

Current State of Management



June 21, 2012



This datum is based on the data as of March 31, 2012. The opinion and forecast described here is based on our judgment at that time and may possibly be changed without notice.

Subject

1. Highlight for the Fiscal Year Ended March 31, 2012
2. Business Strategies
3. Forecast for the Fiscal Year Ended March 31, 2013

1. Highlight for the Fiscal Year Ended
March 31, 2012

1-1 Financial Highlights

◆ Decreased sales and increased income

Sales declined largely year on year mainly due to exclusion of Motor subsidiary, Fuji Micro Co., Ltd. and the impact from the Great East Japan Earthquake and floods in Thailand. The operating income increased 10.9% year on year reflecting the improved profitability in Plastic business and decrease of operating loss in hinge business. The ordinary income also increased 43.9% year on year.

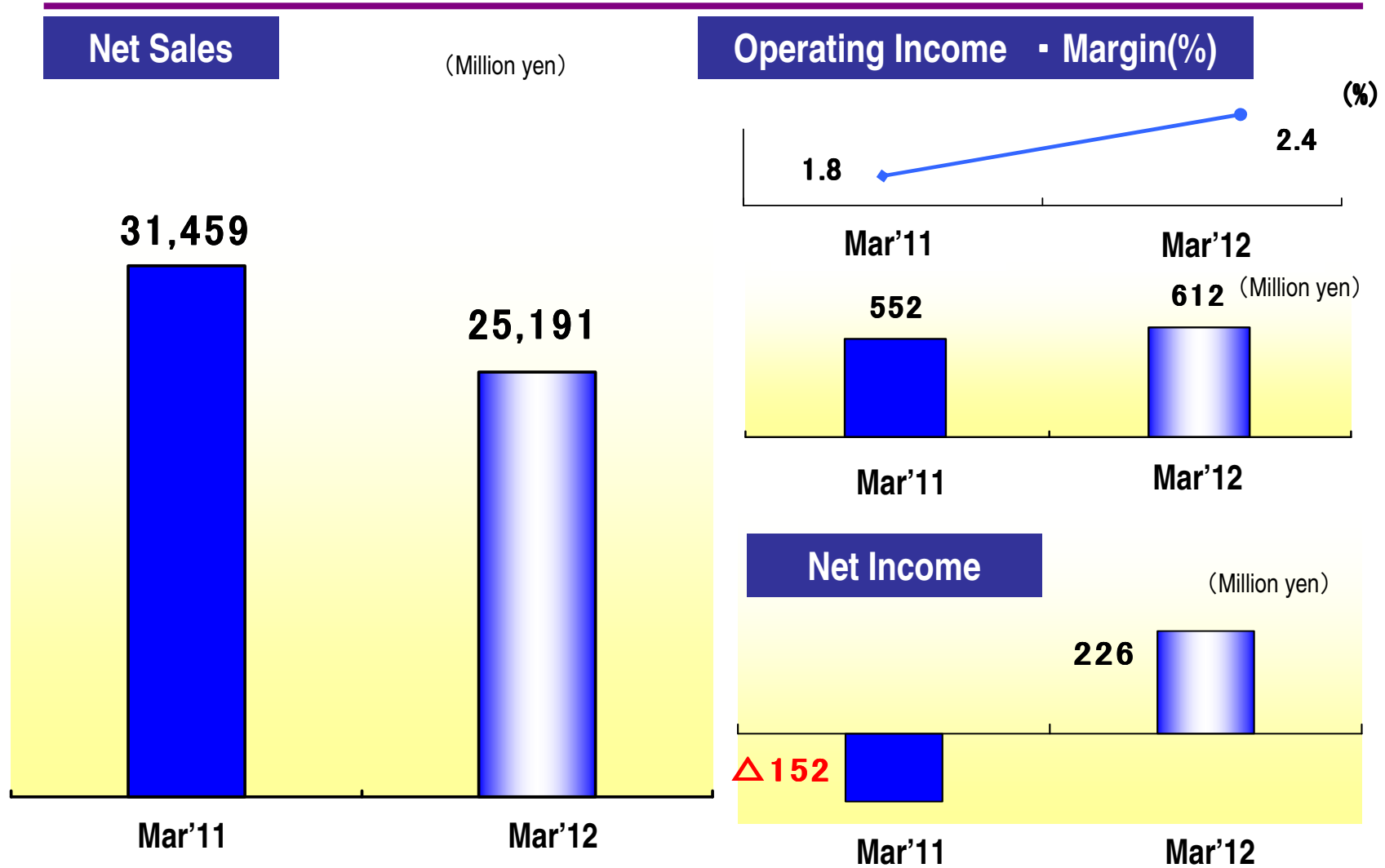
◆ Net income marked the black for the first time in 5 years

Net income turned to be ¥226 million and marked the black for the first time in 5 years since the year ending March 2007. Extraordinary income from the receipt of insurance payment for the Thai plant which has been hit by the flood and income accompanied by the pension system transition and a drastic decrease in the extraordinary losses from the previous year were the main factors.

◆ Contraction and reorganization of Hinge business

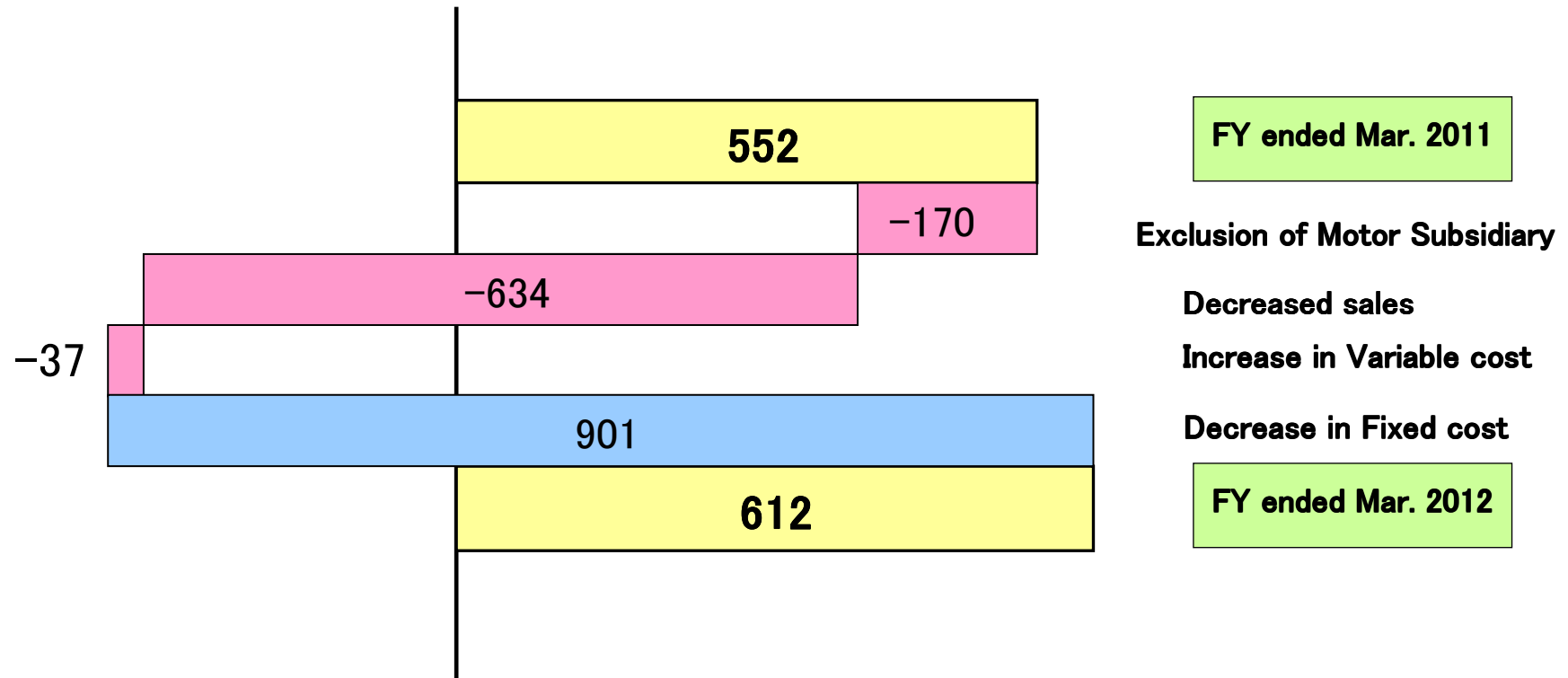
Strawberry Corp. became a wholly owned subsidiary of Advanex in November 2011 and alienated its PC related business in February 2012. Hinge business was reorganized by contraction from the mobile phone market.

1-2 Trend of Sales and Income (Consolidated)



1-3 Analysis of Increase and Decrease of Operating Income

(Million yen)



1-4 Increase and Decrease of Extraordinary Income and Loss

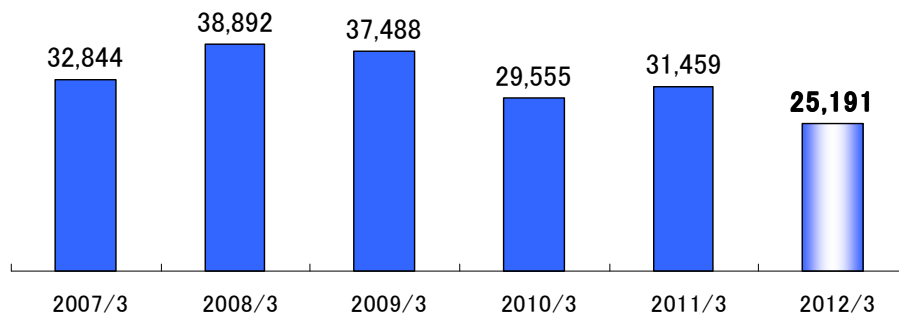
(Million yen_)

	<u>FY2011</u>	<u>FY2012</u>	<u>Change</u>
Extraordinary Income	25	190	+165
		Pension system transition 72 Thai insurance income 90	
Extraordinary Loss	(824)	(347)	+477
	Restructure in Hinge (680)	Change in equity (85) Share exchange (128) Thailand disaster (85)	
NET	(799)	(157)	+642

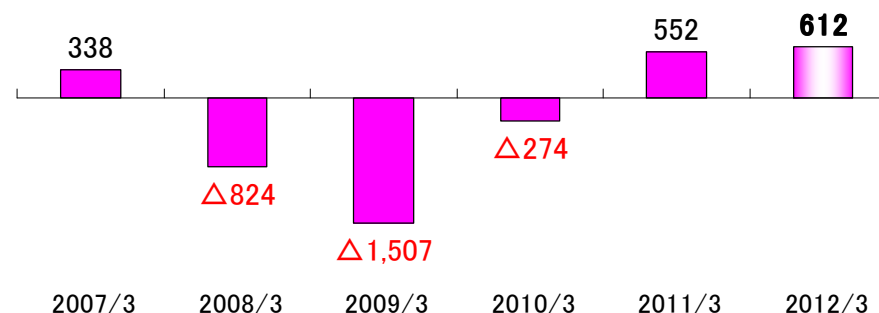
1-5 Transition of Financial Results

(Million Yen)

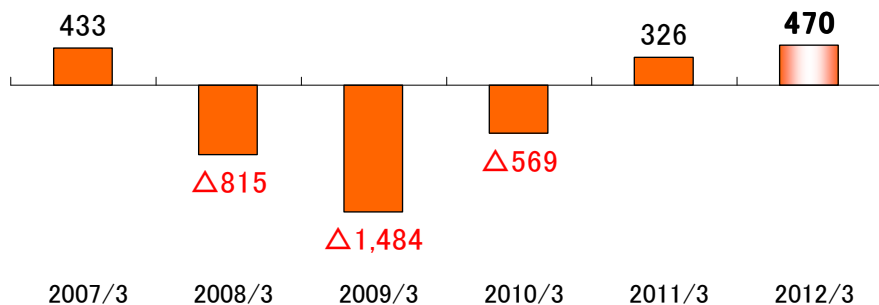
Net Sales



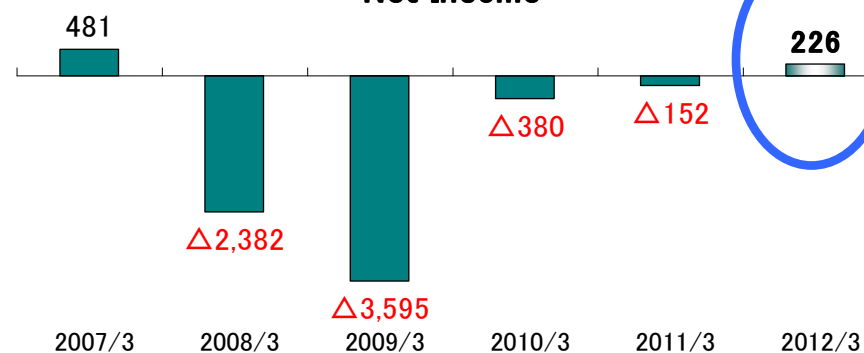
Operating Income



Ordinary Income



Net Income



Surplus

1-6 Reorganization of Business Structure

1) Separation of Motor Business (April 2011)

Fuji Micro Ltd. was changed from consolidated subsidiary to equity method affiliate.

Our ownership declined from 44% to 28%, as Fuji Micro sold its treasury stock to the third-party company. We will sell out the remained stock in the future.

2) Contraction of Hinge Business

Acquired full ownership of Strawberry Corporation and sold its PC related business.

Share exchange was executed last November for the purpose of quick decision making, further reduction of cost, flexible funding to support its operation, and production transfer within group companies, etc. Its PC business was sold this February and further contraction is expected from the mobile phone market.

Step for further focus on core business

1-7 Establishment of 2nd factory in Thailand

Location: Amata Nakorn Industrial Estate in Chonburi Province
(57km from Bangkok and many Japanese Automotive makers around)

Building area: 2,875m² (1st Factory : 3,300m²)

Background: A plan for factory foundation sometime in 2012 to deal with demand for springs in East part of Thailand. Advanced the foundation to Nov.1st, 2011

1st factory in Ayutthaya will re-start operation in July 2012 as the production site for coil spring. Afterwards 2nd factory will focus on the production of flat spring.

Step for further expansion in overseas



(Oct. 2011)

(Reference) Flood Damage of Thai Factory

Submerged Ayutthaya Factory (Photo: Oct. 16, 2011)



Taking out die set evacuated in Double-deck Container (Photo : Oct. 25, 2011)



2. Business Strategies

2-1 Reduction of the Company's Stated Capital and Capital Reserve

Objective: To cover the deficit

It is going to be implemented at the end of July. After covering the deficit by net income (including the dividend from subsidiaries) for the fiscal year ending March 2013, one yen of dividend per share will be expected for the term for the first time in 6 years.

Changes for Net Assets (Non-Consolidated) (Million yen)	Mar. 2012	Reduction				Jul. 2012
	Balance	Capital Stock	Legal Capital Surplus	Other Capital surplus	General Reserve	Balance
① Capital stock	3,451	-2,451				1,000
② Legal capital surplus	862		-612			250
③ Other capital surplus	1,681			-1,681		0
④ Total capital surplus ②+③	2,544		-612	-1,681		250
⑤ General reserve	200				-200	0
⑥ Retained earnings brought forward	(5,303)	2,451	612	1,681	200	(357)
⑦ Total retained earnings ⑤+⑥	(5,103)	2,451	612	1,681	0	(357)
⑧ Treasury stock	(3)					(3)
⑨ Total shareholders' equity ①+④+⑦+⑧	888	0	0	0	0	888
⑩ Other	12					12
⑪ Net assets ⑨+⑩	901	0	0	0	0	901

2-2 Business Strategy (1)

Precision Springs

Mid-term target: Annual sales growth rate of 10%
Operating margins greater than 10% (FY of March 2016)

- Domestic Increase of sales by expanding the area (Finding potential customers)
M&A (Target: Small and medium sized Spring companies)
- Overseas Establish new factories (To correspond main customer's production transfer to overseas)
South China (year 2012), India (year 2014), etc.
- To strengthen group's network
Change the group's structure from individual optimization to total optimization
Unification of management of Headquarter and Asian operations: Appointment of the president of Singapore subsidiary as a board member of Headquarter.

Targeted market: OA equipment, Automobile, Medical service

Strategic products : High-value-added products such as Tangless Coilthread, Insert collar, TAMONT, Damper

(Reference) Asian Operations in Precision Spring Business



2-3 Business Strategy (2)

Plastics

Strengthening overseas business and improving the margin

- Strengthening sales for automobile
 - Domestic sales for OA equipment will be reduced because of production transfer to overseas
- Strengthening cooperation with overseas marketing, expanding global sales
 - Making subsidiary in Malaysia to wholly-owned company (By acquiring the 30% shares held by local company)
 - Expanding earnings in China and Vietnam
- Strengthening development of high value-added products such as high function gear units and ceramic products, etc.

Hinges

Developing new customers

- Comprehensive marketing for group's rotating technologies
- To open up new demand in markets such as automobile, household equipment and medical service

3. Forecast for the Fiscal Year Ended March 31, 2013

3-1 Forecast for the Fiscal Year Ended March 31, 2013

◆ **Net sales will remain almost the same as the previous year**

Consolidated sales will remain almost the same because growth in sales to automobile industry is expected in the precision spring and plastic business while sales should go down for OA equipment and PC related products as well as further contraction in the hinge business for the mobile phone market.

◆ **The loss in Hinge business will be substantially decreased**

Operating income will remain almost the same because the earnings in plastic business will be increased and loss in Hinge business will be decreased while the earnings will be decreased in Precision Spring business. Net income will remain almost the same.

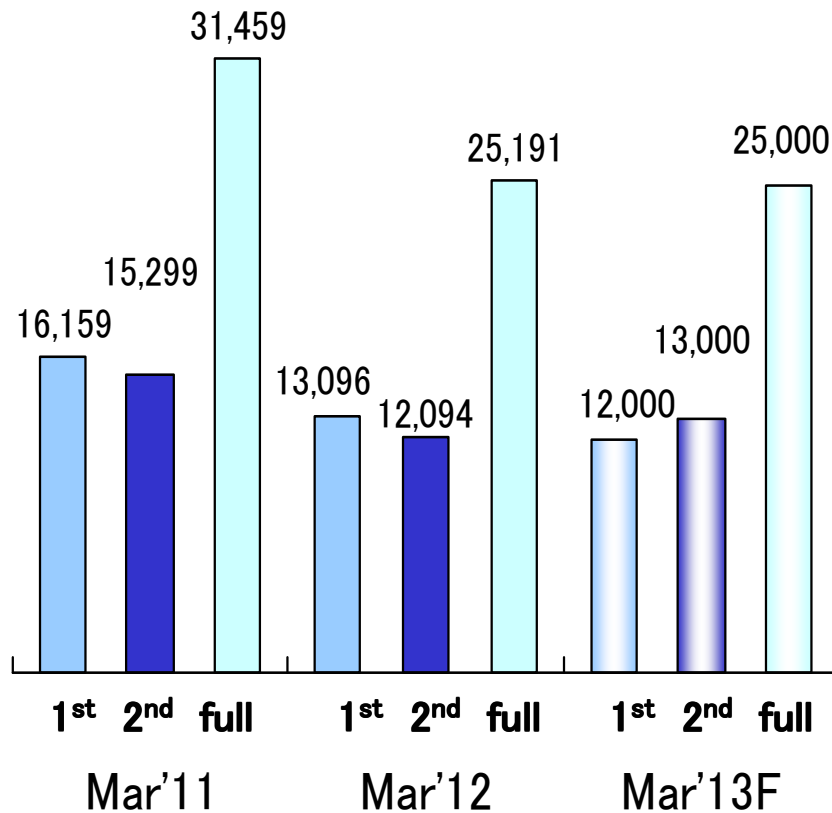
3-2 Forecast for FY Ended March 2013 (Consolidated)

(Million yen)	FY Ended March 2012		FY Ended March 2013		1H to 1H Change (amount)		Y to Y Change (amount)	
	1H	Full Year	1H	Full Year	Amount	%	Amount	%
Net Sales	13,096	25,191	12,000	25,000	-1,096	-8.4%	-191	-0.8%
Operating Income	409	612	200	650	-209	-51.1%	38	6.0%
Operating Income ratio	3.1%	2.4%	1.7%	2.6%	-1.4%	—	0.2%	—
Ordinary Income	190	470	80	350	-110	-58.1%	-120	-25.6%
Net Income	17	226	50	200	33	179.1%	-26	-11.7%

3-3 Transition of Sales and Income (Consolidated)

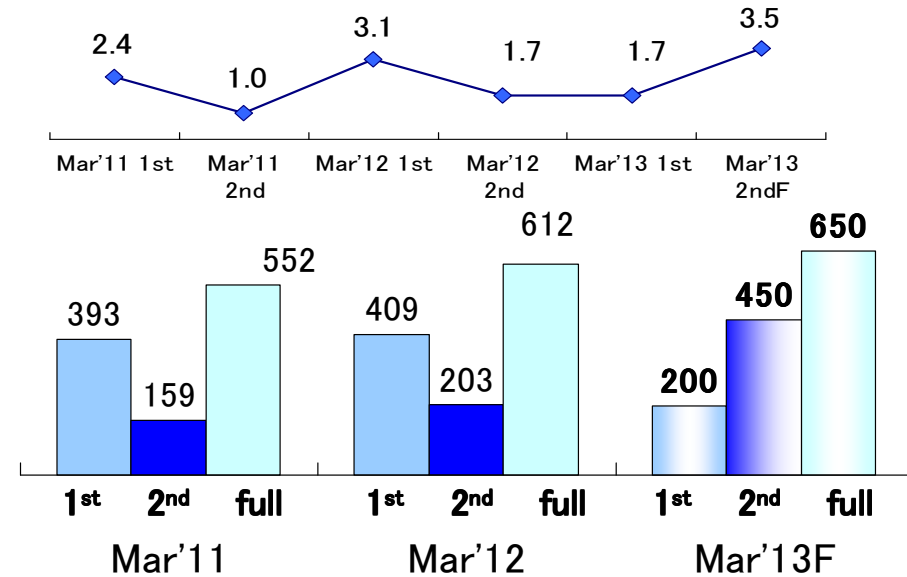
Net Sales

(Million yen)



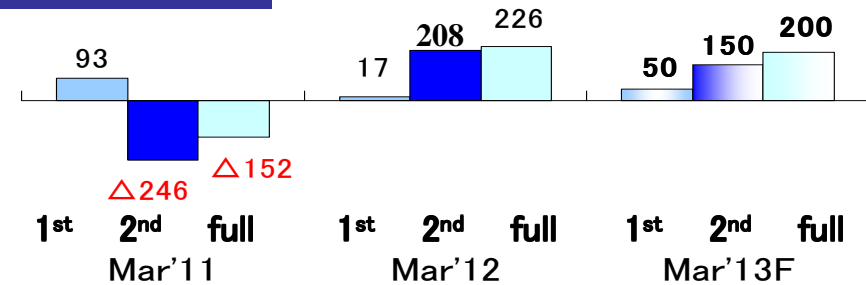
Operating Income • Margin(%)

(%)



Net Income

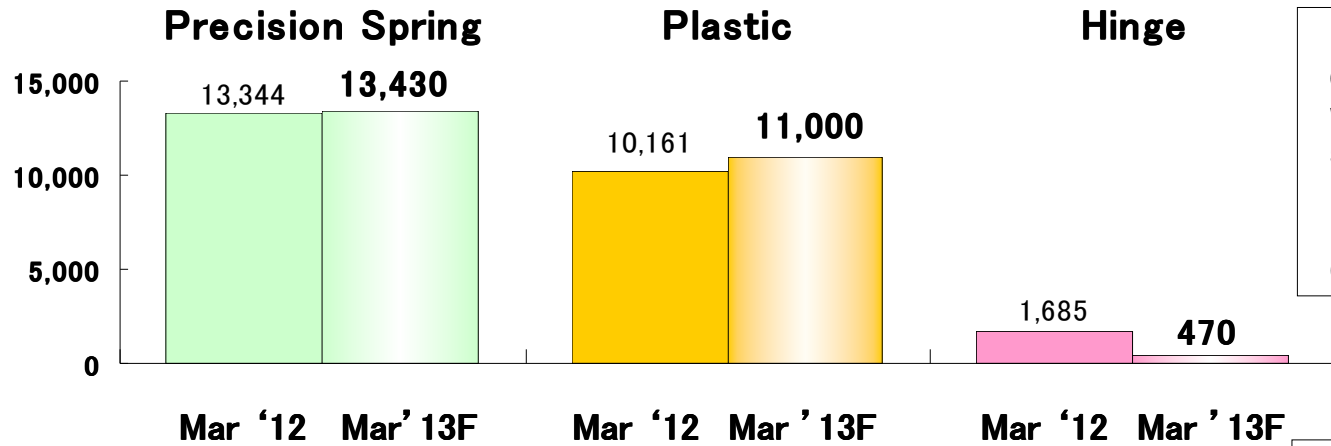
(Million yen)



3-4 Net Sales and Operating Income by Business Segment

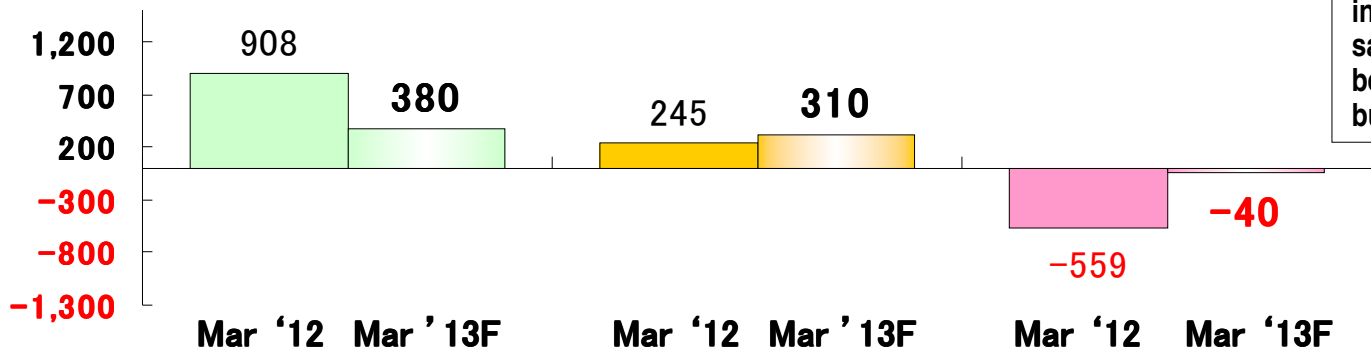
Net Sales

(Unit: Million yen)



In Precision Springs, sales for OA equipment and PC related market will be decreased in spite of the sales growth for automobile. In Plastics, sales for automobile will be increased. Further business contraction proceeded in Hinges.

Operating Income



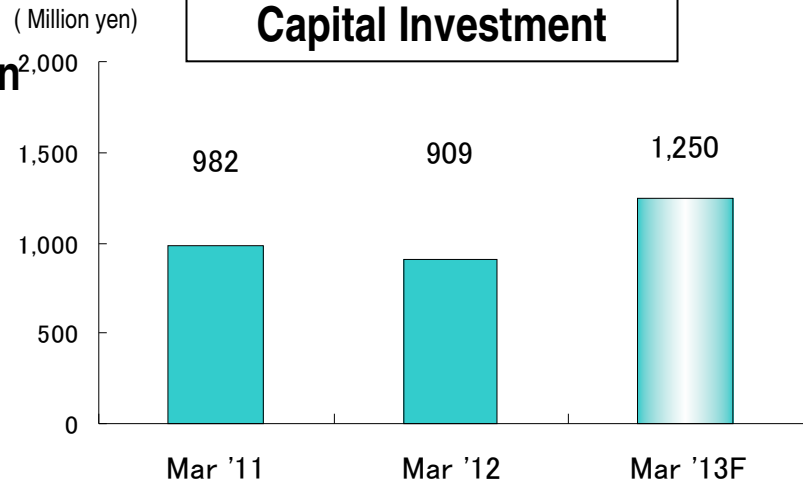
In Precision Springs, the earnings will be decreased due to the decreased sales of highly profitable products in Japan. In Plastics, the income will be increased due to the sales growth. In Hinges, the loss will be decreased substantially by business contraction.

3-5 Capital Investment Plan

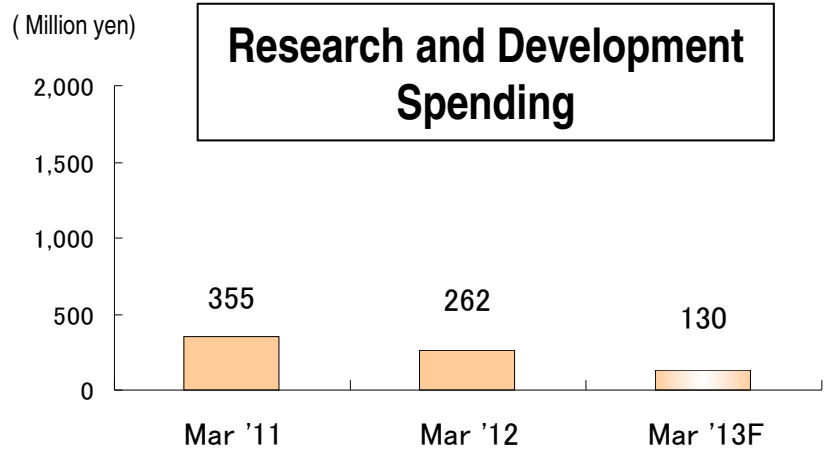
■ Capital investment will be increased due to the recovery cost and purchase of new machines in Thai plant.

Capital Investment : Machine and Facilities, Equipment for trial products, etc.
 Japan:¥400 Million Overseas :¥850 Million
R&D spending: Reduction in development spending on Hinge unit

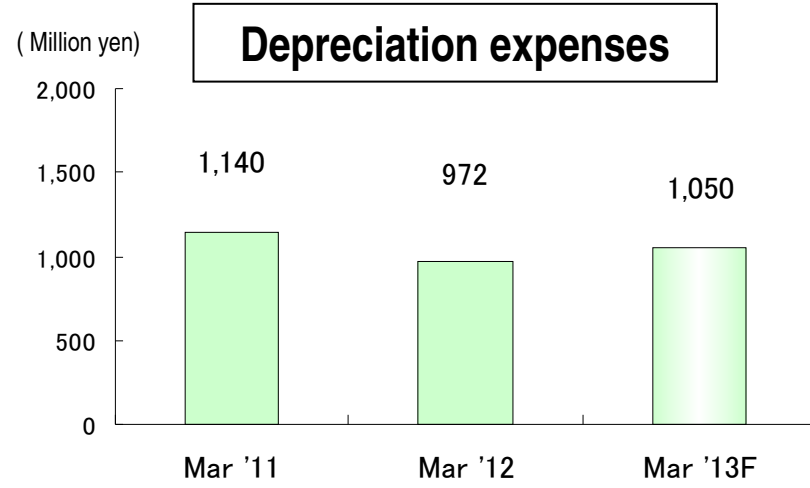
Capital Investment



Research and Development Spending



Depreciation expenses





ADVANCEX

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