

Consolidated Balance Sheets

SUMITOMO OSAKA CEMENT CO., LTD. AND CONSOLIDATED SUBSIDIARIES
March 31, 2011 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2012	2012
ASSETS			
Current assets:			
Cash and deposits (Note 4)	¥ 26,419	¥ 27,237	\$ 331,392
Notes and accounts receivable—trade	42,340	47,676	580,082
Securities	0	0	2
Merchandise and finished goods	7,622	6,831	83,112
Work in process	1,571	1,465	17,826
Raw materials and supplies	10,676	9,544	116,122
Short-term loans receivable	256	689	8,386
Deferred tax assets (Note 11)	1,765	1,717	20,894
Other	1,697	2,265	27,562
Less: Allowance for doubtful receivables	(275)	(357)	(4,349)
Total current assets	92,076	97,069	1,181,032
Property, plant and equipment, net:			
Land	39,409	39,080	475,491
Buildings and structures	53,069	50,689	616,731
Machinery, equipment and vehicles	54,015	46,384	564,361
Construction in progress	5,039	7,783	94,697
Other	14,974	14,864	180,852
Total property, plant and equipment, net	166,507	158,802	1,932,135
Intangible assets:			
Goodwill	485	649	7,903
Other	3,184	3,506	42,663
Total intangible assets	3,670	4,156	50,567
Investments and other assets:			
Investment securities (Note 6)	40,724	40,663	494,752
Long-term loans receivable	1,541	1,787	21,744
Deferred tax assets (Note 11)	979	905	11,021
Other	5,702	7,349	89,420
Less: Allowance for doubtful accounts	(456)	(843)	(10,263)
Total investments and other assets	48,491	49,862	606,676
Total noncurrent assets	218,669	212,821	2,589,378
Total assets	¥310,746	¥309,890	\$3,770,411

See accompanying notes to the consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2012	2012
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable—trade	¥ 24,560	¥ 26,541	\$ 322,928
Short-term loans payable (Note 7)	34,278	33,839	411,723
Current portion of long-term loans payable (Note 7)	9,369	21,169	257,565
Current portion of bonds	7,000	10,000	121,669
Income taxes payable (Note 11)	1,719	2,183	26,565
Provision for bonuses	2,050	2,058	25,044
Provision for loss on disaster	481	6	80
Other	10,265	10,100	122,896
Total current liabilities	89,725	105,899	1,288,472
Long-term liabilities:			
Bonds payable	15,000	15,000	182,503
Long-term loans payable (Note 7)	54,928	36,200	440,445
Deferred tax liabilities (Note 11)	11,166	9,602	116,837
Provision for retirement benefits (Note 13)	1,058	1,392	16,937
Provision for directors' retirement benefits	260	234	2,849
Asset retirement obligations	256	299	3,646
Other	9,810	9,478	115,327
Total long-term liabilities	92,479	72,207	878,547
Total liabilities	182,205	178,107	2,167,020
Contingent liabilities (Note 8)			
Net assets:			
Shareholders' equity			
Capital stock	41,654	41,654	506,802
Capital surplus (Note 9)	31,084	31,084	378,202
Retained earnings (Note 9)	42,839	44,865	545,870
Treasury stock	(1,959)	(1,972)	(24,005)
Total shareholders' equity	113,619	115,630	1,406,869
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	13,578	14,822	180,347
Foreign currency translation adjustments	(46)	(55)	(677)
Total accumulated other comprehensive income	13,532	14,767	179,670
Minority interests			
Total net assets	128,541	131,782	1,603,391
Total liabilities and net assets	¥310,746	¥309,890	\$3,770,411

Consolidated Statements of Income

SUMITOMO OSAKA CEMENT CO., LTD. AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 2011 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2012	2012
Net sales	¥201,644	¥217,044	\$2,640,762
Cost of sales	159,542	172,609	2,100,128
Gross profit	42,101	44,434	540,633
Selling, general and administrative expenses	35,362	36,297	441,634
Operating income	6,738	8,136	98,998
Non operating income:			
Interest income	83	78	956
Dividend income	1,034	1,237	15,051
Compensation income	—	278	3,386
Equity in earnings of affiliates	0	33	411
Rental income	172	157	1,916
Other	468	509	6,199
Total non operating income	1,760	2,294	27,922
Non operating expenses:			
Interest expense	2,141	1,921	23,379
Other	1,095	843	10,268
Total non operating expenses	3,236	2,765	33,648
Ordinary income	5,262	7,666	93,272
Extraordinary income:			
Gain on sales of noncurrent assets	56	37	455
Gain on sales of investment securities	102	86	1,056
Gain on negative goodwill	126	—	—
Compensation income	—	313	3,809
Other	11	4	55
Total extraordinary income	295	441	5,377
Extraordinary loss:			
Loss on retirement of noncurrent assets	532	1,255	15,271
Loss on sales of noncurrent assets	5	97	1,188
Loss on valuation of investment securities	28	22	269
Loss on impairment of noncurrent assets (Note 14)	1,357	610	7,431
Loss on adjustment for changes of accounting standard for asset retirement obligations	198	—	—
Loss on disaster (Note 15)	786	228	2,776
Other	7	17	218
Total extraordinary loss	2,916	2,231	27,156
Income before income taxes and minority interests	2,641	5,876	71,494
Income taxes (Note 11):			
Current	1,890	2,554	31,085
Deferred	(209)	(333)	(4,054)
Income before minority interests	959	3,654	44,462
Minority interests in net income of consolidated subsidiaries	(39)	(8)	(102)
Net income	¥ 920	¥ 3,645	\$ 44,359

	Yen		U.S. dollars (Note 1)
	2011	2012	2012
Per share information (Note 2 (n)):			
Net income	¥ 2.21	¥ 8.76	\$ 0.107
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, 2011 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2012	2012
Income before minority interests	¥ 959	¥3,654	\$44,462
Other comprehensive income:			
Unrealized gain on available-for-sale securities	4,478	1,244	15,136
Foreign currency translation adjustments	(12)	(8)	(107)
Share of other comprehensive income of affiliates accounted for using the equity method	(1)	(0)	(4)
Comprehensive income	¥5,424	¥4,889	\$59,487
Total comprehensive income attributable to:			
Shareholders of Sumitomo Osaka Cement Co., Ltd.	¥5,385	¥4,880	\$59,383
Minority interests	39	8	103

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, 2011 and 2012

	Shares of common stock	Millions of yen				
		Shareholders' equity				
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at March 31, 2010	427,432,175	¥41,654	¥31,084	¥43,585	¥(1,941)	¥114,381
Cash dividend paid		—	—	(1,665)	—	(1,665)
Net income for the year		—	—	920	—	920
Acquisition of treasury stock		—	—	—	(18)	(18)
Disposal of treasury stock		—	(0)	—	1	1
Other, net		—	—	—	—	—
Balance at March 31, 2011	427,432,175	¥41,654	¥31,084	¥42,839	¥(1,959)	¥113,619
Cash dividend paid		—	—	(1,665)	—	(1,665)
Net income for the year		—	—	3,645	—	3,645
Acquisition of treasury stock		—	—	—	(14)	(14)
Disposal of treasury stock		—	0	—	0	0
Increase in change in accounting period of consolidated subsidiary		—	—	44	—	44
Other, net		—	—	—	—	—
Balance at March 31, 2012	427,432,175	¥41,654	¥31,084	¥44,865	¥(1,972)	¥115,630

	Millions of yen				
	Accumulated other comprehensive income				
	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Total	Minority interests	Total net assets
Balance at March 31, 2010	¥ 9,101	¥(34)	¥ 9,067	¥1,595	¥125,044
Cash dividend paid	—	—	—	—	(1,665)
Net income for the year	—	—	—	—	920
Acquisition of treasury stock	—	—	—	—	(18)
Disposal of treasury stock	—	—	—	—	1
Other, net	4,477	(12)	4,465	(205)	4,260
Balance at March 31, 2011	¥13,578	¥(46)	¥13,532	¥1,390	¥128,541
Cash dividend paid	—	—	—	—	(1,665)
Net income for the year	—	—	—	—	3,645
Acquisition of treasury stock	—	—	—	—	(14)
Disposal of treasury stock	—	—	—	—	0
Increase in change in accounting period of consolidated subsidiary	—	—	—	—	44
Other, net	1,243	(9)	1,234	(5)	1,229
Balance at March 31, 2012	¥14,822	¥(55)	¥14,767	¥1,384	¥131,782

	Thousands of U.S. dollars (Note 1)				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at March 31, 2011	\$506,802	\$378,200	\$521,229	\$(23,837)	\$1,382,395
Cash dividend paid	—	—	(20,264)	—	(20,264)
Net income for the year	—	—	44,359	—	44,359
Acquisition of treasury stock	—	—	—	(173)	(173)
Disposal of treasury stock	—	1	—	5	7
Increase in change in accounting period of consolidated subsidiary	—	—	545	—	545
Other, net	—	—	—	—	—
Balance at March 31, 2012	\$506,802	\$378,202	\$545,870	\$(24,005)	\$1,406,869

	Thousands of U.S. dollars (Note 1)				
	Accumulated other comprehensive income				
	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Total	Minority interests	Total net assets
Balance at March 31, 2011	\$165,213	\$(566)	\$164,646	\$16,914	\$1,563,956
Cash dividend paid	—	—	—	—	(20,264)
Net income for the year	—	—	—	—	44,359
Acquisition of treasury stock	—	—	—	—	(173)
Disposal of treasury stock	—	—	—	—	7
Increase in change in accounting period of consolidated subsidiary	—	—	—	—	545
Other, net	15,134	(110)	15,024	(63)	14,960
Balance at March 31, 2012	\$180,347	\$(677)	\$179,670	\$16,850	\$1,603,391

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, 2011 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2012	2012
Operating activities:			
Income before income taxes and minority interests	¥ 2,641	¥ 5,876	\$ 71,494
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	20,741	19,736	240,138
Amortization of goodwill	217	188	2,296
Loss on impairment of fixed assets	1,357	610	7,431
Gain on negative goodwill	(126)	—	—
(Decrease) increase in provision for retirement benefits	(37)	329	4,008
Decrease in provision for directors' retirement benefits	(33)	(12)	(155)
Increase (decrease) in provision for loss on disaster	481	(474)	(5,775)
Increase in allowance for doubtful accounts	9	500	6,087
Interest and dividend income	(1,118)	(1,315)	(16,008)
Interest expenses	2,141	1,921	23,379
Foreign exchange losses (gains)	175	(61)	(744)
Equity in earnings of affiliates	(0)	(33)	(411)
Gain on sales of noncurrent assets	(56)	(37)	(455)
Loss on sales of noncurrent assets	5	97	1,188
Loss on retirement of noncurrent assets	251	943	11,479
Gain on sales of investment securities	(102)	(86)	(1,056)
Loss on valuation of investment securities	28	22	269
Increase in notes and accounts receivable—trade	(4,222)	(5,371)	(65,349)
(Increase) decrease in inventories	(801)	2,107	25,647
Increase in notes and accounts payable—trade	1,185	1,724	20,987
Other	844	(818)	(9,960)
Subtotal	23,580	25,848	314,492
Interest and dividends income received	1,120	1,310	15,950
Interest expenses paid	(2,166)	(1,932)	(23,507)
Income taxes paid	(985)	(1,983)	(24,130)
Net cash provided by operating activities	21,548	23,243	282,804
Investing activities:			
Proceeds from redemption of securities	0	0	6
Proceeds from sales of property, plant and equipment	92	405	4,937
Purchases of property, plant and equipment	(15,219)	(15,156)	(184,402)
Proceeds from sales of investment securities	316	300	3,660
Purchases of investment securities	(131)	(3)	(37)
Purchases of investments in subsidiaries resulting in change in scope of consolidation	—	(186)	(2,274)
Payments for investments in capital of subsidiaries and affiliates	—	(920)	(11,193)
Collection of loans receivable	182	231	2,810
Payments of loans receivable	(432)	(984)	(11,982)
Other	143	(1)	(18)
Net cash used in investing activities	(15,048)	(16,314)	(198,494)
Financing activities:			
Increase (decrease) in short-term loans payable	742	(437)	(5,323)
Proceeds from long-term loans payable	3,448	2,530	30,782
Repayment of long-term loans payable	(8,460)	(9,452)	(115,013)
Proceeds from issuance of bonds	—	10,000	121,669
Proceeds from sales of treasury stock	1	0	7
Redemption of bonds	(5,000)	(7,000)	(85,168)
Purchase of treasury stock	(18)	(14)	(173)
Cash dividends paid	(1,665)	(1,665)	(20,264)
Cash dividends paid to minority shareholders	(4)	(4)	(49)
Other	(33)	(67)	(819)
Net cash used in financing activities	(10,991)	(6,111)	(74,354)
Effect of exchange rate changes on cash and cash equivalents	(30)	(2)	(29)
Net (decrease) increase in cash and cash equivalents	(4,522)	815	9,926
Cash and cash equivalents at beginning of year	30,800	26,277	319,721
Increase in cash and cash equivalents resulting from change in scope of consolidation	—	0	1
Cash and cash equivalents at end of year (Note 4)	¥26,277	¥27,093	\$329,649

See accompanying notes to the consolidated financial statements.