

## [Summary] Consolidated Financial Results for the 3rd 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 3rd Quarter of FY2014 (From April 1, 2014 to December 31, 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 3Q (9 months)</b>	<b>108,277</b>	<b>6.7</b>	<b>8,342</b>	<b>-0.5</b>	<b>10,036</b>	<b>2.6</b>	<b>6,710</b>	<b>10.1</b>
FY2013 3Q (9 months)	101,444	11.6	8,380	5.8	9,780	14.5	6,095	18.2

Note: Comprehensive income: FY2014 3Q: 7,899 million yen (0.6%) FY2013 3Q: 7,849 million yen (47.4%)

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
<b>FY2014 3Q (9 months)</b>	<b>152.75</b>	—
FY2013 3Q (9 months)	138.76	—

##### (2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
<b>As of December 31, 2014</b>	<b>131,003</b>	<b>92,935</b>	<b>70.9</b>	<b>2,114.24</b>
As of March 31, 2014	130,917	88,512	67.6	2,013.45

Reference: Equity Capital: FY2014 3Q: 92,877million 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: Revision 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 December 31, 2014), the Japanese government revised medical treatment fees in April 2014 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 measures for medical cost restriction 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 private hospital market showed strong growth. Sales in the university and public hospital market also increased, while sales in the clinic market were weak. Sales in all product categories increased. In Treatment Equipment, AEDs sales increased favorably. In Other Medical Equipment, sales of locally purchased products increased. As a result, domestic sales increased 4.3% over the nine months of FY2013 to ¥82,761 million.

**International:** In the Americas, sales in the U.S. and Latin America showed strong growth as the Company strengthened its local business structure. Sales in Europe decreased on a comparable basis and increased on a yen basis due to yen depreciation. Sales in Russia were weak, although sales in Western Europe increased as new products in Patient Monitors were well received. In Asia, sales in Southeast Asia, India and the Middle East showed strong growth as the Company strengthened its local business structure. Sales in China decreased. Sales increased across all product categories, posting especially strong growth in Patient Monitors. As a result, international sales increased 15.5% over the nine months of FY2013 to ¥25,516 million.

Overall sales during the term under review increased 6.7% over the nine months of FY2013 to ¥108,277 million. Gross margin ratio was lower than the nine months of FY2013 due to unfavorable product mix as well as some low-margin deals. SG&A expenses increased, mainly due to the enhancement of human resources. Operating income slightly decreased 0.5% to ¥8,342 million. As foreign exchange gains were recorded, Ordinary income increased 2.6% to ¥10,036 million and net income increased 10.1% to ¥6,710 million.

## 5. Consolidated Sales Results by Product Category

	(Millions of yen)	
	Nine months ended December 31, 2014	
	Amount	Growth rate (%)
Physiological Measuring Equipment	24,840	+ 2.5
Patient Monitors	36,631	+ 9.7
Treatment Equipment	20,855	+ 6.0
Other Medical Equipment	25,950	+ 7.5
<b>Total</b>	<b>108,277</b>	<b>+ 6.7</b>
Domestic Sales	82,761	+ 4.3
Overseas Sales	25,516	+ 15.5
(Reference) Overseas Sales		
Americas	11,065	+ 23.4
Europe	5,100	+ 0.9
Asia	8,202	+ 16.5
Other	1,149	+ 12.5

## 6. Consolidated Forecast for FY2014

The Company reaffirms the forecast for FY2014.

Based on the assumed exchange rates of 116 yen to the dollar and 136 yen to the euro for the fourth quarter, the average rates will be 108 yen to the dollar and 138 yen to the euro for FY2014.

### (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	December 31, 2014
<b>ASSETS</b>		
Current assets:		
Cash and deposits	13,882	16,093
Notes and accounts receivable - trade	54,456	46,532
Securities	15,010	16,010
Merchandise and finished goods	13,019	15,521
Work in process	1,140	1,929
Raw materials and supplies	3,105	3,179
Other current assets	6,142	6,526
Allowance for doubtful receivables	-241	-218
Total current assets	<u>106,515</u>	<u>105,574</u>
Noncurrent assets:		
Property, plant and equipment	10,613	10,812
Intangible fixed assets		
Goodwill	2,353	2,457
Other intangible fixed assets	4,301	4,142
Total intangible fixed assets	<u>6,654</u>	<u>6,600</u>
Investments and other assets		
Investments in securities	4,525	5,179
Other investments and other assets	2,661	2,888
Allowance for doubtful receivables	-51	-51
Total investments and other assets	<u>7,135</u>	<u>8,016</u>
Total noncurrent assets	<u>24,402</u>	<u>25,428</u>
Total assets	<u>130,917</u>	<u>131,003</u>
<b>LIABILITIES</b>		
Current liabilities:		
Notes and accounts payable-trade	25,995	25,016
Short-term loans payable	992	1,553
Income taxes payable	3,974	652
Provision for bonuses	3,079	1,433
Provision for product warranties	360	352
Other current liabilities	6,846	7,538
Total current liabilities	<u>41,248</u>	<u>36,546</u>
Non-current liabilities:		
Long-term debt	0	—
Net defined benefit liability	700	1,042
Long-term accounts payable	170	170
Other non-current liabilities	285	307
Total non-current liabilities	<u>1,156</u>	<u>1,520</u>
Total liabilities	<u>42,405</u>	<u>38,067</u>
<b>NET ASSETS</b>		
Shareholders' equity:		
Capital stock	7,544	7,544
Capital surplus	10,487	10,487
Legal retained earnings	69,653	72,903
Treasury shares	-2,027	-2,029
Total shareholders' equity	<u>85,658</u>	<u>88,905</u>
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	881	1,276
Foreign currency translation adjustments	1,603	2,473
Remeasurements of defined benefit plans	307	222
Total accumulated other comprehensive income	<u>2,792</u>	<u>3,971</u>
Minority interests	60	58
Total net assets	<u>88,512</u>	<u>92,935</u>
Total liabilities and net assets	<u>130,917</u>	<u>131,003</u>

**(2) Consolidated Statements of Income**

(Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Net sales	101,444	108,277
Cost of sales	50,528	54,962
Gross profit	50,916	53,315
Selling, general and administrative expenses	42,535	44,972
Operating income	8,380	8,342
Non-operating income		
Interest income	29	32
Dividend income	93	97
Foreign exchange gains	1,035	1,421
Reversal of allowance for doubtful accounts	43	35
Other, net	298	194
Total non-operating income	1,500	1,780
Non-operating expenses		
Interest expenses	30	31
Other, net	70	55
Total non-operating expenses	100	86
Ordinary income	9,780	10,036
Extraordinary income		
Gain on sales of noncurrent assets	0	10
Gain on sales of investment securities	36	—
Gain on transfer of business	—	190
Total extraordinary income	36	201
Extraordinary loss		
Loss on sales of noncurrent assets	1	0
Loss on retirement of noncurrent assets	8	6
Total extraordinary losses	9	6
Income before income taxes and minority interests	9,807	10,230
Income taxes	3,704	3,518
Income before minority interest	6,103	6,712
Minority interests in income	7	2
Net income	6,095	6,710

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Income before minority interests	6,103	6,712
Other comprehensive income		
Valuation difference on available-for-sale securities	469	394
Foreign currency translation adjustment	1,277	877
Remeasurements of defined benefit plans	—	-85
Total other comprehensive income	1,746	1,187
Comprehensive income	7,849	7,899
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	7,846	7,889
Comprehensive income attributable to minority interests	3	9