

**[Summary]**
**Consolidated Financial Results for the Fiscal Year Ended March 31, 2012(Japan GAAP)**
**NIHON KOHDEN CORPORATION (6849)**

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(Percentages indicate increase/decrease over the corresponding period in the previous fiscal year.)

**1. Consolidated Financial Highlights for FY2011 (From April 1, 2011 to March 31, 2012)**
**(1) Consolidated Operating Results** (Amounts are rounded down to the nearest million yen)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>FY2011</b>	<b>120,718</b>	<b>6.5</b>	<b>12,027</b>	<b>13.5</b>	<b>12,193</b>	<b>15.4</b>	<b>7,621</b>	<b>16.0</b>
FY2010	113,380	5.9	10,598	13.7	10,569	13.1	6,573	11.1

Note: Comprehensive income: FY2011: 7,638 million yen (26.0%) FY2010: 6,060 million yen (1.6%)

	Net income per share- Basic	Net income per share- Diluted	Return on Equity	Ordinary income to total assets	Operating income Margin
	yen	yen	%	%	%
<b>FY2011</b>	<b>173.49</b>	—	<b>11.7</b>	<b>12.7</b>	<b>10.0</b>
FY2010	149.62	—	10.9	11.7	9.3

Reference: Investment income for equity method: FY2011: — million yen FY2010: — million yen

**(2) Consolidated Financial Conditions**

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
<b>FY2011</b>	<b>99,403</b>	<b>67,911</b>	<b>68.3</b>	<b>1,544.87</b>
FY2010	92,495	62,294	67.3	1,417.18

Reference: Equity capital: FY2011: 67,869 million yen FY2010: 62,260 million yen

**(3) Consolidated Cash Flows**

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
<b>FY2011</b>	<b>7,559</b>	<b>-2,338</b>	<b>-2,726</b>	<b>21,304</b>
FY2010	5,892	-1,874	-1,536	18,808

**2. Dividends**

	Dividends per share					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	First quarter	Interim (Second quarter)	Third quarter	Year-end	Full-year			
	yen	yen	yen	yen	yen	Millions of yen	%	%
FY2010	—	19.00	—	25.00	44.00	1,933	29.4	3.2
FY2011	—	21.00	—	23.00	44.00	1,933	25.4	3.0
FY2012 (Forecast)	—	22.00	—	22.00	44.00		24.5	

**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
First half	60,000	8.5	4,300	3.7	4,300	12.1	2,600	12.6	59.18
Full year	130,000	7.7	13,000	8.1	13,000	6.6	7,900	3.7	179.82

## (Reference) Non-Consolidated Financial Highlights

### 1. Non-Consolidated Financial Highlights for FY2011 (From April 1, 2011 to March 31, 2012)

#### (1) Non-Consolidated Operating Results

(Amounts are rounded down to the nearest million yen)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>FY2011</b>	<b>75,174</b>	<b>10.2</b>	<b>7,557</b>	<b>40.6</b>	<b>9,070</b>	<b>44.7</b>	<b>6,379</b>	<b>50.0</b>
FY2010	68,205	-1.4	5,376	-17.4	6,268	-12.8	4,252	-8.0

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
<b>FY2011</b>	<b>145.22</b>	—
FY2010	96.80	—

#### (2) Non-Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
<b>FY2011</b>	<b>82,575</b>	<b>58,764</b>	<b>71.2</b>	<b>1,337.62</b>
FY2010	78,004	54,284	69.6	1,235.64

Reference: Equity capital: FY2011: 58,764 million yen FY2010: 54,284 million yen

\* 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.

#### (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, short-term deferred tax assets decreased by ¥163 million, long-term deferred tax assets decreased by ¥97 million, long-term deferred tax liabilities decreased by ¥22 million, valuation difference on available-for-sale securities increased by ¥3 million, income taxes-deferred increased by ¥242 million.

#### 4. Review of Operations

During the term under review (April 1, 2011 to March 31, 2012), the Japanese economy showed a moderate recovery trend, as reconstruction after the Great East Japan Earthquake gradually advanced. Internationally, the prolonged European sovereign debt crisis caused concern of a global economic slowdown, although emerging economies have grown. In the medical equipment industry, there has been increased domestic demand for medical devices in acute care as a result of the upward revision of medical treatment fees in April 2010 which led to improved earnings for hospitals. There has also been increased demand for information systems supported by an increased introduction of IT systems in hospitals. Internationally, demand for medical devices was steady in the U.S. and emerging countries while the European market remained difficult due to the debt crisis.

Under these circumstances, the Company implemented key strategies including expanding and strengthening core business areas and strengthening technological development capacity under its SPEED UP III three-year business plan which covers fiscal years 2010 to 2012.

The Company is continuing to introduce products that support more efficient testing with simple operation. It launched a new high-performance electrocardiograph with its original technology, derived 18-lead ECG\*, as well as a new 5-part differential hematology analyzer. It also released two new export products, a high-performance defibrillator with multi-parameter monitoring and a 256-channel amplifier for EEG. Nihon Kohden also strengthened its business structure in emerging markets. Nihon Kohden India Private Ltd. began operation and Nihon Kohden Do Brasil Ltda. was established. In order to improve service quality and efficiency, the Company decided to consolidate Nihon Kohden Service Corporation as of April 1st, 2012.

As a result, overall sales during the term under review increased 6.5% over FY2010 to ¥120,718 million. Operating income increased 13.5% to ¥12,027 million, ordinary income increased 15.4% to ¥12,193 million and net income increased 16.0% over FY2010 to ¥7,621 million.

\* 18-lead ECG is a measurement method to derive 6-lead ECG, right-side leads V3R–V5R and posterior leads V7–V9, from the standard 12-lead ECG. This can help detect right ventricular infarction and posterior infarction which are difficult to find from the standard 12-lead ECG.

[Sales by region]

**Japan:** Both the hospital market and the clinic market remained steady and sales of all product categories increased. Sales of information systems showed strong growth due to introduction of IT systems in university and public hospitals. Sales of consumables and maintenance services also increased favorably. As a result, domestic sales increased 7.2% over FY2010 to ¥99,706 million.

**International:** Sales increased in all areas including the Americas, Europe and Asia. In the Americas, the Company realized sales growth in the United States despite unfavorable foreign currency impacts. Sales in Latin America also increased favorably. Sales in Europe increased due to sales recovery in Russia and Turkey. Sales in Germany also increased. In Asia, sales in China and India grew favorably. In Other areas, sales in North African countries were weak due to political instability. As a result, international sales increased 3.3% over FY2010 to ¥21,011 million.

[Sales by product category]

**Physiological Measuring Equipment:** In Japan, sales of diagnostic information systems showed strong growth. Sales of electrocardiographs and polygraphs for cath lab increased while sales of electroencephalographs were weak. Internationally, sales increased in all areas including the Americas, Europe and Asia. EEG sales were strong in the Americas, while ECG sales were strong in Europe and Asia. Overall, sales increased 8.8% over the previous fiscal year to ¥30,676 million.

**Patient Monitors:** In Japan, sales of clinical information systems showed strong growth and consumable sales such as sensors also increased robustly. Outside Japan, sales remained almost the same level as the previous fiscal year. Sales in Europe and Asia increased, while sales in the Americas decreased due to unfavorable foreign currency impacts. Sales in Other areas were also weak. Overall, sales increased 5.6% over the previous fiscal year to ¥39,352 million.

**Treatment Equipment:** In Japan, AED sales recovered in the PAD market and defibrillators for hospitals showed favorable growth. Sales of vagus nerve stimulation therapy systems and irrigation catheters also contributed to a sales increase. Internationally, sales of defibrillators for hospitals showed robust growth. Sales of Metran ventilators also contributed to a sales increase. Overall, sales increased 6.4% over the previous fiscal year to ¥20,288 million.

**Other Medical Equipment:** In Japan, sales of hematology analyzers increased. Sales of locally purchased products including medical information systems also increased. Internationally, sales of hematology analyzers showed strong growth, while sales of locally purchased products decreased. Overall, sales increased 5.4% over the previous fiscal year to ¥30,400 million.

## 5. Consolidated Sales Results by Product Category

(Millions of yen)

	FY2011	
	Amount	Growth rate (%)
Physiological Measuring Equipment	30,676	+8.8
Patient Monitors	39,352	+5.6
Treatment Equipment	20,288	+6.4
Other Medical Equipment	30,400	+5.4
Total	120,718	+6.5
(Reference) Domestic Sales	99,706	+7.2
(Reference) Overseas Sales	21,011	+3.3
(Reference) Overseas Sales		
Americas	6,951	+2.1
Europe	6,383	+5.1
Asia	6,794	+8.6
Other	881	-26.1

## 6. Consolidated Forecast for FY2012

In Japan, medical treatment fees were revised upward in April 2012 and the regional medical care revival plan, for which the Japanese government provides necessary funding in the supplementary budget, has made progress. Accordingly, acute care hospitals are likely to continue stable capital spending. Internationally, demand for medical equipment will remain steady in emerging countries and the United States, while there is concern about the impact of financial crisis in Europe. In the medical equipment industry, competition among companies will intensify domestically and internationally due to increasing cross-border M&A deals and new entrants.

Under these circumstances, Nihon Kohden will implement its 3-year business plan, SPEED UP III and make the utmost effort to achieve its target of FY2012 (ending March 2013). In Japan, the Company aims to expand sales in acute care hospitals since they are expected to continue stable capital spending. The Company will introduce new products in emergency and perinatal care as well as provide IT system solutions. In addition, as the only domestic AED maker, Nihon Kohden will introduce new AEDs to meet customer needs and work to promote AEDs. Internationally, the Company will expand its sales network and continue to introduce products that are tailored to the demands of local markets. In Patient Monitoring business, the Company will enhance product differentiation by aggressively promoting its original technologies such as esCCO\* and CO2 sensors to increase sales as well as market share.

Considering its 2020 long-term vision, Nihon Kohden will also strive to further strengthen its business base for future growth. The Company's production facilities at Tomioka and Kawamoto plan to expand their manufacturing capabilities to meet the expansion of overseas business and increased sales of consumables. The Company will also expand its business base in emerging markets. In China, the Company plans to consolidate its three subsidiaries which are engaged in research and development, manufacture and sales into one subsidiary in order to accelerate and streamline business operations. A subsidiary dedicated to sales in Middle East and Africa will be established in Dubai. Nihon Kohden Singapore Pte Ltd. will be reorganized to strengthen sales and service structure in Southeast Asia and Oceania.

The Company forecasts overall sales, operating income, ordinary income and net income for FY2012 to be ¥130,000 million, ¥13,000 million, ¥13,000 million and ¥7,900 million, respectively.

The Company's forecast for FY2012 is based on an exchange rate of 80 yen to the dollar and 100 yen to the euro. \*esCCO (estimated Continuous Cardiac Output) is a new non-invasive method of CCO measurement using ECG and pulse oximetry. It has not been launched in Japan.

### (Consolidated Forecast for FY2012 by Product Category)

(Millions of yen)

	FY2012 (Forecast)	
	Amount	Growth rate (%)
Physiological Measuring Equipment	32,650	+6.4
Patient Monitors	43,550	+10.7
Treatment Equipment	21,550	+6.2
Other Medical Equipment	32,250	+6.1
Total	130,000	+7.7
(Reference) Domestic Sales	105,000	+5.3
(Reference) Overseas Sales	25,000	+19.0

## 7. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	March 31, 2011	March 31, 2012
<b>ASSETS</b>		
Current assets:		
Cash	9,331	9,342
Trade notes and accounts receivable	37,363	42,249
Marketable securities	9,500	12,000
Merchandise and finished goods	10,802	10,452
Work in process	1,202	1,304
Raw materials and supplies	2,279	2,395
Deferred tax assets	4,177	3,838
Other current assets	1,057	1,525
Allowance for doubtful receivables	-348	-366
Total current assets	75,366	82,742
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	3,304	3,118
Machinery, equipment and vehicles, net	669	520
Tools, furniture and fixtures, net	1,810	2,040
Land	2,624	2,624
Lease assets, net	90	46
Construction in progress	337	166
Total property, plant and equipment	8,838	8,516
Intangible assets		
Goodwill	763	757
Other intangible assets	3,307	2,764
Total intangible assets	4,070	3,522
Investments and other assets		
Investments in securities	2,363	2,555
Deferred tax assets	773	998
Other investments and other assets	1,136	1,127
Allowance for doubtful receivables	-51	-59
Total investments and other assets	4,220	4,622
Total noncurrent assets	17,129	16,660
Total assets	92,495	99,403

(Millions of yen)

	March 31, 2011	March 31, 2012
<b>LIABILITIES</b>		
Current liabilities:		
Trade notes and accounts payable	18,870	20,068
Short-term debt	1,339	620
Accounts payable-other	1,696	1,615
Lease obligations	39	22
Accrued income taxes	2,330	2,189
Accrued expenses	1,999	2,453
Reserve for bonuses	1,456	2,460
Provision for product warranties	623	428
Other current liabilities	1,319	854
Total current liabilities	29,673	30,714
Non-current liabilities:		
Long-term debt	7	3
Long-term accounts payable	194	191
Lease obligations	41	18
Deferred tax liabilities	25	14
Reserve for retirement benefits	116	405
Other non-current liabilities	143	144
Total non-current liabilities	528	778
Total liabilities	30,201	31,492
<b>NET ASSETS</b>		
Stockholders' equity:		
Common stock	7,544	7,544
Additional paid-in capital	10,487	10,487
Retained earnings	47,167	52,768
Treasury stock	-2,019	-2,020
Total stockholders' equity	63,179	68,779
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	-76	45
Foreign currency translation adjustments	-843	-955
Total accumulated other comprehensive income	-919	-910
Minority interests	34	41
Total net assets	62,294	67,911
Total liabilities and net assets	92,495	99,403

## (2) Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Net sales	113,380	120,718
Cost of sales	56,193	60,038
Gross profit	57,187	60,679
Selling, general and administrative expenses	46,588	48,652
Operating income	10,598	12,027
Non-operating income		
Interest income	21	34
Dividend income	79	81
Subsidy income	—	96
Other, net	364	257
Total non-operating income	465	470
Non-operating expenses		
Interest expenses	16	19
Exchange loss	312	131
Contribution	58	—
Other, net	107	153
Total non-operating expenses	494	304
Ordinary income	10,569	12,193
Extraordinary income		
Gain on sales of noncurrent assets	12	0
Gain on sales of investments in securities	7	1
Reversal of allowance for doubtful accounts	30	—
Total extraordinary income	50	1
Extraordinary expenses		
Loss on sales of noncurrent assets	2	0
Loss on retirement of noncurrent assets	23	13
Loss on sales of investment securities	2	0
Loss on devaluation of investment in securities	0	—
Product voluntary field correction expenses	243	—
Loss on disaster	41	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	11	—
Total extraordinary expenses	326	13
Income before income taxes and minority interests	10,292	12,181
Income taxes	3,982	4,523
Income taxes-deferred	-271	23
Total income taxes	3,710	4,546
Income before minority interest	6,581	7,635
Minority interests	8	13
Net income	6,573	7,621

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
Income before minority interests	6,581	7,635
Other comprehensive income		
Valuation difference on available-for-sale securities	-226	121
Foreign currency translation adjustment	-294	-118
Total other comprehensive income	-521	3
Comprehensive Income	6,060	7,638
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,049	7,631
Comprehensive income attributable to minority interests	10	7

### (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2011	Year ended March 31, 2012
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	10,292	12,181
Depreciation and amortization	2,694	2,849
Amortization of goodwill	52	51
Loss (gain) on sales and retirement of property, plant and equipment	10	12
Loss (gain) on sales of intangible assets	3	0
Increase (decrease) in allowance for doubtful accounts	118	25
Increase (decrease) in reserve for bonuses	-532	1,004
Increase (decrease) in provision for product warranties	221	-195
Increase (decrease) in provision for retirement benefits	116	289
Decrease (increase) in prepaid pension costs	32	—
Interest and dividends income	-101	-116
Interest expenses	16	19
Foreign exchange losses (gains)	12	15
Loss (gain) on valuation of investment securities	11	12
Loss (gain) on sales of investment securities	-4	-0
Decrease (increase) in notes and accounts receivable-trade	-2,495	-5,104
Decrease (increase) in inventories	-778	132
Increase (decrease) in notes and accounts payable-trade	669	1,198
Increase (decrease) in accrued consumption taxes	-152	117
Other, net	38	-353
Subtotal	10,224	12,139
Interest and dividends income received	101	115
Interest expenses paid	-36	-19
Income taxes paid	-4,396	-4,675
Net cash provided by (used in) operating activities	5,892	7,559
<b>Net cash provided by (used in) investing activities</b>		
Proceeds from sales of investment securities	35	38
Purchase of investment securities	-37	-42
Proceeds from sales of property, plant and equipment	74	2
Purchase of property, plant and equipment	-1,379	-1,888
Purchase of intangible assets	-552	-425
Other, net	-16	-22
Net cash provided by (used in) investing activities	-1,874	-2,338
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	231	-658
Repayment of long-term loans payable	-4	-4
Net decrease (increase) in treasury stock	-1	-0
Cash dividends paid	-1,719	-2,020
Repayments of lease obligations	-42	-42
Net cash provided by (used in) financing activities	-1,536	-2,726
Effect of exchange rate change on cash and cash equivalents	-3	1
Net increase (decrease) in cash and cash equivalents	2,477	2,495
Cash and cash equivalents at beginning of period	16,331	18,808
Cash and cash equivalents at end of period	18,808	21,304