

7th Fiscal Year (From April 1, 2012 to March 31, 2013)

Consolidated Financial Statements

Semi-Annual (From April 1, 2012 to September 30, 2012)

Consolidated Subsidiaries:

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

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Covalent Materials Corporation

Consolidated Balance Sheet

(as of September 30, 2012)

(Thousands of Yen)

Assets		Liabilities	
Current Assets Cash and deposits Trade receivables (notes and accounts) Inventories Deferred tax assets Other Allowance for doubtful accounts Noncurrent Assets Property, plant and equipment Buildings Machinery Equipment Land Lease assets Other Intangible assets Goodwill Other Investments and other assets Investments in securities Deferred tax assets Other Allowance for doubtful accounts	48,286,750 28,801,775 6,312,415 7,942,166 3,413,685 1,818,106 △ 1,398 41,444,635 29,553,682 12,074,553 6,257,866 184,012 9,311,047 823,728 902,474 10,767,563 10,540,753 226,810 1,123,389 142,519 331,006 751,809 △ 101,946	Current Liabilities Trade payables (notes and accounts) Short term borrowings Current portion of bonds Other Noncurrent Liabilities Accrued retirement benefit costs Asset retirement obligations Deferred tax liabilities Other Total Liabilities	72,550,739 3,496,927 7,746,000 53,300,000 8,007,812 7,308,101 2,687,447 240,020 2,683,947 1,696,686 79,858,841
		Net Assets	
		Shareholders Equity Paid in capital Capital surplus Retained earnings Accumulated other comprehensive income Valuation difference on securities Foreign currency translation adjustment Minority Interest Net Assets	9,402,064 34,941,193 40,269,524 △ 65,808,653 △ 342,314 △ 985 △ 341,329 812,793 9,872,544
Total Assets	89,731,386	Total liabilities and net assets	89,731,386

※ An audit report has not yet been received for the financials noted above

Consolidated Income Statement

(from April 1, 2012 to September 30, 2012)

(Thousands of Yen)

Net sales		16,484,071
Cost of sales		12,105,450
Gross profit		4,378,620
Selling, general and administrative expenses		3,684,369
Operating profit		694,251
Non-operating income		
Interest income	61,798	
Amortization of negative goodwill	51,638	
Other	313,755	427,193
Non-operating loss		
Interest expense	829,388	
Other	463,422	1,292,811
Recurring loss		171,367
Extraordinary gains	81,117	
Extraordinary loss	1,705,016	
Loss before income taxes and minority interests		1,795,265
Income taxes	52,701	
Adjustment to income taxes	△ 3,299,491	△ 3,246,789
Profit before minority interests		1,451,524
Minority interests in loss of consolidated subsidiaries		19,665
Net profit		1,471,189

※ An audit report has not yet been received for the financials noted above

Consolidated Cash Flow Statement

(from April 1, 2012 to September 30, 2012)

(Thousands of Yen)

Category	Amount
I Cash flow from operating activities	
Loss before income taxes	△ 1,795,265
Depreciation	1,650,959
Amortization of goodwill	364,177
Interest expense	829,388
Change in trade receivables	△ 606,563
Change in inventories	676,318
Change in trade payables	36,504
Other	3,980,355
Subtotal	5,311,875
Interest and dividend income received	61,798
Interest payments	△ 826,590
Extraordinary severance payments	△ 943,666
Income taxes	△ 102,819
Cash flow from operating activities	3,324,597
II Cash flow from investing activities	
Purchase of property, plant and equipment	△ 911,508
Other	△ 70,738
Cash flow from investing activities	△ 982,247
III Cash flow from financing activities	
Decrease in long-term borrowings	△ 330,000
Repayment of lease obligations	△ 71,983
Other	△ 49,920
Cash flow from financing activities	△ 451,903
IV Difference in cash and deposits from currency conversion	△ 23,816
V Change in cash and deposits	1,866,630
VI Cash and deposits at beginning of period	17,682,592
VII Cash and deposits at end of period	19,549,222
※ Difference in cash and deposits from balance sheet	
Cash and deposits at end of period (balance sheet)	28,801,775
Time deposits with terms extending over 3 months	9,252,552
Cash and deposits at end of period (cash flow statement)	19,549,222

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