



**Overview of Business Results**  
**for the 1st Quarter of Fiscal Year Ending March 31, 2017 (1Q FY2016)**  
**[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 12, 2016  
 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 2017**  
**(For the period from April 1, 2016 to June 30, 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 (loss) attributable to owners of parent |        |
|-----------|-------------|--------|------------------|--------|-----------------|--------|--|--------|
|           | million yen | %      | million yen      | %      | million yen     | %      | million yen                                    | %      |
| 1Q FY2016 | 131,553     | (12.7) | 3,013            | (27.9) | 3,186           | (31.6) | 1,883  | (30.8) |
| 1Q FY2015 | 150,713     | (5.7)  | 4,177            | —      | 4,658           | —      | 2,720  | —      |

(Notes) Comprehensive income: 1Q FY2016 (600)million yen ( - %) 1Q FY2015 5,550 million yen (536.3%)

|           | Net income per share | Net income per share after dilution |
|-----------|----------------------|-------------------------------------|
|           | yen                  | yen                                 |
| 1Q FY2016 | 7.65                 | 6.55                                |
| 1Q FY2015 | 11.05                | —                                   |

(2) Consolidated Financial Position

|           | Total assets | Net assets  | Equity capital ratio |
|-----------|--------------|-------------|----------------------|
|           | million yen  | million yen | %                    |
| 1Q FY2016 | 383,435      | 121,963     | 29.2                 |
| FY2015    | 404,479      | 124,583     | 28.4                 |

(Reference) Equity capital: 1Q FY2016 112,144 million yen FY2015 114,781 million yen

**2. Dividends**

|                   | Dividend per share |        |        |          |        |
|-------------------|--------------------|--------|--------|----------|--------|
|                   | 1Q End             | 2Q End | 3Q End | Year-end | Annual |
|                   | yen                | yen    | yen    | yen      | yen    |
| FY2015            | —                  | —      | —      | 8.00     | 8.00   |
| FY2016            | —                  | —      | —      | —        | —      |
| FY2016 (Forecast) | —                  | —      | —      | 8.00     | 8.00   |

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

**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 (loss) 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                |

(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 | 1Q FY2016 | <b>251,365,028</b> | FY2015    | <b>251,365,028</b> |
| ② | 1Q FY2016 | <b>5,284,592</b>   | FY2015    | <b>5,282,495</b>   |
| ③ | 1Q FY2016 | <b>246,081,060</b> | 1Q FY2015 | <b>246,092,997</b> |

\*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)

|                                     | FY2015<br>(As of Mar 31, 2016) | 1Q FY2016<br>(As of Jun 30, 2016) |
|-------------------------------------|--------------------------------|-----------------------------------|
| <b>Assets</b>                       |                                |                                   |
| Current assets                      |                                |                                   |
| Cash and deposits                   | 23,309                         | 21,781                            |
| Notes and accounts receivable-trade | 103,624                        | 87,893                            |
| Merchandise and finished goods      | 26,886                         | 25,604                            |
| Work - in - process                 | 2,715                          | 3,292                             |
| Raw materials and supplies          | 4,059                          | 3,934                             |
| Other                               | 15,985                         | 12,446                            |
| Allowance for doubtful accounts     | (701)                          | (386)                             |
| Total current assets                | 175,878                        | 154,567                           |
| Fixed assets                        |                                |                                   |
| Property, plant and equipment       |                                |                                   |
| Land                                | 57,161                         | 57,325                            |
| Other, net                          | 87,842                         | 91,381                            |
| Total property, plant and equipment | 145,003                        | 148,706                           |
| Intangible assets                   |                                |                                   |
| Goodwill                            | 14,087                         | 13,929                            |
| Other                               | 2,788                          | 2,728                             |
| Total intangible assets             | 16,876                         | 16,658                            |
| Investments and other assets        |                                |                                   |
| Investments in securities           | 53,524                         | 50,631                            |
| Other                               | 14,010                         | 13,682                            |
| Allowance for doubtful accounts     | (813)                          | (812)                             |
| Total investments and other assets  | 66,721                         | 63,502                            |
| Total fixed assets                  | 228,601                        | 228,867                           |
| Total assets                        | 404,479                        | 383,435                           |

(Unit: million yen)

|  | FY2015<br>(As of Mar 31, 2016) | 1Q FY2016<br>(As of Jun 30, 2016) |
|--|--------------------------------|-----------------------------------|
| <b>Liabilities</b>   |                                |                                   |
| <b>Current liabilities</b>   |                                |                                   |
| Notes and accounts payable-trade                                       | 76,464                         | 53,650                            |
| Electronically recorded obligations - operating                        | 14,487                         | 19,297                            |
| Short-term borrowings  | 23,430                         | 30,606                            |
| Income taxes payable   | 3,567                          | 1,306                             |
| Accrued bonuses  | 4,491                          | 3,011                             |
| Other  | 50,047                         | 47,042                            |
| <b>Total current liabilities</b>                                       | <b>172,489</b>                 | <b>154,915</b>                    |
| <b>Long-term liabilities</b>   |                                |                                   |
| Bonds  | 38,136                         | 38,129                            |
| Long-term borrowings   | 47,598                         | 47,163                            |
| Allowance for retirement benefits for directors and statutory auditors | 1,291                          | 1,263                             |
| Net defined benefit liability  | 5,811                          | 5,484                             |
| Other  | 14,568                         | 14,515                            |
| <b>Total long-term liabilities</b>                                     | <b>107,406</b>                 | <b>106,555</b>                    |
| <b>Total liabilities</b>   | <b>279,895</b>                 | <b>261,471</b>                    |
| <b>Net assets</b>  |                                |                                   |
| <b>Shareholders' equity</b>  |                                |                                   |
| Common stock   | 20,096                         | 20,096                            |
| Capital surplus  | 18,137                         | 18,141                            |
| Retained earnings  | 66,174                         | 66,186                            |
| Treasury stock, at cost  | (1,463)                        | (1,464)                           |
| <b>Total shareholders' equity</b>                                      | <b>102,945</b>                 | <b>102,959</b>                    |
| <b>Accumulated other comprehensive income</b>                          |                                |                                   |
| Unrealized gains (losses) on securities                                | 9,939                          | 8,261                             |
| Deferred gains (losses) on hedges                                      | (221)                          | (464)                             |
| Foreign currency translation adjustments                               | 1,966                          | 1,231                             |
| Remeasurements of defined benefit plans                                | 152                            | 157                               |
| <b>Total accumulated other comprehensive income</b>                    | <b>11,836</b>                  | <b>9,185</b>                      |
| Non-controlling interests  | 9,802                          | 9,819                             |
| <b>Total net assets</b>  | <b>124,583</b>                 | <b>121,963</b>                    |
| <b>Total liabilities and net assets</b>                                | <b>404,479</b>                 | <b>383,435</b>                    |

## 5. Quarterly Consolidated Statements of Income

(Unit: million yen)

|   | 1Q FY2015<br>(Apr 1, 2015- Jun 30, 2015) | 1Q FY2016<br>(Apr 1, 2016 - Jun 30, 2016) |
|---|--|---|
| Net sales   | 150,713                                  | 131,553                                   |
| Cost of sales   | 113,956                                  | 94,799                                    |
| Gross profit  | 36,756                                   | 36,753                                    |
| Selling, general and administrative expenses  |  |   |
| Transportation cost   | 5,395                                    | 5,311                                     |
| Provision for allowance for doubtful accounts                                       | (43)                                     | (8)                                       |
| Salaries, wages and bonuses   | 7,801                                    | 8,076                                     |
| Provision for allowance for employees' bonuses                                      | 2,135                                    | 2,220                                     |
| Retirement benefits expenses  | 497                                      | 410                                       |
| Provision for allowance for retirement benefits to directors and statutory auditors | 29                                       | 74  |
| Other   | 16,761                                   | 17,655                                    |
| Total selling, general and administrative expenses                                  | 32,578                                   | 33,740                                    |
| Operating income  | 4,177                                    | 3,013                                     |
| Non-operating income  |  |   |
| Interest income   | 65                                       | 57  |
| Dividends income  | 348                                      | 317                                       |
| Foreign exchange gains  | 194                                      | —   |
| Equity in earnings of nonconsolidated subsidiaries and affiliates                   | 24                                       | 59  |
| Other   | 471                                      | 463                                       |
| Total non-operating income  | 1,104                                    | 898                                       |
| Non-operating expenses  |  |   |
| Interest expenses   | 423                                      | 309                                       |
| Foreign exchange losses   | —  | 96  |
| Other   | 199                                      | 319                                       |
| Total non-operating expenses  | 622                                      | 725                                       |
| Ordinary income   | 4,658                                    | 3,186                                     |
| Extraordinary income  |  |   |
| Gain on sales of fixed assets   | 42                                       | 33  |
| Gain on sales of investments in securities  | 23                                       | 57  |
| Subsidy income  | 448                                      | 845                                       |
| Total extraordinary income  | 514                                      | 935                                       |
| Extraordinary losses  |  |   |
| Loss on sales of fixed assets   | 25                                       | 1   |
| Loss on disposal of fixed assets  | 138                                      | 31  |
| Loss on sales of investments in securities  | 0  | —   |
| Loss on valuation of investments in securities                                      | —  | 45  |
| Loss on sales of investments in capital of subsidiaries and associates              | —  | 37  |
| Loss on valuation of investments in capital   | 67                                       | —   |
| Impairment loss of fixed assets   | 1  | —   |
| Retirement benefits for directors and statutory auditors                            | 10                                       | 5   |
| Loss on reduction of non-current assets   | 440                                      | 833                                       |
| Total extraordinary losses  | 683                                      | 954                                       |
| Income before income taxes and minority interests                                   | 4,489                                    | 3,167                                     |
| Income taxes  | 1,537                                    | 1,041                                     |
| Net income  | 2,951                                    | 2,126                                     |
| Profit attributable to non-controlling interests                                    | 231                                      | 242                                       |
| Profit attributable to owners of parent   | 2,720                                    | 1,883                                     |

**6. Quarterly Consolidated Statements of Comprehensive Income**

(Unit: million yen)

|   | 1Q FY2015<br>(Apr 1, 2015- Jun 30, 2015) | 1Q FY2016<br>(Apr 1, 2016 - Jun 30, 2016) |
|---|--|---|
| Net income  | 2,951                                    | 2,126                                     |
| Other comprehensive income  |  |   |
| Unrealized gains (losses) on securities   | 2,668                                    | (1,661)                                   |
| Deferred gains (losses) on hedges   | (6)                                      | (241)                                     |
| Foreign currency translation adjustments  | (290)                                    | (747)                                     |
| Remeasurements of defined benefit plans, net of tax                                 | 385                                      | 6   |
| Share of other comprehensive income of associates accounted for using equity method | (158)                                    | (82)                                      |
| Total other comprehensive income  | 2,598                                    | (2,726)                                   |
| Comprehensive income  | 5,550                                    | (600)                                     |
| Comprehensive income attributable to:   |  |   |
| Owners of the parent  | 5,312                                    | (767)                                     |
| Non-controlling interests   | 237                                      | 167                                       |

## Additional Information

## Results for 1Q FY 2016

## Consolidated

## (1) Consolidated Statements of Income

(Unit: billion yen)

|   | 1Q FY2016<br>Apr-Jun 2016 | 1Q FY2015<br>Apr-Jun 2015 | Change | Rate     |
|---|---------------------------|---------------------------|--------|----------|
|   |                           |                           |        |          |
| Net sales                               | 131.5                     | 150.7                     | (19.1) | (12.7) % |
| Gross profit                            | 36.7                      | 36.7                      | (0.0)  | (0.0) %  |
| Operating income                        | 3.0                       | 4.1                       | (1.1)  | (27.9) % |
| Ordinary income                         | 3.1                       | 4.6                       | (1.4)  | (31.6) % |
| Profit attributable to owners of parent | 1.8                       | 2.7                       | (0.8)  | (30.8) % |

## (2) Segment Information

(Unit: billion yen)

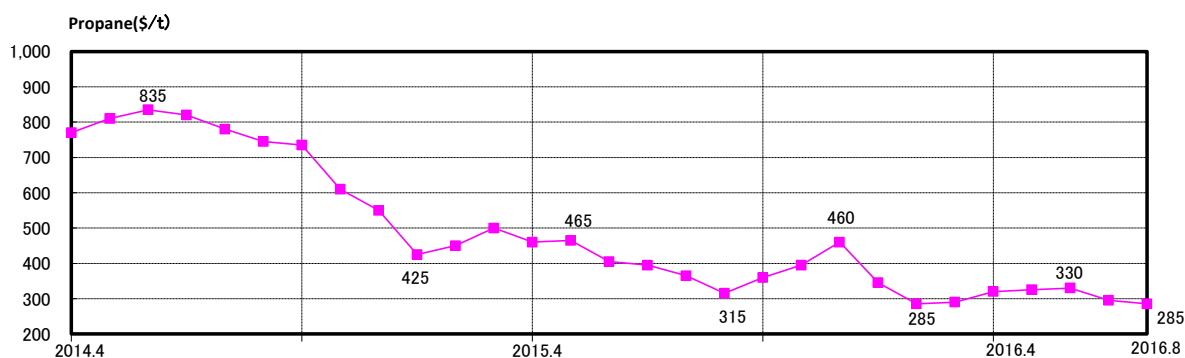
|                              |  | 1Q FY2016<br>Apr-Jun 2016 | 1Q FY2015<br>Apr-Jun 2015 | Change | Rate     |
|------------------------------|--|---------------------------|---------------------------|--------|----------|
|                              |  |                           |                           |        |          |
| Energy                       | Net sales (Sales to outside customers) | 58.5                      | 72.8                      | (14.3) | (19.6) % |
|                              | Operating income                       | 1.9                       | 1.5                       | 0.4    | 26.2 %   |
| Industrial Gases & Machinery | Net sales (Sales to outside customers) | 38.0                      | 38.3                      | (0.3)  | (0.8) %  |
|                              | Operating income                       | 0.6                       | 0.9                       | (0.2)  | (31.1) % |
| Materials                    | Net sales (Sales to outside customers) | 26.4                      | 30.5                      | (4.0)  | (13.4) % |
|                              | Operating income                       | 0.5                       | 1.0                       | (0.5)  | (51.7) % |
| Agri-Bio & Foods             | Net sales (Sales to outside customers) | 6.1                       | 6.8                       | (0.6)  | (9.9) %  |
|                              | Operating income                       | 0.2                       | 0.5                       | (0.2)  | (43.0) % |
| Others, Adjustments          | Net sales (Sales to outside customers) | 2.3                       | 2.1                       | 0.2    | 10.1 %   |
|                              | Operating income                       | (0.3)                     | 0.1                       | (0.5)  | —        |

## (3) LPG and Industrial Gases Net Sales - Sales Volume

|                          |                              | 1Q FY2016 | 1Q FY2015 | Change | Rate     |
|--------------------------|------------------------------|-----------|-----------|--------|----------|
|                          |                              |           |           |        |          |
| Domestic residential use | Sales volume (thousand tons) | 331       | 352       | (21)   | (6.1) %  |
|                          | Net sales (billion yen)      | 30.4      | 38.3      | (7.8)  | (20.4) % |
| Domestic industrial use  | Sales volume (thousand tons) | 64        | 68        | (4)    | (6.4) %  |
|                          | Net sales (billion yen)      | 3.7       | 5.2       | (1.5)  | (29.4) % |
| Overseas                 | Sales volume (thousand tons) | 152       | 148       | 3      | 2.6 %    |
|                          | Net sales (billion yen)      | 5.3       | 8.1       | (2.7)  | (33.6) % |
| LPG total                | Sales volume (thousand tons) | 547       | 569       | (22)   | (3.9) %  |
|                          | Net sales (billion yen)      | 39.6      | 51.7      | (12.1) | (23.4) % |
| Various Industrial gases | Net sales (billion yen)      | 21.6      | 22.2      | (0.5)  | (2.5) %  |

\*Barter transactions in domestic residential use LPG decreased by the the volume of 3 thousand tons in comparison with 1Q FY2015.

## (4) LPG Import Price (CP)



**(5)Financial Position (Unit: billion yen)**

|  | 1Q FY2016end | FY2015 end | Change |
|--|--------------|------------|--------|
| Total assets                                   | 383.4        | 404.4      | (21.0) |
| Equity capital                                 | 112.1        | 114.7      | (2.6)  |
| Interest-bearing debt, gross*                  | 142.9        | 136.5      | 6.4    |
| Interest-bearing debt, net*                    | 121.1        | 113.2      | 7.9    |
| Equity capital ratio                           | 29.2%        | 28.4%      | 0.9pt  |
| Ratio of interest-bearing debt to total assets | 37.3%        | 33.7%      | 3.5pt  |
| Debt-to-equity ratio, gross                    | 1.27         | 1.18       | 0.09pt |
| Debt-to-equity ratio, net                      | 1.08         | 0.98       | 0.10pt |

\* Interest-bearing debt include lease liabilities in the amount of ¥5.2 billion.

**(6)Capital Expenditure (Unit: billion yen)**

|                              | 1Q FY2016  | FY2016 (Plan) |
|------------------------------|------------|---------------|
| Energy                       | 4.9        | 7.2           |
| Industrial Gases & Machinery | 2.9        | 10.7          |
| Materials                    | 0.1        | 3.2           |
| Agri-bio & Foods             | 0.2        | 0.8           |
| Others, Adjustments          | 0.9        | 5.1           |
| <b>Capital expenditure</b>   | <b>9.2</b> | <b>27.0</b>   |
| <b>Depreciation expense</b>  | <b>3.8</b> | <b>15.0</b>   |

\* Figures for capital expenditure totalize fixed assets, intangible assets (doorwill excluded), and investments in securities.

**(7)Changes in Subsidiaries Resulting in Changes in Scope of Consolidation**

|  |
|--|
| Consolidated subsidiaries<br>new: 3 excluded: 6 total: 111 → 108                 |
| Equity method subsidiaries and affiliates<br>new: 1 excluded: 4 total: 103 → 100 |
| Impact of changes in scope of consolidation: Little                              |

**Non-consolidated****(8)Non-consolidated Statements of Income (Unit: billion yen)**

|                  | 1Q FY2016      | 1Q FY2015      | Change | Rate   |   |
|------------------|----------------|----------------|--------|--------|---|
|                  | (Apr-Jun 2016) | (Apr-Jun 2015) |        |        |   |
| Net sales        | 86.2           | 101.7          | (15.4) | (15.2) | % |
| Operating income | (0.5)          | 0.2            | (0.7)  | —      | % |
| Ordinary income  | 1.4            | 1.9            | (0.5)  | (26.6) | % |
| Net income       | 1.4            | 1.5            | (0.0)  | (5.5)  | % |

**(9)Financial Position (Unit: billion yen)**

|                      | 1Q FY2016 | FY2015 end | Change |
|----------------------|-----------|------------|--------|
| Total assets         | 266.9     | 279.8      | (12.8) |
| Equity capital       | 73.0      | 75.4       | (2.3)  |
| Equity capital ratio | 27.4%     | 26.9%      | 0.4pt  |