

Outline of Consolidated Financial Results of Taiheiyo Cement Corporation for the Third Quarter of Fiscal 2010 ended March 31, 2010

February 10, 2010

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

Fiscal 2009 3Q: April 1, 2008- December 31,2008
Fiscal 2009: April 1, 2008-March 31, 2009
Fiscal 2010 3Q: April 1, 2009-December 31, 2009
Fiscal 2010: April 1, 2009-March 31, 2010

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 Third Quarter of Fiscal 2010 (April 1, 2009 through December 31, 2009)

(1) Operating Results

	Net Sales		Operating income		Ordinary income(loss)		Net loss	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
3Q FY3/10	546,193	(17.6)	3,688	(58.5)	2,416	—	(2,543)	—
3Q FY3/09	662,921	—	8,893	—	(2,472)	—	(21,931)	—

	EPS		Diluted EPS	
	Yen		Yen	
3Q FY3/10	(2.72)		—	
3Q FY3/09	(23.37)		—	

(2) Financial Position

	Total assets		Total net assets		Equity ratio		Equity per share	
	Millions of Yen		Millions of Yen		%	Yen		
3Q FY3/10	1,137,937		218,463		16.1	195.36		
FY3/09	1,158,086		220,038		15.9	195.80		

2. Dividends

	Dividend per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
FY3/09	—	2.00	—	0.00	2.00
FY3/10	—	0.00	—	—	—
FY3/10(forecast)	—	—	—	—	—

3. Consolidated Results Forecast for the Fiscal 2010(April 1, 2009 through March 31, 2010)

	Net sales		Operating income		Ordinary income		Net income(loss)		EPS	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen	
FY3/10	737,000	(15.5)	5,000	(55.2)	500	—	(4,500)	—	(4.80)	

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	3Q FY3/10 (As of 12/31/09)	FY3/09 (As of 3/31/09)
Assets		
Current assets		
Cash and time deposits	69,311	61,052
Notes and accounts receivable-trade	169,726	172,621
Merchandise and finished goods	33,435	36,758
Work in process	10,131	12,361
Raw materials and supplies	41,221	46,538
Other	39,094	38,287
Allowance for doubtful accounts	(1,924)	(1,961)
Total current assets	360,977	365,659
Non-current assets		
A. Property, plant and equipment		
Buildings and structures, net	167,098	173,584
Machinery, equipment, and vehicles, net	136,783	151,198
Land	172,178	173,566
Other, net	70,949	57,990
Total property, plant and equipment	547,009	556,339
B. Intangible assets		
Goodwill	18,761	21,343
Other	36,179	37,049
Total intangible assets	54,941	58,392
C. Investments and other assets		
Investment securities	102,253	103,153
Other	82,029	84,072
Allowance for doubtful accounts	(9,273)	(9,530)
Total investments and other assets	175,009	177,695
Total noncurrent assets	776,959	792,426
Total assets	1,137,937	1,158,086

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

Item	3Q FY3/10 (As of 12/31/09)	FY3/09 (As of 3/31/09)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	84,622	100,877
Short-term bank loans payable	302,023	280,702
Commercial papers	5,000	22,000
Current portion of bonds	20,760	785
Income taxes payable	2,859	2,292
Provision for bonuses	3,178	5,740
Provision for directors' bonuses	7	26
Provision for head office transfer cost	-	428
Provision for loss on transfer of business	5,438	5,438
Other provision	866	818
Other	61,838	65,156
Total current liabilities	486,596	484,266
Noncurrent liabilities		
Bonds payable	63,228	73,181
Bonds with subscription rights to shares	22,023	34,137
Long-term bank loans payable	234,589	232,559
Provision for retirement benefits	35,203	34,215
Provision for directors' retirement benefits	788	1,083
Provision for loss on business of subsidiaries and affiliates	138	138
Provision for special repairs	419	361
Other	76,484	78,104
Total noncurrent liabilities	432,876	453,780
Total liabilities	919,473	938,047
Net assets		
Shareholders' equity		
Capital stock	69,499	69,499
Capital surplus	60,381	60,745
Retained earnings	87,214	89,743
Treasury stock	(920)	(1,702)
Total shareholders' equity	216,174	218,286
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	5,957	4,952
Deferred gains or losses on hedges	(215)	(97)
Revaluation reserve for land	4,545	4,559
Foreign currency translation adjustment	(40,466)	(41,379)
Accumulated other comprehensive losses	(2,233)	(2,567)
Valuation and translation adjustments	(32,412)	(34,531)
Minority interests in consolidated subsidiaries	34,702	36,284
Total net assets	218,463	220,038
Total liabilities and net assets	1,137,937	1,158,086

Consolidated Statements of Income

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

Item	3Q FY3/09 (4/1/08– 12/31/08)	3Q FY3/10 (4/1/09– 12/31/09)
Net sales	662,921	546,193
Cost of sales	545,234	448,060
Gross profit	117,687	98,133
Selling, general and administrative expenses	108,793	94,444
Operating income	8,893	3,688
Non-operating income		
Interest income	853	439
Dividends income	1,049	1,076
Equity in earnings of unconsolidated subsidiaries and affiliates	–	3,904
Other	2,875	3,094
Total non-operating income	4,777	8,514
Non-operating expenses		
Interest expenses	8,018	7,462
Equity in losses of unconsolidated subsidiaries and affiliates	5,849	–
Other	2,275	2,323
Total non-operating expenses	16,143	9,786
Ordinary income(loss)	(2,472)	2,416
Extraordinary income		
Gain on disposal of non-current assets	1,678	1,146
Gain on sales of investments in securities	665	24
Other	352	412
Total extraordinary income	2,695	1,584
Extraordinary income		
Loss on disposal of non-current assets	1,637	1,629
Impairment loss	893	15
Loss on valuation of investment securities	6,274	–
Amortization of goodwill in equity	4,491	–
Other	3,625	1,638
Total Extraordinary loss	16,922	3,283
Income(loss) before income taxes and minority interests	(16,699)	717
Income taxes-current	5,977	2,732
Income taxes-deferred	(2,291)	(20)
Income taxes	3,686	2,711
Minority interests in net income	1,545	549
Net loss	(21,931)	(2,543)

Consolidated Statements of Cash Flows

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

(Millions of Yen)

Item	3Q FY3/09 (4/1/08 – 12/31/08)	3Q FY3/10 (4/1/09 – 12/31/09)
I Net cash provided by(used in) operating activities		
Income(Loss) before income taxes and minority interests	(16,699)	717
Depreciation and amortization	37,861	36,317
Amortization of goodwill	2,172	2,500
Equity in losses(earnings) of affiliates	5,849	(3,904)
Loss on valuation of investment securities	6,274	329
Amortization of goodwill in equity	4,491	–
Increase(Decrease) in provision for retirement benefits	(1,343)	91
Decrease in provision for directors' retirement benefits	(456)	(294)
Decrease in provision for bonuses	(3,104)	(2,567)
Decrease in provision for directors' bonuses	(35)	(19)
Increase(Decrease) in allowance for doubtful accounts	286	(315)
Decrease in other provision	(72)	(931)
Interest and dividends income	(1,902)	(1,516)
Interest expenses	8,018	7,462
Loss(Gain) on sales of investment securities	(656)	226
Loss on liquidation of subsidiaries and affiliates	158	0
Loss(Gain) on disposal of property, plant, and equipment	(41)	482
Impairment loss	893	15
Decrease(Increase) in notes and accounts receivable-trade	(24,779)	2,958
Decrease(Increase) in inventories	(26,517)	10,659
Decrease(Increase) in notes and accounts payable-trade	712	(15,727)
Other, net	9,383	153
Subtotal	493	36,640
Interest and dividends income received	1,889	2,500
Interest expenses paid	(8,148)	(8,021)
Income taxes paid	(5,740)	(3,977)
Net cash provided by(used in) operating activities	(11,505)	27,141
II Net cash provided by(used in) investing activities		
Decrease(Increase) in time deposits	623	(837)
Purchase of property, plant, and equipment	(36,751)	(31,768)
Proceeds from sales of property, plant, and equipment	4,879	2,119
Purchase of investment securities	(2,816)	(285)
Proceeds from sales of investment securities	1,881	6,360
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(48,489)	–
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	–	58
Payments of loans receivable	(4,795)	(2,262)
Collection of loans receivable	3,906	1,829
Other, net	1,270	1,443
Net cash provided by(used in) investing activities	(80,290)	(23,341)
III Net cash provided by(used in) financing activities		
Net increase(decrease) in short-term loans payable	46,138	(3,296)
Net Increase(decrease) in commercial papers	3,000	(17,000)
Proceeds from long-term loans payable	113,096	64,477
Repayment of long-term loans payable	(46,515)	(36,358)
Redemption of bonds	(1,126)	(477)
Proceeds from issuance of bonds	–	10,500
Redemption of bonds with subscription rights to shares	–	(12,000)
Proceeds from issuance of common stock	2,201	–
Purchase of treasury stock	–	(784)
Proceeds from sales of treasury stock	22	3
Cash dividends paid	(4,668)	–
Cash dividends paid to minority shareholders	(833)	(660)
Other, net	(177)	(986)
Net cash provided by(used in) financing activities	111,136	3,416
IV Effect of exchange rate changes on cash and cash equivalents	(1,802)	182
V Net increase in cash and cash equivalents	17,538	7,398
VI Cash and cash equivalents at beginning of period	60,051	56,299
VII Decrease in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	(195)	–
VIII Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	–	161
VIX Decrease in cash and cash equivalents resulting from	–	(126)

corporate divestiture		
IX Cash and cash equivalents at end of the period	77,394	63,732

Segment Information

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

[Industry Segments]

(Millions of Yen)

	3Q FY3/10 (4/1/09 – 12/31/09)								Consolidated total
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Ceramics & Electronics Business	Other	Total	Eliminations or corporate assets	
Net sales									
(1) Net sales to outside customers	336,312	52,892	40,287	60,672	12,818	43,208	546,193	—	546,193
(2) Intersegment net sales	8,502	13,005	4,544	4,087	31	27,120	57,292	(57,292)	—
Total	344,815	65,898	44,832	64,760	12,850	70,329	603,486	(57,292)	546,193
Operating income(loss)	62	1,103	3,089	570	(2,493)	1,841	4,174	(486)	3,688

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

[Geographic segments]

(Millions of Yen)

	3Q FY3/10 (4/1/09 – 12/31/09)						Eliminations or corporate assets	Consolidated total
	Japan	North America	Asia	Other	Total			
Net sales								
(1) Net sales to outside customers	461,892	43,164	37,300	3,836	546,193	—	546,193	
(2) Intersegment net sales	4,682	—	2,090	1	6,774	(6,774)	—	
Total	466,574	43,164	39,391	3,837	552,968	(6,774)	546,193	
Operating income(loss)	7,374	(6,667)	3,426	214	4,347	(659)	3,688	

Overseas sales

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

(Millions of Yen)

		3Q FY3/10 (4/1/09 – 12/31/09)			
		North America	Asia	Other	Total
I	Overseas sales	43,263	45,153	12,067	100,484
II	Consolidated sales	—	—	—	546,193
III	Ratio of overseas sales to consolidated sales	7.9%	8.3%	2.2%	18.4%