

**RESULTS OF OPERATIONS FOR
THE SECOND QUARTER ENDED SEPTEMBER 30, 2016 (CONSOLIDATED)
(Japanese GAAP)**

November 10, 2016

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
 Phone: +81-72-695-0551
 Scheduled date of filing quarterly financial statements: November 14, 2016
 Scheduled date of starting dividend payment: December 6, 2016
 Preparing supplementary material on quarterly financial results: Yes
 Holding quarterly financial results presentation meeting: Yes (for investment analysts and institutional investors)

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

1. Consolidated financial results of the second quarter ended Sept. 30, 2016 (April 1, 2016 through Sept. 30, 2016)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
		%		%		%		%
Second quarter ended Sept. 30, 2016	17,221	-3.1	-220	-	-576	-	-546	-
Second quarter ended Sept. 30, 2015	17,775	-1.0	-652	-	-880	-	-415	-

Note1: Comprehensive income: (Second quarter ended Sept. 30, 2016) -1,766 million yen (-%)

(Second quarter ended Sept. 30, 2015) -363 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, 2016	-20.02		-	
Second quarter ended Sept. 30, 2015	-15.10		-	

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

	Total assets	Net assets	Equity ratio
			%
September 30, 2016	60,934	30,771	49.6
March 31, 2016	66,198	32,794	48.7

(Reference): Shareholders' equity: (Sept. 30, 2016)¥ 30,242million (March 31, 2016)¥ 32,211 million

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Fiscal year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2015	-	9.00	-	9.00	18.00
FY2016	-	9.00			
FY2016 (Forecast)			-	9.00	18.00

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

3. Forecast for fiscal year ending March 31, 2017

Millions of yen, except per share data

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
Annual	45,000	11.2	2,000	435.9	1,700	-	1,500	-	Yen 54.92
		%		%		%		%	

Note1: % represents percentage change from a previous year

Note2: Revision of the forecast during this quarter: No

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, 2016) 29,889,079

(March 31, 2016) 29,889,079

② Number of treasury stock at period end

(Sept. 30, 2016) 2,579,031

(March 31, 2016) 2,581,068

③ Weighted-average number of shares outstanding over the period

(April 1 – Sept. 30, 2016) 27,309,178

(April 1 – Sept. 30, 2015) 27,504,974

-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 FY2016

(1) Qualitative information on consolidated results of operations

During the first half of the FY2016, the world economy as a whole continued to involve downside risks reflecting the following factors. In the US, the employment situation improved and the economy, particularly consumer spending recovered moderately. However, in Europe, an issue of the UK withdrawal from the EU, so-called Brexit, and concerns about financial system cause the uncertainty about the future economy. In addition, economic growth in China and emerging countries slowed down and geopolitical risks throughout the world increased due to the turmoil in the Middle East.

In Japan, the economic recovery saw sluggish owing to the following reasons. Continuously demand from public sector increased and employment situation improved. However, deflation mindset persisted because revenue of export-oriented companies was low due to the appreciation of the yen and inbound demand dropped.

Under such circumstances, in the pump industry, infrastructure projects, particularly for water resources, and demand in energy-related field remained steady backed by population growth in the long term. On the other hand, order activities suffered severe conditions in both Japan and overseas in the short term. The main reasons are stagnation in projects work overseas accompanied by a decline in oil prices and curbs on private capital investment due to the uncertain outlook for the world economy.

Orders received during the first half of the FY2016 (April 1, 2016-Sept. 30, 2016) decreased by ¥9,530 million from the same period last year to ¥21,539 million. Orders received from domestic public sector increased by ¥3,105 million from the same period last year to ¥9,955 million, orders received from domestic private sector increased by ¥389 million from the same period last year to ¥4,264 million, and orders received from overseas sector decreased by ¥13,025 million from the same period last year to ¥7,319 million.

Net sales during the first half of FY2016 (April 1, 2016-Sept. 30, 2016) decreased by ¥553 million from the same period last year to ¥17,221 million.

Operating loss during the first half of the FY2016 (April 1, 2016-Sept. 30, 2016) amounted to ¥220 million (operating loss during the same period last year was ¥652 million). Operating income ratio amounted to -1.3%. Ordinary loss amounted to ¥576 million (ordinary loss during the same period last year was ¥880 million) due to the recording of ¥499 million in Foreign exchange losses as non-operating expenses. Ordinary income ratio amounted to -3.3%.

Net loss attributable to owners of parent during the first half of FY2016 amounted to ¥546 million (net loss attributable to owners of parent during the same period last year was ¥415 million). Return on sales during the first half of FY2016 amounted to -3.2%. Net loss per share amounted to ¥20.02.

(2) Qualitative information on consolidated financial position

At the end of the second quarter (Sep. 30, 2016), the Group's total assets amounted to ¥60,934 million, ¥5,263 million lower than the previous fiscal year-end (March 31, 2016). Principal changes in asset items included a decline in notes and accounts receivable-trade of ¥4,564 million.

Total liabilities at the end of the second quarter amounted to ¥30,163 million, ¥3,239 million lower than the previous fiscal year-end. Principal changes in liability items included a decline in notes and accounts payable-trade of ¥1,935 million and a decline in short-term loans payable of 2,725 despite an increase in advances received of ¥1,833 million.

Net assets at the end of the second quarter amounted to ¥30,771 million, ¥2,023 million lower than the previous fiscal year-end.

(3) Qualitative information on consolidated earnings forecasts

Forecasts for the fiscal year ending March 31, 2017 announced on May 11, 2016 have not been changed.

2. Other information

(1) Changes in significant subsidiaries during the second quarter of the FY2016 (July 1, 2016-Sept. 30, 2016)

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 FY2016, 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

Changes in Accounting Policies (Application of the Practical Solution on a Change in Depreciation Method due to Tax Reform 2016) Pursuant to an amendment in the Corporation Tax Act, the Company has applied the Practical Solution on a Change in Depreciation Method due to Tax Reform 2016 (Practical Issue Task Force (PITF) No.32 issued on June 17, 2016) from the first quarter of the current fiscal year. Accordingly, the Company changed the depreciation method for facilities attached to buildings and structures acquired on and after April 1, 2016 from the declining-balance method to the straight-line method. The effect of this change in accounting policies to the quarterly consolidated financial statements for the first half under review is immaterial.

3. Consolidated quarterly financial statement

(1) Consolidated quarterly balance sheet

(Millions of yen)

	End of previous consolidated fiscal year (March 31, 2016)	End of the second quarter of consolidated FY2016 (September 30, 2016)
Assets		
Current assets		
Cash and deposits	7,243	8,741
Notes and accounts receivable - trade	23,003	18,439
Merchandise and finished goods	266	244
Work in process	6,996	8,389
Raw materials and supplies	2,024	1,903
Advance payments - trade	243	536
Deferred tax assets	512	490
Other	1,597	1,528
Allowance for doubtful accounts	-355	-235
Total current assets	41,532	40,037
Non-current assets		
Property, plant and equipment	10,088	9,800
Intangible assets	2,114	1,863
Investments and other assets		
Investment securities	11,582	8,434
Other	1,245	1,114
Allowance for doubtful accounts	-365	-315
Total investments and other assets	12,462	9,233
Total non-current assets	24,665	20,897
Total assets	66,198	60,934

(Millions of yen)

	End of previous consolidated fiscal year (March 31, 2016)	End of the second quarter of consolidated FY2016 (September 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,264	6,328
Short-term loans payable	6,585	3,859
Income taxes payable	195	128
Advances received	3,202	5,036
Provision for bonuses	742	762
Provision for product warranties	654	625
Provision for loss on construction contracts	313	324
Other	2,169	1,782
Total current liabilities	22,128	18,848
Non-current liabilities		
Long-term loans payable	9,724	9,772
Provision for directors' retirement benefits	14	15
Net defined benefit liability	300	297
Other	1,236	1,229
Total non-current liabilities	11,275	11,314
Total liabilities	33,403	30,163
Net assets		
Shareholders' equity		
Capital stock	1,592	1,592
Capital surplus	7,800	7,817
Retained earnings	21,733	20,941
Treasury shares	-1,671	-1,670
Total shareholders' equity	29,455	28,681
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	800	752
Deferred gains or losses on hedges	241	312
Foreign currency translation adjustment	1,523	282
Remeasurements of defined benefit plans	190	213
Total accumulated other comprehensive income	2,755	1,560
Subscription rights to shares	99	108
Non-controlling interests	483	420
Total net assets	32,794	30,771
Total liabilities and net assets	66,198	60,934

(2) Consolidated quarterly statement of (comprehensive) income

Consolidated quarterly statement of income (April 1 – September 30, 2016)

(Millions of yen)

	Second quarter ended September 30, 2015 (April 1, 2015 - September 30, 2015)	Second quarter ended September 30, 2016 (April 1, 2016 - September 30, 2016)
Net sales	17,775	17,221
Cost of sales	14,184	13,249
Gross profit	3,590	3,972
Selling, general and administrative expenses	4,242	4,192
Operating loss	-652	-220
Non-operating income		
Interest income	17	13
Dividend income	105	157
Gain on redemption of investment securities	300	-
Rent income	69	68
Other	60	85
Total non-operating income	553	323
Non-operating expenses		
Interest expenses	72	61
Foreign exchange losses	516	499
Share of loss of entities accounted for using equity method	96	47
Other	96	71
Total non-operating expenses	781	680
Ordinary loss	-880	-576
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	201	152
Total extraordinary income	201	152
Extraordinary losses		
Loss on sales of investment securities	86	—
Loss on valuation of investment securities	—	35
Total extraordinary losses	86	35
Loss before income taxes	-765	-460
Income taxes	-257	49
Loss	-507	-509
Profit (loss) attributable to non-controlling interests	-92	37
Loss attributable to owners of parent	-415	-546

Consolidated quarterly statement of comprehensive income (April 1 – September 30, 2016)

(Millions of yen)

	Second quarter ended September 30, 2015 (April 1, 2015 - September 30, 2015)	Second quarter ended September 30, 2016 (April 1, 2016 - September 30, 2016)
Loss	-507	-509
Other comprehensive income		
Valuation difference on available-for-sale securities	-156	-48
Deferred gains or losses on hedges	314	70
Foreign currency translation adjustment	-13	-1,291
Remeasurements of defined benefit plans, net of tax	-27	23
Share of other comprehensive income of entities accounted for using equity method	25	-11
Total other comprehensive income	143	-1,256
Comprehensive income	-363	-1,766
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-273	-1,742
Comprehensive income attributable to non-controlling interests	-90	-24

(3) Note for assumption of going concern

No items to report

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

No items to report

4. Additional information

(1) Orders received and sales

Orders received and sales by demand category

Orders received

(Millions of yen)

	From April 1, 2015 to September 30, 2015		From April 1, 2016 to September 30, 2016		Year-on-year comparison	
Public	6,849	22.0%	9,955	46.2%	3,105	45.3%
Private	3,874	12.5%	4,264	19.8%	389	10.1%
Overseas	20,345	65.5%	7,319	34.0%	-13,025	-64.0%
Total	31,069	100.0%	21,539	100.0%	-9,530	-30.6%

Sales

(Millions of yen)

	From April 1, 2015 to September 30, 2015		From April 1, 2016 to September 30, 2016		Year-on-year comparison	
Public	2,520	14.2%	2,846	16.5%	326	12.9 %
Private	3,538	19.9%	4,275	24.8%	737	20.8 %
Overseas	11,716	65.9%	10,099	58.7%	- 1,617	-13.8 %
Total	17,775	100.0%	17,221	100.0%	-553	-3.1 %

Orders backlog

(Millions of yen)

	As of September 30, 2015		As of September 30, 2016		Year-on-year comparison	
Public	11,004	21.2%	19,815	36.9%	8,811	80.1 %
Private	4,617	8.9%	5,587	10.4%	969	21.0%
Overseas	36,254	69.9%	28,322	52.7%	-7,932	-21.9%
Total	51,876	100.0%	53,725	100.0%	1,849	3.6%