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2nd Quarter Financial Results for FYE June, 2012

February 14, 2012

(Securities code : 7747

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



Contents

1. Summary of Financial Results of FYE 6/2012 Q2

2. Earnings estimate of FYE 6/2012



FYE 6/2012 Q2 YTD Main Points (Consolidated)

- **Net sales essentially flat at 7,899 million yen ($\Delta 0.4\%$ over last year same period)**
 - **Increasing revenue segment : Medical Devices Decreasing revenue segment : Industrial Devices**
 - Increased transactions centering on Medical Segment -Sales growth in Japan and European Markets.
 - Unfavorable exchange rates (high yen, cheap dollar and Euro), led to drop in sales ($\Delta 192$ million yen)
 - Impact of Thailand flooding from Q2
 - Impact of decreased sales for distributor stock reduction in preparation for change to direct sales in Japan market

Increase of
income factor

Decrease in
income factor

- **High yen valuations, Thailand flooding impacted Operating income and Ordinary income but still over performed original plan**

- **Gross profit 5,428 million yen (3.9% over last year same period) (gross margin 68.7%, 2.8points over last FY)**
 - Positive sales progress in the high-profit Medical Segment
 - Fees incurred by halt of operations in Thailand factory due to flooding accounted as Extraordinary losses.
- **Operating income 1,741 million yen ($\Delta 3.7\%$ over last year same period)**
 - Increase of R&D cost as part of project to strengthen R&D (916 million yen) (increase of 75 million yen over last year same period, 11.6% sales increase)
 - Increase in expenses related to developing sales channels, etc.
- **Ordinary income 1,728 million yen (0.8% over last year same period)**
 - Non-operating expenses down to 44 million yen due to exchange rate (increase of 81 million yen over last year same period)
- **Net income (Q2 YTD) 609 million yen ($\Delta 53.3\%$ over last year same period)**
 - Insurance payments due to natural disaster accounted as Extraordinary gains (504 million yen)
 - Losses incurred by natural disaster accounted as Extraordinary losses (1,156 million yen)
 - ※ "Insurance payments due to natural disaster" and "Losses incurred by natural disaster" do not reflect monetary transactions; they reflect only accounting of portional values understood to this point.



Highlight

	FYE 6/2011 Q2 YTD		FYE 6/2012 Q2 YTD						
	Amount (mil.yen)	Ratio (%)	Original plan 2011/8/12	Amount (mil.yen)	Ratio (%)	Year on year		Compared to Original plan	
						Changes (mil.yen)	Changes (%)	Changes (mil.yen)	Changes (%)
Net sales	7,930	100.0	8,310	7,899	100.0	△30	△0.4	△410	△4.9
Gross profit	5,224	65.9	5,403	5,428	68.7	+203	+3.9	+24	+0.5
Operating income	1,809	22.8	1,560	1,741	22.0	△67	△3.7	+181	+11.6
Ordinary income	1,714	21.6	1,559	1,728	21.9	+14	+0.8	+168	+10.8
Net income (Q2 YTD)	1,306	16.5	1,127	609	7.7	△696	△53.3	△517	△45.9
EPS	82.41Y	-	71.10Y	38.46Y	-	△43.95Y	-	△32.64Y	-



Net Sales by Segment Division

	FYE 6/2011 Q2 YTD		FYE 6/2012 Q2 YTD			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	Changes (%)
Medical	6,346	80.0	6,542	82.8	+196	+3.1
Device	1,584	20.0	1,357	17.2	Δ226	Δ14.3
Total amount	7,930	100.0	7,899	100.0	Δ30	Δ0.4

(Reference)

Medical Field	7,067	89.1	7,180	90.9	+113	+1.6
Industrial Field	863	10.9	719	9.1	Δ143	Δ16.6

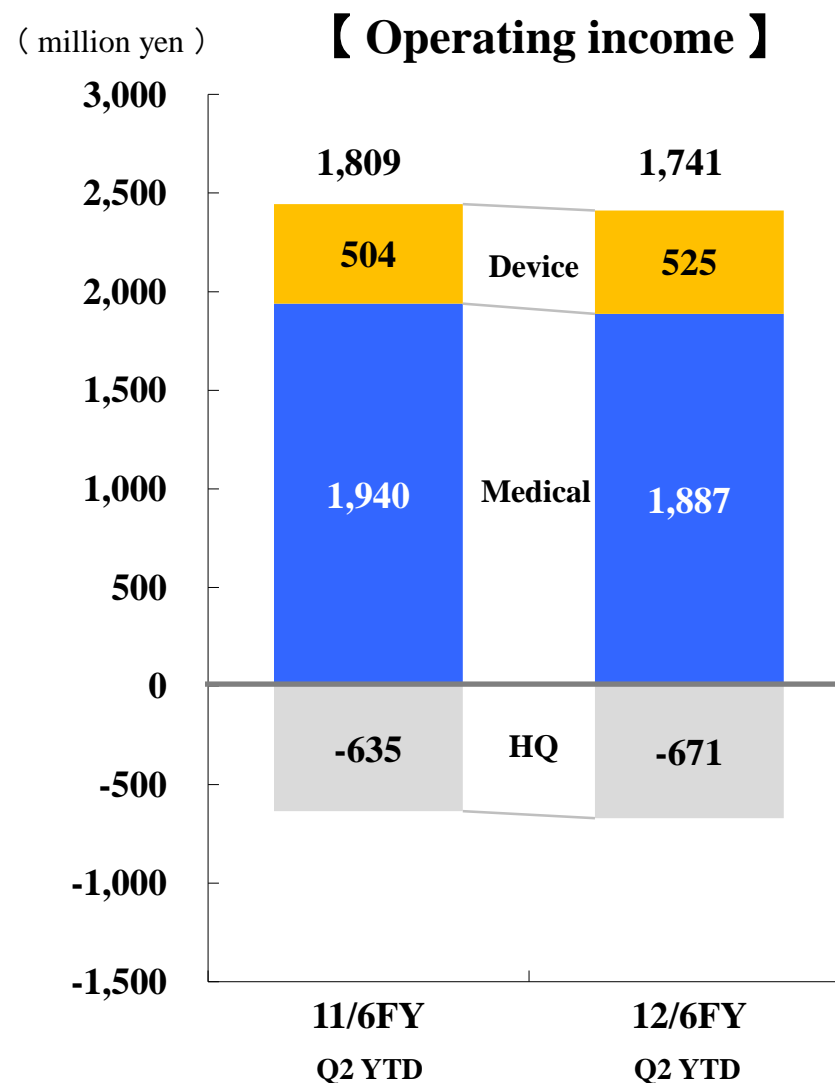
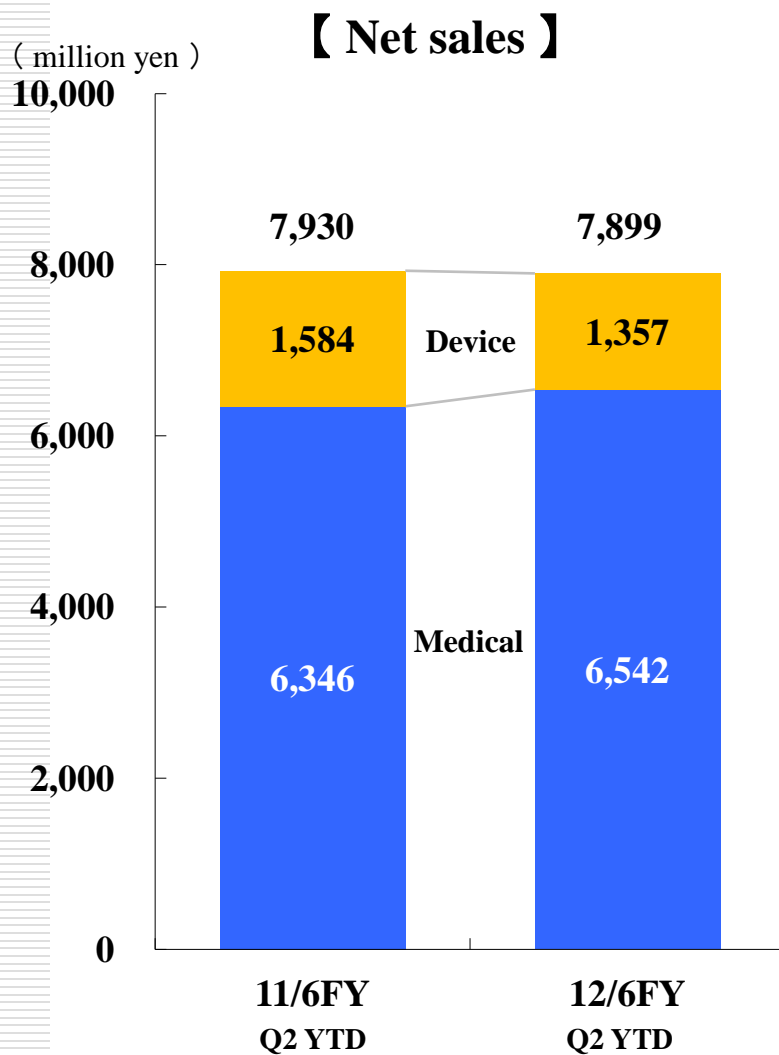


Operating income by Segment Division

	FYE 6/2011 Q2 YTD		FYE 6/2012 Q2 YTD			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	Changes (%)
Medical	1,940	79.4	1,887	78.2	△52	△2.7
Device	504	20.6	525	21.8	+21	+4.3
Subtotal	2,444	100.0	2,413	100.0	△30	△1.3
Erasing & HQ	△635	-	△671	-	△36	+5.8
Total Amount	1,809	-	1,741	-	△67	△3.7

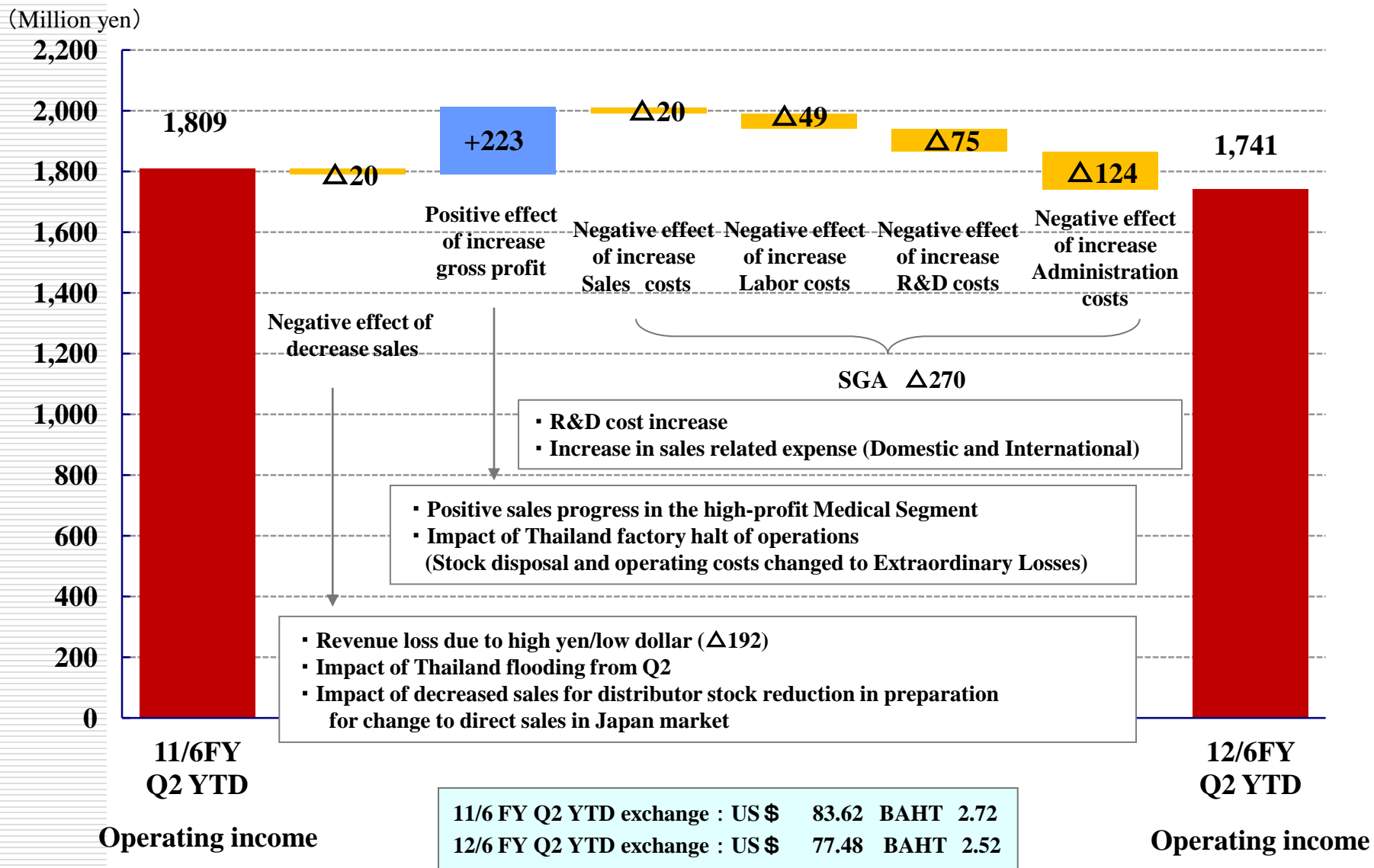


Earnings performance by Segment Division



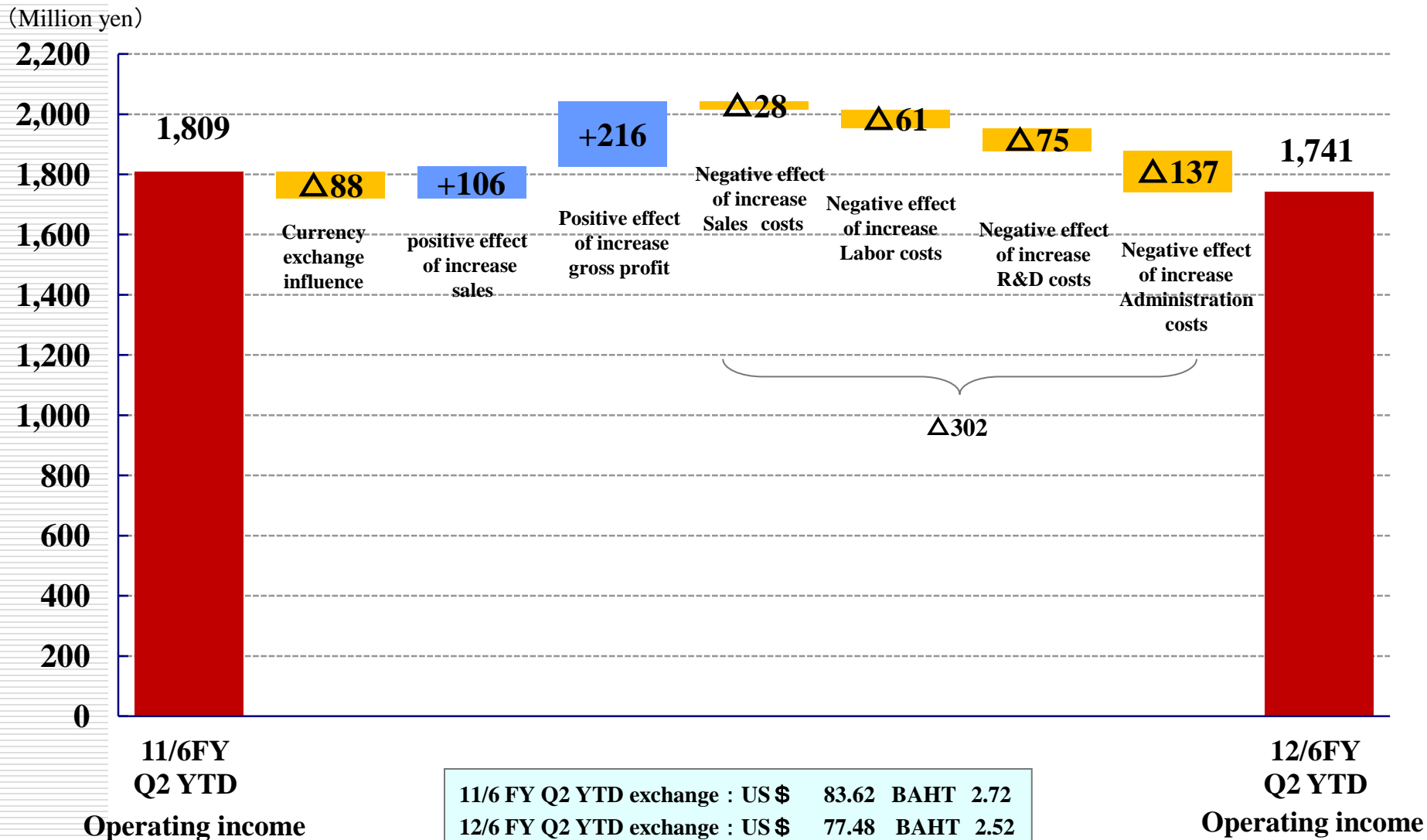


Attribution analysis of operating income – 1 (Exchange rate fluctuations included)





Attribution analysis of operating income – 2 (Exchange rate fluctuations excluded)



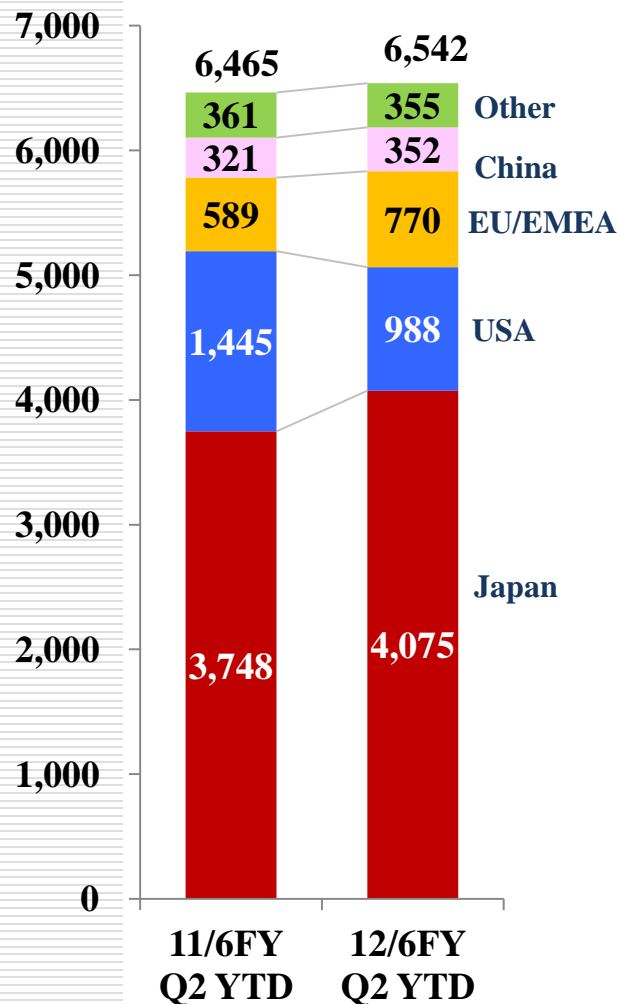


Situation Per Segment Division



Per segment by Medical Division (by Geography-1)

(million yen)



(Post Adjustment)

【Net Sales】

■ **Japan**: Despite stock adjustments due to switch to direct sales, increase in transactions led to positive sales progress.

- The switch to direct sales in H2 led to distributor (SJM) stock adjustments, causing a temporary dip in sales, but this was offset by the PTCA GW "SION Series" taking a large market share.
- Increases in sales of the Corsair Penetration Catheter
- Increases due to start of shipment of the OEM Peripheral Guide wire to Boston Scientific Corp.

■ **Foreign**: Despite unfavorable exchange rates (Δ148 million yen) positive sales progress shown in EU and China
Temporary adjustment to US shipments caused by Thailand flooding

- Unfavorable exchange rates (high yen, cheap dollar and Euro) (Δ148million yen)
- USA: Weak dollar valuations and impact of Thailand factory flooding led to adjustment of supply of PTCA GW to Abbott
- EU: Despite weak Euro, initial stock orders due to change to local distributors and increased supply to end-users led to growth
- China: Despite weak dollar, positive PTCAGW sales growth

【 Operating income 】

- Unfavorable exchange rates and impact of Thailand factory flooding led to increase of sales costs, despite lowered costs due to direct sales



Per segment by Medical Division (by Geography-2)

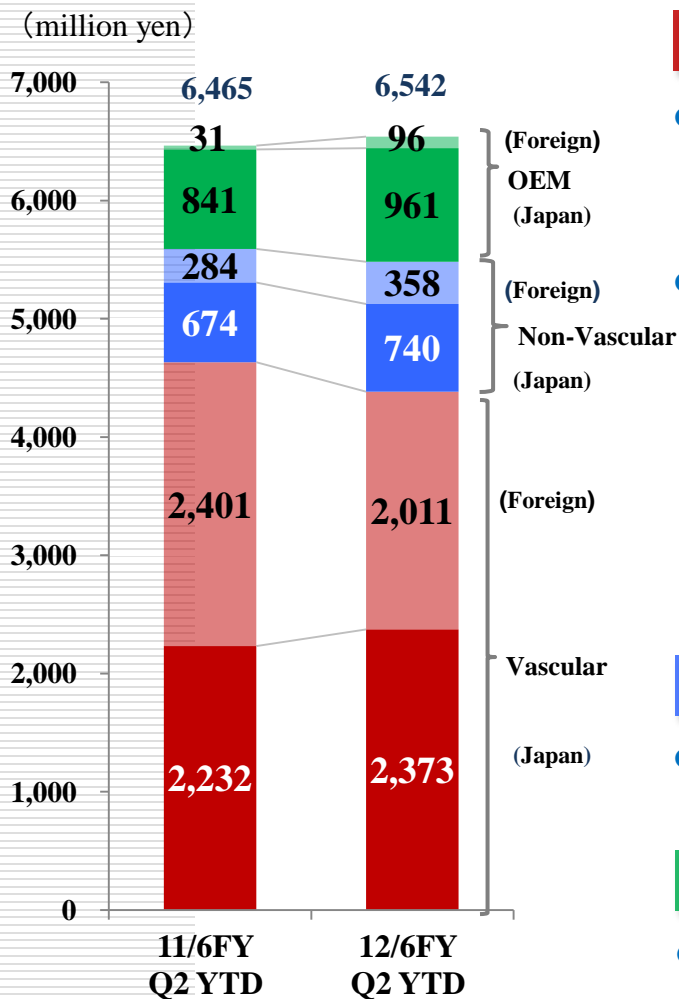
(million yen)

	11/6FY Q2 YTD		12/6FY Q2 YTD	(Post Adjustment)YOY	
	Pre Adjustment	Post Adjustment *		Changes (mil.yen)	Changes (%)
(Exchanging rate: USD)	83.62		77.48	△6.14	△7.3
Net sales	6,346	6,465	6,542	+76	+1.2
Japan	3,712	3,748	4,075	+327	+8.7
Foreign	2,633	2,717	2,466	△250	△9.2
USA	1,361	1,445	988	△456	△31.6
EU/EMEA	589	589	770	+181	+30.8
China	321	321	352	+31	+9.7
Other	361	361	355	△6	△1.8
Operating income	1,940	1,989	1,887	△102	△5.1

* : (Post Adjustment) Adjustment due to segment reclassification of Asahi Intecc GMA CO., LTD.



Per segment by Medical Division (by Treatment-1)



Vascular

- **Japan** : There is a temporary shrink of supply due to the stock adjustment of the domestic distributor (SJM) due to the switch to direct sales of PTCA Guide Wires; however, end user usage of the Sion Series is progressing positively
- **Foreign** : Despite unfavorable exchange rates, positive sales progress shown in EU and China
 - **U S A** : Weak dollar valuations and impact of Thailand factory flooding led to adjustment of supply of PTCA GW to Abbott
 - **E U** : Despite weak Euro, initial stock orders due to change to local distributors and increased supply to end-users led to growth
 - **China** : Despite weak dollar, positive PTCA GW sales growth

Non-Vascular

- **Main increases in abdominal vessel devices**

OEM

- **Japan** : Increases due to start of shipment of the OEM Peripheral Guide wire to Boston Scientific Corp.

(Post Adjustment)



Per segment by Medical Division (by Treatment-2)

(million yen)

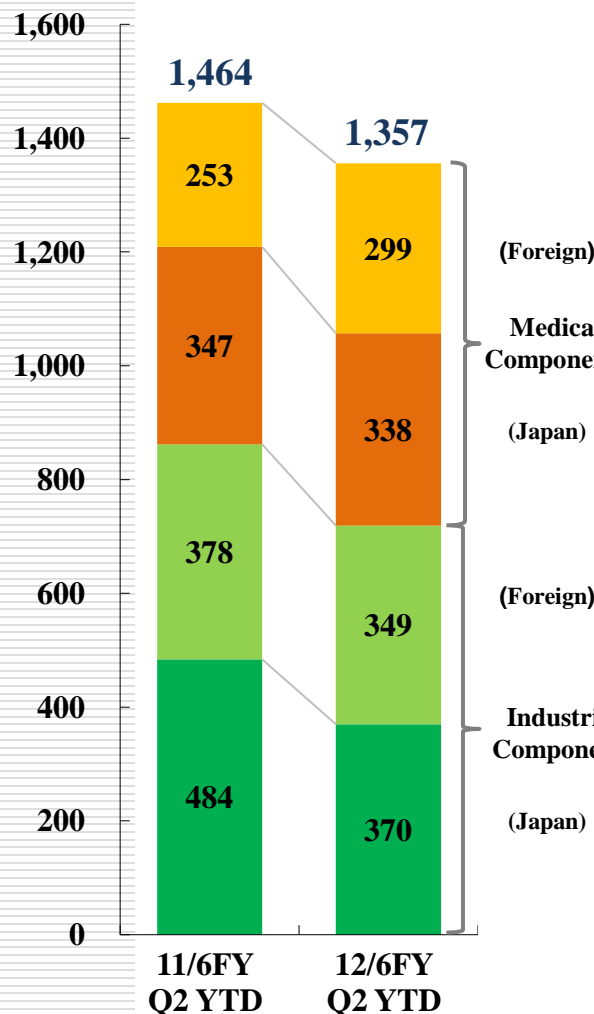
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(Exchanging rate: USD)	83.62		77.48	△6.14	△7.3
Net sales	6,346	6,465	6,542	+76	+1.2
Japan	3,712	3,748	4,075	+327	+8.7
Foreign	2,633	2,717	2,466	△250	△9.2
Vascular	4,634	4,634	4,384	△249	△5.4
Japan	2,232	2,232	2,373	+140	+6.3
Foreign	2,401	2,401	2,011	△390	△16.3
Non-Vascular	838	958	1,099	+141	+14.7
Japan	638	674	740	+66	+9.9
Foreign	200	284	358	+74	+26.2
OEM	873	873	1,057	+184	+21.2
Japan	841	841	961	+120	+14.3
Foreign	31	31	96	+64	+203.8

* : (Post Adjustment) Adjustment due to segment reclassification of Asahi Intecc GMA CO., LTD.



Per segment by of Device Division -1

(million yen)



【Net Sales】

- High yen valuations ($\Delta 44$ million yen) and stoppage of supply due to Thailand factory flooding led to loss.

Medical Components

- Increase in components to US for abdominal vascular treatment devices.

Industrial Components

- Increase in components to foreign auto manufacturers.

- Due to halt of operations at the Thailand factory due to flooding, some orders were subcontracted to other manufacturers and others were put on back order, leading to overall loss in sales

【Operating income】

- Increase in inter-segment transactions and decrease of sales and operating costs led to overall gain

(Post Adjustment)



Per segment by of Device Division -2

(million yen)

	11/6FY Q2 YTD		12/6FY Q2 YTD	(Post Adjustment)YOY	
	Pre Adjustment	Post Adjustment *		Changes (mil.yen)	Changes (%)
(Exchanging rate: USD)	83.62		77.48	△6.14	△7.3
Net sales	1,584	1,464	1,357	△106	△7.3
Japan	868	832	708	△124	△14.9
Foreign	715	631	649	+17	+2.8
Medical Components	720	601	637	+36	+6.1
Japan	383	347	338	△9	△2.8
Foreign	337	253	299	+46	+18.3
Industrial Components	863	863	719	△143	△16.6
Japan	484	484	370	△114	△23.6
Foreign	378	378	349	△28	△7.7
Operating income	504	454	525	+71	+15.7

* : (Post Adjustment) Adjustment due to segment reclassification of Asahi Intecc GMA CO., LTD.



Reference : P/L

	FYE 6/2011Q2 YTD		FYE 6/2012 Q2 YTD			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	The main comparison factors
Net sales	7,930	100.0	7,899	100.0	△30	Unfavorable exchange rates △192 mil. yen Temporary adjustment to US shipments caused by Thailand flooding Supply restriction due to switch to direct sales in domestic market
Cost of Sales	2,705	34.1	2,471	31.3	△233	Thailand factory fixed costs changed to Extraordinary Losses for duration of halted operations
Gross profit	5,224	65.9	5,428	68.7	+203	
SGA	3,415	43.1	3,686	46.7	+270	Increase in R&D cost and sales related expense
Operating income	1,809	22.8	1,741	22.0	△67	
Non-operating income	64	0.8	60	0.8	△4	
Non-operating expense	160	2.0	73	0.9	△86	Foreign exchange loss △81
Ordinary income	1,714	21.6	1,728	21.9	+14	
Extraordinary gain	0	0.0	522	6.6	+522	Disaster Insurance Payments for Thailand Flooding 504 mil. yen
Extraordinary loss	37	0.5	1,314	16.6	+1,277	Loss due to damage incurred by Thailand flooding 1,156 mil. yen
Net income	1,306	16.5	609	7.7	△696	



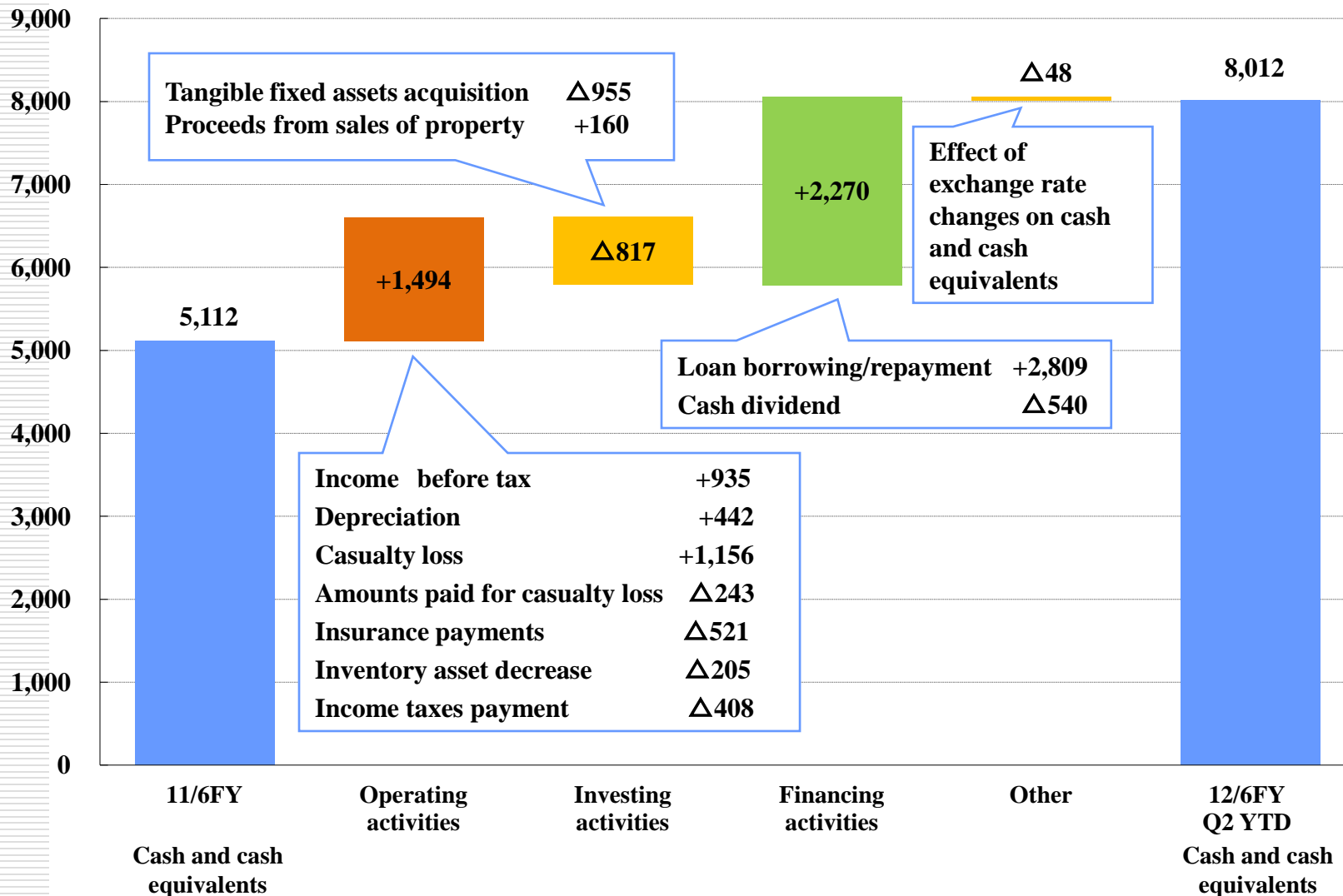
Reference : B/S

		FYE 6/2011		FYE 6/2012 Q2 YTD			The main comparison factors
		Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	
Assets	Current assets	13,687	56.4	16,310	61.8	+2,622	Cash and deposits increase +2,800 Sales credit decrease Δ455 Inventory assets decrease Δ388
	Fixed assets	10,592	43.6	10,071	38.2	Δ520	Tangible fixed assets decrease Δ232 Investments and other assets decrease Δ243
Total assets		24,280	100.0	26,382	100.0	+2,102	
Liabilities	Current liabilities	5,103	21.0	5,714	21.7	+611	Short-term loans payable +877
	Fixed liabilities	4,278	17.6	6,140	23.3	+1,862	Long-term loans payable +1,904
Total liabilities		9,381	38.6	11,855	44.9	+2,474	
Total net assets		14,898	61.4	14,526	55.1	Δ371	Translation adjustment decrease Δ420
Total liabilities & net assets		24,280	100.0	26,382	100.0	+2,102	



Reference : C/F

(million yen)





Contents

1. Summary of Financial Results of FYE 6/2012 Q2

2. Earnings estimate of FYE 6/2012



Vision for FYE 6/2012 -1

**Impact of the Thailand flooding caused the FY sales forecast to be revised downward.
There is no change to the mid-term growth plan.**

- **Net Sales forecast is 14,401million yen (Δ 10.0% over last year)**
 - < Increase of income factor >
 - **Japan Market : Direct sales of main products, PTCA GW, led to profit expansion**
(Direct sales in effect from Jan. 2012)
 - **E U Market : Sales growing as expected due to transition to local distributors, enabling Asahi to move closer to the market. Repeat sales after distributor initial stocking are maintaining growth curve.**
 - < Decrease of income factor >
 - **Impact of Thailand Factory Flooding**
 - To cover the supply chain interruption, the entire Asahi group worked together to recover production
 - Supply adjusted with the top priority being uninterrupted supply to the market
 - Regarding products that distributors had sufficient reserve stock to prevent any impact on supply to end-users, the Asahi Group managed shipping and supply
 - **Japan Market : Supply reduction and hospital consignment stock buy back due to distributor stock reduction in reaction to PTCA GW direct sales switch (Δ 602 million yen)**
 - **Reimbursement prices falling approx. 10% (Δ 225 million yen)**
 - **Unfavorable exchange rates**



Vision for FYE 6/2012 -2

- **Operating income 1,803 million yen ($\Delta 44.5\%$ over last year)**
 - Continued investments and payments for activities / equipment to promote and speed growth.
 - Entire group curtailed other costs.
 - R&D Costs : Aggressive investment to strengthen catheter development (Ratio of Revenue to R&D costs 12.8%)
 - Sales Costs : Increase expenditure to support domestic direct sales and strengthen foreign sales channel support

- **Ordinary income 1,781million yen ($\Delta 43.7\%$ over last year)**

- **Net income 673million yen ($\Delta 68.9\%$ over last year)**
 - Insurance payments due to Thailand flooding (1,404 million yen) planned accounted as Extraordinary gains
 - Losses due to natural disaster (1,972 million yen) planned accounted as Extraordinary losses

Assumed exchange rate			(Unit:JPY)	
11/06 (actual)	US \$	82.70	BAHT	2.70
11/12(actual)	US \$	77.48	BAHT	2.52
	EUR	109.49	CHY	12.12
12/01 ~ (plan)	US \$	77.00	BAHT	2.50
	EUR	98.00	CHY	12.00
12/06 (plan)	US \$	77.24	BAHT	2.51
	EUR	103.74	CHY	12.06

Effect of exchange rate on operating income (estimate)
 US \$ (+ 1 yen influence) : approx.31million yen increase
 BAHT(+0.1 yen influence) : approx. 50million yen decrease

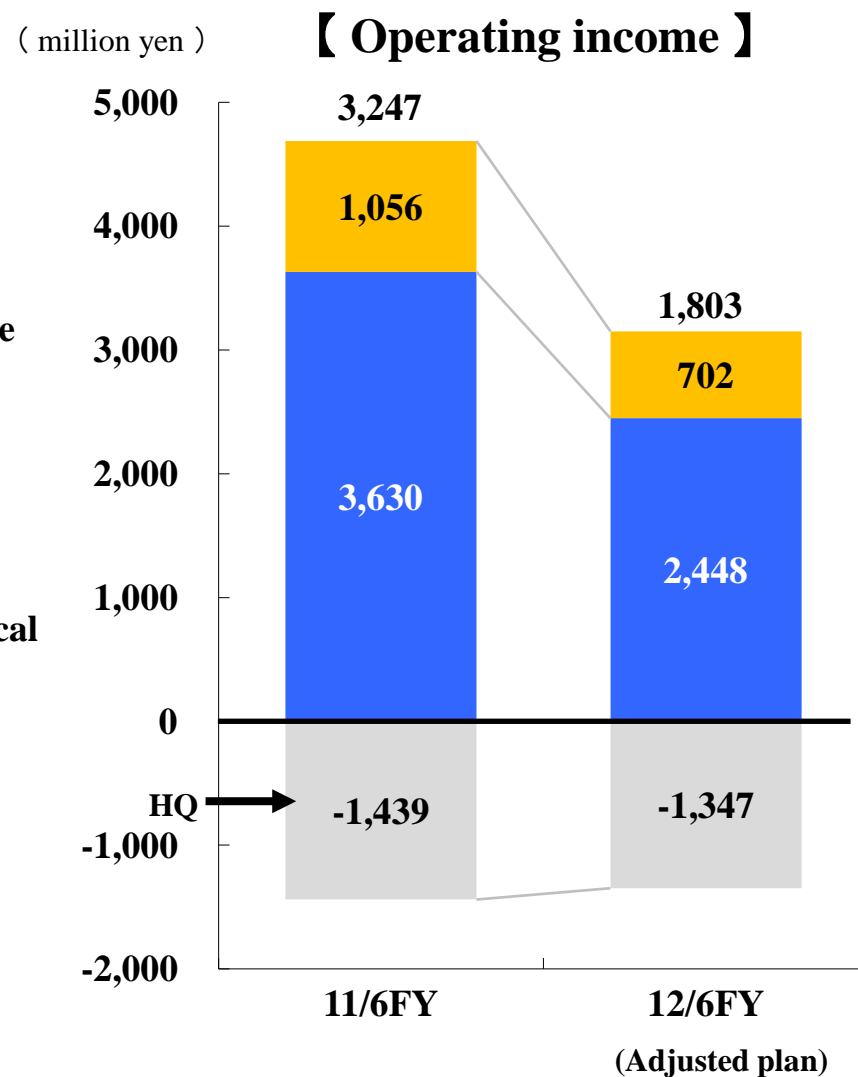
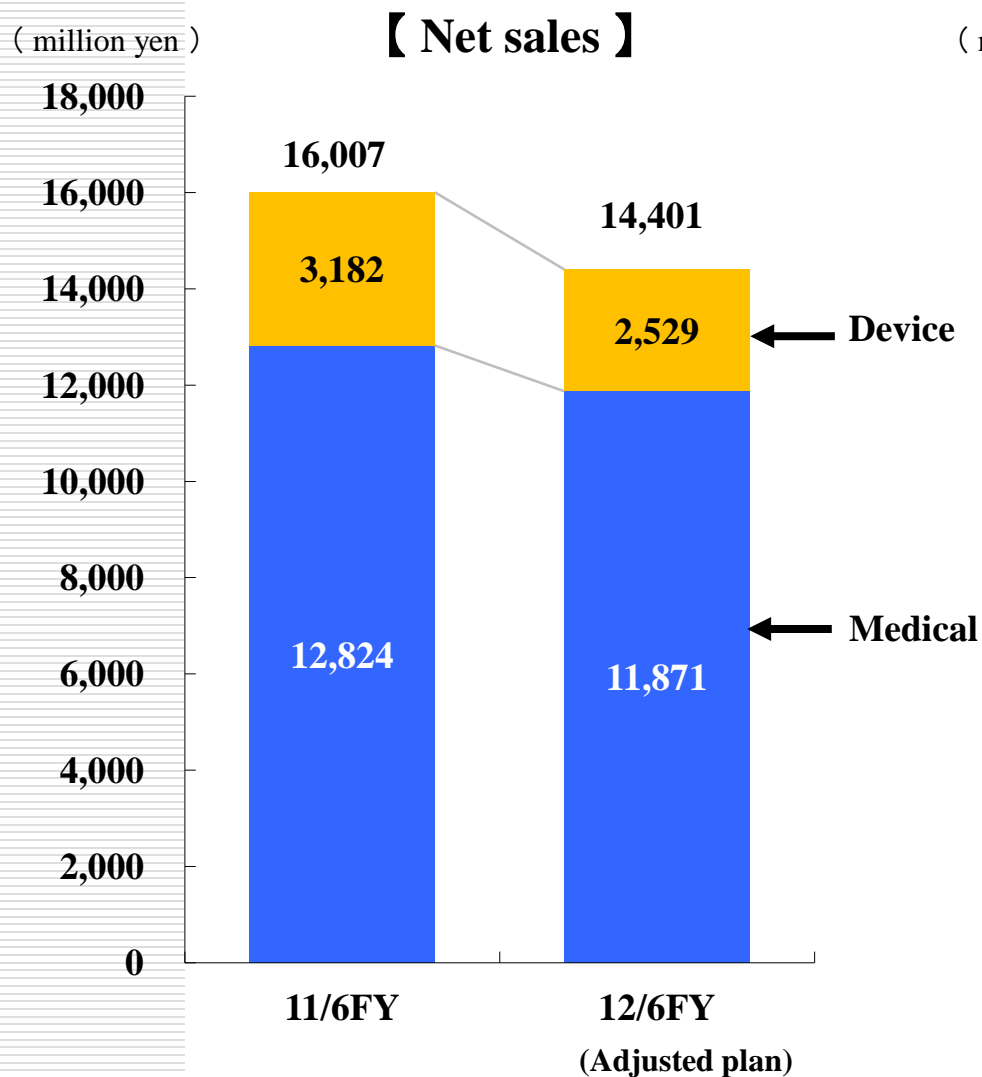


Earnings estimate of FYE 6/2012

	FYE 6/2011		FYE 6/2012 (plan)						
	Amount (mil.yen)	Ratio (%)	Original plan 2011/8/12	Amount (mil.yen)	Ratio (%)	Year on year		Compared to Original plan	
						Changes (mil.yen)	Changes (%)	Changes (mil.yen)	Changes (%)
Net sales	16,007	100.0	17,061	14,401	100.0	Δ1,605	Δ10.0	Δ2,659	Δ15.6
Gross profit	10,675	66.7	11,236	9,444	65.6	Δ1,230	Δ11.5	Δ1,791	Δ15.9
Operating income	3,247	20.3	3,303	1,803	12.5	Δ1,444	Δ44.5	Δ1,500	Δ45.4
Ordinary income	3,164	19.8	3,297	1,781	12.4	Δ1,383	Δ43.7	Δ1,516	Δ46.0
Net income	2,161	13.5	2,165	673	4.7	Δ1,488	Δ68.9	Δ1,492	Δ68.9
EPS (JPY)	136.36Y	-	136.59Y	42.45Y	-	Δ93.91Y	-	Δ94.14Y	-

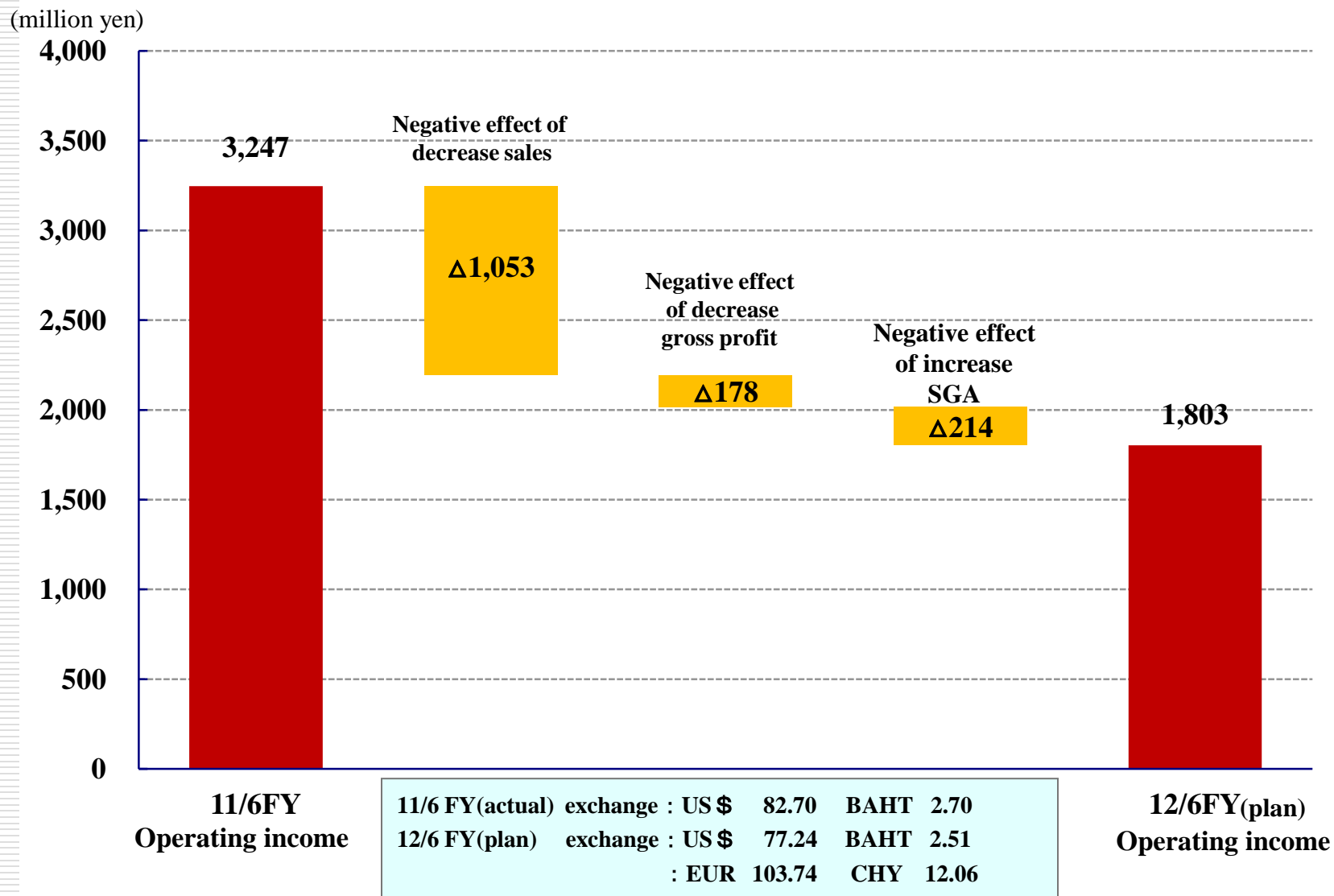


Earnings estimate by Segment Division





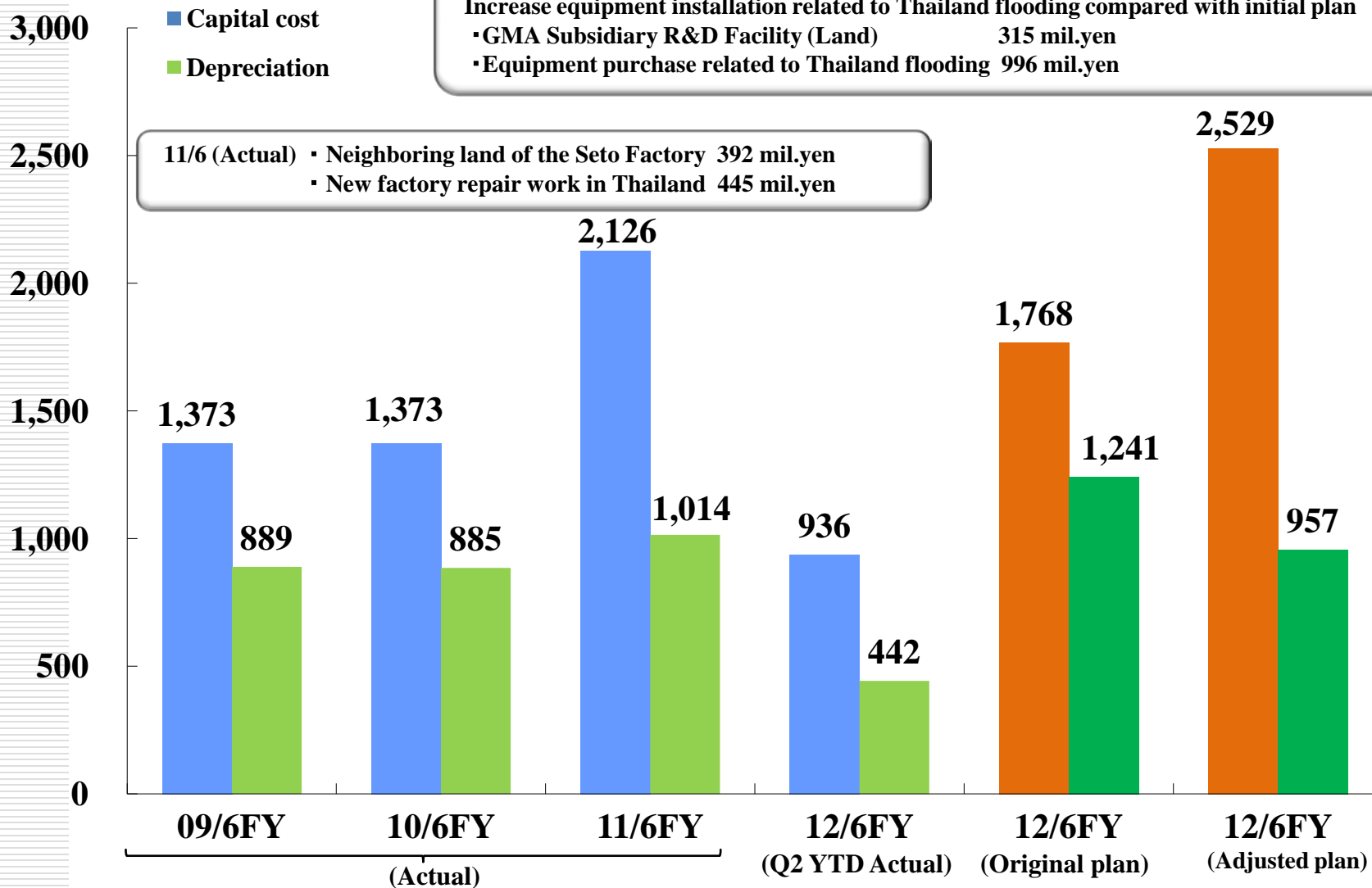
Attribution analysis of operating income for Earnings estimate of FYE 6/2012





Equipment Installation Actual and Plan

(million yen)





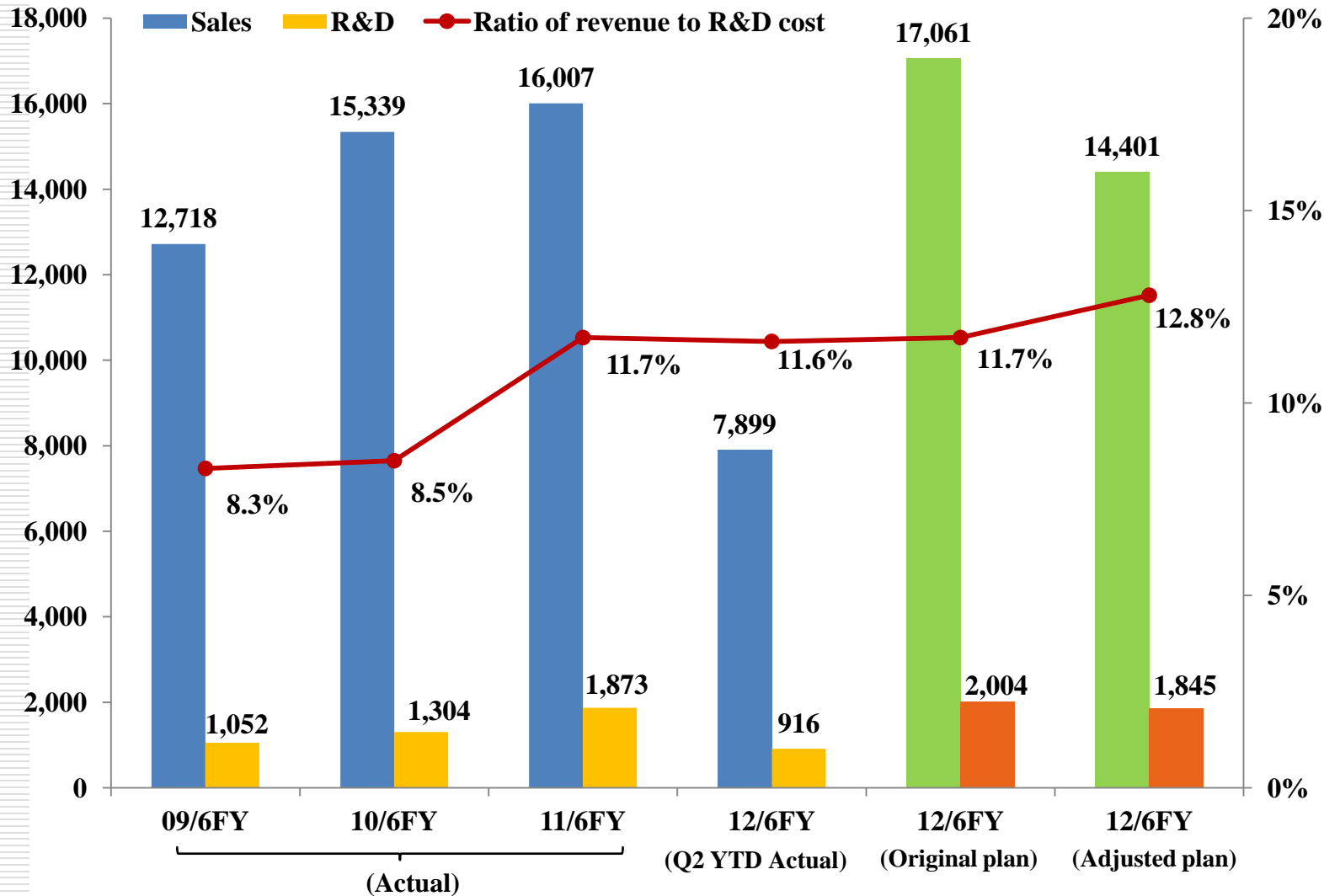
R&D costs

Sales / 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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