

# Outline of Consolidated Financial Results of Taiheiyo Cement Corporation for the Second Quarter of Fiscal 2014 ended March 31, 2014

November 12, 2013

Company: Taiheiyo Cement Corporation  
Stock code: 5233  
URL: <http://www.taiheiyo-cement.co.jp/>

Fiscal 2013 2Q: April 1, 2012- September 30, 2012  
Fiscal 2013: April 1, 2012- March 31, 2013  
Fiscal 2014 2Q: April 1, 2013- September 30, 2013  
Fiscal 2014: April 1, 2013- March 31, 2014

The accompanying consolidated financial results are not intended to present the financial results in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

(All yen figures are rounded down to the nearest one million yen.)

## 1. Consolidated Financial Results for the Second Quarter of Fiscal 2014 (April 1, 2013 through September 30, 2013)

### (1) Operating Results

	Net Sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
2Q FY3/14	398,411	12.7	27,438	158.2	25,631	461.2	10,176	—
2Q FY3/13	353,519	1.8	10,625	84.3	4,567	310.2	539	—

\*comprehensive income : Fiscal 2014 2Q 27,255 Fiscal 2013 2Q 1,962

	EPS		Diluted EPS	
	Yen		Yen	
2Q FY3/14	8.29		—	
2Q FY3/13	0.44		—	

### (2) Financial Position

	Total assets		Total net assets		Equity ratio	
	Millions of Yen	%	Millions of Yen	%		%
2Q FY3/14	1,013,360		244,272		21.1	
FY3/13	982,473		219,826		19.5	

\*Equity : Fiscal 2014 2Q 213,401 Fiscal 2013 191,427

## 2. Dividends

	Dividend per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
FY3/13	—	2.00	—	2.00	4.00
FY3/14	—	2.00			
FY3/14(forecast)			—	3.00	5.00

## 3. Consolidated Results Forecast for the Fiscal 2014(April 1, 2013 through March 31, 2014)

	Net sales		Operating income		Ordinary income		Net income		EPS
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
FY3/14	824,000	10.2	64,000	57.4	57,000	74.5	21,000	85.4	17.10

This forecast is based on the information available at the date of publication of this material and assumptions at the same date with respect to the various factors which might have impact on the future financial results. Actual results may differ materially from this forecast due to various factors.

## Consolidated Balance Sheets

All yen figures are rounded down to the nearest one million yen.  
(Millions of Yen)

Item	FY3/13 (As of 03/31/13)	2Q FY3/14 (As of 9/30/13)
Assets		
Current assets		
Cash and deposits	59,379	67,352
Notes and accounts receivable-trade	174,336	166,469
Merchandise and finished goods	25,920	28,030
Work in process	4,788	6,462
Raw materials and supplies	36,455	38,487
Other	31,413	30,723
Allowance for doubtful accounts	(1,587)	(1,723)
Total current assets	330,706	335,803
Noncurrent assets		
A. Property, plant and equipment		
Buildings and structures, net	146,664	145,055
Machinery, equipment, and vehicles, net	108,314	110,331
Land	152,625	154,742
Other, net	49,884	61,182
Total property, plant and equipment	457,489	471,311
B. Intangible assets		
Goodwill	11,303	11,538
Other	30,275	30,923
Total intangible assets	41,578	42,461
C. Investments and other assets		
Investment securities	85,128	91,886
Other	74,282	78,506
Allowance for doubtful accounts	(6,713)	(6,609)
Total investments and other assets	152,698	163,783
Total noncurrent assets	651,766	677,557
Total assets	982,473	1,013,360

All yen figures are rounded down to the nearest one million yen.  
(Millions of Yen)

Item	FY3/13 (As of 03/31/13)	2Q FY3/14 (As of 9/30/13)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	85,010	81,155
Short-term loans payable	274,760	267,773
Current portion of bonds	11,478	11,665
Income taxes payable	11,000	16,368
Provision for bonuses	4,711	4,922
Provision for directors' bonuses	7	7
Provision for loss on assignment of business	2,971	2,519
Other provision	1,922	1,632
Other	70,730	69,672
Total current liabilities	462,591	455,717
<b>Noncurrent liabilities</b>		
Bonds payable	32,385	47,310
Long-term loans payable	155,336	143,828
Provision for retirement benefits	25,448	26,812
Provision for directors' retirement benefits	505	474
Provision for loss on business of subsidiaries and affiliates	138	138
Provision for asset removal	343	342
Provision for special repairs	1,866	1,863
Asset retirement obligation	8,032	7,590
Other	75,998	85,010
Total noncurrent liabilities	300,054	313,370
<b>Total liabilities</b>	762,646	769,088
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	86,174	86,174
Capital surplus	50,636	50,690
Retained earnings	91,174	98,898
Treasury stock	(934)	(901)
Total shareholders' equity	227,051	234,862
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,168	5,409
Deferred gains or losses on hedges	78	30
Revaluation reserve for land	4,563	4,409
Foreign currency translation adjustment	(39,640)	(27,179)
Adjustment for employee retirement benefit of overseas subsidiary	(3,793)	(4,129)
Total accumulated other comprehensive income	(35,624)	(21,460)
<b>Minority interests in consolidated subsidiaries</b>	28,399	30,870
<b>Total net assets</b>	219,826	244,272
<b>Total liabilities and net assets</b>	982,473	1,013,360

## Consolidated Statements of Income

All yen figures are rounded down to the nearest one million yen.  
(Millions of Yen)

Item	2QFY3/13 (4/1/12- 9/30/12)	2QFY3/14 (4/1/13- 9/30/13)
Net sales	353,519	398,411
Cost of sales	284,755	308,645
Gross profit	68,764	89,766
Selling, general and administrative expenses	58,138	62,327
Operating income	10,625	27,438
Non-operating income		
Interest income	212	211
Dividends income	395	344
Equity in earnings of unconsolidated subsidiaries and affiliates	-	231
Other	2,275	3,527
Total non-operating income	2,883	4,315
Non-operating expenses		
Interest expenses	4,646	4,303
Equity in losses of unconsolidated subsidiaries and affiliates	2,333	-
Other	1,961	1,819
Total non-operating expenses	8,941	6,122
Ordinary income	4,567	25,631
Extraordinary income		
Gain on disposal of non-current assets	2,502	1,253
Other	498	89
Total extraordinary income	3,001	1,343
Extraordinary loss		
Loss on disposal of non-current assets	1,682	1,036
Other	1,222	583
Total extraordinary losses	2,905	1,619
Income before income taxes and minority interests	4,663	25,355
Income taxes	4,189	14,537
Net income before minority interests	474	10,817
Minority interests	(64)	640
Net income	539	10,176

## Consolidated Statements of Comprehensive Income

All yen figures are rounded down to the nearest one million yen.

(Millions of Yen)

	2Q FY3/13 (4/1/12- 9/30/12)	2Q FY3/14 (4/1/13- 9/30/13)
Net income before minority interests	474	10,817
Other comprehensive income		
Valuation difference on available-for-sale securities	(963)	2,156
Deferred gains or losses on hedges	(6)	(48)
Foreign currency translation adjustment	1,629	12,154
Adjustments for employee retirement benefit of overseas subsidiary	84	(336)
Share of other comprehensive income of associates accounted for using equity method	743	2,511
Total other comprehensive income	1,488	16,437
Comprehensive income	1,962	27,255
Comprehensive income attributable to :		
Shareholders of Taiheiyo Cement Corporation	1,870	24,494
Minority interests	92	2,760

## Consolidated Statements of Cash Flows

All yen figures are rounded down to the nearest one million yen.

(Millions of Yen)

	2Q FY3/13 (4/1-12- 9/30/12)	2Q FY3/14 (4/1/13- 9/30/13)
<b>I</b> Cash flows from operating activities		
Income before income taxes and minority interests	4,663	25,355
Depreciation and amortization	18,860	19,649
Amortization of goodwill	1,014	1,082
Equity in (earnings)losses of unconsolidated subsidiaries and affiliates	2,333	(231)
Loss(gain) on valuation of investment securities	702	34
Increase(decrease) in provision for retirement benefits	(1,847)	(2,546)
Increase(decrease) in provision for directors' retirement benefits	(97)	(31)
Increase(decrease) in provision for bonuses	(21)	203
Increase(decrease) in allowance for doubtful accounts	128	12
Increase(decrease) in provision for removal of assets	(103)	(2)
Increase(decrease) in other provision	(194)	(891)
Interest and dividends income	(607)	(556)
Interest expenses	4,646	4,303
Loss(gain)on sales of investment securities	(35)	(26)
Loss(gain)on disposal of property, plant, and equipment	(823)	(216)
Decrease (increase) in notes and accounts receivable-trade	6,198	10,824
Decrease (increase) in inventories	(2,340)	(3,291)
Increase (decrease) in notes and accounts payable-trade	(3,621)	(5,008)
Other, net	2,263	3,454
Subtotal	31,116	52,116
Interest and dividends income received	855	908
Interest expenses paid	(4,842)	(4,462)
Income taxes paid	(2,822)	(10,751)
Cash flows from operating activities	24,307	37,811
<b>II</b> Cash flows from investing activities		
Decrease(Increase) in time deposits	(242)	818
Purchase of property, plant, and equipment	(13,893)	(17,599)
Proceeds from sales of property, plant, and equipment	4,116	1,750
Purchase of investment securities	(310)	(148)
Proceeds from sales of investment securities	178	323
Payments of loans receivable	(483)	(1,167)
Collections of loans receivable	1,136	2,500
Other, net	207	152
Cash flows from investing activities	(9,290)	(13,371)

III	Cash flows from financing activities		
	Increase (decrease) in short-term loans payable	(27,753)	(9,216)
	Proceeds from long-term loans payable	26,815	32,532
	Repayment of long-term loans payable	(25,598)	(50,233)
	Redemption of bonds	(10,208)	(238)
	Proceeds from issuance of bonds	20,800	15,350
	Purchase of treasury stock	(6)	(25)
	Proceeds from sales of treasury stock	0	54
	Cash dividend paid	(2,457)	(2,457)
	Cash dividends paid to minority shareholders	(419)	(415)
	Other, net	(1,644)	(2,493)
	Cash flows from financing activities	(20,472)	(17,369)
IV	Effect of exchange rate changes on cash and cash equivalents	125	1,925
V	Net increase in cash and cash equivalents	(5,330)	8,995
VI	Cash and cash equivalents at beginning of period	59,785	54,408
VII	Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(70)	(263)
VIII	Cash and cash equivalents at end of the period	54,384	63,140

### Consolidated Segment Information

All yen figures are rounded down to the nearest one million yen.  
(Millions of Yen)

	2Q FY3/13 (4/1/12 – 9/30/12)									
	Reportable Segments						Other	Total	Adjustment	Consolidated Total
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Ceramics & Electronics Business	Total				
Net sales										
Sales to outside customers	228,233	32,074	32,438	33,074	6,897	332,717	20,802	353,519	—	353,519
Inter-segment sales	5,937	8,839	2,759	1,928	18	19,483	10,883	30,367	(30,367)	—
Total	234,170	40,913	35,197	35,003	6,915	352,201	31,686	383,887	(30,367)	353,519
Segment income(loss)	6,207	1,613	3,147	(783)	(736)	9,447	1,283	10,731	(106)	10,625

	2Q FY3/14 (4/1/13 – 9/30/13)									
	Reportable Segments						Other	Total	Adjustment	Consolidated Total
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Ceramics & Electronics Business	Total				
Net sales										
Sales to outside customers	251,945	36,004	46,498	37,280	5,490	377,219	21,192	398,411	—	398,411
Inter-segment sales	5,629	9,544	2,372	2,061	3	19,611	11,322	30,933	(30,933)	—
Total	257,574	45,548	48,871	39,342	5,494	396,830	32,514	429,345	(30,933)	398,411
Segment income(loss)	18,516	3,445	3,862	611	(108)	26,327	1,353	27,680	(241)	27,438