

March 31, 2009

Company : Taiheiyo Cement Corporation

Stock code : 5233

URL : <http://www.taiheiyo-cement.co.jp/>

Announcement of Transfer Consolidated Subsidiary's Business and Extraordinary Loss

Tokyo, March 31, 2009 — Taiheiyo Cement Corporation's board of directors decided at a meeting that it will transfer all businesses of consolidated subsidiary Sanshin Electric International Corporation, as detailed below.

1. Rationale

The Sanshin Electric Group, consisting of Sanshin Electric International Corporation and its subsidiaries, engage in electronic manufacturing services (EMS) and other segments of the electronics business in Japan and abroad. Operating conditions for the business have become increasingly severe, as evidenced by a sharp decline in sales, in the context of the sudden economic downturn triggered by the global financial crisis.

In Taiheiyo 1-0 Medium Term Business Plan announced in March 2008, the Taiheiyo Cement Group positioned cement businesses (including mineral resources and environmental businesses) as its core businesses. The company is consequently working to improve corporate value by focusing its business resources on these core competencies.

After evaluating the strategic direction of Sanshin Electric International Corporation and synergies with the core competencies of the Taiheiyo Cement Group in light of the above basic policy, Taiheiyo Cement Corporation concluded that transfer of all businesses of the Sanshin Electric Group was in the best interests of all concerned, since the Sanshin Electric Group needs to strengthen its competitiveness further to ensure future growth.

2. Summary of transfer

1) Profile company to be transferred

Trade name:	Sanshin Electric International Corporation
Headquarters:	Machida, Tokyo
Representative:	Kenji Wakashima
Established:	December 2005
Capital:	¥400 million
Shareholder:	Taiheiyo Cement Corporation (sole shareholder)
Employees:	58

2) Recent management performance and financial position

Sales	¥4,542 million
Operating loss	¥108 million
Ordinary loss	¥118 million
Net loss	¥133 million
Total assets	¥12,211 million
Net assets	¥542 million

3) Transfer assets

All assets owned by Sanshin Electric International Corporation

4) Loss on transfer of business

Non-consolidated loss ¥9.1 billion; consolidated loss ¥6.1 billion

3. Buyer

Trade name: Dept Corporation
Headquarters: Chiyoda-ku, Tokyo
Representative: Takashi Ueno
Capital: ¥145 million
Relationship with
Taiheiyo Cement: None

4. Timeline

Taiheiyo Cement board of
directors: March 31, 2009
Business transfer and
purchase agreement
concluded: March 31, 2009
Transfer of businesses: June 30, 2009.

Sanshin Electric International Corporation will be liquidated without delay after the transfer of its businesses

5. Outlook

Estimated the loss on transfer of business of Sanshin Electric International Corporation is ¥9.1 billion on a non-consolidated basis and ¥6.1 billion on a consolidated basis. Taiheiyo Cement Corporation has booked a provision of ¥5.3 billion on a non-consolidated basis, and intends to record the balance of ¥3.8 billion as an extraordinary loss in fiscal 2009 (year ended March 31, 2009). The full amount of the consolidated loss is to be recorded as an extraordinary loss in fiscal 2009. There is no revision to Taiheiyo Cement Corporation's earnings forecast for fiscal 2009 associated with the transfer of business of Sanshin Electric International Corporation.