

Balance Sheet

March 31, 2013

BB Backbone Corp.

(Yen)

Assets		Liabilities	
【Current assets】	377,582,258	【Current liabilities】	245,307,702
Cash and deposits	228,905,512	Accounts payable	46,743,451
Accounts receivable-trade	91,181,790	Accounts payable-other	6,138,751
Supplies	13,001,076	Consumption tax payable	4,245,100
Prepaid expenses	33,181,300	Accrued expense	197,322
Income taxes receivable	7,441	Income taxes payable	8,865,000
Deferred income tax asset	11,305,139	Long-term advances	170,013,058
【Fixed assets】	95,851,849	Deposits received	13,810
(Tangible fixed assets)	54,550,128	Reserve for bonuses	9,091,210
Machinery and equipment	1,576,945		
Line facility	7,634,222	【Fixed liabilities】	1,998,929
Structures	312,248	Assets retirement	1,998,929
Tools, furniture and fixtures	173,797		
Construction in progress	44,849,916	Total liabilities	247,306,631
(Intangible fixed asset)	35,145,323	Net assets	
Software	8,727,918	【Shareholders' equity】	226,127,476
Right of trademark	167,405	(Capital stock)	210,000,000
Good will	26,250,000	(Retained earnings)	16,127,476
(Investments and other assets)	6,156,398	Other Retained earnings	16,127,476
Long-term prepaid expenses	1,225,026		
Lease deposits	1,459,584		
Deferred tax assets	3,471,788		
		Total net assets	226,127,476
Total assets	473,434,107	Total liabilities and net assets	473,434,107

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 58,372,655 yen