

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

November 8, 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
 Contact person: Atsuo Mabuchi, General Manager of Accounting Department
 Phone: +81-72-695-0551
 Scheduled date of filing quarterly financial statements: November 13, 2018
 Scheduled date of starting dividend payment: December 4, 2018
 Preparing supplementary material on quarterly financial results: Yes
 Holding quarterly 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 the second quarter ended Sept. 30, 2018 (April 1, 2018 through Sept. 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	
		%		%		%		%
Second quarter ended Sept. 30, 2018	19,133	26.6	-359	-	151	-	4	-
Second quarter ended Sept. 30, 2017	15,112	-12.2	-798	-	-702	-	-805	-

Note1: Comprehensive income: (Second quarter ended Sept. 30, 2018) 252 million yen (-%)
 (Second quarter ended Sept. 30, 2017) -812 million yen (-%)

Note2: % represents percentage change from a comparable previous period

	Net income per share	Net income per share-Diluted
	Yen	Yen
Second quarter ended Sept. 30, 2018	0.14	0.14
Second quarter ended Sept. 30, 2017	-29.70	-

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

	Total assets	Net assets	Equity ratio
			%
September 30, 2018	67,400	34,084	50.1
March 31, 2018	71,171	34,017	47.3

(Reference): Shareholders' equity: (Sept. 30, 2018)¥ 33,751million (March 31, 2018)¥ 33,690million

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	-	9.00			
FY2018 (Forecast)			-	9.00	18.00

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

3. Forecast for fiscal year ending March 31, 2019

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	46,000 1.4	2,000 59.1	2,000 29.1	1,400 63.7	51.16

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 shares)

(Sept. 30, 2018) 29,889,079

(March 31, 2018) 29,889,079

② Number of treasury shares at period end

(Sept. 30, 2018) 2,645,057

(March 31, 2018) 2,726,906

③ Weighted-average number of shares outstanding over the period

(April 1 – Sept. 30, 2018) 27,202,631

(April 1 – Sept. 30, 2017) 27,120,805

Note: Treasury shares at the end of the fiscal year include treasury shares owned by the Employee Stock Ownership Plan (ESOP). The number of treasury shares included in the Share Benefit Trust (ESOP) is 117,100 shares at the end of the first half of FY2018 and 147,200 shares at the end of FY2017.

- Quarterly financial results are not subject to quarterly reviews by certified public accountants or auditing firms.

-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 for the second quarter of the FY2018

(1) Qualitative information on consolidated results of operations

During the first half of the FY2018, in the US and Europe, consumption, production, and exports continued steady. Crude oil prices also showed a moderate recovery trend. However, the world economy remained uncertain due to sluggish infrastructure investment in China, intensified trade friction triggered by protectionist policy, and concerns about the impact of interest rate hikes 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 concerns about trade friction caused by protectionist policy and damage caused by successive natural disasters.

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 the world economy is getting more uncertain and new construction projects of thermal power plants faced headwinds owing to environmental issues.

Orders received during the first half of the FY2018 (April 1, 2018-Sept. 30, 2018) increased by ¥8,250 million from the same period last year to ¥32,050 million. Orders received from domestic public sector increased by ¥1,993 million from the same period last year to ¥10,603 million, orders received from domestic private sector increased by ¥16 million from the same period last year to ¥4,513 million, and orders received from overseas sector increased by ¥6,240 million from the same period last year to ¥16,933 million.

Net sales during the first half of FY2018 (April 1, 2018-Sept. 30, 2018) increased by ¥4,021 million from the same period last year to ¥19,133 million.

Operating loss during the first half of the FY2018 (April 1, 2018-Sept. 30, 2018) amounted to ¥359 million (operating loss during the same period last year was ¥798 million). Operating profit margin was -1.9%.

Ordinary income amounted to ¥151 million (ordinary loss during the same period last year was ¥702 million) due to the recording of ¥182 million in foreign exchange gains and ¥63 million in equity gains of affiliated companies as non-operating expenses. Ordinary profit margin was 0.8%.

Net income attributable to owners of parent during the first half of FY2018 amounted to ¥4 million (net loss attributable to owners of parent during the same period last year was ¥805 million). Return on sales during the first half of FY2018 was 0.0%. Net income per share during the first half amounted to ¥0.14.

(2) Qualitative information on consolidated financial position

At the end of the second quarter (Sept. 30, 2018), the Group's total assets amounted to ¥67,400 million, ¥3,770 million lower than the previous fiscal year-end (March 31, 2018). Principal changes in asset items included a decline in notes and accounts receivable-trade of ¥7,008 million despite an increase in investment securities of ¥1,094 million.

Total liabilities at the end of the second quarter amounted to ¥33,316 million, ¥3,837 million lower than the previous fiscal year-end. Principal changes in liability items included a decline in notes and accounts payable-trade of ¥4,136 million despite an increase in advances received of ¥968 million.

Net assets at the end of the second quarter amounted to ¥34,084 million, ¥66 million higher than the previous fiscal year-end.

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 the fiscal year ending March 31, 2019 announced on May 10, 2018 have not been changed.

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 second quarter of consolidated FY2018 (September 30, 2018)
Assets		
Current assets		
Cash and deposits	11,474	14,367
Notes and accounts receivable - trade	26,784	19,775
Merchandise and finished goods	228	215
Work in process	7,639	7,566
Raw materials and supplies	1,663	1,434
Advance payments - trade	661	522
Other	946	1,049
Allowance for doubtful accounts	-841	-996
Total current assets	48,556	43,934
Non-current assets		
Property, plant and equipment	9,631	9,616
Intangible assets	1,416	1,186
Investments and other assets		
Investment securities	10,497	11,591
Other	1,594	1,541
Allowance for doubtful accounts	-523	-470
Total investments and other assets	11,567	12,662
Total non-current assets	22,615	23,465
Total assets	71,171	67,400

(Millions of yen)

	End of previous consolidated fiscal year (March 31, 2018)	End of the second quarter of consolidated FY2018 (September 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,998	6,861
Short-term loans payable	4,196	3,167
Income taxes payable	379	254
Advances received	3,091	4,059
Provision for bonuses	856	834
Provision for product warranties	722	706
Provision for loss on construction contracts	1,635	1,680
Other	2,250	1,992
Total current liabilities	24,130	19,556
Non-current liabilities		
Long-term loans payable	11,095	11,557
Provision for directors' retirement benefits	19	1
Net defined benefit liability	300	298
Other	1,608	1,902
Total non-current liabilities	13,023	13,759
Total liabilities	37,154	33,316
Net assets		
Shareholders' equity		
Capital stock	1,592	1,592
Capital surplus	7,604	7,621
Retained earnings	23,138	22,860
Treasury shares	-1,841	-1,773
Total shareholders' equity	30,494	30,301
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,039	2,776
Deferred gains or losses on hedges	72	-168
Foreign currency translation adjustment	621	397
Remeasurements of defined benefit plans	461	445
Total accumulated other comprehensive income	3,196	3,449
Share acquisition rights	142	121
Non-controlling interests	184	211
Total net assets	34,017	34,084
Total liabilities and net assets	71,171	67,400

(2) Consolidated quarterly statement of (comprehensive) income

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

(Millions of yen)

	Second quarter ended September 30, 2017 (April 1, 2017 - September 30, 2017)	Second quarter ended September 30, 2018 (April 1, 2018 - September 30, 2018)
Net sales	15,112	19,133
Cost of sales	11,326	14,561
Gross profit	3,786	4,571
Selling, general and administrative expenses	4,584	4,931
Operating loss	-798	-359
Non-operating income		
Interest income	9	33
Dividend income	111	116
Foreign exchange gains	3	182
Share of profit of entities accounted for using equity method	31	63
Rent income	74	69
Other	40	131
Total non-operating income	270	596
Non-operating expenses		
Interest expenses	56	66
Other	117	18
Total non-operating expenses	174	85
Ordinary profit (loss)	-702	151
Extraordinary income		
Gain on sales of shares of subsidiaries	—	9
Total extraordinary income	—	9
Extraordinary losses		
Loss on valuation of investment securities	14	29
Total extraordinary losses	14	29
Profit (loss) before income taxes	-716	132
Income taxes	105	123
Profit (loss)	-822	8
Profit (loss) attributable to non-controlling interests	-16	4
Profit (loss) attributable to owners of parent	-805	4

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

(Millions of yen)

	Second quarter ended September 30, 2017 (April 1, 2017 - September 30, 2017)	Second quarter ended September 30, 2018 (April 1, 2018 - September 30, 2018)
Profit (loss)	-822	8
Other comprehensive income		
Valuation difference on available-for-sale securities	326	736
Deferred gains or losses on hedges	-79	-241
Foreign currency translation adjustment	-246	-230
Remeasurements of defined benefit plans, net of tax	8	-16
Share of other comprehensive income of entities accounted for using equity method	1	-3
Total other comprehensive income	10	244
Comprehensive income	-812	252
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-774	257
Comprehensive income attributable to non-controlling interests	-38	-5

(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 FY2018, 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).

- 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 and deferred tax liabilities are recorded in the non-current liabilities.

- 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, 2017 to September 30, 2017		From April 1, 2018 to September 30, 2018		Year-on-year comparison	
Public	8,609	36.2%	10,603	33.1%	1,993	23.2%
Private	4,497	18.9%	4,513	14.1%	16	0.4%
Overseas	10,692	44.9%	16,933	52.8%	6,240	58.4%
Total	23,799	100.0%	32,050	100.0%	8,250	34.7 %

Sales

(Millions of yen)

	From April 1, 2017 to September 30, 2017		From April 1, 2018 to September 30, 2018		Year-on-year comparison	
Public	3,805	25.2%	4,614	24.1%	808	21.3%
Private	4,098	27.1%	3,783	19.8%	-314	-7.7%
Overseas	7,208	47.7%	10,735	56.1%	3,527	48.9%
Total	15,112	100.0%	19,133	100.0%	4,021	26.6%

Orders backlog

(Millions of yen)

	As of September 30, 2017		As of September 30, 2018		Year-on-year comparison	
Public	19,592	34.3%	18,071	31.0%	-1,521	-7.8%
Private	5,650	9.9%	6,460	11.1%	809	14.3%
Overseas	31,920	55.8%	33,713	57.9%	1,793	5.6%
Total	57,164	100.0%	58,245	100.0%	1,081	1.9%