

Current Statement of Management



19th June, 2014



This datum is based on the data as of March 31, 2014. The opinion and forecast described here is based on our judgment at that time and may possibly be changed without notice.

Main Subject

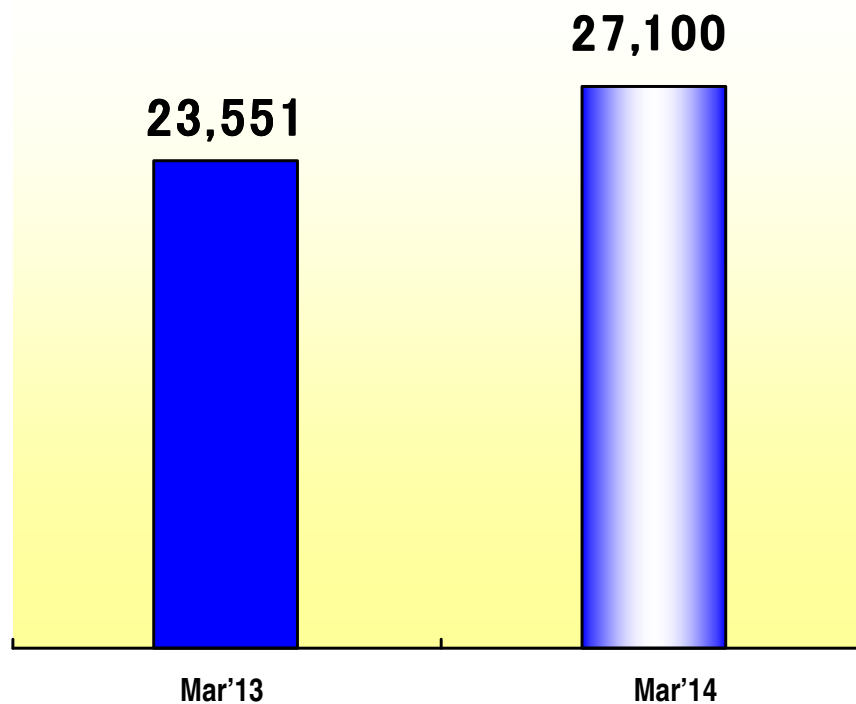
1. Highlight for the Fiscal Year Ended March 31, 2014
2. Results and Challenges
3. Forecast for the Fiscal Year Ended March 31, 2015
4. Medium Term Business Plan

1. Highlight for the Fiscal Year Ended March 31, 2014

1-1 Trend of Sales and Income (Consolidated)

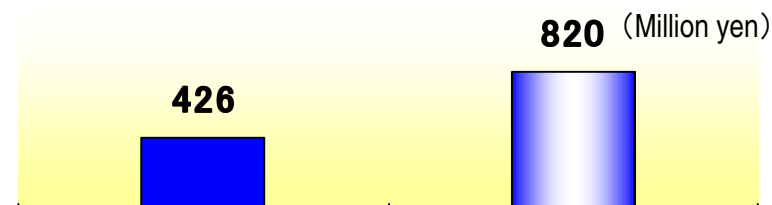
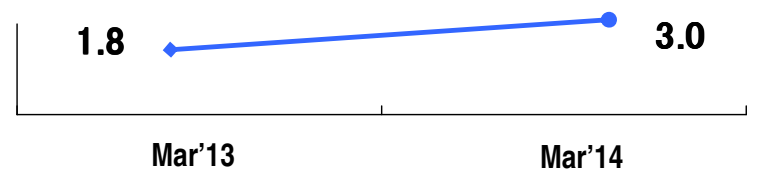
Net Sales

(Million yen)

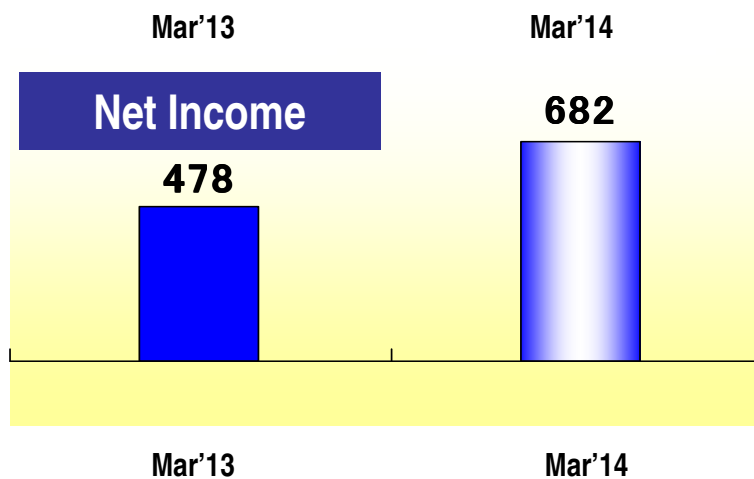


Operating Income - Margin(%)

(%)

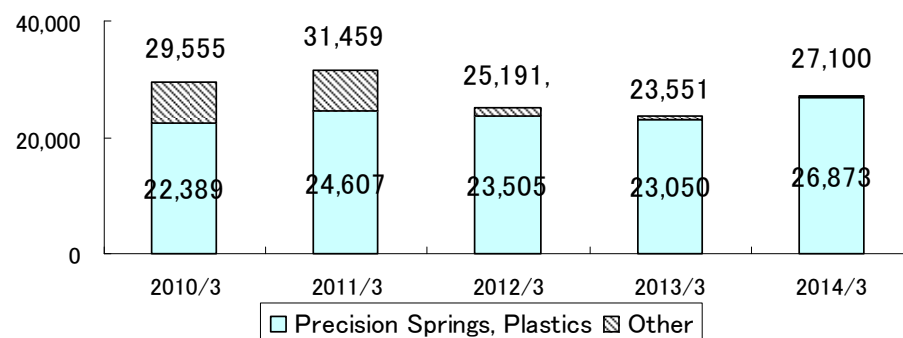


Net Income

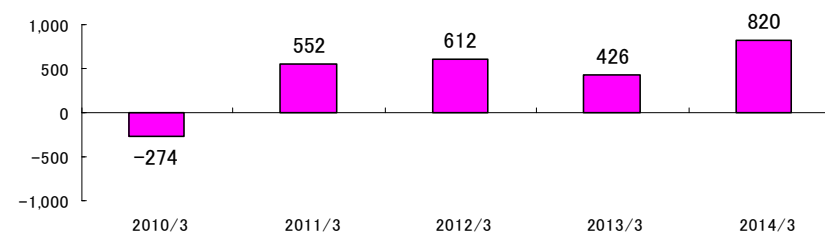


1-2 Transition of Financial Results (Consolidated)

Net Sales

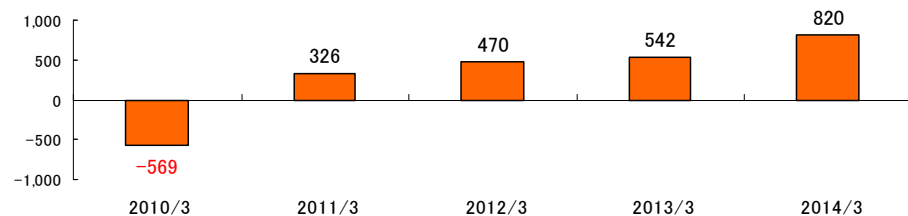


Operating Income (Million Yen)

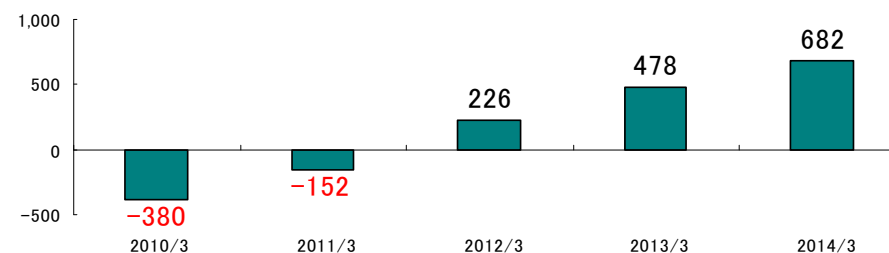


Notes) Others are Motors and Hinges

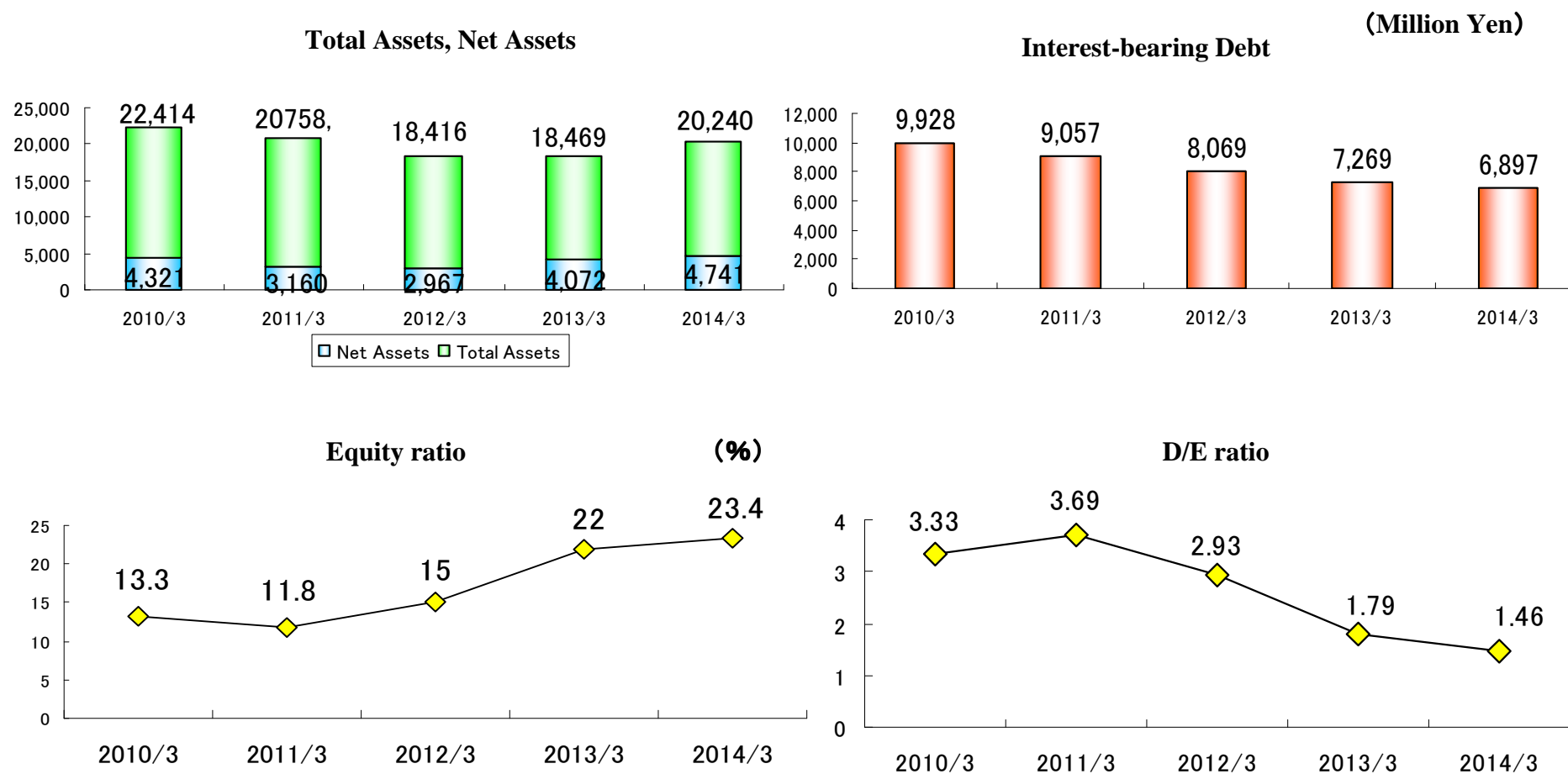
Ordinary Income



Net Income



1-3 Transition of Asset Performance

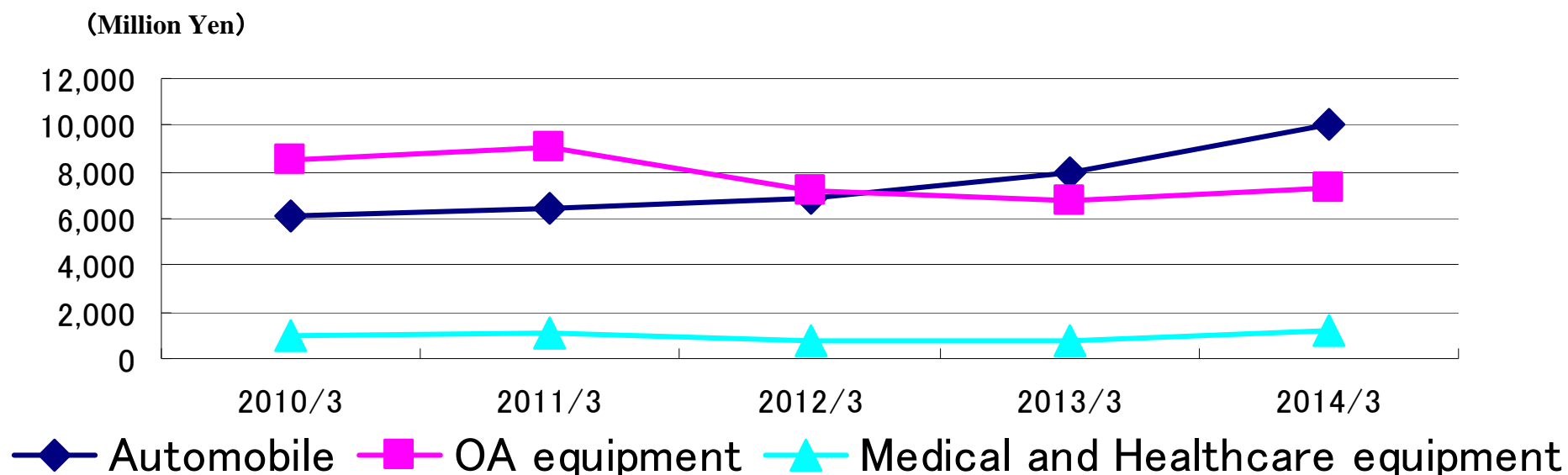


※Equity ratio = Shareholder's equity / Total Assets

※D/E ratio = Interest-bearing Debt / Shareholder's equity

1-4 Transition of Net Sales of Priority Market (Consolidated)

Sales for automotive market is increased. Sales for OA has also recovered.



1-5 Transition for Share Price (5 Years)



2. Results and Challenges

2-1 Results for the 1st year after inauguration of President

- **Recovery of financial result and increase of dividend**

Raise of planned dividend of 1.5 yen to 2 yen per share

- **Surplus recorded in domestic Precision Springs**

Expansion of introduction of automated machine and enhancement of cost reduction

- **Development of new customers**

Started business with 33 new customers by strengthening of sales activity by area

- **Enhancement of standard products business**

Started sales through “Rakuten ” internet market

- **Execution of M&A**

Acquisition of Funabashi Electronics Co., Ltd. (April 2014)

- **Establishment of sales office in Ho Chi Minh, Vietnam (December 2013)**

2-2 Acquisition of Funabashi Electronics Co., Ltd. ①

Acquired the company, which has superior engineering for precision deep drawing in metal press process field on Apr. 1st. By acquiring this engineering domain, which we did not have, we have covered all the metal processing field, aiming at increase of order received.

Location : Headquarters factory-Funabashi, Chiba, Japan
Naruse factory-Higashi Matsushima, Miyagi, Japan
Capital : 20 million yen
Established : 1989
Number of employees: 36
Net sales : about 430 million yen (Fiscal year ended September 2013)



Headquarters
& Factory



Naruse Factory

2-2 Acquisition of Funabashi Electronics Co., Ltd. ②

Drawing is a metalworking process which uses tensile forces to stretch a metal sheet to cylindrical shape. This company has the advanced engineering for deep drawing, where thin metal sheet is deeply drawn to long pipe shape. On the other hand, they have a disadvantage in marketing recently. By supplementing this disadvantage with our sales force and procurement power, we are planning to achieve the sales of 500 million yen and make it profitable within this fiscal year. We will expand this engineering to our overseas operations in future.



**Checker pin for Printed
Circuit Board**



**Friction Spring (for Cell Phone
Antenna)**



Audio Component



**One Segment Antenna for
Smart Phone**



Connector

2-3 Opened Online Shop in Rakuten Ichiba

In April 2014, our online shop in Rakuten Ichiba opened aiming at acquiring customers who need small quantity of our standard products. Also we aim at acquiring potential customers who need large quantity or customized products by having our company known to the wide range of markets through this online shop.

We sell standard products of small quantity in a pack. As a beginning, we started selling 18 size of TAMONT and 3 kinds of Oilless Dumper. We will increase the kinds of products to sell at our online shop.



TAMONT



Oilless Dumper



(Reference) Sales of Tangless Trial Kit

We will start to sell Tangless Insert Trial Kit this month at our online shop in Rakuten. This Kit includes Tangless Insert, installation tool, drill and tap. This Kit is especially for starters to use Tangless.

Tangless Insert (15 pcs),
Installation Tool, Drill and Tap
are set.
Not only Kit in Rakuten, we will
also sell this through trading
companies and volume seller.
This Kit is available for 3
Tangless size (M4, M5 and M6)

Note) Tangless Insert is
reinforcement parts for thread screw
hole. It is mainly used in airplane or
car. We have started selling
Tangless Insert as our standard
products since last year.



2-4 Opening of Ho Chi Minh Office

We established a sales office in Ho Chi Minh in Vietnam last December aiming at expanding our services to the current customers and developing new customers in automotive market.

A Japanese representative and local staffs work at the office. We are also considering about establishment of new factory in the area.

The sales office and factory of Advanex (Vietnam) Ltd. is located in the suburbs of Hanoi and it produces and sells precision spring for Japanese OA maker and automobile components maker.

<FY 2014>

Net Sales: JPY 510 million

Year on Year: +39%



Hanoi Factory



Ho Chi Minh Office

2-5 Challenge for the 2nd Year

- **Enhancement on Precision Springs Business in Asia**

Establishment of Global Business Unit with China Business Promotion Office and Southeast Asian Business Promotion Office (April 2014)

- **A turn to profitability in Changzhou factory in China**

Started its operation in July 2013

- **Reconsideration of factory establishment plan in overseas**

Southeast Asia, Mexico, etc.

- **New establishment of domestic factory for automotive products**

Completion within this fiscal year is highly required. The proposed site is North Kanto region.

- **Continuation of M&A**

Expansion of business domain in metal processing field



Changzhou Factory

3. Forecast for the Fiscal Year Ended March 31, 2015

3-1 Forecast for the Fiscal Year Ended March 31, 2015

Sales increase in the 2nd half of the fiscal year

Sales in Precision Springs and Plastics for the 1st half of the fiscal year will be influenced by the reaction to last-minute demand ahead of the increase of consumption tax from April 2014. Sales to automotive market will mainly increase in the 2nd half of the fiscal year.

Operating income to be recovered to ¥1 billion

Operating income will increase 21.9% year on year due to cost reduction. Net income is forecasted to increase 11.4%. These forecasts assume an exchange rate of ¥100 to the US dollar. (Change of ¥1 to the dollar will bring about ¥ 17 million of exchange gain or loss.)

Dividend to be forecasted ¥2 per share as same as the previous fiscal year

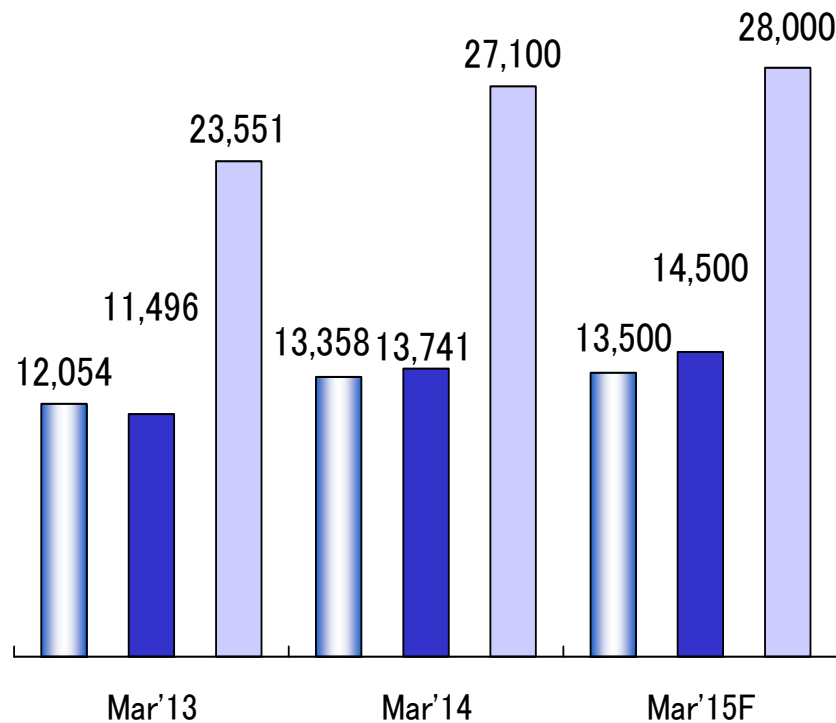
3-2 Forecast for FY Ended March 2015 (Consolidated)

(Million yen)	FY Ended March 2014		FY Ended March 2015		1H to 1H Change (amount)		Y to Y Change (amount)	
	1H	Full Year	1H	Full Year	Amount	%	Amount	%
Net Sales	13,358	27,100	13,500	28,000	142	1.1%	900	3.3%
Operating Income	338	820	300	1,000	-38	-11.5%	180	21.9%
Operating Income ratio	2.5%	3.0%	2.2%	3.6%	-0.3%	-	0.6%	-
Ordinary Income	294	820	250	980	-44	-15.2%	160	19.4%
Net Income	266	682	150	760	-116	-43.8%	78	11.4%

3-3 Transition of Sales and Income (Consolidated)

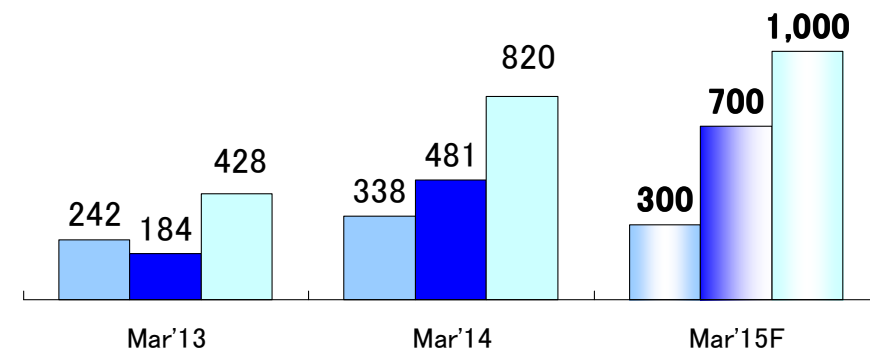
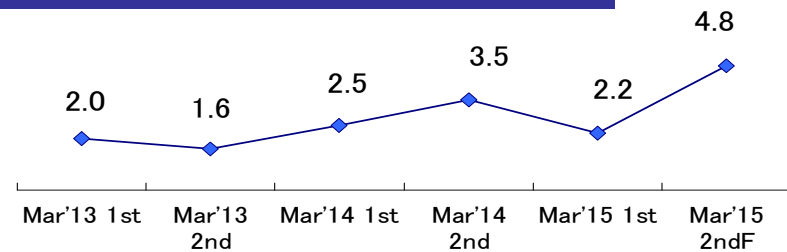
Net Sales

(Million yen)

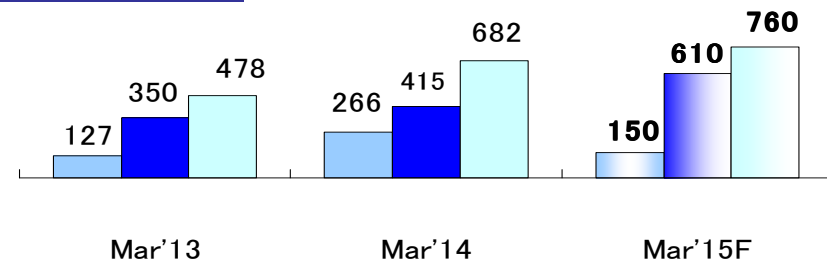


Operating Income • Margin(%)

(%)



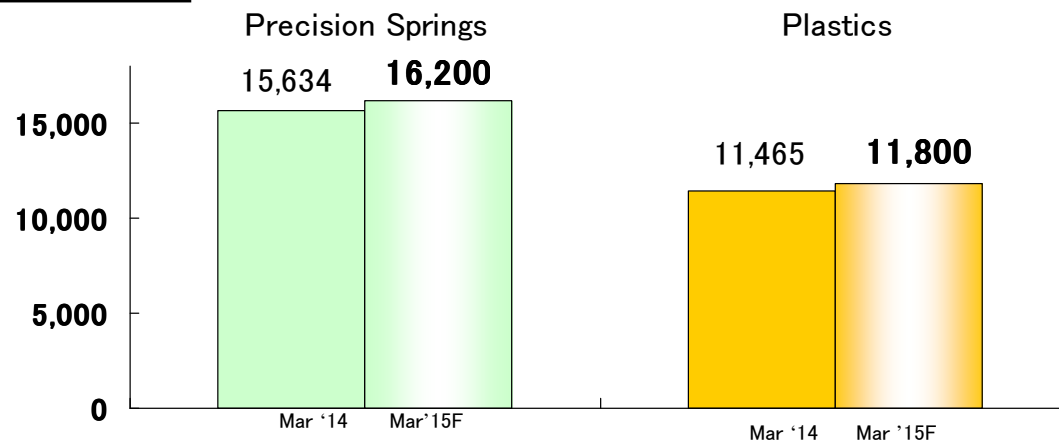
Net Income



3-4 Forecast for Net Sales and Operating Income by Business Segment

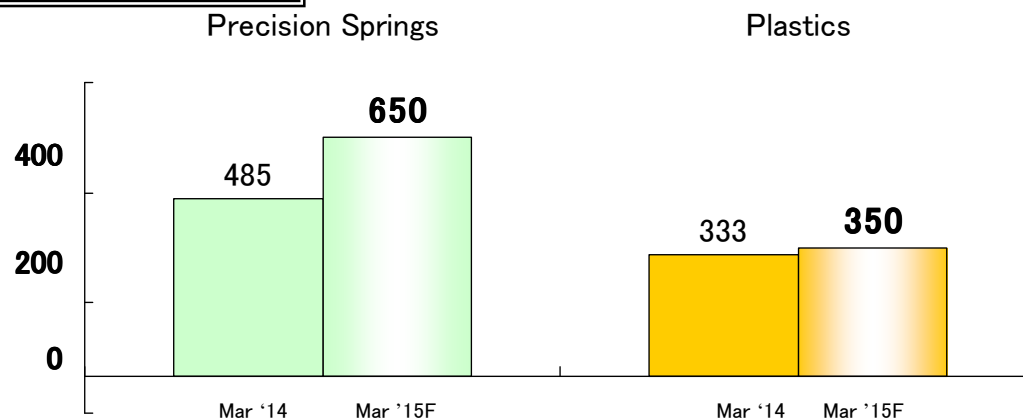
Net Sales

(Million yen)



Business segment will be changed from this fiscal year. Figures for Hinges of the previous fiscal year is included in figures for Precision Springs.

Operating Income



Precision Springs

- Domestic sales for automotive markets will be increased.
- Loss in Hinges will be almost set off in this fiscal year because its downsizing was completed in the previous fiscal year. Also income will be incurred by making Funabashi Denshi our wholly owned subsidiary.

< Sales +3.6%, Operating Income +34.0% >

Plastics

- Domestic sales is leveling off. Increased sales and operating income will be expected in overseas operations.

< Sales +2.9%, Operating Income +5.1% >

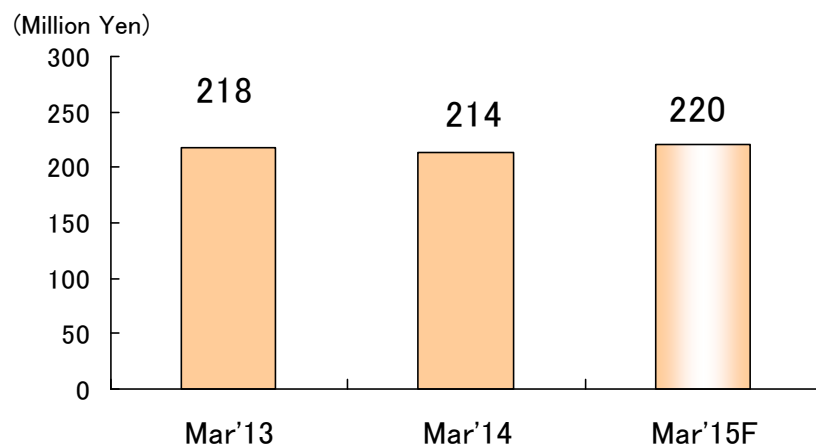
3-5 Capital Investment Plan for FY2015

■ **Capital Investment will increase 44% year on year**

For machine and equipment for exclusive factory for automobile products in Japan (Not including land and building)

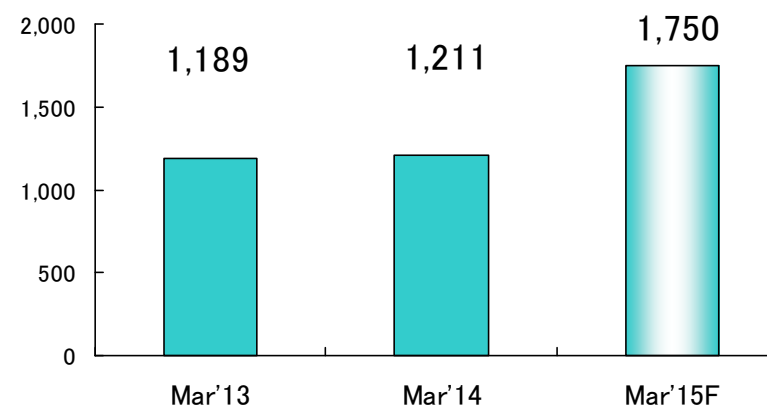
In Japan: JPY750 million Overseas: JPY 1,000 million

Research and Development Spending

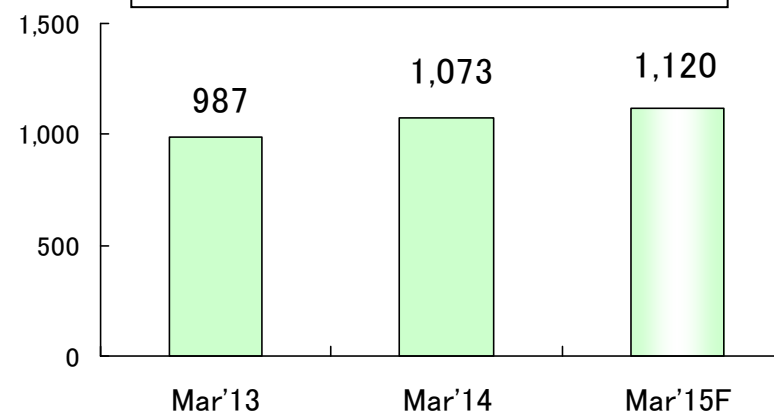


Capital Investment

(Million Yen)



Depreciation Expenses



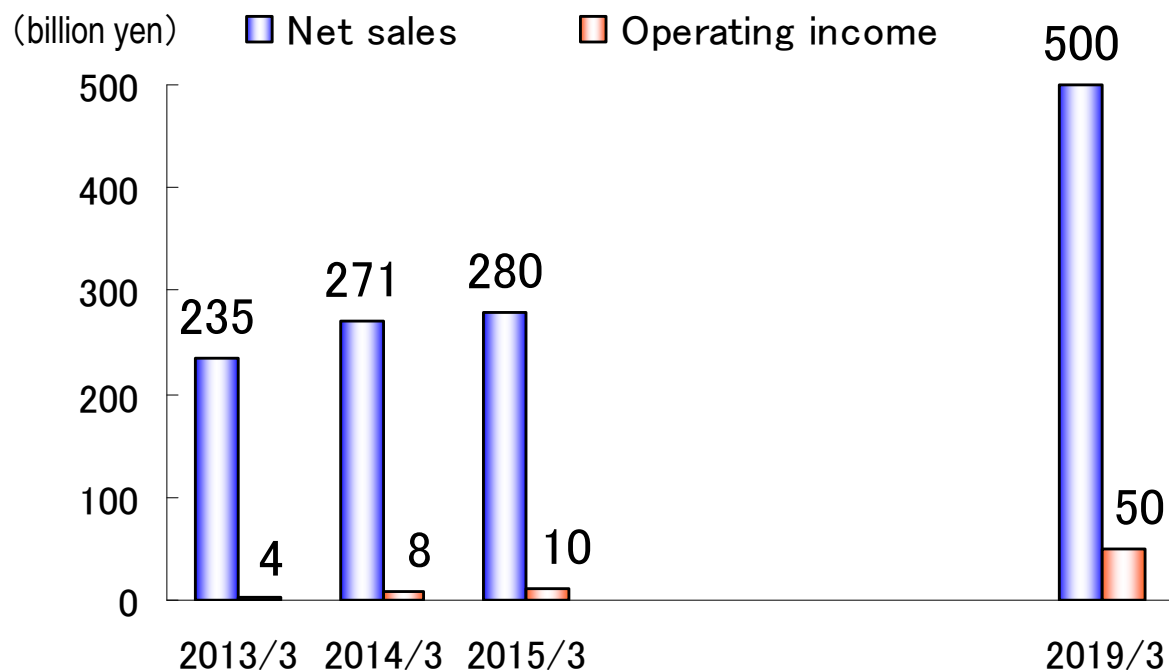
4. Medium Term Business Plan

4-1 Medium Term Business Target

Medium Term Target: FY ended March 2019

Consolidated Net sales: ¥ 50 billion

Operating income: ¥ 5 billion



4-2 Medium Term Key Business Plan (1)

Precision Springs

(1) Promotion of Global Business Development

Asia: Reinforcement of Vietnam factory (Expansion of Hanoi factory, new establishment of Ho Chi Minh factory)

To build a new factory in Southeast Asia, establish sales office in India

Europe: New entries to Central Europe and Eastern Europe

US: Business development all over the US (Enhancement of online sales), Establishment of the 2nd factory in Mexico to further grow business in the Central and South America.

(2) Expansion of business for automotive market

- New establishment of a factory exclusively focused on the automotive industry (in North Kanto region)
- Main product is fastening product for automobile (Insert collar)
- Expansion of business with Japanese and German customers



Insert Collar

(3) Expansion of standard products business

- Aiming at increasing order received for customized products from the newly acquired customer in standard product business
- Direct sales through web site, sales through trading company, exports, etc. (Sales target: 10% of net sales)

(4) Expansion of business domain by M&A

- Medical, housing related and FA field (Assembly machine, etc)

4-3 Medium Term Key Business Plan (2)

Plastics

(1) Enhancement of profit base in overseas

- Expansion of global sales for Japanese leading customers

To increase the order received for globally expanded business in customers

Malaysia (AV home electric manufacturer)

Vietnam (Automotive components manufacturer)

China (Automotive components, OA equipment manufacturer)

(2) Enhancement of product development for value-added products

- Focus Narrowing the target market and customer

Focus on leading customers in automotive, OA equipment, housing related market

- Enhancement of product development for high value-added products

High-performance gear unit for automobile (Sensor)

New braking system for automobile

High-functioning toilet seat unit

Ceramic connector for optical communication



Ceramic connector



ADVANCEX

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