

Overview of Business Results for the 1st Quarter of Fiscal Year Ending March 31, 2010 (1Q FY2009)

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: August 14, 2009

Note: Figures less than 1 million are rounded down

1. Consolidated Financial Results for the 1st Quarter of Fiscal Year Ending March 2010 (For the period from April 1, 2009 to June 30, 2009)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
1Q FY2009	122,117	(29.8)	405	(84.6)	527	(80.8)	189	(79.5)
1Q FY2008	174,058	—	2,622	—	2,754	—	924	—

	Net Income per Share	Net Income per Share after Dilution
	yen	yen
1Q FY2009	0.75	0.69
1Q FY2008	3.69	3.29

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	million yen	million yen	%	yen
1Q FY2009	348,182	62,654	16.0	222.02
FY2008	366,308	61,173	14.8	216.20

(Reference) Shareholders' equity: 1Q FY2009 55,624 million yen FY2008 54,168 million yen

2. Cash Dividends

(Cut-off date)	Dividend per share				
	1Q End	2Q End	3Q End	Year-end	Annual
	yen	yen	yen	yen	yen
FY2008	—	—	—	5.00	5.00
FY2009	—	—	—	—	—
FY2009 (Forecast)	—	—	—	5.00	5.00

Note: Revision of the quarter's dividends forecasts: **None**

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

Note: Revision of the quarter's consolidated forecasts: **None**

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): **None**

(2) Application of simple accounting treatment and accounting treatment peculiar to quarterly consolidated financial statement preparation: **Yes**

(3) 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: **None**

-Other changes: **None**

(4) Number of outstanding shares

-Number of outstanding shares at end of period (Treasury stocks are included):

1Q FY2009	251,365,028 shares	/	FY2008	251,365,028 shares
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-Number of treasury stocks at end of period:

1Q FY2009	832,663 shares	/	FY2008	821,879 shares
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-Average number of shares outstanding:

1Q FY2009	250,534,822 shares	/	1Q FY2008	250,584,938 shares
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*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)

	1Q FY2009 (As of Jun.30, 2009)	FY2008 (As of Mar.31, 2009)
Assets		
Current assets		
Cash and deposits	21,484	20,635
Notes and accounts receivable, trade	83,336	100,129
Merchandise and finished goods	25,573	28,304
Work in process	1,669	1,621
Raw materials and supplies	4,060	4,004
Other	15,058	15,007
Allowance for doubtful accounts	(527)	(694)
Total current assets	150,656	169,009
Fixed assets		
Property, plant and equipment		
Land	53,535	53,539
Other, net	67,866	68,578
Total property, plant and equipment	121,401	122,118
Intangible assets		
Goodwill	12,066	12,280
Other	3,915	4,089
Total intangible assets	15,981	16,370
Investments and other assets		
Investments in securities	35,712	32,754
Other	26,380	28,009
Allowance for doubtful accounts	(1,948)	(1,954)
Total investments and other assets	60,143	58,809
Total fixed assets	197,526	197,299
Total assets	348,182	366,308
Liabilities		
Current liabilities		
Notes and accounts payable, trade	80,442	95,737
Short-term borrowings	42,137	40,779
Income taxes payable	1,227	2,077
Allowance for employees' bonuses	3,775	4,355
Other	45,767	48,211
Total current liabilities	173,349	191,162
Long-term liabilities		
Bonds	20,718	20,720
Long-term borrowings	78,957	81,411
Allowance for employees' retirement benefits	3,772	3,769
Allowance for retirement benefits to directors and statutory auditors	948	974
Negative goodwill	83	86
Other	7,697	7,010
Total long-term liabilities	112,178	113,972
Total liabilities	285,528	305,134

(Unit: million yen)

	1Q FY2009 (As of Jun.30, 2009)	FY2008 (As of Mar.31, 2009)
Net assets		
Shareholders' equity		
Common stock	20,096	20,096
Capital surplus	17,907	17,907
Retained earnings	18,802	19,850
Treasury stock, at cost	(225)	(222)
Total shareholders' equity	56,580	57,630
Valuation and translation adjustments		
Net unrealized gains on securities	1,747	31
Deferred gains on hedges	43	95
Foreign currency translation adjustments	(2,746)	(3,588)
Total valuation and translation adjustments	(955)	(3,461)
Minority interests	7,030	7,004
Total net assets	62,654	61,173
Total liabilities and net assets	348,182	366,308

6. Consolidated Statements of Operations

(Unit: million yen)

	1Q FY2008 (Apr.1 2008 - Jun.30 2008)	1Q FY2009 (Apr.1 2009 - Jun.30 2009)
Net sales	174,058	122,117
Cost of sales	141,973	92,902
Gross profit	32,085	29,215
Selling, general and administrative expenses		
Transportation cost	5,610	4,935
Provision for allowance for doubtful accounts	117	—
Salaries, wages and bonuses	6,859	6,640
Provision for allowance for employees' bonuses	2,112	2,048
Retirement benefits expenses	806	600
Provision for allowance for retirement benefits to directors and statutory auditors	32	38
Other	13,924	14,547
Total selling, general and administrative expenses	29,462	28,810
Operating income	2,622	405
Other income		
Interest income	186	159
Dividend income	285	325
Foreign exchange gains	260	24
Amortization of negative goodwill	4	2
Equity in earnings of non-consolidated subsidiaries and affiliates	182	—
Other	391	618
Total other income	1,311	1,130
Other expense		
Interest expenses	872	778
Equity in losses of non-consolidated subsidiaries	—	64
Other	307	165
Total other expense	1,179	1,008
Ordinary income	2,754	527
Extraordinary income		
Gain on sales of fixed assets	7	519
Reversal of allowance for doubtful accounts	—	7
Total extraordinary income	7	526
Extraordinary losses		
Loss on sales of fixed assets	0	5
Loss on disposal of fixed assets	13	79
Loss on sales of investments in securities	7	2
Loss on liquidation of subsidiaries and affiliates	—	9
Loss on revaluation of inventories	503	—
Retirement benefits for directors and statutory auditors	52	52
Total extraordinary losses	577	148
Income before income taxes and minority interests	2,184	905
Income taxes	1,178	646
Minority interests	80	68
Net income	924	189

7. Consolidated Statements of Cash Flows

(Unit: million yen)

	1Q FY2008 (Apr.1 2008 - Jun.30 2008)	1Q FY2009 (Apr.1 2009 - Jun.30 2009)
Cash flows from operating activities		
Income before income taxes and minority interests	2,184	905
Depreciation and amortization	3,812	3,587
Amortization of goodwill	413	493
Increase (decrease) in allowance for doubtful accounts	105	(174)
Decrease in allowance for employees' bonuses	(325)	(580)
Increase in allowance for employees' retirement benefits	111	2
Decrease in allowance for retirement benefits to directors and statutory auditors	(45)	(26)
Interest and dividend income	(472)	(484)
Interest expenses	872	778
Foreign exchange losses (gains)	(20)	4
Equity in earnings (losses) of non-consolidated subsidiaries and affiliates	(182)	64
Loss (gain) on sales and disposal of property, plant and equipment	6	(434)
Gain on sales of investments in securities	7	2
Loss on liquidation of subsidiaries and affiliates	—	9
Loss on revaluation of inventory	503	—
Decrease in notes and accounts receivable, trade	13,011	17,155
Decrease (increase) in inventories	(6,418)	2,881
Decrease in notes and accounts payable, trade	(5,749)	(15,563)
Other, net	1,865	89
Sub-total	9,680	8,711
Interest and dividends received	557	542
Dividends received from equity method subsidiaries and affiliates	186	70
Interest paid	(954)	(582)
Income taxes paid	(3,594)	(2,151)
Net cash provided by operating activities	5,875	6,589
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(3,894)	(4,123)
Proceeds from sales of property, plant and equipment	85	1,755
Payments for purchase of intangible assets	—	(555)
Proceeds from sales of intangible assets	—	109
Payments for purchase of investments in securities	(221)	(106)
Proceeds from sales of investments in securities	22	1,124
Investments in loans receivable	(2,467)	(2,225)
Collections of loans receivable	2,556	2,225
Other, net	(674)	(86)
Net cash used by investing activities	(4,593)	(1,880)

(Unit: million yen)

	1Q FY2008 (Apr.1 2008 - Jun.30 2008)	1Q FY2009 (Apr.1 2009 - Jun.30 2009)
Cash flows from financing activities		
Net increase in short-term borrowings	2,719	1,211
Proceeds from long-term borrowings	346	1,024
Repayments of long-term borrowings	(2,159)	(5,111)
Net increase in treasury stock	(2)	(2)
Repayments of lease liabilities	—	(54)
Cash dividends paid	(1,075)	(1,086)
Cash dividends paid to minority shareholders	(59)	(153)
Net cash used by financing activities	(231)	(4,171)
Effect of exchange rate changes on cash and cash equivalents	(264)	202
Net increase in cash and cash equivalents	786	739
Cash and cash equivalents at beginning of year	18,422	20,376
Increase in cash and cash equivalents due to change in scope of consolidation	588	91
Cash and cash equivalents at end of period	19,796	21,207

8. Segment Information

a. Information by industry segment

(1) 1Q FY2008 (Apr.1, 2008-Jun.30, 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	103,169	35,558	32,095	3,234	174,058	—	174,058
(2) Inter-segment	664	73	609	5,078	6,426	(6,426)	—
Total	103,833	35,632	32,705	8,313	180,485	(6,426)	174,058
Operating income	1,391	1,842	730	125	4,088	(1,466)	2,622

(2) 1Q FY2009 (Apr.1, 2009-Jun.30, 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	70,397	26,420	22,585	2,714	122,117	—	122,117
(2) Inter-segment	420	8	536	4,666	5,632	(5,632)	—
Total	70,818	26,429	23,122	7,380	127,750	(5,632)	122,117
Operating income (loss)	1,605	138	(268)	129	1,604	(1,199)	405

(Notes)

1. The segment is classified with the kind of inventories and the common sales route based on the sales of the Company.

b. Information by geographic area

(1) 1Q FY2008 (Apr.1, 2008-Jun.30, 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	145,450	5,630	21,039	1,938	174,058	—	174,058
(2) Inter-segment	2,755	1,264	24,079	873	28,973	(28,973)	—
Total	148,206	6,894	45,119	2,812	203,032	(28,973)	174,058
Operating income (loss)	3,891	160	148	(64)	4,137	(1,514)	2,622

(2) 1Q FY2009 (Apr.1, 2009-Jun.30, 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	106,540	3,100	10,946	1,530	122,117	—	122,117
(2) Inter-segment	1,353	356	7,803	390	9,903	(9,903)	—
Total	107,893	3,456	18,750	1,921	132,021	(9,903)	122,117
Operating income (loss)	1,516	(0)	70	10	1,598	(1,193)	405

(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

c. Overseas sales information

(1) 1Q FY2008 (Apr.1, 2008-Jun.30, 2008)

(Unit: million yen)

	East Asia	Southeast Asia	Others	Total
I Overseas sales	11,144	2,590	5,474	19,209
II Consolidated net sales				174,058
III Percentage of such sales against consolidated net sales	6.4%	1.5%	3.1%	11.0%

(2) 1Q FY2009 (Apr.1, 2009-Jun.30, 2009)

(Unit: million yen)

	East Asia	Southeast Asia	Others	Total
I Overseas sales	4,817	1,423	2,209	8,449
II Consolidated net sales				122,117
III Percentage of such sales against consolidated net sales	3.9%	1.2%	1.8%	6.9%

(Notes)

- The area is classified by geographical neighborhood region (countries).
- Each geographic area includes the following countries (areas).
 - East Asia China, Taiwan
 - Southeast Asia Singapore, Thailand, Malaysia
 - Others United States, Australia, Germany

Additional Information

Results for 1Q FY2009 and Forecast for FY2009

Consolidated

1. Statements of Operations (Unit: million yen)

	1Q FY2009	1Q FY2008	Change	
	(Apr.-Jun. 2009)	(Apr.-Jun. 2008)		Rate
Net sales	122,117	174,058	(51,941)	(29.8) %
Gross profit	29,215	32,085	(2,869)	(8.9) %
Selling, general and administrative expenses	28,810	29,462	(652)	(2.2) %
Operating income	405	2,622	(2,217)	(84.6) %
Net interest expense	(618)	(685)	67	
Dividend income	325	285	39	
(Net financial expense)	(293)	(400)	106	
Foreign exchange gains	24	260	(236)	
Equity in earnings of non-consolidated subsidiaries and affiliates	(64)	182	(247)	
Other income	455	88	367	
Ordinary income	527	2,754	(2,226)	(80.8) %
Net gains (losses) on sales and disposal of fixed assets	434	(6)	441	
Losses on sales and revaluation of investments in securities	(2)	(7)	4	
Loss on liquidation of subsidiaries and affiliates	(9)	—	(9)	
Loss on revaluation of inventories	—	(503)	503	
Other extraordinary income	(44)	(52)	7	
Income taxes	(646)	(1,178)	531	
Minority interests	(68)	(80)	12	
Net income	189	924	(734)	(79.5) %

2. Changes in Subsidiaries Resulting in Change in Scope of Consolidation

Consolidated subsidiaries

new: 1 excluded: 1 total: 90 → 90

Equity method subsidiaries and affiliates

new: 2 excluded: 1 total: 124 → 125

Impact of changes in scope of consolidation: little

3. Financial Position (Unit: million yen)

	1Q FY2009 end	FY2008 end	Change
Total assets	348,182	366,308	(18,125)
Shareholders' equity	55,624	54,168	1,455
Interest-bearing debt, gross*	169,471	171,798	(2,327)
Interest-bearing debt, net*	147,987	151,163	(3,176)
Shareholders' equity ratio	16.0%	14.8%	1.2pt
Ratio of interest-bearing debt to total assets	48.7%	46.9%	1.8pt
Debt-to-equity ratio, gross	3.04	3.17	(0.13pt)
Debt-to-equity ratio, net	2.66	2.79	(0.13pt)

* Interest-bearing liabilities include zero coupon convertible bonds in the amount of ¥7,718 million, and lease liabilities in the amount of ¥1,964 million.

4. LPG Net Sales - Sales Volume

		1Q FY2009	1Q FY2008	Change	Rate
Domestic residential use	Sales volume (thousand tons)	407	431	(23)	(5.5) %
	Net sales (million yen)	34,880	49,514	(14,634)	(29.6) %
Domestic industrial use	Sales volume (thousand tons)	58	86	(28)	(32.5) %
	Net sales (million yen)	3,404	8,860	(5,456)	(61.6) %
Overseas	Sales volume (thousand tons)	227	201	26	13.1 %
	Net sales (million yen)	9,075	17,524	(8,448)	(48.2) %
LPG total	Sales volume (thousand tons)	694	719	(25)	(3.6) %
	Net sales (million yen)	47,360	75,899	(28,539)	(37.6) %

*Barter transactions in domestic residential use LPG increased by the the volume of 2 thousand tons in comparison with 1Q FY2008.

5. Information by Industry Segment (Unit: million yen)

	1Q FY2009	1Q FY2008	Change	
				Rate
Sales (Sales to outside customers)	122,117	174,058	(51,941)	(29.8) %
Energy & General Household Products	70,397	103,169	(32,772)	(31.8) %
Industrial Gases & Machinery	26,420	35,558	(9,137)	(25.7) %
Material & Electronics	22,585	32,095	(9,510)	(29.6) %
Others	2,714	3,234	(520)	(16.1) %
Operating income (loss)	405	2,622	(2,217)	(84.6) %
Energy & General Household Products	1,605	1,391	213	15.4 %
Industrial Gases & Machinery	138	1,842	(1,703)	(92.5) %
Material & Electronics	(268)	730	(998)	(136.7) %
Others	129	125	3	3.0 %
Elimination and Others	(1,199)	(1,466)	266	—

6. Consolidated Results Forecast for FY2009 (Unit: million yen)

	Interim (1H) period	Fiscal year
Sales	279,000	610,000
Energy & General Household Products	153,000	338,000
Industrial Gases & Machinery	64,000	131,000
Material & Electronics	56,000	129,000
Others	6,000	12,000
Operating income	1,800	13,600
Energy & General Household Products	2,100	10,100
Industrial Gases & Machinery	1,700	5,200
Material & Electronics	600	3,400
Others	400	900
Elimination and Others	(3,000)	(6,000)
Ordinary income	900	12,000
Net income	300	5,000

* No revisions are made to forecasts released in May 13, 2009.