

Overview of Business Results for the 3rd Quarter of Fiscal Year Ending March 31, 2010 (3Q 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: February 12, 2010

Note: Figures less than 1 million are rounded down

1. Consolidated Financial Results for the 3rd Quarter of Fiscal Year Ending March 2010 (For the period from April 1, 2009 to December 31, 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	%
3Q FY2009	390,413	(26.2)	6,943	12.7	6,704	30.6	3,115	211.0
3Q FY2008	529,273	—	6,162	—	5,132	—	1,001	—

	Net Income per Share	Net Income per Share after Dilution
	yen	yen
3Q FY2009	12.43	11.39
3Q FY2008	3.99	3.56

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	million yen	million yen	%	yen
3Q FY2009	365,721	65,184	15.9	232.15
FY2008	366,308	61,173	14.8	216.20

(Reference) Shareholders' equity: 3Q FY2009 58,160 million yen FY2008 54,168 million yen

2. Cash Dividends

	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
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: **Yes**

-Other changes: **None**

(4) Number of outstanding shares

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

3Q FY2009 251,365,028 shares / FY2008 251,365,028 shares

-Number of treasury stocks at end of period:

3Q FY2009 846,031 shares / FY2008 821,879 shares

-Average number of shares outstanding:

3Q FY2009 250,527,509 shares / 3Q FY2008 250,569,310 shares

*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)

	3Q FY2009 (As of Dec.31, 2009)	FY2008 (As of Mar.31, 2009)
Assets		
Current assets		
Cash and deposits	21,765	20,635
Notes and accounts receivable, trade	98,352	100,129
Merchandise and finished goods	28,485	28,304
Work in process	2,982	1,621
Raw materials and supplies	3,331	4,004
Other	13,605	15,007
Allowance for doubtful accounts	(448)	(694)
Total current assets	168,075	169,009
Fixed assets		
Property, plant and equipment		
Land	53,756	53,539
Other, net	67,170	68,578
Total property, plant and equipment	120,927	122,118
Intangible assets		
Goodwill	11,510	12,280
Other	3,522	4,089
Total intangible assets	15,032	16,370
Investments and other assets		
Investments in securities	36,621	32,754
Other	26,607	28,009
Allowance for doubtful accounts	(1,542)	(1,954)
Total investments and other assets	61,686	58,809
Total fixed assets	197,645	197,299
Total assets	365,721	366,308
Liabilities		
Current liabilities		
Notes and accounts payable, trade	94,028	95,737
Short-term borrowings	46,885	40,779
Income taxes payable	1,348	2,077
Allowance for employees' bonuses	2,296	4,355
Other	49,637	48,211
Total current liabilities	194,195	191,162
Long-term liabilities		
Bonds	15,714	20,720
Long-term borrowings	77,889	81,411
Allowance for employees' retirement benefits	3,841	3,769
Allowance for retirement benefits to directors and statutory auditors	1,009	974
Negative goodwill	259	86
Other	7,626	7,010
Total long-term liabilities	106,341	113,972
Total liabilities	300,537	305,134

(Unit: million yen)

	3Q FY2009 (As of Dec.31, 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	21,727	19,850
Treasury stock, at cost	(229)	(222)
Total shareholders' equity	59,502	57,630
Valuation and translation adjustments		
Net unrealized gains on securities	1,617	31
Deferred gains on hedges	37	95
Foreign currency translation adjustments	(2,997)	(3,588)
Total valuation and translation adjustments	(1,341)	(3,461)
Minority interests	7,023	7,004
Total net assets	65,184	61,173
Total liabilities and net assets	365,721	366,308

6. Consolidated Statements of Operations

(Unit: million yen)

	3Q FY2008 (Apr.1 2008 - Dec.31 2008)	3Q FY2009 (Apr.1 2009 - Dec.31 2009)
Net sales	529,273	390,413
Cost of sales	433,179	295,540
Gross profit	96,094	94,873
Selling, general and administrative expenses		
Transportation cost	16,815	14,738
Provision for allowance for doubtful accounts	82	129
Salaries, wages and bonuses	24,294	24,049
Provision for allowance for employees' bonuses	2,045	1,831
Retirement benefits expenses	2,033	1,772
Provision for allowance for retirement benefits to directors and statutory auditors	131	112
Other	44,528	45,295
Total selling, general and administrative expenses	89,931	87,929
Operating income	6,162	6,943
Other income		
Interest income	345	284
Dividend income	499	544
Foreign exchange gains	256	374
Amortization of negative goodwill	9	8
Equity in earnings of non-consolidated subsidiaries and affiliates	14	43
Other	1,651	1,541
Total other income	2,776	2,798
Other expense		
Interest expenses	2,611	2,262
Other	1,195	775
Total other expense	3,806	3,037
Ordinary income	5,132	6,704
Extraordinary income		
Gain on sales of fixed assets	100	656
Gain on sales of investments in securities	25	5
Total extraordinary income	126	662
Extraordinary losses		
Loss on sales of fixed assets	44	29
Loss on disposal of fixed assets	388	223
Loss on sales of investments in securities	106	29
Loss on revaluation of investments in securities	212	105
Loss on liquidation of subsidiaries and affiliates	—	12
Loss on revaluation of inventories	503	—
Retirement benefits for directors and statutory auditors	63	58
Total extraordinary losses	1,319	458
Income before income taxes and minority interests	3,938	6,907
Income taxes	2,467	3,452
Minority interests	468	339
Net income	1,001	3,115

7. Consolidated Statements of Cash Flows

(Unit: million yen)

	3Q FY2008 (Apr.1 2008 - Dec.31 2008)	3Q FY2009 (Apr.1 2009 - Dec.31 2009)
Cash flows from operating activities		
Income before income taxes and minority interests	3,938	6,907
Depreciation and amortization	11,924	11,065
Amortization of goodwill	1,354	1,465
Increase (decrease) in allowance for doubtful accounts	35	(658)
Decrease in allowance for employees' bonuses	(1,566)	(2,061)
Increase in allowance for employees' retirement benefits	91	71
Increase in allowance for retirement benefits to directors and statutory auditors	49	34
Interest and dividend income	(844)	(829)
Interest expenses	2,611	2,262
Foreign exchange losses (gains)	250	(183)
Equity in earnings of non-consolidated subsidiaries and affiliates	(14)	(43)
Loss (gain) on sales and disposal of property, plant and equipment	332	(403)
Loss on sales of investments in securities	81	23
Loss on revaluation of investments in securities	212	105
Loss on liquidation of subsidiaries and affiliates	—	12
Loss on revaluation of inventory	503	—
Decrease in notes and accounts receivable, trade	17,220	2,005
Increase in inventories	(6,310)	(527)
Decrease in notes and accounts payable, trade	(12,645)	(1,939)
Other, net	4,494	1,179
Sub-total	21,719	18,486
Interest and dividends received	743	807
Dividends received from equity method subsidiaries and affiliates	129	81
Interest paid	(2,665)	(2,154)
Income taxes paid	(6,759)	(2,683)
Net cash provided by operating activities	13,167	14,537
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(10,134)	(10,587)
Proceeds from sales of property, plant and equipment	713	2,053
Payments for purchase of intangible assets	(3,427)	(1,598)
Proceeds from sales of intangible assets	161	344
Payments for purchase of investments in securities	(1,594)	(1,639)
Proceeds from sales of investments in securities	159	1,406
Investments in loans receivable	(6,333)	(5,421)
Collections of loans receivable	6,432	5,109
Other, net	(173)	(150)
Net cash used by investing activities	(14,197)	(10,483)

(Unit: million yen)

	3Q FY2008 (Apr.1 2008 - Dec.31 2008)	3Q FY2009 (Apr.1 2009 - Dec.31 2009)
Cash flows from financing activities		
Net increase in short-term borrowings	13,492	6,005
Proceeds from long-term borrowings	5,602	7,504
Repayments of long-term borrowings	(6,771)	(14,280)
Proceeds from issuance of bonds	3,000	—
Redemptions of bonds	(6,155)	(625)
Capital contribution from minority shareholders	18	—
Net increase in treasury stock	(9)	(6)
Repayments of lease liabilities	—	(145)
Cash dividends paid	(1,248)	(1,251)
Cash dividends paid to minority shareholders	(189)	(153)
Net cash used by financing activities	7,739	(2,951)
Effect of exchange rate changes on cash and cash equivalents	(207)	(30)
Net increase in cash and cash equivalents	6,500	1,071
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	673	113
Cash and cash equivalents at end of period	25,596	21,561

8. Segment Information

a. Information by industry segment

(1) 3Q FY2008 (Apr.1, 2008-Dec.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	297,754	108,845	111,924	10,749	529,273	—	529,273
(2) Inter-segment	2,510	96	1,516	15,780	19,903	(19,903)	—
Total	300,264	108,942	113,440	26,530	549,177	(19,903)	529,273
Operating income	1,030	6,150	3,226	809	11,216	(5,054)	6,162

(2) 3Q FY2009 (Apr.1, 2009-Dec.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	224,847	81,772	75,015	8,778	390,413	—	390,413
(2) Inter-segment	1,506	32	1,248	14,077	16,864	(16,864)	—
Total	226,353	81,804	76,263	22,856	407,277	(16,864)	390,413
Operating income (loss)	7,817	2,440	(141)	761	10,877	(3,933)	6,943

(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) 3Q FY2008 (Apr.1, 2008-Dec.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	448,237	17,259	57,456	6,319	529,273	—	529,273
(2) Inter-segment	7,737	3,420	60,447	1,898	73,503	(73,503)	—
Total	455,975	20,679	117,903	8,217	602,776	(73,503)	529,273
Operating income (loss)	10,555	482	413	(188)	11,262	(5,100)	6,162

(2) 3Q FY2009 (Apr.1, 2009-Dec.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	340,840	10,532	34,564	4,475	390,413	—	390,413
(2) Inter-segment	5,431	1,903	36,236	924	44,495	(44,495)	—
Total	346,271	12,435	70,800	5,400	434,908	(44,495)	390,413
Operating income (loss)	10,875	23	149	(190)	10,858	(3,914)	6,943

(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) 3Q FY2008 (Apr.1, 2008-Dec.31, 2008)

(Unit: million yen)

	East Asia	Southeast Asia	Others	Total
I Overseas sales	27,970	7,780	16,461	52,211
II Consolidated net sales	—	—	—	529,273
III Percentage of such sales against consolidated net sales	5.3%	1.5%	3.1%	9.9%

(2) 3Q FY2009 (Apr.1, 2009-Dec.31, 2009)

(Unit: million yen)

	East Asia	Southeast Asia	Others	Total
I Overseas sales	17,861	5,487	6,694	30,042
II Consolidated net sales	—	—	—	390,413
III Percentage of such sales against consolidated net sales	4.6%	1.4%	1.7%	7.7%

(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 3Q FY2009 and Forecast for FY2009

Consolidated

1. Statements of Operations (Unit: million yen)

	3Q FY2009	3Q FY2008	Change	
	(Apr.-Dec. 2009)	(Apr.-Dec. 2008)		Rate
Net sales	390,413	529,273	(138,860)	(26.2) %
Gross profit	94,873	96,094	(1,220)	(1.3) %
Selling, general and administrative expenses	87,929	89,931	(2,002)	(2.2) %
Operating income	6,943	6,162	781	12.7 %
Net interest expense	(1,977)	(2,266)	288	
Dividend income	544	499	45	
(Net financial expense)	(1,432)	(1,767)	334	
Foreign exchange gains	374	256	117	
Equity in earnings of non-consolidated subsidiaries and affiliates	43	14	28	
Other income	775	465	310	
Ordinary income	6,704	5,132	1,572	30.6 %
Net gains (losses) on sales and disposal of fixed assets	403	(332)	735	
Losses on sales and revaluation of investments in securities	(129)	(294)	165	
Loss on liquidation of subsidiaries and affiliates	(12)	—	(12)	
Loss on revaluation of inventories	—	(503)	503	
Retirement benefits for directors and statutory auditors	(58)	(63)	5	
Income taxes	(3,452)	(2,467)	(984)	
Minority interests	(339)	(468)	129	
Net income	3,115	1,001	2,113	211.0 %

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

Consolidated subsidiaries new: 1 excluded: 2 total: 90 → 89
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)

	3Q FY2009 end	FY2008 end	Change
Total assets	365,721	366,308	(586)
Shareholders' equity	58,160	54,168	3,991
Interest-bearing debt, gross*	170,679	171,798	(1,119)
Interest-bearing debt, net*	148,913	151,163	(2,249)
Shareholders' equity ratio	15.9%	14.8%	1.1pt
Ratio of interest-bearing debt to total assets	46.7%	46.9%	(0.2pt)
Debt-to-equity ratio, gross	2.93	3.17	(0.24pt)
Debt-to-equity ratio, net	2.56	2.79	(0.23pt)

* Interest-bearing liabilities include zero coupon convertible bonds in the amount of ¥7,714 million, and lease liabilities in the amount of ¥1,888 million.

4. LPG Net Sales · Sales Volume

		3Q FY2009	3Q FY2008	Change	Rate
Domestic residential use	Sales volume (thousand tons)	1,209	1,244	(34)	(2.8) %
	Net sales (million yen)	105,038	139,245	(34,207)	(24.6) %
Domestic industrial use	Sales volume (thousand tons)	209	247	(37)	(15.3) %
	Net sales (million yen)	13,373	25,275	(11,901)	(47.1) %
Overseas	Sales volume (thousand tons)	592	628	(35)	(5.6) %
	Net sales (million yen)	28,372	47,358	(18,985)	(40.1) %
LPG total	Sales volume (thousand tons)	2,011	2,119	(107)	(5.1) %
	Net sales (million yen)	146,784	211,879	(65,094)	(30.7) %

*Barter transactions in domestic residential use LPG increased by the the volume of 10 thousand tons in comparison with 3Q FY2008.

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

	3Q FY2009	3Q FY2008	Change	
				Rate
Sales (Sales to outside customers)	390,413	529,273	(138,860)	(26.2) %
Energy & General Household Products	224,847	297,754	(72,906)	(24.5) %
Industrial Gases & Machinery	81,772	108,845	(27,072)	(24.9) %
Material & Electronics	75,015	111,924	(36,909)	(33.0) %
Others	8,778	10,749	(1,970)	(18.3) %
Operating income (loss)	6,943	6,162	781	12.7 %
Energy & General Household Products	7,817	1,030	6,787	658.9 %
Industrial Gases & Machinery	2,440	6,150	(3,710)	(60.3) %
Material & Electronics	(141)	3,226	(3,368)	(104.4) %
Others	761	809	(47)	(5.9) %
Elimination and Others	(3,933)	(5,054)	1,120	—

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

	Net sales	Operating income	Ordinary income	Net income
FY2009	610,000	13,600	12,000	5,000

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