

# Results for the First Half of Fiscal Year Ended March 31, 2010



November 26, 2009



This datum is based on the data as of September 30, 2009. The opinion and forecast described here is based on our judgment at that time and may possibly be changed without notice.

# Subject

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1. Operating results for the First Half of Fiscal Year Ended March 31, 2010
2. Forecast for the Year Ended March 31, 2010
3. Restructuring and Strengthening our Businesses

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1. Operating results for the First Half of Fiscal Year  
Ended March 31, 2010

## 1-1 Highlight

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- ◆ Drop of sales and income from 1<sup>st</sup> half of last fiscal year, but better results than the forecast

In every business segment, 2<sup>nd</sup> quarter showed a gain in sales and income from 1<sup>st</sup> quarter. Operating income increased to 182 million yen in 2<sup>nd</sup> quarter, the improvement of 732 million yen due to the reduction of fixed cost.

- ◆ Improvement in Precision spring owing to the recovery in domestic business

Domestic business led the recovery with the effect of reduction of fixed cost such as labor costs accompanied by streamlining measures.

- ◆ Precision component parts business worsened due to the drop of hinge units sales

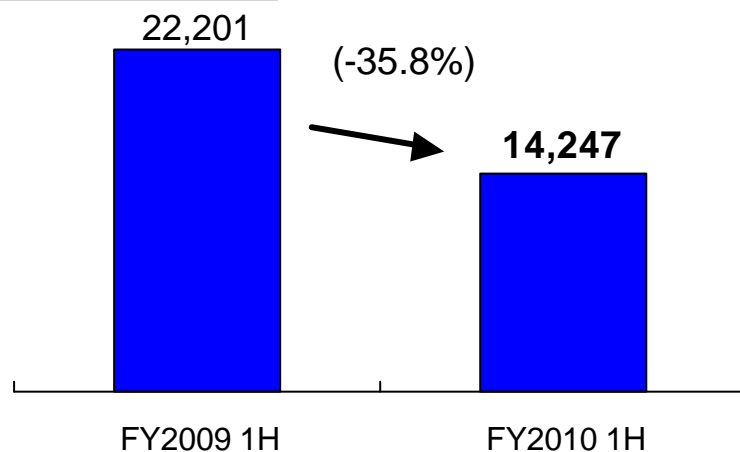
In hinge units for mobile phone, sales plunged due to weaker domestic demand and a sharp decline of sales of high performance hinge units in Europe and U.S.A. Operating income plummeted sharply by 457 million yen.

## 1-2 Summary of Consolidated Financial Results for the 1st Half of Fiscal Year Ended March 2010

(Million yen )	FY Ended March 2009		FY Ended March 2010	Y to Y Change (amount)	Original Forecast for First Half	Vs. Forecast (amount)
	First Half	Full Year	First Half			
Net Sales	22,201	37,488	14,247	-7,953	13,500	747
Gross Profit	4,781	6,876	2,867	-1,914	-	-
Operating Income	179	-1,507	-368	-547	-540	172
Operating Income ratio	0.8%	-4.0%	-2.6%	-3.4%	-4.0%	1.4%
Ordinary Income	277	-1,484	-580	-857	-610	30
Net Income	-32	-3,595	-548	-515	-600	52

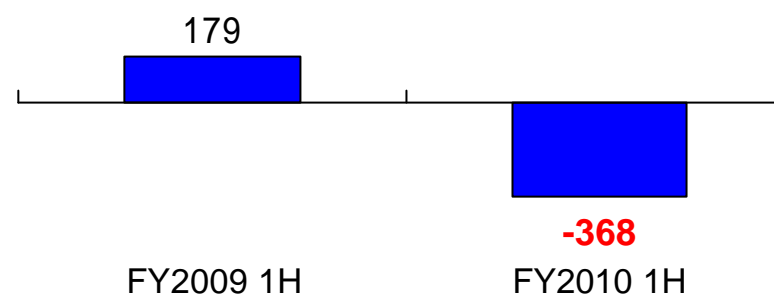
## 1-3 Trend of Sales and Income (Consolidated)

Net Sales

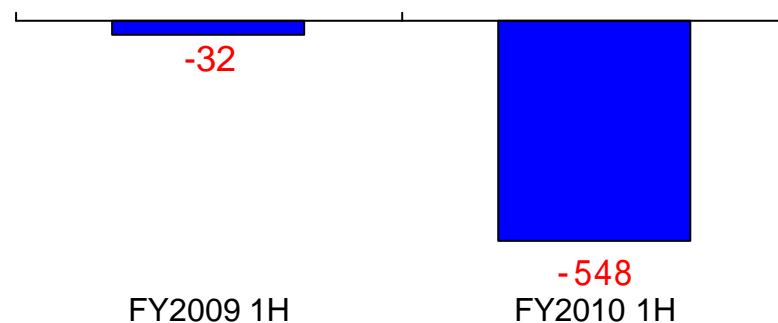


Operating Income

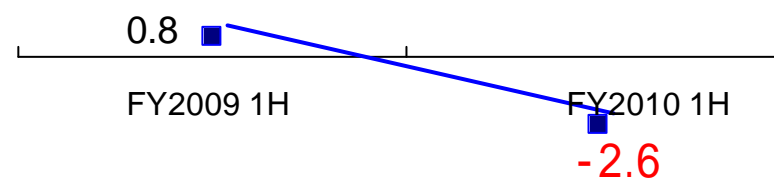
(Million yen)



Net Income

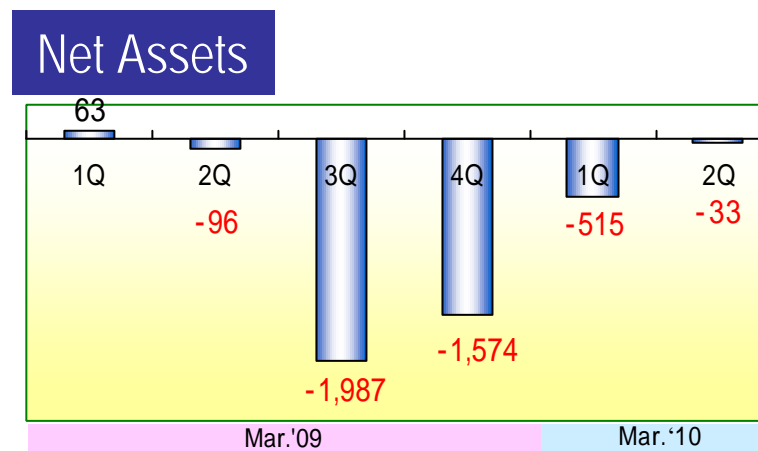
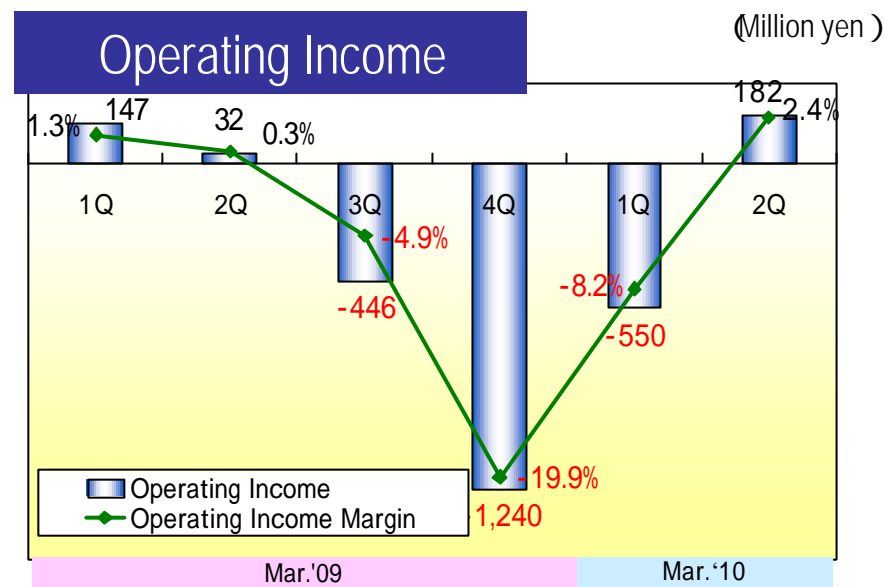
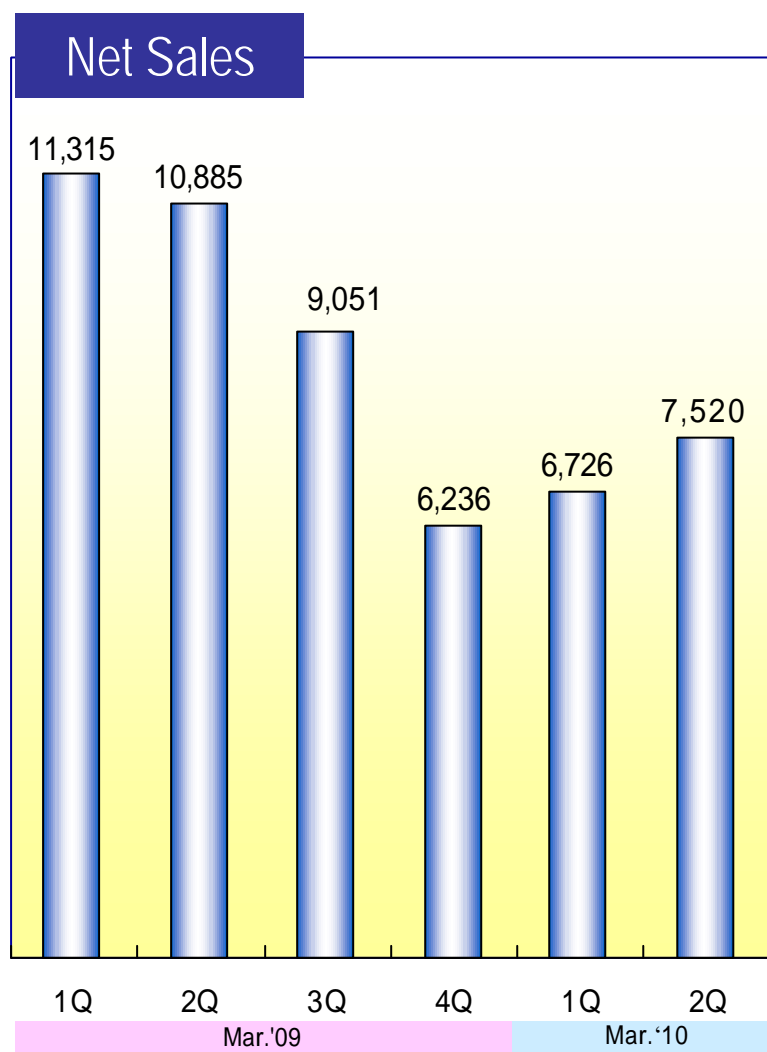


Operating income margin %



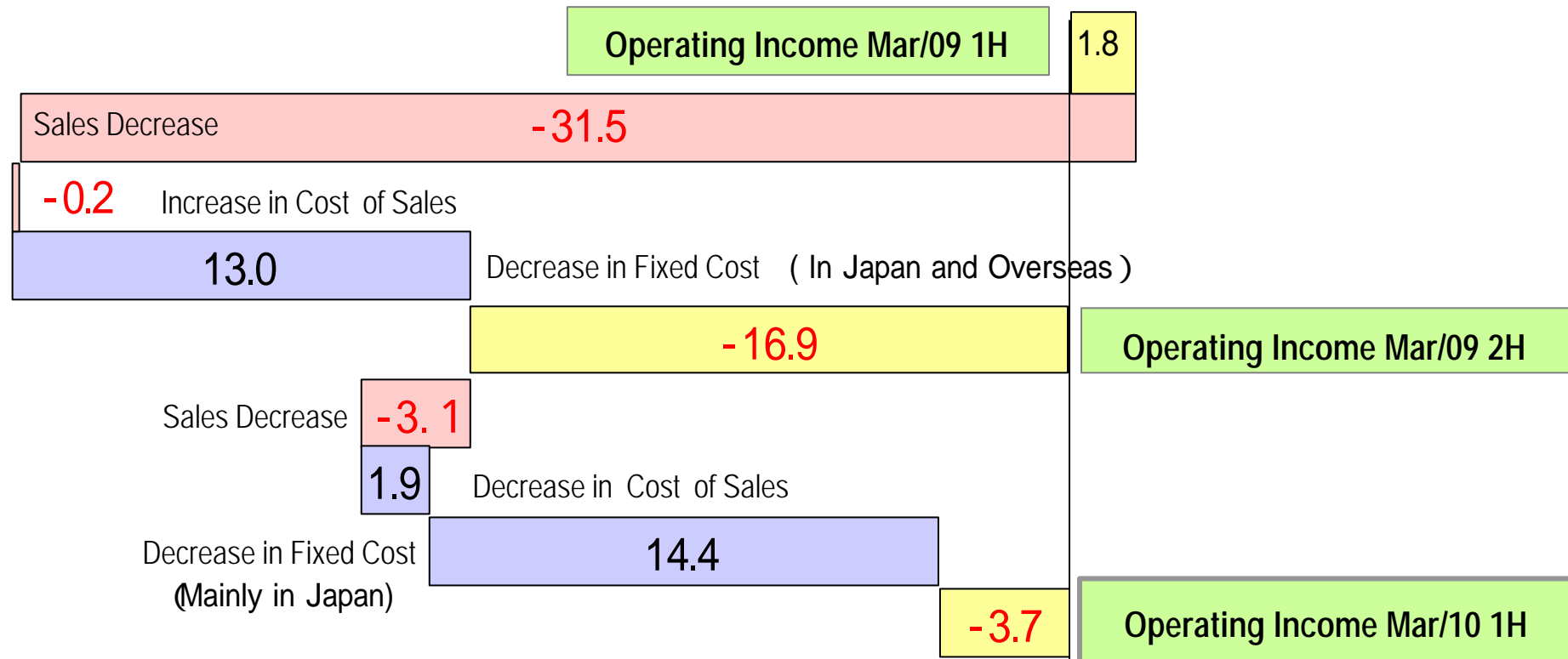
*To provide "Eureka!"*

## 1-4 Quarterly Transition of Sales and Income (Consolidated)



## 1-5 Analysis of Increase and Decrease of Operating Income

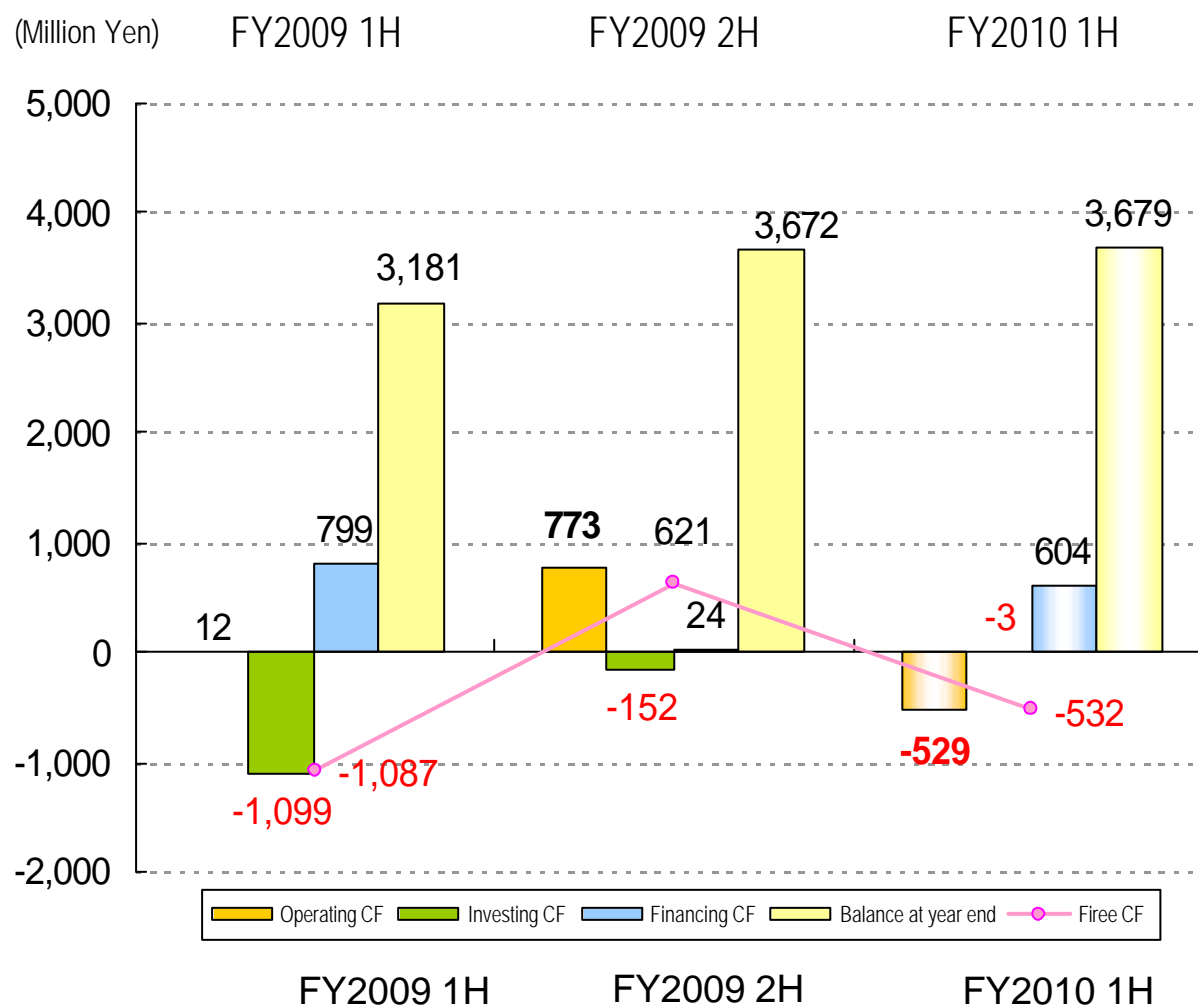
(hundred million yen)



*To provide "Eureka!"*



# 1-6 Consolidated Cash Flows



<Status of CF for First Half of FY2010>

## Operating CF

Decreased ¥529 million due to the decrease in retirement allowance for employees and payment of extra retirement benefits, etc.

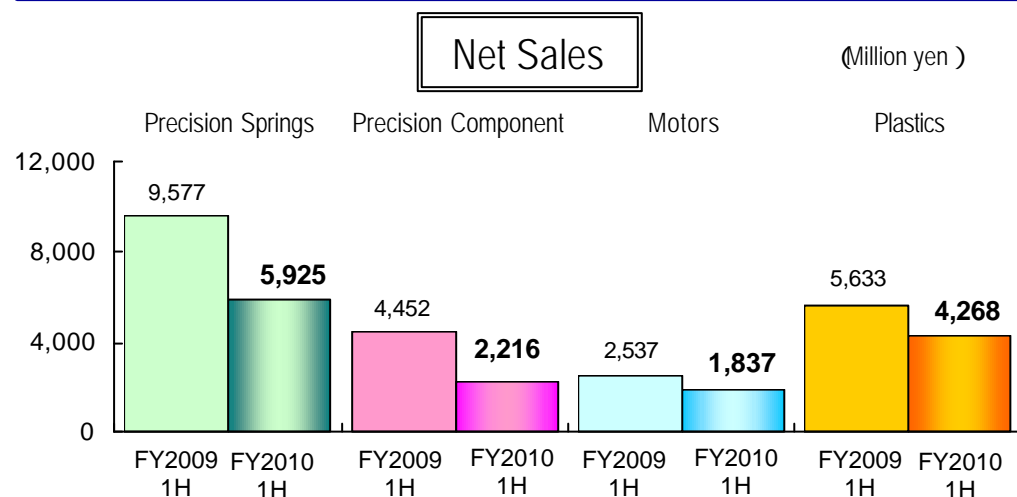
## Investing CF

Decrease of fund was offset by increase of fund due to the sales of properties and stocks of subsidiaries.

## Financing CF

Increased ¥604 million due to increase of borrowings for capital investment and operating fund.

# 1-7 Net sales and Operating income by Business Segment



<Factors for change from First Half of the previous year>

## Precision Springs

Sluggish sales to OA equipment and Automobile markets. Though earnings in Japan improved by cost cutting efforts in fixed cost, earnings in Europe and USA dropped sharply.

## Precision Component Parts

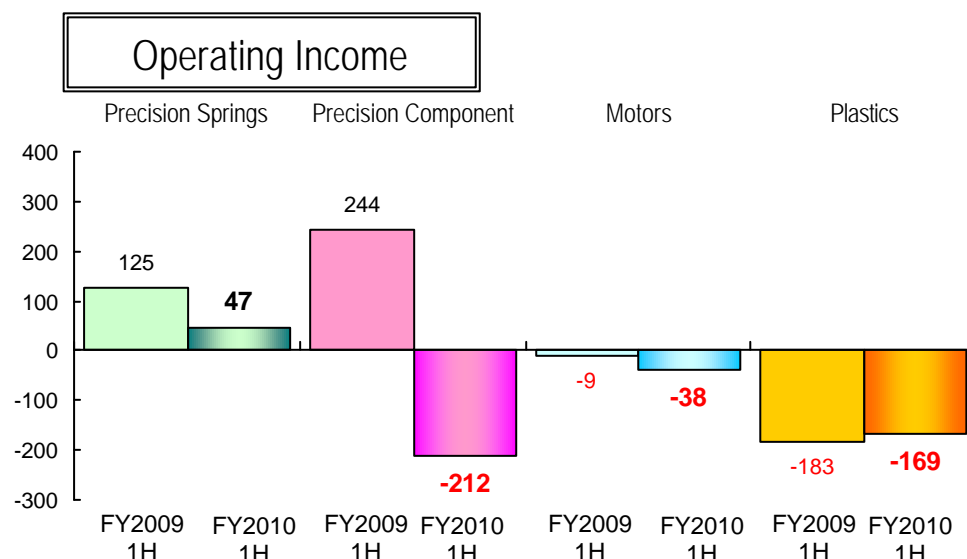
In hinge units for mobile handsets, earnings dropped sharply accompanied by the decline of domestic demand and drop of sales of high-functioning products for Europe and USA.

## Motors

Sales for healthcare market decreased. Owing to streamlining at the factory in China, increase of operating loss was curbed.

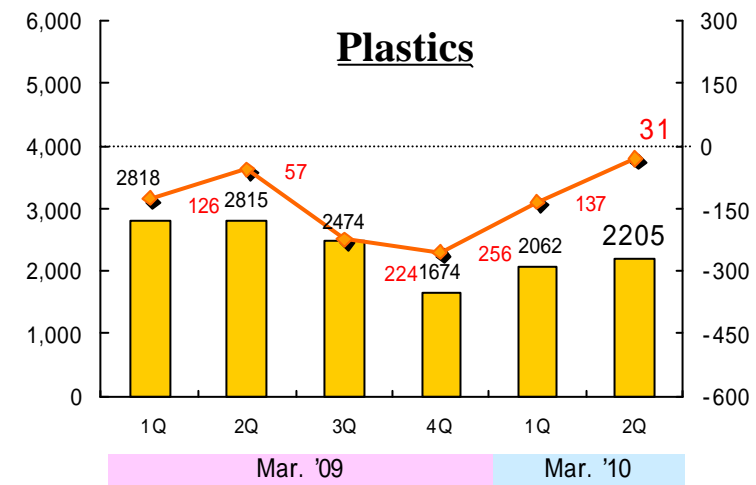
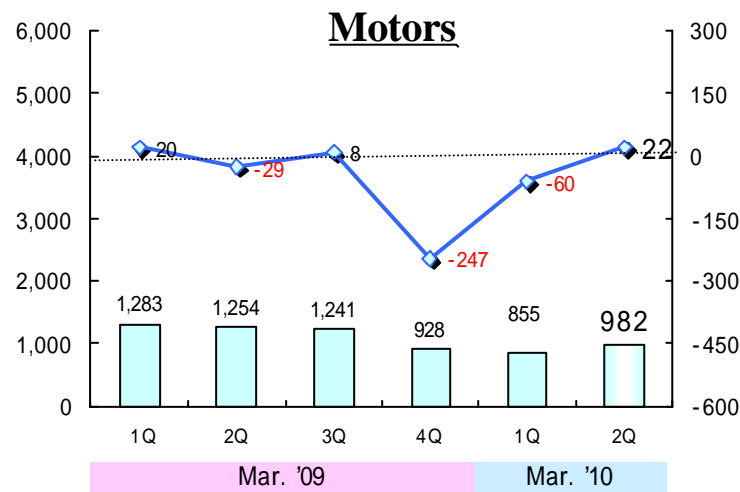
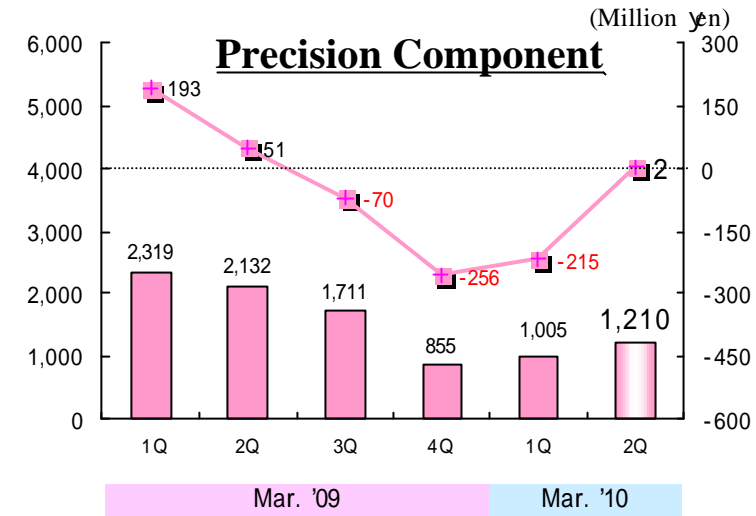
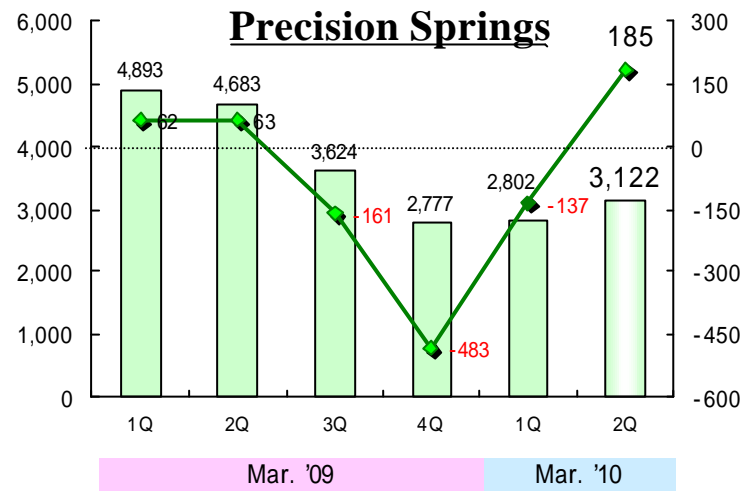
## Plastics

Sales to OA equipment decreased. Due to no more amortization of goodwill, operating loss was decreased.

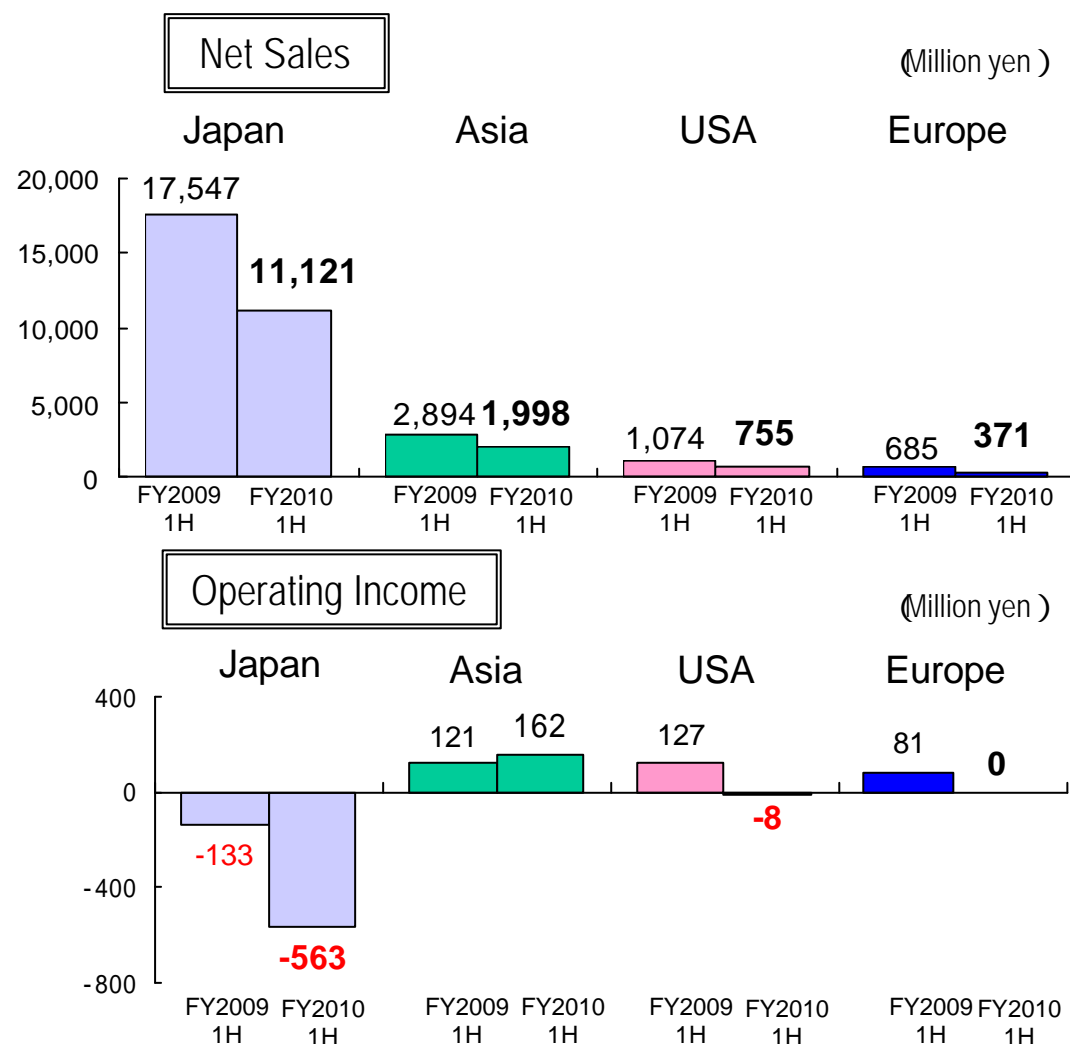


*To provide "Eureka!"*

# 1-8 Quarterly Transition of Net sales and Operating income by Business Segment



# 1-9 Net sales and Operating income by Geographical Segment



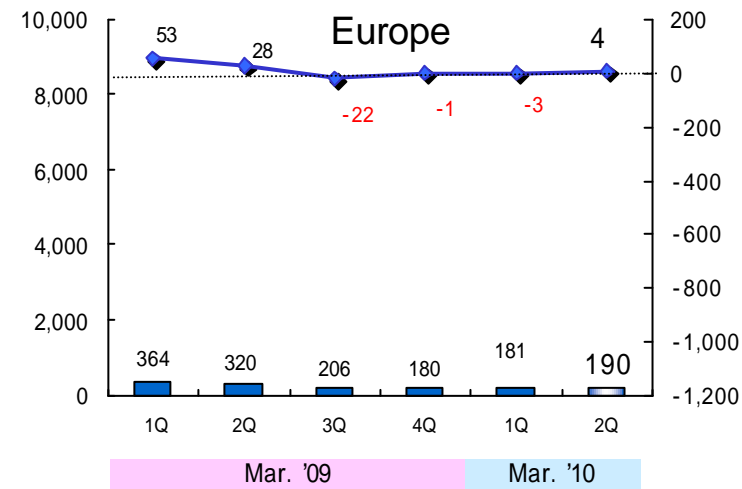
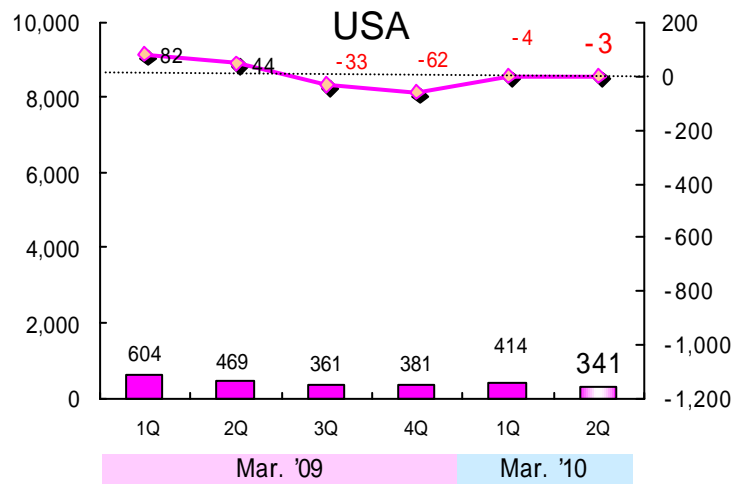
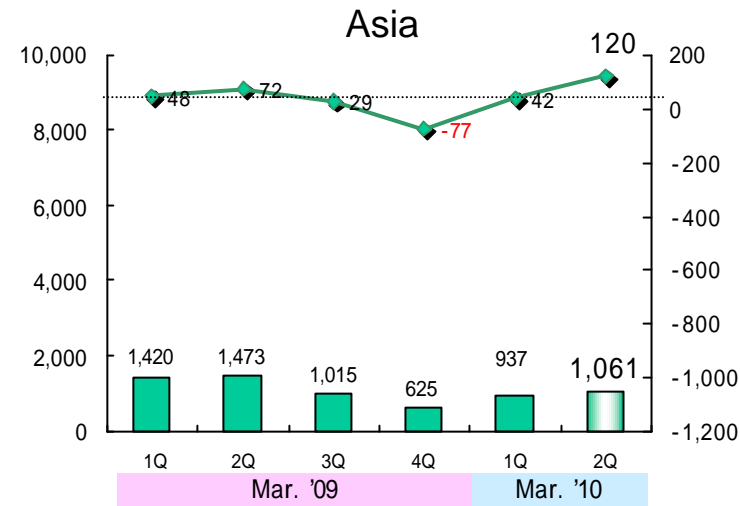
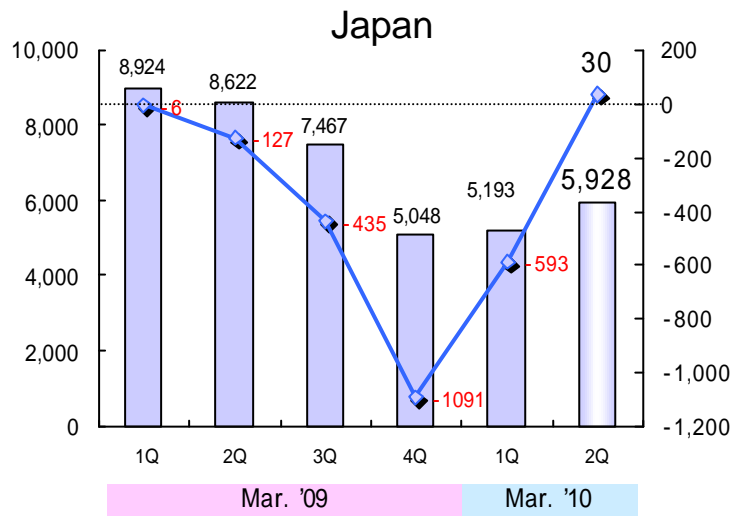
<Factors for change from First Half of the previous year>

Japan
<p>Sales: - 36.6%, Operating loss: -¥429 million</p> <ul style="list-style-type: none"> <li>•Big decrease in Sales of Precision spring and High-performance hinge units. Increase of operating loss was mainly caused by Strawberry.(-¥412 million)</li> </ul>
Overseas
<p>Sales: -32.8%, Operating income: -¥175 million</p> <ul style="list-style-type: none"> <li>•Though sales decreased in Asia, operating income improved due to cost cutting efforts</li> <li>•Sales and income dropped sharply in Europe and United States due to further appreciation of yen and decrease of sales of Tangless Coilthread.</li> </ul>

*To provide "Eureka!"*

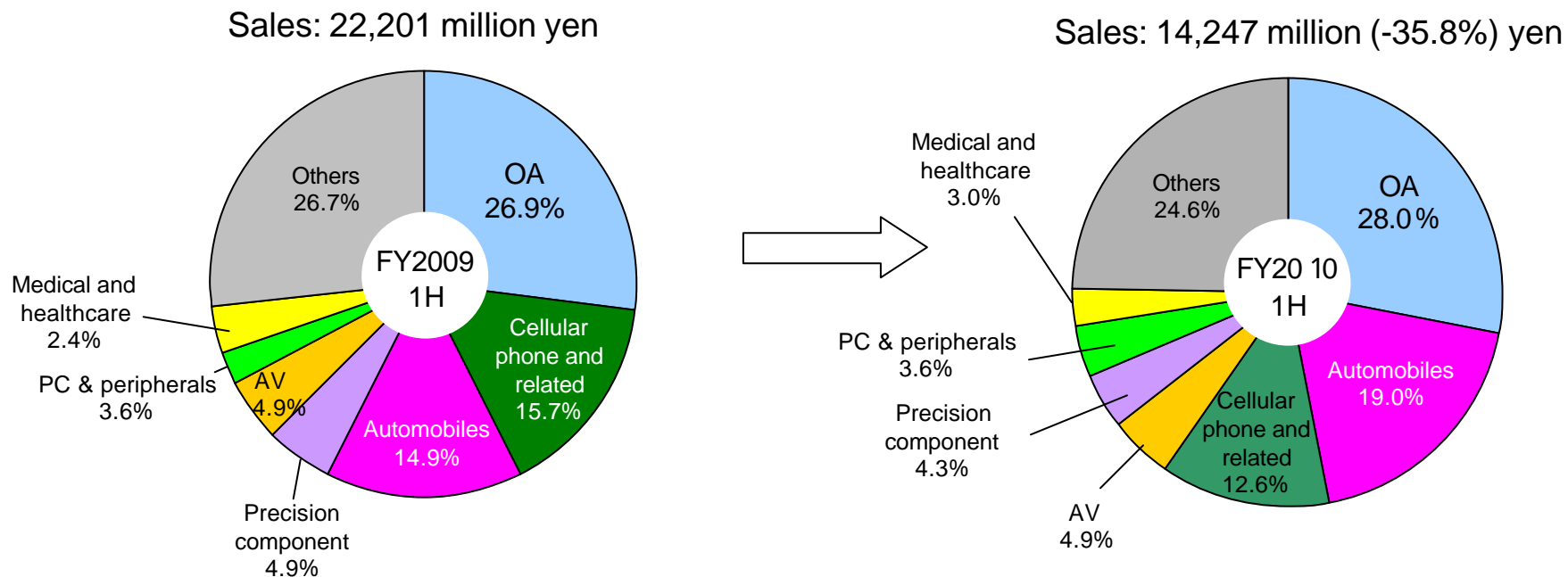
# 1-10 Quarterly Transition of Net sales and Operating income by Geographical Segment

(Million yen)



*Idea and solution design*

# 1-11 Trend of Net Sales by Market



- Ratio of "Automobiles" increased, because its decrease rate of net sales was 18.3%, smaller than the total decrease rate of 35.8%.
- Ratio of "OA equipment" increased, because its decrease rate of net sales was 33.3%, smaller than the total decrease rate.
- Ratio of "Cellular phone and related" dropped due to the big decrease in sales for hinge units(-48.3%).

*To provide "Eureka!"*

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## 2. Forecast for the Year Ended March 31, 2010

## 2-1 Forecast for FY ended March 2010 (Consolidated )

(Million yen )	FY Ended March 2009	Forecast for FY Ended March 2010	Y to Y Change (amount)	Original Forecast	Vs. Forecast (amount)
Net Sales	37,488	30,500	-6,988	30,000	500
Operating Income	-1,507	150	1,657	50	100
Operating Income ratio	-4.0%	0.5%	+4.5%	0.2%	+0.3%
Ordinary Income	-1,484	-90	1,394	-90	0
Net Income	-3,595	-200	3,395	-270	70

*To provide "Eureka!"*

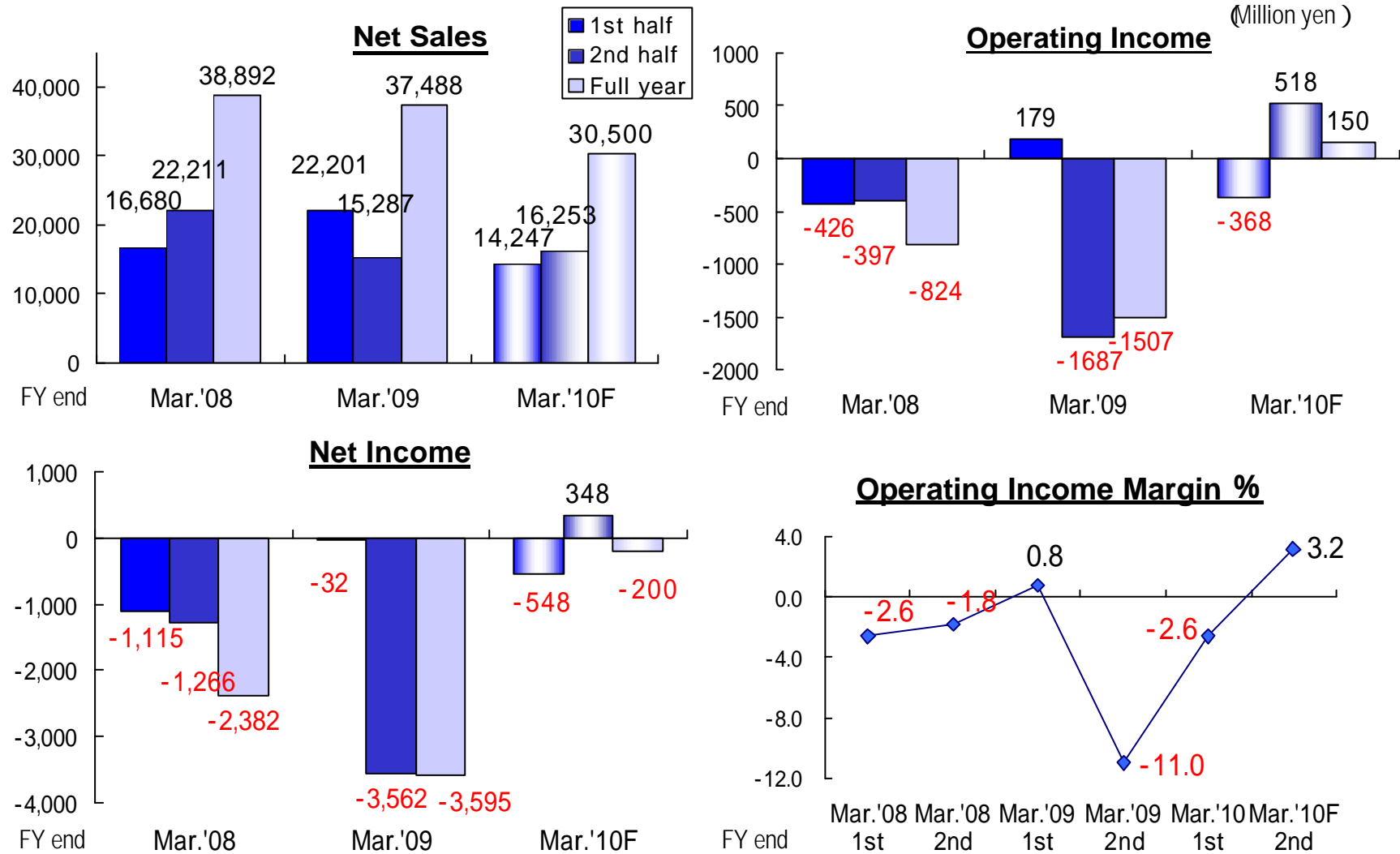


## 2-2 Forecast for the Year Ended March 31, 2010

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- ◆ Forecast for 2<sup>nd</sup> half will be in line with the original plan. Surplus of operating income expected for full year by the recovery of 2<sup>nd</sup> half.  
Sales for 2<sup>nd</sup> half will be increased due to the rally of production of our customer companies in OA equipments, automobiles, mobile phones, etc. 14.1% of increase will be projected compared to 1<sup>st</sup> half.
- ◆ Precision component parts improved in 2<sup>nd</sup> half in sales and income  
In hinge units for mobile phone, big improvement in sales and income will be forecasted in 2<sup>nd</sup> half due to the recovery of sales of high performance hinge units for mobile phones, such as smart phones and start of full-fledged production of hinge units for laptop/notebook PCs.
- ◆ Improvement in Precision spring and Plastics owing to the effect of streamlining  
Operating income for both businesses will be improved in 2<sup>nd</sup> half primarily for domestic businesses thanks to the effect of structural change.

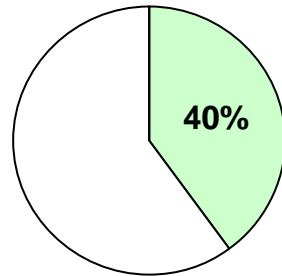
## 2-3 Transition of Sales and Income (Consolidated)



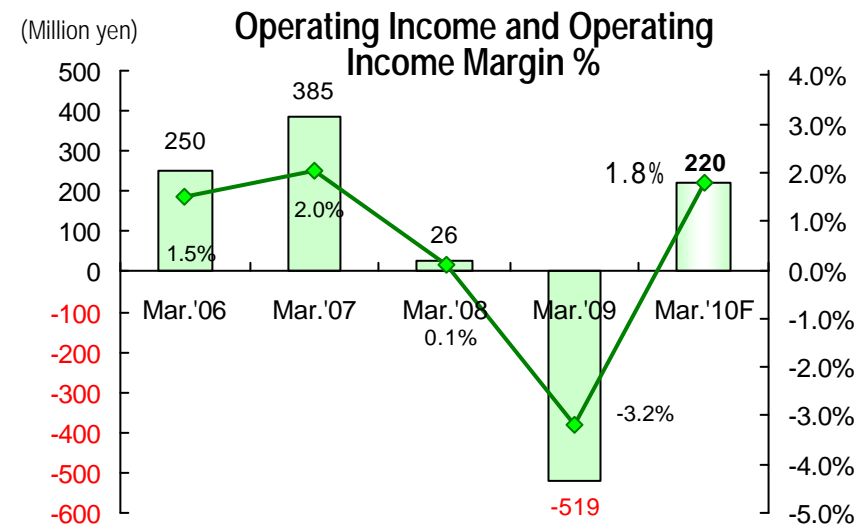
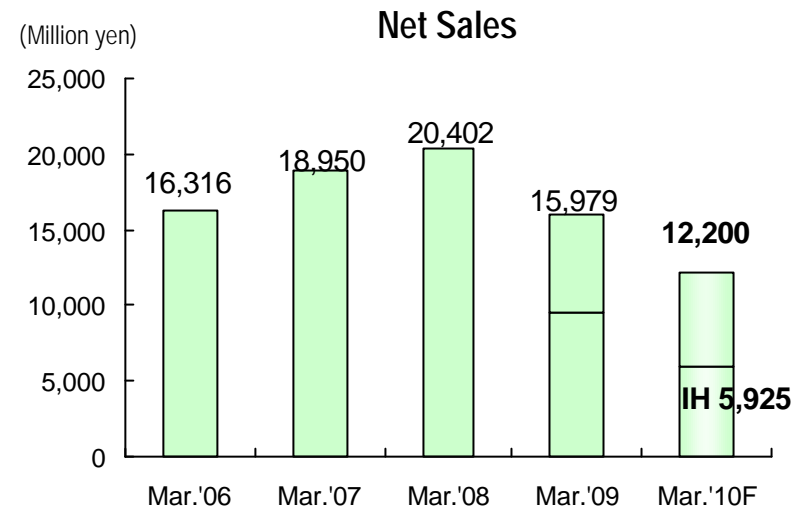
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## 2-4 Forecast for Precision Springs Segment

Sales ratio (Mar.'10F)

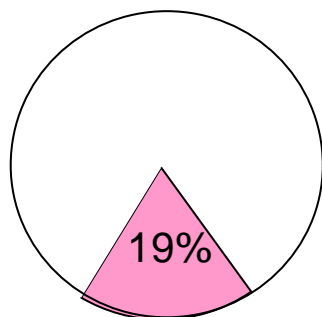


- Sales: -23.6%, Operating income: Improvement of ¥739 million
- Sales is projected to recover for OA equipments and automobile in the 2<sup>nd</sup> half. In domestic operations, reductions of fixed cost resulting from streamlining will have a satisfactory effect for full 6 months period.
- Forecast of Operating income in 2<sup>nd</sup> half : 173million



## 2-5 Forecast for Precision Component Parts Segment

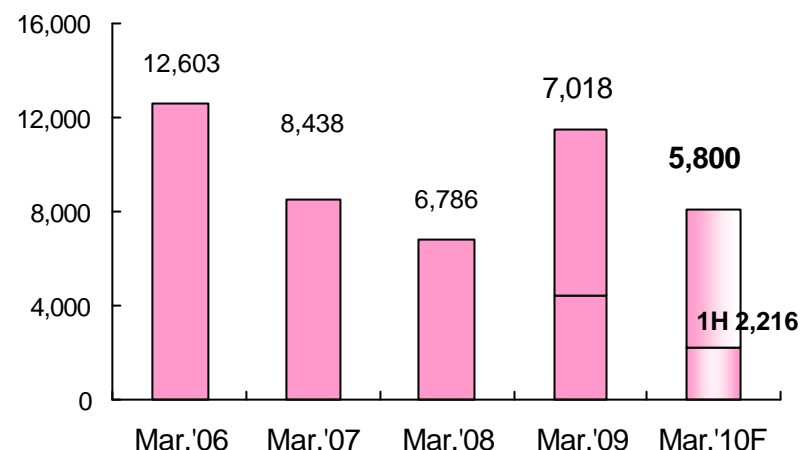
Sales ratio (Mar.'10F)



- Sales: -17.4%, Operating income: Improvement of ¥152 million.
- Sales and income is forecasted to recover in the 2<sup>nd</sup> half due to the increased sales of high performance hinge units for mobile phones and full-fledged production of hinge units for laptop/notebook PCs at new China factory.
- Forecast of Operating income in 2<sup>nd</sup> half : 282 million

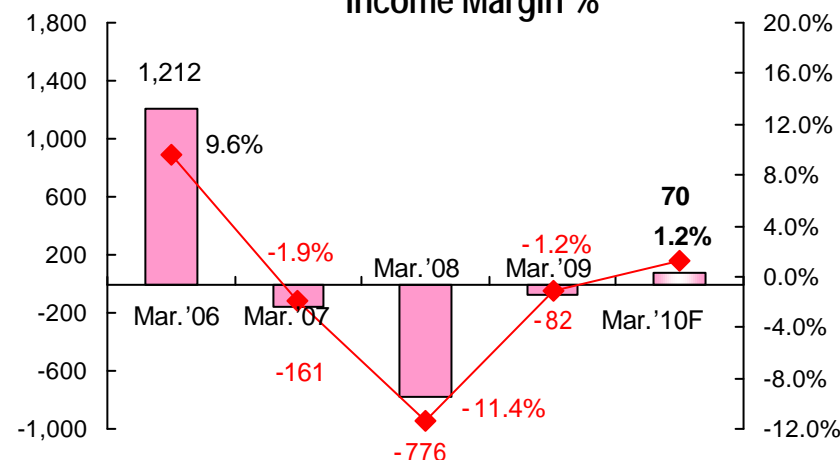
(Million yen)

Net Sales



(Million yen)

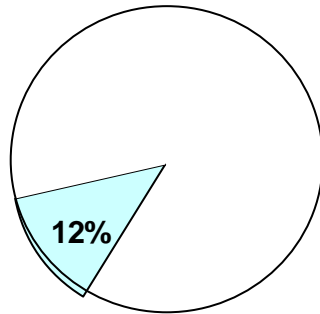
Operating Income and Operating Income Margin %



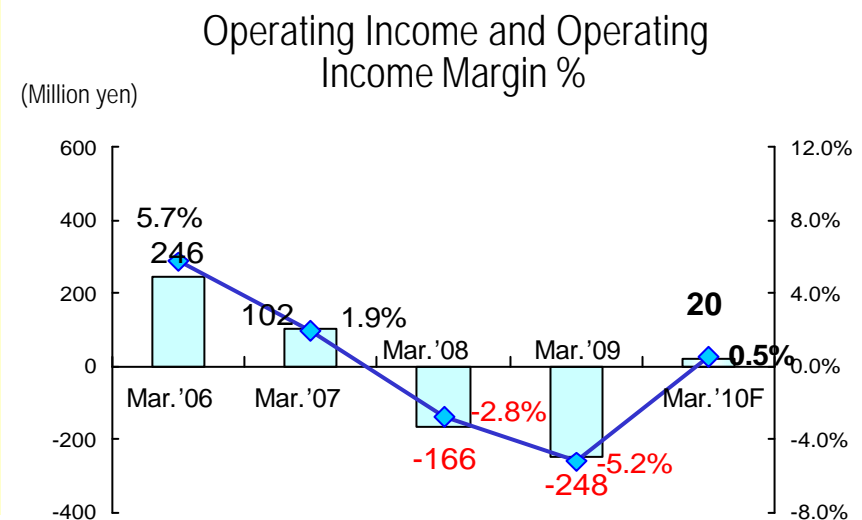
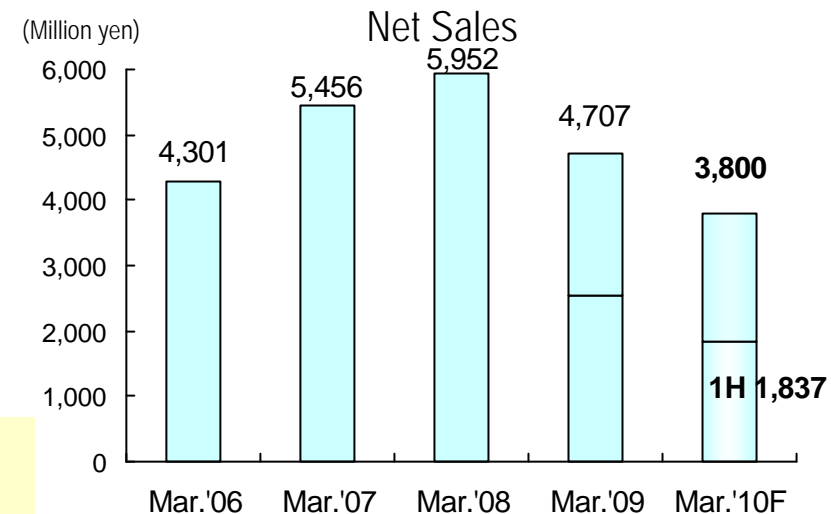
*To provide "Eureka!"*

## 2-6 Forecast for Motor Segment

Sales ratio (Mar.'10F)

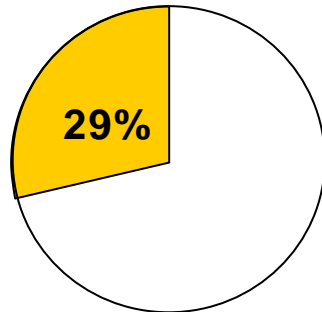


- Sales: -19.3%, Operating income: Improvement of ¥268 million
- Operating loss was enlarged by ¥200 million due to the abandonment of stocks in the previous year. Operating income will be forecasted to improve this year owing to the better products mixture resulting from the decrease of sales of unprofitable healthcare products.
- Forecast of Operating income in 2<sup>nd</sup> half : ¥58 million

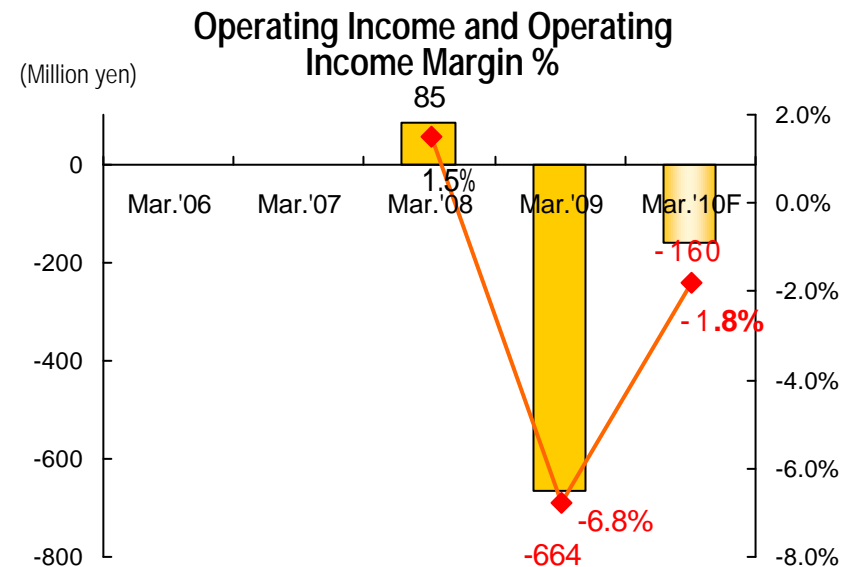
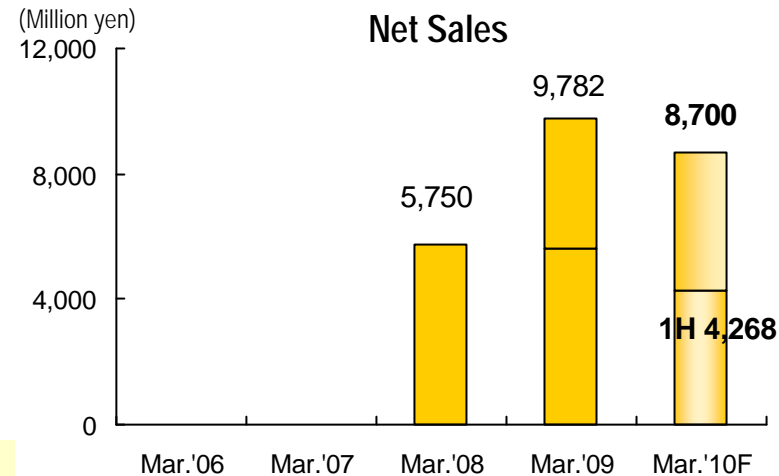


## 2-7 Forecast for Plastic Segment

Sales ratio (Mar.'10F)



- Sales: -11.1%, Operating income: Improvement of ¥504 million
- Operating income is projected to improve thanks to the effect of reductions of fixed cost due to the execution of early retirement in August at the domestic factory. Elimination of amortization of goodwill will contribute for the improvement of ¥100 million.
- Forecast of Operating income in 2<sup>nd</sup> half : ¥9 million

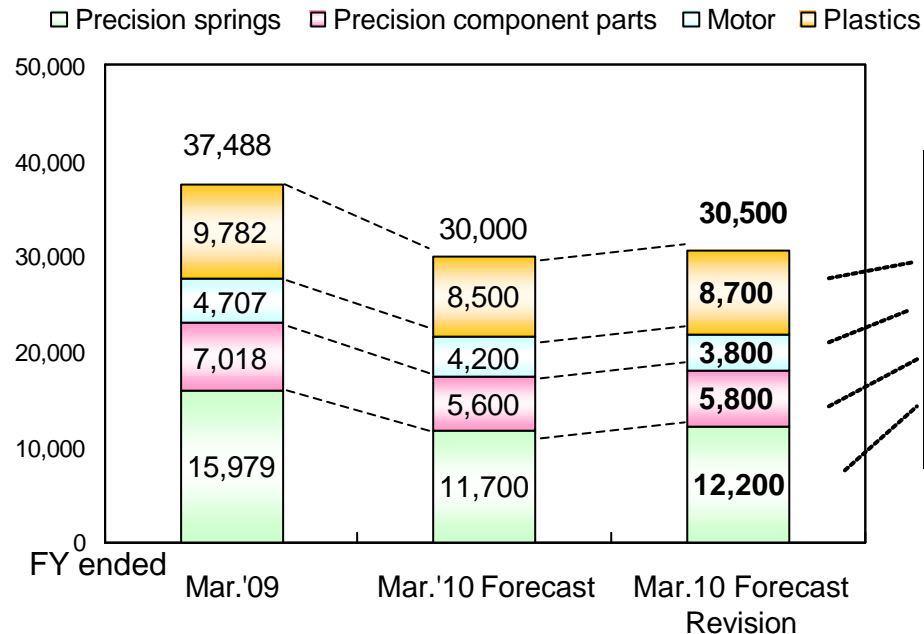


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## 2-8 Revision of Forecast for Sales and Income

### Net Sales

(Million yen)



< Factors for change in business forecast >

Revision is reflected the recovery of sales for OA equipments and automobiles. In motors, drop of sales will be projected for household equipment and healthcare products.

### Operating Income

(Million Yen)

	Mar.'09	Mar.'10 Forecast	Mar.10 Forecast Revision	Vs. Forecast (amount)
Plastics	-664	50	-160	-210
Motors	-248	20	20	0
Precision component parts	-82	100	70	-30
Precision springs	-519	-120	220	340
Operating Income	-1,507	50	150	100

Operating income in precision spring is projected to improve due to the rally of sales and cost reductions primarily in Japan. Plastics business is forecasted to be worsened in overseas due to the consolidation of Vietnam subsidiary.

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### 3. Restructuring and Strengthening our Businesses

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*To provide "Eureka!"*



## 3-1 Implementation of Structural Change

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### 1 .Reduction of fixed cost by restructuring

- Advanex : Lowering break-even volume from 1000 million to 600 million yen per month
- At all group companies, cost reduction was implemented by streamlining.

**Effect of 6 billion yen of profit improvement**

### 2 .Retreat from low profit business and sellout of non-core business

- Closure of domestic factories in Fukushima and Nagoya and liquidation and reorganization of overseas subsidiaries
- Sellout of sales subsidiaries in Japan and USA

### 3 .Preparation for re-growth and establishment of growth strategy

- Implementation of structural reform at Daiichi Kasei and integration with Advanex
- Enhancement on core technology such as wire spring and insert molding
- Expansion of Asian Business ( Production shift to China, Thailand, and Vietnam)

## 3-2 Progress of Streamlining Measures (Precision spring)

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### 1 . Reorganization of domestic factories

Completed in June

Closure of Fukushima Factory and reorganization of other factories

### 2 .Reduction of personnel (140 regular employees)

Completed in June

### 3 .Intensive Cut of manufacturing and GA expenses including wages and bonuses

Continuing

### 4 .Reorganization of subsidiaries

1)Down-sizing of Singapore subsidiary (Retreat from punching press )

Completed in June

2)Liquidation of Malaysia subsidiary

Completed in June

3) Liquidation of Technology Center in Singapore

Completed in May

4)Enforcement of Chinese operations (Integration of 4 subsidiaries )

Under Review

5)Integration of subsidiaries in U.K.

Ongoing

6)Sellout of subsidiaries ( 2 sales subsidiaries in Japan and USA )

Completed in March & Sept.

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

Transfer of insert molding to their Tochigi Factory and relocation of logistics and procurement divisions to Tochigi

Completed in June

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*To provide "Eureka!"*

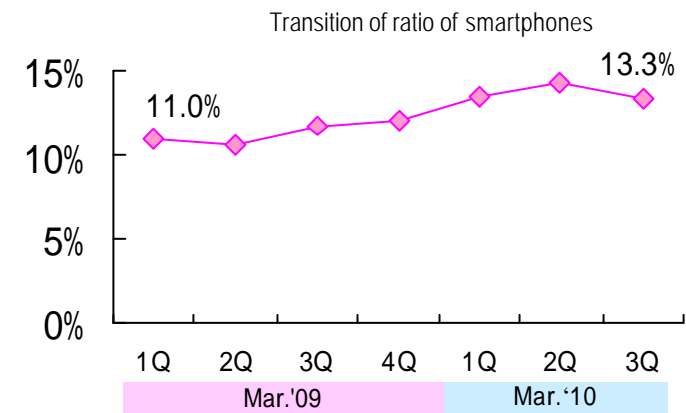
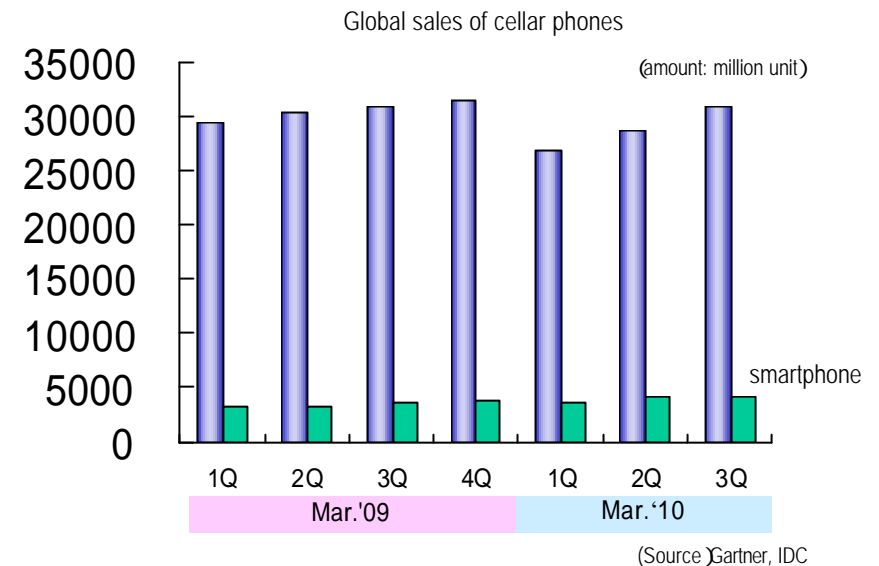
### 3-3 Hinge business

#### Enhancement of development of high performance hinge unit

- WW sales of mobile phones was recovered in July–Sept. (+0.1% year on year). Smart phones kept high growth rate (+12.8% year on year)
- Ratio of smart phones will continue to grow with high speed telecommunication. Inquiries for high performance hinge unit for smart phones are increasing.

#### Start of full fledged production of hinge unit for laptop/notebook PCs

- Full fledged production will start from Oct. at a new factory in Shanghai. Sales forecast for 2<sup>nd</sup> half will be 600 million
- Target of sales will be tripled for next year with strong sales of net-book PCs



## 3-4 Road Map for Mid-term Growth

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### Current term

#### Restructuring for survival

- ◆ Reduction of fixed cost
- ◆ Retreat and sellout of unprofitable business
- ◆ Review of business organization
- ◆ Priority on cash management
- ◆ Surplus of operating income

### Next term

#### Settlement of income surplus

- ◆ High cost competitiveness
- ◆ Focus on competitive business
- ◆ Expansion of profit in China and other Asian areas
- ◆ Seek for business opportunities in automobiles
- ◆ Turnaround in Plastics business

### Mid term

#### Growth and financial improvement

- ◆ Reform of business model
- ◆ New stage for global development
- ◆ Integration of Advanex and Daichi Kasei
- ◆ Cut of interest bearing debt, Improvement of equity ratio

“Leading company” and “The world No.1 ” in precision spring is our goal.

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*To provide “Eureka!”*



ADVANEX

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