

## Outline of Consolidated Financial Results of Taiheiyo Cement Corporation for the Second Quarter of Fiscal 2016 ended March 31, 2016

November 10, 2015

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

Fiscal 2015 2Q: April 1, 2014- September 30, 2014  
Fiscal 2015: April 1, 2014- March 31, 2015  
Fiscal 2016 2Q: April 1, 2015- September 30, 2015  
Fiscal 2016: April 1, 2015- March 31, 2016

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 2016(April 1, 2015 through September 30, 2015)

#### (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	%
2Q FY3/16	415,152	2.7	25,255	Δ9.1	26,396	Δ7.2	15,802	Δ13.0
2Q FY3/15	404,297	1.5	27,770	1.2	28,440	11.0	18,155	78.4

\*comprehensive income : Fiscal 2016 2Q 17,579 Fiscal 2015 2Q 21,956

	EPS	Diluted EPS
	Yen	Yen
2Q FY3/16	12.86	—
2Q FY3/15	14.78	—

#### (2) Financial Position

	Total assets	Total net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
2Q FY3/16	1,076,698	361,088	29.4
FY3/15	1,040,602	347,490	29.1

\*Equity : Fiscal 2016 2Q 316,274 Fiscal 2015 302,645

#### 2. Dividends

	Dividend per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
FY3/15	—	2.00	—	3.00	5.00
FY3/16	—	3.00	—	—	—
FY3/16(forecast)	—	—	—	3.00	6.00

### 3. Consolidated Results Forecast for the Fiscal 2016(April 1, 2015 through March 31, 2016)

	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
FY3/16	866,000	2.7	66,000	0.9	65,000	Δ4.3	37,000	Δ16.1	30.11

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	FY3/15 (As of 3/31/15)	2Q FY3/16 (As of 9/30/15)
Assets		
Current assets		
Cash and deposits	53,859	105,720
Notes and accounts receivable-trade	178,350	164,201
Merchandise and finished goods	28,587	29,969
Work in process	2,183	2,717
Raw materials and supplies	43,252	42,768
Other	26,079	24,418
Allowance for doubtful accounts	(2,329)	(2,303)
Total current assets	329,981	367,490
Noncurrent assets		
A. Property, plant and equipment		
Buildings and structures, net	144,291	141,313
Machinery, equipment, and vehicles, net	120,804	115,860
Land	164,647	163,224
Other, net	60,821	65,966
Total property, plant and equipment	490,565	486,365
B. Intangible assets		
Goodwill	9,297	7,955
Other	32,538	31,541
Total intangible assets	41,836	39,496
C. Investments and other assets		
Investment securities	113,747	116,935
Asset for retirement benefits	20,338	21,016
Other	50,095	51,961
Allowance for doubtful accounts	(5,961)	(6,566)
Total investments and other assets	178,219	183,345
Total noncurrent assets	710,621	709,208
Total assets	1,040,602	1,076,698

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

Item	FY3/15 (As of 3/31/15)	2Q FY3/16 (As of 9/30/15)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	85,036	77,174
Short-term loans payable	178,816	218,852
Commercial papers	5,000	17,000
Current portion of bonds	20,380	570
Income taxes payable	10,730	9,698
Provision for bonuses	5,642	5,758
Other provision	1,060	432
Other	71,149	68,298
<b>Total current liabilities</b>	<b>377,817</b>	<b>397,784</b>
<b>Noncurrent liabilities</b>		
Bonds payable	46,710	46,300
Long-term loans payable	148,232	152,145
Liability for retirement benefits	26,889	26,041
Provision for directors' retirement benefits	514	423
Provision for loss on business of subsidiaries and affiliates	138	138
Provision for special repairs	312	331
Provision for asset removal	41	-
Asset retirement obligations	7,673	7,771
Other	84,783	84,674
<b>Total noncurrent liabilities</b>	<b>315,295</b>	<b>317,826</b>
<b>Total liabilities</b>	<b>693,112</b>	<b>715,610</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	86,174	86,174
Capital surplus	50,757	50,807
Retained earnings	158,939	171,535
Treasury stock	(934)	(962)
<b>Total shareholders' equity</b>	<b>294,937</b>	<b>307,555</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,908	6,896
Deferred gains or losses on hedges	2	(1)
Revaluation reserve for land	4,295	4,295
Foreign currency translation adjustment	649	1,314
Retirement benefits liability adjustments	(4,148)	(3,785)
<b>Total accumulated other comprehensive income</b>	<b>7,707</b>	<b>8,719</b>
Non-controlling interests	44,845	44,813
<b>Total net assets</b>	<b>347,490</b>	<b>361,088</b>
<b>Total liabilities and net assets</b>	<b>1,040,602</b>	<b>1,076,698</b>

## Consolidated Statements of Income

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

Item	2Q FY3/15 (4/1/14- 9/30/14)	2Q FY3/16 (4/1/15- 9/30/15)
Net sales	404,297	415,152
Cost of sales	310,863	322,927
Gross profit	93,433	92,225
Selling, general and administrative expenses	65,662	66,970
Operating income	27,770	25,255
Non-operating income		
Interest income	245	281
Dividends income	396	480
Equity in earnings of unconsolidated subsidiaries and affiliates	3,933	3,680
Other	1,991	2,596
Total non-operating income	6,567	7,038
Non-operating expenses		
Interest expenses	3,533	3,020
Other	2,363	2,877
Total non-operating expenses	5,897	5,897
Ordinary income	28,440	26,396
Extraordinary income		
Gain on disposal of property, plant, and equipment	720	370
Gain on sales of investment securities	68	640
Gain on step acquisitions	916	-
Gain on forgiveness of debts	4,425	-
Other	509	76
Total extraordinary income	6,641	1,087
Extraordinary loss		
Loss on disposal of property, plant, and equipment	1,199	1,031
Business structure reform expenses	1,360	-
Other	456	403
Total extraordinary losses	3,015	1,434
Income before income taxes and non-controlling interests	32,066	26,048
Income taxes-current	8,972	9,449
Profit	23,094	16,598
Profit attributable to non-controlling interests	4,938	796
Profit attributable to owners of parent	18,155	15,802

## Consolidated Statements of Comprehensive Income

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

	2Q FY3/15 (4/1/14- 9/30/14)	2Q FY3/16 (4/1/15- 9/30/15)
Profit	23,094	16,598
Other comprehensive income		
Valuation difference on available-for-sale securities	1,742	(14)
Deferred gains or losses on hedges	(18)	(0)
Foreign currency translation adjustment	(3,635)	864
Retirement benefits liability adjustments	731	364
Share of other comprehensive income of associates accounted for using equity method	41	(233)
Total other comprehensive income	(1,138)	980
Comprehensive income	21,956	17,579
Comprehensive income attributable to :		
Owners of parent	17,762	16,814
Non-controlling interests	4,193	765

## Consolidated Statements of Cash Flows

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

	2Q FY3/15 (4/1/14- 9/30/14)	2Q FY3/16 (4/1/15- 9/30/15)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	32,066	26,048
Depreciation and amortization	19,986	21,440
Amortization of goodwill	1,186	1,467
Equity in (earnings)losses of unconsolidated subsidiaries and affiliates	(3,933)	(3,680)
Loss(gain) on valuation of investment securities	5	98
Changes in asset and liability for retirement benefits	(682)	(474)
Increase(decrease) in provision for directors' retirement benefits	(37)	(90)
Increase(decrease) in provision for bonuses	196	321
Increase(decrease) in allowance for doubtful accounts	532	570
Increase(decrease) in provision for removal of assets	(2)	(41)
Increase(decrease) in other provision	(1,208)	(716)
Interest and dividends income	(642)	(762)
Interest expenses	3,533	3,020
Loss(gain)on sales of investment securities	(65)	(621)
Loss(gain)on disposal of property, plant, and equipment	478	661
Decrease (increase) in notes and accounts receivable-trade	2,299	11,160
Decrease (increase) in inventories	(4,522)	(3,081)
Increase (decrease) in notes and accounts payable-trade	(5,208)	(7,183)
Business structure reform expenses	1,360	-
Other, net	(1,055)	(3,354)
Subtotal	44,215	44,783
Interest and dividends income received	969	1,128
Interest expenses paid	(3,726)	(3,180)
Income taxes paid	(18,037)	(10,957)
Cash flows from operating activities	23,421	31,773
Cash flows from investing activities		
Decrease(Increase) in time deposits	528	331
Purchase of property, plant, and equipment	(21,230)	(19,004)
Proceeds from sales of property, plant, and equipment	2,100	2,501
Purchase of investment securities	(765)	(25)
Proceeds from sales of investment securities	119	171
Purchases of investments in subsidiaries resulting in change in scope of consolidation	(516)	-
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	-	6,751
Payments of loans receivable	(938)	(804)
Collections of loans receivable	2,153	2,426
Other, net	320	431
Cash flows from investing activities	(18,230)	(7,220)

Cash flows from financing activities		
Increase (decrease) in short-term loans payable	1,460	44,952
Increase (decrease) in commercial papers	-	12,000
Proceeds from long-term loans payable	24,084	31,678
Repayment of long-term loans payable	(45,204)	(33,763)
Redemption of bonds	(390)	(20,220)
Proceeds from issuance of bonds	20,000	-
Purchase of treasury stock	(29)	(25)
Proceeds from sales of treasury stock	0	0
Cash dividend paid	(3,685)	(3,685)
Cash dividends paid to minority shareholders	(222)	(716)
Other, net	(2,428)	(2,673)
Cash flows from financing activities	(6,414)	27,547
Effect of exchange rate changes on cash and cash equivalents	(866)	(28)
Net increase(decrease) in cash and cash equivalents	(2,089)	52,072
Cash and cash equivalents at beginning of period	55,604	50,645
Increase(decrease) in cash and cash equivalents due to changes in scope of consolidation	354	92
Increase in cash and cash equivalents resulting from merger of subsidiaries	73	138
Decrease in cash and cash equivalents from corporate division	-	(105)
Cash and cash equivalents at end of the period	53,942	102,844

### Consolidated Segment Information

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

	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

	2Q FY3/16 (4/1/15 – 9/30/15)								
	Reportable Segments					Other	Total	Adjustment	Consolidated Total
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Total				
Net sales									
Sales to outside customers	287,371	33,793	33,043	36,244	390,453	24,699	415,152	—	415,152
Inter-segment sales	4,719	11,649	2,678	2,928	21,976	11,855	33,831	(33,831)	—
Total	292,091	45,442	35,721	39,173	412,429	36,555	448,984	(33,831)	415,152
Segment income(loss)	15,004	3,129	3,558	1,983	23,676	1,569	25,246	8	25,255