

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

Sumitomo Osaka Cement has not changed the forecast of results it announced on November 8, 2007.

【Reference】 Forecast of Consolidated Financial Results for Fiscal 2008 (April 1, 2007—March 31, 2008)

(Announced on November 8,2007)

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

	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.

3. Summary of Consolidated Balance Sheets for the First Quarter of Fiscal 2008

(Millions of yen)

	Fiscal 2007 Year-End (as of March 31, 2007)	Fiscal 2008 3Q (as of December 31, 2007)	YoY Increase (Decrease)		Fiscal 2007 3Q (as of December 31, 2006)
				(%)	
ASSETS					
Current assets:	75,496	77,710	2,213	2.9	75,683
Cash and cash equivalents	13,009	13,406	397	3.1	10,333
Trade receivables	43,432	42,067	(1,365)	(3.1)	44,751
Inventories	15,710	18,237	2,527	16.1	16,461
Short-term loans to unconsolidated subsidiaries and affiliates	241	647	405	167.7	1,046
Other	3,102	3,351	248	8.0	3,089
Fixed assets:	252,783	243,845	(8,938)	(3.5)	246,433
Property, plant and equipment	170,619	169,507	(1,111)	(0.7)	170,294
Intangible fixed assets	6,208	5,870	(337)	(5.4)	5,956
Investments and other assets:	75,955	68,466	(7,489)	(9.9)	70,181
Investment securities	68,921	59,543	(9,378)	(13.6)	63,180
Long-term loans receivable	167	1,193	1,026	614.4	199
Other	6,867	7,729	862	12.6	6,801
Total assets	328,280	321,555	(6,724)	(2.0)	322,116
LIABILITIES					
Current liabilities:	93,922	84,486	(9,435)	(10.0)	95,138
Trade payables	24,479	23,105	(1,373)	(5.6)	24,214
Short-term bank loans	31,277	31,693	416	1.3	33,691
Current portion of long-term debt	20,866	5,629	(15,236)	(73.0)	20,502
Current portion of corporate bonds	-	5,000	5,000	-	-
Accrued income taxes	3,736	1,482	(2,253)	(60.3)	2,771
Other	13,563	17,575	4,011	29.6	13,957
Long-term liabilities:	88,884	94,210	5,325	6.0	84,590
Corporate bonds	20,000	22,000	2,000	10.0	20,000
Long-term debt	36,681	43,519	6,837	18.6	35,135
Other	32,203	28,691	(3,512)	(10.9)	29,454
Total liabilities	182,806	178,696	(4,109)	(2.2)	179,728
NET ASSETS					
Shareholders' equity:	115,389	117,817	2,427	2.1	115,124
Common stock	41,654	41,654	-	-	41,654
Capital surplus	31,082	31,086	3,397	0.0	31,081
Retained earnings	44,286	46,796	2,509	5.7	43,972
Treasury stock	(1,634)	(1,719)	(84)	5.2	(1,583)
Valuation and translation adjustments:	28,583	23,477	(5,106)	(17.9)	25,742
Unrealized gain on available-for-sale securities	28,623	23,519	(5,104)	(17.8)	25,785
Foreign currency translation adjustments	(39)	(42)	(2)	6.0	(43)
Minority interests	1,500	1,564	64	4.3	1,521
Total net assets	145,473	142,859	(2,614)	(1.8)	142,388
Total liabilities and net assets	328,280	321,555	(6,724)	(2.0)	322,116

4. Summary of Consolidated Statements of Income for the Third Quarter of Fiscal 2008

(Millions of yen)

	Fiscal 2007 3Q (April 1, 2006 to December 31, 2006)	Fiscal 2008 3Q (April 1, 2007 to December 31, 2007)	YoY Increase (Decrease)		(Reference) Fiscal 2007 Year-End (April 1, 2006 to March 31, 2007)
				(%)	
Net sales	147,673	147,071	(601)	(0.4)	198,362
Cost of sales	108,400	110,307	1,906	1.8	146,921
Gross profit	39,273	36,764	(2,508)	(6.4)	51,440
Selling, general and administrative expenses	26,326	26,937	610	2.3	35,657
Operating income	12,946	9,827	(3,119)	(24.1)	15,783
Other income	1,271	1,731	460	36.2	1,484
Other expenses	2,457	2,274	(183)	(7.5)	3,383
Ordinary income	11,759	9,284	(2,475)	(21.0)	13,884
Extraordinary gains	609	899	289	47.5	969
Extraordinary losses	2,112	2,108	(3)	(0.2)	3,813
Income before income taxes and minority interests	10,257	8,075	(2,181)	(21.3)	11,040
Income taxes	4,524	3,404	(1,119)	(24.8)	5,017
Minority interests	47	72	25	52.9	22
Net income	5,685	4,598	(1,086)	(19.1)	6,000

5. Summary of Consolidated Statements of Cash Flows for the Third Quarter of Fiscal 2008

(Millions of yen)

	Fiscal 2007 3Q (April 1, 2006 to December 31, 2006)	Fiscal 2008 3Q (April 1, 2007 to December 21, 2007)	(Reference) Fiscal 2007 Year-End (April 1, 2006 to March 31, 2007)
. Cash flows from operating activities:			
Income before income taxes	10,257	8,075	11,040
Depreciation and amortization	10,909	12,054	14,300
Increase (decrease) in allowance for doubtful accounts	(741)	(705)	(620)
Increase (decrease) in other income and expenses	635	257	1,065
Increase (decrease) in extraordinary gains and losses	1,679	(300)	1,959
Increase (decrease) in liabilities	(5,615)	(2,577)	(3,043)
Others	318	506	1,040
Subtotal	17,442	17,309	25,742
Income taxes paid	(4,191)	(5,209)	(3,920)
Others	(581)	(230)	(1,135)
Net cash provided by (used in) operating activities	12,668	11,869	20,687
. Cash flows from investing activities:			
Purchases of fixed assets	(9,396)	(8,824)	(14,421)
Proceeds from sales of fixed assets	167	683	1,286
Other	(1,315)	(184)	(1,308)
Net cash provided by (used in) investing activities	(10,544)	(8,325)	(14,444)
. Cash flows from financing activities:			
Increase (decrease) in loans and corporate bonds	(8,046)	(982)	(9,553)
Cash dividends paid	(2,718)	(2,090)	(2,718)
Other	(105)	(81)	(158)
Net cash provided by (used in) financing activities	(10,871)	(3,154)	(12,430)
. Effect of exchange rate changes on cash and cash equivalents	3	(4)	3
. Net increase (decrease) in cash and cash equivalents	(8,742)	384	(6,183)
. Cash and cash equivalents at beginning of year	18,997	12,813	18,997
. Cash and cash equivalents as of December 31, 2007	10,255	13,198	12,813

6. Segment Information

Segment Information by Business

(Millions of yen)

	For the third quarter of fiscal 2007, ended March 31, 2007 (April 1, 2006 to December 31, 2006)							
	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	118,610	6,399	7,331	9,996	5,335	147,673		147,673
(2) Intersegment sales	1,940	3,195	1,181	1	2,774	9,093	(9,093)	
Total	120,551	9,595	8,512	9,998	8,109	156,766	(9,093)	147,673
Costs and expenses	110,018	8,691	8,287	9,822	6,940	143,760	(9,033)	134,727
Operating income (loss)	10,532	904	224	176	1,168	13,006	(60)	12,946

(Millions of yen)

	For the third quarter of fiscal 2008, ending March 31, 2008 (April 1, 2007 to December 31, 2007)							
	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	116,883	6,879	7,659	9,867	5,782	147,071	—	147,071
(2) Intersegment sales	2,142	3,168	1,184	—	4,769	11,265	(11,265)	—
Total	119,026	10,047	8,843	9,867	10,551	158,336	(11,265)	147,071
Costs and expenses	110,324	9,367	8,775	10,773	9,266	148,507	(11,262)	137,244
Operating income (loss)	8,721	680	68	(905)	1,285	9,829	(2)	9,827

(Reference)

(Millions of yen)

	Fiscal 2007, ended March 31, 2007 (April 1, 2006 to March 31, 2007)							
	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	(61)	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