

August 13, 2010

Consolidated Financial Results (Japanese Accounting Standards)
For The First Quarter Of The March 31,2011 Fiscal Year

AIR WATER INC.

Head Office: 20-16, Higashi-shinsaibashi 1-chome,
Chuo-ku, Osaka, Japan

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

1. Results for the three Months Ended June 30, 2010

(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	%
Three Months Ended June 30, 2010	113,447	13.2	7,455	15.4	8,067	26.7	4,173	39.4
Three Months Ended June 30, 2009	100,209	-8.7	6,462	-2.6	6,367	-15.9	2,994	-28.2

	Net Income per Share	Fully Diluted Net Income per Share
	Yen	Yen
Three Months Ended June 30, 2010	21.67	21.11
Three Months Ended June 30, 2009	16.19	15.27

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of June 30,2010	395,661	162,450	38.2	791.54
As of March 31, 2010	392,758	163,949	39.0	789.89

Reference: Equity As of June 30,2010 : 151,299 millions of yen As of March 31,2010 : 153,140 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: Yes

Note: Application of simplified accounting procedures and specific accounting procedures for preparing the quarterly consolidated financial statements

(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 : None

(4) Number of shares outstanding (ordinary shares)

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

as of June 30,2010: 194,205,057 shares

as of March 31,2010: 194,205,057 shares

b. Number of shares of treasury stock

as of June 30,2010: 3,059,858 shares

as of March 31,2010: 330,429 shares

c. Average number of shares during six months

First Three months of the fiscal year ending March 31,2011 : 192,564,485 shares

First Three months of the fiscal year ending March 31,2010 : 184,912,275 shares

* Indication of quarterly review procedure implementation status

This quarterly earnings report is exempt from quarterly review procedure based on upon the Financial Instruments and Exchange Act. The review procedure for quarterly consolidated financial statements based upon the Financial Instruments and Exchange Act has been completed at the time of disclosure of this report.

Qualitative Information, Financial Statements and Other Information

1. (1) Qualitative information on consolidated business performance

The business environment during the total consolidated first quarter of the period continued to be severe for construction related industries and in outlying regions of Japan, but improved overall, continuing the trend of the fourth quarter of the previous period, thanks to the great activity of export related manufacturing companies with abundant demand by emerging countries as a background, and the economic stimulus provided by governmental policies which had beneficial effect.

Under these conditions, in particular demand by our large customers for our manufacturing support operations including Industrial Gas, Electronics and Chemical recovered, and our varied group of small scale, high profitability operations in such areas as Seawater Business, Aerosol, and High Technology Hospital Medical Treatment Facility Installation grew robustly and demonstrated the effectiveness of our “Order Rodentia Style of Business.”

As a result, our consolidated results in this first quarter exceeded the levels of the first quarter of 2008 before the Lehman Shock, our sales during this period were ¥113,447 million (113.2% that of the previous period), a decrease in revenue, but our operating profit was ¥7,455 million (115.4%), our working profit was ¥8,067 million (126.7%), and our net profit was ¥4,173 million (139.4%), robustly maintaining our continued growth in profits in recent years.

Operating segment information

	(Millions of yen)	
	Sales	Ordinary income
	Three months ended June 30, 2010	Three months ended June 30, 2010
Industrial	31,591	3,097
Electronics	11,751	1,002
Chemical	20,358	970
Medical	14,566	690
Energy	10,726	566
Other	24,453	1,438
adjustment	—	301
Total	113,447	8,067

Among our industrial gas operations, steel manufacturing on-site operations strongly accelerated the recovery which began in the latter half of last year and reached the same high level of performance that our operations for special glass manufacturing continued to exhibit. In addition, our chemical, automotive, and electronics parts operations recovered markedly. We also started construction of the VSU No.9 machine in Matsumoto city, Nagano prefecture, to strengthen our operational bases in outlying areas.

Among our electronics related operations, high levels of gas continued to be supplied for manufacture of flat panel displays, semiconductors, etc. which maintained a high level of capacity utilization thanks to the rapid growth in worldwide demand and the domestic stimulus policy of the Japanese government. In particular, sales of special materials for LEDs improved to good levels equivalent to our sales for semiconductors. Further, in April of this year we started joint operations with Inoueki Co., a trading company specializing in chemical products and electronics materials.

Among our chemical related operations, the sales of basic chemicals improved satisfactorily, due to the increase both in the amount of goods sold and the price of goods, spurred by the recovery in the capacity utilization rate of steel manufacturing operations. Among our fine chemicals, sales of functional chemical products for electric-related materials increased, but sales of fine chemical products for agricultural chemicals continued to lag. Among our tar distillation operations, there was a fast recovery in demand for our pitch coke for electric furnace electrodes due to excellent overseas demand.

Among our medical treatment related operations, sales of medical use oxygen improved to exhibit good performance, thanks to improvement in the efficiency of our manufacturing and distribution with our utilization of local area VSU production plants. Sales of our medical treatment devices improved

satisfactorily with growth in sales of our child respirators spurred by the expansion of NICUs. We made progress in improving the profitability of our SPD/sterilization services by taking great effort to reduce costs, reform our profit-making structure, and get orders from new hospitals. Our hospital facility construction operations conducted jointly with Miwa Electric Medical Co. were greatly strengthened, and we strove for even more expansion of orders in the advanced medical treatment facility construction field.

Among our energy related operations, some sectors of industrial demand for LP gas exhibited recovery, and together with the robust household use LP gas market, the amount of LP gas sold increased. Further, sales of kerosene continued to be good, spurred by the cold wave at the start of spring. Our Hybrid Water Heating/Room Heating System which was launched in the market in earnest this year became well known, and orders for it expanded satisfactorily.

Among our distribution operations, general logistics improved to exhibit good performance, the recovery in the volume of shipments and orders for our new business in the food products logistics field overcoming the rise in fuel costs. Among our food products operations, conditions continued to be difficult for sales to large volume retailers, but we still improved to exhibit good overall performance, thanks to our sales of commercial use prosciutto, new sauce and sweetening ingredients for commercial products, etc. Among our marine operations, our magnesia business saw a recovery in demand, thanks to the favorable turnaround of sales of magnesium oxide for electromagnetic steel plates and the recovery of demand for magnesia for plasma display panels, electric fusing magnesia for heaters, and ceramic products. Our salt operations improved to exhibit good performance, thanks to good sales of salt made by special manufacturing methods including baked salt, and lowering of costs by making procurement more efficient etc. Our aerosol operations improved to exhibit good performance, thanks to good sales of aerosols for use on the human body which were spurred by the success of cosmetics makers in gaining new customers.

(2) Qualitative information on the Company's financial status

At the end of the consolidated accounting period of the first quarter of this year, total assets were ¥395,661 million, an increase of ¥2,902 million over the end of the previous consolidated accounting fiscal year, due to increases in fixed assets etc. Debt was ¥233,211 million, an increase of ¥4,402 million over the end of the previous consolidated accounting fiscal year, due to increase in current debt. Net assets were ¥162,450 million, ¥1,499 million less than the end of the previous consolidated accounting fiscal year, due to acquisition of treasury stocks and decrease of unrealized holding gains on securities.

Further, net assets per share grew from ¥789.89 at the end of the previous consolidated accounting fiscal year to ¥791.54, and the equity ratio dropped from 39.0% at the end of the previous consolidated accounting fiscal year to 38.2%.

Cash flow for operating activities was ¥2,091 million after reductions due to payment of corporate tax stemming from increases in net earnings for the previous quarter before adjustment for taxes etc. and allowances for depreciation.

Cash flow for investment activities was ¥6,500 million, mainly due to expenditure to acquire tangible fixed assets. As a result, free cash flow was ¥-4,408 million.

Cash flow for financial activities was ¥1,244 million, mainly due to income arising from borrowing.

As a result of the above, the amount of cash and cash equivalents at the end of the consolidated accounting period of the first quarter of this year was ¥18,647 million, ¥2,881 million less than the end of the previous consolidated accounting fiscal year.

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 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 Equity Method of Accounting for Investment” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”.

From the first quarter of the fiscal year ending March 31, 2011, the company and consolidated subsidiaries are applying “the Accounting Standard for Equity Method of Accounting for Investment” (ASBJ statement No.16 ; March 10, 2008) and “the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ PITF No.24 ; March 10, 2008).

There were no effect as a result of this change on the consolidated financial statements.

b. Application of “Accounting Standard for Asset Retirement Obligations”

From the first quarter of the fiscal year ending March 31, 2011, the company and consolidated subsidiaries are applying “the Accounting Standard for Asset Retirement Obligations”(ASBJ statement No.18 ; March 31, 2008) and “the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No.21 ; March 31, 2008).

The impact of this change on the consolidated financial statements is immaterial.

c. Application of “Accounting Standard for business Combinations”

From the first quarter of the fiscal year ending March 31, 2011, the company and consolidated subsidiaries are applying “the Accounting Standard for Business Combinations”(ASBJ statement No.21 ; December 26, 2008), “the Accounting Standard for Consolidated Financial Statements” (ASBJ statement No.22 ; December 26, 2008), “the Partial Amendments to Accounting Standard for Research and Development Costs”(ASBJ statement No.23 ; December 26, 2008),”the Revised Accounting Standard for Business Divestitures”(ASBJ statement No.7 ; December 26,2008),”the Accounting Standard for Equity Method of Accounting for Investment”(ASBJ statement No.16 ; March 10, 2008), and “the Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No.10 ; December 26, 2008).