

July 31, 2012

Taiyo Nippon Sanso Corporation

Business Performance for the First Quarter of Fiscal Year 2013 (on a consolidated basis)

1. Financial results for the first quarter (April 1- June 30, 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
First quarter of FY2013	112,378	(3.3)	6,194	(18.9)	5,833	(27.9)	3,059	(8.0)
First quarter of FY2012	116,268	(0.6)	7,636	(17.9)	8,086	(13.8)	3,325	(36.8)

Note: Comprehensive income

First quarter of FY2013: ¥5,560 million (up 12.6%)

First quarter of FY2012: ¥4,939 million (up 119.0%)

	Earnings per share (Yen)	Diluted earnings per share (Yen)
First quarter of FY2013	7.71	—
First quarter of FY2012	8.33	—

(2) Financial position (¥ million)

	Total assets	Net assets	Equity ratio (%)
First quarter of FY2013	609,071	223,063	33.5
FY2012	607,024	219,611	33.1

Notes: Equity

First quarter of FY2013: ¥203,949 million

FY2012 full term: ¥200,835 million

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

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	(¥ million)	YoY Change	(¥ million)	YoY Change	(¥ million)	YoY Change	(¥ million)	YoY Change	(Yen)
FY2013 (first half)	232,000	(1.2)	14,800	(6.2)	13,300	(16.9)	7,600	9.7	19.15
FY2013 (full term)	486,000	1.8	32,800	5.6	30,200	1.6	17,400	(17.9)	43.84

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

3. Quantitative information relating to business performance (consolidated basis)

In the first quarter (April 1-June 30, 2012), uncertainty surrounded the global economy, with the prospect of a slowdown in China adding to the ongoing sluggishness in the US economy and debt crisis in the eurozone. At the same time, stagnation deepened in the Japanese economy, which was held back by a range of concerns, including a steep drop in demand in the electric machinery and electronics sectors, the persistently high yen and power supply instability, which offset the fairly robust conditions in the automotive industry.

Against this backdrop, first-quarter sales on a consolidated basis fell 3.3% year-on-year to ¥112,378 million, and operating income slipped 18.9% to ¥6,194 million, ordinary income 27.9% to ¥5,833 million and net income 8.0% to ¥3,059 million.

A breakdown of business performance by operational segment follows.

(1) Industrial Gases Business

Sales of oxygen, nitrogen and argon to key customer industries such as steelmaking and chemicals rose slightly year-on-year, on the back of buoyant demand from the automaking sector. Sales of machinery and equipment such as air separation plants were also up, but welding and cutting equipment and materials were down. Recovery in demand in North America was weak, and sales remained flat. However, sales rose in the Asian region where demand remains buoyant, due partly to the contributions of newly consolidated units.

As a result of the foregoing, sales in the Industrial Gases Business declined 0.4% year-on-year to ¥72,214 million, while operating income edged down 1.3% to ¥5,167 million.

(2) Electronics Business

Profitability in the Electronics Business deteriorated significantly during the quarter under review. Sales of electronic materials gases and of electronics-related equipment and installations fell steeply year-on-year due chiefly to an ongoing slump in capacity utilization at major Japanese manufacturers of semiconductors, LCD panels and solar cells. Sales of semiconductor manufacturing equipment were up year-on-year due partly to robust shipments to Taiwan.

As a result of the above, sales in the Electronics Business fell 17.8% year-on-year to ¥21,588 million, and the segment posted an operating loss of ¥255 million compared with operating income of ¥1 billion in the same period of the previous year.

(3) Energy Business

Sales of LP gas rose year-on-year on persistently high import prices.

As a result, sales in the Energy Business increased 10.5% year-on-year to ¥10,260

million, while operating income rose 27.0% to ¥637 million.

(4) Other Businesses

In the Medical Business, equipment sales were strong. The Thermos Business also had a steady quarter on a year-on-year basis.

As a result, sales in Other Businesses edged up 1.6% year-on-year to ¥8,314 million, while operating income increased 9.9% to ¥975 million.

4. Segment information

(1) First Quarter, FY2012 (April 1, 2011 to June 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	72,521	26,274	9,288	8,183	116,268	—	116,268
(2) Sales from inter-segment transactions and transfers	884	13	1,008	673	2,579	(2,579)	—
Total	73,406	26,287	10,297	8,856	118,848	(2,579)	116,268
Operating income	5,235	1,000	502	888	7,626	10	7,636

Notes

1. Other businesses include the Medical Business, the Thermos Business and real estate operations.
2. The ¥10 million adjustment for segment earnings comprises ¥126 million of inter-segment eliminations and companywide expenses of ¥115 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) First Quarter, FY2013 (April 1, 2012 to June 30, 2012)

(¥ 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	72,214	21,588	10,260	8,314	112,378	—	112,378
(2) Sales from inter-segment transactions and transfers	391	13	514	700	1,620	(1,620)	—
Total	72,605	21,602	10,775	9,015	113,998	(1,620)	112,378
Operating income	5,167	(255)	637	975	6,525	(331)	6,194

Notes

1. Other businesses include the Medical Business, Thermos K.K. and real estate operations.
2. The ¥331 million negative adjustment for segment earnings comprises ¥46 million of inter-segment eliminations and companywide expenses of ¥377 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.