

# Consolidated Financial Highlights for the First Quarter of FY2011

(From April 1, 2011 to June 30, 2011)



**NIHON KOHDEN CORPORATION**

**August 3, 2011**

***Fighting Disease with Electronics***

# 1) Consolidated Financial Results for the 1<sup>st</sup> Quarter of FY2011

(Amounts of less than ¥1 million are rounded down)

	FY2010 1Q	FY2011 1Q	YoY (%)
<b>Net Sales</b>	23,554	<b>24,952</b>	5.9
<b>Domestic Sales</b>	19,343	<b>20,520</b>	6.1
<b>Overseas Sales</b>	4,211	<b>4,431</b>	5.2
<b>Operating Income</b>	1,144	<b>1,050</b>	-8.2
<b>Ordinary Income</b>	841	<b>1,035</b>	23.1
<b>Net Income</b>	450	<b>637</b>	41.4

Currency Effect  
- ¥0.2 billion (- 5%)

Average Exchange Rate	(2010/6)	(2011/6)
1 US Dollar	92 yen	<b>82 yen</b>
1 EURO	119 yen	<b>119 yen</b>

## 2) Highlights of 1Q FY2011

### Net Sales : +5.9%

- Japan: Sales in the hospital market, particularly the private hospital market, increased favorably.
- International: Sales increased favorably in all 3 areas on a comparable basis. On a yen-basis, sales in Europe and Asia increased, while sales in the Americas were flat due to the strong yen.

### Operating Income : -8.2%

- Lower gross margin: Lower gross margin of third party products and cost increase of parts due to the earthquake.
- Higher SG&A: Increase of R&D and personnel expenses.

	(2010/6)	(2011/6)	Change
<b>Number of employees</b>	3,739	<b>3,910</b>	+171
Overseas employees	497	606	+109

### Ordinary Income : +23.1%

- Decrease of foreign exchange losses.

# 3) Topics

## PREFENSE user is highly satisfied with the outcome

- Holy Name Medical Center is a progressive community hospital and has received many awards for service excellence.
- After the installation of 148 NTX transmitters and PREFENSE in early 2011, there is now monitoring for every patient on every floor at Holy Name.
- In the short period following PREFENSE installation, Holy Name has experienced many “good catches” and prevented multiple adverse events from happening to Medical/Surgical patients at risk.
- Nihon Kohden and Holy Name are now working together to collect additional data and expect to start publishing results.

### Holy Name Medical Center



Teaneck, New Jersey    number of beds: 450

- First Medical Center in the nation to receive three J.D. Power and Associates Distinguished Medical Center Awards for Emergency, Inpatient, Outpatient and Maternity Service Excellence.
- It currently serves as the command and control center in case of future incidents of national significance in New York City.

### PREFENSE

#### PREFENSE



It consists of a **new central station interface** that is simple, easy to use and cost-effective, combined with **40** NTX.

#### NTX



The **world's first and only** wireless telemetry transmitter that can measure heart rate, blood pressure, oxygen saturation and respiration.

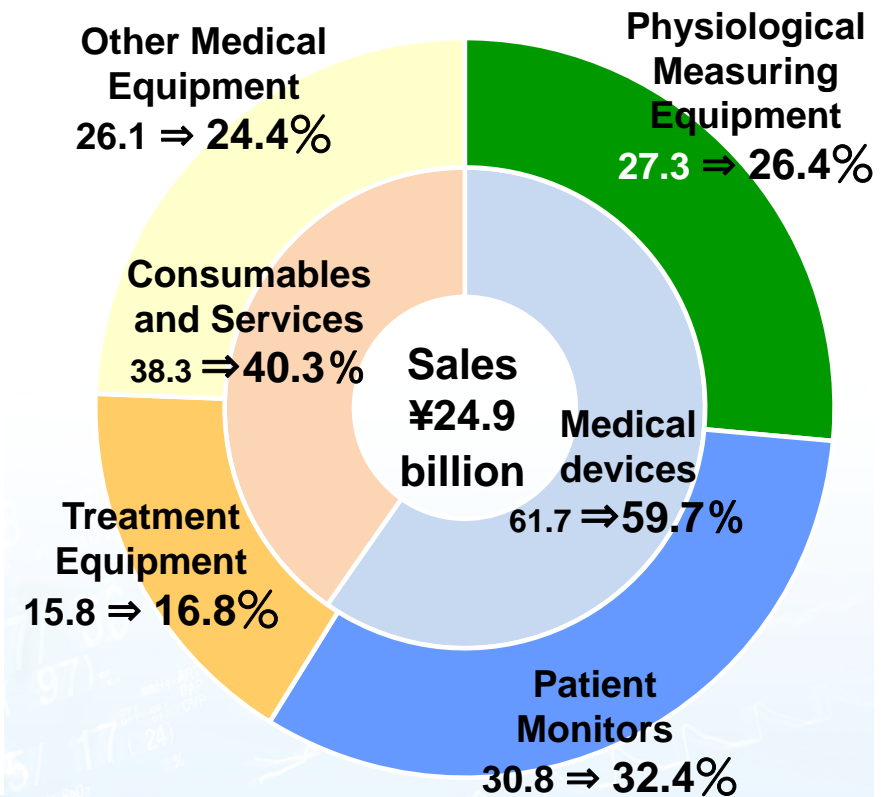
# 4) Sales by Product Category

(Sales, millions of yen)

	FY2010 1Q	FY2011 1Q	YoY (%)
Physiological Measuring Equipment	6,420	<b>6,594</b>	2.7
Patient Monitors	7,252	<b>8,091</b>	11.6
Treatment Equipment	3,724	<b>4,180</b>	12.2
Other Medical Equipment	6,157	<b>6,086</b>	-1.2
<b>Total</b>	<b>23,554</b>	<b>24,952</b>	<b>5.9</b>
(Reference)			
Consumables and Services	9,030	<b>10,054</b>	11.3

## Sales composition by product category

(FY2010 1Q ⇒ FY2011 1Q)

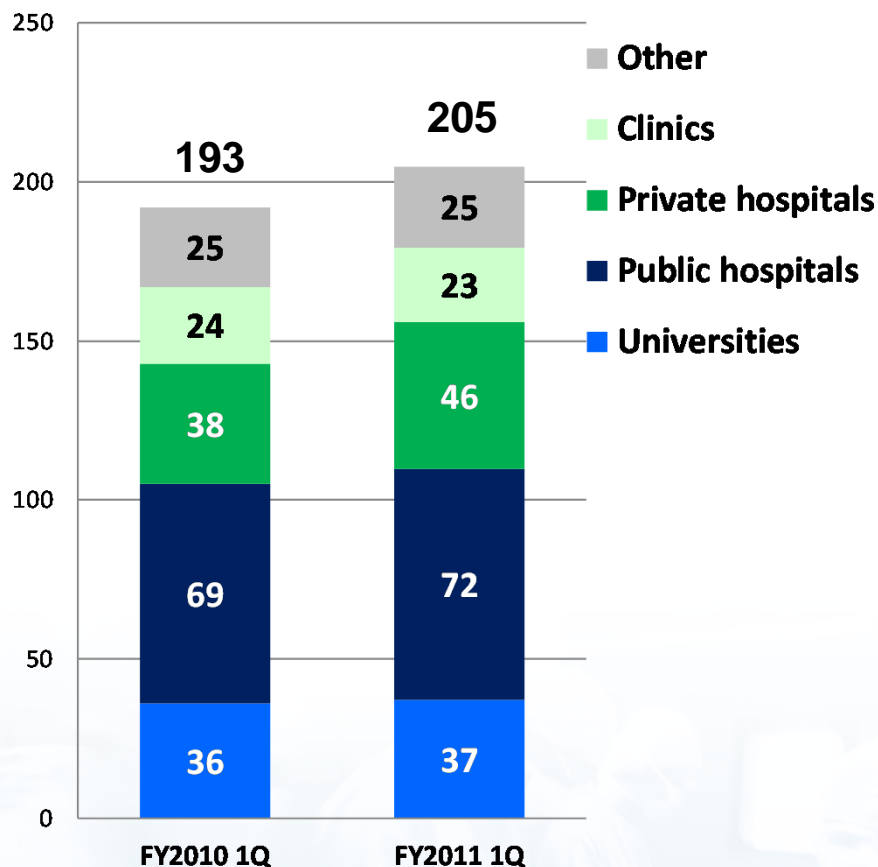




# 5) Domestic Sales

## Sales by market

(¥100 million)



## Sales by Product Category

(Sales, millions of yen)

	FY2010 1Q	FY2011 1Q	YoY (%)
Physiological Measuring Equipment	5,122	<b>5,370</b>	4.8
Patient Monitors	5,344	<b>6,071</b>	13.6
Treatment Equipment	3,210	<b>3,638</b>	13.3
Other Medical Equipment	5,666	<b>5,440</b>	-4.0
<b>Total</b>	<b>19,343</b>	<b>20,520</b>	<b>6.1</b>

**【Market】** Sales in the hospital market, particularly the private hospital market, increased favorably.

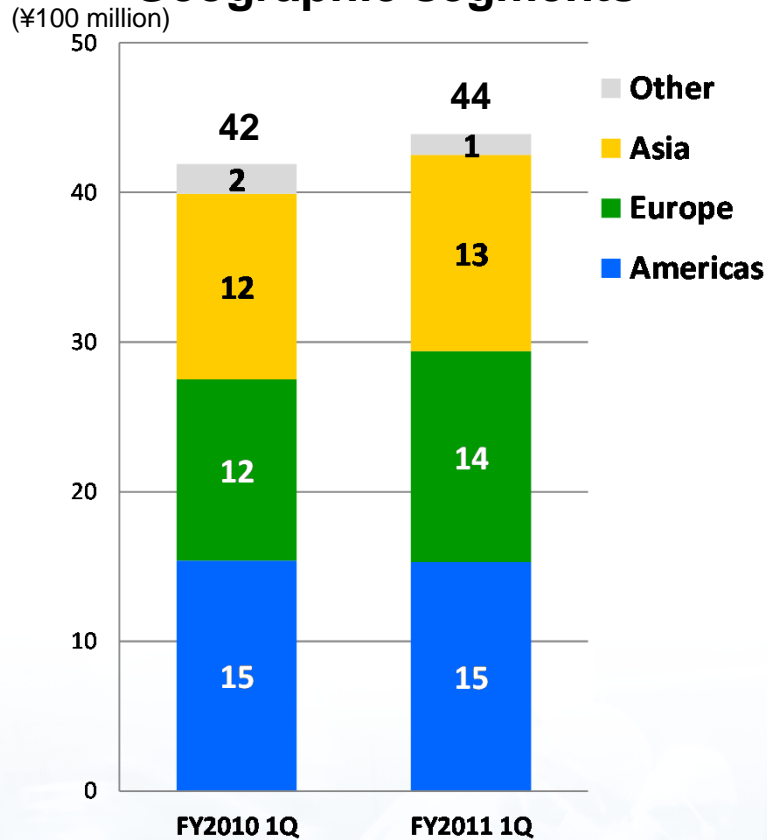
**【Product】 Physiological Measuring Equipment:** Sales of EEGs, ECGs and polygraphs for cath labs increased.

**Patient Monitors:** Bedside monitors, clinical information systems and consumables such as sensors showed solid growth.

**Treatment Equipment:** AED sales increased. Defibrillators for hospitals and pacemakers also showed favorable growth.

# 6) Overseas Sales

## Geographic segments



## Sales by Product Category

(Sales, millions of yen)

	FY2010 1Q	FY2011 1Q	YoY (%)
Physiological Measuring Equipment	1,298	1,223	-5.7
Patient Monitors	1,908	2,019	5.8
Treatment Equipment	513	542	5.6
Other Medical Equipment	490	645	31.6
<b>Total</b>	<b>4,211</b>	<b>4,431</b>	<b>5.2</b>

Currency Effect  
- ¥0.2 billion (- 5%)

**[Region] Americas:** While sales in Latin America increased favorably, yen-based sales in the U.S. decreased due to the strong yen.

**Europe:** Sales in Germany and France increased favorably. Sales recovery in Turkey also impacted sales favorably.

**Asia:** Sales in India and the Middle-East showed solid growth, while sales in China were flat.

**[Product] Physiological Measuring Equipment:** Sales of ECGs increased moderately in Europe, while sales of EEGs decreased in Europe and the U.S.

**Patient Monitors:** Sales increased favorably in all 3 areas, driven by bedside monitors.

**Treatment Equipment:** Sales of defibrillators increased favorably in Europe. Sales of Metran ventilators also contributed to a sales increase.

**Other Medical Equipment:** Sales of hematology analyzers showed strong growth in all 3 areas.

# 7) Depreciation & R&D Costs

(Millions of yen)

	FY2010 1Q	FY2011 1Q	Change	FY2010 Actual	FY2011 Plan
Depreciation	607	614	6	2,694	3,200
R&D costs	1,040	1,223	183	5,105	5,400

## ● FY2011 Plan:

**Capital Investments** Molds for new products, products for demonstration, Enhancement of ERP system (¥0.6 billion), and Private Electric Generator (¥60 million).

## R&D

Increase investment in R&D for new technologies and products.



# 8) Forecast for FY2011

(Amounts of less than ¥1 million are rounded down)

	FY2010	FY2011	YoY (%)
<b>Net Sales</b>	113,380	120,000	5.8
<b>Domestic Sales</b>	93,046	96,000	3.2
<b>Overseas Sales</b>	20,333	24,000	18.0
<b>Operating Income</b>	10,598	11,000	3.8
<b>Ordinary Income</b>	10,569	11,000	4.1
<b>Net Income</b>	6,573	7,100	8.0
<b>Percentage of Overseas Sales</b>	17.9%	20.0%	
<b>Average Exchange Rate</b>			
1 US Dollar	86 yen	85 yen	
1 EURO	113 yen	110 yen	

# (Ref.) Consolidated Forecast for FY2011 by Product Category

(Amounts of less than ¥1 million are rounded down)

	FY2010	FY2011	YoY (%)
Physiological Measuring Equipment	28,189	<b>29,600</b>	5.0
Patient Monitors	37,274	<b>41,050</b>	10.1
Treatment Equipment	19,073	<b>19,700</b>	3.3
Other Medical Equipment	28,843	<b>29,650</b>	2.8
<b>Total</b>	113,380	<b>120,000</b>	5.8
(Reference)			
Consumables and Services	40,236	<b>42,500</b>	5.6

## Disclaimer:

Contents described in this document are based on the Company's best judgments at the time it was prepared and do not constitute a guarantee or promise that the Company will achieve its numerical targets or implement the measures.

