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# 2nd Quarter Financial Results for FYE June,2011

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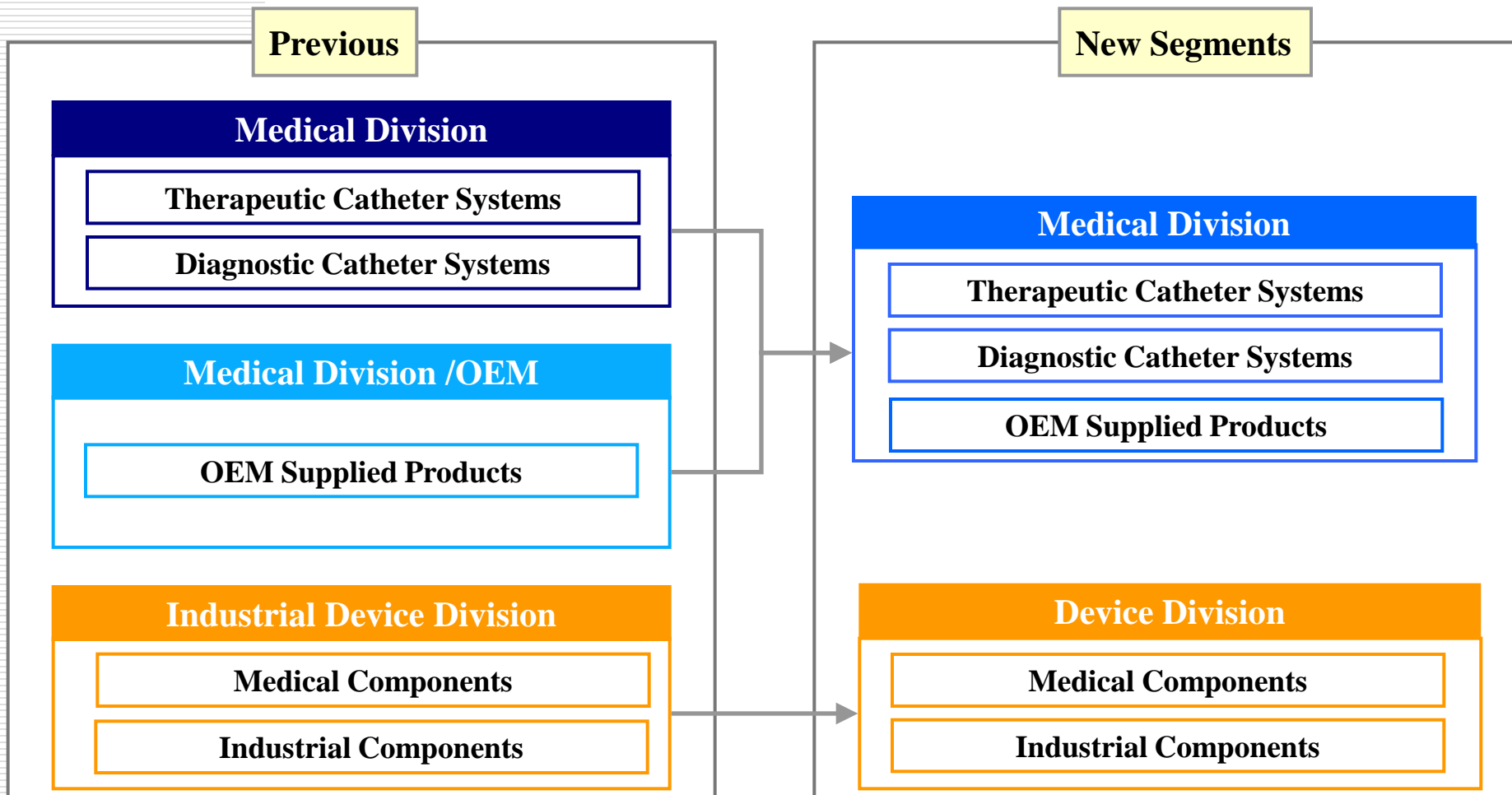
**February 16 , 2011**

(Securities code : 7747    2nd section of the Tokyo Stock Exchange,  
2nd section of the Nagoya Stock Exchange,  
JASDAQ )



# Change of Segment Division - 1

- We are changing segment division as follows in the FYE 6/2011



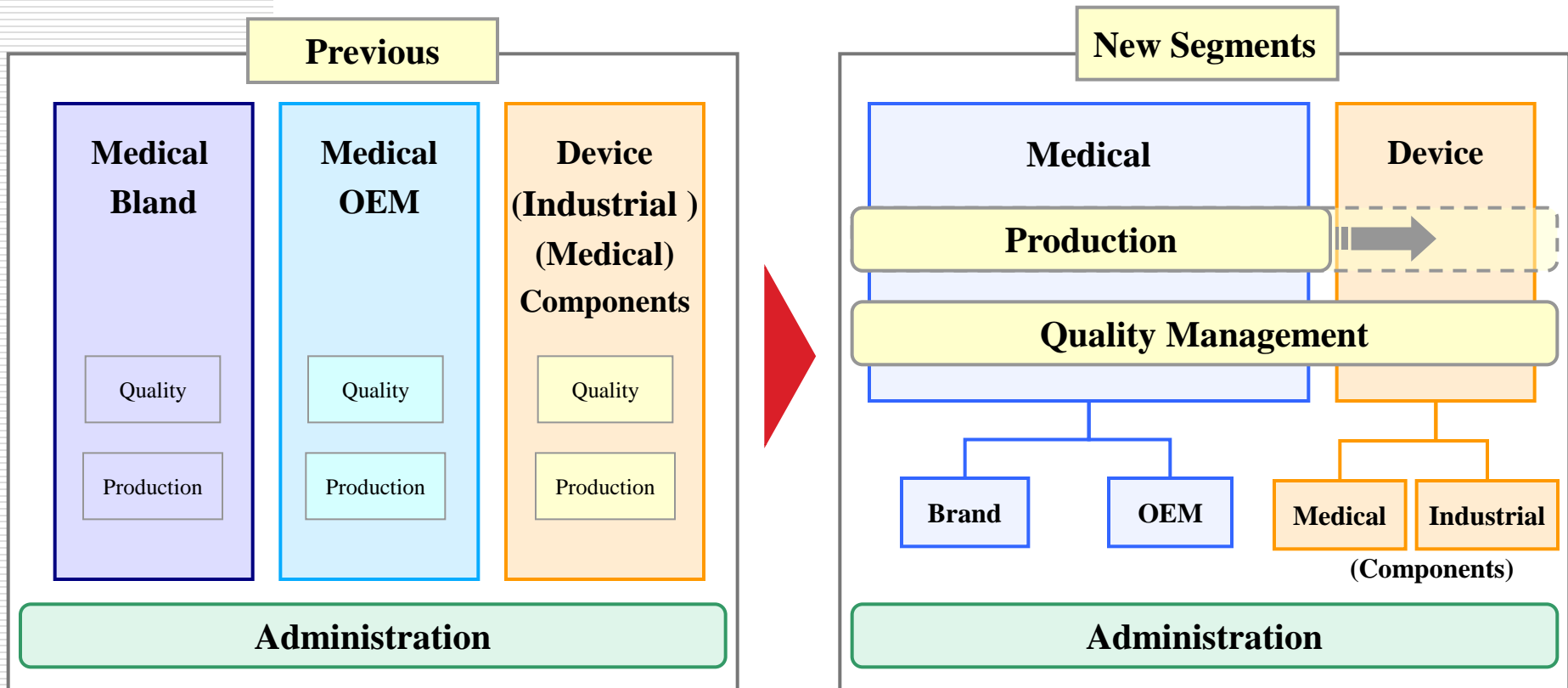
- Comparison to previous fiscal years or quarters are made after figures are converted to account for reorganization.



# Change of Segment Division - 2

## (Change to Matrix Organization)

- **Restructuring contents and purpose**
  - **Production and Quality Management will move horizontally across all sections**
  - **Moving to a matrix organization will clarify roles for R&D, production, quality, and sales, as well as increase development speed and production efficiency.**





# FYE 6/2011 Q2 YTD Main Points (Consolidated)

- **Strong Net Sales of 7,930 Million yen (7.0% over last year same period)**
  - **Increasing revenue segment : Medical Devices**
  - Decreasing revenue segment : Industrial Devices**
    - ▶ Medical Device increasing due to strong performance of Asahi Brand both domestically and overseas
    - ▶ Increases in sales volume offset high yen exchange rate ( $\Delta 266$  Million yen) and losses due to falling reimbursement prices in the domestic market ( $\Delta 331$  Million yen)
- **Operating income increased despite negative impacts of exchange rate and falling reimbursement prices**
  - **Operating income 1,809 Million yen (9.8% over last year same period)**
    - ▶ R&D costs up 840 Million yen (increase of 284 M. yen over last year same period, 10.6% sales increase)
    - ▶ Increased sales and administration costs due to subsidiary Asahi Intecc GMA (from Jan. 2010) (increase of 99 M. yen over same period last year)
    - ▶ Stronger effects of exchange rate USD vs. yen compared to Thai baht vs. yen has a strong negative effect on income ( $\Delta 240$  M. yen compared to last year same period)
    - ▶ Note: Administration fees from sales costs due to reorganization total approximately 351 M. yen
  - **Ordinary income 1,714 Million yen (9.8% over last year same period )**
    - ▶ Non-operating expenses down to 125 M. yen due to exchange rate (increase of 39 M. yen last year same period)
  - **Net income (Q2 YTD) 1,306 Million yen (29.8% over last year same period)**
    - ▶ Extraordinary loss: Asset disposal liability based accounting 30 Million yen
    - ▶ Loss from prior period adjustments earmarked for 76 million yen (inventory related)



## Highlight (Consolidated)

	FYE 6/2010 Q2 YTD		FYE 6/2011 Q2 YTD					
	Amount (mil.yen)	Ratio (%)	Initial Plan 2010/8/10	Amount (mil.yen)	Ratio (%)	Year on year		Compared to initial plan
						Changes (mil.yen)	Changes (%)	Changes (%)
Net sales	7,409	100.0	7,887	7,930	100.0	+520	+7.0	+0.5
Gross profit	4,178	56.4	5,094	* 5,224	65.9	+1,045	+25.0	+2.6
Operating income	1,647	22.2	1,540	1,809	22.8	+161	+9.8	+17.5
Ordinary income	1,561	21.1	1,521	1,714	21.6	+152	+9.8	+12.6
Net income (Q2 YTD)	1,006	13.6	1,048	1,306	16.5	+299	+29.8	+24.6
EPS (JPY)	63.48Y	-	66.11Y	82.41Y	-	-	-	-

\* From this period, due to reorganization sales costs will be accounted for as administration costs. Costs accounted to H1 from the this period total approximately 351 Million yen. Approximately 800 Million yen was expected at first; however, expectation was adjusted to 700 million yen due to auditing issues.



## Net Sales by Segment Division

	FYE 6/2010 Q2 YTD		FYE 6/2011 Q2 YTD			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	Changes (%)
Medical	6,022	81.3	6,346	80.0	+323	+5.4
Device	1,386	18.7	1,584	20.0	+197	+14.2
Total amount	7,409	100.0	7,930	100.0	+520	+7.0

( Reference )

Medical Field	6,458	87.2	7,067	89.1	+608	+9.4
Industrial Field	950	12.8	863	10.9	△87	△9.2



## Operating income by Segment Division

	FYE 6/2010 Q2 YTD		FYE 6/2011 Q2 YTD			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)
Medical	2,037	88.0	1,940	79.4	Δ97	* Δ4.8
Device	279	12.0	504	20.6	+225	+80.7
Subtotal	2,316	100.0	2,444	100.0	+127	+5.5
Erasing & HQ	Δ669	-	Δ635	-	-	-
Total Amount	1,647	-	1,809	-	+161	+9.8

\* One portion of the Medical Segment products (medical components) are covered by the Device Segment; therefore the income from that portion of the Medical Segment outside sales is accounted for in the Device Segment. Medical Segment operating income shows a decrease from last year, but when considered with the increase in Device income a total increase is shown. Therefore, operating income are considered to have risen.



## Operating income by Segment Division (Post Adjustment)

	FYE 6/2010 Q2 YTD		FYE 6/2011 Q2 YTD			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	Changes (%)
Medical	1,988	87.9	1,940	79.4	△48	△2.4
Device	273	12.1	504	20.6	+230	+84.3
Subtotal	2,262	100.0	2,444	100.0	+182	+8.1
Erasing & HQ	△614	-	△635	-	-	-
Total Amount	1,647	-	1,809	-	+161	+9.8

\* The costs for the Basic Technology Group, which undertakes R&D for the entire company, was allotted across the entire company through FYE 6/2010. However, for FYE 6/2011, each segment will account separately. Last year H1 and last year totals will be adjusted to account for the difference in organization.

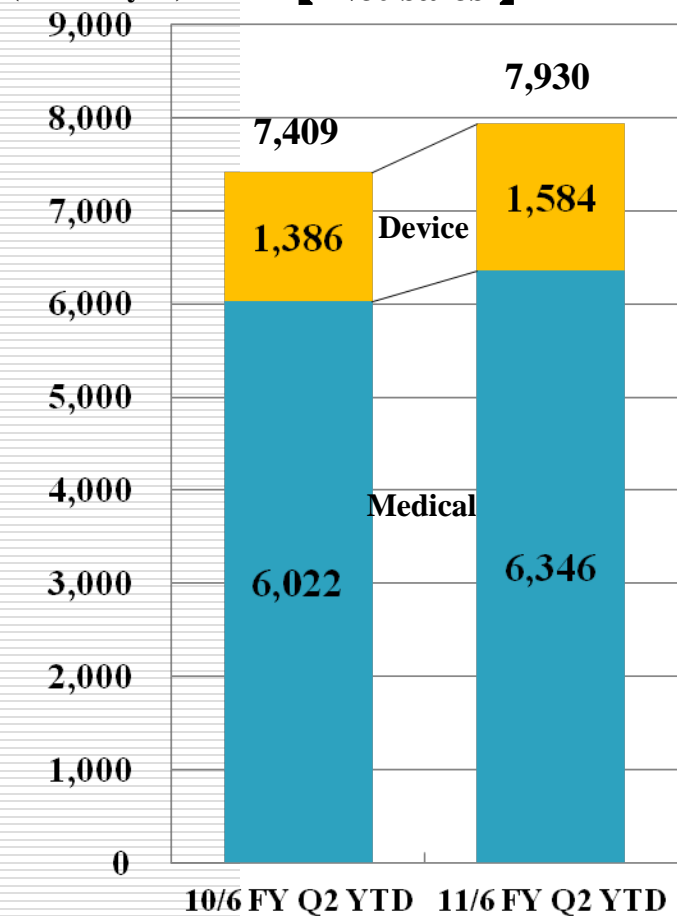




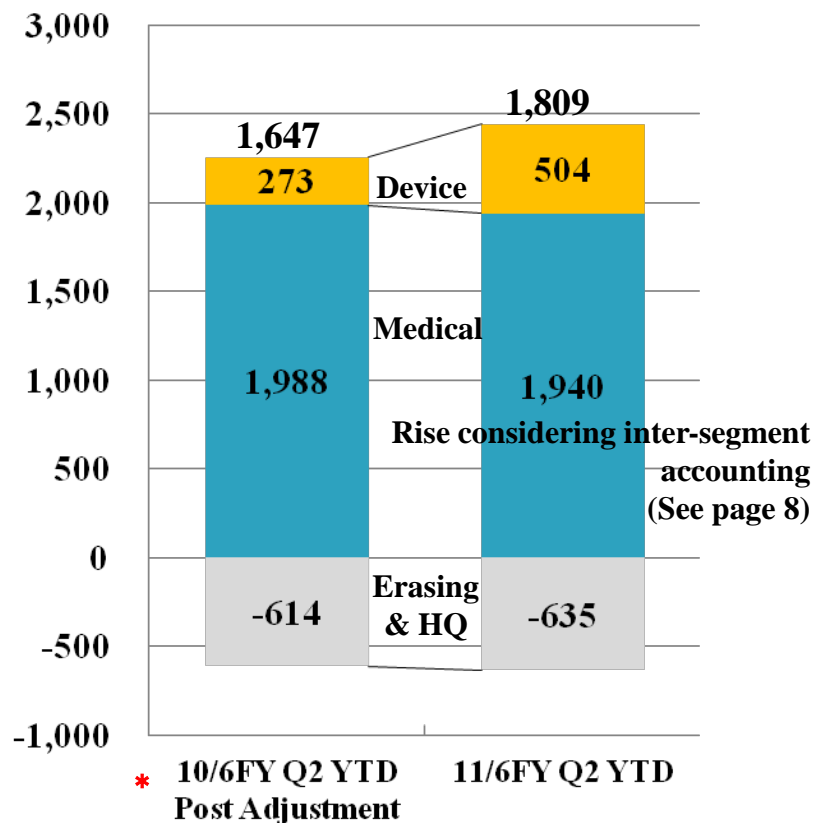
# Earnings performance by Segment Division (Post Adjustment)

(Million yen)

【 Net sales 】



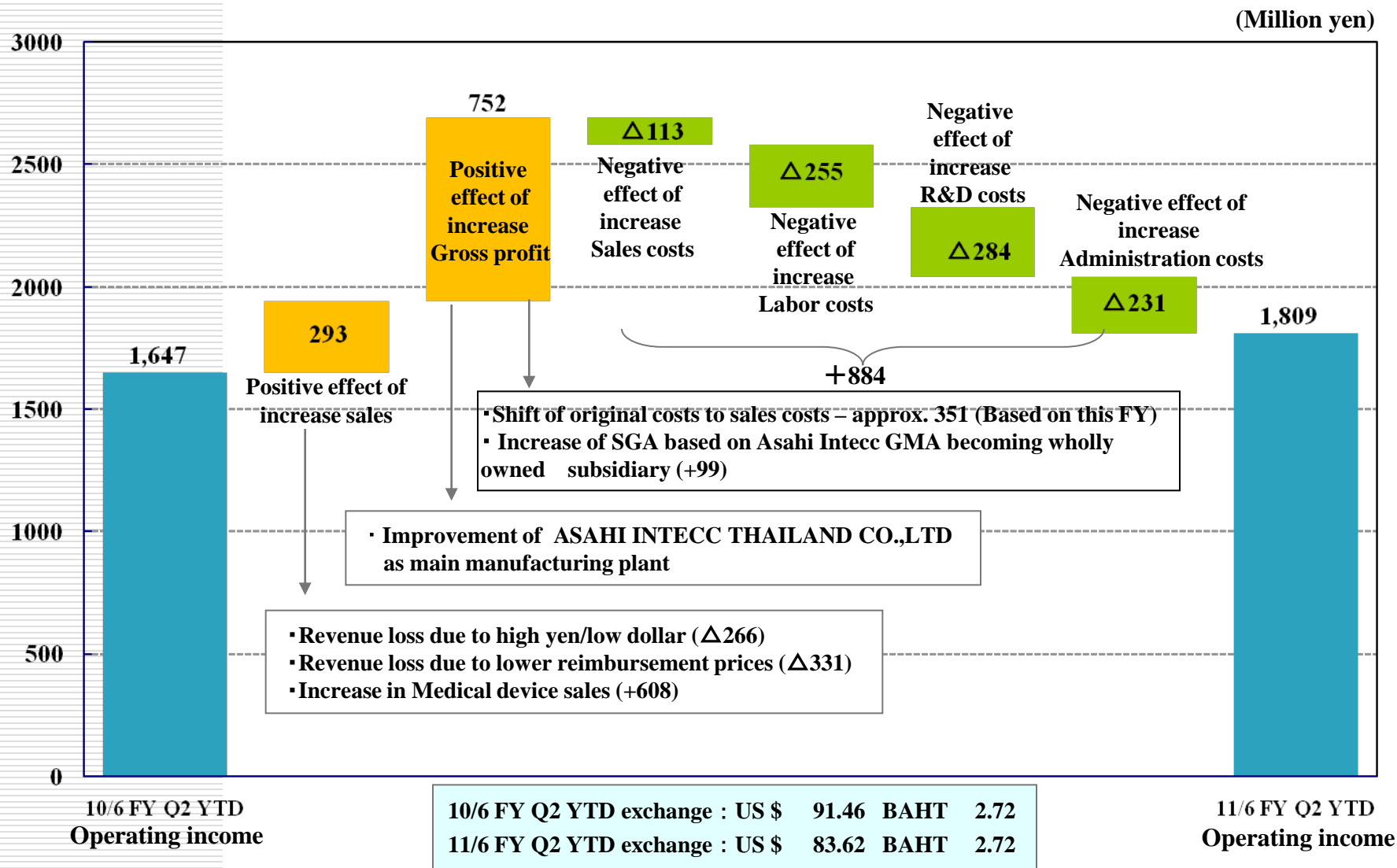
【 Operating income 】



\* The costs for the Basic Technology Group, which undertakes R&D for the entire company, was allotted across the entire company through FYE 6/2010. However, for FYE 6/2011, each segment will account separately.

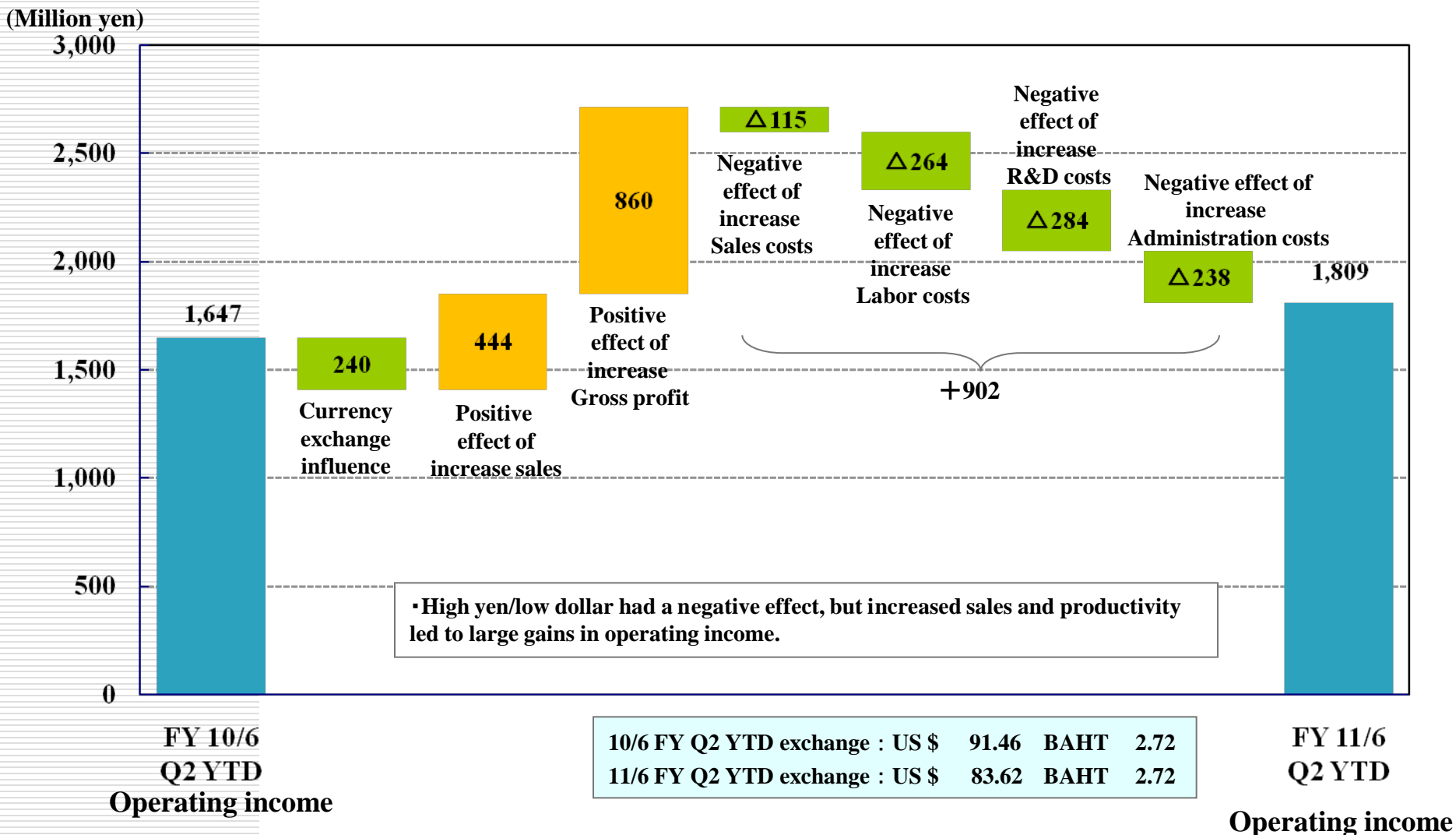


# Attribution analysis of operating income – 1 (Exchange rate fluctuations included)





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

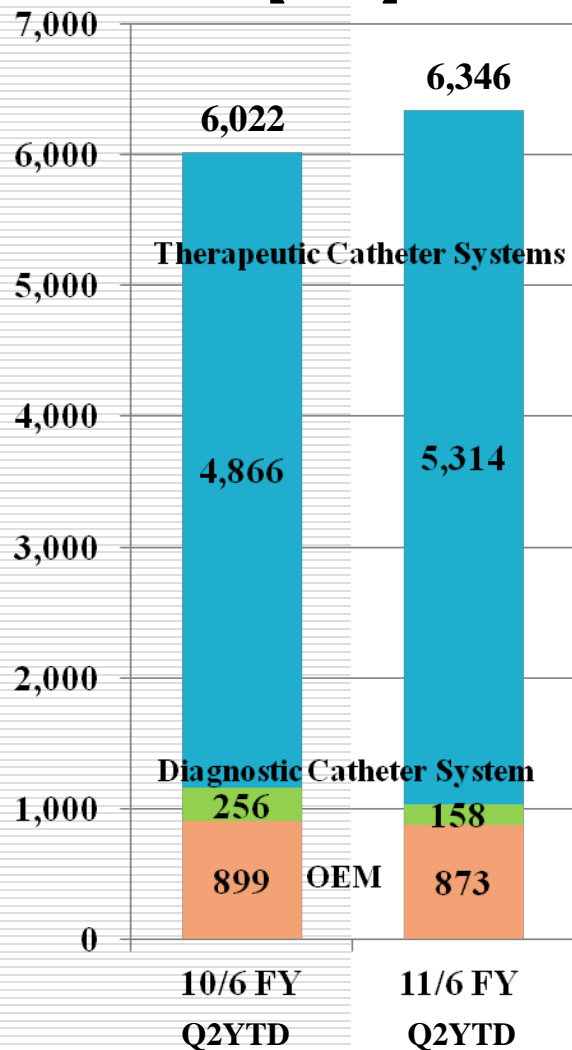




## Per Segment by Medical Division

(Million yen)

【Sales】



### Foreign and Domestic growth

- Sales of 6,346 Mil. Yen (+323 Mil. Yen over last year same period, +5.4%)
- Operating income 1,940 Mil. Yen (△48 Mil. Yen from same period last year, △2.4%)
- Effect of lower reimbursement (△331 Mil. yen) and high yen to dollar exchange rate(△213 Mil. yen)

### Therapeutic Catheter Systems

- 5,314 Mil. yen(+448 Mil. Yen over last year same period, +9.2%)
- PTCA Guide Wire increases in Domestic market, decreases in Foreign markets
- Domestic; Positive response to products for a variety of vascular disease areas
  - ▶ Sales positive despite falling reimbursement prices
  - ▶ Corsair Microcatheter sales improving over last half product launch
  - ▶ Positive response to products for new disease areas; peripheral, neuro, etc.,
- Foreign: High yen vs. dollar exchange led to minor negative impact
  - ▶ China sales positive despite negative exchange rates

### Diagnostic Catheter Systems

- 158Mil. Yen (△98 Mil. yen from same period last year, △38.4%)
- Shrinkage due to diagnostic catheter strategy in foreign markets

### OEM Products

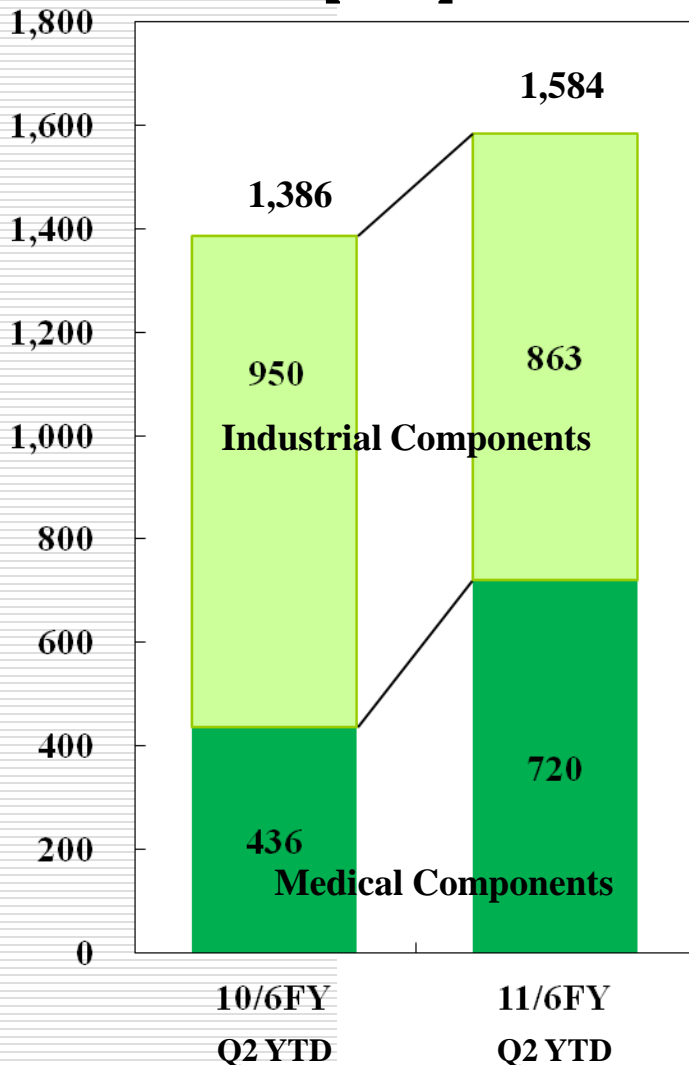
- 873 Mil. yen(△26 Mil. Yen from same period last year, △2.9%)
- Domestic product increase, decrease in peripheral devices for foreign markets



## Per segment by Device Division

(Million yen)

【Sales】



### ■ Increases in Medical Devices

### ■ Review of Shift in Industrial Devices to High Priced Products

- Total Sales 1,584 Mil. Yen  
(+197 Mil. Yen over last year same period, +14.2%)
- Operating income 504 Mil. Yen  
(+230Mil. +84.3% after adjustment over last year same period )
- Sales doing well even with High yen/ low dollar impact (Δ53 M. yen )

### ■ Industrial Components

- Total Sales 863 Mil. Yen  
(Δ87 Mil. Yen from same period last year, Δ9.2%)
- Rope for baby stroller parts, air conditioner parts in foreign market  
Increase in components for "eco" automobiles
- Decrease in foreign OA components and domestic fishing line

### ■ Medical Components

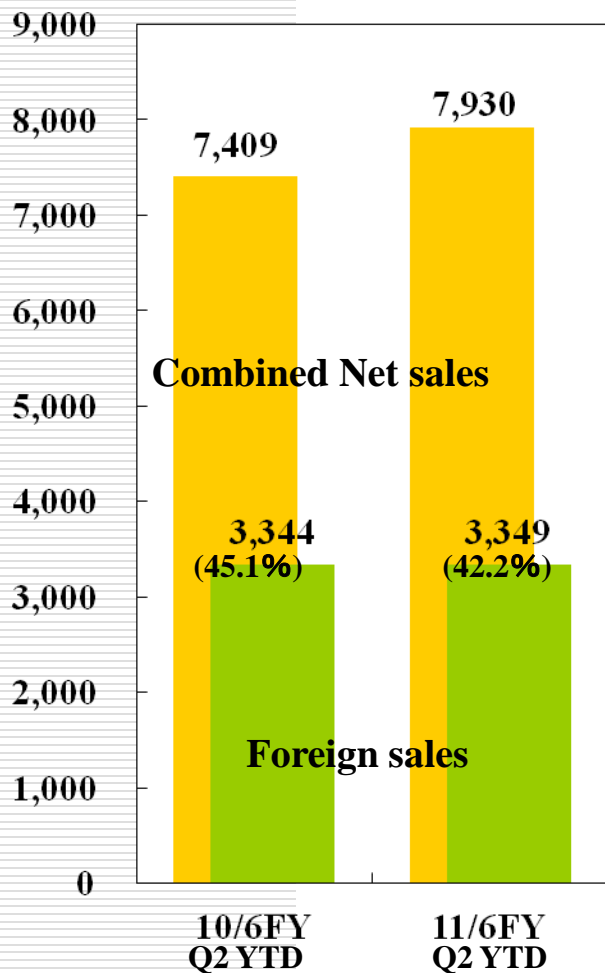
- 720 Mil. Yen (+284Mil. Yen over last year same period, +65.3%)
- Increase due to GMA subsidiary (2010 Jan.) +246 Mil. Yen
- Components for ear/nose/throat and IVR components to US rising



# Foreign Sales Division

## 【 Foreign sales progression 】

(Million yen)

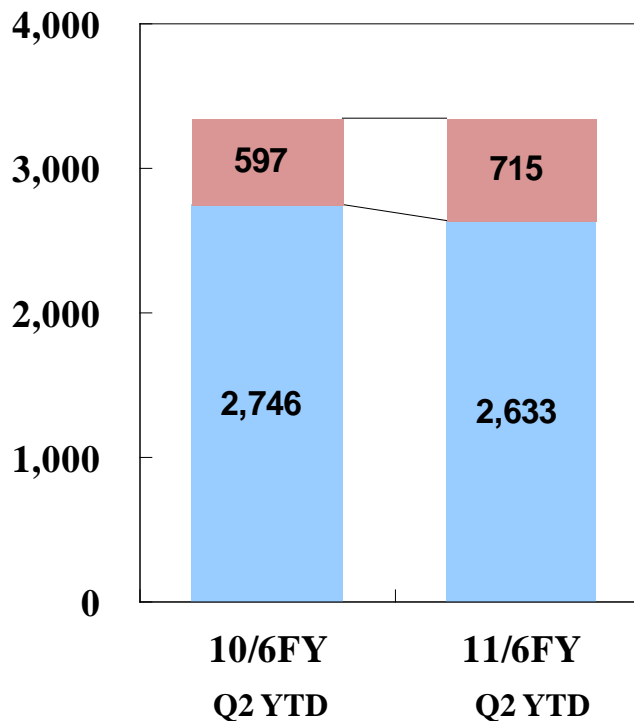


## Foreign Sales decreased $\Delta$ 4Mil. Yen

( $\Delta$ 0.1% from same period last year)

- ▶ Impact from high yen exchange rate  $\Delta$ 266 Mil. Yen
- ▶ Sales on target if exchange rate is disregarded
- ▶ Medical Segment sales positive, especially in Asian markets

## (Million yen) 【 Sales by segment division 】





## P/L (Consolidated)

	FYE 6/2010 Q2 YTD		FYE 6/2011 Q2 YTD			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	The main comparison factors
Net Sales	7,409	100.0	7,930	100.0	+520	Increase of Medical field
Cost of Sales	3,230	43.6	2,705	34.1	△524	Transfer of Sales costs (one area); approx. △351
Gross profit	4,178	56.4	5,224	65.9	+1,045	Increased production efficiency
SGA	2,531	34.2	3,415	43.1	+884	Increased R&D costs +284 Transfer from sales costs approx +351
Operating income	1,647	22.2	1,809	22.8	+161	
Non-operating income	42	0.6	64	0.8	+22	Gain on sales of scraps +14
Non-operating expense	128	1.7	160	2.0	+31	Negative impact of exchange rates +39
Ordinary income	1,561	21.1	1,714	21.6	+152	
Extraordinary gain	8	0.1	0	0.0	△8	Reversal of bad debt reserve △8
Extraordinary loss	120	1.6	37	0.5	△83	Loss on revaluation of securities investments △44 Loss from prior period adjustments △76 Asset /debt elimination accounting +30
Net income	1,006	13.6	1,306	16.5	+299	



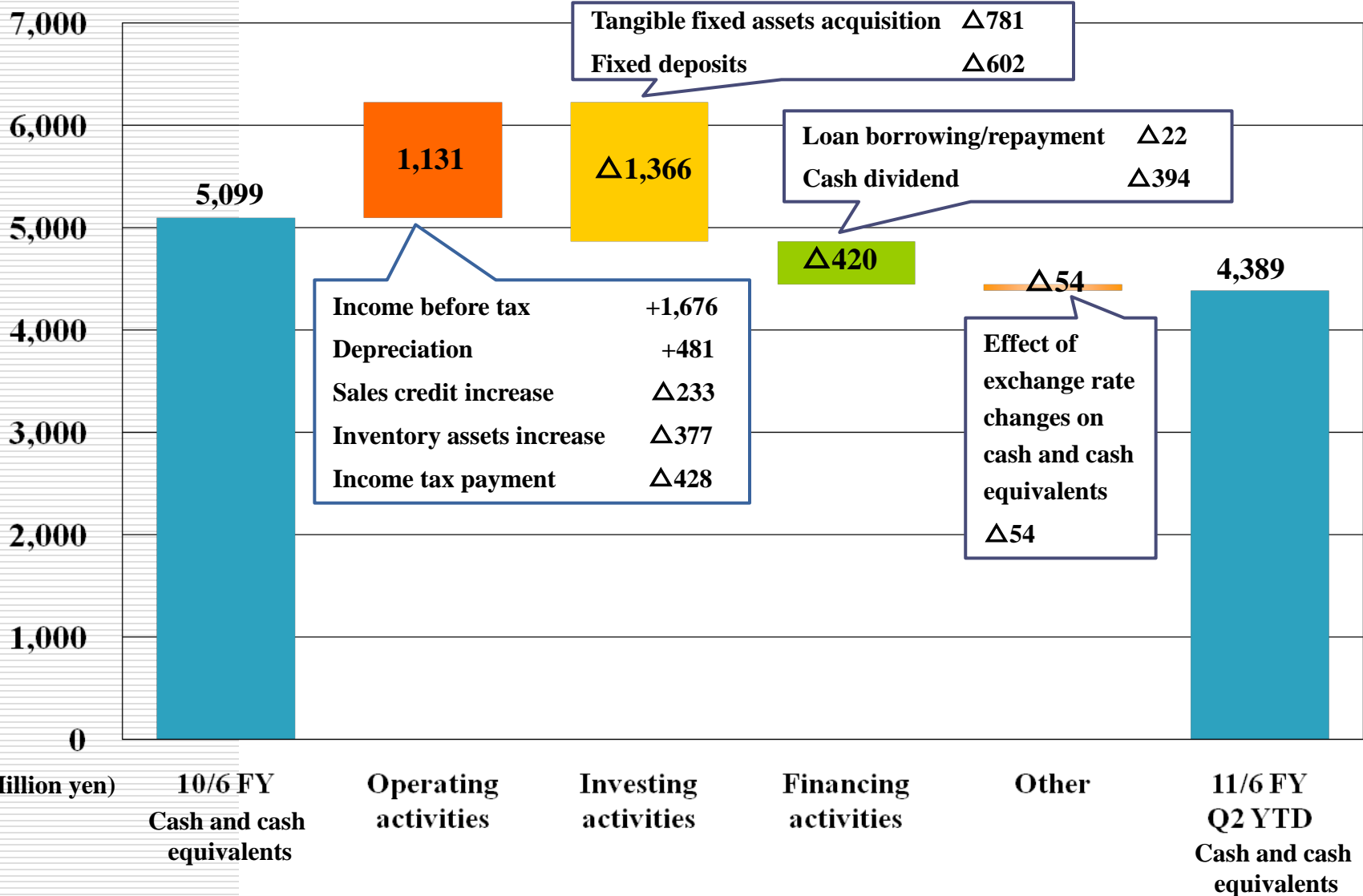
## B/S (Consolidated)

	FYE 6/2010		FYE 6/2011 Q2 YTD			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	The main comparison factors
Current assets	12,253	55.7	12,672	56.2	+418	Sales credit increase +159 Inventory assets increase +346
Fixed assets	9,757	44.3	9,870	43.8	+112	Increase in costs for new factory setting +137
Total assets	22,011	100.0	22,543	100.0	+531	
Current liabilities	5,245	23.8	4,607	20.4	△638	Short-term loans increase △325 Noncurrent decrease △239
Fixed liabilities	3,511	16.0	3,883	17.2	+371	Long-term loans increase +232
Total liabilities	8,757	39.8	8,491	37.7	△266	
Total net assets	13,253	60.2	14,051	62.3	+798	Retained earnings increase +910 Translation adjustment decrease △149
Total liabilities & net assets	22,011	100.0	22,543	100.0	+531	





# C/F (Consolidated)





## Notice about these data

**The plan, forecast and strategy about our future business performance are estimated by the data available and they might include risk and uncertainty.**

**Please be aware that the actual performance might differ vastly due to critical factor of every kind as a result.**

**【Where to contact about these data and IR】**

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