



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

1. Financial results for the first three quarters (April 1, 2015 - December 31, 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 three quarters of FY2016	437,018	7.5%	31,051	19.1%	31,587	18.1%	20,675	32.2%
First three quarters of FY2015	406,687	6.9%	26,062	17.1%	26,747	21.2%	15,642	(5.9)%

Note: Comprehensive income

First three quarters of FY2016: ¥13,009 million [(57.2)%]

First three quarters of FY2015: ¥30,402 million [(18.0)%]

	Earnings per share (Yen)	Diluted earnings per share (Yen)
First three quarters of FY2016	47.77	—
First three quarters of FY2015	36.14	—

(2) Financial position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)
First three quarters of FY2016 (December 31, 2015)	809,378	348,198	39.9
FY2015 (March 31, 2015)	782,357	341,207	40.5

Note: Equity

As of December 31, 2015: ¥323,073 million

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

2. Dividends

	Annual Dividend				
	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	Term end	Total
	Yen	Yen	Yen	Yen	Yen
FY2015	—	6.00	—	7.00	13.00
FY2016	—	7.00	—		
FY2016 (est.)				7.00	14.00

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

3. 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)
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.

4. General information relating to the first three quarters 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 first three quarters of the fiscal year under review (from April 1, 2015, to December 31, 2015), in the global economy, China’s economic slowdown became more pronounced with uncertainties spreading to other neighboring countries in Asia. Meanwhile, in the United States, employment is recovering firmly and an expansionary trend driven by internal demand continues. However, growth in exports has begun to wane in line with the dollar’s appreciation and economies in other parts of the world slowing. With corporate capital expenditures starting to increase somewhat, Japan has seen a gradual recovery in its economy, even though growth in personal consumption has remained sluggish.

Against this backdrop, Taiyo Nippon Sanso Group (TNSC Group) achieved the following results for the first three quarters of the fiscal year under review. Net sales on a consolidated basis increased 7.5% year on year to ¥437,018 million, operating income rose 19.1% to ¥31,051 million, ordinary income increased 18.1% to ¥31,587 million, and net income attributable to owners of the parent increased by 32.2% to ¥20,675 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 three quarters of the fiscal year ended March 31, 2015 have been prepared by the method of calculating profit or loss after the reorganization.

In addition, starting from the second quarter of the fiscal year under review, the reportable segment, Gas Business in Asia, was renamed the Gas Business in Asia & Oceania. This was only a change in the reportable segment name with no impact on the segment information.

(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 from the key industries of steel, chemical, and electronics, despite strong demand from the shipbuilding and transportation equipment-related industries.

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

An order received for a large project drove a substantial increase in sales of equipment and installation work in the electronics industry.

In the medical field, sales grew substantially year on year, mainly in medical equipment for home use.

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

As a result, in the Gas Business in Japan, net sales decreased 4.0% year on year to ¥240,719 million, while operating income rose 9.5% to ¥19,878 million, in part, because of cost reductions in line with falling oil prices.

(2) Gas Business in the United States

Sales of air separation gases were steady although sales of helium declined owing to deterioration in the balance of supply and demand. Shipments to major customers within the U.S. and exports of electronic materials gases rose. In addition, as a result of foreign exchange translation gains and the result of M&A strategies, sales increased significantly year on year.

As a result, in the Gas Business in the United States, net sales increased 21.9% year on year to ¥116,169 million, while operating income rose 27.1% to ¥4,516 million.

(3) Gas Business in Asia & Oceania

In the industrial gas-related business, sales increased substantially in Vietnam and the Philippines. Apart from that, Air Products Industry Co., Ltd. in Thailand and Renegade Gas Pty Ltd in Australia were consolidated as subsidiaries of the Company in May and July 2015, respectively.

In the electronics-related field, sales of electronic materials gases and equipment grew substantially, supported by continuing strong demand in Taiwan, China, and South Korea.

As a result of the above, in the Gas Business in Asia & Oceania, net sales increased 33.5% year on year to ¥59,291 million, and operating income rose by 32.3% to ¥3,067 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 28.1% year on year to ¥20,838 million, and operating income rose 49.9% to ¥4,704 million.

5. Segment information

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

First Three Quarters, FY2015 (April 1, 2014 – December 31, 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 & Oceania	Other Businesses	Total		
Sales							
(1) Sales to external customers	250,698	95,310	44,417	16,261	406,687	—	406,687
(2) Sales from inter-segment transactions and transfers	3,567	4,923	809	480	9,780	(9,780)	—
Total	254,265	100,234	45,226	16,741	416,468	(9,780)	406,687
Segment earnings [Operating income]	18,152	3,554	2,318	3,137	27,162	(1,099)	26,062

Note: The ¥1,099 million negative adjustment for segment earnings is comprised of ¥50 million of intersegment eliminations and companywide expenses of ¥1,150 million that were not allocated to any particular reportable segment. These are companywide expenses related principally to basic research expenses that were not allocated to a particular reportable segment.

First Three Quarters, FY2016 (April 1, 2015 – December 31, 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 & Oceania	Other Businesses	Total		
Sales							
(1) Sales to external customers	240,719	116,169	59,291	20,838	437,018	—	437,018
(2) Sales from inter-segment transactions and transfers	5,511	4,797	1,730	469	12,509	(12,509)	—
Total	246,231	120,967	61,021	21,308	449,528	(12,509)	437,018
Segment earnings [Operating income]	19,878	4,516	3,067	4,704	32,166	(1,115)	31,051

Note: The ¥1,115 million negative adjustment for segment earnings is comprised of ¥82 million of intersegment eliminations and companywide expenses of ¥1,032 million that were not allocated to any particular reportable segment. These are companywide expenses related principally to basic research expenses that were not allocated to a particular reportable segment.

(2) Changes to reportable segments

Renaming of a reportable segment

Starting from the second quarter of the fiscal year under review, the reportable segment, Gas Business in Asia, was renamed the Gas Business in Asia & Oceania. This was only a change in the reportable segment name with no impact on the segment information. Segment information for the previous fiscal year's first three quarters ended December 31, 2014 has been restated in terms of this new segment name in this report.

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 three quarters 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 earnings (operating income) for the period of the previous fiscal year increased by ¥170 million for the Gas Business in Japan, decreased by ¥43 million for the Gas Business in the United States, and decreased by ¥127 million for the Gas Business in Asia & Oceania.