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Consolidated Financial Results For The First Quarter Of The March 31,2010 Fiscal Year

AIR WATER INC.

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(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, 2009	100,209	-8.7	6,462	-2.6	6,367	-15.9	2,994	-28.2
Three Months Ended June 30, 2008	109,759		6,636		7,567		4,170	

	Net Income per Share	Fully Diluted Net Income per Share
	Yen	Yen
Three Months Ended June 30, 2009	16.19	15.27
Three Months Ended June 30, 2008	22.54	22.53

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2009	387,674	148,154	35.3	740.62
As of March 31, 2009	385,563	143,230	34.3	715.60

Reference: Equity As of June 30,2009 : 136,947 millions of yen As of March 31,2009 : 132,327 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 : None

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 June 30,2009: 185,205,057 shares

as of March 31,2009: 185,205,057 shares

b. Number of shares of treasury stock

as of June 30,2009: 296,708 shares

as of March 31,2009: 286,177 shares

c. Average number of shares during nine months

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

First Three months of the fiscal year ending March 31,2009 : 185,028,069 shares

Qualitative Information, Financial Statements and Other Information

1. Qualitative information on consolidated business performance

During the first quarter ended June 30, 2009, production cuts were relaxed in some industries including automotive and electronics industries. Uncertain outlook in the economy, however, remained strong with the companies holding off capital investment, resulting in severe economic condition to continue from the previous quarter. Accordingly, the Industrial business and the Chemical business experienced tough situation as a whole, with repeated slowdown and recovery of demand. The business for personal consumers such as the Medical Business, the Energy Business and the Food Products Business showed recovery from the previous year due to successful implementation of structural reforms according to the mid-term management plan.

As a result, for the first quarter ended June 30, 2009, net sales revenue declined 8.7% year on year to ¥ 100,209 million, operating income declined 2.6% year on year to ¥ 6,462 million and ordinary income declined 15.9% year on year to ¥ 6,367 million. Net income for the first quarter ended June 30, 2009 was ¥ 2,994 million, a decline of 28.2% year on year.

Operating segment information

	(Millions of yen)			
	Sales		Operating income	
	Three months ended June 30, 2009	% compared with the same period of the previous year	Three months ended June 30, 2009	% compared with the same period of the previous year
Industrial	47,921	97.3%	4,275	92.4%
Medical	12,491	109.0%	545	218.6%
Chemical	22,234	78.7%	576	57.1%
Energy	8,925	77.4%	582	217.0%
Other	8,636	93.3%	481	100.3%
Total	100,209	91.3%	6,462	97.4%

In the Industrial business, the industrial gas supply continued to stay stagnant as a whole including industrial gases supply to the customers in the steel industry, our largest customers, which remained weak as in the fourth quarter of the previous year. The Industrial Gas supply, however, for flat panel display-related items such as LCD displays, PDP, special glass, started to show rapid recovery. A sign of gradual recovery was also seen in the chemical, silicon wafer and automotive industries sector.

In the Chemical business, the Basic Chemical Business was forced to reduce the volume of sales due to production cuts of raw materials in the decline in the operation capacity of steel industry. The Tar Distillation business remained sluggish in the sharp decline in the demand of electrode pitch coke for electric furnaces. In the Salt Manufacturing Business, profitability was improved due to price revision, cost cuts in fuel expenses.

In the Medical business, the Medical Gas Business showed stable performance as a result of successful streamlining in logistics effectively utilizing VSU (the high-efficiency liquid oxygen/nitrogen co-production plant) at a regional level. The Medical Equipment Business showed favorable result due to steady expansion of circulatory field. The improved procurement cost and new orders in SPD (Supply Processing Distribution) and Contract Sterilization business contributed to the increase in profit.

The Energy business, in spite of drop in oil prices causing the sales price of LP gas and kerosene to fall and decline in demand in the industrial business, marked stable result supported by the improvement of proportion of direct marketing and streamlining in logistics.

The Logistics business underwent a difficult situation due to decline of cargo volume in the general logistics. The Food products business, in spite of decline in demand for restaurant industry caused by new-type influenza, recorded favorable result due to successful cost rationalization in the area of production and logistics.

2. Qualitative information on the Company's financial status

The total assets as of June 30, 2009 increased by ¥ 2,111 million over March 31, 2009 to ¥ 387,674 million due to increases in investment securities and property, plant and equipment resulting from additional consolidation. The liabilities decreased by ¥ 2,812 million over March 31, 2009 to ¥ 239,520 million due to decline in noncurrent liabilities. The net assets rose by ¥ 4,923 million over March 31, 2009 ¥ 148,154 million mainly due to accumulation of the quarterly net profit and an increase in net unrealized holding gains on securities, etc.

The net assets per share, which was ¥ 715.60 at the end of the previous consolidated fiscal year, rose to

¥ 740.62. Equity ratio, which was 34.3% at the end of the previous consolidated accounting year rose to 35.3%.

The cash flows provided by operating activities were ¥ 7,745 million mainly due to decreases in corporate tax payment and increases in the net income before income taxes and minority interests and depreciation and amortization.

The cash flows used in investing activities were ¥ 6,596 million due to expenditure on property, plant and equipment. As a result, the free cash flow amounted to ¥ 1,149 million.

The cash flows used in financing activities were ¥5,566 million due to repayment of debt and payment of dividends.

As a result, cash and cash equivalents balance at June 30, 2009 were ¥ 18,855 million, down ¥ 4,330 million from March 31, 2009.

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 first 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

Application of “Accounting Standard for Construction Contracts” and related guidance

Previously, with regard to the recording basis for revenue and costs related to construction contracts, the Company and consolidated subsidiaries had been applying the completed-contract method. Starting from three months ended June 30, 2009, however, the Company and consolidated subsidiaries applied “the Accounting Standard for Construction Contracts “(ASBJ statement NO.15; December 27, 2007) and “the Guidance on Accounting Standard for Construction Contracts” (ASBJ Guidance NO.18;December27,2007),

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