



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

1. Financial results for the first half (April 1, 2015 - September 30, 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 half of FY2016	285,697	6.2%	18,958	15.3%	19,408	17.2%	13,303	34.2%
First half of FY2015	268,911	7.7%	16,438	14.2%	16,564	16.7%	9,910	(19.0)%

Note: Comprehensive income

First half of FY2016: ¥8,577 million [(8.8)%]

First half of FY2015: ¥9,409 million [(68.8)%]

	Earnings per share (Yen)	Diluted earnings per share (Yen)
First half of FY2016	30.74	—
First half of FY2015	22.90	—

(2) Financial position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)
First half of FY2016 (September 30, 2015)	809,513	347,984	39.9
FY2015 (March 31, 2015)	782,357	341,207	40.5

Note: Equity

As of September 30, 2015: ¥322,668 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 half 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 half of the fiscal year under review (from April 1, 2015, to September 30, 2015), the global economy saw growth in China slow down and sluggish growth in other parts of Asia. Meanwhile an expansionary trend driven by internal demand continues in the United States, even though concerns are mounting that it may also slow in line with other overseas economies, and as a consequence of the dollar’s appreciation. The Japanese economy has seen an improvement in corporate earnings underscored by the weaker yen and lower oil prices. However, this is also about to plateau as it appears capital expenditure is slowing and a stagnant mood has set in on exports and industrial production.

Against this backdrop, Taiyo Nippon Sanso Group (TNSC Group) achieved the following results for the first half of the fiscal year under review. Net sales on a consolidated basis increased 6.2% year on year to ¥285,697 million, operating income rose 15.3% to ¥18,958 million, ordinary income increased 17.2% to ¥19,408 million, and net income attributable to owners of the parent increased by 34.2% to ¥13,303 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 half 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 first half ended September 30, 2015, 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 for the key industries of steel, chemical, and electronics, despite strong demand in the shipbuilding and transportation equipment-related industries. In addition, sales of plants fell significantly due to sluggish capital expenditure demand.

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

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

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

As a result, in the Gas Business in Japan, net sales decreased 4.6% year on year to ¥157,893 million, while operating income rose 3.7% to ¥11,747 million, in part, because of cost reductions in line with falling oil prices.

(2) Gas Business in the United States

Due to the result of M&A strategies, in addition to the impact of economic recovery in the United States and foreign exchange translation effects, sales increased significantly year on year.

As a result, in the Gas Business in the United States, net sales increased 23.9% to ¥77,597 million, while operating income rose 28.2% to ¥3,445 million.

(3) Gas Business in Asia & Oceania

In the industrial gas-related business, sales increased substantially in Vietnam and the Philippines. However, it fell year on year in Singapore and Malaysia. Apart from that, the TNSC Group made Air Products Industry Co., Ltd. in Thailand a consolidated subsidiary in May 2015.

In the electronics-related field, sales of electronic materials gases and equipment grew, 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 20.1% to ¥36,440 million, and operating income rose by 17.8% to ¥1,762 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 33.0% year on year to ¥13,765 million, and operating income rose 55.1% to ¥2,751 million.

5. Segment information

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

First Half, FY2015 (April 1, 2014 – September 30, 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	165,569	62,641	30,351	10,348	268,911	—	268,911
(2) Sales from inter-segment transactions and transfers	2,730	3,487	611	352	7,183	(7,183)	—
Total	168,300	66,129	30,963	10,701	276,094	(7,183)	268,911
Segment earnings [Operating income]	11,332	2,687	1,496	1,773	17,290	(851)	16,438

Note: The ¥851 million negative adjustment for segment earnings is comprised of ¥68 million of intersegment eliminations and companywide expenses of ¥782 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.

First Half, FY2016 (April 1, 2015 – September 30, 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	157,893	77,597	36,440	13,765	285,697	—	285,697
(2) Sales from inter-segment transactions and transfers	3,799	2,986	1,150	307	8,244	(8,244)	—
Total	161,692	80,584	37,591	14,073	293,941	(8,244)	285,697
Segment earnings [Operating income]	11,747	3,445	1,762	2,751	19,706	(747)	18,958

Note: The ¥747 million negative adjustment for segment earnings is comprised of ¥52 million of intersegment eliminations and companywide expenses of ¥695 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) Impairment Loss on Plant, Property and Equipment and Goodwill by Segment

Material change in the amount of goodwill

TNSC (Australia) Pty Ltd and Renegade Gas Pty Ltd were added to the scope of consolidation of the Gas Business in Asia & Oceania. The increase in the amount of goodwill resulting from this was ¥11,971 million as of September 30, 2015.

(3) Changes to reportable segments

Renaming of a reportable segment

Starting from the first half ended September 30, 2015, 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 first half ended September 30, 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 half 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 income (operating income) for the second period of the previous fiscal year increased by ¥122 million for the Gas Business in Japan, decreased by ¥33 million for the Gas Business in the United States, and decreased by ¥89 million for the Gas Business in Asia & Oceania.