

Financial Results for the Second Quarter Ended April 30, 2011 [Japan GAAP] (Consolidated)

Date: June 6, 2011
 Company Name and Code: Tomoe Engineering Co., Ltd. and Subsidiaries - 6309
 (Website: http://www.tomo-e.co.jp/index_e.html)
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 Date to report Consolidated Quarterly Financial Statement: June 13, 2011
 Date for Dividend Payment: Not applicable to financial quarters.
 Preparation of Supplementary Explanatory Materials for Quarterly Operating Results: Yes
 Briefing Session for Quarterly Operating Results: Yes (available for institutional investors only)

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

1. Consolidated Financial Data for the Second Quarter Ended April 30, 2011

(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, 2011	22,080	12.8	1,685	2.3	1,796	2.4
Quarter Ended April 30, 2010	19,571	(1.2)	1,647	20.1	1,754	16.9

	Net Income		Net Income per Share	Fully Diluted Quarterly Net Income per Share
	Millions of Yen	Percent	Yen	Yen
Quarter Ended April 30, 2011	1,059	(7.0)	106. ²¹	-
Quarter Ended April 30, 2010	1,139	36.0	114. ²¹	-

(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, 2011	30,245	19,643	64.0	1,940. ²¹
Year Ended October 31, 2010	29,779	18,852	62.4	1,862. ³⁰

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

Second Quarter ended April 30, 2011: 19,360 million yen

Year Ended October 31, 2010: 18,583 million yen

2. Dividend Status

(Record Date)	Annual Dividend (Yen)				
	First Quarter	Interim Term	Third Quarter	End of Fiscal Year	Annual
Year Ended October 31, 2010	-	0.00	-	35. ⁰⁰	35. ⁰⁰
Year Ending October 31, 2011	-	0.00	-	40. ⁰⁰	40. ⁰⁰
Year Ending October 31, 2011 (Prospect)	-	0.00	-	40. ⁰⁰	40. ⁰⁰

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

3. Forecast for Earnings for the Year Ending October 31, 2011 (Consolidated)

(Percent: Change from the previous Full Business Year)

	Net Sales		Operating Income		Ordinary Income	
	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)
Full Business Year	43,000	10.8	2,270	4.5	2,320	6.5

	Net Income		Net Income per Share
	(Millions of Yen)	(Percent)	Yen
Full Business Year	1,320	(2.6)	132. ²⁸

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

4. Others (For details, refer to “2. Other Information” of [Attachments] on page 4.)

(1) Significant changes in subsidiaries during this quarter: None

(Note) Changes in specific subsidiaries in conjunction with a change in the scope of consolidation during the quarterly accounting period.

(2) Adoption of simplified accounting method and the specific accounting method: Yes

(Note) Application of simplified accounting method and special accounting method in the preparation of quarterly consolidated financial statements.

(3) Changes of the principles, procedures, and representation of the accounting policies

1) Change due to revision of accounting standard: Yes

2) Other changes: None

(Note) Changes in accounting principles, procedures and reporting methods pertaining to the preparation of consolidated quarterly financial statements as stipulated in “Change in the Basis of Presenting Consolidated Quarterly Financial Statements”).

(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, 2011: 10,533,200 shares At October 31, 2010: 10,533,200 shares

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

At April 30, 2011: 554,486 shares At October 31, 2010: 554,418 shares

3) Number of average shares (accumulated quarterly total)

At April 30, 2011: 9,978,751 shares At January 31, 2010: 9,978,861 shares

*Disclosure concerning status of implementation of quarterly review procedure

This quarterly earnings report is exempt from the quarterly review procedure based on the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly earnings report, the Company has not completed a quarterly review procedure based on the Financial Instruments and Exchange Act.

*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. Please refer to the Financial Results for the Quarter (Attachments) on Page 4, “1. Qualitative Information and Financial Statements, etc., (3) Qualitative Information on Consolidated Earnings Forecast” for the operating results forecast and matters to note when using forward-looking statements.

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[Qualitative Information and Financial Statements, etc.]

1. Qualitative Information on Quarterly Consolidated Operating Results

(1) Qualitative Information on Consolidated Operating Results

(a) General operating results

During the second quarter, Japan's economy was supported by brisk exports that were driven by growth in newly developing country demand, and continued its trend of gradual improvement toward a sustainable business recovery. Following the Tohoku Pacific Offshore Earthquake in mid-March 2011, however, the economy was negatively affected by electric power shortages that resulted in unavoidable shutdowns to production across a wide range of industries, including component manufacturing related to automobiles, electric machinery and electronic devices.

Under these circumstances, interim period consolidated net sales for the Tomoe Engineering Group as a whole were 22,080 million yen, 12.8% up from the same period last year. This represented growth in net sales of centrifuge equipment for North American oil well drilling and works related to domestic public sector demand in the Machinery & Equipment Business, and higher net sales of a broad range of commercial products, including those related to residential housing and construction and automobiles, in the Chemical Products Business. Although some restrictions were placed on procurement of certain components in the Machinery & Equipment Business as a result of the earthquake, the ripple effect on product supplies as a whole was limited, and indeed the occurrence of front-loaded demand over the entire range of domestically handled commercial products in the Chemical Products Business had the effect of pushing up net sales somewhat at the end of the quarter.

From an earnings perspective, in addition to the increase in income resulting from higher net sales, earnings in the Chemical Products Business were boosted by the positive effect of the yen's steady appreciation on all imported materials in this business. On the other hand, this was offset by the inevitable drop in earnings in the Machinery & Equipment Business following the especially highly profitable domestic repair projects handled during the same period one year ago. As a result, consolidated operating income for the Tomoe Engineering Group was 1,685 million yen, 2.3% up from the same period of the previous consolidated fiscal year. With the addition of other non-operating income, including the higher gain on valuation of derivatives related to currency swap transactions, ordinary income edged up 2.4% from the level one year earlier to 1,796 million yen. Net income was 1,059 million yen, 7.0% down from the same period one year earlier, reflecting a gain on sales of investment securities of 159 million yen in the same period of the previous year, and an extraordinary loss of 32 million yen reported in the current period that was related to asset retirement obligations.

(b) Machinery & Equipment Business

In the Machinery & Equipment Business, consolidated net sales were 7,116 million yen, 13.5% up from the same period last year. Sales of centrifuge equipment for oil well drilling in North America and works related to domestic public sector demand were higher, even as domestic sales of machinery and equipment weakened. In addition, sales in China of centrifuge equipment for a vinyl chloride plant and abrasive grain slurry recycling equipment for use in photovoltaic cell manufacturing also remained nearly steady. Following the earthquake, some restrictions appeared on the procurement of certain products, but the impact on the supply of products overall was limited. In terms of earnings, net sales in the same period one year ago included high-profit margin sales on a domestic repair project involving heavily depleted equipment, and operating income for this business fell 8.5% year-on-year to 959 million yen.

(c) Chemical Products Business

In the Chemical Products Business, sales rose despite the loss of some commercial distribution activities related to the plastic compounding business in Shenzhen, China and a slackening in semiconductor-related materials demand, as supply and demand continued to improve in other domestic sectors, especially for items used in residential housing and construction and products for automobiles. As a result, consolidated net sales were 14,963 million yen, up 12.5% from the same period last year, with industrial materials and functional materials serving as growth engines. As a result of the earthquake, this business suffered small losses, including the scrapping and write-off of some inventory assets, but the effect was limited and the subsequent occurrence of front-loaded demand for a wide range of commercial products helped to push up net sales somewhat at the end of the period. From an earnings standpoint, consolidated operating income rose 21.2% from the same period of the previous year to 726 million yen, against the backdrop of the positive effect of the stronger yen on all imported materials, which continued mainly throughout the first quarter, and the growth in sales of somewhat high added-value commercial products for residential housing and construction and the automotive market.

(2) Qualitative Information on Consolidated Financial Position:

(a) Assets, Liabilities, and Net Assets

Assets at the end of the consolidated second quarter under review were 30,245 million yen, 465 million yen or 1.6% up from the balance at the end of the previous consolidated fiscal year (October 31, 2010). This mainly reflected a decrease in cash and deposits because of tax payments and the provision for bonuses, and an increase in current assets because of the growth in notes and accounts receivable-trade, especially for the Chemical Products Business, against the backdrop of higher net sales, as well as an increase in inventories, including Chemical Products Business products, which similarly rose because of stronger sales.

On the other hand, total liabilities were 10,601 million yen, 3.0% down compared with the end of the previous consolidated fiscal year. Although notes and accounts payable-trade were naturally higher because of the increase in net sales, mainly in the Machinery & Equipment Business, current liabilities were lower because of the large decreases in the balances of income taxes payable and reserve for bonuses and a reversal of the provision for directors' retirement benefits.

Net assets were 19,643 million yen, 791 million yen or 4.2% up from the end of the previous consolidated fiscal year. This reflected higher retained earnings from year-to-date net income and the increase in valuation and translation adjustments, including an increase in the valuation difference on other investment securities.

Because the growth in net assets exceeded the increase in total assets as discussed above, the equity ratio at the end of the consolidated second quarter under review increased by 1.6 points compared with the end of the previous consolidated fiscal year to 64.0%.

(b) Cash Flow Status

Cash and cash equivalents as of the end of the consolidated second quarter under review decreased by 3,203 million yen to 2,905 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)

Cash flow used in operating activities was 309 million yen. Income before income taxes and minority interests was 1,793 million yen, and notes and accounts payable-trade increased by 444 million yen, but notes and accounts receivable-trade and inventories increased by 866 million yen and 395 million yen, respectively, while the decrease in provision for bonuses was 394 million yen and income taxes paid amounted to 949 million yen.

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

Cash used in investing activities was 2,517 million yen in total, because net purchases of time deposits of 2,520 million yen in addition of purchases of tangible fixed assets of 121 million yen.

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

Net cash used in financing activities was 362 million yen in total because of lease obligations payment in addition of cash dividends of 349 million yen.

(3) Qualitative Information on Consolidated Earnings Forecast:

Through its disruption of the supply chain and the problem of electric power shortages, the Tohoku Pacific Offshore Earthquake that struck Japan in March 2011 is expected to have a considerable impact in various forms on future domestic production activity. Given this situation, there is a risk in the Machinery & Equipment Business that procurements and deliveries of some component will be delayed in the stricken area, but we anticipate the spread of these difficulties to full-year operating results will not be material. Additionally, in the Chemical Products Business, diminished demand is envisaged mainly for commercial products used for the manufacture of automobiles and electronic components such as semiconductors. Conversely, for commercial products for other uses including residential housing and construction, front-loaded demand is projected to continue, and recovery demand is expected to climb, and overall the earthquake's effect on full-year operating results is expected of be immaterial.

Based on the above considerations and other factors, the Tomoe Engineering Group has not revised the full-year operating results forecast for the fiscal year ending October 31, 2011 released on December 10, 2010.

In addition, 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 further emerging earthquake's effect, changes in the domestic and international economic trends, and other various factors.

2. Other Information

(1) Summary of Changes in Material Subsidiaries: None

(2) Summary of Simplified Accounting Treatment and Special Accounting Treatment

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) Summary of Changes in the principle, procedure, and representation of the accounting policies concerning the preparation of consolidated financial statements

Application of the "Accounting Standard for Asset Retirement Obligations"

Beginning from the first quarter of the current consolidated fiscal year, the Company has adopted the "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Statement No. 18 dated March 31, 2008 and the "Guidance on Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Guidance No. 21 dated March 31, 2008).

As a result of this change, operating income and ordinary income were 4,027,000 yen lower, and income before income taxes and minority interests was 36,713,000 yen lower, than what they otherwise would have been had the accounting standard used in previous consolidated fiscal years been applied.

3. Consolidated Financial Statement

(1) Consolidated Quarterly Balance Sheets

(Thousands of Yen)

Assets	End of Second Quarter (April 30, 2011)	Summarized Balance Sheet for End of Previous Year (October 31, 2010)
Current Assets		
Cash and Deposits	5,339,427	6,109,100
Notes and Accounts Receivable-Trade	14,224,313	13,324,042
Merchandise and Finished Goods	3,207,506	3,055,662
Work in Process	1,454,554	1,400,107
Raw Materials and Supplies	591,303	404,117
Deferred Tax Assets	512,293	618,454
Others	279,776	164,937
Allowance for Doubtful Accounts	(9,365)	(29,006)
Total Current Assets	25,599,809	25,047,414
Noncurrent Assets		
Property, Plant and Equipment		
Buildings and Structures	2,534,787	2,527,155
Accumulated Depreciation	(1,547,913)	(1,505,179)
Buildings and Structures, Net	986,874	1,021,976
Machinery, Equipment and Vehicles	3,483,702	3,435,773
Accumulated Depreciation	(2,717,748)	(2,623,977)
Machinery, Equipment and Vehicles, Net	765,954	811,796
Land	970,253	970,253
Lease Assets	76,789	76,962
Accumulated Depreciation	(48,903)	(39,169)
Lease Assets, Net	27,885	37,793
Others	1,038,455	986,860
Accumulated Depreciation	(923,877)	(895,734)
Others, Net	114,577	91,126
Total Property, Plant and Equipment	2,865,545	2,932,946
Intangible Assets	71,023	80,245
Investments and Other Assets		
Investment Securities	756,164	697,362
Guarantee Deposits	363,249	412,798
Deferred Tax Assets	74,919	87,043
Others	595,677	602,102
Allowance for Doubtful Accounts	(80,892)	(80,377)
Total Investments and Other Assets	1,709,118	1,718,929
Total Noncurrent Assets	4,645,687	4,732,121
Total Assets	30,245,496	29,779,536

(Thousands of Yen)

Liabilities and Net Assets	End of Second Quarter (April 30, 2011)	Summarized Balance Sheet for End of Previous Year (October 31, 2010)
Liabilities		
Current Liabilities		
Notes and Accounts Payable-Trade	6,937,581	6,477,307
Short-Term Loans Payable	581,673	585,923
Lease Obligations	19,002	24,132
Accounts Payable-Others	492,063	551,681
Income Taxes Payable	607,393	961,213
Advances Received	425,434	417,875
Provision for Bonuses	716,336	1,111,306
Provision for Directors' Bonuses	30,699	85,555
Allowance for Product Warranty	369,025	186,442
Others	300,109	327,562
Total Current Liabilities	10,479,318	10,729,000
Noncurrent Liabilities		
Lease Obligations	14,237	22,553
Provision for Retirement Benefits	37,532	32,538
Provision for Directors' Retirement Benefits	31,760	142,760
Deferred Tax Liabilities	39,028	108
Total Noncurrent Liabilities	122,557	197,960
Total Liabilities	10,601,875	10,926,961
Net Assets		
Shareholders' Equity		
Capital Stock	1,061,210	1,061,210
Capital Surplus	1,483,410	1,483,410
Retained Earnings	17,323,668	16,613,067
Treasury Stock	(363,293)	(363,194)
Total Shareholders' Equity	19,504,994	18,794,492
Valuation and Translation Adjustments		
Valuation Difference on Available-for-Sale Securities	92,130	53,585
Deferred Gains or Losses on Hedges	(228)	(7,411)
Foreign Currency Translation Adjustment	(236,095)	(257,190)
Total Valuation and Translation Adjustments	(144,193)	(211,016)
Minority Interests	282,818	269,098
Total Net Assets	19,643,620	18,852,575
Total Liabilities and Net Assets	30,245,496	29,779,536

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

(Thousands of Yen)

	Second Quarter Ended April 30, 2010	Second Quarter Ended April 30, 2011
Net Sales	19,571,236	22,080,437
Cost of Sales	14,945,389	17,283,023
Gross Profit	4,625,846	4,797,413
Selling, General and Administrative Expenses	2,978,745	3,111,681
Operating Income	1,647,100	1,685,732
Non-Operating Income		
Interest income	2,182	5,477
Dividends Income	5,383	7,292
Rent Income	10,512	6,177
Foreign Exchange Gains	55,820	9,038
Gain on Valuation of Derivatives	31,534	73,959
Others	22,233	28,745
Total Non-Operating Income	127,666	130,690
Non-Operating Expenses		
Interest Expenses	4,508	3,814
Loss on Sales of Notes Payable	40	35
Commission Fee	8,871	8,463
Others	6,812	7,743
Total Non-Operating Expenses	20,233	20,056
Ordinary Income	1,754,534	1,796,366
Extraordinary Income		
Gain on Sales of Investment Securities	159,212	12,590
Reversal of Allowance for Doubtful Accounts	30,335	19,650
Total Extraordinary Income	189,548	32,241
Extraordinary Losses		
Loss on Retirement of Noncurrent Assets	297	-
Loss on Valuation of Investments Securities	10,190	714
Allowance for Doubtful Accounts	-	1,300
Loss affected by application of the Accounting Standard for Asset Retirement Obligations	-	32,685
Total Extraordinary Losses	10,488	34,699
Income before Income Taxes and Minority Interests	1,933,594	1,793,908
Income Taxes-Current	784,037	596,159
Income Taxes-Deferred	3,432	133,009
Total Income Taxes	787,470	729,168
Income before minority interests	-	1,064,739
Minority Interests in Losses	6,482	4,881
Net Income	1,139,640	1,059,858

(3) Consolidated Quarterly Statements of Cash Flows

(Thousands of Yen)

	Second Quarter Ended April 30, 2010	Second Quarter Ended April 30, 2011
Net Cash Provided by (Used in) Operating Activities		
Income before Income Taxes and Minority Interests	1,933,594	1,793,908
Depreciation and Amortization	189,053	192,294
Increase (Decrease) in Provision for Bonuses	(85,932)	(394,938)
Increase (Decrease) in Provision for Directors' Bonuses	(16,227)	(54,856)
Increase (Decrease) in Allowance for Product Warranty	(16,566)	182,582
Increase (Decrease) in Provision for Retirement Benefits	5,343	5,000
Increase (Decrease) in Provision for Directors' Retirement Benefits	-	(111,000)
Increase (Decrease) in Allowance for Doubtful Accounts	(31,946)	(19,125)
Loss (Gain) on Valuation of Investment Securities	10,190	714
Interest and Dividends Income	(7,566)	(12,769)
Interest Expenses	4,508	3,814
Foreign Exchange Losses (Gains)	(6,395)	(4,976)
Loss (Gain) on Sales of Investment Securities	(159,212)	(12,590)
Loss (Gain) on Retirement of Noncurrent Assets	297	-
Loss affected by application of the Accounting Standard for Asset Retirement Obligations	-	32,685
Loss (Gain) on Valuation of Derivatives	(31,534)	(73,959)
Decrease (Increase) in Notes and Accounts Receivable-Trade	(316,695)	(866,823)
Decrease (Increase) in Inventories	(133,281)	(395,853)
Increase (Decrease) in Notes and Accounts Payable-Trade	704,622	444,443
Increase (Decrease) in Accounts Payable-Others	(47,096)	(42,375)
Increase (Decrease) in Advances Received	42,544	6,803
Increase (Decrease) in Accrued Consumption Taxes	(18,918)	58,813
Others, Net	(97,639)	(95,721)
Sub total	1,921,141	636,070
Interests and Dividends Income Received	5,823	7,889
Interest Expenses Paid	(11,647)	(3,821)
Income Taxes Paid (-) or Returned	161,378	(949,907)
Net Cash Provided by (Used in) Operating Activities	2,076,695	(309,769)
Net Cash Provided by (Used in) Investing Activities		
Deposit of Time Deposits	(2,378,526)	(2,520,110)
Proceeds from Withdrawal of Time Deposits	-	100,000
Proceeds from Sales of Property, Plant and Equipment	-	120
Purchase of Property, Plant and Equipment	(77,511)	(121,568)
Purchase of Intangible Assets	(6,050)	(2,320)
Proceeds from Sales of Investment Securities	217,345	17,824
Purchase of Investment Securities	(7,566)	(6,118)
Collection of Loans Receivable	1,514	3,583
Payments of Loans Receivable	(1,875)	(270)
Guarantee Deposits (Increase)	(6,589)	12,708
Others, Net	(1,438)	(1,270)
Net Cash Provided by (Used in) Investment Activities	(2,260,698)	(2,517,422)

(Thousands of Yen)

	Second Quarter Ended April 30, 2010	Second Quarter Ended April 30, 2011
Net Cash Provided by (Used in) Financing Activities		
Repayments of Lease Obligations	(14,244)	(13,447)
Repayment of Long-Term Loans Payable	(60,000)	-
Purchase of Treasury Stock	(148)	(98)
Cash Dividends Paid	(299,367)	(349,257)
Net Cash Provided by (Used in) Financing Activities	(6,740)	-
Cash and Cash Equivalents	(380,500)	(362,803)
Effect of Exchange Rate Change on Cash and Cash Equivalents	29,140	(13,300)
Net Increase (Decrease) in Cash and Cash Equivalents	(535,363)	(3,203,295)
Cash and Cash Equivalents at Beginning of Period	4,447,793	6,109,100
Cash and Cash Equivalents at End of Period	3,912,430	2,905,805

(4) Note on Going Concern Assumption

None.

(5) Segment Information**(Segment by type of business)****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	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, 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

[Segment Information]

(Supplemental information)

Beginning from the first quarter of the current consolidated fiscal year, the Company has adopted the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (Accounting Standards Board of Japan Statement No. 17, revision dated March 27, 2009 and the “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (Accounting Standards Board of Japan Guidance No. 20 dated March 31, 2008).

1 Summary of Reporting Segments

TOMOE Engineering Co., Ltd. has established two operational headquarters. These operational headquarters are developing their business activities by planning comprehensive domestic and overseas strategies for the respective manufactured and commercial products they handle.

We therefore have assumed these two businesses, referred to as the “Machinery & Equipment Business” and the “Chemical Products Business”, as our company reporting segments. The Machinery & Equipment Business mainly manufactures and sells centrifuge decanters, and the Chemical Products Business mainly manufactures, stocks and sells chemical industry products.

The Company’s reporting segments are those units of the Company’s for which discrete financial information is available and for which the Board of Directors regularly conducts a review for the purpose of making decisions about resources to be allocated to the segments and assess the segments’ performance.

2 Information Pertaining to the Amount of Net sales or Net Loss of Each Reporting Segment
Second Quarter Ended April 30, 2011

(Thousands of Yen)

	Reported Segment			Grand Total
	Machinery & Equipment Business	Chemical Products Business	Total	
Net Sales				
Net Sales to Unaffiliated Customers	7,116,963	14,963,474	22,080,437	22,080,437
Internal Net Sales among Segments or Amount Transferred	-	-	-	-
Total	7,116,963	14,963,474	22,080,437	22,080,437
Segment Profit	959,310	726,421	1,685,732	1,685,732

(Note) The total amount of segment profit is identical to the operating income reported on the Quarter Statements of Consolidated Income.

(6) Notes for Significant Changes in Shareholder’s Equity

Second Quarter Ended April 30, 2011

None

4. Overseas Net Sales (reference)

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.

Second Quarter Ended April 30, 2011

(Thousands of Yen)

	Asia	Other Regions	Total
I. Overseas Net Sales	3,483,165	945,668	4,428,833
II. Consolidated Net Sales	-	-	22,080,437
III. Ratio of Overseas Net Sales to Consolidated Net Sales (%)	15.8	4.3	20.1

(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.