



August 4, 2015
Taiyo Nippon Sanso Corporation

**Consolidated Financial Performance
for the First Quarter of Fiscal Year 2016
(Based on Japan GAAP)**

1. Financial results for the first quarter (April 1, 2015 - June 30, 2015)

(1) Operating results

(Amounts less than ¥1 million are omitted)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	(¥ million)	YoY Change	(¥ million)	YoY Change	(¥ million)	YoY Change	(¥ million)	YoY Change
First quarter of FY2016	142,517	7.7%	9,893	16.6%	10,783	20.6%	8,355	53.7%
First quarter of FY2015	132,310	7.5%	8,483	15.1%	8,939	17.1%	5,436	21.0%

Note: Comprehensive income

First quarter of FY2016: ¥8,897 million [130.1%]

First quarter of FY2015: ¥3,867 million [(77.5)%]

	Earnings per share (Yen)	Diluted earnings per share (Yen)
First quarter of FY2016	19.31	—
First quarter of FY2015	12.56	—

(2) Financial position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)
First quarter of FY2016 (June 30, 2015)	797,091	346,813	40.5
FY2015 (March 31, 2015)	782,357	341,207	40.5

Note: Equity

As of June 30, 2015: ¥322,936 million

As of March 31, 2015: ¥317,244 million

2. Forecasts for business operations for FY2016 full term (April 1, 2015 – March 31, 2016)

(%: YoY)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share
	(¥ million)	YoY Change	(¥ million)	YoY Change	(¥ million)	YoY Change	(¥ million)	YoY Change	(Yen)
First-half	293,000	9.0	17,600	7.1	17,700	6.9	12,800	29.2	29.58
Full term	655,000	17.1	42,500	20.4	41,300	20.5	27,000	30.0	62.39

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

For revisions to the consolidated full-year forecasts, please see the press release “Notice Regarding Revision to Consolidated Full-Year Forecasts” released today (August 4, 2015).

3. General information relating to the first quarter results

From the first quarter of the fiscal year under review, the Company has applied the provisions set forth in Article 39 of the Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013), changing the presentation wording from “net income” to “net income attributable to owners of the parent” and from “minority interests” to “non-controlling interests.”

Overall business performance (consolidated basis)

In the global economy in the first quarter of the fiscal year under review (from April 1, 2015, to June 30, 2015), Europe was beset with uncertainty over the Greek crisis, while in China and other countries in Asia growth was seen to slow. Meanwhile the United States returned to a recovery trend after a temporary slowdown due to the appreciation of the U.S. dollar, among other factors. The Japanese economy continues to recover gradually, reflecting factors such as an improved export environment, supported by the yen’s depreciation, and increased capital expenditure.

Against this backdrop, Taiyo Nippon Sanso Group (TNSC Group) achieved the following results for the first quarter of the fiscal year under review. Net sales on a consolidated basis increased 7.7% year on year to ¥142,517 million, operating income rose 16.6% to ¥9,893 million, ordinary income increased 20.6% to ¥10,783 million, and net income attributable to owners of the parent increased by 53.7% to ¥8,355 million.

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

To reflect more properly the Company's operating results by reportable segment, from the fourth quarter of the consolidated fiscal year ended March 31, 2015, the Company has changed the method of allocating certain expenses to a method based on a rational standard appropriate for the actual situation after a reorganization of each segment. Segment results for the first quarter of the fiscal year ended March 31, 2015 have been prepared by the method of calculating profit or loss after the reorganization.

(1) Gas Business in Japan

Sales of air separation gases (oxygen, nitrogen and argon), a core product, declined year on year, mainly reflecting a decline in demand for the key industries of steel, chemical, and electronics, despite strong demand in the shipbuilding and transportation equipment-related industries. In addition, sales of plants and welding and cutting equipment grew significantly due to an increase in capital investment demand.

Sales of electronic materials gases were lower year on year, tracking falling demand in the LCD panel and semiconductor-related industries.

In the medical field, sales climbed steadily year on year, mainly for medical equipment for home use and hospital equipment.

Sales of liquid petroleum gas (LPG) dropped significantly year on year due to a drop in the import price.

As a result, in the Gas Business in Japan, net sales decreased 3.2% year on year to ¥77,833 million and operating income rose 2.7% to ¥5,605 million.

(2) Gas Business in the United States

Due to an economic recovery and an increase in the yen translation amount of sales due to foreign translation effects, sales increased significantly year on year.

As a result, in the Gas Business in the United States, net sales increased 25.7% to ¥39,563 million, while operating income rose 57.0% to ¥2,153 million, partly due to the effect of cost reductions due to the decline in the price of oil.

(3) Gas Business in Asia

In industrial gas-related sales, the Company recorded brisk sales of nitrogen, mainly to Vietnam and the Philippines. In the electronics-related field, sales of electronic materials gases and equipment grew, supported by continuing strong demand in Taiwan, China, and South Korea.

As a result of the above, in the Gas Business in Asia, net sales increased 20.9% to ¥17,627 million, and operating income rose by 32.4% to ¥965 million.

(4) Other Businesses

In the Thermos Business, sales remained strong, particularly of new products, and increased

substantially year on year.

As a result, in Other Businesses, net sales increased 28.8% year on year to ¥7,491 million, and operating income climbed by 22.8% to ¥1,570 million.

4. Segment information

(1) Figures of sales, earnings or losses, by reportable segment

First Quarter, FY2015 (April 1, 2014 – June 30, 2014)

(¥ million)

	Reportable segment					Adjustments (Note)	Amounts on the Consolidated Statements of Income
	Gas Business in Japan	Gas Business in the United States	Gas Business in Asia	Other Businesses	Total		
Sales							
(1) Sales to external customers	80,430	31,480	14,584	5,815	132,310	—	132,310
(2) Sales from inter-segment transactions and transfers	865	1,293	248	173	2,580	(2,580)	—
Total	81,295	32,774	14,833	5,988	134,891	(2,580)	132,310
Segment earnings [Operating income]	5,459	1,371	729	1,278	8,838	(354)	8,483

Note: The ¥354 million negative adjustment for segment earnings is comprised of ¥19 million of intersegment eliminations and companywide expenses of ¥374 million that were not allocated to any particular reportable segment. These companywide expenses related principally to basic research expenses that were not allocated to a particular reportable segment.

First Quarter, FY2016 (April 1, 2015 – June 30, 2015)

(¥ million)

	Reportable segment					Adjustments (Note)	Amounts on the Consolidated Statements of Income
	Gas Business in Japan	Gas Business in the United States	Gas Business in Asia	Other Businesses	Total		
Sales							
(1) Sales to external customers	77,833	39,563	17,627	7,491	142,517	—	142,517
(2) Sales from inter-segment transactions and transfers	1,980	1,526	728	152	4,387	(4,387)	—
Total	79,813	41,090	18,356	7,644	146,904	(4,387)	142,517
Segment earnings [Operating income]	5,605	2,153	965	1,570	10,294	(401)	9,893

Note: The ¥401 million negative adjustment for segment earnings is comprised of ¥41 million of intersegment eliminations and companywide expenses of ¥360 million that were not allocated to any particular reportable segment. These companywide expenses related principally to basic research expenses that were not allocated to a particular reportable segment.

(2) Changes to reportable segments

Change in method of calculating earnings and losses in reportable segments

To reflect more properly the Company's operating results by reportable segment, from the fourth quarter of the consolidated fiscal year ended March 31, 2015 the Company has changed the method of allocating certain expenses to a method based on a rational standard appropriate for the actual situation after a reorganization of each segment.

The "Figures of sales, earnings or losses, by reportable segment" for the first quarter of the fiscal year ended March 31, 2015 have been prepared by the method of calculating profit or loss after the reorganization.

As a result, segment income (operating income) for the first period of the previous fiscal year increased by ¥56 million for the Gas Business in Japan, decreased by ¥16 million for the Gas Business in the United States, and decreased by ¥40 million for the Gas Business in Asia.

5. Important subsequent events

Establishment of an important subsidiary or acquisition of a company, etc. through acquisition of shares
At a Board of Directors' meeting on July 21, 2015, it was resolved to establish a subsidiary in Australia as follows, and through it to acquire 100% of the outstanding shares of Renegade Gas Pty Ltd (hereinafter "RGP"), which conducts sales of LPG and industrial gas, and so forth in Australia. RGP became a subsidiary of the Company on July 31, 2015.

1. Establishment of TNSC (Australia) Pty Ltd

(1) Establishment of an important subsidiary and its purpose

The Company established TNSC (Australia) Pty Ltd with the purpose of acquiring and holding the shares of Renegade Gas Pty Ltd.

(2) Name, location, and business activities of the established company

- | | |
|--------------------------------|--|
| 1) Name of established company | TNSC (Australia) Pty Ltd |
| 2) Location | New South Wales, Australia |
| 3) Business activities | Control and management of business activities through holding the shares of Renegade Gas Pty Ltd |

(3) Investment amount and investment ratio

- | | |
|---------------------|----------------------------|
| 1) Stated capital | A\$106 million |
| 2) Investment ratio | The Company 85% |
| | Mr. Mark Michalowsky 13.5% |
| | Mr. Paul Berman 1.5% |

2. Regarding the acquisition of Renegade Gas Pty Ltd's shares

(1) Purpose of the acquisition

The Company continues to examine options for overseas business expansion into new countries to expand its business area. This expansion is intended to achieve the goal of globalization, which is one of the strategies of the medium-term management plan "Ortus Stage 1." Australia has the 12th largest GDP in the world, and is expected to achieve solid economic growth of around 3% per year driven by growth in housing investment and personal consumption, supported by one of the higher population growth rates among advanced nations at 1-2% per year. The industrial gas market is expected to benefit from firm growth in demand related to housing construction and infrastructure, as well as new demand related to resources and energy.

The Company will use RGP as a bridgehead to develop the industrial gas market in Australia and Oceania, utilizing RGP's existing networks and expanding the range of products it handles as well as its geographical operating area.

By leveraging synergies between RGP and other Group companies, the Company will begin taking steps to establish a firm foundation for its industrial gas business in Australia.

(2) Names of counterparties in the share acquisition

All shareholders of Renegade Gas Pty Ltd

(3) Name, business activities, and scale of the acquired company

Name	Renegade Gas Pty Ltd
Business activities	Refilling and sale of LPG and other industrial gases, sale and rental of related equipment
Scale	(Year ended June, 2014)
Stated capital	A\$3 million
Net assets	A\$26 million
Total assets	A\$69 million
Net sales	A\$64 million

(4) Date of share acquisition

July 31, 2015

(5) Number of shares acquired, acquisition prices, and ownership ratio after acquisition

Number of shares acquired	1,666,666 shares
Acquisition price	To be determined
Ownership ratio after acquisition	100%

(6) Method of procurement of funds for payment

Loan from financial institution