TAIHEIYO CEMENT

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Committing to Long-Term Value

TAIHEIYO CEMENT CORPORATION

ANNUAL REPORT 2016

April 1, 2015–March 31, 2016

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Committing to Long-Term Value

Corporate Profile

The Taiheiyo Cement Group aspires to leadership in pioneering a sustainable future for our planet. Committed to doing business in ways that contribute to economic development, are environmentally efficient, and make a positive difference to society, we are working to be a leader of our industry in the Pacific Rim region.

In line with this, we aim to maximize our corporate value by making efficient use of managerial resources in an integrated fashion to minimize costs and risks as we strengthen our overall earnings capacity and financial structure.

We are simultaneously committed to fulfilling our corporate social responsibilities and the cement industry's mission of ensuring plentiful supplies of cement and concrete, both materials that are indispensable for building and maintaining social infrastructure that secures the safety and assets of the population. We are also committed to helping protect the environment and advancing a new socioeconomic order built on closed loop materials sourcing by putting our cement plants and home-grown recycling capabilities and technologies to work to reduce, recycle, and reuse large volumes of waste material and by-products.

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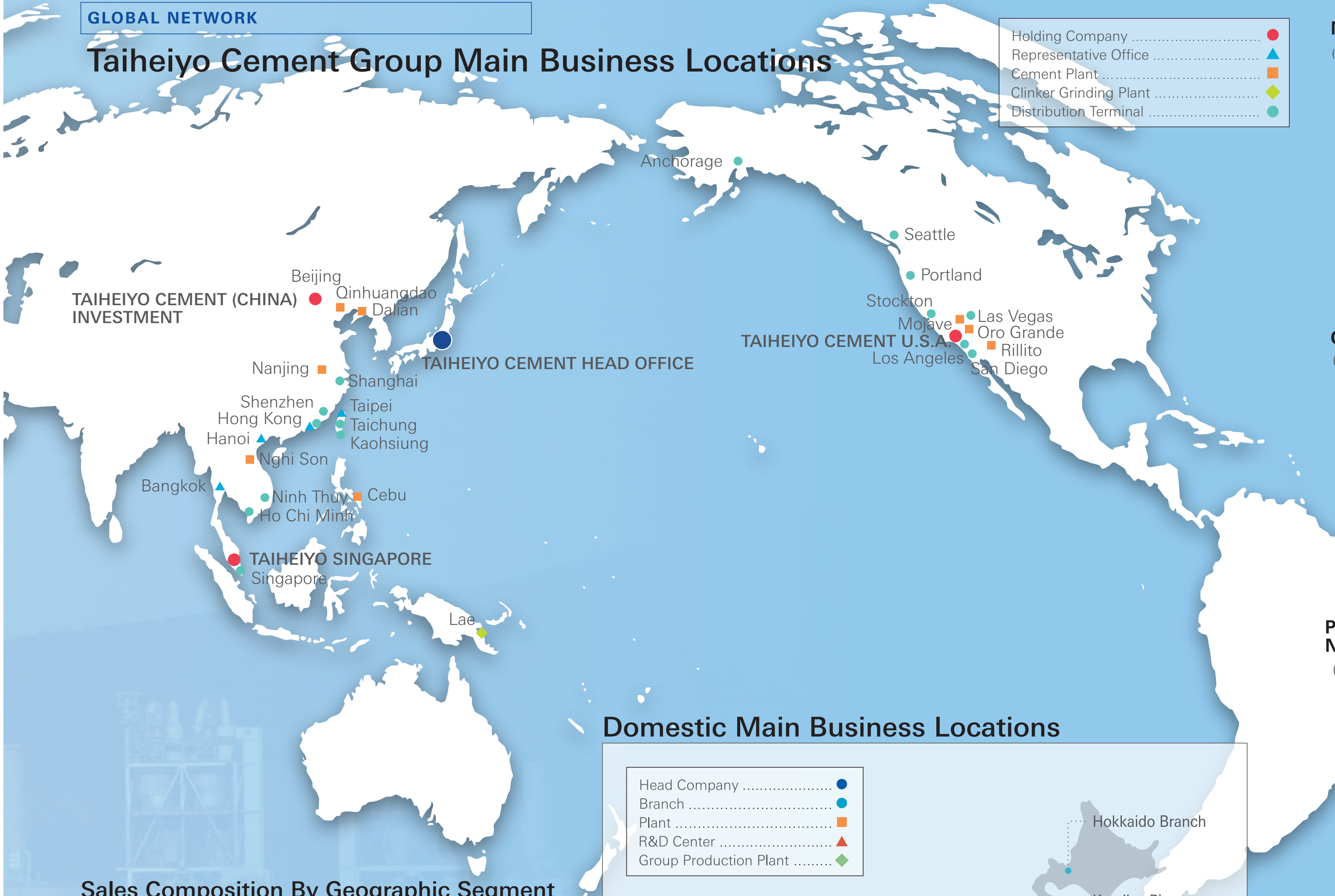
Financial Highlights

	(Millions of yen)		(Thousands of U.S. dollars)
CONSOLIDATED	**2016**	2015	**2016**
For the year:			
Net Sales	**¥ 835,359**	¥ 842,848	**$7,413,559**
Operating Income	**60,433**	65,406	**536,329**
Profit before Income Taxes and Non-Controlling Interests	**52,592**	67,387	**466,739**
Profit Attributable to Owners of Parent	**36,404**	44,114	**323,077**
At year-end:			
Net Assets	**357,073**	347,490	**3,168,913**
Total Assets	**1,014,075**	1,040,602	**8,999,604**
	Yen		U.S. dollars
Earnings per Share	**29.63**	35.91	**0.26**

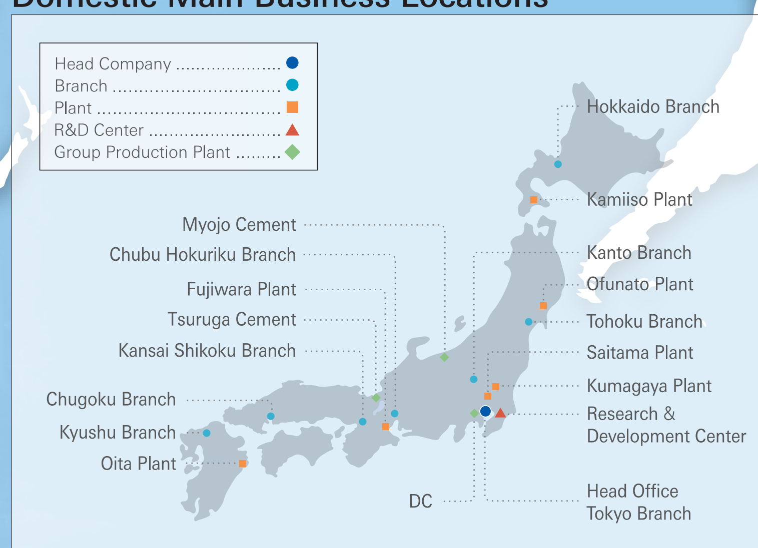
	(Millions of yen)		(Thousands of U.S. dollars)
UNCONSOLIDATED	**2016**	2015	**2016**
For the year:			
Net Sales	**¥ 300,642**	¥ 312,712	**$2,668,110**
Operating Income	**32,952**	36,368	**292,439**
Income before Income Taxes	**35,527**	36,281	**315,298**
Net Income	**26,326**	27,406	**233,640**
At year-end:			
Net Assets	**228,610**	211,271	**2,028,847**
Total Assets	**587,574**	548,540	**5,214,539**
	Yen		U.S. dollars
Net Income per Share	**21.30**	22.17	**0.18**
Dividends per Share	**6.00**	5.00	**0.05**

GLOBAL NETWORK

Taiheiyo Cement Group Main Business Locations



Domestic Main Business Locations

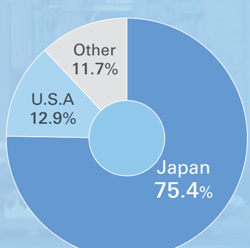


Sales Composition By Geographic Segment

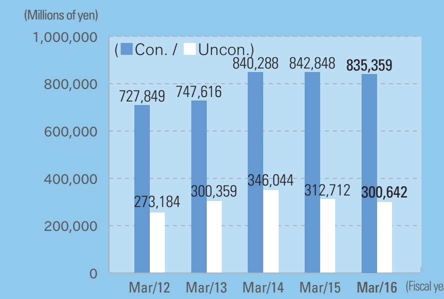
(As of March 31, 2016/Consolidated)

Other:

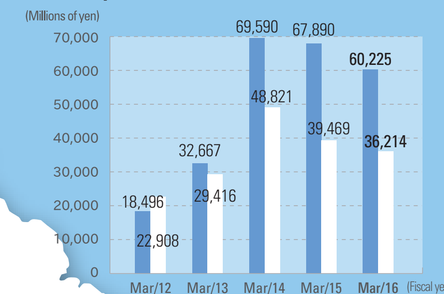
China, Vietnam, Philippines, Singapore, Papua New Guinea



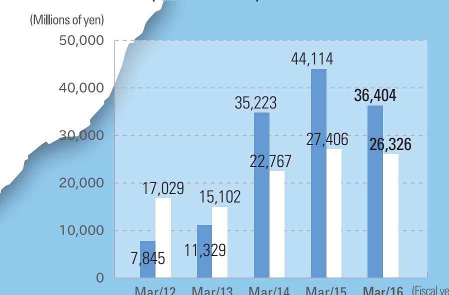
Net Sales



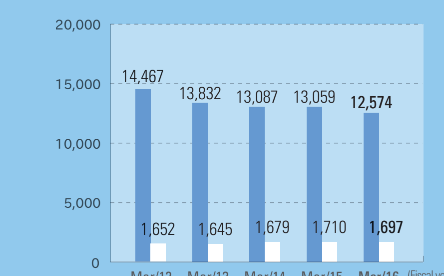
Ordinary Income



Profit Attributable to Owners of Parent (Con.)
Net Income (Uncon.)



Employees



Committing to

Increasing corporate value to facilitate sustainable growth

Shuji Fukuda
President and Representative Director
Shuji Fukuda.

During the fiscal year under review our country's gradual recovery has been kept alive by improvements in income, employment and corporate performance, thanks to the government's economic policies and monetary easing by the Bank of Japan. This is despite signs of export and manufacturing weakness in the Japanese economy stemming from a slowdown in China and other overseas markets, and a resulting sense of uncertainty about the future.

The U.S. economy is experiencing a modest recovery fueled by falling unemployment and robust consumer spending, while China has seen a gradual slowdown caused by slowing growth in consumer spending and fixed-asset investment. Across the rest of Asia growing domestic demand has offset lagging exports to push national economies toward recovery.

In this environment the Group's consolidated sales fell ¥7,488 million from the previous year to ¥835,359 million. Consolidated operating income was ¥60,433 million, down ¥4,972 million, while consolidated ordinary income fell ¥7,664 million to ¥60,225 million. Consolidated net profit attributable to owners of parent fell ¥7,710 million to ¥36,404 million.

Long-Term Value

Looking to the future, Japan's gradual recovery is expected to continue as factors such as low resource prices and policy support lead to a firming of the corporate profit environment.

However, a sense of growing uncertainty reflects the influence of developments such as concerns over a slowdown in China and other overseas markets, the effects of U.S. financial policy and the international political situation. As a result, we expect the business environment to remain unpredictable in the immediate future.

Turning our attention to the Taiheiyo Cement Group's business environment, our core domestic cement business is expected to benefit from factors such as reconstruction projects in the aftermath of the Great East Japan Earthquake, construction associated with disaster prevention and mitigation projects, and construction related to Shinkansen bullet train projects. At the same time, slowing public investment, the lengthening of construction project timelines, worker shortages at construction sites, and other developments will weigh on demand for domestic cement. Looking to the U.S. economy, a stable recovery is expected to continue with employment growth and improvements in consumer spending, but the possibility of rising interest rates and a slowdown in the global economy make it necessary to closely monitor future trends.

Looking to the future, the Taiheiyo Cement Group has identified "leveraging all Group capabilities to contribute to the safety and security of societies in the Pacific Rim" as a vision and direction to guide it towards the mid 2020s. We will continue to undertake a variety of initiatives to realize these goals, committing to long-term value while creating new shared value with society.

For the fiscal year ending March 2017 we expect consolidated sales of ¥824,000 million, operating income of ¥62,000 million, ordinary income of ¥62,000 million and net profit attributable to owners of parent of ¥38,000 million.

I look forward to your continued support and cooperation as we pursue these goals.

SPECIAL FEATURE

Strengthening Growth Investments and R&D

The Taiheiyo Group has identified growth strategies that strengthen its earnings base as a major theme in its 17 Medium-Term Management Plan. This special feature introduces growth investments in the U.S. West Coast and the Philippines—two areas where demand for cement is expected to grow—together with two breakthroughs made possible by the Group's technological and R&D capabilities.

Acquiring cement business assets in the U.S. U.S.A.

In September 2015, Taiheiyo subsidiary CalPortland Company (CPC) purchased a cement plant in Oro Grande, California, together with several associated business assets.

The purchase of these assets will allow Taiheiyo to create a supply system capable of accommodating growth in cement demand on the U.S. West Coast. Based on the plant's proximity to Los Angeles, a major demand center, CPC is working to optimize production and distribution by integrating the facility with two other cement plants that it already owns. These changes are expected to contribute to additional growth in the Group's U.S. cement business and help strengthen its revenue base.

Overview of assets purchased

Cement plant:	Oro Grande Plant
Cement terminals:	Two locations – in Stockton and San Diego
Purchase price:	US$420 million

Expanding our clinker mill in the Philippines PHILIPPINES

In December 2015, Taiheiyo subsidiary Taiheiyo Cement Philippines Inc. (TCPI) expanded the clinker mill at its San Fernando Plant.

With the Philippines experiencing a high rate of economic growth, cement demand is growing significantly. The expansion of our existing clinker mill has boosted TCPI's cement production capacity by 1.0 million tons to 2.4 million tons, close to double the previous capacity, enabling the company to meet strong demand for cement in the country.

Currently, domestic demand in the Philippines is growing rapidly and the country's relatively low per capita consumption of cement indicates the prospect of even greater growth in the future. TCPI will contribute to the development of the Philippines going forward by continuing to strive to assure stable production and supply.

Comparison of the cross-sectional areas of concrete that can withstand a weight of about 100 tons

Developing a new cement material with the world's highest compressive strength

In June 2015, Taiheiyo succeeded in developing a new cement material that boasts the world's highest compressive strength using normal pouring and forming techniques. The material achieved a world-record 464 N/mm² in use without sacrificing the natural advantage of concrete, which is the ability to shape it as desired simply by pouring it into a form.

In addition to this newly developed cement, Taiheiyo also has confirmed that further increases in compressive strength are possible by modifying the actual cement. Looking to the future, Taiheiyo Cement will continue its research and development of new cement materials in order to set new strength records that meet our customers' high performance needs in a variety of fields including construction and civil engineering.

(Note) *N/mm²: Newton per square millimeter, a unit of pressure. A value of 1 N/mm² describes a force of 1 Newton per square millimeter. A pressure of 464 N/mm² would result if a weight of about 4,700 kg (4.7 metric tons) rested on a square area measuring 1 cm on each side.

Ceraclean, a water quality stabilizer for use in aquaculture

Working to commercialize water treatment products.

Due to its high feed conversion efficiency, shrimp is attracting attention as a potential solution for the food crisis caused by the world's growing population. However, the accumulation of shrimp waste and leftover feed at the bottom in aquaculture ponds degrades the water quality, leading to reduced production volumes. Taiheiyo's Ceraclean, a water quality stabilizer for use in aquaculture that consists of manmade calcium silicate hydrate with numerous pores, cleans water by stimulating the activity of useful plankton. Having already introduced the product in Taiwan, going forward we plan to grow sales by expanding into major aquaculture markets throughout Southeast Asia.

Cement Business

Operating Income Falls as Domestic Demand Slows

During the fiscal year under review private-sector investment showed signs of a recovery from the decline that followed the hike in Japan's consumption tax rate. However, a downtrend in public sector demand due to factors such as soaring material and labor costs weighed on performance, pushing domestic cement demand down 6.3% from the previous year to 42.66 million tons. Some 320,000 tons of that demand was met by imported cement, a year-on-year decline of 36.2%. Total exports rose 12.3% to 10.58 million tons.

The Taiheiyo Group's domestic cement sales by volume, including consignment sales, fell 8.0% from the previous year to 14.67 million tons, while exports rose 34.2% to 3.98 million tons.

As a result, sales in the domestic cement business fell ¥19,471 million from the previous year to ¥392,700 million, while operating income fell ¥4,569 million to ¥28,510 million due to factors that include declining sales volume.

Overseas, total shipments rose in most regions served by our U.S. West Coast cement and ready-mixed concrete business where the market continues to recover. Our cement business in China was impacted by falling demand and intensifying price competition, while our cement business in Vietnam and the Philippines performed well on the back of robust domestic demand.

As a result of the above factors the Group's overseas cement business posted net sales of ¥182,023 million, up ¥23,514 million from the previous year. Operating income fell ¥1,049 million to ¥6,120 million due to factors that include deteriorating profitability in the Chinese market.

Sales **¥ 574,724 million**
up ¥4,042 million year-on-year

Operating Income **¥ 34,631 million**
down ¥5,619 million year-on-year

Mineral Resources Business

Sales Growth Slows as Profitability Improves

Our aggregate business performed well as improvements to the bottom line and streamlining of distribution offset slumping demand in most regions apart from Tohoku. Despite a decline in shipments of limestone to customers in the domestic iron and steel industry, increased shipments of other products in our mineral products business pushed sales volume above the previous year's levels. Intake in our surplus construction soil recycling business fell below the previous year's figures. However, lower costs due to factors such as the decline in crude oil prices contributed to improved profitability.

Sales **¥ 93,533 million**
down ¥2,424 million year-on-year

Operating Income **¥ 8,113 million**
up ¥1,404 million year-on-year

Environmental Business

Growth in Coal Ash Intake Boosts Profits

We completed our processing of disaster waste, which led to a decline in revenue. However, existing environmental businesses, particularly coal ash processing, performed strongly as coal-fired power plants nationwide maintained high rates of operation, driving up profits.

Sales **¥ 73,460 million**
down ¥1,327 million year-on-year

Operating Income **¥ 7,655 million**
up ¥181 million year-on-year

Construction Materials Business

Profits Rise despite Declining Sales

Despite improving market conditions for autoclaved lightweight aerated concrete (ALC) and brisk sales of construction materials, results were affected by delays in the start of ground improvement projects.

Sales **¥ 80,853 million**
down ¥9,486 million year-on-year

Operating Income **¥ 6,130 million**
up ¥639 million year-on-year

Other Business

Profitability Rises

This segment includes our real estate, engineering, data processing, finance, transport and warehousing, and sports facility businesses.

The engineering business performed well, but profits fell due in part to the sale of our ceramics business.

Sales **¥ 85,222 million**
up ¥3,457 million year-on-year

Operating Income **¥ 4,014 million**
down ¥1,620 million year-on-year

Fiscal 2017 Business Strategies

Taking company-wide action to spur multifaceted business development

Domestic Cement Business

Focusing on assuring sales volume and maintaining equitable pricing

We forecast total domestic demand for cement in FY 2017 will be approximately 43 million tons, a figure on par with FY2016. While demand will grow, mainly due to construction associated with the Tokyo 2020 Olympics and Paralympics, we anticipate demand from disaster reconstruction in the Tohoku region to soften, causing the challenging business climate to continue.

Against this backdrop we will focus on consolidating our sales volume. With sales competition likely to ratchet up in intensity, we are striving to work through this challenging environment while maintaining our prices. To achieve this, after careful analysis of current market conditions, we will set an appropriate sales strategy and sales initiatives.

Our goal this year is to ensure equitable pricing, continuing a priority that was formulated in FY 2012, while working hard to achieve satisfactory sales prices.

To further strengthen our sales capabilities we will also focus on leveraging the Group's overall capabilities. By "Group" I refer not only to the Taiheiyo Cement Group, but also our various internal departments with responsibilities in fields that include mineral resources, environment, construction materials and civil engineering.

Many of our customers, including both ready-mixed concrete companies and secondary product companies, also deal with our mineral resource and environmental businesses, among other segments of our operations. We believe pooling our internal capabilities to provide optimal services will be more effective than having individual departments pursue separate sales operations.

Next, because we consider stabilization of the ready-mixed concrete industry to be an extremely important priority for our own company, we will maintain an across-the-board focus on this goal. To achieve this, our directly owned ready-mixed concrete companies will work to strengthen their finances, improve their technological capabilities, and retain talented employees so that each can become a core presence in its respective region. We will also maintain plants in regions with special demand so that we can accommodate these needs in an agile and flexible manner.

Looking at independent ready-mixed concrete companies, our policy is to apply the Group's overall capabilities to accommodating the full array of customer needs, including putting structures in place that enable us to provide technical support and ensure a stable supply of aggregate.

Contributing to disaster recovery through the stable supply of cement

Reconstruction work in the aftermath of the Great East Japan Earthquake, involving civil engineering projects such as seawall construction and the relocation of structures to higher ground centered in Miyagi Prefecture and Iwate Prefecture, has slowed. Going forward, demand is transitioning to construction projects such as private-sector plants and buildings, but there is likely to be some lag as this shift occurs. On the other hand, recovery and reconstruction-related projects in Fukushima Prefecture, where the processing of disaster debris has made little progress, should intensify in the future. We will put in place structures to meet that demand, taking advantage of our deep expertise and closely sharing information with local dealers and ready-mixed concrete companies.

At Taiheiyo we aim to optimize our contribution to the reconstruction of disaster-stricken areas by ensuring a stable supply of cement and ready-mixed concrete.

We will also cooperate across the board to help speed recovery and reconstruction efforts in areas affected by the Kumamoto earthquakes of April 2016.

Looking at large projects, construction demand related to the Tokyo Olympics and Paralympics is lagging behind initial expectations, but we expect the pace on these projects to pick up during the second half of the FY2017. As we have already taken steps to prepare our distribution system to accommodate these projects we are ready to meet the demand at any time. We will do so with robust structures and systems to ensure we can maximize the supply of not only cement, but also all Group products and services.

We are also poised to participate in major construction projects such as the Chuo Shinkansen, the No. 2 Tomei Expressway, the Yamba Dam, and temporary storage facilities for radioactive waste in Fukushima. We are working to put in place structures to secure orders in connection with these projects and ensure a stable supply of our products.

Helping female employees pursue productive careers

As a manufacturer our responsibility is to produce stable, high-quality products and to supply them safely to customers. Consequently, we are orchestrating a Group-wide safety initiative with the goal of achieving an accident-free year in FY 2017.

Fostering the development of young employees is another key priority. In the face of concerns about the domestic market shrinking in the future we believe that fostering employee talent and expertise in the mineral resource and environmental businesses, as well as the cement business, will serve to facilitate efficient operations. Since many of our directly owned ready-mixed concrete companies currently are being led by veteran managers, we also anticipate assisting in training a new generation of leaders to smooth the transition in management of these companies.

In addition we have high expectations for the careers of female employees. Today, women are working in jobs in areas such as distribution where there was little opportunity for responsibility in the past. The Taiheiyo Cement Ready-mixed Concrete Association's Committee to Promote Equal Opportunity Employment continues to study how we can be more proactive in this area. Going forward, we will look to provide new opportunities for female employees to pursue productive careers.

Masafumi Fushihara
Director, Managing Executive Officer
Senior General Manager of Cement Business Division

Growing our existing core business and focusing on overseas expansion and the functional materials segment

Mineral Resources Business

Developing our business in a way that complements the Group's cement business and where there is room for growth

Although FY 2016 was a challenging year we expect to see movement on projects related to the Tokyo 2020 Olympics and Paralympics during the second half of FY 2017. This should lead to a slight improvement in overall demand compared to the previous year.

To expand our existing core business in this demanding environment we will pursue strategic commercialization of aggregate in partnership with the cement business. Currently, our share of the domestic aggregate market is low compared to our share of the cement market, indicating there is ample room for growth. Going forward, we will seek to develop the business in a way that allows us to expand shared benefits with the cement business. As part of this approach we will work to increase sales of coarse sand and to put in place supply structures to prepare for Olympic demand. In addition, as we work to grow sales, rather than supply limestone aggregate from the Kamiiso Plant and Oita Plant to the Kanto region as we have in the past, going forward we will primarily ship product from the Kamiiso Plant to East Japan, and ship product from the Oita Plant to West Japan.

We will also work to expand our mineral products business by reviewing sales strategies, including the potential relocation of limestone production and supply facilities, and maximizing exports.

In our soil solutions business one area of focus is to strengthen efforts to sell insolubilization materials for heavy metals, which are designed to prevent diffusion of heavy metals in contaminated soil and used in large-scale projects.

Overseas expansion is another growth strategy. This March we opened a representative office in Vietnam to complement similar bases in Shanghai and Thailand. Currently we are gathering information about new business opportunities as well as pursuing our trading business. Our next step is to give specific shape to the expansion of our businesses overseas and to find good business partners.

There are several products with promising growth prospects in the functional materials business. Among those the market for ChiccaLight remains small but is growing steadily. There is also significant potential for growth in demand for products such as high-purity silicon carbide and functional hollow materials, and we plan to harness this potential to place the business on a growth trajectory in the future.

Fostering the development of young employees who are capable of contributing internationally

We see the development of our human resources as another growth strategy. We must both increase the number of young employees companywide and foster the development of those who can make a contribution in overseas markets. In addition we will promote equal opportunity by coming together as a company to put in place a workplace environment in which female employees are encouraged to pursue productive careers with confidence and peace of mind.

Our policy regarding group companies is to review their businesses through a process of selection and consolidation, to reduce interest-bearing debt, enhance financial strength, and make such investments as necessary to promote increased profitability in the future.

In addition, efforts to ensure safety, quality and environmental friendliness in both production and distribution, including at Group and partner companies, lay at the root of our business activities. Going forward we will leverage all our capabilities as a manufacturer to contribute to society, prevent accidents and minimize our impact on the environment.

Kunihiro Ando
Director, Managing Executive Officer
Mineral Resources Business Division

Striving to achieve sales of ¥100 billion and operating income of ¥10 billion

Environmental Business

Enhancing strategic overseas development

Our core approach for FY 2017 is to strive towards the goal set out in the 17 Medium-Term Management Plan, which calls for consolidated-basis sales and operating income of ¥100 billion and ¥10 billion respectively.

To achieve this goal our first priority is to take maximum advantage of business opportunities accompanying the increase in the number of coal-fired power plants. We will expand our business in this field, including coal ash exports. In addition to pursuing packaged sales that combine disposal of coal ash with the supply of materials such as calcium carbonate, gypsum, coal and chemicals, we expect to be able to significantly expand our business by establishing decarbonization (electrostatic separation) technology to improve the quality of coal ash as cement additives.

Our second priority is to maximize our existing waste business. Specifically, we will expand the catchment area for municipal waste incineration to increase the scale of the disposal business launched in Ofunato. In the waste-to-fuel field we will expand our sales of fuel for biomass power generation, in addition to disposal of automotive shredder dust, waste plastics and waste plasterboard.

Our third priority centers on strategic overseas expansion. We will progressively plan to export coal ash to overseas countries such as Vietnam, Thailand and the Philippines. We will also expand the market area of the biomass fuel supply business and aqua businesses to areas including Thailand, Vietnam and Singapore.

Our fourth priority is development, growth and information-gathering related to new business. The diffusion of Aqua Business Group products such as Power House and Ceraclean at facilities like aquariums and fish farms are expected to lead to significant business growth, so we will undertake a decisive effort to boost diffusion in such facilities. Another field that holds major potential for the future is the development of technologies for recycling difficult-to-process wastes. We are currently pursuing joint R&D research in lithium-ion batteries and solar panels with the Central Research Laboratory in cooperation with external partners such as Matsuda Sangyo and Shimane University. A project on recycling of carbon plastic funded by the Ministry of the Environment is promoted with the Central Research Laboratory.

We are also looking to contribute to the reconstruction in Fukushima Prefecture and Kumamoto Prefecture by applying our expertise disposing more than 1 million tons of disaster waste in Iwate Prefecture, and the recovery of precious metals from municipal waste incineration ash and shredder dust at cement plants.

Strengthening initiatives that are independent of cement manufacturing

Going forward, as well as the development of technologies that reduce the impact of cement kilns, we plan to pursue initiatives in fields that are not dependent on cement kilns, including the creation of environmental businesses. One example of such initiatives is a project to generate power using methane from the fermentation of energy crops which is being carried out in the city of Minamisoma in Fukushima Prefecture. We also anticipate developing technologies that will enable the feeding of appropriate materials as alternative fuel or raw material into the cement production process, with pre-treatment processes such as sorting and blending of waste. Each of these initiatives promises to drive growth in our environmental business.

Since the environmental business accepts a variety of waste products we will also ensure the full enforcement of legal compliance as well as safety and health management system to eliminate accidents.

Shigeru Matsushima
Director, Managing Executive Officer
Environmental Business Division

Strengthening the foundation of existing businesses and developing new businesses targeting growth

International Business

Investment in regions with growing demand

Broadly speaking the 17 Medium-Term Management Plan sets out four priorities. The first priority is to achieve operating income of ¥17.5 billion during the final year of the plan through measures that enhance the profitability of existing businesses.

The second is to pioneer and pursue new businesses that target growth. We made significant investments in the U.S. during 2015 and going forward will study new investment opportunities in other regions as well.

The third priority is to expand and deepen our trading business. With regard to exports from Japan we will work to maximize Group profits from trading by taking advantage of our overseas network, for example by accommodating domestic demand as conditions warrant and ensuring a stable supply source for the U.S., where economic conditions are improving. In addition, we developed a blended cement suited to local standards in Singapore and last year put distribution structures for this product in place by adding a silo at the receiving port. Going forward we will develop distinctive products that meet the needs of various localities while continuing to develop associated markets.

The fourth priority is to pursue CSR management with particular emphasis on safety. We will work to raise employees' safety awareness through such means as safety inspections and meetings, and strengthen associated management structures. In addition, we will work to inspect and strengthen risk management, human resources development and international business governance structures.

Recovery in the U.S., strong performance in the Philippines and Vietnam

Looking at individual regions, the recovery in the U.S. is continuing at approximately the pace we anticipated. However, 2015 demand in the five West Coast states where Taiheiyo does business remained below 60% of the peak 2005 level. Consequently we expect the demand recovery to continue for several more years and for prices to gradually return to their prior levels. Against this backdrop we will work to quickly realize the benefits of last year's acquisition and to strengthen profitability.

In Asia we have seen extremely strong demand for cement in the Philippines, with the market growing by 14-15% last year. To accommodate this demand Taiheiyo Cement Philippines expanded its grinding capacity with the installation of a new mill in December 2015. We believe that the low per capita cement consumption in the Philippines compared to nearby countries will underpin additional growth in the future.

Demand has also been strong in Vietnam where domestic cement demand reached a record high during FY 2016. In addition to meeting the expected growth in demand going forward, Nghi Son Cement will also work to lower costs and strengthen profitability.

In China the cement industry faces extremely challenging conditions and reorganizing our business is a major goal for this year. Planned initiatives include developing the business by taking advantage of proprietary waste processing technologies and expanding exports to the U.S.

Looking beyond 2020, to expand our international business and strengthen our revenue base we will study the feasibility of investments in Southeast Asia as a follow-up to similar spending in the U.S. last year. One approach involves investments to expand our existing businesses in countries such as Vietnam and the Philippines where we are already active, and another involves investments in new countries. We will move to strengthen the foundation of our businesses by pursuing investments through careful and serious consideration of commercial viability.

Ken Kikuchi
Director, Senior Executive Officer
Senior General Manager of the International Business Division

Establishing a solid business foundation and profitable structure

Construction Materials Business

Seeking growth and expansion by developing Group sales structures

The Construction Materials Business Division was formed in April 2015 as part of an initiative to selectively consolidate various segments of the Group's operations. It combines the operations of all our building, construction and civil engineering materials businesses. Its establishment and improved profitability is the result of reassessing the position and significance of these businesses.

The 17 Medium-Term Management Plan identifies establishing a business foundation and profitable structure as goals for the Taiheiyo Cement Group and it sets forth "growth and expansion" as the strategy for achieving those goals. During FY 2017, which is the middle year of the three-year plan, we intend to further strengthen our profitability and financial position, and to accelerate initiatives associated with our growth and expansion strategy.

To that end we will refine our vision of the Group's sales structures and accelerate our efforts to develop those structures. As we look to capture orders for large projects such as the Tokyo Olympics and Paralympics, and the Chuo Shinkansen, we must recognize that there are limits to our past approach of having Group companies' involvement in a broad range of business domains pursuing their own, independent sales operations. I believe it is both more efficient and more effective to have related divisions work together, including the Central Research Laboratory, to pursue sales under the banner of the Taiheiyo Cement Group. We are already working to develop business models while taking advantage of feedback from sales personnel at Group companies, and once we have identified the target market segments we will pursue an aggressive approach to sales designed to encourage adoption of Group products starting during the design stage.

In addition we are working to identify the key products and technologies that each Group company brings to the table. I believe we can discover hidden products and technologies that perhaps were ahead of their time when first developed, and then pioneer new applications or package them together to create new businesses. We are working to do just that while listening to feedback from sales and development personnel.

We are also building a database from sales information and other data from Group companies so that we can share useful information to help facilitate the overall growth and expansion of the construction materials business.

Launching market research in Southeast Asia with a view to the future

Group companies have proven track records in their respective international businesses but the 17 Medium-Term Management Plan identifies the active development of products and technologies that can be sold overseas by the Group as vital to our new business model. To that end we are preparing to conduct in-depth market research in Southeast Asia through which we will be able to identify priority target areas. Overseas development will be extremely important as we work to achieve growth and expansion in the construction materials business over the medium and long term, and we will actively pursue it together with human resources development.

With regard to human resources development we urgently need to foster the development of management candidates at Group companies with similar businesses, as well as of employees with the skills needed to work internationally. We will strengthen programs to train employees to contribute to the development of our business through exchanges between Group companies, gatherings of personnel with similar responsibilities, and training sessions.

Toshihide Nishimura
Director, Managing Executive Officer
Construction Materials Business Division

Directors and Corporate Auditors (As of June 29, 2016)

Board of Directors

President and Representative Director

Shuji Fukuda

Representative Director, Senior Executive Officer

Yuuichi Kitabayashi

Director, Senior Executive Officer

Ken Kikuchi

Directors, Managing Executive Officers

Shigeru Matsushima

Masafumi Fushihara

Toshihide Nishimura

Youichi Funakubo

Keiichi Miura

Masahiro Karino

Kunihiro Ando

Ichirou Egami

Directors

Yoshiko Koizumi

Yuuzou Arima

Corporate Auditors (Standing)

Kohji Ishii
Hidehiko Kasamura

Corporate Auditors

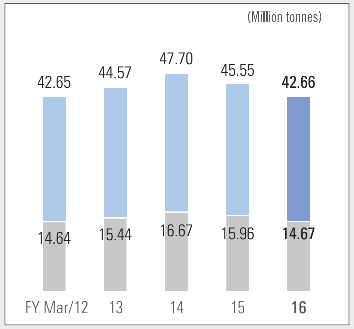
Takashi Nonaka
Yoshio Narukage

Executive Officers

Yasuhiro Sagara
Tomoya Sakamoto
Toshiaki Suzuki
Satoshi Asami
Toru Kanai
Katsuhide Hukuhara
Masakatsu Kifushi
Seiichi Araki
Yoshiaki Tominaga
Kazuo Horikawa
Yoshiyuki Uenoyama
Hideaki Asakura
Tetsuya Ohashi

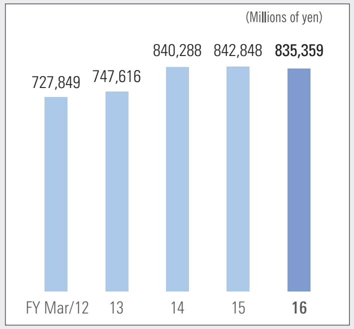
Financial Data

Total Domestic Cement Demand / Group Sales



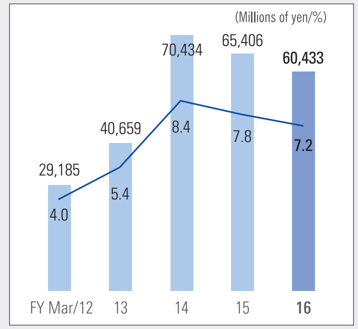
Total Domestic Cement Demand
Group Sales

Net Sales



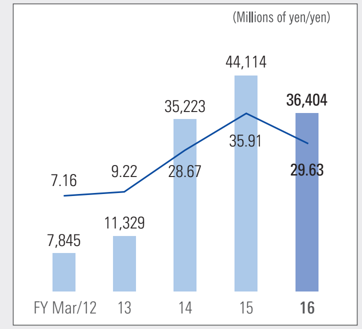
Net Sales

Operating Income / Operating Income to Net Sales



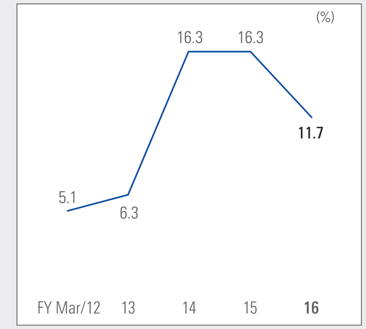
Operating Income
Operating Income to Net Sales

Profit Attributable to Owners of Parent/ Earnings per Share (EPS)



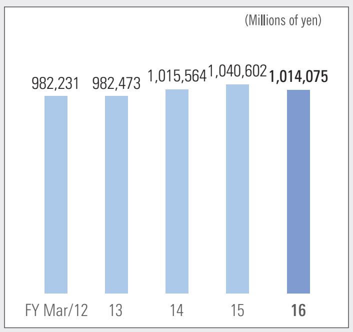
Profit Attributable to Owners of Parent
Earnings per Share (EPS)

Return on Equity (ROE)



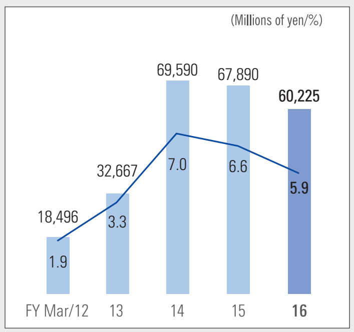
Return on Equity (ROE)

Total Assets



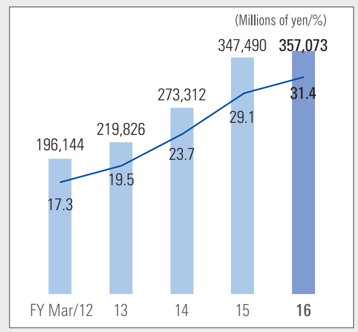
Total Assets

Ordinary Income / Return on Assets (ROA)



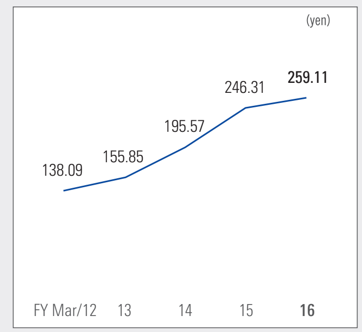
Ordinary Income
Return on Assets (ROA)

Net Assets / Equity Ratio



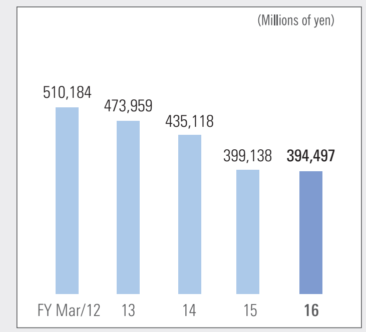
Net Assets
Equity Ratio

Net Assets per Share



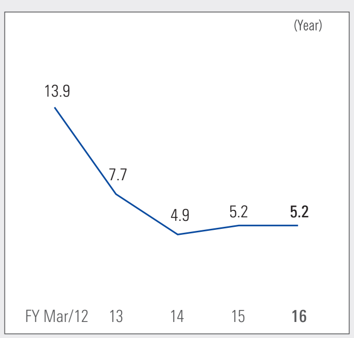
Net Assets per Share

Interest-Bearing Debt



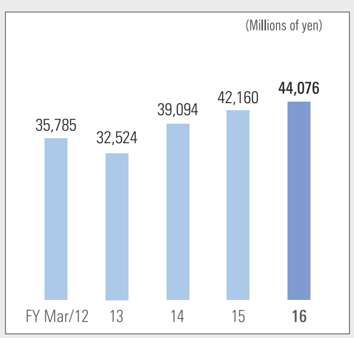
Interest-Bearing Debt

Interest-Bearing Debt / Cash Flow



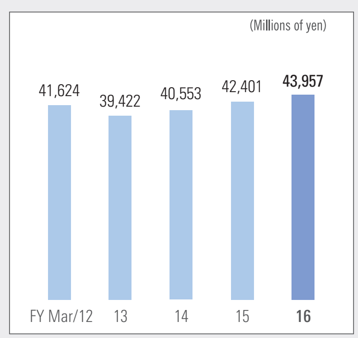
Interest-Bearing Debt/Cash Flow

Capital Expenditure



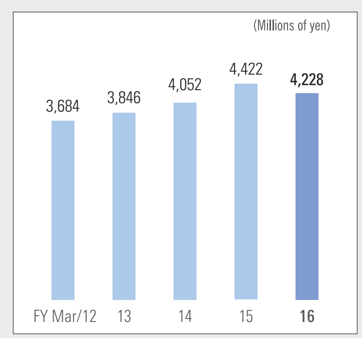
Capital Expenditure

Depreciation



Depreciation

R&D Expense



R&D Expense

Consolidated Balance Sheets

Taiheiyo Cement Corporation and Subsidiaries for the year ended 31st March, 2016

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars) (Note 5)
Assets			
Current assets:			
Cash and deposits (Notes 6, 7 and 10)	¥53,859	¥53,539	$475,148
Notes and accounts receivable – trade (Notes 6 and 10)	178,350	161,392	1,432,310
Less: allowance for doubtful accounts	(2,329)	(938)	(8,326)
	176,020	160,454	1,423,984
Merchandise and finished goods (Note 15)	28,587	31,187	276,780
Work in process (Note 15)	2,183	1,485	13,183
Raw materials and supplies (Note 15)	43,252	42,624	378,276
Deferred tax assets (Note 18)	10,705	6,886	61,117
Other	15,374	12,740	113,065
	329,981	308,918	2,741,556
Investments and other assets:			
Investment securities (Notes 6, 8 and 10)	113,747	115,443	1,024,524
Long-term loans receivable	1,249	1,127	10,008
Assets for retirement benefits (Note 11)	20,338	8,968	79,593
Deferred tax assets (Note 18)	16,848	23,258	206,414
Other (Notes 10 and 20)	31,997	31,483	279,407
	184,181	180,282	1,599,948
Less: allowance for doubtful accounts	(5,961)	(6,655)	(59,069)
	178,219	173,626	1,540,878
Property, plant and equipment (Notes 10 and 20):			
Buildings and structures	478,522	448,950	3,984,295
Machinery, equipment and vehicles	842,647	841,895	7,471,563
Other	108,537	108,807	965,631
	1,429,706	1,399,653	12,421,490
Less: accumulated depreciation	(1,117,608)	(1,073,719)	(9,528,927)
	312,098	325,934	2,892,563
Land (Notes 10 and 14)	164,647	140,726	1,248,907
Construction in progress	13,819	20,950	185,926
	490,565	487,611	4,327,396
Goodwill and other intangible assets (Note 10)	41,836	43,919	389,772
Total assets	¥1,040,602	¥1,014,075	$8,999,604

The accompanying notes are an integral part of these statements.

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars) (Note 5)
Liabilities and net assets			
Current liabilities:			
Short-term loans payable (Notes 6, 9 and 10)	¥119,254	¥110,048	$976,650
Current portion of long-term loans payable (Notes 6, 9 and 10)	84,767	61,664	547,255
Commercial papers (Note 6)	5,000	–	–
Notes and accounts payable – trade (Notes 6 and 10)	85,036	73,893	655,785
Income taxes payable (Note 18)	10,730	8,351	74,116
Deferred tax liabilities (Note 18)	0	5	48
Other (Note 10)	73,027	67,265	596,957
	377,817	321,229	2,850,813
Noncurrent liabilities:			
Long-term loans payable (Notes 6, 9 and 10)	194,942	233,626	2,073,358
Lease obligations (Note 9)	22,616	15,662	139,001
Deferred tax liabilities (Note 18)	4,314	3,527	31,308
Deferred tax liabilities for land revaluation (Note 18)	4,770	–	–
Liabilities for retirement benefits (Note 11)	26,889	22,814	202,474
Provision for directors' retirement benefits	514	433	3,846
Provision for asset removal	41	–	–
Asset retirement obligations (Note 22)	7,673	7,990	70,911
Other provision	1,106	992	8,806
Other (Note 10)	52,426	50,725	450,170
	315,295	335,772	2,979,878
Contingent liabilities (Note 12)			
Net assets (Note 13):			
Shareholders' equity:			
Capital stock:			
Authorized: 1,977,308,000 shares Issued: 1,237,800,586 shares in 2016 and 1,237,800,586 shares in 2015	86,174	86,174	764,769
Capital surplus	50,757	50,925	451,947
Retained earnings	158,939	188,731	1,674,936
Treasury stock (9,412,172 shares in 2016 and 9,106,837 shares in 2015)	(934)	(979)	(8,693)
Accumulated other comprehensive income:			
Revaluation reserve for land (Note 14)	4,295	4,665	41,402
Valuation difference on available-for-sale securities	6,908	4,755	42,202
Deferred gains on hedges	2	16	149
Remeasurements of retirement benefit	(4,148)	(11,829)	(104,986)
Foreign currency translation adjustments	649	(4,174)	(37,043)
Total accumulated other comprehensive income	7,707	(6,566)	(58,276)
Non-controlling interests	44,845	38,787	344,229
Total net assets	347,490	357,073	3,168,913
Total liabilities and net assets	¥1,040,602	¥1,014,075	$8,999,604

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

Taiheiyo Cement Corporation and Subsidiaries for the year ended 31st March, 2016

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars) (Note 5)
Net Sales	¥842,848	¥835,359	$7,413,559
Cost of sales (Note 15)	642,645	640,375	5,683,137
Gross profit	200,203	194,983	1,730,421
Selling, general and administrative expenses (Notes 16 and 17)	134,796	134,550	1,194,092
Operating income	65,406	60,433	536,329
Non-operating income (expenses):			
Interest and dividends income	1,322	1,563	13,874
Interest expenses	(6,847)	(6,492)	(57,615)
Loss on sales/disposal of property, plant and equipment	(797)	(1,539)	(13,659)
Gain on sales of investment securities	5	1,243	11,038
Loss on valuation of stocks of subsidiaries and affiliates	(1,231)	(374)	(3,319)
Equity in earnings of unconsolidated subsidiaries and affiliates	5,293	5,292	46,966
Impairment loss (Note 20)	(1,069)	(5,757)	(51,097)
Gain on step acquisitions	916	–	–
Business structure reform costs	(1,180)	–	–
Gain on forgiveness of debts	4,569	–	–
Other, net	998	(1,777)	(15,776)
	1,980	(7,841)	(69,590)
Profit before income taxes and non-controlling interests	67,387	52,592	466,739
Income taxes (Note 18):			
Current	18,170	14,334	127,210
Deferred	(1,884)	678	6,022
	16,285	15,012	133,232
Profit	51,101	37,579	333,506
Profit attributable to non-controlling interests	6,986	1,175	10,428
Profit attributable to owners of parent	¥ 44,114	¥36,404	$323,077
	(Yen)		(U.S. dollars) (Note 5)
Per share (Note 4 (13)):			
Profit			
Basic	¥35.91	¥29.63	$0.26
Cash dividends	5.00	6.00	0.05

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars) (Note 5)
Profit	¥51,101	¥37,579	$333,506
Other comprehensive income:			
Valuation difference on available-for-sale securities	1,854	(1,864)	(16,542)
Deferred losses on hedges	(14)	(5)	(44)
Revaluation reserve for land	494	237	2,110
Foreign currency translation adjustments	16,002	(2,869)	(25,464)
Remeasurements of retirement benefit	5,226	(7,728)	(68,592)
Share of other comprehensive income or (loss) of associates accounted for using equity method	5,072	(3,378)	(29,985)
Total other comprehensive income (Note 21)	28,635	(15,608)	(138,517)
Comprehensive income	¥79,736	¥21,971	$194,988
Comprehensive income attributable to:			
Owners of parent	¥68,922	¥21,758	$193,098
Non-controlling interests	¥10,813	¥212	$1,890

Consolidated Statements of Changes in Net Assets

Taiheiyo Cement Corporation and Subsidiaries for the year ended 31st March, 2016

(Millions of yen)

	Shareholders' equity				Accumulated other comprehensive income						
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Revaluation reserve for land	Valuation difference on available-for -sale securities	Deferred gains on hedges	Remeasurements of retirement benefits	Foreign currency translation adjustments	Non-controlling interests	Total net assets
Balance at 31st March, 2014	¥86,174	¥50,690	¥121,212	¥ (936)	¥4,252	¥5,084	¥50	¥ (9,472)	¥ (16,799)	¥33,055	¥273,312
Cumulative effects of changes in accounting policies			(87)							(9)	(97)
Balance at 1st April, 2014	¥86,174	¥50,690	¥121,124	¥ (936)	¥4,252	¥5,084	¥50	¥ (9,472)	¥ (16,799)	¥33,046	¥273,214
Dividends from surplus			(6,142)								(6,142)
Profit attributable to owners of parent			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 in items other than shareholders' equity					43	1,824	(48)	5,323	17,449	11,799	36,391
Balance at 31st March, 2015	¥86,174	¥50,757	¥158,939	¥(934)	¥4,295	¥6,908	¥2	¥(4,148)	¥649	¥44,845	¥347,490
Change in treasury shares of parent arising from transactions with non-controlling shareholders		167									167
Dividends from surplus			(7,370)								(7,370)
Profit attributable to owners of parent			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 in items other than shareholders' equity					369	(2,153)	14	(7,680)	(4,823)	(6,057)	(20,331)
Balance at 31st March, 2016	¥86,174	¥50,925	¥188,731	¥(979)	¥4,665	¥4,755	¥16	¥(11,829)	¥(4,174)	¥38,787	¥357,073

(Thousands of U.S. dollars) (Note 5)

	Shareholders' equity				Accumulated other comprehensive income						
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Revaluation reserve for land	Valuation difference on available-for -sale securities	Deferred gains on hedges	Remeasurements of retirement benefits	Foreign currency translation adjustments	Non-controlling interests	Total net assets
Balance at 31st March, 2015	$764,769	$450,456	$1,410,542	$(8,289)	$38,124	$61,311	$18	$(36,820)	$5,767	$397,987	$3,083,868
Change in treasury shares of parent arising from transactions with non-controlling shareholders		1,488									1,488
Dividends from surplus			(65,406)								(65,406)
Profit attributable to owners of parent			323,077								323,077
Reversal of revaluation reserve for land			125								125
Purchase of treasury stock				(409)							(409)
Disposal of treasury stock		1		5							7
Change in scope by consolidation			6,598								6,598
Net changes in items other than shareholders' equity					3,277	(19,108)	131	(68,166)	(42,811)	(53,758)	(180,436)
Balance at 31st March, 2016	$764,769	$451,947	$1,674,936	$(8,693)	$41,402	$42,202	$149	$(104,986)	$(37,043)	$344,229	$3,168,913

Consolidated Statements of Cash Flows

Taiheiyo Cement Corporation and Subsidiaries for the year ended 31st March, 2016

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars) (Note 5)
Net cash provided by operating activities			
Profit before income taxes and non-controlling interests	¥67,387	¥52,592	$466,739
Depreciation and amortization	42,401	43,957	390,110
Amortization of goodwill	2,771	2,967	26,335
Equity in earnings of unconsolidated subsidiaries and affiliates	(5,293)	(5,292)	(46,966)
Gain on sales of investment securities	(5)	(1,243)	(11,038)
Loss on liquidation of subsidiaries and affiliates	466	–	–
Loss on valuation of stocks of subsidiaries and affiliates	1,231	374	3,319
Changes in asset and liability for retirement benefits	485	(1,027)	(9,118)
Decrease in provision for directors' retirement benefit	(6)	(32)	(287)
Increase (decrease) in allowance for doubtful accounts	435	(689)	(6,120)
Interest and dividends income	(1,322)	(1,563)	(13,874)
Interest expenses	6,847	6,492	57,615
Loss on sales/disposal of property, plant and equipment	797	1,539	13,659
Impairment loss	1,069	5,757	51,097
Decrease in notes and accounts receivable – trade	2,429	7,259	64,428
Increase in inventories	(1,069)	(3,694)	(32,791)
Decrease in notes and accounts payable – trade	(872)	(6,525)	(57,914)
Business structure reform costs	1,180	–	–
Gain on forgiveness of debts	(4,569)	–	–
Decrease in provision for asset removal	(533)	(41)	(368)
Other, net	(5,949)	(3,918)	(34,771)
Subtotal	107,879	96,910	860,053
Interest and dividends income received	1,705	1,971	17,499
Interest expenses paid	(6,920)	(6,599)	(58,567)
Income taxes paid	(25,664)	(16,655)	(147,816)
Net cash provided by operating activities	77,000	75,627	671,169
Net cash used in investing activities			
(Increase) decrease in time deposits	848	(350)	(3,107)
Purchase of property, plant and equipment, etc	(38,403)	(36,050)	(319,939)
Proceeds from sales of property, plant and equipment, etc	5,017	6,061	53,794
Purchase of investment securities	(1,444)	(342)	(3,043)
Proceeds from sale and redemption of investment securities	370	995	8,831
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(516)	–	–
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation (Note 25)	–	6,747	59,882
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation (Note 25)	–	(1,040)	(9,235)
Payments of loans receivable	(1,562)	(693)	(6,153)
Collections of loans receivable	3,631	3,510	31,157
Payments for transfer of business (Note 25)	–	(50,863)	(451,398)
Other, net	680	927	8,229
Net cash used in investing activities	¥(31,377)	¥(71,099)	$(630,982)

	2015	2016	2016
	(Millions of yen)		(Thousands of U.S. dollars) (Note 5)
Net cash used in financing activities			
Decrease in short-term loans payable	¥(31,899)	¥(9,798)	$(86,959)
Increase (decrease) in commercial papers	5,000	(5,000)	(44,373)
Proceeds from long-term loans payable	44,752	105,866	939,529
Repayment of long-term loans payable	(78,335)	(60,055)	(532,975)
Proceeds from issuance of bonds	20,000	–	–
Redemption of bonds	(610)	(20,395)	(180,999)
Purchase of treasury stocks	(50)	(43)	(385)
Cash dividends paid	(6,142)	(7,370)	(65,406)
Dividends paid to non-controlling interests	(583)	(1,015)	(9,013)
Proceeds from sales of treasury stock	67	0	7
Other, net	(4,911)	(6,216)	(55,169)
Net cash used in financing activities	(52,713)	(4,027)	(35,744)
Effect of exchange rate changes on cash and cash equivalents	1,712	(510)	(4,531)
Net decrease in cash and cash equivalents	(5,377)	(10)	(90)
Cash and cash equivalents at beginning of year	55,604	50,645	449,465
Increase in cash and cash equivalents resulting from merger	76	138	1,231
Decrease in cash and cash equivalents from corporate division	–	(105)	(937)
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	342	(596)	(5,291)
Cash and cash equivalents at end of year (Note 7)	¥50,645	¥50,072	$444,377

The accompanying notes are an integral part of these statements.

Notes to the Consolidated Financial Statements

Taiheiyo Cement Corporation and Subsidiaries for the year ended 31st March, 2016

<Yen in millions and U.S. dollars in thousands, unless otherwise indicated.>

1. Basis of Presentation of the Consolidated Financial Statements

The accompanying consolidated financial statements of Taiheiyo Cement Corporation (the "Company") and consolidated subsidiaries (collectively, the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

The accounts of overseas subsidiaries are adjusted according to ASBJ PITF No.18. In preparing the accompanying consolidated financial statements, certain items presented in the consolidated financial statements filed with the Directors of Kanto Finance Bureau in Japan have been reclassified and/or recapitulated and certain notes have been added for the convenience of readers outside Japan.

Figures stated in this Annual Report are rounded off to the nearest unit of presentation (first decimal place in the case of percentages), except for profit per share, which is rounded off to the third decimal place, and average age and average length of service of employees of the Companies, which are rounded off to the second decimal place.

Certain amounts previously reported have been reclassified to conform to the current year's presentation.

2. Scope of Consolidation and Investments in Unconsolidated Subsidiaries and Affiliates

Under Japanese accounting standards, a subsidiary and an affiliate are defined as follows:

- a subsidiary: a company in which the reporting entity directly or indirectly holds more than 50% of the voting rights thereof or which is deemed to be controlled directly or indirectly by the reporting entity; and
- an affiliate: a company in which the reporting entity directly or indirectly holds 20% or more of the voting rights thereof or in which the reporting entity is deemed to exercise significant influence directly or indirectly on its decision making.

(1) Scope of Consolidation

The numbers of subsidiaries the Company had for the years ended 31st March, 2016 and 2015 are 198 and 228, respectively, of which 121 and 131, respectively, are consolidated in the respective years.

The significant subsidiaries that have been consolidated by the Company are listed below:

Consolidated subsidiaries	Equity ownership* (%)	Share capital* (Millions of yen)
(Domestic)		
NM Cement Co., Ltd.	70.0	¥7,001
Mitsui Wharf Co., Ltd.	100.0	3,500
Clion Co., Ltd.	97.4	3,075
Onoda Chemical Industry Co.,Ltd.	76.1	2,750
Myojo Cement Co., Ltd.	100.0	2,500
Taiheiyo Materials Corporation	100.0	1,631
Taiheiyo Precast Concrete Industry Co., Ltd.	100.0	1,242
Tsuruga Cement Co., Ltd.	67.1	1,050
		(Millions of U.S. dollars)
(Overseas)		
Taiheiyo Cement U.S.A., Inc. (USA)	100.0	$63.5
CalPortland Company (USA)	100.0	24.1
Jiangnan-Onoda Cement Co., Ltd. (China)	88.5	134.3
Dalian-Onoda Cement Co., Ltd. (China)	84.8	82.7
Qinhuangdao Asano Cement Co., Ltd. (China)	71.9	93.0
Nghi Son Cement Co., Ltd. (Vietnam)	65.0	180.1

* as of 31st March, 2016

The remaining 77 unconsolidated subsidiaries for the year ended 31st March, 2016 (97 for the year ended 31st March, 2015) have not been consolidated with the Company since the total assets, net sales, retained earnings, and profit of those companies in the aggregate are not significant in relation to those of the consolidated financial statements of the Companies.

(2) Investments in Unconsolidated Subsidiaries and Affiliates

For the year ended 31st March, 2016, the Company has 77 unconsolidated Subsidiaries and 102 affiliates (97 and 100 for the year ended 31st March, 2015), of which 9 unconsolidated subsidiaries (11 for the year ended 31st March, 2015) and 40 affiliates (37 for the year ended 31st March, 2015) are accounted for by the equity method.

Investments in the remaining 68 unconsolidated subsidiaries and 62 affiliates (86 and 63, respectively, for the year ended 31st March, 2015) are carried at cost due to the immateriality of these entities in relation to the consolidated financial position and the results of operations of the Companies.

The unconsolidated subsidiaries and significant affiliates, to which the equity method is applied, include:

Unconsolidated subsidiaries/affiliates	Equity ownership* (%)	Share capital* (Millions of yen)
(Domestic)		
DC Co., Ltd.	31.0	¥4,013
A&A Material Corporation	42.6	3,889
Fuji P.S Corporation	21.1	2,379
Azuma Shipping Co., Ltd.	39.9	2,294
Yakushima Denko Co., Ltd.	49.5	2,006
Okutama Kogyo Co., Ltd	37.4	1,000
Chichibu Railway Co., Ltd	49.5	750
		(Billions of Korean Won)
(Overseas)		
Ssangyong Cement Industrial Co., Ltd. (Korea)	32.3	401.5
		(Millions of Singapore dollars)
Taiheiyo Singapore Pte., Ltd.	100.0	47.0
		(Millions of Hong Kong dollars)
Morehead Company., Ltd.	100.0	11.4

* as of 31st March, 2016

3. Consolidation Policies

For consolidation purposes, all significant inter-company transactions, account balances and unrealized profit/loss excluding the portion expected to be uncollected arising from inter-company transactions have been eliminated.

Where the year-end dates of consolidated subsidiaries and unconsolidated subsidiaries and affiliates accounted for by the equity method are different from that of the Company, necessary adjustments have been made for any significant transactions that took place between such different year-end dates.

Adjustments are made to eliminate the depreciation of assets related to unrealized profits incurred from inter-company transactions among the Companies.

The difference between the purchase cost of an investment in a consolidated subsidiary and the amount of the underlying equity in net assets at fair value of such subsidiary is directly charged/credited, as the case may be, against income for the year unless such difference is material. If the difference is material and the effective period is able to be estimated, the difference is amortized over the relevant estimated effective periods.

4. Summary of Significant Accounting Policies

Significant accounting policies employed by the Companies in preparing the accompanying consolidated financial statements are outlined below:

(1) Inventories

Generally, inventories are stated at cost, which is determined by the moving average method. Appropriate write-downs are recorded for inventories, which are deemed impaired in value. However the cost for contract work in process is determined by the specific identification cost method. Of note, inventories at the consolidated subsidiary in the U.S. are stated at lower of cost or market, based on the gross average method.

(2) Property, Plant and Equipment (Excluding Lease Assets)

Property, plant and equipment are stated at cost.

Depreciation is computed generally based on the declining-balance method by the Company and its domestic consolidated subsidiaries at rates based on the estimated useful lives of assets. The depreciation of buildings, excluding accompanying facilities, purchased on or after 1st April, 1998 is computed based on the straight-line method.

The depreciation of property, plant and equipment held by the subsidiaries in foreign countries is calculated by the straight-line method.

The range of useful lives is summarized as follows:

Buildings and structures	10 – 75 years
Machinery, equipment and vehicles	4 – 15 years

Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

(3) Intangible Fixed Assets (Excluding Lease Assets)

Intangible fixed assets are amortized by the straight-line method.

Capitalized software is amortized by the straight-line method over the estimated useful lives (basically 5 years).

Of note, mining rights are amortized primary based on the production output method.

(4) Lease Assets

Financial lease transaction that do not transfer ownership

Lease assets are depreciated down to a residual value of either zero or the amount calculated as their residual guarantee value, over their lease period. The accounting treatment of finance lease transaction that do not transfer ownership in case where the lease transaction on or before 31st March, 2008 is in accordance with the accounting method for ordinary rental transactions.

(5) Financial Instruments

(a) **Derivatives**

All derivatives, except for derivatives that are designated as "hedging instruments" (see (c) Hedge Accounting below), are stated at market value, and changes in market value are included in net profit or loss for the period in which they arise.

(b) **Securities**

Securities are classified in accordance with Japanese accounting standards into four categories, trading securities, held-to-maturity debt securities, shares in equity of subsidiaries and affiliates, and available-for-sale securities.

Trading securities and certain financial instruments that meet strict conditions are categorized as current assets, and all other securities other than investments in consolidated subsidiaries are shown as "Investments in securities" in the accompanying consolidated balance sheets, as the case may be.

Valuation of securities is as follows:

Trading securities are stated at the year-end fair market value, and the resulting valuation gain/loss is charged to income;

Held-to-maturity debt securities are stated by applying amortization/
accumulation unless impairments in value are to be recognized;
and

With respect to other securities, such securities with market values are stated at average market price, etc. in the one-month period before the end of the fiscal year, and those without market values are stated at cost unless impairments in the value of those investments are to be recognized. The unrealized gain/loss resulting from the valuation of other securities at year-end is shown as "Valuation difference on available-for-sale securities," net of deferred income taxes thereon, in the accompanying consolidated balance sheets. Cost of securities sold is determined by the moving-average method.

When market values of other securities are 50% of the cost or lower at the end of the fiscal year, such securities are written down to such market value. With respect to other securities of which market values have declined between 30% and 50% of the respective costs, amounts to be written off are determined by considering the recoverability of the respective securities.

(c) **Hedge Accounting**

Gains or losses arising from changes in fair value of derivatives designated as hedging instruments are deferred as "Deferred gains or losses on hedges," net of deferred income taxes, in net assets. Such gains or losses are included in net profit or loss in the same period during which the gains and losses on the hedged items or transactions are recognized. When certain conditions are met, appropriation treatment is applied for currency swaps, and exceptional treatment is applied for interest rate swaps.

The derivatives designated as hedging instruments are principally interest swaps and forward exchange contracts. The related hedged items are borrowings, bonds payable, and raw materials and fuel, etc.

The Company has a policy to limit hedging to those aimed at hedging against the risk of interest rate, exchange rate, and raw materials and fuel price fluctuations of the hedged items and those aimed at eliminating hedging. Effectiveness of hedging activities is evaluated on a transaction-by-transaction basis at the end of each accounting period with respect to hedging instruments and hedged items by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

(6) Foreign Currency Translation

(Translation of foreign currency financial statements of overseas subsidiaries and affiliates)

Exchange rates at the balance sheet date are applied for all assets and liabilities and the historical exchange rates are applied to shareholders' equity whereas profit and loss items are translated at the average exchange rates prevailing during the year.

The difference in the debits and credits in the balance sheets resulting from the translation in the above manner is shown as "Foreign currency translation adjustments" in accumulated other comprehensive income of the accompanying consolidated balance sheets, net of the amount attributable to non-controlling interests in consolidated subsidiaries.

(Translation of foreign currency items)

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the year-end date. Gains or losses arising from translation in foreign currency receivables and payables are credited or charged to income as incurred.

(7) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, bank deposits readily available, and short-term investments with a maturity of three months or less when purchased.

(8) Income Taxes

Deferred tax accounting is applied for the preparation of the accompanying consolidated financial statements. The asset and liability approach is used to recognize deferred tax assets and liabilities in respect of temporary differences between the carrying amounts and the tax base of assets and liabilities.

(9) Recognition of Certain Accrued Expenses

In general, the accrual basis of accounting for all income and expense items is followed for the preparation of the accompanying consolidated financial statements.

(a) **Allowance for doubtful accounts**

Allowance for doubtful accounts is provided based on the estimated uncollectible amounts of doubtful receivables, in addition to a general provision computed by applying past credit loss experience. Consolidated overseas subsidiaries mainly provide for such allowance at the estimated amounts of credit losses.

(b) **Retirement benefits**

(Retirement benefits to employees)

Employees are generally entitled to lump-sum retirement payments and/or annuity upon termination of services, the amount of which is determined in light of the regulations set forth within the relevant companies of the Companies. As a part of such employees' retirement benefit scheme, the Company and certain subsidiaries have non-contributory pension funds.

Provision for retirement benefits to employees are provided for in the amount of projected benefit obligation less the fair value of plan assets at the end of the fiscal year.

The retirement benefits obligations are calculated by allocating the estimated retirement benefit amount until the end of the current fiscal year on a benefit formula basis.

The actuarial gains and losses and prior service cost are being amortized by the straight-line method over the certain number of years within the expected remaining service period for employees (primarily 10 years), from the fiscal year following the year in which they arise and the fiscal year in which they arise, respectively.

The Company and certain subsidiaries establish a retirement benefit trust by contributing a certain shares of stock.

When the value of plan assets exceeds the amount of the retirement benefit obligation, the amount of such excess is included as prepaid pension costs in "Assets for retirement benefits" under "Investment and other assets."

(Retirement benefits to directors and corporate auditors)

As is customary practice in Japan, some consolidated subsidiaries pay lump-sum retirement benefits to retiring directors or corporate auditors, the amount of which is determined by the internal rules similar to those for employees. The payment of such retirement benefits is subject to approval by shareholders at the annual general meeting. The consolidated subsidiaries recognize 100% of the amounts the consolidated subsidiaries would have paid if all directors and statutory auditors had retired at the year-end.

(c) **Provision for directors' bonuses**

Domestic consolidated subsidiaries account for allowance for directors' bonuses based on the estimated amount of payment for the current year.

(d) **Provision for directors' retirement benefits**

Certain consolidated subsidiaries provide for retirement allowances for directors and statutory auditors at the necessary amount in full at the year-end based on their internal regulations.

(10) Method and Period of Amortization of Goodwill

Goodwill is amortized over the estimated number of years in cases that the number of years can be estimated based on practical judgment starting from the fiscal year of acquisition while the entire amount of goodwill is amortized in the fiscal year of acquisition without analyzing the causes in cases that the amount of goodwill is insignificant.

(11) Appropriation of Retained Earnings

Under the Corporation Law of Japan, the appropriations of retained earnings, including year-end cash dividends, are subject to shareholders' approval at the annual general meeting to be held within three months after the respective fiscal year-ends. The board of directors is allowed to make interim cash distributions ("interim cash dividends") with certain strict conditions stipulated in the Law.

The appropriation of retained earnings shown in the accompanying consolidated statements of net assets reflects the results of the appropriation of retained earnings applicable to the immediately preceding year and approved at the shareholders' meeting and the interim cash dividends made during the current year.

(12) Accounting for Treasury Stock

The shares of the Company held by consolidated subsidiaries are recognized as treasury stock after netting off the amounts attributable to non-controlling interests. With respect to those shares held by affiliates to which the equity method is applied, the amounts attributable to the Companies are also recorded as treasury stock in the accompanying consolidated balance sheets, and debit/credit differences (gain/loss) incurred from transactions involving treasury stocks are charged to additional paid-in capital.

(13) Per Share Information

Profit per share is computed based on the weighted-average number of shares of common stock outstanding during the respective periods.

The amount of cash dividends is the total of interim cash dividends paid during the respective periods and dividends declared as applicable to the respective periods.

(14) Revenues and Costs of Construction

Revenues and cost of construction contracts, of which the percentage of completion can be reliably estimated, are recognized by the percentage-of-completion method. The percentage of completion is calculated at the cost incurred as a percentage of the estimated total cost. The completed-contract method continues to be applied for contracts for which the percentage of completion cannot be reliably estimated.

(15) Changes in Accounting Policies

The Accounting Standard for Business Combinations (Accounting Standards Board of Japan ("ASBJ") Statement No. 21, September 13, 2013; hereinafter the "Business Combinations Accounting Standard"), Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013; hereinafter the "Consolidated Financial Statements Accounting Standard"), and "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013; hereinafter the "Business Divestitures Accounting Standard") and related standards are applied from the fiscal year under review onward. Under this new application of these standards, the company changed its accounting policies to recognize in capital surplus the differences arising from the changes in the Company's ownership interest of subsidiaries over which the Company continues to maintain control and to record acquisition related costs as expenses in the fiscal year in which the costs are incurred.

Additionally, the method has been changed such that for business combinations that occur on or after the beginning of the fiscal year under review, in cases where revisions to the distribution amount of the acquisition cost resulting from provisional accounting treatment are conducted during the fiscal year following the year of the business combination taken place, the amount of the effect will be categorized and displayed in the consolidated financial statements for the fiscal year in which the business combination took place. Additionally, changes have been made to the display method of profit, etc., and minority interests have been changed to non-controlling interests.

With regard to the application of the Business Combinations Accounting standards and its related standards, the Company followed the provisional treatment in Article 58-2(4) of the Business Combinations Accounting Standards, Article 44-5(4) of the Consolidated Financial Statements Accounting Standard, and Article 57-4(4) of the Business Divestitures Accounting Standard with application from the beginning of the fiscal year under the review prospectively.

In the consolidated statement of cash flows, cash flows from purchase or disposal of shares of subsidiaries resulting in no changes in scope of consolidation are included in "Net cash used in financial activities" and cash flows from purchase related costs for shares of subsidiaries resulting in changes in scope of consolidation or costs related to purchase or disposal of shares of subsidiaries resulting in no changes in scope of consolidation are included in "Net cash provided by operating activities".

Furthermore, the impact of this change on capital surplus as of the end of the fiscal year under review and operating income, and profit before income taxes and non-controlling interests for the fiscal year under review is immaterial.

(16) Accounting Standards Not Yet Adopted

•"Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016)

(a) **Outline**

Following the framework in Auditing Committee Report No. 66 "Audit Treatment regarding the Judgment of Recoverability of Deferred Tax Assets", which prescribes estimation of deferred tax assets according to the classification of the entity by one of five types, the following treatments were changed as necessary:

1. Treatment for an entity that does not meet any of the criteria in types 1 to 5;
2. Criteria for types 2 and 3;
3. Treatment for deductible temporary differences which an entity classified as type 2 is unable to schedule;
4. Treatment for the period which an entity classified as type 3 is able to reasonably estimate with respect to future taxable income before consideration of taxable or deductible temporary differences that exist at the end of the current fiscal year; and
5. Treatment when an entity classified as type 4 also meets the criteria for types 2 or 3.

(b) **Effective date**

Effective from the beginning of the fiscal year ended March 31, 2017.

(c) **Effect of adoption of new accounting standard**

The effect in the consolidated financial statements as a result of the adoption of this accounting standard is currently being evaluated.

5. United States Dollar Amounts

The accompanying consolidated financial statements are prepared in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating Japanese yen to U.S. dollars on a basis of ¥112.68 = U.S.$1, the approximate effective rate of exchange prevailing at 31st March, 2016. The inclusion of such U.S. dollar amounts is solely for convenience of the readers and is not intended to imply that yen amounts have been or could be converted, realized or settled in U.S. dollars at that or any other rate.

6. Financial Instruments

(1) Status of Financial Instruments

(a) **Policy for financial instruments**

In consideration of plans for financial investment, the Taiheiyo Cement Group limits the scope of its fund management activities to short-term deposits, etc. In addition, when raising funds, the Companies have a policy of relying principally on bank borrowings and corporate bonds. The Companies use derivatives for the purpose of reducing risk for fluctuation of future exchange /interest rate and of raw materials and fuels price and do not enter into derivatives for speculative or trading purposes.

(b) **Types of financial instruments and related risk**

Notes and accounts receivable – trade are exposed to credit risk in relation to customers. In addition, the Companies are exposed to foreign currency exchange risk arising from receivables denominated in foreign currencies.

Investment securities are exposed to market risk.

Those securities are the shares of common stock of other companies with which the Companies have business relationships, or affiliated companies. The Companies have also long-term loans receivable from other companies with which they have business relationships.

Most of notes and accounts payable – trade have payment due dates within one year. The Companies are exposed to foreign currency exchange risk arising from those payables originated from import transactions of raw materials and fuels.

Short-term borrowings are raised mainly in connection with business activities, and long-term loans payable and bonds payable are taken out principally for the purpose of making capital investments. Some long-term loans payable have covenants commitments and may influence liquidity risks regarding fund raising activities. Long-term debt with variable interest rates is exposed to interest rate fluctuation risk. However, to reduce such risk and fix interest expense for long-term debt bearing interest at variable rates, the Companies utilize interest rate swap transactions as hedging instruments on a contract by contract basis.

Additionally, borrowings in foreign currencies are exposed to foreign exchange risk, but of these, for a portion of long-term borrowings, derivative transactions (currency swap transactions) are used as a hedging method to avoid foreign currency fluctuation risk.

(c) Risk management for financial instruments

(i) Management of credit risk (the risk that customers or counterparties may default)

In accordance with the internal policies of the Companies for managing credit risk arising from receivables, each related division monitors credit worthiness of their main customers periodically, and monitors due dates and outstanding balances by individual customer. In addition, the Companies are making efforts to identify and mitigate risks of bad debts from customers who are having financial difficulties.

The Companies also believe that the credit risk of derivatives is insignificant as they enter into derivative transactions only with financial institutions which have a sound credit profile.

At the balance sheet date, the carrying values of the financial assets represent the maximum credit risk exposures of the Companies.

(ii) Management of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)

In order to mitigate the interest rate risk for loans payable bearing interest at variable rates, the Companies may also enter into interest rate swap transactions. In addition, the Company may enter into currency swap transactions to mitigate the foreign exchange risk.

For a part of purchasing raw materials and fuel, in order to mitigate the price volatility risk for raw materials and fuel, the Companies may also enter into raw materials and fuel swap transactions.

For investment securities, the Companies periodically review the fair values of such financial instruments and the financial position of the issuers. In conducting derivative transactions, the division in charge of each derivative transaction follows the internal policies, which set forth delegation of authority and maximum upper limit on positions.

(iii) Management of liquidity risk (the risk that the Companies may not be able to meet its obligations on scheduled due dates)

Trade payables and borrowings are exposed to liquidity risk. Based on the report from each division, the Companies prepare and update its cash flow plans on a timely basis to manage liquidity risk.

(d) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value. In addition, the contract amounts of derivatives in Note 24 "*Derivative Transactions*" are not necessarily indicative of the actual market risk involved in derivative transactions.

(2) Fair Value of Financial Instruments

Carrying value of financial instruments on the consolidated balance sheet at 31st March, 2016 and 2015 are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (Please refer to Note 2 below).

	2015		
	Carrying value	Fair value	Difference
Assets			
1) Cash and deposits	¥53,859	¥53,859	¥–
2) Notes and accounts receivable-trade	178,350	178,350	–
3) Investment securities			
Stock of affiliates	53,657	56,542	2,885
Other securities	22,420	22,420	–
Total assets	¥308,287	¥311,172	¥2,885
Liabilities			
1) Notes and accounts payable-trade	¥85,036	¥85,036	¥–
2) Short-term loans payable	119,254	119,254	–
3) Commercial papers	5,000	5,000	–
4) Bonds payable	67,090	67,438	348
5) Long term loans payable	207,794	209,323	1,529
Total liabilities	¥484,174	¥486,053	¥1,878
Derivatives transaction (*1)	¥(9)	¥(9)	¥–

	2016		
	Carrying value	Fair value	Difference
Assets			
1) Cash and deposits	¥53,539	¥53,539	¥–
2) Notes and accounts receivable-trade	161,392	161,392	–
3) Investment securities			
Stock of affiliates	58,255	60,350	2,094
Other securities	18,225	18,225	–
Total assets	¥291,413	¥293,508	¥2,094
Liabilities			
1) Notes and accounts payable-trade	¥73,893	¥73,893	¥–
2) Short-term loans payable	110,048	110,048	–
3) Commercial papers	–	–	–
4) Bonds payable	46,605	46,894	289
5) Long term loans payable	237,843	238,493	650
Total liabilities	¥468,391	¥469,331	¥939
Derivatives transaction (*1)	¥(12)	¥(12)	¥–

Assets	Carrying value	Fair value	Difference
1) Cash and deposits	$475,148	$475,148	$–
2) Notes and accounts receivable-trade	1,432,310	1,432,310	–
3) Investment securities			
Stock of affiliates	517,002	535,593	18,590
Other securities	161,741	161,741	–
Total assets	$2,586,203	$2,604,794	$18,590
Liabilities			
1) Notes and accounts payable-trade	$655,785	$655,785	$–
2) Short-term loans payable	976,650	976,650	–
3) Commercial papers	–	–	–
4) Bonds payable	413,604	416,173	2,568
5) Long term loans payable	2,110,790	2,116,558	5,768
Total liabilities	$4,156,830	$4,165,167	$8,336
Derivatives transaction (*1)	$(115)	$(115)	$–

(*1) The value of assets and liabilities arising from derivatives is shown at net value, and with the amount in parentheses representing net liability position.

Note 1 Methods to determine the fair value of financial instruments and other matters related to securities and derivative transactions

Assets

(1) Cash and deposits and (2) Notes and accounts receivable – trade

Since these items are settled in a short period of time, their carrying value approximates fair value.

(3) Investment securities

The fair value of stocks is based on quoted market prices.

Liabilities

(1) Notes and accounts payable – trade, (2) Short-term loans payable and (3) Commercial papers

Since these items are settled in a short period of time, their carrying value approximates fair value.

(4) Bonds payable

The fair value of bonds is based on the present value of the total of principal and interest discounted by an interest rate determined taking into account the current credit risk. Bonds payable include the bonds that are due within one year.

(5) Long term loans payable

The fair value of long-term loans payable is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new loans were entered into. Long term loans payable include long term loans payable that is due within one year. A portion of long-term loans payable are subject to appropriated treatment for currency swaps and exceptional treatment for interest rate swaps, and the calculation method involves discounting the sum of the principal and interest, which is an aggregate of the currency swap and interest rate swap, with a reasonably-estimated interest that would be applied if a similar loan is taken out.

Derivatives Transactions

Please refer to Note 24, "*Derivatives Transactions*"

Note 2 Financial instruments for which it is extremely difficult to determine the fair value

	2015	2016	
	Carrying amount	Carrying amount	
Unlisted stocks	¥37,669	¥38,962	$345,781

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in the table at (2) Fair Value of Financial Instruments.

Note 3 Redemption schedule for receivables and marketable securities with maturities at 31st March, 2016 and 2015

2015	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposit	¥53,859	¥–	¥–	¥–
Notes receivable and accounts receivable-trade	178,350	–	–	–
Investment securities with maturities	19	–	–	–
Total	¥232,229	¥–	¥–	¥–

2016	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposit	¥53,539	¥–	¥–	¥–
Notes receivable and accounts receivable-trade	161,392	–	–	–
Investment securities with maturities	–	–	–	–
Total	¥214,932	¥–	¥–	¥–

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposit	$475,148	$–	$–	$–
Notes receivable and accounts receivable-trade	1,432,310	–	–	–
Investment securities with maturities	–	–	–	–
Total	$1,907,459	$–	$–	$–

Note 4 The redemption schedule for long-term debt and so on

2015	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term loans payable	¥119,254	¥–	¥–	¥–	¥–	¥–
Commercial paper	5,000	–	–	–	–	–
Bonds payable	20,380	525	11,150	15,035	10,000	10,000
Long-term loans payable	59,562	46,919	36,147	55,022	6,567	3,574
Total	¥204,196	¥47,444	¥47,297	¥70,057	¥16,567	¥13,574

2016	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term loans payable	¥110,048	¥–	¥–	¥–	¥–	¥–
Commercial paper	–	–	–	–	–	–
Bonds payable	450	11,120	15,035	10,000	–	10,000
Long-term loans payable	50,372	40,759	70,785	34,545	10,654	30,725
Total	¥160,871	¥51,879	¥85,820	¥44,545	¥10,654	¥40,725

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term loans payable	$976,650	$–	$–	$–	$–	$–
Commercial paper	–	–	–	–	–	–
Bonds payable	3,993	98,686	133,430	88,746	–	88,746
Long-term loans payable	447,043	361,727	628,202	306,581	94,559	272,676
Total	$1,427,687	$460,413	$761,633	$395,328	$94,559	$361,423

7. Cash and Cash Equivalents

"Cash and deposits" in the accompanying consolidated balance sheets at 31st March, 2016 and 2015 are reconciled to cash and cash equivalents in the accompanying consolidated statements of cash flows as follows:

	2015	2016	
Cash and deposits	¥53,859	¥53,539	$475,148
Time deposits with a maturity of over three months	(3,213)	(3,467)	(30,771)
Cash and cash equivalents	¥50,645	¥50,072	$444,377

8. Investment Securities

Investments securities shown in the accompanying consolidated balance sheets at 31st March, 2016 and 2015 comprises:

	2015	2016	
Investments securities for unconsolidated subsidiaries and affiliates	¥86,249	¥91,347	$810,676

At 31st March, 2016 and 2015, information with respect to "available-for-sale securities" for which market prices are available is summarized as follows:

	As of 31st March, 2015		
	Acquisition cost	Fair value	Unrealized gain (loss)
Securities with fair value exceeding their acquisition cost:			
Equity securities	¥10,136	¥21,917	¥11,781
Bonds	19	20	0
Other	0	0	0
	10,157	21,938	11,781
Securities with fair value not exceeding their acquisition cost:			
Equity securities	546	481	(64)
Bonds	–	–	–
	546	481	(64)
	¥10,703	¥22,420	¥11,717

	As of 31st March, 2016					
	Acquisition cost	Fair value	Unrealized gain (loss)	Acquisition cost	Fair value	Unrealized gain (loss)
Securities with fair value exceeding their acquisition cost:						
Equity securities	¥8,285	¥16,623	¥8,337	$73,533	$147,530	$73,996
Bonds	–	–	–	–	–	–
	8,285	16,623	8,337	73,533	147,530	73,996
Securities with fair value not exceeding their acquisition cost:						
Equity securities	1,867	1,601	(265)	16,571	14,210	(2,360)
Bonds	–	–	–	–	–	–
	1,867	1,601	(265)	16,571	14,210	(2,360)
	¥10,153	¥18,225	¥8,071	$90,105	$161,741	$71,636

Gains and losses incurred from the sale of other securities included in the accompanying consolidated statements of income for the years ended 31st March, 2016 and 2015 are as follows:

	2015	2016	
Equity securities			
Sales amounts	¥116	¥182	$1,623
Gains	33	91	815
Losses	–	0	0
Other			
Sales amounts	–	3	2
Gains	–	2	1
Losses	–	–	–

9. Short-Term Loans Payable and Long-Term Loans Payable

Weighted average interest rates on short-term loans payable and current portion of long-term loans payable at 31st March, 2016 and 2015 are 0.79 and 1.22%, 0.92 and 1.28% respectively.

Interest bearing liabilities at 31st March, 2016 and 2015 are as follows:

	2015		2016		
	Weighted average interest rates (%)			Weighted average interest rates (%)	
Short-term loans payable	0.92	¥119,254	¥110,048	0.79	$976,650
Long-term loans payable					
Long-term loans payable	1.39	¥207,794	¥237,843	1.21	$2,110,790
Bonds payable	0.92	67,090	46,605	0.73	413,604
		274,884	284,448		2,524,395
Less: due within one year					
Long-term loans payable	1.28	59,562	50,372	1.22	447,043
Bonds payable	0.56	20,380	450	0.56	3,993
		79,942	50,822		451,036
		¥194,942	¥233,626		$2,073,358

"Current portion of long-term loans payable" on the consolidated balance sheets includes lease obligation due within one year of ¥10,841 ($96,218) and ¥6,356 at 31st March, 2016 and 2015 respectively as well as long-term loans payable and bonds payable due within one year as above.

Aggregate annual maturities of long-term loans payable, bonds payable, and lease obligations outstanding at 31st March, 2016 and 2015 for the next five years are as follows:

Year ending 31st March, 2015	Bonds payable	Long-term loans payable	Lease obligations	Total
2016	¥20,380	¥59,562	¥4,825	¥84,767
2017	525	46,919	9,918	57,362
2018	11,150	36,147	3,445	50,743
2019	15,035	55,022	5,382	75,439
2020	10,000	6,567	1,173	17,741

Year ending 31st March, 2016	Bonds payable		Long-term loans payable		Lease obligations	
2017	¥450	$3,993	¥50,372	$447,043	¥10,841	$96,218
2018	11,120	98,686	40,759	361,727	4,537	40,268
2019	15,035	133,430	70,785	628,202	5,994	53,201
2020	10,000	88,746	34,545	306,581	1,899	16,855
2021	–	–	10,654	94,559	1,542	13,688

Year ending 31st March, 2016	Total	
2017	¥61,664	$547,255
2018	56,416	500,681
2019	91,815	814,835
2020	46,444	412,183
2021	12,197	108,248

10. Assets Pledged as Collateral and Secured Liabilities

Assets pledged as collateral and secured liabilities at 31st March, 2016 and 2015 are as follows:

(1) Assets pledged as collateral

	2015	2016	
Cash and deposits	¥1,657	¥1,439	$12,775
Notes and accounts receivable – trade	240	–	–
Investments securities	108	91	808
Other assets	3,152	3,051	27,077
Buildings and structures	15,398	6,968	61,840
Machinery, equipment and vehicles	11,817	5,481	48,643
Land	41,567	21,778	193,274
Other property, plant and equipment	18	0	6
Total	¥73,961	¥38,810	$344,426

(2) Secured liabilities

	2015	2016	
Notes and accounts payable – trade	¥5,641	¥3,648	$32,381
Short-term loans payable	17,760	9,120	80,943
Long- term loans payable	16,340	6,003	53,277
Bonds payable	195	–	–
Other liabilities	916	850	7,544
Total	¥40,853	¥19,622	$174,146

11. Retirement Benefits

The Company and certain consolidated subsidiaries have funded and unfunded defined benefit pension plans. Certain consolidated subsidiaries have defined contribution pension plans.

Under the funded defined benefit pension plans, employees terminating their employment are entitled to retirement benefits determined on based on the rate of payment and years of service.

The retirement benefit trusts have been established for some defined benefit pension plans.

Under the lump-sum retirement benefit plans (unfunded except for plans establishing the retirement benefit trust), benefits are determined based on the rate of payment and years of service.

Certain consolidated subsidiaries have joined the welfare pension fund system of multi-employer pension plans. Contributions made by certain consolidated subsidiaries to the multi-employer pension plans are expensed when paid of which the plan assets attributable to each participant cannot be reasonably determined.

In addition, certain consolidated subsidiaries calculate liability for retirement benefits and retirement benefit expenses for defined benefit pension plans and lump-sum retirement benefit plans, by using the simplified method.

(1) Defined benefit plans

The changes in the retirement benefit obligation during the year ended 31st March, 2016 and 2015 are as follows:

	2015	2016	
Retirement benefit obligation at the beginning of fiscal year	¥77,589	¥78,996	$701,065
Cumulative effect of accounting change	105	–	–
Retirement benefit obligation of changes in accounting policies	¥77,694	¥78,996	$701,065
Service cost	3,113	2,921	25,924
Interest cost	1,570	1,562	13,869
Actuarial loss	3,040	4,581	40,656
Benefit paid	(4,832)	(5,470)	(48,552)
Prior service cost	(2,283)	–	–
Decrease due to the deconsolidation	–	(4,256)	(37,777)
Other	693	(876)	(7,777)
Retirement benefit obligation at the end of fiscal year	¥78,996	¥77,457	$687,408

The changes in plan assets during the year ended 31st March, 2016 and 2015 are as follows:

	2015	2016	
Plan assets at the beginning of fiscal year	¥ 64,364	¥72,444	$642,922
Expected return on plan assets	1,002	1,197	10,625
Actuarial gain and loss	7,099	(7,711)	(68,433)
Contributions by the employer	1,947	1,205	10,695
Benefit paid	(2,286)	(2,461)	(21,844)
Decrease due to the deconsolidation	–	(1,069)	(9,487)
Other	316	5	48
Plan assets at the end of fiscal year	¥72,444	¥63,610	$564,527

The reconciliation of the retirement benefit obligations and plan assets to the liabilities and assets for retirement benefits recognized in the consolidated balance sheet at March 31, 2016 and 2015 are as follows:

	2015	2016	
Funded retirement benefit obligations	¥53,566	¥55,492	$492,474
Plan assets	(72,444)	(63,610)	(564,527)
	(18,878)	(8,118)	(72,052)
Unfunded retirement benefit obligations	25,429	21,965	194,933
Net amount of liabilities and assets for retirement benefits in the consolidated balance sheet	¥6,551	¥13,846	$122,881
Liabilities for retirement benefits	¥26,889	¥22,814	$202,474
Assets for retirement benefits	(20,338)	(8,968)	(79,593)
Net amount of liabilities and assets for retirement benefits in the consolidated balance sheet	¥6,551	¥13,846	$122,881

The breakdown of the retirement benefit expenses for the year ended 31st March, 2016 and 2015 are as follows:

	2015	2016	
Service cost	¥3,113	¥2,921	$25,924
Interest cost	1,570	1,562	13,869
Expected return on plan assets	(1,002)	(1,197)	(10,625)
Amortization of actuarial loss	1,830	1,720	15,272
Amortization of prior service cost	(52)	(265)	(2,358)
Other	269	220	1,959
Retirement benefit expense	¥5,728	¥4,962	$44,042

The breakdown of remeasurements (before tax effect) for the year ended 31st March, 2016 and 2015 are as follows:

	2015	2016	
Prior service cost	¥2,231	¥(265)	$(2,358)
Actuarial gain and loss	5,446	(10,645)	(94,472)
Total	¥7,678	¥(10,910)	$(96,830)

The breakdown of items remeasurements of retirement benefit (before tax effect) for the year ended 31st March, 2016 and 2015 are as follows:

	2015	2016	
Unrecognized prior service cost	¥(2,513)	¥(2,247)	$(19,944)
Unrecognized actuarial loss	9,595	20,241	179,633
Total	¥7,082	¥17,993	$159,688

The breakdown of pension assets by major category as a percentage of total plan assets at 31st March, 2016 and 2015 are as follows:

	2015	2016
Equity securities	66%	61%
Insurance general account	16%	19%
Debt securities	15%	17%
Other	3%	3%
Total	100%	100%

The retirement benefit trusts of the lump-sum retirement benefit plans and the defined benefit pension plans at 31st March, 2016 and 2015 account for 31% and 27%, 21% and 18%, respectively, in the above total.

The expected return rate on plan assets is estimated based on the current and anticipated allocation to each asset category and current and anticipated long-term return rate on each asset category.

The items of actuarial assumptions at 31st March, 2016 and 2015 are as follows:

	2015	2016
Discount rate	Mainly 1.3%	Mainly 0.2%
Expected long-term return rate on plan assets	Mainly 2.5%	Mainly 2.5%

(2) Defined contribution plans

The amount which consolidated subsidiaries paid to defined contribution pension plans including the welfare pension fund system of multi-employer pension plans at 31st March, 2016 and 2015 are ¥454 ($4,037) and ¥323.

12. Contingent Liabilities

(1) At 31st March, 2016, the Companies are contingently liable for notes discounted by banks in the aggregate amount of ¥5,815($51,609) (¥9,827 as of 31st March, 2015), notes endorsed for payments in the aggregate amount of ¥2,061 ($18,291) (¥2,960 at 31st March, 2015).

(2) The Companies are also contingently liable as guarantors of bank loans and trade payables for certain companies, the balances of which at 31st March, 2016 and 2015 are as follows:

	2015	2016	
Guarantees for bank loans payable, etc.	¥2,639	¥2,197	$19,506
Guarantees for account payables to Ready-mixed Cooperative Association, etc.	1,027	930	8,254

13. Shareholders' Equity

The Corporation Law of Japan provides that an amount equivalent to 10% of interim cash distributions (interim cash dividends) and at least 10% of cash distributions including cash dividends made as a result of the appropriation of retained earnings is required to be transferred to the legal reserve until the balance of the total of the additional paid-in capital and the legal reserve reaches 25% of the stated share capital. The balance of legal reserve is included in retained earnings, the use of which is strictly limited under the Law.

The amount in excess of 25% of the stated share capital, as the case may be, allowed to be distributed as dividends when certain conditions specifically stipulated in the Law are satisfied.

14. Revaluation of Land

Year ended 31st March, 2015
Chichibu Railway Co., Ltd. revalued land on 31st March, 2000 in accordance with the Act on Revaluation of Land (Act No. 34, promulgated on 31st March, 1998).
With respect to the amount of unrealized profit less deferred taxes thereon, the amount attributable to non-controlling interests is credited to "Non-controlling interests", and the rest is recorded as "Revaluation reserve for land" accompanying consolidated balance sheets.

With respect to the land revalued as mentioned above, the difference between the aggregate book value of such land (after revaluation) and the aggregate fair value thereof is ¥6,995 at 31st March, 2015.

A&A Material Corporation and DC Co., Ltd., domestic affiliates accounted for by the equity method, revalued their land in accordance with the Act on Revaluation of Land (Act No. 34, promulgated on 31st March, 1998) and the Act on Partial Revision of the Act on Revaluation of Land (revised on March 31, 1999). With respect to the amount of unrealized profit less deferred taxes thereon the amount attributable to the Company is included in "Revaluation reserve for land" in the accompanying consolidated balance sheets.

Year ended 31st March, 2016
A&A Material Corporation, DC Co., Ltd., and Chichibu Railway Co., Ltd., domestic affiliates accounted for by the equity method, revalued their land in accordance with the Act on Revaluation of Land (Act No. 34, promulgated on 31st March, 1998) and the Act on Partial Revision of the Act on Revaluation of Land (revised on March 31, 1999). With respect to the amount of unrealized profit less deferred taxes thereon, the amount attributable to the Company is included in "Revaluation reserve for land" in the accompanying consolidated balance sheets.

15. Loss on Write-down of Inventories by Decreased Profitability

	2015	2016	
Cost of sales	¥113	¥153	$1,358

16. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended 31st March, 2016 and 2015 are summarized as follows:

	2015	2016	
Labor and payroll cost	¥34,395	¥34,962	$310,284
Freight and transportation/distribution expenses	56,561	60,274	534,917
Provision for accrued bonuses to employees	1,833	1,924	17,082
Expenses related to accrued retirement benefits	2,793	2,580	22,897
Amortization of goodwill	2,771	2,967	26,335
Provision of allowance for doubtful accounts	(113)	(305)	(2,710)
Provision for directors' retirement benefits	64	78	696
Others	36,490	32,067	284,589
Total	¥134,796	¥134,550	$1,194,092

17. Research and Development Costs

Research and development costs charged to general and administrative expenses and manufacturing costs for the years ended 31st March, 2016 and 2015 were ¥4,228 ($37,527) and ¥4,422, respectively.

18. Income Taxes

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries consist of corporate tax, inhabitants' taxes and enterprise tax. Enterprise tax is deductible when paid as expenses for the purpose of the calculation of other income taxes. The effective statutory tax rate for the years ended 31st March, 2016 and 2015 are approximately 33.06% and 34.61%, respectively. 30.86% is used for the measurement of deferred tax assets and liabilities which are expected to be settled or realized between April 1, 2016 and March 31, 2018, and 30.62 is used for those which are expected to be settled or realized on and after April 1, 2018.

The significant components of deferred tax assets and liabilities at 31st March, 2016 and 2015 are as follows:

	2015	2016	
Deferred tax assets:			
Nondeductible portion of:			
Provision for doubtful accounts	¥1,461	¥2,348	$20,838
Provision for bonus to employees	1,754	1,667	14,797
Liabilities for retirement benefits	8,546	11,445	101,576
Unrealized gain of property, plant and equipment	10,980	10,738	95,302
Impairment loss	9,708	9,877	87,661
Loss carried forward	28,148	23,221	206,081
Others	21,943	21,931	194,636
Subtotal	82,542	81,230	720,892
Valuation allowance	(30,876)	(25,258)	(224,161)
Total deferred tax assets	51,665	55,971	496,731
Deferred tax liabilities:			
Special tax reserve on property, plant and equipment	(9,213)	(8,775)	(77,882)
Other reserves under Special Taxation Measures Law	(228)	(198)	(1,758)
Depreciation	(6,933)	(7,263)	(64,463)
Goodwill	(5,004)	(5,420)	(48,105)
Unrealized holding gain on available-for-sale securities	(3,381)	(2,297)	(20,393)
Land revaluation	(4,770)	–	–
Others	(3,666)	(5,403)	(47,952)
Total deferred tax liabilities	(33,198)	(29,359)	(260,556)
Net deferred tax assets	¥18,466	¥26,612	$236,175

For the year ended 31st March, 2016 and 2015 components of differences between the statutory effective tax rate and the income tax and other burden rate after the application of tax effect accounting are as follows:

	2015	2016
Statutory effective tax rate	34.61%	33.06%
(Adjustments)		
Entertainment and other expenses that are permanently nondeductible	0.77	0.72
Dividends and other income that are permanently deductible	(0.32)	(0.15)
Amortization of goodwill	1.42	1.79
Equity in earnings of unconsolidated subsidiaries and affiliates	(2.71)	(3.36)
Amount of valuation allowance	(8.09)	(3.76)
Others	(1.51)	0.25
Income tax and other burden rate after the application of tax effect accounting	24.17	28.55

On March 29, 2016, amendments to the Japanese tax regulations were enacted into law. Based on the amendments, the statutory income tax rates utilized for the measurement of deferred tax assets and liabilities expected to be settled or realized from April 1, 2016 to March 31, 2018 and on or after April 1, 2018 are changed from 31.33% for the fiscal ended March 31, 2015 to 30.86% and 30.62%, respectively, as of March 31, 2016.

Due to these changes in statutory income tax rates, net deferred tax assets (after deducting the deferred tax liabilities) decreased by ¥83 ($741), Income taxes-deferred increased by ¥65 ($580), valuation difference on available-for-sale securities increased by ¥68 ($607), Remeasurements of retirement benefit decreased by ¥86 ($768), and Deferred gains on hedges decreased by ¥0 ($0) as of March 31, 2016.

19. Accounting Standard for Disclosures about Fair Value of Investment and Rental Property

Net rental income from the rental property is ¥3,001 ($26,633) and ¥3,940 for the year ended 31st March, 2016 and 2015 (rental revenues are included in net sales or non-operating income, and rental expenses are included in cost of sales or non-operating expenses).

Carrying value and fair value of the rental property for the year ended 31st March, 2016 and 2015 are as follows:

2015			
Carrying value			Fair value
As of 31st March, 2014	Net Change	As of 31st March, 2015	As of 31st March, 2015
¥55,169	¥2,161	¥57,330	¥104,393

2016			
Carrying value			Fair value
As of 31st March, 2015	Net Change	As of 31st March, 2016	As of 31st March, 2016
¥57,330	¥(11,231)	¥46,099	¥97,217
$508,794	$(99,673)	$409,121	$862,772

20. Impairment Loss

The Company evaluates the impairment of fixed assets by grouping assets based on segments by business type, except for assets used for rent, important idle properties and assets scheduled for disposal, which are individually considered. Each consolidated subsidiary principally forms an asset group. Certain significant subsidiaries form asset groups by segment for management accounting purposes, except for important idle properties and assets scheduled for disposal, which are individually considered.

As a result, the Companies recognize impairment losses of ¥5,757 ($51,097) and ¥1,069 in non-operating expenses for the years ended 31st March, 2016 and 2015, respectively, as follows:

	2015	2016	
Business assets of Cement			
Buildings and structures	¥–	¥903	$8,019
Machinery, equipment and vehicles	–	2,240	19,885
Other	–	1,099	9,760
	–	4,244	37,665
Assets used for rent			
Buildings and structures	13	–	–
Land	258	758	6,730
	272	758	6,730
Idle properties			
Buildings and structures	548	141	1,253
Machinery, equipment and vehicles	21	65	580
Land	146	543	4,824
Other	33	4	43
	749	755	6,702
Emission credits			
Investment and other assets-other	47	–	–
	47	–	–
	¥1,069	¥5,757	$51,097

The impairment losses are measured as the excess of the book value over the higher of (1) the fair market value of the assets, net of disposal costs or (2) the present value of future cash flows arising from ongoing utilization of the assets and disposal after the assets' use.

The fair market value of the assets, net of disposal costs, is estimated as the residual value for tax purpose less disposal costs for tangible depreciable assets including buildings and structures, and an appraised value for land. The fair market value for mining lands is the aggregated amount of appraised values of lands and raw materials which consists of mining lands.

The present value of future cash flows is calculated using discount rate of 5%.

Emission credits are valued at prices of ICE futures exchanges.

21. Consolidated Statement of Comprehensive Income

The following table presents reclassifications adjustments and tax effects allocated to each component of other comprehensive income for the year ended 31st March, 2016 and 2015:

	2015	2016	
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥2,248	¥(3,100)	$(27,515)
Reclassification adjustments	(27)	(70)	(623)
Amount before tax effect	2,220	(3,170)	(28,139)
Tax effect	(366)	1,306	11,596
Valuation difference on available-for-sale securities	1,854	(1,864)	(16,542)
Deferred losses on hedges:			
Amount arising during the year	(22)	(52)	(468)
Adjustments of asset acquisition costs	–	46	411
Amount before tax effect	(22)	(6)	(57)
Tax effect	8	1	13
Deferred losses on hedges	(14)	(5)	(44)
Revaluation reserve for land			
Tax effect	494	237	2,110
Revaluation reserve for land	494	237	2,110
Foreign currency translation adjustments:			
Amount arising during the year	16,700	(2,834)	(25,154)
Reclassification adjustment	(698)	(34)	(309)
Foreign currency translation adjustments	16,002	(2,869)	(25,464)
Remeasurements of retirement benefit			
Amount arising during the year	5,901	(12,364)	(109,731)
Reclassification adjustments	1,776	1,453	12,901
Amount before tax effect	7,678	(10,910)	(96,830)
Tax effect	(2,451)	3,181	28,238
Remeasurements of retirement benefit:	5,226	(7,728)	(68,592)
Share of other comprehensive income or (loss) of associates accounted for using equity method:			
Amount arising during the year	5,046	(3,362)	(29,841)
Reclassification adjustments	25	(16)	(143)
Share of other comprehensive income or (loss) of associates accounted for using equity method	5,072	(3,378)	(29,985)
Total other comprehensive income	¥28,635	¥(15,608)	$(138,517)

22. Asset Retirement Obligations

Asset retirement obligations recorded in the consolidated balance sheets are primarily obligation to take measures to prevent pollution and ensure safety, etc. at the time of mine closing in accordance with the Mine Safety Act, obligation to restore the site to its original condition in accordance with the real estate lease agreement, obligation to take measures to prevent the dispersion of asbestos in accordance with the Industrial Safety and Health Act, the Ordinance on Prevention of Health Impairment due to Asbestos, and the Air Pollution Control Act, etc.

The value of asset retirement obligations is estimated by using useful periods of 3 years to 348 years and discount rates from 0.0% to 6.8% according to the type of asset retirement obligation.

The following table indicates the changes in asset retirement obligations for the year ended 31st March, 2016 and 2015:

	2015
Balance at 1st April, 2014	¥7,231
Liabilities incurred due to the acquisition of property, plant and equipment	27
Accretion expense	156
Liabilities settled	(56)
Others	314
Balance at 31st March, 2015	¥7,673

	2016	
Balance at 1st April, 2015	¥7,673	$68,098
Liabilities incurred due to the acquisition of property, plant and equipment	494	4,388
Accretion expense	151	1,345
Liabilities settled	(99)	(879)
Others	(229)	(2,040)
Balance at 31st March, 2016	¥7,990	$70,911

23. Lease

The Companies have various lease agreements whereby the Companies act as lessees.

(a) Finance lease contracts other than those that are deemed to transfer the ownership of the leased assets to lessees, which were commenced before 1st April, 2008 are accounted for by the method that is applicable to ordinary rental transaction. Assumed data as to acquisition costs, accumulated depreciation, accumulated impairment loss and net balance of the leased assets are as follows:

	31st March, 2015			
	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net balance
Machinery, equipment and vehicles	¥1,230	¥880	¥–	¥349
Total	¥1,230	¥880	¥–	¥349

	31st March, 2016			
	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net balance
Machinery, equipment and vehicles	¥471	¥307	¥–	¥164
Total	¥471	¥307	¥–	¥164
Machinery, equipment and vehicles	$4,185	$2,727	$–	$1,458
Total	$4,185	$2,727	$–	$1,458

Future minimum lease payments at 31st March, 2016 and 2015 and lease rental expenses for the years ended at 31st March, 2016 and 2015 are as follows.

	31st March, 2015	31st March, 2016	
The scheduled maturities of future lease payments on such lease:			
Due within one year	¥157	¥84	$751
Due over one year	192	79	706
	¥349	¥164	$1,458
Lease rental expenses for the year	¥172	¥78	$697

There is no impairment loss allocated to lease assets.

(b) Future lease payments under operating leases are as follows:

	31st March, 2015	31st March, 2016	
Due within one year	¥448	¥932	$8,275
Due over one year	783	2,267	20,120
	¥1,231	¥3,199	$28,395

24. Derivative Transactions

Summarized below are the contract amounts and the estimated fair values of the derivatives outstanding at 31st March, 2016 and 2015.

Derivatives transaction to which hedging accounting is applied

Currency related transactions

			2015	
Method of hedging accounting	Hedging instruments	Hedged items	Contract amount	Fair value
Method of treatment in principle	(Forward exchange Contracts) Euro	Accounts payable trade	¥204	¥(8)
Total			¥204	¥(8)

Fair value is determined based on the price obtained from financial institutions.

			2016			
Method of hedging accounting	Hedging instruments	Hedged items	Contract amount	Fair value	Contract amount	Fair value
Appropriation treatment	(Currency Swaps) Receive/US Dollar and pay/Yen	Long-term and short-term loans payable	¥30,870	¥(3,216)	$273,961	$(28,544)
Total			¥30,870	¥(3,216)	$273,961	$(28,544)

Fair value is determined based on the price obtained from financial institutions.

Interest rate relation

			2015	
Method of hedging accounting	Hedging instruments	Hedged items	Contract amount	Fair value
Method of treatment in principle	(Interest rate swaps) Receive/floating and pay/fixed	Long term and short-term loans payable	¥90	¥(0)
Exceptional treatment of interest rate swap	(Interest rate swaps) Receive/floating and pay/fixed	Long term and short-term loans payable	47,680	(358)
Total			¥47,770	¥(359)

			2016			
Method of hedging accounting	Hedging instruments	Hedged items	Contract amount	Fair value	Contract amount	Fair value
Method of treatment in principle	(Interest rate swaps) Receive/floating and pay/fixed	Long term and short-term loans payable	¥30	¥(0)	$266	$(1)
Exceptional treatment of interest rate swap	(Interest rate swaps) Receive/floating and pay/fixed	Long term and short-term loans payable	51,322	(635)	455,469	(5,635)
Total			¥51,352	¥(635)	$455,735	$(5,637)

Fair value is determined based on the price obtained from financial institutions.

Merchandise relation

Not applicable in the year ended 31st March, 2015.

Method of hedging accounting	Hedging instruments	Hedged items	2016 Contract amount	Fair value	Contract amount	Fair value
Method of treatment in principle	(Raw materials and fuel swaps) Receive/floating and pay/fixed	Raw materials and fuel	¥281	¥(12)	$2,500	$(113)
Total			¥281	¥(12)	$2,500	$(113)

Fair value is determined based on the price obtained from financial institutions.

25. Notes to the Consolidated Statements of Cash Flows

(1) Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation

With regard to the deconsolidation of Nihon Ceratec Co., Ltd. and a subsidiary as a result of the sales of shares, the breakdown of assets and liabilities of Nihon Ceratec Co., Ltd. and a subsidiary at the time of sales and the relationship between the sales price of shares and the proceeds from the sales transactions are as follows:

Current assets	¥5,657	$50,211
Noncurrent assets	3,757	33,342
Current liabilities	(2,004)	(17,793)
Noncurrent liabilities	(662)	(5,880)
Foreign currency translation adjustment	(28)	(254)
Gain on sales of shares of subsidiaries	581	5,158
Sales price of shares of subsidiaries	7,300	64,785
Cash and cash equivalents	(552)	(4,903)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	¥6,747	$59,882

(2) Payments for sales of shares of subsidiaries resulting in change in scope of consolidation

With regard to the change of accounting method from consolidation to equity method applied to Okutama Kogyo Co., Ltd. and a subsidiary as a result of the sales of shares, the breakdown of assets and liabilities of Okutama Kogyo Co., Ltd. and a subsidiary at the time of sales and the relationship between the sales price of shares and the payments for the sales transaction are as follows:

Current assets	¥7,345	$65,193
Noncurrent assets	32,523	288,636
Current liabilities	(12,351)	(109,614)
Noncurrent liabilities	(17,896)	(158,822)
Non-controlling interests	(4,925)	(43,712)
Investment account after selling the shares of subsidiaries	(4,731)	(41,989)
Gain on sales of shares of subsidiaries	83	739
Sales price of shares of subsidiaries	48	430
Cash and cash equivalents	(1,089)	(9,665)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	¥1,040	$9,235

(3) Payments for transfer of business

With regard to acquisition of cement business of Martin Marietta Materials, Inc. and its group companies by CalPortland Company, a subsidiary of the company, the breakdown of assets and liabilities acquired at the time of acquisition and the relationship to the payments for transfer of business are as follows:

Current assets	¥4,112	$36,498
Noncurrent assets	47,429	420,923
Current liabilities	(49)	(443)
Noncurrent liabilities	(836)	(7,420)
Foreign currency translation adjustments	207	1,840
Payments for transfer of business	¥50,863	$451,398

26. Business Combination

Business combination via acquisition

(1) Summary of business combination

(a) Name of counterparty and description of acquired business
Name of counterparty: Martin Marietta Materials, Inc. and its group companies (hereinafter the "MM Group")
Business description: Cement business

(b) Reasons for business combination
With the aim of creating a production structure that can respond to increase demand for cement in the states of California, Arizona, and Nevada in the United States, and with the aim of reducing logistics expenses and optimizing production for cement plants already held in the states of California and Arizona, the Company acquired cement business assets in the state of California from the MM Group.

(c) Date of business combination
September 30, 2015

(d) Legal type of business combination
Business transfer by CalPortland Company, a subsidiary of the Company

(e) Name after business combination
CalPortland Company

(2) Period included in the Consolidated Financial Statements for the acquired business

October 1, 2015 to December 31, 2015

(3) Cost of acquisition and price breakdown

Acquisition consideration: Cash ¥50,656 ($449,558)

(4) Description and amount of major acquisition related cost

Advisory fee, etc.: ¥202 ($1,798)

(5) Amount of goodwill, reasons for goodwill, amortization method, and amortization period

Not applicable.

(6) Amount of assets and liabilities acquired on the date of business combination

Current assets	¥4,112	$36,498
Noncurrent assets	47,429	420,923
Total assets	51,542	457,422
Current liabilities	49	443
Noncurrent liabilities	836	7,420
Total liabilities	¥886	$7,864

(7) Effect on the consolidated statements of income on the assumption that business combination is completed at the beginning of the fiscal year.

As it is difficult to estimate the amount, an estimate has not been prepared.

27. Segment Information

[Segment Information]
The reportable segments of the Company are components for which discrete financial information is available and whose operating results are regularly reviewed by the Executive Committee to make decisions about resource allocation and to assess performance.

The Company has four reportable segments consisting of "Cement," "Mineral Resources," "Environmental Business," "Construction Materials," for its products and services. The principal products, etc. of each reportable segment are as follows.

Reportable Segment	Principal Products, etc.
Cement	Various cement, ready-mixed concrete
Mineral Resources	Aggregates, limestone products
Environmental Business	Waste recycling, desulfurization materials
Construction Materials	Concrete secondary products, autoclaved lightweight aerated concrete (ALC), chemicals

The accounting policies of the segments are substantially the same as those described in the significant accounting policies in Note 4. Segment performance is evaluated based on operating income or loss. Inter-segment transactions are recorded at the same prices used in transactions with third parties.

Information of net sales, profit or loss, assets, liabilities, and other items by reportable segment are as follows:

2015

	Cement	Mineral resources	Environmental business	Construction materials	Subtotal	Other	Total	Adjustment	Consolidated total
Net sales:									
(1) Net sales to outside customers	¥559,558	¥72,960	¥69,226	¥86,031	¥787,776	¥55,071	¥842,848	¥–	¥842,848
(2) Inter-segment net sales	11,123	22,996	5,561	4,308	43,989	26,693	70,683	(70,683)	¥ –
Total	¥570,681	¥95,957	¥74,787	¥90,340	¥831,766	¥81,764	¥913,531	¥(70,683)	¥842,848
Segment profit (loss)	¥40,251	¥6,708	¥7,474	¥5,491	¥59,925	¥5,634	¥65,560	¥(153)	¥65,406
Segment assets	¥629,897	¥120,429	¥16,279	¥81,518	¥848,126	¥231,062	¥1,079,188	¥(38,585)	¥1,040,602
Depreciation	¥28,623	¥5,208	¥361	¥2,341	¥36,535	¥5,271	¥41,806	¥594	¥42,401
Amortization of goodwill	¥2,753	¥0	¥1	¥15	¥2,771	¥0	¥2,771	¥–	¥2,771
Equity in earnings of unconsolidated subsidiaries and affiliates	¥4,264	¥–	¥12	¥670	¥4,948	¥344	¥5,292	¥0	¥5,293
Impairment loss	¥211	¥340	¥–	¥–	¥552	¥460	¥1,013	¥55	¥1,069
Investment in unconsolidated subsidiaries and affiliates accounted for by the equity method	¥60,699	¥ –	¥250	¥10,455	¥71,405	¥9,964	¥81,370	¥312	¥81,682
Increase for property, plant, equipment, and intangible assets	¥25,773	¥6,988	¥224	¥2,916	¥35,902	¥5,732	¥41,634	¥525	¥42,160

2016

	Cement	Mineral resources	Environmental business	Construction materials	Subtotal	Other	Total	Adjustment	Consolidated total
Net sales:									
(1) Net sales to outside customers	¥564,303	¥71,293	¥68,154	¥75,228	¥778,980	¥56,379	¥835,359	¥–	¥835,359
(2) Inter-segment net sales	10,420	22,239	5,305	5,624	43,590	28,842	72,433	(72,433)	–
Total	¥574,724	¥93,533	¥73,460	¥80,853	¥822,570	¥85,222	¥907,793	¥(72,433)	¥835,359
Segment profit (loss)	¥34,631	¥8,113	¥7,655	¥6,130	¥56,530	¥4,014	¥60,544	¥(111)	¥60,433
Segment assets	¥659,165	¥95,171	¥17,158	¥67,574	¥839,068	¥223,144	¥1,062,213	¥(48,138)	¥1,014,075
Depreciation	¥30,284	¥4,096	¥370	¥2,338	¥37,089	¥6,358	¥43,448	¥509	¥43,957
Amortization of goodwill	¥2,965	¥–	¥1	¥–	¥2,967	¥–	¥2,967	¥–	¥2,967
Equity in earnings of unconsolidated subsidiaries and affiliates	¥3,484	¥–	¥9	¥1,117	¥4,611	¥680	¥5,291	¥0	¥5,292
Impairment loss	¥4,778	¥292	¥ –	¥38	¥5,109	¥642	¥5,752	¥5	¥5,757
Investment in unconsolidated subsidiaries and affiliates accounted for by the equity method	¥59,933	¥–	¥253	¥11,551	¥71,739	¥15,168	¥86,907	¥332	¥87,240
Increase for property, plant, equipment, and intangible assets	¥28,141	¥7,878	¥488	¥2,899	¥39,408	¥3,896	¥43,305	¥770	¥44,076

2016

	Cement	Mineral resources	Environmental business	Construction materials	Subtotal	Other	Total	Adjustment	Consolidated total
Net sales:									
(1) Net sales to outside customers	$5,008,015	$632,707	$604,852	$667,633	$6,913,208	$500,350	$7,413,559	$–	$7,413,559
(2) Inter-segment net sales	92,482	197,370	47,083	49,916	386,852	255,970	642,823	(642,823)	–
Total	$5,100,497	$830,077	$651,936	$717,550	$7,300,061	$756,320	$8,056,382	$(642,823)	$7,413,559
Segment profit (loss)	$307,346	$72,000	$67,940	$54,404	$501,691	$35,625	$537,316	$(987)	$536,329
Segment assets	$5,849,885	$844,613	$152,273	$599,700	$7,446,473	$1,980,342	$9,426,815	$(427,210)	$8,999,604
Depreciation	$268,766	$36,351	$3,290	$20,752	$329,160	$56,427	$385,587	$4,523	$390,110
Amortization of goodwill	$26,319	$–	$15	$–	$26,335	$–	$26,335	$–	$26,335
Equity in earnings of unconsolidated subsidiaries and affiliates	$30,925	$–	$86	$9,915	$40,927	$6,035	$46,962	$4	$46,966
Impairment loss	$42,409	$2,595	$–	$343	$45,348	$5,702	$51,050	$47	$51,097
Investment in unconsolidated subsidiaries and affiliates accounted for by the equity method	$531,893	$–	$2,248	$102,520	$636,662	$134,615	$771,278	$2,951	$774,229
Increase for property, plant, equipment, and intangible assets	$249,750	$69,918	$4,339	$25,730	$349,738	$34,584	$384,322	$6,840	$391,163

28. Major Subsequent Events

1. Acquisition of DC Co., Ltd. as a Wholly-Owned Subsidiary in the Form of Share Exchange

Taiheiyo Cement Corporation (hereinafter referred to as "Taiheiyo") and DC Co., Ltd. (hereinafter referred to as "DC") passed a resolution at their respective meeting of the board of directors on May 12, 2016, to execute a share exchange wherein Taiheiyo becomes a wholly-owning parent company of DC and DC becomes a wholly-owned subsidiary of Taiheiyo (hereinafter referred as “Share Exchange”), and a share exchange agreement was entered into between the two companies on the same date.

The Share Exchange is subject to an approval of a relevant Japanese government agency such as Fair Trade Commission, and Taiheiyo, under the short-form share-for-share exchange procedures pursuant to the Companies Act, Article 796 (2), which does not require an approval at a shareholders meeting, and DC, after obtaining an approval at a general shareholders meeting scheduled on June 28, 2016, executed the Share Exchange on August 1, 2016, which should be deemed as the effective date.

(1) Purpose of the Share Exchange

Taiheiyo and DC came to an understanding that integrating resources nurtured at each company for optimal operation and maximizing the corporate value as the Taiheiyo Group as a whole, rather than each company pursuing its own interest separately, would be the best course for sustainable growth of both companies and improvement of the mid-long term corporate value, which then would further the common interest of all of the shareholders of Taiheiyo and DC.

(2) Overview of DC Co., Ltd.

Business Name: DC Co., Ltd.
Business Type: Cement business, resources business, environment business, real estate business, etc.

(3) The Share Exchange Date (Effective date)

August 1, 2016

(4) Method of the Share Exchange

The Share Exchange was executed whereby Taiheiyo became a wholly-owning parent company of DC and DC became a wholly-owned subsidiary of Taiheiyo.

(5) Content of the Allocation Pursuant to the Share Exchange

	Taiheiyo (wholly-owning parent company)	DC (wholly-owned subsidiary)
Exchange ratio in the Share Exchange	1	1.375
Number of new shares issued in the Share Exchange	Common stock: 33,602,198 shares	

2. Transfer of Shareholder Interest in Equity-Method Affiliate

On June 29, 2016, the Board of Directors of Taiheiyo Cement Corporation (“Taiheiyo”) resolved to transfer the company’s entire shareholder interest in South Korean company Ssangyong Cement Industrial Co., Ltd. (“Ssangyong”), an equity-method affiliate of Taiheiyo, to Hahn & Co. No. 10 Co., Ltd. (“Hahn & Co.”), and entered into an agreement on the same date. The transfer included all shares of Ssangyong owned by Taiheiyo as well as those owned by TCC Holdings Labuan, Inc., a wholly owned subsidiary of Taiheiyo. Following the transfer, Ssangyong will no longer be an equity-method affiliate of Taiheiyo.

(1) Reason for Transferring Shareholder Interest

Taiheiyo first acquired its shareholder interest in Ssangyong in 2000 and began participating in the company’s management. At that time, major European and North American cement companies were expediting entry into Asian markets in the wake of the Asian currency crisis. By incorporating Ssangyong (South Korea’s leading cement manufacturer) into Taiheiyo’s production and distribution network in the Pacific Rim, the investment presented an attractive opportunity for Taiheiyo to boost its international presence and level of competition in the global marketplace. As a result, Taiheiyo elected to acquire a stake in the South Korean company.

In the fifteen (15) years since Taiheiyo acquired shares in Ssangyong, and during that time the vision it set forth at the outset has been realized, for example by facilitating the supply of Ssangyong products to Taiheiyo’s U.S. business. Recently, however, the business environment in which the cement industry operates in Asia has undergone dramatic change due to factors such as the Chinese economic slowdown and the emergence of local capital in the cement industry in emerging markets.

The Taiheiyo Group has been implementing its 17 Medium-Term Management Plan, which ends in FY 2017, as part of an effort to achieve a vision for operations into the mid-2020s. While this effort includes an active program of investment that targets overseas business as a growth sector, there are inevitable limits to the management resources that are available to pursue such priorities. Taiheiyo has always studied how to best utilize available funds for the purpose of making investments in regions promising growth by reviewing its business portfolio and reallocating management resources as necessary.

It was against this backdrop that Hahn & Co.’s recently purchased a large number of shares in Ssangyong to become that company’s largest shareholder. Together with Hahn & Co.’s desire to solidify its controlling interest in Ssangyong by acquiring shares owned by Taiheiyo and TCC holdings Labuan, Inc., Taiheiyo’s determination that recouping its investment in South Korea for subsequent investment in a region promising greater growth opportunities would be the best way to increase the Group’s corporate value led to a series of negotiations concerning a transfer of Ssangyong shares owned by Taiheiyo and TCC holdings Labuan, Inc to Hahn & Co.

Now that both companies have reached agreement on the terms of the transaction, the Taiheiyo Group has decided to transfer its stake in Ssangyong.

(2) Name of the Purchaser in the Share Transfer

Hahn & Co. No.10 Co., Ltd.

(3) Date of Execution of Share Transfer (Tentative)

By the end of the 2nd quarter of Taiheiyo’s FY 2016

(4) Overview of Ssangyong, as the Equity-Method Affiliate Whose Shares will be Transferred

(1) Name	Ssangyong Cement Industrial Co., Ltd.
(2) Address	34 Supyo-ro Jung-gu, Seoul, South Korea
(3) Name and title of representatives	Yeo-Eul Yoon, Joint representative director and chairman of the board Dong-Chul Hwang, Joint representative and president
(4) Business type	Cement manufacture
(5) Capital	KWR 401.5 billion
(6) Date of establishment	May 14, 1962
(7) Major shareholders and percentage shares (as of April 21, 2016)	Hahn & Co. No. 10 Co., Ltd.: 46.80% Taiheiyo Cement Corporation: 27.49% TCC Holdings Labuan, Inc.: 4.87%

(5) Number of Shares to be Transferred, Transfer Price, Gain on the Sale, and Number of Shares Owned after Transfer

(1) Number of shares to be transferred	Shares owned by Taiheiyo: 20,820,960 shares of common stock 1,250,000 shares of preferred stock (Total: 22,078,960 shares) Shares owned by TCC holdings Labuan, Inc: 3,910,050 shares of preferred stock (Total shares owned by the Taiheiyo Group: 25,989,010 shares)
(2) Transfer price	KWR 454,807,675,000
(3) Gain on the sales of shares (Non-operating income)	(Consolidated) ¥2.5 billion (Non-consolidated) ¥24.4 billion
(4) Number of shares owned after transfer	0 shares

Taiheiyo expects to book a reversal of allowance for doubtful accounts of ¥4.4 billion as non-operating income as well as the gain on the sales of shares on the non-consolidated base.

An exchange rate of KRW 1 = ¥0.087297 has been used to calculate the above figures. The gain from the sale of shares may vary with the exchange rate in effect at the time of the transaction as well as other factors.

Independent Auditor's Report

To the Board of Directors of
Taiheiyo Cement Corporation

We have audited the accompanying consolidated financial statements of Taiheiyo Cement Corporation and its consolidated subsidiaries, which comprise the Consolidated Balance Sheets as at March 31, 2016 and 2015, and the Consolidated Statements of Income, the Consolidated Statements of Comprehensive Income, the Consolidated Statements of Changes in Net Assets and the Consolidated Statements of Cash Flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Taiheiyo Cement Corporation and its consolidated subsidiaries as at March 31, 2016 and 2015, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to significant subsequent events in the Note 28 to the consolidated financial statements which describes followings;

1. Taiheiyo Cement Corporation passed a resolution at the board of Directors meeting held on May 12, 2016, to execute a share exchange wherein the Company becomes a wholly-owning parent company and DC Co., Ltd. becomes a wholly-owned subsidiary. They entered into an agreement on the same date.
2. Taiheiyo Cement Corporation passed a resolution at the board of Directors meeting held on June 29, 2016, to transfer the entire shares of South Korean company Ssangyong Cement Industrial Co., Ltd., an equity-method affiliate of the Company, to Hahn & Co. No. 10 Co., Ltd. The transfer included all shares of Ssangyong Cement industrial Co., Ltd. owned by the Company and TCC Holdings Labuan, Inc., a wholly owned subsidiary of the Company. They entered into an agreement on the same date.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2016 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 5 to the consolidated financial statements.

KPMG AZSA LLC
September 9, 2016
Tokyo, Japan

Taiheiyo Cement Group Network

DOMESTIC NETWORK

Taiheiyo Cement's facilities include our head office and Research & Development Center, eight branch offices, and six cement plants.

OVERSEAS NETWORK

Taiheiyo Cement U.S.A., Inc.
2025 East Financial Way, Glendora, CA 91741, U.S.A.
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Hong Kong
Tel: +852-2545-9987 Fax: +852-2542-0474

MAJOR SUBSIDIARIES AND AFFILIATES

CEMENT AND READY-MIXED CONCRETE
DC Co., Ltd.
Kokusai Kigyo Co., Ltd.
Myojyo Cement Co., Ltd.
Sanyo White Cement Co., Ltd.
Tsuruga Cement Co., Ltd.

MINERAL RESOURCES
Abekawa Kaihatsu Co., Ltd.
Buko Mining Co., Ltd.
Chichibu Mining Co., Ltd.
Chichibu Taiheiyo Cement Corporation
Ishizaki Co., Ltd.
Kansai Matech Co., Ltd.
Kansai Taiheiyo Minerals Corporation
Kosyu Saiseki Co., Ltd.
Oita Taiheiyo Mining Corporation
Okutama Kogyo Co., Ltd.
Ryushin Mining Co., Ltd.
Yuko Mining Co., Ltd.

ENVIRONMENT
NACODE Corporation
Tokyo Tama Ecocement Inc.

CONSTRUCTION AND CONSTRUCTION MATERIALS
A&A Material Corporation
Chichibu Concrete Industry Co., Ltd.
Clion Co., Ltd.
Fuji P.S Corporation
Onoda Chemico Co., Ltd.
Taiheiyo Materials Corporation
Taiheiyo Precast Concrete Industry Co., Ltd.
Taiheiyo Soil Corporation

OTHERS
Azuma Shipping Co., Ltd.
Chichibu Railway Co., Ltd.
Onoda Chemical Industry Co., Ltd.
Pacific Systems Corporation
Taiheiyo Accounting & Financial Services Corporation
Taiheiyo Engineering Corporation
Taiheiyo Real Estate Co., Ltd.

OVERSEAS ACTIVITIES
CalPortland Company (USA)
Dalian Onoda Cement Co., Ltd. (CHINA)
Jiangnan Onoda Cement Co., Ltd. (CHINA)
Jidong Taiheiyo (Beijing) Environmental Engineering Co., Ltd. (CHINA)
Kalahari Dry (Thailand) Co., Ltd. (THAILAND)
Nghi Son Cement Corporation (VIETNAM)
PNG-Taiheiyo Cement Limited (PAPUA NEW GUINEA)
Qinhuangdao Asano Cement Co., Ltd. (CHINA)
Shanghai Sanhang Onoda Cement Co., Ltd. (CHINA)
Shenzhen Haixing-Onoda Logistics Development Co.,Ltd. (CHINA)
Taiheiyo Cement Philippines, Inc. (PHILIPPINES)
Taiheiyo International (Thailand) Co., Ltd. (THAILAND)

Corporate Data (As of March 31, 2016)

Company Name	TAIHEIYO CEMENT CORPORATION
Head Office	Daiba Garden City Building, 2-3-5 Daiba, Minato-Ku, Tokyo 135-8578 Japan
Established	May 1881
Paid-in Capital	¥ 86,174 million
Fiscal Year	April 1–March 31
Annual Meeting	June
Common Stock	Authorized: 1,977,308,000 Issued: 1,237,800,586 (including 1,920,052 shares of treasury stock)
No. of Stockholders	69,752

Agent of Record	Sumitomo Mitsui Trust Bank, Ltd.

Major Stockholders

Stockholder	Holding (thousand shares)	% of shares issued
Japan Trustee Services Bank, Ltd. (Trust Account)	89,901	7.2
The Master Trust Bank of Japan, Ltd. (Trust Account)	70,273	5.6
HSBC-Fund Services Bank Negara Malaysia-Equity	35,829	2.8
Mizuho Bank, Ltd.	23,756	1.9
MSCO Customer Securities	23,543	1.9
State Street Bank and Trust Company 505225	20,960	1.6
State Street Bank West Client-Treaty 505234	20,857	1.6
Japan Trustee Services Bank, Ltd. (Trust Account 7)	16,990	1.3
The Bank of NewYork Mellon SA/NV 10	15,482	1.2
Meiji Yasuda Life Insurance Company	15,273	1.2