

[Summary] Consolidated Financial Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2012 (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 2nd Quarter of FY2011 (From April 1, 2011 to September 30, 2011)

(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	%
FY2011 2Q (6 months)	55,297	5.3	4,146	1.2	3,836	-0.8	2,308	-11.5
FY2010 2Q (6 months)	52,526	5.4	4,096	7.9	3,867	1.5	2,609	15.8

Note: Comprehensive income: FY2011 2Q: 2,080 million yen (-3.8%) FY2010 2Q: 2,164 million yen (- %)

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
FY2011 2Q (6 months)	52.54	—
FY2010 2Q (6 months)	59.39	—

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2011	88,772	63,276	71.2	1,439.50
As of March 31, 2011	92,495	62,294	67.3	1,417.18

Reference: Equity Capital: FY2011 2Q: 63,240 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	—	21.00	—	—	—
FY2011 (Forecast)	—	—	—	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
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 September 30, 2011), although there were signs of recovery after the shock of the Great East Japan Earthquake, the Japanese economic outlook appeared uncertain due to concerns about economic slowdowns in Europe and the United States, and the yen appreciation.

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 acute care market, increased due to increase of hospital capital spending following last year's upward revision of medical treatment fees. Sales in the clinic market also increased as capital spending recovered from the plunge right after the earthquake. Our consulting business for private practice startups also contributed to sales growth. In Physiological Measuring Equipment, sales of diagnostic information systems showed strong growth reflecting hospital's introduction of IT systems. Sales of EEGs, ECGs and polygraphs for cath labs also increased. In Treatment Equipment, defibrillators for hospitals and pacemakers showed favorable growth. Sales of vagus nerve stimulation therapy systems also increased. AED sales decreased as the unit selling price was decreased, even though the number of unit sales remained unchanged compared to the first half of FY2010. In Other Medical Equipment, sales of hematology analyzers increased. Sales of locally purchased products including diagnostic imaging equipment also increased. In Patient Monitors, although sales of bedside monitors increased, sales of clinical information systems decreased from the same period of the prior year when we had large-scale orders. This was also because business deals in the university market and public hospital market were more concentrated in the second half than usual. As a result, domestic sales increased 5.9% over the first half of FY2010 to ¥45,663 million.

International: Sales increased in all areas, including the Americas, Europe and Asia. In the Americas, although yen-based sales in the U.S. slightly decreased due to the strong yen, sales in Latin America increased. Sales in Europe increased due to solid sales in Germany and France. Sales recovery in Turkey also impacted sales favorably. In Asia, sales in China, India and the Middle-East increased. By product category, sales of hematology analyzers showed strong growth and sales of Physiological Measuring Equipment increased favorably. In Treatment Equipment, sales of Metran ventilators, for which we obtained exclusive rights for worldwide marketing in November 2011, contributed to a sales increase. Sales of Patient Monitors decreased in China due to the delay of new products launch and also decreased in Europe and Latin America where we received large spot orders in the first half of FY2010. As a result, international sales increased 2.5% over the first half of FY2010 to ¥9,634 million.

Overall sales during the term under review increased 5.3% over the first half of FY2010 to ¥55,297 million. Operating income slightly increased to ¥4,146 million as SG&A expenses increased due to planned increase in R&D and personnel. As foreign exchange losses were recorded, ordinary income decreased 0.8% to ¥3,836 million and net income decreased 11.5% to ¥2,308 million.

5. Consolidated Sales by Product Category

	(Millions of yen)	
	Six months ended September 30, 2011	
	Amount	Growth rate (%)
Physiological Measuring Equipment	14,570	+ 6.9
Patient Monitors	17,133	- 2.1
Treatment Equipment	9,184	+ 7.0
Other Medical Equipment	14,409	+ 12.4
Total	55,297	+ 5.3
Domestic Sales	45,663	+ 5.9
Overseas Sales	9,634	+ 2.5
(Reference) Overseas Sales		
Americas	3,296	+ 1.4
Europe	2,838	+ 3.8
Asia	3,084	+ 2.8
Other	415	- 0.2

6. Consolidated Forecast for FY2011

Based on recent performance trends and future outlook, domestic sales and overseas sales for FY2011 are expected to be ¥98,000 million (up ¥2,000 million from its previous forecast) and ¥22,000 million (down ¥2,000 million from its previous forecast), respectively. The Company leaves its income forecast unchanged.

The Company's forecast for the second half of FY2011 is based on an exchange rate of 78 yen to the dollar and 103 yen to the euro. Forecast for FY2011 is based on an exchange rate of 79 yen to the dollar and 109 yen to the euro. Overseas sales forecast is revised to reflect a negative currency translation impact. Exchange rate fluctuations will not have much impact on operating income because the Company's import and export business are roughly balanced.

(Consolidated Forecast for FY2011 by Product Category)

	(Millions of yen)	
	FY2011 (Forecast)	
	Amount	Growth rate (%)
Physiological Measuring Equipment	30,000	+ 6.4
Patient Monitors	39,750	+ 6.6
Treatment Equipment	20,150	+ 5.6
Other Medical Equipment	30,100	+ 4.4
Total	120,000	+ 5.8
Domestic Sales	98,000	+ 5.3
Overseas Sales	22,000	+ 8.2

7. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	March 31, 2011	September 30, 2011
ASSETS		
Current assets:		
Cash	9,331	7,410
Trade notes and accounts receivable	37,363	32,300
Marketable Securities	9,500	13,500
Merchandise and finished goods	10,802	9,901
Work in process	1,202	1,353
Raw materials and supplies	2,279	2,908
Other current assets	5,235	4,984
Allowance for doubtful receivables	-348	-313
Total current assets	75,366	72,046
Fixed assets:		
Tangible fixed assets	8,838	8,811
Intangible fixed assets		
Goodwill	763	784
Other intangible fixed assets	3,307	2,937
Total intangible fixed assets	4,070	3,721
Investments and other assets		
Investments in securities	2,363	2,331
Other investments and other assets	1,909	1,921
Allowance for doubtful receivables	-51	-59
Total investments and other assets	4,220	4,193
Total fixed assets	17,129	16,726
Total assets	92,495	88,772
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	18,870	16,287
Short-term debt	1,339	1,412
Accrued income taxes	2,330	1,273
Reserve for bonuses	1,456	1,890
Provision for product warranties	623	496
Other current liabilities	5,053	3,492
Total current liabilities	29,673	24,853
Non-current liabilities:		
Long-term debt	7	4
Reserve for retirement benefits	116	261
Long-term accounts payable	194	191
Other non-current liabilities	210	184
Total non-current liabilities	528	642
Total liabilities	30,201	25,496
NET ASSETS		
Stockholders' equity:		
Common stock	7,544	7,544
Additional paid-in capital	10,487	10,487
Retained earnings	47,167	48,377
Treasury stock	-2,019	-2,020
Total stockholders' equity	63,179	64,389
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	-76	-91
Foreign currency translation adjustments	-843	-1,057
Total accumulated other comprehensive income	-919	-1,148
Minority interests	34	36
Total net assets	62,294	63,276
Total liabilities and net assets	92,495	88,772

(2) Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2010	Six months ended September 30, 2011
Net sales	52,526	55,297
Cost of sales	26,031	27,633
Gross profit	26,495	27,664
Selling, general and administrative expenses	22,399	23,518
Operating income	4,096	4,146
Non-operating income		
Interest income	10	12
Dividend income	44	47
Other, net	147	140
Total non-operating income	202	200
Non-operating expenses		
Interest expenses	9	11
Foreign exchange losses	367	433
Other, net	54	64
Total non-operating expenses	431	510
Ordinary income	3,867	3,836
Extraordinary income		
Gain on sales of noncurrent assets	0	—
Gain on sales of investment securities	7	1
Reversal of allowance for doubtful accounts	24	—
Total extraordinary income	31	1
Extraordinary expenses		
Loss on sales of noncurrent assets	—	0
Loss on retirement of noncurrent assets	5	5
Loss on devaluation of investment in securities	1	0
Loss on adjustment for changes of accounting standard for asset retirement obligations	11	—
Total extraordinary expenses	18	6
Income before income taxes and minority interests	3,880	3,831
Income taxes	1,264	1,515
Income before minority interests	2,616	2,316
Minority interests	7	8
Net income	2,609	2,308

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2010	Six months ended September 30, 2011
Income before minority interests	2,616	2,316
Other comprehensive income		
Valuation difference on available-for-sale securities	-212	-15
Foreign currency translation adjustment	-239	-220
Total other comprehensive income	-452	-235
Comprehensive Income	2,164	2,080
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,154	2,078
Comprehensive income attributable to minority interests	9	1