ADVANEX INC.
Flash Report (Consolidated Basis)
Results for fiscal year ended March 31, 2010

May 14, 2010

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Code number: 5998
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Date of the General Meeting of the Shareholders June 24, 2010
Planned filing of an annual security report June 25, 2010

(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	%
2010	29,555	(21.2)	(274)	---	(569)	---	(380)	---
2009	37,488	(3.6)	(1,507)	---	(1,484)	---	(3,595)	---

	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	%	%	%
2010	(9.58)	---	(11.7)	(2.5)	(0.9)
2009	(90.51)	---	(64.4)	(5.5)	(4.0)

(Reference) Gain (Loss) on investment by equity method: Year ended March 31, 2010 ---

Year ended March 31, 2009: ---

(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
2010	22,414	4,312	13.3	75.08
2009	23,793	5,247	14.7	88.29

(Reference) Total shareholders' equity: March 31, 2010: ¥2,980 million, March 31, 2009: ¥3,506 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
2010	94	(453)	(134)	3,165
2009	786	(1,252)	824	3,672

2. Dividends

Years ended/ending 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
2010	---	---	---	0.00	0.00
2009	---	---	---	0.00	0.00
2011 (Forecast)	---	--	---	0.00	0.00

Record date	Total amount of dividends (for the entire fiscal year)	Payout ratio	Dividends-to-net assets ratio
	Million of yen	%	%
2010	0	0.0	0.0
2009	0	0.0	0.0
2011 (Forecast)		0.0	

3. Forecasts for the Fiscal Year Ending March 31, 2011

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	14,800	3.9	180	---	20	---
Fiscal year	31,000	4.9	860	---	520	---

	Net income (loss)		Net income (loss) per share
	Millions of yen	%	Yen
Interim period	80	---	2.02
Fiscal year	420	---	10.58

4. Other

1. 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: 3 (ACCURATE INC., IKKA Corporation Co., Ltd., KATO FASTENING SYSTEMS,INC.)

2. 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

3. Number of shares outstanding (Common stock)

Number of shares outstanding at fiscal year-end:

2010: 40,155,637 shares 2009: 40,155,637 shares

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

2010: 456,894shares 2009: 444,362 shares

(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	%
2010	7,319	(20.1)	5	---	74	---	501	---
2009	9,162	(24.1)	(961)	---	(843)	---	(3,915)	---

	Net income per share	Net income per share after dilution
	Yen	Yen
2010	12.64	---
2009	(98.56)	---

(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
2010	10,501	1,119	10.5	27.79
2009	10,332	589	5.6	14.69

(Reference) Total shareholders' equity: March 31, 2010: ¥1,103 million, March 31, 2009: ¥583 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.

Please refer to page 6 for more information on items mentioned in the business forecasts.

1. Business Performance

(1) Analysis of Business Performance

Overview of Results for the Subject Period

During the fiscal year under review, the Japanese economy started to improve mildly, supported by the economic recoveries in Asia, namely in China and India, and by the government's stimulus packages, especially after the first quarter. Amid these conditions, Advanex group experienced its sales to OA equipment and automotive markets bottomed out in the first quarter, and from the second quarter, both domestic and overseas sales started to pick up, except for the sales of high-performance hinge units to mobile phone handset market.

Reflecting the large fall in sales during the first quarter, sales in every segment decreased. Therefore, the consolidated net sales dropped 21.2% from the previous fiscal year to ¥29,555 million. Nevertheless, operating loss improved to a loss of ¥274 million from a loss of ¥1,507 million in the same period of the previous fiscal year, and main reasons are as follows: improved operating income or loss in Precision Spring and Plastic businesses as a result of reduced fixed costs by implementing management streamlining efforts; increased profits in Motor business with better product mix with less unprofitable products and successfully increased prices of some products. Even though profitability of the Precision Component Parts business, with its mainstay being the hinge units, declined mainly due to fall of net sales and increased initial costs needed to launch business to laptop computer market, brisk performances of three other businesses contributed to improve the group's overall profitability. Thus, ordinary loss amounted to a loss of ¥569 million from a loss of ¥1,484 million in the same period of the last fiscal year, with increased interests and foreign exchange loss. Net loss of the fiscal year under review amounted to a loss of ¥380 million from a loss of ¥3,595 million in the same period of the last fiscal year, reflecting tax payment and minority interests. The reason why the net loss improved significantly year on year is the decrease of extraordinary loss such as goodwill and asset-impairment losses, payment of special severance benefits, and loss due to business restructuring, which were recorded in the previous fiscal year;

Results by operating segment are as follows.

1. Precision Springs

As a result of decline in sales to manufacturers of OA equipments and automobiles, sales in this segment declined 23.0% year on year to ¥12,302 million. However, reduction in costs such as fixed costs including labor cost, and improved profitability in Asia contributed to an operating income of ¥442 million, significant improvement from an operating loss of ¥ 519 million in the same period of the previous fiscal year.

2. Precision Component Parts

Net sales in this segment dropped 39.8% to ¥4,228 million, while operating loss amounted to a loss of ¥749 million from a loss of ¥82 million in the same period of the previous fiscal year. This change is mainly due to declined sales of the mainstay hinge units both domestically and in overseas, as well as sluggish sales of products to laptop computer markets, which is planned to be the second piller of this segment, mainly because of delayed launch at the new factory in China.

3. Motors

Sales in this segment decreased 16.5% year on year to ¥3,930 million mainly owing to decreased sales to healthcare market. However, the smaller sales of less profitable products, successfully increased prices of products and reduction of fixed costs contributed to have an operating income of ¥89 million compared with a loss of ¥248 million in the same period of the previous fiscal year.

4. Plastics

Although sales to OA equipment market declined, recovering sales of automotive related products such as gear injection contributed to net sales of ¥9,093 million, a 7.0% decline year on year. In spite of decreased sales, operating loss amounted to ¥61 million, which improved from a loss of ¥664 million in the same period of the last fiscal year. This change can be explained by no amortization of goodwill recorded in the fiscal year under review, as a result of application of asset-imparement accounting in the previous fiscal year, and positive effects of management streamlining efforts such as reduced fixed costs including labor costs.

Results by geographic segment are as follows.

1. Japan

Sales in Japan decreased 22.6% year on year to ¥ 23,283 million, mainly owing to sluggish sales of precision springs and plastics to OA equipment and automotive markets, as well as a sales decline of high-performance hinge units for mobile phone handsets. In spite of large sales drop in the Precision Component Pats business with its mainstay being the hinge units, profitability of Precision Spring and Plastic businesses improved year on year as a result of reduction of fixed costs. In addition, earnings recovery in Motor business contributed to improve operating loss from a loss of ¥1,660 million in the same period of the last fiscal year to a loss of ¥674 million.

2. United States

Sales in the United States decreased 31.6% year on year to ¥1,243 million, reflecting the sellout of a subsidiary, which mainly distributed precision springs to aerospace industry. As a result, operating income fell from ¥31 million to a loss of ¥63 million.

3. Europe

Sales in Europe declined 15.7% year on year to ¥904 million with operating income falling ¥24 million from that of the previous fiscal year to ¥33 million, mainly due to sluggish sales of precision springs in stagnant British economy.

4. Asia

Sales in Asia decreased 9.1% from the previous fiscal year to ¥4,123 million. However, operating income increased ¥319 million year on year to ¥392 million due mainly to sales recovery in precision springs to OA equipment and automotive markets, as well as fixed cost reduction effect from management streamlining efforts.

Outlook for Fiscal 2011, Ending March 31, 2011

The domestic economy is expected to recover mildly with brisk foreign demand expecially in Asia including China, and improving domestic demand thanks to government's stimulus packages. However, as for the global economy, it will still take some time to see full-fledged recovery because of restrained corporate capital investment and hiring, rising raw materials costs and all the other elements of instability such as Greece's financial problem.

Amid these conditions, demand in OA equipment and automotive markets, which are related to our business, are expected to improve steadily. Therefore, the Advanex group will strive for improving overall profitability, taking Precision Springs and Plastics as the core of our business. As for Motor business, we will continue to improve its profitability by taking measures such as developing and launching new products. In Precision Component Parts business, we expect to see severe competition continue both in domestic and global mobile phone handsets market, therefore we plan to expand the sales of new products aiming for laptop computer market, which will be the second piller in this segment and proceed with business reform under the new management.

As a result of these factors, for the coming fiscal period we are forecasting consolidated net sales of ¥31,000 million, an increase of 4.9%; operating income of ¥860 million, an increase of ¥1,134 million; ordinary income of ¥520 million, an increase of ¥1,089 million; and net income of ¥420 million, an increase of ¥800 million.
These forecasts assume an exchange rate of ¥93 to the U.S. dollar for the full fiscal year.

(2) Financial Position

Total assets on a consolidated basis at fiscal year-end decreased by ¥1,379 million compared with the end of the previous fiscal year to ¥22,414 million.
Main reasons for this change are as follows

1. Assets

In assets section, inventories decreased ¥402 million. As for tangible fixed assets, the total amount declined ¥807 million mainly because of depreciation. In addition, the amount of investment securities decreased by ¥122 million due mainly to the sellout of KATO FASTENING SYSTEMS, INC. in September, 2009, which resulted in the decrease of investment securities held by the company.

2. Liabilities

In liabilities section, the total amount of the liabilities amounted to ¥18,101 million, a ¥444 million decline from the previous fiscal year-end. The main reasons for this change are as follows: a ¥614 million decline in other current liabilities as a result of the payment of accrued charges; a ¥118 million decrease in negative goodwill; a ¥249 million decline in retirement allowance for employees as a result of early retirements at the Fukushima factory and voluntary retirements at other offices and factories; a ¥682 million increase in trade notes and accounts payable as a result of growing sales.

3. Net assets

Net assets at the end of the fiscal year under review amounted to ¥4,312 million, a ¥934 million decrease from the previous fiscal year-end. This was due mainly to the net loss of ¥380 million recorded at the end of the fiscal year, a ¥419 million decline in minority interests as well as a ¥116 million decrease in foreign currency adjustment reflecting stronger yen.

The status of various cash flows and the main factors behind changes to cash flows are as follows.

1. Cash flows from operating activities

Net cash provided by operating activities was ¥94 million. This was mainly due to increased fund from fund reserve reflecting depreciation and amortization, increased trade notes and accounts payable, as well as fund decrease from increased trade notes and accounts receivable.

2. Cash flows from investing activities

The fund decreased ¥453 million by investing activities. One of the main reasons for this change is capital investment to production sites in Asian countries.

3. Cash flows from financing activities

As a result of financing activities, the fund decreased ¥134 million. This change mainly reflects the payment of lease obligations included in item “Others.”

(Reference)

Trends in cash flow indices are shown below:

Years ended March 31

	2006	2007	2008	2009	2010
Shareholders’ equity ratio (%)	40.1	41.0	25.6	14.7	13.3
Shareholders’ equity ratio, based on market value (%)	66.4	32.0	14.9	11.8	13.6
Debt repayment period (years)	2.3	3.2	5.7	13.0	108.1
Interest coverage ratio	27.7	21.3	9.4	3.0	0.3

Shareholders’ equity ratio: total net assets less minority interests / total assets

(total shareholders’ equity / total assets)

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

Debt repayment period: interest-bearing debt / operating cash flows

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 Regarding Earnings Distribution for the Subject and Next Fiscal Year

Advanex considers generating shareholder returns to be one of its foremost management priorities and endeavors to improve its earnings and strengthen its financial condition. While reserving sufficient retained earnings to ensure stability and expansion of business operations, it is Advanex's fundamental policy to offer stable dividends at an appropriate level.

The Company regrets that it will continue to suspend the payment of annual dividends for the fiscal year under review, reflecting the business results. The company will strive for the resumption of dividend payment as soon as possible by further improving the overall operating base including its financial strength.

(4) Key events regarding going concern assumption

Under the circumstance of US triggered global financial crisis and economic down turn, which led to production adjustments in manufacturing especially in OA equipment, Precision component, and automotive industries, Advanex group acknowledged that key events such as substantial sales drop, continuation of operating loss and net loss recording, which threaten our going concern assumption, did take place during the fiscal year ended March 31, 2009. Considering the continuation of operating loss in the current fiscal year, the company acknowledges that key events, which threaten our going concern assumption, continually existed during the fiscal year ended March 31, 2010.

In response to this harsh business conditions, the company has undertaken management streamlining to improve its earnings, which brought our business results back into the black in the second quarter and in the third and fourth quarter of the fiscal year ended March 31, 2010. In addition, the company gained support from financial institutions in terms of its funding plan. Hence, the company understands that there is no major uncertainties lie ahead to continue its operation in the fiscal year ending March 31, 2011.

2. Management Policies

(1) Basic Management Policies

The mission of the Advanex Group is to be a corporate network providing a high level of satisfaction for the betterment of society. Working within business domains guided by the concept of “Designing ideas, designing solutions,” we seek to be an “innovation convenience store,” continually inspiring our customers to say “Eureka!” and becoming a high-earnings company that they trust.

In line with this corporate identity, the Advanex Group is focusing on Group management, efficiently using the Group’s human and technology resources, and continuing its transformation into a solution-oriented company that provides a high degree of customer satisfaction and value.

(2) Management Indicators the Company Is Targeting

The Advanex Group has set a medium-term target of operating margins greater than 10%. To maximize shareholder value, the Group’s target for ROE is 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 last year, 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 for stabilizing and further enhancing our profitability. 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, we will expand the business scope in a coordinated way (or as a “plane”), primarily in our main business, Precision Springs. By making the most of the internet such as launching online business and reaching potential customers, we will increase the volume of business while meeting the various needs of our customers, thus reforming the conventional business model. 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 new business strategy, and we will strive for solid profit base as well as further growth of our business. The goal the Advanex group aspires after is to regenerate itself to be a truly unique company and to be a world’s best company in the precision spring business.

3. Pursuit business synergies with Daiichi Kasei Co., Ltd. (IKKA Co.)

We will further strengthen business corporations with Daiichi Kasei Co., Ltd., (main office: Shimotsuke city, Tochigi prefecture) which handles our Plastic business. In addition to the cooperation in sales for OA equipment and automotive markets, we will further expand insert molding business by combining Advanex's precision springs and metal processing technology with Daiichi Kasei's plastic molding technology. Future goal is to fully integrate and merger the two companies.

4. Restructure and enhance the overseas operations

To improve business efficiencies and further expand our business at overseas subsidiaries, we are planning to reorganize the whole group. In pursuit of expansion and enhancement of our business in China, we will not only strengthen the integration and efficiency of multiple operations, but also increase factories in China. As for the UK, we will consolidate the subsidiaries by the end of FY2011.

2) Rebuild Hinge Business

As for the hinge business, an imminent challenge for the Advanex group is to improve its business performance and achieve management stability. Under the new leadership, we will execute management reforms. One of the pillars is to expand the sales of high performance, highly value-added products to European and Chinese markets in a strategic way, while maintaining technical competitiveness in domestic mobile phone handset market. To make this materialize, the Chinese factories will experience further production and quality control, as well as cost reduction by increasing the quantity of locally procured parts. Also, we will nurture the hinge units for laptop computers as our second pillar of business and expand the sales domestically, as well as sales to Asian and Taiwanese manufacturers.

3) Improve Profitability in Motor Business

To improve the profitability of home- and health-related products we will seek price increases for the products with low profitability, and pursue more cost reduction through streamlining the production facilities in China, as well as reducing procurement costs. In addition to our current DC motor sales, we will also proactively expand the sales of highly profitable brushless motors by developing new motor products.

4) Strengthen Plastic Business

One of the strength of Daiichi Kasei is its sophisticated development of design and assembly technology. With its main focus being on gear units/motor units, we will develop and propose assembly units. In addition to products for 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 globally, for example, by increasing production in China and Vietnam. As for insert molding business, Advanex and Daiichi Kasei will collaborate to expand sales base mainly in automotive market.

5) Stricter Corporate Management and Optimization of the Group's Operation

With greater emphasis being placed on highly effective corporate governance on a consolidated basis, Advanex will establish an internal governance structure and promote inner-group partnerships, aiming for group management which would optimize the equilibrium of concentration and dispersal, as well as that of centripetal and centrifugal forces.

CONSOLIDATED BALANCE SHEETS

(Thousands of yen)

	As of March 31, 2010	As of March 31, 2009
ASSETS		
Current assets:		
Cash and time deposits	3,443,381	4,017,221
Trade notes and accounts receivable	6,907,522	6,221,305
Finished goods	820,564	1,032,884
Work in process	610,681	668,344
Raw materials and stored items	1,557,651	1,690,003
Deferred income tax	211	71,016
Other current assets	684,482	801,620
Allowance for doubtful accounts	(44,325)	(22,437)
Total current assets	13,980,169	14,479,958
Fixed assets:		
Tangible fixed assets		
Buildings and structures	8,942,538	9,132,991
Accumulated depreciation	(6,870,567)	(7,097,533)
Buildings and structures, net	2,071,970	2,035,458
Machinery and equipment	11,951,607	13,605,958
Accumulated depreciation	(9,444,906)	(10,702,173)
Accumulated depreciation	2,506,700	2,903,784
Land	2,147,510	2,431,309
Leased assets	214,832	179,796
Accumulated depreciation	(49,962)	(15,522)
Leased assets, net	164,869	164,274
Others	3,316,685	3,389,008
Accumulated depreciation	(2,827,020)	(2,736,115)
Other, net	489,664	652,892
Total tangible fixed assets	7,380,716	8,187,719
Intangible fixed assets		
Goodwill	46,455	63,815
Software	63,896	84,950
Leased assets	75,890	34,456
Others	118,426	37,699
Total intangible fixed assets	304,669	220,921
Investments and other assets		
Investment in securities	133,103	256,026
Deferred income tax	6,154	1,698
Others	629,736	650,605

	As of March 31, 2010	As of March 31, 2009
Allowance for doubtful accounts	(20,213)	(3,503)
Total investments and other assets	748,780	904,826
Total fixed assets	8,434,165	9,313,468
Total assets	22,414,335	23,793,426
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	4,220,675	3,537,841
Short-term borrowings	4,232,775	3,455,202
Long-term borrowings due within one year	1,329,973	2,328,062
Lease obligations	67,085	105,171
Accrued income taxes	101,803	90,796
Allowance for bonus	54,463	46,852
Other current liabilities	1,206,210	1,821,106
Total current liabilities	11,212,988	11,385,033
Long-term liabilities:		
Long-term borrowings	4,365,990	4,111,902
Lease obligations	251,747	238,779
Deferred tax liabilities	319,476	328,040
Retirement allowance for employees	1,389,384	1,638,896
Retirement allowance for directors	53,575	62,255
Negative goodwill	125,900	244,336
Other long-term liabilities	382,835	536,913
Total long-term liabilities	6,888,909	7,161,123
Total liabilities	18,101,898	18,546,157
NET ASSETS		
Shareholders’ equity		
Common stock	3,451,610	3,451,610
Capital surplus	2,571,588	2,572,288
Retained earnings	(1,615,313)	(1,158,543)
Treasury stock	(133,503)	(133,217)
Total shareholders' equity	4,274,381	4,732,137
Valuation and translation adjustments		
Valuation gain (loss) on other securities	16,703	(32,241)
Foreign exchange adjustment	(1,310,629)	(1,193,692)
Total valuation and translation adjustments	(1,293,926)	(1,225,934)
Warrants	22,531	12,587
Minority interests	1,309,450	1,728,479
Total net assets	4,312,436	5,247,269
Total liabilities and net assets	22,414,335	23,793,426

CONSOLIDATED STATEMENTS OF INCOME

(Thousands of yen)

	Year ended March 31, 2010	Year ended March 31, 2009
Net sales	29,555,128	37,488,858
Cost of sales	23,513,134	30,612,568
Gross profit	6,041,993	6,876,290
Selling, general and administrative expenses		
Delivery	591,616	574,800
Salary	2,472,828	3,156,992
Reserves for bonuses allowance	32,574	12,523
Reserves for retirement allowance	91,017	128,621
Reserves for directors’ retirement bonuses	---	7,580
Depreciation and amortization	157,712	241,946
Others	2,970,598	4,261,246
Total selling, general and administrative expenses	6,316,347	8,383,711
Operating loss	(274,353)	(1,507,421)
Non-operating revenues		
Interests	14,397	40,696
Dividends	6,229	7,069
Rental fees	38,504	34,762
Insurance bonuses	7,454	13,955
subsidy revenues	15,860	15,514
Amortization of negative goodwill	125,910	213,818
Others	66,817	101,110
Total non-operating revenues	275,176	426,927
Non-operating expenses		
Interests	277,383	231,345
Foreign exchange loss	215,586	61,154
Payment indemnity expense	3,233	21,341
Others	74,296	90,535
Total non-operating expenses	570,500	404,377
Ordinary loss	(569,677)	(1,484,871)

	Year ended March 31, 2010	Year ended March 31, 2009
Extraordinary gain		
Gain on sale of fixed assets	71,048	14,913
Gain on the sale of investment securities	3,202	4,600
Gain on the sale of subsidiaries and affiliates' stocks	9,791	---
Reversal of allowance for doubtful accounts	---	6,414
Others	5,421	2,286
Total extraordinary gain	89,463	28,214
Extraordinary loss		
Loss on sale of fixed assets	3,511	302
Loss on disposal of fixed assets	6,671	60,416
Loss on sale of investment securities	15,115	6,848
Valuation losses on investment securities	---	156,147
Loss on sales of stocks of subsidiaries and affiliates	35,177	---
Loss on prior period adjustment	12,246	---
Asset-impairment losses	2,983	1,612,648
Loss due to business restructuring	---	369,393
Special severance benefit	9,932	325,407
Others	5,223	138,854
Total extraordinary loss	90,862	2,670,020
Loss before income taxes and minority interests	(571,076)	(4,126,677)
Income, local and enterprise taxes	118,150	99,383
Adjustment for income taxes	14,586	(550,544)
Total income taxes	132,736	(451,160)
Minority interests	(323,628)	(80,087)
Net loss	(380,185)	(3,595,429)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Thousands of yen)

	Year ended March 31, 2010	Year ended March 31, 2009
Shareholders' equity		
Common stock		
Balance at the end of previous fiscal year	3,451,610	3,451,610
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	2,572,288	2,575,694
Changes		
Disposal of treasury stock	(699)	(3,405)
Changes	(699)	(3,405)
Balance at the end of current fiscal year	2,571,588	2,572,288
Retained earnings		
Balance at the end of previous fiscal year	(1,158,543)	2,436,885
Dividends from surplus	---	---
Net loss	(380,185)	(3,595,429)
Changes of scope of consolodation	(76,584)	---
Total Changes	(456,769)	(3,595,429)
Balance at the end of current fiscal year	(1,615,313)	(1,158,543)
Treasury stock		
Balance at the end of previous fiscal year	(133,217)	(132,743)
Acquisition of treasury stock	(1,239)	(5,497)
Disposal of treasury stock	952	5,024
Changes	(286)	(473)
Balance at the end of current fiscal year	(133,503)	(133,217)
Total shareholders' equity		
Balance at the end of previous fiscal year	4,732,137	8,331,446
Dividends from surplus	---	---
Net loss	(380,185)	(3,595,429)
Acquisition of treasury stock	(1,239)	(5,497)
Disposal of treasury stock	253	1,618
Decrease of retained earnings due to the increased number of consolidated subsidiaries	(76,584)	---
Changes	(457,756)	(3,599,308)
Balance at the end of current fiscal year	4,274,381	4,732,137

	Year ended March 31, 2010	Year ended March 31, 2009
Revaluation and translation differences		
Revaluation gain on other securities		
Balance at the end of previous fiscal year	(32,241)	38,363
Changes	48,945	(70,605)
Changes (net) in non-shareholders' equity items	48,945	(70,605)
Balance at the end of current fiscal year	16,703	(32,241)
Foreign exchange adjustments		
Balance at the end of previous fiscal year	(1,193,692)	(717,628)
Changes	(116,936)	(476,064)
Changes (net) in non-shareholders' equity items	(116,936)	(476,064)
Balance at the end of current fiscal year	(1,310,629)	(1,193,692)
Total evaluation and translation differences		
Balance at the end of previous fiscal year	(1,225,934)	(679,264)
Changes	(67,991)	(546,670)
Changes (net) in non-shareholders' equity items	(67,991)	(546,670)
Balance at the end of current fiscal year	(1,293,926)	(1,225,934)
Warrants		
Balance at the end of previous fiscal year	12,587	1,068
Changes	9,944	11,518
Changes (net) in non-shareholders' equity items	9,944	11,518
Balance at the end of current fiscal year	22,531	12,587
Minority interests		
Balance at the end of previous fiscal year	1,728,479	1,884,884
Changes	(419,029)	(156,365)
Changes (net) in non-shareholders' equity items	(419,029)	(156,365)
Balance at the end of current fiscal year	1,309,450	1,728,479
Total net assets		
Balance at the end of previous fiscal year	5,247,269	9,538,095
Changes	(934,832)	(4,290,825)
Dividends from surplus		
Net loss	(380,185)	(3,595,429)
Acquisition of treasury stock	(1,239)	(5,497)
Disposal of treasury stock	253	1,618
Decrease of retained earnings due to the increased number of consolidated subsidiaries	(76,584)	---
Changes (net) in non-shareholders' equity items	(477,076)	(691,516)
Balance at the end of current fiscal year	4,312,436	5,247,269

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of yen)

	Year ended March 31, 2010	Year ended March 31, 2009
Cash flows from operating activities		
Loss before income taxes and minority interests	(571,076)	(4,126,677)
Depreciation and amortization	1,273,223	1,737,302
Asset-impairment losses	2,983	1,612,648
Amortization of goodwill	27,560	271,604
Amortization of negative goodwill	(125,910)	(213,818)
Increase (decrease) in allowance for doubtful accounts	42,444	(54,520)
Increase (decrease) in allowance for bonuses	18,620	(155,885)
Increase (decrease) in retirement benefits	(249,764)	39,904
Increase (decrease) in allowance for directors' retirement bonuses	(8,680)	7,580
Interest and dividends receivable	(20,627)	(47,765)
Rental fees receivable	(38,504)	(34,762)
Insurance bonuses	(7,454)	(13,955)
Interest payable	277,383	231,345
Loss on sales of trade notes	17,104	27,918
(Gain) loss on differences of foreign exchange	39,845	(10,122)
(Gain) loss on sale of fixed assets	(67,536)	(14,610)
(Gain) loss on disposal of fixed assets	6,671	60,416
Valuation (gains) losses on investment securities	---	156,147
(Gain) loss on sale of investment securities	11,913	2,248
Decrease (increase) in notes and accounts receivable	(1,027,961)	3,204,490
Decrease (increase) in inventories	196,886	597,936
Increase (decrease) in notes and accounts payable	800,096	(2,522,401)
Increase (decrease) in accrued consumption taxes	94,372	(87,900)
Loss on business restructuring	---	369,393
Extra retirement payment	9,932	325,407
Others	76,015	(253,224)
Subtotal	777,539	1,108,700
Proceeds from interest and dividend receivable	20,000	27,646
Proceeds from rental fees	42,551	32,658
Other proceeds	9,658	16,809
Payment of interests	(272,253)	(235,773)
Payments of sales of trade notes	(17,104)	(27,918)
Other payments	(344,222)	(67,995)
Payment of income taxes	(121,328)	(67,432)
Net cash provided by operating activities	94,841	786,694

(Thousands of yen)

	Year ended March 31, 2010	Year ended March 31, 2009
Cash flows from investing activities		
Payments on purchase of tangible fixed assets	(1,010,259)	(1,286,820)
Proceeds from sales of tangible fixed assets	209,340	365,297
Payments on purchase of intangible fixed assets	(14,576)	(10,413)
Proceeds from sales of intangible fixed assets	2,076	7,579
Payments on purchase of investment securities	(24,835)	(90,456)
Proceeds from sales of investment securities	88,177	34,953
Proceeds from sales of affiliate stocks	225,558	30
Payments on paying in time deposits	(11,518)	(24,563)
Proceeds from withdrawal of time deposits	51,171	54,527
Payments on other investments	(1,957)	(332,717)
Proceeds from other investments	32,827	30,556
Net cash used in investing activities	(453,994)	(1,252,026)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(939,691)	(1,515,411)
Proceeds from long-term borrowings	1,915,902	3,895,711
Repayments on long-term borrowings	(2,792,559)	(1,483,161)
Payments on acquisition of treasury stocks	(1,241)	(5,528)
Proceeds from disposal of treasury stocks	954	5,024
Dividends paid	(1,115)	(1,421)
Dividends paid to minority shareholders	(25,455)	(17,546)
Others	(170,205)	(53,662)
Net cash used in financing activities	(134,028)	824,002
Effect of exchange rate changes on cash and cash equivalents	(42,947)	(162,837)
Net increase (decrease) in cash and cash equivalents	(536,130)	195,832
Cash and cash equivalents at the beginning of year	3,672,487	3,476,655
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 year	3,165,679	3,672,487

SEGMENT INFORMATION

Business Segments

Year ended March 31, 2010

	Thousands of yen						
	Precision springs	Precision component parts	Motors	Plastics	Total	Eliminations	Consolidated
Net sales:							
1. Net sales to third parties	12,302,561	4,228,543	3,930,798	9,093,225	29,555,128	---	29,555,128
2. Intra-group net sales and transfers	118,160	---	---	---	118,160	(118,160)	---
Total sales	12,420,722	4,228,543	3,930,798	9,093,225	29,673,289	(118,160)	29,555,128
Operating expenses	11,978,193	4,977,759	3,841,258	9,154,921	29,952,133	(122,651)	29,829,482
Operating income (loss)	442,529	(749,216)	89,539	(61,696)	(278,844)	4,490	(274,353)
Assets, depreciation, impairment losses, and capital expenditures:							
Total assets	13,687,677	3,761,953	1,672,054	3,680,943	22,802,629	(388,293)	22,414,335
Depreciation	614,538	204,151	69,325	388,103	1,276,119	(2,895)	1,273,223
Asset-impairment losses	2,983	---	---	---	2,983	---	2,983
Capital expenditures	378,445	202,576	59,696	351,816	992,536	---	992,536

Year ended March 31, 2009

	Thousands of yen						
	Precision springs	Precision component parts	Motors	Plastics	Total	Eliminations	Consolidated
Net sales:							
1. Net sales to third parties	15,979,579	7,018,923	4,707,875	9,782,480	37,488,858	---	37,488,858
2. Intra-group net sales and transfers	214,612	---	---	---	214,612	(214,612)	---
Total sales	16,194,191	7,018,923	4,707,875	9,782,480	37,703,471	(214,612)	37,488,858
Operating expenses	16,713,359	7,101,791	4,955,962	10,447,047	39,218,161	(221,881)	38,996,279
Operating income (loss)	(519,167)	(82,868)	(248,087)	(664,566)	(1,514,690)	7,268	(1,507,421)
Assets, depreciation, impairment losses, and capital expenditures:							
Total assets	14,855,193	3,616,848	1,449,860	3,744,742	23,666,645	126,781	23,793,426
Depreciation	898,162	233,651	145,704	470,767	1,748,287	(10,984)	1,737,302
Asset-impairment losses	447,669	---	---	1,164,979	1,612,648	---	1,612,648
Capital expenditures	810,212	162,957	139,242	809,730	1,922,143	(2,624)	1,919,519

Notes: 1. Business segments are categorized by product type.

2. Major products in each segment

1. Precision springs: Extension, compression, and torsion springs; wire forming; flat springs; others

2. Precision component parts: Insert molding, high-performance hinge units; others

3.Motors: DC motors, coreless motors, geared motors; others

4.Plastics: Plastic injection moldings, others

Geographic Segments

Year ended March 31, 2010

	Thousands of yen						
	Japan	United States	Europe	Asia	Total	Eliminations	Consolidated
Net sales:							
1. Net sales to third parties	23,283,729	1,243,767	904,213	4,123,417	29,555,128	---	29,555,128
2. Intra-group net sales and transfers	124,443	5,569	96,740	33,948	260,702	(260,702)	---
Total sales	23,408,173	1,249,337	1,000,953	4,157,366	29,815,830	(260,702)	29,555,128
Operating expenses	24,082,775	1,312,694	967,872	3,764,596	30,127,939	(298,456)	29,829,482
Operating income (loss)	(674,601)	(63,356)	33,080	392,769	(312,108)	37,754	(274,353)
Total assets	18,959,176	1,093,221	942,340	3,949,677	24,944,415	(2,530,080)	22,414,335

Year ended March 31, 2009

	Thousands of yen						
	Japan	United States	Europe	Asia	Total	Eliminations	Consolidated
Net sales:							
1. Net sales to third parties	30,063,344	1,817,351	1,072,771	4,535,391	37,488,858	---	37,488,858
2. Intra-group net sales and transfers	205,882	15,112	345,482	62,092	628,568	(628,568)	---
Total sales	30,269,226	1,832,463	1,418,253	4,597,483	38,117,427	(628,568)	37,488,858
Operating expenses	31,929,395	1,801,266	1,360,898	4,523,918	39,615,479	(619,199)	38,996,279
Operating income (loss)	(1,660,169)	31,196	57,355	73,565	(1,498,051)	(9,369)	(1,507,421)
Total assets	19,748,617	1,760,699	1,084,444	3,553,377	26,147,139	(2,353,712)	23,793,426

Notes: 1. National or regional segments are determined by geographic proximity.

2. Countries or regions in geographic segments other than Japan and the United States are as follows.

1. Europe: United Kingdom
2. Asia: Singapore, Malaysia, Thailand, China, Vietnam

Overseas Sales

Year ended March 31, 2010

	United States	Europe	Asia	Total
Overseas sales (Thousands of yen)	1,724,577	739,367	10,385,769	12,849,714
Consolidated net sales (Thousands of yen)				29,555,128
Overseas sales to consolidated net sales ratio (%)	5.8	2.5	35.1	43.5

Year ended March 31, 2009

	United States	Europe	Asia	Total
Overseas sales (Thousands of yen)	2,509,550	1,173,298	11,797,177	15,480,025
Consolidated net sales (Thousands of yen)				37,488,858
Overseas sales to consolidated net sales ratio (%)	6.7	3.1	31.5	41.3

Notes: 1. National or regional segments are determined by geographic proximity.

2. Countries or regions in geographic segments other than United States are as follows.

   1. Europe: United Kingdom, France, Czech Republic, etc.
   2. Asia: Singapore, Malaysia, Thailand, China, Korea, Vietnam, etc.

3. Overseas sales are sales in countries or regions outside Japan by Advanex Inc. and its consolidated subsidiaries.

CONDENSED NON-CONSOLIDATED BALANCE SHEETS

(Thousands of yen)

	As of March 31, 2010	As of March 31, 2009
ASSETS		
Current assets:		
Total current assets	3,641,714	2,880,470
Fixed assets:		
Tangible fixed assets	1,975,093	2,228,786
Intangible fixed assets	121,663	90,611
Investments and other assets	4,762,780	5,133,118
Total fixed assets	6,859,537	7,452,515
Total assets	10,501,252	10,332,986
LIABILITIES		
Current liabilities:		
Total current liabilities	5,610,302	5,774,057
Long-term liabilities:		
Total long-term liabilities	3,771,758	3,969,079
Total liabilities	9,382,060	9,743,137
NET ASSETS		
Shareholders' equity		
Common stock	3,451,610	3,451,610
Capital surplus	2,564,871	2,565,571
Retained earnings	(4,797,723)	(5,299,712)
Treasury stock	(133,503)	(133,217)
Total shareholders' equity	1,085,254	584,251
Valuation and translation adjustments		
Total valuation and translation adjustments	17,989	(782)
Total net assets	1,119,191	589,848
Total liabilities and net assets	10,501,252	10,332,986

CONDENSED NON-CONSOLIDATED STATEMENTS OF INCOME

(Thousands of yen)

	Year ended March 31, 2010	Year ended March 31, 2009
Net sales	7,319,939	9,162,453
Cost of sales	5,581,812	7,878,323
Gross profit	1,738,126	1,284,130
Selling, general and administrative expenses	1,732,836	2,245,891
Operating loss	5,289	(961,761)
Non-operating revenues	643,809	279,232
Non-operating expenses	574,117	160,579
Ordinary loss	74,981	(843,108)
Extraordinary gain	459,565	24,913
Extraordinary loss	14,372	3,078,472
Loss before income taxes	520,174	(3,896,668)
Income, local and enterprise taxes	18,185	18,786
Net income loss	501,989	(3,915,454)

CONDENSED NON-CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Thousands of yen)

	Year ended March 31, 2010	Year ended March 31, 2009
Shareholders' equity		
Common stock		
Balance at the end of previous fiscal year	3,451,610	3,451,610
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	2,565,571	2,568,976
Changes	(699)	(3,405)
Balance at the end of current fiscal year	2,564,871	2,565,571
Retained earnings		
Balance at the end of previous fiscal year	(5,299,712)	(1,384,258)
Changes	501,989	(3,915,454)
Dividends from surplus	---	---
Net loss	501,989	(3,915,454)
Balance at the end of current fiscal year	(4,797,723)	(5,299,712)
Treasury stock		
Balance at the end of previous fiscal year	(133,217)	(132,743)
Changes	(286)	(473)
Acquisition of treasury stock	(1,239)	(5,497)
Disposal of treasury stock	952	5,024
Balance at the end of current fiscal year	(133,503)	(133,217)
Total shareholders' equity		
Balance at the end of previous fiscal year	584,251	4,503,584
Changes	501,002	(3,919,333)
Dividends from surplus	---	---
Net loss	501,989	(3,915,454)
Acquisition of treasury stock	(1,239)	(5,497)
Disposal of treasury stock	253	1,618
Balance at the end of current fiscal year	1,085,254	(584,251)
Revaluation and translation differences		
Revaluation gain on other securities		
Balance at the end of previous fiscal year	(782)	(2,251)
Changes	18,771	1,468

	Year ended March 31, 2010	Year ended March 31, 2009
Changes (net) in non-shareholders' equity items	18,771	1,468
Balance at the end of current fiscal year	17,989	(782)
Total evaluation and translation differences		
Balance at the end of previous fiscal year	(782)	(2,251)
Changes	18,771	1,468
Changes (net) in non-shareholders' equity items	18,771	1,468
Balance at the end of current fiscal year	17,989	(782)
Warrants		
Balance at the end of previous fiscal year	6,380	---
Changes	9,568	6,380
Changes (net) in non-shareholders' equity items	9,568	6,380
Balance at the end of current fiscal year	15,948	6,380
Total net assets		
Balance at the end of previous fiscal year	589,848	4,501,333
Dividends from surplus	---	---
Net loss	501,989	(3,915,454)
Acquisition of treasury stock	(1,239)	(5,497)
Disposal of treasury stock	253	1,618
Changes (net) in non-shareholders' equity items	28,339	7,848
Changes	529,342	(3,911,484)
Balance at the end of current fiscal year	1,119,191	589,848