



**Overview of Business Results**  
**for the 2nd Quarter of Fiscal Year Ending March 31, 2018 (2Q FY2017)**  
**[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: Mitsuhiro Tanimoto, President  
 Date of filing financial report: November 13, 2017  
 Quarterly earnings supplementary explanatory documents: **Yes**  
 Quarterly earnings presentation : **Yes**

Note: Figures less than 1 million are rounded down

**1. Consolidated Financial Results for the 2nd Quarter of Fiscal Year Ending March 2018**  
**(For the period from April 1, 2017 to September 30, 2017)**

(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 FY2017	298,154	13.0	7,029	17.5	8,141	23.7	4,588	19.8
2Q FY2016	263,857	(12.5)	5,983	(5.8)	6,582	(3.7)	3,829	7.0

(Notes) Comprehensive income: 2Q FY2017 8,461 million yen ( 587.4% ) 2Q FY2016 1,230million yen ( (51.8%) )

	Net income per share	Net income per share after dilution
	yen	yen
2Q FY2017	93.24	79.87
2Q FY2016	77.82	66.63

(Notes) On October 1, 2017, the company carried out a share consolidation at a ratio of one share for five shares of the Company's common stock. Accordingly, "Net income per share" and "Net income per share after dilution" have been recalculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio
	million yen	million yen	%
2Q FY2017	435,209	151,315	32.3
FY2016	434,690	144,879	30.9

(Reference) Equity capital: 2Q FY2017 140,546 million yen FY2016 134,415 million yen

**2. Dividends**

	Dividend per share				
	1Q End	2Q End	3Q End	Year-end	Annual
	yen	yen	yen	yen	yen
FY2016	—	—	—	8.00	8.00
FY2017	—	—	—	—	—
FY2017 (Forecast)	—	—	—	40.00	40.00

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

On October 1, 2017, the company carried out a share consolidation at a ratio of one share for five shares of the Company's common stock. Accordingly, figures for year-end dividends per share for fiscal year ending March 31, 2018(forecast) are amounts that taken into account the consolidation of shares.

**3. Consolidated Results Forecast for FY2017 (April 1, 2017 – March 31, 2018)**

(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
FY2017	685,000	16.5	25,100	0.2	26,100	(2.7)	15,900	(3.9)	323.09

(Notes) Revisions to the consolidated results forecasts announced most recently: **None**

Figures for year-end net income per share for fiscal year ending March 31, 2018(forecast) are amounts that take into account the consolidation of shares.

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: **None**  
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 FY2017	50,273,005	FY2016	50,273,005
②	2Q FY2017	1,062,391	FY2016	1,061,235
③	2Q FY2017	49,211,479	2Q FY2016	49,215,540

(Notes) On October 1, 2017, the company carried out a share consolidation at a ratio of one share for five shares of the Company's common stock. Accordingly, "① Number of outstanding shares (common stock) at end of period (Treasury stocks are included)", "② Number of treasury stock at end of period" and "③ Average number of shares outstanding" have been recalculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year.

\*This Overview of Business Results is exempt from quarterly review based upon the Financial Instruments and Exchange Act.

\*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.

The Company carried out a share consolidation at a ratio of one share for five shares of the Company's common stock on the effective date of October 1, 2017, following approval of a proposal for the consolidation of shares at the 74th Ordinary General Meeting of Shareholders held on June 28, 2017. Accordingly, the dividend outlook and forecast for operating results in the year ending March 31, 2018 excluding the impact of the consolidation of shares are as follows.

- Dividend outlook for the year ending March, 2018 (Dividends per share): Year-end 8 yen
- Forecast for operating results in the year ending March 31, 2018 (Basic earnings per share): Year-end 64.61yen

#### 4. Quarterly Consolidated Balance Sheets

(Unit: million yen)

	FY2016 (As of Mar 31, 2017)	2Q FY2017 (As of Sep 30, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	21,677	17,105
Notes and accounts receivable-trade	112,079	105,397
Merchandise and finished goods	30,056	31,695
Work - in - process	3,121	3,814
Raw materials and supplies	3,967	4,112
Other	13,902	14,401
Allowance for doubtful accounts	(340)	(299)
Total current assets	184,464	176,227
Fixed assets		
Property, plant and equipment		
Land	59,057	61,134
Other, net	97,582	97,283
Total property, plant and equipment	156,639	158,417
Intangible assets		
Goodwill	12,672	14,201
Other	3,012	3,020
Total intangible assets	15,684	17,222
Investments and other assets		
Investments in securities	64,856	69,575
Other	13,785	14,435
Allowance for doubtful accounts	(740)	(669)
Total investments and other assets	77,901	83,341
Total fixed assets	250,226	258,981
Total assets	434,690	435,209

(Unit: million yen)

	FY2016 (As of Mar 31, 2017)	2Q FY2017 (As of Sep 30, 2017)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	70,680	67,206
Electronically recorded obligations - operating	22,494	20,098
Short-term borrowings	23,748	31,344
Income taxes payable	6,719	2,424
Accrued bonuses	4,728	5,036
Other	53,897	48,168
Total current liabilities	182,269	174,279
Long-term liabilities		
Bonds	38,106	35,091
Long-term borrowings	44,734	48,386
Allowance for retirement benefits for directors and statutory auditors	1,388	1,418
Net defined benefit liability	5,632	5,706
Other	17,679	19,010
Total long-term liabilities	107,541	109,614
Total liabilities	289,810	283,893
<b>Net assets</b>		
Shareholders' equity		
Common stock	20,096	20,096
Capital surplus	18,107	18,136
Retained earnings	80,849	83,466
Treasury stock, at cost	(1,478)	(1,486)
Total shareholders' equity	117,574	120,213
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	16,364	19,903
Deferred gains (losses) on hedges	(31)	92
Foreign currency translation adjustments	355	202
Remeasurements of defined benefit plans	153	134
Total accumulated other comprehensive income	16,841	20,333
Non-controlling interests	10,464	10,769
Total net assets	144,879	151,315
<b>Total liabilities and net assets</b>	<b>434,690</b>	<b>435,209</b>

## 5. Quarterly Consolidated Statements of Income

(Unit: million yen)

	2Q FY2016 (Apr 1, 2016- Sep 30, 2016)	2Q FY2017 (Apr 1, 2017 - Sep 30, 2017)
Net sales	263,857	298,154
Cost of sales	191,236	222,489
Gross profit	72,620	75,664
Selling, general and administrative expenses		
Transportation cost	10,513	11,124
Provision for allowance for doubtful accounts	5	(1)
Salaries, wages and bonuses	15,971	16,382
Provision for allowance for employees' bonuses	4,258	4,399
Retirement benefits expenses	834	903
Provision for allowance for retirement benefits to directors and statutory auditors	136	118
Other	34,917	35,707
Total selling, general and administrative expenses	66,637	68,634
Operating income	5,983	7,029
Non-operating income		
Interest income	127	95
Dividends income	377	547
Foreign exchange gains	—	183
Equity in earnings of nonconsolidated subsidiaries and affiliates	184	83
Other	1,111	1,308
Total non-operating income	1,800	2,217
Non-operating expenses		
Interest expenses	616	546
Foreign exchange losses	39	—
Other	545	558
Total non-operating expenses	1,201	1,105
Ordinary income	6,582	8,141
Extraordinary income		
Gain on sales of fixed assets	74	89
Gain on sales of investments in securities	58	0
Subsidy income	845	672
Total extraordinary income	977	762
Extraordinary losses		
Loss on sales of fixed assets	39	2
Loss on disposal of fixed assets	60	69
Loss on sales of investments in securities	37	1
Loss on valuation of investments in securities	18	0
Retirement benefits for directors and statutory auditors	5	15
Loss on reduction of non-current assets	833	627
Total extraordinary losses	994	715
Income before income taxes and minority interests	6,565	8,188
Income taxes	2,341	3,238
Net income	4,223	4,950
Profit attributable to non-controlling interests	393	361
Profit attributable to owners of parent	3,829	4,588

## 6. Quarterly Consolidated Statements of Comprehensive Income

(Unit: million yen)

	2Q FY2016 (Apr 1, 2016- Sep 30, 2016)	2Q FY2017 (Apr 1, 2017 - Sep 30, 2017)
Net income	4,223	4,950
Other comprehensive income		
Unrealized gains (losses) on securities	422	3,552
Deferred gains (losses) on hedges	(132)	122
Foreign currency translation adjustments	(3,099)	(185)
Remeasurements of defined benefit plans, net of tax	12	(17)
Share of other comprehensive income of associates accounted for using equity method	(197)	39
Total other comprehensive income	(2,992)	3,511
Comprehensive income	1,230	8,461
Comprehensive income attributable to:		
Owners of the parent	1,039	8,080
Non-controlling interests	191	381

## 7. Consolidated Statements of Cash Flows

(Unit: million yen)

	2Q FY2016 (Apr 1, 2016- Sep 30, 2016)	2Q FY2017 (Apr 1, 2017 - Sep 30, 2017)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	6,565	8,188
Depreciation and amortization	8,022	8,182
Amortization of goodwill	1,483	1,404
Subsidy income	(845)	(672)
Loss on reduction of non-current assets	833	627
Increase (decrease) in allowance for doubtful accounts	(283)	(112)
Increase (decrease) in allowance for employees' bonuses	263	280
Increase (decrease) in net defined benefit liabilities	(258)	74
Decrease (increase) in net defined benefit assets	452	264
Increase (decrease) in allowance for retirement benefits to directors and statutory auditors	(99)	26
Interest and dividends income	(504)	(642)
Interest expenses	616	546
Foreign exchange (gains) losses	9	21
Equity in (earnings) losses of nonconsolidated subsidiaries and affiliates	(184)	(83)
Loss (gain) on sales and disposal of fixed assets	25	(18)
Loss (gain) on sales of investments in securities	(20)	0
Loss (gain) on valuation of investments in securities	18	0
Decrease(increase) in notes and accounts receivable-trade	15,135	7,330
Decrease(increase) in inventories	(3,483)	(1,876)
Increase (decrease) in notes and accounts payable-trade	(15,392)	(6,317)
Increase (decrease) in advances received	1,600	(4,949)
Other, net	(2,113)	(12)
Subtotal	11,840	12,264
Interest and dividends received	355	599
Dividends received from equity method subsidiaries and affiliates	168	142
Interest paid	(580)	(514)
Income taxes paid	(3,866)	(6,817)
<b>Cash flows from operating activities</b>	<b>7,917</b>	<b>5,673</b>

(Unit: million yen)

	2Q FY2016 (Apr 1, 2016- Sep 30, 2016)	2Q FY2017 (Apr 1, 2017 - Sep 30, 2017)
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(14,095)	(11,626)
Proceeds from sales of property, plant and equipment	169	151
Payments for purchase of intangible assets	(1,703)	(2,051)
Proceeds from sales of intangible assets	42	—
Payments for purchase of investments in securities	(2,288)	(2,159)
Proceeds from sales and redemption of investments in securities	92	132
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(78)	—
Proceeds from sales of investments in capital	0	6
Investments in loans receivable	(684)	(1,233)
Collection of loans receivable	675	955
Other, net	(256)	(15)
Cash flows from investing activities	(18,125)	(15,841)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	15,170	7,414
Proceeds from long-term debt	7,311	6,537
Repayments of long-term debt	(12,238)	(5,588)
Net (increase) decrease in treasury stock	(5)	(10)
Repayments of lease liabilities	(603)	(628)
Cash dividends paid	(1,963)	(1,969)
Dividends paid to non-controlling interests	(183)	(351)
Other, net	(45)	(42)
Cash flows from financing activities	7,443	5,361
Effect of exchange rate changes on cash and cash equivalents	(1,178)	(26)
Net increase (decrease) in cash and cash equivalents	(3,944)	(4,832)
Cash and cash equivalents at beginning of year	22,833	21,200
Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation	165	271
Increase in cash and cash equivalents resulting from merger with nonconsolidated subsidiaries	—	59
Cash and cash equivalents at end of period	19,054	16,698



**Additional Information**
**Results for 2Q FY 2017**
**Consolidated**
**(1) Consolidated Statements of Income**
**(Unit: billion yen)**

	2Q FY2017 Apr-Sep 2017	2Q FY2016 Apr-Sep 2016	Change	Rate		FY2017 (Forecast)
Net sales	298.1	263.8	34.2	13.0	%	685.0
Gross profit	75.6	72.6	3.0	4.2	%	—
Operating income	7.0	5.9	1.0	17.5	%	25.1
Ordinary income	8.1	6.5	1.5	23.7	%	26.1
Profit attributable to owners of parent	4.5	3.8	0.7	19.8	%	15.9

**(2) Segment Information**
**(Unit: billion yen)**

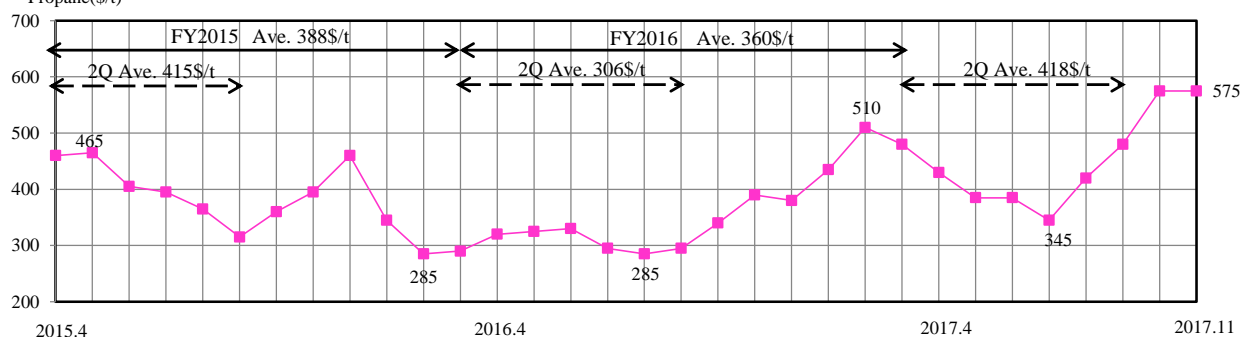
		2Q FY2017 Apr-Sep 2017	2Q FY2016 Apr-Sep 2016	Change	Rate		FY2017 (Forecast)
Energy	Net sales (Sales to outside customers)	128.6	111.6	17.0	15.3	%	332.5
	Operating income	0.5	2.0	(1.4)	(72.6)	%	13.7
Industrial Gases & Machinery	Net sales (Sales to outside customers)	88.7	79.8	8.9	11.2	%	183.0
	Operating income	4.4	2.9	1.4	47.2	%	8.2
Materials	Net sales (Sales to outside customers)	60.0	55.1	4.9	9.0	%	130.0
	Operating income	1.8	1.2	0.6	54.2	%	3.9
Agri-Bio & Foods	Net sales (Sales to outside customers)	16.3	13.0	3.2	24.9	%	32.0
	Operating income	0.9	0.6	0.3	43.8	%	1.3
Others, Adjustments	Net sales (Sales to outside customers)	4.3	4.2	0.0	2.2	%	7.5
	Operating income	(0.8)	(0.9)	0.1	—		(2.0)

**(3) LPG and Industrial Gases Net Sales · Sales Volume**

	Sales volume (thousand tons)				Net sales (billion yen)			
	2Q FY2017 Apr-Sep	2Q FY2016 Apr-Sep	Change	Rate	2Q FY2017 Apr-Sep 2017	2Q FY2016 Apr-Sep 2016	Change	Rate
Domestic residential use	641	607	33	5.6	60.7	54.2	6.5	12.1
Domestic industrial use	136	128	8	6.9	9.3	7.1	2.2	31.1
Overseas	372	339	33	9.9	17.1	11.0	6.0	54.3
LPG total	1,150	1,074	76	7.1	87.2	72.4	14.7	20.4
Various Industrial gases	—	—	—	—	46.2	44.7	1.5	3.4

**(4) LPG Import Price (CP)**

Propane(\$/t)



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

	2Q FY2017 end	FY2016 end	Change
Total assets	435.2	434.6	0.5
Equity capital	140.5	134.4	6.1
Interest-bearing debt, gross*	143.8	135.2	8.5
Interest-bearing debt, net*	126.7	113.6	13.0
Equity capital ratio	32.3%	30.9%	1.4pt
Ratio of interest-bearing debt to total assets	33.0%	31.1%	1.9pt
Debt-to-equity ratio, gross	1.02	1.00	0.02pt
Debt-to-equity ratio, net	0.90	0.84	0.06pt

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

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

	2Q FY2017	FY2017 (Plan)
Energy	4.0	6.8
Industrial Gases & Machinery	5.1	16.0
Materials	1.5	3.0
Agri-bio & Foods	0.1	0.2
Others, Adjustments	3.0	5.0
Capital expenditure	13.9	31.0
Depreciation expense	7.8	16.9

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

**(7) Statements of Cash Flows (Unit: billion yen)**

	2Q FY2017 Apr-Sep 2017	2Q FY2016 Apr-Sep 2016	Change
Cash and cash equivalents at beginning of year	21.2	22.8	(1.6)
Cash flows from operating activities	5.6	7.9	(2.2)
Cash flows from investing activities	(15.8)	(18.1)	2.2
Free cash flow	(10.1)	(10.2)	0.0
Cash flows from financing activities	5.3	7.4	(2.0)
Effect of exchange rate changes	0.0	(1.1)	1.1
Net increase (decrease) in cash and cash equivalents	(4.8)	(3.9)	(0.8)
Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation	0.2	0.1	0.1
Increase in cash and cash equivalents resulting from merger with nonconsolidated subsidiaries	0.0	—	0.0
Cash and cash equivalents at end of period	16.6	19.0	(2.3)

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

	2Q FY2017 Apr-Sep 2017	2Q FY2016 Apr-Sep 2016	Change	Rate
Net sales	209.9	177.6	32.2	18.2 %
Operating income	1.4	0.5	0.8	159.7 %
Ordinary income	4.6	2.7	1.9	71.3 %
Net income	3.7	2.1	1.5	74.4 %

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

	2Q FY2017 end	FY2016 end	Change
Total assets	312.5	315.1	(2.6)
Equity capital	96.3	91.1	5.1
Equity capital ratio	30.8%	28.9%	1.9pt