

Consolidated Financial Results for the 1st Quarter of the Fiscal Year Ending March 31, 2012 (Japan GAAP)
NIHON KOHDEN CORPORATION (6849)

Stock Exchange Listing: 1st section Tokyo Stock Exchange
 Head Office: Tokyo
 Representative: Fumio Suzuki, President and COO
 Contact: Fumio Hirose, Operating Officer, General Manager, Corporate Planning Dept.
 Phone: +81 / 3 - 5996 - 8003 (URL <http://www.nihonkohden.co.jp>)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Highlights for the 1st Quarter of FY2011 (From April 1, 2011 to June 30, 2011)
(1) Consolidated Operating Results

(Percentages indicate increase/decrease over the corresponding period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2011 1Q (3 months)	24,952	5.9	1,050	-8.2	1,035	23.1	637	41.4
FY2010 1Q (3 months)	23,554	6.3	1,144	44.3	841	-7.1	450	360.7

Note: Comprehensive income: FY2011 1Q: 672 million yen (476.8%) FY2010 1Q: 116 million yen (- %)

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
FY2011 1Q (3 months)	14.50	—
FY2010 1Q (3 months)	10.25	—

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2011	86,688	61,868	71.3	1,407.45
As of March 31, 2011	92,495	62,294	67.3	1,417.18

Reference: Equity Capital: FY2011 1Q: 61,832 million yen FY2010: 62,260 million yen

2. Dividends

	Dividends per share				
	First quarter	Interim (Second quarter)	Third quarter	Year-end	Full-year
	yen	yen	yen	yen	yen
FY2010	—	19.00	—	25.00	44.00
FY2011	—				
FY2011 (Forecast)		21.00	—	21.00	42.00

Note: Revise of dividends forecast: None

3. Consolidated forecast for FY2011 (From April 1, 2011 to March 31, 2012)

	Net sales		Operating income		Ordinary income		Net income		Net income per share - Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	56,500	7.6	4,100	0.1	4,100	6.0	2,700	3.5	61.46
Full year	120,000	5.8	11,000	3.8	11,000	4.1	7,100	8.0	161.61

Note: Revise of consolidated forecast: None

*The above estimates are based on information available on the date of this report's announcement. Actual results may differ from such estimates due to unforeseen circumstances.

4. Review of Operations

During the term under review (April 1, 2011 to June 30, 2011), although the Great East Japan Earthquake on March 11, 2011, nuclear issues and power supply shortage caused damage to the domestic economy, there were signs of recovery in the supply chain. Under these circumstances, the Company implemented key strategies including expanding and strengthening core business areas as well as strengthening technological development capacity under its 3-year Business Plan, SPEED UP III, covering fiscal years 2010 to 2012.

Japan: Sales in the hospital market, particularly the private hospital market, increased favorably due to increase of hospital capital spending following last year's upward revision of medical treatment fees. Sales of Patient Monitors showed strong growth, supported by good sales of bedside monitors, clinical information systems and consumables such as sensors. In Physiological Measuring Equipment, sales of EEGs, ECGs and polygraphs for cath labs increased. In Treatment Equipment, AED sales increased. Defibrillators for hospitals and pacemakers also showed favorable growth. As a result, domestic sales increased 6.1% over the first quarter of FY2010, to ¥20,520 million.

International: Sales of hematology analyzers showed strong growth and sales of Patient Monitors increased favorably. In Treatment Equipment, sales of Metran ventilators, for which we obtained exclusive rights for world-wide marketing in November 2011, contributed to a sales increase. In Physiological Measuring Equipment, sales of ECGs increased moderately, while sales of EEGs decreased. In the Americas, sales in Latin America increased favorably, and yen-based sales in the U.S. decreased due to the strong yen. Sales in Europe increased due to solid sales in Germany and France. Sales recovery in Turkey also impacted sales favorably. In Asia, sales in India and the Middle-East showed solid growth, while sales in China remained at the same level as the first quarter of FY2010. As a result, international sales increased 5.2% over the first quarter of FY2010, to ¥4,431 million.

Overall sales during the term under review increased 5.9% over the first quarter of FY2010 to ¥24,952 million. Gross margin was lower than the first quarter of FY2010 as the gross margin of third party products decreased, while the ratio of our own products to sales was unchanged. Cost increase of parts due to the Great East Japan Earthquake also impacted gross margin. As a result, operating income decreased 8.2% to ¥1,050 million. As exchange loss decreased, ordinary income increased 23.1% to ¥1,035 million and net income increased 41.4% to ¥637 million over the first quarter of FY2010.

5. Consolidated Sales by Product Category

	(Millions of yen)	
	Three months ended June 30, 2011	
	Amount	Growth rate (%)
Physiological Measuring Equipment	6,594	+ 2.7
Patient Monitors	8,091	+ 11.6
Treatment Equipment	4,180	+ 12.2
Other Medical Equipment	6,086	- 1.2
Total	24,952	+ 5.9
Domestic Sales	20,520	+ 6.1
Overseas Sales	4,431	+ 5.2
(Reference) Overseas Sales		
Americas	1,531	- 0.7
Europe	1,405	+ 16.5
Asia	1,310	+ 4.9
Other	184	- 13.7

6. Consolidated Forecast for FY2011

As recent performance trends are in line with estimates, the Company reaffirms the forecast for the first half of FY2011 and FY2011, previously announced on May 11, 2011.

The Company's forecast for FY2011 is based on an exchange rate of 85 yen to the dollar and 110 yen to the euro. Exchange rate fluctuations will not have much impact on operating income because the Company's import and export business are roughly balanced.

7. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	March 31, 2011	June 30, 2011
ASSETS		
Current assets:		
Cash	9,331	9,391
Trade notes and accounts receivable	37,363	31,894
Marketable Securities	9,500	8,500
Merchandise and finished goods	10,802	11,507
Work in process	1,202	1,208
Raw materials and supplies	2,279	2,582
Other current assets	5,235	4,997
Allowance for doubtful receivables	-348	-331
Total current assets	<u>75,366</u>	<u>69,750</u>
Fixed assets:		
Tangible fixed assets	8,838	8,756
Intangible fixed assets		
Goodwill	763	802
Other intangible fixed assets	3,307	3,122
Total intangible fixed assets	<u>4,070</u>	<u>3,925</u>
Investments and other assets		
Investments in securities	2,363	2,412
Other	1,909	1,903
Allowance for doubtful receivables	-51	-59
Total investments and other assets	<u>4,220</u>	<u>4,256</u>
Total fixed assets	<u>17,129</u>	<u>16,938</u>
Total assets	<u>92,495</u>	<u>86,688</u>
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	18,870	16,382
Short-term debt	1,339	1,459
Accrued income taxes	2,330	292
Reserve for bonuses	1,456	603
Provision for product warranties	623	510
Other current liabilities	5,053	4,983
Total current liabilities	<u>29,673</u>	<u>24,232</u>
Non-current liabilities:		
Long-term debt	7	6
Reserve for retirement benefits	116	191
Long-term accounts payable	194	191
Other non-current liabilities	210	199
Total non-current liabilities	<u>528</u>	<u>587</u>
Total liabilities	<u>30,201</u>	<u>24,820</u>
NET ASSETS		
Stockholders' equity:		
Common stock	7,544	7,544
Additional paid-in capital	10,487	10,487
Retained earnings	47,167	46,706
Treasury stock	-2,019	-2,019
Total stockholders' equity	<u>63,179</u>	<u>62,718</u>
Valuation and translation adjustments:		
Net unrealized gain on other securities	-76	-43
Foreign currency translation adjustments	-843	-841
Total accumulated other comprehensive income	<u>-919</u>	<u>-885</u>
Minority interests	34	35
Total net assets	<u>62,294</u>	<u>61,868</u>
Total liabilities and net assets	<u>92,495</u>	<u>86,688</u>

(2) Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
Net sales	23,554	24,952
Cost of sales	11,312	12,376
Gross profit	12,242	12,575
Selling, general and administrative expenses	11,097	11,525
Operating income	1,144	1,050
Non-operating income		
Interest income	10	3
Dividend income	44	46
Other, net	89	45
Total non-operating income	144	95
Non-operating expenses		
Interest expenses	9	5
Foreign exchange losses	416	63
Other, net	21	41
Total non-operating expenses	447	110
Ordinary income	841	1,035
Extraordinary income		
Gain on sales of noncurrent assets	0	—
Reversal of allowance for doubtful accounts	1	—
Total extraordinary income	1	—
Extraordinary expenses		
Loss on sales of noncurrent assets	—	0
Loss on retirement of noncurrent assets	0	2
Loss on devaluation of investment in securities	1	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	11	—
Total extraordinary expenses	13	2
Income before income taxes and minority interests	829	1,033
Income taxes	377	392
Income before minority interests	452	640
Minority interests	2	3
Net income	450	637

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
Income before minority interests	452	640
Other comprehensive income		
Valuation difference on available-for-sale securities	-133	32
Foreign currency translation adjustment	-201	-0
Total other comprehensive income	-335	32
Comprehensive Income	116	672
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	112	671
Comprehensive income attributable to minority interests	4	1