May 8, 2015
Taiyo Nippon Sanso Corporation

Consolidated Financial Performance for Fiscal Year 2015 (Based on Japan GAAP)

1. Financial results for the FY2015 (April 1, 2014 – March 31, 2015

(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
FY2015	559,373	7.0%	35,297	12.1%	34,282	12.2%	20,764	2.8%
FY2014	522,746	11.6%	31,489	26.5%	30,546	32.5%	20,194	—

Note: Comprehensive income
FY2015: ¥52,965 million [13.9%]
FY2014: ¥46,512 million [251.5 %]

	Earnings per share (Yen)	Diluted earnings per share (Yen)	ROE	ROA	Operating Margin
FY2015	47.98	—	7.0%	4.5%	6.3%
FY2014	49.42	—	8.4%	4.5%	6.0%

Reference: Equity in earnings of affiliates
FY2015: ¥2,500 million
FY2014: ¥1,999 million

(2) Financial position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net assets per share (¥)
FY2015 (March 31, 2015)	782,357	341,207	40.5	733.04
FY2014 (March 31, 2014)	731,677	298,475	37.5	633.69

Note: Equity
As of March 31, 2015: ¥317,244 million
As of March 31, 2014: ¥274,307 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents at term-end
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
FY2015	58,615	(30,583)	(33,866)	51,547
FY2014	56,716	(55,295)	27,884	56,088

2. Dividends

	Annual Dividend					Total amount of dividends	Payout ratio (consolidated)	Ratio of dividends to net assets
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Term end	Total			
	Yen	Yen	Yen	Yen	Yen	(¥ million)	%	%
FY2014	—	6.00	—	6.00	12.00	4,926	24.3	2.1
FY2015	—	6.00	—	7.00	13.00	5,628	27.1	1.9
FY2016 (est.)	—	7.00	—	7.00	14.00		25.3	

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

(%: YoY)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(¥ million)	YoY Change	(¥ million)	YoY Change	(¥ million)	YoY Change	(¥ million)	YoY Change	(Yen)
First-half	295,000	9.7	16,600	1.0	16,200	(2.2)	10,000	0.9	23.11
Full term	650,000	16.2	41,000	16.2	39,300	14.6	24,000	15.6	55.46

4. Business performance

(1) Analysis of business results

(i) Overview

Looking at the global economy during the reporting period, the U.S. economy showed a steady recovery, although economic growth slowed in Europe and the Asian region. The Japanese economy continued on a gradual recovery path, despite an uncertain outlook due to factors such as rising prices for raw materials associated with the weaker yen.

Against this backdrop, Taiyo Nippon Sanso Group (TNSC Group) achieved the following results. Net sales on a consolidated basis increased 7.0% year on year to ¥559,373 million, operating income rose 12.1% to ¥35,297 million, and ordinary income increased 12.2% to ¥34,282 million. Net income increased 2.8% from the previous fiscal year to¥20,764 million.

(ii) Breakdown of business performance by operational segment

Gas Business in Japan

Sales of air separation gases (oxygen, nitrogen and argon), a core product, rose year on year, with sales remaining firm primarily to the steel industry, a key industry for this business, and to transportation equipment-related industries including shipbuilding. However, there was lower demand for these gases from the chemicals industry. In addition, sales of plantst and welding and cutting equipment increased steadily due to an upturn in 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 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 fiscal year 2014, contributed to a substantial sales increase in this segment.

As a result of a downturn in the import price of liquid petroleum gas (LPG) during the fiscal year under review, sales of LPG dropped significantly year on year.

As a result, in the Gas Business in Japan, net sales increased 0.8% year on year to ¥344,635 million and operating income rose 7.2% to ¥25,045 million.

Gas Business in the United States

Against a backdrop of economic recovery, the positive effects of the acquisition of Continental Carbonic Products, Inc. in February 2014, an increase in the yen translation amount of sales due to foreign exchange effects, and an increase in the price of industrial gases contributed to a large year-on-year increase in sales.

As a result, in the Gas Business in the United States, net sales increased 21.8% year on year to ¥130,983 million, and operating income rose by 22.9 % to ¥5,795 million.

Gas Business in Asia

In China, despite sluggish sales in the northeast region, sales were strong overall, centered on nitrogen in the east region. In Taiwan, China, and South Korea, sales of electronic materials gases and equipment were favorable.

As a result of the above, in the Gas Business in Asia, net sales increased 14.1% year on year to ¥61,995 million, and operating income rose by 29.1% to ¥2,468 million.

Other Businesses

In the Thermos Business, sales remained strong, particularly of new products. Our subsidiary in South Korea, which came within the scope of consolidation in fiscal 2014, also performed well, and sales increased substantially year on year.

As a result, in Other Businesses, net sales increased 14.5% year on year to ¥21,758 million, and operating income climbed by 12.2% to ¥3,437 million.

(iii) Prospects for FY2016

Regarding the current outlook for the Japanese economy, although some companies in the manufacturing sector in Japan are beginning to shift from overseas production to domestic production, this trend is limited and business conditions are expected to remain challenging in the medium and long term, amid rising energy costs and no prospects for a significant increase in demand.

Meanwhile, overseas, the repatriation of industries to the United States and high economic growth in emerging countries are expected.

Amid these circumstances, the Company and the TNSC Group have formulated a new medium-term business plan, Ortus Stage 1, covering the three-year period from fiscal 2015 to fiscal 2017 (April 1, 2014－March 31, 2017), and the Group will make a concerted effort to improve domestic earnings in an era of low growth, to focus management resources on overseas growth opportunities, and to enhance corporate value.

Details of forecasts for fiscal 2016 are shown below. For the purposes of these forecasts, the average exchange rate of the Japanese yen against the U.S. dollar in fiscal 2016 is assumed to be ¥120/$1.

(Billions of yen)

	Net sales	Operating income	Ordinary income	Net income
FY2016 (April 1, 2015－March 31, 2016)	6,500	410	393	240
FY2015 (April 1, 2014－March 31, 2015)	5,593	352	342	207
YoY change (%)	16.2	16.2	14.6	15.6

In the year ending March 31, 2016, as a result of the change in the accounting period of Matheson Tri-Gas, Inc. and Leeden National Oxygen, Ltd., TNSC Group forecasts net sales of ¥50,000 million, operating income of ¥3,000 million, ordinary income of ¥2,500 million, and net income attributable to the parent company's shareholders of ¥1,500 million.

(2) Basic Company policy on profit allocation, and dividend payments for the reporting term and the next term

The Company has adopted a policy of allocating sufficient earnings to internal reserves for the expansion and strengthening of its corporate capabilities, and will endeavor to make shareholder returns in line with a dividend policy linked to consolidated performance and based on sustained payment of a stable dividend.

Based on this policy, the Company plans to pay a year-end dividend of ¥7 per share to shareholders for the fiscal year ended March 31, 2015, an increase of ¥1 over the previous fiscal year. As a result, including the interim dividend per share of ¥6, the Company plans to pay an annual dividend per share of ¥13.

For fiscal 2016, the management of the Company plans to pay an annual dividend of ¥14 per share, similarly consisting of term-end and interim payments of ¥7 each.

(3) Other

Taiyo Nippon Sanso Holdings Singapore Pte. Ltd. was established on July 30, 2014. Because its capital exceeded 10% of that of the Company, Taiyo Nippon Sanso Holdings Singapore Pte. Ltd. became a specified subsidiary of the Company.

On October 1, 2014, Taiyo Nippon Sanso Singapore Pte. Ltd. underwent an absorption merger with Company subsidiary Leeden Limited (name changed to Leeden National Oxygen Ltd. on October 1, 2014), and was dissolved in the merger. As a result, Taiyo Nippon Sanso Singapore Pte. Ltd. ceased to be a specified subsidiary of the Company.

5. Basic principles regarding adoption of financial reporting standards

TNSC Group plans to voluntarily adopt International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ending March 31, 2017.

The Taiyo Nippon Sanso Group has positioned the globalization of its business as a key management strategy in the Medium-Term Business Plan, Ortus Stage 1. Against this backdrop, the Group decided to voluntarily adopt IFRS with the goals of improving the international comparability of its financial statements in capital markets and of unifying accounting procedures within the Group.

6. Segment information

(1) Overview of reporting 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.

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 fiscal year under review, the Company has changed its reportable segments.

Therefore, to facilitate the year-on-year comparisons, the figures for the preceding fiscal year are reclassified based on the changes to the reportable segments.

The principal products and services included in the four segments are shown in the table below.

<table>
<tr><th>Business segment</th><th>Main products</th></tr>
<tr><td>Gas Business in Japan</td><td rowspan="3">Oxygen, nitrogen, argon, carbon dioxide, helium, hydrogen, acetylene, gas- related equipment, specialty gases (electronic materials gases, pure gases, etc.), electronics-related equipment and installation, semiconductor manufacturing equipment, cutting and welding equipment, welding materials, plants and machinery, liquid petroleum gas (LPG) and related equipment, medical-use gases (oxygen, nitrous oxide, etc.), medical equipment, stable isotopes</td></tr>
<tr><td>Gas Business in the United States</td></tr>
<tr><td>Gas Business in Asia</td></tr>
<tr><td>Other Businesses</td><td>Housewares, real-estate rental</td></tr>
</table>

(2) Method of calculating figures of sales, earnings or losses, assets, liabilities and others of the Company's reporting segments

The accounting procedures for the reporting business segments are listed using figures based on Important Matters Forming the Basis for Preparation of Consolidated Financial Statements.

Segment income figures are for operating income.

Intersegment transactions and transfers are based on the current market price.

(3) Figures of sales, earnings or losses, assets, liabilities and others by reportable segment

FY2014 (April 1, 2013 – March 31, 2014)

(¥ million)

	Reportable segment					Adjust-ments (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	341,883	107,504	54,349	19,010	522,746	—	522,746
(2) Sales from inter-segment transactions and transfers	5,673	4,610	897	746	11,926	(11,926)	—
Total	347,556	112,114	55,246	19,756	534,672	(11,926)	522,746
Segment earnings [Operating income]	23,368	4,714	1,912	3,064	33,059	(1,569)	31,489
Other depreciation	17,576	11,045	4,328	606	33,556	(48)	33,507

Note:

1. The ¥1,569 million negative adjustment for segment earnings is comprised of ¥14 million of intersegment eliminations and companywide expenses of ¥1,554 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. The Company has not allocated assets to any business segment.

FY2015 (April 1, 2014 – March 31, 2015)

(¥ million)

	Reportable segment					Adjust-ments (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	344,635	130,983	61,995	21,758	559,373	—	559,373
(2) Sales from inter-segment transactions and transfers	6,267	6,645	1,190	656	14,759	(14,759)	—
Total	350,902	137,629	63,186	22,414	574,132	(14,759)	559,373
Segment earnings [Operating income]	25,045	5,795	2,468	3,437	36,747	(1,449)	35,297
Other depreciation	17,451	13,405	4,112	688	35,658	(89)	35,568

Note:

1. The ¥1,449 million negative adjustment for segment earnings is comprised of ¥72 million of intersegment eliminations and companywide expenses of ¥1,377 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. The Company has not allocated assets to any business segment.
3. Changes to reportable segments
   To reflect more properly the Company's operating results by reportable segment, from the consolidated fiscal year ending 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 previous consolidated fiscal year have been prepared by the method of calculating profit or loss after the reorganization.