

## (2) Major reasons for the acquisition

For the Group to acquire a strong sales network in the Asian region and to generate a number of expected synergies, such as efficient sales expansion of existing products by the usage of the acquired sales network, and strengthening production capacity in addition to the current production sites, especially from the product distribution perspective.

## (3) Date of the acquisition

A-S CHINA PLUMBING PRODUCTS Ltd. and the above (1)\*<sup>1</sup> companies were acquired on July 20, 2009, the rest of the companies were acquired on July 2, 2009.

## (4) Legal form of the acquisition and names of the companies after the acquisition

### Legal Form of the Acquisition

Share acquisition by cash on hand (excluding the above (1)\*<sup>1</sup> and (1)\*<sup>2</sup> companies)

### Name of the Companies after the Acquisition

A-S CHINA PLUMBING PRODUCTS Ltd.  
A-S CHINA Co., Ltd.  
AMERICAN STANDARD JIANGMEN FITTINGS Co., Ltd.  
A-S (SHANGHAI) POTTERY Co., Ltd.  
A-S (GUANGZHOU) ENAMELWARE Co., Ltd.  
HUA MEI SANITARY WARE Co., Ltd.  
A-S (TIANJIN) POTTERY Co., Ltd.  
AMERICAN STANDARD B&K (THAILAND) PUBLIC Co., Ltd.  
IDEAL STANDARD (THAILAND) Ltd.  
CERAMIC SANITARYWARE Pte. Ltd.  
AMERICAN STANDARD VIETNAM, Inc.  
AMERICAN STANDARD KOREA, Inc.  
PT AMERICAN STANDARD INDONESIA  
AMERICAN STANDARD PHILIPPINES LIMITED, Co.  
AMERICAN STANDARD BATH&KITCHEN INDIA Pte. Ltd.

## (5) Ownership ratios acquired

A-S CHINA PLUMBING PRODUCTS Ltd.	100%
A-S CHINA Co., Ltd.	100
AMERICAN STANDARD JIANGMEN FITTINGS Co., Ltd.	100
A-S (SHANGHAI) POTTERY Co., Ltd.	82
A-S (GUANGZHOU) ENAMELWARE Co., Ltd.	82
HUA MEI SANITARY WARE Co., Ltd.	67
A-S (TIANJIN) POTTERY Co., Ltd.	100
AMERICAN STANDARD B&K (THAILAND) PUBLIC Co., Ltd.	99
IDEAL STANDARD (THAILAND) Ltd.	100
CERAMIC SANITARYWARE Pte. Ltd.	100
AMERICAN STANDARD VIETNAM, Inc.	84
AMERICAN STANDARD KOREA, Inc.	100
PT AMERICAN STANDARD INDONESIA	100
AMERICAN STANDARD PHILIPPINES LIMITED, Co.	100
AMERICAN STANDARD BATH&KITCHEN INDIA Pte. Ltd.	100

Note: Above ownership ratios include those owned indirectly.

(b) Period of results of the acquired companies included in the consolidated financial statements of the Company is July 1, 2009 to December 31, 2009.

(c) Cost of acquisition, amount of goodwill and negative goodwill, reasons for recording goodwill and negative goodwill, amortization method and amortization period of goodwill and negative goodwill:

## Cost of acquisition

	Millions of Yen	Thousands of U.S. Dollars
Cost of acquisition	¥13,513	\$145,239
Acquisition expense	478	5,141
Acquisition cost	¥13,991	\$150,380

## Amount of goodwill and negative goodwill

	Millions of Yen	Thousands of U.S. Dollars
Goodwill	¥3,128	\$33,624
Negative goodwill	1,396	15,005

Goodwill and negative goodwill are the sum of those incurred at each company.

## Reasons for recording goodwill and negative goodwill

Goodwill was recorded due to the excess earnings power in the future expected from the business development going forward including synergy effects.

Negative goodwill was recorded due to the fair value of the net assets at the time of acquisition exceeding the acquisition costs. The difference between the two amounts is regarded as negative goodwill.

## Amortization method and amortization period

Goodwill and negative goodwill are being amortized over a period of five years. However, when the excess of cost over net assets of subsidiaries acquired is insignificant, the amount is charged to income when incurred.

(d) The estimated fair values of the assets acquired and the liabilities assumed at the acquisition date are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 14,299	\$ 153,688
Non-current assets	11,244	120,850
Total assets acquired	¥ 25,543	\$ 274,538
Current liabilities	¥(10,580)	\$(113,720)
Long-term liabilities	(1,237)	(13,290)
Total liabilities assumed	¥(11,817)	\$(127,010)

## 4. Inventories

Inventories at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Merchandise and finished products	¥ 75,324	¥ 89,130	\$ 809,586
Work in process	11,492	13,982	123,521
Raw materials	26,440	25,988	284,177
Other inventories	13,346	12,446	143,443
Total	¥126,602	¥141,546	\$1,360,727