

Balance Sheet

March 31, 2011

BB Backbone Corp.

(Yen)

Assets		Liabilities	
【Current assets】	217,623,332	【Current liabilities】	144,221,665
Cash and deposits	160,214,952	Accounts payable	23,309,091
Accounts receivable-trade	7,585,200	Accounts payable-other	445,468
Supplies	2,154,388	Consumption tax payable	2,259,500
Prepaid expenses	25,870,969	Accrued expense	225,927
Income taxes receivable	18,166	Accrued salary	3,989,750
Deferred income tax asset	21,779,654	Income taxes payable	423,800
【Fixed assets】	72,437,787	Long-term advances	104,330,202
(Tangible fixed assets)	14,388,924	Deposits received	13,500
Machinery and equipment	3,733,865	Reserve for bonuses	9,224,427
Line facility	9,614,086	【Fixed liabilities】	
Structures	706,654	Assets retirement	1,972,926
Tools, furniture and fixtures	334,319	obligations	1,972,926
(Intangible fixed asset)	14,082,501	Total liabilities	146,194,591
Software	13,723,776	Net assets	
Right of trademark	358,725	【Shareholders' equity】	143,866,528
(Investments and other assets)	43,966,362	(Capital stock)	210,000,000
Lease deposits	1,459,584	(Retained earnings)	-66,133,472
Deferred tax assets	42,506,778	Other Retained earnings	-66,133,472
		Total net assets	143,866,528
Total assets	290,061,119	Total liabilities and net assets	290,061,119

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 80,465,063 yen