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2nd Quarter Financial Results for FYE June, 2014

February 18,2014

(Securities code : 7747

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



FYE 6/2014 Q2YTD Main Points - 1

■ **Net Sales 13,170 Mil. Yen <Year-on-Year +36.9%>**

~**Medical and Device Division both progressed favorably.**~

- **Medical Division**

- ~ **In addition to the firm market sales, currency appreciation of US Dollars & EURO backed up the growth trends.** ~

- **Positive results from both Japan and overseas markets**

- **Japan: Faster growth PTCA GW after the largest Japanese interventional conference (CCT , October)**
- **PTCA Balloon Catheter “Kamui” progressing favorably as planned.**
- **Overseas: Market penetration is especially strong tendency to increase in EU.**

- **Device Division**

- ~**In addition to exiting businesses progressed favorably, sales increased from consolidated subsidiary Toyoflex group.**~

- **Increase of mainly in Medical Components based on overseas markets**
- **Sales increased from consolidated subsidiary of Toyoflex group**



FYE 6/2014 Q2YTD Main Points - 2

■ While R&D and Sales costs increased, positive sales growth contributed to large income performance.

● Gross profit 8,551 Mil. Yen < YoY +30.3% >

- Sales growth contributed to gross profit increase.

● Operating income 3,136 Mil. Yen < YoY +40.9% >

- Increased R&D costs (1,204 mil.yen) (YoY +266 mil.yen, Sales ratio 9.1%)
- Increased sales costs related to switch to direct sales, etc.

● Ordinary income 3,266 Mil. Yen < YoY +32.8% >

- Currency exchange profit allocated (154mil.yen)

● Net income 2,470 Mil. Yen < YoY +38.4% >

- Earning of bargain purchase of goodwill

by consolidated subsidiary of Toyoflex Co.,Ltd. . (319mil.yen)

Exchange rate	(Unit : JPY)			
13/6FY	US \$	80.46	BAHT	2.60
	EURO	100.51	CNY	12.81
2QYTD	US \$	100.09	BAHT	3.15
	EURO	132.57	CNY	16.41



Highlight

	FYE 6/2013 Q2 YTD		FYE 6/2014 Q2 YTD						
	Amount (mil.yen)	Ratio (%)	Initial Plan 2013/11	Amount (mil.yen)	Ratio (%)	YoY		Compared to Initial Plan	
						Changes (mil.yen)	Changes (%)	Changes (mil.yen)	Changes (%)
Net sales	9,618	100.0	12,527	13,170	100.0	+3,552	+36.9	+642	+5.1
Gross profit	6,562	68.2	8,112	8,551	64.9	+1,989	+30.3	+439	+5.4
Operating income	2,226	23.1	2,472	3,136	23.8	+909	+40.9	+664	+26.9
Ordinary income	2,459	25.6	2,454	3,266	24.8	+807	+32.8	+811	+33.1
Net income (Q2YTD)	1,784	18.6	2,040	2,470	18.8	+685	+38.4	+429	+21.0
EPS *	58.75Y	-	63.98Y	77.51Y	-	+18.76	+31.9	+13.53	+21.15

* : As from January 1, 2014, one ordinary share was split into two shares. As such, as to EPS, figures after share splits are shown in assumption of Splits of share at the beginning of previous fiscal year.



Net Sales by Segment Division

	FYE 6/2013 Q2 YTD		FYE 6/2014 Q2 YTD			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	Changes (%)
Medical	8,211	85.4	10,601	80.5	+2,390	+29.1
Device	1,406	14.6	2,568	19.5	+1,161	+82.6
Total amount	9,618	100.0	13,170	100.0	+3,552	+36.9

(Reference)

Medical Field	9,054	94.1	11,722	89.0	+2,668	+29.5
Industrial Field	563	5.9	1,447	11.0	+884	+156.8

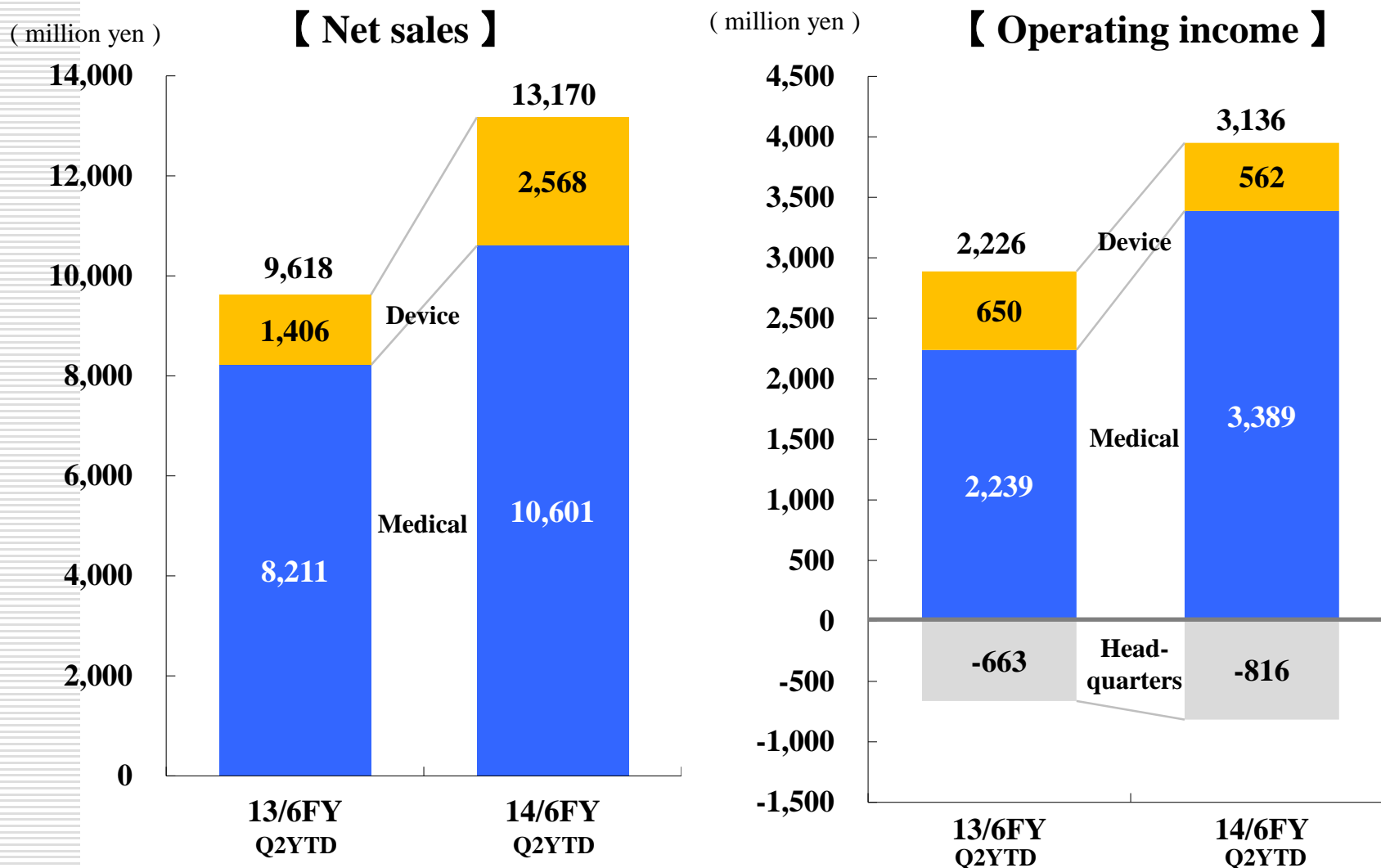


Operating Income by Segment Division

	FYE 6/2013 Q2 YTD		FYE 6/2014 Q2 YTD			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	Changes (%)
Medical	2,239	77.5	3,389	85.8	+1,150	+51.4
Device	650	22.5	562	14.2	△87	△13.5
Subtotal	2,889	100.0	3,952	100.0	+1,062	+36.8
Erasing & Head quarters	△663	-	△816	-	△152	+23.1
Total Amount	2,226	-	3,136	-	+909	+40.9



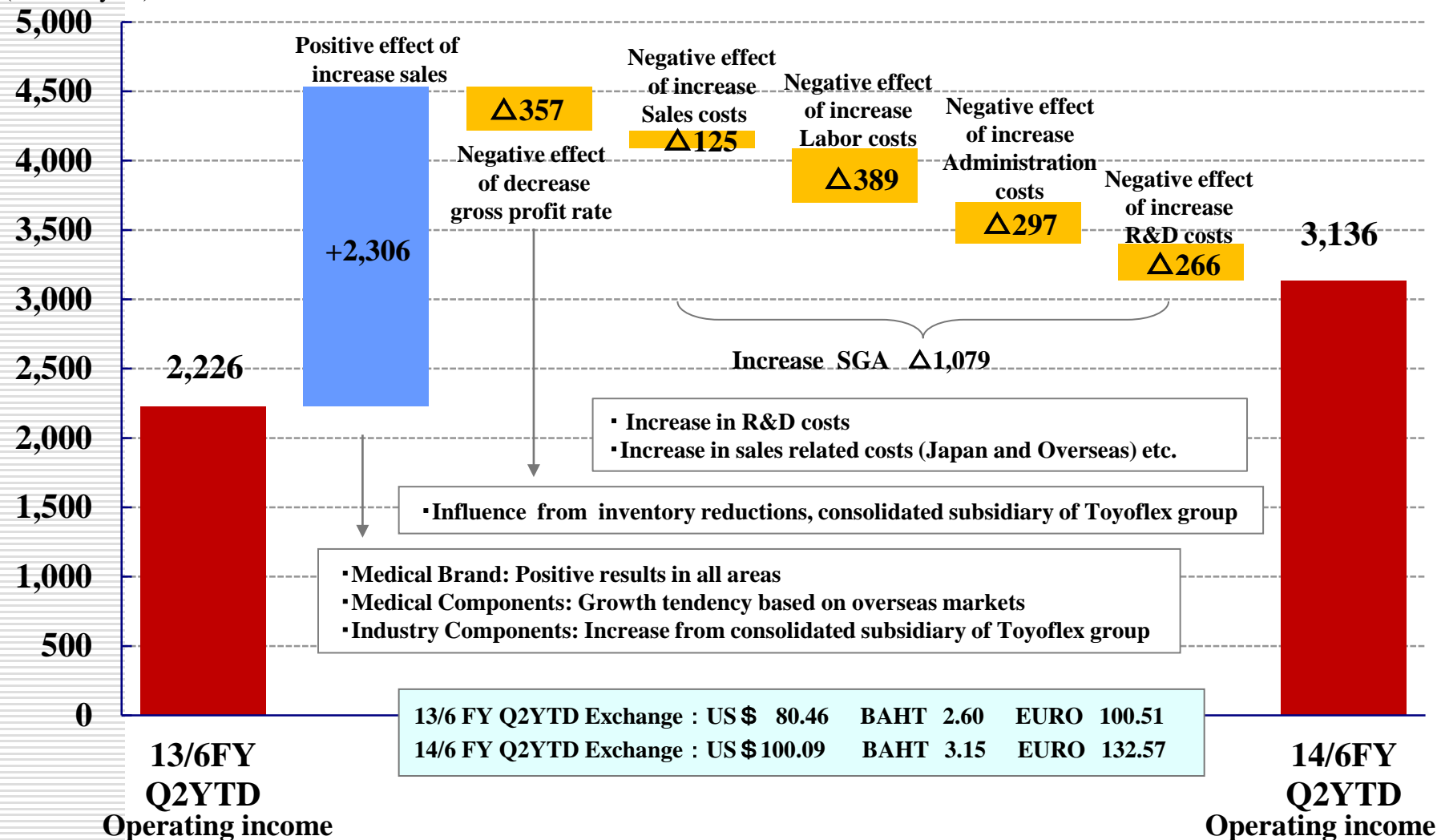
Earnings Performance by Segment Division





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

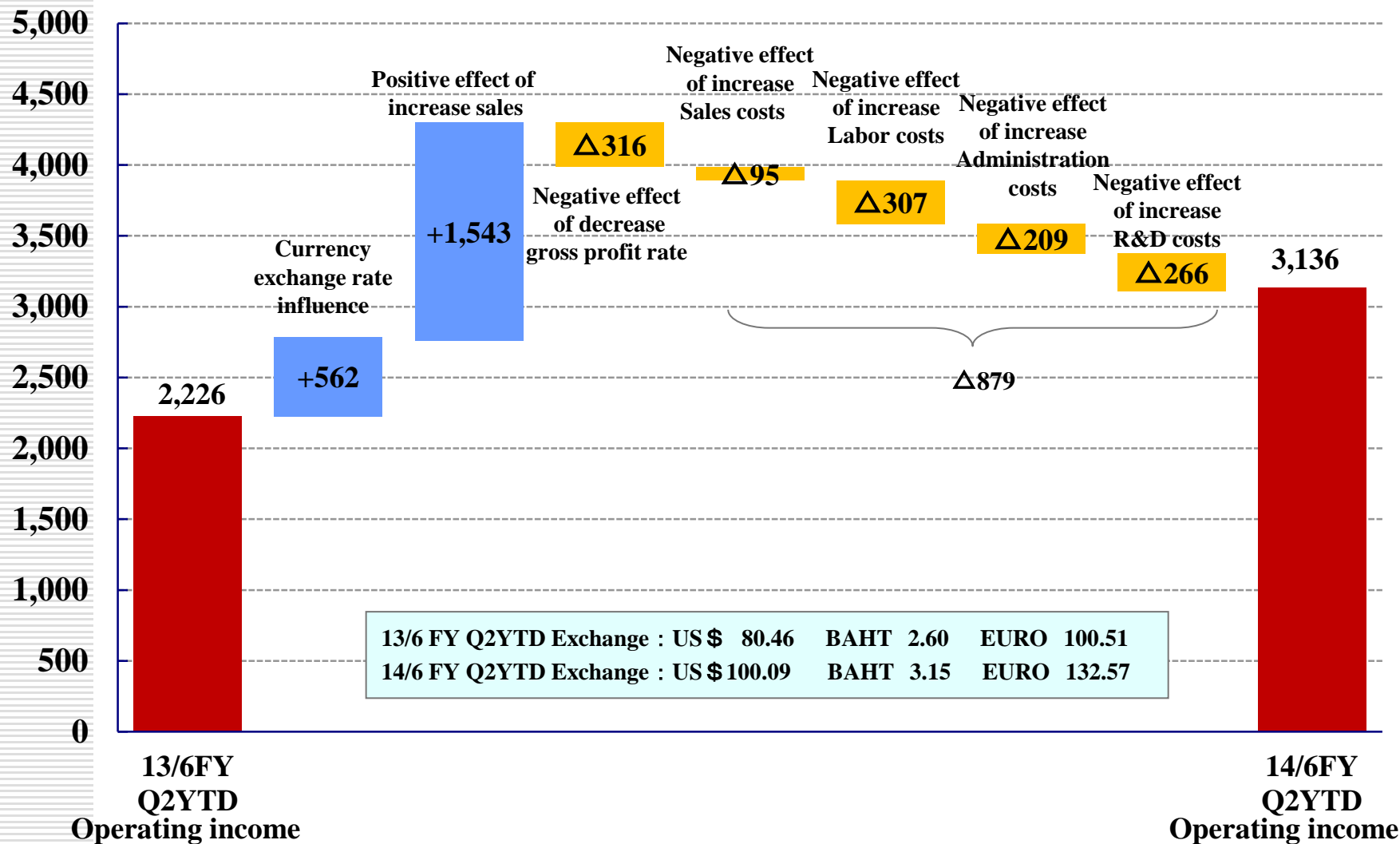
(million yen)





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

(million yen)



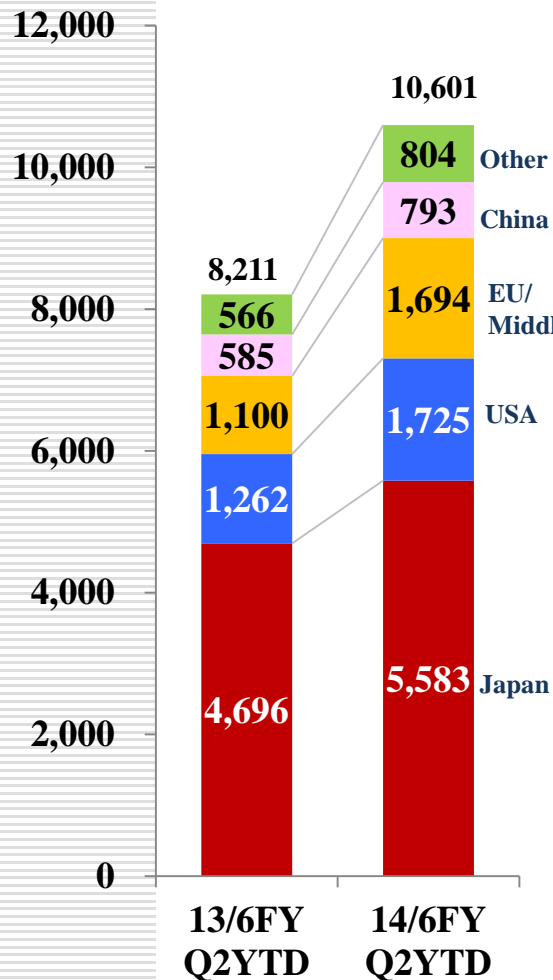


Situation Per Segment Division



Per Segment by Medical Division (by Geography-1)

(million yen)



【Net Sales (YoY)】

■ Japan: Both cardiovascular and non cardiovascular products progressing well.

- PTCA Guide Wire : “SION Series” usage growing as expected with other items
Faster growth after the largest Japanese interventional conference (CCT, October)
- PTCA Balloon Catheter : New item of “Kamui” growing favorably
- PTCA Guiding Catheter : New item of “Hyperion” gets a good evaluation after initial launched.
- Peripheral vascular products : Market penetration of Peripheral GW progressing favorably.
- Abdominal vascular products :
IVR GW / Growth trends from direct business effects
Micro Catheter / Growing over the same period last year based on re-stocking orders
- Neurovascular products :
Neuro GW / Growth trends from direct business
Neuro Guiding Catheter / Previous 2QYTD: Initial delivery in line with business commencement.

■ Overseas: Market demand growing well in all areas. US & EURO currency appreciation supports the growth trends further.

- USA: PTCA GW / Half-year shipments as agreed contractually
Penetration Catheter “Corsair”/ Growth trends from direct business effects
- EU/ Middle East: PTCA GW / Good trends continued due to strong market demand
- China : PTCA GW / Good trends continued due to increase over market growth ratio.
- Other : Business progresses well mainly from PTCA GW.

【Operating income】

- While R&D and Sales costs increased, sales growth contributed to large profit performance.



Per Segment by Medical Division (by Geography-2)

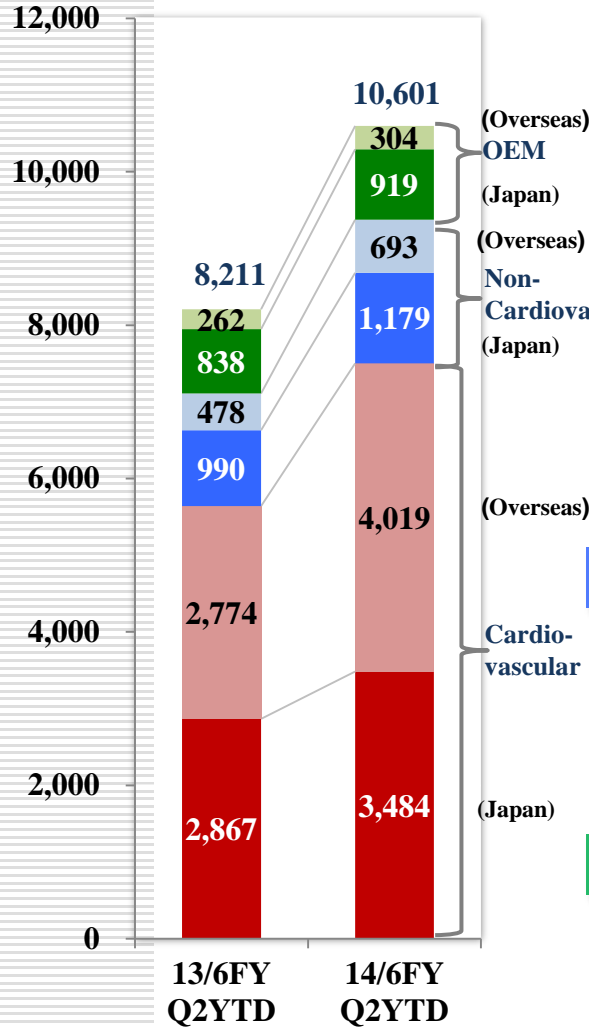
(million yen)

	2013/6FY Q2 YTD	2014/6FY Q2 YTD	YoY	
			Changes (mil.yen)	Changes (%)
(Exchange rate: USD)	80.46	100.09	+19.63	+24.4
Net sales	8,211	10,601	+2,390	+29.1
Japan	4,696	5,583	+887	+18.9
Overseas	3,515	5,018	+1,502	+42.8
USA	1,262	1,725	+462	+36.6
EU/Middle East	1,100	1,694	+594	+54.0
China	585	793	+208	+35.5
Other	566	804	+237	+42.0
Operating income	2,239	3,389	+1,150	+51.4



Per Segment by Medical Division (by Treatment-1)

(million yen)



【Net Sales (YoY)】

Cardiovascular

- **Japan** : In addition to the growth of the existing products, the new products progressing favorably.

PTCA GW / “SION Series” usage growing as expected with other items

PTCA Balloon catheter / New item of “Kamui” growing favorably

PTCA Guiding Catheter / New item of “Hyperion” get a good evaluation after initial launched.

- **Overseas** : PTCA GW increase in all areas with other products

US : PTCA GW / Half-year shipments as agreed contractually

Penetration Catheter “Corsair” / Growth trends from direct business effects

Non-Cardiovascular

- **Japan** : Peripheral vascular products : Market penetration of Peripheral GW progressing favorably

Abdominal/ Neurovascular products : Increase from direct business

- **Overseas** : Growth in US Peripheral GW share

OEM

- **Japan** : Increase of mini-guide wire for cardiovascular diagnosis
Endoscope related products growing favorably

- **Overseas** : Increase of mini-guide wire for cardiovascular diagnosis



Per Segment by Medical Division (by Treatment-2)

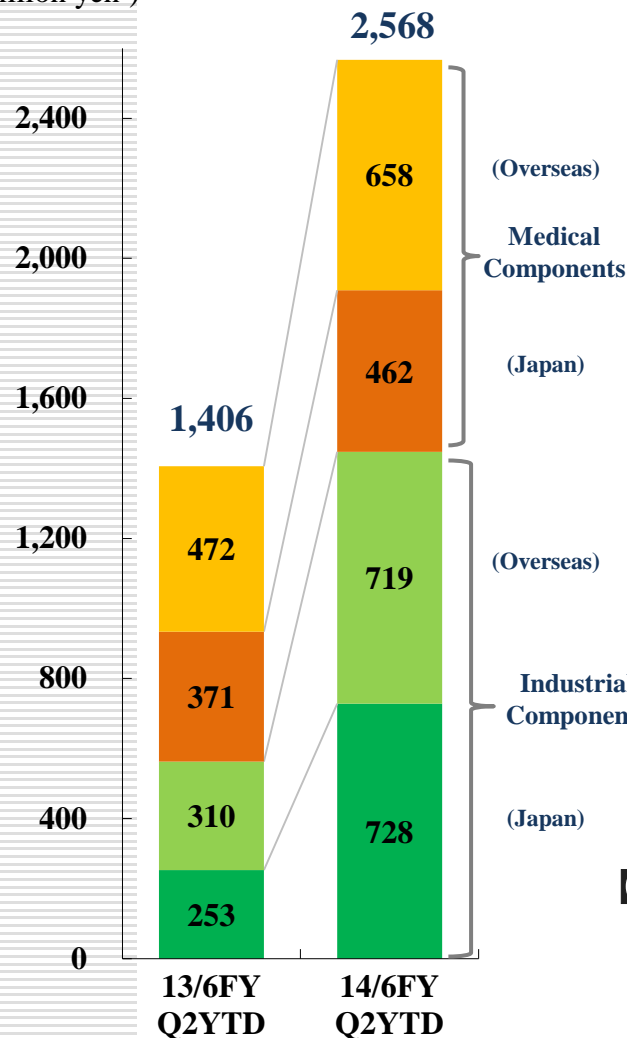
(million yen)

	FYE 6/2013 Q2 YTD	FYE 6/2014 Q2 YTD	YoY	
			Changes (mil.yen)	Changes (%)
(Exchange rate: USD)	80.46	100.09	+19.63	+24.4
Net sales	8,211	10,601	+2,390	+29.1
Japan	4,696	5,583	+887	+18.9
Overseas	3,515	5,018	+1,502	+42.8
Cardio Vascular	5,642	7,504	+1,862	+33.0
Japan	2,867	3,484	+616	+21.5
Overseas	2,774	4,019	+1,245	+44.9
Non-Cardio Vascular	1,468	1,873	+405	+27.6
Japan	990	1,179	+189	+19.2
Overseas	478	693	+215	+45.0
OEM	1,100	1,223	+123	+11.2
Japan	838	919	+80	+9.7
Overseas	262	304	+42	+16.1



Per Segment by Device Division -1

(million yen)



【Net Sales (YoY)】

Addition to growth Medical Components based on overseas markets, increase from consolidated subsidiary of Toyoflex group +869

Medical Components

- Growth tendency based on overseas markets

- US: Gains due to increases in medical components for usage of cardiovascular diagnostic devices.

Industrial Components

- Japan : Increase from consolidated subsidiary of Toyoflex group +519

- Overseas : Component supply increased in leisure industry and automobile market.

Increase from consolidated subsidiary of Toyoflex group +293

【Operating income】

- Decreased in operating income due to decreasing inter segment sales.

- Minimal profit growth due to consolidated subsidiary of Toyoflex group



Per Segment by Device Division -2

(million yen)

	FYE 6/2014 Q2 YTD	FYE 6/2014 Q2 YTD	YoY		
			Changes (mil.yen)	Toyoflex.Co.	Changes (%)
(Exchange rate : USD)	80.46	100.09	+19.63	-	+24.4
Net sales	1,406	2,568	+1,161	+869	+82.6
Japan	624	1,191	+566	+575	+90.7
Overseas	782	1,377	+595	+295	+76.1
Medical Components	843	1,120	+277	+57	+32.9
Japan	371	462	+91	+55	+24.6
Overseas	472	658	+186	+2	+39.5
Industrial Components	563	1,447	+884	+812	+156.8
Japan	253	728	+474	+519	+187.3
Overseas	310	719	+409	+293	+131.9
Operating income	650	562	△87	-	△13.5



Reference : P/L

	FYE 6/2013 Q2YTD		FYE 6/2014 Q2YTD			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	The main comparison factors
Net sales	9,618	100.0	13,170	100.0	+3,522	Positive trends observed in Medical Field in all areas. Increase from consolidated subsidiary of Toyoflex group
Cost of Sales	3,056	31.8	4,618	35.1	+1,562	
Gross profit	6,562	68.2	8,551	64.9	+1,989	Along with Sales Increase
SGA	4,335	45.1	5,415	41.1	+1,079	R&D costs and Sales related costs
Operating income	2,226	23.1	3,136	23.8	+909	
Non-operating income	268	2.8	194	1.5	△74	
Non-operating expense	36	0.3	63	0.5	+27	
Ordinary income	2,459	25.6	3,266	24.8	+807	
Extraordinary gain	0	0.0	319	2.4	+319	Bargain purchase of goodwill by consolidated subsidiary of Toyoflex Co.,Ltd. 319
Extraordinary loss	3	0.0	0	0.0	△3	
Net income	1,784	18.6	2,470	18.8	+685	
Comprehensive income	2,779	28.9	2,843	21.6	+64	Foreign currency translation adjustment △514



Reference : B/S

		FYE 6/2013		FYE 6/2014 Q2YTD			
		Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	The main comparison factors
Assets	Current assets	22,343	61.1	24,037	59.1	+1,694	Cash and deposit Δ 1,655 Receivable-trade +1,427 Investment securities +1,100
	Fixed assets	14,243	38.9	16,605	40.9	+2,361	Tangible fixed assets +1,568 Acquisition stocks and capital from subsidiary +312 Investments and other assets +751
Total assets		36,587	100.0	40,642	100.0	+4,055	
Liabilities	Current liabilities	7,804	21.3	7,802	19.2	Δ 2	Payable-trade +586 Income tax payable Δ 577
	Fixed liabilities	6,857	18.7	8,716	21.4	+1,858	Long-term debt +1,573
Total liabilities		14,662	40.1	16,518	40.6	+1,856	
Total net assets		21,924	59.9	24,123	59.4	+2,199	Retained earnings +1,719 Foreign currency translation adjustment +286
Total liabilities & Net assets		36,587	100.0	40,642	100.0	+4,055	



Reference : C/F

(million yen)

14,000

12,000

10,000

8,000

6,000

4,000

2,000

0

Tangible fixed assets acquisition $\Delta 1,021$
 Proceeds of acquisition of subsidiaries +399
 Proceeds from withdrawal of time deposits +321

Debt borrowing/repayment $\Delta 1,126$
 Cash dividends paid $\Delta 746$
 Stock option +106

9,899

1,564

$\Delta 362$

$\Delta 1,808$

99

9,391

Income before tax +3,585
 Depreciation and Amortization +721
 Decrease in inventories +400
 Gain an bargain purchase of goodwill $\Delta 319$
 Receivable-Trade $\Delta 623$
 Income tax paid $\Delta 1,483$
 Accounts payable $\Delta 354$

Effect of exchange rate changes on cash and cash equivalents

13/6FY
Cash and
Cash equivalents

Operating
activities

Investing
activities

Financing
activities

Other

14/6FY Q2YTD
Cash and
Cash equivalents



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.

【 IR contact 】

Asahi Intecc Co., Ltd. Corporate strategic office

TEL 052-768-1211

URL <http://www.asahi-intecc.com>