

# Financial Results for the Fiscal Year Ended October 31, 2016 [Japan GAAP] (Consolidated)

Date: December 7, 2016  
 Company: Tomoe Engineering Co., Ltd. and Subsidiaries  
 (URL: [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  
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 Date of Annual Shareholders Meeting: January 27, 2017  
 Date of Dividend Payment: January 30, 2017  
 Date of Financial Statement: January 27, 2017  
 Preparation of Supplementary Explanatory Materials for Annual Operating Results: Yes  
 Briefing Session for Annual Operating Results: Yes (for institutional investors)

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

## 1. Consolidated Financial Results for the Year Ended October 31, 2016

### (1) Results of Operation (Consolidated)

(Percent: change from the previous year)

	Sales		Operating Income		Ordinary Income	
	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)
<b>Year Ended October 31, 2016</b>	39,180	-0.4	1,970	42.0	1,780	4.5
<b>Year Ended October 31, 2015</b>	39,354	-3.3	1,387	8.9	1,703	4.5

(Note) Comprehensive income

Fiscal year ended October 31, 2016: 422 million yen (-65.9%)

Fiscal year ended October 31, 2015: 1,239 million yen (-10.9%)

	Net Income Attributable to Owners of the Parent		Net Income per Share	Fully Diluted Net Income per Share	Return on Equity	Return on Assets	Return on Sales
	(Millions of Yen)	(Percent)	(Yen)	(Yen)	(Percent)	(Percent)	(Percent)
<b>Year Ended October 31, 2016</b>	968	-5.8	97. <sup>10</sup>	-	3.8	5.1	5.0
<b>Year Ended October 31, 2015</b>	1,028	-6.7	103. <sup>08</sup>	-	4.2	5.0	3.5

(Reference) Equity in earnings (loss) of unconsolidated subsidiaries and affiliates

Fiscal year ended October 31, 2016: None

Fiscal year ended October 31, 2015: None

### (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)
<b>Year Ended October 31, 2016</b>	34,792	25,173	72.4	2,522. <sup>81</sup>
<b>Year Ended October 31, 2015</b>	34,341	25,200	73.4	2,525. <sup>47</sup>

(Reference) Net assets

Fiscal year ended October 31, 2016: 25,173 million yen

Fiscal year ended October 31, 2015: 25,200 million yen

### (3) Cash Flows (Consolidated)

(Millions of Yen)

	Net Cash Provided (Used) by Operating Activities	Net Cash Provided (Used) by Investing Activities	Net Cash Provided (Used) by Financing Activities	Consolidated Cash and Cash Equivalent as of Year-end
<b>Year Ended October 31, 2016</b>	3,744	(255)	(449)	8,056
<b>Year Ended October 31, 2015</b>	(73)	(51)	(449)	5,295

### 2. Dividend Status

	Dividend per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	End of Fiscal Year	Total
<b>Year Ending October 31, 2015</b>	-	22.50	-	22. <sup>50</sup>	45. <sup>00</sup>
<b>Year Ending October 31, 2016</b>	-	22.50	-	22. <sup>50</sup>	45. <sup>00</sup>
<b>Year Ending October 31, 2017 (Prospect)</b>	-	22.50	-	22. <sup>50</sup>	45. <sup>00</sup>

	Total Dividend (Millions of Yen)	Dividend Payout Ratio (Consolidated) (Percent)	Dividend on Equity Ratio (Consolidated) (Percent)
<b>Year Ending October 31, 2015</b>	449	43.7	1.8
<b>Year Ending October 31, 2016</b>	449	46.3	1.8
<b>Year Ending October 31, 2017 (Prospect)</b>		38.1	

### 3. Forecast for the Year Ending October 31, 2017 (Consolidated)

(Percent: Change from the previous year for the full business year and 6-month period)

	Sales		Operating Income		Ordinary Income	
	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)
<b>Six-month Period</b>	20,770	4.6	680	-26.0	680	-13.9
<b>Full Business Year</b>	41,700	6.4	1,790	-9.1	1,780	-0.0

	Net Income		Net Income per Share
	(Millions of Yen)	(Percent)	(Yen)
<b>Six-month Period</b>	430	-62.1	43. <sup>00</sup>
<b>Full Business Year</b>	1,180	21.8	118. <sup>25</sup>

## Notes

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

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

1) Change due to revision of accounting standard: Yes

2) Other changes than the above 1): None

3) Change in accounting estimates: None

4) Retrospective restatements: Yes

For details, please refer to (Changes in accounting principles, changes in accounting estimates and retrospective restatements) of (5) [Notes for Consolidated Financial Statements] of 4. [Consolidated Financial Statements] on page 20.

(3) Number of outstanding shares (Common stock)

1) Number of outstanding shares at year-end (including treasury stocks)

At October 31, 2016: 10,533,200 shares      At October 31, 2015: 10,533,200 shares

2) Number of treasury stocks at year-end

At October 31, 2016: 554,667 shares      At October 31, 2015: 554,667 shares

3) Number of average shares

At October 31, 2016: 9,978,533 shares      At October 31, 2015: 9,978,533 shares

### \*Presentation Concerning Implementation of Audit Procedures

This financial report is exempt from audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosure of this financial report, the Company has not completed the audit procedures for financial statements 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. For assumptions of the forecasts and necessary precautions, refer to (1) [Analysis of Operating Results] of 1. [Operating Results and Financial Condition], on page 5.

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# 1. Operating Results and Financial Condition

## (1) Analysis of Operating Results

### [1] General condition of the current consolidated fiscal year

#### General operating results

During the consolidated fiscal year, exports recovered and business activity, led by external demand, showed signs of shaking off its lethargy. Yet personal consumption and capital investment remained flat, and conditions were such that Japan's economy cannot be said to have begun following a path to an autonomous recovery. Overseas, concerns about downward pressures on the global economy continued, fostered by the lack of strength in the U.S. economic recovery, the delayed recovery of newly developing countries including China, and the problem of Great Britain's withdrawal from the EU.

As a result of the above conditions, full-year net sales for the Tomoe Engineering Group slipped 0.4% from the previous consolidated fiscal year to 39,180 million yen, despite higher net sales in the Machinery & Equipment Business, as net sales were lower in the Chemical Products Business. With respect to earnings, operating income was 1,970 million yen, 42.0% up from the previous consolidated fiscal year, with the growth in sales in highly profitable sectors in the Chemical Products Business and a reduction of selling, general and administrative expenses, primarily in the Machinery & Equipment Business, being the principal factors. Ordinary income, which was restrained by foreign exchange losses, came to 1,780 million yen, 4.5% up from the previous consolidated fiscal year. On the other hand, net income attributable to owners of the parent was 968 million yen, 5.8% down from the previous consolidated fiscal year, as the result of booking an asset impairment write-off of consolidated subsidiary noncurrent assets as an extraordinary loss.

[Summary by business segment]

#### (Machinery & Equipment Business)

In the Machinery & Equipment Business, consolidated net sales for the fiscal year were 10,178 million yen, 7.9% up compared with the previous fiscal year, as sales for domestic public sector demand in general were strong, and sales of machinery, equipment and construction for domestic private sector demand, as well as sales of equipment and construction and sales of components and repair services for overseas markets, rose higher.

From an earnings aspect, gross profit came to roughly the same level as in the previous fiscal year, despite the growth in net sales for the business as a whole, because the value of certain inventory was partially reduced. Operating income, on the other hand, came to 403 million yen, 45.5% up from the previous fiscal year, because selling, general and administrative expenses were reduced.

#### (Chemical Products Business)

In the Chemical Products Business, sales in the electronics materials sector of wire bonding equipment and transport trays for semiconductor manufacturing applications were lower, and sales of resin and products by the domestic plastics sector and Tomoe Engineering (Hong Kong) decreased. As a result, full-year consolidated net sales were 29,002 million yen, 3.1% down from the previous fiscal year.

With respect to earnings, operating income was driven mainly by the growth of products with high profit margins in the industrial materials sector and the effect of higher net sales in the advanced materials sector, and amounted to 1,566 million yen, 41.1% up from the previous fiscal year.

### [2] Outlook for the next fiscal year (November 1, 2016 - October 31, 2017)

During the consolidated fiscal year ending in October 2017, personal consumption will continue along a recovery trend based on support from various policy effects, and although firms will be seen to keep a prudent stance toward capital investment, Japan's economy is expected to achieve a slow-motion recovery centered on upgrade demand and labor-saving investments. Moreover, a gradual recovery trend is projected to continue as the upward trend in spending on public works projects retains its momentum, boosted by the government's economic policy and outlays for infrastructure construction in the run-up to the Tokyo Olympics, and exports are forecast to enjoy a recovery trend that is supported by the brisk U.S. economic picture. Overseas, on the other hand, although the U.S. economy is expected to continue a recovery trend, China's economy is forecast to follow a

gradual decelerating tendency.

Given such conditions, in the Machinery & Equipment Business a decrease in sales for domestic public sector demand will be unavoidable because no large-scale projects are anticipated, but we project consolidated net sales to reach 10,900 million yen, 7.1% up compared with the previous fiscal year, based on a forecasted increase in both overseas sales, mainly for China and Asia, and sales for domestic private sector demand. On the other hand, we expect higher selling, general and administrative expenses and project operating income will come to 405 million yen, 0.4% up compared with the previous year. In the Chemical Products Business, domestically we project higher sales of equipment for semiconductor manufacturing applications in the advanced materials sector, together with an increase in sales of resin and products at Tomoe Engineering (Hong Kong) and a recovery in the performance of the plastic compounding business in Shenzhen, China, and based on this we project consolidated net sales to be 30,800 million yen, 6.2% up compared with the previous fiscal year. On the other hand, we will not be able to absorb all of the increase in selling, general and administrative expenses related to domestic activities, and we project operating income to be 1,385 million yen, 11.6% down compared with the previous fiscal year.

As a result of these efforts, for the entire Tomoe Engineering Group in the consolidated fiscal year ending October 2017, we project net sales to grow by 6.4% to 41,700 million yen, operating income to decrease by 9.1% to 1,790 million yen, and ordinary income to stand at 1,780 million yen because we do not anticipate to make losses on foreign exchange that lowered the performance in the previous year. Because we do not anticipate any special factors, including extraordinary income or losses, we project net income attributable to the shareholders of the parent company to increase by 21.8% to 1,180 million yen.

The operating results forecasts for the next period 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 domestic and international financial and economic conditions, the supply and demand situation, various risk factors and other uncertainties.

## **(2) Analysis of Financial Condition**

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

Assets at the end of the current consolidated fiscal year were 34,792 million yen, up 450 million or 1.3% from the balance at the end of the previous consolidated fiscal year, reflecting decrease in notes and accounts receivable-trade and asset for retirement benefits, and increase in cash and deposits.

Liabilities were 9,618 million yen, up 477 million yen or 5.2% from the end of the previous consolidated fiscal year, mainly because of lower payables, and of increased income taxes payable and advances received.

Net assets were 25,173 million yen, 28 million yen or 0.1% down from the end of the previous consolidated fiscal year. This mainly reflected an increase of retained earnings reported at the current consolidated net income, and a decrease in the translation adjustments account associated with overseas subsidiaries, which was affected by the appreciation of the yen.

As a result of the above changes, the equity ratio at the end of the consolidated fiscal year dropped by 1.0 point compared with the end of the previous consolidated fiscal year to 72.4%.

### **[2] Cash Flow Status**

Balance of cash and cash equivalent as of the end of the current consolidated fiscal year decreased by 2,760 million yen to 8,056 million yen from the previous consolidated fiscal year. Status of each cash flow and their factors during the current consolidated fiscal year are as follows:

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

Net cash provided by operating activities was 3,744 million yen (73 million yen provided during the previous

consolidated fiscal year). Income before income taxes and minority interests was 1,681 million yen, and notes and accounts receivable-trade decreased by 1,124 million yen, inventory decreased by 467 million yen.

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

Because purchases of plant, property and equipment were 171 million yen, and purchase of intangible assets were 67 million yen, the net amount of cash used in investing activities was 255 million yen (51 million yen used during the previous consolidated fiscal year).

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

Net cash used in financing activities was 449 million yen (same amount used during the previous consolidated fiscal year), mainly for the payment of cash dividends.

The trends in cash flow indices are as follows:

Trends in cash flow indices

	Year Ended October 31, 2012	Year Ended October 31, 2013	Year Ended October 31, 2014	Year Ended October 31, 2015	Year Ended October 31, 2016
Equity Ratio (Percent)	66.0	69.8	70.8	73.4	72.4
Equity Ratio Based on Market Value (Percent)	39.7	46.6	51.7	44.3	44.3
Debt-repayment to Cash Flow Ratio (Years)	0.8	1.7	0.2	-	0.0
Interest Coverage Ratio (Percent)	115.8	35.6	74.5	-	735.6

Equity ratio: Net assets/ Total assets

Equity ratio based on market value: Market capitalization of shares / Total assets

Debt-repayment to cash flow ratio: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow /Interest payment

(Note)

1. All indices are calculated on the basis of consolidated financial figures.
2. Market capitalization is calculated based on the number of outstanding shares excluding treasury stock.
3. Cash flow refers to net cash provided by (used in) operating activities.
4. Interest-bearing debt refers to all debt reported on the consolidated balance sheet for which interest is being paid.
5. The debt-repayment to cash flow ratio and interest coverage ratio for the year ended October 31, 2016 are not shown because they were negative.

### **(3) Basic Policy for Profit Sharing and Dividends for Fiscal 2016 and 2017**

As its basic policy, the Tomoe Engineering Group will “implement appropriate, stable dividends by seeking to increase internal reserves to reinforce our financial position and corporate strength, and by considering consolidated operating results, the group’s medium-term business strategy and other factors in a comprehensive manner.”

Based on the above policy, we plan to pay a dividend of 45 yen per share, including the dividend of 22.5 yen per share for the consolidated fiscal year ending on October 31, 2016, and the interim dividend of 22.5 yen per share.

For the dividend for the next consolidated fiscal year, we plan to pay 45 yen per share (including an interim dividend per share of 22.5 yen), based on consideration of the outlook for consolidated operating results.

### **(4) Risk Factors in Business**

The key areas of business risks of our group that might have significant influence on investors’ decision are as follows. The following judgments are made based on the business information at the end of the current consolidated fiscal year, although some forward-looking statements are contained.

#### **[1] Influence of Foreign Exchange Fluctuation**

Businesses of our group include exports and import in foreign currencies, and exchange rate fluctuations may affect the values after translation into yen. Operating results and financial condition of our group might be affected by the range of foreign exchange fluctuation although we make efforts to minimize exchange fluctuation risks by entering into forward exchange contracts. Since our group has overseas subsidiaries, we prepare financial statements in foreign currencies. In preparing consolidated financial statements, there is a risk associated with exchange fluctuation when converting into yen equivalent.

#### **[2] Potential Risk of Overseas Activities**

Our group is engaged in marketing and manufacturing overseas, focusing on China and other Southeast Asian countries. Our group will monitor the local situations with the greatest care and take appropriate actions on a timely basis. However, our group’s operating results and financial condition might be affected by unforeseen circumstances arising from local political conditions, governments, legal restrictions, taxation systems, customs, etc.

#### **[3] Risk Associated with Quality of Goods and Products**

The products of our group are manufactured by paying due attention based on systematic quality control. The products that require technical development might cause risk of having cost of repair and replacement. Also, since our group is not directly involved in manufacturing of many of imported raw materials, defects that our group is not directly associated with may occur and we might be obligated to cease sales and collect such materials. Although we are prepared to take prompt and appropriate actions to cope with the risks involved in quality of manufactured products and commercial goods, it may affect our group’s operating results and financial condition to the extent of the problem.

#### **[4] Risks of New Investment**

Our group is in a quest to pursue high-value-added business all the time. To do this, we must take measures such as aggressive investment in some situations; however, these measures may involve higher potential risks than conventional business risks. Even though we take such sufficient preparations and measures, some unexpected events may result in affecting operating results and financial condition of our group.

**[5] Risks when a Natural Disaster Occurs**

Our group is implementing various risk measures, including seismic performance improvements to buildings and structures (including rental properties), preparation of emergency response procedures, data backup enhancements and the introduction of a system to confirm executive and employee safety, and working to prepare a business contingency plan (BCP). Although we are implementing such measures, however, there is a possibility our production capacity or sales capabilities might be substantially reduced by the occurrence of a large-scale natural disaster to which we cannot respond, and business opportunities could be lost and our operating results and financial position might be affected as a result.

## **2. Management Policy**

### **(1) Basic Management Philosophy**

Our basic management philosophy is to contribute to society and provide a good quality of life to people involved through growth and development of our company with spirit of creation and entrepreneurship and to provide our customers with high level of technologies and excellent products. Guided by this policy, we shall be engaged in the manufacture and sale of machinery based primarily on solid-liquid separation techniques and importation of unique and specialty raw materials for chemical industry.

### **(2) Target Management Indices**

Rather than just aiming for a volume growth, in our Machinery & Equipment Business we always try to develop and sell products that require specialized technology, while in our Chemical Products Business we seek to handle unique, high value-added products that demand expertise, even if their market is not so large. To pursue these goals, we regard improvement of profitability as our primary management goal. As a management indicator for meeting these goals, we give highest priority to ordinary income, which directly expresses the nature and change of profitability.

### **(3) Mid- and Long-term Management Strategy**

The long-term management strategy of Machinery & Equipment Business is to develop new products, reduce manufacturing cost, and expand business overseas, and that of Chemical Products Business is to discover unique new commercial products, to seek new customers and to deploy business aggressively for overseas markets.

To achieve continuous progress on our basic strategy, in November 2016 we formulated the Eleventh Mid-term Management Plan “Challenge For Change” (from November 1, 2016 to October 31, 2019). The plan is devoted mainly to implementing measures based on the following policies after newly identifying the ideal approach to allocating management resources and implementing marketing strategies. More specifically, in the Machinery & Equipment Business, we will expand foreign sales centered on North and South America, China and Southeast Asia, while increasing domestic sales of our low-power, energy-saving centrifuge. In the Chemical Products Business, we set key strategies to increase overseas sales by developing new markets and new commercial products mainly in Southeast Asian market, and to maintain our market share of the existing business by implementing measures to meet customer needs. The forecasted consolidated operating results for the fiscal year ending October 2016, the final year of our medium-term management plan period, are shown at the beginning of these financial results. Although we find ourselves at this time in circumstances under which we must anticipate a substantial contraction of our business for oil wells in the North and South America markets, which are being affected by the deterioration of the external environment, including the decline in crude oil prices, the Tomoe Engineering Group will continue to aggressively address these various management challenges and move forward to improve its operating results.

### **(4) Challenges to be Addressed**

Although personal consumption is on a recovery trend that is underpinned by the results of various policy measures, and firms will be seen to be maintaining a prudent stance toward capital investment, Japan's economy is expected to maintain its slow-motion recovery centered on upgrades and maintenance and labor-saving investments. Moreover, the positive trend in spending on public works projects will continue, driven by the government's economic policy as well as infrastructure construction for the Tokyo Olympics, and exports are also expected to enjoy a sustained gradual recovery thanks to a forecasted shift to renewed growth supported by the

brisk U.S. business environment. On the other hand, overseas the U.S. economy is expected to continue its recovery trend, but China's economy will be seen to be shifting to a gradual deceleration trend. The Tomoe Engineering Group recognizes that given such circumstances, achieving growth in its overseas business is a priority issue, and in the Machinery & Equipment Business we will concentrate on broadening our marketing channels through agents that have sales and development capabilities primarily in Southeast Asia, India, and the Middle East, undertake new development efforts to maintain and expand our business in China, and work to boost sales by developing markets other than oil wells in North America and Latin America. In the Chemical Products Business, we will focus on business development and seek growth mainly in Southeast Asia, where we strengthened the operating base of the Thailand affiliates we established during 2016. In other areas, we will bolster efforts in our existing businesses in regions such as Africa and Russia, and link this to business growth. In addition, once we have stabilized operations and strengthened the production and quality control systems for our business in Shenzhen, China following relocation of the Interstella Plastics' compound plant, we will work to further expand our business by concentrating on mass production for new customers and additional business with existing customers and developing measures to further enhance production efficiency.

To steadily execute these issues, the Company's policy is to train the human resources who will be responsible for the Company's globalization, and work to achieve sustained growth in both of the Company's businesses and bolster its capacity to generate stable earnings, by promoting management policies based on Tomoe's 11th Medium-Term Management Plan.

In the future we will strive to ensure management in full compliance with the letter and spirit of the law and improve corporate ethics, and from a risk management perspective we will maintain efforts to create and enhance business contingency plans that envisage large-scale natural disasters.

### **3. Basic Approach to the Selection of Accounting Standards**

At the present time the Tomoe Engineering Group has adopted Japan GAAP, based on factors such as comparability between firms, and the Group's policy concerning the application of IFRS will be to respond while referring to outside trends and other considerations.

#### 4. Consolidated Financial Statements

##### (1) Balance Sheets

(Thousands of Yen)

	Year Ended October 31, 2015	Year Ended October 31, 2016
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Deposits	5,295,280	8,056,223
Notes and Accounts Receivable-Trade	13,366,974	11,618,030
Electronically Recorded Monetary Claims	1,208,300	1,702,590
Merchandise and Finished Goods	2,883,186	2,746,735
Work in Process	1,428,858	1,166,982
Raw Materials and Supplies	814,139	595,198
Deferred Tax Assets	415,636	500,420
Others	170,571	282,133
Allowance for Doubtful Accounts	-5,309	-4,645
<b>Total Current Assets</b>	<b>25,577,638</b>	<b>26,663,670</b>
<b>Noncurrent Assets</b>		
Property, Plant and Equipment		
Buildings and Structures	4,414,855	4,316,576
Accumulated Depreciation	-1,554,623	-1,592,835
Buildings and Structures, Net	2,860,232	2,723,740
Machinery, Equipment and Vehicles	4,105,001	3,659,243
Accumulated Depreciation	-3,469,389	-3,215,574
Machinery, Equipment and Vehicles, Net	635,612	443,669
Land	1,934,976	1,931,071
Construction in progress	120	96,763
Others	1,094,481	983,261
Accumulated Depreciation	-1,004,257	-919,694
Others, Net	90,223	63,567
<b>Total Property, Plant and Equipment</b>	<b>5,521,164</b>	<b>5,258,812</b>
Intangible Assets	362,505	304,807
Investments and Other Assets		
Investment Securities	1,189,880	1,149,211
Guarantee Deposits	83,645	89,809
Net Defined Benefit Assets	1,506,899	1,242,576
Others	122,346	110,849
Allowance for Doubtful Accounts	-22,775	-27,664
<b>Total Investments and Other Assets</b>	<b>2,879,996</b>	<b>2,564,783</b>
<b>Total Noncurrent Assets</b>	<b>8,763,665</b>	<b>8,128,402</b>
<b>Total Assets</b>	<b>34,341,304</b>	<b>34,792,072</b>

(Thousands of Yen)

	Year Ended October 31, 2015	Year Ended October 31, 2016
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes and Accounts Payable-Trade	5,767,855	3,667,658
Electronically Recorded Monetary Debt	68,589	1,891,465
Accounts Payable-Others	557,504	558,442
Income Taxes Payable	182,965	632,403
Advances Received	105,602	333,999
Provision for Bonuses	701,392	802,914
Provision for Directors' Bonuses	42,374	50,352
Allowance for Product Warranty	122,478	107,349
Others	269,841	424,583
<b>Total Current Liabilities</b>	<b>7,818,605</b>	<b>8,469,170</b>
<b>Noncurrent Liabilities</b>		
Provision for Directors' Retirement Benefits	5,460	5,460
Net Defined Benefit Liabilities	54,052	56,135
Deferred Tax Liabilities	1,262,702	1,087,402
<b>Total Noncurrent Liabilities</b>	<b>1,322,214</b>	<b>1,148,998</b>
<b>Total Liabilities</b>	<b>9,140,820</b>	<b>9,618,169</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	22,313,936	22,833,826
Treasury Stock	-363,591	-363,591
<b>Total Shareholders' Equity</b>	<b>24,494,965</b>	<b>25,014,855</b>
<b>Accumulated Other Comprehensive Income</b>		
Valuation Difference on Available-for-Sale Securities	330,518	299,418
Deferred Gains or Losses on Hedges	748	-17,813
Foreign Currency Translation Adjustment	415,072	90,213
Total Adjustment on Net Defined Benefit	-40,820	-212,770
<b>Total Accumulated Other Comprehensive Income</b>	<b>705,518</b>	<b>159,048</b>
<b>Total Net Assets</b>	<b>25,200,484</b>	<b>25,173,903</b>
<b>Total Liabilities and Net Assets</b>	<b>34,341,304</b>	<b>34,792,072</b>

## (2) Consolidated Statements of Income

(Thousands of Yen)

	Year Ended October 31, 2015	Year Ended October 31, 2016
<b>Net Sales</b>	39,354,572	39,180,324
<b>Cost of Sales</b>	31,541,093	30,903,454
<b>Gross Profit</b>	7,813,479	8,276,870
<b>Selling, General and Administrative Expenses</b>	6,426,114	6,306,828
<b>Operating Income</b>	1,387,365	1,970,041
<b>Non-Operating Income</b>		
Interest income	14,047	5,842
Dividends Income	26,557	24,696
Rent Income	6,932	6,831
Foreign Exchange Gains	257,943	-
Others	33,268	25,876
<b>Total Non-Operating Income</b>	338,750	63,247
<b>Non-Operating Expenses</b>		
Interest Expenses	454	5,089
Commission Paid	9,500	9,508
Sales Discount	5,668	5,829
Foreign Exchange Losses	-	223,031
Others	7,148	9,706
<b>Total Non-Operating Expenses</b>	22,770	253,164
<b>Ordinary Income</b>	1,703,344	1,780,124
<b>Extraordinary Income</b>		
Gain on Sales of Noncurrent Assets	27,383	-
Gain on Sales of Investment Securities	58,703	4,510
Gain on Liquidation of Affiliated Company	16,859	-
<b>Total Extraordinary Income</b>	102,946	4,510
<b>Extraordinary Losses</b>		
Loss on Impairment	120,646	101,908
Loss on Sales of Investment Securities	-	1,377
<b>Total Extraordinary Losses</b>	120,646	103,286
Income before Income Taxes	1,685,644	1,681,348
Income Taxes-Current	519,874	868,544
Income Taxes-Deferred	137,177	-156,119
<b>Total Income Taxes</b>	657,052	712,424
<b>Net Income</b>	1,028,591	968,923
<b>Net Income Attributable to Owners of the Parent</b>	1,028,591	968,923

## Consolidated Statements of Comprehensive Income

(Thousands of Yen)

	Year Ended October 31, 2015	Year Ended October 31, 2016
Net Income	1,028,591	968,923
Other Comprehensive Income		
Valuation Difference on Available-for-sale Securities	25,033	-31,099
Deferred Gains or Losses on Hedges	-523	-18,562
Foreign Currency Translation Adjustment	103,462	-324,858
Adjustment on Net Defined Benefit	82,672	-171,950
Total Other Comprehensive Income	210,645	-546,470
<b>Comprehensive Income</b>	1,239,237	422,452
(Breakdown)		
Comprehensive Income Attributable to Owners of the Parent	1,239,237	422,452

### (3) Consolidated Statements of Changes in Shareholders' Equity

Previous Consolidated Fiscal Year (Year Ended October 31, 2015)

(Thousands of Yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Issued Shares Reacquired	Total Net Assets
Surplus during Previous Fiscal Year	1,061,210	1,483,410	21,267,920	-363,591	23,448,949
Cumulative Effect of Accounting Changes			466,457		466,457
Surplus Reflecting Accounting Changes	1,061,210	1,483,410	21,734,378	-363,591	23,915,407
Changes during This Fiscal Year					
Cash Dividend Paid			-449,033		-449,033
Net Income Attributable to Owners of the Parent			1,028,591		1,028,591
Total (Net) Amount Changed (Except Shareholders' Equity)					
Total Amount Changed	—	—	579,557	—	579,557
Surplus during This Fiscal Year	1,061,210	1,483,410	22,313,936	-363,591	24,494,965

	Accumulated Other Comprehensive Income					Total Net Assets
	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustment	Total Net Defined Benefit	Total Other Comprehensive Income	
Surplus during Previous Fiscal Year	305,484	1,272	311,609	-123,493	494,873	23,943,822
Cumulative Effect of Accounting Changes						466,457
Surplus Reflecting Accounting Changes	305,484	1,272	311,609	-123,493	494,873	24,410,280
Changes during This Fiscal Year						
Cash Dividend Paid						-449,033
Net Income Attributable to Owners of the Parent						1,028,591
Total (Net) Amount Changed (Except Shareholders' Equity)	25,033	-523	103,462	82,672	210,645	210,645
Total Amount Changed	25,033	-523	103,462	82,672	210,645	790,203
Surplus during This Fiscal Year	330,518	748	415,072	-40,820	705,518	25,200,484

**Current Consolidated Fiscal Year (Year Ended October 31, 2016)**

(Thousands of Yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Issued Shares Reacquired	Total Net Assets
Surplus during Previous Fiscal Year	1,061,210	1,483,410	22,313,936	-363,591	24,494,965
Cumulative Effect of Accounting Changes					-
Surplus Reflecting Accounting Changes	1,061,210	1,483,410	22,313,936	-363,591	24,494,965
Changes during This Fiscal Year					
Cash Dividend Paid			-449,033		-449,033
Net Income Attributable to Owners of the Parent			968,923		968,923
Total (Net) Amount Changed (Except Shareholders' Equity)					
Total Amount Changed	-	-	519,889	-	519,889
Surplus during This Fiscal Year	1,061,210	1,483,410	22,833,826	-363,591	25,014,855

	Accumulated Other Comprehensive Income					Total Net Assets
	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustment	Total Net Defined Benefit	Total Other Comprehensive Income	
Surplus during Previous Fiscal Year	330,518	748	415,072	-40,820	705,518	25,200,484
Cumulative Effect of Accounting Changes						-
Surplus Reflecting Accounting Changes	330,518	748	415,072	-40,820	705,518	25,200,484
Changes during This Fiscal Year						
Cash Dividend Paid						-449,033
Net Income Attributable to Owners of the Parent						968,923
Total (Net) Amount Changed (Except Shareholders' Equity)	-31,099	-18,562	-324,858	-171,950	-546,470	-546,470
Total Amount Changed	-31,099	-18,562	-324,858	-171,950	-546,470	-26,581
Surplus during This Fiscal Year	299,418	-17,813	90,213	-212,770	159,048	25,173,903

#### (4) Consolidated Statements of Cash Flows

(Thousands of Yen)

	Year Ended October 31, 2015	Year Ended October 31, 2016
<b>Net Cash Provided by (Used in) Operating Activities</b>		
Income before Income Taxes and Minority Interests	1,685,644	1,681,348
Depreciation and Amortization	444,518	400,479
Increase (Decrease) in Provision for Bonuses	(32,360)	106,407
Increase (Decrease) in Provision for Directors' Bonuses	5,473	7,978
Increase (Decrease) in Allowance for Product Warranty	(101,140)	(15,128)
Increase (Decrease) in Net Defined Benefit Liability	4,893	2,953
Decrease (Increase ) in Net Defined Benefit Asset	(65,760)	(42,773)
Increase (Decrease) in Provision for Directors' Retirement Benefits	(13,220)	-
Increase (Decrease) in Allowance for Doubtful Accounts	(162)	4,225
Interests and Dividends Income	(40,605)	(30,539)
Interest Expenses	454	5,089
Foreign Exchange Losses (Gains)	(34,092)	188,234
Loss (Gain) on Sales of Investment Securities	(58,703)	(3,132)
Loss (Gain) on Liquidation of Affiliated Company	(16,859)	-
Loss on Impairment	120,646	101,908
Loss (Gain) on Sales of Noncurrent Assets	(27,383)	-
Decrease (Increase) in Notes and Accounts Receivable-Trade	(367,977)	1,124,173
Decrease (Increase) in Inventories	(349,869)	467,794
Increase (Decrease) in Notes and Accounts Payable-Trade	(56,535)	(186,024)
Increase (Decrease) in Accounts Payable-Others	41,709	3,243
Increase (Decrease) in Advances Received	(364,900)	242,526
Others, Net	(17,051)	95,713
Sub total	756,717	4,154,480
Interests and Dividends Income Received	42,225	31,173
Interest Expenses Paid	(454)	(5,089)
Income Taxes Paid	(872,427)	(436,502)
Net Cash Provided by (Used in) Operating Activities	(73,939)	3,744,062

(Thousands of Yen)

	Year Ended October 31, 2015	Year Ended October 31, 2016
<b>Net Cash Provided by (Used in) Investment Activities</b>		
Disbursement to Time Deposits	(3,200,000)	(3,400,000)
Proceeds from Withdrawal of Time Deposits	3,200,000	3,400,000
Purchase of Property, Plant and Equipment	(419,792)	(171,539)
Proceeds from Sales of Property, Plant and Equipment	51,888	-
Purchase of Intangible Fixed Assets	(34,999)	(67,495)
Purchase of Investment Securities	(16,845)	(18,178)
Proceeds from Sales of Investment Securities	156,049	9,702
Payments of Loans Receivable	(3,240)	(870)
Collection of Loans Receivable	3,068	3,217
Guarantee Deposits (Increase)	215,734	(9,281)
Others, Net	(3,684)	(1,424)
Net Cash Provided by (Used in) Investment Activities	(51,822)	(255,870)
<b>Net Cash Provided by (Used in) Financing Activities</b>		
Cash Dividends Paid	(449,033)	(449,033)
Net Cash Provided by (Used in) Financing Activities	(449,033)	(449,033)
<b>Cash and Cash Equivalents</b>		
Effect of Exchange Rate Change on Cash and Cash Equivalents	208,452	(278,215)
Net Increase (Decrease) in Cash and Cash Equivalents	(366,342)	2,760,942
Cash and Cash Equivalents at Beginning of Period	5,661,622	5,295,280
Cash and Cash Equivalents at End of This Fiscal Year	5,295,280	8,056,223

## (5) Notes for Consolidated Financial Statements

(Notes for premise of going concern)

There are no pertinent matters to report.

(Changes in accounting principles, changes in accounting estimates and retrospective restatements)

(Application of the *Accounting Standard for Business Combinations* and related standards)

Beginning from the current consolidated fiscal year, the Tomoe Engineering Group will apply the *Accounting Standard for Business Combinations* (Accounting Standards Board of Japan (ASBJ) Statement No. 21), *Accounting Standard for Consolidated Financial Statements* (ASBJ Statement No. 22) and *Accounting Standard for Business Divestitures* (ASBJ Statement No. 7), and has changed the presentation of “Net income” and the presentation from “Minority interests” to “Non-controlling interests”. To reflect this change in reporting method, the Company has made certain reclassifications to its consolidated financial statements for the prior consolidated fiscal year.

(Application of *Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016*)

In conjunction with amendment of the Corporation Tax Law, beginning from the current consolidated fiscal year the Tomoe Engineering Group will apply the *Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016* (ASBJ Practical Issue Task Force (PITF) No. 32), and has changed its depreciation method for buildings and attached facilities and structures acquired on and after April 1, 2016 from the declining balance depreciation method to the straight-line depreciation method.

The effect of this change on earnings is not material.

(Changes in reporting method)

(Change related to the Consolidated Balance Sheets)

Because the monetary materiality of the “Electronically recorded monetary claims” that had been included in “Notes and Accounts Receivable-Trade” and the “Electronically recorded obligations” that had been included in “Notes and Accounts Payable-Trade” in the previous consolidated fiscal year has increased, beginning from the current consolidated fiscal year these items have been classified separately. To reflect this change in reporting method, the Company has reclassified the 14,575,274,000 yen reported in “Notes and Accounts Receivable-Trade” in the consolidated financial statements for the previous consolidated fiscal year as “Notes and Accounts Receivable-Trade” of 13,366,974,000 yen and “Electronically recorded monetary claims” of 1,208,300,000 yen, and reclassified the 5,836,444,000 yen reported in “Notes and Accounts Payable-Trade” in the consolidated financial statements for the previous consolidated fiscal year as “Notes and Accounts Payable-Trade” of 5,767,855,000 yen and “Electronically recorded obligations” of 68,589,000 yen, respectively.

(Change related to the Consolidated Statements of Cash Flows)

Because the “Increase (Decrease) in Accrued Consumption Taxes” that was reported in Net Cash Provided by (Used in) Operating Activities in the previous consolidated fiscal year has decreased in importance, the Company has reported this item by including it in “Other” beginning from the current consolidated fiscal year. To reflect this change in reporting method, the Company has made certain reclassifications to its consolidated financial statements for the prior consolidated fiscal year.

As a result, in the Consolidated Statements of Cash Flows for the previous consolidated fiscal year the Company has reclassified the “Increase (Decrease) in Accrued Consumption Taxes” of -43,448,000 yen that was reported in Net Cash Provided by (Used in) Operating Activities in the previous consolidated fiscal year as “Other” of 26,397,000 yen and “Other” of -17,051,000 yen.

(Additional information)

With the promulgation of the Act for Partial Revision of the Income Tax Act Etc. (Act No. 15 of 2016) and the Act for Partial Revision of the Local Tax Act (Act No. 13 of 2016) on March 29, 2016, Japan's corporate tax rate and business tax rate will be changed in the consolidated fiscal year beginning on or after April 1, 2016. In conjunction with this change, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities will be revised from 32.26% applied in the past to 30.86% for temporary differences expected to be eliminated in the consolidated fiscal years that begin on November 1, 2016, and on November 1, 2017, and to 30.62% for temporary differences expected to be eliminated in the consolidated fiscal years that begin from November 1, 2018.

As a result, deferred tax liabilities (the amount after deducting deferred tax assets) have been reduced by 47,405,000 yen. In addition, income taxes-deferred reported for the current consolidated fiscal year decreased by 36,391,000 yen, valuation difference on available-for-sale securities increased by 6,345,000 yen and deferred gains or losses on hedges decreased by 360,000 yen, and total adjustment on net defined benefit increased by 5,029,000 yen.

**(Segment information)**

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. Method for calculating amounts of net sales, income or loss, assets, liabilities and other items for each reporting segment

The accounting methods for reporting segments are identical to the accounting methods adopted for preparation of the consolidated financial statements.

3. Information concerning the amount of net sales, income or loss, assets, liabilities and other items for each reporting segment

**Previous Consolidated Fiscal Year (Year Ended October 31, 2015)**

(Thousands of Yen)

	Reporting segment			Amount of Adjustment Note 1	Consolidated Financial Statements Reported Amount
	Machinery & Equipment Business	Chemical Products Business	Total		
Sales					
Sales to Unaffiliated Customers	9,428,743	29,925,829	39,354,572	-	39,354,572
Internal Sales Among Segments or Amount Transferred	-	-	-	-	-
Total	9,428,743	29,925,829	39,354,572	0	39,354,572
Segment Income	277,115	1,110,250	1,387,365	0	1,387,365
Segment Assets	10,847,484	17,007,658	27,855,143	6,486,161	34,341,304
Other Items					
Depreciation & Amortization	324,469	120,049	444,518	-	444,518
Increase in Property, Plant & Equipment and Intangible Assets	242,854	195,246	438,101	-	438,101

(Notes)

1. The adjustment amount for segment assets is the assets of the entire company that cannot be allocated to each reporting segment, and is mainly idle operating funds (cash on hand and in banks), long-term investments (investment securities) and assets acquired in relation to a district redevelopment project.
2. The total amount for segment income agrees with the operating income reported on the Consolidated Statement of Income.

**Current Consolidated Fiscal Year (Year Ended October 31, 2016)**

(Thousands of Yen)

	Reporting segment			Amount of Adjustment Note 1	Consolidated Financial Statements Reported Amount
	Machinery & Equipment Business	Chemical Products Business	Total		
Sales					
Sales to Unaffiliated Customers	10,178,070	29,002,253	39,180,324	-	39,180,324
Internal Sales Among Segments or Amount Transferred	-	-	-	-	-
Total	10,178,070	29,002,253	39,180,324	-	39,180,324
Segment Income	403,271	1,566,770	1,970,041	-	1,970,041
Segment Assets	10,094,483	15,491,154	25,585,638	9,206,434	34,792,072
Other Items					
Depreciation & Amortization	305,050	95,429	400,479	-	400,479
Increase in Property, Plant & Equipment and Intangible Assets	124,823	120,786	245,610	-	245,610

(Notes)

1. The adjustment amount for segment assets is the assets of the entire company that cannot be allocated to each reporting segment, and is mainly idle operating funds (cash on hand and in banks), long-term investments (investment securities) and assets acquired in relation to a district redevelopment project.
2. The total amount for segment income agrees with the operating income reported on the Consolidated Statement of Income.

(Related information)

### Previous Consolidated Fiscal Year (Year Ended October 31, 2015)

#### 1. Information by product and service

The Company has omitted a description of information by product and service because this same information is disclosed in segment information.

#### 2. Regional Information

##### 1. Net Sales (Thousands of Yen)

Japan	Asia	Others	Total
32,109,163	5,358,191	1,887,218	39,354,572

(Note) Net sales are classified by country or region based on the customer's location.

##### 2. Property, Plant and Equipment (Thousands of Yen)

Japan	Asia	Others	Total
5,157,870	182,690	180,604	5,521,164

#### 3. Main Customer Information

The Company has omitted a description of sales to outside customers because there are no customers to which sales account for more than 10% of the net sales reported in the Consolidated Statements of Income.

### Current Consolidated Fiscal Year (Year Ended October 31, 2016)

#### 1. Information by product and service

The Company has omitted a description of information by product and service because this same information is disclosed in segment information.

#### 2. Regional Information

##### 1. Net Sales (Thousands of Yen)

Japan	Asia	Others	Total
32,083,421	6,100,561	996,340	39,180,324

(Note) Net sales are classified by country or region based on the customer's location.

##### 2. Property, Plant and Equipment (Thousands of Yen)

Japan	Asia	Others	Total
4,976,297	136,315	146,200	5,258,812

#### 3. Main Customer Information

The Company has omitted a description of sales to outside customers because there are no customers to which sales account for more than 10% of the net sales reported in the Consolidated Statements of Income.

(Information concerning impairment losses on fixed assets by reporting segment)

**Previous Consolidated Fiscal Year (Year Ended October 31, 2015)**

(Thousands of Yen)

	Reported segments			Elimination at the Company	Total
	Machinery & Equipment Business	Chemical Products Business	Subtotal		
Impairment loss	120,646	-	120,646	-	120,646

**Current Consolidated Fiscal Year (Year Ended October 31, 2016)**

(Thousands of Yen)

	Reported segments			Elimination at the Company	Total
	Machinery & Equipment Business	Chemical Products Business	Subtotal		
Impairment loss	1,505	100,403	101,908	-	101,908

(Information concerning amortization of goodwill and unamortized balances by reporting segment)

There are no pertinent matters to report.

(Information concerning gain on negative goodwill by reporting segment)

There are no pertinent matters to report.

(Per Share Information)

	<b>Year Ended October 31, 2015</b>	<b>Year Ended October 31, 2016</b>
Net Asset per Share	¥2,525. <sup>47</sup>	¥2,522. <sup>81</sup>
Net Income per Share	¥103. <sup>08</sup>	¥97. <sup>10</sup>

(Note 1) Income per share for this fiscal year after adjustment of the residual securities is not presented as there are no residual securities.

(Note 2) Calculation basis for net income per share are as follows:

	<b>Year Ended October 31, 2015</b>	<b>Year Ended October 31, 2016</b>
Net Income for this Fiscal Year (thousands of yen)	1,028,591	968,923
Net Income for Common Stock (thousands of yen)	1,028,591	968,923
Average number of Common Stock during the Fiscal Year	9,978,533	9,978,533

(Note3) Calculation basis for net asset per share are as follows:

	<b>Year Ended October 31, 2015</b>	<b>Year Ended October 31, 2016</b>
Total for Net Asset in Consolidated Balance Sheet (thousands of yen)	25,200,484	25,173,903
Net Asset for Common Stock (thousands of yen)	25,200,484	25,173,903
Number of Common Stock used for calculation of Net Assets per Share (share)	9,978,533	9,978,533

(Significant subsequent events)

None

## 5. Other Notes

### (1) Appointment of Officers

On August 26, 2016 Tomoe Engineering Co., Ltd. released a “Notice of transferring administration affairs to the company that establishes Audit & Supervisory Committee”. After the transfer the following appointment of officers was internally decided at a meeting of Board of Directors held on December 7, 2016.

With regard to this appointment the Board of Directors and Audit & Supervisory Committee will make an official appointment after the 87th Annual Shareholders Meeting to be held on January 27, 2017. The Company will release a notice regarding partial amendments of the articles of incorporation associated with the transfer immediately after the decision becomes final.

#### 1) Appointment of Directors (excluding the directors who were appointed as a member of Audit & Supervisory Committee)

Name	New Position	Current Position	Remarks
Hitoshi Yamamoto	Representative Director	Same as on the left	Reappointed
Yoshito Homma	Senior Managing Director Machinery & Equipment Div.	Same as on the left	Reappointed
Tetsuo Yamada	Senior Managing Director Chemical Products Div.	Same as on the left	Reappointed
Masayoshi Fukazawa	Senior Managing Director General Affairs Div. and Business Coordination Div.	Same as on the left	Reappointed
Akitomo Tamai	Director and Deputy Manager, Chemical Products Div. (Synthetic Resin and Industrial Materials Dept.), Manager of Business Development in China	Same as on the left	Reappointed
Jun Ohashi	Director and Deputy Manager, Machinery & Equipment Div. (in charge of Production), Manager of Sagami Plant	Same as on the left	Reappointed
Akiyoshi Shinoda	Director and Deputy Manager, Chemical Products Div. (in charge of Advanced Materials Dept. Electronic Materials Dept. and Fine Chemicals Dept.)	Same as on the left	Reappointed
Masahiko Nakamura	Director and Deputy Manager, Machinery & Equipment Div. (in charge of Environmental Equipment Sales Dept.)	Same as on the left	Reappointed
Toshiaki Yagura	Director and Manager of Management Planning Dept. and Accounting Div.	Same as on the left	Reappointed
Masahiko Ito	Director and Deputy Manager, Machinery & Equipment Div. (in charge of Industrial Machinery Sales Dept. and Overseas Sales Dept.)	Manager, Machinery & Equipment Div., Osaka branch	Newly appointed

2) Candidates for Director of Audit & Supervisory Committee

Name	New Position	Current Position	Remarks
Mitsuo Matsumoto	Director as an Audit & Supervisory Committee member	Standing Auditor	Newly appointed
Toshiharu Murase	Director as an Audit & Supervisory Committee member (Outside Director)	Standing Auditor (Outside Auditor)	Newly appointed
Yutaka Imai	Director as an Audit & Supervisory Committee member (Outside Director)	Outside Director	Reappointed
Makoto Makamura	Director as an Audit & Supervisory Committee member (Outside Director)	Outside Auditor	Newly appointed

3) Directors scheduled to retire

Name	Current Position
Kunihiko Murakami	Director and Deputy Manager, Machinery & Equipment Div. (in charge of Industrial Machinery Sales Dept. and Overseas Sales Dept.)

4) Candidate for substitute of Director, Audit & Supervisory Committee member

Name	New Position	Current Position	Remarks
Tatsuo Hasunuma	Substitute Director as an Audit & Supervisory Committee member (Outside Director)	Substitute Auditor (Outside Auditor)	Newly appointed