

FY2009 1st Half Financial Results **(Six Months Ended September 30, 2009)**



November 6, 2009

Iwatani Corporation

Forward-looking statements in this document are based on management expectations and are not commitments or guarantees. Consequently, users of this document are requested to fully understand that results may vary from expectations.

- **FY2009 1st Half Overview**
- **FY2009 Forecasts**

FY2009

1st Half Overview

Six-Month Overview (April 2009 ~ September 2009)

(Unit: Million Yen)

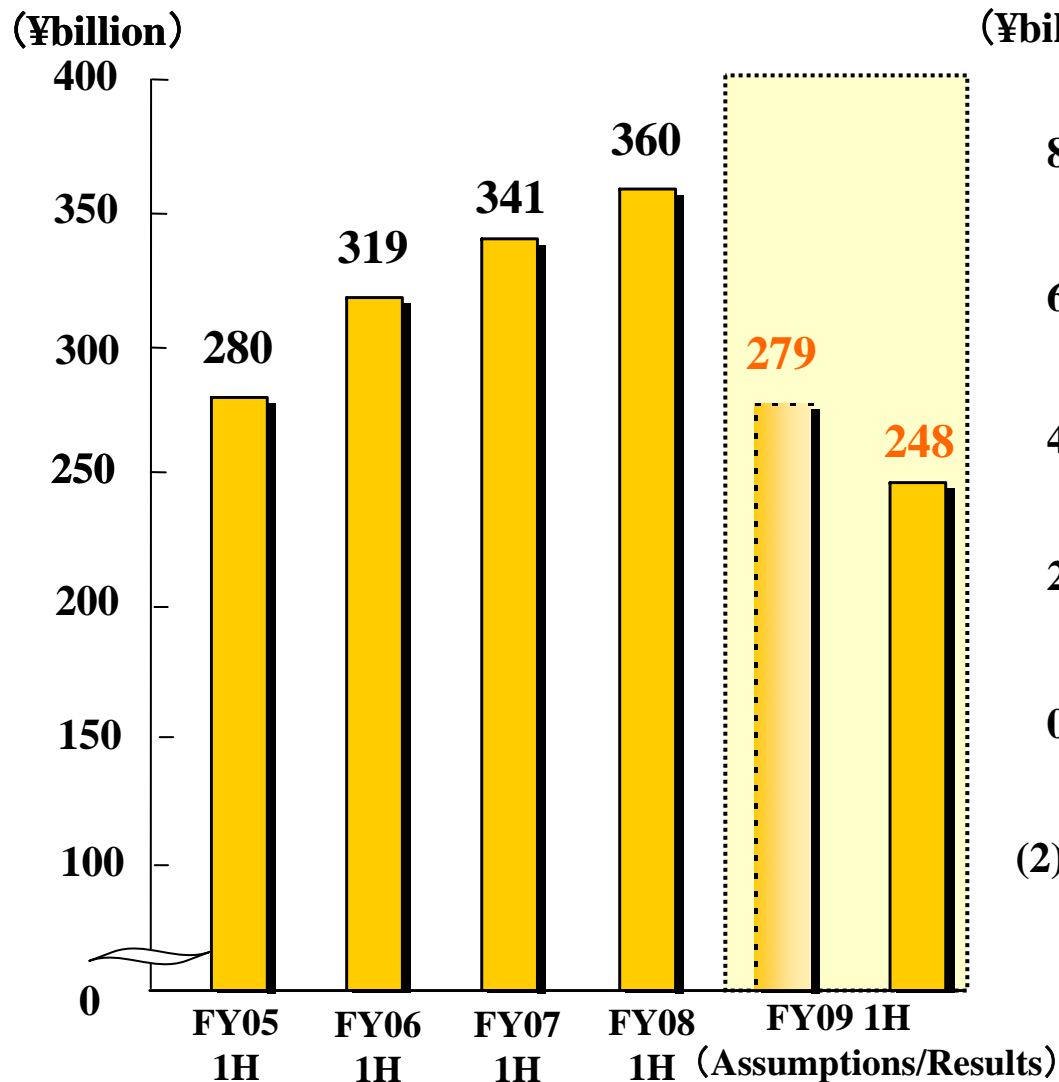
	FY08 1H Results(A)	FY09 1H Assumptions(B)	FY09 1H Results(C)	Comparison (C)-(A)	Comparison (C)/(A)(%)	Comparison (C)-(B)	Comparison (C)/(B)(%)
Net Sales	360,119	279,000	248,627	(111,492)	(31.0)	(30,372)	(10.9)
Gross Profit	67,700	—	60,812	(6,887)	(10.2)	—	—
Operating Income	7,878	1,800	2,599	(5,279)	(67.0)	+799	+44.4
Ordinary Income	7,275	900	2,456	(4,819)	(66.2)	+ 1,556	+172.9
Net Income	2,665	300	1,191	(1,473)	(55.3)	+891	+297.2

	FY08 1H Results(A)	FY09 1H Results(B)	Comparison (B)-(A)
Capital Expenditures*	6,460	7,198	+738
Depreciation Expense*	6,148	5,751	(396)

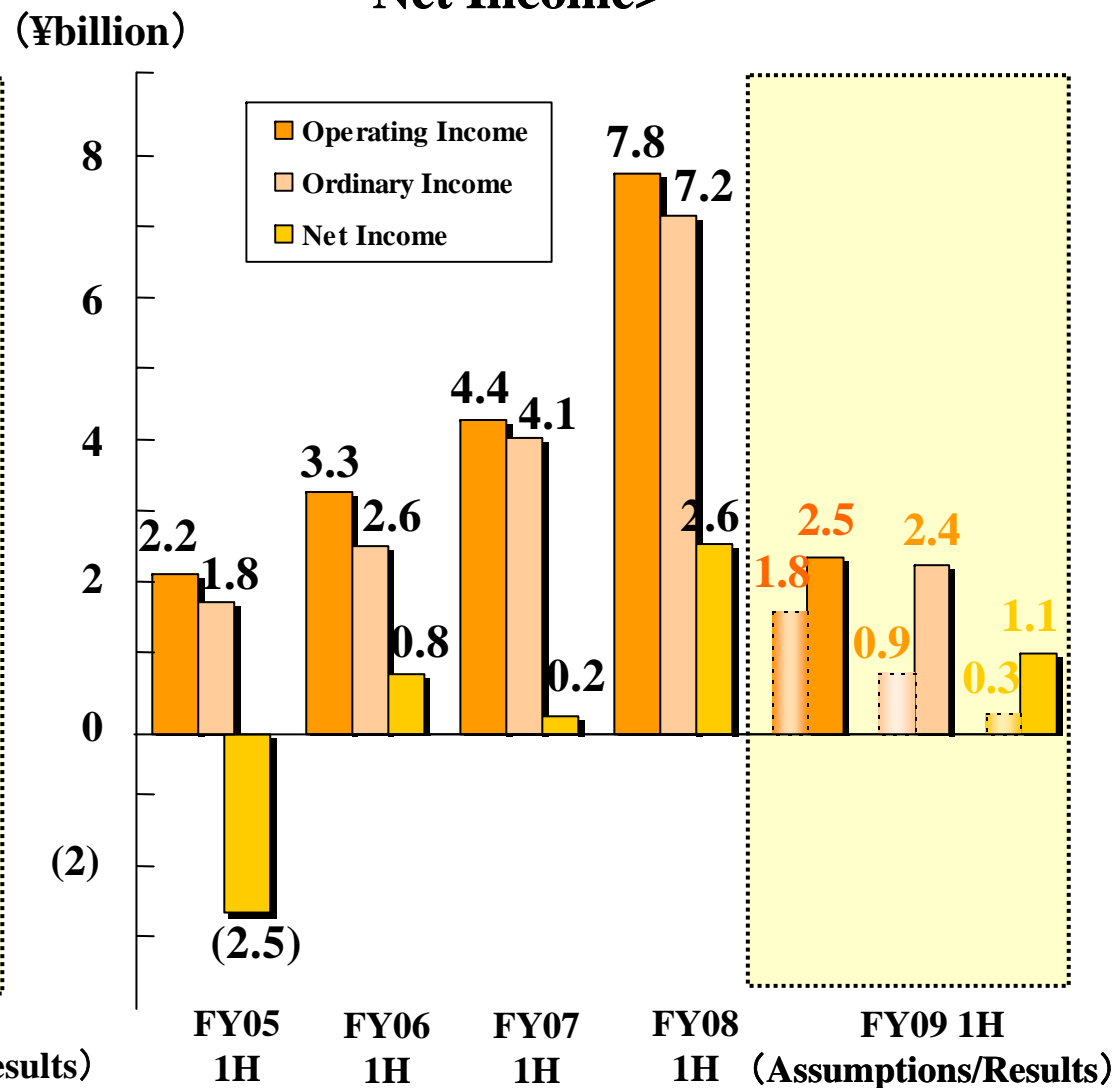
*Figures for capital expenditures and depreciation expense cover only tangible fixed assets.

Financial Performance (FY05 1H ~ FY09 1H)

<Net Sales>



<Operating Income · Ordinary Income · Net Income>



Segment Information

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(Unit: Million Yen)

Net Sales	FY08 1H Results(A)	FY09 1H Assumptions (B)	FY09 1H Results(C)	Comparison (C)-(A)	Comparison (C)/(A)(%)	Comparison (C)-(B)	Comparison (C)/(B)(%)
Energy & General Household Products	202,736	153,000	140,267	(62,469)	(30.8)	(12,732)	(8.3)
Industrial Gases & Machinery	74,028	64,000	54,603	(19,425)	(26.2)	(9,396)	(14.7)
Materials & Electronics	76,707	56,000	48,209	(28,498)	(37.2)	(7,790)	(13.9)
Others	6,646	6,000	5,547	(1,099)	(16.5)	(452)	(7.5)

Operating Income/Loss	FY08 1H Results(A)	FY09 1H Assumptions (B)	FY09 1H Results(C)	Comparison (C)-(A)	Comparison (C)/(A) (%)	Comparison (C)-(B)	Comparison (C)/(B) (%)
Energy & General Household Products	4,071	2,100	3,629	(441)	(10.9)	+1,529	+72.8
Industrial Gases & Machinery	4,406	1,700	1,474	(2,931)	(66.5)	(225)	(13.3)
Materials & Electronics	2,345	600	(271)	(2,616)	(111.6)	(871)	(145.2)
Others	383	400	448	+64	+16.9	+48	+12.1

Segment Net Sales

(Unit: Million Yen)

Total

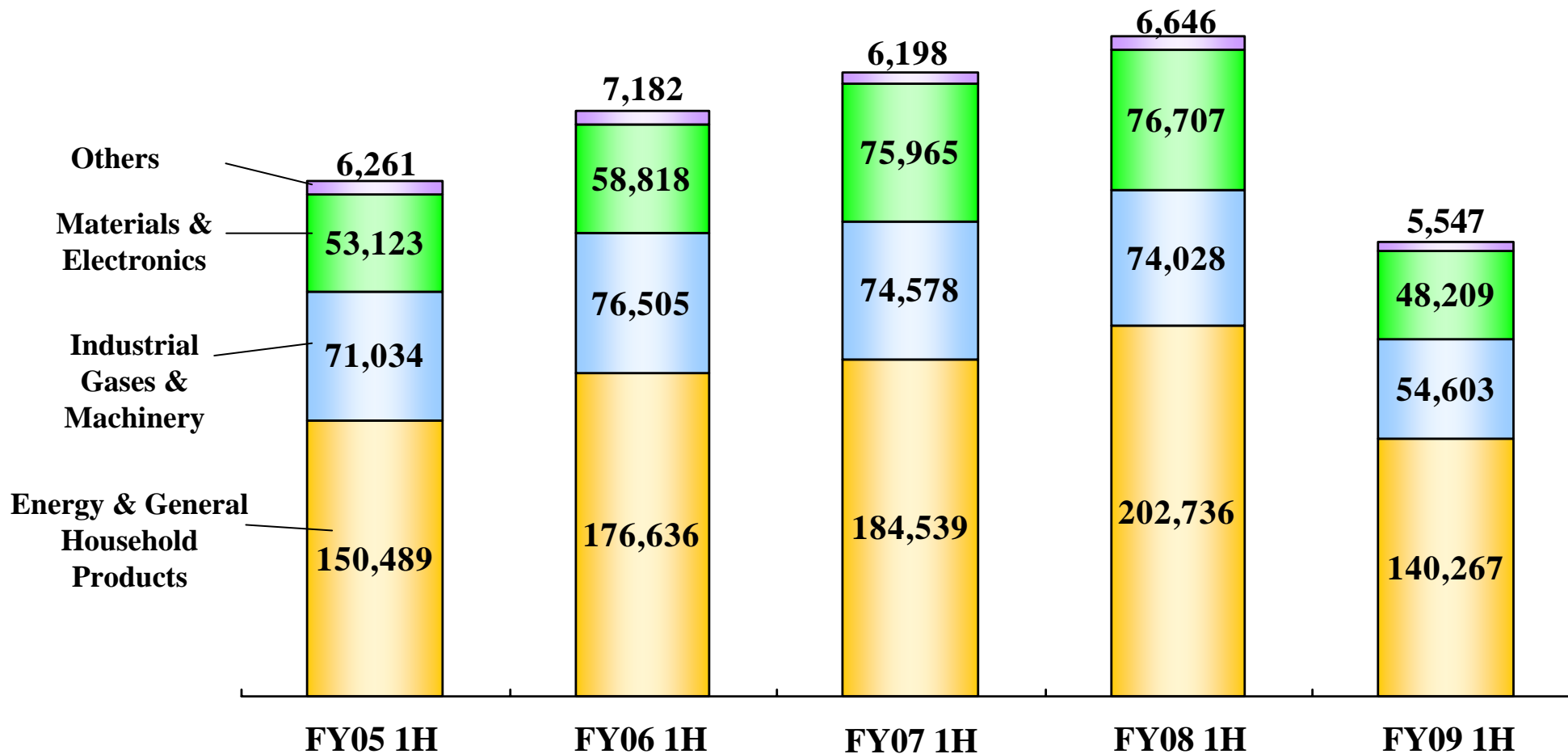
280,910

319,143

341,282

360,119

248,627



Segment Operating Income

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(Unit: Million Yen)

Total

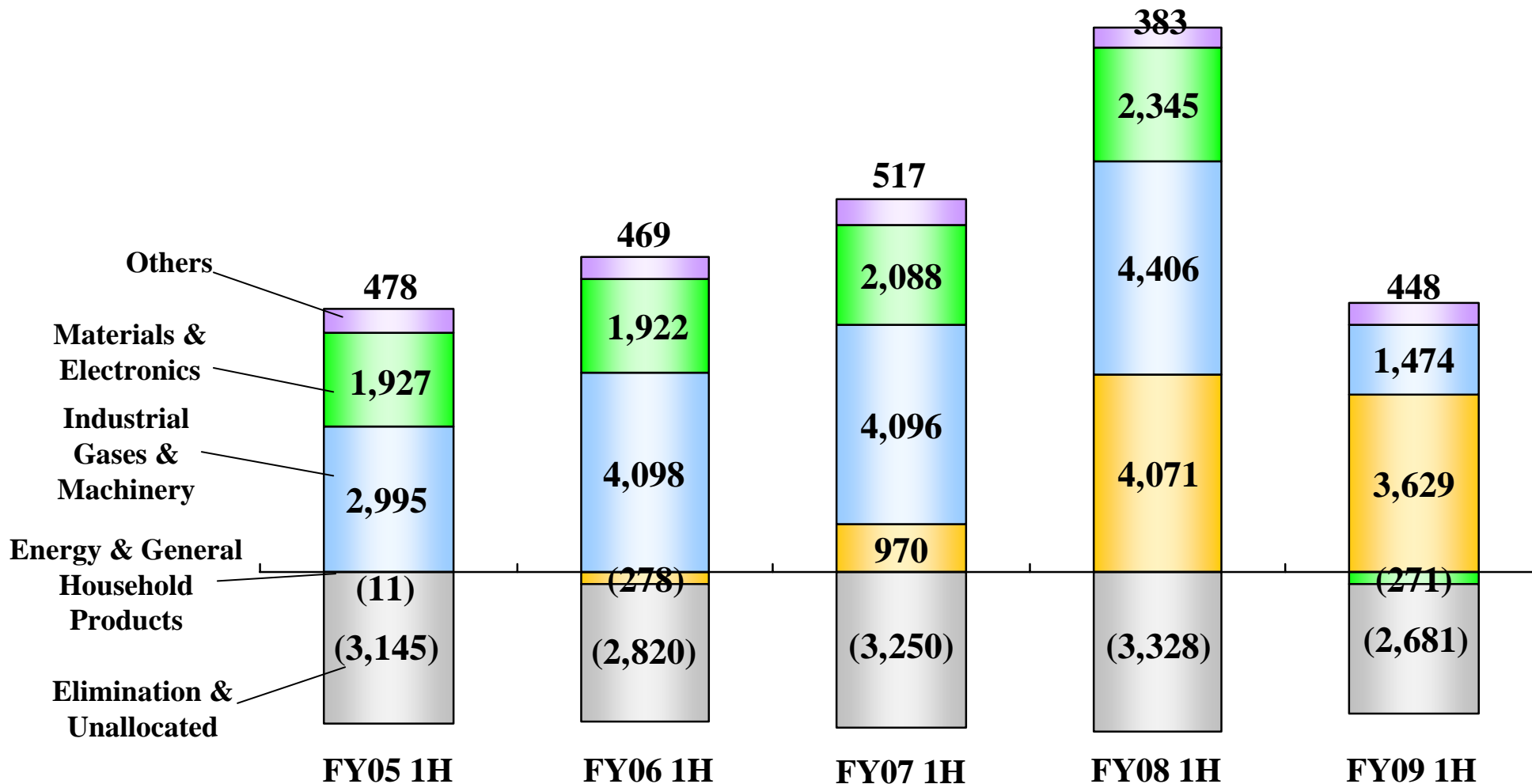
2,244

3,391

4,423

7,878

2,599

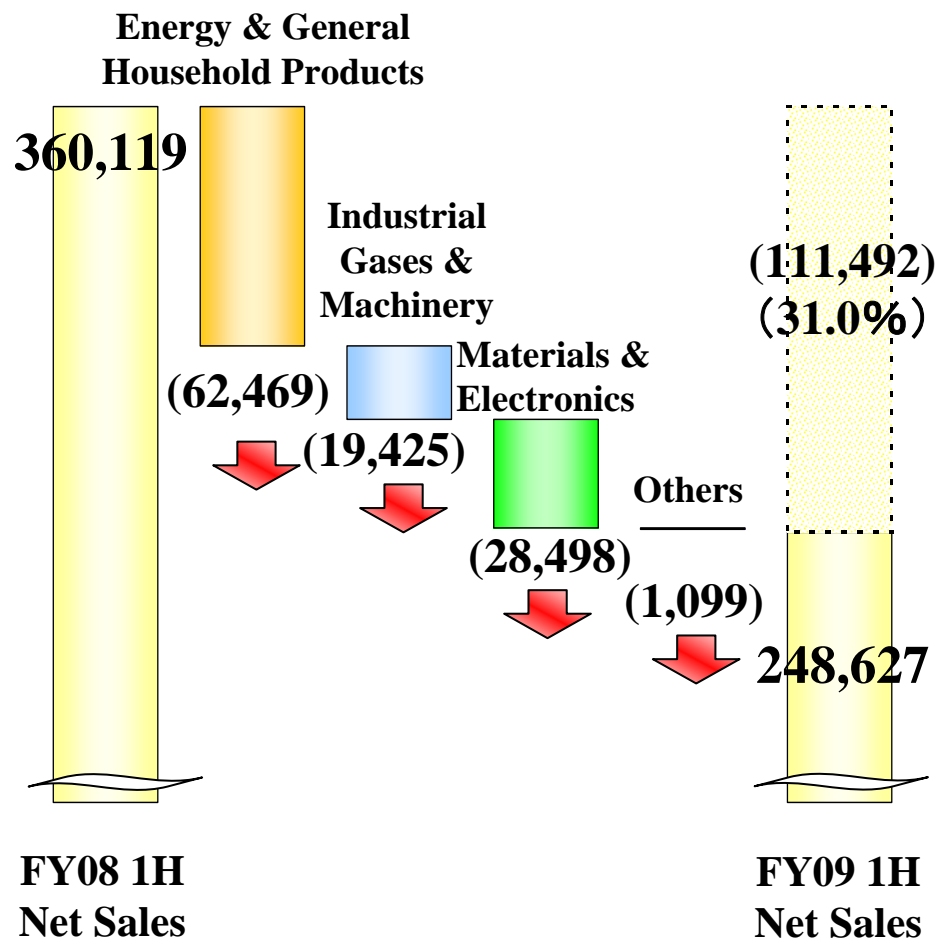


Comparison (Net Sales/Operating Income)

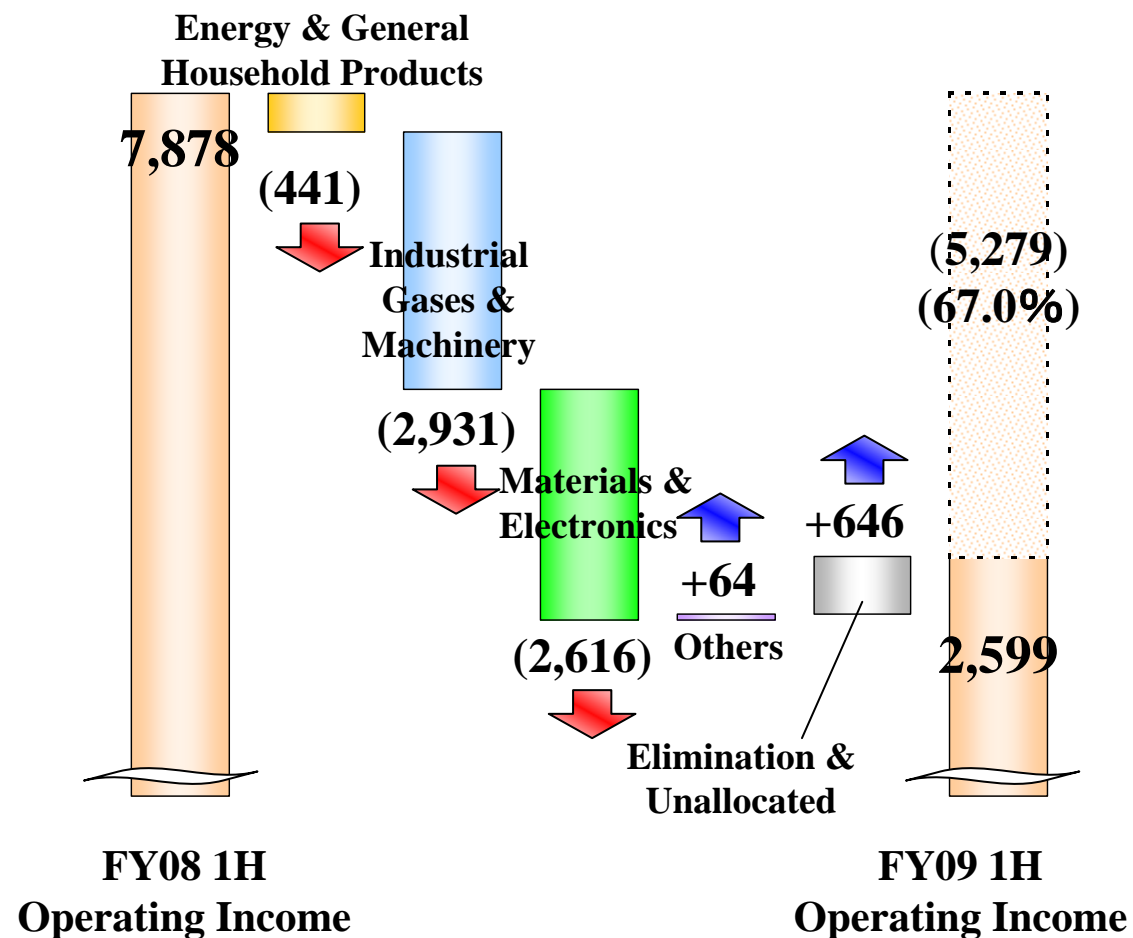
FY08 1H – FY09 1H Comparison

(Unit: Million Yen)

Changes in Net Sales



Changes in Operating Income



Major Factors Affecting Net Sales (FY08 1H - FY09 1H)

【 Energy & General Household Products 】

- ▶ Fall in import prices of LPG 【-】
- ▶ Decrease in sales of LPG 【-】

【Industrial Gases & Machinery 】

- ▶ Decrease in sales of gas/welding -related equipments due to restraints on capital expenditure 【-】
- ▶ Decrease in sales of industrial gases and welding materials due to slowdown in factory operations 【-】

【 Materials & Electronics 】

- ▶ Decrease in sales of raw materials for ceramics and refractories 【-】
- ▶ Decrease in sales of stainless steel 【-】
- ▶ Decrease in sales of semiconductor -related equipments 【-】
- ▶ Slowdown of processing operations in China 【-】

Highlights

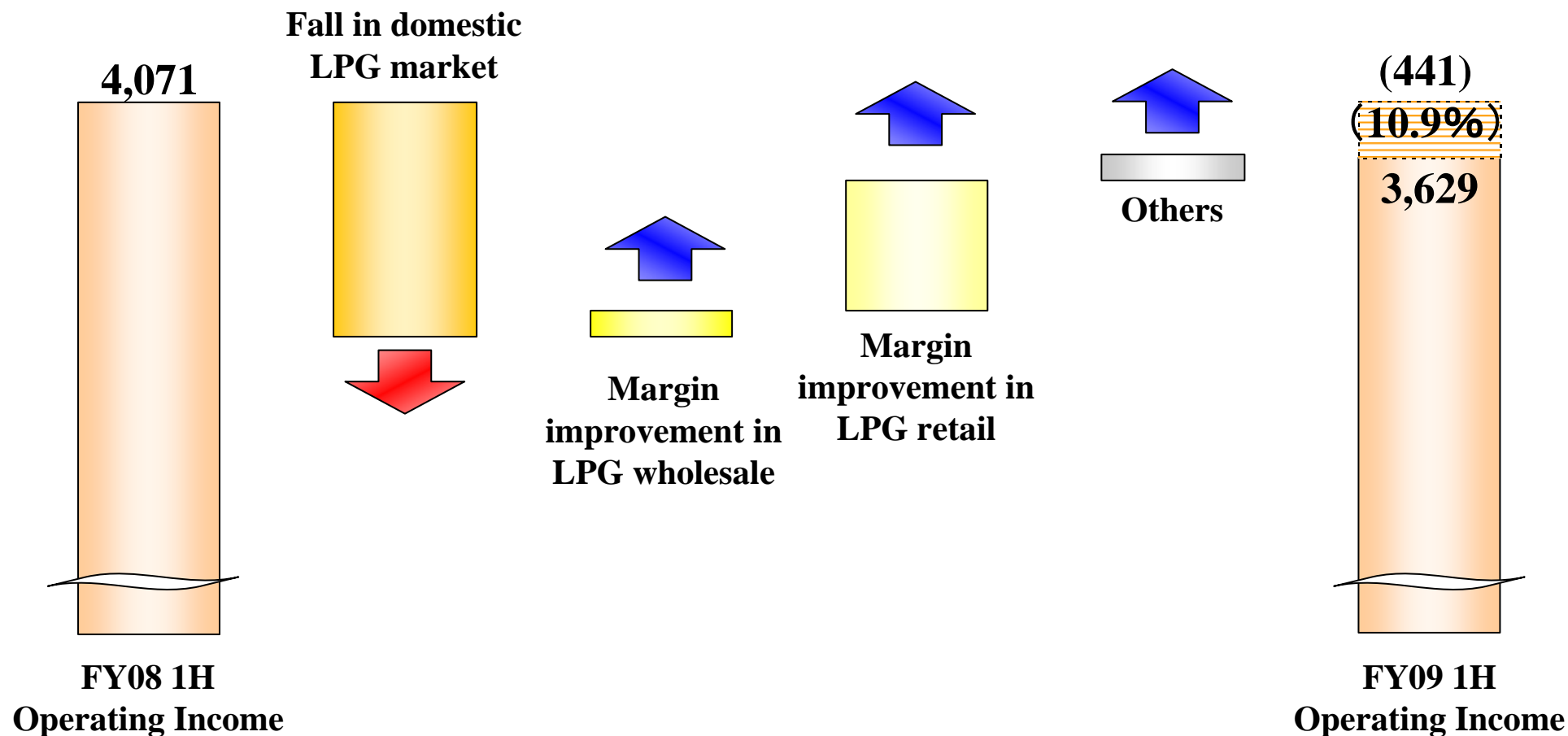
Decrease in sales prices in wholesale and retail LPG

Operating Income - Energy & General Household Products

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(Unit: Million Yen)

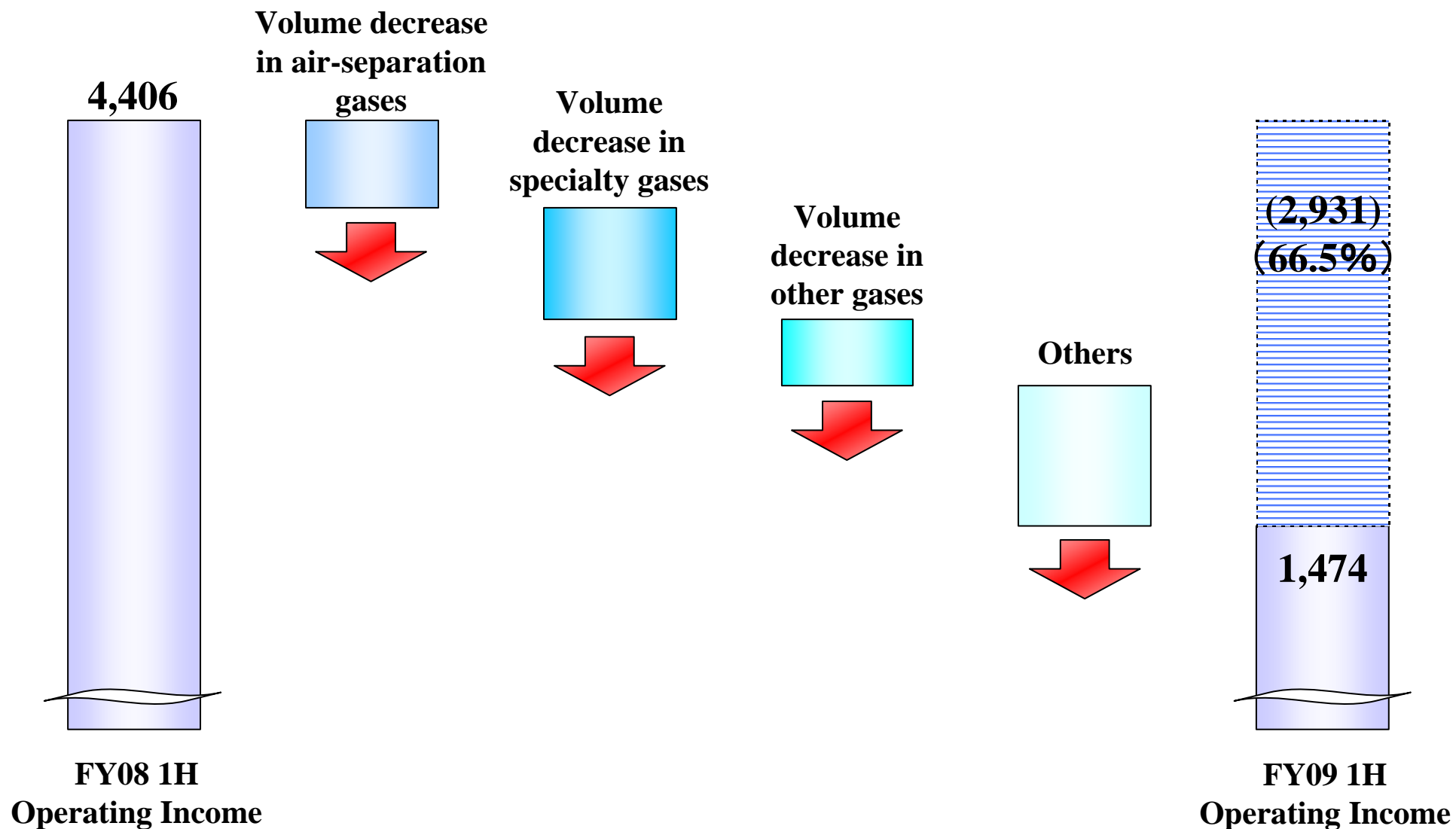
Operating Income -FY08 1H ~ FY09 1H Comparison-



Operating Income - Industrial Gases & Machinery

(Unit: Million Yen)

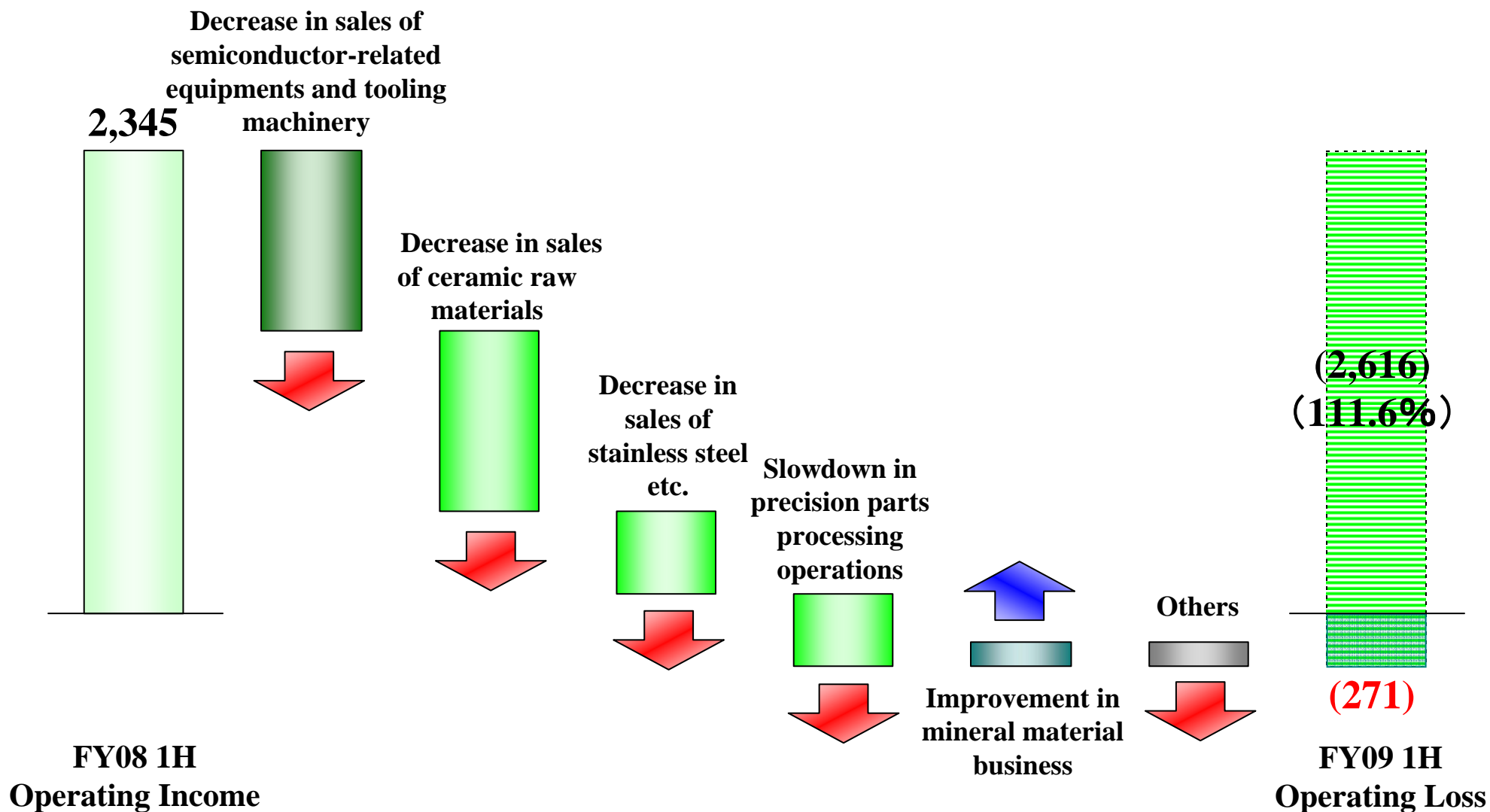
Operating Income -FY08 1H ~ FY09 1H Comparison-



Operating Income - Materials & Electronics

(Unit: Million Yen)

Operating Income/Loss -FY08 1H ~ FY09 1H Comparison-



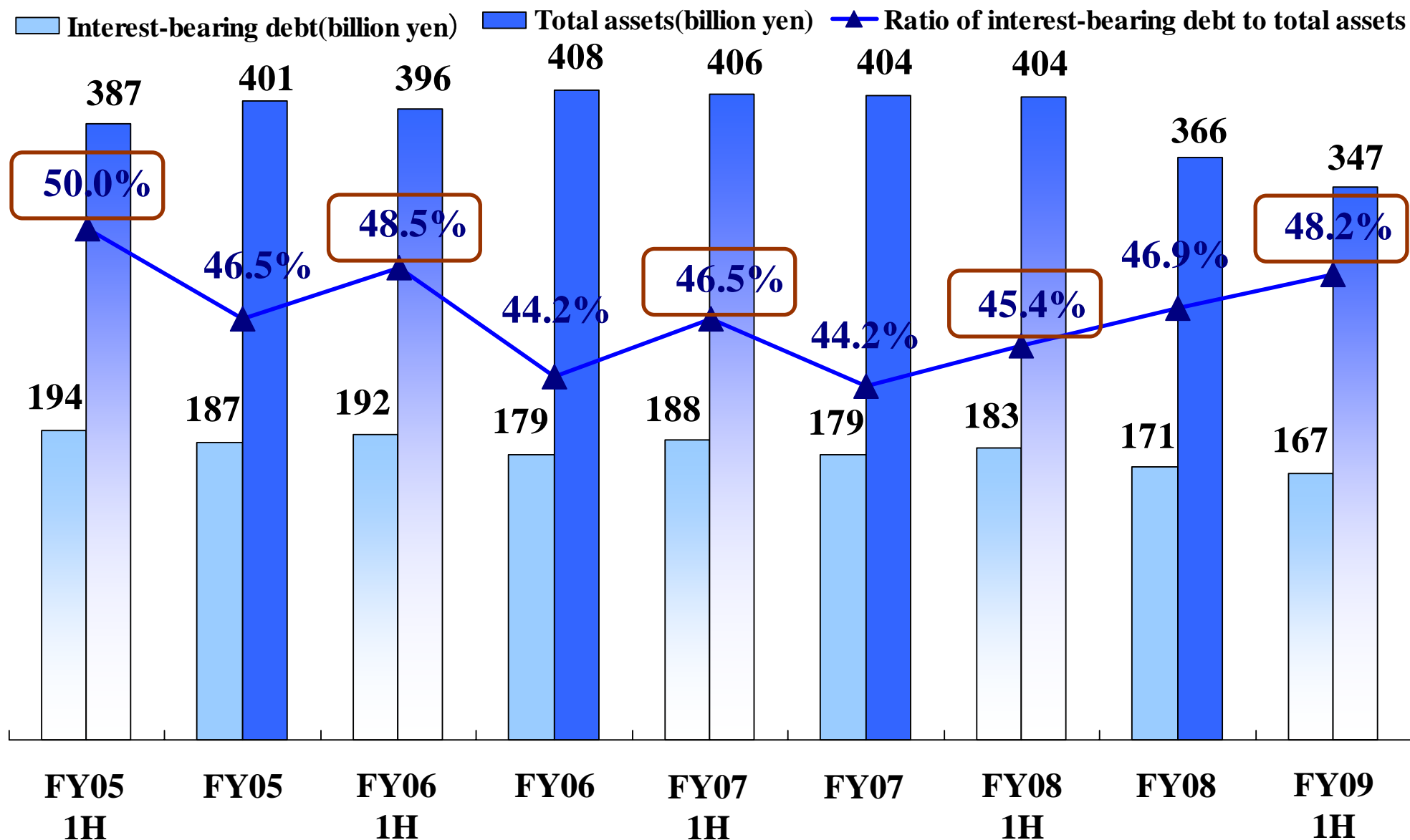
Balance Sheets Comparison

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(Unit: Million Yen)

	FY08 1H Results(A)	FY08 1H Results(B)	Comparison (B)-(A)	Major factors for changes
Current assets	203,263	150,258	(53,005)	
Cash and cash equivalents	19,045	20,519	+1,473	
Notes and accounts receivable, trade	119,306	83,894	(35,412)	Decrease according to sales reduction
Inventories	54,316	33,346	(20,970)	Decrease in inventory value of LPG
Others	10,594	12,498	+1,903	
Fixed Assets	200,870	197,474	(3,395)	
Property, plant and equipment	122,855	121,086	(1,768)	
Intangible fixed assets	16,234	15,640	(593)	
Investments and other assets	61,781	60,747	(1,033)	
Total Assets	404,134	347,733	(56,041)	
Current liabilities	227,923	167,934	(59,989)	
Trade notes and accounts payable	113,287	82,232	(31,055)	Decrease according to sales reduction
Other current liabilities	114,635	85,701	(28,934)	Decrease in short-term debt
Long-term liabilities	108,985	115,836	+6,850	
Total liabilities	336,909	283,770	(53,138)	
Net assets	67,225	63,962	(3,262)	

Interest-bearing debt



Cash Flows Statements

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(Unit: Million Yen)

	FY08 1H	Details	FY09 1H	Details
Cash flows from operating activities	6,088	Increase in notes and accounts receivable, trade : +17,341 Increase in inventories : (10,075) Decrease in notes and accounts payable, trade : (14,850)	11,864	Increase in notes and accounts receivable, trade : +16,712 Increase in inventories : +1,014 Decrease in notes and accounts payable, trade : (13,897)
Cash flows from investment activities	(8,091)	Purchase of property, plant and equipment : (6,168) Purchase of intangible assets : (2,299) Purchase of investments in securities : (659) Investments in loans receivable : (4,030)	(5,763)	Purchase of property, plant and equipment : (7,025) Purchase of intangible assets : (1,034) Purchase of investments in securities : (790) Investments in loans receivable : (3,494)
Free cash flows	(2,003)		+6,100	
Cash flows from financing activities	1,779	Increase in interest bearing debt : + 3,203	(6,364)	Decrease in interest bearing debt : (4,955)
Cash and cash equivalents at beginning of term	18,422		20,376	
Net increase in cash and cash equivalents	(256)		(122)	
Increase of cash and cash equivalents due to change in scope of consolidation	661		91	
Cash and cash equivalents at end of term	18,827		20,345	

FY2009 Forecasts

FY2009 Forecasts

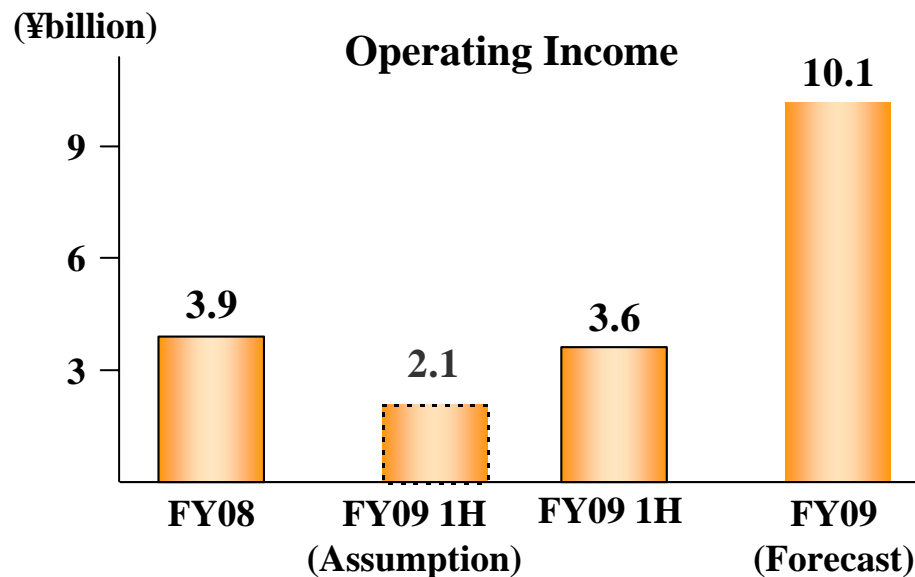
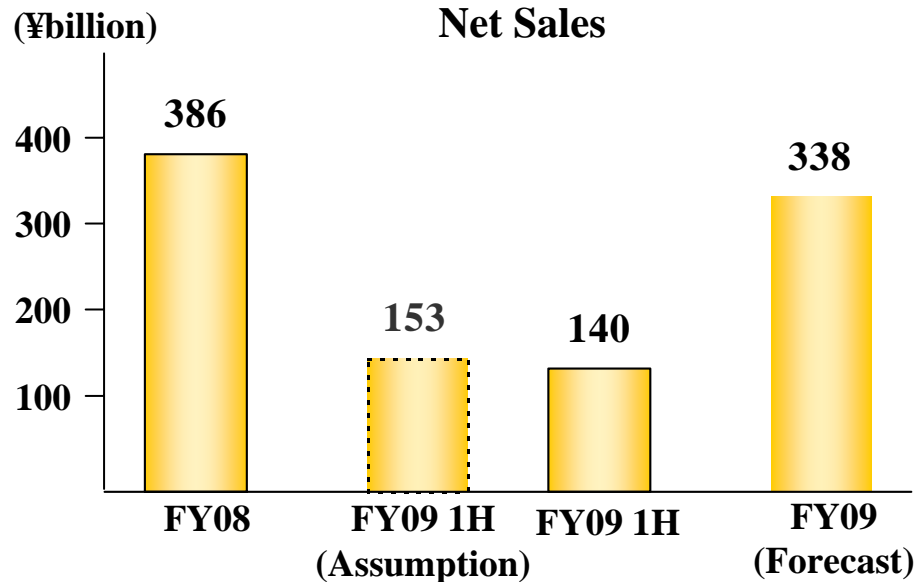
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(Unit: Million Yen)

	FY08 (A)	FY09 1H	FY09 (Forecast) (B)	Comparison (B)-(A)	Comparison (B)/(A) (%)
Net Sales	681,376	248,627	610,000	(71,376)	(10.5)
Energy & General Household Products	386,088	140,267	338,000	(48,088)	(12.5)
Industrial Gases & Machinery	140,784	54,603	131,000	(9,784)	(6.9)
Materials & Electronics	140,866	48,209	129,000	(11,886)	(8.4)
Others	13,636	5,547	12,000	(1,636)	(12.0)
Operating Income/Loss	9,729	2,599	13,600	+3,870	+39.8
Energy & General Household Products	3,926	3,629	10,100	+6,173	+157.2
Industrial Gases & Machinery	7,285	1,474	5,200	(2,085)	(28.6)
Material & Electronics	3,355	(271)	3,400	+44	+1.3
Others	1,143	448	900	(243)	(21.3)
Elimination & Unallocated	(5,980)	(2,681)	(6,000)	(19)	+0.3
Ordinary Income	8,245	2,456	12,000	+3,754	+45.5
Net Income	2,568	1,191	5,000	+2,431	+94.7
Capital Expenditures*	12,983	7,198	13,000	+16	+0.1
Depreciation Expense*	11,996	5,751	12,400	+403	+3.4

*Figures for capital expenditures and depreciation expense cover only tangible fixed assets.

Forecasts – Energy & General Household Products



Key schemes for achieving forecast

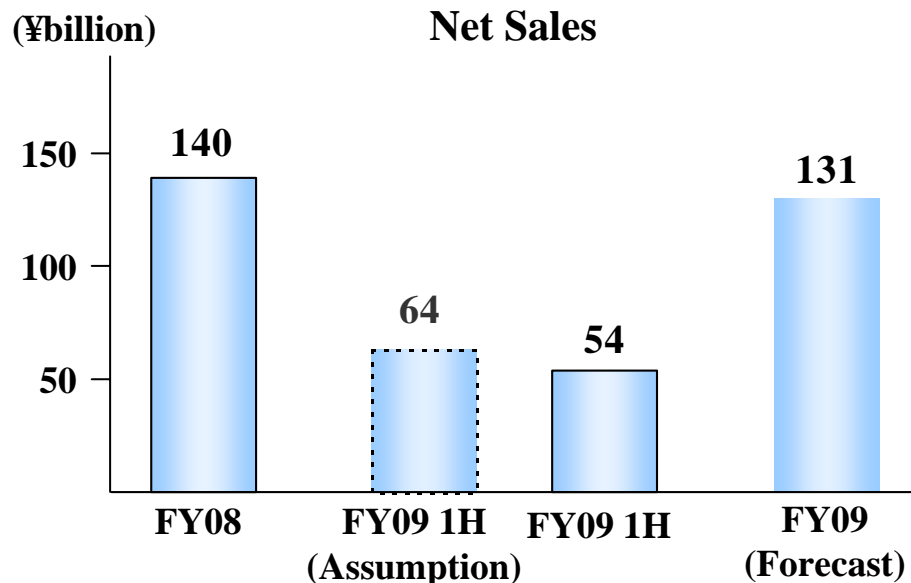
- Maintaining adequate profitability by adjusting the price of LPG by reacting to the import price
- Dissolving low-profitable transactions in LPG wholesales
- Cost reduction by reorganizing and streamlining business network

Major risk factors affecting FY09 results

- ◇ Declination in LPG sales due to warm winter
- ◇ Major decrease in consumption per household
- ◇ Wide fluctuation in LPG import prices

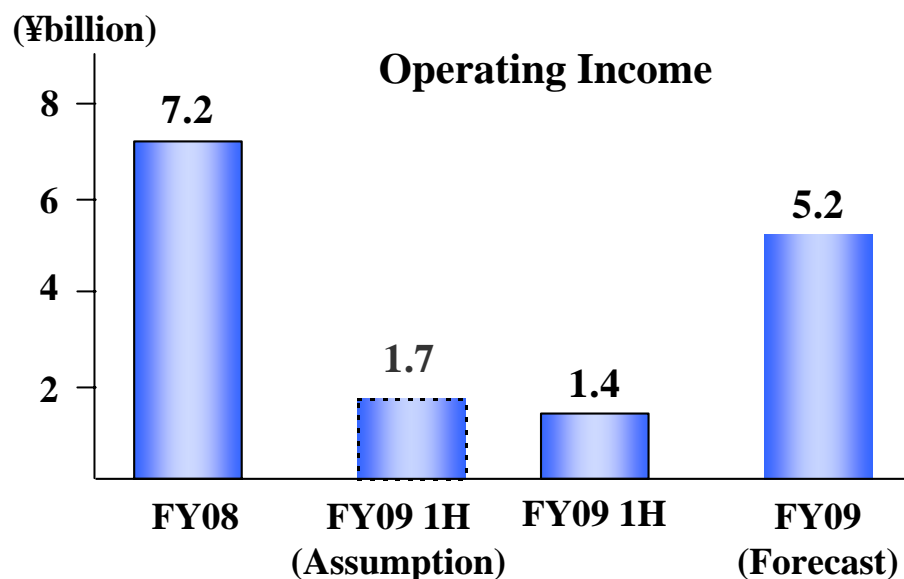
*FY09 Assumption LPG import price: \$505/t
Exchange rate : ¥95/\$

Forecasts – Industrial Gases & Machinery



Key schemes for achieving forecast

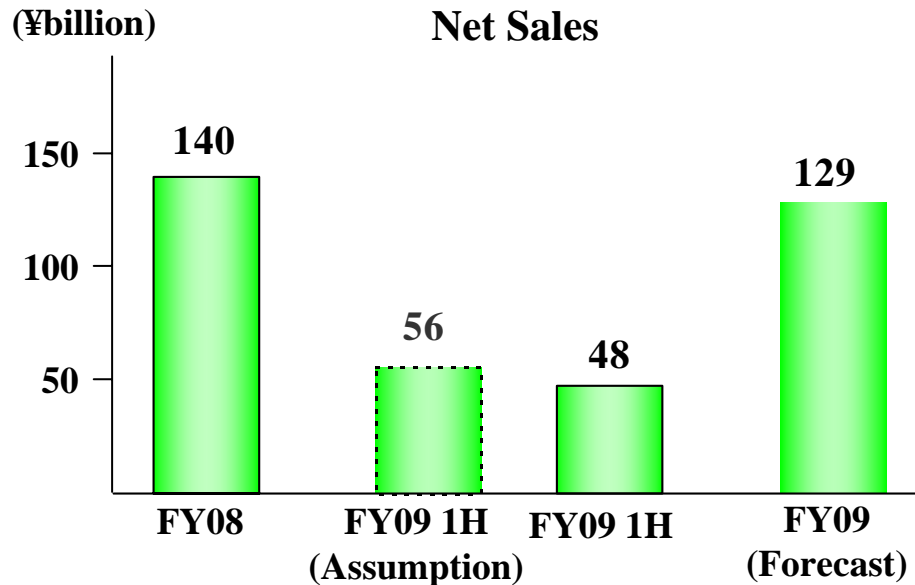
- Cost reduction
 - by suspending operation in separation plants
 - by reorganizing logistics system
- Expanding the market with new products and new applications



Major risk factors affecting FY09 results

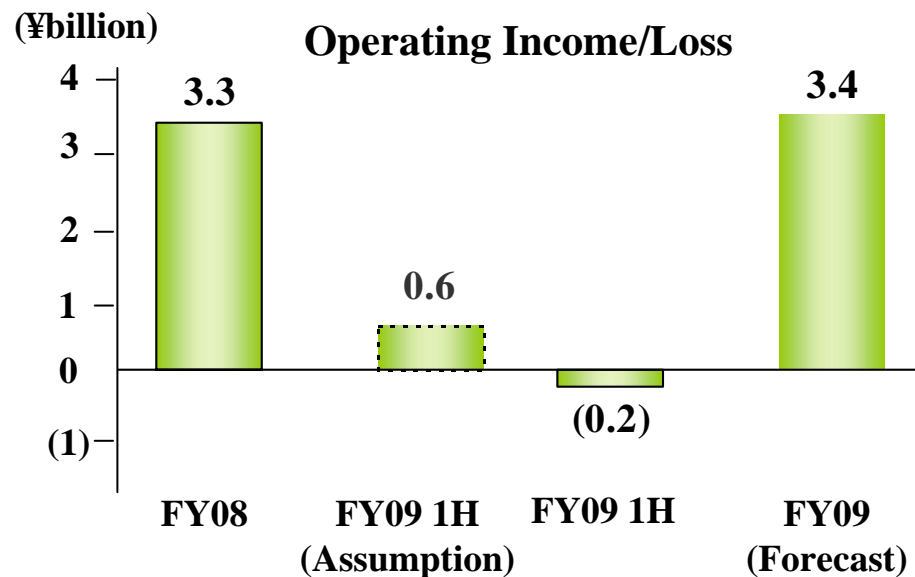
- ◇ Prolonging economic stagnation
- ◇ Delay in recovery of capital expenditure

Forecasts – Materials & Electronics



Key schemes for achieving forecast

- Improving mining efficiency in mineral material business
- Improvement in profitability of precision parts processing business in China
- Expanding business to China and other Asian area



Major risk factors affecting FY09 results

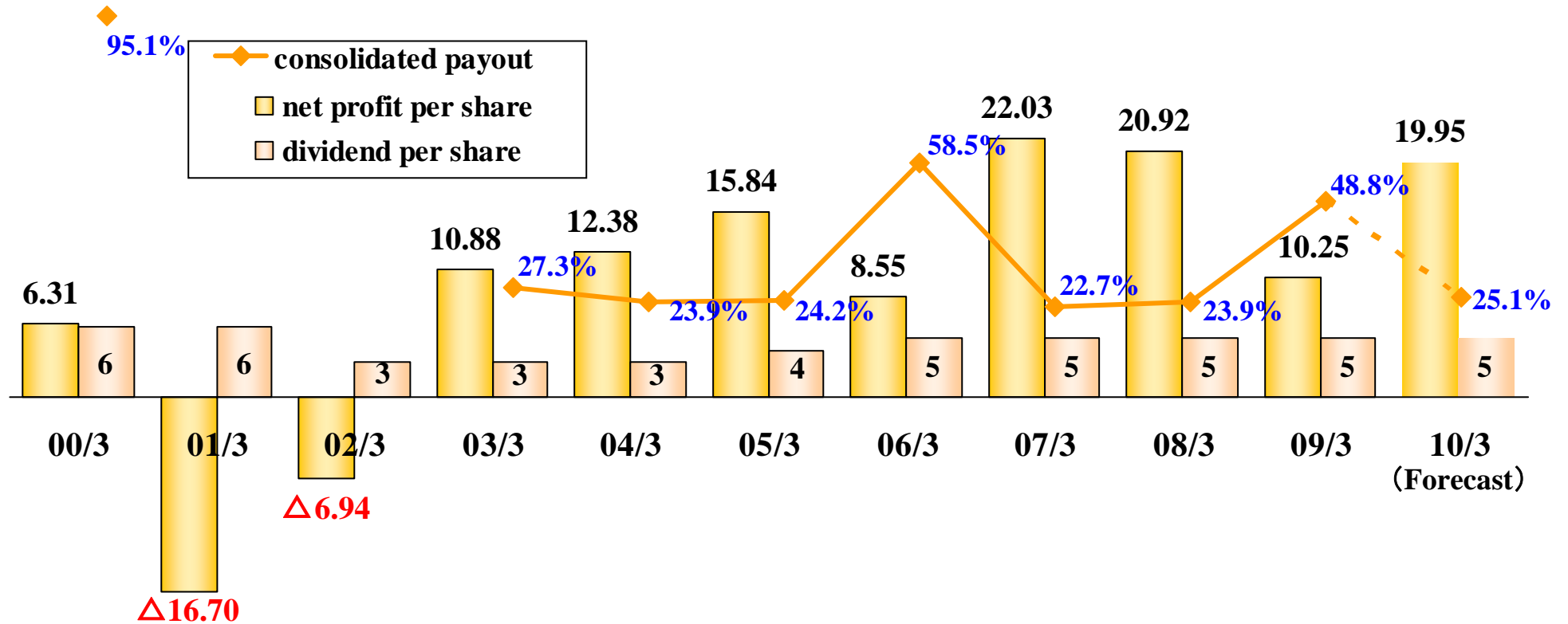
- ◇ Production in clients coming short of expectations
- ◇ Trends of resource prices (crude oil, nickel, etc.)

Returns to Shareholders

Distribution of earnings for Fiscal Year 2009 and Fiscal Year 2010

Dividends for FY2009 is 5 yen per share, consolidated payout ratio to be 48.8%

Dividends for FY2010 is planned to be 5 yen per share, consolidated payout ratio to be 25.1%



Dividends Policy

- Fundamental policy is based on maintaining stable dividends
- Earnings are distributed under deliberate consideration of financial performance and business condition

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**Please note that this English translation has been prepared for general reference purpose.
In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.**