

News Releases

October 20, 2006

Revision of Earnings Forecasts for 1H FY 03/2007

Taiheiyo Cement Corporation today announced the following revisions to its earnings forecasts announced with FY 03/2006 results on May 16, 2006.

1. Revised non-consolidated forecasts for 1H FY 03/2007 (April 1, 2006-September 30, 2006)

	Unit	Net sales	Ordinary income	Net income
Previous forecasts (A)	¥ million	149,000	7,500	2,600
Revised forecasts (B)	¥ million	153,100	11,100	3,200
Change (B) - (A)	¥ million	4,100	3,600	600
Percent change	%	2.8	48.0	23.1
Ref: 1H FY 2006 results	¥ million	152,953	9,511	-6,636

2. Revised consolidated forecasts for 1H FY 03/2007 (April 1, 2006-September 30, 2006)

	Unit	Net sales	Ordinary income	Net income
Previous forecasts (A)	¥ million	440,000	17,500	2,200
Revised forecasts (B)	¥ million	453,000	24,500	6,500
Change (B) - (A)	¥ million	13,000	7,000	4,300
Percent change	%	3.0	40.0	195.5
Ref: 1H FY 2006 results	¥ million	427,652	17,581	-12,883

3. Main reasons for revising earnings forecasts

Non-consolidated

Increase in net sales

· We expect net sales to increase as a result of higher sales volume for landfill materials and a rise in the price of cement exports.

Increase in ordinary income

· We expect ordinary income to increase as a result of higher net sales as well as improvement in net financial expenses due to an increase in dividends received from consolidated subsidiaries.

Increase in net income

· We expect net income to increase despite recording extraordinary losses from a provision to the allowance for losses on overseas investments and from impairment losses.

Consolidated

Increase in net sales

· We expect net sales to increase as a result of higher non-consolidated sales at Taiheiyo Cement and higher sales at overseas cement subsidiaries in the US and elsewhere.

Increase in ordinary income

· We expect ordinary income to increase as a result of higher non-consolidated ordinary income at Taiheiyo Cement and higher ordinary income at overseas cement subsidiaries in the US and elsewhere.

Increase in net income

· We expect net income to increase as a result of higher non-consolidated net income at Taiheiyo Cement and higher net income at overseas cement subsidiaries in the US and elsewhere.

We are currently calculating our non-consolidated and consolidated earnings forecasts for FY 03/2007 and plan to announce these forecasts along with 1H FY 03/2007 results on November 14.