

Summary of Consolidated Financial Results of Taiheiyo Cement Corporation for the Fiscal 2017 Ended March 31, 2017

May 11, 2017

Company: Taiheiyo Cement Corporation	Fiscal 2016: April 1, 2015-March 31, 2016
Stock code: 5233	Fiscal 2017: April 1, 2016-March 31, 2017
URL: http://www.taiheiyo-cement.co.jp/	Fiscal 2018: April 1, 2017-March 31, 2018

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 Fiscal 2017(April 1, 2016 through March 3, 2017)

(1) Operating Results

	Net Sales		Operating income		Ordinary income		Profit attributable to Owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY3/17	798,588	Δ4.4	63,235	4.6	59,802	Δ0.7	47,597	30.7
FY3/16	835,359	Δ0.9	60,433	Δ7.6	60,225	Δ11.3	36,404	Δ17.5

*comprehensive income : Fiscal 2017 51,000 Fiscal 2016 21,971

	EPS	Diluted EPS	ROE	ROA	Operating income to net sales
	Yen	Yen	%	%	%
FY3/17	38.39	—	14.0	5.9	7.9
FY3/16	29.63	—	11.7	5.9	7.2

*equity in earnings (losses) of unconsolidated subsidiaries and affiliates Fiscal 2017 2,009 Fiscal 2016 5,292

(2) Financial Position

	Total assets	Total net assets	Equity ratio	Equity per share
	Millions of Yen	Millions of Yen	%	Yen
FY3/17	1,015,415	400,034	35.6	293.02
FY3/16	1,014,075	357,073	31.4	259.11

*Equity : Fiscal 2017 361,819 Fiscal 2016 318,285

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY3/17	85,985	Δ1,945	Δ81,855	51,974
FY3/16	75,627	Δ71,099	Δ4,027	50,072

2. Dividends

	Dividend per share					Total amount of cash dividends(annual)	Dividend ratio (consolidated)	Ratio of total amount of dividends to shareholder's equity(consolidated)
	1Q	2Q	3Q	4Q	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY3/16	—	3.00	—	3.00	6.00	7,415	20.2	2.4
FY3/17	—	3.00	—	3.00	6.00	7,515	15.6	2.2
FY3/18(forecast)	—	3.00	—	3.00	6.00		21.2	

3. Consolidated Results Forecast for the Fiscal 2018 (April 1, 2017 through March 31, 2018)

	Net sales		Operating income		Ordinary income		Profit attributable to Owners of parent		EPS
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
1HFY3/18	406,000	7.7	23,000	7.2	22,000	5.8	13,000	Δ69.2	10.53
FY3/18	853,000	6.8	65,000	2.8	61,000	2.0	35,000	Δ26.5	28.34

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	FY3/16 (As of 3/31/16)	FY3/17 (As of 3/31/17)
Assets		
Current assets		
Cash and deposits	53,539	60,516
Notes and accounts receivable-trade	161,392	171,946
Merchandise and finished goods	31,187	31,835
Work in process	1,485	1,708
Raw materials and supplies	42,624	42,422
Deferred tax assets	6,886	9,098
Short-term loans receivable	3,018	3,896
Other	9,721	12,595
Allowance for doubtful accounts	(938)	(1,125)
Total current assets	308,918	332,895
Noncurrent assets		
A. Property, plant and equipment		
Buildings and structures, net	132,708	136,454
Machinery, equipment, and vehicles, net	147,151	135,380
Land	140,726	160,571
Construction in progress	20,950	19,083
Other, net	46,074	45,660
Total property, plant and equipment	487,611	497,151
B. Intangible assets		
Goodwill	6,432	3,409
Other	37,487	34,250
Total intangible assets	43,919	37,660
C. Investments and other assets		
Investment securities	115,443	84,781
Long-term loans receivable	1,127	3,238
Assets for retirement benefits	8,968	17,352
Deferred tax assets	23,258	19,056
Other	31,483	31,613
Allowance for doubtful accounts	(6,655)	(8,333)
Total investments and other assets	173,626	147,708
Total noncurrent assets	705,156	682,520
Total assets	1,014,075	1,015,415

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

Item	FY3/16 (As of 3/31/16)	FY3/17 (As of 3/31/17)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	73,893	79,676
Short-term loans payable	160,421	134,428
Current portion of bonds	450	11,120
Income taxes payable	8,351	5,914
Deferred tax liabilities	5	4
Provision for bonuses	5,723	5,742
Other provision	751	410
Other	71,631	71,613
Total current liabilities	321,229	308,910
Noncurrent liabilities		
Bonds payable	46,155	35,035
Long-term loans payable	187,471	160,346
Deferred tax liabilities	3,527	8,378
Liability for retirement benefits	22,814	24,217
Provision for directors' retirement benefits	433	568
Provision for special repairs	245	121
Other provision	747	981
Lease obligations	15,662	21,285
Asset retirement obligations	7,990	7,520
Other	50,725	48,013
Total noncurrent liabilities	335,772	306,469
Total liabilities	657,002	615,380
Net assets		
Shareholders' equity		
Capital stock	86,174	86,174
Capital surplus	50,925	59,548
Retained earnings	188,731	228,914
Treasury stock	(979)	(10,911)
Total shareholders' equity	324,851	363,725
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,755	9,830
Deferred gains or losses on hedges	16	48
Revaluation reserve for land	4,665	5,065
Foreign currency translation adjustment	(4,174)	(12,862)
Retirement benefits liability adjustments	(11,829)	(3,987)
Total accumulated other comprehensive income	(6,566)	(1,906)
Non-controlling interests	38,787	38,215
Total net assets	357,073	400,034
Total liabilities and net assets	1,014,075	1,015,415

Consolidated Statements of Income

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

Item	FY3/16 (4/1/15- 3/31/16)	FY3/17 (4/1/16- 3/31/17)
Net sales	835,359	798,588
Cost of sales	640,375	599,924
Gross profit	194,983	198,664
Selling, general and administrative expenses	134,550	135,429
Operating income	60,433	63,235
Non-operating income		
Interest income	604	690
Dividends income	959	959
Real estate rent	384	311
Equity in earnings of unconsolidated subsidiaries and affiliates	5,292	2,009
Other	4,216	1,916
Total non-operating income	11,456	5,888
Non-operating expenses		
Interest expenses	6,492	4,998
Other	5,172	4,321
Total non-operating expenses	11,664	9,320
Ordinary income	60,225	59,802
Extraordinary income		
Gain on disposal of property, plant, and equipment	1,666	648
Gain on sales of investment securities	1,325	4,012
Gain on bargain purchase	-	16,874
Other	290	126
Total extraordinary income	3,282	21,661
Extraordinary loss		
Loss on disposal of property, plant, and equipment	3,205	3,965
Loss on sale of investment securities	81	24
Loss on valuation of investment securities	374	68
Impairment loss	5,757	20,693
Loss on step acquisitions	-	3,034
Other	1,497	936
Total extraordinary losses	10,915	28,723
Income before income taxes and non-controlling interests	52,592	52,741
Income taxes-current	14,334	8,830
Income taxes-deferred	678	(3,646)
Profit	37,579	47,556
Profit attributable to non-controlling interests	1,175	(40)
Profit attributable to owners of parent	36,404	47,597

Consolidated Statements of Comprehensive Income

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

Item	FY3/16 (4/1/15- 3/31/16)	FY3/17 (4/1/16- 3/31/17)
Profit	37,579	47,556
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,864)	3,721
Deferred gains or losses on hedges	(5)	18
Revaluation reserve for land	237	-
Foreign currency translation adjustment	(2,869)	(8,851)
Remeasurements of defined benefit retirement plans, net of tax	(7,728)	(7,966)
Share of other comprehensive income of associates accounted for using equity method	(3,378)	588
Total other comprehensive income	(15,608)	3,443
Comprehensive income	21,971	51,000
Comprehensive income attributable to :		
Owners of parent	21,758	52,257
Non-controlling interests	212	(1,257)

Consolidated Statements of Changes in Net Assets

FY3/16(4/1/15-3/31/16)

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

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at pre end of term	86,174	50,757	158,939	(934)	294,937
Changes of items during period					
Change in treasury shares of parent arising from transactions with non-controlling shareholders		167			167
Dividends of surplus			(7,370)		(7,370)
Profit attributable to owners of parent			36,404		36,404
Reversal of revaluation reserve for land			14		14
Purchase of treasury stock				(46)	(46)
Disposal of treasury stock		0		0	0
Change in scope of consolidation			743		743
Change by share exchanges					
Increase by merger of consolidated subsidiary and non-consolidated subsidiary					
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	167	29,791	(45)	29,914
Balance at end of this term	86,174	50,925	188,731	(979)	324,851

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Retirement benefits liability adjustments	Total other comprehensive income		
Balance at pre end of term	6,908	2	4,295	649	(4,148)	7,707	44,845	347,490
Changes of items during period								
Change in treasury shares of parent arising from transactions with non-controlling shareholders								167
Dividends of surplus								(7,370)
Profit attributable to owners of parent								36,404
Reversal of revaluation reserve for land								14
Purchase of treasury stock								(46)
Disposal of treasury stock								0
Change in scope of consolidation								743
Change by share exchanges								
Increase by merger of consolidated subsidiary and non-consolidated subsidiary								
Net changes of items other than shareholders' equity	(2,153)	14	369	(4,823)	(7,680)	(14,274)	(6,057)	(20,331)
Total changes of items during the period	(2,153)	14	369	(4,823)	(7,680)	(14,274)	(6,057)	9,582
Balance at end of this term	4,755	16	4,665	(4,174)	(11,829)	(6,566)	38,787	357,073

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at pre end of term	86,174	50,925	188,731	(979)	324,851
Changes of items during period					
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(88)			(88)
Dividends of surplus			(7,474)		(7,474)
Profit attributable to owners of parent			47,597		47,597
Reversal of revaluation reserve for land					
Purchase of treasury stock				(10,045)	(10,045)
Disposal of treasury stock		546		482	1,029
Change in scope of consolidation					
Change by share exchanges		8,165		(369)	7,795
Increase by merger of consolidated subsidiary and non-consolidated subsidiary			59		59
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	8,623	40,182	(9,932)	38,873
Balance at end of this term	86,174	59,548	228,914	(10,911)	363,725

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Retirement benefits liability adjustments	Total other comprehensive income		
Balance at pre end of term	4,755	16	4,665	(4,174)	(11,829)	(6,566)	38,787	357,073
Changes of items during period								
Change in treasury shares of parent arising from transactions with non-controlling shareholders								(88)
Dividends of surplus								(7,474)
Profit attributable to owners of parent								47,597
Reversal of revaluation reserve for land								-
Purchase of treasury stock								(10,045)
Disposal of treasury stock								1,029
Change in scope of consolidation								-
Change by share exchanges								7,795
Increase by merger of consolidated subsidiary and non-consolidated subsidiary								59
Net changes of items other than shareholders' equity	5,074	31	400	(8,688)	7,842	4,660	(571)	4,088
Total changes of items during the period	5,074	31	400	(8,688)	7,842	4,660	(571)	42,961
Balance at end of this term	9,830	48	5,065	(12,862)	(3,987)	(1,906)	38,215	400,034

Consolidated Statements of Cash Flows

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

(Millions of Yen)

Item	FY3/16 (4/1/15-3/31/16)	FY3/17 (4/1/16-3/31/17)
Cash flows from operating activities:		
Profit (loss) before income taxes	52,592	52,741
Depreciation	43,957	44,459
Amortization of goodwill	2,967	2,518
Share of (profit) loss of entities accounted for using equity method	(5,292)	(2,009)
Loss (gain) on valuation of investment securities	374	68
Increase (decrease) in net defined benefit asset and liability	(1,027)	3,648
Increase (decrease) in provision for directors' retirement benefits	(32)	107
Increase (decrease) in provision for bonuses	509	(29)
Increase (decrease) in allowance for doubtful accounts	(689)	826
Increase (decrease) in provision for removal of assets	(41)	-
Increase (decrease) in other provision	(158)	(601)
Interest and dividends income	(1,563)	(1,650)
Interest expenses	6,492	4,998
Loss (gain) on sales of investment securities	(1,243)	(3,988)
Loss (gain) on disposal of non-current assets	1,539	3,317
Impairment loss	5,757	20,693
(Increase) Decrease in notes and accounts receivable-trade	7,259	(3,236)
Decrease in inventories	(3,694)	(267)
Decrease in notes and accounts payable-trade	(6,525)	1,200
Loss (gain) on step acquisitions	-	3,034
Gain on bargain purchase	-	(16,874)
Other, net	(4,268)	(8,551)
Subtotal	96,910	100,405
Interest and dividends income received	1,971	2,046
Interest expenses paid	(6,599)	(5,006)
Income taxes paid	(16,655)	(11,460)
Cash flows from operating activities:	75,627	85,985
Cash flows from investing activities:		
Decrease(Increase) in time deposits	(350)	(4,855)
Purchase of property, plant, and equipment	(35,922)	(40,190)
Proceeds from sales of property, plant, and equipment	6,061	4,276
Purchase of other depreciated assets	(128)	(1,995)
Proceeds from sales of other depreciated assets	0	66
Purchase of investment securities	(342)	(870)
Proceeds from sales and redemption of investment securities	995	41,062
Proceeds from sales of investments in subsidiaries resulting from change in scope of consolidation	6,747	-
Payments from sales of investments in subsidiaries resulting from change in scope of consolidation	(1,040)	-
Payments of loans receivable	(693)	(3,950)
Collection of loans receivable	3,510	3,826
Payments for transfer of business	(50,863)	-
Other, net	927	685
Cash flows from investing activities:	(71,099)	(1,945)
Cash flows from financing activities:		
Net increase(decrease) in short-term loans payable	(9,798)	(23,513)
Increase(decrease) in commercial paper	(5,000)	-
Proceeds from long-term loans payable	105,866	15,253
Repayment of long-term loans payable	(60,055)	(51,609)
Redemption of bonds	(20,395)	(450)
Proceeds from share issuance to non-controlling shareholder	-	1,400
Proceeds from sales of treasury stock	0	1,144
Purchase of treasury stock	(43)	(10,045)
Cash dividends paid	(7,370)	(7,474)
Cash dividends paid to minority shareholders	(1,015)	(639)
Other, net	(6,216)	(5,921)
Cash flows from financing activities:	(4,027)	(81,855)
Effect of exchange rate change on cash and cash equivalents	(510)	(1,474)
Net increase(decrease) in cash and cash equivalents	(10)	710
Cash and cash equivalents at beginning of period	50,645	50,072
Decrease in cash and cash equivalents resulting from change of scope of consolidation	(596)	-
Increase in cash and cash equivalents resulting from share exchanges	-	1,108
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	138	83
Increase(decrease) in cash and cash equivalents from corporate division	(105)	-
Cash and cash equivalents at end the period	50,072	51,974

Consolidated Segment Information

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

[Industry Segments]

(Millions of Yen)

	FY3/17 (4/1/16- 3/31/17)							Eliminations	Consolidated total
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Other	Total			
Net sales									
(1) Net sales to outside customers	546,891	58,559	70,405	69,912	52,819	798,588	—	798,588	
(2) Intersegment net sales	12,023	21,617	7,495	4,114	22,511	67,762	(67,762)	—	
Total	558,915	80,177	77,901	74,027	75,331	866,351	(67,762)	798,588	
Segment operating profit	38,898	7,759	7,666	6,061	3,267	63,654	(418)	63,235	

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

[Geographic segments]

(Millions of Yen)

	Japan	America	Other	Total
Net sales	606,996	111,186	80,405	798,588
Noncurrent assets	346,686	103,831	46,634	497,151