

Summary of Consolidated Financial Results of Taiheiyo Cement Corporation for the Fiscal 2008 Ended March 31, 2008

May 13, 2008

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

Fiscal 2007 : April 1, 2006-March 31, 2007
Fiscal 2008 : April 1, 2007-March 31, 2008
Fiscal 2009 2Q: April 1, 2008-September 30, 2008
Fiscal 2009 : April 1, 2008-March 31, 2009

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.

1. FY3/08 consolidated results (April 1, 2007 – March 31, 2008)

(1) Consolidated results of operations All yen figures are rounded down to the nearest one million yen.

	Net Sales		Income from operations		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY3/08	927,576	-1.4	51,551	-32.8	41,645	-38.7	20,485	-16.1
FY3/07	940,630	3.7	76,692	23.7	67,907	36.4	24,408	168.2

	EPS	Diluted EPS	ROE	ROA	Operating income to net sales
	Yen	Yen	%	%	%
FY3/08	21.84	20.23	7.0	3.4	5.6
FY3/07	26.08	25.20	8.7	5.4	8.2

(2) Consolidated financial position All yen figures are rounded down to the nearest one million yen.

	Total assets	Total net assets	Equity ratio	Equity per share
	Millions of Yen	Millions of Yen	%	Yen
FY3/08	1,218,033	327,589	23.8	308.82
FY3/07	1,256,980	329,637	23.3	312.98

(3) Consolidated cash flows All yen figures are rounded down to the nearest one million yen.

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at term-end
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY3/08	71,359	-56,674	-20,150	60,051
FY3/07	62,613	-37,702	-53,272	65,657

2. Dividends

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

	Dividends per share			Total amount of cash dividends (annual)	Dividends payout ratio (consolidated)	Ratio of total amount of dividends to shareholders' equity (consolidated)
	1H	Year-end	Annual			
	Yen	Yen	Yen	Millions of Yen	%	%
FY3/07	2.00	2.00	4.00	3,791	15.3	1.3
FY3/08	2.00	3.00	5.00	4,736	22.9	1.6
FY3/09(forecast)	2.00	2.00	4.00	—	37.6	—

3. FY3/09 consolidated earnings forecast (April 1, 2008 – March 31, 2009)

	Sales		Income from operations		Ordinary income		Net income		EPS
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
2Q FY3/09	440,000	-4.2	10,000	-61.2	3,500	-83.4	-2,500	-	-2.66
FY3/09	935,000	0.8	40,000	-22.4	30,000	-28.0	10,000	-51.2	10.65

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.
(Unit: Millions of Yen)

Item	FY3/07 (As of 3/31/07)	FY3/08 (As of 3/31/08)	Change
Assets			
Current assets			
Cash and time deposits	70,142	64,465	-5,677
Notes and accounts receivable	206,927	189,559	-17,367
Inventories	80,412	86,020	5,607
Deferred income taxes	5,385	10,011	4,626
Short-term loans	13,732	13,886	153
Other current assets	16,773	15,330	-1,442
Allowance for doubtful accounts	-1,848	-1,425	422
Current assets	391,526	377,848	-13,677
Fixed assets			
A. Tangible fixed assets			
Buildings and structures	191,675	188,411	-3,263
Machinery, equipment	173,575	172,317	-1,258
Land	174,927	166,092	-8,835
Construction in progress	14,783	17,050	2,266
Other	25,324	27,178	1,853
Tangible fixed assets	580,285	571,049	-9,236
B. Intangible fixed assets			
Goodwill	19,725	22,679	2,954
Other	25,339	27,820	2,480
Intangible fixed assets	45,064	50,499	5,435
C. Investments and other assets			
Investments in securities	183,365	152,647	-30,718
Long-term loans	4,931	3,398	-1,533
Deferred income taxes	16,945	21,284	4,339
Other	51,658	52,425	766
Allowance for doubtful accounts	-16,799	-11,120	5,678
Investments and other assets	240,102	218,635	-21,467
Fixed assets	865,453	840,184	-25,268
Total assets	1,256,980	1,218,033	-38,946

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

Item	FY3/07 (As of 3/31/07)	FY3/08 (As of 3/31/08)	Change
Liabilities			
Current liabilities			
Notes and accounts payable	116,751	109,114	-7,636
Short-term borrowings	282,058	284,104	2,046
Commercial Paper	11,000	19,000	8,000
Bonds (due within one year)	1,574	1,227	-346
Income taxes payable	4,654	4,036	-617
Deferred income taxes	106	23	-83
Bonus reserve	6,825	7,046	220
Bonus reserve for directors and corporate auditors	65	53	-11
Other reserves	719	787	67
Other	74,867	63,315	-11,552
Current liabilities	498,623	488,710	-9,913
Fixed liabilities			
Bonds	74,349	72,997	-1,352
Convertible bonds	34,196	34,167	-29
Long-term borrowings	206,973	178,740	-28,233
Deferred income taxes	23,843	22,951	-892
Deferred income taxes from revaluation excess	6,061	6,095	34
Accrued for retirement benefits	34,919	35,319	400
Accrued for retirement benefits to directors and corporate auditors	2,384	1,453	-931
Allowance for loss on investments in subsidiaries and affiliates	-	138	138
Special repair reserve	250	315	65
Other	45,738	49,553	3,814
Fixed liabilities	428,718	401,733	-26,985
Total liabilities	927,342	890,443	-36,898
Net assets			
Shareholders' equity			
Common stock	69,499	69,499	-
Additional paid-in capital	59,868	60,756	887
Retained earnings	126,127	142,923	16,796
Treasury stock, at cost	-1,669	-1,689	-20
Shareholders' equity	253,826	271,489	17,663
Valuation and translation adjustment			
Unrealized gain on other securities	25,485	10,352	-15,133
Net unrealized gain(loss) on derivatives	21	-45	-67
Revaluation excess	4,677	4,594	-83
Foreign currency translation adjustments	10,720	5,469	-5,251
Accumulated other comprehensive losses	-1,740	-1,971	-230
Valuation and translation adjustment	39,165	18,399	-20,766
Minority interests in consolidated subsidiaries	36,646	37,701	1,054
Total net assets	329,637	327,589	-2,047
Total liabilities and total net assets	1,256,980	1,218,033	-38,946

Consolidated Statements of Income

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

Item		FY3/07 (4/1/06-3/31/07)	FY3/08 (4/1/07-3/31/08)	Change		
Operating income/loss	Net sales	927,576	940,630	-13,054		
	Cost of sales	735,231	728,386	6,845		
	Gross profit	192,344	212,244	-19,900		
	Selling, general and administrative expenses	140,793	135,551	5,241		
	Income from operations	51,551	76,692	-25,141		
Non-operating income and expenses	Income	Interest and dividends received	3,201	2,835	366	
		Other non-operating income	4,838	6,240	-1,401	
		Total	8,040	9,075	-1,034	
	Expenses	Interest expenses	10,840	11,460	-619	
		Equity in losses of unconsolidated subsidiaries and affiliates	3,830	3,339	491	
		Other non-operating expenses	3,275	3,061	214	
		Total	17,946	17,860	86	
	Ordinary income		41,645	67,907	-26,262	
	Extraordinary gains and losses	Gains	Gain on disposal of fixed assets	5,773	2,566	3,207
			Gain on sale of investments in securities	835	496	338
Gain on return of retirement benefit trust			-	2,101	-2,101	
Other extraordinary gains			1,369	835	533	
Total			7,979	6,001	1,977	
Losses		Loss on disposal of fixed assets	6,042	8,400	-2,357	
		Provision for allowance for doubtful accounts	233	1,167	-934	
		Liquidation of unconsolidated subsidiaries and affiliates	117	802	-685	
		Loss on sale of investment securities	214	406	-191	
		Write-off of investments in securities	333	839	-506	
		Loss on impairment of fixed assets	2,738	8,328	-5,590	
		Special allowance to employees retired under early retirement scheme	-	70	-70	
		Loss on change in equity in affiliated companies	442	208	233	
		Loss on business retreat	3,826	-	3,826	
		Loss of compensation on business retreat	1,010	-	1,010	
		Other extraordinary losses	950	2,815	-1,864	
		Total	15,910	23,039	-7,129	
		Income before income tax and minority interests		33,714	50,869	-17,154
		Current income taxes		15,932	19,867	-3,934
		Prior years' adjustment income taxes		-2,231	-	-2,231
Differed income taxes		-1,257	3,666	-4,923		
Minority interests in net income of consolidated subsidiaries		784	2,926	-2,142		
Net income		20,485	24,408	-3,922		

Consolidated Statements of Changes in Shareholders' Equity

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

FY3/07 (April 1, 2006 – March 31, 2007)

(Unit: Millions of Yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2006	69,499	59,515	105,973	-1,752	233,235
Changes during the period					
Dividends *1			-2,339		-2,339
Dividends			-1,869		-1,869
Bonuses to directors and corporate auditors			-65		-65
Net income			24,408		24,408
Increase due to increase in consolidated subsidiaries			87		87
Decrease due to increase in consolidated subsidiaries			-87		-87
Increase due to merger of consolidated subsidiaries			32		32
Reversal of land revaluation excess			12		12
Reversal of accrued retirement benefits to directors and corporate auditors			-24		-24
Acquisition of treasury stock				-271	-271
Disposal of treasury stock		353		354	707
Changes in items other than shareholders' equity (net)					
Total changes during the period	-	353	20,154	83	20,590
Balance at March 31, 2007	69,499	59,868	126,127	-1,669	253,826

	Valuation and translation adjustments						Minority interests in consolidated subsidiaries	Total net assets
	Unrealized gain on other securities	Net unrealized gain on derivatives	Land revaluation excess	Foreign currency translation adjustments	Accumulated other comprehensive losses *2	Total valuation and translation adjustments		
Balance at March 31, 2006	28,199	-	4,691	3,260	-	36,152	35,768	305,155
Changes during the period								
Dividends *1								-2,339
Dividends								-1,869
Bonuses to directors and corporate auditors								-65
Net income								24,408
Increase due to increase in consolidated subsidiaries								87
Decrease due to increase in consolidated subsidiaries								-87
Increase due to merger of consolidated subsidiaries								32
Reversal of land revaluation excess								12
Reversal of accrued retirement benefits to directors and corporate auditors								-24
Acquisition of treasury stock								-271
Disposal of treasury stock								707
Changes in items other than shareholders' equity (net)	-2,713	21	-13	7,460	-1,740	3,013	878	3,891
Total changes during the period	-2,713	21	-13	7,460	-1,740	3,013	878	24,482
Balance at March 31, 2007	25,485	21	4,677	10,720	-1,740	39,165	36,646	329,637

*1 Appropriation of profit approved at general meeting of stockholders in June, 2006

*2 Appropriation of unfunded retirement benefit obligation due to change in accounting standards at overseas subsidiaries

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

FY3/08 (April 1, 2007 – March 31, 2008)

(Unit: Millions of Yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2007	69,499	59,868	126,127	-1,669	253,826
Changes during the period					
Dividends			-3,753		-3,753
Net income			20,485		20,485
Reversal of land revaluation excess			64		64
Acquisition of treasury stock				-191	-191
Disposal of treasury stock		887		171	1,058
Changes in items other than shareholders' equity (net)					
Total changes during the period	-	887	16,796	-20	17,663
Balance at March 31, 2008	69,499	60,756	142,923	-1,689	271,489

	Valuation and translation adjustments						Minority interests in consolidated subsidiaries	Total net assets
	Unrealized gain on other securities	Net unrealized gain(loss) on derivatives	Land revaluation excess	Foreign currency translation adjustments	Accumulated other comprehensive losses *	Total valuation and translation adjustments		
Balance at March 31, 2007	25,485	21	4,677	10,720	-1,740	39,165	36,646	329,637
Changes during the period								
Dividends								-3,753
Net income								20,485
Reversal of land revaluation excess								64
Acquisition of treasury stock								-191
Disposal of treasury stock								1,058
Changes in items other than shareholders' equity (net)	-15,133	-67	-83	-5,251	-230	-20,766	1,054	-19,711
Total changes during the period	-15,133	-67	-83	-5,251	-230	-20,766	1,054	-2,047
Balance at March 31, 2008	10,352	-45	4,594	5,469	-1,971	18,399	37,701	327,589

* Appropriation of unfunded retirement benefit obligation due to change in accounting standards at overseas subsidiaries

Consolidated Statements of Cash Flows

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

Item	Term	FY3/07 (4/1/06 – 3/31/07)	FY3/08 (4/1/07 – 3/31/08)	Change
I Cash flows from operating activities				
Net income before income taxes		50,869	33,714	-17,154
Depreciation and amortization		38,960	43,531	4,570
Amortization of goodwill		946	855	-91
Equity in losses of unconsolidated subsidiaries and affiliates		3,339	3,830	491
Stock valuation loss		839	333	-506
Gain on return of retirement benefit trust		-2,101	—	2,101
Decrease in accrued retirement benefits		-5,146	-1,920	3,226
Increase in accrued retirement benefits to directors and corporate auditors		85	300	214
Increase in bonus reserve		404	197	-206
Increase(decrease) in bonus reserve for directors and corporate auditors		65	-5	-71
Decrease in allowance for doubtful accounts		-388	-6,113	-5,724
Increase in other reserves		206	271	65
Interest and dividends received		-2,835	-3,201	-366
Interest expenses		11,460	10,840	-619
Gain on sale of investments in securities		-496	-835	-338
Loss on sale of investments in securities		406	214	-191
Loss on changes of ownership in subsidiaries and affiliates		208	442	233
Liquidation of unconsolidated subsidiaries and affiliates		802	117	-685
Gain on disposal of fixed assets		-2,566	-5,773	-3,207
Loss on disposal of fixed assets		8,400	6,042	-2,357
Loss on impairment of fixed assets		8,328	2,738	-5,590
Increase(decrease) in notes and accounts receivable		-9,845	17,611	27,457
Increase in inventories		-5,502	-6,279	-776
Decrease in notes and accounts payable		-6,545	-7,678	-1,132
Payment of bonuses to directors and corporate auditors		-79	—	79
Other		10,219	3,185	-7,034
Subtotal		100,035	92,419	-7,615
Interest and dividends received		2,913	3,179	265
Interest paid		-11,576	-10,810	765
Income taxes paid		-28,758	-16,313	12,444
Prior year's adjustment income taxes		—	2,885	2,885
Net cash provided by operating activities		62,613	71,359	8,745

Term	FY3/07	FY3/08	Change
Item	(4/1/06 – 3/31/07)	(4/1/07 – 3/31/08)	
II Cash flows from investing activities			
Decrease in time deposits	923	44	-879
Purchase of property, plant and equipment	-46,597	-56,869	-10,271
Proceeds from sale of fixed assets	7,819	7,155	-664
Payments for purchase of other depreciable assets	-341	-4,725	-4,383
Proceeds from sale of other depreciable assets	3	53	50
Payments for purchase of investments in securities	-2,049	-3,475	-1,425
Proceeds from sale of investments in securities	1,154	1,892	738
Payments for sale of stock in subsidiaries due to change in the scope of consolidation	-12	-105	-93
Long-term loans made	-3,430	-1,671	1,759
Collections of long-term loans receivable	4,976	2,867	-2,108
Other	-147	-1,841	-1,694
Net cash used by investing activities	-37,702	-56,674	-18,971
III Cash flows from financing activities			
Net decrease in short-term borrowings	-37,067	-22,045	15,021
Net increase in commercial paper	11,000	8,000	-3,000
Proceeds from long-term borrowings	93,344	53,518	-39,826
Repayment of long-term borrowings	-77,586	-56,830	20,755
Proceeds from issuance of bonds	23,270	575	-22,695
Redemption of bonds	-61,989	-2,274	59,715
Issue of shares	157	2,427	2,269
Disposal of treasury stock	707	1,058	351
Repayment of treasury stocks	-271	-191	79
Cash dividend payments by parent company	-4,209	-3,753	455
Cash dividend payments to minority shareholders	-628	-634	-5
Net cash used in financing activities	-53,272	-20,150	33,122
IV Effect of exchange rate changes on cash and cash equivalents	598	-299	-898
V Decrease in cash and cash equivalents	-27,761	-5,763	21,997
VI Cash and cash equivalents at beginning of term	93,489	65,657	-27,832
VII Cash and cash equivalents at beginning of term resulting from change in scope of consolidation	-90	135	225
VIII Increase in cash and cash equivalents at beginning of term resulting from merger of consolidated subsidiaries	19	22	3
IX Cash and cash equivalents at end of term	65,657	60,051	-5,605

Segment Information

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

Segment information

(Unit: Millions of Yen)

	FY3/07 (4/1/06 – 3/31/07)								Eliminations or corporate assets	Consolidated total
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Ceramics & Electronics Business	Other	Total			
Sales and operating income										
Sales										
(1) Sales to outside customers	565,520	78,529	62,322	96,629	66,912	70,715	940,630	—	940,630	
(2) Intersegment sales and transfers	14,464	23,002	5,381	8,584	7	45,575	97,015	(97,015)	—	
Total	579,985	101,531	67,704	105,214	66,919	116,291	1,037,646	(97,015)	940,630	
Operating expenses	519,791	97,013	64,952	102,466	65,903	109,694	959,821	(95,884)	863,937	
Operating income	60,193	4,518	2,752	2,747	1,015	6,597	77,824	(1,131)	76,692	

(Unit: Millions of Yen)

	FY3/08 (4/1/07 – 3/31/08)								Eliminations or corporate assets	Consolidated total
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Ceramics & Electronics Business	Other	Total			
Sales and operating income										
Sales										
(1) Sales to outside customers	557,067	83,927	62,223	98,248	55,848	70,262	927,576	—	927,576	
(2) Intersegment sales and transfers	13,589	20,626	6,376	8,688	17	46,211	95,510	(95,510)	—	
Total	570,656	104,553	68,600	106,936	55,865	116,473	1,023,086	(95,510)	927,576	
Operating expenses	531,700	101,039	64,578	105,986	55,743	111,386	970,435	(94,410)	876,025	
Operating income	38,955	3,514	4,021	949	121	5,087	52,650	(1,099)	51,551	

Overseas sales

(Unit: Millions of Yen)

	FY3/07 (4/1/06 – 3/31/07)			
	North America	Asia	Other	Total
I Overseas sales	127,642	89,096	16,352	233,091
II Consolidated sales	—	—	—	940,630
III Ratio of overseas sales to consolidated sales	13.6%	9.5%	1.7%	24.8%

(Unit: Millions of Yen)

	FY3/08 (4/1/07 – 3/31/08)			
	North America	Asia	Other	Total
I Overseas sales	120,764	87,494	20,124	228,384
II Consolidated sales	—	—	—	927,576
III Ratio of overseas sales to consolidated sales	13.0%	9.4%	2.2%	24.6%