

Consolidated Balance Sheets

SUMITOMO OSAKA CEMENT CO., LTD. AND CONSOLIDATED SUBSIDIARIES
March 31, 2017 and 2018

Assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	End of FY2017 (as of March 31, 2017)	End of FY2018 (as of March 31, 2018)	End of FY2018 (as of March 31, 2018)
Current assets			
Cash and deposits	¥ 26,828	¥ 22,204	\$ 209,004
Notes and accounts receivable-trade	48,877	52,595	495,062
Merchandise and finished goods	6,076	7,236	68,111
Work in process	2,679	2,805	26,405
Raw materials and supplies	11,548	12,734	119,866
Deferred tax assets	1,630	1,500	14,126
Short-term loans receivable	194	182	1,714
Other	2,000	2,104	19,813
Allowance for doubtful accounts	(64)	(32)	(302)
Total current assets	99,771	101,331	953,801
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	163,936	167,792	1,579,375
Accumulated depreciation	(115,500)	(117,213)	(1,103,286)
Buildings and structures, net	48,436	50,579	476,089
Machinery, equipment and vehicles	417,096	431,631	4,062,794
Accumulated depreciation	(365,436)	(374,118)	(3,521,450)
Machinery, equipment and vehicles, net	51,660	57,512	541,343
Land	37,899	37,455	352,560
Construction in progress	8,952	8,016	75,458
Other	34,883	34,936	328,847
Accumulated depreciation	(18,830)	(18,968)	(178,546)
Other, net	16,053	15,967	150,300
Total property, plant and equipment	163,002	169,532	1,595,751
Intangible assets	2,310	2,454	23,102
Investments and other assets			
Investment securities	62,280	58,787	553,347
Long-term loans receivable	2,871	2,692	25,342
Deferred tax assets	695	713	6,711
Net defined benefit asset	346	400	3,773
Other	5,664	5,205	48,993
Allowance for doubtful accounts	(151)	(137)	(1,294)
Total investments and other assets	71,707	67,661	636,872
Total noncurrent assets	237,019	239,648	2,255,726
Total assets	¥ 336,790	¥ 340,980	\$ 3,209,528

Liabilities	Millions of yen		Thousands of U.S. dollars (Note 1)
	End of FY2017 (as of March 31, 2017)	End of FY2018 (as of March 31, 2018)	End of FY2018 (as of March 31, 2018)
Current liabilities			
Notes and accounts payable-trade	¥ 28,650	¥ 29,615	\$ 278,764
Short-term loans payable	21,898	21,326	200,742
Current portion of long-term loans payable	7,352	6,503	61,216
Income taxes payable	3,654	2,543	23,940
Provision for bonuses	2,326	2,312	21,764
Other	12,651	12,440	117,093
Total current liabilities	76,534	74,742	703,522
Noncurrent liabilities			
Bonds payable	10,000	10,000	94,126
Long-term loans payable	24,966	23,977	225,695
Deferred tax liabilities	14,549	13,334	125,512
Provision for directors' retirement benefits	153	161	1,516
Provision for PCB waste disposal costs	247	140	1,325
Net defined benefit liability	2,987	2,819	26,543
Asset retirement obligations	1,074	1,055	9,933
Other	10,409	10,591	99,690
Total noncurrent liabilities	64,387	62,080	584,344
Total liabilities	140,921	136,822	1,287,866
Net assets			
Shareholders' equity			
Capital stock	41,654	41,654	392,075
Capital surplus	29,284	29,284	275,642
Retained earnings	96,830	107,228	1,009,302
Treasury stock	(4,831)	(4,871)	(45,853)
Total shareholders' equity	162,937	173,295	1,631,166
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	31,141	28,584	269,057
Foreign currency translation adjustment	556	727	6,848
Remeasurements of defined benefit plans	(430)	(186)	(1,752)
Total accumulated other comprehensive income	31,268	29,126	274,153
Non-controlling interests			
Total net assets	195,869	204,157	1,921,662
Total liabilities and net assets	¥336,790	¥340,980	\$3,209,528

Consolidated Statements of Income and Comprehensive Income

SUMITOMO OSAKA CEMENT CO., LTD. AND CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2017 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Fiscal 2017 (Apr. 1, 2016 to Mar. 31, 2017)	Fiscal 2018 (Apr. 1, 2017 to Mar. 31, 2018)	Fiscal 2018 (Apr. 1, 2017 to Mar. 31, 2018)
Net sales	¥234,062	¥244,826	\$2,304,465
Cost of sales	176,812	190,170	1,790,012
Gross profit	57,250	54,655	514,453
Selling, general and administrative expenses	35,719	35,664	335,701
Operating income	21,530	18,990	178,751
Non-operating income			
Interest income	54	77	726
Dividend income	1,960	2,251	21,189
Equity in earnings of affiliates	201	206	1,941
Rent income	148	140	1,319
Other	519	544	5,128
Total non-operating income	2,884	3,219	30,306
Non-operating expenses			
Interest expenses	798	780	7,343
Foreign exchange losses	289	440	4,145
Other	700	835	7,867
Total non-operating expenses	1,788	2,056	19,356
Ordinary income	22,627	20,153	189,702
Extraordinary income			
Gain on sales of noncurrent assets	892	357	3,360
Gain on sales of investment securities	566	206	1,944
Gain on extinguishment of tie-in shares	-	106	998
Total extraordinary income	1,458	669	6,304
Extraordinary loss			
Loss on retirement of noncurrent assets	683	947	8,920
Loss on sales of noncurrent assets	2	8	81
Loss on valuation of investment securities	1	9	88
Impairment loss	15	124	1,171
PCB waste disposal costs	237	-	0
Settlement package	300	-	0
Total extraordinary losses	1,240	1,090	10,262
Profit before income taxes and non-controlling interests	22,845	19,733	185,743
Profit taxes-current	6,629	5,047	47,513
Profit taxes-deferred	(55)	(50)	(478)
Total income taxes	6,574	4,997	47,035
Profit before non-controlling interests	16,271	14,736	138,708
Profit attributable to non-controlling interests	61	77	727
Profit attributable to owners of parent	¥ 16,210	¥ 14,659	\$ 137,981

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Fiscal 2017 (Apr. 1, 2016 to Mar. 31, 2017)	Fiscal 2018 (Apr. 1, 2017 to Mar. 31, 2018)	Fiscal 2018 (Apr. 1, 2017 to Mar. 31, 2018)
Profit	¥16,271	¥14,736	\$138,708
Other comprehensive income			
Valuation difference on available-for-sale securities	5,885	(2,557)	(24,074)
Foreign currency translation adjustment	(87)	170	1,607
Remeasurements of defined benefit plans	239	244	2,297
Share of other comprehensive income of affiliates accounted for using equity method	1	0	10
Total other comprehensive income	6,038	(2,142)	(20,163)
Comprehensive income	22,309	12,594	118,544
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent	22,247	12,516	117,815
Comprehensive income attributable to non-controlling interests	¥ 61	¥ 77	\$ 728

Consolidated Statements of Changes in Net Assets

SUMITOMO OSAKA CEMENT CO., LTD. AND CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2017 and 2018

	Shareholders' equity					Millions of yen
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total	
Balance at April 1, 2016	¥41,654	¥29,282	¥84,274	¥(4,801)	¥150,409	
Change of items during period	-	-	-	-	-	
Dividends from surplus	-	-	(3,653)	-	(3,653)	
Profit attributable to owners of parent for the period	-	-	16,210	-	16,210	
Purchase of treasury stock	-	-	-	(29)	(29)	
Disposal of treasury stock	-	0	-	0	0	
Change in treasury shares of parent arising from transactions with non-controlling shareholders	-	1	-	-	1	
Other, net	-	-	-	-	-	
Total change of items during period	-	1	12,556	(29)	12,528	
Balance at March 31, 2017	¥41,654	¥29,284	¥96,830	¥(4,831)	¥162,937	
Dividends from surplus	-	-	(4,261)	-	(4,261)	
Profit attributable to owners of parent for the period	-	-	14,659	-	14,659	
Purchase of treasury stock	-	-	-	(40)	(40)	
Disposal of treasury stock	-	0	-	0	0	
Change in treasury shares of parent arising from transactions with non-controlling shareholders	-	0	-	-	0	
Other, net	-	-	-	-	-	
Total change of items during period	-	0	10,397	(40)	10,357	
Balance at March 31, 2018	¥41,654	¥29,284	¥107,228	¥(4,871)	¥173,295	

	Accumulated other comprehensive income				Total	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total			
Balance at April 1, 2016	¥25,255	¥644	¥(669)	¥25,230	¥1,607	¥177,247	
Change of items during period	-	-	-	-	-	-	
Dividends from surplus	-	-	-	-	-	(3,653)	
Profit attributable to owners of parent for the period	-	-	-	-	-	16,210	
Purchase of treasury stock	-	-	-	-	-	(29)	
Disposal of treasury stock	-	-	-	-	-	0	
Change in treasury shares of parent arising from transactions with non-controlling shareholders	-	-	-	-	-	1	
Other, net	5,886	(87)	239	6,037	55	6,093	
Total change of items during period	5,886	(87)	239	6,037	55	18,621	
Balance at March 31, 2017	¥31,141	¥556	¥(430)	¥31,268	¥1,662	¥195,869	
Dividends from surplus	-	-	-	-	-	(4,261)	
Profit (loss) attributable to owners of parent for the period	-	-	-	-	-	14,659	
Purchase of treasury stock	-	-	-	-	-	(40)	
Disposal of treasury stock	-	-	-	-	-	0	
Change in treasury shares of parent arising from transactions with non-controlling shareholders	-	-	-	-	-	0	
Other, net	(2,557)	170	244	(2,142)	73	(2,068)	
Total change of items during period	(2,557)	170	244	(2,142)	73	8,288	
Balance at March 31, 2018	¥28,584	¥727	¥(186)	¥29,126	¥1,736	¥204,157	

	Shareholders' equity					Thousands of U.S. dollars (Note 1)
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total	
Balance at March 31, 2017	\$392,075	\$275,641	\$ 911,434	\$(45,474)	\$1,533,676	
Dividends from surplus	-	-	(40,112)	-	(40,112)	
Profit attributable to owners of parent for the period	-	-	137,981	-	137,981	
Purchase of treasury stock	-	-	-	(384)	(384)	
Disposal of treasury stock	-	1	-	4	5	
Change in treasury shares of parent arising from transactions with non-controlling shareholders	-	0	-	-	0	
Other, net	-	-	-	-	-	
Total change of items during period	0	1	97,868	(379)	97,489	
Balance at March 31, 2018	\$392,075	\$275,642	\$1,009,302	\$(45,853)	\$1,631,166	

	Accumulated other comprehensive income				Total	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total			
Balance at March 31, 2017	\$293,127	\$5,241	\$(4,050)	\$294,319	\$15,650	\$1,843,646	
Dividends from surplus	-	-	-	-	-	(40,112)	
Profit attributable to owners of parent for the period	-	-	-	-	-	137,981	
Purchase of treasury stock	-	-	-	-	-	(384)	
Disposal of treasury stock	-	-	-	-	-	5	
Change in treasury shares of parent arising from transactions with non-controlling shareholders	-	-	-	-	-	0	
Other, net	(24,070)	1,607	2,297	(20,165)	690	(19,474)	
Total change of items during period	(24,070)	1,607	2,297	(20,165)	690	78,015	
Balance at March 31, 2018	\$269,057	\$6,848	\$(1,752)	\$274,153	\$16,341	\$1,921,662	

Consolidated Statements of Cash Flows

SUMITOMO OSAKA CEMENT CO., LTD. AND CONSOLIDATED SUBSIDIARIES

March 31, 2017 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Fiscal 2017 (Apr. 1, 2016 to Mar. 31, 2017)	Fiscal 2018 (Apr. 1, 2017 to Mar. 31, 2018)	Fiscal 2018 (Apr. 1, 2017 to Mar. 31, 2018)
Cash flows from operating activities			
Profit before income taxes and non-controlling interests	¥22,845	¥19,733	\$185,743
Depreciation and amortization	17,043	17,661	166,245
Impairment loss	15	124	1,171
Amortization of goodwill	4	–	0
Increase (decrease) in net defined benefit liability	230	136	1,286
Increase (decrease) in provision for directors' retirement benefits	(23)	12	118
Increase (decrease) in allowance for doubtful accounts	(97)	(35)	(329)
Interest and dividends income	(2,015)	(2,328)	(21,916)
Interest expenses	798	780	7,343
Foreign exchange losses (gains)	139	137	1,293
Equity in earnings of affiliates	(201)	(206)	(1,941)
Gain on sales of noncurrent assets	(892)	(357)	(3,360)
Loss on sales of noncurrent assets	2	8	81
Loss on retirement of noncurrent assets	50	300	2,830
Loss (gain) on sales of investment securities	(566)	(206)	(1,944)
Loss (gain) on valuation of investment securities	1	9	88
Loss (gain) on extinguishment of tie-in shares	–	(106)	(998)
Decrease (increase) in notes and accounts receivable-trade	(3,040)	(3,748)	(35,278)
Decrease (increase) in inventories	(1,075)	(2,467)	(23,225)
Increase in notes and accounts payable-trade	2,723	1,009	9,504
Other, net	(58)	457	4,302
Subtotal	35,883	30,917	291,012
Interest and dividends income received	2,015	2,328	21,919
Interest expenses paid	(802)	(765)	(7,204)
Income taxes paid	(7,865)	(6,010)	(56,574)
Net cash provided by operating activities	29,231	26,470	249,152
Cash flows from investing activities			
Purchase of noncurrent assets	(20,378)	(25,585)	(240,831)
Proceeds from sales of noncurrent assets	1,141	427	4,024
Purchase of investment securities	(13)	(61)	(582)
Proceeds from sales of investment securities	1,419	237	2,234
Payments of loans receivable	(193)	(194)	(1,834)
Collection of loans receivable	270	473	4,455
Other, net	53	(48)	(458)
Net cash used in investing activities	(17,700)	(24,753)	(232,992)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	(4,085)	(457)	(4,308)
Proceeds from long-term loans payable	6,240	7,077	66,615
Repayment of long-term loans payable	(9,529)	(8,876)	(83,546)
Proceeds from issuance of bonds	5,000	–	–
Redemption of bonds	(10,000)	–	–
Proceeds from sales of treasury stock	0	0	5
Purchase of treasury stock	(29)	(40)	(384)
Cash dividends paid	(3,653)	(4,261)	(40,112)
Cash dividends paid to non-controlling shareholders	(4)	(4)	(38)
Other, net	(61)	(63)	(601)
Net cash used in financing activities	(16,123)	(6,626)	(62,370)
Effect of exchange rate change on cash and cash equivalents	(113)	246	2,321
Net increase (decrease) in cash and cash equivalents	(4,705)	(4,662)	(43,888)
Cash and cash equivalents at beginning of period	31,378	26,672	251,061
Net increase in cash and cash equivalents resulting from merger of non-consolidated subsidiaries	–	61	583
Cash and cash equivalents at end of period	¥26,672	¥22,072	\$207,756