

November 11, 2011

Consolidated Financial Results (Japanese Accounting Standards)
For The Second 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 Six Months Ended September 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	%
Six Months Ended September 30, 2011	236,998	4.5	12,964	-0.3	13,935	0.9	7,722	14.4
Six Months Ended September 30, 2010	226,814	13.7	13,009	19.7	13,804	29.8	6,748	39.2

Note: Comprehensive income: Six months ended September 30, 2011: 4,627millions of yen (-5.7%)

Six months ended September 30, 2010: 4,907millions of yen (—%)

	Net Income per Share	Fully Diluted Net Income per Share
	Yen	Yen
Six Months Ended September 30, 2011	40.27	39.55
Six Months Ended September 30, 2010	35.32	34.44

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of September 30,2011	398,291	170,782	40.0	829.69
As of March 31, 2011	407,639	169,126	38.7	822.05

Reference: Equity As of September 30,2011 : 159,197 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: Yes

(3) Changes in accounting policies, change in accounting estimates and restatement

- | | |
|--|------|
| 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. Restatement: | None |

(4) Number of shares outstanding (ordinary shares)

- | | | |
|--|-------------|--------|
| a. Total number of shares outstanding (including treasury stock) | | |
| as of September 30,2011: | 196,205,057 | shares |
| as of March 31,2011: | 196,205,057 | shares |
| b. Number of shares of treasury stock | | |
| as of September 30,2011: | 4,328,492 | shares |
| as of March 31,2011: | 4,445,373 | shares |
| c. Average number of shares during six months | | |
| First six months of the fiscal year ending March 31,2012 : | 191,790,612 | shares |
| First six months of the fiscal year ending March 31,2011 : | 191,083,350 | 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, production activities in a large part of manufacturing industry headed toward normal levels, with automobile production at its starting point, as the restoration of supply chains disrupted by the Tohoku Region Pacific Coast Earthquake progresses at an unexpectedly rapid pace. The concerns over possible power shortages in summer were also minimized, boosting the sentiment of recovery sharply. However, a sense of caution was already evident in production during the second half of the second quarter due to the appreciation of yen and concerns over the downside risk in overseas economy, slowing the rate of improvement in the trend of overall demand.

In such an environment, our Industrial Gas Business performed steadily for the most part thanks to the progress in demand recovery after the earthquake. Our Electronics Business grew steadily with the expansion of gas supply to growth areas. On the other hand, due to delays in recovery from the effects of the earthquake, our Chemical Business fell short of a full-scale recovery in production levels. Our Medical Business grew to good levels due to the expansion of its strongest areas. Also, our Energy Business exhibited its stability as a consumer business, and achieved steady growth. In addition, a diversity of our small scale but highly profitable business groups, including Magnesia Business, Logistics Business, Food Products Business and Aerosol Business, all grew steadily and contributed to the Air Water Group's stable growth, except for Seawater Business which remained in a difficult situation due to the effects of the earthquake.

As a result, net sales for the second quarter cumulative period was ¥236,998 million (104.5 % that of the previous period), operating income ¥12,964 million (99.7 %), ordinary income ¥13,935 million (100.9 %) and net income for this period ¥7,722 million (114.4 %)

Operating segment information

	(Millions of yen)			
	Sales		Ordinary income	
	Six months ended September 30, 2011	% compared with the same period of the previous year	Six months ended September 30, 2011	% compared with the same period of the previous year
Industrial	67,192	102.8%	5,215	91.4%
Electronics	24,631	101.8%	2,164	122.0%
Chemical	38,276	95.5%	1,366	82.9%
Medical	33,091	111.2%	1,724	134.5%
Energy	19,682	104.5%	730	100.4%
Other	54,124	111.4%	2,763	107.8%
(adjustment)	-	-	△28	—
Total	236,998	104.5%	13,935	100.9%

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.

<Industrial Gas Business>

The size of the decrease in on-site gas supply to steel manufacturers was smaller than expected, thanks to the quick resumption of operations at disaster-affected steel works, coupled with the demand for steel products which remained largely steady. Also, gas supply to automotive-related industries which continued to recover rapidly from the suspensions in operation resulting from the supply-chain disruption reached a level higher than that in the previous year after summer. Gas supply to special glass manufacturers that continue high levels of production driven by strong demand for flat panel displays still continued to grow. As construction-related transactions such as facility investment show signs of recovery, regional businesses including gas supply for steel framework and bridge construction improved to exhibit satisfactory performance. However, business conditions became difficult with regard to cost and expenses, because of the rising electric utility rates, increase in transportation cost due to the earthquake, etc.

<Electronics Business>

Bulk-gas operations continued to perform as steadily as in the previous year, due mainly to the gas supply to major manufacturers of electronics devices such as flat panel displays and semiconductors. Among special materials, special gas for CIS solar cells improved to exhibit satisfactory performance, which contributed to the significant increase in the shipment quantity.

Besides this, our information electronics materials business improved to exhibit satisfactory performance as a whole.

<Chemical Business>

Among our coal chemical businesses, our coke oven gas processing volume declined due to the effects of the earthquake on steel plants, which resulted in decreases in gas refining and in the sales of basic chemicals. Our fine chemicals business was also forced to suspend its operations temporarily due to the damage from the disaster. However, our carbon materials business improved to exhibit satisfactory performance, with the launch of thermally expandable graphite (TEG) as flame retardant, together with the existing demand for packing and gasket materials which remained firm. Business of the tar distiller C-Chem Co., Ltd. improved to exhibit satisfactory performance on the whole thanks to the upturn in the phthalic acid market, despite temporary stagnation in overseas demand for our mainstay product, needle coke for electric furnace electrodes.

<Medical Business>

Among our medical gas businesses, sales of oxygen gas decreased, mainly because of hospital closures resulting from the earthquake. On the other hand, sales of our medical treatment devices improved to exhibit satisfactory performance due to expanded sales of our new-born baby and infant ventilators, renovation demand for hyperbaric oxygen treatment apparatuses, and the expansion in sales of the medical treatment nitric monoxide formulation “INOflow” used for the treatment of pulmonary hypertension in newborn infants because of the increase in the number of cases. Our hospital facility construction improved to exhibit good performance due to synergy with our high-level

medical services which were strengthened through the M&A of Miwa Electric Medical Co., Ltd. In September, our second operating room simulation center was completed in Tokyo, which will further strengthen our competitive business areas in accordance with our unique business models.

<Energy Business>

LP gas supply operations grew at a sluggish pace due to the general trend of cost-cutting in both households and businesses, a rise in temperature starting in September, and a decline in production levels of industrial customers because of the earthquake. However, our overall energy business improved to exhibit satisfactory performance thanks mainly to an increase in direct sales customers. Also, as a new effort to respond to the growing awareness of the need for energy saving, the company proposed and promoted unique energy systems that match customer needs, including fuel shift from heavy oil to LP gas for large-scale facilities such as hospitals and public facilities and a hybrid hot water supply and heating system for household use in cold weather regions, LP gas applications which have resulted in increased sales of LP gas.

<Other businesses>

Among our seawater operations, our magnesia business improved to exhibit satisfactory performance, bolstered by continued high production of magnesia for electromagnetic steel sheets while electric power infrastructure construction progressed in developing countries. Although our salt manufacturing business was affected by the disaster, operations at our Onahama salt manufacturing plant stopping completely, our Ako and Sanuki plants increased their production and alternative salt sources were developed to establish a stable supply system.

Our Logistics Division absorbed the impacts of the earthquake and of fuel cost rises and improved to exhibit satisfactory performance, through the strengthening of its Food Distribution Section and through the M&A of a special vehicle manufacture business.

Our food products business improved to exhibit satisfactory performance as a whole, thanks to the growth in the sales of frozen farm products and the start of the sales of new livestock products.

In addition to this, small business teams that make up our “Order Rodentia Style of Business” are 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 second quarter consolidated accounting period for this fiscal year stood at ¥398,291 million, a decrease of ¥9,347 million over the end of the previous consolidated accounting fiscal year, due mainly to a decrease in fixed assets. Debt stood at ¥227,509 million, a decrease of ¥11,003 million over the end of the previous consolidated accounting fiscal year, due mainly to a decrease in interest-bearing debt. Net assets stood at ¥170,782 million, an increase of ¥1,655 million, due mainly to an increase in shareholders’ equity.

Net assets per share increased from ¥822.05 at the end of the previous consolidated accounting fiscal year to ¥829.69, and equity ratio grew from 38.7 % at the end of the previous consolidated fiscal year to 40.0 %.

Cash flow from operating activities for the current second quarter consolidated accounting period was an inflow of ¥15,624 million after deducting disaster expenditures, payment of fines, and other outlays in addition to payments including corporate taxes, from net income before taxes and other adjustments for the term and allowances for depreciation, which was an increase of ¥3,879 million compared to that in the second quarter of the previous consolidated fiscal year.

Cash flow from investing activities was an outflow of ¥10,321 million, which was a decrease in expenditures of ¥4,151 million from the second quarter of the previous consolidated fiscal year, due primarily to the acquisition of tangible fixed assets,.

Cash flow from financial activities was an outflow of ¥4,788 million, which was an increase in outflow of ¥3,256 million from the second quarter of the previous consolidated fiscal year, due primarily to the payment of debts and dividends.

As a result of the foregoing, deposits of cash and cash equivalents at the end of the second quarter of the current consolidated fiscal year stood at ¥18,658 million, an increase of ¥1,115 million from the second quarter of the previous consolidated fiscal year.

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

With the prolonged appreciation of the yen and slowdown in overseas economies coupled with the effect of the floods in Thailand, the business environment at hand, particularly for export industries, is changing rapidly. It is now inevitable that there will be predictions of severe decrease in demand in our industry-based gas, electronics and chemical businesses. In such an environment, this company will faithfully implement the second year of its medium-term management plan, NEXT-2020 Ver. 1 that has the slogan "Make the Foundation for Further Growth," by actively responding to changes in the market environment and by further promotion of "Order Rodentia Style of Business" which is a key characteristic of this company's management strategy.

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 second 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, change in accounting estimates and restatement

None