

**RESULTS OF OPERATIONS FOR  
THE THIRD QUARTER ENDED DECEMBER 31, 2016 (CONSOLIDATED)  
(Japanese GAAP)**

February 9, 2017

Listed company name: Torishima Pump Mfg. Ltd.  
 Stock exchange listings: First Section of Tokyo Stock Exchange  
 Code number: 6363 URL: <http://www.torishima.co.jp.en>  
 Representative: Kotaro Harada, President  
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 Scheduled date of filing quarterly financial statements: February 14, 2017  
 Preparing supplementary material on quarterly financial results: No  
 Holding quarterly financial results presentation meeting: No

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

1. Consolidated financial results of nine months ended December 31, 2016 (April 1, 2016 through December 31, 2016)

(1) Operating results

Millions of yen, except per share data

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
Nine months ended Dec. 31, 2016	25,706	-5.0	79	-	808	-	833	-
Nine months ended Dec. 31, 2015	27,062	-2.3	-853	-	-1,126	-	-734	-

Note: Comprehensive income Nine months ended Dec. 31, 2016 ¥ 41 million (-%)

Nine months ended Dec. 31, 2015 ¥ -595 million (-%)

	Net income per share	Net income per share-Diluted
	Yen	Yen
Nine months ended Dec. 31, 2016	30.53	30.40
Nine months ended Dec. 31, 2015	-26.70	-

Note: % represents percentage change from a comparable previous year

(2) Financial position

Millions of yen, except per share data

	Total assets	Net assets	Equity ratio
			%
Dec. 31, 2016	63,208	32,322	50.3
March 31, 2016	66,198	32,794	48.7

(Reference): Shareholders' equity: (Dec. 31, 2016)¥31,793million (March 31, 2016)¥32,211million

## 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 the fiscal year ending March 31, 2017

Millions of yen, except per share data

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	%		%		%		%		Yen	
Annual	45,000	11.2	2,000	435.9	1,700	-	1,500	-	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

New: - Excluded: -

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

(For further details, please refer to page 6, “(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)

(April 1 – Dec. 31, 2016) 29,889,079 (March 31, 2016) 29,889,079

② Number of treasury stock at period end

(April 1 – Dec. 31, 2016) 2,579,062 (March 31, 2016) 2,581,068

③ Weighed-average number of shares outstanding over the period

(April 1 – Dec. 31, 2016) 27,309,436 (April 1 – Dec. 31, 2015) 27,508,927

-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 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. For matters related to the above forecast, please refer to page 5, “(3) Qualitative information on consolidated earnings forecasts”.

## Contents

1. Qualitative information, Financial Statements, etc.	
(1) Qualitative information on consolidated results of operations -----	4
(2) Qualitative information on consolidated financial position -----	5
(3) Qualitative information on consolidated earnings forecasts -----	5
2. Other information	
(1) Changes in significant subsidiaries during this period -----	6
(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements -----	6
(3) Changes in accounting principles, accounting estimates and correction of prior period errors -----	6
3. Consolidated quarterly financial statement	
(1) Consolidated quarterly balance sheet -----	7
(2) Consolidated quarterly statement of income (April 1 – December 31, 2016) -----	9
Consolidated quarterly statement of comprehensive income (April 1 – December 31, 2016) -----	10
(3) Note for assumption of going concern -----	11
(4) Note for significant changes in the amount of shareholders' equity -----	11
4. Additional information	
(1) Orders received and sales -----	11

## 1. Qualitative information, Financial Statements, etc.

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

During the third quarter of the FY2016, in the U.S., its economy continued to see moderate recovery trend, mainly personal consumption, driven by the improvement in employment, and following the Donald Trump's victory in the presidential election, expectation for the public spending under the new government was increased.

In Europe, despite certain concerns such as the UK's withdrawal from the EU and bank bailout issues in Italy, the moderate economic recovery continued driven by the monetary easing policy of European Central Bank.

In emerging countries centering on China, policies such as expansion of public investment and compact car tax reduction measures in China put a hold on the economic slowdown. However, its economic recovery was not enough strongly grown.

Overall, the world remained in uncertainty such as the increasing geopolitical risk attributed to the turmoil in the Middle East, concerns about the policy management of the Trump administration and the UK's withdrawal from the EU.

In Japan, the public demand and the improvement in employment situation continued to increase. However, the dollar yen rate fluctuated following the result of the presidential election in the United States, resulting in uncertain environment. Although the yen depreciated and the stock price rose toward the end of the period, the overall outlook was uncertain.

Under such circumstance, the pump manufacturing industry remained steady demand for water- and energy-related infrastructural projects particularly overseas in the long term. However, the order intake activities was severe in both domestic and overseas markets in the short term due to stagnant situations such as project delay by the collapse in oil prices and reduction in capital spending in the private sector.

Orders received during the third quarter of the FY2016 (April 1, 2016-Dec. 31, 2016) decreased by ¥13,863 million from the same period last year to ¥32,376 million. Orders received from domestic public sector decreased by ¥1,463 million from the same period last year to ¥13,078 million, orders received from domestic private sector decreased by ¥372 million from the same period last year to ¥5,753 million, and orders received from overseas sector decreased by ¥12,027 million from the same period last year to ¥13,544 million.

Net sales during the third quarter of the FY2016 (April 1, 2016-Dec. 31, 2016) decreased by ¥1,355 million from the same period last year to ¥25,706 million. Operating losses during the third quarter of the FY2016 (April 1, 2016-Dec. 31, 2016) amounted to ¥79 million (operating losses during the same period last year were ¥853million). The ratio of operating income to net sales amounted to 0.3%.

Ordinary losses during the third quarter of the FY2016 amounted to ¥808million (ordinary losses during the same period last year were ¥1,126 million) due to foreign exchange gain of ¥328 million posted as non-operating loss. The ratio of ordinary income to net sales amounted to 3.1%.

Net losses during the third quarter of the FY2016 amounted to ¥833 million (net losses during the same period last year were ¥734million). The ratio of net income to net sales amounted to 3.2%. Net loss per share amounted to ¥30.53.”

(2) Qualitative information on consolidated financial position

At the end of the third quarter (Dec. 31, 2016), the Group's total assets amounted to ¥63,208 million, ¥2,989 million lower than at the end of the previous fiscal year (March 31, 2016). Principal changes in asset items included a decline in notes and accounts receivable-trade of ¥4,854 million, and a decline in investment securities of ¥1,595 million despite an increase in work in process of ¥1,958 million despite an increase of work in progress.

Total liabilities amounted to ¥30,886 million, ¥2,517 million lower than at the end of the previous fiscal year. Principal changes in liability items included a decrease in notes and accounts payable-trade of ¥1,338 million and a decrease in short-term loans payable of ¥2,322 million despite an increase in advances received of ¥1,791 million

Net assets amounted to ¥32,322 million, ¥471 million lower than at the end of the previous fiscal year. Principal changes in net asset items included a decrease in foreign currency translation adjustment of ¥1,498 million.

(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 this period (Oct 1, 2016-Dec 31, 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 third quarter of consolidated FY2015, 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 third quarter of consolidated FY2016 (December 31, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	7,243	8,936
Notes and accounts receivable - trade	23,003	18,158
Merchandise and finished goods	266	256
Work in process	6,996	8,955
Raw materials and supplies	2,024	1,923
Advance payments - trade	243	753
Deferred tax assets	512	639
Other	1,597	1,359
Allowance for doubtful accounts	-355	-279
Total current assets	41,532	40,702
Non-current assets		
Property, plant and equipment	10,088	9,820
Intangible assets	2,114	1,855
Investments and other assets		
Investment securities	11,582	9,987
Other	1,245	1,192
Allowance for doubtful accounts	-365	-349
Total investments and other assets	12,462	10,829
Total non-current assets	24,665	22,506
Total assets	66,198	63,208

(Millions of yen)

	End of previous consolidated fiscal year (March 31, 2016)	End of the third quarter of consolidated FY2016 (December 31, 2016)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,264	6,926
Short-term loans payable	6,585	4,263
Income taxes payable	195	178
Advances received	3,202	4,994
Provision for bonuses	742	378
Provision for product warranties	654	569
Provision for loss on construction contracts	313	264
Other	2,169	2,027
Total current liabilities	22,128	19,602
Non-current liabilities		
Long-term loans payable	9,724	9,303
Provision for directors' retirement benefits	14	15
Net defined benefit liability	300	296
Other	1,236	1,667
Total non-current liabilities	11,275	11,283
Total liabilities	33,403	30,886
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,592	1,592
Capital surplus	7,800	7,817
Retained earnings	21,733	22,076
Treasury shares	-1,671	-1,670
Total shareholders' equity	29,455	29,816
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	800	1,735
Deferred gains or losses on hedges	241	-7
Foreign currency translation adjustment	1,523	25
Remeasurements of defined benefit plans	190	223
Total accumulated other comprehensive income	2,755	1,976
Subscription rights to shares	99	113
Non-controlling interests	483	415
Total net assets	32,794	32,322
<b>Total liabilities and net assets</b>	<b>66,198</b>	<b>63,208</b>



(2) Consolidated quarterly statement of income  
(April 1 – December 31, 2016)

	(Millions of yen)	
	Third quarter ended December 31, 2015 (April 1, 2015 - December 31, 2015)	Third quarter ended December 31, 2016 (April 1, 2016 - December 31, 2016)
Net sales	27,062	25,706
Cost of sales	21,366	19,325
Gross profit	5,695	6,381
Selling, general and administrative expenses	6,549	6,302
Operating income (loss)	-853	79
Non-operating income		
Dividend income	181	272
Foreign exchange gains	—	328
Share of profit of entities accounted for using equity method	—	60
Gain on redemption of investment securities	300	—
Rent income	103	106
Other	138	137
Total non-operating income	723	906
Non-operating expenses		
Interest expenses	112	90
Foreign exchange losses	673	—
Share of loss of entities accounted for using equity method	102	—
Other	108	85
Total non-operating expenses	997	176
Ordinary income (loss)	-1,126	808
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	201	175
Total extraordinary income	201	175
Extraordinary losses		
Loss on sales of investment securities	86	—
Total extraordinary losses	86	—
Profit (loss) before income taxes	-1,011	984
Income taxes	-228	84
Profit (loss)	-783	899
Profit (loss) attributable to non-controlling interests	-49	65
Profit (loss) attributable to owners of parent	-734	833

Consolidated quarterly statement of comprehensive income  
(April 1 – December 31, 2015)

(Millions of yen)

	Third quarter ended December 31, 2015 (April 1, 2015 - December 31, 2015)	Third quarter ended December 31, 2016 (April 1, 2016 - December 31, 2016)
Profit (loss)	-783	899
Other comprehensive income		
Valuation difference on available-for-sale securities	122	934
Deferred gains or losses on hedges	370	-248
Foreign currency translation adjustment	-253	-1,567
Remeasurements of defined benefit plans, net of tax	-41	32
Share of other comprehensive income of entities accounted for using equity method	-9	-8
Total other comprehensive income	187	-857
Comprehensive income	-595	41
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-527	54
Comprehensive income attributable to non-controlling interests	-68	-12

(3) Note for assumption of going concern

No items to report

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 December 31, 2015		From April 1, 2016 to December 31, 2016		Year-on-year comparison	
Public	14,542	31.5%	13,078	40.4%	-1,463	-10.1%
Private	6,125	13.2%	5,753	17.8%	-372	-6.1%
Overseas	25,571	55.3%	13,544	41.8%	-12,027	-47.0%
Total	46,240	100.0%	32,376	100.0%	-13,863	-30.0%

Sales

(Millions of yen)

	From April 1, 2015 to December 31, 2015		From April 1, 2016 to December 31, 2016		Year-on-year comparison	
Public	3,809	14.1 %	4,504	17.5 %	695	18.3%
Private	5,048	18.6%	6,109	23.8%	1,060	21.0%
Overseas	18,204	67.3%	15,093	58.7%	-3,111	-17.1%
Total	27,062	100.0%	25,706	100.0%	-1,355	-5.0%

Orders backlog

(Millions of yen)

	From April 1, 2015 to December 31, 2015		From April 1, 2016 to December 31, 2016		Year-on-year comparison	
Public	17,408	30.1%	21,281	38.0%	3,873	22.2%
Private	5,358	9.3%	5,242	9.3%	-115	-2.2%
Overseas	34,993	60.6%	29,553	52.7%	-5,440	-15.5%
Total	57,760	100.0%	56,077	100.0%	-1,682	-2.9%