August 7, 2015

Consolidated Financial Results (Japanese Accounting Standards)
For the First Quarter of the March 31,2016 Fiscal Year

AIR WATER INC.
Head Office: 12-8, Minami semba 2-chome,
Chuo-ku, Osaka, Japan

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

1. **Results for the Three Months Ended June 30, 2015**

(1) Results of Operation

(% of change from previous year)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three Months Ended June 30, 2015	154,260	-1.8	7,698	1.1	8,282	-1.7	7,634	36.4
Three Months Ended June 30, 2014	157,006	6.5	7,613	-1.3	8,428	0.1	5,599	16.1

Note: Comprehensive income: Three months ended June 30, 2015: 9,025 millions of yen (34.7%)
Three months ended June 30, 2014: 6,702 millions of yen (15.8 %)

	Net Income per Share	Fully Diluted Net Income per Share
	Yen	Yen
Three Months Ended June 30, 2015	38.98	38.89
Three Months Ended June 30, 2014	28.61	28.55

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of June 30, 2015	559,490	253,154	41.5
As of March 31,2015	547,642	240,154	41.3

Reference: Equity as of June 30, 2015: 232,349 millions of yen, as of March 31, 2015: 226,374 millions of yen

2. Other

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

Newly included: 1 company (Company name) Kawasaki Kasei Chemicals Ltd.

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

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

a. Changes in accounting policies arising from revisions of accounting standard:	Yes
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 June 30, 2015:	198,705,057 shares
As of March 31, 2015:	198,705,057 shares
b. Number of shares of treasury stock	
As of June 30, 2015:	2,786,629 shares
As of March 31, 2015:	2,845,090 shares
c. Average number of shares during the term	
First Three months of the fiscal year ending March 31, 2016:	195,885,475 shares
First Three months of the fiscal year ending March 31, 2015:	195,681,889 shares

* Indication of quarterly review procedure implementation status

This financial highlight is exempt from quarterly review procedure based on the Financial Instruments and Exchange Act. The quarterly review procedure for quarterly consolidated financial statements based on 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 AIR WATER INC. (hereinafter“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-(3) Explanation regarding future forecast information such as consolidated results forecasts”

3. Qualitative Information relating to First Quarter Earnings

(1) Explanation of Operating Results

1) Operating results for the current period

In the business environment surrounding our corporate group, recovery in the production activities of domestic manufacturers remained slower than had been expected, because economic instability in China and the slow recovery in Asian countries kept overall exports from being a strong positive factor despite the boost of strong exports to the U.S., and also because of the impact of inventory adjustments made particularly in the manufacturing materials sector.

In our industrial gas business under these circumstances, there was a temporary stagnation in gas supply, primarily because the slowdown in automobile and construction industries impacted materials industries including the steel industry. Nonetheless, there was a steady increase in the construction of gas supply facilities in a broad range of manufacturing industries for increased production in the future. Our medical business and energy business steadily conceived and implemented distinctive measures to build foundations for further growth. Our agriculture and food businesses performed strongly, mainly due to the progress made in building unique, integrated value chains extending from production and procurement to processing and sales.

On the other hand, our chemical businesses continued to face difficult conditions due to the deterioration in markets resulting from low crude oil prices.

As a result, for this year's first quarter consolidated cumulative period, sales were ¥154,260 million (98.3% that of the corresponding period of the previous year), operating income was ¥7,698 million (101.1%), ordinary income was ¥8,282 million (98.3%) and quarterly net income was ¥7,634 million (136.4%).

2) Consolidated results by segment for this period

(Millions of yen)

	Net Sales		Ordinary income	
	Three months ended June 30, 2015	% compared with the corresponding period of the previous year	Three months ended June 30, 2015	% compared with the corresponding period of the previous year
Industrial Gas Business	47,080	100.0%	3,063	111.3%
Chemical Business	21,774	85.9%	243	39.3%
Medical Business	27,412	109.1%	1,098	109.2%
Energy Business	10,335	89.4%	649	99.6%
Agriculture and Food Products Business	20,010	103.3%	814	141.1%
Other Businesses	27,646	96.9%	2,083	99.4%
(adjustment)	—	—	329	—
Total	154,260	98.3%	8,282	98.3%

(Note) The adjustments to ordinary income are profit or loss 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>

Our industrial gas business began to show signs of mild recovery, thanks to our continued robust efforts to boost production of a broad range of goods such as chemicals, semiconductors, electronic components, and ships, backed by the weaker yen, although the performance of different companies and types of operations varied from good to poor. Still, overall gas sales fell below the previous year's level, because production cutbacks in blast furnaces which are our principal customers had a strong negative impact. On the other hand, the construction of gas supply facilities increased, as capital investments of manufacturing industries started to gather momentum in response to the improvement in corporate earnings.

As a result of the above, sales of this segment were ¥47,080 million (100.0% that of the corresponding period of the previous year) and ordinary income was ¥3,063 million (111.3%).

<Chemical Business>

Among our chemical businesses, our coal chemical business faced difficult conditions, because the price of crude benzene which is our mainstay product did not recover due to the continued low level of crude oil prices. Our tar distillation business fell into extremely difficult straits, because the deterioration of the market was greater than anticipated. However, with the completion of our takeover of Kawasaki Kasei Chemicals Ltd., this company has been included in our consolidated business results starting with the current first quarter.

As a result of the above, sales of this segment were ¥21,774 million (85.9% that of the corresponding period of the previous year) and ordinary income was ¥243million (39.3%).

<Medical Business>

Among our medical businesses, sales of oxygen, which is our main medical gas product, steadily increased in quantity as a result of our carefully planned sales expansion strategy involving the acquisition of new client hospitals. Our hospital facility construction business focused its efforts on the construction of facilities for large-scale hospitals and strengthened the sales of equipment for operating rooms.

Sales of our medical treatment devices improved to exhibit strong performance as a whole, through an enhanced line of new born baby and infant ventilators, for which we are making concerted efforts. In our home medical care services, the number of rentals increased thanks to the expansion in the use of our new home oxygen concentrator.

As a result of the above, sales of this segment were ¥27,412 million (109.1% that of the corresponding period of the previous year) and ordinary income was ¥1,098 million (109.2%).

<Energy Business>

In our energy business, although the sharp fall in crude oil prices still affects our sales of LP gas, efforts were made to increase these sales by focusing on the promotion of fuel shift to LP gas among industrial users, acquisition of new major customers, and expanding sales of our hybrid water heating/room heating system for residential applications. The fall in LP gas prices has on the other hand given it an advantage in the competition among energies, contributing greatly to the effectiveness of our promotion of fuel shift in industrial users.

As a result of the above, sales of this segment were ¥10,335 million (89.4% that of the corresponding period of the previous year) and ordinary income was ¥649million (99.6%).

<Agriculture and Food Products Business>

In our ham/delicatessen and frozen food business, sales grew steadily thanks primarily to dry-cured ham and broccoli, our mainstay livestock and frozen food products, respectively, both of which were newly selected by restaurant chains, but the rise in costs including the rise in prices of ingredients had a negative impact.

In our beverage business, strong production and sales continued, led by vegetable beverages, products in which we excel, as the impact of the consumption tax hike has dissipated.

In our farm products and food processing business, sales exceeded the previous year's level, particularly in for our beverages using fruit and vegetables from Hokkaido, as the impact of the deterioration of ingredients last year has receded.

As a result of the above, sales of this segment were ¥20,010 million (103.3% that of the corresponding period of the previous year) and ordinary income was ¥814million (141.1%).

<Other Businesses>

Among our other businesses, the salt manufacturing sector of our seawater business improved to exhibit satisfactory performance by focusing on the sales of original exclusive products. However, our environmental businesses faced difficult conditions as a whole, due to the decline in sales of our harmful substance adsorbing resin. Our magnesia business performed steadily, due to the growth in production and sales of magnesia for heaters in China, along with the strong performance in sales of our mainstay magnesia for electromagnetic steel plates.

Our logistics business grew to satisfactory levels, due to the recovery in food logistics along with the improvement in consumer spending and increase in volume of general shipments, as well as increased efficiency in our warehouse operations and lower fuel costs.

As a result of the above, sales of this segment were ¥27,646 million (96.9% that of the corresponding period of the previous year) and ordinary income was ¥2,083 million (99.4%).

(2) Explanation of financial state

Total assets at the end of the current first quarter consolidated accounting period stood at ¥559,490 million, an increase of ¥11,847 million compared to the end of the previous consolidated fiscal year, due primarily to an increase in tangible fixed assets. Liabilities stood at ¥306,336 million, a decrease of ¥1,152 million compared to the end of the previous consolidated fiscal year, due primarily to a decrease in notes and accounts payable and income taxes payable. Net assets stood at ¥253,154 million, an increase of ¥12,999 million compared to the end of the previous consolidated fiscal year, due primarily to accumulation of the quarterly profit attributable to owners of parent and an increase in non-controlling interests.

Net assets per share grew to ¥1,185.95, up from ¥1155.80 in the previous consolidated fiscal year, and the equity ratio changed to 41.5% from 41.3% in the previous consolidated fiscal year.

(3) Explanation of future prediction information such as consolidated results predictions

The business forecasts for the second quarter consolidated cumulative period and for the full fiscal year are unchanged from the business forecasts announced on May 14, 2015.

4. 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)

In the current first quarter consolidated accounting period, Kawasaki Kasei Chemicals Ltd. (hereinafter "Kawasaki") became consolidated subsidiary through acquisition of their stocks with takeover bid.

Kawasaki is deemed to be our specified subsidiary because the amount of their capital meets 10% or more of that of ours.

(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 restatement

(Application of Accounting Standard for Business Combinations)

ASBJ Statement No. 21, revised Accounting Standard for Business Combinations, (released on September 13, 2013, hereinafter the "Accounting Standard for Business Combinations"), ASBJ Statement No. 22, revised Accounting Standard for Consolidated Financial Statements (released on September 13, 2013, hereinafter the "Consolidated Accounting Standard"), ASBJ Statement No. 7, revised Accounting Standard for Business Divestitures (released on September 13, 2013, hereinafter the "Accounting Standard for Business Divestitures") and others have been applied effective from the first quarter of the fiscal year ending March 31, 2016. As a result, any change in a parent's ownership interests in its subsidiary when the Company retains control over the subsidiary is accounted for as Capital surplus, and acquisition related costs are expensed in the year in which the costs are incurred. For any business combinations on or after the beginning of the current first quarter, subsequent measurement of the provisional amount recognized based on the purchase price allocation due to the completion of accounting for the business combination, are reflected in the quarterly consolidated financial statements for the period to which the date of that business combination occurs. In addition, the presentation method of Net income was amended as well as "Minority interests" to "Non-controlling interests." To reflect these changes in presentation, reclassifications have been made to the consolidated financial statements for the prior first quarter and the prior fiscal year.

The aforementioned accounting standards are adopted as of the beginning of the current first quarter and thereafter, according to the transitional treatment provided for in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Consolidated Accounting Standard and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures.

The effect of this change on segment information and per share information was immaterial and the record of this effect was omitted.