

NIKKISO CO.,LTD.

Overview of 2Q of the year ending March 2012

November 10, 2011

1. Overview of 2Q of the year ending March 2012

Overview of the 2Q of FY2011 results



- Order takings, net sales and operating income rose compared to the previous period.
 - Industrial division marked an increase in both the net sales and income.
 - Oil and gas industries have been actively investing in plant and equipment and that drives the amount of orders for LEWA products.
 - Medical division remained almost same orders and sales but less profits.
 - New dialysis machine launching in full scale in 2nd half held customers off.
 - Domestic sales of dialysis-related consumables and sales of dialysis machine units in Europe have remained firm and steady.

- Net income got weaker.
 - By Exchange loss yen appreciation.
 - By Impairment loss on marketable shares.

(Unit: 1 million yen)

	Cumulative total of 2nd quarter of the year ending March 2011	Cumulative total of 2nd quarter of the year ending March 2012	Year-to-year comparison	
			Amount	%
Orders	41,554	45,893	+4,339	+10.4%
Net Sales	39,128	43,016	+3,888	+9.9%
Operating Income	1,928	2,307	+379	+19.7%
Ordinary Income	1,009	1,186	+177	+17.6%
Net Income	459	383	-75	-16.5%

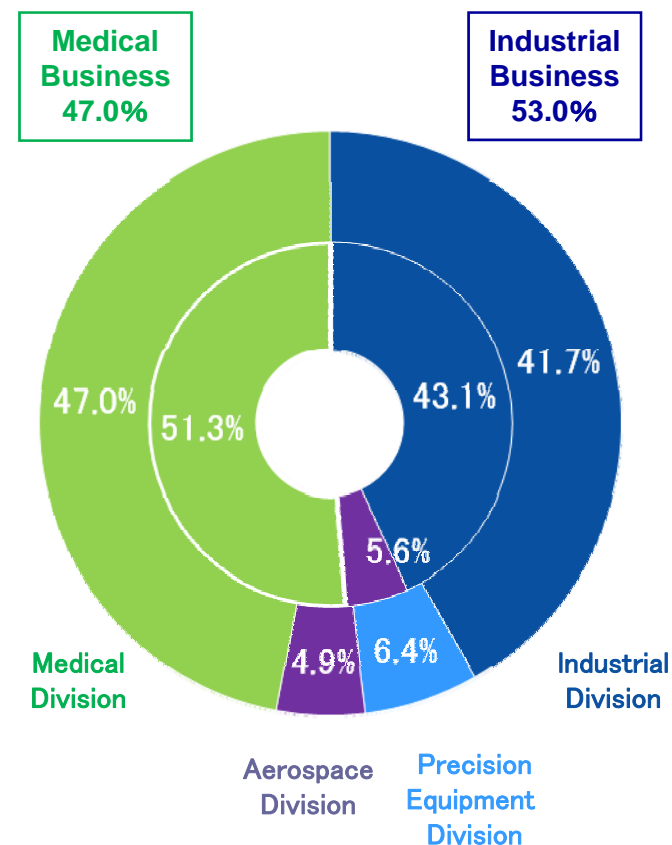
Business Segment Performance



(Unit: 1 million yen)

		Cumulative total of 2nd quarter of the year ending March 2011	Cumulative total of 2nd quarter of the year ending March 2012	Year-to-year comparison (amount)	
Industrial Business	Orders	21,462	25,251	+3,788	
	Net Sales	19,059	22,789	+3,729	
	Operating Income	539	1,877	+1,338	
	Industrial Division	Orders	19,263	20,365	—
		Net Sales	16,864	17,942	—
	Precision Equipment Division	Orders	—	2,774	—
		Net Sales	—	2,732	—
	Aerospace Division	Orders	2,199	2,111	△87
		Net Sales	2,195	2,114	△80
	Medical Business	Medical Division	Orders	20,091	20,642
Net Sales			20,068	20,227	+159
Operating Income			2,843	2,054	△789
Eliminations and corporate (for Operating Income)		△1,455	△1,624	△169	

Net Sales Composition Ratio by Segment



Cumulative total of 2nd quarter of:
 Inner Circle: the year ending March 2011
 Outer Circle: the year ending March 2012

- Pump business is recovering along with the increase of capital expenditure that has been shrinking up till recently since the Lehman fallout.
 - The investment for plant and equipment in the energy sector is getting active especially among the oil and gas industries in Europe and the Middle East.
 - Inquiries and request for quotation of liquefied natural gas (LNG) pumps are also increasing.
 - Active engagement in projects for reconstructing, restoring and/or re-operating thermal power stations and production facilities that have been affected by the Great East Japan Earthquake are helping Nikkiso capture new business opportunities.
 - The impact of this earthquake on water conditioning projects related to nuclear power plants remains limited.

(Unit: 1 million yen)

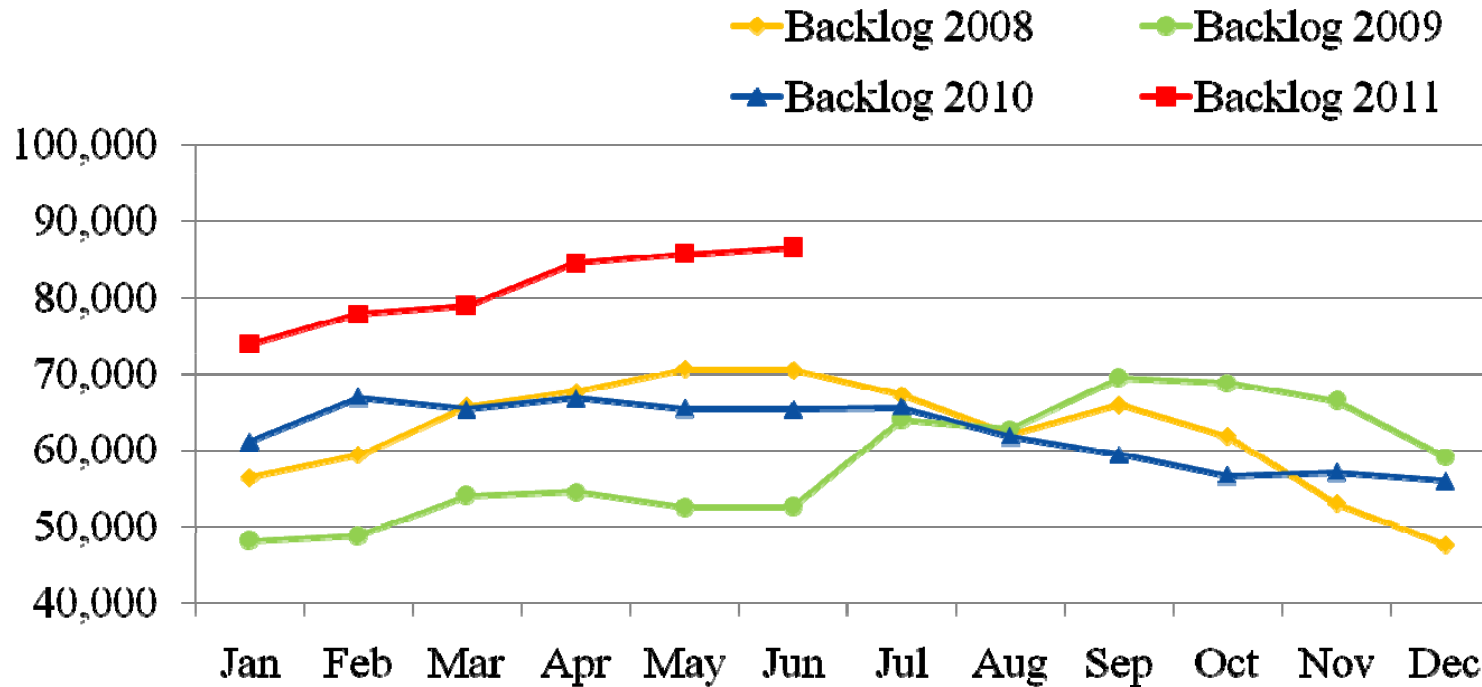
	The year ending March 2010		The year ending March 2011		The year ending March 2012	
	Cumulative total of 2nd quarter	Full-year	Cumulative total of 2nd quarter	Full-year	Cumulative total of 2nd quarter	Full-year (forecast)
Orders	9,540	29,668	19,263	38,475	23,139	44,000
Year-to-year comparison	-39.7%	+17.5%	+101.9%	+29.7%	+20.1%	+14.4%
Net Sales	12,067	33,236	16,864	37,544	20,675	43,000
Year-to-year comparison	-22.8%	+8.7%	+39.8%	+13.0%	+22.6%	+14.5%

(Note) Figures under the year ending March 2012 (Cumulative total of 2nd quarter & Full-year(forecast)) represent the total of the business results achieved by Industrial Division and Precision Equipment Business Division.

Order Backlog of LEWA Group



- LEWA's recent order backlog exceed it's historical high level of net sales in 2008



- This division is established in April 2011 to expand its range of business to the area of high-precision measuring equipment.
 - Equipment for electronic components are selling well, thanks to the increase of global demand of electronic components used in smart phones and other mobile communication devices.
 - Both the amount of orders and net sales gained from the sales of equipment for particle size analysis are expanding, largely due to the strong demand in Asia along with the gradual recovery of domestic demand.

- Nikkiso decide to acquire BEL Japan, Inc. on November 2nd to aim at becoming the total solution supplier that can provide a holistic “one stop service”.

(Unit: 1 million yen)

	The year ending March 2012	
	Cumulative total of 2nd quarter	Full-year (forecast)
Orders	2,774	6,000
Net Sales	2,732	6,000

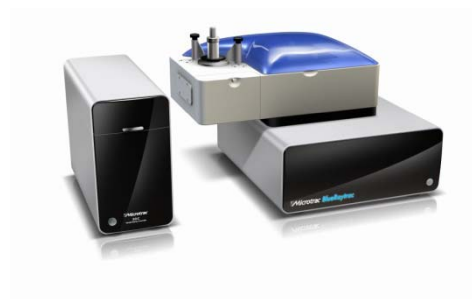


Electronic parts production device

Acquisition of BEL Japan, Inc.(Nippon BEL)



- Nikkiso decide to acquire BEL Japan, Inc. to aim at becoming the total solution supplier that can provide a holistic “one stop service” in order to respond to the diverse particle property evaluation needs in this field.
 - BEL Japan is a manufacturer of surface area measuring instruments with its own special gaseous adsorption technology.
 - Nikkiso is strong in the area of particle size distribution analyzer thanks to Macrotrac series had has been targeting to be “One Stop Shop” covering all of powder and granular materials analysis instruments.
 - In addition to technical aspects, since BEL Japan has quite stable channels for research insutitute including universities while Nikkiso does for private sector, we expect strong synergy not only in somestic but also in global markets.



Microtrac



Surface area measuring instruments



- The demand of the aircraft market is continuing to expand and Nikkiso was able to still enjoy a volume increase in terms of both the amount of orders and net sales compared to the corresponding period of the previous year.
 - Attesting to Nikkiso's strong reputation, most commercial aircraft, including those produced by Boeing and Airbus, employ CFRP cascades, blocker door and/or other composite components made by Nikkiso.
 - Further rise of the yen make exchange-rate loss when net sales amount is converted to yen.

- In September 2011, Nikkiso signed a new contract with a major US nacelle manufacturer on the long-term supply of components for next-generation commercial aircrafts.

(Unit: 1 million yen)

	The year ending March 2010		The year ending March 2011		The year ending March 2012	
	Cumulative total of 2nd quarter	Full-year	Cumulative total of 2nd quarter	Full-year	Cumulative total of 2nd quarter	Full-year (forecast)
Orders	1,711	3,994	2,199	4,601	2,111	5,000
Year-to-year comparison	-28.6%	-9.3%	+28.5%	+15.2%	-4.0%	+8.7%
Net Sales	1,711	3,996	2,195	4,579	2,114	5,000
Year-to-year comparison	-28.6%	-9.4%	+28.2%	+14.6%	-3.7%	+9.2%

- Domestically, the amount of orders and net sales gained from dialysis-related product this quarter declined compared to the corresponding period in the previous year.
 - Nikkiso finally obtained in June 2011 the delayed approval from the authorities to manufacture automated multi-purpose dialysis products. But the potential customers withheld placing advance purchase orders before the products were launched.
 - On the other hand, the sales of dialyzers manufactured by Fresenius Medical Care Japan that have been transferred to the company contributed to the quarterly sales performance to a certain extent.

- Globally, the dialysis machines sold well in Europe but the sales of that for continuous renal replacement therapy (CRRT) declined.
 - The drop in net sales is partly attributable to the transfer of Korean affiliated company that took place in the previous quarter.

(Unit: 1 million yen)

	The year ending March 2010		The year ending March 2011		The year ending March 2012	
	Cumulative total of 2nd quarter	Full-year	Cumulative total of 2nd quarter	Full-year	Cumulative total of 2nd quarter	Full-year (forecast)
Orders	19,552	41,107	20,091	41,459	20,642	42,000
Year-to-year comparison	+0.8%	+8.3%	+2.8%	+0.9%	+2.7%	+1.3%
Net Sales	19,820	40,786	20,068	41,019	20,227	42,000
Year-to-year comparison	+2.8%	+9.1%	+1.3%	+0.6%	+0.8%	+2.4%

New hemodialysis machine launched to sell domestically



- Nikkiso obtained Japanese government approval in June 2011 to manufacture new state-of-the-art automated capable versatile hemodialysis machine contributing to reduce workload and cost of medical professionals on last June.
- Started production and sale already.



New hemodialysis machine



New multi-patient dialysate supply system

2. Forecast of the year ending March 2012

Full-year business forecast of The year ending March 2012



- Forecasted order takings and net sales adjusted upwardly based on good conditions of the industrial division.
 - Pump business is continuing to recover, and LEWA Group is accepting orders at a steady pace.
 - In Medical division, domestic sales will recover by full-fledged launch of the new dialysis machines.

- Forecasted ordinary income and net income adjusted downwardly because of
 - the unsteady economic trends both in the domestic and global markets.
 - the rapid yen appreciation.

(Unit: 1 million yen)

	The year ending March 2010	The year ending March 2011	The year ending March 2012 Forecast	Year-to-year comparison	
				Amount	%
Orders	74,770	84,536	91,000	+6,463	+7.6%
Net Sales	78,019	83,143	90,000	+6,856	+8.2%
Operating Income	5,662	5,398	6,000	+601	+11.1%
Ordinary Income	6,022	4,658	4,500	-158	-3.4%
Net Income	3,239	2,684	2,500	-184	-6.9%

Exchange rate for 2012/3 (forecast) is based on: 1 US dollar = 75 yen, 1 euro = 105 yen

Full-year forecast of Business Segment Performance



- Pump business is continuing to recover, and LEWA Group is accepting orders at a steady pace.
 - Also expect demands for thermal power plant reconstruction business in the areas affected by the Great East Japan Earthquake to increase.

- The net sales of dialysis machine is expected to recover once Nikkiso launches the new dialysis products in full scale in Japan.

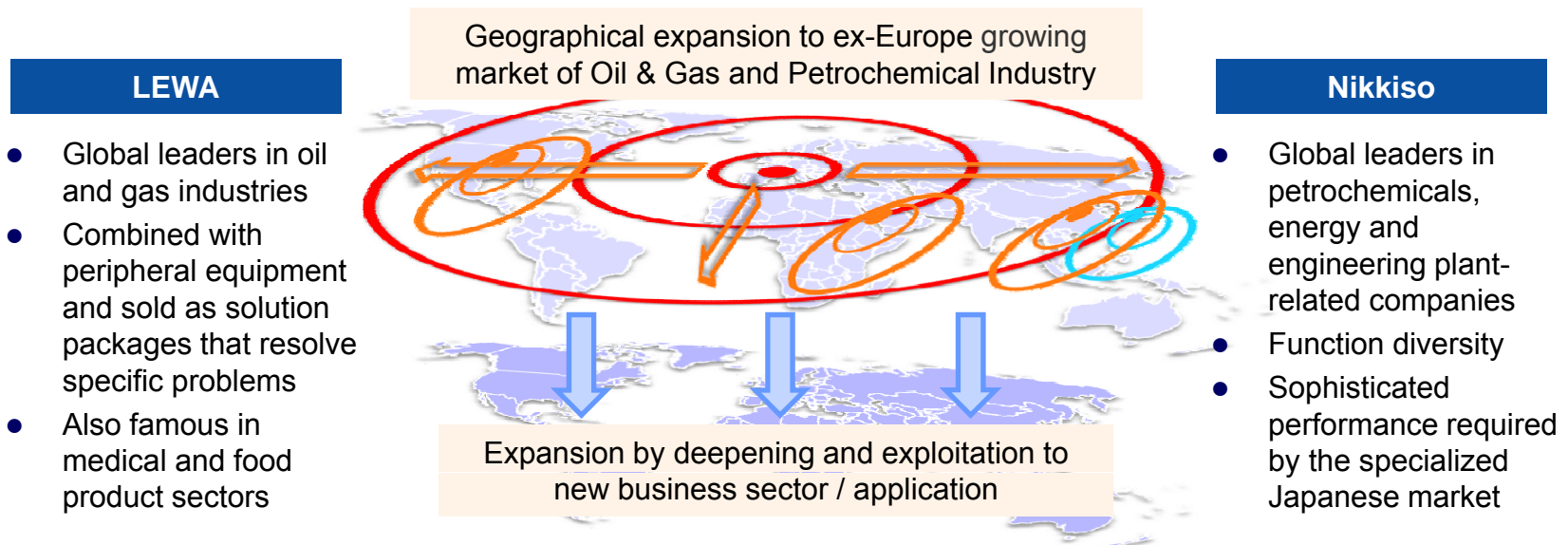
(Unit: 1 million yen)

		The year ending March 2010	The year ending March 2011	The year ending March 2012 Forecast	Year-to-year comparison	
					Amount	%
Industrial Business	Orders	33,663	43,076	49,000	+5,923	+13.7%
	Net Sales	37,233	42,123	48,000	+5,876	+13.9%
	Operating Income	3,444	2,760	4,400	+1,639	+59.4%
Medical Business	Orders	41,107	41,459	42,000	+540	+1.3%
	Net Sales	40,786	41,019	42,000	+980	+2.4%
	Operating Income	5,226	5,598	4,800	△798	△14.3%
Eliminations and corporate (for Operating Income)		△3,008	△2,960	△3,200	△239	△8.1%

Exchange rate for 2012/3 (forecast) is based on: 1 US dollar = 75 yen, 1 euro = 105 yen

3. Mid term Topics

- Nikkiso have located group’s global strategic headquarters for pump products at LEWA’s head office in Germany, where it supervises regional structures of each overseas area, to construct flexible global network hub of engineering, production, sales and marketing.
 - Nikkiso consolidate reciprocating pump products into LEWA’s technically advanced pumps.
 - We are utilizing and improving the two companies’ manufacturing and sales facilities located throughout the world to develop and provide both companies’ products in line with customers’ specialized and sophisticated needs.

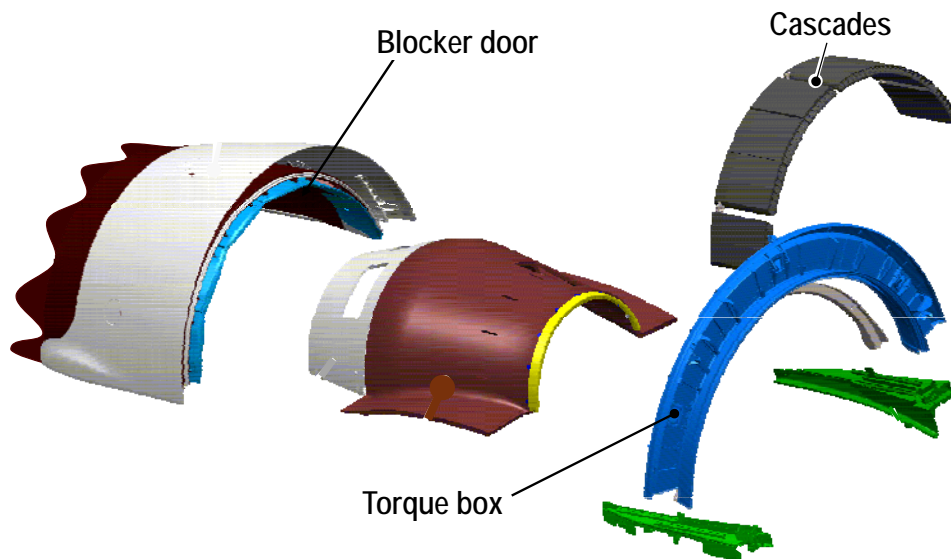


- Goal: To be “Global & Top-Niche in special pumps” Company, having core competence in such as Rreciprocating, Cryogenic and Non-Seal pumps as major products.

Substantial Expansion of overseas manufacturing plant



- Nikkiso entered a long-term supply agreement with US aerospace component manufacturer Goodrich Corporation to provide torque box made of CFRP designed for use in next-generation commercial aircraft.
- Expansion of the capacity of Hanoi Plant in Vietnam, manufacturing plant of subsidiary, commenced as a part of the initiative to mitigate the exchange risk and strengthen the company's price competitiveness.
 - Spending up to 30 million dollar, the consolidated sales of aerospace division is expected to increase to almost 10 billion yen in 2016 and continue expanding as one of key business drivers with high growth potential.



Nikkiso Vietnam, Inc.

Steady Progress at Dialysis Machine Joint Venture in China



- The company is preparing for the full-fledged launch next spring through production at the joint venture established in China May 2010.
 - The opening ceremony at Weigao Nikkiso (Weihai) Dialysis Equipment Co, Ltd., dialysis machine production company in China was held in February 2011, as the facility became ready for production.
 - Prior to the start of the sales of locally manufactured machines, in January 2011 Weigao began offering and maintaining dialysis machines manufactured by Nikkiso in Japan for sales in China, fully utilizing the pan-China sales and customer network of Weigao Group – a prominent Chinese manufacturer of medical instruments.

- Nikkiso will contribute to the development of the medical treatment and public health in China
 - the Chinese government is drawing up healthcare system reform plans for people having kidney diseases and requiring dialysis treatment which are estimated at least 1.5 million in China, almost same as the number of patient in rest of all the world.
 - Nikkiso aim to offer 40 years expertise of cultivating sophisticated production technologies and providing detailed and high-quality maintenance services in the area of dialysis treatment in Japan.



Opening Ceremony of Weigao Nikkiso