

August 10, 2010

## Consolidated Business Performance for the First Quarter of Fiscal Year 2011

(based on Japan GAAP)

### 1. Financial result for the first quarter (April 1, 2010 to June 30, 2010)

#### (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 quarter of FY2011	117,005	21.1%	9,304	84.5%	9,381	98.2%	5,261	100.7%
First quarter of FY2010	96,637	(22.6)%	5,042	(44.9)%	4,733	(49.8)%	2,622	(49.2)%

	Earnings per share (Yen)
First quarter of FY2011	13.16
First quarter of FY2010	6.56

#### (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 quarter of FY2011 (June 30, 2010)	634,454	213,004	31.3	497.13
Reference: FY2010 full term (March 31, 2010)	617,215	212,396	32.3	497.92

Notes: Equity

First quarter of FY2011: ¥198,760 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		Recurring income		Net income		Earnings per share
	(¥ million)	YoY change	(¥ million)	YoY change	(¥ million)	YoY change	(¥ million)	YoY change	(Yen)
FY2011 (first half)	230,000	12.7%	15,000	17.5%	14,200	14.9%	8,000	17.2%	20.01
FY2011 (full term)	480,000	10.8%	32,500	17.9%	30,500	12.7%	17,000	7.9%	42.52

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

During the first quarter of FY2011 (April 1 to June 30, 2010), moderate recovery momentum was seen in the global economy, driven by economic growth in China and other Asian countries. Recovery momentum held up in Japan as well, led by government stimulus policies and external demand.

Against this backdrop, business performance during the quarter was as follows. Sales increased 21.1% year-on-year to ¥117,005 million, operating income jumped 84.5% to ¥9,304 million, recurring income rose 98.2% to ¥9,381 million, and net income for the quarter rose 100.7% to ¥5,261 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 a recovery in demand in core customer industries (steel and chemicals). Argon sales also rose year-on-year, benefiting from buoyancy in the stainless steel smelting industry.

In the machinery & equipment business, sales of cutting and welding-related equipment and materials were flat year-on-year in Japan amid an ongoing slump in capital investment demand. Sales of air separation plants held up year-and-year, with major construction projects proceeding to schedule.

As a result of the foregoing, sales in the Industrial Gases Business came to ¥70,483 million, while operating income totaled ¥5,938 million.

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

Recovery became clear in both domestic and overseas electronics sectors, a core customer, with demand for semiconductors soaring 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 in South Korea and Taiwan. Accordingly, sales of electronic materials gases rose steeply year-on-year. Likewise, sales of equipment for the electronics industry (including installation) rose year-on-year. However, semiconductor manufacturing equipment sales were affected by the absence of completed shipments for large-scale projects during the quarter.

As a result of the foregoing, sales in the Electronics Business came to ¥29,417 million, and operating income stood at ¥2,029 million.

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

Import prices for LP gas soared, with the average level over the quarter up 80% year-on-year. However, volumes shipped rose on the back of increased demand from industrial users in line with economic recovery in Japan, and the impact of cool spring temperatures, which affected household and commercial energy consumption. As a result, sales increased year-on-year.

As a result of the foregoing, sales in the Energy Business came to ¥9,278 million, and operating income to ¥384 million.

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

In Other Businesses, sales of medical-use gases were flat year-on-year (Medical Business), while sales of home-use equipment increased year-on-year. At our wholly-owned subsidiary Thermos K.K., overall sales of houseware products were slightly down year-on-year due to a drop in net shipments of sports-use vacuum bottles from the beginning of spring amid unseasonably cool spring weather.

As a result of the foregoing, sales in Other Businesses came to ¥7,825 million and operating income stood at ¥1,062 million.

#### 4. Segment information

##### Results by operating segment

First Quarter, FY2010 (April 1, 2009 to June 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	67,365	23,962	5,310	96,637	-	96,637
(2) Sales from inter-segment transactions and transfers	3	1,959	8	1,972	(1,972)	-
Total	67,368	25,922	5,319	98,610	(1,972)	96,637
Operating income	4,704	831	1,273	6,809	(1,766)	5,042

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 Quarter, FY2010 (April 1, 2009 to June 30, 2009)

(Millions of yen)

	Japan	North America	Other countries	Total	Eliminations or Corporate	Consolidated
Sales						
(1) Sales to external customers	76,911	15,581	4,145	96,637	-	96,637
(2) Sales from inter-segment transactions	768	567	1,080	2,416	(2,416)	-
Total	77,679	16,149	5,225	99,054	(2,416)	96,637
Operating income	3,796	1,112	328	5,237	(194)	5,042

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.

## Segment Information

### (1) Segment Reporting

The Company is now required to regularly review segment performance to enable evaluation by the Board of Directors of decision-making and resource allocation, 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 vacuum bottles for household use) and others.

Segments to be reported	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 Segment (Consolidated)

First Quarter, FY2011 (April 1, 2010 to June 30, 2010)

(Millions of yen)

	Segments to be reported					Adjustment	Total (consolidated)
	Industrial Gases	Electronics	Energy	Others	Total		
Sales							
Sales to external customers	70,483	29,417	9,278	7,825	117,005	-	117,005
Sales from inter-segment transactions and transfers	470	21	506	723	1,721	(1,721)	-
Total	70,954	29,438	9,785	8,548	118,726	(1,721)	117,005
Operating income	5,938	2,029	384	1,062	9,414	(109)	9,304

#### Notes

(1) Other Businesses includes the Medical Business, the Thermos Business and the Real Estate Business.

(2) The ¥109 million negative adjustment for segment earnings comprises ¥7 million in "Eliminations or corporate," and expenses of ¥117 million that could not be allocated to any particular segment. These companywide expenses relate principally to basic research.