

May 14, 2019

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019

[Japanese GAAP]

Company name: IWAKI CO.,LTD.

Listing: Tokyo Stock Exchange, First Section

Stock code: 6237

URL: <http://www.iwakipumps.jp/>

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Scheduled date of Annual General Meeting of Shareholders: June 27, 2019

Scheduled date of payment of dividend: June 28, 2019

Scheduled date of filing of Annual Securities Report: June 28, 2019

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, 2019 (April 1, 2018 – March 31, 2019)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2019	29,171	3.9	2,337	11.0	2,847	4.2	2,163	5.1
Fiscal year ended Mar. 31, 2018	28,067	11.6	2,106	43.8	2,733	27.9	2,059	21.8

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2019: 2,096 (down 8.8%)

Fiscal year ended Mar. 31, 2018: 2,299 (up 54.5%)

	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, 2019	96.25	-	11.3	9.5	8.0
Fiscal year ended Mar. 31, 2018	91.72	-	11.7	9.8	7.5

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2019: 515

Fiscal year ended Mar. 31, 2018: 507

Note: Iwaki conducted a 3-for-1 common stock split on July 1, 2018. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2019	30,463	20,148	65.5	887.14
As of Mar. 31, 2018	29,321	18,660	62.9	821.86

Reference: Owner's equity (million yen) As of Mar. 31, 2019: 19,952 As of Mar. 31, 2018: 18,453

Note: Iwaki conducted a 3-for-1 common stock split on July 1, 2018. Net assets per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(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, 2019	1,827	(1,793)	(724)	5,252
Fiscal year ended Mar. 31, 2018	1,830	(1,459)	(544)	5,964

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2018	-	34.00	-	48.60	82.60	618	30.0	3.5
Fiscal year ended Mar. 31, 2019	-	12.00	-	16.90	28.90	649	30.0	3.4
Fiscal year ending Mar. 31, 2020 (forecast)	-	13.00	-	17.50	30.50		30.0	

Note: Iwaki conducted a 3-for-1 common stock split on July 1, 2018. The dividends for the fiscal year ended March 31, 2018 are the actual amounts before the stock split.

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

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	15,411	4.8	1,313	8.6	1,564	2.0	1,240	16.1	55.59
Full year	30,561	4.8	2,384	2.0	2,869	0.8	2,243	3.7	101.06

*** 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: None
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting-based estimates: None
- 4) Restatements: None

(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, 2019: 22,490,910 shares As of Mar. 31, 2018: 22,453,110 shares

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

As of Mar. 31, 2019: 510 shares As of Mar. 31, 2018: 462 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2019: 22,477,989 shares Fiscal year ended Mar. 31, 2018: 22,452,914 shares

Note: Iwaki conducted a 3-for-1 common stock split on July 1, 2018. The number of shares outstanding at the end of the period, the number of treasury shares at the end of the period, and the average number of shares outstanding during the period were calculated as if this stock split had been taken place at the beginning of the previous fiscal year.

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(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, 2019	23,926	3.1	1,743	11.3	2,324	14.9	1,806	18.8
Fiscal year ended Mar. 31, 2018	23,203	11.7	1,566	79.4	2,023	26.7	1,520	17.8

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2019	80.37	-
Fiscal year ended Mar. 31, 2018	67.70	-

Note: Iwaki conducted a 3-for-1 common stock split on July 1, 2018. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2019	26,248	16,731	63.7	743.95
As of Mar. 31, 2018	25,488	15,548	61.0	692.52

Reference: Shareholders' equity (million yen): As of Mar. 31, 2019: 16,731 As of Mar. 31, 2018: 15,548

Note: Iwaki conducted a 3-for-1 common stock split on July 1, 2018. Net assets per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

* The current financial report is not subject to audit by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements

Note concerning forward-looking statements

Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the Company's management at the time the materials were prepared, but are not promises by Iwaki regarding future performance. Actual results may differ materially from the forecasts. 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.

How to view supplementary materials for financial results

The Company plans to hold a financial results meeting for institutional investors and analysts on May 31, 2019. Materials to be distributed at this event will be available on the Company's website in advance.

Contents of Attachments

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	3
2. Management Policies	4
(1) Basic Management Policy	4
(2) Performance Targets	4
(3) Medium- and Long-term Business Strategy	4
(4) Challenges	5
3. Basic Approach to the Selection of Accounting Standards	6
4. Consolidated Financial Statements and Notes	7
(1) Consolidated Balance Sheet	7
(2) Consolidated Statements of Income and Comprehensive Income	9
Consolidated Statement of Income	9
Consolidated Statement of Comprehensive Income	10
(3) Consolidated Statement of Changes in Equity	11
(4) Consolidated Statement of Cash Flows	13
(5) Notes to Consolidated Financial Statements	14
Going Concern Assumption	14
Reclassifications	14
Segment and Other Information	14
Per Share Information	16
Subsequent Events	16

1. Overview of Results of Operations

(1) Results of Operations

1) Operating results for the current fiscal year

In the fiscal year that ended on March 31, 2019, the Japanese economy was firm, as corporate earnings and employment environment improved in response to the government's economic measures. On the other hand, the outlook for the global economy is unclear as the pace of growth appears to be overshadowed by the effects of U.S.-China trade friction and other factors. In Europe, exports have weakened as Britain's withdrawal from the EU is creating a source of concern.

Amidst these economic conditions, the trend in the markets in which the Iwaki Group operates, despite a sharp slowdown in the semiconductor and liquid crystal markets from the middle of the term onwards, was towards a strong performance, particularly in the medical equipment market. The result was record-high fiscal year sales.

In Japan, Iwaki took many actions for building stronger relationships with customers and developing products that meet customers' demands. All activities are based on the core policy of "winning by improving customer satisfaction." Overseas, Iwaki had activities encompassing 21 affiliated companies in 15 countries to increase sales.

Due to these activities, sales in the medical equipment, chemicals and semiconductor/liquid crystal markets were higher than one year earlier. Particularly, the medical equipment market performed well, driven by growth in demand for dialysis equipment in Japan and biochemical analysis equipment in China. In the chemicals market, demand for parts for rechargeable batteries remained steady. The semiconductor/liquid crystal market was steady, although there was a sharp deceleration in semiconductor-related capital investment demand from the middle of the term.

Sales in Japan increased 4.1% from one year earlier to 18,163 million yen. Sales were driven by solid demand in the medical equipment market. In Europe, sales were up 4.6% to 2,657 million yen because of strength in the chemicals market. In the United States, sales increased 10.5% to 3,806 million yen, chiefly in the water treatment market. In Asia, mainly South Korea and Taiwan, sales decreased 13.3% to 2,348 million yen because of a lower demand in the semiconductor/liquid crystal market. Sales in China were up 20.1% to 1,226 million yen because of strong demand in the medical equipment market.

By product category, sales of rotary displacement pumps and air pumps for the medical equipment market continued to grow. Sales of metering pumps for the water treatment market were also higher. Sales of mainline magnetic drive pumps were strong.

Consequently, consolidated sales increased 3.9% to 29,171 million yen.

Earnings benefited from the growth in sales. Operating profit increased 11.0% to 2,337 million yen, ordinary profit increased 4.2% to 2,847 million yen and profit attributable to owners of parent increased 5.1% to 2,163 million yen.

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

2) Outlook

In the fiscal year ending on March 31, 2020, the outlook is for a continuation of the gradual recovery of the Japanese economy as consumer spending recovers and capital expenditures climb slowly. The outlook for the global economy is likely to remain uncertain. Major sources of concern are the prolonged U.S.-China trade issue, Britain leaving the EU, and the slowing growth of the Chinese economy.

In the semiconductor/liquid crystal and surface treatment equipment markets, we foresee a recovery in investments in Asia in the second half. In the medical equipment market, we expect that demand for dialysis equipment in Japan and biochemical analysis equipment in China will continue to increase. In the water treatment market, demand for chemical dispense units at cooling towers is expected to increase due to a boom in building construction in Japan leading up to the 2020 Tokyo Olympics. In the new energy market, capital expenditures will probably remain high for lithium-ion and other types of batteries, mainly for automobiles made in China. In the

chemicals market, we expect strong demand as in the new energy market for electrolytes and other parts used during the production of lithium-ion rechargeable batteries.

While continuing to focus on the theme of “winning by improving customer satisfaction,” we will promote many activities in Japan for meeting the demand for replacement parts and achieving growth of maintenance service operations. Overseas, we will create even closer ties with affiliated companies with goal of reinforcing marketing activities. We are also taking steps to strengthen departments associated with these marketing activities.

Based on this outlook, we forecast a 4.8% increase in consolidated sales to 30,561 million yen, a 2.0% increase in operating profit to 2,384 million yen, a 0.8% increase in ordinary profit to 2,869 million yen, and a 3.7% increase in profit attributable to owners of parent to 2,243 million yen in the fiscal year ending on March 31, 2020.

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 21,440 million yen, up 281 million yen from the end of the previous fiscal year. This was mainly due to increases of 215 million yen in merchandise and finished goods and 512 million yen in raw materials and supplies, while there was a decrease of 671 million yen in cash and deposits. The balance of non-current assets was 9,023 million yen at the end of the current fiscal year, up 860 million yen from the end of the previous fiscal year. This was mainly because of an increase of 977 million yen in property, plant and equipment.

As a result, total assets increased 1,142 million yen from the end of the previous fiscal year to 30,463 million yen.

Liabilities

The balance of current liabilities at the end of the current fiscal year was 8,677 million yen, up 164 million yen from the end of the previous fiscal year. This was mainly due to increases of 293 million yen in short-term loans payable and 41 million yen in provision for bonuses for directors (and other officers), while there was a decrease of 247 million yen in income taxes payable. The balance of non-current liabilities was 1,637 million yen at the end of the current fiscal year, down 509 million yen from the end of the previous fiscal year. This was mainly due to decreases of 300 million yen in long-term loans payable, 99 million yen in provision for retirement benefits for directors (and other officers) and 147 million yen in retirement benefit liability.

As a result, total liabilities decreased 345 million yen from the end of the previous fiscal year to 10,315 million yen.

Net assets

The balance of net assets at the end of the current fiscal year was 20,148 million yen, up 1,487 million yen from the end of the previous fiscal year. The main factors include a 1,529 million yen increase in retained earnings.

Consequently, the capital adequacy ratio was 65.5% (62.9% 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 5,252 million yen, down 712 million yen over the end of the previous fiscal year (a decrease of 146 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 1,827 million yen (1,830 million yen provided in the previous fiscal

year). Positive factors include profit before income taxes of 2,845 million yen, which offset negative factors including an increase in inventories of 801 million yen.

Cash flows from investing activities

Net cash used in investing activities was 1,793 million yen (1,459 million yen used in the previous fiscal year). Negative factors include purchase of property, plant and equipment of 1,628 million yen, which offset positive factors including proceeds from withdrawal of time deposits of 271 million yen.

Cash flows from financing activities

Net cash used in financing activities was 724 million yen (544 million yen used in the previous fiscal year). The main factors include cash dividends paid of 632 million yen.

2. 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 strategic growth markets. 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. As one step to accomplish this goal, we started operation at the new technology center. As a result, the environment for basic research and for the development of core technologies has been established, and we have built a framework capable of undertaking advanced research and development. We shall continue to conduct joint research projects in collaboration with companies and public-sector and academic-sector partners, and take other actions to promote the development of distinctive products that no competitor can match.

In addition, we are using project teams for the development of high-priority products and we are speeding up the development process while maintaining the current high level of quality. These actions are aimed at the timely development of products that accurately reflect market conditions and our customers' requirements.

2) Strengthen and enlarge the solution business

In addition to strengthening our product development capabilities to be able to respond promptly to the dynamically changing needs of our customers, we are also promoting centralized management of the customer information currently held separately by our sales and maintenance organizations. Furthermore, we will deepen ties between sales and maintenance operations and give our people more skills concerning a variety of know-how about these operations. 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. Moreover, 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. To address this issue, we plan to expand our entire overseas businesses by exploiting our overseas sales network to strengthen our business framework to be able to respond accurately and appropriately to our customers' needs. We also plan to promoting overseas procurement and manufacturing activities to facilitate the smooth supply of products to our customers overseas. 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 will also be essential for growth overseas. For some time now, we have been deepening ties between Japan and our overseas affiliated companies. We are also taking steps to reinforce marketing activities and to strengthen departments associated with these 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." We are committed to developing the skills of our people based on our human resource policies and vision for the types of people we require in order to become a truly global organization capable of supplying the world's best products as All Iwaki.

5) Concentrate resources on strategic growth markets

Channeling resources to strategic growth markets will be essential for the sustained growth of the Iwaki Group.

We will continue to direct substantial resources to three strategic markets: water treatment, medical equipment and new energy.

6) Build a business model for new activities

More growth in the scale of our operations will require the addition of business models for new activities. For example, to continue growing in the United States, we will promote to sell water tanks for raising small fish that are used for genetic research and toxicity tests.

3. 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.

4. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/18 (As of Mar. 31, 2018)	FY3/19 (As of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposits	6,251,621	5,580,286
Notes and accounts receivable-trade	7,110,089	6,873,408
Electronically recorded monetary claims-operating	2,569,198	2,738,020
Securities	-	55,846
Merchandise and finished goods	1,999,571	2,214,986
Work in process	14,825	29,785
Raw materials and supplies	3,009,883	3,522,791
Other	228,159	446,732
Allowance for doubtful accounts	(25,195)	(21,831)
Total current assets	21,158,154	21,440,024
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,682,032	7,304,024
Accumulated depreciation and impairment loss	(3,619,413)	(3,646,791)
Buildings and structures, net	1,062,618	3,657,232
Machinery, equipment and vehicles	2,354,152	2,676,850
Accumulated depreciation and impairment loss	(2,134,874)	(2,247,889)
Machinery, equipment and vehicles, net	219,277	428,960
Tools, furniture and fixtures	1,652,282	1,795,534
Accumulated depreciation and impairment loss	(1,416,019)	(1,465,444)
Tools, furniture and fixtures, net	236,263	330,089
Land	1,042,918	1,041,879
Leased assets	385,923	338,538
Accumulated depreciation	(242,638)	(185,666)
Leased assets, net	143,284	152,872
Construction in progress	1,940,973	11,071
Other	23,569	27,178
Accumulated depreciation	(16,282)	(19,444)
Other, net	7,286	7,733
Total property, plant and equipment	4,652,622	5,629,839
Intangible assets		
Goodwill	3,781	2,772
Trademark right	71,795	58,573
Other	129,433	132,297
Total intangible assets	205,009	193,643
Investments and other assets		
Investment securities	2,347,028	2,275,208
Deferred tax assets	682,934	634,431
Other	275,396	290,448
Total investments and other assets	3,305,359	3,200,088
Total non-current assets	8,162,991	9,023,571
Total assets	29,321,146	30,463,596

	(Thousands of yen)	
	FY3/18	FY3/19
	(As of Mar. 31, 2018)	(As of Mar. 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,117,443	5,184,397
Short-term loans payable	657,415	951,205
Lease obligations	62,889	64,978
Income taxes payable	497,919	250,186
Provision for bonuses	893,141	881,140
Provision for bonuses for directors (and other officers)	98,681	140,000
Provision for product warranties	109,686	97,261
Other	1,076,268	1,108,559
Total current liabilities	8,513,444	8,677,727
Non-current liabilities		
Long-term loans payable	300,000	-
Lease obligations	94,892	106,058
Deferred tax liabilities	390	-
Provision for retirement benefits for directors (and other officers)	151,043	51,687
Retirement benefit liability	806,457	659,105
Asset retirement obligations	180,356	184,387
Other	613,902	636,283
Total non-current liabilities	2,147,041	1,637,521
Total liabilities	10,660,486	10,315,249
Net assets		
Shareholders' equity		
Capital stock	1,018,250	1,044,691
Capital surplus	638,250	664,691
Retained earnings	16,157,603	17,687,437
Treasury shares	(480)	(559)
Total shareholders' equity	17,813,622	19,396,260
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	274,384	232,113
Foreign currency translation adjustment	403,156	241,969
Remeasurements of defined benefit plans	(38,131)	81,877
Total accumulated other comprehensive income	639,409	555,960
Non-controlling interests	207,627	196,127
Total net assets	18,660,659	20,148,347
Total liabilities and net assets	29,321,146	30,463,596

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

(Thousands of yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Net sales	28,067,720	29,171,774
Cost of sales	18,658,610	18,797,679
Gross profit	9,409,110	10,374,094
Selling, general and administrative expenses	7,302,640	8,036,338
Operating profit	2,106,469	2,337,755
Non-operating income		
Interest income	30,012	27,927
Dividend income	28,670	20,844
Share of profit of entities accounted for using equity method	507,677	515,794
Foreign exchange gains	70,107	-
Other	52,422	59,407
Total non-operating income	688,891	623,973
Non-operating expenses		
Interest expenses	31,118	30,800
Foreign exchange losses	-	41,994
Business establishment transfer expenses	-	30,900
Other	30,436	10,186
Total non-operating expenses	61,555	113,882
Ordinary profit	2,733,806	2,847,846
Extraordinary income		
Gain on sales of non-current assets	1,547	346
Gain on sales of investment securities	-	31
Total extraordinary income	1,547	377
Extraordinary losses		
Loss on sales of non-current assets	-	173
Loss on retirement of non-current assets	4,203	2,051
Provision for loss on building demolition cost	14,682	-
Total extraordinary losses	18,885	2,225
Profit before income taxes	2,716,468	2,845,998
Income taxes-current	792,021	652,855
Income taxes-deferred	(160,152)	11,956
Total income taxes	631,868	664,812
Profit	2,084,599	2,181,186
Profit attributable to non-controlling interests	25,234	17,734
Profit attributable to owners of parent	2,059,364	2,163,452

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Profit	2,084,599	2,181,186
Other comprehensive income		
Valuation difference on available-for-sale securities	23,476	(42,270)
Foreign currency translation adjustment	49,134	(120,245)
Remeasurements of defined benefit plans, net of tax	96,959	120,008
Share of other comprehensive income of entities accounted for using equity method	45,739	(42,196)
Total other comprehensive income	215,310	(84,704)
Comprehensive income	2,299,909	2,096,482
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	2,273,498	2,080,002
Comprehensive income attributable to non-controlling interests	26,410	16,479

(3) Consolidated Statement of Changes in Equity

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(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	14,637,110	(30)	16,293,580
Changes of items during period					
Issuance of new shares					
Dividends of surplus			(538,871)		(538,871)
Profit attributable to owners of parent			2,059,364		2,059,364
Purchase of treasury shares				(450)	(450)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,520,492	(450)	1,520,042
Balance at end of current period	1,018,250	638,250	16,157,603	(480)	17,813,622

(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	250,907	309,458	(135,090)	425,274	187,750	16,906,605
Changes of items during period						
Issuance of new shares						-
Dividends of surplus						(538,871)
Profit attributable to owners of parent						2,059,364
Purchase of treasury shares						(450)
Net changes of items other than shareholders' equity	23,476	93,698	96,959	214,134	19,876	234,011
Total changes of items during period	23,476	93,698	96,959	214,134	19,876	1,754,053
Balance at end of current period	274,384	403,156	(38,131)	639,409	207,627	18,660,659

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(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	16,157,603	(480)	17,813,622
Changes of items during period					
Issuance of new shares	26,441	26,441			52,882
Dividends of surplus			(633,617)		(633,617)
Profit attributable to owners of parent			2,163,452		2,163,452
Purchase of treasury shares				(78)	(78)
Net changes of items other than shareholders' equity					
Total changes of items during period	26,441	26,441	1,529,834	(78)	1,582,637
Balance at end of current period	1,044,691	664,691	17,687,437	(559)	19,396,260

(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	274,384	403,156	(38,131)	639,409	207,627	18,660,659
Changes of items during period						
Issuance of new shares						52,882
Dividends of surplus						(633,617)
Profit attributable to owners of parent						2,163,452
Purchase of treasury shares						(78)
Net changes of items other than shareholders' equity	(42,270)	(161,187)	120,008	(83,449)	(11,500)	(94,950)
Total changes of items during period	(42,270)	(161,187)	120,008	(83,449)	(11,500)	1,487,687
Balance at end of current period	232,113	241,969	81,877	555,960	196,127	20,148,347

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY3/18	FY3/19
	(Apr. 1, 2017 – Mar. 31, 2018)	(Apr. 1, 2018 – Mar. 31, 2019)
Cash flows from operating activities		
Profit before income taxes	2,716,468	2,845,998
Depreciation	510,125	609,965
Amortization of goodwill	16,018	1,008
Increase (decrease) in allowance for doubtful accounts	3,763	(2,523)
Increase (decrease) in provision for bonuses	176,247	(11,797)
Increase (decrease) in provision for bonuses for directors (and other officers)	(1,453)	41,326
Increase (decrease) in retirement benefit liability	59,871	26,622
Increase (decrease) in provision for retirement benefits for directors (and other officers)	-	(99,356)
Interest and dividend income	(58,683)	(48,771)
Interest expenses	31,118	30,800
Foreign exchange losses (gains)	(31,209)	(2,721)
Share of loss (profit) of entities accounted for using equity method	(507,677)	(515,794)
Decrease (increase) in notes and accounts receivable-trade	(1,247,991)	27,203
Decrease (increase) in inventories	(644,403)	(801,098)
Increase (decrease) in notes and accounts payable-trade	764,096	98,765
Increase (decrease) in accounts payable-other	73,559	(59,053)
Increase (decrease) in accrued expenses	94,439	111,736
Other, net	79,891	35,409
Subtotal	2,034,180	2,287,721
Interest and dividend income received	410,404	513,512
Interest expenses paid	(27,434)	(26,993)
Income taxes paid	(590,918)	(947,892)
Income taxes refund	4,005	1,401
Net cash provided by (used in) operating activities	1,830,237	1,827,749
Cash flows from investing activities		
Payments into time deposits	(206,197)	(322,902)
Proceeds from withdrawal of time deposits	-	271,632
Purchase of securities	-	(55,614)
Proceeds from redemption of securities	110,460	-
Purchase of property, plant and equipment	(1,314,676)	(1,628,005)
Proceeds from sales of property, plant and equipment	1,551	860
Other, net	(50,141)	(59,602)
Net cash provided by (used in) investing activities	(1,459,004)	(1,793,632)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	75,150	-
Repayments of lease obligations	(74,398)	(64,194)
Cash dividends paid	(538,172)	(632,408)
Dividends paid to non-controlling interests	(6,533)	(27,980)
Other, net	(450)	(78)
Net cash provided by (used in) financing activities	(544,404)	(724,661)
Effect of exchange rate change on cash and cash equivalents	26,836	(21,708)
Net increase (decrease) in cash and cash equivalents	(146,334)	(712,253)
Cash and cash equivalents at beginning of period	6,111,164	5,964,829
Cash and cash equivalents at end of period	5,964,829	5,252,576

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

Not applicable.

Reclassifications**Consolidated Balance Sheet**

Starting with the beginning of the current fiscal year, Iwaki is applying “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) and other related pronouncements. Accordingly, deferred tax assets and deferred tax liabilities have been presented in the investments and other assets section and the non-current liabilities section of the balance sheet, respectively.

As a result, “deferred tax assets” under “current assets” in the consolidated balance sheet for the previous fiscal year decreased 591,576 thousand yen and “deferred tax assets” under “investments and other assets” increased 591,576 thousand yen.

Net figures are used for deferred tax assets and deferred tax liabilities for the same taxing authority. This change reduced total assets by 44,160 thousand yen.

Consolidated Statement of Income

“Commission expenses” and “Rent expenses,” presented separately under non-operating expenses in the previous fiscal year, are included in “Other” from the current fiscal year due to a decrease in its monetary materiality. To conform to this change, the financial statements for the previous fiscal year are reclassified.

As a result, “Commission expenses” (19,426 thousand yen) and “Rent expenses” (6,557 thousand yen) presented under non-operating expenses in the previous fiscal year’s consolidated statement of income are reclassified and included in “Other” (30,436 thousand yen).

Segment and Other Information**a. Segment information**

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

b. Related information

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

1. Information by product or service

(Thousands of yen)					
External sales	Magnetic drive pumps	Metering pumps	Pneumatic drive pumps	Rotary displacement pumps	Total
	9,408,433	4,989,942	2,885,285	2,623,554	
	Air pumps	System products	Purchased products	Other	
1,458,312	1,286,631	2,598,884	2,816,676	28,067,720	

2. Information by region**(1) Net sales**

(Thousands of yen)						
Japan	Europe	Americas	Asia	China	Other	Total
17,452,953	2,541,222	3,444,275	2,708,297	1,021,003	899,967	28,067,720

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
4,044,867	427,807	118,975	60,972	4,652,622

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.

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

1. Information by product or service

(Thousands of yen)					
External sales	Magnetic drive pumps	Metering pumps	Pneumatic drive pumps	Rotary displacement pumps	Total
	10,177,913	5,066,624	2,775,387	2,868,952	
	Air pumps	System products	Purchased products	Other	Total
	1,528,234	1,306,458	2,383,576	3,064,627	

2. Information by region

(1) Net sales

(Thousands of yen)						
Japan	Europe	Americas	Asia	China	Other	Total
18,163,038	2,657,753	3,806,193	2,348,364	1,226,511	969,912	29,171,774

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
4,982,770	450,201	140,922	55,945	5,629,839

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)

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Net assets per share	821.86	887.14
Net income per share	91.72	96.25

Notes: 1. Iwaki conducted a 3-for-1 common stock split on July 1, 2018. Net assets per share and net income per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

2. Diluted net income per share is not presented because there are no latent shares.

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

	FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)
Profit attributable to owners of parent (Thousands of yen)	2,059,364	2,163,452
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Thousands of yen)	2,059,364	2,163,452
Average number of shares outstanding (Shares)	22,452,914	22,477,989

Subsequent Events

Repurchase of treasury shares

The Iwaki Board of Directors approved a resolution on May 14, 2019 to repurchase its own shares pursuant to Article 156 of the Companies Act, which is applicable in lieu of Article 165, Paragraph 3 of this act.

1. Reason for stock repurchase

In addition to improving capital efficiency and to make it possible to carry out a flexible capital management policy in response to changes in the business environment, Iwaki repurchased its own shares to increase shareholder value per share and to enhance shareholder returns.

2. Details of stock repurchase

- (1) Type of shares to be repurchased: Common shares of Iwaki
- (2) Total number of shares to be repurchased: Up to 600,000 shares
(2.67% of total shares outstanding, excluding treasury shares)
- (3) Total value of shares to be repurchased: Up to 500 million yen
- (4) Repurchase schedule: From May 17, 2019 to July 12, 2019
- (5) Method of repurchase: Purchase on the Tokyo Stock Exchange
(Discretionary method used by securities firm)

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.