

July 30, 2008

Consolidated Financial Results For The First Quarter Of The March 31,2009 Fiscal Year

AIR WATER INC.

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(Note : All amounts are rounded down to the nearest million yen.)

1. Results for the Three Months Ended June 30, 2008

(1) Results of Operation

(% of change from previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three Months Ended June 30, 2008	109,759		6,636		7,567		4,170	
Three Months Ended June 30, 2007	97,437	0.2	5,036	2.5	5,919	+8.7	3,505	17.9

	Net Income per Share	Fully Diluted Net Income per Share
	Yen	Yen
Three Months Ended June 30, 2008	22.54	22.53
Three Months Ended June 30, 2007	19.80	19.15

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of June 30, 2008	361,792	142,123	36.4	710.87
As of March 31, 2008	353,399	137,991	36.1	689.41

Reference : Equity As of June 30,2008 : 131, 522 million yen As of March 31,2008 : 127, 567 million yen

2. Other

- (1) Significant changes in subsidiaries during the period (changes in specified subsidiaries with changes in the scope of consolidation) : None
- (2) Application of simplified accounting procedures and specific accounting procedures for preparing the quarterly consolidated financial statements : Yes

Note: For more details, please refer to the section of “3.Other matters “ of [Qualitative Information and Financial Statement and Other Information] on p.3

(3)Changes in accounting policies, procedures, and presentation methods for preparing the quarterly consolidated financial results

- a. Changes arising from revisions of accounting standard : Yes
- b. Changes arising from other reasons : No

Note: For more details, please refer to the section of “3.Other matters “ of [Qualitative Information and Financial Statement and Other Information] on p.3

(4)Number of shares outstanding (ordinary shares)

a. Total number of shares outstanding (including treasury stock)

as of June 30,2008: 185,205,057 shares

as of March31,2008: 185,205,057 shares

b. Number of shares of treasury stock

as of June 30,2008: 188,357 shares

as of March31,2008: 165,218 shares

c. Average number of shares during three months

First three months of the fiscal year ending March 31,2009 : 185,028,069 shares

First three months of the fiscal year ending March 31,2008 : 177,067,683 shares

Notes

“Accounting Standard for Quarterly Financial Reporting ”and related guidance “Accounting Standard for Quarterly Financial Reporting ”(Accounting Standards Board of Japan [ASBJ] Statement No.12 , March 14,2007) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No.14, March 14,2007) are applied from the current fiscal year ending March 31,2009. Quarterly financial statements are prepared in accordance with “Rules for Quarterly Consolidated Financial Statements”.

Qualitative Information, Financial Statements and Other Information

1. Qualitative information on consolidated business performance

Consolidated results for this first quarter showed sound growth in both industrial and chemical operations, as the domestic manufacturing activities in general continued at a high level.

In the industrial operations, the gas supply to steel industry who enjoyed the second best quarter of raw steel production ever and to electronics industry who had continuing growth in production of 300 mm silicon wafers, LCDs, PDPs, and specialty glass thin film panels, increased at a brisk pace. Further, the global expansion of solar cells increased the demand for the gas supply to the industry.

In the chemical operations, while in the mid of tight supply condition for basic chemicals, the market improved as the price of petroleum hiked and the sales of basic chemicals grew satisfactorily. The sales of fine chemicals also grew satisfactorily due to the introduction of new products in medical intermediate. The functional chemicals such as thermal expansion graphite showed strong growth.

In the medical and the energy operations, the structural reform to strengthen the profitability has been proceeding well.

The logistics and food products operations for the most part exhibited sound growth as well.

As a result of the above, the consolidated results for this first quarter were: sales of ¥109,759,000,000 (12.6% increase from the same period in the previous year), operating profit of ¥6,636,000,000 (31.8% increase), and current profit of 7,567,000,000 (27.8% increase), and net profit of ¥4,170,000,000 (19.0% increase).

2. Other Information

- (1) Significant changes in subsidiaries during the period (changes in specified subsidiaries with changes in the scope of consolidation)

None

- (2) Application of simplified accounting procedures and specific accounting procedures for preparing the quarterly consolidated financial statements:

a. Calculation of income taxes

Income taxes are computed first by reasonably estimating the effective tax rate after applying tax rate after applying tax effect accounting against income before income taxes and minority interests for the fiscal year including the first quarter under review, and next by multiplying the quarterly net income before income before taxes and minority interests by such estimated effective tax rate.

b. Judging the recoverability of deferred tax assets

In judging the recoverability of deferred tax assets, because it is found that business circumstances as well as occurrences of temporary differences have not materially changed since the previous year-end, the calculation of income taxes and deferred tax assets and liabilities is made employing the future forecasts of operating results and the tax planning used at the previous year-end.

- (3) Changes in accounting policies and procedures and presentation methods for preparing the quarterly consolidated financial statements

a. Application of “Accounting Standard for Quarterly Financial Reporting” and related guidance “Accounting Standard for Quarterly Financial Reporting ”(Accounting Standards Board of Japan [ASBJ] Statement No.12, March 14,2007) and “Guidance on Accounting Standard for Quarterly Financial Reporting ” (ASBJ Guidance No.14, March 14,2007) are applied from the current fiscal year ending March 31,2009. Quarterly financial statements are prepared in accordance with “Rules for Quarterly Consolidated Financial Statements”.

b. Application of “Accounting Standard for Measurement of Inventories”

Inventories were previously stated at the acquisition cost, determined principally by the average method. However, with the Company’s adoption of “Accounting Standard for Measurement of Inventories”(ASBJ Statement No.9, July 5,2006) from the first quarter ended June 30,2008,inventories held for sale in the ordinary course of business are measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses, determined principally by the average methods. As impact of this change, income before income taxes and minority interests decreased by ¥441 million.

c. Application of “Accounting Standard for Lease Transactions” and related guidance Finance lease transactions without title transfer were formerly accounted for as operating leases. On March 30,2007, the ASBJ issued ASBJ Statement No.13, “Accounting Standard for Lease Transactions”, which revised the former accounting standard for lease transactions issued on June 17,1993,and ASBJ Guidance No.16, “Guidance on accounting Standard for Lease Transactions”, which revised the former guidance issued on January 18,1994. The revised accounting standard is permitted to be adopted for fiscal years beginning on or after April 1, 2008. Accordingly, the Company has applied the revised accounting standard from the first quarter ended June 30, 2008. The revised accounting standard requires that all finance lease transactions shall be accounted for normal sales transaction. However, Finance leases which do not transfer ownership and do not bargain purchase provisions commenced before April 1,2008 are continuously accounted for in the same manner as operating leases. The impact of this change on operating income, ordinary income and income before income taxes and minority interests is immaterial.

d. Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statement”

“Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statement”(ASBJ Practical Issues Task Force No.18,May 17,2006)has been applied from the first quarter ended June 30,2008 and necessary modifications have been made for consolidation. The impact of this change on operating income, ordinary income and income before income taxes and minority interests is immaterial.