

Consolidated Financial Highlights for First Half of FY2011

(From April 1, 2011 to September 30, 2011)

1. Consolidated Financial Results for First Half of FY2011
2. Forecast for FY2011
3. Strategy to Achieve the Mid-term Business Plan

November 11, 2011

Fighting Disease with Electronics



Consolidated Financial Results for First Half of FY2011

1) Consolidated Financial Results for the 1st Half of FY2011

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

	First half FY2010	First half FY2011		
		Forecast	Actual	YoY (%)
Sales	52,526	56,500	55,297	5.3
Domestic sales	43,124	-	45,663	5.9
Overseas sales	9,401	-	9,634	2.5
Operating income	4,096	4,100	4,146	1.2
Ordinary income	3,867	4,100	3,836	-0.8
Net income	2,609	2,700	2,308	-11.5

← **Currency Effect:**
-¥0.4 billion (-4%)

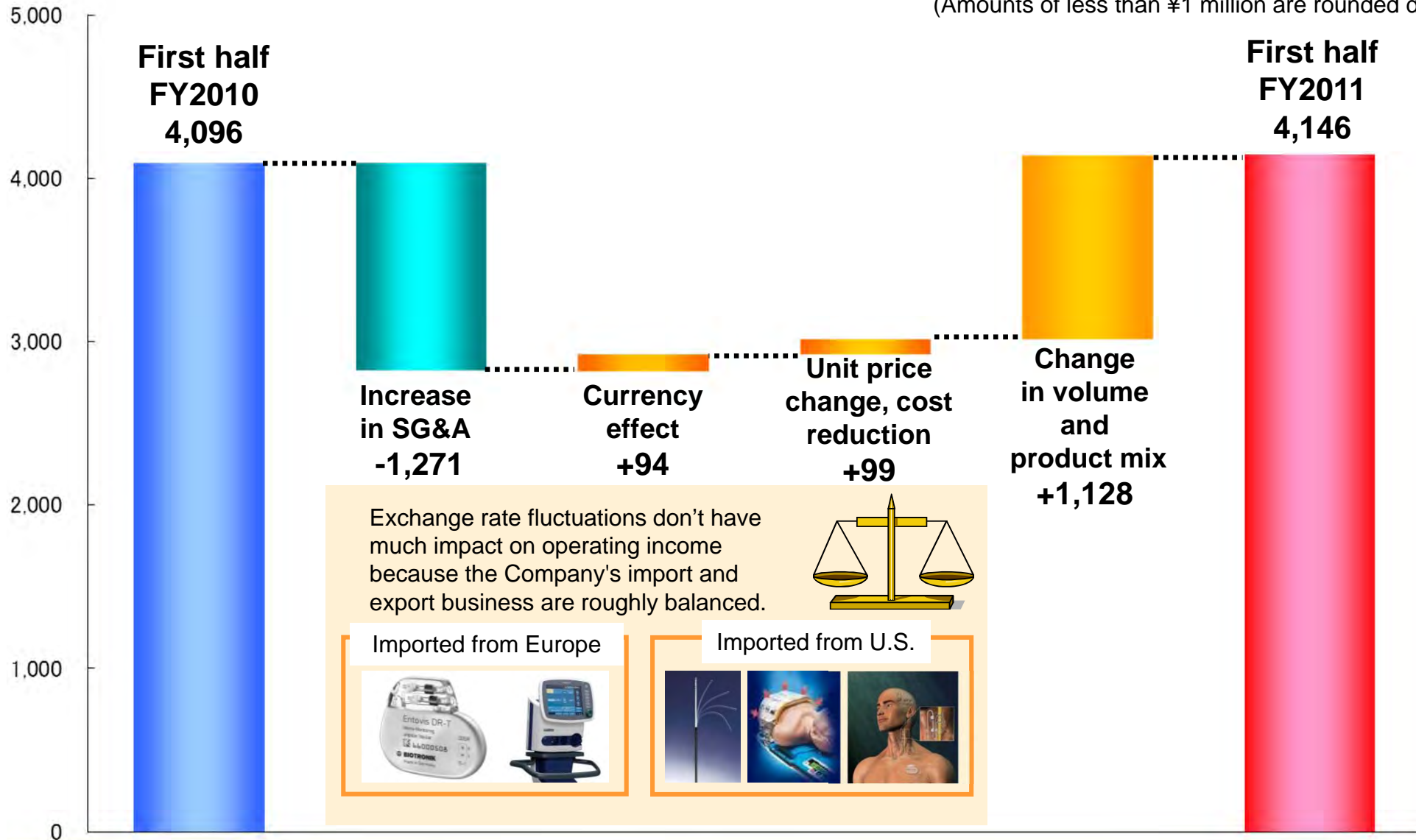
← **Lower gross margin ratio:**
50.4% in 1H FY2010 → 50.0% in 1H FY2011
SG&A costs increase 5.0%

← **Foreign exchange losses:**
¥0.4 billion

Average exchange rate	First half FY2010	First half FY2011
1 US Dollar	89 yen	80 yen
1 Euro	113 yen	116 yen

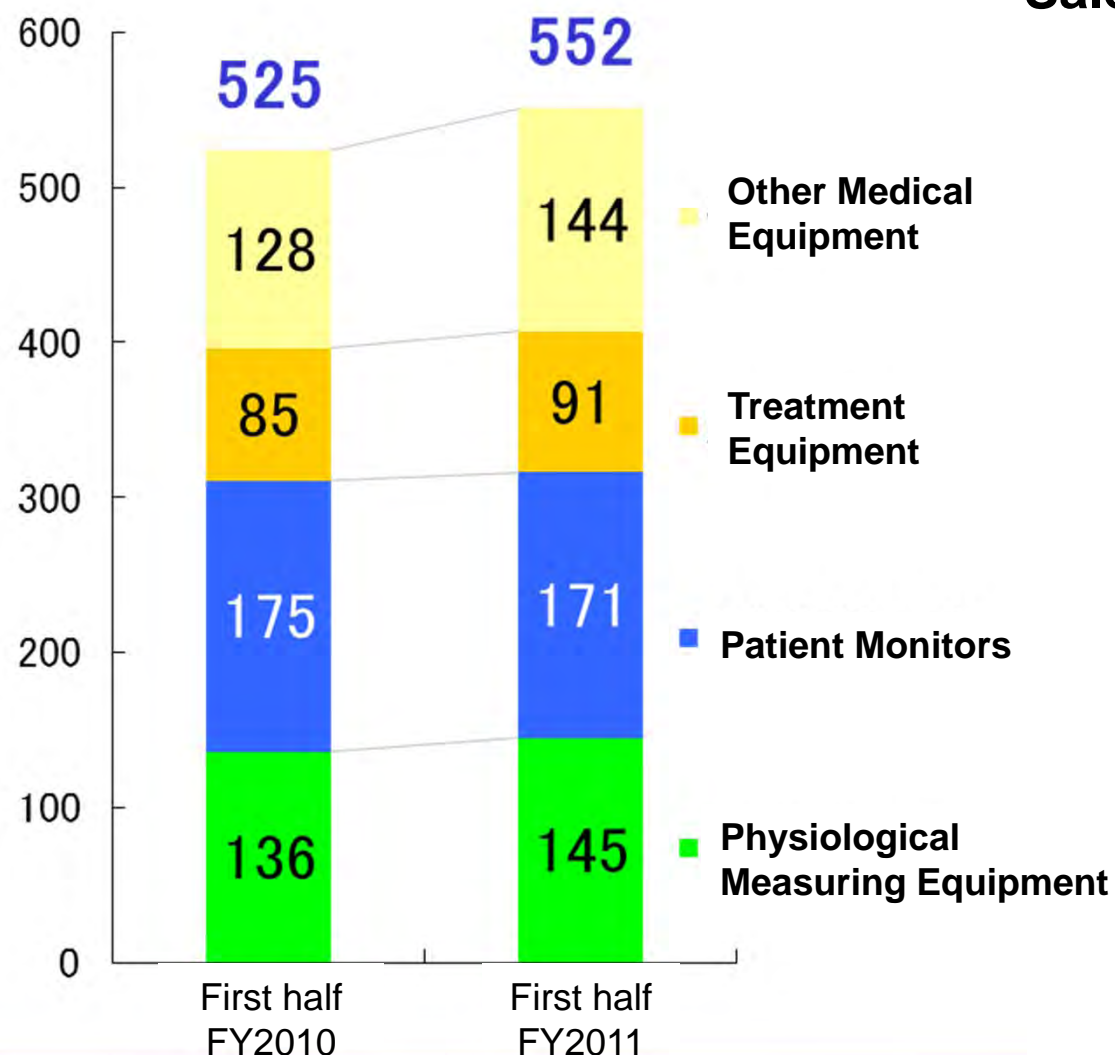
2) Breakdown of Operating Income

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



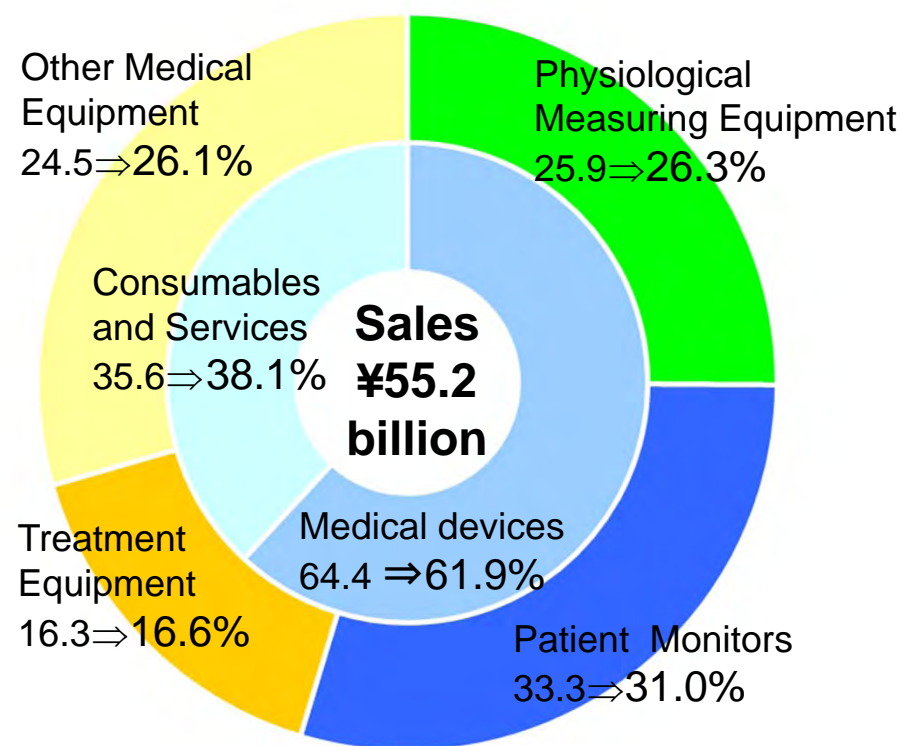
3) Sales by Product Category

(¥100 million)



Sales composition by product category

(First half FY2010⇒First half FY2011)



3.1) Physiological Measuring Equipment

(Sales, millions of yen)

	First half FY2010	First half FY2011	YoY (%)
Electroencephalographs	3,536	3,650	3.2
Electrocardiographs	3,057	3,208	4.9
Polygraphs for cath labs	3,557	3,676	3.3
Other physiological measuring equipment	3,474	4,033	16.1
Physiological measuring equipment	13,625	14,570	6.9
Domestic sales	11,083	11,855	7.0
Overseas sales	2,542	2,714	6.8

* Other Physiological Measuring Equipment includes diagnostic information system and other company's products.



Electroencephalographs
EEG-1200



Electrocardiographs
ECG-1400



Polygraphs for cath labs
RMC-4000

3.2) Patient Monitors

(Sales, millions of yen)

	First half FY2010	First half FY2011	YoY (%)
Patient monitors	17,500	17,133	-2.1
Domestic sales	12,988	12,860	-1.0
Overseas sales	4,511	4,272	-5.3



Bedside monitors
BSM-6000 series



Central monitors
CNS-6201



Transmitter with LCD
ZS-530P

3.3) Treatment Equipment

(Sales, millions of yen)

	First half FY2010	First half FY2011	YoY (%)
Defibrillators (for hospital and ambulance)	1,865	2,022	8.4
AED (automated external defibrillator)	2,500	2,336	-6.6
Pacemakers / ICD	1,550	1,880	21.3
Ventilators	965	1,011	4.8
Other treatment equipment	1,698	1,933	13.8
Treatment equipment	8,580	9,184	7.0
Domestic sales	7,475	7,964	6.5
Overseas sales	1,104	1,220	10.5
(Ref.) AED unit shipments	12,500	11,400	-8.8
Domestic unit shipments	10,500	10,500	0.0



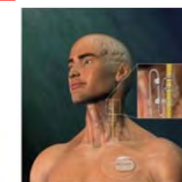
AED
AED-2100



Pacemakers
Entovis DR



Ventilators
HAMILTON-C2



Vagus nerve stimulator

3.4) Other Medical Equipment

(Sales, millions of yen)

	First half FY2010	First half FY2011	YoY (%)
Hematology analyzers	2,902	3,235	11.5
Transformers, imaging systems, medical equipment for study, others *	9,917	11,173	12.7
Other medical equipment	12,820	14,409	12.4
Domestic sales	11,577	12,982	12.1
Overseas sales	1,243	1,426	14.8

* Includes consumables, installation and maintenance service which are not applicable to other categories.



Automated hematology analyzers
MEK-6400

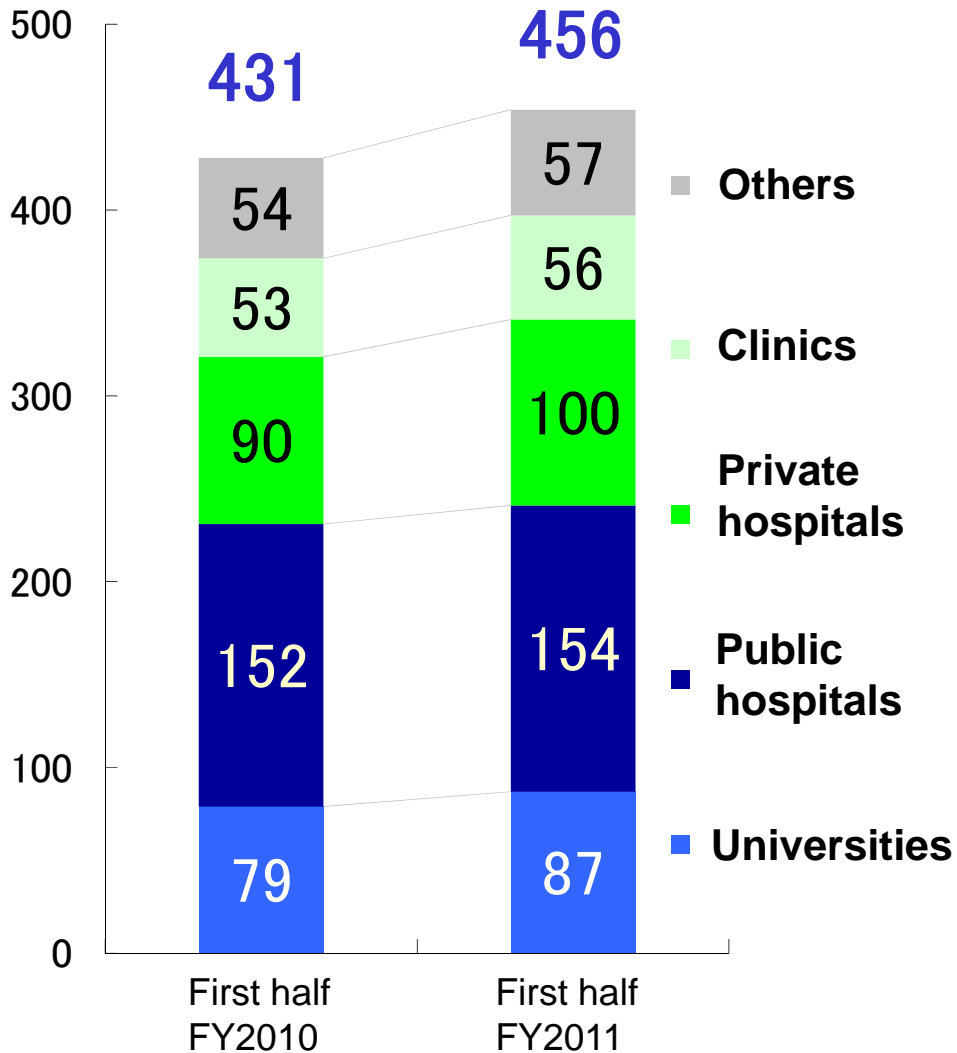


Multi-channel telemetry system
WEB-1000

4) Domestic Sales

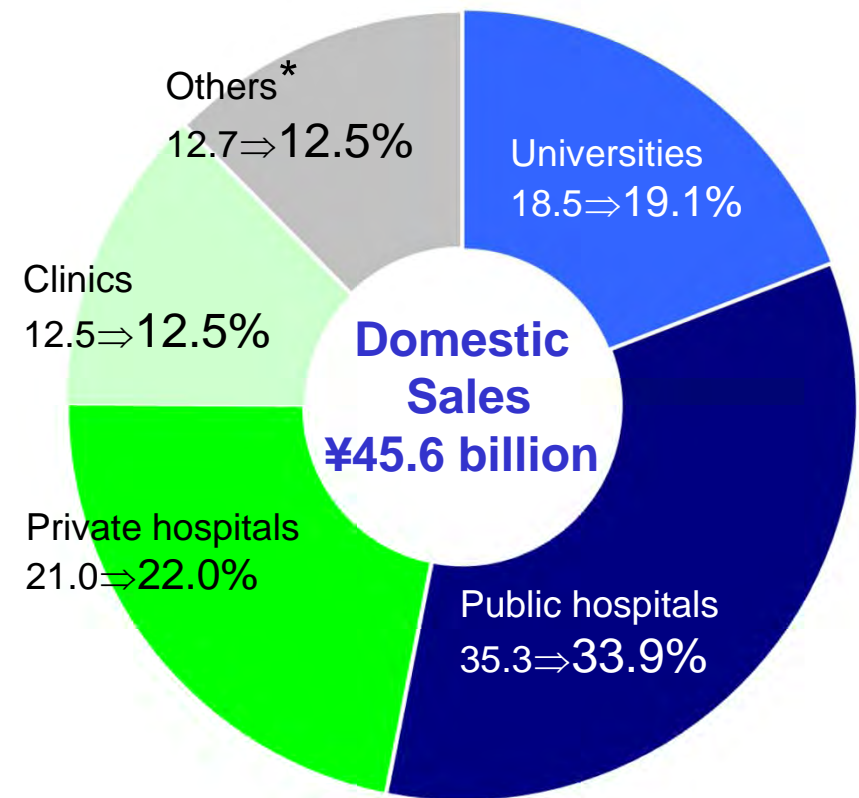
Sales by market

(¥100 million)



Sales composition by market

(First half FY2010⇒First half FY2011)

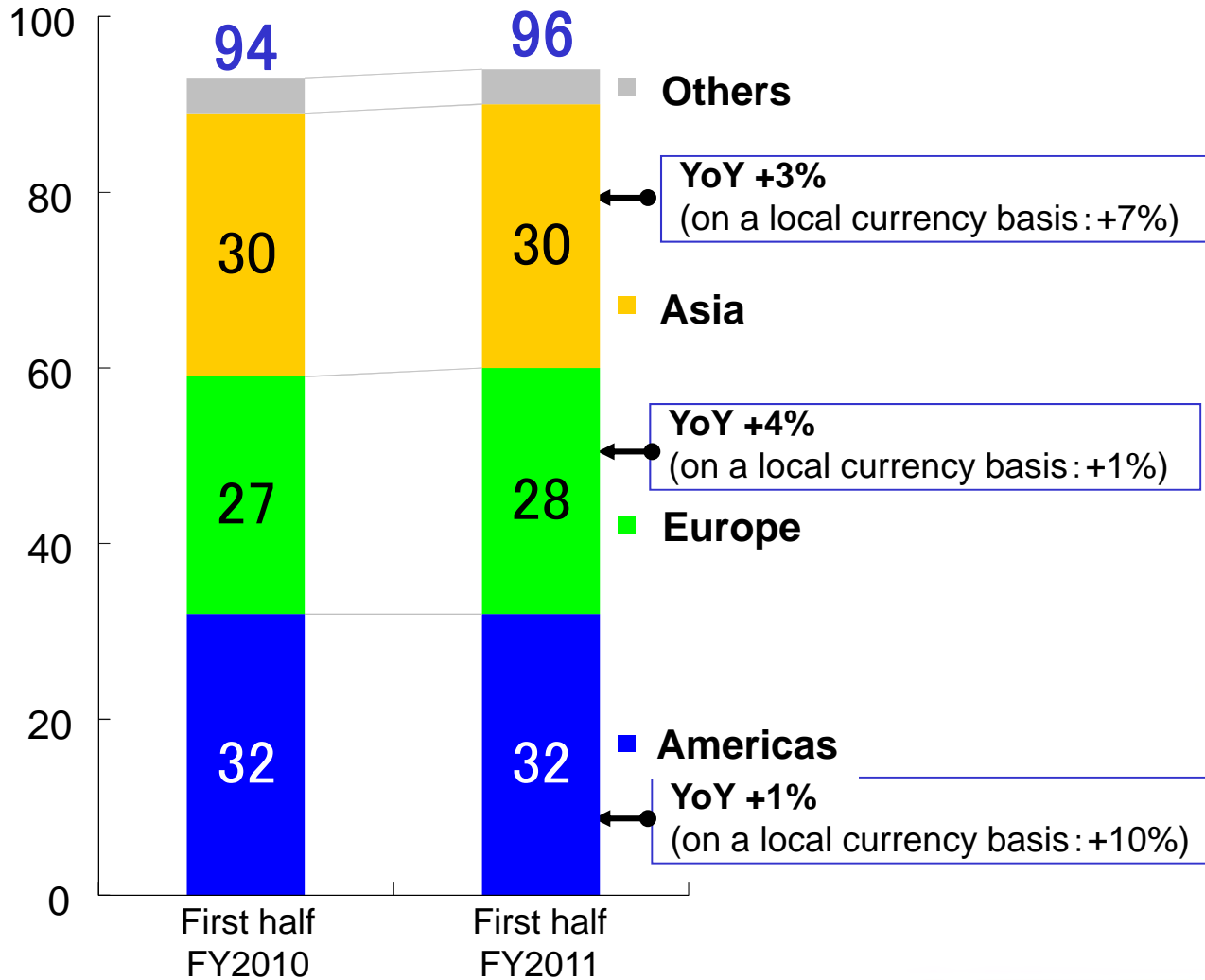


Note: Other markets include laboratories, animal hospitals, and PAD (public access defibrillation) markets such as schools and private companies.

5) Overseas Sales

Geographic Segments

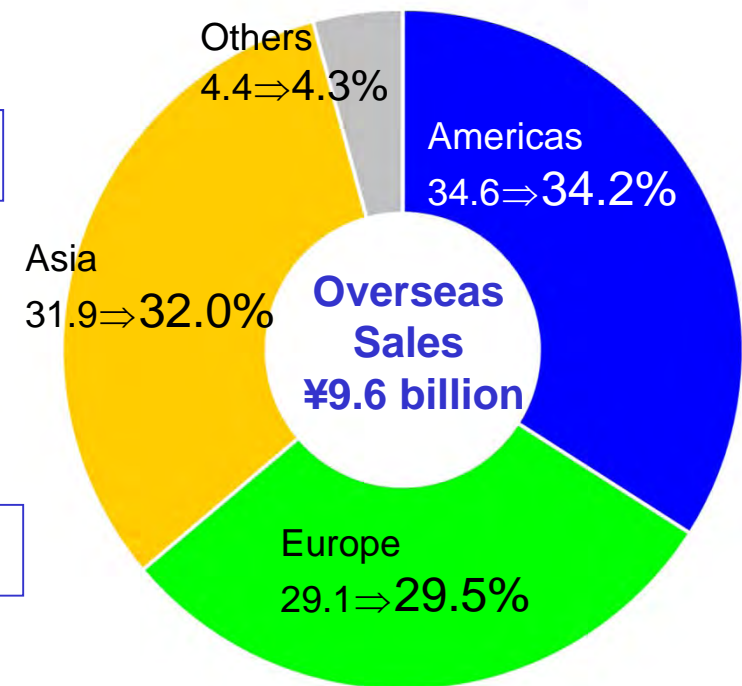
(¥100 million)



Percentage of overseas sales to consolidated sales

First half FY2010	First half FY2011
17.9%	17.4%

Geographic Segments (First half FY2010 ⇒ First half FY2011)



6) Financial Condition

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

	FY2010	First half FY2011	Change
Current assets	75,366	72,046	-3,319
Fixed assets	17,129	16,726	-403
Total assets	92,495	88,772	-3,723
Current liabilities	29,673	24,853	-4,819
Non-current fixed liabilities	528	642	114
Total liabilities	30,201	25,496	-4,705
Net assets	62,294	63,276	982
Total liabilities and net assets	92,495	88,772	-3,723

Dealings at the end of the fiscal year are more than dealings at the end of the first half.

Trade notes and accounts receivable: -5,063

Trade notes and accounts payable: -2,582

7) Capital Investments and R&D Costs

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

	First half FY2010	First half FY2011	FY2010	FY2011	
				Original Forecast (announced May 11)	Revised Forecast (announced Nov 7)
Capital investments	1,441	935	1,804	2,700	2,600
Depreciation	1,248	1,296	2,694	3,200	3,000
R&D costs	2,279	2,628	5,105	5,400	5,400

First half FY2011 Actual Capital Investments

Molds for new products, Measuring equipment, Products for demonstration,
Enhancement of ERP system

Second half FY2011 Capital Investments Plan

Molds for new products, Products for demonstration, Measuring equipment and jigs,
ERP system

Forecast for FY2011

1) Business Environment

- Although there is concern about economic slowdown in Europe and the U.S., demand for medical equipment remains solid, especially in emerging countries.
- In Japan, acute care hospitals are likely to continue stable capital spending, following last year's upward revision of medical treatment fees.

Our International Business

- In the U.S., our business remains solid. However, there is concern about healthcare reform and possible reimbursement cuts.
- In Europe, our sales in Turkey and Russia are on a recovery trend, while there is concern about financial crisis.
- Emerging markets such as China, India and Latin America are expected to continue high growth.

Our Domestic Business

- In the acute care market, our business remains solid.
- Brisk inquiry in patient monitor business is expected in 2nd half.
- Our business in clinic market also remains solid.

2) Forecast for FY2011

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

	FY2010	FY2011		YoY (%)
		Original Forecast (announced May 11)	Revised Forecast (announced Nov 7)	
Sales	113,380	120,000	120,000	5.8
Domestic sales	93,046	96,000	98,000	5.3
Overseas sales	20,333	24,000	22,000	8.2
Operating income	10,598	11,000	11,000	3.8
Ordinary income	10,569	11,000	11,000	4.1
Net income	6,573	7,100	7,100	8.0

Percentage of overseas sales to consolidated sales	17.9%	20.0%	18.3%
---	-------	-------	--------------

Average exchange rate

1 US Dollar	86 yen	85 yen	79 yen
1 Euro	113 yen	110 yen	109 yen

Second half FY2011

78 yen
103 yen

Impact of the earthquake

Impact on earnings will be smaller than expected.

Original Forecast - ¥500 million
Revised Forecast - ¥200 million

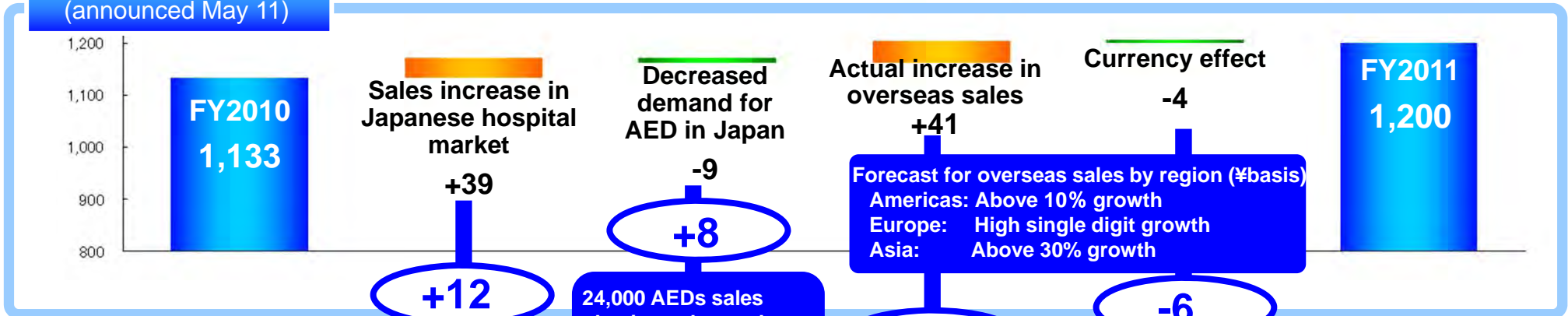
Impact of the floods in Thailand

- Parts shortage may affect production of some products in the 4th quarter.
- We are currently reviewing the impact on earnings. We expect it will be minor because we can find alternative parts.
- We don't reflect the impact on this revised forecast. We will promptly disclose any new information of significant impact.

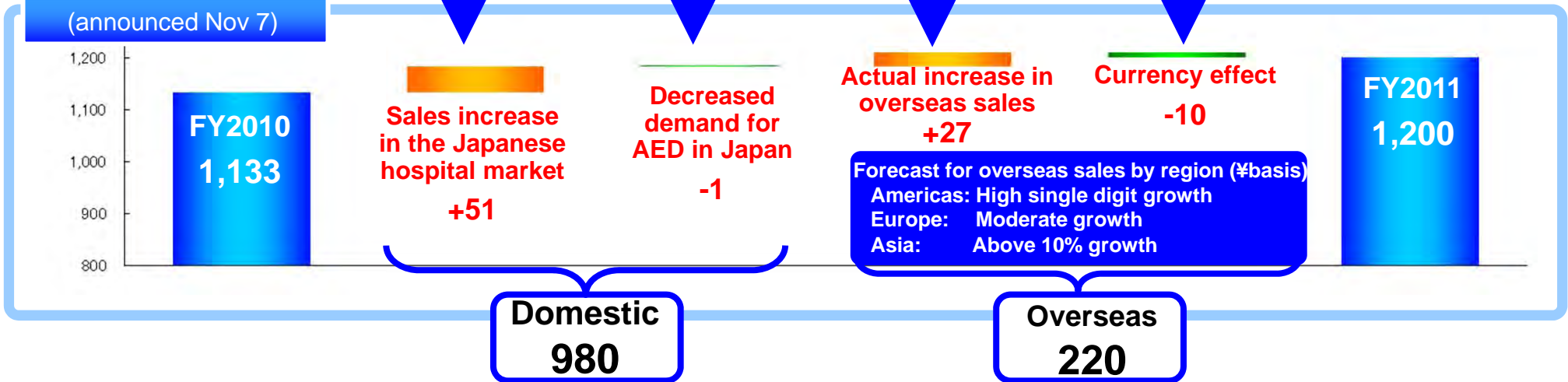
3) Analysis of FY2011 Forecast Sales

Original Forecast (announced May 11)

(¥100 million)



Revised Forecast (announced Nov 7)



(Ref.) Consolidated Forecast FY2011 by Product Segment

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

	FY2010	FY2011		YoY (%)
		Original Forecast (announced May 11)	Revised Forecast (announced Nov 7)	
Physiological measuring equipment	28,189	29,600	30,000	6.4
Patient monitors	37,274	41,050	39,750	6.6
Treatment equipment	19,073	19,700	20,150	5.6
Other medical equipment	28,843	29,650	30,100	4.4
Total	113,380	120,000	120,000	5.8
(Ref.)				
Consumables and services	40,236	42,500	43,800	8.9

Strategy to Achieve the Mid-term Business Plan

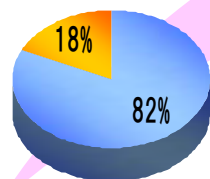
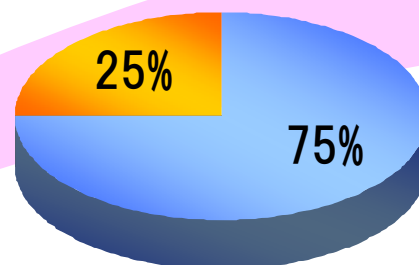
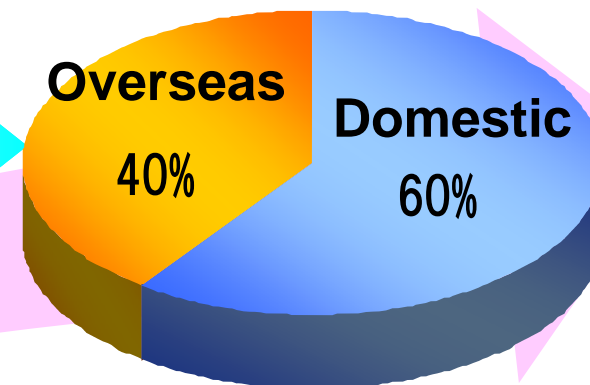
1) Long-term Vision and Mid-term Business Plan

Long-term Vision (April 2010 to March 2020)

The CHANGE 2020
-The Global Leader of Medical Solutions-

Mid-term Business Plan
(FY2010 to FY2012)

SPEED UP III



FY2009 actual

Sales ¥107 billion

Operating Income ¥9.3 billion

FY2012

Sales ¥130 billion

Operating Income ¥13 billion

**Fiscal year ending
March 2020**

Sales ¥200 billion

Operating Income ¥25 billion

2) Target for FY2012

	FY2009 actual	FY2010 actual	FY2011 forecast	FY2012	3 years growth
Sales	¥107.0 billion	¥113.3 billion	¥120.0 billion	¥130.0 billion	21.5%
Domestic	¥87.4 billion	¥93.0 billion	¥98.0 billion	¥97.5 billion	11.5%
Overseas	¥19.5 billion	¥20.3 billion	¥22.0 billion	¥32.5 billion	66.0%
Operating income	¥9.3 billion	¥10.5 billion	¥11.0 billion	¥13.0 billion	39.5%
ROE	10.6%	10.9%		12.0%	

Breakdown of overseas sales by region

* Mid-term Business Plan, SPEED UP III, is based on an exchange rate of 90 yen to the dollar and 130 yen to the euro.

Americas	¥6.2 billion	¥6.8 billion	+ high single digit	¥9.4 billion	49.2%
Europe	¥5.8 billion	¥6.0 billion	moderate growth	¥8.8 billion	50.1%
Asia	¥6.5 billion	¥6.2 billion	+ above 10%	¥13.0 billion	99.8%
Other	¥0.9 billion	¥1.1 billion		¥1.3 billion	43.2%

3) Expand and Strengthen Core Business Areas

Developed markets

Emerging economies

Defibrillators

ECGs

EEGs

Patient monitors

Hematology Analyzers

Sensor technology (etCO2, SpO2, NIBP, esCCO, aEEG, etc.)

IT solution

Nihon Kohden is the only patient monitor maker with its own sensor technology.

New products in FY2010 and FY2011



October 2011
(international)



2nd half of
FY2011 (plan)

Polaris.one



Cardio Net

January 2011



Developed and
manufactured
in China

2nd half of FY2011 (plan)
(Launch FY2012 in China)



2nd half of FY2011
(plan)



March 2011



2nd half of
FY2011 (plan)

i) Neuro Business: Electroencephalographs and Evoked Potential

Top-down strategy by responding to needs of top U.S. hospitals



Cleveland Clinic

- Strengthen competitiveness by enriching product line-up
- Differentiated IT solutions

FY2011 action



256 channel amplifier units
2nd half of FY2011 (plan)



Neuroworkbench
Neuro information system
Sequential upgrades

Product development and upgrade by responding to needs of world's top hospitals

- Utilize successful cases in U.S. for global business

Strong relationships with world's top hospitals positively affect neuro business deals in Asia and Middle East

Expand global market share in neuro business

4) Strengthen Technological Development Capacity

Leverage our strengths

The only patient monitor maker with its own sensor technology

Good relationships with key doctors in Japan and overseas

FY2011 action

Develop products that meet local needs for **Patient Safety**

Japan



Patient location information

U.S.



Prefense™

Promote widespread use of new parameter

Europe



Clinical research for esCCO

Support doctor exchange worldwide

China



Invite doctors in U.S. and Japan to speak in China



Provide users with added value that only we could have created

i) Products for “Patient Safety” -Japan-

Display **patient location** on monitor screen

Japan's first!

Launched September 2011

Issues in clinical practice

Medical staff can not find where the critical patient is



Solution

1. Transmitter in bathroom



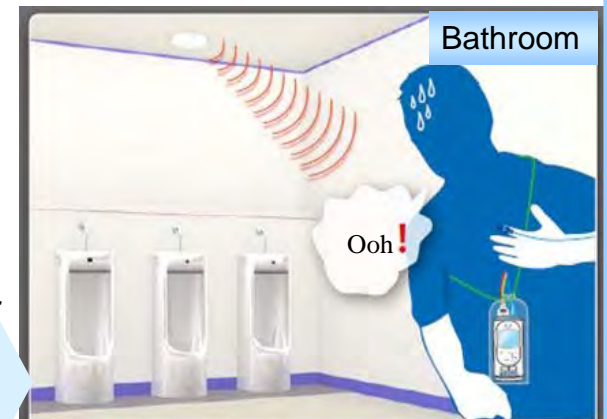
2. Patient's monitor receives location information and sends it to central monitor in nurse station



3. Central monitor displays patient location



Enables indoor location information which normal GPS can't get



ii) Products for “Patient Safety” -U.S.-

Monitor every patient in general wards to prevent incidents of medical harm cost-effectively

America's first!

Issues in clinical practice

High Incidence of medical error
Poor quality of healthcare

- IHI launched the 5 million Lives Campaign: Voluntary initiative for quality improvement in healthcare (2006 to 2008)



- Medicare no longer pays for preventable hospital errors, injuries or infections effective October 1, 2008.

Solution

Prefense™

Launched May 2008

Combines a simple, easy to use and cost effective new central station interface with 40 NTX transmitters



FY2011 action



Holy Name Medical Center installed **Prefense** in early 2011

- In collaboration with Holy Name,
 - Collect data of Prefense
 - Hold observation tours
- Aim at installing in well-known hospitals and creating ripple effects in related hospitals
- Increase sales reps for Prefense

iii) Differentiate our Patient Monitors by Creating New Parameter -Europe-

esCCO™ (estimated Continuous Cardiac Output)

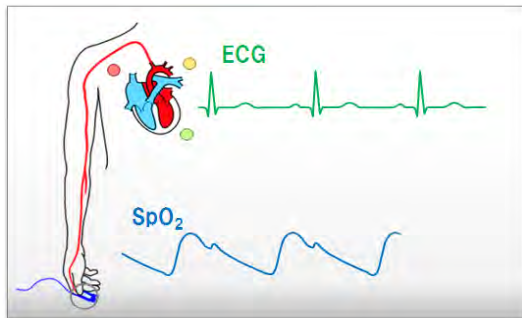
New non-invasive CCO measurement method
using ECG and pulse oximetry

World's
first

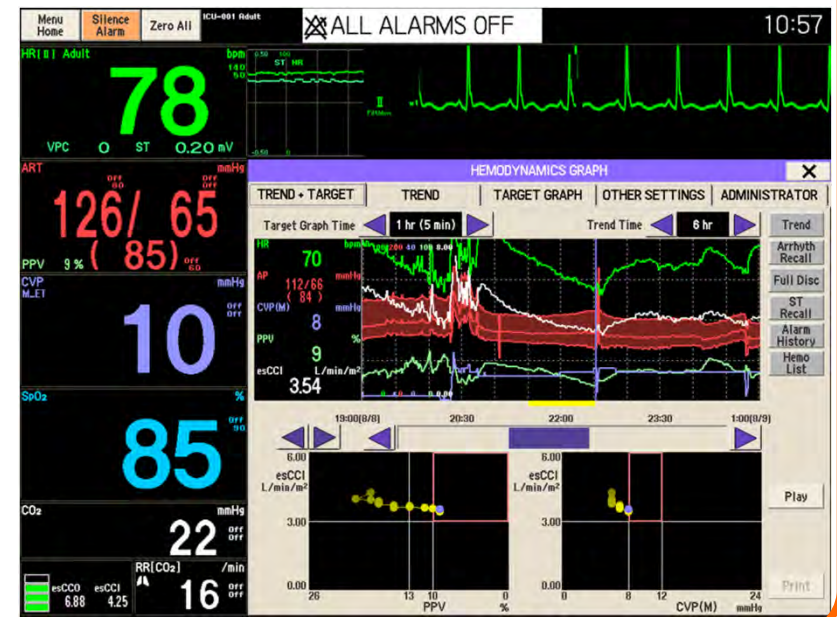


Installed on
bedside monitors

esCCO: esCCO is a new non-invasive measurement method utilizing routine clinical monitors



- No infection risk
- No pain
- Easy to measure



Clinical research has been conducted and we launched initial sales in Europe

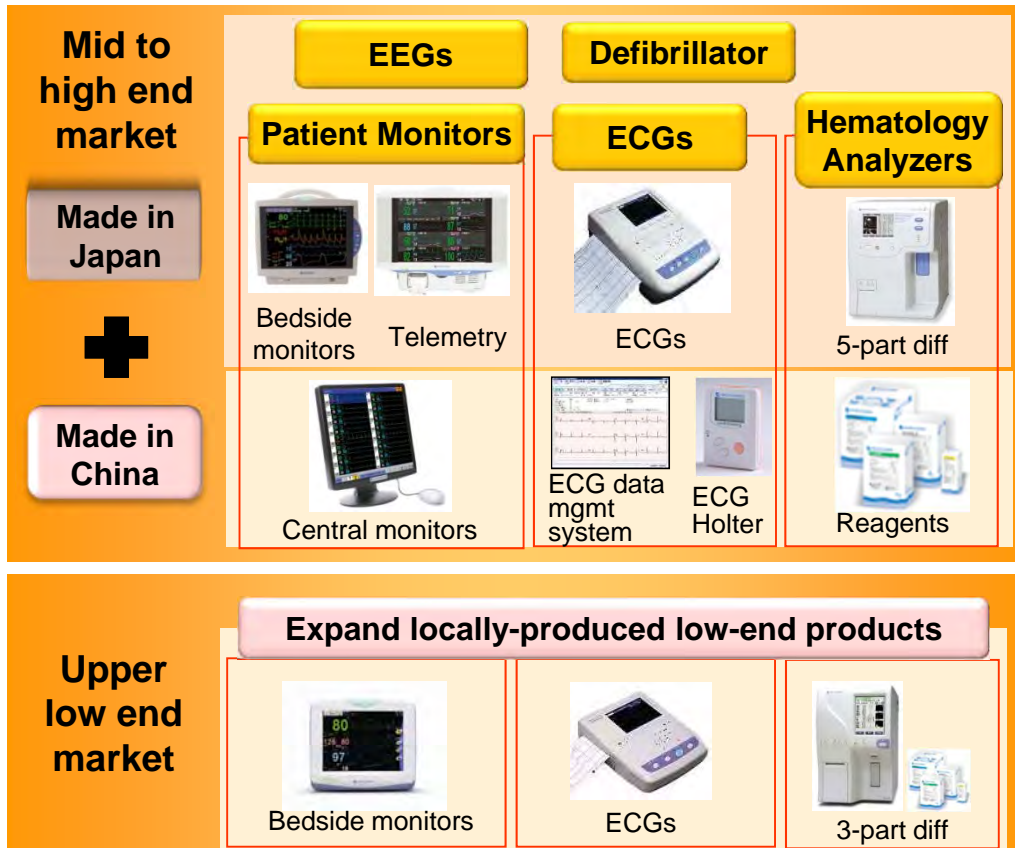
We are preparing for clinical research in U.S.

5) Expand Business in China

Expand product line-up

Got SFDA approval for a mid-to-high end bedside monitor at the end of July.

No products waiting for SFDA approval.



Enhance sales and service network

- Establish inland sales offices:
Xian in July, Chengdu in September
- Shorten repair downtime, increase range of local repair service, without returning and repairing in Japan
- Strengthen ties with key doctors



April 2011

Invite doctors in U.S. to hold EMG workshop in China



Build human networks in Chinese academic conferences



May 2011

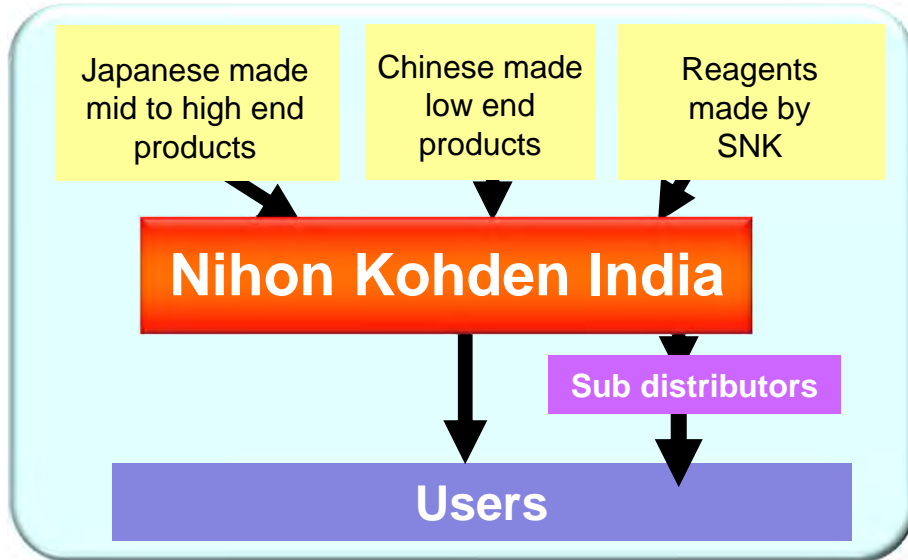
Invited talks by Japanese doctor at Chinese Sleep Research Society

6) Expand Business in Emerging Economies

Expand sales networks

Establish sales office in India March 2011

- Start sales operations in June
- Develop distribution network



Establish sales office in Brazil

- Establish sales office in Jan 2012
- Start sales operations in April 2012

Focus on top 22 countries

(Top 22 countries make up 3/4 of sales in emerging economies)

Strengthen assistance to key distributors

- Approach major hospitals
- Strengthen ties with key doctors



Sep 2011

Hold seminar at Columbia Pediatric ICU Society



Expand sales of bedside monitors, BSM-3000



March 2011

- Mid to high-end model for emerging economies
- All in one

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.