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October 25, 2016

### Notice regarding revisions to the results forecast for the first half and full year of FY3/17

Taiheiyo Cement Corporation (the “Company”) hereby announces that revisions were made to the results forecast announced on May 12, 2016, in light of the latest performance trends. The details are as follows.

#### 1. Revised results forecast

Revised consolidated results forecast for the first half of FY3/17 (April 1, 2016 to September 30, 2016)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	EPS
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	387,000	18,500	18,500	11,000	8.95
Revised forecast (B)	376,000	21,000	20,000	42,000	33.95
Change (B) – (A)	(11,000)	2,500	1,500	31,000	—
Percent change (%)	(2.8)	13.5	8.1	281.8	—
Ref: FY3/16 first half result	415,152	25,255	26,396	15,802	12.86

Revised full-year consolidated results forecast for FY3/17 (April 1, 2016 to March 31, 2017)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	EPS
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	824,000	62,000	62,000	38,000	30.93
Revised forecast (B)	805,000	62,000	57,000	52,000	41.68
Change (B) – (A)	(19,000)	—	(5,000)	14,000	—
Percent change (%)	(2.3)	—	(8.1)	36.8	—
Ref: FY3/16 result	835,359	60,433	60,225	36,404	29.63

Revised non-consolidated results forecast for the first half of FY3/17 (April 1, 2016 to September 30, 2016)

	Net sales	Ordinary income	Profit	EPS
	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	150,000	10,500	7,000	5.66
Revised forecast (B)	141,000	16,500	51,000	40.95
Change (B) – (A)	(9,000)	6,000	44,000	–
Percent change (%)	(6.0)	57.1	628.6	–
Ref: FY3/16 first half result	149,133	16,176	12,206	9.88

Revised full-year non-consolidated results forecast for FY3/17 (April 1, 2016 to March 31, 2017)

	Net sales	Ordinary income	Profit	EPS
	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	316,000	28,000	17,000	13.76
Revised forecast (B)	302,000	33,000	54,000	42.98
Change (B) – (A)	(14,000)	5,000	37,000	–
Percent change (%)	(4.4)	17.9	217.6	–
Ref: FY3/16 result	300,642	36,214	26,326	21.30

## 2. Reasons for revisions to the results forecast

### (Consolidated)

Results for the first half of FY3/17 are expected to differ from the previous forecast due to the following reasons:

Net sales are expected to be lower than the previous forecast due to factors including the effects of a decrease in cement sales volume in Japan.

Operating income and ordinary income are expected to exceed the previous forecast due to factors including the effects of a reduction in manufacturing costs, although partially affected by a decrease in cement sales volume in Japan.

Profit attributable to owners of parent is expected to exceed the previous forecast due to factors including 1) the recognition of negative goodwill in line with the acquisition of DC Co., Ltd. as a wholly-owned subsidiary, and 2) the recording of deferred tax assets for the portion expected to be recovered in the future as a result of reassessing the collectability of deferred tax assets pertaining to temporary tax differences, etc. recognized at the fiscal year-end, reflecting the transfer of shares that recorded valuation losses during the previous fiscal year in line with the transfer of shares of Ssangyong Cement Industrial Co., Ltd. (hereinafter “Ssangyong”).

Full-year results for FY3/17 are expected to differ from the previous forecast due to the following reasons:

Net sales are expected to be lower than the previous forecast due to factors including the effects of a decrease in cement sales volume in Japan.

Operating income is expected to be on par with the initial plan due to factors including reduction of manufacturing costs, although partially affected by a decrease in cement sales volume in Japan.

Ordinary income is expected to be lower than the previous forecast due to factors including deteriorated equity in earnings of unconsolidated subsidiaries and affiliates.

Factors behind profit attributable to owners of parent are the same as those behind the results for the first half of FY3/17.

(Non-consolidated)

The results forecasts for the first half and full-year of FY3/17 are expected to differ from the previous forecasts due to the following reasons:

Net sales are expected to be lower than the previous forecast due to factors including the effects of a decrease in cement sales volume in Japan.

Ordinary income is expected to exceed the previous forecast due to factors including the effects of a reduction in manufacturing costs and recording of a reversal of allowance for doubtful accounts associated with the transfer of the shares of Ssangyong, although partially affected by a decrease in cement sales volume in Japan.

Profit is expected to exceed the previous forecast due to factors including the recording of gain on sales of investment securities in line with the transfer of the shares of Ssangyong, as well as the associated recording of deferred tax assets.

Note: Forecasts contained in this document are based on information currently available to the Company and certain assumptions the Company deems reasonable. Actual results may differ significantly for a variety of reasons, including changes in economic conditions, market demand, raw material and fuel prices, and foreign exchange rates.