



ADVANEX INC. Flash Report (Consolidated Basis)

Results for FY2014 First quarter(three months ended June 30, 2013)

August 9, 2013

Company name: ADVANEX INC.
Code number: 5998
Representative: Tsuneo Shibano, President & COO
Inquiries: Toshiya Ono, Director & CFO
Filing date of quarterly securities report:
Supplementary explanation material for quarterly financial results
Holding of presentation meeting for quarterly financial results

Stock listings: Tokyo Stock Exchange
URL <http://www.advanex.co.jp>
Telephone: +81-3-3822-5865
August 13, 2012
Yes
No

1. Performance (April 1, 2013 through June 30, 2013) (Figures less than ¥1 million have been omitted.)

(1) Consolidated operating results (For the three months ended June 30.).

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	%
Three months ended June 30, 2013	6,550	5.5	215	15.0	231	109.7	189	(16.7)
Three months ended June 30, 2012	6,211	(1.9)	187	62.1	110	--	228	--

[Note] Comprehensive income: Three months ended June 30, 2013 434 million yen
Three months ended June 30, 2012 (57) million yen

	Net income per share	Net income per share after dilution
	Yen	Yen
Three months ended June 30, 2013	4.58	--
Three months ended June 30, 2012	5.49	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2013	20,414	4,450	21.7	106.87
As of March 31, 2013	18,469	4,072	22.0	97.75

[Reference] Total shareholder's equity: 4,433 million yen at June 30, 2013 4,055 million yen at March 31, 2013

2. Dividends

	Dividends per share				
Record date	First quarter -end dividends	Second quarter -end dividends	Third quarter -end dividends	Year-end dividends	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2013	--	--	--	1.00	1.00
Year ended March 31, 2014	--	--	--	1.50	1.50
Year ended March 31, 2014 (forecast)	--	--	--	1.50	1.50

[Note] Revisions to the latest forecast of cash dividends: No

3. Forecast of consolidated results for FY2014 (April 1, 2013 through March 31, 2014)

Percentages indicate year-on-year increase (decrease)

	Net sales		Operating income		Ordinary income		Net income (loss)		Net income (loss) per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months Ended September 30, 2013	13,100	8.7	390	61.0	350	266.2	240	87.5	5.78
Year ended March 31, 2014	26,300	11.7	700	63.9	530	(2.3)	300	(37.2)	7.23

[Note] Revisions to the latest forecasts of consolidated results: Yes

4. Others

- (1) Significant changes in subsidiaries during the subject fiscal year: No
Additions: 0 Deletions: 0
- (2) Application of simplified accounting and specific accounting: No
- (3) Changes in accounting principles, procedures, presentations, etc.
 - a. Changes associated with revision of accounting standards, etc: No
 - b. Changes other than a.: Yes
 - c. Change in accounting estimate: Yes
 - d. Restatement: No
- (4) Number of shares outstanding (Common stock)
 - a. Number of shares outstanding at end of period (Including treasury stock)
 - 41,533,708 shares at June 30, 2013
 - 41,533,708 shares at March 31, 2013
 - b. Number of shares of treasury stock at end of period
 - 44,920 shares at June 30, 2013
 - 42,283 shares at March 31, 2013
 - c. Average number of shares issued and outstanding in each period:
 - 41,490,020 shares at June 30, 2013
 - 41,509,226 shares at June 30, 2012

[Notes]

1. Explanation for related to implementation of the quarterly review procedures
When disclosing this Brief Report of Financial Results, the review procedures for quarterly financial statements under the Financial Instruments and Exchange Law have not been brought to completion.
2. Explanation for appropriate use of financial forecasts and other special remarks
The above-mentioned forecasts are based on the information available as of the date when this information is disclosed, as well as on the assumptions as of the disclosing date of this information related with unpredictable parameters that are probable to affect our future business performances. Our actual performance is likely to differ greatly from these estimates depending on various factors in the future.

(Attachment)

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1. Qualitative Information on Financial Results For This Quarter

(1) Explanation of Business Results

During the first quarter (from April 1 to June 30, 2013) of the fiscal year under review, economic stagnation in Europe and slowdown of emerging economies continued, while US economy showed recovery. In Japan, with weaker yen and better US economy, business sentiment began recovering mainly at export-oriented companies. In such situation, OA equipment industry, which is closely related to our business, saw declining demand in Japan and overseas. Automotive industry, on the other hand, saw robust results thanks to increased sales to overseas and with the benefit of weaker yen. Under these circumstances, although our sales to OA equipment and PC related markets decreased year on year, sales to automotive and AV equipment related markets increased compared to the same period of previous fiscal year.

As a result, the consolidated net sales of Advanex group for the first quarter of current fiscal year under review increased 5.5% year on year to ¥6,550 million. The operating income grew 15.0% year on year to ¥215 million. The ordinary income increased 109.7% year on year to ¥231 million reflecting foreign exchange gains from weaker yen. The net income for the first quarter decreased 16.7% to ¥189 million, this change is due mainly to an extraordinary income recorded for received insurance payment for the flood-damaged Thai factory in the same period of previous fiscal year and no such income was recorded during the first quarter of the fiscal year under review.

Results by operating segments are as follows.

1. Precision springs

In Japan, sales to automotive market increased, in spite of sales drop to OA equipment and PC related markets. In overseas markets, automotive sales grew in the USA and Asia, in addition to larger UK sales to medical equipment industry. As a result, net sales in this segment grew 11.6% year on year to ¥3,758 million and segment income also increased 13.2% year on year to ¥160 million.

2. Plastics

In Japan, sales to OA equipment and automotive markets dropped as our customers carried out their plan to relocate their production sites to overseas. In overseas, however, sales to automotive and AV equipment related markets grew in Vietnam and Malaysia. As a result, net sales increased 2.1% to 2,703 million and segment income also grew 68.9% year on year to 73 million compared with the same period of previous fiscal year.

3. Hinges

Sales of hinge units decreased as the company's plan to downsize its business to mobile phone handset market was implemented. As a result, net sales in this segment declined 54.7% year on year to 88 million and segment loss amounted to 19 million, which was an income of 2 million in the same period of last fiscal year.

(2) Explanation of Financial Position

Total assets at the end of the first quarter amounted to ¥ 20,414 million, increasing ¥ 1,944 million compared with the end of previous fiscal year (March 31, 2013). Major reasons are as follows.

In assets section, the amount of current assets increased ¥1,875 million, reflecting a ¥944 million increase in cash and time deposits and a ¥796 million hike in trade notes and accounts receivable mainly thanks to increased sales. In addition, the amounts of tangible fixed assets and investment and other assets increased by ¥49 million and ¥19 million respectively.

On the liabilities side, total liabilities amounted to ¥15,963 million, increasing ¥1,566 million from the end of previous fiscal year. This change is mainly due to a ¥721 million increase in borrowings in addition to a ¥422 million increase in other current liabilities as a result of funds needed at our new Chinese subsidiary which was established during the previous fiscal year.

In net assets, total net assets amounted to ¥4,450 million, increasing ¥378 million from the end of previous fiscal year. This change mainly reflects a ¥189 million of net income occurred and a ¥213 million improvement in negative balance in foreign exchange adjustment as a result of weaker yen.

(3) Explanation of Consolidated Business Forecast and other Forecasts

Regarding the prospect of the consolidated business forecasts for the fiscal year ending March 31, 2014, the company revised the forecasts released on May 10, 2013. For more details, please refer to the "Revisions to the FY2014 Performance Forecast" which was released today.

2. Other summary information

(1) Change to major subsidiaries during the fiscal period under review

None

(2) Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements

None

(3) Changes in accounting policy, changes in accounting estimates, or restatement due to correction (Change of depreciation method)

The Company adopted a declining-balance method as the depreciation method for the tangible fixed assets held by the Company in the past, but it has been changed to a straight-line method from this quarter.

The affected amount by this change was small.

3. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

(1) QUARTERLY CONSOLIDATED BALANCE SHEETS

(Amount: thousands of yen)

	FY2014 first quarter (As of June 30,2013)	FY2013 (As of March 31,2013)
ASSETS		
Current assets:		
Cash and time deposits	3,369,067	2,424,724
Trade notes and accounts receivable	5,741,849	4,945,432
Finished goods	1,039,682	951,073
Work in process	700,592	617,516
Raw materials and stored items	1,010,848	958,440
Deferred income tax	90	153
Other current assets	323,727	413,703
Allowance for doubtful accounts	(18,071)	(18,636)
Total current assets	12,167,787	10,292,407
Noncurrent assets:		
Tangible noncurrent assets		
Buildings and structures	1,743,289	1,597,795
Machinery and equipment	2,351,086	2,245,924
Land	2,206,360	2,190,360
Others	681,217	898,202
Total tangible noncurrent assets	6,981,953	6,932,282
Intangible noncurrent assets	204,870	204,882
Investments and other assets	1,059,757	1,040,078
Total noncurrent assets	8,246,581	8,177,243
Total assets	20,414,368	18,469,651

(Amount: thousands of yen)

	FY2014 first quarter (As of June 30,2013)	FY2013 (As of March 31,2013)
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	3,763,637	3,463,918
Short-term borrowings	4,423,843	4,422,031
Long-term borrowings due within one year	1,515,551	1,290,787
Accrued income taxes	170,736	185,232
Allowance for bonus	273,912	136,440
Other current liabilities	1,361,186	938,739
Total current liabilities	11,508,868	10,437,150
Noncurrent liabilities		
Long-term borrowings	2,051,457	1,556,584
Deferred tax liabilities	343,991	345,901
Retirement allowance for employees	1,697,577	1,644,576
Provision for environmental measures	4,506	4,506
Asset retirement obligations	38,624	38,522
Other noncurrent liabilities	318,747	369,945
Total noncurrent liabilities	4,454,905	3,960,036
Total liabilities	15,963,774	14,397,187
NET ASSETS		
Shareholder's equity		
Common stock	1,000,000	1,000,000
Capital surplus	256,717	256,717
Retained earnings	3,830,526	3,682,130
Treasury stock	(4,890)	(4,624)
Total shareholder' equity	5,082,352	4,934,222
Accumulated other comprehensive income		
Valuation gain (loss) on other securities	38,096	21,144
Foreign exchange adjustment	(686,495)	(899,543)
Total accumulated other comprehensive income	(648,398)	(878,398)
Warrants	16,640	16,640
Total net assets	4,450,594	4,072,464
Total liabilities and net assets	20,414,368	18,469,651

(2) QUARTERLY CONSOLIDATED STATEMENTS OF INCOME

(Amount: thousands of yen)

	FY2014 first quarter (April 1, 2013 through June 30, 2013)	FY2013 first quarter (April 1, 2012 through June 30, 2012)
NET sales	6,550,877	6,211,006
Cost of sales	5,127,886	4,878,938
Gross profit	1,422,991	1,332,067
Selling, general and administrative expenses	1,207,212	1,144,387
Operating income	215,778	187,680
Non-operating revenues		
Interests	2,321	2,396
Rent income	25,554	22,177
Equity in earnings of affiliates	6,077	13,442
Foreign exchange gains	81,222	---
Others	8,906	26,115
Total non-operating revenues	124,082	64,131
Non-operating expenses		
Interests	49,655	59,331
Foreign exchange losses	---	54,287
Amortization of business commencement expenses	31,431	---
Others	27,545	27,931
Total non-operating expenses	108,632	141,549
Ordinary income(loss)	231,228	110,262
Extraordinary gain		
Gain on sales of noncurrent assets	1,108	2,181
Insurance income	---	167,050
Gain on negative goodwill	---	5,627
Others	---	104
Total extraordinary gain	1,108	174,964
Extraordinary loss		
Loss on sales of noncurrent assets	---	913
Loss on disposal of noncurrent assets	7,619	63
Total extraordinary loss	7,619	977
Net Income (or loss) before income taxes	224,717	284,248
Corporate, inhabitant and enterprise taxes	43,199	56,110
Corporate tax adjustments	(8,371)	122
Total income taxes	34,827	56,232
Income (or loss) before minority interests	189,889	228,016
Net income (loss)	189,889	228,016

QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amount: thousands of yen)

	FY2014 first quarter (April 1, 2013 through June 30, 2013)	FY2013 first quarter (April 1, 2012 through June 30, 2012)
Income (or loss) before minority interests	189,889	228,016
Other comprehensive income		
Valuation gain(loss) on other securities	17,603	(17,421)
Foreign currency translation adjustment	213,047	(267,087)
Consolidated equity for equity method affiliate	(651)	(935)
Accumulated other comprehensive income	229,999	(285,443)
Quarterly comprehensive income	419,889	(57,427)
Comprehensive income attributable to owners of the parent	419,889	(57,427)

(3) Notes on Going Concern Assumptions
Not applicable

(4) Segment Information

I FY2014 first quarter (April 1, 2013 through June 30, 2013)

1, Information related to sales and income or loss amounts by reporting segments

(Amount: thousands of yen)

	Precision springs	Plastics	Hinge	Total
Net sales				
(1) Net sales to third parties	3,758,443	2,703,933	88,500	6,550,877
(2) Intra-group Net sales and transfers	20,182	3,458	444	24,084
Total sales	3,778,625	2,707,391	88,944	6,574,961
Operating income (loss)	160,042	73,236	(19,062)	214,216

2, Reconciliation of Reported Consolidated Quarterly Net Sales and Operating Income with Operating Income or Loss of Reporting Segments

Reconciliation of Operating Income	Amount
Total of Reporting Segments	214,216
Elimination of inter-segment transactions	1,561
Consolidated Quarterly Operating Income	215,778

3, Information related to impairment loss of fixed assets or goodwill, etc. by reporting segment
Not applicable

4, As stated in page 5, the company changed the depreciation method for the tangible fixed assets from this quarter. The affect amount by this change was small

II FY2013 first quarter (April 1, 2012 through June 30, 2012)

1, Information related to sales and income or loss amounts by reporting segments

(Amount: thousands of yen)

	Precision springs	Plastics	Hinge	Total
Net sales				
(3) Net sales to third parties	3,366,489	2,649,303	195,214	6,211,006
(4) Intra-group Net sales and transfers	21,565	9,822	---	31,387
Total sales	3,388,054	2,659,125	195,214	6,242,394
Operating income (loss)	144,436	42,835	2,712	189,984

2, Reconciliation of Reported Consolidated Quarterly Net Sales and Operating Income with Operating Income or Loss of Reporting Segments

Reconciliation of Operating Income	Amount
Total of Reporting Segments	189,984
Elimination of inter-segment transactions	(2,304)
Consolidated Quarterly Operating Income	187,680

3, Information related to impairment loss of fixed assets or goodwill, etc. by reporting segment

Gain on negative goodwill of ¥5,627 million was recorded in Plastics business segment during this first quarter as a result of additional acquisition of M. A. C. TECHNOLOGY(MALAYSIA) SDN. BHD. shares.