

August 12, 2011

Consolidated Financial Results (Japanese Accounting Standards)  
For The First Quarter Of The March 31,2012 Fiscal Year

AIR WATER INC.  
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Chuo-ku, Osaka, Japan

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

1. Results for the three Months Ended June 30, 2011

(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, 2011	117,074	3.2	7,324	-1.8	7,966	-1.3	5,008	20.0
Three Months Ended June 30, 2010	113,447	13.2	7,455	15.4	8,067	26.7	4,173	39.4

Note: Comprehensive income: Three months ended June 30, 2011: 2,487millions of yen (-16.0%)

Three months ended June 30, 2010: 2,961millions of yen (—%)

	Net Income per Share	Fully Diluted Net Income per Share
	Yen	Yen
Three Months Ended June 30, 2011	26.12	25.63
Three Months Ended June 30, 2010	21.67	21.11

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of June 30,2011	405,357	168,598	38.8	819.86
As of March 31, 2011	407,639	169,126	38.7	822.05

Reference: Equity As of June 30,2011 : 157,239 millions of yen As of March 31,2011 : 157,636 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 specific accounting procedures for preparing the quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and restatements

- a. Changes in accounting policies arising from revisions of accounting standard : None
- b. Changes in accounting policies other than (a) : None
- c. Changes in accounting estimates: None
- d. Restatements: None

(4) Number of shares outstanding (ordinary shares)

- a. Total number of shares outstanding (including treasury stock)
  - as of June 30,2011: 196,205,057 shares
  - as of March 31,2011: 196,205,057 shares
- b. Number of shares of treasury stock
  - as of June 30,2011: 4,416,871 shares
  - as of March 31,2011: 4,445,373 shares
- c. Average number of shares during three months
  - First Three months of the fiscal year ending March 31,2012 : 191,726,398 shares
  - First Three months of the fiscal year ending March 31,2011 : 192,564,485 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.

\*Explanations and other special notes concerning the appropriate use of business performance forecasts

The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable. Actual results may differ materially from the forecast depending on a range of factors. For matters relating to the forecasts, please, refer to “(3) Qualitative information on the Company’s consolidated business forecasts”

## Qualitative Information, Financial Statements and Other Information

### 1. (1) Qualitative information on consolidated business performance

With regard to the business environment surrounding the company group, the Tohoku Region Pacific Coast Earthquake resulted in many manufacturers, especially automotive industry, suffering a temporary stagnation of their production activities, which led the company's Industrial Business to make a start in adverse conditions. However, restoration of disrupted supply chains progressed at an unexpectedly rapid pace, and demand for industrial gases, among others, almost returned to its pre-quake state.

Under these circumstances, our All-Weather Management System led by a diversity of business groups including Life Business such as Medical and Energy produced results that the consolidated business performance for the first quarter consolidated cumulative period reaches the level of the same period last year, with sales of ¥117,074 million (103.2% that of the previous period), operating income of ¥7,324 million (98.2%), ordinary income of ¥7,966 million (98.7%) and net income for the first quarter of ¥5,008 million (120.0%).

#### Operating segment information

	(Millions of yen)			
	Sales		Ordinary income	
	Three months ended June 30, 2011	% compared with the same period of the previous year	Three months ended June 30, 2011	% compared with the same period of the previous year
Industrial	32,148	101.8%	2,618	84.5%
Electronics	12,544	106.8%	1,187	118.5%
Chemical	18,664	91.7%	801	82.6%
Medical	15,482	106.3%	897	130.0%
Energy	10,931	101.9%	606	107.0%
Other	27,303	111.7%	1,508	104.9%
(adjustment)	-	-	347	115.3%
<b>Total</b>	<b>117,074</b>	<b>103.2%</b>	<b>7,966</b>	<b>98.7%</b>

Note : The adjustments to ordinary income are costs incurred at the company's headquarters division and research and development division which were not allocated to each reporting segment, financial profit and loss and others.

Among our Company's industrial gas business, on-site gas production for steel manufacturers saw a significant decline due to the effects of the disaster on some steel plants. Further, gas supply to automotive related industries decreased due to the slowdown of these industries' production resulting from the disruption of supply chains. On the other hand, we added to our VSU air separators—regionally distributed plants—with the start-up of No. 9 in Matsumoto City, which contributed to stable gas supply to disaster-affected areas via our VSU network.

Among our electronics related business, our bulk-gas supply performed strongly, thanks mainly to the recovery in production levels at major electronics device manufacturers to their pre-quake levels in June. Among our special materials operations, special gas production for CIS solar cells grew steadily.

Among our chemical business, our coal chemical business saw a decline in production levels due to the effects of the disaster on some steel plants, which resulted in the decrease in the processing levels of our coke oven gas refining operations and in the sales of basic chemicals.

Among our medical-related business, medical use oxygen sales supported by our VSU grew to

satisfactory levels. Medical treatment device sales also grew to satisfactory levels thanks to the replacement demand for hyperbaric oxygen chambers and expansion in the sales of our new product INOflow. Our hospital facility construction grew to good levels due to synergy with our high-level medical services provided through the M&A of Miwa Electric Medical Co.,Ltd.

Among our energy businesses, LP gas supply operations grew at a sluggish pace due to the general trend of cost-cutting in both households and businesses, and the decline in production levels of industrial customers because of the earthquake. However, our overall energy business grew to satisfactory levels thanks to rises in prices of our products and an increase in direct sales customers.

Looking at our other businesses, our Logistics Division absorbed the impacts of the earthquake and of fuel cost rises and grew to satisfactory levels by expanding its business through the strengthening of its Food Distribution Section and through the M&A of a vehicle maintenance business. Our food products business grew to satisfactory overall levels thanks to growth in the sales of frozen farm products and the start of the sales of new livestock products. Among our seawater business, our magnesia business grew steadily, bolstered by continued high production of magnesia for electromagnetic steel sheets for power infrastructure construction which progressed in developing countries. Although our salt manufacturing business was affected by the disaster as operations at our Onahama salt manufacturing plant were stopped completely, our Ako and Sanuki plants increased their production and alternative salt sources were developed to establish a stable supply system. In addition to this, small business teams that make up our “Order Rodentia Style of Business” have been steadily accumulating profits, e.g. our O-ring business whose sales recovered and our aerosol business which grew.

## (2) Qualitative information on the Company’s financial status

Total assets at the end of the current first quarter consolidated accounting period of the stood at ¥405,357 million, a decrease of ¥2,281 million over the end of the previous consolidated accounting fiscal year, due mainly to a decrease in fixed assets. Debt stood at ¥236,759 million, a decrease of ¥1,753 million over the end of the previous consolidated accounting fiscal year due mainly to a decrease in corporate taxes payable. Net assets stood at ¥168,598 million, a decrease of ¥528 million over the end of the previous accounting fiscal year due mainly to a decrease in the amount of accumulated other comprehensive income.

Net assets per share dropped from ¥822.05 at the end of the previous consolidated accounting fiscal year to ¥819.86, and equity ratio grew from 38.7% at the end of the previous consolidated accounting fiscal year to 38.8%.

## (3) Qualitative information on the Company’s consolidated business forecasts

The business forecasts for the current second quarter consolidated cumulative period and for the full fiscal year are unchanged from the business forecasts announced on May 13, 2011.

## 2. Matters Relating to Summary Information(Other)

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

None

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

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 first quarter under review, and next by multiplying the quarterly net income before income taxes and minority interests by such estimated effective tax rate.

(3) Changes in accounting policies, changes in accounting estimates and restatements

None