

9th Fiscal Year (From April 1, 2014)
to March 31, 2015

Consolidated Financial Statements

Consolidated Subsidiaries:

Covalent Materials Tokuyama Corporation
Covalent Materials Nagasaki Corporation
Covalent Materials USA Inc.
Covalent Machinery Corporation
Denko Co., Ltd.



Covalent Materials Corporation

Consolidated Balance Sheet

(as of March 31, 2015)

(Thousands of Yen)

Assets		Liabilities	
Current Assets	21,378,947	Current Liabilities	6,589,625
Cash and deposits	4,377,718	Notes and accounts payables-trade	3,012,873
Notes and accounts receivable-trade	6,627,326	Lease obligations	132,799
Inventories	7,866,583	Accounts payable-facilities	265,952
Advance payments-trade	17,608	Accounts payable-other	551,431
Accounts receivable-other	314,678	Income taxes payable	182,181
Prepaid expenses	460,065	Accrued expenses	1,639,403
Deferred tax assets	1,311,298	Provision for directors' bonuses	24,255
Other	407,984	Other	780,728
Allowance for doubtful accounts	(4,315)		
Noncurrent Assets	32,113,006	Noncurrent Liabilities	28,521,484
Property, plant and equipment	23,264,985	Long-term loans payable	22,000,000
Buildings and structures	9,798,695	Lease obligations	459,730
Machinery, equipment and vehicles	4,340,907	Long-term accounts payable-other	98,622
Tools, furniture and fixtures	177,809	Net defined benefit liability	3,289,366
Land	7,949,655	Provision for directors' retirement benefits	1,691
Lease assets	572,417	Asset retirement obligations	228,691
Construction in progress	425,499	Deferred tax liabilities	2,199,243
Intangible assets	8,063,879	Other	244,138
Goodwill	7,992,245		
Other	71,634	Total Liabilities	35,111,110
Investments and other assets	784,141		
Investment securities	199,058		
Long-term loans receivable	2,930		
Deferred tax assets	322,340		
Other	272,296		
Allowance for doubtful accounts	(12,484)		
		Net Assets	
		Shareholders Equity	17,108,223
		Capital stock	14,000,000
		Capital surplus	240,166
		Retained earnings	2,868,056
		Accumulated other comprehensive income	413,728
		Valuation difference on available-for-sale securities	3,540
		Foreign currency translation adjustment	202,830
		Remeasurements of defined benefit plans	207,357
		Minority Interests	858,891
		Net Assets	18,380,843
Total Assets	53,491,953	Total liabilities and net assets	53,491,953

Consolidated Statement of Income

(from April 1, 2014 to March 31, 2015)

(Thousands of Yen)

Net sales		32,909,123
Cost of sales		22,317,680
Gross profit		10,591,442
Selling, general and administrative expenses		6,845,739
Operating income		3,745,702
Non-operating income		
Interest income	3,190	
Amortization of negative goodwill	52,487	
Other	619,512	675,191
Non-operating expenses		
Interest expenses	1,534,107	
Other	611,134	2,145,242
Ordinary income		2,275,652
Extraordinary income and loss		
Gain on sales of land	340,947	340,947
Income before income taxes		2,616,599
Income taxes-current	325,787	
Income taxes-deferred	(215,334)	110,453
Income before minority interests		2,506,146
Minority interests in income		(33,839)
Net income		2,472,306