



**Torishima Report 2016**

- See What We Do -

For the year ended March 31, 2016 (Fiscal 2015)

Torishima Report 2016

# Energy-Efficient Solutions Helping to Create a Sustainable World

Founded in Osaka in 1919, Torishima is a pioneer in the pump industry. For us, nothing is more important than customer satisfaction, which is why we work tirelessly to meet the ever-changing needs of our customers. Over the years, our pumps and rotating machinery have made tangible contributions to improving society. Our passion for innovation and our ongoing R&D efforts enable us to offer products with the highest levels of quality and reliability.

We live in a world whose very survival depends upon the sustainable use of resources such as water and energy. At Torishima, we're committed to delivering energy-efficient solutions in the form of products, technologies, and services. Utilizing years of experience and know-how, we strive to create a safer, more comfortable world for all.



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All of us at Torishima extend our heartfelt sympathies to the people affected by the Kumamoto Earthquake of April 2016, and we hope for a speedy recovery there. Soon after disaster struck, Torishima was on hand to conduct emergency measures that included pump inspections and operational tests of an under-construction pumping station.

With recorded magnitudes of 6.5 and 7.3, the main shocks wreaked catastrophic damage. Whether it's an earthquake, a torrential downpour, or a flash flood, large-scale natural disasters can happen anywhere in the world.

The Earth's population has now surpassed 7.3 billion, and the UN estimates it will reach 9.7 billion by 2050. Among the challenges facing humanity in the 21st century, one of the most pressing is the need to overcome resource and environmental constraints so that we can maintain a healthy, peaceful, and sustainable society for 10 billion people. We must also address the fragility of our life-supporting infrastructure, which is vulnerable to the impact of natural disasters.

Such problems cannot be solved by merely extrapolating 20th-century methods of pouring in all available energy and resources in an effort to achieve growth. Torishima is taking on these challenges by offering energy-efficient solutions and by establishing a 21st-century pump business that provides safety, even when natural disasters strike.



Kotaro Harada  
President and CEO

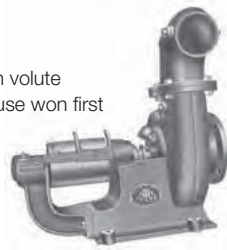


Torishima's growth has gone hand in hand with advancements in industry and social infrastructure in Japan and throughout the world. As we prepare to celebrate our 100th anniversary in 2019, we are striding forward as a globally active manufacturer of rotating machinery with a focus on pumps.

## Establishment

Torishima Seisakusho ("Works") founded in Torishima, Osaka City in August 1919. Torishima Pump Mfg. Co., Ltd. established in 1928.

Patented single-suction volute pumps for agricultural use won first prize in a competition sponsored by the Ministry of Agriculture and Forestry in Japan. (1927)



Started systematic study of mechanical seals for shaft sealing—a first in Japan. (1949)



## Growth

With the company's foundations in place, Torishima grew by modernizing pump technologies and building new factories.



Tested a large 2,200 mm diameter vertical axial-flow pump. It was the first time in Japan that such a large pump was tested in a factory simulating an actual pumping site. (1968)

## Progression

Demand for pumps grew as infrastructure in Japan developed.



High-pressure multistage boiler feed pump for supercritical thermal power plants in Japan. (1974)

## Breaking Ground

First overseas office established in Singapore in 1979. Since then, Torishima has won orders for large overseas projects and tapped overseas markets.



World's largest (at the time) vertical mixed-flow water circulating pumps for an industrial complex in Saudi Arabia. (1980)

## Maturity

Torishima's business suffered as a consequence of Japan's long economic slump. Infrastructure building in Japan slowed down in the wake of Japan's high-growth period, and Torishima's pump business entered a maturity stage.



Impeller with adjustable pitch vanes for a 3,600 mm diameter vertical axial-flow pump. The pump drains water at 30 m<sup>3</sup> per second. (1993)

## Overseas Expansion

Japan's prolonged economic slump drove Torishima to strengthen sales activities overseas.

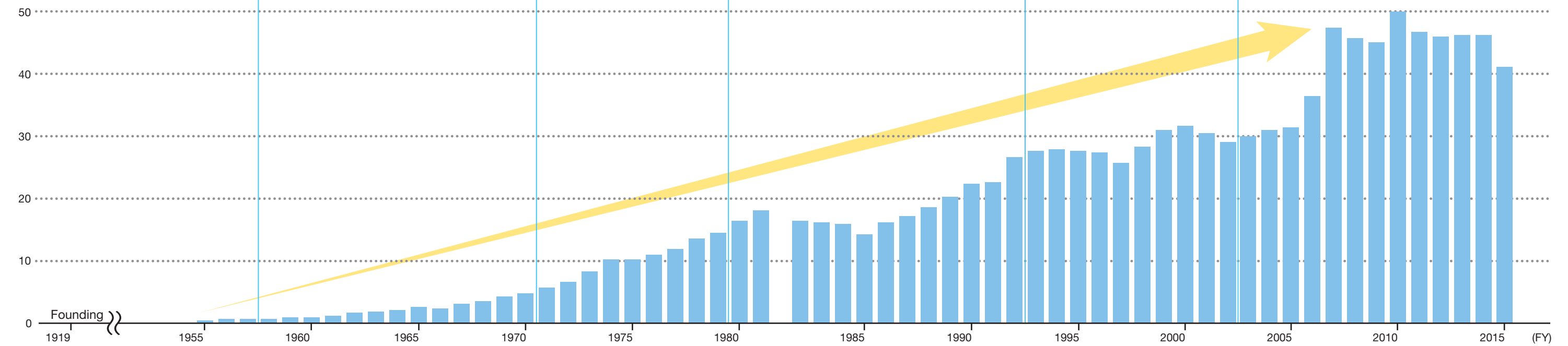


Received an order for a water transmission pumping station in the U.A.E. as an EPC contractor. (2005)

Toward our 100th anniversary in 2019



(Billions of yen) Net sales



Japan's economic history: Rapid growth (1955-1973), Stable growth (1974-1990), Bubble economy (1991-2000), The so-called "lost 20 years" (2001-2020), Abenomics (2012-2020)

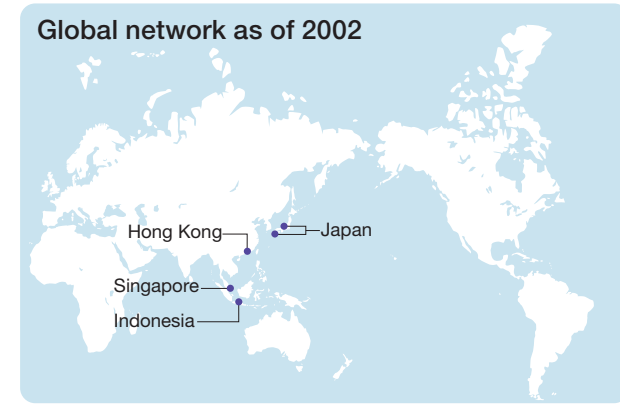
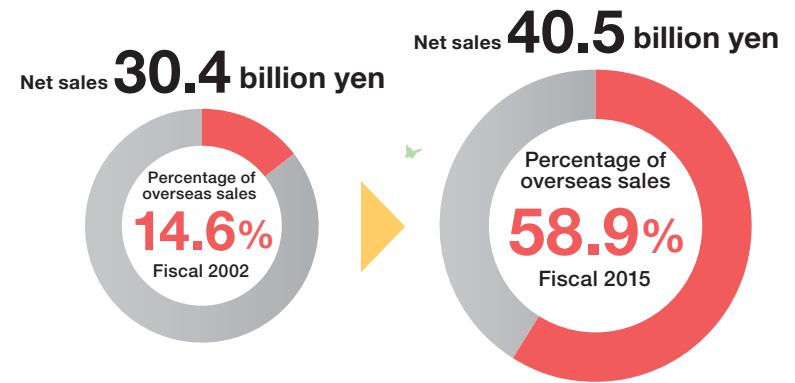
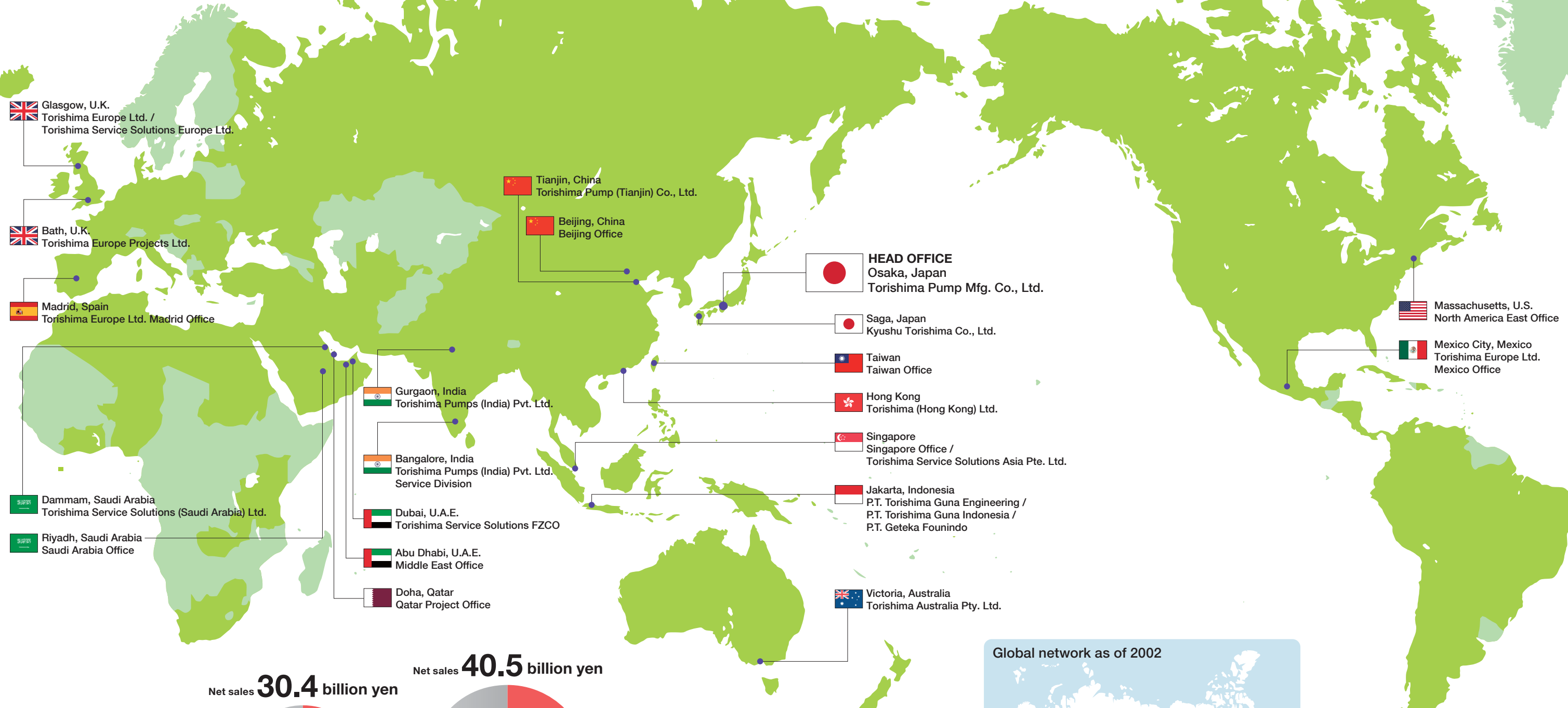
Note: Figures for FY2001 and subsequent years are on a consolidated basis.

# Global Network

Where we are

Torishima has delivered products to more than 100 countries and today we have a network of offices, factories, and service centers that spans the globe.

Countries where Torishima has delivered products (more than 100)



Torishima is an expert in pumps. We develop and supply pumps for various industry and infrastructure applications. We also provide comprehensive pump solutions ranging from the engineering, procurement, and construction of pumping stations to their operation and maintenance.

## Torishima's Business Domains

Torishima does business in these four domains:

High-Tech Pumps, Projects, Service Solutions, and Renewable Energy and the Environment.

### High-Tech Pumps

Providing high-efficiency and reliable engineered pumps

Torishima supplies highly engineered pumps for a wide range of applications such as power plants, seawater desalination plants, water and wastewater pumping stations, and general industries. We continually revise and improve our technology to meet our customers' needs.



### Projects

Offering well-proven expertise and experience as an EPC (engineering, procurement, construction) contractor

Not just a pump supplier, Torishima has a long history of supplying pumping stations. We have been providing a turnkey service to our customers whereby we can design, engineer, procure, construct, and commission all the equipment within a pumping station.



### Service Solutions

Maximizing the life span of plants with integrated service solutions

Torishima is committed to providing the highest-quality aftermarket services. Our innovative solutions can enhance performance and increase the life span of pumps. This allows operators to maximize efficiency, reduce maintenance costs, and conserve energy.



### Renewable Energy and the Environment

We provide engineering and maintenance for wind power and mini and micro hydropower systems in an effort to contribute to a low-carbon society.



Torishima strives for CSV (creating shared value) management in which we can help solve society's challenges while making a profit for the company. By providing energy-efficient solutions and products that can address society's challenges, Torishima is enhancing profitability and providing a competitive edge while creating value both for society and for itself.

## Markets for Torishima

Torishima pumps are at work in all fields of society.



Addressing society's challenges brings profit to the company

### Society's Challenges

#### Energy Efficiency

A pump consumes a large amount of energy. It is said that about 90% of the cost of a pump throughout its life cycle is for electricity. Torishima works hard in R&D to raise even a fraction of a pump's energy efficiency so that customers can achieve higher levels of efficiency for their pumping stations.

#### Infrastructure (Water, Electricity)

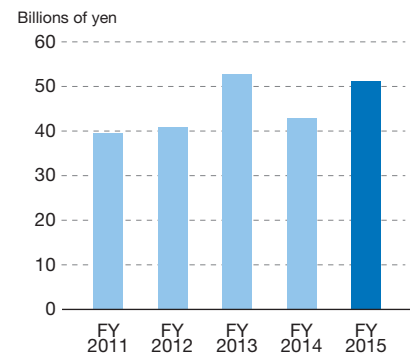
Torishima pumps used in waterworks, sewerage, rainwater drainage facilities, and power plants around the world bring comfort and safety.

#### Industrial Development

Pumps are essential to the conveyance of water and other liquids. Torishima pumps support the development of industry in all sorts of fields, ranging from factories for electronics, machinery, automobiles, food, and chemicals to commercial establishments and medical institutions.

# Financial Highlights

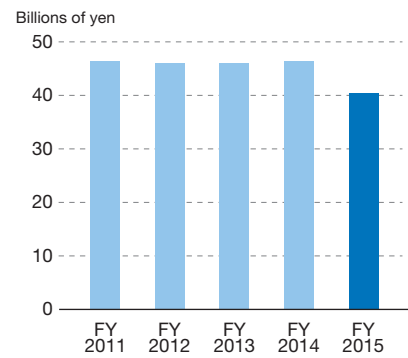
## Orders Received



FY2014: Year-on-year decrease due to sales activities focusing on quality rather than quantity in an effort to complete product standardization.

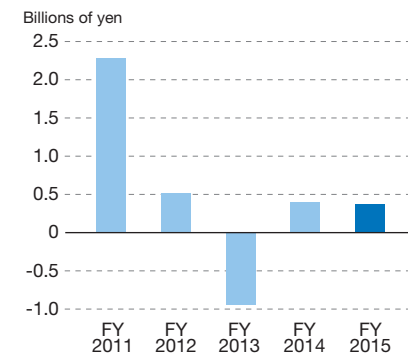
FY2015: Standardization completed and efficient production system put in place. Resumed active order-taking; number of orders increased 20% year-on-year.

## Net Sales



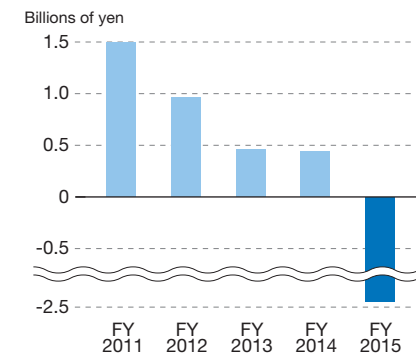
FY2015: A slight decrease due to factors including delays on several projects. Nevertheless, active order-taking resulted in a backlog of orders, and we expect a sales increase for FY2016.

## Operating Income or Loss



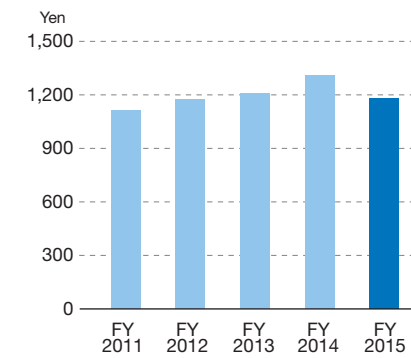
FY2013: Due to incomplete product standardization, we were unable to efficiently handle a large number of orders mainly from overseas, and engineering and manufacturing processes were disrupted. Also, during this term sales were recorded for orders received when the yen was very strong. This led to a decrease.

## Net Income or Loss

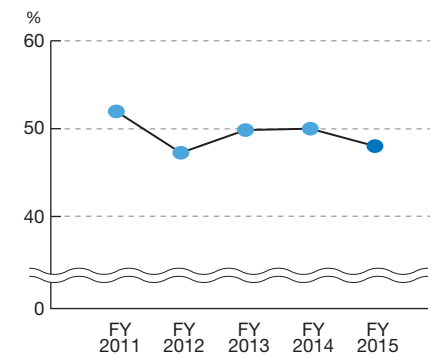


FY2015: Decrease due mainly to transient factors including exchange-rate losses and investment losses.

## Net Assets per Share



## Equity Ratio



Note: Fiscal years ended March 31.

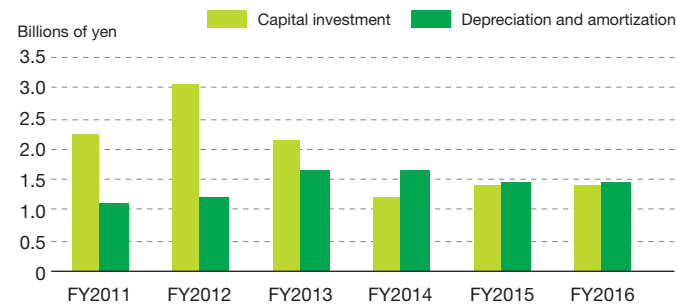
# Financial and Non-Financial Highlights

What we do

## Non-Financial Highlights

### Manufactured Capital

- Capital investment, depreciation and amortization

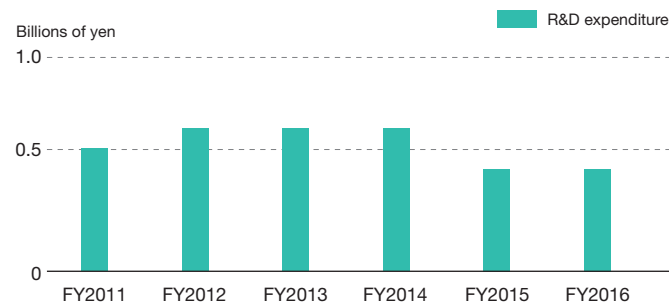


In order to survive fierce global competition and maintain a competitive edge, we invest aggressively in production facilities, related equipment, software, and R&D. For example, we are expanding our service bases overseas.

- 2012: Established Torishima Service Solutions Asia Pte. Ltd. (Singapore)  
Completed 2nd service facility, P.T. Torishima Guna Engineering (Indonesia)
- 2013: Completed service facility, Torishima Pumps (India) Pvt. Ltd. (Bangalore, India)
- 2016: Established Torishima Service Solutions (Saudi Arabia) Ltd. (Dammam, Saudi Arabia)

### Intellectual Capital

- R&D expenditure



- Number of employees newly certified with technical qualifications (non-consolidated)

**Total 249**  
(2011–2015)



We provide grants to help employees—from new recruits to mid-career engineers—to obtain national technical qualifications needed in their everyday work.

- Number of employees who took distance-learning courses (non-consolidated)

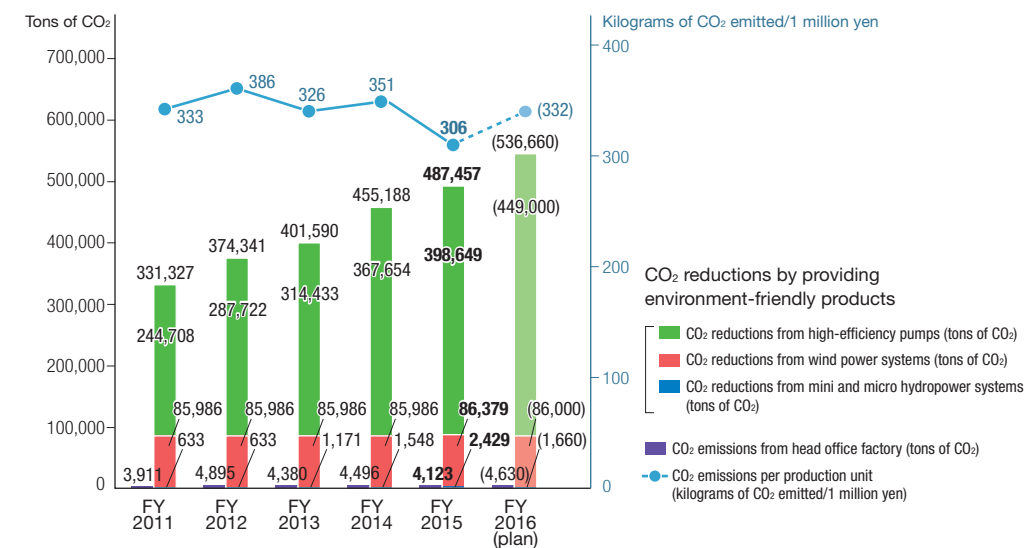
**Total 955**  
(2011–2015)



We provide employees with opportunities for learning. This includes distance learning covering a broad range of skills, vocational training, in-house English conversation lessons, and seminars by outside organizations.

### Natural Capital (non-consolidated)

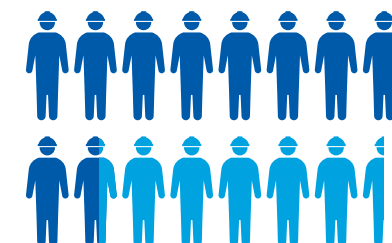
- CO<sub>2</sub> emissions and reductions



### Human Capital

- Percentage of non-Japanese employees

**38%**  
**584** out of a total  
**1,547** employees  
(consolidated)



### Social and Relationship Capital

- Number of research grants  
Total from 1981 (inception of the Harada Memorial Foundation) to 2015

**256**  
cases

- Number of scholarships  
Total from 1981 (inception of the Harada Memorial Foundation) to 2015



**967** students

The Harada Memorial Foundation\* provides grants to individuals and organizations engaged in research in natural science domains such as hydraulics and fluid mechanics. It also offers scholarships to young people.

\*See page 19 for additional information.



## Continuing to Grow and Benefit Society

### ■ How We Got Here, Where We're Going

In fiscal 2015, net income fell far short of our target. To ensure we meet our profitability target in fiscal 2016, we plan to strengthen our pump business specifically for thermal power plants in Japan and in parallel continue to grow our service solutions for worldwide customers.

In fiscal 2013, 10 years after we began our overseas business expansion, we improved our QCD (quality, cost, delivery) and embarked upon reforming our manufacturing processes in order to firmly establish ourselves as a global company. We set up integrated operational processes for handling everything from receiving orders to design, procurement, production, installation, and after-sales service. We also strove to standardize our products. Because of this focus on standardizing products, in fiscal 2014 we took a strategic and more disciplined approach to accepting orders. This was one of the reasons for the decrease in orders received for that fiscal year. Today we are more competitive than we were before implementing our reform measures, and we have achieved certain targets in the reform of manufacturing processes. Nevertheless, we are still relentlessly pursuing further QCD improvements that will put us head and shoulders above our competitors.

Despite increasing uncertainty in world affairs in fiscal 2015, vigorous sales activities enabled us to make strong gains in orders received. Net sales were down, as we failed to achieve targets due to factors including delays on several projects. However, the gross profit margin was up, and we were able to

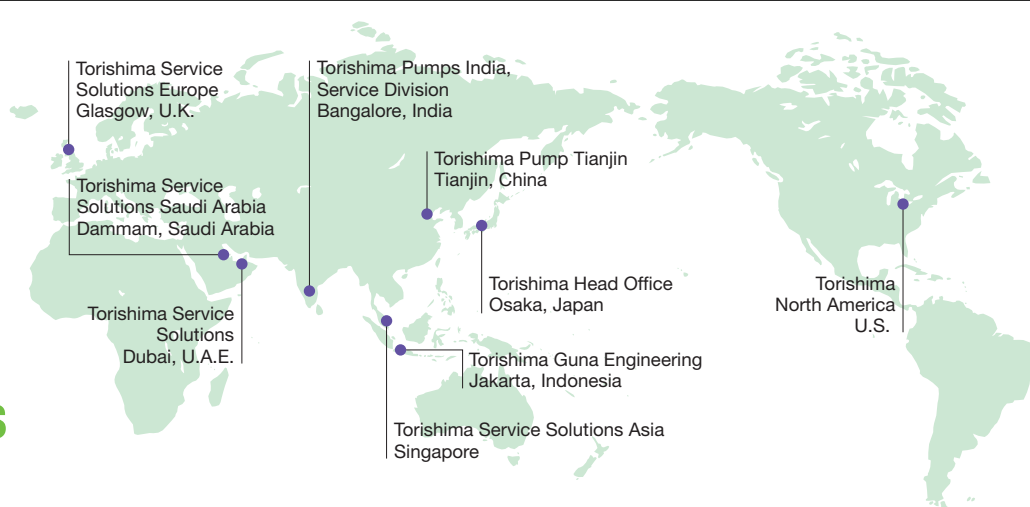
maintain gross operating income and an operating income at about the same level as in the previous fiscal year. Meanwhile, ordinary income and net income fell significantly due to a number of external factors. They included maturation of foreign exchange forward contracts made at a time when the yen was high; exchange-rate losses associated with foreign currency assets; and investment losses from failure to achieve sales targets at an affiliate accounted for by the equity method—the latter losses could be attributed to economic recessions in the Middle East.

In fiscal 2016, we must navigate our business carefully through a sluggish world economy characterized by falling crude oil prices, rapidly fluctuating exchange rates, and other factors. One crucial issue that we foresee is intensifying competition with our competitors in garnering new orders for pumps. In fiscal 2016, we will therefore strive to achieve our targets by securing orders to provide and maintain pumps at thermal power plants in Japan, and by stepping up service solutions for overseas customers. We are placing a special focus on strengthening service solutions, a cornerstone of our business, not just in fiscal 2016 but in the medium-to-long term as well.

### After-Sales Service Network

We have service centers in Japan and eight other countries—mainly those where we have installed the most pumps. This proximity to customers allows us to provide them with prompt, high-quality service solutions.

### Service Centers in Nine Countries



### ■ Business Environment and Medium-Term Management Policy

Our pump business is expanding in tandem with worldwide population growth. We meet diverse customer needs via our global network.

In Japan, there are currently numerous projects involving the construction of new thermal power plants and the upgrading of existing ones. Torishima has won many new orders to provide pumps for these plants and to carry out overhauls. The reason for this flurry of activity can be traced back to the accident at the Fukushima Daiichi Nuclear Power Plant caused by the tsunami from the Great East Japan Earthquake. With most of Japan's 46 nuclear power plants still shut down for safety checks, the nation's thermal power plants are running at full capacity. In addition, the deregulation of Japan's electricity market in April 2016 has prompted new players in the retail electricity business to plan the construction of new thermal power plants.

Unfortunately, coal-fired thermal power plants emit large amounts of carbon dioxide and other greenhouse gases that contribute to global warming. It is therefore imperative that society proliferate more efficient power plants that generate electricity through the efficient burning of fossil fuels. To meet this pressing need for greater efficiency, Torishima is developing and marketing efficient and reliable pumps.

Furthermore, Torishima has a reputation for providing pumps to public-sector projects set up to deal with potential flooding. Thanks to our own technologies such as double-suction bellmouths, vortex-preventing rings, and pumps with submersible motors, we are enjoying strong demand in public-sector upgrading projects. This looks set to continue with infrastructure building in the run-up to the 2020 Summer Olympics in Tokyo. Many projects—such as upgrading of rainwater drainage facilities and new construction of other large-scale facilities—will require pumps.

We have been stepping up our position in the service solutions business and now have service centers in nine countries, mostly in regions where the majority of our pumps have been installed.

In Southeast Asia, where there are many emerging markets, population growth and economic growth are spurring prospects for infrastructure investment. Torishima has built a strong presence over the years in Southeast Asia. We set up a

representative office in Singapore in 1979, and we were quick to establish a manufacturing plant in Indonesia. We have a strong track record of pump installations in Thailand, where we are now focusing on stepping up our maintenance service.

Torishima has installed more than 300 boiler circulation pumps in thermal power plants in India, a country with a population of more than 1.2 billion. To boost our service solutions business in that country, we launched the Service Division of Torishima Pumps India in Bangalore in 2013.

The recent decline in crude oil prices has dealt a serious blow to Middle Eastern countries, which have responded by rolling back infrastructure investment. However, with these countries holding rich reserves of crude oil and gas while also facing the problems of water shortages and growing populations, the long-term prospects are bright for a resurgence in investment in electric power and water-related infrastructure. Since its establishment in 2011, Torishima Service Solutions FZCO in Dubai, U.A.E. has continued to drive our business. In 2016, we established another service center in the region, Torishima Service Solutions Saudi Arabia. This company will handle the maintenance and servicing of the more than 2,000 large and high-pressure pumps we have installed in Saudi Arabia. Although competition with other companies is intensifying, with our two service centers in the Middle East, we have laid the foundation for stronger maintenance services in the region. This will further solidify our presence in the Middle East.

Torishima's global network covers 20 cities in 14 countries including Japan, China, Southeast Asia, Australia, India, the Middle East, Europe, the U.S., and Mexico. Everywhere we operate, potential instabilities require us to do business with caution. We are impacted by economic factors such as the price of crude oil, financial policy decisions by the U.S. Federal Reserve Board, and volatility in the Chinese market, and by geopolitical risks such as terrorism. Torishima operates its global network so as to avoid such risks by, for example, quickly gathering information, distributing management resources, and ensuring employees' safety, while continuing to tap new markets and achieve growth.

## ■ Achieving Sustainable Growth

### Bringing energy efficiency and safety to customers around the world

The world's population stands at more than 7.3 billion, and the UN predicts this will rise to 9.7 billion by 2050. With humankind rapidly exhausting worldwide energy sources and destroying the Earth's natural environment, our planet and its resources are stretched to the limit. Will the Earth be able to support nearly 10 billion people? Can our fragile life-supporting infrastructure withstand frequent natural disasters? These are some of the most critical problems we must solve in the 21st century.

At Torishima, we will do everything possible to provide "energy-efficient solutions" and "safety" so that our company and society as a whole can enjoy sustainable growth in the 21st century.

Pumps require vast amounts of electricity to operate. Of all the electricity consumed in Japan, around 30% of it is used by pumps. At power plants and desalination plants, for example, it is pumps that consume the majority of the energy. That makes the development of high-efficiency pumps absolutely crucial to achieving energy efficiency. Making the most of our accumulated know-how and expertise in technology, engineering, and R&D for high-efficiency, high-pressure pumps, we offer energy-efficient solutions that match customers' pump facility needs. And not just for new pump facilities, but also for the upgrading of existing ones as well. There's more to our service solutions than just overhauling old pumps; we offer comprehensive energy-efficient solutions by making pumps more efficient, extending their service life, boosting the overall performance of pump facilities, and reducing their running costs.

Torishima also has a long and proven track record of producing pumps for potable water facilities, sewage facilities, and power plants. So crucial are these pumps to operation that they are often dubbed the heart of the power plant. Today, environmental changes and urbanization are bringing increasingly harsh torrential rains and flooding, and natural disasters such as large earthquakes are occurring frequently. Pumps must therefore be capable of operating in a smooth, problem-free manner under conditions that were once considered unimaginable. At Torishima, we will continue dedicating ourselves to making and providing pumps that allow people to live their lives in safety and comfort.

**REDU**<sup>®</sup>  
Re Engineering & Design Up

REDU is an original, high-value-added service from Torishima. By improving performance and lengthening the service life of pumps, we can boost the efficiency of the pumps themselves and the plants as a whole.

REDU upgrade of an impeller



Energy-Efficient Solutions

By developing energy-efficient products and suggesting ways that customers can save energy, we are accelerating high-efficiency pump sales and enhancing our service solutions business.

Safety

State-of-the-art technology ensures safety under all conditions.

## ■ Torishima's Corporate Value

### Creating shared value (CSV) through our business

"Liquids are an intrinsic feature of human society. Pumps that move liquids are therefore essential to our lives." This philosophy has been passed down through the generations at Torishima. The most important and irreplaceable liquid of all is water. Without it, the human race could not survive. At the same time, water, in the form of torrential rains and tidal waves, can occasionally threaten our lives. In such cases, pumps can be used not to bring water to people, but to protect them from it. Without pumps, the lifestyles we enjoy today would not be possible. As I said earlier, pumps consume a lot of energy. That's why they must be made to be highly energy efficient and reliable. This is exactly what we do at Torishima, based on our belief that we exist in order to contribute to the betterment of human society. Torishima's business boils down to creating shared value—that is, we profit by solving society's problems.

Of course, it is crucial that we fulfill our corporate social responsibility (CSR) in order to grow our business sustainably. We fulfill this responsibility through activities in the three categories of environment, society, and governance.

In the category of governance, Japan's Corporate Governance Code went into effect in June 2015 and is being applied to companies listed on the Tokyo Stock Exchange. An analysis of the principles of the code helped us understand what corporate governance measures we must take. Torishima will continue to strengthen its corporate governance system through measures that include stepping up constructive dialogue with shareholders and investors.

In fiscal 2015, we rewarded shareholders by buying back 210,000 shares of treasury stock. We also strive to pay consistent dividends. In fiscal 2015, we paid 18 yen per share, the same as in the previous fiscal year, and we plan to maintain this amount in fiscal 2016.

Torishima will celebrate its 100th anniversary in 2019. Over the past century, we have built up a wealth of know-how in every aspect of pumps, from technological development to manufacture and sales. We pride ourselves on pump technology and quality that is world class. As president, I am keenly aware of our mission to boost corporate value as a global company capable of achieving sustainable development. To all of our stakeholders—shareholders, investors, customers, suppliers, and business partners—I offer my sincerest gratitude for your unceasing contribution to our success, and I ask for your continued support and understanding in our future endeavors.

Kotaro Harada  
President and CEO

Management Strategy and Message from the President

How we do it

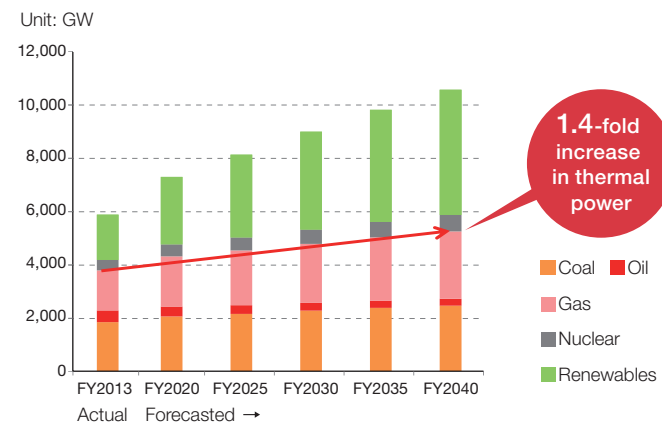


We strive to be the world's No. 1 pump manufacturer by developing high-efficiency, high-speed pumps that help save energy and resources.

Power plant construction is in progress around the world, particularly in emerging markets. It is estimated that between 2013 and 2040, there will be a 1.4-fold increase worldwide in the number of thermal power plants, which constitute a customer market for Torishima pumps. But this is stoking fears of increased global warming since thermal power plants emit large amounts of CO<sub>2</sub> through the burning of fossil fuels such as coal, oil, and natural gas. The result has been an ever-greater demand for efficient use of resources as society looks to energy-efficient technologies to play a key role in solving energy shortages and mitigating impact on the natural environment.

Pumps constitute a product area that consumes a large part of the world's energy, and to help reduce this energy consumption, Torishima has made it the company's mission to create pumps that are increasingly more energy efficient. Through research and development into pumps that are the world's No. 1 in terms of efficiency and speed, Torishima is striving to protect the Earth's environment.

## Electrical Capacity



Source: "World Energy Outlook 2015" published by the International Energy Agency (IEA)

In fiscal 2015, Torishima focused on the following pump R&D.

■ Medium-pressure multistage diffuser pumps for a wide range of applications [See the Topic section on page 15.](#)

■ Boiler feed pump for combined cycle power generation\* for compensation in high load variations

In recent years, many combined cycle power plants have been used to compensate for power generation load variations. Because boiler feed pumps used in combined cycle power plants must operate under significant load variations, we developed boiler feed pumps capable of reliable operation in such an extreme environment.

\*Combined cycle power generation: A form of thermal power generation, a combined-cycle power plant uses both a gas and a steam turbine together to generate electricity and make efficient use of the resulting waste heat. It is increasingly being used to compensate for fluctuations in the volume of power generated by renewable energy, which is susceptible to environmental conditions.

■ Small boiler feed pump for garbage incineration power plants

There are high hopes for the proliferation of garbage incineration power plants, since they are a form of renewable energy that can supply stable power without being at the mercy of natural conditions (such as weather, seasons, and time of day). That's why Torishima developed a small boiler feed pump for garbage incineration plants that is more efficient than previous products.

To ensure that we can beat our competitors to the market with pumps that meet customer needs and offer better performance and higher speeds, we have incorporated a large-scale cluster system and have fully automated our hydraulics development system. These advances allow us to conduct faster, more sophisticated fluid analysis during the development and design processes of hydraulics.

In response to the cavitation erosion that is a problem with increasingly higher pump speeds, we have upgraded testing and measuring equipment by, for example, increasing the number of test loops for verification purposes, and the result has been even higher quality for new products.

Furthermore, we are working closely with universities and other external institutions. For example, we are involved in joint projects in basic research in a number of areas. These include elementary technologies in rotor dynamics, structure, and materials; optimization of design to improve efficiency in the design process; performance improvement of low-specific speed pumps; and reduction of cavitation strength.



## Medium-pressure multistage diffuser pumps

# MMK-E / MML-E

ENERGY-EFFICIENT  
ECO-FRIENDLY

Achieve greater energy efficiency by upgrading from existing pumps—without changing piping layout.

Since being introduced more than 40 years ago, Torishima's MMK/MML series of medium-pressure multistage diffuser pumps have enjoyed a superb track record with more than 12,000 installations in a wide range of applications.

With increasingly advanced needs for energy efficiency in various fields in recent years, we responded by developing the MMK-E/MML-E series, which boasts 5%–10% higher pump efficiency than previous models thanks to modified pump hydraulics (impeller and guide vane) created by using state-of-the-art design and CFD (computational fluid dynamics) technology.

Besides offering improved pump efficiency and lower energy consumption, the MMK-E/MML-E series has another major advantage: because its structure, outer appearance, and dimensions are identical to those of Torishima's previous models, customers can upgrade to the MMK-E/MML-E without having to change things like existing piping layout, foundation, and base plate.



### Where are pumps used?

MMK-E and MML-E pumps have an extensive range of uses: as various feed pumps, condensate pumps, potable water pumps, industrial water pumps, fire pumps, reverse osmosis pumps, and construction equipment pumps.



Feed pump for building equipment



Boiler feed pump for district heating and cooling



Water transmission pump for potable water facilities



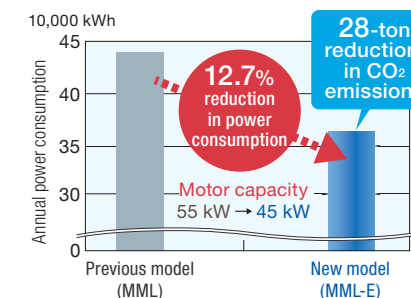
Fire pump for disaster preparedness facilities

### How energy efficient are Torishima pumps?

Energy savings achieved by replacing an MML pump (Torishima's previous model) with a new MML-E pump

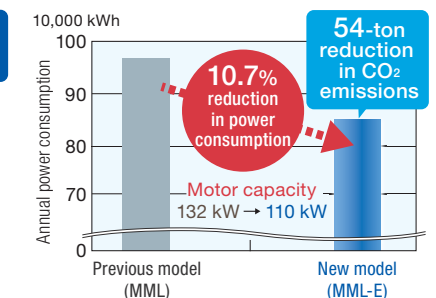
#### Example 1

Discharge capacity: 0.4 m<sup>3</sup>/min  
Total head: 400 m  
60 Hz, 2P  
Pump type: MML40/11



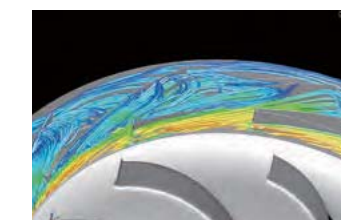
#### Example 2

Discharge capacity: 1.4 m<sup>3</sup>/min  
Total head: 300 m  
50 Hz, 2P  
Pump type: MML80/6

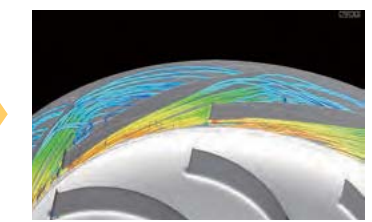


### Increased pump efficiency

CFD (computational fluid dynamics) technology was used to develop pump hydraulics with an improved shape that would optimize fluid flow.



BEFORE



AFTER

In the environmental area of CSR, Torishima focuses on lowering the environmental burden of all its manufacturing activities as well as developing and supplying environmentally friendly products.

**Environmental Management**

**Torishima Environmental Policy**

**Philosophy**

At Torishima, we believe that protecting the Earth's natural environment is a vital task that must be addressed by all mankind. In a quest to create a global environment of natural beauty conducive to pleasurable living, for the sake of the planet and all its inhabitants, through the provision of pumps and other environmentally friendly products, we supply environmentally sustainable systems engineered to enrich living environments everywhere. Meanwhile, through production activities in harmony with environmental demands and the provision of products having minimal environmental loads, we strive to contribute to the formation of a developmentally sustainable society on a global scale, to ensure the continuation of a healthy global environment well into the future.

**Activities**

To carry out the foregoing philosophy into practice, we undertake the following activities:

- 1) Development and supply of highly efficient, environmentally friendly pumps, as a way of contributing to energy savings
- 2) Development and supply of wind power and hydropower generation systems that use natural energy sources, as a way of contributing to reduction of CO<sub>2</sub> emissions
- 3) Provision of technologies targeting reuse of waste materials, as a way of contributing to enhanced recycling of natural resources
- 4) Proactive promotion of reductions in environmental loads and prevention of environmental contamination based on environmental assessment results, coupled with ongoing enhancement of environmental protection activities
- 5) Compliance with environmental laws, regulations, and other appropriate demands, and formulation of and compliance with in-house rules
- 6) In the performance of production activities, pursuit of energy and natural resource savings, recycling, waste reduction, and proper management of chemical substances, as a way of lightening environmental burdens

October 24, 2011  
Kotaro Harada, President and CEO,  
Torishima Pump Mfg. Co., Ltd.



**Developing and Supplying Environmentally Friendly Products**

**1. Pump Business**

By supplying energy-efficient pumps such as high-efficiency boiler feed pumps, Eco-Pumps, and large high-efficiency pumps, Torishima contributed to a reduction of 398,649 tons of CO<sub>2</sub> in fiscal 2015. This represents an 8% year-on-year improvement.

**2. Renewable Energy and the Environment**

By providing wind and small hydro power systems, Torishima contributed to a reduction of 88,808 tons of CO<sub>2</sub> in fiscal 2015. In recent years, we have been receiving an increasing number of inquiries into small hydropower systems, and we hope to help reduce even more CO<sub>2</sub> emissions.

**Initiatives for Reducing Environmental Burden in Production Activities**

**1. Saving Resources and Energy**

CO<sub>2</sub> emissions per production unit in fiscal 2015 were up 10% year-on-year. Meanwhile, overall CO<sub>2</sub> emissions were down 8% year-on-year due to factors such as a reduction of electricity usage in factories, meaning we were able to meet our target.

**2. Reducing Waste**

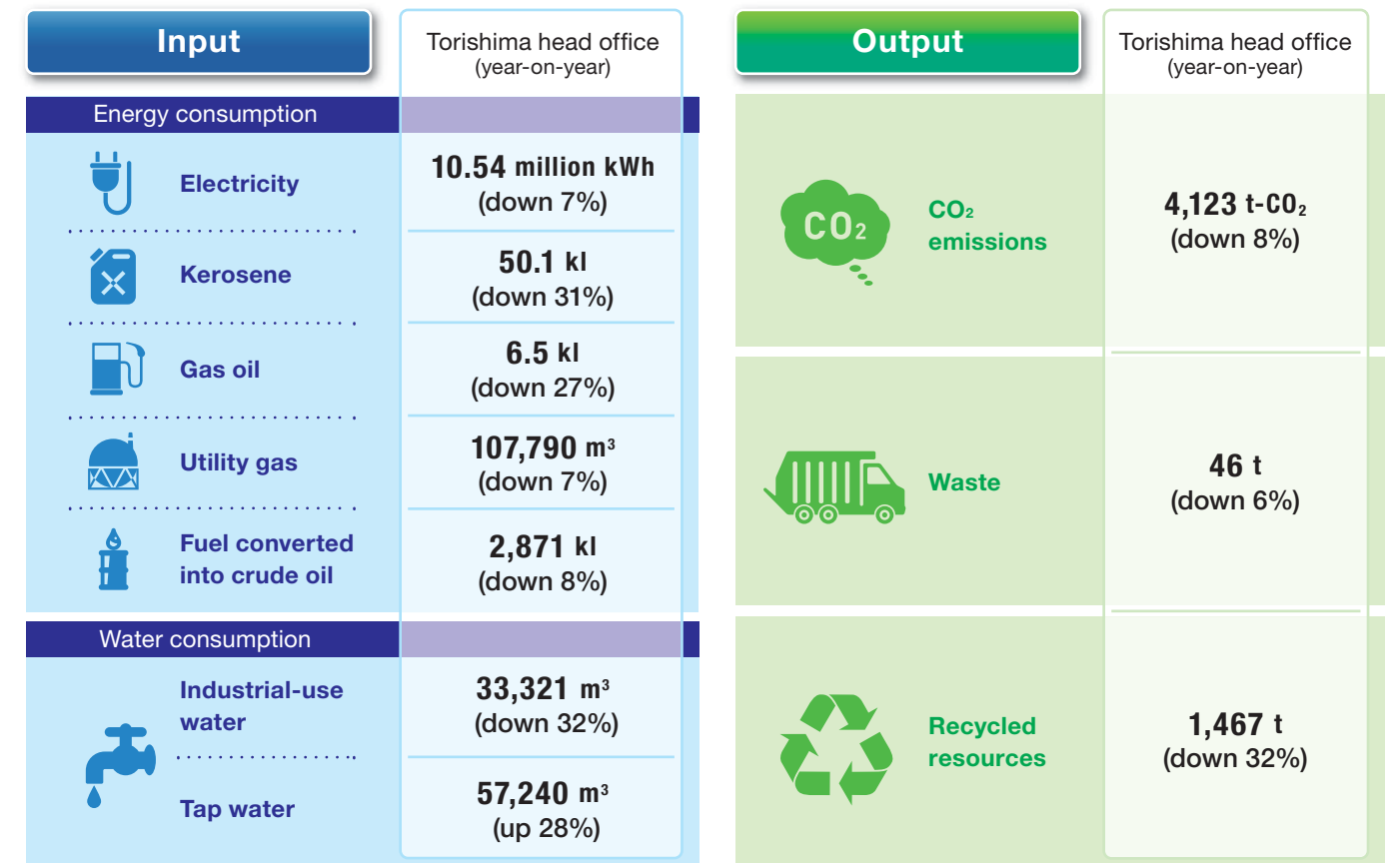
The amount of waste in fiscal 2015 was down 6% year-on-year, due to factors such as a reduction in sludge. Meanwhile, waste generated per production unit was up 13% year-on-year, a figure that fell short of the target we set. To achieve our target in fiscal 2016, we will work on achieving even greater reductions in sludge.

**3. Reducing Discharge and Transfer of PRTR Class 1-Designated Chemicals**

Torishima achieved a 36% year-on-year reduction in the amount of discharged and transferred chemical substances covered by the PRTR (pollutant release and transfer register) system in Japan. This was due to factors such as optimizing the amount of paint used and reducing the amount of cleaning agents used.

**Energy Consumption and Input**

Torishima fully understands the impact its business activities place on the environment. Ever aware of this impact, we do all we can to reduce the environmental burden at every stage of our activities, from product development to disposal. In fiscal 2015, we reduced plant electricity usage by 7% year-on-year, which led to an 8% cut in CO<sub>2</sub> emissions. A reduction in sludge output resulted in overall waste reductions of 6% year-on-year.



**Environmental Friendliness throughout the Value Chain**

The Japanese Act on the Rational Use of Energy was amended to include articles pertaining to freight services; these amendments came into effect in April 2006. The act requires not only freight carriers but also shippers dealing with at least 30 million ton-km/year (known as specified consigners) to implement and report on their energy-saving measures.

Although Torishima's freight volume is below that of a specified consigner, we still implement various measures to reduce freight volume. We have set a target in our environmental management program of reducing freight volume ton-km between shippers and suppliers in an effort to lessen our environmental impact.

Specifically, we are raising the load efficiencies of freight trucks and preventing sporadic shipments. These and other steady day-to-day efforts enable us to achieve company-wide improvements in transport efficiency.

\*Ton-km = Freight weight (ton) × transport distance (km)

**Environmental Conservation Plan for Fiscal 2016**

As a priority environmental conservation and improvement initiative for fiscal 2016, Torishima plans to install painting equipment incorporating state-of-the-art technologies for controlling VOC (volatile organic compound) emissions.

► For more information on Torishima's environmental reporting, please refer to the Torishima website.

<http://www.torishima.co.jp/en/au/csr.html>



**ISO 14001-Certified Torishima Group Companies and Offices**

Date	Name
July 1999	Torishima Pump Mfg. Co., Ltd. head office and factories (Japan)
March 2004	P.T. Torishima Guna Indonesia (Indonesia)
	P.T. Torishima Guna Engineering (Indonesia)
May 2005	Kyushu Torishima Co., Ltd. (Japan)
September 2010	Torishima Service Solutions Europe Ltd. (U.K.)
May 2012	Torishima Tokyo branch; Sapporo, Sendai, Nagoya, Osaka, Takamatsu, Hiroshima, and Kyushu offices; Yokohama, Saga, and Okinawa sales offices (Japan)
August 2012	Torishima Pump Mfg. Co., Ltd. Qatar Project Office (Qatar)
January 2013	Torishima Pump Mfg. Co., Ltd. Middle East Project Office (U.A.E.)
July 2013	Torishima Pump (Tianjin) Co., Ltd. (China)

In the social dimension of CSR, Torishima focuses on maintaining good relationships with all stakeholders, including customers, business partners, local communities, and employees.



## Relationship with Business Partners

### Transparent and Impartial Transactions

To maintain a good relationship with our subcontractor partners, Torishima selects such partners on the basis of transparent and impartial transactions. We also seek to establish equal partnerships with them while complying with all related laws and regulations.

### Cooperation in Safety and Health

Torishima holds joint monthly meetings with subcontractors in Japan aimed at enhancing safety and health activities. We also hold safety conferences focused on eliminating workplace accidents as well as workshops for persons in charge of safety and health in their respective workplaces. Torishima and our subcontractors are working as one to boost technical skills and raise awareness of safety and health.

## Relationship with Local Communities

### Classes at Elementary Schools

Since fiscal 2008, Torishima has visited local elementary schools in Japan to teach children about pumps, manufacturing, and other topics. This gives us the opportunity to contribute to the local community and to children's education while also boosting the skills and motivation of Torishima employees.



### Harada Memorial Foundation

The Harada Memorial Foundation is a public interest incorporated foundation that is celebrating its 36th anniversary in 2016. In 1981, then-president Ryuhei Harada launched the foundation with a personal contribution. The foundation provides grants to individuals and organizations engaged in research in natural science domains connected to the pump industry, such as hydraulics and fluid mechanics. It also offers scholarships to young people.

▶ See also "Non-Financial Highlights" on P10.

## Relationship with Customers

### Pump Training

Subsidiary Kyushu Torishima Co., Ltd. holds "Go Green with Pumps" seminars for customers who have installed Torishima Eco-Pumps. We believe just delivering pumps is not enough. These training sessions embody Torishima's years of experience and know-how as pump professionals. We aim to give customers a deeper understanding of pumps, while enabling them to apply what they have learned to their own pumping facilities. Instruction, which includes classroom lectures and hands-on practical training, has been highly regarded by participants.

## Relationship with Employees

Torishima has always considered human resources a vital asset that companies should nurture. We consistently create workplace environments that enable employees to work in safety and peace of mind, and we provide learning opportunities that promote employees' growth.

### Safety and Health

In April 2010, Torishima was certified by the Japan Industrial Safety and Health Association (JISHA) as meeting the JISHA OSHMS (Occupational Safety and Health Management System) standards. We work to reduce risks by conducting risk assessments of mechanical equipment and operational procedures.

In fiscal 2015, Torishima conducted risk assessments and implemented safety measures for 51 cases (including equipment and procedural measures). For fiscal 2016, Torishima will aim for even higher levels of safety and health and strive to eliminate accidents and disasters. Specifically, we will implement risk-prevention measures for regular work procedures, and we will add further operational training for young employees. In addition, we will focus on providing a thorough point-and-call error-prevention method while also seeking to eliminate any leaks in safety measures through a review of risk assessments. Torishima will also implement mental health measures based on stress tests.

### Employee Education

Torishima provides technical training to new employees who have received a science education at a college of technology or other institute of higher education. The aim is to give them a grounding in the fundamentals of mechanical engineering—essential knowledge for a pump engineer. The company also makes a list of qualifications that a first-year employee should pursue, while emphasizing the importance of ongoing technical training. After new employees are posted to their respective departments, they are given a year of on-the-job training. Each new employee is assigned a tutor. The tutors, department chiefs, and the human resource development department join forces in training new employees.

Torishima also actively offers other educational opportunities and support, such as providing grants to help employees obtain a Ph.D. in engineering or a national technical qualification. Other initiatives include distance learning for boosting skills and seminars by outside organizations.

### Overseas On-Site Training

"Seeing is believing" is the motto for Torishima's overseas on-site training for young employees. The goal of this intensive training program is to enable employees to identify

customer needs and the seeds of new business and to give shape to them, without being confined to national boundaries. It is also an effective way to boost employees' motivation for their work, as it allows them to actually see Torishima pumps in full operation. This training was held for the eighth time in fiscal 2015, with 14 employees being sent to India.



### Diversity

For Torishima to grow sustainably in a global market, we need to use personnel diversity to our advantage.

Torishima actively hires non-Japanese staff and works to foster employees with a global perspective so that we can strengthen our competitive edge in the global market. For non-Japanese employees, Torishima provides support in various forms to help them become quickly accustomed to living in Japan. This includes the provision of Japanese language lessons and technical training as well as special lunches and places for prayer for Muslim employees.

In Japan starting on April 1, 2016, based on the Act on Promotion of Women's Participation and Advancement in the Workplace, companies are obliged to formulate an action plan on ensuring opportunities for women in the workplace. The act aims to create workplace environments where women can fully demonstrate their competence. To support employees in raising children, Torishima has an in-house daycare center and a reduced work-hour system. Thanks to such measures, the percentage of women returning to work after childbirth is 100%. Going forward, Torishima plans to hire more women to raise the ratio of women among all employees and expand the in-house daycare center.

Torishima also offers two-week workplace experience and training mainly for students from local special-needs schools. As of fiscal 2016, a total of 18 students with disabilities who have undergone this training have gone on to join the company. Torishima provides guidance and support so that they can feel they are part of the Torishima team and nurture their own hopes and dreams for the future.

In response to society's demands for corporations to be socially responsible in their business management, Torishima is strengthening its corporate governance and its framework for risk management, internal control, J-SOX compliance, and other items.

**Corporate Governance Structure**

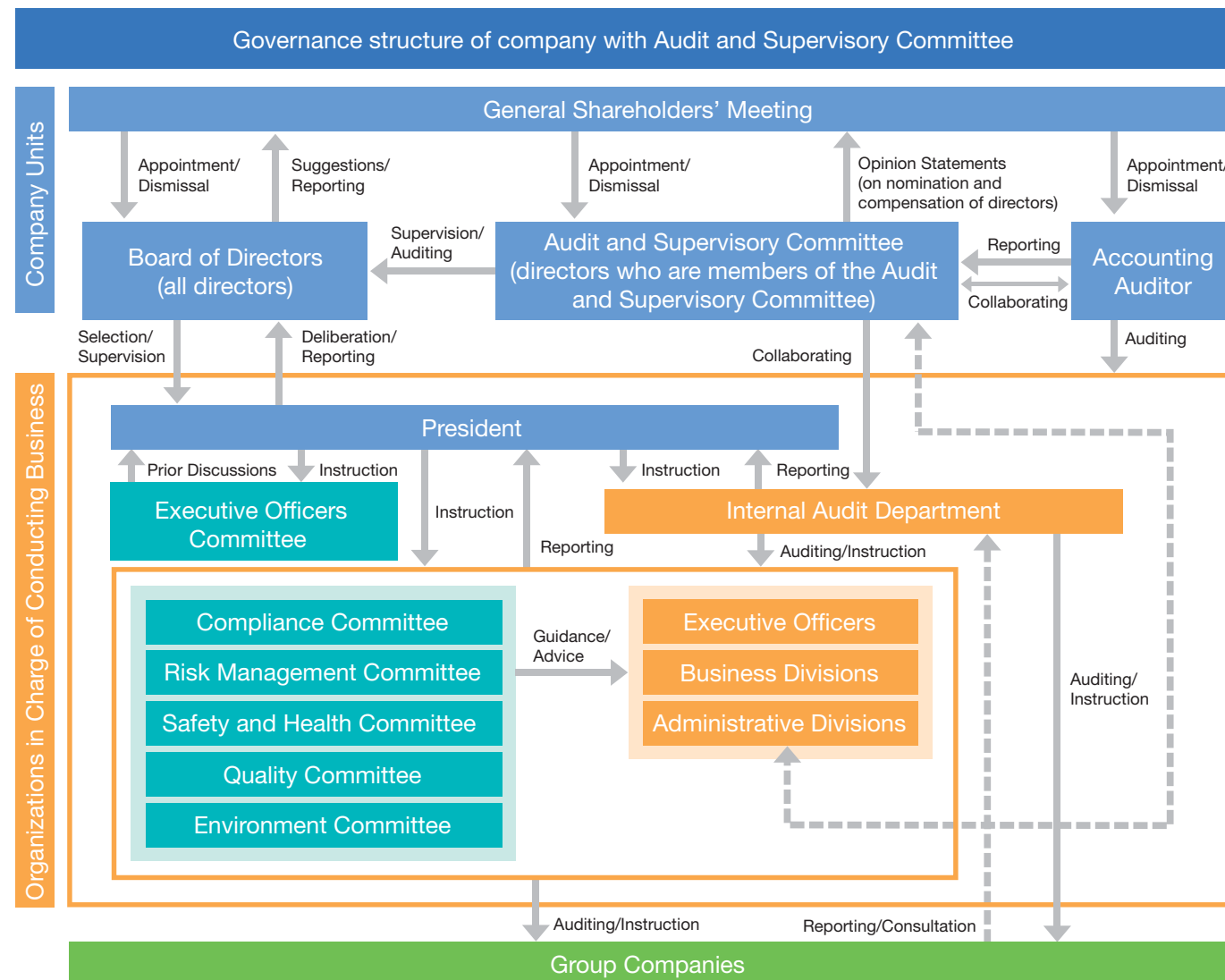
As of June 26, 2015, Torishima shifted its corporate governance structure to one of a company with an Audit and Supervisory Committee. Under this structure, directors who are members of the Audit and Supervisory Committee (including three outside Audit and Supervisory Committee members) are given voting rights on the Board of Directors. This strengthens the supervisory functions of the Board of Directors and enhances Torishima's corporate governance structure.

The accounting auditor cooperates with the Audit and Supervisory Committee and the Internal Audit Department to efficiently conduct effective audits while exchanging information and views.

The Internal Audit Department, which is independent from business operations, conducts internal audits from an unbiased

perspective and with a focus on the efficiency, effectiveness, and legality of business operations. It also audits overseas Torishima Group companies in light of the globalization of Torishima's business activities.

Japan's Corporate Governance Code, which went into effect in June 2015, is being applied to all companies listed on the Tokyo Stock Exchange. In response, Torishima disclosed its corporate governance report in November 2015. This report is being revised as needed. An analysis of the principles of the code has helped us to understand what corporate governance measures we must take. Torishima will continue to strengthen its corporate governance system and hold constructive dialogue with shareholders and investors.



**Compliance Structure**

"The Torishima Group has consistently accorded highest priority to winning and maintaining the customer's solid trust." In line with this corporate motto, Torishima has formulated a basic policy to ensure compliance in business management. The policy covers the observance of laws and regulations, while also stipulating fair and impartial behavior and prohibiting discrimination and acts that violate social ethics. There are further stipulations on maintaining discipline and order, and on remedial action to take when violations of the policy occur.

Torishima works to thoroughly communicate the content of the policy to all directors and employees, so that they understand and follow it properly.

Torishima also has a Compliance Committee and a consultation service for discussing matters such as workplace ethics.

**Duties of the Compliance Committee**

- 1 Develop legal and ethical compliance systems for Torishima and its subsidiaries, which together make up the Torishima Group
- 2 Provide guidance and advice to business execution divisions regarding the results of internal audits of corporate ethics
- 3 Provide guidance and advice regarding educational planning and activities related to corporate ethics
- 4 Provide guidance and advice to the internal consultation service regarding whistle-blowing

**Message from an Outside Director**

Under the firm leadership of President Harada, Torishima is pushing forward with its business activities. As Torishima expands its business, the leadership of other management executives—such as directors and executive officers—is becoming increasingly important. Another critical issue is developing the next generation of human resources, so that the company can grow sustainably and raise corporate value in the medium to long term. Torishima became subject to the Japanese Corporate Governance Code in 2015. Taking this as an opportunity, Torishima's management executives have become even more keenly aware of corporate social responsibility. This is a good trend.

I became an outside Audit and Supervisory Board member for Torishima in 2012. In June 2015, Torishima transitioned into a company with an Audit and Supervisory Committee. At the same time, I was appointed as an Outside Director and a member of the Audit and Supervisory Committee. I feel a strong sense of motivation and responsibility as a member of this committee, which plays an important role in supervising and evaluating the company's management.

I have audited numerous companies as a certified public accountant and have seen many cases of success and failure in business management. I believe my experiences will be useful when actually assessing the Board of Directors' composition and operating status.

My mission as an Outside Director is to provide effective advice from the perspective of shareholders and other stakeholders, so that the entire Torishima Group can successfully develop optimal global operations and grow soundly.



**Shiro Hakukawa, Outside Director (Audit and Supervisory Committee Member)**

**Profile**

- November 1975: Joins Fukuoka Office of Tohmatsu Awoki & Co. (now Deloitte Touche Tohmatsu LLC)
- September 1982: Registered as certified public accountant
- May 1995: Tohmatsu partner
- June 2007: Chairman, Hokubu Kyushu Chapter, Japanese Institute of Certified Public Accountants
- July 2007: Director, Japanese Institute of Certified Public Accountants
- June 2012: Member of Audit and Supervisory Board, Torishima
- December 2012: Member of Fukuoka City Audit and Supervisory Committee (present)
- June 2015: Director (Audit and Supervisory Committee member), Torishima (present)

## Directors (As of June 29, 2016)

President and Representative Director



**Kotaro Harada**

Director



**Tetsuya Kujima**

Outside Director  
(Member of Audit and Supervisory Committee)



**Akira Tsuda**

Profile

- 1968 Joins Nomura Securities Co., Ltd.
- 1987 Director, Nomura Securities
- 1989 Managing Director, Nomura Securities
- 1996 Representative Director and Executive Director, Nomura Securities
- 1997 Representative Director and Executive Director, Japan Associated Finance Co., Ltd. (now JAFCO Co., Ltd.)
- 1999 Executive Vice President, JAFCO
- 2002 Chairman of the Board, Nomura Investor Relations Co., Ltd.
- 2003 Executive Officer and Chairman of the Board, Nomura Investor Relations
- 2005 President, Nippon Venture Capital Co., Ltd. Outside director, Hitachi Capital Corporation
- 2009 Member of Audit and Supervisory Board, Torishima  
Director, Takara Printing Co., Ltd. (present)
- 2015 Director (Audit and Supervisory Committee member), Torishima (present)

Vice President and Representative Director



**Hiromichi Fujikawa**

Director



**Nobuyuki Yoshikawa**

Outside Director  
(Member of Audit and Supervisory Committee)



**Shiro Hakukawa**

Profile

- 1975 Joins Fukuoka Office of Tohmatsu Awoki & Co. (now Deloitte Touche Tohmatsu LLC)
- 1982 Registered as certified public accountant
- 1995 Tohmatsu partner
- 2007 Chairman, Hokubu Kyushu Chapter, Japanese Institute of Certified Public Accountants  
Director, Japanese Institute of Certified Public Accountants
- 2012 Member of Audit and Supervisory Board, Torishima  
Member of Fukuoka City Audit and Supervisory Committee (present)
- 2015 Director (Audit and Supervisory Committee member), Torishima (present)

Director  
(Member of Audit and Supervisory Committee)



**Yutaka Fukuda**

Outside Director  
(Member of Audit and Supervisory Committee)

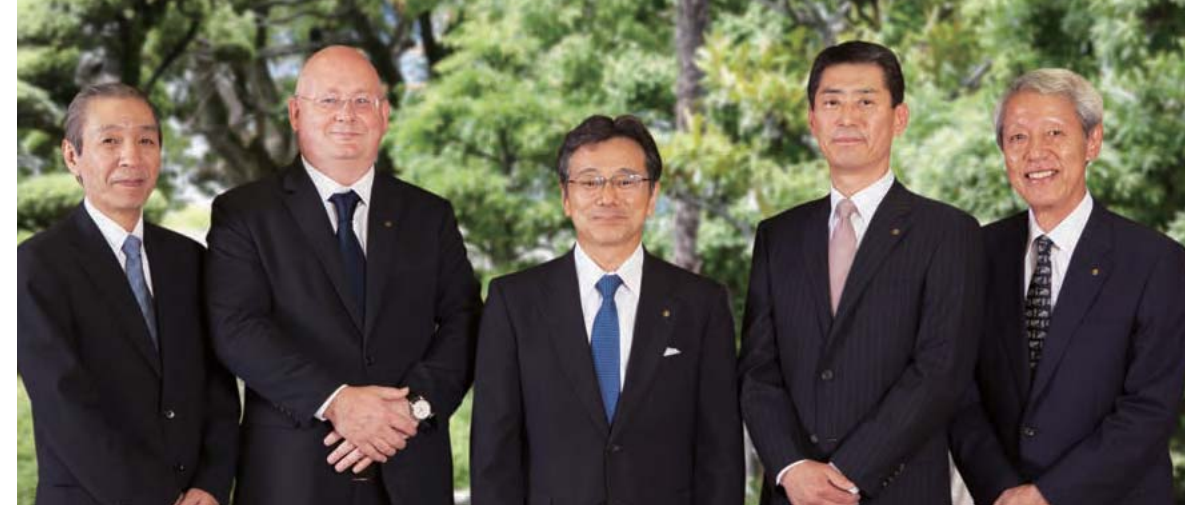


**Hiroshi Akiyama** Newly appointed

Profile

- 1994 Registered as attorney, Osaka Bar Association  
Joins Midosuji Law Firm (now Midosuji Legal Profession Corporation)
- 2003 Said firm reorganized into legal profession corporation; becomes member (present)
- 2007 Director, Kouseikai Medical Corporation (present)
- 2011 Outside Audit and Supervisory Board member, Kotaro Pharmaceutical Co., Ltd. (present)
- 2015 Outside Audit and Supervisory Board member, Fujiki Komuten Co., Ltd. (present)
- 2016 Director (Audit and Supervisory Committee member), Torishima (present)

## Executive Officers (As of June 29, 2016)



Yutaka Tsuaki      Gerald Ashe      Kotaro Harada      Tetsuya Kujima      Nobuyuki Yoshikawa



Takashi Kondo      Mike Choi      Satoshi Tomizawa      Koichiro Hamu      Haruhisa Sumi      Yoshiaki Inuyama



Masahiko Ishida      Masahiro Yamazaki      Masahisa Ikuta      Koichi Otao      Alister Flett      Akihiro Suezawa

**Chief Executive Officer**

**Kotaro Harada**  
President

**Senior Managing Executive Officers**

**Tetsuya Kujima**  
General Manager of Procurement Division,  
Responsible for Administration Division

**Gerald Ashe**  
General Manager of  
Overseas Marketing & Sales Division

**Managing Executive Officers**

**Nobuyuki Yoshikawa**  
General Manager of  
Manufacturing Division

**Yutaka Tsuaki**  
Responsible for Global Service

**Yoshiaki Inuyama**  
General Manager of  
Plant Engineering Division,  
General Manager of Public-Sector  
Management Department

**Koichiro Hamu**  
General Manager of Engineering Division,  
General Manager of Research &  
Development Department

**Executive Officers**

**Haruhisa Sumi**  
General Manager of Tokyo Branch

**Satoshi Tomizawa**  
Deputy General Manager of  
Overseas Marketing & Sales Division,  
TGT Regional Director,  
General Manager of  
TGT Sales Department

**Mike Choi**  
Regional Director of  
TGT Hong Kong & Vietnam,  
Managing Director of  
Torishima (Hong Kong) Ltd.

**Takashi Kondo**  
General Manager of  
Middle East Project Office,  
General Manager of  
TGT Project Department

**Masahisa Ikuta**  
General Manager of AI Ain Project Office

**Masahiko Ishida**  
General Manager of Service Division

**Koichi Otao**  
General Manager of Accounting Department

**Akihiro Suezawa**  
General Manager of  
Sales Administration Department

**Masahiro Yamazaki**  
Chairman of Torishima Pumps  
(India) Pvt. Ltd.

**Alister Flett**  
Managing Director of  
Torishima Service Solutions FZCO,  
General Manager of Middle East Office

# Financial Data from the Past 11 Years

(Fiscal years ended March 31)		(Millions of yen)											(Thousands of U.S. dollars*)	
		FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2015	
【1】 Business performance	Orders received	46,443	43,088	50,794	46,988	58,624	32,974	39,579	40,975	52,847	42,878	51,304	454,018	
	Net sales	31,393	36,404	47,272	45,692	45,008	49,880	46,453	45,974	45,985	46,501	40,479	358,221	
	Gross operating income	4,703	5,940	8,269	8,596	9,548	9,257	8,959	8,015	8,320	9,162	9,191	81,343	
	Operating income or loss	107	852	2,643	2,761	3,258	3,127	2,286	517	(945)	400	373	3,303	
	Ordinary income or loss	747	1,245	2,566	3,410	3,833	3,673	2,929	1,389	(632)	793	(1,663)	(14,721)	
	Net income or loss	377	635	1,410	1,990	2,609	1,892	1,497	943	442	405	(2,422)	(21,433)	
	Gross profit margin (%)	15.0	16.3	17.5	18.8	21.2	18.6	19.3	17.4	18.1	19.7	22.7	22.7	
	Operating profit margin (%)	0.3	2.3	5.6	6.0	7.2	6.3	4.9	1.1	(2.1)	0.9	0.9	0.9	
	ROE (return on equity) (%)	1.4	2.3	5.2	8.0	9.5	6.1	4.8	2.9	1.3	1.2	(7.1)	(7.1)	
	ROA (return on assets) (%)	1.3	2.0	4.0	5.5	6.0	5.8	4.8	2.2	(0.9)	1.1	(2.4)	(2.4)	
【2】 Financial status	Total assets	60,416	65,581	62,076	62,132	65,641	61,178	60,812	68,232	68,062	71,987	66,198	585,823	
	Net assets	28,282	27,943	26,030	24,006	31,083	30,968	31,775	33,602	34,524	36,532	32,794	290,221	
	Equity ratio (%)	46.8	42.6	41.9	38.6	47.2	50.3	51.3	48.2	49.9	50.0	48.7	48.7	
【3】 Breakdown of orders received, net sales, and order backlog	Net sales by region	Japan	22,026	20,278	20,524	19,126	20,939	18,703	17,281	18,070	20,096	19,104	17,060	150,973
		Asia	4,121	4,089	8,733	8,449	5,408	11,196	13,125	10,259	9,042	11,124	11,307	100,062
		Middle East	4,320	10,798	14,682	13,347	16,248	14,369	11,430	11,887	9,753	11,115	8,225	72,788
		Others	926	1,239	3,331	4,770	2,412	5,609	4,615	5,758	7,092	5,156	3,887	34,398
		Overseas ratio (%)	29.8	44.3	56.6	58.1	53.5	62.5	62.8	60.7	56.3	58.9	57.9	57.9
	Orders received by segment	Public sector	13,507	17,643	16,525	14,835	14,575	9,973	11,600	10,971	15,923	12,001	16,013	141,708
		Private sector	7,177	6,924	5,578	5,245	4,517	4,921	6,205	5,733	7,144	6,943	8,396	74,301
		Overseas	25,758	18,520	28,690	26,907	39,532	18,079	21,772	24,270	29,779	23,933	26,895	238,013
	Net sales by segment	Public sector	15,201	14,236	14,445	14,099	15,469	13,760	11,317	12,277	13,797	12,957	9,980	88,324
		Private sector	6,824	6,040	6,079	5,025	5,468	4,942	5,963	5,792	6,299	6,146	7,078	62,645
		Overseas	9,367	16,127	26,748	26,566	24,069	31,176	29,172	27,904	25,888	27,397	23,419	207,253
	Order backlog by segment	Public sector	4,986	8,394	10,473	11,209	10,316	6,528	6,811	5,505	7,631	6,675	12,707	112,455
		Private sector	2,825	3,709	3,208	3,428	2,477	2,455	2,698	2,639	3,484	4,281	5,598	49,546
Overseas		31,191	33,584	35,526	35,867	51,329	38,231	30,832	27,198	31,089	27,625	31,101	275,237	
【4】 Major expenditures	SG&A (selling, general, and administrative expenses)	4,596	5,088	5,625	5,834	6,290	6,130	6,673	7,497	9,265	8,761	8,818	78,040	
	SG&A-to-sales ratio (%)	14.7	14.0	11.9	12.8	14.0	12.3	14.4	16.3	20.1	18.8	21.8	21.8	
	Depreciation	968	866	910	873	851	961	1,096	1,231	1,646	1,636	1,561	13,823	
	Capital investment	332	731	654	739	1,311	2,297	2,224	3,083	2,139	1,221	1,391	12,310	
	R&D expense	561	534	638	603	730	567	606	691	678	658	484	4,285	
【5】 Cash flow	Cash flow from operations	224	(5,218)	2,511	922	4,439	735	2,661	3,513	(4,086)	(1,194)	5,000	44,248	
	Cash flow from investments	3,560	(599)	578	(1,259)	(3,084)	(75)	(1,269)	(3,966)	(4,498)	(345)	(415)	(3,672)	
	Cash flow from financial activities	(1,185)	2,355	(1,465)	(669)	1,678	590	(2,371)	4,356	(112)	2,120	(1,624)	(14,381)	
【6】 Per share information	Net income per share (yen)	14.62	24.65	54.77	77.32	100.07	67.45	53.38	33.64	15.74	14.61	(88.13)	(0.78) (dollars)	
	Net assets per share (yen)	1,097.87	1,084.65	1,010.45	931.13	1,105.50	1,097.71	1,112.29	1,172.56	1,209.10	1,308.22	1,179.57	10.44 (dollars)	
【7】 Stock information	Dividends	12	13	15	17	20 <sup>*2</sup>	18	18	18	18	18	18	0.16 (dollars)	
	Payout ratio (%)	82.1	52.7	27.4	22.0	20.0	26.7	33.7	53.5	114.4	123.2	-	-	

\*1: U.S. dollar amounts have been translated from yen—solely for the convenience of the reader—at the rate of ¥113 to U.S.\$1.00, the exchange rate prevailing on March 31, 2016.

\*2: Includes an additional 2-yen dividend commemorating Torishima's 90th year of business.

Note: Figures on pages 25 to 28 have been calculated based on Torishima's securities report (in Japanese).

## (1) Analysis of Consolidated Operating Results

### 1. Fiscal 2015 Operating Results

The world economy in fiscal 2015 was relatively robust. A relatively strong U.S. economy was buoyed by solid personal consumption, and the European economy rebounded moderately thanks to the weak euro. After August, however, due to fears triggered by U.S. fiscal policy action, a slowdown in growth in China and other emerging countries that had driven the world economy, and a decline in crude oil prices, world stock markets underwent volatile stock price swings. In Europe and other regions, geopolitical risks including major terrorist incidents and the Syrian refugee crisis have caused further havoc in the global economy and created an air of uncertainty about the future.

The situation was uncertain in the Japanese economy as well. Amidst worries about the world economy, the Nikkei Stock Average fluctuated wildly around the 20,000 yen mark then fell, the yen continued its upward climb from 120 to the U.S. dollar to 110, capital investment dropped due to declining crude oil prices, exports were stagnant due to sluggish business in China and newly emerging countries, and the Bank of Japan imposed negative interest rates.

In the pump industry, strong demand continued in the energy-related fields and for infrastructure projects, particularly for overseas water resources. However, with the economy clearly slowing down in China and emerging countries, and with capital investment in the Middle East and other oil-producing regions feeling the strain due to a decline in crude oil prices, competition among companies is intensifying.

Against this background, the Torishima Group continued to advance its business in Japan and other countries. Efforts included the development, production, and sales of high-efficiency pumps, and the sales of Eco-Pumps, which are standard pumps that incorporate the company's know-how in high-efficiency pumps for large-scale plants. As a result, orders for fiscal 2015 totaled ¥51,304 million, 120% of the ¥42,878 million in orders during the previous fiscal year.

Broken down by type of customer, public-sector orders were ¥16,013 million (133% of the ¥12,001 million in the previous fiscal year), domestic private-sector orders were ¥8,396 million (121% of the ¥6,943 million in the previous fiscal year), and orders from overseas were ¥26,985 million (112% of the ¥23,933 million in the previous fiscal year).

Net sales for fiscal 2015 were ¥40,479 million (87% of the ¥46,501 million reported for the previous fiscal year). The balance of orders outstanding at the end of fiscal 2015 and carried over to the next year amounted to ¥49,407 million (128% of the ¥38,582 million in the previous fiscal year). The decline in net sales was caused by an adjustment of orders due to renewal of our core system in fiscal 2014. In fiscal 2015, we returned to our normal operating status.

Operating income for the fiscal year was ¥373 million (compared with ¥400 million in the previous fiscal year). Despite the decrease in net sales, the gross profit margin improved.

Ordinary loss was ¥1,663 million (compared with an ordinary income of ¥793 million in the previous fiscal year). Although Torishima reported a gain on redemption of investment securities of ¥300 million as non-operating income, it also incurred foreign exchange loss of ¥1,395 million as non-operating expenses, in addition to investment loss of ¥1,076 million on an affiliate accounted for by the equity method.

Net loss attributable to owners of the parent company was ¥2,422 million (compared to net income attributable to owners of the parent company of ¥405 million in the previous fiscal year). Although Torishima reported ¥467 million in gain on return of assets from retirement benefit trust as extraordinary income, it also incurred settlement-related expenses of ¥337 million as extraordinary loss, and had a reversal of deferred tax assets.

### 2. Forecast for Fiscal 2016 and the Medium-Term Business Plan

With the world's population at more than 7.3 billion, the securing and effective use of water, food, and energy continues to present challenges on a global scale. One response is expected to be an expanding water market and the construction of more thermal power plants around the world. In Japan, the forecast is for stable business as maintenance service expands in response to increased upgrading of aging infrastructure and as governments implement public works projects to build infrastructure that can withstand natural disasters.

It is against this background that the Torishima Group will provide high-efficiency pumps in its aim of being a company that contributes to the advancement of society through energy-efficient solutions. As exemplified by our receipt of the Minister of Economy, Trade and Industry Prize under the Business Model Category in the fiscal 2014 Energy Conservation Grand Prize in Japan, we conduct research and development that will maintain our position as the manufacturer of the world's most energy-efficient pumps.

With unusual weather events and natural disasters occurring frequently around the world, we continue to strive to provide pumps that make infrastructure safer and more reliable amidst difficult operating conditions.

In fiscal 2014, we began a three-year medium-term business plan, the details of which are given below. Under this plan, we have thus far increased our focus on creating business opportunities in the water and energy markets, and conducted thorough reviews of operational processes in order to strengthen our operating and financial positions. We have also revised our targets for fiscal 2016, the final year of the plan, to reflect the uncertain state of the world economy (see table).

### Target of the Three-Year Business Plan

(Millions of yen)

	FY2014		FY2015		FY2016	
	Plan	Actual	Plan	Actual	Plan	Revised plan
Orders received	49,500	42,878	50,000	51,304	60,000	50,000
Net sales	46,000	46,501	43,000	40,479	50,000	45,000
Operating income	500	400	1,000	373	2,500	2,000
Ordinary income or loss	700	793	1,400	(1,663)	2,700	1,700
Net income, net income attributable to owners of the parent company, net loss attributable to owners of the parent company	500	405	1,000	(2,422)	1,900	1,500

Note: These figures do not take into account the International Financial Reporting Standards (IFRS).

## (2) Analysis of Financial Position

### 1. Consolidated Assets, Liabilities, and Net Assets

Assets on a consolidated basis at the end of fiscal 2015 amounted to ¥66,198 million, a decrease of ¥5,788 million over the previous fiscal year-end. This was primarily due to a decrease in notes and accounts receivable (¥3,612 million decrease over the 2014 fiscal year-end) accompanying a decrease in net sales, and a decrease in investment securities (¥2,741 million decrease over the 2014 fiscal year-end) due to the fall in stock prices.

Liabilities on a consolidated basis at fiscal year-end amounted to ¥33,403 million, a decrease of ¥2,051 million over the previous fiscal year-end. Despite an increase in advances received (¥1,390 million increase over the 2014 fiscal year-end) due to an increase in orders received, notes and accounts payable was down (¥1,846 million decrease over the 2014 fiscal year-end).

Net assets on a consolidated basis at fiscal year-end were ¥32,794 million, a decrease of ¥3,737 million over the previous fiscal year-end.

### 2. Consolidated Cash Flows

Consolidated cash and cash equivalents (hereinafter, cash) at the end of the fiscal year amounted to ¥7,175 million, an increase of ¥2,867 million over the previous fiscal year-end. Note that the cash in the consolidated financial statements includes ¥68 million in time deposits with maturities over three months.

The status of consolidated cash flows at fiscal year-end and factors influencing cash were as follows.

#### Operating cash flows

Net cash provided by operating activities amounted to ¥5,000 million yen (compared to net cash used of ¥1,194 million in the previous fiscal year). Despite a decrease in net cash in the form of an inventories increase of ¥504 million (compared to an increase of ¥1,122 million in the previous fiscal year) and trade payable decrease of ¥1,735 million (compared to a decrease of ¥1,918 million in the previous fiscal year), this was offset by an increase in net cash in the form of a trade receivable decrease of ¥3,471 million (compared to a decrease of ¥726 million in the previous fiscal year).

#### Investing cash flows

Net cash used in investing activities amounted to ¥415 million (compared to net cash used of ¥345 million in the previous fiscal year). Contributing factors included purchases of property, plant, and equipment of ¥1,109 million (compared to ¥832 million in the previous fiscal year).

#### Financing cash flows

Net cash used in financing activities amounted to ¥1,624 million (compared to net cash provided by financing activities of ¥2,120 million in the previous fiscal year). Although there were cash inflows that included proceeds from long-term debt of ¥2,008 million (compared to ¥4,095 million in the previous fiscal year), factors such as a decrease in short-term borrowings of ¥999 million (compared to an increase of ¥1,462 million in the previous fiscal year) and cash outflows including repayment of long-term debt amounting to ¥1,729 million (compared to ¥2,148 million in the previous fiscal year) resulted in a net cash outflow.

## (3) Basic Policy for Allocation of Income, and Dividends for Fiscal 2015 and Fiscal 2016

It is the Torishima Group's policy to pay shareholders a consistent level of dividends. In order to achieve future growth through the allocation of our profit, we aim to maintain a dividend payout ratio of about 30%.

Our retained earnings are invested so that future growth is achieved in the most effective manner. Retained earnings are invested to develop new technologies and new products that will respond to the increasingly sophisticated needs of pumps, related equipment, and software; to maintain existing pumping facilities and stations; to develop more efficient, streamlined production facilities; and to expand the scope of business into environmental sectors for conserving the natural environment.

For fiscal 2015, the Torishima Group paid a regular interim dividend of ¥9 per share. The focus of the year-end dividend of ¥9 per share was to share business profits with shareholders. The full-year dividend was thus ¥18 per share.

For fiscal 2016, a full-year dividend of ¥18 per share is planned.

# Consolidated Financial Statements

## (1) Consolidated Balance Sheet

Torishima Pump Mfg. Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31

ASSETS	Millions of Yen		Thousands of U.S. Dollars*1
	FY2015	FY2016	FY2016
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	¥ 4,307	¥ 7,175	\$ 63,496
Short-term investments	132	69	611
Receivables:			
Trade	26,616	22,999	203,531
Unconsolidated subsidiaries and associated companies	243	85	752
Other	622	574	5,080
Allowance for doubtful accounts	(85)	(355)	(3,142)
Inventories	8,838	9,288	82,195
Advance payments	813	243	2,150
Deferred tax assets	905	512	4,531
Other current assets	513	943	8,345
<b>Total current assets</b>	<b>42,904</b>	<b>41,533</b>	<b>367,549</b>
<b>PROPERTY, PLANT, AND EQUIPMENT:</b>			
Land	2,561	2,510	22,212
Buildings and structures	9,613	9,948	88,035
Machinery and equipment	13,342	12,670	112,124
Construction in progress	93	69	611
Lease assets	707	644	5,699
<b>Total</b>	<b>26,316</b>	<b>25,841</b>	<b>228,681</b>
Accumulated depreciation	(15,704)	(15,752)	(139,398)
<b>Net property, plant, and equipment</b>	<b>10,612</b>	<b>10,089</b>	<b>89,283</b>
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investment securities	8,625	7,196	63,681
Investments in and advances to unconsolidated subsidiaries and associated companies	6,057	4,548	40,248
Software	2,098	1,961	17,354
Asset for retirement benefits	1,103	173	1,531
Deferred tax assets	48	51	451
Other assets	540	647	5,726
<b>Total investments and other assets</b>	<b>18,471</b>	<b>14,576</b>	<b>128,991</b>
<b>TOTAL</b>	<b>¥ 71,987</b>	<b>¥ 66,198</b>	<b>\$ 585,823</b>

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars*1
	FY2015	FY2016	FY2016
<b>CURRENT LIABILITIES:</b>			
Short-term borrowings	¥ 6,537	¥ 5,619	\$ 49,726
Current portion of long-term debt	1,960	1,096	9,699
Payables:			
Trade	10,081	8,218	72,726
Unconsolidated subsidiaries and associated companies	30	47	416
Other	1,039	1,268	11,221
Advances received from customers	1,812	3,202	28,336
Income taxes payable	111	196	1,735
Allowance for product warranties	636	654	5,788
Allowance for losses on construction contracts	436	314	2,779
Accrued expenses	1,267	1,470	13,009
Other current liabilities	1,231	44	389
<b>Total current liabilities</b>	<b>25,140</b>	<b>22,128</b>	<b>195,824</b>
<b>LONG-TERM LIABILITIES:</b>			
Long-term debt	8,976	9,916	87,752
Liability for retirement benefits	261	314	2,779
Other long-term liabilities	1,077	1,045	9,248
<b>Total long-term liabilities</b>	<b>10,314</b>	<b>11,275</b>	<b>99,779</b>
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>			
<b>EQUITY:</b>			
Common stock, authorized, 60,000 thousand shares; issued 29,889 thousand shares in 2016 and 2015	1,593	1,593	14,097
Capital surplus	7,829	7,800	69,027
Stock acquisition rights	110	100	885
Retained earnings	24,651	21,734	192,336
Treasury stock—at cost 2,581 thousand shares in 2016 and 2,402 thousand shares in 2015	(1,499)	(1,671)	(14,788)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	1,615	801	7,088
Deferred gain (loss) on derivatives under hedge accounting	(457)	241	2,133
Foreign currency translation adjustments	1,503	1,523	13,478
Defined retirement benefit plans	725	191	1,690
<b>Total</b>	<b>36,070</b>	<b>32,312</b>	<b>285,946</b>
Noncontrolling interests	463	483	4,274
<b>Total equity</b>	<b>36,533</b>	<b>32,795</b>	<b>290,220</b>
<b>TOTAL</b>	<b>¥ 71,987</b>	<b>¥ 66,198</b>	<b>\$ 585,823</b>

\*1: U.S. dollar amounts have been translated from yen—solely for the convenience of the reader—at the rate of ¥113 to U.S.\$1.00, the exchange rate prevailing on March 31, 2016.



# Consolidated Financial Statements

## (2) Consolidated Statement of Operations

Torishima Pump Mfg. Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31

	Millions of Yen		Thousands of U.S. Dollars*1
	FY2015	FY2016	FY2016
NET SALES	¥ 46,502	¥ 40,479	\$ 358,221
COST OF SALES	37,340	31,287	276,876
Gross profit	9,162	9,192	81,345
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	8,762	8,819	78,044
Operating income	400	373	3,301
OTHER (EXPENSES) INCOME:			
Interest and dividend income	241	214	1,894
Interest expense	(149)	(176)	(1,558)
Gain on redemption investment securities		300	2,655
(Loss) gain on foreign exchange—net	391	(1,395)	(12,346)
Rent income	126	138	1,221
Equity in losses of associated companies	(213)	(1,076)	(9,522)
Gain on sales of subsidiaries		201	1,779
Gain on return of assets from retirement benefit trust		467	4,133
Settlement expense		(337)	(2,982)
Impairment loss	(158)		
Other—net	38	(124)	(1,098)
Other (expenses) income—net	276	(1,788)	(15,824)
(LOSS) INCOME BEFORE INCOME TAXES	676	(1,415)	(12,523)
INCOME TAXES:			
Current	119	244	2,159
Deferred	56	733	6,487
Total income taxes	175	977	8,646
NET (LOSS) INCOME	501	(2,392)	(21,169)
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(96)	(30)	(265)
NET (LOSS) INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 405	¥ (2,422)	\$ (21,434)

	Millions of Yen		Thousands of U.S. Dollars*1
	FY2015	FY2016	FY2016
PER SHARE OF COMMON STOCK:			
Basic net (loss) income	¥ 14.61	¥ (88.14)	\$ (0.78)
Diluted net income	14.55		
Cash dividends applicable to the year	18.00	18.00	0.16

## (3) Consolidated Statement of Comprehensive Income

Torishima Pump Mfg. Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31

	Millions of Yen		Thousands of U.S. Dollars*1
	FY2015	FY2016	FY2016
NET (LOSS) INCOME	¥ 501	¥ (2,392)	\$ (21,169)
OTHER COMPREHENSIVE (LOSS) INCOME:			
Unrealized (loss) gain on available-for-sale securities	541	(814)	(7,203)
Deferred gain (loss) on derivatives under hedge accounting	(208)	698	6,178
Foreign currency translation adjustments	699	52	460
Defined retirement benefit plans	579	(534)	(4,726)
Share of other comprehensive (loss) income in associates	213	(1)	(9)
Total other comprehensive (loss) income	1,824	(599)	(5,300)
COMPREHENSIVE (LOSS) INCOME	¥ 2,325	¥ (2,991)	\$ (26,469)
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 2,189	¥ (3,052)	\$ (27,009)
Noncontrolling interests	136	61	540

## (4) Consolidated Statement of Changes in Equity

Torishima Pump Mfg. Co., Ltd. and Consolidated Subsidiaries  
Year ended March 31, 2016

	Thousands							Millions of Yen						
	Issued Number of Shares of Common Stock	Number of Shares of Treasury Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for- Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjust- ments	Defined Retirement Benefit Plans	Total	Noncon- trolling Interests	Total Equity
<b>BALANCE, APRIL 1, 2014</b>														
(as previously reported)	29,889	(1,815)	¥1,593	¥7,823	¥101	¥23,889	¥(962)	¥1,073	¥(249)	¥632	146	¥34,046	¥478	¥34,524
Cumulative effect of accounting change						857						857		857
<b>BALANCE, APRIL 1, 2014</b>														
(as restated)	29,889	(1,815)	1,593	7,823	101	24,746	(962)	1,073	(249)	632	146	34,903	478	35,381
Net income attributable to owners of the parent						405						405		405
Cash dividends, ¥18.00 per share						(500)						(500)		(500)
Purchase of treasury stock		(601)					(544)					(544)		(544)
Disposal of treasury stock		14		6			7					13		13
Net change in the year					9			542	(208)	871	579	1,793	(15)	1,778
<b>BALANCE, MARCH 31, 2015</b>	29,889	(2,402)	¥1,593	¥7,829	¥110	¥24,651	¥(1,499)	¥1,615	¥(457)	¥1,503	¥725	¥36,070	¥463	¥36,533
Net income attributable to owners of the parent						(2,422)						(2,422)		(2,422)
Cash dividends, ¥18.00 per share						(495)						(495)		(495)
Purchase of treasury stock		(210)					(191)					(191)		(191)
Disposal of treasury stock		31		10			19					29		29
Change in the parent's ownership interest due to transactions with noncontrolling interests					(39)							(39)		(39)
Net change in the year					(10)			(814)	698	20	(534)	(640)	20	(620)
<b>BALANCE, MARCH 31, 2016</b>	29,889	(2,581)	¥1,593	¥7,800	¥100	¥21,734	¥(1,671)	¥801	¥241	¥1,523	¥191	¥32,312	¥483	¥32,795

	Thousands of U.S. Dollars*1							Millions of Yen						
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for- Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjust- ments	Defined Retirement Benefit Plans	Total	Noncon- trolling Interests	Total Equity		
<b>BALANCE, MARCH 31, 2015</b>	\$14,097	\$69,283	\$973	\$218,150	\$(13,265)	\$14,292	\$(4,044)	\$13,301	\$6,416	\$319,203	\$4,097	\$323,300		
Net income attributable to owners of the parent				(21,434)						(21,434)		(21,434)		
Cash dividends, \$0.16 per share				(4,380)						(4,380)		(4,380)		
Purchase of treasury stock					(1,691)					(1,691)		(1,691)		
Disposal of treasury stock			88		168					256		256		
Change in the parent's ownership interest due to transactions with noncontrolling interests			(344)							(344)		(344)		
Net change in the year				(88)		(7,204)	6,177	177	(4,726)	(5,664)	177	(5,487)		
<b>BALANCE, MARCH 31, 2016</b>	\$14,097	\$69,027	\$885	\$192,336	\$(14,788)	\$7,088	\$2,133	\$13,478	\$1,690	\$285,946	\$4,274	\$290,220		

\*1: U.S. dollar amounts have been translated from yen—solely for the convenience of the reader—at the rate of ¥113 to U.S.\$1.00, the exchange rate prevailing on March 31, 2016.

## (5) Consolidated Statement of Cash Flows

Torishima Pump Mfg. Co., Ltd. and Consolidated Subsidiaries  
Years ended March 31

	Millions of Yen		Thousands of U.S. Dollars**
	FY2015	FY2016	FY2016
<b>OPERATING ACTIVITIES:</b>			
(Loss) income before income taxes	¥ 676	¥ (1,415)	\$ (12,523)
Adjustments for:			
Income taxes—paid	(277)	(155)	(1,372)
Income taxes—refunded		101	894
Depreciation and amortization	1,636	1,562	13,823
Gain on redemption of investment securities		(300)	(2,655)
Gain on sales of subsidiaries		(201)	(1,779)
Gain on return of assets from retirement benefits trust		(467)	(4,133)
Equity in losses of associated companies	213	1,076	9,522
Impairment loss	158		
Changes in assets and liabilities:			
Change in accounts receivables	726	3,471	30,717
Change in inventories	(1,122)	(505)	(4,469)
Change in advance payments	(353)	558	4,938
Change in accounts payables	(2,174)	(1,174)	(10,389)
Change in advances received from customers	(198)	1,422	12,584
Change in allowance for doubtful accounts	(161)	415	3,673
Change in allowance for product warranties	(85)	18	159
Change in allowance for losses on construction contracts	85	(122)	(1,079)
Change in liability for retirement benefits	(126)	672	5,947
Other—net	(193)	44	390
Total adjustments	(1,871)	6,415	56,771
Net cash provided by (used in) operating activities	(1,195)	5,000	44,248
<b>INVESTING ACTIVITIES:</b>			
Increase in saving of time deposits	(177)	(19)	(168)
Proceeds from withdrawal of time deposits	572	69	611
Purchases of property, plant, and equipment	(833)	(1,110)	(9,823)
Proceeds from sales of property, plant, and equipment	49	145	1,283
Purchases of intangibles	(389)	(281)	(2,487)
Proceeds from sales of investments in consolidated subsidiary with change in consolidation scope		96	850
Purchases of investment securities	(14)	(1,001)	(8,859)
Proceeds from sales of investment securities	232	1,449	12,823
Payments of loans receivable	(41)		
Collection of loans receivable	113	249	2,203
Other	143	(12)	(106)
Net cash used in investing activities	(345)	(415)	(3,673)
<b>FINANCING ACTIVITIES:</b>			
Change in short-term borrowings—net	1,463	(1,000)	(8,850)
Proceeds from long-term debt	4,096	2,009	17,779
Repayments of long-term debt	(2,270)	(1,870)	(16,549)
Purchase of treasury stock	(544)	(191)	(1,691)
Dividends paid	(501)	(498)	(4,407)
Other	(124)	(75)	(663)
Net cash (used in) provided by financing activities	2,120	(1,625)	(14,381)
<b>FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS</b>			
	129	(92)	(814)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	709	2,868	25,380
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	3,598	4,307	38,116
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	¥ 4,307	¥ 7,175	\$ 63,496

\*1: U.S. dollar amounts have been translated from yen—solely for the convenience of the reader—at the rate of ¥113 to U.S.\$1.00, the exchange rate prevailing on March 31, 2016.

## Corporate Data As of March 31, 2016

### Torishima Pump Mfg. Co., Ltd.

Foundation: August 1, 1919

Paid-in-capital: 1,592,775,030 yen

Outstanding shares: 29,889,079

Shareholders: 7,465

Employees: 1,547 (consolidated)

### Major Japanese Bases

Head office: 1-1-8 Miyata-cho, Takatsuki City, Osaka 569-8660, Japan

Branch offices: Tokyo, Osaka, Sapporo, Sendai, Nagoya, Takamatsu, Hiroshima, Kyushu

Sales offices: Yokohama, Wakayama, Saga, Okinawa

### Manufacturing Bases

Head office factory (Osaka, Japan)  
Kyushu Torishima Co., Ltd. (Saga, Japan)  
P.T. Torishima Guna Indonesia, P.T. Geteka Founindo (Jakarta, Indonesia)  
Torishima Pump (Tianjin) Co., Ltd. (Tianjin, China)

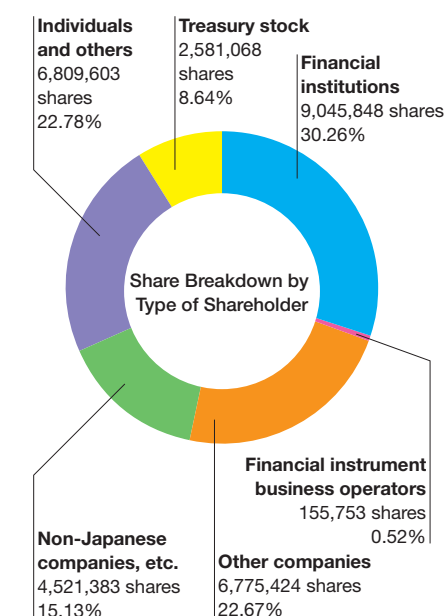
### Major Overseas Bases

#### Branch Offices

Singapore Office, Middle East Office (U.A.E.), North America East Office (U.S.), Beijing Office (China), Saudi Arabia Office

#### Overseas Subsidiaries, Group Companies

Torishima (Hong Kong) Ltd.  
Torishima Service Solutions Asia Pte. Ltd.  
P.T. Torishima Guna Engineering  
Torishima Pumps (India) Pvt. Ltd.  
Torishima Australia Pty. Ltd.  
Torishima Service Solutions FZCO  
Torishima Europe Ltd.  
Torishima Service Solutions Europe Ltd.  
Torishima Europe Projects Ltd.



## Editorial Policy

In order to communicate to the public Torishima's corporate value—including the company's financial and non-financial elements—we have consolidated and improved the contents of the *CSR Report* (in Japanese) and the *Annual Report* (in English) to create the *Torishima Report* (Japanese and English editions). At its core, Torishima's business is about creating shared value (CSV). That is, we strive to create value both for society and for the company. We do this by addressing society's challenges while at the same time making profits and boosting our competitiveness. The first edition of the *Torishima Report* gives stakeholders a general overview of the company. Please refer to our website for further information on the financial and non-financial aspects of the company.

### Financial Data Reference Source

In preparing the Japanese and English editions of the *Torishima Report*, we strove to avoid any major discrepancies between the two in terms of content. Please note, however, that the financial results (including consolidated financial statements) in the Japanese edition were excerpted from the securities report for the year ending March 31, 2016. The English edition, meanwhile, contains excerpts from financial statements that were audited by an audit company. Please visit the IR section of our website for further financial information.



Torishima corporate website  
<http://www.torishima.co.jp/en/>



Torishima IR site  
<http://www.torishima.co.jp/en/ir/overview.html>



### Organizations Covered

This report covers the activities of Torishima Pump Mfg. Co., Ltd. and its consolidated subsidiaries. Some of the information is on Torishima Pump Mfg. Co., Ltd. only.

### Period Covered

The report basically covers the financial reporting period from April 1, 2015 to March 31, 2016. For information on items occurring after April 1, 2016, the date is included on the relevant page.

### Referenced Guidelines

Torishima has endeavored to make a report that will generate unique value for the company. We referred to the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC) and the Environmental Reporting Guidelines (2012 version) published by the Ministry of the Environment, Japan.

### Cautionary Statement with Regard to Forward-Looking Statements

The data and forward-looking statements disclosed in the *Torishima Report* are based on decisions made and on information obtained up until the day this report was published. The forward-looking statements are subject to change due to various factors, and they do not guarantee the attainment of objectives, forecasts, or future business performance. The information in the report is subject to change without prior notice. Therefore, readers are cautioned to use the information in the report at their discretion while referring to—or comparing the report with—other sources of information. Torishima bears no obligation whatsoever to compensate for any damages that may occur as a result of using this report.