

## Financial Results for the Third Quarter Ended July 31, 2012 [Japan GAAP] (Consolidated)

Date: September 5, 2012  
 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  
 Investor Relations Contacts: Natsuhiko Maeda, Director, Accounting and Management Planning Tel: (03) 5435-6512  
 Date to report Consolidated Quarterly Financial Statement: September 12, 2012  
 Date for Dividend Payment: Not applicable to financial quarters.  
 Preparation of Supplementary Explanatory Materials for Quarterly Operating Results: None  
 Briefing Session for Quarterly Operating Results: None

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

### 1. Consolidated Financial Data for the Third Quarter Ended July 31, 2012

(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, 2012	30,670	(5.2)	1,616	(24.6)	1,737	(23.4)
Quarter Ended July 31, 2011	32,342	12.1	2,144	20.6	2,267	24.3

	Net Income		Net Income per Share	Fully Diluted Quarterly Net Income per Share
	Millions of Yen	Percent	Yen	Yen
Quarter Ended July 31, 2012	1,113	(16.1)	111. <sup>58</sup>	-
Quarter Ended July 31, 2011	1,327	22.0	133. <sup>04</sup>	-

(Note) Comprehensive income

Third Quarter ended July 31, 2012: 1,124 million yen (-17.1%) Third Quarter ended July 31, 2011: 1,357 million yen (-%)

(2) Financial Condition (Consolidated)

	Total Assets (A) (Millions of Yen)	Net Assets (B) (Millions of Yen)	Net Assets Ratio (B) / (A) (Percent)
Quarter Ended July 31, 2012	32,948	22,087	66.3
Year Ended October 31, 2011	32,702	21,329	64.5

(Reference) Net assets

Third Quarter ended July 31, 2012: 21,840 million yen Year Ended October 31, 2011: 21,090 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, 2011	-	0.00	-	40. <sup>00</sup>	40. <sup>00</sup>
Year Ending October 31, 2012	-	0.00	-		
Year Ending October 31, 2012 (Prospect)				40. <sup>00</sup>	40. <sup>00</sup>

(Note) Revisions since the most recently released dividend projection: None

### 3. Forecast for Earnings for the Year Ending October 31, 2012 (Consolidated)

(Percent: Change from the previous year for the full business year)

	Net Sales		Operating Income		Ordinary Income	
	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)
Full Business Year	42,900	1.2	2,500	3.3	2,590	(0.2)

	Net Income		Net Income per Share
	(Millions of Yen)	(Percent)	Yen
Full Business Year	1,630	(44.1)	163. <sup>35</sup>

(Note) Revisions since the most recently released dividend projection: None

#### [Precaution Statement]

(1) Significant changes in subsidiaries during this quarter (Changes in specific subsidiaries in conjunction with a change in the scope of consolidation): None

Number of new subsidiaries: \_\_\_ (Company names):

Number of eliminated subsidiaries: \_\_\_ (Company names):

(2) Adoption of simplified accounting method and the specific accounting method: None

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

1) Change due to revision of accounting standard: None

2) Other changes than the above 1): None

3) Change in accounting estimates: None

4) Retrospective restatements: None

(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, 2012: 10,533,200 shares

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

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

At July 31, 2012: 554,547 shares

At October 31, 2011: 554,501 shares

3) Number of average shares (accumulated quarterly total)

At July 31, 2012: 9,978,673 shares

At July 31, 2011: 9,978,734 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 on Quarterly Consolidated Operating Results (3) Qualitative Information on Consolidated Earnings Forecast" for the operating results forecast and matters to note when using forward-looking statements.

Table of Contents (Attachments)

1. Qualitative Information on Quarterly Consolidated Operating Results.....	2
(1) Qualitative Information on Consolidated Operating Results.....	2
(2) Qualitative Information on Consolidated Financial Position.....	3
(3) Qualitative Information on Consolidated Earnings Forecast.....	4
2. Matters Concerning Summary Information (Other).....	4
(1) Changes to material subsidiaries during the quarterly consolidated period under review.....	4
(2) Application of special accounting method in the preparation of quarterly consolidated financial statements.....	4
(3) Changes in accounting principles, changes in accounting estimates and retrospective restatements...	4
(4) Supplemental information.....	4
3. Consolidated Financial Statement.....	5
(1) Consolidated Quarterly Balance Sheet. ....	5
(2) Consolidated Quarterly Statements of Income & Consolidated Quarterly Statements of Comprehensive Income.....	7
(3) Consolidated Quarterly Statements of Cash Flows. ....	9
(4) Note on Going Concern Assumption.....	11
(5) Segment Information, etc. ....	11
(6) Notes for Significant Changes in Shareholder's Equity.....	11
4. Overseas Net Sales (Supplemental Information).....	12

## 1. Qualitative Information on Quarterly Consolidated Operating Results

### (1) Qualitative Information on Consolidated Operating Results

#### [General operating results]

During consolidated cumulative third quarter under review, Japan's economy entered circumstances of sustained activity leading toward a general economic recovery. Although the trend in production levels remained flat as a result of sluggish exports, the pickup trend was driven by the gradual expansion of restoration demand following the Great East Japan Earthquake, and even consumer spending, although still restrained, took plodding steps in the direction of a more positive outlook.

Given such circumstances, this cumulative quarterly period consolidated net sales for the Tomoe Engineering Group dipped 5.2% from the same period one year earlier to 30,670 million yen. This reflected a decline in sales of equipment, components and works for domestic public sector demand and lower sales of equipment and systems for China in the Machinery & Equipment Business, as well as decreased sales volume in the domestic electronics materials and industrial materials sectors in the Chemical Products Business. In terms of earnings for the period, the Group's consolidated operating income was 1,616 million yen, 24.6% down from the same period one year earlier, as the declines in sales in the Machinery & Equipment Business became a factor pushing down earnings, and the Group reported a loss in the Chemical Products Business for the resin plastic compounding business in Shenzhen, China. Ordinary income reflected a reactionary drop from a gain on valuation of derivatives in the prior year related to the Chemical Products Business and yet an increase in foreign exchange gains, falling to 1,737 million yen, 23.4% down from the same period last year. Furthermore, because the effective tax rates for the corporation tax and other taxes were reduced by the tax reforms enacted in December 2011, the adjustment for corporate and other taxes was lowered by 102 million yen as the result of a revaluation of deferred tax assets and liabilities, and this was a factor lifting third quarter year-to-date consolidated net income by the same amount. As a result of all of the above factors, net income for the third period was 1,113 million yen, 16.1% down from the same period of the prior year.

#### [Operating results by segment]

##### (Machinery & Equipment Business)

In the Machinery & Equipment Business, consolidated net sales for the third period were 8,431 million yen, 16.0% down from the same period last year. Sales of centrifuge equipment for oil well drilling in North America and overseas sales of components were higher, but sales of equipment and works for domestic public sector demand and sales of equipment and systems for China were both off sharply. Among such factors pushing net sales lower, the impact of the slump in devices and systems sales to meet domestic public sector demand was significant, with the bulk of the drop being a reactionary decline from the sale in the same period one year ago of devices and systems for a large-scale sewage treatment facility reconstruction project. Moreover, the principal cause of the decrease in sales to China were the continuing slump in sales of centrifuge equipment for vinyl chloride plants and of abrasive grain slurry recycling equipment for use in manufacturing photovoltaic cells. As a result of decrease in overall sales, the gross profit margin dipped and consolidated operating income for this business was 680 million yen 38.8% down from the same period of the previous fiscal year, although the drop in domestic public sector demand was offset by the improvement in overseas consumption.

(Chemical Products Business)

In the Chemical Products Business, consolidated net sales were 22,239 million yen, 0.3% down year-on-year. While the high performance resins and molding machines sales business in Hong Kong showed growth, domestic sales of resin raw materials and additives for use in construction materials and glass slipped. The domestic electronics materials sector, which languished until the second quarter in particular, became a factor that mitigated the breadth of the sales decline, as consumables for use in semiconductor manufacturing and related equipment began to grow. Despite the effect of higher revenue and earnings in the electronics materials sector and improved gross profit margins in the fine chemicals and other sectors, however, domestic selling expenses as a whole rose and the compounding business in Shenzhen, China, particularly for commodity plastics resulted in below-cost, and from an earnings perspective, operating income totaled 936 million yen, 9.3% down from the corresponding period of the previous year.

(2) Qualitative Information on Consolidated Financial Position:

**[Assets, Liabilities, and Net Assets]**

Total assets at the end of the third quarter consolidated period under review were 32,948 million yen, 245 million yen or 0.8% up from the balance of the end at the previous consolidated fiscal year on October 31, 2011. Although fixed assets declined slightly, reflecting write-downs of investment securities because of lower stock prices, current assets were higher, mainly because of an increase in raw materials inventory related to the Machinery & Equipment Business.

On the other hand, total liabilities were 10,861 million yen, down 511 million yen or 4.5% compared with the end of the previous consolidated fiscal year. Current liabilities were reduced by substantial decreases in the provision for bonuses and income taxes payable, among other items, while noncurrent liabilities also decreased, mainly because of a reduction of deferred tax liabilities that originated in amendment of the corporate tax system.

Moreover, net assets after dividend payments of 399 million yen totaled 22,087 million yen, up 757 million yen or 3.6% from the end of the previous consolidated fiscal year. This reflected the third period net income of 1,113 million yen, as well as slightly higher earnings for other items such as year-to-date other comprehensive income.

As indicated above net assets increased, in contrast to liabilities which fell, the equity ratio at the end of the consolidated third quarter under review rose by 1.8 points compared with the end of the previous consolidated fiscal year to 66.3%.

**[Cash Flow Status]**

Cash and cash equivalents as of the end of the consolidated third quarter under review decreased by 3,468 million yen to 3,828 million yen from the end of the previous consolidated fiscal year. The status of each consolidated cash flow and their factors during the third quarter are as follows:

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

Net cash provided by operating activities was 613 million yen. Inventories increased by 334 million yen, and income taxes paid and the provision for bonuses decreased by 1,088 million yen and 402 million yen respectively. Income before income taxes and minority interests was 1,755 million yen, while notes and accounts payable-trade increased by 426 million yen.

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

Net cash used in investing activities was 3,947 million yen. This mainly reflected net purchases of time deposits of 3,600 million yen, and purchases of property, plant and equipment and intangible fixed assets of 362 million yen.

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

Net cash used in financing activities was 164 million yen despite a net increase by 207 million yen in long-term and short-term loans payable, as 399 million yen was used for cash dividends paid.

(3) Qualitative Information on Consolidated Earnings Forecast:

There are no revisions to the full-year earnings forecast for the fiscal year ending in October 2012 that was announced in the "Notice Concerning Revision of Projected Operating Results" (in Japanese only) released on May 29, 2012.

**2. Matters Concerning Summary Information (Other)**

(1) Changes to material subsidiaries during the quarterly consolidated period under review: None

(2) Application of special accounting method in the preparation of quarterly consolidated financial statements: None.

(3) Changes in accounting principles, changes in accounting estimates and retrospective restatements: None

(4) Supplemental information

(Application of the *Accounting Standard for Accounting Changes and Error Corrections*)

Beginning with accounting changes and corrections of past reporting errors that are made after the beginning of the first quarter of the current consolidated fiscal year, the Company has adopted the *Accounting Standard for Accounting Changes and Error Corrections* (Accounting Standards Board of Japan Statement No. 24) and the *Guidance on Accounting Standard for Accounting Changes and Error Corrections* (Accounting Standards Board of Japan Guidance No. 24).

### 3. Consolidated Financial Statement

#### (1) Consolidated Quarterly Balance Sheets (Third Quarter)

(Thousands of Yen)

Assets	End of Previous Year (October 31, 2011)	End of Third Quarter (July 31, 2012)
<b>Current Assets</b>		
Cash and Deposits	7,296,554	7,428,404
Notes and Accounts Receivable-Trade	12,478,424	12,505,991
Merchandise and Finished Goods	3,506,696	3,114,233
Work in Process	1,029,443	1,124,626
Raw Materials and Supplies	630,324	1,305,089
Deferred Tax Assets	634,782	402,350
Others	236,706	184,795
Allowance for Doubtful Accounts	(21,322)	(10,635)
<b>Total Current Assets</b>	<b>25,791,609</b>	<b>26,054,856</b>
<b>Noncurrent Assets</b>		
Property, Plant and Equipment		
Buildings and Structures	2,328,168	2,337,226
Accumulated Depreciation	(1,344,589)	(1,398,120)
Buildings and Structures, Net	983,579	939,105
Machinery, Equipment and Vehicles	3,395,764	3,606,923
Accumulated Depreciation	(2,662,256)	(2,799,788)
Machinery, Equipment and Vehicles, Net	733,508	807,134
Land	922,024	922,024
Lease Assets	71,702	40,902
Accumulated Depreciation	(52,851)	(32,665)
Lease Assets, Net	18,850	8,237
Construction in progress	2,545,240	2,524,837
Others	990,168	1,014,022
Accumulated Depreciation	(924,338)	(953,332)
Others, Net	65,830	60,689
<b>Total Property, Plant and Equipment</b>	<b>5,269,032</b>	<b>5,262,029</b>
Intangible Assets	65,585	135,746
Investments and Other Assets		
Investment Securities	665,846	625,249
Guarantee Deposits	364,657	356,332
Deferred Tax Assets	33,143	29,515
Others	591,086	532,480
Allowance for Doubtful Accounts	(78,405)	(47,870)
<b>Total Investments and Other Assets</b>	<b>1,576,328</b>	<b>1,495,708</b>
<b>Total Noncurrent Assets</b>	<b>6,910,947</b>	<b>6,893,483</b>
<b>Total Assets</b>	<b>32,702,557</b>	<b>32,948,339</b>

(Thousands of Yen)

<b>Liabilities and Net Assets</b>	<b>End of Previous Year (October 31, 2011)</b>	<b>End of Third Quarter (July 31, 2012)</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes and Accounts Payable-Trade	6,485,604	6,983,162
Short-Term Loans Payable	534,045	718,009
Lease Obligations	14,556	8,760
Accounts Payable-Others	577,728	475,564
Income Taxes Payable	555,402	33,439
Advances Received	461,243	507,907
Provision for Bonuses	1,084,618	682,854
Provision for Directors' Bonuses	61,776	54,426
Allowance for Product Warranty	281,546	219,259
Others	270,113	240,763
<b>Total Current Liabilities</b>	<b>10,326,636</b>	<b>9,924,146</b>
<b>Noncurrent Liabilities</b>		
Long-Term loans Payable	-	44,283
Lease Obligations	7,992	1,807
Provision for Retirement Benefits	36,745	36,818
Provision for Directors' Retirement Benefits	31,760	29,600
Deferred Tax Liabilities	969,595	824,544
<b>Total Noncurrent Liabilities</b>	<b>1,046,093</b>	<b>937,053</b>
<b>Total Liabilities</b>	<b>11,372,730</b>	<b>10,861,199</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	19,179,264	19,893,551
Treasury Stock	(363,319)	(363,393)
<b>Total Shareholders' Equity</b>	<b>21,360,564</b>	<b>22,074,778</b>
<b>Valuation and Translation Adjustments</b>		
Valuation Difference on Available-for-Sale Securities	51,626	24,186
Deferred Gains or Losses on Hedges	230	(1,543)
Foreign Currency Translation Adjustment	(321,821)	(257,402)
<b>Total Valuation and Translation Adjustments</b>	<b>(269,965)</b>	<b>(234,759)</b>
<b>Minority Interests</b>	239,227	247,121
<b>Total Net Assets</b>	<b>21,329,827</b>	<b>22,087,140</b>
<b>Total Liabilities and Net Assets</b>	<b>32,702,557</b>	<b>32,948,339</b>

## (2) Consolidated Quarterly Statements of Income &amp; Consolidated Quarterly Statements of Comprehensive Income

## Consolidated Quarterly Statements of Income (Third Quarter)

(Thousands of Yen)

	Third Quarter Ended July 31, 2011	Third Quarter Ended July 31, 2012
Net Sales	32,342,269	30,670,538
Cost of Sales	25,530,492	24,381,797
<b>Gross Profit</b>	6,811,776	6,288,740
Selling, General and Administrative Expenses	4,667,161	4,672,112
<b>Operating Income</b>	2,144,615	1,616,628
<b>Non-Operating Income</b>		
Interest income	8,650	11,196
Dividends Income	17,916	15,153
Rent Income	9,106	8,893
Foreign Exchange Gains	-	66,208
Gain on Valuation of Derivatives	96,859	-
Others	19,851	45,598
<b>Total Non-Operating Income</b>	152,384	147,050
<b>Non-Operating Expenses</b>		
Interest Expenses	5,570	7,161
Loss on Sales of Notes Payable	53	52
Commission Paid	9,219	8,752
Foreign Exchange Losses	3,698	-
Others	10,840	10,540
<b>Total Non-Operating Expenses</b>	29,382	26,506
<b>Ordinary Income</b>	2,267,617	1,737,172
<b>Extraordinary Income</b>		
Gain on Sales of Noncurrent Assets	2,370	10,960
Gain on Sales of Investment Securities	14,190	6,141
Gain on Change in Equity Interest	-	6,780
Reversal of Allowance for Doubtful Accounts	15,713	-
<b>Total Extraordinary Income</b>	32,275	23,881
<b>Extraordinary Losses</b>		
Loss on Retirement of Noncurrent Assets	1,762	5,054
Loss on Valuation of Investments Securities	10,061	680
Provision of Allowance for Doubtful Accounts	1,300	-
Affect from application of the Accounting Standard for Asset Retirement Obligations	32,685	-
<b>Total Extraordinary Losses</b>	45,809	5,735
Income before Income Taxes and Minority Interests	2,254,083	1,755,318
Income Taxes-Current	762,597	563,713
Income Taxes-Deferred	172,262	111,912
<b>Total Income Taxes</b>	934,859	675,626
<b>Income before minority interests</b>	1,319,223	1,079,692
<b>Minority interests in income or loss ( )</b>	(8,328)	(33,742)
<b>Net Income (Loss)</b>	1,327,552	1,113,435

Consolidated Quarterly Statements of Income (Third Quarter)

(Thousands of Yen)

	Third Quarter Ended July 31, 2011	Third Quarter Ended July 31, 2012
Income before minority interests	1,319,223	1,079,692
Other comprehensive income		
Valuation difference on available-for-sale securities	39,345	(27,440)
Deferred Gains or Losses on Hedges	4,201	(1,773)
Foreign Currency Translation Adjustment	(5,609)	73,942
Total other comprehensive income	37,937	44,728
<b>Comprehensive income</b>	<b>1,357,161</b>	<b>1,124,421</b>
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,362,053	1,148,640
Comprehensive income attributable to minority interests	(4,891)	(24,219)

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

(Thousands of Yen)

	Third Quarter Ended July 31, 2011	Third Quarter Ended July 31, 2012
<b>Net Cash Provided by (Used in) Operating Activities</b>		
Income before Income Taxes and Minority Interests	2,254,083	1,755,318
Depreciation and Amortization	285,295	277,997
Increase (Decrease) in Provision for Bonuses	(425,627)	(402,638)
Increase (Decrease) in Provision for Directors' Bonuses	(40,200)	(7,350)
Increase (Decrease) in Allowance for Product Warranty	179,866	(62,287)
Increase (Decrease) in Provision for Retirement Benefits	3,135	(35)
Increase (Decrease) in Provision for Directors' Retirement Benefits	(111,000)	(2,160)
Increase (Decrease) in Allowance for Doubtful Accounts	(5,544)	(41,222)
Loss (Gain) on Valuation of Investment Securities	10,061	680
Interest and Dividends Income	(26,567)	(26,349)
Interest Expenses	5,570	7,161
Foreign Exchange Losses (Gains)	10,239	(399)
Loss (Gain) on Sales of Investment Securities	(14,190)	(6,141)
Loss (Gain) on Change in Equity Interest	-	(6,780)
Loss (Gain) on Sales of Noncurrent Assets	(2,370)	(10,960)
Loss (Gain) on Retirement of Noncurrent Assets	1,762	5,054
Affect from application of the Accounting Standard for Asset	32,685	-
Loss (Gain) on Valuation of Derivatives	(96,859)	-
Decrease (Increase) in Notes and Accounts	(832,108)	43,626
Decrease (Increase) in Inventories	(165,432)	(334,505)
Increase (Decrease) in Notes and Accounts Payable-Trade	(96,385)	426,213
Increase (Decrease) in Accounts Payable-Others	(38,197)	(65,311)
Increase (Decrease) in Advances Received	(136,491)	43,551
Increase (Decrease) in Accrued Consumption Taxes	56,305	(37,378)
Others, Net	109,307	125,303
Sub Total	957,338	1,681,387
Interests and Dividends Income Received	24,528	26,973
Interest Expenses Paid	(5,574)	(6,713)
Income Taxes Paid ( ) or Returned	(1,511,062)	(1,088,065)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(534,770)</b>	<b>613,582</b>

(Thousands of Yen)

	Third Quarter Ended July 31, 2011	Third Quarter Ended July 31, 2012
<b>Net Cash Provided by (Used in) Investing Activities</b>		
Disbursement to Time Deposits	(5,120,110)	(6,700,000)
Proceeds from Withdrawal of Time Deposits	2,520,110	3,100,000
Purchase of Property, Plant and Equipment	(205,839)	(274,255)
Proceeds from Sales of Property, Plant and Equipment	7,420	14,055
Purchase of Intangible Assets	(5,818)	(88,108)
Purchase of Investment Securities	(15,224)	(14,002)
Proceeds from Sales of Investment Securities	23,425	12,932
Payments of Loans Receivable	(1,360)	(4,040)
Collection of Loans Receivable	4,427	2,336
Guarantee Deposits (Increase)	15,534	3,628
Others, Net	(1,235)	(468)
<b>Net Cash Provided by (Used in) Investment Activities</b>	<b>(2,778,670)</b>	<b>(3,947,921)</b>
<b>Net Cash Provided by (Used in) Financing Activities</b>		
Net Increase (Decrease) in Short-Term Loans Payable	-	156,481
Proceeds from Long-Term Loans	-	51,518
Repayments of Lease Obligations	(18,926)	(11,981)
Purchase of Treasury Stock	(125)	(73)
Funds Provided by Payment from Minority Shareholders	-	38,893
Cash Dividends Paid	(349,257)	(399,147)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(368,309)</b>	<b>(164,308)</b>
Effect of Exchange Rate Change on Cash and Cash Equivalents	(37,567)	30,497
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(3,719,318)</b>	<b>(3,468,150)</b>
Cash and Cash Equivalents at Beginning of Period	6,109,100	7,296,554
Cash and Cash Equivalents at End of Period	2,389,782	3,828,404

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

None.

**(5) Segment Information, etc.**

【Segment Information】

Third Quarter Ended July 31, 2011

Information Pertaining to the Amount of Net sales or Net Loss of Each Reporting Segment

(Thousands of Yen)

	Reported Segment			Grand Total
	Machinery & Equipment Business	Chemical Products Business	Total	
Net Sales				
Net Sales to Unaffiliated Customers	10,036,151	22,306,117	32,342,269	32,342,269
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

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

Third Quarter Ended July 31, 2012

Information Pertaining to the Amount of Net sales or Net Loss of Each Reporting Segment

(Thousands of Yen)

	Reported Segment			Grand Total
	Machinery & Equipment Business	Chemical Products Business	Total	
Net Sales				
Net Sales to Unaffiliated Customers	8,431,445	22,239,092	30,670,538	30,670,538
Internal Net Sales among Segments or Amount Transferred	-	-	-	-
Total	8,431,445	22,239,092	30,670,538	30,670,538
Segment Profit	680,548	936,080	1,616,628	1,616,628

(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**

None

#### 4. Overseas Net Sales (Supplemental Information)

##### 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.

##### Third Quarter Ended July 31, 2012

(Thousands of Yen)

	Asia	Other Regions	Total
I. Overseas Net Sales	4,523,508	1,994,988	6,518,497
II. Consolidated Net Sales	-	-	30,670,538
III. Ratio of Overseas Net Sales to Consolidated Net Sales (%)	14.7	6.5	21.3

(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.