

Torishima's 100-Year History

Committed to pumps for 100 years,
we'll keep evolving and
making the world a better place.

Torishima's Mission

Energy-Efficient Solutions

We contribute to greater efficiency in plants and other infrastructure by supplying high-efficiency pumps and other energy-efficient products, and by providing energy-efficient solutions for pumping equipment and pumping stations.

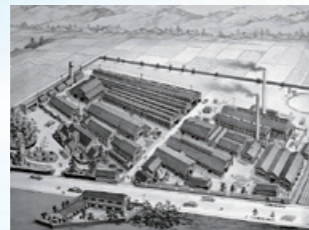
Providing Safety and Reliability

Our state-of-the-art technology ensures safety under all conditions.

On August 1, 2019,
we open the door
to our next century
of business.
Our evolution
continues.



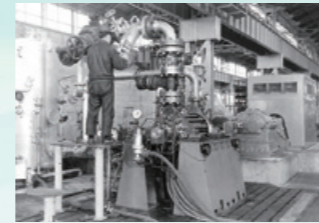
1927
Agricultural-use pumps won first prize in a competition sponsored by the Ministry of Agriculture and Forestry in Japan.



1941
Relocated the head office factory to the current site (Miyata-cho, Takatsuki).



1949
Began systematic research into mechanical seals, earlier than any other company in Japan.



1961
Manufactured the first horizontal multistage ring section pump (HD type). Gaining momentum from this, Torishima entered the markets for industrial and off-grid power generation. Our products were even adopted for supercritical applications.



1979
Established first overseas office in Singapore.



1983
Succeeded in the domestic production of glandless boiler circulation pumps for supercritical boilers.



2002
Launched Torishima Global Team (TGT), made full-scale entry into overseas markets, and established sales bases in the Middle East, Europe, and the U.S.

1919

1919
The birth of Torishima Seisakusho ("Works"), a pioneer in pumps.



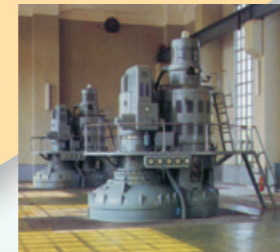
1930s

1934
Amid growing demand for domestically manufactured pumps, Torishima began production of boiler feed pumps. Very difficult to design, these were the main pumps used in thermal power plants.



1940s

1955
Received orders for ultra-large adjustable-vane vertical axial-flow pumps, allowing us to make inroads into large-scale national water and sewerage projects. In 1957, received orders for adjustable-vane vertical axial-flow pumps for what was then the largest drainage pumping station in the East.



1950s

1960s

1970s

1975
The oil crisis of 1973 caused domestic demand to fall. Nevertheless, Torishima focused on exports (mainly for the Middle East and Southeast Asia) and received a steady flow of orders.



▲Seawater desalination plant in Saudi Arabia

1980s

1981
Listed on the First Section of the Tokyo Stock Exchange.

1990s

1990
Established Kyushu Torishima in Saga Prefecture as a manufacturing base for small standard pumps.



1985
Established P.T. Torishima Guna Indonesia, our first overseas pump factory.



2000s

2010s
Promoted Eco-Pumps under our energy-efficiency initiative, "Go Green with Pumps". In 2015, our "Go Green with Pumps" initiative won the highest honor—the Minister of Economy, Trade and Industry Prize—in Japan's Energy Conservation Grand Prize program.



2010s
Established service facilities in the U.K., U.A.E., India, Southeast Asian countries, and the U.S. to expand the service solutions business. In 2012, established a pump factory in Tianjin, China.



2010s

2018
Released TR-COM®, a monitoring system that supports the day-to-day management of rotating machinery such as pumps through IoT.



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ANNIVERSARY 1919 - 2019

100th anniversary logo

Theme: Smile Together

- The two zeros of '100' in our logo resemble 'infinity' (∞) to signify our never-ending efforts to grow and contribute to society.
- The two circles in our logo—representing both '100' and the infinity symbol—are drawn to represent a pump and a face. The message is that our pump business brings smiles to people by providing water, safety, and reliability.
- The logo is blue because the color represents water, progress, and safety and reliability. Like water in a pump, the logo represents the ongoing virtuous circle connecting Torishima to its customers.

The 130 designs submitted by our employees were narrowed down to just five, which all employees voted on to choose the favorite.

SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs), which were set by the United Nations, call on companies to use their business and technologies to help solve issues facing the world and humankind. Torishima is responding to this call by taking action through business and social contribution and by fulfilling its corporate mission. (The following pages of this report show the icons for each of the SDGs that Torishima is contributing to.)

Editorial Policy

We publish the *Torishima Report*, which communicates to the public Torishima's corporate value, including the company's financial and non-financial elements. Please refer to our website for further information of the company.

Financial Data Reference Source

The financial results (including consolidated financial statements) in the *Torishima Report* were taken from the securities report for the year ending March 31, 2019. For other financial data, including the securities report and financial statements audited by a third party, please visit the IR section of our website.

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, 2018 to March 31, 2019. For information on items occurring after April 1, 2019, 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.

torishima pump



<http://www.torishima.co.jp/en>

Torishima's 4 Business Domains

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.

Providing high-efficiency and reliable engineered pumps that respond to customers' increasingly advanced and diversified needs



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

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.



Contributing to a low-carbon society through the use of renewable energy

We offer customers total support in the design, installation, and maintenance of facilities such as wind power and mini/micro hydropower systems.



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.

Torishima's Mission and Vision

In marking its 100th anniversary, Torishima updated its vision and mission so that they serve as a guide for our next century.

The Mission Passion for our Products and Services.
Evolving to meet the demands of an ever changing world.

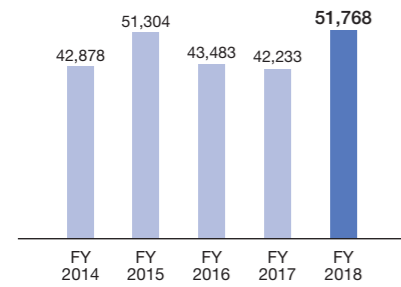
The Vision TEAMWORK
DIVERSITY
PROFESSIONAL
CLARITY
ENTHUSIASM
INNOVATION
EVOLUTION

Teamwork : Combining our skills to achieve our common goal
Diversity : Embracing diversity to achieve success and maximize our global presence
Professional : Fulfill our duties and responsibilities to provide the best service possible
Clarity : Working with integrity, transparency and sense of social responsibility
Enthusiasm : Our success is linked to our passion and enthusiasm throughout our organization
Innovation : Never stop challenging to provide creative solutions to our customers

Financial Highlights

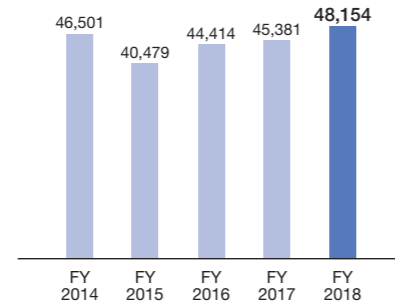
Note: Fiscal years ended March 31.

Orders Received (millions of yen)



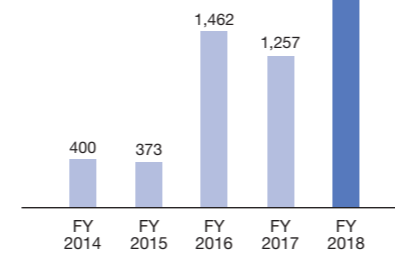
FY2018: Domestic and overseas orders grew steadily, exceeding targets. Notably, orders from Asian and Middle Eastern countries contributed greatly.

Net Sales (millions of yen)



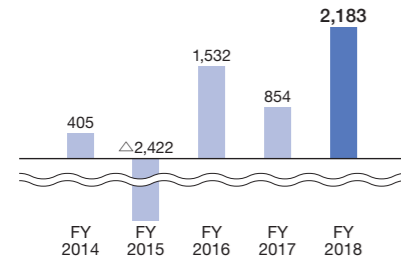
FY2018: Public-sector and private-sector sales were about the same as last year. Overseas sales increased significantly, and sales as a whole exceeded targets.

Operating Income (millions of yen)



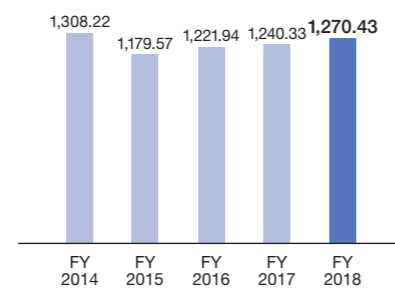
FY2014–2016: Following a thorough revamping of profitability, profits recovered and in FY2016 rose substantially. FY2018: Targets were mostly achieved thanks to increased non-consolidated revenue and solid growth of overseas service centers.

Net Income or Loss Attributable to Owners of the Parent (millions of yen)

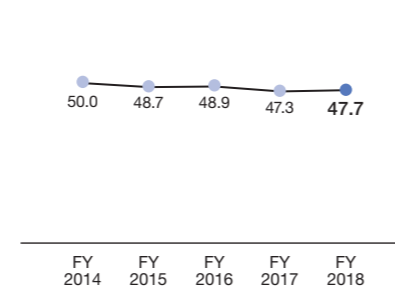


FY2015: Income fell due mainly to transient factors including exchange-rate losses and investment losses. FY2018: Profits grew significantly due to a reduction in tax expenses, which was caused by a decrease in valuation allowance of deferred tax assets and a reversal of deferred tax liabilities.

Net Assets per Share (yen)



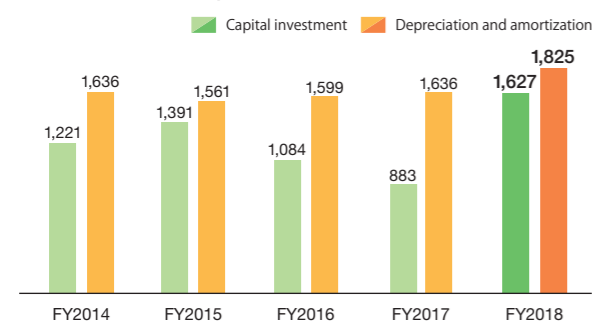
Equity Ratio (%)



Non-Financial Highlights

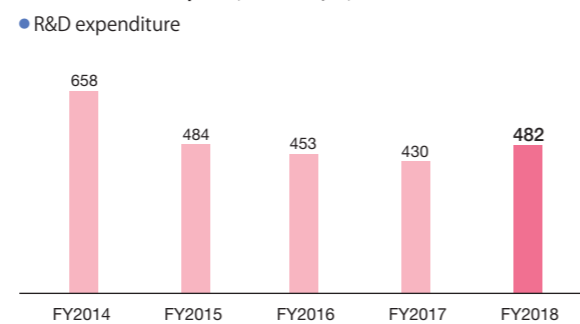
Note: Fiscal years ended March 31.

Manufactured Capital (millions of yen)



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

Intellectual Capital (millions of yen)



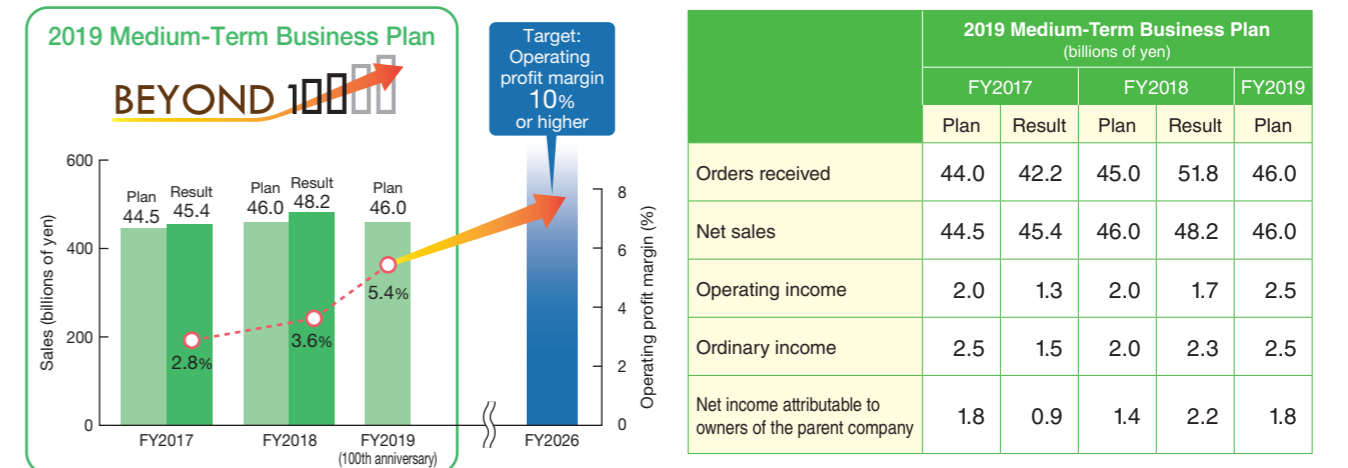
Global Network



- March 2018 Established Torishima Service Solutions Malaysia Sdn. Bhd. (Malaysia)
- June 2018 Established Torishima Service Solutions Formosa Co., Ltd. (Taiwan)
- September 2018 Established Torishima Service Solutions of Michigan LLC (Michigan, U.S.)

Progress in BEYOND 100 2019 Medium-Term Business Plan

The Torishima Group is implementing its Medium-Term Business Plan, which runs from fiscal 2017 to 2019, the year of Torishima's 100th anniversary. In the three-year period covered by our 'Beyond 100' 2019 Medium-Term Business Plan, we will complete measures we have been implementing up to now and prepare to build momentum for our second century of business. In the process, we will improve our fundamental strengths so that we can withstand external environmental factors.



Torishima's long-term challenges and measures towards achieving the 2019 Medium-Term Business Plan

Torishima's aim	Long-term challenges	Targets of 2019 Medium-Term Business Plan	Main efforts in fiscal 2018
Develop world-leading products that offer energy efficiency, safety, and reliability, and create a business model to this end	Innovative Capabilities	Enhance core pump products, introduce new products	Enhanced pumps for desalination plants, large-capacity water transmission pumps, and pumps for pumping stations →P.12
		Develop new systems for the after-sales service market by utilizing technologies such as IoT and 3D	Launched sales of TR-COM system →P.11
Improve the company's fundamental resilience to external environmental factors	Global Strength	Build an optimal global production system (plants in Japan, China, Indonesia, India)	Continued technology transfer to manufacture boiler circulation pumps for power plants in India. Pumps were manufactured locally and their performance was confirmed
	Productivity, Work Process Quality	Use state-of-the-art equipment to boost productivity and expand production capacity	Upgraded and installed equipment in head office factory; boosted productivity
	After-Sales Service Capabilities	Firmly establish and continuously improve process innovation	Improved systems for information sharing while introducing RPA in various departments and promoting digitalization
Build a flexible corporate infrastructure (mechanisms, people)	Governance	Cover more regions (Americas, Southeast Asia)	Established subsidiaries in Taiwan and the U.S. →P.11
		Increase number of supervisors and train them	Expanded the number of supervisors to 45
	Human Resources	Have service solutions business account for 35% or more	Achieved a 35.6% rate in fiscal 2018
Improve viability of Board of Directors	Governance	Improve viability of Board of Directors	Identified problems with Board of Directors and put into operation system for reforming Board of Directors
		Introduce performance-based compensation system	Introduced transfer-restricted stock compensation for directors. Plan to expand it to executive officers
Strengthen management of worldwide subsidiaries	Governance	Reinforcing management of subsidiaries	Reinforcing management of subsidiaries
Reform working styles	Human Resources	Moving forward with three pillars of reform—operations, systems, and awareness →P.12	Moving forward with three pillars of reform—operations, systems, and awareness →P.12
Promote diversity (improve work environment for women and foreign nationals)	Human Resources	Improving working environment for all employees	Improving working environment for all employees
Hire and foster globally minded people	Human Resources	Foreign nationals accounted for 42% of employees (on consolidated basis) in fiscal 2018. Expanded training for overseas employees at head office.	Foreign nationals accounted for 42% of employees (on consolidated basis) in fiscal 2018. Expanded training for overseas employees at head office.

Embarking on our second century in business.

We continue to grow whilst keeping our core values of continual contribution to society.



President and CEO

Kotaro Harada



Surpassing targets for orders received and net sales, almost reaching our goal on operating income, and achieving a smooth transition to a three-division business model.

Torishima completed the second year of our 2019 medium-term business plan. Our performance in fiscal 2018 was strong right from the start of the first quarter. In particular, our orders received totaled ¥51.8 billion thanks to increased global demand primarily in Asia and the Middle East. Thus, we were able to surpass our target by ¥6.8 billion and achieve 22.6% year-on-year growth. Further, an increase in overseas sales helped boost our net sales to ¥48.2 billion, which is a 6.1% year-on-year increase. Operating income increased 37.7% year-on-year to ¥1.7 billion as a result of steadily recovering non-consolidated profit margins. As a result of this strong performance, we were able to pay shareholders both a regular interim dividend and year-end dividend of ¥9, as

well as an additional ¥7 dividend commemorating Torishima's 100th year of business.

Also going smoothly is the system of three business divisions—Public Sector Division, Private Sector Division, and Global Sector Division—which we launched in April 2018. This system integrates sales, engineering, installation, and after-sales service into each division, making smoother communication and faster decision-making possible. This way, we can meet the diverse needs of our customers more smoothly and precisely.

Business performance within our overseas service bases, including Torishima Service Solutions Thailand (TSST), established in fiscal 2016, and Torishima Service Solutions Asia (TSSA), which underwent relocation and expansion in fiscal 2017, has also continued to grow steadily. This has been further enhanced by the addition in fiscal 2018 of two new service bases: Torishima Service Solutions Formosa (TSSF) in Taiwan and Torishima Service Solutions Michigan (TSSMI)

in the United States. With such growth within our global network, we have seen a 21.8% year-on-year increase in service orders received, and our service solutions business has expanded to encompass 35.7% of our total business.

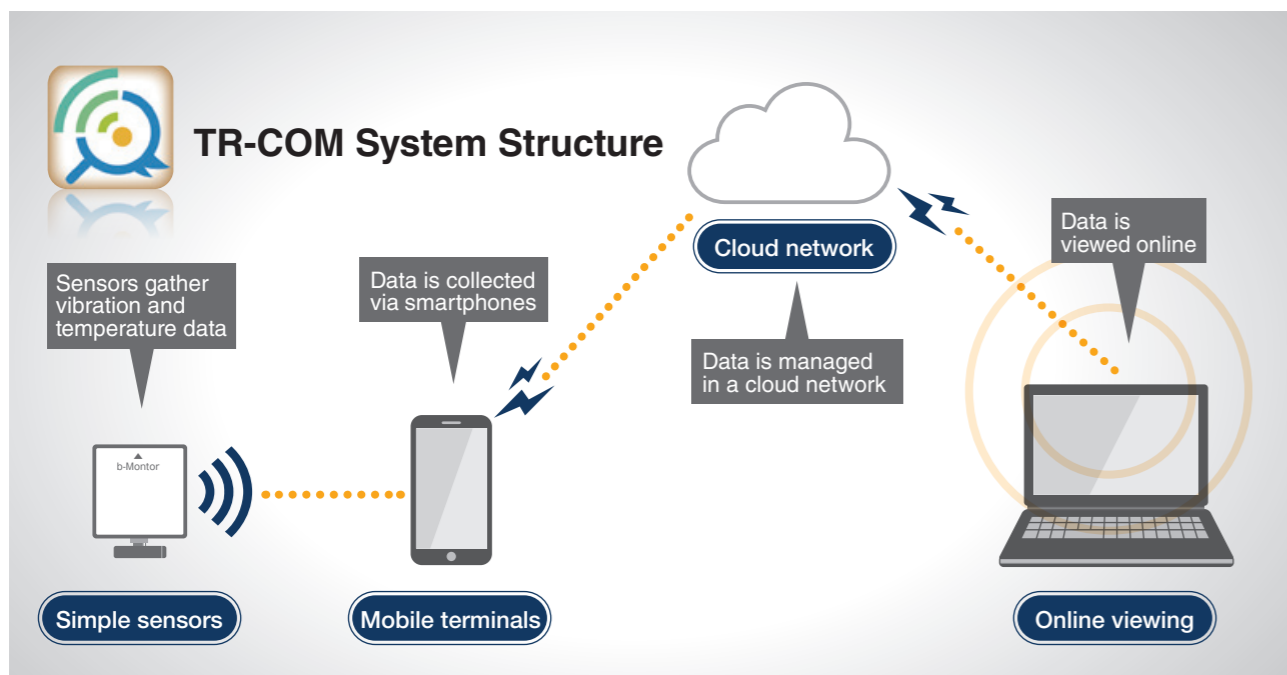
The outlook for the coal-fired power generation market remains grim. On the other hand, increased crude oil prices have spurred demand for water-related projects in the Middle East. We have received orders for numerous pumps in the region, including those for large-scale water supply projects and seawater desalination plants in Saudi Arabia. This is a positive reflection on the technological strength and reputation for reliability that Torishima has cultivated over its many years of business.

Contributing to innovation in Japanese manufacturing with the TR-COM

Currently, an ever-accelerating fourth industrial

revolution is underway in a variety of different industries around the world. It is being driven by the vast amounts of data gathered via the Internet of Things (IoT) and analyzed by artificial intelligence (AI) and other technologies. Japan's low birth rate and aging population is causing labor shortages. To support the continuing development of society, we must harness the innovations emerging from IoT and AI. Of course, the manufacturing sector is no exception. In fact, it is the manufacturing sector in particular where applying a combination of IoT and AI is crucial to creating Japan's future.

One of the ways that Torishima is helping meet the need for new innovation is with the TR-COM rotating equipment monitoring system. We launched this system in fiscal 2018, following several years of development. TR-COM stands for "Torishima Rotating equipment COndition Monitoring," with "COM" also standing for "COMmunication." This service enables customers to share with Torishima data on the condition of their rotating machinery, so that this machinery

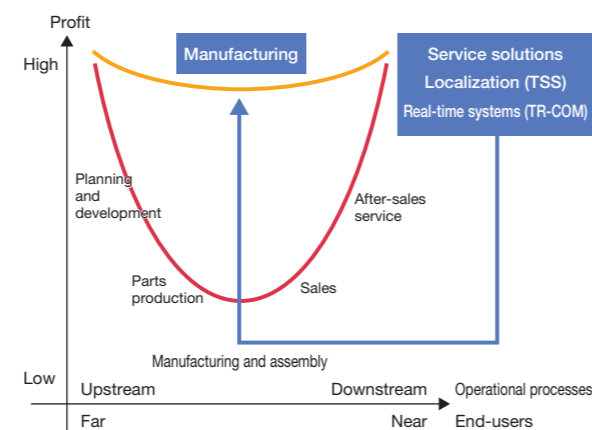


can be managed more efficiently. Our pumps are used not only for infrastructure such as power plants or water and wastewater pumping stations; they are also used in production processes and countless other processes across all industries. While the fourth industrial revolution takes place in our customers' industries, the TR-COM system helps to ensure that a secondary process like daily pump management can be carried out quickly, easily, and cost-effectively. In November 2018, we launched a 1,000-company campaign to provide customers with opportunities to experience the convenience of the TR-COM system firsthand. Customers' response to the TR-COM system has been quite positive. Several companies have already opted to introduce the system into their power generation plants, factories, and other facilities. TR-COM reduces the amount of time required for machinery inspection and helps ensure that problems are discovered early. We also aim to have TR-COM use AI and other technologies to analyze the data it accumulates. This will help us develop new services that will enable customers to innovate their work processes. Although the TR-COM system has only just been introduced, we are excited about the tremendous potential it shows for the future.

Building a target platform for Torishima

According to the "smiling curve" concept, it is typically thought that the manufacturing and assembly processes that occur in the middle of

the value chain are the processes with the least profitability. Thus, over the past several years we have focused on downstream service solutions by expanding the number and size of our service bases around the world, enabling Torishima to be closer to its customers (localization). In the past, shortages in manpower and experience have hindered the effective management of data. But with the TR-COM system, you can easily collect, analyze, and diagnose data. This enhances communication between Torishima and its customers and improves the effectiveness of our services. Moreover, the data gathered by the TR-COM system can be used to develop new products and strengthen manufacturing. These new products will then lead to new and better services. By building a platform for generating this sort of virtuous cycle, we can continue to provide high-value-added products and services that will make Torishima irreplaceable in the eyes of our customers.



Work-style reform to change employees' mindset

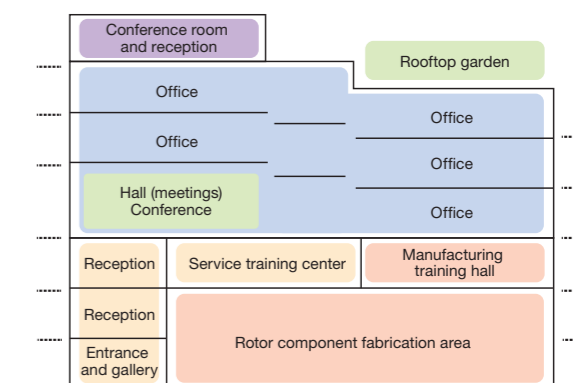
The Administration Division supports the operations of the business divisions. It established the Work-Style Reform Promotion Group in April 2018. The Group has sought to introduce RPA to handle simple office tasks in order to free up employees for more creative work. It has promoted the transition from paper-based to paperless operations, and this has led to more flexible working styles in terms of work location as well as a more efficient use of space. Since April 2019, we have launched pilot offices where we test out different ideas aimed at improving work efficiency and stimulating communication. Examples include a hot-desk system and concentration cubicles.

Work-style reform is also a way of enabling us to better capitalize on diversity, which has long been a strength of Torishima. At present, our corporate group comprises more than 1,500 employees of roughly 35 nationalities. It is precisely because our group contains so many different languages, cultures, ways of thinking, and working styles that we put such a strong emphasis on information sharing and openness. But can we successfully integrate our organizational structure to create better working environments for everyone while also fostering individual strengths and creativity? Our challenge is to shift from "Diversity" to "Inclusion."

These changes are also in preparation for the relocation of our head office factory to a new building scheduled to be completed in February 2021. This new facility will incorporate manufacturing facilities on the lower floors, and concentrated office space on the upper floors to eliminate the large physical distances that currently separate our departments. It will also include spaces for fostering ongoing debate and discussion, open information sharing, and the cultivation of communication channels. In order to effect change in Torishima's rigid infrastructure, we must first effect a change in our own mindsets (soft infrastructure). Although it will involve a significant investment, we firmly believe that instituting such change will foster a virtuous cycle in the long term. This cycle will be driven by improved productivity, greater customer and employee satisfaction, and an influx of talented new employees.



New integrated factory and office building (image)



Abnormal weather resulting from a changing environment is becoming increasingly common around the world. Because of this reality, we firmly believe a key mission of our pump business is to deliver safety, reliability, and energy efficiency to society.

As Japan enters a new imperial era, we sense history being made. And for Torishima there's an added milestone, as we celebrate our centenary in business. The start of our 101st year in business should be seen as a milestone rather than a destination. We remain as committed as ever to tackling challenges and finding ways to adapt and evolve, in order to fulfill our mission as a company and achieve ever-greater growth. To all of our stakeholders, in all of the many and varied ways in which you are connected to Torishima, I reiterate my sincere gratitude and ask for your continued support and understanding.

Let's look at some Torishima initiatives from fiscal 2018 that improved our value.

TR-COM Rotating Equipment Monitoring System

Torishima began supplying a system that monitors the operational status of rotating machinery such as pumps and fans. The system utilizes IoT technology and sensors attached to the machinery. The sensors are battery operated and don't need wiring. They can be set up in minutes. Data from the sensors is collected by a smartphone and can be viewed either on that device or on a PC screen. The system lets operators streamline the day-to-day management of machinery and monitor trends in the machinery's condition. As well as helping to create a positive work environment, this system can be used to address issues such as an aging workforce or a skills drain.

Starting November 2018, we launched a campaign to let customers try TR-COM for free. In the trial, sensors are attached to the customer's equipment and the collected data is used to check the machinery's operational status. Many customers have tried TR-COM, and orders have followed.

We plan to upgrade TR-COM with useful features. One example is a function for managing maintenance records; another is improved functionality for using data to predict malfunctions.



See the TR-COM video:
<https://youtu.be/fnitNGzpMyg>

Expanding Service Bases in Taiwan and the U.S.

Torishima has delivered many high-pressure pumps and large pumps for thermal power plants. In fiscal 2018, we established local subsidiaries in Taiwan and the U.S. to provide on-site servicing and overhauls of these pumps.

In June 2018, we established Torishima Service Solutions Formosa Co., Ltd. in Taiwan. And in September that year, we set up Torishima Service

Solutions of Michigan LLC in the U.S. We've been supplying pumps for over 15 years in the U.S., the world's largest power generation market. In the past, we couldn't provide as much after-sales service as we'd have liked. But the new subsidiaries will boost our after-sales capabilities. Our service solutions will cover installation, field tests, pump maintenance, and sales of spare parts.



Torishima Service Solutions of Michigan LLC

Today Torishima has 13 service bases around the world: in Japan, China, Taiwan, Indonesia, Singapore, Thailand, Malaysia, the Philippines, India, the U.A.E., Saudi Arabia, the U.K., and the U.S. Expanding our service network throughout each country will help to improve our marketing and service activities in the local communities. This will enhance our presence, boost customer satisfaction, and lead to further business growth.

Rebuilding the Head Office Factory

Torishima has launched a project to rebuild the head office factory and make it earthquake-proof. The concept of the project is to integrate the factory and the office, with the aim of boosting communication among those in the sales, R&D, design, and production departments. At the same time, the project seeks to create a more comfortable environment. This should help motivate employees and boost productivity for the entire company.



New integrated factory and office building (image)

March 2019 saw us finish the first step of the rebuilding project: a warehouse for storing wooden patterns used for casting. The new head office factory is being built on the site of this former storehouse. It is scheduled for completion in February 2021.



New warehouse for wooden patterns completed in March 2019

Reforming Working Styles

Starting in April 2019, Japan is enacting a labor reform bill that addresses work-related issues faced by Japanese society. One issue is the country's shrinking workforce caused by its low birthrate and aging population. Another issue is changing work styles that involve balancing work with childcare or nursing care. Companies need to do more than just improve productivity through investments and innovations. They also need to create an environment where people have more opportunities to work and where they can express their capabilities and abilities.

In fiscal 2018, Torishima established a Work-Style Reform Promotion Section. We have already launched three reforms to achieve an inspiring and virtuous cycle in the workplace: operational reform; systemic reform; and awareness reform.

First, for operational reform, we have introduced RPA (robotic process automation) to automate routine tasks. We are also eliminating the use of paper wherever possible and digitizing and sharing information to cut down on paper document storage space.

Secondly, systemic reform aims to bring about diverse ways of working, unlimited by place or time. To this end, we're reviewing our work regulations and systems. So far, we've introduced staggered working shifts in the head office sales department as well as an hourly paid vacation system, to which all employees are entitled.

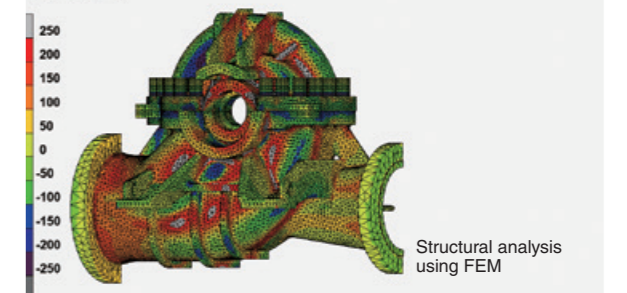
Lastly, to bring the above reforms to fruition, we must change our conventional working styles. To help employees buy in to changing their working styles, we're pursuing awareness reform. The head office factory rebuilding project has given us an opportunity to completely revamp the office layout, so we're trialing a hot-desk system. Not having your own private desk can change an employee's attitude to work. It can also facilitate the digitization of paper documents and the sharing of information, and it can ultimately energize communication among different departments.

Development and Design of High-Head, High-Power Pumps

We have developed a range of high head (generated pressure) for water transmission applications suited to delivering water long distances over variable terrain. Compared to previous large water pumps used for similar purposes, our new pump has improved pressure generation capabilities with high efficiency design.

In developing the pump, we performed repeated structural analysis using FEM (finite element method) to determine the optimal configuration for achieving high-head capabilities. We also designed the bearings to give the pump stable rotor-dynamic performance. To achieve high efficiency, we optimized the configuration of the pump's internal flow channel using our flow analysis technology.

This newly improved pump is being used in Saudi Arabia in a project for which we received an order in fiscal 2018. Demand for water transmission pumps is expected to grow, mainly in the Middle East, and we expect more new orders for our pumps.



Structural analysis using FEM

Torishima focuses on contributing to the environment through its products and business activities, while also lowering the environmental burden of all its business activities.



Philosophy

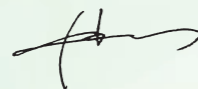
At Torishima, we believe that protecting the Earth's natural environment is a vital task that must be addressed by all mankind. For the sake of the planet and all of its inhabitants, our goal must be to cultivate a naturally beautiful global environment that is conducive to comfortable living. Through our pumps and other eco-friendly products, we supply environmentally sustainable systems that are engineered to enrich living environments everywhere. We conduct production activities so as to be in harmony with environmental demands, and we offer products that have minimal environmental loads. In this way, we are working to bring about developmentally sustainable societies that can support a healthy global environment well into the future.

Activities

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

- 1) We develop and supply highly efficient, environmentally friendly pumps that contribute to energy savings;
- 2) We develop and supply wind power and hydropower generation systems that use natural energy sources. This contributes to a reduction of CO₂ emissions;
- 3) We provide technologies targeting the reuse of waste materials, as a way of enhancing the recycling of natural resources;
- 4) We actively promote reductions in environmental loads and prevention of environmental contamination, based on environmental assessment results;
- 5) We continually strengthen our environmental management systems in order to raise environmental performance;
- 6) We comply with environmental laws, regulations, and other applicable obligations. We also formulate and comply with our own in-house rules;
- 7) Throughout our production activities, we seek to preserve energy and natural resources and promote recycling, waste reduction, and proper management of chemical substances. These actions serve to reduce environmental burdens.

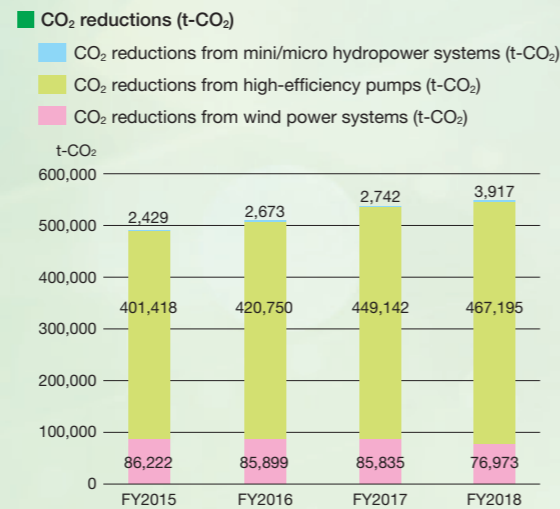
April 2, 2019
Kotaro Harada, President and CEO,
Torishima Pump Mfg. Co., Ltd.



Status of Fiscal 2018 Environmental Objectives

Pump Business, Renewable Energy and the Environment Business

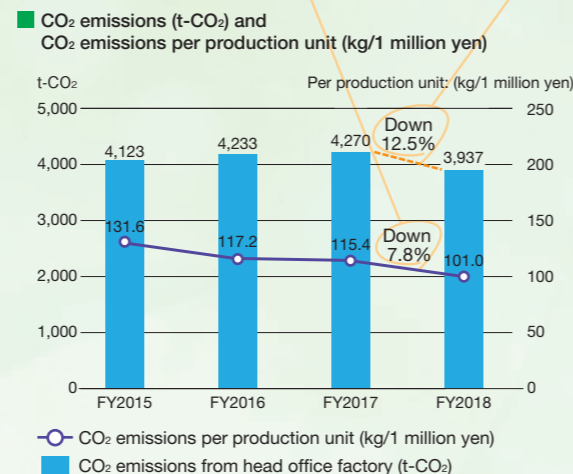
By developing and supplying environmentally friendly products such as energy-efficient pumps (high-efficiency boiler feed pumps, Eco-Pumps, and large high-efficiency pumps), wind power systems, and mini/micro hydropower systems, Torishima contributed to saving energy and reducing CO₂ emissions, as shown in the graph below.



Initiatives for Reducing Environmental Burden in Production Activities

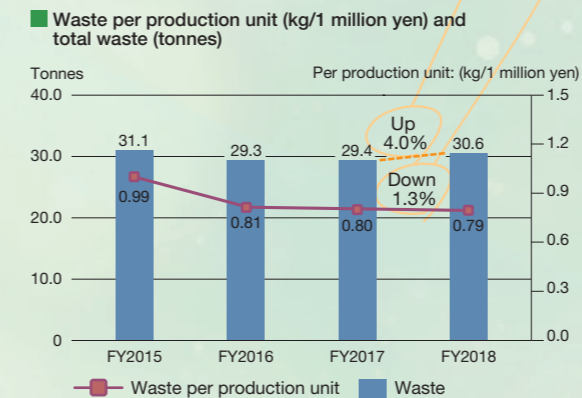
1 Saving Resources and Energy

In fiscal 2018, total CO₂ emissions from the head office factory decreased by 7.8% year-on-year, and CO₂ emissions per production unit went down by 12.5%.



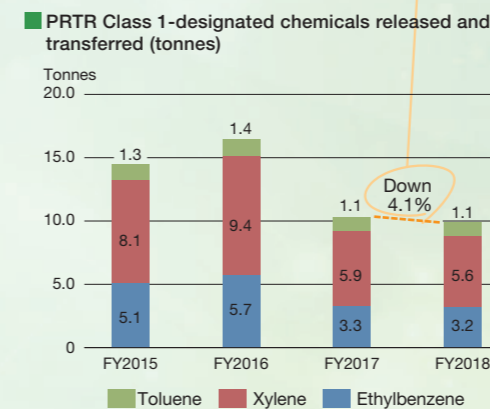
2 Reducing Waste

In fiscal 2018 at the head office factory, the amount of waste per production unit was down 1.3% year-on-year, while the amount of waste rose by 4.0%.



3 Reducing Discharge of PRTR Class 1-Designated Chemicals

In fiscal 2018 Torishima achieved a 4.1% 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. We keep striving to estimate the required paint volumes more accurately, while reducing the amount of cleaning agents we use.

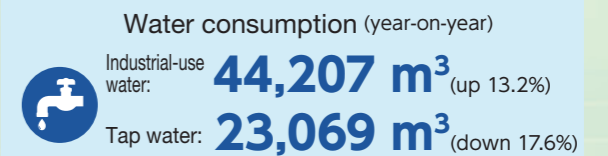
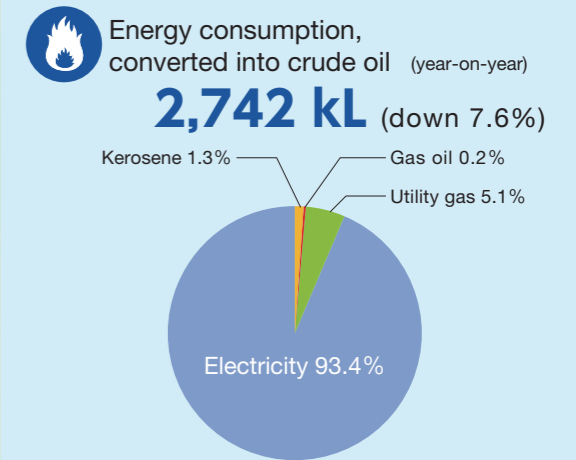


Energy Consumption and Input

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 2018 at the head office, electricity usage decreased by 7.7% year-on-year, while waste increased by 4.0%.

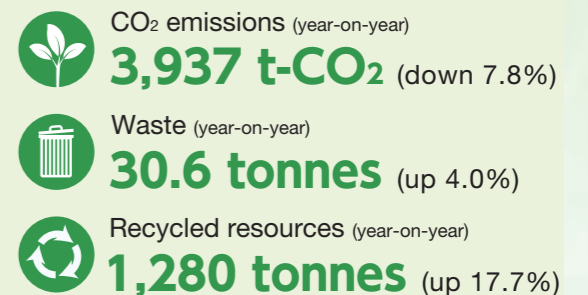
Input

Torishima head office factory



Output

Torishima head office factory



Environmental Friendliness throughout the Value Chain

Torishima's freight volume is below that of a specified consigner, as designated under the Japanese Act on the Rational Use of Energy. Nevertheless, we implement various measures to further reduce freight volume. We have set a target in our environmental management program of reducing freight volume tonne-km* between shippers and suppliers in an effort to lessen our environmental impact.

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

*Tonne-km = Freight weight (tonne) × transport distance (kilometer)

Torishima strives to be a trusted company in its relationship with society by fulfilling its social responsibilities. To this end, we communicate in every way possible with our stakeholders.



Relationship with Customers

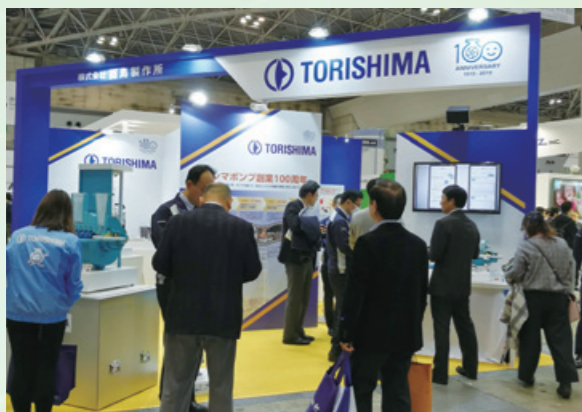
We strive to respond to customer needs by providing them with high-value-added products and services that increase their satisfaction.

Torishima's efforts

Sales activities, "Go Green with Pumps" seminars, product exhibitions, etc.

Communication tools

Website, brochures, etc.



Torishima took part in Thermal Power Expo 2019 held in Tokyo. We showed customers in the domestic and overseas power generation industry the advantages of Torishima products.

Relationship with Business Partners

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.

Torishima's efforts

In order to improve the level of occupational safety and health at both Torishima and our subcontractor partners, we hold a variety of events tailored to different workplaces and aimed at eliminating workplace hazards and accidents. These include joint Torishima-subcontractor occupational safety and health meetings held at manufacturing sites, safety conferences at sales offices, and hazard prevention workshops at construction sites.

Relationship with Shareholders and Investors

We do everything possible to release company information in a timely, fair manner so that shareholders and investors can get a deeper understanding of our sustainable growth.

Torishima's efforts

General shareholders' meetings, financial results briefings for institutional investors, etc.

Communication tools

Website, financial results summaries, financial results presentation materials, financial statements, shareholder newsletters, Torishima Report, fact sheets, etc.

Relationship with Communities

We contribute to society, communities, and education, and strive for safe and stable operation of our factories so that everyone living near Torishima bases can live in safety and peace of mind.

Torishima's efforts

Harada Memorial Foundation

The Harada Memorial Foundation is a public interest incorporated foundation. 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.

Number of research grants **286 cases**

Number of scholarships **1,106 students**

(Total from 1981 to fiscal 2018)

Pump Classes at Elementary Schools

Children represent the future, and we want to contribute to building that future by nurturing the dreams and ambitions of children. Towards that end, Torishima has been visiting elementary schools near the company's head office and factory in Takatsuki, Osaka Prefecture since fiscal 2008 to teach students about the excitement and challenges of manufacturing. The instructors are young members from different departments who spend six months developing and running a program that sees both the students and the instructors learn and grow.



Technical Intern Training for Foreign Trainees

The technical intern training program for foreign trainees was established in Japan in 1993 for the purpose of instructing foreign trainees in those skills, technologies, work habits, quality control, and other manufacturing and operational practices at which Japan excels so that they can then apply their knowledge to industrial development back in their home countries. Since 1999, Torishima has worked with the internship coordination organization IM Japan to accept close to 90 trainees from Indonesia and various other countries. The year 2018 marked 20 years of involvement by Torishima in this training program. The Indonesian Minister of Manpower and Transmigration and IM Japan presented Torishima with a letter of appreciation for the significant contribution Torishima has made to the development of human resources through its enthusiastic acceptance and tailored instruction of so many trainees over so many years.



Letter of appreciation presented by the Minister of Manpower and Transmigration of Indonesia

Local Activities

In October 2018, Torishima opened its head office factory for public tours as part of the hands-on, interactive Open Takatsuki program sponsored by the Takatsuki City Tourism Association. Even participants who live close to the factory do not often have such opportunities to learn about what exactly Torishima does, and their response was positive. One participant said that, "I didn't realize that there was such a globally active Japanese company right here in Takatsuki."



The 27th Takatsuki City Half Marathon was run in January 2019. As a local company, Torishima has supported the event since its inception. Participants include everyone from elementary school children to the elderly, as well as a number of Torishima employees. Takatsuki Citizens' Sports Day is another of the local events which Torishima supports.





ESG Governance



Relationship with Employees

Human resources are a vital asset that companies should nurture. We consistently create workplace environments that enable employees to work safely and worry-free, and we provide learning opportunities that promote employees' growth.

Employee Education

Torishima actively offers educational opportunities and support, such as providing technical training on pumps and on-the-job training for new employees. We also offer grants to help employees obtain a Ph.D. in engineering or a national technical qualification. In addition, we provide distance learning, in-house English conversation lessons, and seminars by outside organizations to boost employees' skills. "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 beyond national boundaries.

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.



On July 19, 2017, Torishima received the "Kurumin" mark of certification from the Osaka Labor Bureau of the Ministry of Health, Labor, and Welfare in recognition of the various ways in which Torishima supports employees in balancing work and child-raising responsibilities.

We also provide employees support for raising children. In addition to an in-house daycare center, we strive to create an environment conducive to employees taking maternity leave and parental leave. As a result of such measures, our percentage of women returning to work after childbirth is 100%.

The percentage of disabled employees at Torishima in fiscal 2018 was 2.85%. This figure far exceeds the legally mandated rate of 2.2%. Torishima provides guidance and support so that these employees can feel they are part of the Torishima team and nurture their own hopes and dreams for the future.



In 2016, Torishima was registered as, and received a mark of certification from Osaka Prefecture as a company actively engaged in the employment of disabled persons.

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.

For the future, Torishima will aim to raise corporate value by increasing the effectiveness of the Board of Directors. We will also enhance management of domestic and overseas subsidiaries in an effort to strengthen governance. Furthermore, we will introduce a performance-based compensation system that will enable the sharing of value between directors and shareholders.

Overview of the Corporate Governance Structure (As of June 27, 2019)

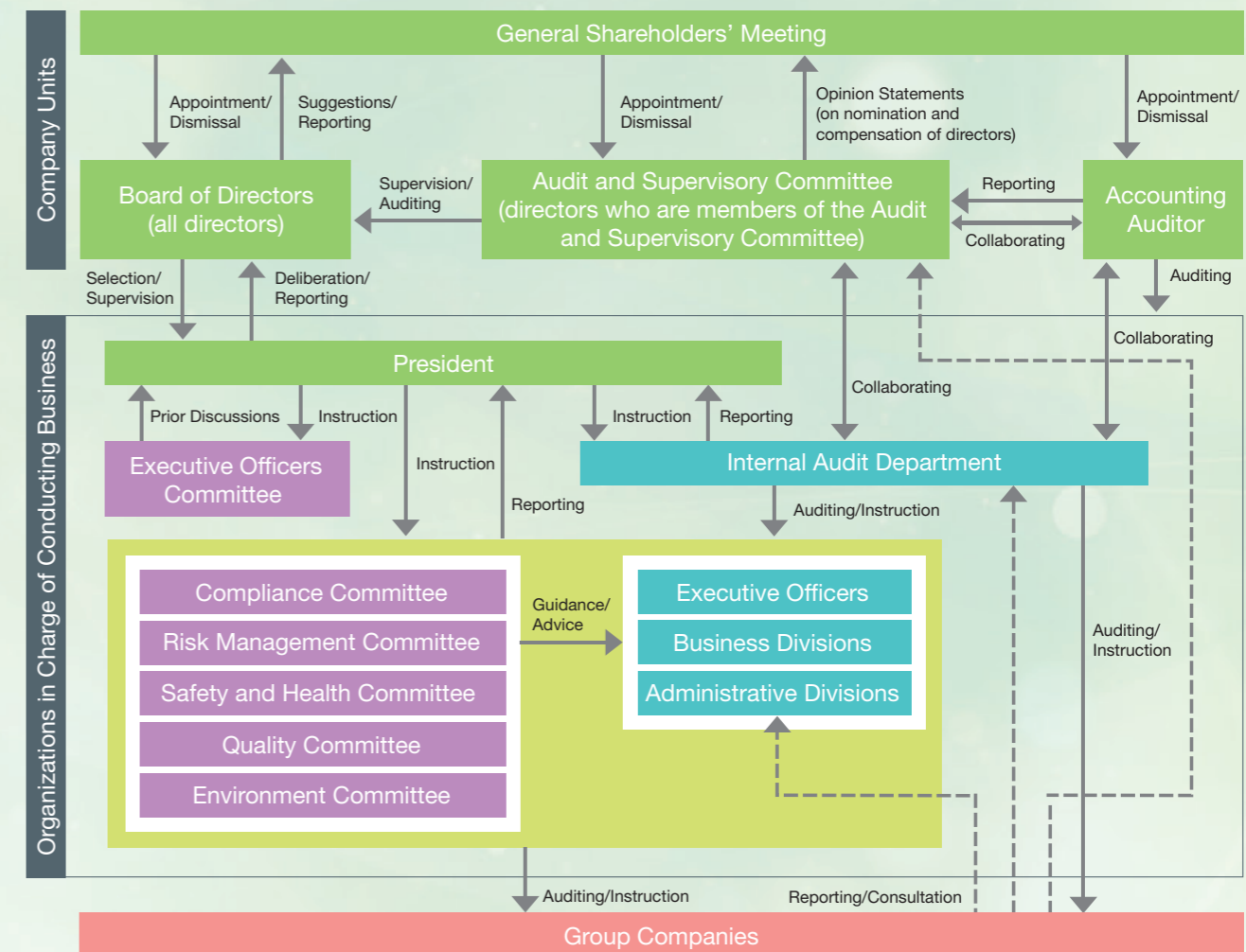
■ Organization	Company with an Audit and Supervisory Committee
■ Directors (excluding directors on the Audit and Supervisory Committee)	Five: One-year term
■ Directors on the Audit and Supervisory Committee	Four (of whom three are outside directors): Two-year term
■ Executive officer system	Yes

Initiatives for Strengthening Corporate Governance

- June 2015: Transition to company with an Audit and Supervisory Committee
- November 2015: Report disclosure in line with adoption of the Corporate Governance Code (establishment of corporate governance-related basic policies)
- May 2017: Start of Board of Director effectiveness evaluations
- June 2018: Introduction of a restricted stock compensation system

To grow sustainably and raise corporate value in the medium to long term, Torishima is strengthening its corporate governance and its framework for risk management, internal control, J-SOX compliance, and other items.

Torishima's Governance Structure



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 and related laws and regulations.

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

ISO Certification

Safety and Health Policy, ISO 45001

To ensure a safe work environment with the cooperation of employees and other relevant personnel, Torishima has been certified for the ISO 45001 occupational health and safety management standard and is carrying out health and safety activities.

Certified site: Torishima Pump Mfg. Co., Ltd. head office factory

Date	Standard/Certification body
April 2010– March 2019	<ul style="list-style-type: none"> JISHA OSHMS standards JISHA (Japan Industrial Safety and Health Association)
April 2019	<ul style="list-style-type: none"> ISO 45001:2018 Safety and Health Management System Audit and Certification Center, JISHA

Safety and Health Policy Basic Philosophy

Torishima contributes to society through business activities that include the development and manufacture of pumps and related products. At the same time, we regard creating a safe, healthy environment—one where employees can work free of worries and where their health is maintained or even enhanced—as the basis of our QCD (quality, cost, and delivery) actions. We have thus formulated a basic policy on safety and health and are building a culture of safety and health that aims for a virtuous cycle. And we seek to be a vibrant company that continues to grow forever.

Basic Policy

- We are building an occupational safety and health management system based on ISO 45001 and aim to raise the level of safety and health through ongoing improvement activities.
- We identify hazardous factors in the workplace through risk assessments and take countermeasures on an ongoing basis so that we can reduce risks to an absolute minimum.
- We comply with all safety and health-related laws and regulations and company standards in an effort to further our safety and health management.
- We seek to create a comfortable workplace for everyone concerned by ensuring effective communication among Torishima employees and among other people working at Torishima sites.
- We strive to prevent incidents and aim for zero accidents and disasters by raising employees' awareness of safety and health through education and training.
- In executing safety and health activities, we invest the appropriate management resources and implement effective improvements on an ongoing basis.

April 1, 2019

Kotaro Harada,
President and CEO

Nobuyuki Yoshikawa,
Safety and Health
General Manager

ISO 9001 Certification

Torishima has been certified for ISO 9001, an international standard on quality management systems. This assures we deliver products, engineering, and maintenance services of a quality that satisfies customers and earns their trust.

Date	Name
February 1997	Torishima Pump Mfg. Co., Ltd. head office factory; Torishima Tokyo branch; Sapporo, Sendai, Nagoya, Osaka, Takamatsu, Hiroshima, Kyushu, and Saga offices; Yokohama and Okinawa sales offices (Japan)

More and more of Torishima's overseas subsidiaries and branches have been achieving ISO 9001 certification.

We make group-wide efforts to raise quality.

Basic Quality Philosophy

Earning customer trust, providing satisfaction

Quality Policy

- We place top priority on abiding by laws, regulations, and rules, and on giving customers safety and reliability.
- In order to provide customers with products and services of value, we make proposals and respond with a clear understanding of customers' needs and expectations.
- We clarify and execute all items stipulated in contracts with customers.
- We constantly create and improve on quality in all processes.
- We set quality targets, and plan and implement the concrete measures to realize these targets.
- To ensure that non-conforming products and customer complaints never happen, we conduct thorough design review and initial-product quality control.
- In the case of non-conforming products, we respond appropriately and thoroughly.
- In the case of non-conforming products or customer complaints, we analyze them from a range of viewpoints to ensure they never happen again.
- We systematically develop employees' capabilities as part of fostering them into self-directed individuals.
- We constantly improve our quality management system to ensure its maximum effectiveness.

April 3, 2019

Kotaro Harada,
President and CEO

ISO 14001 Certification

Torishima actively pursues ISO 14001 certification, an international standard on environmental management systems, and strives to protect the environment. All of our bases in Japan operate environmental management systems that comply with ISO 14001:2015.

Date	Name
July 1999	Torishima Pump Mfg. Co., Ltd. head office and factories (Japan)
March 2004	P.T. Torishima Guna 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, Kyushu, and Saga offices; Yokohama 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)

For further information on Torishima's ESG initiatives, please visit our corporate website.

www.torishima.co.jp/en/outline/csr/

Directors and Executive Officers

Directors (As of June 27, 2019)

Maximizing our experience and knowledge to raise the medium- and long-term corporate value of the Torishima Group



President and Representative Director

Kotaro Harada

Since being appointed president and representative director in June 2006, Mr. Harada has demonstrated strong leadership at the core of Torishima's management. He plays an indispensable role in raising corporate value over the medium and long term.



Representative Director

Tetsuya Kujima

After being engaged in areas such as sales planning and wind power, Mr. Kujima was appointed representative director in June 2018. He is now in charge of manufacturing and procurement, and he also takes part in corporate planning.



Representative Director

Koichiro Hamu

Mr. Hamu has always been involved in engineering. As well as being in charge of technology, he takes part in corporate planning. There, his job is to promote the planning and development of new products and boost Torishima's overseas marketing capabilities. He has been newly appointed as representative director.



Director

Nobuyuki Yoshikawa

Mr. Yoshikawa has a wealth of experience in areas such as quality assurance, CSR promotion, manufacturing, and procurement. Since April 2019, he has been supporting Torishima's back office operations as general manager of the Administration Division.



Director Newly appointed

Hiroto Takahashi

After joining Torishima in 2003 and working in wind power development, Mr. Takahashi has been engaged in personnel and general affairs. He was appointed director based on his contribution to running general shareholders' meetings and heading investor relations activities. His work in these areas has helped to raise Torishima's corporate value over the medium to long term.



Director (Member of Audit and Supervisory Committee), Chair of Audit and Supervisory Committee

Yutaka Fukuda

Mr. Fukuda draws on his experience and knowledge in accounting, general affairs, and internal auditing to strengthen Torishima's governance and compliance systems.



Director (Member of Audit and Supervisory Committee)

Akira Tsuda

Mr. Tsuda has ample experience, knowledge, and success working at other companies as a director and in other management positions. From an objective perspective, independent of Torishima's management members, he provides sound proposals and advice to the company's Board of Directors.



Director (Member of Audit and Supervisory Committee)

Shiro Hakukawa

Mr. Hakukawa has specialized knowledge in taxes, finance, and accounting gained through years of experience as a certified public accountant. He brings strengthened oversight and transparency to Torishima's management.



Director (Member of Audit and Supervisory Committee)

Hiroshi Akiyama

Mr. Akiyama has gained extensive experience from being a lawyer and working as an outside auditor at other companies. He offers a legal perspective while overseeing the strengthening of Torishima's governance and compliance systems.

Executive Officers (As of June 27, 2019)

Chief Executive Officer	Kotaro Harada	President
Deputy Chief Executive Officer	Gerald Ashe	Overseas Business
Senior Managing Executive Officers	Tetsuya Kujima Koichiro Hamu Alister Flett	General Manager of Manufacturing Division, General Manager of Procurement Division General Manager of Corporate Planning Office*, General Manager of Engineering Division, General Manager of Research & Development Department General Manager of Corporate Planning Office*, General Manager of Global Sector Division, General Manager of TGT Sales Department
Managing Executive Officers	Nobuyuki Yoshikawa Yoshiaki Inuyama Yoshinori Hirusawa	General Manager of Administration Division General Manager of Public Sector Division General Manager of Private Sector Division
Executive Officers	Hiroto Takahashi Masahiro Yamazaki Mike Choi Takuya Ono Satoshi Tomizawa Akihiro Suezawa Yasuo Yanagawase Hideki Tsukahara Akihiro Wada	General Manager of Personnel Department, General Manager of General Affairs Department Chairman of Torishima Pumps (India) Private Ltd. Regional Director of TGT Hong Kong & Vietnam, Managing Director of Torishima (Hong Kong) Ltd. General Manager of Singapore Office General Manager of Middle East Office, General Manager of Pump Sales Department, General Manager of Saudi Arabia Representative Office General Manager of Tokyo Branch, General Manager of Tokyo Branch Plant Sales Department General Manager of Osaka Branch, General Manager of Osaka Branch Public-Sector Sales Department General Manager of Tokyo Branch Private Sector Sales Department Deputy General Manager of Procurement Division, General Manager of Procurement Department

*The Corporate Planning Office is under joint management.

Financial Data from the Past 11 Years

		Millions of yen										Thousands of U.S. dollars*1		
(Fiscal years ended March 31)		FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2018	
【1】 Business performance	Orders received	46,988	58,624	32,974	39,579	40,975	52,847	42,878	51,304	43,483	42,233	51,768	466,378	
	Net sales	45,692	45,008	49,880	46,453	45,974	45,985	46,501	40,479	44,414	45,381	48,154	433,820	
	Gross operating income	8,596	9,548	9,257	8,959	8,015	8,320	9,162	9,191	10,538	10,954	11,763	105,973	
	Operating income or loss	2,761	3,258	3,127	2,286	517	(945)	400	373	1,462	1,257	1,731	15,595	
	Ordinary income or loss	3,410	3,833	3,673	2,929	1,389	(632)	793	(1,663)	1,871	1,549	2,275	20,495	
	Net income or loss attributable to owners of the parent	1,990	2,609	1,892	1,497	943	442	405	(2,422)	1,532	854	2,183	19,667	
	Gross profit margin (%)	18.8%	21.2%	18.6%	19.3%	17.4%	18.1%	19.7%	22.7%	23.7%	24.1%	24.4%	24.4%	
	Operating profit margin (%)	6.0%	7.2%	6.3%	4.9%	1.1%	(2.1)%	0.9%	0.9%	3.3%	2.8%	3.6%	3.6%	
	ROE (return on equity) (%)	8.0%	9.5%	6.1%	4.8%	2.9%	1.3%	1.1%	(7.5)%	4.7%	2.6%	6.4%	6.4%	
	ROA (return on assets) (%)	3.2%	4.0%	3.1%	2.5%	1.4%	0.6%	0.6%	(3.7)%	2.3%	1.2%	3.0%	3.0%	
【2】 Financial status	Total assets	62,132	65,641	61,178	60,812	68,232	68,062	71,987	66,198	67,719	71,171	72,674	654,721	
	Net assets	24,006	31,083	30,968	31,775	33,602	34,524	36,532	32,794	33,713	34,017	34,947	314,838	
	Equity ratio (%)	38.6%	47.2%	50.3%	51.3%	48.2%	49.9%	50.0%	48.7%	48.9%	47.3%	47.7%	47.7%	
【3】 Breakdown of orders received, net sales, and order backlog	Net sales by region	Japan	19,126	20,939	18,703	17,281	18,070	20,096	19,104	17,059	22,153	25,058	24,471	220,459
		Asia	8,449	5,408	11,196	13,125	10,259	9,042	11,124	11,307	8,612	8,391	8,168	73,586
		Middle East	13,347	16,248	14,369	11,430	11,887	9,753	11,115	8,225	10,940	10,064	11,196	100,865
		Others	4,770	2,412	5,609	4,615	5,758	7,092	5,156	3,887	2,708	1,866	4,318	38,901
		Overseas ratio (%)	58.1%	53.5%	62.5%	62.8%	60.7%	56.3%	58.9%	57.9%	50.1%	44.8%	49.2%	49.2%
	Orders received by segment	Public sector	14,835	14,575	9,973	11,600	10,971	15,923	12,001	16,013	15,913	13,914	16,434	148,054
		Private sector	5,245	4,517	4,921	6,205	5,733	7,144	6,943	8,396	7,973	8,914	9,258	83,405
		Overseas	26,907	39,532	18,079	21,772	24,270	29,779	23,933	26,895	19,595	19,403	26,075	234,910
	Net sales by segment	Public sector	14,099	15,469	13,760	11,317	12,277	13,797	12,957	9,980	13,832	16,621	15,931	143,523
		Private sector	5,025	5,468	4,942	5,963	5,792	6,299	6,146	7,078	8,320	8,436	8,540	76,937
Overseas		26,566	24,069	31,176	29,172	27,904	25,888	27,397	23,419	22,261	20,322	23,683	213,360	
Order backlog by segment	Public sector	11,209	10,316	6,528	6,811	5,505	7,631	6,675	12,707	14,788	12,082	12,585	113,378	
	Private sector	3,428	2,477	2,455	2,698	2,639	3,484	4,281	5,598	5,251	5,729	6,447	58,081	
	Overseas	35,867	51,329	38,231	30,832	27,198	31,089	27,625	31,101	28,436	27,516	29,908	269,441	
【4】 Major expenditures	SG&A (selling, general, and administrative expenses)	5,834	6,290	6,130	6,673	7,497	9,265	8,761	8,818	9,075	9,697	10,032	90,378	
	SG&A-to-sales ratio (%)	12.8%	14.0%	12.3%	14.4%	16.3%	20.1%	18.8%	21.8%	20.4%	21.4%	20.8%	20.8%	
	Depreciation	873	851	961	1,096	1,231	1,646	1,636	1,561	1,599	1,636	1,825	16,441	
	Capital investment	739	1,311	2,297	2,224	3,083	2,139	1,221	1,391	1,084	883	1,627	14,658	
	R&D expense	603	730	567	606	691	678	658	484	453	430	482	4,342	
【5】 Cash flow	Cash flow from operations	922	4,439	735	2,661	3,513	(4,086)	(1,194)	5,000	6,496	587	3,769	33,955	
	Cash flow from investments	(1,259)	(3,084)	(75)	(1,269)	(3,966)	(4,498)	(345)	(415)	1,376	(1,105)	(1,438)	(12,955)	
	Cash flow from financial activities	(669)	1,678	590	(2,371)	4,356	(112)	2,120	(1,624)	(4,140)	1,153	2,150	19,369	
【6】 Per share information	Net income per share (yen)	77.32	100.07	67.45	53.38	33.64	15.74	14.61	(88.13)	56.15	31.50	80.18	0.72 dollars	
	Net assets per share (yen)	931.13	1,105.50	1,097.71	1,112.29	1,172.56	1,209.10	1,308.22	1,179.57	1,221.94	1,240.33	1,270.43	11.45 dollars	
【7】 Stock information	Dividends (yen)	17	20*2	18	18	18	18	18	18	18	18	25*3	0.23 dollars	
	Payout ratio (%)	22.0%	20.0%	26.7%	33.7%	53.5%	114.4%	123.2%	—	32.1%	57.5%	31.3%	31.3%	

*1: U.S. dollar amounts have been translated from yen—solely for the convenience of the reader—at the rate of ¥111 to U.S.\$1.00, the exchange rate prevailing on March 31, 2019.

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

*3: Includes an additional 7-yen dividend commemorating Torishima's 100th year of business.

Note: Figures on pages 21 to 27 have been calculated based on Japanese disclosure rules.

Consolidated balance sheet

	Millions of Yen		Thousands of U.S. Dollars**
	FY2017 (March 31, 2018)	FY2018 (March 31, 2019)	FY2018 (March 31, 2019)
Assets			
Current assets			
Cash and deposits	11,474	15,931	143,526
Notes and accounts receivable - trade	26,784	25,778	232,242
Merchandise and finished goods	228	217	1,963
Work in process	7,639	6,462	58,223
Raw materials and supplies	1,663	1,647	14,844
Advance payments - trade	661	624	5,630
Other	946	1,301	11,721
Allowance for doubtful accounts	-841	-966	-8,705
Total current assets	48,556	50,998	459,445
Non-current assets			
Property, plant and equipment			
Buildings and structures	10,084	10,658	96,025
Accumulated depreciation	-6,215	-6,541	-58,933
Buildings and structures, net	3,869	4,117	37,092
Machinery, equipment and vehicles	10,772	11,186	100,781
Accumulated depreciation	-8,387	-8,807	-79,351
Machinery, equipment and vehicles, net	2,384	2,378	21,430
Tools, furniture and fixtures	2,718	3,082	27,772
Accumulated depreciation	-2,371	-2,609	-23,507
Tools, furniture and fixtures, net	346	473	4,264
Land	2,490	2,484	22,386
Leased assets	715	815	7,348
Accumulated depreciation	-277	-338	-3,049
Leased assets, net	437	477	4,298
Construction in progress	102	225	2,032
Total property, plant and equipment	9,631	10,156	91,501
Intangible assets	1,416	909	8,196
Investments and other assets			
Investment securities	10,497	9,542	85,959
Long-term loans receivable	349	333	3,005
Retirement benefit asset	597	455	4,101
Deferred tax assets	86	105	950
Other	561	664	5,992
Allowance for doubtful accounts	-523	-491	-4,425
Total investments and other assets	11,567	10,609	95,581
Total non-current assets	22,615	21,675	195,279
Total assets	71,171	72,674	654,724

	Millions of Yen		Thousands of U.S. Dollars**
	FY2017 (March 31, 2018)	FY2018 (March 31, 2019)	FY2018 (March 31, 2019)
Liabilities			
Current liabilities			
Notes and accounts payable - trade	10,998	11,145	100,411
Short-term loans payable	4,196	2,443	22,016
Income taxes payable	379	140	1,262
Advances received	3,091	2,292	20,656
Provision for bonuses	856	872	7,857
Provision for product warranties	722	797	7,182
Provision for loss on construction contracts	1,635	584	5,270
Other	2,250	2,237	20,156
Total current liabilities	24,130	20,513	184,810
Non-current liabilities			
Long-term loans payable	11,095	15,470	139,371
Deferred tax liabilities	928	659	5,940
Provision for retirement benefits for directors (and other officers)	19	1	16
Retirement benefit liability	300	301	2,717
Other	679	779	7,024
Total non-current liabilities	13,023	17,212	155,069
Total liabilities	37,154	37,726	339,879
Net assets			
Shareholders' equity			
Capital stock	1,592	1,592	14,349
Capital surplus	7,604	7,621	68,666
Retained earnings	23,138	24,793	223,363
Treasury shares	-1,841	-1,736	-15,643
Total shareholders' equity	30,494	32,271	290,735
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	2,039	1,638	14,762
Deferred gains or losses on hedges	72	-59	-535
Foreign currency translation adjustment	621	420	3,784
Remeasurements of defined benefit plans	461	381	3,434
Total accumulated other comprehensive income	3,196	2,380	21,445
Share acquisition rights	142	121	1,092
Non-controlling interests	184	174	1,573
Total net assets	34,017	34,947	314,845
Total liabilities and net assets	71,171	72,674	654,724

*1: U.S. dollar amounts have been translated from yen—solely for the convenience of the reader—at the rate of ¥111 to U.S.\$1.00, the exchange rate prevailing on March 31, 2019.

Consolidated statements of (comprehensive) income

(Consolidated statements of income)

	Millions of Yen		Thousands of U.S. Dollars**
	FY2017	FY2018	FY2018
	(April 1, 2017 to March 31, 2018)	(April 1, 2018 to March 31, 2019)	(April 1, 2018 to March 31, 2019)
Net sales	45,381	48,154	433,828
Cost of sales	34,426	36,391	327,847
Gross profit	10,954	11,763	105,981
Selling, general and administrative expenses	9,697	10,032	90,385
Operating profit	1,257	1,731	15,595
Non-operating income			
Interest income	25	71	640
Dividend income	242	220	1,983
Share of profit of entities accounted for using equity method	96	99	896
Rent income	143	131	1,182
Other	169	290	2,614
Total non-operating income	676	811	7,315
Non-operating expenses			
Interest expenses	120	128	1,160
Commission for syndicate loan	67	32	296
Foreign exchange losses	94	75	685
Other	103	29	268
Total non-operating expenses	384	267	2,409
Ordinary profit	1,549	2,275	20,501
Extraordinary income			
Gain on sales of investment securities	—	97	874
Gain on sales of subsidiaries and associates	—	9	88
Total extraordinary income	—	106	963
Extraordinary losses			
Loss on sales of investment securities	—	83	756
Loss on valuation of investment securities	—	14	134
Loss on valuation of shares of subsidiaries and associates	104	28	259
Total extraordinary losses	104	127	1,149
Profit before income taxes	1,444	2,254	20,315
Income taxes - current	385	107	971
Income taxes - deferred	183	-7	-68
Total income taxes	569	100	904
Profit	875	2,154	19,411
Profit (loss) attributable to non-controlling interests	20	-28	-260
Profit attributable to owners of parent	854	2,183	19,671

(Consolidated statements of comprehensive income)

	Millions of Yen		Thousands of U.S. Dollars**
	FY2017	FY2018	FY2018
	(April 1, 2017 to March 31, 2018)	(April 1, 2018 to March 31, 2019)	(April 1, 2018 to March 31, 2019)
Profit	875	2,154	19,411
Other comprehensive income			
Valuation difference on available-for-sale securities	206	-401	-3,616
Deferred gains or losses on hedges	65	-132	-1,190
Foreign currency translation adjustment	-140	-212	-1,917
Remeasurements of defined benefit plans, net of tax	153	-80	-726
Share of other comprehensive income of entities accounted for using equity method	3	-1	-14
Total other comprehensive income	290	-828	-7,463
Comprehensive income	1,165	1,326	11,948
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	1,160	1,367	12,322
Comprehensive income attributable to non-controlling interests	5	-41	-374

*1: U.S. dollar amounts have been translated from yen—solely for the convenience of the reader—at the rate of ¥111 to U.S.\$1.00, the exchange rate prevailing on March 31, 2019.

Consolidated statements of changes in net assets

FY2018 (April 1, 2018 to March 31, 2019)

Millions of yen

	Shareholders' equity					Share acquisition rights	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity			
Balance at beginning of current period	1,592	7,604	23,138	-1,841				30,494
Changes of items during period								
Dividends of surplus			-492					-492
Profit attributable to owners of parent			2,183					2,183
Purchase of treasury shares				-0				-0
Disposal of treasury shares				105				105
Sales of shares of consolidated subsidiaries		17	-4					12
Change of scope of consolidation			-31					-31
Net changes of items other than shareholders' equity								
Total changes of items during period	—	17	1,654	104				1,777
Balance at end of current period	1,592	7,621	24,793	-1,736				32,271

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income				
Balance at beginning of current period	2,039	72	621	461	3,196	142	184	34,017	
Changes of items during period									
Dividends of surplus								-492	
Profit attributable to owners of parent								2,183	
Purchase of treasury shares								-0	
Disposal of treasury shares								105	
Sales of shares of consolidated subsidiaries								12	
Change of scope of consolidation								-31	
Net changes of items other than shareholders' equity	-401	-132	-201	-80	-815	-21	-9	-846	
Total changes of items during period	-401	-132	-201	-80	-815	-21	-9	930	
Balance at end of current period	1,638	-59	420	381	2,380	121	174	34,947	

FY2018 (April 1, 2018 to March 31, 2019)

Thousands of US dollars**

	Shareholders' equity					Share acquisition rights	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity			
Balance at beginning of current period	14,349	68,507	208,454	-16,589				274,721
Changes of items during period								
Dividends of surplus			-4,432					-4,432
Profit attributable to owners of parent			19,671					19,671
Purchase of treasury shares				-1				-1
Disposal of treasury shares				947				947
Sales of shares of consolidated subsidiaries		159	-43					116
Change of scope of consolidation			-287					-287
Net changes of items other than shareholders' equity								
Total changes of items during period	—	159	14,909	946				16,014
Balance at end of current period	14,349	68,666	223,363	-15,643				290,735

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income				
Balance at beginning of current period	18,376	655	5,603	4,160	28,794	1,286	1,659	306,460	
Changes of items during period									
Dividends of surplus								-4,432	
Profit attributable to owners of parent								19,671	
Purchase of treasury shares								-1	
Disposal of treasury shares								947	
Sales of shares of consolidated subsidiaries								116	
Change of scope of consolidation								-287	
Net changes of items other than shareholders' equity	-3,614	-1,190	-1,819	-726	-7,349	-194	-86	-7,629	
Total changes of items during period	-3,614	-1,190	-1,819	-726	-7,349	-194	-86	8,385	
Balance at end of current period	14,762	-535	3,784	3,434	21,445	1,092	1,573	314,845	

Consolidated statements of cash flows

	Millions of Yen		Thousands of U.S. Dollars*1
	FY2017 (April 1, 2017 to March 31, 2018)	FY2018 (April 1, 2018 to March 31, 2019)	FY2018 (April 1, 2018 to March 31, 2019)
Cash flows from operating activities			
Profit before income taxes	1,444	2,254	20,315
Depreciation	1,636	1,825	16,445
Increase (decrease) in allowance for doubtful accounts	430	96	870
Increase (decrease) in provision for product warranties	-122	74	673
Increase (decrease) in provision for loss on construction contracts	678	-1,047	-9,433
Increase (decrease) in retirement benefit liability	-26	42	380
Interest and dividend income	-267	-291	-2,623
Interest expenses	120	128	1,160
Share of loss (profit) of entities accounted for using equity method	-96	-99	-896
Loss (gain) on valuation of investment securities	—	14	134
Loss (gain) on sales of investment securities	—	-13	-118
Loss (gain) on valuation of subsidiaries and associates	104	28	259
Loss (gain) on sales of shares of subsidiaries and associates	—	-9	-88
Loss (gain) on sales and retirement of property, plant and equipment	7	-1	-13
Decrease (increase) in notes and accounts receivable - trade	-3,180	1,065	9,595
Decrease (increase) in inventories	-569	1,142	10,289
Decrease (increase) in advance payments	-252	100	903
Increase (decrease) in notes and accounts payable - trade	1,576	3	29
Increase (decrease) in advances received	-1,282	-773	-6,966
Increase (decrease) in accounts payable - other	294	-274	-2,472
Other, net	224	-262	-2,366
Subtotal	719	4,004	36,077
Interest and dividend income received	268	291	2,629
Interest expenses paid	-119	-122	-1,105
Income taxes paid	-335	-404	-3,640
Income taxes refund	53	—	—
Net cash provided by (used in) operating activities	587	3,769	33,962
Cash flows from investing activities			
Payments into time deposits	-136	-78	-708
Proceeds from withdrawal of time deposits	97	108	979
Purchase of property, plant and equipment	-715	-1,558	-14,039
Proceeds from sales of property, plant and equipment	63	11	105
Purchase of intangible assets	-167	-69	-622
Purchase of investment securities	-305	-0	-7
Proceeds from sales of investment securities	29	390	3,519
Payments of loans receivable	—	-46	-417
Collection of loans receivable	16	20	180
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	-22	-206
Other, net	13	-194	-1,749
Net cash provided by (used in) investing activities	-1,105	-1,438	-12,964
Cash flows from financing activities			
Increase (decrease) in short-term loans payable	59	49	442
Proceeds from long-term loans payable	8,000	5,307	47,818
Repayments of long-term loans payable	-5,873	-2,639	-23,783
Proceeds from sales of treasury shares	62	60	548
Purchase of treasury shares	-0	-0	-1
Proceeds from share issuance to non-controlling shareholders	—	38	347
Dividends paid to non-controlling interests	-1	—	—
Cash dividends paid	-491	-490	-4,421
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-470	—	—
Other, net	-131	-174	-1,573
Net cash provided by (used in) financing activities	1,153	2,150	19,376
Effect of exchange rate change on cash and cash equivalents	-127	3	31
Net increase (decrease) in cash and cash equivalents	508	4,485	40,405
Cash and cash equivalents at beginning of period	10,871	11,379	102,522
Increase in cash and cash equivalents from newly consolidated subsidiary	—	59	535
Cash and cash equivalents at end of period	11,379	15,924	143,462

*1: U.S. dollar amounts have been translated from yen—solely for the convenience of the reader—at the rate of ¥111 to U.S.\$1.00, the exchange rate prevailing on March 31, 2019.

Global Network

As of June 30, 2019

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



Corporate Data (As of March 31, 2019)

Torishima Pump Mfg. Co., Ltd.

Foundation: August 1, 1919

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

Outstanding shares: 29,889,079

Shareholders: 5,753

Employees: 1,588 (Consolidated);
878 (Non-consolidated)

Major Bases (As of June 30, 2019)

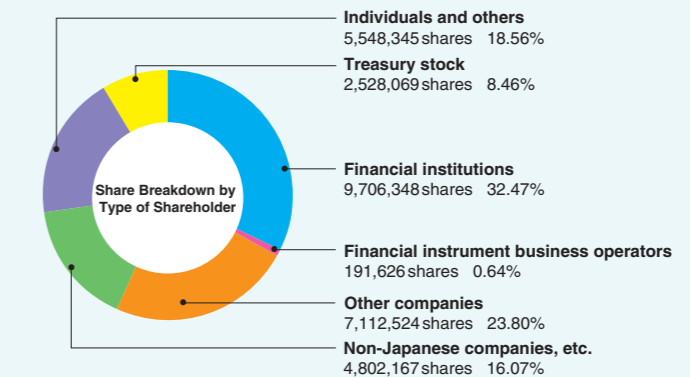
Major Japanese Bases

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

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

Sales offices: Yokohama, Wakayama, Okinawa

Share Breakdown (As of March 31, 2019)



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)

Overseas Offices

Singapore Office,
Middle East Office (UAE),
North America East Office (US),
Taiwan Office,
Beijing Representative Office (China),
Saudi Arabian Representative Office,
Qatar Project Office