

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

August 2, 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  
 Phone: +81-72-695-0551  
 Scheduled date of filing quarterly financial statements: August 9, 2017  
 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, 2017 (April 1, 2017 through June 30, 2017)

(1) Operating results

Millions of yen, except per share data

	Net sales		Operating income		Ordinary income		Loss attributable to owners of parent	
		%		%		%		%
First quarter ended June 30, 2017	6,718	-13.6	-227	-	-112	-	-179	-
First quarter ended June 30, 2016	7,773	-3.3	-315	-	-924	-	-1,012	-

Note: Comprehensive income: (First quarter ended June 30, 2017) ¥-166 million (-%)  
 (First quarter ended June 30, 2016) ¥-2,247million (-%)

	Net income per share	Net income per share-Diluted
	Yen	Yen
First quarter ended June 30, 2017	-6.61	-
First quarter ended June 30, 2016	-37.08	-

Note: % represents percentage change from a comparable previous period

(2) Financial position

Millions of yen, except per equity ratio

	Total assets	Net assets	Equity ratio
			%
June 30, 2017	65,947	32,868	49.4
March 31, 2017	67,719	33,713	48.9

(Reference): Shareholders' equity: (June 30, 2017) ¥ 32,579 million (March 31, 2017) ¥ 33,124 million

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	-				
FY2017 (Forecast)		9.00	-	9.00	18.00

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

Forecast for fiscal year ending March 31, 2017

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	44,500	0.2	2,000	36.7	2,500	33.6	1,800	17.4	66.38	

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: 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, 2017) 29,889,079 (March 31, 2017) 29,889,079

② Number of treasury stock at period end

(June 30, 2017) 2,772,716 (March 31, 2017) 2,781,139

③ Weighed-average number of shares outstanding over the period

(April 1 - June 30, 2017) 27,112,207 (April 1 - June 30, 2016) 27,308,523

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

(June 30, 2017) 193,200 shares (March 31, 2017) 201,700 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 FY2017

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

During the first quarter of the FY 2017, the world economy was on a gradual recovery trend as a whole. This is mainly because the US economy remained steady buoyed by relatively strong consumer spending; in Europe, consumer confidence remained on a recovery trend particularly in France where political risks receded; and in China, trade friction with the US was avoided. However, anxiety about policy feasibility in the US, UK's leaving from the European Union, so-called Brexit, and increased global geopolitical risk due to the turmoil in the Middle East brought continually uncertain world economy.

Japan's economy was on a recovery trend as a whole since the employment situations were on the uptrend and relatively stable exchange rate continued, which supported firm corporate earnings. However, the consumer spending was weak due to sluggish incomes and capital investment stayed limited due to uncertain world economy.

Under such circumstances, in the pump industry, strong demand continued in infrastructure projects related to water resources to respond to the increase in world population. In addition, in Japan, reforming energy policy brought energy related projects such as constructions of thermal power plants and countermeasures against frequent torrential rains have been implemented. However, the market saw severe conditions for order activities. This is mainly because the decline in oil prices delayed project work and the private investment decreased.

Orders received during the first quarter of FY2017 (April 1, 2017-June 30, 2017) increased by ¥1,424 million from the same period last year to ¥9,572 million. Orders received from domestic public sector decreased by ¥1,158 million from the same period last year to ¥2,552 million, orders received from domestic private sector increased by ¥330 million from the same period last year to ¥2,261 million and orders received from overseas sector increased by ¥2,251 million from the same period last year to ¥4,759 million.

Net sales during the first quarter of FY2017 (April 1, 2017-June 30, 2017) decreased by ¥1,055 million from the same period last year to ¥6,718 million.

Operating loss during the first quarter of FY2017 (April 1, 2017-June 30, 2017) amounted to ¥227 million (operating loss during the same period last year was ¥315 million). Ordinary loss amounted to ¥112 million (ordinary loss during the same period last year was ¥924 million) due to dividend income of ¥109 as non-operating income. Loss attributable to owners of parent amounted to ¥179 million (loss attributable to owners of parent during the same period last year was ¥1,012 million).

(2) Qualitative information on consolidated financial position

At the end of the first quarter (June 30, 2017), the Group's total assets amounted to ¥65,947 million, ¥1,771 million lower than at the end of the previous fiscal year (March 31, 2017). Principal changes in assets items included a decrease in notes and accounts receivable-trade of ¥7,076 million despite of an increase in cash and deposits of ¥3,587 million.

Total liabilities at the end of the first quarter amounted to ¥33,079 million, ¥926 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 ¥1,424 million.

Net assets at the end of the first quarter amounted to ¥32,868 million, ¥845 million lower than at the end of the previous fiscal year. Principal changes in net assets items included a decline in non-controlling interests of ¥306 million.

(3) Qualitative information on consolidated earnings forecasts

Forecasts for 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 first quarter of consolidated FY2017 (June 30, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	10,930	14,517
Notes and accounts receivable - trade	23,667	16,590
Merchandise and finished goods	273	236
Work in process	6,885	8,478
Raw materials and supplies	1,837	1,811
Advance payments - trade	417	448
Deferred tax assets	655	644
Other	1,024	1,128
Allowance for doubtful accounts	-371	-378
Total current assets	45,318	43,477
Non-current assets		
Property, plant and equipment	9,937	9,802
Intangible assets	1,784	1,671
Investments and other assets		
Investment securities	9,922	10,252
Other	1,319	1,361
Allowance for doubtful accounts	-562	-618
Total investments and other assets	10,679	10,995
Total non-current assets	22,401	22,470
Total assets	67,719	65,947

(Millions of yen)

	End of previous consolidated fiscal year (March 31, 2017)	End of the first quarter of consolidated FY2017 (June 30, 2017)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,457	8,033
Short-term loans payable	7,453	7,321
Income taxes payable	337	122
Advances received	4,381	5,712
Provision for bonuses	771	416
Provision for product warranties	847	766
Provision for loss on construction contracts	957	961
Other	1,994	2,313
<b>Total current liabilities</b>	<b>26,200</b>	<b>25,648</b>
Non-current liabilities		
Long-term loans payable	5,668	5,260
Provision for directors' retirement benefits	16	17
Net defined benefit liability	320	310
Other	1,799	1,843
<b>Total non-current liabilities</b>	<b>7,805</b>	<b>7,431</b>
<b>Total liabilities</b>	<b>34,006</b>	<b>33,079</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,592	1,592
Capital surplus	7,769	7,593
Retained earnings	22,774	22,349
Treasury shares	-1,904	-1,894
<b>Total shareholders' equity</b>	<b>30,233</b>	<b>29,641</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,832	2,042
Deferred gains or losses on hedges	6	2
Foreign currency translation adjustment	743	579
Remeasurements of defined benefit plans	307	313
<b>Total accumulated other comprehensive income</b>	<b>2,891</b>	<b>2,938</b>
Subscription rights to shares	118	124
Non-controlling interests	470	164
<b>Total net assets</b>	<b>33,713</b>	<b>32,868</b>
<b>Total liabilities and net assets</b>	<b>67,719</b>	<b>65,947</b>

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

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

(Millions of yen)

	First quarter ended June 30, 2016 (April 1, 2016 - June 30, 2016)	First quarter ended June 30, 2017 (April 1, 2017 - June 30, 2017)
Net sales	7,773	6,718
Cost of sales	5,930	4,701
Gross profit	1,843	2,016
Selling, general and administrative expenses	2,159	2,243
Operating loss	-315	-227
Non-operating income		
Dividend income	88	109
Rent income	35	37
Share of profit of entities accounted for using equity method	—	9
Other	69	26
Total non-operating income	193	182
Non-operating expenses		
Interest expenses	34	30
Foreign exchange losses	641	15
Share of loss of entities accounted for using equity method	104	—
Other	23	22
Total non-operating expenses	803	68
Ordinary loss	-924	-112
Extraordinary income		
Total extraordinary income	—	—
Extraordinary losses		
Loss on valuation of investment securities	41	16
Total extraordinary losses	41	16
Loss before income taxes	-966	-129
Income taxes	20	73
Loss	-987	-202
Profit (loss) attributable to non-controlling interests	25	-22
Loss attributable to owners of parent	-1,012	-179



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

(Millions of yen)

	First quarter ended June 30, 2016 (April 1, 2016 - June 30, 2016)	First quarter ended June 30, 2017 (April 1, 2017 - June 30, 2017)
Loss	-987	-202
Other comprehensive income		
Valuation difference on available-for-sale securities	-431	209
Deferred gains or losses on hedges	212	-3
Foreign currency translation adjustment	-830	-175
Remeasurements of defined benefit plans, net of tax	10	5
Share of other comprehensive income of entities accounted for using equity method	-220	-0
Total other comprehensive income	-1,260	35
Comprehensive income	-2,247	-166
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-2,235	-132
Comprehensive income attributable to non-controlling interests	-11	-34

(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 first 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 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).

- Significant Subsequent Events

No items to report

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

##### Orders received

(Millions of yen)

	From April 1, 2016 to June 30, 2016		From April 1, 2017 to June 30, 2017		Year-on-year comparison	
Public	3,710	45.5%	2,552	26.7%	-1,158	-31.2%
Private	1,930	23.7%	2,261	23.6%	330	17.1%
Overseas	2,507	30.8%	4,759	49.7%	2,251	89.8%
Total	8,148	100.0%	9,572	100.0%	1,424	17.5%

##### Sales

(Millions of yen)

	From April 1, 2016 to June 30, 2016		From April 1, 2017 to June 30, 2017		Year-on-year comparison	
Public	1,351	17.4%	1,544	23.0%	192	14.3%
Private	1,970	25.3%	1,925	28.7%	-45	-2.3%
Overseas	4,451	57.3%	3,249	48.3%	-1,202	-27.0%
Total	7,773	100%	6,718	100%	-1,055	-13.6%

##### Orders backlog

(Millions of yen)

	As of June 30, 2016		As of June 30, 2017		Year-on-year comparison	
Public	15,066	30.2%	15,797	30.8%	730	4.8%
Private	5,559	11.2%	5,587	10.9%	28	0.5%
Overseas	29,156	58.6%	29,945	58.3%	788	2.7%
Total	49,783	100%	51,331	100%	1,548	3.1%