

Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2013



November 6, 2012

1st Section of the Tokyo Stock Exchange

Listed Company Name : JMSCo., Ltd. (URL: <http://www.jm s.co/>)
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 Supplemental material on quarterly reporting : None
 Presentation on quarterly results : None

(Note: Amounts below are rounded down to the nearest million yen)

1. Consolidated Financial Highlights for the Interim Period Ended September 2012 (From April 1, 2012 to September 30, 2012)

(1) Consolidated Financial Results (%: change from the same previous period)

	Netsales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2012	23,946	6.7	994	139.9	1,185	102.9	709	148.1
Six months ended September 30, 2011	22,438	1.0	414	(42.6)	584	(30.2)	286	(28.2)

(Note) Comprehensive income: Six months ended September 30, 2012: 363 million yen [—%], Six months ended September 30, 2011: (240) million yen [—%].

	Net income per share	Net income per share, fully diluted
	Yen	Yen
Six months ended September 30, 2012	16.45	—
Six months ended September 30, 2011	6.63	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As at September 30, 2012	46,982	25,372	53.9
As at March 31, 2012	45,430	25,184	55.3

(Note) Shareholders' equity: September 30, 2012: 25,310 million yen, March 31, 2012: 25,127 million yen.

2. Dividends

	Dividends per share					
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total	
	Yen	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2012	—	4.00	—	4.00	8.00	
Year ending March 31, 2013	—	4.00				
Year ending March 31, 2013 (forecast)			—	4.00	8.00	

(Note) Revision to the forecast of dividends since the last announcement.: None

3. Consolidated Forecast for the Year Ending March 2013 (From April 1, 2012 to March 31, 2013)

(%: change from the same previous period)

	Netsales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2013	48,000	2.5	2,300	118.6	2,500	80.8	1,550	64.5	35.92

(Note) Revision to the forecast of consolidated results since the last announcement.: None

The aforementioned projections are based on the information currently available, and may contain some uncertainties. The final results might be significantly different from the aforementioned projections due to changes in business conditions.

4. Overview of financial results for the second quarter (cumulative) of Fiscal Year Ending March 31, 2013.

Quarter (cumulative) of Fiscal Year Ending

(1) Overview of consolidated business performance
In regard to the business environments surrounding intensifying in overseas markets led by both domestic and foreign manufacturers amidst the expansion of the healthcare market, particularly in emerging countries. In Japan, the simultaneous revision of the reimbursement price for medical service and care-service in April 2012 has made business conditions even tougher with the drastic reduction in the reimbursement price for medical devices and materials. Yet, new markets are also emerging amidst calls for medical devices and diversification of services to cater to the aging society.

he JMS Group, competition is fierce and foreign manufacturers amidst in emerging countries. In Japan, the reimbursement price for medical service and care-service in April 2012 has made business conditions even tougher with the drastic reduction in the reimbursement price for medical devices and materials. Yet, new markets are also emerging amidst calls for medical devices and diversification of services to cater to the aging society.

In the given environment, JMS is striving to deliver 'medical safety', 'medical efficiency' and 'regenerative medicine' under the corporate philosophy of 'Patient Comes First'. Product development, production and sales are promoted to boost revenue in products, which are categorized into four system groups. 'Infusion and Transfusion' and 'General Medical Supplies' mainly handle infusion and enteral nutrition for contributing to 'medical safety', while 'Dialysis' is mainly offers products for both hemodialysis and peritoneal dialysis for contributing to 'medical efficiency', and 'Cardiovascular' mainly promotes value-added products such as membrane oxygenators and cardiopulmonary blood tubing sets.

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As a result of the above mentioned operations, JMS recorded consolidated net sales of 23,946 million yen in this quarter, up 1,508 million

recorded consolidated net sales of 23,946 million yen/6.7% (year-on-year).

The operating income totaled 994 million yen, up 13% offsetting fixed expenses such as labor costs, and conditions for overseas affiliates. As we recorded ordinary income was 1,185 million yen, up 102.9%. The deduction of income taxes resulted in the net income of 709 million yen in this

9.9%, due to the increase of revenues also due to favorable foreign exchange equity in earnings of affiliates, the The deduction of income taxes resulted in the net income of 709 million yen in this quarter, up 148.1%.

Business performance by geographical segment

(i) Japan

Continued growth in the sales of hemodialysis machines and hemodialysis blood tubing sets brought net sales to 19,737 million yen, up 6.4%. Increased revenues generated a profit of 743 million yen, up 196.9%, for this geographical segment.

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(ii) Southeast Asia

Positive sales of hemodialysis blood tubing sets for business boosted net sales to 6,916 million yen, up 20.0%. Increased revenues and favorable foreign exchange conditions led to a profit of 254 million yen for this geographical segment.

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(iii) China

Continued solid sales of infusion sets for Japan and AV fistula needles for the domestic market raised net sales to 1,534 million yen, up 10

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overhead expenses contracted the profit of this geographical segment to 17 million yen, down 79.7%.

(iv) Germany

Continued growth in the sales of AV fistula needles by the sales drop of dialysis therapy chairs, reduced 15.6%. The depreciation of the Euro and resulting profit of 74 million yen, down 46.2%, for this geographical segment.

(v) United States

Despite the stagnant sales of AV fistula needles for North America, the sales boost of safety scalp vein sets edged up net sales to 1,109 million yen, up 0.3%. The effect of downward pressure on market pricing led to a profit of 67 million yen, down 47.9%, for this geographical segment.

(vi) Others

The remaining geographical segments recorded net sales of 604 million yen, up 11.9%, and a profit of 81 million yen, up 88.6%.

The above mentioned figures do not include consumption tax, etc.

(2) Overview of consolidated financial position

(i) Analysis of the status of assets, liabilities and net assets

Gross assets as of the end of Q2 totaled 46,982 million yen, up 1,551 million yen from the end of the previous consolidated fiscal year. The details of assets, liabilities and net assets are as shown below:

(Assets)

Current assets grew to 29,439 million yen, up 874 million yen from the end of the previous consolidated fiscal year, mainly due to the increase of cash and deposits. Noncurrent assets grew to 17,542 million yen, up 676 million yen from the end of the previous consolidated fiscal year, mainly due to the acquisition of tangible noncurrent assets.

(Liabilities)

Current liabilities increased to 17,333 million yen, up 867 million yen from the end of the previous consolidated fiscal year, mainly due to the increase of short-term loans payable. Noncurrent liabilities increased to 4,276 million yen, up 496 million yen from the end of the previous consolidated fiscal year, mainly due to the increase of long-term loans payable.

(Net assets)

Net assets stand at 25,372 million yen, up 188 million yen from the end of the previous consolidated fiscal year, mainly due to the accounting of net income. The equity ratio dropped by 1.4 percentage points to 53.9%.

(ii) Analysis of the status of cash flows

The balance of cash and cash equivalents (hereinafter "funds") for the second quarter of this fiscal year stands at 4,809 million yen, down 761 million yen (year-on-year). The status of each cash flow and their factors is as follows:

(Cash flows in operating activities)

The funds provided by operating activities totaled 1,874 million yen, up 611 million yen, mainly due to the increase of income before income taxes and minority interests..

(Cash flows from investing activities)

The funds used in investing activities totaled 1,553 million yen, up 378 million yen, mainly due to the increase of purchase of property, plant and equipment.

(Cash flows in financing activities)

The funds used in financing activities totaled 1,128 million yen, up 278 million yen, mainly due to the balance in loans payable.

(3) Overview of consolidated forecast

While the business results for the second quarter of this fiscal year have surpassed the initial sales forecast, the business environment for the third quarter and onward remain unclear. This is why the consolidated forecast for the fiscal year ending March 31, 2013 have been left unchanged from the figures released on May 10, 2012.

5. Consolidated Financial Statements

Consolidated Balance Sheet

JMSCO., LTD. and Consolidated Subsidiaries

(Million of yen)

	<u>Asat March 31,</u> <u>2012</u>	<u>Asat September 30,</u> <u>2012</u>
Assets		
Current assets		
Cash and deposits	3,474	4,811
Notes and accounts receivable-trade	14,991	13,963
Merchandise and finished goods	4,800	5,289
Work in process	1,750	1,782
Raw materials and supplies	2,673	2,665
Other	881	931
Allowance for doubtful accounts	(7)	(5)
Total current assets	28,564	29,439
Noncurrent assets		
Property, plant and equipment	13,076	13,913
Intangible assets	708	708
Investments and other assets		
Investments and other assets, gross	3,086	2,925
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	3,080	2,920
Total noncurrent assets	16,865	17,542
Total assets	45,430	46,982
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,271	7,352
Short-term loans payable	3,306	3,965
Current portion of long-term loans payable	1,235	1,405
Income taxes payable	329	397
Provision for product warranties	6	5
Provision for bonuses	992	1,000
Asset retirement obligations	21	—
Other	3,303	3,206
Total current liabilities	16,466	17,333
Noncurrent liabilities		
Long-term loans payable	2,610	3,078
Provision for retirement benefits	226	236
Provision for directors' retirement benefits	30	30
Asset retirement obligations	165	166
Other	746	764
Total noncurrent liabilities	3,779	4,276
Total liabilities	20,245	21,609
Net assets		
Shareholders' equity		
Capital stock	6,522	6,522
Capital surplus	9,473	9,473
Retained earnings	11,755	12,292
Treasury stock	(270)	(270)
Total shareholders' equity	27,481	28,018
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	31	(56)
Foreign currency translation adjustment	(2,385)	(2,651)
Total accumulated other comprehensive income	(2,353)	(2,708)
Minority interests	56	62
Total net assets	25,184	25,372
Total liabilities and net assets	45,430	46,982

Consolidated Statements of Income

JMSCO., LTD. and Consolidated Subsidiaries

(Million of yen)

	<u>Six months ended</u> <u>September 30, 2011</u>	<u>Six months ended</u> <u>September 30, 2012</u>
Netsales	22,438	23,946
Cost of sales	16,250	17,092
Gross profit	6,187	6,853
Selling, general and administrative expenses	5,772	5,859
Operating income	414	994
Non-operating income		
Interest income	21	3
Dividends income	12	11
Equity in earnings of affiliates	113	107
Foreign exchange gains	33	76
Other	55	63
Total non-operating income	236	262
Non-operating expenses		
Interest expenses	44	38
Commission fee	12	19
Other	8	13
Total non-operating expenses	66	70
Ordinary income	584	1,185
Extraordinary income		
Gain on sales of noncurrent assets	3	1
Total extraordinary income	3	1
Extraordinary loss		
Loss on sales of noncurrent assets	1	0
Loss on abandonment of noncurrent assets	49	19
Impairment loss	14	—
Loss on valuation of investment securities	—	46
Total extraordinary losses	65	66
Income before income taxes and minority interests	522	1,120
Income taxes-current	201	400
Income taxes-deferred	30	2
Total income taxes	231	402
Income before minority interests	290	717
Minority interests in income	4	7
Net income	286	709

Consolidated Statements of Comprehensive Income

JMSCO., LTD. and Consolidated Subsidiaries

(Million of yen)

	<u>Six months ended</u> <u>September 30, 2011</u>	<u>Six months ended</u> <u>September 30, 2012</u>
Income before minority interests	290	717
Other comprehensive income		
Valuation difference on available-for-sale securities	(48)	(87)
Foreign currency translation adjustment	(482)	(266)
Total other comprehensive income	(531)	(354)
Comprehensive income	(240)	363
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(237)	357
Comprehensive income attributable to minority interests	(2)	5

Consolidated statements of cash flows

JMSCO., LTD. and Consolidated Subsidiaries

(Millionsof yen)

	<u>Six months ended</u> <u>September 30, 2011</u>	<u>Six months ended</u> <u>September 30, 2012</u>
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	522	1,120
Depreciation and amortization	1,195	814
Impairment loss	14	—
Increase (decrease) in allowance for doubtful accounts	(2)	(1)
Increase (decrease) in provision for retirement benefits	11	23
Interest and dividends income	(33)	(14)
Interest expenses	44	38
Foreign exchange losses (gains)	6	20
Equity in (earnings) losses of affiliates	(113)	(107)
Loss (gain) on sales of noncurrent assets	(2)	(1)
Loss on abandonment of noncurrent assets	49	19
Loss (gain) on valuation of investment securities	—	46
Decrease (increase) in notes and accounts receivable-trade	631	953
Decrease (increase) in inventories	(593)	(583)
Increase (decrease) in notes and accounts payable-trade	1	99
Increase (decrease) in accrued consumption taxes	(38)	34
Decrease (increase) in other current assets	200	(41)
Increase (decrease) in other current liabilities	(151)	(283)
Other, net	18	60
Subtotal	1,761	2,199
Interest and dividends income received	33	85
Interest expenses paid	(44)	(38)
Income taxes paid	(486)	(370)
Net cash provided by (used in) operating activities	1,263	1,874
Net cash provided by (used in) investing activities		
Payments into time deposits	(0)	(0)
Proceeds from withdrawal of time deposits	163	4
Purchase of property, plant and equipment	(1,268)	(1,465)
Proceeds from sales of property, plant and equipment	4	1
Purchase of intangible assets	(73)	(52)
Purchase of investment securities	(1)	(1)
Collection of loans receivable	12	12
Other, net	(12)	(51)
Net cash provided by (used in) investing activities	(1,174)	(1,553)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	7,750	7,550
Decrease in short-term loans payable	(7,444)	(6,885)
Proceeds from long-term loans payable	1,500	1,300
Repayment of long-term loans payable	(782)	(662)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(172)	(172)
Net cash provided by (used in) financing activities	849	1,128
Effect of exchange rate change on cash and cash equivalents	(188)	(109)
Net increase (decrease) in cash and cash equivalents	749	1,340
Cash and cash equivalents at beginning of period	4,820	3,468
Cash and cash equivalents at end of period	5,570	4,809