

Summary of Consolidated Financial Results
for the Third Quarter of Fiscal Year Ending March 31, 2019
(Nine Months Ended December 31, 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: February 14, 2019
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: None
 Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the Third Quarter Ended December 31, 2018**(April 1, 2018 – December 31, 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	%
Nine months ended Dec. 31, 2018	21,955	6.1	1,870	6.8	2,293	1.8	1,663	(4.5)
Nine months ended Dec. 31, 2017	20,684	10.5	1,751	49.2	2,253	46.3	1,742	44.3

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2018: 1,624 (down 14.9%)

Nine months ended Dec. 31, 2017: 1,908 (up 279.2 %)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2018	74.03	-
Nine months ended Dec. 31, 2017	77.62	-

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 Dec. 31, 2018	29,584	19,675	65.9
As of Mar. 31, 2018	29,321	18,660	62.9

Reference: Owner's equity (million yen) As of Dec. 31, 2018: 19,482 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	29,084	3.6	2,257	7.2	2,797	2.3	2,018	(2.0)	89.80

Note: Revisions to the most recently announced consolidated earnings forecasts: Yes

Regarding revisions to the consolidated earnings forecast, please see the press release dated today (February 13, 2019) concerning the revisions to the fiscal year forecast (Japanese version only).

*** 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 Dec. 31, 2018:	22,490,910 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 Dec. 31, 2018:	510 shares	As of Mar. 31, 2018:	462 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2018:	22,473,928 shares	Nine months ended Dec. 31, 2017:	22,452,984 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 Iwaki regarding future performance. Actual results may differ materially from the forecasts.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first nine months 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, Iwaki took many actions 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 medical equipment, semiconductor/liquid crystal, and chemicals markets were higher than one year earlier. The medical equipment market performed well, driven by growth in demand for dialysis equipment and biochemical analysis equipment for major customers. Moreover, sales remained strong in the semiconductor/liquid crystal market. In the chemicals market, performance was firm in Europe and the United States. The surface treatment equipment market also performed well, driven by demand for printed circuit board manufacturing equipment. However, sales were down from one year earlier in the water treatment and new energy markets.

Sales in Japan increased 5.9% from one year earlier to 13,569 million yen. Sales were driven by solid demand in the medical equipment and semiconductor/liquid crystal markets. In Europe, sales were up 8.8% to 2,047 million yen. Sluggish sales in the new energy market were offset by strength in the surface treatment equipment, water treatment and chemicals markets. In the United States, sales increased 9.5% to 2,807 million yen as sales were slow in the surface treatment equipment market but the water treatment and chemicals markets performed well. In Asia, sales decreased 3.9% to 1,925 million yen because of a lower demand in the semiconductor/liquid crystal market in South Korea. Sales in China were up 19.5% to 937 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 and rotary displacement pumps for the medical equipment market continued to grow. Sales of mainline magnetic drive pumps were also higher.

Consequently, consolidated sales increased 6.1% to 21,955 million yen.

Earnings benefited from the growth in sales and other factors. Operating profit increased 6.8% to 1,870 million yen, ordinary profit increased 1.8% to 2,293 million yen and profit attributable to owners of parent decreased 4.5% to 1,663 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 third quarter of the current fiscal year was 20,499 million yen, down 658 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 1,532 million yen in cash and deposits, while there were increases of 291 million yen in electronically recorded monetary claims-operating and 224 million yen in raw materials and supplies. The balance of non-current assets was 9,085 million yen at the end of the third quarter, up 922 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 263 million yen from the end of the previous fiscal year to 29,584 million yen.

Liabilities

The balance of current liabilities at the end of the third quarter of the current fiscal year was 7,812 million yen, down 700 million yen from the end of the previous fiscal year. This was mainly due to decreases of 346 million yen in income taxes payable and 477 million yen in provision for bonuses. The balance of non-current liabilities was 2,096 million yen at the end of the third quarter, down 50 million yen from the end of the previous fiscal year. This was mainly due to a 99 million yen decrease in provision for directors' retirement benefits, while there was an increase of 21 million yen in lease obligations.

As a result, total liabilities decreased 751 million yen from the end of the previous fiscal year to 9,908 million yen.

Net assets

The balance of net assets at the end of the third quarter of the current fiscal year was 19,675 million yen, up 1,015 million yen from the end of the previous fiscal year. The main factors include a 1,030 million yen increase in retained earnings.

Consequently, the capital adequacy ratio was 65.9% (62.9% at the end of the previous fiscal year).

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

The forecast for the fiscal year ending on March 31, 2019 has been revised to reflect the results of operations in the first nine months. For more information, please see the press release dated today (February 13, 2019) concerning the revisions to the fiscal year forecast (Japanese version only).

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/18 (As of Mar. 31, 2018)	Third quarter of FY3/19 (As of Dec. 31, 2018)
Assets		
Current assets		
Cash and deposits	6,251,621	4,718,719
Notes and accounts receivable-trade	7,110,089	7,026,335
Electronically recorded monetary claims-operating	2,569,198	2,860,883
Merchandise and finished goods	1,999,571	2,074,568
Work in process	14,825	135,822
Raw materials and supplies	3,009,883	3,234,032
Other	228,159	471,947
Allowance for doubtful accounts	(25,195)	(23,039)
Total current assets	21,158,154	20,499,268
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,682,032	7,291,338
Accumulated depreciation and impairment loss	(3,619,413)	(3,605,086)
Buildings and structures, net	1,062,618	3,686,252
Machinery, equipment and vehicles	2,354,152	2,468,282
Accumulated depreciation and impairment loss	(2,134,874)	(2,212,496)
Machinery, equipment and vehicles, net	219,277	255,785
Tools, furniture and fixtures	1,652,282	1,795,343
Accumulated depreciation and impairment loss	(1,416,019)	(1,444,573)
Tools, furniture and fixtures, net	236,263	350,769
Land	1,042,918	1,044,531
Leased assets	385,923	374,825
Accumulated depreciation	(242,638)	(208,760)
Leased assets, net	143,284	166,064
Construction in progress	1,940,973	171,904
Other	23,569	27,879
Accumulated depreciation	(16,282)	(19,042)
Other, net	7,286	8,837
Total property, plant and equipment	4,652,622	5,684,146
Intangible assets		
Goodwill	3,781	3,024
Trademark right	71,795	63,020
Other	129,433	126,739
Total intangible assets	205,009	192,784
Investments and other assets		
Investment securities	2,347,028	2,224,789
Deferred tax assets	682,934	690,362
Other	275,396	293,191
Total investments and other assets	3,305,359	3,208,344
Total non-current assets	8,162,991	9,085,274
Total assets	29,321,146	29,584,543

	(Thousands of yen)	
	FY3/18 (As of Mar. 31, 2018)	Third quarter of FY3/19 (As of Dec. 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,117,443	5,104,319
Short-term loans payable	657,415	657,915
Lease obligations	62,889	69,074
Income taxes payable	497,919	151,476
Provision for bonuses	893,141	416,140
Provision for directors' bonuses	98,681	48,698
Provision for product warranties	109,686	111,943
Other	1,076,268	1,252,991
Total current liabilities	8,513,444	7,812,560
Non-current liabilities		
Long-term loans payable	300,000	300,000
Lease obligations	94,892	116,151
Deferred tax liabilities	390	383
Provision for directors' retirement benefits	151,043	51,687
Net defined benefit liability	806,457	812,337
Asset retirement obligations	180,356	181,601
Other	613,902	633,938
Total non-current liabilities	2,147,041	2,096,100
Total liabilities	10,660,486	9,908,661
Net assets		
Shareholders' equity		
Capital stock	1,018,250	1,044,691
Capital surplus	638,250	664,691
Retained earnings	16,157,603	17,187,772
Treasury shares	(480)	(559)
Total shareholders' equity	17,813,622	18,896,594
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	274,384	227,585
Foreign currency translation adjustment	403,156	388,632
Remeasurements of defined benefit plans	(38,131)	(30,801)
Total accumulated other comprehensive income	639,409	585,416
Non-controlling interests	207,627	193,871
Total net assets	18,660,659	19,675,882
Total liabilities and net assets	29,321,146	29,584,543

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

(Thousands of yen)

	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)
Net sales	20,684,089	21,955,656
Cost of sales	13,655,932	14,212,665
Gross profit	7,028,157	7,742,991
Selling, general and administrative expenses	5,276,897	5,872,765
Operating profit	1,751,259	1,870,225
Non-operating income		
Interest income	20,611	19,327
Dividend income	26,870	20,344
Share of profit of entities accounted for using equity method	387,017	428,221
Foreign exchange gains	79,920	-
Other	34,896	46,340
Total non-operating income	549,317	514,233
Non-operating expenses		
Interest expenses	21,403	23,119
Commission fee	17,917	3,765
Foreign exchange losses	-	27,546
Business establishment transfer expenses	-	30,900
Other	7,744	5,325
Total non-operating expenses	47,065	90,657
Ordinary profit	2,253,511	2,293,800
Extraordinary income		
Gain on sales of non-current assets	1,543	-
Total extraordinary income	1,543	-
Extraordinary losses		
Loss on sales of non-current assets	-	172
Loss on retirement of non-current assets	2,740	1,736
Total extraordinary losses	2,740	1,908
Profit before income taxes	2,252,313	2,291,892
Income taxes	489,178	613,379
Profit	1,763,134	1,678,512
Profit attributable to non-controlling interests	20,271	14,725
Profit attributable to owners of parent	1,742,862	1,663,786

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

(Thousands of yen)

	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)
Profit	1,763,134	1,678,512
Other comprehensive income		
Valuation difference on available-for-sale securities	74,236	(46,798)
Foreign currency translation adjustment	21,708	(11,410)
Remeasurements of defined benefit plans, net of tax	29,910	7,329
Share of other comprehensive income of entities accounted for using equity method	19,713	(3,615)
Total other comprehensive income	145,568	(54,494)
Comprehensive income	1,908,702	1,624,017
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,887,739	1,609,793
Comprehensive income attributable to non-controlling interests	20,963	14,223

(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 nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)

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

II. First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 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.