

Consolidated Balance Sheets

SUMITOMO OSAKA CEMENT CO., LTD. AND CONSOLIDATED SUBSIDIARIES
March 31, 2012 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2013	2013
ASSETS			
Current assets:			
Cash and deposits (Note 4)	¥ 27,237	¥ 25,225	\$ 268,215
Notes and accounts receivable—trade	47,676	47,697	507,148
Securities	0	0	2
Merchandise and finished goods	6,831	6,540	69,541
Work in process	1,465	1,990	21,166
Raw materials and supplies	9,544	9,533	101,366
Short-term loans receivable	689	567	6,029
Deferred tax assets (Note 11)	1,717	2,267	24,110
Other	2,265	1,954	20,782
Less: Allowance for doubtful receivables	(357)	(261)	(2,781)
Total current assets	97,069	95,515	1,015,582
Property, plant and equipment, net:			
Land	39,080	38,914	413,764
Buildings and structures	50,689	53,240	566,087
Machinery, equipment and vehicles	46,384	46,393	493,281
Construction in progress	7,783	5,888	62,606
Other	14,864	15,372	163,452
Total property, plant and equipment, net	158,802	159,809	1,699,193
Intangible assets:			
Goodwill	649	357	3,799
Other	3,506	3,055	32,491
Total intangible assets	4,156	3,413	36,290
Investments and other assets:			
Investment securities (Note 6)	40,663	48,925	520,205
Long-term loans receivable	1,787	1,714	18,226
Deferred tax assets (Note 11)	905	788	8,386
Other	7,349	6,329	67,299
Less: Allowance for doubtful accounts	(843)	(760)	(8,087)
Total investments and other assets	49,862	56,997	606,030
Total noncurrent assets	212,821	220,219	2,341,514
Total assets	¥309,890	¥315,734	\$3,357,096

See accompanying notes to the consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2013	2013
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable—trade	¥ 26,541	¥ 27,245	\$ 289,690
Short-term loans payable (Note 7)	33,839	34,086	362,429
Current portion of long-term loans payable (Note 7)	21,169	11,290	120,045
Current portion of bonds (Note 7)	10,000	—	—
Income taxes payable	2,183	4,320	45,935
Provision for bonuses	2,058	2,091	22,236
Provision for loss on disaster	6	—	—
Other	10,100	11,340	120,575
Total current liabilities	105,899	90,373	960,912
Long-term liabilities:			
Bonds payable (Note 7)	15,000	15,000	159,489
Long-term loans payable (Note 7)	36,200	42,433	451,183
Deferred tax liabilities (Note 11)	9,602	13,013	138,367
Provision for retirement benefits (Note 13)	1,392	1,299	13,816
Provision for directors' retirement benefits	234	221	2,356
Asset retirement obligations	299	642	6,830
Other	9,478	9,773	103,917
Total long-term liabilities	72,207	82,384	875,961
Total liabilities	178,107	172,758	1,836,874
Contingent liabilities (Note 8)			
Net assets:			
Shareholders' equity			
Capital stock	41,654	41,654	442,892
Capital surplus (Note 9)	31,084	31,084	330,510
Retained earnings (Note 9)	44,865	50,620	538,226
Treasury stock	(1,972)	(1,989)	(21,158)
Total shareholders' equity	115,630	121,368	1,290,471
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	14,822	20,125	213,982
Foreign currency translation adjustments	(55)	95	1,019
Total accumulated other comprehensive income	14,767	20,220	215,002
Minority interests			
Total net assets	131,782	142,976	1,520,222
Total liabilities and net assets	¥309,890	¥315,734	\$3,357,096

Consolidated Statements of Income

SUMITOMO OSAKA CEMENT CO., LTD. AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 2012 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2013	2013
Net sales	¥217,044	¥219,083	\$2,329,437
Cost of sales	172,609	170,042	1,807,998
Gross profit	44,434	49,041	521,438
Selling, general and administrative expenses	36,297	35,082	373,016
Operating income	8,136	13,959	148,422
Non operating income:			
Interest income	78	96	1,030
Dividend income	1,237	1,093	11,628
Foreign exchange gain	—	728	7,744
Compensation income	278	326	3,471
Equity in earnings of affiliates	33	122	1,304
Rental income	157	189	2,014
Other	509	626	6,658
Total non operating income	2,294	3,183	33,852
Non operating expenses:			
Interest expense	1,921	1,647	17,513
Foreign exchange loss	23	—	—
Other	820	883	9,392
Total non operating expenses	2,765	2,530	26,905
Ordinary income	7,666	14,612	155,369
Extraordinary income:			
Gain on sales of noncurrent assets	37	132	1,407
Gain on sales of investment securities	86	4	48
Compensation income	313	—	—
Other	4	—	—
Total extraordinary income	441	136	1,455
Extraordinary loss:			
Loss on retirement of noncurrent assets	1,255	613	6,522
Loss on sales of noncurrent assets	97	38	411
Loss on valuation of investment securities	22	16	177
Loss on impairment of noncurrent assets (Note 14)	610	517	5,503
Loss on business restructuring (Note 15)	—	541	5,752
Loss on disaster (Note 16)	228	—	—
Other	17	68	727
Total extraordinary loss	2,231	1,795	19,094
Income before income taxes and minority interests	5,876	12,953	137,730
Income taxes (Note 11):			
Current	2,554	5,468	58,139
Deferred	(333)	(2)	(31)
Income before minority interests	3,654	7,488	79,622
Minority interests in net income of consolidated subsidiaries	(8)	(27)	(295)
Net income	¥ 3,645	¥ 7,460	\$ 79,327

	Yen		U.S. dollars (Note 1)
	2012	2013	2013
Per share information (Note 2 (n)):			
Net income	¥ 8.76	¥ 17.92	\$ 0.191
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, 2012 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2013	2013
Income before minority interests	¥3,654	¥ 7,488	\$ 79,622
Other comprehensive income (Note 12):			
Unrealized gain on available-for-sale securities	1,244	5,299	56,346
Foreign currency translation adjustments	(8)	151	1,611
Share of other comprehensive income of affiliates accounted for using the equity method	(0)	2	30
Comprehensive income	¥4,889	¥12,942	\$137,609
Total comprehensive income attributable to:			
Shareholders of Sumitomo Osaka Cement Co., Ltd.	¥4,880	¥12,914	\$137,315
Minority interests	8	27	295

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, 2012 and 2013

	Shares of common stock	Millions of yen				
		Shareholders' equity				
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
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 due to 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
Cash dividend paid		—	—	1,665	—	1,665
Net income for the year		—	—	7,460	—	7,460
Acquisition of treasury stock		—	—	—	(17)	(17)
Disposal of treasury stock		—	0	—	0	0
Decrease due to change in accounting period of consolidated subsidiary		—	—	(40)	—	(40)
Other, net		—	—	—	—	—
Balance at March 31, 2013	427,432,175	¥41,654	¥31,084	¥50,620	¥(1,989)	¥121,368

	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, 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 due to 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
Cash dividend paid	—	—	—	—	1,665
Net income for the year	—	—	—	—	7,460
Acquisition of treasury stock	—	—	—	—	(17)
Disposal of treasury stock	—	—	—	—	0
Decrease due to change in accounting period of consolidated subsidiary	—	—	—	—	(40)
Other, net	5,302	151	5,453	2	5,456
Balance at March 31, 2013	¥20,125	¥ 95	¥20,220	¥1,387	¥142,976

	Thousands of U.S. dollars (Note 1)				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at March 31, 2012	\$442,892	\$330,509	\$477,034	\$(20,978)	\$1,229,459
Cash dividend paid	—	—	(17,706)	—	(17,706)
Net income for the year	—	—	79,327	—	79,327
Acquisition of treasury stock	—	—	—	(180)	(180)
Disposal of treasury stock	—	0	—	0	0
Decrease due to change in accounting period of consolidated subsidiary	—	—	(428)	—	(428)
Other, net	—	—	—	—	—
Balance at March 31, 2013	\$442,892	\$330,510	\$538,226	\$(21,158)	\$1,290,471

	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, 2012	\$157,605	\$(591)	\$157,013	\$14,725	\$1,401,198
Cash dividend paid	—	—	—	—	(17,706)
Net income for the year	—	—	—	—	79,327
Acquisition of treasury stock	—	—	—	—	(180)
Disposal of treasury stock	—	—	—	—	0
Decrease due to change in accounting period of consolidated subsidiary	—	—	—	—	(428)
Other, net	56,376	1,611	57,988	23	58,011
Balance at March 31, 2013	\$213,982	\$1,019	\$215,002	\$14,749	\$1,520,222

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, 2012 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2013	2013
Operating activities:			
Income before income taxes and minority interests	¥ 5,876	¥12,953	\$137,730
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	19,736	17,485	185,920
Amortization of goodwill	188	152	1,621
Loss on impairment of fixed assets	610	517	5,503
Increase (decrease) in provision for retirement benefits	329	(131)	(1,401)
Increase (decrease) in provision for directors' retirement benefits	(12)	14	159
Increase (decrease) in provision for loss on disaster	(474)	(6)	(69)
Increase (decrease) in allowance for doubtful accounts	500	(90)	(964)
Interest and dividend income	(1,315)	(1,190)	(12,658)
Interest expenses	1,921	1,647	17,513
Foreign exchange loss (gain)	(61)	256	2,727
Equity in earnings of affiliates	(33)	(122)	(1,304)
Gain on sales of noncurrent assets	(37)	(132)	(1,407)
Loss on sales of noncurrent assets	97	38	411
Loss on retirement of noncurrent assets	943	274	2,922
Loss (gain) on sales of investment securities	(86)	29	318
Loss on valuation of investment securities	22	16	177
Decrease (increase) in notes and accounts receivable—trade	(5,371)	156	1,668
Decrease (increase) in inventories	2,107	(220)	(2,342)
Increase in notes and accounts payable—trade	1,724	778	8,273
Other	(818)	1,411	15,008
Subtotal	25,848	33,839	359,805
Interest and dividends income received	1,310	1,186	12,616
Interest expenses paid	(1,932)	(1,693)	(18,008)
Income taxes paid	(1,983)	(3,316)	(35,266)
Net cash provided by operating activities	23,243	30,015	319,146
Investing activities:			
Proceeds from redemption of securities	0	0	1
Proceeds from sales of property, plant and equipment	405	492	5,233
Purchases of property, plant and equipment	(15,156)	(17,746)	(188,696)
Proceeds from sales of investment securities	300	62	663
Purchases of investment securities	(3)	(10)	(109)
Purchases of investments in subsidiaries resulting in change in scope of consolidation	(186)	—	—
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	—	(19)	(203)
Payments for investments in capital of subsidiaries and affiliates	(920)	—	—
Collection of loans receivable	231	739	7,861
Payments of loans receivable	(984)	(883)	(9,393)
Other	(1)	3	36
Net cash used in investing activities	(16,314)	(17,362)	(184,604)
Financing activities:			
Increase (decrease) in short-term loans payable	(437)	239	2,550
Proceeds from long-term loans payable	2,530	18,598	197,745
Repayment of long-term loans payable	(9,452)	(22,253)	(236,617)
Proceeds from issuance of bonds	10,000	—	—
Proceeds from sales of treasury stock	0	0	0
Redemption of bonds	(7,000)	(10,000)	(106,326)
Purchase of treasury stock	(14)	(17)	(180)
Cash dividends paid	(1,665)	(1,665)	(17,706)
Cash dividends paid to minority shareholders	(4)	(1)	(11)
Other	(67)	(74)	(793)
Net cash used in financing activities	(6,111)	(15,173)	(161,339)
Effect of exchange rate changes on cash and cash equivalents	(2)	154	1,644
Net (decrease) increase in cash and cash equivalents	815	(2,365)	(25,152)
Cash and cash equivalents at beginning of year	26,277	27,093	288,079
Increase in cash and cash equivalents resulting from change in scope of consolidation	—	350	3,726
Increase in cash and cash equivalents resulting from change in accounting period of consolidated subsidiary	0	—	—
Cash and cash equivalents at end of year (Note 4)	¥27,093	¥25,078	\$266,653

See accompanying notes to the consolidated financial statements.