

**RESULTS OF OPERATIONS FOR  
THE FIRST QUARTER ENDED JUNE 30, 2019 (CONSOLIDATED)  
(Japanese GAAP)**

August 8, 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>  
 Representative: Kotaro Harada, President  
 Contact person: Atsuo Mabuchi, General Manager of Accounting Department  
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 Scheduled date of filing quarterly financial statements: August 9, 2019  
 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, 2019 (April 1, 2019 through June 30, 2019)

(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, 2019	8,608	6.4	-278	-	-353	-	-442	-
First quarter ended June 30, 2018	8,093	20.5	-54	-	261	-	202	-

Note: Comprehensive income: (First quarter ended June 30, 2019) ¥-945 million (-%)

(First quarter ended June 30, 2018) ¥-171 million (-%)

	Net income per share	Net income per share-Diluted
	Yen	Yen
First quarter ended June 30, 2019	-16.24	-
First quarter ended June 30, 2018	7.45	7.41

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, 2019	70,892	33,784	47.2
March 31, 2019	72,674	34,947	47.7

(Reference): Shareholders' equity: (June 30, 2019) ¥ 33,471 million (March 31, 2019) ¥ 34,651 million

## 2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Fiscal year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2018	-	9.00	-	16.00	25.00
FY2019	-				
FY2019 (Forecast)		9.00	-	9.00	18.00

Note1: Revision of forecast for dividend during this quarter: No

Note2: Dividends at the end of FY2018 include an additional 7-yen dividend commemorating 100th year of business.

Forecast for fiscal year ending March 31, 2020

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	-4.5	2,500	44.4	2,500	10.4	1,800	-17.1	66.24

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: 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: Yes

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, 2019) 29,889,079 (March 31, 2019) 29,889,079

② Number of treasury stock at period end

(June 30, 2019) 2,716,700 (March 31, 2019) 2,613,469

③ Weighed-average number of shares outstanding over the period

(April 1 - June 30, 2019) 27,248,502 (April 1 - June 30, 2018) 27,173,623

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

(June 30, 2019) 76,500 shares (March 31, 2019) 85,400 shares

\* 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. 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 FY2019

### (1) Qualitative information on consolidated results of operations

During the first quarter of the FY2019, in the US, consumer spending, production, and exports continued steady. In Europe, although there were downside risks such as Brexit and immigration issues, personal consumption remained relatively strong and supported the economy. On the other hand, China, which has led the global economy so far, saw a slowdown in economic expansion because of a decrease in new capital investment caused by a sense of overcapacity accompanying the rapid expansion of investment and intensified trade friction with the US. Even in the US, which performed steadily, corporate profits may deteriorate due to sluggish exports caused by trade friction with China, and consumer sentiment may decline. As a result, the world economy remained firm overall but the outlook remained uncertain with downside risks.

In Japan, the economy overall showed a moderate recovery trend supported by domestic demand based on continued relatively favorable employment environment. However, a downturn risk remained as corporate profits stood on foot due to a decline in external demand caused by a decrease in exports to China and ASEAN accompanying the slowdown of the Chinese economy and the impact of trade friction between the US and China.

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 is expected to remain severe as price competition among global manufacturers is severe.

Orders received during the first quarter of FY2019 (April 1, 2019-June 30, 2019) decreased by ¥3,373 million from the same period last year to ¥12,179 million. Orders received from domestic public sector increased by ¥534 million from the same period last year to ¥3,850 million, orders received from domestic private sector increased by ¥412 million from the same period last year to ¥2,591 million and orders received from overseas sector decreased by ¥4,320 million from the same period last year to ¥5,737 million.

Net sales during the first quarter of FY2019 (April 1, 2019-June 30, 2019) increased by ¥514 million from the same period last year to ¥8,608 million.

Operating loss during the first quarter of FY2019 (April 1, 2019-June 30, 2019) amounted to ¥278 million (operating loss during the same period last year was ¥54 million). Ordinary loss amounted to ¥353 million (ordinary income during the same period last year was ¥261 million) due to foreign exchange losses of ¥228 as non-operating expenses. Net loss attributable to owners of parent amounted to ¥442 million (net income attributable to owners of parent during the same period last year was ¥202 million).

(2) Qualitative information on consolidated financial position

At the end of the first quarter (June 30, 2019), total assets amounted to ¥70,892 million, ¥1,781 million lower than at the end of the previous fiscal year (March 31, 2019). Principal changes in assets items included a decrease in notes and accounts receivable-trade of ¥7,050 million despite of an increase in cash and deposits of ¥5,177 million.

Total liabilities at the end of the first quarter amounted to ¥37,108 million, ¥618 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 ¥1,959 million.

Net assets at the end of the first quarter amounted to ¥33,784 million, ¥1,163 million lower than at the end of the previous fiscal year.

(3) Qualitative information on consolidated earnings forecasts

Forecasts for fiscal year ending March 31, 2020 have not been changed from those announced on May 14, 2019.

2. Consolidated quarterly financial statement

(1) Consolidated quarterly balance sheet

(Millions of yen)

	End of previous consolidated fiscal year (March 31, 2019)	End of the first quarter of consolidated FY2019 (June 30, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	15,931	21,109
Notes and accounts receivable - trade	25,778	18,728
Merchandise and finished goods	217	232
Work in process	6,462	7,174
Raw materials and supplies	1,647	1,714
Advance payments - trade	624	589
Other	1,301	1,125
Allowance for doubtful accounts	-966	-1,010
<b>Total current assets</b>	<b>50,998</b>	<b>49,664</b>
Non-current assets		
Property, plant and equipment	10,156	10,510
Intangible assets	909	674
Investments and other assets		
Investment securities	9,542	8,983
Other	1,558	1,536
Allowance for doubtful accounts	-491	-476
<b>Total investments and other assets</b>	<b>10,609</b>	<b>10,043</b>
<b>Total non-current assets</b>	<b>21,675</b>	<b>21,228</b>
<b>Total assets</b>	<b>72,674</b>	<b>70,892</b>

(Millions of yen)

	End of previous consolidated fiscal year (March 31, 2019)	End of the first quarter of consolidated FY2019 (June 30, 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	11,145	9,185
Short-term borrowings	2,443	2,426
Income taxes payable	140	133
Advances received	2,292	3,412
Provision for bonuses	872	459
Provision for product warranties	797	693
Provision for loss on construction contracts	584	791
Other	2,237	2,974
<b>Total current liabilities</b>	<b>20,513</b>	<b>20,077</b>
<b>Non-current liabilities</b>		
Long-term borrowings	15,470	15,358
Deferred tax liabilities	659	537
Provision for retirement benefits for directors (and other officers)	1	2
Retirement benefit liability	301	295
Other	779	837
<b>Total non-current liabilities</b>	<b>17,212</b>	<b>17,030</b>
<b>Total liabilities</b>	<b>37,726</b>	<b>37,108</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,592	1,592
Capital surplus	7,621	7,621
Retained earnings	24,793	24,235
Treasury shares	-1,736	-1,840
<b>Total shareholders' equity</b>	<b>32,271</b>	<b>31,610</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,638	1,344
Deferred gains or losses on hedges	-59	36
Foreign currency translation adjustment	420	117
Remeasurements of defined benefit plans	381	362
<b>Total accumulated other comprehensive   income</b>	<b>2,380</b>	<b>1,861</b>
Share acquisition rights	121	121
Non-controlling interests	174	191
<b>Total net assets</b>	<b>34,947</b>	<b>33,784</b>
<b>Total liabilities and net assets</b>	<b>72,674</b>	<b>70,892</b>

## (2) Consolidated quarterly statement of (comprehensive) income

Consolidated quarterly statement of income (April 1 – June 30, 2019)

(Millions of yen)

	First quarter ended June 30, 2018 (April 1, 2018 - June 30, 2018)	First quarter ended June 30, 2019 (April 1, 2019 - June 30, 2019)
Net sales	8,093	8,608
Cost of sales	5,717	6,324
Gross profit	2,375	2,283
Selling, general and administrative expenses	2,429	2,562
Operating loss	-54	-278
Non-operating income		
Dividend income	113	109
Foreign exchange gains	102	—
Rental income	35	23
Share of profit of entities accounted for using equity method	49	—
Other	61	128
Total non-operating income	362	261
Non-operating expenses		
Interest expenses	35	31
Foreign exchange losses	—	228
Share of loss of entities accounted for using equity method	—	13
Other	12	62
Total non-operating expenses	47	336
Ordinary profit (loss)	261	-353
Extraordinary losses		
Loss on sales of investment securities	—	12
Loss on valuation of investment securities	—	15
Total extraordinary losses	—	27
Profit (loss) before income taxes	261	-381
Income taxes	68	48
Profit (loss)	192	-430
Profit (loss) attributable to non-controlling interests	-9	12
Profit (loss) attributable to owners of parent	202	-442



Consolidated quarterly statement of comprehensive income (April 1 – June 30, 2019)

(Millions of yen)

	First quarter ended June 30, 2018 (April 1, 2018 - June 30, 2018)	First quarter ended June 30, 2019 (April 1, 2019 - June 30, 2019)
Profit (loss)	192	-430
Other comprehensive income		
Valuation difference on available-for-sale securities	149	-294
Deferred gains or losses on hedges	-122	96
Foreign currency translation adjustment	-378	-297
Remeasurements of defined benefit plans, net of tax	-9	-18
Share of other comprehensive income of entities accounted for using equity method	-3	-0
Total other comprehensive income	-363	-515
Comprehensive income	-171	-945
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-153	-961
Comprehensive income attributable to non-controlling interests	-17	16

(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

Based on a resolution of the Board of Directors held on May 14, 2019, the Company acquired 112,100 shares of treasury stock. As a result, treasury stock increased ¥103 million for the first quarter of the current consolidated fiscal year, and treasury stock reached 1,840 million yen at the end of the current first quarter.

- 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

- Adoption of IFRS 16 "Leases"

At overseas consolidated subsidiaries adopting International Financial Reporting Standards (IFRS), IFRS 16 (Leases) has been adopted from the beginning of the current first quarter.

As a result, in accordance with the adoption of IFRS 16, property, plant and equipment of non-current assets increased ¥322 million, other of current liabilities increased ¥107 million, other of non-current liabilities increased ¥151 million, and intangible assets decreased ¥63 million. The adoption did not have an impact on the balance of retained earnings for the first quarter of the current fiscal year.

- Changes in accounting estimates

No items to report

- Additional information

- Accounting method in Employee Stock Ownership Plan (ESOP)

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

- Significant Subsequent Events

No items to report

### 3. Orders received and sales by demand category

#### Orders received

(Millions of yen)

	From April 1, 2018 to June 30, 2018		From April 1, 2019 to June 30, 2019		Year-on-year comparison	
Public	3,315	21.3%	3,850	31.6%	534	16.1%
Private	2,179	14.0%	2,591	21.3%	412	18.9%
Overseas	10,057	64.7%	5,737	47.1%	-4,320	-43.0%
Total	15,552	100.0%	12,179	100.0%	-3,373	-21.7%

#### Sales

(Millions of yen)

	From April 1, 2018 to June 30, 2018		From April 1, 2019 to June 30, 2019		Year-on-year comparison	
Public	1,705	21.1%	2,025	23.5%	319	18.7%
Private	1,978	24.4%	2,372	27.6%	394	19.9%
Overseas	4,408	54.5%	4,209	48.9%	-198	-4.5%
Total	8,093	100%	8,608	100%	514	6.4%

#### Orders backlog

(Millions of yen)

	As of June 30, 2018		As of June 30, 2019		Year-on-year comparison	
Public	13,692	26.0%	14,410	27.4%	718	5.2%
Private	5,930	11.2%	6,666	12.7%	736	12.4%
Overseas	33,165	62.8%	31,436	59.9%	-1,729	-5.2%
Total	52,788	100%	52,513	100%	-274	-0.5%