

Consolidated Financial Highlights for the Third Quarter of FY2011

(From April 1, 2011 to December 31, 2011)



NIHON KOHDEN CORPORATION

February 7, 2012

Fighting Disease with Electronics

1) Consolidated Financial Results for the 3rd Quarter of FY2011

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

	FY2010 3Q 9 months	FY2011 3Q 9 months	YoY (%)
Net Sales	79,276	82,846	4.5
Domestic Sales	64,127	67,467	5.2
Overseas Sales	15,148	15,379	1.5
Operating Income	6,011	6,683	11.2
Ordinary Income	5,662	6,328	11.8
Net Income	3,816	3,575	-6.3

← Currency Effect
- ¥0.7 billion (- 4%)

Average Exchange Rate	(2010/12)	(2011/12)
1 US Dollar	87 yen	79 yen
1 EURO	113 yen	111 yen

2) Highlights of 3Q FY2011

Net Sales : +4.5%

- Japan: Sales in the hospital market and clinic market increased favorably. Sales of all product categories increased.
- International: Sales achieved high-single digit growth in all 3 areas on a comparable basis. On a yen-basis, sales in Europe and Asia increased, while sales in the Americas were slightly down due to the strong yen.

Operating Income : +11.2%

- Operating income achieved double-digit growth due to the increased revenue.
- Cost reduction and the decrease of inventory write-down contributed to higher gross margin ratio.
- SG&A expenses increased due to planned increase in R&D and personnel.

Net Income : - 6.3%

- Total income taxes increased due to the effect of corporate tax rate change in accordance with the revision of the tax system.

3) Topics (i)

Highest user satisfaction in U.S. patient monitoring market, for 20 consecutive quarters

- MD Buyline conducts a survey of U.S. hospitals for the nine largest patient monitoring vendors every quarter.
- Independent user satisfaction survey is a decisive factor for hospitals to purchase medical devices.
- **Nihon Kohden received No.1 rating in every category in the latest report.**

(Quarterly User Satisfaction Report™ 4th Quarter 2011)

	Composite	System Performance	System Reliability	Installation/ Implementation	Applications Training	Service Response Time	Service Repair Quality
Nihon Kohden	9.7	9.7	9.7	9.7	9.7	9.7	9.7
No.2	9.6	9.7	9.6	9.4	9.7	9.7	9.5
⋮							
No.9	8.7	8.6	8.8	8.4	8.6	8.9	8.6

3) Topics (ii)

Prefense™ in U.S.

- Increased Prefense sales reps (8 as of December 2011).
 - Collaboration with a Prefense user (joint study and observation-tour).
 - Leverage Prefense to receive orders for patient monitors in ICU and CCU.
- ▼
- Prefense orders are recovering with sales of 10 units, all to new customers, as January 2012.
 - We've also received some large-scale orders simultaneously.

Prefense™

Prefense™



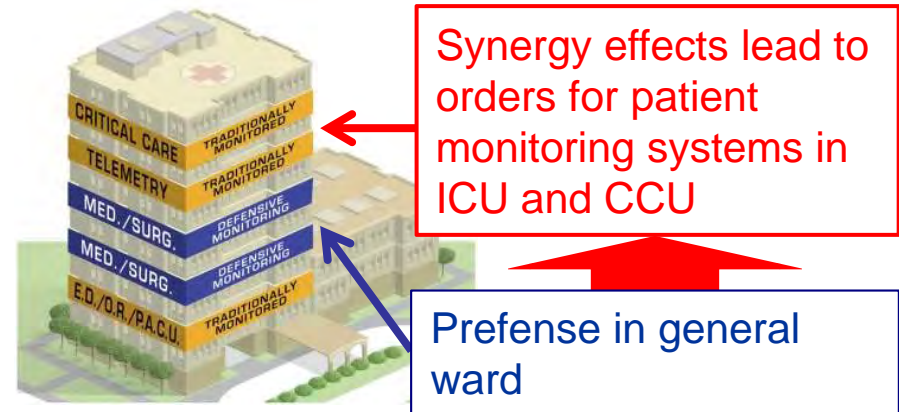
NTX



A **new central station interface** that is simple, easy to use and cost-effective, combined with **40 NTX transmitters**.

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

Prefense leads to orders in critical care



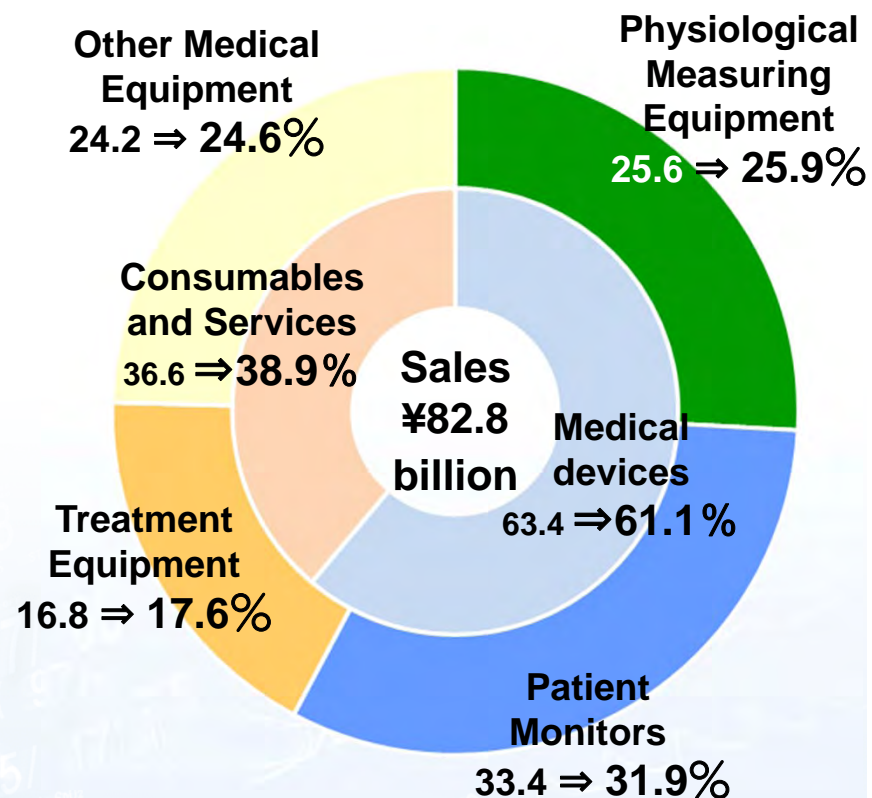
4) Sales by Product Category

(Sales, millions of yen)

	FY2010 3Q 9 months	FY2011 3Q 9 months	YoY (%)
Physiological Measuring Equipment	20,273	21,435	5.7
Patient Monitors	26,475	26,448	-0.1
Treatment Equipment	13,293	14,595	9.8
Other Medical Equipment	19,233	20,367	5.9
Total Sales	79,276	82,846	4.5
(Reference)			
Consumables and Services	28,992	32,200	11.1

Sales composition by product category

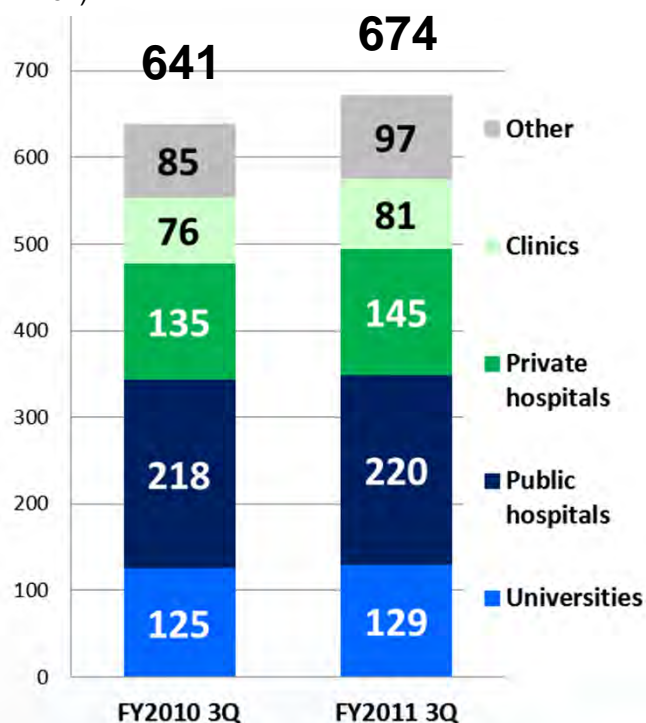
(FY2010 3Q ⇒ FY2011 3Q)



5) Domestic Sales

Sales by market

(¥100 million)



Sales by Product Category

(Sales, millions of yen)

	FY2010 3Q 9 months	FY2011 3Q 9 months	YoY (%)
Physiological Measuring Equipment	16,388	17,250	5.3
Patient Monitors	19,132	19,408	1.4
Treatment Equipment	11,668	12,699	8.8
Other Medical Equipment	16,938	18,109	6.9
Total Sales	64,127	67,467	5.2

【Market】

Sales in all markets increased. Particularly sales in the private hospital and clinic markets and the PAD market increased favorably.

【Product】

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.

Patient Monitors: Although sales of clinical information systems decreased because business deals in the university market and the public hospital market were more concentrated in 4Q than usual, consumable sales such as sensors increased robustly.

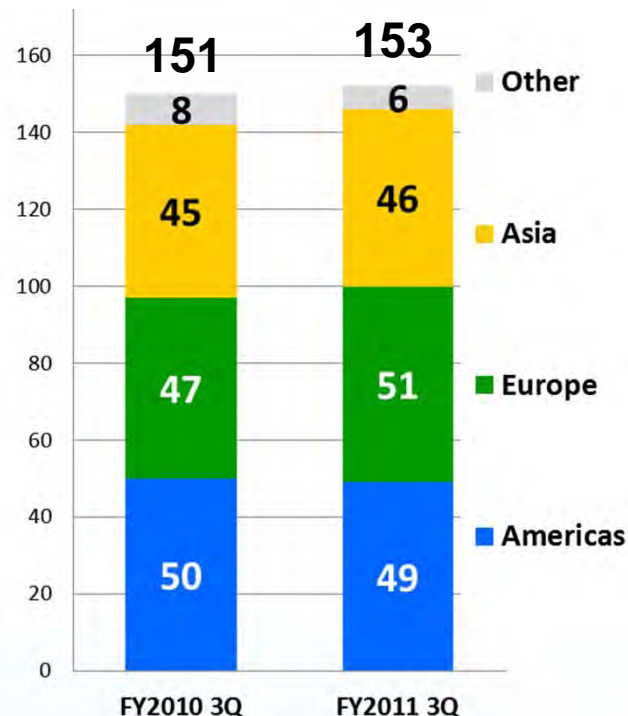
Treatment Equipment: AED sales recovered in the PAD market. Defibrillators for hospitals and pacemakers showed favorable growth.

Other Medical Equipment: Sales of hematology analyzers increased. Sales of locally purchased products including diagnostic imaging equipment also increased.

6) Overseas Sales

Geographic segments

(¥100 million)



Sales by Product Category

(Sales, millions of yen)

	FY2010 3Q 9 months	FY2011 3Q 9 months	YoY (%)
Physiological Measuring Equipment	3,884	4,185	7.7
Patient Monitors	7,343	7,039	-4.1
Treatment Equipment	1,624	1,895	16.7
Other Medical Equipment	2,295	2,258	-1.6
Total Sales	15,148	15,379	1.5

Currency Effect - ¥0.7 billion (- 4%)

【Region】

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

Europe: Sales in Russia and Turkey showed strong recovery. Sales in Germany and France also increased.

Asia: Sales in China, India and the Middle-East increased.

Other: Sales in North African countries were weak due to political instability.

【Product】

Physiological Measuring Equipment: Sales increased in all 3 areas. Sales in the Americas showed double-digit growth.

Patient Monitors: While sales in Europe increased, Sales in the Americas and Asia decreased.

Treatment Equipment: Sales of defibrillators increased favorably in Europe and the Americas.

Other Medical Equipment: Sales of hematology analyzers showed strong growth in China. Sales of locally purchased products decreased in Europe.

7) Depreciation & R&D Costs

(Millions of yen)

	FY2010 3Q 9 months	FY2011 3Q 9 months	Change	FY2010 Actual	FY2011	
					Original Forecast (announced May 11)	Rivised Forecast (announced Nov.7)
Depreciation	1,944	2,041	96	2,694	3,200	3,000
R&D costs	3,509	4,111	602	5,105	5,400	5,400

● **FY2011 Plan:**

Capital Investments Molds for new products, products for demonstration, measuring equipment, jig and Enhancement of ERP system.

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 Actual	FY2011		YoY (%)
		Original Forecast (announced May 11)	Rivised Forecast (announced Nov.7)	
Net Sales	113,380	120,000	120,000	5.8
Domestic Sales	93,046	96,000	98,000	5.3
Overseas Sales	20,333	24,000	22,000	8.2
Operating Income	10,598	11,000	11,000	3.8
Ordinary Income	10,569	11,000	11,000	4.1
Net Income	6,573	7,100	7,100	8.0
Percentage of Overseas Sales	17.9%	20.0%	18.3%	
Average Exchange Rate				
1 US Dollar	86 yen	85 yen	79 yen	
1 EURO	113 yen	110 yen	109 yen	

(Ref.) Consolidated Forecast for FY2011 by Product Category

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

	FY2010 Actual	FY2011		YoY (%)
		Original Forecast (announced May 11)	Rivised Forecast (announced Nov.7)	
Physiological Measuring Equipment	28,189	29,600	30,000	6.4
Patient Monitors	37,274	41,050	39,750	6.6
Treatment Equipment	19,073	19,700	20,150	5.6
Other Medical Equipment	28,843	29,650	30,100	4.4
Total Sales	113,380	120,000	120,000	5.8
(Reference)				
Consumables and Services	40,236	42,500	43,800	8.9

Disclaimer:

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