Annual Report

April 2010~March 2011

Innovating Healthcare Technology

Fighting Disease with Electronics

NIHON KOHDEN

Company Profile

Nihon Kohden is Japan's foremost manufacturer and provider of medical electronic equipment. We are the number one supplier to Japan and one of the leaders in the world.

In 1951, Dr. Yoshio Ogino established Nihon Kohden and developed the world's first electroencephalograph that was completely AC powered. For more than half a century since then, the Company has broadened its product range into a variety of high technology medical equipment such as patient monitors, electrocardiographs, defibrillators, AEDs (automated external defibrillators), hematology analyzers, and other physiological measuring equipment and sensors.

Nihon Kohden intends to continue growing as a global organization. In line with this aim, the Company has subsidiaries in North America, Europe and Asia, and distributors around the world. The Company is committed to a policy of building strategic business relationships with foreign manufacturers of high quality medical equipment and incorporating outstanding imported products in our product line.

Because safety and reliability is our top priority, export products are manufactured in ISO9001 and ISO13485 certified factories.

Nihon Kohden is making every possible effort to ensure that the actions of the Company and its employees contribute to preserving the environment. As evidence of this commitment, we have received company-wide integrated ISO14001 certification of environment management system for our offices including our head office and all production factories in Japan.

Health care professionals throughout the world are familiar with Nihon Kohden as a manufacturer of innovative equipment that is reliable, high quality, safe, and easy to operate.

Nihon Kohden's logo graphically expresses the light beaming from a lighthouse. Just as a shining stream of light on a dark nocturnal sea has ensured the safety of mariners, so we have been beaming a light offering hope to those suffering from illness.

On a stormy night, that light offers hope and confidence that the ship will sail on safely. That beam of light evokes the image of limitless progress in the future.

As one of the leaders in the medical industry, we at Nihon Kohden sincerely desire to continue the meaningful work of protecting the health of humans and improving medical treatment.

Contents

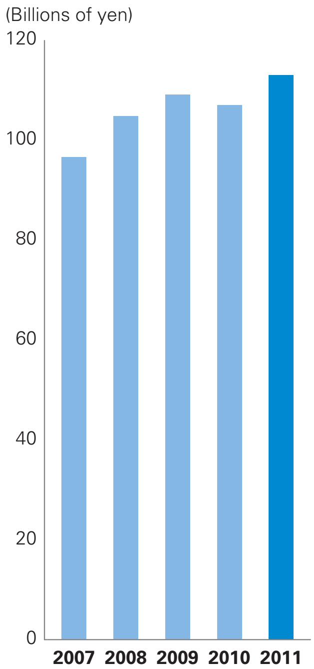
Consolidated Financial Highlights

Nihon Kohden Corporation and Consolidated Subsidiaries
Years ended March 31, 2011, 2010, 2009, 2008, and 2007

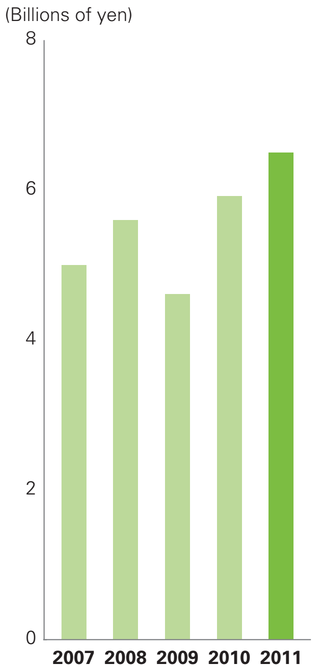
	Millions of yen					Thousands of U.S. dollars[1]
	2011	2010	2009	2008	2007	**2011**
Net sales	**¥113,380**	¥107,014	¥109,124	¥104,826	¥96,679	**$1,363,560**
Operating income	**10,598**	9,321	8,106	9,818	7,974	**127,456**
Income before income taxes and minority interests	**10,293**	9,148	7,694	9,640	8,311	**123,788**
Net income	**6,573**	5,917	4,611	5,632	5,053	**79,050**
Total assets	**92,496**	88,001	80,480	80,630	75,894	**1,112,399**
Net assets[2]	**62,294**	57,949	53,570	51,814	48,865	**749,176**
Amounts per share[3]:	Yen					U.S. dollars
Net income-basic	**¥149.62**	¥134.68	¥104.94	¥128.01	¥114.12	**$1.80**
Cash dividends[4]	**44.00**	37.00	37.00	37.00	30.00	**0.53**

Notes : (1) U.S. dollars amounts are translated from yen, for convenience only, at the rate of ¥83.15 = US$1.
(2) Certain retroactive adjustments of previously reported net assets have been made to conform to the presentation used from the year March 31,2007.
(3) Computation of net income and dividends per share was based on the average number of shares of common stock outstanding during each fiscal year.
Cash dividends per share are dividends applicable to the respective years including dividends to be paid after the end of the year.
See Note 9 and 13 of Consolidated Financial Statements.
(4) Cash dividends for the year ended March 31, 2011 include commemorative dividend of 6 yen.

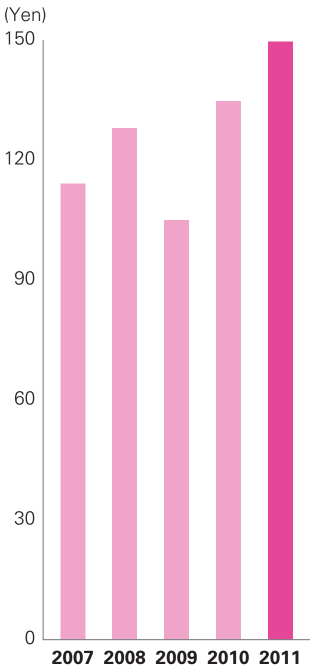
Net sales



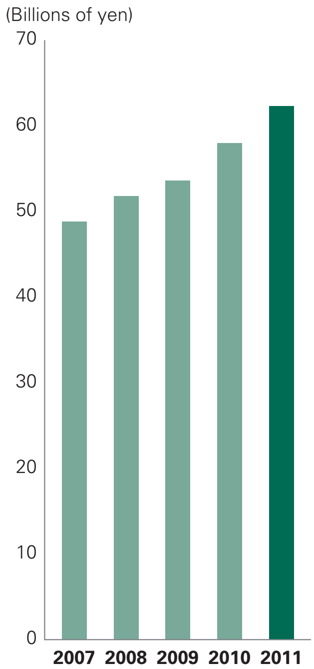
Net income



Net income per share



Net assets



To Our Stockholders

First of all we would like to sincerely thank everyone for your continued support.

On March 11, the largest earthquake in Japan's history struck the Tohoku region. We extend our deepest sympathies and condolences to all those who were affected by this catastrophe. We assure you that the Nihon Kohden Group will do everything in its power to support recovery in the affected areas. In addition, we would like to express our appreciation to the world for the support we received for reconstruction in the country.

For more than half a century we have enthusiastically continued our original mission of “fighting disease with electronics” and Nihon Kohden has continued to move forward as a top manufacturer of medical electronic equipment. In that period, with a particular eye toward the connection between human and machine, we have concentrated our efforts on developing human-machine interface technologies and turned them into practical reality in many excellent medical electronic products. Nihon Kohden developed the basis of SpO_2 which is indispensable in modern medicine. We have become the world’s leading manufacturer of electroencephalographs and our electrocardiographs, evoked potential and electromyogram measuring systems, patient monitors, defibrillators, automated hematology analyzers and other medical equipment have earned an excellent reputation among users around the world.

With our 1995 ISO9001 certification, the international standard of quality assurance, and CE marking in 1996, based on the EU Medical Device Directive, Nihon Kohden has constructed a consistent quality assurance system covering all areas, from development to after sales service. Based on our quality policy that “The good quality of our product must be maintained to keep our customer satisfied for a long time”, we are continually striving to develop the highest quality products.

As environmental issues are getting widespread international attention, Nihon Kohden aims to implement business operations that are gentle on the earth. To carry this out, we established an environmental policy in October 2000. Our major sites in Japan, including our head office in Tokyo and our main production facility at Tomioka, received ISO 14001 certification.

We have a strong product development capability in human-machine interface technologies such as sensors and biosignal processing. We believe innovative technology development in this area will enable us to improve our competitive position and strengthen our presence. We are also enhancing our software technology and pursuing development of high quality and user-friendly products.

Product development is also based on our fundamental policy of making value-added products that are always well received in the global market. To realize our ideal that everyone in the world could receive the highest level of medical care, we are expanding development, production and marketing of Nihon Kohden products throughout the world.

FY2010 was an overall positive year for us. In Japan, sales in the acute care market increased favorably due to recovery of capital spending by hospitals following the upward revision of medical treatment fees. Internationally, we enjoyed strong sales growth in the U.S. and Europe. As a result, we recorded the highest revenue and income in the company's history.

Nihon Kohden launched its 3-year business plan for fiscal years 2010 to 2012, SPEED UP III, and focused on implementing key strategies including expanding and strengthening its core business areas as well as accelerating globalization. We will continue to implement this plan to achieve sustained group growth and enhance the corporate value.

On August 7, 2011, we celebrate the 60th anniversary of our founding. We sincerely appreciate the support of all stockholders and stakeholders which has enabled us to reach our 60th anniversary. As an expression of gratitude to our stockholders, we are adding a commemorative dividend of 6 yen per share to the ordinary year-end dividend for FY2010.

We remain wholly committed to increasing the value of the company and we ask for your continued support.

Kazuo Ogino
Chairman and CEO

Fumio Suzuki
President and COO

Topics

History of Nihon Kohden

Corporate History

1951
Nihon Kohden is established

1961
Listed on the 2nd section of the Tokyo Stock Exchange

1962
Established Tomioka factory in Gunma prefecture

1974~1976
Sales offices spun off into separate sales subsidiaries to enhance sales networks in Japan

1979
Established a sales subsidiary in the U.S.

1982
Listed on the 1st Section of the Tokyo Stock Exchange

1985
Established a sales subsidiary in Germany
(Established sales subsidiaries in Italy, Spain, France and UK between 2001 and 2010)

1990
Established a manufacturing subsidiary in China

1999
Established a development subsidiary in the U.S.

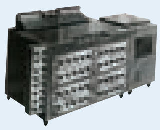
2002
Established a software development subsidiary in China

2006
Established a reagent manufacturing subsidiary in Italy

2008
Established a sales subsidiary in China

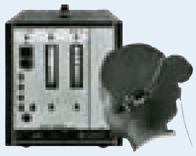
2011
Established a sales subsidiary in India

Main Products



1951
The world's first
8-channel all AC powered EEG

1964 The world's first bedside monitor



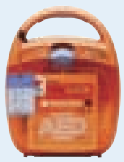
1975 The world's first pulse oximeter

1982 The world's first
patient monitor with arrhythmia analysis

1993 The world's first
windows-based paperless EEG

2004 The world's first wireless telemetry transmitter that can measure heart rate, blood pressure, oxygen saturation and respiration

2009 The first domestically-produced AED



Nihon Kohden will celebrate its 60th anniversary on August 7th in 2011

Nihon Kohden announces a world wide exclusive agreement for ventilator business with Metran

Nihon Kohden and Metran Co., Ltd. announced that they have entered into an agreement and business tie-up. Under this agreement, Nihon Kohden will have exclusive rights for worldwide marketing of Metran ventilators.

Metran specializes in the development and manufacture of HFO (high frequency oscillation) ventilators. HFO ventilators are especially effective for treatment of premature and newborn infants who require gentle ventilation.
Nihon Kohden's domestic and overseas sales networks will help to bring Metran's high technology to the world. In the future, we aim to develop new business in the ventilator area by collaborating with Metran.

Nihon Kohden accelerates business expansion in China

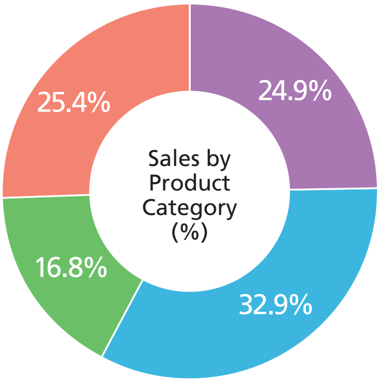
We have strengthened our business operations in China, utilizing three subsidiaries for R&D, production and marketing in order to increase our sales in this growing market.

We also continue to expand a locally-produced product line which meets local needs. We have already begun production of hematology analyzers and reagents in China. In addition, we launched a new locally developed and manufactured ECG data management system and a central monitor.

A new central monitor, CNS-6201

Nihon Kohden launched the new CNS-6201 central monitor which can manage up to 32 patients with dual 24-inch displays. Both hardwired and telemetry monitors can be connected, and parameters measured by Nihon Kohden monitors are monitored on the central monitor. It also provides excellent alarm functions with a large data storage capacity and convenient operation.

At a Glance



- Physiological Measuring Equipment
- Patient Monitors
- Treatment Equipment
- Other Medical Equipment

Effective FY2010, consumables and maintenance services, which were previously classified under "Medical Supplies", have been classified under the relevant "Physiological Measuring Equipment", "Patient Monitors", "Treatment Equipment" or "Other Medical Equipment" categories.

Physiological Measuring Equipment

Electroencephalographs, evoked potential and electromyogram measuring systems, electrocardiographs, polygraphs for cath labs, diagnostic information systems, and related consumables and services

24.9%

EEG-1214

Patient Monitors

Instruments that continuously monitor the patient's condition (central monitors, bedside monitors, wireless monitors, remote access software and other equipment), clinical information systems, and related consumables and services

32.9%

BSM-6000 series

Treatment Equipment

Defibrillators, AEDs (automated external defibrillators), pacemakers, ICDs, ventilators, cardiac life support pumps, cochlear implant, and related consumables and services

16.8%

AED-2100

Other Medical Equipment

Automated hematology analyzers, ultrasound diagnostic equipment, basic laboratory equipment, transformers, other equipment, and consumables and services

25.4%

MEK-6450

Raising the Level of Health Care in Japan - Our Import Business -

To satisfy every customer demand, Nihon Kohden continues to introduce the most advanced medical products from all over the world into Japan. Nihon Kohden is not only a leading manufacturer, but a leading distributor of medical devices in Japan.

Nihon Kohden currently imports and distributes a wide range of medical devices in various fields such as cardiology, anesthesiology, respiratory care, emergency care, POCT and rehabilitation.

Through our nationwide sales network of approximately 120 sales offices, we continue to introduce the world's first-class medical products and be Japan's provider of choice for advanced medical products.

Review of Operations

During the term under review (April 1, 2010 to March 31, 2011), the overall global economy gradually recovered, followed by a steady demand for medical equipment in the international market. In Japan, hospitals continued to face difficulties, whereas medical treatment fees were revised upward for the first time in 10 years and the Japanese government allocated a budget for a regional medical care revival plan in order to compensate for the physician shortage and ensure delivery of emergency and perinatal care. However, the Great East Japan Earthquake on March 11, 2011 resulted in an enormous loss of human life as well as massive economic damage.

In this business environment, the Company launched its 3-year business plan for fiscal years 2010 to 2012, SPEED UP III, and focused on implementing key strategies including expanding and strengthening its core business areas as well as accelerating globalization.

The Company continues to introduce products that can help to improve medical safety and efficiency. In Patient Monitors, it launched a new central monitor for advanced markets and a high-mid end bedside monitor for emerging markets. In China, the Company launched a new locally developed and manufactured ECG data management system and a central monitor.

In order to expand its treatment equipment business, Nihon Kohden signed an agreement with Metran Co., Ltd. to acquire exclusive rights for worldwide marketing of Metran ventilators. Nihon Kohden also strengthened its business structure in Europe by establishing Nihon Kohden UK Ltd. and making a sole agency agreement with DELRUS Inc. in Russia.

As a result, overall sales during the term under review increased 5.9% over FY2009 to ¥113,380 million. Operating income increased 13.7% to ¥10,598 million and net income increased 11.1% to ¥6,573 million.

Regarding the impact of the Great East Japan Earthquake, all employees were safe and there was no serious damage to the Company’s buildings and facilities. Product delivery for some sales contracts was postponed to the next fiscal year and there were plant shutdowns during the rolling blackouts, but the impact on earnings was minor. In order to support the disaster stricken region, the Company provided monetary donations and relief supplies worth ¥100 million, which was reported as other expenses.

Mid-term Business Plan SPEED UP III

Target for FY2012 (ending March 31, 2013)

Sales	¥130 billion
Overseas Sales Ratio	25%
Operating Income	¥13 billion
ROE	12%

Key Strategies

1. Promote quality improvement activities
2. Strengthen technological development capacity
3. Expand and strengthen core business areas
4. Accelerate the globalization of the Company
5. Develop new business
6. Consolidate corporate fundamentals

Management's Discussion and Analysis

Sales

In the term under review, sales increased ¥6,366 million, or 5.9%, to ¥113,380 million.

Sales by Product Category

Physiological Measuring Equipment: In Japan, sales of EEGs, ECGs and diagnostic information systems increased, while Polygraphs for cath lab remained almost the same level as the previous fiscal year. Internationally, yen-based EEG sales in Europe and yen-based ECG sales in the Americas were lower due to the strong yen. Overall, sales increased 0.8% over the previous fiscal year to ¥28,189 million.

Patient Monitors: In Japan, sales showed strong growth, especially in the acute care market, supported by favorable sales of high-performance bedside monitors, telemetry systems and color LCD transmitters. Outside Japan, sales increased in all areas including the Americas, Europe and Asia. Sales in the United States showed strong growth as Prefense™*, which was developed to improve patient care in general wards, gained recognition and contributed to increased sales. In Europe, high-performance bedside monitors gained a high reputation and favorable sales volume. A large spot order in Romania also impacted sales favorably. Overall, sales increased 13.0% over the previous fiscal year to ¥37,274 million.

**Prefense™ is an innovative solution which enables medical personnel to monitor and track trends on vital statistics on a continuous basis via a wireless transmitter and provide advance warning of deterioration in patient condition. The Company developed it for the U.S. market where medical harm has become an important issue.*

Treatment Equipment: In Japan, ventilator sales increased favorably. Sales of cochlear implant and vagus nerve stimulation therapy systems also increased. Sales of AEDs declined sharply. Internationally, sales of defibrillators for medical facilities and ambulances decreased, although sales of AEDs increased mainly in South Korea. Overall, sales decreased 1.4% over the previous fiscal year to ¥19,073 million.

Other Medical Equipment: In Japan, sales of hematology analyzers increased. Sales of locally purchased products including diagnostic imaging equipment also increased. Internationally, sales of hematology analyzers decreased and sales of locally purchased products increased. Overall, sales increased 8.1% over the previous fiscal year to ¥28,844 million.

Sales by Region

Japan: Sales in the hospital market, particularly the acute care market, increased favorably due to recovery of capital spending by hospitals following the upward revision of medical treatment fees. Sales of Patient Monitors showed strong growth, supported by good sales of high-performance bedside monitors, telemetry systems and color LCD transmitters. In Physiological Measuring Equipment, sales of EEGs, ECGs and diagnostic information systems increased. In Treatment Equipment, sales of ventilators and cochlear implant increased, although sales of AEDs remained weak. As a result, domestic sales increased 6.4% over FY2009 to ¥93,047 million.

International: Sales of Patient Monitors showed strong growth, offsetting the negative impact of currency exchange rates. Sales of Physiological Measuring Equipment, Treatment Equipment and Hematology Analyzers decreased. In the Americas, the Company enjoyed strong growth in the United States, while sales in Latin America decreased. Sales in Europe increased due to solid sales in Germany and Russia. A large spot order in Romania also impacted sales favorably. In Asia, sales in South Korea and Southeast Asia grew favorably, while sales in China and the Middle East decreased. As a result, international sales increased 3.9% over FY2009 to ¥20,333 million.

Cost of Sales, SG&A Expenses and Operating Income

In the term under review, cost of sales were ¥56,193 million. Gross profit ratio declined 70 basis points to 50.4%, primarily due to the change of accounting policies. Gross profit on sales increased ¥2,551 million, or 4.7%, to ¥57,187 million.

Selling, general, and administrative expenses increased due to the planned increase in R&D and capital investments. The ratio of SG&A expenses to sales declined 130 basis points to 41.1%. Research and development costs were ¥5,106 million (4.5% of sales).

As a result, operating income increased ¥1,277 million, or 13.7% to ¥10,598 million.

Other Income and Expenses, Net Income

Net other expenses increased ¥132 million to ¥305 million, mainly due to product voluntary field correction expenses of ¥244 million.

Income before income tax and minority interests increased ¥1,145 million to ¥10,293 million.

Net income increased ¥656 million to ¥6,573 million from ¥5,917 million in the previous fiscal year. Net income per share was ¥149.62.

Cash Flows

Net cash provided by operating activities during the year under review decreased ¥4,786 million to ¥5,893 million. This includes ¥10,293 million of income before income taxes and minority interests, ¥2,747 million of depreciation and amortization, and ¥4,397 million of income taxes paid.

Net cash used in investing activities decreased ¥936 million to ¥1,874 million. We used ¥1,379 million for capital expenditures and ¥552 million for purchase of intangible assets.

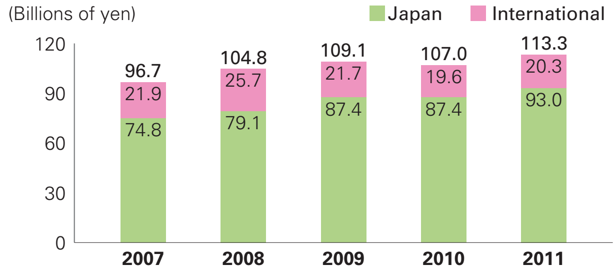
As a result of these factors, free cash flow amounted to ¥4,019 million.

Net cash used in financing activities decreased ¥1,314 million to ¥1,537 million. We paid ¥1,720 million for stockholders dividends and increased short-term borrowings by ¥231 million.

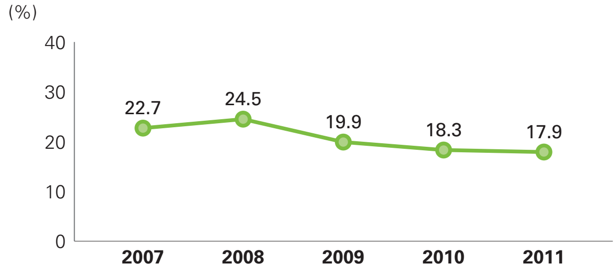
As a result, cash and cash equivalents as of March 31, 2011 increased ¥2,478 million to ¥18,809 million.

Years ended March 31

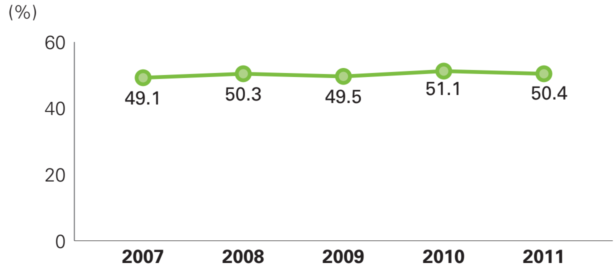
Net Sales by Region



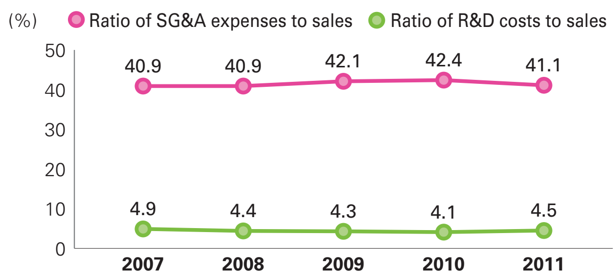
Percentage of International Sales



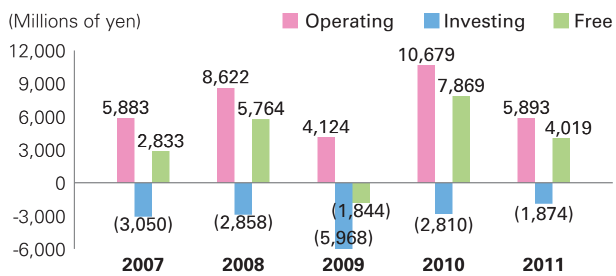
Gross Profit Ratio



SG&A Expenses/R&D Costs to Net Sales



Cash Flows



Nihon Kohden Corporation and Consolidated Subsidiaries

Consolidated Balance Sheets

March 31, 2011 and 2010

Assets	Millions of yen		Thousands of U.S. dollars (note 2)
	2011	2010	**2011**
Current Assets:			
Cash (note 3)	**¥ 9,332**	¥ 8,835	**$ 112,231**
Trade notes and accounts receivable	**37,363**	35,168	**449,344**
Short-term investments (note 4)	**9,500**	7,500	**114,251**
Inventories	**14,285**	13,506	**171,798**
Deferred income taxes (note 7)	**4,178**	3,775	**50,247**
Other current assets	**1,058**	1,132	**12,724**
Less allowance for doubtful receivables	**349**	230	**4,197**
Total current assets	**75,367**	69,686	**906,398**
Property, plant and equipment, net of accumulated depreciation; ¥21,323 million ($256,440 thousand) in 2011 and ¥20,248 million in 2010:			
Buildings and structures	**3,305**	3,465	**39,748**
Machinery, equipment and vehicles	**670**	782	**8,058**
Tools, furniture and fixtures	**1,811**	2,022	**21,780**
Land	**2,624**	2,681	**31,557**
Leased assets	**91**	98	**1,094**
Construction in progress	**337**	318	**4,053**
Net property, plant and equipment	**8,838**	9,366	**106,290**
Intangible assets, net:			
Goodwill	**763**	817	**9,176**
Other	**3,307**	3,535	**39,771**
Total intangible assets	**4,070**	4,352	**48,947**
Investments and other assets:			
Investments in securities (note 4)	**2,363**	2,754	**28,419**
Deferred income taxes (note 7)	**773**	749	**9,296**
Prepaid retirement and severance benefits (note 6)	**–**	33	**–**
Other investments and other assets	**1,137**	1,113	**13,674**
Less allowance for doubtful receivables	**52**	52	**625**
Total investments and other assets	**4,221**	4,597	**50,764**
Total assets	**¥92,496**	¥88,001	**$1,112,399**

See accompanying notes to consolidated financial statements.

Liabilities and Net Assets	Millions of yen		Thousands of U.S. dollars (note 2)
	2011	2010	**2011**
Current liabilities:			
Trade notes and accounts payable	**¥18,870**	¥18,200	**$ 226,939**
Short-term debt and current installments of long-term debt (note 5)	**1,339**	1,132	**16,103**
Other payables	**1,696**	1,583	**20,397**
Accrued income taxes (note 7)	**2,330**	2,714	**28,022**
Accrued expenses	**1,999**	1,938	**24,041**
Accrued bonuses	**1,457**	1,989	**17,523**
Other current liabilities (note 5)	**1,983**	2,167	**23,848**
Total current liabilities	**29,674**	29,723	**356,873**
Non-current liabilities:			
Long-term debt (note 5)	**7**	11	**84**
Liabilities for retirement and severance benefits (note 6)	**116**	–	**1,395**
Deferred income taxes (note 7)	**26**	19	**313**
Other non-current liabilities (note 5)	**379**	299	**4,558**
Total non-current liabilities	**528**	329	**6,350**
Total liabilities	**30,202**	30,052	**363,223**
Stockholders' equity:			
Common stock (note 8): Authorized 98,986,000 shares; issued 45,765,490 shares in 2011 and 2010	**7,545**	7,545	**90,740**
Additional paid-in capital (note 8)	**10,487**	10,487	**126,121**
Retained earnings (note 9)	**47,168**	42,308	**567,264**
Treasury stock, at cost; 1,833,006 shares in 2011 and 1,831,850 shares in 2010	**(2,020)**	(2,018)	**(24,294)**
Total stockholders' equity	**63,180**	58,322	**759,831**
Accumulated other comprehensive income (loss):			
Net unrealized gain (loss) on other securities (note 4)	**(77)**	150	**(926)**
Foreign currency translation adjustments	**(843)**	(546)	**(10,138)**
Total accumulated other comprehensive loss	**(920)**	(396)	**(11,064)**
Minority interests	**34**	23	**409**
Total net assets	**62,294**	57,949	**749,176**
Commitments and contingencies			
Total liabilities and net assets	**¥92,496**	¥88,001	**$1,112,399**

Consolidated Statements of Income

March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (note 2)
	2011	2010	**2011**
Net sales	**¥113,380**	¥107,014	**$1,363,560**
Cost of sales (note 11)	**56,193**	52,378	**675,803**
Gross profit	**57,187**	54,636	**687,757**
Selling, general and administrative expenses (notes 10 and 11)	**46,589**	45,315	**560,301**
Operating income	**10,598**	9,321	**127,456**
Other income (deductions):			
Interest income	**22**	31	**264**
Dividend income	**79**	79	**950**
Interest expenses	**(15)**	(34)	**(181)**
Equity in losses of affiliates	**–**	(6)	**–**
Exchange loss	**(312)**	(177)	**(3,752)**
Loss on sale/disposal of property, plant and equipment	**(14)**	(126)	**(168)**
Loss on devaluation of investments in securities	**(1)**	(51)	**(12)**
Reversal of allowance for doubtful receivables	**30**	108	**361**
Product voluntary field correction expenses	**(244)**	–	**(2,934)**
Cumulative effect of accounting change (note 1(n))	**(12)**	–	**(144)**
Donation	**(58)**	–	**(698)**
Loss on disaster	**(42)**	–	**(505)**
Other, net	**262**	3	**3,151**
	(305)	(173)	**(3,668)**
Income before income taxes and minority interests	**10,293**	9,148	**123,788**
Income taxes (note 7):			
Current	**3,983**	4,313	**47,901**
Deferred	**(272)**	(1,093)	**(3,271)**
	3,711	3,220	**44,630**
Income before minority interests	**6,582**	5,928	**79,158**
Minority interests	**9**	11	**108**
Net income	**¥ 6,573**	¥ 5,917	**$79,050**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

March 31, 2011

	Millions of yen	Thousands of U.S. dollars (note 2)
	2011	**2011**
Income before minority interests	**¥6,582**	**$79,158**
Other comprehensive loss arising during the year:		
Net unrealized loss on other securities	**(227)**	**(2,730)**
Foreign currency translation adjustments	**(294)**	**(3,536)**
Total other comprehensive loss arising during the year	**(521)**	**(6,266)**
Comprehensive income	**¥6,061**	**$72,892**
Comprehensive income attributable to:		
Owners of the parent	**6,050**	**72,760**
Minority interests	**11**	**132**

See accompanying notes to consolidated financial statements.

Nihon Kohden Corporation and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets

March 31, 2011 and 2010

	Millions of yen									
	Stockholders' equity					Accumulated other comprehensive income (loss)				
	Common stock (note 8)	Additional paid-in capital (note 8)	Retained earnings (note 9)	Treasury stock	Total	Net unrealized gain (loss) on other securities (note 4)	Foreign currency translation adjustments	Total	Minority interests	
Balance at March 31, 2009	¥7,545	¥10,487	¥37,972	¥(2,016)	¥53,988	¥66	¥(495)	¥(429)	¥11	¥53,570
Changes arising during year:										
Cash dividends			(1,581)		(1,581)					(1,581)
Net income			5,917		5,917					5,917
Purchase of treasury stock				(2)	(2)					(2)
Disposition of treasury stock		0		0	0					0
Net changes other than stockholders' equity						84	(51)	33	12	45
Total changes during the year	–	0	4,336	(2)	4,334	84	(51)	33	12	4,379
Balance at March 31, 2010	7,545	10,487	42,308	(2,018)	58,322	150	(546)	(396)	23	57,949
Changes arising during year:										
Cash dividends			(1,713)		(1,713)					(1,713)
Net income			6,573		6,573					6,573
Purchase of treasury stock				(2)	(2)					(2)
Disposition of treasury stock		0		0	0					0
Net changes other than stockholders' equity						(227)	(297)	(524)	11	(513)
Total changes during the year	–	0	4,860	(2)	4,858	(227)	(297)	(524)	11	4,345
Balance at March 31, 2011	¥7,545	¥10,487	¥47,168	¥(2,020)	¥63,180	¥(77)	¥(843)	¥(920)	¥34	¥62,294

	Thousands of U.S. dollars (note 2)									
	Stockholders' equity					Accumulated other comprehensive income (loss)				
	Common stock (note 8)	Additional paid-in capital (note 8)	Retained earnings (note 9)	Treasury stock	Total	Net unrealized gain (loss) on other securities (note 4)	Foreign currency translation adjustments	Total	Minority interests	
Balance at March 31, 2010	$90,740	$126,121	$508,815	$(24,270)	$701,406	$1,804	$ (6,566)	$ (4,762)	$277	$696,921
Changes arising during year:										
Cash dividends			(20,601)		(20,601)					(20,601)
Net income			79,050		79,050					79,050
Purchase of treasury stock				(24)	(24)					(24)
Disposition of treasury stock		0		0	0					0
Other										
Net changes other than stockholders' equity						(2,730)	(3,572)	(6,302)	132	(6,170)
Total changes during the year	–	0	58,449	(24)	58,425	(2,730)	(3,572)	(6,302)	132	52,255
Balance at March 31, 2011	$90,740	$126,121	$567,264	$(24,294)	$759,831	$ (926)	$(10,138)	$(11,064)	$409	$749,176

See accompanying notes to consolidated financial statements.

Nihon Kohden Corporation and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (note 2)
	2011	2010	**2011**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥10,293**	¥ 9,148	**$123,788**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	**2,747**	2,562	**33,037**
Loss on sale/disposal of property, plant and equipment	**14**	126	**168**
Allowance for doubtful receivables	**118**	(138)	**1,419**
Decrease in accrued bonuses	**(533)**	(228)	**(6,410)**
Decrease in prepaid retirement and severance benefits	**33**	965	**397**
Increase in liabilities for retirement and severance benefits	**116**	–	**1,395**
Interest and dividend income	**(101)**	(110)	**(1,214)**
Interest expenses	**16**	34	**192**
Loss on devaluation of investments in securities	**11**	98	**132**
Increase in trade notes and accounts receivable	**(2,495)**	(2,680)	**(30,006)**
(Increase) decrease in inventories	**(779)**	637	**(9,369)**
Increase in trade notes and accounts payable	**670**	2,172	**8,058**
Equity in losses of affiliates	**–**	6	**–**
Other, net	**114**	797	**1,371**
Sub total	**10,224**	13,389	**122,958**
Interest and dividend received	**102**	108	**1,227**
Interest paid	**(36)**	(14)	**(433)**
Income taxes paid	**(4,397)**	(2,804)	**(52,880)**
Net cash provided by operating activities	**5,893**	10,679	**70,872**
Cash flows from investing activities:			
Proceeds from sale of investments in securities	**36**	403	**433**
Purchase of investments in securities	**(37)**	(51)	**(445)**
Capital expenditures	**(1,379)**	(1,187)	**(16,584)**
Purchase of intangible assets	**(552)**	(1,990)	**(6,639)**
Other, net	**58**	15	**698**
Net cash used in investing activities	**(1,874)**	(2,810)	**(22,537)**
Cash flows from financing activities:			
Increase (decrease) in short-term debt	**231**	(1,211)	**2,778**
Payments on long-term debt	**(4)**	(6)	**(48)**
Dividends paid to stockholders	**(1,720)**	(1,575)	**(20,686)**
Purchase of treasury stock	**(2)**	(1)	**(24)**
Other, net	**(42)**	(58)	**(505)**
Net cash used in financing activities	**(1,537)**	(2,851)	**(18,485)**
Effect of exchange rate changes on cash and cash equivalents	**(4)**	115	**(48)**
Net increase in cash and cash equivalents	**2,478**	5,133	**29,802**
Cash and cash equivalents at beginning of year	**16,331**	11,198	**196,404**
Cash and cash equivalents at end of year (note 3)	**¥18,809**	¥16,331	**$226,206**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

March 31, 2011 and 2010

1 Summary of Significant Accounting Policies

(a) Basis of Presenting Consolidated Financial Statements

Nihon Kohden Corporation (the Company) and its domestic subsidiaries maintain their books of account and prepare their financial statements in conformity with financial accounting standards of Japan, and its foreign subsidiaries in conformity with those of the countries of their domicile.

"Practical Solution on unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No. 18, May 17, 2006) requires that for the preparation of consolidated financial statements, the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should be unified, in principle, and financial statements prepared by foreign subsidiaries in accordance with IFRSs or the generally accepted accounting principles in the United States (U.S. GAAP) tentatively may be used for the consolidation process, however, the items listed in the PITF should be adjusted in the consolidation process so that net income is accounted for in accordance with Japan GAAP unless they are not material. The Company made necessary modifications to the consolidated financial statements according to the PITF.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the financial statements issued domestically in Japan in order to present them in a form which is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

(b) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries (31 subsidiaries for 2011 and 29 subsidiaries for 2010).

All significant intercompany accounts and transactions have been eliminated in consolidation.

Investments in affiliates are accounted for by the equity method.

The Accounting Standards for Consolidation require the control or influence concept for the consolidation scope of subsidiaries and affiliates. Under the control or influence concept, a company in which the parent company or its consolidated subsidiaries, directly or indirectly, are able to exercise control over operations is fully consolidated, and a company over which the parent company and/or its consolidated subsidiaries have the ability to exercise significant influence is accounted for by the equity method.

The difference between the cost and the underlying net assets at the date of investments in subsidiaries or affiliates is allocated to identifiable assets and liabilities based on fair market value at the date of investments.

The unallocated portion of the difference, which is recognized as goodwill or negative goodwill, is amortized within 20 years, or if the amount is immaterial, it is charged to income in the year of investments.

(c) Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Company considers all highly liquid investments with insignificant risk of changes in value which have maturities of generally three months or less when purchased to be cash equivalents.

(d) Short-term Investments and Investments in Securities

Under the Accounting Standards for Financial Instruments, securities are classified into four categories – "trading securities", "held-to-maturity securities", "investments in affiliates" and "other securities". Securities classified as "trading securities" are stated at fair value and unrealized gains or losses are recorded in the consolidated statements of income. Securities classified as "held-to-maturity securities" are stated at amortized cost. Securities classified as "other securities" with fair value are stated at fair value and unrealized gains or losses, net of related taxes, are excluded from earnings and recorded in a separate component of net assets. Realized gains and losses on the other securities are computed using the moving-average cost. Debt classified as "other securities" for which fair value is not available are stated at the amortized cost. Equity securities classified as "other securities" for which fair value is not available are stated at the moving-average cost. Holding securities of the Company are classified as other securities.

(e) Inventories

Inventories are measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. Finished goods, merchandises, semi-finished goods, raw materials and supplies are determined principally by the moving average method. Work in process is determined principally by the specific identification method.

Finished goods and merchandises were determined principally by the gross average method, and raw materials and supplies were determined principally by the last purchase method. From the year ended March 31, 2011, finished goods and merchandises, raw materials and supplies are determined principally by the moving average method. Operating the new mission-critical system enables the calculation by moving average method, and this change is made in order for averaging cost fluctuation and calculating more appropriate periodic income. As a result of this change, gross profit, operating income and income before income taxes and minority interests are decreased by ¥125 million ($1,503 thousand) for the year ended March 31, 2011.

(f) Property, Plant and Equipment

Property, plant and equipment are carried substantially at cost. The Company and its domestic subsidiaries provided depreciation principally by the declining-balance method based on the estimated useful lives, except for the buildings acquired on or after April 1, 1998, which are depreciated based on the straight-line method. Its foreign subsidiaries provided depreciation principally by the straight-line method.

The estimated useful lives are as follows:

Buildings and structures	4-50 years
Machinery, equipment and vehicles	2-15 years

(g) Intangible Assets

Intangible assets are carried at cost less amortization. The expenses for internal use computer software are deferred and amortized by the straight-line method over the estimated useful lives (3-5 years). Intangible assets other than software are deferred and amortized by the straight-line method at rates based on the estimated useful lives of the respective assets.

(h) Allowance for Doubtful Receivables

An allowance for doubtful receivables is provided at an amount of uncollectible receivables based on historical loss ratios and an amount that takes into consideration the possibility of specific liabilities.

(i) Retirement and Severance Benefits

The Company and its consolidated subsidiaries have retirement benefit plans covering substantially all employees.

Under the Accounting Standards for Retirement and Severance Benefits, provisions have been made in the accompanying consolidated financial statements based on the present value of the projected future retirement and severance benefits attributable to employee services rendered by the end of the year, less amounts funded under pension plans.

From the year ended March 31, 2010, the Company adopted “Partial Amendments to Accounting Standard for Retirement Benefits (Part3)” (ASBJ Statement No. 19, July 31, 2008) and the Accounting Standard is to remove the treatment, which provides that a company may use the discount rate determined taking into consideration fluctuations in the yield of bonds over a certain period, and the Company is required to use the discount rate at the each year end. There was no effect on consolidated financial statements for the year ended March 31, 2010.

The Company and certain domestic consolidated subsidiaries converted its tax qualified noncontributory pension plan into a defined benefit corporation pension plan in March 2010. As a result of these transfers, operating profit and income before income taxes and minority interests increased by ¥186 million for the year ended March 31, 2010.

(j) Accrued Warranty Expenses

Accrued warranty expenses are estimated based on the ratio of historical warranty expenses against sales or estimated individually for after-sale repair expenses.

From the year ended March 31, 2010, the Company changed its timing of warranty expenses booking which were previously reported at the time of expenditure, as a result of this change, warranty expenses for prior years of ¥321 million were reported in other income (deductions), and operating income decreased by ¥82 million and income before income taxes and minority interests decreased by ¥403 million for the year ended March 31, 2010.

(k) Leases

All finance lease transactions are capitalized. Leased assets related to finance lease transactions without title transfer are depreciated on a straight-line basis, with the lease periods as their useful lives and no residual value.

Finance leases transactions without title transfer which commenced prior to April 1, 2008 continue to be accounted for as operating leases with disclosure of certain “as if capitalized” information.

(l) Foreign Currency Translation

Under the Accounting Standards for Foreign Currency Transactions, foreign currency transactions are translated into yen on the basis of the rates in effect at the transaction date, receivables and payables denominated in foreign currencies are translated into yen at the rate of exchange as of the balance sheet date, and gains or losses resulting from the translation of foreign currencies are credited or charged to income. Assets and liabilities of overseas subsidiaries are translated into yen at the rate of exchange as of the balance sheet date and revenues and expenses into yen at the rate of exchange prevailing during the year, and a comprehensive adjustment resulting from translation is presented as “Foreign currency translation adjustments” and “Minority interests” in a component of net assets.

(m) Income Taxes

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries consist of corporate tax, inhabitant tax and business tax.

The Accounting Standards for Income Taxes require that deferred income taxes be accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled, and the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(n) Asset retirement obligations

From the year ended March 31, 2011, the Company applied "the Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "the Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008). The Standard and the Guidance require that a company should recognize an asset retirement obligation which is a statutory or similar obligation with regard to the removal of assets as a liability. An asset retirement obligation is recognized as a liability at the time that the asset is incurred by its acquisition, construction, development or ordinary use. When an asset retirement obligation is recognized as a liability, the asset retirement cost corresponding to it is included in the cost of the relevant asset by the same amount.

The effect of the change on income is immaterial.

(o) Income statement presentation

Operating the new mission-critical system enables the detailed calculation of service related cost, etc., in order for matching the revenue and expense more appropriately, the Company reviewed classification of cost of sales and selling, general and administrative expenses. As a result of the review, expenses which were previously classified in selling, general and administrative expenses is reclassified in cost of sales, and the reclassification deceased gross profit by ¥473 million ($5,689 thousand). There are no effect on operating income and income before income taxes and minority interests.

And operating the new mission-critical system enables more proper classification of expenses, the Company reviewed classification of expenses. As a result of the review, repair and maintenance cost which was previously included in "salaries" is included in "other", both are categorized in selling, general and administrative expenses. Based on previous classification, "salaries" is ¥20,662 million ($248,491 thousand) and "other" is ¥11,891 million ($143,007 thousand).

(p) Presentation of comprehensive income

From the year ended March 31, 2011, the Company applied "the Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, June 30, 2010). Comprehensive income is the change in net assets that is recognized in an entity's financial statements for a period, other than those changes resulting from direct transactions with equity holders in the entity's net assets. Other comprehensive income is a portion of comprehensive income that is not included in net income for the period or minority interest's share in it.

Comprehensive income is required to be presented in either of, (a) a format composed of the statement of income that presents net income and the statement of comprehensive income that presents calculation of comprehensive income (two-statement format), or (b) a format using one statement (statement of income and comprehensive income) that presents net income and comprehensive income (one-statement format).

The Company presents comprehensive income in two-statement format.

(q) Reclassifications

Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the presentation used as of and for the year ended March 31, 2011.

2 Financial Statement Translation

The consolidated financial statements are expressed in Japanese yen. However, solely for the convenience of the reader, the consolidated financial statements as of and for the year ended March 31, 2011 have been translated into United States dollars at the rate of ¥83.15=U.S.$1, the approximate exchange rate on the Tokyo Foreign Exchange Market on March 31, 2011. This translation should not be construed as a representation that the amounts shown could be converted into U.S. dollars at such rate.

3 Cash and Cash Equivalents

Reconciliation between "Cash" in the accompanying consolidated balance sheets and "Cash and cash equivalents" in the accompanying consolidated statements of cash flows at March 31, 2011 and 2010 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Cash	¥ 9,332	¥ 8,835	$ 112,231
Short-term investments that have maturities of three months or less	9,500	7,500	114,251
Time deposits with maturities of over three months	(23)	(4)	(276)
Cash and cash equivalents	¥ 18,809	¥ 16,331	$ 226,206

4 Short-term Investments and Investments in Securities

Acquisition cost, balance sheet amount, gross unrealized gain and gross unrealized loss of other securities with fair value as of March 31, 2011 and 2010 are summarized as follows:

	Millions of yen			
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Balance sheet amount
March 31, 2011				
Equity securities	¥ 2,065	¥ 120	¥ (257)	¥ 1,928
Bond securities	10	–	–	10
Other	9,500	–	–	9,500
	¥ 11,575	¥ 120	¥ (257)	¥ 11,438
March 31, 2010				
Equity securities	¥ 1,999	¥ 396	¥ (143)	¥ 2,252
Bond securities	10	–	–	10
Other	7,500	–	–	7,500
	¥ 9,509	¥ 396	¥ (143)	¥ 9,762

	Thousands of U.S. dollars			
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Balance sheet amount
March 31, 2011				
Equity securities	$ 24,835	$ 1,443	$ (3,091)	$ 23,187
Bond securities	120	–	–	120
Other	114,251	–	–	114,251
	$ 139,206	$ 1,443	$ (3,091)	$ 137,558

For the years ended March 31, 2011 and 2010, proceeds from the sale of other securities are ¥36 million ($433 thousand) and ¥380 million, respectively. For the years ended March 31, 2011 and 2010, gross realized gains are ¥7 million ($84 thousand) and ¥195 million, respectively. For the year ended March 31, 2011, gross realized losses are ¥2 million ($24 thousand).

5 Short-term and Long-term Debt

Short-term debt is represented by bank loans which are due within one year. The weighted average interest rates of short-term debt are 1.0% both at March 31, 2011 and 2010.

Long-term borrowings as of March 31, 2011 and 2010 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Loans from banks, unsecured, maturing in installments through 2017; bearing weighted average interest of 1.9% both at March 31, 2011 and 2010	¥ 11	¥ 15	$ 132
Less current installments	4	4	48
	¥ 7	¥ 11	$ 84

Lease liabilities as of March 31, 2011 and 2010 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Lease liabilities maturing in installments through 2016	¥ 81	¥ 87	$ 974
Less current installments	40	35	481
	¥ 41	¥ 52	$ 493

The aggregate annual maturities of long-term borrowings after March 31, 2012 are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31:		
2013	¥ 3	$ 36
2014	1	12
2015	1	12
2016	1	12

The aggregate annual maturities of lease liabilities after March 31, 2012 are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31:		
2013	¥ 25	$ 301
2014	13	156
2015	3	36
2016	1	12

As is customary in Japan, both short-term and long-term bank loans are under general agreements which provide that security and guarantees for present and future indebtedness will be given upon request of the bank, and that the bank shall have the right, as the obligations become due or in the event of default, to offset cash deposits against obligations due the bank.

6 Retirement and Severance Benefits

The Company and its domestic subsidiaries have defined benefit retirement and pension plans, which consist of a contributory benefit plan provided under the Welfare Pension Insurance Law of Japan and a defined benefit corporation pension plan. The Company and certain domestic consolidated subsidiaries converted its tax qualified noncontributory pension plan into a defined benefit corporation pension plan in March 2010. The welfare pension plan consisted of two tiers, the substitution portion of Japanese Welfare Pension Insurance and the corporate portion which was established at the discretion of the Pension Fund of Japan Electronics Information Technology Industry as an industry-wide multi-employer noncontributory plan. Certain foreign subsidiaries have defined contribution pension plans.

The funded status of the pension plans at March 31, 2011 and 2010 is outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Projected benefit obligation	¥ (13,806)	¥ (13,480)	$ (166,037)
Plan assets at fair value	13,007	13,219	156,428
Funded status	(799)	(261)	(9,609)
Unrecognized actuarial loss	683	294	8,214
Amount recognized in the consolidated balance sheets	(116)	33	(1,395)
Prepaid retirement and severance benefits	–	(33)	–
Accrued retirement and severance benefits	¥ (116)	¥ –	$ (1,395)

Net periodic pension cost for the years ended March 31, 2011 and 2010 consists of the following components:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Service cost	¥ 861	¥ 881	$ 10,355
Interest cost	270	277	3,247
Expected return on plan assets	(264)	(237)	(3,175)
Amortization of prior service benefit	–	(186)	–
Amortization of actuarial loss	108	1,108	1,299
Net periodic pension cost	¥ 975	¥ 1,843	$ 11,726

Note: For the years ended March 31, 2011 and 2010, the amount of "Service cost" excludes contributions to the welfare pension fund of ¥701 million ($8,431 thousand) and ¥663 million, respectively.

Significant assumptions of pension plans used to determine these amounts in fiscal 2011 and 2010 are as follows:

	2011	2010
Periodic allocation method for projected benefit	Straight-line	Straight-line
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	2.0%	2.0%
Period for amortization of unrecognized prior service cost / benefit	—	Immediately amortized
Period for amortization of unrecognized actuarial loss/gain *	5 years	5 years

* Amortized on a declining-balance method over certain period within the average remaining period of employees

According to the "Partial Amendments to Accounting Standard for Retirement Benefits Part 2" (Accounting Standards Board of Japan Statement No. 14, issued on May 15, 2007), the most recent funded status of the pension plans and the ratio of the company to the entire plans, and the supplementary description are required to be disclosed for corporate pensions under multi-employer pension plans under which the required contribution is recognized as the net pension cost, unless they are insignificant.

Funded status of the whole welfare pension plan at March 31, 2010 and 2009 is outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Plan assets at fair value - (1)	¥ 185,995	¥ 165,146	$2,236,861
Benefit obligation under pension funding programs - (2)	218,220	203,202	2,624,414
(1) - (2) *	¥ (32,225)	¥ (38,056)	$ (387,553)

The Company's proportion of the salaries to the whole of welfare pension plan both at March 31, 2011 and 2010 are 7.1%. This is different from the actual ratio of the Company's contribution to the total.

Main reason of the differences above* at March 31, 2010 and 2009 is unrecognized prior service cost of the pension program of ¥18,299 million ($220,072 thousand) and ¥21,468 million, respectively. The unrecognized prior service cost is amortized over 20 years by the straight-line method.

7 Income Taxes

The Company and its domestic subsidiaries are subject to Japanese corporate, inhabitant and business taxes based on income which, in the aggregate, result in a statutory tax rate of approximately 40.7% in 2011 and 2010.

A reconciliation of the statutory tax rate and the effective tax rate as a percentage of income before income taxes and minority interests for the years ended March 31, 2011 and 2010 is follows:

	2011	2010
Statutory tax rate	40.7%	40.7%
Change in valuation allowance	2.8	(1.7)
Expenses not deductible for tax purposes	0.9	0.8
Income not credited for tax purposes	(0.1)	(0.2)
Utilization of tax loss carryforward	(1.0)	(1.0)
Per capital tax	0.6	0.5
Difference in statutory tax rates of subsidiaries	(0.8)	(0.9)
Tax credits primarily for research and development costs	(4.9)	(4.4)
Other	(2.1)	1.4
Effective tax rate	36.1%	35.2%

Significant components of deferred tax assets and liabilities at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Deferred tax assets:			
Valuation loss for inventories	¥ 875	¥ 627	$ 10,523
Accrued business tax	200	233	2,405
Accrued bonuses	582	797	6,999
Accrued warranty expenses	254	164	3,055
Allowance for doubtful receivables	80	62	962
Depreciation and amortization	1,719	1,128	20,673
Intercompany profits on inventories, and property, plant and equipment	1,277	1,478	15,358
Net unrealized gain on other securities	57	–	686
Other	895	822	10,764
	5,939	5,311	71,425
Valuation allowance	(971)	(678)	(11,678)
	4,968	4,633	59,747
Deferred tax liabilities:			
Asset retirement obligations	(25)	–	(301)
Net unrealized gain on other securities	–	(103)	–
Prepaid retirement and severance benefits	–	(9)	–
Other	(18)	(16)	(216)
	(43)	(128)	(517)
Net deferred tax assets	¥ 4,925	¥ 4,505	$ 59,230

Net deferred tax assets and liabilities as of March 31, 2011 and 2010 are reflected in the accompanying consolidated balance sheets under the following captions:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Current assets - Deferred income taxes	¥ 4,178	¥ 3,775	$ 50,247
Investments and other assets - Deferred income taxes	773	749	9,296
Non-current liabilities - Deferred income taxes	(26)	(19)	(313)
Net deferred tax assets	¥ 4,925	¥ 4,505	$ 59,230

8 Common Stock

Under the Corporation Law, the entire amount of the issue price of shares is required to be designated as stated common stock account although a company in Japan may, by resolution of its Board of Directors, account for an amount not exceeding 50% of the issue price of new shares as additional paid-in capital.

9 Retained Earnings and Dividends

The Corporation Law provides that an amount equal to 10% of distributions from retained earnings paid by the Company and its Japanese subsidiaries be appropriated as a legal reserve. No further appropriations are required when the total amount of the additional paid-in capital and the legal reserve equals 25% of their respective stated capital. The Corporation Law also provides that additional paid-in capital and legal reserve are available for appropriations by the resolution of the stockholders. Balances of the legal reserve are included in retained earnings in the accompanying consolidated balance sheets.

Cash dividends charged to retained earnings for the years ended March 31, 2011 and 2010 represent dividends paid out during those years. The amount available for dividends is based on the amount recorded in the Company's non-consolidated books of account in accordance with the Corporation Law.

(a) Dividends paid during the year ended March 31, 2010

The following was approved by the general meeting of stockholders held on June 26, 2009.

(a) Total dividends	¥835 million
(b) Cash dividends per common share	¥19
(c) Record date	March 31, 2009
(d) Effective date	June 29, 2009

The following was approved by the Board of Directors held on November 5, 2009.

(a) Total dividends	¥747 million
(b) Cash dividends per common share	¥17

(c) Record date	September 30, 2009
(d) Effective date	December 1, 2009

(b) Dividends paid during the year ended March 31, 2011

The following was approved by the general meeting of stockholders held on June 29, 2010.

(a) Total dividends	¥879 million ($10,571 thousand)
(b) Cash dividends per common share	¥20 ($0.24)
(c) Record date	March 31, 2010
(d) Effective date	June 30, 2010

The following was approved by the Board of Directors held on November 4, 2010.

(a) Total dividends	¥835 million ($10,042 thousand)
(b) Cash dividends per common share	¥19 ($0.23)
(c) Record date	September 30, 2010
(d) Effective date	December 1, 2010

(c) Dividends to be paid after the balance sheet date but the record date for the payment belongs to the year ended March 31, 2011

The following was approved by the general meeting of stockholders held on June 28, 2011.

(a) Total dividends	¥1,098 million ($13,205 thousand)
(b) Dividend source	Retained earnings
(c) Cash dividends per common share	¥25 ($0.30)
(d) Record date	March 31, 2011
(e) Effective date	June 29, 2011

10 Selling, General and Administrative Expenses

Significant components of selling, general and administrative expenses are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Salaries	**¥ 19,190**	¥ 19,080	**$ 230,788**
Pension costs	**907**	1,776	**10,908**
Depreciation	**2,013**	1,401	**24,209**
Legal welfare	**3,300**	3,020	**39,687**
Transportation	**2,130**	2,006	**25,616**

11 Research and Development Costs

Research and development costs charged to manufacturing costs and selling, general and administrative expenses for the years ended March 31, 2011 and 2010 are ¥5,106 million ($61,407 thousand) and ¥4,419 million, respectively.

12 Comprehensive Income

a) Comprehensive income for the year ended March 31, 2010 was as follows:

	Millions of yen
	2010
Comprehensive income attributable to:	
Owners of parent	¥ 5,950
Minority interests	12
Total comprehensive income	¥ 5,962

b) Other comprehensive income for the year ended March 31, 2010 was consisted of as follows:

	Millions of yen
	2010
Net unrealized gain on other securities	¥ 84
Foreign currency translation adjustments	(50)
Total other comprehensive income	¥ 34

13 Per Share Information

(a) Net Income per Share

Basic net income per share, and reconciliation of the numbers and the amounts used in the basic net income per share computations for the years ended March 31, 2011 and 2010 are as follows:

	Yen		U.S. dollars
	2011	2010	2011
Basic net income per share	¥ 149.62	¥ 134.68	$ 1.80

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Net income	¥ 6,573	¥ 5,917	$ 79,050
Net income not applicable to common stockholders	—	—	—
Net income applicable to common stockholders	¥ 6,573	¥ 5,917	$ 79,050

	Number of shares (Thousands)	
	2011	2010
Weighted average number of shares outstanding on which basic net income per share is calculated	43,933	43,934

(b) Net Assets per Share

Net assets per share, and reconciliation of the numbers and the amounts used in the net assets per share computations at March 31, 2011 and 2010 are as follows:

	Yen		U.S. dollars
	2011	2010	2011
Net assets per share	¥1,417.18	¥1,318.49	$ 17.04

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Total net assets	¥ 62,294	¥ 57,949	$ 749,176
Amount deducted from total net assets:			
Minority interests	34	23	409
Net assets applicable to common stockholders	¥ 62,260	¥ 57,926	$ 748,767

	Number of shares (Thousands)	
	2011	2010
Number of shares outstanding at end of year on which net assets per share is calculated	43,932	43,934

14 Leases

A summary of assumed amounts of acquisition cost which includes interest portion, accumulated depreciation and net book value at March 31, 2011 and 2010 are as follows, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Millions of yen		
	Machinery, equipment and vehicles	Tools, furniture and fixtures	Total
March 31, 2011			
Acquisition cost	¥ 14	¥ 14	¥ 28
Accumulated depreciation	12	10	22
Net book value	¥ 2	¥ 4	¥ 6
March 31, 2010			
Acquisition cost	¥ 27	¥ 32	¥ 59
Accumulated depreciation	20	23	43
Net book value	¥ 7	¥ 9	¥ 16

	Thousands of U.S. dollars		
	Machinery, equipment and vehicles	Tools, furniture and fixtures	Total
March 31, 2011			
Acquisition cost	$ 168	$ 168	$ 336
Accumulated depreciation	144	120	264
Net book value	$ 24	$ 48	$ 72

Future minimum payments which include interest portion required under finance leases currently accounted for as operating leases at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Within one year	¥ 4	¥ 10	$ 48
Over one year	2	6	24
	¥ 6	¥ 16	$ 72

Lease payments for finance leases currently accounted for as operating leases for the years ended March 31, 2011 and 2010 amounted to ¥10 million ($120 thousand) and ¥18 million, respectively.

Future minimum payments required under noncancellable operating leases at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Within one year	¥ 183	¥ 112	$ 2,201
Over one year	329	116	3,957
	¥ 512	¥ 228	$ 6,158

15 Financial Instruments

"Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, March 10, 2008) and its "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 Guidance, March 10, 2008) were applied for the year ended March 31, 2010.

Conditions of Financial instruments

(1) Management policy

The Company and subsidiaries (the "Group") has a policy to invest in sound and highly safe financial instruments. The Group uses its own resources for business, and when a temporary shortfall of the operating funds the Group finances funds through bank loans. Surplus funds are invested in highly safe financial instruments.

The Group uses derivatives to hedge future fluctuation of foreign exchange rates and does not enter into derivatives for speculative purposes.

(2) Financial instruments and risks

Trade notes and accounts receivable are exposed to customer's credit risk. Trade receivables and loans receivables denominated in foreign currency are exposed to fluctuation risk of foreign exchange rates. Investment securities are exposed to market fluctuation risk.

Maturities of trade notes and accounts payable are mostly within one year. Trade payables denominated in foreign currency are exposed to fluctuation risk of foreign exchange rates. The Group finances necessary funds through short-term bank loans when a temporary shortfall of the operating funds.

The Group uses foreign exchange contracts to mainly hedge future fluctuation of foreign exchange rates of loans receivable to foreign subsidiaries denominated in foreign currency for the year ended March 31, 2010.

(3) Financial instruments risk management

1) Credit risk

The Group performs due date controls and monitors major customers' credit status, rapidly understands the collectability issues to mitigate customers' credit risk of notes and accounts receivable.

To mitigate the counterparty risk, the counterparties to derivative transactions are limited to financial institutions with high credit ratings.

2) Market risk

To mitigate the foreign currency fluctuation risk, categorized by currency, the Group uses a foreign exchange contract for hedging the cash flow fluctuation risk associated with an operating receivable and payable and loan denominated in foreign currencies. Foreign exchange contracts entered into by the Group are limited to the extent of an existing foreign operating receivable and payable and loan or a highly probably forecasted transaction.

The Group regularly monitors a stock price, an issuer's financial status and a market condition, and continuously considers whether the Group holds the stock.

3) Liquidity risk

The Group prepares and updates a funds management plan on a monthly basis in order to control liquidity risk.

(4) Supplemental explanation regarding fair value of financial instruments

Fair value of financial instruments are measured based on the quoted market price, if available, or reasonably assessed value if a quoted market price is not available. Fair value of financial instruments which quoted market price is not available is calculated based on certain assumptions, and the fair value might differ if different assumptions are used.

In addition, at March 31, 2010, the contract amount of the derivative transactions described below in note (16) Derivative Financial Instruments does not represent the market risk of the derivative transactions.

Fair value of financial instruments

The carrying amounts on the consolidated balance sheets, fair value, and differences as of March 31, 2011 and 2010 are as follows.

Financial instruments, of which it is extremely difficult to measure the fair value, are not included. (Please see "<2> Financial instruments of which the fair value is extremely difficult to measure")

	Millions of yen					
	2011			2010		
	Carrying value	Fair value	Differences	Carrying value	Fair value	Differences
Assets:						
(1) Cash	¥ 9,332	¥ 9,332	¥ —	¥ 8,835	¥ 8,835	¥ —
(2) Trade notes and accounts receivable	37,363	37,363	—	35,168	35,168	—
(3) Short-term investments	9,500	9,500	—	7,500	7,500	—
(4) Investments in securities:						
Other securities	1,938	1,938	—	2,262	2,262	—
(5) Trade notes and accounts payable	18,870	18,870	—	18,200	18,200	—
(6) Short-term debt	1,339	1,339	—	1,132	1,132	—
Derivative transactions	¥ —	¥ —	¥ —	¥ (4)	¥ (4)	¥ —

	Thousands of U.S. dollars		
	2011		
	Carrying value	Fair value	Differences
Assets:			
(1) Cash	$ 112,231	$ 112,231	$ —
(2) Trade notes and accounts receivable	449,345	449,345	—
(3) Short-term investments	114,251	114,251	—
(4) Investments in securities:			
Other securities	23,307	23,307	—
(5) Trade notes and accounts payable	226,939	226,939	—
(6) Short-term debt	16,103	16,103	—
Derivative transactions	$ —	$ —	$ —

* Derivative receivables and payables are on net basis. Items that are net payables are shown in parenthesis.

<1> Fair value measurement of financial instruments

Assets and liabilities:

(1) Cash, (2) Trade notes and accounts receivable, (3) Short-term investments

The fair value approximates the carrying value because of the short maturity of these instruments.

(4) Investments in securities

The fair value of equity securities is calculated by quoted market price and the fair value of bond securities is based on the present value of future cash flows discounted using the rates considering credit risk and the remaining terms to maturity.

(5) Trade notes and accounts payable and (6) Short-term debt

The fair value approximates the carrying value because of the short maturity of these instruments.

Derivative Transactions:

Please see note (16) Derivative Financial Instruments.

<2> Financial instruments of which the fair value is extremely difficult to measure

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Unlisted equity securities	**¥ 239**	¥ 336	**$ 2,874**
Investments in limited partnership and similar partnership	**186**	155	**2,237**

Above are not included in "(4) Investments in securities - other securities" because there is no market value and future cash flows cannot be estimated, therefore it is extremely difficult to measure the fair value.

<3> Projected future redemption of monetary claim and securities with maturities as of March 31, 2011

	Millions of yen			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
(1) Cash	**¥ 220**	**¥ —**	**¥ —**	**¥ —**
(2) Trade notes and accounts receivable	**37,363**	**—**	**—**	**—**
(3) Short-term investments	**9,500**	**—**	**—**	**—**
(4) Investments in securities:				
Other securities with maturities:				
Bond securities	**—**	**10**	**—**	**—**

	Thousands of U.S. dollars			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
(1) Cash	**$ 2,646**	**$ —**	**$ —**	**$ —**
(2) Trade notes and accounts receivable	**449,345**	**—**	**—**	**—**
(3) Short-term investments	**114,251**	**—**	**—**	**—**
(4) Investments in securities:				
Other securities with maturities:				
Bond securities	**—**	**120**	**—**	**—**

<4> The annual maturities of the long-term debt

Please see note (5) Short-term and Long-term Debt.

16 Derivative Financial Instruments

The Group used foreign exchange contracts to mainly hedge future fluctuation of foreign exchange rates of loans receivable to foreign subsidiaries denominated in foreign currency for the year ended March 31, 2010. The company has no derivative financial instruments at March 31, 2011.

At March 31, 2010, the disclosure of fair value information for derivatives which is not accounted for as hedges is as follows:

	Millions of yen		
	Contract or notional amounts	Fair value	Differences
Forward exchange contracts:			
To sell foreign currency:			
Euro	**¥ 496**	**¥ 500**	**¥ (4)**

The fair value of forward exchange contracts is computed based on quotes from counterparties.

17 Segment Information

March 31, 2011

From the year ended March 31, 2011, the Company applied "the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and "the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008).

The Standard and the Guidance adopt the management approach as the segment reporting method. Disclosures about segments of an enterprise and related information should provide proper information on the nature of various business activities in which it engages and the economic environments in which it operates.

Because the Company and consolidated subsidiaries operate in one operating segment, medical electronic equipments business, the segment information is not disclosed for the years ended March 31, 2011 and 2010.

Related Information

(a) Information by products and services

Sales by products and services for the year ended March 31, 2011 are as follows:

	Millions of yen	Thousands of U.S. dollars
Physiological measuring equipment	¥ 28,189	$ 339,014
Patient monitors	37,274	448,274
Treatment equipment	19,073	229,381
Other	28,844	346,891
	¥ 113,380	$ 1,363,560

(b) Geographic information

(1) Geographical sales for the year ended March 31, 2011 are as follows:

	Millions of yen	Thousands of U.S. dollars
Japan	¥ 93,047	$ 1,119,026
Americas	6,809	81,888
Europe	6,075	73,061
Asia	6,257	75,250
Other	1,192	14,335
	¥ 113,380	$ 1,363,560

(2) Because property, plant and equipment located in Japan are over 90% of property, plant and equipment in the consolidated balance sheets, the geographic information of property, plant and equipment is not disclosed for the year ended March 31, 2011.

(c) Information by major customers

Because no particular third party whose sales are over 10% of sales in the consolidated statements of income exists, the information by major customers is not disclosed for the year ended March 31, 2011.

Information of impairment loss on fixed assets by reported segments

The information is not applicable for the year ended March 31, 2011.

Goodwill by reported segments

The information is not applicable for the year ended March 31, 2011.

Negative goodwill incurred by reported segments

The information is not applicable for the year ended March 31, 2011.

March 31, 2010

(a) Industry segments

Sales, operating income and assets of medical electronic equipments business are over 90% of those of all segments for the year ended March 31, 2010.

(b) Geographic segments

Segment information by geographic area for the year ended March 31, 2010 was summarized as follows:

	Millions of yen						
	2010						
	Japan	Americas	Europe	Asia	Total	Elimination / corporate	Consolidated
Sales to outside customers	¥ 93,938	¥ 4,979	¥ 5,525	¥ 2,572	¥ 107,014	¥ —	¥ 107,014
Inter-segment sales	6,247	439	—	677	7,363	(7,363)	—
	100,185	5,418	5,525	3,249	114,377	(7,363)	107,014
Operating expenses	91,856	4,997	5,493	2,851	105,197	(7,504)	97,693
Operating income	¥ 8,329	¥ 421	¥ 32	¥ 398	¥ 9,180	¥ 141	¥ 9,321
Assets	¥ 78,535	¥ 3,261	¥ 5,197	¥ 2,127	¥ 89,120	¥ (1,119)	¥ 88,001

1.The major countries or regions other than Japan in the respective divisions are as follows:

Americas: U.S.A.
Europe: Germany, France, Spain and Italy
Asia: China, Singapore, Korea and India

2. Corporate assets of ¥6,898 million as of March 31, 2010 in the Elimination / corporate line consist primarily of assets relating to the administrative operations and investments in securities etc.

3. For the year ended March 31, 2010, as described in Note 1 (j), the Company changed its timing of warranty expenses booking. As a result of this change, operating income of Japan decreased by ¥82 million.

(c) Overseas sales

Information for overseas sales for the year ended March 31, 2010 was summarized as follows:

	Millions of yen
Overseas sales:	
Americas	¥ 6,298
Europe	5,861
Asia	6,507
Other	909
	¥ 19,575
Consolidated sales	¥ 107,014
Percentage of overseas sales to consolidated sales	18.3%

The major countries or regions in the respective divisions are as follows:

Americas: U.S.A., Brazil, Colombia, Chili and Mexico
Europe: Germany, France, Spain, Italy and Russia
Asia: China, Singapore, Korea, India and Vietnam

Independent Auditors' Report

March 31, 2011 and 2010

BDO

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BDO Toyo & Co.
Kandamitoshirocho7,
Chiyoda-ku,Tokyo
101-0053 Japan

To the Board of Directors of
Nihon Kohden Corporation

We have audited the accompanying consolidated balance sheets of Nihon Kohden Corporation and consolidated subsidiaries as of March 31, 2011 and 2010, and related consolidated statements of income, changes in net assets and cash flows for the years then ended, and related consolidated statement of comprehensive income for the year ended March, 31 2011, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nihon Kohden Corporation and consolidated subsidiaries as of March 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As more fully described in Note 1(e) to the consolidated financial statements, effective in the year ended March 31, 2011, the Company has changed its measurement of inventories. As more fully described in Note 1(o) to the consolidated financial statements, effective in the year ended March 31, 2011, certain expenses have been classified as a component of cost of sales, which had been previously included in selling, general and administrative expenses, in relation to operating the new mission-critical system.

Furthermore, as more fully described in Note 1(j) to the consolidated financial statements, effective in the year ended March 31, 2010, warranty expenses are accounted for as an accrual which were previously recorded at the time of expenditure.

The accompanying consolidated financial statements as of and for the year ended March 31, 2011 have been translated into United States dollars solely for the convenience of the reader. We have recomputed the translation and, in our opinion, the consolidated financial statements expressed in yen have been translated into United States dollars on the basis described in Note 2 to the consolidated financial statements.

BDO Toyo & Co.

BDO Toyo & Co.
Tokyo, Japan
June 29, 2011

Corporate Directory

As of June 28, 2011

Board of Directors, Corporate Auditors and Operating Officers

Chairman and CEO
Kazuo Ogino

President and COO
Fumio Suzuki

Corporate Directors
Eishi Harasawa
Kenji Hakuta
Toshifumi Kamihirata
Toshitsugu Izawa
Yoshito Tsukahara
Takashi Tamura
Toshinobu Mayuzumi
Hiroshi Aida
Tatsuya Nakagawa

Outside Corporate Director
Masaya Yamauchi

Corporate Auditors
Takeshi Akahane
Takeshi Matsushima

Outside Corporate Auditors
Osamu Kato
Masahiro Kawamura

Operating Officers
Eiichi Tanaka
Fumio Hirose
Kazuhiko Ikuta
Shinji Yamamori
Shigeru Hirata
Toshihiko Hiraoka
Yasuhiro Yoshitake
Hirokazu Ogino

Corporate Data

Date of Incorporation
August 7, 1951

Paid-in Capital*
¥7,544 million

Shares of Common Stock Issued*
45,765 thousand

Number of Employees*
3,776 (group)
*As of March 31, 2011

Head Office
Shinjuku-ku, Tokyo 161-8560, Japan
Phone: +81 (3) 5996-8000 Fax: +81 (3) 5996-8085

International Operations
Nakano-ku, Tokyo 164-0003, Japan
Phone: +81 (3) 5996-8036 Fax: +81 (3) 5996-8100

Latin America Representative Office (Miami, FL, USA)
Middle East Office (Dubai, U.A.E)

Web Site
www.nihonkohden.com

Subsidiaries

● Japan

Sales
Nihon Kohden Hokkaido Corporation
Nihon Kohden Tohoku Corporation
Nihon Kohden Higashi Kanto Corporation
Nihon Kohden Kita Kanto Corporation
Nihon Kohden Tokyo Corporation
Nihon Kohden Minami Kanto Corporation
Nihon Kohden Chubu Corporation
Nihon Kohden Kansai Corporation
Nihon Kohden Chushikoku Corporation
Nihon Kohden Kyushu Corporation

Production
Nihon Kohden Tomioka Corporation

Other
Beneficks Corporation
Nippon Biotest Laboratories inc.
Nihon Kohden Service Corporation
E-Staff Corporation

● International

Sales

USA
Nihon Kohden America, Inc. (Foothill Ranch, CA, USA)

Europe
Nihon Kohden Europe GmbH (Rosbach, v.d.H., Germany)
Nihon Kohden France Sarl (Cachan, France)
Nihon Kohden Iberica S.L. (Madrid, Spain)
Nihon Kohden Italia S.r.l. (Bergamo, Italy)
Nihon Kohden UK Ltd. (Surrey, UK)

Asia
Nihon Kohden Trading (Shanghai) Co., Ltd. (Shanghai, China)
Nihon Kohden India Private Ltd. (Gurgaon, Haryana, India)
Nihon Kohden Singapore Pte Ltd. (Harbour Front Center, Singapore)
Nihon Kohden Korea, Inc. (Seoul, Korea)

R&D

USA
NK US Lab (Irvine, CA, USA)
Neurotronics Inc. (Gainesville, FL, USA)

China (software)
Medinet Kohden Shanghai Corporation (Shanghai, China)

Production

China
Shanghai Kohden Medical Electronic Instrument Corporation (Shanghai, China)

Italy
Nihon Kohden Firenze S.r.l. (Florence, Italy)

India
Span Nihon Kohden Diagnostics Private Ltd. (Surat, India)

Major Stockholders*

Stockholders	No. of Shares (thousands)	Stockholding Ratio
Japan Trustee Service Bank, Ltd. (trust account)	3,256	7.11%
Saitama Resona Bank, Ltd.	2,096	4.58%
Toshiba Medical Systems Corporation	1,990	4.34%
The Master Trust Bank of Japan, Ltd. (trust account)	1,700	3.71%
Fujitsu Ltd.	1,063	2.32%
State Street Bank and Trust Company	1,052	2.29%
NIPPONKOA Insurance Co., Ltd.	974	2.12%
Japan Trustee Service Bank, Ltd. (trust account 9)	972	2.12%
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	929	2.03%
MELLON BANK, N.A. TREATY CLIENT OMNIBUS	751	1.64%
Subtotal	14,788	
Total Outstanding Issue	45,765	

* As of March 31, 2011

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