

Summary of Consolidated Financial Results
for the First Quarter of Fiscal Year Ending March 31, 2018
(Three Months Ended June 30, 2017)

[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:	August 10, 2017
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, 2017 (April 1, 2017 – June 30, 2017)

(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, 2017	6,465	8.6	450	46.6	623	22.0	451	37.2
Three months ended Jun. 30, 2016	5,952	-	307	-	510	-	329	-

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2017: 389 (- %)

Three months ended Jun. 30, 2016: (61) (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2017	60.37	-
Three months ended Jun. 30, 2016	44.00	-

Note: The year-on-year changes for the three months ended June 30, 2016 are not presented because the quarterly consolidated financial statements were not prepared in the same period of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of Jun. 30, 2017	26,762	17,006	62.8
As of Mar. 31, 2017	26,253	16,906	63.7

Reference: Owner's equity (million yen) As of Jun. 30, 2017: 16,814 As of Mar. 31, 2017: 16,718

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2017	-	30.00	-	38.00	68.00
Fiscal year ending Mar. 31, 2018	-				
Fiscal year ending Mar. 31, 2018 (forecasts)		26.00	-	33.00	59.00

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

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(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	13,075	5.5	767	(0.5)	923	(15.0)	647	(17.0)	86.45
Full year	26,517	5.5	1,672	14.1	1,969	(7.8)	1,450	(14.2)	193.82

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 Jun. 30, 2017:	7,484,370 shares	As of Mar. 31, 2017:	7,484,370 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2017:	18 shares	As of Mar. 31, 2017:	18 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2017:	7,484,352 shares	Three months ended Jun. 30, 2016:	7,484,370 shares
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* The current financial report is not subject to quarterly review procedures.

* 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.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	2
(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
Quarterly Consolidated Statement of Income	
For the Three-month Period	6
Quarterly Consolidated Statement of Comprehensive Income	
For the Three-month Period	7
(3) Notes to Quarterly Consolidated Financial Statements	8
Going Concern Assumption	8
Significant Changes in Shareholders' Equity	8
Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements	8
Segment and Other Information	8

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, 2018, the Japanese economy, led by improving employment situation and other positive factors, continued to recover gradually. But, the outlook is still uncertain due to the effects of changes in the policies of the new U.S. administration on the global economy. Moreover, there were worries about geopolitical risks in Europe and in emerging economies in Asia and the effect of higher interest rates in the U.S. Due to these uncertainties, the overseas economic outlook remained unclear.

In the domestic sales head office, there were extensive workplace sales activities based on the core policy of “competing and winning” in order to build stronger relationships with customers. The overseas sales head office worked with subsidiaries and affiliates on measures to increase sales. This resulted in positive sales to major customers both in Japan and overseas. In Iwaki’s six major markets, sales were strong in the semiconductor/liquid crystal market and surface treatment equipment market. Sales were also firm in the water treatment market and medical equipment market.

Domestic sales increased 6.4% from one year earlier to 3,954 million yen. Sales were driven by favorable demand from the semiconductor/liquid crystal and surface treatment equipment markets. In addition, the medical equipment market, water treatment market and the chemical market were strong. In Europe, sales were up 6.9% to 606 million yen as demand from the new energy market remained strong. The yen’s appreciation lowered the yen translation of sales from the U.S. by 1.1% to 794 million yen, although the U.S. market was solid. In Asia, sales increased 31.1% to 657 million yen due to strength in the semiconductor market in Korea and the surface treatment equipment market in Taiwan. Sales in China also increased 49.1% to 236 million yen due to strong demand in the medical equipment market.

By product, sales of pneumatic drive pumps and other items for the semiconductor/liquid crystal markets were strong. Sales of metering pumps for the water treatment market and rotary displacement pumps for dialysis equipment of the medical equipment market were also positive. Mainline magnetic drive pumps sales were consistent.

Consequently, consolidated sales increased 8.6% to 6,465 million yen.

Higher sales combined with cost cutting initiatives increased operating profit by 46.6% to 450 million yen, and ordinary profit by 22.0% to 623 million yen. Profit attributable to owners of parent increased 37.2% to 451 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 20,370 million yen, up 538 million yen from the end of the previous fiscal year. This was mainly due to increases of 306 million yen in cash and deposits and 179 million yen in notes and accounts receivable-trade. The balance of non-current assets was 6,392 million yen at the end of the first quarter, down 29 million yen from the end of the previous fiscal year. This was mainly because of a 36 million yen decrease in property, plant and equipment.

As a result, total assets increased 508 million yen from the end of the previous fiscal year to 26,762 million yen.

Liabilities

The balance of current liabilities at the end of the first quarter of the current fiscal year was 7,452 million yen, up 421 million yen from the end of the previous fiscal year. This was mainly due to increases of 223 million yen in notes and accounts payable-trade and 15 million yen in short-term loans payable. The balance of non-current

liabilities was 2,302 million yen at the end of the first quarter, down 12 million yen from the end of the previous fiscal year. This was mainly due to a 15 million yen decrease in lease obligations.

As a result, total liabilities increased 408 million yen from the end of the previous fiscal year to 9,755 million yen.

Net assets

The balance of net assets was 17,006 million yen at the end of the first quarter of the current fiscal year, up 100 million yen from the end of the previous fiscal year. The main factors include a 167 million yen increase in retained earnings.

Consequently, the capital adequacy ratio was 62.8% (63.7% 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, 2017” dated May 12, 2017.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/17 (As of Mar. 31, 2017)	First quarter of FY3/18 (As of Jun. 30, 2017)
Assets		
Current assets		
Cash and deposits	6,191,508	6,497,947
Notes and accounts receivable-trade	6,434,549	6,613,760
Electronically recorded monetary claims-operating	1,988,682	1,849,357
Securities	112,738	-
Merchandise and finished goods	1,901,218	1,888,033
Work in process	30,155	148,568
Raw materials and supplies	2,437,457	2,594,267
Deferred tax assets	502,614	506,583
Other	253,912	291,940
Allowance for doubtful accounts	(20,816)	(19,730)
Total current assets	19,832,021	20,370,728
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,636,978	4,619,422
Accumulated depreciation and impairment loss	(3,514,143)	(3,525,802)
Buildings and structures, net	1,122,834	1,093,619
Machinery, equipment and vehicles	2,231,416	2,263,862
Accumulated depreciation and impairment loss	(1,985,609)	(2,013,811)
Machinery, equipment and vehicles, net	245,807	250,050
Tools, furniture and fixtures	1,601,918	1,616,720
Accumulated depreciation and impairment loss	(1,375,807)	(1,386,607)
Tools, furniture and fixtures, net	226,111	230,112
Land	1,036,769	1,035,285
Leased assets	485,543	485,543
Accumulated depreciation	(317,020)	(338,660)
Leased assets, net	168,523	146,883
Construction in progress	918,646	925,479
Other	17,494	18,338
Accumulated depreciation	(11,924)	(12,289)
Other, net	5,569	6,048
Total property, plant and equipment	3,724,263	3,687,480
Intangible assets		
Goodwill	19,718	14,297
Trademark right	86,219	80,255
Other	117,682	125,102
Total intangible assets	223,619	219,655
Investments and other assets		
Investment securities	2,064,168	2,096,967
Deferred tax assets	142,215	122,812
Other	267,571	265,108
Total investments and other assets	2,473,955	2,484,888
Total non-current assets	6,421,838	6,392,024
Total assets	26,253,859	26,762,752

	(Thousands of yen)	
	FY3/17 (As of Mar. 31, 2017)	First quarter of FY3/18 (As of Jun. 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,345,679	4,568,942
Short-term loans payable	576,160	591,900
Lease obligations	75,517	67,838
Income taxes payable	300,437	163,686
Provision for bonuses	716,527	369,432
Provision for directors' bonuses	100,120	17,780
Provision for product warranties	98,485	113,538
Other	818,564	1,559,865
Total current liabilities	7,031,491	7,452,984
Non-current liabilities		
Long-term loans payable	300,000	300,000
Lease obligations	106,584	91,320
Deferred tax liabilities	72,226	69,544
Provision for directors' retirement benefits	151,043	151,043
Net defined benefit liability	885,513	884,139
Asset retirement obligations	205,500	206,008
Other	594,892	600,743
Total non-current liabilities	2,315,762	2,302,800
Total liabilities	9,347,253	9,755,785
Net assets		
Shareholders' equity		
Capital stock	1,018,250	1,018,250
Capital surplus	638,250	638,250
Retained earnings	14,637,110	14,804,511
Treasury shares	(30)	(30)
Total shareholders' equity	16,293,580	16,460,981
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	250,907	270,617
Foreign currency translation adjustment	309,458	208,229
Remeasurements of defined benefit plans	(135,090)	(125,120)
Total accumulated other comprehensive income	425,274	353,727
Non-controlling interests	187,750	192,258
Total net assets	16,906,605	17,006,966
Total liabilities and net assets	26,253,859	26,762,752

(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 FY3/17 (Apr. 1, 2016 – Jun. 30, 2016)	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)
Net sales	5,952,121	6,465,869
Cost of sales	4,007,852	4,243,579
Gross profit	1,944,269	2,222,290
Selling, general and administrative expenses	1,636,722	1,771,489
Operating profit	307,547	450,800
Non-operating income		
Interest income	7,014	6,675
Dividend income	15,026	19,145
Share of profit of entities accounted for using equity method	78,737	107,803
Foreign exchange gains	88,649	37,829
Other	23,135	11,464
Total non-operating income	212,562	182,919
Non-operating expenses		
Interest expenses	4,500	6,388
Other	4,734	4,147
Total non-operating expenses	9,234	10,535
Ordinary profit	510,875	623,184
Extraordinary income		
Gain on sales of non-current assets	-	168
Total extraordinary income	-	168
Extraordinary losses		
Loss on retirement of non-current assets	53	1,878
Total extraordinary losses	53	1,878
Profit before income taxes	510,821	621,474
Income taxes	179,072	160,790
Profit	331,749	460,683
Profit attributable to non-controlling interests	2,417	8,877
Profit attributable to owners of parent	329,332	451,806

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

(Thousands of yen)

	First three months of FY3/17 (Apr. 1, 2016 – Jun. 30, 2016)	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)
Profit	331,749	460,683
Other comprehensive income		
Valuation difference on available-for-sale securities	(176,749)	19,710
Foreign currency translation adjustment	(151,430)	(99,547)
Remeasurements of defined benefit plans, net of tax	10,445	9,970
Share of other comprehensive income of entities accounted for using equity method	(75,772)	(1,783)
Total other comprehensive income	(393,506)	(71,650)
Comprehensive income	(61,757)	389,033
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	(63,564)	380,258
Comprehensive income attributable to non-controlling interests	1,807	8,774

(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 and Other Information

Segment information

I. First three months of FY3/17 (Apr. 1, 2016 – Jun. 30, 2016)

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

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

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.