,448</b>

## (2) Consolidated Quarterly Statements of Income (First Quarter)

(Thousands of Yen)

	First Quarter Ended January 31, 2009	First Quarter Ended January 31, 2010
<b>Net Sales</b>	9,546,624	7,955,463
<b>Cost of Sales</b>	7,847,366	6,340,188
<b>Gross Profit</b>	1,699,257	1,615,274
<b>Selling, General and Administrative Expenses</b>	1,497,561	1,445,780
<b>Operating Income</b>	201,696	169,494
<b>Non-Operating Income</b>		
Interest income	546	390
Dividends Income	6,941	4,804
Rent Income	6,312	6,252
Foreign Exchange Gains	-	20,188
Others	6,843	4,582
<b>Total Non-Operating Income</b>	20,644	36,218
<b>Non-Operating Expenses</b>		
Interest Expenses	8,403	2,924
Loss on Sales of Notes Payable	2,448	19
Foreign Exchange Losses	23,601	-
Loss on Valuation of Derivatives	114,868	23,242
Others	5,814	5,310
<b>Total Non-Operating Expenses</b>	155,136	31,497
<b>Ordinary Income</b>	67,204	174,215
<b>Extraordinary Income</b>		
Gain on Sales of Investment Securities	-	159,212
Reversal of Allowance for Doubtful Accounts	6,229	23,688
<b>Total Extraordinary Income</b>	6,229	182,901
<b>Extraordinary Losses</b>		
Loss on Retirement of Noncurrent Assets	408	294
Loss on Sales of Noncurrent Assets	61,535	11,654
<b>Total Extraordinary Losses</b>	61,944	11,948
Income before Income Taxes and Minority Interests	11,489	345,168
Income Taxes-Current	15,704	17,923
Income Taxes-Deferred	19,795	124,104
<b>Total Income Taxes</b>	35,499	142,027
Minority Interests in Losses	(1,277)	(315)
<b>Net Income (Loss)</b>	(22,732)	203,455

**(3) Consolidated Quarterly Statements of Cash Flows**

(Thousands of Yen)

	First Quarter Ended January 31, 2009	First Quarter Ended January 31, 2010
<b>Net Cash Provided by (Used in) Operating Activities</b>		
Income before Income Taxes and Minority Interests	11,489	345,168
Depreciation and Amortization	141,941	92,622
Increase (Decrease) in Provision for Bonuses	(820,432)	(472,656)
Increase (Decrease) in Provision for Directors' Bonuses	(54,929)	(34,594)
Increase (Decrease) in Allowance for Product Warranty	84,051	(6,817)
Increase (Decrease) in Provision for Retirement Benefits	1,082	2,359
Increase (Decrease) in Provision for Directors' Retirement Benefits	(115,020)	-
Increase (Decrease) in Allowance for Doubtful Accounts	(21,458)	(25,299)
Loss (Gain) on Valuation of Investment Securities	61,535	11,654
Interest and Dividends Income	(7,488)	(5,195)
Interest Expenses	8,403	2,924
Foreign Exchange Losses (Gains)	14,501	2,306
Loss (Gain) on Sales of Investment Securities	-	(159,212)
Loss on Retirement of Noncurrent Assets	408	294
Loss (Gain) on Valuation of Derivatives	114,868	23,242
Decrease (Increase) in Notes and Accounts Receivable-Trade	1,645,503	331,722
Decrease (Increase) in Inventories	(696,581)	(1,391,541)
Increase (Decrease) in Notes and Accounts Payable-Trade	(164,359)	420,331
Increase (Decrease) in Accounts Payable-Others	60,464	57,559
Increase (Decrease) in Advances Received	192,093	192,582
Increase (Decrease) in Accrued Consumption Taxes	30,627	(118,435)
Others, Net	235,399	101,280
Sub total	722,102	(629,703)
Interests and Dividends Income Received	7,230	5,152
Interest Expenses Paid	(32,227)	(9,768)
Income Taxes Paid	(643,776)	(54,957)
Net Cash Provided by (Used in) Operating Activities	53,329	(689,278)
<b>Net Cash Provided by (Used in) Investment Activities</b>		
Deposit of Time Deposits	-	(1,000,000)
Proceeds from Sales of Property, Plant and Equipment	113	-
Purchase of Property, Plant and Equipment	(134,462)	(42,524)
Purchase of Intangible Assets	-	(5,150)
Proceeds from Sales of Investment Securities	-	217,345
Purchase of Investment Securities	(4,814)	(3,258)
Collection of Loans Receivable	4,691	1,153
Payments of Loans Receivable	(180)	(575)
Guarantee Deposits (Increase)	60,010	(2,386)
Others, Net	1,328	52
Net Cash Provided by (Used in) Investment Activities	(73,313)	(835,342)

(Thousands of Yen)

	First Quarter Ended January 31, 2010	First Quarter Ended January 31, 2010
<b>Net Cash Provided by (Used in) Financing Activities</b>		
Net Increase (Decrease) in Short-Term Loans Payable	(39,599)	-
Repayments of Lease Obligations	(12,147)	(7,347)
Repayment of Long-Term Loans Payable	(25,000)	-
Purchase of Treasury Stock	-	(35)
Cash Dividends Paid	(349,263)	(299,367)
Net Cash Provided by (Used in) Financing Activities	(426,010)	(306,750)
<b>Cash and Cash Equivalents</b>		
Effect of Exchange Rate Change on Cash and Cash Equivalents	(71,123)	13,783
Net Increase (Decrease) in Cash and Cash Equivalents	(517,118)	(1,817,588)
Cash and Cash Equivalents at Beginning of Period	1,711,434	4,447,793
Cash and Cash Equivalents at End of Period	1,194,315	2,630,205

#### (4) Note on Going Concern Assumption

None.

#### (5) Segment Information

(Segment by type of business)

First Quarter Ended January 31, 2009

(Thousands of Yen)

	Machinery & Equipment Business	Chemical Products Business	Total	Deletion or Total Company	Consolidated
Net Sales					
(1) Net Sales to Unaffiliated Customers	2,875,251	6,671,373	9,546,624	-	9,546,624
(2) Internal Net Sales among Segments or Amount Transferred	-	-	-	-	-
Total	2,875,251	6,671,373	9,546,624	-	9,546,624
Operating Income	41,055	160,640	201,696	-	201,696

(Notes)

1. Business classification is by aggregate sales classification.

2. Main products and goods in each business:

(1) Machinery & Equipment Business: Various types of centrifuge and other machinery

(2) Chemical Products Business: Synthetic resin, industrial materials and other chemical products

3. Changes for Accounting Standards

(1) Application of Accounting Standard for Measurement of Inventories

From the consolidated first quarter we have applied "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9) and changed to a cost accounting method (book price devaluation based on decrease in profitability). The effects that this change gives to the gain and loss for the first quarter are minor.

(2) Application of Accounting Standard for Lease Transactions

We used to adopt the accounting processing for the lease transaction for the non-transfer-ownership finance lease; however, we have early adopted "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16) from the consolidated first quarter, whose accounting processing for sales transaction. The effects that this change gives to the gain and loss for the first quarter are minor.

(3) Application of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

From the consolidated first quarter, we have applied "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18) and made the necessary adjustments in consolidated financial statements. The effects that this change gives to the gain and loss for the first quarter are minor.

4. We have changed durable years of the machinery and equipment as a result of our review on usage of the assets etc. at the time of the income tax modification. The effects that this change gives to the gain and loss for the first quarter are minor.

**First Quarter Ended January 31, 2010**

(Thousands of Yen)

	Machinery & Equipment Business	Chemical Products Business	Total	Deletion or Total Company	Consolidated
Net Sales					
(1) Net Sales to Unaffiliated Customers	1,332,064	6,623,398	7,955,463	-	7,955,463
(2) Internal Net Sales among Segments or Amount Transferred	-	-	-	-	-
Total	1,332,064	6,623,398	7,955,463	-	7,955,463
Operating Income (Loss)	(129,424)	298,918	169,494	-	169,494

(Notes)

1. Business classification is by aggregate sales classification.
2. Main products and goods in each business:
  - (1) Machinery & Equipment Business: Various types of centrifuge and other machinery
  - (2) Chemical Products Business: Synthetic resin, industrial materials and other chemical products

**(Segment by Location)****First Quarter Ended January 31, 2009**

(Thousands of Yen)

	Japan	Asia	Total	Deletion or Total Company	Consolidated
Net Sales					
(1) Net Sales to Unaffiliated Customers	8,648,324	898,299	9,546,624	-	9,546,624
(2) Internal Net Sales among Segments or Amount Transferred	104,655	19,505	124,160	(124,160)	-
Total	8,752,980	917,804	9,670,784	(124,160)	9,546,624
Operating Income (Loss)	210,293	(11,668)	198,624	3,071	201,696

(Notes)

1. Areas including countries or regions are determined based on their degree of geographical proximity.

2. Main countries or regions included in the areas other than Japan:

Asia: China, Korea and Indonesia

3. Changes for Accounting Standards

(1) Application of Accounting Standard for Measurement of Inventories

From the consolidated first quarter we have applied "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9) and changed to a cost accounting method (book price devaluation based on decrease in profitability). The effects that this change gives to the gain and loss for the first quarter are minor.

(2) Application of Accounting Standard for Lease Transactions

We used to adopt the accounting processing for the lease transaction for the non-transfer-ownership finance lease; however, we have early adopted "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16) from the consolidated first quarter, whose accounting processing for sales transaction. The effects that this change gives to the gain and loss for the first quarter are minor.

(3) Application of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

From this consolidated first quarter, we have applied "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18) and made the necessary adjustments in consolidated financial statements. The effects that this change gives to the gain and loss for the first quarter are minor.

4. We have changed durable years of the machinery and equipment as a result of our review on usage of the assets etc. at the time of the income tax modification. The effects that this change gives to the gain and loss for the first quarter are minor.

**First Quarter Ended January 31, 2010**

(Thousands of Yen)

	Japan	Asia	Total	Deletion or Total Company	Consolidated
Net Sales					
(1) Net Sales to Unaffiliated Customers	7,245,900	709,562	7,955,463	-	7,955,463
(2) Internal Net Sales among Segments or Amount Transferred	96,527	41,915	138,443	(138,443)	-
Total	7,342,428	751,478	8,093,906	(138,443)	7,955,463
Operating Income	170,174	4,444	174,618	(5,124)	169,494

## (Notes)

1. Areas including countries or regions are determined based on their degree of geographical proximity.
2. Main countries or regions included in the areas other than Japan:  
 Asia: China, Korea and Indonesia

**(Overseas Net Sales)****First Quarter Ended January 31, 2009**

(Thousands of Yen)

	Asia	Other Regions	Total
I. Overseas Net Sales	1,810,548	1,040,886	2,851,434
II. Consolidated Net Sales	-	-	9,546,624
III. Ratio of Overseas Net Sales to Consolidated Net Sales (%)	19.0	10.9	29.9

## (Notes)

1. Areas including countries or regions are determined based on their degree of geographical proximity.
2. Main countries or regions included in the areas:
  - (1) Asia: China, Korea, Taiwan and Indonesia
  - (2) Other regions: America and Europe
3. Overseas net sales are sales of our company and subsidiaries made in countries and regions other than Japan.

**First Quarter Ended January 31, 2010**

(Thousands of Yen)

	Asia	Other Regions	Total
I. Overseas Net Sales	1,085,083	82,960	1,168,044
II. Consolidated Net Sales	-	-	7,955,463
III. Ratio of Overseas Net Sales to Consolidated Net Sales (%)	13.6	1.0	14.6

## (Notes)

1. Areas including countries or regions are determined based on their degree of geographical proximity.
2. Main countries or regions included in the areas:
  - (1) Asia: China, Korea, Taiwan and Indonesia
  - (2) Other regions: America and Europe
3. Overseas net sales are sales of our company and subsidiaries made in countries and regions other than Japan.

**(6) Notes for significant changes in shareholders' equity**

None.