



November 10, 2010

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

### 1. Financial result for the first two quarters (April 1, 2010 to September 30, 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 two quarters of FY2011	237,306	16.2%	18,037	41.3%	17,836	44.3%	10,222	49.7%
First two quarters of FY2010	204,157	(20.2)%	12,761	(29.7)%	12,358	(32.5)%	6,828	(31.3)%

	Earnings per share (Yen)
First two quarters of FY2011	25.57
First two quarters of FY2010	17.08

#### (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 two quarters of FY2011 (Sept. 30, 2010)	621,106	212,086	31.8	494.46
Reference: FY2010 full term (March 31, 2010)	617,215	212,396	32.3	497.92

Notes: Equity

First two quarters of FY2011: ¥197,687 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

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

### 3. Outline of Business Performance and Financial Results

During the first two quarters of FY2011 (April 1, 2010 to September 30, 2010), recovery momentum in the global economy continued, driven by economic growth in emerging countries, especially China and other Asian countries. Despite the effects of an appreciating yen, recovery momentum held up in Japan as well, led by government stimulus policies and strong external demand.

Against this backdrop, business performance during the first two quarters was as follows.

Sales increased 16.2% year on year to ¥237,306 million, operating income jumped 41.3% to ¥18,037 million, ordinary income rose 44.3% to ¥17,836 million, and net income for the quarter rose 49.7% to ¥10,222 million.

Breakdown of business performance by operational segment is as follows.

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

Sales of oxygen and nitrogen increased year on year due principally to an overall recovery in demand in the core customer industries of steel and chemicals. Argon sales also rose year on year, benefited from buoyant demand in the stainless steel smelting industry.

In the machinery & equipment business, despite a late, albeit slow recovery in domestic demand amid an ongoing slump in capital investments, sales of cutting and welding-related equipment and materials exceeded those of the corresponding year earlier period thanks to higher sales in North America and of air separation plants year-on-year, with major construction projects proceeding to schedule.

As a result of the foregoing, sales in the Industrial Gases Business climbed 14.4% to ¥142,964 million, while operating income increased 31.0% to ¥11,054 million.

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

There was a positive trend toward demand recovery in both domestic and overseas electronics sectors, a core customer, with favorable global demand for semiconductors chiefly in China and other Asian countries. Shipments of electronic materials gases, a mainstay product, to manufacturers of LCD panels and semiconductors in Japan were buoyant, and demand picked up from semiconductor manufacturers, primarily in South Korea and Taiwan. As a result, sales surpassed those of the previous fiscal period. In addition, electronics-related equipment, engineering and semiconductor manufacturing equipment (MOCVD equipment) sales exceeded those of the corresponding year earlier period owing to the smooth delivery of completed projects during the quarter.

As a result of the foregoing, sales in the Electronics Business rose 21.0% to ¥61,751 million, and operating income jumped 100.7% to ¥5,217 million.

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

Import prices for LP gas soared, with the average price level up 45% year on year. However, volumes shipped rose mainly on the back of increased demand from industrial users in line with economic recovery in Japan.

As a result of the foregoing, sales in the Energy Business rose 24.7% to ¥16,698 million, while operating income declined 17.9% to ¥471 million.

### **(4) Other Businesses**

In Other Businesses, sales in the medical-related business surpassed those of the previous corresponding period thanks to brisk sales of home-use equipment. At our wholly-owned subsidiary Thermos K.K., despite sluggish sales of sports-use vacuum bottles, our mainstay product, from the beginning of spring amid unseasonably cool spring weather, sales increased year on year due to a rebound in demand from the extreme summer heat.

As a result of the foregoing, sales in Other Businesses climbed 7.5% to ¥15,890 million and operating income rose 5.2% to ¥2,088 million.

## 4. Segment information

### Results by operating segment

First Two Quarters, FY2010 (April 1, 2009 to September 30, 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	142,603	51,395	10,159	204,157	-	204,157
(2) Sales from inter-segment transactions and transfers	3	5,028	17	5,049	(5,049)	-
Total	142,607	56,423	10,176	209,207	(5,049)	204,157
Operating income	9,608	2,999	2,182	14,790	(2,028)	12,761

#### 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 Two Quarters, FY2010 (April 1, 2009 to September 30, 2009)

(Millions of yen)

	Japan	North America	Other countries	Total	Eliminations or Corporate	Consolidated
Sales						
(1) Sales to external customers	158,350	35,920	9,887	204,157	-	204,157
(2) Sales from inter-segment transactions	1,348	1,616	2,000	4,964	(4,964)	-
Total	159,698	37,536	11,887	209,122	(4,964)	204,157
Operating income	10,773	1,817	886	13,477	(715)	12,761

#### Notes

1. Countries and regions are segmented based on geographical proximities.

Principal countries and regions outside Japan 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, dinitrogen monoxide, etc), medical equipment, stable isotopes, housewares, real-estate rental

### (2) Sales and Earnings Figures by Reporting Segment

First Two Quarters, FY2011 (April 1, 2010 to September 30, 2010)

(Millions of yen)

	Reporting Segments					Adjustment	Total (consolidated)
	Industrial Gases	Electronics	Energy	Others	Total		
Sales							
Sales to external customers	142,964	61,751	16,698	15,890	237,306	-	237,306
Sales from inter-segment transactions and transfers	905	38	970	1,439	3,354	(3,354)	-
Total	143,870	61,789	17,669	17,330	240,660	(3,354)	237,306
Operating income	11,054	5,217	471	2,088	18,831	(794)	18,037

Note: The ¥794 million negative adjustment for segment earnings comprises ¥186 million of inter-segment eliminations and companywide expenses of ¥607 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 two quarters of FY2010 have been modified into the following new segments.

First Two Quarters, FY2010 (April 1, 2009 to September 30, 2009)

(Millions of yen)

	Reporting Segments					Adjustment	Total (consolidated)
	Industrial Gases	Electronics	Energy	Others	Total		
Sales							
Sales to external customers	124,953	51,030	13,395	14,777	204,157	-	204,157
Sales from inter-segment transactions and transfers	529	44	624	1,297	2,496	(2,496)	-
Total	125,483	51,075	14,019	16,075	206,653	(2,496)	204,157
Operating income	8,439	2,600	573	1,984	13,597	(836)	12,761

Note: The ¥836 million negative adjustment for segment earnings comprises ¥186 million of inter-segment eliminations and companywide expenses of ¥649 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

Note to significant changes in shareholders' equity: None..