

News Releases

September 4, 2003

DISSOLUTION OF SUBSIDIARY COMPANY AND CEMENT PRODUCTION CONSIGNMENT

Taiheiyo Cement Corporation, Tokyo, Japan (TAIHEIYO) has taken a decision to dissolve its subsidiary, Kawara Taiheiyo Cement Corporation (KAWARA-TAIHEIYO), Tagawa-gun, Fukuoka Prefecture, Japan and to consign cement production for Aso Cement Co., Ltd. (ASO), Fukuoka-city, Fukuoka Prefecture, Japan in order to satisfy its local consumers requirement continuously. And KAWARA-TAIHEIYO's mining section shall continue lime stone products business, under a newly established company.

During December 2000, KAWARA-TAIHEIYO was separated as independent company and reduced its production capacity with an aim for rationalizing TAIHEIYO group's cement production, and has continued its cement and limestone supply business, etc., to its local market.

Under such situation, KAWARA-TAIHEIYO has made its utmost effort towards cost reduction by utilizing waste materials for cement production etc., and TAIHEIYO has continuously supported KAWARA-TAIHEIYO's management in many ways.

However, since domestic cement demand was dramatically decreased, more than the expected, KAWARA-TAIHEIYO's local demand was also decreased considerably without hope for cement demand in future too. Moreover, the inland location of the plant and its reduced production capacity have increased the production cost. Therefore, TAIHEIYO has decided to dissolve KAWARA-TAIHEIYO at the end of March, 2004.

However, TAIHEIYO shall establish a new company for its mining section in order to continue limestone production and marketing.

Concerning KAWARA-TAIHEIYO's employees, TAIHEIYO shall try its best effort to secure their employment in TAIHEIYO GROUP or new company, which will succeed limestone business.

And along with dissolution of KAWARA-TAIHEIYO, TAIHEIYO and ASO shall discuss mutually and decide on how much products to be procured and sell from the both party. Extra ordinary loss incurred by KAWARA TAIHEIYO's dissolution shall be estimated to be around 6 billion yen for this fiscal year, ending on March 31, 2004. And TAIHEIYO is now calculating its business performance prospects for this fiscal year.

(Profile of Kawara-Taiheiyo Cement Corporation)

1. Name of company : Kawara Taiheiyo Cement Corporation
2. Representative : Mr. Noriyoshi TERUI, President
3. Location of main office : 812, kawara, o-aza, kawara-cho, tagawa-gun,
Fukuoka Prefecture, Japan
4. Established on : June 29, 2000
5. Capitalization : 490 million yen
6. TAIHEIYO's investment : 100%