



February 10, 2011

## Consolidated Business Performance for the First Three Quarters of Fiscal Year 2011 (based on Japan GAAP)

### 1. Financial result for the first three quarters (April 1 to December 31, 2010)

#### (1) Operating results

(Amounts less than ¥1 million are omitted.)

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	(YoY change)	(¥ million)	(YoY change)	(¥ million)	(YoY change)	(¥ million)	(YoY change)
First 3 quarters of FY 2011	355,238	14.0%	26,595	34.0%	26,151	35.0%	15,096	39.6%
First 3 quarters of FY 2010	311,513	(17.3%)	19,840	(22.0%)	19,374	(23.3%)	10,812	(19.6%)

	Earnings per share (Yen)
First 3 quarters of FY 2011	37.76
First 3 quarters of FY 2010	27.04

#### (2) Financial position

(As of end of terms; amounts less than ¥1 million are omitted.)

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net assets per share (¥)
First 3 quarters of FY 2011 (Dec. 31, 2010)	621,075	213,153	32.0	496.48
Reference: FY2010 full term (March 31, 2010)	617,215	212,396	32.3	497.92

Notes:

Equity

First 3 quarters of FY 2011: ¥198,481 million

FY2010 full term: ¥199,078 million

### 2. Forecasts for business operations for the FY 2011 full term (April 1, 2010 – March 31, 2011)

(Amounts less than ¥1 million are omitted.)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(¥ million)	(YoY change)	(¥ million)	(YoY change)	(¥ million)	(YoY change)	(¥ million)	(YoY change)	(Yen)
FY2011 full term	480,000	10.8%	32,500	17.9%	30,500	12.7%	17,000	7.9%	42.52

**Notes: Changes in the performance forecasts during the period: None**

### **3. Outline of Business Performance and Financial Results (consolidated basis)**

During the first three quarters of FY2011 (April 1 to December 31, 2010), the global economy continued on a path to recovery, driven primarily by economic growth in emerging countries, especially China and other Asian nations. Amid a continuing, albeit modest recovery, the Japanese economy slowed down from autumn to year-end, when demand for automobiles and consumer electronics began to decline due to the negative affects of an appreciating yen on exports and economic stimulus policies having run their course.

Against this backdrop, business performance during the first three quarters was as follows: net sales of ¥355,238 million (up 14.0% year on year), operating income of ¥26,595 million (up 34.0%), ordinary income of ¥26,151 million (up 35.0%) and net income of ¥15,096 million (up 39.6%).

Breakdown of business performance by operational segment was as follows.

#### **(1) Industrial Gases Business**

Demand for oxygen and nitrogen piping from the core customer industries of steel and chemicals increased, while demand for oxygen and nitrogen liquefied gas from smaller customers followed a recovery trend in Japan and abroad. In addition, solid demand for argon used in welding and stainless steel refining, as well as mergers and acquisitions in North America helped contribute to a year-on-year increase in sales of oxygen, nitrogen and argon. Sales of cutting and welding equipment and materials were up thanks to economic recovery in North America and a modest rebound in demand from the automobile, shipbuilding and construction industries in Japan. Sales of machinery and equipment including cryogenic air separation plants increased sharply year on year due largely to favorable demand, including that for large construction projects.

As a result, sales in the Industrial Gases Business were up 12.1% year on year, to ¥214,809 million, while operating income climbed 33.2%, to ¥17,631 million.

#### **(2) Electronics Business**

Demand in the core customer industry of electronics rebounded remarkably, especially in China and other Asian nations. Demand for mainstay electronic material gases from LCD and semiconductor manufacturers including the Green Front Sakai factory was steady. Demand from South Korean and Taiwanese semiconductor and LCD manufacturers rebounded, while demand for argon for use in the production of silicon single crystals was solid. Consequently, sales were substantially higher than those of the corresponding period of the previous year. Electronics related equipment and installation projects progressed largely according to plan, with brisk shipments of orders for metal organic chemical vapor deposition (MOCVD) equipment for manufacturing compound semiconductors used in LED chips and power devices. Accordingly, sales were dramatically higher than those of the corresponding period of the previous year.

As a result, sales in the Electronics Business rose 19.8%, to ¥91,926 million, and operating income surged 44.4%, to ¥6,843 million.

#### **(3) Energy Business**

Despite a slight decrease in consumer demand, LP gas sales increased significantly year on year thanks to a pick up in demand for industrial gas. Nevertheless, procurement costs rose on the back of sharply rising import prices.

As a result, sales in the Energy Business increased 18.0% year on year, to ¥25,727 million, while operating income declined 14.4%, to ¥694 million.

#### (4) Other Businesses

In Other Businesses, Medical Business sales surged owing to steady demand for medical use oxygen and oxygen concentrators for home use. Sales in the thermos business increased year on year thanks to brisk shipments of mainstay sports-use vacuum flasks and portable mugs due to the summer heat wave and a sales promotion during the fall.

As a result, sales in Other Businesses climbed 7.1%, to ¥22,775 million and operating income edged up 2.0%, to ¥2,486 million.

## 4. Segment Information

### (Results by operating segment)

First three quarters, FY 2010 (April 1 to December 31, 2009)

(Millions of yen)

	Gas Business	Machinery and Equipment Business	Housewares Business and Others	Total	Eliminations or Corporate	Consolidated
Sales						
(1) Sales to external customers	221,100	76,124	14,288	311,513	-	311,513
(2) Sales from inter-segment transactions and transfers	4	7,112	26	7,143	(7,143)	-
Total	221,105	83,236	14,314	318,657	(7,143)	311,513
Operating income	16,115	4,337	2,681	23,134	(3,293)	19,840

Notes

#### 1. Segmentation method

Products (whether developed and/or made in-house or by other companies [i.e. bought-in merchandise]) are allocated to one of the three segments of the Gas Business, the Machinery and Equipment Business, and the Housewares Business and Others.

#### 2. The principal products and services included in the three segments are shown in the table below.

Business segment	Main products
Gas Business	Oxygen, nitrogen, argon, carbon dioxide, helium, rare gases such as xenon and neon, hydrogen, medical gases(oxygen, dinitrogen monoxide), specialty gases (semiconductor materials gases, standard reference gas), dissolved acetylene, liquid petroleum gas (LPG), other gases, stable isotopes, equipment lease
Machinery and Equipment Business	Cutting and welding equipment, welding materials, cylinders, semiconductor related engineering/equipment, semiconductor manufacturing equipment, medical equipment, air separation plants (oxygen, nitrogen, argon, rare gases), cryogenic air separation plants, ultra-low-temperature equipment, high-vacuum equipment, pressure swing adsorption (PSA) gas generators, hydrogen generators, gas compressors, gas expanders, liquefied gas storage/pumps, vacuum brazing, atomic power/space development equipment and other related equipment
Housewares Business and Others	Stainless steel vacuum bottles (household, laboratory), vacuum thermal insulation cooking pots, assembly, processing and inspection of electronic components, maintenance of facilities, other outsourced business

## (Results by geographical segment)

First three quarters, FY 2010 (April 1 to December 31, 2009)

(Millions of yen)

	Japan	North America	Other countries	Total	Eliminations or Corporate	Consolidated
Sales						
(1) Sales to external customers	238,762	57,172	15,579	311,513	-	311,513
(2) Sales from inter-segment transactions	2,783	3,529	2,628	8,941	(8,941)	-
Total	241,545	60,701	18,207	320,455	(8,941)	311,513
Operating income	16,917	3,399	1,283	21,600	(1,759)	19,840

Notes :

1. Countries and regions are segmented on geographical proximities.
2. Principal countries in the North America and Other Countries segments are as follows:
  - (1) North America: The United States of America
  - (2) Other countries: Singapore, Malaysia, Philippines, China, Taiwan etc.

## (Segment Information)

### 1. Segment Reporting

The Company is now required to regularly review segment performance to enable the Board of Directors to make decisions on resource allocation and evaluate results of each segment, based on financial data that can be extracted on an individual segment basis.

The Company recognizes four segments for reporting purposes, the Industrial Gases Business, Electronics Business, Energy Business, and Other Businesses, reflecting a basic breakdown of our businesses by product and service category, and end-user market, each category being a business division. The Industrial Gases Business engages in the manufacture and marketing of gases and related equipment to steelmakers, chemical companies and other general industries in Japan and overseas. Please note that the Plants & Engineering business has been folded into the Industrial Gases Business as their core customers are similar in nature. The Electronics Business engages in the manufacture and marketing of gases and related equipment for electronics companies in Japan and overseas. The Energy Business segment markets LP gas within Japan. The Other Businesses segment includes the Medical Business (marketing of medical-use gas), Thermos Business (manufacture and marketing of household appliances) and others.

Reporting Segments	Main products and services
Industrial Gases Business	Oxygen, nitrogen, argon, carbon dioxide, helium, hydrogen, acetylene, gas-related equipment, cutting and welding equipment, plants and machinery
Electronics Business	Nitrogen, argon, specialty gases (electronic materials gases, pure gases, etc), electronics-related equipment and installation, semiconductor manufacturing equipment
Energy Business	Liquid petroleum gas (LPG) and related businesses in Japan
Other Businesses	Medical-use gases (oxygen, nitrous oxide, etc), medical equipment, stable isotopes, housewares, real-estate rental

## 2. Sales and Earnings Figures by Reporting Segment

First Three Quarters, FY2011 (April 1 to December 31, 2010)

(Millions of yen)

	Reporting Segments					Adjustment	Total (consolidated)
	Industrial Gases	Electronics	Energy	Others	Total		
Sales to external customers	214,809	91,926	25,727	22,775	355,238	-	355,238
Sales from inter-segment transactions and transfers	1,273	68	1,385	2,117	4,845	(4,845)	-
Total	216,083	91,995	27,112	24,892	360,083	(4,845)	355,238
Operating income	17,631	6,843	694	2,486	27,654	(1,059)	26,595

Note: The ¥1,059 million negative adjustment for segment earnings comprises ¥148 million of inter-segment eliminations and companywide expenses of ¥911 million that were not allocated to any particular reporting segment. These companywide expenses relate principally to basic researches that were not particularly allocated to reporting segments.

(Reference)

Business segments for the first three quarters of FY2010 have been modified into the following new segments.

First Three Quarters, FY2010 (April 1 to December 31, 2009)

(Millions of yen)

	Reporting Segments					Adjustment	Total (consolidated)
	Industrial Gases	Electronics	Energy	Others	Total		
Sales to external customers	191,676	76,760	21,808	21,267	311,513	-	311,513
Sales from inter-segment transactions and transfers	933	66	954	1,971	3,926	(3,926)	-
Total	192,610	76,827	22,763	23,238	315,440	(3,926)	311,513
Operating income	13,231	4,738	811	2,437	21,219	(1,378)	19,840

Note: The ¥1,378 million negative adjustment for segment earnings comprises ¥385 million of inter-segment eliminations and companywide expenses of ¥992 million that were not allocated to any particular segment. These companywide expenses relate principally to basic researches that were not particularly allocated to reporting segments.