

FY2014 Full-Year Consolidated Financial Results [Japan GAAP] (April 1, 2014 through March 31, 2015)

May 8, 2015

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/
Representative	: Takahiro Tsubota, President
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Date of the ordinary general shareholders' meeting	: June 25, 2015
Filing Date of Financial Statements	: June 25, 2015
Supplemental Materials Prepared for Quarterly Results	: Yes
Earnings Announcement for Quarterly Financial Results	: Yes

(Amounts are rounded to the nearest million yen)

1. Consolidated Results for FY2014 (April 1, 2014 through March 31, 2015)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2014	28,376	11.5	3,285	11.7	3,840	7.3	2,303	5.6
FY2013	25,457	12.9	2,940	39.4	3,579	35.7	2,181	22.6

【Note】 Comprehensive Income: FY2014 3,957 million yen (25.3%), FY2013 3,158 million yen (23.3%)

	Net Income per share - Basic	Net Income per share - Diluted	Return of Equity	Return of Asset	Operating Profit on Sales
	Yen	Yen	%	%	%
FY2014	54.91	-	10.4	11.9	11.6
FY2013	51.78	-	11.0	12.3	11.6

【Note】 Equity in income of affiliates FY2014 173 million yen, FY2013 90 million yen.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per share
	Million Yen	Million Yen	%	Yen
FY2014	33,766	24,689	69.4	561.80
FY2013	30,856	21,783	67.4	494.57

【Note】 Equity Ratio : FY2014 23,449 million yen, FY2013 20,786 million yen.

(3) Consolidated Cash Flow

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2014	2,397	△ 1,871	△ 856	4,589
FY2013	2,652	△ 2,795	△ 926	4,743

2. Cash Dividends

	Annual Cash Dividends per share					Total Amount of Cash Dividends	Dividends Payout Ratio (Consolidated)	Dividends on Equity (Consolidated)
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
FY2013	-	7.50	-	8.00	15.50	651	29.9	3.3
FY2014	-	8.00	-	8.50	16.50	691	30.0	3.1
FY2015(forecast)	-	8.00	-	8.50	16.50		29.6	

3. Forecast of Consolidated Results for FY2015 (April 1, 2015 through March 31, 2016)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Half-Year	14,000	10	1,600	1.2	1,900	5.1	1,160	△ 0.3	27.79
Full-Year	28,500	0.4	3,300	0.4	3,850	0.2	2,330	1.2	55.82

4. Others

(1) Changes in significant subsidiaries during FY2014 : None
(Changes in specified subsidiaries that caused a change in scope of consolidation)

(2) 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)

FY2014	41,885,505 shares	FY2013	42,035,505 shares
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(ii). Number of treasury shares at the end of each fiscal year

FY2014	146,135 shares	FY2013	6,101 shares
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(iii). Average number of shares issued and outstanding in each period

FY2014	41,950,143 shares	FY2013	42,138,487 shares
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Summary of the Financial Results for Full-Year Fiscal Year 2014 Ending March 31, 2015

1. Analysis of results of operations and financial status

(1) Analysis of results of operations

① Results of operations in current consolidated fiscal year

Regarding the overseas economic situation during the current consolidated fiscal year, the U.S. was on track toward recovery, showing improvements in its consumer spending and employment figures, but the newly industrialized countries continued to face a difficult situation, because of slow-downs in growth and political instability, among others. In Japan, despite improvement in export, equipment investment, and employment, prospects continued to be clouded by the consumption tax rise, the depreciation of the yen, and high raw material costs.

In these circumstances, our group has been aiming at "a real global company (i.e. an establishment of global management system)" which has the optimum marketing, development, sales, production, procurement and business management systems for each market by gathering global customers' needs in accordance with the midterm business plan for three years from April 2013. The current consolidated fiscal year is the middle year of our plan, so we implemented a series of measures to boost our business performance. In our organization, we employed a divisional system for the compressor and coating equipment businesses to make decisions and take actions more speedily and, the ERP (integrated business software produced by SAP), which we installed to replace the old one for the purposes of more efficient and more global business management, ran smoothly. In terms of the development of new products, we released the F Series of oil-free scroll compressors (5.5/7.5 kW), equipped with a new-type compressor main unit and oil-free 2-MPa booster compressors (7.5 kW), among others, to bolster our compressor lines; while in the coating equipment field, we released a forged version of the WS-400 Supernova spray gun, diaphragm airless pumps for the Chinese construction paint market, and hot-coating units for edible fluids, among others. In the field of coating systems, we continued to pursue the concurrent development of new-type automatic spray guns and new-type paint supply systems with new-type coating robots. In terms of sales, we implemented one-stop support in Japan by integrating selling and servicing, thereby improving customer service; overseas, we established a subsidiary in Indonesia, acquired local companies in Poland, Germany, and Brazil and making them into subsidiaries so as to enhance our overseas sales structure. In terms of production activities, we promoted automated and labor-saving operations in Japan and enhanced production sites overseas in China, Germany, Brazil, and elsewhere.

As a result, our business performance for the current consolidated fiscal year grew in terms of both revenue and income, relative to the previous consolidated fiscal year, with sales standing at 28,376 million yen (up 11.5% from the previous consolidated fiscal year), operating income at 3,285 million yen (up 11.7%), ordinary income at 3,840 million yen (up 7.3%), and current net income at 2,303 million yen (up 5.6%).

Results of operations by segment

In Japan, our business performance increased in terms of revenue but our income decreased, with external sales standing at 17,055 million yen (up 7.7% from the previous consolidated fiscal year) while segment income stood at 3,208 million yen (down 1.8%). Reasons for this fall in income included depreciation costs associated with equipment investment. In Europe, our business performance grew in terms of both revenue and income, with external sales standing at 2,914 million yen (up 9.3%) and segment income at 204 million yen (up 234.7%). In Asia, our business performance improved in terms of both revenue and income, with external sales standing at 5,595 million yen (up 23.7%) and segment income at 557 million yen (up 44.3%). Details are given in "(5) Notes on consolidated financial statements (Segment information, etc.)" in "5. Consolidated financial statements."

③ Sales by product category

(Amount: thousand yen)

Product Category	Previous consolidated fiscal year April 1, 2013 - March 31, 2014		Current consolidated this fiscal year April 1, 2014 - March 31, 2015		Increase/Decrease from the corresponding quarter of the previous fiscal year	
	Sales	Composition rate (%)	Sales	Composition rate (%)	Amount of increase/decrease	Increase/Decrease rate (%)
Air Compressors	12,108,663	47.6	12,842,737	45.3	734,073	6.1
Vacuum Equipment	1,684,031	6.6	1,771,840	6.2	87,809	5.2
Coating Equipment	10,356,609	40.7	11,348,640	40.0	992,031	9.6
Coating Systems	1,308,172	5.1	2,413,367	8.5	1,105,194	84.5
Total	25,457,476	100.0	28,376,586	100.0	2,919,109	11.5

④ Prospects for the upcoming year

The prospects for the upcoming consolidated fiscal year are shaky due to the stagnation of the economy of the newly industrialized countries, financial problems in Europe, and political instability in the Middle East, among others, although moderate growth is expected to continue in the United States. In Japan, there are concerns about possible reductions in demand due to the rush demand for compressors before the adoption of the IE3 motor. Against this background, our group continues to be committed to increasing income and ensuring growth as a top-priority policy for our management strategies and management actions, while working on improving our business performance.

At present, the expected results of our operations for the full-year fiscal period ending in March, 2016 are such that sales will stand at 28,500 million yen (up 0.4% from the current consolidated fiscal year), operating income will be 3,300 million yen (up 0.4%), ordinary income will be 3,850 million yen (up 0.2%), and current net income will be 2,330 million yen (up 1.2%).

(2) Analysis of financial status

① Assets, liabilities and net assets

(a) Assets

Current assets stood at 16,806 million yen (up 9.3% from the previous consolidated fiscal year), mainly due to an increase of 583 million yen in the "accounts receivable-trade" due to an increase in sales.

Noncurrent assets stood at 16,959 million yen (up 9.6%), primarily due to an increase of 809 million yen in "investment securities" due to purchases of investment securities, fair value adjustments, and so on. As a result, total assets stood at 33,766 million yen (up 9.4%).

(b) Liabilities

Current liabilities stood at 6,179 million yen (up 3.1%), mainly due to an increase of 361 million yen in the "accounts payable-trade" due to an increase in production and so on.

Noncurrent liabilities stood at 2,897 million yen (down 6.0%), primarily because of a decrease of 181 million yen in the "net defined benefit liability". As a result, total liabilities stood at 9,076 million yen (up 0.0%).

(c) Net assets

Net assets stood at 24,689 million yen (up 13.3%), mainly due to an increase of 1,363 million yen in "retained earnings" due to an increase in current net income. Equity capital, which is calculated by subtracting minority shareholders' equity from net assets, stood at 23,449 million yen, thus increasing our capital-to-asset ratio by 2.0 percentage points to 69.4% from 67.4% at the end of the previous consolidated fiscal year.

② Cash flow

Cash and cash equivalents (referred to as "funds") for the current consolidated fiscal year were down by 154 million yen from the end of the previous consolidated fiscal year, at 4,589 million yen (down 3.3%) at the end of the current consolidated fiscal year. Each cash flow in the current consolidated fiscal year, as well as the causes, are as described below.

(a) Cash flow from operating activities

As a result of operating activities, the fund balance shows earnings of 2,397 million yen (down 9.6%), with a decrease of 254 million yen in earnings from the end of the previous consolidated fiscal year, mainly due to an increase of 358 million yen in the "inventory increase/decrease".

(b) Cash flow from investing activities

As a result of investing activities, the fund balance shows expenses of 1,871 million yen (down 33.1%), with a decrease of 924 million yen in expenses from the end of the previous consolidated fiscal year, mainly due to a decrease of 1,103 million yen in the "payments for purchases of investment securities".

(c) Cash flow from financing activities

As a result of financing activities, the fund balance shows expenses of 856 million yen (down 7.6%), with a decrease of 70 million yen in expenses from the end of the previous consolidated fiscal year, mainly due to an increase of 110 million yen in the "proceeds from long-term loans payable". Trends in the cash flow indexes for corporate groups are as described below.

(Reference) Changes in cash flow related indexes

	March, 2013	March, 2014	March, 2015
Equity ratio (%)	68.4	67.4	69.4
Market-basis equity ratio (%)	60.6	88.5	95.3
Cash flow-to-interest-bearing liabilities ratio (%)	23.5	21.4	31.1
Interest coverage ratio	261.9	282.9	149.2

(Notes)

1. To calculate each index, the following formula is used.

- Capital-to-asset ratio: Self-owned capital/Total assets
- Capital-to-asset ratio on market-value basis: Market capitalization/Total assets
- Cash flow-to-interest-bearing liabilities ratio: Interest-bearing liabilities/Operating cash flow
- Interest coverage ratio: Operating cash flow/Interest payments

2. Each index is calculated with financial values on a consolidated basis.

3. Market capitalization is calculated as follows: Closing share price at year end x Number of shares outstanding at year end.

4. As the operating cash flow, the cash flow from operating activities in the consolidated statement of cash flow is used. Interest-bearing liabilities are all interest-bearing liabilities that are posted to the consolidated balance sheet. For interest payments, those in the consolidated statement of cash flow are used.

(3) Basic policy for profit allocation and current and next-term dividends

① Basic policy

Given that it is of utmost importance to endeavor to return stable profits to our shareholders, our group's basic policy is to maintain stable dividends that are backed up by our business performance. More specifically, we will continue to pay an annual dividend of at least three yen per share, based on a dividend payout ratio of 30%. We will also acquire and cancel treasury shares appropriately and return the profits to our shareholders. We will use our internal reserves for development investment from a long-term perspective, production rationalization investment, and investment for the rationalization and streamlining of our management structure, among others, thereby striving to further enhance our management foundation as well as our profit structure.

② Current dividend

The dividend paid at the end of the current term will be 8.5 yen per share, based on a dividend payout ratio of 30%. Combined with the dividend of 8 yen per share at the end of the second quarter, this will translate into an annual dividend per share of 16.5 yen, which is an increase of 1 yen per share from the annual dividend of 15.5 yen per share paid in the previous year. The dividend at the end of the current term will be decided at the ordinary general meeting of shareholders of our company, scheduled for June 25.

③ Dividend for next term

At this point, the dividend to be paid at the end of the second quarter will be 8 yen per share and the year-end dividend will be 8.5 yen per share, giving an annual dividend per share of 16.5 yen.

Consolidated Balance Sheets

(Amount: thousand yen)

	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	5,004,647	5,022,181
Notes and accounts receivable - trade	4,954,265	5,537,884
Securities	-	300,000
Merchandise and finished goods	2,598,110	2,912,250
Work in process	361,610	501,549
Raw materials and supplies	1,078,847	1,269,577
Deferred tax assets	671,066	635,868
Other	758,818	655,327
Allowance for doubtful accounts	△46,817	△28,214
Total current assets	15,380,548	16,806,425
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,108,143	※3 7,356,958
Accumulated depreciation	△4,332,908	△4,401,241
Buildings and structures, net	2,775,235	2,955,716
Machinery, equipment and vehicles	5,218,688	5,991,018
Accumulated depreciation	△3,553,276	△3,868,145
Machinery, equipment and vehicles, net	1,665,411	2,122,872
Land	1,632,107	1,788,997
Leased assets	819,457	830,627
Accumulated depreciation	△411,615	△524,845
Leased assets, net	407,841	305,782
Construction in progress	163,447	24,342
Other	1,749,990	1,835,266
Accumulated depreciation	△1,573,083	△1,626,807
Other, net	176,906	208,459
Total property, plant and equipment	6,820,949	7,406,171
Intangible assets		
Goodwill	24,383	205,820
Software	117,329	930,299
Software in progress	981,777	27,076
Other	153,318	188,493
Intangible assets	1,276,809	1,351,690
Investments and other assets		
Investment securities	※1 4,976,885	※1 5,785,922
Long-term loans receivable	142,722	155,573
Deferred tax assets	718,258	295,571
Net defined benefit asset	283,280	622,545
Long-term time deposits	907,378	937,080
Other	※2 367,962	※2 415,878
Allowance for doubtful accounts	△18,175	△10,725
Total investments and other assets	7,378,311	8,201,846
Total non-current assets	15,476,071	16,959,708
Total asset	30,856,619	33,766,133

(Amount: thousand yen)

	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,672,340	3,033,399
Short-term loans payable	※5 125,394	※3、※5 260,076
Current portion of long-term loans payable	-	41,175
Lease obligations	122,417	127,799
Income taxes payable	754,220	458,305
Provision for bonuses	566,874	502,150
Provision for directors' bonuses	67,554	71,495
Provision for product warranties	138,443	144,593
Other	1,544,771	1,540,087
Total current liabilities	5,992,015	6,179,082
Non-current liabilities		
Long-term loans payable	-	79,192
Lease obligations	320,024	237,336
Deferred tax liabilities	32,158	34,701
Net defined benefit liability	2,653,642	2,472,056
Other	75,486	74,236
Total non-current liabilities	3,081,312	2,897,523
Total liabilities	9,073,328	9,076,605
Net assets		
Shareholders' equity		
Capital stock	3,354,353	3,354,353
Capital surplus	1,380,431	1,380,380
Retained earnings	15,898,115	17,262,003
Treasury shares	△3,254	△117,094
Total shareholders' equity	20,629,645	21,879,642
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	210,840	610,942
Foreign currency translation adjustment	270,423	887,497
Remeasurements of defined benefit plans	△324,513	71,224
Total accumulated other comprehensive income	156,750	1,569,664
Minority interests	996,895	1,240,220
Total net assets	21,783,291	24,689,528
Total liabilities and net assets	30,856,619	33,766,133

Consolidated Statement of Income

(Amount: thousand yen)

	FY2013 (April 2013 through March 31, 2014)	FY2014 (April 2014 through March 31, 2015)
Net sales	25,457,476	28,376,586
Cost of sales	14,303,984	16,214,936
Gross profit	11,153,492	12,161,649
Selling, general and administrative expenses		
Sales commission	376,229	334,122
Packing and transportation expenses	676,946	759,836
Directors' compensations, salaries and allowances	2,903,066	3,130,714
Provision for bonuses	307,525	295,840
Provision for directors' bonuses	67,554	71,495
Retirement benefit expenses	320,314	98,051
Welfare expenses	659,946	692,667
Rent expenses	314,959	334,984
Provision for product warranties	137,383	143,404
Provision of allowance for doubtful accounts	20,416	5,648
Other	2,428,258	3,009,191
Total selling, general and administrative expenses	8,212,599	8,875,957
Operating income	2,940,892	3,285,692
Non-operating income		
Interest income	25,345	36,391
Dividend income	31,665	42,179
Foreign exchange gains	283,305	86,227
Technical support fee	58,820	57,199
Share of profit of entities accounted for using equity method	90,156	173,573
Other	200,327	201,497
Total non-operating income	689,619	597,068
Non-operating expenses		
Interest expenses	9,375	16,071
Other	41,561	26,003
Total non-operating expenses	50,937	42,075
Ordinary income	3,579,575	3,840,685

Statements of Comprehensive Income

(Amount: thousand yen)

	FY2013 (April 2013 through March 31, 2014)	FY2014 (April 2014 through March 31, 2015)
Extraordinary income		
Gain on sales of non-current assets	※2 1,673	※2 2,550
Gain on sales of investment securities	-	15,207
Compensation for transfer	-	51,030
Other	※3 1,732	-
Total extraordinary income	3,406	68,788
Extraordinary losses		
Loss on sales of non-current assets	※4 3,441	※4 7,925
Loss on retirement of non-current assets	※4 43,281	※4 16,226
Demolition and demobilization cost	16,224	126,636
Other	※5 6,601	-
Total Extraordinary losses	69,548	150,789
Net income before income taxes	3,513,432	3,758,684
Income taxes - current	1,340,670	1,170,533
Income taxes - deferred	△83,318	145,973
Total income taxes	1,257,351	1,316,506
Income before minority interests	2,256,080	2,442,178
Minority interests in income	74,180	138,837
Net income	2,181,900	2,303,340

Consolidated Statement Comprehensive of Income

	(Amount: thousand yen)	
	FY2013 (April 2013 through March 31, 2014)	FY2014 (April 2014 through March 31, 2015)
Income before minority interests	2,256,080	2,442,178
Other comprehensive income		
Valuation difference on available-for-sale securities	40,469	400,102
Foreign currency translation adjustment	598,115	532,610
Remeasurements of defined benefit plans, net of tax	-	395,737
Share of other comprehensive income of entities accounted for using equity method	263,678	186,900
Other comprehensive income	※ 902,263	※ 1,515,350
Comprehensive income	3,158,344	3,957,528
Profit attributable to		
Comprehensive income attributable to owners of parent	2,987,391	3,716,255
Comprehensive income attributable to minority interests	170,953	241,273

Consolidated Cash Flows Statement

(Amount: thousand yen)

	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
Cash flows from operating activities		
net income before income taxes	3,513,432	3,758,684
Depreciation	743,735	1,007,930
Amortization of goodwill	8,387	22,810
Increase (decrease) in allowance for doubtful accounts	6,857	△31,446
Increase (decrease) in provision for bonuses	2,128	△66,816
Increase (decrease) in provision for product warranties	2,482	6,021
Increase (decrease) in net defined benefit liability	25,128	△39,180
Decrease(increase) in net defined benefit asset	123,697	△106,215
Increase (decrease) in provision for directors' bonuses	26,979	3,941
Interest and dividend income	△57,010	△78,571
Interest expenses	9,375	16,071
Share of (profit) loss of entities accounted for using equity method	△38,046	△89,669
Loss (gain) on sales and retirement of non-current assets	45,048	21,712
Loss (gain) on sales and valuation of investment securities	-	△15,207
Decrease (increase) in notes and accounts receivable - trade	△326,216	△295,193
Decrease (increase) in inventories	34,214	△324,461
Increase (decrease) in notes and accounts payable - trade	△115,794	109,744
Other	△182,789	△92,394
Subtotal	3,821,611	3,807,759
Interest and dividend income received	57,843	80,303
Interest expenses paid	△9,375	△16,071
Income taxes paid	△1,217,713	△1,474,096
Cash flows from operating activities	2,652,365	2,397,894
Cash flows from investing activities		
Payments into time deposits	△1,188,420	△478,607
Proceeds from withdrawal of time deposits	1,265,412	317,443
Purchase of property, plant and equipment	△1,106,224	△1,088,736
Proceeds from sales of property, plant and equipment	6,532	16,010
Purchase of intangible assets	△676,286	△88,802
Purchase of investment securities	△1,363,420	△260,017
Proceeds from sales of investment securities	-	21,557
Proceeds from redemption of investment securities	250,000	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	△267,839
Proceeds from sales of investments in capital of subsidiaries and associates	10,219	-
Payments for investments in capital	-	△53,660
Other	6,422	11,335
Cash flows from investing activities	△2,795,765	△1,871,316
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,101	107,858
Repayments of lease obligations	△127,048	△123,235
Proceeds from long-term loans payable	-	110,261
Repayments of long-term loans payable	△47,153	-
Purchase of treasury shares	△129,442	△231,550
Proceeds from sales of treasury shares	200	-
Cash dividends paid	△590,243	△672,160
Cash dividends paid to minority shareholders	△31,066	△47,680
Payments to minority shareholders by capital decrease of consolidated subsidiaries	△4,145	-
Cash flows from financing activities	△926,796	△856,506
Effect of exchange rate change on cash and cash equivalents	212,128	175,074
Net increase (decrease) in cash and cash equivalents	△858,068	△154,853
Beginning cash and cash equivalents	5,601,949	4,743,881
Cash and cash equivalents	※ 4,743,881	※ 4,589,027