

November 5, 2012
 Taiyo Nippon Sanso Corporation

**Consolidated Financial Performance
 for the First Two Quarters of Fiscal Year 2013
 (Based on Japan GAAP)**

1. Financial results for the first two quarters (April 1, 2012 – September 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 two quarters of FY2013	228,272	(2.8)%	12,566	(20.3)%	12,042	(24.8)%	(7,910)	—%
First two quarters of FY2012	234,799	(1.1)%	15,774	(12.5)%	16,005	(10.3)%	8,414	(17.7)%

Note: Comprehensive income

First two quarters of FY2013: ¥(10,620 million) [—%]

First two quarters of FY2012: ¥5,192 million [up 219.8%]

	Earnings per share (Yen)	Diluted earnings per share (Yen)
First two quarters of FY2013	(19.93)	—
First two quarters of FY2012	21.13	—

(2) Financial position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)
First two quarters of FY2013 (September 30, 2012)	604,885	206,203	31.0
FY2012 (March 31, 2012)	607,024	219,611	33.1

Reference: Equity

First two quarters of FY2013: ¥187,223 million

FY2012 full term: ¥200,835 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
FY2012	—	6.00	—	6.00	12.00
FY2013	—	6.00			
FY2013 (est.)			—	6.00	12.00

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

3. 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 (full term)	474,000	(0.7)%	26,300	(15.3)%	24,300	(18.3)%	0	(100.0)%	0.00

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

4. General information relating to the first two quarter results

Overall business performance (consolidated basis)

In the first two quarters (April 1-September 30, 2012) of the fiscal year under review, with no positives to be seen, the world economy increasingly faltered due in part to the ongoing sovereign debt crisis in the Eurozone, the sluggish recovery of the U.S. economy, and a slowdown of economic growth in China and other emerging countries. Japan, too, faced many worrisome problems, such as the appreciating yen and rising electric utility rates, but more than any other factor, sluggish demand in the electronics industry had a major impact on the overall economy.

Against this backdrop, first-half net sales (on a consolidated basis) fell 2.8% year on year to ¥228,272 million, operating income slipped 20.3% to ¥12,566 million, and ordinary income fell 24.8% to ¥12,042 million. Moreover, with the decision to withdraw from our joint monosilane gas production business, an extraordinary loss of ¥23,300 million was posted, and thus, regrettably, we suffered a net loss of ¥7,910 million (compared with net income of ¥8,414 million in the first half of the previous fiscal year).

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

(1) Industrial Gases Business

Sales of oxygen, nitrogen, and argon increased slightly year on year, reflecting the fact that strong automobile production is driving the key customer industries of steel and chemicals. Sales of air separation plants and cutting and welding equipment and materials exceeded those of the previous fiscal year. In overseas markets, sales increased slightly, despite the

impact of the yen's appreciation on U.S. sales. Due in part to new consolidation effects, sales in Asia increased substantially year on year.

As a result of the foregoing, sales of Industrial Gases Business increased 2.6% year on year to ¥148,307 million, while operating income edged up 0.7% to ¥11,237 million.

(2) Electronics Business

The electronics industry was weak overall due to sluggish demand for semiconductors, LCD panels, solar cells, and other products. Sales of electronic materials gases and electronics-related equipment and installations were sharply down year on year. Sales of semiconductor manufacturing equipment increased mainly due to shipments in Japan and to Taiwan.

As a result of the above, sales in the Electronics Business fell 17.8% year on year to ¥46,169 million and an operating loss of ¥602 million (compared with operating income of ¥3,146 million in the first half of the previous fiscal year) was recorded.

Because of these circumstances, we withdrew from our joint monosilane gas, a key electronic materials gas, production business at the end of September 2012 owing to sharply declining earnings caused by sudden decreases in production of LCD panels and thin-film solar cells, and no prospects for an upturn in the business environment.

(3) Energy Business

Although shipments of LP gas for industrial use were down year on year in volume terms, sales for consumer use were strong.

As a result, sales in Energy Business decreased 1.8% year on year to ¥17,420 million, while operating income jumped 17.2% to ¥773 million.

(4) Other Businesses

In the Medical Business, sales of medical devices and equipment were brisk. In the Thermos Business, sales of sports-use vacuum bottles did not meet expectations and fell slightly below those of the previous fiscal year.

As a result of the foregoing, sales in Other Businesses increased 0.7% year on year to ¥16,375 million, while operating income climbed 17.8% to ¥1,773 million.

5. Segment information

(1) 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 (Segment earnings)	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.

(2) First Two Quarters, FY2013 (April 1, 2012 to September 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	148,307	46,169	17,420	16,375	228,272	-	228,272
(2) Sales from inter-segment transactions and transfers	760	59	884	1,342	3,047	(3,047)	-
Total	149,067	46,229	18,305	17,718	231,320	(3,047)	228,272
Operating income (loss) [Segment earnings (loss)]	11,237	(602)	773	1,773	13,181	(614)	12,566

Notes

1. Other Businesses include the Medical Business, Thermos Business and real estate operations.
2. The ¥614 million negative adjustment for segment earnings (loss) comprises ¥101 million of inter-segment eliminations and companywide expenses of ¥716 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.