

[Summary] Consolidated Financial Results for the 3rd 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 3rd Quarter of FY2011 (From April 1, 2011 to December 31, 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 3Q (9 months)	82,846	4.5	6,683	11.2	6,328	11.8	3,575	-6.3
FY2010 3Q (9 months)	79,276	5.8	6,011	3.3	5,662	-4.2	3,816	-0.5

Note: Comprehensive income: FY2011 3Q: 3,265 million yen (0.9%) FY2010 3Q: 3,234 million yen (- %)

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
FY2011 3Q (9 months)	81.38	—
FY2010 3Q (9 months)	86.87	—

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
FY2011 3Q (9 months)	89,253	63,537	71.1	1,445.44
As of March 31, 2011	92,495	62,294	67.3	1,417.18

Reference: Equity Capital: FY2011 3Q: 63,501 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: Revision 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 December 31, 2011), although there were signs of recovery after the shock of the Great East Japan Earthquake, the Japanese economic outlook appeared uncertain due to Europe's debt crisis and continued appreciation of the yen.

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 and clinic markets increased favorably, resulting in a sales increase of all product categories. In Physiological Measuring Equipment, sales of diagnostic information systems showed strong growth reflecting hospitals' introduction of IT systems. Sales of polygraphs for cath labs also increased. In Patient Monitors, although sales of clinical information systems decreased because business deals in the university market and public hospital market were more concentrated in the fourth quarter than usual, consumable sales such as sensors increased robustly. In Treatment Equipment, AED sales recovered in the PAD market and defibrillators for hospitals as well as pacemakers showed favorable growth. Sales of vagus nerve stimulation therapy systems and irrigation catheters also contributed to a sales increase. In Other Medical Equipment, sales of hematology analyzers increased. Sales of locally purchased products including diagnostic imaging equipment also increased. As a result, domestic sales increased 5.2% over the 9 months of FY2010 to ¥67,467 million.

International: Sales of hematology analyzers and Physiological Measuring Equipment increased favorably, although sales of Patient Monitors were weak. In Treatment Equipment, sales of defibrillators for hospitals showed robust growth. Sales of Metran ventilators also contributed to a sales increase. In the Americas, although sales in Latin America increased, yen-based sales in the U.S. decreased due to the strong yen. Sales in Europe increased due to sales recovery in Russia and Turkey. Sales in Germany and France also increased. In Asia, sales in China, India and the Middle-East increased. In Other areas, sales in North African countries were weak due to political instability. As a result, international sales increased 1.5% over the 9 months of FY2010 to ¥15,379 million.

Overall sales during the term under review increased 4.5% over the 9 months of FY2010 to ¥82,846 million. Operating income increased 11.2% to ¥6,683 million and ordinary income increased 11.8% to ¥6,328 million. Net income decreased 6.3% to ¥3,575 million due to the effect of corporate tax rate change in accordance with the revision of the tax system.

5. Consolidated Sales Results by Product Category

	(Millions of yen)	
	Nine months ended December 31, 2011	
	Amount	Growth rate (%)
Physiological Measuring Equipment	21,435	+ 5.7
Patient Monitors	26,448	- 0.1
Treatment Equipment	14,595	+ 9.8
Other Medical Equipment	20,367	+ 5.9
Total	82,846	+ 4.5
(Reference) Domestic Sales	67,467	+ 5.2
(Reference) Overseas Sales	15,379	+ 1.5
(Reference) Overseas Sales		
Americas	4,968	- 1.5
Europe	5,102	+ 7.4
Asia	4,671	+ 2.5
Other	636	- 20.5

6. Consolidated Forecast for FY2011

As recent performance trends are in line with estimates, the Company reaffirms the forecast for FY2011, previously announced on November 7, 2011.

The Company's forecast for the fourth quarter of FY2011 is based on an exchange rate of 79 yen to the dollar and 101 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.

Exchange rate fluctuations will not have much impact on operating income because the Company's import and export business are roughly balanced.

7. Others

(Additional information)

According to the promulgation of “The Law to Revise the Income Tax, etc., in Order to Construct a Tax System Addressing Changes in the Socio-Economic Structure” (Act No. 114 of 2011) and “Special Measures to Secure the Financial Resources to Implement the Restoration from the Tohoku Earthquake” (Act No.117 of 2011) on December 2, 2011, the corporate tax rate will be reduced while special corporate tax for restoration will be imposed in the fiscal year beginning on or after April 1, 2012.

Due to the effect of these changes, accrued income taxes increased by ¥113 million, net deferred tax assets decreased by ¥39 million and total income taxes increased by ¥145 million.

8. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	March 31, 2011	December 31, 2011
ASSETS		
Current assets:		
Cash	9,331	8,727
Trade notes and accounts receivable	37,363	33,747
Marketable Securities	9,500	10,000
Merchandise and finished goods	10,802	10,752
Work in process	1,202	1,885
Raw materials and supplies	2,279	2,984
Other current assets	5,235	5,200
Allowance for doubtful receivables	-348	-326
Total current assets	75,366	72,970
Fixed assets:		
Tangible fixed assets	8,838	8,532
Intangible fixed assets		
Goodwill	763	768
Other intangible fixed assets	3,307	2,795
Total intangible fixed assets	4,070	3,563
Investments and other assets		
Investments in securities	2,363	2,344
Other investments and other assets	1,909	1,900
Allowance for doubtful receivables	-51	-59
Total investments and other assets	4,220	4,185
Total fixed assets	17,129	16,282
Total assets	92,495	89,253
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	18,870	17,791
Short-term debt	1,339	551
Accrued income taxes	2,330	658
Reserve for bonuses	1,456	1,112
Provision for product warranties	623	448
Other current liabilities	5,053	4,448
Total current liabilities	29,673	25,010
Non-current liabilities:		
Long-term debt	7	3
Reserve for retirement benefits	116	333
Long-term accounts payable	194	191
Other non-current liabilities	210	176
Total non-current liabilities	528	704
Total liabilities	30,201	25,715
NET ASSETS		
Stockholders' equity:		
Common stock	7,544	7,544
Additional paid-in capital	10,487	10,487
Retained earnings	47,167	48,721
Treasury stock	-2,019	-2,020
Total stockholders' equity	63,179	64,733
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	-76	-80
Foreign currency translation adjustments	-843	-1,151
Total accumulated other comprehensive income	-919	-1,231
Minority interests	34	36
Total net assets	62,294	63,537
Total liabilities and net assets	92,495	89,253

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Net sales	79,276	82,846
Cost of sales	39,388	40,718
Gross profit	39,888	42,128
Selling, general and administrative expenses	33,876	35,444
Operating income	6,011	6,683
Non-operating income		
Interest income	12	22
Dividends income	79	81
Other, net	194	174
Total non-operating income	286	278
Non-operating expenses		
Interest expenses	11	15
Foreign exchange losses	574	524
Other, net	49	93
Total non-operating expenses	636	633
Ordinary income	5,662	6,328
Extraordinary income		
Gain on sales of noncurrent assets	0	—
Gain on sales of investment securities	7	1
Reversal of allowance for doubtful accounts	28	—
Total extraordinary income	36	1
Extraordinary loss		
Loss on sales of noncurrent assets	—	0
Loss on retirement of noncurrent assets	9	8
Loss on sales of investment securities	1	0
Loss on adjustment for changes of accounting standard for asset retirement obligations	11	—
Total extraordinary losses	21	8
Income before income taxes and minority interests	5,676	6,320
Income taxes	1,846	2,734
Income before minority interest	3,830	3,585
Minority interests in income	13	10
Net income	3,816	3,575

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2010	Nine months ended December 31, 2011
Income before minority interests	3,830	3,585
Other comprehensive income		
Valuation difference on available-for-sale securities	-199	-4
Foreign currency translation adjustment	-395	-316
Total other comprehensive income	-595	-320
Comprehensive Income	3,234	3,265
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,221	3,262
Comprehensive income attributable to minority interests	13	2