

**RESULTS OF OPERATIONS FOR  
THE SECOND QUARTER ENDED SEPTEMBER 30, 2017 (CONSOLIDATED)  
(Japanese GAAP)**

November 8, 2017

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: November 10, 2017  
 Scheduled date of starting dividend payment: December 6, 2017  
 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, 2017 (April 1, 2017 through Sept. 30, 2017)

(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, 2017	15,112	-12.2	-798	-	-702	-	-805	-
Second quarter ended Sept. 30, 2016	17,221	-3.1	-220	-	-576	-	-546	-

Note1: Comprehensive income: (Second quarter ended Sept. 30, 2017) -812 million yen (-%)  
 (Second quarter ended Sept. 30, 2016) -1,766 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, 2017	-29.70		-	
Second quarter ended Sept. 30, 2016	-20.02		-	

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

	Total assets		Net assets		Equity ratio	
		%			%	
September 30, 2017	67,311		32,258		47.5	
March 31, 2017	67,719		33,713		48.9	

(Reference): Shareholders' equity: (Sept. 30, 2017)¥ 31,967million (March 31, 2017)¥ 33,124million

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Fiscal year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2016	-	9.00	-	9.00	18.00
FY2017	-	9.00	-	-	-
FY2017 (Forecast)	-	-	-	9.00	18.00

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

3. Forecast for fiscal year ending March 31, 2018

Millions of yen, except per share data

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
Annual	44,500	0.2	2,000	36.7	2,500	33.6	1,800	17.4	Yen 66.33
	%		%		%		%		

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)

(Sept. 30, 2017) 29,889,079

(March 31, 2017) 29,889,079

② Number of treasury stock at period end

(Sept. 30, 2017) 2,754,220

(March 31, 2017) 2,781,139

③ Weighted-average number of shares outstanding over the period

(April 1 – Sept. 30, 2017) 27,120,805

(April 1 – Sept. 30, 2016) 27,309,178

-Information regarding the implementation of quarterly review procedure

These quarterly financial results do not fall within the scope of the Quarterly Review Procedures referenced in the Financial Instruments and Exchange Act. At the time of disclosure of the quarterly financial results, the Group was in the process of implementing the quarterly review procedures for its quarterly financial statements.

-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 FY2017

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

During the first half of the FY2017, the world economy as a whole was in a moderate recovery trend backed by the following factors. In the US, steady consumer spending continued, reflecting strong employment situation. The European economy recovered moderately thanks to the monetary easing policy of the European Central Bank. The Chinese economy picked up due to various policy effects. However, the outlook still remained uncertain because of the following reasons: economic slowdown of oil-producing countries caused by sluggish crude oil demand, delay in progress of the Trump policies, Brexit issue in the UK, and increase in geopolitical risks throughout the world.

In Japan, the economy showed a moderate recovery backed by recruiting environment where the active job opening to applicant ratio topped 1.0, increase in exports supported by a moderate recovery trend of the world economy, relatively stable exchange rate. However, the outlook remained uncertain, reflecting the following factors: sluggish consumer spending owing to decline in disposable income by increase in social insurance premiums and increase in geopolitical risks.

Under such circumstances, in the pump industry, promising movement could be seen amidst infrastructure projects, particularly for water resources, to meet the needs of a growing world population; increasing demand in thermal power plants in response to revised energy policies; and counter-measures against torrential rain caused by abnormal weather occurring here and there. Looking ahead, the market environment at home and overseas cannot be optimistic while heading for a recovery as the world economy remains a moderate recovery and private capital investment continues weak due to the uncertain outlook.

Orders received during the first half of the FY2017 (April 1, 2017-Sept. 30, 2017) increased by ¥2,260 million from the same period last year to ¥23,799 million. Orders received from domestic public sector decreased by ¥1,345 million from the same period last year to ¥8,609 million, orders received from domestic private sector increased by ¥233 million from the same period last year to ¥4,497 million, and orders received from overseas sector increased by ¥3,373 million from the same period last year to ¥10,692 million.

Net sales during the first half of FY2017 (April 1, 2017-Sept. 30, 2017) decreased by ¥2,109 million from the same period last year to ¥15,112 million.

Operating loss during the first half of the FY2017 (April 1, 2017-Sept. 30, 2017) amounted to ¥798 million (operating loss during the same period last year was ¥220 million). Operating profit margin was -5.3%.

Ordinary loss amounted to ¥702 million (ordinary loss during the same period last year was ¥576 million) due to the recording of ¥31 million in share of profit of entities accounted for using equity method as non-operating expenses. Ordinary profit margin was -4.6%.

Net loss attributable to owners of parent during the first half of FY2017 amounted to ¥805 million (net loss attributable to owners of parent during the same period last year was ¥546 million). Return on sales during the first half of FY2017 was -5.3%. Net loss per share amounted to ¥29.70.

(2) Qualitative information on consolidated financial position

At the end of the second quarter (Sept. 30, 2017), the Group's total assets amounted to ¥67,311 million, ¥408 million lower than the previous fiscal year-end (March 31, 2017). Principal changes in asset items included a decline in notes and accounts receivable-trade of ¥5,492 million despite an increase in work in process of ¥29,890 thousand.

Total liabilities at the end of the second quarter amounted to ¥35,052 million, ¥1,046 million higher than the previous fiscal year-end. Principal changes in liability items included an increase in long-term loans payable of 2,993 and an increase in advances received of ¥1,670 million despite a decline in notes and accounts payable-trade of ¥ 2,933 million.

Net assets at the end of the second quarter amounted to ¥32,258 million, ¥1,454 million lower than the previous fiscal year-end.

(3) Qualitative information on consolidated earnings forecasts

Forecasts for the fiscal year ending March 31, 2018 announced on May 11, 2017 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, 2017)	End of the second quarter of consolidated FY2017 (September 30, 2017)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	10,930	12,517
Notes and accounts receivable - trade	23,667	18,174
Merchandise and finished goods	273	287
Work in process	6,885	9,874
Raw materials and supplies	1,837	1,845
Advance payments - trade	417	647
Deferred tax assets	655	673
Other	1,024	976
Allowance for doubtful accounts	-371	-392
<b>Total current assets</b>	<b>45,318</b>	<b>44,605</b>
<b>Non-current assets</b>		
Property, plant and equipment	9,937	9,692
Intangible assets	1,784	1,546
<b>Investments and other assets</b>		
Investment securities	9,922	10,708
Other	1,319	1,401
Allowance for doubtful accounts	-562	-644
<b>Total investments and other assets</b>	<b>10,679</b>	<b>11,466</b>
<b>Total non-current assets</b>	<b>22,401</b>	<b>22,705</b>
<b>Total assets</b>	<b>67,719</b>	<b>67,311</b>

(Millions of yen)

	End of previous consolidated fiscal year (March 31, 2017)	End of the second quarter of consolidated FY2017 (September 30, 2017)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,457	6,524
Short-term loans payable	7,453	6,876
Income taxes payable	337	162
Advances received	4,381	6,052
Provision for bonuses	771	817
Provision for product warranties	847	706
Provision for loss on construction contracts	957	1,525
Other	1,994	1,475
Total current liabilities	26,200	24,140
Non-current liabilities		
Long-term loans payable	5,668	8,662
Provision for directors' retirement benefits	16	17
Net defined benefit liability	320	321
Other	1,799	1,910
Total non-current liabilities	7,805	10,912
Total liabilities	34,006	35,052
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,592	1,592
Capital surplus	7,769	7,601
Retained earnings	22,774	21,723
Treasury shares	-1,904	-1,873
Total shareholders' equity	30,233	29,045
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,832	2,160
Deferred gains or losses on hedges	6	-73
Foreign currency translation adjustment	743	518
Remeasurements of defined benefit plans	307	316
Total accumulated other comprehensive income	2,891	2,922
Subscription rights to shares	118	130
Non-controlling interests	470	160
Total net assets	33,713	32,258
Total liabilities and net assets	67,719	67,311

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

Consolidated quarterly statement of income (April 1 – September 30, 2017)

(Millions of yen)

	Second quarter ended September 30, 2016 (April 1, 2016 - September 30, 2016)	Second quarter ended September 30, 2017 (April 1, 2017 - September 30, 2017)
Net sales	17,221	15,112
Cost of sales	13,249	11,326
Gross profit	3,972	3,786
Selling, general and administrative expenses	4,192	4,584
Operating loss	-220	-798
Non-operating income		
Interest income	13	9
Dividend income	157	111
Foreign exchange gains	—	3
Share of profit of entities accounted for using equity method	—	31
Rent income	68	74
Other	85	40
Total non-operating income	323	270
Non-operating expenses		
Interest expenses	61	56
Foreign exchange losses	499	—
Share of loss of entities accounted for using equity method	47	—
Other	71	117
Total non-operating expenses	680	174
Ordinary loss	-576	-702
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	152	—
Total extraordinary income	152	—
Extraordinary losses		
Loss on valuation of investment securities	35	14
Total extraordinary losses	35	14
Loss before income taxes	-460	-716
Income taxes	49	105
Loss	-509	-822
Profit (loss) attributable to non-controlling interests	37	-16
Loss attributable to owners of parent	-546	-805



Consolidated quarterly statement of comprehensive income (April 1 – September 30, 2017)

(Millions of yen)

	Second quarter ended September 30, 2016 (April 1, 2016 - September 30, 2016)	Second quarter ended September 30, 2017 (April 1, 2017 - September 30, 2017)
Loss	-509	-822
Other comprehensive income		
Valuation difference on available-for-sale securities	-48	326
Deferred gains or losses on hedges	70	-79
Foreign currency translation adjustment	-1,291	-246
Remeasurements of defined benefit plans, net of tax	23	8
Share of other comprehensive income of entities accounted for using equity method	-11	1
Total other comprehensive income	-1,256	10
Comprehensive income	-1,766	-812
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-1,742	-774
Comprehensive income attributable to non-controlling interests	-24	-38

(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 FY2017, 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).

- 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, 2016 to September 30, 2016		From April 1, 2017 to September 30, 2017		Year-on-year comparison	
Public	9,955	46.2%	8,609	36.2%	-1,345	-13.5%
Private	4,264	19.8%	4,497	18.9%	233	5.5%
Overseas	7,319	34.0%	10,692	44.9%	3,373	46.1%
Total	21,539	100.0%	23,799	100.0%	2,260	10.5%

##### Sales

(Millions of yen)

	From April 1, 2016 to September 30, 2016		From April 1, 2017 to September 30, 2017		Year-on-year comparison	
Public	2,846	16.5%	3,805	25.2%	958	33.7 %
Private	4,275	24.8%	4,098	27.1%	-177	-4.1%
Overseas	10,099	58.7%	7,208	47.7%	- 2,890	-28.6 %
Total	17,221	100.0%	15,112	100.0%	-2,109	-12.2 %

##### Orders backlog

(Millions of yen)

	As of September 30, 2016		As of September 30, 2017		Year-on-year comparison	
Public	19,815	36.9%	19,592	34.3%	-223	-1.1 %
Private	5,587	10.4%	5,650	9.9%	63	1.1%
Overseas	28,322	52.7%	31,920	55.8%	3,598	12.7%
Total	53,725	100.0%	57,164	100.0%	3,438	6.4%