February 6, 2014
Taiyo Nippon Sanso Corporation

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

1. Financial results for the first three quarters of FY2014 (April 1, 2013 - December 31, 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 three quarters of FY2014	380,418	10.8%	22,262	16.7%	22,076	22.1%	16,628	-%
First three quarters of FY2013	343,464	(1.4)%	19,071	(15.8)%	18,082	(18.9)%	(4,622)	-%

Note: Comprehensive income
First three quarters of FY2014: ¥37,081 million -%
First three quarters of FY2013: ¥(4,230) million -%

	Earnings per share Yen	Diluted earnings per share Yen
First three quarters of FY2014	41.43	-
First three quarters of FY2013	(11.65)	-

(2) Financial position

¥ million	Total assets	Net assets	Equity ratio %
First three quarters of FY2014 (December 31, 2013)	690,477	290,782	38.7
FY2013 (March 31, 2013)	615,820	224,253	33.1

Notes: Equity
As of December 31, 2013: ¥267,402 million
As of March 31, 2013: ¥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 (full term)	514,000	9.7%	30,000	20.6%	28,800	24.9%	19,400	-	47.47

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

3. General information relating to the first three quarter results

Overall business performance (consolidated basis)

During the first three quarters of the fiscal year under review (April 1, 2013 – December 31, 2013), the global economy remained lackluster overall. Although the United States' economy gradually recovered despite government debt problems, these global economic conditions were primarily due to the slow economic rebound in Europe and the shadow being cast over current economic growth in China, India and other emerging markets. In the Japanese economy, a full-scale recovery failed to materialize in spite of indications of an improvement in corporate performance centered on export industries, reflecting the weak yen and higher stock prices resulting mainly from monetary easing policies.

Against this backdrop, net sales for the first three quarters increased 10.8% year on year to ¥380,418 million, operating income rose 16.7% to ¥22,262 million, and ordinary income improved 22.1% to ¥22,076 million. Net income for the first three quarters stood at ¥16,628 million, compared with net loss of ¥4,622 million in the first three quarters of the previous fiscal year.

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

(1) Industrial gas

Sales in Japan of oxygen and nitrogen supplied onsite to the steel industry, a key user of industrial gasses, increased significantly year on year. However, shipping volume and sales of liquid oxygen, liquid nitrogen and liquid argon decreased year on year because of overall stagnation in industries where demand for these items exists. Sales of machinery and equipment fell year on year, reflecting an ongoing decline in orders. In overseas markets, currency exchange rates increased yen equivalents, sales in North America rose year on year, reflecting a rebound in the economy, and sales in Asia grew substantially thanks to new consolidation effects.

As a result, sales in the Industrial gas segment increased 12.2% year on year to ¥248,412 million, but operating income decreased 3.2% to ¥16,311 million due to a rise in costs accompanying a fall in industrial gas production volume and electricity rate hikes in Japan as well as deteriorating profitability for machinery and equipment.

(2) Electronics

Despite an ongoing weakness in demand in the electronics industry, signs of a rebound in certain sectors became apparent. Accordingly, sales of electronic materials gases, electronics-related equipment and installations, and semiconductor manufacturing equipment (MOCVD) rose slightly compared with the corresponding period of the previous fiscal year.

As a result, sales in the Electronics segment increased 5.2% year on year to ¥73,156 million, and the segment posted operating income of ¥3,409 million compared with an operating loss of ¥552 million in the same period of the previous fiscal year.

(3) Energy

Regarding LP gas, consumer demand declined amid higher-than-average temperatures throughout the spring and summer. However, sales price hikes in response to high purchasing costs caused mainly by the weak yen contributed to increases in sales. Earnings declined primarily due to a drop in the volume of consumer-use LP gas.

As a result, sales in the Energy segment increased 7.2% year on year to ¥29,928 million, but operating income decreased 18.5% to ¥905 million.

(4) Other

In the Medical Business, medical device sales increased significantly mainly due to the contribution of sales by Pacific Medico Co., Ltd., which was purchased in October 2013. However, the volume and sales of medical-use oxygen decreased year on year. Sales in the Thermos Business jumped substantially year on year because of strong sales mainly of sports-use vacuum bottles.

As a result, sales in the Other segment increased 17.8% year on year to ¥28,921 million, and operating income climbed 0.9% to ¥2,569 million.

4. Note for material changes in shareholders' equity

Based on a resolution passed at a meeting of the Board of Directors held on September 26, 2013, the Company issued new shares (30,000,000 shares of the Company's common stock) and disposed of treasury shares (15,096,000 of the Company's common stock) by third-party allotment to the allottee, Mitsubishi Chemical Holdings Corporation. The payment procedures were completed on October 15, 2013.

As a result, during the first three quarters of the fiscal year under review, stated capital and capital surplus increased by ¥10,305 million and ¥11,568 million, respectively, while treasury shares decreased by ¥9,107 million. As of December 31, 2013, stated capital, capital surplus and treasury shares totaled ¥37,344 million, ¥56,478 million and ¥98 million, respectively.

5. Segment information

(1) First Three Quarters, FY2013 (April 1, 2012 to December 31, 2012) ¥ million

	Reportable segment					Adjustments (Note 2)	Consolidated
	Industrial gas	Electronics	Energy	Other (Note 1)	Total		
Sales (1) Sales to external Customers	221,474	69,520	27,908	24,560	343,464	—	343,464
(2) Sales from inter-segment transactions and transfers	1,233	111	1,417	1,964	4,726	(4,726)	—
Total	222,707	69,631	29,326	26,525	348,190	(4,726)	343,464
Operating income (loss) [Segment earnings (loss)]	16,857	(552)	1,111	2,546	19,962	(891)	19,071

Notes

1. The Other segment includes the Medical Business, the Thermos Business and real estate operations.
2. The ¥891 million negative adjustment for segment earnings (loss) comprises ¥188 million of inter-segment eliminations and companywide expenses of ¥1,080 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.

(2)First Three Quarters, FY2014 (April 1, 2013 to December 31, 2013) ¥ million

	Reportable segment					Adjustments (Note 2)	Consolidated
	Industrial gas	Electronics	Energy	Other (Note 1)	Total		
Sales (1) Sales to external Customers	248,412	73,156	29,928	28,921	380,418	—	380,418
(2) Sales from inter-segment transactions and transfers	1,347	83	1,635	2,502	5,568	(5,568)	—
Total	249,759	73,240	31,563	31,423	385,987	(5,568)	380,418
Operating income [Segment earnings]	16,311	3,409	905	2,569	23,195	(933)	22,262

Notes
1. The Other segment includes the Medical Business, the Thermos Business and real estate operations.
The ¥933 million negative adjustment for segment earnings comprises ¥274 million of inter-segment eliminations and companywide expenses of ¥1,207 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.

6. Important subsequent events

(1) Enforcement of early retirement incentive program

The Company has resolved to enforce an early retirement incentive program at a meeting of the Board of Directors held on January 23, 2014.

(a) Reason for enforcement

Amid severe market conditions, the Company will cut costs by implementing structural reforms and various measures in order to achieve sustained growth. As a part of these efforts, the Company has resolved to enforce the early retirement incentive program, review each employee's career plan, and provide them with options to achieve these plans.

(b)Overview of program

Eligible employees:	TNSC employees who, as of March 31, 2014, have more than 10 years of continuous service and are at least 40 years of age and less than 60 years of age
Number to be admitted:	About 100 employees
Application period:	February 26, 2014 to March 10, 2014
Retirement date:	April 30, 2014
Benefits:	The retiree will be paid the prescribed retirement allowance as involuntary retirement with special incentives. Further, outplacement support will be provided through an outside agency for those who request it.

(c)Impact on earnings

In the fiscal year ending March 31, 2014, the Company expects to record, as an extraordinary loss, expenses including extra severance pay incurred due to the enforcement of special preferential treatment for early retirement. However, because the number of applicants is currently unknown, the Company has not yet confirmed what impact this will have on its financial position or operating results.

(2) Resolution to issue domestic straight bonds

The Company resolved to issue domestic straight bonds at a meeting of the Board of Directors held on January 23, 2014. An overview is as follows.

(a)Bond class:	Domestic unsecured straight bond
(b)Total amount of offering:	Under ¥25 billion (however, bonds can be issued in multiple allotments)
(c)Denomination of each bond:	¥100 million
(d)Upper interest rate limit:	Fixed interest rates; +1.0% of the actual yield on government bonds corresponds with the bond redemption period
(e)Redemption method:	Bullet repayment on the maturity date
(f)Redemption term:	Within seven years
(g)Interest payment method:	Deferred payment twice per year (every six months)
(h)Payment amount:	100% of the denomination of each bond
(i)Offering period:	January 24, 2014 – March 31, 2014
(j)Use of proceeds:	Bond redemptions, loan repayments, commercial paper redemptions, capital expenditures, and financial investments
(k)Other:	Decisions on issuance date, interest rates, total amount of bond offerings, redemption period and all other necessary bond-related items are at the discretion of the president and representative director within the bounds of the aforementioned items