

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

February 8, 2011

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

Fiscal 2010 3Q: April 1, 2009- December 31, 2009
Fiscal 2010: April 1, 2009-March 31, 2010
Fiscal 2011 3Q: April 1, 2010- December 31, 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 Third Quarter of Fiscal 2011 (April 1, 2010 through December 31, 2010)

(1) Operating Results

	Net Sales		Operating income		Ordinary income		Net loss	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
3Q FY3/11	537,326	(1.6)	8,554	131.9	1,661	(31.2)	(5,367)	—
3Q FY3/10	546,193	(17.6)	3,688	(58.5)	2,416	—	(2,543)	—

	EPS	Diluted EPS
	Yen	Yen
3Q FY3/11	(5.71)	—
3Q FY3/10	(2.72)	—

(2) Financial Position

	Total assets	Total net assets	Equity ratio	Equity per share
	Millions of Yen	Millions of Yen	%	Yen
3Q FY3/11	1,049,707	159,887	12.6	140.75
FY3/10	1,155,256	188,187	13.3	162.86

2. Dividends

	Dividend per share				
	1Q	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	3Q FY3/11 (As of 12/31/10)	FY3/10 (As of 3/31/10)
Assets		
Current assets		
Cash and time deposits	68,864	119,437
Notes and accounts receivable-trade	168,170	153,699
Merchandise and finished goods	28,054	31,367
Work in process	9,055	8,084
Raw materials and supplies	36,173	36,806
Other	49,902	52,827
Allowance for doubtful accounts	(1,953)	(1,868)
Total current assets	358,268	400,353
Non-current assets		
A. Property, plant and equipment		
Buildings and structures, net	153,867	160,864
Machinery, equipment, and vehicles, net	112,064	128,958
Land	156,489	169,027
Other, net	70,831	71,411
Total property, plant and equipment	493,252	530,261
B. Intangible assets		
Goodwill	15,025	17,998
Other	31,396	35,993
Total intangible assets	46,422	53,991
C. Investments and other assets		
Investment securities	91,047	102,955
Other	69,200	76,642
Allowance for doubtful accounts	(8,484)	(8,947)
Total investments and other assets	151,763	170,650
Total non-current assets	691,438	754,903
Total assets	1,049,707	1,155,256

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

Item	3Q FY3/11 (As of 12/31/10)	FY3/10 (As of 3/31/10)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	83,704	82,958
Short-term loans payable	304,297	291,523
Commercial papers	37,000	46,000
Current portion of bonds	20,438	20,610
Current portion of bonds with subscription rights to shares	–	21,982
Income taxes payable	8,096	2,848
Provision for bonuses	2,462	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	2,728	17,262
Other provision	861	886
Asset retirement obligations	403	–
Other	60,965	58,556
Total current liabilities	526,556	553,466
Non-current liabilities		
Bonds payable	42,779	63,050
Bonds with subscription rights to shares	–	40
Long-term loans payable	210,209	235,870
Provision for retirement benefits	28,003	35,412
Provision for directors' retirement benefits	600	792
Provision for loss on business of subsidiaries and affiliates	138	138
Provision for special repairs	296	400
Asset retirement obligations	5,832	–
Other	75,402	77,896
Total non-current liabilities	363,263	413,602
Total liabilities	889,819	967,069
Net assets		
Shareholders' equity		
Capital stock	69,499	69,499
Capital surplus	33,962	60,384
Retained earnings	71,034	52,753
Treasury stock	(915)	(960)
Total shareholders' equity	173,580	181,676
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,534	6,586
Deferred gains or losses on hedges	(20)	6
Revaluation reserve for land	4,447	4,503
Foreign currency translation adjustment	(47,041)	(37,115)
Accumulated other comprehensive losses	(2,078)	(2,468)
Valuation and translation adjustments	(41,157)	(28,488)
Minority interests	27,464	34,999
Total net assets	159,887	188,187
Total liabilities and net assets	1,049,707	1,155,256

Consolidated Statements of Income

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

Item	3Q FY3/10 (4/1/09– 12/31/09)	3Q FY3/11 (4/1/10– 12/31/10)
Net sales	546,193	537,326
Cost of sales	448,060	438,814
Gross profit	98,133	98,512
Selling, general and administrative expenses	94,444	89,958
Operating income	3,688	8,554
Non-operating income		
Interest income	439	351
Dividends income	1,076	949
Equity in earnings of unconsolidated subsidiaries and affiliates	3,904	778
Other	3,094	2,901
Total non-operating income	8,514	4,980
Non-operating expenses		
Interest expenses	7,462	7,223
Other	2,323	4,650
Total non-operating expenses	9,786	11,873
Ordinary income	2,416	1,661
Extraordinary income		
Gain on disposal of non-current assets	1,146	9,759
Gain on sales of investments in securities	24	2,385
Other	412	1,116
Total extraordinary income	1,584	13,261
Extraordinary loss		
Loss on disposal of non-current assets	1,629	1,222
Loss on sale of investment securities	–	2,556
Loss on valuation of investment securities	–	2,203
Impairment loss	15	164
Influence by changing accounting policy of asset retirement obligation	–	4,056
Other	1,638	2,319
Total Extraordinary loss	3,283	12,521
Income before income taxes	717	2,401
Income taxes-current	2,732	7,746
Income taxes-deferred	(20)	(458)
Income taxes	2,711	7,288
Loss before minority interests	–	(4,887)
Minority interests in income	549	480
Net loss	(2,543)	(5,367)

Consolidated Statements of Cash Flows

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

(Millions of Yen)

Item	3Q FY3/10 4/1/09 – 12/31/09	3Q FY3/11 4/1/10 – 12/31/10
I Net cash provided by(used in) operating activities		
Income before income taxes	717	2,401
Depreciation and amortization	36,317	31,593
Amortization of goodwill	2,500	2,372
Equity in (earnings)losses of affiliates	(3,904)	(778)
Loss(gain) on valuation of investment securities	329	2,203
Increase(decrease) in provision for retirement benefits	91	(1,857)
Decrease in provision for directors' retirement benefits	(294)	(163)
Decrease in provision for bonuses	(2,567)	(2,498)
Decrease in provision for directors' bonuses	(19)	–
Increase(decrease) in allowance for doubtful accounts	(315)	197
Decrease in provision for business structure reform	–	(14,534)
Increase(decrease) in other provision	(931)	950
Interest and dividends income	(1,516)	(1,300)
Interest expenses	7,462	7,223
Loss on sales of investment securities	226	171
Loss on liquidation of subsidiaries and affiliates	0	481
Loss(gain) on disposal of property, plant, and equipment	482	(8,537)
Impairment loss	15	164
Decrease (increase) in notes and accounts receivable-trade	2,958	(21,095)
Decrease (increase) in inventories	10,659	1,227
Increase (decrease) in notes and accounts payable-trade	(15,727)	5,199
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	4,056
Other, net	153	2,734
Subtotal	36,640	10,209
Interest and dividends income received	2,500	1,683
Interest expenses paid	(8,021)	(7,578)
Income taxes paid	(3,977)	(1,135)
Net cash provided by(used in) operating activities	27,141	3,178
II Net cash provided by(used in) investing activities		
Decrease(Increase) in time deposits	(837)	(135)
Purchase of property, plant, and equipment	(31,768)	(18,208)
Proceeds from sales of property, plant, and equipment	2,119	12,569
Purchase of investment securities	(285)	(197)
Proceeds from sales of investment securities	6,360	6,079
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	58	–
Payments of loans receivable	(2,262)	(1,928)
Collection of loans receivable	1,829	2,714
Other, net	1,443	673
Net cash provided by(used in) investing activities	(23,341)	(69)

Item	3Q FY3/10	3Q FY3/11
	(4/1/09 – 12/31/09)	(4/1/10 – 12/31/10)
III Net cash provided by(used in) financing activities		
Net increase (decrease) in short-term loans payable	(3,296)	16,776
Increase (decrease) in commercial papers	(17,000)	(9,000)
Proceeds from long-term loans payable	64,477	55,355
Repayment of long-term loans payable	(36,358)	(71,816)
Redemption of bonds	(477)	(20,432)
Redemption of bonds with subscription rights to shares	(12,000)	(22,000)
Proceeds from issuance of bonds	10,500	800
Purchase of treasury stock	(784)	(11)
Proceeds from sales of treasury stock	3	0
Cash dividends paid to minority shareholders	(660)	(405)
Other, net	(986)	(1,162)
Net cash provided by(used in) financing activities	3,416	(51,896)
IV Effect of exchange rate changes on cash and cash equivalents	182	(1,616)
V Net increase(decrease) in cash and cash equivalents	7,398	(50,403)
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	–	(169)
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 Increase in cash and cash equivalents resulting from merger of subsidiaries	161	–
XI Decrease in cash and cash equivalents resulting from corporate divestiture	(126)	–
XII Cash and cash equivalents at end of the period	63,732	63,031

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)

	3Q FY3/11 (4/1/10 – 12/31/10)									
	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	320,272	49,239	39,867	54,672	29,707	497,759	43,567	537,326	—	537,326
Inter segment sales and transfers	7,739	12,379	3,702	3,816	24	27,662	21,933	49,596	(49,596)	—
Total	328,012	61,619	43,569	58,489	29,731	521,422	65,501	586,923	(49,596)	537,326
Segment income(loss)	3,311	1,297	3,752	(1,096)	(760)	6,503	2,472	8,976	(421)	8,554