

**RESULTS OF OPERATIONS FOR
THE THIRD QUARTER ENDED DECEMBER 31, 2017 (CONSOLIDATED)
(Japanese GAAP)**

February 7, 2018

Listed company name: Torishima Pump Mfg. Ltd.
 Stock exchange listings: First Section of Tokyo Stock Exchange
 Code number: 6363 URL: <http://www.torishima.co.jp.en>
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 Scheduled date of filing quarterly financial statements: February 13, 2018
 Preparing supplementary material on quarterly financial results: No
 Holding quarterly financial results presentation meeting: No

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

1. Consolidated financial results of nine months ended December 31, 2017 (April 1, 2017 through December 31, 2017)

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

	Net sales		Operating income		Ordinary income		Net income	
	%		%		%		%	
Nine months ended Dec. 31, 2017	23,936	-6.9	-797	-	-453	-	-670	-
Nine months ended Dec. 31, 2016	25,706	-5.0	79	-	808	-	833	-

Note: Comprehensive income
 Nine months ended Dec. 31, 2017 ¥ -112 million (-%)
 Nine months ended Dec. 31, 2016 ¥ 41 million (-%)

	Net income per share	Net income per share-Diluted
	Yen	Yen
Nine months ended Dec. 31, 2017	-24.69	-
Nine months ended Dec. 31, 2016	30.53	30.40

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

	Total assets	Net assets	Equity ratio
			%
Dec. 31, 2017	67,610	32,740	48.0
March 31, 2017	67,719	33,713	48.9

(Reference): Shareholders' equity: (Dec. 31, 2017)¥ 32,419million (March 31, 2017)¥ 33,124million

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Fiscal year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2016	-	9.00	-	9.00	18.00
FY2017	-	9.00	-		
FY2017(Forecast)				9.00	18.00

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

3. Forecast for the fiscal year ending March 31, 2018

Millions of yen, except per share data

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
	%	%	%	%	Yen
Annual	44,500 0.2	2,000 36.7	2,500 33.6	1,800 17.4	65.91

Note1: % represents percentage change from a previous year

Note2: Revision of the forecast during this quarter: No

4. Others

(1) Changes in significant subsidiaries during this period: No

(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements: Yes
(For further details, please refer to page 10, "Adoption of special accounting methods for presenting quarterly consolidated financial statements".)

(3) Changes in accounting principles, accounting estimates and correction of prior period errors

- ① Changes of accounting principles due to revisions of accounting standards: No
- ② Changes of accounting principles other than the above: No
- ③ Changes in accounting estimates: No
- ④ Correction of prior period errors: No

(4) Number of shares outstanding (Common stock)

- ① Number of shares outstanding at period end (including treasury stock)
(April 1 – Dec. 31, 2017) 29,889,079 (March 31, 2017) 29,889,079
- ② Number of treasury stock at period end
(April 1 – Dec. 31, 2017) 2,735,675 (March 31, 2017) 2,781,139
- ③ Weighed-average number of shares outstanding over the period
(April 1 – Dec. 31, 2017) 27,127,660 (April 1 – Dec. 31, 2016) 27,309,436

Note: The number of shares at period end includes treasury stock held by Employee Stock Ownership Plan (ESOP). The number of treasury stock held by ESOP was 156,000 shares during the third quarter of FY2017 and 201,700 shares during the third quarter of FY2016.

* These quarterly financial results do not fall within the scope of the Quarterly Review Procedures referenced in the Financial Instruments and Exchange Act.

* Explanation for adequate utilization of the forecast, and other note

Forecast shown above is prepared based on information available as of the issuing date of this report and assumptions that we consider as reasonable, and therefore the actual results may differ from these forecasted figures due to various unknown factors.

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1. Qualitative information, Financial Statements, etc.

(1) Qualitative information on consolidated results of operations

During the third quarter of the FY2017, the world economy as a whole was in a moderate recovery trend backed by the following factors. In the US, capital investment increased thanks to recovery of corporate earnings in addition to steady consumer spending backed by the improvement of employment and income conditions. The European economy was on a recovery track thanks to an increase in exports while holding political instability. In the emerging countries, exports increased, reflecting the effect of financial and monetary policy and the turnaround in the world economy. However, the economic downturn remained concerned because of the following reasons: economic slowdown of oil-producing countries caused by sluggish crude oil demand, Brexit issue in the UK, and an increase in geopolitical risks throughout the world.

In Japan, the economy showed a moderate recovery backed by recruiting conditions where the active job opening to applicant ratio topped 1.0, an increase in inbound demand due to an increase in the number of foreign visitors to Japan, an increase in exports supported by a moderate recovery trend of the world economy, and relatively stable exchange rate. However, the outlook remained uncertain, reflecting the following factors: sluggish consumer spending owing to a decline in disposable income due to slow income recovery compared to economic recovery and an increase in geopolitical risks.

Under such circumstances, in the pump industry, the demands continued steady amidst infrastructure projects, particularly for water resources, to meet the needs of a growing world population and counter-measures against torrential rain caused by abnormal weather occurring here and there. Looking ahead, the market environment at home and overseas cannot be optimistic because the world economy remains a moderate recovery, therefore private capital investment showed weak due to the uncertain outlook. In addition, new construction projects of thermal power plants faced headwinds owing to environmental issues.

Orders received during the third quarter of the FY2017 (April 1, 2017-Dec. 31, 2017) increased by ¥2,011 million from the same period last year to ¥34,387 million. Orders received from domestic public sector decreased by ¥765 million from the same period last year to ¥12,312 million, orders received from domestic private sector increased by ¥610 million from the same period last year to ¥6,363 million, and orders received from overseas sector increased by ¥2,166 million from the same period last year to ¥15,711 million.

Net sales during the third quarter of the FY2017 (April 1, 2017-Dec. 31, 2017) decreased by ¥1,769 million from the same period last year to ¥23,936 million. Operating losses during the third quarter of the FY2017 (April 1, 2017-Dec. 31, 2017) amounted to ¥797 million (operating income during the same period last year was ¥79million). Operating profit margin was -3.3%.

Ordinary losses during the third quarter of the FY2017 amounted to ¥453million (ordinary income during the same period last year was ¥808 million) due to dividend income of ¥239 million posted as non-operating income. Ordinary profit margin was -1.9%.

Net loss attributable to owners of parent during the third quarter of FY2017 amounted to ¥670 million (net income attributable to owners of parent during the same period last year was ¥833 million). Return on sales during the third quarter of FY2017 was -2.8%. Net loss per share amounted to ¥24.69.

(2) Qualitative information on consolidated financial position

At the end of the third quarter (Dec. 31, 2017), the Group's total assets amounted to ¥ 67,610 million, ¥109 million lower than at the end of the previous fiscal year (March 31, 2017). Principal changes in asset items included a decline in notes and accounts receivable-trade of ¥5,541 million despite an increase in work in process of ¥4,587 million and an increase in investment securities of ¥1,554 million.

Total liabilities amounted to ¥34,869 million, ¥863 million higher than at the end of the previous fiscal year. Principal changes in liability items included an increase in advances received of ¥2,065 and an increase in long-term loans payable of ¥1,664 despite a decline in notes and accounts payable-trade of ¥3,093 million.

Net assets amounted to ¥32,740 million, ¥972 million lower than at the end of the previous fiscal year.

(3) Qualitative information on consolidated earnings forecasts

Forecasts for the fiscal year ending March 31, 2018 announced on May 11, 2017 have not been changed.

2. Consolidated quarterly financial statement

(1) Consolidated quarterly balance sheet

(Millions of yen)

	End of previous consolidated fiscal year (March 31, 2017)	End of the third quarter of consolidated FY2017 (December 31, 2017)
Assets		
Current assets		
Cash and deposits	10,930	10,643
Notes and accounts receivable - trade	23,667	18,125
Merchandise and finished goods	273	228
Work in process	6,885	11,473
Raw materials and supplies	1,837	1,826
Advance payments - trade	417	781
Deferred tax assets	655	693
Other	1,024	991
Allowance for doubtful accounts	-371	-386
Total current assets	45,318	44,378
Non-current assets		
Property, plant and equipment	9,937	9,574
Intangible assets	1,784	1,421
Investments and other assets		
Investment securities	9,922	11,476
Other	1,319	1,411
Allowance for doubtful accounts	-562	-652
Total investments and other assets	10,679	12,235
Total non-current assets	22,401	23,231
Total assets	67,719	67,610

(Millions of yen)

	End of previous consolidated fiscal year (March 31, 2017)	End of the third quarter of consolidated FY2017 (December 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,457	6,364
Short-term loans payable	7,453	7,712
Income taxes payable	337	118
Advances received	4,381	6,447
Provision for bonuses	771	421
Provision for product warranties	847	667
Provision for loss on construction contracts	957	1,439
Other	1,994	1,874
Total current liabilities	26,200	25,044
Non-current liabilities		
Long-term loans payable	5,668	7,333
Provision for directors' retirement benefits	16	18
Net defined benefit liability	320	323
Other	1,799	2,149
Total non-current liabilities	7,805	9,824
Total liabilities	34,006	34,869
Net assets		
Shareholders' equity		
Capital stock	1,592	1,592
Capital surplus	7,769	7,601
Retained earnings	22,774	21,613
Treasury shares	-1,904	-1,851
Total shareholders' equity	30,233	28,956
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,832	2,657
Deferred gains or losses on hedges	6	-97
Foreign currency translation adjustment	743	581
Remeasurements of defined benefit plans	307	320
Total accumulated other comprehensive income	2,891	3,462
Subscription rights to shares	118	136
Non-controlling interests	470	184
Total net assets	33,713	32,740
Total liabilities and net assets	67,719	67,610

(2) Consolidated quarterly statement of income
(April 1 – December 31, 2017)

(Millions of yen)

	Third quarter ended December 31, 2016 (April 1, 2016 - December 31, 2016)	Third quarter ended December 31, 2017 (April 1, 2017 - December 31, 2017)
Net sales	25,706	23,936
Cost of sales	19,325	17,891
Gross profit	6,381	6,045
Selling, general and administrative expenses	6,302	6,842
Operating profit (loss)	79	-797
Non-operating income		
Dividend income	272	239
Foreign exchange gains	328	29
Share of profit of entities accounted for using equity method	60	75
Rent income	106	109
Other	137	110
Total non-operating income	906	564
Non-operating expenses		
Interest expenses	90	88
Other	85	132
Total non-operating expenses	176	220
Ordinary profit (loss)	808	-453
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	175	—
Total extraordinary income	175	—
Extraordinary losses		
Loss on valuation of investment securities	—	15
Total extraordinary losses	—	15
Profit (loss) before income taxes	984	-468
Income taxes	84	197
Profit (loss)	899	-665
Profit attributable to non-controlling interests	65	4
Profit (loss) attributable to owners of parent	833	-670

Consolidated quarterly statement of comprehensive income
(April 1 – December 31, 2017)

(Millions of yen)

	Third quarter ended December 31, 2016 (April 1, 2016 - December 31, 2016)	Third quarter ended December 31, 2017 (April 1, 2017 - December 31, 2017)
Profit (loss)	899	-665
Other comprehensive income		
Valuation difference on available-for-sale securities	934	824
Deferred gains or losses on hedges	-248	-103
Foreign currency translation adjustment	-1,567	-182
Remeasurements of defined benefit plans, net of tax	32	12
Share of other comprehensive income of entities accounted for using equity method	-8	2
Total other comprehensive income	-857	553
Comprehensive income	41	-112
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	54	-98
Comprehensive income attributable to non-controlling interests	-12	-14

(3) Notes on quarterly consolidated financial statements

- Note for assumption of going concern

No items to report

- Note for significant changes in the amount of shareholders' equity

No items to report

- Adoption of special accounting methods for presenting quarterly consolidated financial statements

In determining tax expenses, the effective tax rate after application of tax effect accounting for income before income taxes for the consolidated fiscal year, inclusive of the second quarter of consolidated FY2017, has been estimated in a rational manner, and tax expenses have been calculated by multiplying the quarterly income before income taxes and adjustments by this estimated effective tax rate.

However, we use the statutory effective tax rate in cases where the estimated effective tax rate is unavailable.

- Changes in accounting principles

No items to report

- Changes in accounting estimates

No items to report

- Additional information

- Accounting method in Employee Stock Ownership Plan (ESOP)

Based on the resolution at the Board of Directors held on November 10, 2016, the Company has introduced an employee incentive plan, the Employee Stock Ownership Plan (ESOP).

- Significant subsequent events

No items to report

3. Additional information

(1) Orders received and sales

Orders received and sales by demand category

Orders received

(Millions of yen)

	From April 1, 2016 to December 31, 2016		From April 1, 2017 to December 31, 2017		Year-on-year comparison	
Public	13,078	40.4%	12,312	35.8%	-765	-5.9%
Private	5,753	17.8%	6,363	18.5%	610	10.6%
Overseas	13,544	41.8%	15,711	45.7%	2,166	16.0%
Total	32,376	100.0%	34,387	100.0%	2,011	6.2%

Sales

(Millions of yen)

	From April 1, 2016 to December 31, 2016		From April 1, 2017 to December 31, 2017		Year-on-year comparison	
Public	4,504	17.5 %	6,364	26.6%	1,859	41.3%
Private	6,109	23.8%	5,955	24.8%	-153	-2.5%
Overseas	15,093	58.7%	11,617	48.6%	-3,475	-23.0%
Total	25,706	100.0%	23,936	100.0%	-1,769	-6.9%

Orders backlog

(Millions of yen)

	From April 1, 2016 to December 31, 2016		From April 1, 2017 to December 31, 2017		Year-on-year comparison	
Public	21,281	38.0%	20,737	35.2%	-544	-2.6%
Private	5,242	9.3%	5,660	9.6%	417	8.0%
Overseas	29,553	52.7%	32,530	55.2%	2,976	10.1%
Total	56,077	100.0%	58,927	100.0%	2,849	5.1%