

RESULTS OF OPERATIONS FOR
THE YEAR ENDED MARCH 31, 2019 (CONSOLIDATED)
(Japanese GAAP)

May 14, 2019

Listed company name: Torishima Pump Mfg. Co. Ltd.
 Stock exchange listings: First Section of Tokyo Stock Exchange
 Code number: 6363 URL: <http://www.torishima.co.jp/en>
 Representative: Kotaro Harada, President
 Contact person: Atsuo Mabuchi, General Manager of Accounting Department
 Phone: +81-72-695-0551
 Scheduled date of general shareholders' meeting: June 27, 2019
 Scheduled date of starting dividend payment: June 5, 2019
 Scheduled date of filing financial statements: June 27, 2019
 Preparing supplementary material on financial results: Yes
 Holding financial results presentation meeting: Yes (for investment analysts and institutional investors)

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

1. Consolidated financial results of Fiscal 2018 (April 1, 2018 to March 31, 2019)

(1) Operating results % of change from previous year

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of parent | |
|---------|-----------------|-----|------------------|-------|-----------------|-------|---|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY 2018 | 48,154 | 6.1 | 1,731 | 37.7 | 2,275 | 46.9 | 2,183 | 155.4 |
| FY 2017 | 45,381 | 2.2 | 1,257 | -14.1 | 1,549 | -17.2 | 854 | -44.2 |

Note: Comprehensive income FY2018 ¥ 1,326 million (13.8%) FY2017 ¥ 1,165 million (-33.3%)

| | Net income per share – Basic | Net income per share – Diluted | Return on equity | Ordinary income to total assets | Operating income to net sales |
|---------|------------------------------|--------------------------------|------------------|---------------------------------|-------------------------------|
| | Yen | Yen | % | % | % |
| FY 2018 | 80.18 | 79.84 | 6.4 | 3.2 | 3.6 |
| FY 2017 | 31.50 | 31.34 | 2.6 | 2.2 | 2.8 |

Reference: Equity in earnings of affiliates FY2018 ¥ 99 million FY2017 ¥ 96 million

(2) Financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| FY 2018 | 72,674 | 34,947 | 47.7 | 1,270.43 |
| FY 2017 | 71,171 | 34,017 | 47.3 | 1,240.33 |

Reference: Shareholders' equity FY2018 ¥ 34,651 million FY2017 ¥ 33,690 million

(3) Cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents (Year-end) |
|---------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| FY 2018 | 3,769 | -1,438 | 2,150 | 15,924 |
| FY 2017 | 587 | -1,105 | 1,153 | 11,379 |

2. Dividends

| | Dividends per share | | | | | Dividends total (Annual) | Dividend payout ratio (Consolidated) | Dividends to net assets (Consolidated) |
|-----------------------|---------------------|-----------|-----------|----------|--------|-----------------------------|--|--|
| | 1Q End | 2Q End | 3Q End | Year-end | Annual | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of Yen | % | % |
| FY 2017 | - | 9.00 | - | 9.00 | 18.00 | 491 | 57.5 | 1.4 |
| FY 2018 | - | 9.00 | - | 16.00 | 25.00 | 684 | 31.3 | 2.0 |
| FY 2019 (Forecast) | - | 9.00 | - | 9.00 | 18.00 | | 27.4 | |

3. Forecast for the Fiscal 2019 (April 1, 2019 to March 31, 2020) % of change from same period last year

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of parent | | Net income per share |
|--------|--------------------|------|--------------------|------|--------------------|------|--|-------|-------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Annual | 46,000 | -4.5 | 2,500 | 44.4 | 2,500 | 10.4 | 1,800 | -17.1 | 65.78 |

The company tracks business results on an annual basis and therefore will not disclose consolidated forecast for the first half of the fiscal year.

4. Others

(1) Changes in significant subsidiaries during this fiscal year: No

New: - Excluded: -

(2) Changes in accounting policies applied, procedures and disclosures for presenting consolidated financial statements

- ① Changes of accounting policies applied due to revisions of accounting standards: No
- ② Changes of accounting policies other than the above: No
- ③ Changes in accounting estimates: No
- ④ Retrospective restatement: No

(3) Number of shares outstanding (Common stock)

- ① Number of shares outstanding at period end (including treasury stock)
(FY 2018) 29,889,079 (FY 2017) 29,889,079
- ② Number of treasury stocks at period end
(FY 2018) 2,613,469 (FY 2017) 2,726,906
- ③ Weighted-average number of shares outstanding over the period
(FY 2018) 27,230,744 (FY 2017) 27,134,901

Reference: Unconsolidated financial results of Fiscal 2018 (April 1, 2018 to March 31, 2019)

(1) Operating results % of change from previous year

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---------|-----------------|-----|------------------|------|-----------------|-------|-----------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY 2018 | 38,973 | 5.3 | 599 | 36.0 | 783 | 2.8 | 816 | 345.7 |
| FY 2017 | 37,008 | 2.4 | 441 | 49.1 | 762 | -45.8 | 183 | -39.2 |

| | Net income per share - Basic | Net income per share - Diluted |
|---------|------------------------------|--------------------------------|
| | Yen | Yen |
| FY 2018 | 29.98 | 29.85 |
| FY 2017 | 6.75 | 6.71 |

(2) Financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| FY 2018 | 61,730 | 27,713 | 44.7 | 1,016.06 |
| FY 2017 | 61,226 | 27,820 | 45.2 | 1,024.22 |

Reference: Shareholders' equity FY 2018 ¥ 27,592 million FY 2017 ¥ 27,677 million

* These financial results are not subject to audit procedures.

* Explanations 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.

Contents

| | |
|---|----|
| 1. Operations results | |
| (1) Analysis of operations results ----- | 5 |
| (2) Analysis of financial position ----- | 6 |
| (3) Basic policy for allocation of income and dividends for FY 2018 and FY 2019 ----- | 7 |
| 2. Corporate group information ----- | 7 |
| 3. Basic policy for application of accounting standards ----- | 7 |
| 4. Consolidated financial statements | |
| (1) Consolidated balance sheets ----- | 8 |
| (2) Consolidated statements of income ----- | 10 |
| Consolidated statement of comprehensive income ----- | 11 |
| (3) Consolidated statements of changes in net assets ----- | 12 |
| (4) Consolidated statements of cash flows ----- | 14 |
| (5) Notes for consolidated financial statements ----- | 16 |
| 5. Individual financial statements | |
| (1) Balance sheets ----- | 18 |
| (2) Statements of income ----- | 20 |
| (3) Statements of changes in net assets ----- | 21 |
| 6. Additional information | |
| (1) Retirement / Appointment ----- | 23 |
| (2) Orders received, sales and orders backlog by demand category ----- | 23 |

1. Operations results

(1) Analysis of operations results

● Orders received, sales and orders backlog by demand category

FY2018

(Millions of yen)

| | Orders received | | Net sales | | Orders backlog | |
|------------------|-----------------|--------|-----------|--------|----------------|--------|
| | | | | | | |
| Domestic public | 16,434 | 31.7% | 15,931 | 33.1% | 12,585 | 25.7% |
| Domestic private | 9,258 | 17.9% | 8,540 | 17.7% | 6,447 | 13.2% |
| Overseas | 26,075 | 50.4% | 23,683 | 49.2% | 29,908 | 61.1% |
| Total | 51,768 | 100.0% | 48,154 | 100.0% | 48,942 | 100.0% |

FY2017

(Millions of yen)

| | Orders received | | Net sales | | Orders backlog | |
|------------------|-----------------|--------|-----------|--------|----------------|--------|
| | | | | | | |
| Domestic public | 13,914 | 32.9% | 16,621 | 36.6% | 12,082 | 26.7% |
| Domestic private | 8,914 | 21.1% | 8,436 | 18.6% | 5,729 | 12.6% |
| Overseas | 19,403 | 46.0% | 20,322 | 44.8% | 27,516 | 60.7% |
| Total | 42,233 | 100.0% | 45,381 | 100.0% | 45,328 | 100.0% |

Operating income on a consolidated basis in FY2018 amounted to ¥1,731 million (operating income in the previous fiscal year amounted to ¥1,257 million). Principal changes in operating income included an increase in sales from overseas sector and a decrease in provision for loss on construction contracts despite an increase in selling, general and administrative expenses due to an increase in subsidiaries.

Ordinary income amounted to ¥2,275 million (ordinary income in the previous fiscal year amounted to ¥1,549 million). Principal changes in ordinary income included share of profit of entities accounted for using equity method of ¥99 million as non-operating income despite foreign exchange losses of ¥75 million as non-operating expenses.

Net income attributable to owners of parent amounted to ¥2,183 million (net income attributable to owners of parent in the previous fiscal year was ¥854 million). This was influenced by loss on sales of investment securities of ¥83 million as extraordinary loss despite gain on sales of investment securities of ¥97 million as extraordinary income.

● Forecast for FY2019 and medium-term business plan

The new three-year medium-term business plan that began to implement in FY2017 was formulated as follows.

Medium-term business plan from FY2017 to FY2019

(Millions of yen)

| | FY2017 | | FY2018 | | FY2019 |
|---|--------|--------|--------|--------|--------|
| | Plan | Actual | Plan | Actual | Plan |
| Order received | 44,000 | 42,233 | 45,000 | 51,768 | 46,000 |
| Net sales | 44,500 | 45,381 | 46,000 | 48,154 | 46,000 |
| Operating income | 2,000 | 1,257 | 2,000 | 1,731 | 2,500 |
| Ordinary income | 2,500 | 1,549 | 2,000 | 2,275 | 2,500 |
| Net income attributable to owners of parent | 1,800 | 854 | 1,400 | 2,183 | 1,800 |

Note: These forecasts do not reflect International Financial Reporting Standards (IFRS).

(2) Analysis of financial position

● Assets, liabilities, and net assets

Assets on a consolidated basis at the end of FY2018 amounted to ¥72,674 million, ¥1,502 million higher than the previous fiscal year-end. Principal changes in asset items included an increase in cash and deposit of ¥4,456 million, which were borrowed as a fund for rebuilding the old headquarters building.

Liabilities amounted to ¥37,726 million, ¥572 million higher than the previous fiscal year-end. Principal changes in liability items included an increase in long-term loans payable of ¥4,374 million despite a decrease in short-term loans payable of ¥1,752 million.

Net assets amounted to ¥34,947 million, ¥930 million higher than the previous fiscal year-end.

● Cash flows

Consolidated cash and cash equivalents (hereinafter, cash) at the end of FY2018 amounted to ¥15,924 million, ¥4,544 million higher than the previous fiscal year-end. Note that cash and deposits in the consolidated balance sheet include time deposits over three months of ¥94 million at the end of FY2017 and ¥7 million at the end of FY2018.

➤ Operating cash flows

Net cash provided by operating activities amounted to ¥3,769 million, ¥587 million higher than the previous fiscal year. This was primarily due to an increase in notes and accounts receivable of ¥1,065 million (a decrease of ¥3,180 million in FY2017) and an increase in inventories of ¥1,142 million (a decrease of ¥569 million in FY2017) despite cash decrease such as an increase in provision for loss on construction contracts of ¥1,047 million (an increase of ¥678 million in FY2017).

➤ Investing cash flows

Net cash provided by investing activities amounted to ¥1,438 million, ¥1,105 million lower than the previous fiscal year. This was mainly influenced by purchase of property, plant and equipment of ¥1,558 million (¥715 million in FY2017) and purchase of intangible assets of ¥69 million (¥167 million in FY2017).

➤ Financing cash flows

Net cash used in financial activities amounted to ¥2,150 million, ¥1,153 million higher than the previous fiscal year. This was mainly caused by an increase in proceeds from long-term loans payable of ¥5,307 million (¥8,000 million in FY2017) despite a decrease in repayments of long-term loans payable of ¥2,639 million (¥5,873 million in FY2017).

Recent trends in cash flow indicators

| | FY2016 (March 31, 2017) | FY2017 (March 31, 2018) | FY2018 (March 31, 2019) |
|----------------------------------|----------------------------|----------------------------|----------------------------|
| Equity ratio (%) | 48.9 | 47.3 | 47.7 |
| Equity ratio at market value (%) | 43.8 | 37.9 | 36.2 |
| Debt to cash flow ratio (year) | 2.0 | 26.0 | 4.7 |
| Interest coverage ratio (times) | 52.4 | 4.9 | 29.2 |

Note: Equity ratio: Shareholders' equity / Total assets

Equity ratio at market value: Stock market capitalization / Total assets

Debt to cash flow ratio: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest expenses

- All indicators in the table above were computed with consolidated financial data.

- Stock market capitalization was computed on the basis of the number of outstanding shares without treasury stock.

- Operating cash flow is used for cash flow.
- Interest bearing debt indicates all debt paying interest among liabilities recorded in consolidated balance sheets.

(3) Basic policy for allocation of income and dividends for FY 2018 and FY 2019

The basic policy of the group is to pay stable dividends to shareholders. Taking account of the future needs to make investments for future growth, the group aims to maintain a dividend payout ratio of 30%.

Regarding retained earnings, the group aims to invest these funds effectively for financing new growth, including the development of technologies and products for responding to future advances in the sophistication of pumping as well as related equipment and software. The group also uses retained earnings for the maintenance of existing pumping stations and plants, for the development of more-efficient production facilities, and for expanding the scope of its business portfolio to environmental businesses that will help to conserve the global environment.

For FY 2018, the group paid a regular interim dividend of ¥9 per share.

In paying its fiscal year-end dividend, the group is planning to pay a dividend of ¥9 per share as well as a special dividend of ¥7 per share to express our gratitude to shareholders for reaching the 100th anniversary of the founding in August 2019. Thus, the dividend for the full fiscal year will be ¥25 per share.

For FY2019, the group is planning to also pay a dividend for the full year of ¥18 per share.

2. Corporate group information

There has been no material change in information regarding business lines of the group (the Company and its affiliated companies) and no change in major affiliated companies during this fiscal year.

3. Basic policy for application of accounting standards

Although the group operates globally, all overseas subsidiaries are unlisted company and there is no plan to procure funds overseas. Therefore, we adopt Japan's standard for the time being. However, we are considering adopting International Financial Reporting Standards (IFRS), referring to the trend of adopting IFRS and stakeholders.

4. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

| | FY 2017 (March 31, 2018) | FY 2018 (March 31, 2019) |
|--|-----------------------------|-----------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 11,474 | 15,931 |
| Notes and accounts receivable - trade | 26,784 | 25,778 |
| Merchandise and finished goods | 228 | 217 |
| Work in process | 7,639 | 6,462 |
| Raw materials and supplies | 1,663 | 1,647 |
| Advance payments - trade | 661 | 624 |
| Other | 946 | 1,301 |
| Allowance for doubtful accounts | -841 | -966 |
| Total current assets | 48,556 | 50,998 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 10,084 | 10,658 |
| Accumulated depreciation | -6,215 | -6,541 |
| Buildings and structures, net | 3,869 | 4,117 |
| Machinery, equipment and vehicles | 10,772 | 11,186 |
| Accumulated depreciation | -8,387 | -8,807 |
| Machinery, equipment and vehicles, net | 2,384 | 2,378 |
| Tools, furniture and fixtures | 2,718 | 3,082 |
| Accumulated depreciation | -2,371 | -2,609 |
| Tools, furniture and fixtures, net | 346 | 473 |
| Land | 2,490 | 2,484 |
| Leased assets | 715 | 815 |
| Accumulated depreciation | -277 | -338 |
| Leased assets, net | 437 | 477 |
| Construction in progress | 102 | 225 |
| Total property, plant and equipment | 9,631 | 10,156 |
| Intangible assets | 1,416 | 909 |
| Investments and other assets | | |
| Investment securities | 10,497 | 9,542 |
| Long-term loans receivable | 349 | 333 |
| Retirement benefit asset | 597 | 455 |
| Deferred tax assets | 86 | 105 |
| Other | 561 | 664 |
| Allowance for doubtful accounts | -523 | -491 |
| Total investments and other assets | 11,567 | 10,609 |
| Total non-current assets | 22,615 | 21,675 |
| Total assets | 71,171 | 72,674 |

(Millions of yen)

| | FY 2017 (March 31, 2018) | FY 2018 (March 31, 2019) |
|--|-----------------------------|-----------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 10,998 | 11,145 |
| Short-term loans payable | 4,196 | 2,443 |
| Income taxes payable | 379 | 140 |
| Advances received | 3,091 | 2,292 |
| Provision for bonuses | 856 | 872 |
| Provision for product warranties | 722 | 797 |
| Provision for loss on construction contracts | 1,635 | 584 |
| Other | 2,250 | 2,237 |
| Total current liabilities | 24,130 | 20,513 |
| Non-current liabilities | | |
| Long-term loans payable | 11,095 | 15,470 |
| Deferred tax liabilities | 928 | 659 |
| Provision for retirement benefits for directors (and other officers) | 19 | 1 |
| Retirement benefit liability | 300 | 301 |
| Other | 679 | 779 |
| Total non-current liabilities | 13,023 | 17,212 |
| Total liabilities | 37,154 | 37,726 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 1,592 | 1,592 |
| Capital surplus | 7,604 | 7,621 |
| Retained earnings | 23,138 | 24,793 |
| Treasury shares | -1,841 | -1,736 |
| Total shareholders' equity | 30,494 | 32,271 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,039 | 1,638 |
| Deferred gains or losses on hedges | 72 | -59 |
| Foreign currency translation adjustment | 621 | 420 |
| Remeasurements of defined benefit plans | 461 | 381 |
| Total accumulated other comprehensive income | 3,196 | 2,380 |
| Share acquisition rights | 142 | 121 |
| Non-controlling interests | 184 | 174 |
| Total net assets | 34,017 | 34,947 |
| Total liabilities and net assets | 71,171 | 72,674 |

(2) Consolidated statements of (comprehensive) income
(Consolidated statements of income)

(Millions of yen)

| | FY 2017 (April 1, 2017 to March 31, 2018) | FY 2018 (April 1, 2018 to March 31, 2019) |
|---|---|---|
| Net sales | 45,381 | 48,154 |
| Cost of sales | 34,426 | 36,391 |
| Gross profit | 10,954 | 11,763 |
| Selling, general and administrative expenses | 9,697 | 10,032 |
| Operating profit | 1,257 | 1,731 |
| Non-operating income | | |
| Interest income | 25 | 71 |
| Dividend income | 242 | 220 |
| Share of profit of entities accounted for using equity method | 96 | 99 |
| Rent income | 143 | 131 |
| Other | 169 | 290 |
| Total non-operating income | 676 | 811 |
| Non-operating expenses | | |
| Interest expenses | 120 | 128 |
| Commission for syndicate loan | 67 | 32 |
| Foreign exchange losses | 94 | 75 |
| Other | 103 | 29 |
| Total non-operating expenses | 384 | 267 |
| Ordinary profit | 1,549 | 2,275 |
| Extraordinary income | | |
| Gain on sales of investment securities | — | 97 |
| Gain on sales of shares of subsidiaries and associates | — | 9 |
| Total extraordinary income | — | 106 |
| Extraordinary losses | | |
| Loss on sales of investment securities | — | 83 |
| Loss on valuation of investment securities | — | 14 |
| Loss on valuation of shares of subsidiaries and associates | 104 | 28 |
| Total extraordinary losses | 104 | 127 |
| Profit before income taxes | 1,444 | 2,254 |
| Income taxes - current | 385 | 107 |
| Income taxes - deferred | 183 | -7 |
| Total income taxes | 569 | 100 |
| Profit | 875 | 2,154 |
| Profit (loss) attributable to non-controlling interests | 20 | -28 |
| Profit attributable to owners of parent | 854 | 2,183 |

(Consolidated statements of comprehensive income)

(Millions of yen)

| | FY 2017 (April 1, 2017 to March 31, 2018) | FY 2018 (April 1, 2018 to March 31, 2019) |
|--|---|---|
| Profit | 875 | 2,154 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 206 | -401 |
| Deferred gains or losses on hedges | 65 | -132 |
| Foreign currency translation adjustment | -140 | -212 |
| Remeasurements of defined benefit plans, net of tax | 153 | -80 |
| Share of other comprehensive income of entities accounted for using equity method | 3 | -1 |
| Total other comprehensive income | 290 | -828 |
| Comprehensive income | 1,165 | 1,326 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,160 | 1,367 |
| Comprehensive income attributable to non-controlling interests | 5 | -41 |

(3) Consolidated statements of changes in net assets
 FY 2017 (April 1, 2017 to March 31, 2018)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 1,592 | 7,769 | 22,774 | -1,904 | 30,233 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | -491 | | -491 |
| Profit attributable to owners of parent | | | 854 | | 854 |
| Purchase of treasury shares | | | | -0 | -0 |
| Disposal of treasury shares | | | | 63 | 63 |
| Purchase of shares of consolidated subsidiaries | | -165 | | | -165 |
| Sales of shares of consolidated subsidiaries | | | | | |
| Change of scope of consolidation | | | | | |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | — | -165 | 363 | 62 | 260 |
| Balance at end of current period | 1,592 | 7,604 | 23,138 | -1,841 | 30,494 |

| | 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 | 1,832 | 6 | 743 | 307 | 2,891 | 118 | 470 | 33,713 |
| Changes of items during period | | | | | | | | |
| Dividends of surplus | | | | | | | | -491 |
| Profit attributable to owners of parent | | | | | | | | 854 |
| Purchase of treasury shares | | | | | | | | -0 |
| Disposal of treasury shares | | | | | | | | 63 |
| Purchase of shares of consolidated subsidiaries | | | | | | | | -165 |
| Sales of shares of consolidated subsidiaries | | | | | | | | |
| Change of scope of consolidation | | | | | | | | |
| Net changes of items other than shareholders' equity | 207 | 65 | -121 | 153 | 305 | 23 | -285 | 43 |
| Total changes of items during period | 207 | 65 | -121 | 153 | 305 | 23 | -285 | 303 |
| Balance at end of current period | 2,039 | 72 | 621 | 461 | 3,196 | 142 | 184 | 34,017 |

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

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | 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 |
| Purchase of shares of consolidated subsidiaries | | | | | - |
| 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 |
| Purchase of shares of consolidated subsidiaries | | | | | | | | - |
| 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 |

(1) Consolidated statements of cash flows

(Millions of yen)

| | FY 2017 (April 1, 2017 to March 31, 2018) | FY 2018 (April 1, 2018 to March 31, 2019) |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 1,444 | 2,254 |
| Depreciation | 1,636 | 1,825 |
| Increase (decrease) in allowance for doubtful accounts | 430 | 96 |
| Increase (decrease) in provision for product warranties | -122 | 74 |
| Increase (decrease) in provision for loss on construction contracts | 678 | -1,047 |
| Increase (decrease) in retirement benefit liability | -26 | 42 |
| Interest and dividend income | -267 | -291 |
| Interest expenses | 120 | 128 |
| Share of loss (profit) of entities accounted for using equity method | -96 | -99 |
| Loss (gain) on valuation of investment securities | — | 14 |
| Loss (gain) on sales of investment securities | — | -13 |
| Loss (gain) on valuation of subsidiaries and associates | 104 | 28 |
| Loss (gain) on sales of shares of subsidiaries and associates | — | -9 |
| Loss (gain) on sales and retirement of property, plant and equipment | 7 | -1 |
| Decrease (increase) in notes and accounts receivable - trade | -3,180 | 1,065 |
| Decrease (increase) in inventories | -569 | 1,142 |
| Decrease (increase) in advance payments | -252 | 100 |
| Increase (decrease) in notes and accounts payable - trade | 1,576 | 3 |
| Increase (decrease) in advances received | -1,282 | -773 |
| Increase (decrease) in accounts payable - other | 294 | -274 |
| Other, net | 224 | -262 |
| Subtotal | 719 | 4,004 |
| Interest and dividend income received | 268 | 291 |
| Interest expenses paid | -119 | -122 |
| Income taxes paid | -335 | -404 |
| Income taxes refund | 53 | — |
| Net cash provided by (used in) operating activities | 587 | 3,769 |
| Cash flows from investing activities | | |
| Payments into time deposits | -136 | -78 |
| Proceeds from withdrawal of time deposits | 97 | 108 |
| Purchase of property, plant and equipment | -715 | -1,558 |
| Proceeds from sales of property, plant and equipment | 63 | 11 |
| Purchase of intangible assets | -167 | -69 |
| Purchase of investment securities | -305 | -0 |
| Proceeds from sales of investment securities | 29 | 390 |
| Payments of loans receivable | - | -46 |
| Collection of loans receivable | 16 | 20 |
| Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation | — | -22 |
| Other, net | 13 | -194 |
| Net cash provided by (used in) investing activities | -1,105 | -1,438 |

(Millions of yen)

| | FY 2017 (April 1, 2017 to March 31, 2018) | FY 2018 (April 1, 2018 to March 31, 2019) |
|--|---|---|
| Cash flows from financing activities | | |
| Increase (decrease) in short-term loans payable | 59 | 49 |
| Proceeds from long-term loans payable | 8,000 | 5,307 |
| Repayments of long-term loans payable | -5,873 | -2,639 |
| Proceeds from sales of treasury shares | 62 | 60 |
| Purchase of treasury shares | -0 | -0 |
| Proceeds from share issuance to non-controlling shareholders | — | 38 |
| Dividends paid to non-controlling interests | -1 | — |
| Cash dividends paid | -491 | -490 |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | -470 | — |
| Other, net | -131 | -174 |
| Net cash provided by (used in) financing activities | 1,153 | 2,150 |
| Effect of exchange rate change on cash and cash equivalents | -127 | 3 |
| Net increase (decrease) in cash and cash equivalents | 508 | 4,485 |
| Cash and cash equivalents at beginning of period | 10,871 | 11,379 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | — | 59 |
| Cash and cash equivalents at end of period | 11,379 | 15,924 |

(5) Notes for consolidated financial statements

● Segment information

FY2017 (April 1, 2017 to March 31, 2018)

The information is omitted by reason that the group's pump business exceeds 90% of both total sales and total operating income of all segments.

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

The information is omitted by reason that the group's pump business exceeds 90% of both total sales and total operating income of all segments.

● Additional information

FY2017 (April 1, 2017 to March 31, 2018)

Sales by area

(Millions of yen)

| Japan | Asia | Middle East | | Others | Total |
|--------|-------|-------------|-------|--------|--------|
| | | | Qatar | | |
| 25,058 | 8,391 | 10,064 | 3,559 | 1,866 | 45,381 |

Note: Sales is based on the place where products were installed and divided into countries or areas.

Property, plant and equipment by area

(Millions of yen)

| Japan | Asia | Middle East | Others | Total |
|-------|-------|-------------|--------|-------|
| 7,469 | 1,432 | 674 | 54 | 9,631 |

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

Sales by area

(Millions of yen)

| Japan | Asia | Middle East | | Others | Total |
|--------|-------|-------------|-------|--------|--------|
| | | | Qatar | | |
| 24,471 | 8,168 | 11,196 | 2,080 | 4,318 | 48,154 |

Note: Sales is based on the place where products were installed and divided into countries or areas.

Property, plant and equipment by area

(Millions of yen)

| Japan | Asia | Middle East | Others | Total |
|-------|-------|-------------|--------|--------|
| 8,208 | 1,284 | 596 | 66 | 10,156 |

● Information on impairment loss of non-current assets by reporting segment

FY2017 (April 1, 2017 to March 31, 2018)

No items to report

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

No items to report

● Information on depreciation of goodwill and undepreciated balance by reporting segment

FY2017 (April 1, 2017 to March 31, 2018)

(Millions of Yen)

| | Pump business |
|-------------------------------|---------------|
| Depreciation amount on FY2017 | 14 |
| Balance on March 31, 2018 | 20 |

FY2018 (April 1, 2018 to March 31, 2019) (Millions of Yen)

| | Pump business |
|-------------------------------|---------------|
| Depreciation amount on FY2018 | 15 |
| Balance on March 31, 2019 | 5 |

- Information on a gain on negative goodwill by reporting segment

FY2017 (April 1, 2017 to March 31, 2018)

No items to report

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

No items to report

- Information on net assets per share (Yen)

| | FY2017 (April 1, 2017 to March 31, 2018) | FY2018 (April 1, 2018 to March 31, 2019) |
|--------------------------------|---|---|
| Net assets per share | 1,240.33 | 1,270.43 |
| Net income per share - Basic | 31.50 | 80.18 |
| Net income per share - Diluted | 31.34 | 79.84 |

Note: Net income (loss) per share – basic and diluted are computed by the basis of the following.

| | FY2017 (April 1, 2017 to March 31, 2018) | FY2018 (April 1, 2018 to March 31, 2019) |
|--|--|--|
| Net income per share - Basic | | |
| Net income attributable to owners of parent (Millions of Yen) | 854 | 2,183 |
| Amount not belonging to common shareholders | — | |
| Net income (loss) attributable to owners of parent available to common shareholders (Millions of Yen) | 854 | 2,183 |
| Average shares of common stocks | 27,134,901 | 27,230,744 |
| Net income per share - Diluted | | |
| Adjustment of net income attributable to owners of parent (Millions of Yen) | — | |
| Increasing number of common stock | 137,959 | 116,788 |
| (Rights to purchase new shares) | (137,959) | (116,788) |
| Potential shares excluded from consumption of diluted income per share which don't have a dilutive effect | | — |

- 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).
- Adoption of “Partial amendments to Accounting Standard for Tax Effect Accounting”
From the first quarter under review, the Company adopted “Partial amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No.28, February 16, 2018). Deferred tax assets are recorded in the total investments and other assets. Deferred tax liabilities are recorded in the non-current liabilities.

5. Individual financial statements

(1) Balance sheets

| | (Millions of yen) | |
|--|-----------------------------|-----------------------------|
| | FY 2017 (March 31, 2018) | FY 2018 (March 31, 2019) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 8,734 | 13,521 |
| Notes receivable - trade | 1,723 | 1,622 |
| Accounts receivable - trade | 21,820 | 19,691 |
| Merchandise and finished goods | 121 | 134 |
| Work in process | 5,842 | 4,758 |
| Raw materials and supplies | 985 | 933 |
| Advance payments - trade | 426 | 399 |
| Prepaid expenses | 174 | 173 |
| Short-term loans receivable | 849 | 868 |
| Other | 382 | 687 |
| Allowance for doubtful accounts | -748 | -1,023 |
| Total current assets | 40,311 | 41,766 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 2,637 | 2,962 |
| Structures | 235 | 262 |
| Machinery and equipment | 1,546 | 1,626 |
| Vehicles | 12 | 10 |
| Tools, furniture and fixtures | 184 | 321 |
| Land | 2,166 | 2,172 |
| Leased assets | 394 | 466 |
| Construction in progress | 58 | 187 |
| Total property, plant and equipment | 7,236 | 8,009 |
| Intangible assets | | |
| Software | 1,295 | 816 |
| Other | 21 | 19 |
| Total intangible assets | 1,316 | 835 |
| Investments and other assets | | |
| Investment securities | 9,118 | 8,100 |
| Shares and investments in capital of Subsidiaries and associates | 2,250 | 2,288 |
| Long-term loans receivable | 1,449 | 1,441 |
| Other | 509 | 395 |
| Allowance for doubtful accounts | -967 | -1,107 |
| Total investments and other assets | 12,361 | 11,119 |
| Total non-current assets | 20,915 | 19,964 |
| Total assets | 61,226 | 61,730 |

(Millions of yen)

| | FY 2017 (March 31, 2018) | FY 2018 (March 31, 2019) |
|---|-----------------------------|-----------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes payable - trade | 814 | 886 |
| Accounts payable - trade | 9,251 | 8,831 |
| Short-term loans payable | 3,551 | 1,861 |
| Lease obligations | 130 | 158 |
| Accounts payable - other | 960 | 1,252 |
| Accrued expenses | 348 | 383 |
| Income taxes payable | 246 | 63 |
| Advances received | 2,589 | 1,887 |
| Deposits received | 41 | 43 |
| Provision for bonuses | 739 | 764 |
| Provision for product warranties | 711 | 748 |
| Provision for loss on construction contracts | 1,596 | 548 |
| Other | 49 | 138 |
| Total current liabilities | 21,032 | 17,566 |
| Non-current liabilities | | |
| Long-term loans payable | 11,095 | 15,377 |
| Lease obligations | 297 | 345 |
| Deferred tax liabilities | 625 | 332 |
| Provision for retirement benefits | 106 | 120 |
| Other | 249 | 273 |
| Total non-current liabilities | 12,374 | 16,449 |
| Total liabilities | 33,406 | 34,016 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 1,592 | 1,592 |
| Capital surplus | | |
| Legal capital surplus | 4,610 | 4,610 |
| Other capital surplus | 3,229 | 3,248 |
| Total capital surpluses | 7,839 | 7,859 |
| Retained earnings | | |
| Legal retained earnings | 398 | 398 |
| Other retained earnings | | |
| Reserve for advanced depreciation of non-current assets | 397 | 397 |
| Reserve for dividend equalization | 1,400 | 1,400 |
| General reserve | 11,470 | 11,470 |
| Retained earnings brought forward | 4,309 | 4,634 |
| Total retained earnings | 17,974 | 18,299 |
| Treasury shares | -1,841 | -1,736 |
| Total shareholders' equity | 25,566 | 26,014 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 2,038 | 1,637 |
| Deferred gains or losses on hedges | 72 | -59 |
| Total valuation and translation adjustments | 2,111 | 1,577 |
| Share acquisition rights | 142 | 121 |
| Total net assets | 27,820 | 27,713 |
| Total liabilities and net assets | 61,226 | 61,730 |

(2) Statements of income

(Millions of yen)

| | FY 2017 (April 1, 2017 to March 31, 2018) | FY 2018 (April 1, 2018 to March 31, 2019) |
|--|---|---|
| Net sales | 37,008 | 38,973 |
| Cost of sales | 30,030 | 31,630 |
| Gross profit | 6,977 | 7,342 |
| Selling, general and administrative expenses | 6,536 | 6,743 |
| Operating profit | 441 | 599 |
| Non-operating income | | |
| Interest income | 54 | 65 |
| Dividend income | 560 | 221 |
| Foreign exchange gains | — | 24 |
| Rent income | 153 | 146 |
| Other | 72 | 73 |
| Total non-operating income | 840 | 530 |
| Non-operating expenses | | |
| Interest expenses | 82 | 78 |
| Provision of allowance for doubtful accounts | 220 | 206 |
| Commission for syndicate loan | 67 | 32 |
| Foreign exchange losses | 64 | — |
| Other | 84 | 28 |
| Total non-operating expenses | 519 | 346 |
| Ordinary profit | 762 | 783 |
| Extraordinary income | | |
| Gain on sales of investment securities | — | 97 |
| Gain on sales of shares of subsidiaries and associates | — | 38 |
| Total extraordinary income | — | 136 |
| Extraordinary losses | | |
| Loss on sales of investment securities | — | 83 |
| Loss on valuation of investment securities | — | 14 |
| Loss on valuation of shares of subsidiaries and associates | 100 | — |
| Total extraordinary losses | 100 | 98 |
| Profit before income taxes | 661 | 821 |
| Income taxes - current | 297 | 61 |
| Income taxes - deferred | 180 | -56 |
| Total income taxes | 478 | 4 |
| Profit | 183 | 816 |

(3) Statements of changes in net assets
 FY 2017 (April 1, 2017 to March 31, 2018)

(Millions of yen)

| | Shareholders' equity | | | | | | | | | |
|---|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|---|-----------------------------------|-----------------|-----------------------------------|-------------------------|
| | Capital stock | Capital surplus | | | Retained earnings | | | | | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings | | | | Total retained earnings |
| | | | | | | Reserve for advanced depreciation of non-current assets | Reserve for dividend equalization | General reserve | Retained earnings brought forward | |
| Balance at beginning of current period | 1,592 | 4,610 | 3,229 | 7,839 | 398 | 398 | 1,400 | 11,470 | 4,616 | 18,283 |
| Changes of items during period | | | | | | | | | | |
| Reversal of reserve for advanced depreciation of non-current assets | | | | | | -0 | | | 0 | — |
| Dividends of surplus | | | | | | | | | -491 | -491 |
| Profit | | | | | | | | | 183 | 183 |
| Purchase of treasury shares | | | | | | | | | | |
| Disposal of treasury shares | | | | | | | | | | |
| Net changes of items other than shareholders' equity | | | | | | | | | | |
| Total changes of items during period | — | — | — | — | — | -0 | — | — | -307 | -308 |
| Balance at end of current period | 1,592 | 4,610 | 3,229 | 7,839 | 398 | 397 | 1,400 | 11,470 | 4,309 | 17,974 |

| | Shareholders' equity | | Valuation and translation adjustments | | | Share acquisition rights | Total net assets |
|---|----------------------|----------------------------|---|------------------------------------|---|--------------------------|------------------|
| | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments | | |
| Balance at beginning of current period | -1,904 | 25,811 | 1,831 | 6 | 1,838 | 118 | 27,769 |
| Changes of items during period | | | | | | | |
| Reversal of reserve for advanced depreciation of non-current assets | | — | | | | | — |
| Dividends of surplus | | -491 | | | | | -491 |
| Profit | | 183 | | | | | 183 |
| Purchase of treasury shares | -0 | -0 | | | | | -0 |
| Disposal of treasury shares | 63 | 63 | | | | | 63 |
| Net changes of items other than shareholders' equity | | | 206 | 65 | 272 | 23 | 296 |
| Total changes of items during period | 62 | -245 | 206 | 65 | 272 | 23 | 50 |
| Balance at end of current period | -1,841 | 25,566 | 2,038 | 72 | 2,111 | 142 | 27,820 |

| | Shareholders' equity | | | | | | | | | |
|---|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|---|-----------------------------------|-----------------|-----------------------------------|-------------------------|
| | Capital stock | Capital surplus | | | Retained earnings | | | | | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings | | | | Total retained earnings |
| | | | | | | Reserve for advanced depreciation of non-current assets | Reserve for dividend equalization | General reserve | Retained earnings brought forward | |
| Balance at beginning of current period | 1,592 | 4,610 | 3,229 | 7,839 | 398 | 397 | 1,400 | 11,470 | 4,309 | 17,974 |
| Changes of items during period | | | | | | | | | | |
| Reversal of reserve for advanced depreciation of non-current assets | | | | | | -0 | | | 0 | - |
| Dividends of surplus | | | | | | | | | -492 | -492 |
| Profit | | | | | | | | | 816 | 816 |
| Purchase of treasury shares | | | | | | | | | | |
| Disposal of treasury shares | | | 19 | 19 | | | | | | |
| Net changes of items other than shareholders' equity | | | | | | | | | | |
| Total changes of items during period | | | 19 | 19 | | -0 | | | 324 | 324 |
| Balance at end of current period | 1,592 | 4,610 | 3,248 | 7,859 | 398 | 397 | 1,400 | 11,470 | 4,634 | 18,299 |

| | Shareholders' equity | | Valuation and translation adjustments | | | Share acquisition rights | Total net assets |
|---|----------------------|----------------------------|---|------------------------------------|---|--------------------------|------------------|
| | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments | | |
| Balance at beginning of current period | -1,841 | 25,566 | 2,038 | 72 | 2,111 | 142 | 27,820 |
| Changes of items during period | | | | | | | |
| Reversal of reserve for advanced depreciation of non-current assets | | - | | | | | - |
| Dividends of surplus | | -492 | | | | | -492 |
| Profit | | 816 | | | | | 816 |
| Purchase of treasury shares | -0 | -0 | | | | | -0 |
| Disposal of treasury shares | 105 | 124 | | | | | 124 |
| Net changes of items other than shareholders' equity | | | -401 | -132 | -533 | -21 | -555 |
| Total changes of items during period | 104 | 448 | -401 | -132 | -533 | -21 | -106 |
| Balance at end of current period | -1,736 | 26,014 | 1,637 | -59 | 1,577 | 121 | 27,713 |

4. Additional information

(1) Retirement / Appointment

Appointment of Director: Hiroto Takahashi (scheduled on June 27, 2019)

(2) Orders received, sales and orders backlog by demand category

Orders received

(Millions of yen)

| | From April 1, 2017 to March 31, 2018 | | From April 1, 2018 to March 31, 2019 | | Year-on-year comparison | |
|------------------|---|--------|---|--------|----------------------------|------|
| | | | | | | |
| Domestic public | 13,914 | 32.9 | 16,434 | 31.7 | 2,519 | 18.1 |
| Domestic private | 8,914 | 21.1 | 9,258 | 17.9 | 343 | 3.9 |
| Overseas | 19,403 | 46.0 | 26,075 | 50.4 | 6,672 | 34.4 |
| Total | 42,233 | 100.0% | 51,768 | 100.0% | 9,535 | 22.6 |

Sales

(Millions of yen)

| | From April 1, 2017 to March 31, 2018 | | From April 1, 2018 to March 31, 2019 | | Year-on-year comparison | |
|------------------|---|--------|---|--------|----------------------------|------|
| | | | | | | |
| Domestic public | 16,621 | 36.6 | 15,931 | 33.1 | -690 | -4.2 |
| Domestic private | 8,436 | 18.6 | 8,540 | 17.7 | 103 | 1.2 |
| Overseas | 20,322 | 44.8 | 23,683 | 49.2 | 3,360 | 16.5 |
| Total | 45,381 | 100.0% | 48,154 | 100.0% | 2,773 | 6.1 |

Orders backlog

(Millions of yen)

| | From April 1, 2017 to March 31, 2018 | | From April 1, 2018 to March 31, 2019 | | Year-on-year comparison | |
|------------------|---|--------|---|--------|----------------------------|------|
| | | | | | | |
| Domestic public | 12,082 | 26.7% | 12,585 | 25.7 | 503 | 4.2 |
| Domestic private | 5,729 | 12.6% | 6,447 | 13.2 | 718 | 12.5 |
| Overseas | 27,516 | 60.7% | 29,908 | 61.1 | 2,391 | 8.7 |
| Total | 45,328 | 100.0% | 48,942 | 100.0% | 3,613 | 8.0 |