

Overview of Business Results
for the Fiscal Year Ended March 31, 2016 (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 ordinary general meeting of shareholders: June 28, 2016 Date of distribution of dividends: June 29, 2016
Date of filing financial report: June 29, 2016
Earnings supplementary explanatory documents: Yes
Earnings presentation : Yes

Note: Figures less than 1 million are rounded down

1. Consolidated Financial Results for Fiscal Year Ended March 2016
(For the period from April 1, 2015 to March 31, 2016)

(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 attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2015	616,201	(10.9)	20,496	83.4	21,584	69.1	12,365	99.4
FY2014	691,902	(1.7)	11,174	(39.7)	12,761	(33.7)	6,199	(40.8)

(Notes) Comprehensive income: FY2015 8,281 million yen(48.6%) FY2014 16,100 million yen(1.7%)

	Net income per share	Net income per share after dilution	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
FY2015	50.24	46.79	11.1	5.3	3.3
FY2014	25.19	—	6.1	3.1	1.6

(Reference) Equity in earnings of nonconsolidated subsidiaries and affiliates: FY2015 602 million yen FY2014 968 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	million yen	million yen	%	yen
FY2015	404,479	124,583	28.4	466.43
FY2014	408,824	117,942	26.7	442.96

(Reference)Equity capital: FY2015 114,781 million yen FY2014 109,007 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
FY2015	36,101	(25,088)	(9,969)	22,833
FY2014	43,008	(20,476)	(22,335)	21,804

2. Dividends

	Dividend per share					Total dividend paid (annual)	Payout ratio (consolidated)	Dividend rate to net assets (consolidated)
	1Q End	2Q End	3Q End	Year-end	Annual			
	yen	yen	yen	yen	yen	million yen	%	%
FY2014	—	—	—	7.00	7.00	1,724	27.8	1.7
FY2015	—	—	—	8.00	8.00	1,970	15.9	1.8
FY2016 (Forecast)	—	—	—	8.00	8.00		15.1	

3. Consolidated Results Forecast for FY2016 (April 1, 2016 – March 31, 2017)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
1H FY2016	290,000	(3.9)	6,400	0.8	6,900	1.0	4,000	11.7	16.25
FY2016	600,000	(2.6)	21,000	2.5	22,000	1.9	13,000	5.1	52.82

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) 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**

(3) 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 stocks at end of period

③ Average number of shares outstanding

①	FY2015	251,365,028	FY2014	251,365,028
②	FY2015	5,282,495	FY2014	5,279,790
③	FY2015	246,081,571	FY2014	246,052,495

(Reference) Summary of nonconsolidated financial results

Nonconsolidated Financial Results for Fiscal Year Ended March 2016

(For the period from April 1, 2015 to March 31, 2016)

(1) Operating results

(Figures in % refer to changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2015	420,078	(15.0)	4,120	—	8,285	369.4	5,927	348.6
FY2014	494,182	(1.9)	(1,163)	—	1,764	(79.4)	1,321	(77.3)

	Net income per share	Net income per share after dilution
FY2015	yen 24.06	yen 22.39
FY2014	5.36	—

(2) Financial Position

	Total assets	Net assets	Equity capital ratio	Net assets per share
FY2015	million yen 279,800	million yen 75,402	% 26.9	yen 306.11
FY2014	278,838	74,386	26.7	301.95

(Reference) Equity capital: FY2015 75,402 million yen FY2014 74,386 million yen

*Information about audit procedure execution

This Overview of Business Results is exempt from the audit procedure based upon the Financial Instruments and Exchange Act. The audit procedure for consolidated 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 variety of factors, actual results may differ from estimated values.

4. Consolidated Balance Sheets

(Unit: million yen)

	FY2014 (As of Mar 31, 2015)	FY2015 (As of Mar 31, 2016)
Assets		
Current assets		
Cash and deposits	22,237	23,309
Notes and accounts receivable-trade	106,792	103,624
Merchandise and finished goods	29,478	26,886
Work - in - process	3,424	2,715
Raw materials and supplies	4,689	4,059
Deferred tax assets	3,462	3,008
Other	12,457	12,976
Allowance for doubtful accounts	(732)	(701)
Total current assets	181,809	175,878
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	28,889	33,041
Storage facilities, net	4,893	4,782
Machinery and vehicles, net	27,172	28,087
Tools and equipment, net	11,452	12,560
Land	57,368	57,161
Lease assets, net	3,437	4,654
Construction in progress	3,764	4,715
Total property, plant and equipment	136,979	145,003
Intangible assets		
Goodwill	14,157	14,087
Other	2,854	2,788
Total intangible assets	17,012	16,876
Investments and other assets		
Investments in securities	59,486	53,524
Long-term loans receivable	574	370
Net defined benefit assets	2,346	2,267
Deferred tax assets	3,023	2,689
Other	8,425	8,683
Allowance for doubtful accounts	(831)	(813)
Total investments and other assets	73,023	66,721
Total fixed assets	227,015	228,601
Total assets	408,824	404,479

(Unit: million yen)

	FY2014 (As of Mar 31, 2015)	FY2015 (As of Mar 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	97,987	76,464
Electronically recorded obligations - operating	—	14,487
Short-term borrowings	37,654	23,430
Current portion of long-term borrowings	24,704	22,467
Lease liabilities	746	892
Income taxes payable	3,347	3,567
Accrued bonuses	4,364	4,491
Other	23,874	26,687
Total current liabilities	192,678	172,489
Long-term liabilities		
Bonds	8,000	38,136
Long-term borrowings	67,899	47,598
Lease liabilities	2,788	3,988
Deferred tax liabilities	5,483	4,146
Allowance for retirement benefits for directors and statutory auditors	1,174	1,291
Net defined benefit liability	5,732	5,811
Other	7,124	6,433
Total long-term liabilities	98,203	107,406
Total liabilities	290,882	279,895
Net assets		
Shareholders' equity		
Common stock	20,096	20,096
Capital surplus	18,118	18,137
Retained earnings	55,534	66,174
Treasury stock, at cost	(1,454)	(1,463)
Total shareholders' equity	92,294	102,945
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	12,865	9,939
Deferred gains (losses) on hedges	127	(221)
Foreign currency translation adjustments	3,759	1,966
Remeasurements of defined benefit plans	(40)	152
Total accumulated other comprehensive income	16,712	11,836
Non-controlling interests	8,935	9,802
Total net assets	117,942	124,583
Total liabilities and net assets	408,824	404,479

5. Consolidated Statements of Income

(Unit: million yen)

	FY2014 (Apr 1, 2014 - Mar 31, 2015)	FY2015 (Apr 1, 2015 - Mar 31, 2016)
Net sales	691,902	616,201
Cost of sales	550,868	462,145
Gross profit	141,034	154,055
Selling, general and administrative expenses		
Transportation cost	22,208	22,299
Provision for allowance for doubtful accounts	(3)	82
Salaries, wages and bonuses	34,211	35,275
Provision for allowance for employees' bonuses	3,965	4,284
Retirement benefits expenses	1,845	1,604
Provision for allowance for retirement benefits to directors and statutory auditors	240	184
Depreciation and amortization	10,261	10,488
Rent expenses	9,521	9,849
Commissions	8,371	8,452
Amortization of goodwill	2,944	3,106
Other	36,292	37,932
Total selling, general and administrative expenses	129,859	133,559
Operating income	11,174	20,496
Non-operating income		
Interest income	237	293
Dividends income	568	762
Foreign exchange gains	568	333
Equity in earnings of nonconsolidated subsidiaries and affiliates	968	602
Other	2,636	2,221
Total non-operating income	4,979	4,213
Non-operating expenses		
Interest expenses	1,843	1,598
Sales discounts	501	475
Other	1,048	1,051
Total non-operating expenses	3,393	3,125
Ordinary income	12,761	21,584

(Unit: million yen)

	FY2014 (Apr 1,2014 - Mar 31, 2015)	FY2015 (Apr 1,2015 - Mar 31, 2016)
Extraordinary income		
Gain on sales of fixed assets	202	319
Gain on sales of investments in securities	288	48
Gain on liquidation of subsidiaries and associates	8	14
Gain on negative goodwill	30	—
Gain on step acquisitions	44	—
Subsidy income	872	2,390
Compensation for transfer	—	216
Total extraordinary income	1,447	2,990
Extraordinary losses		
Loss on sales of fixed assets	65	131
Loss on disposal of fixed assets	407	530
Impairment loss of fixed assets	355	340
Loss on sales of investments in securities	1	4
Loss on valuation of investments in securities	21	309
Loss on valuation of investments in capital	—	47
Retirement benefits for directors and statutory auditors	9	51
Loss on step acquisitions	6	—
Loss on reduction of non-current assets	873	2,378
Total extraordinary losses	1,740	3,793
Income before income taxes and minority interests	12,468	20,781
Current income taxes	5,433	6,261
Deferred income taxes	114	1,185
Total income taxes	5,548	7,447
Net income	6,919	13,334
Profit attributable to non-controlling interests	719	969
Profit attributable to owners of parent	6,199	12,365

6. Consolidated Statements of Comprehensive Income

(Unit: million yen)

	FY2014 (Apr 1, 2014- Mar 31, 2015)	FY2015 (Apr 1, 2015 - Mar 31, 2016)
Net income	6,919	13,334
Other comprehensive income		
Unrealized gains (losses) on securities	6,320	(2,942)
Deferred gains (losses) on hedges	64	(339)
Foreign currency translation adjustments	2,470	(1,704)
Remeasurements of defined benefit plans, net of tax	(3)	241
Share of other comprehensive income of associates accounted for using equity method	328	(307)
Total other comprehensive income	9,181	(5,053)
Comprehensive income	16,100	8,281
Comprehensive income attributable to:		
Owners of the parent	15,212	7,488
Comprehensive income attributable to non-controlling interests	888	792

7.Consolidated Statements of Cash Flows

(Unit: million yen)

	FY2014 (Apr 1, 2014 - Mar 31, 2015)	FY2015 (Apr 1, 2015 - Mar 31, 2016)
Cash flows from operating activities		
Income before income taxes and minority interests	12,468	20,781
Depreciation and amortization	15,060	15,203
Impairment loss of fixed assets	355	340
Amortization of goodwill	2,957	3,113
Gain on negative goodwill	(30)	—
Subsidy income	(872)	(2,390)
Loss on reduction of non-current assets	873	2,378
Increase (decrease) in allowance for doubtful accounts	(90)	(26)
Increase (decrease) in allowance for employees' bonuses	(124)	93
Increase (decrease) in net defined benefit liabilities	49	78
Decrease (increase) in net defined benefit assets	634	79
Increase (decrease) in allowance for retirement benefits to directors and statutory auditors	(16)	28
Interest and dividends income	(806)	(1,055)
Interest expenses	1,843	1,598
Foreign exchange (gains) losses	157	140
Equity in (earnings) losses of nonconsolidated subsidiaries and affiliates	(968)	(602)
Loss (gain) on sales and disposal of fixed assets	269	342
Loss (gain) on sales of investments in securities	(287)	(44)
Loss (gain) on valuation of investments in securities	21	309
Loss (gain) on valuation of investments in capital	—	47
Loss (gain) on liquidation of subsidiaries and associates	—	(14)
Loss (gain) on step acquisitions	(38)	—
Decrease(increase) in notes and accounts receivable-trade	15,866	2,848
Decrease(increase) in inventories	8,426	3,459
Increase (decrease) in notes and accounts payable-trade	(6,585)	(6,962)
Other, net	4,253	2,221
Subtotal	53,417	41,968
Interest and dividends received	760	1,282
Dividends received from equity method subsidiaries and affiliates	184	233
Interest paid	(1,792)	(1,539)
Income taxes paid	(9,561)	(5,844)
Net cash provided by (used in) operating activities	43,008	36,101

(Unit: million yen)

	FY2014 (Apr 1, 2014 - Mar 31, 2015)	FY2015 (Apr 1, 2015 - Mar 31, 2016)
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(17,225)	(22,013)
Proceeds from sales of property, plant and equipment	560	1,098
Payments for purchase of intangible assets	(2,920)	(3,226)
Proceeds from sales of intangible assets	9	34
Payments for purchase of investments in securities	(1,241)	(1,154)
Proceeds from sales and redemption of investments in securities	1,393	162
Proceeds from sales of investments in capital	5	3
Investments in loans receivable	(3,397)	(589)
Collection of loans receivable	2,801	1,094
Other, net	(463)	(498)
Net cash provided by (used in) investing activities	(20,476)	(25,088)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(8,520)	(13,836)
Proceeds from long-term debt	15,543	3,010
Repayments of long-term debt	(26,358)	(26,209)
Proceeds from issuance of bonds	—	30,150
Net (increase) decrease in treasury stock	(49)	(15)
Repayments of lease liabilities	(1,029)	(1,117)
Cash dividends paid	(1,723)	(1,720)
Dividends paid to non-controlling interests	(196)	(213)
Other, net	—	(16)
Net cash provided by (used in) financing activities	(22,335)	(9,969)
Effect of exchange rate changes on cash and cash equivalents	960	(941)
Net increase (decrease) in cash and cash equivalents	1,157	101
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	21,804	22,833

Additional Information

Consolidated

(1) Statements of Income

(Unit: million yen)

	FY2015	FY2014	Change	Rate
Net sales	616,201	691,902	(75,700)	(10.9) %
(Forecast/ Change from forecast)	(700,000)		(83,798)	(12.0) %
Gross profit	154,055	141,034	13,021	9.2 %
Selling, general and administrative expenses	133,559	129,859	3,699	2.8 %
Operating income	20,496	11,174	9,321	83.4 %
(Forecast/ Change from forecast)	(20,700)		(203)	(1.0) %
Interest income	293	237	55	
Dividend income	762	568	194	
Foreign exchange gains, net	333	568	(235)	
Equity in earnings of nonconsolidated subsidiaries and affiliates	602	968	(365)	
Interest expense	(1,598)	(1,843)	244	
Other, net	694	1,086	(391)	
Total non-operating income (loss)	1,088	1,586	(498)	
Ordinary income	21,584	12,761	8,823	69.1 %
(Forecast/ Change from forecast)	(21,000)		(584)	2.8 %
Gain (loss) on sales and disposal of fixed assets	(342)	(269)	(72)	
Impairment loss of fixed assets	(340)	(355)	15	
Gain (loss) on sales and valuation of investments in securities	(297)	274	(572)	
Other, net	177	58	118	
Total extraordinary income (loss)	(802)	(292)	(510)	
Income taxes	(7,447)	(5,548)	(1,898)	
Profit attributable to non-controlling interests	(969)	(719)	(249)	
Profit attributable to owners of parent	12,365	6,199	6,165	99.4 %
(Forecast/ Change from forecast)	(11,000)		(1,365)	12.4 %

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

(2) Financial Position

(Unit: million yen)

	FY2015	FY2014	Change
Total assets	404,479	408,824	(4,345)
Equity capital	114,781	109,007	5,774
Interest-bearing debt, gross*	136,514	141,793	(5,278)
Interest-bearing debt, net*	113,205	119,556	(6,351)
Equity capital ratio	28.4%	26.7%	1.7pt
Ratio of ordinary income to total assets	5.3%	3.1%	2.2pt
Ratio of net income to equity capital	11.1%	6.1%	5.0pt
Ratio of interest-bearing debt to total assets	33.7%	34.7%	(0.9pt)
Debt-to-equity ratio, gross	1.18	1.30	(0.12pt)
Debt-to-equity ratio, net	0.98	1.09	(0.11pt)

* Interest-bearing debt include lease liabilities in the amount of ¥4,880million.

(3) Statements of Cash Flows

(Unit: million yen)

	FY2015	FY2014	Change
Cash flows from operating activities	36,101	43,008	(6,907)
Cash flows from investing activities	(25,088)	(20,476)	(4,611)
Free cash flow	11,013	22,532	(11,518)
Cash flows from financing activities	(9,969)	(22,335)	12,365
Effect of exchange rate changes	(941)	960	(1,902)
Net increase (decrease) in cash and cash equivalents	101	1,157	(1,055)
Borrowings and repayments	(37,035)	(19,335)	(17,699)
Issuance of bonds	30,150	—	30,150
Dividends	(1,934)	(1,920)	(14)

◎ 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: 10 - total: 111 → 103

Impact of changes in scope of consolidation: Little

(4) Segment Information

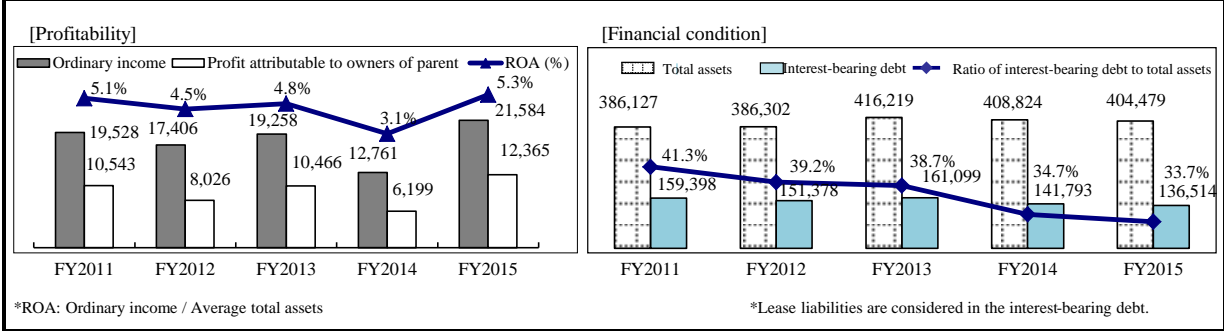
(Unit: million yen)

	FY2015	FY2014	Change	Rate	
Energy	Net sales	289,422	365,592	(76,169)	(20.8) %
	Operating income	9,049	2,347	6,701	285.4
Industrial Gases & Machinery	Net sales	164,459	162,275	2,184	1.3 %
	Operating income	7,624	6,324	1,299	20.5 %
Materials	Net sales	125,918	128,034	(2,115)	(1.7) %
	Operating income	3,846	2,647	1,199	45.3 %
Agri-Bio & Foods	Net sales	28,567	27,286	1,280	4.7 %
	Operating income	1,246	727	519	71.5 %
Others, Adjustments	Net sales	7,832	8,712	(880)	(10.1) %
	Operating income	(1,270)	(872)	(398)	—
Total	Net sales	616,201	691,902	(75,700)	(10.9) %
	Operating income	20,496	11,174	9,321	83.4 %

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

(5) Major Financial Indicators (5 years)

(Unit: million yen)



(6) Results Forecast for FY2016

(Unit: million yen)

	Forecast for FY2016	FY2015	Change	
			Change	Rate
Net sales	600,000	616,201	(16,201)	(2.6) %
Energy	270,000	289,422	(19,422)	(6.7) %
Industrial Gases & Machinery	165,000	164,459	540	0.3 %
Materials	126,000	125,918	81	0.1 %
Agri-Bio & Foods	31,000	28,567	2,432	8.5 %
Others, Adjustments	8,000	7,832	167	2.1 %
Operating income	21,000	20,496	503	2.5 %
Energy	12,300	9,049	3,250	35.9 %
Industrial Gases & Machinery	6,500	7,624	(1,124)	(14.7) %
Materials	3,400	3,846	(446)	(11.6) %
Agri-Bio & Foods	1,100	1,246	(146)	(11.8) %
Others, Adjustments	(2,300)	(1,270)	(1,029)	—
Ordinary income	22,000	21,584	415	1.9 %
Profit attributable to owners of parent	13,000	12,365	634	5.1 %

(7) Capital Expenditure

(Unit: million yen)

	FY2014	FY2015	FY2016 (Plan)
Capital expenditure*	21,452	24,830	27,000
Energy	5,948	6,227	7,200
Industrial Gases & Machinery	10,741	12,994	10,700
Materials	521	750	3,200
Agri-bio & Foods	168	469	800
Others, Adjustments	4,073	4,387	5,100

* Figures for capital expenditure totalize fixed assets, intangible assets (doorwill excluded), and investments in securities.
* The capital expenditure for hydrogen stations is included in Industrial Gases & Machinery.

(8) LPG and Industrial Gases Net Sales · Sales Volume

		FY2015	FY2014	Change	
				Change	Rate
Domestic residential use	Sales volume (thousand tons)	1,443	1,534	(90)	(5.9%)
	Net sales (million yen)	141,707	181,924	(40,217)	(22.1%)
Domestic industrial use	Sales volume (thousand tons)	281	284	(2)	(0.8%)
	Net sales (million yen)	19,545	26,793	(7,247)	(27.0%)
Overseas	Sales volume (thousand tons)	651	693	(41)	(6.0%)
	Net sales (million yen)	28,746	50,230	(21,484)	(42.8%)
LPG total	Sales volume (thousand tons)	2,377	2,512	(134)	(5.4%)
	Net sales (million yen)	189,999	258,947	(68,948)	(26.6%)
Various industrial gases	Net sales (million yen)	90,147	89,118	1,028	1.2%

*Barter transactions in domestic residential use LPG decreased by the volume of 29 thousand tons in comparison with FY2014.

(9) LPG Import Price (CP)

