

**Summary of Consolidated Financial Results of Taiheiyo Cement Corporation
for the First Half of Fiscal 2005 Ended September 30, 2004**

November 16, 2004

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

Fiscal 2004 1H: April 1, 2003-September 30, 2003
Fiscal 2004: April 1, 2003-March 31, 2004
Fiscal 2005 1H: April 1, 2004-September 30, 2004
Fiscal 2005: April 1, 2004-March 31, 2005

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.

1. FY3/05 consolidated interim results (April 1, 2004 – September 30, 2004)

(1) Consolidated results of operations All yen figures are rounded down to the nearest one million yen.

	Net Sales		Operating income		Ordinary income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
1H FY3/05	413,090	-3.9	16,714	0.0	11,238	11.2
1H FY3/04	429,915	-6.6	16,707	5.8	10,103	149.4
FY3/04	879,484		44,847		35,142	

	Net income		EPS	Diluted EPS
	Millions of Yen	%	Yen	Yen
1H FY3/05	6,255	-2.4	6.72	6.49
1H FY3/04	6,412	-	6.92	—
FY3/04	16,518		17.71	17.46

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Equity per share
	Millions of Yen	Millions of Yen	%	Yen
1H FY3/05	1,283,054	225,209	17.6	242.00
1H FY3/04	1,373,412	219,790	16.0	237.19
FY3/04	1,303,997	222,178	17.0	238.73

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at term-end
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
1H FY3/05	17,440	1,070	-17,116	82,064
1H FY3/04	23,228	3,618	-45,143	72,913
FY3/04	55,675	31,585	-96,003	80,534

2. FY3/05 consolidated earnings forecast (April 1, 2004 – March 31, 2005)

	Sales	Ordinary income	Net income
	Millions of Yen	Millions of Yen	Millions of Yen
FY3/05	865,000	36,000	16,000

Reference: FY3/05 EPS forecast: ¥17.19

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

(Unit: Millions of Yen)

Item	1H FY3/05 (As of 9/30/04)	FY3/04 (As of 3/31/04)	Change	1H FY3/04 (As of 9/30/03)
Assets				
Current assets	360,978	364,067	-3,089	362,907
Cash and time deposits	87,847	85,851	1,996	78,535
Notes and accounts receivable	171,848	188,360	-16,511	178,532
Inventories	74,572	66,218	8,354	75,714
Deferred income taxes	3,975	2,903	1,071	1,896
Short-term loans	13,375	15,192	-1,816	17,360
Other current assets	11,851	8,185	3,665	13,857
Allowance for doubtful accounts	-2,491	-2,643	151	-2,988
Fixed assets	922,075	939,929	-17,854	1,010,505
A. Tangible fixed assets	645,941	654,826	-8,884	723,859
Buildings and structures	206,137	210,830	-4,692	250,775
Machinery, equipment	169,398	175,314	-5,916	194,080
Land	218,063	222,279	-4,216	226,421
Construction in progress	26,728	20,814	5,913	25,756
Other tangible fixed assets	25,614	25,586	28	26,824
B. Intangible fixed assets	50,254	50,964	-710	53,185
Trade rights	14,425	13,843	582	15,572
Consolidation adjustments	7,498	8,067	-569	7,640
Other intangible fixed assets	28,329	29,053	-723	29,972
C. Investments and other assets	225,880	234,138	-8,258	233,459
Investment securities	152,923	159,375	-6,452	156,153
Long-term loans	9,129	9,581	-452	8,571
Deferred income taxes	15,512	15,732	-220	19,203
Other investments and assets	62,690	65,304	-2,614	67,571
Allowance for doubtful accounts	-14,374	-15,855	1,481	-18,039
Total assets	1,283,054	1,303,997	-20,943	1,373,412

(Unit: Millions of Yen)

Item	1H FY3/05 (As of 9/30/04)	FY3/04 (As of 3/31/04)	Change	1H FY3/04 (As of 9/30/03)
Liabilities				
Current liabilities	540,511	566,375	-25,863	637,560
Notes and accounts payable	102,593	116,286	-13,692	117,046
Short-term borrowings	333,602	350,727	-17,124	366,903
Bonds (due within one year)	31,105	30,570	535	75,677
Income taxes payable	5,431	7,207	-1,776	3,413
Deferred income taxes	56	161	-104	4,426
Bonus reserve	5,999	5,483	515	6,060
Other reserves	567	614	-46	626
Other current liabilities	61,155	55,323	5,832	63,407
Fixed liabilities	486,400	486,335	65	487,880
Bonds	73,490	83,310	-9,820	89,756
Convertible bonds	34,000	12,000	22,000	• •
Long-term borrowings	249,293	261,913	-12,619	266,977
Deferred income taxes	26,332	25,211	1,121	23,282
Deferred income taxes from revaluation excess	5,948	5,948	• •	5,949
Accrued for retirement benefits	35,032	35,689	-657	35,419
Accrued for retirement benefits to directors and corporate auditors	2,081	3,070	-988	2,751
Special repair reserve	175	104	71	107
Other fixed liabilities	60,045	59,086	958	63,636
Total liabilities	1,026,912	1,052,711	-25,798	1,125,440
Minority interests	30,932	29,107	1,824	28,181
Shareholders' equity				
Capital stock	69,499	69,499	• •	69,499
Additional paid in capital	58,607	58,489	118	58,229
Retained earnings	92,702	88,769	3,933	78,663
Revaluation excess	5,121	5,373	-251	7,552
Unrealized gain on other securities	13,962	16,403	-2,440	10,225
Foreign currency translation adjustments	-11,917	-13,312	1,394	-906
Treasury stock	-2,766	-3,043	276	-3,473
Total shareholders' equity	225,209	222,178	3,030	219,790
Total liabilities, minority interests and shareholders' equity	1,283,054	1,303,997	-20,943	1,373,412

Consolidated Statements of Income

(Unit: Millions of Yen)

Item	1H FY3/05	1H FY3/04	YoY	FY3/04
	(4/1/04-9/30/04)	(4/1/03-9/30/03)	change	(4/1/03-3/31/04)
Operating income/loss				
Sales	413,090	429,915	-16,824	879,484
Cost of sales	329,365	343,900	-14,535	688,442
Selling, general and administrative expenses	67,010	69,306	-2,296	146,194
Income from operation	16,714	16,707	7	44,847
Interest and dividends received	2,331	1,508	822	5,827
Equity in earnings of unconsolidated subsidiaries and affiliates	—	—	—	504
Other non-operating income	2,086	2,398	-312	6,119
Total	4,417	3,907	510	12,451
Interest expenses	6,182	7,700	-1,517	15,011
Equity in losses of unconsolidated subsidiaries and affiliates	1,068	378	689	—
Other non-operating expenses	2,642	2,433	209	7,144
Total	9,893	10,512	-618	22,155
Ordinary income	11,238	10,103	1,135	35,142
Gain on disposal of fixed assets	7,389	2,443	4,946	17,374
Gain on sale of investment securities	7,448	1,758	5,690	3,497
Gain on dilution of ownership in affiliated companies	1,039	2,951	-1,912	2,874
Other extraordinary gains	96	110	-14	259
Total	15,973	7,262	8,710	24,005
Loss on disposal of fixed assets	8,637	2,295	6,342	14,613
Provision for allowance for doubtful accounts	175	922	-747	1,304
Liquidation of unconsolidated subsidiaries and affiliates	747	1,143	-396	2,006
Loss on sale of stock of affiliates	—	471	-471	—
Loss on sale of investment securities	258	—	258	551
Stock valuation loss	579	471	108	182
Special allowance to employees retired under earli retirement scheme	186	1,233	-1,047	2,152
Loss on closure of a cement plant	484	—	484	5,603
Other extraordinary losses	873	771	102	4,786
Total	11,943	7,309	4,633	31,202
Net income before income taxes	15,269	10,056	5,213	27,945
Income taxes	6,676	3,043	3,633	12,190
Income tax adjustments	1,660	145	1,514	-3,165
Minority interest income	676	455	221	2,401
Net income	6,255	6,412	-157	16,518

Consolidated Statements of Retained Earnings

(Unit: Millions of Yen)

Item	1H FY3/05		1H FY3/04		YoY change		FY3/04	
Additional paid in capital								
I Additional paid in capital at beginning of term		58,489		58,229		260		58,229
II Increase in additional paid in capital		118		0		117		260
Gain on disposal of treasury stock	118		0		117		260	
IV Additional paid in capital at end of term		58,607		58,229		378		58,489
Retained earnings								
I Retained earnings at beginning of term		88,769		74,610		14,158		74,610
II Increase in retained earnings		6,298		6,412		-113		16,520
Net income	6,255		6,412		-157		16,518	
Increase resulting from merger of consolidated subsidiaries	41		—		41		—	
Reversal of land revaluation difference	1		0		1		1	
III Decrease in retained earnings		2,365		2,359		5		2,361
Dividends	2,314		2,298		15		2,298	
Bonuses to directors and corporate auditors	50		61		-10		63	
• Retains earnings at end of term		92,702		78,663		14,039		88,769

Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

Item	Term	1H FY3/05 (4/1/04 – 9/30/04)	1H FY3/04 (4/1/03 – 9/30/03)	YoY change	FY3/04 (4/1/03 – 3/31/04)
I Cash flows from operating activities					
Net income before income taxes		15,269	10,056	5,213	27,945
Depreciation and amortization		19,747	23,048	-3,301	45,228
Amortization of difference between equity in net assets of consolidated subsidiaries and affiliates		582	581	0	943
Equity in gains of unconsolidated subsidiaries and affiliates		—	—	—	-504
Equity in losses of unconsolidated subsidiaries and affiliates		1,068	378	689	—
Stock valuation loss		579	471	108	182
Increase/decrease in accrued retirement benefits		-745	-745	0	172
Increase/decrease in accrued retirement benefits to directors and corporate auditors		-988	37	-1,026	356
Increase/decrease in bonus reserve		519	20	498	-479
Increase/decrease in allowance for doubtful accounts		-1,623	414	-2,037	-2,104
Increase in other reserves		41	43	-2	29
Interest and dividends received		-2,331	-1,508	-822	-5,827
Interest expenses		6,182	7,700	-1,517	15,011
Gain on sale of investment in securities		-7,448	-1,758	-5,690	-3,497
Loss on sale of stock of affiliates		—	471	-471	—
Loss on sale of investment securities		258	—	258	551
Gain on dilution of ownership in affiliated companies		-1,039	—	-1,039	-2,874
Liquidation of unconsolidated subsidiaries and affiliates		747	1,143	-396	2,006
Gain on disposal of fixed assets		-7,389	-2,443	-4,946	-17,374
Loss on disposal of fixed assets		8,637	2,295	6,342	18,653
Increase/decrease in notes and accounts receivable		14,024	4,887	9,137	-6,037
Increase/decrease in inventories		-6,480	-6,994	514	1,884
Decrease in notes and accounts payable		-13,095	-1,634	-11,460	-611
Payment of bonuses to directors and corporate auditors		-60	-77	16	-79
Other		1,690	-2,933	4,624	3,226
Subtotal		28,146	33,455	-5,308	76,803
Interest and dividends received		3,725	992	2,732	2,648
Interest paid		-6,591	-8,409	1,817	-16,483
Income taxes paid		-7,839	-2,809	-5,030	-7,292
Net cash provided by operating activities		17,440	23,228	-5,788	55,675

Item	Term	1H FY3/05 (4/1/04 – 9/30/04)	1H FY3/04 (4/1/03 – 9/30/03)	YoY change	FY3/04 (4/1/03 – 3/31/04)
II	Cash flows from investing activities				
	Payments for deposit in/proceeds from withdrawal from time deposits	-458	-126	-331	56
	Purchase of property, plant and equipment	-16,458	-15,888	-570	-32,110
	Proceeds from sale of fixed assets	4,991	4,367	623	46,707
	Payments for purchase of other depreciable assets	-16	-264	247	-193
	Proceeds from sale of other depreciable assets	108	1	106	48
	Payments for purchase of investment securities	-944	-1,725	780	-1,582
	Proceeds from sale of investment securities	10,072	6,835	3,236	10,437
	Proceeds from sale of subsidiaries stock resulting in changes in the scope of consolidation	—	—	—	-194
	Long-term loans made	-2,273	-10,221	7,948	-22,953
	Collections of long-term loans receivable	3,569	15,143	-11,574	26,731
	Other	2,479	5,495	-3,015	4,637
	Net cash provided by/used in investing activities	1,070	3,618	-2,547	31,585
III	Cash flows from financing activities				
	Net decrease in short-term borrowings	-13,868	-5,214	-8,653	-21,240
	Net decrease in commercial paper	—	-8,000	8,000	-8,000
	Proceeds from long-term borrowings	17,651	10,430	7,221	56,258
	Repayment of long-term borrowings	-32,786	-34,460	1,674	-77,526
	Proceeds from issuance of bonds	22,800	15,500	7,300	27,600
	Redemption of bonds	-10,085	-20,942	10,857	-72,561
	Issue of shares	1,446	—	1,446	1,096
	Disposal of treasury stock	387	107	279	1,048
	Repayment of treasury stocks	-64	-47	-16	-83
	Cash dividend payments by parent company	-2,314	-2,298	-16	-2,298
	Cash dividend payments to minority shareholders	-284	-218	-65	-296
	Net cash used in financing activities	-17,116	-45,143	28,026	-96,003
IV	Effect of exchange rate changes on cash and cash equivalents	238	11	226	-1,883
V	Increase/decrease in cash and cash equivalents	1,633	-18,284	19,917	-10,626
VI	Cash and cash equivalents at beginning of term	80,534	91,234	-10,700	91,234
VII	Cash and cash equivalents at beginning of term resulting from change in scope of consolidation	-177	-36	-141	-89
VIII	Increase in cash and cash equivalents at beginning of term resulting from merger of consolidated subsidiaries	74	—	74	15
IX	Cash and cash equivalents at end of term	82,064	72,913	9,150	80,534

Segment Information

Segment information

(Unit: Millions of Yen)

	1H FY3/05 (4/1/04 – 9/30/04)								Consolidated total
	Cement	Minerals and aggregates	Environmental Business	Construction and construction materials	Ceramics & Electronics	Other	Total	Eliminations and corporate	
Sales and operating income									
Sales									
(1) Sales to outside customers	242,809	36,244	24,246	41,937	33,597	34,255	413,090	(—)	413,090
(2) Intersegment sales and transfers	6,254	9,549	2,477	3,126	14	17,169	38,592	(38,592)	—
Total	249,063	45,794	26,723	45,064	33,611	51,425	451,683	(38,592)	413,090
Operating expenses	236,689	44,842	25,030	46,148	32,525	48,831	434,067	(37,691)	396,376
Operating income	12,373	952	1,693	-1,083	1,086	2,594	17,616	(901)	16,714

Overseas sales

(Unit: Millions of Yen)

	1H FY3/05 (4/1/04 – 9/30/04)			
	North America	Asia	Other	Total
I Overseas sales	37,371	38,847	7,039	83,258
II Consolidated sales	—	—	—	413,090
III Ratio of overseas sales to consolidated sales	9.0%	9.4%	1.7%	20.2%

**SUMMARY OF CONSOLIDATED FINANCIAL RESULTS OF TAIHEIYO CEMENT CORPORATION
FOR THE FISCAL 2004 ENDED MARCH 31, 2004**

May 18, 2004

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

Fiscal 2003 : April 1, 2002 - March 31, 2003
Fiscal 2004 : April 1, 2003 - March 31, 2004
Fiscal 2005 1H: April 1, 2004 - September 30, 2004
Fiscal 2005 : April 1, 2004 - March 31, 2005

The accompanying consolidated financial results are not intended to present the financial results in accordance with accounting principles and practices generally in countries and jurisdictions other than Japan.

1. FY3/04 consolidated results (April 1, 2003 - March 31, 2004)

(1) Consolidated results of operations

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

	Net Sales		Operating income		Ordinary income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY3/04	879,484	-5.2	44,847	-2.6	35,142	50.3
FY3/03	927,956	-5.3	46,025	25.4	23,381	793.0

	Net income		EPS	Diluted EPS
	Millions of Yen	%	Yen	Yen
FY3/04	16,518	163.8	17.71	17.46
FY3/03	6,262	-	6.64	-

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Equity per share
	Millions of Yen	Millions of Yen	%	Yen
FY3/04	1,303,997	222,178	17.0	238.73
FY3/03	1,410,143	207,204	14.7	223.86

(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 term
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY3/04	55,675	31,585	-96,003	80,534
FY3/03	59,181	2,020	-49,400	91,234

2. FY3/05 consolidated earnings forecast (April 1, 2004 - March 31, 2005)

	Net Sales	Ordinary income	Net income
	Millions of Yen	Millions of Yen	Millions of Yen
1H FY3/05	415,000	10,000	5,000
FY3/05	865,000	31,000	16,000

Reference: FY3/05 EPS forecast 17.19Yen

3.Consolidated Balance Sheets

(Unit: Millions of Yen)

Item	FY3/04 (As of 3/31/04)	FY3/03 (As of 3/31/03)	Change
Assets			
Current assets	364,067	386,915	-22,847
Cash and deposits	85,851	96,715	-10,864
Notes and accounts receivable	188,360	185,042	3,317
Inventories	66,218	69,095	-2,877
deferred tax assets	2,903	1,709	1,194
Short-term loans receivable	15,192	23,076	-7,884
Other current assets	8,185	13,743	-5,558
Allowance for doubtful accounts	-2,643	-2,468	-175
Fixed assets	939,929	1,023,228	-83,298
A. Tangible fixed assets	654,826	732,827	-78,001
Buildings and structures	210,830	257,316	-46,486
Machinery, equipment and vehicles	175,314	201,570	-26,256
Land	222,279	228,117	-5,837
Construction in progress	20,814	18,966	1,848
Other tangible fixed assets	25,586	26,855	-1,269
B. Intangible fixed assets	50,964	53,920	-2,955
Trade rights	13,843	15,674	-1,831
Consolidation adjustments	8,067	7,483	584
Other intangible fixed assets	29,053	30,761	-1,708
C. Investments and other assets	234,138	236,480	-2,342
Investment securities	159,375	145,559	13,816
Long-term loans receivable	9,581	8,555	1,025
Deferred tax assets	15,732	28,833	-13,101
Other investments and assets	65,304	71,681	-6,376
Allowance for doubtful accounts	-15,855	-18,149	2,293
Total Assets	1,303,997	1,410,143	-106,146
Liabilities			
Current liabilities	566,375	658,372	-91,996
Notes and accounts payable	116,286	119,399	-3,112
Short-term borrowings	350,727	366,205	-15,478
Commercial paper	-	8,000	-8,000
Bonds (due within one year)	30,570	85,677	-55,107
Income tax payable	7,207	3,629	3,578
Deferred tax liabilities	161	3,669	-3,508
Bonus reserve	5,483	6,185	-701
Other reserves	614	586	28
Other current liabilities	55,323	65,018	-9,695
Fixed liabilities	486,335	516,680	-30,344
Bonds	83,310	85,199	-1,889
Convertible bonds	12,000	-	12,000
Long-term borrowings	261,913	298,313	-36,400
Deferred tax liabilities	25,211	28,303	-3,092
Deferred tax liabilities from land revaluation	5,948	5,949	-1
Reserve for retirement benefits	35,689	36,182	-492
Reserve for retirement benefits for directors and corporate auditors	3,070	2,713	356
Special repair reserve	104	104	-
Other fixed liabilities	59,086	59,912	-826
Total liabilities	1,052,711	1,175,052	-122,341
Minority interests	29,107	27,887	1,219
Shareholders' equity			
Capital stock	69,499	69,499	-
Additional paid in capital	58,489	58,229	260
Retained earnings	88,769	74,610	14,158
Gain on land revaluation	5,373	7,614	-2,240
Gain on valuation of other securities	16,403	2,292	14,110
Foreign currency translation adjustment	-13,312	-1,406	-11,905
Treasury stock	-3,043	-3,636	592
Total shareholders' equity	222,178	207,204	14,974
Total liabilities, minority interests and shareholders' equity	1,303,997	1,410,143	-106,146

4. Consolidated Statements of Income

(Unit: Millions of Yen)

Item		FY3/04 (4/1/03-3/31/04)	FY3/03 (4/1/02-3/31/03)	Change	
Operating income/loss	Sales	879,484	927,956	-48,472	
	Cost of sales	688,442	734,053	-45,610	
	Selling, general and administrative expenses	146,194	147,878	-1,683	
	Operating income	44,847	46,025	-1,178	
Non-operating income and expenses	Income	Interest and dividends received	5,827	2,496	3,330
		Equity method investment income	504	-	504
		Other non-operating income	6,119	4,379	1,740
		Total	12,451	6,875	5,575
	Expenses	Interest paid	15,011	16,543	-1,531
		Equity method investment loss	-	6,436	-6,436
		Other non-operating expenses	7,144	6,540	604
		Total	22,155	29,519	-7,364
		Ordinary income	35,142	23,381	11,761
		Extraordinary gains and losses	Gains	Gain on disposal of fixed assets	17,374
Gain on sale of investment securities	3,497			2,436	1,060
Gain on return of pension fund assets	-			2,099	-2,099
Gain on change in equity in affiliates	2,874			-	2,874
Other extraordinary gains	259			2,016	-1,757
Total	24,005			21,022	2,982
Losses	Loss on disposal of fixed assets		14,613	5,235	9,377
	Provision for allowance for doubtful accounts		1,304	4,992	-3,687
	Loss on liquidation of affiliates		2,006	2,043	-37
	Loss on sale of stock of affiliates		551	1,838	-1,286
	Stock valuation loss		182	7,032	-6,849
	Early retirement costs		2,152	1,702	450
	Loss on closing cement plant		5,603	-	5,603
	Business discontinuation costs		-	1,647	-1,647
	Other extraordinary losses		4,786	3,112	1,674
	Total		31,202	27,604	3,597
	Net income before income taxes		27,945	16,799	11,146
Income taxes	12,190	7,597	4,593		
Income tax adjustments	-3,165	1,652	-4,817		
Minority interest income	2,401	1,287	1,113		
Net income	16,518	6,262	10,256		

5. Consolidated Statements of Retained Earnings

(Unit: Millions of Yen)

Item	FY3/04 (4/1/03-3/31/04)		FY3/03 (4/1/02-3/31/03)		Change	
Additional paid in capital						
I Additional paid capital at beginning of term		58,229		57,773		455
II Increase in additional paid in capital		260		455		-195
Gain on disposal of treasury stock	260		455		-195	
III Additional paid in capital at end of term		58,489		58,229		260
Retained earnings						
I Retained earnings at beginning of term		74,610		70,439		4,170
II Increase in retained earnings		16,520		7,002		9,517
Net income	16,518		6,262		10,256	
Increase resulting from increase in equity method affiliates	-		513		-513	
Reversal of land revaluation difference	1		129		-127	
Increase resulting from merger of consolidated subsidiaries	-		98		-98	
III Decrease in retained earnings		2,361		2,831		-470
Dividends	2,298		2,755		-457	
Bonuses to directors and corporate auditors	63		76		-12	
IV Retains earnings at end of term		88,769		74,610		14,158

6. Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

Item	Term	FY3/04 (4/1/03-3/31/04)	FY3/03 (4/1/02-3/31/03)	Change
I Cash flows from operating activities				
Net income before income taxes		27,945	16,799	11,146
Depreciation		45,228	54,006	-8,778
Amortisation of consolidation adjustments		943	1,198	-254
Equity method investment gain		-504	-	-504
Equity method investment loss		-	6,436	-6,436
Stock valuation loss		182	7,032	-6,849
Increase/decrease in reserve for retirement benefits		172	-285	457
Increase/decrease in reserve for retirement benefits for directors and corporate auditors		356	-920	1,277
Decrease in bonus reserve		-479	-642	162
Decrease in allowance for doubtful accounts		-2,104	-630	-1,474
Increase in other reserves		29	64	-35
Interest and dividend income		-5,827	-2,496	-3,330
Interest paid		15,011	16,543	-1,531
Gain on sale of investment securities		-3,497	-2,436	-1,060
Loss on sale of stock of affiliates		551	1,838	-1,286
Loss on liquidation of affiliates		2,006	2,043	-37
Gain on disposal of fixed assets		-17,374	-14,469	-2,904
Loss on disposal of fixed assets		18,653	5,235	13,417
Increase/decrease in accounts receivable		-6,037	24,464	-30,502
Decrease in inventories		1,884	977	906
Decrease in accounts payable		-611	-22,798	22,187
Payment of bonuses to directors and corporate auditors		-79	-97	17
Other		352	-10,929	11,282
Sub total		76,803	80,933	-4,130
Interest and dividend received		2,648	2,350	298
Interest paid		-16,483	-16,666	183
Income taxes paid		-7,292	-7,435	142
Net cash provided by operating activities		55,675	59,181	-3,505
II Cash flows from investing activities				
Proceeds from withdrawal from time deposits		56	1,287	-1,230
Payments for purchase of fixed assets		-32,110	-35,587	3,476
Proceeds from sale of fixed assets		46,707	36,408	10,298
Payments for purchase of other depreciable assets		-193	-2,260	2,067
Proceeds from sale of other depreciable assets		48	45	3
Payments for purchase of investment securities		-1,582	-4,486	2,904
Proceeds from sale of investment securities		10,437	5,685	4,752
Proceeds/payments from sale of stock of subsidiaries resulting from change in scope of consolidation		-194	974	-1,168
Payments for loans granted		-22,953	-25,964	3,010
Proceeds from collection of loans receivable		26,731	25,867	864
Other		4,637	49	4,587
Net cash provided by/used in investing activities		31,585	2,020	29,564
III Cash flows from financing activities				
Net decrease in short-term borrowings		-21,240	-47,408	26,167
Net decrease in commercial paper		-8,000	-13,000	5,000
Proceeds from long-term borrowings		56,258	79,764	-23,505
Repayments of long-term borrowings		-77,526	-67,275	-10,251
Proceeds from issuance of bonds		27,600	11,650	15,950
Payments for redemption of bonds		-72,561	-10,107	-62,454
Proceeds from issuance of stocks to minority shareholders		1,096	-	1,096
Proceeds from sale of treasury stock		1,048	-	1,048
Payments for purchase of treasury stock		-83	-171	87
Dividend payments by parent company		-2,298	-2,755	457
Dividend payments to minority shareholders		-296	-96	-200
Net cash used in financing activities		-96,003	-49,400	-46,602
IV Effect of exchange rate changes on cash and cash equivalents		-1,883	-1,118	-765
V Increase/decrease in cash and cash equivalents		-10,626	10,683	-21,310
VI Cash and cash equivalents at beginning of term		91,234	80,808	10,426
VII Cash and cash equivalents at beginning of term resulting from change in scope of consolidation		-89	-408	319
VIII Cash and cash equivalents at beginning of term resulting from merger of consolidated subsidiaries		15	151	-135
IX Cash and cash equivalents at end of term		80,534	91,234	-10,700

7. Segment information

(1) Business segment information

(Unit: Millions of Yen)

	FY 2004 (April 1, 2003 - March 31, 2004)							Eliminations and corporate assets	Consolidated total
	Cement	Minerals and aggregates	Construction and construction materials	Real estate	Other	Total			
I Sales and operating income									
(1) Sales to outside customers	249,439	75,517	348,679	9,377	196,471	879,484	(-)	879,484	
(2) Intersegment sales and transfers	37,443	23,395	9,080	4,364	38,129	112,413	(112,413)	-	
Total	286,882	98,913	357,760	13,741	234,600	991,898	(112,413)	879,484	
Operating expenses	260,542	96,321	351,449	10,425	226,216	944,955	(110,317)	834,637	
Operating income	26,340	2,591	6,311	3,316	8,383	46,942	(2,095)	44,847	
II Assets, depreciation, capital expenditure									
Assets	523,958	146,828	253,399	111,358	278,776	1,314,322	(10,324)	1,303,997	
Depreciation	22,107	5,808	5,648	3,268	5,401	42,233	2,994	45,228	
Capital expenditure	11,457	4,335	6,576	661	7,740	30,772	3,476	34,248	

	FY 2003 (April 1, 2002 - March 31, 2003)							Eliminations and corporate assets	Consolidated total
	Cement	Minerals and aggregates	Construction and construction materials	Real estate	Other	Total			
I Sales and operating income									
(1) Sales to outside customers	263,101	92,783	381,892	13,463	176,717	927,956	(-)	927,956	
(2) Intersegment sales and transfers	38,437	21,840	11,462	4,476	38,448	114,665	(114,665)	-	
Total	301,538	114,623	393,354	17,939	215,165	1,042,622	(114,665)	927,956	
Operating expenses	276,209	108,890	389,275	12,197	208,176	994,750	(112,819)	881,931	
Operating income	25,329	5,733	4,078	5,741	6,988	47,871	(1,846)	46,025	
II Assets, depreciation, capital expenditure									
Assets	547,552	155,068	278,687	135,834	283,766	1,400,908	9,234	1,410,143	
Depreciation	25,491	6,622	6,624	5,694	7,172	51,605	2,401	54,006	
Capital expenditure	20,464	5,184	3,517	710	7,870	37,747	1,477	39,225	

Note: 1. Business segment classifications are determined based on sales totals.

2. Main products in each segment:

Cement	Various types of cement
Minerals and aggregates	Aggregates and lime products
Construction and construction materials	Ready mixed concrete, secondary concrete products, and autoclaved lightweight concrete
Real estate	Land and building leasing
Other	Zero emissions, ceramics and electronics, engineering, data processing finance, logistics, chemical products, sports, and other

(2) Geographic segments

(Unit: Millions of Yen)

	FY 2004 (April 1, 2003 - March 31, 2004)						Eliminations and corporate assets	Consolidated total
	Domestic (in Japan)	North America	Asia	Other	Total			
I Sales and operating income								
(1) Sales to outside customers	713,616	71,568	89,532	4,767	879,484	(-)	879,484	
(2) Intersegment sales and transfers	1,790	743	5,226	134	7,895	(7,895)	-	
Total	715,406	72,311	94,759	4,902	887,379	(7,895)	879,484	
Operating expenses	682,714	66,237	87,689	4,674	841,315	(6,678)	834,637	
Operating income	32,692	6,074	7,070	227	46,064	(1,217)	44,847	
II Assets	1,074,867	128,958	97,508	4,445	1,305,780	(1,783)	1,303,997	

	FY 2003 (April 1, 2002 - March 31, 2003)						Eliminations and corporate assets	Consolidated total
	Domestic (in Japan)	North America	Asia	Other	Total			
I Sales and operating income								
(1) Sales to outside customers	781,273	76,617	65,832	4,233	927,956	(-)	927,956	
(2) Intersegment sales and transfers	2,383	859	1,079	11	4,333	(4,333)	-	
Total	783,656	77,477	66,911	4,244	932,290	(4,333)	927,956	
Operating expenses	750,068	68,207	62,303	4,553	885,432	(3,201)	881,931	
Operating income	33,588	9,269	4,608	-308	47,158	(1,132)	46,025	
II Assets	1,146,117	107,937	143,473	4,092	1,401,620	8,522	1,410,143	

Note: 1. Regional classifications are determined based on geographical proximity

2. Countries in each regional classification:

North America	United states of America
Asia	China, Malaysia, Vietnam, Philippines
Other	Hungary, Papua New Guinea

(3)Overseas sales

(Unit: Millions of Yen)

	Fiscal 2004 (April 1, 2003 - March 31, 2004)			
	North America	Asia	Other	Total
I Overseas sales	76,149	97,002	11,726	184,879
II Consolidated sales	-	-	-	879,484
III Ratio of overseas sales to consolidated sales	8.7%	11.0%	1.3%	21.0%

	Fiscal 2003 (April 1, 2002 - March 31, 2003)			
	North America	Asia	Other	Total
I Overseas sales	82,009	71,207	9,370	162,587
II Consolidated sales	-	-	-	927,956
III Ratio of overseas sales to consolidated sales	8.8%	7.7%	1.0%	17.5%

Note: 1. Regional classifications are determined based on geographical proximity

2. Countries in each regional classification:

North America

United states of America, Canada

Asia

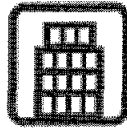
China, Taiwan, Singapore, Malaysia, Philippines, Vietnam, Sri Lanka, Bangladesh

Thailand, Indonesia and others

Other

Australia, Kuwait, Kenia, Ivory Coast, Spain, Papua New Guinea, France, Denmark and others

3. Overseas sales are comprised of the total exports of Taiheiyo Cement and domestic consolidated subsidiaries as well as sales at consolidated subsidiaries located outside Japan (excluding sales among consolidated companies)



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Outline

CORPORATE DATA

Head Office	St.Luke's Tower, 8-1, Akashi-cho, Chuo-ku, Tokyo 104-8518, Japan
Capitalization	¥69.5billion
Non-consolidated net sales:	¥299.1billion (Year Ended March 31, 2004)
Number of employees:	2,187 (As of March, 2004)
Consolidated net sales:	¥879.4billion (Year Ended March 31, 2004)

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Mission of Taiheiyo Cement Group

Our mission is to contribute to social infrastructure development by providing solutions that are environmentally efficient, enhance our competitive position and bring value to our stakeholders.

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Business Principles

Taiheiyo Cement has nine guiding Business Principles which apply to all our business affairs and which provide guideline to us realizing the Mission of the Taiheiyo Cement Group. The Taiheiyo Cement Business Principles govern the business decisions taken throughout the company and describe the individual behavior expected of every employee in conducting Taiheiyo Cement's business.

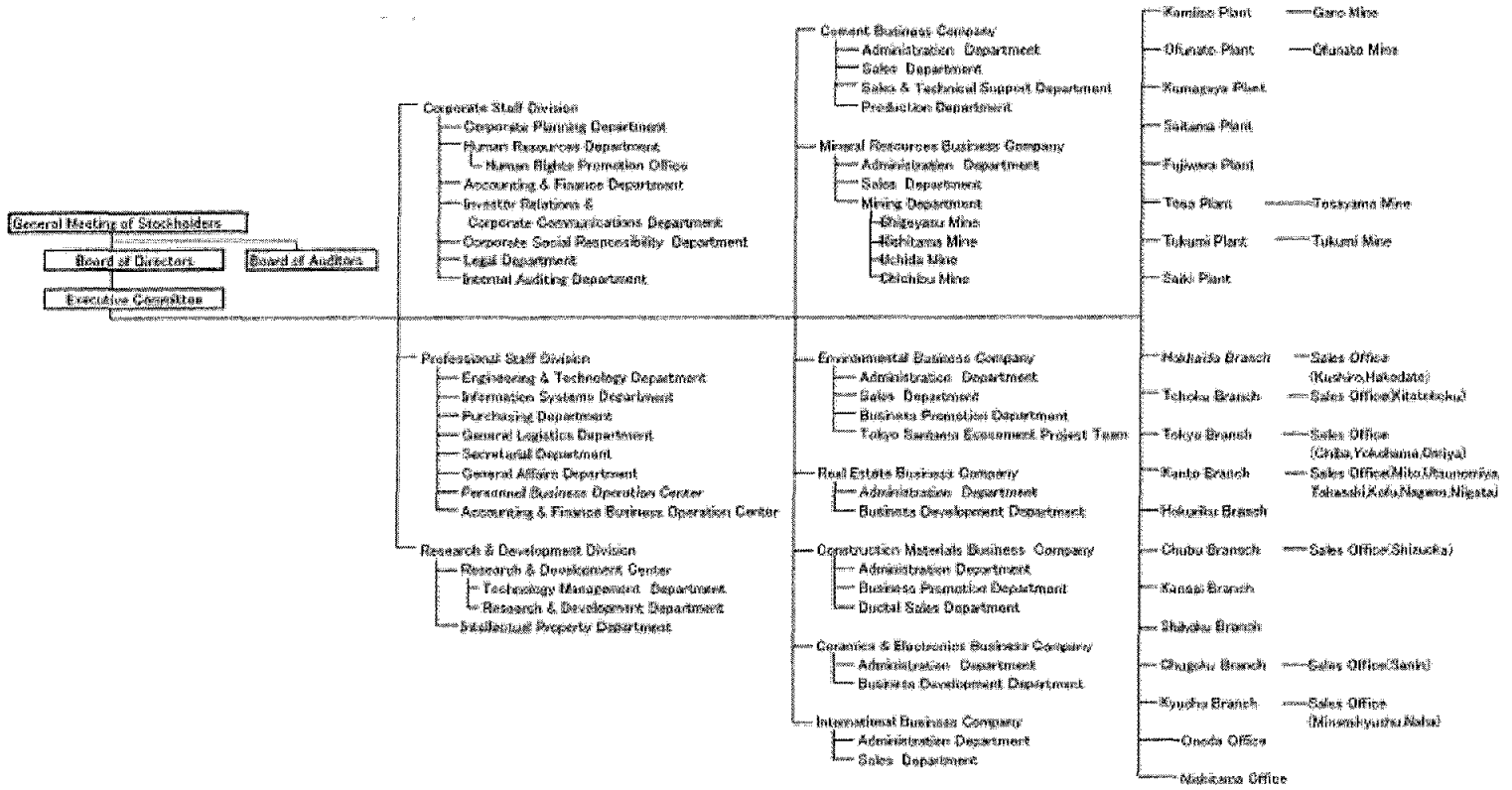
- We are committed to creating sustainable value for our shareholders by generating synergies among the Taiheiyo Cement Group of companies.
- We aim to manage the environmental impact of our operations while supporting the development of a recycling-based society.
- We will act in an ethical manner and abide by the laws and regulations of those countries in which we operate.
- We will openly communicate with our stakeholders and proactively report on our business activities in a transparent manner.
- We are committed to the on-going development and application of innovative technologies in order to provide products and services that benefit our customers and society.
- We are committed to maintaining an international outlook and conducting our business in accordance with global standards.
- We will strive to anticipate the changing business environment to assess new opportunities for growth.
- We are committed to achieving our full potential through training and self-development.
- We are devoted to providing a safe and healthy working environment where our employees are valued and their human rights of all individuals involved in our business.

CORPORATE HISTORY

- 1881:** Established a cement production company in Yamaguchi prefecture(later Onoda Cement Co.,Ltd.)
- 1883:** Rented a nationally owned cement plant from Fukagawa Branch of Ministry of Industry and started cement production (later Asano Cement Co.,Ltd.)
- 1923:** Established Chichibu Cement Co.,Ltd.
- 1947:** Changed the name from Asano Cement Co.,Ltd. to Nihon Cement CO.,Ltd.
- 1994:** Onoda Cement Co.,Ltd. and Chichibu Cement Co.,Ltd merged and Chichibu Onoda Cement Corporation established.
- 1998:** Chichibu Onoda Cement Corporation and Nihon Cement CO.,Ltd merged and TAIHEIYO CEMENT CORPORATION established.

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OrganizationChart



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**BUSINES
INTRODUCTION**

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BUSINESS LIST

Spreading our wings to create new possibilities. Our company aims to contribute to a society that truly satisfies everyone in harmony with the global environment.

TAIHEIYO CEMENT CORPORATION was born as one of the leading companies in the cement industry. We consider it our mission to contribute to social and economic development and the improvement of infrastructure by continuously providing a stable supply of high quality cement. At the same time we will boldly challenge new business areas in order to achieve dynamic business development. We consider it our obligation to carry out our responsibilities within the cement industry to realize a 21st Century Resource Circulation Society, a society that fully utilizes natural resources through recycling. We would like to devote the techniques and knowledge that we have gained from many years experience to create a new world where industrial development exists in harmony with the global environment.

Cement Business

Cement is our core business and we have established an efficient system of production, delivery and sales throughout the country. We maintain a stable supply of quality cement to suit the requirements of a variety of applications.

Industrial Materials Business

Handling limestone, aggregates for concrete, facing stone, we aim to be a comprehensive supplier of mineral products.

Zero Emission Promotion Business

To achieve the Resource Circulation Society we manage and recycle various wastes including municipal waste incineration ash, sludge, waste plastics, fly ash, etc.

International Business

While developing global activities centered around the Pacific Region including the United States, China and Southeast Asia, we are promoting various businesses including the establishment of joint ventures, plant construction, etc.

Real Estate Business

We promote the utilization of idle land owned by our company throughout Japan by re-development.

Power Generation Business

Utilizing in-house electricity generation technology, we are promoting and expanding our new business area of electricity supply.

Ceramics and Electronics Business

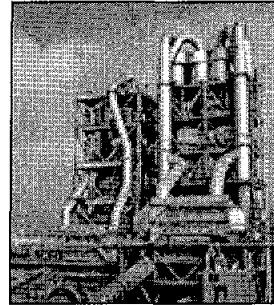
Our fine ceramics business focuses on research and development of innovative materials. We also promote an electronics business which meets the demands of the information and communications industry.

CEMENT BUSINESS

Cement is a fundamental material indispensable to construction and the development of the modern world. From our production bases and through an efficient supply organization via service stations, Taiheiyo delivers a stable supply of high quality cement.



▲ Honshu-Shikoku connecting bridge
[Yoshima high-level Bridge]



▲ NSP Kiln

**A cement business promoting social infrastructure development
by maintaining a stable product supply.**

The cement industry supports the development of tomorrow's society

Japan has experienced progressive development of its society and infrastructure through maintaining and expanding distribution arteries such as highways, railways, airports and harbors, etc., and the creation of functional high rise commercial buildings and comfortable, high standard residential accommodation. The cement industry has played a vital role in this development and will continue to do so in the future while meeting the requirements of the modern world in terms of intelligent technologies and environmental preservation.

**Producing high quality cement from the most modern,
productive and efficient plants**

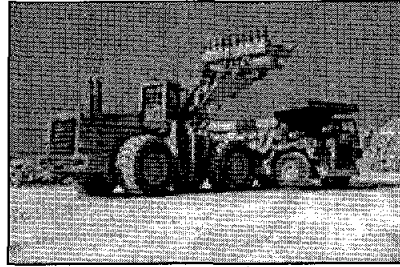
Using centralized control systems, the latest computer technology and NSP kilns, our cement plants produce high quality cement while realizing high productivity and the highest levels of energy efficiency in the world. Moreover, by introducing our own power generation facilities and by actively utilizing recycled resources we promote cost reduction and energy conservation. In particular, we are positively addressing quality control and environmental preservation by implementing the quality system certification ISO 9000 at all our plants. We are the first Japanese cement manufacture to acquire the environmental management system certification ISO14001 and all of our plants within Japan were certified by April 1999.

Rapidly supplying products to meet customer's needs

In order to comply with the various needs of the construction industry we supply a wide range of cement products from ordinary portland cement to specialized cements. We also provide various products and technologies such as soil stabilizers and the "Liquid Scintillation Spectroscopy" method (LSS method) for the re-utilization of construction excavation waste. Moreover, using our comprehensive sales organization and Japan-wide service stations, we can ensure rapid delivery of our products meticulously corresponding to every need.

INDUSTRIAL MATERIAL BUSINESS

Developing to contribute to the society in various fields, we make good use of our abundant resources and corresponding to the requirements of a diversifying industries.



▲ Limestone mining

A material business supplying various products from rich resources.

The increasingly important mineral resource business

Beginning with the sale of limestone for a wide range of applications, we are engaged in the sales of aggregates to ready mixed concrete producers and concrete products manufacturers. Positioning the resources business as a key area next to the cement business, Taiheiyo Cement promotes it by actively using mining and aggregate distribution centers in each region whilst strengthening co-operation with aggregate related companies throughout Japan.

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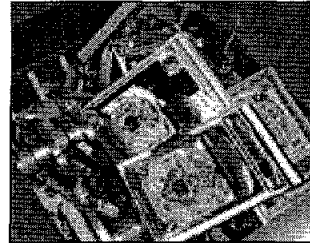
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ZERO EMISSION PROMOTION BUSINESS

To the 21centry,we make an effort on the environmental security.
we are addressing the business of waste managment and waste
treatment,to be at the core company of the Resource Recycling Society.



▲ Converting waste tres into fuel



▲ Converting used pachinko
machine to solid fuel

Zero Emission Promotion business.

Aiming to create a Resource Circulation Society for the 21st Century.

Environmental technology solving waste problems

The manufacture of cement involves the burning of raw materials at temperatures reaching 1,450°C. Therefore, because of the high temperatures involved, a very wide range of waste materials can be utilized in the process without detrimental effect to the environment. Taiheiyo Cement is actively developing technologies to use a variety of waste products as raw materials and also as fuel. Of particular note, through the manufacture of "Eco-cement", which uses municipal waste incineration ashes and sewage sludge as primary raw materials, we contribute to both energy conservation and CO₂ reduction. Additionally, we are developing the technology to pre-process and utilize incineration ash and residues as raw materials for ordinary portland cement. We are treating sewage sludge and developing and promoting systems that use it as a cement raw material. These are the "Super Lime System", appropriate for large scale facilities, and the "TCC System", appropriate for small scale treatment facilities. We develop the "Transportation System", appropriate for transferring the materials from distance place to Cement plant. Additionally, we are tackling other environmental preservation aspects including CFC destruction treatment, waste plastics processing, redundant pachinko equipment processing, the conversion of waste tyres to fuel, etc.

Zero Emission Promotion business

In constructing the "Resource Circulation Society" even greater expectations are brought upon the cement industry and at Taiheiyo Cement we are positively meeting these expectations by developing the resource recycling business. For example, we are proposing to utilize ashes discharged from coal-fired power stations in cement manufacture, as a cementitious lining material, as a fine aggregate in concrete and also as a calcinated non-foaming type aggregate for concrete production. Moreover, we supply limestone products to coal fired power stations for SOx absorption in flue gas desulferisation equipment and therefore contribute to environmental protection by reducing air pollution and acid rain, etc. We then use the gypsum produced by the flue gas desulferisation equipment as a

raw material for cement and plaster board manufacture.

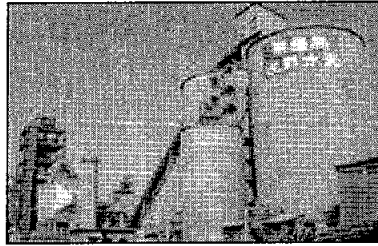
[more information of zero emission](#)

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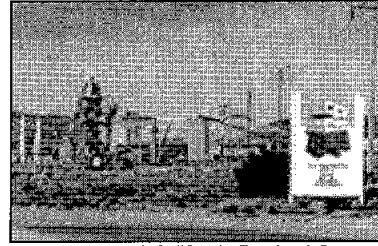
INTERNATIONAL BUSINESS

More globally, more dynamically.....

While significantly contributing to social and economic development in various countries Taiheiyo Cement continues to progress even further.



▲ Qinhuangdao Asano Cement Co.,



▲ California Portland Cement

An overseas business dynamically functioning in the Pacific region

Along with operations on the west coast of the United States, in China and Southeast Asia, etc., Taiheiyo Cement is expanding into areas including Africa and the Middle East through cement exports corresponding to demand.

OVERSEAS NETWORK

Developing on the west coast of the United States

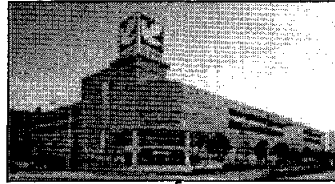
In the USA we are progressing business via California Portland Cement (CPC) and Glacier Northwest, Inc. (GWN). CPC is developing cement and ready mixed concrete businesses in the states of California and Arizona. Meanwhile, GWN is involved with the importation and sales of cement as well as the production and sales of ready mixed concrete and aggregates in the states of Alaska, Washington and Oregon, thereby covering the entire west coast of North America.

Resource recycling business

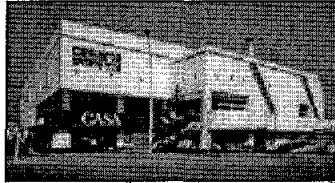
Our business development in China started with a joint venture for the construction and operation of the Dalian cement plant followed by further joint ventures at Jiangnan and Qinhuangdao cement plants. We also have a cement grinding plant at Hainan Island. Downstream of cement manufacture we also have a cement terminal, ready mixed concrete facilities and a plasterboard business. We are also progressing businesses in other Asian countries. In Vietnam we have established a joint venture enterprise company called NghiSon Cement where the construction of a cement plant is scheduled for completion in the year 2000. In Taiwan and the Philippines we are developing cement terminal businesses. We also have businesses based in other regions and are continuing to provide a stable supply of products and technology to each country.

REAL ESTATE BUSINESS

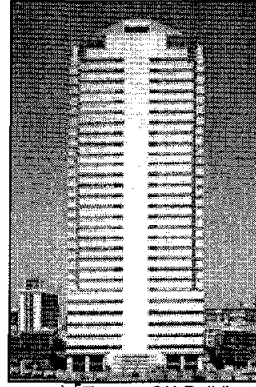
We are redeveloping the real estate which dots the whole country, and making good use for the industrial society and revitalization of the area.



▲ Taiheiyo Cement Makuhari Building



▲ Cesame Ofuna Building



▲ Toyosu ON Building

Real estate business – creating new values in land.

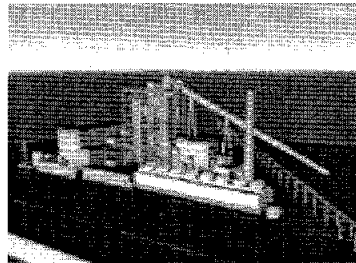
To more usefully make use of the land we own throughout Japan, Taiheiyo Cement is expanding its real estate business. We are developing a variety of leasehold properties including ultra high rise intelligent office buildings, department stores and distribution warehouses as well as raw material site re-development and retail premises.

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POWER GENERATION BUSINESS

Making use of our own power generation technology and experience that has been accumulated over a long period of time, we are looking closely at the next era, launching diversified businesses.



▲ Layout of power generation equipment at Itoigawa Plant

Electricity supply business.

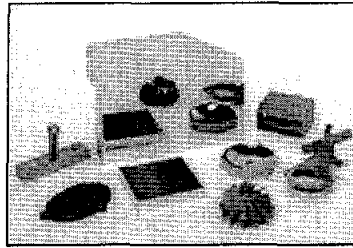
Making use of our own power generation technology and experience that has been accumulated over a long period of time we are now entering the electricity supply business. We are constructing a high efficiency generating facility at Itoigawa plant which belongs to one of our Group companies, Myojo Cement Co., Ltd., and plan to be able to start supplying electricity to Tohoku Electric Power Co., during the year 2001. The construction of a further power generating facility is under preparation at the Tosa plant and is forecast to start supplying electricity to Shikoku Electric Power Co., by the year 2005. In addition to the supply of electricity to the power companies we aim to take advantage of the liberalization trend in power generation to further develop businesses in the energy supply sector.

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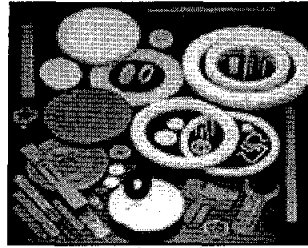
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webmaster@taiheyo-cement.co.jp

CERAMICS AND ELECTRONICS BUSINESS

Making progress in technology by our abundant technical experiences, we are developing the future by challenging to the various fields.



▲Cast metal matrix composites



▲Pore free ceramics

Ceramics and Electronics Business : A challenge for New Age Technology.

Taiheiyo Cement has many years experience in research, development and production of fine ceramics and electronics. We have taken advantage of this experience to produce fine ceramics that have high temperature and corrosion resistance and also metal matrix composites. These products are well suited to modern technology and have applications in such areas as semiconductor manufacturing equipment, chemical manufacturing equipment and precision instruments. We have succeeded in producing advanced thin film piezoelectric ceramics used in mobile communications equipment and actuators. Additionally we have developed electronics products for the information and communications sector such as car audio systems and lightweight pagers. We provide society and industry with the superior products necessary for the development of the modern world.

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March 31, 2005

Taiheiyo Cement Group Medium-Term Business Plan

The Taiheiyo Cement Group has finalized its Medium-Term Business Plan 2007 as a new medium-term plan covering the three years from fiscal 2005(the year to 31 March 2006) to fiscal 2007(the year to 31 March 2008). An outline of the plan is provided below.

1. Medium-term vision and basic policy

(1) Medium-term group vision

Be a leading company in the Pacific Rim

(2) Basic policy

The Medium-Term Business Plan 2007 represents a milestone for the Taiheiyo Cement Group as it embarks on a new path for growth. With the goal of maximizing enterprise value, the group seeks to enhance profitability and improve its financial structure through swift reforms to its business and organizational structures.

2. Themes

(1) Increase operating cash flow

- 1) Enhance profitability of cement businesses
 - Domestic business: stabilize earnings
 - Overseas business: maximize earnings
- 2) Focus investment on priority and growth businesses
 - Overseas businesses
 - Mineral-resource and environmental businesses
 - Ceramics and electronics businesses

(2) Strengthen group management

- 1) Further identify and focus on priority businesses
- 2) Establish group management system
- 3) Clarify group headquarters functions

3. Consolidated business targets

(¥ billion)

	FY 2004 forecast	FY 2007 target	Difference
Net sales	865	885	20
Operating income	45	76	31

Ordinary income	36	64	28
Net income	16	29	13
Operating cash flow	54	76	22
Total assets	1,270	1,238	-32
Interest-bearing debt	680	630	-50
ROA	2.8%	5.2%	2.4%
Debt redemption years	12.6 years	8.3 years	-4.3 years

4. Capital expenditures

Planned capital expenditures of about ¥150 billion over three years

5. Consolidated net sales and operating income by business segment

(¥ billion)

Business segment	Net sales			Operating income		
	FY 2004 forecast	FY 2007 target	Difference	FY 2004 forecast	FY 2007 target	Difference
Cement	505.4	497.0	-8.4	31.5	48.4	16.9
Mineral resources	91.7	93.3	1.6	2.2	3.3	1.1
Environmental	60.2	61.4	1.2	3.5	4.4	0.9
Construction materials	104.1	111.7	7.6	1.8	3.6	1.8
Ceramics & electronics	68.5	100.1	31.6	2.1	9.8	7.7
Other	113.2	110.5	-2.7	5.5	7.0	1.5
Eliminations	-78.0	-89.0	-11.0	-1.8	-0.5	1.3
Total	865.0	885.0	20.0	45.0	76.0	31.0

Note: The "other" business segment comprises the real estate, logistics, engineering, information systems, and other businesses

6. Basic policies for each business segment

(1) Domestic cement business

Domestic cement demand forecasts

FY 2005 54 million tons

FY 2006 53 million tons

FY 2007 52 million tons

Basic policies

1) Enhance cost competitiveness

·Manufacturing costs

Expand use of recycled resources

·Sales and distribution costs

Pursue efficient sales organization and optimize distribution facilities

2) Restructure manufacturing system

·Change business structure

Change to environmental business of Chichibu Taiheiyo Cement Corporation

3) Normalize cement prices

- Correct price imbalance and converge on a fair price range

Correct unprofitable and low prices, reduce regional price differences, and pass higher costs for coal and other raw materials onto prices

- Restore and maintain order in logistics

Develop a logistics system based on transparency, fairness, and simplicity

4) Increase brand strength and reliability

- Improve quality assurance system

- Take common approach to issues in the ready-mixed concrete and secondary-products segments

- Pursue environmental protection activities

(2) Overseas cement business

Further develop trilateral business structure in the Pacific Rim region, comprising North America, China, and Southeast Asia

- 1) Maximize earnings in existing businesses
- 2) Expand business by prioritizing investment in growth markets
- 3) Continue strengthening export business

(3) Mineral resources business

Effectively use the group's abundant resources, technology, and infrastructure to expand business and improve the earnings structure

- 1) Continue to expand volume and improve the earnings structure of the aggregates and mineral product businesses
- 2) Expand business using surplus construction soil and other recycled resources
- 3) Pursue overseas business with a focus on cement plants, limestone, and the environment

(4) Environmental business

Expand environmental business both inside and outside of cement plants

- 1) Increase sales by using waste as raw materials and expand usage volume by improving technology to use waste as fuel
- 2) Expand business through technological and business development
- 3) Expand laterally into ash water treatment
- 4) Expand ecocement business

(5) Construction materials business

- 1) Improve earnings through further development of existing businesses and expand business amid decline in construction demand
- 2) Vigorously identify and focus on priority businesses and further improve management

(6) Ceramics and electronics business

- 1) Stabilize existing businesses by adding new technology and acquiring new customers

- 2) Establish an efficient production system and cut costs
- 3) Invest to boost production to increase sales and invest in new technology and businesses

(7) Real estate business

Raise group-wide asset efficiency

7. Strengthen group management

- (1) Define the positioning of each of our businesses to further identify and focus on priority ones
- (2) Invest in and develop growth businesses and accelerate our withdrawal from or reorganization of unprofitable businesses

8. Corporate social responsibility initiatives

- (1) Develop and strengthen compliance systems
- (2) Contribute to protecting the global environment
- (3) Restructure quality assurance system
- (4) Advance the activities of the cement industry committee of the World Business Council for Sustainable Development

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