

July 31, 2013

Taiyo Nippon Sanso Corporation

**Consolidated Financial Performance**  
**for the First Quarter of Fiscal Year 2014**  
**(Based on Japan GAAP)**

**1. Financial results for the first quarter (April 1, 2013 - June 30, 2013)**
**(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 quarter of FY2014	123,130	9.6%	7,373	19.0%	7,633	30.8%	4,492	46.8%
First quarter of FY2013	112,378	(3.3)%	6,194	(18.9)%	5,833	(27.9)%	3,059	(8.0)%

Note: Comprehensive income

First quarter of FY2014: ¥17,160 million (up 208.6%)

First quarter of FY2013: ¥5,560 million (up 12.6%)

	Earnings per share (Yen)	Diluted earnings per share (Yen)
First quarter of FY2014	11.58	-
First quarter of FY2013	7.71	-

**(2) Financial position**

	Total assets	Net assets	Equity ratio (%)
First quarter of FY2014	646,900	242,684	34.0
FY2013	615,820	224,253	33.1

Notes: Equity

First quarter of FY2014: ¥219,850 million

FY2013 full term: ¥203,771 million

## 2. Forecasts for business operations for FY2014 (full term; April 1, 2013 – March 31, 2014)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(¥ million)	YoY Change	(¥ million)	YoY Change	(¥ million)	YoY Change	(¥ million)	YoY Change	(Yen)
FY2014 (first half)	252,000	10.4%	14,600	16.2%	13,800	14.6%	7,900	-	20.37
FY2014 (full term)	514,000	9.7%	31,500	26.6%	29,300	27.1%	17,100	-	44.09

Note: No revisions have been made to recently announced forecasts.

## 3. General information relating to the first quarter results

Overall business performance (consolidated basis)

During the first quarter of the fiscal year under review (April 1, 2013 - June 30, 2013), the global economy remained lackluster overall. Despite the gradual economic recovery in the United States buoyed mainly by an upswing in consumer spending, these global economic conditions were primarily due to the ongoing recession in Europe, amid its ongoing financial crisis, as well as the shadow being cast over current economic growth in China, India and other emerging markets. The outlook for the Japanese economy remained uncertain in spite of heightened expectations over an economic turnaround accompanying the weak yen and higher stock prices.

Against this backdrop, first quarter net sales on a consolidated basis increased 9.6% year on year to ¥123,130 million, operating income rose 19.0% to ¥7,373 million, and ordinary income improved 30.8% to ¥7,633 million. Net income for the quarter climbed 46.8% year on year to ¥4,492 million.

A breakdown of business performance by operational segment is as follows.

### (1) Industrial Gas

Sales in Japan of oxygen and nitrogen supplied onsite were all up year on year due to major demand from the steel and chemical industries, key users of these gasses. However, shipping volume and sales of liquid oxygen, liquid nitrogen and liquid argon decreased year on year because of lower overall demand. Sales of machinery and equipment dropped sharply year on year following a decline in orders. In overseas markets, sales in North America rose year on year, reflecting a rebound in the economy, while sales in Asia increased substantially thanks to new consolidation effects.

As a result, sales in the Industrial Gas segment increased 10.7% year on year to ¥79,932 million, but operating income edged slightly up 2.1% to ¥5,274 million due to a rise in costs following a fall in production volume in Japan. .

## (2) Electronics

Demand in the electronics industry remained weak overall, but there were signs of a rebound in certain sectors. Sales of electronic materials gases as well as electronics-related equipment and installations increased year on year. However, sales of semiconductor manufacturing equipment (MOCVD) decreased compared with the previous fiscal year due to stagnant capital investment among key domestic users.

As a result, sales in the Electronics segment increased 10.4% year on year to ¥23,823 million, and the segment posted operating income of ¥1,035 million compared with an operating loss of ¥255 million in the same period of the previous fiscal year.

## (3) Energy

Regarding LP gas, consumer demand declined amid higher-than-average spring temperatures in eastern and western Japan as well as increased purchasing costs mainly caused by the weak yen.

As a result, sales in the Energy segment decreased 5.6% year on year to ¥9,682 million, while operating income rose 26.4% to ¥469 million.

## (4) Other

In the Medical Business, gas and medical device sales were steady. Sales in the Thermos Business jumped significantly year on year because of strong sales mainly of sports-use vacuum bottles following a heat wave.

As a result, sales in the Other segment increased 16.6% year on year to ¥9,692 million, and operating income grew 7.8% to ¥1,052 million.

## 4. Segment information

Results by operating segment

First Quarter, FY2013 (April 1, 2012 to June 30, 2012)

(¥ million)

	Reportable segment					Adjustments (Note 2)	Consolidated
	Industrial Gas	Electronics	Energy	Other (Note 1)	Total		
Sales							
(1) Sales to external Customers	72,214	21,588	10,260	8,314	112,378	—	112,378
(2) Sales from inter-segment transactions and transfers	391	13	514	700	1,620	(1,620)	—
Total	72,605	21,602	10,775	9,015	113,998	(1,620)	112,378
Operating income (loss) [Segment earnings (loss)]	5,167	(255)	637	975	6,525	(331)	6,194

## Notes

1. Other businesses include the medical-related business, the Thermos business and real estate operations.

2. The ¥331 million negative adjustment for segment earnings (loss) comprises ¥46 million of inter-segment eliminations and companywide expenses of ¥377 million that were not allocated to any particular reportable segment. These companywide expenses relate principally to basic researches that were not particularly allocated to reportable segments.

## Results by operating segment

First Quarter, FY2014 (April 1, 2013 to June 30, 2013)

(¥1 million)

	Reportable segment					Adjustments (Note 2)	Consolidated
	Industrial Gas	Electronics	Energy	Other (Note 1)	Total		
Sales							
(1) Sales to external Customers	79,932	23,823	9,682	9,692	123,130	—	123,130
(2) Sales from inter-segment transactions and transfers	452	20	528	829	1,831	(1,831)	—
Total	80,384	23,844	10,210	10,521	124,961	(1,831)	123,130
Operating income [Segment earnings]	5,274	1,035	469	1,052	7,831	(458)	7,373

## Notes

1. Other businesses include the medical-related business, the Thermos business and real estate operations.

2. The ¥458 million negative adjustment for segment earnings comprises ¥12 million of inter-segment eliminations and companywide expenses of ¥470 million that were not allocated to any particular reportable segment. These companywide expenses relate principally to basic researches that were not particularly allocated to reportable segments.