

February 9, 2017

Summary of Consolidated Financial Results
for the Third Quarter of Fiscal Year Ending March 31, 2017
(Nine Months Ended December 31, 2016)

[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 | |
| Contact: Kenji Matsuda, Senior Executive Director | Tel: (81)3-3254-2931 |
| Scheduled date of filing of Quarterly Report: | February 14, 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 Third Quarter Ended December 31, 2016

(April 1, 2016 – December 31, 2016)

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

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|---------------------------------|-------------|-----|------------------|-------|-----------------|-------|---|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Nine months ended Dec. 31, 2016 | 18,720 | 1.5 | 1,173 | (5.4) | 1,540 | (6.0) | 1,207 | (2.2) |
| Nine months ended Dec. 31, 2015 | 18,445 | - | 1,240 | - | 1,638 | - | 1,235 | - |

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2016: 503 (down 49.6%)

Nine months ended Dec. 31, 2015: 997 (- %)

| | Net income per share | Diluted net income per share |
|---------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Nine months ended Dec. 31, 2016 | 161.38 | - |
| Nine months ended Dec. 31, 2015 | 181.83 | - |

Note: The year-on-year changes for the nine months ended December 31, 2015 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 Dec. 31, 2016 | 25,400 | 15,921 | 62.0 |
| As of Mar. 31, 2016 | 25,438 | 16,075 | 63.0 |

Reference: Owner's equity (million yen) As of Dec. 31, 2016: 15,737 As of Mar. 31, 2016: 16,048

2. Dividends

| | Dividend per share | | | | |
|--|--------------------|--------|--------|----------|-------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended Mar. 31, 2016 | - | 0.00 | - | 78.80 | 78.80 |
| Fiscal year ending Mar. 31, 2017 | - | 30.00 | - | | |
| Fiscal year ending Mar. 31, 2017 (forecasts) | | | | 32.00 | 62.00 |

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

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(Percentages represent year-on-year changes)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Net income per share |
|-----------|-------------|-----|------------------|-----|-----------------|-----|---|-------|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 24,871 | 0.2 | 1,594 | 4.0 | 2,067 | 3.8 | 1,527 | (0.0) | 204.04 |

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 4 “2. Matters Related to Summary Information (Notes), (3) 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: Yes
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting-based estimates: None
- 4) Restatements: None

Note: Please refer to page 4 “2. Matters Related to Summary Information (Notes), (4) Changes in Accounting Policies and Accounting-based Estimates, and Restatements” for details.

(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, 2016: | 7,484,370 shares | As of Mar. 31, 2016: | 7,484,370 shares |
|----------------------|------------------|----------------------|------------------|

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

| | | | |
|----------------------|-----------|----------------------|----------|
| As of Dec. 31, 2016: | 18 shares | As of Mar. 31, 2016: | - shares |
|----------------------|-----------|----------------------|----------|

3) Average number of shares outstanding during the period

| | | | |
|----------------------------------|------------------|----------------------------------|------------------|
| Nine months ended Dec. 31, 2016: | 7,484,359 shares | Nine months ended Dec. 31, 2015: | 6,794,370 shares |
|----------------------------------|------------------|----------------------------------|------------------|

Note 1: Information regarding the implementation of quarterly review procedures

The current quarterly summary report is exempted from quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the review procedures for the quarterly financial statements have not been completed.

Note 2: 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.

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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, 2017, the business climate in Japan improved, especially for exporting companies. Major reasons include the yen's decline following the U.S. presidential election and economic recoveries in the United States and other countries. However, the outlook for Japan and the world is still uncertain. In Japan, capital expenditures are lackluster and the value of the yen is volatile. Overseas, sources of uncertainty include the upcoming policies of the new U.S. administration, attacks by terrorists, and elections in major European countries that are likely to be influenced by Brexit.

In Japan, there were extensive workplace sales activities based on the core policy of "competing and winning" in order to build stronger relationships with customers. In Iwaki's six major markets, a decline in large projects reduced new energy sales and sales were soft in the semiconductor/liquid crystal market and surface treatment equipment market. In the medical equipment market, sales were higher, chiefly for products sold to the main customers of this market sector. In addition, sales were higher in the water treatment market and chemicals market. As a result, sales in Japan increased 3.1% to 11,827 million yen.

Iwaki America Incorporated posted strong sales in its core water treatment market and performance was good in the medical equipment market, too. However, the chemicals market was sluggish. Although performance was good overall in the United States, yen conversions of U.S. sales were brought down because the yen was stronger at the end of the third quarter than it was one year earlier. As a result, U.S. sales decreased 6.8% to 3,114 million yen. At Iwaki Europe GmbH in Germany, sales were slow in the water treatment market but increased in the semiconductor/liquid crystal market. Although the yen's strength had a negative impact, sales increased 0.3% to 1,479 million yen. Sales of Iwaki Singapore Pte Ltd. were higher in its core semiconductor/liquid crystal, surface treatment equipment, and water treatment and chemicals markets. Sales increased 18.2% to 200 million yen despite the yen's appreciation. Sales of IWAKIm SDN. BHD. in Malaysia benefited from large orders in the semiconductor/liquid crystal market but the yen's strength had a negative effect. The result was a 5.3% increase in sales to 84 million yen. In other regions, Iwaki worked with partner companies on measures to increase sales. Sales to large customers in China's medical equipment market were weak and demand in the water treatment market in Asia was lackluster. But demand increased along with recoveries in the Asian semiconductor/liquid crystal market and surface treatment equipment market. As a result, sales to overseas customers other than Iwaki subsidiaries increased 5.9% to 2,015 million yen.

Overall, medical equipment market sales increased and sales were firm in the semiconductor/liquid crystal market and water treatment market. Sales were sluggish in the surface treatment equipment market and the chemicals market, and weak in the new energy market.

In terms of specific products, there were higher sales of system products due to growth in orders in the water treatment market and medical equipment market. Magnetic drive pumps, pneumatic drive pumps and air pumps also posted solid sales.

Consequently, consolidated sales increased 1.5% to 18,720 million yen. Operating income decreased 5.4% to 1,173 million yen, ordinary income decreased 6.0% to 1,540 million yen, and profit attributable to owners of parent decreased 2.2% to 1,207 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 third quarter of the current fiscal year was 20,169 million yen, up 480 million yen from the end of the previous fiscal year. This was mainly due to increases of 788 million yen in cash and deposits and 1,103 million yen in electronically recorded monetary claims-operating, while there were decreases of 763 million yen in notes and accounts receivable-trade, 457 million yen in securities, and 349 million yen in merchandise and finished goods. The balance of non-current assets was 5,231 million yen at the end of the third quarter, down 518 million yen from the end of the previous fiscal year. This was mainly because of a 539 million yen decrease in investment securities.

As a result, total assets decreased 37 million yen from the end of the previous fiscal year to 25,400 million yen.

Liabilities

The balance of current liabilities at the end of the third quarter of the current fiscal year was 7,081 million yen, down 37 million yen from the end of the previous fiscal year. This was mainly due to decreases of 347 million yen in provision for bonuses and 216 million yen in income taxes payable, while there was a 477 million yen increase in notes and accounts payable-trade. The balance of non-current liabilities was 2,397 million yen at the end of the third quarter, up 154 million yen from the end of the previous fiscal year. This was mainly due to a 151 million yen increase in provision for directors' retirement benefits.

As a result, total liabilities increased 116 million yen from the end of the previous fiscal year to 9,478 million yen.

Net Assets

The balance of net assets was 15,921 million yen at the end of the third quarter of the current fiscal year, down 154 million yen from the end of the previous fiscal year. The main factors include a 393 million yen increase in retained earnings, and a 619 million yen decrease in foreign currency translation adjustment.

Consequently, the capital adequacy ratio was 62.0% (compared with 63.0% at the end of the previous fiscal year).

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

We maintain the full-year consolidated earnings forecast that was disclosed in the "Summary of Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2017" dated November 9, 2016 (Japanese version only).

2. Matters Related to Summary Information (Notes)

(1) Changes in Consolidated Subsidiaries during the Period

Not applicable.

(2) Changes in the Scope of Consolidation or Application of the Equity Method

1) Important changes in the scope of consolidation

In the third quarter of the current fiscal year, TechnoECHO Co., Ltd. was included in the scope of consolidation following the acquisition of its shares by Iwaki Co.,Ltd.

2) Important changes in the scope of application of the equity method

In the third quarter of the current fiscal year, IWP Holding Company Limited was included in the scope of application of the equity method due to its establishment.

(3) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Calculation of tax expense

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.

(4) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

Changes in Accounting Policies

Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016

Following the revised Corporation Tax Act, Iwaki has applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 32, June 17, 2016) from the first quarter of the current fiscal year, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

The effect of this change on operating income, ordinary income, and profit before income taxes in the first nine months of the current fiscal year is insignificant.

(5) Additional Information

Application of Guidance on Recoverability of Deferred Tax Assets

Iwaki has applied the “Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016) starting from the first quarter of the current fiscal year.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

| | (Thousands of yen) | |
|---|---------------------------------|--|
| | FY3/16 (As of Mar. 31, 2016) | Third quarter of FY3/17 (As of Dec. 31, 2016) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 5,727,118 | 6,515,878 |
| Notes and accounts receivable-trade | 7,390,085 | 6,626,682 |
| Electronically recorded monetary claims-operating | 1,021,204 | 2,124,785 |
| Securities | 575,408 | 118,157 |
| Merchandise and finished goods | 1,976,735 | 1,626,747 |
| Work in process | 3,204 | 94,636 |
| Raw materials and supplies | 2,289,258 | 2,332,452 |
| Deferred tax assets | 502,951 | 490,553 |
| Other | 230,499 | 262,309 |
| Allowance for doubtful accounts | (27,625) | (22,845) |
| Total current assets | 19,688,840 | 20,169,359 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 4,605,913 | 4,607,412 |
| Accumulated depreciation and impairment loss | (3,453,920) | (3,491,395) |
| Buildings and structures, net | 1,151,992 | 1,116,016 |
| Machinery, equipment and vehicles | 2,125,158 | 2,185,161 |
| Accumulated depreciation and impairment loss | (1,887,150) | (1,941,991) |
| Machinery, equipment and vehicles, net | 238,007 | 243,170 |
| Tools, furniture and fixtures | 1,495,223 | 1,560,598 |
| Accumulated depreciation and impairment loss | (1,267,717) | (1,347,026) |
| Tools, furniture and fixtures, net | 227,506 | 213,572 |
| Land | 1,051,883 | 1,032,019 |
| Leased assets | 498,616 | 475,102 |
| Accumulated depreciation | (291,543) | (295,523) |
| Leased assets, net | 207,073 | 179,579 |
| Construction in progress | 9,277 | 70,293 |
| Other | 113,423 | 14,988 |
| Accumulated depreciation | (42,025) | (9,743) |
| Other, net | 71,397 | 5,244 |
| Total property, plant and equipment | 2,957,138 | 2,859,896 |
| Intangible assets | | |
| Goodwill | 37,490 | 23,641 |
| Trademark right | 103,111 | 77,738 |
| Other | 92,942 | 112,106 |
| Total intangible assets | 233,544 | 213,486 |
| Investments and other assets | | |
| Investment securities | 2,286,020 | 1,746,450 |
| Deferred tax assets | 15,061 | 145,176 |
| Other | 257,660 | 266,003 |
| Total investments and other assets | 2,558,742 | 2,157,630 |
| Total non-current assets | 5,749,425 | 5,231,013 |
| Total assets | 25,438,265 | 25,400,372 |

| | (Thousands of yen) | |
|---|---------------------------------|--|
| | FY3/16 (As of Mar. 31, 2016) | Third quarter of FY3/17 (As of Dec. 31, 2016) |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 3,886,904 | 4,364,599 |
| Short-term loans payable | 833,470 | 834,310 |
| Lease obligations | 85,762 | 80,804 |
| Income taxes payable | 394,520 | 178,230 |
| Provision for bonuses | 720,673 | 373,106 |
| Provision for directors' bonuses | - | 39,633 |
| Provision for product warranties | 92,157 | 107,093 |
| Other | 1,106,122 | 1,104,114 |
| Total current liabilities | 7,119,610 | 7,081,892 |
| Non-current liabilities | | |
| Long-term loans payable | 300,000 | 300,000 |
| Lease obligations | 136,080 | 112,815 |
| Deferred tax liabilities | 77,862 | 65,325 |
| Provision for directors' retirement benefits | - | 151,043 |
| Net defined benefit liability | 957,580 | 976,213 |
| Asset retirement obligations | 201,923 | 202,367 |
| Other | 569,452 | 589,337 |
| Total non-current liabilities | 2,242,900 | 2,397,103 |
| Total liabilities | 9,362,510 | 9,478,996 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 1,018,250 | 1,018,250 |
| Capital surplus | 638,250 | 638,250 |
| Retained earnings | 13,760,504 | 14,154,061 |
| Treasury shares | - | (30) |
| Total shareholders' equity | 15,417,004 | 15,810,530 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 371,039 | 254,715 |
| Foreign currency translation adjustment | 501,419 | (118,319) |
| Remeasurements of defined benefit plans | (240,899) | (209,561) |
| Total accumulated other comprehensive income | 631,559 | (73,165) |
| Non-controlling interests | 27,191 | 184,010 |
| Total net assets | 16,075,755 | 15,921,376 |
| Total liabilities and net assets | 25,438,265 | 25,400,372 |

(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 FY3/16 (Apr. 1, 2015 – Dec. 31, 2015) | First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016) |
|--|---|---|
| Net sales | 18,445,794 | 18,720,967 |
| Cost of sales | 12,268,158 | 12,652,476 |
| Gross profit | 6,177,635 | 6,068,491 |
| Selling, general and administrative expenses | 4,937,186 | 4,894,539 |
| Operating income | 1,240,449 | 1,173,951 |
| Non-operating income | | |
| Interest income | 56,967 | 22,719 |
| Dividend income | 37,195 | 24,955 |
| Share of profit of entities accounted for using equity method | 332,966 | 237,461 |
| Foreign exchange gains | - | 69,112 |
| Other | 42,095 | 44,042 |
| Total non-operating income | 469,224 | 398,290 |
| Non-operating expenses | | |
| Interest expenses | 31,210 | 18,284 |
| Foreign exchange losses | 22,632 | - |
| Other | 16,871 | 13,344 |
| Total non-operating expenses | 70,714 | 31,629 |
| Ordinary income | 1,638,960 | 1,540,613 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 928 | 19,510 |
| Total extraordinary income | 928 | 19,510 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 2,884 | 726 |
| Provision for loss on liquidation of subsidiaries and associates | - | 8,494 |
| Total extraordinary losses | 2,884 | 9,220 |
| Profit before income taxes | 1,637,003 | 1,550,903 |
| Income taxes | 399,486 | 339,240 |
| Profit | 1,237,517 | 1,211,662 |
| Profit attributable to non-controlling interests | 2,053 | 3,807 |
| Profit attributable to owners of parent | 1,235,464 | 1,207,855 |

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

| | (Thousands of yen) | |
|--|---|---|
| | First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015) | First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016) |
| Profit | 1,237,517 | 1,211,662 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (37,177) | (116,323) |
| Foreign currency translation adjustment | (133,512) | (488,585) |
| Remeasurements of defined benefit plans, net of tax | (14,881) | 31,337 |
| Share of other comprehensive income of entities accounted for using equity method | (54,030) | (134,781) |
| Total other comprehensive income | (239,601) | (708,351) |
| Comprehensive income | 997,916 | 503,310 |
| Comprehensive income attributable to: | | |
| Comprehensive income attributable to owners of parent | 997,995 | 503,131 |
| Comprehensive income attributable to non-controlling interests | (78) | 179 |

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment information

I. First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015)

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

II. First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)

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

Business Combinations

Business combination through acquisition

(1) Summary of business combination

1) Acquired company and its business activities

Acquired company: TechnoECHO Co., Ltd.

Business activities: Design, manufacture and sale of residual chlorine meter

2) Reasons for acquisition

Acquiring TechnoECHO will make it possible to perform efficient and effective sales activities for both the residual chlorine meters of this company and the chemical pumps of Iwaki. This acquisition will also provide the flexibility to meet the exacting demands of customers.

In addition, Iwaki will provide financial and other support for the development of residual chlorine meters in order to develop new meters faster.

3) Acquisition date

December 26, 2016 (stock acquisition date)

December 31, 2016 (assumed acquisition date)

4) Legal form of acquisition

Acquisition of shares with cash.

5) Company's name after acquisition

There is no change in the company's name.

6) Percentage of voting rights acquired

70%

7) Basis for choosing the company to acquire

Iwaki acquired the shares in exchange for consideration in cash.

- (2) Period of the acquired company's performance included in the quarterly consolidated statement of income for the period under review

Because December 31, 2016 is assumed as the acquisition date of TechnoECHO, only the balance sheet is included in the consolidated financial statements. This company's results operations are not included in the consolidated statement of income for the first nine months of the current fiscal year.

- (3) Acquisition cost of acquired company and breakdown by type of consideration

| | | |
|------------------------------|-------------------|----------------------|
| Payment for the acquisition: | Cash and deposits | 377,269 thousand yen |
| Acquisition cost: | | 377,269 thousand yen |

- (4) Details of acquisition-related costs and breakdown by type of consideration

Advisory fees, etc.: 1,700 thousand yen

- (5) Goodwill resulting from the acquisition

- 1) Value of goodwill

5,041 thousand yen

- 2) Source of goodwill

Since the net amount of assets acquired and liabilities assumed was less than the acquisition cost, the difference was recognized as goodwill.

- 3) Amortization method and amortization period

Goodwill is amortized over five years by the straight-line method.

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.