

Summary of Consolidated Financial Results of Taiheiyo Cement Corporation for the Fiscal 2016 Ended March 31, 2016

May 12, 2016

Company: Taiheiyo Cement Corporation Fiscal 2015: April 1, 2014-March 31, 2015
 Stock code: 5233 Fiscal 2016: April 1, 2015-March 31, 2016
 URL: <http://www.taiheiyo-cement.co.jp/> Fiscal 2017: April 1, 2016-March 31, 2017

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 Fiscal 2016(April 1, 2015 through March 3, 2016)

(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	%
FY3/16	835,359	Δ0.9	60,433	Δ7.6	60,225	Δ11.3	36,404	Δ17.5
FY3/15	842,848	0.3	65,406	Δ7.1	67,890	Δ2.4	44,114	25.2

*comprehensive income : Fiscal 2016 21,971 Fiscal 2015 79,736

	EPS	Diluted EPS	ROE	ROA	Operating income to net sales
	Yen	Yen	%	%	%
FY3/16	29.63	—	11.7	5.9	7.2
FY3/15	35.91	—	16.3	6.6	7.8

*equity in earnings (losses) of unconsolidated subsidiaries and affiliates Fiscal 2016 5,292 Fiscal 2015 5,293

(2) Financial Position

	Total assets	Total net assets	Equity ratio	Equity per share
	Millions of Yen	Millions of Yen	%	Yen
FY3/16	1,014,075	357,073	31.4	259.11
FY3/15	1,040,602	347,490	29.1	246.31

*Equity : Fiscal 2016 318,285 Fiscal 2015 302,645

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY3/16	75,627	Δ71,099	Δ4,027	50,072
FY3/15	77,000	Δ31,377	Δ52,713	50,645

2. Dividends

	Dividend per share					Total amount of cash dividends(annual)	Dividend ratio (consolidated)	Ratio of total amount of dividends to shareholder's equity(consolidated)
	1Q	2Q	3Q	4Q	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY3/15	—	2.00	—	3.00	5.00	6,180	13.9	2.3
FY3/16	—	3.00	—	3.00	6.00	7,415	20.2	2.4
FY3/17(forecast)	—	3.00	—	3.00	6.00		19.4	

3. Consolidated Results Forecast for the Fiscal 2017 (April 1, 2016 through March 31, 2017)

	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
1HFY3/17	387,000	Δ6.8	18,500	Δ26.7	18,500	Δ29.9	11,000	Δ30.4	8.95
FY3/17	824,000	Δ1.4	62,000	2.6	62,000	2.9	38,000	4.4	30.93

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)	FY3/16 (As of 3/31/16)
Assets		
Current assets		
Cash and deposits	53,859	53,539
Notes and accounts receivable-trade	178,350	161,392
Merchandise and finished goods	28,587	31,187
Work in process	2,183	1,485
Raw materials and supplies	43,252	42,624
Deferred tax assets	10,705	6,886
Short-term loans receivable	5,552	3,018
Other	9,821	9,721
Allowance for doubtful accounts	(2,329)	(938)
Total current assets	329,981	308,918
Noncurrent assets		
A. Property, plant and equipment		
Buildings and structures, net	144,291	132,708
Machinery, equipment, and vehicles, net	120,804	147,151
Land	164,647	140,726
Construction in progress	13,819	20,950
Other, net	47,001	46,074
Total property, plant and equipment	490,565	487,611
B. Intangible assets		
Goodwill	9,297	6,432
Other	32,538	37,487
Total intangible assets	41,836	43,919
C. Investments and other assets		
Investment securities	113,747	115,443
Long-term loans receivable	1,249	1,127
Assets for retirement benefits	20,338	8,968
Deferred tax assets	16,848	23,258
Other	31,997	31,483
Allowance for doubtful accounts	(5,961)	(6,655)
Total investments and other assets	178,219	173,626
Total noncurrent assets	710,621	705,156
Total assets	1,040,602	1,014,075

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

Item	FY3/15 (As of 3/31/15)	FY3/16 (As of 3/31/16)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	85,036	73,893
Short-term loans payable	178,816	160,421
Commercial Papers	5,000	-
Current portion of bonds	20,380	450
Income taxes payable	10,730	8,351
Deferred tax liabilities	0	5
Provision for bonuses	5,642	5,723
Other provision	1,060	751
Other	71,149	71,631
Total current liabilities	377,817	321,229
Noncurrent liabilities		
Bonds payable	46,710	46,155
Long-term loans payable	148,232	187,471
Deferred tax liabilities	4,314	3,527
Deferred tax liabilities for land revaluation	4,770	-
Liability for retirement benefits	26,889	22,814
Provision for directors' retirement benefits	514	433
Provision for loss on business of subsidiaries and affiliates	138	-
Provision for special repairs	312	245
Provision for asset removal	41	-
Other provision	655	747
Lease obligations	22,616	15,662
Asset retirement obligations	7,673	7,990
Other	52,426	50,725
Total noncurrent liabilities	315,295	335,772
Total liabilities	693,112	657,002
Net assets		
Shareholders' equity		
Capital stock	86,174	86,174
Capital surplus	50,757	50,925
Retained earnings	158,939	188,731
Treasury stock	(934)	(979)
Total shareholders' equity	294,937	324,851
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,908	4,755
Deferred gains or losses on hedges	2	16
Revaluation reserve for land	4,295	4,665
Foreign currency translation adjustment	649	(4,174)
Retirement benefits liability adjustments	(4,148)	(11,829)
Total accumulated other comprehensive income	7,707	(6,566)
Non-controlling interests	44,845	38,787
Total net assets	347,490	357,073
Total liabilities and net assets	1,040,602	1,014,075

Consolidated Statements of Income

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

Item	FY3/15 (4/1/14- 3/31/15)	FY3/16 (4/1/15- 3/31/16)
Net sales	842,848	835,359
Cost of sales	642,645	640,375
Gross profit	200,203	194,983
Selling, general and administrative expenses	134,796	134,550
Operating income	65,406	60,433
Non-operating income		
Interest income	554	604
Dividends income	767	959
Real estate rent	361	384
Equity in earnings of unconsolidated subsidiaries and affiliates	5,293	5,292
Other	6,860	4,216
Total non-operating income	13,837	11,456
Non-operating expenses		
Interest expenses	6,847	6,492
Other	4,506	5,172
Total non-operating expenses	11,354	11,664
Ordinary income	67,890	60,225
Extraordinary income		
Gain on disposal of property, plant, and equipment	2,488	1,666
Gain on sales of investment securities	107	1,325
Gain on step acquisitions	916	-
Gain on forgiveness of debts	4,569	-
Other	801	290
Total extraordinary income	8,884	3,282
Extraordinary loss		
Loss on disposal of property, plant, and equipment	3,286	3,205
Loss on sale of investment securities	101	81
Loss on valuation of investment securities	1,231	374
Impairment loss	1,069	5,757
Business structure reform expenses	1,180	-
Other	2,518	1,497
Total extraordinary losses	9,387	10,915
Income before income taxes and non-controlling interests	67,387	52,592
Income taxes-current	18,170	14,334
Income taxes-deferred	△1,884	678
Profit	51,101	37,579
Profit attributable to non-controlling interests	6,986	1,175
Profit attributable to owners of parent	44,114	36,404

Consolidated Statements of Comprehensive Income

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

Item	FY3/15 (4/1/14- 3/31/15)	FY3/16 (4/1/15- 3/31/16)
Profit	51,101	37,579
Other comprehensive income		
Valuation difference on available-for-sale securities	1,854	(1,864)
Deferred gains or losses on hedges	(14)	(5)
Revaluation reserve for land	494	237
Foreign currency translation adjustment	16,002	(2,869)
Remeasurements of defined benefit retirement plans, net of tax	5,226	(7,728)
Share of other comprehensive income of associates accounted for using equity method	5,072	(3,378)
Total other comprehensive income	28,635	(15,608)
Comprehensive income	79,736	21,971
Comprehensive income attributable to :		
Owners of parent	68,922	21,758
Non-controlling interests	10,813	212

Consolidated Statements of Changes in Net Assets

FY3/15(4/1/14-3/31/15)

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

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at pre end of term	86,174	50,690	121,212	(936)	257,141
Cumulative effects of Changes in accounting policies			(87)		(87)
Restated balance	86,174	50,690	121,124	(936)	257,053
Issuance of new stock					
Change in shares of parent arising from transactions with non-controlling interests					
Dividends of surplus fund			(6,142)		(6,142)
Net profit of this item			44,114		44,114
Reversal of revaluation reserve for land			33		33
Purchase of treasury stock				(63)	(63)
Disposal of treasury stock		66		65	132
Change in scope of consolidation			(190)		(190)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	66	37,815	2	37,884
Balance at end of this term	86,174	50,757	158,939	(934)	294,937

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Retirement benefits liability adjustments	Total other comprehensive income		
Balance at pre end of term	5,084	50	4,252	(16,799)	(9,472)	(16,884)	33,055	273,312
Cumulative effects of Changes in accounting policies							(9)	(97)
Restated balance	5,084	50	4,252	(16,799)	(9,472)	(16,884)	33,046	273,214
Issuance of new stock								
Change in shares of parent arising from transactions with non-controlling interests								
Dividends of surplus fund								(6,142)
Net profit of this item								44,114
Reversal of revaluation reserve for land								33
Purchase of treasury stock								(63)
Disposal of treasury stock								132
Change in scope of consolidation								(190)
Net changes of items other than shareholders' equity	1,824	(48)	43	17,449	5,323	24,592	11,799	36,391
Total changes of items during the period	1,824	(48)	43	17,449	5,323	24,592	11,799	74,275
Balance at end of this term	6,908	2	4,295	649	(4,148)	7,707	44,845	347,490

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at pre end of term	86,174	50,757	158,939	(934)	294,937
Cumulative effects of Changes in accounting policies					
Restated balance	86,174	50,757	158,939	(934)	294,937
Issuance of new stock					
Change in shares of parent arising from transactions with non-controlling interests		167			167
Dividends of surplus fund			(7,370)		(7,370)
Net profit of this item			36,404		36,404
Reversal of revaluation reserve for land			14		14
Purchase of treasury stock				(46)	(46)
Disposal of treasury stock		0		0	0
Change in scope of consolidation			743		743
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	167	29,791	(45)	29,914
Balance at end of this term	86,174	50,925	188,731	(979)	324,851

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Retirement benefits liability adjustments	Total other comprehensive income		
Balance at pre end of term	6,908	2	4,295	649	(4,148)	7,707	44,845	347,490
Cumulative effects of Changes in accounting policies								
Restated balance	6,908	2	4,295	649	(4,148)	7,707	44,845	347,490
Issuance of new stock								
Change in shares of parent arising from transactions with non-controlling interests								167
Dividends of surplus fund								(7,370)
Net profit of this item								36,404
Reversal of revaluation reserve for land								14
Purchase of treasury stock								(46)
Disposal of treasury stock								0
Change in scope of consolidation								743
Net changes of items other than shareholders' equity	(2,153)	14	369	(4,823)	(7,680)	(14,274)	(6,057)	(20,331)
Total changes of items during the period	(2,153)	14	369	(4,823)	(7,680)	(14,274)	(6,057)	9,582
Balance at end of this term	4,755	16	4,665	(4,174)	(11,829)	(6,566)	38,787	357,073

Consolidated Statements of Cash Flows

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

Item	FY3/15 (4/1/14-3/31/15)	FY3/16 (4/1/15-3/31/16)
Cash flows from operating activities:		
Income before income taxes and minority interests(-)	67,387	52,592
Depreciation and amortization	42,401	43,957
Amortization of goodwill	2,771	2,967
Equity in losses (earnings) of unconsolidated subsidiaries and affiliates	(5,293)	(5,292)
Loss on valuation of investment securities	1,231	374
Changes in asset and liability for retirement benefits	485	(1,027)
(Decrease) Increase in provision for directors' retirement benefits	(6)	(32)
Increase in provision for bonuses	79	509
(Decrease) Increase in allowance for doubtful accounts	435	(689)
Decrease in provision for removal of assets	(533)	(41)
Decrease in other provision	(1,498)	(158)
Interest and dividends income	(1,322)	(1,563)
Interest expenses	6,847	6,492
Loss(Gain) on sales of investment securities	(5)	(1,243)
Loss on disposal of property, plant, and equipment	797	1,539
Impairment loss	1,069	5,757
(Increase) Decrease in notes and accounts receivable-trade	2,429	7,259
Decrease in inventories	(1,069)	(3,694)
Decrease in notes and accounts payable-trade	(872)	(6,525)
Business structure reform expenses	1,180	-
Gain on forgiveness of debts	(4,569)	-
Other, net	(4,064)	(4,268)
Subtotal	107,879	96,910
Interest and dividends income received	1,705	1,971
Interest expenses paid	(6,920)	(6,599)
Income taxes paid	(25,664)	(16,655)
Cash flows from operating activities:	77,000	75,627
Cash flows from investing activities:		
Decrease(Increase) in time deposits	848	(350)
Purchase of property, plant, and equipment	(38,323)	(35,922)
Proceeds from sales of property, plant, and equipment	5,017	6,061
Purchase of other depreciated assets	(79)	(128)
Proceeds from sales of other depreciated assets	0	0
Purchase of investment securities	(1,444)	(342)
Proceeds from sales and redemption of investment securities	370	995
Purchase of investments in subsidiaries resulting from change in scope of consolidation	(516)	-
Proceeds from sales of investments in subsidiaries resulting from change in scope of consolidation	-	6,747
Payments from sales of investments in subsidiaries resulting from change in scope of consolidation	-	(1,040)
Payments of loans receivable	(1,562)	(693)
Collection of loans receivable	3,631	3,510
Payments for transfer of business	-	(50,863)
Other, net	680	927
Cash flows from investing activities:	(31,377)	(71,099)
Cash flows from financing activities:		
Net increase(decrease) in short-term loans payable	(31,899)	(9,798)
Increase(decrease) in commercial paper	5,000	(5,000)
Proceeds from long-term loans payable	44,752	105,866
Repayment of long-term loans payable	(78,335)	(60,005)
Proceeds from issuance of bonds	20,000	-
Redemption of bonds	(610)	(20,395)
Proceeds from sales of treasury stock	67	0
Purchase of treasury stock	(50)	(43)
Cash dividends paid	(6,142)	(7,370)
Cash dividends paid to minority shareholders	(583)	(1,015)
Other, net	(4,911)	(6,216)
Cash flows from financing activities:	(52,713)	(4,027)

Effect of exchange rate change on cash and cash equivalents	1,712	(510)
Net increase(decrease) in cash and cash equivalents	(5,377)	(10)
Cash and cash equivalents at beginning of period	55,604	50,645
Decrease in cash and cash equivalents resulting from change of scope of consolidation	342	(596)
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	76	138
Increase(decrease) in cash and cash equivalents from corporate division	-	(105)
Cash and cash equivalents at end the period	50,645	50,072

Consolidated Segment Information

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

[Industry Segments]

(Millions of Yen)

	FY3/16 (4/1/15- 3/31/16)							Eliminations	Consolidated total
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Other	Total			
Net sales									
(1) Net sales to outside customers	564,303	71,293	68,154	75,228	56,379	835,359	—	835,359	
(2) Intersegment net sales	10,420	22,239	5,305	5,624	28,842	72,433	(72,433)	—	
Total	574,724	93,533	73,460	80,853	85,222	907,793	(72,433)	835,359	
Segment operating profit	34,631	8,113	7,655	6,130	4,014	60,544	(111)	60,433	

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

[Geographic segments]

(Millions of Yen)

	Japan	America	Other	Total
Net sales	629,672	107,680	98,007	835,359
Noncurrent assets	308,518	107,981	71,110	487,611