



October 31, 2014

Taiyo Nippon Sanso Corporation

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

1. Financial results for the first half (April 1, 2014 - September 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 half of FY2015	268,911	7.7%	16,438	14.2%	16,564	16.7%	9,910	(19.0)%
First half of FY2014	249,621	9.4%	14,396	14.6%	14,199	17.9%	12,229	-

Note: Comprehensive income

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

First half of FY2014: ¥30,112 million [- %]

	Earnings per share (Yen)	Diluted earnings per share (Yen)
First half of FY2015	22.90	-
First half of FY2014	31.53	-

(2) Financial position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)
First half of FY2015	702,110	300,998	39.6
FY2014	731,677	298,475	37.5

Notes: Equity

First half of FY2015: ¥278,123 million

FY2014 full year: ¥274,307 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
FY2014	-	6.00	-	6.00	12.00
FY2015	-	6.00			
FY2015(est.)			-	6.00	12.00

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

3. Forecasts for business operations for FY2015 (full year; 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 (full term)	550,000	5.2%	35,000	11.1%	33,200	8.7%	20,000	(1.0)%	46.21

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

4. General information relating to the first half results

Overall business performance (consolidated basis)

Looking at the global economy during the first half (April 1, 2014 to September 30, 2014) of the fiscal year under review, the U.S. and the European economies continued on a recovery path, although economic growth slowed in emerging markets, including the Asian region. The Japanese economy staged a gradual recovery, supported by the positive effects of various economic policies, despite an uncertain outlook due to factors such as rising prices for raw materials associated with the weaker yen.

Against this backdrop, first-half net sales on a consolidated basis increased 7.7% year on year to ¥268,911 million, operating income rose 14.2% to ¥16,438 million, and ordinary income increased 16.7% to ¥16,564 million. Net income for the first half decreased 19.0% to ¥9,910 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 half of the preceding fiscal year are reclassified to reflect the changes to the reportable segments.

(1) Gas Business in Japan

The segment recorded solid sales of oxygen and nitrogen to the steel industry, a key industry for this business, with sales increasing year on year. Sales of gas equipment rose slightly due to a modest upturn in capital investment demand, while sales of plants edged down.

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 2.9% year on year to ¥165,569 million and operating income rose 9.1% to ¥11,209 million.

(2) Gas Business in the United States

Against a backdrop of moderate 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 17.6% to ¥62,641 million and operating income rose 27.0% to ¥2,721 million.

(3) 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. In Singapore and Malaysia, demand was weak for oxygen and nitrogen, but shipments of safety goods and hard goods were strong. In Vietnam, the segment grew sales by steadily capturing new demand.

As a result of the above, in the Gas Business in Asia, net sales increased 17.0% to ¥30,351 million, and operating income rose by 35.9% to ¥1,585 million.

(4) 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 2013, also performed well, and sales increased substantially year on year.

As a result, in Other Businesses, net sales increased 8.5% year on year to ¥10,348 million, and operating income climbed by 25.0% to ¥1,773 million.

5. Segment information

(1) Figures of sales, earnings or losses, by reportable segment
First Half, FY2014 (April 1, 2013 to September 30, 2013)

(¥ 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	Other Businesses	Total		
Sales							
(1) Sales to external customers	160,845	53,286	25,951	9,538	249,621	-	249,621
(2) Sales from inter-segment transactions and transfers	1,520	1,933	434	357	4,245	(4,245)	-
Total	162,366	55,219	26,385	9,895	253,867	(4,245)	249,621
Segment earnings [Operating income]	10,271	2,143	1,166	1,418	14,999	(603)	14,396

Note:

The ¥603 million negative adjustment for segment earnings is comprised of ¥243 million of intersegment eliminations and companywide expenses of ¥846 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, FY2015 (April 1, 2014 to 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	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]	11,209	2,721	1,585	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.

(2) 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 half of the preceding fiscal year are reclassified based on the changes to the reportable segments.