

ADVANEX INC.
Flash Report(Consolidated Basis) --Summary
Results for fiscal year ended March 31, 2016



May 11, 2016

Company name: ADVANEX INC.

Code number: 5998

Representative: Tsuneo Shibano, President & COO

Inquiries: Toshiya Ohno, CFO & Executive Director

Stock listings: Tokyo Stock Exchange

URL <http://www.advanex.co.jp>

Telephone: +81-3-3822-5865

Date of the General Meeting of the Shareholders: June 23, 2016

Expected date of payment for dividends: June 24, 2016

Filing date of securities report: June 24, 2016

Supplementary explanation material for financial results

Yes

Holding of presentation meeting for financial results

Yes

(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 | % |
| 2016 | 19,073 | (35.3) | 668 | (38.2) | 671 | (32.3) | 587 | 9.7 |
| 2015 | 29,487 | 8.8 | 1,081 | 31.8 | 992 | 21.0 | 535 | (21.6) |

Note: Comprehensive income(millions of yen): Mar. 2016: (245) -% Mar.2015: 2,142 (69.3%)

| | 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 | % | % | % |
| 2016 | 143.44 | 142.30 | 8.7 | 4.0 | 3.5 |
| 2015 | 129.23 | 128.38 | 9.1 | 5.4 | 3.7 |

Reference : Gain (Loss) on investment by equity method: Year ended March 31, 2016:--- ¥(0) million

Year ended March 31, 2015: --- ¥(239) million

(Note) Advanex Inc. conducted a share consolidation with a ratio of ten shares to one share on October 1, 2015. Accordingly, Net income per share and Net income per share after dilution are calculated under the assumption that this share consolidation was conducted at the beginning of the previous fiscal year.

(2) Consolidated 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 |
| 2016 | 17,024 | 6,578 | 38.4 | 1,600.38 |
| 2015 | 16,554 | 7,032 | 42.3 | 1,692.93 |

(Reference) Total shareholders' equity: March 31, 2016: ¥6,536 million, March 31, 2015: ¥7,002 million

(Note) ADVANEX INC. conducted a share consolidation with a ratio of ten shares to one share on October 1, 2015. Accordingly, Net assets per share is calculated under the assumption that this share consolidation was conducted at the beginning of the previous year.

(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 |
| 2016 | 1,415 | (2,823) | 910 | 2,669 |
| 2015 | 2,139 | (1,179) | (794) | 3,407 |

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 |
| 2015 | --- | --- | --- | 3.00 | 3.00 |
| 2016 | --- | --- | --- | 35.00 | 35.00 |
| 2017 (Forecast) | --- | -- | --- | 40.00 | 40.00 |

| Record date | Total amount of dividends (for the entire fiscal year) | Payout ratio (consolidated) | Dividends-to-net assets ratio (consolidated) |
|-----------------|--|-----------------------------|--|
| | Millions of yen | % | % |
| 2015 | 124 | 23.2 | 2.1 |
| 2016 | 142 | 24.4 | 2.1 |
| 2017 (Forecast) | | 27.3 | |

Note: ADVANEX INC. conducted a share consolidation with a ratio of ten shares to one share on October 2015.

3. Forecasts for the Fiscal Year Ended March 31, 2017

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

| | Net sales | | Operating income | | Ordinary income | |
|----------------|-----------------|-------|------------------|--------|-----------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Interim period | 9,400 | (5.3) | 330 | (10.0) | 320 | (9.4) |
| Fiscal year | 19,200 | 0.7 | 800 | 19.7 | 800 | 19.1 |

| | Net income (loss) | | Net income (loss) per share |
|----------------|-------------------|--------|-----------------------------|
| | Millions of yen | % | Yen |
| Interim period | 180 | (24.2) | 44.07 |
| Fiscal year | 600 | 2.2 | 146.55 |

4. Other

1. 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: 1 Advanex Mortion design Inc.
2. Changes in accounting principles, procedures, presentations, etc.
 - a. Changes associated with revision of accounting standards, etc: Yes
 - b. Changes other than a.: No
 - c. Changes in accounting estimates: No
 - d. Restatement: No
3. Number of shares outstanding (Common stock)

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

2016: 4,153,370 shares 2015: 4,153,370 shares

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

2016: 69,313 shares 2015: 16,817 shares

Average Number of outstanding at term-end:

2016: 4,094,062 shares 2015: 4,140,418 shares

[Notes]

Advanex Inc. conducted consolidation of common shares (consolidate 10 shares into 1 share) effective on October 1, 2015. The number of shares outstanding at the end of period, the number of shares of treasury stock at the end of period and the average number of share issued and outstanding in each period are calculated under the assumption that this share consolidation was conducted at the beginning of the previous fiscal year

(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 | % |
| 2016 | 8,067 | 0.3 | (402) | --- | (358) | --- | (286) | --- |
| 2015 | 8,039 | 1.8 | 4 | (96.8) | (41) | --- | 921 | --- |

| | Net income per share | Net income per share after dilution |
|------|----------------------|-------------------------------------|
| | Yen | Yen |
| 2015 | (70.02) | --- |
| 2015 | 222.68 | 221.21 |

(Note) Advanex Inc. conducted a share consolidation with a ratio of ten shares to one share on October 1, 2015. Accordingly, Net income per share and Net income per share after dilution are calculated under the assumption that this share consolidation was conducted at the beginning of the previous fiscal year.

(2) Financial position

At March 31

| | Total assets | Net assets | Equity ratio | Net assets per share |
|------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| 2016 | 10,193 | 2,303 | 22.2 | 553.61 |
| 2015 | 9,789 | 2,818 | 28.5 | 674.03 |

(Reference) Total shareholders' equity: March 31, 2016 ¥2,260million, March 31, 2015: ¥2,788 million

Notes

- ADVANEX INC. conducted share consolidation with a ratio of ten shares to one share on October 1, 2015. Accordingly, Net assets per share is calculated under the assumption that this share consolidation was conducted at the beginning of the previous fiscal year.
- Audit procedures for financial statements under the Financial Instruments and Exchange Law are not completed at the time of disclosure of this Brief Report of Financial Results.
- 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.

Index

| | |
|---|----|
| 1. Business Performance and Financial Position | |
| (1) Analysis of Business Performance | 5 |
| (2) Analysis of Financial Position | 6 |
| (3) Basic Policy for Earning Distribution and Dividend for the Current and Coming Fiscal Years..... | 8 |
| 2. Management Policy | |
| (1) Basic Management Policy of Advanex..... | 9 |
| (2) Management Indicators the Company is Targeting..... | 9 |
| (3) Medium Term Management Strategies and Priorities..... | 9 |
| 3. Basic Rationale Regarding Selection of Accounting Standards..... | 10 |
| 4. Consolidated Financial Statements | |
| (1) Consolidated Balance Sheets | 11 |
| (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income | 14 |
| (3) Consolidated Statements of Cash Flows | 17 |
| (4) Segment Information..... | 19 |
| 5. Non-Consolidated Financial Statements | |
| (1) Condensed Non-Consolidated Balance Sheets | 20 |
| (2) Condensed Non-Consolidated Statements of Income..... | 23 |

1. Business Performance and Financial Position

(1) Analysis of Business Performance

During the fiscal year under review, more signs of uncertainty were observed such as slowing down of emerging economies mainly in China, a sharp plunge in crude oil prices and higher geopolitical risks in the Middle East. Yet, overall economic situation was rather stable with robust US and European economies. In Japan, economic situation was not particularly strong due to the effect of decelerating growth in emerging economies and growing sense of uncertainty over domestic economy caused by rapid appreciation in the yen after the beginning of the year. In such situation, the automotive industry, which is closely related to our business, showed solid results in the North America and Europe, while uncertainty still remains in Japan and Asia including China.

As a result, the consolidated net sales of Advanex group for the fiscal year under review decreased 35.3% year on year to ¥19,073 million. This change is mainly due to the exclusion of major parts of plastic business from the scope of consolidation as the company sold all the shares of Daiichi Kasei Holdings Co., Ltd, On March 31, 2015. For the same reason, Operating income decreased 38.2% year on year to ¥668 million. Ordinary income decreased 32.3% year on year to ¥671 million. Net income increased 9.7% year on year to ¥587 million.

Results for each operating segment are as follows. With regards to the Plastic business, the company included this operating segment to the Precision spring segment from the first quarter of fiscal year under review, as the significance of Plastic business had declined after complete share disposal of Daiichi Kasei Holdings Co., Ltd, on March 31, 2015. Also, from the current quarter under review, the company implemented geographical segments as reporting segments reflecting the enhancement of region-based management system with overseas business of high importance. The comparisons of performance with the same period of the previous fiscal year have been calculated based on the reporting segments of the current fiscal year.

[Japan]

Mainly due to the exclusion of major part of Plastic business from the scope of consolidation, decreased sales to OA equipment and increased fixed costs, net sales of this segment decreased 43.8% year on year to ¥7,539million and segment loss amounted to ¥401 million.

[Americas]

In addition to bullish sales to automotive, sales to household appliance markets increased. As a result, net sales increased 17.3% year on year to ¥2,108 million and segment income increased 9.2% year on year to ¥28 million.

[Europe]

In addition to bullish sales to medical equipment, sales to aviation market also grew. As a result, net sales increased 11.0% year on year to ¥2,286 million and segment income grew 14.5% year on year to ¥350 million.

[Asia]

Net sales of this segment decreased 41.5% year on year to ¥7,138 million and segment income dropped 8.8% year on year to ¥700 million, mainly resulted from the exclusion of major part of plastic business from the scope of consolidation.

(Outlook for the coming fiscal year)

Although it is increasingly difficult to predict future trend since the economy's downside risks are concerned such as slowdown of emerging economies for example in China and continuation of low crude oil price trend, it is also expected that economic foundation will continue to be on the firm ground in the US and Europe. In Japan, the economy is expected to remain stagnant with sluggish consumer spending.

Therefore, the Advanex group expects the consolidated net sales of ¥19,200 million, a 0.7% increase year on year, and operating income of ¥800 million, a 19.7% increase year on year. Ordinary income is forecasted to total ¥800 million, a 19.1% increase year on year, and the net income attributable to the owners of the parent company to total ¥600 million, a 2.2% increase year on year.

(2) Analysis of Financial Position

Total amount of assets on a consolidated basis at fiscal year-end increased ¥469 million year on year to ¥17,024 million. Main reasons for this change are as follows;

1. Assets

In assets section, primarily due to a decrease in net sales, the amount of current assets decreased ¥347 million, reflecting a ¥377 million yen decrease in trade notes and accounts receivable and a ¥129 million decrease in inventories. Also, the amount of tangible fixed assets increased ¥657 million mainly owing to the establishment of Saitama factory, the amount of intangible fixed assets increased ¥27 million and the amount of investments and others increased ¥131 million.

2. Liabilities

For the liabilities section, total liabilities amounted to ¥10,446 million, increasing ¥924 million compared to the previous fiscal year-end. This change is due mainly to a ¥103 million decrease in provision for loss on disaster and a ¥1,151 million increase in the borrowings.

3. Net assets

Net assets amounted to total ¥6,578 million, a ¥454 million decrease from the previous fiscal year-end. This change is due to a ¥587 million net income attributable to the owner of the parent company recorded for fiscal year under review and subsequently, the total amount of shareholder's equity increased ¥366 million yen. The change is also affected by a ¥714 million decrease in foreign exchange adjustment reflecting the stronger yen.

The status of Cash flows

The amount of cash and cash equivalent as of the end of current fiscal year amounted to ¥2,669 million, a ¥737 million decrease 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 ¥1,415 million. (¥2,139 million increase in the previous fiscal year) This change is primarily due to ¥757 million net income before taxes recorded and a ¥808 million fund reserved from depreciation and amortization.

2. Cash flow from investing activities

Fund decreased ¥2,823 million by investing activities. (the fund decreased ¥1,179 million during the previous fiscal year) This change is primarily due to a ¥1,854 million payment on acquisition of tangible fixed assets and a ¥797 million put into time deposit accounts.

3. Cash flow from financing activities

As a result of financing activities, the fund increased ¥910 million. (¥794 million decrease during the previous fiscal year) An increase in the interest-bearing debts is the primary reason for this change.

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

| Years ended March 31 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|------|------|------|------|------|
| Shareholders' equity ratio (%) | 15.0 | 22.0 | 23.4 | 42.4 | 38.4 |
| Shareholders' equity ratio, based on market value (%) | 21.2 | 19.3 | 29.3 | 43.7 | 30.2 |
| Cash flow vs. interest-bearing debt ratio (%) | 7.8 | 4.0 | 3.8 | 1.9 | 3.6 |
| Interest coverage ratio | 4.2 | 8.4 | 10.5 | 16.1 | 27.3 |

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 Dividends for the Current and Coming Fiscal Years

The company released the mid-term management plan on February 2015. In the plan, for the purpose of improving returns to shareholders, the company announced to firstly target 20%, then 30% afterwards for the consolidated dividend payout ratio, which are linked to the consolidated business performance.

In accordance with this policy, for the dividend of the fiscal year under review, the company decided to revise its previous plan to pay 35 yen per share, which was announced on May 12, 2015, to pay 35 yen per share as announced on May 11, 2016.

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 continuously by creating ideas in the precision technology field and offering suitable solutions. Keeping this policy in mind, our group place prime importance on consolidated management and continue to act as a company where one can present suitable proposals, then 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 the medium-term targets for FY2020 on consolidated basis as follows; net sales of ¥35,000 million(or ¥35 billion), operating income of ¥4,000 million(or ¥4 billion) and ROE at 22%.

(3) Medium Term Management Strategies and Priorities

The Advanex group transferred all the holding shares of Daiichi Kasei Holdings Co., Ltd. to ABICO group of Taiwan on March 31, 2015. By this arrangement, all the plastics business except Insert molding was disposed. In conjunction with this, the company formed the mid-term management plan "Breakthrough to 2020," which will be valid until the end of FY2020. The Advanex group now focuses on the metal forming domain and will be all the more united as one group to realize sustainable growth as a comprehensive metal forming manufacturer, and strives to improve our corporate value on consolidated basis. Our priorities are explained below.

1) Strengthen the Business Base and Expand Business of Metal Forming Domain, with Precision Spring Business Set as Our Core

1. Aggressive investment for Expansion of Global Business

The company will aggressively invest overseas in order to increase our sales to Japanese, European and American automotive parts manufacturers in the emerging markets.

In Asia, the company will take measures such as factory expansion in Vietnam, a new factory establishment in India, opening of a sales liaison office in Chongqing area and reorganization of Chinese business.

In Europe, in addition to the group's existing business operation mainly in the UK, we intend to expand our business to automotive market in continental Europe by opening a sales liaison office in Germany and by considering establishment of a new factory in Czech Republic.

In Americas, in order to enhance our business in the Central and South America, we will continue our efforts to bring the second factory in Mexico into its full-scale production and consider market entry into the press business.

2. Growth Strategy with Automotive Related Market Set as Core Market

The company will pursue growth opportunities in automotive market, which shows greatest demand for springs, with the aim to expand our business with Japanese, European and US parts manufacturers. In

Japan, the company will try to bring a new Saitama factory dedicated to production of automotive parts, which was established in October last year, to its full-scale production and further expansion of the factory is planned in 2019. Moreover, we will boost sales to medical equipment, infrastructure and housing related markets to establish the third pillar of business following automotive and OA equipment markets.

3. Enhance R&D and Increase Sales of Our Products (standard products)

For the purpose of acquiring new customers and expanding our made-to-order business, the company will actively expand standardized product business. The company plans to start business through trading companies and exports in addition to expansion of online direct sales. Moreover, the company will focus on metal forming domain to develop our products, and expand business of insert collars, insert molding and deep drawing products in the overseas markets.

4. Expand Technical Domain and Markets Through M&A

In Japan, the company will promote outstanding deep drawing technology of Funabashi Electronics Co., Ltd, which was acquired in 2014, in the group, in order to develop products mainly for automotive and medical markets. Then, the company will start overseas production. In addition, the company will consider M&A of metal forming manufacturers with the aim to expand our technical domain. In overseas markets, for the purpose of business expansion in Indonesia, we acquired 14% of PT. Yamakou Indonesia shares, which manufactures and sells metal press and insert molding products, in January this year. The company plans to gradually increase the ratio of holding shares to make this company a member of our group. The company regards that M&A is an effective way to further expand our global production base.

2) Improve Financial Health and Return to Shareholders

The company will continue to repay the borrowings, improve shareholders' equity and strengthen the returns to our shareholders. As for the basic policy of profit sharing, we target 30% dividend payout ratio, which is linked to the consolidated business performance. In addition to this, the company implemented a shareholder special benefit program from FY2016 and started acquiring own shares on a timely basis with the view to return profits to our shareholders through better capital efficiency.

3) Enhance Corporate Management and Seek for the Group's Optimal Management

Since the corporate governance with high effectiveness is believed to be the utmost task on a consolidated basis, Advanex strives for the group's total optimization further than ever by reinforcing its internal structures while maintaining the partnerships with our group companies.

3. Basic Rational Regarding Selection of Accounting Standards

Considering the comparability among group companies to be consolidated, the Advanex Group intends to apply the Japanese accounting standards for our consolidated financial reports for the meantime.

The company will further consider application of IFRS(International Financial Reporting Standards) taking into account the situation surrounding the application of IFRS among Japanese companies.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

| | As of March 31, 2016 | As of March 31, 2015 |
|---------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and time deposits | 3,465,434 | 3,485,433 |
| Trade notes and accounts receivable | 4,096,757 | 4,474,470 |
| Finished goods | 1,045,537 | 1,062,636 |
| Work in process | 443,607 | 429,068 |
| Raw materials and stored items | 540,485 | 667,793 |
| Deferred income tax | 1,585 | 3,618 |
| Other current assets | 383,912 | 194,548 |
| Allowance for doubtful accounts | (19,577) | (12,751) |
| Total current assets | 9,957,742 | 10,304,818 |
| Fixed assets: | | |
| Tangible fixed assets | | |
| Buildings and structures | 6,777,063 | 5,952,284 |
| Accumulated depreciation | (4,691,308) | (4,846,728) |
| Buildings and structures, net | 2,085,755 | 1,105,555 |
| Machinery and equipment | 10,617,652 | 10,888,721 |
| Accumulated depreciation | (8,398,758) | (8,783,906) |
| Machinery and equipment, net | 2,218,894 | 2,104,815 |
| Land | 982,722 | 1,015,779 |
| Leased assets | 16,871 | 163,530 |
| Accumulated depreciation | (9,446) | (142,854) |
| Leased assets, net | 7,425 | 20,676 |
| Others | 1,873,297 | 2,351,721 |
| Accumulated depreciation | (1,361,753) | (1,450,171) |
| Other, net | 511,543 | 901,549 |
| Total tangible fixed assets | 5,806,340 | 5,148,376 |
| Intangible fixed assets | | |
| Software | 170,743 | 50,163 |
| Goodwill | 81,213 | 91,365 |
| Leased assets | 246 | 7,923 |
| Others | 13,384 | 88,814 |
| Total intangible fixed assets | 265,587 | 238,265 |
| Investments and other assets | | |
| Investment in securities | 407,259 | 305,286 |
| Stocks of subsidiaries and affiliates | 0 | 0 |
| Deferred income tax | 5,551 | 1,334 |
| Real estate for investment | 459,916 | 471,410 |

| | As of March 31, 2016 | As of March 31, 2015 |
|--|----------------------|----------------------|
| Accumulated depreciation | (89,647) | (92,015) |
| Real estate for investment, net | 370,268 | 379,394 |
| Others | 215,206 | 223,000 |
| Allowance for doubtful accounts | (3,687) | (45,716) |
| Total investments and other assets | 994,598 | 863,299 |
| Total fixed assets | 7,066,526 | 6,249,941 |
| Total assets | 17,024,268 | 16,554,760 |
| LIABILITIES | | |
| Current liabilities: | | |
| Trade notes and accounts payable | 2,421,123 | 2,514,598 |
| Short-term borrowings | 702,817 | 641,629 |
| Long-term borrowings due within one year | 1,477,247 | 1,041,421 |
| Lease obligations | 3,419 | 31,278 |
| Accrued income taxes | 78,892 | 135,626 |
| Allowance for bonus | 127,836 | 143,069 |
| Provision for loss on disaster | 2,000 | 105,000 |
| Other current liabilities | 1,039,261 | 1,007,189 |
| Total current liabilities | 5,852,597 | 5,619,813 |
| Long-term liabilities: | | |
| Long-term borrowings | 2,910,258 | 2,255,918 |
| Lease obligations | 3,174 | 7,100 |
| Deferred tax liabilities | 190,416 | 158,395 |
| Provision for environmental measures | 3,000 | 3,000 |
| Asset retirement obligations | 39,138 | 39,145 |
| Liabilities for Retirement Benefits | 1,325,440 | 1,255,778 |
| Other long-term liabilities | 122,057 | 182,852 |
| Total long-term liabilities | 4,593,485 | 3,902,191 |
| Total liabilities | 10,446,083 | 9,522,004 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Common stock | 1,000,000 | 1,000,000 |
| Capital surplus | 256,717 | 256,811 |
| Retained earnings | 5,702,235 | 5,241,616 |
| Treasury stock | (119,180) | (24,941) |
| Total shareholders' equity | 6,839,772 | 6,473,486 |
| Accumulated other comprehensive income | | |
| Valuation gain (loss) on other securities | 105,407 | 125,814 |
| Foreign exchange adjustment | (144,195) | 570,381 |
| Accumulated adjustment for Retirement Benefits | (264,953) | (166,805) |
| Total accumulated other comprehensive income | (303,741) | 529,389 |

| | As of March 31, 2016 | As of March 31, 2015 |
|----------------------------------|----------------------|----------------------|
| Subscription rights to shares | 42,154 | 29,879 |
| minority interests | (0) | (0) |
| Total net assets | 6,578,185 | 7,032,755 |
| Total liabilities and net assets | 17,024,268 | 16,554,760 |

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Thousands of yen)

| | Year ended March 31, 2016 | Year ended March 31, 2015 |
|--|---------------------------|---------------------------|
| Net sales | 19,073,108 | 29,487,898 |
| Cost of sales | 13,907,225 | 22,835,185 |
| Gross income | 5,165,883 | 6,652,713 |
| Selling, general and administrative expenses | | |
| Delivery | 302,846 | 396,436 |
| Salary | 1,855,047 | 2,228,825 |
| Reserves for bonuses allowance | 36,717 | 57,580 |
| Retirement payments | 675 | — |
| Retirement benefit expenses | 49,378 | 120,767 |
| Provision of allowance for doubtful accounts | — | 4,182 |
| Depreciation and amortization | 123,981 | 134,926 |
| Others | 2,128,888 | 2,628,441 |
| Total selling, general and administrative expenses | 4,497,535 | 5,571,159 |
| Operating income | 668,347 | 1,081,553 |
| Non-operating income | | |
| Interests | 18,255 | 20,959 |
| Dividends | 4,521 | 3,276 |
| Rental fees | 81,951 | 122,121 |
| Foreign exchange gains | — | 243,214 |
| Dividend income of insurance | 819 | 983 |
| Subsidy income | 14,165 | 13,975 |
| Subsidy income 2 | 12,724 | — |
| Others | 9,406 | 95,630 |
| Total non-operating income | 141,843 | 500,162 |
| Non-operating expenses | | |
| Interests | 53,310 | 150,724 |
| Equity in losses of affiliates | — | 239,289 |
| Foreign exchange losses | 40,049 | — |
| Provision of allowance for doubtful accounts | — | 37,282 |
| Compensation expenses | 4,451 | 2,491 |
| Others | 40,621 | 159,041 |
| Total non-operating expenses | 138,433 | 588,829 |
| Ordinary income or loss | 671,757 | 992,886 |

| | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|---------------------------|---------------------------|
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 4,251 | 3,613 |
| Gain on negative goodwill | — | 258 |
| Gain on sales of shares of subsidiaries and associates | — | 147,276 |
| Gain on reversal of provision for loss on disaster | 103,000 | — |
| Total extraordinary income | 107,251 | 151,148 |
| Extraordinary loss | | |
| Loss on sales of shares of subsidiaries and associates | 10,108 | |
| Loss on sales of noncurrent assets | 6,698 | 1,617 |
| Loss on disposal of noncurrent assets | 4,689 | 4,296 |
| Loss on sales of investment securities | 8 | — |
| Loss on liquidation of subsidiaries and affiliates | — | 50,392 |
| Provision for loss on disaster | — | 105,000 |
| Special retirement expenses | — | 37,050 |
| Total extraordinary loss | 21,505 | 198,357 |
| Income or Loss before income taxes and minority Interests | 757,503 | 945,677 |
| Income, local and enterprise taxes | 169,313 | 232,196 |
| Adjustment for income taxes | 947 | 18,801 |
| Total income taxes | 170,260 | 250,998 |
| Loss before minority interests | 587,242 | 694,679 |
| Minority interests in income | — | 159,598 |
| Net income or loss | 587,242 | 535,080 |

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

| | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|---------------------------|---------------------------|
| Loss before minority interests | 587,242 | 694,679 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (20,406) | 71,009 |
| Foreign currency translation adjustment | (714,577) | 977,021 |
| Remeasurements of defined benefit plans | (98,147) | 382,686 |
| Share of other comprehensive income of associates accounted for using equity method | — | 17,078 |
| Accumulated other comprehensive income | (833,131) | 1,447,796 |
| Comprehensive income | (245,888) | 2,142,475 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | (245,888) | 1,907,751 |
| Comprehensive income attributable to non-controlling interests | — | 234,723 |

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

| | Year ended March 31, 2016 | Year ended March 31, 2015 |
|--|------------------------------|------------------------------|
| Cash flows from operating activities | | |
| Loss before income taxes and minority interests | 757,503 | 945,677 |
| Depreciation and amortization | 808,496 | 1,242,476 |
| Amortization of goodwill | 10,151 | 10,151 |
| Increase (decrease) in allowance for doubtful accounts | (33,854) | 37,348 |
| Increase (decrease) in allowance for bonuses | (9,596) | (23,537) |
| Increase (decrease) in liabilities for Retirement Benefits | (23,389) | 196,307 |
| Interest and dividends receivable | (22,776) | (24,236) |
| Rental fees receivable | (81,951) | (122,121) |
| Interest payable | 53,310 | 150,724 |
| Loss on sales of trade notes | 7 | 10,625 |
| (Gain) loss on differences of foreign exchange | 5,671 | (194,642) |
| (Gain) loss on sale of fixed assets | 2,447 | (1,995) |
| (Gain) loss on disposal of fixed assets | 4,689 | 4,296 |
| Loss (gain) on sales of investment securities | 8 | — |
| Loss on liquidation of subsidiaries and associates | — | 50,392 |
| Payments for extra retirement payments | — | 37,050 |
| Decrease (increase) in notes and accounts receivable-trade | 181,649 | (28,410) |
| Decrease (increase) in inventories | (7,849) | (443,129) |
| Increase (decrease) in notes and accounts payable | 11,417 | (277,189) |
| Share of (profit) loss of entities accounted for using equity method | — | 239,289 |
| Increase (decrease) in provision for loss on disaster | (103,000) | 105,000 |
| Gain on sale of shares of subsidiaries and associates | 10,108 | (147,276) |
| Increase (decrease) in accrued consumption taxes | (16,276) | 62,459 |
| Others | 27,597 | 575,466 |
| Subtotal | 1,574,364 | 2,404,725 |
| Proceeds from interest and dividend receivable | 20,620 | 23,415 |
| Proceeds from rental fees | 81,951 | 122,121 |
| Other proceeds | 2,535 | 5,275 |
| Payment of interests | (51,914) | (132,784) |
| Payments of sales of trade notes | (7) | (10,628) |
| Payment of income taxes | (212,544) | (272,509) |
| Net cash provided by operating activities | 1,415,004 | 2,139,620 |

(Thousands of yen)

| | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|------------------------------|------------------------------|
| Cash flows from investing activities | | |
| Payments on purchase of tangible fixed assets | (1,854,197) | (2,095,138) |
| Proceeds from sales of tangible fixed assets | 31,586 | 27,010 |
| Payments on purchase of intangible fixed assets | (75,542) | (103,755) |
| Payments on purchase of investment securities | (127,844) | (29,106) |
| Proceeds from sales of stocks of affiliates | — | 1,049,192 |
| Payments from purchase of stocks of affiliates | — | (11,520) |
| Payments on paying in time deposits | (797,032) | (272,046) |
| Proceeds from withdrawal of time deposits | 27,548 | 264,543 |
| Other expenses | (84,118) | (12,669) |
| Others incomes | 55,979 | 3,632 |
| Net cash used in investing activities | (2,823,621) | (1,179,857) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (42,753) | (81,242) |
| Proceeds from long-term borrowings | 2,300,000 | 2,325,062 |
| Repayments on long-term borrowings | (1,197,389) | (2,911,315) |
| Payments on acquisition of treasury stocks | (101,802) | (16,997) |
| Proceeds from disposal of treasury stocks | (122,911) | (78,057) |
| Others | 46 | 334 |
| Net cash used in financing activities | (10,058) | (32,557) |
| Effect of exchange rate changes on cash and cash equivalents | 910,637 | (794,772) |
| Net increase (decrease) in cash and cash equivalents | (239,677) | 395,594 |
| Cash and cash equivalents at the beginning of year | (737,656) | 560,584 |
| Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation | 3,407,654 | 2,745,610 |
| New consolidated subsidiary cash and cash equivalents at the beginning of the year | — | 101,459 |
| Cash and cash equivalents at the end of year | 2,669,998 | 3,407,654 |

(4) Segment Information

1. Summary of reporting segments

From the first quarter of the fiscal year under review, Advanex has made changes to its reporting segments. Until the end of the previous fiscal year, we reported our performance with Precision spring and Plastic business segment. However, the importance of Plastic business declined since we disposed all the holding shares of Daiichi Kasei Holdings Co., Ltd, which engaged in Plastic business, on March 31, 2015.

As a result, the company enhanced region-based management system with overseas business of high importance and set the new reporting segments as “Japan,” “Americas,” “Europe” and “Asia”. Segment information for the previous fiscal year is disclosed using the new classification for reporting segments implemented in the fiscal year under review.

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

Year ended March 31, 2016

(Thousands of yen)

| | Japan | Americas | Europe | Ajia | Total |
|--|------------|-----------|-----------|-----------|------------|
| Net sales: | | | | | |
| Net sales to third parties | 7,539,482 | 2,108,822 | 2,286,414 | 7,138,389 | 19,073,108 |
| Intra-group net sales and transfers | 527,652 | — | 55,686 | 181,000 | 764,339 |
| Total sales | 8,067,134 | 2,108,822 | 2,342,100 | 7,319,390 | 19,837,448 |
| Segment income (loss) | (401,832) | 28,890 | 350,200 | 700,937 | 678,196 |
| Segment assets | 10,249,084 | 1,711,086 | 2,071,826 | 5,893,110 | 19,925,108 |
| Segment liability | 8,271,827 | 524,476 | 508,296 | 1,291,518 | 10,596,119 |
| Others | | | | | |
| Depreciation | 223,618 | 74,203 | 122,758 | 396,004 | 816,584 |
| amortization of goodwill | 10,151 | — | — | — | 10,151 |
| Net increase in tangible and intangible fixed assets | 1,481,028 | 71,819 | 213,071 | 426,393 | 2,192,312 |

Year ended March 31, 2015

(Thousands of yen)

| | Japan | Americas | Europe | Ajia | Total |
|--|------------|-----------|-----------|------------|------------|
| Net sales: | | | | | |
| Net sales to third parties | 13,422,119 | 1,797,442 | 2,059,216 | 12,209,120 | 29,487,898 |
| Intra-group net sales and transfers | 1,074,176 | — | 33,709 | 793,126 | 1,901,012 |
| Total sales | 14,496,296 | 1,797,442 | 2,092,925 | 13,002,246 | 31,388,911 |
| Segment income (loss) | (42,658) | 26,447 | 305,859 | 768,665 | 1,058,313 |
| Segment assets | 10,078,572 | 1,681,201 | 1,854,178 | 5,660,020 | 19,273,972 |
| Segment liability | 7,324,492 | 629,680 | 408,439 | 1,320,330 | 9,682,942 |
| Others | | | | | |
| Depreciation | 367,912 | 68,841 | 113,145 | 696,147 | 1,246,047 |
| Amortization of goodwill | 10,151 | — | — | — | 10,151 |
| Net increase in tangible and intangible fixed assets | 1,176,831 | 44,852 | 138,235 | 993,107 | 2,353,026 |

5. Non-Consolidated Financial Statements

(1) Condensed Non-Consolidated Balance Sheets

(Thousands of yen)

| | As of March 31, 2016 | As of March 31, 2015 |
|--|----------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 222,251 | 1,107,259 |
| Notes receivable-trade | 116,470 | 122,299 |
| Accounts receivable-trade | 2,275,445 | 2,398,908 |
| Merchandise and finished goods | 288,587 | 191,699 |
| Work in process | 159,821 | 160,440 |
| Raw materials and supplies | 161,349 | 137,798 |
| Prepaid expenses | 44,959 | 47,551 |
| Accounts receivable-other | 122,887 | 32,444 |
| Current portion of long-term loans receivable from subsidiaries and affiliates | — | 10,000 |
| other assets | 105,771 | 25,869 |
| Allowance for doubtful accounts | (100) | (100) |
| Total Current assets | 3,497,446 | 4,234,172 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings | 4,952,778 | 4,025,951 |
| Accumulated depreciation | (3,549,988) | (3,668,578) |
| Buildings, net | 1,402,789 | 357,342 |
| Structures | 129,771 | 69,062 |
| Accumulated depreciation | (70,486) | (68,820) |
| Structures, net | 59,285 | 242 |
| Machinery and equipment | 4,256,475 | 3,954,144 |
| Accumulated depreciation | (3,732,969) | (3,659,947) |
| Machinery and equipment, net | 523,506 | 294,197 |
| Vehicles | 23,406 | 20,749 |
| Accumulated depreciation | (13,633) | (10,745) |
| Vehicles, net | 9,772 | 10,003 |
| Tools, furniture and fixtures | 572,399 | 517,423 |
| Accumulated depreciation | (482,631) | (461,991) |
| Tools, furniture and fixtures, net | 89,768 | 55,431 |
| Land | 598,606 | 605,325 |
| Lease assets | 2,979 | 137,285 |
| Accumulated depreciation | (1,413) | (130,025) |
| Lease assets, net | 1,565 | 7,259 |
| Construction in progress | 86,097 | 525,756 |

| | | |
|--|------------|-------------|
| Total Property, plant and equipment | 2,771,391 | 1,855,560 |
| Intangible assets | | |
| Software | 144,234 | 20,466 |
| Software in progress | — | 75,430 |
| Lease assets | 246 | 7,923 |
| Telephone subscription right | 12,757 | 12,757 |
| Total Intangible assets | 157,238 | 116,577 |
| Investments and other assets | | |
| Investment securities | 407,259 | 305,088 |
| Stocks of subsidiaries and affiliates | 2,228,407 | 2,047,927 |
| Investments in capital | 2,020 | 755 |
| Investments in capital of subsidiaries and affiliates | 646,684, | 646,684 |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 54 | 54 |
| Long-term loans receivable from subsidiaries and affiliates | 210,000 | 1,400,000 |
| Long-term prepaid expenses | 4,039 | 5,170 |
| Real estate for investment | 286,999 | 286,999 |
| Insurance funds | 91,973 | 91,973 |
| Lease and guarantee deposits | 77,978 | 69,702 |
| Other | 38 | 26 |
| Allowance for doubtful accounts | (187,778) | (1,270,746) |
| Allowance for investment loss | — | — |
| Total Investments and other assets | 3,767,676 | 3,583,636 |
| Total Noncurrent assets | 6,696,306 | 5,555,774 |
| Total Net assets | 10,193,753 | 9,789,946 |
| Liabilities | | |
| Current liabilities | | |
| Notes payable-trade | 400,347 | 344,649 |
| Accounts payable-trade | 1,173,353 | 1,397,645 |
| Short-term loans payable | 400,000 | 425,000 |
| Current portion of long-term loans payable | 1,409,848 | 877,520 |
| Accounts payable-other | 157,848 | 96,629 |
| Lease obligations | 1,582 | 27,713 |
| Accrued expenses | 218,347 | 219,984 |
| Income taxes payable | 15,636 | 17,168 |
| Deposits received | 14,604 | 6,324 |
| Provision for bonuses | 79,142 | 103,072 |

| | | |
|---|------------|-----------|
| Provision for loss on disaster | 2,000 | 105,000 |
| Notes payable-facilities | 31,891 | 6,332 |
| Other | 9,642 | 26,089 |
| Total current liabilities | 3,914,243 | 3,653,128 |
| Noncurrent liabilities | | |
| Long-term loans payable | 2,757,778 | 2,004,726 |
| Provision for retirement benefits | 1,019,433 | 997,591 |
| Long-term accounts payable-other | 107,209 | 147,859 |
| Lease obligations | 362 | 271 |
| Deferred tax liabilities | 36,064 | 42,383 |
| Provision for environmental measures | 3,000 | 3,000 |
| Asset retirement obligations | 37,670 | 37,574 |
| Provision for loss on business of subsidiaries and affiliates | — | 85,352 |
| Others | 14,850 | |
| Total noncurrent liabilities | 3,976,366 | 3,318,757 |
| Total liabilities | 7,890,610 | 6,971,886 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 1,000,000 | 1,000,000 |
| Capital surplus | | |
| Legal capital surplus | 250,000 | 250,000 |
| Other capital surplus | — | 94 |
| Total capital surplus | 250,000 | 250,094 |
| Retained earnings | | |
| Other retained earnings | | |
| Retained earnings brought forward | 1,024,760 | 1,438,047 |
| Total retained earnings | 1,024,760 | 1,438,047 |
| Treasury stock | (119,180) | (24,941) |
| Total shareholders' equity | 2,155,580 | 2,663,199 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 105,407 | 124,980 |
| Total Valuation and translation adjustments | 105,407 | 124,980 |
| Subscription rights to shares | 42,154 | 29,879 |
| Total net assets | 2,303,142 | 2,818,060 |
| Total liabilities and net assets | 10,193,753 | 9,789,946 |

(2) Condensed Non-Consolidated Statements of Income

(Thousands of yen)

| | Year ended March 31, 2016 | Year ended March 31, 2015 |
|--|------------------------------|------------------------------|
| Net sales | 8,067,134 | 8,039,355 |
| Cost of sales | | |
| Beginning finished goods | 191,699 | 135,722 |
| Cost of products manufactured | 6,220,527 | 5,923,737 |
| Total | 6,412,227 | 6,059,460 |
| Ending finished goods | 288,587 | 191,699 |
| Cost of finished goods sold | 6,123,640 | 5,867,760 |
| Total cost of sales | 6,123,640 | 5,867,760 |
| Gross profit | 1,943,494 | 2,171,594 |
| Selling, general and administrative expenses | | |
| Commission fee | 176,530 | 138,677 |
| Shipment expenses | 360,885 | 324,541 |
| Advertising expenses | 19,108 | 19,043 |
| Promotion expenses | 13,494 | 12,571 |
| Entertainment expenses | 26,742 | 17,508 |
| Directors' compensations | 222,140 | 222,704 |
| Employees' salaries and allowances | 643,970 | 617,197 |
| Provision for bonuses | 26,961 | 35,248 |
| Provision for retirement benefits | 47,774 | 71,434 |
| Legal welfare expenses | 131,067 | 131,963 |
| Welfare expenses | 42,391 | 31,775 |
| Other salaries | 13,614 | 16,167 |
| Provision of allowance for doubtful accounts | — | — |
| Traveling and transportation expenses | 123,691 | 122,420 |
| Communication expenses | 28,578 | 28,448 |
| Insurance expenses | 22,942 | 21,286 |
| Rent expenses | 82,434 | 82,862 |
| Office supplies expenses | 25,587 | 19,001 |
| Repair expenses | 22,375 | 18,945 |
| Taxes and dues | 21,146 | 19,665 |
| Education and training expenses | 5,939 | 6,378 |
| Research and development expenses | 171,867 | 132,723 |
| Depreciation | 46,022 | 21,157 |
| Miscellaneous expenses | 71,011 | 54,899 |
| Total selling, general and administrative expenses | 2,346,282 | 2,166,622 |
| Operating income (loss) | (402,788) | 4,972 |

| | | |
|--|-----------|-----------|
| Non-operating income | | |
| Interest income | 8,969 | 27,976 |
| Dividends income | 73,372 | 164,255 |
| Rent income | 9,765 | 10,290 |
| Foreign exchange gains | — | 52,619 |
| Dividends income of insurance | — | 2,717 |
| Reversal of allowance for doubtful accounts | 7,968 | — |
| Miscellaneous income | 18,599 | 19,189 |
| Total non-operating income | 118,674 | 277,047 |
| Non-operating expenses | | |
| Interest expenses | 35,218 | 50,686 |
| Compensation expenses | 4,451 | 2,491 |
| | — | — |
| Provision of allowance for doubtful accounts | — | 235,711 |
| Miscellaneous loss | 34,726 | 34,872 |
| Total non-operating expenses | 74,396 | 323,762 |
| Ordinary income | (358,510) | (41,741) |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 2,800 | 314 |
| Gain on sales of shares of subsidiaries and | — | 1,203,884 |
| Reversal of provision for loss on liquidation of | — | 17,698 |
| subsidiaries and associates | | |
| Gain on reversal of provision for loss on disaster | 103,000 | — |
| Reversal of allowance for investment loss | — | 100,496 |
| Total extraordinary income | 105,800 | 1,322,393 |
| Extraordinary loss | | |
| Loss on sales and retirement of non-current | 6,684 | 2 |
| assets | | |
| Loss on disposal of non-current assets | 32 | 12 |
| Loss on valuation of shares of subsidiaries and | — | 236,766 |
| associates | | |
| Provision for loss on disaster | — | 105,000 |
| Provision for loss on business of subsidiaries | 8,385 | — |
| and associates | | |
| Total extraordinary loss | 15,1011 | 341,780 |
| Income before income taxes | (267,811) | 938,870 |
| Income taxes-current | 19,069 | 17,168 |
| Income taxes-deferred | (218) | (288) |
| Total income taxes | 18,851 | 16,880 |
| Net income | (286,663) | 921,990 |