

SUMITOMO
OSAKA
CEMENT CO., LTD.



Annual Report
1999

Sumitomo Osaka Cement Co., Ltd. leads the industry with its core cement operations. Activities also include aggressive promotion of cement-related products and new businesses. The Company is making every effort to establish a sound profit structure. As part of these efforts, Sumitomo Osaka Cement reached an agreement for strategic business alliance in cement operations with Denki Kagaku Kogyo K.K. in May 1998.

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Financial Highlights (Non-Consolidated)

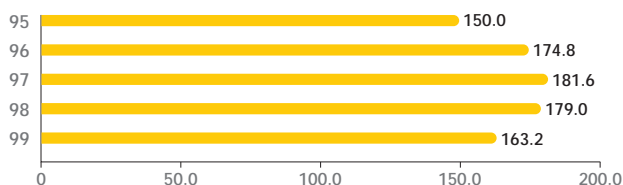
SUMITOMO OSAKA CEMENT CO., LTD.
Years ended 31st March

	Millions of yen					Thousands of U.S. dollars*
	1995	1996	1997	1998	1999	1999
Net sales	¥150,010	¥174,847	¥181,626	¥178,966	¥163,248	\$1,354,195
Net income	524	341	3,026	4,511	226	1,873
Shareholders' equity	120,572	119,720	121,330	121,101	114,480	949,646
Total assets	357,808	333,244	360,325	347,286	329,241	2,731,157
	Yen					U.S. dollars*
Per share						
Net income	¥1.43	¥0.75	¥6.62	¥9.88	¥0.53	\$0.004
Cash dividends	5.00	3.00	5.00	5.00	3.00	0.025

*Please refer to Note 1 of the notes to non-consolidated financial statements.

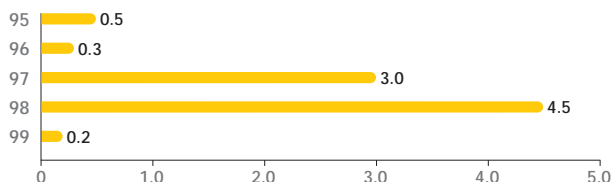
Net sales

(Billions of yen)



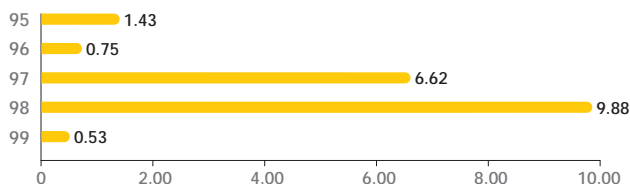
Net income

(Billions of yen)



Net income per share

(Yen)



In fiscal 1999, ended March 31, 1999, Sumitomo Osaka Cement Co., Ltd. recorded declines in net sales and net income due to a substantial drop in sales volume of cement. However, advanced materials and optoelectronics experienced another term of strong revenue increases, and are rapidly emerging as the Company's new engines for growth in earnings.

Business Environment

Demand for cement in both the private and public sector declined in the term under review. Domestic demand for cement in Japan fell 7.6% to 70.7 million tons. Exports dropped 32.6% following sharp declines in exports to Southeast Asia due to economic turmoil in that region. As a result, including exports, total sales volume of domestic cement manufacturers decreased 11.1% to 77.6 million tons. From a peak in fiscal 1997, the cement market in Japan has contracted 20% as prices continue to weaken.

The Year in Review

Net sales in fiscal 1999 declined 8.8% to ¥163,248 million. Unfortunately, this represents our second consecutive year of declining revenues, as advanced materials and optoelectronics showed robust growth but were unable to offset substantial decreases in domestic and overseas sales volume of cement.

Amid a steadily worsening operating environment and declining sales, we made strong efforts to streamline our business functions, realize competitive cement operations and expand new businesses.

The Company worked to maintain competitiveness in core cement operations to counteract the sluggish market. We stepped up efforts to reduce production costs, advancing factory automation (FA) at each of our plants and promoting the recycling of industrial waste. Following our success with the Ako Plant, we moved ahead with plans to make the Kochi Plant 100% electrically self-sufficient. And our strategic business alliance with Denki Kagaku Kogyo K.K. made in May 1998 achieved exceptional results in raising the efficiency of cement distribution.

In new businesses, the key to increasing profitability is expanded market share and strong sales growth. In addition to increasing sales of existing products in advanced materials and optoelectronics, our product development groups worked to develop new applications, launch new products and expand business activities.

The core of the Company's efforts in the term under review went toward maintaining profitability. However, substantial decreases in sales resulted in a 23.1% fall in operating income to ¥7,798 million. Net income dropped 95.0%



Hideomi Yamato
President

to ¥226 million, due to such factors as lower operating income and a loss on investments in subsidiaries and affiliates.

Due to the current harsh environment, the Company is reducing second-half dividends from ¥2.50 to ¥0.50. Dividends for the fiscal year are ¥3.00. We ask for your support and understanding in this matter.

Outlook

Total domestic demand for cement in the current fiscal year is expected to remain weak, as the effects of the government's economic stimulus package will be less than originally expected and the downward trend in private capital expenditure continues. In Asia, the chances of a recovery in exports remains uncertain as the market continues to be harsh and sales become increasingly difficult. In response, we are going to strengthen current efforts to reduce costs in production, marketing and distribution, and expand the activities of our new businesses. Sumitomo Osaka Cement believes it can face this environment, maintain profitability and increase earnings.

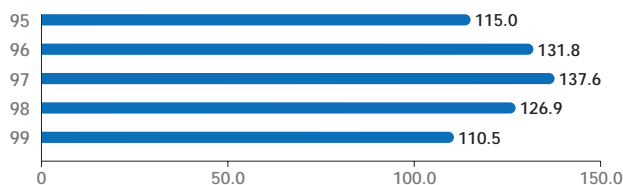
We ask that our shareholders carefully consider the strengths of the Company, the current operating environment and the actions it is taking to maintain profitability. As president of Sumitomo Osaka Cement, I ask for continued understanding and support.

山登英臣

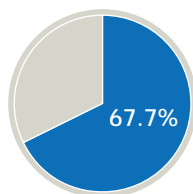
Hideomi Yamato
President

CEMENT Products

Net sales
(Billions of yen)



Share of net sales

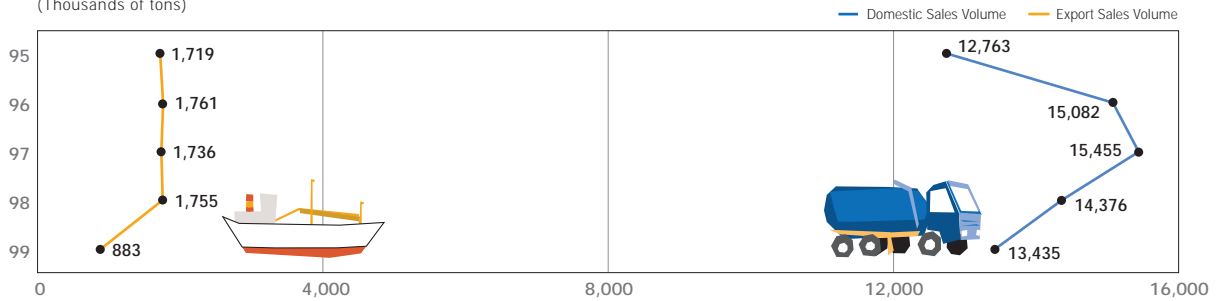


Domestic sales volume of cement decreased 6.5% to 13.4 million tons, due mainly to falling demand from the public and private sectors. Exports dropped 49.7% to 883 thousand tons, heavily impacted by a severe decline in demand among the countries of Southeast Asia. As a result, total sales volume of cement for the fiscal year under review decreased 11.2% to 14.3 million tons. Sales in the division slipped 12.9% to ¥110,524 million.

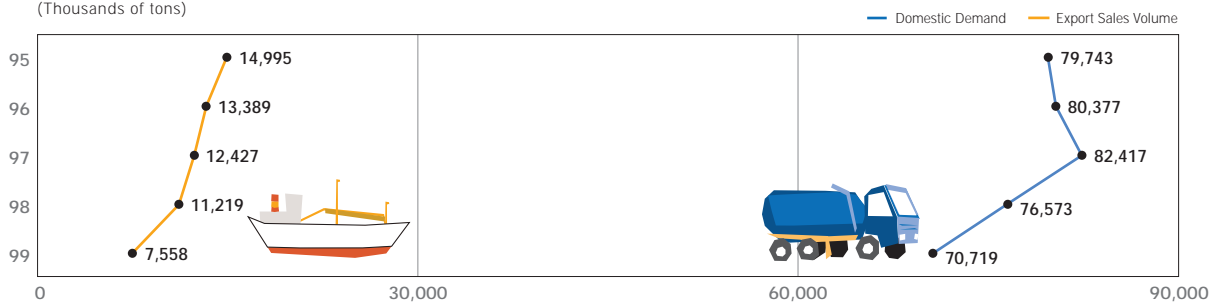
We believe that, in a severe cement market and an industry tending increasingly toward large-scale mergers and consolidation, revising our production and distribution system and lowering our cost structure are essential to realizing competitive cement operations. On May 26, 1998, we reached a basic agreement with Denki Kagaku Kogyo for a strategic alliance in cement operations aimed at reducing costs by pooling management resources and increasing their effective use. Terms include consigning 200 thousand tons per annum of cement production to Denki Kagaku Kogyo, expanding joint use of service stations, cement tankers and distribution terminals, and consolidating or closing ready-mixed concrete plants. By streamlining production and distribution, these measures are expected to reduce costs by approximately ¥1 billion annually. Future plans include joint construction, consolidation and closing of service stations.

In April 1998, we began construction of an in-house power generation plant at the Company's mainstay Kochi Plant. When the new generator went on line in August 1998, the Kochi Plant, which previously could only provide 60% of its electrical power through internal sources, became 100% self-sufficient. With the Ako Plant already 100% electrically self-sufficient, we are realizing considerable reductions in power costs.

Sumitomo Osaka Cement's domestic and export sales volume of cement
(Thousands of tons)



Domestic demand and export sales volume of cement
(Thousands of tons)



In addition, we are expanding the recycling of industrial waste to contribute to environmental solutions and to reduce production costs. Construction at the Ako Plant of a 3,000-ton coal ash storage silo was completed in August 1999. As a result, the Company has increased its coal ash processing capacity from 700,000 to 800,000 metric tons. Because coal ash can be used as an alternate raw material in cement, this move is also expected to reduce manufacturing costs. We plan to add similar facilities at each of our plants.

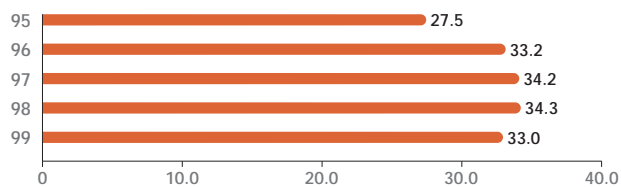
With each plant ISO 9002 certified, the Company followed up by acquiring ISO 14001 certification for the Ako Plant in December 1998 and the Kochi Plant in March 1999. We expect to obtain certification for the remaining four plants during the current term.



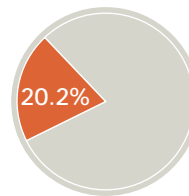
1. The Kochi Plant's in-house power generation plant, with output of 61,000 kW and annual gross generation capacity of approximately 300 million kWh
2. Sumitomo Osaka Cement aggressively promotes its environmental activities, including acquisition of ISO 14001 certification. (photo: Ako Plant)

CEMENT-RELATED Products

Net sales
(Billions of yen)



Share of net sales



Mineral Products

The Company made strong efforts to raise productivity and reduce costs at each of its quarries. In fiscal 1998, we introduced two new 180-ton dump trucks and a new 18-cubic meter wheel loader at our mainstay Shuho Quarry, and substantially consolidated heavy mining machinery. These new additions raised the mining productivity rate by 20%.

However, sales volume in this product area slipped 6.3% to 11.9 million tons, impacted by a drop in demand for limestone and aggregate.

The Company makes aggressive efforts toward preserving the environment through such measures as planting trees at quarries after mining is completed. For its work in returning greenery and vegetation to Ibuki Limestone Quarry after 30 years of operations, the Company received the Watanabe Award in April 1999, a highly prestigious award in the Japanese mining industry given by The Mining and Materials Processing Institute of Japan (MMIJ).

Building and Civil Engineering Materials

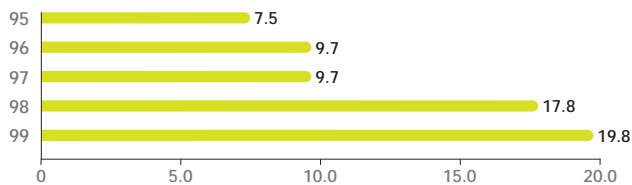
Sales in this product area slipped 3.1% to ¥20,135 million amid a sluggish construction market. Concrete repair projects have increased over the past several years. We continue to receive large-scale orders for the Sumice Elgard System, a cathodic protection repair method that uses a titanium mesh anode for reinforced concrete structures damaged by salt and carbonation. The Company has developed and released a series of new products, including a specialized cement for laborsaving rail track, formed from a combination of ballast and specialized concrete to prevent tunnel leaks, and specialized materials used as grout beneath concrete pavement at such locations as airports. Sales for these new products are expanding briskly.



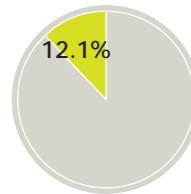
1. Newly introduced 180-ton dump truck and 18-cubic meter wheel loader at Shuho Quarry
2. Our Sumice Elgard System is highly regarded for its ability to protect reinforced concrete structures from corrosion.

NEW BUSINESSES

Net sales
(Billions of yen)



Share of net sales



Advanced Materials

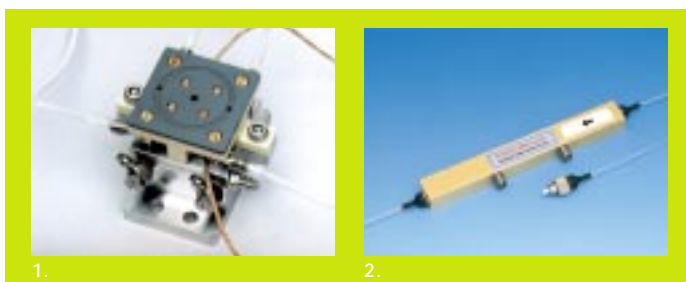
The Company recorded solid sales growth for transparent coating solutions that use ultrafine powder to achieve antistatic and antireflective effects. In September 1998, we launched a newly developed combined-type organic-inorganic ultrafine powder with antibacterial and mold-resistant features. By eliminating the need to use separate antibacterial solutions and mold-resistant materials, the new product has a wide range of material applications and is expected to spur growth in demand. In addition, we developed a silicone carbide ceramic (SiC) pulse-heat tool with a flip-chip bonder used for semiconductor board mounting. This new product was shipped to bonding-device manufacturers and end users on June 1998. In October 1998, we released a new version of our transparent heat shielding film Ray-Barrier, featuring enhanced heat shielding capabilities.

Optoelectronics

As a manufacturer and marketer of such fiber optic telecommunications components as LN modulators, the division has started selling modulators and other related components for terrestrial telecommunications networks and is planning to develop new demand in this area in addition to its traditional submarine cable market. The division will continue to make strong efforts to develop products that closely match customer needs in line with rapid progress in the fiber optic telecommunications infrastructure.

Others

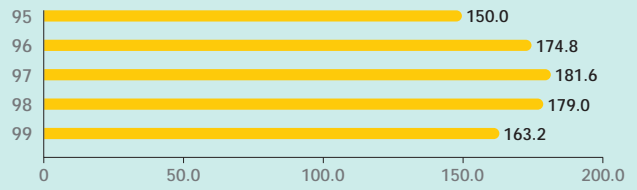
In January 1998, the Company reached an agreement on the sale of 65,000 kWh to Shikoku Electric Power Co., Inc., to begin April 2005. In real estate rental operations, in December 1998, the Company began construction of a large-scale home center on the site of an idle land in Tokyo's Koto-ku. The center is due for completion in October 1999 and will be leased to Shimachu Co., Ltd.



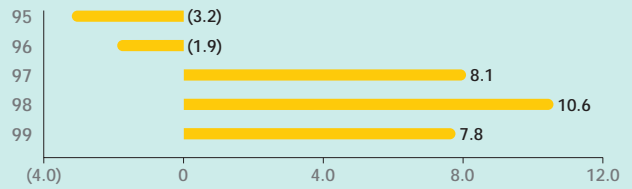
1. SiC pulse-heat tool with flip-chip bonder
2. Sumitomo Osaka Cement promotes optoelectronics businesses, including development of LN modulators.

Financial Section
Financial Review (Non-Consolidated)

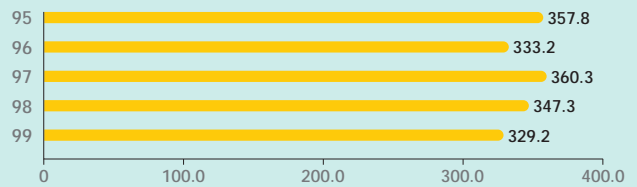
Net sales
 (Billions of yen)



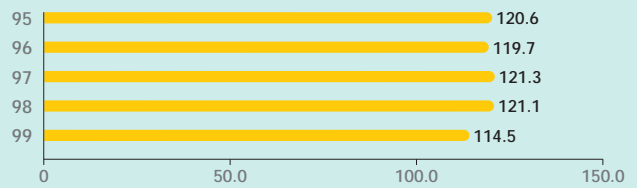
Operating income
 (Billions of yen)



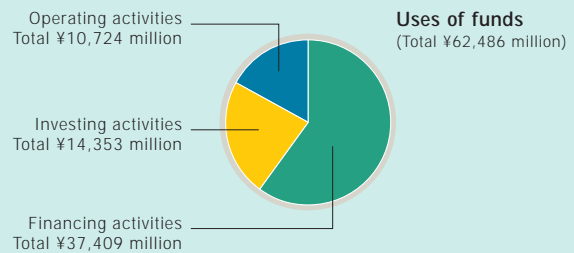
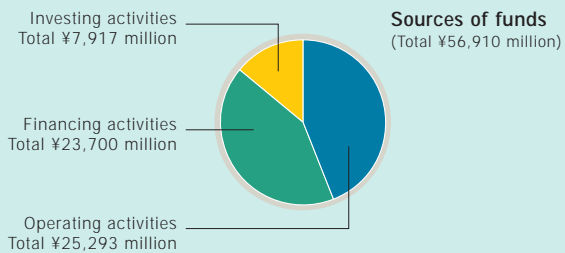
Total assets
 (Billions of yen)



Shareholders' equity
 (Billions of yen)



Sources and uses of funds



Income

Net sales for the fiscal year ended March 31, 1999, fell 8.8% to ¥163,248 million (US\$1,354.2 million) as demand for cement and cement-related products contracted substantially amid declines in capital investment in the private and public sectors. Exports of cement dropped due to the prolonged economic slump in Asia. Sales in the New Businesses Division continued to expand rapidly.

Despite a 9.3% decrease in cost of sales to ¥108,368 million (US\$899.0 million), gross profit fell 7.8% to ¥54,880 million (US\$455.2 million). Selling, general and administrative expenses were reduced 3.9% to ¥47,082 million (US\$390.6 million) benefiting from an alliance with Denki Kagaku Kogyo K.K. for streamlining production and distribution and other cost-cutting

efforts. However, operating income dropped 26.1% to ¥7,798 million (US\$64.7 million) due to the decline in sales.

The Company recorded a substantial increase in other expenses, net to ¥6,902 million (US\$57.3 million). The primary factors in this increase were a ¥4,500 million (US\$37.3 million) loss on investments in subsidiaries and affiliates in line with continued restructuring among ready-mixed concrete manufacturing subsidiaries, interest expense of ¥3,837 million (US\$31.8 million) and other, net of ¥2,131 million (US\$17.7 million).

Income before income taxes totaled ¥896 million (US\$7.4 million), while net income fell to ¥226 million (US\$1.9 million). Net income per share was ¥0.53.

Assets, Liabilities and Shareholders' Equity

Total current assets declined 12.3% to ¥97,040 million (US\$805.0 million) due to a decrease in cash and cash equivalents from ¥15,009 million in fiscal 1998 to ¥9,433 million (US\$78.2 million), as well as declines in trade receivables, marketable securities and short-term loans to subsidiaries and affiliates. Increased property, plant and equipment was offset by accumulated depreciation, and net property, plant and equipment remained virtually unchanged at ¥196,379 million (US\$1,629.0 million). Investments and other assets decreased 6.6% to ¥32,722 million (US\$271.4 million), chiefly due to an increase in the allowance for doubtful accounts to ¥4,459 million (US\$37.0 million). Total assets decreased 5.2% to ¥329,241 million (US\$2,731.2 million).

Total current liabilities declined 19.9% to ¥109,150 million (US\$905.4 million), arising from a 25.0% reduction in short-term

bank loans to ¥52,085 million (US\$432.1 million) and a 59.5% decrease in the current portion of long-term debt to ¥5,388 million (US\$44.7 million). As a result, the current ratio improved from 0.81 to 0.89.

Long-term liabilities increased 17.5% due to an increase in long-term debt to ¥98,878 million (US\$820.2 million) following an issue of ¥15,000 million (US\$124.4 million) in bonds and ¥1,344 million (US\$11.1 million) in convertible bonds. However, total liabilities decreased 5.1% to ¥214,761 million (US\$1,781.5 million).

Shareholders' equity declined 5.5% to ¥114,480 million (US\$949.6 million), as a portion of the capital surplus was allocated toward the Company's share buyback and retirement program. The shareholders' equity ratio edged down 0.1 percentage point to 34.8%.

Cash Flow

Net cash provided by operating activities decreased 39.0% to ¥14,569 million (US\$120.9 million), chiefly as a result of substantially reduced net income. Depreciation and amortization totaled ¥16,549 million (US\$137.3 million).

Net cash used in investing activities increased 54.3% to ¥6,436 million (US\$53.4 million). Principal uses of cash in this category included ¥13,159 million (US\$109.2 million) for purchases of property, plant and equipment, which offset ¥5,230 million (US\$43.4 million) from proceeds from sales of marketable securities and ¥1,480 million (US\$12.3 million) from proceeds from sales of property, plant and equipment.

Net cash used in financing activities increased 37.5% to ¥13,709 million (US\$113.7 million). Major uses for cash in this category involved management's efforts to alleviate its debt burden and reduce the number of shares outstanding. These

included ¥17,319 million (US\$143.7 million) in a decrease in short-term bank loans, ¥4,504 million (US\$37.4 million) for repayment of long-term loans, and ¥8,819 million (US\$73.2 million) for repayment of bonds with warrants and convertible bonds. In line with the Company's share buyback program, ¥4,564 million (US\$37.9 million) was recorded in repurchase and retirement of treasury stock. To offset these uses of cash, ¥15,000 million (US\$124.4 million) was provided through proceeds from issuance of bonds. Cash dividends paid were reduced 35.8% to ¥2,203 million (US\$18.3 million).

As a result, cash and cash equivalents at end of year fell 37.2% to ¥9,433 million (US\$78.2 million).

Interest paid during the fiscal year totaled ¥3,425 million (US\$28.4 million) and income taxes paid were ¥2,547 million (US\$21.1 million).

Non-Consolidated Balance Sheets
SUMITOMO OSAKA CEMENT CO., LTD.
31st March, 1998 and 1999

	Millions of yen		Thousands of U.S. dollars (Note 1)
	1998	1999	1999
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 15,009	¥ 9,433	\$ 78,248
Trade receivables:			
Accounts and notes	35,084	32,329	268,178
Subsidiaries and affiliates	4,960	3,958	32,834
Marketable securities (Notes 3 and 7)	35,783	32,051	265,871
Inventories (Note 4)	12,445	12,946	107,391
Short-term loans to subsidiaries and affiliates (Note 6)	2,095	1,156	9,593
Other	5,591	5,408	44,865
Less: Allowance for doubtful receivables	(311)	(241)	(1,999)
Total current assets	110,656	97,040	804,981
Fixed assets:			
Property, plant and equipment (Note 7):			
Land	43,329	44,436	368,607
Buildings and structures	116,320	117,861	977,698
Machinery, equipment and tools	295,279	300,855	2,495,691
Quarry sites	17,248	17,385	144,211
Construction in progress	8,642	12,995	107,795
Less: Accumulated depreciation	(282,370)	(297,153)	(2,464,979)
Property, plant and equipment, net	198,448	196,379	1,629,023
Investments and other assets:			
Investment securities (Note 3)	4,203	6,493	53,863
Investments in subsidiaries and affiliates (Note 5)	14,934	12,557	104,164
Long-term loans receivable	4,411	3,907	32,406
Long-term loans to subsidiaries and affiliates (Note 6)	5,421	6,209	51,506
Other	7,775	8,015	66,494
Less: Allowance for doubtful accounts	(1,701)	(4,459)	(36,992)
Total investments and other assets	35,043	32,722	271,441
Intangible fixed assets	3,139	3,100	25,712
Total	¥ 347,286	¥ 329,241	\$ 2,731,157

See the accompanying notes to non-consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	1998	1999	1999
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term bank loans (Note 7)	¥ 69,404	¥ 52,085	\$ 432,061
Commercial paper	16,000	18,000	149,316
Current portion of long-term debt (Note 7)	13,302	5,388	44,697
Trade payables:			
Accounts and notes	15,646	13,303	110,357
Subsidiaries and affiliates	8,955	8,069	66,932
Other	8,049	7,607	63,102
Allowance for loss on guarantees	—	1,366	11,331
Accrued income taxes (Note 9)	2,158	280	2,325
Accrued expenses	2,525	2,584	21,432
Other	232	468	3,882
Total current liabilities	136,271	109,150	905,435
Long-term liabilities:			
Long-term debt (Note 7)	82,588	98,878	820,221
Accrued severance benefits	1,079	1,014	8,410
Other	6,247	5,719	47,445
Total long-term liabilities	89,914	105,611	876,076
Total liabilities	226,185	214,761	1,781,511

Contingent liabilities (Note 11)

Shareholders' equity:

Common stock, ¥50 par value:

 Authorised: 1,492,929,000 shares

 Issued: 450,231,175 shares at 31st March, 1998 and

 427,432,175 shares at 31st March, 1999 (Note 8)

Capital surplus (Note 8)	41,654	41,654	345,534
Legal reserve (Note 8)	35,591	31,027	257,378
Retained earnings	7,172	7,401	61,392
Total shareholders' equity	36,684	34,398	285,342
Total	121,101	114,480	949,646
Total	¥347,286	¥329,241	\$2,731,157

Non-Consolidated Statements of Income
SUMITOMO OSAKA CEMENT CO., LTD.
Years ended 31st March, 1998 and 1999

	Millions of yen		Thousands of U.S. dollars (Note 1)
	1998	1999	1999
Net sales	¥178,966	¥163,248	\$1,354,195
Cost of sales	119,440	108,368	898,951
Gross profit	59,526	54,880	455,244
Selling, general and administrative expenses	48,968	47,082	390,555
Operating income	10,558	7,798	64,689
Other income (expenses):			
Interest and dividend income	1,791	1,497	12,415
Interest expense	(3,478)	(3,837)	(31,831)
Gain on sales or disposal of property, plant and equipment, net	2,703	348	2,891
Loss on investments in subsidiaries and affiliates (Note 10)	(5,017)	(4,500)	(37,327)
Gain on sales of securities	2,964	1,721	14,277
Other, net	(2,365)	(2,131)	(17,683)
	(3,402)	(6,902)	(57,258)
Income before income taxes	7,156	896	7,431
Income taxes (Note 9)	2,645	670	5,558
Net income	¥ 4,511	¥ 226	\$ 1,873

	Yen		U.S. dollars (Note 1)
	1998	1999	1999
Per share (Note 2(m)):			
Net income	¥ 9.88	¥ 0.53	\$ 0.004
Net income assuming dilution	9.85	—	—

See the accompanying notes to non-consolidated financial statements.

Non-Consolidated Statements of Shareholders' Equity

SUMITOMO OSAKA CEMENT CO., LTD.

Years ended 31st March, 1998 and 1999

	Thousands of shares of common stock	Millions of yen			
		Common stock	Capital surplus	Legal reserve	Retained earnings
Balance at 31st March, 1997	457,302	¥41,654	¥35,591	¥6,822	¥37,263
Repurchase and retirement of treasury stock	(7,071)	—	—	—	(1,240)
Net income for the year	—	—	—	—	4,511
Cash dividends paid	—	—	—	—	(3,430)
Transfer to legal reserve (Note 8)	—	—	—	350	(350)
Directors' and statutory auditors' bonuses	—	—	—	—	(70)
Balance at 31st March, 1998	450,231	41,654	35,591	7,172	36,684
Repurchase and retirement of treasury stock	(22,799)	—	(4,564)	—	—
Net income for the year	—	—	—	—	226
Cash dividends paid	—	—	—	—	(2,203)
Transfer to legal reserve (Note 8)	—	—	—	229	(229)
Directors' and statutory auditors' bonuses	—	—	—	—	(80)
Balance at 31st March, 1999	427,432	¥41,654	¥31,027	¥7,401	¥34,398

	Thousands of U.S. dollars (Note 1)			
	Common stock	Capital surplus	Legal reserve	Retained earnings
Balance at 31st March, 1998	\$345,534	\$295,242	\$59,495	\$304,302
Repurchase and retirement of treasury stock	—	(37,864)	—	—
Net income for the year	—	—	—	1,873
Cash dividends paid	—	—	—	(18,271)
Transfer to legal reserve (Note 8)	—	—	1,897	(1,897)
Directors' and statutory auditors' bonuses	—	—	—	(664)
Balance at 31st March, 1999	\$345,534	\$257,378	\$61,392	\$285,343

See the accompanying notes to non-consolidated financial statements.

Non-Consolidated Statements of Cash Flows
SUMITOMO OSAKA CEMENT CO., LTD.
Years ended 31st March, 1998 and 1999

	Millions of yen		Thousands of U.S. dollars (Note 1)
	1998	1999	1999
Operating activities:			
Net income	¥ 4,511	¥ 226	\$ 1,873
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortisation	17,431	16,549	137,283
Allowance for doubtful receivables	32	2	20
Accrued severance benefits, net of payments	(118)	(65)	(542)
Gain on sales and disposal of property, plant and equipment, and marketable and investment securities, net	(5,976)	(2,428)	(20,137)
Loss on investments in subsidiaries and affiliates	5,017	4,500	37,327
Other	389	147	1,226
Changes in operating assets and liabilities:			
Trade receivables	1,846	3,757	31,167
Inventories	(1,769)	(625)	(5,187)
Other assets	1,218	(530)	(4,400)
Trade payables	(1,792)	(3,785)	(31,401)
Accrued income taxes	1,911	(1,877)	(15,574)
Accrued expenses	88	112	933
Other liabilities	1,095	(1,414)	(11,731)
Total adjustments	19,372	14,343	118,984
Net cash provided by operating activities	23,883	14,569	120,857
Investing activities:			
Proceeds from sales of property, plant and equipment	13,841	1,480	12,282
Purchases of property, plant and equipment	(23,021)	(13,159)	(109,154)
Proceeds from sales of marketable securities	5,200	5,230	43,385
Increase in marketable securities	(119)	(3)	(24)
Increase in investment securities	(185)	(134)	(1,114)
Increase in investments in subsidiaries and affiliates	(221)	—	—
Decrease in short-term loans to subsidiaries and affiliates	1,600	702	5,821
Decrease in long-term loans receivable	90	505	4,187
Decrease (increase) in long-term loans to subsidiaries and affiliates	1,454	(788)	(6,541)
Other	(2,811)	(269)	(2,228)
Net cash used in investing activities	(4,172)	(6,436)	(53,386)
Financing activities:			
Decrease in short-term bank loans	(7,571)	(17,319)	(143,665)
(Decrease) increase in commercial paper	(4,500)	2,000	16,591
Proceeds from long-term loans	31,870	6,700	55,578
Repayment of long-term loans	(5,213)	(4,504)	(37,369)
Proceeds from issuance of bonds	20,000	15,000	124,429
Redemption of bonds with warrants and convertible bonds	(39,874)	(8,819)	(73,156)
Cash dividends paid	(3,430)	(2,203)	(18,271)
Repurchase and retirement of treasury stock	(1,240)	(4,565)	(37,868)
Net cash used in financing activities	(9,958)	(13,709)	(113,727)
Net increase (decrease) in cash and cash equivalents	9,753	(5,576)	(46,256)
Cash and cash equivalents at beginning of year	5,256	15,009	124,504
Cash and cash equivalents at end of year	¥ 15,009	¥ 9,433	\$ 78,248
Supplemental cash flow disclosures:			
Interest paid	¥ 3,094	¥ 3,425	\$ 28,410
Income taxes paid	460	2,547	21,132

See the accompanying notes to non-consolidated financial statements.

1. BASIS OF PRESENTING FINANCIAL STATEMENTS

Sumitomo Osaka Cement Co., Ltd. (the "Company"), which changed its name from Sumitomo Cement Co., Ltd. ("Sumitomo Cement") upon merging with Osaka Cement Co., Ltd. ("Osaka Cement") on 1st October, 1994, maintains its accounting records and prepares its financial statements in accordance with accounting principles and practices generally accepted and applied in Japan.

The accompanying non-consolidated financial statements have been prepared from the financial statements filed with the Minister of Finance (the "MOF") as required by the Japanese Securities and Exchange Law. Accordingly, the accompanying non-consolidated financial statements are not intended to present the non-consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. Certain reclassifications have been made in the accompanying non-consolidated financial statements to facilitate understanding by readers outside Japan.

Non-consolidated statements of cash flows have been prepared for the purpose of inclusion in these non-consolidated financial statements, although such statements are not customarily prepared in Japan and are not currently required to be filed with the MOF.

The U.S. dollar amounts are included solely for the convenience of the reader and are stated, as a matter of arithmetic computation only, at U.S.\$1.00=¥120.55, the exchange rate prevailing on 31st March, 1999. These translations should not be construed as representations that the Japanese yen amounts actually represent, or have been or could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash and cash equivalents include all highly liquid debt instruments purchased with a maturity of three months or less.

(b) Marketable securities and investment securities

Marketable securities and investment securities are stated at cost determined by the moving average method.

(c) Investments in subsidiaries and affiliates

Investments in subsidiaries (majority-owned companies) and affiliates (companies owned 20 per cent. to 50 per cent.) are substantially carried at cost. Accordingly, income from subsidiaries and affiliates is recognised only when the Company receives dividends from them and unrealised intercompany profits arising from any transactions among the Company, its subsidiaries and affiliates have not been eliminated in the accompanying non-consolidated financial statements.

Appropriate write-downs are recorded for investments in subsidiaries and affiliates whose value has declined and which are not expected to recover such losses in the near future.

(d) Inventories

Inventories are stated at cost determined by the moving average method.

(e) Allowance for doubtful receivables

The allowance for doubtful receivables is provided at an estimated amount of the anticipated losses on bad debts plus the maximum amount which can be charged to income under the Japanese income tax laws.

(f) Property, plant and equipment

Property, plant and equipment is stated at cost. Depreciation is calculated by the declining-balance method for property, plant and equipment (except for the quarry sites, the cement production equipment at the Kouchi Plant and the in-house power generation facility at the Ako Plant) at rates based on the estimated useful lives of the respective assets as prescribed in the Japanese income tax laws. The ranges of the useful lives are as follows: buildings and structures, 2 to 75 years; machinery, equipment and tools, 2 to 22 years. Quarry sites are depreciated by the units-of-production method. Depreciation of the cement production equipment at the Kouchi Plant and the in-house power generation facility at the Ako Plant is calculated by the straight-line method.

Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

(g) Amortisation

Amortisation of intangible assets is computed by the straight-line method. Issuance expenses for bonds are charged to income as incurred.

(h) Foreign currency translation

Foreign currency amounts are translated into Japanese yen on the basis of the rates of exchange in effect at the balance sheet date for current monetary assets and liabilities, and at historical rates for other assets and liabilities. Historical rates are used for the translation of income and expenses. Gains or losses resulting from the translation of foreign currency transactions are credited or charged to income as incurred.

(i) Accounting for leases

With the exception of leases which stipulate the transfer of ownership of the leased assets to the lessee, capital leases are accounted for in accordance with the same method of accounting as that followed for operating leases.

(j) Income taxes

Income taxes are provided based on the taxable income reported in the tax returns for the respective years. No tax effect is recorded for timing differences in the recognition of certain income and expenses for tax and financial reporting purposes.

(k) Accrued severance benefits and pension plan

Employees of the Company are covered by its funded retirement pension plan. Benefits under this plan are based on current basic salary rates and length of service. Payments to the pension fund, including current period costs and amortisation of prior service cost, are charged to income when paid. The balance of the accumulated funded assets amounted to ¥4,981 million and ¥5,624 million (U.S.\$46,651 thousand) at 31st March, 1998 and 1999.

Effective 1st October, 1996, the funded pension plan of the former Sumitomo Cement and that of the former Osaka Cement were integrated. The balance of accrued severance benefits previously provided for the periodic cost of such benefits became excessive when the two funds were integrated. Accordingly, the period cost of severance benefits is not stated in the non-consolidated statements of income for the year ended 31st March, 1997.

The reserve for accrued severance benefits is to be reversed over seven years in conformity with the Japanese income tax laws.

Directors and statutory auditors are generally entitled to receive lump-sum payments based on compensation and years of service at the time of retirement. Such lump-sum retirement payments are covered by an unfunded retirement benefits plan, the liability for which is included in accrued severance benefits, and which amounted to ¥470 million and ¥507 million (U.S.\$4,205 thousand) for 1998 and 1999, respectively.

(l) Appropriation of retained earnings

Under the Japanese Commercial Code and the Articles of Incorporation of the Company, appropriations of retained earnings (primarily for cash dividend payments) proposed by the Board of Directors must be approved at a shareholders' meeting held within three months of the end of each fiscal year. The appropriations of retained earnings reflected in the accompanying non-consolidated financial statements represent appropriations applicable to the immediately preceding financial year, which were duly approved at a shareholders' meeting and implemented during that year. Dividends are paid to shareholders of record at the end of the fiscal year.

As is customary practice in Japan, payments of bonuses to directors and statutory auditors, which constitute a portion of the appropriations referred to above, are appropriated from retained earnings rather than charged to income for the year.

(m) Net income per share

Net income per share of common stock is based upon the weighted average number of shares of common stock outstanding during each year. Net income per share of common stock assuming dilution is based on the weighted average number of shares of common stock outstanding after consideration of the dilutive effect of common stock equivalents which include warrants and certain convertible bonds.

3. MARKETABLE SECURITIES AND INVESTMENT SECURITIES

Marketable securities and investment securities at 31st March, 1998 and 1999 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1998	1999	1999
Marketable securities:			
Listed corporate stock	¥34,853	¥31,533	\$261,574
National government bonds	4	7	58
Other	926	511	4,239
	¥35,783	¥32,051	\$265,871
Investment securities:			
Corporate stock	¥ 4,203	¥ 6,493	\$ 53,863
	¥ 4,203	¥ 6,493	\$ 53,863

4. INVENTORIES

Inventories at 31st March, 1998 and 1999 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1998	1999	1999
Finished goods	¥ 4,502	¥ 4,990	\$ 41,392
Semi-finished goods	1,286	1,473	12,219
Raw materials	3,369	2,976	24,691
Supplies	3,288	3,507	29,089
	¥12,445	¥12,946	\$107,391

5. INVESTMENTS IN SUBSIDIARIES AND AFFILIATES

Investments in subsidiaries and affiliates at 31st March, 1998 and 1999 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1998	1999	1999
Subsidiaries	¥10,452	¥10,316	\$ 85,573
Affiliates	4,482	2,241	18,591
	¥14,934	¥12,557	\$104,164

6. LOANS TO SUBSIDIARIES AND AFFILIATES

Loans to subsidiaries and affiliates at 31st March, 1998 and 1999 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1998	1999	1999
Short-term loans:			
Subsidiaries	¥1,885	¥1,056	\$8,764
Affiliates	210	100	829
	¥2,095	¥1,156	\$9,593

7. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans represent overdrafts. The annual interest rates applicable to the loans outstanding at 31st March, 1998 and 1999 ranged from 0.6 per cent. to 1.7 per cent. and from 0.5 per cent. to 1.7 per cent., respectively.

Long-term debt at 31st March, 1998 and 1999 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1998	1999	1999
Loans, principally from banks and insurance companies due from 1999 to 2027 with mortgage and collateral	¥60,727	¥ 62,922	\$521,956
Bonds	25,000	40,000	331,813
Convertible bonds	10,163	1,344	11,149
	¥95,890	¥104,266	\$864,918
Less: current portion of long-term debt:			
Convertible bonds	¥ 8,819	¥ —	\$ —
Loans	4,483	5,388	44,697
	¥13,302	¥ 5,388	\$ 44,697
	¥82,588	¥ 98,878	\$820,221

The annual interest rates applicable to the long-term loans outstanding at 31st March, 1998 and 1999 ranged from 2.1 per cent. to 7.6 per cent. and from 1.7 per cent. to 6.4 per cent., respectively.

The aggregate annual maturities of long-term loans subsequent to 31st March, 1999 are as follows:

Year ending 31st March,	Millions of yen	Thousands of U.S. dollars
2000	¥ 5,388	\$ 44,697
2001	5,075	42,096
2002	6,544	54,281
2003	5,595	46,416
2004 and thereafter	40,320	334,466
	¥62,922	\$521,956

On 2nd October, 1987, the Company issued 2.0 per cent. yen convertible bonds due 2002. The bonds are convertible into shares of common stock of the Company at the option of the holders at the current conversion price of ¥615.50 (U.S.\$5.11) per share.

On 31st March, 1989, the Company issued 1.8 per cent. yen convertible bonds due 1998. The bonds are convertible into shares of common stock of the Company at the option of the holders at the current conversion price of ¥1,141.70 (U.S.\$9.47) per share.

Assets pledged as collateral for long-term debt at 31st March, 1998 and 1999 are summarised as follows:

	Millions of yen		Thousands of U.S. dollars
	1998	1999	1999
Property, plant and equipment, at net book value	¥64,199	¥59,798	\$496,047
Marketable securities	18,953	21,606	179,226
	¥83,152	¥81,404	\$675,273

8. SHAREHOLDERS' EQUITY

Proceeds from the conversion of convertible bonds into common stock have been accounted for in accordance with the provisions of the Japanese Commercial Code by crediting one-half each of such proceeds to the common stock and capital surplus accounts.

Under the Japanese Commercial Code, the Company is required to appropriate to the legal reserve a portion of retained earnings equal to at least 10 per cent. of any disbursements of cash appropriations of retained earnings (including bonuses to directors and statutory auditors as well as cash dividends) and, in the case of interim cash dividends, exactly 10 per cent. of interim cash dividends paid, until such reserve equals 25 per cent. of stated capital.

The legal reserve may be used to reduce a deficit or may be transferred to stated capital, but is not available for distribution as dividends.

9. INCOME TAXES

Income taxes applicable to the Company comprise corporation tax, inhabitants' taxes and enterprise tax, which, in the aggregate, resulted in statutory tax rates of approximately 51 per cent. and 46 per cent. for the years ended 31st March, 1998 and 1999, respectively. The effective tax rates reflected in the accompanying non-consolidated statements of income differ from the statutory tax rates. The differences arise principally from the effect of timing differences in the recognition of certain income and expenses for tax and financial reporting purposes, the effect of permanent non-deductible expenses and certain tax credits.

10. LOSS ON INVESTMENTS IN SUBSIDIARIES AND AFFILIATES

Loss on investments in subsidiaries and affiliates for the years ended 31st March, 1998 and 1999 are summarised as follows:

	Millions of yen		Thousands of U.S. dollars
	1998	1999	1999
Write-down of investments in common stock	¥ 29	¥ 32	\$ 261
Provision of allowance for bad debts, doubtful investments and loss on guarantees	1,173	4,052	33,608
Loss on liquidation of subsidiaries	3,815	416	3,458
	¥5,017	¥4,500	\$37,327

11. CONTINGENT LIABILITIES

Contingent liabilities at 31st March, 1999 were as follows:

	Millions of yen	Thousands of U.S. dollars
	Guarantees of loans to:	
Subsidiaries and affiliates	¥17,969	\$149,060
Others	1,765	14,638
	¥19,734	\$163,698

12. LEASED ASSETS

The Company leases certain buildings and structures, machinery, equipment and tools.

Assets held at 31st March, 1998 and 1999 under capital leases which do not transfer the ownership of such assets to the lessee are summarised as follows:

	Millions of yen		Thousands of U.S. dollars
	1998	1999	1999
Buildings and structures	¥2,086	¥1,987	\$16,480
Machinery, equipment and tools	22	15	129
	¥2,108	¥2,002	\$16,609

Income from leased assets and depreciation of leased assets for the years ended 31st March, 1998 and 1999 were as follows:

	Millions of yen		Thousands of U.S. dollars
	1998	1999	1999
Income from leased assets	¥327	¥318	\$2,638
Depreciation of leased assets	100	106	883

13. MARKETABLE AND INVESTMENT SECURITIES

The book and market value of marketable and investment securities at 31st March, 1998 and 1999 is summarised as follows:

	Millions of yen		
	1998		
	Book value	Market value	Net realised gains (loss)
Marketable securities:			
Corporate stock	¥34,853	¥77,002	¥42,149
Other	570	496	(74)
	35,423	77,498	42,075
Investment securities:			
Corporate stock	1,807	2,071	264
Investment in subsidiaries and affiliates corporate stock	2,196	4,113	1,917
	4,003	6,184	2,181
	¥39,426	¥83,682	¥44,256

	Millions of yen		
	1999		
	Book value	Market value	Net realised gains (loss)
Marketable securities:			
Corporate stock	¥31,535	¥66,203	¥34,668
Other	443	391	(52)
	31,978	66,594	34,616
Investment securities:			
Corporate stock	4,103	3,267	(836)
	4,103	3,267	(836)
	¥36,081	¥69,861	¥33,780

	Thousands of U.S. dollars		
	1999		
	Book value	Market value	Net realised gains (loss)
Marketable securities:			
Corporate stock	\$261,589	\$549,178	\$287,589
Other	3,676	3,245	(431)
	265,265	552,423	287,158
Investment securities:			
Corporate stock	34,035	27,097	(6,938)
	34,035	27,097	(6,938)
	\$299,300	\$579,520	\$280,220

Securities which have not been included in market value information presented above are summarised as follows:

	Millions of yen		Thousands of U.S. dollars	
	1998	1999	1999	1999
Marketable securities:				
Unlisted national bonds	¥ 310	¥ 50	\$ 415	
Financial bonds	29	15	124	
Certificates of deposit in investment trust	20	10	83	
	¥ 359	¥ 75	\$ 622	
Investment securities:				
Unlisted corporate stock	¥ 200	¥ 2,390	\$ 19,825	
Investments in subsidiaries and affiliates unlisted corporate stock	12,738	12,557	104,164	
	¥12,938	¥14,947	\$123,989	

14. DERIVATIVE FINANCIAL INSTRUMENTS

The Company utilizes derivative financial instruments primarily to hedge its exposure to fluctuations in interest rates and foreign exchange rates. As a matter of policy, the Company does not speculate in derivative instruments.

The Company does not anticipate nonperformance by any of the counterparties to such transactions, all of whom are domestic financial institutions with high bond ratings.

The Company had no open derivatives positions at 31st March, 1998. Derivative financial instruments at 31st March, 1999 are summarised as follows:

	Millions of yen			
	1999			
	Contract values or notional principal amounts	Market value	Net realised gains (loss)	
	Total	Over 1 year		
Currency and foreign exchange transactions:				
Forward foreign exchange contracts				
Buy				
U.S. dollars	¥ 156	¥ —	¥154	¥ 2
	156	—	154	2

Interest rate transactions:

	Thousands of U.S. dollars			
	1999			
	Contract values or notional principal amounts	Market value	Net realised gains (loss)	
	Total	Over 1 year		
Swaps				
Receive floating rate				
Pay-fixed rate	5,000	5,000	(47)	(47)
	¥5,000	¥5,000	¥ (47)	¥(47)

	Thousands of U.S. dollars			
	1999			
	Contract values or notional principal amounts	Market value	Net realised gains (loss)	
	Total	Over 1 year		
Currency and foreign exchange transactions:				
Forward foreign exchange contracts				
Buy				
U.S. dollars	\$ 1,296	\$ —	\$1,280	\$ 16
	1,296	—	1,280	16

Interest rate transactions:

	Thousands of U.S. dollars			
	1999			
	Contract values or notional principal amounts	Market value	Net realised gains (loss)	
	Total	Over 1 year		
Swaps				
Receive floating rate				
Pay-fixed rate	41,477	41,477	(386)	(386)
	\$41,477	\$41,477	\$ (386)	\$(386)

15. SUBSEQUENT EVENT

The following appropriations of retained earnings were approved at a shareholders' meeting of the Company held on 29th June, 1999:

	Millions of yen	Thousands of U.S. dollars
Cash dividends	¥214	\$1,773
Transfer to legal reserve	29	241
Bonuses to directors and statutory auditors	70	580
	¥313	\$2,594

Report of Certified Public Accountants

The Board of Directors
Sumitomo Osaka Cement Co., Ltd.

We have examined the non-consolidated balance sheets of Sumitomo Osaka Cement Co., Ltd. as of 31st March, 1998 and 1999, and the related non-consolidated statements of income, shareholders' equity, and cash flows for the years then ended, expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned non-consolidated financial statements present fairly the financial position of Sumitomo Osaka Cement Co., Ltd. at 31st March, 1998 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period.

The U.S. dollar amounts in the aforementioned non-consolidated financial statements with respect to the year ended 31st March, 1999 are presented solely for convenience. Our examination also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the non-consolidated financial statements.



Showa Ota & Co.

Tokyo, Japan
29th June, 1999

Consolidated Balance Sheets
SUMITOMO OSAKA CEMENT CO., LTD.
31st March, 1998 and 1999

	Millions of yen		Thousands of U.S. dollars (Note 1)
	1998	1999	1999
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 22,679	¥ 17,339	\$ 143,830
Trade receivables:			
Accounts receivable	30,234	30,843	255,851
Notes receivable	31,257	29,639	245,865
Marketable securities (Notes 3 and 6)	37,002	33,090	274,489
Inventories (Note 4)	17,414	19,867	164,800
Short-term loans to unconsolidated subsidiaries and affiliates (Note 5)	1,456	494	4,098
Other	7,119	5,720	47,454
Less: Allowance for doubtful receivables	(518)	(463)	(3,838)
Total current assets	146,643	136,529	1,132,549
Fixed assets:			
Property, plant and equipment (Note 6):			
Land	46,312	47,453	393,638
Buildings and structures	132,226	133,938	1,111,058
Machinery, equipment and tools	340,531	347,560	2,883,119
Quarry sites	18,183	18,331	152,063
Construction in progress	8,814	12,976	107,636
Less: Accumulated depreciation	(319,470)	(337,323)	(2,798,199)
Property, plant and equipment, net	226,596	222,935	1,849,315
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates	7,351	5,160	42,807
Long-term loans receivable	4,475	3,947	32,741
Long-term loans to unconsolidated subsidiaries and affiliates (Note 5)	1,020	2,094	17,370
Other	17,400	18,444	152,998
Less: Allowance for doubtful accounts	(1,182)	(4,009)	(33,256)
Total investments and other assets	29,064	25,636	212,660
Intangible fixed assets	3,985	4,982	41,327
Total	¥ 406,288	¥ 390,082	\$ 3,235,851

See the accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	1998	1999	1999
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term bank loans (Note 6)	¥ 93,151	¥ 74,909	\$ 621,392
Commercial paper	16,000	18,000	149,316
Current portion of long-term debt (Note 6)	16,176	7,284	60,422
Trade payables:			
Accounts payable	27,315	28,048	232,663
Notes payable	10,655	11,951	99,131
Other	11,003	9,494	78,758
Accrued income taxes (Note 8)	2,784	661	5,487
Accrued expenses	4,863	4,717	39,131
Other	1,582	2,997	24,861
Total current liabilities	183,529	158,061	1,311,161
Long-term liabilities:			
Long-term debt (Note 6)	93,058	109,624	909,369
Accrued severance benefits	1,591	1,615	13,399
Other	7,341	6,735	55,864
Total long-term liabilities	101,990	117,974	978,632
Total liabilities	285,519	276,035	2,289,793
Minority interests	1,455	1,618	13,421
Contingent liabilities (Note 12)			
Shareholders' equity:			
Common stock, ¥50 par value:			
Authorised: 1,492,929,000 shares			
Issued: 450,231,175 shares at 31st March, 1998 and 427,432,175 shares at 31st March, 1999 (Note 7)	41,654	41,654	345,534
Capital surplus (Note 7)	35,591	31,027	257,378
Legal reserve (Note 7)	7,172	—	—
Retained earnings	34,898	39,750	329,740
Treasury stock, at cost	(1)	(2)	(15)
Total shareholders' equity	119,314	112,429	932,637
Total	¥406,288	¥390,082	\$3,235,851

Consolidated Statements of Operations
SUMITOMO OSAKA CEMENT CO., LTD.
Years ended 31st March, 1998 and 1999

	Millions of yen		Thousands of U.S. dollars (Note 1)
	1998	1999	1999
Net sales	¥252,127	¥235,985	\$1,957,573
Cost of sales	180,606	168,564	1,398,297
Gross profit	71,521	67,421	559,276
Selling, general and administrative expenses	59,878	59,453	493,180
Operating income	11,643	7,968	66,096
Other income (expenses):			
Interest and dividend income	1,346	1,129	9,366
Interest expense	(4,223)	(4,721)	(39,161)
Gain on sales or disposal of property, plant and equipment, net	2,628	313	2,594
Loss on investments	(183)	—	—
Loss on investments in unconsolidated subsidiaries and affiliates (Note 9)	(3,376)	(3,048)	(25,282)
Gain on sales of securities	2,964	1,721	14,277
Special severance payments	(107)	—	—
Other, net	(1,864)	(2,201)	(18,263)
	(2,815)	(6,807)	(56,469)
Income before income taxes	8,828	1,161	9,627
Income taxes (Note 8)	3,344	1,170	9,709
Minority interests in net income of consolidated subsidiaries	(26)	(139)	(1,149)
Amortisation of consolidation differences	(923)	—	—
Equity in earnings of unconsolidated subsidiaries and affiliates	291	—	—
Net income (loss)	¥ 4,826	¥ (148)	\$ (1,231)

	Yen		U.S. dollars (Note 1)
	1998	1999	1999
Per share (Note 2(l)):			
Net income (loss)	¥ 10.58	¥ (0.34)	\$ (0.003)
Net income assuming dilution	10.50	—	—

See the accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity
SUMITOMO OSAKA CEMENT CO., LTD.
Years ended 31st March, 1998 and 1999

	Thousands of shares of common stock	Millions of yen				
		Common stock	Capital surplus	Legal reserve	Retained earnings	Treasury stock
Balance at 31st March, 1997	457,302	¥41,654	¥35,591	¥6,822	¥32,732	¥(2)
Repurchase and retirement of treasury stock	(7,071)	—	—	—	(1,240)	—
Net income for the year	—	—	—	—	4,826	—
Cash dividends paid	—	—	—	—	(3,430)	—
Transfer to legal reserve (Note 7)	—	—	—	350	(350)	—
Directors' and statutory auditors' bonuses	—	—	—	—	(70)	—
Increase resulting from initial inclusion of ten subsidiaries in consolidation	—	—	—	—	200	—
Increase resulting from exclusion of five subsidiaries from consolidation	—	—	—	—	1,842	—
Increase resulting from inclusion of an affiliate in equity method accounting	—	—	—	—	388	—
Disposal of treasury stock	—	—	—	—	—	1
Balance at 31st March, 1998	450,231	41,654	35,591	7,172	34,898	(1)
Legal reserve at 1st April, 1998	—	—	—	(7,172)	7,172	—
Repurchase and retirement of treasury stock	(22,799)	—	(4,564)	—	—	—
Net loss for the year	—	—	—	—	(148)	—
Cash dividends paid	—	—	—	—	(2,203)	—
Directors' and statutory auditors' bonuses	—	—	—	—	(80)	—
Increase resulting from initial inclusion of a subsidiary in consolidation	—	—	—	—	54	—
Increase resulting from exclusion of a subsidiary from consolidation	—	—	—	—	57	—
Disposal of treasury stock	—	—	—	—	—	(1)
Balance at 31st March, 1999	427,432	¥41,654	¥31,027	—	¥39,750	¥(2)

	Thousands of U.S. dollars (Note 1)				
	Common stock	Capital surplus	Legal reserve	Retained earnings	Treasury stock
Balance at 31st March, 1998	\$345,534	\$295,242	\$ 59,495	\$289,488	\$(11)
Legal reserve at 1st April, 1998	—	—	(59,495)	59,495	—
Repurchase and retirement of treasury stock	—	(37,864)	—	—	—
Net loss for the year	—	—	—	(1,231)	—
Cash dividends paid	—	—	—	(18,271)	—
Directors' and statutory auditors' bonuses	—	—	—	(664)	—
Increase resulting from initial inclusion of a subsidiary in consolidation	—	—	—	450	—
Increase resulting from exclusion of a subsidiary from consolidation	—	—	—	473	—
Disposal of treasury stock	—	—	—	—	(4)
Balance at 31st March, 1999	\$345,534	\$257,378	—	\$329,740	\$(15)

See the accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows
SUMITOMO OSAKA CEMENT CO., LTD.
Years ended 31st March, 1998 and 1999

	Millions of yen		Thousands of U.S. dollars (Note 1)
	1998	1999	1999
Operating activities:			
Net income (loss)	¥ 4,826	¥ (148)	\$ (1,231)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortisation	21,405	20,719	171,868
Allowance for doubtful receivables	(1,820)	(69)	(569)
Accrued severance benefits, net of payments	(102)	(2)	(20)
Gain on sales and disposal of property, plant and equipment, and marketable and investment securities, net	(6,138)	(2,331)	(19,338)
Loss on investments in unconsolidated subsidiaries and affiliates	3,376	3,048	25,282
Other	240	720	5,976
Changes in operating assets and liabilities:			
Trade receivables	2,078	894	7,414
Inventories	(1,531)	(2,453)	(20,345)
Other assets	1,496	133	1,103
Trade payables	(3,684)	2,173	18,025
Accrued income taxes	2,093	(2,123)	(17,611)
Accrued expenses	(1,020)	(118)	(976)
Other liabilities	1,143	(1,339)	(11,107)
Total adjustments	17,536	19,252	159,702
Net cash provided by operating activities	22,362	19,104	158,471
Investing activities:			
Proceeds from sales of property, plant and equipment	10,040	1,481	12,283
Purchases of property, plant and equipment	(24,753)	(15,926)	(132,110)
Proceeds from sales of marketable securities	6,807	5,744	47,650
Increase in marketable securities	(502)	(139)	(1,154)
Increase in investment securities	(181)	(143)	(1,184)
Increase in investments in unconsolidated subsidiaries and affiliates	(78)	(1)	(8)
Decrease in short-term loans to unconsolidated subsidiaries and affiliates	2,369	725	6,015
Decrease in long-term loans receivable	175	528	4,381
Increase in long-term loans to unconsolidated subsidiaries and affiliates	(638)	(1,074)	(8,912)
Other	2,054	(323)	(2,677)
Net cash used in investing activities	(4,707)	(9,128)	(75,716)
Financing activities:			
Decrease in short-term loans	(3,300)	(18,168)	(150,708)
(Decrease) increase in commercial paper	(4,500)	2,000	16,590
Proceeds from long-term loans	36,676	9,160	75,985
Repayment of long-term loans	(11,574)	(7,714)	(63,987)
Proceeds from issuance of bonds	20,000	15,000	124,429
Redemption of bonds with warrants and convertible bonds	(39,874)	(8,819)	(73,156)
Cash dividends paid	(3,430)	(2,202)	(18,271)
Repurchase and retirement of treasury stock	(1,240)	(4,564)	(37,864)
Other	497	(8)	(69)
Net cash used in financing activities	(6,745)	(15,316)	(127,051)
Net increase (decrease) in cash and cash equivalents	10,910	(5,340)	(44,296)
Cash and cash equivalents at beginning of year	11,769	22,679	188,126
Cash and cash equivalents at end of year	¥ 22,679	¥ 17,339	\$ 143,830
Supplemental cash flow disclosures:			
Interest paid	¥ 3,835	¥ 4,843	\$ 40,170
Income taxes paid	766	3,293	27,320

See the accompanying notes to consolidated financial statements.

1. BASIS OF PRESENTING FINANCIAL STATEMENTS

Sumitomo Osaka Cement Co., Ltd. (the "Company"), which changed its name from Sumitomo Cement Co., Ltd. ("Sumitomo Cement") upon merging with Osaka Cement Co., Ltd. ("Osaka Cement") on 1st October, 1994, maintains its accounting records and prepares its financial statements in accordance with accounting principles and practices generally accepted and applied in Japan.

The accompanying consolidated financial statements of the Company and its consolidated subsidiaries have been prepared from the consolidated financial statements filed with the Minister of Finance (the "MOF") as required by the Japanese Securities and Exchange Law. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. Certain reclassifications have been made in the accompanying consolidated financial statements to facilitate understanding by readers outside Japan.

Consolidated statements of cash flows have been prepared for the purpose of inclusion in these consolidated financial statements, although such statements are not customarily prepared in Japan and are not required to be filed with the MOF.

The U.S. dollar amounts are included solely for the convenience of the reader and are stated, as a matter of arithmetic computation only, at U.S.\$1.00=¥120.55, the exchange rate prevailing on 31st March, 1999. These translations should not be construed as representations that the Japanese yen amounts actually represent, or have been or could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. Any material differences between the cost of investments in subsidiaries and the underlying equity in their net assets at the dates of acquisition are amortised over five years. Significant investments in unconsolidated subsidiaries and affiliates (companies owned 20 per cent. to 50 per cent.) are accounted for by the equity method. Investments in unconsolidated subsidiaries and affiliates which are not accounted for by the equity method are carried at cost.

(b) Cash and cash equivalents

Cash and cash equivalents include all highly liquid debt instruments purchased with a maturity of three months or less.

(c) Marketable securities and investment securities

Marketable securities and investment securities are stated at cost determined by the moving average method.

(d) Inventories

Inventories are stated at cost determined by the moving average method.

(e) Allowance for doubtful receivables

The allowance for doubtful receivables is provided at an estimated amount of the anticipated losses on bad debts plus the maximum amount which can be charged to income under the Japanese income tax laws.

(f) Property, plant and equipment

Property, plant and equipment is stated at cost. Depreciation is calculated by the declining-balance method for property, plant and equipment (except for the quarry sites, the cement production equipment at the Kouchi Plant and the in-house power generation facility at the Ako Plant) at rates based on the estimated useful lives of the respective assets as prescribed in the Japanese income tax laws. The ranges of useful lives are as follows: buildings and structures, 2 to 75 years; machinery, equipment and tools, 2 to 22 years. Quarry sites are depreciated by the units-of-production method. Depreciation of the cement production equipment at the Kouchi Plant and the in-house power generation facility at the Ako Plant is calculated by the straight-line method.

Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

(g) Foreign currency translation

Foreign currency amounts are translated into Japanese yen on the basis of the rates of exchange in effect at the balance sheet date for current monetary assets and liabilities, and at historical rates for other assets and liabilities. Historical rates are used for the translation of income and expenses. Gains or losses resulting from the translation of foreign currency transactions are credited or charged to income as incurred.

(h) Accounting for leases

With the exception of leases which stipulate the transfer of ownership of the leased assets to the lessee, capital leases are accounted for in accordance with the same method of accounting as that followed for operating leases.

(i) Income taxes

Income taxes are provided based on the taxable income reported in the tax returns for the respective years. No tax effect is recorded for timing differences in the recognition of certain income and expenses for tax and financial reporting purposes.

(j) Accrued severance benefits and pension plan

Employees of the Company are covered by its funded retirement pension plan. Benefits under this plan are based on current basic salary rates and length of service. Payments to the pension fund, including current period costs and amortisation of prior service cost, are charged to income when paid.

The reserve for accrued severance benefits is to be reversed over seven years in accordance with the Japanese income tax laws.

Directors and statutory auditors are generally entitled to receive lump-sum payments based on compensation and years of service at the time of retirement. Such lump-sum retirement payments are covered by an unfunded retirement benefits plan, the liability for which is included in accrued severance benefits, and which amounted to ¥470 million and ¥527 million (U.S.\$4,369 thousand) for 1998 and 1999, respectively.

(k) Appropriation of retained earnings

Under the Japanese Commercial Code and the Articles of Incorporation of the Company, appropriations of retained earnings (primarily for cash dividend payments) proposed by the Board of Directors must be approved at a shareholders' meeting held within three months of the end of each fiscal year.

(l) Net income (loss) per share

Net income (loss) per share of common stock is based upon the weighted average number of shares of common stock outstanding during each year.

Net income (loss) per share of common stock assuming dilution is based on the weighted average number of shares of common stock outstanding after consideration of the dilutive effect of common stock equivalents which include warrants and certain convertible bonds.

3. MARKETABLE SECURITIES

Marketable securities at 31st March, 1998 and 1999 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1998	1999	1999
Marketable securities:			
Listed corporate stock	¥35,750	¥32,184	\$266,978
National government bonds	4	7	58
Other	1,248	899	7,453
	¥37,002	¥33,090	\$274,489

4. INVENTORIES

Inventories at 31st March, 1998 and 1999 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1998	1999	1999
Finished goods	¥ 5,947	¥ 6,361	\$ 52,769
Semi-finished goods	1,456	1,651	13,696
Work in process	2,007	4,011	33,270
Raw materials	3,924	3,500	29,029
Supplies	4,080	4,344	36,036
	¥17,414	¥19,867	\$164,800

5. LOANS TO UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES

Loans to unconsolidated subsidiaries and affiliates at 31st March, 1998 and 1999 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1998	1999	1999
Short-term loans:			
Unconsolidated subsidiaries	¥1,246	¥ 394	\$ 3,268
Affiliates	210	100	830
	¥1,456	¥ 494	\$ 4,098
Long-term loans:			
Unconsolidated subsidiaries	¥ 306	¥1,984	\$16,458
Affiliates	714	110	912
	¥1,020	¥2,094	\$17,370

6. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans represent overdrafts. The annual interest rates applicable to the loans outstanding at 31st March, 1998 and 1999 ranged from 0.9 per cent. to 7.7 per cent. and from 0.6 per cent. to 2.4 per cent., respectively.

Long-term debt at 31st March, 1998 and 1999 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	1998	1999	1999
Loans, principally from banks and insurance companies due from 1999 to 2012 with mortgage and collateral	¥ 74,076	¥ 75,569	\$626,871
Bonds	25,000	40,000	331,813
Convertible bonds	10,158	1,339	11,107
	¥109,234	¥116,908	\$969,791
Less: current portion of long-term debt:			
Convertible bonds	¥ 8,819	¥ —	\$ —
Loans	7,357	7,284	60,422
	¥ 16,176	¥ 7,284	\$ 60,422
	¥ 93,058	¥109,624	\$909,369

The annual interest rates applicable to the long-term loans outstanding at 31st March, 1998 and 1999 ranged from 1.5 per cent. to 6.9 per cent.

The aggregate annual maturities of long-term loans subsequent to 31st March, 1999 are as follows:

Year ending 31st March	Millions of yen	Thousands of U.S. dollars
2000	¥ 7,284	\$ 60,422
2001	7,009	58,140
2002	9,508	78,875
2003	7,755	64,327
2004 and thereafter	44,013	365,107
	¥75,569	\$626,871

On 2nd October, 1987, the Company issued 2.0 per cent. yen convertible bonds due 2002. The bonds are convertible into shares of common stock of the Company at the option of the holders at the current conversion price of ¥615.50 (U.S.\$5.11) per share.

On 31st March, 1989, the Company issued 1.8 per cent. yen convertible bonds due 1999. The bonds are convertible into shares of common stock of the Company at the option of the holders at the current conversion price of ¥1,141.40 (U.S.\$9.47) per share.

Assets pledged as collateral for long-term debt at 31st March, 1998 and 1999 are summarised as follows:

	Millions of yen		Thousands of U.S. dollars
	1998	1999	1999
Property, plant and equipment, at net book value	¥ 85,732	¥75,215	\$623,936
Marketable securities	19,760	21,606	179,226
Other	—	776	6,438
	¥105,491	¥97,597	\$809,600

7. SHAREHOLDERS' EQUITY

Proceeds from the conversions of convertible bonds into common stock have been accounted for in accordance with the provisions of the Japanese Commercial Code by crediting one-half each of such proceeds to the common stock and capital surplus accounts.

Under the Japanese Commercial Code, the Company is required to appropriate to the legal reserve a portion of retained earnings equal to at least 10 per cent. of any disbursements of cash appropriations of retained earnings (including bonuses to directors and statutory auditors as well as cash dividends) and, in the case of interim cash dividends, exactly 10 per cent. of interim cash dividends paid, until such reserve equals 25 per cent. of stated capital.

The legal reserve may be used to reduce a deficit or may be transferred to stated capital, but is not available for distribution as dividends.

8. INCOME TAXES

Income taxes applicable to the Company comprise corporation tax, inhabitants' taxes and enterprise tax, which, in the aggregate, resulted in statutory tax rates of approximately 51 per cent. and 46 per cent. for the years ended 31st March, 1998 and 1999, respectively. The effective tax rates reflected in the accompanying consolidated statements of operations differ from the statutory tax rates. The differences arise principally from the effect of timing differences in the recognition of certain income and expenses for tax and financial reporting purposes, the effect of permanent non-deductible expenses and certain tax credits.

9. LOSS ON INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES

Loss on investments in unconsolidated subsidiaries and affiliates for the years ended 31st March, 1998 and 1999 are summarised as follows:

	Millions of yen		Thousands of U.S. dollars
	1998	1999	1999
Write-down of investments in common stock	¥ 29	¥ 32	\$ 261
Provision of allowance for bad debts	663	2,571	21,324
Loss on liquidation of subsidiaries	2,684	416	3,457
Provision of allowance for loss on guarantees	—	29	240
	¥3,376	¥3,048	\$25,282

10. CONTINGENT LIABILITIES

Contingent liabilities at 31st March, 1999 were as follows:

	Millions of yen	Thousands of U.S. dollars
Notes discounted and endorsed	¥ 4,156	\$ 34,476
Guarantees of loans and other	16,885	140,070
	¥21,041	\$174,546

11. LEASED ASSETS

The Company leases certain buildings and structures, machinery, equipment and tools.

Assets held at 31st March, 1998 and 1999 under capital leases which do not transfer the ownership of such assets to the lessee are summarised as follows:

	Millions of yen		Thousands of U.S. dollars
	1998	1999	1999
Buildings and structures	¥2,086	¥1,987	\$16,480
Machinery, equipment and tools	22	15	129
	¥2,108	¥2,002	\$16,609

Income from leased assets and depreciation of leased assets for the years ended 31st March, 1998 and 1999 were as follows:

	Millions of yen		Thousands of U.S. dollars
	1998	1999	1999
Income from leased assets	¥327	¥318	\$2,638
Depreciation of leased assets	100	106	883

12. SUBSEQUENT EVENT

The following appropriations of retained earnings were approved at a shareholders' meeting of the Company held on 29th June, 1999:

	Millions of yen	Thousands of U.S. dollars
Cash dividends	¥214	\$1,773
Transfer to legal reserve	29	241
Bonuses to directors and statutory auditors	70	580
	¥313	\$2,594

13. SEGMENT INFORMATION (BUSINESS SEGMENT)

The Company and its subsidiaries operate principally in two business segments: cement and cement-related products, and other businesses.

Operations in the cement and cement-related products segment involve the production and sale of cement, concrete and soil stabilizer. Operations in the other business segment involve production and civil engineering materials, new materials, optoelectronics, real estate and others. A summary of net sales, costs and expenses, operating income and other financial information by business segment for the years ended 31st March, 1998 and 1999 is as follows:

	Millions of yen				
	1998				
	Cement and cement-related products	Others	Total	Eliminations and adjustments	Consolidated
Net sales:					
Outside customers	¥214,108	¥38,019	¥252,127	¥ —	¥252,127
Intersegment sales	996	8,302	9,298	(9,298)	—
Total	215,104	46,321	261,425	(9,298)	252,127
Costs and expenses	206,333	43,454	249,787	(9,303)	240,484
Operating income	¥ 8,771	¥ 2,867	¥ 11,638	¥ 5	¥ 11,643
Assets	¥264,424	¥81,347	¥345,771	¥60,517	¥406,288
Depreciation and amortisation	17,459	3,772	21,231	174	21,405
Capital expenditures	13,766	3,473	17,239	—	17,239

	Millions of yen				
	1999				
	Cement and cement-related products	Others	Total	Eliminations and adjustments	Consolidated
Net sales:					
Outside customers	¥197,666	¥38,319	¥235,985	¥ —	¥235,985
Intersegment sales	1,342	6,394	7,736	(7,736)	—
Total	199,008	44,713	243,721	(7,736)	235,985
Costs and expenses	194,853	40,857	235,710	(7,693)	228,017
Operating income	¥ 4,155	¥ 3,856	¥ 8,011	¥ (43)	¥ 7,968
Assets	¥255,789	¥81,728	¥337,517	¥52,565	¥390,082
Depreciation and amortisation	16,068	3,790	19,858	88	19,946
Capital expenditures	12,324	4,293	16,617	(122)	16,495

	Thousands of U.S. dollars				
	1999				
	Cement and cement-related products	Others	Total	Eliminations and adjustments	Consolidated
Net sales:					
Outside customers	\$1,639,699	\$317,874	\$1,957,573	\$ —	\$1,957,573
Intersegment sales	11,134	53,036	64,170	(64,170)	—
Total	1,650,833	370,910	2,021,743	(64,170)	1,957,573
Costs and expenses	1,616,362	338,928	1,955,290	(63,813)	1,891,477
Operating income	\$ 34,471	\$ 31,982	\$ 66,453	\$ (357)	\$ 66,096
Assets	\$2,121,850	\$677,963	\$2,799,813	\$436,038	\$3,235,851
Depreciation and amortisation	133,290	31,437	164,727	734	165,461
Capital expenditures	102,234	35,609	137,843	—	137,843

Report of Certified Public Accountants

The Board of Directors
Sumitomo Osaka Cement Co., Ltd.

We have examined the consolidated balance sheets of Sumitomo Osaka Cement Co., Ltd. and consolidated subsidiaries as of 31st March, 1998 and 1999, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements present fairly the financial position of Sumitomo Osaka Cement Co., Ltd. and consolidated subsidiaries at 31st March, 1998 and 1999, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan consistently applied during the period.

The U.S. dollar amounts in the aforementioned consolidated financial statements with respect to the year ended 31st March, 1999 are presented solely for convenience. Our examination also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.



Showa Ota & Co.

Tokyo, Japan
29th June, 1999

Subsidiaries and Affiliates

DOMESTIC SUBSIDIARIES

CAP Co., Ltd.
Sumitomo Cement Computer Systems Co., Ltd.
Chiyoda Engineering Co., Ltd.
Tochigi Kanko Bus Co., Ltd.
Hachinohe Cement Co., Ltd.
Wakayama Blast-Furnace Slag Cement Co., Ltd.
SO ENGINEERING Co., Ltd.
Oshioka Construction Industry Co., Ltd.
Tokyo SOC Co., Ltd.
Saitama SOC Co., Ltd.
Yokohama SOC Co., Ltd.
Ichikawa SOC Ready-Mixed Concrete Co., Ltd.
Showa Kashu Ready-Mixed Concrete Co., Ltd.
Sumice Kenzai Co., Ltd.
Ogaki Cement Sales Co., Ltd.
Izumi Yogyo Co., Ltd.
Chukyo Co., Ltd.

Kansai Sumice Ready-Mixed Concrete Co., Ltd.
Chishima SOC Co., Ltd.
Hyogo Osaka Ready-Mixed Concrete Co., Ltd.
Higashi Kobe Osaka Ready-Mixed Concrete Co., Ltd.
Shin Yodo Ready-Mixed Concrete Co., Ltd.
Keiji Sumice Ready-Mixed Concrete Co., Ltd.
Kobe Sumice Ready-Mixed Concrete Co., Ltd.
Tokushima Kenzai Co., Ltd.
Sumice Kaiun Co., Ltd.
Izumi Unyu Co., Ltd.
Izumi Lime Industry Co., Ltd.
Inasas Co., Ltd.
Shuho Mining Co., Ltd.
Kokura Kogyo Co., Ltd.
Shin Nippon Concrete Co., Ltd.
Hanezuru Dolomite Industry Co., Ltd.
Koyo Unyu Co., Ltd.

ESTEC Co., Ltd.
O.C. Kenzai Industrial Co., Ltd.
Mutsu Industry Co., Ltd.
SUMISÉ DEVICES CORPORATION
Sumitec Co., Ltd.
Oyokoden Laboratories Co., Ltd.
Chuken Consultant Co., Ltd.

OVERSEAS SUBSIDIARIES

Sumicem Opto-Electronics (Ireland) Limited
SUMICOM SND BHD

DOMESTIC AFFILIATES

Sumimetal Mining Co., Ltd.
Nittetsu Cement Co., Ltd.
Kyoto Sumice Remicon Co., Ltd.
TAIYO SHIPPING Co., LTD.

OVERSEAS AFFILIATES

Far East Cement Co., Ltd.
Ortel Corporation

Directors and Auditors

(As of June 29, 1999)

CHAIRMAN

Shoichi Tatemoto*

PRESIDENT

Hideomi Yamato*

SENIOR MANAGING DIRECTORS

Yasuyuki Odagiri
Rinzo Hayashi
Kikuo Koshida

MANAGING DIRECTORS

Tatsutoku Honda
Norimitsu Kurumada
Tomikazu Sekiwa

DIRECTORS

Hajime Hattori
Takashige Moda
Yukuo Katsuki
Yoshikiyo Serizawa
Hideaki Igarashi

Yutaro Saito
Takao Noumi
Takaaki Todokoro

STATUTORY AUDITORS

Yasushi Tamura
Kenya Imaki
Toshiro Miyajima

AUDITOR

Yuichiro Miyake

*Representative Directors

Corporate Data

(As of March 31, 1999)

HEAD OFFICE

1, Kandamitoshiro-cho,
Chiyoda-ku, Tokyo 101-8677, Japan
Tel: 03-3296-9600
Facsimile: 03-3295-5156

ESTABLISHED

November 29, 1907

NUMBER OF EMPLOYEES

2,228

NETWORK

Domestic

Offices: Sapporo, Tohoku, Tokyo,
Hokuriku, Nagoya, Osaka, Shikoku,
Hiroshima, Fukuoka
Plants: Tamura, Tochigi, Gifu, Ibuki,
Ako, Kochi
New Technology Research Lab
Cement/Concrete Research Lab

Overseas

Representative Offices:
Hong Kong, Los Angeles

PAID-IN CAPITAL

¥41,654,077 thousand

NUMBER OF SHARES OF COMMON STOCK ISSUED

427,432,175

NUMBER OF SHAREHOLDERS

65,483

STOCK LISTINGS

Tokyo, Osaka, Nagoya, Kyoto,
Hiroshima, Fukuoka, Niigata,
Sapporo

TRANSFER AGENT AND REGISTRAR

The Sumitomo Trust & Banking Co.,
Ltd.
5-33, Kitahama 4-chome,
Chuo-ku, Osaka 540-8639, Osaka

FISCAL YEAR-END

March 31

ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of the
Company's shareholders is held in
June each year.

INDEPENDENT AUDITORS

Showa Ota & Co.



SUMITOMO GROUP

Sumitomo Chemical Co., Ltd.	Sumitomo Electric Industries, Ltd.
Sumitomo Heavy Industries, Ltd.	The Sumitomo Marine & Fire Insurance Co., Ltd.
The Sumitomo Bank, Ltd.	Nippon Sheet Glass Co., Ltd.
Sumitomo Metal Industries, Ltd.	NEC Corporation
Sumitomo Metal Mining Co., Ltd.	Sumitomo Realty & Development Co., Ltd.
Sumitomo Corporation	Sumitomo Osaka Cement Co., Ltd.
Sumitomo Trust & Banking Co., Ltd.	Sumitomo Light Metal Industries, Ltd.
Sumitomo Life Insurance Co., Ltd.	Sumitomo Construction Co., Ltd.
Sumitomo Coal Mining Co., Ltd.	Sumitomo Bakelite Co., Ltd.
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