

**Summary of Consolidated Financial Results of Sumitomo Osaka Cement Co., Ltd.**  
**for the First Half of Fiscal 2008, Ending March 31, 2008**

November 8, 2007

Company: Sumitomo Osaka Cement Co., Ltd.  
 Stock code: 5232  
 URL: <http://www.soc.co.jp/>

Fiscal 2007 1H: April 1, 2006–September 30, 2006  
 Fiscal 2007: April 1, 2006–March 31, 2007  
 Fiscal 2008 1H: April 1, 2007–September 30, 2007  
 Fiscal 2008: April 1, 2007–March 31, 2008

The accompanying consolidated financial results of the Company are prepared on the basis of accounting principals generally accepted in Japan and are not intended to conform with accounting principles and practices generally accepted in other countries and jurisdictions.

\*Figures are rounded down to the nearest million.

**1. Consolidated Results for the First Half of Fiscal 2008, Ending March 31, 2008 (April 1, 2007 – September 30, 2007)**

\* Percent figures for net sales, operating income, ordinary income and net income express percentage change from the same period of the previous fiscal year.

**(1) Consolidated Results**

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2008 1H	<b>94,878</b>	<b>(1.3)</b>	<b>5,563</b>	<b>(20.3)</b>	<b>5,323</b>	<b>(12.7)</b>	<b>2,253</b>	<b>(4.3)</b>
Fiscal 2007 1H	96,128	5.2	6,980	23.5	6,097	28.0	2,355	–
Fiscal 2007	198,362	–	15,783	–	13,884	–	6,000	–
	EPS		Diluted EPS					
		Yen		Yen				
Fiscal 2008 1H		<b>5.39</b>		–				
Fiscal 2007 1H		5.63		–				
Fiscal 2007		14.35		–				

**(2) Consolidated Financial Position**

	Total Assets	Net Assets	Total Equity to Total Assets	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2008 1H	<b>325,156</b>	<b>144,222</b>	<b>43.9</b>	<b>341.59</b>
Fiscal 2007 1H	314,012	136,597	43.0	323.08
Fiscal 2007	328,280	145,473	43.9	344.48

**(3) Consolidated Cash Flows**

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
	Fiscal 2008 1H	<b>7,975</b>	<b>(6,556)</b>	<b>(213)</b>
Fiscal 2007 1H	7,991	(6,097)	(9,527)	11,373
Fiscal 2007	20,687	(14,444)	(12,430)	12,813

## 2. Dividends

(Date of Record)	Dividends per share		
	Interim	Year-End	Annual
	Yen	Yen	Yen
FY2007	2.50	2.50	5.00
FY2008 (Actual)	2.50	-	6.00
FY2008 (Planned)	-	3.50	

## 3. Forecast of Consolidated Financial Results for Fiscal 2008 (April 1, 2007—March 31, 2008)

\*Percent figures for net sales, operating income, ordinary income and net income express percentage change from the same period of the previous fiscal year.

	Net Sales		Operating Income		Ordinary Income		Net Income		EPS
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2008	201,000	1.3	14,000	(11.3)	12,800	(7.8)	6,000	(0.0)	14.36

Note: Explanation regarding the appropriate use of the forecast of financial results and other special considerations

The above forecast figures are based on assumptions and beliefs in light of information available to management at the time of document preparation. Readers are advised that actual results may differ materially from the forecast due to a variety of factors.

## 4. Consolidated Financial Statements for the First Half of Fiscal 2008

### (1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2007 1H (as of September 30, 2006)		Fiscal 2008 1H (as of September 30, 2007)		Fiscal 2007 Year-End (as of March 31, 2007)	
		(%)		(%)		(%)
<b>ASSETS</b>						
<b>Current assets:</b>						
1. Cash and cash equivalents	11,422		14,200		13,009	
2. Trade receivables	42,338		38,835		43,432	
3. Securities	4		0		0	
4. Inventories	15,266		18,389		15,710	
5. Deferred tax assets	1,250		1,644		1,499	
6. Short-term loans to unconsolidated subsidiaries and affiliates	244		216		241	
7. Other	2,184		2,912		1,977	
Less: Allowance for doubtful receivables	(331)		(315)		(374)	
Total current assets	72,380	23.1	75,883	23.3	75,496	23.0
<b>Fixed assets:</b>						
1. Property, plant and equipment:						
(1) Buildings and structures	53,666		51,953		52,452	
(2) Machinery, equipment and tools	62,396		60,008		61,074	
(3) Land	39,385		39,156		39,524	
(4) Construction in progress	3,492		6,556		5,008	
(5) Other	12,729	171,670	12,403	170,077	12,560	170,619
2. Intangible fixed assets		5,482		6,076		6,208
3. Investments and other assets:						
(1) Investment securities	57,471		64,156		68,921	
(2) Long-term loans receivable	213		1,215		167	
(3) Deferred tax assets	577		735		667	
(4) Other	9,848		9,317		8,708	
Less: Allowance for doubtful receivables	(3,631)	64,478	(2,304)	73,118	(2,508)	75,955
Total fixed assets		241,632		249,273		252,783
<b>Total assets</b>		314,012		325,156		328,280
		100.0		100.0		100.0

(Millions of yen)

	Fiscal 2007 1H (as of September 30, 2006)		Fiscal 2008 1H (as of September 30, 2007)		Fiscal 2007 Year-End (as of March 31, 2007)	
		(%)		(%)		(%)
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current liabilities:</b>						
1. Trade payables	24,437		23,862		24,479	
2. Short-term bank loans	32,947		31,421		31,277	
3. Current portion of long-term debt	20,678		7,100		20,866	
4. Current portion of corporate bonds	—		5,000		—	
5. Accrued income taxes	2,453		1,972		3,736	
6. Accrued expenses	2,042		2,084		2,007	
7. Other	10,864		12,687		11,555	
Total current liabilities	93,423	29.8	84,128	25.9	93,922	28.6
<b>Long-term liabilities:</b>						
1. Corporate bonds	20,000		22,000		20,000	
2. Long-term debt	36,959		44,204		36,681	
3. Deferred tax liabilities	17,294		20,333		21,885	
4. Accrued severance benefits for employees	752		822		865	
5. Accrued severance benefits for directors and statutory auditors	285		312		318	
6. Allowance for loss on land improvements	—		—		396	
7. Other	8,699		9,132		8,738	
Total long-term liabilities	83,991	26.7	96,805	29.8	88,884	27.1
Total liabilities	177,415	56.5	180,934	55.7	182,806	55.7
<b>NET ASSETS</b>						
<b>Shareholders' equity:</b>						
1. Common stock	41,654	13.2	41,654	12.8	41,654	12.7
2. Capital surplus	31,081	9.9	31,085	9.5	31,082	9.4
3. Retained earnings	41,687	13.3	45,494	14.0	44,286	13.5
4. Treasury stock	(1,540)	(0.5)	(1,701)	(0.5)	(1,634)	(0.5)
Total shareholders' equity	112,882	35.9	116,532	35.8	115,389	35.1
<b>Valuation and translation adjustments:</b>						
1. Unrealized gain on available-for-sale securities	22,276	7.1	26,198	8.0	28,623	8.7
2. Foreign currency translation adjustments	(52)	(0.0)	(31)	(0.0)	(39)	(0.0)
Total valuation and conversions	22,224	7.1	26,167	8.0	28,583	8.7
<b>Minority interests</b>	1,490	0.5	1,522	0.5	1,500	0.5
Total net assets	136,597	43.5	144,222	44.3	145,473	44.3
<b>Total liabilities and net assets</b>	314,012	100.0	325,156	100.0	328,280	100.0

## (2) Consolidated Statements of Income

(Millions of yen)

	Fiscal 2007 1H (April 1, 2006 to September 30, 2006)		Fiscal 2008 1H (April 1, 2007 to September 30, 2007)		YoY Increase (Decrease)	Fiscal 2007 Year-End (April 1, 2006 to March 31, 2007)				
		(%)		(%)			(%)			
<b>Net sales</b>		96,128	100.0		94,878	100.0	(1,249)		198,362	100.0
<b>Cost of sales</b>		71,809	74.7		71,494	75.4	(315)		146,921	74.1
Gross profit		24,318	25.3		23,384	24.6	(934)		51,440	25.9
<b>Selling, general and administrative expenses</b>		17,338	18.0		17,821	18.8	482		35,657	17.9
Operating income		6,980	7.3		5,563	5.8	(1,417)		15,783	8.0
<b>Other income:</b>										
1. Interest income	32			50				70		
2. Dividend income	290			898				735		
3. Proceeds from investments in unconsolidated subsidiaries and affiliates	13			26				66		
4. Leasing income	69			70				140		
5. Other income	272	679	0.7	234	1,280	1.3	601	471	1,484	0.7
<b>Other expenses:</b>										
1. Interest expenses	963			1,028				1,947		
2. Other expenses	598	1,562	1.6	492	1,520	1.6	(41)	1,435	3,383	1.7
Ordinary income		6,097	6.4		5,323	5.5	(774)		13,884	7.0
<b>Extraordinary gains:</b>										
1. Gain on sales and disposal of fixed assets, net	75			231				216		
2. Gain on sales of securities, net	3			522				155		
3. Reversal of allowance for doubtful accounts	467			79				547		
4. Other income	—	546	0.5	—	833	0.9	286	50	969	0.5
<b>Extraordinary losses:</b>										
1. Loss on disposal of fixed assets	257			1,499				1,247		
2. Loss on sales of fixed assets	79			1				179		
3. Loss on write-down of stock	10			46				57		
4. Provision for doubtful accounts and loan losses	58			65				57		
5. Loss on disposal and devaluation of inventories	208			—				299		
6. Impairment loss on fixed assets	1,275			64				1,495		
7. Loss on land improvements	—			254				—		
8. Allowance for loss on land improvements	—			—				396		
9. Other	47	1,938	2.0	8	1,939	2.0	1	80	3,813	1.9
Income before income taxes and minority interests		4,706	4.9		4,216	4.4	(489)		11,040	5.6
Income taxes current	2,240			2,023				5,083		
Income taxes deferred	90	2,331	2.4	(85)	1,937	2.0	(393)	(66)	5,017	2.6
Minority interests		19	0.0		25	0.0	5		22	0.0
<b>Net income</b>		2,355	2.5		2,253	2.4	(101)		6,000	3.0

## (3) Consolidated Statements of Changes in Shareholders' Equity

For the first half of fiscal 2007, ended March 31, 2007 (April 1, 2006 to September 30, 2006)

(Millions of yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance as of March 31, 2006	41,654	31,079	41,005	(1,475)	112,263
Movements during the first half of fiscal 2007:					
Distribution of retained earnings *	—	—	(1,673)	—	(1,673)
Net income	—	—	2,355	—	2,355
Acquisition of treasury stock	—	—	—	(66)	(66)
Sales of treasury stock	—	1	—	1	2
Net change in line items other than shareholders' equity	—	—	—	—	—
Total due to movements during the first half of fiscal 2007	—	1	681	(64)	618
Balance as of September 30, 2006	41,654	31,081	41,687	(1,540)	112,882

	Valuation and Conversions			Minority Interests	Total Net Assets
	Net Unrealized Holding Gain on Other Securities	Foreign Currency Translation Adjustment	Total Valuation and Conversions		
Balance as of March 31, 2006	23,180	(49)	23,130	1,475	136,869
Movements during the first half of fiscal 2007:					
Distribution of retained earnings *	—	—	—	—	(1,673)
Net income	—	—	—	—	2,355
Acquisition of treasury stock	—	—	—	—	(66)
Sales of treasury stock	—	—	—	—	2
Net change in line items other than shareholders' equity	(903)	(2)	(906)	15	(891)
Total due to movements during the first half of fiscal 2007	(903)	(2)	(906)	15	(272)
Balance as of September 30, 2006	22,276	(52)	22,224	1,490	136,597

\* Appropriations of retained earnings was reported at the General Shareholders' Meeting held in June 2006.

For the first half of fiscal 2008, ending March 31, 2008 (April 1, 2007 to September 30, 2007)

(Millions of yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance as of March 31, 2007	41,654	31,082	44,286	(1,634)	115,389
Movements during the first half of fiscal 2008:					
Distribution of retained earnings	—	—	(1,046)	—	(1,046)
Net income	—	—	2,253	—	2,253
Acquisition of treasury stock	—	—	—	(70)	(70)
Sales of treasury stock	—	2	—	3	5
Net change in line items other than shareholders' equity	—	—	—	—	—
Total due to movements during the first half of fiscal 2008	—	2	1,207	(67)	1,142
Balance as of September 30, 2007	41,654	31,085	45,494	(1,701)	116,532

	Valuation and Conversions			Minority Interests	Total Net Assets
	Net Unrealized Holding Gain on Other Securities	Foreign Currency Translation Adjustment	Total Valuation and Conversions		
Balance as of March 31, 2007	28,623	(39)	28,583	1,500	145,473
Movements during the first half of fiscal 2008:					
Distribution of retained earnings	—	—	—	—	(1,046)
Net income	—	—	—	25	2,279
Acquisition of treasury stock	—	—	—	—	(70)
Sales of treasury stock	—	—	—	—	5
Net change in line items other than shareholders' equity	(2,424)	8	(2,416)	(2)	(2,419)
Total due to movements during the first half of fiscal 2008	(2,424)	8	(2,416)	22	(1,251)
Balance as of September 30, 2007	26,198	(31)	26,167	1,522	144,222

For fiscal 2007, ended March 31, 2007 (April 1, 2006 to March 31, 2007)

(Millions of yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance as of March 31, 2006	41,654	31,079	41,005	(1,475)	112,263
Movements during the first half of fiscal 2007:					
Distribution of retained earnings *	—	—	(2,718)	—	(2,718)
Net income	—	—	6,000	—	6,000
Acquisition of treasury stock	—	—	—	(161)	(161)
Sales of treasury stock	—	3	—	2	6
Net change in line items other than shareholders' equity	—	—	—	—	—
Total due to movements during fiscal 2007	—	3	3,281	(159)	3,125
Balance as of March 31, 2007	41,654	31,082	44,286	(1,634)	115,389

	Valuation and Conversions			Minority Interests	Total Net Assets
	Net Unrealized Holding Gain on Other Securities	Foreign Currency Translation Adjustment	Total Valuation and Conversions		
Balance as of March 31, 2006	23,180	(49)	23,130	1,475	136,869
Movements during the first half of fiscal 2007:					
Distribution of retained earnings *	—	—	—	—	(2,718)
Net income	—	—	—	—	6,000
Acquisition of treasury stock	—	—	—	—	(161)
Sales of treasury stock	—	—	—	—	6
Net change in line items other than shareholders' equity	5,443	9	5,453	24	5,477
Total due to movements during fiscal 2007	5,443	9	5,453	24	8,603
Balance as of March 31, 2007	28,623	(39)	28,583	1,500	145,473

\* Figures include ¥1,673 million appropriated from retained earnings was reported at the General Shareholders' Meeting held in June 2006.

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2007 1H (April 1, 2006 to September 30, 2006)	Fiscal 2008 1H (April 1, 2007 to September 30, 2007)	YoY Increase (Decrease)	Fiscal 2007 Year-End (April 1, 2006 to March 31, 2007)
<b>. Cash flows from operating activities:</b>				
1. Income before income taxes	4,706	4,216	(489)	11,040
2. Depreciation and amortization	6,969	7,840	871	14,300
3. Loss on impairment of fixed assets	1,275	64	(1,211)	1,495
4. Amortization of goodwill	68	68	(0)	137
5. Increase (decrease) in severance benefits for employees	(26)	(43)	(16)	85
6. Increase (decrease) in severance benefits for directors and statutory auditors	(449)	—	449	(417)
7. Increase (decrease) in allowance for loss on land improvement	—	(396)	(396)	396
8. Increase (decrease) in allowance for doubtful receivables	(281)	7	289	(69)
9. Interest and dividend income	(323)	(948)	(625)	(805)
10. Interest expenses	963	1,028	64	1,947
11. Foreign exchange (gain) loss	(9)	16	26	(9)
12. Gain on investments in unconsolidated subsidiaries and affiliates	(13)	(26)	(12)	(66)
13. Gain on sales of fixed assets	(75)	(231)	(156)	(216)
14. Loss on sales of fixed assets	79	1	(78)	179
15. Loss on disposal of fixed assets	129	372	243	597
16. Gain on sales of investment securities	(3)	(522)	(518)	(155)
17. Write-down of investments in common stock	10	46	35	57
18. Loss on disposal of inventories	208	—	(208)	299
19. Increase (decrease) in accounts receivable	(1,903)	4,599	6,502	(2,991)
20. Increase (decrease) in inventories	(1,144)	(2,673)	(1,528)	(1,679)
21. Increase (decrease) in accounts payable	1,285	(621)	(1,906)	1,327
22. Others	(268)	(994)	(726)	286
Subtotal	11,204	11,804	599	25,742
23. Interest and dividends received	320	949	628	802
24. Interest paid	(960)	(997)	(36)	(1,937)
25. Income taxes paid	(2,573)	(3,780)	(1,207)	(3,920)
<b>Net cash provided by (used in) operating activities</b>	<b>7,991</b>	<b>7,975</b>	<b>(15)</b>	<b>20,687</b>

(Millions of yen)

	Fiscal 2007 1H (April 1, 2006 to September 30, 2006)	Fiscal 2008 1H (April 1, 2007 to September 30, 2007)	YoY Increase (Decrease)	Fiscal 2007 Year-End (April 1, 2006 to March 31, 2007)
<b>. Cash flows from investing activities:</b>				
1. Proceeds from redemption of securities	0	—	(0)	0
2. Purchases of fixed assets	(5,400)	(7,230)	(1,830)	(14,421)
3. Proceeds from sales of fixed assets	148	553	405	1,286
4. Purchases of investment securities	(902)	(473)	429	(2,335)
5. Proceeds from sales of investment securities	21	1,633	1,612	937
6. Repayment of loans	(9)	(1,092)	(1,083)	(816)
7. Proceeds from collection of loans receivable	50	43	(7)	907
8. Other	(5)	9	14	(2)
<b>Net cash provided by (used in) investing activities</b>	<b>(6,097)</b>	<b>(6,556)</b>	<b>(458)</b>	<b>(14,444)</b>
<b>. Cash flows from financing activities:</b>				
1. Increase (decrease) in short-term bank loans	(1,048)	(1,092)	(43)	(2,721)
2. Proceeds from long-term loans	5,400	10,280	4,880	9,700
3. Repayment of long-term loans	(7,138)	(15,290)	(8,151)	(11,531)
4. Proceeds from issuance of bonds	—	7,000	7,000	—
5. Redemption of bonds	(5,000)	—	5,000	(5,000)
6. Proceeds from sales of treasury stock	2	5	2	6
7. Payments for acquisition of treasury stock	(66)	(70)	(4)	(161)
8. Cash dividends paid	(1,673)	(1,044)	628	(2,718)
9. Payments of dividends to minority shareholders	(3)	(1)	1	(3)
<b>Net cash provided by (used in) financing activities</b>	<b>(9,527)</b>	<b>(213)</b>	<b>9,313</b>	<b>(12,430)</b>
<b>. Effect of exchange rate changes on cash and cash equivalents</b>	<b>8</b>	<b>(0)</b>	<b>(9)</b>	<b>3</b>
<b>. Net increase (decrease) in cash and cash equivalents</b>	<b>(7,624)</b>	<b>1,205</b>	<b>8,829</b>	<b>(6,183)</b>
<b>. Cash and cash equivalents at beginning of year</b>	<b>18,997</b>	<b>12,813</b>	<b>(6,183)</b>	<b>18,997</b>
<b>. Cash and cash equivalents as of September 30, 2007</b>	<b>11,373</b>	<b>14,018</b>	<b>2,645</b>	<b>12,813</b>

## 5. Segment Information by Business

For the first half of fiscal 2007, ended March 31, 2007 (April 1, 2006 to September 30, 2006)

(Millions of yen)

	Cement	Mineral Resources	Cement-Related Products	Optoelectronics and Advanced Materials	Real Estate and Other	Total	Eliminations and Adjustments	Consolidated
Net sales and operating income (loss)								
Net sales:								
(1) Outside customers	76,791	4,177	4,694	6,931	3,532	96,128	—	96,128
(2) Intersegment sales	1,164	2,019	657	1	1,954	5,797	(5,797)	—
Total	77,956	6,197	5,351	6,933	5,487	101,925	(5,797)	96,128
Costs and expenses	72,313	5,627	5,341	6,915	4,696	94,893	(5,745)	89,147
Operating income (loss)	5,643	569	10	17	791	7,032	(51)	6,980

For the first half of fiscal 2008, ending March 31, 2008 (April 1, 2007 to September 30, 2007)

(Millions of yen)

	Cement	Mineral Resources	Cement-Related Products	Optoelectronics and Advanced Materials	Real Estate and Other	Total	Eliminations and Adjustments	Consolidated
Net sales and operating income (loss)								
Net sales:								
(1) Outside customers	74,820	4,570	4,932	6,993	3,561	94,878	—	94,878
(2) Intersegment sales	1,259	2,082	661	—	3,461	7,465	(7,465)	—
Total	76,079	6,652	5,594	6,993	7,023	102,344	(7,465)	94,878
Costs and expenses	71,361	6,148	5,599	7,455	6,165	96,730	(7,415)	89,315
Operating income (loss)	4,718	504	(4)	(462)	858	5,613	(50)	5,563

For fiscal 2007, ended March 31, 2007 (April 1, 2006 to March 31, 2007)

(Millions of yen)

	Cement	Mineral Resources	Cement-Related Products	Optoelectronics and Advanced Materials	Real Estate and Other	Total	Eliminations and Adjustments	Consolidated
Net sales and operating income (loss)								
Net sales:								
(1) Outside customers	157,148	8,676	11,823	13,152	7,561	198,362	—	198,362
(2) Intersegment sales	2,500	4,233	1,624	—	4,285	12,644	(12,644)	—
Total	159,648	12,910	13,448	13,152	11,847	211,007	(12,644)	198,362
Costs and expenses	146,355	11,779	12,889	13,923	10,212	195,160	(12,581)	182,579
Operating income (loss)	13,292	1,130	558	(771)	1,635	15,846	(62)	15,783

Notes:

1. Business segments are classified into categories on the basis of sales.
2. Major products in each business segment

Business segment	Major products
Cement	Various cements, ready-mixed concrete, cement solidification materials, electricity supply to cement plants and raw material and fuel recycling
Mineral Resources	Limestone and other mineral resources
Cement-Related Products	Repair materials for concrete buildings and secondary concrete products
Optoelectronics and Advanced Materials	Optical communication components and measuring equipment, films and filters for PDP and ceramic products
Real Estate and Other	Land and building leasing, OA equipment and various software