May 9, 2013
Taiyo Nippon Sanso Corporation

Consolidated Business Performance for Fiscal Year 2013 (Based on Japan GAAP)

1. Financial results for the FY2013 full term (April 1, 2012 – March 31, 2013)

(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
FY2013	468,387	(1.9)%	24,884	(19.9)%	23,060	(22.4)%	(2,071)	—%
FY2012	477,451	(1.3)%	31,067	(12.4)%	29,730	(13.0)%	21,200	66.5%

Note: Comprehensive income
FY2013: ¥13,234 million [(18.4)%]
FY2012: ¥16,222 million [—%]

	Earnings per share (Yen)	Diluted earnings per share (Yen)	ROE	ROA	Operating Margin
FY2013	(5.25)	—	(1.0)%	3.8%	5.3%
FY2012	53.33	—	10.8%	4.9%	6.5%

Reference: Equity in earnings of affiliates
FY2013: ¥1,284 million
FY2012: ¥1,158 million

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net assets per share (¥)
FY2013 (March 31, 2013)	615,820	224,253	33.1	525.38
FY2012 (March 31, 2012)	607,024	219,611	33.1	506.02

Reference: Equity
FY2013: ¥203,771 million
FY2012: ¥200,835 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)
FY2013	33,964	(37,225)	(8,181)	22,721
FY2012	45,986	(32,748)	(23,536)	33,275

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)	%	%
FY2012	―	6.00	―	6.00	12.00	4,764	22.5	2.4
FY2013	―	6.00	―	6.00	12.00	4,710	―	2.3
FY2014 (est.)	―	6.00	―	6.00	12.00		27.2	

3. Forecasts for business operations for FY2014 full term (April 1, 2013 – March 31, 2014)

(%: 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	252,000	10.4%	14,600	16.2%	13,800	14.6%	7,900	―%	20.37
Full term	514,000	9.7%	31,500	26.6%	29,300	27.1%	17,100	―%	44.09

4. Business performance

(1) Analysis of business results

① Overview

During the reporting period, the global economy remained weak overall in spite of signs of a gradual recovery primarily in consumer spending by the US economy. This weakness was attributable to such factors as the recession in Europe, accompanying a lack of improvement in the region's ongoing financial crisis; and indications of difficulties among emerging economies, particularly China and India, in maintaining the high level of economic growth experienced to date. Despite continual stagnation caused by the persistently strong yen and deflation throughout the fiscal year under review, indications of a gradual upswing in the Japanese economy were seen owing to aggressive economic policies implemented by the new government, which was elected at the end of 2012, and the Bank of Japan.

Turning to the operating environment of the Taiyo Nippon Sanso Group (TNSC Group), the overseas Group experienced a gradual recovery in demand for industrial gases in the North American market. Although Asia was impacted by a slowdown of electronics production in Taiwan, other regions remained firm amid business expansion on the back of M&A undertaken in Singapore.

In domestic operations, however, conditions remained weak overall due to a decline in demand from key customers, beginning with electronics industry.

Against this backdrop, net sales on a consolidated basis declined 1.9% year on year to ¥468,387 million, while operating income fell 19.9% to ¥24,884 million, and ordinary income decreased 22.4% at ¥23,060 million. In addition, net loss totaled ¥2,071 million (compared with a net income of ¥21,200 million for the previous fiscal year) due to the posting of an extraordinary loss of ¥23,300 million accompanying the Company's withdrawal from its joint monosilane gas production business.

②Breakdown of business performance by operational segment

Industrial Gases Business

In domestic operations, net sales of oxygen increased year on year due to firm demand in the steel industry, a key user of these gasses. However, sales of nitrogen dipped slightly, mainly reflecting lower operating rates in the chemical industry. Sales of air separation plants along with cutting and welding equipment and materials fell year on year mainly because of the strong yen. In overseas markets, sales in North America grew year on year amid a gradual recovery in the economy. Sales in Asia increased substantially year on year largely thanks to new consolidation effects.

As a result, net sales of Industrial Gases Business increased 2.4% year on year to ¥298,073 million. However, operating income decreased 1.8% to ¥21,322 million due to higher costs in line with an increase in electricity and other charges.

Electronics Business

Sales to the electronics industry were weak throughout the fiscal year under review amid sluggish demand for semiconductors, liquid crystal panels, solar cells and other products. Sales of electronic materials gases and electronics-related equipment and installations dropped sharply year on year. Sales of semiconductor manufacturing equipment(MOCVD) decreased compared with the previous fiscal year due to stagnant capital investment among key domestic users.

As a result, net sales for the Electronics Business fell 16.3% year on year to ¥96,546 million, while and operating loss totaled ¥536 million (compared with operating income of ¥5,914 million for the previous fiscal year).

Energy Business

Although the sales volume of LP gas decreased year on year, the Company continued to focus on such measures as revising sales prices in line with higher import prices and reducing costs.

As a result, net sales in the Energy Business rose 3.0% year on year to ¥40,031 million, while operating income climbed 8.4% to ¥1,808 million.

Other Businesses

In the Medical Business, sales of medical devices and equipment were brisk. In the Thermos Business, sales improved year on year thanks to sales of ultra-light and compact portable mugs and food containers.

As a result, net sales in Other Businesses increased 4.7% year on year to ¥33,736 million, while operating income grew 20.9% to ¥3,291 million.

③Prospects for FY2014

Despite signs of a gradual recovery, the outlook for the global economy remains uncertain primarily because of concerns over the impact of the Europe's financial problems. Regarding the outlook for the Japanese economy, expectations of a rebound are increasing amid financial easing and other government measures. Nevertheless, the operating environment of the Company and the TNSC Group is expected to remain severe due to worries mainly over the impact of increases in electricity charges in Japan.

Amid these circumstances, the Company and the TNSC 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
FY2014	514.0	31.5	29.3	17.1
FY2013	468.3	24.8	23.0	(2.0)
YoY change (%)	9.7	26.6	27.1	—

Note: For the purposes of these forecasts, the average exchange rate of the Japanese yen against the U.S. dollar in FY2014 is assumed to be ¥90/$1

(2) 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 year-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, 2014), 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.

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

Account closing dates of the Company's consolidated subsidiaries are as follows:

December 31: 54 overseas consolidated subsidiaries

March 31: 56 consolidated subsidiaries excluding those noted above

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, 2013 and the consolidated account closing date of March 31, 2013, the accounts are adjusted where necessary.

The account closing dates of National Oxygen Private Limited, Nippon Oxygen Sdn. Bhd., Nippon Carbon Dioxide (Malaysia) Sdn. Bhd., PT Natgas, Ingasco, Incorporated, Taiyo Nippon Sanso Philippines, Inc., Taiyo Nippon Sanso Taiwan, Inc., Taiyo Nippon Sanso Engineering Taiwan, Inc. and Fu Yang Gas Co., Ltd. have been changed to March 31.

6. 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 listed using figures based on accounting standards used to prepare consolidated financial statements.

Segment income figures are for operating income.

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

(3) Figures of sales, earnings or losses, assets, liabilities and others by reporting 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 Company has not allocated assets to any business segment.

FY2013 (April 1, 2012 – March 31, 2013) (Millions of yen)

	Reporting Segments					Adjustment (Notes) 1	Total (consolidated)
	Industrial Gases	Electronics	Energy	Others	Total		
Sales							
(1) Sales to external customers	298,073	96,546	40,031	33,736	468,387	—	468,387
(2) Sales from inter-segment transactions and transfers	1,742	157	1,985	2,552	6,437	(6,437)	—
Total	299,816	96,703	42,016	36,289	474,825	(6,437)	468,387
Operating income	21,322	(536)	1,808	3,291	25,885	(1,000)	24,884
Other depreciation	17,977	9,806	446	1,493	29,724	(323)	29,400

Notes

1. The ¥1,000 million negative adjustment for segment earnings comprises ¥383 million of inter-segment eliminations and companywide expenses of ¥1,384 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 Company has not allocated assets to any business segment.

(4) Reporting by Geographical Segment

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

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.

Property, Plant and Equipment (Millions of yen)

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

②FY2013 (April 1, 2012 – March 31, 2013)

Sales (Millions of yen)

Japan	United States	Other	Total
329,771	81,024	57,592	468,387

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

Property, Plant and Equipment (Millions of yen)

Japan	United States	Other	Total
159,074	82,994	30,073	272,142