

Overview of Business Results
for the 3rd Quarter of Fiscal Year Ending March 31, 2014 (3Q FY2013)
[Japanese Standard Form](Consolidated)

Name of the company: Iwatani Corporation Share traded: TSE and NSE first sections
 Code: 8088 URL <http://www.iwatani.co.jp/eng/>
 Name of Representative: Masao Nomura, President
 Date of filing financial report: February 13, 2014
 Quarterly earnings supplementary explanatory documents: **None**
 Quarterly earnings presentation : **None**

Note: Figures less than 1 million are rounded down

1. Consolidated Financial Results for the 3rd Quarter of Fiscal Year Ending March 2014
 (For the period from April 1, 2013 to December 31, 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	%
3Q FY2013	489,012	4.4	8,184	(4.9)	8,638	(0.3)	4,647	40.7
3Q FY2012	468,575	(0.6)	8,609	(0.5)	8,666	(1.4)	3,302	(35.0)

(Notes) Comprehensive income: 3Q FY2013 10,693 million yen (122.6%) 3Q FY2012 4,804 million yen (45.8%)

	Net income per share	Net income per share after dilution
	yen	yen
3Q FY2013	18.88	—
3Q FY2012	13.56	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
3Q FY2013	419,770	99,470	21.8
FY2012	386,302	90,903	21.5

(Reference) Equity capital: 3Q FY2013 91,379 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
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 the 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	3Q FY2013	251,365,028	FY2012	251,365,028
②	3Q FY2013	5,327,783	FY2012	5,255,904
③	3Q FY2013	246,076,186	3Q FY2012	243,422,968

***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 (As of Mar 31, 2013)	3Q FY2013 (As of Dec 31, 2013)
Assets		
Current assets		
Cash and deposits	14,382	19,679
Notes and accounts receivable-trade	108,087	119,836
Merchandise and finished goods	34,834	41,621
Work-in-process	2,885	5,015
Raw materials and supplies	3,276	3,502
Other	15,936	15,548
Allowance for doubtful accounts	(624)	(664)
Total current assets	<u>178,779</u>	<u>204,538</u>
Fixed assets		
Property, plant and equipment		
Land	54,917	56,186
Other, net	72,270	77,362
Total property, plant and equipment	<u>127,188</u>	<u>133,549</u>
Intangible assets		
Goodwill	15,042	14,150
Other	2,663	2,867
Total intangible assets	<u>17,705</u>	<u>17,017</u>
Investments and other assets		
Investments in securities	42,534	50,025
Other	20,955	15,448
Allowance for doubtful accounts	(860)	(809)
Total investments and other assets	<u>62,629</u>	<u>64,664</u>
Total fixed assets	<u>207,523</u>	<u>215,231</u>
Total assets	<u>386,302</u>	<u>419,770</u>
Liabilities		
Current liabilities		
Notes and accounts payable-trade	98,500	110,146
Short-term borrowings	36,305	55,335
Income taxes payable	4,880	2,813
Accrued bonuses	4,283	2,115
Other	54,968	50,449
Total current liabilities	<u>198,938</u>	<u>220,861</u>
Long-term liabilities		
Bonds	-	3,000
Long-term borrowings	78,324	77,829
Allowance for employees' severance and retirement benefits	4,457	4,636
Allowance for retirement benefits for directors and statutory auditors	1,114	1,124
Negative goodwill	280	194
Other	12,284	12,653
Total long-term liabilities	<u>96,461</u>	<u>99,439</u>
Total liabilities	<u>295,399</u>	<u>320,300</u>
Net assets		
Shareholders' equity		
Common stock	20,096	20,096
Capital surplus	18,042	18,042
Retained earnings	43,637	46,520
Treasury stock, at cost	(1,409)	(1,435)
Total shareholders' equity	<u>80,367</u>	<u>83,223</u>
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	4,251	7,926
Deferred gains (losses) on hedges	148	259
Foreign currency translation adjustments	(1,646)	(30)
Total accumulated other comprehensive income	<u>2,754</u>	<u>8,155</u>
Minority interests	7,781	8,090
Total net assets	<u>90,903</u>	<u>99,470</u>
Total liabilities and net assets	<u>386,302</u>	<u>419,770</u>

5. Quarterly Consolidated Statements of Income

(Unit: million yen)

	3Q FY2012	3Q FY2013
	(Apr 1, 2012 - Dec 31, 2012)	(Apr 1, 2013 - Dec 31, 2013)
Net sales	468,575	489,012
Cost of sales	368,065	386,997
Gross profit	100,509	102,014
Selling, general and administrative expenses		
Transportation cost	14,573	15,011
Provision for allowance for doubtful accounts	35	108
Salaries, wages and bonuses	25,815	26,181
Provision for allowance for employees' bonuses	1,835	1,955
Retirement benefits expenses	1,964	1,378
Provision for allowance for retirement benefits to directors and statutory auditors	150	159
Other	47,526	49,036
Total selling, general and administrative expenses	91,900	93,830
Operating income	8,609	8,184
Non-operating income		
Interest income	180	161
Dividends income	474	478
Foreign exchange gains	618	491
Amortization of negative goodwill	87	85
Equity in earnings of nonconsolidated subsidiaries and affiliates	125	490
Other	1,357	1,071
Total non-operating income	2,844	2,779
Non-operating expenses		
Interest expenses	1,820	1,652
Other	966	672
Total non-operating expenses	2,786	2,325
Ordinary income	8,666	8,638
Extraordinary income		
Gain on sales of fixed assets	345	88
Gain on sales of investments in securities	6	255
Gain on sales of investments in capital	11	12
Gain on liquidation of investments in capital	11	-
Gain on negative goodwill	32	172
Subsidy income	-	16
Total extraordinary income	406	544
Extraordinary losses		
Loss on sales of fixed assets	172	11
Loss on disposal of fixed assets	168	143
Impairment loss of fixed assets	169	136
Loss on sales of investments in securities	0	38
Loss on valuation of investments in securities	928	-
Loss on valuation of investments in capital	-	118
Loss on liquidation of subsidiaries and affiliates	46	5
Retirement benefits for directors and statutory auditors	27	5
Loss on step acquisitions	-	8
Loss on reduction of noncurrent assets	-	16
Total extraordinary losses	1,513	483
Income before income taxes and minority interests	7,559	8,699
Income taxes	3,830	3,602
Income before minority interests	3,728	5,096
Minority interests in income	426	448
Net income	3,302	4,647

6. Quarterly Consolidated Statements of Comprehensive Income

	(Unit: million yen)	
	3Q FY2012 (Apr 1, 2012 - Dec 31, 2012)	3Q FY2013 (Apr 1, 2013 - Dec 31, 2013)
Income before minority interests	3,728	5,096
Other comprehensive income		
Unrealized gains (losses) on securities	613	3,715
Deferred gains (losses) on hedges	204	113
Foreign currency translation adjustments	204	1,570
Share of other comprehensive income of associates accounted for using equity method	53	197
Total other comprehensive income	1,075	5,597
Comprehensive income	4,804	10,693
Comprehensive income attributable to:		
Owners of the parent	4,331	10,048
Minority interests	472	644

7. Segment Information

1. 3Q FY2012 (Apr 1, 2012-Dec 31, 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	249,491	107,408	85,177	17,270	459,347	9,227	468,575	—	468,575
(2) Intersegment	5,252	4,720	4,306	160	14,440	14,537	28,977	(28,977)	—
Total	254,744	112,128	89,483	17,431	473,787	23,765	497,553	(28,977)	468,575
Segment income (loss)	5,083	2,514	1,080	436	9,115	875	9,991	(1,382)	8,609

(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) 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) 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. 3Q FY2013(Apr 1, 2013-Dec 31, 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	263,638	107,133	89,280	20,004	480,056	8,956	489,012	—	489,012
(2) Intersegment	5,142	4,676	4,245	145	14,209	15,402	29,611	(29,611)	—
Total	268,780	111,809	93,525	20,149	494,265	24,359	518,624	(29,611)	489,012
Segment income (loss)	4,524	2,898	1,369	445	9,238	734	9,973	(1,789)	8,184

(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) 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 third 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

Additional Information

Results for 3Q FY 2013 and Forecast for FY 2013

Consolidated

(1) Statements of Income

(Unit: million yen)

	3Q FY2013 (Apr-Dec 2012)	3Q FY2012 (Apr-Dec 2012)	Change	
			Change	Rate
Net sales	489,012	468,575	20,437	4.4 %
Gross profit	102,014	100,509	1,505	1.5 %
Selling, general and administrative expenses	93,830	91,900	1,930	2.1 %
Operating income	8,184	8,609	(425)	(4.9) %
Interest income	161	180	(18)	
Dividend income	478	474	3	
Foreign exchange gains, net	491	618	(127)	
Equity in earnings of nonconsolidated subsidiaries and affiliates	490	125	365	
Interest expense	(1,652)	(1,820)	167	
Other, net	484	478	6	
Total non-operating income (loss)	454	57	396	
Ordinary income	8,638	8,666	(28)	(0.3) %
Loss (gain) on sales and disposal of fixed assets	(66)	3	(70)	
Impairment loss of fixed assets	(136)	(169)	32	
Gain (loss) on sales and revaluation of investments in securities	110	(911)	1,021	
Other, net	153	(30)	183	
Total extraordinary income (loss)	60	(1,107)	1,167	
Income taxes	(3,602)	(3,830)	228	
Minority interests in income	(448)	(426)	(22)	
Net income	4,647	3,302	1,345	40.7 %

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

Consolidated subsidiaries

new: 8 excluded: 3 total: 105 → 110

Equity method subsidiaries and affiliates

new: 8 excluded: 8 total: 110 → 110

Impact of changes in scope of consolidation: Little

(3) Financial Position

(Unit: million yen)

	3Q FY2013 end	FY2012 end	Change
Total assets	419,770	386,302	33,467
Equity capital	91,379	83,121	8,257
Interest-bearing debt, gross*	169,367	151,378	17,989
Interest-bearing debt, net*	149,688	136,995	12,692
Equity capital ratio	21.8%	21.5%	0.3pt
Ratio of interest-bearing debt to total assets	40.3%	39.2%	1.2pt
Debt-to-equity ratio, gross	1.85	1.82	0.03pt
Debt-to-equity ratio, net	1.63	1.64	(0.01)pt

* Interest-bearing debt include lease liabilities in the amount of ¥3,558million.

(5) 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.

(4) Segment Information

(Unit: million yen)

	3Q FY2013 (Apr-Dec 2013)	3Q FY2012 (Apr-Dec 2012)	Change	
			Change	Rate
Net sales (Sales to outside customers)	489,012	468,575	20,437	4.4 %
Energy	263,638	249,491	14,146	5.7 %
Industrial Gases & Machinery	107,133	107,408	(275)	(0.3) %
Materials	89,280	85,177	4,102	4.8 %
Agri-Bio & Foods	20,004	17,270	2,734	15.8 %
Others, Adjustments	8,956	9,227	(271)	(2.9) %
Operating income	8,184	8,609	(425)	(4.9) %
Energy	4,524	5,083	(558)	(11.0) %
Industrial Gases & Machinery	2,898	2,514	383	15.3 %
Materials	1,369	1,080	289	26.8 %
Agri-Bio & Foods	445	436	8	1.9 %
Others, Adjustments	(1,054)	(506)	(547)	—

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

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

(6) LPG Net Sales • Sales Volume

		3Q FY2013	3Q FY2012	Change	Rate
Domestic residential use	Sales volume (thousand tons)	1,048	1,094	(46)	(4.3) %
	Net sales (million yen)	127,853	122,405	5,447	4.5 %
Domestic industrial use	Sales volume (thousand tons)	215	231	(15)	(6.7) %
	Net sales (million yen)	22,095	21,127	968	4.6 %
Overseas	Sales volume (thousand tons)	426	491	(64)	(13.1) %
	Net sales (million yen)	36,362	34,849	1,512	4.3 %
LPG total	Sales volume (thousand tons)	1,690	1,817	(126)	(7.0) %
	Net sales (million yen)	186,310	178,383	7,927	4.4 %
Various Industrial gases	Net sales (million yen)	60,115	57,114	3,000	5.3 %

*Barter transactions in domestic residential use LPG decreased by the the volume of 30 thousand tons in comparison with 3Q FY2013.