

## [Summary] Consolidated Financial Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2015 (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 2<sup>nd</sup> Quarter of FY2014 (From April 1, 2014 to September 30, 2014)

##### (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>FY2014 2Q (6 months)</b>	<b>72,023</b>	<b>7.3</b>	<b>5,502</b>	<b>3.8</b>	<b>6,096</b>	<b>5.3</b>	<b>4,123</b>	<b>19.0</b>
FY2013 2Q (6 months)	67,148	10.8	5,299	-2.0	5,787	11.5	3,464	10.5

Note: Comprehensive income: FY2014 2Q: 4,083 million yen (-12.3%) FY2013 2Q: 4,657 million yen (55.2%)

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
<b>FY2014 2Q (6 months)</b>	<b>93.86</b>	—
FY2013 2Q (6 months)	78.85	—

##### (2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
<b>As of September 30, 2014</b>	<b>127,325</b>	<b>90,658</b>	<b>71.2</b>	<b>2,062.43</b>
As of March 31, 2014	130,917	88,512	67.6	2,013.45

Reference: Equity Capital: FY2014 2Q: 90,602 million yen FY2013: 88,451 million yen

#### 2. Dividends

	Dividends per share				
	First quarter	Interim (Second quarter)	Third quarter	Year-end	Full-year
	yen	yen	yen	yen	yen
FY2013	—	30.00	—	40.00	70.00
FY2014	—	35.00	—	—	—
FY2014 (Forecast)	—	—	—	35.00	70.00

Note: Revise of dividends forecast: None

#### 3. Consolidated forecast for FY2014 (From April 1, 2014 to March 31, 2015)

	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	160,000	4.4	18,000	2.6	18,000	-5.3	11,500	-6.9	261.78

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, 2014 to September 30, 2014), the Japanese government revised medical treatment fees in April and promulgated the law for securing comprehensive medical and long-term care in the communities. This indicated the direction to differentiate medical institution functions, promote collaboration between medical and nursing care, and establish an integrated community care system, which was based on the government's 2025 future vision of medical/long-term care services. In Europe and the United States, the governments have carried out medical cost restriction measures as well as healthcare reform. In emerging countries, the healthcare infrastructure has developed together with economic growth. Overall demand for medical equipment remained steady, although there was political uncertainty in some regions. Under these circumstances, the Company implemented key strategies such as strengthening technological development capabilities, strengthening business expansion by region, and further growth in core business under its 4-year business plan, Strong Growth 2017.

**Japan:** The Company promoted products and services that meet market trends such as strengthening acute care functions and establishing integrated community care. Sales in the university and private hospital market showed steady growth, while sales in the public hospital and clinic market were weak. Sales of Physiological Measuring Equipment remained at the same level as the first half of FY2013. Sales of Patient Monitors, Treatment Equipment and Other Medical Equipment increased. As a result, domestic sales increased 4.6% over the first half of FY2013 to ¥55,695 million.

**International:** Sales in all areas and all product categories increased as the Company strengthened its international business structure and installed new products in Patient Monitors. In the Americas, sales in the U.S. and Latin America showed strong growth. Sales in Europe increased on a comparable basis as demand in Western Europe recovered. Sales in Russia remained weak. In Asia, sales in Southeast Asia, India and the Middle East showed strong growth. Sales in China remained at the same level as the first half of FY2013. As a result, international sales increased 17.5% over the first half of FY2013 to ¥16,327 million.

Overall sales during the term under review increased 7.3% over the first half of FY2013 to ¥72,023 million. Operating income increased 3.8% to ¥5,502 million, ordinary income increased 5.3% to ¥6,096 million and net income increased 19.0% to ¥4,123 million over the first half of FY2013.

#### 5. Consolidated Sales by Product Category

	(Millions of yen)	
	Six months ended September 30, 2014	
	Amount	Growth rate (%)
Physiological Measuring Equipment	16,514	+ 2.0
Patient Monitors	23,797	+ 11.0
Treatment Equipment	13,739	+ 6.6
Other Medical Equipment	17,971	+ 8.0
<b>Total</b>	<b>72,023</b>	<b>+ 7.3</b>
Domestic Sales	55,695	+ 4.6
Overseas Sales	16,327	+ 17.5
(Reference) Overseas Sales		
Americas	6,913	+ 22.0
Europe	3,193	+ 11.3
Asia	5,477	+ 17.9
Other	742	+ 3.6

## 6. Consolidated Forecast for FY2014

As recent performance trends are in line with estimates, the Company reaffirms its forecasts for FY2014, previously announced on May 8, 2014.

The Company's forecast for the second half of FY2014 is based on an exchange rate of 106 yen to the dollar and 136 yen to the euro. Forecast for FY2014 is based on an exchange rate of 104 yen to the dollar and 137 yen to the euro.

### (Consolidated Forecast for FY2014 by Product Category)

	(Millions of yen)	
	FY2014 (Forecast)	
	Amount	Growth rate (%)
Physiological Measuring Equipment	37,500	+ 2.3
Patient Monitors	55,400	+ 8.9
Treatment Equipment	29,100	+ 2.5
Other Medical Equipment	38,000	+ 1.9
<b>Total</b>	<b>160,000</b>	<b>+ 4.4</b>
Domestic Sales	123,300	+ 2.4
Overseas Sales	36,700	+ 12.1

**7. Consolidated Financial Statements**  
**(1) Consolidated Balance Sheets**

(Millions of yen)

	March 31, 2014	September 30, 2014
<b>ASSETS</b>		
Current assets:		
Cash and deposits	13,882	14,693
Notes and accounts receivable - trade	54,456	46,073
Securities	15,010	19,010
Merchandise and finished goods	13,019	12,973
Work in process	1,140	1,381
Raw materials and supplies	3,105	2,869
Other current assets	6,142	5,897
Allowance for doubtful accounts	-241	-241
Total current assets	106,515	102,657
Noncurrent assets:		
Property, plant and equipment	10,613	10,769
Intangible fixed assets		
Goodwill	2,353	2,227
Other intangible fixed assets	4,301	4,144
Total intangible fixed assets	6,654	6,372
Investments and other assets		
Investments in securities	4,525	4,855
Other investments and other assets	2,661	2,722
Allowance for doubtful accounts	-51	-51
Total investments and other assets	7,135	7,526
Total noncurrent assets	24,402	24,668
Total assets	130,917	127,325
<b>LIABILITIES</b>		
Current liabilities:		
Notes and accounts payable-trade	25,995	23,177
Short-term loans payable	992	1,239
Income taxes payable	3,974	1,891
Provision for bonuses	3,079	2,306
Provision for product warranties	360	372
Other current liabilities	6,846	6,185
Total current liabilities	41,248	35,173
Non-current liabilities:		
Long-term loans payable	0	—
Net defined benefit liability	700	1,016
Long-term accounts payable	170	170
Other non-current liabilities	285	306
Total non-current liabilities	1,156	1,493
Total liabilities	42,405	36,667
<b>NET ASSETS</b>		
Shareholders' equity:		
Capital stock	7,544	7,544
Capital surplus	10,487	10,487
Legal retained earnings	69,653	71,853
Treasury shares	-2,027	-2,028
Total shareholders' equity	85,658	87,857
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	881	1,065
Foreign currency translation adjustment	1,603	1,427
Remeasurements of defined benefit plans	307	250
Total accumulated other comprehensive income	2,792	2,744
Minority interests	60	56
Total net assets	88,512	90,658
Total liabilities and net assets	130,917	127,325

**(2) Consolidated Statements of Income**

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales	67,148	72,023
Cost of sales	33,987	36,778
Gross profit	33,161	35,244
Selling, general and administrative expenses	27,861	29,741
Operating income	5,299	5,502
Non-operating income		
Interest income	15	20
Dividend income	54	58
Foreign exchange gains	302	399
Reversal of allowance for doubtful accounts	37	24
Other, net	173	144
Total non-operating income	583	647
Non-operating expenses		
Interest expenses	17	19
Other, net	78	34
Total non-operating expenses	96	54
Ordinary income	5,787	6,096
Extraordinary income		
Gain on sales of noncurrent assets	—	10
Gain on sales of investment securities	36	—
Gain on transfer of business	—	190
Total extraordinary income	36	200
Extraordinary expenses		
Loss on sales of noncurrent assets	—	0
Loss on retirement of noncurrent assets	6	4
Total extraordinary expenses	6	4
Income before income taxes and minority interests	5,817	6,291
Income taxes	2,348	2,164
Income before minority interests	3,468	4,127
Minority interests	4	4
Net income	3,464	4,123

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Income before minority interests	3,468	4,127
Other comprehensive income		
Valuation difference on available-for-sale securities	154	184
Foreign currency translation adjustment	1,034	-171
Remeasurements of defined benefit plans	—	-56
Total other comprehensive income	1,188	-44
Comprehensive Income	4,657	4,083
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,658	4,075
Comprehensive income attributable to minority interests	-1	7