

**RESULTS OF OPERATIONS FOR  
THE SECOND QUARTER ENDED SEPTEMBER 30, 2014 (CONSOLIDATED)  
(Japanese GAAP)**

November 13, 2014

Listed company name: Torishima Pump Mfg. Co., Ltd.  
 Stock exchange listings: First Section of Tokyo Stock Exchange  
 Code number: 6363 URL: <http://www.torishima.co.jp>  
 Representative: Kotaro Harada, President  
 Contact person: Koichi Otao, Executive Officer, General Manager of Accounting Department  
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 Scheduled date of filing quarterly financial statements: November 14, 2014  
 Scheduled date of starting dividend payment: December 8, 2014  
 Preparing supplementary material on quarterly financial results: No  
 Holding quarterly financial results presentation meeting: No

Note: The amounts are rounded down to the nearest million.

1. Consolidated financial results of the second quarter ended Sept. 30, 2014 (April 1, 2014 through Sept. 30, 2014)

(1) Operating results Millions of yen, except per share data

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
Second quarter ended Sept. 30, 2014	17,946	0.7	-1,034	-	-845	-	-561	-
Second quarter ended Sept. 30, 2013	17,814	-7.0	-901	-	-721	-	-446	-

Note1: Comprehensive income: (Second quarter ended Sept. 30, 2014) -898 million yen (-%)  
 (Second quarter ended Sept. 30, 2013) 478 million yen (-%)

Note2: % represents percentage change from a comparable previous period

	Net income per share	Net income per share-Diluted
	Yen	Yen
Second quarter ended Sept. 30, 2014	-20.08	-
Second quarter ended Sept. 30, 2013	-15.90	-

(2) Financial position Millions of yen, except per share data

	Total assets	Net assets	Equity ratio
			%
September 30, 2014	66,222	33,574	49.9
March 31, 2014	68,062	34,524	49.9

(Reference): Shareholders' equity: (Sept. 30, 2014)¥ 33,058million (March 31, 2014)¥ 33,944 million

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Fiscal year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2013	-	9.00	-	9.00	18.00
FY2014	-	9.00			
FY2014 (Forecast)			-	9.00	18.00

Note: Revision of forecast for dividend during this quarter: No

## 3. Forecast for fiscal year ending March 31, 2014

Millions of yen, except per share data

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	%	%	%	%	Yen
Annual	46,000 -	500 -	700 -	500 13.1	18.19

Note1: % represents percentage change from a previous year

Note2: Revision of the forecast during this quarter: Yes

## 4. Others

(1) Changes in significant subsidiaries during this period: No

(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements: Yes

(For further details, please refer to page 5, “(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements”.)

(3) Changes in accounting principles, accounting estimates and correction of prior period errors

① Changes of accounting principles due to revisions of accounting standards: Yes

② Changes of accounting principles other than the above: No

③ Changes in accounting estimates: No

④ Correction of prior period errors: No

(4) Number of shares outstanding (Common stock)

① Number of shares outstanding at period end (including treasury stock)

(Sept. 30, 2014) 29,889,079

(March 31, 2014) 29,889,079

② Number of treasury stock at period end

(Sept. 30, 2014) 2,401,631

(March 31, 2014) 1,814,990

③ Weighed-average number of shares outstanding over the period

(April 1 – Sept. 30, 2014) 27,953,142

(April 1 – Sept. 30, 2013) 28,068,587

## -Information regarding the implementation of quarterly review procedure

These quarterly financial results do not fall within the scope of the Quarterly Review Procedures referenced in the Financial Instruments and Exchange Act. At the time of disclosure of the quarterly financial results, the Group was in the process of implementing the quarterly review procedures for its quarterly financial statements.

## -Explanation for adequate utilization of the forecast, and other note

Forecast shown above is prepared based on information available as of the issuing date of this report and assumptions that we consider as reasonable, and therefore the actual results may differ from these forecasted figures due to various unknown factors.

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## 1. Qualitative information for the second quarter of the FY2014

### (1) Qualitative information on consolidated results of operations

During the second quarter of FY2014, in the U.S., consumer spending remained strong. In addition, exports and corporate earnings showed a recovery trend despite concerns about the impact of the unemployment rate and tighten quantitative easing. In Europe, the economies partially showed a moderate recovery trend although high unemployment rate and debt crisis were prolonged.

However the world economy continued uncertainty because economic growth slowed in emerging countries including China which had led the global economy in addition to the fact that Europe and Middle East have geopolitical risks.

In Japan, the recoil against the surge in demand was gradually alleviated after the consumption tax increased. Public works continued steadily. However exported-related demand was weak as the economic recovery decelerated in emerging countries and the effect of depreciation of the yen was limited by the reason that production bases were shifted to overseas. Furthermore, significant trade deficits were recorded as prices in important materials rose due to depreciation of the yen, thus the economic recovery did not attain full-scale.

The pump manufacturing industry continued steady demand from overseas for water- and energy-related sector. However competition for orders in the industry continued severe due to the uncertain economies centering on emerging countries.

Orders received during the second quarter of FY2014 (April 1, 2014-Sept. 30, 2014) decreased by ¥7,692 million from the same period last year to ¥21,354 million. Orders received from domestic public sector decreased by ¥2,027 million from the same period last year to ¥6,902 million, orders received from domestic private sector decreased by ¥480 million from the same period last year to ¥2,925 million and orders received from overseas sector decreased by ¥5,184 million from the same period last year to ¥11,526 million.

Net sales during the second quarter of FY2014 (April 1, 2014-Sept. 30, 2014) increased by ¥131 million from the same period last year to ¥17,946 million. Operating losses during the second quarter of FY2014 (April 1, 2014-Sept. 30, 2014) amounted to ¥1,034 million (operating losses during the same period last year were ¥901 million). The ratio of operating income to net sales amounted to -5.7%.

Ordinary losses amounted to ¥845 million (ordinary losses during the same period last year were ¥721 million) due to the recording of ¥126 million in dividend income as non-operating income. The ratio of ordinary income to net sales amounted to -4.7%.

Net losses amounted to ¥561 million (net losses during the same period last year was ¥446 million). The ratio of net income to net sales amounted to -3.1%. Net losses per share amounted to ¥20.08.

### (2) Qualitative information on consolidated financial position

At the end of the second quarter (Sep. 30, 2014), the Group's total assets amounted to ¥66,222 million, ¥1,840 million lower than at the end of the previous fiscal year (March 31, 2014). Principal changes in asset items included a decline in notes and accounts receivable-trade of ¥5,528 million.

Total liabilities at the end of the second quarter amounted to ¥32,647 million, ¥890 million lower than at the end of the previous fiscal year. Principal changes in liability items included a decline in notes and accounts payable-trade of ¥4,416 million despite an increase in short-term loans payable of ¥3,783 million.

Net assets at the end of the second quarter amounted to ¥33,574 million, ¥949 million lower than at the end of the previous fiscal year. Principal changes in net asset items included an increase in treasury shares by acquisition of treasury shares of ¥536 million.

(3) Qualitative information on consolidated earnings forecasts

In light of business results during the second quarter of FY2014, Torishima Pump Mfg. Co., Ltd. (hereinafter “the Company”) amended forecasts for fiscal year ending March 31, 2015 announced on May 13, 2014 as below.

The consolidated financial forecasts for FY 2014 (April 1, 2014 through March 31, 2015)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Previous forecasts (A)	49,000	500	700	500
New forecasts (B)	46,000	500	700	500
Amount changed (B - A)	-3,000	0	0	0
% of change	-6.1	-	-	-

Net sales for FY2014 are expected to decrease as orders received decreased because the company implemented fundamental reform of manufacturing concentrating on standardization and profitable orders received strategy during the second quarter of FY2014, however operating income, ordinary income, and net income are the same since gross profit rate is expected to be improved.

2. Other information

(1) Changes in significant subsidiaries during the second quarter of FY2014 (July 1, 2014-Sept. 30, 2014)

No items to report

(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements

In determining tax expenses, the effective tax rate after application of tax effect accounting for income before income taxes for the consolidated fiscal year, inclusive of the second quarter of consolidated FY2014, has been estimated in a rational manner, and tax expenses have been calculated by multiplying the quarterly income before income taxes and adjustments by this estimated effective tax rate.

However, we use the statutory effective tax rate in cases where the estimated effective tax rate is unavailable.

(3) Changes in accounting principles, accounting estimates and correction of prior period errors

(Application of accounting standard for retirement benefits)

The Company has applied the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No.26 of May 17, 2012) and Guidance No.25 of May 17, 2012) to the main clause stipulated in Article 35 of the Accounting Standard for Retirement Benefits and Article 67 of the Guidance on Accounting Standard for Retirement Benefits since the first quarter of the current fiscal year. Under the new standard, the calculation of liabilities for retirement benefits and service costs has been revised and the method of attributing expected benefits to periods has been changed from straight-line basis to benefit formula basis. The determination of the discount rate has been changed from remaining service period basis to summation average discount rate basis.

In accordance with transitional accounting as stipulated in Article 37 of the Accounting Standard for Retirement Benefits, the effect of the changes in accounting policies arising from the revision of liabilities for retirement benefits and service costs is recognized in retained earnings, at the beginning of the second quarter of the current fiscal year.

As a result of adjustments, liabilities for retirement benefits have decreased by ¥1,330 million, and retained earnings have increased by ¥856 million at the beginning of the second quarter of the current fiscal year. The impact on operating loss, ordinary loss, and loss before income taxes and minority interests during the second quarter of the fiscal year is negligible.

3. Consolidated quarterly financial statement  
(1) Consolidated quarterly balance sheet

(Millions of yen)

	End of previous consolidated fiscal year (March 31, 2014)	End of the second quarter of consolidated FY2014 (September 30, 2014)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	4,125	4,558
Notes and accounts receivable - trade	26,931	21,402
Securities	700	—
Merchandise and finished goods	459	453
Work in process	5,634	7,985
Raw materials and supplies	1,542	1,734
Advance payments - trade	422	411
Deferred tax assets	1,028	1,468
Other	1,289	1,578
Allowance for doubtful accounts	-243	-202
<b>Total current assets</b>	<b>41,889</b>	<b>39,389</b>
<b>Non-current assets</b>		
Property, plant and equipment	10,511	10,474
Intangible assets	2,219	2,285
<b>Investments and other assets</b>		
Investment securities	12,505	13,162
Other	1,144	1,124
Allowance for doubtful accounts	-208	-214
<b>Total investments and other assets</b>	<b>13,441</b>	<b>14,072</b>
<b>Total non-current assets</b>	<b>26,173</b>	<b>26,832</b>
<b>Total assets</b>	<b>68,062</b>	<b>66,222</b>

(Millions of yen)

	End of previous consolidated fiscal year (March 31, 2014)	End of the second quarter of consolidated FY2014 (September 30, 2014)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,881	7,465
Short-term loans payable	6,934	10,718
Income taxes payable	179	53
Advances received	1,971	2,914
Provision for bonuses	722	729
Provision for product warranties	720	896
Provision for loss on construction contracts	351	411
Other	2,042	2,231
Total current liabilities	24,804	25,421
Non-current liabilities		
Long-term loans payable	6,728	6,007
Provision for directors' retirement benefits	13	11
Net defined benefit liability	1,448	74
Other	543	1,133
Total non-current liabilities	8,734	7,226
Total liabilities	33,538	32,647
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,592	1,592
Capital surplus	7,822	7,828
Retained earnings	23,888	23,930
Treasury shares	-962	-1,498
Total shareholders' equity	32,342	31,853
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,072	1,209
Deferred gains or losses on hedges	-249	-284
Foreign currency translation adjustment	632	136
Remeasurements of defined benefit plans	145	144
Total accumulated other comprehensive income	1,602	1,205
Subscription rights to shares	101	100
Minority interests	477	415
Total net assets	34,524	33,574
Total liabilities and net assets	68,062	66,222



## (2) Consolidated quarterly statement of (comprehensive) income

Consolidated quarterly statement of income (April 1 – September 30, 2014)

(Millions of yen)

	Second quarter ended September 30, 2013 (April 1, 2013 - September 30, 2013)	Second quarter ended September 30, 2014 (April 1, 2014 - September 30, 2014)
Net sales	17,814	17,946
Cost of sales	14,453	14,763
Gross profit	3,361	3,183
Selling, general and administrative expenses	4,263	4,217
Operating loss	-901	-1,034
Non-operating income		
Interest income	29	16
Dividend income	91	126
Foreign exchange gains	203	87
Share of profit of entities accounted for using equity method	26	—
Rent income	34	62
Other	57	138
Total non-operating income	443	430
Non-operating expenses		
Interest expenses	55	70
Provision of allowance for doubtful accounts	85	—
Share of loss of entities accounted for using equity method	—	98
Other	122	72
Total non-operating expenses	263	241
Ordinary loss	-721	-845
Extraordinary income		
Gain on sales of investment securities	30	—
Total extraordinary income	30	—
Extraordinary losses		
Loss on sales of investment securities	4	—
Loss on sales of shares of subsidiaries and associates	14	—
Total extraordinary losses	19	—
Loss before income taxes and minority interests	-711	-845
Income taxes	-382	-368
Loss before minority interests	-328	-477
Minority interests in income	118	84
Net loss	-446	-561

Consolidated quarterly statement of comprehensive income (April 1 – September 30, 2014)

(Millions of yen)

	Second quarter ended September 30, 2013 (April 1, 2013 - September 30, 2013)	Second quarter ended September 30, 2014 (April 1, 2014 - September 30, 2014)
Loss before minority interests	-328	-477
Other comprehensive income		
Valuation difference on available-for-sale securities	299	135
Deferred gains or losses on hedges	39	-35
Foreign currency translation adjustment	465	-365
Remeasurements of defined benefit plans, net of tax	—	-1
Share of other comprehensive income of entities accounted for using equity method	2	-154
Total other comprehensive income	807	-421
Comprehensive income	478	-898
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	282	-958
Comprehensive income attributable to minority interests	196	60

(3) Note for assumption of going concern

No items to report

(4) Note for significant changes in the amount of shareholders' equity

the Company acquired 600,000 treasury shares upon a resolution by the board of directors of the Company on August 7, 2014. As a result, treasury shares increased by ¥543 million during the second quarter of FY 2014 and to ¥1,498 million at the end of the second quarter of FY2014.

4. Additional information

(1) Orders received and sales

Orders received and sales by demand category

Orders received

(Millions of yen)

	From April 1, 2013 to September 30, 2013		From April 1, 2014 to September 30, 2014		Year-on-year comparison	
Public	8,930	30.8 %	6,902	32.3 %	- 2,027	-22.7 %
Private	3,405	11.7 %	2,925	13.7 %	- 480	-14.1 %
Overseas	16,711	57.5 %	11,526	54.0 %	-5,184	-31.0 %
Total	29,047	100.0%	21,354	100.0%	-7,692	-26.5 %

Sales

(Millions of yen)

	From April 1, 2013 to September 30, 2013		From April 1, 2014 to September 30, 2014		Year-on-year comparison	
Public	2,672	15.0 %	2,857	15.9 %	185	6.9 %
Private	2,746	15.4 %	3,038	16.9 %	291	10.6 %
Overseas	12,395	69.6 %	12,050	67.2 %	- 345	-2.8 %
Total	17,814	100.0%	17,946	100.0%	131	0.7 %

Orders backlog

(Millions of yen)

	As of September 30, 2013		As of September 30, 2014		Year-on-year comparison	
Public	11,762	25.2 %	11,676	25.6%	-86	-0.7 %
Private	3,298	7.1 %	3,371	7.4%	72	2.2%
Overseas	31,513	67.7 %	30,565	67.0%	-948	-3.0%
Total	46,574	100.0%	45,613	100.0%	-961	-2.1%