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Consolidated Financial Results For The Third 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 nine Months Ended December 31, 2008

(1) Results of Operation

(% of change from previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine Months Ended December 31, 2008	340,821		19,981		22,020		10,122	
Nine Months Ended December 31, 2007	310,314	3.3	17,838	8.8	19,972	9.5	11,200	3.8

	Net Income per Share	Fully Diluted Net Income per Share
	Yen	Yen
Nine Months Ended December 31, 2008	54.72	54.69
Nine Months Ended December 31, 2007	61.48	60.79

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2008	385,321	141,510	33.8	705.12
As of March 31, 2008	353,399	137,991	36.1	689.41

Reference : Equity As of December 31,2008 : 130, 397 millions of yen As of March 31,2008 : 127, 567 millions of 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 Information “ 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 : Yes

Note: For more details, please refer to the section of “3.Other Information “ 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 December 31,2008: 185,205,057 shares

as of March 31,2008: 185,205,057 shares

b. Number of shares of treasury stock

as of December 31,2008: 276,528 shares

as of March 31,2008: 165,218 shares

c. Average number of shares during nine months

First Nine months of the fiscal year ending March 31,2009 : 184,974,771 shares

First Nine months of the fiscal year ending March 31,2008 : 182,184,171 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

The business environment during the current third quarter rapidly worsened as the materials industry, notably steel, carried out major production adjustments in late November amid speculation that the recession triggered by the financial crisis that broke last fall was beginning to weaken the real economy. However, the business performance for the current term in the Industrial and Chemical business as well as the structurally reformed Medical business have been satisfactory on the whole owing to overall high manufacturing output and sound plant and equipment spending in the first half of the year.

As for the Industrial business, the industrial gas supply to major customers in the steel industry, which cut production far more drastically than ever before, and to those in the chemical, silicon wafer, special glass, and automotive industries sectors, started dropping remarkably. The Chemical business produced satisfactory results due to increased sales of pharmaceutical and agrochemical intermediates and other fine chemicals despite the fact that the plunge in crude oil prices was beginning to push down the selling price of crude benzene and other basic chemicals that had remained at high levels till then. The Medical business also attained good results because the number of hospitals as new customers of medical gas increased due to the regional hub effect of high-efficiency liquid oxygen/nitrogen co-production plant (VSU). Advance in streamlining of the SPD business and Contract Sterilization business has been helpful, too. However, the Energy business has made a poor showing due to sluggish consumption of LP gas and kerosene, and fluctuations in purchase prices.

As a result, as for the consolidated performance for the current third quarter, the net sales revenue increased to ¥ 340,821 million (up 9.8% from the same period a year earlier), and the operating income rose to ¥ 19,981 million (up 12.0% from the same period a year earlier). The ordinary income went up to ¥ 22,020 million (up 10.3% from the same period a year earlier), but the net income dipped to ¥ 10,122 million (down 9.6% from the same period a year earlier).

Performance by segment is summarized as follows:

	(Million ¥)			
	Sales revenue		Operating income	
	3Q	Year on year	3Q	Year on year
Industrial	156,565	107.2%	14,062	106.6%
Medical	37,009	101.4%	1,005	190.0%
Chemical	83,897	127.3%	2,548	116.0%
Energy	34,240	103.1%	726	156.7%
Other	29,107	101.5%	1,638	112.8%
Total	340,821	109.8%	19,981	112.0%

2. Qualitative information on the Company's financial status

The total net assets at the end of the current third quarter consolidated accounting period increased by ¥ 31,922 million to ¥ 385,321 million due to increases in current assets and property, plant and equipment, compared to those at the end of the previous fiscal year. The liabilities increased by ¥ 28,403 million to ¥ 243,810 million due to increased long-term debt, compared with those at the end of the previous consolidated accounting year. The net assets rose by ¥ 3,518 million to ¥ 141,510 million mainly due to accumulation of the quarter net profit, compared to those at the end of the previous consolidated accounting year.

The net assets per share rose to ¥ 705.12 from ¥ 689.41 at the end of the previous consolidated accounting year.

The cash flows from operating activities amounted to ¥ 14,838 million after deducting outflows including the corporate taxes paid from income before income taxes and other adjustments and depreciation and amortization charges for the previous quarter.

The cash flows from investing activities was an outflow of ¥ 27,114 million due to expenditure on property, plant and equipment, investment securities, and loaning of funds. As a result, the free

cash flow showed a deficit of ¥12,276 million.

The cash flows from financing activities posted an income of ¥18,288 million due to increased long-term debt and payment of dividends.

As a result, cash and cash equivalents balance at the end of the current third quarter consolidated accounting period increased by ¥6,016 million to ¥18,540 million, compared with that at the end of the previous consolidated accounting year.

3. 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 for the majority of consolidated subsidiaries are computed first by reasonably estimating the effective tax rate after applying tax effect accounting against income before income taxes and minority interests for the fiscal year including the third quarter under review, and next by multiplying the quarterly net income before income 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 for the nine months ended December 31, 2008, operating income and ordinary income decreased by ¥46 million, income before income taxes and minority interests decreased by ¥487 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.

(Additional information)

Estimates of the useful lives of the “machinery and equipment” at the Company and its domestic consolidated subsidiaries have been reviewed in the tax reforms in 2008 and Changes have been made from the first quarter ended June 30, 2008.However, the useful lives of the “machinery and equipment” acquired before April 1,2008 have not been changed. The impact of this change on operating income, ordinary income and income before income taxes and minority interests is immaterial.