

CONSOLIDATED BALANCE SHEETS

SUMITOMO OSAKA CEMENT CO., LTD. AND CONSOLIDATED SUBSIDIARIES

March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2011	2011
ASSETS			
Current assets:			
Cash and cash equivalents (Note 4)	¥ 30,800	¥ 26,278	\$ 316,030
Trade receivables:			
Accounts receivable	26,155	29,117	350,170
Notes receivable	12,405	13,265	159,532
Securities	0	1	9
Inventories (Note 5)	18,872	20,778	249,883
Short-term loans to unconsolidated subsidiaries and affiliates (Note 6)	262	234	2,808
Deferred tax assets (Note 13)	1,817	1,768	21,262
Other	2,588	1,863	22,401
Less: Allowance for doubtful receivables	(296)	(275)	(3,309)
Total current assets	92,574	93,027	1,118,786
Property, plant and equipment:			
Land	40,185	39,410	473,957
Buildings and structures	149,886	152,185	1,830,244
Machinery, equipment and tools	373,848	381,883	4,592,703
Quarry sites	22,164	22,345	268,728
Leased assets	206	360	4,334
Construction in progress	5,764	5,039	60,602
Less: Accumulated depreciation	(418,128)	(434,714)	(5,228,067)
Property, plant and equipment, net	173,907	166,508	2,002,501
Investments and other assets:			
Investment securities (Note 8)	30,915	38,275	460,311
Investments in unconsolidated subsidiaries and affiliates	2,451	2,450	29,466
Long-term loans receivable	145	425	5,113
Long-term loans to unconsolidated subsidiaries and affiliates (Note 6)	1,252	1,116	13,424
Deferred tax assets (Note 13)	923	980	11,783
Other	6,404	5,702	68,575
Less: Allowance for doubtful accounts	(515)	(457)	(5,494)
Total investments and other assets	41,576	48,491	583,178
Intangible fixed assets	3,913	3,671	44,143
Total assets	¥311,969	¥311,697	\$3,748,608

See accompanying notes to the consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2011	2011
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term bank loans (Note 9)	¥ 33,560	¥ 34,279	\$ 412,253
Current portion of long-term debt (Note 9)	13,355	16,370	196,870
Trade payables:			
Accounts payable (Note 7)	19,600	20,323	244,419
Notes payable	3,845	4,274	51,407
Other	7,916	6,895	82,917
Accrued income taxes (Note 13)	783	1,720	20,682
Accrued expenses	3,594	3,479	41,838
Deferred tax liabilities (Note 13)	13	0	0
Other	1,884	2,386	28,697
Total current liabilities	84,551	89,726	1,079,083
Long-term liabilities:			
Long-term debt (Note 9)	82,956	69,928	840,988
Accrued severance benefits for employees (Note 14)	1,096	1,058	12,727
Accrued severance benefits for directors and statutory auditors	294	260	3,129
Deferred tax liabilities (Note 13)	8,353	11,545	138,837
Asset retirement obligations	—	257	3,087
Other	9,522	9,810	117,981
Total long-term liabilities	102,221	92,858	1,116,749
Total liabilities	186,772	182,584	2,195,832
Contingent liabilities (Note 10)			
Net assets:			
Shareholders' equity			
Common stock			
Authorized: 1,470,130,000 shares			
Issued: 427,432,175 shares at March 31, 2010 and 2011 (Note 11)	41,654	41,654	500,951
Capital surplus (Note 11)	31,084	31,084	373,834
Retained earnings (Note 11)	43,738	43,412	522,088
Treasury stock, at cost			
(10,948,439 shares at March 31, 2010 and 11,043,784 at March 31, 2011)	(1,941)	(1,959)	(23,562)
Total shareholders' equity	114,535	114,191	1,373,311
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities	9,101	13,579	163,306
Foreign currency translation adjustments	(34)	(47)	(560)
Total accumulated other comprehensive income	9,067	13,532	162,746
Minority interests	1,595	1,390	16,719
Total net assets	125,197	129,113	1,552,776
Total liabilities and net assets	¥311,969	¥311,697	\$3,748,608

CONSOLIDATED STATEMENTS OF INCOME

SUMITOMO OSAKA CEMENT CO., LTD. AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2011	2011
Net sales	¥195,089	¥201,221	\$2,419,976
Cost of sales	157,677	158,463	1,905,755
Gross profit	37,412	42,758	514,221
Selling, general and administrative expenses	34,375	35,332	424,915
Operating income	3,037	7,426	89,306
Other income (expenses):			
Interest and dividend income	753	1,119	13,453
Interest expense	(2,225)	(2,142)	(25,759)
Loss on sales and disposal of property, plant and equipment, net	(409)	(482)	(5,796)
Gain on sales of securities, net	526	102	1,231
Write-down of investment securities	(57)	(28)	(340)
Loss on adjustment for change in accounting standard for asset retirement obligations	—	(199)	(2,390)
Loss on disaster (Note 16)	—	(787)	(9,461)
Loss on impairment of fixed assets (Note 15)	(13)	(1,358)	(16,330)
Other, net	(2,433)	(323)	(3,888)
	(3,857)	(4,098)	(49,280)
Income (loss) before income taxes and minority interests	(820)	3,328	40,026
Income taxes (Note 13):			
Current	900	1,891	22,740
Deferred	(880)	58	704
Income before minority interests	20	1,949	23,444
Minority interests in net income of consolidated subsidiaries	(9)	(40)	(475)
Net income (loss)	¥ (849)	¥ 1,339	\$ 16,107

	Yen		U.S. dollars (Note 1)
	2010	2011	2011
Per share information (Note 2 (n)):			
Net income (loss)	¥ (2.04)	¥ 3.22	\$ 0.039
Net income assuming dilution	—	—	—

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SUMITOMO OSAKA CEMENT CO., LTD. AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2011	2011
Income before minority interests	¥—	¥1,379	\$16,582
Other comprehensive income:			
Unrealized gain on available-for-sale securities	—	4,478	53,862
Foreign currency translation adjustment	—	(12)	(149)
Share of other comprehensive income of associates accounted for using the equity method	—	(1)	(15)
Comprehensive income	¥—	¥5,844	\$70,280
Total comprehensive income attributable to:			
Shareholders of Sumitomo Osaka Cement Co., Ltd.	¥—	¥5,805	\$69,806
Minority interests	—	39	474

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

SUMITOMO OSAKA CEMENT CO., LTD. AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 2010 and 2011

	Shares of common stock	Millions of yen					Total
		Shareholders' equity					
		Common stock	Capital surplus	Gains on sales of treasury stock	Retained earnings	Treasury stock	
Balance at March 31, 2009	427,432,175	¥41,654	¥31,029	¥55	¥45,427	¥(1,927)	¥116,238
Cash dividend paid		—	—	—	(840)	—	(840)
Net income for the year		—	—	—	(849)	—	(849)
Acquisition of treasury stock		—	—	—	—	(14)	(14)
Other, net		—	—	—	—	—	—
Balance at March 31, 2010	427,432,175	¥41,654	¥31,029	¥55	¥43,738	¥(1,941)	¥114,535
Cash dividend paid		—	—	—	(1,665)	—	(1,665)
Net income for the year		—	—	—	1,339	—	1,339
Acquisition of treasury stock		—	—	(0)	—	(18)	(18)
Other, net		—	—	—	—	—	—
Balance at March 31, 2011	427,432,175	¥41,654	¥31,029	¥55	¥43,412	¥(1,959)	¥114,191

	Millions of yen				
	Accumulated other comprehensive income				
	Unrealized gain on securities	Translation adjustments	Total	Minority interests	Total net assets
Balance at March 31, 2009	¥ 4,025	¥(36)	¥ 3,989	¥1,455	¥121,682
Cash dividend paid	—	—	—	—	(840)
Net income for the year	—	—	—	—	(849)
Acquisition of treasury stock	—	—	—	—	(14)
Other, net	5,076	2	5,078	140	5,218
Balance at March 31, 2010	¥ 9,101	¥(34)	¥ 9,067	¥1,595	¥125,197
Cash dividend paid	—	—	—	—	(1,665)
Net income for the year	—	—	—	—	1,339
Acquisition of treasury stock	—	—	—	—	(18)
Other, net	4,478	(13)	4,465	(205)	4,260
Balance at March 31, 2011	¥13,579	¥(47)	¥13,532	¥1,390	¥129,113

	Thousands of U.S. dollars (Note 1)					
	Shareholders' equity					
	Common stock	Capital surplus	Gains on sales of treasury stock	Retained earnings	Treasury stock	Total
Balance at March 31, 2010	\$500,951	\$373,168	\$667	\$526,017	\$(23,355)	\$1,377,448
Cash dividend paid	—	—	—	(20,035)	—	(20,035)
Net income for the year	—	—	—	16,106	—	16,106
Acquisition of treasury stock	—	—	(1)	—	(207)	(208)
Other, net	—	—	—	—	—	—
Balance at March 31, 2011	\$500,951	\$373,168	\$666	\$522,088	\$(23,562)	\$1,373,311

	Thousands of U.S. dollars (Note 1)				
	Accumulated other comprehensive income				
	Unrealized gain on securities	Translation adjustments	Total	Minority interests	Total net assets
Balance at March 31, 2010	\$109,457	\$(411)	\$109,046	\$19,185	\$1,505,679
Cash dividend paid	—	—	—	—	(20,035)
Net income for the year	—	—	—	—	16,106
Acquisition of treasury stock	—	—	—	—	(208)
Other, net	53,849	(149)	53,700	(2,466)	51,234
Balance at March 31, 2011	\$163,306	\$(560)	\$162,746	\$16,719	\$1,552,776

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

SUMITOMO OSAKA CEMENT CO., LTD. AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 2010 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2011	2011
Operating activities:			
Net income (loss)	¥ (849)	¥ 1,339	\$ 16,107
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	20,872	20,742	249,451
Amortization of goodwill	170	91	1,096
Loss on closing of the ready-mixed concrete plant for under lease	1,352	—	—
Loss on impairment of fixed assets	13	1,358	16,330
Allowance for doubtful receivables	23	9	112
Accrued severance benefits, net of payments	(4)	(71)	(858)
Loss (gain) on sales and disposal of property, plant and equipment, and investment securities, net	(556)	98	1,176
Write-down of investments in common stock	57	28	340
Effect of adoption of accounting standard for asset retirement obligations	—	203	2,438
Bad debt expense	0	6	78
Deferred income taxes	(880)	59	704
Other	133	2,140	25,732
Changes in operating assets and liabilities:			
Trade receivables	4,942	(3,799)	(45,694)
Inventories	4,066	(1,912)	(22,995)
Other assets	(223)	(825)	(9,927)
Trade payables	(4,264)	731	8,793
Accrued income taxes	(73)	936	11,260
Accrued expenses	114	(116)	(1,390)
Other liabilities	(335)	532	6,404
Subtotal	25,405	20,210	243,050
Net cash provided by operating activities	24,555	21,549	259,157
Investing activities:			
Proceeds from redemption of securities	1	0	3
Proceeds from sales of property, plant and equipment	381	92	1,109
Purchases of property, plant and equipment	(20,324)	(15,220)	(183,037)
Proceeds from sales of investment securities	1,421	317	3,809
Increase in investment securities	(312)	(131)	(1,579)
Collection of loans receivable	235	182	2,189
Increase in loans receivable	(2,363)	(432)	(5,201)
Other	(565)	143	1,725
Net cash used in investing activities	(21,526)	(15,049)	(180,982)
Financing activities:			
Increase in short-term bank loans	743	742	8,925
Proceeds from long-term loans	15,154	3,448	41,471
Repayment of long-term loans	(8,225)	(8,460)	(101,749)
Redemption of bonds	(5,000)	(5,000)	(60,132)
Cash dividends paid	(839)	(1,671)	(20,095)
Other	(67)	(51)	(612)
Net cash provided by (used in) financing activities	1,766	(10,992)	(132,192)
Effect of exchange rate changes on cash and cash equivalents	(11)	(30)	(371)
Net increase (decrease) in cash and cash equivalents	4,784	(4,522)	(54,388)
Increase resulting by merger of subsidiary	28	—	—
Cash and cash equivalents at beginning of year	25,988	30,800	370,418
Cash and cash equivalents at end of year (Note 4)	¥30,800	¥26,278	\$316,030
Supplemental cash flow disclosures:			
Interest paid	¥ 2,232	¥ 2,166	\$ 26,055
Income taxes paid	1,063	986	11,856

See accompanying notes to the consolidated financial statements.