

ADVANEX INC.
Flash Report(Consolidated Basis) --Summary
Results for fiscal year ended March 31, 2015



May 12, 2015

Company name: ADVANEX INC.
 Code number: 5998
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 Inquiries: Toshiya Ohno, CFO & Executive Director
 Date of the General Meeting of the Shareholders: June 24, 2015
 Expected date of payment for dividends: June 25, 2015
 Filing date of securities report: June 25, 2015
 Supplementary explanation material for financial results
 Holding of presentation meeting for financial results

Stock listings: Tokyo Stock Exchange
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Yes
 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	%
2015	29,487	8.8	1,081	31.8	992	21.0	535	(21.6)
2014	27,100	15.1	820	92.1	820	51.3	682	42.8

Note: Comprehensive income(millions of yen): Mar. 2015: 2,142 69.3% Mar.2014: 1,265 (2.8%)

	Net income per share	Net income per share after dilution	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
2015	12.92	12.84	9.1	5.4	3.7
2014	16.45	16.39	15.5	4.2	3.0

Reference : Gain (Loss) on investment by equity method: Year ended March 31, 2015:--- ¥(239) million

Year ended March 31, 2014: --- ¥(76) million

(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
2015	16,554	7,032	42.3	169.29
2014	20,240	4,741	23.4	114.04

(Reference) Total shareholders' equity: March 31, 2015: ¥7,002 million, March 31, 2014: ¥4,728 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
2015	2,139	(1,179)	(794)	3,407
2014	1,835	(1,045)	(546)	2,745

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
2014	---	---	---	2.00	2.00
2015	---	---	---	3.00	3.00
2016 (Forecast)	---	--	---	35.00	35.00

Record date	Total amount of dividends (for the entire fiscal year)	Payout ratio (consolidated)	Dividends-to- net assets ratio (consolidated)
	Millions of yen	%	%
2014	82	12.2	1.9
2015	124	23.2	2.1
2016 (Forecast)		26.3	

Note: ADVANEX INC. is planning to implement a share consolidation with a ratio of ten shares to one share. Accordingly, the above dividend for FY2015(Forecast) is calculated in consideration of this share consolidation.

3. Forecasts for the Fiscal Year Ended March 31, 2016

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	9,500	(33.4)	360	(28.4)	350	(19.4)
Fiscal year	19,800	(32.9)	880	(18.6)	860	(13.4)

	Net income (loss)		Net income (loss) per share
	Millions of yen	%	Yen
Interim period	210	(34.1)	5.07
Fiscal year	550	2.8	132.84

Note: Net income per share of the forecast for the fiscal year ending Mar 31, 2016 is calculated in consideration of share consolidation.

4. Other

- Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): Yes

Additions: 0 Deletions: 6 DAIICHI KASEI HOLDINGS CO., LTD., DAIICHI KASEI CO.,LTD., IKKA (HONG KONG)CO., LIMITED., IKKA Technology(Vietnam)Co.,LTD., IKKA Technology Dong Guan Co.,Ltd., M.A.C.TECHNOLOGY(MALAYSIA) SDN.BHD.

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):

2015: 41,533,708 shares 2014: 41,533,708 shares

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

2015: 168,166 shares 2014: 73,738 shares

Average Number of outstanding at term-end:

2015: 41,404,191 shares 2014: 41,476,940 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	%
2015	8,039	1.8	4	(96.8)	(41)	---	921	---
2014	7,900	4.3	154	---	178	(72.3)	18	(97.0)

	Net income per share	Net income per share after dilution
	Yen	Yen
2015	22.27	22.12
2014	0.44	0.43

(2) Financial position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2015	9,789	2,818	28.5	67.40
2014	9,380	1,519	16.1	36.34

(Reference) Total shareholders' equity: March 31, 2015 ¥2,788million, March 31, 2014: ¥1,506 million

Notes

- 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.

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1. Business Performance and Financial Position

(1) Analysis of Business Performance

During the fiscal year under review, economic recovery in the United States and reviving European economy illustrated better situation despite sluggish economic turnaround in emerging countries such as China. In Japan, although economic recovery was slow after the consumption tax hike, business sentiment among exporting industries improved thanks to strong demand in the United States.

In such situation, automotive industry, which is closely related to our business, enjoyed soaring demand in the North America and China while demand in the domestic market remained sluggish. Our sales to automotive market grew compared with the previous fiscal year.

As a result, the consolidated net sales of Advanex group for the fiscal year under review increased 8.8% year on year to ¥29,487 million. Operating income also grew 31.8% year on year to ¥1,081 million. Ordinary income increased 21.0% year on year to ¥992 million. Net income decreased 21.6% year on year to ¥535 million, due mainly to an increased minority interests in income resulted from a disposal of subsidiary shares.

Results for each operating segment are as follows. With regards to the Hinge business, the company included this operating segment to the Precision spring segment from the fiscal year under review, as the significance of Hinge business had declined. The comparison from the previous fiscal year is made based on the result of the Precision springs and Hinge operating segments aggregated.

[Precision springs]

In Japan, although overall sales increased as a result of acquisition of Funabashi Electrics Co., Ltd., earnings deteriorated due to increased costs such as selling, general and administrative expenses. In overseas markets, earnings increased thanks to brisk sales to automotive markets particularly in the United States and China, as well as better sales to medical equipment market in the UK. As a result, net sales of this segment increased 12.7% year on year to ¥17,628 million and segment income increased 58.9% year on year to ¥769 million.

[Plastics]

Despite increased automotive sales in China and Vietnam, sales to AV equipment market in Malaysia significantly decreased. As a result, net sales increased 3.4% year on year to ¥11,859 million and segment income decreased 8.2% year on year to ¥305 million.

(Outlook for the coming fiscal year)

Although flagging economic growth is expected to continue in emerging economies such as China, it is also expected that the global economy will continue to grow moderately mainly supported by the strong economic growth in the US. In Japan, the economy is expected to gradually recover mainly through improved employment situation and better consumer spending. The automotive industry is expected to be sluggish in domestic market, however, the overall prospect in the global market is moderate growth. Since Advanex transferred 51% of holding shares of Daiichi Kasei Holdings Co., Ltd. to ABICO GROUP of Taiwan as of March 31, 2015, our Plastics business will be out of scope of consolidation. Therefore, the Advanex group is expecting a considerable decrease in the business performance for the coming fiscal year. Assuming an exchange rate of ¥120 to the US dollar, Advanex group is projecting the

consolidated net sales of ¥19,800 million, a 32.9% decrease year on year, and operating income of ¥880 million, a 18.6% decrease year on year.

Ordinary income is forecasted to total ¥860 million, a 13.4% decrease year on year and net income to total ¥550 million, an increase of 2.8% year on year for the coming fiscal year.

(2) Analysis of Financial Position

Total assets on a consolidated basis at fiscal year-end decreased ¥3,685 million year on year to ¥16,554 million. Main reasons for this change are as follows;

1. Assets

In assets section, while the amount of cash and time deposits increased ¥677 million, the amount of current asset decreased ¥1,465 million due to a ¥1,310 million decrease in trade notes and accounts receivable and a ¥657 million decrease in inventories due to the disposal of Daiichi Kasei Holdings Co., Ltd., one of our subsidiaries. Also, the amount of tangible fixed assets decreased ¥2,084 million, intangible fixed assets increased ¥46 million and investments and other assets decreased ¥182 million for the same reason.

2. Liabilities

For the liabilities section, total liabilities amounted to ¥9,522 million, with a ¥5,977 million decrease compared to the previous fiscal year-end. This change is due mainly to a ¥3,272 million decrease in current liabilities and a ¥2,704 million decrease in long-term liabilities due to the disposal of Daiichi Kasei Holdings Co., Ltd.

3. Net assets

Net assets amounted to total ¥7,032 million, a ¥2,291 million increase from the previous fiscal year-end. This change is due primarily to a ¥901 million increase in shareholder's equity resulted from recorded net income of ¥535 million in the fiscal year under review and a ¥466 million increase in retained earnings reflecting changes of accounting standards for retirement benefit. In addition, the amount of the accumulated other comprehensive income increased by ¥1,372 million, which reflects a ¥923 million increase in the amount of foreign exchange adjustment owing to the weaker yen and a ¥381 million increase in the accumulated adjustment for retirement benefits due to the disposal of Daiichi Kasei Holdings Co., Ltd.

The status of Cash flows

The amount of cash and cash equivalent as of the end of current fiscal year amounted to ¥3,407 million, a ¥662 million increase year on year. The status of various cash flows and the main factors behind changes are explained below.

1. Cash flow from operating activities

Net cash provided by operating activities increased ¥2,139 million. (¥1,835 million increase in the previous fiscal year) This change is primarily due to a ¥137 million increase in recorded net income before taxes, the fund reserved from depreciation and amortization and an increase in the decrease (increase) in notes and accounts receivable.

2. Cash flow from investing activities

Fund decreased ¥1,179 million by investing activities. (¥1,045 million decrease during the previous fiscal year) The capital investments made in Advanex Inc. and Advanex Europe Ltd. during the fiscal year are the main reasons for this change.

3. Cash flow from financing activities

As a result of financing activities, the fund decreased ¥794 million. (¥546 million decrease during the previous fiscal year) Repayment of interest-bearing debts is the primary reason for this change.

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

Years ended March 31	2011	2012	2013	2014	2015
Shareholders' equity ratio (%)	11.8	15.0	22.0	23.4	42.4
Shareholders' equity ratio, based on market value (%)	14.9	21.2	19.3	29.3	43.7
Cash flow vs. interest-bearing debt ratio (%)	8.8	7.8	4.0	3.8	1.9
Interest coverage ratio	3.8	4.2	8.4	10.5	16.1

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 2 yen per share, which was announced on May 12, 2014, to pay 3 yen per share as announced on April 30, 2015. (Dividend paid at the previous fiscal year was 2 yen per share)

As we announced in "Announcement Regarding Share Consolidation and Changes in Share Unit Number and Total Number of Authorized Shares," disclosed on April 17, 2015, Advanex Inc. is planning

to implement a share consolidation with a ratio of ten shares to one share, effective October 1, 2015. Therefore, dividend for the coming fiscal year is planned at 35 yen per share. (Dividend calculated without consideration of this share consolidation is 3.5 yen per share)

2. Management Policy

(1) Basic Management Policy of Advanex

Our group's mission (corporate ethics and meaning of our existence) is "Pure Satisfaction network for a better world" and our goal is to grow seamlessly by creating ideas in the precision technology field and offering suitable solutions. Keeping this policy in mind, our group will emphasize on consolidated management and continue 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, operating income of ¥4,000 million 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 will now focus on the metal working domain and will be all the more united as one group to realize sustainable growth as a comprehensive metal working manufacturer, and strives to improve corporate value on consolidated basis. Our priorities are explained below.

1) Strengthen the Business Base and Expand Business of Metal Working Domain, with Precision Spring Business 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 expand factories in Vietnam, establish more sales liaison offices and factories in India and open Chongqing sales liaison office and reorganize overall business base in China.

In Europe, in addition to the group's existing business operation mainly in the UK, we intend to expand our business by opening sales liaison offices and establishing factories in the Central Europe, in order to make new entries into the automotive markets in the region.

In the Americas, in order to enhance our business in the Central and South America, we will establish second factory in Mexico and consider market entry into Brazil.

2. Growth Strategy with Automotive Related Market as Core Market

The company will pursue opportunities of growth 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, a new factory dedicated to production of automotive parts will be established this year in Saitama prefecture, and further factory expansion is planned in 2020. Furthermore, 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. We plan to start business through trading companies and exports in addition to an expansion of online direct sales. Moreover, we will focus on metal working domain to develop our products, and expand business of insert collars, insert molding and deep drawing products overseas.

4. Expand Technical Domain and Markets through M&A

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 for automotive market and start production overseas. We will aim to expand our technical domain through M&A of metal working manufacturers in Japan and consider acquiring factories overseas to 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 returns to our shareholders. As for the basic policy of profit sharing, we aim to increase dividend payout ratio to 20% as soon as possible, then target 30%, which will be linked to the consolidated business performance. In addition to this, we implement a shareholder special benefit program from FY2016 and start 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

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

3. Basic Rationale 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, 2015	As of March 31, 2014
ASSETS		
Current assets:		
Cash and time deposits	3,485,433	2,808,309
Trade notes and accounts receivable	4,474,470	5,784,683
Finished goods	1,062,636	1,147,877
Work in process	429,068	655,105
Raw materials and stored items	667,793	1,013,705
Deferred income tax	3,618	9,669
Other current assets	194,548	361,565
Allowance for doubtful accounts	(12,751)	(10,121)
Total current assets	10,304,818	11,770,794
Fixed assets:		
Tangible fixed assets		
Buildings and structures	5,952,284	9,131,289
Accumulated depreciation	(4,846,728)	(7,421,422)
Buildings and structures, net	1,105,555	1,709,867
Machinery and equipment	10,888,721	12,604,303
Accumulated depreciation	(8,783,906)	(10,082,379)
Machinery and equipment, net	2,104,815	2,521,924
Land	1,015,779	2,226,123
Leased assets	163,530	286,159
Accumulated depreciation	(142,854)	(178,387)
Leased assets, net	20,676	107,771
Others	2,351,721	3,420,942
Accumulated depreciation	(1,450,171)	(2,754,077)
Other, net	901,549	666,865
Total tangible fixed assets	5,148,376	7,232,551
Intangible fixed assets		
Software	50,163	76,458
Goodwill	91,365	—
Leased assets	7,923	19,044
Others	88,814	96,337
Total intangible fixed assets	238,265	191,840
Investments and other assets		
Investment in securities	305,286	203,284
Stocks of subsidiaries and affiliates	0	222,211
Deferred income tax	1,334	10,699
Real estate for investment	471,410	762,669

	As of March 31, 2015	As of March 31, 2014
Accumulated depreciation	(92,015)	(357,754)
Real estate for investment, net	379,394	404,915
Others	223,000	205,447
Allowance for doubtful accounts	(45,716)	(1,170)
Total investments and other assets	863,299	1,045,386
Total fixed assets	6,249,941	8,469,778
Total assets	16,554,760	20,240,572
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	2,514,598	3,779,697
Short-term borrowings	641,629	1,833,555
Long-term borrowings due within one year	1,041,421	1,610,633
Lease obligations	31,278	73,247
Accrued income taxes	135,626	201,464
Allowance for bonus	143,069	183,369
Provision for loss on disaster	105,000	—
Other current liabilities	1,007,189	1,210,641
Total current liabilities	5,619,813	8,892,609
Long-term liabilities:		
Long-term borrowings	2,255,918	3,453,594
Lease obligations	7,100	86,360
Deferred tax liabilities	158,395	357,814
Provision for environmental measures	3,000	4,506
Asset retirement obligations	39,145	38,773
Liabilities for Retirement Benefits	1,255,778	2,429,515
Other long-term liabilities	182,852	236,310
Total long-term liabilities	3,902,191	6,606,875
Total liabilities	9,522,004	15,499,484
NET ASSETS		
Shareholders' equity		
Common stock	1,000,000	1,000,000
Capital surplus	256,811	256,717
Retained earnings	5,241,616	4,323,114
Treasury stock	(24,941)	(8,278)
Total shareholders' equity	6,473,486	5,571,553
Accumulated other comprehensive income		
Valuation gain (loss) on other securities	125,814	58,418
Foreign exchange adjustment	570,381	(353,561)
Accumulated adjustment for Retirement Benefits	(166,805)	(548,138)
Total accumulated other comprehensive income	529,389	(843,281)

	As of March 31, 2015	As of March 31, 2014
Subscription rights to shares	29,879	12,815
minority interests	(0)	—
Total net assets	7,032,755	4,741,088
Total liabilities and net assets	16,554,760	20,240,572

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

(Thousands of yen)

	Year ended March 31, 2015	Year ended March 31, 2014
Net sales	29,487,898	27,100,607
Cost of sales	22,835,185	21,260,070
Gross income	6,652,713	5,840,537
Selling, general and administrative expenses		
Delivery	396,436	339,380
Salary	2,228,825	2,023,197
Reserves for bonuses allowance	57,580	56,134
Retirement benefit expenses	120,767	110,226
Provision of allowance for doubtful accounts	4,182	(451)
Depreciation and amortization	134,926	113,615
Others	2,628,441	2,378,034
Total selling, general and administrative expenses	5,571,159	5,020,137
Operating income	1,081,553	820,400
Non-operating income		
Interests	20,959	12,169
Dividends	3,276	3,101
Rental fees	122,121	114,900
Foreign exchange gains	243,214	150,570
Dividend income of insurance	983	2,636
Subsidy income	13,975	14,023
Others	95,630	36,859
Total non-operating income	500,162	334,261
Non-operating expenses		
Interests	150,724	179,347
Equity in losses of affiliates	239,289	76,198
Provision of allowance for doubtful accounts	37,282	84
Compensation expenses	2,491	1,309
Others	159,041	77,003
Total non-operating expenses	588,829	333,943
Ordinary income or loss	992,886	820,718

	Year ended March 31, 2015	Year ended March 31, 2014
Extraordinary income		
Gain on sales of noncurrent assets	3,613	9,051
Gain on negative goodwill	258	---
Insurance income	—	11,012
Gain on reversal of subscription rights to shares	—	16,640
Total extraordinary income	151,148	36,703
Extraordinary loss		
Loss on sales of noncurrent assets	1,617	—
Loss on disposal of noncurrent assets	4,296	7,413
Loss on liquidation of subsidiaries and affiliates	50,392	—
Provision for loss on disaster	105,000	—
Loss on disaster	—	1,989
Farewell Ceremony	—	27,152
Special retirement expenses	37,050	12,294
Total extraordinary loss	198,357	48,850
Income or Loss before income taxes and minority Interests	945,677	808,571
Income, local and enterprise taxes	232,196	152,857
Adjustment for income taxes	18,801	(26,761)
Total income taxes	250,998	126,095
Loss before minority interests	694,679	682,475
Minority interests in income	159,598	—
Net income or loss	535,080	682,475

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Year ended March 31, 2015	Year ended March 31, 2014
Loss before minority interests	694,679	682,475
Other comprehensive income		
Valuation difference on available-for-sale securities	71,009	37,217
Foreign currency translation adjustment	977,021	481,406
Remeasurements of defined benefit plans	382,686	—
Share of other comprehensive income of associates accounted for using equity method	17,078	64,631
Accumulated other comprehensive income	1,447,796	583,255
Comprehensive income	2,142,475	1,265,731
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,907,751	1,265,731

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Year ended March 31, 2015	Year ended March 31, 2014
Cash flows from operating activities		
Loss before income taxes and minority interests	945,677	808,571
Depreciation and amortization	1,242,476	1,073,613
Amortization of goodwill	10,151	—
Increase (decrease) in allowance for doubtful accounts	37,348	(10,391)
Increase (decrease) in allowance for bonuses	(23,537)	44,893
Increase (decrease) in liabilities for Retirement Benefits	196,307	236,641
Interest and dividends receivable	(24,236)	(15,270)
Rental fees receivable	(122,121)	(114,900)
Interest payable	150,724	179,347
Loss on sales of trade notes	10,625	9,565
(Gain) loss on differences of foreign exchange	(194,642)	(116,082)
(Gain) loss on sale of fixed assets	(1,995)	(9,051)
(Gain) loss on disposal of fixed assets	4,296	7,413
Decrease (increase) in inventories	—	(11,012)
Decrease (increase) in notes and accounts receivable-trade	(28,410)	(318,686)
Decrease (increase) in inventories	(443,129)	(121,544)
Increase (decrease) in notes and accounts payable	(277,189)	191,269
Increase (decrease) in provision for loss on disaster	105,000	—
Gain on sale of shares of subsidiaries and associates	(147,276)	—
Increase (decrease) in accrued consumption taxes	62,459	14,385
Others	902,198	178,643
Subtotal	2,404,725	2,027,404
Proceeds from interest and dividend receivable	23,415	12,522
Proceeds from rental fees	122,121	114,900
Compensation for damage paid	—	11,012
Proceeds from dividends income from affiliates accounted for by equity method	—	5,498
Other proceeds	5,275	6,637
Payment of interests	(132,784)	(174,044)
Payments of sales of trade notes	(10,628)	(9,565)
Payment of income taxes	(272,509)	(159,328)
Net cash provided by operating activities	2,139,620	1,835,037

(Thousands of yen)

	Year ended March 31, 2015	Year ended March 31, 2014
Cash flows from investing activities		
Payments on purchase of tangible fixed assets	(2,095,138)	(1,032,071)
Proceeds from sales of tangible fixed assets	27,010	19,419
Payments on purchase of intangible fixed assets	(103,755)	(20,980)
Proceeds from sales of intangible fixed assets	—	14,021
Payments on purchase of investment securities	(29,106)	(20,835)
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	(272,046)	(371)
Proceeds from withdrawal of time deposits	264,543	—
Other expenses	(12,669)	(7,122)
Others incomes	3,632	2,865
Net cash used in investing activities	(1,179,857)	(1,045,075)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(81,242)	(2,609,349)
Proceeds from long-term borrowings	2,325,062	4,489,681
Repayments on long-term borrowings	(2,911,315)	(2,300,201)
Payments on acquisition of treasury stocks	(16,997)	(3,746)
Proceeds from disposal of treasury stocks	(78,057)	(40,481)
Others	334	92
Net cash used in financing activities	(32,557)	(82,759)
Effect of exchange rate changes on cash and cash equivalents	(794,772)	(546,764)
Net increase (decrease) in cash and cash equivalents	395,594	139,579
Cash and cash equivalents at the beginning of year	560,584	382,776
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	2,745,610	2,362,834
New consolidated subsidiary cash and cash equivalents at the beginning of the year	101,459	—
Cash and cash equivalents at the end of year	3,407,654	2,745,610

(4) Segment Information

1. Summary of reporting segments

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

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

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

Year ended March 31, 2015

(Thousands of yen)

	Precision springs	Plastics	Total
Net sales:			
Net sales to third parties	17,628,480	11,859,417	29,487,898
Intra-group net sales and transfers	74,316	33,570	107,886
Total sales	17,702,796	11,892,988	29,595,785
Segment income (loss)	769,466	305,689	1,075,156
Segment assets	14,491,194	651,217	15,142,411
Segment liability	8,882,010	639,993	9,522,004
Others			
Depreciation	757,000	489,046	1,246,047
amortization of goodwill	10,151	—	10,151
Net increase in tangible and intangible fixed assets	1,330,397	1,201,307	2,531,701

Year ended March 31, 2014

(Thousands of yen)

	Precision springs	Plastics	Total
Net sales:			
Net sales to third parties	15,635,083	11,465,523	27,100,607
Intra-group net sales and transfers	91,552	9,016	100,568
Total sales	15,726,636	11,474,539	27,201,176
Segment income (loss)	484,207	333,055	817,261
Segment assets	15,483,278	5,351,745	20,836,619
Segment liability	10,483,800	6,644,009	17,085,405
Others			
Depreciation	722,081	445,150	1,167,232
Impairment loss	—	—	—
Net increase in tangible and intangible fixed assets	794,928	368,799	1,163,729

(5) Significant Subsequent Events

1. Share consolidation and Changes in share Unit Number and Total Number of Authorized Shares

At the meeting of the Board of Directors held on April 17, 2015, we resolved to submit proposals concerning share consolidation and changes in the share unit number and the total number of authorized shares to the 67th General Meeting of Shareholders to be held on June 24, 2015.

For more information, see “Announcement Regarding Share Consolidation and Changes in Share Unit Number and Total Number of Authorized Shares”.

2. Acquisition of Own Shares

At the meeting of the Board of Directors held on April 30, 2015, we resolved the acquisition of own shares under Article 156, as applied pursuant to Article 165-3.

For more information, see “Notice Concerning Acquisition of Own Shares” .

5. Non-Consolidated Financial Statements

(1) Condensed Non-Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2015	As of March 31, 2014
ASSETS		
Current assets		
Cash and deposits	1,107,259	424,467
Notes receivable-trade	122,299	149,973
Accounts receivable-trade	2,398,908	2,271,410
Merchandise and finished goods	191,699	135,722
Work in process	160,440	141,997
Raw materials and supplies	137,798	113,998
Prepaid expenses	47,551	49,411
Accounts receivable-other	32,444	33,237
Current portion of long-term loans receivable from subsidiaries and affiliates	10,000	115,000
other assets	25,869	31,124
Allowance for doubtful accounts	(100)	(80)
Total Current assets	4,234,172	3,466,263
Noncurrent assets		
Property, plant and equipment		
Buildings	4,025,951	4,024,871
Accumulated depreciation	(3,668,578)	(3,637,541)
Buildings, net	357,342	387,330
Structures	69,062	69,387
Accumulated depreciation	(68,820)	(69,085)
Structures, net	242	302
Machinery and equipment	3,954,144	3,913,107
Accumulated depreciation	(3,659,947)	(3,611,757)
Machinery and equipment, net	294,197	301,349
Vehicles	20,749	9,234
Accumulated depreciation	(10,745)	(9,234)
Vehicles, net	10,003	0
Tools, furniture and fixtures	517,423	467,453
Accumulated depreciation	(461,991)	(422,031)
Tools, furniture and fixtures, net	55,431	45,421
Land	605,325	696,668
Lease assets	137,285	137,285
Accumulated depreciation	(130,025)	(110,645)
Lease assets, net	7,259	26,639
Construction in progress	525,756	35,968

Total Property, plant and equipment	1,855,560	1,493,680
Intangible assets		
Software	20,466	12,600
Software in progress	75,430	—
Lease assets	7,923	19,044
Telephone subscription right	12,757	12,757
Total Intangible assets	116,577	44,402
Investments and other assets		
Investment securities	305,088	174,354
Stocks of subsidiaries and affiliates	2,047,927	3,069,289
Investments in capital	755	745
Investments in capital of subsidiaries and affiliates	646,684	646,684
Claims provable in bankruptcy, claims provable in rehabilitation and other	54	1,170
Long-term loans receivable from subsidiaries and affiliates	1,400,000	1,450,000
Long-term prepaid expenses	5,170	7,907
Real estate for investment	286,999	—
Insurance funds	91,973	91,973
Lease and guarantee deposits	69,702	70,308
Other	26	—
Allowance for doubtful accounts	(1,270,746)	(1,036,170)
Allowance for investment loss	—	(100,496)
Total Investments and other assets	3,583,636	4,375,767
Total Noncurrent assets	5,555,774	5,913,850
Total Net assets	9,789,946	9,380,113
Liabilities		
Current liabilities		
Notes payable-trade	344,649	281,440
Accounts payable-trade	1,397,645	1,322,705
Short-term loans payable	425,000	1,414,000
Current portion of long-term loans payable	877,520	720,572
Current portion of long-term loans payable to subsidiaries and affiliates	—	51,460
Accounts payable-other	96,629	47,777
Lease obligations	27,713	45,670
Accrued expenses	219,984	157,306
Income taxes payable	17,168	48,351
Deposits received	6,324	5,935

Provision for bonuses	103,072	100,404
Provision for loss on disaster	105,000	—
Notes payable-facilities	6,332	424
Other	26,089	13,941
Total current liabilities	3,653,128	4,209,990
Noncurrent liabilities		
Long-term loans payable	2,004,726	2,026,496
Provision for retirement benefits	997,591	1,291,981
Long-term accounts payable-other	147,859	147,859
Lease obligations	271	27,985
Deferred tax liabilities	42,383	12,661
Provision for environmental measures	3,000	3,000
Asset retirement obligations	37,574	37,479
Provision for loss on business of subsidiaries and affiliates	85,352	103,050
Total noncurrent liabilities	3,318,757	3,650,512
Total liabilities	6,971,886	7,860,502
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	0
Total capital surplus	250,094	250,000
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,438,047	214,246
Total retained earnings	1,438,047	214,246
Treasury stock	(24,941)	(8,278)
Total shareholders' equity	2,663,199	1,455,967
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	124,980	50,826
Total Valuation and translation adjustments	124,980	50,826
Subscription rights to shares	29,879	12,815
Total net assets	2,818,060	1,519,610
Total liabilities and net assets	9,789,946	9,380,113

(2) Condensed Non-Consolidated Statements of Income

(Thousands of yen)

	Year ended March 31, 2015	Year ended March 31, 2014
Net sales	7,900,375	7,900,375
Cost of sales		
Beginning finished goods	145,910	145,910
Cost of products manufactured	5,827,783	5,827,783
Total	5,973,693	5,973,693
Ending finished goods	135,722	135,722
Cost of finished goods sold	5,837,971	5,837,971
Total cost of sales	5,837,971	5,837,971
Gross profit	2,062,404	2,062,404
Selling, general and administrative expenses		
Commission fee	125,673	125,673
Shipment expenses	283,788	283,788
Advertising expenses	14,777	14,777
Promotion expenses	10,120	10,120
Entertainment expenses	17,270	17,270
Directors' compensations	172,978	172,978
Employees' salaries and allowances	546,707	546,707
Provision for bonuses	36,350	36,350
Provision for retirement benefits	88,318	88,318
Legal welfare expenses	116,804	116,804
Welfare expenses	34,069	34,069
Other salaries	20,044	20,044
Provision of allowance for doubtful accounts	—	—
Traveling and transportation expenses	78,771	78,771
Communication expenses	30,734	30,734
Insurance expenses	20,495	20,495
Rent expenses	76,813	76,813
Office supplies expenses	17,159	17,159
Repair expenses	18,390	18,390
Taxes and dues	34,714	34,714
Education and training expenses	5,528	5,528
Research and development expenses	99,876	99,876
Depreciation	19,234	19,234
Miscellaneous expenses	39,239	39,239
Total selling, general and administrative expenses	1,907,861	1,907,861
Operating income (loss)	154,543	154,543

Non-operating income		
Interest income	49,661	49,661
Dividends income	52,838	52,838
Rent income	8,810	8,810
Foreign exchange gains	14,707	14,707
Dividends income of insurance	2,391	2,391
Reversal of allowance for doubtful accounts	400	400
Miscellaneous income	20,229	20,229
Total non-operating income	149,038	149,038
Non-operating expenses		
Interest expenses	93,980	93,980
Compensation expenses	1,309	1,309
Loss on sales of notes payable	—	—
Provision of allowance for doubtful accounts	84	84
Miscellaneous loss	29,535	29,535
Total non-operating expenses	124,909	124,909
Ordinary income	178,672	178,672
Extraordinary income		
Gain on sales of noncurrent assets	4,617	4,617
Reversal of allowance for investment loss	216,918	216,918
Gain on reversal of subscription rights to shares	16,640	16,640
Total extraordinary income	238,175	238,175
Extraordinary loss		
Loss on disposal of noncurrent assets	43	43
Loss on valuation of investment securities	—	—
Loss on valuation of stocks of subsidiaries and affiliates	247,074	247,074
Impairment loss	—	—
Farewell Ceremony	27,152	27,152
Provision for loss on business of subsidiaries and affiliates	83,432	83,432
Total extraordinary loss	357,701	357,701
Income before income taxes	59,146	59,146
Income taxes-current	41,310	41,310
Income taxes-deferred	(220)	(220)
Total income taxes	41,090	41,090
Net income	18,055	18,055