

ADVANEX NOW

To Our Shareholders

Business Results for the first six months fiscal year ending March 2010 (April 1 to September 30, 2009)

We truly appreciate your understanding, and ask for your continued support.

During the second quarter (from April 1 to September 30, 2009) of the fiscal year under review, the full recovery of economic situation is yet to be materialized, despite the fact that sharp economic downturn which began in October last year started to slow down and show some signs of recovery.

Under these circumstances, Advanex implemented management streamlining measures to restructure businesses, and we began to see some promising signs.

I realize that we have caused substantial concern among our shareholders, but Advanex is making every effort to improve our business performance. Thank you for your continued understanding and support.

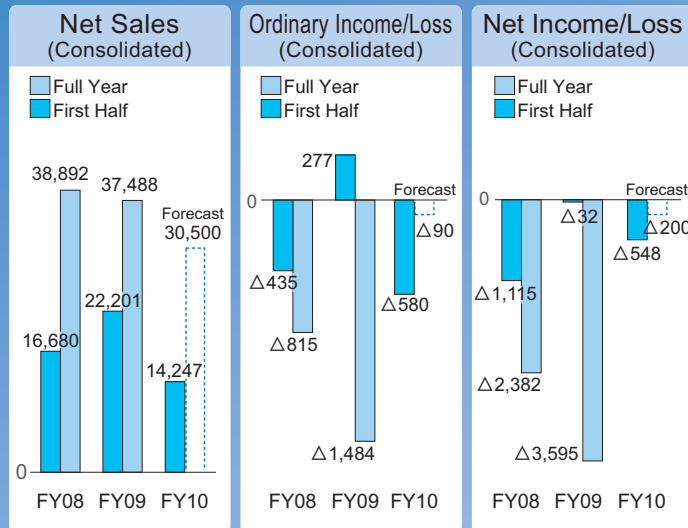
December 2009
Yuichi Kato
 Chairman & CEO
 President & COO



ADVANEX INC.
 Securities code: 5998

Financial Highlights

(Millions of yen)



Financial Summary

The business performance of Advanex Group in the first half of the fiscal year is summarized below.

- Net Sales(Consolidated) ¥ 14,247 million
- Ordinary loss(Consolidated) ¥ 580 million
- Net Loss(Consolidated) ¥ 548 million

The sharp economic downturn that began from last year started to slow down, owing mainly to recovered overseas economy such as developing countries. Although the full recovery of business performance is yet to be materialized, business results showed some signs of recovery.

In the first half of the fiscal year, the production level plummeted compared to the same period of the last fiscal year, thus all segments decreased its net sales. As for the profit, because of the strong yen and business depression in Precision component parts, the results were generally poor.

However, owing to the rally of the production level in Precision spring and implementation of management streamlining measures to reduce fixed costs, business results surpassed the earnings forecast at the beginning of this year.

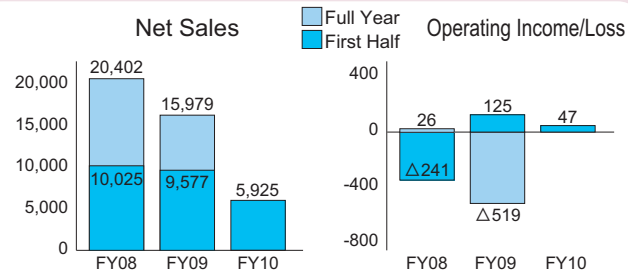
The second quarter of this year (July 1 2009 to September 30) gained surplus in operating income and ordinary income.

Situation and Outlook for Each Segment

(Millions of yen)

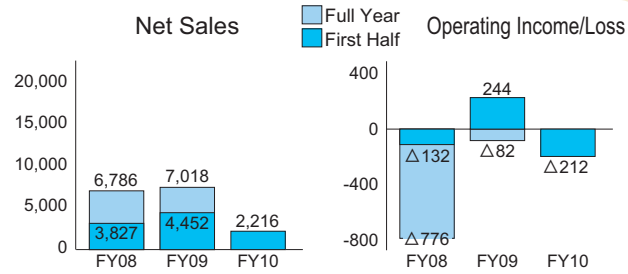
Precision springs Business

Net sales in this segment amounted to ¥5,925 million, a 38.1% decrease from the same period of the previous fiscal year, primarily because of the sluggish sales to OA equipment and automobile markets. Declined earnings caused operating income to fall to ¥47 million. In the second half, domestic sales are expected to recover, and reductions in fixed costs resulting from management streamlining will have a satisfactory effect, so results are projected to continue to recover.



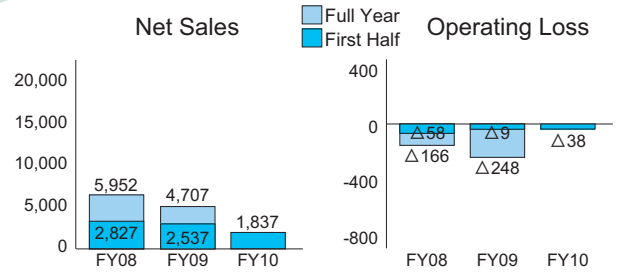
Precision component parts Business

In mainstay hinge units for mobile phone handsets, net sales plummeted 50.2% year on year to ¥2,216 million, with an operating loss of ¥212 million. In the second half, sales are expected to increase and profits are projected to improve substantially in connection with starting full-fledged production of hinge units for laptop/notebook computers at our new China factory.



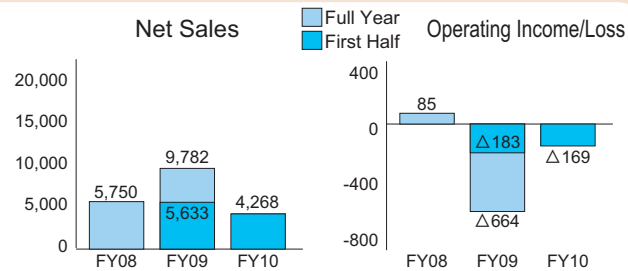
Motors Business

Net sales declined 27.6% year on year to ¥1,837 million due to plunged sales to the healthcare market. Accordingly, operating income fell to a loss of ¥38 million. Harsh conditions will continue in the second half, but we will work to restore revenues by reinforcing sales of highly profitable DC motors for household appliances and other applications.

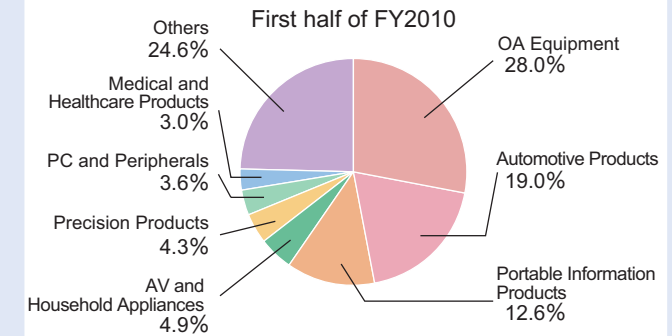


Plastics Business

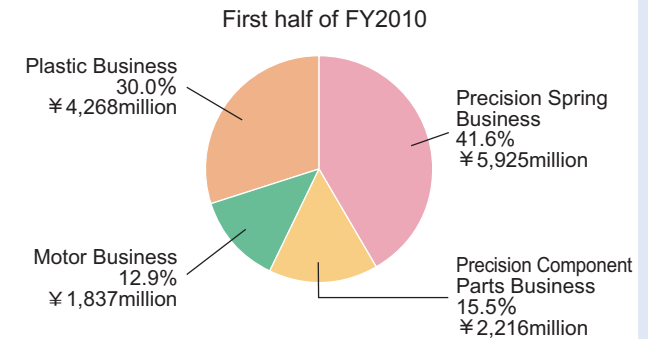
Net sales in this segment amounted to ¥4,268 million, a 24.2% drop year on year. This is mainly due to decreased orders received from customers in OA equipment market, although sales to automobile market recovered in the second quarter of the fiscal year under review. Operating loss recovered to a loss of ¥169 million. Although the revenue environment in the second half will be challenging, we intend to bolster sales of products for auto-related applications and expand operations overseas.



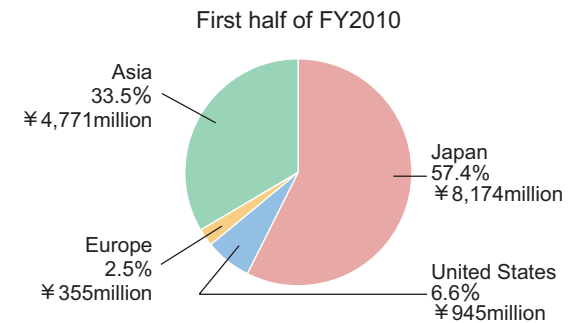
Net Sales by Market



Net Sales by Business Segment



Net Sales by Geographic Segment



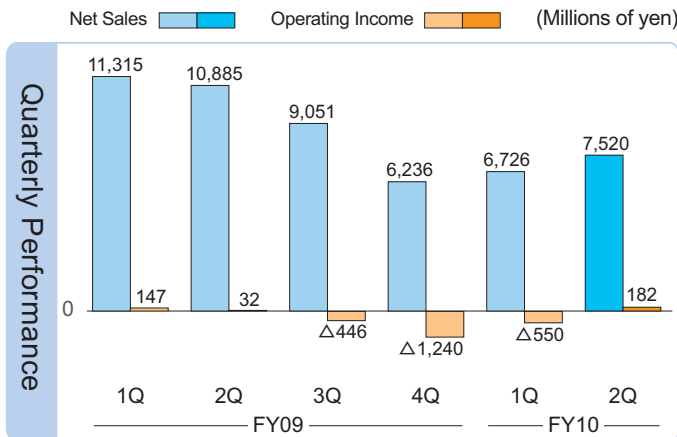
Message from Management

Q1 What were your business results in the first half and what are your projections for the second half?

Net sales declined sharply in the first half, registering a year-on-year decrease. With the global economic crisis continuing, the outlook for Advanex was unclear as of around April, but I sense that now it has come into view. We recorded a loss in the first quarter, but the second quarter saw a recovery in sales and management streamlining measures bear fruit, which led to the achievement of positive operating income and ordinary income.

In the second half, it is unlikely that sales will recover to pre-crisis levels. However, we have improved our cost structure by carrying out measures to streamline management, and we now have a structure capable of generating profits on lower sales than in the past. The entire Advanex group is currently working to achieve positive operating income for the full year via a second-half recovery.

Looking at individual business segments, in the precision spring segment, we continued to concentrate on highly profitable products by closing factories in Japan and overseas and liquidating unprofitable businesses. In the hinge units business, which is handled by a subsidiary, new products for mobile phones will be launched in the second half, and full-fledged sales of products for laptop/notebook computers will begin, so a recovery in sales can be expected. Moreover, in the plastics segment, the effects of streamlining measures have been steadily materializing.



Q2 How much progress have management streamlining measures made, and what are your priorities going forward?

Streamlining measures were almost entirely completed in the first half. They included closing the Fukushima factory, making personnel cuts and liquidating or selling off domestic and overseas subsidiaries. (See the table below.)

In addition, implementing streamlining measures has allowed us to improve our cost structure, and selling off stock in subsidiaries has enabled us to stabilize cash flow. And, above all, overcoming adversity has changed the consciousness of each and every employee and further strengthened our sense of unity, which has had a positive effect.

Going forward, we will tackle not only surviving as a company but also facilitating new business growth. The business environment has changed from the past, and it is now necessary to become a strong, highly cost-competitive enterprise by further reducing costs.

Progress on Management Streamlining

- ✓ Closed Fukushima factory and transferred production facilities to other factories
- ✓ Reduced personnel
⇒Fukushima factory, Kashiwazaki factory, head office, Daiichi Kasei
- ✓ Reduced administrative costs
⇒Cut executive compensation, employee salaries and bonuses, and lowered head office rent, etc.
- ✓ Liquidated two overseas subsidiaries and transferred operations
⇒Malaysia, Singapore (technical centers)
- ✓ Sold stock in subsidiaries
⇒Two domestic, one overseas
- Reorganize China and U.K. businesses (scheduled)

Q3 What kind of corporate group will Advanex be in a few years? What product areas will you focus on?

Advanex will strive to be a corporate group with a mainstay spring business. We have world-class, high-level production technology for wire springs in particular and will develop our business strategy primarily around wire spring products. In the plastics segment, we will focus on insert molding. The insert molding business, conducted jointly by Advanex, a metal components manufacturer, and Daiichi Kasei, a plastic molding company, possess much potential.

In order to realize these priorities, we will continue improving production technology to lower costs and further strengthen cost competitiveness.

Moreover, in terms of global management, it will be important to produce the products with the same high quality and advanced technology at all of our factories worldwide. We are currently working to share good practices to this end. I think it is critical that we do not simply impose Japanese practices but strike a balance with practices that match local needs in the countries we do business in.

In this way we will strengthen areas of competitiveness on global markets and invest in growth areas with profits earned by this. Our mainstay area for the immediate future will be auto-related products, and our next target will be medical-related products. We will also strive to establish a world-class insert molding business by combining metal and plastics technologies.



Consolidated Financial Date

(Millions of yen)

Comparative Consolidated Balance Sheets (Summary)	FY2009 As of March 31, 2009	FY2010 second quarter As of September 30, 2009
Current assets	14,479	14,170
Fixed assets	9,313	8,738
Total assets	23,793	22,909
Current liabilities	11,385	11,264
Long-term liabilities	7,161	7,478
Total liabilities	18,546	18,743
Total net assets	5,247	4,165
Total liabilities and net assets	23,793	22,909
Equity ratio	14.7%	11.6%

1 Total assets

Total assets decreased ¥883 million since inventories decreased, and the tangible fixed assets declined due to depreciation.

2 Total liabilities

Liabilities increased ¥197 million. While Accrued expenses and the retirement allowance for employees decreased, long-term borrowings, trade notes and accounts payable increased.

3 Equity ratio

Net assets declined ¥1,081 million. This drop is mainly due to a net loss for the second quarter, as well as decrease in foreign exchange adjustment in accordance with stronger yen, and etc.

As a result, the shareholder's equity ratio dropped 3.1 percentage points.

Comparative Consolidated Profit and Loss Statements (summary)	Six months ended September 30, 2008	Six months ended September 30, 2009
Net Sales	22,201	14,247
Operating income (loss)	179	△368
Ordinary income (loss)	277	△580
Income (loss) before income taxes	229	△602
Net loss	△32	△548
Comparative Consolidated Statements of Cash Flows (summary)		
Cash flows from operating activities	12	△529
Cash flows from investing activities	△1,099	△3
Cash flows from financing activities	799	604
Cash and cash equivalents at the end of the year	3,181	3,679

4 Cash flows from operating activities

Fund decreased ¥529 million mainly due to the payment of the retirement allowance for employees.

5 Cash flows from investing activities

While fund decreased due to capital investment, property disposition owing to closing down Fukushima factory and disposal of stocks of subsidiary companies increased fund.

6 Cash flows from financing activities

Fund increased due to increased bank loans for capital investment and working capital purposes.

Company Profile

(As of September 30, 2009)

Company Name	Advanex Inc.
Head Office	Asuka Tower Bldg., 6-1-1, Tabata, Kita-ku, Tokyo, 114-8581, Japan
Established	November 1946
Paid-in Capital	3,451 million
Main Business	Manufacturing and sales of precision springs and precision component parts
Employees	3,107 (Consolidated) 298(Non-Consolidated)

Share and Shareholder Data

(As of September 30, 2009)

- Number of Shares Authorized 125,000,000 shares
- Number of Shares Issued 40,155,637 shares
- Number of Shareholders 9,032
- Distribution of Shares

	Number of shares held	Percentage
Individuals and Others	29,660,504	73.86%
Financial Institutions	6,757,282	16.83%
Securities Companies	785,551	1.96%
Other Domestic Companies	1,885,276	4.69%
Foreign Investors	614,098	1.53%
Treasury Stock	452,926	1.13%
Total	40,155,637	100.00%

10 Major Shareholders

(As of September 30, 2009)

Shareholders	Number of shares held (Thousands)	Percentage of total shares outstanding
Kiyoshi Kato	3,362	8.37
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,899	4.73
ADVANEX Partnership Stock holding	1,144	2.85
Bank of Minami-Nippon Ltd.	581	1.45
The Sumitomo Trust & Banking Co., Ltd.	465	1.16
Japan Securities Finance Co., Ltd.	392	0.98
Yuichi Kato	358	0.89
Trust & Custody Services Bank, Ltd. (Money trust)	300	0.75
Koji Hashimoto	295	0.73
SOMPO JAPAN INSURANCE INC.	287	0.71

The Company holds 452,000 shares (1.13%) of treasury stock

Shareholder Information

Business year	April 1 to March 31
General meeting of shareholders	June
Record Date	Annual meeting of shareholders and year end dividend March 31 No interim dividends are paid Another date specified as necessary by prior announcement
Administrator of shareholders' register and Account Manager for the Special Account	Sumitomo Trust and Banking, Co., Ltd. 4-5-33 Kitahama, Chuo-ku, Osaka
Other offices handling the same work Intermediating transfer offices	Sumitomo Trust and Banking, Co., Ltd. (Stock Transfer Agency Department) 2-3-1 Yaesu, Cyuo-ku, Tokyo 104-0028
Mailing address	Sumitomo Trust and Banking, Co., Ltd. (Stock Transfer Agency Department) 1-10 Nikko-cho, Fuchu-shi, Tokyo 183-8701
Toll-free numbers	0120-176-417
Web site	http://www.sumitomotrust.co.jp/STA/retail/service/daiko/index.html

【Regarding change of address notifications and inquiries related to stock holdings】

Stockholders with accounts at securities companies are requested to make notifications and inquiries regarding address changes, etc. with the securities company with which the account is affiliated. Shareholders who do not have an account with a securities company should use the above phone number.

【Regarding special accounts】

Special accounts have been opened at the aforementioned Sumitomo Trust and Banking Co.,Ltd., the transfer agent, for shareholders that did not use the "Hofuri" service (Japan Securities Depository Center, Inc.) prior to the start of electronic share certificates. Please use the above telephone number for inquiries and notification of address changes, etc. in connection with special accounts.

Medium for public notices

Advanex web site

http://www.advanex.co.jp/ir/public_announcements.php

Public announcements will be printed in the Nihon Keizai Shimbun in the event of mishaps or other unavoidable circumstances.

Listed stock exchange

Tokyo Stock Exchange, First Section (Securities code: 5998)