

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

Consolidated Financial Statements

Annual (From April 1, 2012)
(to March 31, 2013)

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 March 31, 2013)

(Thousands of Yen)

Assets		Liabilities	
Current Assets Cash and deposits Trade receivables (notes and accounts) Inventories Deferred tax assets Other Allowance for doubtful accounts	21,038,753 5,740,662 4,956,131 7,702,109 1,389,506 1,253,496 △ 3,153	Current Liabilities Trade payables (notes and accounts) Current portion of long-term borrowings Other Noncurrent Liabilities Bonds outstanding Long-term borrowings Accrued retirement benefit costs Asset retirement obligations Deferred tax liabilities Other Total Liabilities	7,177,627 2,248,941 1,938,000 2,990,685 38,619,939 25,300,000 5,808,000 2,784,638 240,615 2,790,918 1,695,766 45,797,567
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	38,738,468 27,412,747 11,058,454 6,012,121 169,786 9,185,792 766,064 220,527 10,295,380 10,176,576 118,804 1,030,340 150,864 349,279 666,404 △ 136,207	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	13,220,605 34,942,693 40,271,024 △ 61,993,113 △ 65,995 △ 990 △ 65,004 825,044 13,979,654
Total Assets	59,777,221	Total liabilities and net assets	59,777,221

Consolidated Income Statement

(from April 1, 2012 to March 31, 2013)

(Thousands of Yen)

Net sales		29,372,603
Cost of sales		21,801,920
Gross profit		7,570,683
Selling, general and administrative expenses		6,749,835
Operating profit		820,847
Non-operating income		
Interest income	78,703	
Amortization of negative goodwill	103,277	
Other	773,240	955,220
Non-operating loss		
Interest expense	1,548,120	
Other	1,208,199	2,756,319
Recurring loss		980,251
Extraordinary gains	7,007,058	
Extraordinary loss	1,816,644	
Income before income taxes and minority interests		4,210,162
Income taxes	106,051	
Adjustment to income taxes	△ 1,175,204	△ 1,069,153
Profit before minority interests		5,279,315
Minority interests in loss of consolidated subsidiaries		7,414
Net profit		5,286,729

Consolidated Cash Flow Statement

(from April 1, 2012 to March 31, 2013)

(Thousands of Yen)

Category	Amount
I Cash flow from operating activities	
Profit before income taxes	4,210,162
Depreciation	3,215,502
Amortization of goodwill	728,354
Interest expense	1,548,120
Change in trade receivables	952,493
Change in inventories	941,412
Change in trade payables	△ 1,294,193
Other	△ 2,835,570
Subtotal	7,466,281
Interest and dividend income received	168,201
Interest payments	△ 1,531,205
Extraordinary severance payments	△ 949,317
Income taxes	△ 120,563
Cash flow from operating activities	5,033,396
II Cash flow from investing activities	
Purchase of property, plant and equipment	△ 1,024,181
Other	5,980,466
Cash flow from investing activities	4,956,284
III Cash flow from financing activities	
Decrease in long-term borrowings	△ 330,000
Redemption of bonds	△ 21,022,407
Repayment of lease obligations	△ 143,775
Other	△ 626,322
Cash flow from financing activities	△ 22,122,504
IV Difference in cash and deposits from currency conversion	89,292
V Change in cash and deposits	△ 12,043,529
VI Cash and deposits at beginning of period	17,682,592
VII Cash and deposits at end of period	5,639,062
※ Difference in cash and deposits from balance sheet	
Cash and deposits at end of period (balance sheet)	5,740,662
Time deposits with terms extending over 3 months	101,600
Cash and deposits at end of period (cash flow statement)	5,639,062