

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 the 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	51.34

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, 2018) 29,889,079 (March 31, 2018) 29,889,079
- ② Number of treasury stock at period end
(April 1 – Dec. 31, 2018) 2,623,107 (March 31, 2018) 2,726,906
- ③ Weighed-average number of shares outstanding over the period
(April 1 – Dec. 31, 2018) 27,218,232 (April 1 – Dec. 31, 2017) 27,127,660

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 95,100 shares at the end of the third quarter 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.

Contents

1. Qualitative information, Financial Statements, etc.	
(1) Qualitative information on consolidated results of operations -----	4
(2) Qualitative information on consolidated financial position -----	5
(3) Qualitative information on consolidated earnings forecasts -----	5
2. Consolidated quarterly financial statement	
(1) Consolidated quarterly balance sheet -----	6
(2) Consolidated quarterly statement of income (April 1 – December 31, 2018) -----	8
Consolidated quarterly statement of comprehensive income (April 1 – December 31, 2018) -----	9
(3) Note on quarterly consolidated financial statements-----	10
3. Additional information	
(1) Orders received and sales -----	11

1. Qualitative information, Financial Statements, etc.

(1) Qualitative information on consolidated results of operations

During the third quarter of the FY2018, the world economy as a whole showed a moderate recovery but the outlook remained uncertain caused by the following factors. In the U.S., consumer spending, production and export remained steady, however there were the impact of interest rate policies and falling stock prices through the end of the period. In Europe, there were factors behind the downturn in the UK such as Brexit and immigration issues. In China, infrastructure investment slowed down. Trade friction intensified mainly between the U.S. and China, triggered by protectionist policies.

In Japan, the economy overall continued a moderate recovery as the impact of global trade friction is uncertain. Successive natural disasters such as earthquakes, torrential rain and typhoons caused to the damages, which decreased inbound consumption. However, the employment rate continued high and capital investment increased for rationalization and labor saving behind the shorthanded.

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 accompanying price among manufacturers continued severe in the global economic situation that increases the uncertainty.

Orders received during the third quarter of the FY2018 (April 1, 2018-Dec. 31, 2018) increased by ¥5,857 million from the same period last year to ¥40,245 million. Orders received from domestic public sector increased by ¥139 million from the same period last year to ¥12,452 million, orders received from domestic private sector increased by ¥126 million from the same period last year to ¥6,490 million, and orders received from overseas sector increased by ¥5,591 million from the same period last year to ¥21,302 million.

Net sales during the third quarter of the FY2018 (April 1, 2018-Dec. 31, 2018) increased by ¥4,881 million from the same period last year to ¥28,818 million. Operating income during the third quarter of the FY2018 (April 1, 2018-Dec. 31, 2018) amounted to ¥100 million (operating loss during the same period last year was ¥797 million). Operating profit margin was 0.3%.

Ordinary income during the third quarter of the FY2018 amounted to ¥696 million (ordinary loss during the same period last year was ¥453 million) due to dividend income of ¥216 million posted as non-operating income. Ordinary profit margin was 2.4%.

Net income attributable to owners of parent during the third quarter of FY2018 amounted to ¥544 million (net loss attributable to owners of parent during the same period last year was ¥670 million). Return on sales during the third quarter of FY2018 was 1.9%. Net income per share amounted to ¥20.00.

(2) Qualitative information on consolidated financial position

At the end of the third quarter (Dec. 31, 2018), the Group's total assets amounted to ¥65,789 million, ¥5,382 million lower than at the end of the previous fiscal year (March 31, 2018). Principal changes in asset items included a decline in notes and accounts receivable-trade of ¥6,981 million despite an increase in work in process of ¥939 million.

Total liabilities amounted to ¥32,351 million, ¥4,802 million lower than at the end of the previous fiscal year. Principal changes in liability items included a decline in notes and accounts payable-trade of ¥4,255 million despite an increase in advances received of ¥821.

Net assets amounted to ¥33,437 million, ¥579 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 the fiscal year ending March 31, 2019 announced on May 11, 2018 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, 2018)	End of the third quarter of consolidated FY2018 (December 31, 2018)
Assets		
Current assets		
Cash and deposits	11,474	12,105
Notes and accounts receivable - trade	26,784	19,802
Merchandise and finished goods	228	232
Work in process	7,639	8,578
Raw materials and supplies	1,663	1,602
Advance payments - trade	661	973
Other	946	1,393
Allowance for doubtful accounts	-841	-871
Total current assets	48,556	43,816
Non-current assets		
Property, plant and equipment	9,631	9,675
Intangible assets	1,416	1,046
Investments and other assets		
Investment securities	10,497	9,972
Other	1,594	1,765
Allowance for doubtful accounts	-523	-487
Total investments and other assets	11,567	11,250
Total non-current assets	22,615	21,972
Total assets	71,171	65,789

(Millions of yen)

	End of previous consolidated fiscal year (March 31, 2018)	End of the third quarter of consolidated FY2018 (December 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,998	6,743
Short-term loans payable	4,196	2,220
Income taxes payable	379	113
Advances received	3,091	3,912
Provision for bonuses	856	437
Provision for product warranties	722	699
Provision for loss on construction contracts	1,635	1,522
Other	2,250	2,187
Total current liabilities	24,130	17,837
Non-current liabilities		
Long-term loans payable	11,095	12,803
Provision for directors' retirement benefits	19	1
Net defined benefit liability	300	305
Other	1,608	1,403
Total non-current liabilities	13,023	14,513
Total liabilities	37,154	32,351
Net assets		
Shareholders' equity		
Capital stock	1,592	1,592
Capital surplus	7,604	7,621
Retained earnings	23,138	23,153
Treasury shares	-1,841	-1,747
Total shareholders' equity	30,494	30,620
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,039	1,611
Deferred gains or losses on hedges	72	-89
Foreign currency translation adjustment	621	535
Remeasurements of defined benefit plans	461	433
Total accumulated other comprehensive income	3,196	2,490
Share acquisition rights	142	121
Non-controlling interests	184	205
Total net assets	34,017	33,437
Total liabilities and net assets	71,171	65,789

(2) Consolidated quarterly statement of income
(April 1 – December 31, 2018)

(Millions of yen)

	Third quarter ended December 31, 2017 (April 1, 2017 - December 31, 2017)	Third quarter ended December 31, 2018 (April 1, 2018 - December 31, 2018)
Net sales	23,936	28,818
Cost of sales	17,891	21,442
Gross profit	6,045	7,375
Selling, general and administrative expenses	6,842	7,275
Operating profit (loss)	-797	100
Non-operating income		
Dividend income	239	216
Foreign exchange gains	29	108
Share of profit of entities accounted for using equity method	75	93
Rent income	109	104
Other	110	202
Total non-operating income	564	725
Non-operating expenses		
Interest expenses	88	88
Other	132	40
Total non-operating expenses	220	128
Ordinary profit (loss)	-453	696
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	—	9
Total extraordinary income	—	9
Extraordinary losses		
Loss on valuation of investment securities	15	30
Total extraordinary losses	15	30
Profit (loss) before income taxes	-468	676
Income taxes	197	120
Profit (loss)	-665	555
Profit attributable to non-controlling interests	4	11
Profit (loss) attributable to owners of parent	-670	544

Consolidated quarterly statement of comprehensive income
(April 1 – December 31, 2018)

	(Millions of yen)	
	Third quarter ended December 31, 2017 (April 1, 2017 - December 31, 2017)	Third quarter ended December 31, 2018 (April 1, 2018 - December 31, 2018)
Profit (loss)	-665	555
Other comprehensive income		
Valuation difference on available-for-sale securities	824	-428
Deferred gains or losses on hedges	-103	-162
Foreign currency translation adjustment	-182	-108
Remeasurements of defined benefit plans, net of tax	12	-28
Share of other comprehensive income of entities accounted for using equity method	2	-1
Total other comprehensive income	553	-729
Comprehensive income	-112	-174
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-98	-161
Comprehensive income attributable to non-controlling interests	-14	-12

(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 third 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. 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 December 31, 2017		From April 1, 2018 to December 31, 2018		Year-on-year comparison	
Public	12,312	35.8%	12,452	31.0%	139	1.1%
Private	6,363	18.5%	6,490	16.1%	126	2.0%
Overseas	15,711	45.7%	21,302	52.9%	5,591	35.6%
Total	34,387	100.0%	40,245	100.0%	5,857	17.0%

Sales

(Millions of yen)

	From April 1, 2017 to December 31, 2017		From April 1, 2018 to December 31, 2018		Year-on-year comparison	
Public	6,364	26.6%	7,249	25.2%	885	13.9%
Private	5,955	24.8%	5,842	20.2%	-112	-1.9%
Overseas	11,617	48.6%	15,726	54.6%	4,109	35.4%
Total	23,936	100.0%	28,818	100.0%	4,881	20.4%

Orders backlog

(Millions of yen)

	From April 1, 2017 to December 31, 2017		From April 1, 2018 to December 31, 2018		Year-on-year comparison	
Public	20,737	35.2%	17,285	30.5%	-3,452	-16.6%
Private	5,660	9.6%	6,377	11.2%	717	12.7%
Overseas	32,530	55.2%	33,092	58.3%	562	1.7%
Total	58,927	100.0%	56,755	100.0%	-2,172	-3.7%