

Consolidated Balance Sheets

SUMITOMO OSAKA CEMENT CO., LTD. AND CONSOLIDATED SUBSIDIARIES

March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
ASSETS			
Current assets:			
Cash and deposits (Note 4)	¥ 32,081	¥ 30,289	\$ 251,264
Notes and accounts receivable—trade	47,038	47,774	396,307
Merchandise and finished goods	6,215	6,275	52,056
Work in process	1,477	2,550	21,153
Raw materials and supplies	10,014	10,417	86,415
Deferred tax assets (Note 13)	1,801	1,741	14,443
Short-term loans receivable	437	127	1,055
Other	2,574	2,970	24,644
Less: Allowance for doubtful receivables	(216)	(95)	(790)
Total current assets	101,425	102,051	846,550
Property, plant and equipment, net:			
Buildings and structures	51,933	50,460	418,583
Machinery, equipment and vehicles	49,815	48,727	404,213
Land	38,845	38,531	319,630
Construction in progress	3,671	4,275	35,465
Other	15,540	15,800	131,065
Total property, plant and equipment, net	159,806	157,795	1,308,959
Intangible assets:			
Goodwill	206	43	362
Other	2,849	2,320	19,251
Total intangible assets	3,056	2,364	19,614
Investments and other assets:			
Investment securities (Note 6)	51,933	64,342	533,743
Long-term loans receivable	2,618	3,012	24,988
Deferred tax assets (Note 13)	787	762	6,327
Net defined benefit asset (Note 15)	230	308	2,561
Other	6,209	5,944	49,308
Less: Allowance for doubtful receivables	(739)	(600)	(4,979)
Total investments and other assets	61,039	73,770	611,949
Total noncurrent assets	223,902	233,930	1,940,522
Total assets	¥325,328	¥335,981	\$2,787,073

See accompanying notes to the consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable—trade	¥ 27,790	¥ 27,661	\$ 229,463
Short-term loans payable (Note 7)	32,764	32,656	270,893
Current portion of long-term loans payable (Note 7)	15,939	9,565	79,351
Current portion of bonds (Note 7)	5,000	—	—
Income taxes payable	5,805	5,061	41,989
Provision for bonuses	2,192	2,196	18,219
Other	9,870	11,512	95,500
Total current liabilities	99,362	88,654	735,417
Long-term liabilities:			
Bonds payable (Note 7)	10,000	15,000	124,429
Long-term loans payable (Note 7)	34,443	27,103	224,833
Deferred tax liabilities (Note 13)	13,760	16,133	133,831
Provision for directors' retirement benefits	212	211	1,758
Provision for loss on dissolution of employees' pension fund	—	405	3,359
Net defined benefit liability (Note 15)	2,277	2,131	17,679
Asset retirement obligations	707	763	6,332
Other	9,742	9,823	81,492
Total long-term liabilities	71,144	71,572	593,716
Total liabilities	170,507	160,227	1,329,134
Net assets:			
Shareholders' equity			
Capital stock	41,654	41,654	345,533
Capital surplus (Note 9)	29,282	29,282	242,910
Retained earnings (Note 9)	60,829	71,451	592,716
Treasury stock	(236)	(267)	(2,220)
Total shareholders' equity	131,529	142,121	1,178,938
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	22,117	31,735	263,255
Foreign currency translation adjustments	409	437	3,629
Remeasurements of defined benefit plans	(710)	(101)	(844)
Total accumulated other comprehensive income	21,816	32,071	266,040
Minority interests			
Total net assets	154,821	175,754	1,457,938
Total liabilities and net assets	¥325,328	¥335,981	\$2,787,073

Consolidated Statements of Income

SUMITOMO OSAKA CEMENT CO., LTD. AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Net sales	¥235,078	¥234,539	\$1,945,579
Cost of sales	177,606	177,158	1,469,589
Gross profit	57,471	57,380	475,990
Selling, general and administrative expenses (Note 12)	35,966	35,172	291,769
Operating income	21,504	22,207	184,220
Non operating income:			
Interest income	91	83	693
Dividend income	1,584	1,922	15,944
Foreign exchange gain	597	995	8,257
Equity in earnings of affiliates	199	230	1,912
Rental income	164	155	1,292
Other	516	690	5,725
Total non operating income	3,154	4,077	33,824
Non operating expenses:			
Interest expense	1,351	1,129	9,368
Other	907	772	6,408
Total non operating expenses	2,259	1,901	15,777
Ordinary income	22,400	24,383	202,267
Extraordinary income:			
Gain on sales of noncurrent assets	56	1,031	8,558
Gain on sales of investment securities	18	0	5
Settlement received	—	300	2,488
Total extraordinary income	74	1,332	11,052
Extraordinary loss:			
Loss on retirement of noncurrent assets	632	1,098	9,114
Loss on sales of noncurrent assets	7	1	9
Loss on valuation of investment securities	1	—	—
Loss on impairment of noncurrent assets (Note 16)	213	2,370	19,664
Provision for loss on dissolution of employees' pension fund	—	405	3,359
Total extraordinary loss	855	3,875	32,148
Income before income taxes and minority interests	21,619	21,840	181,171
Income taxes (Note 13):			
Current	7,703	8,425	69,894
Deferred	493	(13)	(114)
Income before minority interests	13,423	13,428	111,391
Minority interests in net income of consolidated subsidiaries	92	90	750
Net income	¥ 13,331	¥ 13,337	\$ 110,640

Per share (Note 20):

	Yen	U.S. dollars (Note 1)
Net income Basic	¥32.03	\$0.266

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, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Income before minority interests	¥13,423	¥13,428	\$111,391
Other comprehensive income (Note 14):			
Unrealized gain on available-for-sale securities	1,992	9,617	79,776
Foreign currency translation adjustments	313	28	235
Remeasurements of defined benefit plans	—	608	5,051
Share of other comprehensive income of affiliates accounted for using the equity method	0	0	6
Comprehensive income	¥15,729	23,683	196,461
Total comprehensive income attributable to:			
Shareholders of Sumitomo Osaka Cement Co., Ltd.	¥15,637	¥23,592	\$195,708
Minority interests	92	90	752

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, 2014 and 2015

	Shares of common stock	Millions of yen Shareholders' equity				Total
		Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at March 31, 2013	427,432,175	¥41,654	¥31,084	¥50,620	¥(1,989)	¥121,368
Cumulative effects of changes in accounting policies		—	—	—	—	—
Restated balance		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	—
Other, net		—	—	—	—	—
Balance at March 31, 2014	417,432,175	¥41,654	¥29,282	¥60,829	¥ (236)	¥131,529
Cumulative effects of changes in accounting policies		—	—	(634)	—	(634)
Restated balance	417,432,175	41,654	29,282	60,194	(236)	130,894
Dividends from surplus		—	—	(2,080)	—	(2,080)
Net income for the year		—	—	13,337	—	13,337
Purchase of treasury stock		—	—	—	(31)	(31)
Disposal of treasury stock		—	0	—	0	0
Retirement of treasury stock		—	—	—	—	—
Other, net		—	—	—	—	—
Balance at March 31, 2015	417,432,175	¥41,654	¥29,282	¥71,451	¥ (267)	¥142,121

	Millions of yen Accumulated other comprehensive income					Total net assets
	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total	Minority interests	
Balance at March 31, 2013	¥20,125	¥ 95	¥ —	¥20,220	¥1,387	¥142,976
Cumulative effects of changes in accounting policies	—	—	—	—	—	—
Restated balance	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	—	—	—	—	—	—
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
Cumulative effects of changes in accounting policies	—	—	—	—	—	(634)
Restated balance	22,117	409	(710)	21,816	1,475	154,186
Dividends from surplus	—	—	—	—	—	(2,080)
Net income for the year	—	—	—	—	—	13,337
Purchase of treasury stock	—	—	—	—	—	(31)
Disposal of treasury stock	—	—	—	—	—	0
Retirement of treasury stock	—	—	—	—	—	—
Other, net	9,617	28	608	10,254	86	10,341
Balance at March 31, 2015	¥31,735	¥437	¥(101)	¥32,071	¥1,562	¥175,754

	Thousands of U.S. dollars (Note 1) Shareholders' equity					Total
	Shares of common stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at March 31, 2014	417,432,175	\$345,533	\$242,907	\$504,599	\$(1,964)	\$1,091,075
Cumulative effects of changes in accounting policies		—	—	(5,265)	—	(5,265)
Restated balance		345,533	242,907	499,334	(1,964)	1,085,810
Dividends from surplus		—	—	(17,258)	—	(17,258)
Net income for the year		—	—	110,640	—	110,640
Purchase of treasury stock		—	—	—	(259)	(259)
Disposal of treasury stock		—	2	—	3	6
Retirement of treasury stock		—	—	—	—	—
Other, net		—	—	—	—	—
Balance at March 31, 2015	417,432,175	\$345,533	\$242,910	\$592,716	\$(2,220)	\$1,178,938

	Thousands of U.S. dollars (Note 1) Accumulated other comprehensive income					Total net assets
	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total	Minority interests	
Balance at March 31, 2014	183,474	\$3,393	\$(5,895)	\$180,972	\$12,240	\$1,284,289
Cumulative effects of changes in accounting policies	—	—	—	—	—	(5,265)
Restated balance	183,474	3,393	(5,895)	180,972	12,240	1,279,023
Dividends from surplus	—	—	—	—	—	(17,258)
Net income for the year	—	—	—	—	—	110,640
Purchase of treasury stock	—	—	—	—	—	(259)
Disposal of treasury stock	—	—	—	—	—	6
Retirement of treasury stock	79,780	235	5,051	85,067	719	85,786
Other, net	—	—	—	—	—	—
Balance at March 31, 2015	263,255	\$3,629	\$(844)	\$266,040	\$12,959	\$1,457,938

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, 2014 and 2015

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2014	2015
Operating activities:		
Income before income taxes and minority interests	¥21,619	¥21,840
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,599	16,889
Loss on impairment of fixed assets	213	2,370
Provision for loss on dissolution of employees' pension fund	—	405
Amortization of goodwill	150	162
Increase (Decrease) in provision for net defined benefit liability	(185)	(249)
Increase (Decrease) in provision for directors' retirement benefits	(8)	0
Increase (Decrease) in allowance for doubtful accounts	(57)	(145)
Interest and dividend income	(1,676)	(2,005)
Interest expenses	1,351	1,129
Foreign exchange losses (gains)	(587)	(994)
Equity in (earnings) losses of affiliates	(199)	(230)
Gain on sales of noncurrent assets	(56)	(1,031)
Loss on sales of noncurrent assets	7	1
Loss on retirement of noncurrent assets	73	124
Loss (Gain) on sales of investment securities	(18)	0
Loss (Gain) on valuation of investment securities	1	—
Decrease (Increase) in notes and accounts receivable-trade	682	(702)
Decrease (Increase) in inventories	435	(1,492)
Increase (Decrease) in notes and accounts payable-trade	210	(187)
Other	(73)	2,727
Subtotal	38,481	38,607
Interest and dividends income received	1,678	2,009
Interest expenses paid	(1,382)	(1,193)
Income taxes paid	(6,241)	(9,166)
Net cash provided by operating activities	32,537	30,256
Investing activities:		
Proceeds from redemption of securities	0	—
Purchases of property, plant and equipment	(17,711)	(17,033)
Proceeds from sales of property, plant and equipment	167	772
Purchases of investment securities	(3)	(93)
Proceeds from sales of investment securities	232	3
Payments of loans receivable	(1,548)	(338)
Collection of loans receivable	927	684
Other	(15)	(38)
Net cash used in investing activities	(17,950)	(16,043)
Financing activities:		
Net increase (decrease) in short-term loans payable	(1,347)	(149)
Proceeds from long-term loans payable	8,112	2,240
Repayment of long-term loans payable	(11,479)	(15,964)
Proceeds from issuance of bonds	—	5
Redemption of bonds	—	(5)
Proceeds from sales of treasury stock	1	0
Purchases of treasury stock	(50)	(31)
Cash dividends paid	(3,121)	(2,080)
Cash dividends paid to minority shareholders	(4)	(4)
Other	(77)	(62)
Net cash used in financing activities	(7,967)	(16,051)
Effect of exchange rate changes on cash and cash equivalents	230	42
Net increase (decrease) in cash and cash equivalents	6,850	(1,796)
Cash and cash equivalents at beginning of year	25,078	31,928
Cash and cash equivalents at end of year (Note 4)	¥31,928	¥30,132
		\$249,961

See accompanying notes to the consolidated financial statements.