



February 6, 2009

## Business Performance for the First Three Quarters of Fiscal 2008

(on a consolidated basis)

### 1. Outline of business operations for the first three quarters (April 1 to December 31, 2008)

#### (1) Operating results

(Amounts less than ¥1 million are omitted.)

	Net sales		Operating income		Recurring income		Net income	
	(¥ million)	(YoY change)	(¥ million)	(YoY change)	(¥ million)	(YoY change)	(¥ million)	(YoY change)
First 3 quarters of fiscal 2008	376,719	-	25,452	-	25,255	-	13,441	-
First 3 quarters of fiscal 2007	370,869	12.8%	30,522	10.0%	30,805	9.3%	17,412	27.7%

	Earnings per share (Yen)
First 3 quarters of fiscal 2008	33.46
First 3 quarters of fiscal 2007	43.25

#### (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 fiscal 2008 (Dec. 31, 2008)	565,950	202,764	33.4	472.13
Reference: FY2007 full term (March 31, 2008)	547,237	217,813	37.2	506.02

Notes:

Equity

First 3 quarters of fiscal 2008: ¥188,834 million

FY2007 full term: ¥203,696 million

### 2. Forecasts for business operations for the fiscal 2008 full term (April 1, 2008 – March 31, 2009)

(Amounts less than ¥1 million are omitted.)

	Net sales		Operating income		Recurring income		Net income		Earnings per share
	(¥ million)	(YoY change)	(¥ million)	(YoY change)	(¥ million)	(YoY change)	(¥ million)	(YoY change)	(Yen)
FY2008 full term	495,000	(2.5%)	29,000	(25.2%)	27,400	(28.8%)	15,000	(31.6%)	37.38

Note:

Changes in forecasts for business operations made during the first three quarters: Revised as of

February 6, 2009

### **3. Business performance for the first three quarters of fiscal 2008**

During the first three quarters (April 1 to December 31) of fiscal 2008, the state of the Japanese economy took a marked turn for the worse, with declining corporate earnings and rising unemployment figures. This came about as a result of the global economic slowdown that was caused by financial market turmoil, which was in turn sparked by the U.S. subprime mortgage loan crisis.

Under these circumstances, the Group posted business results for the nine-month reporting period as follows: sales of ¥376,719 million (up 1.6% over the same period of the previous fiscal term), operating income of ¥25,452 million (down 16.6%), recurring income of ¥25,255 million (down 18.0%), and net income of ¥13,441 million (down 22.8%). In spite of the increase in revenues, higher depreciation expenses resulting from changes in the useful lives of long-lived assets accompanying revisions to the taxation system, as well as the impact of foreign currency exchange adjustments, contributed to a year-on-year decline in earnings.

#### **(1) Breakdown of business performance by operational segment**

##### ***Gas Business***

In the Gas Business, in spite of a decline in demand from the beginning of the third quarter among some of our customers, principally in the chemical industry, sales rose by 3.8% year-on-year, to ¥261,175 million. However, operating income for this segment posted a year-on-year decline of 19.8% to ¥20,254 million. This was caused by higher depreciation expenses resulting from changes in the useful lives of long-lived assets.

##### ***The Machinery & Equipment Business***

In the Machinery & Equipment Business, sales of air separation plants and equipment were at roughly the same level as for the corresponding period of the previous year, but revenue from the sale and installation of electronic equipment showed a year-on-year decline owing to a smaller number of large-scale projects compared with the previous year's first three quarters.

As a result, sales of the Machinery and Equipment segment posted a year-on-year fall of 4.8% to ¥101,045 million, while operating income rose 17.9% to ¥8,470 million.

### ***Housewares Business and Others***

In the Housewares Business, sales of sports bottles and portable mugs were favorable, and sales in this segment rose 9.6% year-on-year to ¥14,498 million, while operating income was up 38.1% at ¥1,951 million.

## **(2) Breakdown of business performance by geographical segment**

### ***Japan***

Despite production cuts by customer industries in the gas business and growing curbs on plant and equipment investments, which had an adverse impact on the Company's performance for the third quarter, sales for the whole of the nine-month period edged up by 1.0% year-on-year, to ¥289,283 million. Higher depreciation expenses resulting from changes in the useful lives of long-lived assets caused operating income to decline 15.8% to ¥18,986 million.

### ***North America***

In the reporting nine-month period, no substantial impact was registered from the slowdown of the American economy, and sales on a dollar basis posted a year-on-year increase. On a yen basis, however, sales declined 1.2% to ¥64,035 million as a result of the yen's sharp appreciation against the dollar. Operating income decreased 20.0% to ¥6,838 million. This is primarily attributable to the posting of substantial losses as a result of the yen's appreciation. Changes in accounting standards for the amortization of goodwill, in line with new accounting procedures mandatorily applied to foreign subsidiaries, also caused expenses to increase.

### ***Other Regions***

In Southeast Asia, our mainstay gas business showed a strong performance thanks to the expansion of production facilities in the previous term to meet the robust demand for industrial gases. As a result, sales increased 18.8% to ¥23,400 million, while operating income rose 22.2% to ¥1,922 million.

#### 4. Results by operating segment

First three quarters of fiscal 2008 (April 1 to December 31, 2008)

(Millions of yen)

	Gas Business	Machinery and Equipment Business	Housewares Business and Others	Total	Eliminations or Corporate	Consolidated
Sales						
(1) Sales to external customers	261,175	101,045	14,498	376,719	-	376,719
(2) Sales from inter-segment transactions and transfers	18	18,178	49	18,246	(18,246)	-
Total	261,193	119,223	14,548	394,965	(18,246)	376,719
Operating income	20,254	8,470	1,951	30,675	(5,223)	25,452

#### 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, air-conditioning equipment, drainage treatment systems
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

## 5. Results by geographical segment

First three quarters of fiscal 2008 (April 1 to December 31, 2008)

(Millions of yen)

	Japan	North America	Other countries	Total	Eliminations or Corporate	Consolidated
Sales						
(1) Sales to external customers	289,283	64,035	23,400	376,719	-	376,719
(2) Sales from inter-segment transactions	5,657	8,744	2,533	16,936	(16,936)	-
Total	294,941	72,779	25,934	393,655	(16,936)	376,719
Operating income	18,986	6,838	1,922	27,747	(2,294)	25,452

### Notes

1. 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.