

## Outline of Consolidated Financial Results of Taiheiyo Cement Corporation for the Second Quarter of Fiscal 2017 ended March 31, 2017

November 10, 2016

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

Fiscal 2016 2Q: April 1, 2015- September 30, 2015  
Fiscal 2016: April 1, 2015- March 31, 2016  
Fiscal 2017 2Q: April 1, 2016- September 30, 2016  
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 Second Quarter of Fiscal 2017(April 1, 2016 through September 30, 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	%
2Q FY3/17	376,929	Δ9.2	21,456	Δ15.0	20,785	Δ21.3	42,272	167.5
2Q FY3/16	415,152	2.7	25,255	Δ9.1	26,396	Δ7.2	15,802	Δ13.0

\*comprehensive income : Fiscal 2017 2Q 18,679 Fiscal 2016 2Q 17,579

	EPS	Diluted EPS
	Yen	Yen
2Q FY3/17	34.17	—
2Q FY3/16	12.86	—

#### (2) Financial Position

	Total assets	Total net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
2Q FY3/17	1,018,882	381,011	33.8
FY3/16	1,014,075	357,073	31.4

\*Equity : Fiscal 2017 2Q 344,338 Fiscal 2016 318,285

#### 2. Dividends

	Dividend per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
FY3/16	—	3.00	—	3.00	6.00
FY3/17	—	3.00	—	3.00	6.00
FY3/17(forecast)	—	—	—	3.00	6.00

### 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
FY3/17	805,000	Δ3.6	62,000	2.6	57,000	Δ5.4	52,000	42.8	41.68

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	FY3/16 (As of 3/31/16)	2Q FY3/17 (As of 9/30/16)
Assets		
Current assets		
Cash and deposits	53,539	77,482
Notes and accounts receivable-trade	161,392	158,707
Merchandise and finished goods	31,187	30,958
Work in process	1,485	2,022
Raw materials and supplies	42,624	40,008
Other	19,627	25,127
Allowance for doubtful accounts	(938)	(1,079)
Total current assets	308,918	333,227
Noncurrent assets		
A. Property, plant and equipment		
Buildings and structures, net	132,708	135,468
Machinery, equipment, and vehicles, net	147,151	137,192
Land	140,726	157,685
Other, net	67,024	62,574
Total property, plant and equipment	487,611	492,920
B. Intangible assets		
Goodwill	6,432	4,256
Other	37,487	35,147
Total intangible assets	43,919	39,404
C. Investments and other assets		
Investment securities	115,443	78,275
Asset for retirement benefits	8,968	9,544
Other	55,870	73,190
Allowance for doubtful accounts	(6,655)	(7,680)
Total investments and other assets	173,626	153,330
Total noncurrent assets	705,156	685,654
Total assets	1,014,075	1,018,882

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

Item	FY3/16 (As of 3/31/16)	2Q FY3/17 (As of 9/30/16)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	73,893	68,840
Short-term loans payable	160,421	149,793
Current portion of bonds	450	10,170
Income taxes payable	8,351	16,569
Provision for bonuses	5,723	5,841
Other provision	751	436
Other	71,637	70,503
<b>Total current liabilities</b>	<b>321,229</b>	<b>322,154</b>
<b>Noncurrent liabilities</b>		
Bonds payable	46,155	36,070
Long-term loans payable	187,471	174,563
Liability for retirement benefits	22,814	22,509
Provision for directors' retirement benefits	433	422
Provision for special repairs	245	117
Other provision	747	971
Asset retirement obligations	7,990	7,905
Other	69,915	73,156
<b>Total noncurrent liabilities</b>	<b>335,772</b>	<b>315,716</b>
<b>Total liabilities</b>	<b>657,002</b>	<b>637,871</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	86,174	86,174
Capital surplus	50,925	59,005
Retained earnings	188,731	227,483
Treasury stock	(979)	(1,358)
<b>Total shareholders' equity</b>	<b>324,851</b>	<b>371,304</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,755	5,239
Deferred gains or losses on hedges	16	132
Revaluation reserve for land	4,665	5,065
Foreign currency translation adjustment	(4,174)	(27,758)
Retirement benefits liability adjustments	(11,829)	(9,645)
<b>Total accumulated other comprehensive income</b>	<b>(6,566)</b>	<b>(26,966)</b>
<b>Non-controlling interests</b>	<b>38,787</b>	<b>36,673</b>
<b>Total net assets</b>	<b>357,073</b>	<b>381,011</b>
<b>Total liabilities and net assets</b>	<b>1,014,075</b>	<b>1,018,882</b>

## Consolidated Statements of Income

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

Item	2Q FY3/16 (4/1/15- 9/30/15)	2Q FY3/17 (4/1/16- 9/30/16)
Net sales	415,152	376,929
Cost of sales	322,927	289,669
Gross profit	92,225	87,259
Selling, general and administrative expenses	66,970	65,803
Operating income	25,255	21,456
Non-operating income		
Interest income	281	265
Dividends income	480	507
Equity in earnings of unconsolidated subsidiaries and affiliates	3,680	1,966
Other	2,596	1,246
Total non-operating income	7,038	3,984
Non-operating expenses		
Interest expenses	3,020	2,566
Other	2,877	2,089
Total non-operating expenses	5,897	4,656
Ordinary income	26,396	20,785
Extraordinary income		
Gain on disposal of property, plant, and equipment	370	329
Gain on sales of investment securities	640	3,966
Gain on bargain purchase	-	17,070
Other	76	21
Total extraordinary income	1,087	21,388
Extraordinary loss		
Loss on disposal of property, plant, and equipment	1,031	787
Loss on step acquisitions	-	3,034
Other	403	267
Total extraordinary losses	1,434	4,089
Income before income taxes and non-controlling interests	26,048	38,083
Income taxes-current	9,449	(5,164)
Profit	16,598	43,247
Profit attributable to non-controlling interests	796	975
Profit attributable to owners of parent	15,802	42,272

## Consolidated Statements of Comprehensive Income

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

	2Q FY3/16 (4/1/15- 9/30/15)	2Q FY3/17 (4/1/16- 9/30/16)
Profit	16,598	43,247
Other comprehensive income		
Valuation difference on available-for-sale securities	(14)	524
Deferred gains or losses on hedges	(0)	105
Foreign currency translation adjustment	864	(26,113)
Retirement benefits liability adjustments	364	2,177
Share of other comprehensive income of associates accounted for using equity method	(233)	(1,260)
Total other comprehensive income	980	(24,568)
Comprehensive income	17,579	18,679
Comprehensive income attributable to :		
Owners of parent	16,814	21,872
Non-controlling interests	765	(3,192)

## Consolidated Statements of Cash Flows

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

	2Q FY3/16 (4/1/15- 9/30/15)	2Q FY3/17 (4/1/16- 9/30/16)
<b>Cash flows from operating activities</b>		
Income before income taxes and non-controlling interests	26,048	38,083
Depreciation and amortization	21,440	21,622
Amortization of goodwill	1,467	1,298
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(3,680)	(1,966)
Loss(gain) on valuation of investment securities	98	15
Changes in asset and liability for retirement benefits	(474)	1,736
Increase(decrease) in provision for directors' retirement benefits	(90)	(39)
Increase(decrease) in provision for bonuses	321	69
Increase(decrease) in allowance for doubtful accounts	570	(62)
Increase(decrease) in provision for removal of assets	(41)	-
Increase(decrease) in other provision	(716)	(589)
Interest and dividends income	(762)	(772)
Interest expenses	3,020	2,566
Loss(gain) on sales of investment securities	(621)	(3,950)
Loss(gain) on disposal of property, plant, and equipment	661	458
Impairment loss	-	126
Decrease (increase) in notes and accounts receivable-trade	11,160	6,849
Decrease (increase) in inventories	(3,081)	(995)
Increase (decrease) in notes and accounts payable-trade	(7,183)	(8,293)
Loss (gain) on step acquisitions	-	3,034
Gain on bargain purchase	-	(17,070)
Other, net	(3,354)	4,041
<b>Subtotal</b>	<b>44,783</b>	<b>46,160</b>
Interest and dividends income received	1,128	1,154
Interest expenses paid	(3,180)	(2,661)
Income taxes paid	(10,957)	(8,207)
<b>Cash flows from operating activities</b>	<b>31,773</b>	<b>36,446</b>
<b>Cash flows from investing activities</b>		
Decrease(Increase) in time deposits	331	457
Purchase of property, plant, and equipment	(19,004)	(20,042)
Proceeds from sales of property, plant, and equipment	2,501	731
Purchase of investment securities	(25)	(507)
Proceeds from sales of investment securities	171	40,718
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	6,751	-
Payments of loans receivable	(804)	(2,781)
Collections of loans receivable	2,426	1,876
Other, net	431	(537)
<b>Cash flows from investing activities</b>	<b>(7,220)</b>	<b>19,914</b>

Cash flows from financing activities		
Increase (decrease) in short-term loans payable	44,952	(8,218)
Increase (decrease) in commercial papers	12,000	-
Proceeds from long-term loans payable	31,678	11,026
Repayment of long-term loans payable	(33,763)	(26,776)
Redemption of bonds	(20,220)	(365)
Proceeds from share issuance to non-controlling shareholders	-	1,400
Purchase of treasury stock	(25)	(36)
Proceeds from sales of treasury stock	0	1
Cash dividend paid	(3,685)	(3,690)
Dividends paid to non-controlling interests	(716)	(500)
Other, net	(2,673)	(2,775)
Cash flows from financing activities	27,547	(29,934)
Effect of exchange rate changes on cash and cash equivalents	(28)	(3,013)
Net increase(decrease) in cash and cash equivalents	52,072	23,412
Cash and cash equivalents at beginning of period	50,645	50,072
Increase(decrease) in cash and cash equivalents due to changes in scope of consolidation	92	-
Increase in cash and cash equivalents by share exchanges	-	1,108
Increase in cash and cash equivalents resulting from merger of subsidiaries	138	43
Decrease in cash and cash equivalents from corporate division	(105)	-
Cash and cash equivalents at end of the period	102,844	74,637

### Consolidated Segment Information

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

	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

	2Q FY3/17 (4/1/16 – 9/30/16)								
	Reportable Segments					Other	Total	Adjustment	Consolidated Total
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Total				
Net sales									
Sales to outside customers	262,593	28,369	32,680	30,065	353,708	23,220	376,929	—	376,929
Inter-segment sales	4,437	10,122	2,587	2,015	19,161	10,212	29,374	(29,374)	—
Total	267,030	38,491	35,267	32,080	372,870	33,433	406,303	(29,374)	376,929
Segment income(loss)	12,357	3,360	3,464	1,387	20,570	1,026	21,596	(139)	21,456