

Summary of Consolidated Financial Results
for the Second Quarter of Fiscal Year Ending March 31, 2019
(Six Months Ended September 30, 2018)

[Japanese GAAP]

Company name: IWAKI CO.,LTD. Listing: Tokyo Stock Exchange, Second Section
 Stock code: 6237 URL: <http://www.iwakipumps.jp/>
 Representative: Shigeru Fujinaka, President
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 Scheduled date of filing of Quarterly Report: November 14, 2018
 Scheduled date of payment of dividend: December 3, 2018
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Second Quarter Ended September 30, 2018**(April 1, 2018 – September 30, 2018)**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------------------|-------------|-----|------------------|------|-----------------|------|---|------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Six months ended Sep. 30, 2018 | 14,704 | 9.4 | 1,209 | 19.1 | 1,533 | 13.2 | 1,068 | 5.1 |
| Six months ended Sep. 30, 2017 | 13,435 | 8.4 | 1,015 | 31.6 | 1,354 | 24.7 | 1,016 | 30.4 |

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2018: 978 (down 8.5%)

Six months ended Sep. 30, 2017: 1,069 (-%)

| | Net income per share | Diluted net income per share |
|--------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Six months ended Sep. 30, 2018 | 47.55 | - |
| Six months ended Sep. 30, 2017 | 45.26 | - |

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 Sep. 30, 2018 | 29,400 | 19,300 | 65.0 |
| As of Mar. 31, 2018 | 29,321 | 18,660 | 62.9 |

Reference: Owner's equity (million yen) As of Sep. 30, 2018: 19,110 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 |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended Mar. 31, 2018 | - | 34.00 | - | 48.60 | 82.60 |
| Fiscal year ending Mar. 31, 2019 | - | 12.00 | - | - | - |
| Fiscal year ending Mar. 31, 2019 (forecasts) | - | - | - | 16.30 | 28.30 |

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

Iwaki conducted a 3-for-1 common stock split on July 1, 2018. The dividends for the fiscal year ended March 31, 2018 are the actual amounts before the stock split.

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 |
| Full year | 29,907 | 6.6 | 2,369 | 12.5 | 2,938 | 7.5 | 2,113 | 2.7 | 94.05 |

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

*** 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 Sep. 30, 2018: | 22,490,910 shares | As of Mar. 31, 2018: | 22,453,110 shares |
|----------------------|-------------------|----------------------|-------------------|

2) Number of treasury shares at the end of the period

| | | | |
|----------------------|------------|----------------------|------------|
| As of Sep. 30, 2018: | 510 shares | As of Mar. 31, 2018: | 462 shares |
|----------------------|------------|----------------------|------------|

3) Average number of shares outstanding during the period

| | | | |
|---------------------------------|-------------------|---------------------------------|-------------------|
| Six months ended Sep. 30, 2018: | 22,465,647 shares | Six months ended Sep. 30, 2017: | 22,453,037 shares |
|---------------------------------|-------------------|---------------------------------|-------------------|

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 Iwaki regarding future performance. Actual results may differ materially from the forecasts.

How to view supplementary information at the quarterly financial results meeting

Iwaki plans to hold a quarterly financial results meeting for institutional investors and analysts on November 28, 2018. Materials to be distributed at this event will be available on the Company’s website immediately thereafter.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the fiscal year ending March 31, 2019, the Japanese economy continued to recover at a moderate pace as corporate earnings and the employment environment improved. But the outlook is unclear due to the rising cost of raw materials, the higher cost of labor caused by Japan's labor shortage, U.S.-China trade friction and other reasons.

In Japan, there were many activities at Iwaki for building stronger relationships with customers and developing products that meet customers' demands. All activities are based on the core policy of "winning by improving customer satisfaction." Overseas, Iwaki had activities encompassing 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. The surface treatment equipment market also performed well, driven by demand for printed circuit board manufacturing equipment. In the chemicals market, performance was firm because of a large number of orders in Japan but sales were down from one year earlier in the water treatment and new energy markets.

Sales in Japan increased 9.5% from one year earlier to 9,096 million yen. Sales were driven by solid demand in the semiconductor/liquid crystal and medical equipment markets. In addition, the chemicals market was strong. In Europe, sales were up 16.8% to 1,427 million yen. Sluggish sales in the new energy market were offset by strength in water treatment and chemicals markets. In the United States, sales increased 8.1% to 1,803 million yen as sales were slow in the surface treatment equipment market but generally about the same as one year earlier, mainly in the water treatment market. In Asia, sales increased 6.0% to 1,345 million yen because of the strength in the fiscal year's first half of the semiconductor/liquid crystal market in South Korea and the high level of activity in the surface treatment equipment market in Taiwan. Sales in China were up 9.5% to 566 million yen because of higher sales of biochemical analysis equipment and other products in the medical equipment market.

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

Consequently, consolidated sales increased 9.4% to 14,704 million yen.

Earnings benefited from the growth in sales and other factors. Operating profit increased 19.1% to 1,209 million yen, ordinary profit increased 13.2% to 1,533 million yen and profit attributable to owners of parent increased 5.1% to 1,068 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 second quarter of the current fiscal year was 20,280 million yen, down 877 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,321 million yen in cash and deposits, while there were increases of 104 million yen in electronically recorded monetary claims-operating, 119 million yen in raw materials and supplies. The balance of non-current assets was 9,120 million yen at the end of the second quarter, up 957 million yen from the end of the previous fiscal year. This was

mainly because of an increase of 1,031 million yen in property, plant and equipment.

As a result, total assets increased 79 million yen from the end of the previous fiscal year to 29,400 million yen.

Liabilities

The balance of current liabilities at the end of the second quarter of the current fiscal year was 7,898 million yen, down 614 million yen from the end of the previous fiscal year. This was mainly due to decreases of 156 million yen in notes and accounts payable-trade and 134 million yen in income taxes payable. The balance of non-current liabilities was 2,202 million yen at the end of the second quarter, up 55 million yen from the end of the previous fiscal year. This was mainly due to a 37 million yen increase in lease obligations.

As a result, total liabilities decreased 559 million yen from the end of the previous fiscal year to 10,100 million yen.

Net assets

The balance of net assets at the end of the second quarter of the current fiscal year was 19,300 million yen, up 639 million yen from the end of the previous fiscal year. The main factors include a 704 million yen increase in retained earnings.

Consequently, the capital adequacy ratio was 65.0% (62.9% at the end of the previous fiscal year).

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

We maintain the consolidated forecasts that was disclosed in the press release concerning the revisions to the consolidated earnings forecast and dividend forecast (dividend increase) (Japanese version only) dated November 6, 2018.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

| | (Thousands of yen) | |
|---|---------------------------------|---|
| | FY3/18 (As of Mar. 31, 2018) | Second quarter of FY3/19 (As of Sep. 30, 2018) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 6,251,621 | 4,929,960 |
| Notes and accounts receivable-trade | 7,110,089 | 7,100,330 |
| Electronically recorded monetary claims-operating | 2,569,198 | 2,674,029 |
| Merchandise and finished goods | 1,999,571 | 1,948,098 |
| Work in process | 14,825 | 27,362 |
| Raw materials and supplies | 3,009,883 | 3,129,030 |
| Other | 228,159 | 495,503 |
| Allowance for doubtful accounts | (25,195) | (24,055) |
| Total current assets | 21,158,154 | 20,280,260 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 4,682,032 | 7,227,271 |
| Accumulated depreciation and impairment loss | (3,619,413) | (3,547,484) |
| Buildings and structures, net | 1,062,618 | 3,679,786 |
| Machinery, equipment and vehicles | 2,354,152 | 2,400,015 |
| Accumulated depreciation and impairment loss | (2,134,874) | (2,171,074) |
| Machinery, equipment and vehicles, net | 219,277 | 228,941 |
| Tools, furniture and fixtures | 1,652,282 | 1,774,421 |
| Accumulated depreciation and impairment loss | (1,416,019) | (1,401,669) |
| Tools, furniture and fixtures, net | 236,263 | 372,751 |
| Land | 1,042,918 | 1,042,382 |
| Leased assets | 385,923 | 374,825 |
| Accumulated depreciation | (242,638) | (190,924) |
| Leased assets, net | 143,284 | 183,900 |
| Construction in progress | 1,940,973 | 168,034 |
| Other | 23,569 | 25,200 |
| Accumulated depreciation | (16,282) | (17,124) |
| Other, net | 7,286 | 8,075 |
| Total property, plant and equipment | 4,652,622 | 5,683,872 |
| Intangible assets | | |
| Goodwill | 3,781 | 3,276 |
| Trademark right | 71,795 | 66,749 |
| Other | 129,433 | 129,451 |
| Total intangible assets | 205,009 | 199,477 |
| Investments and other assets | | |
| Investment securities | 2,347,028 | 2,303,419 |
| Deferred tax assets | 682,934 | 639,792 |
| Other | 275,396 | 294,146 |
| Total investments and other assets | 3,305,359 | 3,237,358 |
| Total non-current assets | 8,162,991 | 9,120,708 |
| Total assets | 29,321,146 | 29,400,969 |

| | (Thousands of yen) | |
|---|---------------------------------|---|
| | FY3/18 (As of Mar. 31, 2018) | Second quarter of FY3/19 (As of Sep. 30, 2018) |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 5,117,443 | 4,960,522 |
| Short-term loans payable | 657,415 | 680,400 |
| Lease obligations | 62,889 | 71,652 |
| Income taxes payable | 497,919 | 363,738 |
| Provision for bonuses | 893,141 | 792,410 |
| Provision for directors' bonuses | 98,681 | 31,330 |
| Provision for product warranties | 109,686 | 113,251 |
| Other | 1,076,268 | 885,186 |
| Total current liabilities | 8,513,444 | 7,898,491 |
| Non-current liabilities | | |
| Long-term loans payable | 300,000 | 300,000 |
| Lease obligations | 94,892 | 132,080 |
| Deferred tax liabilities | 390 | 382 |
| Provision for directors' retirement benefits | 151,043 | 151,043 |
| Net defined benefit liability | 806,457 | 809,217 |
| Asset retirement obligations | 180,356 | 181,186 |
| Other | 613,902 | 628,260 |
| Total non-current liabilities | 2,147,041 | 2,202,171 |
| Total liabilities | 10,660,486 | 10,100,662 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 1,018,250 | 1,044,691 |
| Capital surplus | 638,250 | 664,691 |
| Retained earnings | 16,157,603 | 16,862,177 |
| Treasury shares | (480) | (559) |
| Total shareholders' equity | 17,813,622 | 18,570,999 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 274,384 | 302,227 |
| Foreign currency translation adjustment | 403,156 | 271,663 |
| Remeasurements of defined benefit plans | (38,131) | (34,059) |
| Total accumulated other comprehensive income | 639,409 | 539,832 |
| Non-controlling interests | 207,627 | 189,474 |
| Total net assets | 18,660,659 | 19,300,306 |
| Total liabilities and net assets | 29,321,146 | 29,400,969 |

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

(Thousands of yen)

| | First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017) | First six months of FY3/19 (Apr. 1, 2018 – Sep. 30, 2018) |
|---|--|--|
| Net sales | 13,435,975 | 14,704,642 |
| Cost of sales | 8,919,204 | 9,568,868 |
| Gross profit | 4,516,771 | 5,135,774 |
| Selling, general and administrative expenses | 3,501,434 | 3,926,016 |
| Operating profit | 1,015,336 | 1,209,758 |
| Non-operating income | | |
| Interest income | 13,709 | 13,358 |
| Dividend income | 20,345 | 23,273 |
| Share of profit of entities accounted for using equity method | 238,755 | 312,769 |
| Foreign exchange gains | 63,392 | - |
| Other | 25,268 | 33,826 |
| Total non-operating income | 361,471 | 383,227 |
| Non-operating expenses | | |
| Interest expenses | 13,996 | 15,516 |
| Foreign exchange losses | - | 6,609 |
| Business establishment transfer expenses | - | 30,900 |
| Other | 7,956 | 6,000 |
| Total non-operating expenses | 21,953 | 59,027 |
| Ordinary profit | 1,354,854 | 1,533,958 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 699 | - |
| Total extraordinary income | 699 | - |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 1,925 | 1,722 |
| Total extraordinary losses | 1,925 | 1,722 |
| Profit before income taxes | 1,353,628 | 1,532,236 |
| Income taxes | 324,120 | 452,837 |
| Profit | 1,029,507 | 1,079,399 |
| Profit attributable to non-controlling interests | 13,277 | 11,092 |
| Profit attributable to owners of parent | 1,016,230 | 1,068,306 |

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

(Thousands of yen)

| | First six months of FY3/18 (Apr. 1, 2017 – Sep. 30, 2017) | First six months of FY3/19 (Apr. 1, 2018 – Sep. 30, 2018) |
|--|--|--|
| Profit | 1,029,507 | 1,079,399 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 59,839 | 27,843 |
| Foreign currency translation adjustment | (41,062) | (114,673) |
| Remeasurements of defined benefit plans, net of tax | 19,940 | 4,072 |
| Share of other comprehensive income of entities accounted for using equity method | 1,128 | (18,083) |
| Total other comprehensive income | 39,846 | (100,842) |
| Comprehensive income | 1,069,353 | 978,557 |
| Comprehensive income attributable to: | | |
| Comprehensive income attributable to owners of parent | 1,055,978 | 968,729 |
| Comprehensive income attributable to non-controlling interests | 13,375 | 9,827 |

(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.

Additional Information

Application of Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.

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) and other related pronouncements. Accordingly, deferred tax assets and deferred tax liabilities have been presented in the investments and other assets section and the non-current liabilities section of the balance sheet, respectively.

Segment Information

Segment information

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

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

II. First six months of FY3/19 (Apr. 1, 2018 – Sep. 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.