

Summary of Consolidated Financial Results
for the First Quarter of Fiscal Year Ending March 31, 2020
(Three Months Ended June 30, 2019)

[Japanese GAAP]

Company name: IWAKI CO.,LTD. Listing: Tokyo Stock Exchange, First Section
 Stock code: 6237 URL: <http://www.iwakipumps.jp/>
 Representative: Shigeru Fujinaka, President
 Contact: Makoto Inoue, Director,
 Senior General Manager of Business Management Head Office Tel: (81)3-3254-2931
 Scheduled date of filing of Quarterly Report: August 9, 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 First Quarter Ended June 30, 2019 (April 1, 2019 – June 30, 2019)

(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	%
Three months ended Jun. 30, 2019	6,782	(6.5)	338	(45.2)	454	(38.9)	410	(16.5)
Three months ended Jun. 30, 2018	7,256	12.2	617	37.0	742	19.2	490	8.6

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2019: 252 (down 13.3%)
 Three months ended Jun. 30, 2018: 290 (down 25.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2019	18.37	-
Three months ended Jun. 30, 2018	21.86	-

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, 2019	30,223	19,615	64.3
As of Mar. 31, 2019	30,463	20,148	65.5

Reference: Owner's equity (million yen) As of Jun. 30, 2019: 19,429 As of Mar. 31, 2019: 19,952

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2019	-	12.00	-	16.90	28.90
Fiscal year ending Mar. 31, 2020	-	-	-	-	-
Fiscal year ending Mar. 31, 2020 (forecasts)	-	13.00	-	17.50	30.50

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

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(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	15,411	4.8	1,313	8.6	1,564	2.0	1,240	16.1	55.59
Full year	30,561	4.8	2,384	2.0	2,869	0.8	2,243	3.7	101.06

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

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|---|------|
| 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, 2019:	22,490,910 shares	As of Mar. 31, 2019:	22,490,910 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2019:	394,224 shares	As of Mar. 31, 2019:	510 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2019:	22,318,362 shares	Three months ended Jun. 30, 2018:	22,452,648 shares
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Note: Iwaki conducted a 3-for-1 common stock split on July 1, 2018. The average number of shares outstanding during the period has been calculated as if this stock split had 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 quarter of the fiscal year ending March 31, 2020, the Japanese economy continued to recover at a moderate pace as improvements in jobs and personal income continued. However, the outlook for Japan's economy is becoming increasingly uncertain. This is because of concerns about the effects of trends in the U.S.-China trade friction on the global economy, uncertainties about overseas economies, including the prospects for the Chinese economy, and the impact of the upcoming consumption tax hike.

In Japan, Iwaki took many actions 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 were higher than one year earlier mainly in the water treatment and chemicals markets. However, continuing from the second half of the previous fiscal year, the semiconductor/liquid crystal market remained weak because there was a slowdown in semiconductor-related capital investment. The surface treatment equipment market was also bearish as the same factors affected this market. The medical equipment market was hovered at the high level reached in the previous fiscal year.

Sales in Japan decreased 10.7% from one year earlier to 4,012 million yen as a result of soft sales in the semiconductor/liquid crystal and medical equipment markets. In Europe, sales were up 5.3% to 738 million yen because of strength in the new energy market. In the United States, sales increased 24.4% to 1,018 million yen as a result of higher sales in all markets, chiefly in the water treatment market. In Asia, sales decreased 30.4% to 516 million yen because of a lower demand in the semiconductor/liquid crystal market. Sales in China were up 3.4% to 280 million yen because of strong sales in the medical equipment market.

By product category, sales of mainline metering pumps were strong. Sales of magnetic drive pumps were generally about the same as one year earlier. Air pumps for the medical equipment market also remained strong. Sales of pneumatic drive pumps for the semiconductor/liquid crystal market were weak due to a slowdown in semiconductor-related capital investment.

Consequently, consolidated net sales decreased 6.5% to 6,782 million yen.

Earnings were largely affected by lower sales and higher cost due to up-front investments. As a result, operating profit decreased 45.2% to 338 million yen, ordinary profit decreased 38.9% to 454 million yen and profit attributable to owners of parent decreased 16.5% to 410 million yen.

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

(2) Explanation of Financial Position

Assets

The balance of current assets at the end of the first quarter of the current fiscal year was 21,770 million yen, up 330 million yen from the end of the previous fiscal year. This was mainly due to an increase of 320 million yen in cash and deposits. The balance of non-current assets was 8,453 million yen at the end of the first quarter of the current fiscal year, down 570 million yen from the end of the previous fiscal year. This was mainly because of a decrease of 596 million yen in investment securities.

As a result, total assets decreased 240 million yen from the end of the previous fiscal year to 30,223 million yen.

Liabilities

The balance of current liabilities at the end of the first quarter of the current fiscal year was 8,932 million yen, up 254 million yen from the end of the previous fiscal year. This was mainly due to an increase of 206 million yen in short-term borrowings. The balance of non-current liabilities was 1,674 million yen at the end of the first quarter of the current fiscal year, up 37 million yen from the end of the previous fiscal year.

As a result, total liabilities increased 292 million yen from the end of the previous fiscal year to 10,607 million yen.

Net assets

The balance of net assets at the end of the first quarter of the current fiscal year was 19,615 million yen, down 532 million yen from the end of the previous fiscal year. The main factors include the purchase of treasury shares of 393 million yen and a 140 million yen decrease in valuation difference on available-for-sale securities.

Consequently, the capital adequacy ratio was 64.3% (65.5% 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 forecasts that were disclosed in the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019” dated May 14, 2019.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	First quarter of FY3/20 (As of Jun. 30, 2019)
Assets		
Current assets		
Cash and deposits	5,580,286	5,901,083
Notes and accounts receivable-trade	6,873,408	6,511,067
Electronically recorded monetary claims-operating	2,738,020	2,874,080
Securities	55,846	56,337
Merchandise and finished goods	2,214,986	2,292,876
Work in process	29,785	140,120
Raw materials and supplies	3,522,791	3,612,429
Other	446,732	406,808
Allowance for doubtful accounts	(21,831)	(24,474)
Total current assets	21,440,024	21,770,329
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,304,024	7,325,294
Accumulated depreciation and impairment loss	(3,646,791)	(3,693,115)
Buildings and structures, net	3,657,232	3,632,178
Machinery, equipment and vehicles	2,676,850	2,705,923
Accumulated depreciation and impairment loss	(2,247,889)	(2,279,853)
Machinery, equipment and vehicles, net	428,960	426,069
Tools, furniture and fixtures	1,795,534	1,808,746
Accumulated depreciation and impairment loss	(1,465,444)	(1,480,117)
Tools, furniture and fixtures, net	330,089	328,629
Land	1,041,879	1,040,712
Leased assets	338,538	343,959
Accumulated depreciation	(185,666)	(201,868)
Leased assets, net	152,872	142,091
Construction in progress	11,071	10,795
Other	27,178	28,392
Accumulated depreciation	(19,444)	(19,890)
Other, net	7,733	8,502
Total property, plant and equipment	5,629,839	5,588,978
Intangible assets		
Goodwill	2,772	2,520
Trademark right	58,573	55,657
Other	132,297	174,447
Total intangible assets	193,643	232,626
Investments and other assets		
Investment securities	2,275,208	1,678,938
Deferred tax assets	634,431	671,878
Other	290,448	280,644
Total investments and other assets	3,200,088	2,631,461
Total non-current assets	9,023,571	8,453,066
Total assets	30,463,596	30,223,396

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	First quarter of FY3/20 (As of Jun. 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,184,397	4,887,378
Short-term borrowings	951,205	1,157,406
Lease obligations	64,978	61,477
Income taxes payable	250,186	184,657
Provision for bonuses	881,140	406,293
Provision for bonuses for directors (and other officers)	140,000	17,966
Provision for product warranties	97,261	87,781
Other	1,108,559	2,129,626
Total current liabilities	8,677,727	8,932,588
Non-current liabilities		
Long-term borrowings	-	4,543
Lease obligations	106,058	98,326
Provision for retirement benefits for directors (and other officers)	51,687	51,687
Retirement benefit liability	659,105	656,976
Asset retirement obligations	184,387	184,811
Other	636,283	678,485
Total non-current liabilities	1,637,521	1,674,829
Total liabilities	10,315,249	10,607,418
Net assets		
Shareholders' equity		
Share capital	1,044,691	1,044,691
Capital surplus	664,691	664,691
Retained earnings	17,687,437	17,717,354
Treasury shares	(559)	(394,418)
Total shareholders' equity	19,396,260	19,032,317
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	232,113	91,372
Foreign currency translation adjustment	241,969	233,436
Remeasurements of defined benefit plans	81,877	72,694
Total accumulated other comprehensive income	555,960	397,503
Non-controlling interests	196,127	186,157
Total net assets	20,148,347	19,615,978
Total liabilities and net assets	30,463,596	30,223,396

(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 FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)	First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)
Net sales	7,256,769	6,782,927
Cost of sales	4,704,189	4,498,678
Gross profit	2,552,580	2,284,249
Selling, general and administrative expenses	1,934,783	1,945,396
Operating profit	617,796	338,853
Non-operating income		
Interest income	5,511	4,290
Dividend income	13,093	16,499
Share of profit of entities accounted for using equity method	147,315	113,932
Other	11,569	10,499
Total non-operating income	177,490	145,222
Non-operating expenses		
Interest expenses	7,674	8,008
Foreign exchange losses	10,487	8,588
Business establishment transfer expenses	30,900	-
Loss on amortization of restricted stock remuneration	-	6,800
Other	3,349	6,502
Total non-operating expenses	52,412	29,900
Ordinary profit	742,875	454,175
Extraordinary income		
Gain on sales of non-current assets	20	9,111
Gain on sales of investment securities	-	153,234
Total extraordinary income	20	162,345
Extraordinary losses		
Loss on retirement of non-current assets	564	247
Total extraordinary losses	564	247
Profit before income taxes	742,330	616,272
Income taxes	244,547	206,032
Profit	497,783	410,240
Profit attributable to non-controlling interests	6,930	236
Profit attributable to owners of parent	490,853	410,004

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

	(Thousands of yen)	
	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)	First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)
Profit	497,783	410,240
Other comprehensive income		
Valuation difference on available-for-sale securities	(9,486)	(140,741)
Foreign currency translation adjustment	(167,321)	(7,429)
Remeasurements of defined benefit plans, net of tax	2,443	(9,182)
Share of other comprehensive income of entities accounted for using equity method	(32,432)	(744)
Total other comprehensive income	(206,796)	(158,098)
Comprehensive income	290,987	252,142
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	285,261	251,547
Comprehensive income attributable to non-controlling interests	5,726	595

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Iwaki purchased 389,000 treasury shares pursuant to resolution of the Board of Directors meeting on May 14, 2019. As a result, treasury shares increased 393 million yen during the first quarter of the current fiscal year to 394 million yen at the end of the first quarter.

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

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.