

Overview of Business Results
for the 2nd Quarter of Fiscal Year Ending March 31, 2016 (2Q FY2015)
[Japanese Standard Form](Consolidated)

Name of the company: Iwatani Corporation
 Code: 8088
 Name of Representative: Masao Nomura, President
 Date of filing financial report: November 13, 2015
 Quarterly earnings supplementary explanatory documents: **Yes**
 Quarterly earnings presentation : **Yes**

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 2nd Quarter of Fiscal Year Ending March 2016
(For the period from April 1, 2015 to September 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	%
2Q FY2015	301,704	(9.1)	6,351	141.0	6,834	107.2	3,580	82.5
2Q FY2014	331,815	7.6	2,635	(13.1)	3,298	(5.3)	1,962	10.6

(Notes) Comprehensive income: 2Q FY2015 2,553 million yen (35.7% decrease) 2Q FY2014 3,970 million yen (39.1% decrease)

	Net income per share	Net income per share after dilution
	yen	yen
2Q FY2015	14.55	—
2Q FY2014	7.97	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
2Q FY2015	395,727	119,021	27.7
FY2014	408,824	117,942	26.7

(Reference) Equity capital: 2Q FY2015 109,505 million yen FY2014 109,007 million yen

2. Dividends

	Dividend per share				
	1Q End	2Q End	3Q End	Year-end	Annual
	yen	yen	yen	yen	yen
FY2014	—	—	—	7.00	7.00
FY2015	—	—	—	—	—
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, 2016)

(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
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**

(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	2Q FY2015	251,365,028	FY2014	251,365,028
②	2Q FY2015	5,273,740	FY2014	5,279,790
③	2Q FY2015	246,088,087	2Q FY2014	245,999,966

*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)	2Q FY2015 (As of Sep 30, 2015)
Assets		
Current assets		
Cash and deposits	22,237	22,559
Notes and accounts receivable-trade	106,792	92,058
Merchandise and finished goods	29,478	29,459
Work - in - process	3,424	4,030
Raw materials and supplies	4,689	4,381
Other	15,919	14,439
Allowance for doubtful accounts	(732)	(702)
Total current assets	181,809	166,226
Fixed assets		
Property, plant and equipment		
Land	57,368	57,409
Other, net	79,610	85,423
Total property, plant and equipment	136,979	142,832
Intangible assets		
Goodwill	14,157	14,846
Other	2,854	2,743
Total intangible assets	17,012	17,590
Investments and other assets		
Investments in securities	59,486	55,154
Other	14,369	14,770
Allowance for doubtful accounts	(831)	(845)
Total investments and other assets	73,023	69,078
Total fixed assets	227,015	229,501
Total assets	408,824	395,727

(Unit: million yen)

	FY2014 (As of Mar 31, 2015)	2Q FY2015 (As of Sep 30, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	97,987	83,675
Short-term borrowings	37,654	51,089
Income taxes payable	3,347	2,307
Accrued bonuses	4,364	4,530
Other	49,324	45,904
Total current liabilities	192,678	187,507
Long-term liabilities		
Bonds	8,000	8,000
Long-term borrowings	67,899	58,116
Allowance for retirement benefits for directors and statutory auditors	1,174	1,196
Net defined benefit liability	5,732	5,854
Other	15,396	16,031
Total long-term liabilities	98,203	89,198
Total liabilities	290,882	276,706
Net assets		
Shareholders' equity		
Common stock	20,096	20,096
Capital surplus	18,118	18,133
Retained earnings	55,534	57,390
Treasury stock, at cost	(1,454)	(1,459)
Total shareholders' equity	92,294	94,161
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	12,865	11,074
Deferred gains (losses) on hedges	127	14
Foreign currency translation adjustments	3,759	3,938
Remeasurements of defined benefit plans	(40)	317
Total accumulated other comprehensive income	16,712	15,344
Non-controlling interests	8,935	9,515
Total net assets	117,942	119,021
Total liabilities and net assets	408,824	395,727

5. Quarterly Consolidated Statements of Income

(Unit: million yen)

	2Q FY2014 (Apr 1, 2014- Sep 30, 2014)	2Q FY2015 (Apr 1, 2015 - Sep 30, 2015)
Net sales	331,815	301,704
Cost of sales	266,080	230,106
Gross profit	65,735	71,597
Selling, general and administrative expenses		
Transportation cost	10,305	10,638
Provision for allowance for doubtful accounts	(44)	2
Salaries, wages and bonuses	15,176	15,608
Provision for allowance for employees' bonuses	3,992	4,037
Retirement benefits expenses	950	961
Provision for allowance for retirement benefits to directors and statutory auditors	126	80
Other	32,591	33,916
Total selling, general and administrative expenses	63,099	65,246
Operating income	2,635	6,351
Non-operating income		
Interest income	133	133
Dividends income	321	380
Foreign exchange gains	418	247
Equity in earnings of nonconsolidated subsidiaries and affiliates	383	175
Other	1,026	1,026
Total non-operating income	2,284	1,962
Non-operating expenses		
Interest expenses	935	856
Other	685	622
Total non-operating expenses	1,620	1,479
Ordinary income	3,298	6,834
Extraordinary income		
Gain on sales of fixed assets	119	102
Gain on sales of investments in securities	171	23
Gain on negative goodwill	30	-
Gain on liquidation of subsidiaries and associates	7	-
Gain on step acquisitions	44	-
Subsidy income	440	601
Total extraordinary income	813	727
Extraordinary losses		
Loss on sales of fixed assets	21	39
Loss on disposal of fixed assets	86	199
Impairment loss of fixed assets	21	298
Loss on sales of investments in securities	1	1
Loss on valuation of investments in securities	1	-
Loss on valuation of investments in capital	-	51
Retirement benefits for directors and statutory auditors	24	30
Loss on reduction of non-current assets	416	593
Total extraordinary losses	574	1,212
Income before income taxes and minority interests	3,538	6,349
Income taxes	1,308	2,404
Net income	2,229	3,945
Profit attributable to non-controlling interests	267	364
Profit attributable to owners of parent	1,962	3,580

6. Quarterly Consolidated Statements of Comprehensive Income

(Unit: million yen)

	2Q FY2014 (Apr 1, 2014- Sep 30, 2014)	2Q FY2015 (Apr 1, 2015 - Sep 30, 2015)
Net income	2,229	3,945
Other comprehensive income		
Unrealized gains (losses) on securities	2,248	(1,777)
Deferred gains (losses) on hedges	187	(105)
Foreign currency translation adjustments	(750)	307
Remeasurements of defined benefit plans, net of tax	99	397
Share of other comprehensive income of associates accounted for using equity method	(42)	(213)
Total other comprehensive income	1,741	(1,391)
Comprehensive income	3,970	2,553
Comprehensive income attributable to:		
Owners of the parent	3,738	2,212
Non-controlling interests	232	340

7. Consolidated Statements of Cash Flows

(Unit: million yen)

	2Q FY2014 (Apr 1, 2014 - Sep 30, 2014)	2Q FY2015 (Apr 1, 2015 - Sep 30, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	3,538	6,349
Depreciation and amortization	7,241	7,416
Impairment loss of fixed assets	21	298
Amortization of goodwill	1,411	1,539
Gain on negative goodwill	(30)	-
Subsidy income	(440)	(601)
Loss on reduction of non-current assets	416	593
Increase (decrease) in allowance for doubtful accounts	(63)	(28)
Increase (decrease) in allowance for employees' bonuses	13	132
Increase (decrease) in net defined benefit liabilities	80	55
Decrease (increase) in net defined benefit assets	161	(271)
Increase (decrease) in allowance for retirement benefits to directors and statutory auditors	(118)	(65)
Interest and dividends income	(455)	(514)
Interest expenses	935	856
Foreign exchange (gains) losses	(75)	92
Equity in (earnings) losses of nonconsolidated subsidiaries and affiliates	(383)	(175)
Loss (gain) on sales and disposal of fixed assets	(10)	135
Loss (gain) on sales of investments in securities	(169)	(21)
Loss on valuation of investments in securities	1	-
Loss on valuation of investments in capital	-	51
Loss (gain) on step acquisitions	(44)	-
Decrease(increase) in notes and accounts receivable-trade	18,094	15,241
Decrease(increase) in inventories	(147)	(260)
Increase (decrease) in notes and accounts payable-trade	(14,205)	(14,824)
Other, net	1,803	(868)
Subtotal	17,574	15,132
Interest and dividends received	499	535
Dividends received from equity method subsidiaries and affiliates	132	180
Interest paid	(906)	(808)
Income taxes paid	(6,987)	(3,283)
Net cash provided by (used in) operating activities	10,312	11,755

(Unit: million yen)

	2Q FY2014 (Apr 1, 2014 - Sep 30, 2014)	2Q FY2015 (Apr 1, 2015 - Sep 30, 2015)
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(6,798)	(10,114)
Proceeds from sales of property, plant and equipment	291	357
Payments for purchase of intangible assets	(1,399)	(1,740)
Proceeds from sales of intangible assets	4	-
Payments for purchase of investments in securities	(538)	(612)
Proceeds from sales and redemption of investments in securities	1,062	39
Proceeds from sales of investments in capital	2	3
Investments in loans receivable	(2,054)	(313)
Collection of loans receivable	1,574	648
Other, net	(340)	(412)
Net cash provided by (used in) investing activities	(8,195)	(12,144)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,915	13,813
Proceeds from long-term debt	5,492	4,361
Repayments of long-term debt	(13,517)	(16,096)
Net (increase) decrease in treasury stock	(36)	(6)
Repayments of lease liabilities	(524)	(541)
Cash dividends paid	(1,721)	(1,718)
Dividends paid to non-controlling interests	(161)	(209)
Other, net	-	(14)
Net cash provided by (used in) financing activities	(2,552)	(411)
Effect of exchange rate changes on cash and cash equivalents	(325)	15
Net increase (decrease) in cash and cash equivalents	(760)	(784)
Cash and cash equivalents at beginning of year	20,440	21,804
Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation	-	915
Increase in cash and cash equivalents resulting from merger with nonconsolidated subsidiaries	206	11
Cash and cash equivalents at end of period	19,886	21,947

Additional Information

Results for 2Q FY2015 and Forecast for FY2015

Consolidated

(1) Segment Information

(Unit: million yen)

	2Q FY2015	2Q FY2014	Change	
	(Apr - Sep 2016)	(Apr - Sep 2015)		Rate
Net sales (sales to outside customers)	301,704	331,815	(30,111)	(9.1) %
Energy	139,490	174,239	(34,748)	(19.9) %
Industrial Gases & Machinery	79,791	77,937	1,853	2.4 %
Materials	63,619	60,419	3,199	5.3 %
Agri-Bio & Foods	14,858	14,338	520	3.6 %
Others, Adjustments	3,944	4,881	(936)	(19.2) %
Operating income	6,351	2,635	3,715	141.0 %
Energy	770	(1,005)	1,775	—
Industrial Gases & Machinery	3,024	2,411	613	25.4 %
Materials	1,952	1,130	821	72.6 %
Agri-Bio & Foods	991	420	571	136.0 %
Others, Adjustments	(387)	(321)	(66)	—

(2) 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

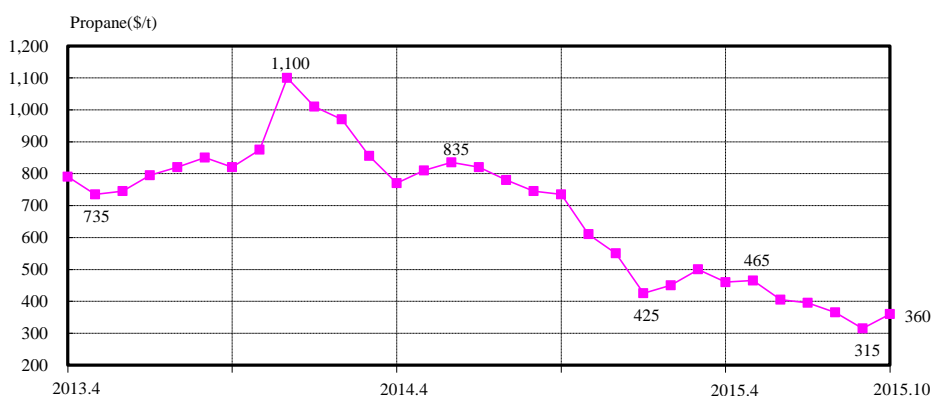
*Forecasts are the figures released in May 8, 2015.

(3) LPG and Industrial Gases Net Sales • Sales Volume

		2Q FY2015	2Q FY2014	Change	Rate
Domestic residential use	Sales volume (thousand tons)	642	674	(32)	(4.7) %
	Net sales (million yen)	67,861	84,722	(16,861)	(19.9) %
Domestic industrial use	Sales volume (thousand tons)	133	134	(0)	(0.2) %
	Net sales (million yen)	9,791	13,868	(4,077)	(29.4) %
Overseas	Sales volume (thousand tons)	391	379	11	2.9 %
	Net sales (million yen)	18,369	30,193	(11,824)	(39.2) %
LPG total	Sales volume (thousand tons)	1,167	1,188	(21)	(1.8) %
	Net sales (million yen)	96,022	128,784	(32,762)	(25.4) %
Various Industrial gases	Net sales (million yen)	45,268	44,479	789	1.8 %

*Barter transactions in domestic residential use LPG decreased by the the volume of 11 thousand tons in comparison with 2Q FY2014.

(4) LPG Import Price (CP)



(5) Capital Expenditures

(Unit: million yen)

	2Q FY2015	2Q FY2014	FY2015 (Plan)
Capital Expenditure*	12,074	7,214	26,000
Depreciation expense*	6,658	6,380	16,000

*Figures for capital expenditure and depreciation expense cover only property, plant and equipment.

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

Consolidated subsidiaries : new 5 excluded 2 total 108 → 111
 Equity method subsidiaries and affiliates : new 2 excluded 6 total 111 → 107
 Impact of changes in scope of consolidation: Little