(Translation)

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Securities Code 5233

June 2, 2015

To Those Stockholders with Voting Rights

Shuji Fukuda
President and Representative Director
Taiheiyo Cement Corporation
2-3-5, Daiba, Minato-ku, Tokyo

NOTICE OF THE 17th ORDINARY GENERAL MEETING OF STOCKHOLDERS

You are cordially invited to the 17th Ordinary General Meeting of Stockholders of Taiheiyo Cement Corporation (the "Company"). The meeting will be held as stated below.

If you are unable to attend the meeting, you can exercise your voting rights by paper ballot or via the electromagnetic method such as the Internet. Please review the attached Reference Documents for the General Meeting of Stockholders, and either return the Voting Rights Exercise Form with your selections towards proposals, or vote via the voting rights exercise site (http://www.web54.net) specified.

1. **Date and Time:** Friday, June 26, 2015 at 10:00 a.m.

2. **Place:** Head office of the Company
   2-3-5, Daiba, Minato-ku, Tokyo

3. **Agenda of the Meeting:**

   Matters to be reported:
   1. Business Report, Consolidated Financial Statements for the 17th Fiscal Term (from April 1, 2014 to March 31, 2015) and results of audits by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements
   2. Non-Consolidated Financial Statements for the 17th Fiscal Term (from April 1, 2014 to March 31, 2015)

   Proposals to be resolved:

   Proposal No. 1: Appropriation of Surplus
   Proposal No. 2: Election of Thirteen Directors
   Proposal No. 3: Election of Three Corporate Auditors
   Proposal No. 4: Election of One Substitute Corporate Auditor

4. **Voting Guide**

   If you are attending the Meeting:

   Please hand in the enclosed Voting Rights Exercise Form at the front desk when you arrive at the venue.
   If another stockholder is attending the Meeting on your behalf, he/she must submit a letter of proxy and your Voting Rights Exercise Form as well as his/her Voting Rights Exercise Form at the front desk upon arrival at the venue. (Please be advised that a proxy is limited to one person and must be another stockholder with the Company's voting rights pursuant to the provisions of the Articles of Incorporation.)

   If you are NOT attending the Meeting:

   Please review the attached Reference Documents for the General Meeting of Stockholders, and exercise your voting right by either of the following two methods.

(Translation)

(i) Exercise of voting rights by postal mail (paper ballot)

- Please indicate your vote for or against the Proposals on the Voting Rights Exercise Form and send it back, making sure that it will arrive by 5:00 p.m. on Thursday, June 25, 2015 (Japan Standard Time).
- If you make no indication on the Voting Rights Exercise Form whether you are voting for or against the Proposals, you shall be deemed to have voted FOR the Proposals.

(ii) Exercise of voting rights via the Internet, etc.

- Please exercise your voting right via the voting rights exercise site (http://www.web54.net) specified by the Company before 5:00 p.m. on Thursday, June 25, 2015 (Japan Standard Time).
- If you exercise your voting right via the Internet, etc. more than once, your final vote shall prevail.

If you vote both by postal mail and via the Internet, etc., the one received later shall prevail. If we receive both on the same day, your vote cast via the Internet, etc. shall prevail.

Note: Subsequent amendments to the Reference Documents for the General Meeting of Stockholders and the Attached Documents (if any) will be listed on the Company's website (http://www.taiheiyo-cement.co.jp).

(Translation)

Reference Documents for the General Meeting of Stockholders

Proposals and references

Proposal No. 1: Appropriation of Surplus

With respect to the year-end dividend for the term under review, the Company would like to pay out as follows, in consideration of the business environment and our performance for the term under review, while maintaining our basic policy of stable dividend payouts.

Matters concerning the year-end dividend

(1) Type of Dividend
Cash

(2) Matters concerning the distribution of dividends to stockholders and its total amount
3.00 yen per share of common stock of the Company, for a total amount of 3,707,982,642 yen.
Accordingly, the annual dividend for the term under review, together with the interim dividend already paid, shall be 5 yen per share.

(3) Effective Date of Dividends from surplus
June 29, 2015

(Translation)

Proposal No. 2: Election of Thirteen Directors

The term of office of all eleven Directors will expire at the close of this General Meeting of Stockholders. Accordingly, we propose the election of thirteen Directors including two Outside Directors, for the purpose of enhancing the Board of Directors' supervisory functions.

The candidates for Director are as follows.

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
1	Keiji Tokuue (July 30, 1947)	April 1970 Joined Onoda Cement Co., Ltd. October 1998 General Manager, International Planning Department of International Business Division of Taiheiyo Cement Corporation February 1999 Deputy General Manager, USA Business Department of International Business Division April 2000 Director and Senior Vice President of Taiheiyo Cement USA Inc. November 2000 General Manager, Purchasing Department of Taiheiyo Cement Corporation May 2001 General Manager, International Cement Trading Department June 2002 Director and General Manager, International Cement Trading Department April 2004 Director, Managing Executive Officer and President of International Business Company April 2008 President and Representative Director April 2012 Chairman and Director (to present) (Significant concurrent positions) Director of Ssangyong Cement Industrial Co., Ltd.	56,000
2	Shuji Fukuda (December 20, 1951)	April 1974 Joined Onoda Cement Co., Ltd. June 1999 General Manager, Accounting & Finance Department of Taiheiyo Cement Corporation April 2004 General Manager, Accounting & Finance Department and General Manager, Accounting & Finance Business Operation Center April 2006 General Manager, Hokuriku Branch April 2008 Executive Officer and General Manager, Human Resources Department and General Manager, Personnel Business Operation Center October 2008 Executive Officer and General Manager, Human Resources Department August 2010 Director, Managing Executive Officer and General Manager, Human Resources Department October 2010 Director and Managing Executive Officer April 2012 President and Representative Director (to present)	26,000

(Translation)

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
3	Shou Kurasaki (July 16, 1952)	April 1975 Joined Nihon Cement Co., Ltd. April 2007 General Manager, Kamiiso Plant of Taiheiyo Cement Corporation May 2009 General Manager, Purchasing Department June 2010 Executive Officer and General Manager, Purchasing Department April 2011 Executive Officer and General Manager, Green-Innovation Business Promotion Department April 2012 Managing Executive Officer June 2012 Director and Managing Executive Officer April 2013 Representative Director and Managing Executive Officer April 2014 Representative Director and Senior Executive Officer April 2015 Vice President and Representative Director (to present)	28,000
4	Kenji Ogawa (August 9, 1951)	April 1976 Joined Onoda Cement Co., Ltd. April 2008 Counselor and General Manager, Central Research Laboratory of Taiheiyo Cement Corporation June 2010 Executive Officer and General Manager, Central Research Laboratory April 2012 Managing Executive Officer June 2012 Director and Managing Executive Officer April 2015 Director and Senior Executive Officer (to present)	23,000
5	Takaki Minato (September 18,1952)	April 1976 Joined Nihon Cement Co., Ltd. April 2004 General Manager, Administration Department of Mineral Resources Business Company of Taiheiyo Cement Corporation April 2006 General Manager, Chubu Branch May 2009 General Manager, Sales Department of Cement Business Company June 2010 Executive Officer and General Manager, Sales Department of Cement Business Company October 2010 Executive Officer and Deputy Senior General Manager, Cement Business Division and General Manager, Sales Department of Cement Business Division April 2012 Managing Executive Officer June 2012 Director and Managing Executive Officer April 2013 Director, Managing Executive Officer and Senior General Manager, Cement Business Division (to present) (Significant concurrent positions) Outside Director of P.S. Mitsubishi Construction Co., Ltd.	19,000

(Translation)

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
6	Hidehiko Kasamura (January 4,1953)	April 1976 Joined Nihon Cement Co., Ltd. April 2008 General Manager, Corporate Planning Department of Taiheiyo Cement Corporation June 2010 Executive Officer and General Manager, Corporate Planning Department April 2011 Executive Officer and General Manager, General Affairs Department April 2012 Managing Executive Officer June 2012 Director and Managing Executive Officer (to present)	38,000
7	Ken Kikuchi (July 7, 1954)	April 1978 Joined Onoda Cement Co., Ltd. May 2009 General Manager, Group Management Department of Taiheiyo Cement Corporation April 2011 Executive Officer and General Manager, Corporate Planning Department April 2013 Managing Executive Officer and Senior General Manager, International Business Division June 2013 Director, Managing Executive Officer and Senior General Manager, International Business Division (to present) (Significant concurrent positions) Director of Ssangyong Cement Industrial Co., Ltd.	20,000
8	Yuuichi Kitabayashi (June 2, 1955)	April 1978 Joined Nihon Cement Co., Ltd. May 2009 General Manager, Kamiiso Plant of Taiheiyo Cement Corporation April 2011 Executive Officer and General Manager, Production Department April 2013 Managing Executive Officer June 2013 Director and Managing Executive Officer (to present)	22,000
9	Shigeru Matsushima (May 6, 1956)	April 1979 Joined Nihon Cement Co., Ltd. May 2009 General Manager, Hokkaido Branch of Taiheiyo Cement Corporation April 2011 Executive Officer and General Manager, Hokkaido Branch April 2012 Executive Officer and Deputy Senior General Manager, Cement Business Division and General Manager, Administration Department of Cement Business Division April 2013 Managing Executive Officer June 2013 Director and Managing Executive Officer (to present)	20,200
10	Masafumi Fushihara (May 18, 1954) New Candidate	April 1978 Joined Onoda Cement Co.,Ltd. April 2007 General Manager, Business Promotion Department of Environmental Business Company of Taiheiyo Cement Corporation May 2009 General Manager, Sales Department of Environmental Business Company October 2010 General Manager, Environmental Business Development Department April 2012 Executive Officer and General Manager, Environmental Business Development Department April 2015 Managing Executive Officer (to present)	16,000

(Translation)

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
11	Toshihide Nishimura (January 13, 1955) New Candidate	April 1979 Joined Onoda Cement Co.,Ltd. April 2006 General Manager, Administration Department of Construction Materials Business Company of Taiheiyo Cement Corporation May 2009 General Manager, Accounting & Finance Department April 2012 Executive Officer and General Manager, Affiliated Business Department April 2015 Managing Executive Officer (to present)	11,000
12	Keiichi Otagaki (July 4, 1944) Candidate for Outside Director Attended 10 out of 10 meetings of the Board of Directors (100%) and will have served as Director for 1 year at close of this General Meeting of Stockholders	April 1967 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation) June 1998 Director of TOSOH CORPORATION June 2000 Managing Director of TOSOH CORPORATION June 2004 Representative Director and Senior Managing Director of TOSOH CORPORATION June 2010 Representative Director and Executive Vice President of TOSOH CORPORATION June 2012 Outside Corporate Auditor of Taiheiyo Cement Corporation June 2014 Outside Director (to present) **Reason for nominating Keiichi Otagaki as Outside Director** Keiichi Otagaki has years of experience in corporate management as Representative Director and Executive Vice President of TOSOH CORPORATION, etc., and we propose his re-appointment as Outside Director since he is expected to engage in oversight and supervision over general corporate management by such means as advising the Company on the adequacy and appropriateness of decision-making by the Board of Directors from an equitable and impartial standpoint based on his wealth of experience and insight. Although TOSOH CORPORATION is a business partner of the Company, transactions between the Company and said company amount to less than 1% of the consolidated net sales of the Company.	21,000

(Translation)

No.	Name (Date of birth)	Career summary, position, assignment and significant concurrent positions	Number of shares of the Company held
13	Yoshiko Koizumi (September 25, 1943) New Candidate for Outside Director	April 1972 Registered as a lawyer (Daini Tokyo Bar Association) January 1980 Partner, Masuda and Ejiri Law Office (predecessor of Nishimura & Asahi) January 2008 Counsel, Nishimura & Asahi April 2009 Partner, City-Yuwa Partners (to present) (Significant concurrent positions) Lawyer, Partner of City-Yuwa Partners **Reason for nominating Yoshiko Koizumi as Outside Director** Although Yoshiko Koizumi has not engaged in corporate management in the past, as a lawyer, she has been engaged in the practice of corporate law for many years and is thus deemed to be capable of adequately performing her duties as Outside Director; accordingly, we propose her appointment as Outside Director since she is expected to engage in oversight and supervision over general corporate management by such means as broadly advising the Company on the adequacy and appropriateness of decision-making by the Board of Directors from an equitable and impartial standpoint based on her wealth of experience and insight. Of note, no advisory contract has been concluded between the Company and City-Yuwa Partners, where Yoshiko Koizumi serves as a partner.	0

Notes: 1. Keiichi Otagaki and Yoshiko Koizumi are nominated as Outside Directors.
2. Yoshiko Koizumi is scheduled to take office as Outside Director of Dowa Holdings Co., Ltd. on June 24, 2015. Of note, there is no financial or other economic relationship between Dowa Holdings Co., Ltd. and the Company.
3. The Company currently has an agreement with Keiichi Otagaki, which limits his liability for damages in respect of his responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that he executes his duties in good faith and without gross negligence. If the election of Keiichi Otagaki is approved, the Company plans to continue the said agreement with him. The Company also plans to conclude a similar agreement with Yoshiko Koizumi if her election is approved.
4. The Company has registered Keiichi Otagaki as an independent director at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange, and Keiichi Otagaki is scheduled to continue serving as an independent director. The Company also plans to register Yoshiko Koizumi as an independent director at both Exchanges.
5. Keiichi Otagaki was newly elected at the 16th Ordinary General Meeting of Stockholders held on June 27, 2014, and took office as Director on the same day; therefore, his attendance at meetings of the Board of Directors is based on the meetings of the Board of Directors that have been convened since he took office.
6. The Company guarantees the debt of NM Cement Co., Ltd. where Ken Kikuchi concurrently serves as President and Representative Director, for its borrowings. No conflict of interest exists between the Company and the other candidates.

(Translation)

Proposal No. 3: Election of Three Corporate Auditors

The term of office of Corporate Auditors Atsushi Takano and Tomoyuki Watanabe will expire and Corporate Auditor Kiyoshi Kamimura will resign at the close of this General Meeting of Stockholders.

Accordingly, we propose the election of three Corporate Auditors.

The candidates for Corporate Auditors are as follows.

The Board of Corporate Auditors has previously given its approval.

No.	Name (Date of birth)	Career summary, position and significant concurrent positions		Number of shares of the Company held
1	Kohji Ishii (August 12, 1950) New Candidate	April 1973	Joined Onoda Cement Co., Ltd.	34,000
		April 2007	General Manager, Mining Department of Mineral Resources Business Company of Taiheiyo Cement Corporation	
		April 2008	Counsellor and General Manager, Mining Department of Mineral Resources Business Company	
		June 2010	Executive Officer and General Manager, Mining Department of Mineral Resources Business Company	
		October 2010	Executive Officer and General Manager, Mining Department	
		April 2011	Executive Officer and General Manager, Mineral Resources Business Department	
		April 2012	Managing Executive Officer	
		June 2012	Director and Managing Executive Officer	
		April 2014	Director and Senior Executive Officer	
		April 2015	Director (to present)	

(Translation)

No.	Name (Date of birth)	Career summary, position and significant concurrent positions	Number of shares of the Company held
2	Takashi Nonaka (February 17, 1952) New Candidate for Outside Corporate Auditor	April 1975 Joined The Fuji Bank, Limited. (currently Mizuho Bank, Ltd.) March 2003 Executive Officer and Head of Personal Banking Product Development Department, Mizuho Bank, Ltd. April 2004 Managing Executive Officer, Mizuho Bank, Ltd. March 2006 Managing Director, Mizuho Bank, Ltd. April 2007 Deputy President and Representative Director, Mizuho Bank, Ltd. April 2008 Advisor, Mizuho Trust & Banking Co., Ltd. June 2008 President and CEO (Representative Director), Mizuho Trust & Banking Co., Ltd. April 2013 Chairman, Mizuho Trust & Banking Co., Ltd. April 2015 Senior Advisor, Mizuho Trust & Banking Co., Ltd. (to present) **Reason for nominating Takashi Nonaka as Outside Corporate Auditor** Takashi Nonaka has been engaged in the management of financial institutions for many years, and we propose his appointment as Outside Corporate Auditor since he is expected to audit the execution of duties by Directors of the Co mpany in general from an equitable and impartial standpoint by taking advantage of his wealth of experience and insight in establishing and operating a quality governance structure that would enable sound and sustained growth. Of note, Mizuho Trust & Banking Co., Ltd. is a lender to the Company; however, the amount of borrowings from Mizuho Trust & Banking Co., Ltd. accounts for approx. 3% of the Company's total amount of borrowings.	0

(Translation)

No.	Name (Date of birth)	Career summary, position and significant concurrent positions	Number of shares of the Company held
3	Yoshio Narukage (August 29, 1952) New Candidate for Outside Corporate Auditor	April 1976 Joined The Mitsui Bank Limited. (currently Sumitomo Mitsui Banking Corporation) April 2004 Executive Officer and General Manager, Credit Dept. I, Middle Market Banking Unit, Sumitomo Mitsui Banking Corporation April 2006 Executive Officer, Sumitomo Mitsui Banking Corporation May 2007 Senior Managing Director, NIF SMBC Ventures Co., Ltd. October 2008 Senior Managing Director, Daiwa SMBC Capital Co., Ltd. June 2010 President and Representative Director, SMBC Loan Administration and Operations Service Co., Ltd. (to present) **Reason for nominating Yoshio Narukage as Outside Corporate Auditor** Yoshio Narukage has years of experience in and knowledge of financial institutions, etc. and we propose his appointment as Outside Corporate Auditor since he is expected to audit the execution of duties by Directors of the Company in general from an equitable and impartial standpoint by taking advantage of such experience and knowledge in establishing and operating a quality governance structure that would enable sound and sustained growth.	0

Notes: 1. Takashi Nonaka and Yoshio Narukage are nominated as Outside Corporate Auditors.
2. Takashi Nonaka is scheduled to take office as Outside Director of Takachiho Koheki Co., Ltd. on June 26, 2015. Of note, there is no financial or other economic relationship between Takachiho Koheki Co., Ltd. and the Company.
3. In the event of the approval of the election of Takashi Nonaka and Yoshio Narukage, the Company plans to enter into an agreement with each of them, which would limit their respective liabilities for damages in respect of their responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that they execute their duties in good faith and without gross negligence.
4. While Takashi Nonaka used to work for Mizuho Bank, Ltd., a major lender to the Company, seven years have passed since his retirement from the position of Deputy President and Representative Director of Mizuho Bank, Ltd. Likewise, while Yoshio Narukage used to work for Sumitomo Mitsui Banking Corporation, a major lender to the Company, eight years have passed since his retirement from the position of Executive Officer of Sumitomo Mitsui Banking Corporation. Therefore, neither Takashi Nonaka nor Yoshio Narukage is deemed to have any problems in terms of independence, and the Company plans to register both of them as independent corporate auditors at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange.
5. No conflict of interest exists between the Company and the candidates.

(Translation)

Proposal No. 4: Election of One Substitute Corporate Auditor

In order to prepare for cases where a vacancy results in a shortfall in the number of Corporate Auditors prescribed by laws, we propose the election of one Substitute Corporate Auditor, to substitute for an Outside Corporate Auditor.

The candidate for Substitute Corporate Auditor is as follows.

The Board of Corporate Auditors has previously given its approval.

Name (Date of birth)	Career summary, position and significant concurrent positions	Number of shares of the Company held
Wakako Mitani (Name on family registration: Wakako Akamatsu) (January 4, 1974) Candidate for Outside Corporate Auditor	April 2000 Registered as a lawyer (DAIICHI TOKYO BAR ASSOCIATION) July 2001 Joined TANABE & PARTNERS April 2012 Partner of TANABE & PARTNERS (to present) (Significant concurrent positions) Lawyer, Partner of TANABE & PARTNERS **Reason for nominating Wakako Mitani as Outside Corporate Auditor** Although Wakako Mitani has not engaged in corporate management in the past, as a lawyer, she has years of experience in the practice of corporate law, and we propose her appointment as substitute Outside Corporate Auditor since she is expected to adequately perform her duties as Outside Corporate Auditor by reflecting her wealth of experience and broad insight in the audits of the Company. Of note, no advisory contract has been concluded between the Company and TANABE & PARTNERS, where Wakako Mitani serves as a partner.	0

Notes: 1. Wakako Mitani is nominated as an Outside Corporate Auditor.
2. In the event that Wakako Mitani takes office as an Outside Corporate Auditor, the Company plans to enter into an agreement with her, which would limit her liability for damages in respect of her responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that she executes her duties in good faith and without gross negligence.
3. In the event that Wakako Mitani takes office as an Outside Corporate Auditor, the Company plans to register her as an independent corporate auditor at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange.
4. No conflict of interest exists between the Company and Wakako Mitani.

(Translation)

(Appendix)

Business Report

(April 1, 2014 - March 31, 2015)

1. Overview of the Company Group

1) Business Progress and Results

During FY2015, Japan's economy experienced sluggish recovery in consumer spending due to the impact of the prolonged recoil in demand following rush demand in the lead up to the consumption tax rate hike, the rise in prices stemming from the weaker yen and other such factors. However, the economy was on a modest recovery trend, as reflected in the sustained tendency for corporate earnings and the employment environment to improve on the back of government-led economic stimulus measures and monetary easing by the Bank of Japan.

The U.S. economy continued to undergo steady recovery due in part to robust consumer spending amid improvements in the employment environment. China's pace of economic expansion slowed due to such factors as slackening growth in fixed asset investment, despite solid consumer spending. Other Asian economies continued to expand, but the pace of expansion diminished in some regions.

Against this backdrop, in FY2015, the Group's consolidated sales rose ¥2,559 million from the previous year to ¥842,848 million. Consolidated operating income was ¥65,406 million, down ¥5,028 million, while consolidated ordinary income was ¥67,890 million, down ¥1,699 million and consolidated net income rose ¥8,891 million to ¥44,114 million.

Review of operation by each segment are as follows.

Of note, business segments have been partially modified since FY2015. In the comparison of sales and operating income of business segments between FY2014 and FY2015, FY2014 figures were thus calculated by reclassifying the sales and operating income into those of the modified business segments.

Cement Business

Sales **¥570,681 million (up 6.6% year-on-year)**
Operating Income **¥40,251 million (down 13.1% year-on-year)**

Domestic cement demand during the fiscal year under review decreased 4.5% year-on-year to 45.55 million tons, due to the impact of project delays associated with labor scarcity, etc. and the fall in housing investment in reaction to the consumption tax rate hike, despite the moderate recovery of private capital investment. Imported cement of that demand decreased 33.1% from the previous year to 0.50 million tons. Total exports increased 10.7% to 9.42 million tons.

Under these circumstances, the Taiheiyo Cement Group's domestic cement sales by volume, including consignment sales, decreased 4.2% from the previous year to 15.96 million tons, whilst exports fell 0.2% to 2.97 million tons.

Shipment volume rose in many regions served by our U.S. West Coast cement and ready-mixed concrete businesses, where the market is generally on a recovery trend. Our cement business in China was partially impacted by intensifying price competition and fall in demand, while our cement business in Vietnam performed solidly, assisted by domestic demand which is on the way to recovery. Our cement business in the Philippines was affected by rising electricity prices, etc.

As a result of the above, consolidated sales increased ¥35,674 million from the previous year to ¥570,681 million, and consolidated operating income decreased ¥6,096 million to ¥40,251 million.

Mineral Resources Business

Sales ¥95,957 million (up 2.2% year-on-year)
Operating Income ¥6,708 million (down 2.7% year-on-year)

Sales by volume in our aggregates business fell short of the previous year's level primarily due to the limited growth in demand in the Tokyo metropolitan area, despite the increase in shipments of lightweight aggregates, etc.

Sales by volume in our mineral products business were higher than in the previous year, thanks to robust shipments of limestone to customers in the iron and steel industry.

Intake in our surplus construction soil recycling business fell short of the previous year's level.

As a result of the above, consolidated sales increased ¥2,075 million from the previous year to ¥95,957 million, and consolidated operating income decreased ¥186 million to ¥6,708 million.

Environmental Business

Sales ¥74,787 million (down 27.6 % year-on-year)
Operating Income ¥7,474 million (down 11.3% year-on-year)

The Environmental Business performed solidly except disaster waste processing operations. However, as disaster waste processing operations had largely been completed, consolidated sales decreased ¥28,646 million from the previous year to ¥74,787 million, and consolidated operating income decreased ¥958 million to ¥7,474 million.

Construction Materials Business

Sales ¥90,340 million (down 2.4 % year-on-year)
Operating Income ¥5,491 million (up 1.0% year-on-year)

Sales of construction materials such as autoclaved lightweight aerated concrete (ALC) were robust; however, due to the impact of delays in the commencement of ground improvement and other civil engineering projects, consolidated sales decreased ¥2,301 million from the previous year to ¥90,340 million, and consolidated operating income increased ¥57 million to ¥5,491 million.

Other Business

Sales ¥81,764 million (down 2.3% year-on-year)
Operating Income ¥5,634 million (up 52.5% year-on-year)

While the transportation, warehousing and ceramics businesses performed solidly, the Group's exit from the electronics business in the previous year and other factors resulted in the decrease in consolidated sales by ¥1,996 million from the previous year to ¥81,764 million, and the increase in consolidated operating income by ¥1,941 million to ¥5,634 million.

Sales and Operating Income by Business Segment

(Unit: Millions of yen)

Business Segment	Sales	Year-on-year increase (decrease)	Operating income	Year-on-year increase (decrease)
Cement	570,681	35,674	40,251	(6,096)
Mineral Resources	95,957	2,075	6,708	(186)
Environmental	74,787	(28,646)	7,474	(958)
Construction Materials	90,340	(2,301)	5,491	57
Other	81,764	(1,996)	5,634	1,941
Subtotal	913,531	4,805	65,560	(5,242)
Elimination or unallocated amounts	(70,683)	(2,245)	(153)	214
Total	842,848	2,559	65,406	(5,028)

2) Capital Investments

The total amount of capital investments by the Taiheiyo Cement Group in the fiscal year under review increased ¥3,065 million from the previous fiscal year to ¥42,160 million, consisting of ¥25,773

million in the Cement Business, ¥6,988 million in the Mineral Resources Business, ¥224 million in the Environmental Business, ¥2,916 million in the Construction Materials Business, ¥5,732 million in the Other Business and ¥525 million in the Group wide assets.

3) Financing

The Company issued unsecured bonds in the amount of ¥10 billion each in the 24th and 25th issue in September 2014.

4) Trends in Assets and Income

Item	14th fiscal year ended March 31, 2012	15th fiscal year ended March 31, 2013	16th fiscal year ended March 31, 2014	17th fiscal year ended March 31, 2015 (Current)
Net sales (millions of yen)	727,849	747,616	840,288	842,848
Ordinary income (millions of yen)	18,496	32,667	69,590	67,890
Net income (millions of yen)	7,845	11,329	35,223	44,114
Net income per share (yen)	7.16	9.22	28.67	35.91
Total assets (millions of yen)	982,231	982,473	1,015,564	1,040,602
Net assets (millions of yen)	196,144	219,826	273,312	347,490

5) Issues to be Addressed

Looking ahead, the Japanese economy is expected to continue recovering, albeit moderately, due to such factors as the recovery in personal consumption stemming from improvements in the employment and income environment and the recovery in corporate earnings, as the impact of the consumption tax rate hike is expected to reach a saturation point. However, the future direction of the Japanese economy is likely to remain unpredictable given the downside risks to the economy such as the uncertain outlook for U.S. monetary policies and European economies, as well as geopolitical risks in Eastern Europe and the Middle East.

Turning our attention to the Taiheiyo Cement Group's business environment, our core domestic cement business expects high public-sector demand in the form of reconstruction projects following the Great East Japan Earthquake, disaster prevention and mitigation projects, etc., and private-sector demand derived from the effects of economic stimulus measures and in the form of recovery in housing investments and capital investments stemming from improvements in corporate earnings. On the other hand, there are concerns over project delays caused by the tight market for construction materials, labor scarcity, etc. The U.S. economy is expected to continue undergoing stable recovery, on the back of the steady increase in employment and increase in personal consumption, among others. However, it is necessary to continue keeping a close eye on future developments, given the downside risks to the economy including the impact of rising interest rates.

Under these circumstances, for the purpose of clarifying its medium and long-term direction to achieve sustained growth, the Taiheiyo Cement Group has determined its *future vision and direction* targeted at the mid-2020s and formulated the 17 Medium-Term Management Plan as its first step. We are committed to making utmost efforts to fulfill the Plan.

(1) Future Vision and Direction

We believe the Taiheiyo Cement Group's raison d'etre is to provide products and solutions as a member of the social infrastructure industry in response to various needs and issues both at home and abroad. To fulfill this, we are required to forecast and pre-empt changes in the environment from a long-term perspective, and attain sustained growth while maintaining our stakeholders' confidence in us and meeting their expectations into the future. With the Mission of the Taiheiyo Cement Group in mind, we have thus declared—as our *future vision and direction* targeted at the mid-2020s—*to become an enterprise group that provides a sense of safety and security to societies in the Pacific Rim by demonstrating the Group's overall capabilities*, and will implement various initiatives in order to make this a reality.

(2) Management Policy under 17 Medium-Term Management Plan

The 17 Medium-Term Management Plan covers the three-year period from FY2016 to FY2018, and is regarded as the first step towards realizing our *future vision and direction*. The Plan is to *generate and improve our earnings capacity* by making capital-efficiency-oriented growth investments and *build a flexible and strong financial structure* by making improvements in the financial structure, and at the same time, steadily execute the *enhancement of stockholders' returns*.

(i) Enhance existing businesses and formulate/implement growth strategies

We will boost our earnings capacity by reviewing existing businesses and strengthening businesses by such means as exhaustive cost-cutting. We will also forecast and pre-empt changes in the environment from a long-term perspective, and seek to launch new businesses and expand overseas operations by leveraging the Taiheiyo Cement Group's competitive edge.

<Cement Business (Japan)>

We will implement various measures to strengthen our earnings base to prepare against the fall in domestic cement demand in the future, with the aim of becoming a dominant, leading company.

<Cement Business (Overseas)>

We will attain a certain business scale (cement production capacity) in the Pacific Rim region, and simultaneously enhance the earnings base of existing businesses and promote the trading business by taking advantage of overseas distribution networks, in order to maintain and improve our presence in the region.

<Mineral Resources Business>

We will expand existing businesses and develop businesses for the future by making maximum use of resources in our portfolio including limestone resources, in pursuit of sustained growth.

<Environmental Business>

We will maximize the earnings capacity of existing businesses and build a new business model in view of global environmental problems and changes in the energy policy situation.

<Construction Materials Business>

We will establish and enhance our business foundations serving as the primary source of earnings through the speedy fruition of growth and expansion strategies, including making investments that help complement and reinforce our business structure.

<Other Business>

We will build a new business model that is expected to bring about synergies within the Taiheiyo Cement Group, and at the same time, develop high-value-added companies.

(ii) Strengthen management foundations: Enhance backbone of management

For *disaster prevention, suppression of greenhouse gas emission* and *realization of diversity*, we will make long-term efforts by setting quantitative targets in the form of CSR Objectives for 2025. We will also make enhancements at the individual level as well as the organizational level in the context of human resources development, group management, etc. to bring about a lean, strong business structure.

(iii) Support for national project

The Taiheiyo Cement Group will muster all of its resources to provide products and solutions to support national projects, including meeting the reconstruction demand following the Great East Japan Earthquake and demand in the lead up to the Tokyo Olympics and Paralympics,.

(iv) Enhance research & development

We will steadily extend technological assistance to maximize profits in the fields of existing businesses serving as the source of earnings and promote research & development by treating mineral resources, environmental, overseas and construction materials businesses as new profit-generating growth sectors of the future, with the aim of building the mainstay of next-generation businesses.

We look forward to your continued support and cooperation as our stockholder.

(Translation)

6) Material Subsidiaries

Company name	The Company's percentage of equity participation	Principal business
Clion Co., Ltd.	97.4	Manufacturing and sale of autoclaved lightweight aerated concrete (ALC)
Myojyo Cement Co., Ltd.	100	Manufacturing and sale of cement
Taiheiyo Materials Corporation	100	Manufacturing and sale of various construction materials such as admixture and non-shrink grout
Onoda Chemical Industry Co., Ltd.	76.1	Manufacturing and sale of chemical fertilizers, feedstuff and construction materials
CalPortland Company	100	Manufacturing and sale of cement, ready-mixed concrete, etc. in the United States
Jiangnan-Onoda Cement Co., Ltd.	88.5	Manufacturing and sale of cement in China
Qinhuangdao Asano Cement Co., Ltd.	71.9	Manufacturing and sale of cement in China
Dalian Onoda Cement Co., Ltd.	84.8	Manufacturing and sale of cement in China
Nghi Son Cement Corporation	65.0	Manufacturing and sale of cement in Vietnam
Taiheiyo Cement Philippines, Inc	100	Manufacturing and sale of cement in the Philippines

(Notes) 1. The Company's percentage of equity participation includes indirect ownership through subsidiaries.
2. The Company's percentage of equity participation in Clion Co., Ltd. is based on common stock. Also, the Company has purchased additional shares of Clion Co., Ltd. during this fiscal year.
3. The Company's percentage of equity participation in Onoda Chemical Industry Co., Ltd. is based on common stock, and is calculated by excluding treasury stock. Also, the Company has purchased additional shares of Onoda Chemical Industry Co., Ltd. during this fiscal year.

7) Principal Businesses

Businesses of the Taiheiyo Cement Group are divided into Cement Business Segment, Mineral Resources Business Segment, Environmental Business Segment, Construction Materials Business Segment and Other Business Segment, and mainly consist of the following.

(i) Cement Business
Ordinary Portland cement and other various types of cement, white cement, construction – material – purpose cement, ecocement, cement-based solidifying agent, ready-mixed concrete, admixture, etc.

(ii) Mineral Resources Business
Aggregates, limestone, white marble, quicklime, silica powder, lightweight fill material, heavy metal immobilizer, surplus construction soil recycling business, etc.

(iii) Environmental Business
Waste recycling business (recycling into cement raw materials and fuels), flue gas desulfurization materials, recycled products, chemicals, water-related business, etc.

(iv) Construction Materials Business
Concrete products, construction materials, civil engineering and construction work, etc.

(v) Other Business
Real estate business, ceramics business, engineering business, data processing business, finance business, transportation and warehousing business, sports business, etc.

8) Principal Business Locations

(i) The Company's principal business locations and plants

Head Office: 2-3-5, Daiba, Minato-ku, Tokyo, Japan
Central Research Laboratory: Sakura City, Chiba Prefecture, Japan

(Translation)

Branches and Plants

Branches		Plants	
Name	Location	Name	Location
Hokkaido Branch	Sapporo City, Hokkaido Prefecture	Kamiiso Plant	Hokuto City, Hokkaido Prefecture
Tohoku Branch	Sendai City, Miyagi Prefecture	Ofunato Plant	Ofunato City, Iwate Prefecture
Tokyo Branch	Minato-ku, Tokyo	Kumagaya Plant	Kumagaya City, Saitama Prefecture
Kanto Branch	Takasaki City, Gunma Prefecture	Saitama Plant	Hidaka City, Saitama Prefecture
Chubu Hokuriku Branch	Nagoya City, Aichi Prefecture	Fujiwara Plant	Inabe City, Mie Prefecture
Kansai Shikoku Branch	Osaka City, Osaka Prefecture	Oita Plant	Tsukumi City, Oita Prefecture
Chugoku Branch	Hiroshima City, Hiroshima Prefecture		
Kyushu Branch	Fukuoka City, Fukuoka Prefecture		

(ii) Principal business locations of material subsidiaries

Name	Location
Clion Co., Ltd.	Koto-ku, Tokyo
Myojyo Cement Co., Ltd.	Itoigawa City, Niigata Prefecture
Taiheiyo Materials Corporation	Koto-ku, Tokyo
Onoda Chemical Industry Co., Ltd.	Chiyoda-ku, Tokyo
CalPortland Company	California, USA
Jiangnan-Onoda Cement Co., Ltd.	Jiangsu, China
Qinhuangdao Asano Cement Co., Ltd.	Hebei, China
Dalian Onoda Cement Co., Ltd.	Liaoning, China
Nghi Son Cement Corporation	Tinh Thanh Hoa, Vietnam
Taiheiyo Cement Philippines, Inc.	Cebu, Philippines

9) Employees

Business Segment	Number of Employees (persons)
Cement	7,696
Mineral Resources	1,103
Environmental	136
Construction Materials	1,445
Other	2,425
Group-wide (common)	254
Total	13,059

(Notes) 1. The number of employees refers to the number of persons on the payroll.
2. The above includes the following number of employees of the Company. The number of employees stated below does NOT include employees on temporary retirement, seconded employees, etc. (596 persons).

Number of employees (persons)	Increase (decrease) from previous year (persons)	Average age (years old)	Average length of service (years)
1,710	31	42.0	20.5

(Translation)

10) Major Lenders and Amount of Borrowings

Lender	Outstanding borrowings (millions of yen)
Mizuho Bank, Ltd.	56,223
Sumitomo Mitsui Banking Corporation	42,340

2. Shares of the Company

1) Total number of shares authorized to be issued 1,977,308,000 shares

2) Total number of shares outstanding 1,237,800,586 shares
(including 1,806,372 shares of treasury stock)

3) Number of stockholders 76,320 persons

4) Major stockholders

Stockholder name	Holding (thousand shares)	Stockholding ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	93,988	7.6
The Master Trust Bank of Japan, Ltd. (Trust Account)	58,197	4.7
HSBC-Fund Services Bank Negara Malaysia-Equity	23,976	1.9
Mizuho Bank, Ltd.	23,756	1.9
State Street Bank and Trust Company 505225	17,301	1.3
Chase Manhattan Bank GTS Clients Account Escrow	16,750	1.3
State Street Bank West Client-Treaty 505234	15,935	1.2
Meiji Yasuda Life Insurance Company	15,273	1.2
The Bank of New York Mellon SA/NV 10	15,261	1.2
Sumitomo Mitsui Banking Corporation	14,987	1.2

(Note) The stockholding ratio is calculated by excluding treasury stock.

(Translation)

3. Company Officers

1) Name, etc. of Directors and Corporate Auditors

Position	Name	Significant concurrent positions
Chairman and Director	Keiji Tokuue	Director of Ssangyong Cement Industrial Co., Ltd.
President and Representative Director	Shuji Fukuda	
Representative Director	Shou Kurasaki	
Director	Kohji Ishii	
Director	Kenji Ogawa	
Director	Takaki Minato	Outside Director of P.S. Mitsubishi Construction Co., Ltd.
Director	Hidehiko Kasamura	
Director	Ken Kikuchi	Director of Ssangyong Cement Industrial Co., Ltd.
Director	Yuuichi Kitabayashi	
Director	Shigeru Matsushima	
Director	Keiichi Otagaki	
Corporate Auditor (Standing)	Kiyoshi Kamimura	
Corporate Auditor (Standing)	Noriyuki Ishii	
Corporate Auditor	Atsushi Takano	
Corporate Auditor	Tomoyuki Watanabe	

(Notes)
1. Director Keiichi Otagaki is an Outside Director.
2. Director Keiichi Otagaki and Corporate Auditor Noriyuki Ishii were newly elected at the 16th Ordinary General Meeting of Stockholders held on June 27, 2014, and took office on the same day.
3. Corporate Auditor Rokuro Tomita retired from office at the close of the 16th Ordinary General Meeting of Stockholders held on June 27, 2014.
4. Corporate Auditor Keiichi Otagaki resigned from office at the close of the 16th Ordinary General Meeting of Stockholders held on June 27, 2014.
5. Corporate Auditors Atsushi Takano and Tomoyuki Watanabe are Outside Corporate Auditors.
6. Corporate Auditor Noriyuki Ishii has hands-on experience in the business management division of the Company and has considerable financial and accounting expertise.
7. Corporate Auditors Atsushi Takano and Tomoyuki Watanabe have years of experience in financial institutions and have considerable financial and accounting expertise.
8. The Company has registered Director Keiichi Otagaki as an independent director and Corporate Auditors Atsushi Takano and Tomoyuki Watanabe as independent corporate auditors at Tokyo Stock Exchange, Inc. and Securities Membership Corporation Fukuoka Stock Exchange.
9. The following personnel change took place effective April 1, 2015.

	Position in the Company, assignment and significant concurrent positions	
	Before change	After change
Shou Kurasaki	Representative Director	Vice President and Representative Director

(Translation)

10. The Company has introduced an executive officer system; executive officers as of April 1, 2015 are as follows.

Position	Name	Assignment
Senior Executive Officer	Kenji Ogawa*	Overseeing Production Department, Intellectual Property Department and Central Research Laboratory
Managing Executive Officer	Takaki Minato*	Overseeing Internal Auditing Department; Senior General Manager of Cement Business Division
Managing Executive Officer	Hidehiko Kasamura*	Overseeing Human Resources Department, General Affairs Department and Legal Department
Managing Executive Officer	Ken Kikuchi*	Overseeing Secretarial Department; Senior General Manager of International Business Division
Managing Executive Officer	Yuuichi Kitabayashi*	Overseeing Corporate Planning Department and Maintenance & Engineering Department
Managing Executive Officer	Shigeru Matsushima*	Overseeing Accounting & Finance Department and Real Estate Business Department
Managing Executive Officer	Masafumi Fushihara	Overseeing Mining Department, Mineral Resources Business Department and Environmental Business Development Department
Managing Executive Officer	Toshihide Nishimura	Overseeing Purchasing Department, Construction Materials Business Department and Business Planning & Administration Department
Executive Officer	Youichi Funakubo	General Manager of Human Resources Department
Executive Officer	Yasuhiro Sagara	General Manager of Maintenance & Engineering Department
Executive Officer	Keiichi Miura	General Manager of Central Research Laboratory
Executive Officer	Masahiro Karino	General Manager of Legal Department
Executive Officer	Kunihiro Ando	General Manager of Mineral Resources Business Department
Executive Officer	Tomoya Sakamoto	General Manager of Production Department
Executive Officer	Toshiaki Suzuki	General Manager of Tokyo Branch
Executive Officer	Satoshi Asami	President and CEO of Taiheiyo Cement Philippines, Inc.
Executive Officer	Ichirou Egami	Executive Managing Director of Ssangyong Cement Industrial Co., Ltd.
Executive Officer	Toru Kanai	Chairman and CEO of Taiheiyo Cement (China) Investment Co., Ltd.
Executive Officer	Katsuhide Fukuhara	General Manager of Corporate Planning Department
Executive Officer	Masakatsu Kifushi	General Manager of Kansai Shikoku Branch
Executive Officer	Seiichi Araki	General Manager of General Affairs Department
Executive Officer	Yoshiaki Tominaga	General Manager of Mining Department

Persons who concurrently serve as Directors are marked with an asterisk (*).

2) Total Amount of Compensation, etc. to Directors and Corporate Auditors

Classification	Number of persons paid (persons)	Amount paid (millions of yen)
Directors	11	658
Corporate Auditors	6	86
Total	17	744

(Note) Compensation, etc. includes compensation, etc. to outside officers totaling ¥45 million. There were four outside officers who received payment.

3) Outside Officers

(1) Main Activities in Fiscal Year under Review

Position	Name	Attendance at meetings of Board of Directors	Attendance at meetings of Board of Auditors	Comment status
Director	Keiichi Otagaki	10 out of 10 meetings	-	Made comments as appropriate at the meetings of the Board of Directors based on his wealth of experience mainly as a management executive of a manufacturing company.
Corporate Auditor	Atsushi Takano	14 out of 14 meetings	11 out of 11 meetings	Made comments as appropriate at the meetings of the Board of Directors and meetings of the Board of Auditors based on his wealth of experience mainly as a management executive of a financial institution.
Corporate Auditor	Tomoyuki Watanabe	14 out of 14 meetings	11 out of 11 meetings	Made comments as appropriate at the meetings of the Board of Directors and meetings of the Board of Auditors based on his wealth of experience mainly as a corporate auditor of a financial institution.

(Note) During the fiscal year under review, 14 meetings of the Board of Directors were held. Since Director Keiichi Otagaki took office as Director, 10 meetings of the Board of Directors have been held.

(2) Overview of Limited Liability Agreement

The Company has concluded an agreement with each outside officer, which limits his liability for damages in respect of his responsibilities set out under Article 423, Paragraph 1 of the Companies Act, to the minimum limit of liability set out under Article 425, Paragraph 1 of the same provided that he executes his duties in good faith and without gross negligence.

4. Accounting Auditor

1) Name of the Company's Accounting Auditor

KPMG AZSA LLC

(Note) Ernst & Young ShinNihon LLC, the Company's former Accounting Auditor, retired upon the expiration of its term of office at the close of the 16th Ordinary General Meeting of Stockholders held on June 27, 2014.

2) Accounting Auditor's Compensation, etc. in Fiscal Year under Review

¥ 98 million

(Note) Under the audit agreement between the Company and its Accounting Auditor, the amount of compensation for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act are not distinguished from each other and are indistinguishable in practice. Therefore, the above amount includes compensation, etc. for audits pursuant to the Financial Instruments and Exchange Act.

3) Description of Non-audit Services to the Company involving Payment of Consideration to Accounting Auditor

The Company entrusts, to the Accounting Auditor, advisory services relating to the adoption of International Financial Reporting Standards, services involving the preparation of comfort letters associated with the issue of corporate bonds and services concerning the procedures for tax incentives to promote capital expenditure on productivity-enhancing equipment, which are services other than the services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services), and pays consideration for said services.

4) Policy for Determination of Dismissal or Non-reappointment of Accounting Auditor

(i) If the Accounting Auditor is deemed to correspond to any of the matters set forth in the items of Article 340, Paragraph 1 of the Companies Act, the Board of Auditors will dismiss the Accounting Auditor subject to the consent of all Corporate Auditors, in which case the Corporate Auditor selected by the Board of Auditors will report the dismissal and the reason for the dismissal at the first Ordinary General Meeting of Stockholders held after the dismissal.

(ii) The Board of Directors will specify the dismissal or non-reappointment of the Accounting Auditor as an agenda of the General Meeting of Stockholders based on the Board of Auditors' resolution in cases where severe problems have arisen in the Company's audit operations and in other such cases.

(Note) The revised policy effective May 13, 2015 following the enforcement of the Act on Partial Revision of the Companies Act (Act No. 90 of 2014) on May 1, 2015 is shown here.

5) Total Amount of Money and Other Property Benefits Payable to Accounting Auditor by the Company and Its Subsidiaries

¥ 137 million

(Note) Among significant subsidiaries of the Company, Taiheiyo Materials Corporation, Onoda Chemical Industry Co., Ltd., CalPortland Company, Jiangnan-Onoda Cement Co., Ltd., Qinhuangdao Asano Cement Co., Ltd., Dalian Onoda Cement Co., Ltd., Nghi Son Cement Corporation and Taiheiyo Cement Philippines, Inc. have been audited (limited to audits under the provisions of the Companies Act or the Financial Instruments and Exchange Act (including laws and ordinances of foreign countries corresponding to said Acts)) by a Certified Public Accountant or an audit corporation other than the Company's Accounting Auditor (including those with foreign qualifications equivalent to CPA/auditor qualifications).

5. System to Ensure that Directors Comply with Laws and Ordinances and the Articles of Incorporation in Executing Their Duties and Other Systems to Ensure Proper Execution of Operations

The Company has passed a resolution to partially amend the systems to ensure the proper execution of operations (so-called internal control systems) at the meeting of the Board of Directors held on April 28, 2015. The outline of amended systems is as follows.

1) System to ensure that Directors, Executive Officers and employees comply with laws and ordinances and the Articles of Incorporation in executing their duties

(i) The Company shall strengthen its system for ensuring that the actions of Directors, Executive Officers and employees comply with laws and ordinances, the Articles of Incorporation and other internal company rules, and conventional wisdom in accordance with the Mission of the Taiheiyo Cement Group, Business Principles, Basic Compliance Policy and Compliance Rules.

(ii) The CSR Management Committee, an interdepartmental committee under the direct authority of the Board of Directors, pursues policies to promote compliance awareness among Directors, Executive Officers and employees in accordance with the CSR Prospectus.

(iii) The Internal Auditing Department conducts audits of the business activities of each place of business within the Company to determine whether Executive Officers and employees comply with laws and ordinances, the Articles of Incorporation, etc. in executing their duties, provides advice and recommendations after identifying items in need of improvement, and reports to the President about audit results and then notifies Directors and Corporate Auditors.

(iv) The Company employs an internal reporting system that uses a compliance hotline to reach representatives both inside and outside the Company (law firm) to enable an accurate response

while protecting the informer and ensuring transparency.

2) System to store and manage information related to the execution of duties by Directors

The Company documents, stores and manages information related to the execution of duties by Directors in accordance with the Board of Directors Rules, Decision Making Rules and Document Management Rules. Directors and Corporate Auditors can review these documents at any time.

3) Rules and other systems related to managing the risk of loss

(i) The Company has prepared the Basic Risk Management Policy and Risk Management Rules covering basic matters and specific responses to prevent and minimize the impact of risk items that could significantly affect the business of the Taiheiyo Cement Group. The CSR Management Committee is in charge of pursuing specific measures, and reports to the Board of Directors about the status of these activities.

(ii) In the event of an emergency, the Company establishes an Emergency Headquarters led by the President to pool information and exercise top-down leadership in tackling the emergency in accordance with the provisions of the Risk Management Rules.

4) System to ensure that Directors execute their duties efficiently

(i) The Company delegates to Executive Officers the authority for certain business matters as stipulated in the Decision Making Rules and elsewhere. Executive Officers, based on a Management by Objectives, set clear targets for each responsible organization under their control and execute their duties efficiently.

(ii) The Board of Directors efficiently allocates business resources from the perspective of optimizing companywide resources and in accordance with the medium-term management plan and annual management policy (President's policy), and reviews the targets of Executive Officers and the progress of policies reported from time to time.

5) System for ensuring proper execution of operations within the company group, comprising the Company and its subsidiaries

The Company, in accordance with its Group Companies Management Rules, takes the following steps to provide appropriate management and support to its subsidiaries to enable the adequate functioning of their management organizations (general meeting of stockholders, board of directors, corporate auditors, and board of auditors) and the establishment of independent management based on self-responsibility.

(i) The Company assigns, in principle, Directors, Executive Officers and employees to serve as directors or corporate auditors at its subsidiaries. These corporate auditors conduct audits of internal control systems.

(ii) The Internal Auditing Department conducts audits of the business activities according to the size, nature of business, etc. of subsidiaries to determine whether the directors and employees of the subsidiaries comply with laws and ordinances, the Articles of Incorporation, etc. in executing their duties, provides advice and recommendations after identifying items in need of improvement, and reports to the President about audit results and then notifies Directors and Corporate Auditors.

(iii) The Company seeks to understand the business conditions of each subsidiary through performance reports and other means and endeavors to share information through exchanges of opinions between the Company and directors at subsidiaries (including directors serving concurrently as Directors, Executive Officers or employees at the Company) by periodically holding Group Executive Committee meetings.

(iv) The Company makes its subsidiaries appoint officers responsible for risk management and compliance as well as risk management and compliance promoters according to their size, nature of business, etc. and strives to prevent and reduce risks in the Taiheiyo Cement Group by collaborating with each company, and adopts a system for reporting to Directors and Corporate Auditors of the Company if a crisis occurs or if an event with the risk of developing into a crisis arises at a company.

6) System to ensure reliability of financial reporting

The Company develops a system required to properly conduct financial reporting such as consolidated financial statements.

7) Matters related to personnel to assist Corporate Auditors and independence of such personnel from Directors

The Company has established a Corporate Auditor's Office which assists Corporate Auditors in performing their duties, and assigns full-time personnel. The Company shall request and respect the opinion of the Board of Auditors in matters related to the transfer and evaluation of such full-time personnel.

8) System for reporting to Corporate Auditors by Directors, Executive Officers and employees of the Company as well as directors, corporate auditors and employees of subsidiaries or persons who received a report from them and other systems for reporting to Corporate Auditors

(i) The Company employs a system in which Corporate Auditors can attend important meetings related to business matters to receive reports from Directors and other employees about the status of the execution of their duties.

(ii) The Company adopts a system in which any facts that may inflict serious damage to the Company are reported to Corporate Auditors by Directors, Executive Officers and employees of the Company as well as directors, corporate auditors and employees of subsidiaries or persons who received a report from them.

(iii) The Company prohibits the unfavorable treatment of anyone who has made a report under the preceding item.

9) Other systems to ensure effective auditing by Corporate Auditors

(i) The Company employs a system in which Corporate Auditors are shown documents related to important decisions and can gain access to a variety of information, including management information, at any time.

(ii) The Company provides a venue for Corporate Auditors to exchange opinions and information with the Accounting Auditor.

(iii) When a Corporate Auditor requests the prepayment or payment of expenses required for performing his/her duties, the Company promptly pays such expenses.

Figures stated in this Business Report are rounded down to the nearest unit of presentation (first decimal place in the case of percentages), except for *net income per share*, which is rounded off to the second decimal place, and *average age* and *average length of service* of employees of the Company, which are rounded off to the first decimal place.

(Translation)

Consolidated Financial Statements

(April 1, 2014 - March 31, 2015)

Consolidated Balance Sheets

(Unit: Millions of yen)

Account	FY2015 (as of March 31, 2015)	(Reference) FY2014 (as of March 31, 2014)
Assets		
Current assets	**329,981**	**338,304**
Cash and deposits	53,859	59,369
Notes and accounts receivable-trade	178,350	176,245
Merchandise and finished goods	28,587	26,113
Work in process	2,183	4,120
Raw materials and supplies	43,252	39,323
Deferred tax assets	10,705	14,147
Short-term loans receivable	5,552	9,487
Other	9,821	11,064
Allowance for doubtful accounts	(2,329)	(1,568)
Noncurrent Assets	**710,621**	**677,259**
Property, plant and equipment	**490,565**	**470,316**
Buildings and structures	144,291	142,417
Machinery, equipment and vehicles	120,804	112,379
Land	164,647	155,301
Construction in progress	13,819	14,616
Other	47,001	45,600
Intangible assets	**41,836**	**42,228**
Goodwill	9,297	10,890
Other	32,538	31,338
Investments and other assets	**178,219**	**164,714**
Investment securities	113,747	98,890
Long-term loans receivable	1,249	1,183
Deferred tax assets	16,848	25,818
Assets for retirement benefits	20,338	12,134
Other	31,997	32,990
Allowance for doubtful accounts	(5,961)	(6,302)
Total Assets	**1,040,602**	**1,015,564**

(Translation)

Account	FY2015 (as of March 31, 2015)	(Reference) FY2014 (as of March 31, 2014)
Liabilities		
Current liabilities	**377,817**	**408,848**
Notes and accounts payable-trade	85,036	83,691
Short-term loans payable	178,816	228,127
Commercial papers	5,000	-
Current portion of bonds	20,380	610
Income taxes payable	10,730	18,040
Deferred tax liabilities	0	372
Provision for bonuses	5,642	5,538
Other provision	1,060	2,683
Other	71,149	69,784
Noncurrent liabilities	**315,295**	**333,404**
Bonds payable	46,710	47,090
Long-term loans payable	148,232	159,291
Deferred tax liabilities	4,314	15,624
Deferred tax liabilities for land revaluation	4,770	5,282
Liability for retirement benefits	26,889	25,359
Provision for directors' retirement benefits	514	509
Provision for loss on business of subsidiaries and affiliates	138	138
Provision for special repairs	312	357
Provision for asset removal	41	574
Other provision	655	482
Lease obligations	22,616	22,948
Asset retirement obligations	7,673	7,230
Other	52,426	48,514
Total liabilities	**693,112**	**742,252**
Net Assets		
Shareholders' equity	**294,937**	**257,141**
Capital stock	**86,174**	**86,174**
Capital surplus	**50,757**	**50,690**
Retained earnings	**158,939**	**121,212**
Treasury stock	**(934)**	**(936)**
Accumulated other comprehensive income	**7,707**	**(16,884)**
Valuation difference on available-for-sale securities	6,908	5,084
Deferred gains or losses on hedges	2	50
Revaluation reserve for land	4,295	4,252
Foreign currency translation adjustments	649	(16,799)
Retirement benefits liability adjustments	(4,148)	(9,472)
Minority interests	**44,845**	**33,055**
Total net assets	**347,490**	**273,312**
Total liabilities and net assets	**1,040,602**	**1,015,564**

(Translation)

Consolidated Statements of Income

(Unit: Millions of yen)

Account	FY2015 (April 1, 2014 - March 31, 2015)	(Reference) FY2014 (April 1, 2013 - March 31, 2014)
Net sales	**842,848**	**840,288**
Cost of sales	**642,645**	**641,469**
Gross profit	**200,203**	**198,819**
Selling, general and administrative expenses	**134,796**	**128,384**
Operating income	**65,406**	**70,434**
Non-operating income	**13,837**	**12,760**
Interest and dividends income	1,322	1,169
Equity in earnings of unconsolidated subsidiaries and affiliates	5,293	2,575
Other	7,221	9,014
Non-operating expenses	**11,354**	**13,604**
Interest expenses	6,847	8,362
Other	4,506	5,242
Ordinary income	**67,890**	**69,590**
Extraordinary income	**8,884**	**2,770**
Gain on sales of non-current assets	2,488	1,687
Gain on sales of investment securities	107	598
Gain on step acquisitions	916	-
Gain on forgiveness of debts	4,569	-
Other	801	485
Extraordinary loss	**9,387**	**13,217**
Loss on sales and retirement of non-current assets	3,286	5,156
Loss on sales of investment securities	101	37
Loss on valuation of investment securities	1,231	203
Impairment loss	1,069	6,450
Business structure reform expenses	1,180	-
Other	2,518	1,369
Income before income taxes and minority interests	**67,387**	**59,143**
Income taxes-current	18,170	23,597
Income taxes-deferred	(1,884)	(1,000)
Net income before minority interests	**51,101**	**36,546**
Minority interests	6,986	1,322
Net income	**44,114**	**35,223**

(Translation)

Consolidated Statements of Changes in Net Assets

(April 1, 2014 - March 31, 2015)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2014	**86,174**	**50,690**	**121,212**	**(936)**	**257,141**
Cumulative effects of changes in accounting policies			**(87)**		**(87)**
Balance at April 1, 2014 reflecting changes in accounting policies	**86,174**	**50,690**	**121,124**	**(936)**	**257,053**
Changes in items during the consolidated fiscal year					
Dividends from surplus			(6,142)		(6,142)
Net income			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					
Total changes in items during the consolidated fiscal year	**-**	**66**	**37,815**	**2**	**37,884**
Balance at March 31, 2015	**86,174**	**50,757**	**158,939**	**(934)**	**294,937**

(Translation)

(Unit: Millions of yen)

	Accumulated other comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance at April 1, 2014	**5,084**	**50**	**4,252**	**(16,799)**	**(9,472)**	**(16,884)**	**33,055**	**273,312**
Cumulative effects of changes in accounting policies							**(9)**	**(97)**
Balance at April 1, 2014 reflecting changes in accounting policies	**5,084**	**50**	**4,252**	**(16,799)**	**(9,472)**	**(16,884)**	**33,046**	**273,214**
Changes in items during the consolidated fiscal year								
Dividends from surplus								(6,142)
Net income								44,114
Reversal of revaluation reserve for land								33
Purchase of treasury stock								(63)
Disposal of treasury stock								132
Change in scope of consolidation								(190)
Net changes in items other than shareholders' equity	1,824	(48)	43	17,449	5,323	24,592	11,799	36,391
Total changes in items during the consolidated fiscal year	**1,824**	**(48)**	**43**	**17,449**	**5,323**	**24,592**	**11,799**	**74,275**
Balance at March 31, 2015	**6,908**	**2**	**4,295**	**649**	**(4,148)**	**7,707**	**44,845**	**347,490**

(Translation)

Notes to the Consolidated Financial Statements

1. Notes, etc. on Significant Matters serving as the Basis for Preparation of Consolidated Financial Statements

(1) Matters concerning Scope of Consolidation

(i) Number of consolidated subsidiaries and name of major consolidated subsidiaries

Number of consolidated subsidiaries: 131

Name of major consolidated subsidiaries:

Major consolidated subsidiaries are Clion Co., Ltd., Myojyo Cement Co., Ltd., Taiheiyo Materials Corporation, Tsuruga Cement Co., Ltd., Okutama Kogyo Co., Ltd., Onoda Chemical Industry Co., Ltd., Chichibu Railway Co., Ltd. , Taiheiyo Precast Concrete Industry Co., Ltd., CalPortland Company, Jiangnan-Onoda Cement Co., Ltd., Nghi Son Cement Corporation, Dalian Onoda Cement Co., Ltd. and Qinhuangdao Asano Cement Co., Ltd.

Of note, Tokyo Concrete Corporation was transformed into a consolidated subsidiary from an equity-method affiliate as a result of stock acquisition. Ryuyo Kosan Corporation and another affiliate had increased in significance, so they were included in the scope of consolidation. Nadachi Namaconcrete Corporation and two other subsidiaries had completed the liquidation process, and Sanshin (Hungary) Kft. is currently undergoing bankruptcy proceedings, so these subsidiaries were excluded from the scope of consolidation.

(ii) Name, etc. of major unconsolidated subsidiaries

Name of major unconsolidated subsidiaries:

Major unconsolidated subsidiaries are Taiheiyo Singapore Pte., Ltd., Morehead Company., Ltd. and Kawara Seikousho Corporation.

All unconsolidated subsidiaries are small companies, and none of them have a material impact on the consolidated financial statements in terms of the amount of equity interest including total assets, net sales, net income and retained earnings as a whole; accordingly, they were excluded from the scope of consolidation.

(2) Matters concerning Application of Equity Method

(i) Number of unconsolidated subsidiaries and affiliates accounted for by the equity method and name of major companies, etc.

Number of unconsolidated subsidiaries accounted for by the equity method: 11

Name of major companies, etc.:

Major unconsolidated subsidiaries accounted for by the equity method were Taiheiyo Singapore Pte., Ltd. and Morehead Company., Ltd.

Nihon Namaconcrete Corporation no longer exists due to merger, and Obihiro Asano Concrete Corporation had the Company's ownership interest transferred; accordingly, they were excluded from the scope of application of the equity method.

(Translation)

Number of affiliates accounted for by the equity method: 37

Name of major companies, etc.:

Major equity-method affiliates are Ssangyong Cement Industrial Co., Ltd., A&A Material Corporation, DC Co., Ltd., Fuji P.S Corporation, Yakushima Denko Co., Ltd. and Azuma Shipping Co., Ltd.

Tokyo Concrete Corporation was transformed into a consolidated subsidiary from an equity-method affiliate.

(ii) Name, etc. of unconsolidated subsidiaries and affiliates not accounted for by the equity method

Name of major companies, etc.:

(Unconsolidated subsidiaries)

Unconsolidated subsidiaries not accounted for by the equity method were Kawara Seikousho Corporation and 85 other companies.

(Affiliates)

Affiliates not accounted for by the equity method were Cement Terminal Corporation and 62 other companies.

Reason for not applying the equity method:

Unconsolidated subsidiaries and affiliates not accounted for by the equity method were excluded from the scope of the equity method because the amount of equity interest including their respective net income and retained earnings all have minimal impact on the consolidated financial statements.

(iii) Particularly noteworthy matters concerning procedures for application of the equity method

For companies accounted for by the equity method whose fiscal year-end is different from the consolidated fiscal year-end, their respective non-consolidated financial statements for the most recent fiscal year have been used.

(3) Matters concerning Accounting Standards

(i) Standards and methods for valuation of significant assets

a. Available-for-sale securities

Securities with market value:

Such securities are marked to market by the Company and some consolidated subsidiaries based on the average market price, etc. in the one-month period before the end of the fiscal year.

(Valuation differences are all charged/credited directly to net assets, and the cost of selling the securities is determined by the moving-average method.)

Securities without market value:

Stated at cost, based on the moving-average method.

b. Derivatives

Stated at market value.

c. Inventories

Inventories are mainly stated at cost, which is determined by the moving average method (subject to write-down due to diminished profitability.)

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.

(ii) Depreciation method for significant depreciable assets

a. Property, plant and equipment (excluding lease assets)

The declining balance method is adopted by the Company and its domestic consolidated subsidiaries, and the straight-line method by its consolidated overseas subsidiaries.

However, the depreciation of buildings (excluding accompanying facilities) purchased on and after April 1, 1998 is computed based on the straight-line method by the Company and its domestic consolidated subsidiaries.

The range of useful lives of main property, plant and equipmentis as follows:

Buildings and structures: 10 - 75 years

Machinery, equipment and vehicles: 4 - 15 years

b. Intangible assets (excluding lease assets)

Intangible assets are amortized by the straight-line method.

However, software is amortized by the straight-line method over its useful life assuming in-house use (5 years).

c. Lease assets

Lease assets are depreciated by the straight-line method that assumes their lease periods are useful lives and residual values are zero (or if there is a residual value guarantee, the guaranteed residual value).

The accounting treatment of finance lease transactions that do not transfer ownership in cases where the lease transaction commencement date falls in any year before the first fiscal year in which the Accounting Standards Board of Japan (ASBJ) Statement No. 13 "Accounting Standard for Lease Transactions" was applied is in accordance with the accounting method for ordinary rental transactions.

(iii) Accounting standards for significant provisions

a. Allowance for doubtful accounts

Allowance for doubtful accounts is provided for by the Company and its domestic consolidated subsidiaries at the estimated uncollectible amount, which is calculated based on the historical credit loss ratio with respect to ordinary receivables, and in consideration of collectibility on a case-by-case basis with respect to specified receivables such as doubtful accounts. Consolidated overseas subsidiaries mainly provide for such allowance at the estimated uncollectible amount with respect to specified receivables.

b. Provision for bonuses

To prepare for the payment of bonuses payable to employees, the Company and its domestic consolidated subsidiaries record the estimated payable amount to be borne in the consolidated fiscal year under review.

c. Provision for directors' retirement benefits

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

d. Provision for asset removal

To prepare for expenses for the removal of non-current assets that are expected to arise in the future, the estimated amount of loss as at the end of the consolidated fiscal year under review is recorded.

(iv) Standards for translating significant foreign currency assets and liabilities into Japanese yen

Monetary claims and obligations denominated in foreign currencies are translated into Japanese yen based on the spot exchange rate as at the consolidated closing date, and translation gains (losses) are recognized in profit (loss). Of note, consolidated overseas subsidiaries' assets and liabilities are translated into Japanese yen based on the spot exchange rate as at the consolidated closing date, revenue and expenses are translated into Japanese yen based on the average exchange rate for the fiscal year, and translation gains (losses) are included in "Foreign currency translation adjustments" and "Minority interests" under Net Assets.

(v) Significant hedge accounting methods

a. Method of hedge accounting

Gains/losses on hedges are deferred. For interest rate swaps, exceptional treatment is applied when the swap meets the conditions for application of such exceptional treatment.

b. Hedging instruments and hedged items

Hedging instruments:

Interest rate swaps, currency swaps, interest-rate options, currency options and forward exchange contracts are employed as hedging instruments.

Hedged items:

Borrowings, bonds payable, etc.

c. Hedging policy

Hedge accounting policy is to limit hedging to those aimed at hedging against the risk of interest rate and exchange rate fluctuations of the hedged items and those aimed at eliminating hedging.

d. Method of evaluating hedge effectiveness

Hedge effectiveness is verified on a transaction-by-transaction basis at the end of each accounting period with respect to hedging instruments and hedged items; however, if the principal, interest rate, period, and other such significant terms of the hedging instruments and hedged items are the same, such verification is omitted.

(vi) 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.

(vii) Accounting standards for liability for retirement benefits

To prepare for the payment of retirement benefits to employees, liability for retirement benefits is

recorded in the amount of retirement benefit obligation less plan assets based on the projected amount at the end of the consolidated financial year under review.

Actuarial gains and losses and prior service cost are amortized in equal amounts as expenses by the straight-line method over a certain number of years (primarily 10 years) within the average remaining years of service of employees at the time of accrual, commencing in the consolidated fiscal year following the year of accrual in the case of the former and in the consolidated fiscal year of accrual in the case of the latter.

Unrecognized actuarial gains and losses and unrecognized prior service cost are recorded as "Retirement benefits liability adjustments" in "Accumulated other comprehensive income" under Net Assets, after making tax effect adjustments. When the value of plan assets exceeds the amount of the retirement benefit obligation, the amount of such excess is recorded in "Assets for retirement benefits".

(viii) Accounting treatment of consumption tax, etc.

Tax exclusion method is applied.

Of note, there were no applicable transactions in consolidated overseas subsidiaries.

(ix) Amounts shown in these consolidated financial statements are rounded down to the nearest million yen.

(4) Changes in Accounting Policies

The Company has applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 of May 17, 2012; hereinafter referred to as "Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of March 26, 2015; hereinafter referred to as "Guidance") from the consolidated fiscal year under review with respect to the provisions set forth in the main clause of paragraph 35 of the Standard and the main clause of paragraph 67 of the Guidance; accordingly, the calculation method of retirement benefit obligation and service cost has been reviewed, the method of attributing the projected amount of retirement benefits to periods has been changed from straight-line basis to benefit formula basis, and the method of determining the discount rate has been changed from the method of using the number of years approximated to the average remaining years of service of employees to the method of using a single weighted average discount rate reflecting the estimated period of payment of retirement benefits and the amount with respect to each estimated payment period.

In regards to the application of the Standard and Guidance, adjustments have been made to retained earnings to account for the amount of impact associated with the change in the calculation method of retirement benefit obligation and service cost at the beginning of the consolidated fiscal year under review, in accordance with transitional treatment as stipulated in paragraph 37 of the Standard.

As a result, at the beginning of the consolidated fiscal year under review, assets for retirement benefits, liability for retirement benefits and retained earnings decreased ¥182 million, ¥77 million and ¥87 million, respectively. The impact on operating income, ordinary income, income before income taxes and minority interests and per share information in the consolidated fiscal year under review is negligible.

(Translation)

2. Notes to the Consolidated Balance Sheets

(1) Assets pledged as collateral and secured liabilities

(i) Assets pledged as collateral

Cash and deposits	¥1,657 million
Notes and accounts receivable-trade	¥240 million
Property, plant and equipment	¥68,802 million
Intangible assets	¥832 million
Investment securities	¥108 million
Investments and other assets -other.	¥2,319 million
Total	¥73,961 million

(ii) Secured liabilities

Contract guarantees	¥15 million
Notes and accounts payable-trade	¥5,641 million
Short-term loans payable	¥17,760 million
Notes discounted	¥867 million
Other current liabilities	¥3 million
Bonds payable	¥195 million
Long-term loans payable	¥16,340 million
Other noncurrent liabilities	¥30 million
Total	¥40,853 million

(2) Accumulated depreciation of property, plant and equipment ¥1,117,608 million

(3) Guarantee obligations

Guarantees for bank loans payable, etc.	¥2,639 million
Guarantees for account payables to Ready-mixed Cooperative Association, etc.	¥1,027 million

(4) Discounted trade notes receivable ¥9,827 million

Trade notes receivable transferred by endorsement ¥2,960 million

(5) Revaluation of Land

Chichibu Railway Co., Ltd. revalued its business-purpose land in accordance with the Act on Revaluation of Land (Act No. 34, promulgated on March 31, 1998). With respect to the valuation difference, the amount equivalent to taxes on the valuation difference is recorded as "Deferred tax liabilities for land revaluation" under Liabilities, and the amount remaining after deducting said amount is recorded proportionately in "Revaluation reserve for land" and "Minority interests".

Revaluation date: March 31, 2000

Method of revaluation set forth in Article 3, Paragraph 3 of Act on Revaluation of Land

The land value is calculated by making reasonable adjustments to the assessed value for fixed asset tax set forth in Article 2, Item 3 of the Order for Enforcement of the Act on Revaluation of Land (promulgated on March 31, 1998).

Difference between the aggregate market value of business-purpose land revalued under the provision of Article 10 of said Act at the end of the consolidated fiscal year under review and the aggregate carrying value of such business-purpose land after revaluation:

¥6,995 million

Also, A&A Material Corporation and DC Co., Ltd., the Company's affiliates accounted for by the equity

method, revalued their business-purpose land in accordance with the Act on Revaluation of Land (Act No. 34, promulgated on March 31, 1998) and the Act on Partial Revision of the Act on Revaluation of Land (revised on March 31, 1999). With respect to the valuation difference, the amount of the Company's share in the valuation difference is recorded in Net Assets as "Revaluation reserve for land".

3. Notes to the Consolidated Statements of Changes in Net Assets

(1) Class and total number of outstanding shares as at the end of the consolidated fiscal year under review:

Common stock 1,237,800,586 shares

(2) Matters concerning dividends

(i) Amount of dividends paid

Resolution	Class of shares	Total amount of dividends (millions of yen)	Amount of dividend per share	Record date	Effective date
Ordinary General Meeting of Stockholders held on June 27, 2014	Common stock	3,708	¥3.00	March 31, 2014	June 30, 2014
Ordinary General Meeting of Stockholders held on November 11, 2014	Common stock	2,472	¥2.00	September 30, 2014	December 2, 2014

(ii) Dividends whose record date is at the end of the consolidated fiscal year under review whereas its effective date falls in the next consolidated fiscal year

The following matters concerning dividends for common stock are scheduled to be proposed at the Ordinary General Meeting of Stockholders.

Total amount of dividends: ¥3,707 million
Amount of dividend per share: ¥3.00
Record date: March 31, 2015
Effective date: June 29, 2015

Of note, the source of funding dividend payments is scheduled to be retained earnings.

(iii) Class and number of shares to be issued upon exercise of share options at the end of the consolidated fiscal year under review (excluding those for which the first day of the exercise period has not yet arrived)

Not applicable.

4. Notes on Financial Instruments

(1) Matters concerning Status of Financial Instruments

The Taiheiyo Cement Group limits its fund management activities to short-term deposits, etc., and raises funds principally by bank borrowings and corporate bonds. It performs derivative transactions for the purpose of averting risks due to future exchange-rate and interest-rate fluctuations and does not perform speculative transactions.

(Translation)

While notes and accounts receivable-trade, which are operating receivables, are exposed to credit risk in relation to customers, each department in charge periodically identifies the financial position, etc. of the counterparties and manages the due date and outstanding balance with respect to each counterparty, in an effort to identify and reduce collectibility concerns in the early stages. In addition, operating receivables denominated in foreign currencies related to export transactions are exposed to exchange rate fluctuation risks. Investment securities are primarily shares of companies with which the Group has a business relationship, and are exposed to the risk of market price fluctuations.

Notes and accounts payable-trade, which are operating payables, have payment due dates within one year.

Among borrowings, short-term loans payable are mainly funds raised in connection with business transactions, and long-term loans payable and bonds payable are principally funds raised for the purpose of making capital investments. Some long-term loans payable have financial covenants and may influence liquidity risks regarding fund raising activities. Borrowings with variable interest rates are exposed to interest rate fluctuation risk; however, to avert the risk of fluctuations of interest payable and fix interest expenses for some long-term loans payable, derivatives (interest rate swap transactions) are used as hedging instruments on a contract-by-contract basis.

(2) Matters concerning Market Value, etc. of Financial Instruments

The consolidated balance sheet amount and market value of financial instruments and the difference between the two at March 31, 2015 (i.e., end of the consolidated fiscal year under review) are shown in the following table.

(Unit: Millions of yen)

	Consolidated balance sheet amount	Market value	Difference
(i) Cash and deposits	53,859	53,859	-
(ii) Notes and accounts receivable-trade	178,350	178,350	-
(iii) Investment securities	76,078	78,963	2,885
Total assets	308,287	311,172	2,885
(iv) Notes and accounts payable-trade	85,036	85,036	-
(v) Short-term loans payable	119,254	119,254	-
(vi) Commercial papers	5,000	5,000	-
(vii) Bonds payable	67,090	67,438	348
(viii) Long-term loans payable	207,794	209,323	1,529
Total liabilities	484,174	486,053	1,878
(ix) Derivative transactions*	(9)	(9)	-

* Net receivables and payables arising from derivative transactions are shown in net amount.

(Notes) 1. Calculation method of market value of financial instruments and matters related to securities and derivative transactions

(i) Cash and deposits and (ii) Notes and accounts receivable-trade

Since these items are settled in a short period of time, their market value is more or less the same as carrying value; therefore, the carrying value is adopted.

(iii) Investment securities

The market value of investment securities is based on quoted market prices.

(iv) Notes and accounts payable-trade, (v) Short-term loans payable and (vi) Commercial papers

Since these items are settled in a short period of time, their market value is more or less the same as carrying value; therefore, the carrying value is adopted.

(vii) Bonds payable

The calculation method involves discounting the sum of the principal and interest by an interest rate that takes into account the credit risk. The presentation of market value of bonds payable includes the current portion of bonds.

(viii) Long-term loans payable

The calculation method involves discounting the sum of the principal and interest by the interest rate that is expected to be applied if a similar new loan is taken out. The presentation of market value of long-term loans payable includes the current portion of long-term loans payable. Long-term loans payable with variable interest rates are subject to exceptional treatment for interest rate swaps (see (ix) below), and the calculation method involves discounting the sum of the principal and interest processed integrally with such interest rate swaps by a reasonably-estimated interest rate that would be applied if a similar loan is taken out.

(ix) Derivative transactions

The market value of derivatives is calculated based on prices, etc. presented by financial institutions with which derivative transactions are performed. Of note, those subject to exceptional treatment for interest rate swaps are processed integrally with the hedged long-term loans payable, so their market value is included in the presentation of such long-term loans payable (see (viii) above).

2. Unlisted stocks and investments in capital, etc. (consolidated balance sheet amount: ¥37,669 million) are not included in "(iii) Investment securities" as it is deemed extremely difficult to determine their market value because there is no quoted market price and it is impossible to estimate future cash flows.

5. Notes on Real Estate for Rent, etc.

(1) Matters concerning status of real estate for rent, etc.

The Company and some of its consolidated subsidiaries have plants, warehouses (including land), etc. for lease purposes in Tokyo and other regions.

(2) Matters concerning market value of real estate for rent, etc.

(Unit: Millions of yen)

Consolidated balance sheet amount	Market value
57,330	104,393

(Notes) 1. Consolidated balance sheet amount equals the acquisition cost minus accumulated depreciation and accumulated impairment loss.

2. The market value of major properties as at the end of the consolidated fiscal year under review is the amount based on a real estate appraisal conducted by an outside real estate appraiser, whereas the market value of other properties is a certainappraisal value or the amount calculated in-house based on

indicators deemed to properlyreflect the market price.

6. Notes on Per Share Information

Net assets per share: ¥246.31

Net income per share: ¥35.91

7. Other Notes

(1) Notes on Impairment Loss

The Company's assets are grouped together based on segments by business type, except for assets for rent, important idle properties and assets scheduled for disposal, which are grouped together by treating individual property as a single unit.

In the case of consolidated subsidiaries, in principle, a business company is deemed as a single asset group, and in the case of important companies, assets are grouped together based on management accounting classifications, etc., except for important idle properties and assets scheduled for disposal, which are grouped together by treating individual property as a single unit.

As a result, the carrying value was reduced to the recoverable amount with respect to assets for rent with reduced profitability due to such factors as the substantial fall in the market value of land, idle properties that are not expected to be used in the future and emission credits as follows, and such reduction in the amount of ¥1,069 million was recorded as an impairment loss under Extraordinary loss.:

(Unit: Millions of yen)

Purpose	Location	Type	Impairment loss
Assets for rent	Fukaya City, Saitama Prefecture, etc.	Buildings and structures, land, etc.	272
Idle properties	Mine City, Yamaguchi Prefecture, etc.	Buildings and structures, machinery, equipment and vehicles, land, etc.	749
Emission credits	-	Invest and other investments -other	47

* Breakdown of impairment loss by purpose

(Unit: Millions of yen)

Purpose	Breakdown
Assets for rent	Buildings and structures: 13, Land: 258, Total: 272
Idle properties	Buildings and structures: 548, Machinery, equipment and vehicles: 21, Land: 146, Other: 33, Total: 749
Emission credits	Invest and other investments -other: 47, Total: 47

Recoverable amount is measured at the higher of net selling price or value in use.

If it is measured at net selling price, it is calculated by making reasonable adjustments based on real estate appraisal standards, etc.

(Translation)

If it is measured at value in use, it is calculated by discounting future cash flows by 5%.

Emission credits are valued at prices of ICE futures exchanges.

8. Notes on Significant Subsequent Events

Not applicable.

(Translation)

Non-consolidated Financial Statements

(April 1, 2014 - March 31, 2015)

Non-consolidated Balance Sheets

(Unit: Millions of yen)

Account	FY2015 (as of March 31, 2015)	(Reference) FY2014 (as of March 31, 2014)
Assets		
Current assets	**104,659**	**113,670**
Cash and deposits	3,329	4,962
Notes receivable-trade	20,139	20,334
Accounts receivable-trade	48,616	51,880
Merchandise and finished goods	8,600	7,314
Raw materials and supplies	17,392	16,247
Prepaid expenses	347	730
Deferred tax assets	2,118	7,357
Other	4,118	4,848
Allowance for doubtful accounts	(3)	(5)
Noncurrent Assets	**443,880**	**440,822**
Property, plant and equipment	**201,460**	**201,868**
Buildings	23,680	23,691
Structures	48,802	48,641
Machinery and equipment	35,662	31,544
Vehicles	105	76
Tools, furniture and fixtures	696	703
Raw materials land	13,181	12,691
Land	69,281	70,235
Lease assets	5,054	5,905
Construction in progress	4,994	8,378
Intangible assets	**14,886**	**15,393**
Mining rights	11,094	11,296
Software	885	1,085
Other	2,907	3,011
Investments and other assets	**227,532**	**223,561**
Investment securities	22,588	20,408
Shares of subsidiaries and affiliates	127,433	122,593
Investments in capital	36	42
Investments in capital of subsidiaries and affiliates	36,968	38,750
Long-term loans receivable	185	221
Long-term prepaid expenses	11,155	11,451
Prepaid pension costs	20,955	21,555
Other	60,419	61,931
Allowance for doubtful accounts	(52,210)	(53,394)
Total Assets	**548,540**	**554,493**

(Translation)

Account	FY2015 (as of March 31, 2015)	(Reference) FY2014 (as of March 31, 2014)
Liabilities		
Current liabilities	**173,562**	**188,645**
Accounts payable-trade	31,799	32,711
Short-term loans payable	77,820	102,987
Commercial papers	5,000	
Current portion of bonds	20,000	-
Lease obligations	1,531	1,492
Accounts payable-other	15,313	17,180
Accrued expenses	11,522	13,436
Income taxes payable	6,541	13,061
Advances received	207	64
Deposits received	213	173
Unearned revenue	1,233	3,956
Provision for bonuses	2,379	2,579
Provision for asset removal	-	1,000
Noncurrent liabilities	**163,706**	**176,793**
Bonds payable	45,000	45,000
Long-term loans payable	81,428	86,924
Lease obligations	3,756	4,660
Deferred tax liabilities	1,473	8,296
Provision for loss on guarantees	937	1,128
Guarantee deposits received	28,507	27,962
Asset retirement obligations	2,129	2,112
Other	473	707
Total liabilities	**337,268**	**365,438**
Net Assets		
Shareholders' equity	**205,791**	**184,795**
Capital stock	**86,174**	**86,174**
Capital surplus	**48,110**	**48,109**
Legal capital surplus	34,049	34,049
Other capital surplus	14,060	14,059
Retained earnings	**71,905**	**50,861**
Other retained earnings	71,905	50,861
Reserve for mine prospecting	287	359
Reserve for advanced depreciation of non-current assets	17,820	17,896
Retained earnings brought forward	53,798	32,605
Treasury stock	**(399)**	**(350)**
Valuation and translation adjustments	**5,480**	**4,259**
Valuation difference on available-for-sale securities	5,480	4,259
Total net assets	**211,271**	**189,054**
Total liabilities and net assets	**548,540**	**554,493**

(Translation)

Non-consolidated Statements of Income

(Unit: Millions of yen)

Account	FY2015 (April 1, 2014 - March 31, 2015)	(Reference) FY2014 (April 1, 2013 - March 31, 2014)
Net sales	**312,712**	**346,044**
Cost of sales	**211,745**	**232,016**
Gross profit	**100,967**	**114,028**
Selling, general and administrative expenses	**64,598**	**62,282**
Operating income	**36,368**	**51,745**
Non-operating income	**8,058**	**6,390**
Dividends income	5,196	5,375
Reversal of allowance for doubtful accounts	1,027	-
Other	1,834	1,014
Non-operating expenses	**4,957**	**9,314**
Interest expenses	2,640	3,399
Provision of allowance for doubtful accounts	-	1,758
Provision for loss on guarantees	-	1,128
Other	2,317	3,028
Ordinary income	**39,469**	**48,821**
Extraordinary income	**1,711**	**1,287**
Gain on sales of non-current assets	1,633	1,276
Gain on sales of investment securities	78	11
Extraordinary loss	**4,899**	**9,023**
Loss on sales and retirement of non-current assets	2,303	2,054
Loss on liquidation of subsidiaries and affiliates	0	9
Loss on valuation of investment securities	1,859	5,502
Loss on sales of investment securities	5	22
Impairment loss	731	1,434
Income before income taxes	**36,281**	**41,085**
Income taxes-current	10,609	16,152
Income taxes-deferred	(1,734)	2,166
Net income	**27,406**	**22,767**

(Translation)

Non-consolidated Statements of Changes in Net Assets

(April 1, 2014 - March 31, 2015)

(Unit: Millions of yen)

	Shareholders' equity							Valuation and translation adjustments		Total net assets
	Capital stock	Capital surplus			Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings (Note)					
Balance at April 1, 2014	**86,174**	**34,049**	**14,059**	**48,109**	**50,861**	**(350)**	**184,795**	**4,259**	**4,259**	**189,054**
Cumulative effects of changes in accounting policies					**(181)**		**(181)**			**(181)**
Balance at April 1, 2014 reflecting changes in accounting policies	**86,174**	**34,049**	**14,059**	**48,109**	**50,680**	**(350)**	**184,613**	**4,259**	**4,259**	**188,872**
Changes in items during the fiscal year										
Dividends from surplus					(6,180)		(6,180)			(6,180)
Net income					27,406		27,406			27,406
Purchase of treasury stock						(48)	(48)			(48)
Disposal of treasury stock			0	0		0	0			0
Net changes in items other than shareholders' equity								1,220	1,220	1,220
Total changes in items during the fiscal year	**-**	**-**	**0**	**0**	**21,225**	**(48)**	**21,177**	**1,220**	**1,220**	**22,398**
Balance at March 31, 2015	**86,174**	**34,049**	**14,060**	**48,110**	**71,905**	**(399)**	**205,791**	**5,480**	**5,480**	**211,271**

(Translation)

(Note) The breakdown of other retained earnings is as follows.

(Unit: Millions of yen)

	Other retained earnings			
	Reserve for mine prospecting	Reserve for advanced depreciation of non-current assets	Retained earnings brought forward	Total other retained earnings
Balance at April 1, 2014	**359**	**17,896**	**32,605**	**50,861**
Cumulative effects of changes in accounting policies			**(181)**	**(181)**
Balance at April 1, 2014 reflecting changes in accounting policies	**359**	**17,896**	**32,423**	**50,680**
Changes in items during the fiscal year				
Reversal of reserve for mine prospecting	(170)		170	-
Provision of reserve for mine prospecting	85		(85)	-
Reversal of reserve for advanced depreciation of non-current assets		(922)	922	-
Dividends from surplus			(6,180)	(6,180)
Increase in reserves associated with increase in effective tax rate	12	845	(858)	-
Net changes in items other than shareholders' equity			27,406	27,406
Total changes in items during the fiscal year	**(72)**	**(76)**	**21,374**	**21,225**
Balance at March 31, 2015	**287**	**17,820**	**53,798**	**71,905**

(Translation)

Notes to the Non-Consolidated Financial Statements

1. Notes on Matters concerning Significant Accounting Policies

(1) Standards and methods for valuation of assets

(i) Standards and methods for valuation of securities

a. Shares of subsidiaries and shares of affiliates

Stated at cost, based on the moving-average method.

b. Available-for-sale securities

a) Securities with market value:

Marked to market based on the average market price, etc. in the one-month period before the end of the fiscal year. (Valuation differences are all charged/credited directly to net assets, and the cost of selling the securities is determined by the moving-average method.)

b) Securities without market value:

Stated at cost, based on the moving-average method.

(ii) Method for valuation of derivatives

Stated at market value.

(iii) Standards and methods for valuation of inventories

Stated at cost, based on the moving average method (subject to write-down due to diminished profitability.)

(2) Depreciation method for non-current assets

(i) Property, plant and equipment (excluding structures for mining purposes, raw materials land and lease assets)

Declining balance method, except for buildings (excluding accompanying facilities) purchased on and after April 1, 1998, which are computed based on the straight-line method.

(ii) Property, plant and equipment (structures for mining purposes, raw materials land)

Unit of production method

(iii) Intangible assets (excluding mining rights and software)

Straight-line method

(iv) Intangible assets (mining rights)

Unit of production method

(v) Intangible assets (software)

Amortized by the straight-line method over its useful life assuming in-house use (5 years).

(vi) Lease assets (lease assets in finance lease transactions that do not transfer ownership)

Lease assets are depreciated by the straight-line method that assumes their lease periods are useful lives and residual values are zero (or if there is a residual value guarantee, the guaranteed residual value).

The accounting treatment of finance lease transactions that do not transfer ownership in cases where the lease transaction commencement date falls in any year before the first fiscal year in which the Accounting Standards Board of Japan (ASBJ) Statement No. 13 "Accounting Standard for Lease

Transactions" was applied is in accordance with the accounting method for ordinary rental transactions.

(3) Accounting standards for provisions

(i) Allowance for doubtful accounts

To prepare against losses from notes and accounts receivable-trade, loans receivable, etc. turning into bad debt, allowance for doubtful accounts is provided for at the estimated uncollectible amount, which is calculated based on the historical credit loss ratio with respect to ordinary receivables, and in consideration of collectibility on a case-by-case basis with respect to specified receivables such as doubtful accounts.

(ii) Provision for bonuses

To prepare for the payment of bonuses to employees, the estimated payable amount is recorded.

(iii) Provision for retirement benefits

To prepare for the payment of retirement benefits to employees, provision for retirement benefits is recorded in the amount deemed to have accrued at the end of the fiscal year under review based on the projected amount of retirement benefit obligation and plan assets at the end of the financial year under review.

Actuarial gains and losses and prior service cost are amortized in equal amounts as expenses by the straight-line method over a certain number of years (10 years) within the average remaining years of service of employees at the time of accrual in each period, commencing in the period following the period of accrual in the case of the former and in the period of accrual in the case of the latter.

As plan assets to be recognized at the end of the fiscal year under review exceeds the amount of the retirement benefit obligation minus actuarial gains and losses etc., the amount of such excess is recorded as prepaid pension costs.

Also, the Company established a retirement benefit trust by contributing some shares from its holdings.

(iv) Provision for loss on guarantees

To prepare against losses from debt guarantees to subsidiaries and affiliates, the estimated amount of losses at the end of the fiscal year under revie w is recorded in consideration of the financial position, etc. of those provided with such guarantees.

(4) Accounting method for retirement benefits

In the non-consolidated financial statements, the treatment of unrecognized actuarial gains and losses and unrecognized prior service cost in the non-consolidated balance sheets is different from the treatment in the consolidated financial statements. In the non-consolidated balance sheets, the amount of retirement benefit obligation after making adjustments for unrecognized actuarial gains and losses and unrecognized prior service costs, less the amount of plan assets, is recorded as prepaid pension costs.

(5) Accounting treatment of consumption tax, etc.

Tax exclusion method is applied.

(6) Amounts shown in these non-consolidated financial statements are rounded down to the nearest million yen.

(Translation)

(7) Change in presentation method

Non-consolidated balance sheets

"Accrued income" (¥14 million in the fiscal year under review), "Short-term loans receivable" (¥926 million in the fiscal year under review) and "Accounts receivable-other" (¥3,165 million in the fiscal year under review), each of which were itemized separately under "Current assets" in the previous fiscal year, are included in "Other" under "Current assets" in the fiscal year under review, as a result of reviewing the presentation of accounts aimed at improving clarity.

Non-consolidated statements of income

"Interest income" (¥39 million in the fiscal year under review), which was itemized separately under "Non-operating income" in the previous fiscal year, is included in "Other" under "Non-operating income" in the fiscal year under review, as a result of reviewing the presentation of accounts aimed at improving clarity.

2. Notes to the Non-consolidated Balance Sheets

(1) Assets pledged as collateral and secured liabilities

(i) Assets pledged as collateral	
Property, plant and equipment	¥3,690 million
Investment securities	¥20 million
Total	¥3,710 million
(ii) Secured liabilities	
Short-term loans payable	¥64 million
Contract guarantees	¥15 million
Total	¥79 million
(2) Accumulated depreciation of property, plant and equipment	¥641,908 million
(3) Outstanding balance of guarantee obligations	¥68,968 million
(4) Monetary claims and obligations to subsidiaries and affiliates	
Short-term monetary claims	¥28,198 million
Long-term monetary claims	¥56,549 million
Short-term monetary obligations	¥32,397 million
Long-term monetary obligations	¥2,638 million

3. Notes to the Non-consolidated Statements of Income

Amount of transactions with subsidiaries and affiliates

Amount of business transactions	
Sales	¥96,593 million
Purchases	¥102,721 million
Amount of non-business transactions	¥6,540 million

4. Notes to the Non-consolidated Statements of Changes in Net Assets

Class and number of shares of treasury stock as at the end of the fiscal year under review:

Common stock 1,806,372 shares

(Translation)

5. Notes on Tax-effect Accounting

Breakdown of major components of deferred tax assets and deferred tax liabilities

(i) Deferred tax assets	
Allowance for doubtful accounts	¥15,907 million
Provision for bonuses	¥691 million
Provision for retirement benefits	¥3,970 million
Loss on valuation of shares, etc. of subsidiaries and affiliates	¥23,937 million
Loss on valuation of golf memberships	¥329 million
Depreciation and amortization	¥222 million
Impairment loss	¥4,066 million
Business structure reform expenses	¥2,945 million
Other	¥3,351 million
Deferred tax assets - Subtotal	¥55,423 million
Valuation allowance	¥(43,148) million
Deferred tax assets - Total	¥12,275 million
(ii) Deferred tax liabilities	
Reserve for mine prospecting	¥(132) million
Reserve for advanced depreciation of non-current assets	¥(8,138) million
Exchange gains (losses), etc. in equity transactions	¥(538) million
Valuation difference on available-for-sale securities	¥(2,500) million
Other	¥(320) million
Deferred tax liabilities - Total	¥(11,630) million
Net deferred tax assets	¥644 million

6. Notes on Noncurrent Assets Used through Lease

In addition to noncurrent assets recorded in the non-consolidated balance sheets, some cement feeding equipment and computers are used through finance leases that do not transfer ownership.

(Translation)

7. Notes on Transactions with Related Parties

(Unit: Millions of yen)

Attribute	Name of company, etc.	Percentage of voting rights, etc. of related party held by the Company (or vice versa)	Relationship with related party	Description of transaction	Transaction amount	Account	Closing balance
Subsidiary	TCC Holdings Labuan, Inc.	Directly holds 100%	Financial assistance Dispatch of officer	Lending of funds (Note 1)	—	"Other" in Investments and other assets (Note 3)	16,775
Subsidiary	Kiyosumi Golf Club Co., Ltd.	Directly holds 100%	Payment of deposits Dispatch of officer	Payment of deposits (Note 1)	—	"Other" in Investments and other assets (Note 3)	13,304
Subsidiary	Sanshin Electric International Corporation	Directly holds 100%	Financial assistance Dispatch of officer	Lending of funds (Note 1) Collection of funds	— 900	"Other" in Investments and other assets (Note 3)	7,427
Subsidiary	Ichihara Ecocement Corporation	Directly holds 100%	Financial assistance Dispatch of officer	Lending of funds (Note 1) Collection of funds	— 149	"Other" in Investments and other assets (Note 3)	7,600
Subsidiary	Taiheiyo Cement U.S.A., Inc.	Directly holds 100%	Debt guarantee Dispatch of officer	Debt guarantee (Note 2)	19,221	—	—
Subsidiary	CalPortland Company	Directly holds 100%	Debt guarantee Dispatch of officer	Debt guarantee (Note 2)	37,343	—	—
Subsidiary	TC Trading Co., Ltd.	Directly holds 67.7% Indirectly holds 5.8%	Sales of the Company's products Dispatch of officer	Sales of the Company's products (Note 4)	22,714	Accounts receivable-trade	6,358

Terms of transactions, policies for determining terms of transactions, etc.

(Note 1) No interest is charged for lending funds, etc. to these companies.

(Note 2) The Company provides a debt guarantee to these companies for borrowings from financial institutions.

(Note 3) For loans receivable, etc. from these companies, allowance for doubtful accounts totaling ¥40,772 million is recorded.

(Note 4) The terms of sales of the Company's products are determined by referring to market prices, etc.

(Translation)

8. Notes on Per Share Information

Net assets per share: ¥170.93

Net income per share: ¥22.17

9. Notes on Significant Subsequent Events

Not applicable.

(Translation)

Accounting Auditor's Report for the Consolidated Financial Statements(Copy)

Independent Auditor's Report

May 13, 2015

The Board of Directors
Taiheiyo Cement Corporation

KPMG AZSA LLC

Shozo Tokuda (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshihide Takehisa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Taiheiyo Cement Corporation as at March 31, 2015 and for the year from April 1, 2015 to March 31, 2015 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we 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.

(Translation)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Taiheiyo Cement Corporation and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:
The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

(Translation)

Accounting Auditor's Report for the Financial Statements(Copy)

Independent Auditor's Report

May 13, 2015

The Board of Directors
Taiheiyo Cement Corporation

KPMG AZSA LLC

Shozo Tokuda (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshihide Takehisa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Taiheiyo Cement Corporation as at march 31, 2015 and for the year from April 1, 2014 to March 31, 2015 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, 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 financial statements and the supplementary schedules 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 financial statements and the supplementary schedules.

(Translation)

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 financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Taiheiyo Cement Corporation for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

(Translation)

Board of Auditors' Audit Report (Copy)

Audit Report

The Board of Auditors has prepared this Audit Report following deliberations based on the respective audit reports prepared by Corporate Auditors in relation to the execution of duties by Directors for the 17th fiscal term from April 1, 2014 to March 31, 2015. The report is as follows.

1. Method and Description of Audit by Corporate Auditors and the Board of Auditors

The Board of Auditors determined the audit policy, audit plan, etc., received reports from each Corporate Auditor on the progress and results of his/her audit, in addition to receiving reports from Directors, etc. and the Accounting Auditor on the execution status of their duties, and sought explanations as necessary.

The Corporate Auditors complied with the audit standards for Corporate Auditors established by the Board of Auditors, followed the audit policy, audit plan, etc., communicated with Directors, the Internal Auditing Department and other employees, etc., endeavored to collect information and develop an environment for the audit, and attended the meetings of the Board of Directors and other important meetings, received reports from Directors, employees, etc. on the execution status of their duties, sought explanations as necessary, reviewed important approval documents, etc., and investigated the status of operations and assets at the head office and principal places of business. We also monitored and verified the content of the resolution passed by the Board of Directors regarding the development of a system to ensure that Directors comply with laws, ordinances and the Articles of Incorporation in executing their duties and other systems stipulated in paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act that are required to ensure proper operations of a stock company, as well as the status of the system developed pursuant to such resolution (i.e., internal control system). In regards to internal controls over financial reporting, we received reports from Directors, etc. and KPMG AZSA LLC on the evaluation and audit status of such internal controls, and sought explanations as necessary. With respect to subsidiaries, we were given an explanation of the situation by Directors, etc. in charge of the subsidiaries, and as necessary, communicated and exchanged information with the directors, corporate auditors, etc. of the subsidiaries and received reports on their businesses as appropriate. Based on the above methods, we examined the Business Report and the supplementary schedules for the fiscal year under review.

Furthermore, we monitored and verified whether or not the Accounting Auditor had maintained its independence and whether or not it had conducted its audit properly, received reports from the Accounting Auditor on the execution status of its duties, and sought explanations as necessary. In addition, we were notified by the Accounting Auditor that it is equipped with a *system for ensuring that duties are performed properly* (matters listed in the items of Article 131 of the Company Accounting Ordinance) in accordance with the Quality Control Standards for Audits (issued by the Business Accounting Council on October 28, 2005), etc., and sought explanations as necessary. Based on the above methods, we examined the Non-consolidated Financial Statements (i.e., Non-consolidated Balance Sheets, Non-consolidated Statements of Income, Non-consolidated Statements of Changes in Net Assets and Notes to the Non-Consolidated Financial Statements) and their supplementary schedules as well as the Consolidated Financial Statements (i.e., Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Changes in Net Assets and Notes to the Consolidated Financial Statements) for the fiscal year under review.

2. Audit Results

(1) Results of audit of Business Report, etc.

1. In our opinion, the Business Report and the supplementary schedules are in compliance with laws, ordinances and the Articles of Incorporation, and fairly represent the Company's position.
2. No material facts were identified regarding misconduct or violation of any laws, ordinances or the Articles of Incorporation in relation to the execution of duties by Directors.
3. In our opinion, the Board of Directors' resolution on the internal control system (including internal controls over financial reporting) is adequate in content. We found no matters that need to be pointed out in regards to the execution of duties by Directors in relation to said internal control system. Of note, we received reports from Directors, etc. and KPMG AZSA LLC that there are no material inadequacies to be disclosed in relation to internal controls over financial reporting as at the time of preparation of this Audit Report.

(2) Results of audit of Non-consolidated Financial Statements and their supplementary schedules

In our opinion, the methods and results of the audit conducted by Accounting Auditor KPMG AZSA LLC are reasonable.

(Translation)

(3) Results of audit of Consolidated Financial Statements

In our opinion, the methods and results of the audit conducted by Accounting Auditor KPMG AZSA LLC are reasonable.

May 15, 2015

Board of Auditors, Taiheiyo Cement Corporation

Corporate Auditor (Standing)	Kiyoshi Kamimura	[Seal]
Corporate Auditor (Standing)	Noriyuki Ishii	[Seal]
Outside Corporate Auditor	Atsushi Takano	[Seal]
Outside Corporate Auditor	Tomoyuki Watanabe	[Seal]