

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

August 10, 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
Representative	: Takahiro Tsubota, President
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Filing Date of Quarterly Securities Report	: August 10, 2018
Payment Date of Cash Dividends	: -
Supplemental Materials Prepared for Quarterly Results	: None
Earnings Announcement for Quarterly Financial Results	: None

(Amounts are rounded to the nearest million yen)

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

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

	Net Sales		Operating Income		Ordinary Income		Quarterly Net Income Attributable to Parent Company Shareholders	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2018 1st Quarter	8,523	12.1	914	21.0	985	1.4	641	8.6
FY2017 1st Quarter	7,602	13.9	755	3.7	971	45.8	590	Δ32.6

(Note) Quarterly Comprehensive Income: FY2018 1st Quarter 44 million yen (Δ89.4%), FY2017 1st Quarter 419 million yen (57.9%)

	Net Income per share - Basic	Net Income per share - Diluted
	Yen	Yen
FY2018 1st Quarter	15.37	—
FY2017 1st Quarter	14.15	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	Million Yen	Million Yen	%
FY2018 1st Quarter	45,562	31,963	62.6
FY2017	47,277	32,777	61.4

(Note) Shareholders' Equity: FY2018 1st Quarter 28,503 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	—				
FY2018 (forecast)		10.00	—	10.00	20.00

(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 half year (total)	18,000	13.6	2,000	2.2	2,200	Δ6.0	1,400	Δ5.2	33.54
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 1st 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 1st Quarter	41,745,505 shares	FY2017	41,745,505 shares
FY2018 1st Quarter	6,659 shares	FY2017	6,659 shares
FY2018 1st Quarter	41,738,846 shares	FY2017 1st Quarter	41,738,899 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 first quarter.

(1) Explanation of results of operations

During the current consolidated cumulative first quarter, the world economy has been solid, although there were concerns about the impacts of some protectionist trends on trade and the currencies of emerging countries, among others, because the employment environment and the consumer spending in the U.S. and Europe continue to be on a recovery trend and stable growth can be seen in Asia, mainly in China and India. In the Japanese economy, gradual recovery has continued, backed up by a stable employment environment and increasing willingness for equipment investment, among others.

In such a business environment, our group has been engaged in business activities, with an aim to become a "True World-Class Company", toward the achievement of each of the indexes stated in the midterm business plan, which marks its final fiscal year. In the air compressor field, the sales of oil free scroll compressors in Japan and overseas have continued to grow steadily due to a favorable equipment investment environment. Sales of medical compressor units in emerging countries such as India and Brazil continue to increase, so do the sales of vehicle-mounted air compressor units for public transportation vehicles such as railroad vehicles and electric buses mainly in Asia, the United States, and Europe. In addition, the sales at SHANGHAI SCREW COMPRESSOR Co., Ltd., which was turned into a consolidated subsidiary in the previous period, are on the increase mainly in China. In the vacuum equipment field, the sales of oil free scroll vacuum pumps for inspection equipment in the general industrial market and in semiconductor manufacturing processes have grown by using the sales channels in Japan. In overseas regions, the sales of pumps for various types of inspection equipment mainly for Asia and Russia have increased. In the coating equipment field, we have focused on sales promotion activities for trials for the coating lines of the industrial coating spray gun WS200 Series, which started to be sold in the previous period and, at the same time, have proceeded with activities for acquiring certifications for specific paints of paint manufacturers. We will continue to focus on the development of new products. In the field of liquid application equipment for handling liquids other than paints, included in the coating equipment field, the sales of spray guns specifically for liquid related to food, liquid supply units, and spray guns specifically for adhesive coating for use in various applications have grown steadily mainly overseas. In the coating system field, we continue the activities specializing in existing users mainly for automotive parts in an attempt to increase the number of coating trials particularly in Japan.

Concurrently with these business activities, we have continued to reorganize subsidiaries overseas for the purpose of reinforcing group management functions. In Europe, nine consolidated subsidiaries and one affiliated company have been turned into wholly owned companies. In the compressor business, a share transfer agreement has been concluded with ANEST IWATA SPARMAX Co., Ltd. (formerly called Ding Hwa Co., Ltd.), whose business has been handed over from a leading compressor manufacturer in Taiwan, in an attempt to expand the low-output product lineup, which we have been lacking in.

As a result, our business performance for the current consolidated cumulative first quarter grew both in terms of revenue and income, with sales standing at 8,523 million yen (up 12.1% from the same consolidated cumulative quarter of the previous fiscal year), operating profit at 914 million yen (up 21.0%), current profit at 985 million yen (up 1.4%), and quarterly net profit attributable to the parent company shareholders at 641 million yen (up 8.6%).

(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 - (3) Notes on quarterly consolidated financial statements".

(ii) Sales by product category

(Amount: thousand yen)

Product Category	Consolidated cumulative first quarter of the previous fiscal year		Consolidated cumulative first quarter of this fiscal year		Increase/decrease from the corresponding quarter of the previous fiscal year	
	April 1, 2017 - June 30, 2017		April 1, 2018 - June 30, 2018		Amount of increase/decrease	Increase/decrease rate (%)
	Sales	Composition rate (%)	Sales	Composition rate (%)		
Air Compressors	3,715,616	48.9	4,813,121	56.5	1,097,504	29.5
Vacuum Equipment	455,137	6.0	419,267	4.9	Δ35,870	Δ7.9
Coating Equipment	2,846,499	37.4	3,069,946	36.0	223,446	7.9
Coating Systems	585,145	7.7	220,768	2.6	Δ364,377	Δ62.3
Total	7,602,400	100.0	8,523,103	100.0	920,703	12.1

(2) Explanation for financial condition

For assets, our current assets stood at 24,306 million yen (down 4.6% from the previous consolidated fiscal year), mainly due to a decrease of 904 million yen in the "cash and deposits" and a decrease of 652 million yen in the "notes and accounts receivable-trade". Our noncurrent assets stood at 21,256 million yen (down 2.5%). As a result, our total assets stood at 45,562 million yen (down 3.6%).

For liabilities, our current liabilities stood at 9,974 million yen (down 7.5%), mainly due to a decrease of 308 million yen in the "notes and accounts payable-trade" and a decrease of 348 million yen in the "income taxes payable". Our noncurrent liabilities stood at 3,625 million yen (down 2.6%). As a result, our total liabilities stood at 13,599 million yen (down 6.2%).

Our net assets stood at 31,963 million yen (down 2.5%). Our equity capital, which is calculated by subtracting the non-controlling shareholders' equity from the net assets, stood at 28,503 million yen, decreasing our equity ratio by 1.2 percentage points to 62.6%, from 61.4% to 62.6% 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 and the expected dividend for the full year announced on May 10, 2018 remain unchanged.

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 June 30, 2018)
Assets		
Current Assets		
Cash and deposits	9,225,287	8,321,284
Accounts receivable-trade	7,624,339	6,971,347
Securities	500,000	500,000
Merchandise and finished goods	3,876,983	3,947,577
Work in process	918,367	889,557
Raw materials and supplies	2,138,244	2,378,736
Other	1,373,957	1,531,530
Allowance for doubtful accounts (current)	△176,820	△233,920
Total current assets	25,480,360	24,306,114
Noncurrent Assets		
Property, plant and equipment		
Buildings and structures, net	5,389,865	5,373,884
Other, net	6,648,729	6,440,962
Total property, plant and equipment	12,038,594	11,814,847
Intangible assets		
Goodwill	1,588,301	1,622,629
Other	1,946,621	1,858,038
Total intangible assets	3,534,922	3,480,668
Investments and other assets		
Investment securities	4,617,239	4,390,610
Other	1,617,577	1,581,817
Allowance for doubtful accounts (noncurrent assets)	△11,095	△11,093
Total investments and other assets	6,223,722	5,961,333
Total noncurrent assets	21,797,240	21,256,849
Total assets	47,277,600	45,562,963

(Amount: thousand yen)

	FY2017 (As of March 31, 2018)	FY2018 (As of June 30, 2018)
Liabilities		
Current Liabilities		
Accounts payable-trade	4,769,153	4,460,173
Short-term loans payable	1,767,728	1,692,819
Income taxes payable	604,634	255,958
Provision for bonuses	628,046	317,793
Provision for other	318,903	253,805
Other	2,690,533	2,994,046
Total current liabilities	10,778,999	9,974,597
Noncurrent liabilities		
Net defined benefit liability	2,401,451	2,369,474
Other	1,319,410	1,255,710
Total noncurrent liabilities	3,720,861	3,625,185
Total liabilities	14,499,860	13,599,782
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	23,531,647
Treasury stock	Δ5,387	Δ5,387
Total shareholders' equity	27,981,043	27,998,451
Valuation and translation adjustment		
Valuation difference on available-for-sale securities	863,484	762,099
Foreign currency translation adjustments	416,156	Δ5,936
Remeasurements of defined benefit plans	Δ254,633	Δ251,239
Total valuation and translation adjustments	1,025,007	504,923
Non-controlling shareholders' equity	3,771,688	3,459,805
Total net assets	32,777,739	31,963,180
Total liabilities and net assets	47,277,600	45,562,963

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

(Amount: thousand yen)

	FY2017 (April 1, 2017 through June 30, 2017)	FY2018 (April 1, 2018 through June 30, 2018)
Net sales	7,602,400	8,523,103
Cost of sales	4,300,159	4,628,632
Gross profit	3,302,240	3,894,471
Selling, general & administrative expenses	2,546,552	2,979,808
Operating income	755,688	914,662
Non-operating income		
Interest and dividend income	44,540	47,762
Equity in earnings of affiliates	47,505	66,143
Foreign exchange gains	104,496	-
Other	31,686	46,004
Total non-operating income	228,229	159,910
Non-operating expenses		
Interest expenses	4,538	17,926
Depreciation expenses	-	67,537
Other	7,592	3,611
Total non-operating expenses	12,131	89,075
Ordinary income	971,786	985,497
Extraordinary income		
Gain on sales of fixed assets	504	1,341
Gain on step acquisitions	-	2,697
Total extraordinary income	504	4,038
Extraordinary losses		
Loss on sales of noncurrent assets	5,052	24,761
Dismantlement cost	-	7,582
Loss on liquidation of subsidiaries	98,167	2,229
Total extraordinary losses	103,220	34,574
Income before income taxes	869,070	954,962
Income taxes - current	160,288	213,082
Income taxes - deferred	126,584	57,983
Total income taxes	286,873	271,066
Net income	582,197	683,895
Quarterly net income attributable to non-controlling shareholders or quarterly net loss attributable to non-controlling shareholders (Δ)	Δ 8,453	42,465
Quarterly net income attributable to parent company shareholders	590,651	641,429

Quarterly consolidated statements of comprehensive income
Consolidated cumulative first quarter

(Amount: thousand yen)

	FY2017 (April 1, 2017 through June 30, 2017)	FY2018 (April 1, 2018 through June 30, 2018)
Net income	582,197	683,895
Other comprehensive income		
Valuation difference on available-for-sale securities	71,614	△101,385
Foreign currency translation adjustment	△188,600	△468,442
Remeasurements of defined benefit plans	480	3,393
Share of other comprehensive income of associates accounted for using equity method	△46,383	△73,108
Total comprehensive income	△162,888	△639,541
Comprehensive income	419,308	44,354
(Comprehensive income attributable to)		
Parent company shareholders	420,637	121,345
Non-controlling shareholders	△1,328	△76,991

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

There are no relevant matters.

(Notes relating to cases in which there are significant changes in the amount of shareholders' equity)

There are no relevant matters.

(Segment information, etc.)
[Segment information]

I Previous consolidated cumulative first quarter (April 1, 2017 through June 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	4,114,764	1,006,584	1,355,969	6,477,318	1,125,081	7,602,400
Internal sales or transfers between segments	1,173,281	58,715	273,128	1,505,125	39,209	1,544,334
Total	5,288,046	1,065,300	1,629,097	7,982,443	1,164,290	9,146,734
Segment income	826,580	121,709	71,189	1,019,478	69,068	1,088,547

(Note) The "Note" 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	1,019,478
Income from "Other" category	69,068
Inter-segment transactions erased	△49,878
Company-wide expenses (Note)	△282,980
Operating income in the quarterly consolidated profit and loss statement	755,688

(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 first quarter (April 1, 2018 through June 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	3,639,341	1,184,848	2,570,288	7,394,479	1,128,624	8,523,103
Internal sales or transfers between segments	1,443,050	74,610	383,600	1,901,261	39,774	1,941,036
Total	5,082,392	1,259,458	2,953,889	9,295,740	1,168,398	10,464,139
Segment income	796,314	141,070	187,936	1,125,321	54,792	1,180,113

(Note) The "Note" 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	1,125,321
Income from "Other" category	54,792
Inter-segment transactions erased	26,652
Company-wide expenses (Note)	△292,103
Operating income in the quarterly consolidated profit and loss statement	914,662

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