



ADVANEX INC.

Flash Report (Consolidated Basis)

Results for FY2013 Third quarter(Nine months ended December 31, 2012)

February 8, 2013

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 Code number: 5998
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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

Stock listings: Tokyo Stock Exchange
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 February 13, 2013
 Yes
 No

1. Performance (April 1, 2012 through December 31, 2012) (Figures less than ¥1 million have been omitted.)

(1) Consolidated operating results (For the nine months ended December 31,2012)

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	%
Nine months ended December 31, 2012	17,554	(8.1)	321	(35.8)	323	17.3	331	339.6
Nine months ended December 31, 2011	19,104	(19.8)	501	24.5	276	88.5	75	(8.5)

[Note] Comprehensive income: Nine months ended December 31,2012 664 million yen
 Nine months ended December 31,2011 (357) million yen

	Net income per share	Net income per share after dilution
	Yen	Yen
Nine months ended December 31, 2012	8.00	--
Nine months ended December 31, 2011	1.89	--

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net Assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2012	18,293	3,434	18.7	82.37
As of March 31,2012	18,416	2,967	15.0	66.37

[Reference] Total shareholder's equity:: ¥ 3,417 million yen at December 31, 2012
 ¥ 2,755 million yen at March 31, 2012

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, 2012	--	--	--	--	--
Year ended March 31, 2013	--	--	--	--	--
Year ended March 31, 2013 (forecast)				1.00	1.00

[Note] Revisions to the forecast of cash dividends in the current quarter: No

3. Forecast of consolidated results for FY2013 (April 1, 2012 through March 31, 2013)

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
Year ended March 31, 2013	22,900	(9.1)	300	(51.1)	280	(40.5)	250	10.4	6.02

[Note] Revisions to the forecasts of consolidated results in the current quarter: 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: Yes
 - b. Changes other than a.: No
 - c. Changes in accounting estimates: 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 December 31, 2012
 - 41,533,708 shares at March 31, 2012
 - b. Number of shares of treasury stock at end of period
 - 39,835 shares at December 31, 2012
 - 22,946 shares at March 31, 2012
 - c. Average number of shares issued and outstanding in each period:
 - 41,501,481 shares at December 31, 2012
 - 40,050,748 shares at December 31, 2011

[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.

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1. Qualitative Information and Financial Statements

(1) Qualitative Information Regarding Consolidated Business Results

During the third quarter (from April 1 to December 31, 2012) of the fiscal year under review, though domestic demand once showed steady upturn through rising demand for reconstruction after the Great East Japan Earthquake in the first half, the economy started to slow primarily due to the effect from global economic downturns mainly in Europe and emerging markets, as well as deteriorating Japan-China relations in the second half. In such situation, automotive industry, which is closely related to our business, saw declining car sales as the government subsidies for eco-friendly car purchases came to an end in addition to sluggish sales in China, while car sales in North America and South East Asia were strong. OA equipment industry, which is also intimately related to our business, saw declining demand reflecting slowdowns of economy in Europe and China. Under these circumstances, our Precision spring and Plastic sales to OA equipment and PC related markets fell significantly. In Hinge business, though sales dropped compared with the same period of last fiscal year, the amount of loss decreased sharply as a result of business downsizing.

As a result, the consolidated net sales of Advanex group for the third quarter of the current fiscal year under review decreased 8.1% year on year to ¥17,554 million. The operating income decreased 35.8% to ¥321 million. The ordinary income increased 17.3% year on year to ¥323 million thanks to foreign exchange gains. The net income for the third quarter increased 339.6% to ¥331 million, due mainly to an extraordinary income recorded for received insurance payment for the flood-damaged Thai factory.

Results by operating segments are as follows.

1. Precision springs

In Japan, sales to automotive market grew, while sales of highly profitable products to OA equipment and PC related markets dropped significantly. In overseas markets, although sales in Thailand recovered compared with the same period of last fiscal year when we suffered from the floods, sales in Asia were sluggish due mainly to decreased sales to OA equipment market in China. As a result, net sales in this segment decreased 3.5% year on year to ¥9,641 million and segment income decreased 66.8% to ¥229 million compared with the same period of last fiscal year.

2. Plastics

Although domestic and overseas sales to automotive market increased, domestic sales to OA equipment market decreased. In addition, earnings in this segment deteriorated due to bonus payments and increase in wages both in Japan and China. As a result, net sales declined 1.4% year on year to ¥7,501 million, while segment income declined 45.8% year on year to ¥119 million.

3. Hinges

Sales of hinge units decreased as a result of company's decisions to downsize its business to mobile phone handset market and to dispose its PC related business. Yet, the amount of loss was reduced significantly by raising sales price and reducing fixed costs such as labor cost. As a result, net sales in this segment decreased 72.8% to ¥410 million and segment loss dropped to ¥33 million, which was a loss of ¥426 million in the same period of the previous fiscal year.

(2) Qualitative Information Regarding Consolidated Financial Position

Total assets at the end of the third quarter amounted to ¥18,293 million, decreasing ¥122 million compared with the end of the previous fiscal year (March 31, 2012). Major reasons are as follows.

In assets section, the amount of current assets decreased ¥477 million, reflecting a ¥669 million decrease in trade notes and accounts receivable mainly due to drop in sales while cash and cash equivalent increased ¥170 million. The amount of fixed assets increased ¥354 million, reflecting ¥354 million increase in the amounts of tangible fixed assets as a result of capital investment made in Thailand, ¥10 million decrease in the amount of intangible fixed assets, and ¥10 million increase in the amount of investments and other assets.

On the liabilities side, total liabilities amounted to ¥14,859 million, decreasing ¥589 million year on year.

This change reflects a ¥737 million decrease in current liabilities due to ¥501 million and ¥253 million decreases in trade notes and accounts payable and in short- time borrowings respectively, while long-term liabilities increased ¥147 million owing to increases in long-time borrowings and retirement allowance for employees.

In net assets, total net assets amounted to ¥3,434 million, increasing ¥466 million from the end of the previous fiscal year. This change is due mainly to a net income of ¥331 million recorded for third quarter and a ¥323 million increase in foreign exchange adjustment reflecting weaker yen. Also, the amount of minority interests decreased ¥195 million, upon our additional acquisition of M.A.C. TECHNOLOGY (MALAYSIA) SDN. BHD. shares.

(3) Qualitative Information Regarding Consolidated Business Forecasts

Regarding the prospect of the consolidated business forecasts for the fiscal year ending March 31, 2013, the company revised the forecast released on November 9, 2012. For more details, please refer to the "Revisions to the FY2013 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)

As a result of the revision of the Corporation Tax Law, regarding the tangible fixed assets acquired on or after April 1, 2012, the Company and its domestic consolidated subsidiaries adopt the depreciation method based on the Corporation Tax Law after the revision from the current first quarter

The affected amount by this change was small.

3. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

(1) QUARTERLY CONSOLIDATED BALANCE SHEETS

(Amount: thousands of yen)

	FY2013 third quarter (As of December 31,2012)	FY2012 (As of March 31,2012)
ASSETS		
Current assets:		
Cash and time deposits	2,847,743	2,677,452
Trade notes and accounts receivable	4,760,631	5,430,587
Finished goods	906,410	735,737
Work in process	583,796	563,056
Raw materials and stored items	948,883	1,004,397
Deferred income tax	145	103
Other current assets	331,448	472,889
Allowance for doubtful accounts	(23,895)	(51,875)
Total current assets	10,355,164	10,832,349
Fixed assets:		
Tangible fixed assets		
Buildings and structures	1,584,737	1,647,761
Machinery and equipment	2,125,368	2,040,649
Land	2,174,962	2,157,700
Others	856,486	541,058
Total tangible fixed assets	6,741,553	6,387,169
Intangible fixed assets	182,838	193,114
Others	1,014,419	1,004,134
Total fixed assets	7,938,812	7,584,418
Total assets	18,293,976	18,416,787

(Amount: thousands of yen)

	FY2013 third quarter (As of December 31,2012)	FY2012 (As of March 31,2012)
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	3,391,317	3,892,379
Short-term borrowings	4,605,686	4,859,002
Long-term borrowings due within one year	1,485,256	1,466,081
Accrued income taxes	166,968	140,535
Allowance for bonus	53,465	137,395
Other current liabilities	1,020,893	965,667
Total current liabilities	10,723,588	11,461,060
Fixed liabilities:		
Long-term borrowings	1,778,711	1,744,864
Deferred tax liabilities	323,625	308,356
Retirement allowance for employees	1,603,607	1,491,161
Provision for environmental measures	4,391	7,106
Asset retirement obligations	38,395	38,234
Other fixed liabilities	387,191	398,490
Total fixed liabilities	4,135,922	3,988,212
Total liabilities	14,859,510	15,449,273
NET ASSETS		
Shareholder's equity		
Common stock	1,000,000	3,451,610
Capital surplus	256,249	2,551,467
Retained earnings	3,536,460	(1,541,812)
Treasury stock	(4,432)	(3,525)
Total shareholder' equity	4,788,277	4,457,740
Accumulated other comprehensive income		
Valuation gain (loss) on other securities	4,428	(4,580)
Foreign exchange adjustment	(1,374,879)	(1,698,141)
Total accumulated other comprehensive income	(1,370,451)	(1,702,722)
Warrants	16,640	16,640
Minority interests	—	195,836
Total net assets	3,434,465	2,967,494
Total liabilities and net assets	18,293,976	18,416,767

(2) QUARTERLY CONSOLIDATED STATEMENTS OF INCOME

(Amount: thousands of yen)

	FY2013 Third quarter (April 1, 2012 through December 31, 2012)	FY2012 Third quarter (April 1, 2011 through December 31, 2011)
NET sales	17,554,035	19,104,908
Cost of sales	13,949,437	15,031,667
Gross profit	3,604,597	4,073,241
Selling, general and administrative expenses	3,282,640	3,571,772
Operating income	321,957	501,468
Non-operating revenues		
Interests	9,730	5,877
Rent income	69,407	65,387
Foreign exchange gains	82,086	—
Equity in earnings of affiliates	15,264	13,606
Others	75,716	116,377
Total non-operating revenues	252,206	201,248
Non-operating expenses		
Interests	180,262	192,070
Foreign exchange losses	—	164,489
Others	70,097	70,019
Total non-operating expenses	250,359	426,579
Ordinary income(loss)	323,803	276,137
Extraordinary gain		
Gain on sale of fixed assets	8,952	2,089
Gain on liquidation of subsidiary	—	15,406
Gain on prior period adjustment	—	72,285
Insurance income	168,350	—
Gain on negative goodwill	5,627	—
Others	1,039	8,197
Total extraordinary gain	183,969	97,979
Extraordinary loss		
Loss on sales of fixed assets	914	—
Loss on disposal of fixed assets	354	3,288
Loss on valuation of investment securities	17,188	8,243
Accumulated impairment loss	45,898	112,481
Loss on change in equity	—	85,375
Loss on litigation	—	32,321
Others	—	291
Total extraordinary loss	64,355	242,000
Net Income (or loss) before income taxes	443,418	132,116
Corporate, inhabitant and enterprise taxes	107,286	85,772
Corporate tax adjustments	4,220	(17,958)
Total income taxes	111,507	67,814
Income (or loss) before minority interests	331,911	64,302
Minority interests (loss)	—	-11,208
Net income (loss)	331,911	75,510

QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amount: thousands of yen)

	FY2013 Third quarter (April 1, 2012 through December 31, 2012)	FY2012 Third quarter (April 1, 2011 through December 31, 2011)
Income (or loss) before minority interests	331,911	64,302
Other comprehensive income		
Valuation gain(loss) on other securities	8,641	(18,277)
Foreign currency translation adjustment	323,262	(403,670)
Consolidated equity for equity method affiliate	367	(270)
Total other comprehensive income	332,270	(422,217)
Accumulated other comprehensive income	664,181	(357,915)
Quarterly comprehensive income		
Comprehensive income attributable to owners of the parent	664,181	(324,502)
Comprehensive income attributable to minority interests	—	(33,413)

(3) Notes on Going Concern Assumptions
Not applicable

(4) SEGMENT INFORMATION

I FY2013 third quarter (April 1, 2012 through December 31, 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				
(1) Net sales to third parties	9,641,263	7,501,903	410,869	17,554,035
(2) Intra-group Net sales and transfers	68,957	10,111	—	79,069
Total sales	9,710,220	7,512,015	410,869	17,633,105
Operating income (loss)	229,469	119,317	(33,975)	314,811

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	314,811
Elimination of Intersegment Transaction	7,146
Consolidated Quarterly Operating Income	321,957

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

In "Hinges" segment, impairment loss is appropriated for extraordinary loss, as the book value of assets to be sold was reduced to the selling value. The amount of impairment loss concerned during the third quarter of the fiscal year is ¥45,898 thousand.

In "Plastics" segment, gain of negative goodwill is recorded upon our additional acquisition of M.A.C. TECHNOLOGY (MALAYSIA) SDN. BHD. Shares and its realization of our wholly owned subsidiary. The amount of gain of negative goodwill concerned during the third quarter of the fiscal year is ¥5,627 thousand.

II FY2012 third quarter (April 1, 2011 through December 31, 2011)

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	9,988,767	7,606,439	1,509,702	19,104,908
(4) Intra-group Net sales and transfers	98,668	1,183	—	99,852
Total sales	10,087,436	7,607,622	1,509,702	19,204,760
Operating income (loss)	690,163	220,148	(426,270)	484,041

2, Information related to assets by reporting segments

Fuji Micro Co., our consolidated motor business subsidiary changed its status to a company accounted for under the equity method when it sold its treasury stock on April 28, 2011. Advanex currently holds 28.24 % of Fuji Micro's voting shares.

As a result, assets of Motor segment decreased by ¥1,988,356 thousand.

3, 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	484,041
Elimination of Intersegment Transaction	17,270
Adjustment Amount of Others	156
Consolidated Quarterly Operating Income	501,468

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

	Precision springs	Plastics	Hinge	Total
Impairment loss	—	—	112,481	112,481

- Impairment loss for goodwill was caused by a share exchange with Strawberry Corporation.

(5) Notes for significant change in the amount of shareholder's equity

The reduction of company's stated capital, capital reserve and appropriation of surplus to cover the deficit was resolved at our 64th regular general meeting held on June 21, 2012, which became effective on July 31, 2012. Pursuant to the provisions of Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, the company reduced capital stock and capital reserve. The reduced amount was transferred to other capital surplus. Pursuant to Article 452 of the Companies Act, the total amount of other capital surplus were transferred to retained earnings brought forward to cover the deficit. As the result, stated capital decreased by ¥2,451,610 thousand and capital reserve decreased by ¥612,902 thousand, which brought stated capital after reduction to be ¥1,000,000 thousand as of September 30, 2012.

(6) Major subsequent events

Not applicable