

## Overview of Business Results for the Fiscal Year Ended March 31, 2010 (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: May 12, 2010

Note: Figures less than 1 million are rounded down

### 1. Consolidated Financial Results for Fiscal Year Ended March 2010 (For the period from April 1, 2009 to March 31, 2010)

(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	%
FY2009	555,477	(18.5)	13,732	41.1	13,448	63.1	5,539	115.6
FY2008	681,376	(9.0)	9,729	(47.1)	8,245	(51.9)	2,568	(51.0)

	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	%	%	%
FY2009	22.22	20.36	9.6	3.7	2.5
FY2008	10.25	9.16	4.5	2.1	1.4

(Reference) Equity in earnings of unconsolidated subsidiaries and affiliates: FY2009 377 million yen FY2008 320 million yen

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Capital Ratio	Net Assets per Share
	million yen	million yen	%	yen
FY2009	366,110	67,999	16.6	248.03
FY2008	366,308	61,173	14.8	216.20

(Reference) Equity capital: FY2009 60,930 million yen FY2008 54,168 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
FY2009	27,787	(12,808)	(16,518)	19,021
FY2008	33,209	(20,508)	(10,754)	20,376

### 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	48.8	2.2
FY2009	—	—	—	8.00	8.00	1,967	36.0	3.4
FY2010 (Forecast)	—	—	—	5.00	5.00		20.5	

(Reference) Commemorative dividend: 3.00 yen

### 3. Consolidated results forecast for FY2010 (April 1, 2010 – March 31, 2011)

(% 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 FY2010	291,700	17.3	3,000	15.4	2,500	1.8	350	(70.6)	1.42
FY2010	640,000	15.2	14,700	7.0	13,900	3.4	6,000	8.3	24.43

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 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 and other standards: **Yes**  
-Other changes: **No**
- (3) Number of outstanding shares (Ordinary stock)  
-Number of outstanding shares (Ordinary stock) at year end (Treasury stocks are included):  
FY2009 251,365,028 shares  
FY2008 251,365,028 shares  
-Number of treasury stocks at year end:  
FY2009 5,718,392 shares  
FY2008 821,879 shares

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

## 1. Non-consolidated Financial Results for Fiscal Year Ended March 2010

(For the period from April 1, 2009 to March 31, 2010)

## (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	%
FY2009	408,967	(18.8)	6,568	440.2	7,596	298.7	2,762	163.2
FY2008	503,654	(13.2)	1,215	(89.0)	1,905	(82.2)	1,049	(76.3)

	Net Income per Share	Net Income per Share after Dilution
	yen	yen
FY2009	11.06	10.13
FY2008	4.18	3.73

## (2) Financial Position

	Total Assets	Net Assets	Equity Capital Ratio	Net Assets per Share
	million yen	million yen	%	yen
FY2009	262,144	53,089	20.3	215.82
FY2008	256,661	50,265	19.6	200.37

(Reference) Equity capital: FY2009 53,089 million yen FY2008 50,265 million yen

## 2. Non-consolidated results forecast for FY2010 (April 1, 2010– March 31, 2011)

(% 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 FY2010	213,800	17.7	1,200	310.0	1,400	44.7	600	8.7	2.44
FY2010	472,000	15.4	7,400	12.7	7,600	0.0	3,500	26.7	14.23

\*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)

	FY2008 (As of Mar.31, 2009)	FY2009 (As of Mar.31, 2010)
<b>Assets</b>		
Current assets		
Cash and deposits	20,635	19,243
Notes and accounts receivable, trade	100,129	104,901
Merchandise and finished goods	28,304	26,755
Work in process	1,621	1,618
Raw materials and supplies	4,004	3,095
Deferred tax assets	2,621	2,855
Other	12,386	9,403
Allowance for doubtful accounts	(694)	(733)
Total current assets	<u>169,009</u>	<u>167,139</u>
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	25,655	25,822
Storage facilities, net	4,275	3,531
Machinery and vehicles, net	22,316	23,419
Tools and equipment, net	10,066	10,454
Land	53,539	52,665
Lease assets, net	1,537	1,957
Construction in progress	4,727	2,828
Total property, plant and equipment	<u>122,118</u>	<u>120,679</u>
Intangible assets		
Goodwill	12,280	11,615
Other	4,089	3,358
Total intangible assets	<u>16,370</u>	<u>14,974</u>
Investments and other assets		
Investments in securities	32,754	38,709
Long-term loans receivable	2,094	1,591
Deferred tax assets	3,704	2,037
Other	22,210	22,539
Allowance for doubtful accounts	(1,954)	(1,561)
Total investments and other assets	<u>58,809</u>	<u>63,316</u>
Total fixed assets	<u>197,299</u>	<u>198,971</u>
Total assets	<u>366,308</u>	<u>366,110</u>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable, trade	95,737	97,835
Short-term borrowings	40,779	32,238
Current portion of long-term borrowings	26,499	21,659
Current portion of bonds	750	5,000
Lease liabilities	193	262
Income taxes payable	2,077	3,764
Allowance for employees' bonuses	4,355	4,325
Other	20,768	19,654
Total current liabilities	<u>191,162</u>	<u>184,738</u>
Long-term liabilities		
Bonds	20,720	15,712
Long-term borrowings	81,411	82,302
Lease liabilities	1,423	1,810
Deferred tax liabilities	634	2,513
Allowance for employees' retirement benefits	3,769	4,031
Allowance for retirement benefits to directors and statutory auditors	974	1,184
Negative goodwill	86	310
Other	4,951	5,506
Total long-term liabilities	<u>113,972</u>	<u>113,372</u>
Total liabilities	<u>305,134</u>	<u>298,111</u>

	(Unit: million yen)	
	FY2008	FY2009
	(As of Mar.31, 2009)	(As of Mar.31, 2010)
Net assets		
Shareholders' equity		
Common stock	20,096	20,096
Capital surplus	17,907	17,907
Retained earnings	19,850	24,148
Treasury stock, at cost	(222)	(1,520)
Total shareholders' equity	<u>57,630</u>	<u>60,631</u>
Valuation and translation adjustments		
Net unrealized gains on securities	31	2,835
Deferred gains on hedges	95	40
Foreign currency translation adjustments	(3,588)	(2,577)
Total valuation and translation adjustments	<u>(3,461)</u>	<u>298</u>
Minority interests	<u>7,004</u>	<u>7,069</u>
Total net assets	<u>61,173</u>	<u>67,999</u>
Total liabilities and net assets	<u>366,308</u>	<u>366,110</u>

**6. Consolidated Statements of Operations**

(Unit: million yen)

	FY2008 (Apr.1 2008 - Mar.31 2009)	FY2009 (Apr.1 2009 - Mar.31 2010)
Net sales	681,376	555,477
Cost of sales	549,072	422,272
Gross profit	132,304	133,204
Selling, general and administrative expenses		
Transportation cost	22,402	20,284
Provision for allowance for doubtful accounts	42	557
Salaries, wages and bonuses	31,510	30,815
Provision for allowance for employees' bonuses	3,837	3,737
Retirement benefits expenses	2,769	2,458
Provision for allowance for retirement benefits to directors and statutory auditors	177	214
Depreciation and amortization	10,559	11,053
Rent expenses	10,094	9,280
Commissions	8,220	7,978
Amortization of goodwill	1,873	1,992
Other	31,087	31,099
Total selling, general and administrative expenses	122,574	119,472
Operating income	9,729	13,732
Other income		
Interest income	439	262
Dividend income	616	512
Foreign exchange gains	226	537
Amortization of negative goodwill	12	21
Equity in earnings of non-consolidated subsidiaries and affiliates	320	377
Other	2,136	2,091
Total other income	3,751	3,803
Other expense		
Interest expenses	3,455	2,868
Sales discounts	615	459
Other	1,164	758
Total other expense	5,235	4,087
Ordinary income	8,245	13,448
Extraordinary income		
Gain on sales of fixed assets	153	1,153
Gain on sales of investments in securities	460	11
Other	200	—
Total extraordinary income	813	1,165
Extraordinary losses		
Loss on sales of fixed assets	52	97
Loss on disposal of fixed assets	685	405
Impairment loss	26	966
Loss on sales of investments in securities	109	32
Loss on sales of investments in equity	—	25
Loss on revaluation of investments in securities	303	91
Loss on liquidation of subsidiaries and affiliates	19	12
Loss on revaluation of inventories	503	—
Retirement benefits for directors and statutory auditors	69	80
Total extraordinary losses	1,770	1,711
Income before income taxes and minority interests	7,289	12,903
Current income taxes	3,984	4,796
Deferred income taxes	131	2,075
Total income taxes	4,116	6,872
Minority interests	603	491
Net income	2,568	5,539

**7. Consolidated Statements of Cash Flows**

(Unit: million yen)

	FY2008 (Apr.1 2008 - Mar.31 2009)	FY2009 (Apr.1 2009 - Mar.31 2010)
Cash flows from operating activities		
Income before income taxes and minority interests	7,289	12,903
Depreciation and amortization	15,046	14,700
Impairment loss	26	966
Amortization of goodwill	1,861	1,970
Decrease in allowance for doubtful accounts	(538)	(355)
Increase (decrease) in allowance for employees' bonuses	89	(32)
Increase in allowance for employees' retirement benefits	154	261
Increase in allowance for retirement benefits to directors and statutory auditors	103	209
Interest and dividend income	(1,055)	(775)
Interest expenses	3,455	2,868
Foreign exchange losses (gains)	246	(217)
Equity in earnings of non-consolidated subsidiaries and affiliates	(320)	(377)
Loss (gain) on sales and disposal of fixed assets	584	(650)
Loss (gain) on sales of investments in securities	(350)	20
Loss on revaluation of investments in securities	303	91
Loss on liquidation of subsidiaries and affiliates	19	12
Loss on revaluation of inventory	503	—
Other extraordinary gains	(200)	—
(Increase) decrease in notes and accounts receivable, trade	34,743	(4,299)
(Increase) decrease in inventories	9,245	2,902
Decrease in notes and accounts payable, trade	(31,548)	1,773
Other, net	2,695	321
Sub-total	<u>42,354</u>	<u>32,293</u>
Interest and dividends received	1,068	968
Dividends received from equity method subsidiaries and affiliates	215	381
Interest paid	(3,456)	(2,854)
Income taxes paid	(6,973)	(3,002)
Net cash provided by operating activities	<u>33,209</u>	<u>27,787</u>
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(12,822)	(12,521)
Proceeds from sales of property, plant and equipment	671	2,625
Payments for purchase of intangible assets	(4,484)	(2,396)
Proceeds from sales of intangible assets	118	285
Payments for purchase of investments in securities	(3,991)	(1,905)
Proceeds from sales of investments in securities	249	1,433
Investments in loans receivable	(8,194)	(7,093)
Collections of loans receivable	8,426	7,507
Other, net	(481)	(741)
Net cash used by investing activities	<u>(20,508)</u>	<u>(12,808)</u>

	(Unit: million yen)	
	FY2008	FY2009
	(Apr.1 2008 - Mar.31 2009)	(Apr.1 2009 - Mar.31 2010)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(8,485)	(8,780)
Proceeds from long-term borrowings	25,628	22,254
Repayments of long-term borrowings	(20,889)	(26,189)
Proceeds from issuance of bonds	3,000	—
Redemptions of bonds	(8,409)	(750)
Capital contribution from minority shareholders	16	—
Net increase in treasury stock	(7)	(1,297)
Repayments of lease liabilities	(75)	(262)
Cash dividends paid	(1,250)	(1,252)
Cash dividends paid to minority shareholders	(279)	(241)
Net cash used by financing activities	<u>(10,754)</u>	<u>(16,518)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(666)</u>	<u>70</u>
Net increase in cash and cash equivalents	<u>1,280</u>	<u>(1,468)</u>
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	<u>20,376</u>	<u>19,021</u>

## 8. Segment Information

### a. Information by industry segment

(1) 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, impairment loss 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

(2) FY2009 (Apr.1, 2009-Mar. 31, 2010)

(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	323,348	112,091	108,605	11,432	555,477	—	555,477
(2) Inter-segment	2,129	46	1,964	18,794	22,935	( 22,935)	—
Total	325,477	112,137	110,569	30,227	578,412	( 22,935)	555,477
Operating expenses	311,258	108,389	110,046	29,339	559,034	( 17,289)	541,744
Operating income	14,219	3,748	522	887	19,378	( 5,645)	13,732
II Assets, depreciation, impairment loss and capital expenditures							
Assets	158,351	83,999	57,223	43,121	342,696	23,414	366,110
Depreciation	7,873	4,047	1,297	3,162	16,381	312	16,693
Impairment loss	404	—	—	550	955	10	966
Capital expenditure	6,969	3,042	884	3,203	14,099	566	14,666

(Notes)

1. The segment is classified with the kind of inventories and the common sales route based on the sales of the Company.
2. 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, 2009 and 2010 were ¥5,980 million and ¥5,645 million.
3. 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, 2009 and 2010 were ¥50,869 million and ¥55,823 million.

## b. Information by geographic area

(1) 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

(2) FY2009 (Apr.1, 2009-Mar. 31, 2010)

(Unit: million yen)

	Domestic (Inside Japan)	East Asia	Southeast Asia	Others	Total	Elimination and Others	Consolidated
I Sales, operating income							
Sales							
(1) Outside customers	487,513	14,560	47,061	6,341	555,477	—	555,477
(2) Inter-segment	7,204	2,811	44,814	1,384	56,215	( 56,215)	—
Total	494,718	17,372	91,876	7,726	611,693	( 56,215)	555,477
Operating expenses	475,715	17,204	91,673	7,743	592,337	( 50,592)	541,744
Operating income	19,003	167	202	(17)	19,356	( 5,623)	13,732
II Assets	298,512	12,823	6,453	7,680	325,469	40,641	366,110

(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, 2009 and 2010 were ¥5,980 million and ¥5,645 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, 2009 and 2010 were ¥50,869 million and ¥55,823 million.

c. Overseas sales information

(1) 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 %

(2) FY2009 (Apr.1, 2009-Mar. 31, 2010)

(Unit: million yen)

	East Asia	Southeast Asia	Others	Total
I Overseas sales	23,694	7,242	9,449	40,385
II Consolidated net sales				555,477
III Percentage of such sales against consolidated net sales	4.3 %	1.3 %	1.7 %	7.3 %

(Notes)

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

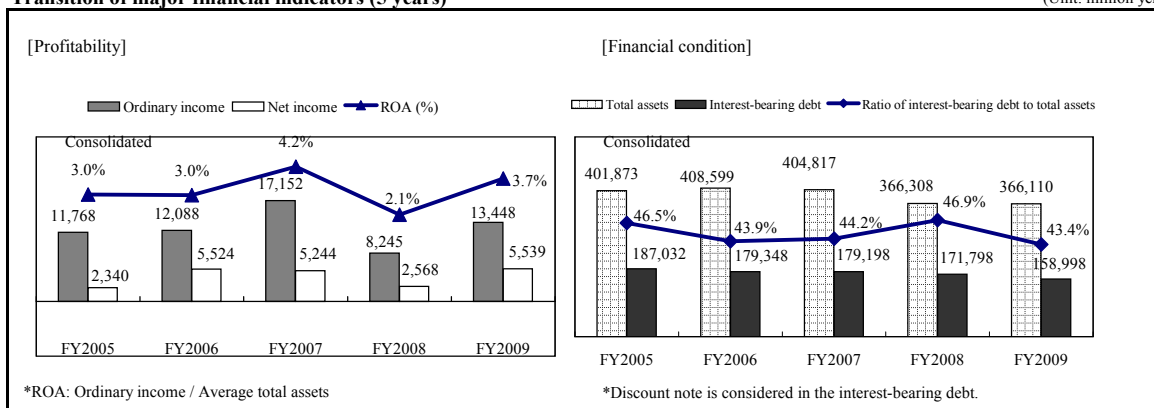
2. Each geographic area includes the following countries (areas).

- (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

<Consolidated>	Net sales (Unit: million yen)				Sales volume (Unit: thousand ton)			
	FY2009	FY2008	Change	Rate	FY2009	FY2008	Change	Rate
Sales	555,477	681,376	(125,899)	(18.5%)				
Energy & General Household Products	323,348	386,088	(62,740)	(16.3%)				
LPG	213,919	267,630	(53,710)	(20.1%)	2,753	2,874	(121)	(4.2%)
Domestic								
Residential use	154,955	182,429	(27,473)	(15.1%)	1,711	1,768	(57)	(3.2%)
Industrial use	20,441	29,194	(8,753)	(30.0%)	296	316	(20)	(6.5%)
Overseas	38,522	56,006	(17,483)	(31.2%)	745	789	(43)	(5.5%)
Others	109,428	118,458	(9,029)	(7.6%)				
Industrial Gases & Machinery	112,091	140,784	(28,693)	(20.4%)				
Various industrial gases	69,538	76,161	(6,622)	(8.7%)				
Others	42,552	64,623	(22,070)	(34.2%)				
Material & Electronics	108,605	140,866	(32,261)	(22.9%)				
Others	11,432	13,636	(2,204)	(16.2%)				
Operating income	13,732	9,729	4,002	41.1%				
Energy & General Household Products	14,219	3,926	10,293	262.2%				
Industrial Gases & Machinery	3,748	7,285	(3,536)	(48.5%)				
Material & Electronics	522	3,355	(2,832)	(84.4%)				
Others	887	1,143	(255)	(22.4%)				
Elimination and Others	(5,645)	(5,980)	334	-				

## 2. Investment &amp; loans

(Unit: million yen)

	Consolidated		
	FY2009	FY2008	Change
Investments (Securities)	34,513	33,078	1,435
(Unrealized gains on other securities)	4,554	67	4,486
Loans	3,039	3,460	(420)
Total	37,553	36,538	1,015
(Unrealized gains on other securities)	4,554	67	4,486

## 3. Capital expenditure

(Unit: million yen)

	Consolidated		
	FY2009	FY2008	FY2010 (Plan)
Capital expenditure	13,234	12,983	12,600
Energy	4,981	3,279	4,024
Industrial Gases & Welding	4,562	5,048	3,823
Electronics & Machinery	38	43	272
Materials	449	1,036	460
Agri-Bio & Foods	166	158	91
Others	3,036	3,416	3,930
Depreciation expense*	11,479	11,996	11,800

\* For property, plant and equipment

## 4. Employees

	Consolidated		
	FY2009	FY2008	Change
Number of employees	7,636	7,707	(71)

## 5. Consolidated results forecast for FY2010

(Unit: million yen)

	FY2010	FY2009	Rate
Sales	640,000	555,477	15.2%
Operating income	14,700	13,732	7.0%
Ordinary income	13,900	13,448	3.4%
Net income	6,000	5,539	8.3%

## 6. Consolidated results forecast for FY2010

(Unit: million yen)

<Information by segment>			
	FY2010	FY2009	Change
Sales	640,000	555,477	84,522
Energy	336,000	300,528	35,471
Industrial Gases & Welding	124,000	111,863	12,136
Electronics & Machinery	24,000	12,873	11,126
Materials	115,000	93,560	21,439
Agri-Bio & Foods	25,000	22,493	2,506
Others	16,000	14,157	1,842
Operating income	14,700	13,732	967
Energy	9,100	11,812	(2,712)
Industrial Gases & Welding	3,800	2,682	1,117
Electronics & Machinery	400	(783)	1,183
Materials	2,300	688	1,611
Agri-Bio & Foods	800	961	(161)
Others	(1,700)	(1,630)	(69)

\*For a comparison purpose, figures of financial results for the fiscal year ended March 31, 2010 in this section are reclassified in accordance with the new industry segment classification which will be adopted from the fiscal year ending March 31, 2011.

\*\*"Others" represents total figure of "Other facilities" and "Elimination and Others"