

Overview of Business Results for the 1st Quarter of Fiscal Year Ending March 31, 2014 (1Q FY2013) [Japanese Standard Form](Consolidated)

Name of the company: Iwatani Corporation
 Code: 8088
 Name of Representative: Masao Nomura, President
 Date of filing financial report: August 13, 2013
 Quarterly earnings supplementary explanatory documents: **None**
 Quarterly earnings presentation : **None**

Share traded: TSE and NSE first sections
 URL <http://www.iwatani.co.jp/eng/>

Note: Figures less than 1 million are rounded down

1. Consolidated Financial Results for the 1st Quarter of Fiscal Year Ending March 2014 (For the period from April 1, 2013 to June 30, 2013)

(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 FY2013	150,988	(3.2)	148	(95.2)	374	(88.2)	99	(77.7)
1Q FY2012	155,990	(1.6)	3,058	(18.4)	3,171	(20.9)	448	(78.7)

(Notes) Comprehensive income: 1Q FY2013 **3,589** million yen (**203.4%**) 1Q FY2012 **1,183** million yen (**55.5%** decrease)

	Net income per share	Net income per share after dilution
1Q FY2013	yen 0.40	yen —
1Q FY2012	1.84	—

(2) Consolidated Financial Position

	Total assets		Net assets		Equity capital ratio	
	million yen	%	million yen	%	%	%
1Q FY2013	382,785		92,653		22.1	
FY2012	386,302		90,903		21.5	

(Reference) Equity capital: 1Q FY2013 **84,642** million yen FY2012 **83,121** million yen

2. Dividends

	Dividend per share				
	1Q End	2Q End	3Q End	Year-end	Annual
	yen	yen	yen	yen	yen
FY2012	—	—	—	7.00	7.00
FY2013	—	—	—	—	—
FY2013 (Forecast)	—	—	—	7.00	7.00

(Notes) Revisions to the dividend forecast announced most recently: **None**

3. Consolidated Results Forecast for FY2013(April 1, 2013 – March 31, 2014)

(Figures in % 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 FY2013	308,200	1.4	3,400	8.7	3,200	3.9	500	63.6	2.03
FY2013	675,000	2.7	18,500	10.7	18,000	3.4	8,600	7.1	34.94

(Notes) Revisions to the consolidated results forecasts announced most recently: **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.

Notes*(1) Changes in important subsidiaries during the period**(Changes in specific subsidiaries resulting in changes in scope of consolidation): **None**

New : — (Company name: —)

Excluded : — (Company name: —)

(2) Application of accounting treatment peculiarly adopted to prepare quarterly consolidated financial statements: None**(3) Changes in accounting policies, changes in accounting estimates, and restatements**① Changes in accounting policies caused by revision of accounting standards: **None**② Changes in accounting policies other than ①: **None**③ Changes in accounting estimates: **None**④ Restatements: **None****(4) Number of outstanding shares (common stock)**

① Number of outstanding shares (common stock) at end of period (Treasury stocks are included)

② Number of treasury stock at end of period

③ Average number of shares outstanding

①	1Q FY2013	251,365,028	FY2012	251,365,028
②	1Q FY2013	5,262,378	FY2012	5,255,904
③	1Q FY2013	246,104,646	1Q FY2012	243,430,008

***Implementation of quarterly review procedure**

This Overview of Business Results is exempt from quarterly review procedure based upon the Financial Instruments and Exchange Act. The review procedure for the quarterly financial statements has not been completed at the time of release of this report.

***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, and which do not intend for the Company to guarantee its materialization. Going forward, due to a variety of factors, actual results may differ from estimated values.

4. Quarterly Consolidated Balance Sheets

	(Unit: million yen)	
	FY2012	1Q FY2013
	(As of Mar 31, 2013)	(As of Jun 30, 2013)
Assets		
Current assets		
Cash and deposits	14,382	19,345
Notes and accounts receivable-trade	108,087	93,626
Merchandise and finished goods	34,834	33,937
Work-in-process	2,885	4,596
Raw materials and supplies	3,276	3,312
Other	15,936	13,411
Allowance for doubtful accounts	(624)	(595)
Total current assets	<u>178,779</u>	<u>167,635</u>
Fixed assets		
Property, plant and equipment		
Land	54,917	55,693
Other, net	72,270	76,789
Total property, plant and equipment	<u>127,188</u>	<u>132,483</u>
Intangible assets		
Goodwill	15,042	14,605
Other	2,663	2,863
Total intangible assets	<u>17,705</u>	<u>17,468</u>
Investments and other assets		
Investments in securities	42,534	45,074
Other	20,955	20,903
Allowance for doubtful accounts	(860)	(780)
Total investments and other assets	<u>62,629</u>	<u>65,197</u>
Total fixed assets	<u>207,523</u>	<u>215,149</u>
Total assets	<u>386,302</u>	<u>382,785</u>
Liabilities		
Current liabilities		
Notes and accounts payable-trade	98,500	84,859
Short-term borrowings	36,305	47,868
Income taxes payable	4,880	1,216
Accrued bonuses	4,283	3,059
Other	54,968	53,555
Total current liabilities	<u>198,938</u>	<u>190,560</u>
Long-term liabilities		
Long-term borrowings	78,324	80,403
Allowance for employees' severance and retirement benefits	4,457	4,488
Allowance for retirement benefits for directors and statutory auditors	1,114	1,065
Negative goodwill	280	252
Other	12,284	13,362
Total long-term liabilities	<u>96,461</u>	<u>99,571</u>
Total liabilities	<u>295,399</u>	<u>290,132</u>
Net assets		
Shareholders' equity		
Common stock	20,096	20,096
Capital surplus	18,042	18,042
Retained earnings	43,637	41,972
Treasury stock, at cost	(1,409)	(1,412)
Total shareholders' equity	<u>80,367</u>	<u>78,699</u>
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	4,251	5,918
Deferred gains (losses) on hedges	148	180
Foreign currency translation adjustments	(1,646)	(155)
Total accumulated other comprehensive income	<u>2,754</u>	<u>5,943</u>
Minority interests	7,781	8,010
Total net assets	<u>90,903</u>	<u>92,653</u>
Total liabilities and net assets	<u>386,302</u>	<u>382,785</u>

5. Quarterly Consolidated Statements of Income

(Unit: million yen)

	1Q FY2012 (Apr 1, 2012 - Jun 30, 2012)	1Q FY2013 (Apr 1, 2013 - Jun 30, 2013)
Net sales	155,990	150,988
Cost of sales	122,406	119,576
Gross profit	33,584	31,412
Selling, general and administrative expenses		
Transportation cost	4,967	4,909
Provision for allowance for doubtful accounts	(117)	(58)
Salaries, wages and bonuses	7,392	7,450
Provision for allowance for employee's bonuses	2,001	2,067
Retirement benefits expenses	715	644
Provision for allowance for retirement benefits to directors and statutory auditors	46	57
Other	15,520	16,193
Total selling, general and administrative expenses	30,526	31,264
Operating income	3,058	148
Non-operating income		
Interest income	55	50
Dividends income	267	263
Foreign exchange gains	167	206
Amortization of negative goodwill	28	28
Equity in earnings of nonconsolidated subsidiaries and affiliates	104	111
Other	334	251
Total non-operating income	957	913
Non-operating expenses		
Interest expenses	615	556
Other	228	130
Total non-operating expenses	844	686
Ordinary income	3,171	374
Extraordinary income		
Gain on sales of fixed assets	21	32
Gain on sales of investments in securities	-	16
Gain on negative goodwill	2	91
Total extraordinary income	24	140
Extraordinary losses		
Loss on sales of fixed assets	3	0
Loss on disposal of fixed assets	36	37
Loss on sales of investments in securities	0	0
Loss on valuation of investments in securities	1,526	4
Retirement benefits for directors and statutory auditors	24	4
Loss on step acquisitions	-	8
Total extraordinary losses	1,590	55
Income before income taxes and minority interests	1,605	459
Income taxes	973	179
Income before minority interests	631	279
Minority interests in income	182	179
Net income	448	99

6. Quarterly Consolidated Statements of Comprehensive Income

	(Unit: million yen)	
	1Q FY2012 (Apr 1, 2012 - Jun 30, 2012)	1Q FY2013 (Apr 1, 2013 - Jun 30, 2013)
Income before minority interests	631	279
Other comprehensive income		
Unrealized gains (losses) on securities	(439)	1,700
Deferred gains (losses) on hedges	(36)	33
Foreign currency translation adjustments	959	1,441
Share of other comprehensive income of associates accounted for using equity method	67	134
Total other comprehensive income	551	3,310
Comprehensive income	1,183	3,589
Comprehensive income attributable to:		
Owners of the parent	963	3,288
Minority interests	219	301

7. Segment Information

1. 1Q FY2012 (Apr 1, 2012-Jun 30, 2012)

(1) Information related to sales and income (loss) by reportable segment (Unit: million yen)

	Reportable Segment					Others*1	Total	Adjustments *2	Quarterly Consolidated statements of income*3
	Energy	Industrial Gases & Machinery	Materials	Agri-bio & Foods	Subtotal				
Net sales									
(1) Outside customers	82,818	36,131	28,241	5,648	152,840	3,150	155,990	—	155,990
(2) Intersegment	1,605	1,686	1,761	41	5,095	4,791	9,886	(9,886)	—
Total	84,424	37,818	30,002	5,689	157,935	7,941	165,877	(9,886)	155,990
Segment income	1,468	673	408	135	2,686	288	2,975	82	3,058

(Notes)

- "Others" is an operating segment not included in reportable segments. "Others" represents financial, insurance, transportation, warehouse, information processing etc.
- Adjustments of segment income include companywide expenses not allocated to each segment and elimination of intersegment transactions.
- Segment income is adjusted with operating income of quarterly consolidated statements of income.

(2) Information on impairment losses of fixed assets or goodwill

(Major impairment losses related to fixed assets)

None

(Major changes in goodwill)

None

(Major gain on negative goodwill)

None

2. 1Q FY2013 (Apr 1, 2013-Jun 30, 2013)

(1) Information related to sales and income (loss) by reportable segment (Unit: million yen)

	Reportable Segment					Others*1	Total	Adjustments *2	Quarterly Consolidated statements of income*3
	Energy	Industrial Gases & Machinery	Materials	Agri-bio & Foods	Subtotal				
Net sales									
(1) Outside customers	82,736	32,266	26,891	5,893	147,787	3,200	150,988	—	150,988
(2) Intersegment	1,641	1,243	1,552	39	4,477	4,818	9,295	(9,295)	—
Total	84,377	33,510	28,444	5,932	152,264	8,019	160,284	(9,295)	150,988
Segment income(loss)	531	58	(95)	47	542	224	766	(618)	148

(Notes)

- "Others" is an operating segment not included in reportable segments. "Others" represents financial, insurance, transportation, warehouse, information processing etc.
- Adjustments of segment income (loss) for segment include companywide expenses not allocated to each segment and elimination of intersegment transactions.
- Segment income (loss) is adjusted with operating income of quarterly consolidated statements of income.

(2) Change in reportable segments

From the first quarter of the year ending March 31, 2014, the reportable segments have been changed from five segments to four: Energy Business, Industrial Gases & Machinery Business, Materials Business and Agri-bio & Foods Business in accordance with the Company's organizational change. The Industrial Gases & Machinery Business consists of the previous segments, Industrial Gases & Welding Business and Electronics & Machinery Business. The segment information of the first quarter of the year ended March 31, 2013 is disclosed in line with the reportable segments after the organization change.

(3) Information on impairment losses of fixed assets or goodwill

(Major impairment losses related to fixed assets)

None

(Major changes in goodwill)

None

(Major gain on negative goodwill)

None

8. Significant Change in the Amount of Shareholders' Equity

None

Additional Information

Results for 1Q FY 2013 and Forecast for FY 2013

Consolidated

(1) Consolidated Statements of Income

(Unit: million yen)

	1Q FY2013	1Q FY2012	Change	Rate
	Apr-Jun 2013	Apr-Jun 2012		
Net sales	150,988	155,990	(5,002)	(3.2) %
Gross profit	31,412	33,584	(2,171)	(6.5) %
Selling, general and administrative expenses	31,264	30,526	738	2.4 %
Operating income	148	3,058	(2,910)	(95.2) %
Interest income	50	55	(4)	
Dividend income	263	267	(4)	
Foreign exchange gains, net	206	167	39	
Equity in earnings of nonconsolidated subsidiaries and affiliates	111	104	6	
Interest expense	(556)	(615)	59	
Other, net	150	134	15	
Ordinary income	374	3,171	(2,797)	(88.2) %
Gain (loss) on sales and disposal of fixed assets	(5)	(18)	13	
Gain (losses) on sales and revaluation of investments in securities	11	(1,526)	1,538	
Other, net	78	(21)	99	
Income taxes	(179)	(973)	793	
Minority interests in income	(179)	(182)	3	
Net income	99	448	(348)	(77.7) %

(2) Changes in Subsidiaries Resulting in Changes in Scope of Consolidation

Consolidated subsidiaries
new: 8 excluded: 2 total: 105 → 111

Equity method subsidiaries and affiliates
new: 8 excluded: 5 total: 110 → 113

Impact of changes in scope of consolidation: Little

(3) Financial Position

(Unit: million yen)

	1Q FY2013end	FY2012 end	Change
Total assets	382,785	386,302	(3,517)
Equity capital	84,642	83,121	1,520
Interest-bearing debt, gross*	163,005	151,378	11,627
Interest-bearing debt, net*	143,659	136,995	6,664
Equity capital ratio	22.1%	21.5%	0.6pt
Ratio of interest-bearing debt to total assets	42.6%	39.2%	3.4pt
Debt-to-equity ratio, gross	1.92	1.82	0.10pt
Debt-to-equity ratio, net	1.69	1.64	0.05pt

* Interest-bearing debt include lease liabilities in the amount of ¥3,604million.

(4) Segment Information

(Unit: million yen)

	1Q FY2013	1Q FY2012	Change	Rate
	Apr-Jun 2013	Apr-Jun 2012		
Net sales (Sales to outside customers)	150,988	155,990	(5,002)	(3.2) %
Energy	82,736	82,818	(82)	(0.1) %
Industrial Gases & Machinery	32,266	36,131	(3,865)	(10.7) %
Materials	26,891	28,241	(1,349)	(4.8) %
Agri-Bio & Foods	5,893	5,648	244	4.3 %
Others, Adjustments	3,200	3,150	50	1.6 %
Operating income	148	3,058	(2,910)	(95.2) %
Energy	531	1,468	(936)	(63.8) %
Industrial Gases & Machinery	58	673	(615)	(91.3) %
Materials	(95)	408	(504)	- %
Agri-Bio & Foods	47	135	(88)	(64.9) %
Others, Adjustments	(394)	371	(765)	- %

*From the first quarter of the year ending March 31, 2014, the reportable segments have been changed.

The segment information of the first quarter of the year ended March 31, 2013 is disclosed in line with the reportable segments after the organization change.

(5) Consolidated Results Forecast for FY2013 (Unit: million yen)

	Forecast for FY2013
Net sales	675,000
Energy	363,700
Industrial Gases & Machinery	153,600
Materials	119,400
Agri-Bio & Foods	25,700
Others, Adjustments	12,600
Operating income	18,500
Energy	12,300
Industrial Gases & Machinery	5,400
Materials	2,300
Agri-Bio & Foods	630
Others, Adjustments	(2,130)
Ordinary income	18,000
Net income	8,600

*Forecasts are the figures released in May 13, 2013.

(6) LPG Net Sales - Sales Volume

		1Q FY2013	1Q FY2012	Change	Rate
Domestic residential use	Sales volume (thousand tons)	354	361	(7)	(2.1) %
	Net sales (million yen)	43,338	44,206	(867)	(2.0) %
Domestic industrial use	Sales volume (thousand tons)	70	72	(2)	(3.7) %
	Net sales (million yen)	6,988	7,448	(460)	(6.2) %
Overseas	Sales volume (thousand tons)	145	169	(24)	(14.5) %
	Net sales (million yen)	11,004	11,515	(511)	(4.4) %
LPG total	Sales volume (thousand tons)	569	604	(34)	(5.8) %
	Net sales (million yen)	61,331	63,169	(1,838)	(2.9) %
Various Industrial gases	Net sales (million yen)	18,980	19,147	(167)	(0.9) %

*Barter transactions in domestic residential use LPG decreased by the the volume of 12 thousand tons in comparison with 1Q FY2012.