

News Releases

March 22, 2007

Taiheiyo Cement Anticipates Posting Extraordinary Income and Losses

Taiheiyo Cement Corporation announced that it expects to report extraordinary income and losses for fiscal 2007 (ending March 31, 2007). Details are provided below.

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1. Source of extraordinary income

a. Gain on return of retirement benefit trust

Taiheiyo Cement Corporation has established a retirement benefit trust to enhance the soundness of pension financing. With the recovery of conditions in the securities markets, the reserves in pension assets have come to exceed retirement benefit obligations. Because this excess in reserves is expected to continue, a portion of the retirement benefit trust assets will be liquidated.

(1) Date of partial liquidation of retirement benefit trust: March 26, 2007

(2) Amount of return from retirement benefit trust: Shares with a value of ¥7.6 billion

(3) Effect on the company's earnings

It is anticipated that the gain on return of the retirement benefit trust of ¥1.9 billion will be posted to both consolidated and non-consolidated financial statements.

2. Sources of extraordinary loss

a. Transfer to the allowance for doubtful accounts

In response to the deterioration of the financial condition of its consolidated subsidiary, Ichihara Ecocement Corporation, Taiheiyo Cement transferred ¥7.0 billion to the allowance for doubtful accounts, which will be posted to its non-consolidated financial statements.

Because the loss described above will be eliminated from consolidated financial statements, there will be no effect on earnings.

b. Loss on sale of fixed assets

As announced in another press release today, Taiheiyo Cement expects to suffer a loss of ¥2.2 billion on the sale of the site of Ichihara Ecocement's plant.

It is anticipated that this loss will be posted to Taiheiyo Cement's consolidated financial statements.

c. Loss on impairment of fixed assets

It is anticipated that Ichihara Ecocement will post a loss on impairment of fixed assets in the amount of ¥4.4 billion, due to the deterioration of its earnings.

It is expected that this loss will be posted to Taiheiyo Cement's consolidated financial statements.

3. Outlook for the future

Performance data for fiscal 2007 are now being compiled.