



Overview of Business Results
for the 1st Quarter of Fiscal Year Ending March 31, 2016 (1Q FY2015)
[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, 2015
 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 2016
 (For the period from April 1, 2015 to June 30, 2015)

(1) Consolidated Operating Results (Figures in % refer to changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit (loss) attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
1Q FY2015	150,713	(5.7)	4,177	—	4,658	—	2,720	—
1Q FY2014	159,799	5.8	149	1.1	403	7.7	105	6.0

(Notes) Comprehensive income: 1Q FY2015 **5,550 million yen (536.3%)** 1Q FY2014 **872 million yen (75.7% decrease)**

	Net income per share	Net income per share after dilution
1Q FY2015	11.05	—
1Q FY2014	0.43	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio
1Q FY2015	400,158	122,055	28.1
FY2014	408,824	117,942	26.7

(Reference) Equity capital: 1Q FY2015 112,604 million yen FY2014 109,007 million yen

2. Dividends

	Dividend per share				
	1Q End	2Q End	3Q End	Year-end	Annual
FY2014	—	—	—	7.00	7.00
FY2015	—	—	—	7.00	7.00
FY2015 (Forecast)	—	—	—	7.00	7.00

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

3. Consolidated Results Forecast for FY2015(April 1, 2015 – March 31, 2015)

(Figures in % represent forecasted changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit (loss) attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
1H FY2015	325,000	(2.1)	5,700	116.3	5,700	72.8	2,500	27.4	10.15
FY2015	700,000	1.2	20,700	85.2	21,000	64.6	11,000	77.4	44.69

(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 Revised Accounting Standard for Business Combinations

Effective from the beginning of the first quarter of FY 2015, the Company adopted the “Revised Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No.21, September 13, 2013, hereinafter, “Accounting Standard for Business Combinations”), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22, September 13, 2013, hereinafter, “Accounting Standard for Consolidation”) and “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No.7, September 13, 2013, hereinafter, “Accounting Standard for Business Divestitures”).

In applying these revised accounting standards, the Company records any differences arising from changes in ownership interest in a subsidiary when it retains control as capital surplus and the corresponding acquisition-related costs are recognized as expenses when incurred. Also, regarding business combinations conducted after the beginning of the first quarter of FY 2015, the disclosure method was revised with regard to the retrospective adjustment of purchase price allocation based on provisional accounting applicable to the quarterly consolidated financial statements of the fiscal period in which the business combination occurred. In addition, the presentation method of net income was amended and the reference to “minority interests” was changed to “non-controlling interests”. To reflect these changes in presentation, the quarterly consolidated financial statements and consolidated financial statements in the previous fiscal year have been reclassified.

Concerning the application of the Accounting Standard for Business Combinations and others, based on the provisional treatment set out in paragraph 58-2(4) of the Accounting Standard for Business Combinations, in paragraph 44-5(4) of the Accounting Standard for Consolidation and in paragraph 57-4(4) of the Accounting Standard for Business Divestitures, these changes are effective from the beginning of the first quarter of FY 2015.

The impact of these changes on income for the three months ended June 30, 2015 and capital surplus as of June 30, 2015 is 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 FY2015	251,365,028	FY2014	251,365,028
②	1Q FY2015	5,263,411	FY2014	5,279,790
③	1Q FY2015	246,092,997	1Q FY2014	246,026,318

*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)

	FY2014 (As of Mar 31, 2015)	1Q FY2015 (As of Jun 30, 2015)
Assets		
Current assets		
Cash and deposits	22,237	23,559
Notes and accounts receivable-trade	106,792	93,201
Merchandise and finished goods	29,478	31,446
Work - in - process	3,424	4,172
Raw materials and supplies	4,689	4,229
Other	15,919	13,048
Allowance for doubtful accounts	(732)	(704)
Total current assets	181,809	168,953
Fixed assets		
Property, plant and equipment		
Land	57,368	57,635
Other, net	79,610	82,306
Total property, plant and equipment	136,979	139,941
Intangible assets		
Goodwill	14,157	13,820
Other	2,854	2,765
Total intangible assets	17,012	16,586
Investments and other assets		
Investments in securities	59,486	61,130
Other	14,369	14,354
Allowance for doubtful accounts	(831)	(807)
Total investments and other assets	73,023	74,677
Total fixed assets	227,015	231,205
Total assets	408,824	400,158

(Unit: million yen)

	FY2014 (As of Mar 31, 2015)	1Q FY2015 (As of Jun 30, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	97,987	84,655
Short-term borrowings	37,654	43,875
Income taxes payable	3,347	1,447
Accrued bonuses	4,364	2,913
Other	49,324	46,404
Total current liabilities	192,678	179,297
Long-term liabilities		
Bonds	8,000	8,000
Long-term borrowings	67,899	67,583
Allowance for retirement benefits for directors and statutory auditors	1,174	1,149
Net defined benefit liability	5,732	5,784
Other	15,396	16,289
Total long-term liabilities	98,203	98,806
Total liabilities	290,882	278,103
Net assets		
Shareholders' equity		
Common stock	20,096	20,096
Capital surplus	18,118	18,124
Retained earnings	55,534	56,529
Treasury stock, at cost	(1,454)	(1,451)
Total shareholders' equity	92,294	93,299
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	12,865	15,517
Deferred gains (losses) on hedges	127	115
Foreign currency translation adjustments	3,759	3,364
Remeasurements of defined benefit plans	(40)	307
Total accumulated other comprehensive income	16,712	19,305
Non-controlling interests	8,935	9,450
Total net assets	117,942	122,055
Total liabilities and net assets	408,824	400,158

5. Quarterly Consolidated Statements of Income

(Unit: million yen)

	1Q FY2014 (Apr 1, 2014- Jun 30, 2014)	1Q FY2015 (Apr 1, 2015 - Jun 30, 2015)
Net sales	159,799	150,713
Cost of sales	128,022	113,956
Gross profit	31,777	36,756
Selling, general and administrative expenses		
Transportation cost	5,204	5,395
Provision for allowance for doubtful accounts	(97)	(43)
Salaries, wages and bonuses	7,602	7,801
Provision for allowance for employees' bonuses	2,049	2,135
Retirement benefits expenses	489	497
Provision for allowance for retirement benefits to directors and statutory auditors	69	29
Other	16,309	16,761
Total selling, general and administrative expenses	31,627	32,578
Operating income	149	4,177
Non-operating income		
Interest income	71	65
Dividends income	294	348
Foreign exchange gains	187	194
Equity in earnings of nonconsolidated subsidiaries and affiliates	46	24
Other	400	471
Total non-operating income	1,000	1,104
Non-operating expenses		
Interest expenses	475	423
Other	271	199
Total non-operating expenses	746	622
Ordinary income	403	4,658
Extraordinary income		
Gain on sales of fixed assets	35	42
Gain on sales of investments in securities	4	23
Subsidy income	440	448
Total extraordinary income	481	514
Extraordinary losses		
Loss on sales of fixed assets	10	25
Loss on disposal of fixed assets	27	138
Loss on sales of investments in securities	1	0
Loss on valuation of investments in securities	1	-
Loss on valuation of investments in capital	-	67
Impairment loss of fixed assets	-	1
Retirement benefits for directors and statutory auditors	16	10
Loss on reduction of non-current assets	416	440
Total extraordinary losses	474	683
Income before income taxes and minority interests	409	4,489
Income taxes	153	1,537
Net income	255	2,951
Profit attributable to non-controlling interests	149	231
Profit attributable to owners of parent	105	2,720

6. Quarterly Consolidated Statements of Comprehensive Income

(Unit: million yen)

	1Q FY2014 (Apr 1, 2014- Jun 30, 2014)	1Q FY2015 (Apr 1, 2015 - Jun 30, 2015)
Net income	255	2,951
Other comprehensive income		
Unrealized gains (losses) on securities	1,096	2,668
Deferred gains (losses) on hedges	(65)	(6)
Foreign currency translation adjustments	(457)	(290)
Remeasurements of defined benefit plans, net of tax	81	385
Share of other comprehensive income of associates accounted for using equity method	(39)	(158)
Total other comprehensive income	616	2,598
Comprehensive income	872	5,550
Comprehensive income attributable to:		
Owners of the parent	767	5,312
Non-controlling interests	104	237

7. Segment Information

1. 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, 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

None

2. 1Q FY2015 (Apr 1, 2015-Jun 30, 2015)

(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	72,843	38,389	30,539	6,829	148,602	2,110	150,713	—	150,713
(2) Intersegment	1,500	2,182	1,139	40	4,861	4,944	9,806	(9,806)	—
Total	74,343	40,571	31,678	6,870	153,464	7,055	160,519	(9,806)	150,713
Segment income(loss)	1,551	930	1,048	516	4,047	251	4,298	(121)	4,177

(Notes)

- "Others" is an operating segment not included in reportable segments. "Others" represents financial, insurance, transportation, 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 FY 2015, the Company records any differences arising from changes in ownership interest in a subsidiary when it retains control as capital surplus and the corresponding acquisition-related costs are recognized as expenses when incurred. Also, regarding business combinations conducted after the beginning of the first quarter of FY 2015, the disclosure method was revised with regard to the retrospective adjustment of purchase price allocation based on provisional accounting applicable to the quarterly consolidated financial statements of the fiscal period in which the business combination occurred.

The impact on segment income was immaterial.

(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 2015 and Forecast for FY 2015

Consolidated

(1) Consolidated Statements of Income

(Unit: million yen)

	1Q FY2015	1Q FY2014	Change	Rate
	Apr-Jun 2015	Apr-Jun 2014		
Net sales	150,713	159,799	(9,086)	(5.7) %
Gross profit	36,756	31,777	4,979	15.7 %
Selling, general and administrative expenses	32,578	31,627	951	3.0 %
Operating income	4,177	149	4,027	2,691.3 %
Interest income	65	71	(6)	
Dividends income	348	294	53	
Foreign exchange gains, net	194	187	7	
Equity in earnings of nonconsolidated subsidiaries and affiliates	24	46	(21)	
Interest expense	(423)	(475)	52	
Other, net	272	128	143	
Total non-operating income (loss)	481	253	227	
Ordinary income	4,658	403	4,255	1,055.1 %
Gain (loss) on sales and disposal of fixed assets	(121)	(3)	(118)	
Gain (losses) on sales and valuation of investments in securities	(44)	1	(46)	
Other, net	(2)	7	(10)	
Total extraordinary income (loss)	(169)	6	(175)	
Income taxes	(1,537)	(153)	(1,383)	
Profit attributable to non-controlling interests	(231)	(149)	(81)	
Profit attributable to owners of parent	2,720	105	2,614	2,468.6 %

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

Consolidated subsidiaries
new: 5 excluded: 1 total: 108 → 112

Equity method subsidiaries and affiliates
new: 1 excluded: 6 total: 111 → 106

(3) Financial Position

(Unit: million yen)

	1Q FY2015 end	FY2014 end	Change
Total assets	400,158	408,824	(8,666)
Equity capital	112,604	109,007	3,597
Interest-bearing debt, gross*	147,474	141,793	5,681
Interest-bearing debt, net*	123,915	119,556	4,359
Equity capital ratio	28.1%	26.7%	1.5pt
Ratio of interest-bearing debt to total assets	36.9%	34.7%	2.2pt
Debt-to-equity ratio, gross	1.30	1.30	0.00pt
Debt-to-equity ratio, net	1.10	1.09	0.01pt

*Interest-bearing debt include lease liabilities in the amount of ¥3,454 million.

(4) Segment Information

(Unit: million yen)

	1Q FY2015	1Q FY2014	Change	Rate
	Apr-Jun 2015	Apr-Jun 2014		
Net sales (Sales to outside customers)	150,713	159,799	(9,086)	(5.7) %
Energy	72,843	86,771	(13,928)	(16.1) %
Industrial Gases & Machinery	38,389	36,447	1,941	5.3 %
Materials	30,539	28,438	2,100	7.4 %
Agri-Bio & Foods	6,829	6,413	416	6.5 %
Others, Adjustments	2,110	1,727	382	22.2 %
Operating income	4,177	149	4,027	2,691.3 %
Energy	1,551	(913)	2,465	— %
Industrial Gases & Machinery	930	420	510	121.5 %
Materials	1,048	559	488	87.4 %
Agri-Bio & Foods	516	10	505	4,753.1 %
Others, Adjustments	130	73	57	77.7 %

(5) Consolidated Results Forecast for FY2015 (Unit: million yen)

	Forecast for FY2015
Net sales	700,000
Energy	347,000
Industrial Gases & Machinery	175,000
Materials	140,300
Agri-Bio & Foods	29,700
Others, Adjustments	8,000
Operating income	20,700
Energy	12,300
Industrial Gases & Machinery	6,500
Materials	3,000
Agri-Bio & Foods	900
Others, Adjustments	(2,000)
Ordinary income	21,000
Profit attributable to owners of parent	11,000

*Forecasts are the figures released in May 8, 2015.

(6) LPG and Industrial Gases Net Sales - Sales Volume

		1Q FY2015	1Q FY2014	Change	Rate
Domestic residential use	Sales volume (thousand tons)	352	367	(14)	(4.0) %
	Net sales (million yen)	38,308	46,862	(8,553)	(18.3) %
Domestic industrial use	Sales volume (thousand tons)	68	69	(0)	(1.0) %
	Net sales (million yen)	5,276	7,209	(1,932)	(26.8) %
Overseas	Sales volume (thousand tons)	148	138	10	7.3 %
	Net sales (million yen)	8,123	11,419	(3,296)	(28.9) %
LPG total	Sales volume (thousand tons)	569	574	(5)	(0.9) %
	Net sales (million yen)	51,707	65,490	(13,782)	(21.0) %
Various Industrial gases	Net sales (million yen)	22,206	21,394	812	3.8 %

*Barter transactions in domestic residential use LPG decreased by the the volume of 6 thousand tons in comparison with 1Q FY2014.