May 9, 2012
Taiyo Nippon Sanso Corporation

Consolidated Business Performance for Fiscal Year 2012 (Based on Japan GAAP)

1. Financial results for the FY2012 full term (April 1, 2011 – March 31, 2012)

(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
FY2012	477,451	(1.3)%	31,067	(12.4)%	29,730	(13.0)%	21,200	66.5%
FY2011	483,620	11.6%	35,468	28.7%	34,167	26.3%	12,736	(19.1)%

Note: Comprehensive income
FY2012: ¥16,222 million [—%]
FY2011: ¥(449 million) [—%]

	Earnings per share (Yen)	Diluted earnings per share (Yen)	ROE	ROA	Operating Margin
FY2012	53.33	—	10.8%	4.9%	6.5%
FY2011	31.86	—	6.5%	5.5%	7.3%

Reference: Equity in earnings of affiliates
FY2012: ¥1,158 million
FY2011: ¥1,541 million

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net assets per share (¥)
FY2012 (March 31, 2012)	607,024	219,611	33.1	506.02
FY2011 (March 31, 2011)	617,676	207,416	31.2	481.71

Reference: Equity
FY2012: ¥200,835 million
FY2011: ¥192,571 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)
FY2012	45,986	(32,748)	(23,536)	33,275
FY2011	65,897	(44,834)	(3,343)	43,877

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)	%	%
FY2011	—	6.00	—	6.00	12.00	4,798	37.7	2.4
FY2012	—	6.00	—	6.00	12.00	4,764	22.5	2.4
FY2013 (est.)	—	6.00	—	6.00	12.00		27.4	

3. Forecasts for business operations for FY2013 full term (April 1, 2012 – March 31, 2013)

(%: 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 (cumulative)	232,000	(1.2)%	14,800	(6.2)%	13,300	(16.9)%	7,600	9.7%	19.15
Full term	486,000	1.8%	32,800	5.6%	30,200	1.6%	17,400	(17.9)%	43.84

4. Analysis of business results

(1)Overview

During the reporting period, in spite of signs of a recovery by the US economy, the outlook for the global economy remained unclear overall against the background of a worsening European sovereign debt crisis, slower growth in the emerging economies, and the disruptions to supply chains caused by the floods in Thailand. Meanwhile, the situation for the Japanese economy became very serious. The economy as a whole was impacted by the earthquake and tsunami of March 11 and by increasingly difficult electric power supply problems resulting from the nuclear power plant disaster, as well as by the further steep rise in the yen's exchange rate.

Turning to the operating environment of the Taiyo Nippon Sanso Group, the overseas Group experienced a slow recovery in demand for industrial gases in the North American market, while demand for gases also held firm from major industries in Asian countries, notably China.

In domestic operations, while a gradual recovery was seen in production activity, which had slumped following the earthquake and tsunami, demand as a whole was weak, due to a falloff in demand from the electronics industry.

Against this backdrop, sales on a consolidated basis posted a 1.3% year on year decline, to ¥477,451 million, while operating income fell 12.4% to ¥31,067 million and ordinary income was down by 13.0% at ¥29,730 million.

As a result of the posting of capital gains in the amount of ¥6,700 million of the Group's Safe Delivery Source (SDS) and Vacuum Actuated Cylinder (VAC) operations outside Japan, net income came to ¥21,200 million, for a year on year increase of 66.5%.

On a non-consolidated basis, the Company recorded sales of ¥228,471 million (down 5.7% year on year), operating income of ¥14,913 million (down 27.4%), ordinary income of ¥17,353 million (down 27.7%), and net income of ¥11,487 million (up 37.0%).

(2)Breakdown of business performance by operational segment

(Industrial Gases Business)

Owing to the impact of the March 11 disaster, demand for the Group's gases from the iron & steel and chemical industries, who are its principal users, fell sharply at the start of the reporting term, but followed a gradually recovery path thereafter. Despite this, however, sales of the Group's principal products – oxygen, nitrogen, and argon – declined slightly below the previous year's level, due to weaker exports as a result of the yen's steep appreciation and the impact of the Thai floods. In machinery and equipment, sales of cutting and welding equipment rose over the previous term, mainly in the Japanese market, while sales of air separation plants fell sharply, owing to weaker demand for large-scale facilities.

In overseas operations, amid recovering demand the Group's business generally trended favorably, thanks partly to an expansion of operational scale through M&A in North America. As a result, sales for the Industrial Gases Business edged up by 0.8% year on year, to ¥291,057 million, whereas operating income posted a decrease of 10.0%, to ¥21,712 million.

(Electronics Business)

In the electronics industry, we experienced slack demand from our principal users in the domestic market, notably makers of semiconductors, LCD panels, and solar cells, owing to the effects of the March 11 disaster, the yen's steep appreciation, and the floods in Thailand. Although demand for electronics-related gas in the Korean, Taiwanese, Chinese markets held steady, sales as a whole fell sharply from the previous year, due to the major falloff in domestic shipments. Electronics-related equipment and installation projects also recorded a year on year decline in sales amid a weakening in demand for capital investment. Despite an increase in orders for semiconductor manufacturing equipment from Korea and Taiwan, sales overall fell sharply as the leading users in the Japanese market called a halt to capital investment plans.

As a result, sales for the Electronics Business posted an 8.9% year on year decline, to ¥115,294 million, while operating income was down by 30.0%, at ¥5,914 million.

(Energy Business)

Despite a decline in shipment volume, sales of LP gas posted a year on year increase on the back of the ongoing rise in import prices.

As a result, sales for the Energy Business rose 3.3% year on year, to ¥38,881 million, while operating income climbed by 19.1% to ¥1,667 million.

（**Other Businesses**）

In the Medical Business, medical equipment sold well, particularly equipment for home use, and sales surpassed the previous year's level. In the Thermos Business, sales were unable to bounce back from a first-half slump, ending down from the previous term's level.

As a result, sales for the Other Businesses category rose 4.5% year on year, to ¥32,218 million, while operating income slipped by 10.5%, to ¥2,723 million.

(3)Prospects for FY2013

Regarding the global economy, while the US economy is expected to stage a gradual recovery, fears of a financial crisis stemming from Europe's sovereign debt problems, in addition to the high level of crude oil prices, leave no room for optimism. The outlook for the Japanese economy, too, remains unclear overall, against the backdrop of electric power supply constraints and the current trend of the yen's exchange rate.

Amid these circumstances, the TNS Group will work to secure adequate earnings by focusing management resources on growing markets and regions, and by implementing cost-cutting measures.

(Billions of yen)

	Net sales	Operating income	Ordinary income	Net income
FY2013	486.0	32.8	30.2	17.4
FY2012	477.4	31.0	29.7	21.2
YoY change (%)	1.8	5.6	1.6	(17.9)

Note: For the purposes of these forecasts, the average exchange rate of the Japanese yen against the U.S. dollar in FY2013 is assumed to be ¥80/$1

5. 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, as well as to allow investment in vigorous business development and thereby improve business performance so as to meet shareholder expectations.

With regard to the allocation of profits, the Company's basic policy is to pay a dividend from retained earnings twice a year, in the form of a semiannual interim dividend and a year-end dividend. This distribution of retained earnings is determined by the annual general meeting of the Company's shareholders in the case of the term-end dividend, and by the Company's Board of Directors for the interim dividend.

In accordance with the above-stated policy, an annual dividend of ¥12 per share shall be paid for the reporting term, consisting of a year-end dividend of ¥6 and an interim dividend also of ¥6.

For the next business term (ending March 31, 2013), too, the management of the Company plans to pay an annual dividend of ¥12 per share, similarly consisting of term-end and interim payments of ¥6 each.

6. Other

As part of the Company's takeover bid (via the Company's subsidiary Taiyo Nippon Sanso Singapore Pte. Ltd.) for Leeden Limited, a company listed on the Singapore Stock Exchange, which is predicated on the delisting of Leeden from that exchange, the subsidiary on Feb. 22, 2012 purchased shares of Leeden, thereby acquiring a stake of over 50% of all issued stocks in Leeden. Leeden thereby became a subsidiary of Taiyo Nippon Sanso Singapore. As the value of Leeden's stated capital exceeds 10% of the value of the Company's stated capital, Leeden is classified as a Special Subsidiary of the Company. This change will have only an insignificant effect on the Company's business performance for the reporting term.

7. Matters relating to the business terms, etc. of consolidated subsidiaries

Account closing dates of the Company's consolidated subsidiaries are as follows:
December 31: 65 overseas consolidated subsidiaries
March 31: 46 domestic consolidated subsidiaries

The difference between the closing date for the Company's consolidated accounts and the closing dates for its subsidiaries is less than three months. However, for significant transactions that have occurred during the period from January 1, 2012 and the consolidated account closing date of March 31, 2012, the accounts are adjusted where necessary.

The account closing date of Jomo Natural Gas Co., Ltd. has been changed to March 31.

8. Segment Information

(1)Overview of reporting segments

The Company regularly reviews segment performance to enable the Board of Directors to make decisions on resource allocation and evaluate results of each segment, based on financial data that can be extracted on an individual segment basis.

The Company recognizes four segments for reporting purposes, the Industrial Gases Business, Electronics Business, Energy Business, and Other Businesses, reflecting a basic breakdown of our businesses by product and service category, and end-user market, each category being a business division.

The Industrial Gases Business engages in the manufacture and marketing of gases and related equipment to steelmakers, chemical companies and other general industries in Japan and overseas. Please note that the Plants & Engineering business has been folded into the Industrial Gases Business as their core customers are similar in nature.

Electronics Business engages in the manufacture and marketing of gases and related equipment for electronics companies in Japan and overseas.

The Energy Business segment markets LP gas within Japan. The Other Businesses segment includes the Medical Business (marketing of medical-use gas), Thermos Business (manufacture and marketing of housewares) and others.

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

Business segment	Main products
Industrial Gases Business	Oxygen, nitrogen, argon, carbon dioxide, helium, hydrogen, acetylene, gas- related equipment, cutting and welding equipment, welding materials, plants and machinery
Electronics Business	Nitrogen, argon, specialty gases (electronic materials gases, pure gases, etc), electronics-related equipment and installation, semiconductor manufacturing equipment
Energy Business	Liquid petroleum gas (LPG) and related businesses in Japan
Others	Medical-use gases (oxygen, nitrous oxide, etc), medical equipment, stable isotopes, housewares, real-estate rental

(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 the same as those contained in "Basis of Presenting Consolidated Financial Statements".

Segment income figures are for operating income.

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

（Change in method of depreciating depreciable assets）

The Company has hitherto applied the declining-balance method of depreciation to all items within the category of "property, plant and equipment" with the exception of machinery or equipment for lease, and buildings (excluding attached facilities) acquired since April 1, 1998. With effect from the reporting business term, however, the straight-line method of depreciation has been adopted.

Under the Company's New Medium-Term Business Plan, we intend to continue focusing management resources on growing markets such as the electronics industry. At the same time, while carrying out capital investments, with regard to small- and medium-scale gas supply facilities – which are a major category of property, plant and equipment to which we have hitherto applied the declining-balance method of depreciation – while investments for new customers have been declining, we plan to focus investments on replacement and upgrading as demand for gas from existing customers is expected to hold firm and thus the facilities can be expected to operate steadily over a long period. Consequently, we have decided that periodic accounting of profit and loss, employing the cost allocation possible with the straight-line method of depreciation, would be more rational.

As a result of this change, operating income of the four reporting segments for the business term under review increased by ¥1,057 million for the Industrial Gases Business, by ¥850 million for the Electronics Business, by ¥34 million for the Energy Business, and by ¥115 million for Other Businesses, while the adjustment for inter-segment eliminations and companywide expenses increased by ¥107 million.

(3)Figures of sales, earnings or losses, assets, liabilities and others by reporting segement

FY2011 (April 1, 2010 – March 31, 2011)

(Millions of yen)

	Reporting Segments					Adjustment (Notes) 1	Total (consolidated)
	Industrial Gases	Electronics	Energy	Others	Total		
Sales (1) Sales to external customers	288,644	126,495	37,643	30,836	483,620	—	483,620
(2) Sales from inter-segment transactions and transfers	1,724	102	1,848	2,768	6,442	(6,442)	—
Total	290,368	126,597	39,491	33,604	490,062	(6,442)	483,620
Operating income	24,128	8,453	1,400	3,041	37,024	(1,555)	35,468
Other depreciation	19,594	9,607	837	1,628	31,668	499	32,167

Notes

1. The ¥1,555 million negative adjustment for segment earnings comprises ¥186 million of inter-segment eliminations and companywide expenses of ¥1,369 million that were not allocated to any particular reporting segment. These companywide expenses relate principally to basic researches that were not particularly allocated to reporting segments.
2. The TNSC has not allocated assets to any business segment.

FY2012 (April 1, 2011 – March 31, 2012)

(Millions of yen)

	Reporting Segments					Adjustment (Notes) 1	Total (consolidated)
	Industrial Gases	Electronics	Energy	Others	Total		
Sales (1) Sales to external customers	291,057	115,294	38,881	32,218	477,451	—	477,451
(2) Sales from inter-segment transactions and transfers	2,143	107	2,431	2,696	7,379	(7,379)	—
Total	293,201	115,402	41,312	34,914	484,830	(7,379)	477,451
Operating income	21,712	5,914	1,667	2,723	32,018	(950)	31,067
Other depreciation	18,501	10,360	534	1,511	30,907	(435)	30,471

Notes

1. The ¥950 million negative adjustment for segment earnings comprises ¥85 million of inter-segment eliminations and companywide expenses of ¥1,035 million that were not allocated to any particular reporting segment. These companywide expenses relate principally to basic researches that were not particularly allocated to reporting segments.
2. The TNSC has not allocated assets to any business segment.

(4)Additional Information

FY2011 (April 1, 2010 to March 31, 2011)

1. Results by Geographical Segment

(1) Sales

(Millions of yen)

Japan	United States	Other	Total
358,978	78,586	46,054	483,620

Note: Sales are classified according to the countries or regions of location of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	United States	Other	Total
167,331	68,627	20,535	256,494

FY2012 (April 1, 2011 – March 31, 2012)

1. Reporting by Geographical Segment

(1) Sales

(Millions of yen)

Japan	United States	Other	Total
352,727	81,684	43,039	477,451

Note: Sales are classified according to the countries or regions of location of customers.

(2) Property, Plant and Equipment

(Millions of yen)

Japan	United States	Other	Total
160,907	69,122	25,469	255,499