

ADVANEX INC.
Flash Report(Consolidated Basis) --Summary
Results for fiscal year ended March 31, 2012



May 11, 2012

Company name: ADVANEX INC.
 Code number: 5998
 Representative: Yuichi Kato, Chairman & CEO, President & COO
 Inquiries: Toshiya Ono, CFO & Director
 Date of the General Meeting of the Shareholders: June 21, 2012
 Supplementary explanation material for financial results
 Holding of presentation meeting for quarterly financial results

Stock listings: Tokyo Stock Exchange
 URL <http://www.advanex.co.jp>

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Yes
 May 25, 2012

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

1. Performance

(1) Operating results

Years ended March 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	%
2012	25,191	(19.9)	612	10.9	470	43.9	226	---
2011	31,459	6.4	552	---	326	---	(152)	---

Note: Comprehensive income(millions of yen): Mar. 2012: 173 (---%) Mar.2011: (1,152) (---%)

	Net income per share	Net income per share after dilution	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
2012	5.60	---	8.7	2.4	2.4
2011	(3.85)	---	(5.6)	1.5	1.8

Reference : Gain (Loss) on investment by equity method: Year ended March 31, 2012---

Year ended March 31, 2011: ---

(2) Financial position

At March 31

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

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2012	18,416	2,967	15.0	66.37
2011	20,758	3,160	11.8	61.83

(Reference) Total shareholders' equity: March 31, 2012: ¥2,755 million, March 31, 2011: ¥2,453 million

(3) Cash flows

Years ended March 31

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

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2012	1,435	(802)	(248)	2,534
2011	1,068	(792)	(846)	2,464

2. Dividends

Years ended March 31

Record date	Dividends per share				
	First quarter -end dividends	Second quarter -end dividends	Third quarter -end dividends	Year-end dividends	Total
	Yen	Yen	Yen	Yen	Yen
2011	---	---	---	0.00	0.00
2012	---	---	---	0.00	0.00
2013 (Forecast)	---	--	---	1.00	1.00

Record date	Total amount of dividends (for the entire fiscal year)	Payout ratio (consolidated)	Dividends-to- net assets ratio (consolidated)
	Million of yen	%	%
2011	0	0.0	0.0
2012	0	0.0	0.0
2013 (Forecast)		20.2	

3. Forecasts for the Fiscal Year Ended March 31, 2013

Percentages indicate year-on-year increase (decrease).

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	12,000	(8.4)	200	(51.1)	80	(58.1)
Fiscal year	25,000	(0.8)	650	6.0	350	(25.6)

	Net income (loss)		Net income (loss) per share
	Millions of yen	%	Yen
Interim period	50	179.1	1.24
Fiscal year	200	(11.7)	4.95

4. Other

- Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): Yes
Additions: 0 Deletions: 1 (FUJI MICRO., CO.LTD)
- Application of simplified accounting and specific accounting: None
- Changes in accounting principles, procedures, presentations, etc.
 - Changes associated with revision of accounting standards, etc: None
 - Changes other than a.: None
 - Changes in accounting estimates: None
 - Restatement: None

4. Number of shares outstanding (Common stock)

Number of shares outstanding at fiscal year-end(including treasury stock):

2012: 41,533,708 shares 2011: 40,155,637 shares

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

2012: 22,946shares 2011: 469,718shares

Average Number of outstanding at term-end:

2012: 40,388,167shares 2011: 39,693,331shares

(Reference) FLASH REPORT (NON-CONSOLIDATED BASIS)

(1) Operating results

Years ended March 31

Percentages indicate year-on-year increase (decrease).

	Net sales		Operating income		Ordinary income (loss)		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2012	8,222	(1.2)	391	26.8	361	105.0	281	---
2011	8,318	13.6	309	---	176	135.4	(588)	---

	Net income per share	Net income per share after dilution
	Yen	Yen
2012	6.98	---
2011	(14.82)	---

(2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2012	10,050	901	8.8	21.32
2011	9,731	517	5.1	12.54

(Reference) Total shareholders' equity: March 31, 2012: ¥884 million, March 31, 2011: ¥498 million

Note: 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.

1. Business Performance

(1) Business Performance Analysis

Looking back at Japan's economic situation for the fiscal year under review, impact of the Great East Japan Earthquake, flood damage which hit Thailand in October and a downturn in export due to strong yen are some of the reasons which made the economic activity difficult. Our company is closely related to OA equipment and automobile industry, and these industries also shortly experienced a great drop in production. Still, by taking a required action at an early stage, both production and sales recovered successfully.

Under these circumstances, among the Advanex group, overseas precision spring business faced a decline in sales and income due to the flood damage in our Thai plant and economic recession caused by the EU debt crisis. So sales and income for the precision spring business dropped on a year on year comparison. Sales went down year on year for the plastic business but profit picked up in and out of Japan. Hinge business improved its loss greatly because sales dropped for unprofitable products due to business contraction and also by reducing fixed costs such as labor costs. Also, consolidated net sales declined significantly from the previous year since Fuji Micro Co, which is our motor business subsidiary, changed its status to a company accounted for under the equity method.

As a result, consolidated net sales went down 19.9% year on year to be ¥25,191 million. Operating income went up 10.9% year on year to be ¥612 million reflecting the improvement in profitability for the plastic business and smaller operating loss for the hinge business. Ordinary income increased 43.9% year on year to be ¥470 million. Net income improved by ¥379 million year on year to be ¥226 million and marked the black in 5 years time since the year ending March 2007. Receipt of insurance payment for the Thai plant which has been hit by the flood, extraordinary income from the pension system transition and a drastic decrease in the extraordinary losses from the previous year made this figure possible.

Results for each operating segment are as follows;

[Precision Springs]

Viewing the domestic market, the effect of the earthquake brought down sales for the OA equipment market, but income grew from the previous year since sales for the tablet terminal parts which have high profitability picked up mainly in the first half of the fiscal year. While for the overseas market, income dropped sharply due to the decline in sales seen in Asian markets after the earthquake, flood damage to our Thai plant and decline in sales for Tangless Coilthreads and increase in personnel expenses in Europe.

As a consequence, sales declined 4.1% year on year to be ¥13,344 million, segment income down 30.7% to be ¥908 million.

[Plastics]

For the domestic market, despite the downturn after the earthquake, sales for the

automobile market remained firm. In addition, for the OA equipment market, although sales declined, income grew on a year on year basis since the number of orders increased for trial products and assembly equipments with high profitability. On top of that, earnings improved for insert type molding as well. On the other hand, overseas income improved since sales recovered for the automobile market in Vietnam.

So sales dropped by 5.0% year on year to be ¥10,161 million, but segment income improved 162.7% to be ¥245 million.

[Hinges]

Sales for hinge unit decreased in the second half of the year as the company scaled down its business for the mobile phone market and alienated its PC related business. Its loss improved by cutting down unprofitable business, raising the retail price and reducing fixed costs such as labor costs. Thus, sales declined by 31.8% from the previous year to be ¥1,685 million, loss for this segment improved by ¥473 million year on year to be ¥559 million.

(Outlook for the coming fiscal year)

It is expected that economic recovery will continue for the domestic market. However, economic environment worldwide remains unstable as the future trend of yen remains uncertain, a concern arising that U.S. and China may enter economic recession and that EU debt crisis may flare up again.

Amid these conditions, Advanex group is expecting a growth in sales for the precision spring and plastic business which targets the automobile industry while consolidated sales would decline from the previous year as sales should go down for OA equipment and PC related products as well as further business contraction in its hinge business targeting the mobile phone market.

Hence, for the coming fiscal year, the company is expecting the following figures; sales should drop by 0.8% to be ¥25,000 million, operating income to be ¥650 million (up 6.0% from the previous year) reflecting the significant decline in the operating loss for hinge business, ordinary income to be ¥350 million (down 25.6% from the previous year), and net income to be ¥200 million (down 11.7% from the previous year). This forecast is assumed based on an exchange rate of ¥80 to the US dollar.

(2) Financial Position

Total asset for the end of this fiscal year is ¥18,416 million, down ¥2,342 million year on year.

Main reasons are as follows;

1. Assets

For the assets section, current asset, tangible fixed asset and intangible fixed asset decreased by ¥2,258 million, ¥232million, and ¥28 million respectively. Investments and other assets increased by ¥177 million.

2. Liabilities

For the liabilities section, current liabilities and fixed liabilities decreased by ¥1,056 million and ¥1,092 million respectively. The main cause for the fluctuation seen in the asset and liabilities section is due to the fact that our consolidated subsidiary Fuji Micro Co., shifted its status to a company accounted under the equity method during the first quarter.

3. Net asset

Net asset went down ¥192 million year on year to be ¥2,967 million. A decrease of ¥504 million for minority shareholders' interests due to the shift of Fuji Micro Co. 's status to a company accounted under the equity method and recording ¥226 million net income for the fiscal year under review are considered as primary factors.

The status of each cash flow and the main factors behind these changes are explained below.

1. Cash flow from operating activities

Fund increased ¥1,435 million by operating activities. Recording net profit before tax, fund reservation from depreciation and decrease in trade receivables are the primary factors of this increment.

2. Cash flow from investing activities

Fund decreased ¥802 million by investing activities. Capital investment for Advanex, Daiichi Kasei, and subsidiaries in Asian countries are the main reasons.

3. Cash flow from financing activities

Fund decreased ¥248 million by financing activities. Repayment of interest-bearing debt is the major cause.

(Reference)

Trends in cash flow indices are shown below:

Years ended March 31	2008	2009	2010	2011	2012
Shareholders' equity ratio (%)	25.6	14.7	13.3	11.8	15.0
Shareholders' equity ratio, based on market value (%)	14.9	11.8	13.6	14.9	21.2
Cash flow vs. interest-bearing debt ratio (%)	5.7	13.0	108.1	8.8	7.8
Interest coverage ratio	9.4	3.0	0.3	3.8	4.2

Shareholders' equity ratio: total shareholders' equity / total assets

Shareholders' equity ratio, based on market value: total market value of stocks / total assets

Cash flow vs. interest-bearing debt ratio: interest-bearing debt / operating cash flow

Interest coverage ratio: operating cash flows / interest payments

Notes: 1. All indexes are calculated on a consolidated basis.

2. The total market value of stocks is calculated based on number of shares outstanding after excluding treasury stock.
3. “Operating cash flows” refers to cash flows used in operating activities as shown in the consolidated cash flow statements.
4. “Interest-bearing debt” refers to all debts listed in the consolidated balance sheets on which the Company pays interest. “

(3) Basic policy for earning distribution and dividend for the current and coming term

While maintaining sufficient retained earnings in order to achieve stable business performance and expanding our company’s business platform, a fair distribution of earnings is our basic stance when paying dividend. Despite the fact, since year ending March 2008, the company has been forced to omit its dividends reflecting the result of our business performance. The company recorded ¥5,303 million loss carried forward for the non-consolidated account for year ending March 2012. Thus regretting this outcome, it shall need to go without dividend for this term as well.

Advanex Inc. announced today that its board of directors’ meeting held on the same day has passed a resolution to submit a proposal to reduce the company’s stated capital, capital reserve and appropriation of surplus to cover the deficit as in the following to the 64th regular general meeting scheduled for June 21st, 2012. As for year ending March 2012, it succeeded in achieving ¥281 million net income since the individual business performance picked up. In addition, it also recorded a net income in the consolidated business performance for the first time in 5 years since year ending March 2007. As for year ending March 2013 and onward, Advanex will keep the balance in the black and seek for even further growth by improving profitability and promoting cost reduction. Given a situation where the company has clearly reached a stage where its business performance is picking up, Advanex believes that securing flexibility and mobility for future capital policy, acquiring treasury stocks and paying dividends will be the crucial business objectives. This is the reason why the company determined to reduce stated capital, capital reserve and appropriation of surplus to cover the deficits.

The company is estimating to pay ¥1 per share for the next term’s dividend based on a precondition that the above proposal would be adopted in the 64th general shareholders meeting. Net earned loss forwarded after reducing stated capital, capital reserve and appropriation of surplus is assumed to be ¥357 million. The company is planning to cover the deficit and securing funds for dividend by its net income and dividend received from the subsidiaries.

(4) Key events that give rise to doubt for ongoing concern and dissolution

Strawberry Corporation (present name: Advanex Motion Design Inc.), a subsidiary of hinge business, recorded ¥956 million operating loss and ¥1,772 million net loss during the previous fiscal year, which placed the company into the state of asset deficiency by ¥371 million. This meant that the situation of Strawberry Corporation raised doubt for ongoing concern assumption which equally pointed out the uncertainty existing inside the Advanex Inc. and its group companies towards the future.

So Advanex Inc. decided to fully obtain the ownership of Strawberry Corporation (present name: Advanex Motion Design Inc.) as of November 1st ,2011 as well as scaling down its business for the mobile phone market and alienated its operating business focusing on the laptop PC outside Advanex group as of February 1st , 2012. This action led to a situation where even if loss occurs from the hinge business, it would only give a slight impact to our consolidated business performance. In conclusion, a doubt for ongoing concern has been dissolved.

2. Management policy

(1) Basic management policy of Advanex

Our group's mission (corporate ethics and meaning of our existence) is "Pure Satisfaction network for a better world" and our goal is to grow seamlessly by creating ideas in the precision technology field and offering suitable solutions. Keeping this policy in mind, our group will emphasize on consolidated management and continue shifting towards a company aspect where one can present suitable proposals, adding on our own value and satisfaction to our customers by fully utilizing our human resource network and technical knowledge.

(2) Management Indicators the Company Is Targeting

The Advanex Group has set a medium-term target of operating margins greater than 10% and ROE greater than 15% over the medium term. However, taking recent business performance, the Group reduces its operating margins down to 5% and strives to become profitable again.

(3) Medium-Term Management Strategies and Priorities

The Advanex Group will strive as a team to focus on the priorities outlined below in the recognition that its key mission is to boost its corporate value and achieve sustained growth.

1) Strengthen the Base of Precision Spring Business

① Improve cost competitiveness

By having been implementing the management streamlining measures since so-called Lehman Shock in September 2008, we successfully reduced our fixed costs and then lowered the break-even sales. Going forward, by conducting further cost reduction measures and strengthening our cost competitiveness, we will continue to strive to further enhance our profitability as group's main business area. At the same time, we will continue to improve our financial position and to become leaner and meaner.

② Deploy new business strategies

In order to seek further enhancement of our business base namely in wire springs and forming products, we will expand the business scope in a coordinated way (or as a "plane.") By making the most of the internet, we create further opportunity in business areas such as "infrastructure and lifeline-related" businesses, while increasing number of customers and meeting their various needs. As for strategically important products, we will consolidate our efforts in development and operation and further expand our business base globally, especially in strategically important markets. This strategy of conducting business both on "Plane" and "Point" basis and connecting the dots to create a big picture is our way to solidify our profit base and further facilitate business growth. The goal the Advanex group aspires after is to regenerate itself to be a truly unique company and to realize that goal, we will continue our challenge to be the world's best.

③ Strengthen cooperation with overseas operations

In order to deploy our business worldwide, our company will strengthen cooperation with outlets in and out of Japan so that the company can differentiate itself from competitors. Under

our Business Development Office, the company will pursue total optimization, bolster our group's network to an even stronger one, and establish true Advanex brand.

2) Business contraction and reorganization for the Hinge business

The company acquired full ownership of its consolidated subsidiary Strawberry Cooperation last November to carry out corporate streamlining and to implement structural reform for the Hinge business. It scaled down the business for the mobile phone market and alienated the operating business for PC market this February. By this action, the company succeeded in improving the loss for its hinge business substantially which is currently an unprofitable business. From now on, the company will work on to open up new markets that have high added value such as automobile, household equipment and medical service.

3) Strengthen Plastic Business

One of the strength of Daiichi Kasei is its sophisticated development, design and assembly technology. With its main focus being on gear units/motor units, we will further develop and propose assembly units. In addition to products to OA equipment and automotive markets, the third pillar of our business will be sales to housing related market. At the same time, we will expand our business and improve profitability on a global basis, for example, by increasing production in China and Vietnam. As for insert molding business, which integrates Advanex's metal processing technology and Daiichi Kasei's plastic injection forming technology, Advanex and Daiichi Kasei will work hand in hand to collaborate on expansion of our sales base.

4) Enhance Corporate Management and seek for the group's optimal management

As corporate governance with high effectiveness is believed to be the utmost task on a consolidated basis, Advanex will seek for the group's total optimization further than ever by reinforcing its internal structure and maintaining partnership with our group companies.

3-1 CONSOLIDATED BALANCE SHEETS

(Thousands of yen)

	As of March 31, 2012	As of March 31, 2011
ASSETS		
Current assets:		
Cash and time deposits	2,677,452	2,497,971
Trade notes and accounts receivable	5,430,587	6,419,646
Finished goods	773,629	968,935
Work in process	563,056	779,733
Raw materials and stored items	966,505	1,759,523
Deferred income tax	103	182
Other current assets	472,889	710,124
Allowance for doubtful accounts	(51,875)	(45,215)
Total current assets	10,832,349	13,090,901
Fixed assets:		
Tangible fixed assets		
Buildings and structures	8,578,437	8,710,538
Accumulated depreciation	(6,930,676)	(6,910,084)
Buildings and structures, net	1,647,761	1,800,453
Machinery and equipment	10,122,791	11,496,378
Accumulated depreciation	(8,082,141)	(9,268,481)
Machinery and equipment, net	2,040,649	2,227,896
Land	2,157,700	2,119,503
Leased assets	223,126	244,503
Accumulated depreciation	(61,567)	(89,854)
Leased assets, net	161,559	154,649
Others	3,330,317	3,263,951
Accumulated depreciation	(2,950,818)	(2,946,447)
Other, net	379,499	317,503
Total tangible fixed assets	6,387,169	6,620,006
Intangible fixed assets		
Software	34,504	31,597
Leased assets	68,767	82,828
Others	89,842	106,900
Total intangible fixed assets	193,114	221,326
Investments and other assets		
Investment in securities	103,748	126,839
Deferred income tax	5,050	5,272
Real estate for investment	721,120	719,316

	As of March 31, 2012	As of March 31, 2011
Accumulated depreciation	(326,323)	(318,750)
Real estate for investment, net	394,797	400,565
Others	501,798	314,160
Allowance for doubtful accounts	(1,260)	(20,150)
Total investments and other assets	1,004,134	826,688
Total fixed assets	7,584,418	7,668,022
Total assets	18,416,767	20,758,923
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	3,892,379	4,597,170
Short-term borrowings	4,859,002	3,957,030
Long-term borrowings due within one year	1,466,081	2,399,215
Lease obligations	95,354	80,316
Accrued income taxes	144,550	279,630
Allowance for bonus	137,395	113,468
Other current liabilities	866,297	1,091,158
Total current liabilities	11,461,060	12,517,991
Long-term liabilities:		
Long-term borrowings	1,744,864	2,700,975
Lease obligations	195,808	226,256
Deferred tax liabilities	308,356	335,795
Retirement allowance for employees	1,491,161	1,495,361
Retirement allowance for directors	0	53,575
Reserves for environmental measures	7,106	7,106
Asset retirement obligations	38,234	39,206
Other long-term liabilities	202,681	222,370
Total long-term liabilities	3,988,212	5,080,646
Total liabilities	15,449,273	17,598,637
NET ASSETS		
Shareholders' equity		
Common stock	3,451,610	3,451,610
Capital surplus	2,551,467	2,571,319
Retained earnings	(1,541,812)	(1,768,202)
Treasury stock	(3,525)	(134,463)
Total shareholders' equity	4,457,740	4,120,263
Accumulated other comprehensive income		
Valuation gain (loss) on other securities	(4,580)	389
Foreign exchange adjustment	(1,698,141)	(1,667,000)
Total accumulated other comprehensive income	(1,702,722)	(1,666,610)

	As of March 31, 2012	As of March 31, 2011
Warrants	16,640	23,721
Minority interests	195,836	682,910
Total net assets	2,967,494	3,160,285
Total liabilities and net assets	18,416,767	20,758,923

3-2 CONSOLIDATED STATEMENTS OF INCOME

(Thousands of yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Net sales	25,191,367	31,459,604
Cost of sales	19,849,884	25,266,810
Gross income	5,341,482	6,192,794
Selling, general and administrative expenses		
Delivery	396,017	486,630
Salary	1,927,693	2,292,029
Reserves for bonuses allowance	28,341	43,286
Reserves for retirement allowance	55,230	62,198
Reserves for doubtful accounts	12,311	7,563
Depreciation and amortization	89,712	118,585
Others	2,219,235	2,629,972
Total selling, general and administrative expenses	4,728,541	5,640,265
Operating income	612,940	552,529
Non-operating income		
Interests	8,829	6,306
Dividends	1,484	2,102
Rental fees	87,132	79,513
Insurance bonuses	8,506	1,919
Subsidy income	14,647	1,056
Equity in earnings of affiliates	13,653	---
Amortization of negative goodwill	---	125,900
Others	139,191	47,672
Total non-operating income	273,443	264,471
Non-operating expenses		
Interests	249,447	274,742
Foreign exchange loss	79,737	101,804
Payment indemnity expense	1,997	2,113
Others	84,942	111,526
Total non-operating expenses	416,126	490,186
Ordinary income or loss	470,257	326,814

	Year ended March 31, 2012	Year ended March 31, 2011
Extraordinary income		
Gain on sales of noncurrent assets	1,751	5,256
Gain on liquidation of subsidiaries	15,406	---
Gain on prior period adjustment	---	16,902
Reversal of provision for retirement benefits	72,285	---
Insurance income	90,650	---
Others	10,064	3,632
Total extraordinary income	190,158	25,791
Extraordinary loss		
Loss on sale of fixed assets	799	740
Loss on disposal of noncurrent assets	6,069	7,723
Loss on change in equity	85,375	---
Loss on valuation of investment securities	8,243	14,683
Loss on prior period adjustment	---	8,313
Impairment loss	128,996	21,632
Loss on disaster	85,615	---
Loss on litigation	32,321	---
Special retirement expenses	---	5,775
Business structure improvement expenses	---	680,454
Reserves for environmental measures	---	7,106
Loss of adjustment for changes of accounting standard for asset retirement obligation	---	44,026
Others	292	33,852
Total extraordinary loss	347,713	824,307
Income or Loss before income taxes and minority interests	312,702	(471,701)
Income, local and enterprise taxes	114,444	277,870
Adjustment for income taxes	(17,656)	21,799
Total income taxes	96,788	299,669
Loss before minority interests	215,914	(771,371)
Minority interests	(10,476)	(618,482)
Net income or loss	226,390	(152,889)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Thousands of yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Loss before minority interests	215,914	(771,371)
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,037)	(15,850)
Foreign currency translation adjustment	(36,864)	(364,890)
Share of other comprehensive income of associates accounted for using equity method	454	---
Accumulated other comprehensive income	(42,447)	(380,741)
Comprehensive income	173,467	(1,152,112)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	189,666	(525,573)
Comprehensive income attributable to minority interests	(16,199)	(626,539)

3-3 CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Thousands of yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Shareholders' equity		
Common stock		
Balance at the end of previous fiscal year	3,451,610	3,451,610
Changes		
Total Changes	---	---
Balance at the end of current fiscal year	3,451,610	3,451,610
Capital surplus		
Balance at the end of previous fiscal year	2,571,319	2,571,588
Changes		
Disposal of treasury stock	(688)	(268)
Increase by share exchanges	(19,163)	---
Total Changes	(19,851)	(268)
Balance at the end of current fiscal year	2,551,467	2,571,319
Retained earnings		
Balance at the end of previous fiscal year	(1,768,202)	(1,615,313)
Changes		
Dividends from surplus	---	---
Net loss	226,390	(152,889)
Total Changes	226,390	(152,889)
Balance at the end of current fiscal year	(1,541,812)	(1,768,202)
Treasury stock		
Balance at the end of previous fiscal year	(134,463)	(133,503)
Changes		
Acquisition of treasury stock	(1,676)	(1,347)
Disposal of treasury stock	132,614	388
Total Changes	130,937	(959)
Balance at the end of current fiscal year	(3,525)	(134,463)
Total shareholders' equity		
Balance at the end of previous fiscal year	4,120,263	4,274,381
Changes		
Dividends from surplus	---	---
Net loss	226,390	(152,889)
Acquisition of treasury stock	(1,676)	(1,347)
Disposal of treasury stock	131,926	119
Increase by share exchanges	(19,163)	---
Total Changes	337,476	(154,117)
Balance at the end of current fiscal year	4,457,740	4,120,263

	Year ended March 31, 2012	Year ended March 31, 2011
Accumulated other comprehensive income		
Revaluation gain on other securities		
Balance at the end of previous fiscal year	389	16,703
Changes		
Changes (net) in non-shareholders' equity items	(4,970)	(16,313)
Total Changes	(4,970)	(16,313)
Balance at the end of current fiscal year	(4,580)	389
Foreign exchange adjustments		
Balance at the end of previous fiscal year	(1,667,000)	(1,310,629)
Changes		
Changes (net) in non-shareholders' equity items	(31,141)	(356,371)
Total Changes	(31,141)	(356,371)
Balance at the end of current fiscal year	(1,698,141)	(1,667,000)
Total accumulated other comprehensive income		
Balance at the end of previous fiscal year	(1,666,610)	(1,293,926)
Changes		
Changes (net) in non-shareholders' equity items	(36,111)	(372,684)
Total Changes	(36,111)	(372,684)
Balance at the end of current fiscal year	(1,702,722)	(1,666,610)
Warrants		
Balance at the end of previous fiscal year	23,721	22,531
Changes		
Changes (net) in non-shareholders' equity items	(7,081)	1,190
Total Changes	(7,081)	1,190
Balance at the end of current fiscal year	16,640	23,721
Minority interests		
Balance at the end of previous fiscal year		
Changes	682,910	1,309,450
Changes (net) in non-shareholders' equity items	(487,074)	(626,539)
Total Changes	(487,074)	(626,539)
Balance at the end of current fiscal year	195,836	682,910
Total net assets		
Balance at the end of previous fiscal year	3,160,285	4,312,436
Changes		
Dividends from surplus	---	---
Net loss	226,390	(152,889)
Acquisition of treasury stock	(1,676)	(1,347)
Disposal of treasury stock	131,926	119

	Year ended March 31, 2012	Year ended March 31, 2011
Increase by share exchanges	(19,163)	---
Changes (net) in non-shareholders' equity items	(530,268)	(998,033)
Total changes	(192,791)	(1,152,151)
Balance at the end of current fiscal year	2,967,494	3,160,285

3-4 CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Cash flows from operating activities		
Loss before income taxes and minority interests	312,702	(471,701)
Depreciation and amortization	972,670	1,140,905
Asset-impairment losses	128,996	21,632
Amortization of goodwill	---	24,823
Amortization of negative goodwill	---	(125,900)
Increase (decrease) in allowance for doubtful accounts	(8,760)	4,185
Increase (decrease) in allowance for bonuses	39,399	60,959
Increase (decrease) in retirement benefits	22,405	106,318
Interest and dividends receivable	(10,313)	(8,408)
Rental fees receivable	(87,132)	(79,513)
Insurance bonuses	(8,506)	(1,919)
Interest payable	249,447	274,742
Loss on sales of trade notes	18,284	21,560
(Gain) loss on differences of foreign exchange	(22,298)	(7,149)
(Gain) loss on sale of fixed assets	(952)	(4,516)
(Gain) loss on disposal of fixed assets	6,069	7,723
Decrease (increase) in notes and accounts receivable	405,661	282,552
Decrease (increase) in inventories	62,798	(618,488)
Increase (decrease) in notes and accounts payable	(458,080)	526,755
Increase (decrease) in accrued consumption taxes	84,986	12,392
Business structure improvement expenses	---	318,407
Extra retirement payment	---	5,775
Others	56,078	(41,616)
Subtotal	1,762,758	1,449,518
Proceeds from interest and dividend receivable	10,818	7,258
Proceeds from rental fees	87,132	79,513
Other proceeds	16,991	3,848
Payment of interests	(252,431)	(283,806)
Payments of sales of trade notes	(18,284)	(21,560)
Other payments	---	(27,066)
Payment of income taxes	(171,733)	(139,588)
Net cash provided by operating activities	1,435, 251	1,068,117

(Thousands of yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Cash flows from investing activities		
Payments on purchase of tangible fixed assets	(797,962)	(944,524)
Proceeds from sales of tangible fixed assets	4,007	44,586
Payments on purchase of intangible fixed assets	(15,555)	(41,206)
Proceeds from sales of intangible fixed assets	2,305	2,569
Payments on purchase of investment securities	(21,475)	(25,460)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	120,842	---
Payments on paying in time deposits	(150,475)	(57,100)
Proceeds from withdrawal of time deposits	64,400	266,311
Others	(8,202)	(37,680)
Net cash used in investing activities	(802,116)	(792,503)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,515,818	(260,895)
Proceeds from long-term borrowings	1,574,752	843,610
Repayments on long-term borrowings	(3,266,301)	(1,356,688)
Payments on acquisition of treasury stocks	(1,694)	(1,347)
Proceeds from disposal of treasury stocks	281	388
Dividends paid	---	(1,173)
Dividends paid to minority shareholders	---	(281)
Others	(71,809)	(69,944)
Net cash used in financing activities	(248,952)	(846,333)
Effect of exchange rate changes on cash and cash equivalents	(49,183)	(130,663)
Net increase (decrease) in cash and cash equivalents	334,999	(701,383)
Cash and cash equivalents at the beginning of year	2,464,296	3,165,679
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(265,188)	---
Cash and cash equivalents at the end of year	2,534,107	2,464,296

3-5 SEGMENT INFORMATION

(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”, “Plastics”, and “Hinges” are reporting segments.

“Precision Springs” includes production and sales of compression/expansion/torsion springs, wire forming, and thin plate springs, etc. “Plastics” is production and sales of plastic injection molding, etc. “Hinges” is sales of high performance hinge, etc.

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

Year ended March 31, 2012

(Thousands of yen)

	Precision springs	Plastics	Hinges	Total
Net sales:				
Net sales to third parties	13,344,447	10,161,567	1,685,351	25,191,367
Intra-group net sales and transfers	93,370	1,294	384	95,050
Total sales	13,437,818	10,162,862	1,685,736	25,286,417
Segment income (loss)	908,059	245,629	(559,407)	594,280
Segment assets	14,254,851	4,801,495	55,636	19,111,983
Segment liability	9,452,144	6,378,081	1,551,676	17,381,902
Others				
Depreciation	549,387	447,098	10,193	1,006,679
Impairment loss	---	---	128,996	128,996
Net increase in tangible and intangible fixed assets	484,568	456,875	13,851	955,295

4-1 CONDENSED NON-CONSOLIDATED BALANCE SHEETS

(Thousands of yen)

	As of March 31, 2012	As of March 31, 2011
ASSETS		
Current assets:		
Total current assets	3,720,187	3,469,236
Fixed assets:		
Tangible fixed assets	1,667,477	1,818,971
Intangible fixed assets	97,740	128,348
Investments and other assets	4,564,956	4,315,429
Total fixed assets	6,330,174	6,262,749
Total assets	10,050,361	9,731,985
LIABILITIES		
Current liabilities:		
Total current liabilities	7,230,083	6,966,202
Long-term liabilities:		
Total long-term liabilities	1,918,779	2,248,614
Total liabilities	9,148,862	9,214,816
NET ASSETS		
Shareholders' equity		
Common stock	3,451,610	3,451,610
Capital surplus	2,544,750	2,564,602
Retained earnings	(5,103,894)	(5,385,859)
Treasury stock	(3,525)	(134,463)
Total shareholders' equity	888,940	495,890
Valuation and translation adjustments		
Total valuation and translation adjustments	(4,082)	2,143
Total net assets	901,498	517,169
Total liabilities and net assets	10,050,361	9,731,985

4-2 CONDENSED NON-CONSOLIDATED STATEMENTS OF INCOME

(Thousands of yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Net sales	8,222,661	8,318,496
Cost of sales	6,051,954	6,266,648
Gross income	2,170,706	2,051,848
Selling, general and administrative expenses	1,778,802	1,742,733
Operating income	391,903	309,115
Non-operating income	334,572	215,956
Non-operating expenses	364,577	348,520
Ordinary income	361,898	176,551
Extraordinary gain	75,191	3,351
Extraordinary loss	139,702	749,938
Income or loss before income taxes	297,388	(570,035)
Income, local and enterprise taxes	15,423	18,100
Net income or loss	281,964	(588,135)

4-3 CONDENSED NON-CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Thousands of yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Shareholders' equity		
Common stock		
Balance at the end of previous fiscal year	3,451,610	3,451,610
Changes		
Total Changes	---	---
Balance at the end of current fiscal year	3,451,610	3,451,610
Capital surplus		
Balance at the end of previous fiscal year	2,564,602	2,564,871
Changes		
Total Changes	(19,851)	(268)
Balance at the end of current fiscal year	2,544,750	2,564,602
Retained earnings		
Balance at the end of previous fiscal year	(5,585,859)	(4,997,723)
Changes		
Total Changes	281,964	(588,135)
Balance at the end of current fiscal year	(5,103,894)	(5,385,859)
Treasury stock		
Balance at the end of previous fiscal year	(134,463)	(133,503)
Changes		
Acquisition of treasury stock	(1,676)	(1,347)
Disposal of treasury stock	132,614	388
Total Changes	130,937	(959)
Balance at the end of current fiscal year	(3,525)	(134,463)
Total shareholders' equity		
Balance at the end of previous fiscal year	495,890	1,085,254
Changes		
Dividends from surplus	---	---
Net profit or loss	(281,964)	(588,135)
Acquisition of treasury stock	(1,676)	(1,347)
Disposal of treasury stock	131,926	119
Increase by share exchanges	(19,163)	---
Total Changes	393,050	(589,364)
Balance at the end of current fiscal year	888,940	495,890

	Year ended March 31, 2012	Year ended March 31, 2011
Revaluation and translation differences		
Revaluation gain on other securities		
Balance at the end of previous fiscal year	2,143	17,989
Changes		
Changes (net) in non-shareholders' equity items	(6,225)	(15,845)
Total Changes	(6,225)	(15,845)
Balance at the end of current fiscal year	(4,082)	2,143
Total evaluation and translation differences		
Balance at the end of previous fiscal year	2,143	17,989
Changes		
Changes (net) in non-shareholders' equity items	(6,225)	(15,845)
Total Changes	(6,225)	(15,845)
Balance at the end of current fiscal year	(4,082)	2,143
Warrants		
Balance at the end of previous fiscal year	19,136	15,948
Changes	(2,496)	3,188
Changes (net) in non-shareholders' equity items	(2,496)	3,188
Total Changes	(2,496)	3,188
Balance at the end of current fiscal year	16,640	19,136
Total net assets		
Balance at the end of previous fiscal year	517,169	1,119,191
Changes		
Dividends from surplus	---	---
Net profit or loss	281,964	(588,135)
Acquisition of treasury stock	(1,676)	(1,347)
Disposal of treasury stock	131,926	119
Increase by share exchanges	(19,163)	---
Changes (net) in non-shareholders' equity items	(8,721)	(12,657)
Total Changes	384,329	(602,022)
Balance at the end of current fiscal year	901,498	517,169