TAIYO NIPPON SANSO
The Gas Professionals

July 30, 2014

Taiyo Nippon Sanso Corporation

Consolidated Financial Performance for the First Quarter of Fiscal Year 2015 (Based on Japan GAAP)

1. Financial results for the first quarter (April 1, 2014 - June 30, 2014)

(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 FY2015	132,310	7.5%	8,483	15.1%	8,939	17.1%	5,436	21.0%
First quarter of FY2014	123,130	9.6%	7,373	19.0%	7,633	30.8%	4,492	46.8%

Note: Comprehensive income
First quarter of FY2015: ¥3,867 million [(77.5)%]
First quarter of FY2014: ¥17,160 million [208.6%]

	Earnings per share (Yen)	Diluted earnings per share (Yen)
First quarter of FY2015	12.56	-
First quarter of FY2014	11.58	-

(2) Financial position

	Total assets	Net assets	Equity ratio (%)
First quarter of FY2015	721,299	297,597	38.0
FY2014	731,677	298,475	37.5

Notes: Equity
First quarter of FY2015: ¥273,765 million
FY2014 full year: ¥274,307 million

2. Forecasts for business operations for FY2015 (full term; April 1, 2014 – March 31, 2015)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(¥ million)	YoY Change	(¥ million)	YoY Change	(¥ million)	YoY Change	(¥ million)	YoY Change	(Yen)
FY2015 (first half)	271,000	8.6%	16,800	16.7%	15,800	11.3%	9,800	(19.9)%	22.64
FY2015 (full term)	550,000	5.2%	35,000	11.1%	33,200	8.7%	20,000	(1.0)%	46.20

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

3. General information relating to the first quarter results

Overall business performance (consolidated basis)

In the global economy in the first quarter of the fiscal year under review (from April 1, 2014, to June 30, 2014), on the one hand the United States sustained its moderate economic recovery and the European economy also began to recover from its recession, but on the other hand, the economic slowdown in emerging markets, including in Asia, continued. The outlook for the Japanese economy remained uncertain, even though the impact from the hike in the consumption tax rate proved to be limited.

Against this backdrop, first quarter net sales on a consolidated basis increased 7.5% year on year to ¥132,310 million, operating income rose 15.1% to ¥8,483 million, and ordinary income increased 17.1% to ¥8,939 million. Net income for the quarter climbed 21.0% to ¥5,436 million.

A breakdown of business performance by reportable segment is shown below.

From the first quarter of the fiscal year under review, the Company changed its reportable segments. Therefore, to facilitate the year-on-year comparisons shown below, the figures for the first quarter of the preceding fiscal year are reclassified to reflect the changes to the reportable segments.

(1) Gas Business in Japan

Sales of oxygen and nitrogen were steady to the steel industry, a key industry for this business, increased year on year. However sales of equipment and plants dropped significantly due to continued sluggish capital investment demand.

Sales of electronic materials gases increased year on year due to healthy shipments in the fields of liquid crystal panels, solar batteries, and semiconductors.

In the medical field, despite a slight decrease in shipping volume and sales of medical-use oxygen, higher sales of stable isotopes and sales at Pacific Medico Co., Ltd., which was acquired in October 2013, contributed to a substantial sales increase in this segment.

The import price of liquid petroleum gas (LPG) was high and sales of LPG increased year on year.

As a result, in the Gas Business in Japan, net sales increased 2.6% year on year to ¥80,430 million, but operating income decreased 3.1% to ¥5,402 million, mainly due to a rise in costs following an increase in electricity charges.

(2) Gas Business in the United States

Against a backdrop of moderate economic recovery in the US, demand, especially for packaged gas and hard goods, increased and sales were strong. Also, the positive effects of the acquisition of Continental Carbonic Products, Inc. in February 2014 contributed to significant sales increase year on year.

As a result, in the Gas Business in the US, net sales increased 17.7% year on year to ¥31,480 million, and operating income rose by 27.7% to ¥1,387 million.

(3) Gas Business in Asia

In China, despite sluggish sales in the northeast region, sales were strong overall, with brisk sales of oxygen, nitrogen, and other gases in the east region. In Taiwan, as a result of a higher operating rate in the electronics-related industry, sales of electronic materials gases and equipment were favorable. In Singapore and Malaysia, demand was weak for oxygen and nitrogen, but shipments of safety tools were strong, while sales increased in Vietnam as the Company was able to steadily capture new demand.

As a result of the above, in the Gas Business in Asia, net sales increased 14.4% year on year to ¥14,584 million, and operating income rose by 68.6% to ¥769 million.

(4) Other

In the Thermos Business, despite concerns of consumer reaction to the consumption tax increase in Japan, sales remained strong, particularly of new products. Our subsidiary in South Korea, which came within the scope of consolidation in 2013, also performed well, and sales increased substantially year on year.

As a result, in Other businesses, net sales increased 11.5% year on year to ¥5,815 million, and operating income climbed by 28.9% to ¥1,278 million.

4. Segment information

(1) Summary of reportable segments

The Company's reportable segments are those units of the Company for which discrete financial information is available and for which the Board of Directors regularly conducts a review for the purpose of making decisions about resources to be allocated to the segments and evaluate the segments' performance.
The Company conducts gas businesses in Japan and overseas, mainly for customers in the steel, chemical, and electronics industries, and it has built production and sales structures for its main products in Japan, the United States, and Asia. Therefore, the Company has established the following four reportable segments: Gas Business in Japan, Gas Business in the US, Gas Business in Asia, and Other. Other businesses mainly include the Thermos Business, which primarily manufactures and sells household items.

As described in "(3) Changes to reportable segments," the reportable segments have changed from the first quarter of the fiscal year under review.

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

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

(¥ million)

	Reportable segment					Adjustments (Note)	Amounts on the Consolidated Statements of Income
	Gas Business in Japan	Gas Business in the US	Gas Business in Asia	Other	Total		
Sales (1) Sales to external customers	78,423	26,750	12,743	5,213	123,130	—	123,130
(2) Sales from inter-segment transactions and transfers	864	859	227	171	2,122	(2,122)	—
Total	79,287	27,609	12,970	5,385	125,253	(2,122)	123,130
Segment earnings [Operating income]	5,573	1,086	456	992	8,109	(735)	7,373

Note:

The ¥735 million negative adjustment for segment earnings is comprised of ¥264 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 research expenses that were not allocated to a particular reportable segment.

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

(¥ million)

	Reportable segment					Adjustments (Note)	Amounts on the Consolidated Statements of Income
	Gas Business in Japan	Gas Business in the US	Gas Business in Asia	Other	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]	5,402	1,387	769	1,278	8,838	(354)	8,483

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

(3) Changes to reportable segments

In order to implement management's strategic policies as described in the Company's medium-term business plan "Ortus Stage 1" formulated on May 13, 2014, the Company has decided to make organizational changes for the purpose of "improving revenues and profits from domestic businesses facing low growth rates" and "focusing its management resources on growth opportunities overseas." In line with this decision, from the first quarter of the fiscal year under review, the Company has changed its reportable segments. Therefore, to facilitate the year-on-year comparisons, the figures for the first quarter of the preceding fiscal year are reclassified based on the changes to the reportable segments.