

Financial Results for the Third Quarter Ended July 31, 2011 [Japan GAAP] (Consolidated)

Date: September 5, 2011
 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
 Investor Relations Contacts: Natsuhiko Maeda, Director, Accounting and Management Planning Tel: (03) 5435-6512
 Date to report Consolidated Quarterly Financial Statement: September 12, 2011
 Date for Dividend Payment: -
 Preparation of Supplementary Explanatory Materials for Quarterly Operating Results: No
 Briefing Session for Quarterly Operating Results: Not planned.

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

1. Consolidated Financial Data for the Third Quarter Ended July 31, 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 July 31, 2011	32,342	12.1	2,144	20.6	2,267	24.3
Quarter Ended July 31, 2010	28,843	4.4	1,778	34.6	1,823	24.7

	Net Income		Net Income per Share	Fully Diluted Quarterly Net Income per Share
	Millions of Yen	Percent	Yen	Yen
Quarter Ended July 31, 2011	1,327	22.0	133. ⁰⁴	-
Quarter Ended July 31, 2010	1,088	31.8	109. ⁰⁹	-

(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 July 31, 2011	29,378	19,860	66.7	1,963. ⁸⁰
Year Ended October 31, 2010	29,779	18,852	62.4	1,862. ³⁰

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

Third Quarter ended July 31, 2011: 19,596 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	-		
Year Ending October 31, 2011 (Prospect)				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 quarter)

	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	2,760	103.7	276. ⁵⁹

(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 July 31, 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 July 31, 2011: 554,501 shares

At October 31, 2010: 554,418 shares

3) Number of average shares (accumulated quarterly total)

At July 31, 2011: 9,978,734 shares

At July 31, 2010: 9,978,835 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 Qualitative Information on Quarterly Consolidated Earnings Forecast on Page 4 of the Financial Results for the Quarter (Attachments) to this quarterly earnings report for the conditions used as assumptions 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 third quarter consolidated year-to-date period, production and exports fell significantly as a result of supply chain disruptions and the effects of electric power shortages in the aftermath of the Tohoku Pacific Offshore Earthquake, which struck in March 2011, and Japan's economy was hampered by conditions that considerably undermined the economic recovery that had been underway until March. However, because the progress in recovery of the supply chain in each district exceeded immediate post-earthquake expectations, and the response to power supply shortages by the industrial sector gradually moved ahead as well, production, export and personal consumption levels generally began to exhibit a brisk recovery trend, despite lingering concerns about the future, including the economies in other countries and the outlook for Japan's nuclear power generation problems.

Under these circumstances, interim period consolidated net sales for the Tomoe Engineering Group as a whole were 32,342 million yen, 12.1% 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, in the Chemical Products Business. Although some restrictions were placed on procurement of certain components and sales activities in the Machinery & Equipment Business as a result of the earthquake, the effect was limited as a whole, and indeed the occurrence of extensive front-loaded demand and substitute demand in the Chemical Products Business had the effect of pushing up year-to-date consolidated net sales somewhat at the end of the quarter.

From an earnings perspective, consolidated operating income for the Tomoe Engineering Group improved more rapidly than the expansion in net sales and was 20.6% up from the same period of the previous consolidated fiscal year, to 2,144 million yen. Although gross profit margins in both of the Group's businesses contracted somewhat compared with the prior year against the backdrop of several unique factors, increases in selling, general and administrative expenses was stringently controlled, including cutbacks in personnel expenses. In non-operating income and expenses, foreign exchange losses were offset by a gain on valuation of derivatives related to currency swap transactions, pushing ordinary income to 2,267 million yen, 24.3% up from the same period one year earlier. Net income for the third quarter year-to-date period was 1,327 million yen, 22.0% up from the same period one year earlier despite a smaller gain on sales of investment securities and an extraordinary loss related to asset retirement obligations, reflecting the increase of ordinary income.

(b) Machinery & Equipment Business

In the Machinery & Equipment Business, consolidated net sales were 10,036 million yen, 18.3% 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, and components sales and repair service to domestic private sector demand were higher, even as domestic sales of machinery and equipment weakened. Among them, the contribution from centrifuge equipment for oil drilling in North America was especially large, accounting for 78.0% of the growth in net sales in that business. Parts procurement and business operations experienced some restrictions for a certain period of time following the March 11 earthquake, but the effect on operating results was limited. In terms of earnings, the gross profit margin declined slightly, as a reaction to the especially high-profit margin sales on a domestic repair project involving heavily depleted equipment that were included in the previous year's net sales, but because selling, general and administrative expenses also were somewhat lower, including a decrease in personnel expenses, consolidated operating income rose faster than the growth in net sales and reached 1,112 million yen, 29.8% up compared with the same period of the previous consolidated fiscal year.

(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 domestically a slackening demand in consumable goods for use of semiconductor manufacturing, as supply and demand continued to improve in other domestic sectors, especially for items used in residential housing, construction and other industry segments. As a result, consolidated net sales were 22,306 million yen, up 9.6% 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 declined sales of products for automobiles, and the scrapping and write-off of some inventory assets, but the effect was limited and the subsequent occurrence of front-loaded and substitute demand for a wide range of commercial products helped to push up net sales somewhat at the end of the period. From a business earnings standpoint, the slowdown phase affecting operations in Shenzhen, China intensified gradually and affected the gross profit margin, which fell slightly despite the continued positive effect of the stronger yen on all imported materials. Nevertheless, because increases in selling, general and administrative expenses were capped, consolidated operating income expanded faster than net sales and rose 12.0% from the same period one year earlier to 1,032 million yen.

(2) Qualitative Information on Consolidated Financial Position:

(a) Assets, Liabilities, and Net Assets

Assets at the end of the consolidated third quarter under review were 29,378 million yen, 400 million yen or 1.3% down from the balance at the end of the previous consolidated fiscal year (October 31, 2010). This mainly reflected an increase in accounts receivable-trade, especially for the Chemical Products Business, against the backdrop of higher net sales, as well as a slight increase in inventories, including Chemical Products Business products, while it reflected a significant decrease in cash and deposits because of tax payments and the provision for bonuses, in addition to a decrease in current assets because of depreciation. On the other hand, total liabilities were 9,518 million yen, 12.9% down compared with the end of the previous consolidated fiscal year. This reflected the large decreases in income taxes payable and provision for bonuses, a decrease in current liabilities because of decreased accounts payable balance mainly in the Machinery & Equipment Business, and a decrease in noncurrent liabilities because of a reversal of the provision for directors' retirement benefits.

Net assets were 19,860 million yen, 1,007 million yen or 5.3% 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 net assets increased and yet total assets decreased as discussed above, the equity ratio at the end of the consolidated third quarter under review increased by 4.3 points compared with the end of the previous consolidated fiscal year to 66.7%.

(b) Cash Flow Status

Cash and cash equivalents as of the end of the consolidated third quarter under review decreased by 3,719 million yen to 2,389 million yen from the end of the previous consolidated fiscal year. The status of each cash flow and their factors during the third quarter are as follows:

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

Cash flow used in operating activities was 534 million yen. Income before income taxes and minority interests was 2,254 million yen, and depreciation of noncurrent assets was 285 million yen, but notes and accounts receivable-trade and inventories increased by 832 million yen and 165 million yen, respectively, while the provision for bonuses and notes and accounts payable-trade decreased by 425 million yen and 96 million yen respectively, and income taxes paid amounted to 1,511 million yen.

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

Cash used in investing activities was 2,778 million yen in total, because net purchases of time deposits of 2,600 million yen in addition of purchases of buildings and plants and other tangible fixed assets of 205 million yen.

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

Net cash used in financing activities was 368 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 the problem of electric power shortages, the Tohoku Pacific Offshore Earthquake that struck Japan in March 2011 is expected to have a considerable impact on various future domestic production activities. Given this situation, there were some restrictions were placed on procurement of certain components and sales activities in the Machinery & Equipment Business 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 and substitute 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, expect upward revision of the net income forecast for current period associated with changes in right to the former Tokyo factory.

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 circumstances.

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 6,041,000 yen lower, and income before income taxes and minority interests was 38,727,000 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 Third Quarter (July 31, 2011)	Summarized Balance Sheet for End of Previous Year (October 31, 2010)
Current Assets		
Cash and Deposits	4,989,782	6,109,100
Notes and Accounts Receivable-Trade	14,134,831	13,324,042
Merchandise and Finished Goods	3,398,963	3,055,662
Work in Process	961,521	1,400,107
Raw Materials and Supplies	655,792	404,117
Deferred Tax Assets	465,089	618,454
Others	177,639	164,937
Allowance for Doubtful Accounts	(23,101)	(29,006)
Total Current Assets	24,760,518	25,047,414
Noncurrent Assets		
Property, Plant and Equipment		
Buildings and Structures	2,597,501	2,527,155
Accumulated Depreciation	(1,562,702)	(1,505,179)
Buildings and Structures, Net	1,034,799	1,021,976
Machinery, Equipment and Vehicles	3,457,571	3,435,773
Accumulated Depreciation	(2,741,093)	(2,623,977)
Machinery, Equipment and Vehicles, Net	716,478	811,796
Land	970,253	970,253
Lease Assets	71,702	76,962
Accumulated Depreciation	(48,416)	(39,169)
Lease Assets, Net	23,286	37,793
Others	1,038,509	986,860
Accumulated Depreciation	(932,564)	(895,734)
Others, Net	105,944	91,126
Total Property, Plant and Equipment	2,850,761	2,932,946
Intangible Assets	69,537	80,245
Investments and Other Assets		
Investment Securities	751,307	697,362
Guarantee Deposits	357,907	412,798
Deferred Tax Assets	75,462	87,043
Others	593,921	602,102
Allowance for Doubtful Accounts	(80,737)	(80,377)
Total Investments and Other Assets	1,697,862	1,718,929
Total Noncurrent Assets	4,618,161	4,732,121
Total Assets	29,378,680	29,779,536

	(Thousands of Yen)	
	End of Third Quarter (July 31, 2011)	Summarized Balance Sheet for End of Previous Year (October 31, 2010)
Liabilities and Net Assets		
Liabilities		
Current Liabilities		
Notes and Accounts Payable-Trade	6,364,969	6,477,307
Short-Term Loans Payable	563,440	585,923
Lease Obligations	16,893	24,132
Accounts Payable-Others	492,172	551,681
Income Taxes Payable	202,163	961,213
Advances Received	280,975	417,875
Provision for Bonuses	685,062	1,111,306
Provision for Directors' Bonuses	45,355	85,555
Allowance for Product Warranty	366,308	186,442
Others	392,969	327,562
Total Current Liabilities	9,410,310	10,729,000
Noncurrent Liabilities		
Lease Obligations	10,866	22,553
Provision for Retirement Benefits	35,590	32,538
Provision for Directors' Retirement Benefits	31,760	142,760
Deferred Tax Liabilities	29,799	108
Total Noncurrent Liabilities	108,016	197,960
Total Liabilities	9,518,326	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	17,591,362	16,613,067
Treasury Stock	(363,319)	(363,194)
Total Shareholders' Equity	19,772,662	18,794,492
Valuation and Translation Adjustments		
Valuation Difference on Available-for-Sale Securities	92,930	53,585
Deferred Gains or Losses on Hedges	(3,209)	(7,411)
Foreign Currency Translation Adjustment	(266,236)	(257,190)
Total Valuation and Translation Adjustments	(176,515)	(211,016)
Minority Interests	264,206	269,098
Total Net Assets	19,860,353	18,852,575
Total Liabilities and Net Assets	29,378,680	29,779,536

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

(Thousands of Yen)

	Third Quarter Ended July 31, 2010	Third Quarter Ended July 31, 2011
Net Sales	28,843,057	32,342,269
Cost of Sales	22,540,796	25,530,492
Gross Profit	6,302,261	6,811,776
Selling, General and Administrative Expenses	4,523,673	4,667,161
Operating Income	1,778,588	2,144,615
Non-Operating Income		
Interest income	4,832	8,650
Dividends Income	14,519	17,916
Rent Income	13,681	9,106
Foreign Exchange Gains	61,257	-
Gain on Valuation of Derivatives	-	96,859
Others	30,914	19,851
Total Non-Operating Income	125,204	152,384
Non-Operating Expenses		
Interest Expenses	5,794	5,570
Loss on Sales of Notes Payable	58	53
Commission Fee	9,252	9,219
Foreign Exchange Loss	-	3,698
Loss on Valuation of Derivatives	52,408	-
Others	12,415	10,840
Total Non-Operating Expenses	79,930	29,382
Ordinary Income	1,823,862	2,267,617
Extraordinary Income		
Gain on Sales of Noncurrent Assets	-	2,370
Gain on Sales of Investment Securities	159,344	14,190
Reversal of Allowance for Doubtful Accounts	13,461	15,713
Total Extraordinary Income	172,806	32,275
Extraordinary Losses		
Loss on Retirement of Noncurrent Assets	1,952	1,762
Loss on Valuation of Investments Securities	117,683	10,061
Allowance for Doubtful Accounts	-	1,300
Loss affected by application of the Accounting Standard for Asset Retirement Obligations	-	32,685
Total Extraordinary Losses	119,636	45,809
Income before Income Taxes and Minority Interests	1,877,032	2,254,083
Income Taxes-Current	778,499	762,597
Income Taxes-Deferred	(2,409)	172,262
Total Income Taxes	776,089	934,859
Income before minority interests	-	1,319,223
Minority Interests in Losses	12,365	(8,328)
Net Income (Loss)	1,088,577	1,327,552

(3) Consolidated Quarterly Statements of Cash Flows

(Thousands of Yen)

	Third Quarter Ended July 31, 2010	Third Quarter Ended July 31, 2011
Net Cash Provided by (Used in) Operating Activities		
Income before Income Taxes and Minority Interests	1,877,032	2,254,083
Depreciation and Amortization	292,587	285,295
Increase (Decrease) in Provision for Bonuses	(139,368)	(425,627)
Increase (Decrease) in Provision for Directors' Bonuses	19,053	(40,200)
Increase (Decrease) in Allowance for Product Warranty	(7,613)	179,866
Increase (Decrease) in Provision for Retirement Benefits	2,687	3,135
Increase (Decrease) in Provision for Directors' Retirement Benefits	-	(111,000)
Increase (Decrease) in Allowance for Doubtful Accounts	(15,071)	(5,544)
Loss (Gain) on Valuation of Investment Securities	117,683	10,061
Interest and Dividends Income	(19,351)	(26,567)
Interest Expenses	5,794	5,570
Foreign Exchange Losses (Gains)	8,719	10,239
Loss (Gain) on Sales of Investment Securities	(159,344)	(14,190)
Loss (Gain) on Retirement of Noncurrent Assets	1,952	1,762
Loss (Gain) on Sales of Noncurrent Assets	-	(2,370)
Loss affected by application of the Accounting Standard for Asset Retirement Obligations	-	32,685
Loss (Gain) on Valuation of Derivatives	52,408	(96,859)
Decrease (Increase) in Notes and Accounts Receivable-Trade	(1,355,300)	(832,108)
Decrease (Increase) in Inventories	(733,219)	(165,432)
Increase (Decrease) in Notes and Accounts Payable-Trade	896,777	(96,385)
Increase (Decrease) in Accounts Payable-Others	44,663	(38,197)
Increase (Decrease) in Advances Received	192,562	(136,491)
Increase (Decrease) in Accrued Consumption Taxes	(55,548)	56,305
Others, Net	(41,925)	109,307
Sub total	985,179	957,338
Interests and Dividends Income Received	16,486	24,528
Interest Expenses Paid	(12,717)	(5,574)
Income Taxes Paid (-) or Returned	(12,470)	(1,511,062)
Net Cash Provided by (Used in) Operating Activities	976,476	(534,770)
Net Cash Provided by (Used in) Investing Activities		
Deposit of Time Deposits	(2,378,526)	(5,120,110)
Proceeds from Withdrawal of Time Deposits	1,000,000	2,520,110
Proceeds from Sales of Property, Plant and Equipment	-	7,420
Purchase of Property, Plant and Equipment	(129,224)	(205,839)
Purchase of Intangible Assets	(48,066)	(5,818)
Proceeds from Sales of Investment Securities	218,109	23,425
Purchase of Investment Securities	(11,509)	(15,224)
Collection of Loans Receivable	2,357	4,427
Payments of Loans Receivable	(3,435)	(1,360)
Guarantee Deposits (Increase)	(3,633)	15,534
Others, Net	(1,309)	(1,235)
Net Cash Provided by (Used in) Investment Activities	(1,355,236)	(2,778,670)

(Thousands of Yen)

	Third Quarter Ended July 31, 2010	Third Quarter Ended July 31, 2011
Net Cash Provided by (Used in) Financing Activities		
Repayments of Lease Obligations	(21,164)	(18,926)
Repayment of Long-Term Loans Payable	(60,000)	-
Purchase of Treasury Stock	(148)	(125)
Cash Dividends Paid	(299,367)	(349,257)
Cash Dividends Paid to Minority Shareholders	(6,740)	-
Net Cash Provided by (Used in) Financing Activities	(387,420)	(368,309)
Effect of Exchange Rate Change on Cash and Cash Equivalents	(14,368)	(37,567)
Net Increase (Decrease) in Cash and Cash Equivalents	(780,548)	(3,719,318)
Cash and Cash Equivalents at Beginning of Period	4,447,793	6,109,100
Cash and Cash Equivalents at End of Period	3,667,244	2,389,782

(4) Note on Going Concern Assumption

None.

(5) Segment Information**(Segment by type of business)****Third Quarter Ended July 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	8,482,344	20,360,712	28,843,057	-	28,843,057
(2) Internal Net Sales among Segments or Amount Transferred	-	-	-	-	-
Total	8,482,344	20,360,712	28,843,057	-	28,843,057
Operating Income (Loss)	857,225	921,362	1,778,588	-	1,778,588

(Notes)

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

(Segment by Location)**Third Quarter Ended July 31, 2010****(Thousands of Yen)**

	Japan	Asia	Total	Deletion or Total Company	Consolidated
Net Sales					
(1) Net Sales to Unaffiliated Customers	26,371,985	2,471,072	28,843,057	-	28,843,057
(2) Internal Net Sales among Segments or Amount Transferred	309,793	143,679	453,473	(453,473)	-
Total	26,681,779	2,614,752	29,296,531	(453,473)	28,843,057
Operating Income	1,714,380	66,526	1,780,907	(2,319)	1,778,588

(Notes)

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

Third Quarter Ended July 31, 2011

(Thousands of Yen)

	Reported Segment			Consolidated
	Machinery & Equipment Business	Chemical Products Business	Total	
Net Sales				
(1) Net Sales to Unaffiliated Customers	10,036,151	22,306,117	32,342,269	32,342,269
(2) Internal Net Sales among Segments or Amount Transferred	-	-	-	-
Total	10,036,151	22,306,117	32,342,269	32,342,269
Segment Profit	1,112,357	1,032,257	2,144,615	2,144,615

(Notes)

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 shareholders’ equity

None.

4. Overseas Net Sales (Reference)

Third Quarter Ended July 31, 2010

(Thousands of Yen)

	Asia	Other Regions	Total
I. Overseas Net Sales	5,411,670	511,398	5,923,068
II. Consolidated Net Sales	-	-	28,843,057
III. Ratio of Overseas Net Sales to Consolidated Net Sales (%)	18.8	1.8	20.5

(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.

Third Quarter Ended July 31, 2011

(Thousands of Yen)

	Asia	Other Regions	Total
I. Overseas Net Sales	5,411,106	1,808,450	7,219,556
II. Consolidated Net Sales	-	-	32,342,269
III. Ratio of Overseas Net Sales to Consolidated Net Sales (%)	16.7	5.6	22.3

(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.