

May 12, 2017

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

[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 Annual General Meeting of Shareholders: June 29, 2017
 Scheduled date of payment of dividend: June 30, 2017
 Scheduled date of filing of Annual Securities Report: June 30, 2017
 Preparation of supplementary materials for financial results: Yes
 Holding of 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 Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 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	%
Fiscal year ended Mar. 31, 2017	25,146	1.3	1,465	(4.4)	2,136	7.3	1,690	10.7
Fiscal year ended Mar. 31, 2016	24,830	8.9	1,533	54.8	1,991	32.2	1,527	48.3

Note: Comprehensive income (million yen): Fiscal year ended Mar. 31, 2017: 1,488 (up 161.8%)
 Fiscal year ended Mar. 31, 2016: 568 (down 69.0%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2017	225.93	-	10.3	8.3	5.8
Fiscal year ended Mar. 31, 2016	223.99	-	10.0	7.9	6.1

Reference: Equity in earnings of affiliates (million yen): Fiscal year ended Mar. 31, 2017: 488 Fiscal year ended Mar. 31, 2016: 410

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	26,253	16,906	63.7	2,233.84
As of Mar. 31, 2016	25,438	16,075	63.0	2,144.27

Reference: Owner's equity (million yen) As of Mar. 31, 2017: 16,718 As of Mar. 31, 2016: 16,048

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2017	2,001	(150)	(1,151)	6,111
Fiscal year ended Mar. 31, 2016	1,413	997	(935)	5,426

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2016	-	0.00	-	78.80	78.80	589	35.1	3.7
Fiscal year ended Mar. 31, 2017	-	30.00	-	38.00	68.00	508	30.1	3.1
Fiscal year ending Mar. 31, 2018 (forecast)	-	26.00	-	33.00	59.00		30.4	

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

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

(2) 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 “5. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies” on page 15 of the attachments for further information.

(3) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Mar. 31, 2017: 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 Mar. 31, 2017: 18 shares As of Mar. 31, 2016: - shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2017: 7,484,357 shares Fiscal year ended Mar. 31, 2016: 6,819,697 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2017	20,768	0.8	873	(17.3)	1,597	4.9	1,289	14.1
Fiscal year ended Mar. 31, 2016	20,598	7.8	1,055	60.0	1,522	35.7	1,130	26.6

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2017	172.35	-
Fiscal year ended Mar. 31, 2016	165.74	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	22,918	14,544	63.5	1,943.34
As of Mar. 31, 2016	22,468	14,189	63.1	1,895.83

Reference: Shareholders' equity (million yen): As of Mar. 31, 2017: 14,544 As of Mar. 31, 2016: 14,189

* The current financial report is not subject to audit procedures.

* Cautionary statement with respect to forward-looking statements

1. 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. Please refer to “1. Overview of Results of Operations, (1) Results of Operations, 2) Outlook” on page 2 for forecast assumptions and notes of caution for usage.
2. The Company plans to hold a financial results meeting for institutional investors and analysts on May 26, 2017. Materials to be distributed at this event will be available on the Company's website immediately thereafter.

Contents of Attachments

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	3
2. Corporate Group	4
3. Management Policies	6
(1) Basic Management Policy	6
(2) Performance Targets	6
(3) Medium- and Long-term Business Strategy	6
(4) Challenges	6
4. Basic Approach to the Selection of Accounting Standards	7
5. Consolidated Financial Statements and Notes	8
(1) Consolidated Balance Sheet	8
(2) Consolidated Statements of Income and Comprehensive Income	10
Consolidated Statement of Income	10
Consolidated Statement of Comprehensive Income	11
(3) Consolidated Statement of Changes in Equity	12
(4) Consolidated Statement of Cash Flows	14
(5) Notes to Consolidated Financial Statements	15
Going Concern Assumption	15
Changes in Accounting Policies	15
Reclassifications	15
Additional Information	15
Business Combinations	15
Segment and Other Information	17
Per Share Information	18
Subsequent Events	18
6. Others	18
Changes in Directors	18

1. Overview of Results of Operations

(1) Results of Operations

1) Operating results for the current fiscal year

In Japan, the recovery in corporate earnings and improvements in jobs and personal income continued. But there are concerns about slowing economic growth in China and emerging countries and increasing worries about political risk in Europe and the United States. Due to this uncertainty about overseas economies, the 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. 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 the chemicals market. In the medical equipment market, sales were higher, chiefly for products sold to the main customers of this market sector. Sales increased in the water treatment market. One reason was the acquisition at the end of 2016 of TechnoECHO Co., Ltd., a company that designs, manufactures and sells residual chlorine meters. As a result, sales in Japan increased 1.8% to 15,951 million yen.

Iwaki America Inc. posted strong sales in the medical equipment market, but performance was sluggish in the new energy market and the chemicals market. Although this company’s sales in the core water treatment market increased, the yen’s appreciation in the first half of the current fiscal year lowered yen translations of sales. As a result, U.S. sales decreased 4.0% to 4,254 million yen. At Iwaki Europe GmbH in Germany, sales were higher in the semiconductor/liquid crystal market, but decreased in the surface treatment equipment market and the chemicals market. In addition, the yen’s strength had a negative impact, resulting in a 4.1% decrease in sales to 1,919 million yen. Sales of Iwaki Singapore Pte Ltd. were strong in its core semiconductor/liquid crystal market and water treatment market. However, sales decreased 1.8% to 237 million yen affected by the yen’s appreciation. Sales of IWAKIm SDN. BHD. in Malaysia benefited from large orders in its core semiconductor/liquid crystal market, and performance was good in the surface treatment equipment market. Although the yen’s strength had a negative impact, sales increased 0.4% to 102 million yen. In other regions, Iwaki worked with partner companies on measures to increase sales. Overall, sales in China were firm in the surface treatment equipment market but slow in the water treatment market. In Korea and Taiwan, there were strong sales in the semiconductor/liquid crystal market and the surface treatment equipment market. As a result, sales to overseas customers other than Iwaki subsidiaries increased 12.4% to 2,681 million yen.

Consequently, consolidated sales increased 1.3% to 25,146 million yen.

Earnings benefited from the growth in sales, but there were higher expenses for R&D activities, substantial capital expenditures for molds and other equipment, and an increase in personnel expenses, mostly at overseas subsidiaries, for recruiting people needed for growth in the future. The result was a 4.4% decrease in operating profit to 1,465 million yen. However, ordinary profit increased 7.3% to 2,136 million yen and profit attributable to owners of parent increased 10.7% to 1,690 million yen. The main reasons were higher share of profit of equity-method affiliates in Asian markets and foreign exchange gains on investment securities that matured during the current fiscal year.

2) Outlook

In the fiscal year ending on March 31, 2018, the global economic outlook is expected to remain unclear. There are uncertainties about policies of the Trump administration in the United States, the effects of Britain’s departure from the EU, and the economic health of China and emerging countries in Asia. In Japan, corporate capital expenditures continue to recover slowly in part because of investments in labor-saving equipment in response to Japan’s labor shortage. In addition, consumer spending is firm. However, the outlook for the Japanese economy will probably remain unclear due to geopolitical risk in Asia and other reasons.

Looking at recent conditions of our core markets, in the medical equipment market, we foresee strong sales of products for immunoassay analyzers in China and for dialysis equipment and biochemical analyzers in Japan. In the semiconductor/liquid crystal market, we anticipate investments to remain strong in Asia but expect market conditions to become uncertain in the second half of the fiscal year. In the water treatment market, we expect demand to remain solid for products used for circulation, sterilization, liquid chemical supply and ballast water applications. Furthermore, we anticipate demand involving hot bathing facilities resulting from synergies with the residual chlorine meter business of TechnoECHO Co., Ltd. In the chemicals market, we expect growth in demand involving the development of value-added products and from increasing investments by pharmaceutical companies.

The Iwaki Group's operations in Japan will continue to introduce products that meet the needs of customers while conducting activities based on the core policy of "competing and winning." Overseas, there will be even closer ties with affiliated companies with goal of increasing sales and earnings by strengthening marketing and sales activities.

Based on outlook for our markets and plans for business activities stated above, we forecast a 5.5% increase in consolidated sales to 26,517 million yen in the fiscal year ending on March 31, 2018.

For earnings, we forecast a 14.1% increase in operating profit to 1,672 million yen. We do not anticipate a foreign exchange gain resulting from the redemption of investment securities, which contributed to earnings in the current fiscal year, and are using a conservative outlook for share of profit of equity-method affiliates. The result is forecasts of 1,969 million yen for ordinary profit, down 7.8%, and 1,450 million yen for profit attributable to owners of parent, down 14.2%.

These projections are based on information available at the time of release of this report. Actual results may differ from projections due to a variety of factors.

(2) Financial Position

1) Assets, liabilities and net assets

Assets

The balance of current assets at the end of the current fiscal year was 19,832 million yen, up 143 million yen from the end of the previous fiscal year. This was mainly due to increases of 967 million yen in electronically recorded monetary claims-operating, 464 million yen in cash and deposits, and 148 million yen in raw materials and supplies, while there were decreases of 955 million yen in notes and accounts receivable-trade, and 462 million yen in securities. The balance of non-current assets was 6,421 million yen at the end of the current fiscal year, up 672 million yen from the end of the previous fiscal year. This was mainly because of a 909 million yen increase in construction in progress, while there was a 221 million yen decrease in investment securities.

As a result, total assets increased 815 million yen from the end of the previous fiscal year to 26,253 million yen.

Liabilities

The balance of current liabilities at the end of the current fiscal year was 7,031 million yen, down 88 million yen from the end of the previous fiscal year. This was mainly due to a 257 million yen decrease in short-term loans payable, while there was a 100 million yen increase in provision for directors' bonuses. The balance of non-current liabilities was 2,315 million yen at the end of the current fiscal year, up 72 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 while there was a 72 million yen decrease in net defined benefit liability.

As a result, total liabilities decreased 15 million yen from the end of the previous fiscal year to 9,347 million yen.

Net assets

The balance of net assets was 16,906 million yen at the end of the current fiscal year, up 830 million yen from the end of the previous fiscal year. The main factors include an 876 million yen increase in retained earnings.

Consequently, the capital adequacy ratio was 63.7% (63.0% at the end of the previous fiscal year).

2) Cash flows

Cash and cash equivalents (hereinafter, “net cash”) at the end of the current fiscal year was 6,111 million yen, up 685 million yen over the end of the previous fiscal year (an increase of 1,393 million yen at the end of the previous fiscal year).

The cash flow components during the current fiscal year and the main reasons for changes are as described below.

Cash flows from operating activities

Net cash provided by operating activities was 2,001 million yen (1,413 million yen provided in the previous fiscal year). Positive factors include profit before income taxes of 2,146 million yen, which offset negative factors including share of profit of entities accounted for using equity method of 488 million yen.

Cash flows from investing activities

Net cash used in investing activities was 150 million yen (997 million yen provided in the previous fiscal year). Negative factors include purchase of property, plant and equipment of 1,219 million yen, which offset positive factors including proceeds from redemption of securities of 555 million yen and proceeds from withdrawal of time deposits of 300 million yen.

Cash flows from financing activities

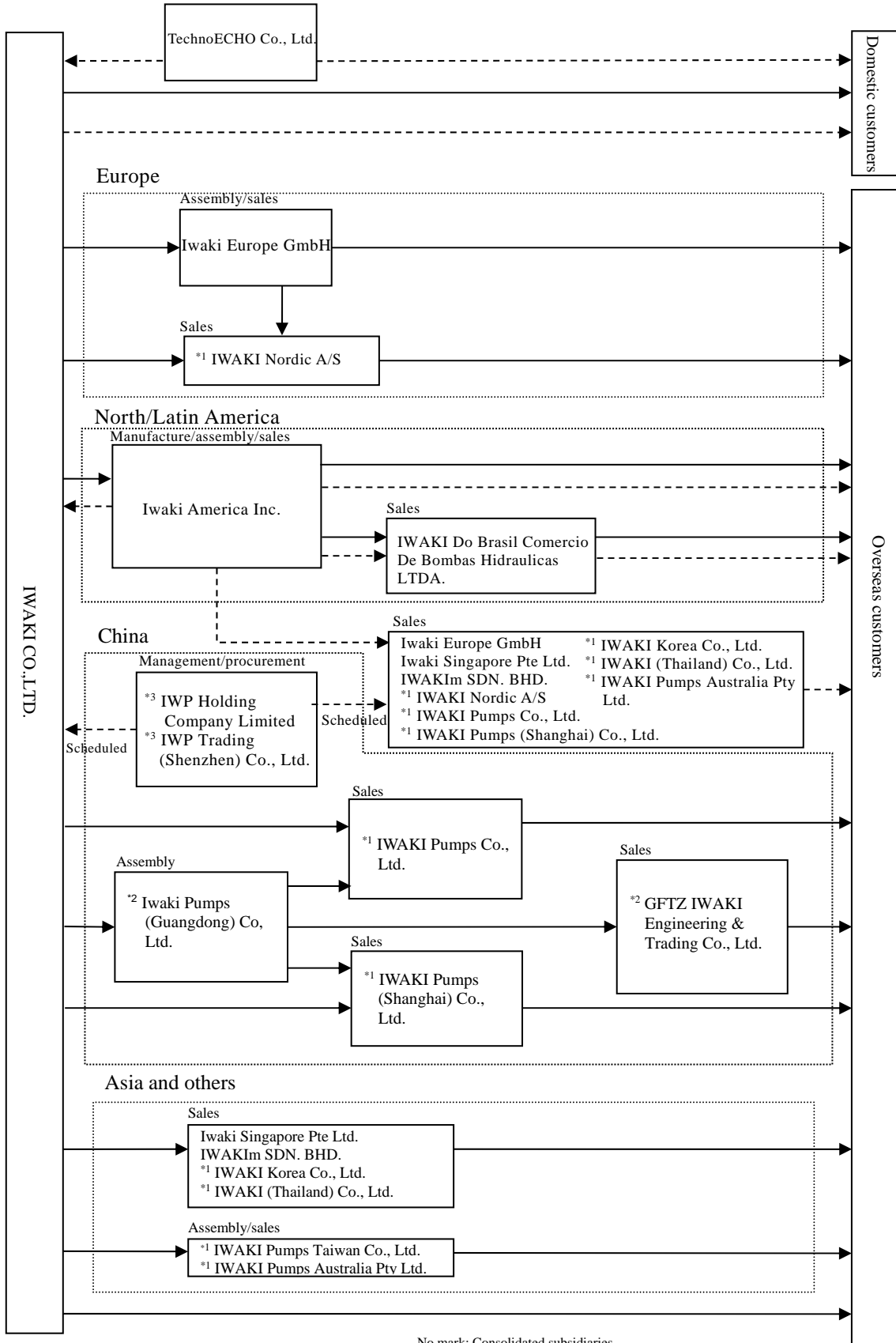
Net cash used in financing activities was 1,151 million yen (935 million yen used in the previous fiscal year). The main factors include cash dividends paid of 813 million yen and a net decrease in short-term loans payable of 232 million yen.

2. Corporate Group

The Iwaki Group consists of IWAKI CO.,LTD., its eight subsidiaries and 14 affiliates. The primary activities of the Group are the manufacture and sale of magnetic drive pumps, metering pumps, pneumatic drive pumps, rotary displacement pumps, air pumps and system products. Categorized by customers' industry and application, the primary markets for these products are the semiconductor/liquid crystal market, medical equipment market, surface treatment equipment market, water treatment market, chemicals market, new energy market and others.

[Organizational chart]

An organizational chart of the Iwaki Group is as follows.



(Notes)
 —————> IWAKI materials, finished goods and merchandise
 - - - - -> Subsidiary materials, finished goods and merchandise

No mark: Consolidated subsidiaries
 *¹: Affiliates accounted for using equity method
 *²: Subsidiaries of IWAKI Pumps Co., Ltd.
 *³: Non-consolidated equity-method subsidiaries established during the fiscal year that ended on March 31, 2017 that is currently preparing to start operations.

3. Management Policies

(1) Basic Management Policy

The Iwaki Group is guided by its Pledge of “always being at the forefront of efforts to advance development in the global markets, industries and communities where we operate while building trust with, and contributing to the happiness of everyone we interact with.” Growth in sales and earnings is not our only objective. We want to be an organization that uses chemical pumps and associated technologies to earn the trust of companies in many industries. We do much more than supply chemical pumps. We are also dedicated to using these pumps to provide functions involving the movement of liquid chemicals. Based on the belief that all employees are points of contact with customers, we have programs to upgrade the skills and commitment of everyone at the Group. Our goal is sustained growth in sales and earnings backed by four basic policies: improving the quality of our organization, enhancing skills needed to serve customers, building a stable profit structure and maintaining a sound compliance system.

(2) Performance Targets

The Iwaki Group places priority on sales, the operating margin and the return on equity based on net income. The goal is to grow consistently while maintaining a well-balanced financial position.

(3) Medium- and Long-term Business Strategy

Chemical pumps, which are the main product of the Iwaki Group, are a mature product category. This makes it difficult to develop innovative products that incorporate revolutionary technologies. As a global manufacturer of these pumps, the Iwaki Group is constantly concentrating on developing new advanced products ahead of competitors. While new products are important, we believe that the most important reason customers worldwide choose our products is our ability to use our experience, new technologies and other knowledge to meet a broad spectrum of customers' demands with speed and accuracy.

Customers can rely on us for hardware support extending from ideas for new systems to the creation of unitized products and the fabrication of customized pumps of all types. We also have strengths involving aspects of operations other than hardware, such as delivery times, cost, and services. These skills enable us to meet all the requirements of our customers. In addition, we are aware of the importance of constantly upgrading our ability to serve our customers. This is why we have many activities for keeping the entire group focused on the theme of operating as a “solution company” that can earn the trust of customers in all our markets around the world.

We are positioning the medical equipment market, water treatment market and new energy market as the strategic markets of the Iwaki Group. All three markets are growing and have a relatively low vulnerability to changes in economic conditions. We are targeting these markets by combining our group's expertise in precisely meeting customers' needs, using advanced technologies, performing effective sales activities and other fields. We believe that meeting the diverse needs of customers in Japan as well as in Europe, the United States, Asia and other key regions will enable us to achieve sustained growth.

(4) Challenges

The Iwaki Group currently has the following major challenges.

1) Reinforce ability to develop products and technologies

To succeed in Japan and overseas as competition becomes increasingly heated, we must develop products with greater speed and even more advanced technologies. We are building the necessary infrastructure for basic research and core technology development by assembling an R&D framework with few restrictions, conducting joint research projects with companies and public-sector and academic-sector partners, and using other measures.

The goal is to develop distinctive products that no competitor can match. We are also building a process for the timely development of products that accurately reflect market conditions and our customers' requirements. We plan to develop products even faster while maintaining the current high level of quality.

2) Strengthen and enlarge the solution business

In addition to reinforcing product development skills, accurately identifying the changing needs of customers and quickly responding to those needs are vital to our operations. To accomplish this, we will enhance and increase the use of consulting capabilities for the purpose of taking full advantage of the functions of value-added unitized products. Meeting customers' demands for advanced fluid control is another theme. We will actively create proposals for systems covering many applications by using simulation assessment tests with actual fluids. Furthermore, we will make more improvements to our before and after maintenance services so that customers can use our products with confidence for many years. The aim is increasing the Iwaki brand's reputation for reliability. By further strengthening and enlarging the solutions business, we plan to differentiate ourselves from competitors and earn the trust of customers worldwide as the "solution company."

3) Expand overseas operations

Manufacturers in Japan continue to move operations to other countries. That means we must work even harder on targeting overseas demand in order to capture more orders outside Japan. One way we plan to do this is by increasing overseas procurement and manufacturing activities in a manner that reflects the characteristics of our lineup consisting of more than 60 series of products. In another move to expand our overseas operations, we will assemble an even stronger IT infrastructure that can facilitate more cooperation among group companies.

Marketing activities that match the distinctive nature of each region based will also be essential for growth overseas. For some time now, we have been deepening ties between Japan and our overseas operations. In Europe, we have been using marketing managers who have extensive knowledge of key overseas regions. Using these managers has enabled us to identify the diversifying needs of customers with even greater accuracy. Now we plan to appoint marketing managers for other major overseas markets and take other steps to strengthen departments associated with these marketing activities.

4) Build an effective training system

We believe that the Iwaki Group must have an organizational structure and employee training program that can adapt to changes in our operating environment. We will return to the basic stance that "a company is only as good as its people" in order to reexamine all our human resource systems. We want to become a truly global organization which supplies the world's best products as All Iwaki. We will then incorporate this new human resource system in an education program so that we can give people the knowledge they require in line with our policy for our workforce.

4. Basic Approach to the Selection of Accounting Standards

The Iwaki Group will continue to prepare consolidated financial statements using Japanese accounting standards for the time being to permit comparisons with prior years and with the financial data of other companies. We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

5. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Assets		
Current assets		
Cash and deposits	5,727,118	6,191,508
Notes and accounts receivable-trade	7,390,085	6,434,549
Electronically recorded monetary claims-operating	1,021,204	1,988,682
Securities	575,408	112,738
Merchandise and finished goods	1,976,735	1,901,218
Work in process	3,204	30,155
Raw materials and supplies	2,289,258	2,437,457
Deferred tax assets	502,951	502,614
Other	230,499	253,912
Allowance for doubtful accounts	(27,625)	(20,816)
Total current assets	19,688,840	19,832,021
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,605,913	4,636,978
Accumulated depreciation and impairment loss	(3,453,920)	(3,514,143)
Buildings and structures, net	1,151,992	1,122,834
Machinery, equipment and vehicles	2,125,158	2,231,416
Accumulated depreciation and impairment loss	(1,887,150)	(1,985,609)
Machinery, equipment and vehicles, net	238,007	245,807
Tools, furniture and fixtures	1,495,223	1,601,918
Accumulated depreciation and impairment loss	(1,267,717)	(1,375,807)
Tools, furniture and fixtures, net	227,506	226,111
Land	1,051,883	1,036,769
Leased assets	498,616	485,543
Accumulated depreciation	(291,543)	(317,020)
Leased assets, net	207,073	168,523
Construction in progress	9,277	918,646
Other	113,423	17,494
Accumulated depreciation	(42,025)	(11,924)
Other, net	71,397	5,569
Total property, plant and equipment	2,957,138	3,724,263
Intangible assets		
Goodwill	37,490	19,718
Trademark right	103,111	86,219
Other	92,942	117,682
Total intangible assets	233,544	223,619
Investments and other assets		
Investment securities	2,286,020	2,064,168
Deferred tax assets	15,061	142,215
Other	257,660	267,571
Total investments and other assets	2,558,742	2,473,955
Total non-current assets	5,749,425	6,421,838
Total assets	25,438,265	26,253,859

	(Thousands of yen)	
	FY3/16 (As of Mar. 31, 2016)	FY3/17 (As of Mar. 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,886,904	4,345,679
Short-term loans payable	833,470	576,160
Lease obligations	85,762	75,517
Income taxes payable	394,520	300,437
Provision for bonuses	720,673	716,527
Provision for directors' bonuses	-	100,120
Provision for product warranties	92,157	98,485
Other	1,106,122	818,564
Total current liabilities	7,119,610	7,031,491
Non-current liabilities		
Long-term loans payable	300,000	300,000
Lease obligations	136,080	106,584
Deferred tax liabilities	77,862	72,226
Provision for directors' retirement benefits	-	151,043
Net defined benefit liability	957,580	885,513
Asset retirement obligations	201,923	205,500
Other	569,452	594,892
Total non-current liabilities	2,242,900	2,315,762
Total liabilities	9,362,510	9,347,253
Net assets		
Shareholders' equity		
Capital stock	1,018,250	1,018,250
Capital surplus	638,250	638,250
Retained earnings	13,760,504	14,637,110
Treasury shares	-	(30)
Total shareholders' equity	15,417,004	16,293,580
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	371,039	250,907
Foreign currency translation adjustment	501,419	309,458
Remeasurements of defined benefit plans	(240,899)	(135,090)
Total accumulated other comprehensive income	631,559	425,274
Non-controlling interests	27,191	187,750
Total net assets	16,075,755	16,906,605
Total liabilities and net assets	25,438,265	26,253,859

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

	(Thousands of yen)	
	FY3/16	FY3/17
	(Apr. 1, 2015 – Mar. 31, 2016)	(Apr. 1, 2016 – Mar. 31, 2017)
Net sales	24,830,493	25,146,605
Cost of sales	16,416,630	16,971,391
Gross profit	8,413,862	8,175,213
Selling, general and administrative expenses	6,880,713	6,710,002
Operating profit	1,533,149	1,465,210
Non-operating income		
Interest income	72,353	30,573
Dividend income	42,112	26,255
Share of profit of entities accounted for using equity method	410,934	488,458
Foreign exchange gains	-	118,014
Other	81,160	66,075
Total non-operating income	606,561	729,377
Non-operating expenses		
Interest expenses	38,829	25,699
Foreign exchange losses	70,165	-
Share issuance cost	8,907	-
Listing related expenses	13,098	-
Rent expenses	7,743	20,563
Other	9,064	11,618
Total non-operating expenses	147,808	57,882
Ordinary profit	1,991,903	2,136,705
Extraordinary income		
Gain on sales of non-current assets	1,023	19,996
Total extraordinary income	1,023	19,996
Extraordinary losses		
Loss on retirement of non-current assets	4,544	1,703
Provision for loss on liquidation of subsidiaries and associates	-	8,439
Total extraordinary losses	4,544	10,142
Profit before income taxes	1,988,382	2,146,559
Income taxes-current	580,783	534,490
Income taxes-deferred	(123,154)	(84,219)
Total income taxes	457,628	450,271
Profit	1,530,753	1,696,288
Profit attributable to non-controlling interests	3,168	5,383
Profit attributable to owners of parent	1,527,585	1,690,904

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY3/16	FY3/17
	(Apr. 1, 2015 – Mar. 31, 2016)	(Apr. 1, 2016 – Mar. 31, 2017)
Profit	1,530,753	1,696,288
Other comprehensive income		
Valuation difference on available-for-sale securities	(151,405)	(120,131)
Foreign currency translation adjustment	(138,611)	(133,569)
Remeasurements of defined benefit plans, net of tax	(606,552)	105,809
Share of other comprehensive income of entities accounted for using equity method	(65,694)	(59,856)
Total other comprehensive income	(962,264)	(207,748)
Comprehensive income	568,489	1,488,539
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	567,105	1,484,620
Comprehensive income attributable to non-controlling interests	1,384	3,919

(3) Consolidated Statement of Changes in Equity

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	380,000	-	12,334,834	-	12,714,834
Changes of items during period					
Issuance of new shares	638,250	638,250			1,276,500
Dividends of surplus			(101,915)		(101,915)
Profit attributable to owners of parent			1,527,585		1,527,585
Purchase of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	638,250	638,250	1,425,670	-	2,702,170
Balance at end of current period	1,018,250	638,250	13,760,504	-	15,417,004

(Thousands of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	522,444	703,941	365,653	1,592,039	29,244	14,336,119
Changes of items during period						
Issuance of new shares						1,276,500
Dividends of surplus						(101,915)
Profit attributable to owners of parent						1,527,585
Purchase of treasury shares						
Net changes of items other than shareholders' equity	(151,405)	(202,521)	(606,552)	(960,480)	(2,053)	(962,533)
Total changes of items during period	(151,405)	(202,521)	(606,552)	(960,480)	(2,053)	1,739,636
Balance at end of current period	371,039	501,419	(240,899)	631,559	27,191	16,075,755

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,018,250	638,250	13,760,504	-	15,417,004
Changes of items during period					
Issuance of new shares					
Dividends of surplus			(814,298)		(814,298)
Profit attributable to owners of parent			1,690,904		1,690,904
Purchase of treasury shares				(30)	(30)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	876,605	(30)	876,575
Balance at end of current period	1,018,250	638,250	14,637,110	(30)	16,293,580

(Thousands of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	371,039	501,419	(240,899)	631,559	27,191	16,075,755
Changes of items during period						
Issuance of new shares						
Dividends of surplus						(814,298)
Profit attributable to owners of parent						1,690,904
Purchase of treasury shares						(30)
Net changes of items other than shareholders' equity	(120,131)	(191,961)	105,809	(206,284)	160,559	(45,724)
Total changes of items during period	(120,131)	(191,961)	105,809	(206,284)	160,559	830,850
Balance at end of current period	250,907	309,458	(135,090)	425,274	187,750	16,906,605

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY3/16	FY3/17
	(Apr. 1, 2015 – Mar. 31, 2016)	(Apr. 1, 2016 – Mar. 31, 2017)
Cash flows from operating activities		
Profit before income taxes	1,988,382	2,146,559
Depreciation	472,522	498,753
Amortization of goodwill	23,358	20,207
Increase (decrease) in allowance for doubtful accounts	(6,965)	(5,227)
Increase (decrease) in provision for bonuses	55,218	(4,126)
Increase (decrease) in provision for directors' bonuses	(64,971)	100,120
Increase (decrease) in net defined benefit liability	(76,432)	63,184
Increase (decrease) in provision for directors' retirement benefits	(4,428)	-
Interest and dividend income	(114,465)	(56,829)
Interest expenses	38,829	25,699
Share issuance cost	8,907	-
Listing related expenses	13,098	-
Foreign exchange losses (gains)	(88,110)	(179,061)
Share of (profit) loss of entities accounted for using equity method	(410,934)	(488,458)
Decrease (increase) in notes and accounts receivable-trade	(590,847)	(3,846)
Decrease (increase) in inventories	(351,069)	(157,993)
Increase (decrease) in notes and accounts payable-trade	(303,740)	569,718
Increase (decrease) in accounts payable-other	44,903	3,806
Increase (decrease) in accrued expenses	32,042	(9,893)
Other, net	319,278	(257,398)
Subtotal	984,574	2,265,217
Interest and dividend income received	465,629	418,908
Interest expenses paid	(30,012)	(22,046)
Income taxes paid	(222,074)	(666,113)
Income taxes refund	215,453	5,553
Net cash provided by (used in) operating activities	1,413,569	2,001,518
Cash flows from investing activities		
Payments into time deposits	(1,000)	-
Proceeds from withdrawal of time deposits	1,000,000	300,000
Proceeds from redemption of securities	104,700	555,271
Purchase of property, plant and equipment	(330,876)	(1,219,446)
Proceeds from sales of property, plant and equipment	1,414	35,714
Proceeds from redemption of investment securities	336,104	264,205
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	68,430
Purchase of sales of shares of subsidiaries and associates	-	(103,830)
Other, net	(112,686)	(50,466)
Net cash provided by (used in) investing activities	997,655	(150,121)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,200,935)	(232,760)
Repayments of long-term loans payable	(815,472)	-
Repayments of lease obligations	(85,683)	(85,541)
Proceeds from issuance of common shares	1,271,579	-
Cash dividends paid	(101,915)	(813,470)
Dividends paid to non-controlling interests	(3,437)	(2,886)
Other, net	-	(17,115)
Net cash provided by (used in) financing activities	(935,864)	(1,151,773)
Effect of exchange rate change on cash and cash equivalents	(82,230)	(14,578)
Net increase (decrease) in cash and cash equivalents	1,393,130	685,045
Cash and cash equivalents at beginning of period	4,032,987	5,426,118
Cash and cash equivalents at end of period	5,426,118	6,111,164

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

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 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 profit in the current fiscal year is insignificant.

Reclassifications

Consolidated Statement of Income

“Rent expenses,” included in “Other” under non-operating expenses in the previous fiscal year, is presented separately from the current fiscal year due to an increase in its monetary materiality.

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) from the current fiscal year.

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 meters

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 consolidated financial statements

The results operations of the acquired company from January 1, 2017 to March 31, 2017 are included in the consolidated financial statements as the assumed acquisition date is December 31, 2016.

(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 major acquisition-related costs

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.

(6) Breakdown of assets acquired and liabilities assumed on the acquisition date

	(Thousands of yen)
Current assets	696,884
Non-current assets	46,688
Total assets	743,573
Current liabilities	42,968
Non-current liabilities	168,850
Total liabilities	211,819

(7) Estimated effect of the business combination on the consolidated statement of income if the business combination had been at the beginning of the current fiscal year

Omitted due to the difficulty of calculating an estimate.

Segment and Other Information

a. Segment information

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

b. Related information

FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)

1. Information by product or service

(Thousands of yen)					
External sales	Magnetic drive pumps	Metering pumps	Pneumatic drive pumps	Rotary displacement pumps	Total
	8,462,919	4,556,124	1,768,358	2,504,836	
External sales	Air pumps	System products	Purchased products	Other	Total
	1,466,944	1,183,929	2,209,198	2,678,182	24,830,493

2. Information by region

(1) Net sales

(Thousands of yen)						
Japan	Europe	Americas	Asia	China	Other	Total
15,671,210	2,377,712	3,345,394	1,787,235	777,461	871,479	24,830,493

Note: Classification of net sales is based on the location of the client and categorized by country or region.

(2) Property, plant and equipment

(Thousands of yen)				
Japan	Europe	Americas	Asia	Total
2,428,446	339,177	121,399	68,114	2,957,138

3. Information by major client

Omitted because no specific external client accounts for 10% or more of net sales in the consolidated statement of income.

FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)

1. Information by product or service

(Thousands of yen)					
External sales	Magnetic drive pumps	Metering pumps	Pneumatic drive pumps	Rotary displacement pumps	Total
	8,769,139	4,537,462	1,984,611	2,342,628	
External sales	Air pumps	System products	Purchased products	Other	Total
	1,436,812	1,092,167	2,192,079	2,791,703	25,146,605

2. Information by region

(1) Net sales

(Thousands of yen)						
Japan	Europe	Americas	Asia	China	Other	Total
15,935,669	2,271,659	3,273,439	2,095,442	764,135	806,259	25,146,605

Note: Classification of net sales is based on the location of the client and categorized by country or region.

(2) Property, plant and equipment

(Thousands of yen)				
Japan	Europe	Americas	Asia	Total
3,184,958	348,059	131,702	59,542	3,724,263

3. Information by major client

Omitted because no specific external client accounts for 10% or more of net sales in the consolidated statement of income.

c. Information related to impairment losses on non-current assets for each reportable segment

Not applicable.

d. Information related to goodwill amortization and the unamortized balance for each reportable segment

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

e. Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per Share Information

(Yen)

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Net assets per share	2,144.27	2,233.84
Net income per share	223.99	225.93

Notes: 1. Diluted net income per share is not presented because there are no latent shares.

2. The basis of calculating the net income per share is as follows:

	FY3/16 (Apr. 1, 2015 – Mar. 31, 2016)	FY3/17 (Apr. 1, 2016 – Mar. 31, 2017)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	1,527,585	1,690,904
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Thousands of yen)	1,527,585	1,690,904
Average number of shares outstanding (Shares)	6,819,697	7,484,357

Subsequent Events

Not applicable.

6. Others

Change in Directors

1) Changes in representative

Not applicable.

2) Changes in other directors

Candidates for directors

Director: Makoto Inoue (currently Senior General Manager of Business Management Head Office)

Director: Takashi Shimizu (currently Senior General Manager of Product Planning Head Office)

Director: Toshinori Yanagihara (currently Senior General Manager of Engineering Head Office)

3) Effective date

June 29, 2017

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.