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Financial Results for FYE June, 2013

August 9, 2013

(Securities code : 7747

2nd section of the Tokyo Stock Exchange,
2nd section of the Nagoya Stock Exchange)



1. Summary of Financial Results of FYE 6/2013

2. Earnings Estimate of FYE 6/2014



FYE 6/2013 Main Points

■ Net Sales 19,968 Mil. Yen (+34.5% year-on-year)

- **Falling reimbursement prices, changes to direct sales (for Abdominal and Neuro devices) led to a temporary stock adjustment; reduced sales in industrial components offset by a large increase in global demand for medical devices.**

Increase of income factor	—	Japan direct sales of PTCAGW increased profits (however, same period last FY saw sudden order increase due to change over to direct sales. Market sales volume itself increased though)
	—	EU/Middle East, USA and Asia including China showed positive growth trends.
	—	Non Cardiovascular Products (Peripheral vascular, Neurovascular, etc.) showing positive growth.
Decrease of income factor	—	Falling reimbursements led to decrease in sales revenue (Δ619 Mil. Yen YoY)
	—	Abdominal and Neurovascular devices via direct sales in July 2013. Repurchase of distributor stock (returns) (Δ approx. 200 Mil. Yen) and provision adjustment (Δ approx. 100 Mil. Yen)
	—	Decreased in Industrial Field sales revenue due to Thai flooding (Δ208 Mil. Yen YoY)

■ Operating income largely increased along with brisk sales trend, while sales related expense increased.

- **Gross profit 13,510 Mil. Yen (+ 36.1% YoY)**
 - Largely increased in proportion to sales increase. Last FY, fixed cost due to Thai flooding accounted as Extraordinary loss .
- **Operating income 4,351 Mil. Yen (+ 113.5% YoY)**
 - Increased R&D costs (1,954 Mil. Yen) (+ 106 Mil. Yen YoY, Sales ratio 9.8 %)
 - Increased sales costs related to switch to direct sales, etc.
- **Ordinary income 4,802 Mil. Yen (+ 148.6% YoY)**
 - Currency exchange profit (489 Mil.Yen) allocated (Same year-ago period allocated Exchange loss of 140 Mil.Yen)
- **Net income 3,004 Mil. Yen (+ 210.4% YoY)**
 - Last FY extraordinary gain of 1,731 Mil.Yen and extraordinary loss of 2,342 Mil.Yen (related Thai flooding etc.)

Exchange rate	(Unit : JPY)			
		US \$	BAHT	CNY
12/6FY		78.63	2.54	
		106.79	12.69	
13/6FY		88.18	2.90	
		112.00	14.17	



Highlight

	FYE 6/2012		FYE 6/2013						
	Amount (mil.yen)	Ratio (%)	Revision Plan Feb.2013	Amount (mil.yen)	Ratio (%)	YoY		Compared with Revision Plan Feb.2013	
						Changes (mil.yen)	Changes (%)	Changes (mil.yen)	Changes (%)
Net sales	14,852	100.0	19,277	19,968	100.0	+5,116	+34.5	+691	+3.6
Gross profit	9,923	66.8	13,093	13,510	67.7	+3,587	+36.1	+417	+3.2
Operating income	2,038	13.7	4,181	4,351	21.8	+2,313	+113.5	+170	+4.1
Ordinary income	1,931	13.0	4,404	4,802	24.0	+2,870	+148.6	+397	+9.0
Net income	967	6.5	3,162	3,004	15.0	+2,036	+210.4	△157	△5.0
EPS	61.49Y	-	208.67Y	197.79Y	-	+136.30Y	+221.7	△10.88Y	△5.2



Net Sales by Segment Division

	FYE 6/2012		FYE 6/2013			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	Changes (%)
Medical	12,133	81.7	17,053	85.4	+4,919	+40.5
Device	2,718	18.3	2,915	14.6	+197	+7.3
Total Amount	14,852	100.0	19,968	100.0	+5,116	+34.5

(Reference)

Medical Field	13,488	90.8	18,814	94.2	+5,325	+39.5
Industrial Field	1,363	9.2	1,154	5.8	△208	△15.3



Operating Income by Segment Division

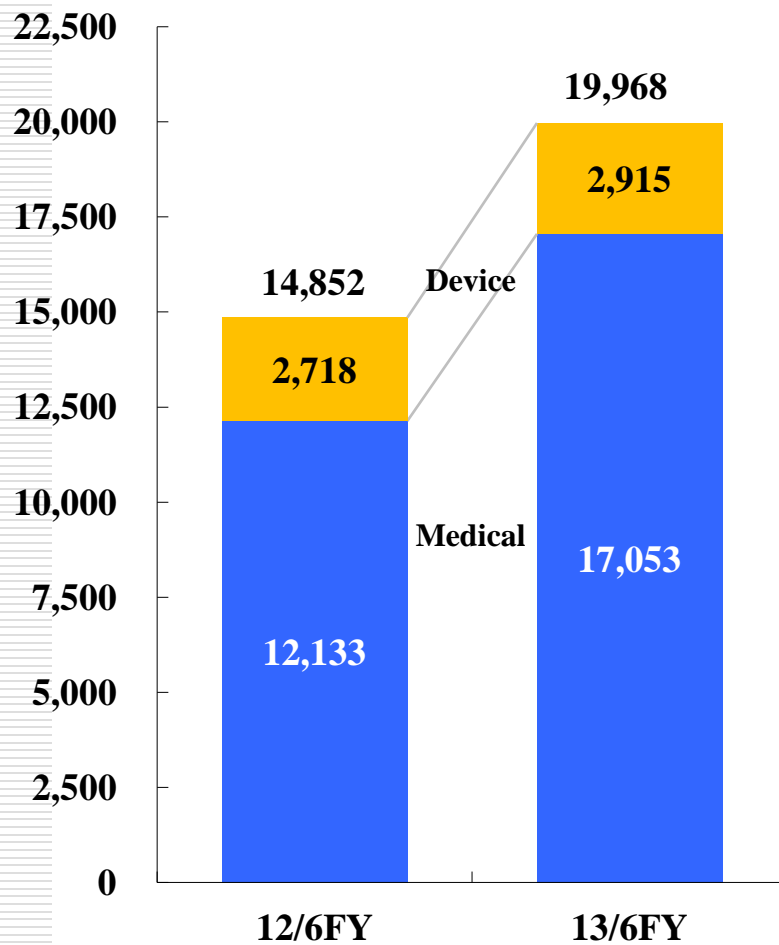
	FYE 6/2012		FYE 6/2013			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	Changes (%)
Medical	2,118	63.0	4,593	79.2	+2,474	+116.8
Device	1,242	37.0	1,208	20.8	△34	△2.8
Subtotal	3,361	100.0	5,801	100.0	+2,440	+72.6
Erasing & Head quarters	△1,322	-	△1,449	-	△126	△9.6
Total Amount	2,038	-	4,351	-	2,313	+113.5



Earnings Performance by Segment Division

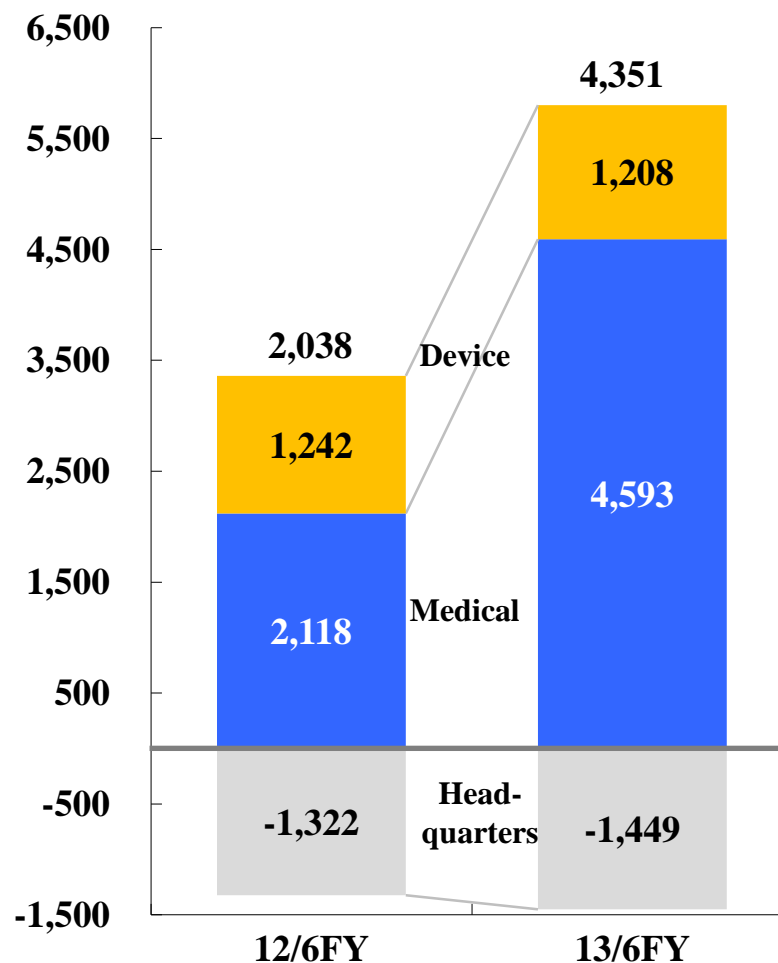
【 Net sales 】

(million yen)



【 Operating income 】

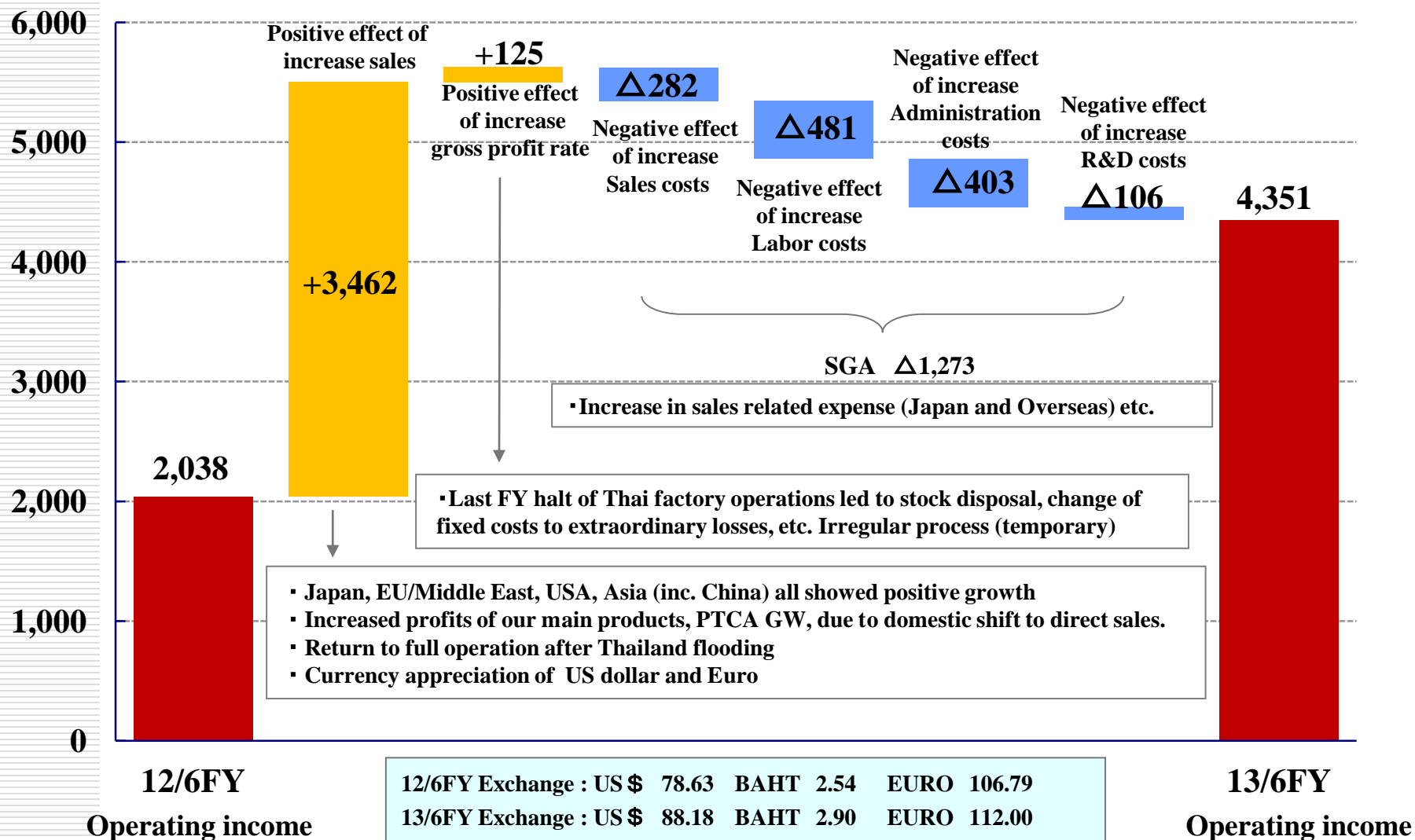
(million yen)





Attribution analysis of Operating Income – 1 (Exchange rate fluctuations included)

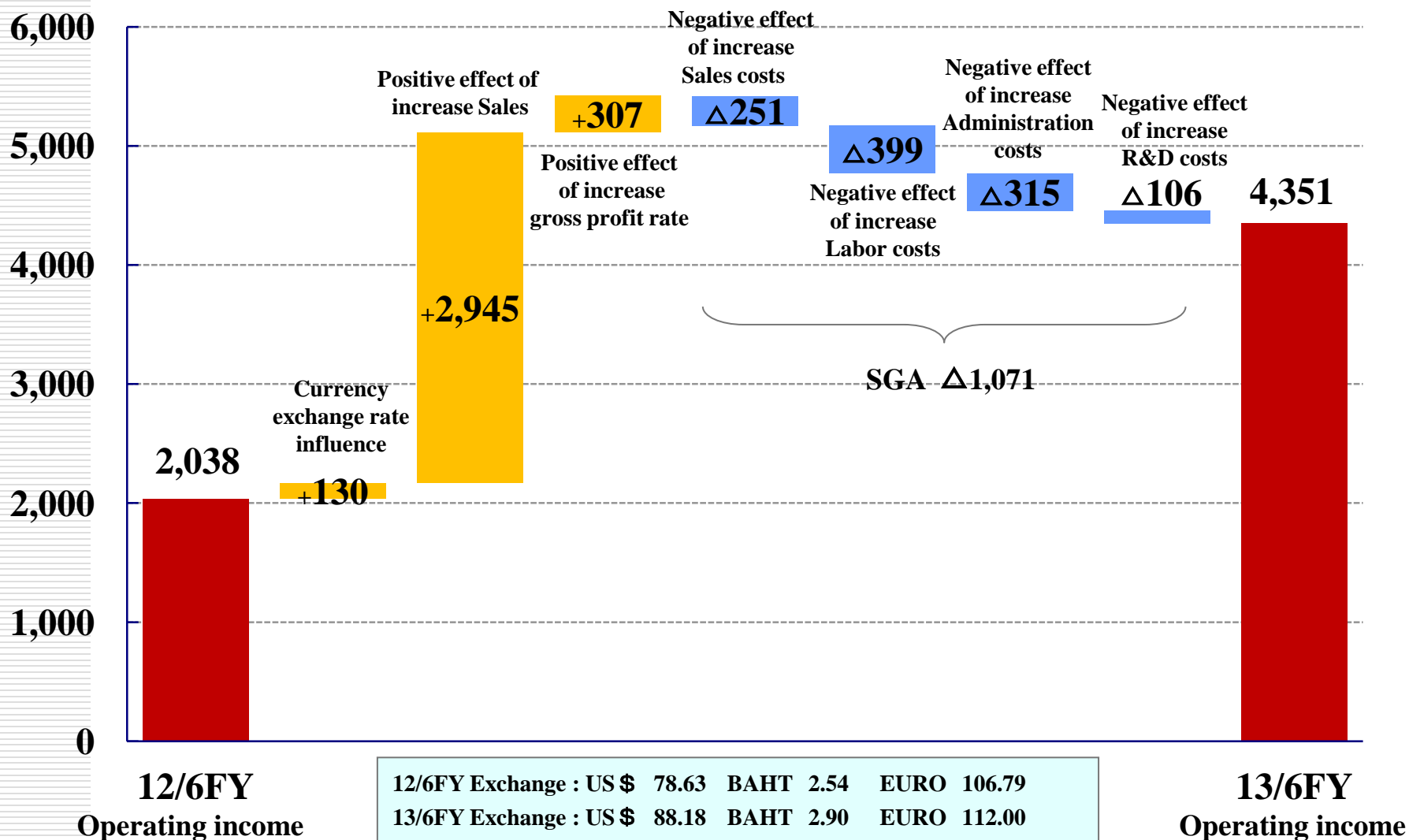
(million yen)





Attribution analysis of Operating Income – 2 (Exchange rate fluctuations excluded)

(million yen)



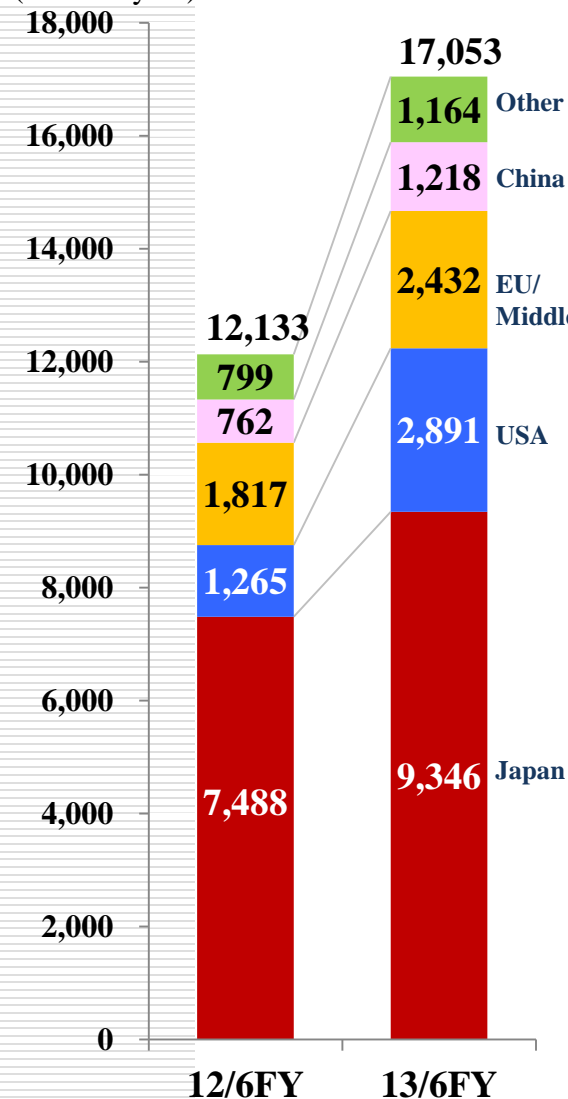


Situation Per Segment Division



Per Segment by Medical Division (by Geography-1)

(million yen)



【Net Sales (YoY)】

- **Japan** : Impact of increased end user demand but falling reimbursement prices (Δ619 Mil.Yen)
 - PTCA GW: Switch to direct sales on plan; end use volume showing stable growth. (The last FY was in rather irregular adjustment period, prior to transition to direct business. Thus, actual sales volume has not co-related with market sales volume)
 - New product “Gaia” and “SION” Series usage growing as expected with other items.
 - Peripheral vascular products: Strong market penetration showed positive business trend in Guide Wire business.
 - Neurovascular products: Neurovascular Guide Catheter launch driving growth
 - Direct sales of Abdominal and Neurovascular products as from July 2013
 - Repurchase of distributor stock in preparation for direct sales launch (approx. Δ200 Mil. Yen) and distributor inventory reduction and provision adjustment (approx. Δ100 Mil. yen) led to temporary loss
- **Overseas** : EU/Middle East, USA, Asia (inc. China) increases based on cardiovascular products.
 - Currency appreciation of US dollar and Euro
- **USA** : Supply of PTCA GW normalized after Thai flooding, sales progressing a per contract.
 - Micro catheter “Corsair” increased its in-coming ordering quantity after start of direct sales.
- **EU/Middle East**: Increased share due to new product launches and improved distributor networks.
- **China**: Improved sales from Thai flooding recovery and increased sales activity
- **Other** : Business progresses well mainly from PTCA GW.

【Operating income】

- Increasing trend shown in proportion to its sales growth, offsetting increased sales related expenses for business transition to direct business.



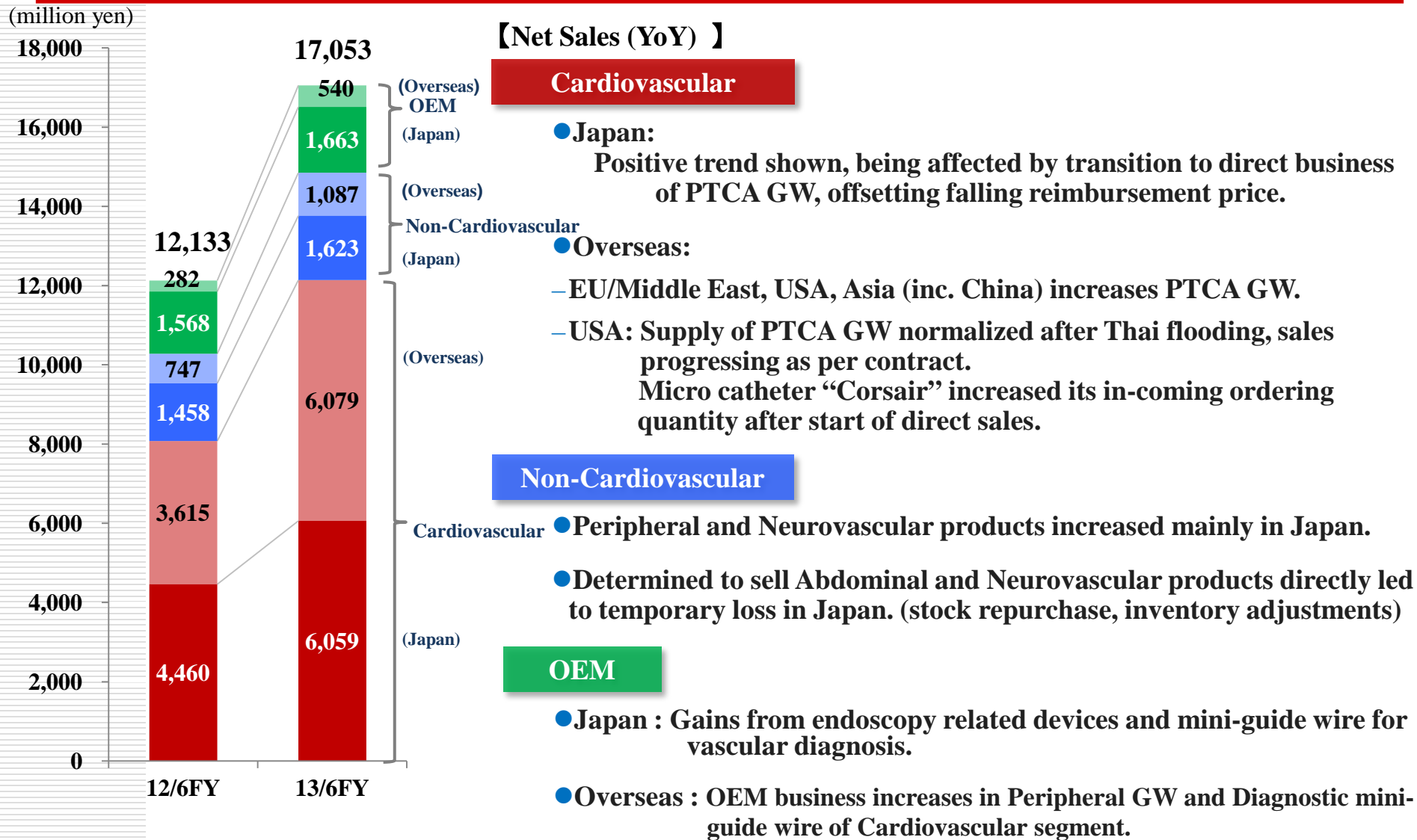
Per Segment by Medical Division (by Geography-2)

(million yen)

	FYE 6/2012	FYE 6/2013	YoY	
			Changes (mil.yen)	Changes (%)
(Exchange rate:USD)	78.63	88.18	+9.55	+12.1
Net sales	12,133	17,053	+4,919	+40.5
Japan	7,488	9,346	+1,858	+24.8
Overseas	4,645	7,707	+3,061	+65.9
USA	1,265	2,891	+1,625	+128.4
EU/Middle East	1,817	2,432	+614	+33.8
China	762	1,218	+456	+59.8
Other	799	1,164	+365	+45.7
Operating income	2,118	4,593	+2,474	+116.8



Per Segment by Medical Division (by Treatment-1)





Per Segment by Medical Division (by Treatment-2)

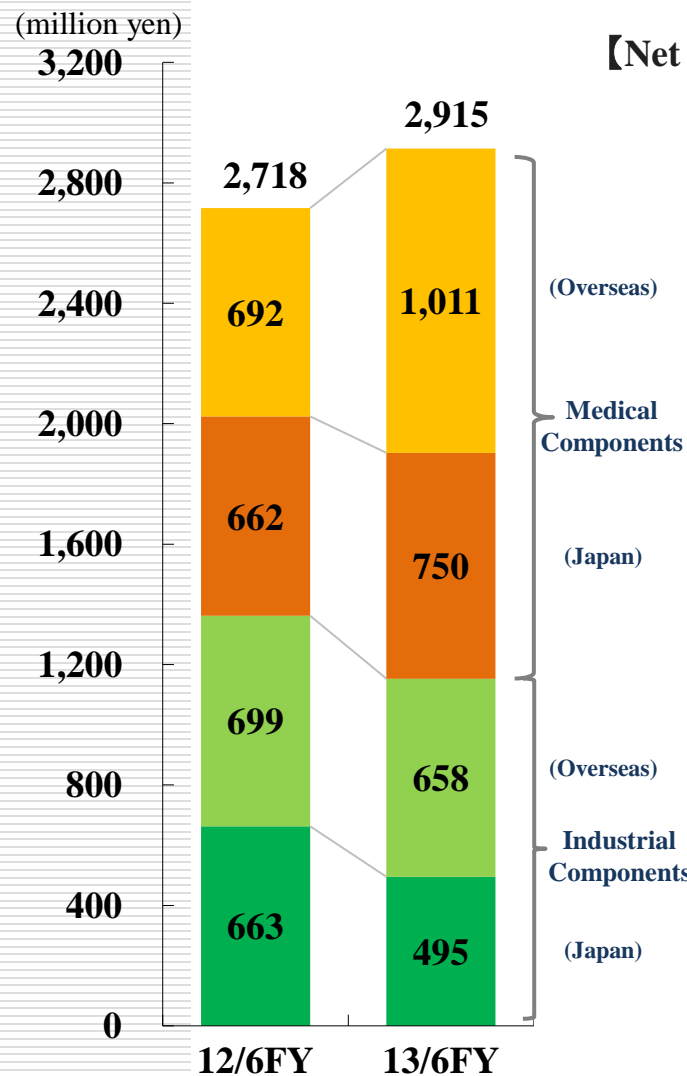
(million yen)

	FYE 6/2012	FYE 6/2013	YoY	
			Changes (mil.yen)	Changes (%)
(Exchange rate : USD)	78.63	88.18	+9.55	+12.1
Net sales	12,133	17,053	+4,919	+40.5
Japan	7,488	9,346	+1,858	+24.8
Overseas	4,645	7,707	+3,061	+65.9
Cardio Vascular	8,076	12,138	+4,061	+50.3
Japan	4,460	6,059	+1,598	+35.8
Overseas	3,615	6,079	+2,463	+68.1
Non-Cardio Vascular	2,205	2,710	+505	+22.9
Japan	1,458	1,623	+164	+11.3
Overseas	747	1,087	+340	+45.6
OEM	1,851	2,204	+352	+19.1
Japan	1,568	1,663	+95	+6.1
Overseas	282	540	+257	+91.1



Per Segment by Device Division -1

【Net Sales (YoY)】



Medical Components

- Growth tendency based on overseas markets
 - USA Market: Gains due to increases in medical components for Ear/nose/throat devices and usage of diagnostic devices (IVUS, OCT)

Industrial Components

- Gains from domestic industrial components for leisure markets
- Being affected by Thailand Flooding, business decreased in domestic market in automobile and home electronics segment as well as decreased overseas market in OA apparatus segment.

【Operating income】

- Flattening out in Operating income due to decreasing inter segment sales.



Per Segment by Device Division -2

(million yen)

	FYE 6/2012	FYE 6/2013	YoY	
			Changes (mil.yen)	Changes (%)
(Exchange rate : USD)	78.63	88.18	+9.55	+12.1
Net sales	2,718	2,915	+197	+7.3
Japan	1,326	1,245	△80	△6.1
Overseas	1,392	1,669	+277	+20.0
Medical Components	1,355	1,761	+406	+30.0
Japan	662	750	+87	+13.2
Overseas	692	1,011	+318	+46.0
Industrial Components	1,363	1,154	△208	△15.3
Japan	663	495	△167	△25.3
Overseas	699	658	△40	△5.8
Operating income	1,242	1,208	△34	△2.8



Reference : P/L

	FYE 6/2012		FYE 6/2013			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	The main comparison factors
Net sales	14,852	100.0	19,968	100.0	+5,116	Positive trends observed in Medical Field in all territories.
Cost of Sales	4,928	33.2	6,458	32.3	+1,529	
Gross profit	9,923	66.8	13,510	67.7	+3,587	Along with Sales Increase
SGA	7,884	53.1	9,158	45.9	+1,273	Business related expense
Operating income	2,038	13.7	4,351	21.8	+2,313	
Non-operating income	103	0.7	550	2.8	+447	Foreign exchange profit +489
Non-operating expense	209	1.4	99	0.5	△110	Foreign exchange losses △140
Ordinary income	1,931	13.0	4,802	24.0	+2,870	
Extraordinary gain	1,731	11.7	0	0.0	△1,731	Disaster insurance △1,706
Extraordinary loss	2,342	15.8	39	0.2	△2,303	Loss due to Thai flooding △2,197
Net income	967	6.5	3,004	15.0	+2,036	
Net sales	672	4.5	5,288	26.5	+4,615	Foreign currency translation adjustment +2,171

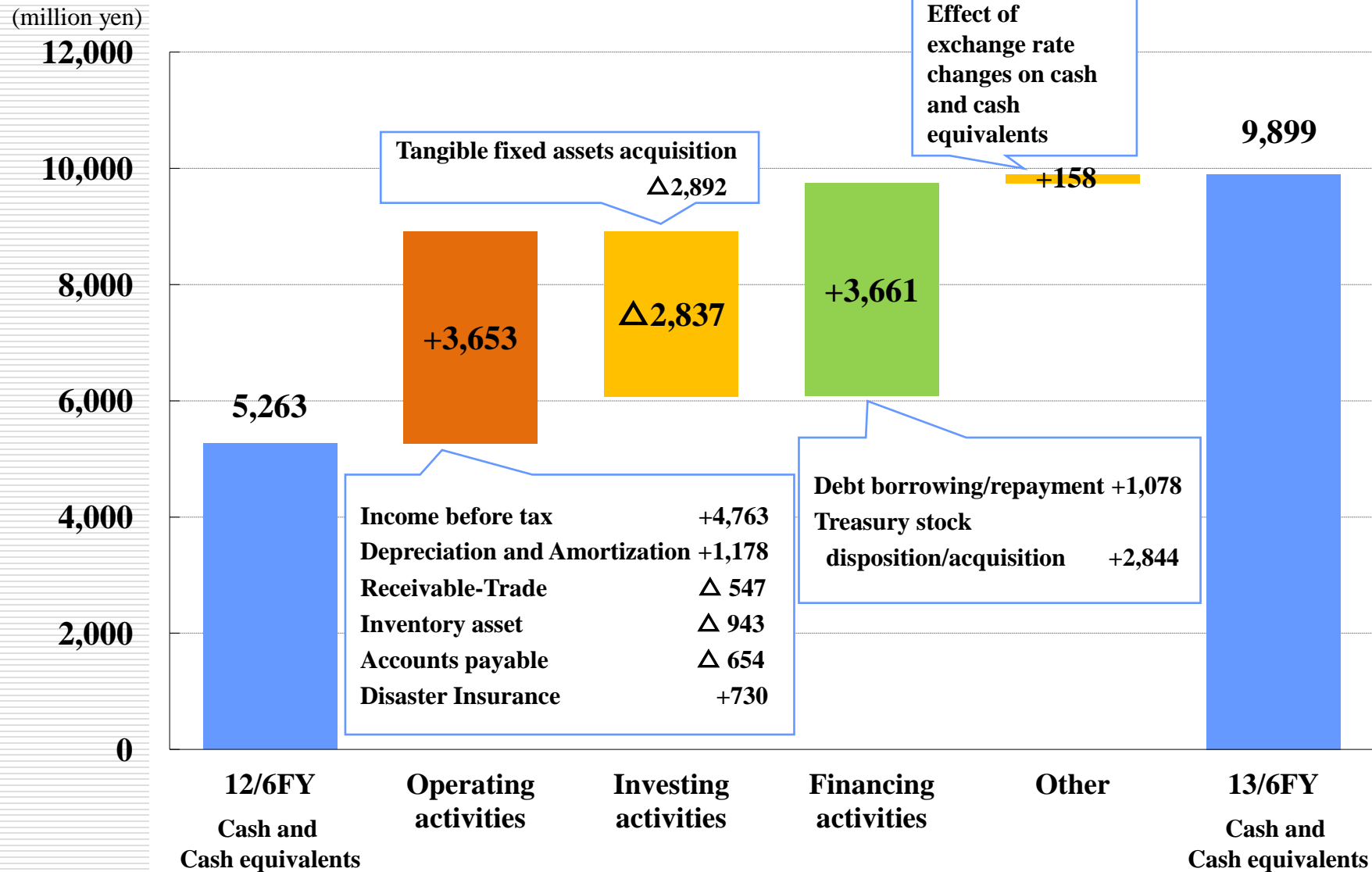


Reference : B/S

		FYE 6/2012		FYE 6/2013			
		Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	The main comparison factors
Assets	Current assets	15,608	58.5	22,343	61.1	+6,734	Cash and deposit +4,480 Receivable-Trade +1,019 Inventory assets +1,733
	Fixed assets	11,058	41.5	14,243	38.9	+3,185	Tangible fixed assets +2,712
Total assets		26,666	100.0	36,587	100.0	+9,920	
Liabilities	Current liabilities	6,758	25.3	7,804	21.3	+1,046	Accrued corporation tax +1,183
	Fixed liabilities	5,841	21.9	6,857	18.7	+1,015	Long term debt +841
Total liabilities		12,600	47.3	14,662	40.1	+2,062	
Total net assets		14,066	52.7	21,924	59.9	+7,858	Capital surplus +1,890 Retained earnings +2,697 Foreign currency translation adjustment +1,873
Total liabilities & Net assets		26,666	100.0	36,587	100.0	+9,920	



Reference : C/F





1. Summary of Financial Results of FYE 6/2013

2. Earnings Estimate of FYE 6/2014



Vision for FYE 6/2014

Continued growth in the flagship product PTCA GW,
along with a new focus on new catheter based products, lead to increased sales

■ Net Sales forecast is 24,055 Mil. Yen (+20.5 % YoY)

< Increase of income factors >

- Japan, EU/Middle East, Asia (inc. China) increased shares of growing markets
- Launch of new products: PTCA Balloon Catheter “Kamui” and PTCA Guiding Catheter “Hyperion”
- Profit increases due to domestic direct sales of Abdominal and Neurovascular products

< Decrease of income factors >

- Reimbursement prices falling (Δ250 Mil. Yen)

■ Sales costs and other fees coupled with increased sales led to large profit increases

- Operating income 5,446 Mil. Yen (+25.2 % YoY)

- Increased R&D costs (+ 574 Mil. Yen YoY, Sales ratio 10.5 %)
- Labor cost and related overhead cost increase due to enforcement of sales function.

- Ordinary income 5,434 Mil. Yen (+13.2% YoY)

- Net income 3,804 Mil. Yen (+26.6 % YoY)

Assumed Exchange Rate	(Unit : JPY)			
	US \$	88.18	BAHT	2.90
13/6FY (Actual)	EURO	112.00	CHY	14.17
14/6FY (Plan)	US \$	95.00	BAHT	3.30
	EURO	125.00	CHY	15.00

Effect of exchange rate on operating income (estimate)

US \$ (+ 1 yen influence) : approx. 58 Mil. Yen Increase
 BAHT(+0.1 yen influence) : approx. 120 Mil. Yen Decrease
 EURO (+ 1 yen influence) : approx. 18 Mil. Yen Increase

※ Toyoflex acquisition is incomplete, thus current data do not include Toyoflex

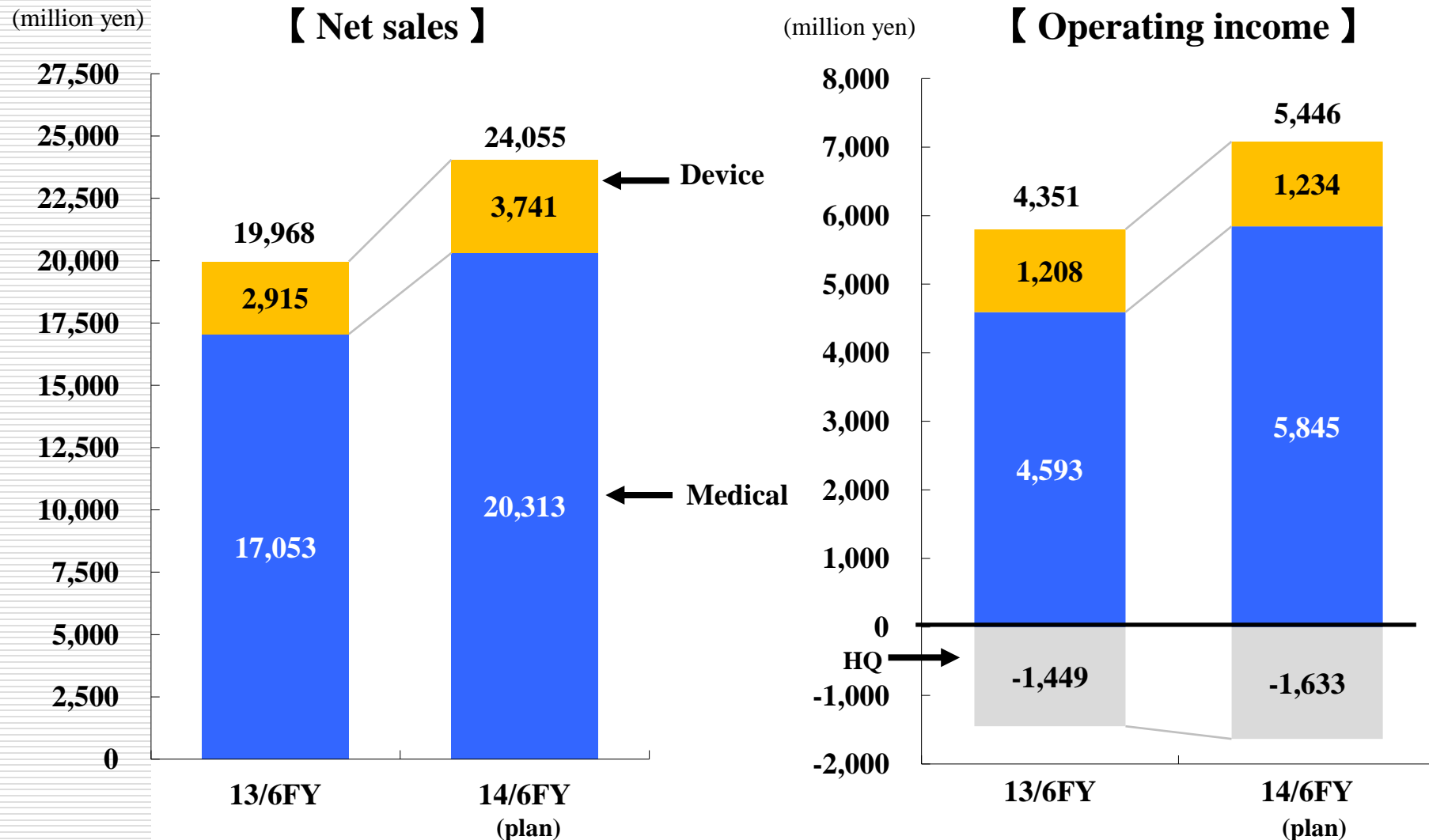


Earning Estimate of FYE 6/2014

	FYE 6/2013 (Actual)		FYE 6/2014 (Plan)			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	YoY	
					Changes (mil.yen)	Changes (%)
Net sales	19,968	100.0	24,055	100.0	+4,086	+20.5
Gross profit	13,510	67.7	16,248	67.5	+2,738	+20.3
Operating income	4,351	21.8	5,446	22.6	+1,094	+25.2
Ordinary income	4,802	24.0	5,434	22.6	+632	+13.2
Net income	3,004	15.0	3,804	15.8	+800	+26.6
EPS	197.79Y	-	239.38Y	-	+41.59Y	+21.0



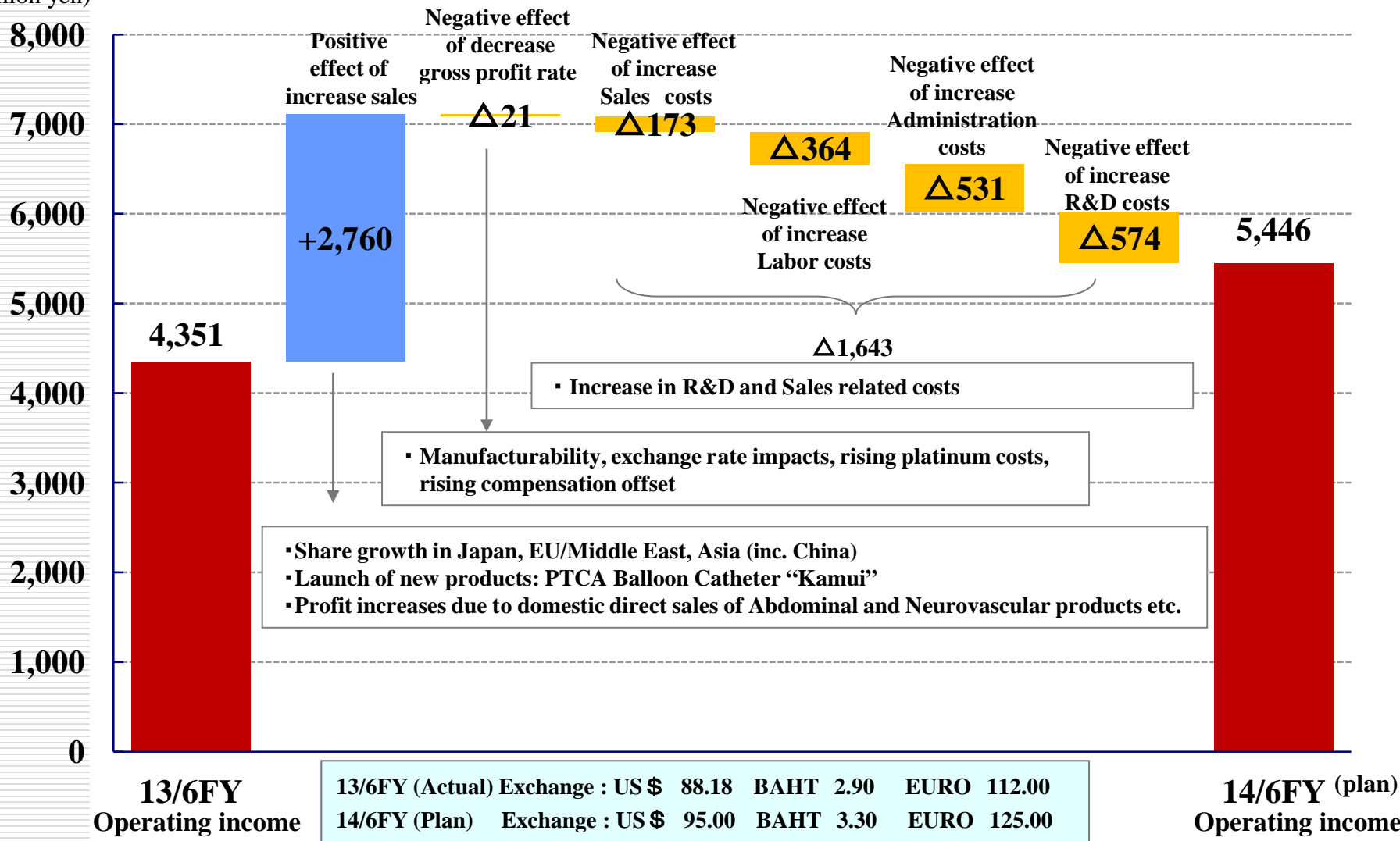
Earnings Estimate by Segment Division





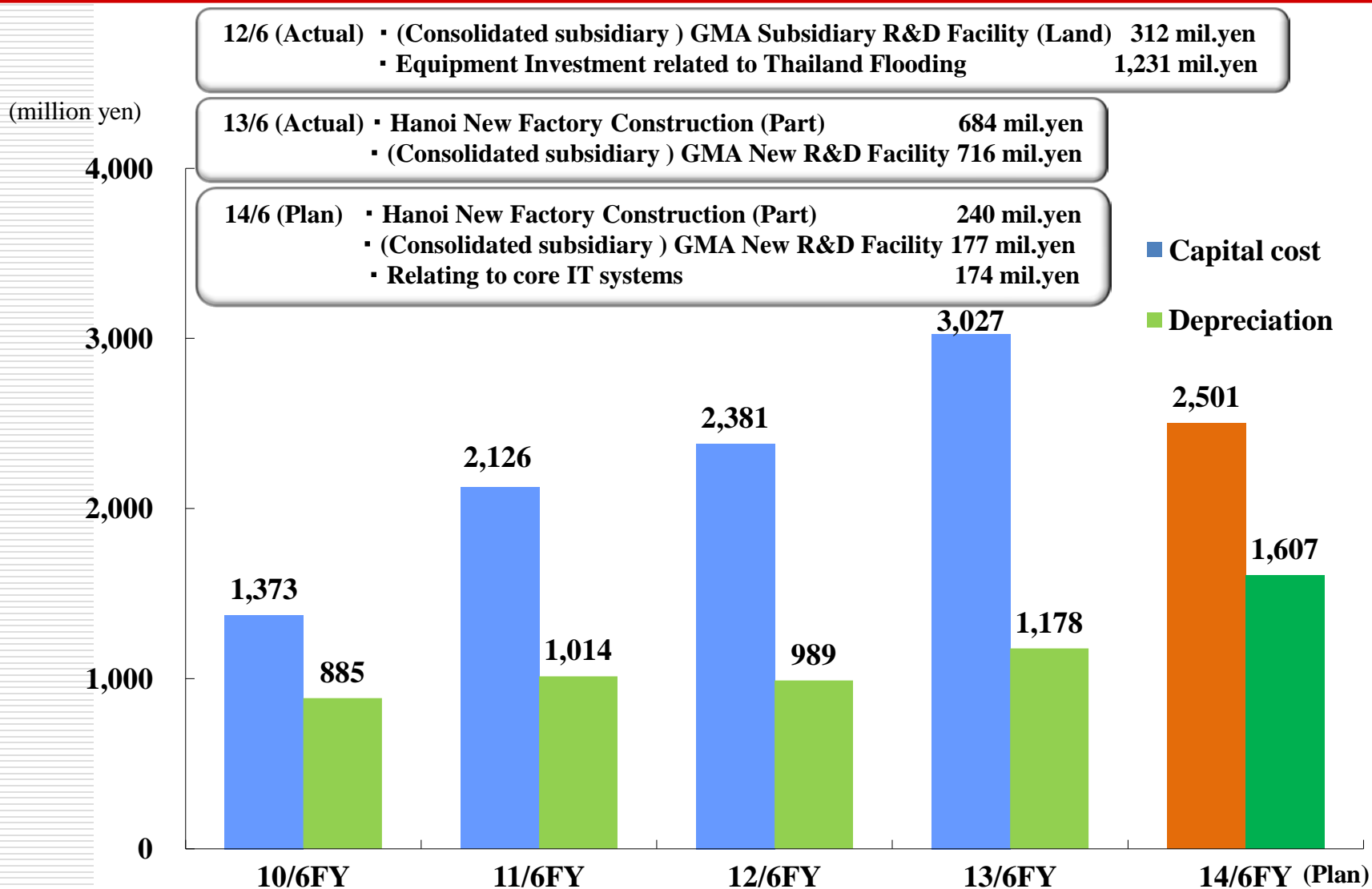
Attribution analysis of Operating Income for Earnings estimate of FYE 6/2014

(million yen)





Reference : Equipment Installation Actual and Plan



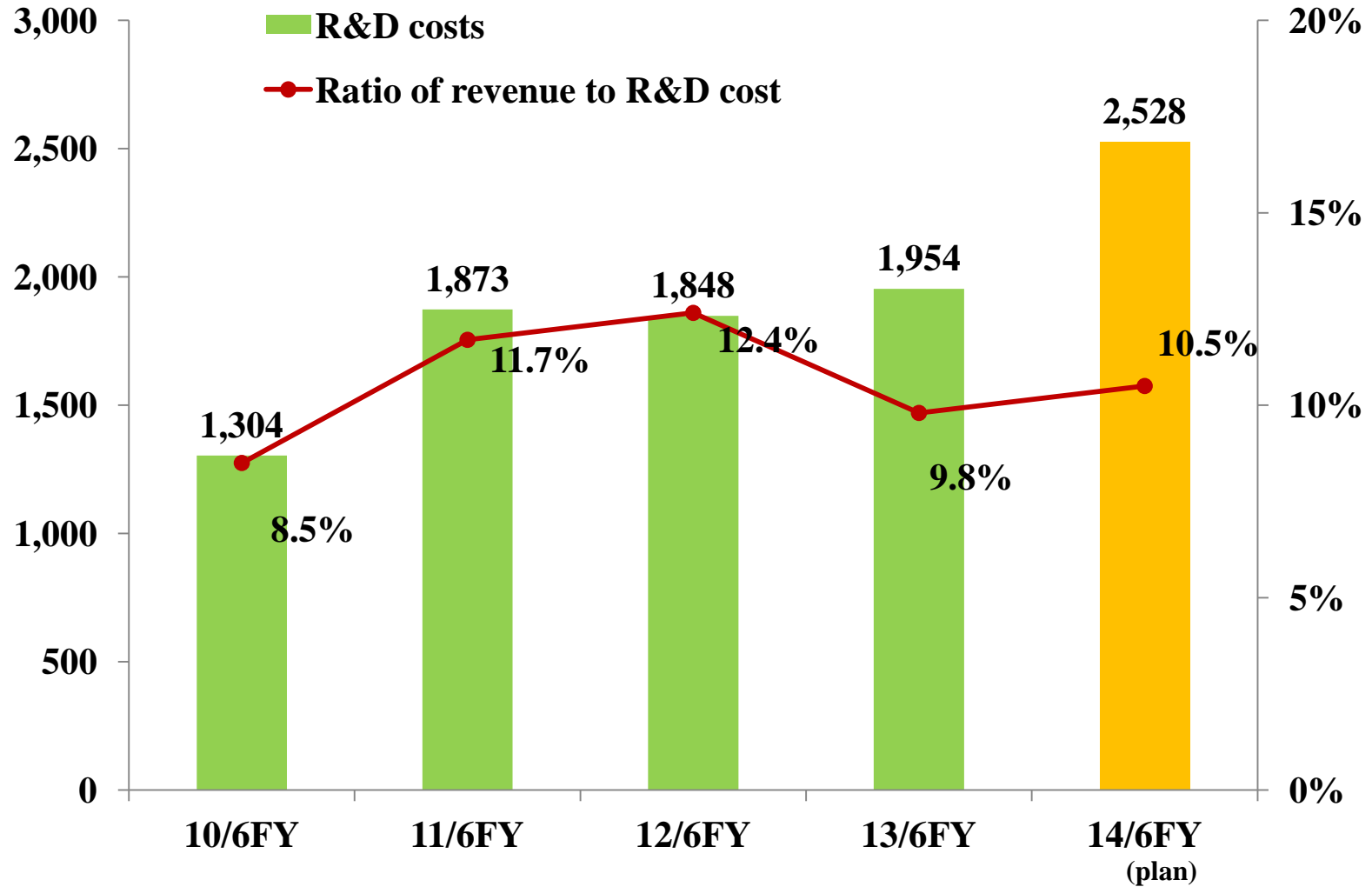
* :From FYE June, 2013, Our depreciation method except building to change from the fixed rate to the straight line method in our company and domestic consolidated subsidiary.



Reference : R&D costs

R&D costs
(million yen)

Ratio of revenue to R&D cost
(%)





Caution Regarding Information Presented

All forward looking statements contained herein, including sales forecasts, outlooks, and strategic plans, are based on the best currently available data; however, risk and Uncertainty are involved in these statements. Please note that actual results may differ greatly from plans presented here.

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