

Balance Sheet

March 31, 2012

BB Backbone Corp.

(Yen)

Assets		Liabilities	
<b>【Current assets】</b>	244,252,509	<b>【Current liabilities】</b>	160,751,016
Cash and deposits	129,595,190	Accounts payable	23,176,426
Accounts receivable-trade	62,519,100	Accounts payable-other	3,882,134
Supplies	2,222,718	Consumption tax payable	1,134,800
Prepaid expenses	26,034,825	Accrued expense	238,111
Income taxes receivable	6,947	Income taxes payable	903,700
Deferred income tax asset	23,873,729	Long-term advances	120,014,289
<b>【Fixed assets】</b>	86,239,446	Deposits received	13,500
(Tangible fixed assets)	13,366,510	Reserve for bonuses	11,388,056
Machinery and equipment	2,980,275		
Line facility	9,660,175	<b>【Fixed liabilities】</b>	1,986,118
Structures	509,451	Assets retirement obligations	1,986,118
Tools, furniture and fixtures	216,609	<b>Total liabilities</b>	<b>162,737,134</b>
(Intangible fixed asset)	45,728,884	<b>Net assets</b>	
Software	12,215,819	<b>【Shareholders' equity】</b>	167,754,821
Right of trademark	263,065	(Capital stock)	210,000,000
Good will	33,250,000	(Retained earnings)	-42,245,179
(Investments and other assets)	27,144,052	Other Retained earnings	-42,245,179
Long-term prepaid expenses	1,645,002		
Lease deposits	1,459,584		
Deferred tax assets	24,039,466		
		<b>Total net assets</b>	<b>167,754,821</b>
<b>Total assets</b>	<b>330,491,955</b>	<b>Total liabilities and net assets</b>	<b>330,491,955</b>

## 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              23,888,293 yen