


**Consolidated Financial Highlights  
for First Half of FY2008**  
(From April 1, 2008 to September 30, 2008)

- 1. Consolidated Financial Results**
- 2. Basic Strategy**

**NIHON KOHDEN CORPORATION**  
**(6849)**

November 17, 2008



**Consolidated Financial Results  
for First Half of FY2008**

# 1) Consolidated Financial Results for the 1st Half of FY2008

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

	First half FY2007	First half FY2008		
		Forecast ※	Actual	YoY (%)
<b>Sales</b>	50,730	52,500	<b>53,855</b>	6.2
<b>Operating income</b>	4,863	3,200	<b>3,880</b>	-20.2
<b>Ordinary income</b>	4,918	3,200	<b>3,881</b>	-21.1
<b>Net income</b>	2,938	1,900	<b>2,206</b>	-24.9

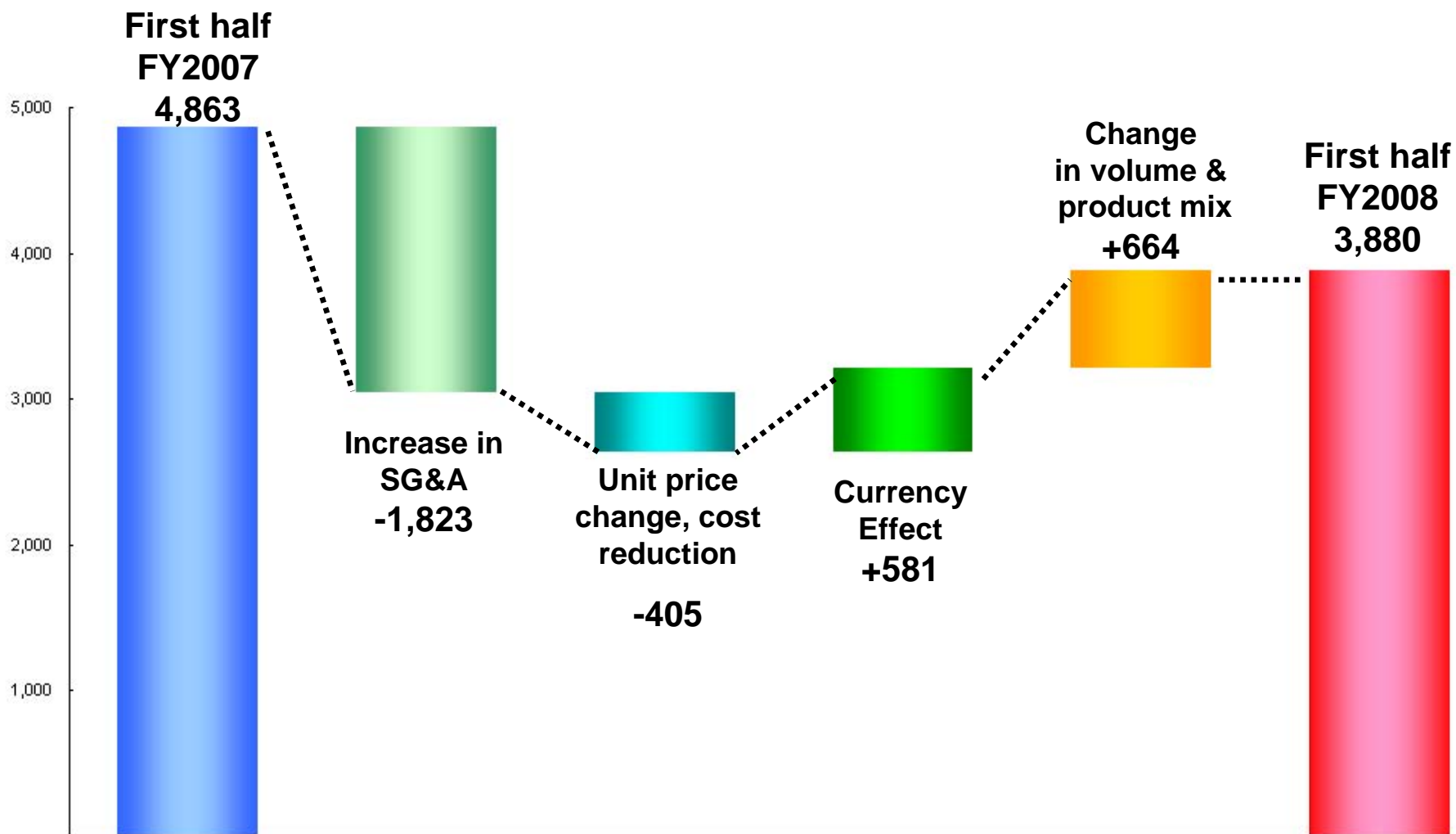
  

Average exchange rate	First half FY2007	First half FY2008
1 US Dollar	119 yen	105 yen
1 EURO	161 yen	164 yen

Note: Nihon Kohden announced a revision of forecast for Financial Results for FY2008 on August 6, 2008.

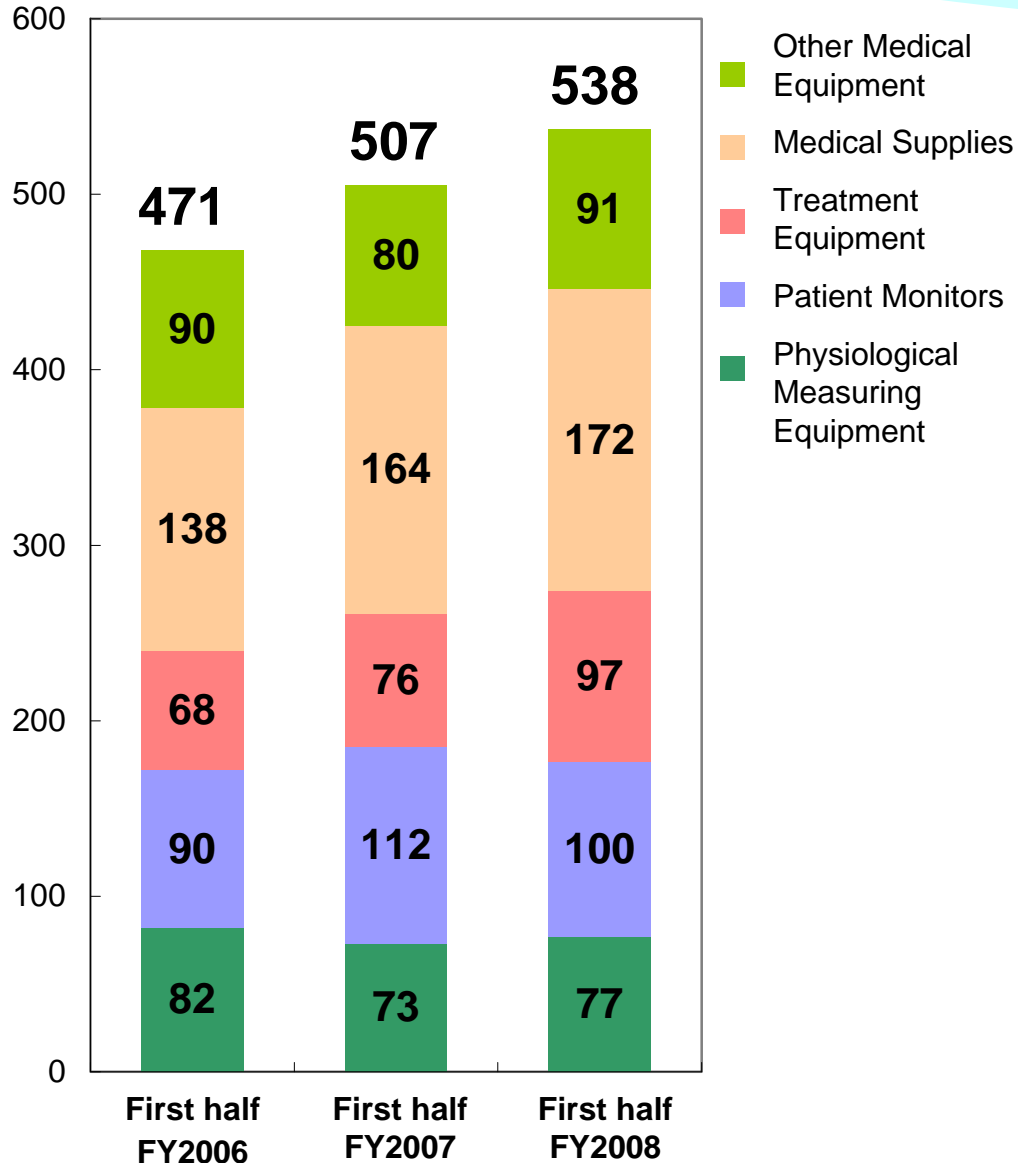
## 2) Breakdown of Operating Income

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

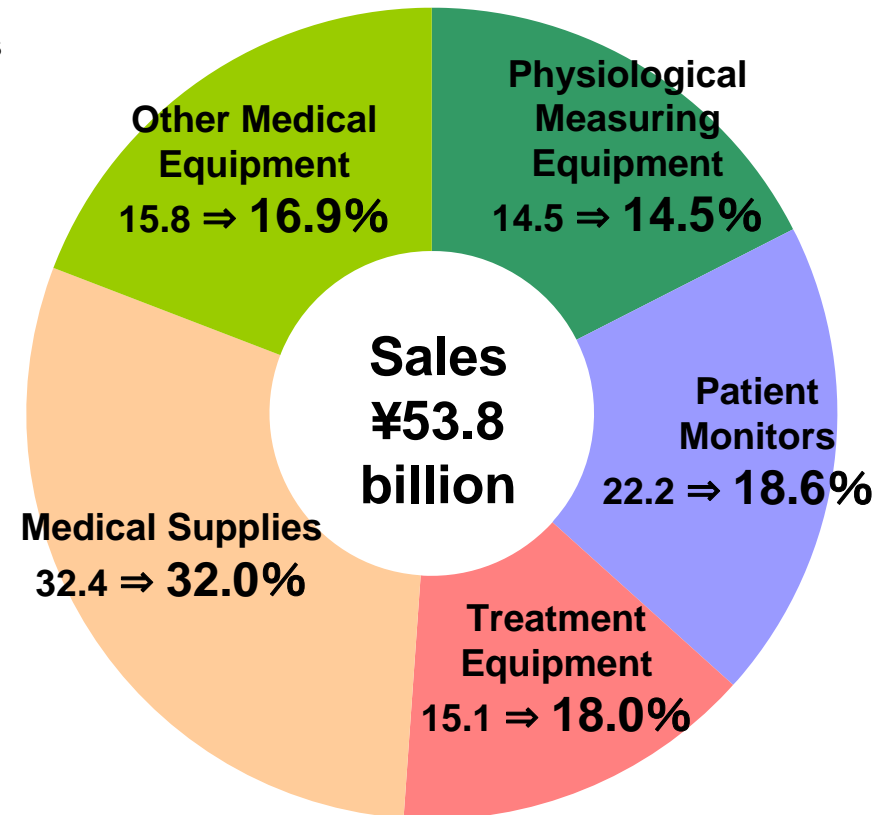


# 3) Sales by Product Category

(¥100 million)



**Sales by product category**  
(First half FY2007 ⇒ First half FY2008)



# 3.1) Physiological Measuring Equipment

(Sales, millions of yen)

	First half FY2007	First half FY2008	YoY (%)
Electroencephalographs	3,270	<b>3,379</b>	3.3
Electrocardiographs	2,787	<b>2,712</b>	-2.7
Polygraphs	1,299	<b>1,699</b>	30.8
<b>Physiological Measuring Equipment</b>	7,356	<b>7,790</b>	5.9
<b>Overseas Sales</b>	2,510	<b>2,652</b>	5.6



**Electroencephalographs**  
EEG-1200



**Electrocardiographs**  
ECG-1250



**Polygraphs**  
RMC-4000

## 3.2) Patient Monitors

(Sales, millions of yen)

	First half FY2007	First half FY2008	YoY (%)
<b>Patient Monitors</b>	11,276	<b>10,028</b>	-11.1
<b>Overseas Sales</b>	5,717	<b>4,144</b>	-27.5



**Bedside monitors**

BSM-9101



**Central monitors**

CNS-9601

# 3.3-1) Treatment Equipment

(Sales, millions of yen)

	First half FY2007	First half FY2008	YoY (%)
<b>Defibrillators</b>	4,574	<b>6,542</b>	43.0
<b>Pacemakers</b>	1,713	<b>1,745</b>	1.9
<b>Ventilators</b>	901	<b>748</b>	-17.0
<b>Other Treatment Instruments</b>	452	<b>666</b>	47.3
<b>Treatment Equipment</b>	7,640	<b>9,703</b>	27.0
<b>Overseas Sales</b>	1,306	<b>1,253</b>	-4.0



**Defibrillators**

TEC-5500



**Pacemakers**

Kiklos DR

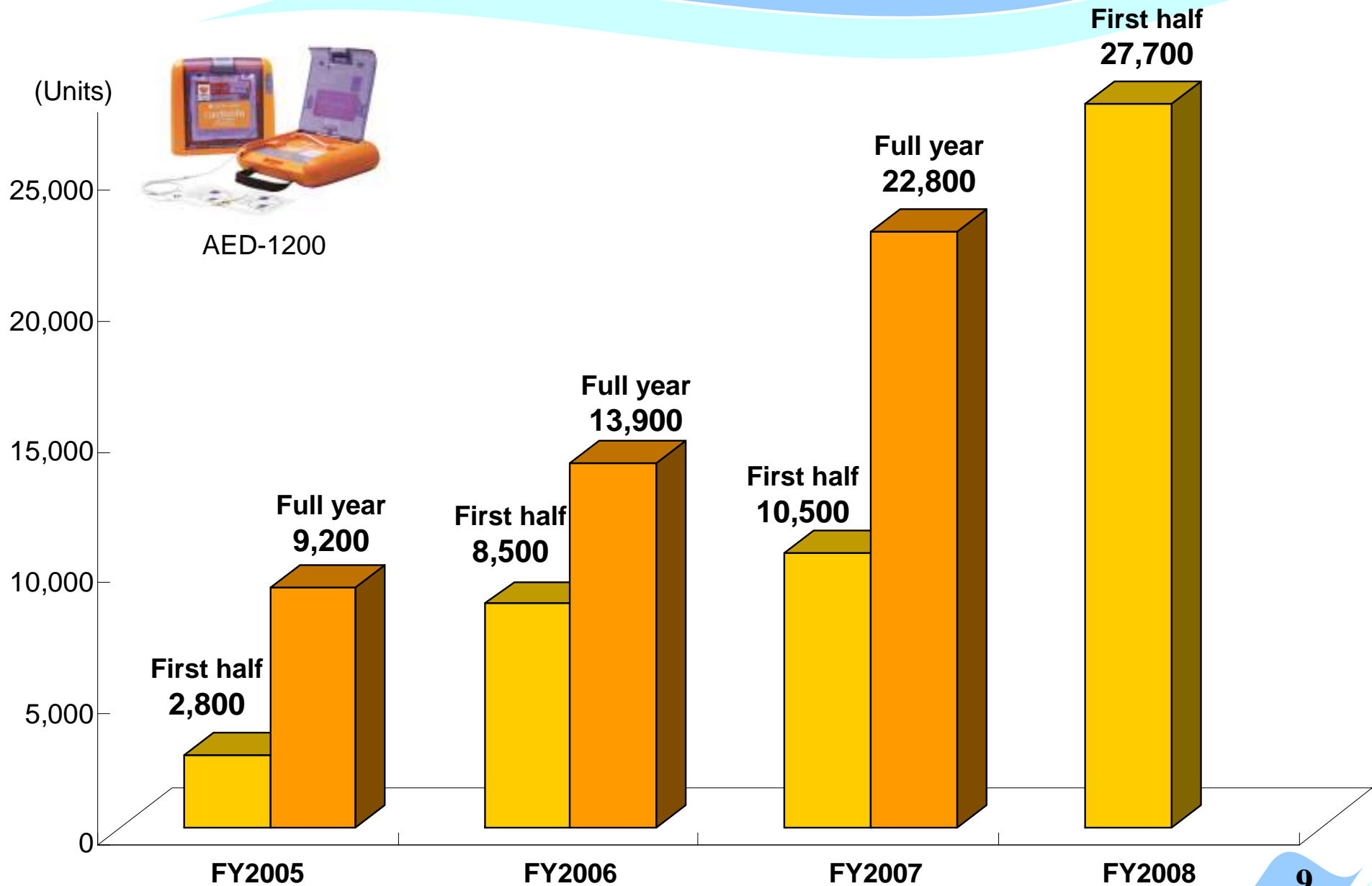


**Ventilators**

HAMILTON-G5



## 3.3-2) AED Unit Shipments



# 3.4) Medical Supplies

(Sales, millions of yen)

	First half FY2007	First half FY2008	YoY (%)
<b>Consumables</b>	13,501	<b>13,834</b>	2.5
<b>Maintenance Service</b>	2,952	<b>3,374</b>	14.3
<b>Medical Supplies</b>	16,453	<b>17,209</b>	4.6
<b>Overseas Sales</b>	3,203	<b>2,290</b>	-28.5



**Finger probes**

TL-201T



**Disposable electrodes**

N-03IS3



**AED's disposable pads**

P-590

# 3.5) Other Medical Equipment

(Sales, millions of yen)

	First half FY2007	First half FY2008	YoY (%)
<b>Other Medical Equipment</b>	8,003	<b>9,124</b>	14.0
<b>Hematology Analyzers</b>	2,186	<b>2,153</b>	-1.5
<b>Overseas Sales</b>	1,225	<b>917</b>	-25.2



**Automated hematology analyzers**  
MEK-6400

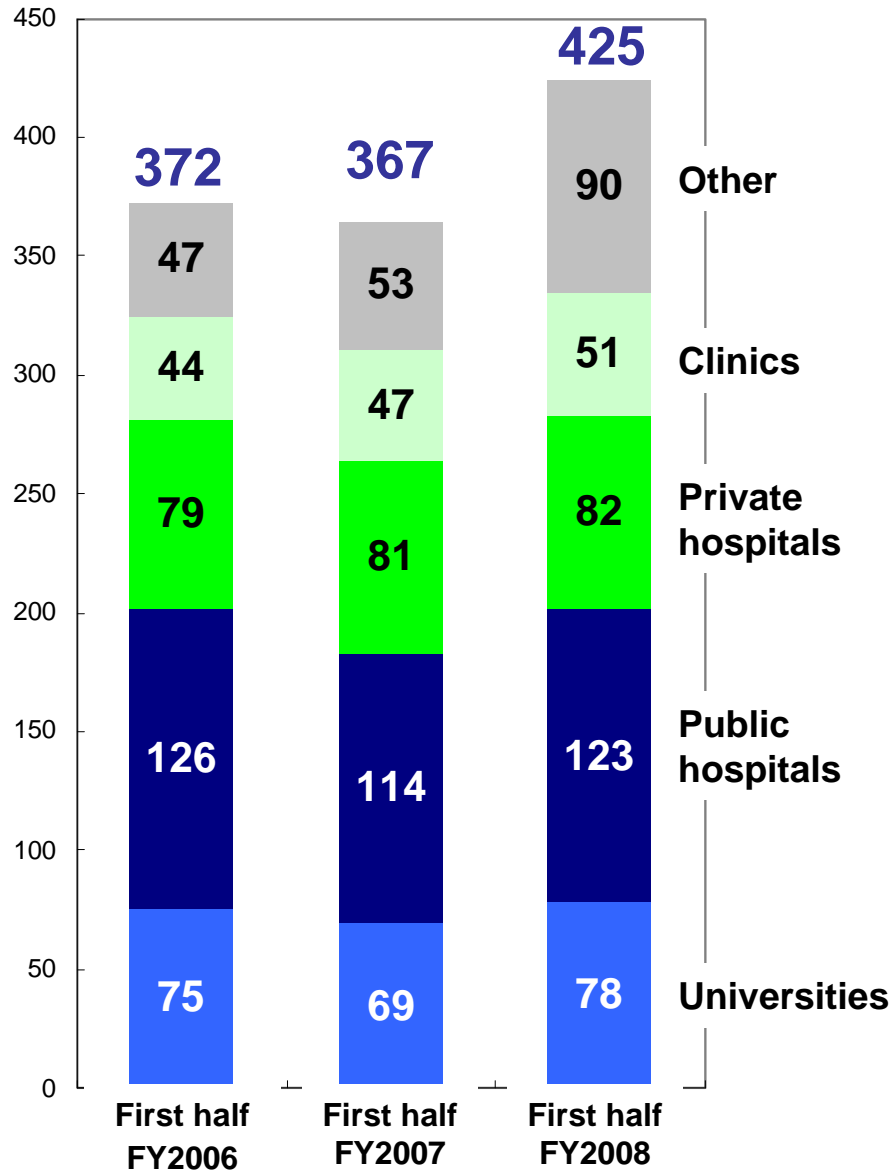


**Clinical support system**  
Prime park

# 4) Domestic Sales

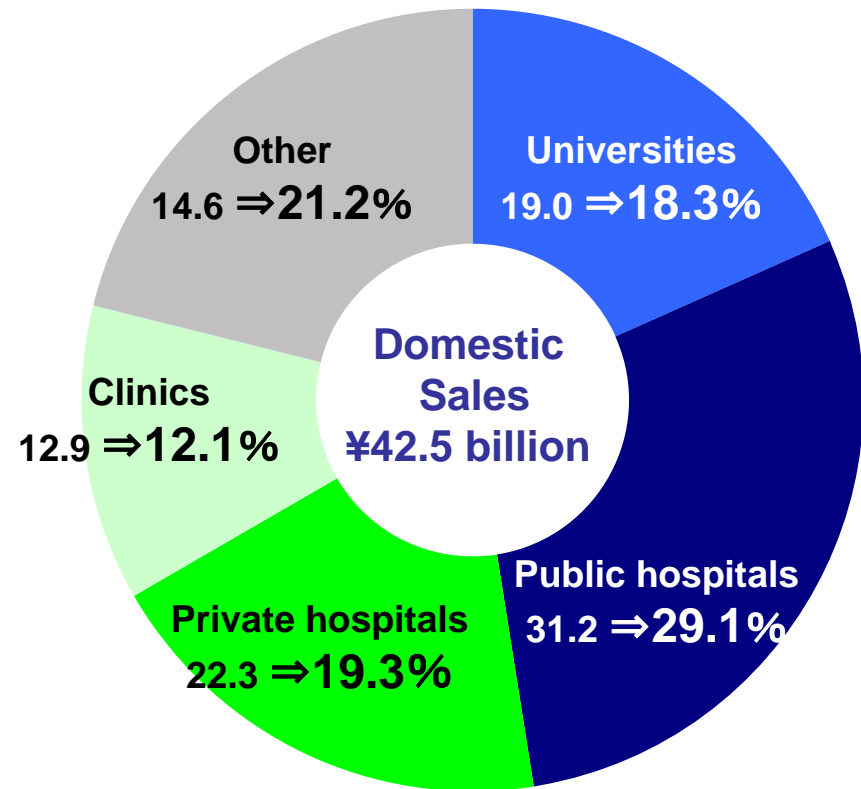
## Sales by market

(¥100 million)



## Sales composition by market

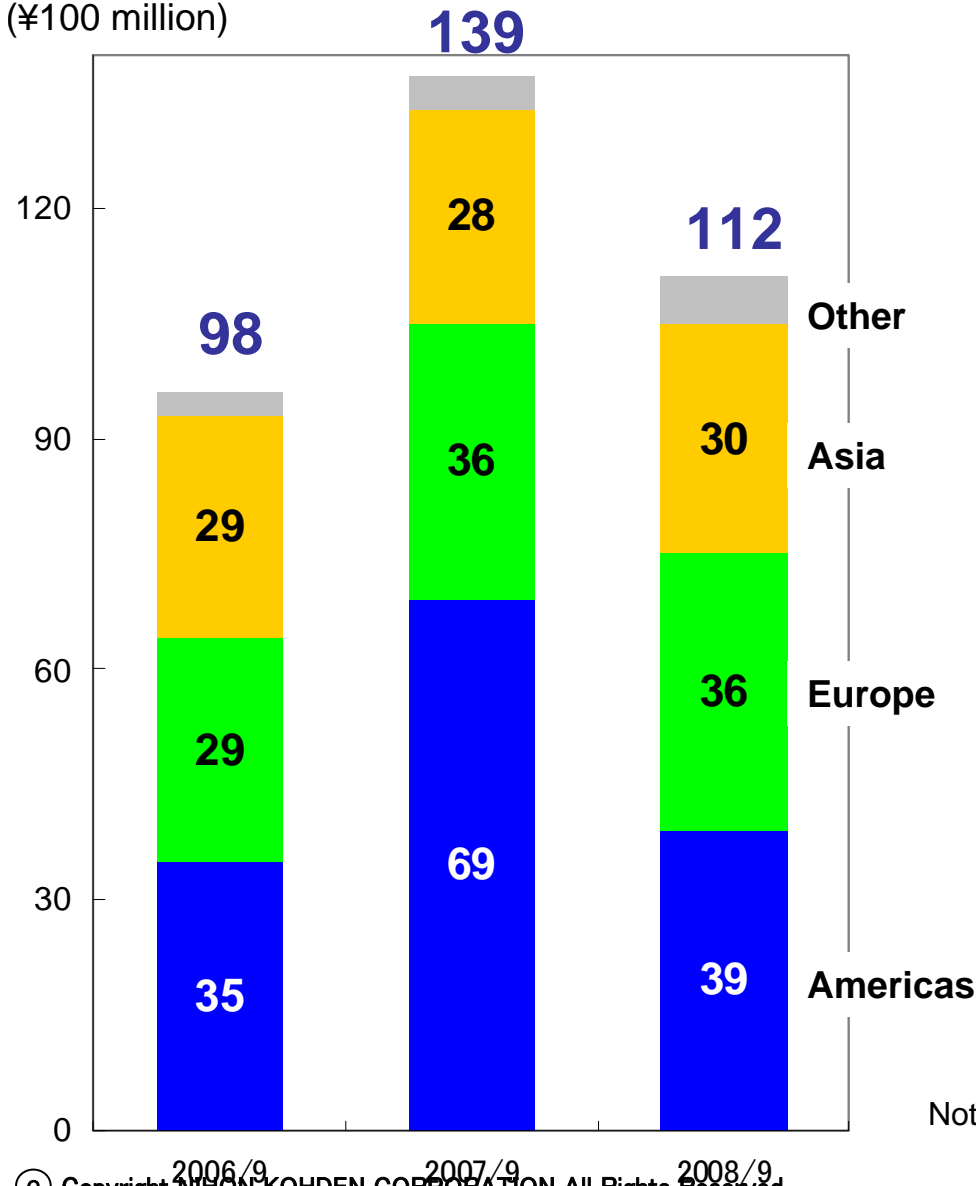
(First half FY2007 ⇒ First half FY2008)



# 5) Overseas Sales

## Geographic Segments

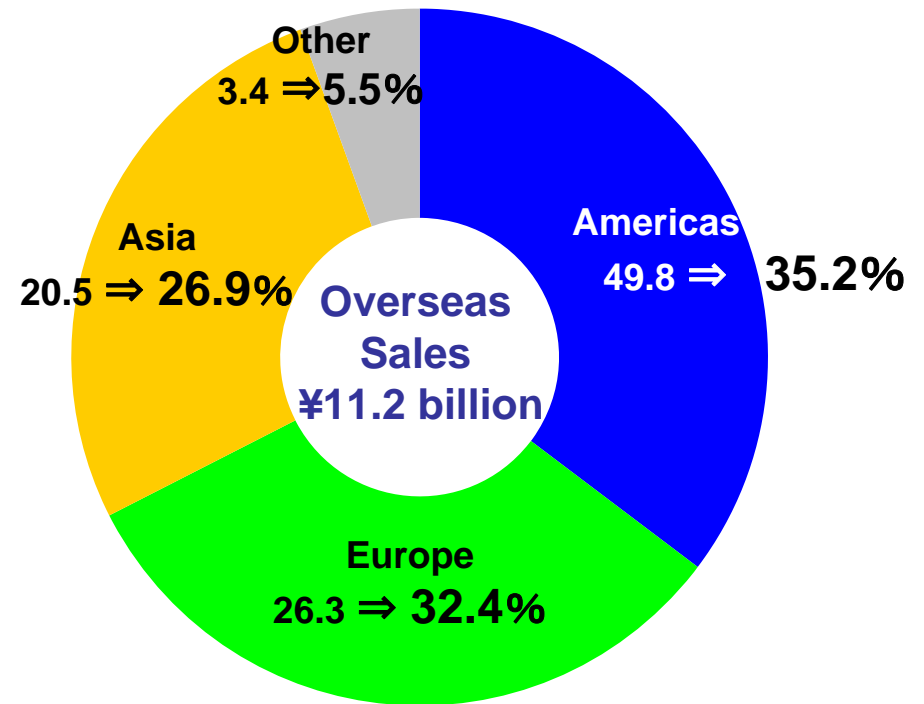
(¥100 million)



## Percentage of overseas sales to consolidated sales

First half FY2006	First half FY2007	First half FY2008
21.0%	27.5%	20.9%

## Geographic Segments (First half FY2007 ⇒ First half FY2008)



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

## 6) Financial Condition

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

	FY2007	First half FY2008	Change
<b>Current assets</b>	63,718	<b>60,118</b>	-3,600
<b>Fixed assets</b>	16,911	<b>18,182</b>	1,270
<b>Total assets</b>	80,630	<b>78,300</b>	-2,329
<b>Current liabilities</b>	28,242	<b>24,726</b>	-3,515
<b>Non-current fixed liabilities</b>	573	<b>519</b>	-54
<b>Total liabilities</b>	28,815	<b>25,246</b>	-3,569
<b>Net assets</b>	51,814	<b>53,054</b>	1,239
<b>Total liabilities &amp; Net assets</b>	80,630	<b>78,300</b>	-2,329

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

Trade notes and accounts receivable: -3,063

Trade notes and accounts payable: -3,160



# 7) Cash Flows

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

	First half FY2007	First half FY2008	Change
<b>I .Cash flows from operating Activities</b>	5,021	<b>2,839</b>	-2,181
<b>II .Cash flows from investing Activities</b>	-1,073	<b>-2,482</b>	-1,408
<b>Free Cash Flows</b>	3,948	<b>357</b>	-3,590
<b>III .Cash flows from financing Activities</b>	-1,567	<b>-200</b>	1,367
<b>Effect of exchange rate changes on cash and cash equivalents</b>	-4	<b>49</b>	54
<b>Net increase (decrease) in cash and cash equivalents</b>	2,375	<b>207</b>	-2,168
<b>Cash and cash equivalents at end of term</b>	13,403	<b>14,004</b>	601

**Income before income taxes and  
minority interests:**

First half FY2007 4,981  
 First half FY2008 3,913  
 Change -1,067

**(Increase) decrease in inventories:**

First half FY2007 1,687  
 First half FY2008 285  
 Change -1,402

**Capital expenditures:**

First half FY2007 -889  
 First half FY2008 -2,180  
 Change -1,290

## 8) Capital Investments & R&D Costs

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

	FY2007 (First half)	<b>FY2008 (First half)</b>	FY2007 (Full year)	FY2008 Plan (Full year)
<b>Capital Investments</b>	819	<b>2,601</b>	2,658	4,400
<b>Depreciation</b>	944	<b>1,181</b>	2,106	2,700
<b>R&amp;D costs</b>	2,318	<b>2,467</b>	4,662	5,000

### First half FY2008 Actual Capital Investments:

Molds for new products, demo products,  
production facility for hematology analyzer reagents,  
expansion of Tomioka factory (partial),  
acquisition of NIPPON BIOTEST LABO,  
restructuring of the business operating system

### Second half FY2008 Capital Investments Plan:

Molds for new products, demo products,  
expansion of Tomioka factory



# 9) Forecast for Fiscal 2008

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

	FY2007	FY2008		YoY (%)
		Original Forecast (May. 12 announced)	Revised Forecast (Nov. 7 announced)	
<b>Sales</b>	104,825	107,000	<b>111,000</b>	5.9
<b>Operating income</b>	9,817	8,500	<b>8,700</b>	-11.4
<b>Ordinary income</b>	9,545	8,500	<b>8,700</b>	-8.9
<b>Net income</b>	5,631	5,200	<b>5,300</b>	-5.9
<b>Overseas Sales</b>	25,687	25,300	<b>23,400</b>	-8.9

Percentage of overseas sales  
to consolidated sales

24.5%

23.6%

21.1%

Average exchange rate

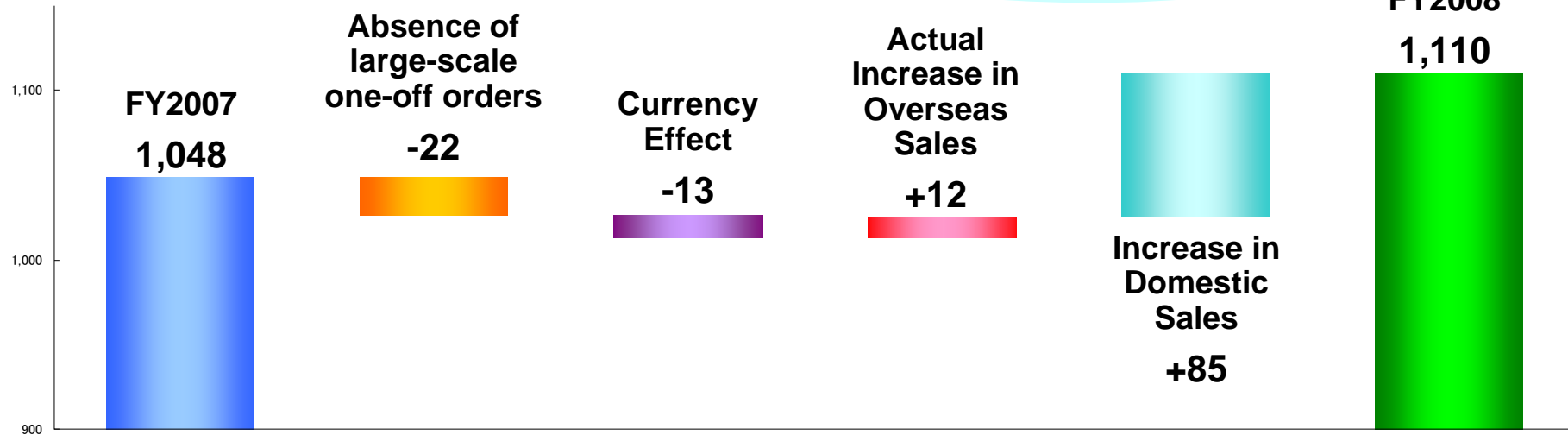
(Second half FY2008)

1 US Dollar	114 yen	105 yen	104 yen	103 yen
1 EURO	161 yen	150 yen	146 yen	132 yen

# 10) Analysis of FY2008 Forecasts

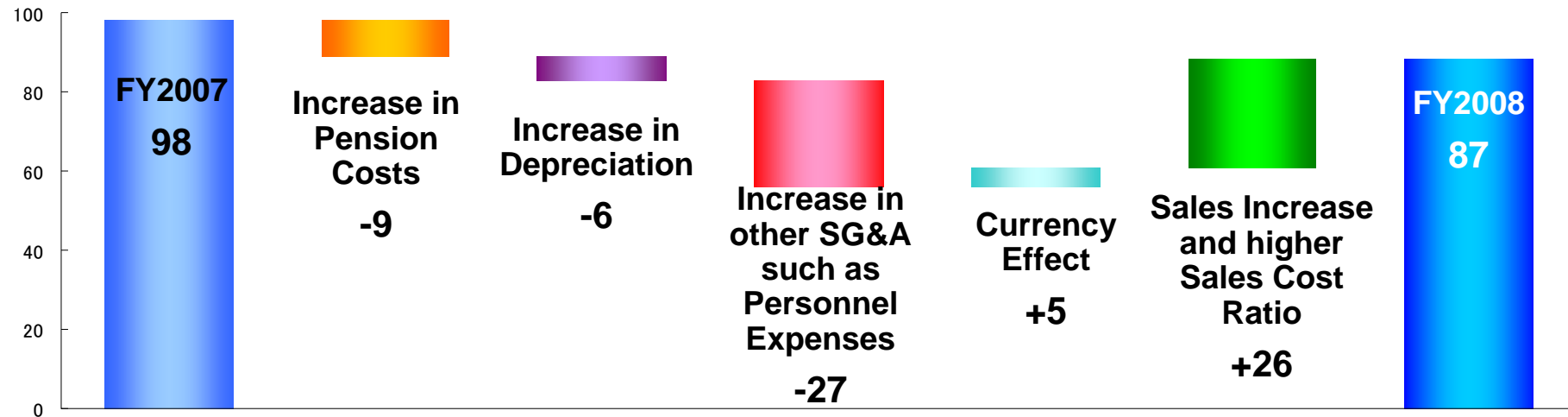
## Sales

(¥100 million)



## Operating Income

(¥100 million)



# (Reference) Consolidated Forecast FY2008 by Product Segment

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

	FY2007	FY2008		YoY (%)
		Original Forecast (May .12 announced)	Revised Forecast (Nov. 7 announced)	
Physiological Measuring Equipment	17,001	17,300	<b>17,700</b>	4.1
Patient Monitors	21,882	22,800	<b>21,600</b>	-1.3
Treatment Equipment	15,862	17,000	<b>18,900</b>	19.2
Medical Supplies	33,217	33,900	<b>34,800</b>	4.8
Other Medical Equipment	16,861	16,000	<b>18,000</b>	6.8
<b>Total</b>	104,825	107,000	<b>111,000</b>	5.9



# **Basic Strategy**

## 1) Management Vision and Policy

### Vision

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

### Policy

- 1) Raise corporate value by securing reasonable profits
- 2) Gain customer confidence
- 3) Develop original technologies and products
- 4) Emphasize core businesses and capture global market share
- 5) Increase globalization of business
- 6) Expand into new business lines
- 7) Undertake structural reform
- 8) Strengthen business across the organization
- 9) Promote CSR

## 2) Long-term Management Goals

**Achieve by FY2012**

**Net Sales            ¥140 billion**

**Operating Margin    10%**

**Overseas Sales Ratio 30%**

### 3) Mid-term Business Plan

	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2009 Goal	3 years growth
Net Sales	¥96.6 billion	¥104.8 billion	¥111 billion	¥113 billion	16.9%
Overseas Sales Ratio	22.7%	24.5%	21.1%	27.0%	
Operating Income	¥7.9 billion	¥9.8 billion	¥8.7 billion	¥10.2 billion	27.9%
Operating Margin	8.2%	9.4%	7.8%	9.0%	
ROE	10.7%	11.3%		12.0%	
Inventory Turnover Rate*	6.4 times	7.3 times		7.4 times	

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

## 4) Key Subjects in FY2008 (1)

### Expand AED business

Enhance AED product lineup



AED-9231



AED-1200

Launch low-cost AED in FY2008

Explore new distribution channels

Start exporting our own AED

### Export to South Korea

- hospital market: start in this 3<sup>rd</sup> Q
- public access market: start in this 4<sup>th</sup> Q (expected)



# 5) Key Subjects in FY2008 (2)

**Expand patient monitor business**

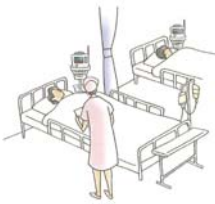
**Launch new patient monitors**

**General ward**

**Patient bedside**

Transmitter

Bedside monitors



**Nurse station**



**Telemetry systems**

Japan: Oct. 2008  
International: Nov. 2008

**WEP-5200**

**OP**

**Bedside monitors**

International: May 2008  
Japan: Nov. 2008 (expected)

**BSM-6000**

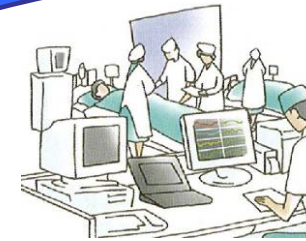


**ICU-CCU**

**Central monitors**

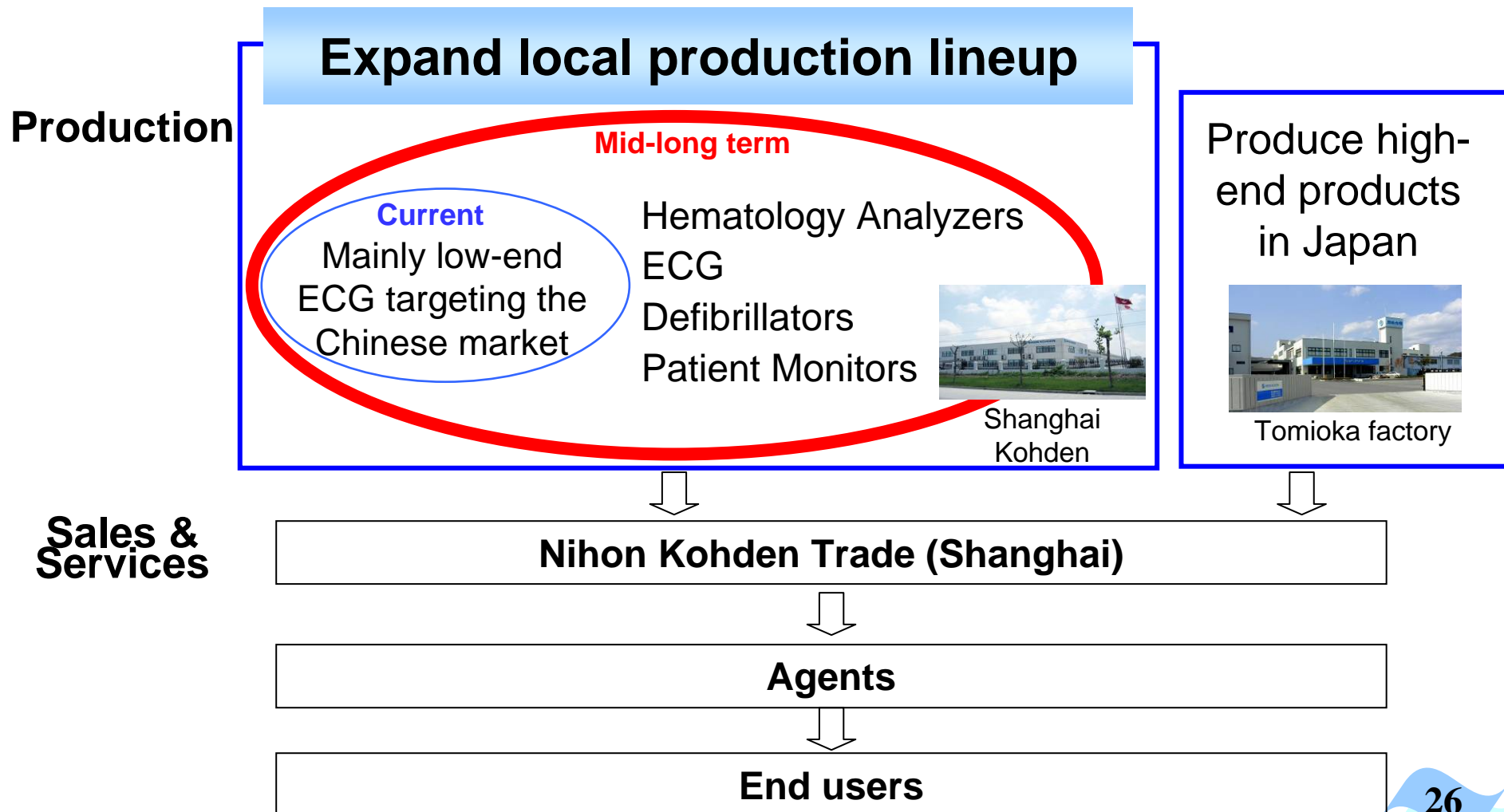
Japan: April 2008  
International: Nov. 2008 (expected)

**CNS-9601**



## 6) Key Subjects in FY2008 (3)

### Enhance its business foundation in China



# [ Reference ] Topics

## Enhance key technologies to expand immunology business

Sales of medical supplies include the acquisition of **NIPPON BIOTEST LABO** in April 2008

## Create a new category within patient monitoring

Nihon Kohden helps hospitals “Save Lives and Avoid Costs” with **Defensive Monitoring** in the U.S.

August 2008 **Receives Frost & Sullivan’s Product Innovation Award for **Prefense****

October 2008 **Three year agreement with Amerinet for the world’s first **Defensive Monitoring** product category**

## Product hematology reagents locally

January 2009 **Span Nihon Kohden Diagnostics, the joint venture company in India, starts to product hematology reagents**

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