

Summary of Consolidated Financial Results
for the First Quarter of Fiscal Year Ending March 31, 2019
(Three Months Ended June 30, 2018)

[Japanese GAAP]

Company name: IWAKI CO.,LTD. Listing: Tokyo Stock Exchange, Second Section
 Stock code: 6237 URL: <http://www.iwakipumps.jp/>
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 Scheduled date of filing of Quarterly Report: August 10, 2018
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter Ended June 30, 2018 (April 1, 2018 – June 30, 2018)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2018	7,256	12.2	617	37.0	742	19.2	490	8.6
Three months ended Jun. 30, 2017	6,465	8.6	450	46.6	623	22.0	451	37.2

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2018: 290 (down 25.2 %)

Three months ended Jun. 30, 2017: 389 (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2018	21.86	-
Three months ended Jun. 30, 2017	20.12	-

Note: Iwaki conducted a 3-for-1 common stock split on July 1, 2018. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of Jun. 30, 2018	29,465	18,564	62.4
As of Mar. 31, 2018	29,321	18,660	62.9

Reference: Owner's equity (million yen) As of Jun. 30, 2018: 18,374 As of Mar. 31, 2018: 18,453

Note: Starting with the beginning of the first quarter of the current fiscal year, Iwaki is applying "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018). Prior-year figures have been adjusted retroactively.

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended Mar. 31, 2018	Yen -	Yen 34.00	Yen -	Yen 48.60	Yen 82.60
Fiscal year ending Mar. 31, 2019	-	-	-	-	-
Fiscal year ending Mar. 31, 2019 (forecasts)	-	9.20	-	17.80	27.00

Note: Revisions to the most recently announced dividend forecasts: None

Iwaki conducted a 3-for-1 common stock split on July 1, 2018. The year-end dividend forecast for the fiscal year ending March 31, 2019 is adjusted to reflect the stock split. Prior to this adjustment, the year-end dividend forecast was 81.00 yen per share.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	14,235	6.0	879	(13.4)	1,081	(20.2)	688	(32.3)	30.63
Full year	29,427	4.8	2,366	12.3	2,804	2.6	2,015	(2.1)	89.65

Note: Revisions to the most recently announced consolidated earnings forecasts: None

Iwaki conducted a 3-for-1 common stock split on July 1, 2018. Furthermore, a resolution was passed on July 13 to issue new shares in relation to a restricted stock compensation plan. Consolidated net income per share forecast for the fiscal year ending March 31, 2019 is adjusted to reflect the stock split and the new share issue.

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

Note: Please refer to page 8 “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements” for details.

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Jun. 30, 2018:	22,453,110 shares	As of Mar. 31, 2018:	22,453,110 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2018:	462 shares	As of Mar. 31, 2018:	462 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2018:	22,452,648 shares	Three months ended Jun. 30, 2017:	22,453,056 shares
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Note: Iwaki conducted a 3-for-1 common stock split on July 1, 2018. The number of shares outstanding at the end of the period, the number of treasury shares at the end of the period, and the average number of shares outstanding during the period were calculated as if this stock split had been taken place at the beginning of the previous fiscal year.

* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements

Note concerning forward-looking statements

Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the Company's management at the time the materials were prepared, but are not promises by the Company regarding future performance. Actual results may differ materially from the forecasts.

How to view supplementary information materials for quarterly financial results

The supplementary information materials for quarterly financial results will be available (Japanese version only) on the Company's website after disclosure of the first quarter financial results for the fiscal year ending March 31, 2019.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first quarter of the fiscal year ending March 31, 2019, the Japanese economy continued to recover as corporate earnings and the employment environment improved in response to signs of an upturn in capital investment. The global economy is also recovering at a moderate pace as it continues to benefit from improvement in the environment for jobs and personal incomes, especially in the United States. However, the outlook remains unclear, due to factors such as the uncertainty related to policy management of the United States administration and rising geopolitical risk.

In Japan, Iwaki Co.,Ltd has been taking positive action to further its basic policy of “winning by improving customer satisfaction.” Overseas, Iwaki worked with its 21 affiliated companies in 15 countries to increase sales.

Due to these activities, sales in the semiconductor/liquid crystal, medical equipment and surface treatment equipment markets were higher than one year earlier. Sales remained strong in the semiconductor/liquid crystal market. Moreover, the medical equipment market also performed well, driven by growth in demand for dialysis equipment and biochemical analysis equipment for major customers. In addition, the surface treatment equipment market also performed well, driven by demand for printed circuit board manufacturing equipment. Although the new energy market remained steady as a result of China’s capital investment, the performance of the water treatment and chemicals markets, both domestically and overseas, remained slightly weaker than one year earlier.

Sales in Japan increased 13.6% from one year earlier to 4,491 million yen. Sales were driven by favorable demand from the semiconductor/liquid crystal and medical equipment markets. In Europe, sales were up 15.6% to 701 million yen. This was caused by strength in the chemicals market. In the United States, a steady performance resulted in sales growth of 3.1% to 818 million yen. In Asia, sales increased 12.8% to 742 million yen as the semiconductor/liquid crystal market remained strong. Sales in China were up 14.6% to 271 million yen because of solid sales growth in Iwaki’s six major markets.

By product, sales of pneumatic drive pumps for the semiconductor/liquid crystal market continued to grow. Sales of mainline magnetic drive pumps for the chemicals market and rotary displacement pumps for the medical equipment market were also higher. Sales of metering pumps for the water treatment and chemicals markets were strong.

Consequently, consolidated sales increased 12.2% to 7,256 million yen.

Earnings benefited from the growth in sales and cost cutting initiatives. Operating profit increased 37.0% to 617 million yen, ordinary profit increased 19.2% to 742 million yen and profit attributable to owners of parent increased 8.6% to 490 million yen.

No business segment information is provided because chemical pumps are the only business of the Iwaki Group.

(2) Explanation of Financial Position

Starting with the beginning of the first quarter of the current fiscal year, Iwaki is applying “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018). Prior-year figures have been adjusted retroactively in order to facilitate comparisons.

Assets

The balance of current assets at the end of the first quarter of the current fiscal year was 20,504 million yen, down 653 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,052 million yen in cash and deposits, while there were increases of 137 million yen in electronically recorded monetary claims-operating, 121 million yen in work in process and 99 million yen in raw materials and supplies. The balance of non-current assets was 8,960 million yen at the end of the first quarter, up 797 million yen from the end of the previous fiscal year. This was mainly because of an increase of 970 million yen in property, plant and equipment.

As a result, total assets increased 143 million yen from the end of the previous fiscal year to 29,465 million yen.

Liabilities

The balance of current liabilities at the end of the first quarter of the current fiscal year was 8,713 million yen, up 199 million yen from the end of the previous fiscal year. This was mainly due to an increase of 29 million yen in notes and accounts payable-trade. The balance of non-current liabilities was 2,187 million yen at the end of the first quarter, up 40 million yen from the end of the previous fiscal year. This was mainly due to a 28 million yen increase in lease obligations.

As a result, total liabilities increased 240 million yen from the end of the previous fiscal year to 10,900 million yen.

Net assets

The balance of net assets at the end of the first quarter of the current fiscal year was 18,564 million yen, down 96 million yen from the end of the previous fiscal year. The main factors include a 198 million yen decrease in foreign currency translation adjustment, while there was a 127 million yen increase in retained earnings.

Consequently, the capital adequacy ratio was 62.4% (62.9% at the end of the previous fiscal year).

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

We maintain the first-half and full-year consolidated earnings forecast that was disclosed in the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018” dated May 14, 2018.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/18 (As of Mar. 31, 2018)	First quarter of FY3/19 (As of Jun. 30, 2018)
Assets		
Current assets		
Cash and deposits	6,251,621	5,198,744
Notes and accounts receivable-trade	7,110,089	7,085,316
Electronically recorded monetary claims-operating	2,569,198	2,707,179
Merchandise and finished goods	1,999,571	1,847,316
Work in process	14,825	136,479
Raw materials and supplies	3,009,883	3,109,408
Other	228,159	444,966
Allowance for doubtful accounts	(25,195)	(24,421)
Total current assets	21,158,154	20,504,989
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,682,032	7,357,732
Accumulated depreciation and impairment loss	(3,619,413)	(3,650,315)
Buildings and structures, net	1,062,618	3,707,416
Machinery, equipment and vehicles	2,354,152	2,367,530
Accumulated depreciation and impairment loss	(2,134,874)	(2,140,139)
Machinery, equipment and vehicles, net	219,277	227,391
Tools, furniture and fixtures	1,652,282	1,716,363
Accumulated depreciation and impairment loss	(1,416,019)	(1,409,823)
Tools, furniture and fixtures, net	236,263	306,540
Land	1,042,918	1,043,741
Leased assets	385,923	410,884
Accumulated depreciation	(242,638)	(237,330)
Leased assets, net	143,284	173,553
Construction in progress	1,940,973	156,551
Other	23,569	24,933
Accumulated depreciation	(16,282)	(16,550)
Other, net	7,286	8,382
Total property, plant and equipment	4,652,622	5,623,577
Intangible assets		
Goodwill	3,781	3,529
Trademark right	71,795	64,647
Other	129,433	126,624
Total intangible assets	205,009	194,801
Investments and other assets		
Investment securities	2,347,028	2,206,889
Deferred tax assets	682,934	652,336
Other	275,396	282,443
Total investments and other assets	3,305,359	3,141,669
Total non-current assets	8,162,991	8,960,048
Total assets	29,321,146	29,465,037

	(Thousands of yen)	
	FY3/18 (As of Mar. 31, 2018)	First quarter of FY3/19 (As of Jun. 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,117,443	5,146,898
Short-term loans payable	657,415	659,990
Lease obligations	62,889	69,079
Income taxes payable	497,919	207,007
Provision for bonuses	893,141	381,686
Provision for directors' bonuses	98,681	16,553
Provision for product warranties	109,686	110,091
Other	1,076,268	2,121,973
Total current liabilities	8,513,444	8,713,280
Non-current liabilities		
Long-term loans payable	300,000	300,000
Lease obligations	94,892	123,305
Deferred tax liabilities	390	385
Provision for directors' retirement benefits	151,043	151,043
Net defined benefit liability	806,457	807,568
Asset retirement obligations	180,356	180,771
Other	613,902	624,460
Total non-current liabilities	2,147,041	2,187,535
Total liabilities	10,660,486	10,900,816
Net assets		
Shareholders' equity		
Capital stock	1,018,250	1,018,250
Capital surplus	638,250	638,250
Retained earnings	16,157,603	16,284,724
Treasury shares	(480)	(480)
Total shareholders' equity	17,813,622	17,940,743
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	274,384	264,897
Foreign currency translation adjustment	403,156	204,607
Remeasurements of defined benefit plans	(38,131)	(35,688)
Total accumulated other comprehensive income	639,409	433,817
Non-controlling interests	207,627	189,660
Total net assets	18,660,659	18,564,221
Total liabilities and net assets	29,321,146	29,465,037

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Three-month Period)**

(Thousands of yen)

	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)
Net sales	6,465,869	7,256,769
Cost of sales	4,243,579	4,704,189
Gross profit	2,222,290	2,552,580
Selling, general and administrative expenses	1,771,489	1,934,783
Operating profit	450,800	617,796
Non-operating income		
Interest income	6,675	5,511
Dividend income	19,145	13,093
Share of profit of entities accounted for using equity method	107,803	147,315
Foreign exchange gains	37,829	-
Other	11,464	11,569
Total non-operating income	182,919	177,490
Non-operating expenses		
Interest expenses	6,388	7,674
Foreign exchange losses	-	10,487
Business establishment transfer expenses	-	30,900
Other	4,147	3,349
Total non-operating expenses	10,535	52,412
Ordinary profit	623,184	742,875
Extraordinary income		
Gain on sales of non-current assets	168	20
Total extraordinary income	168	20
Extraordinary losses		
Loss on retirement of non-current assets	1,878	564
Total extraordinary losses	1,878	564
Profit before income taxes	621,474	742,330
Income taxes	160,790	244,547
Profit	460,683	497,783
Profit attributable to non-controlling interests	8,877	6,930
Profit attributable to owners of parent	451,806	490,853

Quarterly Consolidated Statement of Comprehensive Income
(For the Three-month Period)

(Thousands of yen)

	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)
Profit	460,683	497,783
Other comprehensive income		
Valuation difference on available-for-sale securities	19,710	(9,486)
Foreign currency translation adjustment	(99,547)	(167,321)
Remeasurements of defined benefit plans, net of tax	9,970	2,443
Share of other comprehensive income of entities accounted for using equity method	(1,783)	(32,432)
Total other comprehensive income	(71,650)	(206,796)
Comprehensive income	389,033	290,987
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	380,258	285,261
Comprehensive income attributable to non-controlling interests	8,774	5,726

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Calculation of tax expense

At Iwaki and certain consolidated subsidiaries, the tax expenses were calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes during the fiscal year, and multiplying that rate by the quarterly profit before income taxes.

Segment Information

Segment information

I. First three months of FY3/18 (Apr. 1, 2017 –Jun. 30, 2017)

Omitted because chemical pumps are the only business of the Iwaki Group.

II. First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)

Omitted because chemical pumps are the only business of the Iwaki Group.

This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.