

Balance Sheet

March 31, 2010

BB Backbone Corp.

(Yen)

| Assets | | Liabilities | |
|--------------------------------|--------------------|---|--------------------|
| 【Current assets】 | 373,605,205 | 【Current liabilities】 | 173,005,884 |
| Cash and deposits | 288,400,877 | Accounts payable | 18,869,931 |
| Supplies | 2,207,028 | Accounts payable-other | 482,639 |
| Prepaid expenses | 79,069,250 | Consumption tax payable | 1,353,700 |
| Accrued income | 6,599 | Accrued expense | 132,543 |
| Income taxes receivable | 224,027 | Accrued salary | 2,849,569 |
| Deferred income tax asset | 3,697,424 | Income taxes payable | 749,200 |
| 【Fixed assets】 | 23,732,270 | Long-term advances | 142,367,878 |
| (Tangible fixed assets) | 15,576,689 | Deposits received | 13,500 |
| Machinery and equipment | 4,822,445 | Reserve for bonuses | 6,186,924 |
| Line facility | 8,581,794 | | |
| Structures | 903,857 | Total liabilities | 173,005,884 |
| Tools, furniture and fixtures | 1,268,593 | Net assets | |
| (Intangible fixed asset) | 458,385 | 【Shareholders' equity】 | 224,331,591 |
| Software | 4,000 | (Capital stock) | 210,000,000 |
| Right of trademark | 454,385 | (Retained earnings) | 14,331,591 |
| (Investments and other assets) | 7,697,196 | Other Retained earnings | 14,331,591 |
| Lease deposits | 1,589,904 | Reserve for special depreciation | 76,509 |
| Deferred tax assets | 6,107,292 | Retained earnings brought forward | 14,255,082 |
| | | Total net assets | 224,331,591 |
| Total assets | 397,337,475 | Total liabilities and net assets | 397,337,475 |

Notes on non-consolidated financial statements

1 Explanatory Notes Concerning Matters Pertaining to Significant Accounting Policies

(1) Valuation bases and methods of inventories

Supplies Cost method by moving average method.

(2) Depreciation method for fixed asset

Tangible fixed assets Evaluated by straight-line method

Major service life is as follows:

| | |
|-------------------------------|---------------|
| Machinery and equipment | 5 – 9 years |
| Line facilities | 10 – 21 years |
| Structures | 10 year |
| Tools, furniture and fixtures | 5 years |

Intangible fixed asset Evaluated by straight-line method

Software is evaluated by the straight-line method based on the availability period (5 years) (Usage inside the company).

(3) the standards for recognition of significant allowances

Reserve for bonuses To appropriate the reserve fund for bonuses paid to employees, the current obligation amount (among future estimated amount to be paid) is recorded.

(4) Accounting processing for consumption tax

Consumption tax is accounted for by the tax-exclusion method

2. Current net income 27,663,546 yen