

ADVANEX INC.
Flash Report(Consolidated Basis) --Summary
Results for fiscal year ended March 31, 2014



May 9, 2014

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Code number: 5998

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Stock listings: Tokyo Stock Exchange

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Date of the General Meeting of the Shareholders: June 19, 2014

Filing date of quarterly securities report: June 20, 2014

Supplementary explanation material for quarterly financial results

Yes

Holding of presentation meeting for quarterly financial results

Yes

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

1. Performance

(1) Operating results

Years ended March 31, 2014

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	%
2014	27,100	15.1	820	92.1	820	51.3	682	42.8
2013	23,551	(6.5)	426	(30.3)	542	15.4	478	111.2

Note: Comprehensive income(millions of yen): Mar. 2014: 1,265 (2.8%) Mar.2013: 1,302 650.8%

	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	%	%	%
2014	16.45	16.39	15.5	4.2	3.0
2013	11.52	---	14.0	2.9	1.8

Reference : Gain (Loss) on investment by equity method: Year ended March 31, 2014--- ¥(76) million

Year ended March 31, 2013: --- ¥5 million

(2) Financial position

At March 31, 2014

(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
2014	20,240	4,741	23.4	114.04
2013	18,469	4,072	22.0	97.75

(Reference) Total shareholders' equity: March 31, 2014: ¥4,728 million, March 31, 2013: ¥4,055 million

(3) Cash flows

Years ended March 31, 2014

(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
2014	1,835	(1,045)	(546)	2,745

2013	1,857	(1,275)	(1,002)	2,362
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2. Dividends

Years ended March 31, 2014

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
2013	---	---	---	1.00	1.00
2014	---	---	---	2.00	2.00
2015 (Forecast)	---	--	---	2.00	2.00

Record date	Total amount of dividends (for the entire fiscal year)	Payout ratio (consolidated)	Dividends-to- net assets ratio (consolidated)
	Millions of yen	%	%
2013	41	8.7	1.2
2014	82	12.2	1.9
2015 (Forecast)		10.9	

3. Forecasts for the Fiscal Year Ended March 31, 2015

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	13,500	1.1	300	(11.5)	250	(15.2)
Fiscal year	28,000	3.3	1,000	21.9	980	19.4

	Net income (loss)		Net income (loss) per share
	Millions of yen	%	Yen
Interim period	150	(43.8)	3.62
Fiscal year	760	11.4	18.32

4. Other

- Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): No
Additions: 0 Deletions: 0
- Changes in accounting principles, procedures, presentations, etc.
 - Changes associated with revision of accounting standards, etc: Yes
 - Changes other than a.: Yes
 - Changes in accounting estimates: Yes
 - Restatement: No

3. Number of shares outstanding (Common stock)

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

2014: 41,533,708 shares 2013: 41,533,708shares

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

2014: 73,738shares 2013: 42,283shares

Average Number of outstanding at term-end:

2014: 41,476,940shares 2013: 41,499,337shares

(Reference) FLASH REPORT (NON-CONSOLIDATED BASIS)

(1) Operating results

Years ended March 31, 2014

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	%
2014	7,900	4.3	154	---	178	(72.3)	18	(97.0)
2013	7,572	(7.9)	(99)	---	644	78.2	595	111.3

	Net income per share	Net income per share after dilution
	Yen	Yen
2014	0.44	0.43
2013	14.35	---

(2) Financial position

At March 31, 2014

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2014	9,380	1,519	16.1	36.34
2013	9,719	1,518	15.5	36.20

(Reference) Total shareholders' equity: March 31, 2014 ¥1,506million, March 31, 2013: ¥1,501 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.

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1. Business Performance and Financial Position

(1) Analysis of Business Performance

During the fiscal year under review, the emerging markets such as China and Asian countries saw slowing down of economy, while the US economy continued to recover and the economic situation in Europe gradually started to improve after the summer. In Japan, the corporate earnings continue to show improvements mainly in those companies focusing on exports and business sentiments among non-manufacturing small and medium-sized enterprises improved. This is mainly thanks to the weaker yen as a result of the Bank of Japan's monetary easing measures, as well as the recovery of the US economy. Against this backdrop, in the automotive industry, which is closely related to our business, both exports from Japan and productions overseas showed strong results. This is primarily resulted from better demands in China and increased sales to the North America. Also in Japan, market demand improved in addition to a last-minute demand before the consumption tax hike. OA equipment market, which is also intimately related to our business, saw strong market demand as well. Under these circumstances, our sales to automotive and OA equipment markets went strong and our sales to AV equipment and medical equipment market improved year on year as well.

As a result, the consolidated net sales of Advanex group for the fiscal year under review increased 15.1% year on year to ¥27,100 million. Operating income increased 92.1% year on year to ¥820 million. Ordinary income increased 51.3% to ¥820 million, and net income increased 42.8% year on year to ¥682 million.

Results for each operating segment are as follows;

[Precision Springs]

In domestic market, sales to automotive market increased. For the overseas market, sales to automotive and OA equipment markets in China and Asia, sales to medical equipment market in the UK and sales to housing related market in the US all increased.

As a result, sales of this segment increased 18.9% year on year to ¥15,408 million and segment income increased 99.8% to ¥597 million.

[Plastics]

In domestic market, sales to OA equipment market declined mainly due to our customers' production shift to overseas.

In markets abroad, in addition to sales increase in AV equipment market in Malaysia, sales to automotive market increased significantly in China and Vietnam.

As a result, net sales of this segment increased 13.6% year on year to ¥11,465 million and segment income also increased 133.1% to ¥333 million.

[Hinges]

Net Sales of hinge units decreased 54.7% year on year as a result of downsizing of business to mobile phone market to ¥226 million and segment loss amounted to ¥112 million, which was a loss of ¥27 million in the previous fiscal year.

(Outlook for the coming fiscal year)

Although emerging economies such as China are expected to slow down, it is expected that the global economy will continue to grow slowly mainly supported by the strong economic growth in the US and the recoveries in European economies. While in Japan, there are worries about temporally slowdown of domestic demand due to recent consumption tax hike, however, the domestic economy is expected to start improving from the second half of the year, mainly led by the brisk exports.

Amid these circumstances, our sales to automotive market in both Precision springs and Plastics businesses are expected to grow steadily.

For these factors, Advanex group is projecting consolidated net sales of ¥28,000 million, an increase of 3.3% year on year and operating income of ¥1,000 million, a 21.9% increase year on year. Ordinary income is forecasted to total ¥980 million, a 19.4% increase year on year and net income to total ¥760 million, an increase of 11.4% year on year for the coming fiscal year.

These forecasts assume an exchange rate of ¥100 to the US dollar.

(2) Analysis of Financial Position

Total assets on a consolidated basis at fiscal year-end increased ¥1,770 million year on year to ¥20,240 million. Main reasons for this change are as follows;

1. Assets

In assets section, cash and time deposits increased ¥383 million and trade notes and accounts receivable increased ¥839 million due to an increase in sales. Thus, total amount of current assets increased ¥1,478 million. Also, total amount of tangible fixed assets increased ¥300 million and the total amount of intangible fixed assets decreased ¥13 million.

2. Liabilities

For the liabilities section, total liabilities amounted to ¥15,499 million, a ¥1,102 million increase compared to the previous fiscal year-end. This change is due mainly to a ¥315 million increase in trade notes and accounts payable, a ¥784 million increase in retirement allowance liabilities and a ¥371 million decrease in borrowings. The current ratio improved 33.8 points compared to the previous fiscal year-end, reflecting the refinancing of ¥2,500 million from short-term to long-term borrowing.

3. Net assets

Net assets amounted to ¥4,741 million, a ¥668 million increase from the previous fiscal year-end. This change is due primarily to recorded net income of ¥682 million, a ¥545 million increase in foreign exchange adjustment reflecting weaker yen as well as a ¥548 million decrease in the accumulated adjustment for retirement benefits.

The status of Cash flows

The amount of cash and cash equivalent as of the end of current fiscal year amounted to ¥2,745 million, a ¥382 million increase year on year. The status of various cash flows and the main factors behind changes are explained below.

1. Cash flow from operating activities

Net cash provided by operating activities increased ¥1,835 million. (¥1,857 million increase in the previous fiscal year) This change is primarily due to a ¥159 million increase in recorded net income before taxes and the fund reserved from depreciation and amortization.

2. Cash flow from investing activities

Fund decreased ¥1,045 million by investing activities. (¥1,275 million decrease during the previous fiscal year) The capital investments for Advanex, Daiichi Kasei, and a Chinese subsidiary established during the last fiscal year are the main reasons for this change.

3. Cash flow from financing activities

As a result of financing activities, the fund decreased ¥546 million. (¥1,002 million decrease during the previous fiscal year) Repayment of interest-bearing debts is the primary reason for this change.

(Reference) Trends in cash flow indices are shown below:

Years ended March 31	2010	2011	2012	2013	2014
Shareholders' equity ratio (%)	13.3	11.8	15.0	22.0	23.4
Shareholders' equity ratio, based on market value (%)	13.6	14.9	21.2	19.3	29.3
Cash flow vs. interest-bearing debt ratio (%)	108.1	8.8	7.8	4.0	3.8
Interest coverage ratio	0.3	3.8	4.2	8.4	10.5

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 the 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 fiscal terms

The company aspires to continue improving the returns to our shareholders and strives to achieve sufficient and steady distribution of dividends while striking the balance between steady improvements of returns to our shareholders and maintaining sufficient internal reserves to brace for stabilization and expansion of our business base.

In accordance with the dividend for the fiscal year under review, the company decided to revise its previous plan to pay 1.5 yen per share, which was announced on May 10, 2013 to pay 2 yen per share, reflecting better performance results recorded in the fiscal year under review, which was announced on April 25, 2014. (Dividend paid at the previous fiscal year was 1 yen per share) Dividend for the coming fiscal year is planned at 2 yen per share.

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 acts as a company where one can present suitable proposals, add on our own value and satisfy our customers by fully utilizing our human resource network and technical knowledge.

(2) Management Indicators the Company is Targeting

The Advanex group has set medium-term targets on consolidated basis as follows; net sales of ¥50,000 million, operating income of 10% and ROE at 15%.

(3) Medium to Long 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 missions are to boost its corporate value and achieve sustained growth.

1) Strengthen the Base of Precision Spring Business

1. Enhance Global Business Foundation

The company's Corporate planning office, Global business unit and the group companies all over the world will work hand in hand to realize the group's mid-term target of actively expanding business to regions we haven't operated.

In Asia, in addition to smoothly shifting to full operation of new Changzhou factory in China, we intend to expand our business base to Ho Chi Minh City, Vietnam, and to enter new markets namely India and Indonesia.

In Europe, in addition to the group's existing business operation in the UK, we intend to make new entries and expand our business to Central Europe and Eastern Europe, where major manufacturers have production bases.

In the US, we intend to expand our current business base in the west to the entire nation including Midwest and Eastern area by enhancing online order-taking activities. Also, we will consider expansion of our factory in Mexico to further grow business in the Central and South America.

2. Enhance Business in Japan

For the past few years, along with the yen becoming stronger, our customer had gradually shifted their production bases out of Japan, which caused our sales to be on a declining trend. Against this backdrop, we will introduce company system to make domestic business financially self-sufficient and to clarify where responsibilities lie. Also, the company will enhance its domestic business operation by drastically delegating authorities to realize prompt decision-making. In order to efficiently conduct sales activities and to win new customers, our sales team will be in charge of each area, instead of industry.

As for target markets, in addition to a plan to establish a plant exclusively focused on the automotive industry to bolster our business further, we will strive to expand our business to medical

market, as well as making new entry into toy, furniture, lifeline (such as electricity, gas, water supply, railways and roads) and infrastructure markets.

3. Run Standardized Product Business

In addition to our main custom-made and production-to-order business to major customers, we will actively expand standardized product business for general purpose use. By being ready for immediate off-the-shelf delivery in small quantity, we will further promote increase in sales by utilizing sales channels such as trading companies, wholesalers and online shopping sites such as Rakuten market. Initially, we will start this type of business in domestic market, while targeting to expand this business in the medium term to hold 10% of domestic sales before deploying to overseas markets.

4. Business diversification and market expansion through M&A

For the purpose of expanding the groups existing business, we acquired the whole stocks of Funabashi Electronics Co., Ltd. in April this year, making it one of our subsidiaries. Funabashi Electronics Co., Ltd. has advanced metal processing technology in thin, narrow and deep press stamping. We will actively seek opportunities to acquire spring manufacturers through M&A activities, in order to diversify our product range, to enter new markets and to win new customers.

2) Strengthen Plastic Business

With some of Daiichi Kasei's strengths, namely its R&D, assembly and precision plastic molding technologies, we will further enhance the development and proposal of function products centering on gear/motor units.

As for insert molding business, which integrates Advanex's metal processing technology and Daiichi Kasei's plastic injection forming technology, we will establish ultraprecise insert molding technology to expand market and increase product sales.

As for ceramic products for optical connectors, business has continuously shown strong results reflecting market expansions in emerging markets. On top of this, we intend to grow business to semiconductor related markets.

In addition to existing target markets, such as OA equipment and automotive markets, we'd like to expand our product range to meet the needs of housing related market to make it our third pillar of target market. Furthermore, the group will also strengthen global business operation and expand production in China and Vietnam to further boost earnings.

3) Downsizing and Reorganization of Hinge Business

The company was successfully made the impact of losses in Hinge business on consolidated business performance insignificant by withdrawing from business to mobile phone market and disposing PC related business. Going forward, this segment will further cooperate with unit or rotary technology teams to establish new and profitable products for automotive, housing-related, medical and other markets. At the same time, we will establish standardized product selection to improve sales.

4) Formulate Business Continuity Plan

On top of crisis management know-how the company established through our experiences on earthquakes, we will make a prompt formulation of management plan for events which could

threaten the business continuity. By fulfilling the company's responsibilities in the society, we will strive to mitigate risks to sustain the interests of all the stakeholders including shareholders, creditors, customers and employees.

5) 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, 2014	As of March 31, 2013
ASSETS		
Current assets:		
Cash and time deposits	2,808,309	2,424,724
Trade notes and accounts receivable	5,784,683	4,945,432
Finished goods	1,147,877	951,073
Work in process	655,105	617,516
Raw materials and stored items	1,013,705	958,440
Deferred income tax	9,669	153
Other current assets	361,565	413,703
Allowance for doubtful accounts	(10,121)	(18,636)
Total current assets	11,770,794	10,292,407
Fixed assets:		
Tangible fixed assets		
Buildings and structures	9,131,289	8,817,228
Accumulated depreciation	(7,421,422)	(7,219,433)
Buildings and structures, net	1,709,867	1,597,795
Machinery and equipment	12,604,303	11,125,366
Accumulated depreciation	(10,082,379)	(8,879,442)
Machinery and equipment, net	2,521,924	2,245,924
Land	2,226,123	2,190,360
Leased assets	286,159	205,346
Accumulated depreciation	(178,387)	(79,893)
Leased assets, net	107,771	125,452
Others	3,420,942	3,842,571
Accumulated depreciation	(2,754,077)	(3,069,821)
Other, net	666,865	772,749
Total tangible fixed assets	7,232,551	6,932,282
Intangible fixed assets		
Software	76,458	60,447
Leased assets	19,044	39,690
Others	96,337	104,744
Total intangible fixed assets	191,840	204,882
Investments and other assets		
Investment in securities	203,284	133,634
Stocks of subsidiaries and affiliates	222,211	285,666
Deferred income tax	10,699	5,032
Real estate for investment	762,669	748,321

	As of March 31, 2014	As of March 31, 2013
Accumulated depreciation	(357,754)	(344,201)
Real estate for investment, net	404,915	404,119
Others	205,447	212,886
Allowance for doubtful accounts	(1,170)	(1,260)
Total investments and other assets	1,045,386	1,040,078
Total fixed assets	8,469,778	8,177,243
Total assets	20,240,572	18,469,651
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	3,779,697	3,463,918
Short-term borrowings	1,833,555	4,422,031
Long-term borrowings due within one year	1,610,633	1,290,787
Lease obligations	73,247	55,659
Accrued income taxes	201,464	185,232
Allowance for bonus	183,369	136,440
Other current liabilities	1,210,641	883,080
Total current liabilities	8,892,609	10,437,150
Long-term liabilities:		
Long-term borrowings	3,453,594	1,556,584
Lease obligations	86,360	155,004
Deferred tax liabilities	357,814	345,901
Provision for retirement benefits	---	1,644,576
Provision for environmental measures	4,506	4,506
Asset retirement obligations	38,773	38,522
Liabilities for Retirement Benefits	2,429,515	---
Other long-term liabilities	236,310	214,940
Total long-term liabilities	6,606,875	3,960,036
Total liabilities	15,499,484	14,397,187
NET ASSETS		
Shareholders' equity		
Common stock	1,000,000	1,000,000
Capital surplus	256,717	256,717
Retained earnings	4,323,114	3,682,130
Treasury stock	(8,278)	(4,624)
Total shareholders' equity	5,571,553	4,934,222
Accumulated other comprehensive income		
Valuation gain (loss) on other securities	58,418	21,144
Foreign exchange adjustment	(353,561)	(899,543)
Accumulated adjustment for Retirement Benefits	(548,138)	---

	As of March 31, 2014	As of March 31, 2013
Total accumulated other comprehensive income	(843,281)	(878,398)
Subscription rights to shares	12,815	16,640
Total net assets	4,741,088	4,072,464
Total liabilities and net assets	20,240,572	18,469,651

3-2 CONSOLIDATED STATEMENTS OF INCOME

(Thousands of yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Net sales	27,100,607	23,551,040
Cost of sales	21,260,070	18,752,890
Gross income	5,840,537	4,798,149
Selling, general and administrative expenses		
Delivery	339,380	358,484
Salary	2,023,197	1,802,618
Reserves for bonuses allowance	56,134	38,254
Reserves for retirement allowance	—	90,952
Retirement benefit expenses	110,226	---
Provision of allowance for doubtful accounts	(451)	2,921
Depreciation and amortization	113,615	87,795
Others	2,378,034	1,990,146
Total selling, general and administrative expenses	5,020,137	4,371,173
Operating income	820,400	426,975
Non-operating income		
Interests	12,169	10,531
Dividends	3,101	1,815
Rental fees	114,900	91,834
Foreign exchange gains	150,570	234,318
Subsidy income	14,023	14,117
Equity in losses of affiliates	—	5,537
Others	39,495	71,385
Total non-operating income	334,261	429,540
Non-operating expenses		
Interests	179,347	234,211
Equity in losses of affiliates	76,198	---
Provision of allowance for doubtful accounts	84	---
Compensation expenses	1,309	1,696
Others	77,003	78,152
Total non-operating expenses	333,943	314,059
Ordinary income or loss	820,718	542,457

	Year ended March 31, 2014	Year ended March 31, 2013
Extraordinary income		
Gain on sales of noncurrent assets	9,051	8,731
Gain on negative goodwill	---	5,627
Insurance income	11,012	176,150
Gain on reversal of subscription rights to shares	16,640	---
Others	—	1,075
Total extraordinary income	36,703	191,585
Extraordinary loss		
Loss on sales of noncurrent assets	—	951
Loss on disposal of noncurrent assets	7,413	1,307
Loss on valuation of investment securities	—	17,188
Impairment loss	—	66,002
Loss on disaster	1,989	---
Farewell Ceremony	27,152	---
Special retirement expenses	12,294	---
Total extraordinary loss	48,850	85,450
Income or Loss before income taxes and minority interests	808,571	648,591
Income, local and enterprise taxes	152,857	146,898
Adjustment for income taxes	(26,761)	23,630
Total income taxes	126,095	170,528
Loss before minority interests	682,475	478,063
Net income or loss	682,475	478,063

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Thousands of yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Loss before minority interests	682,475	478,063
Other comprehensive income		
Valuation difference on available-for-sale securities	37,217	24,593
Foreign currency translation adjustment	481,406	798,598
Share of other comprehensive income of associates accounted for using equity method	64,631	1,131
Accumulated other comprehensive income	583,255	824,323
Comprehensive income	1,265,731	1,302,387
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,265,731	1,302,387

3-3 CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Cash flows from operating activities		
Loss before income taxes and minority interests	808,571	648,591
Depreciation and amortization	1,073,613	987,249
Asset-impairment losses	—	66,002
Increase (decrease) in allowance for doubtful accounts	(10,391)	(35,747)
Increase (decrease) in allowance for bonuses	44,893	(5,474)
Increase (decrease) in retirement benefits	—	150,054
Increase (decrease) in liabilities for Retirement Benefits	236,641	---
Interest and dividends receivable	(15,270)	(12,347)
Rental fees receivable	(114,900)	(91,834)
Interest payable	179,347	234,211
Loss on sales of trade notes	9,565	12,437
(Gain) loss on differences of foreign exchange	(116,082)	(33,540)
(Gain) loss on sale of fixed assets	(9,051)	(7,780)
(Gain) loss on disposal of fixed assets	7,413	1,307
Decrease (increase) in notes and accounts receivable	—	17,188
Decrease (increase) in inventories	(11,012)	(165,100)
Decrease (increase) in notes and accounts receivable-trade	(318,686)	817,239
Decrease (increase) in inventories	(121,544)	(13,942)
Increase (decrease) in notes and accounts payable	191,269	(757,555)
Increase (decrease) in accrued consumption taxes	14,385	(2,382)
Others	178,643	112,230
Subtotal	2,027,404	1,920,807
Proceeds from interest and dividend receivable	12,522	13,308
Proceeds from rental fees	114,900	91,834
Compensation for damage paid	11,012	165,100
Proceeds from dividends income from affiliates accounted for by equity method	5,498	5,498
Other proceeds	6,637	5,100
Payment of interests	(174,044)	(220,621)
Payments of sales of trade notes	(9,565)	(12,437)
Payment of income taxes	(159,328)	(110,634)
Net cash provided by operating activities	1,835,037	1,857,957

(Thousands of yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Cash flows from investing activities		
Payments on purchase of tangible fixed assets	(1,032,071)	(1,136,735)
Proceeds from sales of tangible fixed assets	19,419	25,021
Payments on purchase of intangible fixed assets	(20,980)	(33,529)
Proceeds from sales of intangible fixed assets	14,021	1,812
Payments on purchase of investment securities	(20,835)	(20,803)
Purchase of stocks of subsidiaries and affiliates	—	(189,889)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	(371)	---
Payments on paying in time deposits	—	83,158
Proceeds from withdrawal of time deposits	(7,122)	(9,114)
Others	2,865	4,899
Net cash used in investing activities	(1,045,075)	(1,275,179)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,609,349)	(429,003)
Proceeds from long-term borrowings	4,489,681	1,141,016
Repayments on long-term borrowings	(2,300,201)	(1,566,803)
Payments on acquisition of treasury stocks	(3,746)	(2,434)
Proceeds from disposal of treasury stocks	(40,481)	---
Others	92	1,333
Net cash used in financing activities	(82,759)	(146,249)
Effect of exchange rate changes on cash and cash equivalents	(546,764)	(1,002,138)
Net increase (decrease) in cash and cash equivalents	139,579	248,087
Cash and cash equivalents at the beginning of year	382,776	(171,273)
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	2,362,834	2,534,107
Cash and cash equivalents at the end of year	2,745,610	2,362,834

3-4 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, 2014

(Thousands of yen)

	Precision springs	Plastics	Hinges	Total
Net sales:				
Net sales to third parties	15,408,704	11,465,523	226,379	27,100,607
Intra-group net sales and transfers	91,552	9,016	—	100,568
Total sales	15,500,257	11,474,539	226,379	27,201,176
Segment income (loss)	597,157	333,055	(112,950)	817,261
Segment assets	15,444,814	5,351,745	40,058	20,836,619
Segment liability	9,253,946	6,644,009	1,187,448	17,085,405
Others				
Depreciation	720,821	445,150	1,260	1,167,232
Impairment loss	—	—	—	—
Net increase in tangible and intangible fixed assets	793,393	368,799	1,535	1,163,729

Year ended March 31, 2013

(Thousands of yen)

	Precision springs	Plastics	Hinges	Total
Net sales:				
Net sales to third parties	12,960,839	10,090,385	499,815	23,551,040
Intra-group net sales and transfers	78,730	12,023	—	90,754
Total sales	13,039,570	10,102,409	499,815	23,641,795
Segment income (loss)	298,877	142,873	(27,043)	414,707
Segment assets	14,545,739	4,661,332	48,132	19,255,204
Segment liability	8,565,506	6,127,383	1,548,446	16,241,336
Others				
Depreciation	528,931	502,233	19,998	1,051,164
Impairment loss	20,104	—	45,898	66,002
Net increase in tangible and intangible fixed assets	694,479	493,373	6,784	1,194,637

4-1 CONDENSED NON-CONSOLIDATED BALANCE SHEETS

(Thousands of yen)

	As of March 31, 2014	As of March 31, 2013
ASSETS		
Current assets		
Cash and deposits	424,467	556,655
Notes receivable-trade	149,973	250,575
Accounts receivable-trade	2,271,410	2,041,035
Merchandise and finished goods	135,722	145,910
Work in process	141,997	111,055
Raw materials and supplies	113,998	94,156
Prepaid expenses	49,411	35,144
Accounts receivable-other	33,237	79,668
Short-term loans receivable from subsidiaries and affiliates	—	105,000
Current portion of long-term loans receivable from subsidiaries and affiliates	115,000	161,132
other assets	31,124	29,322
Allowance for doubtful accounts	(80)	(450)
Total Current assets	3,466,263	3,609,206
Noncurrent assets		
Property, plant and equipment		
Buildings	4,024,871	4,025,104
Accumulated depreciation	(3,637,541)	(3,597,121)
Buildings, net	387,330	427,983
Structures	69,387	69,643
Accumulated depreciation	(69,085)	(69,236)
Structures, net	302	406
Machinery and equipment	3,913,107	3,878,923
Accumulated depreciation	(3,611,757)	(3,563,284)
Machinery and equipment, net	301,349	315,639
Vehicles	9,234	9,234
Accumulated depreciation	(9,234)	(9,234)
Vehicles, net	0	0
Tools, furniture and fixtures	467,453	432,319
Accumulated depreciation	(422,031)	(402,729)
Tools, furniture and fixtures, net	45,421	29,590
Land	696,668	696,668
Lease assets	137,285	149,285
Accumulated depreciation	(110,645)	(102,466)
Lease assets, net	26,639	46,819

Construction in progress	35,968	20,094
Total Property, plant and equipment	1,493,680	1,537,201
Intangible assets		
Patent right	—	3,125
Software	12,600	8,536
Lease assets	19,044	39,690
Telephone subscription right	12,757	12,757
Total Intangible assets	44,402	64,110
Investments and other assets		
Investment securities	174,354	114,487
Stocks of subsidiaries and affiliates	3,069,289	3,316,363
Investments in capital	745	745
Investments in capital of subsidiaries and affiliates	646,684	646,684
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,170	1,260
Long-term loans receivable from subsidiaries and affiliates	1,450,000	1,615,000
Long-term prepaid expenses	7,907	5,138
Insurance funds	91,973	91,973
Lease and guarantee deposits	70,308	71,055
Allowance for doubtful accounts	(1,036,170)	(1,036,260)
Allowance for investment loss	(100,496)	(317,414)
Total Investments and other assets	4,375,767	4,509,033
Total Noncurrent assets	5,913,850	6,110,345
Total Net assets	9,380,113	9,719,551
Liabilities		
Current liabilities		
Notes payable-trade	281,440	250,328
Accounts payable-trade	1,322,705	1,216,703
Short-term loans payable	1,414,000	4,186,000
Current portion of long-term loans payable	720,572	284,788
Current portion of long-term loans payable to subsidiaries and affiliates	51,460	94,050
Accounts payable-other	47,777	28,345
Lease obligations	45,670	55,353
Accrued expenses	157,306	181,945
Income taxes payable	48,351	18,078
Deposits received	5,935	5,973
Provision for bonuses	100,404	79,332

Notes payable-facilities	424	24,885
Accumulated impairment loss on leased assets	—	1,547
Other	13,941	284
Total current liabilities	4,209,990	6,427,614
Noncurrent liabilities		
Long-term loans payable	2,026,496	347,168
Long-term loans payable to subsidiaries and affiliates	—	47,025
Provision for retirement benefits	1,291,981	1,094,394
Long-term accounts payable-other	147,859	147,859
Lease obligations	27,985	73,655
Deferred tax liabilities	12,661	3,317
Provision for environmental measures	3,000	3,000
Asset retirement obligations	37,479	37,385
Provision for loss on business of subsidiaries and affiliates	103,050	19,618
Total noncurrent liabilities	3,650,512	1,773,422
Total liabilities	7,860,502	8,201,036
Net assets		
Shareholders' equity		
Capital stock	1,000,000	1,000,000
Capital surplus		
Legal capital surplus	250,000	250,000
Other capital surplus	0	—
Total capital surplus	250,000	250,000
Retained earnings		
Other retained earnings		
Retained earnings brought forward	214,246	237,681
Total retained earnings	214,246	237,681
Treasury stock	(8,278)	(4,624)
Total shareholders' equity	1,455,967	1,483,056
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	50,826	18,817
Total Valuation and translation adjustments	50,826	18,817
Subscription rights to shares	12,815	16,640
Total net assets	1,519,610	1,518,514
Total liabilities and net assets	9,380,113	9,719,551

4-2 CONDENSED NON-CONSOLIDATED STATEMENTS OF INCOME

(Thousands of yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Net sales	7,900,375	7,572,221
Cost of sales		
Beginning finished goods	145,910	144,989
Cost of products manufactured	5,827,783	5,883,182
Total	5,973,693	6,028,171
Ending finished goods	135,722	145,910
Cost of finished goods sold	5,837,971	5,882,260
Total cost of sales	5,837,971	5,882,260
Gross profit	2,062,404	1,689,960
Selling, general and administrative expenses		
Commission fee	125,673	118,658
Shipment expenses	283,788	263,712
Advertising expenses	14,777	6,057
Promotion expenses	10,120	6,997
Entertainment expenses	17,270	8,345
Directors' compensations	172,978	112,261
Employees' salaries and allowances	546,707	557,106
Provision for bonuses	36,350	27,700
Provision for retirement benefits	88,318	81,557
Legal welfare expenses	116,804	110,378
Welfare expenses	34,069	31,336
Other salaries	20,044	32,816
Provision of allowance for doubtful accounts	—	400
Traveling and transportation expenses	78,771	73,850
Communication expenses	30,734	31,710
Insurance expenses	20,495	18,166
Rent expenses	76,813	78,051
Office supplies expenses	17,159	14,331
Repair expenses	18,390	16,170
Taxes and dues	34,714	29,364
Education and training expenses	5,528	2,965
Research and development expenses	99,876	120,141
Depreciation	19,234	23,529
Miscellaneous expenses	39,239	23,821
Total selling, general and administrative expenses	1,907,861	1,789,432
Operating income (loss)	154,543	(99,472)

Non-operating income		
Interest income	49,661	57,116
Dividends income	52,838	760,069
Rent income	8,810	8,762
Foreign exchange gains	14,707	28,987
Dividends income of insurance	2,391	3,095
Reversal of allowance for doubtful accounts	400	27,950
Miscellaneous income	20,229	26,638
Total non-operating income	149,038	912,620
Non-operating expenses		
Interest expenses	93,980	150,797
Compensation expenses	1,309	857
Loss on sales of notes payable	—	152
Provision of allowance for doubtful accounts	84	—
Miscellaneous loss	29,535	16,402
Total non-operating expenses	124,909	168,209
Ordinary income	178,672	644,938
Extraordinary income		
Gain on sales of noncurrent assets	4,617	2,461
Reversal of allowance for investment loss	216,918	19,485
Gain on reversal of subscription rights to shares	16,640	—
Total extraordinary income	238,175	21,946
Extraordinary loss		
Loss on disposal of noncurrent assets	43	63
Loss on valuation of investment securities	—	15,560
Loss on valuation of stocks of subsidiaries and affiliates	247,074	—
Impairment loss	—	20,104
Farewell Ceremony	27,152	—
Provision for loss on business of subsidiaries and affiliates	83,432	19,618
Total extraordinary loss	357,701	55,346
Income before income taxes	59,146	611,538
Income taxes-current	41,310	16,044
Income taxes-deferred	(220)	(203)
Total income taxes	41,090	15,841
Net income	18,055	595,697