



ADVANEX INC. Flash Report (Consolidated Basis)

Results for FY2016 First quarter(three months ended June 30, 2015)

August 7, 2015

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Filing date of quarterly securities report:
Supplementary explanation material for quarterly financial results
Holding of presentation meeting for quarterly financial results

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August 12, 2015
Yes
No

1. Performance (April 1, 2015 through June 30, 2015) (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, 2015	4,893	(29.3)	150	(33.4)	151	(12.2)	94	(14.5)
Three months ended June 30, 2014	6,922	5.7	226	4.8	171	(25.6)	110	(41.9)

[Note] Comprehensive income: Three months ended June 30, 2015 304 million yen
Three months ended June 30, 2014 58 million yen

	Net income per share	Net income per share after dilution
	Yen	Yen
Three months ended June 30, 2015	2.29	2.28
Three months ended June 30, 2014	2.66	2.65

(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, 2015	16,626	7,126	42.7	173.49
As of March 31, 2015	16,554	7,032	42.3	169.29

[Reference] Total shareholder's equity: 7,096million yen at June 30, 2015 7,002 million yen at March 31, 2015

2. Dividends

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
Year ended March 31, 2015	--	--	--	3.00	3.00
Year ended March 31, 2016	--	--	--		
Year ended March 31, 2016 (forecast)		--	--	35.00	35.00

[Note1] Revisions to the latest forecast of cash dividends: No

[Note2] ADVANEX INC. is planning to implement a share consolidation with a ratio of ten shares to one share. Accordingly, the above dividend for FY2016(Forecast) is calculated in consideration of this share consolidation.

3. Forecast of consolidated results for FY2016 (April 1, 2015 through March 31, 2016)

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, 2015	9,500	(33.4)	360	(28.4)	350	(19.4)	210	(34.1)	5.11
Year ended March 31, 2016	19,800	(32.9)	880	(18.6)	860	(13.4)	550	2.8	133.71

[Note1] Revisions to the latest forecasts of consolidated results: No

[Note2] Net income per share of the forecast for the fiscal year ending Mar 31, 2016 is calculated in consideration of share consolidation

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: Yes
 - b. Changes other than a.: No
 - c. Change in accounting estimate: No
 - 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, 2015
 - 41,533,708 shares at March 31, 2015
 - b. Number of shares of treasury stock at end of period
 - 627,307 shares at June 30, 2015
 - 168,166 shares at March 31, 2015
 - c. Average number of shares issued and outstanding in each period:
 - 41,133,874 shares at June 30, 2015
 - 41,456,476 shares at June 30, 2015

[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)

Index

1. Qualitative Information and Financial Statements	
(1) Qualitative Information Regarding Consolidated Business Results.....	4
(2) Qualitative Information Regarding Consolidated Financial Position.....	4
(3) Explanation of Consolidated Business Forecast and other Forecasts.....	5
.	
2. Other summary information	
(1) Change to major subsidiaries during the fiscal period under review.....	5
(2) Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements.....	5
(3) Changes in accounting policy, changes in accounting estimates, or restatement due to correction.....	5
3. Quarterly Consolidated Financial Statements	
(1) Quarterly Consolidated Balance Sheets.....	6, 7
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	8, 9
(3) Notes Concerning Quarterly Consolidated Financial Statements.....	10
(4) Segment Information, etc.....	10,11

1 . Qualitative Information on Financial Results For This Quarter

(1) Explanation of Business Results

During the first quarter (from April 1 to June 30, 2015) of the fiscal year under review, economic recovery in the United States continued while concerns over economic slowdown rose in China due to sluggish real estate market and a sharp drop in stock markets. In addition, although some signs of economic recovery were seen in Europe, there were still uncertainties surrounding Greece's debt crisis. In Japan, the overall economy continued to show signs of recovery with better corporate performances reflecting lowering crude oil price and the weaker yen. In such situation, automotive industry, which is closely related to our business, saw a strong demand in North America, while the production volume in Japan decreased that of the same period of the previous fiscal year.

As a result, the consolidated net sales of Advanex group for the fiscal year under review decreased 29.3% year on year to ¥4,893 million. This change is mainly due to the exclusion of major part of plastic business from the scope of consolidation as the company sold all the shares of Daiichi Kasei Holdings Co., Ltd, on March 31, 2015. For the same reason, Operating income decreased 33.4% year on year to ¥150 million. Ordinary income dropped 12.2% to ¥151 million and Net income attributable to owners of the parent decreased 14.5% year on year to ¥94 million.

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

[Japan]

Mainly due to the exclusion of major part of Plastic business from the scope of consolidation, worsened product mix and increased fixed costs, net sales of this segment decreased 39.3% year on year to ¥1,976 million and segment loss amounted to ¥57 million.

In comparison with the result of precision spring business in the same period of previous fiscal year, the earnings increased thanks to steady sales to automotive market.

[Americas]

In addition to bullish sales to automotive, sales to AV equipment and household appliance markets increased. As a result, net sales increased 26.9% year on year to ¥553 million and segment income increased 11.9% year on year to ¥38 million.

[Europe]

In addition to bullish sales to medical equipment, sales to aviation market also grew. As a result, net sales increased 45.6% year on year to ¥650 million and segment income grew 115.2% year on year to ¥85 million.

[Asia]

Net sales of this segment decreased 38.5% year on year to ¥1,712 million and segment income dropped

37.1% year on year to ¥97 million, mainly resulted from the exclusion of major part of plastic business from the scope of consolidation. In comparison with the precision spring business segment in the same period of the previous fiscal year, the earnings increased reflecting strong automotive sales in China and Thailand, in addition to better sales to OA equipment and mobile phone handset markets.

(2) Explanation of Financial Position

The Status of assets, liabilities, and net assets

Total assets at the end of the first quarter amounted to ¥16,626 million, increasing ¥72 million compared with the end of previous fiscal year (March 31, 2015). Major reasons are as follows.

In assets section, the total amount of current assets decreased ¥85 million to ¥10,219 million. This change is due mainly to a ¥53 million increase in trade notes and accounts receivable, a ¥33 million increase in other current assets and a ¥160 million decrease in cash and time deposits. The total amount of fixed assets increased ¥157 million to ¥6,407 million. This change reflects a ¥93 million increase in tangible fixed assets and a ¥57 million increase in investment and other assets.

On the liabilities side, the total liabilities amounted to ¥95 million, decreasing ¥21 million from the end of previous fiscal year. This change is primarily due to a ¥118 million increase in trade notes and accounts payable reflecting increased purchasing, a ¥118 million increase in allowance for bonus and a ¥248 million decrease in the borrowings.

In the net assets, the total net assets amounted to ¥7,126 million, increasing ¥93 million from the end of previous fiscal year. This change is mainly due to a ¥94 million net income attributable to owners of the parent recorded in the first quarter of fiscal year under review, a ¥182 million increase in foreign exchange adjustment which was affected by the weaker yen, a ¥84 million decrease reflecting the acquisition of own shares and a ¥128 decrease reflecting dividends paid.

(3) Explanation of Consolidated Business Forecast and other Forecasts

Regarding the prospect of the consolidated business forecasts for the fiscal year ending March 31, 2016, the company has no changes from the forecasts released on May 12, 2015.

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. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

(1) QUARTERLY CONSOLIDATED BALANCE SHEETS

(Amount: thousands of yen)

	FY2016 first quarter (As of June 30,2015)	FY2015 (As of March 31,2015)
ASSETS		
Current assets:		
Cash and time deposits	3,324,876	3,485,433
Trade notes and accounts receivable	4,528,394	4,474,470
Finished goods	1,014,734	1,062,636
Work in process	472,800	429,068
Raw materials and stored items	657,653	667,793
Deferred income tax	6,944	3,618
Other current assets	227,719	194,548
Allowance for doubtful accounts	(13,628)	(12,751)
Total current assets	10,219,495	10,304,818
Noncurrent assets:		
Tangible noncurrent assets		
Buildings and structures	1,098,231	1,105,555
Machinery and equipment	2,151,688	2,104,815
Land	1,040,891	1,015,779
Others	951,287	922,225
Total tangible noncurrent assets	5,242,099	5,148,376
Intangible noncurrent assets	244,864	238,265
Investments and other assets	920,505	863,299
Total noncurrent assets	6,407,469	6,249,941
Total assets	16,626,964	16,554,760

(Amount: thousands of yen)

	FY2016 first quarter (As of June 30,2015)	FY2015 (As of March 31,2015)
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	2,633,193	2,514,598
Short-term borrowings	632,955	641,629
Long-term borrowings due within one year	1,058,456	1,041,421
Accrued income taxes	144,633	135,626
Allowance for bonus	261,508	143,069
Provision for loss on disaster	113,400	105,000
Other current liabilities	1,052,623	1,038,467
Total current liabilities	5,896,772	5,619,813
Noncurrent liabilities		
Long-term borrowings	1,998,834	2,255,918
Deferred tax liabilities	195,744	158,395
Provision for environmental measures	3,000	3,000
Liabilities for retirement benefits	1,198,376	1,255,778
Asset retirement obligations	39,199	39,145
Other noncurrent liabilities	168,429	189,953
Total noncurrent liabilities	3,603,585	3,902,191
Total liabilities	9,500,357	9,522,004
NET ASSETS		
Shareholder's equity		
Common stock	1,000,000	1,000,000
Capital surplus	256,717	256,811
Retained earnings	5,209,185	5,241,616
Treasury stock	(109,002)	(24,941)
Total shareholder' equity	6,356,900	6,473,486
Accumulated other comprehensive income		
Valuation gain (loss) on other securities	135,605	125,814
Foreign exchange adjustment	752,571	570,371
cumulative amount for retirement benefits	(148,152)	(166,805)
Total accumulated other comprehensive income	740,024	529,389
Subscription rights to shares	29,682	29,879
Total net assets	7,126,607	7,032,755
Total liabilities and net assets	16,626,964	16,554,760

(2) QUARTERLY CONSOLIDATED STATEMENTS OF INCOME

(Amount: thousands of yen)

	FY2016 first quarter (April 1, 2015 through June 30, 2015)	FY2015 first quarter (April 1, 2014 through June 30, 2014)
NET sales	4,893,097	6,922,547
Cost of sales	3,608,203	5,355,346
Gross profit	1,284,894	1,567,200
Selling, general and administrative expenses	1,134,300	1,341,007
Operating income	150,593	226,192
Non-operating revenues		
Interest income	2,692	4,545
Dividends income	1,794	1,335
Rent income	21,843	31,007
Others	3,791	15,548
Total non-operating revenues	30,122	52,437
Non-operating expenses		
Interest expenses	12,722	37,725
Equity in losses of affiliates	—	26,877
Foreign exchange losses	9,556	24,524
Provision of allowance for doubtful accounts	7,386	17,521
Others	29,665	106,648
Total non-operating expenses	151,051	171,981
Ordinary income(loss)		
Extraordinary gain	—	448
Gain on sales of noncurrent assets	—	19
Others	—	467
Total extraordinary gain		
Extraordinary loss	375	1,339
Loss on sales of noncurrent assets	167	5
Loss on disposal of noncurrent assets	8	0
Total extraordinary loss	551	1,345
Net Income (or loss) before income taxes	150,499	171,102
Corporate, inhabitant and enterprise taxes	52,344	66,216
Corporate tax adjustments	3,888	(5,373)
Total income taxes	56,232	60,842
Net income(loss)	94,267	110,260
Net income (loss) Attributable to Owners of the Parent	94,267	110,260

QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amount: thousands of yen)

	FY2016 first quarter (April 1, 2015 through June 30, 2015)	FY2015 first quarter (April 1, 2014 through June 30, 2014)
Income (or loss) before minority interests	94,267	110,260
Other comprehensive income		
Valuation gain(loss) on other securities	9,790	5,458
Foreign currency translation adjustment	182,190	(71,787)
Consolidated equity for equity method affiliate	18,653	16,560
Accumulated other comprehensive income		(1,884)
Quarterly comprehensive income	210,634	(51,652)
Comprehensive income	304,902	58,607
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	304,902	58,607

(3) Notes Concerning Quarterly Consolidated Financial Statements
 (Notes on Going Concern Assumptions)
 Not applicable

(Notes Concerning Significant Changes in the Amount of Shareholders' Equity)
 Not applicable

(4) Segment Information etc.
 【Segment Information】

I FY2016 first quarter (April 1, 2015 through June 30, 2015)

1, Information related to sales and income or loss amounts by reporting segments (Amount: thousands of yen)

	Japan	Americas	Europe	Asia	Total
Net sales					
(1) Net sales to third parties	1,976,368	553,329	650,670	1,712,730	4,893,097
(2) Intra-group Net sales and transfers	133,520	—	8,789	34,847	177,157
Total sales	2,109,888	553,329	659,460	1,747,577	5,070,255
Operating income (loss)	(57,726)	38,020	85,293	97,343	162,929

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	162,929
Elimination of inter-segment transactions	(12,336)
Consolidated Quarterly Operating Income	150,593

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

4, Changes in Reporting Segments

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

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

II FY2015 first quarter (April 1, 2014 through June 30, 2014)

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

(Amount: thousands of yen)

	Japan	Americas	Europe	Asia	Total
Net sales					
(1) Net sales to third parties	3,254,210	435,947	446,912	2,785,477	6,922,547
(2) Intra-group Net sales and transfers	240,463	—	10,034	176,178	426,675
Total sales	3,494,673	435,947	456,946	2,961,655	7,349,223
Operating income (loss)	(13,110)	33,962	39,628	154,815	215,296

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	215,296
Elimination of inter-segment transactions	10,896
Consolidated Quarterly Operating Income	226,192

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

Not applicable