



# ADVANEX INC. Flash Report (Consolidated Basis)

Results for FY2011 Third quarter(Nine months ended December 31, 2010)

February 8, 2011

Company name: ADVANEX INC.  
Code number: 5998  
Representative: Yuichi Kato, Chairman & CEO, President & COO  
Inquiries: Toshiya Ono, CFO & Director  
Filing date of quarterly securities report: February 14, 2011  
Supplementary explanation material for quarterly financial results  
Holding of presentation meeting for quarterly financial results

Stock listings: Tokyo Stock Exchange  
URL <http://www.advanex.co.jp>  
Telephone: +81-3-3822-5865

yes  
none

(Figures less than ¥1 million have been omitted.)

## 1. Performance (April 1, 2010 through December 31, 2010)

### (1) Consolidated operating results (For the nine months ended December 31.)

Percentages indicate year-on-year increase (decrease)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2010	23,810	8.9	402	--	146	--	82	--
Nine months ended December 31, 2009	21,869	(30.0)	(352)	--	(585)	--	(460)	--

	Net income per share	Net income per share after dilution
	Yen	Yen
Nine months ended December 31, 2010	2.08	--
Nine months ended December 31, 2009	(11.59)	--

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2010	21,788	3,346	11.7	64.23
As of March 31, 2010	22,414	4,312	13.3	75.08

[Reference] Total shareholder's equity: ¥ 2,549 million yen at December 31, 2010 ¥ 2,980 million yen at March 31, 2010

## 2. Dividends

	Dividends per share				
Record date	First quarter -end dividends	Second quarter -end dividends	Third quarter -end dividends	Year-end dividends	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2010	--	--	--	0.00	0.00
Year ended March 31, 2011	--	--	--	--	--
Year ended March 31, 2011 (forecast)	--	--	--	0.00	0.00

[Note] Revisions to the forecast of cash dividends in the current quarter: none

### 3. Forecast of consolidated results for FY2011 (April 1, 2010 through March 31, 2011)

Percentages indicate year-on-year increase (decrease)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Annual	31,000	4.9	680	--	370	--	300	--	7.56

[Note] Revisions to the forecasts of consolidated results in the current quarter: yes

### 4. Other (Please see "Other information" on page 5.)

#### (1) Significant changes in subsidiaries during the subject fiscal year: yes

Additions: 0 Deletions: 1 (KATO-ENTEX LIMITED)

[Note] Changes in certain subsidiaries resulting in change in the scope of consolidation in this quarter

#### (2) Simplified accounting procedures and accounting procedures specific to quarterly consolidated financial statements: Yes

[Note] Application of simplified accounting and accounting peculiar to preparation of quarterly consolidated financial statements.

#### (3) Changes in accounting rules, procedures or method of presentation relating to the preparation of the consolidated financial statements (Matters included in changes to significant items that form the basis for preparation of the consolidated financial statements).

a. Changes in accordance with revisions to accounting standards: Yes

b. Other changes: None

#### (4) Number of shares outstanding (Common stock)

a. Number of shares outstanding at fiscal year-end:

40,155,637 shares at December 31, 2010

40,155,637 shares at March 31, 2010

b. Number of shares of treasury stock at fiscal year-end:

466,788 shares at December 31, 2010

456,894 shares at March 31, 2010

c. Average number of shares issued and outstanding in each period:

39,695,226 shares at December 31, 2010

39,705,188 shares at December 31, 2009

[Notes]

The business forecasts presented in this report are based on information available to the management at the time of preparation, and are subject to a number of risks and uncertainties. Actual results may differ materially from those projected due to a wide range of factors.

Please refer to page 5 for more information on items mentioned in the business forecasts.

## Index

1. Qualitative information related to consolidated financial results for this quarter	
(1) Qualitative Information on Consolidated Operating Results.....	4
(2) Qualitative Information on on Consolidated Financial Position.....	4
(3) Qualitative Information on on Consolidated Earnings Forecasts.....	5
2. Other information	
(1) Summary of changes in significant subsidiaries during the quarter.....	5
(2) Summary of simplified accounting and specific accounting.....	5
(3) Summary of changes in accounting principles, procedures, presentations, etc.....	6
(4) Key events regarding going concern assumption.....	6
3. Quarterly Consolidated Financial Statements	
(1) Quarterly Consolidated Balance Sheets.....	7
(2) Quarterly Consolidated Statements of Income.....	9
[From April 1 to September 30, 2010]	
(3) Quarterly Consolidated Cash flows.....	10
(4) Notes on Going Concern Assumptions.....	12
(5) Segment Information.....	12
(6) Note for significant Change in the Amount of Shareholder's equity.....	13

## 1. Qualitative Information related to consolidated financial results for this quarter

### (1) Qualitative Information Regarding Consolidated Business Results

During the third quarter (from April 1 to December 31, 2010) of the fiscal year under review, especially during the first half (from April 1 to September 30, 2010), Japanese economy continued to show signs of recovery mainly from improved export to emerging economies and boosted domestic demand. However, ever since October, the economy has come to a standstill with slower export to overseas economies and shrinking stimulus efforts by the Japanese government. Although both sales and earnings of the ADVANEX group recovered significantly during the first half, the earnings of the mainstay precision spring business during the third quarter (from October 1 to December 31, 2010) didn't grow as expected, mainly reflecting decreased sales to OA equipment market both domestically and in overseas. In addition, in hinge business, shrinking demand of hinge units for mobile phone handsets, as well as sluggish sales performance to laptop computer market led to greater loss.

Under these circumstances, consolidated net sales of the ADVANEX group for the third quarter of the current fiscal year under review amounted to ¥23,810 million, up 8.9% year on year. Thanks to increased net sales and gross profits, in addition to our cost reduction efforts, for example in SGA expenses, operating income amounted to ¥402 million, which was a loss of ¥352 million in the same period of the previous fiscal year. Ordinary income amounted to ¥146 million from a loss of ¥585 million in the same period of the previous fiscal year, reflecting recorded interests and foreign exchange losses. Extraordinary loss of ¥397 million was recorded mainly owing to management streamlining efforts by Strawberry Corporation, one of the subsidiaries, such as loss on disposal of condemned inventory and reserve for streamlining measures. Accordingly, net income for the third quarter of the fiscal year under review amounted to ¥82 million, which was a loss of ¥460 million in the same period of the previous fiscal year.

Results by operating segments are as follows.

#### 1. Precision springs

Thanks to recovered demand from automotive and OA equipment markets, sales and earnings of this segment in the first half (from April 1 to September 30, 2010) outperformed the original plan both domestically and in overseas. However, due to decreased demand of OA equipment market during the current quarter under review (from October 1 to December 31, 2010), sales and earnings turned out to be sagging. As a result, net sales in this segment increased 11.2% from the same period of the previous fiscal year to ¥10,422 million, with segment income of ¥999 million, a ¥756 million increase year on year.

#### 2. Hinges

In mainstay hinge units for mobile phone handsets, sales declined both in domestic and overseas markets due to decreasing domestic demand and harsher competition in overseas. In addition, orders received from laptop computer market underperformed the original plan owing to delayed mass production reflecting some technical and qualitative difficulties. As a result, net sales of this segment decreased 23.8 % year on year to ¥1,896 million, with segment loss of ¥763 million, deteriorating ¥ 369million from the same period of the previous fiscal year.

#### 3. Motors

Thanks to robust sales to seasonal home electronics such as electric fans in the first half (from April 1 to September 30, 2010) and increased sales to housing related market, net sales of this segment increased 18.8% from the same period of the previous fiscal year to ¥3,371 million with segment income of ¥113 million, which was a loss of ¥37 million in the same period of the previous fiscal year.

#### 4. Plastics

Reflecting recovery in demand to OA equipment market as well as increased sales of automotive related products, such as gear injection mold products, net sales of this segment increased significantly during the first half (from April 1 to September 30, 2010). In addition, earnings of this segment, mostly domestically, improved by both increased sales and positive contribution of fixed cost reduction efforts mainly in labor costs. As a result, net sales of this segment increased 13.2% to ¥8,119 million with segment income of ¥44 million, which was a loss of ¥170 million in the same period of the last fiscal year.

### (2) Qualitative Information Regarding Consolidated Financial Position

Total assets at the end of the third quarter were ¥21,788 million, decreasing ¥626 million compared with the end of the previous fiscal year (March 31, 2010).

Major reasons are as follows.

In assets, in spite of an ¥581 million increase in inventory assets, the amount of cash and time deposits as well as trade notes and accounts receivable decreased ¥425 million and ¥222 million respectively. In addition, due to depreciation, the amount of tangible fixed assets decreased ¥522 million.

Liabilities increased ¥339 million from the end of the previous fiscal year to ¥18,441 million. Main reasons are a ¥900 million increase in trade notes and accounts payable resulting from larger purchase and a ¥509 million decrease in interest bearing debt due to the repayment of borrowings.

Net assets declined ¥965 million from the end of the previous fiscal year to ¥3,346 million. This is mainly because of a ¥535 million decline in minority interests and a ¥502 million decline in foreign exchange adjustment as a result of stronger yen, despite the recorded net income of ¥82 million for the third quarter of the current fiscal year under review.

Therefore, the shareholder's equity ratio dropped 1.6 percentage points from the end of the previous fiscal year to 11.7%.

#### (The Status of Cash flows)

Cash and cash equivalents (hereinafter referred to as a "Fund") at the end of the third quarter were ¥2,765 million, decreasing ¥400 million compared with the end of the previous fiscal year (March 31, 2010). The status of various cash flows and the main factors behind changes to cash flows are as follows.

##### 1. Cash flows from operating activities

The fund increased ¥1,024 million by operating activities during the third quarter. This was mainly due to a fund decrease from increased inventory assets, fund increases from increased trade notes and accounts payable and from withholding fund by depreciation and amortization.

##### 2. Cash flows from investing activities

As a result of investing activities during the third quarter, the fund decreased ¥780 million. This change mainly reflected capital investment to domestic and Asian production sites.

##### 3. Cash flows from financing activities

The fund decreased ¥472 million by financing activities during the third quarter. One of the main reasons for this change is the repayment of borrowings such as for investment capital and working capital.

#### (3) Qualitative Information Regarding Consolidated Business Forecasts

The prospect of economy, both domestically and globally, remains uncertain, due mainly to slower global economy and shrinking stimulus efforts by the Japanese government. Amid these conditions and based on recent performance trends as well as other factors, consolidated earnings forecasts for the full fiscal year ending March 31, 2011 has been revised. Please refer to the statement titled "Revisions to the FY 2010 Business Forecast," which has been disclosed on February 8, 2011, for the details of the revisions.

#### 2. Other information

##### (1) Summary of changes in significant subsidiaries during the quarter

KATO-ENTEX LIMITED was liquidated on October 1, 2010, being merged by KATO PRECISION (U.K.) LIMITED, the name of which was changed to Advanex Europe Ltd. on the same date.

##### (2) Summary of simplified accounting and specific accounting

###### Simplified accounting

###### 1. Accounting method used to estimate bad debts for general credit

Since the loan loss ratio and other factors have not significantly changed from the end of the previous fiscal year, the company used reasonable references such as previous fiscal year's loan loss ratio in estimating bad debts for general credit.

###### 2. Evaluation method used for inventory assets

The company has omitted a physical inventory check for some of the subsidiaries and has applied

reasonable methods based on previous fiscal year's physical inventory amount in estimating the inventory amounts at the end of the quarterly accounting period. As to a write-down of inventory assets, the company has estimated and devalued the net sales prices only for its assets with clearly low profitability.

3. Calculation method used for depreciation of fixed assets

In some companies, method of period proportional division of the annual depreciation estimated amount based on the budget in consideration of the estimate of the purchase, sales, or retirement of fixed assets in the fiscal year is applied. In addition, about the asset which has adopted declining-balance method, the method of calculating depreciation expense concerning a consolidated fiscal year by period proportional division is adopted.

4. Calculation method used for income tax, deferred income tax assets and deferred tax liabilities

The Company calculates its income taxes and enterprise taxes based on taxable income, which adds important tax adjustments to Income before the income taxes and minority interests.

(3) Summary of changes in accounting principles, procedures, presentations, etc

a. Application of Accounting Standard for Asset Retirement Obligations

Since this quarter, the Company has applied the Accounting Standard for Asset Retirement Obligations (Business Accounting Standards No. 18; March 31, 2008) and the Application Guideline for the Accounting Standard for Asset Retirement Obligations (Application Guidelines for Business Accounting Standards No. 21; March 31, 2008)

As a result, operating income declined by 1,084 thousand yen, ordinary income declined by 1,211 thousand yen, and quarterly loss before income taxes and minority interests increased by 15,242 thousand yen. The variable amount of asset retirement obligations due to the application of this accounting standard is 9,090 thousand yen.

Furthermore, a part of overseas factories and etc. lease building and land, and have liabilities for recovery on leaving based on real estate leasing contract, however, asset retirement obligations cannot be quoted rationally because the leasing period is not clear and there is no plan to move. Accordingly asset retirement obligations corresponding to this liability are not added in.

a. Changes in presentation method

- The Group applies the "Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statement" (Cabinet Office Ordinance No. 5, March 24, 2009) based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 of December 26, 2008) from this first quarter. As a result, "Loss before minority interests" is presented on the consolidated financial statements for the second quarter of the fiscal year ending March 31, 2011.

- Since the "Rent Income", which was included in "Others" of Non-operating revenues during the previous third quarter (from April 1 to December 31, 2009), exceeded 20 out of 100 of Non-operating revenues, it has been segmented in the third quarter (from April 1 to December 31, 2010). The "Rent Income", which was included in "Others" of Non-operating revenues during the previous third quarter was 26,786 thousand yen.

(4) Summary of key events regarding going concern assumption

Strawberry Corporation, one of the consolidated subsidiaries and which run Hinge business, has posted an operating loss in the third quarter of the current fiscal year under review. Following the previous fiscal year, Strawberry Corporation is expected to post operating loss consecutively at the end of the current fiscal year. This is due primarily to lower demand in mobile phone handsets and delayed launch of new products to the market. In addition, in laptop computer market, Strawberry Corporation spent much time resolving technical difficulties with its customers, thus resulted in delayed launch of mass production.

Therefore, the company and the group are in a situation that raises doubts over the going concern assumption. However, recovery in sales is expected in mobile phone handset market by launching new products, and in laptop computer market, sales is also expected to pick up as Strawberry Corporation develops favorable relationships with its customers. The group understands that the present situation can be improved by implementing management streamlining measures such as downsizing of GUANGZHOU STRAWBERRY CORPORATION, one of Strawberry's subsidiaries, and adjusting labor forces in Japan, etc. Furthermore, in terms of its funding plan, Strawberry successfully obtained support from the financial institutions.

Hence, the company and the group as a whole understand that there is no serious uncertainties lie ahead to prevent our business continuity.

### 3. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

#### (1) QUARTERLY CONSOLIDATED BALANCE SHEETS

(Amount: thousands of yen)

	FY2011 third quarter (As of December 31,2010)	FY2010 (As of March 31,2010)
<b>ASSETS</b>		
Current assets:		
Cash and time deposits	3,018,344	3,443,381
Trade notes and accounts receivable	6,685,018	6,907,522
Finished goods	995,375	820,564
Work in process	710,708	610,681
Raw materials and stored items	1,864,372	1,557,651
Deferred income tax	511	211
Other current assets	633,889	684,482
Allowance for doubtful accounts	(38,326)	(44,325)
Total current assets	13,869,893	13,980,169
Fixed assets:		
Tangible fixed assets		
Buildings and structures	1,850,822	2,071,970
Machinery and equipment	2,230,391	2,506,700
Land	2,113,136	2,147,510
Others	663,771	654,534
Total tangible fixed assets	6,858,122	7,380,716
Intangible fixed assets		
Goodwill	27,838	46,455
Others	243,277	258,213
Total intangible fixed assets	271,115	304,669
Total investments and other assets	788,930	748,780
Total fixed assets	7,918,169	8,434,165
Total assets	21,788,063	22,414,335

(Amount: thousands of yen)

	FY2011 third quarter (As of December 31,2010)	FY2010 (As of March 31,2010)
<b>LIABILITIES</b>		
Current liabilities:		
Trade notes and accounts payable	5,121,171	4,220,675
Short-term borrowings	4,113,928	4,232,775
Long-term borrowings due within one year	2,448,795	1,329,973
Accrued income taxes	207,911	101,803
Allowance for bonus	47,033	54,463
Other current liabilities	1,305,373	1,273,295
Total current liabilities	13,244,214	11,212,988
Long-term liabilities:		
Long-term borrowings	2,856,864	4,365,990
Deferred tax liabilities	314,599	319,476
Retirement allowance for employees	1,457,174	1,389,384
Retirement allowance for directors	53,575	53,575
Provision for environmental measures	7,106	--
Negative goodwill	31,474	125,900
Asset retirement obligations	9,104	--
Other long-term liabilities	466,988	634,583
Total long-term liabilities	5,196,887	6,888,909
Total liabilities	18,441,101	18,101,898
<b>NET ASSETS</b>		
Shareholder's equity		
Common stock	3,451,610	3,451,610
Capital surplus	2,571,333	2,571,588
Retained earnings	(1,532,774)	(1,615,313)
Treasury stock	(134,206)	(133,503)
Total shareholder' equity	4,355,962	4,274,381
Valuation and translation adjustments		
Valuation gain (loss) on other securities	6,225	16,703
Foreign exchange adjustment	(1,812,949)	(1,310,629)
Total valuation and translation adjustments	(1,806,724)	(1,293,926)
Warrants	24,175	22,531
Minority interests	773,547	1,309,450
Total net assets	3,346,961	4,312,436
Total liabilities and net assets	21,788,063	22,414,335



## (2) QUARTERLY CONSOLIDATED STATEMENTS OF INCOME

(Amount: thousands of yen)

	FY2011 third quarter (April 1, 2010 through December 31, 2010)	FY2010 third quarter (April 1, 2009 through December 31, 2009)
NET sales	23,810,878	21,869,342
Cost of sales	19,150,468	17,404,666
Gross profit	4,660,410	4,464,675
Selling, general and administrative expenses	4,257,703	4,817,283
Operating income(loss)	402,707	(352,608)
Non-operating revenues		
Interests	5,597	9,354
Amortization of negative goodwill	94,425	94,425
Rent income	55,708	--
Others	51,351	106,159
Total non-operating revenues	207,082	209,939
Non-operating expenses		
Interests	208,733	206,638
Foreign exchange losses	169,087	201,524
Others	85,487	34,923
Total non-operating expenses	463,308	443,086
Ordinary income(loss)	146,481	(585,755)
Extraordinary gain		
Gain on sale of fixed assets	5,193	43,138
Gain on prior period adjustment	4,950	--
Others	144	12,343
Total extraordinary gain	10,288	55,482
Extraordinary loss		
Loss on disposal of fixed assets	1,344	3,178
Loss on sales of investment securities	--	15,223
Impairment loss	--	3,005
Loss on prior period adjustment	474	1,047
Loss on sales of stocks of subsidiaries and affiliates	--	35,177
Restructuring loss	356,933	--
Provision for environmental measures	7,106	--
Loss on adjustment for changes of accounting standard for asset retirement obligations	14,030	--
Others	17,343	11,878
Total extraordinary loss	397,233	69,511
Net Income (or loss) before income taxes	(240,462)	(599,784)
Corporate, inhabitant and enterprise taxes	191,710	109,626
Corporate tax adjustments	2,334	(3,348)
Total income taxes	194,045	106,277
Income (or loss) before minority interests	(434,507)	--
Minority interests (loss)	(517,046)	(245,518)
Net income (loss)	82,539	(460,543)

### (3) CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of yen)

	FY2011 third quarter (April 1, 2010 through December 31, 2010)	FY2010 third quarter (April 1, 2009 through December 31, 2009)
Cash flows from operating activities		
Loss before income taxes and minority interests	(240,462)	(599,784)
Depreciation and amortization	835,730	909,750
Impairment loss	--	3,005
Amortization of goodwill	(75,807)	(67,847)
Increase (decrease) in allowance for bonuses	(5,089)	(6,862)
Increase (decrease) in retirement benefits	68,759	(292,127)
Interest and dividends receivable	(7,700)	(15,466)
Interest payable	208,733	206,638
(Gain) loss on differences of foreign exchange	(3,759)	10,903
(Gain) loss on sale of fixed assets	(4,341)	(43,138)
(Gain) loss on disposal of fixed assets	1,344	3,178
Decrease (increase) in notes and accounts receivable	(45,168)	(1,198,624)
Decrease (increase) in inventories	(721,548)	102,486
Increase (decrease) in notes and accounts payable	1,106,617	1,301,498
Others	202,578	(224,295)
Subtotal	1,319,885	89,314
Proceeds from interest and dividend receivable	7,933	23,236
Payment of interests	(204,768)	(204,747)
Payment of income taxes	(98,917)	(114,044)
Net cash provided by operating activities	1,024,132	(206,240)

(Thousands of yen)

	FY2011 third quarter (April 1, 2010 through December 31, 2010)	FY2010 third quarter (April 1, 2009 through December 31, 2009)
Cash flows from investing activities		
Payments on purchase of tangible fixed assets	(708,200)	(719,099)
Proceeds from sales of tangible fixed assets	24,242	177,902
Payments on purchase of intangible fixed assets	(41,244)	(9,877)
Payments on purchase of investment securities	(20,727)	(18,574)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	--	225,558
Others	(34,324)	171,678
Net cash used in investing activities	(780,253)	(172,411)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(58,443)	425,374
Proceeds from long-term borrowings	1,047,628	1,503,028
Repayments on long-term borrowings	(1,407,197)	(1,580,027)
Dividends paid	(1,173)	--
Dividends paid to minority shareholders	(258)	(25,349)
Decrease (increase) in treasury stock	(702)	(61)
Others	(52,430)	(131,166)
Net cash used in financing activities	(472,577)	191,797
Effect of exchange rate changes on cash and cash equivalents	(171,312)	(57,855)
Net increase (decrease) in cash and cash equivalents	(400,010)	(244,709)
Cash and cash equivalents at the beginning of quarter	3,165,679	3,672,487
Net increase in cash and cash equivalents due to consolidation of new subsidiaries	--	49,049
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	--	(19,727)
Cash and cash equivalents at the end of quarter	2,765,668	3,457,099

#### (4) Notes on Going Concern Assumptions

Not applicable

#### (5) SEGMENT INFORMATION

##### 1. Summary of reporting segments

Our reporting segments are segments for which separated financial information is available and subject to periodical reviews in order for the Management Meeting to determine the distribution of management resources and evaluate performance.

The Company formulates comprehensive domestic and overseas strategies per kinds of products in headquarters to deploy its business activities. Thus, the Company consists of segments by business on the basis of products dealt in, and "Precision Springs", "Hinges", "Motors" and "Plastics" are reporting segments.

"Precision Springs" includes production and sales of compression/expansion/torsion springs, wire forming, and thin plate springs, etc. "Hinges" is sales of high performance hinge, etc. "Motors" is production and sales of DC motor, coreless motor, and geared motor, etc. "Plastics" is production and sales of plastic injection molding, etc.

##### 2. Information related to sales and profit or loss amounts by reporting segment

The third quarter (April 1, 2010 to December 31, 2010)

	Precision springs	Hinges	Motors	Plastics	Total
	Amount: thousands of yen				
Net sales					
Net sales to third parties	10,422,907	1,896,436	3,371,974	8,119,560	23,810,878
Intra-group Net sales and transfers	97,489	--	--	2,119	99,608
Total sales	10,520,396	1,896,436	3,371,974	8,121,680	23,910,487
Segment income (loss)	999,573	(763,095)	113,105	44,867	394,450

##### 3. Reconciliation of Reported Consolidated Quarterly Net Sales and Operating Income with Income or Loss of Reporting Segments

The third quarter (April 1, 2010 to December 31, 2010)

Amount: thousands of yen	
Reconciliation of Operating Income	Amount
Total of Reporting Segments	394,450
Adjustment Amount of Unrealized Profit	125
Other Adjustment Amount	8,131
Consolidated Quarterly Operating Income	402,707

##### 4. Information related to impairment loss of fixed assets or goodwill, etc. by reporting segment

The third quarter (from April 1 to December 31, 2010) of the fiscal year

(Important impairment loss related to fixed assets)

In "Hinges" segment, impairment loss is appropriated since a part of assets of Guangzhou Strawberry Corporation is going to be retired. The amount of impairment loss concerned during the third quarter of the fiscal year is ¥33,860 thousand and is appropriated for extraordinary loss as business structure improvement expenses from the management rationalization.

(Additional information)

Since the first quarter, the Company has applied the Accounting Standard for Disclosures about Segment Information, Etc. (Business Accounting Standards No. 17 March 27 2009) and the Application Guideline for the Accounting Standard for Disclosures about Segment Information, Etc. (Application Guidelines for Business Accounting Standards No. 20 March 21, 2008)

(Reference information)

The previous third quarter (from April 1 to December 31, 2009) of the fiscal year

The revised information related to sales and profit or loss amount based on new business segment is as follows.

	Precision springs	Precision component parts	Motors	Plastics	Total
	Amount: thousands of yen				
Net sales					
Net sales to third parties	9,373,167	2,488,375	2,837,245	7,170,553	21,869,342
Intra-group Net sales and transfers	80,525	--	--	--	80,525
Total sales	9,453,693	2,488,375	2,837,245	7,170,553	21,949,868
Segment income (loss)	242,990	(393,200)	(37,961)	(170,310)	(358,483)

(6) Notes for Significant Change in the Amount of Shareholder's equity

Not applicable