

February 4, 2014

## [Summary] Consolidated Financial Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2014 (Japan GAAP)

### NIHON KOHDEN CORPORATION (6849)

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(Amounts are rounded down to the nearest million yen)

#### 1. Consolidated Financial Highlights for the 3rd Quarter of FY2013 (From April 1, 2013 to December 31, 2013)

##### (1) Consolidated Operating Results

Note: 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	%
<b>FY2013 3Q (9 months)</b>	<b>101,444</b>	<b>11.6</b>	<b>8,380</b>	<b>5.8</b>	<b>9,780</b>	<b>14.5</b>	<b>6,095</b>	<b>18.2</b>
FY2012 3Q (9 months)	90,902	9.7	7,923	18.6	8,543	35.0	5,157	44.3

Note: Comprehensive income: FY2013 3Q: 7,849 million yen (47.4%) FY2012 3Q: 5,327 million yen (63.2%)

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
<b>FY2013 3Q (9 months)</b>	<b>138.76</b>	—
FY2012 3Q (9 months)	117.41	—

Note: Percentages indicate increase/decrease over the corresponding period in the previous fiscal year.

##### (2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
<b>As of December 31, 2013</b>	<b>114,156</b>	<b>81,462</b>	<b>71.3</b>	<b>1,853.30</b>
As of March 31, 2013	116,800	76,256	65.2	1,734.73

Reference: Equity Capital: FY2013 3Q: 81,416million yen FY2012: 76,208 million yen

#### 2. Dividends

	Dividends per share				
	First quarter	Interim (Second quarter)	Third quarter	Year-end	Full-year
	Yen	Yen	Yen	Yen	Yen
FY2012	—	22.00	—	30.00	52.00
FY2013	—	30.00	—		
FY2013 (Forecast)				30.00	60.00

Note: Revise of dividends forecast: None

#### 3. Consolidated forecast for FY2013 (From April 1, 2013 to March 31, 2014)

	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
Full year	145,000	9.4	15,000	11.2	15,000	2.3	9,500	3.8	216.25

Note: Revision of consolidated forecast: None

\* Earnings forecasts and other forward-looking statements in this release are based on information currently available and certain assumptions that the Company believes are reasonable. Therefore, they do not constitute a guarantee that they will be realized. Actual results may differ from such estimates due to unforeseen circumstances.

## 4. Review of Operations

During the term under review (April 1, 2013 to December 31, 2013), the Japanese government discussed revision of medical treatment fees scheduled for April 2014 and revision of Medical Care Law in order to differentiate medical institution functions, promote collaboration, and improve home care. This was in line with the government's 2025 future vision of medical/long-term care services which was presented in the Comprehensive Reform of Social Security and Taxes. The Japanese government also made legislative preparations to promote its growth strategy for the healthcare sector. Internationally, demand for medical equipment remained steady in the United States and emerging countries, while fiscal austerity created difficult market conditions in Europe.

Under these circumstances, the Company started its new 4-year business plan, Strong Growth 2017, in April 2013 and implemented key strategies such as further growth in core business and strengthening business expansion by region. The Company established new sales subsidiaries, NKS Bangkok Co., Ltd. in Thailand and Nihon Kohden Latin America S.A.S in Colombia, to strengthen its business structure in emerging markets. New competitive products were launched since April 2013: a telemetry transmitter with a color display, a portable receiving terminal, and a clinical chemistry analyzer. The Company also launched a new export product, a new transport monitor.

**Japan:** Both the hospital market and the clinic market remained favorable and AED sales increased in the PAD market. In Treatment Equipment, AED sales showed strong growth as a wide range of models and the Company's AED Remote Monitoring System, which supports the customers' daily check, have been well received. Sales of pacemakers and ICDs also increased. In Patient Monitors, new products contributed to sales and sales of consumables such as sensors also increased. In Other Medical Equipment, sales of hematology instruments increased as new products were well received. Sales of locally purchased products also increased. As a result, domestic sales increased 6.0% over the nine months of FY2012 to ¥79,358 million.

**International:** Sales in all areas and all product categories showed positive growth supported by favorable currency impact. Sales of defibrillators, AEDs, Physiological Measuring Equipment and hematology analyzers increased strongly. Acquisition of Defibtech contributed to sales growth of AEDs. In the Americas, sales in the U.S. and Latin America showed strong growth. Comparable sales in Europe decreased because sales in Russia were weak compared to the strong nine months of FY2012. In Asia, sales in India and Middle East showed strong growth as the Company strengthened its local business structure. Comparable sales in China did not reach the level of nine months of FY2012. This was a reflection of cooler Japan-China relations which has been mitigated. As a result, international sales increased 38.0% over the nine months of FY2012 to ¥22,086 million.

Overall sales during the term under review increased 11.6% over the nine months of FY2012 to ¥101,444 million. Gross margin ratio was lower than the nine months of FY2012 as yen depreciation raised import prices. Operating income increased 5.8% to ¥8,380 million. As foreign exchange gains were recorded, ordinary income increased 14.5% to ¥9,780 million and net income increased 18.2% to ¥6,095 million.

## 5. Consolidated Sales Results by Product Category

(Millions of yen)		
Nine months ended December 31, 2013		
	Amount	Growth rate (%)
Physiological Measuring Equipment	24,229	+ 5.0
Patient Monitors	33,398	+ 8.5
Treatment Equipment	19,679	+ 31.7
Other Medical Equipment	24,136	+ 9.3
<b>Total</b>	<b>101,444</b>	<b>+ 11.6</b>
Domestic Sales	79,358	+ 6.0
Overseas Sales	22,086	+ 38.0
(Reference) Overseas Sales		
Americas	8,968	+ 59.5
Europe	5,054	+ 21.0
Asia	7,042	+ 28.3
Other	1,021	+ 43.4

## 6. Consolidated Forecast for FY2013

As recent performance trends are in line with estimates, the Company reaffirms the forecast for FY2013. Based on the assumed exchange rates of 103 yen to the dollar and 140 yen to the euro for the fourth quarter, the average rates will be 100 yen to the dollar and 134 yen to the euro for FY2013.

### (Consolidated Forecast for FY2013 by Product Category)

	(Millions of yen)	
	FY2013 (Forecast)	
	Amount	Growth rate (%)
Physiological Measuring Equipment	36,400	+ 7.5
Patient Monitors	48,000	+ 9.9
Treatment Equipment	26,800	+ 24.1
Other Medical Equipment	33,800	+ 1.2
Total	145,000	+ 9.4
Domestic Sales	113,500	+ 3.0
Overseas Sales	31,500	+ 41.1

## 7. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	March 31, 2013	December 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash	11,743	11,519
Trade notes and accounts receivable	46,043	40,575
Marketable Securities	15,000	14,000
Merchandise and finished goods	12,836	14,994
Work in process	1,171	2,000
Raw materials and supplies	3,093	3,283
Other current assets	5,605	5,996
Allowance for doubtful receivables	-312	-246
Total current assets	95,181	92,122
Fixed assets:		
Tangible fixed assets	8,879	9,089
Intangible fixed assets		
Goodwill	2,251	2,278
Other intangible fixed assets	4,225	4,019
Total intangible fixed assets	6,476	6,297
Investments and other assets		
Investments in securities	3,466	4,235
Other investments and other assets	2,848	2,463
Allowance for doubtful receivables	-51	-51
Total investments and other assets	6,262	6,647
Total fixed assets	21,619	22,034
Total assets	116,800	114,156
<b>LIABILITIES</b>		
Current liabilities:		
Trade notes and accounts payable	24,423	21,647
Short-term debt	1,589	887
Accrued income taxes	3,847	1,117
Reserve for bonuses	2,822	1,357
Provision for product warranties	438	391
Other current liabilities	5,906	5,686
Total current liabilities	39,028	31,087
Non-current liabilities:		
Long-term debt	0	0
Reserve for retirement benefits	1,121	1,164
Long-term accounts payable	170	170
Other non-current liabilities	222	271
Total non-current liabilities	1,515	1,606
Total liabilities	40,544	32,694
<b>NET ASSETS</b>		
Stockholders' equity:		
Common stock	7,544	7,544
Additional paid-in capital	10,487	10,487
Retained earnings	59,943	63,403
Treasury stock	-2,023	-2,025
Total stockholders' equity	75,952	79,410
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	458	928
Foreign currency translation adjustments	-202	1,078
Total accumulated other comprehensive income	256	2,006
Minority interests	47	45
Total net assets	76,256	81,462
Total liabilities and net assets	116,800	114,156

## (2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Net sales	90,902	101,444
Cost of sales	44,760	50,528
Gross profit	46,141	50,916
Selling, general and administrative expenses	38,217	42,535
Operating income	7,923	8,380
Non-operating income		
Interest income	37	29
Dividends income	85	93
Foreign exchange gains	245	1,035
Provision of allowance for doubtful accounts	87	43
Other, net	241	298
Total non-operating income	696	1,500
Non-operating expenses		
Interest expenses	10	30
Other, net	66	70
Total non-operating expenses	77	100
Ordinary income	8,543	9,780
Extraordinary income		
Gain on sales of noncurrent assets	1	0
Gain on sales of investment securities	0	36
Total extraordinary income	2	36
Extraordinary loss		
Loss on sales of noncurrent assets	—	1
Loss on retirement of noncurrent assets	13	8
Loss on valuation of investment securities	8	—
Total extraordinary losses	21	9
Income before income taxes and minority interests	8,524	9,807
Income taxes	3,365	3,704
Income before minority interest	5,159	6,103
Minority interests in income	1	7
Net income	5,157	6,095

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Income before minority interests	5,159	6,103
Other comprehensive income		
Valuation difference on available-for-sale securities	53	469
Foreign currency translation adjustment	114	1,277
Total other comprehensive income	168	1,746
Comprehensive income	5,327	7,849
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,326	7,846
Comprehensive income attributable to minority interests	1	3