

## Overview of Business Results for the Fiscal Year Ended March 31, 2009 (FY2008)

Name of the company: Iwatani Corporation Share traded: TSE, OSE, and NSE first sections  
 Company Code: 8088 URL <http://www.iwatani.co.jp/eng>  
 Name of Representative: Akiji Makino (Title) President  
 Date of filing financial report: May 13, 2009

Note: Figures less than 1 million are rounded down

### 1. Consolidated Financial Results for Fiscal Year Ended March 2009 (For the period from April 1, 2008 to March 31, 2009)

(1) Consolidated Operating Results (Figures in % refer to changes from the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2008	681,376	(9.0)	9,729	(47.1)	8,245	(51.9)	2,568	(51.0)
FY2007	748,967	8.6	18,393	35.7	17,152	41.9	5,244	(5.1)

	Net Income per Share	Net Income per Share after Dilution	Return on Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
	yen	yen	%	%	%
FY2008	10.25	9.16	4.5	2.1	1.4
FY2007	20.92	19.00	8.7	4.2	2.5

(Reference) Equity in earnings of unconsolidated subsidiaries and affiliates: FY2008 320 million yen FY2007 925 million yen

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	million yen	million yen	%	yen
FY2008	366,308	61,173	14.8	216.20
FY2007	404,817	65,096	14.9	240.32

(Reference) Shareholders' equity: FY2008 54,168 million yen FY2007 60,222 million yen

### (3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
	million yen	million yen	million yen	million yen
FY2008	33,209	(20,508)	(10,754)	20,376
FY2007	20,781	(17,559)	(1,461)	18,422

### 2. Cash Dividends

(Cut-off date)	Dividend per share					Total Dividend paid (Annual)	Payout Ratio (consolidated)	Dividend rate to net assets (consolidated)
	1Q End	2Q End	3Q End	Year-end	Annual			
	yen	yen	yen	yen	yen	million yen	%	%
FY2008	—	—	—	5.00	5.00	1,254	23.9	2.1
FY2007	—	—	—	5.00	5.00	1,254	48.8	2.2
FY2009 (Forecast)	—	—	—	5.00	5.00		25.1	

### 3. Consolidated results forecast for FY2009 (April 1, 2009 – March 31, 2010)

(% represent forecasted changes from the same period of the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
1H FY2009	279,000	(22.5)	1,800	(77.2)	900	(87.6)	300	(88.7)	1.19
FY2009	610,000	(10.5)	13,600	39.8	12,000	45.5	5,000	94.7	19.95

This document is an English translation of a statement written initially in Japanese. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

## 4. Others

- (1) Changes in major subsidiaries during the period (Changes in specific subsidiaries resulting in change in scope of consolidation): **No**
- (2) Changes in accounting treatment principles, procedures and expressions related to consolidated financial statement preparation (entries of changes in material matters that are basic to preparation of consolidated financial statements)  
-Changes accompanied by reform of accounting standards: **Yes**  
-Other changes: **No**
- (4) Number of outstanding shares  
-Number of outstanding shares at year end (Treasury stocks are included):  
FY2008 251,365,028 shares  
FY2007 251,365,028 shares  
-Number of treasury stocks at year end:  
FY2008 821,879 shares  
FY2007 774,499 shares

## (Reference) Summary of non-consolidated financial results

## 1. Non-consolidated Financial Results for Fiscal Year Ended March 2009

(For the period from April 1, 2008 to March 31, 2009)

## (1) Operating results (Figures in % refer to changes from the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2008	503,654	(13.2)	1,215	(89.0)	1,905	(82.2)	1,049	(76.3)
FY2007	580,000	6.5	11,049	71.3	10,709	59.4	4,430	34.3

	Net Income per Share	Net Income per Share after Dilution
	yen	yen
FY2008	4.18	3.73
FY2007	17.65	16.03

## (2) Financial Position

	Total Assets	Net Assets	Shareholder's Equity Ratio	Net Assets per Share
	million yen	million yen	%	yen
FY2008	256,661	50,265	19.6	200.37
FY2007	296,319	54,020	18.2	215.32

(Reference) Shareholder's equity: FY2008 50,265 million yen FY2007 54,020 million yen

## 2. Non-consolidated results forecast for FY2009 (April 1, 2009 – March 31, 2010)

(% represent forecasted changes from the same period of the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
1H FY2009	200,000	(26.6)	500	(88.8)	250	(94.7)	100	(96.1)	0.39
FY2009	439,000	(12.8)	6,500	434.5	6,000	214.9	3,000	185.8	11.95

\*Explanations and other matters of special note in regard to appropriate use of business results forecasts

The aforementioned forecasts were prepared based on information obtainable as of the date of release of this document.

Going forward, due to a variety of factors actual results may differ from estimated values.

## 5. Consolidated Balance Sheets

	(Unit: million yen)	
	FY2007	FY2008
	(As of Mar.31, 2008)	(As of Mar.31, 2009)
<b>Assets</b>		
Current assets		
Cash and deposits	18,678	20,635
Notes and accounts receivable, trade	130,859	100,129
Inventories	42,005	—
Merchandise and finished goods	—	28,304
Work in process	—	1,621
Raw materials and supplies	—	4,004
Deferred tax assets	2,087	2,621
Other	10,407	12,386
Allowance for doubtful accounts	(1,285)	(694)
Total current assets	<u>202,751</u>	<u>169,009</u>
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	26,325	25,655
Storage facilities, net	4,249	4,275
Machinery and vehicles, net	24,885	22,316
Tools and equipment, net	11,711	10,066
Land	52,711	53,539
Lease assets, net	—	1,537
Construction in progress	392	4,727
Total property, plant and equipment	<u>120,276</u>	<u>122,118</u>
Intangible assets		
Goodwill	10,197	12,280
Other	5,009	4,089
Total intangible assets	<u>15,207</u>	<u>16,370</u>
Investments and other assets		
Investments in securities	39,762	32,754
Long-term loans receivable	2,935	2,094
Deferred tax assets	2,501	3,704
Other	23,278	22,210
Allowance for doubtful accounts	(1,895)	(1,954)
Total investments and other assets	<u>66,581</u>	<u>58,809</u>
Total fixed assets	<u>202,065</u>	<u>197,299</u>
Total assets	<u>404,817</u>	<u>366,308</u>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable, trade	123,811	95,737
Short-term borrowings	48,292	40,779
Current portion of long-term borrowings	20,535	26,499
Current portion of bonds	6,310	750
Lease liabilities	—	193
Income taxes payable	4,706	2,077
Allowance for employees' bonuses	4,123	4,355
Other	17,988	20,768
Total current liabilities	<u>225,768</u>	<u>191,162</u>
Long-term liabilities		
Bonds	20,786	20,720
Long-term borrowings	83,144	81,411
Lease liabilities	—	1,423
Deferred tax liabilities	504	634
Allowance for employees' retirement benefits	3,573	3,769
Allowance for retirement benefits to directors and statutory auditors	559	974
Negative goodwill	89	86
Other	5,294	4,951
Total long-term liabilities	<u>113,952</u>	<u>113,972</u>
Total liabilities	<u>339,720</u>	<u>305,134</u>

	(Unit: million yen)	
	FY2007	FY2008
	(As of Mar.31, 2008)	(As of Mar.31, 2009)
Net assets		
Shareholders' equity		
Common stock	20,096	20,096
Capital surplus	17,909	17,907
Retained earnings	18,684	19,850
Treasury stock, at cost	(211)	(222)
Total shareholders' equity	<u>56,479</u>	<u>57,630</u>
Valuation and translation adjustments		
Net unrealized gains on securities	3,714	31
Deferred gains on hedges	15	95
Foreign currency translation adjustments	13	(3,588)
Total valuation and translation adjustments	<u>3,743</u>	<u>(3,461)</u>
Minority interests	<u>4,873</u>	<u>7,004</u>
Total net assets	<u>65,096</u>	<u>61,173</u>
Total liabilities and net assets	<u>404,817</u>	<u>366,308</u>

**6. Consolidated Statements of Operations**

(Unit: million yen)

	FY2007 (Apr.1 2007 - Mar.31 2008)	FY2008 (Apr.1 2008 - Mar.31 2009)
Net sales	748,967	681,376
Cost of sales	610,137	549,072
Gross profit	138,829	132,304
Selling, general and administrative expenses		
Transportation cost	23,123	22,402
Provision for allowance for doubtful accounts	480	42
Salaries, wages and bonuses	31,071	31,510
Provision for allowance for employees' bonuses	3,608	3,837
Retirement benefits expenses	2,537	2,769
Provision for allowance for retirement benefits to directors and statutory auditors	111	177
Depreciation and amortization	9,051	10,559
Rent expenses	9,923	10,094
Commissions	8,366	8,220
Amortization of goodwill	1,623	1,873
Other	30,538	31,087
Total selling, general and administrative expenses	120,435	122,574
Operating income	18,393	9,729
Other income		
Interest income	530	439
Dividend income	448	616
Foreign exchange gains	821	226
Amortization of negative goodwill	8	12
Equity in earnings of non-consolidated subsidiaries and affiliates	925	320
Other	1,570	2,136
Total other income	4,306	3,751
Other expense		
Interest expenses	3,560	3,455
Sales discounts	651	615
Other	1,335	1,164
Total other expense	5,546	5,235
Ordinary income	17,152	8,245
Extraordinary income		
Gain on sales of fixed assets	361	153
Gain on sales of investments in securities	1,322	460
Other	—	200
Total extraordinary income	1,684	813
Extraordinary losses		
Loss on sales of fixed assets	135	52
Loss on disposal of fixed assets	380	685
Impairment loss	169	26
Loss on sales of investments in securities	319	109
Loss on revaluation of investments in securities	3,518	303
Loss on liquidation of subsidiaries and affiliates	117	19
Loss on revaluation of inventories	—	503
Loss on revaluation of real estate for sale	231	—
Retirement benefits for directors and statutory auditors	125	69
Allowance for retirement benefits to directors and statutory auditors	448	—
Other	13	—
Total extraordinary losses	5,459	1,770
Income before income taxes and minority interests	13,378	7,289
Current income taxes	5,603	3,984
Deferred income taxes	2,171	131
Total income taxes	7,775	4,116
Minority interests	358	603
Net income	5,244	2,568

**7. Consolidated Statements of Cash Flows**

	(Unit: million yen)	
	FY2007	FY2008
	(Apr.1 2007 - Mar.31 2008)	(Apr.1 2008 - Mar.31 2009)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	13,378	7,289
Depreciation and amortization	14,751	15,046
Impairment loss	169	26
Amortization of goodwill	1,617	1,861
Decrease in allowance for doubtful accounts	(141)	(538)
Increase in allowance for employees' bonuses	186	89
Decrease in allowance for directors' bonuses	(234)	—
Increase in allowance for employees' retirement benefits	208	154
Increase in allowance for retirement benefits to directors and statutory auditors	559	103
Interest and dividend income	(979)	(1,055)
Interest expenses	3,560	3,455
Foreign exchange losses (gains)	(46)	246
Equity in earnings of non-consolidated subsidiaries and affiliates	(925)	(320)
Loss on sales and disposal of property, plant and equipment	152	—
Loss on disposal of intangible assets	1	—
Loss on sales and disposal of fixed assets	—	584
Gain on sales of investments in securities	(1,003)	(350)
Loss on revaluation of investments in securities	3,518	303
Loss on liquidation of subsidiaries and affiliates	117	19
Loss on revaluation of inventory	—	503
Loss on revaluation of real estate for sale	231	—
Other extraordinary gains	—	(200)
(Increase) decrease in notes and accounts receivable, trade	(1,303)	34,743
(Increase) decrease in inventories	(2,414)	9,245
Decrease in notes and accounts payable, trade	(4,948)	(31,548)
Other, net	2,007	2,695
Sub-total	<u>28,464</u>	<u>42,354</u>
Interest and dividends received	1,044	1,068
Dividends received from equity method subsidiaries and affiliates	199	215
Interest paid	(3,589)	(3,456)
Income taxes paid	(5,337)	(6,973)
Net cash provided by operating activities	<u>20,781</u>	<u>33,209</u>
<b>Cash flows from investing activities</b>		
Net increase in time deposits	(63)	—
Payments for purchase of property, plant and equipment	(14,328)	(12,822)
Proceeds from sales of property, plant and equipment	1,810	671
Payments for purchase of intangible assets	(3,428)	(4,484)
Proceeds from sales of intangible assets	57	118
Payments for purchase of investments in securities	(2,504)	(3,991)
Proceeds from sales of investments in securities	2,129	249
Investments in loans receivable	(7,707)	(8,194)
Collections of loans receivable	7,202	8,426
Other, net	(726)	(481)
Net cash used by investing activities	<u>(17,559)</u>	<u>(20,508)</u>

	(Unit: million yen)	
	FY2007	FY2008
	(Apr.1 2007 - Mar.31 2008)	(Apr.1 2008 - Mar.31 2009)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,221	(8,485)
Proceeds from long-term borrowings	26,223	25,628
Repayments of long-term borrowings	(24,236)	(20,889)
Proceeds from issuance of bonds	—	3,000
Redemptions of bonds	(6,310)	(8,409)
Capital contribution from minority shareholders	—	16
Net increase in treasury stock	(5)	(7)
Repayments of lease liabilities	—	(75)
Cash dividends paid	(1,251)	(1,250)
Cash dividends paid to minority shareholders	(102)	(279)
Net cash used by financing activities	(1,461)	(10,754)
Effect of exchange rate changes on cash and cash equivalents	4	(666)
Net increase in cash and cash equivalents	1,764	1,280
Cash and cash equivalents at beginning of year	16,657	18,422
Increase in cash and cash equivalents due to change in scope of consolidation	—	673
Cash and cash equivalents at end of period	18,422	20,376

## 8. Segment Information

### a. Information by industry segment

(1) FY2007 (Apr.1, 2007-Mar. 31, 2008)

(Unit: million yen)

	Energy & General Household Products	Industrial Gases & Machinery	Material & Electronics	Others	Total	Elimination and Others	Consolidated
I Sales, operating income							
Sales							
(1) Outside customers	432,601	149,311	153,642	13,411	748,967	—	748,967
(2) Inter-segment	4,403	111	2,266	22,170	28,951	( 28,951)	—
Total	437,004	149,423	155,909	35,582	777,918	( 28,951)	748,967
Operating expenses	426,901	140,609	151,582	34,618	753,711	( 23,138)	730,573
Operating income	10,102	8,814	4,326	963	24,206	( 5,813)	18,393
II Assets, depreciation and capital expenditures							
Assets	181,081	90,347	69,375	53,135	393,940	10,877	404,817
Depreciation	7,785	3,602	1,102	3,517	16,008	369	16,377
Impairment loss	—	—	—	—	—	169	169
Capital expenditure	6,870	4,489	826	4,462	16,648	443	17,092

\* Figures of FY2007 is reorganized, according to segment reformation in FY2008, which transfers a part of Industrial Gases & Machinery segment to Materials and Electronics segment.

(2) FY2008 (Apr.1, 2008-Mar. 31, 2009)

(Unit: million yen)

	Energy & General Household Products	Industrial Gases & Machinery	Material & Electronics	Others	Total	Elimination and Others	Consolidated
I Sales, operating income							
Sales							
(1) Outside customers	386,088	140,784	140,866	13,636	681,376	—	681,376
(2) Inter-segment	3,172	105	2,794	20,597	26,669	( 26,669)	—
Total	389,261	140,890	143,660	34,233	708,046	( 26,669)	681,376
Operating expenses	385,334	133,605	140,305	33,090	692,336	( 20,689)	671,647
Operating income	3,926	7,285	3,355	1,143	15,710	( 5,980)	9,729
II Assets, depreciation and capital expenditures							
Assets	155,419	89,647	57,083	48,918	351,068	15,239	366,308
Depreciation	7,970	4,063	1,425	3,075	16,534	386	16,920
Impairment loss	—	—	—	—	—	26	26
Capital expenditure	7,737	8,764	1,313	3,193	21,009	422	21,431

(Notes)

- The segment is classified with the kind of inventories and the common sales route based on the sales of the Company.
- The operating expenses not distributed to the industry segment are included in "Elimination and Others." Those are mainly related to the general and administrative department of the Company. Those for the years ended March 31, 2008 and 2009 were ¥5,813 million and ¥5,980 million.
- The assets not distributed to the industry segment are included in "Elimination and Others." Those are mainly cash and cash equivalents, time deposits, investment in securities and others of the general and administrative department of the Company. Those as of March 31, 2008 and 2009 were ¥49,453 million and ¥50,869 million.

## b. Information by geographic area

(1) FY2007 (Apr.1, 2007-Mar. 31, 2008)

(Unit: million yen)

	Domestic (Inside Japan)	East Asia	Southeast Asia	Others	Total	Elimination and Others	Consolidated
I Sales, operating income							
Sales							
(1) Outside customers	637,943	22,203	80,499	8,320	748,967	—	748,967
(2) Inter-segment	9,535	4,758	71,283	3,328	88,905	( 88,905)	—
Total	647,479	26,961	151,782	11,648	837,872	( 88,905)	748,967
Operating expenses	624,187	26,018	151,279	12,185	813,670	( 83,096)	730,573
Operating income	23,291	943	503	(536)	24,202	( 5,809)	18,393
II Assets	338,430	15,536	6,266	9,147	369,380	35,436	404,817

(2) FY2008 (Apr.1, 2008-Mar. 31, 2009)

(Unit: million yen)

	Domestic (Inside Japan)	East Asia	Southeast Asia	Others	Total	Elimination and Others	Consolidated
I Sales, operating income							
Sales							
(1) Outside customers	583,154	22,079	68,194	7,948	681,376	—	681,376
(2) Inter-segment	13,129	3,887	67,670	2,319	87,006	( 87,006)	—
Total	596,283	25,967	135,865	10,267	768,383	( 87,006)	681,376
Operating expenses	581,252	25,456	135,460	10,467	752,637	( 80,990)	671,647
Operating income	15,031	510	404	(200)	15,746	( 6,016)	9,729
II Assets	305,332	13,678	3,862	6,453	329,327	36,980	366,308

(Notes)

- The area is classified by geographical neighborhood region (countries).
- Each geographic area, except for "Domestic (Inside Japan)," includes the following countries (areas).
  - East Asia ..... China, Taiwan
  - Southeast Asia ..... Singapore, Thailand, Malaysia
  - Others ..... United States, Australia, Germany
- The operating expenses not distributed to the geographic area are included in "Elimination and Others." Those are mainly related to the general and administrative department of the Company. Those for the years ended March 31, 2008 and 2009 were ¥5,813 million and ¥5,980 million.
- The assets not distributed to the geographic area are included in "Elimination and Others." Those are mainly cash and cash equivalents, time deposits, investment in securities and others of the general and administrative department of the Company. Those as of March 31, 2008 and 2009 were ¥49,453 million and ¥50,869 million.

c. Overseas sales information

(1) FY2007 (Apr.1, 2007-Mar. 31, 2008)

(Unit: million yen)

	East Asia	Southeast Asia	Others	Total
I Overseas sales	38,082	18,215	23,435	79,733
II Consolidated net sales				748,967
III Percentage of such sales against consolidated net sales	5.1 %	2.4 %	3.1 %	10.6 %

(2) FY2008 (Apr.1, 2008-Mar. 31, 2009)

(Unit: million yen)

	East Asia	Southeast Asia	Others	Total
I Overseas sales	34,000	9,419	22,581	66,000
II Consolidated net sales				681,376
III Percentage of such sales against consolidated net sales	5.0 %	1.4 %	3.3 %	9.7 %

(Notes)

1. The area is classified by geographical neighborhood region (countries).

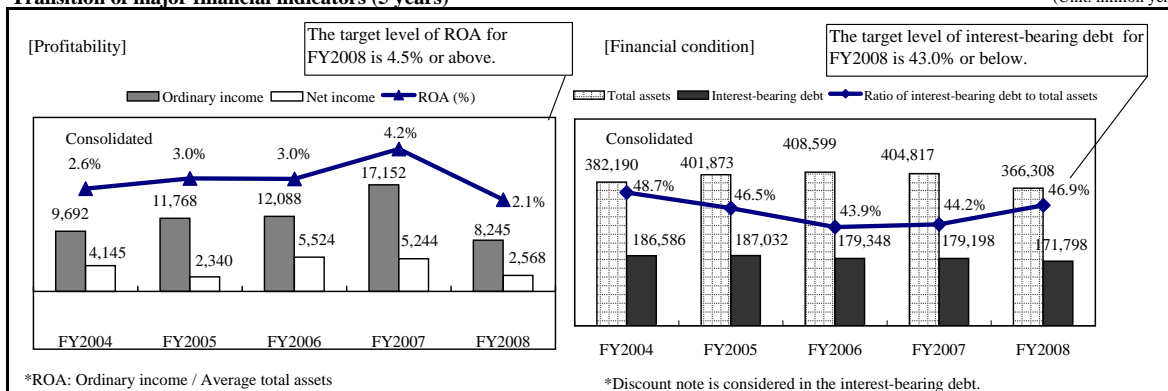
2. Each geographic area includes the following countries (areas).

- (1) East Asia ..... China, Taiwan  
 (2) Southeast Asia ..... Singapore, Thailand, Malaysia  
 (3) Others ..... United States, Australia, Germany

## Additional Information

## Transition of major financial indicators (5 years)

(Unit: million yen)



## 1. Information by industry segment

&lt;Consolidated&gt;

	Net sales (Unit: million yen)				Sales volume (Unit: thousand ton)			
	FY2008	FY2007	Change	Rate	FY2008	FY2007	Change	Rate
Sales	681,376	748,967	(67,590)	(9.0%)				
Energy & General Household Products	386,088	432,601	(46,512)	(10.8%)				
LPG	267,630	301,857	(34,226)	(11.3%)	2,874	3,197	(322)	(10.1%)
Domestic	182,429	196,448	(14,019)	(7.1%)	1,768	1,914	(145)	(7.6%)
Residential use	29,194	37,838	(8,643)	(22.8%)	316	417	(101)	(24.2%)
Industrial use	56,006	67,569	(11,563)	(17.1%)	789	865	(75)	(8.8%)
Overseas	118,458	130,743	(12,285)	(9.4%)				
Others	140,784	149,311	(8,526)	(5.7%)				
Industrial Gases & Machinery	76,161	79,793	(3,632)	(4.6%)				
Various industrial gases	64,623	69,517	(4,894)	(7.0%)				
Others	140,866	153,642	(12,776)	(8.3%)				
Material & Electronics	13,636	13,411	225	1.7%				
Others	9,729	18,393	(8,663)	(47.1%)				
Operating income	3,926	10,102	(6,176)	(61.1%)				
Energy & General Household Products	7,285	8,814	(1,528)	(17.3%)				
Industrial Gases & Machinery	3,355	4,326	(971)	(22.4%)				
Material & Electronics	1,143	963	179	18.7%				
Others	(5,980)	(5,813)	(166)	—				
Elimination and Others								

\* Changes represent comparison with the same period of the previous fiscal year, in which figures are reorganized on the basis of segment reformation in FY2008.

## 2. Investment &amp; loans

(Unit: million yen)

	Consolidated		
	FY2008	FY2007	Change
Investments (Securities)	33,078	33,889	(811)
(Unrealized gains on other securities)	67	6,254	(6,186)
Loans	3,460	4,810	(1,350)
Total	36,538	38,700	(2,161)
(Unrealized gains on other securities)	67	6,254	(6,186)

## 3. Capital expenditure

(Unit: million yen)

	Consolidated		
	FY2008	FY2007	FY2009 (Plan)
Capital expenditure	12,983	14,268	13,000
Bases, gas supplying facilities	7,303	9,010	6,560
Other facilities	5,679	5,257	6,440
Depreciation expense*	11,996	11,502	12,400

\* For property, plant and equipment

## 4. Employees

	Consolidated		
	FY2008	FY2007	Change
Number of employees	7,707	7,418	289

## 5. Consolidated results forecast for FY2009

(Unit: billion yen)

	Fiscal year		Interim (1H) period	
		Change*		Change*
Sales	610.0	(71.3)	279.0	(81.1)
Energy & General Household Products	338.0	(48.0)	153.0	(49.7)
Industrial Gases & Machinery	131.0	(9.7)	64.0	(10.0)
Material & Electronics	129.0	(11.8)	56.0	(20.7)
Others	12.0	(1.6)	6.0	(0.6)
Operating income	13.6	3.8	1.8	(6.0)
Energy & General Household Products	10.1	6.1	2.1	(1.9)
Industrial Gases & Machinery	5.2	(2.0)	1.7	(2.7)
Material & Electronics	3.4	0.0	0.6	(1.7)
Others	0.9	(0.2)	0.4	0.0
Elimination and Others	(6.0)	0.0	(3.0)	0.3
Ordinary income	12.0	3.7	0.9	(6.3)
Net income	5.0	2.4	0.3	(2.3)