

Consolidated Balance Sheets

SUMITOMO OSAKA CEMENT CO., LTD. AND CONSOLIDATED SUBSIDIARIES
March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2014	2014
ASSETS			
Current assets:			
Cash and deposits (Note 4)	¥ 25,225	¥ 32,081	\$ 311,713
Notes and accounts receivable—trade	47,697	47,038	457,039
Securities	0	—	—
Merchandise and finished goods	6,540	6,215	60,393
Work in process	1,990	1,477	14,351
Raw materials and supplies	9,533	10,014	97,305
Short-term loans receivable	567	437	4,250
Deferred tax assets (Note 13)	2,267	1,801	17,505
Other	1,954	2,574	25,018
Less: Allowance for doubtful receivables	(261)	(216)	(2,099)
Total current assets	95,515	101,425	985,478
Property, plant and equipment, net:			
Buildings and structures	53,240	51,933	504,596
Machinery, equipment and vehicles	46,393	49,815	484,020
Land	38,914	38,845	377,434
Construction in progress	5,888	3,671	35,676
Other	15,372	15,540	150,999
Total property, plant and equipment, net	159,809	159,806	1,552,728
Intangible assets:			
Goodwill	357	206	2,007
Other	3,055	2,849	27,686
Total intangible assets	3,413	3,056	29,693
Investments and other assets:			
Investment securities (Note 6)	48,925	51,933	504,599
Long-term loans receivable	1,714	2,618	25,442
Deferred tax assets (Note 13)	788	787	7,653
Net defined benefit asset (Note 15)	—	230	2,240
Other	6,329	6,209	60,330
Less: Allowance for doubtful receivables	(760)	(739)	(7,184)
Total investments and other assets	56,997	61,039	593,081
Total noncurrent assets	220,219	223,902	2,175,503
Total assets	¥315,734	¥325,328	\$3,160,982

See accompanying notes to the consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2014	2014
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable—trade	¥ 27,245	¥ 27,790	\$ 270,017
Short-term loans payable (Note 7)	34,086	32,764	318,346
Current portion of long-term loans payable (Note 7)	11,290	15,939	154,876
Current portion of bonds (Note 7)	—	5,000	48,581
Income taxes payable	4,320	5,805	56,403
Provision for bonuses	2,091	2,192	21,303
Other	11,340	9,870	95,902
Total current liabilities	90,373	99,362	965,432
Long-term liabilities:			
Bonds payable (Note 7)	15,000	10,000	97,162
Long-term loans payable (Note 7)	42,433	34,443	334,664
Deferred tax liabilities (Note 13)	13,013	13,760	133,705
Provision for retirement benefits (Note 15)	1,299	—	—
Provision for directors' retirement benefits	221	212	2,068
Net defined benefit liability (Note 15)	—	2,277	22,127
Asset retirement obligations	642	707	6,875
Other	9,773	9,742	94,659
Total long-term liabilities	82,384	71,144	691,264
Total liabilities	172,758	170,507	1,656,696
Net assets:			
Shareholders' equity			
Capital stock	41,654	41,654	404,722
Capital surplus (Note 9)	31,084	29,282	284,516
Retained earnings (Note 9)	50,620	60,829	591,036
Treasury stock	(1,989)	(236)	(2,301)
Total shareholders' equity	121,368	131,529	1,277,975
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	20,125	22,117	214,903
Foreign currency translation adjustments	95	409	3,975
Remeasurements of defined benefit plans	—	(710)	(6,905)
Total accumulated other comprehensive income	20,220	21,816	211,973
Minority interests			
Total net assets	142,976	154,821	1,504,285
Total liabilities and net assets	¥315,734	¥325,328	\$3,160,982

Consolidated Statements of Income

SUMITOMO OSAKA CEMENT CO., LTD. AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2014	2014
Net sales	¥219,083	¥235,078	\$2,284,093
Cost of sales	170,042	177,606	1,725,679
Gross profit	49,041	57,471	558,413
Selling, general and administrative expenses (Note 12)	35,082	35,966	349,465
Operating income	13,959	21,504	208,948
Non operating income:			
Interest income	96	91	892
Dividend income	1,093	1,584	15,397
Foreign exchange gain	728	597	5,804
Compensation income for business interaction	326	—	—
Equity in earnings of affiliates	122	199	1,941
Rental income	189	164	1,597
Other	626	516	5,019
Total non operating income	3,183	3,154	30,653
Non operating expenses:			
Interest expense	1,647	1,351	13,129
Other	883	907	8,820
Total non operating expenses	2,530	2,259	21,950
Ordinary income	14,612	22,400	217,651
Extraordinary income:			
Gain on sales of noncurrent assets	132	56	547
Gain on sales of investment securities	4	18	175
Total extraordinary income	136	74	722
Extraordinary loss:			
Loss on retirement of noncurrent assets	613	632	6,144
Loss on sales of noncurrent assets	38	7	75
Loss on valuation of investment securities	16	1	12
Loss on impairment of noncurrent assets (Note 16)	517	213	2,076
Loss on business restructuring (Note 17)	541	—	—
Other	68	—	—
Total extraordinary loss	1,795	855	8,308
Income before income taxes and minority interests	12,953	21,619	210,064
Income taxes (Note 13):			
Current	5,468	7,703	74,844
Deferred	(2)	493	4,794
Income before minority interests	7,488	13,423	130,425
Minority interests in net income of consolidated subsidiaries	27	92	896
Net income (Note 21)	¥ 7,460	¥ 13,331	\$ 129,528

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, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2014	2014
Income before minority interests	¥ 7,488	¥13,423	\$130,425
Other comprehensive income (Note 14):			
Unrealized gain on available-for-sale securities	5,299	1,992	19,361
Foreign currency translation adjustments	151	313	3,043
Share of other comprehensive income of affiliates accounted for using the equity method	2	0	3
Comprehensive income	¥12,942	¥15,729	\$152,833
Total comprehensive income attributable to:			
Shareholders of Sumitomo Osaka Cement Co., Ltd.	¥12,914	¥15,637	\$151,934
Minority interests	27	92	898

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, 2013 and 2014

	Shares of common stock	Millions of yen				
		Shareholders' equity				
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at April 1, 2012	427,432,175	¥41,654	¥31,084	¥44,865	¥(1,972)	¥115,630
Dividends from surplus		—	—	(1,665)	—	(1,665)
Net income for the year		—	—	7,460	—	7,460
Purchase of treasury stock		—	—	—	(17)	(17)
Disposal of treasury stock		—	0	—	0	0
Increase (decrease) in 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
Dividends from surplus		—	—	(3,121)	—	(3,121)
Net income for the year		—	—	13,331	—	13,331
Purchase of treasury stock		—	—	—	(50)	(50)
Disposal of treasury stock		—	0	—	0	1
Retirement of treasury stock	(10,000,000)	—	(1,802)	—	1,802	—
Increase (decrease) in change in accounting period of consolidated subsidiary		—	—	—	—	—
Other, net		—	—	—	—	—
Balance at March 31, 2014	417,432,175	¥41,654	¥29,282	¥60,829	¥ (236)	¥131,529

	Shares of common stock	Millions of yen					
		Accumulated other comprehensive income					
		Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total	Minority interests	Total net assets
Balance at April 1, 2012		¥14,822	¥ (55)	¥ —	¥14,767	¥1,384	¥131,782
Dividends from surplus		—	—	—	—	—	(1,665)
Net income for the year		—	—	—	—	—	7,460
Purchase of treasury stock		—	—	—	—	—	(17)
Disposal of treasury stock		—	—	—	—	—	0
Increase (decrease) in 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
Dividends from surplus		—	—	—	—	—	(3,121)
Net income for the year		—	—	—	—	—	13,331
Purchase of treasury stock		—	—	—	—	—	(50)
Disposal of treasury stock		—	—	—	—	—	1
Retirement of treasury stock		—	—	—	—	—	—
Increase (decrease) in change in accounting period of consolidated subsidiary		—	—	—	—	—	—
Other, net		1,992	313	(710)	1,595	88	1,683
Balance at March 31, 2014		¥22,117	¥409	¥(710)	¥21,816	¥1,475	¥154,821

	Shares of common stock	Thousands of U.S. dollars (Note 1)				
		Shareholders' equity				
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at March 31, 2013	427,432,195	404,722	302,025	491,840	(19,335)	1,179,253
Dividends from surplus		—	—	(30,332)	—	(30,332)
Net income for the year		—	—	129,528	—	129,528
Purchase of treasury stock		—	—	—	(493)	(493)
Disposal of treasury stock		—	9	—	8	18
Retirement of treasury stock	(10,000,000)	—	(17,518)	—	17,518	—
Increase (decrease) in change in accounting period of consolidated subsidiary		—	—	—	—	—
Other, net		—	—	—	—	—
Balance at March 31, 2014	417,432,175	\$404,722	\$284,516	\$591,036	\$(2,301)	\$1,277,975

	Shares of common stock	Thousands of U.S. dollars (Note 1)					
		Accumulated other comprehensive income					
		Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total	Minority interests	Total net assets
Balance at March 31, 2013		195,540	932	—	196,472	13,478	1,389,204
Dividends from surplus		—	—	—	—	—	(30,332)
Net income for the year		—	—	—	—	—	129,528
Purchase of treasury stock		—	—	—	—	—	(493)
Disposal of treasury stock		—	—	—	—	—	18
Retirement of treasury stock		—	—	—	—	—	—
Increase (decrease) in change in accounting period of consolidated subsidiary		—	—	—	—	—	—
Other, net		19,362	3,043	(6,905)	15,500	859	16,359
Balance at March 31, 2014		\$214,903	\$3,975	\$(6,905)	\$211,973	\$14,337	\$1,504,285

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, 2013 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2014	2014
Operating activities:			
Income before income taxes and minority interests	¥12,953	¥21,619	\$210,064
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	17,485	16,599	161,283
Loss on impairment of fixed assets	517	213	2,076
Amortization of goodwill	152	150	1,464
Gain on negative goodwill			
Increase (Decrease) in provision for retirement benefits	(131)	—	—
Increase (Decrease) in provision for net defined benefit liability	—	(185)	(1,806)
Increase (Decrease) in provision for directors' retirement benefits	14	(8)	(84)
Increase (Decrease) in provision for loss on disaster	(6)	—	—
Increase (Decrease) in allowance for doubtful accounts	(90)	(57)	(556)
Interest and dividend income	(1,190)	(1,676)	(16,290)
Interest expenses	1,647	1,351	13,129
Foreign exchange losses (gains)	256	(587)	(5,706)
Equity in (earnings) losses of affiliates	(122)	(199)	(1,941)
Gain on sales of noncurrent assets	(132)	(56)	(547)
Loss on sales of noncurrent assets	38	7	75
Loss on retirement of noncurrent assets	274	73	711
Loss (Gain) on sales of investment securities	29	(18)	(175)
Loss (Gain) on valuation of investment securities	16	1	12
Decrease (Increase) in notes and accounts receivable-trade	156	682	6,632
Decrease (Increase) in inventories	(220)	435	4,228
Increase (Decrease) in notes and accounts payable-trade	778	210	2,040
Other	1,411	(73)	(713)
Subtotal	33,839	38,481	373,898
Interest and dividends income received	1,186	1,678	16,311
Interest expenses paid	(1,693)	(1,382)	(13,428)
Income taxes paid	(3,316)	(6,241)	(60,642)
Net cash provided by operating activities	30,015	32,537	316,139
Investing activities:			
Proceeds from redemption of securities	0	0	2
Purchases of property, plant and equipment	(17,746)	(17,711)	(172,087)
Proceeds from sales of property, plant and equipment	492	167	1,623
Purchases of investment securities	(10)	(3)	(32)
Proceeds from sales of investment securities	62	232	2,259
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(19)	—	—
Payments of loans receivable	(883)	(1,548)	(15,040)
Collection of loans receivable	739	927	9,015
Other	3	(15)	(147)
Net cash used in investing activities	(17,362)	(17,950)	(174,408)
Financing activities:			
Net increase (decrease) in short-term loans payable	239	(1,347)	(13,090)
Proceeds from long-term loans payable	18,598	8,112	78,819
Repayment of long-term loans payable	(22,253)	(11,479)	(111,537)
Proceeds from sales of treasury stock	0	1	18
Redemption of bonds	(10,000)	—	—
Purchases of treasury stock	(17)	(50)	(493)
Cash dividends paid	(1,665)	(3,121)	(30,332)
Cash dividends paid to minority shareholders	(1)	(4)	(39)
Other	(74)	(77)	(755)
Net cash used in financing activities	(15,173)	(7,967)	(77,411)
Effect of exchange rate changes on cash and cash equivalents	154	230	2,238
Net increase (decrease) in cash and cash equivalents	(2,365)	6,850	66,558
Cash and cash equivalents at beginning of year	27,093	25,078	243,672
Increase in cash and cash equivalents resulting from change in scope of consolidation	350	—	—
Cash and cash equivalents at end of year (Note 4)	¥25,078	¥31,928	\$310,231

See accompanying notes to the consolidated financial statements.