

Outline of Consolidated Financial Results of Taiheiyo Cement Corporation for the Second Quarter of Fiscal 2009 ended March 31, 2009

November 11, 2008

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

Fiscal 2008 1H: April 1, 2007-September 30, 2007
Fiscal 2008: April 1, 2007-March 31, 2008
Fiscal 2009 1H: 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.

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

1. Consolidated Financial Results for the First Half of Fiscal 2009 (April 1, 2008 through September 30, 2008)

(1) Operating Results

	Net Sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
1H FY3/09	429,069	—	4,507	—	-3,379	—	-7,323	—
1H FY3/08	459,356	1.0	25,826	-15.2	21,034	-17.2	8,542	7.9

	EPS		Diluted EPS	
	Yen		Yen	
1H FY3/09	-7.80		—	
1H FY3/08	9.11		8.42	

(2) Financial Position

	Total assets		Total net assets		Equity ratio		Equity per share	
	Millions of Yen		Millions of Yen			%	Yen	
1H FY3/09	1,246,168		288,419		20.1		267.19	
FY3/08	1,218,033		327,589		23.8		308.82	

2. Dividends

	Dividend per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
FY3/08	—	2.00	—	3.00	5.00
FY3/09	—	2.00	—	—	—
FY3/09(forecast)	—	—	—	—	—

*The company is foregoing a decision on FY 2009 year-end dividend due to the uncertain outlook and will make another announcement when the earnings situation becomes clear.

3. Consolidated Results Forecast for the Fiscal Year Ending March 31, 2009

	Net sales		Operating income		Ordinary income		Net income		EPS
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
FY3/09	910,000	-1.9	18,000	-65.0	9,000	-78.3	-7,000	—	-7.46

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	1H FY3/09 (As of 9/30/08)	FY3/08 (As of 3/31/08)
Assets		
Current assets		
Cash and time deposits	61,417	64,465
Notes and accounts receivable-trade	190,730	189,559
Merchandise and finished goods	40,668	35,744
Work in process	16,775	8,688
Raw materials and supplies	48,580	41,586
Other	40,616	39,228
Allowance for doubtful accounts	-1,456	-1,425
Total current assets	397,333	377,848
Non-current assets		
A. Property, plant and equipment		
Buildings and structures, net	179,840	188,411
Machinery, equipment, net	166,220	172,317
Land	175,613	166,092
Other, net	55,725	44,228
	577,400	571,049
B. Intangible assets		
Goodwill	27,546	22,679
Other	38,983	27,820
	66,529	50,499
C. Investments and other assets		
Investments in securities	137,810	152,647
Other	77,705	77,109
Allowance for doubtful accounts	-10,610	-11,120
	204,905	218,635
Total non-current assets	848,835	840,184
Total assets	1,246,168	1,218,033

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

Item	1H FY3/09 (As of 9/30/08)	FY3/08 (As of 3/31/08)
Liabilities		
Current liabilities		
Notes and accounts payable	105,606	109,114
Short-term loans payable	299,184	284,104
Commercial papers	46,000	19,000
Current portion of bonds	722	1,227
Accrued income taxes	3,673	4,036
Reserve for bonuses	5,820	7,046
Reserve for directors' bonuses	17	53
Other reserves	817	787
Other	66,836	63,338
Total current liabilities	528,680	488,710
Non-current liabilities		
Bonds payable	72,775	72,997
Bonds with subscription rights to shares	34,152	34,167
Long-term loans payable	206,176	178,740
Reserve for retirement benefits	34,614	35,319
Reserve for directors' retirement benefits	909	1,453
Reserve for loss on business of subsidiaries and affiliates	138	138
Reserve for special repairs	859	315
Other	79,442	78,600
Total non-current liabilities	429,068	401,733
Total liabilities	957,749	890,443
Net assets		
Shareholders' equity		
Capital stock	69,499	69,499
Additional paid-in capital	60,756	60,756
Retained earnings	119,678	142,923
Treasury stock, at cost	-1,716	-1,689
Total shareholders' equity	248,216	271,489
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	9,724	10,352
Deferred gains or losses on hedges	-24	-45
Revaluation reserve for land	4,727	4,594
Foreign currency translation adjustment	-10,077	5,469
Accumulated other comprehensive losses	-1,826	-1,971
Total valuation and translation adjustments	2,523	18,399
Minority interests	37,679	37,701
Net assets	288,419	327,589
Liabilities and net assets	1,246,168	1,218,033

Consolidated Statements of Income

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

Item	1H FY3/09 (4/1/08– 9/30/08)
Net sales	429,069
Cost of sales	352,140
Gross profit	76,929
Selling, general and administrative expenses	72,421
Operating income	4,507
Non-operating income	
Interest income	591
Dividends income	841
Other	1,935
Total non-operating income	3,368
Non-operating expenses	
Interest expenses	5,436
Equity in losses of affiliates	3,922
Other	1,897
Total non-operating expenses	11,256
Ordinary loss	–3,379
Extraordinary income	
Gain on disposal of non-current assets	1,584
Gain on sales of investment securities	657
Other	127
Total extraordinary income	2,368
Extraordinary loss	
Loss on disposal of non-current assets	955
Loss on impairment of fixed assets	893
Other	984
Total extraordinary loss	2,833
Loss before income taxes	–3,844
Income taxes-current	3,307
Income taxes-differed	–759
Total income taxes	2,548
Minority interests in income	931
Net loss	–7,323

Consolidated Statements of Cash Flows

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

(Millions of Yen)

Item	1H FY3/09 (4/1/08 – 9/30/08)
I Cash flows from operating activities	
Loss before income taxes	-3,844
Depreciation and amortization	24,610
Amortization of goodwill	1,351
Equity in losses of affiliates	3,922
Loss on valuation of investment securities	241
Decrease in reserve for retirement benefits	-1,129
Decrease in reserve for directors' retirement benefits	-544
Decrease in reserve for bonuses	-1,167
Decrease in reserve for directors' bonuses	-36
Decrease in allowance for doubtful accounts	-283
Increase in other reserves	435
Interest and dividends income received	-1,433
Interest expenses paid	5,436
Gain on sales and valuation of investment securities	-594
Loss on liquidation of subsidiaries and affiliates	44
Gain on disposal of non-current assets	-628
Loss on impairment of fixed assets	893
Decrease in notes and accounts receivable-trade	365
Increase in inventories	-20,850
Decrease in notes and accounts payable-trade	-5,257
Other	-5,832
Subtotal	-4,301
Interest and dividends income received	1,424
Interest expenses paid	-5,771
Income taxes paid	-3,145
Net cash provided by operating activities	-11,794
II Cash flows from investing activities	
Decrease in time deposits	1,315
Purchase of non-current assets	-23,649
Proceeds from sale of non-current assets	3,381
Purchase of investment securities	-4,288
Proceeds from sales of investment securities	1,720
Payments for acquisition of newly consolidated subsidiaries	-48,055
Payments of loans receivable	-2,600
Collection of loans receivable	1,242
Other, net	1,902
Net cash used in investing activities	-69,031
III Cash flows from financing activities	
Increase in short-term loans payable	27,723
Increase in commercial papers	27,000
Proceeds from long-term loans payable	61,592
Repayment of long-term loans payable	-35,051
Redemption of bonds	-766
Proceeds from issuance of common stock	2,157
Proceeds from sales of treasury stock	22
Cash dividends paid	-2,822
Cash dividends paid to minority shareholders	-647
Other, net	-103
Net cash provided by financing activities	79,103
IV Effect of exchange rate changes on cash and cash equivalents	-1,094
V Decrease in cash and cash equivalents	-2,816
VI Cash and cash equivalents at beginning of the fiscal year	60,051
VII Increase in cash and cash equivalents resulting from change of scope of consolidation	718
VIII Cash and cash equivalents at end of the period	57,953

Segment Information

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

[Industry Segments]

	1H FY3/09 (4/1/08 – 9/30/08)								
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Ceramics & Electronics Business	Other	Total	Eliminations or corporate assets	Consolidated total
Sales and operating income									
Sales									
(1) Sales to outside customers	259,004	41,738	30,723	45,322	17,073	35,207	429,069	—	429,069
(2) Intersegment sales and transfers	6,566	10,182	3,601	3,862	35	21,021	45,269	(45,269)	—
Total	265,570	51,920	34,325	49,184	17,108	56,229	474,339	(45,269)	429,069
Operating income/loss	1,761	531	1,770	-524	-658	1,749	4,630	(122)	4,507

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

[Geographic segments]

	1H FY3/09 (4/1/08 – 9/30/08)						Eliminations or corporate assets	Consolidated total
	Japan	North America	Asia	Other	Total			
Sales and operating income								
Sales								
(1) Sales to outside customers	347,263	48,497	31,193	2,115	429,069	—	429,069	
(2) Intersegment sales and transfers	2,019	—	2,892	0	4,911	(4,911)	—	
Total	349,282	48,497	34,085	2,116	433,981	(4,911)	429,069	
Operating income/loss	-273	1,845	3,153	293	5,018	(510)	4,507	

Overseas sales

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

		1H FY3/09 (4/1/08 – 9/30/08)			
		North America	Asia	Other	Total
I	Overseas sales	48,640	32,503	9,285	90,429
II	Consolidated sales	—	—	—	429,069
III	Ratio of overseas sales to consolidated sales	11.3%	7.6%	2.2%	21.1%

Reference

1H FY3/08 (4/1/2007 – 9/30/2007) Consolidated Financial Statement

(1) 1H FY3/08 Consolidated Statement of Income

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

(Unit: Millions of Yen)

Item		1H FY3/08 (4/1/07–9/30/07)	
Operating income/loss	Sales	459,356	
	Cost of sales	363,852	
	Selling, general and administrative expenses	69,678	
	Income from operation	25,826	
Non-operating income and expenses	Income	Interest and dividends received	1,716
		Other non-operating income	3,104
		Total	4,820
	Expenses	Interest expenses	5,540
		Equity in losses of unconsolidated subsidiaries and affiliates	2,572
		Other non-operating expenses	1,498
Total	9,611		
Ordinary income		21,034	
Extraordinary gains and losses	Gains	Gain on disposal of fixed assets	994
		Gain on sale of investment securities	340
		Gain on dilution of ownership in affiliated companies	20
		Other extraordinary gains	63
		Total	1,419
	Losses	Loss on disposal of fixed assets	1,810
		Provision for allowance for doubtful accounts	19
		Liquidation of unconsolidated subsidiaries and affiliates	98
		Loss on sale of investment securities	13
		Stock valuation loss	115
		Loss on Impairment of fixed assets	2,383
		Loss of compensation on business retreat	715
		Other extraordinary losses	194
		Total	5,350
Net income before income taxes		17,103	
Income taxes		9,843	
Income taxes from previous year		-2,252	
Income tax adjustments		-501	
Minority interest income		1,471	
Net income		8,542	

(2) 1H FY3/08 Consolidated Statements of Cash Flows

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

(Unit: Millions of Yen)

Item	Term	1H FY3/08
		4/1/07 – 9/30/07
I	Cash flows from operating activities	
	Net income before income taxes	17,103
	Depreciation and amortization	21,245
	Amortization of goodwill	528
	Equity in losses of unconsolidated subsidiaries and affiliates	2,572
	Stock valuation loss	115
	Decrease in accrued retirement benefits	-983
	Increase/decrease in accrued retirement benefits to directors and corporate auditors	-73
	Increase/decrease in bonus reserve	-248
	Increase in bonus reserve for directors and corporate auditors	-56
	Increase/decrease in allowance for doubtful accounts	-1,216
	Increase/decrease in other reserves	98
	Interest and dividends received	-1,716
	Interest expenses	5,540
	Gain on sale of investment securities	-340
	Loss on sale of investment securities	13
	Gain on dilution of ownership in affiliated companies	-20
	Liquidation of unconsolidated subsidiaries and affiliates	98
	Gain on disposal of fixed assets	-994
	Loss on disposal of fixed assets	1,810
	Loss on impairment of fixed assets	2,383
	Increase in notes and accounts receivable	-2,157
	Increase in inventories	-6,366
	Increase/decrease in notes and accounts payable	251
	Payment of bonuses to directors and corporate auditors	-8
	Other	657
	Subtotal	38,236
	Interest and dividends received	1,686
	Interest paid	-5,607
	Income taxes paid	-8,787
	Income taxes refunded	2,885
	Net cash provided by operating activities	28,414
II	Cash flows from investing activities	
	Increase in time deposits	-148
	Purchase of property, plant and equipment	-24,645
	Proceeds from sale of fixed assets	3,167
	Payments for purchase of other depreciable assets	-197
	Proceeds from sale of other depreciable assets	23
	Payments for purchase of investment securities	-454
	Proceeds from sale of investment securities	909
	Long-term loans made	-928
	Collections of long-term loans receivable	1,169
	Other	149
	Net cash used in investing activities	-20,956

Term	1H FY3/08 (4/1/07 – 9/30/07)
Item	
III Cash flows from financing activities	
Net decrease in short-term borrowings	-6,361
Net increase in commercial paper	3,000
Proceeds from long-term borrowings	28,845
Repayment of long-term borrowings	-32,536
Proceeds from issuance of bonds	575
Redemption of bonds	-890
Issue of shares	1,470
Disposal of treasury stock	1,041
Repayment of treasury stocks	-149
Cash dividend payments by parent company	-1,874
Cash dividend payments to minority shareholders	-526
Net cash used in financing activities	-7,407
IV Effect of exchange rate changes on cash and cash equivalents	886
V Increase/decrease in cash and cash equivalents	938
VI Cash and cash equivalents at beginning of term	65,657
VII Cash and cash equivalents at beginning of term resulting from change in scope of consolidation	44
VIII Cash and cash equivalents at end of term	66,640

(3) 1H FY3/08 Segment Information

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

a. Industry segments

(Unit: Millions of Yen)

	1H FY3/08 (4/1/07 – 9/30/07)								
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Ceramics & Electronics Business	Other	Total	Eliminations or corporate assets	Consolidated total
Sales and operating income									
Sales									
(1) Sales to outside customers	279,438	41,385	28,923	42,941	31,533	35,133	459,356	-	459,356
(2) Intersegment sales and transfers	7,682	10,491	3,026	3,986	3	22,882	48,071	(48,071)	-
Total	287,121	51,876	31,949	46,927	31,537	58,015	507,428	(48,071)	459,356
Operating expenses	267,274	49,989	29,956	47,186	31,666	55,236	481,309	(47,778)	433,530
Operating income/loss	19,846	1,887	1,992	-258	-128	2,779	26,118	(292)	25,826

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

b. Geographic segments

(Unit: Millions of Yen)

	1H FY3/09 (4/1/08 – 9/30/08)						Eliminations or corporate assets	Consolidated total
	Japan	North America	Asia	Other	Total			
Sales and operating income								
Sales								
(1) Sales to outside customers	353,538	61,678	39,423	4,716	459,356	—	459,356	
(2) Intersegment sales and transfers	1,595	21	3,956	0	5,572	(5,572)	—	
Total	355,133	61,700	43,379	4,716	464,929	(5,572)	459,356	
Operating expenses	342,771	51,900	39,122	4,743	438,537	(5,006)	433,530	
Operating income/loss	12,362	9,800	4,257	-26	26,392	(566)	25,826	

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

c. Overseas sales

(Unit: Millions of Yen)

		1H FY3/09 (4/1/08 – 9/30/08)			
		North America	Asia	Other	Total
I	Overseas sales	62,867	44,773	10,291	117,932
II	Consolidated sales	—	—	—	459,356
III	Ratio of overseas sales to consolidated sales	13.7%	9.7%	2.2%	25.7%