

Consolidated Balance Sheets

SUMITOMO OSAKA CEMENT CO., LTD. AND CONSOLIDATED SUBSIDIARIES
March 31, 2015 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
ASSETS			
Current assets:			
Cash and deposits (Note 11)	¥ 30,289	¥ 31,536	\$ 279,879
Notes and accounts receivable—trade	47,774	45,660	405,224
Merchandise and finished goods	6,275	6,589	58,480
Work in process	2,550	2,532	22,471
Raw materials and supplies	10,417	10,133	89,932
Deferred tax assets (Note 16)	1,741	1,701	15,099
Short-term loans receivable	127	234	2,081
Other	2,970	1,850	16,423
Less: Allowance for doubtful receivables	(95)	(50)	(443)
Total current assets	102,051	100,189	889,149
Property, plant and equipment:			
Buildings and structures	161,215	162,776	1,444,595
Accumulated depreciation	(110,754)	(112,557)	(998,914)
Buildings and structures, net	50,460	50,219	445,681
Machinery equipment and vehicles	397,872	408,574	3,625,972
Accumulated depreciation	(349,144)	(357,234)	(3,170,343)
Machinery equipment and vehicles, net	48,727	51,340	455,628
Land	38,531	37,962	336,901
Construction in progress	4,275	3,955	35,107
Other	34,055	34,362	304,960
Accumulated depreciation	(18,255)	(18,537)	(164,510)
Other, net	15,800	15,825	140,449
Total property, plant and equipment, net	157,795	159,303	1,413,767
Intangible assets:			
Goodwill	43	5	52
Other	2,320	2,297	20,387
Total intangible assets	2,364	2,303	20,439
Investments and other assets:			
Investment securities (Note 14)	64,342	54,393	482,727
Long-term loans receivable	3,012	2,906	25,794
Deferred tax assets (Note 16)	762	715	6,353
Net defined benefit asset (Note 15)	308	320	2,846
Other	5,944	6,095	54,093
Less: Allowance for doubtful receivables	(600)	(518)	(4,597)
Total investments and other assets	73,770	63,914	567,219
Total non-current assets	233,930	225,520	2,001,425
Total assets	¥335,981	¥325,710	\$2,890,575

See accompanying notes to the consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable—trade	¥ 27,661	¥ 25,882	\$ 229,701
Short-term loans payable (Note 13)	32,656	25,987	230,631
Current portion of long-term loans payable (Note 13)	9,565	9,392	83,358
Current portion of bonds (Note 13)	—	10,000	88,746
Income taxes payable	5,061	4,669	41,438
Provision for bonuses	2,196	2,269	20,140
Other	11,512	12,794	113,549
Total current liabilities	88,654	90,996	807,565
Long-term liabilities:			
Bonds payable (Note 13)	15,000	5,000	44,373
Long-term loans payable (Note 13)	27,103	26,127	231,874
Deferred tax liabilities (Note 16)	16,133	11,945	106,013
Provision for retirement bonuses of directors and company auditors	211	176	1,567
Provision for loss on dissolution of employees' pension fund	405	405	3,594
Net defined benefit liability (Note 15)	2,131	3,076	27,300
Asset retirement obligations	763	768	6,816
Other	9,823	9,967	88,457
Total long-term liabilities	71,572	57,466	509,996
Total liabilities	160,227	148,462	1,317,562
Net assets:			
Shareholders' equity			
Capital stock	41,654	41,654	369,667
Capital surplus (Note 11)	29,282	29,282	259,876
Retained earnings (Note 11)	71,451	84,274	747,907
Treasury stock	(267)	(4,801)	(42,613)
Total shareholders' equity	142,121	150,409	1,334,837
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	31,735	25,255	224,136
Foreign currency translation adjustments	437	644	5,719
Remeasurements of defined benefit plans	(101)	(669)	(5,942)
Total accumulated other comprehensive income	32,071	25,230	223,913
Non-controlling interests	1,562	1,607	14,261
Total net assets	175,754	177,247	1,573,012
Total liabilities and net assets	¥335,981	¥325,710	\$2,890,575

Consolidated Statements of Income

SUMITOMO OSAKA CEMENT CO., LTD. AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2015 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
Net sales	¥234,539	¥234,192	\$2,078,382
Cost of sales	177,158	175,474	1,557,285
Gross profit	57,380	58,717	521,097
Selling, general and administrative expenses (Note 7)	35,172	35,103	311,528
Operating income	22,207	23,614	209,568
Non-operating income:			
Interest income	83	71	636
Dividend income	1,922	2,299	20,409
Foreign exchange gain	995	—	—
Equity in earnings of affiliates	230	251	2,233
Rental income	155	153	1,361
Other	690	469	4,166
Total non-operating income	4,077	3,246	28,807
Non-operating expenses:			
Interest expense	1,129	953	8,463
Foreign exchange losses	—	510	4,526
Other	772	836	7,422
Total non-operating expenses	1,901	2,300	20,413
Ordinary income	24,383	24,560	217,962
Extraordinary income:			
Gain on sales of noncurrent assets	1,031	637	5,654
Gain on sales of investment securities	—	4	38
Gain on sales of shares of subsidiaries and associates	—	249	2,211
Settlement received	300	—	—
Total extraordinary income	1,332	890	7,904
Extraordinary loss:			
Loss on retirement of noncurrent assets	1,098	1,395	12,382
Loss on sales of noncurrent assets	1	37	336
Loss on valuation of investment securities	—	11	99
Loss on sales of investment securities	—	0	7
Loss on impairment of noncurrent assets (Note 8)	2,370	165	1,470
Provision for loss on dissolution of employees' pension fund	405	—	—
Total extraordinary loss	3,875	1,610	14,296
Income before income taxes and minority interests	21,840	23,839	211,571
Income taxes (Note 16):			
Current	8,425	7,881	69,943
Deferred	(13)	(200)	(1,779)
Total income taxes	8,412	7,680	68,164
Net income	13,428	16,159	143,406
Non-controlling interests	90	48	431
Owners of parent	¥ 13,337	¥ 16,110	\$ 142,975

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, 2015 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
Net income	¥13,428	¥16,159	\$143,406
Other comprehensive income loss (Note 7):			
Unrealized gain on available-for-sale securities	9,617	(6,476)	(57,479)
Foreign currency translation adjustments	28	206	1,836
Remeasurements of defined benefit plans	608	(567)	(5,039)
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	0	(2)	(24)
Comprehensive income	23,683	9,318	82,699
Total comprehensive income attributable to:			
Shareholders of Sumitomo Osaka Cement Co., Ltd.	¥23,592	¥ 9,269	\$ 82,266
Owners of parent non-controlling interests	90	48	433

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, 2015 and 2016

	Millions of yen				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at March 31, 2014	¥41,654	¥29,282	¥60,829	¥ (236)	¥131,529
Cumulative effects of changes in accounting policies	—	—	(634)	—	(634)
Restated balance	41,654	29,282	60,194	(236)	130,894
Dividends from surplus	—	—	(2,080)	—	(2,080)
Profit (loss) attributable to owners of parent for the period	—	—	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	¥41,654	¥29,282	¥71,451	¥ (267)	¥142,121
Cumulative effects of changes in accounting policies	—	—	—	—	—
Restated balance	41,654	29,282	71,451	(267)	142,121
Dividends from surplus	—	—	(3,288)	—	(3,288)
Profit (loss) attributable to owners of parent for the period	—	—	16,110	—	16,110
Purchase of treasury stock	—	—	—	(4,534)	(4,534)
Disposal of treasury stock	—	0	—	0	0
Retirement of treasury stock	—	—	—	—	—
Other, net	—	—	—	—	—
Balance at March 31, 2016	¥41,654	¥29,282	¥84,274	¥(4,801)	¥150,409

	Millions of yen					
	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total	Non-controlling interests	Total net assets
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)
Profit (loss) attributable to owners of parent for the period	—	—	—	—	—	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
Cumulative effects of changes in accounting policies	—	—	—	—	—	—
Restated balance	31,735	437	(101)	32,071	1,562	175,754
Dividends from surplus	—	—	—	—	—	(3,288)
Profit (loss) attributable to owners of parent for the period	—	—	—	—	—	16,110
Purchase of treasury stock	—	—	—	—	—	(4,534)
Disposal of treasury stock	—	—	—	—	—	0
Retirement of treasury stock	—	—	—	—	—	—
Other, net	(6,479)	206	(567)	(6,840)	44	(6,795)
Balance at March 31, 2016	¥25,255	¥644	¥(669)	¥25,230	¥1,607	¥177,247

	Thousands of U.S. dollars (Note 1)				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at March 31, 2015	\$369,667	\$259,875	\$634,113	\$ (2,376)	\$1,261,280
Cumulative effects of changes in accounting policies	—	—	0	—	0
Restated balance	369,667	259,875	634,113	(2,376)	1,261,280
Dividends from surplus	—	—	(29,181)	—	(29,181)
Profit (loss) attributable to owners of parent for the period	—	—	142,975	—	142,975
Purchase of treasury stock	—	—	—	(40,240)	(40,240)
Disposal of treasury stock	—	0	—	2	3
Retirement of treasury stock	—	—	—	—	—
Other, net	—	—	—	—	—
Balance at March 31, 2016	\$369,667	\$259,876	\$747,907	\$(42,613)	\$1,334,837

	Thousands of U.S. dollars (Note 1)					
	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total	Non-controlling interests	Total net assets
Balance at March 31, 2015	\$281,641	\$3,883	\$ (903)	\$284,621	\$13,864	\$1,559,766
Cumulative effects of changes in accounting policies	—	—	—	—	—	0
Restated balance	281,641	3,883	(903)	284,621	13,864	1,559,766
Dividends from surplus	—	—	—	—	—	(29,181)
Profit (loss) attributable to owners of parent for the period	—	—	—	—	—	142,975
Purchase of treasury stock	—	—	—	—	—	(40,240)
Disposal of treasury stock	—	—	—	—	—	3
Retirement of treasury stock	—	—	—	—	—	—
Other, net	(57,505)	1,836	(5,039)	(60,708)	397	(60,311)
Balance at March 31, 2016	\$224,136	\$5,719	\$(5,942)	\$223,913	\$14,261	\$1,573,012

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, 2015 and 2016

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2015	2016	2016
Operating Activities:			
Income before income taxes and minority interests	¥ 21,840	¥ 23,839	\$ 211,571
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	16,889	16,885	149,849
Loss on impairment of fixed assets	2,370	165	1,470
Provision for loss on dissolution of employees' pension fund	405	—	—
Amortization of goodwill	162	37	335
Increase (Decrease) in provision for net defined benefit liability	(249)	236	2,101
Increase (Decrease) in provision for directors' retirement benefits	(0)	(22)	(200)
Increase (Decrease) in allowance for doubtful accounts	(145)	(29)	(260)
Interest and dividend income	(2,005)	(2,371)	(21,046)
Interest expenses	1,129	953	8,463
Foreign exchange losses (gains)	(994)	491	4,365
Equity in (earnings) losses of affiliates	(230)	(251)	(2,233)
Gain on sales of noncurrent assets	(1,031)	(637)	(5,654)
Loss on sales of noncurrent assets	1	37	336
Loss on retirement of noncurrent assets	124	262	2,330
Loss (Gain) on sales of investment securities	(0)	(3)	(31)
Loss (Gain) on sales of stocks of subsidiaries and affiliates	—	(249)	(2,211)
Loss (Gain) on valuation of investment securities	—	11	99
Decrease (Increase) in notes and accounts receivable-trade	(702)	1,708	15,158
Decrease (Increase) in inventories	(1,492)	(202)	(1,798)
Increase (Decrease) in notes and accounts payable-trade	(187)	(1,573)	(13,966)
Other	2,727	280	2,489
Subtotal	38,607	39,569	351,169
Interest and dividends income received	2,009	2,371	21,050
Interest expenses paid	(1,193)	(976)	(8,669)
Income taxes paid	(9,166)	(8,346)	(74,072)
Net cash provided by operating activities	30,256	32,618	289,477
Investing Activities:			
Purchases of property, plant and equipment	(17,033)	(17,680)	(156,904)
Proceeds from sales of property, plant and equipment	772	1,325	11,766
Purchases of investment securities	(93)	(8)	(72)
Proceeds from sales of investment securities	3	53	470
Payments of loans receivable	(338)	(494)	(4,390)
Collection of loans receivable	684	220	1,952
Other	(38)	892	7,922
Net cash used in investing activities	(16,043)	(15,691)	(139,255)
Financing Activities:			
Net increase (decrease) in short-term loans payable	(149)	(6,669)	(59,189)
Proceeds from long-term loans payable	2,240	8,562	75,991
Repayment of long-term loans payable	(15,964)	(9,712)	(86,194)
Proceeds from issuance of bonds	5,000	—	—
Redemption of bonds	(5,000)	—	—
Proceeds from sales of treasury stock	0	0	3
Purchases of treasury stock	(31)	(4,534)	(40,240)
Cash dividends paid	(2,080)	(3,288)	(29,181)
Cash dividends paid to minority shareholders	(4)	(4)	(35)
Other	(62)	(59)	(531)
Net cash used in financing activities	(16,051)	(15,705)	(139,378)
Effect of exchange rate changes on cash and cash equivalents	42	23	212
Net increase (decrease) in cash and cash equivalents	(1,796)	1,245	11,055
Cash and cash equivalents at beginning of year	31,928	30,132	267,420
Cash and cash equivalents at end of year	¥ 30,132	¥ 31,378	\$ 278,476

See accompanying notes to the consolidated financial statements.