

**RESULTS OF OPERATIONS FOR
THE FIRST QUARTER ENDED JUNE 30, 2018 (CONSOLIDATED)
(Japanese GAAP)**

August 2, 2018

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>
 Representative: Kotaro Harada, President
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 Scheduled date of filing quarterly financial statements: August 9, 2018
 Scheduled date of starting dividend payment: -
 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 the first quarter ended June 30, 2018 (April 1, 2018 through June 30, 2018)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
		%		%		%		%
First quarter ended June 30, 2018	8,093	20.5	-54	-	261	-	202	-
First quarter ended June 30, 2017	6,718	-13.6	-227	-	-112	-	-179	-

Note: Comprehensive income: (First quarter ended June 30, 2018) ¥-171 million (-%)
 (First quarter ended June 30, 2017) ¥-166million (-%)

	Net income per share	Net income per share-Diluted
	Yen	Yen
First quarter ended June 30, 2018	7.45	7.41
First quarter ended June 30, 2017	-6.61	-

Note: % represents percentage change from a comparable previous period

(2) Financial position Millions of yen, except per equity ratio

	Total assets	Net assets	Net assets per share
			%
June 30, 2018	69,664	33,640	47.8
March 31, 2018	71,171	34,017	47.0

(Reference): Shareholders' equity: (June 30, 2018) ¥ 33,294 million (March 31, 2018) ¥ 33,690 million

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Fiscal year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2017	-	9.00	-	9.00	18.00
FY2018	-				
FY2018 (Forecast)		9.00	-	9.00	18.00

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

Forecast for fiscal year ending March 31, 2019

Millions of yen, except per share data

	Net sales		Operating income		Ordinary income		Loss attributable to owners of parent		Net income per share	
		%		%		%		%	Yen	
Annual	46,000	1.4	2,000	59.1	2,000	29.1	1,400	63.7	51.21	

Note1: % represents percentage change from a previous year

Note2: Revision of the forecast during this quarter: No

Note3: Since the Company conducts business management annually, the description of the consolidated business forecast for the cumulative second quarter is omitted.

3. Others

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

(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements: No
(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)

(June 30, 2018) 29,889,079 (March 31, 2018) 29,889,079

② Number of treasury stock at period end

(June 30, 2018) 2,690,106 (March 31, 2018) 2,726,906

③ Weighed-average number of shares outstanding over the period

(April 1 - June 30, 2018) 27,173,623 (April 1 - June 30, 2017) 27,112,207

Note: Treasury stock at period end includes the one held by the Employee Stock Ownership Plan (ESOP) trust.

(June 30, 2018) 138,300 shares (March 31, 2018) 147,200 shares

* These quarterly financial results do not fall within the scope of the Quarterly Review Procedures.

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

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1. Qualitative information for the first quarter of the FY2018

(1) Qualitative information on consolidated results of operations

During the first quarter of the FY2018, the world economy continued on a moderate expansion backed by the following factors. In the US and Europe, consumption, production, and exports continued steady. In China, consumption and exports recovered gradually despite slowdown in infrastructure investments. Oil price showed a moderate recovery trend. However, concerns remained over intensifying trade friction due to protectionist policies in the US.

In Japan, the economy was steady in a recovery trend as a whole with high employment rate, a recovery trend in consumer spending, and steady corporate earnings buoyed by continuous stable exchange rate. However business confidence did not eventually recover because of sharp price increases in raw materials caused by a recovery in oil price and concerns about trade friction caused by trade protectionism.

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, renewal of aging facilities, and counter-measures against torrential rain caused by abnormal weather. However, competition for orders continued severe as new construction projects of thermal power plants faced headwinds owing to environmental issues.

Orders received during the first quarter of FY2018 (April 1, 2018-June 30, 2018) increased by ¥5,979 million from the same period last year to ¥15,552 million. Orders received from domestic public sector increased by ¥763 million from the same period last year to ¥3,315 million, orders received from domestic private sector decreased by ¥81 million from the same period last year to ¥2,179 million and orders received from overseas sector increased by ¥5,298 million from the same period last year to ¥10,057 million.

Net sales during the first quarter of FY2018 (April 1, 2018-June 30, 2018) increased by ¥1,374 million from the same period last year to ¥8,093 million.

Operating loss during the first quarter of FY2018 (April 1, 2018-June 30, 2018) amounted to ¥54 million (operating loss during the same period last year was ¥227 million). Ordinary income amounted to ¥261 million (ordinary loss during the same period last year was ¥112 million) due to foreign exchange gains of ¥102 as non-operating income. Net income attributable to owners of parent amounted to ¥202 million (loss attributable to owners of parent during the same period last year was ¥179 million).

(2) Qualitative information on consolidated financial position

At the end of the first quarter (June 30, 2018), the Group's total assets amounted to ¥69,664 million, ¥1,507 million lower than at the end of the previous fiscal year (March 31, 2018). Principal changes in assets items included a decrease in notes and accounts receivable-trade of ¥8,388 million despite of an increase in cash and deposits of ¥6,115 million.

Total liabilities at the end of the first quarter amounted to ¥36,023 million, ¥1,130 million lower than at the end of the previous fiscal year. Principal changes in liabilities items included a decline in notes and accounts payable-trade of ¥1,311 million.

Net assets at the end of the first quarter amounted to ¥33,640 million, ¥376 million lower than at the end of the previous fiscal year.

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). Regarding qualitative information, comparison is made by retroactively adjusted numbers in the previous fiscal year.

(3) Qualitative information on consolidated earnings forecasts

Forecasts for fiscal year ending March 31, 2019 have not been changed from those announced on May 11, 2018.

3. Consolidated quarterly financial statement

(1) Consolidated quarterly balance sheet

(Millions of yen)

	End of previous consolidated fiscal year (March 31, 2018)	End of the first quarter of consolidated FY2018 (June 30, 2018)
Assets		
Current assets		
Cash and deposits	11,474	17,590
Notes and accounts receivable - trade	26,784	18,395
Merchandise and finished goods	228	370
Work in process	7,639	8,280
Raw materials and supplies	1,663	1,606
Advance payments - trade	661	618
Other	946	1,074
Allowance for doubtful accounts	-841	-976
Total current assets	48,556	46,961
Non-current assets		
Property, plant and equipment	9,631	9,585
Intangible assets	1,416	1,306
Investments and other assets		
Investment securities	10,497	10,755
Other	1,594	1,516
Allowance for doubtful accounts	-523	-460
Total investments and other assets	11,567	11,811
Total non-current assets	22,615	22,702
Total assets	71,171	69,664

(Millions of yen)

	End of previous consolidated fiscal year (March 31, 2018)	End of the first quarter of consolidated FY2018 (June 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,998	9,686
Short-term loans payable	4,196	3,690
Income taxes payable	379	205
Advances received	3,091	3,901
Provision for bonuses	856	510
Provision for product warranties	722	717
Provision for loss on construction contracts	1,635	1,709
Other	2,250	2,475
Total current liabilities	24,130	22,897
Non-current liabilities		
Long-term loans payable	11,095	11,087
Provision for directors' retirement benefits	19	1
Net defined benefit liability	300	298
Other	1,608	1,738
Total non-current liabilities	13,023	13,125
Total liabilities	37,154	36,023
Net assets		
Shareholders' equity		
Capital stock	1,592	1,592
Capital surplus	7,604	7,611
Retained earnings	23,138	23,063
Treasury shares	-1,841	-1,812
Total shareholders' equity	30,494	30,454
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,039	2,189
Deferred gains or losses on hedges	72	-49
Foreign currency translation adjustment	621	248
Remeasurements of defined benefit plans	461	452
Total accumulated other comprehensive income	3,196	2,839
Share acquisition rights	142	121
Non-controlling interests	184	224
Total net assets	34,017	33,640
Total liabilities and net assets	71,171	69,664

(2) Consolidated quarterly statement of (comprehensive) income

Consolidated quarterly statement of income (April 1 – June 30, 2018)

(Millions of yen)

	First quarter ended June 30, 2017 (April 1, 2017 - June 30, 2017)	First quarter ended June 30, 2018 (April 1, 2018 - June 30, 2018)
Net sales	6,718	8,093
Cost of sales	4,701	5,717
Gross profit	2,016	2,375
Selling, general and administrative expenses	2,243	2,429
Operating loss	-227	-54
Non-operating income		
Dividend income	109	113
Foreign exchange gains	—	102
Rent income	37	35
Share of profit of entities accounted for using equity method	9	49
Other	26	61
Total non-operating income	182	362
Non-operating expenses		
Interest expenses	30	35
Foreign exchange losses	15	—
Other	22	12
Total non-operating expenses	68	47
Ordinary profit (loss)	-112	261
Extraordinary losses		
Loss on valuation of investment securities	16	—
Total extraordinary losses	16	—
Profit (loss) before income taxes	-129	261
Income taxes	73	68
Profit (loss)	-202	192
Loss attributable to non-controlling interests	-22	-9
Profit (loss) attributable to owners of parent	-179	202

Consolidated quarterly statement of comprehensive income (April 1 – June 30, 2018)

(Millions of yen)

	First quarter ended June 30, 2017 (April 1, 2017 - June 30, 2017)	First quarter ended June 30, 2018 (April 1, 2018 - June 30, 2018)
Profit (loss)	-202	192
Other comprehensive income		
Valuation difference on available-for-sale securities	209	149
Deferred gains or losses on hedges	-3	-122
Foreign currency translation adjustment	-175	-378
Remeasurements of defined benefit plans, net of tax	5	-9
Share of other comprehensive income of entities accounted for using equity method	-0	-3
Total other comprehensive income	35	-363
Comprehensive income	-166	-171
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-132	-153
Comprehensive income attributable to non-controlling interests	-34	-17

(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 consolidated first quarter under review, 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 and 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).

- 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). Total investments and other assets include deferred tax assets. In addition, other in non-current liabilities includes deferred tax liabilities.

- Significant Subsequent Events

No items to report

4. Orders received and sales by demand category

Orders received

(Millions of yen)

	From April 1, 2017 to June 30, 2017		From April 1, 2018 to June 30, 2018		Year-on-year comparison	
Public	2,552	26.7%	3,315	21.3%	763	29.9%
Private	2,261	23.6%	2,179	14.0%	-81	-3.6%
Overseas	4,759	49.7%	10,057	64.7%	5,298	111.3%
Total	9,572	100.0%	15,552	100.0%	5,979	62.5%

Sales

(Millions of yen)

	From April 1, 2017 to June 30, 2017		From April 1, 2018 to June 30, 2018		Year-on-year comparison	
Public	1,544	23.0%	1,705	21.1%	161	10.5%
Private	1,925	28.7%	1,978	24.4%	53	2.8%
Overseas	3,249	48.3%	4,408	54.5%	1,159	35.7%
Total	6,718	100%	8,093	100%	1,374	20.5%

Orders backlog

(Millions of yen)

	As of June 30, 2017		As of June 30, 2018		Year-on-year comparison	
Public	15,797	30.8%	13,692	26.0%	-2,105	-13.3%
Private	5,587	10.9%	5,930	11.2%	342	6.1%
Overseas	29,945	58.3%	33,165	62.8%	3,219	10.8%
Total	51,331	100%	52,788	100%	1,457	2.8%