

Consolidated and Non-Consolidated Financial Results for the Second Quarter Ended April 30, 2010

Date: June 4, 2010
 Company Name and Code: Tomoe Engineering Co., Ltd. and Subsidiaries - 6309
 (Website: http://www.tomo-e.co.jp/index_e.html)
 Stock Exchange Listing: 1st 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: June 11, 2010
 Date for Dividend Payment:

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

1. Consolidated Financial Data for the Second Quarter Ended April 30, 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 April 30, 2010	19,571	(1.2)	1,647	20.1	1,754	16.9
Quarter Ended April 30, 2009	19,818	-	1,371	-	1,500	-

	Net Income		Net Income per Share	Fully Diluted Quarterly Net Income per Share
	Millions of Yen	Percent	Yen	Yen
Quarter Ended April 30, 2010	1,139	36.0	114. ²¹	-
Quarter Ended April 30, 2009	837	-	83. ⁹⁵	-

(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 April 30, 2010	28,711	18,872	64.7	1,862. ⁵¹
Year Ended October 31, 2009	26,412	17,921	66.8	1,767. ⁹⁷

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

Second Quarter ended April 30, 2010: 18,585 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	-	0.00	-	30. ⁰⁰	30. ⁰⁰
Year Ending October 31, 2010	-	0.00			
Year Ending October 31, 2010 (Prospect)			-	35. ⁰⁰	35. ⁰⁰

(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)
Full Business Year	39,100	7.7	2,030	28.1	2,100	24.5

	Net Income		Net Income per Share
	(Millions of Yen)	(Percent)	Yen
Full Business Year	1,300	30.9	130. ²⁸

(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 April 30, 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 April 30, 2010: 554,418 shares At October 31, 2009: 554,298 shares

3) Number of average shares during consolidated Second quarters

At April 30, 2010: 9,978,861 shares At April 30, 2009: 9,978,940 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 second quarter, Japan's economy was supported by growth in exports, which were boosted by factors such as the expansion of demand in newly developing countries, and the effect of economic stimulus measures. Production levels continued to change briskly, and indications that raised hopes of an end to the slide in capital investment, which had long been curtailed by the economic downturn, were also evident. On the other hand, however, the stagnation of incomes and the number of individuals employed remained pronounced, as did the deflationary trend, and the positive news did not extend to a broadening of activities that will result in an autonomous economic recovery.

Under such circumstances, interim period consolidated net sales for the Tomoe Engineering Group as a whole slipped to 19,571 million yen, 1.2% down from the same period last year; the Chemical Products Business demonstrated growth because of improvements in the supply and demand situation in the electronics materials sector and plastics sector, but this was offset by a reactionary decline in the Machinery & Equipment Business relating to large-scale projects for overseas customers. From an earnings perspective, on the other hand, consolidated operating income for both businesses was 1,647 million yen, 20.1% up from the same period last year as sales of relatively high margin parts and repairs increased, driven by factors such as a concentration of repair projects, even in the Machinery & Equipment Business, that exceeded normal year levels. Ordinary income was 1,754 million yen, 16.9% up from the same period last year, reflecting a decrease in the gain on valuation of derivatives, and consolidated interim period net income, including the contribution from the gain on sales of investment securities, rose to 1,139 million yen, 36.0% up from the same period last year.

(2) Machinery & Equipment Business

In the Machinery & Equipment Business, consolidated net sales were 6,272 million yen, 17.0% down from the same period last year when sales were boosted by the shipment of large-scale centrifuges for the chemical industry in Poland, but consolidated operating income declined only slightly to 1,047 million yen, 3.3% down from the same period one year earlier, because of steady sales of parts and repairs based on public sector demand. While the increase in parts and repairs sales in response to public sector demand was based on net sales growth in the second quarter, a pattern seen in past years, this tendency appeared more strongly in the consolidated interim period under review.

(3) Chemical Products Business

In the Chemical Products Business, the higher net sales trend compared with the same period last year was quite clear for the Group as a whole including overseas group companies, particularly in the electronics materials sector, plastics sector and fine chemicals sector, against the backdrop of general improvement in supply and demand, and interim period consolidated net sales totaled 13,298 million yen, 8.4% up from the same period last year. Moreover, because of the increase in net sales of commercial products with relatively high added value centered on the electronics materials and the industrial materials sectors, consolidated operating income for this business increased more rapidly than the growth in net sales and totaled 599 million yen, 108.6% up compared with the same period last year.

2. Qualitative Information on Consolidated Financial Position:

(1) Assets, Liabilities, and Net Assets

Assets at the end of the consolidated second quarter under review were 28,711 million yen, 2,298 million yen or

8.7% up from up the end of the previous consolidated fiscal year (October 31, 2009), mainly due to increases in current assets including cash and deposits and notes and accounts receivable-trade.

On the other hand, total liabilities were 9,838 million yen, 1,347 million yen or 15.9% up from the balance at the end of the previous consolidated fiscal year. This mainly reflected an increase in current liabilities such as notes and accounts payable-trade and income taxes payable. Net assets rose 951 million yen (5.3%) compared with the end of the previous consolidated fiscal year to 18,872 million yen, mainly because of an increase in retained earnings.

As a result, the net assets ratio at the end of the consolidated second quarter under review decreased by 2.1 points to 64.7% from the end of the previous consolidated fiscal year.

(2) Cash Flow Status

Cash and cash equivalents as of the end of the consolidated second quarter under review decreased by 535 million yen to 3,912 million yen from the end of the previous consolidated fiscal year. The status of each cash flow and their factors during the second quarter are as follows:

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

Net cash provided by operating activities was 2,076 million yen, mainly because of income before income taxes and minority interests of 1,933 million yen and an increase in notes and accounts payable-trade of 704 million yen.

(Net Cash Provided by (Used in) Investing Activities)

Cash used in investing activities was 2,260 million yen, mainly because purchases of time deposits of 2,378 million yen and the purchase of plant, property and equipment totaling 77 million yen exceeded the proceeds from sales of investment securities of 217 million yen.

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

Net cash used in financing activities was 380 million yen. Uses of cash included cash dividends paid of 299 million yen and the repayment of long-term loans payable totaling 60 million yen by group companies.

3. Qualitative Information on Consolidated Earnings Forecast:

In the Machinery & Equipment Business, net sales of parts and repairs with relatively high margins, and the weight of such sales as a percentage of total net sales, rose because the concentration of orders for repair projects for the consolidated second quarter was greater than projected. In the Chemical Products Business as well, net sales in the second quarter of commercial products with relatively high added value, particularly in the electronics materials and industrial materials sectors, and the weight of these sales as a percentage of total net sales, increased greater than in the Company's plan.

Based on such changes in its circumstances, the Tomoe Engineering Group has revised the forecast of earnings for the interim period and full year for the year ending October 31, 2010 announced on December 10, 2009, as described in the "Notice Concerning Revision of Earnings Forecast and Dividend projection" released on May 28, 2010.

As already announced in this report, the consolidated net sales for the year ending October 31, 2010 are expected to be 39,100 million yen, decreasing 400 million yen below the initial forecast, and full year operating income is projected to increase 300 million yen to 2,030 million yen, Moreover, ordinary income is projected to increase 350 million yen to 2,100 million yen and net income is projected to be 200 million yen higher or 1,300 million yen.

The operating results forecasts described above are based on information available to the Company at the time the forecasts were prepared and assumptions judged to be reasonable. Actual operating results might differ from these forecasts depending upon changes in the domestic and international economic trends, the balance of supply and demand and various other factors.

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 second quarter period, and will apply the completed-contract method for all other works.

For the consolidated second 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 Second Quarter (April 30, 2010)	Summarized Balance Sheet for End of Previous Year (October 31, 2009)
Current Assets		
Cash and Deposits	6,290,956	4,447,793
Notes and Accounts Receivable-Trade	12,366,647	11,995,465
Merchandise and Finished Goods	3,045,068	2,591,153
Work in Process	761,255	914,572
Raw Materials and Supplies	648,891	787,926
Deferred Tax Assets	430,438	398,437
Others	208,604	356,812
Allowance for Doubtful Accounts	(21,884)	(34,896)
Total Current Assets	23,729,977	21,457,266
Noncurrent Assets		
Property, Plant and Equipment		
Buildings and Structures	2,526,503	2,522,652
Accumulated Depreciation	(1,479,234)	(1,433,070)
Buildings and Structures, Net	1,047,268	1,089,581
Machinery, Equipment and Vehicles	3,491,522	3,400,759
Accumulated Depreciation	(2,588,815)	(2,482,626)
Machinery, Equipment and Vehicles, Net	902,706	918,132
Land	970,253	970,253
Lease Assets	79,115	88,451
Accumulated Depreciation	(30,907)	(29,614)
Lease Assets, Net	48,207	58,837
Others	974,916	956,862
Accumulated Depreciation	(888,805)	(869,884)
Others, Net	86,111	86,978
Total Property, Plant and Equipment	3,054,547	3,123,783
Intangible Assets	49,405	48,713
Investments and Other Assets		
Investment Securities	933,841	903,416
Guarantee Deposits	417,466	410,359
Deferred Tax Assets	55,688	53,522
Others	542,629	506,668
Allowance for Doubtful Accounts	(72,348)	(91,282)
Total Investments and Other Assets	1,877,278	1,782,685
Total Noncurrent Assets	4,981,231	4,955,182
Total Assets	28,711,208	26,412,448

(Thousands of Yen)

Liabilities and Net Assets	End of Second Quarter (April 30, 2010)	Summarized Balance Sheet for End of Previous Year (October 31, 2009)
Liabilities		
Current Liabilities		
Notes and Accounts Payable-Trade	6,181,760	5,430,683
Short-Term Loans Payable	651,407	692,481
Lease Obligations	27,276	28,107
Accounts Payable-Others	407,604	427,104
Income Taxes Payable	794,546	53,760
Advances Received	288,287	243,984
Provision for Bonuses	706,799	791,939
Provision for Directors' Bonuses	32,243	48,470
Allowance for Product Warranty	138,431	154,997
Others	249,495	294,512
Total Current Liabilities	9,477,852	8,166,042
Noncurrent Liabilities		
Lease Obligations	33,272	46,686
Provision for Retirement Benefits	34,421	29,034
Provision for Directors' Retirement Benefits	142,760	142,760
Deferred Tax Liabilities	120,379	50,901
Derivatives	29,582	55,478
Total Noncurrent Liabilities	360,416	324,861
Total Liabilities	9,838,269	8,490,904
Net Assets		
Shareholders' Equity		
Capital Stock	1,061,210	1,061,210
Capital Surplus	1,483,410	1,483,410
Retained Earnings	16,397,851	15,557,577
Treasury Stock	(363,194)	(363,045)
Total Shareholders' Equity	18,579,277	17,739,152
Valuation and Translation Adjustments		
Valuation Difference on Available-for-Sale Securities	137,743	77,749
Deferred Gains or Losses on Hedges	1,632	(712)
Foreign Currency Translation Adjustment	(133,050)	(173,790)
Total Valuation and Translation Adjustments	6,326	(96,753)
Minority Interests	287,335	279,145
Total Net Assets	18,872,938	17,921,544
Total Liabilities and Net Assets	28,711,208	26,412,448

(2) Consolidated Quarterly Statements of Income (Second Quarter)

(Thousands of Yen)

	Second Quarter Ended April 30, 2009	Second Quarter Ended April 30, 2010
Net Sales	19,818,148	19,571,236
Cost of Sales	15,454,767	14,945,389
Gross Profit	4,363,381	4,625,846
Selling, General and Administrative Expenses	2,991,825	2,978,745
Operating Income	1,371,556	1,647,100
Non-Operating Income		
Interest income	1,194	2,182
Dividends Income	7,507	5,383
Rent Income	12,605	10,512
Foreign Exchange Gains	43,245	55,820
Gain on Valuation of Derivatives	69,138	31,534
Others	29,429	22,233
Total Non-Operating Income	163,121	127,666
Non-Operating Expenses		
Interest Expenses	14,231	4,508
Loss on Sales of Notes Payable	3,848	40
Commission Fee	8,463	8,871
Others	7,493	6,812
Total Non-Operating Expenses	34,035	20,233
Ordinary Income	1,500,642	1,754,534
Extraordinary Income		
Gain on Sales of Investment Securities	-	159,212
Reversal of Allowance for Doubtful Accounts	44,878	30,335
Total Extraordinary Income	44,878	189,548
Extraordinary Losses		
Loss on Retirement of Noncurrent Assets	2,890	297
Loss on Sales of Noncurrent Assets	113	-
Loss on Sales of Investments Securities	5,948	-
Loss on Valuation of Investments Securities	84,818	10,190
Provision of Allowance for Doubtful Accounts	304	-
Total Extraordinary Losses	94,075	10,488
Income before Income Taxes and Minority Interests	1,451,445	1,933,594
Income Taxes-Current	365,484	784,037
Income Taxes-Deferred	237,106	3,432
Total Income Taxes	602,591	787,470
Minority Interests in Losses	11,100	6,482
Net Income (Loss)	837,753	1,139,640

(3) Consolidated Quarterly Statements of Cash Flows

(Thousands of Yen)

	Second Quarter Ended April 30, 2009	Second Quarter Ended April 30, 2010
Net Cash Provided by (Used in) Operating Activities		
Income before Income Taxes and Minority Interests	1,451,445	1,933,594
Depreciation and Amortization	264,793	189,053
Increase (Decrease) in Provision for Bonuses	(522,633)	(85,932)
Increase (Decrease) in Provision for Directors' Bonuses	(44,865)	(16,227)
Increase (Decrease) in Allowance for Product Warranty	(40,430)	(16,566)
Increase (Decrease) in Provision for Retirement Benefits	6,517	5,343
Increase (Decrease) in Provision for Directors' Retirement Benefits	(115,020)	-
Increase (Decrease) in Allowance for Doubtful Accounts	(64,294)	(31,946)
Loss (Gain) on Valuation of Investment Securities	84,818	10,190
Interest and Dividends Income	(8,701)	(7,566)
Interest Expenses	14,231	4,508
Foreign Exchange Losses (Gains)	1,657	(6,395)
Loss (Gain) on Retirement of Noncurrent Assets	2,890	297
Loss (Gain) on Sales of Noncurrent Assets	113	-
Loss (Gain) on Sales of Investment Securities	5,948	(159,212)
Loss (Gain) on Valuation of Derivatives	(69,138)	(31,534)
Decrease (Increase) in Notes and Accounts Receivable-Trade	3,342,750	(316,695)
Decrease (Increase) in Inventories	716,080	(133,281)
Increase (Decrease) in Notes and Accounts Payable-Trade	(1,259,372)	704,622
Increase (Decrease) in Accounts Payable-Others	(107,782)	(47,096)
Increase (Decrease) in Advances Received	14,909	42,544
Increase (Decrease) in Accrued Consumption Taxes	117,546	(18,918)
Others, Net	201,697	(97,639)
Sub total	3,993,161	1,921,141
Interests and Dividends Income Received	8,535	5,823
Interest Expenses Paid	(36,605)	(11,647)
Income Taxes Paid (-) or Returned	(647,761)	161,378
Net Cash Provided by (Used in) Operating Activities	3,317,330	2,076,695
Net Cash Provided by (Used in) Investing Activities		
Deposit of Time Deposits	-	(2,378,526)
Proceeds from Withdrawal of Time Deposits	100,000	-
Proceeds from Sales of Property, Plant and Equipment	238	-
Purchase of Property, Plant and Equipment	(202,877)	(77,511)
Purchase of Intangible Assets	-	(6,050)
Proceeds from Sales of Investment Securities	5,339	217,345
Purchase of Investment Securities	(7,937)	(7,566)
Collection of Loans Receivable	7,862	1,514
Payments of Loans Receivable	(800)	(1,875)
Guarantee Deposits (Increase)	63,251	(6,589)
Others, Net	12,290	(1,438)
Net Cash Provided by (Used in) Investment Activities	(22,633)	(2,260,698)

(Thousands of Yen)

	Second Quarter Ended April 30, 2009	Second Quarter Ended April 30, 2010
Net Cash Provided by (Used in) Financing Activities		
Net Increase (Decrease) in Short-Term Loans Payable	(239,533)	-
Repayments of Lease Obligations	(21,518)	(14,244)
Repayment of Long-Term Loans Payable	(115,000)	(60,000)
Purchase of Treasury Stock	(42)	(148)
Cash Dividends Paid	(349,263)	(299,367)
Net Cash Provided by (Used in) Financing Activities	(7,315)	(6,740)
Cash and Cash Equivalents	(732,672)	(380,500)
Effect of Exchange Rate Change on Cash and Cash Equivalents	(25,623)	29,140
Net Increase (Decrease) in Cash and Cash Equivalents	2,536,400	(535,363)
Cash and Cash Equivalents at Beginning of Period	1,711,434	4,447,793
Cash and Cash Equivalents at End of Period	4,247,835	3,912,430

(4) Note on Going Concern Assumption

None.

(5) Segment Information**(Segment by type of business)****Second Quarter Ended April 30, 2009**

(Thousands of Yen)

	Machinery & Equipment Business	Chemical Products Business	Total	Deletion or Total Company	Consolidated
Net Sales					
(1) Net Sales to Unaffiliated Customers	7,544,233	12,263,915	19,818,148	-	19,818,148
(2) Internal Net Sales among Segments or Amount Transferred	-	-	-	-	-
Total	7,544,233	12,263,915	19,818,148	-	19,818,148
Operating Income	1,084,294	287,262	1,371,556	-	1,371,556

(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.

Second Quarter Ended April 30, 2010

(Thousands of Yen)

	Machinery & Equipment Business	Chemical Products Business	Total	Deletion or Total Company	Consolidated
Net Sales					
(1) Net Sales to Unaffiliated Customers	6,272,573	13,298,663	19,571,236	-	19,571,236
(2) Internal Net Sales among Segments or Amount Transferred	-	-	-	-	-
Total	6,272,573	13,298,663	19,571,236	-	19,571,236
Operating Income (Loss)	1,047,988	599,112	1,647,100	-	1,647,100

(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)**Second Quarter Ended April 30, 2009**

(Thousands of Yen)

	Japan	Asia	Total	Deletion or Total Company	Consolidated
Net Sales					
(1) Net Sales to Unaffiliated Customers	18,131,515	1,686,632	19,818,148	-	19,818,148
(2) Internal Net Sales among Segments or Amount Transferred	173,058	59,427	232,485	(232,485)	-
Total	18,304,574	1,746,060	20,050,634	(232,485)	19,818,148
Operating Income (Loss)	1,386,720	(14,136)	1,372,584	(1,028)	1,371,556

(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

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

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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.

Second Quarter Ended April 30, 2010

(Thousands of Yen)

	Japan	Asia	Total	Deletion or Total Company	Consolidated
Net Sales					
(1) Net Sales to Unaffiliated Customers	18,024,984	1,546,251	19,571,236	-	19,571,236
(2) Internal Net Sales among Segments or Amount Transferred	200,345	88,388	288,734	(288,734)	-
Total	18,225,330	1,634,639	19,859,970	(288,734)	19,571,236
Operating Income	1,632,071	15,426	1,647,498	(397)	1,647,100

(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)**Second Quarter Ended April 30, 2009**

(Thousands of Yen)

	Asia	Other Regions	Total
I. Overseas Net Sales	4,119,685	1,432,434	5,552,119
II. Consolidated Net Sales	-	-	19,818,148
III. Ratio of Overseas Net Sales to Consolidated Net Sales (%)	20.8	7.2	28.0

(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.

Second Quarter Ended April 30, 2010

(Thousands of Yen)

	Asia	Other Regions	Total
I. Overseas Net Sales	3,205,719	295,046	3,500,765
II. Consolidated Net Sales	-	-	19,571,236
III. Ratio of Overseas Net Sales to Consolidated Net Sales (%)	16.4	1.5	17.9

(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.

(6) Notes for significant changes in shareholders' equity

None.