November 10, 2011
Taiyo Nippon Sanso Corporation

Consolidated Financial Performance for the First Two Quarters of Fiscal Year 2012 (Based on Japan GAAP)

1. Financial results for the first two quarters (April 1, 2011 – September 30, 2011)

(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 two quarters of FY2012	234,799	(1.1)%	15,774	(12.5)%	16,005	(10.3)%	8,414	(17.7)%
First two quarters of FY2011	237,306	16.2%	18,037	41.3%	17,836	44.3%	10,222	49.7%

Note: Comprehensive income
First two quarters of FY2012: ¥5,192 million (up 119.8%)
First two quarters of FY2011: ¥1,623 million (-%)

	Earnings per share (Yen)	Diluted earnings per share (Yen)
First two quarters of FY2012	21.13	-
First two quarters of FY2011	25.57	-

(2) Financial position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)
First two quarters of FY2012 (September 30, 2011)	584,428	208,090	33.0
FY2011 (March 31, 2011)	617,676	207,416	31.2

Reference: Equity
First two quarters of FY2012: ¥193,052 million
FY2011 full term: ¥192,571 million

2. Forecasts for business operations for FY2012 (full term; April 1, 2011 – March 31, 2012)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(¥ million)	YoY Change	(¥ million)	YoY Change	(¥ million)	YoY Change	(¥ million)	YoY Change	(Yen)
FY2012 (full term)	493,000	1.9%	35,000	(1.3)%	32,000	(6.3)%	17,700	39.0%	44.59

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

3. General information relating to the first two quarter results
Overall business performance (consolidated basis)

In the first two quarters of the fiscal year under review (April 1-September 30, 2011), fears emerged that the world economy was headed for a slowdown, with growth in the US continuing to sputter, Europe struggling with worsening sovereign debt problems and growth in China and the emerging markets tailing off somewhat. Meanwhile, economic prospects for Japan became a murkier as worrying trends such as electricity shortages, blunted exports due to the soaring Japanese yen and an accelerating shift abroad by Japanese manufacturing companies countered the boost from rebuilding and recovery works in the areas hit by the Great East Japan Earthquake in March.

Against this backdrop, first-half sales on a consolidated basis fell 1.1% year-on-year to ¥234,799 million, operating income slipped 12.5% to ¥15,774 million, ordinary income fell 10.3% to ¥16,005 million and net income was down 17.7% at ¥8,414 million.

Please note that full details of the three-year business plan ("Gear Up 10"—Challenges in Becoming a Global Company III) launched during the period under review were disclosed on November 10, 2011, including key priorities and numerical targets in light of the Great East Japan Earthquake.

A breakdown of business performance by operational segment is as follows.

(1) Industrial Gases Business

Demand in key customer industries such as steelmaking and chemicals is gradually recovering after a sharp drop at the beginning of the period due to the earthquake disaster, but sales of oxygen, nitrogen and argon were all slightly down year-on-year. Sales of machinery and equipment too were significantly down due to shrinking demand from major capital investment projects such as air separation plants, though in Japan sales of welding and cutting equipment and materials were up. In overseas markets, sales rose on a year-on-year basis due partly to the contribution of earnings from newly acquired companies in North America from merger activity in the previous fiscal period.

As a result of the foregoing, sales of industrial gases increased 1.1% year-on-year to ¥144,608 million, while operating income edged up 0.9% to ¥11,155 million.

(2) Electronics Business

Shipments of gases for electronic device production were down year-on-year as capacity utilization sank at major manufacturers of semiconductors, LCD panels and other products following the earthquake disaster and the persistently high Japanese yen. However, thanks to demand from Korea, Taiwan and China, sales of electronic materials gases increased slightly year-on-year. Meanwhile, sales of electronics-related equipment and installations fell steeply year-on-year due to reduced capital investment demand, and sales of semiconductor manufacturing equipment also took a hit as major users in Japan revised or postponed their capital expenditure plans, despite strong orders from Korea and Taiwan.

As a result of the above, sales in Electronics Business fell 9.0% year-on-year to ¥56,179 million, while operating income fell 39.7% to ¥3,146 million.

(3) Energy Business

Although shipments of LP gas were down year-on-year in volume terms, sales rose due to persistently high import prices.

As a result, sales in energy-related businesses increased 6.3% year-on-year to ¥17,748 million, while operating income jumped 40.2% to ¥660 million.

(4) Other Businesses

In the Medical Business, we took Groupwide measures to ensure a stable supply of medical-use gases to areas affected by the Great East Japan Earthquake. Sales of medical equipment devices were up also year-on-year on buoyant demand in the home healthcare market. In the Thermos Business, sales were down year-on-year.

As a result of the foregoing, sales in Other Businesses increased 2.3% year-on-year to ¥16,263 million, while operating income fell 27.9% to ¥1,505 million.

4. Segment information

Results by operating segment

First Two Quarters, FY2011 (April 1, 2010 to September 30, 2010)

(¥ million)

	Reportable segment					Adjustments (Note 2)	Consolidated
	Industrial Gases Business	Electronics Business	Energy Business	Other Businesses (Note 1)	Total		
Sales (1) Sales to external Customers	142,964	61,751	16,698	15,890	237,306	-	237,306
(2) Sales from inter-segment transactions and transfers	905	38	970	1,439	3,354	(3,354)	-
Total	143,870	61,789	17,669	17,330	240,660	(3,354)	237,306
Operating income	11,054	5,217	471	2,088	18,831	(794)	18,037

Notes

1. Other Businesses include the Medical Business, Thermos Business and real estate operations.
2. The ¥794 million negative adjustment for segment earnings comprises ¥186 million of inter-segment eliminations and companywide expenses of ¥607 million that were not allocated to any particular reportable segment. These companywide expenses relate principally to basic researches that were not particularly allocated to reportable segments.

Results by operating segment

First Two Quarters, FY2012 (April 1, 2011 to September 30, 2011)

(¥ million)

	Reportable segment					Adjustments (Note 2)	Consolidated
	Industrial Gases Business	Electronics Business	Energy Business	Other Businesses (Note 1)	Total		
Sales (1) Sales to external Customers	144,608	56,179	17,748	16,263	234,799	-	234,799
(2) Sales from inter-segment transactions and transfers	1,216	41	1,437	1,348	4,042	(4,042)	-
Total	145,824	56,220	19,185	17,612	238,842	(4,042)	234,799
Operating income	11,155	3,146	660	1,505	16,467	(693)	15,774

Notes

1. Other Businesses include the Medical Business, Thermos Business and real estate operations.
2. The ¥693 million negative adjustment for segment earnings comprises ¥127 million of inter-segment eliminations and companywide expenses of ¥565 million that were not allocated to any particular reportable segment. These companywide expenses relate principally to basic researches that were not particularly allocated to reportable segments.
3. (Major assets subject to depreciation and amortization and method of depreciation)

The Company has been using the declining-balance method for calculating depreciation of property, plant and equipment other than machinery and plant for lease and structures (not including ancillary facilities) acquired since April 1, 1998. However, from the first quarter of the current fiscal year, we have switched to the straight-line method.

In the new Medium-Term Business Plan, TNSC will continue to focus management resources on growth markets such as electronics and emerging markets. With regard to mid-sized and small gas supply facilities, our principal items of property, plant and equipment, we expect stable long-term utilization, with capital investments focusing on replacement works in anticipation of stable demand from established customers while we reduce investment targeting facilities for new customers. Accordingly, we decided it would be more logical to adopt the straight-line method for earnings statements in light of the distribution of expenses at a constant pace for long-term period.

As a result of this change, segment earnings in the first two quarters (consolidated basis) has increased by ¥502 million (Industrial Gases), ¥371 million (Electronics), ¥15 million (Energy) and ¥54 million (Other). Adjustments increased ¥47 million.

5. Subsequent Event

(1) Transfer of SDS and VAC businesses

1) Purpose and reason

Through its wholly owned subsidiary Matheson Tri-Gas, Inc. (“MTG”), the Company had a license with Advanced Technology Materials Inc. (“ATMI”), under which the Group had global marketing rights for Safe Delivery Source (“SDS”) and Vacuum Actuated Cylinder (“VAC”) gases for ion implantation processes. Recently, it has reached an agreement to transfer the businesses concerned to ATMI, for all world markets except Japan.

In tandem with this transfer, the Group will continue to focus on electronics-related businesses, including development of semiconductor and solar cell materials gases.

2) Recipient company

Advanced Technology Materials, Inc.

3) Businesses to be transferred

Safe Delivery Source (SDS) and Vacuum Actuated Cylinder (VAC) gas businesses, outside Japan

In future, these businesses will be handled as detailed below.

Marketing in Japan
The Company and ATMI shall sign a new contract covering Japan, and marketing will continue to be handled by the Company, as before.

Marketing outside Japan
After a transitional period, ATMI shall take over marketing. MTG and Group companies shall continue to offer customer services to enable a smooth transition.

Manufacturing
ATMI and MTG shall continue manufacturing operations. There will be no change to production networks in Japan, either.

4) Timing of the transfer
October 31, 2011

5) Price
The transfer price shall be $95 million. The Company plans to recognize gains on this transfer of business, though exact amount is currently under review.

(2) Tender offer for Leeden shares

At a meeting of the Board of Directors held on November 7, 2011, the Company decided to make a tender offer (the “Tender Offer”), through its wholly-owned subsidiary Taiyo Nippon Sanso Singapore Pte Ltd (the “Tender Offeror”), for all shares of Leeden Limited, a company listed on the Singapore Exchange, on condition that Leeden delists. Through its wholly owned subsidiary in Singapore, National Oxygen Pte Ltd. (“NOX”), the Company already owns 9,055,000 or 5% of the issued shares of Leeden.

1) Purpose of the Tender Offer

Through the Tender Offer, the Company aims to expand its industrial gas and related businesses in the Southeast Asian area, which is expected to show steady economic growth in future years.

The Company has mainly been involved in the industrial gas business in Southeast Asia, but overlap exists with Leeden in terms of customer base for welding and related equipment and safety tools. By making Leeden a subsidiary, marketing networks of both companies would benefit from synergies, with each tapping and supplementing the other's networks. This would contribute significantly to the growth of both companies.

With a history going back more than 50 years, Leeden has expanded its business through integration of its welding and other equipment businesses with downstream industrial gas businesses (manufacture and marketing of package gases) through joint ventures with NOX. In partnership with the Company, both companies would team up and share economic resources in the key markets of Singapore and Malaysia, as well as Thailand, Vietnam and the Philippines, leading, we hope, to an expansion of Group business.

2) Leeden Limited

Name: Leeden Limited
Address: 1 Shipyard Road, Singapore 628128
Title and name of representative: Mr. Steven Tham Weng Cheong, Chairman & Chief Executive Officer
Nature of business: Manufacture, procurement and marketing of welding and safety equipment and high-pressure gas
Capital: 54.6 million Singapore dollars
Date of establishment: May 18, 1964

3) Outline of Tender Offer

Number of shares the Company seeks to purchase
170,510,346 common shares

1. The Tender Offer is conditional upon the receipt of valid acceptances resulting in the Tender Offeror holding more than 50% of the total number of shares, including potential shares related to stock options ("Stock Options") held by employees of Leeden. There is no maximum limit for shares to be purchased.

2. Before conclusion of the Tender Offer, if Leeden issues any new common shares through exercise of Stock Options, it is planned that these common shares shall also be subject to the Tender Offer. Please note that with regard to Stock Options that are not exercised, the Tender Offeror at the time of the Tender Offer shall offer to pay the difference between the offer price and exercise price, on condition that the holders of the Stock Options agree not to exercise them.

Pricing of the offer
0.57 Singapore dollars per common share of stock

Period of the Tender Offer
The Tender Offer shall commence on granting of approval from the Singapore Exchange

Funding needed for the Tender Offer (provisionally)
Up to 85.3 million Singapore dollars

Delisting
It is a condition of this Tender Offer that shareholders of Leeden convene an extraordinary general meeting and agree to delist the shares of their company.

Matters for agreement between the Tender Offeror and Leeden
In the Tender Offer, it is agreed that 44,645,000 shares (24.9% of all issued shares in Leeden) held by Mr. Steven Tham Weng Cheong, Chairman and Chief Executive Officer of Leeden, and 25,082,000 shares (14.0% of issued shares including indirect shareholdings) held by Mr. Lee Chee Fatt, Leeden's Managing Director and Chief Operating Officer, shall be subject to the tender offer. However, it is agreed that payment for half of the shares held by both men shall be in cash, and that the other half shall be through exchange of shares, at a price equivalent to the Tender Offer price. After the Tender Offer, it is planned that Mr. Tham and Mr. Lee shall remain in their management roles at Leeden. In addition, it is agreed that the 9,055,000 Leeden shares held by NOX shall be exchanged for shares of the Tender Offeror between this day and the launch of the Tender Offer, at a price equivalent to the Tender Offer price.

Compulsory purchase
Regarding the Tender Offer, the Tender Offeror intends to exercise rights of compulsory purchase under Singaporean law to acquire all shares of Leeden, provided that relevant conditions are satisfied regarding such compulsory purchase under Singaporean law.

Changes in share ownership following purchase
Total shareholding before purchase: 0
Total acquired by transfer from NOX: 9,055,000 shares
Total shareholding after purchase (planned): 179,565,346 (100% of issued shares in Leeden).