

Summary of Consolidated Financial Results
for the Third Quarter of Fiscal Year Ending March 31, 2018
(Nine Months Ended December 31, 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 | |
| Contact: Kenji Matsuda, Senior Executive Director | Tel: (81)3-3254-2931 |
| Scheduled date of filing of Quarterly Report: | February 14, 2018 |
| 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, 2017**(April 1, 2017 – December 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 | % |
| Nine months ended Dec. 31, 2017 | 20,684 | 10.5 | 1,751 | 49.2 | 2,253 | 46.3 | 1,742 | 44.3 |
| Nine months ended Dec. 31, 2016 | 18,720 | 1.5 | 1,173 | (5.4) | 1,540 | (6.0) | 1,207 | (2.2) |

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2017: 1,908 (up 279.2 %)
 Nine months ended Dec. 31, 2016: 503 (down 49.6%)

| | Net income per share | Diluted net income per share |
|---------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Nine months ended Dec. 31, 2017 | 232.87 | - |
| Nine months ended Dec. 31, 2016 | 161.38 | - |

(2) Consolidated financial position

| | Total assets | Net assets | Capital adequacy ratio |
|---------------------|--------------|-------------|------------------------|
| | Million yen | Million yen | % |
| As of Dec. 31, 2017 | 28,351 | 18,269 | 63.7 |
| As of Mar. 31, 2017 | 26,253 | 16,906 | 63.7 |

Reference: Owner's equity (million yen) As of Dec. 31, 2017: 18,067 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 | - | 34.00 | - | | |
| Fiscal year ending Mar. 31, 2018 (forecasts) | | | | 36.00 | 70.00 |

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 |
| Full year | 26,838 | 6.7 | 1,786 | 22.0 | 2,290 | 7.2 | 1,735 | 2.6 | 231.90 |

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 Dec. 31, 2017: | 7,484,370 shares | As of Mar. 31, 2017: | 7,484,370 shares |
|----------------------|------------------|----------------------|------------------|

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

| | | | |
|----------------------|------------|----------------------|-----------|
| As of Dec. 31, 2017: | 110 shares | As of Mar. 31, 2017: | 18 shares |
|----------------------|------------|----------------------|-----------|

3) Average number of shares outstanding during the period

| | | | |
|----------------------------------|------------------|----------------------------------|------------------|
| Nine months ended Dec. 31, 2017: | 7,484,329 shares | Nine months ended Dec. 31, 2016: | 7,484,359 shares |
|----------------------------------|------------------|----------------------------------|------------------|

* 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.

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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, 2018, the Japanese economy continued to recover slowly as corporate earnings recovered and the environment for jobs and personal income improved. However, there is still a risk of an economic downturn in Japan due to slowing economic growth in China and rising geopolitical risk involving North Korea and other regions. Overseas, labor markets and personal income are improving, especially in the United States. In addition, capital expenditures are rebounding along with a recovery in corporate earnings. As a result, the global economy is recovering at a moderate pace.

In Japan, there were workplace sales activities to build stronger relationships with customers. There were also measures aimed at better meeting the needs of customers, such as by delivering products faster, based on the core policy of “competing and winning.” Overseas, the sales network in Eastern Europe was strengthened and activities in the United States were focused mainly on the aquatic business. Overall, Iwaki worked with its 21 affiliated companies in 15 countries to increase sales.

Due to these activities, sales in all six major markets of Iwaki were higher than one year earlier. Significant sources of growth are the increasing use of electrical parts in automobiles, the rising demand for semiconductors due to the growth of the Internet of things, and the increasing volume of production equipment for organic electroluminescence displays. The semiconductor/liquid crystal market and surface treatment equipment market were strong in Japan, South Korea and Taiwan. Performance was also good in the water treatment market, in part because of synergies with TechnoECHO Co., Ltd., which was acquired at the end of 2016. Sales in the chemical market increased due to higher sales of all types of chemicals used for semiconductor/liquid crystal applications and of materials used to make lithium-ion rechargeable batteries. Performance was strong in the new energy market because of capital expenditures for wind power generation and other equipment in Europe and capital expenditures in China involving rechargeable batteries used in electric automobiles. In the medical equipment market, biochemical analysis equipment in China was a major source of sales growth.

Sales in Japan increased 8.2% from one year earlier to 12,811 million yen. Sales were driven by firm demand in the semiconductor/liquid crystal and surface treatment equipment markets. In addition, the water treatment market and chemicals market remained steady. In Europe, sales were up 8.8% to 1,880 million yen. This was caused by strength in the new energy market and a steady performance in the water treatment and chemicals markets. In the United States, sales increased 7.0% to 2,565 million yen as sales in Iwaki’s six major markets, chiefly water treatment, were higher than one year earlier. In Asia, high levels of activity in the semiconductor/liquid crystal and surface treatment equipment markets resulted in sales growth of 28.3% to 2,004 million yen. Sales in China were up 33.1% to 785 million yen because of higher sales in the new energy and medical equipment markets.

By product, sales of pneumatic drive pumps for the semiconductor/liquid crystal market continued to grow. Sales of metering pumps for the water treatment market and rotary displacement pumps for the medical equipment market were also higher. Mainline magnetic drive pumps sales were strong.

Consequently, consolidated sales increased 10.5% to 20,684 million yen.

Earnings benefited from the growth in sales. Operating profit increased 49.2% to 1,751 million yen, ordinary profit increased 46.3% to 2,253 million yen and profit attributable to owners of parent increased 44.3% to 1,742 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 20,927 million yen, up 1,095 million yen from the end of the previous fiscal year. This was mainly due to increases of 741 million yen in notes and accounts receivable-trade, 538 million yen in electronically recorded monetary claims-operating and 520 million yen in raw materials and supplies, while there was a decrease of 863 million yen in cash and deposits. The balance of non-current assets was 7,423 million yen at the end of the third quarter, up 1,001 million yen from the end of the previous fiscal year. This was mainly because of increases of 874 million yen in construction in progress and 213 million yen in investment securities.

As a result, total assets increased 2,097 million yen from the end of the previous fiscal year to 28,351 million yen.

Liabilities

The balance of current liabilities at the end of the third quarter of the current fiscal year was 7,752 million yen, up 721 million yen from the end of the previous fiscal year. This was mainly due to an increase of 678 million yen in notes and accounts payable-trade. The balance of non-current liabilities was 2,329 million yen at the end of the third quarter, up 13 million yen from the end of the previous fiscal year. This was mainly due to a 2 million yen increase in net defined benefit liability and a 1 million yen increase in asset retirement obligations.

As a result, total liabilities increased 734 million yen from the end of the previous fiscal year to 10,081 million yen.

Net assets

The balance of net assets was 18,269 million yen at the end of the third quarter of the current fiscal year, up 1,363 million yen from the end of the previous fiscal year. The main factors include a 1,203 million yen increase in retained earnings.

Consequently, the capital adequacy ratio was 63.7% (63.7% 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, 2018” dated November 10, 2017 (Japanese version only).

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

| | (Thousands of yen) | |
|---|---------------------------------|--|
| | FY3/17 (As of Mar. 31, 2017) | Third quarter of FY3/18 (As of Dec. 31, 2017) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 6,191,508 | 5,327,976 |
| Notes and accounts receivable-trade | 6,434,549 | 7,175,613 |
| Electronically recorded monetary claims-operating | 1,988,682 | 2,527,652 |
| Securities | 112,738 | - |
| Merchandise and finished goods | 1,901,218 | 1,944,753 |
| Work in process | 30,155 | 104,971 |
| Raw materials and supplies | 2,437,457 | 2,958,434 |
| Deferred tax assets | 502,614 | 529,095 |
| Other | 253,912 | 382,816 |
| Allowance for doubtful accounts | (20,816) | (23,348) |
| Total current assets | 19,832,021 | 20,927,964 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 4,636,978 | 4,668,942 |
| Accumulated depreciation and impairment loss | (3,514,143) | (3,588,042) |
| Buildings and structures, net | 1,122,834 | 1,080,899 |
| Machinery, equipment and vehicles | 2,231,416 | 2,320,052 |
| Accumulated depreciation and impairment loss | (1,985,609) | (2,105,067) |
| Machinery, equipment and vehicles, net | 245,807 | 214,985 |
| Tools, furniture and fixtures | 1,601,918 | 1,664,795 |
| Accumulated depreciation and impairment loss | (1,375,807) | (1,415,275) |
| Tools, furniture and fixtures, net | 226,111 | 249,519 |
| Land | 1,036,769 | 1,041,841 |
| Leased assets | 485,543 | 403,207 |
| Accumulated depreciation | (317,020) | (246,421) |
| Leased assets, net | 168,523 | 156,785 |
| Construction in progress | 918,646 | 1,793,436 |
| Other | 17,494 | 21,834 |
| Accumulated depreciation | (11,924) | (14,963) |
| Other, net | 5,569 | 6,871 |
| Total property, plant and equipment | 3,724,263 | 4,544,339 |
| Intangible assets | | |
| Goodwill | 19,718 | 4,033 |
| Trademark right | 86,219 | 74,612 |
| Other | 117,682 | 119,963 |
| Total intangible assets | 223,619 | 198,609 |
| Investments and other assets | | |
| Investment securities | 2,064,168 | 2,277,395 |
| Deferred tax assets | 142,215 | 128,920 |
| Other | 267,571 | 274,272 |
| Total investments and other assets | 2,473,955 | 2,680,588 |
| Total non-current assets | 6,421,838 | 7,423,537 |
| Total assets | 26,253,859 | 28,351,502 |

| | (Thousands of yen) | |
|---|---------------------------------|--|
| | FY3/17 (As of Mar. 31, 2017) | Third quarter of FY3/18 (As of Dec. 31, 2017) |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 4,345,679 | 5,023,862 |
| Short-term loans payable | 576,160 | 687,475 |
| Lease obligations | 75,517 | 67,125 |
| Income taxes payable | 300,437 | 287,290 |
| Provision for bonuses | 716,527 | 395,352 |
| Provision for directors' bonuses | 100,120 | 45,965 |
| Provision for product warranties | 98,485 | 106,096 |
| Other | 818,564 | 1,139,545 |
| Total current liabilities | 7,031,491 | 7,752,713 |
| Non-current liabilities | | |
| Long-term loans payable | 300,000 | 300,000 |
| Lease obligations | 106,584 | 103,974 |
| Deferred tax liabilities | 72,226 | 69,883 |
| Provision for directors' retirement benefits | 151,043 | 151,043 |
| Net defined benefit liability | 885,513 | 887,855 |
| Asset retirement obligations | 205,500 | 207,023 |
| Other | 594,892 | 609,383 |
| Total non-current liabilities | 2,315,762 | 2,329,164 |
| Total liabilities | 9,347,253 | 10,081,877 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 1,018,250 | 1,018,250 |
| Capital surplus | 638,250 | 638,250 |
| Retained earnings | 14,637,110 | 15,841,101 |
| Treasury shares | (30) | (309) |
| Total shareholders' equity | 16,293,580 | 17,497,291 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 250,907 | 325,143 |
| Foreign currency translation adjustment | 309,458 | 350,188 |
| Remeasurements of defined benefit plans | (135,090) | (105,179) |
| Total accumulated other comprehensive income | 425,274 | 570,152 |
| Non-controlling interests | 187,750 | 202,180 |
| Total net assets | 16,906,605 | 18,269,624 |
| Total liabilities and net assets | 26,253,859 | 28,351,502 |

(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 FY3/17 (Apr. 1, 2016 – Dec. 31, 2016) | First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017) |
|--|---|---|
| Net sales | 18,720,967 | 20,684,089 |
| Cost of sales | 12,652,476 | 13,655,932 |
| Gross profit | 6,068,491 | 7,028,157 |
| Selling, general and administrative expenses | 4,894,539 | 5,276,897 |
| Operating profit | 1,173,951 | 1,751,259 |
| Non-operating income | | |
| Interest income | 22,719 | 20,611 |
| Dividend income | 24,955 | 26,870 |
| Share of profit of entities accounted for using equity method | 237,461 | 387,017 |
| Foreign exchange gains | 69,112 | 79,920 |
| Other | 44,042 | 34,896 |
| Total non-operating income | 398,290 | 549,317 |
| Non-operating expenses | | |
| Interest expenses | 18,284 | 21,403 |
| Commission fee | 3,768 | 17,917 |
| Other | 9,576 | 7,744 |
| Total non-operating expenses | 31,629 | 47,065 |
| Ordinary profit | 1,540,613 | 2,253,511 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 19,510 | 1,543 |
| Total extraordinary income | 19,510 | 1,543 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 726 | 2,740 |
| Provision for loss on liquidation of subsidiaries and associates | 8,494 | - |
| Total extraordinary losses | 9,220 | 2,740 |
| Profit before income taxes | 1,550,903 | 2,252,313 |
| Income taxes | 339,240 | 489,178 |
| Profit | 1,211,662 | 1,763,134 |
| Profit attributable to non-controlling interests | 3,807 | 20,271 |
| Profit attributable to owners of parent | 1,207,855 | 1,742,862 |

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

(Thousands of yen)

| | First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016) | First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017) |
|--|---|---|
| Profit | 1,211,662 | 1,763,134 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (116,323) | 74,236 |
| Foreign currency translation adjustment | (488,585) | 21,708 |
| Remeasurements of defined benefit plans, net of tax | 31,337 | 29,910 |
| Share of other comprehensive income of entities accounted for using equity method | (134,781) | 19,713 |
| Total other comprehensive income | (708,351) | 145,568 |
| Comprehensive income | 503,310 | 1,908,702 |
| Comprehensive income attributable to: | | |
| Comprehensive income attributable to owners of parent | 503,131 | 1,887,739 |
| Comprehensive income attributable to non-controlling interests | 179 | 20,963 |

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

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

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