

Balance Sheet

(31st March 2013)

Showa Kako Corporation (Unit : Yen)

| Assets | Liabilities | | | |
|--|---------------|----------------------------------|---------------|--|
| Description | Amount | Description | Amount | |
| Current assets: | 3,508,335,321 | Current liabilities: | 1,744,348,548 | |
| Monetary assets | 847,050,386 | Bills payable | 271,871,825 | |
| Bills receivable | 64,457,215 | Accounts Payables | 882,297,813 | |
| Accounts receivable | 1,359,260,736 | Arrears | 40,704,475 | |
| Investment securities | 231,795,199 | Corporation tax | 26,609,300 | |
| Stock | 434,215,382 | Deposits | 6,369,525 | |
| Raw material | 73,450,074 | Short Term Loan | 475,000,000 | |
| Products and Goods | 437,507,860 | Account turnover | 92,310 | |
| Other current assets | 65,598,469 | I year long term loan | 7,200,000 | |
| Provision for bad debts | Δ5,000,000 | Unpaid taxes | 34,203,300 | |
| Fixed assets: | 1,819,118,642 | Fixed Liabilities | 2,957,828,334 | |
| Tangible fixed assets | 1,505,842,922 | Long-term Loan | 2,875,517,000 | |
| Building | 29,082,497 | Bonds | 82,311,334 | |
| Buildings attached Structure | 22,886,422 | | | |
| Structures | 36,031,882 | | | |
| Machinery and equipment | 1,384,901,287 | Liabilities Total | 4,702,176,882 | |
| Vehicles and other transport equipment | 60,225 | Net Assets | | |
| Furniture and Fixtures | 32,577,040 | Share Asset | | |
| Land | 303,569 | Capital | 100,000,000 | |
| Construction in progress | 0 | Capital surplus | 1,205,993 | |
| ntangible fixed assets | 858,604 | Capital reserve | 405,993 | |
| Telephone utility right | 858,604 | Other capital surplus | 800,000 | |
| Telephone Subscription | 0 | Accumulated Surplus | 682,914,085 | |
| Investment | 312,417,116 | Profit reserves | 25,200,000 | |
| Long-term debt assets | 68,555,668 | Other profit surplus | 657,714,085 | |
| Investment securities | 9,400,000 | Other MPFA | 500,000,000 | |
| Other investments | 234,461,448 | Treasury Shares | Δ2,987,500 | |
| | | Profit brought forward | 106,454,590 | |
| | | Surplus profits carried forward | 54,246,995 | |
| Deferred assets | 158,842,997 | Total Net assets | 784,120,078 | |
| Total assets | 5,486,296,960 | Total Liabilities and Net assets | 5,486,296,960 | |

Profit and Loss Statement

(2012/4/1-2013/3/31)

(U<u>nit : Yen)</u> Showa Kako Corporation

| Description | Amoun | t |
|--|---------------|---------------|
| Sales | | 7,765,259,067 |
| Cost of sales | | |
| Opening Inventory | 509,866,340 | |
| Cost of Production and Total Purchase | 6,748,384,807 | |
| Total | 7,258,251,147 | |
| Closing inventory | 434,215,382 | 6,824,035,765 |
| Gross profit | | 941,223,302 |
| Sales and general administrative expenses | | 590,328,352 |
| Operating profit | | 350,894,950 |
| Non Operating profit | | |
| Interest Earned | 5,929,232 | |
| Dividend Earned | 2,420,358 | |
| Miscellaneous income | 40,542,989 | 48,892,579 |
| Non Operating expense | | |
| Interest expense | 78,047,541 | |
| Miscellaneous losses | 143,231,540 | 221,279,081 |
| Operating Income | | 178,508,448 |
| Special profit | | |
| Profit on disposal of marketable securities | 2,087,440 | |
| Profit on disposal of fixed assets | 218,600 | 2,306,040 |
| Extraordinary losses | | |
| Unpaid Overtime | 1,586,828 | |
| Buy of paid leave | 3,591,000 | |
| Loss on the disposal of fixed assets | 6,067,246 | |
| Damages | 5,640,053 | |
| Pension | 6,003,064 | |
| Other extraordinary losses | 64,157,102 | 87,045,293 |
| Income before Tax | | 93,769,195 |
| Corporate tax, inhabitant tax and enterprise tax | | 39,504,200 |
| Current net income | | 54,264,995 |

1 Important accounting policies

(1) The evaluation criteria and evaluation method of negotiable securities

1) Things with market value

Cost of acquisition

② Things without market value

Cost of acquisition

(2) The evaluation criteria and the evaluation method of an inventory

Cost method according to periodic average method

(3) The method of depreciation of deferred assets

Regarding the factory intensive development cost, will refund according to fixed amount method in five years from the term ended 2011 March

(4) The method of depreciation of fixed assets

Tangible fixed assets

Constant percentage method by regulation of Corporation Tax Law (For the building acquired on and after H10/04/01is fixed amount method and new constant percentage method and new fixed amount method for those acquired after H19/04/01)

Period of depreciation

Building: 8 to 25 years

Building attached structure: 3 to 20 years

Structure: 8 to 20 years

Mechanical apparatus : 3 to 22 years Furniture and fixtures : 2 to 20 years Automotive equipment : 4 to 7 years

Intangible fixed assets Fixed a

Fixed amount method by regulation of Corporation Tax Law

(5) Accounting treatment of derivatives

Accounting treatment by a market method to be carried out

(6) The disposal method of a lease transaction

About the finance lease transactions of those other than what the ownership of leased property transfers to a borrower, is based on accounting treatment according to the method related to the usual lease transactions.

(7) Definition for allowance of bad debt

In order to prepare for the loss by the bad debt of a claim, the legal transfer rate according to regulation of Corporation Tax Law about a general claim to be allocated

(8) Accounting treatment of a consumption tax etc.

Accounting treatment of a consumption tax etc. is based on the tax excluded method.

- 2 The notes about a statement of changes in net assets
 - (1) Items about issued stocks

End of first half · · · 2,016,000 Shares

End of current term · · · 2,016,000 Shares

(2) Number of Treasury shares at the end of the fiscal year 23,900 shares

Statement of share holder' equity

From 1st April 2012 ~ 31st March 2013

Showa Kako Cornoration

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|--|-----------------------|---------|---------------------------------|---|---------------------|--------------|---------------|-------------|------------------------|--------------------------|-------------|
| | Owner's capital | | | | | | | | | | |
| | | | Capital surplus Capital surplus | | Accumulated surplus | | | | | | Net-assets |
| | | Canital | pital Other capital | Other capital Capital surplus surpluses sum total | Earned Other acc | | cumulated | Accumulated | Company's own stock | Owner's capital total | total |
| | | | | | surplus Gen | General | Farned | | | | |
| | | | surpluses | | reserve | surplus tota | surplus total | | | | |
| First half balance | 100,000,000 | 405,993 | 800,000 | 1,205,993 | 25,200,000 | 498,000,000 | 108,454,590 | 631,654,590 | 0 | 732,860,583 | 732,860,583 |
| Current term fluctuating amount | | | | | | 2,000,000 | △ 2,000,000 | 0 | | 0 | - |
| Current term net profit | | | | | | | 54,246,995 | 54,246,995 | △ 2,987,500 | 51,259,495 | 51,259,495 |
| Current term total fluctuating amount | 0 | 0 | 0 | 0 | 0 | 2,000,000 | 52,246,995 | 54,246,995 | △ 2,987,500 | 51,259,495 | 51,259,495 |
| Current term end balance | 100,000,000 | 405,993 | 800,000 | 1,205,993 | 25,200,000 | 500,000,000 | 160,701,585 | 685,901,585 | △ 2,987,500 | 784,120,078 | 784,120,078 |