

# Financial Results for the Fiscal Year Ended October 31, 2019 [Japan GAAP] (Consolidated)

Date: December 6, 2019  
 Company Name and Code: Tomoe Engineering Co., Ltd. and Subsidiaries - 6309  
 (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 30, 2020  
 Date of Dividend Payment: January 31, 2020  
 Date of Financial Statement: January 30, 2020  
 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, 2019

### (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)
<b>Year Ended October 31, 2019</b>	41,355	-2.4	2,376	-0.1	2,384	2.1
<b>Year Ended October 31, 2018</b>	42,358	3.1	2,377	8.2	2,335	5.2

(Note) Comprehensive income

Fiscal year ended October 31, 2019: 1,464 million yen (11.2%)

Fiscal year ended October 31, 2018: 1,316 million yen (-42.3%)

	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)
<b>Year Ended October 31, 2019</b>	1,569	3.7	157. <sup>25</sup>	-	5.5	6.2	5.7
<b>Year Ended October 31, 2018</b>	1,513	0.7	151. <sup>64</sup>	-	5.5	6.3	5.6

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

Fiscal year ended October 31, 2019: None

Fiscal year ended October 31, 2018: 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, 2019</b>	39,070	28,861	73.9	2,892. <sup>41</sup>
<b>Year Ended October 31, 2018</b>	37,331	27,876	74.7	2,793. <sup>69</sup>

(Reference) Net assets

Fiscal year ended October 31, 2019: 28,861 million yen

Fiscal year ended October 31, 2018: 27,876 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, 2019</b>	3,868	(544)	(478)	12,147
<b>Year Ended October 31, 2018</b>	2,191	(281)	(449)	9,354

**2. Dividend Status**

	Dividend per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	End of Fiscal Year	Total
<b>Year Ending October 31, 2018</b>	-	22.50	-	24. <sup>50</sup>	47. <sup>00</sup>
<b>Year Ending October 31, 2019</b>	-	23.50	-	23. <sup>50</sup>	47. <sup>00</sup>
<b>Year Ending October 31, 2020 (Prospect)</b>	-	23.50	-	23. <sup>50</sup>	47. <sup>00</sup>

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

**3. Forecast for the Year Ending October 31, 2020 (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>Full Business Year</b>	44,700	8.1	2,250	-5.3	2,250	-5.6

	Net Income Attributable to Owners of the Parent		Net Income per Share
	(Millions of Yen)	(Percent)	(Yen)
<b>Full Business Year</b>	1,500	-4.4	150. <sup>33</sup>

## Notes

(1) Significant changes in subsidiaries during this period (changes in specific subsidiaries involving changes in the scope of consolidation): Yes

Addition: One (name of subsidiary) TOMOE ENGINEERING (TAICANG) CO.,LTD.

Deletion: None

(Note) For details, refer to (5) [Notes for Consolidated Financial Statements (Significant changes to subsidiaries during the period)] of 3. [Consolidated Financial Statements and Main Notes] on page 17.

(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, 2019: 10,533,200 shares      At October 31, 2018: 10,533,200 shares

2) Number of treasury stocks at year-end

At October 31, 2019: 554,861 shares      At October 31, 2018: 554,861 shares

3) Number of average shares

At October 31, 2019: 9,978,339 shares      At October 31, 2018: 9,978,368 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.

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## 1. Overview of Operating Results, etc.

### (1) Overview Concerning Current Operating Results

During the current consolidated fiscal year, Japan's economy was strongly supported by personal consumption, capital investment, and public works investments and maintained its gradual recovery trend, despite weakness in exports that resulted from factors such as the overseas economic slowdown. Overseas, however, despite the steady growth of the U.S. economy, Europe's economy continued to be sluggish and the growth rate of China's economy remained slack. Furthermore, the semiconductor market continued to be aggravated by heightened trade friction between the U.S. and China and sluggish smartphone sales.

Given these circumstances, full-year net sales for the Tomoe Engineering Group decreased 2.4% from the previous consolidated fiscal year to 41,355 million yen, reflecting decrease of net sales in the Chemical Product Business despite higher net sales in the Machinery & Equipment Business. With respect to earnings during the period, operating income was 2,376 million yen, 0.1% down from the previous consolidated fiscal year despite higher earnings from growth in the Machinery & Equipment Business, as efforts to boost income were hampered by lower sales in the Chemical Products Business. On the other hand, ordinary income came to 2,384 million yen, 2.1% up from the previous consolidated fiscal year because of lower non-operating expenses, and net income attributable to owners of the parent was 1,569 million yen, 3.7% 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 components and repair services for overseas demand and for domestic private demand increased, but on the other hand net sales of machinery and works in all fields, and components and repair services for domestic public sector demand decreased. As a result, net sales for the current consolidated fiscal year were 11,250 million yen, 0.7% up compared with the previous fiscal year.

With respect to earnings, operating income was 971 million yen, 63.7% up from the previous fiscal year, mainly because of increased profits in the field of components and repair services for overseas which had high margins.

#### (Chemical Products Business)

In the Chemical Products Business, net sales of raw materials in domestic and overseas synthetic resin sector, transport materials for semiconductor manufacturing applications in the electronics materials sector, and ceramics products for semiconductor fabrication equipment in the advanced materials sector decreased, but on the other hand net sales of materials for housing and construction applications in the domestic industrial materials sector increased. As a result, consolidated net sales for the fiscal year were 30,105 million yen, 3.5% down from the previous consolidated fiscal year.

With respect to earnings, operating income was 1,404 million yen, 21.3% down from the previous fiscal year because of decreased income and declined gross-profit margin.

### (2) Overview Concerning Current Financial Condition

Current assets at the end of the consolidated fiscal year were 30,260 million yen, up 1,436 million from the balance at the end of the previous consolidated fiscal year, reflecting a decrease in notes and accounts receivable-trade, and merchandise and finished goods, and an increase in cash and deposits, and raw materials and supplies. Noncurrent assets were 8,810 million yen, up 302 million yen from the balance at the end of the previous consolidated fiscal year, reflecting an increase in construction in progress and in machinery, equipment and vehicles. Liabilities were 10,209 million yen, increased by 753 million yen from the end of the previous consolidated fiscal year, mainly because of a decrease in income taxes payable, and an increase in advances received, and accounts payable-others.

Net assets were 28,861 million yen, up 985 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 0.8 point from 74.7% to 73.9% 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 2,793 million yen to 12,147 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 3,868 million yen. This reflected an increase in income taxes payment used in 943 million yen and inventory by 156 million yen, and a decrease in income before income taxes by 2,378 million yen, reservation for depreciation and amortization by 364 million yen, and notes and accounts receivable-trade by 1,656 million yen. Net cash provided was increased by 1,677 million yen from 2,191 million yen in the previous consolidated fiscal year.

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

Net cash used in investing activities was 544 million yen. This reflected purchase of property, plant and equipment of 468 million yen, and purchase of intangible fixed assets of 60 million yen. Net cash used was increased by 263 million yen from 281 million yen in the previous consolidated fiscal year.

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

Net cash used in financing activities was 478 million yen mainly for the payment of cash dividends in 478 million yen. Net cash used was increased by 29 million yen from 449 million yen in the previous consolidated fiscal year.

#### Trends in cash flow indices

	Year Ended October 31, 2015	Year Ended October 31, 2016	Year Ended October 31, 2017	Year Ended October 31, 2018	Year Ended October 31, 2019
Equity Ratio (Percent)	73.4	72.4	73.8	74.7	73.9
Equity Ratio Based on Market Value (Percent)	44.3	44.3	59.1	58.3	60.3
Debt-repayment to Cash Flow Ratio (Years)	-	0.0	0.2	0.0	0.0
Interest Coverage Ratio (Percent)	-	735.6	28.3	68.9	114.8

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.
5. Beginning from the start of the current consolidated fiscal year, the Company has applied the *Partial Amendments to Accounting Standard for Tax Effect Accounting* (Accounting Standards Board of Japan Statement No. 28). Such Accounting Standard has been applied retroactively to the Financial Results for the Fiscal Year ended October 31, 2018.

#### **(4) Outlook for the Next Fiscal Year (November 1, 2019 - October 31, 2020)**

In the consolidated fiscal year ending October 31, 2020, Japan's economy is expected to stay on its gradual recovery track, as capital investment and public works investments appear to remain robust and exports also seem to be restored. Internationally, while the US economy are forecast to continue robust, the European and Chinese economies 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 these circumstances, in the Machinery & Equipment Business consolidated net sales are expected to reach 13,800 million yen, 22.7% up from the previous consolidated fiscal year, with net sales projected to be higher for both machinery in all sectors, particularly overseas, and for equipment and construction for domestic public sector demand. On the other hand, operating income is projected to come to 760 million yen, 21.8% down compared with the previous consolidated fiscal year, with profit margins expected to narrow because of low margins on the machinery that garnered higher sales and a decline in sales of overseas components and repair services, which had increased in the previous consolidated fiscal year. In the Chemical Products Business, consolidated net sales are expected to amount to 30,900 million yen, 2.6% up compared with the previous consolidated fiscal year, and operating income is expected to be 1,490 million yen, 6.1% up from the previous consolidated fiscal year, reflecting the growth in sales of UV curing resin in the fine chemicals sector and sales of materials for semiconductor-fabrication equipment in the advanced materials sector and electronics materials sector.

As a result of these efforts, for the entire Tomoe Engineering Group in the consolidated fiscal year ending October 31, 2020, we project net sales to grow by 8.1% to 44,700 million yen, operating income to decrease by 5.3% to 2,250 million yen, ordinary income to decrease by 5.6% to 2,250 million yen, and net income attributable to the shareholders of the parent company to decrease by 4.4% 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 2019 and 2020**

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 23.5 yen per share at the end of the consolidated fiscal year ending on October 31, 2019, down 1.0 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, 2018	Year Ended October 31, 2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Deposits	9,354,256	12,147,981
Notes and Accounts Receivable-Trade	11,834,551	10,432,830
Electronically Recorded Monetary Claims	2,183,842	1,904,539
Merchandise and Finished Goods	3,685,115	3,242,217
Work in Process	981,660	1,200,360
Raw Materials and Supplies	667,846	1,014,166
Others	183,711	381,860
Allowance for Doubtful Accounts	-67,114	-63,652
<b>Total Current Assets</b>	<b>28,823,870</b>	<b>30,260,304</b>
<b>Noncurrent Assets</b>		
Property, Plant and Equipment		
Buildings and Structures	4,459,308	4,608,252
Accumulated Depreciation	-1,831,356	-1,954,347
Buildings and Structures, Net	2,627,951	2,653,904
Machinery, Equipment and Vehicles	3,697,837	3,771,107
Accumulated Depreciation	-3,304,595	-3,284,685
Machinery, Equipment and Vehicles, Net	393,242	486,422
Land	1,931,089	1,930,720
Construction in progress	10,606	123,271
Others	980,958	1,036,746
Accumulated Depreciation	-901,758	-955,308
Others, Net	79,199	81,437
<b>Total Property, Plant and Equipment</b>	<b>5,042,089</b>	<b>5,275,756</b>
Intangible Assets	109,792	129,094
Investments and Other Assets		
Investment Securities	1,374,561	1,393,589
Guarantee Deposits	340,386	349,795
Net Defined Benefit Assets	1,554,938	1,588,079
Deferred Tax Assets	16,436	16,446
Others	92,654	80,562
Allowance for Doubtful Accounts	-22,871	-22,681
<b>Total Investments and Other Assets</b>	<b>3,356,107</b>	<b>3,405,791</b>
<b>Total Noncurrent Assets</b>	<b>8,507,988</b>	<b>8,810,642</b>
<b>Total Assets</b>	<b>37,331,859</b>	<b>39,070,946</b>

(Thousands of Yen)

	Year Ended October 31, 2018	Year Ended October 31, 2019
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes and Accounts Payable-Trade	4,193,451	4,165,190
Electronically Recorded Monetary Debt	1,857,112	1,822,509
Accounts Payable-Others	600,382	821,503
Income Taxes Payable	539,919	430,816
Advances Received	70,030	577,512
Provision for Bonuses	1,081,025	1,160,657
Provision for Directors' Bonuses	70,000	72,627
Allowance for Product Warranty	160,295	313,350
Others	217,988	199,898
<b>Total Current Liabilities</b>	<b>8,790,206</b>	<b>9,564,068</b>
<b>Noncurrent Liabilities</b>		
Provision for Directors' Retirement Benefits	5,460	5,460
Net Defined Benefit Liabilities	57,905	63,208
Deferred Tax Liabilities	601,913	576,715
<b>Total Noncurrent Liabilities</b>	<b>665,279</b>	<b>645,384</b>
<b>Total Liabilities</b>	<b>9,455,485</b>	<b>10,209,452</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	24,953,779	26,043,930
Treasury Stock	-363,977	-363,977
<b>Total Shareholders' Equity</b>	<b>27,134,422</b>	<b>28,224,573</b>
<b>Accumulated Other Comprehensive Income</b>		
Valuation Difference on Available-for-Sale Securities	433,098	439,359
Deferred Gains or Losses on Hedges	130	1,954
Foreign Currency Translation Adjustment	186,221	83,282
Total Adjustment on Net Defined Benefit	122,501	112,324
<b>Total Accumulated Other Comprehensive Income</b>	<b>741,950</b>	<b>636,920</b>
<b>Total Net Assets</b>	<b>27,876,373</b>	<b>28,861,494</b>
<b>Total Liabilities and Net Assets</b>	<b>37,331,859</b>	<b>39,070,946</b>

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

**Consolidated Statements of Income**

(Thousands of Yen)

	Year Ended October 31, 2018	Year Ended October 31, 2019
<b>Net Sales</b>	42,358,294	41,355,790
<b>Cost of Sales</b>	33,122,636	32,006,364
<b>Gross Profit</b>	9,235,657	9,349,425
<b>Selling, General and Administrative Expenses</b>	6,858,047	6,973,166
<b>Operating Income</b>	2,377,610	2,376,258
<b>Non-Operating Income</b>		
Interest income	3,217	1,667
Dividends Income	31,487	32,075
Rent Income	7,306	7,171
Insurance Return	2,214	13,382
Others	36,498	27,635
<b>Total Non-Operating Income</b>	80,724	81,932
<b>Non-Operating Expenses</b>		
Interest Expenses	31,804	33,688
Commission Paid	9,000	8,999
Sales Discount	5,806	7,432
Provision of Allowance for Bad Debts	38,983	-
Foreign Exchange Losses	34,050	18,090
Others	3,198	5,486
<b>Total Non-Operating Expenses</b>	122,843	73,697
<b>Ordinary Income</b>	2,335,490	2,384,493
<b>Extraordinary Losses</b>		
Loss on Impairment	24,037	-
Loss on Sales of Investment Securities	-	5,621
<b>Total Extraordinary Losses</b>	24,037	5,621
Income before Income Taxes	2,311,453	2,378,871
Income Taxes-Current	905,746	839,902
Income Taxes-Deferred	-107,453	-30,141
<b>Total Income Taxes</b>	798,292	809,760
<b>Net Income</b>	1,513,160	1,569,110
<b>Net Income Attributable to Owners of the Parent</b>	1,513,160	1,569,110

## Consolidated Statements of Comprehensive Income

(Thousands of Yen)

	Year Ended October 31, 2018	Year Ended October 31, 2019
Net Income	1,513,160	1,569,110
Other Comprehensive Income		
Valuation Difference on Available-for-sale Securities	-117,940	6,261
Deferred Gains or Losses on Hedges	-2,377	1,824
Foreign Currency Translation Adjustment	-28,343	-102,938
Adjustment on Net Defined Benefit	-47,715	-10,177
Total Other Comprehensive Income	-196,377	-105,030
<b>Comprehensive Income</b>	1,316,783	1,464,080
(Breakdown)		
Comprehensive Income Attributable to Owners of the Parent	1,316,783	1,464,080

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

Previous 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
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
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

**Current Consolidated Fiscal Year (Year Ended October 31, 2019)**

(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	24,953,779	-363,977	27,134,422
Changes during This Fiscal Year					
Cash Dividend Paid			-478,960		-478,960
Net Income Attributable to Owners of the Parent			1,569,110		1,569,110
Acquisition of Treasury Stock					-
Total (Net) Amount Changed (Except Shareholders' Equity)					
Total Amount Changed	-	-	1,090,150	-	1,090,150
Surplus during This Fiscal Year	1,061,210	1,483,410	26,043,930	-363,977	28,224,573

	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	433,098	130	186,221	122,501	741,950	27,876,373
Changes during This Fiscal Year						
Cash Dividend Paid						-478,960
Net Income Attributable to Owners of the Parent						1,569,110
Acquisition of Treasury Stock						-
Total (Net) Amount Changed (Except Shareholders' Equity)	6,261	1,824	-102,938	-10,177	-105,030	-105,030
Total Amount Changed	6,261	1,824	-102,938	-10,177	-105,030	985,120
Surplus during This Fiscal Year	439,359	1,954	83,282	112,324	636,920	28,861,494

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

(Thousands of Yen)

	Year Ended October 31, 2018	Year Ended October 31, 2019
<b>Net Cash Provided by (Used in) Operating Activities</b>		
Income before Income Taxes and Minority Interests	2,311,453	2,378,871
Depreciation and Amortization	400,068	364,194
Increase (Decrease) in Provision for Bonuses	98,176	80,226
Increase (Decrease) in Provision for Directors' Bonuses	5,321	2,627
Increase (Decrease) in Allowance for Product Warranty	(24,963)	153,055
Increase (Decrease) in Net Defined Benefit Liability	407	5,302
Decrease (Increase) in Net Defined Benefit Asset	(28,492)	(17,531)
Increase (Decrease) in Allowance for Doubtful Accounts	57,895	(315)
Interests and Dividends Income	(34,705)	(33,743)
Interest Expenses	31,804	33,688
Foreign Exchange Losses (Gains)	(7,050)	11,664
Loss (Gain) on Sales of Investment Securities	-	5,621
Loss on Impairment	24,037	-
Decrease (Increase) in Notes and Accounts Receivable-Trade	228,685	1,656,813
Decrease (Increase) in Inventories	(539,626)	(156,401)
Increase (Decrease) in Notes and Accounts Payable-Trade	292,057	(48,440)
Increase (Decrease) in Accounts Payable-Others	65,975	102,583
Increase (Decrease) in Advances Received	12,458	509,626
Others, Net	87,378	(235,545)
Sub total	2,980,881	4,812,299
Interests and Dividends Income Received	34,698	33,660
Interest Expenses Paid	(31,804)	(33,688)
Income Taxes Paid	(792,568)	(943,64)
Net Cash Provided by (Used in) Operating Activities	2,191,206	3,868,623

(Thousands of Yen)

	Year Ended October 31, 2018	Year Ended October 31, 2019
<b>Net Cash Provided by (Used in) Investment Activities</b>		
Disbursement to Time Deposits	(4,000,000)	(6,000,000)
Proceeds from Withdrawal of Time Deposits	4,000,000	6,000,000
Purchase of Property, Plant and Equipment	(171,856)	(468,183)
Proceeds from Sales of Property, Plant and Equipment	3,450	935
Purchase of Intangible Fixed Assets	(41,586)	(60,981)
Purchase of Investment Securities	(21,340)	(22,151)
Proceeds from Sales of Investment Securities	-	5,659
Payments of Loans Receivable	(3,930)	(2,580)
Collection of Loans Receivable	3,440	3,815
Guarantee Deposits (Increase)	(47,005)	(11,351)
Others, Net	(2,427)	10,197
Net Cash Provided by (Used in) Investment Activities	(281,257)	(544,640)
<b>Net Cash Provided by (Used in) Financing Activities</b>		
Acquisition of Treasury Stock	(100)	-
Cash Dividends Paid	(449,027)	(478,960)
Net Cash Provided by (Used in) Financing Activities	(449,127)	(478,960)
<b>Cash and Cash Equivalents</b>		
Effect of Exchange Rate Change on Cash and Cash Equivalents	97	(51,297)
Net Increase (Decrease) in Cash and Cash Equivalents	1,460,919	2,793,724
Cash and Cash Equivalents at Beginning of Period	7,893,336	9,354,256
Cash and Cash Equivalents at End of This Fiscal Year	9,354,256	12,147,981



## **(5) Notes for Consolidated Financial Statements**

### **(Notes for premise of going concern)**

There are no pertinent matters to report.

### **(Change in presentation method)**

Change in conjunction with application of the *Partial Amendments to Accounting Standard for Tax Effect Accounting* Beginning from the start of the current consolidated fiscal year, the Company has applied the *Partial Amendments to Accounting Standard for Tax Effect Accounting* (Accounting Standards Board of Japan Statement No. 28), and changed its presentation method to classify deferred tax assets in Investments and Other Assets, and classify deferred tax liabilities in Noncurrent Liabilities.

As a result of this change, in the consolidated balance sheet for the previous consolidated fiscal year “Deferred Tax Assets” included in “Current Assets” decreased by 630,609,000 yen and “Deferred Tax Assets” included in “Investments and Other Assets” increased by 16,436,000 yen. In addition, “Deferred Tax Liabilities” included in “Noncurrent Liabilities” decreased by 614,172,000 yen.

Furthermore, Deferred Tax Assets and Deferred Tax Liabilities related to the same tax payments are presented after being offset, and Total Assets decreased by 614,172,000 yen compared with what the amount otherwise would have been before the change.

### **(Consolidated Statements of Income)**

The item “Insurance Refunds” included in the “Others” category of Non-Operating Expenses in the previous consolidated fiscal year has been stated as a separate item from the current consolidated fiscal year, because the material importance of the item has increased. To reflect this change in presentation method, 38,712,000 yen that was included in the “Others” category of “Non-Operating Income” in the Consolidated Statement of Income for the previous consolidated fiscal year has been restated as “Insurance Refunds” of 2,214,000 yen and “Others” of 36,498,000 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, 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	9,545,062	17,056,979	26,602,041	10,729,818	37,331,859
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.

**Current Consolidated Fiscal Year (Year Ended October 31, 2019)**

(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	11,250,242	30,105,547	41,355,790	-	41,355,790
Internal Sales Among Segments or Amount Transferred	-	-	-	-	-
Total	11,250,242	30,105,547	41,355,790	-	41,355,790
Segment Income	971,674	1,404,583	2,376,258	-	2,376,258
Segment Assets	9,479,554	16,048,821	25,528,376	13,542,570	39,070,946
Other Items					
Depreciation & Amortization	266,620	97,574	364,194	-	364,194
Increase in Property, Plant & Equipment and Intangible Assets	503,688	144,440	648,129	-	648,129

(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, 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.

**Current Consolidated Fiscal Year (Year Ended October 31, 2019)**

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
32,748,508	7,462,392	1,144,889	41,355,790

(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
4,851,345	275,708	148,701	5,275,756

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, 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

**Current Consolidated Fiscal Year (Year Ended October 31, 2019)**

There are no pertinent matters to report.

[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.

**(Significant changes to subsidiaries during the period)**

During the current consolidated fiscal year the Company established TOMOE ENGINEERING (TAICANG) CO.,LTD. (a specified subsidiary) as a Company subsidiary, and said company has been included in the scope of consolidation.

**(Per Share Information)**

	Year Ended October 31, 2018	Year Ended October 31, 2019
Net Asset per Share	¥2,793. <sup>69</sup>	¥2,892. <sup>41</sup>
Net Income per Share	¥151. <sup>64</sup>	¥157. <sup>25</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:

	Year Ended October 31, 2018	Year Ended October 31, 2019
Net Income for this Fiscal Year (thousands of yen)	1,513,160	1,569,110
Net Income for Common Stock (thousands of yen)	1,513,160	1,569,110
Average number of Common Stock during the Fiscal Year	9,978,368	9,978,339

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

	Year Ended October 31, 2018	Year Ended October 31, 2019
Total for Net Asset in Consolidated Balance Sheet (thousands of yen)	27,876,373	28,861,494
Net Asset for Common Stock (thousands of yen)	27,876,373	28,861,494
Number of Common Stock used for calculation of Net Assets per Share (share)	9,978,339	9,978,339

**(Significant subsequent events)**

None

#### 4. Other Notes

##### (1) Changes of Officers (effective January 30, 2020)

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

Name	New Position	Current Position
Osamu Fujii	Director (General Affairs Div. and Operation Div.) General Manager, General Affairs Div.	General Manager, General Affairs Div.

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

Name	New Position	Current Position
Masayoshi Fukasawa	Director serving as Audit & Supervisory Committee Member	Managing Director (General Affairs Div. and Operation Div.)

3) Director scheduled to retire

Name	Current Position
Masayoshi Fukasawa	Managing Director (General Affairs Div. and Operation Div.)
Mitsuo Matsumoto	Director serving as Audit & Supervisory Committee Member