

**Flash Report (Consolidated Basis)**

Results for fiscal year ended March 31, 2009

Company name: ADVANEX INC.

Stock listings: Tokyo Stock Exchange

Code number: 5998

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

Representative: Yuichi Kato, Chairman &amp; CEO, President &amp; COO

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Date of the General Meeting of the Shareholders: June 24, 2009

Planned filing of an annual security report: June 25, 2009

**1. Performance****(1) Operating results**

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

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	%
2009	37,488	(3.6)	(1,507)	---	(1,484)	---	(3,595)	---
2008	38,892	18.4	(824)	---	(815)	---	(2,382)	---

	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	%	%	%
2009	(90.51)	---	(64.4)	(5.5)	(4.0)
2008	(59.93)	---	(25.2)	(2.9)	(2.1)

(Reference) Gain (Loss) on investment by equity method: Year ended March 31, 2009: ---

Year ended March 31, 2008: ---

**(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
2009	23,793	5,247	14.7	88.29
2008	29,914	9,538	25.6	192.55

(Reference) Total shareholders' equity: March 31, 2009: ¥3,506 million, March 31, 2008: ¥7,652 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
2009	786	(1,252)	824	3,672
2008	1,589	(4,470)	1,929	3,476

## 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
2009	---	---	---	0.00	0.00
2008	---	---	---	0.00	0.00
2010 (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	%	%
2009	0	0.0	0.0
2008	0	0.0	0.0
2010 (Forecast)		0.0	

## 3. Forecasts for the Fiscal Year Ending March 31, 2010

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	13,500	(39.2)	(540)	---	(610)	---
Fiscal year	30,000	(20.0)	50	---	(90)	---

	Net income (loss)		Net income (loss) per share
	Millions of yen	%	Yen
Interim period	(600)	---	(15.11)
Fiscal year	(270)	---	(6.80)

## 4. Other

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None

Additions: 0

Deletions: 0

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:

2009: 40,155,637 shares    2008: 40,155,637 shares

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

2009: 444,362 shares    2008: 416,127 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	%
2009	9,162	(24.1)	(961)	---	(843)	---	(3,915)	---
2008	12,064	(8.3)	(592)	---	(402)	---	(2,033)	---

	Net income per share	Net income per share after dilution
	Yen	Yen
2009	(98.56)	---
2008	(51.15)	---

**(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
2009	10,332	589	5.6	14.69
2008	14,848	4,501	30.3	113.27

(Reference) Total shareholders' equity: March 31, 2008: ¥583 million, March 31, 2007: ¥4,501 million

Note: The business forecasts presented in this report are based on information available to the management at the time of preparation, and are subject to a number of risks and uncertainties. Actual results may differ materially from those projected due to a wide range of factors.

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 economic condition in Japan further deteriorated especially in the second half of the fiscal year. This originated in a global economic downturn triggered by the subprime mortgage crisis in the U.S., as well as sliding corporate earnings mainly in export industries due to appreciation of the yen. Also, worsened employment condition led to a fall of consumer spending. Accordingly, the scales of inventory adjustments in OA equipment, precision component, and automotive markets, which all are related to our business, have expanded.

Under these circumstances, sales of the group's high-performance hinge units for mobile phone handsets increased mainly in overseas. However, the sales of Precision spring business and Motor business decreased to a large degree compared with the last fiscal year, reflecting the current economic downturn. As for Plastic business, although the amount of sales did increase, this resulted from a full-year consolidation of this segment for the first time since Daiichi Kasei group joined Advanex group in October 2007. In the last fiscal year, only latter six months of the plastic business performance was consolidated.

As a result of the factors above, consolidated net sales decreased by ¥1,403 million, or 3.6% from the previous fiscal year to ¥37,488 million. As for the profits, the group posted operating loss of ¥1,507 million, which compounded ¥683 million, ordinary loss of ¥1,484 million, which compounded by ¥669 million, both compared to the previous fiscal year. These results mirrored a recovered result from the Precision Components Parts business, which mainly specializes in hinge units for mobile phone handsets, and worsened business performances from the Precision Spring and Motor businesses. In addition, extraordinary loss of ¥2,670 million was recorded mainly due to impairment losses of assets and goodwill, and payments accompanying the closure of Fukushima Factory such as equipment transfer costs and special severance benefits for the employees who agreed to leave the company. Therefore, net loss amounted to ¥3,595 million, compounded by ¥1,213 million year on year.

Results by operating segment are as follows.

#### **1. Precision springs**

Due to plunged business results in and out of Japan, sales declined 21.7% to ¥15,979 million from the last fiscal year. In spite of the fact that profits for the first half of this fiscal year recovered by our efforts to renegotiate product prices and through our value-added activities, sales in the second half of this fiscal year dropped significantly. As a result, operating loss worsened by ¥546 million to ¥519 million compared with the last fiscal year.

#### **2. Precision component parts**

Although the sales and profits of insert molding parts for digital devices were sluggish, the mainstay hinge units contributed both domestically and in overseas, in terms of sales and profits. This is mainly attributed to brisk sales of new high-performance products for mobile phone handsets. Thus, net sales in this segment increased 3.4% to ¥7,018 million, while operating loss recovered by ¥693 million year on year to a loss of ¥82 million.

### 3. Motors

Sales in this segment dropped 20.9% year on year to ¥4,707 million owing to a decline of sales for healthcare market. Also, reflecting higher cost of sales resulted from inventory disposal, operating loss compounded ¥81 million year on year to ¥248 million.

### 4. Plastics

This segment was added in the third quarter of the fiscal year ending March 31, 2008 due to the acquisition of Daiichi Kasei Holdings Co., Ltd. A full-year consolidation of this segment contributed to 70.1% sales increase year on year to ¥9,782 million. However net loss amounted to ¥664 million, a ¥749 million drop compared to the previous fiscal year, owing to higher labor costs and a sharp decline in sales for OA equipment and automotive markets in the second half of the fiscal year.

Results by geographic segment are as follows.

#### 1. Japan

Sales increased 4.3% to ¥30,063 million in Japan, mainly due to a full-year consolidation of Daiichi Kasei group and brisk sales of high performance hinge units at Strawberry Corporation. Even though the profits at Strawberry Corporation significantly increased year on year, greater losses of Precision springs and Plastic businesses led to operating loss of ¥1,660 million, compounded by ¥408 million compared to the last fiscal year.

#### 2. United States

Sales in the United States declined 24.9% year on year to ¥1,817 million, reflecting further appreciation of the yen and less sales of precision springs to automotive and aviation markets. Operating income decreased 86.2% to ¥31 million.

#### 3. Europe

Sales in Europe plunged 32.3% year on year to ¥1,072 million, with operating income down 57.9% to ¥57 million, mainly due to further appreciation of the yen and sluggish precision spring sales to automotive market.

#### 4. Asia

Sales in Asia dropped 25.4% from the year earlier to ¥4,535 million mainly due to sales declines in HDD and OA equipment markets in Singapore, in addition to plunged sales to OA equipment and automotive markets in China (Shanghai) and Thailand. Nevertheless, operating income increased ¥12 million to ¥73 million reflecting earnings recovery at Dongguan factory in China.

### **Outlook for Fiscal 2010, Ending March 31, 2010**

Japanese economy will remain in a low gear during the first half of the fiscal year mainly due to sluggish export, low domestic demand, worsening corporate earnings and dull domestic consumer spending, which all originating from the global economic downturn. In the second half of the fiscal year, however, we expect that economic conditions will take a favorable turn once the government's economic stimulus measures start to work. OA equipment, automotive and mobile phone markets, in which our main businesses take place, are currently suffering the sluggish sales, but when we look at production, it seems they have already hit the bottom.

Under these conditions, the group is undertaking restructure of our business base by implementing measures to streamline operations and cut unnecessary costs. As for Precision springs business, while we are expecting further sales decline, favorable results from fixed cost cutting measures such as closure of a factory and slashing labor costs will start to emerge sometime around coming July. In the hinge unit business for mobile handsets, SGA cost, especially labor costs will be reduced. As for Motor business, further streamlining of Chinese factories will take place. And Plastics business will undertake streamlining of domestic factories, which will compensate sluggish sales, thus yielding profits.

As a result, we forecast our net sales to decrease 20.0% to ¥30 billion; operating income of ¥50 million, recovering ¥1,557 million; ordinary loss of ¥90 million, an improvement of ¥1,394 million; and net loss of ¥270 million, a recovery of ¥3,325 million.

These forecasts assume an exchange rate for the full fiscal year of ¥100 to the U.S. dollar.

## **(2) Financial Position**

Total assets on a consolidated basis at fiscal year-end decreased by ¥6,120 million compared with the end of the previous fiscal year to ¥23,793 million.

Main reasons for this change are as follows.

### **(1) Status of assets, liabilities and net assets**

#### 1. Assets

In assets section, a ¥3,342 million decline in the trade notes and accounts receivable and a ¥719 million decline in inventories mirrored sluggish sales results in Precision springs, Motor, and Plastics businesses. As for tangible fixed assets, the total amount decreased ¥872 million due to application of asset impairment and depreciation of production facilities in the group, accompanying business restructuring measures taken in Advanex Inc, Daiichi Kasei Co., Ltd., Kato Spring (Singapore) Pte. Ltd., and Kato Spring (M) Sdn. Bhd. In intangible fixed assets, the total amount declined ¥1,385 million due mainly to application of asset impairment for goodwill, which was occurred by consolidation of Daiichi Kasei Holdings.

#### 2. Liabilities

In liabilities section, although the amount of trade notes and accounts payable decreased ¥2,543 million, interest-bearing debt increased ¥1,137 million.

#### 3. Net assets

Net assets at the end of the fiscal year amounted to ¥5,247 million, a ¥4,290 million decline from the previous fiscal year-end. This was due mainly to a ¥3,595 million decline in retained earnings owing to application of asset impairment accounting for fixed assets and goodwill, as well as equipment transfer costs and special severance benefits recorded along with undertaking business reform.

## **(2) Cash flows**

Cash and cash equivalents ("fund") at the end of the fiscal year increased ¥195 million to ¥3,672 million compared with the end of the previous fiscal year. 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 ¥786 million. This was mainly due to fund increase from decreased trade notes and accounts receivable, fund reserve from depreciation and amortization, as well as declined inventories and trade notes and accounts payable.

#### 2. Cash flows from investing activities

The fund decreased ¥1,252 million by investing activities. One of the main reasons for this change is capital investment to production sites in Vietnam and in other Asian countries.

#### 3. Cash flows from financing activities

As a result of financing activities, the fund increased ¥824 million. This mainly reflects increased amount of borrowings for capital investment and operating capital.

Trends in cash flow indices are shown below:

Years ended March 31

	2005	2006	2007	2008	2009
Shareholders' equity ratio (%)	35.4	40.1	41.0	25.6	14.7
Shareholders' equity ratio, based on market value (%)	76.2	66.4	32.0	14.9	11.8
Debt repayment period (years)	6.4	2.3	3.2	5.7	13.0
Interest coverage ratio	11.0	27.7	21.3	9.4	3.0

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 suspend the payment of annual dividends for the fiscal year under review, reflecting the business results. The company is undertaking various measures to streamline the group's operations to tackle the worsening earnings environment and a rapid change in economic climate. 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 acknowledges that key events such as substantial sales drop in the second half of the fiscal year, continuation of operating loss and net loss recording, which threaten our going concern assumption, did take place during the fiscal year under review.

In response to this harsh business conditions, the company is currently undertaking management streamlining to improve its earnings, which is forecasted to bring our business results back into the black in the second quarter of the fiscal year ending 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 longer major uncertainties lie ahead to continue its operation in the fiscal year ending March 31, 2010.

## **2. Organization of the Advanex Group**

There is no significant change in organization of the Advanex Group since the last time the company submitted its "Securities report" on June 26, 2008.

## **3. 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) Reforming the Precision Spring Business**

In the pursuit of recovery in the precision springs business—the mainstay business of the Advanex Group—it is our primary purpose to restructure the operations and by implementing management streamlining measures, show improvement in earnings as soon as possible. Specific measures are as follows.

##### **1. Closure of Fukushima Factory**

We have decided to close our Fukushima Factory at the end of this June due to a drop of receiving orders for electronic device parts, although we planned last year to place the Fukushima Factory as a high-end production base specializing in metal-plastic molding parts (insert moldings) by transferring its metal stamping facilities to our Kashiwazaki Factory and new Oita Factory. The manufacturing of insert moldings and metal stamping products which are currently produced at Fukushima Factory will be optimized by transferring to Tochigi Factory of Daiichi Kasei Co. Ltd, one of Advanex group companies, and other production bases in Japan and overseas. We plan to put fixed assets such as manufacturing facilities, land and buildings of the factory on sale.

## 2. Personnel reduction at offices and factories

In accordance with the closure of the Fukushima Factory, full-time employees will be encouraged to apply for early retirement at Fukushima Factory and other offices and factories. The company will plan to reduce its labor costs by bringing down its total workforce by a third, including part-time employees.

## 3. Optimization of departments in the Headquarters and Integration of other offices etc.

Regarding the headquarters, we are planning to reduce the overall size of office by moving departments of Engineering, Procurement and Quality Assurance to factories and other local offices. As for Advanex's Osaka office, it will be integrated with Osaka office of Daiichi Kasei Co., Ltd.

## 4. Integration with Daiichi Kasei Co., Ltd.

We will strengthen business corporations with Daiichi Kasei Co., Ltd., which handles our Plastics business, in order to reduce total costs and to become leaner and meaner. Specifically, we will promote the integration of both companies' client accounts and sales activities in addition to ongoing integration of our R&D departments. By implementing these measures, we expect to combine Advanex's precision springs and metal processing technology with Daiichi Kasei's plastic molding technology, and further strengthening R&D activities to expand our mechanical unit products sales, especially for automobile industries.

## 5. Reorganization of overseas subsidiaries

To improve business efficiencies in overseas subsidiaries, we are planning to reorganize the whole subsidiaries. In order to strengthen our business further we are planning to dissolve a technical centre in Singapore (ADVANEX ENGINEERING CENTRE (ASIA) PTE. LTD.), and move its business to China; consider integration of a number of subsidiaries in China by clearing up tangled capital ties. In Asian countries except China and in the United Kingdom, we will consider selection and concentration of businesses by carefully examining the profitability of each business.

## 6. Expand sales of Tangless Coilthread

Tangless Coilthread is a highly competitive product developed with Advanex's proprietary technology. We will further expand this business not only in Europe and the United States, but also in Japan and in the rest of Asia.

## 2) Recovery in the Precision Component Parts Business

In the hinge business, which is at the very core of the precision Component Parts Business, we will further pursue product development focused on the overseas mobile phone market where future growth can be expected. At the same time, we will enhance the sales and development structures for major clients, and strategically expand sales. To accomplish this we will expand our overseas sales offices and establish new locations. We will also strengthen sales to markets other than mobile phones, such as personal computer market, which is currently enjoying constant growth by a hit of small-sized laptop computer.

### **3) Improving Profitability in the Motor Business**

To improve the profitability of home- and health-related products we will implement price increases, and pursue cost reductions through streamlining of production facilities in China and reducing procurement costs. In addition to our current DC motor sales, we will also proactively expand the sales of highly profitable brushless motors.

### **4) More strict 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 that optimizes the equilibrium of concentration and dispersal, as well as that of centripetal and centrifugal force.

## CONSOLIDATED BALANCE SHEETS

(Thousands of yen)

	As of March 31, 2009		As of March 31, 2008	
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and time deposits		4,017,221		3,879,576
Trade notes and accounts receivable		6,221,305		9,564,267
Inventories		---		4,110,266
Finished goods		1,032,884		---
Work in process		668,344		---
Raw materials and stored items		1,690,003		---
Deferred income tax		71,016		36,451
Other current assets		801,620		971,176
Allowance for doubtful accounts		(22,437)		(26,915)
<b>Total current assets</b>		<b>14,479,958</b>		<b>18,534,823</b>
<b>Fixed assets:</b>				
<b>Tangible fixed assets</b>				
Buildings and structures	9,132,991		9,579,133	
Accumulated depreciation	(7,097,533)	2,035,458	(7,059,351)	2,519,782
Machinery and equipment	13,605,958		14,113,940	
Accumulated depreciation	(10,702,173)	2,903,784	(10,816,948)	3,296,992
Land		2,431,309		2,495,584
Leased assets	179,796		---	
Accumulated depreciation	(15,522)	164,274	---	---
Others	3,389,008		3,214,377	
Accumulated depreciation	(2,736,115)	652,892	(2,466,196)	748,181
<b>Total tangible fixed assets</b>		<b>8,187,719</b>		<b>9,060,540</b>
<b>Intangible fixed assets</b>				
Goodwill		63,815		1,466,331
Software		84,950		121,944
Leased assets		34,456		---
Others		37,699		38,644
<b>Total intangible fixed assets</b>		<b>220,921</b>		<b>1,606,920</b>
<b>Investments and other assets</b>				
Investment in securities		256,026		280,895
Deferred income tax		1,698		1,698
Others		650,605		485,813
Allowance for doubtful accounts		(3,503)		(56,273)
<b>Total investments and other assets</b>		<b>904,826</b>		<b>712,134</b>
<b>Total fixed assets</b>		<b>9,313,468</b>		<b>11,379,595</b>
<b>Total assets</b>		<b>23,793,426</b>		<b>29,914,418</b>

(Thousands of yen)

	As of March 31, 2009		As of March 31, 2008	
<b>LIABILITIES</b>				
Current liabilities:				
Trade notes and accounts payable		3,537,841		6,081,173
Short-term borrowings		3,455,202		5,070,477
Long-term borrowings due within one year		2,328,062		1,303,919
Lease obligations		105,171		---
Accrued income taxes		90,796		89,453
Allowance for bonus		46,852		203,685
Other current liabilities		1,821,106		1,437,721
Total current liabilities		11,385,033		14,186,429
Long-term liabilities:				
Long-term borrowings		4,111,902		2,727,512
Lease obligations		238,779		---
Deferred tax liabilities		328,040		831,923
Retirement allowance for employees		1,638,896		1,601,961
Retirement allowance for directors		62,255		54,675
Negative goodwill		244,336		436,843
Other long-term liabilities		536,913		536,977
Total long-term liabilities		7,161,123		6,189,894
Total liabilities		18,546,157		20,376,323
<b>NET ASSETS</b>				
Shareholders' equity				
Common stock		3,451,610		3,451,610
Capital surplus		2,572,288		2,575,694
Retained earnings		(1,158,543)		2,436,885
Treasury stock		(133,217)		(132,743)
Total shareholders' equity		4,732,137		8,331,446
Valuation and translation adjustments				
Valuation gain (loss) on other securities		(32,241)		38,363
Foreign exchange adjustment		(1,193,692)		(717,628)
Total valuation and translation adjustments		(1,225,934)		(679,264)
Warrants		12,587		1,068
Minority interests		1,728,479		1,884,844
Total net assets		5,247,269		9,538,095
Total liabilities and net assets		23,793,426		29,914,418

CONSOLIDATED STATEMENTS OF INCOME

(Thousands of yen)

	Year ended March 31, 2009		Year ended March 31, 2008	
Net sales		37,488,858		38,892,541
Cost of sales		30,612,568		31,569,940
Gross profit		6,876,290		7,322,600
Selling, general and administrative expenses				
Delivery	574,800		608,434	
Salary	3,156,992		3,060,249	
Reserves for bonuses allowance	12,523		86,690	
Reserves for retirement allowance	128,621		72,382	
Reserves for directors' retirement bonuses	7,580		7,580	
Depreciation and amortization	241,946		227,486	
Others	4,261,246	8,383,711	4,084,069	8,146,891
Operating loss		(1,507,421)		(824,290)
Non-operating revenues				
Interests	40,696		52,429	
Dividends	7,069		9,992	
Rental fees	34,762		21,784	
Insurance bonuses	13,955		15,333	
subsidy revenues	15,514		16,667	
Amortization of negative goodwill	213,818		91,131	
Others	101,110	426,927	97,477	304,816
Non-operating expenses				
Interests	231,345		152,296	
Foreign exchange loss	61,154		65,144	
Payment indemnity expense	21,341		28,034	
Others	90,535	404,377	50,825	296,301
Ordinary loss		(1,484,871)		(815,775)

(Thousands of yen)

	Year ended March 31, 2009		Year ended March 31, 2008	
Extraordinary gain				
Gain on sale of fixed assets	14,913		5,717	
Gain on the sale of investment securities	4,600		116,554	
Gain on prior-term adjustment	---		2,016	
Reversal of allowance for doubtful accounts	6,414		---	
Others	2,286	28,214	334	124,623
Extraordinary loss				
Loss on sale of fixed assets	302		289	
Loss on disposal of fixed assets	60,416		24,248	
Loss on sale of investment securities	6,848		5,284	
Valuation losses on investment securities	156,147		50,337	
Asset-impairment losses	1,612,648		985,060	
Loss due to disaster	---		168,771	
Loss due to business restructuring	369,393		---	
Special severance benefit	325,407		---	
Others	138,854	2,670,020	111,145	1,351,136
Loss before income taxes and minority interests		(4,126,677)		(2,042,288)
Income, local and enterprise taxes	99,383		216,254	
Adjustment for income taxes	(550,544)	(451,160)	568,881	785,135
Minority interests		(80,087)		(445,171)
Net loss		(3,595,429)		(2,382,252)

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Thousands of yen)

	Year ended March 31, 2009		Year ended March 31, 2008	
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		2,575,694		2,577,240
Changes		(3,405)		(1,545)
Disposal of treasury stock	(3,405)		(1,545)	
Balance at the end of current fiscal year		2,572,288		2,575,694
Retained earnings				
Balance at the end of previous fiscal year		2,436,885		4,985,462
Changes		(3,595,429)		(2,548,576)
Dividends from surplus	---		(139,183)	
Net loss	(3,595,429)		(2,382,252)	
Decrease of retained earnings due to the increased number of consolidated subsidiaries	---		(27,141)	
Balance at the end of current fiscal year		(1,158,543)		2,436,885
Treasury stock				
Balance at the end of previous fiscal year		(132,743)		(128,724)
Changes		(473)		(4,019)
Acquisition of treasury stock	(5,497)		(7,346)	
Disposal of treasury stock	5,024		3,327	
Balance at the end of current fiscal year		(133,217)		(132,743)
Total shareholders' equity				
Balance at the end of previous fiscal year		8,331,446		10,885,588
Changes		(3,599,308)		(2,554,141)
Dividends from surplus	---		(139,183)	
Net loss	(3,595,429)		(2,382,252)	
Acquisition of treasury stock	(5,497)		(7,346)	
Disposal of treasury stock	1,618		1,781	
Decrease of retained earnings due to the increased number of consolidated subsidiaries	---		(27,141)	
Balance at the end of current fiscal year		4,732,137		8,331,446

	Year ended March 31, 2009		Year ended March 31, 2008	
Revaluation and translation differences				
Revaluation gain on other securities				
Balance at the end of previous fiscal year		38,363		117,885
Changes		(70,605)		(79,521)
Changes (net) in non-shareholders' equity items	(70,605)		(79,521)	
Balance at the end of current fiscal year		(32,241)		38,363
Foreign exchange adjustments				
Balance at the end of previous fiscal year		(717,628)		217,115
Changes		(476,064)		(934,743)
Changes (net) in non-shareholders' equity items	(476,064)		(934,743)	
Balance at the end of current fiscal year		(1,193,692)		(717,628)
Total evaluation and translation differences				
Balance at the end of previous fiscal year		(679,264)		335,000
Changes		(546,670)		(1,014,265)
Changes (net) in non-shareholders' equity items	(546,670)		(1,014,265)	
Balance at the end of current fiscal year		(1,225,934)		(679,264)
Warrants				
Balance at the end of previous fiscal year		1,068		---
Changes		11,518		1,068
Changes (net) in non-shareholders' equity items	11,518		1,068	
Balance at the end of current fiscal year		12,587		1,068
Minority interests				
Balance at the end of previous fiscal year		1,884,884		2,133,846
Changes		(156,365)		(249,001)
Changes (net) in non-shareholders' equity items	(156,365)		(249,001)	
Balance at the end of current fiscal year		1,728,479		1,884,844
Total net assets				
Balance at the end of previous fiscal year		9,538,095		13,354,435
Changes		(4,290,825)		(3,816,340)
Dividends from surplus	---		(139,183)	
Net loss	(3,595,429)		(2,382,252)	
Acquisition of treasury stock	(5,497)		(7,346)	
Disposal of treasury stock	1,618		1,781	
Decrease of retained earnings due to the increased number of consolidated subsidiaries	---		(27,141)	
Changes (net) in non-shareholders' equity items	(691,516)		(1,262,198)	
Balance at the end of current fiscal year		5,247,269		9,538,095

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of yen)

	Year ended March 31, 2009	Year ended March 31, 2008
Cash flows from operating activities		
Loss before income taxes and minority interests	(4,126,677)	(2,042,288)
Depreciation and amortization	1,737,302	1,648,764
Asset-impairment losses	1,612,648	985,060
Amortization of goodwill	271,604	158,421
Amortization of negative goodwill	(213,818)	(91,131)
Increase (decrease) in allowance for doubtful accounts	(54,520)	14,768
Increase (decrease) in allowance for bonuses	(155,885)	(56,455)
Increase (decrease) in retirement benefits	39,904	40,619
Increase (decrease) in allowance for directors' retirement bonuses	7,580	7,580
Interest and dividends receivable	(47,765)	(62,421)
Rental fees receivable	(34,762)	(19,516)
Insurance bonuses	(13,955)	(15,333)
Interest payable	231,345	152,296
Loss on sales of trade notes	27,918	16,325
(Gain) loss on differences of foreign exchange	(10,122)	1,023
(Gain) loss on sale of fixed assets	(14,610)	(4,502)
(Gain) loss on disposal of fixed assets	60,416	23,323
Valuation (gains) losses on investment securities	156,147	50,337
Loss due to disaster	---	168,771
(Gain) loss on sale of investment securities	2,248	(111,270)
Decrease (increase) in notes and accounts receivable	3,204,490	1,002,282
Decrease (increase) in inventories	597,936	145,236
Increase (decrease) in notes and accounts payable	(2,522,401)	279,457
Increase (decrease) in accrued consumption taxes	(87,900)	85,517
Others	441,577	(209,321)
Subtotal	1,108,700	2,167,544
Proceeds from interest and dividend receivable	27,646	51,553
Proceeds from rental fees	32,658	19,516
Other proceeds	16,809	15,333
Payment of interests	(235,773)	(152,508)
Payments of sales of trade notes	(27,918)	(16,325)
Payments of losses due to disaster	---	(168,771)
Other payments	(67,995)	---
Payment of income taxes	(67,432)	(327,145)
Net cash provided by operating activities	786,694	1,589,197

(Thousands of yen)

	Year ended March 31, 2009	Year ended March 31, 2008
Cash flows from investing activities		
Payments on purchase of tangible fixed assets	(1,286,820)	(2,007,879)
Proceeds from sales of tangible fixed assets	365,297	75,214
Proceeds from sales and lease-back	---	141,447
Payments on purchase of intangible fixed assets	(10,413)	(55,063)
Proceeds from sales of intangible fixed assets	7,579	---
Payments on purchase of investment securities	(90,456)	(105,973)
Proceeds from sales of investment securities	34,953	296,642
Payments for purchase of subsidiary's bonds	---	(450,000)
Proceeds from sales of affiliate stocks	30	---
Payments for purchase of affiliate stocks	---	(100,804)
Payments for acquisition of subsidiary stocks due to change in the scope of consolidation	---	(2,068,157)
Payments on paying in time deposits	(24,563)	(92,811)
Proceeds from withdrawal of time deposits	54,527	4,344
Payments on other investments	(332,717)	(110,767)
Proceeds from other investments	30,556	3,296
Net cash used in investing activities	(1,252,026)	(4,470,512)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,515,411)	3,476,470
Proceeds from long-term borrowings	3,895,711	662,218
Repayments on long-term borrowings	(1,483,161)	(2,035,887)
Payments on acquisition of treasury stocks	(5,528)	(7,346)
Proceeds from disposal of treasury stocks	5,024	3,327
Dividends paid	(1,421)	(139,214)
Dividends paid to minority shareholders	(17,546)	(29,875)
Others	(53,662)	---
Net cash used in financing activities	824,002	1,929,691
Effect of exchange rate changes on cash and cash equivalents	(162,837)	(234,779)
Net increase (decrease) in cash and cash equivalents	195,832	(1,186,404)
Cash and cash equivalents at the beginning of year	3,476,655	4,571,783
Net increase in cash and cash equivalents due to consolidation of new subsidiaries	---	91,276
Cash and cash equivalents at the end of year	3,672,487	3,476,655

## SEGMENT INFORMATION

### Business Segments

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	15,413,645	3,616,848	1,449,860	3,744,742	24,225,097	(431,717)	23,793,379
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

3. Among assets, the main components of companywide assets (¥558,499 thousand) included within the Eliminations or Companywide Assets account are surplus funds for asset management (cash and deposits), long-term investments (investment securities), and assets related to the administrative division.

Year ended March 31, 2008

	Thousands of yen						
	Precision springs	Precision component parts	Motors	Plastics	Total	Eliminations	Consolidated
Net sales:							
1. Net sales to third parties	20,402,988	6,786,290	5,952,862	5,750,399	38,892,541	---	38,892,541
2. Intra-group net sales and transfers	158,094	---	---	---	158,094	(158,094)	---
Total sales	20,561,083	6,786,290	5,952,862	5,750,399	39,050,636	(158,094)	38,892,541
Operating expenses	20,534,184	7,562,737	6,119,498	5,665,377	39,881,797	(164,965)	39,716,832
Operating income (loss)	26,899	(776,446)	(166,636)	85,022	(831,161)	6,870	(824,290)
Assets, depreciation, impairment losses, and capital expenditures:							
Total assets	17,116,331	5,262,108	1,530,093	5,779,087	29,687,621	226,797	29,914,418
Depreciation	1,040,936	181,310	209,368	217,149	1,648,764	---	1,648,764
Asset-impairment losses	862,808	122,251	---	---	985,060	---	985,060
Capital expenditures	1,036,164	200,362	208,572	173,600	1,618,699	---	1,618,699

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

4. Among assets, the main components of companywide assets (¥673,559 thousand) included within the Eliminations or Companywide Assets account are surplus funds for asset management (cash and deposits), long-term investments (investment securities), and assets related to the administrative division.

## Geographic Segments

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	20,307,116	1,760,699	1,084,444	3,553,377	26,705,638	(2,912,211)	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

Year ended March 31, 2008

	Thousands of yen						
	Japan	United States	Europe	Asia	Total	Eliminations	Consolidated
Net sales:							
1. Net sales to third parties	28,810,179	2,418,518	1,585,640	6,078,203	38,892,541	---	38,892,541
2. Intra-group net sales and transfers	487,168	13,676	463,276	83,294	1,047,416	(1,047,416)	---
Total sales	29,297,348	2,432,195	2,048,916	6,161,497	39,939,957	(1,047,416)	38,892,541
Operating expenses	30,549,071	2,206,760	1,912,637	6,099,974	40,768,443	(1,051,611)	39,716,832
Operating income (loss)	(1,251,723)	225,434	136,278	61,523	(828,485)	4,195	(824,290)
Total assets	25,318,617	1,851,041	1,545,594	4,160,740	32,875,993	(2,961,574)	29,914,418

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, 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, Finland, 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.

Year ended March 31, 2008

	United States	Europe	Asia	Total
Overseas sales (Thousands of yen)	3,056,126	1,684,325	10,880,136	15,620,588
Consolidated net sales (Thousands of yen)				38,892,541
Overseas sales to consolidated net sales ratio (%)	7.9	4.3	28.0	40.2

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, Finland, 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, 2009	As of March 31, 2008
<b>ASSETS</b>		
Current assets:		
Total current assets	2,880,470	4,889,403
Fixed assets:		
Tangible fixed assets	2,228,786	2,649,329
Intangible fixed assets	90,611	76,007
Investments and other assets	5,133,118	7,223,746
Total fixed assets	7,452,515	9,949,083
Total assets	10,332,986	14,848,486

(Thousands of yen)

	As of March 31, 2009	As of March 31, 2008
<b>LIABILITIES</b>		
Current liabilities:		
Total current liabilities	5,774,057	7,828,686
Long-term liabilities:		
Total long-term liabilities	3,969,079	2,518,467
Total liabilities	9,743,137	10,347,153
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	3,451,610	3,451,610
Capital surplus	2,565,571	2,568,976
Retained earnings	(5,299,712)	(1,384,258)
Treasury stock	(133,217)	(132,743)
Total shareholders' equity	584,251	4,503,584
Valuation and translation adjustments		
Total valuation and translation adjustments	(782)	(2,251)
Total net assets	589,848	4,501,333
Total liabilities and net assets	10,332,986	14,848,486

CONDENSED NON-CONSOLIDATED STATEMENTS OF INCOME

(Thousands of yen)

	Year ended March 31, 2009		Year ended March 31, 2008	
Net sales		9,162,453		12,064,078
Cost of sales		7,878,323		10,122,568
Gross profit		1,284,130		1,941,510
Selling, general and administrative expenses		2,245,891		2,533,921
Operating loss		(961,761)		(592,410)
Non-operating revenues		279,232		336,242
Non-operating expenses		160,579		146,765
Ordinary loss		(843,108)		(402,933)
Extraordinary gain		24,913		147,949
Extraordinary loss		3,078,472		1,221,453
Loss before income taxes		(3,896,668)		(1,476,437)
Income, local and enterprise taxes	18,786		19,272	
Adjustment for income taxes	---	18,786	537,790	557,062
Net income loss		(3,915,454)		(2,033,499)

CONDENSED NON-CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Thousands of yen)

	Year ended March 31, 2009		Year ended March 31, 2008	
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		2,568,976		2,570,522
Changes		(3,405)		(1,545)
Balance at the end of current fiscal year		2,565,571		2,568,976
Retained earnings				
Balance at the end of previous fiscal year		(1,384,258)		788,424
Changes		(3,915,454)		(2,172,682)
Dividends from surplus		---		(139,183)
Net loss		(3,915,454)		(2,033,499)
Balance at the end of current fiscal year		(5,299,712)		(1,384,258)
Treasury stock				
Balance at the end of previous fiscal year		(132,743)		(128,724)
Changes		(473)		(4,019)
Acquisition of treasury stock		(5,497)		(7,346)
Disposal of treasury stock		5,024		3,327
Balance at the end of current fiscal year		(133,217)		(132,743)
Total shareholders' equity				
Balance at the end of previous fiscal year		4,503,584		6,681,832
Changes		(3,919,333)		(2,178,248)
Dividends from surplus		---		(139,183)
Net loss		(3,915,454)		(2,033,499)
Acquisition of treasury stock		(5,497)		(7,346)
Disposal of treasury stock		1,618		1,781
Balance at the end of current fiscal year		(584,251)		(4,503,584)

(Thousands of yen)

	Year ended March 31, 2009		Year ended March 31, 2008	
Revaluation and translation differences				
Revaluation gain on other securities				
Balance at the end of previous fiscal year		(2,251)		106,605
Changes		1,468		(108,856)
Changes (net) in non-shareholders' equity items	1,468		(108,856)	
Balance at the end of current fiscal year		(782)		(2,251)
Total evaluation and translation differences				
Balance at the end of previous fiscal year		(2,251)		106,605
Changes		1,468		(108,856)
Changes (net) in non-shareholders' equity items	1,468		(108,856)	
Balance at the end of current fiscal year		(782)		(2,251)
Warrants				
Balance at the end of previous fiscal year		---		---
Changes		6,380		---
Changes (net) in non-shareholders' equity items	6,380		---	
Balance at the end of current fiscal year		6,380		---
Total net assets				
Balance at the end of previous fiscal year		4,501,333		6,788,438
Changes		(3,911,484)		(2,287,104)
Dividends from surplus	---		(139,183)	
Net loss	(3,915,454)		(2,033,499)	
Acquisition of treasury stock	(5,497)		(7,346)	
Disposal of treasury stock	1,618		1,781	
Changes (net) in non-shareholders' equity items	7,848		(108,856)	
Balance at the end of current fiscal year		589,848		4,501,333