

**FY2018 Second Quarter Consolidated Financial Results [Japan GAAP]
(April 1, 2018 through September 30, 2018)**

November 9, 2018

Company Name : ANEST IWATA Corporation
 Stock Exchanges on which the shares are listed : Tokyo Stock Exchange in Japan
 Code Number : 6381
 URL : <http://www.anest-iwata.co.jp/english>
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 Filing Date of Quarterly Securities Report : November 12, 2018
 Payment Date of Cash Dividends : December 7, 2018
 Supplemental Materials Prepared for Quarterly Results : Yes
 Earnings Announcement for Quarterly Financial Results : Yes (for institutional investors and analysts)

(Amounts are rounded to the nearest million yen)

1. Consolidated Results for FY2018 (April 1, 2018 through September 30, 2018)

(1) Consolidated Financial Results (% of change from previous 2nd Quarter)

	Net Sales		Operating Income		Ordinary Income		Quarterly Net Income Attributable to Parent Company Shareholders	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2018 2nd Quarter	19,318	21.9	2,319	18.6	2,599	11.0	1,651	11.8
FY2017 2nd Quarter	15,847	9.6	1,956	4.9	2,341	26.2	1,476	Δ12.0

(Note) Quarterly Comprehensive Income: FY2018 2nd Quarter 1,116 million yen (Δ28.7%), FY2017 2nd Quarter 1,565 million yen (408.7%)

	Net Income per share - Basic	Net Income per share - Diluted
	Yen	Yen
FY2018 2nd Quarter	39.57	—
FY2017 2nd Quarter	35.38	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	Million Yen	Million Yen	%
FY2018 2nd Quarter	47,522	33,105	62.1
FY2017	47,277	32,777	61.4

(Note) Shareholders' Equity: FY2018 2nd Quarter 29,516 million yen, FY2017 29,006 million yen.

(Note) Retroactive application has been made in accordance with the announcement of corporate accounting standard No. 28, "Partial Amendments to 'Accounting Standard for Tax Effect Accounting'", etc. For the period ending in March 2018, therefore, figures after the retroactive application are indicated.

2. Cash Dividends

	Annual Cash Dividends per share				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2017	—	10.00	—	10.00	20.00
FY2018	—	11.00	—	—	—
FY2018 (forecast)	—	—	—	10.00	21.00

(Note) Revisions to the forecast of cash dividends since latest announcement: None

3. Forecast of Consolidated Results for FY2018 (April 1, 2018 through March 31, 2019)

(% of change from FY2017)

	Net Sales		Operating Income		Ordinary Income		Current Net Income Attributable to Parent Company Shareholders		Net Income per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
FY2018	36,000	9.7	4,000	4.6	4,400	1.1	2,820	0.4	67.56

(Note) Revisions to the forecast of consolidated results since latest announcement: None

* Note

- (1) Changes in significant subsidiaries during FY2018 2nd quarter: None
 (Changes in specified subsidiaries that caused a change in scope of consolidation)
 New: Company (company name) Excluded: Company (company name)
- (2) Application of account processing specific to the creation of quarterly consolidated financial statements: None
- (3) Change in accounting policy, change and restatement of accounting estimates
- (i) Change in accounting policy due to the revision of accounting standards, etc.: None
 - (ii) Change in accounting policy for other reasons: None
 - (iii) Change in accounting estimates: None
 - (iv) Restatement: None

- (4) Number of shares issued and outstanding (common stock)
- (i). Number of shares issued and outstanding at the end of each fiscal year (including treasury stock)
 - (ii). Number of treasury shares at the end of each fiscal year
 - (iii) Average number of shares outstanding in the period (quarterly total)

FY2018 2nd Quarter	41,745,505 shares	FY2017	41,745,505 shares
FY2018 2nd Quarter	6,659 shares	FY2017	6,659 shares
FY2018 2nd Quarter	41,738,846 shares	FY2017 2nd Quarter	41,738,891 shares

* These quarterly financial results are not subject to quarterly reviews by certified public accountants or audit corporations.

* Explanation of the appropriate use of the expected results of operations, other special notes

Forecasts for operations and other descriptions about the future that are contained in this document are based on the information acquired at the time of publication, as well as certain premises that we judge reasonable. The actual results of operations and so on may change greatly as a result of various factors. For information about the conditions acting as the premise for the expected results of operations and notes on the use of the expected results of operations, see "(3) Explanation for the information on future prospects including the expected consolidated results of operations" on page 3 of Attachment.

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1. Qualitative information for financial results of the current quarter

(1) Explanation for results of operations

Matters related to the future appearing in this text have been judged by our group as of the last day of the current consolidated fiscal second quarter.

(1) Explanation of results of operations

During the current consolidated cumulative second quarter, the world economy has been on a relatively moderate recovery path, while on the other hand, its future is uncertain due to underlying risks such as the downturn of the Chinese economy associated with the trade friction between the United States and China and the depreciation of the currencies of emerging countries. The Japanese economy has continued to grow steadily, supported by solid employment environment and consumer spending and equipment investment mainly in major companies.

In such a business environment, our group has only about half a year to go before the end of the midterm business plan, whereby we have continued business activities with an aim to become a "True World-Class Company".

In the air compressor field, the sales of oil free scroll compressors as energy-saving production equipment have grown steadily in various countries, including Japan in which solid equipment investment continues. Sales of medical compressor units and incidental devices in emerging countries such as India and Brazil and in ASEAN countries continue to increase, so do the sales of vehicle-mounted air compressor units for public transportation vehicles such as railroad vehicles and electric buses in Asia, mainly in China, the United States, and elsewhere. To further increase the capacity to supply the compressor main units of oil free scroll compressors, which expand throughout the world, the automatic assembly line introduced into the Fukushima Factory has started operation. In addition, the business performance of the sales of compressor manufacturing and selling companies in China, which were turned into consolidated subsidiaries this fiscal year, has made a significant contribution. In the vacuum equipment field, besides semiconductor manufacturing equipment, which continue to grow steadily, the sales of oil free scroll vacuum pumps in the general industrial market have grown by using the sales channels in Japan. In overseas regions, the sales of various types of inspection equipment associated with semiconductor manufacturing processes in Asia, mainly Taiwan and China, have grown steadily, among others, although we face uphill battle in the United States and Europe. In the coating equipment field, in addition to carrying out activities for acquiring certifications for specific paints of paint manufacturers, we have remodeled coating booths, which are considered indispensable for improving coating operation environments and enhancing coating quality. In Japan, in an effort to shift to consultation business more than ever before, we have created a system for reinforcing system proposals for coating processes, such as the supply of paints and the improvement of coating operation environments, rather than merely offering devices themselves. In overseas markets, which are steady on the whole, we proceed with activities for proposing models appropriate for each region by reaffirming the industrial coating users in each country. In the field of liquid application equipment for handling liquids other than paints, included in the coating equipment field, we continue activities for promoting the sales of spray guns specifically for liquids related to food and adhesive, liquid supply devices, and so on both in and outside Japan. In the coating system field, we continue the activities for visualizing equipment installation proposals by making full use of coating trial facilities, starting in Japan. We have also started the work of refurbishing the coating trial facilities and showroom at the headquarters so that more customers can come to the company and increase their satisfaction.

As a result, our business performance for the current consolidated cumulative second quarter grew both in terms of revenue and income, with sales standing at 19,318 million yen (up 21.9% from the same consolidated cumulative quarter of the previous fiscal year), operating profit at 2,319 million yen (up 18.6%), current profit at 2,599 million yen (up 11.0%), and quarterly net profit attributable to the parent company shareholders at 1,651 million yen (up 11.8%).

(i) Results of operations by segment

The results of our operations by segment are omitted as they are shown in (Segment information, etc.) in "2. Quarterly consolidated financial statements - (4) Notes on quarterly consolidated financial statements".

(ii) Sales by product category

(Amount: thousand yen)

Product Category	Consolidated cumulative second quarter of the previous fiscal year		Consolidated cumulative second quarter of this fiscal year		Increase/decrease from the corresponding quarter of the previous fiscal year	
	April 1, 2017 - September 30, 2017		April 1, 2018 - September 30, 2018		Amount of increase/decrease	Increase/decrease rate (%)
	Sales	Composition rate (%)	Sales	Composition rate (%)		
Air Compressors	7,814,690	49.3	10,287,899	53.2	2,473,209	31.6
Vacuum Equipment	943,741	6.0	928,485	4.8	△15,256	△1.6
Coating Equipment	5,950,733	37.5	6,541,456	33.9	590,723	9.9
Coating Systems	1,138,239	7.2	1,561,120	8.1	422,881	37.2
Total	15,847,404	100.0	19,318,962	100.0	3,471,558	21.9

(2) Explanation for financial condition

For assets, our current assets stood at 25,428 million yen (down 0.2% from the previous consolidated fiscal year) and our noncurrent assets stood at 22,093 million yen (up 1.4%), mainly due to an increase of 295 million yen in the "goodwill" because of the acquisition of shares of a small-size compressor manufacturer in Taiwan. As a result, our total assets stood at 47,522 million yen (up 0.5%).

For liabilities, our current liabilities stood at 10,249 million yen (down 4.9%), mainly due to a decrease of 209 million yen in the "short-term loans payable" (including the current portion of long-term loans payable). Our noncurrent liabilities stood at 4,166 million yen (up 12.0%), mainly due to an increase of the lease obligations (noncurrent) included in the "other". As a result, our total liabilities stood at 14,416 million yen (down 0.6%).

Our net assets stood at 33,105 million yen (up 1.0%). Our equity capital, which is calculated by subtracting the non-controlling shareholders' equity from the net assets, stood at 29,516 million yen, increasing our equity ratio by 0.7 percentage points to 62.1%, from 61.4% at the end of the previous consolidated fiscal year.

(3) Explanation for the information on future prospects including the expected consolidated results of operations

At present, the expected consolidated results of operations for the full year announced on May 10, 2018 remain unchanged. For information about the expected dividends, see the "Announcement on Dividends from Surplus", released today (November 9, 2018).

2. Quarterly consolidated financial statements and main notes
 (1) Quarterly consolidated balance sheets

(Amount: thousand yen)

	FY2017 (As of March 31, 2018)	FY2018 (As of September 30, 2018)
Assets		
Current Assets		
Cash and deposits	9,225,287	9,157,273
Accounts receivable-trade	7,624,339	7,674,299
Securities	500,000	500,000
Merchandise and finished goods	3,876,983	3,873,185
Work in process	918,367	896,850
Raw materials and supplies	2,138,244	2,339,639
Other	1,373,957	1,203,871
Allowance for doubtful accounts (current)	△176,820	△216,493
Total current assets	25,480,360	25,428,625
Noncurrent Assets		
Property, plant and equipment		
Buildings and structures, net	5,389,865	5,366,246
Other, net	6,648,729	6,796,378
Total property, plant and equipment	12,038,594	12,162,625
Intangible assets		
Goodwill	1,588,301	1,884,124
Other	1,946,621	1,784,390
Total intangible assets	3,534,922	3,668,514
Investments and other assets		
Investment securities	4,617,239	4,682,447
Other	1,617,577	1,590,884
Allowance for doubtful accounts (noncurrent assets)	△11,095	△11,093
Total investments and other assets	6,223,722	6,262,238
Total noncurrent assets	21,797,240	22,093,378
Total assets	47,277,600	47,522,004

(Amount: thousand yen)

	FY2017 (As of March 31, 2018)	FY2018 (As of September 30, 2018)
Liabilities		
Current Liabilities		
Accounts payable-trade	4,769,153	4,701,292
Short-term loans payable	1,767,728	1,558,042
Income taxes payable	604,634	650,815
Provision for bonuses	628,046	648,660
Provision for other	318,903	266,494
Other	2,690,533	2,424,242
Total current liabilities	10,778,999	10,249,547
Noncurrent liabilities		
Net defined benefit liability	2,401,451	2,350,623
Other	1,319,410	1,816,128
Total noncurrent liabilities	3,720,861	4,166,752
Total liabilities	14,499,860	14,416,299
Net Assets		
Shareholders' equity		
Capital stock	3,354,353	3,354,353
Capital surplus	1,324,472	1,117,838
Retained earnings	23,307,605	24,541,620
Treasury stock	△5,387	△5,387
Total shareholders' equity	27,981,043	29,008,424
Valuation and translation adjustment		
Valuation difference on available-for-sale securities	863,484	898,600
Foreign currency translation adjustments	416,156	△142,708
Remeasurements of defined benefit plans	△254,633	△247,845
Total valuation and translation adjustments	1,025,007	508,046
Non-controlling shareholders' equity	3,771,688	3,589,233
Total net assets	32,777,739	33,105,704
Total liabilities and net assets	47,277,600	47,522,004

(2) Quarterly consolidated profit and loss statements and quarterly consolidated statements of comprehensive income
 Quarterly consolidated profit and loss statement
 Consolidated cumulative second quarter

(Amount: thousand yen)

	FY2017 (April 1, 2017 through September 30, 2017)	FY2018 (April 1, 2018 through September 30, 2018)
Net sales	15,847,404	19,318,962
Cost of sales	8,789,571	11,030,749
Gross profit	7,057,833	8,288,213
Selling, general & administrative expenses	5,101,201	5,968,382
Operating income	1,956,632	2,319,830
Non-operating income		
Interest and dividend income	59,958	63,843
Equity in earnings of affiliates	105,734	140,451
Foreign exchange gains	186,540	39,156
Other	61,469	78,100
Total non-operating income	413,702	321,551
Non-operating expenses		
Interest expenses	9,068	34,372
Other	20,176	7,823
Total non-operating expenses	29,245	42,196
Ordinary income	2,341,088	2,599,185
Extraordinary income		
Gain on sales of fixed assets	1,428	1,891
Gain on step acquisitions	—	2,697
Total extraordinary income	1,428	4,588
Extraordinary losses		
Loss on sales of noncurrent assets	9,566	27,015
Dismantlement cost	1,214	8,101
Loss on liquidation of subsidiaries	97,132	20,397
Total extraordinary losses	107,913	55,514
Net income before income taxes	2,234,604	2,548,260
Income taxes - current	729,498	795,112
Income taxes - deferred	Δ25,132	Δ53,855
Total income taxes	704,365	741,256
Net income	1,530,238	1,807,003
Quarterly net income attributable to non-controlling shareholders	53,312	155,600
Quarterly net income attributable to parent company shareholders	1,476,926	1,651,402

Quarterly consolidated statements of comprehensive income
Consolidated cumulative second quarter

(Amount: thousand yen)

	FY2017 (April 1, 2017 through September 30, 2017)	FY2018 (April 1, 2018 through September 30, 2018)
Net income	1,530,238	1,807,003
Other comprehensive income		
Valuation difference on available-for-sale securities	184,608	35,116
Foreign currency translation adjustment	Δ103,871	Δ708,694
Remeasurements of defined benefit plans	961	6,787
Share of other comprehensive income of associates accounted for using equity method	Δ46,037	Δ23,759
Total comprehensive income	35,659	Δ690,549
Comprehensive income	1,565,898	1,116,454
(Comprehensive income attributable to)		
Parent company shareholders	1,502,393	1,134,441
Non-controlling shareholders	63,505	Δ17,987

(3) Quarterly consolidated cash flow statements

(Amount: thousand yen)

	FY2017 (April 1, 2017 through September 30, 2017)	FY2018 (April 1, 2018 through September 30, 2018)
Cash flow from operating activities		
Net income before income taxes	2,234,604	2,548,260
Depreciation	581,011	768,982
Amortization of goodwill	76,912	124,602
Change in allowance for doubtful accounts (Δ for decrease)	20,164	47,772
Change in provision for bonuses (Δ for decrease)	15,502	22,802
Change in provision for product warranties (Δ for decrease)	5,530	Δ16,716
Change in net defined benefit liability (Δ for decrease)	52,000	8,242
Change in net defined benefit asset (Δ for increase)	Δ94,925	Δ82,944
Change in provision for directors' bonuses (Δ for decrease)	Δ36,003	Δ35,608
Interest and dividend income	Δ59,958	Δ63,843
Interest expenses	9,068	34,372
Share of profit or loss of entities accounted for using equity method (Δ for profit)	Δ22,780	Δ38,461
Loss or gain on sales and retirement of noncurrent assets (Δ for gain)	8,138	25,123
Loss on liquidation of subsidiaries	97,132	20,397
Loss or gain on step acquisitions (Δ for gain)	—	Δ2,697
Change in notes and accounts receivables - trade (Δ for increase)	490,396	Δ197,379
Change in inventories (Δ for increase)	Δ273,106	Δ214,673
Change in notes and accounts payable - trade (Δ for decrease)	Δ553,934	283,794
Other	Δ269,933	Δ82,777
Subtotal	2,279,819	3,149,247
Interest and dividend income received	60,291	63,843
Interest expenses paid	Δ9,068	Δ34,372
Subsidy received	406,300	—
Income taxes paid	Δ764,809	Δ741,152
Cash flow from operating activities	1,972,532	2,437,566
Cash flow from investing activities		
Payments into time deposits	Δ318,841	Δ760,318
Proceeds from withdrawal of time deposits	292,246	1,113,367
Purchase of property, plant and equipment	Δ853,619	Δ723,951
Proceeds from sales of property, plant and equipment	12,932	265,451
Purchase of intangible assets	Δ15,207	Δ56,299
Proceeds from redemption of investment securities	634,251	—
Payments for investments in capital	—	Δ252,014
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	Δ313,239
Payments of loans	—	Δ514
Proceeds from collection of loans	2,344	30,199
Payments for transfer of business	Δ80,069	—
Other	Δ3,830	Δ6,850
Cash flow from investing activities	Δ329,795	Δ704,170

	FY2017 (April 1, 2017 through September 30, 2017)	FY2018 (April 1, 2018 through September 30, 2018)
Cash flow from financing activities		
Net increase or decrease in short-term loans payable (Δ for decrease)	Δ 283	52,194
Repayments of lease obligations	Δ 72,492	Δ 75,702
Proceeds from long-term loans payable	110,100	257,600
Repayments of long-term loans payable	Δ 27,949	Δ 411,262
Purchase of treasury shares	Δ 63	—
Payments for investments in capital of subsidiaries not resulting in change in scope of consolidation	—	Δ 351,303
Cash dividends paid	Δ 459,452	Δ 417,461
Cash dividends paid to non-controlling shareholders	Δ 75,354	Δ 153,832
Cash flow from financing activities	Δ 525,495	Δ 1,099,767
Effect of exchange rate change on cash and cash equivalents	5,888	Δ 301,963
Changes in cash and cash equivalents (Δ for decrease)	1,123,131	331,664
Beginning cash and cash equivalents	7,678,657	7,692,535
Cash and cash equivalents at year end	8,801,788	8,024,200

(4) Notes on quarterly consolidated financial statements
(Notes on the premise of a going concern)

There are no relevant matters.

(Segment information, etc.)

[Segment information]

I Previous consolidated cumulative second quarter (April 1, 2017 through September 30, 2017)

1. Information about the amounts of sales and incomes in each report segment

(Amount: thousand yen)

	Report segment				Other (Note)	Total
	Japan	Europe	Asia	Total		
Sales						
Sales to external customers	8,805,603	1,901,856	2,928,506	13,635,966	2,211,438	15,847,404
Internal sales or transfers between segments	2,428,447	131,914	652,061	3,212,423	78,590	3,291,014
Total	11,234,051	2,033,770	3,580,568	16,848,390	2,290,028	19,138,418
Segment income	2,038,319	169,222	248,118	2,455,659	150,839	2,606,499

(Note) The "Other" category addresses those business segments not covered by the report segments; business activities of local corporations in the United States, Mexico, Brazil, Australia, Russia, South Africa, and the United Arab Emirates.

2. Difference between the total amounts of incomes of the report segments and the amount reported in the quarterly consolidated profit and loss statements, as well as the main items of the difference (matters related to difference adjustment)

(Amount: thousand yen)

Income	Amount
Report segment total	2,455,659
Income from "Other" category	150,839
Inter-segment transactions erased	△75,320
Company-wide expenses (Note)	△574,546
Operating income in the quarterly consolidated profit and loss statement	1,956,632

(Note) Company-wide expenses are mainly the sales expenses and general administrative expenses that cannot be attributed to the report segments.

II Current consolidated cumulative second quarter (April 1, 2018 through September 30, 2018)

1. Information about the amounts of sales and incomes in each report segment

(Amount: thousand yen)

	Report segment				Other (Note)	Total
	Japan	Europe	Asia	Total		
Sales						
Sales to external customers	8,508,049	2,360,778	5,973,309	16,842,137	2,476,824	19,318,962
Internal sales or transfers between segments	2,696,363	135,789	758,908	3,591,061	86,082	3,677,143
Total	11,204,412	2,496,567	6,732,218	20,433,199	2,562,906	22,996,106
Segment income	1,957,397	194,901	578,955	2,731,254	99,501	2,830,756

(Note) The "Other" category addresses those business segments not covered by the report segments; business activities of local corporations in the United States, Mexico, Brazil, Australia, Russia, South Africa, and the United Arab Emirates.

2. Difference between the total amounts of incomes of the report segments and the amount reported in the quarterly consolidated profit and loss statements, as well as the main items of the difference (matters related to difference adjustment)

(Amount: thousand yen)

Income	Amount
Report segment total	2,731,254
Income from "Other" category	99,501
Inter-segment transactions erased	51,129
Company-wide expenses (Note)	△562,055
Operating income in the quarterly consolidated profit and loss statement	2,319,830

(Note) Company-wide expenses are mainly the sales expenses and general administrative expenses that cannot be attributed to the report segments.