

Overview of Business Results for the 3rd Quarter of Fiscal Year Ending March 31, 2016 (3Q FY2015) [Japanese Standard Form](Consolidated)

Name of the company: Iwatani Corporation
 Code: 8088
 Name of Representative: Masao Nomura, President
 Date of filing financial report: February 12, 2016
 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 3rd Quarter of Fiscal Year Ending March 2016 (For the period from April 1, 2015 to December 31, 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	%
3Q FY2015	455,884	(10.3)	11,584	141.9	12,103	106.3	6,488	84.0
3Q FY2014	508,181	3.9	4,789	(41.5)	5,867	(32.1)	3,525	(24.1)

(Notes) Comprehensive income: 3Q FY2015 6,669 million yen (24.6% decrease) 3Q FY2014 8,843 million yen (17.3% decrease)

	Net income per share	Net income per share after dilution
	yen	yen
3Q FY2015	26.36	25.27
3Q FY2014	14.33	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
3Q FY2015	415,094	123,131	27.3
FY2014	408,824	117,942	26.7

(Reference) Equity capital: 3Q FY2015 113,491 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	3Q FY2015	251,365,028	FY2014	251,365,028
②	3Q FY2015	5,279,414	FY2014	5,279,790
③	3Q FY2015	246,084,396	3Q FY2014	245,946,518

***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)	3Q FY2015 (As of Dec 31, 2015)
Assets		
Current assets		
Cash and deposits	22,237	21,199
Notes and accounts receivable-trade	106,792	108,512
Merchandise and finished goods	29,478	28,716
Work - in - process	3,424	5,399
Raw materials and supplies	4,689	3,906
Other	15,919	15,022
Allowance for doubtful accounts	(732)	(701)
Total current assets	181,809	182,053
Fixed assets		
Property, plant and equipment		
Land	57,368	57,297
Other, net	79,610	86,131
Total property, plant and equipment	136,979	143,429
Intangible assets		
Goodwill	14,157	14,471
Other	2,854	2,640
Total intangible assets	17,012	17,111
Investments and other assets		
Investments in securities	59,486	59,099
Other	14,369	14,239
Allowance for doubtful accounts	(831)	(838)
Total investments and other assets	73,023	72,500
Total fixed assets	227,015	233,040
Total assets	408,824	415,094

(Unit: million yen)

	FY2014 (As of Mar 31, 2015)	3Q FY2015 (As of Dec 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	97,987	96,210
Short-term borrowings	37,654	26,911
Income taxes payable	3,347	1,261
Accrued bonuses	4,364	2,229
Other	49,324	45,939
Total current liabilities	192,678	172,553
Long-term liabilities		
Bonds	8,000	38,144
Long-term borrowings	67,899	56,491
Allowance for retirement benefits for directors and statutory auditors	1,174	1,244
Net defined benefit liability	5,732	5,840
Other	15,396	17,688
Total long-term liabilities	98,203	119,409
Total liabilities	290,882	291,962
Net assets		
Shareholders' equity		
Common stock	20,096	20,096
Capital surplus	18,118	18,137
Retained earnings	55,534	60,297
Treasury stock, at cost	(1,454)	(1,462)
Total shareholders' equity	92,294	97,068
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	12,865	13,842
Deferred gains (losses) on hedges	127	(28)
Foreign currency translation adjustments	3,759	2,281
Remeasurements of defined benefit plans	(40)	326
Total accumulated other comprehensive income	16,712	16,422
Non-controlling interests	8,935	9,640
Total net assets	117,942	123,131
Total liabilities and net assets	408,824	415,094

5. Quarterly Consolidated Statements of Income

(Unit: million yen)

	3Q FY2014 (Apr 1, 2014- Dec 31, 2014)	3Q FY2015 (Apr 1, 2015 - Dec 31, 2015)
Net sales	508,181	455,884
Cost of sales	407,528	345,128
Gross profit	100,653	110,755
Selling, general and administrative expenses		
Transportation cost	16,093	16,299
Provision for allowance for doubtful accounts	(21)	26
Salaries, wages and bonuses	26,679	27,518
Provision for allowance for employees' bonuses	1,993	2,211
Retirement benefits expenses	1,377	1,359
Provision for allowance for retirement benefits to directors and statutory auditors	178	127
Other	49,563	51,627
Total selling, general and administrative expenses	95,863	99,170
Operating income	4,789	11,584
Non-operating income		
Interest income	201	208
Dividends income	556	642
Foreign exchange gains	555	324
Equity in earnings of nonconsolidated subsidiaries and affiliates	694	264
Other	1,438	1,432
Total non-operating income	3,446	2,872
Non-operating expenses		
Interest expenses	1,401	1,247
Other	967	1,106
Total non-operating expenses	2,368	2,353
Ordinary income	5,867	12,103
Extraordinary income		
Gain on sales of fixed assets	156	172
Gain on sales of investments in securities	206	27
Gain on negative goodwill	30	-
Gain on liquidation of subsidiaries and associates	7	14
Gain on step acquisitions	44	-
Subsidy income	567	853
Total extraordinary income	1,011	1,068
Extraordinary losses		
Loss on sales of fixed assets	23	44
Loss on disposal of fixed assets	229	337
Impairment loss of fixed assets	33	300
Loss on sales of investments in securities	1	2
Loss on valuation of investments in securities	1	171
Loss on valuation of investments in capital	-	47
Retirement benefits for directors and statutory auditors	19	30
Loss on step acquisitions	6	-
Loss on reduction of non-current assets	542	845
Total extraordinary losses	858	1,779
Income before income taxes and minority interests	6,020	11,393
Income taxes	2,079	4,337
Net income	3,940	7,056
Profit attributable to non-controlling interests	414	568
Profit attributable to owners of parent	3,525	6,488

6. Quarterly Consolidated Statements of Comprehensive Income

(Unit: million yen)

	3Q FY2014 (Apr 1, 2014- Dec 31, 2014)	3Q FY2015 (Apr 1, 2015 - Dec 31, 2015)
Net income	3,940	7,056
Other comprehensive income		
Unrealized gains (losses) on securities	3,756	995
Deferred gains (losses) on hedges	370	(149)
Foreign currency translation adjustments	534	(1,392)
Remeasurements of defined benefit plans, net of tax	116	408
Share of other comprehensive income of associates accounted for using equity method	124	(248)
Total other comprehensive income	4,902	(386)
Comprehensive income	8,843	6,669
Comprehensive income attributable to:		
Owners of the parent	8,371	6,198
Non-controlling interests	471	471

Additional Information

Results for 3Q FY2015 and Forecast for FY2015

Consolidated

(1) Segment Information

(Unit: million yen)

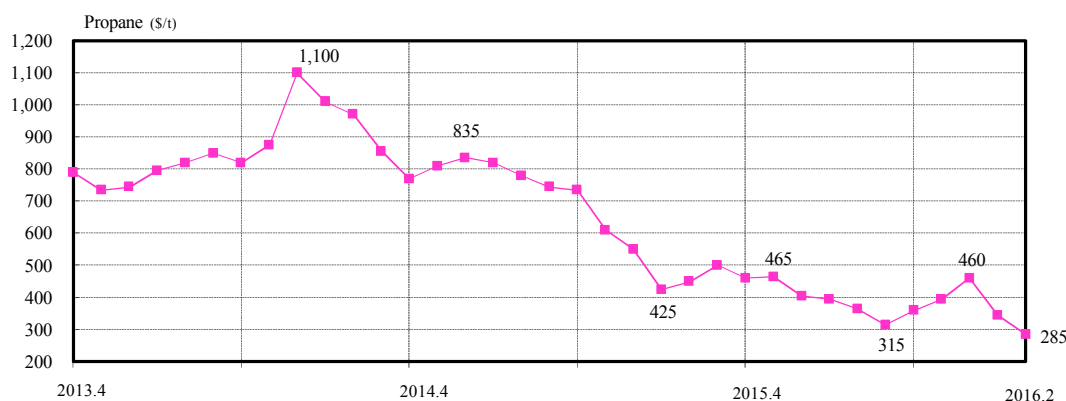
		3Q FY2015	3Q FY2014	Change		Forecast for FY2015
		(Apr - Dec 2015)	(Apr - Dec 2014)		Rate	
Energy	Net sales	212,657	271,949	(59,291)	(21.8) %	347,000
	Operating income	3,201	(616)	3,817	—	12,300
Industrial Gases & Machinery	Net sales	120,259	117,127	3,132	2.7 %	175,000
	Operating income	5,359	3,852	1,506	39.1 %	6,500
Materials	Net sales	95,520	91,418	4,101	4.5 %	140,300
	Operating income	2,721	1,458	1,312	90.0 %	3,000
Agri-Bio & Foods	Net sales	21,264	20,896	367	1.8 %	29,700
	Operating income	1,135	596	538	90.2 %	900
Others, Adjustments	Net sales	6,181	6,789	(607)	(8.9) %	8,000
	Operating income	(892)	(502)	(379)	—	(2,000)
Total	Net sales	455,884	508,181	(52,296)	(10.3) %	700,000
	Operating income	11,584	4,789	6,795	141.9 %	20,700

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

		3Q FY2015	3Q FY2014	Change	Rate
Domestic residential use	Sales volume (thousand tons)	1,009	1,066	(57)	(5.4) %
	Net sales (million yen)	102,478	129,924	(27,446)	(21.1) %
Domestic industrial use	Sales volume (thousand tons)	203	205	(1)	(0.9) %
	Net sales (million yen)	14,604	20,635	(6,031)	(29.2) %
Overseas	Sales volume (thousand tons)	503	577	(74)	(12.9) %
	Net sales (million yen)	23,358	43,866	(20,508)	(46.8) %
LPG total	Sales volume (thousand tons)	1,715	1,849	(133)	(7.2) %
	Net sales (million yen)	140,440	194,426	(53,985)	(27.8) %
Various Industrial gases	Net sales (million yen)	67,900	66,761	1,138	1.7 %

*Barter transactions in domestic residential use LPG decreased by the the volume of 15 thousand tons in comparison with 3Q FY2014.

(3) LPG Import Price (CP)



(4) Capital Expenditures

(Unit: million yen)

	3Q FY2015	FY2015 (Plan)
Capital Expenditure*	17,265	26,000
Depreciation expense*	10,227	16,000

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

(5) 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 7 total 111 → 106
Impact of changes in scope of consolidation: Little

(6) Financial Position

(Unit: million yen)

	3Q FY2015 end	FY2014 end	Change
Total assets	415,094	408,824	6,269
Equity capital	113,491	109,007	4,484
Interest-bearing debt, gross*	148,208	141,793	6,414
Interest-bearing debt, net*	127,008	119,556	7,452
Equity capital ratio	27.3%	26.7%	0.7pt
Ratio of interest-bearing debt to total assets	35.7%	34.7%	1.0pt
Debt-to-equity ratio, gross	1.30	1.30	0.00pt
Debt-to-equity ratio, net	1.11	1.09	0.02pt

* Interest-bearing debt include lease liabilities in the amount of ¥ 4,636 million.