

Consolidated Financial Results for the Fiscal Year Ended March 31, 2010

NIHON KOHDEN CORPORATION (6849)

Stock Exchange Listing: 1st section Tokyo Stock Exchange
 Head Office: Tokyo
 Representative: Fumio Suzuki, President and COO
 Contact: Fumio Hirose, Operating Officer, General Manager, Corporate Planning Dept.
 Phone: +81 / 3 - 5996 - 8003 (URL <http://www.nihonkohden.co.jp>)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Highlights for FY2009 (From April 1, 2009 to March 31, 2010)

(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	107,013	-1.9	9,321	15.0	9,343	22.3	5,917	28.3
FY2008	109,123	4.1	8,106	-17.4	7,640	-20.0	4,610	-18.1

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

	Net income per share- Basic	Net income per share- Diluted	Return on Equity	Ordinary income to total assets	Operating income Margin
	yen	yen	%	%	%
FY2009	134.68	—	10.6	11.1	8.7
FY2008	104.94	—	8.8	9.5	7.4

Reference: Investment income for equity method: FY2009: -5 million yen FY2008: -43 million yen

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2009	88,000	57,949	65.8	1,318.49
FY2008	80,479	53,569	66.5	1,219.06

Reference: Equity capital: FY2009: 57,925 million yen FY2008: 53,558 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2009	10,679	-2,810	-2,850	16,331
FY2008	4,123	-5,968	-601	11,197

2. Dividends

	Dividends per share					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	First quarter	Interim (Second quarter)	Third quarter	Year-end	Full-year			
	yen	yen	yen	yen	yen	Millions of yen	%	%
FY2008	—	18.00	—	19.00	37.00	1,625	35.3	3.1
FY2009	—	17.00	—	20.00	37.00	1,625	27.5	2.9
FY2010 (Forecast)	—	19.00	—	19.00	38.00	—	26.5	—

3. Consolidated forecast for FY2010 (From April 1, 2010 to March 31, 2011)

	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
First half	53,000	6.3	4,000	5.4	4,000	5.0	2,300	2.0	52.35
Full year	112,000	4.7	10,000	7.3	10,000	7.0	6,300	6.5	143.40

(Reference) Non-Consolidated Financial Highlights

1. Non-Consolidated Financial Highlights for FY2009 (From April 1, 2009 to March 31, 2010)

(1) Non-Consolidated Operating Results

(Amounts are rounded down to the nearest million yen)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2009	69,165	-0.2	6,511	23.6	7,184	28.4	4,620	23.2
FY2008	69,328	0.4	5,268	-36.9	5,596	-36.0	3,749	-29.0

Note: Percentage figures in the above tables indicate increase/decrease over the corresponding period of previous year.

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
FY2009	105.16	—
FY2008	85.33	—

(2) Non-Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2009	79,090	51,973	65.7	1,183.00
FY2008	69,843	48,852	69.9	1,111.94

Reference: Equity capital: FY2009: 51,973 million yen FY2008: 48,852 million yen

* 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 March 31, 2010), the global economy remained in recession through the first half of FY2009. In the second half of FY2009, the worst appeared to be over due to stimulus packages by countries and the global economy was beginning a slow recovery supported by expansion of domestic demand in emerging countries such as China. Although demand for medical equipment remained weak in Europe and the U.S. due to the economic slowdown, it showed signs of recovery in some emerging countries such as China. In the Japanese hospital market, hospitals continued to face difficult business conditions. 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. In the Japanese PAD market, demand for AEDs decreased due to the economic slowdown.

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.

The Company continues to introduce products that can help to improve medical safety and efficiency. In Physiological Measuring Equipment, a new EEG monitoring software including aEEG, which is receiving attention in NICU, was released. In Patient Monitors, it launched a new transmitter with color LCD display and a new vital sign monitor that targeted emerging markets. In Treatment Equipment, it launched a new value-added AED with alarm when electrode pads are expired.

As a result, overall sales during the term under review decreased 1.9% over FY2008 to ¥107,013 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 15.0% to ¥9,321 million, Ordinary income increased 22.3% to ¥9,343 million and net income increased 28.3% to ¥5,917 million over FY2008.

As described in the press release on November 20, 2009, the impact of AED voluntary field corrective action on earnings was minor.

[Sales by region]

Japan: The Company promoted genuine consumables and maintenance service for safety management of medical devices which help hospitals to improve medical safety and quality. Accordingly, sales in the hospital market increased due to higher sales of Medical Supplies. Sales in ventilators also increased in connection with the swine flu outbreak. In the PAD market, sales of AEDs declined due to the difficult economic situation. As a result, domestic sales remained the same level as the previous fiscal year at ¥87,439 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. As a result, international sales decreased 9.9% over FY2008, to ¥19,574 million.

[Sales by product category]

Physiological Measuring Equipment: In Japan, sales of EEGs, ECGs and Polygraphs remained almost the same level as the previous fiscal year. Internationally, EEGs sales were weak in the Americas and Asia, while ECGs sales were weak in Europe. Overall, sales decreased 4.1% over the previous fiscal year to ¥16,122 million.

Patient Monitors: In Japan, Patient Monitors sales decreased due to lower sales of clinical information systems, although sales of telemetry systems and transmitters increased. Outside Japan, sales in the Americas and Europe remained weak, although sales in Asia increased. Overall, sales decreased 6.6% over the previous fiscal year to ¥18,721 million.

Treatment Equipment: In Japan, ventilators sales increased and sales of artificial ear and cardiac life support pump also increased by gaining recognition since their launch in 2006. Sales of AEDs declined sharply. Internationally, sales of defibrillators in medical facilities and ambulances in the Americas and Europe decreased, although sales in Asia increased. Overall, sales decreased 8.9% over the previous fiscal year to ¥16,490 million.

Medical Supplies: In Japan, sales of consumables such as sensors and disposable electrodes increased. Maintenance service sales also increased. Internationally, consumables sales decreased sharply in Americas, although sales in Asia increased. Overall, sales increased 8.4% over the previous fiscal year to ¥37,737 million.

Other Medical Equipment: In Japan, sales of diagnostic imaging equipment and POCT products decreased. Internationally, sales of hematology analyzers decreased in Europe and Africa. Overall, sales decreased 7.4% over the previous fiscal year to ¥17,941 million.

5. Consolidated Sales Results by Product Segment

	(Millions of yen)	
	FY2009	
	Amount	Growth rate (%)
Physiological Measuring Equipment	16,122	-4.1
Patient Monitors	18,721	-6.6
Treatment Equipment	16,490	-8.9
Medical Supplies	37,737	+8.4
Other Medical Equipment	17,941	-7.4
Total	107,013	-1.9
(Reference) Domestic Sales	87,439	+0.0
(Reference) Overseas Sales	19,574	-9.9

6. Consolidated Forecast for FY2010

In Japan, medical treatment fee was revised in April 2010 and it was the first increase over the past 10 years. Hospitals are likely to see a sequential improvement in their management environment. Internationally, demand for medical equipment will remain strong in emerging countries such as China and will remain slow recovery in advanced countries such as Europe and the U.S. Since competition among companies has intensified domestically and internationally, the Company will continue to face the severe business environment.

Under these circumstances, Nihon Kohden will start a new 3-year business plan, SPEED UP III, for the period until FY2012 (ending March 2013) in order to achieve sustained group growth and enhance its corporate value. The Company forecasts overall sales, operating income, ordinary income and net income for FY2010 to be ¥112,000 million, ¥10,000 million, ¥10,000 million and ¥6,300 million, respectively. In Japan, the Company will aim to expand sales, including consumables and maintenance services, in acute hospitals since they may gradually make changes in the trends that they have been postponing investments as a result of increase on the medical treatment fee. The Company also will focus on recovering AED unit shipments. Internationally, the Company will continue to introduce products that can help to improve medical safety and efficiency and will expand its sales network. Especially, it aims to expand sales in China and other emerging countries.

The Company's forecast for FY2010 is based on an exchange rate of 90 yen to the dollar and 130 yen to the euro. Exchange rate fluctuations will not have much impact on operating profit because the Company's import and export business are roughly balanced.

(Consolidated Forecast for FY2010 by Product Segment)

	(Millions of yen)	
	FY2010 (Forecast)	
	Amount	Growth rate (%)
Physiological Measuring Equipment	31,600	+3.7
Patient Monitors	34,900	+6.3
Treatment Equipment	20,900	+4.0
Other Medical Equipment	24,600	+4.2
Total	112,000	+4.7
(Reference) Domestic Sales	90,000	+2.9
(Reference) Overseas Sales	22,000	+12.4

Effective FY2010, consumables and maintenance services are reclassified into "Physiological Measuring Equipment", "Patient Monitors", "Treatment Equipment" and "Other Medical Equipment", it was previously classified into "Medical Supplies". Accordingly, figures in FY2009 were reclassified in a same manner for growth rate.

7. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	March 31, 2009	March 31, 2010
ASSETS		
Current assets:		
Cash	8,701	8,834
Trade notes and accounts receivable	32,271	35,167
Marketable Securities	2,500	7,500
Merchandise and finished goods	11,161	11,277
Work in process	587	76
Raw materials and supplies	2,393	2,151
Deferred tax assets	3,179	3,774
Other current assets	857	1,132
Allowance for doubtful receivables	-181	-230
Total current assets	61,470	69,685
Fixed assets:		
Tangible fixed assets		
Buildings and structures	3,730	3,465
Machinery, equipment and vehicles	1,016	781
Equipment	2,539	2,021
Land	2,680	2,680
Lease assets	140	98
Construction in progress	194	318
Total Tangible fixed assets	10,301	9,365
Intangible fixed assets		
Goodwill	872	817
Other intangible fixed assets	2,160	3,534
Total intangible fixed assets	3,032	4,351
Investments and other assets		
Investments in securities	2,874	2,753
Deferred tax assets	618	749
Prepaid pension cost	997	32
Other investments and other assets	1,421	1,113
Allowance for doubtful receivables	-238	-52
Total investments and other assets	5,674	4,597
Total fixed assets	19,008	18,315
Total assets	80,479	88,000

(Millions of yen)

	March 31, 2009	March 31, 2010
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	16,028	18,200
Short-term debt	2,372	1,131
Accounts payable-other	1,355	1,582
Lease obligations	46	35
Accrued income taxes	1,184	2,713
Accrued expenses	1,835	1,937
Reserve for bonuses	2,216	1,988
Provision for product warranties	—	402
Other current liabilities	1,239	1,729
Total current liabilities	26,277	29,722
Non-current liabilities:		
Long-term debt	19	11
Long-term accounts payable	202	194
Lease obligations	89	52
Deferred tax liabilities	278	18
Other non-current liabilities	42	52
Total non-current liabilities	631	329
Total liabilities	26,909	30,051
NET ASSETS		
Stockholders' equity:		
Common stock	7,544	7,544
Additional paid-in capital	10,487	10,487
Retained earnings	37,972	42,307
Treasury stock	-2,016	-2,017
Total stockholders' equity	53,987	58,321
Valuation and translation adjustments:		
Net unrealized gain on other securities	66	150
Foreign currency translation adjustments	-494	-546
Total valuation and translation adjustments	-428	-396
Minority interests	10	23
Total net assets	53,569	57,949
Total liabilities and net assets	80,479	88,000

(2) Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Net sales	109,123	107,013
Cost of sales	55,156	52,377
Gross profit	53,967	54,636
Selling, general and administrative expenses	45,861	45,315
Operating income	8,106	9,321
Non-operating income		
Interest income	38	30
Dividend income	94	78
Other, net	272	308
Total non-operating income	404	418
Non-operating expenses		
Interest expenses	63	33
Exchange loss	461	176
Equity in losses of affiliates	43	5
Other, net	301	180
Total non-operating expenses	870	396
Ordinary income	7,640	9,343
Extraordinary income		
Gain on sales of investments in securities	—	195
Reversal of allowance for doubtful accounts	116	108
Total extraordinary income	116	303
Extraordinary expenses		
Loss on sales and retirement of fixed assets	29	126
Loss on devaluation of investment in securities	29	51
Provision for product warranties for prior periods	—	320
Other, net	4	—
Total extraordinary expenses	62	497
Income before income taxes and minority interests	7,693	9,148
Income taxes	2,950	4,313
Income taxes-deferred	100	-1,093
Total income taxes	3,050	3,220
Minority interests	32	11
Net income	4,610	5,917

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
Cash flows from operating activities:		
Income before income taxes and minority interests	7,693	9,148
Depreciation and amortization	2,726	2,507
Amortization of goodwill	24	54
Amortization of negative goodwill	-37	—
Loss (gain) on sales of property, plant and equipment	29	28
Loss (gain) on sales of intangible assets	—	97
Increase (decrease) in allowance for doubtful accounts	-81	-138
Increase (decrease) in reserve for bonuses	136	-227
Increase (decrease) in reserve for guarantee for after-care of products	—	402
Decrease (increase) in prepaid pension costs	187	965
Interest and dividends income	-132	-109
Interest expenses	63	33
Foreign exchange losses (gains)	30	-26
Loss (gain) on valuation of investment securities	71	97
Loss (gain) on sales of investment securities	—	-195
Decrease (increase) in notes and accounts receivable-trade	-1,290	-2,680
Decrease (increase) in inventories	394	636
Increase (decrease) in notes and accounts payable-trade	-2,021	2,172
Increase (decrease) in accrued consumption taxes	-52	177
Equity in (earnings) losses of affiliates	43	5
Other, net	95	438
Subtotal	7,883	13,388
Interest and dividends income received	134	108
Interest expenses paid	-67	-13
Income taxes paid	-3,827	-2,804
Net cash provided by (used in) operating activities	4,123	10,679
Net cash provided by (used in) investing activities:		
Proceeds from sales of investment securities	1	402
Purchase of investment securities	-47	-50
Proceeds from sales of property, plant and equipment	58	11
Purchase of property, plant and equipment	-3,524	-1,186
Purchase of intangible assets	-1,205	-1,990
Proceeds from acquisition of newly consolidated subsidiaries	17	—
Payments for acquisition of newly consolidated subsidiaries	-500	—
Purchase of investments in subsidiaries	-774	—
Other, net	6	3
Net cash provided by (used in) financing activities	-5,968	-2,810
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	1,175	-1,211
Proceeds from long-term loans payable	2	—
Repayment of long-term loans payable	-11	-5
Cash dividends paid	-1,669	-1,574
Decrease (increase) in treasury stock	-2	-1
Cash dividends paid to minority shareholders	-32	—
Repayments of lease obligations	-63	-57
Net cash provided by (used in) financing activities	-601	-2,850
Effect of exchange rate change on cash and cash equivalents	-152	114
Net increase (decrease) in cash and cash equivalents	-2,599	5,133
Cash and cash equivalents at beginning of period	13,797	11,197
Cash and cash equivalents at end of period	11,197	16,331

(4) Overseas Sales

Year ended March 31, 2009

(Millions of yen)

	Americas	Europe	Asia	Other	Total
Overseas sales	7,856	6,791	6,011	1,062	21,721
Consolidated sales					109,123
Percentage of overseas sales to consolidated sales (%)	7.2	6.2	5.5	1.0	19.9

Year ended March 31, 2010

(Millions of yen)

	Americas	Europe	Asia	Other	Total
Overseas sales	6,298	5,861	6,507	907	19,574
Consolidated sales					107,013
Percentage of overseas sales to consolidated sales (%)	5.9	5.5	6.1	0.8	18.3

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, South Korea, India and Vietnam