

Taiheiyo Cement Corporation

Reference Materials of Financial Results for Fiscal 2011 (the Year Ended March 31, 2011)

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May 11, 2011

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 1995	787,523	-3.6	79,743	1.4	14,995	1.4
Fiscal 1996	790,169	0.3	80,377	0.8	13,389	-10.7
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	(estimated value) 476,500	-0.1	50,087	-9.8	10,672	6.5
Fiscal 2010	(estimated value) 421,700	-11.5	42,732	-14.7	11,054	3.6
Fiscal 2011	(forecasted value) 391,000	-7.3	41,614	-2.6	9,967	-9.8

[Sources]

Estimate of construction investments:

for Fiscal 1995 to Fiscal 2008, Ministry of Land, Infrastructure, Transport and Tourism

for Fiscal 2009 to Fiscal 2011, 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 2009		Fiscal 2010		Fiscal 2011	
	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	2,299	-10.6	2,240	-2.6	2,030	-9.4
Tohoku	3,354	-12.9	3,011	-10.2	2,860	-5.0
Kanto 1	11,241	-6.4	9,508	-15.4	9,461	-0.5
Kanto 2	4,403	-10.6	3,812	-13.4	3,848	1.0
Hokuriku	2,578	-6.5	2,331	-9.6	2,342	0.5
Tokai	6,379	-6.6	5,064	-20.6	4,873	-3.8
Kinki	7,026	-13.7	5,505	-21.6	5,561	1.0
Shikoku	1,824	-12.8	1,661	-8.9	1,633	-1.7
Chugoku	3,343	-11.8	2,924	-12.5	2,700	-7.7
Kyushu	5,892	-13.4	5,137	-12.8	4,969	-3.3
Okinawa	825	1.1	783	-5.1	763	-2.5
Domestic Total	49,164	-9.9	41,976	-14.6	41,040	-2.2
Exports	10,672	6.5	11,054	3.6	9,967	-9.8
Total	59,835	-7.4	53,030	-11.4	51,007	-3.8

Source: Japan Cement Association

Shipment of ready-mixed concrete by region

	Fiscal 2009		Fiscal 2010		Fiscal 2011	
	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	3,874	-14.2	3,475	-10.3	3,227	-7.2
Tohoku	6,835	-12.7	6,030	-11.8	5,780	-4.2
Kanto 1	24,155	-11.9	20,024	-17.1	20,944	4.6
Kanto 2	7,579	-13.5	6,442	-15.0	6,539	1.5
Hokuriku	5,602	-5.4	5,225	-6.7	5,279	1.0
Tokai	13,865	-1.3	10,995	-20.7	10,668	-3.0
Kinki	13,610	-5.0	11,466	-15.8	11,282	-1.6
Chugoku	6,536	-14.0	5,823	-10.9	5,508	-5.4
Shikoku	4,199	-11.4	3,938	-6.2	3,694	-6.2
Kyushu	14,753	-11.8	12,612	-14.5	12,358	-2.0
Total	101,009	-9.7	86,030	-14.8	85,278	-0.9

Source: National Federation of Ready-Mixed Concrete Industrial Associations

Financial Results for Fiscal 2011

Consolidated Statements of Income

(Millions of yen)

Item		Fiscal 2010	Fiscal 2011	Change		
Ordinary income and loss	Operating income/loss	Net sales	728,581	726,475	-2,106	
		Cost of sales	599,518	590,082	-9,436	
		Gross profit	129,062	136,393	7,330	
		Selling, general and administrative expenses	125,489	119,960	-5,529	
		Operating income	3,572	16,433	12,860	
	Non-operating income and expenses	Income	Interest income	555	467	-88
			Dividends income	1,367	1,212	-155
			Real estate rent	431	328	-103
			Equity in earnings of unconsolidated subsidiaries and affiliates	4,068	1,929	-2,139
			Other	3,820	3,367	-453
		Total	10,243	7,303	-2,939	
		Expenses	Interest expenses	9,786	9,540	-246
			Other	3,881	6,072	2,190
			Total	13,668	15,612	1,944
Ordinary income or loss			148	8,124	7,976	
Extraordinary income and losses	Income		Gain on disposal of non-current assets	2,579	22,697	20,118
		Gain on sales of investment securities	427	4,552	4,124	
		Other	1,066	6,677	5,611	
		Total	4,073	33,927	29,854	
	Losses	Loss on disposal of non-current assets	3,625	2,268	-1,357	
		Provision of allowance for doubtful accounts	829	-	-829	
		Loss on liquidation of subsidiaries and affiliates	26	858	832	
		Loss on sale of investment securities	166	2,633	2,467	
		Loss on valuation of investment securities	837	1,842	1,005	
		Impairment loss	4,782	1,875	-2,906	
		Loss on changes of ownership interests in affiliates	157	-	-157	
		Business withdrawal loss	906	1,358	452	
		Loss on assignment of business	150	364	213	
		Loss on disaster	-	9,206	9,206	
		Business structure reform costs	32,226	-	-32,226	
		Loss on adjustment for changes of accounting standard for asset retirement obligations	-	4,056	4,056	
		Other	2,668	1,870	-797	
		Total	46,376	26,335	-20,041	
		Income before income tax and minority interests	-42,155	15,716	57,871	
Income taxes-current	422	5,251	4,828			
Income taxes-deferred	-6,187	5,244	11,431			
Income taxes total	-5,764	10,495	16,260			
Income before minority interests	-	5,220	5,220			
Minority interests in income	651	58	-592			
Net income	-37,041	5,162	42,203			

Sales volume of cement (Thousand tons)

	Fiscal 2010	Fiscal 2011	Change
Domestic	14,829	14,121	-707
Export	5,009	4,024	-985

Segment Information

(1) Net sales

(Millions of yen)

		Fiscal 2010	Fiscal 2011	Change	Main factors of change	
Cement business	Domestic	351,076	348,583	-2,492	Domestic	Domestic cement sales decreased -6.1 bil. yen Decrease in cement export volume -3.9 bil. yen Increased sales from companies producing ready-mixed concrete and merchandising firms of ready-mixed concrete etc. +7.6 bil. yen
	Overseas subsidiaries	100,420	90,757	-9,663	Overseas subsidiaries	U. S. -\$81 million Cement -\$38 million (sales volume: -\$24 million; selling price: -\$14 million) Ready-mixed concrete etc. -\$42 million China +\$33 million; Asia +\$11 million Effect of foreign exchange -5.8 bil. yen
Total		451,497	439,340	-12,156		
Mineral Resources business		86,478	82,728	-3,750	Decreased sales of aggregate, sand, etc. due to weak demand for ready-mixed concrete.	
Environmental business		60,916	58,037	-2,879	Decreased sales of coal ash, reclaimed waste, sludge, etc.	
Construction Materials business		88,744	84,536	-4,208	Decreased sales due to reduced volume of construction materials.	
Ceramics & Electronics business		20,430	42,878	22,447	Increased sales in Ceramics & Electronics business as a result of the market environment recovery.	
Other		101,121	85,448	-15,673	Decreased sales due to exclusion from consolidation of Azuma Shipping Co., Ltd.	
Total		809,189	792,969	-16,220		
Eliminations or corporate assets		-80,608	-66,493	14,114		
Consolidated total		728,581	726,475	-2,106		

(2) Operating income

		Fiscal 2010	Fiscal 2011	Change	Main factors of change	
Cement business	Domestic	2,634	14,098	11,463	Domestic	Domestic cement sales decreased -3.3 bil. yen Export volume decreased -1.2 bil. Yen Variable cost etc. reduction +5.4 bil. yen Decreased fixed cost +8.6bil. yen Increased income from companies producing ready-mixed concrete and merchandising firms of ready-mixed concrete etc. +1.1 bil. yen
	Overseas subsidiaries	-3,477	-6,146	-2,669	Overseas subsidiaries	U. S. -\$16 million Asia -\$19 million Effect of foreign exchange +0.3 bil. yen
Total		-843	7,951	8,794		
Mineral Resources business		826	1,689	862	Increased profit due to reduced fixed cost	
Environmental business		4,157	5,209	1,052	Increased profit due to reduced fixed cost	
Construction Materials business		1,065	-239	-1,305	Decreased profit due to reduced volume of construction materials	
Ceramics & Electronics business		-3,627	-1,088	2,539	Increased profit in Ceramics & Electronics business as a result of the market environment recovery	
Other		3,098	3,596	498	Increased profit in transport and warehouse business due to increase in handling volumes.	
Total		4,676	17,119	12,442		
Eliminations or corporate assets		-1,104	-686	418		
Consolidated total		3,572	16,433	12,860		

[Reference information]

Foreign exchange rate Fiscal 2010 average: ¥93.65 per dollar; Fiscal 2011 average: ¥87.78 per dollar; difference: ¥5.86

Exchange rate at end of Dec. 2009: ¥92.10 per dollar; at end of Dec. 2010: ¥81.49 per dollar; difference: ¥10.61

Consolidated Balance Sheets

(Unit: Millions of yen)

	As of 3/31/10	As of 3/31/11	Change	Main factors of change
Cash and time deposits	119,437	67,290	-52,146	
Notes and accounts receivable-trade	153,699	150,064	-3,634	
Merchandise and finished goods	31,367	27,168	-4,199	
Work in process	8,084	6,166	-1,917	
Raw materials and supplies	36,806	35,260	-1,545	
Deferred tax assets	22,806	16,773	-6,033	
Short-term loans receivable	13,963	12,539	-1,424	
Other	16,057	9,483	-6,573	
Allowance for doubtful accounts	-1,868	-1,810	57	
Total current assets	400,353	322,936	-77,417	
Property, plant and equipment	530,261	480,977	-49,283	Property, plant and equipment and intangible assets
Intangible assets	53,991	46,702	-7,288	Capital investment +32,429 million yen*
Other	179,598	152,606	-26,992	Depreciation expenses -43,097 million yen
Allowance for doubtful accounts	-8,947	-5,762	3,185	Loss on retirement and sales -9,994 million yen
Total noncurrent assets	754,903	674,524	-80,378	Foreign exchange effects -21,485 million yen
Total assets	1,155,256	997,460	-157,796	Others -16,243 million yen
Notes and accounts payable-trade	82,958	78,757	-4,200	
Short-term loans payable	291,523	282,336	-9,187	
Commercial papers	46,000	12,000	-34,000	
Current portion of bonds	20,610	20,326	-284	
Current portion of bonds with subscription rights to shares	21,982	-	-21,982	
Income taxes payable	2,848	3,323	475	
Deferred tax liabilities	535	439	-96	
Provision for bonuses	5,242	4,152	-1,090	
Provision for directors' bonuses	7	7	-	
Provision for loss on transfer of business	5,588	5,953	364	
Provision for business structure reform costs	17,262	-	-17,262	
Provision for loss on disaster	-	6,542	6,542	
Other provision	886	878	-7	
Other	58,021	58,160	139	
Total current liabilities	553,466	472,877	-80,589	
Bonds payable	63,050	51,954	-11,096	
Bonds with subscription rights to shares	40	-	-40	
Long-term loans payable	235,870	199,554	-36,315	
Deferred tax liabilities	21,639	16,261	-5,378	
Deferred tax liabilities for land revaluation	6,042	6,042	-	
Provision for retirement benefits	35,412	23,945	-11,467	
Provision for directors' retirement benefits	792	626	-165	
Provision for loss on business of subsidiaries	138	138	-	
Provision for special repairs	400	319	-81	
Provision for asset retirement	-	2,427	2,427	
Other provision	362	330	-32	
Asset retirement obligation	-	6,251	6,251	
Other	49,852	51,193	1,340	
Total noncurrent liabilities	413,602	359,044	-54,558	
Total liabilities	967,069	831,922	-135,147	

	As of 3/31/10	As of 3/31/11	Change	Main factors of change
Capital stock	69,499	69,499	-	
Capital surplus	60,384	33,962	-26,422	
Retained earnings	52,753	81,598	28,844	
Treasury stock	-960	-918	42	
Total shareholders' equity	181,676	184,141	2,464	
Valuation difference on available-for-sale securities	6,586	2,319	-4,267	
Deferred gains or losses on hedges	6	54	48	
Revaluation reserve for land	4,503	4,447	-55	
Foreign currency translation adjustments	-37,115	-49,356	-12,240	Exchange rate at Mar. 2010: ¥92.10 per dollar; at Mar. 2011: ¥81.49 per dollar
Adjustment liability of retirement benefits for overseas subsidiaries	-2,468	-2,446	21	
Total accumulated other comprehensive income	-28,488	-44,981	-16,493	
Minority interests in consolidated subsidiaries	34,999	26,378	-8,620	
Total net assets	188,187	165,538	-22,649	
Total liabilities and total net assets	1,155,256	997,460	-157,796	

Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Fiscal 2010	Fiscal 2011	Change	Main factors of change
Net cash provided by (used in) operating activities	48,822	36,995	-11,827	
Income (loss) before income taxes and minority interests	-42,155	15,716	57,871	
Depreciation and amortization	48,717	43,097	-5,620	
Decrease (increase) in notes and accounts receivable-trade	19,165	-3,570	-22,735	
Increase (decrease) in notes and accounts payable-trade	-17,726	717	18,443	
Other	40,821	-18,965	-59,786	
Net cash provided by (used in) investing activities	-24,011	14,177	38,188	
Purchase of property, plant, and equipment	-38,703	-25,665	13,038	
Proceeds from sale of property, plant, and equipment	6,264	31,151	24,887	
Purchase of investment securities	-517	-588	-71	
Proceeds from sales of investment securities	7,815	11,981	4,166	
Other	1,130	-2,701	-3,831	
Net cash provided by (used in) in financing activities	32,334	-100,480	-132,814	
Decrease (increase) in interest-bearing liabilities	35,292	-97,986	-133,278	
Other	-2,958	-2,493	465	
Effect of exchange rate changes on cash and cash equivalents	236	-2,862	-3,098	
Net increase (decrease) in cash and cash equivalents	57,382	-52,169	-109,551	
Other	-201	-45	156	
Cash and cash equivalents at beginning of term	56,299	113,480	57,181	
Cash and cash equivalents at end of term	113,480	61,265	-52,215	

Increase (decrease) in interest-bearing liabilities	As of 3/31/10	As of 3/31/11	Difference
Bonds payable	63,050	51,954	-11,096
Current portion of bonds	20,610	20,326	-284
Bonds with subscription rights to shares	40	0	-40
Current portion of bonds with subscription rights to shares	21,982	0	-21,982
Long-term loans payable	235,870	199,554	-36,315
Short-term loans payable	291,523	282,336	-9,187
Commercial papers	46,000	12,000	-34,000
Total interest-bearing liabilities	679,077	566,171	-112,906

Year-on-year change	As of 3/31/10	As of 3/31/11	Difference
Equity ratio (%)	13.3	14.0	0.7
Equity ratio based on market value (%)	10.9	13.2	2.3
Equity per share (yen)	162.9	147.9	-15.0
Current ratio (%)	72.3	68.3	-4.0
Earnings per share (yen)	-39.5	5.5	45.0
ROA (%)	0.0	0.8	0.8
Cash flows / interest-bearing liabilities ratio (years) *	13.9	15.3	1.4
Interest coverage ratio (times)	4.9	3.9	-1.0

*Formerly called Debt redemption years

[Reference Information]

1. Status of the Consolidated Group

(No. of companies)

	As of 3/31/08	As of 3/31/09	As of 3/31/10	As of 3/31/11
Consolidated subsidiaries	174	172	167	149
Equity method subsidiaries	14	14	16	12
Equity method affiliates	54	51	48	40
Total of companies within the scope of consolidation	242	237	231	201
Subsidiaries outside the scope of consolidation	129	125	117	100
Affiliates outside the scope of consolidation	96	87	87	73
Total of companies outside the scope of consolidation	225	212	204	173
Total	467	449	435	374

2. Change in Interest-bearing Debt

(100 million yen)

	As of 3/31/08	As of 3/31/09	As of 3/31/10	As of 3/31/11
The Company	3,420	3,650	4,064	3,261
Consolidated subsidiaries	2,482	2,783	2,726	2,400
Whole group	5,902	6,433	6,790	5,661

3. Change in Number of Personnel

(No. of persons)

	As of 3/31/08	As of 3/31/09	As of 3/31/10	As of 3/31/11
The Company	3,312	3,306	3,238	2,340
Consolidated subsidiaries	14,579	15,228	13,671	13,532
Whole group	17,891	18,534	16,909	15,872

4. Change in Capital Investment

(100 million yen)

	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011
The Company	169	196	127	150
Consolidated subsidiaries	396	404	263	174
Whole group	565	600	390	324

5. Change in Depreciation Expenses

(100 million yen)

	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011
The Company	176	228	217	180
Consolidated subsidiaries	259	289	270	251
Whole group	435	517	487	431

6. Change in Experiment and Research Expenses

(100 million yen)

	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011
The Company	40	40	37	31
Consolidated subsidiaries	11	10	9	9
Whole group	51	50	46	40

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

(10 thousand tons)

	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011
U.S.A.	579	432	277	255
Asia	974	940	943	1,003
Other regions	13	16	13	13

8. Financial Results of Ssangyong Cement

	Fiscal 2008 actual	Fiscal 2009 actual	Fiscal 2010 actual	Fiscal 2011 actual
Sales of cement clinker	1,297	1,331	1,395	1,436
Net sales	10,155	11,723	10,836	10,368
Operating income (loss)	54	-156	707	438
Ordinary income (loss)	39	-1,653	762	293
Net income (loss)	44	-1,687	742	293
Outstanding balance of loans	As of 12/31/07 9,868	As of 12/31/08 11,849	As of 12/31/09 7,580	As of 12/31/10 6,101

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

(\$ thousands)

	Fiscal 2008 actual	Fiscal 2009 actual	Fiscal 2010 actual	Fiscal 2011 actual
Net sales	1,010,088	910,241	574,753	493,356
Operating income (loss)	176,011	54,013	-82,558	-98,455
Net income (loss)	139,170	27,019	-53,876	-31,759