August 1, 2013

[Summary] Consolidated Financial Results for the 1st Quarter of the Fiscal Year Ending March 31, 2014 (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 1st Quarter of FY2013 (From April 1, 2013 to June 30, 2013)

(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	%
FY2013 1Q (3 months)	**30,415**	**9.5**	**1,552**	**-28.4**	**2,010**	**8.4**	**1,316**	**24.2**
FY2012 1Q (3 months)	27,775	11.3	2,167	106.3	1,853	79.0	1,060	66.5

Note: Comprehensive income: FY2013 1Q: 2,185 million yen (119.6%) FY2012 1Q: 995 million yen (47.9%)

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
FY2013 1Q (3 months)	**29.97**	**—**
FY2012 1Q (3 months)	24.14	—

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2013	**112,188**	**77,124**	**68.7**	**1,754.54**
As of March 31, 2013	116,800	76,256	65.2	1,734.73

Reference: Equity Capital: FY2013 1Q: 77,079 million yen FY2012: 76,208 million yen

2. Dividends

	Dividends per share				
	First quarter	Interim (Second quarter)	Third quarter	Year-end	Full-year
	yen	yen	yen	yen	yen
FY2012	—	22.00	—	30.00	52.00
FY2013	—				
FY2013 (Forecast)		30.00	—	30.00	60.00

Note: Revise of dividends forecast: None

3. Consolidated forecast for FY2013 (From April 1, 2013 to March 31, 2014)

	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	66,000	8.9	5,700	5.3	5,700	9.8	3,700	18.0	84.22
Full year	145,000	9.4	15,000	11.2	15,000	2.3	9,500	3.8	216.25

Note: Revise 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, 2013 to June 30, 2013), Japanese acute care hospitals continued stable capital spending in response to the upward revision of medical treatment fees in April 2012 and progress in the regional medical care revival plan. The medical equipment industry has come into the spotlight as the Japanese government disclosed its growth strategy for the healthcare sector. Internationally, demand for medical equipment remained steady in the United States and emerging countries, while fiscal austerity created difficult market conditions in Europe.
Under these circumstances, the Company started its new 4-year Business Plan, Strong Growth 2017, in April 2013 and implemented key strategies such as further growth in core business and strengthening technological development capacity.

Japan: Both the hospital market and the clinic market remained favorable and AED sales increased in the PAD market. This resulted in increased sales of all product categories. In Treatment Equipment, sales of AEDs showed strong growth as new models were well received and attracted demand for replacement of older models. Sales of pacemakers and ICDs also increased. In Physiological Measuring Equipment, sales of EEGs, polygraphs for cath labs and diagnostic information systems increased. In Other Medical Equipment, sales of hematology analyzers increased as new models were well received. As a result, domestic sales increased 6.7% over the first quarter of FY2012, to ¥24,310 million.

International: Sales of all product categories increased due to favorable currency impact and strong sales growth of AEDs and hematology analyzers. Acquisition of Defibtech contributed to sales growth of AEDs. In the Americas, sales in the U.S. showed strong growth and sales in Latin America also increased. Comparable sales in Europe were nearly flat compared with the same quarter of the previous fiscal year. This was due to weak sales in Russia compared to a strong first quarter of FY2012. In Asia, sales in India and Middle East showed strong growth as the Company strengthened its local business structure. Sales in China decreased as a reflection of cooler Japan-China relations. As a result, international sales increased 22.3% over the first quarter of FY2012, to ¥6,105 million.

Overall sales during the term under review increased 9.5% over the first quarter of FY2012 to ¥30,415 million. Gross margin ratio declined due to an unfavorable sales mix and because yen depreciation raised import prices. SG&A expenses increased due to planned increase in R&D and sales force. As a result, operating income decreased 28.4% to ¥1,552 million. As foreign exchange gains were recorded, ordinary income increased 8.4% to ¥2,010 million and net income increased 24.2% to ¥1,316 million over the first quarter of FY2012.

5. Consolidated Sales Results by Product Category

(Millions of yen)

	Three months ended June 30, 2013	
	Amount	Growth rate (%)
Physiological Measuring Equipment	7,799	+ 3.7
Patient Monitors	9,826	+ 3.4
Treatment Equipment	6,044	+ 37.6
Other Medical Equipment	6,745	+ 6.1
Total	30,415	+ 9.5
Domestic Sales	24,310	+ 6.7
Overseas Sales	6,105	+ 22.3
（Reference) Overseas Sales		
Americas	2,612	+ 38.2
Europe	1,374	+ 16.8
Asia	1,819	+ 8.9
Other	299	+ 17.6

6. Consolidated Forecast for FY2013

The Company reaffirms its forecasts for the first half of FY2013 and FY2013, previously announced on May 8, 2013.
Nihon Kohden will implement its new 4-year business plan, Strong Growth 2017, to achieve sustained group growth and enhance its corporate value. In Japan, Nihon Kohden aims to expand sales in acute care hospitals because these hospitals are expected to continue stable capital spending. Internationally, the Company aims to expand its sales in the Americas and Asia where it strengthened its business structure. New competitive products were launched since April 2013: a telemetry transmitter with a color display, a portable receiving terminal, and a clinical chemistry analyzer. Nihon Kohden will also launch a new transport monitor and a new high-end monitor in the near future. Nihon Kohden aims to expand its sales with these new products and with expanding its global sales activities.
The Company's forecast for FY2013 is based on an exchange rate of 90 yen to the dollar and 118 yen to the euro.

NIHON KOHDEN

7. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	March 31, 2013	June 30, 2013
ASSETS		
Current assets:		
Cash	11,743	13,791
Trade notes and accounts receivable	46,043	37,516
Marketable Securities	15,000	15,000
Merchandise and finished goods	12,836	13,738
Work in process	1,171	1,287
Raw materials and supplies	3,093	3,326
Other current assets	5,605	5,697
Allowance for doubtful receivables	-312	-298
Total current assets	95,181	90,060
Noncurrent assets:		
Property, plant and equipment	8,879	8,935
Intangible fixed assets		
Goodwill	2,251	2,292
Other intangible fixed assets	4,225	4,354
Total intangible fixed assets	6,476	6,646
Investments and other assets		
Investments in securities	3,466	3,797
Other investments and other assets	2,848	2,800
Allowance for doubtful receivables	-51	-51
Total investments and other assets	6,262	6,546
Total noncurrent assets	21,619	22,127
Total assets	116,800	112,188
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	24,423	20,348
Short-term debt	1,589	1,698
Accrued income taxes	3,847	3,464
Reserve for bonuses	2,822	701
Provision for product warranties	438	477
Other current liabilities	5,906	6,798
Total current liabilities	39,028	33,488
Non-current liabilities:		
Long-term debt	0	0
Reserve for retirement benefits	1,121	1,138
Long-term accounts payable	170	170
Other non-current liabilities	222	265
Total non-current liabilities	1,515	1,575
Total liabilities	40,544	35,064
NET ASSETS		
Stockholders' equity:		
Common stock	7,544	7,544
Additional paid-in capital	10,487	10,487
Retained earnings	59,943	59,942
Treasury stock	-2,023	-2,023
Total stockholders' equity	75,952	75,951
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	458	639
Foreign currency translation adjustments	-202	487
Total accumulated other comprehensive income	256	1,127
Minority interests	47	44
Total net assets	76,256	77,124
Total liabilities and net assets	116,800	112,188

(2) Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
Net sales	27,775	30,415
Cost of sales	13,311	15,230
Gross profit	14,464	15,184
Selling, general and administrative expenses	12,296	13,632
Operating income	2,167	1,552
Non-operating income		
Interest income	20	7
Dividend income	46	50
Foreign exchange gains	—	292
Reversal of allowance for doubtful accounts	63	30
Other, net	85	126
Total non-operating income	215	507
Non-operating expenses		
Interest expenses	5	7
Foreign exchange losses	508	—
Other, net	15	41
Total non-operating expenses	529	48
Ordinary income	1,853	2,010
Extraordinary income		
Gain on sales of noncurrent assets	1	—
Total extraordinary income	1	—
Extraordinary expenses		
Loss on retirement of noncurrent assets	1	1
Total extraordinary expenses	1	1
Income before income taxes and minority interests	1,853	2,008
Income taxes	793	691
Income before minority interests	1,060	1,317
Minority interests in income (loss)	-0	0
Net income	1,060	1,316

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
Income before minority interests	1,060	1,317
Other comprehensive income		
Valuation difference on available-for-sale securities	-8	181
Foreign currency translation adjustment	-56	687
Total other comprehensive income	-64	868
Comprehensive Income	995	2,185
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,001	2,188
Comprehensive income attributable to minority interests	-5	-2