

Outline of Consolidated Financial Results of Taiheiyo Cement Corporation for the Second Quarter of Fiscal 2015 ended March 31, 2015

November 11, 2014

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

Fiscal 2014 2Q: April 1, 2013- September 30,2013
 Fiscal 2014: April 1, 2013- March 31, 2014
 Fiscal 2015 2Q: April 1, 2014- September 30, 2014
 Fiscal 2015: April 1, 2014- March 31, 2015

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 2015(April 1, 2014 through September 30, 2014)

(1) Operating Results

	Net Sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
2Q FY3/15	404,297	1.5	27,770	1.2	28,440	11.0	18,155	78.4
2Q FY3/14	398,411	12.7	27,438	158.2	25,631	461.2	10,176	-

*comprehensive income : Fiscal 2015 2Q 21,956 Fiscal 2014 2Q 27,255

	EPS		Diluted EPS	
	Yen		Yen	
2Q FY3/15	14.78		-	
2Q FY3/14	8.29		-	

(2) Financial Position

	Total assets		Total net assets		Equity ratio	
	Millions of Yen	%	Millions of Yen	%		
2Q FY3/15	1,018,616		292,865		24.9	
FY3/14	1,015,564		273,312		23.7	

*Equity : Fiscal 2015 2Q 253,977 Fiscal 2014 240,256

2. Dividends

	Dividend per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
FY3/14	—	2.00	—	3.00	5.00
FY3/15	—	2.00			
FY3/15(forecast)			—	3.00	5.00

3. Consolidated Results Forecast for the Fiscal 2015(April 1, 2014 through March 31, 2015)

	Net sales		Operating income		Ordinary income		Net income		EPS
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
FY3/15	848,000	0.9	70,000	-0.6	67,000	-3.7	35,000	-0.6	28.49

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	FY3/14 (As of 3/31/14)	2Q FY3/15 (As of 9/30/14)
Assets		
Current assets		
Cash and deposits	59,369	57,427
Notes and accounts receivable-trade	176,245	173,861
Merchandise and finished goods	26,113	28,175
Work in process	4,120	3,929
Raw materials and supplies	39,323	41,418
Other	34,700	32,794
Allowance for doubtful accounts	(1,568)	(1,857)
Total current assets	338,304	335,748
Noncurrent assets		
A. Property, plant and equipment		
Buildings and structures, net	142,417	138,592
Machinery, equipment, and vehicles, net	112,379	110,059
Land	155,301	160,600
Other, net	60,217	62,285
Total property, plant and equipment	470,316	471,537
B. Intangible assets		
Goodwill	10,890	9,177
Other	31,338	30,249
Total intangible assets	42,228	39,426
C. Investments and other assets		
Investment securities	98,890	105,650
Asset for retirement benefits	12,134	13,343
Other	59,991	59,466
Allowance for doubtful accounts	(6,302)	(6,555)
Total investments and other assets	164,714	171,904
Total noncurrent assets	677,259	682,868
Total assets	1,015,564	1,018,616

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

Item	FY3/14 (As of 3/31/14)	2Q FY3/15 (As of 9/30/14)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	83,691	78,701
Short-term loans payable	228,127	213,067
Current portion of bonds	610	20,440
Income taxes payable	18,040	8,572
Provision for bonuses	5,538	5,747
Other provision	2,683	1,436
Other	70,156	74,627
Total current liabilities	408,848	402,593
Noncurrent liabilities		
Bonds payable	47,090	46,870
Long-term loans payable	159,291	149,215
Liability for retirement benefits	25,359	24,602
Provision for directors' retirement benefits	509	483
Provision for loss on business of subsidiaries and affiliates	138	138
Provision for special repairs	357	314
Provision for asset removal	574	572
Asset retirement obligations	7,230	7,212
Other	92,853	93,746
Total noncurrent liabilities	333,404	323,157
Total liabilities	742,252	725,751
Net assets		
Shareholders' equity		
Capital stock	86,174	86,174
Capital surplus	50,690	50,769
Retained earnings	121,212	135,404
Treasury stock	(936)	(903)
Total shareholders' equity	257,141	271,444
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,084	6,896
Deferred gains or losses on hedges	50	8
Revaluation reserve for land	4,252	4,062
Foreign currency translation adjustment	(16,799)	(19,693)
Retirement benefits liability adjustments	(9,472)	(8,742)
Total accumulated other comprehensive income	(16,884)	(17,467)
Minority interests in consolidated subsidiaries	33,055	38,888
Total net assets	273,312	292,865
Total liabilities and net assets	1,015,564	1,018,616

Consolidated Statements of Income

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

Item	2Q FY3/14 (4/1/13- 9/30/13)	2Q FY3/15 (4/1/14- 9/30/14)
Net sales	398,411	404,297
Cost of sales	308,645	310,863
Gross profit	89,766	93,433
Selling, general and administrative expenses	62,327	65,662
Operating income	27,438	27,770
Non-operating income		
Interest income	211	245
Dividends income	344	396
Equity in earnings of unconsolidated subsidiaries and affiliates	231	3,933
Other	3,527	1,991
Total non-operating income	4,315	6,567
Non-operating expenses		
Interest expenses	4,303	3,533
Other	1,819	2,363
Total non-operating expenses	6,122	5,897
Ordinary income	25,631	28,440
Extraordinary income		
Gain on disposal of property, plant, and equipment	1,253	720
Gain on step acquisitions	-	916
Gain on forgiveness of debts	-	4,425
Other	89	578
Total extraordinary income	1,343	6,641
Extraordinary loss		
Loss on disposal of property, plant, and equipment	1,036	1,199
Business structure reform expenses	-	1,360
Other	583	456
Total extraordinary losses	1,619	3,015
Income before income taxes and minority interests	25,355	32,066
Income taxes-current	14,537	8,972
Net Income before minority interests	10,817	23,094
Minority interests in income	640	4,938
Net income	10,176	18,155

Consolidated Statements of Comprehensive Income

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

(Millions of Yen)

	2Q FY3/14 (4/1/13- 9/30/13)	2Q FY3/15 (4/1/14- 9/30/14)
Net income before minority interests	10,817	23,094
Other comprehensive income		
Valuation difference on available-for-sale securities	2,156	1,742
Deferred gains or losses on hedges	(48)	(18)
Foreign currency translation adjustment	12,154	(3,635)
Adjustments for employee retirement benefit of overseas subsidiary	(336)	-
Retirement benefits liability adjustments	-	731
Share of other comprehensive income of associates accounted for using equity method	2,511	41
Total other comprehensive income	16,437	(1,138)
Comprehensive income	27,255	21,956
Comprehensive income attributable to :		
Shareholders of Taiheiyo Cement Corporation	24,494	17,762
Minority interests	2,760	4,193

Consolidated Statements of Cash Flows

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

(Millions of Yen)

	2Q FY3/14 (4/1-13- 9/30/13)	2Q FY3/15 (4/1/14- 9/30/14)
Cash flows from operating activities		
Income before income taxes and minority interests	25,355	32,066
Depreciation and amortization	19,649	19,986
Amortization of goodwill	1,082	1,186
Equity in (earnings)losses of unconsolidated subsidiaries and affiliates	(231)	(3,933)
Loss(gain) on valuation of investment securities	34	5
Increase(decrease) in provision for retirement benefits	(2,546)	-
Changes in asset and liability for retirement benefits	-	(682)
Increase(decrease) in provision for directors' retirement benefits	(31)	(37)
Increase(decrease) in provision for bonuses	203	196
Increase(decrease) in allowance for doubtful accounts	12	532
Increase(decrease) in provision for removal of assets	(2)	(2)
Increase(decrease) in other provision	(891)	(1,208)
Interest and dividends income	(556)	(642)
Interest expenses	4,303	3,533
Loss(gain)on sales of investment securities	(26)	(65)
Loss(gain)on disposal of property, plant, and equipment	(216)	478
Decrease (increase) in notes and accounts receivable-trade	10,824	2,299
Decrease (increase) in inventories	(3,291)	(4,522)
Increase (decrease) in notes and accounts payable-trade	(5,008)	(5,208)
Business structure reform expenses	-	1,360
Other, net	3,454	(1,055)
Subtotal	52,116	44,215
Interest and dividends income received	908	969
Interest expenses paid	(4,462)	(3,726)
Income taxes paid	(10,751)	(18,037)
Cash flows from operating activities	37,811	23,421
Cash flows from investing activities		
Decrease(Increase) in time deposits	818	528
Purchase of property, plant, and equipment	(17,599)	(21,230)
Proceeds from sales of property, plant, and equipment	1,750	2,100
Purchase of investment securities	(148)	(765)
Proceeds from sales of investment securities	323	119
Purchases of investments in subsidiaries resulting in change in scope of consolidation	-	(516)
Payments of loans receivable	(1,167)	(938)
Collections of loans receivable	2,500	2,153
Other, net	152	320
Cash flows from investing activities	(13,371)	(18,230)

Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(9,216)	1,460
Proceeds from long-term loans payable	32,532	24,084
Repayment of long-term loans payable	(50,233)	(45,204)
Redemption of bonds	(238)	(390)
Proceeds from issuance of bonds	15,350	20,000
Purchase of treasury stock	(25)	(29)
Proceeds from sales of treasury stock	54	0
Cash dividend paid	(2,457)	(3,685)
Cash dividends paid to minority shareholders	(415)	(222)
Other, net	(2,493)	(2,428)
Cash flows from financing activities	(17,369)	(6,414)
Effect of exchange rate changes on cash and cash equivalents	1,925	(866)
Net increase(decrease) in cash and cash equivalents	8,995	(2,089)
Cash and cash equivalents at beginning of period	54,408	55,604
Increase(decrease) in cash and cash equivalents due to changes in scope of consolidation	(263)	354
Increase in cash and cash equivalents resulting from merger of subsidiaries	-	73
Cash and cash equivalents at end of the period	63,140	53,942

Consolidated Segment Information

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

	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	Total				
Net sales									
Sales to outside customers	251,945	36,004	46,498	37,280	371,728	21,192	398,411	—	398,411
Inter-segment sales	5,629	9,544	2,372	2,061	19,607	11,322	30,895	(30,895)	—
Total	257,574	45,548	48,871	39,342	391,336	32,514	429,307	(30,895)	398,411
Segment income(loss)	18,516	3,445	3,862	611	26,435	1,353	27,669	(231)	27,438

	2Q FY3/15 (4/1/14 – 9/30/14)								
	Reportable Segments					Other	Total	Adjustment	Consolidated Total
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Total				
Net sales									
Sales to outside customers	267,675	36,002	34,560	38,230	376,468	27,828	404,297	—	404,297
Inter-segment sales	5,214	11,389	2,535	1,998	21,138	12,239	33,377	(33,377)	—
Total	272,889	47,391	37,095	40,229	397,607	40,067	437,674	(33,377)	404,297
Segment income(loss)	17,709	2,612	3,500	1,205	25,028	2,757	27,786	(15)	27,770