

Date: August 8, 2007

CONSOLIDATED FINANCIAL RESULTS

AIR WATER INC.

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

1. Results for the Three Months Ended June 30, 2007

(1) Results of Operation

Millions of Yen

	Net Sales	Percent Change	Operating Income	Percent Change
Three Months Ended June 30, 2007	97,437	0.2%	5,036	+2.5%
Three Months Ended June 30, 2006	97,665	+17.3%	4,914	+9.7%
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)
Three Months Ended June 30, 2007	3,505	+17.9%	19.80	19.15
Three Months Ended June 30, 2006	2,974	+34.0%	18.36	16.35
Year Ended March 31, 2007	11,876		72.59	64.98

Note : (1) Accounting changes: Yes

(2) The percentage figures for net sales, operating income and net income represent the percentage of increase or decrease against the same period of the previous year

(2) Financial Position

Millions of Yen

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share(Yen)
As of June 30, 2007	328,959	131,720	37.7%	676.69
As of June 30, 2006	302,862	98,906	30.1%	563.28
As of March 31, 2007	329,228	118,244	33.2%	641.95

(3) Changes in Scope of Consolidation

Changes in major consolidated subsidiaries: None

Qualitative Information, Financial Statements and Other Information

1. Qualitative information on consolidated business performance

In the first quarter of the 2007 fiscal year Air Water Inc. (AWI) is able to report steady growth in its Industrial and Chemical Business Groups on the back of brisk production activities and of firm growth in capital spending across a wide section of the Japanese manufacturing industry.

In the Company's Industrial Business group, production and supplies of industrial gases to the steel and other industries continued at high levels while demand for the Company's products in the semi-conductor, liquid crystal, chemicals and glass as well as in the automobile, ship building and construction machinery sectors remained firm. In the Company's Chemical Business Group, sales of basic chemical and tar distillate products continued on a brisk note against a backdrop of tight demand-supply conditions. Demand for the Company's magnesia products for use in the production of electromagnetic steel sheets grew strongly driven by the active expansion of the global power supply infrastructure. In its Medical Business Group, the Company continues to strengthen and stabilize its operating base with the installation of new VSU (liquid oxygen/nitrogen cogeneration) plants and this has seen a smooth increase in sales of oxygen for medical use. The Company's Energy Business and its Logistics and food product Business groups also performed well on the whole.

For the first three months of fiscal 2007 the Company reported consolidated operating income of ¥5,036 million, 2.5% up on the same period last fiscal year, and ordinary income of ¥5,919 million, up 8.7%, on net sales of ¥97,437 million, 0.2% down. Net income for the first quarter was ¥3,505 million, a year-on-year increase of 17.9%.

2. Qualitative information on the Company's financial status

At the end of the first quarter total company assets stood at ¥328,959 million, a decrease of ¥268 million over the position at the end of fiscal 2006. Net assets stood at ¥131,720 million, an increase of ¥13,475 million that is due chiefly to an increase in capital funds after the Company converted Yen-denominated corporate bonds with subscription (warrant) rights earlier than their due date of 2009 and to an increase in retained earnings. As a result, the Company's equity ratio has risen 4.5% to 37.7%.

3. Other matters

(1) Changes in major consolidated subsidiaries

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 fiscal year, the depreciation of assets at the Company and some of its subsidiary companies which had been calculated using the declining-balance method is now calculated using the straight-line method. The effects on profit and loss due to this change are very slight.