

February 21, 2005

**Summary of Business Results for the First Three  
Quarters of Fiscal 2004 (on a consolidated basis)**

**1. Matters relating to preparation of quarterly report**

1) Adoption of simplified methods for accounting:

(Details)

Accounting standard for calculation of income taxes:

Calculation of tax amounts based on estimated income taxes for the term using the statutory effective tax rate

2) Changes in accounting standards from those used for the latest account settlement: none

3) Changes in the scope of consolidation or accounting for equity method: 22 newly consolidated firms, 3 companies excluded as equity-method affiliates

**2. Outline of business operations for the first three quarters**

(April 1 to December 31, 2004)

(1) Operating results

(Amounts less than ¥1 million are  
omitted.)

	Net sales	Operating profit	Recurring profit	Net income
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
First 3 quarters of fiscal 2004	200,496	15,202	15,017	8,177
First 3 quarters of fiscal 2003				
Nippon Sanso	166,164	10,313	9,410	5,627
Taiyo Toyo Sanso	91,761	2,611	2,935	1,672

	Earnings per share
	(Yen)
First 3 quarters of fiscal 2004 Taiyo Nippon Sanso*	24.78
First 3 quarters of fiscal 2003	
Nippon Sanso	19.21
Taiyo Toyo Sanso	11.46

\*Note: The pre-merger business results of the two companies for fiscal 2003 are provided above, no direct comparison is possible with the business results of Taiyo Nippon Sanso for fiscal 2004.

#### Supplemental disclosure on business performance

Taiyo Nippon Sanso Corp. was created through the merger of Nippon Sanso Corp. (the surviving entity) and Taiyo Toyo Sanso Co. on October 1, 2004. Accordingly, Nippon Sanso's consolidated results for the nine-month period include the six-month term ended September 30, 2004 as Nippon Sanso, and the three-month period ended December 31, 2004 as Taiyo Nippon Sanso. As a result of the merger, 22 new subsidiaries have been accounted for in the consolidated financial statements beginning with the third quarter. Accordingly, on a consolidated basis, net sales for the nine-month term ended

December 31, 2004 came to ¥200,496 million, operating profit to ¥15,202 million, recurring profit to ¥15,017 million, and net income to ¥8,177 million. These figures were generally in line with initial projections, reflecting steady performance in the mainstay industrial gas operations.

(2) Financial position (¥ million)

(Amounts less than ¥1 million are omitted.)

	Total assets (¥ million)	Shareholders' equity (¥ million)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
As of Dec. 31, 2004 Taiyo Nippon Sanso	411,558	151,945	36.9	375.37
As of Dec. 31, 2003 Nippon Sanso	263,369	95,263	36.2	325.43
Taiyo Toyo Sanso	127,982	47,374	37.0	340.34

[Cash flows]

(¥ million; Amounts less than ¥1 million are omitted.)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of first 3 quarters
First 3 quarters of fiscal 2004	15,567	(22,446)	1,779	19,517
First 3 quarters of fiscal 2003 Nippon Sanso	11,867	(6,914)	(5,839)	10,144
Taiyo Toyo Sanso	--	--	--	--

Note: The cash flow figures for Taiyo Toyo Sanso for the previous three-quarter period have not been disclosed.

### Supplemental disclosure on financial position

Total assets and shareholders' equity showed substantial increases as a result of the merger. Total assets increased to ¥411,558 million. Shareholders' equity also rose to ¥151,945 million, and the equity ratio increased to 36.9% from 36.2% at the end of December 2003.

Cash flows from operating activities resulted in a net cash inflow of ¥15,567 million. Cash flows from investing activities resulted in a net cash outflow of ¥22,446 million, mainly due to acquisition of operations by a U.S. subsidiary, and cash flows from financing activities resulted in a net cash inflow of ¥1,779 million. As a result of the merger and a consequent increase in consolidated subsidiaries, cash and cash equivalents grew by ¥11,258 million year-on-year, to ¥19,517 million.

### **3. Forecast on a consolidated basis for the full term (April 1, 2004 to March 31, 2005)**

	Net sales (¥ million)	Recurring profit (¥ million)	Net income (¥ million)
Full term	300,000	22,000	12,000

(For reference: Earnings per share (full-term forecast) is ¥29.64.)

Disclaimer: The forecasts above are prepared on the basis of information available to the Company's management as of the date of writing, and are subject to various factors beyond the Company's control, notably exchange rate fluctuations and unforeseeable economic conditions. Actual results may thus differ substantially from the above forecasts.

Supplementary disclosure on performance forecasts

The Company's forecasts remain unchanged from those made simultaneously with the disclosure of the interim account settlement (forecasts as of Nov. 17, 2004). We are looking into ways to fully utilize the assets accompanying the merger, and are making decisions on sales of land holdings that have poor prospects for utilization. The sell-off of land holdings will generate losses, which will be posted under extraordinary losses along with other losses resulting from the merger. These losses, however, will be offset by the posting of extraordinary gains of nearly the same amount resulting from the sale of tangible fixed assets.