

[Summary] Consolidated Financial Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2013 (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 FY2012 (From April 1, 2012 to September 30, 2012)

(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	%
FY2012 2Q (6 months)	60,581	9.6	5,410	30.5	5,189	35.2	3,134	35.8
FY2011 2Q (6 months)	55,297	5.3	4,146	1.2	3,836	-0.8	2,308	-11.5

Note: Comprehensive income: FY2012 2Q: 3,000 million yen (44.2%) FY2011 2Q: 2,080 million yen (-3.8%)

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
FY2012 2Q (6 months)	71.35	—
FY2011 2Q (6 months)	52.54	—

(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, 2012	99,323	69,895	70.3	1,590.20
As of March 31, 2012	99,403	67,911	68.3	1,544.87

Reference: Equity Capital: FY2012 2Q: 69,860 million yen FY2011: 67,869 million yen

2. Dividends

	Dividends per share				
	First quarter	Interim (Second quarter)	Third quarter	Year-end	Full-year
	yen	yen	yen	yen	yen
FY2011	—	21.00	—	23.00	44.00
FY2012	—	22.00	—	—	—
FY2012 (Forecast)	—	—	—	22.00	44.00

Note: Revise of dividends forecast: None

3. Consolidated forecast for FY2012 (From April 1, 2012 to March 31, 2013)

	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	130,000	7.7	13,000	8.1	13,000	6.6	7,900	3.7	179.82

Note: Revise 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, 2012 to September 30, 2012), the Japanese medical treatment fees were revised upward in April 2012 to ensure delivery of emergency and perinatal care 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 Tax. Internationally, the overall medical device market remained steady. Demand in the United States and emerging countries remained solid while financial anxiety created difficult market conditions in Europe.

Under these circumstances, the Company implemented key strategies including expanding and strengthening core business areas and strengthening technological development capacity under its 3-year Business Plan, SPEED UP III, of which the final year is the term under review.

Japan: Sales in the hospital market, particularly the private hospital market, remained favorable and AED sales increased in the PAD market. This resulted in increased sales of all product categories. Sales of Patient Monitors showed strong growth, supported by good sales of bedside monitors and clinical information systems. In Physiological Measuring Equipment, sales of EEGs, ECGs and polygraphs for cath labs increased. In Treatment Equipment, AED sales showed strong growth as three new models were introduced and the Company's AED Remote Monitoring System, which supports the customers' daily check, has been well received. As a result, domestic sales increased 9.1% over the first half of FY2011 to ¥49,804 million.

International: Sales of Patient Monitors showed strong growth in all areas including the Americas, Europe and Asia. Sales of hematology analyzers also increased. In Physiological Measuring Equipment, sales of EEGs increased favorably while sales of ECGs decreased. In the Americas, sales in the U.S. showed strong growth while sales in Latin America decreased. Sales in Europe decreased due to unfavorable foreign currency impacts, although sales in Russia increased favorably. In Asia, sales in China and South East Asia showed strong growth. As a result, international sales increased 11.9% over the first half of FY2011 to ¥10,777 million.

Overall sales during the term under review increased 9.6% over the first half of FY2011 to ¥60,581 million. Operating income increased 30.5% to ¥5,410 million, ordinary income increased 35.2% to ¥5,189 million and net income increased 35.8% to ¥3,134 million.

5. Consolidated Sales by Product Category

	(Millions of yen)	
	Six months ended September 30, 2012	
	Amount	Growth rate (%)
Physiological Measuring Equipment	15,481	+ 6.3
Patient Monitors	20,738	+ 21.0
Treatment Equipment	9,634	+ 4.9
Other Medical Equipment	14,727	+ 2.2
Total	60,581	+ 9.6
Domestic Sales	49,804	+ 9.1
Overseas Sales	10,777	+ 11.9
(Reference) Overseas Sales		
Americas	3,750	+ 13.8
Europe	2,673	- 5.8
Asia	3,849	+ 24.8
Other	503	+ 21.2

6. Consolidated Forecast for FY2012

Although operating results for the first half of FY2012 exceeded the Company's forecast, some unused portion of SG&A expenses will be carried over into the second half of FY2012 and an aggressive investment in R&D to introduce new products is planned. Therefore, the Company leaves its consolidated forecast for FY2012 unchanged. As the domestic market is expected to remain steady, domestic sales for 2012 have been revised upward to ¥106,500 million. Because of financial anxiety in Europe and weak demand in China, overseas sales for FY2012 have been revised downward to ¥23,500 million.

The Company's forecast for the second half of FY2012 is based on an exchange rate of 78 yen to the dollar and 99 yen to the euro. Forecast for FY2012 is based on an exchange rate of 79 yen to the dollar and 100 yen to the euro.

(Consolidated Forecast for FY2012 by Product Category)

	(Millions of yen)	
	FY2012 (Forecast)	
	Amount	Growth rate (%)
Physiological Measuring Equipment	32,500	+ 5.9
Patient Monitors	45,200	+ 14.9
Treatment Equipment	20,950	+ 3.3
Other Medical Equipment	31,350	+ 3.1
Total	130,000	+ 7.7
Domestic Sales	106,500	+ 6.8
Overseas Sales	23,500	+ 11.8
(Reference) Overseas Sales		
Americas	8,300	+ 19.4
Europe	6,000	- 6.0
Asia	8,100	+ 19.2
Other	1,100	+ 24.9

7. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	March 31, 2012	September 30, 2012
ASSETS		
Current assets:		
Cash	9,342	10,131
Trade notes and accounts receivable	42,249	35,806
Marketable Securities	12,000	17,000
Merchandise and finished goods	10,452	11,152
Work in process	1,304	1,161
Raw materials and supplies	2,395	2,971
Other current assets	5,364	4,533
Allowance for doubtful receivables	-366	-285
Total current assets	82,742	82,470
Fixed assets:		
Tangible fixed assets	8,516	8,529
Intangible fixed assets		
Goodwill	757	730
Other intangible fixed assets	2,764	2,560
Total intangible fixed assets	3,522	3,290
Investments and other assets		
Investments in securities	2,555	2,953
Other investments and other assets	2,125	2,131
Allowance for doubtful receivables	-59	-51
Total investments and other assets	4,622	5,032
Total fixed assets	16,660	16,852
Total assets	99,403	99,323
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	20,068	18,615
Short-term debt	620	996
Accrued income taxes	2,189	1,662
Reserve for bonuses	2,460	2,036
Provision for product warranties	428	656
Other current liabilities	4,946	4,346
Total current liabilities	30,714	28,312
Non-current liabilities:		
Long-term debt	3	0
Reserve for retirement benefits	405	764
Long-term accounts payable	191	170
Other non-current liabilities	177	178
Total non-current liabilities	778	1,115
Total liabilities	31,492	29,428
NET ASSETS		
Stockholders' equity:		
Common stock	7,544	7,544
Additional paid-in capital	10,487	10,487
Retained earnings	52,768	54,893
Treasury stock	-2,020	-2,021
Total stockholders' equity	68,779	70,903
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	45	56
Foreign currency translation adjustments	-955	-1,099
Total accumulated other comprehensive income	-910	-1,043
Minority interests	41	35
Total net assets	67,911	69,895
Total liabilities and net assets	99,403	99,323

(2) Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2011	Six months ended September 30, 2012
Net sales	55,297	60,581
Cost of sales	27,633	29,968
Gross profit	27,664	30,613
Selling, general and administrative expenses	23,518	25,202
Operating income	4,146	5,410
Non-operating income		
Interest income	12	30
Dividend income	47	49
Reversal of allowance for doubtful accounts	18	69
Other, net	121	183
Total non-operating income	200	332
Non-operating expenses		
Interest expenses	11	6
Foreign exchange losses	433	505
Other, net	64	42
Total non-operating expenses	510	553
Ordinary income	3,836	5,189
Extraordinary income		
Gain on sales of noncurrent assets	—	1
Gain on sales of investment securities	1	0
Total extraordinary income	1	2
Extraordinary expenses		
Loss on sales of noncurrent assets	0	—
Loss on retirement of noncurrent assets	5	7
Loss on sales of investment securities	0	—
Loss on valuation of investment securities	—	8
Total extraordinary expenses	6	15
Income before income taxes and minority interests	3,831	5,175
Income taxes	1,515	2,039
Income before minority interests	2,316	3,136
Minority interests	8	1
Net income	2,308	3,134

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2011	Six months ended September 30, 2012
Income before minority interests	2,316	3,136
Other comprehensive income		
Valuation difference on available-for-sale securities	-15	11
Foreign currency translation adjustment	-220	-147
Total other comprehensive income	-235	-135
Comprehensive Income	2,080	3,000
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,078	3,001
Comprehensive income attributable to minority interests	1	-1