

Taiheiyo Cement Corporation

Reference Materials of Financial Results for Fiscal 2013 (the Year Ended March 31, 2013)

Contents

Trend in Construction Investments and Domestic Demand of Cement	Page 1
Volume of Sales and Shipment Results by Region	Page 2
Financial Results for Fiscal 2013	Pages 3-4
Consolidated Balance Sheets	Page 5-6
Consolidated Statements of Cash Flows	Page 7
Forecast of Fiscal 2014	Pages 8-9
[Reference Information]	
1. Status of the Consolidated Group	Page 10
2. Change in Interest-bearing Debt	Page 10
3. Change in Number of Personnel	Page 10
4. Change in Capital Investment	Page 10
5. Change in Depreciation Expenses	Page 10
6. Change in Experiment and Research Expenses	Page 11
7. Cement Sales in Overseas Subsidiaries	Page 11
8. Financial Results of Ssangyong Cement	Page 11
9. Overview of Businesses in the U.S.	Page 11
10. Forecast of the first half of Fiscal 2014	Page 12

May 14, 2013

1. Trend in Construction Investments and Domestic Demand of Cement

	Estimate of construction investments (in nominal terms) (100 million yen)	Year-on year change (%)	Domestic Demand (including imports) (Thousand tons)	Year-on year change (%)	Exports (Thousand tons)	Year-on year change (%)
Fiscal 1997	828,077	4.8	82,417	2.5	12,427	-7.2
Fiscal 1998	751,906	-9.2	76,573	-7.1	11,219	-9.7
Fiscal 1999	714,269	-5.0	70,719	-7.6	7,558	-32.6
Fiscal 2000	685,039	-4.1	71,515	1.1	7,564	0.1
Fiscal 2001	661,948	-3.4	71,435	-0.1	7,477	-1.2
Fiscal 2002	612,875	-7.4	67,811	-5.1	7,863	5.2
Fiscal 2003	568,401	-7.3	63,514	-6.3	8,554	8.8
Fiscal 2004	536,880	-5.5	59,687	-6.0	9,879	15.5
Fiscal 2005	528,246	-1.6	57,569	-3.5	10,373	5.0
Fiscal 2006	515,676	-2.4	59,089	2.6	10,273	-1.0
Fiscal 2007	513,281	-0.5	58,985	-0.2	9,592	-6.6
Fiscal 2008	476,961	-7.1	55,506	-5.9	10,017	4.4
Fiscal 2009	481,517	1.0	50,087	-9.8	10,672	6.5
Fiscal 2010	429,649	-10.8	42,732	-14.7	11,054	3.6
Fiscal 2011	(estimated value) 408,700	-4.9	41,614	-2.6	9,967	-9.8
Fiscal 2012	(estimated value) 417,000	2.0	42,650	2.5	10,006	0.4
Fiscal 2013	(forecasted value) 443,500	6.4	44,577	4.5	9,632	-3.7

[Sources]

Estimate of construction investments:

for Fiscal 1997 to Fiscal 2012, Ministry of Land, Infrastructure, Transport and Tourism

for Fiscal 2013 onwards, Research Institute of Construction and Economy (RICE)

Domestic demand of cement: Japan Cement Association

2. Volume of Sales and Shipment Results by Region

Volume of sales of cement by region (excluding imports)

	Fiscal 2011		Fiscal 2012		Fiscal 2013	
	Volume of sales (Thousand tons)	Year-on-year change (%)	Volume of sales (Thousand tons)	Year-on-year change (%)	Volume of sales (Thousand tons)	Year-on-year change (%)
Hokkaido	2,030	-9.4	1,999	-1.5	1,978	-1.1
Tohoku	2,860	-5.0	3,008	5.2	4,066	35.2
Kanto 1	9,461	-0.5	10,139	7.2	10,344	2.0
Kanto 2	3,848	1.0	3,959	2.9	4,053	2.4
Hokuriku	2,342	0.5	2,232	-4.7	2,205	-1.2
Tokai	4,873	-3.8	4,810	-1.3	4,839	0.6
Kinki	5,561	1.0	5,707	2.6	5,894	3.3
Shikoku	1,633	-1.7	1,638	0.3	1,727	5.4
Chugoku	2,700	-7.7	2,746	1.7	2,760	0.5
Kyushu	4,969	-3.3	4,928	-0.8	5,142	4.3
Okinawa	763	-2.5	746	-2.3	747	0.1
Domestic Total	41,040	-2.2	41,912	2.1	43,754	4.4
Exports	9,967	-9.8	10,006	0.4	9,632	-3.7
Total	51,007	-3.8	51,918	1.8	53,387	2.8

Source: Japan Cement Association

Shipment of ready-mixed concrete by region

	Fiscal 2011		Fiscal 2012		Fiscal 2013	
	Shipment (Thousand cubic meters)	Year-on-year change (%)	Shipment (Thousand cubic meters)	Year-on-year change (%)	Shipment (Thousand cubic meters)	Year-on-year change (%)
Hokkaido	3,227	-7.2	3,563	10.4	3,448	-3.2
Tohoku	5,780	-4.2	6,182	6.9	8,679	40.4
Kanto 1	20,944	4.6	22,207	6.0	22,594	1.7
Kanto 2	6,539	1.5	6,730	2.9	7,018	4.3
Hokuriku	5,279	1.0	4,937	-6.5	4,818	-2.4
Tokai	10,668	-3.0	10,905	2.2	10,850	-0.5
Kinki	11,282	-1.6	11,900	5.5	12,765	7.3
Chugoku	5,508	-5.4	5,549	0.7	5,422	-2.3
Shikoku	3,694	-6.2	3,606	-2.4	3,913	8.5
Kyushu	12,358	-2.0	12,385	0.2	12,592	1.7
Total	85,278	-0.9	87,964	3.1	92,099	4.7

Source: National Federation of Ready-Mixed Concrete Industrial Associations

Financial Results for Fiscal 2013

Consolidated Statements of Income

(Millions of yen)

Item		Fiscal 2012	Fiscal 2013	Change		
Ordinary income and loss	Operating income/loss	Net sales	727,849	747,616	19,767	
		Cost of sales	581,814	587,498	5,683	
		Gross profit	146,034	160,118	14,084	
		Selling, general and administrative expenses	116,849	119,459	2,609	
		Operating income	29,185	40,659	11,474	
	Non-operating income and expenses	Income	Interest income	508	439	-69
			Dividends income	1,864	683	-1,180
			Real estate rent	396	625	229
			Other	4,740	5,606	865
			Total	7,510	7,355	-155
		Expenses	Interest expenses	9,490	9,052	-438
			Equity in losses of unconsolidated subsidiaries and affiliates	3,011	1,097	-1,914
			Other	5,696	5,197	-499
			Total	18,199	15,347	-2,852
			Ordinary income	18,496	32,667	14,170
Extraordinary income and losses	Income	Gain on disposal of non-current assets	2,589	3,575	986	
		Gain on sales of investment securities	137	82	-54	
		Other	4,848	1,260	-3,588	
		Total	7,575	4,918	-2,656	
	Losses	Loss on disposal of non-current assets	2,467	4,613	2,146	
		Loss on sale of investment securities	15	90	74	
		Loss on valuation of investment securities	586	878	292	
		Impairment loss	1,141	3,003	1,861	
		Loss on business withdrawal	789	240	-548	
		Loss on disaster	2,637	-	-2,637	
		Other	2,657	1,764	-892	
		Total	10,294	10,590	296	
		Income before income tax and minority interests	15,777	26,995	11,217	
Income taxes-current	5,032	13,018	7,985			
Income taxes-deferred	2,162	1,653	-509			
Income taxes total	7,195	14,671	7,476			
Income before minority interests	8,582	12,323	3,741			
Minority interests in income	736	994	257			
Net income	7,845	11,329	3,484			

Sales volume of cement (Thousand tons)

	Fiscal 2012	Fiscal 2013	Change
Domestic	14,648	15,447	798
Export	3,277	3,236	-41

Segment Information

(1) Net sales

(Millions of yen)

	Fiscal 2012	Fiscal 2013	Change	Main factors of change	
Cement business	Domestic	367,260	380,403	13,142	Domestic Domestic cement sales increased +6.8 bil. yen Price difference in domestic cement +0.4 bil. yen Decrease in export volume -0.2 bil. yen Price difference in export cement +1.6 bil. yen Increased sales from companies producing ready-mixed concrete and merchandising firms of ready-mixed concrete etc. +4.3 bil. yen
	Overseas subsidiaries	97,003	101,560	4,557	Overseas subsidiaries U. S. +\$8 million China -\$24 million; Asia +\$54 million Effect of foreign exchange +0.5 bil. yen
Total	464,263	481,963	17,699		
Mineral Resources business	83,062	85,093	2,031	Increased shipments of lightweight soil and others related to recovery in Tohoku	
Environmental business	65,334	79,035	13,701	Increased intake of disaster waste and coal ash	
Construction Materials business	84,919	85,362	442		
Ceramics & Electronics business	27,384	12,247	-15,137	Decreased sales of business end of SANSHIN HUNGARY	
Other	66,773	69,702	2,928		
Total	791,737	813,405	21,667		
Eliminations or corporate assets	-63,888	-65,788	-1,900		
Consolidated total	727,849	747,616	19,767		

(2) Operating income

	Fiscal 2012	Fiscal 2013	Change	Main factors of change	
Cement business	Domestic	20,907	28,821	7,914	Domestic Domestic cement sales increased +4.2 bil. yen Price difference in domestic cement +0.3 bil. yen Increase in net export revenue +0.9 bil. yen Variable cost etc. reduction +6.3 bil. yen Increased fixed cost -4.7 bil. yen Increased income from companies producing ready-mixed concrete and merchandising firms of ready-mixed concrete etc. +1.0 bil. yen
	Overseas subsidiaries	-4,348	-2,444	1,903	Overseas subsidiaries U. S. +\$37 million China -\$14 million Asia +\$1 million
Total	16,558	26,377	9,818		
Mineral Resources business	2,697	4,109	1,412	Increased shipments of lightweight soil and others related to recovery in Tohoku	
Environmental business	6,537	7,228	690	Increased intake of disaster waste and coal ash	
Construction Materials business	1,540	1,951	411		
Ceramics & Electronics business	-507	-1,356	-849	Decreased profit in Ceramics business	
Other	3,122	3,260	138		
Total	29,949	41,571	11,621		
Eliminations or corporate assets	-764	-911	-147		
Consolidated total	29,185	40,659	11,474		

[Reference information]

Foreign exchange rate Fiscal 2012 average: ¥79.80 per dollar; Fiscal 2013 average: ¥79.81 per dollar; difference: -¥0.01
Exchange rate at end of Dec. 2011: ¥77.74 per dollar; at end of Dec. 2012: ¥86.58 per dollar; difference: -¥8.84

Consolidated Balance Sheets

(Millions of yen)

	As of 3/31/12	As of 3/31/13	Change
Cash and deposits	64,505	59,379	-5,125
Notes and accounts receivable-trade	167,638	174,336	6,697
Merchandise and finished goods	26,155	25,920	-234
Work in process	4,773	4,788	15
Raw materials and supplies	37,145	36,455	-689
Deferred tax assets	12,756	10,444	-2,312
Short-term loans receivable	12,361	11,431	-929
Investments and other assets	10,928	9,537	-1,391
Allowance for doubtful accounts	-1,766	-1,587	179
Total current assets	334,496	330,706	- 3,790
Property, plant and equipment			
Buildings and structures	150,556	146,664	-3,891
Machinery, equipment and vehicles	106,117	108,314	2,197
Land	151,935	152,625	690
Construction in progress	10,679	9,104	-1,575
Other	42,501	40,780	-1,721
Total property, plant and equipment	461,789	457,489	-4,300
Intangible assets			
Goodwill	12,343	11,303	-1,040
Other	29,617	30,275	658
Total intangible assets	41,960	41,578	-381
Investments and other assets			
Investment securities	78,574	85,128	6,554
Long-term loans receivable	1,144	1,086	-58
Deferred tax assets	22,521	23,522	1,001
Other	47,475	49,674	2,198
Allowance for doubtful accounts	-5,730	-6,713	-982
Total investments and other assets	143,984	152,698	8,713
Total noncurrent assets	647,735	651,766	4,031
Total assets	982,231	982,473	241
Notes and accounts payable-trade	84,300	85,010	709
Short-term loans payable	251,710	274,760	23,049
Current portion of bonds	30,366	11,478	-18,888
Income taxes payable	3,251	11,000	7,749
Deferred tax liabilities	471	402	-68
Provision for bonuses	4,395	4,711	316
Provision for directors' bonuses	7	7	-
Provision for loss on transfer of business	4,191	2,971	-1,220
Other provision	1,468	1,922	453
Other	68,017	70,327	2,310
Total current liabilities	448,180	462,591	14,411
Bonds payable	22,143	32,385	10,242
Long-term loans payable	205,965	155,336	-50,628
Deferred tax liabilities	12,887	14,004	1,116
Deferred tax liabilities for land revaluation	5,285	5,285	-
Provision for retirement benefits	24,802	25,448	645
Provision for directors' retirement benefits	550	505	-44
Provision for loss on business of subsidiaries and affiliates	138	138	-
Provision for special repairs	286	343	57
Provision for asset removal	2,002	1,866	-135
Other provision	330	669	338
Lease obligations	16,792	17,404	612
Asset retirement obligations	7,103	8,032	929
Other	39,619	38,634	-985
Total noncurrent liabilities	337,907	300,054	-37,852
Total liabilities	786,087	762,646	-23,440
Capital stock	86,174	86,174	-
Capital surplus	50,636	50,636	-0

	As of 3/31/12	As of 3/31/13	Change
Retained earnings	85,041	91,174	6,133
Treasury stock	-916	-934	-17
Total shareholders' equity	220,935	227,051	6,116
Valuation difference on available-for-sale securities	985	3,168	2,182
Deferred gains or losses on hedges	20	78	58
Revaluation reserve for land	4,710	4,563	-147
Foreign currency translation adjustments	-53,678	-39,640	14,038
Adjustment liability of retirement benefits for overseas subsidiaries	-3,358	-3,793	-434
Total accumulated other comprehensive income	-51,321	-35,624	15,696
Minority interests	26,529	28,399	1,869
Total net assets	196,144	219,826	23,682
Total liabilities and total net assets	982,231	982,473	241

Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2012	Fiscal 2013	Change
Net cash provided by (used in) operating activities	36,624	61,505	24,881
Income before income taxes and minority interests	15,777	26,995	11,218
Depreciation and amortization	41,624	39,422	-2,202
Decrease (increase) in notes and accounts receivable-trade	-18,005	-4,992	13,013
Increase (decrease) in notes and accounts payable-trade	5,667	-471	-6,138
Other	-8,439	551	8,990
Net cash provided by (used in) investing activities	-17,252	-16,441	811
Purchase of property, plant, and equipment	-23,894	-24,937	-1,043
Proceeds from sale of property, plant, and equipment	5,041	7,652	2,611
Purchase of investment securities	-1,332	-878	454
Proceeds from sales of investment securities	1,598	941	-657
Other	1,335	781	-554
Net cash provided by (used in) in financing activities	-19,227	-51,792	-32,565
Decrease (increase) in interest-bearing liabilities	-52,637	-43,038	9,599
Proceeds from issuance of new stock	33,350	-	-33,350
Dividends of surplus fund	-4,809	-4,914	-105
Other	4,869	-3,840	-8,709
Effect of exchange rate changes on cash and cash equivalents	-1,666	1,597	3,263
Net increase (decrease) in cash and cash equivalents	-1,521	-5,129	-3,608
Other	41	-247	-288
Cash and cash equivalents at beginning of term	61,265	59,785	-1,480
Cash and cash equivalents at end of term	59,785	54,408	-5,377

(Millions of yen)

Increase (decrease) in interest-bearing liabilities	As of 3/31/12	As of 3/31/13	Difference
Bonds payable	22,143	32,385	10,242
Current portion of bonds	30,366	11,478	-18,888
Long-term loans payable	205,965	155,336	-50,628
Short-term loans payable	251,710	274,760	23,049
Total interest-bearing liabilities	510,184	473,959	-36,225

	As of 3/31/12	As of 3/31/13	Difference
Equity ratio (%)	17.3	19.5	2.2
Equity ratio based on market value (%)	23.0	27.6	4.6
Equity per share (yen)	138.1	155.9	17.8
Current ratio (%)	74.6	71.5	-3.1
Earnings per share (yen)	7.2	9.2	2.1
ROA (%)	1.9	3.3	1.5
Cash flows / interest-bearing liabilities ratio (years)	13.9	7.7	-6.2
Interest coverage ratio (times)	3.9	6.8	2.9
Net DE ratio	2.6	2.2	-0.5

Forecast of Fiscal 2014

[Preconditions]

- Domestic production: Fiscal 2014 45 million tons
- Foreign exchange rate: 95.0 yen per dollar (15.2 yen lower than Fiscal 2013)

(100 million yen)

		Fiscal 2013 (actual)	Fiscal 2014 (forecast)	Differences
Net sales	Cement business (domestic)	3,804	3,817	13
	Overseas subsidiaries	1,015	1,338	322
	Cement business (total)	4,819	5,155	335
	Mineral Resources business	850	876	25
	Environmental business	790	969	179
	Construction Materials business	853	858	4
	Ceramics & Electronics business	122	93	-28
	Other	697	716	19
	Total	8,134	8,670	536
	Eliminations	-657	-690	-32
Consolidated	7,476	7,980	503	
Operating income	Cement business (domestic)	288	302	14
	Overseas subsidiaries	-24	15	39
	Cement business (total)	263	317	54
	Mineral Resources business	41	42	1
	Environmental business	72	79	6
	Construction Materials business	19	21	1
	Ceramics & Electronics business	-13	-3	9
	Other	32	31	-1
	Total	415	488	73
	Eliminations	-9	-8	0
Consolidated	406	480	73	
Ordinary income	326	400	73	
Extraordinary losses	-56	-90	-33	
Income before income tax and minority interests	269	310	40	
Net income	113	130	16	

Sales volume of cement (Thousand tons)

	Fiscal 2013 (actual)	Fiscal 2014 (forecast)	Change
Domestic	15,447	15,522	75
Export	3,236	3,500	264

Main factors of changes in Net sales

[Cement]

Domestic:

Domestic cement sales increased +0.6 bil. yen

Price difference in domestic cement +3.1 bil. yen

Increase in export volume +0.9 bil. yen

Price difference in export cement +1.1 bil. yen

Decreased sales from companies producing ready-mixed concrete and merchandising firms of ready-mixed concrete etc. -4.3 bil. yen

Overseas subsidiaries:

U. S. +\$100 million

China -\$4 million

Asia +\$34 million

Other +\$3 million

Effect of foreign exchange +21.7 bil. yen

Main factors of changes in Operating income

[Cement]

Domestic:

Domestic cement sales increased +0.4 bil. yen

Price difference in domestic cement +2.5 bil. yen

Increase in net export revenue +1.1 bil. yen

Variable cost etc. increase -0.9 bil. yen

Increased fixed cost -0.5 bil. yen

Decreased profit from companies producing ready-mixed concrete and merchandising firms of ready-mixed concrete etc. -0.5 bil. yen

Overseas subsidiaries:

U. S. +\$48 million

China -\$11 million

Asia +\$8 million

Other -\$3 million

Effect of foreign exchange +0.6 bil. yen

[Reference Information]

1. Status of the Consolidated Group

(No. of companies)

	As of 3/31/09	As of 3/31/10	As of 3/31/11	As of 3/31/12	As of 3/31/13
Consolidated subsidiaries	172	167	149	145	141
Equity method subsidiaries	14	16	12	14	14
Equity method affiliates	51	48	40	38	38
Total of companies within the scope of consolidation	237	231	201	197	193
Subsidiaries outside the scope of consolidation	125	117	100	95	94
Affiliates outside the scope of consolidation	87	87	73	72	64
Total of companies outside the scope of consolidation	212	204	173	167	158
Total	449	435	374	364	351

2. Change in Interest-bearing Debt

(100 million yen)

	As of 3/31/09	As of 3/31/10	As of 3/31/11	As of 3/31/12	As of 3/31/13	As of 3/31/14 (forecast)
The Company	3,650	4,064	3,261	2,890	2,552	2,550
Consolidated subsidiaries	2,783	2,726	2,400	2,211	2,187	2,130
Whole group	6,433	6,790	5,661	5,101	4,739	4,680

3. Change in Number of Personnel

(No. of persons)

	As of 3/31/09	As of 3/31/10	As of 3/31/11	As of 3/31/12	As of 3/31/13
The Company	3,306	3,238	2,340	2,289	2,276
Consolidated subsidiaries	15,228	13,671	13,532	12,178	11,556
Whole group	18,534	16,909	15,872	14,467	13,832

4. Change in Capital Investment

(100 million yen)

	As of 3/31/09	As of 3/31/10	As of 3/31/11	As of 3/31/12	As of 3/31/13	As of 3/31/14 (forecast)
The Company	196	127	150	166	191	203
Consolidated subsidiaries	404	263	174	191	134	143
Whole group	600	390	324	357	325	346

5. Change in Depreciation Expenses

(100 million yen)

	As of 3/31/09	As of 3/31/10	As of 3/31/11	As of 3/31/12	As of 3/31/13	As of 3/31/14 (forecast)
The Company	228	217	180	182	177	171
Consolidated subsidiaries	289	270	251	234	217	213
Whole group	517	487	431	416	394	384

6. Change in Experiment and Research Expenses

(100 million yen)

	As of 3/31/09	As of 3/31/10	As of 3/31/11	As of 3/31/12	As of 3/31/13	As of 3/31/14 (forecast)
The Company	40	37	31	29	30	34
Consolidated subsidiaries	10	9	9	7	8	8
Whole group	50	46	40	36	38	42

7. Cement Sales in Overseas Subsidiaries (Sum of the sales of the consolidated subsidiaries)

(10 thousand tons)

	As of 3/31/09	As of 3/31/10	As of 3/31/11	As of 3/31/12	As of 3/31/13
U.S.A.	432	277	255	276	275
Asia	940	943	1,003	1,091	1,106
Other regions	16	13	13	15	14

8. Financial Results of Ssangyong Cement

	Fiscal 2009 actual	Fiscal 2010 actual	Fiscal 2011 actual	Fiscal 2012 actual	Fiscal 2013 actual
Sales of cement clinker	1,331	1,395	1,436	1,519	10 thousand tons 1,478
Net sales	11,723	10,836	10,368	11,657	100 million won 13,337
Operating income (loss)	-156	707	438	194	819
Ordinary income (loss)	-1,653	762	293	-388	131
Net income (loss)	-1,687	742	293	-388	131
Outstanding balance of loans	As of 12/31/08 11,849	As of 12/31/09 7,580	As of 12/31/10 6,101	As of 12/31/11 8,777	As of 12/31/12 9,760

9. Overview of Businesses in the U.S. (Taiheiyō Cement U.S.A., Inc., on a consolidated basis)

(\$ thousands)

	Fiscal 2009 actual	Fiscal 2010 actual	Fiscal 2011 actual	Fiscal 2012 actual	Fiscal 2013 actual	As of 3/31/14 (forecast)
Net sales	910,241	574,753	493,356	555,188	563,016	663,000
Operating income (loss)	54,013	-82,558	-98,455	-114,893	-77,575	-29,000
Net income (loss)	27,019	-53,876	-31,759	-79,843	-59,751	-29,000

10. Financial Results for the First Half of Fiscal 2014

(100 million yen)

		First Half of Fiscal 2013 (actual)	First Half of Fiscal 2014 (forecast)	Differences
Net sales	Cement business (domestic)	1,870	1,891	20
	Overseas subsidiaries	470	617	146
	Cement business (total)	2,341	2,508	166
	Mineral Resources business	409	429	20
	Environmental business	351	473	121
	Construction Materials business	350	376	26
	Ceramics & Electronics business	69	45	-23
	Other	316	308	-8
	Total	3,838	4,141	302
	Eliminations	-303	-321	-18
	Consolidated	3,535	3,820	284
Operating income	Cement business (domestic)	81	102	21
	Overseas subsidiaries	-19	-21	-1
	Cement business (total)	62	81	19
	Mineral Resources business	16	18	2
	Environmental business	31	39	7
	Construction Materials business	-7	0	7
	Ceramics & Electronics business	-7	-5	2
	Other	12	8	-4
	Total	107	142	35
	Eliminations	-1	-2	-1
	Consolidated	106	140	33
Ordinary income		45	90	44
Extraordinary income (loss)		0	-20	-20
Income before income tax and minority interests		46	70	23
Net income		5	15	9