

**Overview of Business Results**  
**for the 3rd Quarter of Fiscal Year Ending March 31, 2017 (3Q 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: February 13, 2017  
 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 3rd Quarter of Fiscal Year Ending March 2017**  
**(For the period from April 1, 2016 to December 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 (loss) attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
3Q FY2016	411,876	(9.7)	11,668	0.7	13,036	7.7	7,916	22.0
3Q FY2015	455,884	(10.3)	11,584	141.9	12,103	106.3	6,488	84.0

(Notes) Comprehensive income: 3Q FY2016 **10,342** million yen ( **55.1%** ) 3Q FY2015 **6,669** million yen ( **(24.6%)** )

	Net income per share	Net income per share after dilution
	yen	yen
3Q FY2016	32.17	27.56
3Q FY2015	26.36	25.27

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
3Q FY2016	417,342	132,882	29.4
FY2015	404,479	124,583	28.4

(Reference) Equity capital: 3Q FY2016 **122,752** 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	—	—	—	8.00	8.00
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
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	3Q FY2016	<b>251,365,028</b>	FY2015	<b>251,365,028</b>
②	3Q FY2016	<b>5,296,435</b>	FY2015	<b>5,282,495</b>
③	3Q FY2016	<b>246,075,182</b>	3Q FY2015	<b>246,084,396</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 (As of Mar 31, 2016)	3Q FY2016 (As of Dec 31, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	23,309	17,974
Notes and accounts receivable-trade	103,624	104,653
Merchandise and finished goods	26,886	27,468
Work - in - process	2,715	4,769
Raw materials and supplies	4,059	3,341
Other	15,985	13,985
Allowance for doubtful accounts	(701)	(376)
Total current assets	175,878	171,816
Fixed assets		
Property, plant and equipment		
Land	57,161	58,968
Other, net	87,842	95,290
Total property, plant and equipment	145,003	154,259
Intangible assets		
Goodwill	14,087	13,017
Other	2,788	2,734
Total intangible assets	16,876	15,752
Investments and other assets		
Investments in securities	53,524	62,827
Other	14,010	13,502
Allowance for doubtful accounts	(813)	(815)
Total investments and other assets	66,721	75,514
Total fixed assets	228,601	245,526
Total assets	404,479	417,342

(Unit: million yen)

	FY2015 (As of Mar 31, 2016)	3Q FY2016 (As of Dec 31, 2016)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	76,464	66,516
Electronically recorded obligations - operating	14,487	22,618
Short-term borrowings	23,430	30,345
Income taxes payable	3,567	1,745
Accrued bonuses	4,491	2,313
Other	50,047	46,883
Total current liabilities	172,489	170,422
Long-term liabilities		
Bonds	38,136	38,114
Long-term borrowings	47,598	52,551
Allowance for retirement benefits for directors and statutory auditors	1,291	1,322
Net defined benefit liability	5,811	5,536
Other	14,568	16,515
Total long-term liabilities	107,406	114,038
Total liabilities	279,895	284,460
Net assets		
Shareholders' equity		
Common stock	20,096	20,096
Capital surplus	18,137	18,107
Retained earnings	66,174	72,219
Treasury stock, at cost	(1,463)	(1,471)
Total shareholders' equity	102,945	108,951
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	9,939	15,284
Deferred gains (losses) on hedges	(221)	48
Foreign currency translation adjustments	1,966	(1,694)
Remeasurements of defined benefit plans	152	161
Total accumulated other comprehensive income	11,836	13,800
Non-controlling interests	9,802	10,130
Total net assets	124,583	132,882
Total liabilities and net assets	404,479	417,342

## 5. Quarterly Consolidated Statements of Income

(Unit: million yen)

	3Q FY2015 (Apr 1, 2015 - Dec 31, 2015)	3Q FY2016 (Apr 1, 2016 - Dec 31, 2016)
Net sales	455,884	411,876
Cost of sales	345,128	298,879
Gross profit	110,755	112,997
Selling, general and administrative expenses		
Transportation cost	16,299	16,340
Provision for allowance for doubtful accounts	26	18
Salaries, wages and bonuses	27,518	28,249
Provision for allowance for employees' bonuses	2,211	2,105
Retirement benefits expenses	1,359	1,186
Provision for allowance for retirement benefits to directors and statutory auditors	127	190
Other	51,627	53,237
Total selling, general and administrative expenses	99,170	101,329
Operating income	11,584	11,668
Non-operating income		
Interest income	208	179
Dividends income	642	645
Foreign exchange gains	324	124
Equity in earnings of nonconsolidated subsidiaries and affiliates	264	511
Other	1,432	1,643
Total non-operating income	2,872	3,104
Non-operating expenses		
Interest expenses	1,247	914
Other	1,106	821
Total non-operating expenses	2,353	1,735
Ordinary income	12,103	13,036
Extraordinary income		
Gain on sales of fixed assets	172	108
Gain on sales of investments in securities	27	58
Gain on liquidation of subsidiaries and associates	14	-
Gain on step acquisitions	-	123
Subsidy income	853	847
Total extraordinary income	1,068	1,138
Extraordinary losses		
Loss on sales of fixed assets	44	32
Loss on disposal of fixed assets	337	82
Impairment loss of fixed assets	300	6
Loss on sales of investments in securities	2	-
Loss on valuation of investments in securities	171	-
Loss on sales of investments in capital of subsidiaries and associates	-	37
Loss on valuation of investments in capital	47	-
Retirement benefits for directors and statutory auditors	30	5
Loss on reduction of non-current assets	845	835
Total extraordinary losses	1,779	1,000
Income before income taxes and minority interests	11,393	13,174
Income taxes	4,337	4,591
Net income	7,056	8,582
Profit attributable to non-controlling interests	568	666
Profit attributable to owners of parent	6,488	7,916

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

(Unit: million yen)

	3Q FY2015 (Apr 1, 2015 - Dec 31, 2015)	3Q FY2016 (Apr 1, 2016 - Dec 31, 2016)
Net income	7,056	8,582
Other comprehensive income		
Unrealized gains (losses) on securities	995	5,342
Deferred gains (losses) on hedges	(149)	256
Foreign currency translation adjustments	(1,392)	(3,716)
Remeasurements of defined benefit plans, net of tax	408	12
Share of other comprehensive income of associates accounted for using equity method	(248)	(135)
Total other comprehensive income	(386)	1,759
Comprehensive income	6,669	10,342
Comprehensive income attributable to:		
Owners of the parent	6,198	9,881
Non-controlling interests	471	461

## Additional Information

## Results for 3Q FY 2016

## Consolidated

## (1) Consolidated Statements of Income

(Unit: billion yen)

	3Q FY2016 Apr-Dec 2016	3Q FY2015 Apr-Dec 2015	Change	Rate		FY2016 (Forecast)
					%	
Net sales	411.8	455.8	(44.0)	(9.7)	%	600.0
Gross profit	112.9	110.7	2.2	2.0	%	—
Operating income	11.6	11.5	0.0	0.7	%	21.0
Ordinary income	13.0	12.1	0.9	7.7	%	22.0
Profit attributable to owners of parent	7.9	6.4	1.4	22.0	%	13.0

## (2) Segment Information

(Unit: billion yen)

		3Q FY2016 Apr-Dec 2016	3Q FY2015 Apr-Dec 2015	Change	Rate		FY2016 (Forecast)
						%	
Energy	Net sales (Sales to outside customers)	183.3	212.6	(29.2)	(13.8)	%	270.0
	Operating income	5.9	3.2	2.7	85.2	%	12.3
Industrial Gases & Machinery	Net sales (Sales to outside customers)	118.6	120.2	(1.6)	(1.3)	%	165.0
	Operating income	4.5	5.3	(0.8)	(15.5)	%	6.5
Materials	Net sales (Sales to outside customers)	84.7	95.5	(10.8)	(11.3)	%	126.0
	Operating income	2.0	2.7	(0.6)	(24.9)	%	3.4
Agri-Bio & Foods	Net sales (Sales to outside customers)	19.5	21.2	(1.7)	(8.2)	%	31.0
	Operating income	0.9	1.1	(0.2)	(20.0)	%	1.1
Others, Adjustments	Net sales (Sales to outside customers)	5.5	6.1	(0.5)	(9.5)	%	8.0
	Operating income	(1.7)	(0.8)	(0.8)	—		(2.3)

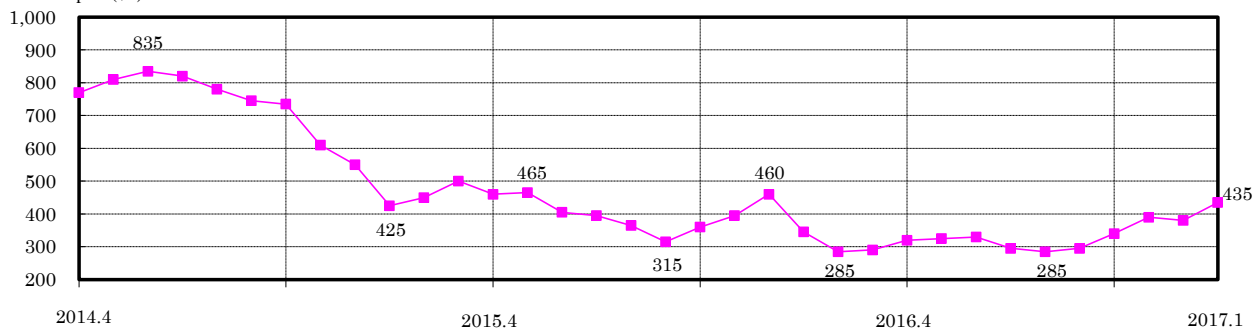
## (3) LPG and Industrial Gases Net Sales - Sales Volume

		3Q FY2016	3Q FY2015	Change	Rate
Domestic residential use	Sales volume (thousand tons)	969	1,009	(39)	(4.0) %
	Net sales (billion yen)	85.7	102.4	(16.7)	(16.3) %
Domestic industrial use	Sales volume (thousand tons)	199	203	(3)	(1.8) %
	Net sales (billion yen)	11.4	14.6	(3.1)	(21.5) %
Overseas	Sales volume (thousand tons)	501	503	(2)	(0.4) %
	Net sales (billion yen)	18.2	23.3	(5.0)	(21.7) %
LPG total	Sales volume (thousand tons)	1,670	1,715	(45)	(2.7) %
	Net sales (billion yen)	115.5	140.4	(24.9)	(17.7) %
Various Industrial gases	Net sales (billion yen)	67.6	67.9	(0.2)	(0.4) %

\*Barter transactions in domestic residential use LPG decreased by the the volume of 13 thousand tons in comparison with 3Q FY2015.

## (4) LPG Import Price (CP)

Propane(\$/t)



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

	3Q FY2016 end	FY2015 end	Change
Total assets	417.3	404.4	12.8
Equity capital	122.7	114.7	7.9
Interest-bearing debt, gross*	143.1	136.5	6.6
Interest-bearing debt, net*	125.1	113.2	11.9
Equity capital ratio	29.4%	28.4%	1.0pt
Ratio of interest-bearing debt to total assets	34.3%	33.7%	0.6pt
Debt-to-equity ratio, gross	1.16	1.18	(0.02)pt
Debt-to-equity ratio, net	1.01	0.98	0.03pt

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

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

	3Q FY2016	FY2016 (Plan)
Energy	9.3	7.2
Industrial Gases & Machinery	6.9	10.7
Materials	0.6	3.2
Agri-Bio & Foods	0.6	0.8
Others, Adjustments	8.9	5.1
<b>Capital expenditure</b>	<b>26.5</b>	<b>27.0</b>
<b>Depreciation expense</b>	<b>11.9</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 new: 3 excluded: 8 total: 111 → 106
Equity method subsidiaries and affiliates new: 8 excluded: 8 total: 103 → 103
Impact of changes in scope of consolidation: Little

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

	3Q FY2016 (Apr-Dec 2016)	3Q FY2015 (Apr-Dec 2015)	Change	Rate
Net sales	282.6	311.6	(29.0)	(9.3) %
Operating income	3.2	1.9	1.3	68.7 %
Ordinary income	6.1	3.7	2.3	63.7 %
Net income	4.4	2.3	2.1	89.1 %

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

	3Q FY2016 end	FY2015 end	Change
Total assets	301.3	279.8	21.5
Equity capital	83.1	75.4	7.7
Equity capital ratio	27.6%	26.9%	0.7pt