

Financial Results for the Fiscal Year Ended October 31, 2018 [Japan GAAP] (Consolidated)

Date: December 7, 2018
 Company Name and Code: Tomoe Engineering Co., Ltd. and Subsidiaries - 6309
 (URL: http://www.tomo-e.co.jp/index_e.html)
 Stock exchange listing: 1st Section, Tokyo Stock Exchange
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 Date of Annual Shareholders Meeting: January 30, 2019
 Date of Dividend Payment: January 31, 2019
 Date of Financial Statement: January 30, 2019
 Preparation of Supplementary Explanatory Materials for Annual Operating Results: Yes
 Briefing Session for Annual Operating Results: Yes (for analysts and 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, 2018

(1) Results of Operation (Consolidated)

(Percent: change from the previous year)

	Net Sales		Operating Income		Ordinary Income	
	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)	(Millions of Yen)	(Percent)
Year Ended October 31, 2018	42,358	3.1	2,377	8.2	2,335	5.2
Year Ended October 31, 2017	41,093	4.9	2,198	11.6	2,219	24.7

(Note) Comprehensive income

Fiscal year ended October 31, 2018: 1,316 million yen (-40.3%)

Fiscal year ended October 31, 2017: 2,282 million yen (440.3%)

	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)
Year Ended October 31, 2018	1,513	0.7	151. ⁶⁴	-	5.5	6.3	5.6
Year Ended October 31, 2017	1,503	55.1	150. ⁶⁴	-	5.8	6.2	5.3

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

Fiscal year ended October 31, 2018: None

Fiscal year ended October 31, 2017: 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)
Year Ended October 31, 2018	37,946	27,876	73.5	2,793. ⁶⁹
Year Ended October 31, 2017	36,580	27,008	73.8	2,706. ⁷²

(Reference) Net assets

Fiscal year ended October 31, 2018: 27,876 million yen

Fiscal year ended October 31, 2017: 27,008 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
Year Ended October 31, 2018	2,192	(281)	(449)	9,354
Year Ended October 31, 2017	587	(392)	(449)	7,893

2. Dividend Status

	Dividend per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	End of Fiscal Year	Total
Year Ending October 31, 2017	-	22.50	-	22. ⁵⁰	45. ⁰⁰
Year Ending October 31, 2018	-	22.50	-	24. ⁵⁰	47. ⁰⁰
Year Ending October 31, 2019 (Prospect)	-	23.50	-	23. ⁵⁰	47. ⁰⁰

	Total Dividend (Millions of Yen)	Dividend Payout Ratio (Consolidated) (Percent)	Dividend on Equity Ratio (Consolidated) (Percent)
Year Ending October 31, 2017	449	29.9	1.7
Year Ending October 31, 2018	468	31.0	1.7
Year Ending October 31, 2019 (Prospect)		31.3	

3. Forecast for the Year Ending October 31, 2018 (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)
Full Business Year	44,300	4.6	2,300	-3.3	2,300	-1.5

	Net Income Attributable to Owners of the Parent		Net Income per Share
	(Millions of Yen)	(Percent)	(Yen)
Full Business Year	1,500	-0.9	150. ³³

Notes

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

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

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

(3) Number of outstanding shares (Common stock)

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

At October 31, 2018: 10,533,200 shares At October 31, 2017: 10,533,200 shares

2) Number of treasury stocks at year-end

At October 31, 2018: 554,861 shares At October 31, 2017: 554,817 shares

3) Number of average shares

At October 31, 2018: 9,978,368 shares At October 31, 2017: 9,978,419 shares

*This financial report is exempt from the review by certified public accountant or audit firm.

*Explanations for appropriate use of the earnings forecast and other special instructions

(Notes on the forward-looking statements, etc.)

The forward-looking statements such as a forecast of our financial results described herein are based on the information currently available to us and the assumptions that we believe are reasonable. Actual results could differ materially due to various factors.

For the operating results forecast, refer to (4) [Outlook for the Next Fiscal Year] of 1. [Overview of Operating Results, etc.] on page 4.

(Change in indication of date)

Indication of the date has changed from Japanese calendar to Christian calendar effective with "Financial Results for the Fiscal Year Ended October 31, 2018".

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1. Overview of Operating Results, etc.

(1) Overview Concerning Current Operating Results

[1] Overview of general operating results

During the consolidated fiscal year ended October 2018, Japan's economy maintained its gradual recovery trend despite a temporary slowdown in capital investment and exports caused by natural disaster.

On the other hand, conditions overseas showed a clear sign of the slowdown in Europe's and China's economies despite the ongoing expansionary trend of the US economy.

Given these circumstances, full-year net sales for the Tomoe Engineering Group increased 3.1% from the previous consolidated fiscal year to 42,358 million yen because of increasing sales in both the Machinery & Equipment Business and the Chemical Products Business. From an earnings aspect, operating income was 2,377 million yen, 8.2% up from the previous consolidated fiscal year because of higher income in both the Machinery & Equipment Business and the Chemical Products Business, while ordinary income came to 2,335 million yen, 5.2% up from the previous consolidated fiscal year. Net income attributable to owners of the parent was 1,513 million yen, 0.7% up from the previous consolidated fiscal year.

Operating results by segment were as follows.

(Machinery & Equipment Business)

In the Machinery & Equipment Business, net sales of machinery, components and repair services for domestic public sector demand, and net sales of domestic private sector demand in general and machinery, equipment and works for overseas markets increased. As a result, consolidated net sales for the fiscal year were 11,172 million yen, 9.1% up compared with the previous fiscal year.

From an earnings aspect, operating income was 593 million yen, 12.4% up from the previous consolidated fiscal year, mainly because of increased profit from the high-margin equipment and works, and components and repair services.

(Chemical Products Business)

In the Chemical Products Business, net sales of materials for motor vehicles, housing and construction applications in the industrial materials sector, and net sales of businesses based in Hong Kong and Thailand all were robust. As a result, consolidated net sales for the fiscal year were 31,186 million yen, 1.1% up from the previous consolidated fiscal year.

From an earnings aspect, operating income was 1,784 million yen, 6.8% up from the same period last year, driven by increased income in net sales for products in the industrial materials sector which had comparatively high margins, the improved profitability in the advanced materials sector, and the results of the consolidated subsidiary which improved steadily as a whole.

(2) Overview Concerning Current Financial Condition

Current assets at the end of the consolidated fiscal year were 29,454 million yen, up 1,805 million from the balance at the end of the previous consolidated fiscal year, reflecting a decrease in notes and accounts receivable-trade, and an increase in cash and deposits, and an increase in merchandise and finished goods. Noncurrent assets were 8,491 million yen, down 440 million yen from the balance at the end of the previous consolidated fiscal year, reflecting a decrease in investment securities because of fall of stock prices on securities holdings.

Liabilities were 10,069 million yen, up 497 million yen from the end of the previous consolidated fiscal year, mainly because of lowered allowance for product warranty and deferred tax liabilities, and an increase in notes and accounts payable-trade, and an increase in electronically recorded monetary debt.

Net assets were 27,876 million yen, up 867 million yen from the end of the previous consolidated fiscal year. This mainly reflected an increase of net income attributable to owners of the parent reported at the current consolidated net income.

As a result of the above changes, the equity ratio at the end of the consolidated fiscal year decreased by 0.3 point to 73.5% from 73.8% at the end of the previous consolidated fiscal year.

(3) Overview Concerning Current Cash Flow

Balance of cash and cash equivalent (hereinafter “net cash”) as of the end of the current consolidated fiscal year increased by 1,460 million yen to 9,354 million yen from the previous consolidated fiscal year reflecting net cash used in investing and financing activities, and net cash provided by operating activities. 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 2,191 million yen. This reflected an increase in income taxes payment used in 792 million yen and inventory by 539 million yen, and a decrease in income before income taxes by 2,311 million yen, reservation for depreciation and amortization by 400 million yen, and notes and accounts receivable-trade by 228 million yen. Net cash provided was increased by 1,604 million yen from 587 million yen in the previous consolidated fiscal year.

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

Net cash used in investing activities was 281 million yen. This reflected purchase of property, plant and equipment of 171 million yen, and an increase in guarantee deposits by 47 million yen. Net cash used was decreased by 111 million yen from 392 million yen in the previous consolidated fiscal year.

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

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

Trends in cash flow indices

	Year Ended October 31, 2014	Year Ended October 31, 2015	Year Ended October 31, 2016	Year Ended October 31, 2017	Year Ended October 31, 2018
Equity Ratio (Percent)	70.8	73.4	72.4	73.8	73.5
Equity Ratio Based on Market Value (Percent)	51.7	44.3	44.3	59.1	57.4
Debt-repayment to Cash Flow Ratio (Years)	0.2	-	0.0	0.2	0.0
Interest Coverage Ratio (Percent)	74.5	-	735.6	28.3	68.9

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

(Notes)

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.

(4) Outlook for the Next Fiscal Year (November 1, 2018 - October 31, 2019)

In the consolidated fiscal year ending October 2019, Japan's economy is expected to stay on its gradual recovery track, as capital investment and personal consumption appear to remain robust despite the growth of exports is slowing down. Internationally, while the US economy are forecast to continue robust, the European economy and the economies in the Asian countries including China continue to be in the deceleration tendency. Circumstances such as intensified US-China trade friction causing concerns about a downturn in the world economy make close observation necessary.

Given such conditions, in the Machinery & Equipment Business we forecast net sales of machinery for domestic private sector demand, and overseas sales of machinery, components and repair services, centered on Asia, will all be higher. Consequently, we project consolidated net sales of 11,800 million yen, 5.6% up compared with the previous fiscal year, and operating income of 530 million yen, or 10.7% up from the previous fiscal year reflecting a predicted increase in selling expenses. In the Chemical Products Business, net sales of raw materials in the domestic plastics sector, materials for housing and construction application in the industrial materials sector, and materials for semiconductor fabrication equipment in the advanced materials sector are expected to grow. Based on this we expect consolidated net sales to be 32,500 million yen, 4.2% up compared with the previous fiscal year. On the other hand, we expect operating income to come to 1,770 million yen, 0.8% down compared with the previous fiscal year, reflecting the inability to absorb the increased selling and administration expenses.

As a result of these efforts, for the entire Tomoe Engineering Group in the consolidated fiscal year ending October 2019, we project net sales to grow by 4.6% to 44,300 million yen, operating income to decrease by 3.3% to 2,300 million yen, ordinary income to decrease by 1.5% to 2,300 million yen, and net income attributable to the shareholders of the parent company to decrease by 0.9% to 1,500 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.

(5) Basic Policy for Profit Sharing and Dividends for Fiscal 2018 and 2019

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 24.5 yen per share at the end of the consolidated fiscal year ending on October 31, 2018, up 2.0 yen per share from the previous consolidated fiscal year, considering of operating results for this fiscal year and the outlook in future.

For the dividend for the next consolidated fiscal year, we plan to pay 47 yen per share (including an interim dividend per share of 23.5 yen), based on consideration of the outlook for consolidated operating results.

2. 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.

3. Consolidated Financial Statements and Main Notes

(1) Balance Sheets

(Thousands of Yen)

	Year Ended October 31, 2017	Year Ended October 31, 2018
Assets		
Current Assets		
Cash and Deposits	7,893,336	9,354,256
Notes and Accounts Receivable-Trade	12,423,898	11,834,551
Electronically Recorded Monetary Claims	1,823,085	2,183,842
Merchandise and Finished Goods	3,045,330	3,685,115
Work in Process	1,121,215	981,660
Raw Materials and Supplies	626,777	667,846
Deferred Tax Assets	551,335	630,609
Others	169,602	183,711
Allowance for Doubtful Accounts	-5,793	-67,114
Total Current Assets	27,648,788	29,454,480
Noncurrent Assets		
Property, Plant and Equipment		
Buildings and Structures	4,447,596	4,459,308
Accumulated Depreciation	-1,714,451	-1,831,356
Buildings and Structures, Net	2,733,144	2,627,951
Machinery, Equipment and Vehicles	3,753,847	3,697,837
Accumulated Depreciation	-3,339,171	-3,304,595
Machinery, Equipment and Vehicles, Net	414,676	393,242
Land	1,931,034	1,931,089
Construction in progress	—	10,606
Others	999,146	980,958
Accumulated Depreciation	-914,964	-901,758
Others, Net	84,181	79,199
Total Property, Plant and Equipment	5,163,038	5,042,089
Intangible Assets	186,343	109,792
Investments and Other Assets		
Investment Securities	1,520,735	1,374,561
Guarantee Deposits	293,537	340,386
Net Defined Benefit Assets	1,693,578	1,554,938
Others	101,325	92,654
Allowance for Doubtful Accounts	-26,386	-22,871
Total Investments and Other Assets	3,582,791	3,339,670
Total Noncurrent Assets	8,932,172	8,491,551
Total Assets	36,580,961	37,946,032

(Thousands of Yen)

	Year Ended October 31, 2017	Year Ended October 31, 2018
Liabilities and Net Assets		
Liabilities		
Current Liabilities		
Notes and Accounts Payable-Trade	4,090,419	4,193,451
Electronically Recorded Monetary Debt	1,665,615	1,857,112
Accounts Payable-Others	520,046	600,382
Income Taxes Payable	437,430	539,919
Advances Received	57,481	70,030
Provision for Bonuses	982,841	1,081,025
Provision for Directors' Bonuses	64,678	70,000
Allowance for Product Warranty	185,258	160,295
Others	189,552	217,988
Total Current Liabilities	8,193,325	8,790,206
Noncurrent Liabilities		
Provision for Directors' Retirement Benefits	5,460	5,460
Net Defined Benefit Liabilities	57,498	57,905
Deferred Tax Liabilities	1,315,959	1,216,086
Total Noncurrent Liabilities	1,378,918	1,279,452
Total Liabilities	9,572,243	10,069,658
Net Assets		
Shareholders' Equity		
Capital Stock	1,061,210	1,061,210
Capital Surplus	1,483,410	1,483,410
Retained Earnings	23,889,646	24,953,779
Treasury Stock	-363,876	-363,977
Total Shareholders' Equity	26,070,389	27,134,422
Accumulated Other Comprehensive Income		
Valuation Difference on Available-for-Sale Securities	551,039	433,098
Deferred Gains or Losses on Hedges	2,508	130
Foreign Currency Translation Adjustment	214,564	186,221
Total Adjustment on Net Defined Benefit	170,216	122,501
Total Accumulated Other Comprehensive Income	938,328	741,950
Total Net Assets	27,008,718	27,876,373
Total Liabilities and Net Assets	36,580,961	37,946,032

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Thousands of Yen)

	Year Ended October 31, 2017	Year Ended October 31, 2018
Net Sales	41,093,188	42,358,294
Cost of Sales	32,216,513	33,122,636
Gross Profit	8,876,674	9,235,657
Selling, General and Administrative Expenses	6,678,304	6,858,047
Operating Income	2,198,369	2,377,610
Non-Operating Income		
Interest income	1,301	3,217
Dividends Income	26,771	31,487
Rent Income	6,831	7,306
Foreign Exchange Gains	8,380	-
Others	22,859	38,712
Total Non-Operating Income	66,144	80,724
Non-Operating Expenses		
Interest Expenses	20,726	31,804
Commission Paid	9,000	9,000
Sales Discount	6,133	5,806
Provision of Allowance for Bad Debts	-	38,983
Foreign Exchange Losses	-	34,050
Others	9,499	3,198
Total Non-Operating Expenses	45,359	122,843
Ordinary Income	2,219,155	2,335,490
Extraordinary Income		
Gain on Sales of Investment Securities	8,524	-
Total Extraordinary Income	8,524	-
Extraordinary Losses		
Loss on Impairment	-	24,037
Total Extraordinary Losses	-	24,037
Income before Income Taxes	2,227,679	2,311,453
Income Taxes-Current	830,225	905,746
Income Taxes-Deferred	-105,724	-107,453
Total Income Taxes	724,500	798,292
Net Income	1,503,178	1,513,160
Net Income Attributable to Owners of the Parent	1,503,178	1,513,160

Consolidated Statements of Comprehensive Income

(Thousands of Yen)

	Year Ended October 31, 2017	Year Ended October 31, 2018
Net Income	1,503,178	1,513,160
Other Comprehensive Income		
Valuation Difference on Available-for-sale Securities	251,620	-117,940
Deferred Gains or Losses on Hedges	20,321	-2,377
Foreign Currency Translation Adjustment	124,351	-28,343
Adjustment on Net Defined Benefit	382,987	-47,715
Total Other Comprehensive Income	779,280	-196,377
Comprehensive Income	2,282,459	1,316,783
(Breakdown)		
Comprehensive Income Attributable to Owners of the Parent	2,282,459	1,316,783

(3) Consolidated Statements of Changes in Shareholders' Equity

Previous Consolidated Fiscal Year (Year Ended October 31, 2017)

(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	22,833,826	-363,591	25,014,855
Cumulative Effect of Accounting Changes			1,671		1,671
Surplus Reflecting Accounting Changes	1,061,210	1,483,410	22,835,498	-363,591	25,016,527
Changes during This Fiscal Year					
Cash Dividend Paid			-449,030		-449,030
Net Income Attributable to Owners of the Parent			1,503,178		1,503,178
Acquisition of Treasury Stock				-285	-285
Total (Net) Amount Changed (Except Shareholders' Equity)					
Total Amount Changed	-	-	1,054,148	-285	1,053,862
Surplus during This Fiscal Year	1,061,210	1,483,410	23,889,646	-363,876	26,070,389

	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	299,418	-17,813	90,213	-212,770	159,048	25,173,903
Cumulative Effect of Accounting Changes						1,671
Surplus Reflecting Accounting Changes	299,418	-17,813	90,213	-212,770	159,048	25,175,575
Changes during This Fiscal Year						
Cash Dividend Paid						-449,030
Net Income Attributable to Owners of the Parent						1,503,178
Acquisition of Treasury Stock						-285
Total (Net) Amount Changed (Except Shareholders' Equity)	251,620	20,321	124,351	382,987	779,280	779,280
Total Amount Changed	251,620	20,321	124,351	382,987	779,280	1,833,143
Surplus during This Fiscal Year	551,039	2,508	214,564	170,216	938,328	27,008,718

Current Consolidated Fiscal Year (Year Ended October 31, 2018)

(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	23,889,646	-363,876	26,070,389
Cumulative Effect of Accounting Changes					
Surplus Reflecting Accounting Changes	1,061,210	1,483,410	23,889,646	-363,876	26,070,389
Changes during This Fiscal Year					
Cash Dividend Paid			-449,027		-449,027
Net Income Attributable to Owners of the Parent			1,513,160		1,513,160
Acquisition of Treasury Stock				-100	-100
Total (Net) Amount Changed (Except Shareholders' Equity)					
Total Amount Changed	-	-	1,064,133	-100	1,064,033
Surplus during This Fiscal Year	1,061,210	1,483,410	24,953,779	-363,977	27,134,422

	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	551,039	2,508	214,564	170,216	938,328	27,008,718
Cumulative Effect of Accounting Changes						
Surplus Reflecting Accounting Changes	551,039	2,508	214,564	170,216	938,328	27,008,718
Changes during This Fiscal Year						
Cash Dividend Paid						-449,027
Net Income Attributable to Owners of the Parent						1,513,160
Acquisition of Treasury Stock						-100
Total (Net) Amount Changed (Except Shareholders' Equity)	-117,940	-2,377	-28,343	-47,715	-196,377	-196,377
Total Amount Changed	-117,940	-2,377	-28,343	-47,715	-196,377	867,655
Surplus during This Fiscal Year	433,098	130	186,221	122,501	741,950	27,876,373

(4) Consolidated Statements of Cash Flows

(Thousands of Yen)

	Year Ended October 31, 2017	Year Ended October 31, 2018
Net Cash Provided by (Used in) Operating Activities		
Income before Income Taxes and Minority Interests	2,227,679	2,311,453
Depreciation and Amortization	416,872	400,068
Increase (Decrease) in Provision for Bonuses	177,069	98,176
Increase (Decrease) in Provision for Directors' Bonuses	14,326	5,321
Increase (Decrease) in Allowance for Product Warranty	77,908	(24,963)
Increase (Decrease) in Net Defined Benefit Liability	870	407
Decrease (Increase) in Net Defined Benefit Asset	(24,155)	(28,492)
Increase (Decrease) in Allowance for Doubtful Accounts	(129)	57,895
Interests and Dividends Income	(28,073)	(34,705)
Interest Expenses	20,726	31,804
Foreign Exchange Losses (Gains)	49,918	(7,050)
Loss (Gain) on Sales of Investment Securities	(8,524)	-
Loss on Impairment	-	24,037
Decrease (Increase) in Notes and Accounts Receivable-Trade	(1,016,706)	228,685
Decrease (Increase) in Inventories	(285,845)	(539,626)
Increase (Decrease) in Notes and Accounts Payable-Trade	250,189	292,057
Increase (Decrease) in Accounts Payable-Others	(31,217)	65,975
Increase (Decrease) in Advances Received	(290,874)	12,458
Others, Net	79,728	87,378
Sub total	1,629,763	2,980,881
Interests and Dividends Income Received	28,026	34,698
Interest Expenses Paid	(20,726)	(31,804)
Income Taxes Paid	(1,049,876)	(792,568)
Net Cash Provided by (Used in) Operating Activities	587,187	2,191,206

(Thousands of Yen)

	Year Ended October 31, 2017	Year Ended October 31, 2018
Net Cash Provided by (Used in) Investment Activities		
Disbursement to Time Deposits	(4,900,000)	(4,000,000)
Proceeds from Withdrawal of Time Deposits	4,900,000	4,000,000
Purchase of Property, Plant and Equipment	(181,883)	(171,856)
Proceeds from Sales of Property, Plant and Equipment	1,638	3,450
Purchase of Intangible Fixed Assets	(4,235)	(41,586)
Purchase of Investment Securities	(19,683)	(21,340)
Proceeds from Sales of Investment Securities	15,244	-
Payments of Loans Receivable	(2,020)	(3,930)
Collection of Loans Receivable	1,860	3,440
Guarantee Deposits (Increase)	(201,193)	(47,005)
Others, Net	(2,294)	(2,427)
Net Cash Provided by (Used in) Investment Activities	(392,566)	(281,257)
Net Cash Provided by (Used in) Financing Activities		
Acquisition of Treasury Stock	(285)	(100)
Cash Dividends Paid	(449,030)	(449,027)
Net Cash Provided by (Used in) Financing Activities	(449,316)	(449,127)
Cash and Cash Equivalents		
Effect of Exchange Rate Change on Cash and Cash Equivalents	91,809	97
Net Increase (Decrease) in Cash and Cash Equivalents	(162,886)	1,460,919
Cash and Cash Equivalents at Beginning of Period	8,056,223	7,893,336
Cash and Cash Equivalents at End of This Fiscal Year	7,893,336	9,354,256

(5) Notes for Consolidated Financial Statements

(Notes for premise of going concern)

There are no pertinent matters to report.

(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, 2017)

(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	10,241,914	30,851,273	41,093,188	-	41,093,188
Internal Sales Among Segments or Amount Transferred	-	-	-	-	-
Total	10,241,914	30,851,273	41,093,188	-	41,093,188
Segment Income	528,306	1,670,063	2,198,369	-	2,198,369
Segment Assets	10,213,195	16,952,694	27,165,889	9,415,072	36,580,961
Other Items					
Depreciation & Amortization	314,283	102,589	416,872	-	416,872
Increase in Property, Plant & Equipment and Intangible Assets	123,754	68,568	192,322	-	192,322

(Notes)

- 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.
- 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, 2018)

(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	11,172,075	31,186,218	42,358,294	-	42,358,294
Internal Sales Among Segments or Amount Transferred	-	-	-	-	-
Total	11,172,075	31,186,218	42,358,294	-	42,358,294
Segment Income	593,599	1,784,011	2,377,610	-	2,377,610
Segment Assets	9,804,446	17,411,767	27,216,214	10,729,818	37,946,032
Other Items					
Depreciation & Amortization	298,179	101,888	400,068	-	400,068
Increase in Property, Plant & Equipment and Intangible Assets	157,682	70,117	227,800	-	227,800

(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, 2017)

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
32,405,056	7,088,888	1,599,242	41,093,188

(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
4,858,891	155,695	148,451	5,163,038

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, 2018)

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
33,871,323	7,406,701	1,080,268	42,358,294

(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
4,710,886	189,972	141,230	5,042,089

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, 2017)

There are no pertinent matters to report.

Current Consolidated Fiscal Year (Year Ended October 31, 2018) (Thousands of Yen)

	Reported segments			Elimination at the Company	Total
	Machinery & Equipment Business	Chemical Products Business	Subtotal		
Impairment loss	24,037	-	24,037	-	24,037

(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)

	Year Ended October 31, 2017	Year Ended October 31, 2018
Net Asset per Share	¥2,706. ⁷²	¥2,793. ⁶⁹
Net Income per Share	¥150. ⁶⁴	¥151. ⁶⁴

(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:

	Year Ended October 31, 2017	Year Ended October 31, 2018
Net Income for this Fiscal Year (thousands of yen)	1,503,178	1,513,160
Net Income for Common Stock (thousands of yen)	1,503,178	1,513,160
Average number of Common Stock during the Fiscal Year	9,978,419	9,978,368

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

	Year Ended October 31, 2017	Year Ended October 31, 2018
Total for Net Asset in Consolidated Balance Sheet (thousands of yen)	27,008,718	27,876,373
Net Asset for Common Stock (thousands of yen)	27,008,718	27,876,373
Number of Common Stock used for calculation of Net Assets per Share (share)	9,978,383	9,978,339

(Significant subsequent events)

None

4. Other Notes

(1) Changes of Officers (effective January 30, 2019)

1) Candidate for Director to be newly appointed (excluding the directors serving as Audit & Supervisory Committee Members)

Name	New Position	Current Position
Atsushi Sada	Director Deputy General Manager, Machinery & Equipment Div. (in charge of Production), and Manager of Sagami Plant	General Manager, Technical Development Dept., Machinery & Equipment Div.

2) Candidate for Director serving as Audit & Supervisory Committee Member

Name	New Position	Current Position
Tatsuo Hasunuma	Outside Director (Director serving as Audit & Supervisory Committee Member)	Outside Director (Substitute Director serving as Audit & Supervisory Committee Member)

3) Director scheduled to retire

Name	Current Position
Jun Ohashi	Director Deputy General Manager, Machinery & Equipment Div. (in charge of Production), and Manager of Sagami Plant
Minoru Imai	Outside Director (Director serving as Audit & Supervisory Committee Member)

4) Candidate for Substitute Director serving as Audit & Supervisory Committee Member

Name	New Position	Current Position
Naohiro Chikada	Outside Director (Substitute Director serving as Audit & Supervisory Committee Member)	Certified Public Accountant and Certified Tax Accountant Representative Partner, Koa Audit Corporation