

Outline of Consolidated Financial Results of Taiheiyo Cement Corporation for the Second Quarter of Fiscal 2011 ended March 31, 2011

November 9, 2010

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

Fiscal 2010 2Q: April 1, 2009- September 30, 2009
 Fiscal 2010: April 1, 2009-March 31, 2010
 Fiscal 2011 2Q: April 1, 2010- September 30, 2010
 Fiscal 2011: April 1, 2010-March 31, 2011

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 2011 (April 1, 2010 through September 30, 2010)

(1) Operating Results

| | Net Sales | | Operating loss | | Ordinary loss | | Net loss | |
|-----------|-----------------|--------|-----------------|---|-----------------|---|-----------------|---|
| | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % |
| 2Q FY3/11 | 343,014 | (4.2) | (1,801) | — | (7,679) | — | (13,101) | — |
| 2Q FY3/10 | 357,938 | (16.6) | (1,732) | — | (4,316) | — | (7,988) | — |

| | EPS | | Diluted EPS | |
|-----------|---------|-----|-------------|-----|
| | Yen | Yen | Yen | Yen |
| 2Q FY3/11 | (13.93) | — | — | — |
| 2Q FY3/10 | (8.53) | — | — | — |

(2) Financial Position

| | Total assets | | Total net assets | | Equity ratio | | Equity per share | |
|-----------|-----------------|---|------------------|---|--------------|--------|------------------|--|
| | Millions of Yen | % | Millions of Yen | % | % | Yen | % | |
| 2Q FY3/11 | 1,051,175 | — | 155,886 | — | 12.2 | 136.10 | — | |
| FY3/10 | 1,155,256 | — | 188,187 | — | 13.3 | 162.86 | — | |

2. Dividends

| | Dividend per share | | | | |
|------------------|--------------------|------|-----|------|-------|
| | 1H | 2Q | 3Q | 4Q | Total |
| | Yen | Yen | Yen | Yen | Yen |
| FY3/10 | — | 0.00 | — | 0.00 | 0.00 |
| FY3/11 | — | 0.00 | — | — | — |
| FY3/11(forecast) | — | — | — | — | — |

3. Consolidated Results Forecast for the Fiscal 2011 (April 1, 2010 through March 31, 2011)

| | Net sales | | Operating income | | Ordinary income | | Net income | | EPS |
|--------|-----------------|-------|------------------|-------|-----------------|---------|-----------------|---|------|
| | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Millions of Yen | % | Yen |
| FY3/11 | 691,400 | (5.1) | 10,500 | 193.9 | 2,000 | 1,250.5 | 4,000 | — | 4.30 |

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 | 2Q FY3/11 (As of 9/30/10) | FY3/10 (As of 3/31/10) |
|--|------------------------------|---------------------------|
| Assets | | |
| Current assets | | |
| Cash and time deposits | 71,113 | 119,437 |
| Notes and accounts receivable-trade | 141,781 | 153,699 |
| Merchandise and finished goods | 31,268 | 31,367 |
| Work in process | 9,430 | 8,084 |
| Raw materials and supplies | 39,092 | 36,806 |
| Other | 53,777 | 52,827 |
| Allowance for doubtful accounts | (1,869) | (1,868) |
| Total current assets | 344,594 | 400,353 |
| Non-current assets | | |
| A. Property, plant and equipment | | |
| Buildings and structures, net | 154,730 | 160,864 |
| Machinery, equipment, and vehicles, net | 119,271 | 128,958 |
| Land | 157,677 | 169,027 |
| Other, net | 72,056 | 71,411 |
| Total property, plant and equipment | 503,735 | 530,261 |
| B. Intangible assets | | |
| Goodwill | 16,141 | 17,998 |
| Other | 32,536 | 35,993 |
| Total intangible assets | 48,678 | 53,991 |
| C. Investments and other assets | | |
| Investment securities | 87,555 | 102,955 |
| Other | 75,530 | 76,642 |
| Allowance for doubtful accounts | (8,919) | (8,947) |
| Total investments and other assets | 154,167 | 170,650 |
| Total noncurrent assets | 706,581 | 754,903 |
| Total assets | 1,051,175 | 1,155,256 |

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

| Item | 2Q FY3/11 (As of 9/30/10) | FY3/10 (As of 3/31/10) |
|---|------------------------------|---------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 72,033 | 82,958 |
| Short-term loans payable | 315,367 | 291,523 |
| Commercial papers | 51,000 | 46,000 |
| Current portion of bonds | 10,472 | 20,610 |
| Current portion of bonds with subscription rights to shares | – | 21,982 |
| Income taxes payable | 5,305 | 2,848 |
| Provision for bonuses | 4,575 | 5,242 |
| Provision for directors bonuses | 7 | 7 |
| Provision for loss on transfer of business | 5,588 | 5,588 |
| Provision for business structure reform costs | 14,008 | 17,262 |
| Other provision | 866 | 886 |
| Asset retirement obligations | 305 | – |
| Other | 57,450 | 58,556 |
| Total current liabilities | 536,981 | 553,466 |
| Noncurrent liabilities | | |
| Bonds payable | 52,680 | 63,050 |
| Bonds with subscription rights to shares | – | 40 |
| Long-term loans payable | 193,084 | 235,870 |
| Provision for retirement benefits | 30,698 | 35,412 |
| Provision for directors retirement benefits | 585 | 792 |
| Provision for loss on business of subsidiaries and affiliates | 138 | 138 |
| Provision for special repairs | 284 | 400 |
| Asset retirement obligations | 5,966 | – |
| Other | 74,869 | 77,896 |
| Total noncurrent liabilities | 358,307 | 413,602 |
| Total liabilities | 895,288 | 967,069 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 69,499 | 69,499 |
| Capital surplus | 33,962 | 60,384 |
| Retained earnings | 63,286 | 52,753 |
| Treasury stock | (909) | (960) |
| Total shareholders' equity | 165,838 | 181,676 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 3,790 | 6,586 |
| Deferred gains or losses on hedges | (22) | 6 |
| Revaluation reserve for land | 4,461 | 4,503 |
| Foreign currency translation adjustment | (43,757) | (37,115) |
| Accumulated other comprehensive losses | (2,253) | (2,468) |
| Valuation and translation adjustments | (37,781) | (28,488) |
| Minority interests in consolidated subsidiaries | 27,830 | 34,999 |
| Total net assets | 155,886 | 188,187 |
| Total liabilities and net assets | 1,051,175 | 1,155,256 |

Consolidated Statements of Income

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

(Millions of Yen)

| Item | 2Q FY3/10 (4/1/09– 9/30/09) | 2Q FY3/11 (4/1/10– 9/30/10) |
|--|-----------------------------------|-----------------------------------|
| Net sales | 357,938 | 343,014 |
| Cost of sales | 296,884 | 285,801 |
| Gross profit | 61,053 | 57,213 |
| Selling, general and administrative expenses | 62,786 | 59,014 |
| Operating loss | (1,732) | (1,801) |
| Non-operating income | | |
| Interest income | 304 | 265 |
| Dividends income | 893 | 772 |
| Equity in earnings of unconsolidated subsidiaries and affiliates | 503 | – |
| Other | 2,574 | 2,110 |
| Total non-operating income | 4,275 | 3,148 |
| Non-operating expenses | | |
| Interest expenses | 5,002 | 4,919 |
| Equity in losses of unconsolidated subsidiaries and affiliates | – | 582 |
| Other | 1,857 | 3,524 |
| Total non-operating expenses | 6,860 | 9,026 |
| Ordinary loss | (4,316) | (7,679) |
| Extraordinary income | | |
| Gain on disposal of non-current assets | 361 | 8,101 |
| Gain on sales of investments in securities | 13 | 1,084 |
| Other | 269 | 806 |
| Total extraordinary income | 644 | 9,991 |
| Extraordinary loss | | |
| Loss on disposal of non-current assets | 1,323 | 729 |
| Loss on sale of investment securities | – | 2,543 |
| Loss on valuation of investment securities | – | 2,243 |
| Impairment loss | 14 | 164 |
| Influence by changing accounting policy of asset retirement obligation | – | 4,056 |
| Other | 1,190 | 1,893 |
| Total Extraordinary loss | 2,528 | 11,630 |
| Loss before income taxes | (6,201) | (9,318) |
| Income taxes-current | 1,926 | 4,460 |
| Income taxes-deferred | (122) | (729) |
| Income taxes | 1,803 | 3,730 |
| Loss before minority interests | – | (13,049) |
| Minority interests in income (loss) | (16) | 51 |
| Net loss | (7,988) | (13,101) |

Consolidated Statements of Cash Flows

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

(Millions of Yen)

| Item | 2Q FY3/10 | 2Q FY3/11 |
|--|-------------------------|-------------------------|
| | (4/1/09 – 9/30/09) | (4/1/10 – 9/30/10) |
| I Net cash provided by(used in) operating activities | | |
| Loss before income taxes | (6,201) | (9,318) |
| Depreciation and amortization | 23,930 | 21,302 |
| Amortization of goodwill | 1,669 | 1,577 |
| Equity in (earnings)losses of affiliates | (503) | 582 |
| Loss(gain) on valuation of investment securities | 197 | (2,243) |
| Increase(decrease) in provision for retirement benefits | 55 | (1,508) |
| Decrease in provision for directors retirement benefits | (271) | (178) |
| Decrease in provision for bonuses | (489) | (387) |
| Decrease in provision for directors' bonuses | (19) | – |
| Increase(decrease) in allowance for doubtful accounts | (526) | 55 |
| Decrease in provision for business structure reform | – | (3,254) |
| Increase(decrease) in other provision | (741) | 942 |
| Interest and dividends income | (1,197) | (1,038) |
| Interest expenses | 5,002 | 4,919 |
| Loss on sales of investment securities | 227 | 1,458 |
| Loss on liquidation of subsidiaries and affiliates | 0 | 131 |
| Loss(gain) on disposal of property, plant, and equipment | 961 | (7,371) |
| Impairment loss | 14 | 164 |
| Decrease (increase) in notes and accounts receivable-trade | 20,570 | 6,087 |
| Decrease (increase) in inventories | 6,273 | (4,480) |
| Increase (decrease) in notes and accounts payable-trade | (23,243) | (6,932) |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | – | 4,056 |
| Other, net | (6,284) | 2,771 |
| Subtotal | 19,423 | 11,823 |
| Interest and dividends income received | 2,146 | 1,376 |
| Interest expenses paid | (5,169) | (5,147) |
| Income taxes paid | (1,687) | (303) |
| Net cash provided by(used in) operating activities | 14,712 | 7,749 |
| II Net cash provided by(used in) investing activities | | |
| Decrease(Increase) in time deposits | (680) | 65 |
| Purchase of property, plant, and equipment | (22,504) | (13,647) |
| Proceeds from sales of property, plant, and equipment | 1,062 | 10,495 |
| Purchase of investment securities | (118) | (186) |
| Proceeds from sales of investment securities | 6,349 | 3,118 |
| Payments for sales of investments in subsidiaries resulting in change in scope of consolidation | – | (1,636) |
| Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation | 59 | – |
| Payments of loans receivable | (1,621) | (1,515) |
| Collection of loans receivable | 1,565 | 1,703 |
| Other, net | 1,336 | 110 |
| Net cash provided by(used in) investing activities | (14,552) | (1,491) |

| | | | |
|------|---|----------|----------|
| III | Net cash provided by(used in) financing activities | | |
| | Net increase (decrease) in short-term loans payable | (4,730) | 11,603 |
| | Increase (decrease) in commercial papers | (12,000) | 5,000 |
| | Proceeds from long-term loans payable | 32,777 | 28,995 |
| | Repayment of long-term loans payable | (26,252) | (50,221) |
| | Redemption of bonds | (317) | (20,297) |
| | Redemption of bonds with subscription rights to shares | – | (22,000) |
| | Proceeds from issuance of bonds | 10,500 | 600 |
| | Purchase of treasury stock | (775) | (4) |
| | Proceeds from sales of treasury stock | 1 | 0 |
| | Cash dividends paid to minority shareholders | (632) | (405) |
| | Other, net | (480) | (776) |
| | Net cash provided by(used in) financing activities | (1,909) | (47,506) |
| IV | Effect of exchange rate changes on cash and cash equivalents | 960 | (773) |
| V | Net increase in cash and cash equivalents | (788) | (42,022) |
| VI | Cash and cash equivalents at beginning of period | 56,299 | 113,480 |
| VII | Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation | – | (127) |
| VIII | Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries | – | 18 |
| IX | Increase in cash and cash equivalents resulting from merger | – | 105 |
| X | Decrease in cash and cash equivalents resulting from corporate divestiture | (126) | – |
| XI | Cash and cash equivalents at end of the period | 55,383 | 71,455 |

Consolidated Segment Information

(Information regarding sales and income(loss)by reportable segments)

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

(Millions of Yen)

| | 2Q FY3/11 (4/1/10 – 9/30/10) | | | | | | | | | |
|-----------------------------------|------------------------------|----------------------------|------------------------|---------------------------------|---------------------------------|---------|--------|---------|------------|--|
| | Reportable Segments | | | | | | Other | Total | Adjustment | Figures in Consolidated Statements of Income |
| | Cement Business | Mineral Resources Business | Environmental Business | Construction Materials Business | Ceramics & Electronics Business | Total | | | | |
| Sales | | | | | | | | | | |
| Sales to outside customers | 202,769 | 31,397 | 25,905 | 34,439 | 17,174 | 311,686 | 31,328 | 343,014 | — | 343,014 |
| Inter segment sales and transfers | 5,105 | 7,763 | 2,485 | 2,562 | 20 | 17,937 | 16,554 | 34,492 | (34,492) | — |
| Total | 207,874 | 39,161 | 28,391 | 37,001 | 17,194 | 329,623 | 47,882 | 377,506 | (34,492) | 343,014 |
| Segment income(loss) | (2,973) | 274 | 2,362 | (1,689) | (860) | (2,886) | 1,295 | (1,590) | (210) | (1,801) |