

Consolidated Financial Highlights for First Half of FY2010

(From April 1, 2010 to September 30, 2010)

1. Consolidated Financial Results
for First Half of FY2010
2. Forecast for FY2010
3. Basic Strategy

November 11, 2010

Fighting Disease with Electronics



Consolidated Financial Results for First Half of FY2010

1) Consolidated Financial Results for the 1st Half of FY2010

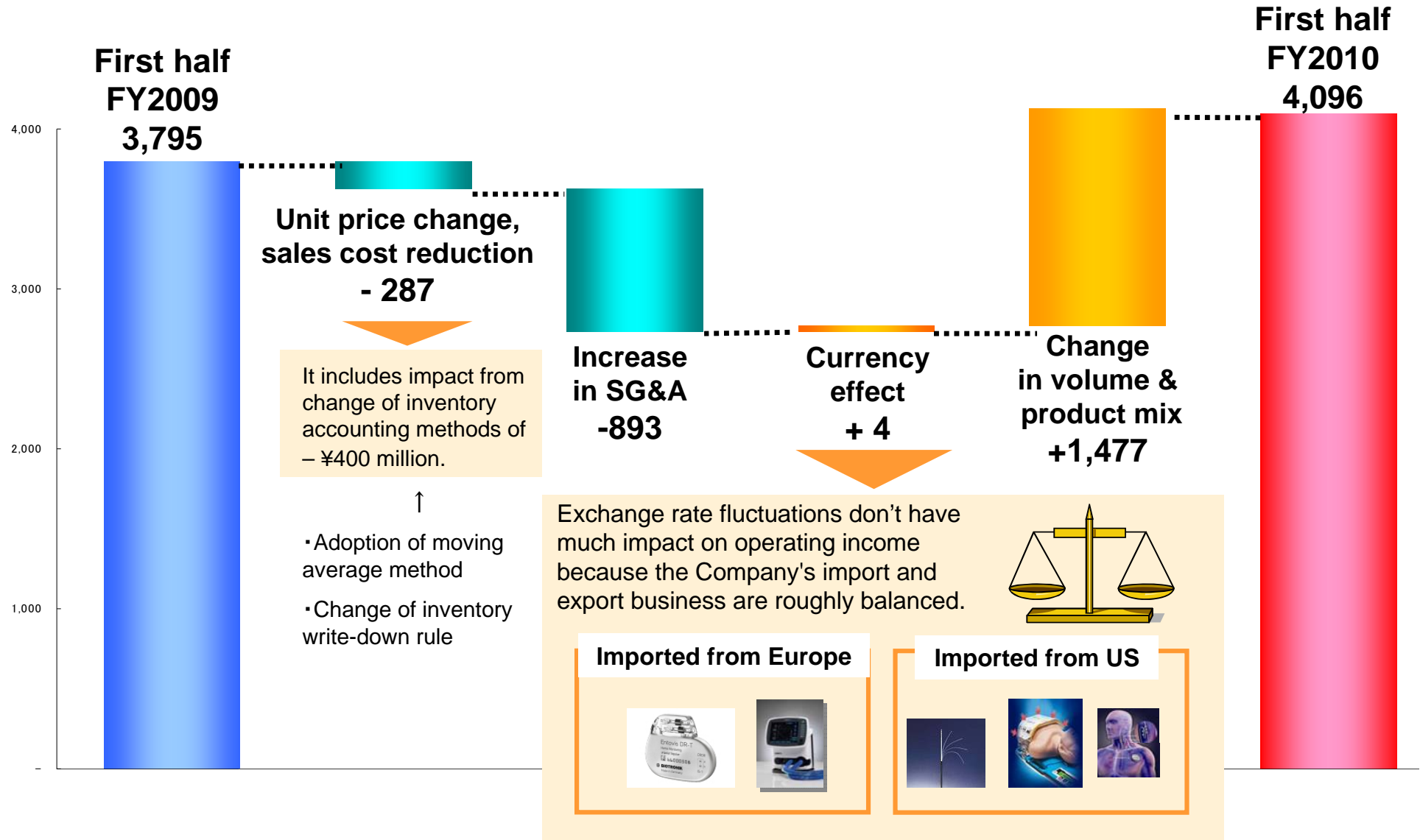
(Amounts of less than ¥1 million are rounded down)

	First half FY2009	First half FY2010		
		Forecast	Actual	YoY (%)
Sales	49,847	53,000	52,526	5.4
Domestic Sales	40,867	-	43,124	5.5
Overseas Sales	8,980	-	9,401	4.7
Operating income	3,795	4,000	4,096	7.9
Ordinary income	3,809	4,000	3,867	1.5
Net income	2,253	2,300	2,609	15.8

Average exchange rate	First half FY2009	First half FY2010
1 US Dollar	96 yen	89 yen
1 EURO	134 yen	113 yen

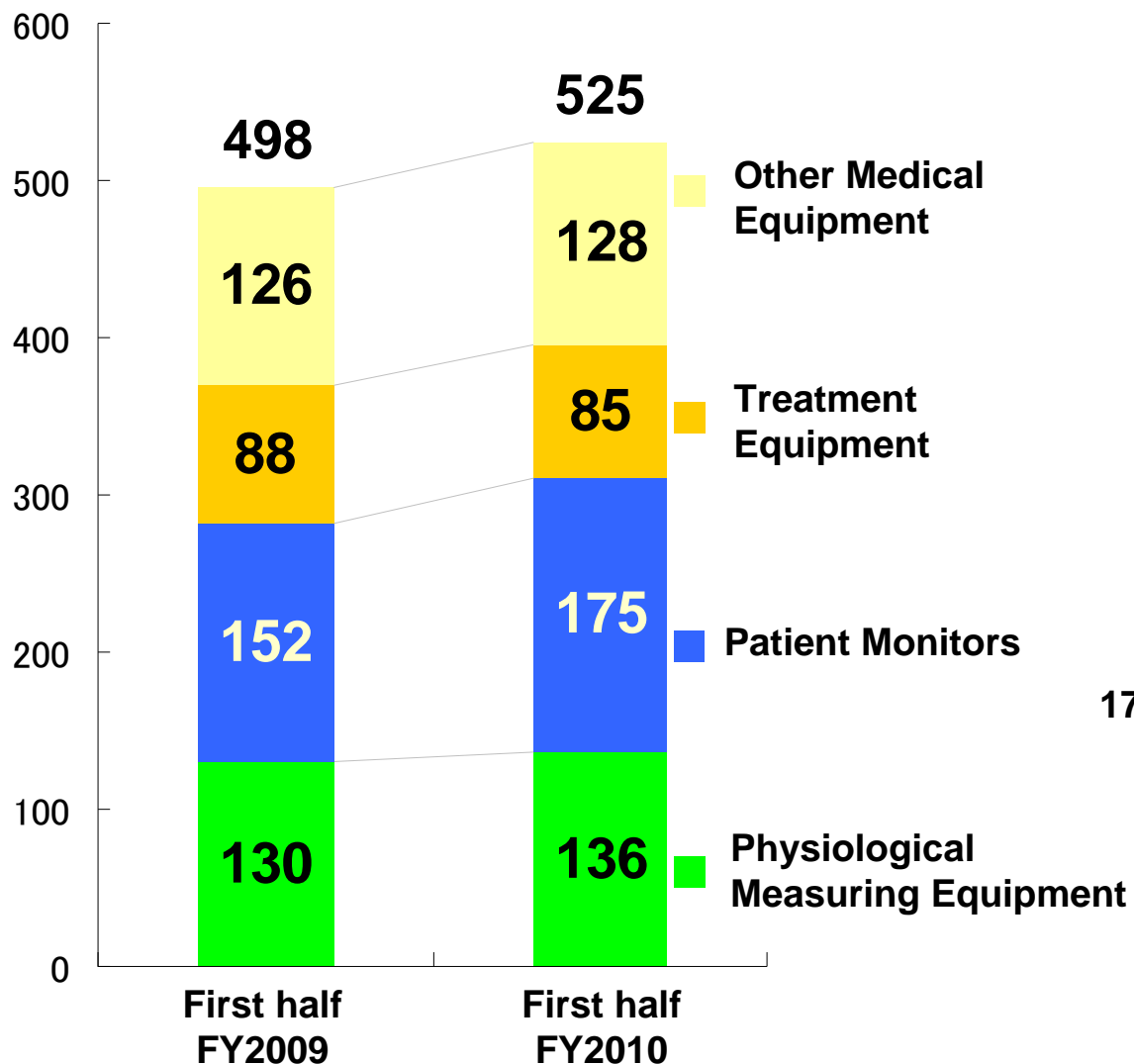
2) Breakdown of Operating Income

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



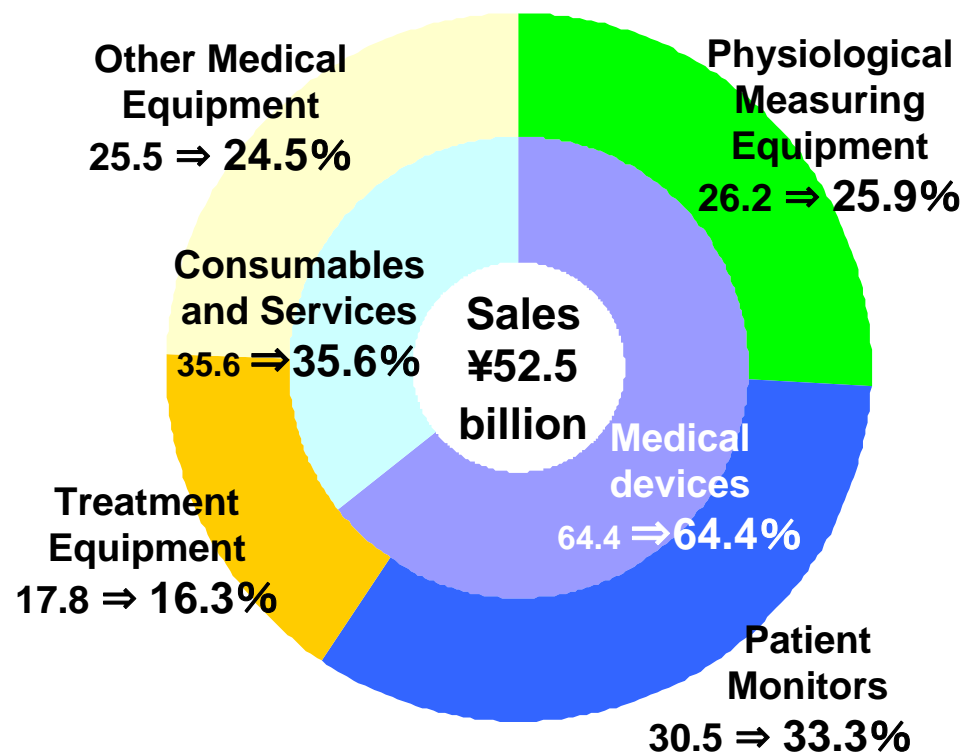
3) Sales by Product Category

(¥100 million)



Sales composition by product category

(First half FY2009 ⇒ First half FY2010)



Note: 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. Figures for FY2009 have been reclassified in this way to reflect the growth rate of each individual category.

3.1) Physiological Measuring Equipment

(Sales, millions of yen)

	First half FY2009	First half FY2010	YoY (%)
Electroencephalographs	3,200	3,536	10.5
Electrocardiographs	3,077	3,057	-0.6
Polygraphs for Cath Lab	3,353	3,557	6.1
Other Physiological Measuring Equipment	3,420	3,474	1.6
Physiological Measuring Equipment	13,051	13,625	4.4
Domestic Sales	10,483	11,083	5.7
Overseas Sales	2,568	2,542	-1.0

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



Electroencephalographs
EEG-1200



Electrocardiographs
ECG-1400



Polygraphs for Cath Lab
RMC-4000

3.2) Patient Monitors

(Sales, millions of yen)

	First half FY2009	First half FY2010	YoY (%)
Patient Monitors	15,213	17,500	15.0
Domestic Sales	11,327	12,988	14.7
Overseas Sales	3,885	4,511	16.1



Telemetry systems

WEP-5200 series



Bedside monitors

BSM-6000 series



Transmitter with LCD

ZS-530P

3.3) Treatment Equipment

(Sales, millions of yen)

	First half FY2009	First half FY2010	YoY (%)
Defibrillators (for Hospital and Ambulance)	2,194	1,865	-15.0
AED (Automated External Defibrillator)	3,328	2,500	-24.9
Pacemakers / ICD	1,692	1,550	-8.4
Ventilators	752	965	28.3
Other Treatment Equipment	917	1,698	85.2
Treatment Equipment	8,885	8,580	-3.4
Domestic Sales	7,536	7,475	-0.8
Overseas Sales	1,348	1,104	-18.1
(Ref.) AED Unit Shipments	17,200	12,500	-27.3

※ AED unit shipment includes overseas sales.



AED
AED-2100



Pacemakers
Entovis DR-T



Ventilators
HAMILTON-C2



Artificial ear

3.4) Other Medical Equipment

(Sales, millions of yen)

	First half FY2009	First half FY2010	YoY (%)
Hematology Analyzers	2,877	2,902	0.9
Transformers, Imaging Systems, Medical equipment for study and others ※	9,820	9,917	1.0
Other Medical Equipment	12,697	12,820	1.0
Domestic Sales	11,520	11,577	0.5
Overseas Sales	1,177	1,243	5.6

※ It includes consumable, installation and maintenance service which are not applicable to another categories.

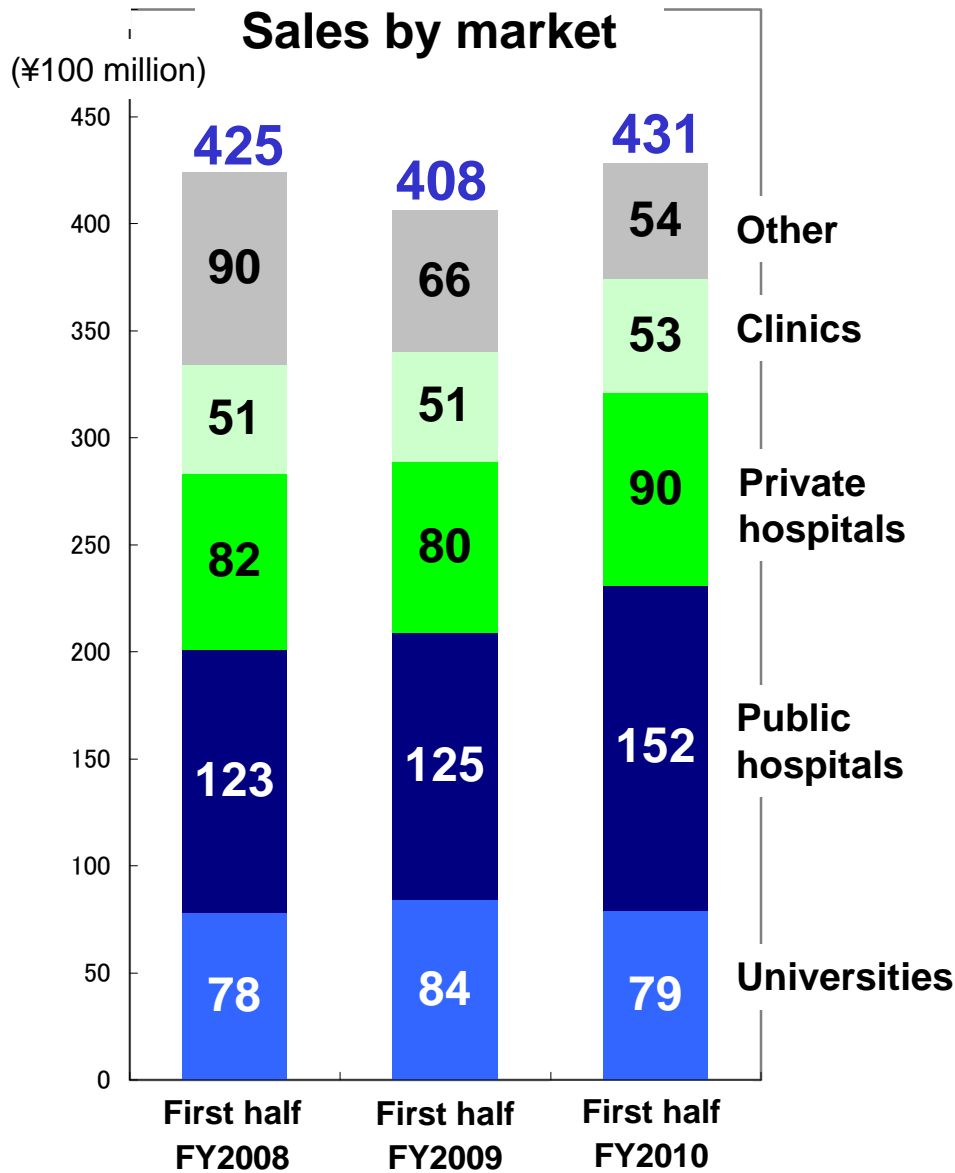


Automated hematology analyzers
MEK-6400



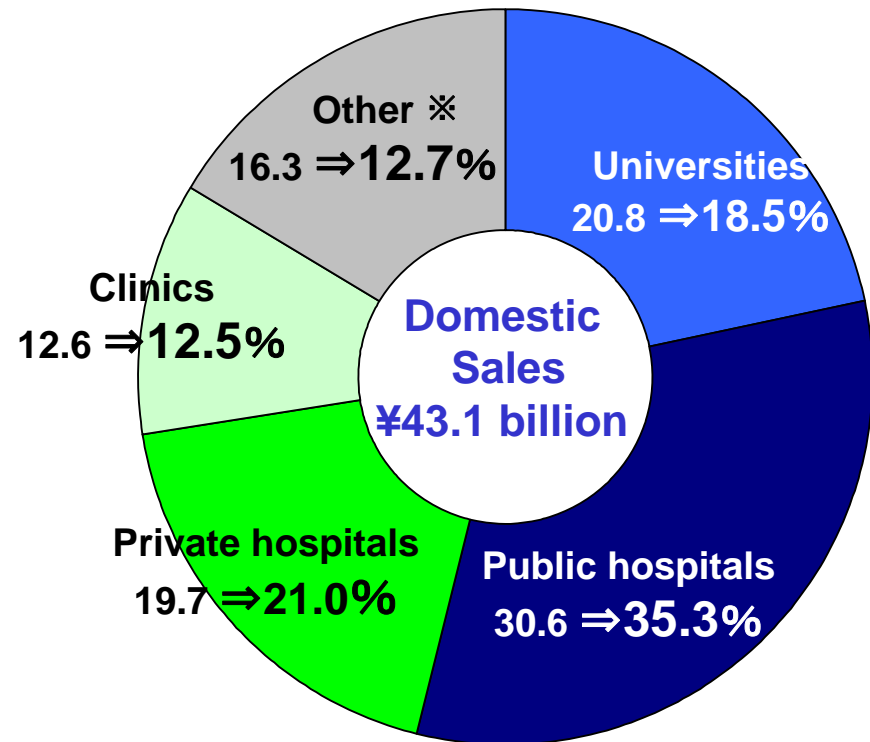
Multi-channel telemetry system
WEB-1000

4) Domestic Sales



Sales composition by market

(First half FY2009 ⇒ First half FY2010)

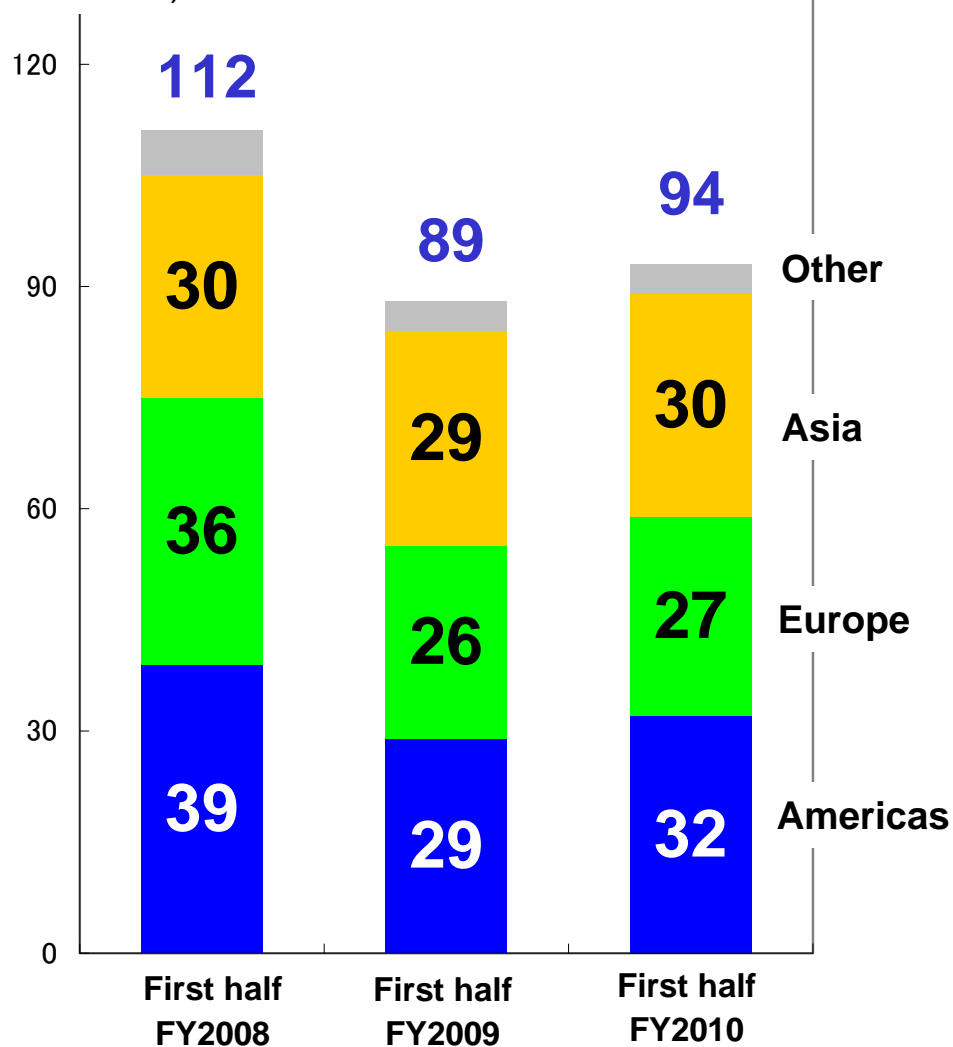


Note: Other markets include laboratories, animal hospitals, and PAD (public access defibrillation) markets such as schools and private companies

5) Overseas Sales

Geographic Segments

(¥100 million)

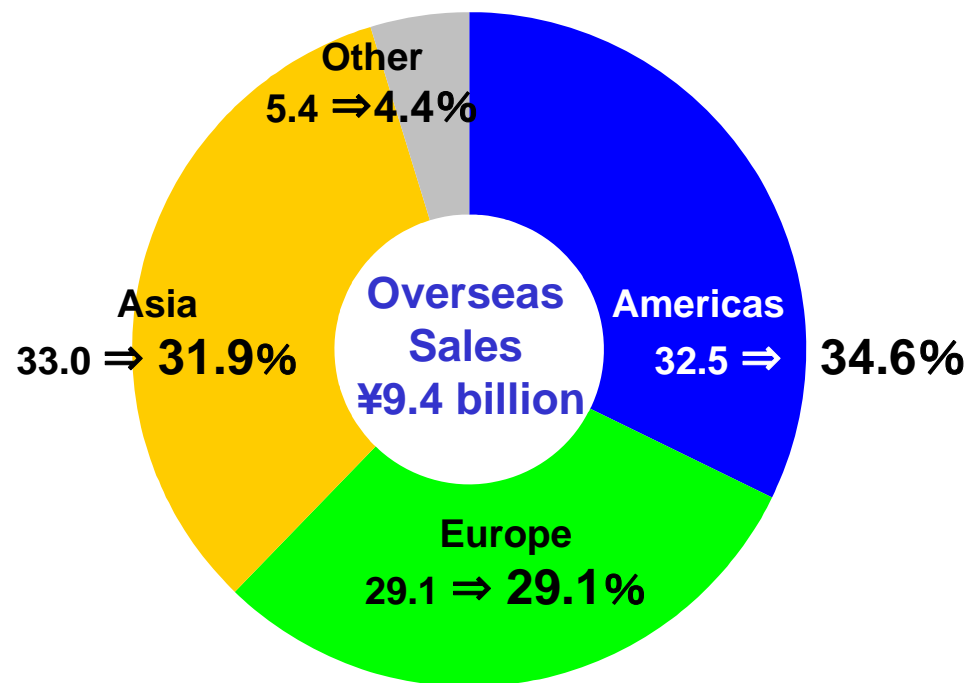


Percentage of overseas sales to consolidated sales

First half FY2008	First half FY2009	First half FY2010
20.9%	18.0%	17.9%

Geographic Segments

(First half FY2009 ⇒ First half FY2010)



6) Financial Condition

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

	FY2009	First half FY2010	Change
Current assets	69,685	66,573	-3,112
Fixed assets	18,315	18,196	-118
Total assets	88,000	84,770	-3,230
Current liabilities	29,722	25,081	-4,640
Non-current fixed liabilities	329	454	125
Total liabilities	30,051	25,536	-4,515
Net assets	57,949	59,233	1,284
Total liabilities & Net assets	88,000	84,770	-3,230

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

Trade notes and accounts receivable: -3,653

Trade notes and accounts payable: -2,459

7) Cash Flows

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

	First half FY2009	First half FY2010	Change
I .Cash flows from operating Activities	5,425	2,475	-2,950
II .Cash flows from investing Activities	-787	-1,516	-729
Free Cash Flows	4,638	958	-3,680
III.Cash flows from financing Activities	-1,309	-576	733
Effect of exchange rate changes on cash and cash equivalents	142	36	-106
Net increase (decrease) in cash and cash equivalents	3,472	418	-3,053
Cash and cash equivalents at end of term	14,669	16,749	2,079

(Increase) decrease in inventories:

First half FY2009	1,579
First half FY2010	- 479
Change	- 2,077

Income taxes paid:

First half FY2009	-1,213
First half FY2010	-2,380
Change	- 1,166

Capital expenditures

First half FY2009	- 586
First half FY2010	- 1,093
Change	- 507

Increase (decrease) in short-term debt

First half FY2009	- 444
First half FY2010	327
Change	+771

8) Capital Investments & R&D Costs

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

	First half FY2009	First half FY2010	FY2009	FY2010	
				Original Forecast (May .11 announced)	Revised Forecast (Nov. 4 announced)
Capital Investments	1,414	1,441	3,154	2,700	2,600
Depreciation	1,184	1,248	2,507	3,100	3,000
R&D costs	2,118	2,279	4,418	5,200	5,000

First half FY2010 Actual Capital Investments:

Molds for new products, products for demonstration, measuring equipment and jig, production facility for hematology analyzer reagents (Shanghai)

Second half FY2010 Capital Investments Plan:

Molds for new products, products for demonstration, measuring equipment and jig, ERP system

Forecast for FY2010

1) Business Environment

- As the overall global economy gradually recovered, demand for medical equipment appeared to be improved.
- There is a concern that a stronger yen will hurt price competitiveness.
- In Japan, hospital capital spending is expected to recover following the increase in medical treatment fees.

【Our International Business】

In U.S and Europe, where we export on a local currency basis, our business remains solid performance.

In some emerging countries, where we export on a yen basis, there is a concern that a stronger yen will hurt our price competitiveness.

【Our Domestic Business】

In the acute hospital market, our business remains solid performance.

In the PAD market, our AED business remains weak.

2) Forecast for FY2010

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

	FY2009	FY2010		YoY (%)
		Original Forecast (May .11 announced)	Revised Forecast (Nov. 4 announced)	
Sales	107,013	112,000	112,000	4.7
Domestic Sales	87,439	90,000	91,000	4.1
Overseas Sales	19,574	22,000	21,000	7.3
Operating income	9,321	10,000	10,000	7.3
Ordinary income	9,343	10,000	10,000	7.0
Net income	5,917	6,300	6,300	6.5

Percentage of overseas sales
to consolidated sales

18.3%

19.6%

18.8%

Average exchange rate

1 US Dollar	93 yen	90 yen	87 yen
1 EURO	131 yen	130 yen	113 yen

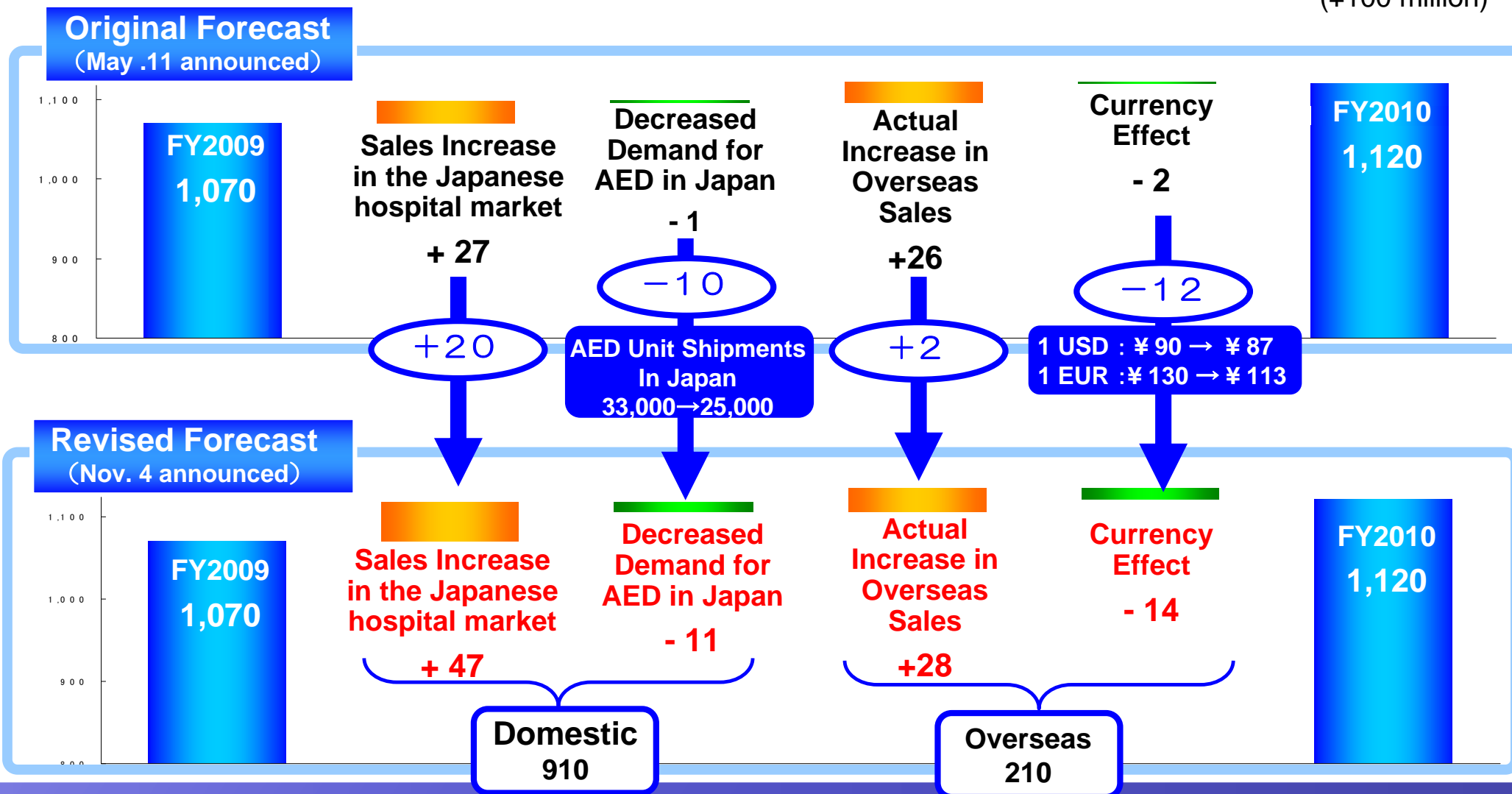
(Second half FY2010)

84 yen
113 yen

3) Analysis of FY2010 Forecast

【Sales】

(¥100 million)



(Ref.) Consolidated Forecast FY2010 by Product Segment

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

	FY2009	FY2010		YoY (%)
		Original Forecast (May .11 announced)	Revised Forecast (Nov. 4 announced)	
Physiological Measuring Equipment	27,976	31,600	28,800	2.9
Patient Monitors	32,993	34,900	37,200	12.7
Treatment Equipment	19,352	20,900	18,400	-4.9
Other Medical Equipment	26,691	24,600	27,600	3.4
Total	107,013	112,000	112,000	4.7
(Reference)				
Medical Supplies	37,048	39,500	39,500	6.6

Note: 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. Figures for FY2009 have been reclassified in this way to reflect the growth rate of each individual category.

Basic Strategy

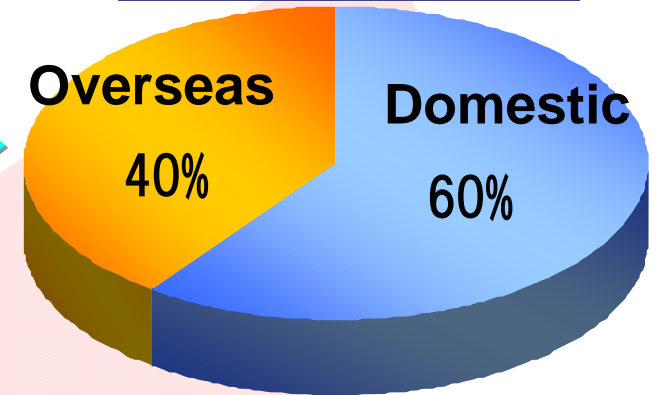
1) Long-term Vision & Mid-term Business Plan

Long-term Vision (From April, 2010 to March, 2020)

The CHANGE 2020

-The Global Leader of Medical Solutions-

¥200 billion



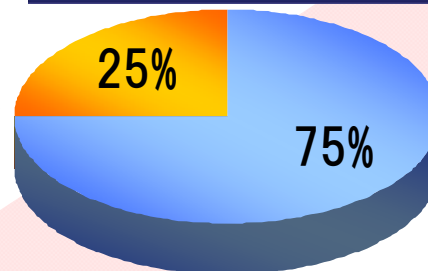
Fiscal year ending March 2020

Mid-term Business Plan

(From FY2010 to FY2012)

SPEED UP III

¥130 billion



FY 2012

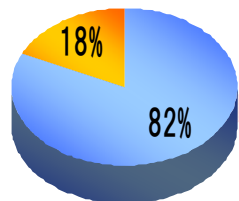
Japanese government's New Growth Strategy

Life Innovation

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Foster the industry related to medical, nursing care, and other health-related services and create jobs: creating new markets of ¥50 trillion and 2.8 million jobs.

Sales ¥107 billion



FY 2009

June, 2010

Targets to reach by 2020

2) Target for FY2012

	FY2009 actual	FY2012	3 years growth
Sales	¥107.0 billion	¥130.0 billion	21.5%
Domestic	¥87.4 billion	¥97.5 billion	11.5%
Overseas	¥19.5 billion	¥32.5 billion	66.0%
Operating Income	¥9.3 billion	¥13.0 billion	39.5%
ROE	10.6%	12.0%	

Breakdown of overseas sales by region

Americas	¥6.2 billion	¥9.4 billion	49.2%
Europe	¥5.8 billion	¥8.8 billion	50.1%
Asia	¥6.5 billion	¥13.0 billion	99.8%
Other	¥0.9 billion	¥1.3 billion	43.2%

3) Mid-term Business Plan Key Strategies

SPEED UP III

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

4) Proactive measures in FY2010

① Patient Monitor Business (i)

Europe

- Establish Nihon Kohden UK
Sept. 2010
- Receive large spot order in Romania
Sept. 2010

Japan

- Focus on marketing in acute hospitals
- Strengthen market presence in emergency care and NICU
- Promote medical safety

U.S.

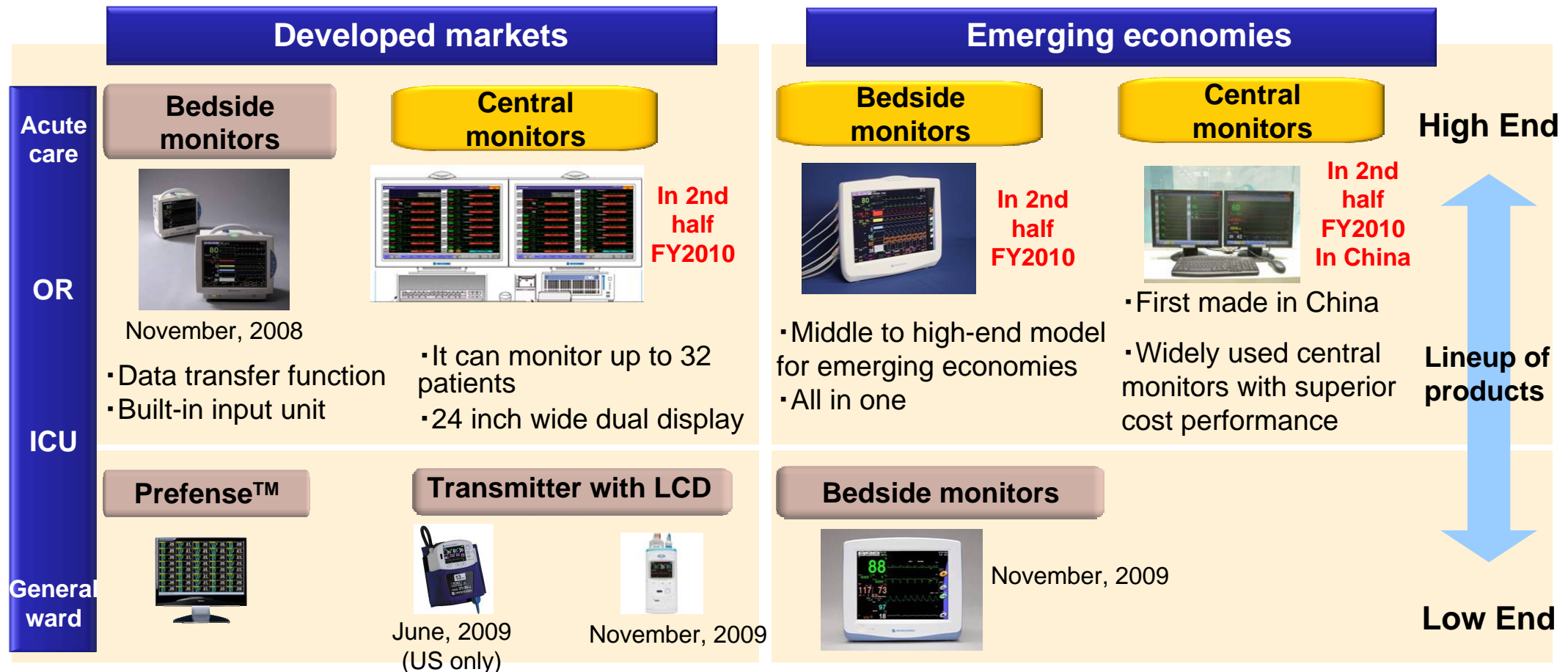
Patient Safety Study at Vanderbilt University Medical Center indicates Prefense™ can improve quality of care and avoid cost
May, 2010

Promote Prefense™



① Patient Monitor Business (ii)

Enhance line-up for each Developed markets and Emerging economies



② Expand Treatment Equipment Business (i)

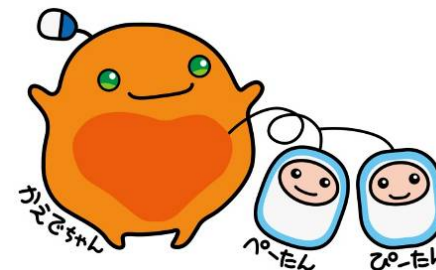
Expand AED product lineup

Domestic AED sales :

1H FY2010 actual
10,500 units



2H FY2010 forecast
14,500 units



AED with longer battery

Current product
2 year battery life

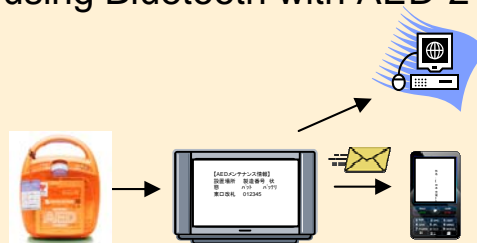
New product
4 year battery life



In 2nd half FY2010

AED remote tracking system

For safety-management, it allows customers to review self-check data by using Bluetooth with AED-2100.



At the end of FY2010

AED with LCD

Illustration and text display provide user instruction, in addition to voice guidance. ECG display is also available.

In 1st half FY2011(plan)

Export our own AED

Overseas AED sales:

First half FY2009
200 units



First half FY2010
2,000 units

In Korea, full-scale sales operation starts due to the enhancement of distribution channel.

② Expand Treatment Equipment Business (ii)

Signed an exclusive distributor agreement with Metran Co., Ltd., a domestic HFO^{*1} ventilator maker

Domestic sales

For adults



Hamilton

HFO for neonate/infant



Metran

HFO for adults



Metran

Overseas sales



Develop new core business

- Self-develop a new system for preventing medical errors in using ventilators
- Joint-develop ventilators

About Metran

Metran developed high frequency oscillation (HFO), which is gentle on the neonatal lungs

HFO for Neonate have been installed in **90%** of NICU in Japan^{*2}

HFO for adults is now marked worldwide as one of treatments in ARDS^{*3}



*1 High Frequency Oscillation: A form of mechanical ventilation in which small tidal volumes are delivered at very rapid rates

*2 Company estimates. Metran's HFO has 23% market share by revenues in the domestic ventilator market for infants (FY2008 Yano Research Institute)

*3 ARDS: acute respiratory distress syndrome

③ Expand Business in China

Develop and produce low-end products in China

Launch a new ECG management system, EDS-CHINA, developed by Medinet Kohden

Needs for data management system in selling ECG

Electronic Health Record

In 2nd half FY2010

EDS-CHINA (tentative name)
ECG management system



Start Widely-used Central Monitor (CNS-9101) production & sales

In 2nd half FY2010

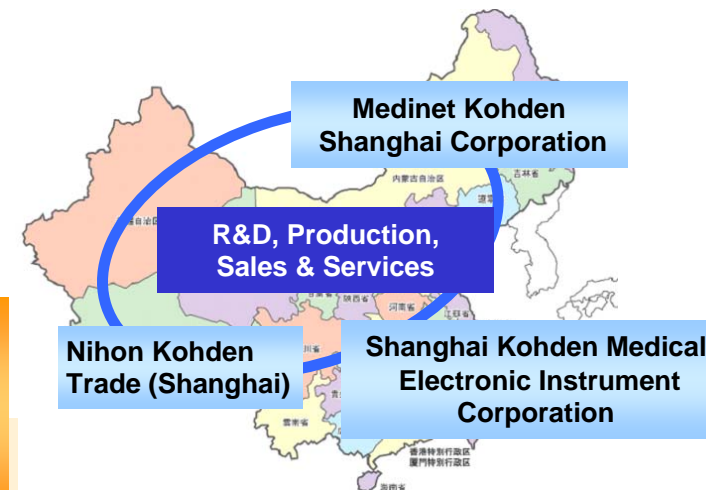
Central Monitor



CNS-9101



Bedside Monitor



Start reagent production & sales

August, 2010



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④ Expand Business in Emerging Economies

■ Overseas office

Expand sales networks in BRICS

Strengthen sales networks in Russia June, 2010

■ Nihon Kohden Europe signs a new distributor agreement with Delrus Inc, one of the largest medical device suppliers in Russia.

■ In 2nd half FY2010

Establish sales office in India

(Existing channel) HQ to local dealers
(Projected channel) Direct channel & local dealers

Establish sales office in Brazil

■ In first half FY2011(plan)

(Existing channel) Latin America Representative Office to local dealers
(Projected channel) Direct channel & local dealers

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