

Torishima Report 2018

Fiscal 2017 (From April 1, 2017 to March 31, 2018)



Less than a year to go until
our 100th anniversary!



The electricity used to print
this report is converted by
100% green power (wind
power).

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

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.

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



Societies around the world face the same challenges: how to save energy, combat climate change, achieve peace, and overcome poverty and starvation. Member countries of the United Nations have set the Sustainable Development Goals (SDGs), a list of goals for 2030 aimed at protecting the planet, ensuring that all people enjoy peace and prosperity, and securing a sustainable future for humankind. The United Nations urges companies to contribute to this effort through their business and technologies. Torishima is responding to this call by working towards the SDG objectives through its business and social contribution activities. (The following pages of this report show the icons for each of the SDGs that Torishima is contributing to.)

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Announcing our 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.

On August 1, 2019, Torishima will mark its 100th anniversary since foundation. To start off the many activities celebrating this milestone, our 100th Anniversary Committee has decided on the 100th anniversary logo. The committee narrowed down the 130 designs submitted by employees to just five, which employees voted on to choose the favorite.

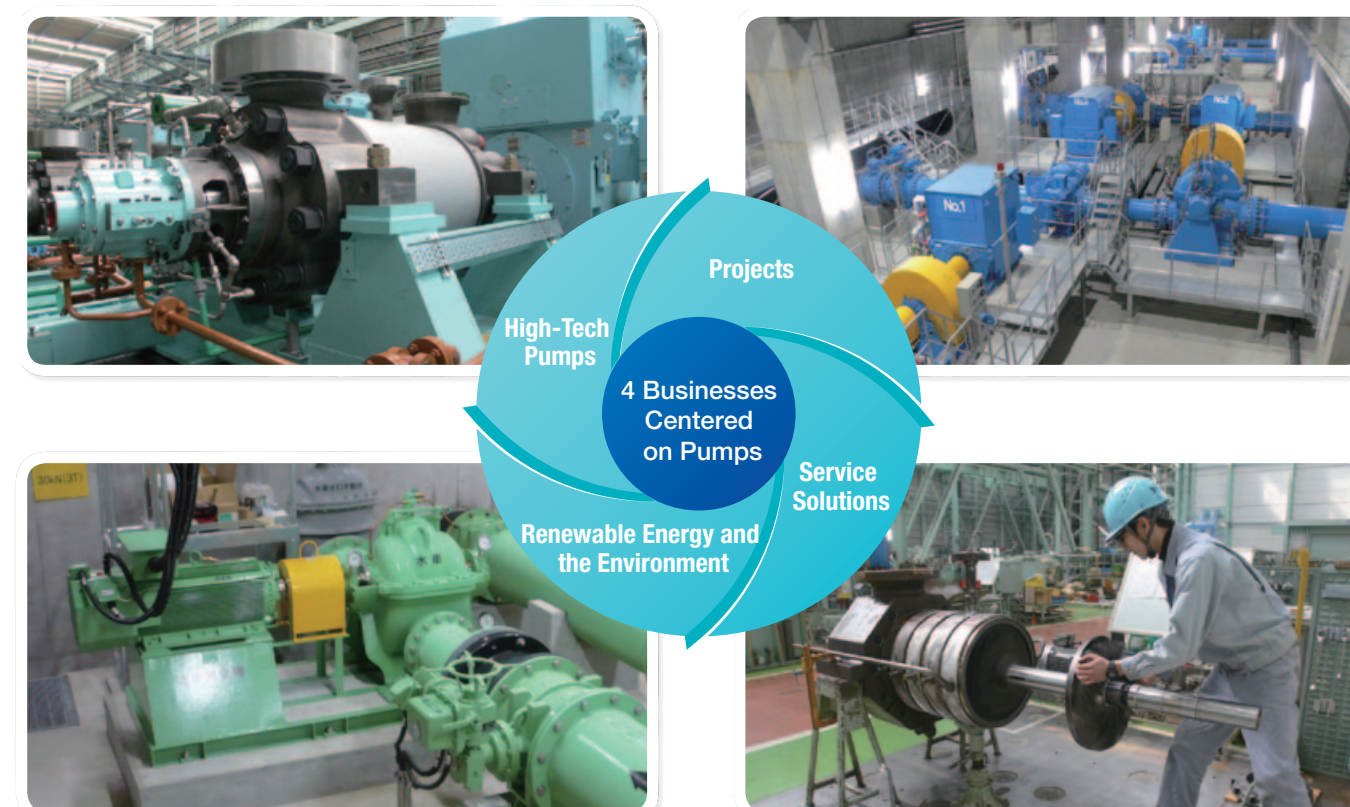
Torishima is an expert in pumps. We develop and supply pumps for various industry and infrastructure applications. We also provide comprehensive pump solutions ranging from the engineering, procurement, and construction of pumping stations to their operation and maintenance.

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.

Editorial Policy

This marks the third year since we reorganized the contents of the *CSR Report* (in Japanese) and the *Annual Report* (in English) to create the *Torishima Report* (Japanese and English editions), the aim of which is to communicate 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

In preparing the Japanese and English editions of the *Torishima Report*, we strove to avoid any major discrepancies between the two in terms of content. Please note, however, that the financial results (including consolidated financial statements) in the Japanese edition were excerpted from the securities report for the year ending March 31, 2018. The English edition, meanwhile, contains excerpts from financial statements that were audited by an audit company. Please visit the IR section of our website for further information, including financial statements.

torishima pump



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

■ 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, 2017 to March 31, 2018. For information on items occurring after April 1, 2018, 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

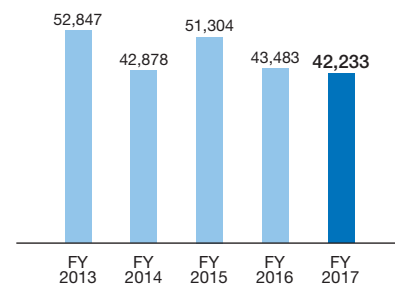
■ **Cautionary Statement with Regard to Forward-Looking Statements**

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.

Financial Highlights

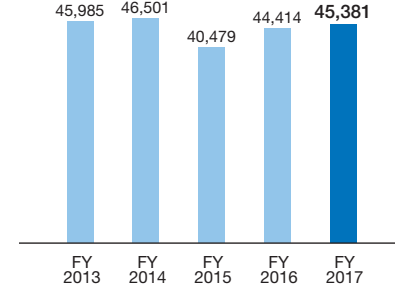
Note: Fiscal years ended March 31.

Orders Received (millions of yen)



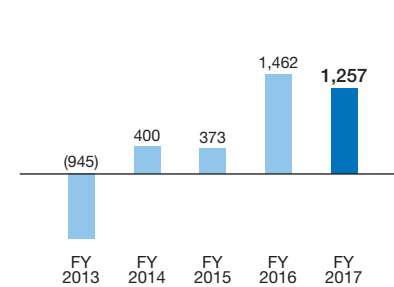
FY2017: Domestic public-sector orders were below as planned, resulting in falling just short of overall targets. But domestic private-sector orders and overseas orders turned out as planned.

Net Sales (millions of yen)



FY2017: Targets achieved.

Operating Income or Loss (millions of yen)

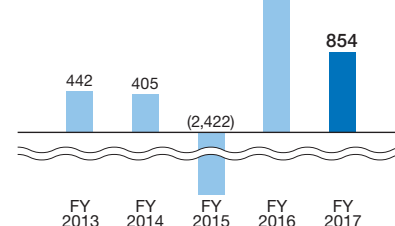


FY2013: Income fell due to several factors: yen appreciation affected sales, while product standardization and system reforms disrupted engineering and manufacturing.

FY2014–2016: Following a thorough revamping of profitability, profits recovered and in FY2016 rose substantially.

FY2017: While the profit margin improved, targets were not achieved. The main reasons for this were the provision of allowance for losses on construction contracts and allowance for doubtful accounts due mainly to the prolongation of projects in the Middle East, and an increase in selling, general, and administrative expenses due to business expansion at overseas service subsidiaries.

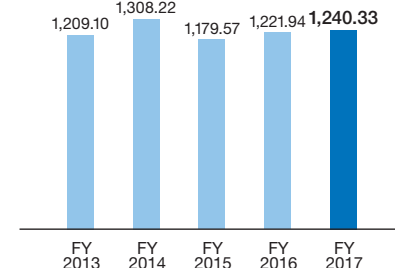
Net Income or Loss Attributable to Owners of the Parent (millions of yen)



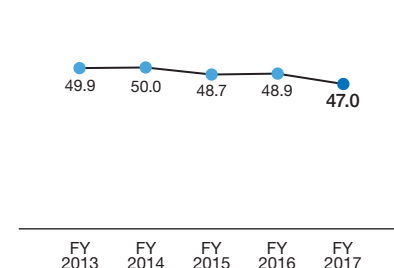
FY2015: Income fell due mainly to transient factors including exchange-rate losses and investment losses.

FY2017: Despite securing profit, targets were not achieved as a result of the effect of operating profit and loss.

Net Assets per Share (yen)

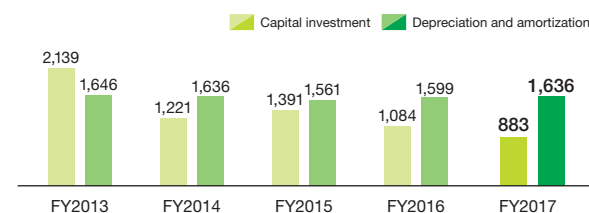


Equity Ratio (%)



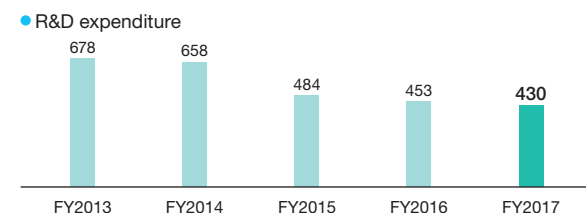
Non-Financial Highlights

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)



Torishima's After-Sales Service Network



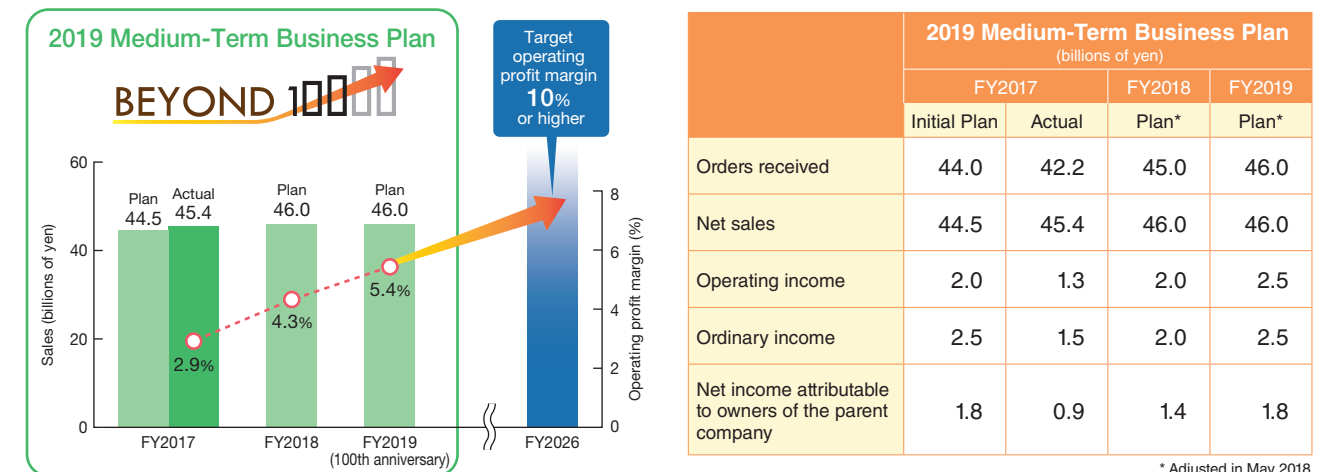
2013: Completed service facility, Torishima Pumps (India) Pvt. Ltd. (Bengaluru, India)

2016: Established Torishima Service Solutions (Saudi Arabia) Ltd. (Dammam, Saudi Arabia)
Established Torishima Service Solutions (Thailand) Ltd.

2017: Established Torishima Service Solutions Asia Pte. Ltd. Philippines Office (near Manila, Philippines)

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 2017
Develop world-leading products that offer energy efficiency, safety, and reliability, and create a business model to this end	Innovative Capabilities	<ul style="list-style-type: none"> Enhance core pump products, introduce new products Develop new systems for the after-sales service market by utilizing technologies such as IoT and 3D 	<ul style="list-style-type: none"> Developed and enhanced condensate pumps and hot well pumps for power plants → P.10 Completed product development Currently preparing for market release
Improve the company's fundamental resilience to external environmental factors	Global Strength	<ul style="list-style-type: none"> Build an optimal global production system (plants in Japan, China, Indonesia, India) 	Preparing to manufacture boiler circulation pumps for power plants in India
	Productivity, Work Process Quality	<ul style="list-style-type: none"> Use state-of-the-art equipment to boost productivity and expand production capacity Firmly establish and continuously improve process innovation 	<ul style="list-style-type: none"> Continued to upgrade and install equipment in head office factory → P.9 Improved systems for information sharing
	After-Sales Service Capabilities	<ul style="list-style-type: none"> Cover more regions (Americas, Southeast Asia) Increase number of supervisors and train them Have service solutions business account for 35% or more Increase number of products that can be serviced 	<ul style="list-style-type: none"> Expanded Singapore service facility, established service base in the Philippines, prepared to establish subsidiary in Taiwan → P.9 Currently training 40 supervisors to be sales engineers 36% achievement rate in fiscal 2017 Implementing and expanding sales in servicing of small/medium steam/gas turbines in Indonesia
Build a flexible corporate infrastructure (mechanisms, people)	Governance	<ul style="list-style-type: none"> Improve viability of Board of Directors Introduce performance-based compensation system Strengthen management of worldwide subsidiaries 	<ul style="list-style-type: none"> Identified problems with Board of Directors and built system for reforming Board of Directors Passed resolution regarding introduction of transfer-restricted stock compensation at general shareholders meeting in June 2018 Launched TGT Administration Department
	Human Resources	<ul style="list-style-type: none"> Reform working styles Promote diversity (improve work environment for women and foreign nationals) Hire and foster globally minded people 	<ul style="list-style-type: none"> Prepared to launch Work-Style Reform Promotion Section in fiscal 2018 Achieved certification for Kurumin, the Japanese government's recognition of companies that help employees balance work and parenthood Foreign nationals accounted for 43% of employees on consolidated basis



Management Strategy and Message from the President

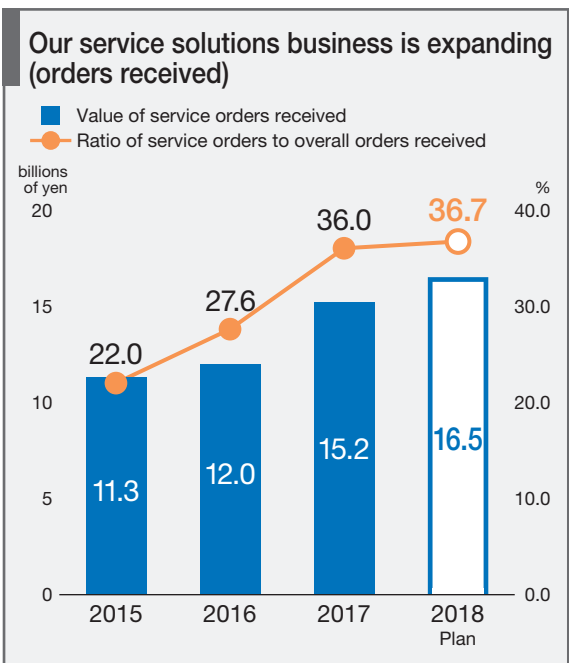
Successfully achieving the objectives of our medium-term business plan


Kotaro Harada
President and CEO

In the last few years we have increased the number of our service bases in the high-potential Asian market, our service solutions business now accounts for 36% of overall business.

With only one year to go until Torishima’s 100th anniversary, we’ve completed the first year of our 2019 medium-term business plan, “BEYOND 100.” Although we didn’t receive as many orders as we were aiming for, our proactive initiatives both in Japan and overseas saw net sales reach our target and our profit ratio steadily improve. However, due mainly to the prolongation of projects in the Middle East, we had to provision against allowance for losses on construction contracts and allowance for doubtful accounts. This meant that we missed our targets for operating, ordinary, and net income. To take even bigger leaps forward as we go beyond the 100th year of our founding, we are implementing each of the steps in our medium-term business plan and soundly consolidating our foothold for future advances.

Service solutions—the key to our medium-term business plan—are growing steadily. In fiscal 2016, we set up a subsidiary in Thailand with service facility capabilities. Following this, in fiscal 2017 we launched new service bases in Taiwan, the Philippines, and Malaysia. Torishima Service Solutions Asia (TSSA), a subsidiary we established in Singapore in 2012, carried out structural reforms and aggressive sales activities, which led to significantly higher customer recognition and a major boost in orders. To increase its capacity to handle these orders, it moved to a new facility that is more than four times bigger than the previous one. Despite beginning operations as recently as April 2017, the Thai subsidiary achieved the remarkable result of posting a profit in its first year. With the inclusion of our new Asia-based facilities, we now have 10 service bases throughout the world that incorporate a service facility. The ratio of our service solutions to overall orders has consequently risen steadily. Ten years ago, the ratio of services to other business was around 10%. Now it has now grown to 36%, already

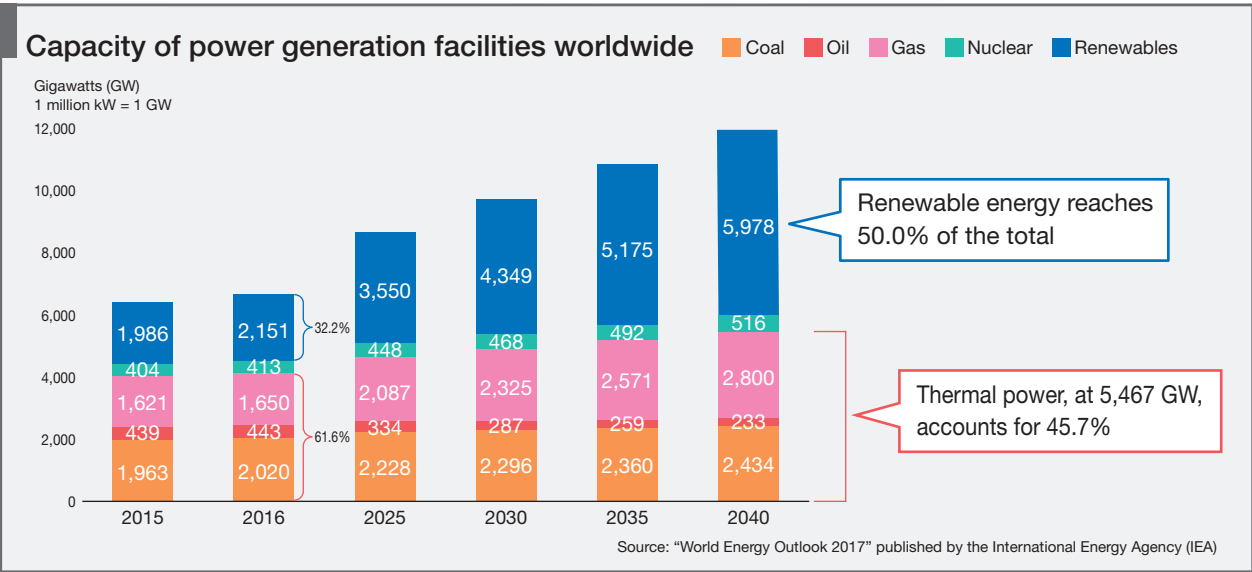


meeting the goal of 35% that we set in our medium-term business plan.

Despite unfavorable market conditions for thermal power generation, we’re continuing with bold initiatives and working to maintain Torishima pumps.

The market for thermal power generation is battling a headwind. Even India and China—countries that had previously been slow to address climate change—have halted construction of new coal-fired power plants. Meanwhile, in France and the UK, officials have declared that all new vehicles must be electric in the not too distant future. The world is finally committing itself to eliminating the use of fossil fuels.

From a different perspective, the latest forecasts from the UN estimate annual global population growth of 83 million people. Many emerging nations currently lack sufficient electric power. As capacity from renewable sources increases, thermal power will make up a smaller percentage of overall power generation capacity. Even so,



Since fiscal 2009 we have strengthened our sales efforts for the Eco-Pumps that we promote under the “Go Green with Pumps” slogan. Our promotion of the energy efficiency of these pumps—which won an award in the 2014 Energy Conservation Grand Prize program—has led to steadily increasing sales. In fiscal 2017, the pumps generated three times as many orders as in fiscal 2009. Torishima Eco-Pumps boast low electricity consumption and sophisticated technology that we cultivated in manufacturing our large high-efficiency pumps. Eco-Pumps have been used in factories, commercial facilities, and elsewhere, and we expect to see their sales flourish.

reform, each division contains the functions of sales, technological proposals, installation, and after-sales service.

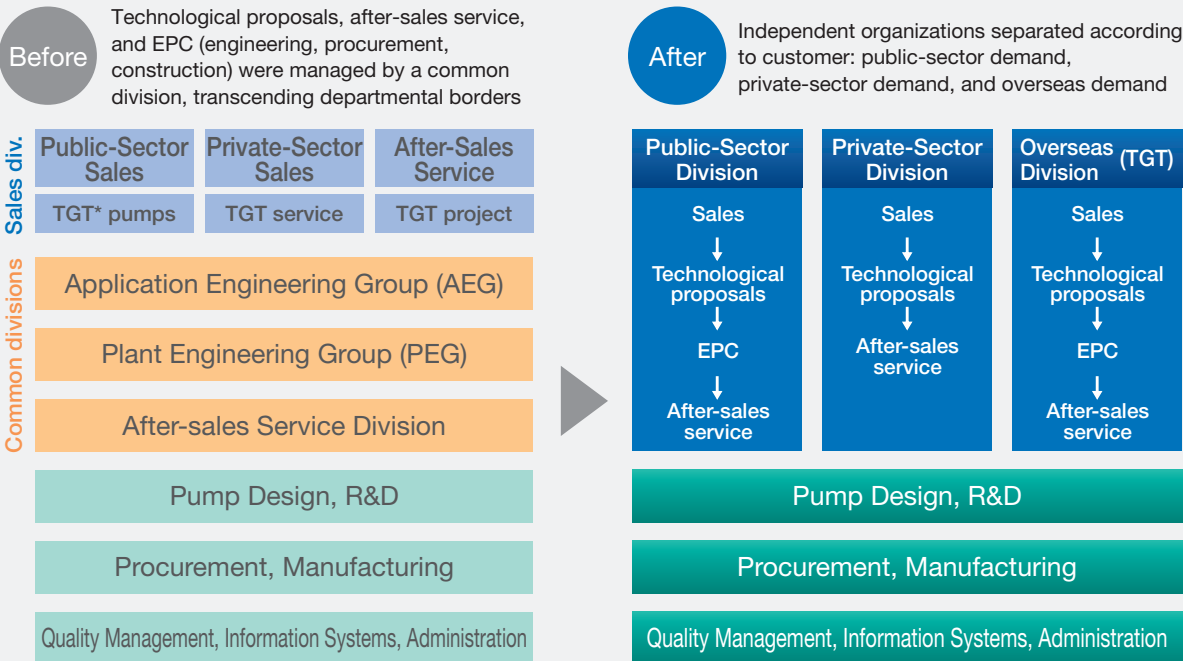
We also actively began capital investment into our head office factory. By updating aging production facilities with the latest equipment, we are shortening the manufacturing process, continually improving quality, and expanding in-house production to improve production efficiency. Furthermore, we will also commence a reconstruction project to consolidate our head office building and factory, while improving earthquake resistance. The move will establish a fresh place where our new front system (three-division system), middle structure (quality management, information systems, administration department), and manufacturing structure (development/design, procurement, manufacturing) can come together as one to lead Torishima boldly into the future.

Our initiatives aim to create a basis upon which Torishima can continue to grow past its 100th anniversary. We now renew our resolve toward those goals. To our stakeholders—with whom we share various points of connection—I again offer my gratitude and ask for your continued support and understanding.

To achieve our goals more strategically, we enacted structural reforms. As a reborn Torishima, we seek to make further strides ahead.

With the aim of steadily and more strategically implementing the goals of our medium-term business plan, we undertook dramatic structural reforms starting in fiscal 2018. To smoothly and precisely meet the diverse and changing needs of our customers, we laid out a system of three front divisions: the Public Sector Division, Private Sector Division, and Overseas Division. Under this structural

Structural Reforms



demand for thermal power is still expected to increase steadily in absolute terms to meet the growing needs of developing economies.

Although it's unlikely that many new coal-fired thermal power facilities will be built, demand will continue for combined cycle power generation—a highly efficient method fueled by natural gas. There are numerous thermal power plants around the world that have our pumps installed. For these existing power plants to operate stably and efficiently, they need to be carefully maintained. This includes periodic overhauls of boiler feed pumps. To capture this demand, we have added more service bases in the Asian market, where our product delivery figures are particularly high. These bases allow us to offer our customers more localized support. With our advanced technological capabilities, we are equipped to maintain not just our own pumps, but those of other manufacturers too.

In the area of renewable energy, Torishima has been supplying boiler feed pumps for biomass power generation since the 1980s. We now hold more than 60%^{*1} of the Japan market. Japan's introduction of the feed-in tariff (FIT) system in 2012 helped increase the economic viability of biomass power generation and led to rapid market expansion. By 2030, this market is expected to grow to 1 trillion yen^{*2}. Annual orders for Torishima biomass boiler feed pumps used to number in the single digits, but recently we've been receiving tens of orders per year. In fiscal 2017, our improved pump model for geothermal power generation was well received both at home and abroad. Compared to the main forms of thermal power generation,

biomass and geothermal power generation make up a small fraction of the energy market. But we see huge growth potential in these areas.

^{*1} Torishima calculation of product deliveries in and after 2010 (including scheduled deliveries) to 1 MW–150 MW biomass power plants
^{*2} Yano Research Institute Ltd. "Examination of the Biomass Energy Market 2017"

We comprehensively cover seawater desalination plants, water infrastructure renovation, and Eco-Pumps.

In recent years, the seawater desalination market has been in a slump caused by low crude oil prices. The market now appears to have bottomed out, with large-scale projects starting up in the Middle East and elsewhere. Although this market remains competitive, we achieved success by offering an improved seawater supply pump. We also received large-scale orders for reverse osmosis (RO) plants in Singapore and Saudi Arabia.

In Japan, we continued to receive public-sector orders for pumps to be used to renovate aging water infrastructure. Our double-suction bellmouth and vortex-preventing ring devices are in high demand as measures against torrential rain. The superior technology of these devices was given an award by the governor of Osaka Prefecture. We're honored that our technology has been recognized for making a contribution to society. It's the embodiment of Torishima's goal of creating shared value (CSV).

News in Fiscal 2017

Let's look at some Torishima initiatives from fiscal 2017 that improved our value.

New and Updated Equipment Installed at Head Office Factory

Any manufacturer, if it wants to improve quality and productivity, must upgrade its existing machinery and install new equipment. Torishima's 2019 Medium-Term Business Plan calls for us to use state-of-the-art equipment to boost productivity and expand production capacity. This in turn will improve the company's fundamental resilience to external environmental factors. To this end, we've been accelerating the renewal of machinery and the introduction of new equipment since fiscal 2016. One example is pumps for power plants, which are increasingly being operated in environments where load fluctuations are more severe than ever before. There is therefore a need to produce pumps with even greater reliability and durability. To produce such pump models, we installed new high-precision multifunction shaft lathe machines and high-precision electrical discharge machining (EDM) machines in fiscal 2017.

● Shaft Lathe Machine

This device machines the shaft, a key component in a pump. It can also machine the keyway that connects the shaft and the impeller. This machine is extremely precise and its installation will improve machining efficiency and productivity.



● EDM Machine

An arc discharge—rather than a cutting process—is used to remove a portion of the surface of work pieces. This enables highly precise machining of keyways on the impellers, which in turn leads to higher reliability, durability, and quality for pumps built to operate in severe environments.



Expanding Service Bases in Asia

Established near Manila in November 2017, our new Philippines Office allows us to communicate more closely with our customers in the Philippines. It is a representative office of Torishima Service Solutions Asia Pte. Ltd. (TSSA), our local service solutions company based in Singapore. In the Philippines, Torishima has already delivered numerous pumps for use in waterworks, sewerage, thermal power plants, and general industry. We anticipate an increasing demand for maintenance services for all pump types in the region.

Singapore was where Torishima set up its first overseas office—in 1979. Later, in 2012, we established TSSA in Singapore, which has since functioned as a service hub for all our service needs in Southeast Asia. In December 2017, TSSA moved its service facility to the Tuas Planning Area near Jurong Island, where many of TSSA's customers are located. At 4.3 times its previous size, the expanded TSSA service facility was built to deal with an increase in orders and further anticipated growth. The expansion will allow TSSA to provide more efficient and effective maintenance services in the future.



Inside TSSA's service facility, Singapore

The Torishima Taiwan Branch has delivered numerous pumps for thermal power plants. These include high-pressure pumps, such as boiler feed pumps, and large pumps, such as circulating water pumps. These pumps need on-site servicing and overhauls. To meet such demands, we established Torishima Service Solutions Formosa Co., Ltd. as a new service center.

Expanding our service network throughout Asia will help to embed our marketing and service activities in local communities. This will enhance our presence

in Asia, boost customer satisfaction, and lead to further business growth.

R&D: Advanced MMTV Vertical Mixed-Flow Multistage Pump with Canister

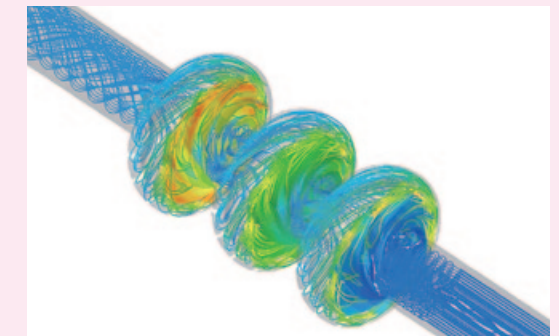
Expelled steam from a steam turbine is converted to water in a condenser and then pumped back to the boiler via Condensate Extraction Pumps. The Torishima designation for such application is our MMTV vertical multistage pump. Torishima has already delivered MMTV pumps to numerous power plants.

There is great demand today for better energy efficiency. Using the latest CFD (computational fluid dynamics) technology and production techniques, we improved the MMTV's pump hydraulics, which in turn raised pump efficiency and suction performance. Improved suction allowed us to make the canister shorter and slimmer, and thus reduce civil engineering costs. As well as offering improved performance and lower energy consumption, the advanced MMTV has another major advantage: as its basic structure and mounting dimensions are identical to those of Torishima's previous models, customers can upgrade to the advanced MMTV at a low cost, without having to change their existing pipe layout or many of its components.

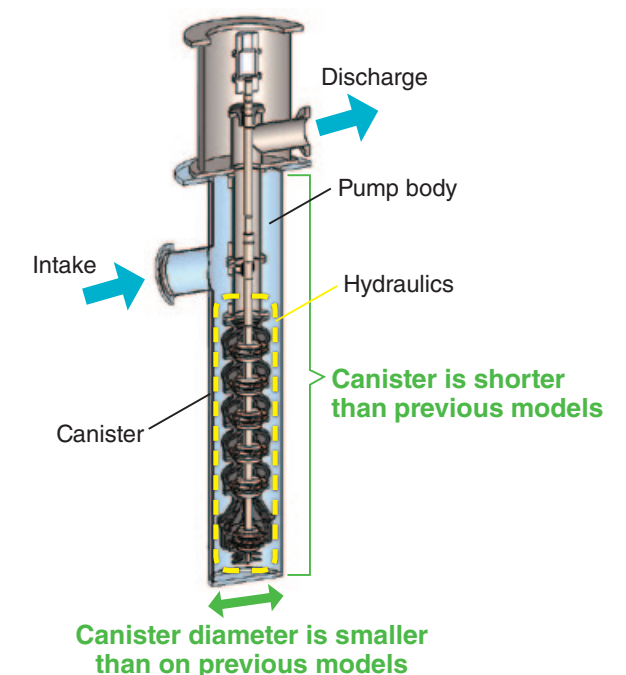
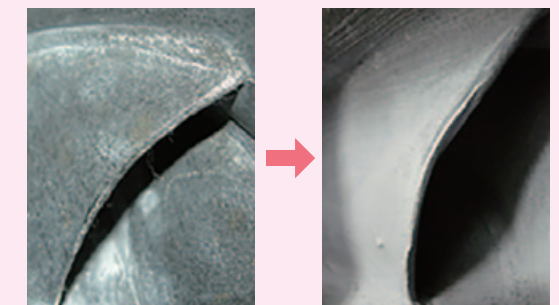


Improved Pump Efficiency and Suction Performance

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



■ Smoothing out the conduit surface (casting surface) reduced losses due to friction.



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

Torishima Environmental Policy

Philosophy

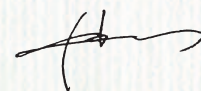
At Torishima, we believe that protecting the Earth's natural environment is a vital task that must be addressed by all mankind. For the sake of the planet and all of its inhabitants, our goal must be to cultivate a naturally beautiful global environment that is conducive to comfortable living. Through 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.

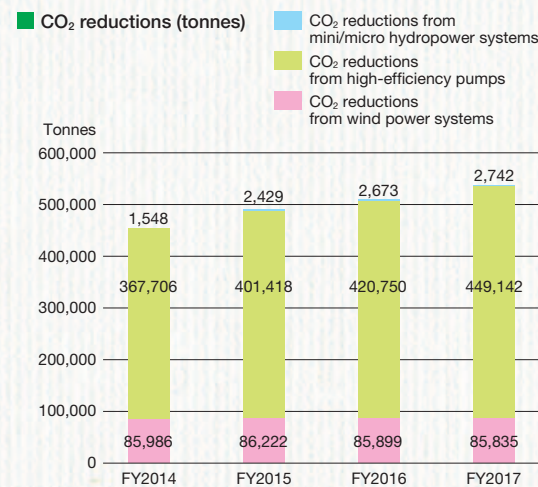
April 10, 2018
Kotaro Harada, President and CEO,
Torishima Pump Mfg. Co., Ltd.



Status of Fiscal 2017 Environmental Objectives

Pump Business, Renewable Energy and the Environment Business

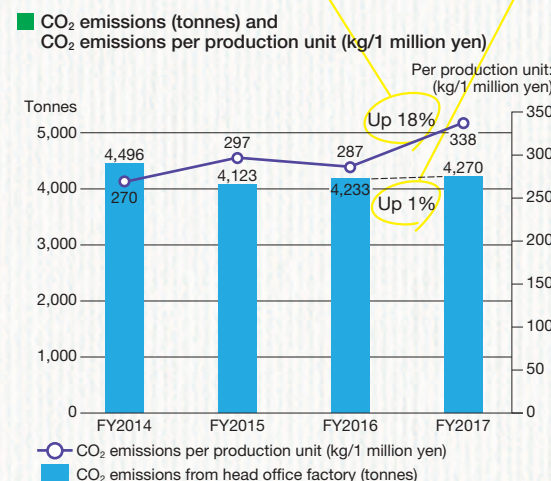
By developing and supplying environmentally friendly products such as energy-efficient pumps (high-efficiency boiler feed pumps, Eco-Pumps, and large high-efficiency pumps), wind power systems, and mini/micro hydropower systems, Torishima contributed to reducing CO₂ emissions, as shown in the graph below.



Initiatives for Reducing Environmental Burden in Production Activities

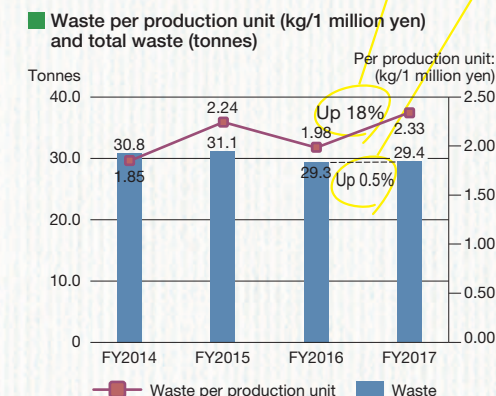
1 Saving Resources and Energy

In fiscal 2017, total CO₂ emissions from the head office factory rose by 18% year-on-year, and CO₂ emissions per production unit* went up by 1%.



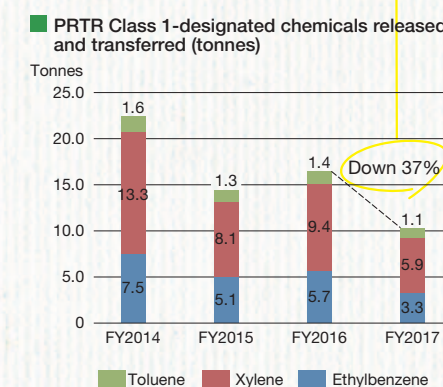
2 Reducing Waste

In fiscal 2017 at the head office factory, the amount of waste per production unit was up 18% year-on-year, while the amount of waste was almost on a par with the previous year, rising slightly by 0.5%.



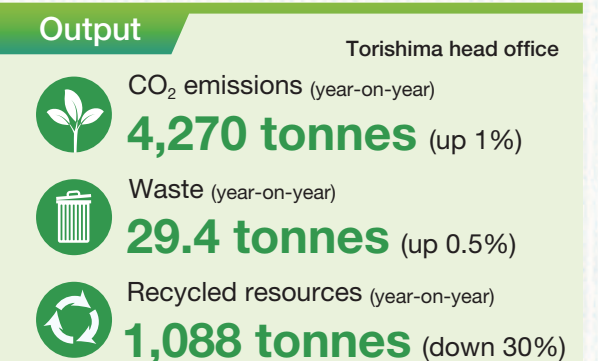
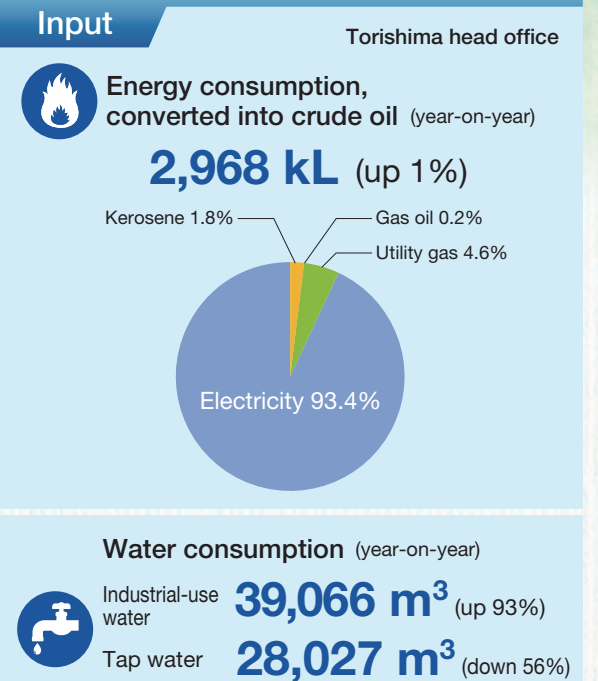
3 Reducing Discharge of PRTR Class 1-Designated Chemicals

In fiscal 2017 Torishima achieved a 37% year-on-year reduction in the amount of discharged and transferred chemical substances covered by the PRTR (pollutant release and transfer register) system in Japan. This was thanks to installing paint booths equipped with activated charcoal deodorizing systems. 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 2017 at the head office, electricity usage increased by 1% and waste by 0.5% year-on-year.



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 Sewage Works Exhibition '17 Tokyo. Every year at this exhibition, we show customers in the domestic sewage works 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

Joint Torishima-subcontractor meetings aimed at improving occupational safety and health; safety conferences, occupational safety and health manager workshops, and safety patrols aimed at eliminating workplace accidents and calamities; etc.

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, the Sawakami Fund's investment briefings for individual 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.

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	Number of scholarships
275 cases	1,059 students

(Total from 1981 to 2017)

Torishima's efforts

Pump classes at elementary schools, sponsorship of events such as Takatsuki Citizens' Sports Day and the Takatsuki City Half Marathon, etc.



Torishima cooperated in a first-hand experience program called Open Takatsuki, sponsored by the Takatsuki City Tourism Association, by opening its factory for public tours. Many visitors commented that the tours were a great opportunity to see how pumps are manufactured.

Relationship with Employees

Torishima has always considered human resources a vital asset that companies should nurture. We consistently create workplace environments that enable employees to work 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, and we facilitate distance learning 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.

Safety and Health Policy, Major Activities

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

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 was awarded the Kurumin mark from the Osaka Labor Bureau of the Ministry of Health, Labor, and Welfare for being a company that supports employees in balancing their work and child-raising. 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%.

Torishima also offers two-week workplace experience and training mainly for students from local special-needs schools.

This has resulted in 18 students with disabilities who have undergone this training joining the company. Torishima provides guidance and support so that they can feel they are part of the Torishima team and nurture their own hopes and dreams for the future.



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

1. We constantly aim to raise the level of safety and health by steadily implementing our occupational safety and health management system and through ongoing improvement activities.
2. 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.
3. We comply with all safety and health-related laws and regulations and company standards in an effort to further our safety and health management.
4. 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.
5. We aim for zero accidents and disasters by raising employees' awareness of safety and health through education and training.
6. In executing safety and health activities, we invest the appropriate management resources and implement effective improvements on an ongoing basis.

April 1, 2018

Kotaro Harada,
President and CEO

Haruhisa Sumi,
Safety and Health
General Manager

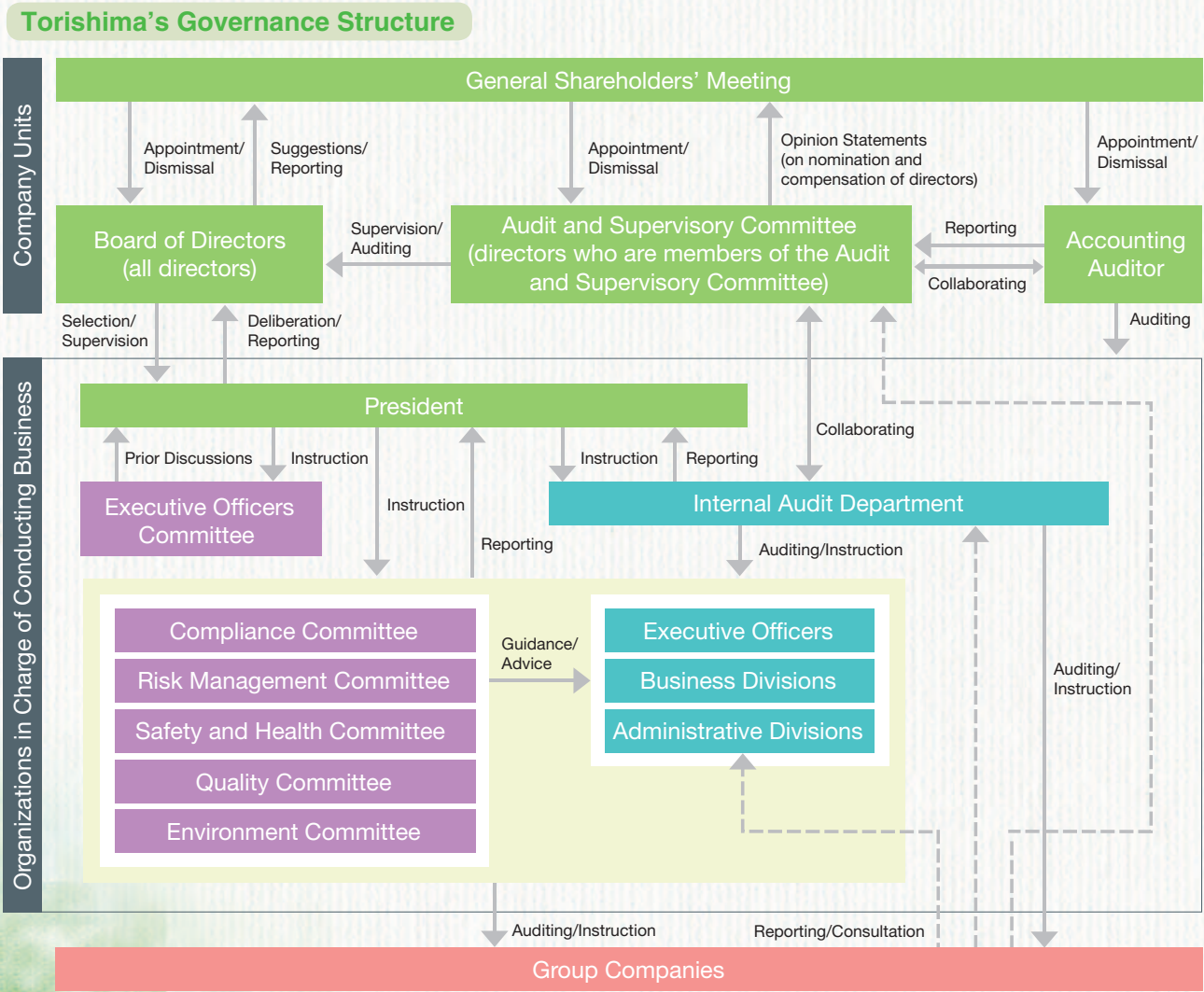
Haruhisa Sumi

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.

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.



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 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, and Kyushu offices; Yokohama, Saga, 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

1. We place top priority on abiding by laws, regulations, and rules, and on giving customers safety and reliability.
2. 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.
3. We clarify and execute all items stipulated in contracts with customers.
4. We constantly create and improve on quality in all processes.
5. We set quality targets, and plan and implement the concrete measures to realize these targets.
6. To ensure that non-conforming products and customer complaints never happen, we conduct thorough design review and initial-product quality control.
7. In the case of non-conforming products, we respond appropriately and thoroughly.
8. In the case of non-conforming products or customer complaints, we analyze them from a range of viewpoints to ensure they never happen again.
9. We systematically develop employees’ capabilities as part of fostering them into self-directed individuals.
10. We constantly improve our quality management system to ensure its maximum effectiveness.

April 2, 2018

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, and Kyushu offices; Yokohama, Saga, and Okinawa sales offices (Japan)
August 2012	Torishima Pump Mfg. Co., Ltd. Qatar Project Office (Qatar)
January 2013	Torishima Pump Mfg. Co., Ltd. Middle East Project Office (U.A.E.)
July 2013	Torishima Pump (Tianjin) Co., Ltd. (China)

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

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



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

Director
Koichiro Hamu

Besides doing work related to engineering, Mr. Hamu is in charge of R&D and overseas marketing and sales. His job is to promote the planning and development of new products and boost Torishima's overseas marketing capabilities.

Director
Nobuyuki Yoshikawa

Mr. Yoshikawa has a wealth of experience in quality assurance, CSR promotion, and manufacturing. Since April 2017, he has been supporting business operations by strengthening procurement.

Representative Director
Tetsuya Kujima

Mr. Kujima's duties have focused on sales planning, wind power, and procurement. Since April 2017, he has been promoting innovation in manufacturing. He was appointed representative director in June 2018.

Director
(Member 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)
Hiroshi Akiyama

Mr. Akiyama was appointed as a director in June 2016. Using his wealth of experience that includes being a lawyer and working as an outside auditor at other companies, he oversees the strengthening of Torishima's governance and compliance systems, particularly from a legal perspective.

Director
(Member of Audit and Supervisory Committee)
Akira Tsuda

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

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 and has striven to boost the company's corporate value. He will continue to play an indispensable role in raising corporate value over the medium and long term.

Director
(Member of Audit and Supervisory Committee)
Shiro Hakukawa

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

Chief Executive Officer



Kotaro Harada
President

Senior Managing Executive Officers



Tetsuya Kujima
Corporate Planning Office
General Manager of
Manufacturing Division



Gerald Ashe
Corporate Planning Office
General Manager of
Overseas Division

Managing Executive Officers



Nobuyuki Yoshikawa
General Manager of
Procurement Division



Yoshiaki Inuyama
General Manager of
Public-Sector Division



Koichiro Hamu
General Manager of
Engineering Division



Alister Flett
Deputy General Manager of
Overseas Division
Regional Director of
TGT* Head Office
General Manager of
TGT Sales Department

Executive Officers



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



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



Haruhisa Sumi
General Manager of
Administration Division



Hiroto Takahashi
General Manager of
Personnel Department
General Manager of
General Affairs Department



Yoshinori Hirusawa
General Manager of
Private-Sector Division

Executive Officers



Masahiko Ishida
Deputy General Manager
of Private-Sector Division
Chief Engineer of
Overseas Division



Takuya Ono
General Manager of
Singapore Office



Satoshi Tomizawa
General Manager of
Middle East Office
General Manager of
Pump Sales Department



Akihiro Suezawa
General Manager of
Tokyo Branch
General Manager of
Plant Sales Department



Takumi Yoshimura
In charge of P.T. Torishima
Guna Engineering

*TGT: Torishima Global Team

Financial Data from the Past 11 Years

(Millions of yen)												(Thousands of U.S. dollars*1)		
(Fiscal years ended March 31)		FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2017	
【 1 】 Business performance	Orders received	50,794	46,988	58,624	32,974	39,579	40,975	52,847	42,878	51,304	43,483	42,233	398,425	
	Net sales	47,272	45,692	45,008	49,880	46,453	45,974	45,985	46,501	40,479	44,414	45,381	428,123	
	Gross operating income	8,269	8,596	9,548	9,257	8,959	8,015	8,320	9,162	9,191	10,538	10,954	103,340	
	Operating income or loss	2,643	2,761	3,258	3,127	2,286	517	(945)	400	373	1,462	1,257	11,858	
	Ordinary income or loss	2,566	3,410	3,833	3,673	2,929	1,389	(632)	793	(1,663)	1,871	1,549	14,613	
	Net income or loss attributable to owners of the parent	1,410	1,990	2,609	1,892	1,497	943	442	405	(2,422)	1,532	854	8,057	
	Gross profit margin (%)	17.5%	18.8%	21.2%	18.6%	19.3%	17.4%	18.1%	19.7%	22.7%	23.7%	24.1%	24.1%	
	Operating profit margin (%)	5.6%	6.0%	7.2%	6.3%	4.9%	1.1%	(2.1)%	0.9%	0.9%	3.3%	2.8%	2.8%	
	ROE (return on equity) (%)	5.2%	8.0%	9.5%	6.1%	4.8%	2.9%	1.3%	1.1%	(7.5)%	4.7%	2.6%	2.6%	
	ROA (return on assets) (%)	2.3%	3.2%	4.0%	3.1%	2.5%	1.4%	0.6%	0.6%	(3.7)%	2.3%	1.2%	1.2%	
【 2 】 Financial status	Total assets	62,076	62,132	65,641	61,178	60,812	68,232	68,062	71,987	66,198	67,719	71,651	675,953	
	Net assets	26,030	24,006	31,083	30,968	31,775	33,602	34,524	36,532	32,794	33,713	34,017	320,915	
	Equity ratio (%)	41.9%	38.6%	47.2%	50.3%	51.3%	48.2%	49.9%	50.0%	48.7%	48.9%	47.0%	47.0%	
【 3 】 Breakdown of orders received, net sales, and order backlog	Net sales by region	Japan	20,524	19,126	20,939	18,703	17,281	18,070	20,096	19,104	17,060	22,153	25,058	236,396
		Asia	8,733	8,449	5,408	11,196	13,125	10,259	9,042	11,124	11,307	8,612	8,391	79,160
		Middle East	14,682	13,347	16,248	14,369	11,430	11,887	9,753	11,115	8,225	10,940	10,064	94,943
		Others	3,331	4,770	2,412	5,609	4,615	5,758	7,092	5,156	3,887	2,708	1,866	17,604
		Overseas ratio (%)	56.6%	58.1%	53.5%	62.5%	62.8%	60.7%	56.3%	58.9%	57.9%	50.1%	44.8%	44.8%
	Orders received by segment	Public sector	16,525	14,835	14,575	9,973	11,600	10,971	15,923	12,001	16,013	15,913	13,914	131,264
		Private sector	5,578	5,245	4,517	4,921	6,205	5,733	7,144	6,943	8,396	7,973	8,914	84,094
		Overseas	28,690	26,907	39,532	18,079	21,772	24,270	29,779	23,933	26,895	19,595	19,403	183,047
	Net sales by segment	Public sector	14,445	14,099	15,469	13,760	11,317	12,277	13,797	12,957	9,980	13,832	16,621	156,802
		Private sector	6,079	5,025	5,468	4,942	5,963	5,792	6,299	6,146	7,078	8,320	8,436	79,585
		Overseas	26,748	26,566	24,069	31,176	29,172	27,904	25,888	27,397	23,419	22,261	20,322	191,717
	Order backlog by segment	Public sector	10,473	11,209	10,316	6,528	6,811	5,505	7,631	6,675	12,707	14,788	12,082	113,981
		Private sector	3,208	3,428	2,477	2,455	2,698	2,639	3,484	4,281	5,598	5,251	5,729	54,047
		Overseas	35,526	35,867	51,329	38,231	30,832	27,198	31,089	27,625	31,101	28,436	27,516	259,585
【 4 】 Major expenditures	SG&A (selling, general, and administrative expenses)	5,625	5,834	6,290	6,130	6,673	7,497	9,265	8,761	8,818	9,075	9,697	91,481	
	SG&A-to-sales ratio (%)	11.9%	12.8%	14.0%	12.3%	14.4%	16.3%	20.1%	18.8%	21.8%	20.4%	21.4%	21.4%	
	Depreciation	910	873	851	961	1,096	1,231	1,646	1,636	1,561	1,599	1,636	15,434	
	Capital investment	654	739	1,311	2,297	2,224	3,083	2,139	1,221	1,391	1,084	883	8,330	
	R&D expense	638	603	730	567	606	691	678	658	484	453	430	4,057	
【 5 】 Cash flow	Cash flow from operations	2,511	922	4,439	735	2,661	3,513	(4,086)	(1,194)	5,000	6,496	587	5,538	
	Cash flow from investments	578	(1,259)	(3,084)	(75)	(1,269)	(3,966)	(4,498)	(345)	(415)	1,376	(1,105)	(10,425)	
	Cash flow from financial activities	(1,465)	(669)	1,678	590	(2,371)	4,356	(112)	2,120	(1,624)	(4,140)	1,153	10,877	
【 6 】 Per share information	Net income per share (yen)	54.77	77.32	100.07	67.45	53.38	33.64	15.74	14.61	(88.13)	56.15	31.50	0.3dollars	
	Net assets per share (yen)	1,010.45	931.13	1,105.50	1,097.71	1,112.29	1,172.56	1,209.10	1,308.22	1,179.57	1,221.94	1,240.33	11.70dollars	
【 7 】 Stock information	Dividends (yen)	15	17	20*2	18	18	18	18	18	18	18	18	0.17dollars	
	Payout ratio (%)	27.4%	22.0%	20.0%	26.7%	33.7%	53.5%	114.4%	123.2%	—	32.1%	57.5%	57.5%	

*1: U.S. dollar amounts have been translated from yen—solely for the convenience of the reader—at the rate of ¥106 to U.S.\$1.00, the exchange rate prevailing on March 31, 2018.

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

Note: Figures on pages 19 to 20 have been calculated based on Japanese disclosure rules.

Consolidated Financial Statements

Consolidated Balance Sheet

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

	Millions of Yen		Thousands of U.S. Dollars*1
	FY2017	FY2018	FY2018
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	¥ 10,871	¥ 11,379	\$ 107,349
Short-term investments	58	94	886
Receivables:			
Trade	23,664	26,644	251,358
Unconsolidated subsidiaries and associated companies	47	173	1,632
Other	198	188	1,773
Allowance for doubtful accounts	(371)	(841)	(7,933)
Inventories	8,996	9,530	89,905
Advance payments	417	661	6,235
Deferred tax assets	655	511	4,820
Other current assets	779	723	6,820
Total current assets	45,318	49,067	462,896
PROPERTY, PLANT, AND EQUIPMENT:			
Land	2,499	2,490	23,490
Buildings and structures	10,141	10,084	95,132
Machinery and equipment	13,114	13,491	127,273
Construction in progress	71	102	962
Lease assets	644	715	6,745
Total	26,471	26,883	253,613
Accumulated depreciation	(16,534)	(17,252)	(162,754)
Net property, plant, and equipment	9,937	9,631	90,858
INVESTMENTS AND OTHER ASSETS:			
Investment securities	8,564	9,137	86,198
Investments in and advances to unconsolidated subsidiaries and associated companies	1,532	1,544	14,566
Software	1,656	1,293	12,198
Asset for retirement benefits	375	597	5,632
Deferred tax assets	53	55	518
Other assets	282	324	3,056
Total investments and other assets	12,464	12,952	122,188
TOTAL	¥ 67,719	¥ 71,651	\$ 675,952

*1: U.S. dollar amounts have been translated from yen—solely for the convenience of the reader—at the rate of ¥106 to U.S.\$1.00, the exchange rate prevailing on March 31, 2018.

	Millions of Yen		Thousands of U.S. Dollars*1
	FY2017	FY2018	FY2018
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings	¥ 1,579	¥ 1,627	\$ 15,349
Current portion of long-term debt	5,997	2,703	25,500
Payables:			
Trade	9,396	10,975	103,537
Unconsolidated subsidiaries and associated companies	61	23	216
Other	1,223	1,460	13,773
Advances received from customers	4,381	3,091	29,160
Income taxes payable	337	379	3,575
Allowance for product warranties	847	722	6,811
Allowance for losses on construction contracts	957	1,635	15,424
Accrued expenses	1,289	1,401	13,216
Other current liabilities	129	110	1,037
Total current liabilities	26,200	24,130	227,641
LONG-TERM LIABILITIES:			
Long-term debt	5,880	11,393	107,481
Liability for retirement benefits	337	319	3,009
Deferred tax liabilities	1,221	1,408	13,283
Other long-term liabilities	366	382	3,603
Total long-term liabilities	7,805	13,504	127,396
COMMITMENTS AND CONTINGENT LIABILITIES			
EQUITY:			
Common stock, authorized, 60,000 thousand shares; issued 29,889 thousand shares in 2018 and 2017	1,592	1,592	15,018
Capital surplus	7,769	7,604	71,735
Stock acquisition rights	118	142	1,339
Retained earnings	22,774	23,138	218,283
Treasury stock—at cost 2,726 thousand shares in 2018 and 2,781 thousand shares in 2017	(1,904)	(1,841)	(17,367)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	1,832	2,039	19,235
Deferred gain on derivatives under hedge accounting	6	72	679
Foreign currency translation adjustments	742	621	5,858
Defined retirement benefit plans	307	461	4,349
Total	33,243	33,832	319,169
Noncontrolling interests	470	184	1,735
Total equity	33,713	34,017	320,915
TOTAL	¥ 67,719	¥ 71,651	\$ 675,952

Consolidated Financial Statements

Consolidated Statement of Income

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

	Millions of Yen		Thousands of U.S. Dollars*1
	FY2017	FY2018	FY2018
NET SALES	¥ 44,414	¥ 45,381	\$ 428,122
COST OF SALES	33,876	34,426	324,773
Gross profit	10,538	10,954	103,339
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	9,075	9,697	91,481
Operating income	1,462	1,257	11,858
OTHER INCOME:			
Interest and dividend income	338	267	2,518
Interest expense	(123)	(120)	(1,132)
Loss on valuation of investment securities	(103)		
Loss on valuation of shares of subsidiaries and associates		(104)	(981)
(Loss) Gain on foreign exchange—net	126	(94)	(886)
Rent income	145	143	1,349
Equity in earnings (losses) of associated companies	(17)	96	905
Gain on sales of shares of subsidiaries and associates	168		
Other—net	(59)	(1)	(9)
Other income—net	474	187	1,764
INCOME BEFORE INCOME TAXES	1,936	1,444	13,622
INCOME TAXES :			
Current	336	385	3,632
Deferred	(59)	183	1,726
Total income taxes	277	569	5,367
NET INCOME	1,659	875	8,254
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(126)	(20)	(188)
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 1,532	¥ 854	\$ 8,056

	Yen		U.S. Dollars*1
	FY2017	FY2018	FY2018
PER SHARE OF COMMON STOCK			
Basic net income	¥ 56.16	¥ 31.51	\$ 0.30
Diluted net income	¥ 55.92	¥ 31.35	\$ 0.30
Cash dividends applicable to the year	¥ 18.00	¥ 18.00	\$ 0.17

Consolidated Statement of Comprehensive Income

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

	Millions of Yen		Thousands of U.S. Dollars*1
	FY2017	FY2018	FY2018
NET INCOME	¥ 1,659	¥ 875	\$ 8,254
OTHER COMPREHENSIVE INCOME:			
Unrealized gain on available-for-sale securities	1,032	206	1,943
Deferred gain (loss) on derivatives under hedge accounting	(234)	65	613
Foreign currency translation adjustments	(822)	(140)	(1,320)
Defined retirement benefit plans	117	153	1,443
Share of other comprehensive gain (loss) in associates	(3)	3	28
Total other comprehensive income	88	290	2,735
COMPREHENSIVE INCOME	¥ 1,747	¥ 1,165	\$ 10,990
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 1,667	¥ 1,160	\$ 10,943
Noncontrolling interests	79	5	47

*1: U.S. dollar amounts have been translated from yen—solely for the convenience of the reader—at the rate of ¥106 to U.S.\$1.00, the exchange rate prevailing on March 31, 2018.

Consolidated Statement of Changes in Equity

Torishima Pump Mfg. Co., Ltd. and Consolidated Subsidiaries
Year ended March 31, 2018

	Thousands			Millions of Yen									
	Issued Number of Shares of Common Stock	Number of Shares of Treasury Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for- Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjust- ments	Defined Retirement Benefit Plans	Total	Noncon- trolling Interests
BALANCE, APRIL 1, 2016	29,889	(2,581)	¥1,592	¥7,800	¥100	¥21,733	¥(1,671)	¥800	¥241	¥1,523	¥190	¥32,312	¥483
Net income attributable to owners of the parent						1,532						1,533	
Cash dividends, ¥18.00 per share						(491)						(492)	
Purchase of treasury stock		(208)					(240)					(240)	
Disposal of treasury stock		8		1			7					8	
Change in the parent's ownership interest due to transactions with noncontrolling interests				(31)								(31)	
Net change in the year					19			1,032	(234)	(779)	117	154	(12)
BALANCE, MARCH 31, 2017	29,889	(2,781)	¥1,592	¥7,769	¥118	¥22,774	¥(1,904)	¥1,832	¥6	¥743	¥307	¥33,243	¥470
Net income attributable to owners of the parent						854						854	
Cash dividends, ¥18.00 per share						(491)						(491)	
Purchase of treasury stock		(0)					(0)					(0)	
Disposal of treasury stock		54					62					63	
Change in the parent's ownership interest due to transactions with noncontrolling interests				(165)								(165)	
Net change in the year					23			207	65	(121)	153	329	(285)
BALANCE, MARCH 31, 2018	29,889	(2,726)	¥1,592	¥7,604	¥142	¥23,138	¥(1,841)	¥2,039	¥72	621	¥461	¥33,832	¥184

	Thousands of U.S. Dollars*¹											
	Accumulated Other Comprehensive Income											
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for- Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjust- ments	Defined Retirement Benefit Plans	Total	Noncon- trolling Interests	Total Equity
BALANCE, MARCH 31, 2017	\$15,018	\$73,292	\$1,113	\$214,849	\$(17,962)	\$17,283	\$56	\$7,009	\$2,896	\$313,613	\$4,433	\$318,046
Net income attributable to owners of the parent				8,056						8,056		8,056
Cash dividends, \$0.16 per share				(4,632)						(4,632)		(4,632)
Purchase of treasury stock					(0)					(0)		(0)
Disposal of treasury stock					594					594		594
Change in the parent's ownership interest due to transactions with noncontrolling interests			(1,556)							(1,556)		(1,556)
Net change in the year				216		1,952	613	(1,141)	1,443	3,084	(2,688)	406
BALANCE, MARCH 31, 2018	\$15,018	\$71,735	\$1,339	\$218,283	\$(17,367)	\$19,235	\$679	\$5,858	\$4,349	\$319,169	\$1,735	\$320,915

Consolidated Statement of Cash Flows

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

	Millions of Yen		Thousands of U.S. Dollars*1
	FY2017	FY2018	FY2018
OPERATING ACTIVITIES:			
Income before income taxes	¥ 1,936	¥ 1,444	\$ 13,622
Adjustments for:			
Income taxes—paid	(264)	(335)	(3,160)
Income taxes—refunded	32	53	500
Depreciation and amortization	1,599	1,636	15,433
Loss on valuation of investment securities	101		
Gain on sales of shares of subsidiaries and associates	(168)		
Loss on valuation of shares of subsidiaries and associates		104	981
Equity in losses of associated companies	17	(96)	(905)
Changes in assets and liabilities:			
Increase in accounts receivables	(915)	(3,180)	(30,000)
(Increase) Decrease in inventories	242	(569)	(5,367)
Increase in advance payments	(186)	(252)	(2,377)
Increase in accounts payable	1,217	1,871	17,650
(Decrease) Increase in advances received from customers	1,222	(1,282)	(12,094)
Increase in allowance for doubtful accounts	223	430	4,056
(Decrease) Increase in allowance for product warranties	193	(122)	(1,150)
Increase in allowance for losses on construction contracts	644	678	6,396
Decrease in liability for retirement benefits	(12)	(26)	(245)
Other—net	612	234	2,207
Total adjustments	4,559	(857)	(8,084)
Net cash provided by operating activities	6,496	587	5,537
INVESTING ACTIVITIES:			
Increase in saving of time deposits	(18)	(136)	(1,283)
Proceeds from withdrawal of time deposits	29	97	915
Purchases of property, plant and equipment	(925)	(715)	(6,745)
Proceeds from sales of property, plant and equipment	27	63	594
Purchases of intangibles	(160)	(167)	(1,575)
Purchases of investment securities	(39)	(305)	(2,877)
Proceeds from sales of investment securities	2,524	29	273
Payments of loans receivable	(111)		
Collection of loans receivable	24	16	150
Other	24	13	122
Net cash (used in) provided by investing activities	1,376	(1,105)	(10,424)
FINANCING ACTIVITIES:			
Change in short-term borrowings—net	(4,029)	59	556
Proceeds from long-term debt	1,892	8,000	75,471
Repayments of long-term debt	(1,147)	(6,004)	(56,641)
Purchase of treasury stock	(240)		
Dividends paid	(491)	(491)	(4,632)
Purchase of shares of subsidiaries without change in scope of consolidation	(87)	(470)	(4,433)
Other	(35)	60	566
Net cash provided by (used in) financing activities	(4,140)	1,153	10,877
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(36)	(127)	(1,198)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,696	508	4,792
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,175	10,871	102,556
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 10,871	¥ 11,379	\$ 107,349

*1: U.S. dollar amounts have been translated from yen—solely for the convenience of the reader—at the rate of ¥106 to U.S.\$1.00, the exchange rate prevailing on March 31, 2018.

Global Network

As of June 30, 2018

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, 2018)

Torishima Pump Mfg. Co., Ltd.

Foundation: August 1, 1919

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

Outstanding shares: 29,889,079

Shareholders: 6,026

Employees: 1,625 (consolidated);
861 (Non-consolidated)

Major Bases (As of June 30, 2018)

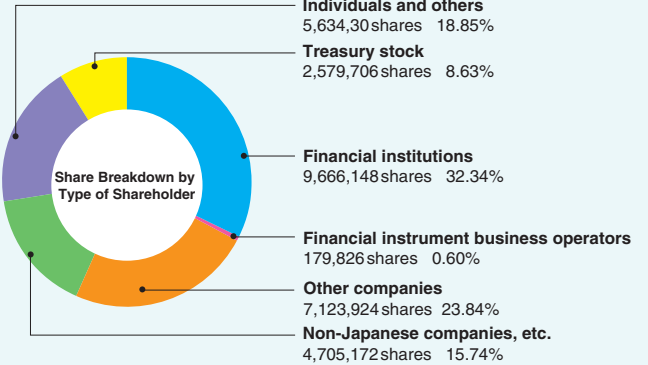
Major Japanese Bases

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, 2018)



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 Office (US),
Taiwan Office,
Beijing Representative Office (China),
Saudi Arabian Representative Office,
Qatar Project Office