


Consolidated Financial Highlights for FY2008
(From April 1, 2008 to March 31, 2009)

NIHON KOHDEN CORPORATION

(6849)

<http://www.nihonkohden.com>

May 19, 2009



**Consolidated Financial Results
for FY2008**

1) Consolidated Financial Results for FY2008

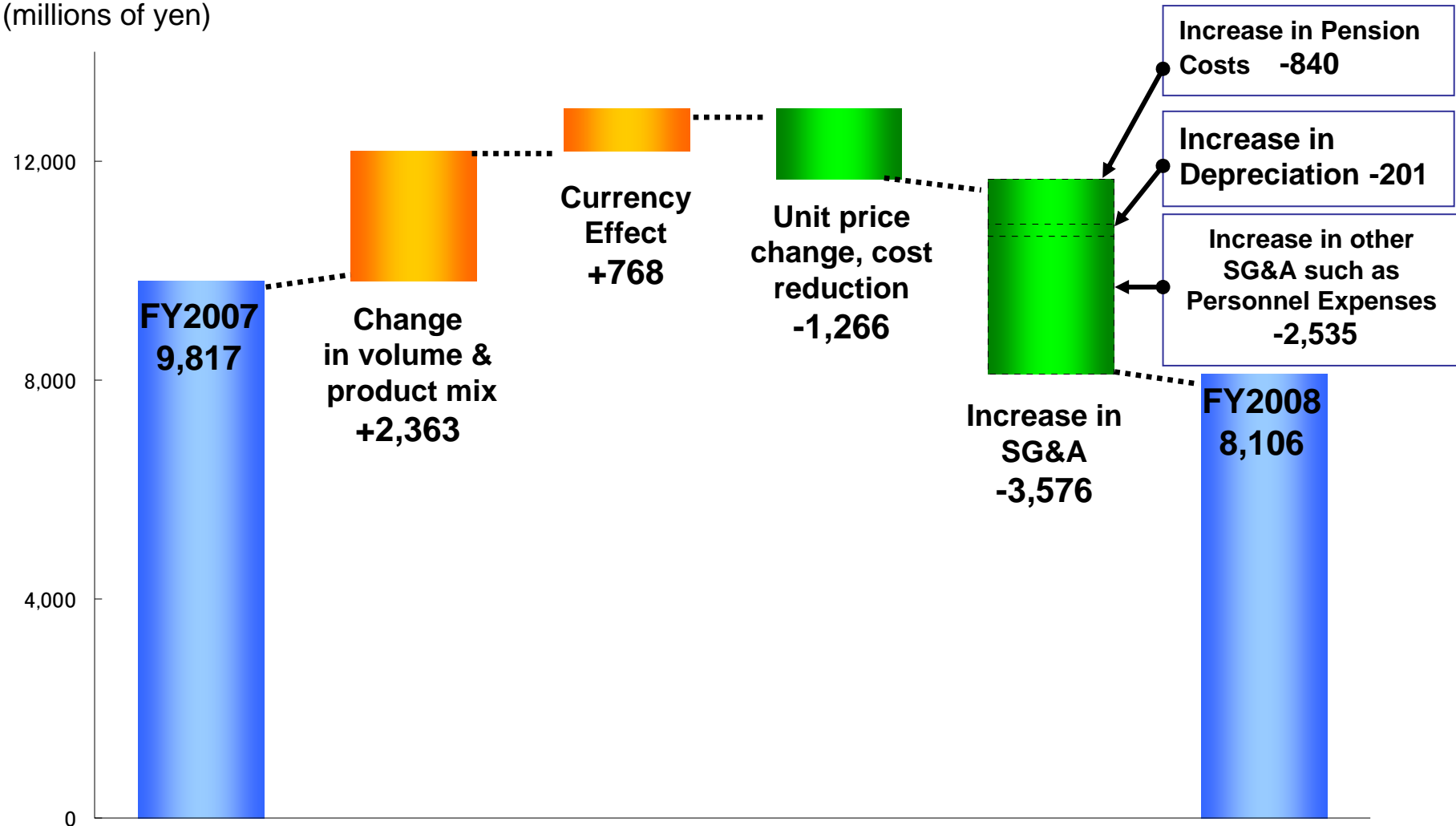
(Amounts of less than ¥1 million are rounded down)

	FY2007	FY2008			
		Original Forecast (announced on May.12, 2008)	Revised Forecast (announced on Feb. 6, 2009)	Actual	YoY (%)
Sales	104,825	107,000	109,000	109,123	4.1
Domestic Sales	79,138	81,700	86,500	87,402	10.4
Overseas Sales	25,687	25,300	22,500	21,721	-15.4
Operating income	9,817	8,500	7,800	8,106	-17.4
Ordinary income	9,545	8,500	7,400	7,640	-20.0
Net income	5,631	5,200	4,500	4,610	-18.1

Average exchange rate	FY2007	FY2008
1 US Dollar	114 yen	101 yen
1 EURO	161 yen	145 yen

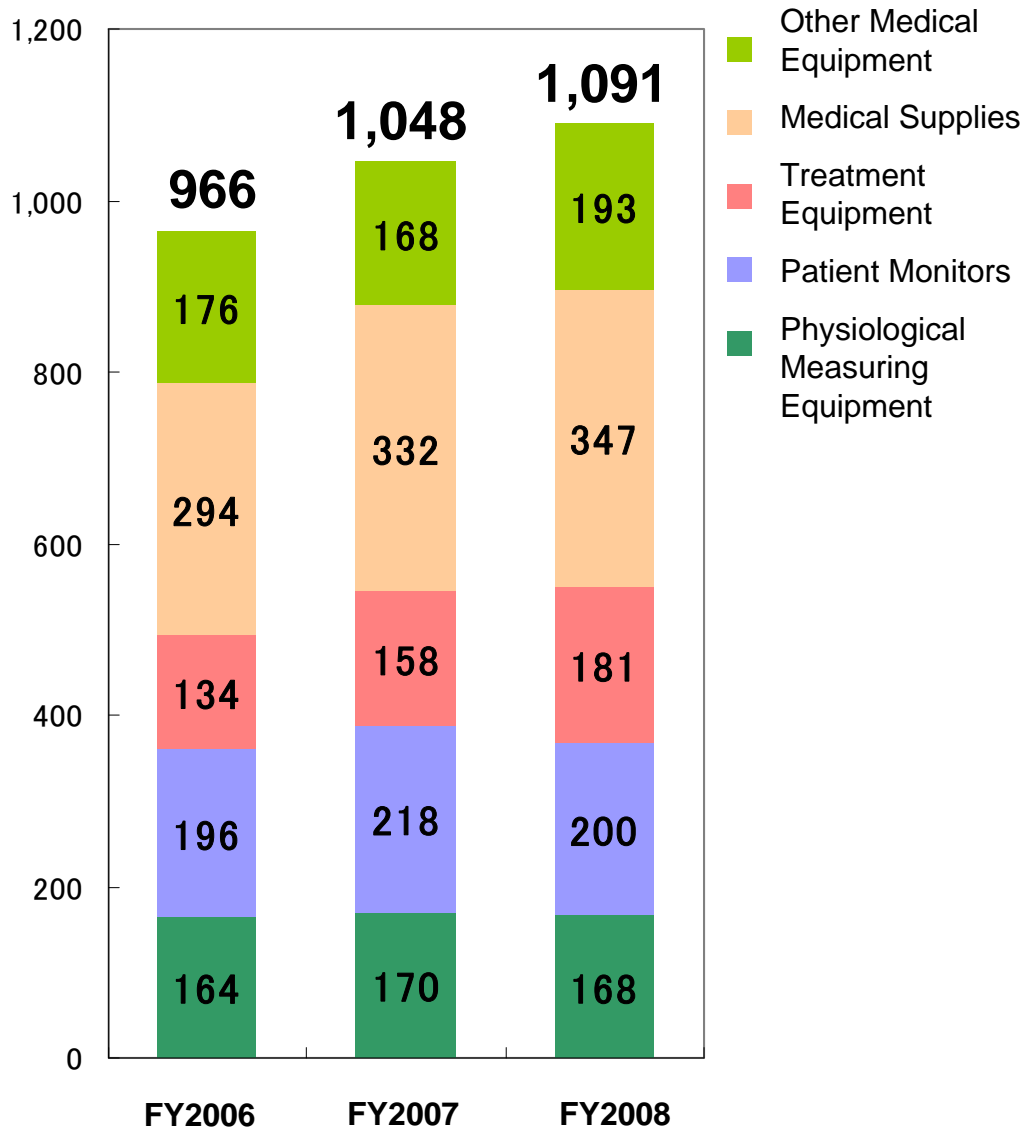
2) Breakdown of Operating Income

(millions of yen)

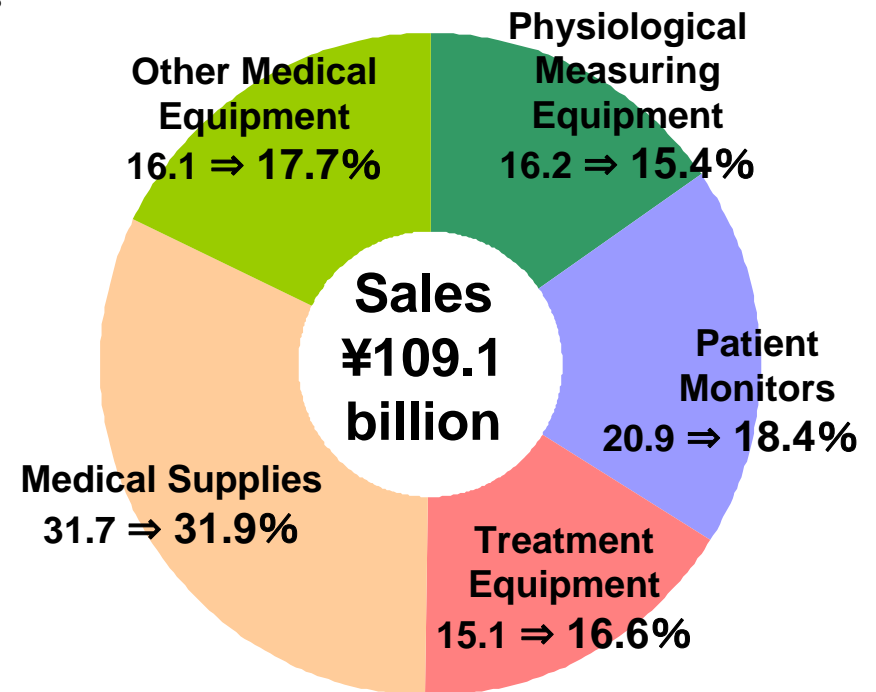


3) Sales by Product Category

(¥100 million)



Sales by product category
(FY2007 ⇒ FY2008)



3.1) Physiological Measuring Equipment

(Sales, millions of yen)

	FY2007	FY2008	YoY (%)
Electroencephalographs	7,537	7,193	-4.6
Electrocardiographs	6,182	5,842	-5.5
Polygraphs	3,282	3,774	15.0
Physiological Measuring Equipment	17,001	16,811	-1.1
Domestic Sales	11,193	11,539	3.1
Overseas Sales	5,808	5,271	-9.2



Electroencephalographs
EEG-1200



Electrocardiographs
ECG-1400



Polygraphs
RMC-4000

3.2) Patient Monitors

(Sales, millions of yen)

	FY2007	FY2008	YoY (%)
Patient Monitors	21,882	20,039	-8.4
Domestic Sales	12,031	12,291	2.2
Overseas Sales	9,850	7,748	-21.3



Telemetry systems

WEP-5200 series



Bedside monitors

BSM-6000 series



Central monitors

CNS-9601

3.3-1) Treatment Equipment

(Sales, millions of yen)

	FY2007	FY2008	YoY (%)
Defibrillators	9,567	11,434	19.5
Pacemakers	3,367	3,356	-0.3
Ventilators	1,724	1,809	4.9
Other Treatment Equipment	1,204	1,506	25.1
Treatment Equipment	15,862	18,106	14.1
Domestic Sales	13,305	15,520	16.6
Overseas Sales	2,556	2,586	1.1



Defibrillators

TEC-2500



Pacemakers

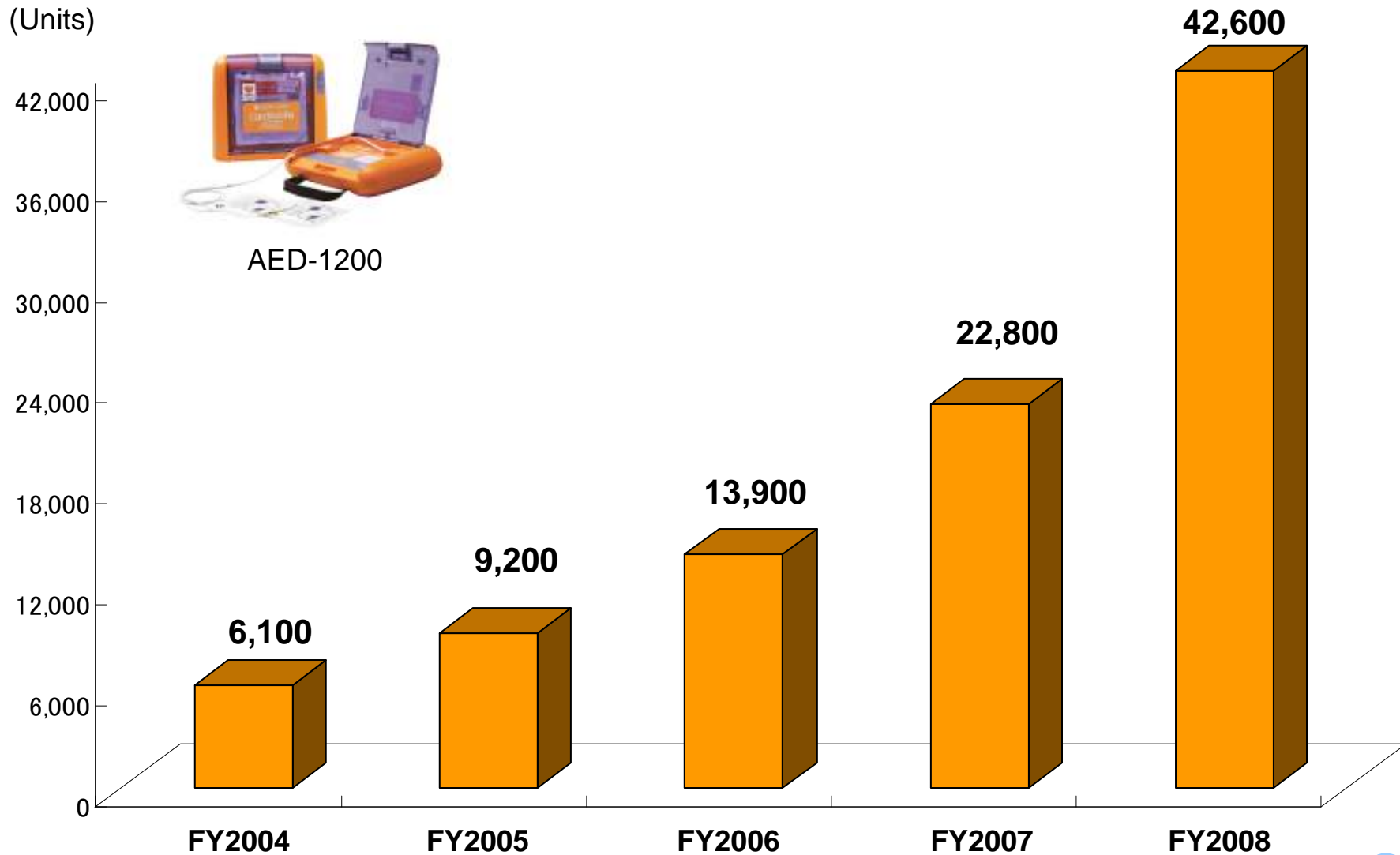
Kiklos DR



Ventilators

RAPHAEL Color

3.3-2) AED Unit Shipments



3.4) Medical Supplies

(Sales, millions of yen)

	FY2007	FY2008	YoY (%)
Consumables	26,912	27,764	3.2
Maintenance Service	6,305	7,034	11.6
Medical Supplies	33,217	34,798	4.8
Domestic Sales	27,751	30,274	9.1
Overseas Sales	5,466	4,524	-17.2



Finger probes

TL-201T



Disposable electrodes

N-03IS3



AED's disposable pads

P-590

3.5) Other Medical Equipment

(Sales, millions of yen)

	FY2007	FY2008	YoY (%)
Hematology Analyzers	3,934	4,101	4.3
Clinical Systems, Trasformers, Imaging Systems and Other Medical Equipment	12,927	15,266	18.1
Other Medical Equipment	16,861	19,367	14.9
Domestic Sales	14,856	17,776	19.7
Overseas Sales	2,005	1,591	-20.7



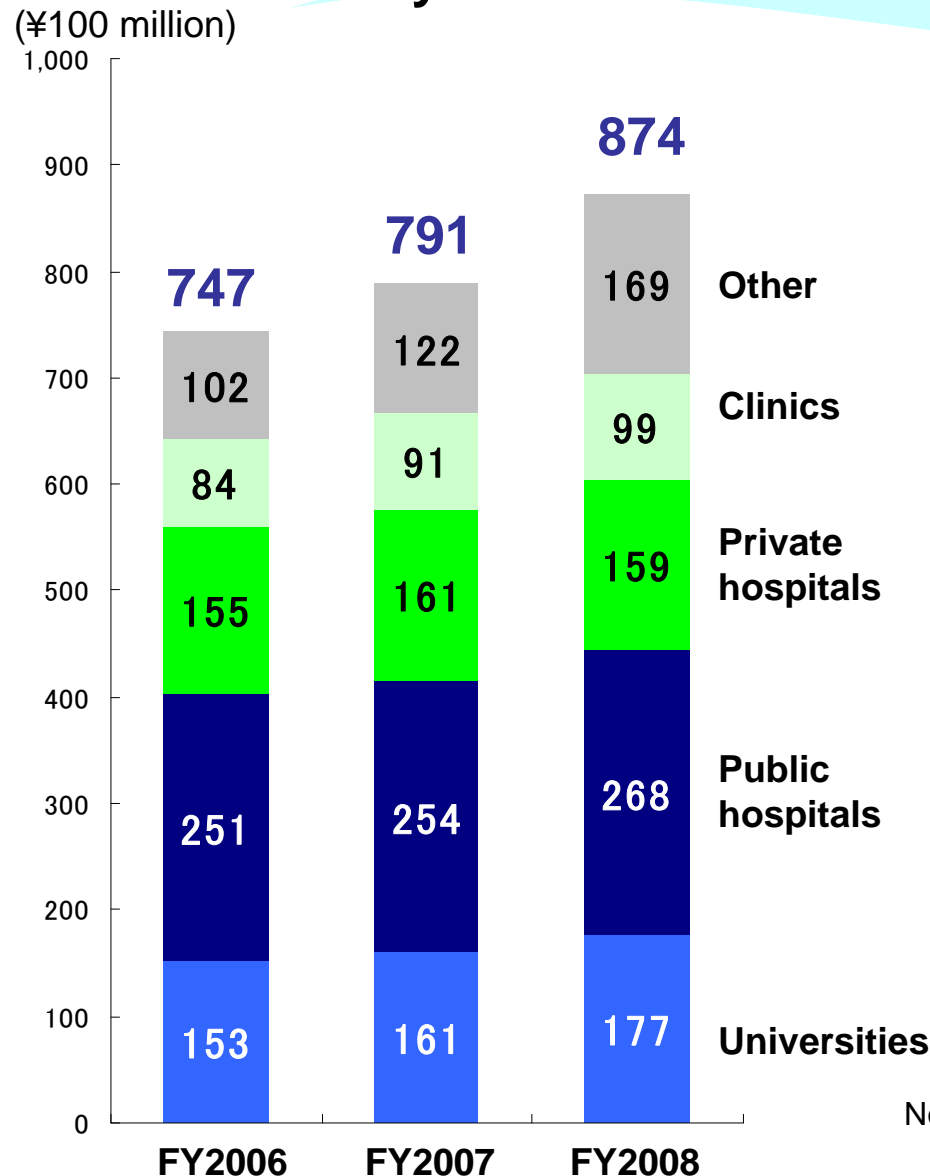
Automated hematology analyzers
MEK-6400



Clinical support system
Prime park

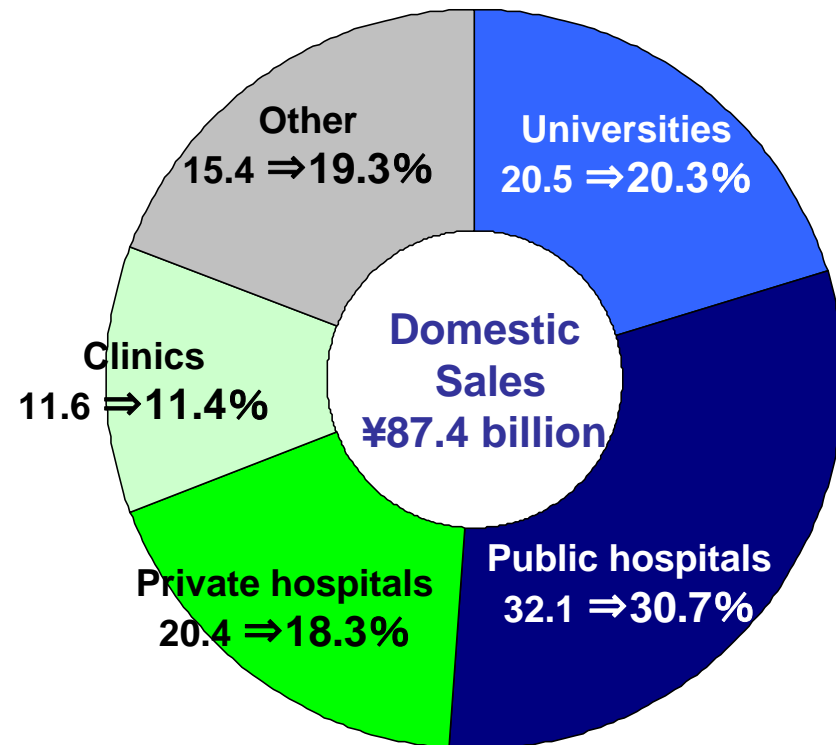
4) Domestic Sales

Sales by market



Sales composition by market

(FY2007 ⇒ FY2008)

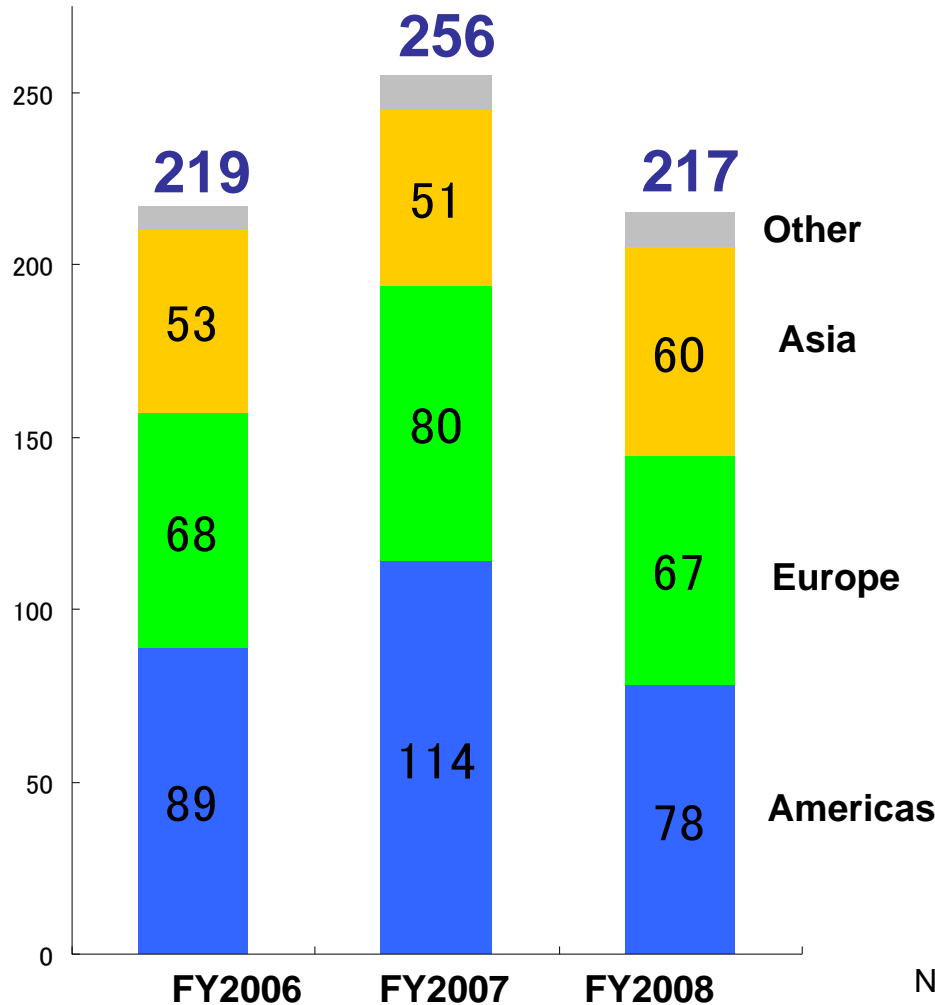


Note) Other market includes laboratories, animal hospitals, and the PAD (public access defibrillation) market such as schools and private companies.

5) Overseas Sales

Geographic Segments

(¥100 million)

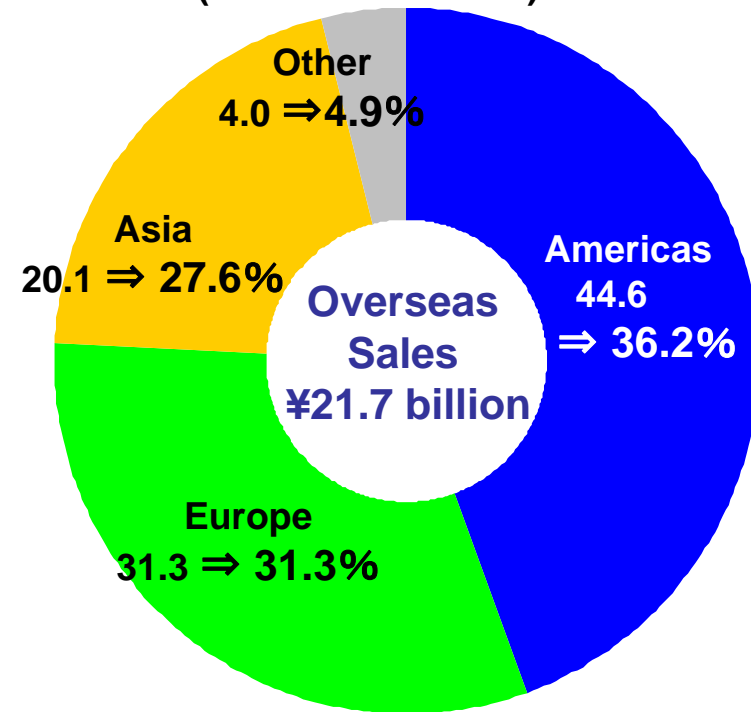


Percentage of overseas sales to consolidated sales

FY2006	FY2007	FY2008
22.7%	24.5%	19.9%

Geographic Segments

(FY2007 ⇒ FY2008)



Note) Sales in Americas include a large deal amounting to ¥1.4 billion in FY2006 and ¥2.2 billion in FY2007.

6) Financial Condition

(Amounts of less than ¥1 million are rounded down)

	FY2007	FY2008	Change
Current assets	63,718	61,470	-2,247
Fixed assets	16,911	19,008	2,097
Total assets	80,630	80,479	-150
Current liabilities	28,242	26,277	-1,964
Non-current fixed liabilities	573	631	58
Total liabilities	28,815	26,909	-1,906
Net assets	51,814	53,569	1,755
Total liabilities & Net assets	80,630	80,479	-150

Certificate of Deposit :
-¥3 billion (B/S ¥2.5 billion)

Tangible fixed assets:
+¥ 0.7 billion (B/S ¥10.3billion)
Intangible fixed assets:
+¥1.8 billion (B/S ¥ 3 billion)

Trade notes and accounts payable:
-¥1.9 billion (B/S ¥16 billion)

7) Cash Flows

(Amounts of less than ¥1 million are rounded down)

	FY2007	FY2008	Change
I .Cash flows from operating Activities	8,621	4,123	-4,498
II .Cash flows from investing Activities	-2,857	-5,968	-3,110
Free Cash Flows	5,764	-1,844	-7,608
III .Cash flows from financing Activities	-2,887	-601	2,285
Effect of exchange rate changes on cash and cash equivalents	-106	-152	-46
Net increase (decrease) in cash and cash equivalents	2,769	-2,599	-5,369
Cash and cash equivalents at end of term	13,797	11,197	-2,599

Income before income taxes and minority interests:

FY2007 9,639
 FY2008 7,693
 Change -1,945

Increase (decrease) in trade notes and accounts payable:

FY2007 1,894
 FY2008 -2,021
 Change -3,915

Capital expenditures:

FY2007 -1,787
 FY2008 -3,524
 Change -1,737

Purchase of intangible fixed assets:

FY2007 -537
 FY2008 -1,205
 Change -668

- Expansion of Tomioka factory
- Introduction of ERP system

Increase (decrease) in short-term debt:

FY2007 -1,089
 FY2008 1,175
 Change 2,265

8) Capital Investments & R&D Costs

(Amounts of less than ¥1 million are rounded down)

	FY2007	FY2008		Change	FY2009 Plan
		Plan	Actual		
Capital Investments	2,658	4,400	4,645	1,987	5,000
Depreciation	2,106	2,700	2,726	620	3,100
R&D costs	4,662	5,000	4,656	-6	4,700

FY2008 Actual Capital Investments:

Molds for new products, demo products,
production facility for hematology analyzer reagents,
expansion of Tomioka factory, Introduction of ERP system

FY2009 Plan:

Capital Investments:

Molds for new products, demo products, Introduction of ERP system(¥2.2 billion)

9) Consolidated Forecast for FY2009

(Amounts of less than ¥1 million are rounded down)

	FY2007	FY2008	FY2009 Forecast	YoY (%)
Sales	104,825	109,123	107,000	-1.9
Domestic Sales	79,138	87,402	87,500	0.1
Overseas Sales	25,687	21,721	19,500	-10.2
Operating income	9,817	8,106	6,000	-26.0
Ordinary income	9,545	7,640	6,000	-21.5
Net income	5,631	4,610	3,700	-19.8

Percentage of overseas sales
to consolidated sales

24.5%

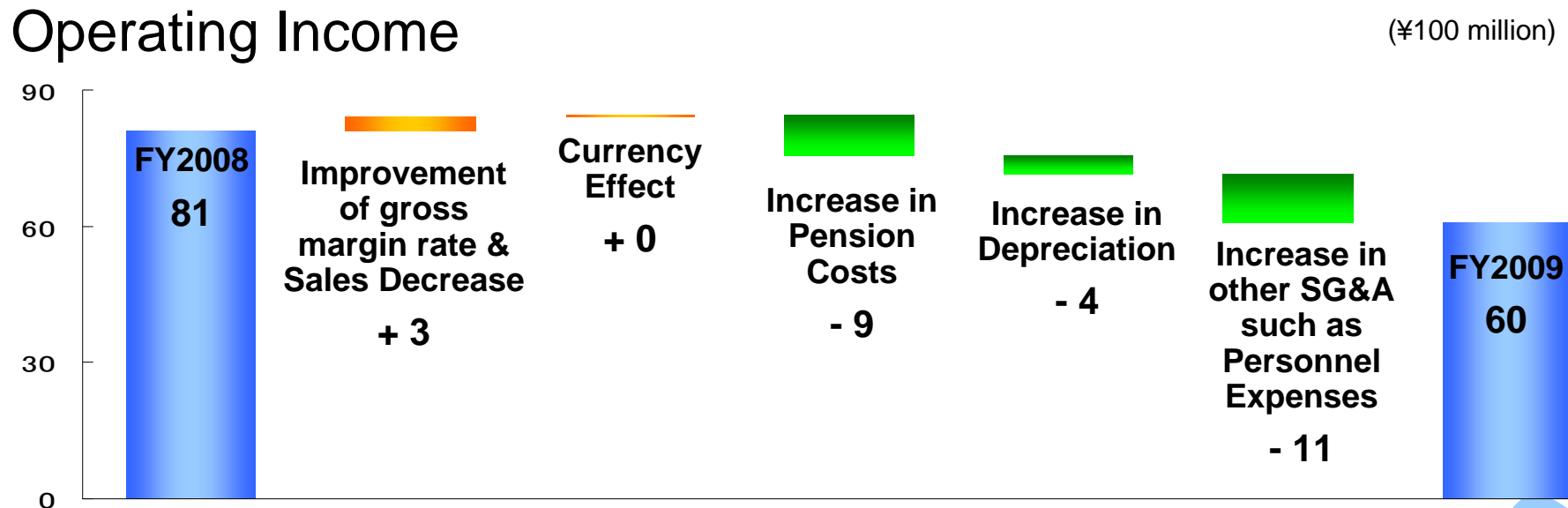
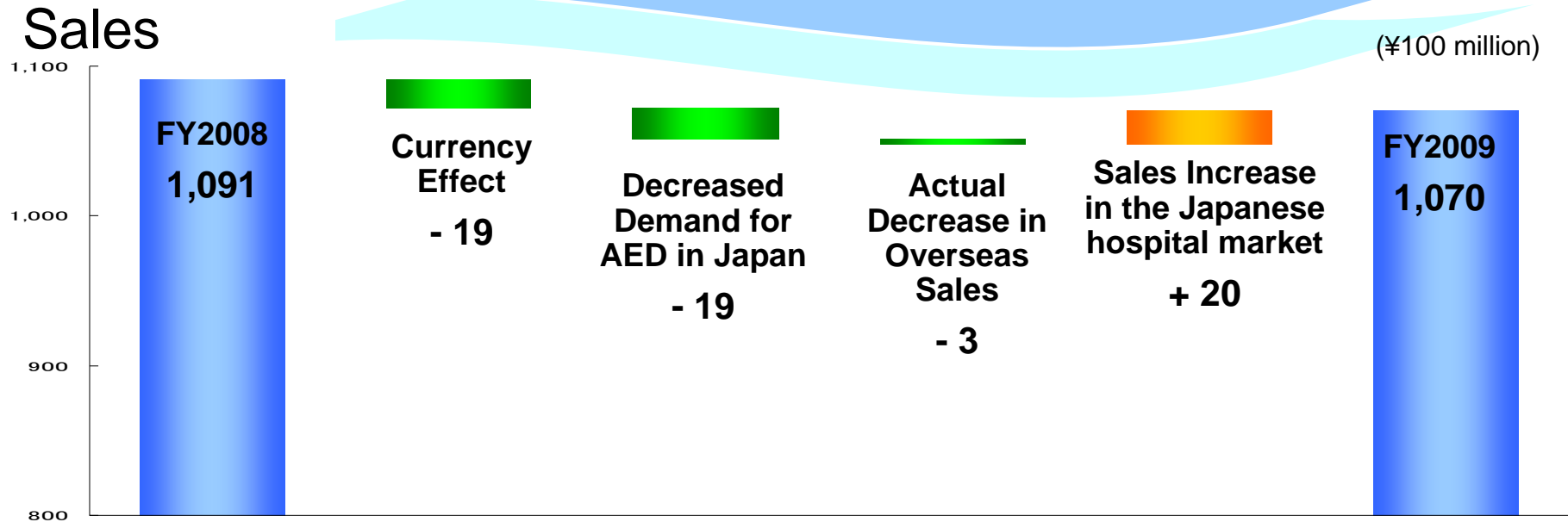
19.9%

18.2%

Average exchange rate

1 US Dollar	114 yen	101 yen	90 yen
1 EURO	161 yen	145 yen	120 yen

10) Analysis of FY2009 Forecasts

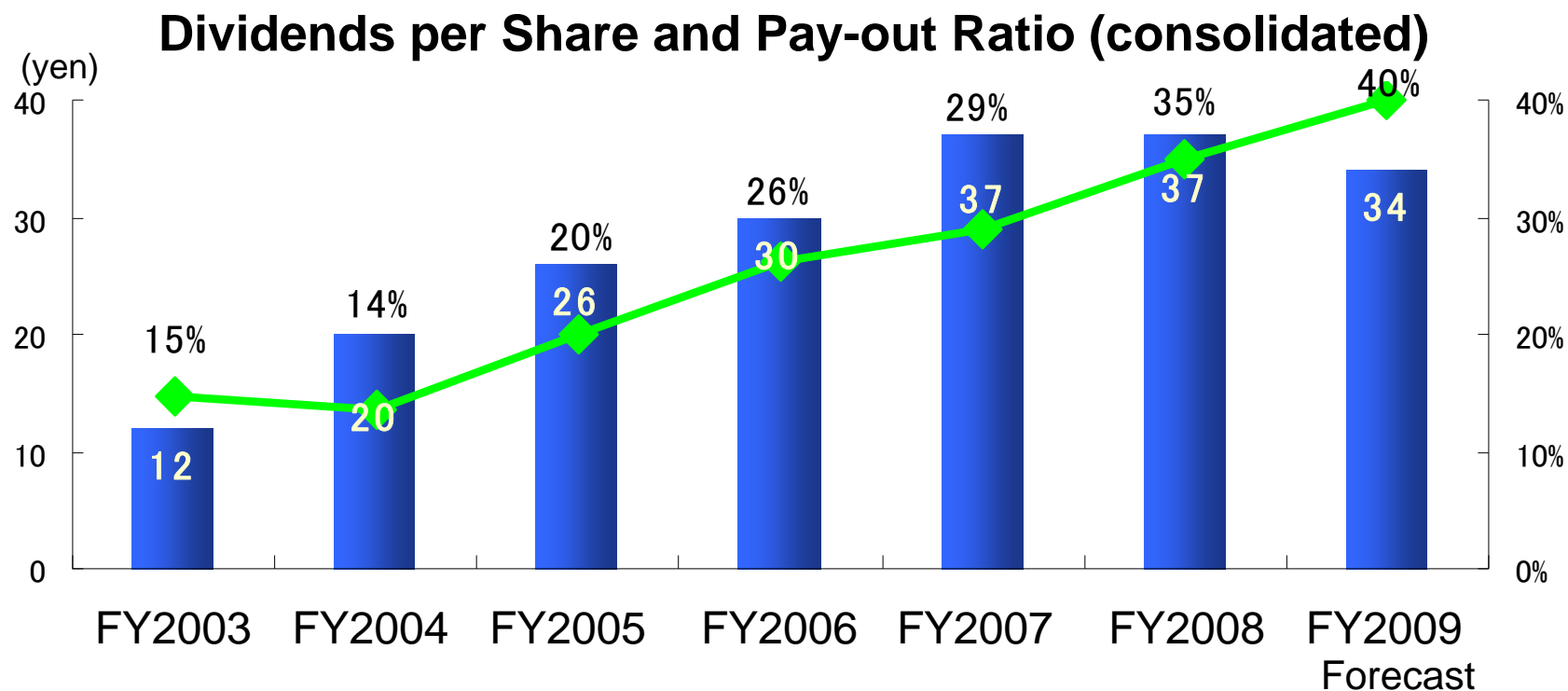


11) Dividend Policy

Basic Dividend Policy

Continue a stable dividend for a long period as well as increase retained earnings for the enhancement of business structure and future business expansion

Rough indication: Consolidated pay-out ratio of 30%



12) Progress of Mid-term Business Plan (1)

¥billion	FY2008 Actual	FY2009 Goal	FY2009 Plan	Variance
Sales	109.1	113	107	- 6
Domestic Sales	87.4	82.5	87.5	+5
Overseas Sales	21.7	※ 30.5	19.5	-11

※FY2009 Goals shows "Overseas Sales Ratio of 27%"

Operating income	8.1	10.2	6	- 4.2
ROE	8.8%	12.0%	—	
Inventory Turnover Rate	※7.4 times	7.4 times	—	

※ Net Sales/Average Inventories as of ends of June, September, December, and March

	March 2007 (When we drew up Mid-term Business Plan)		FY2009 Plan	
Average exchange rate	1 US Dollar	116yen	1 US Dollar	90yen
	1 EURO	149yen	1 EURO	120yen
Nikkei Stock Average	End of March, 2007 17,287 yen		End of March, 2009 8,109yen	

- Increase share in acute hospital market

- The sharp appreciation of the yen negatively impacts the conversion of overseas sales into yen

- Impact of the economic slowdown in the world

- Fall short of goals for sales and gross margin

- Increase in pension costs due to the stock market deterioration

12) Progress of Mid-term Business Plan (2)

Vision

Increase Nihon Kohden's global brand awareness for medical electronic equipment

Long-term Management Goals by FY2012

Rapid worsening business environment

After assessing future economic conditions, the Company will review FY2012 goal, together with the drawing up of the new mid-term business plan from FY2010.

(Reference) Consolidated Forecast for FY2009 by Product Segment

(Amounts of less than ¥1 million are rounded down)

	FY2007	FY2008	FY2009 Forecast	YoY (%)
Physiological Measuring Equipment	17,001	16,811	16,700	-0.7
Patient Monitors	21,882	20,039	19,900	-0.7
Treatment Equipment	15,862	18,106	16,400	-9.4
Medical Supplies	33,217	34,798	36,200	4.0
Other Medical Equipment	16,861	19,367	17,800	-8.1
Total	104,825	109,123	107,000	-1.9



*Measures to meet
changing
environment*

1) Rapidly Changing Environment

Global recession spreads to medical device industry

【International】

- U.S. hospitals have begun freezing capital spending on medical equipment
- Weak demand for medical equipment in some countries such as Russia

【Japan】

- Impacts on the hospital market are limited
- AED sales in the PAD market are expected to slow down

New Health Care Reform

【International】

- China has announced the medical reform plan which promised to spend 850 billion yuan
- President Obama makes health care reform a top priority

【Japan】

- Government decided supplementary budget for emergency medical care and perinatal care

The CHANGE!!

2) Measures to meet changing environment

I . Implement basic strategy of its 3-year business plan, **SPEED UP II**

II . Take additional measures

- Take steps to improve profitability in short-term
- Launch "Columbus Committee" to enhance its global business

April, 2007

April, 2010



April, 2009

March, 2010

**Profitability
Improvement Plan**

April, 2009

August, 2011

"Columbus Committee"

60th anniversary

May, 2008

"NK Innovation Committee"

Improve business efficiency
by introducing ERP

24

The CHANGE!!

3) Implement basic strategy of SPEED UP II

R&D Strategy

Provide value-added products, which contribute to medical safety and operational efficiency, on a timely manner

Product Strategy

Expand key areas where we can leverage our strength

The CHANGE!!

4) Products contributing to medical safety

Medical safety and prevention of medical errors are key issues facing medical institutions

New arrhythmia analysis software



Ensures accurate arrhythmia detection and decreases the number of false alarms

Original CO2 sensor

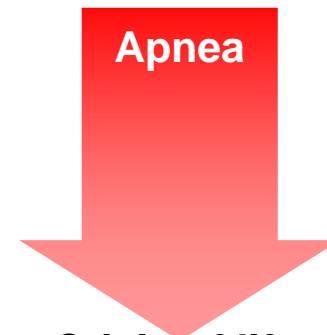


Launch in May 2009 (Plan)

World's smallest and lightest mainstream CO2 sensor

CO2 detects abnormal respiration fast

5 minutes before	CO2 alarm
1 minute before	SpO2 alarm
15 second before	ECG alarm



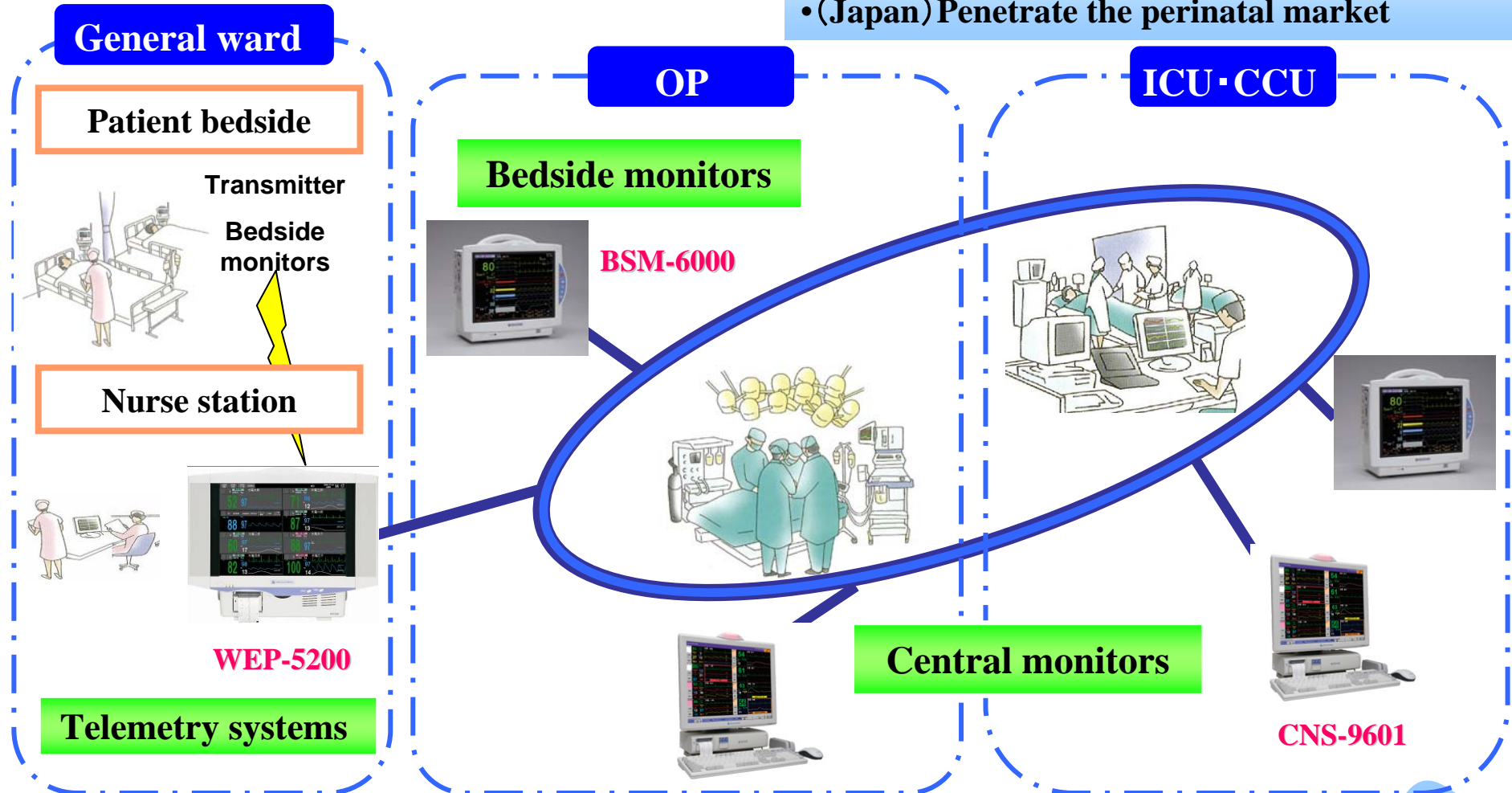
Crisis of life

The CHANGE!!

5.1) Expand Key Areas Where We Can Leverage Our Strength

Expand patient monitor business

- (Worldwide) Expand sales of patient monitors launched in 2008
- (Worldwide) Launch new patient monitors
- (Japan) Penetrate the perinatal market



The CHANGE!!

5.2) Expand Key Areas Where We Can Leverage Our Strength

Expand AED business

Launch **the nation's first AED**
(first-half of FY2009)



AED-2100

New features meet market needs

- ◆ Alarm expiry date of electrode pads
- ◆ Equip with adult/child mode selector switch
- ◆ Equip with Bluetooth

Promote
AED's recognition

- Support Tokyo Marathon
- AED Training seminars nationwide
- Lift the ban on AED ads



Our AED saved the life of the marathon runner

Start exporting
our own AED

Start marketing our own AED in South Korea

The CHANGE!!

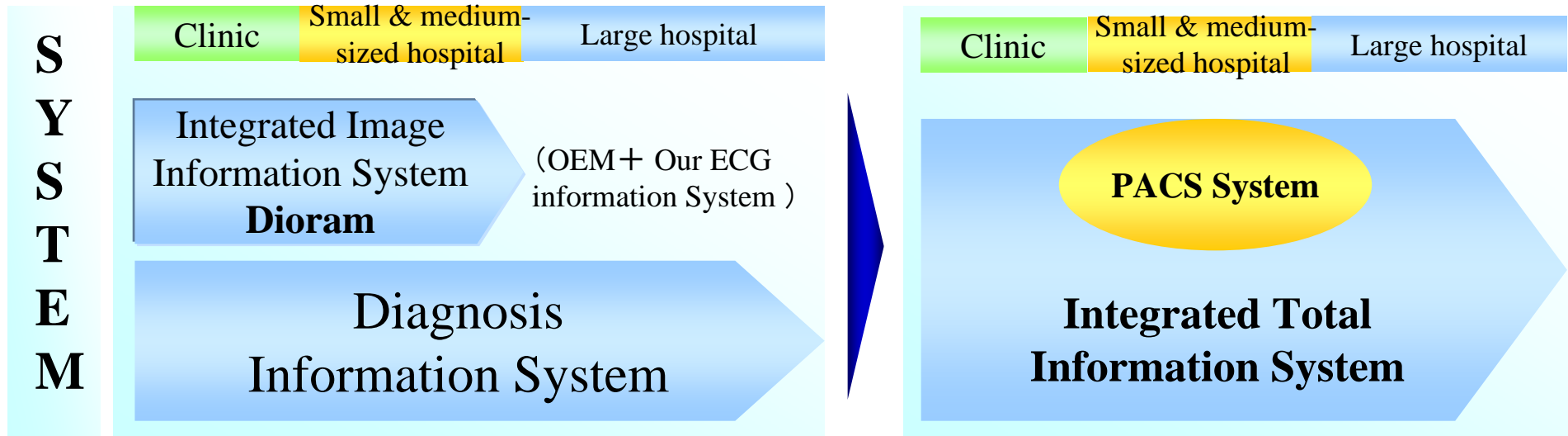
5.3) Expand Key Areas Where We Can Leverage Our Strength

Expand System Solution Business

OEM Agreement with INFINITT Co., Ltd. , which is the biggest PACS company in Korea

Present

Future



The CHANGE!!

6) Take steps to improve profitability in short-term

Effect: ¥1 billion

Improve gross margin

- Cost reduction
- Inventory optimization
- Sales expansion of in-house products
- Self-manufacture of software development

Restrain SG&A costs

- Restrain personnel costs : cut overtime hours
- Company-wide expense reduction
- Restructure international sales subsidiaries

The CHANGE!! 7) "Columbus Committee" to enhance
its global business

**Prompt attention to rapidly slowing global economy
Enhance its business structure as a global company**

Launch "Columbus Committee"

Five key objectives

- 1) Change in the way of thinking** -Cultivate human resources for global operations-
- 2) Develop and provide innovative medical devices**
- 3) Reinforce the technology capability and expand the business
in the U.S.**
- 4) Reinforce the operations and production system in China**
- 5) Expand after sales service business worldwide**

The CHANGE!!

8) Reinforce the technology capability and expand the business in the U.S

Reinforce the technology capability

- Closer relationship with 2 R&D subsidiaries
- Collaboration with reference hospitals and universities

Expand the business

- Pioneer a new market with Prefense
- Enter into the home sleep testing market
- Expand product range and distribution channel

Nihon Kohden America Inc.

NK US Lab

Software development for patient monitors

NEUROTRONICS, INC

Acquired in Dec. 2008
Software development of sleep brain wave analysis program

The CHANGE!!

9) Reinforce the operations and production system in China

Shift production to China and accelerate cost reduction

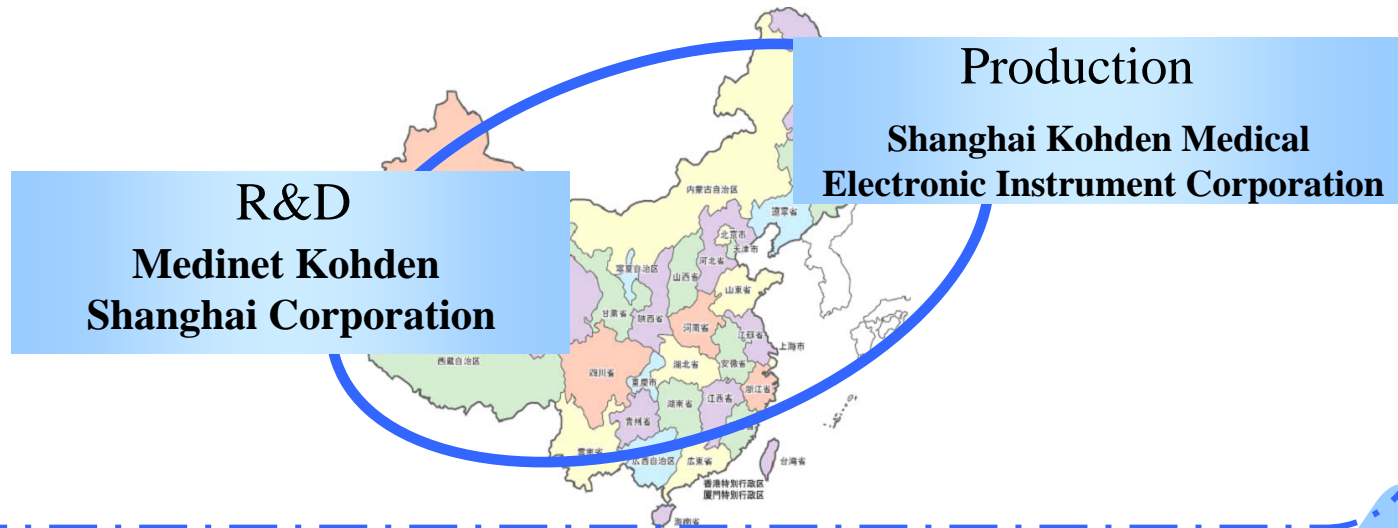
Mainly low-end
ECG targeting the
Chinese market



Hematology
Analyzers
ECG

Defibrillators
Patient Monitors

Develop and produce low-end products for global market in China



Disclaimer:

Contents described in this document are based on the Company's best judgments at the time it was prepared and do not constitute a guarantee or promise that the Company will achieve its numerical targets or implement the measures.