



Overview of Business Results
for the 1st Quarter of Fiscal Year Ending March 31, 2015 (1Q FY2014)
[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: August 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 1st Quarter of Fiscal Year Ending March 2015
 (For the period from April 1, 2014 to June 30, 2014)

(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 FY2014	159,799	5.8	149	1.1	403	7.7	105	6.0
1Q FY2013	150,988	(3.2)	148	(95.2)	374	(88.2)	99	(77.7)

(Notes) Comprehensive income: 1Q FY2014 **872 million yen (75.7% decrease)** 1Q FY2013 **3,589 million yen (203.4%)**

	Net income per share	Net income per share after dilution
	yen	yen
1Q FY2014	0.43	—
1Q FY2013	0.40	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
1Q FY2014	390,438	102,747	24.2
FY2013	416,219	105,058	23.2

(Reference) Equity capital: 1Q FY2014 **94,490 million yen** FY2013 **96,725 million yen**

2. Dividends

	Dividend per share				
	1Q End	2Q End	3Q End	Year-end	Annual
	yen	yen	yen	yen	yen
FY2013	—	—	—	7.00	7.00
FY2014	—				
FY2014 (Forecast)		—	—	7.00	7.00

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

3. Consolidated Results Forecast for FY2014(April 1, 2014 – March 31, 2015)

(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 FY2014	317,200	2.8	3,500	15.4	3,500	0.5	1,700	(4.2)	6.90
FY2014	724,800	3.0	19,500	5.3	19,500	1.3	10,500	0.3	42.67

(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: **Yes**

② Changes in accounting policies other than ①: **None**

③ Changes in accounting estimates: **None**

④ Restatements: **None**

(Note) Adoption of the Accounting Standard for Retirement Benefits

Effective the first quarter of fiscal year ending March 31, 2015, the Company has applied provisions described in the main clause of Section 35 of the “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan Statement No.26, issued on May 17, 2012) and the main clause of Section 67 of the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25, issued on May 17, 2012) and has changed the calculation methods for retirement benefit obligations and service costs. The method of attributing expected retirement benefits to periods has been revised from the straight-line method to the benefit formula method, and the method of determining the discount rate has been revised from a method based on an approximation of the employees’ average remaining service period to a method of using a single weighted average discount rate reflecting the estimated payment period and the amount for each estimated payment period of the retirement benefit.

In accordance with transitional accounting treatments as stated in Section 37 of the Accounting Standard, the impact of the changes in calculation methods for retirement benefit obligations and service costs has been recognized as an adjustment to retained earnings at the beginning of the first quarter of fiscal year ending March 31, 2015.

As a result, net defined benefit asset (included investments and other assets “other”) decreased by ¥1,553 million, net defined benefit liability increased by ¥434 million, and retained earnings decreased by ¥1,280 million as of April 1, 2014. The impact on operating income, ordinary income and income before income taxes and minority interests for the first quarter of fiscal year ending March 31, 2015 was immaterial.

- (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 FY2014	251,365,028	FY2013	251,365,028
②	1Q FY2014	5,333,471	FY2013	5,342,931
③	1Q FY2014	246,026,318	1Q FY2013	246,104,646

*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)	
	FY2013 (As of Mar 31, 2014)	1Q FY2014 (As of Jun 30, 2014)
Assets		
Current assets		
Cash and deposits	20,995	21,514
Notes and accounts receivable-trade	121,074	97,552
Merchandise and finished goods	39,204	36,956
Work-in-process	2,614	4,145
Raw materials and supplies	3,520	3,691
Other	14,863	14,638
Allowance for doubtful accounts	(778)	(657)
Total current assets	201,495	177,840
Fixed assets		
Property, plant and equipment		
Land	55,735	55,774
Other, net	76,700	76,145
Total property, plant and equipment	132,436	131,919
Intangible assets		
Goodwill	14,027	13,610
Other	2,890	3,211
Total intangible assets	16,917	16,821
Investments and other assets		
Investments in securities	49,971	49,851
Other	16,222	14,831
Allowance for doubtful accounts	(824)	(826)
Total investments and other assets	65,369	63,856
Total fixed assets	214,724	212,598
Total assets	416,219	390,438
Liabilities		
Current liabilities		
Notes and accounts payable-trade	103,401	87,103
Short-term borrowings	45,902	46,047
Income taxes payable	7,038	855
Accrued bonuses	4,484	2,873
Other	44,380	44,880
Total current liabilities	205,206	181,761
Long-term liabilities		
Bonds	8,000	8,000
Long-term borrowings	79,278	78,878
Allowance for retirement benefits for directors and statutory auditors	1,190	1,012
Net defined benefit liability	5,243	5,608
Other	12,241	12,430
Total long-term liabilities	105,954	105,930
Total liabilities	311,161	287,691
Net assets		
Shareholders' equity		
Common stock	20,096	20,096
Capital surplus	18,042	18,042
Retained earnings	52,339	49,440
Treasury stock, at cost	(1,452)	(1,450)
Total shareholders' equity	89,025	86,128
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	6,492	7,600
Deferred gains (losses) on hedges	55	(8)
Foreign currency translation adjustments	1,207	743
Remeasurements of defined benefit plans	(55)	25
Total accumulated other comprehensive income	7,700	8,361
Minority interests	8,332	8,256
Total net assets	105,058	102,747
Total liabilities and net assets	416,219	390,438

5. Quarterly Consolidated Statements of Income

(Unit: million yen)

	1Q FY2013 (Apr 1, 2013 - Jun 30, 2013)	1Q FY2014 (Apr 1, 2014 - Jun 30, 2014)
Net sales	150,988	159,799
Cost of sales	119,576	128,022
Gross profit	31,412	31,777
Selling, general and administrative expenses		
Transportation cost	4,909	5,204
Provision for allowance for doubtful accounts	(58)	(97)
Salaries, wages and bonuses	7,450	7,602
Provision for allowance for employee's bonuses	2,067	2,049
Retirement benefits expenses	644	489
Provision for allowance for retirement benefits to directors and statutory auditors	57	69
Other	16,193	16,309
Total selling, general and administrative expenses	31,264	31,627
Operating income	148	149
Non-operating income		
Interest income	50	71
Dividends income	263	294
Foreign exchange gains	206	187
Equity in earnings of nonconsolidated subsidiaries and affiliates	111	46
Other	280	400
Total non-operating income	913	1,000
Non-operating expenses		
Interest expenses	556	475
Other	130	271
Total non-operating expenses	686	746
Ordinary income	374	403
Extraordinary income		
Gain on sales of fixed assets	32	35
Gain on sales of investments in securities	16	4
Gain on negative goodwill	91	-
Subsidy income	-	440
Total extraordinary income	140	481
Extraordinary losses		
Loss on sales of fixed assets	0	10
Loss on disposal of fixed assets	37	27
Loss on sales of investments in securities	0	1
Loss on valuation of investments in securities	4	1
Retirement benefits for directors and statutory auditors	4	16
Loss on step acquisitions	8	-
Loss on reduction of noncurrent assets	-	416
Total extraordinary losses	55	474
Income before income taxes and minority interests	459	409
Income taxes	179	153
Income before minority interests	279	255
Minority interests in income	179	149
Net income	99	105

6. Quarterly Consolidated Statements of Comprehensive Income

	(Unit: million yen)	
	1Q FY2013 (Apr 1, 2013 - Jun 30, 2013)	1Q FY2014 (Apr 1, 2014 - Jun 30, 2014)
Income before minority interests	279	255
Other comprehensive income		
Unrealized gains (losses) on securities	1,700	1,096
Deferred gains (losses) on hedges	33	(65)
Foreign currency translation adjustments	1,441	(457)
Remeasurements of defined benefit plans, net of tax	—	81
Share of other comprehensive income of associates accounted for using equity method	134	(39)
Total other comprehensive income	3,310	616
Comprehensive income	3,589	872
Comprehensive income attributable to:		
Owners of the parent	3,288	767
Minority interests	301	104

7. Segment Information

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

(1) Information related to sales and operating 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	32,808	26,891	5,893	148,330	2,658	150,988	—	150,988
(2) Intersegment	1,641	1,242	1,552	39	4,475	4,811	9,287	(9,287)	—
Total	84,377	34,050	28,444	5,932	152,805	7,470	160,276	(9,287)	150,988
Segment income(loss)	531	80	(95)	47	563	202	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) 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. 1Q FY2014 (Apr 1, 2014-Jun 30, 2014)

(1) Information related to sales and operating 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	86,771	36,447	28,438	6,413	158,071	1,727	159,799	—	159,799
(2) Intersegment	1,665	1,409	1,245	34	4,355	5,840	10,195	(10,195)	—
Total	88,437	37,856	29,683	6,448	162,426	7,567	169,994	(10,195)	159,799
Segment income(loss)	(913)	420	559	10	76	182	258	(109)	149

(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, 2015, the calculation methods for retirement benefit obligations and service costs has been changed. With this change, the calculation methods of that of operating segments has also been changed. The impact on segment income was immaterial.
- From the first quarter of the year ending March 31, 2015, the reportable segment of a consolidated subsidiary has been changed from "Others" to "Industrial Gases & Machinery". The information of the first quarter of the year ending March 31, 2014, is disclosed in line with the reportable segments after change.

(3) Information on impairment losses of Fixed Assets or Goodwill

None

8. Significant Change in the amount of Shareholder's Equity

None

Additional Information

Results for 1Q FY 2014 and Forecast for FY 2014

Consolidated

(1) Consolidated Statements of Income

(Unit: million yen)

	1Q FY2014	1Q FY2013	Change	Rate
	Apr-Jun 2014	Apr-Jun 2013		
Net sales	159,799	150,988	8,810	5.8 %
Gross profit	31,777	31,412	364	1.2 %
Selling, general and administrative expenses	31,627	31,264	363	1.2 %
Operating income	149	148	1	1.1 %
Interest income	71	50	20	
Dividends income	294	263	31	
Foreign exchange gains, net	187	206	(19)	
Equity in earnings of nonconsolidated subsidiaries and affiliates	46	111	(65)	
Interest expense	(475)	(556)	80	
Other, net	128	150	(21)	
Total non-operating income (loss)	253	226	27	
Ordinary income	403	374	28	7.7 %
Gain (loss) on sales and disposal of fixed assets	(3)	(5)	1	
Gain (losses) on sales and valuation of investments in securities	1	11	(9)	
Other, net	7	78	(70)	
Total extraordinary income (loss)	6	84	(78)	
Income taxes	(153)	(179)	25	
Minority interests in income	(149)	(179)	29	
Net income	105	99	6	6.0 %

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

Consolidated subsidiaries
new: 0 excluded: 0 total: 108 → 108

Equity method subsidiaries and affiliates
new: 0 excluded: 3 total: 112 → 109

(3) Financial Position

(Unit: million yen)

	1Q FY2014end	FY2013 end	Change
Total assets	390,438	416,219	(25,781)
Equity capital	94,490	96,725	(2,235)
Interest-bearing debt, gross*	160,385	161,099	(714)
Interest-bearing debt, net*	138,871	140,103	(1,232)
Equity capital ratio	24.2%	23.2%	1.0pt
Ratio of interest-bearing debt to total assets	41.1%	38.7%	2.4pt
Debt-to-equity ratio, gross	1.69	1.66	0.03pt
Debt-to-equity ratio, net	1.46	1.44	0.02pt

* Interest-bearing debt include lease liabilities in the amount of ¥3,623 million.

(4) Segment Information

(Unit: million yen)

	1Q FY2014	1Q FY2013	Change	Rate
	Apr-Jun 2014	Apr-Jun 2013		
Net sales (Sales to outside customers)	159,799	150,988	8,810	5.8 %
Energy	86,771	82,736	4,035	4.9 %
Industrial Gases & Machinery	36,447	32,808	3,639	11.1 %
Materials	28,438	26,891	1,546	5.8 %
Agri-Bio & Foods	6,413	5,893	520	8.8 %
Others, Adjustments	1,727	2,658	(930)	(35.0) %
Operating income	149	148	1	1.1 %
Energy	(913)	531	1,444	- %
Industrial Gases & Machinery	420	80	339	422.4 %
Materials	559	(95)	654	- %
Agri-Bio & Foods	10	47	(37)	(77.7) %
Others, Adjustments	73	(415)	489	- %

* For a comparison purpose, figures of financial results for the first quarter of fiscal year ending March 31, 2014 in this section are reclassified in accordance with the new segment classification which is adopted from the first quarter of fiscal year ending March 31, 2015.

(5) Consolidated Results Forecast for FY2014 (Unit: million yen)

	Forecast for FY2014
Net sales	724,800
Energy	392,000
Industrial Gases & Machinery	160,000
Materials	133,000
Agri-Bio & Foods	28,400
Others, Adjustments	11,400
Operating income	19,500
Energy	12,500
Industrial Gases & Machinery	5,400
Materials	2,700
Agri-Bio & Foods	800
Others, Adjustments	(1,900)
Ordinary income	19,500
Net income	10,500

*Forecasts are the figures released in May 9, 2014.

(6) LPG Net Sales · Sales Volume

		1Q FY2014	1Q FY2013	Change	Rate
Domestic residential use	Sales volume (thousand tons)	367	354	13	3.7 %
	Net sales (million yen)	46,862	43,338	3,524	8.1 %
Domestic industrial use	Sales volume (thousand tons)	71	70	1	2.4 %
	Net sales (million yen)	7,544	6,988	556	8.0 %
Overseas	Sales volume (thousand tons)	145	145	0	0.6 %
	Net sales (million yen)	12,292	11,004	1,288	11.7 %
LPG total	Sales volume (thousand tons)	585	569	15	2.7 %
	Net sales (million yen)	66,699	61,331	5,368	8.8 %
Various industrial gases	Net sales (million yen)	21,779	18,980	2,798	14.7 %

*Barter transactions in domestic residential use LPG increased by the the volume of 10 thousand tons in comparison with 1Q FY2013.