

News Releases

October 20, 2006

Extraordinary Losses in 1H FY 03/2007

Taiheiyo Cement Corporation today announced that it will record the following extraordinary losses in 1H FY 03/2007 (April 1, 2006-September 30, 2006).

1.Provision to the allowance for losses on overseas investments

We are recording an allowance for estimated losses at overseas consolidated subsidiary that own preferred stock in Ssangyong Cement Industrial Co., Ltd., an equity-method affiliate in South Korea.

As a result of calculating estimated losses as of September 30, 2006, we will record an additional ¥2 billion provision to the allowance for losses on overseas investments.

These losses will be eliminated in consolidated accounts and therefore not affect consolidated earnings.

2.Impairment losses

We will record impairment losses of ¥1 billion resulting from a decrease in the market value of land owned by Taiheiyo Cement.

3.Future outlook

We revised our earnings forecasts for 1H FY 03/2007 on October 20 to reflect the forgoing extraordinary losses.