

Date: February 8, 2008

CONSOLIDATED FINANCIAL RESULTS

AIR WATER INC.

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

1. Results for the Nine Months Ended December 31, 2007

(1) Results of Operation

Millions of Yen

	Net Sales	Percent Change	Operating Income	Percent Change
Nine Months Ended December 31, 2007	310,314	+3.3%	17,838	+8.8%
Nine Months Ended December 31, 2006	300,368	+12.0%	16,392	+19.5%
Year Ended March 31, 2007	404,651		23,097	

	Net Income	Percent Change	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Nine Months Ended December 31, 2007	11,200	+3.8%	61.48	60.79
Nine Months Ended December 31, 2006	10,793	+62.7%	66.32	59.10
Year Ended March 31, 2007	11,876		72.59	64.98

(2) Financial Position

Millions of Yen

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share(Yen)
As of December 31, 2007	363,206	137,386	35.0%	687.42
As of December 31, 2006	326,948	109,633	30.9%	617.79
As of March 31, 2007	329,228	118,244	33.2%	641.95

2. Dividends

	Dividend per Share(Yen)		
	Interim	Year-End	Annual
Year Ended March 31, 2007	9.00	11.00	20.00
Year Ended March 31, 2008	10.00	/	/

3. Other Information

Changes in Consolidated Subsidiaries (Changes in Scope of Consolidation)

No change

Qualitative Information, Financial Statements and Other Information

1. Qualitative information on consolidated business performance

In the first nine months of the 2007 fiscal year Air Water Inc. (AWI) is able to report steady growth in its Industrial and Chemical business on the back of brisk production activities and of firm growth in capital spending across a wide section of the Japanese manufacturing industry, as highlighted by the steel industry which achieved record outputs of crude steel in calendar 2007.

In its industrial gas business, the Company maintained high levels of supplies to the steel, semi-conductor, liquid crystal, silicon wafer and glass sectors, while its supplies to the automotive, shipbuilding and construction sectors also continued on a firm base.

In its basic chemical and tar distillate products business the Company achieved robust sales against a backdrop of tight demand-supply conditions and an upturn in the market. Demand for the Company's magnesia products for use in the production of electromagnetic steel plate grew strongly driven by an active expansion of the global power supply infrastructure. In the period under review, AWI made Nihonkaisui Co., Ltd. a wholly-owned subsidiary with a view to creating a new "sea water products business" through the effective utilization of new sea water resources and to stabilizing its access to the sea water resources that provide raw materials in the Company's magnesium oxide manufacturing operations.

In the Company's Medical business, production and sales of oxygen for medical use increased smoothly as the Company brought more VSU liquid oxygen/nitrogen co-production sites into service in its efforts to establish a more stable supply base and to raise manufacturing and logistics efficiencies. The Company's Energy and its Logistics and Foodstuffs business groups also performed well on the whole.

For the first nine months of fiscal 2007, the Company reported a consolidated operating profit of ¥17,838 million, 8.8% up on the same period last fiscal year, and an ordinary profit of ¥19,972 million, up 9.5%, on net sales of ¥310,314 million, 3.3% up. Net income for the first nine months of fiscal 2007 was ¥11,200 million, a year-on-year increase of 3.8%.

2. Qualitative information on the Company's financial status

At the end of the nine months of fiscal 2007, company assets stood at ¥363,206 million, an increase of ¥33,978 million due principally to the consolidation of Nihon Kaisui Co., Ltd. as a wholly-owned subsidiary. Net assets stood at ¥137,386 million, an increase of ¥19,141 million that is due to: an increase in capital funds and capital surplus after the Company converted Yen-denominated corporate bonds with subscription (warrant) rights earlier than their due date of 2009; to an increase in capital surplus following the stock swap between AWI and Air Water Safety Service Inc. (a consolidated subsidiary) and to an increase in retained earnings from net income for the period. As a result, the Company's equity ratio has risen 1.8% to 35.0%.

3. Other Information

(1) Changes in Consolidated Subsidiaries (Changes in Scope of Consolidation)

No changes have been introduced.

(2) Adoption of simplified accounting methods

Abbreviated accounting methods have been applied in the booking of tax expenses for some consolidated subsidiary companies.

(3) Changes of accounting policies from the previous fiscal year

- Change in procedure for depreciation of tangible fixed assets

From the current consolidated fiscal year, the depreciation cost of assets at the Company and some of its subsidiary and affiliated companies which had been calculated using the declining balance method is now calculated using the straight-line method.

- Directors and statutory auditors' retirement benefits

From the current consolidated fiscal year, certain consolidated subsidiary companies have booked amounts as required under their internal regulations to provide for payment of retirement benefits to directors.