

Consolidated Financial Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2010

NIHON KOHDEN CORPORATION (6849)

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(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Highlights for the 3rd Quarter of FY2009 (From April 1, 2009 to December 31, 2009)

(1) Consolidated Operating Results

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2009 3Q (9 months)	74,961	-4.3	5,817	18.7	5,908	29.6	3,835	41.5
FY2008 3Q (9 months)	78,308	—	4,899	—	4,560	—	2,710	—

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
FY2009 3Q (9 months)	87.31	—
FY2008 3Q (9 months)	61.70	—

Note: Percentages indicate increase/decrease over the corresponding period in the previous fiscal year.

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2009 3Q (9 months)	80,688	55,805	69.1	1,269.69
FY2008	80,479	53,569	66.5	1,219.06

Reference: Equity Capital: FY2009 3Q: 55,782 million yen FY2008: 53,558 million yen

2. Dividends

	Dividends per share				
	First quarter	Interim (Second quarter)	Third quarter	Year-end	Full-year
	yen	yen	yen	yen	yen
FY2008	—	18.00	—	19.00	37.00
FY2009	—	17.00	—		
FY2009 (Forecast)				17.00	34.00

Note: Revise of dividends forecast: None

3. Consolidated forecast for FY2009 (From April 1, 2009 to March 31, 2010)

	Net sales		Operating income		Ordinary income		Net income		Net income per share - Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	107,000	-1.9	8,200	1.2	8,200	7.3	5,100	10.6	116.08

Note: Revise of consolidated forecast: None

*The above estimates are based on information available on the date of this report's announcement. Actual results may differ from such estimates due to unforeseen circumstances.

4. Review of Operations

During the term under review (April 1, 2009 to December 31, 2009), the global economy remained in recession, although the worst appeared to be over due to stimulus packages by countries.

The economic slowdown weakened demand for medical equipment in the Americas and Europe as well as demand for AEDs in the Japanese PAD market. In the Japanese hospital market, hospitals continued to face difficulties due to government spending restraint on healthcare. At the same time, the new government showed the policies to solve the physician shortage and put a priority on emergency care, obstetrics, pediatrics, and surgery.

Under these circumstances, the Company had implemented a 3-year Business Plan, SPEED UP II, of which the final year is the term under review. The Company also took additional measures to improve profitability and launched a "Columbus Committee" to strengthen global business.

Japan: In the PAD market, sales of AEDs declined due to the difficult economic situation. Sales in the hospital market increased due to higher sales of Medical Supplies and diagnostic information systems. Sales in ventilators also increased in connection with the swine flu outbreak, while sales in Patient Monitors remained relatively flat. This was partially offset by lower sales of polygraphs and diagnostic imaging equipment. As a result, domestic sales decreased 1.1% over the 9 months of FY2008, to ¥60,779 million.

International: Sales in the Americas and Europe decreased, mainly due to the difficult economic situation and a negative currency translation impact. In Asia, sales in China reported higher growth as a result of the enhancement of the business structure. Sales in Physiological Measuring Equipment, Patient Monitors and hematology analyzers were weak. As a result, international sales declined 15.9% over the 9 months of FY2008, to ¥14,181 million.

Overall sales during the term under review decreased 4.3% over the 9 months of FY2008 to ¥74,961 million. Gross margin improved due to a favorable sales mix and SG&A expenses declined as the Company took a proactive action to manage expenses. As a result, operating income increased 18.7% to ¥5,817 million. Ordinary income increased 29.6% to ¥5,908 million and net income increased 41.5% to ¥3,835 million over the 9 months of FY2008.

5. Consolidated Sales Results by Product Segment

	(Millions of yen)	
	Nine months ended December 31, 2009	
	Amount	Growth rate (%)
Physiological Measuring Equipment	10,865	-7.0
Patient Monitors	12,942	-9.2
Treatment Equipment	11,872	-13.0
Medical Supplies	27,342	+6.4
Other Medical Equipment	11,938	-8.3
Total	74,961	-4.3
(Reference) Domestic Sales	60,779	-1.1
(Reference) Overseas Sales	14,181	-15.9

6. Revise of Consolidated Forecast for FY2009

As recent performance trends are in line with estimates, the Company reaffirms the forecast for FY2009, previously announced on November 5, 2009. As described in the press release on November 20, 2009, the Company expects that the impact of AED voluntary field corrective action on earnings will be minor.

The Company's forecast for the fourth quarter of FY2009 is based on an exchange rate of 90 yen to the dollar and 132 yen to the euro. Exchange rate fluctuations will not have much impact on operating income because the Company's import and export business are roughly balanced.

7. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	December 31, 2009	March 31, 2009
Assets		
Current assets:		
Cash and deposits	8,074	8,701
Notes and accounts receivable-trade	30,713	32,271
Short-term investment securities	5,500	2,500
Merchandise and finished goods	11,194	11,161
Work in process	1,051	587
Raw materials and supplies	2,100	2,393
Other	4,005	4,036
Allowance for doubtful accounts	-237	-181
Total current assets	<u>62,401</u>	<u>61,470</u>
Noncurrent assets:		
Property, plant and equipment	9,427	10,301
Intangible assets		
Goodwill	831	872
Other	3,355	2,160
Total intangible assets	<u>4,186</u>	<u>3,032</u>
Investments and other assets		
Investment securities	2,637	2,874
Other	2,127	3,038
Allowance for doubtful accounts	-93	-238
Total investments and other assets	<u>4,672</u>	<u>5,674</u>
Total noncurrent assets	<u>18,286</u>	<u>19,008</u>
Total assets	<u>80,688</u>	<u>80,479</u>
Liabilities		
Current liabilities:		
Notes and accounts payable-trade	15,706	16,028
Short-term loans payable	1,942	2,372
Income taxes payable	680	1,184
Provision for bonuses	829	2,216
Provision for product warranties	335	—
Other	4,801	4,476
Total current liabilities	<u>24,294</u>	<u>26,277</u>
Noncurrent liabilities:		
Long-term loans payable	15	19
Long-term accounts payable-other	194	202
Other	378	410
Total noncurrent liabilities	<u>587</u>	<u>631</u>
Total liabilities	<u>24,882</u>	<u>26,909</u>
Net assets		
Shareholders' equity:		
Capital stock	7,544	7,544
Capital surplus	10,487	10,487
Retained earnings	40,212	37,972
Treasury stock	-2,017	-2,016
Total shareholders' equity	<u>56,226</u>	<u>53,987</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	75	66
Foreign currency translation adjustment	-519	-494
Total valuation and translation adjustments	<u>-444</u>	<u>-428</u>
Minority interests	23	10
Total net assets	<u>55,805</u>	<u>53,569</u>
Total liabilities and net assets	<u>80,688</u>	<u>80,479</u>

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2008	Nine months ended December 31, 2009
Net sales	78,308	74,961
Cost of sales	39,279	36,211
Gross profit	39,028	38,750
Selling, general and administrative expenses	34,129	32,932
Operating income	4,899	5,817
Non-operating income		
Interest income	30	21
Dividends income	93	101
Other	181	182
Total non-operating income	306	306
Non-operating expenses		
Interest expenses	45	25
Exchange loss	477	106
Equity in losses of affiliates	30	5
Other	91	76
Total non-operating expenses	644	214
Ordinary income	4,560	5,908
Extraordinary income		
Reversal of allowance for doubtful accounts	46	61
Gain on sales of investment securities	0	195
Total extraordinary income	46	256
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	19	11
Loss on valuation of investment securities	2	51
Provision for product warranties for prior periods	—	320
Total extraordinary losses	22	383
Income before income taxes and minority interests	4,585	5,781
Income taxes	1,845	1,933
Minority interests in income	28	12
Net income	2,710	3,835

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2008	Nine months ended December 31, 2009
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	4,585	5,781
Depreciation and amortization	1,900	1,832
Increase (decrease) in provision	-992	-1,141
Interest and dividends income	-124	-123
Interest expenses	45	25
Foreign exchange losses (gains)	42	-33
Loss (gain) on sales and retirement of property, plant and equipment	19	11
Decrease (increase) in notes and accounts receivable-trade	2,951	1,703
Decrease (increase) in inventories	-1,419	-203
Increase (decrease) in notes and accounts payable-trade	-1,631	-322
Other, net	-460	1,161
Subtotal	4,916	8,692
Interest and dividends income received	126	123
Interest expenses paid	-62	-24
Income taxes paid	-3,790	-2,621
Net cash provided by (used in) operating activities	1,190	6,169
Net cash provided by (used in) investing activities:		
Proceeds from sales of investment securities	1	380
Purchase of investment securities	-47	-24
Proceeds from sales of property, plant and equipment	17	8
Purchase of property, plant and equipment	-3,065	-883
Purchase of intangible assets	-1,004	-1,342
Proceeds from acquisition of newly consolidated subsidiaries	17	—
Payments for acquisition of newly consolidated subsidiaries	-491	—
Purchase of investments in subsidiaries	-774	—
Other, net	2	2
Net cash provided by (used in) financing activities	-5,344	-1,859
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	1,443	-419
Repayment of long-term loans payable	-7	-4
Cash dividends paid	-1,662	-1,573
Repayments of lease obligations	—	-31
Other, net	-34	-1
Net cash provided by (used in) financing activities	-260	-2,029
Effect of exchange rate change on cash and cash equivalents	-74	93
Net increase (decrease) in cash and cash equivalents	-4,488	2,373
Cash and cash equivalents at beginning of period	13,797	11,197
Cash and cash equivalents at end of period	9,308	13,571

(4) Overseas Sales

Nine months ended December 31, 2008

(Millions of yen)

	Americas	Europe	Asia	Other	Total
Overseas sales	6,121	5,360	4,455	919	16,856
Consolidated sales					78,308
Percentage of overseas sales to consolidated sales (%)	7.8	6.8	5.7	1.2	21.5

Nine months ended December 31, 2009

(Millions of yen)

	Americas	Europe	Asia	Other	Total
Overseas sales	4,494	4,457	4,560	669	14,181
Consolidated sales					74,961
Percentage of overseas sales to consolidated sales (%)	6.0	5.9	6.1	0.9	18.9

Note: 1. Overseas sales comprise sales of the Company and its consolidated subsidiaries in countries and regions other than Japan.

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

Americas : U.S.A., Brazil, Colombia, Chile and Mexico

Europe : Germany, France, Spain, Italy and Russia

Asia : China, Singapore, Korea, India and Vietnam