

Consolidated Financial Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2009

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 FY2008 (From April 1, 2008 to December 31, 2008)

(1) Consolidated Operating Results

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2008 3Q (9 months)	78,308	—	4,899	—	4,560	—	2,710	—
FY2007 3Q (9 months)	74,499	7.1	6,430	30.1	6,623	23.4	3,858	26.3

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
FY2008 3Q (9 months)	61.70	—
FY2007 3Q (9 months)	87.66	—

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
FY2008 3Q (9 months)	76,620	51,889	67.7	1,180.89
FY2007	80,630	51,814	63.8	1,170.31

Reference: Equity Capital: FY2008 3Q: 51,882 million yen FY2007: 51,418 million yen

2. Dividends

	Dividends per share				
	First quarter	Interim (Second quarter)	Third quarter	Year-end	Full-year
	yen	yen	yen	yen	yen
FY2007	—	17.00	—	20.00	37.00
FY2008	—	18.00	—	—	—
FY2008 (Forecast)	—	—	—	19.00	37.00

Note: Revise of dividends forecast: None

3. Consolidated forecast for FY2008 (From April 1, 2008 to March 31, 2009)

	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	109,000	4.0	7,800	-20.6	7,400	-22.5	4,500	-20.1	102.42

Note: Revise of consolidated forecast: Yes

*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, 2008 to December 31, 2008), the global financial crisis, triggered by the U.S. subprime mortgage crisis, spread into the real economy and business sentiment deteriorated rapidly. The effects of the economic slowdown in the medical device industry have emerged gradually, mainly among the international market. Some U.S. hospitals have begun freezing capital spending on medical equipment.

Japan: The Company continued to help hospitals to improve medical safety by holding seminars on safety management of medical devices. The Company also launched new initiatives for changing environments such as spread of AEDs and the growing point-of-care testing market. Sales in the hospital market were up with strong sales growth of Medical Supplies and Physiological Measuring Equipment, as well as increased sales of Patient Monitors. Sales of diagnostic imaging equipment and POCT products in Other Medical Equipment also increased. In the PAD (public access defibrillation) market, sales of AEDs increased significantly as the Company enhanced its indirect sales channels, in addition to its direct sales force. As a result, domestic sales increased 12.8% over the 9 months of FY2007, to ¥61,452 million.

International: Sales in Americas and Europe were hurt by strong yen and decreased compared with the strong results of the prior year's 9 months when we had large-scale orders. In Asia, sales in China reported higher growth as a result of the enhancement of the business structure. The Company established the local sales subsidiary in last April and made Shanghai Kohden Medical Electronic Instrument Corporation its 100% owned subsidiary in last December. As a result, international sales decreased 15.9% over the 9 months of fiscal 2007, to ¥16,856 million.

Overall sales during the term under review increased 5.1% over the 9 months of FY2007 to ¥78,308 million. Gross profit ratio declined compared with the higher gross profit ratio of the prior year period when we had the large-scale order with high gross margin in Latin America. SG&A costs increased due to up-front investments such as capital expenditures and enhancement of human resources, in addition to the heavier burden of pension costs. The pension fund asset value has eroded because of the stock market slump and this has driven up pension costs. As a result, operating income decreased 23.8% to ¥4,899 million. Ordinary income decreased 31.1% to ¥4,560 million with unfavorable currency effects and net income decreased 29.7% to ¥2,710 million over the prior year period.

5. Consolidated Sales Results by Product Segment

(Millions of yen)

	Nine months ended December 31, 2008	
	Amount	Growth rate (%)
Physiological Measuring Equipment	11,685	5.0
Patient Monitors	14,260	-9.5
Treatment Equipment	13,654	18.3
Medical Supplies	25,695	3.9
Other Medical Equipment	13,011	14.7
Total	78,308	5.1
(Reference) Overseas Sales	16,856	-15.9

6. Revise of Consolidated Forecast for FY2008

Based on recent performance trends and future outlook, Nihon Kohden has revised down the forecast for FY2008, previously announced on November 7, 2008. As AED sales in the PAD market are expected to slow down due to the weak economy, the Company has revised its domestic sales forecast to ¥86,500 million, down ¥1,100 million from its previous forecast. International sales forecast has been revised to ¥22,500 million, down ¥900 million from its previous forecast, due to the sharp appreciation of the yen.

Overall sales forecast for FY2008 is ¥109,000 million, down ¥2,000 million from its previous forecast. Operating income, ordinary income and net income for FY2008 are expected to be ¥7,800 million (down ¥900 million from its previous forecast), ¥7,400 million (down ¥1,300 million) and ¥4,500 (down ¥800 million), respectively.

The Company's forecast for the fourth quarter of FY2008 is based on an exchange rate of 90 yen to the dollar and 120 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.

(Consolidated Forecast for FY2008 by Product Segment)

(Millions of yen)

	FY2008 (Forecast)	
	Amount	Growth rate (%)
Physiological Measuring Equipment	17,500	2.9
Patient Monitors	20,700	-5.4
Treatment Equipment	17,900	12.8
Medical Supplies	34,600	4.2
Other Medical Equipment	18,300	8.5
Total	109,000	4.0
(Reference) Overseas Sales	22,500	-12.4

Nihon Kohden group is making every possible effort to achieve the FY2009 targets set in the 3-years mid-term business plan, SPEED UP 2, but the market environment is deteriorating further by global economic slowdown, stock market decline, and yen appreciation. We have continued to take decisive steps to establish high-profit structure in a difficult environment. We place a high priority on releasing products with global competitiveness in a timely manner and increasing business efficiency by expanding the production in China, minimizing cost, and readjusting capital expenditure.

7. Consolidated Financial Statements

(1) Consolidated Balance Sheets (Summary)

(Millions of yen)

	December 31, 2008 Amount	March 31, 2008 Amount
ASSETS		
Current assets:		
Cash	8,315	8,303
Trade notes and accounts receivable	27,986	30,941
Marketable Securities	1,000	5,500
Inventories	15,956	14,442
Other current assets	4,561	4,750
Allowance for doubtful receivables	-244	-219
Total current assets	57,575	63,718
Fixed assets:		
Tangible fixed assets	10,476	9,587
Intangible fixed assets		
Goodwill	879	
Other intangible fixed assets	1,827	
Total intangible fixed assets	2,706	1,222
Investments and other assets		
Investments in securities	3,291	3,665
Other investments and other assets	2,849	2,717
Allowance for doubtful receivables	-278	-281
Total investments and other assets	5,862	6,100
Total fixed assets	19,045	16,911
Total assets	76,620	80,630
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	16,417	18,016
Short-term debt	2,546	1,336
Accrued income taxes	217	2,122
Accrued bonuses	1,066	2,079
Other current liabilities	3,989	4,687
Total current liabilities	24,237	28,242
Non-current liabilities:		
Long-term debt	21	28
Long-term accounts payable	202	271
Other non-current liabilities	269	273
Total non-current liabilities	493	573
Total liabilities	24,731	28,815
NET ASSETS		
Stockholders' equity:		
Common stock	7,544	7,544
Additional paid-in capital	10,487	10,485
Retained earnings	36,029	34,932
Treasury stock	-2,015	-2,012
Total stockholders' equity	52,045	50,950
Valuation and translation adjustments:		
Net unrealized gain on other securities	269	494
Foreign currency translation adjustments	-432	-26
Total valuation and translation adjustments	-163	468
Minority interests	6	395
Total net assets	51,889	51,814
Total liabilities and net assets	76,620	80,630

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2008
	Amount
Net sales	78,308
Cost of sales	39,279
Gross profit	39,028
Selling, general and administrative expenses	34,129
Operating income	4,899
Non-operating income	
Interest income	30
Dividend income	93
Other, net	181
Total non-operating income	306
Non-operating expenses	
Interest expenses	45
Exchange loss	477
Equity in losses of affiliates	30
Other, net	91
Total non-operating expenses	644
Ordinary income	4,560
Extraordinary income	
Reversal of allowance for doubtful accounts	46
Gain on sales of investments in securities	0
Total extraordinary income	46
Extraordinary expenses	
Loss on disposal of property, plant and equipment	19
Loss on devaluation of investment in securities	2
Total extraordinary expenses	22
Income before income taxes and minority interests	4,585
Income taxes	1,845
Minority interests	28
Net income	2,710

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2008
Cash flows from operating activities:	
Income before income taxes and minority interests	4,585
Depreciation and amortization	1,900
Increase (decrease) in reserve	-992
Interest and dividend income	-124
Interest expenses	45
Foreign exchange losses (gains)	42
Loss (gain) on sales of property, plant and equipment	19
(Increase) decrease in trade notes and accounts receivable	2,951
(Increase) decrease in inventories	-1,419
Increase (decrease) in trade notes and accounts payable	-1,631
Other, net	-460
Sub total	4,916
Interest and dividend received	126
Interest paid	-62
Income taxes paid	-3,790
Net cash provided by operating activities	1,190
Cash flows from investing activities:	
Proceeds from sale of investments in securities	1
Purchase of investments in securities	-47
Proceeds from sale of property, plant and equipment	17
Capital expenditures	-3,065
Purchase of intangible assets	-1,004
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
Net cash used in investing activities	-5,344
Cash flows from financing activities:	
Increase (decrease) in short-term debt	1,443
Payments on long-term debt	-7
Dividends paid to stockholders	-1,662
Other, net	-34
Net cash used in financing activities	-260
Effect of exchange rate changes on cash and cash equivalents	-74
Net increase in cash and cash equivalents	-4,488
Cash and cash equivalents at beginning of term	13,797
Cash and cash equivalents at end of term	9,308

(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

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., Mexico, Colombia and Peru

Europe : Germany, France, Spain, Italy and Russia

Asia : China, Singapore, South Korea, Vietnam and Thailand

(Reference)**(1) Consolidated Statements of Income (Summary)**

(Millions of yen)

	Nine months ended December 31, 2007
	Amount
Net sales	74,499
Cost of sales	36,666
Gross profit	37,833
Selling, general and administrative expenses	31,402
Operating profit	6,430
Non-operating profit	467
Non-operating expenses	274
Ordinary profit	6,623
Extraordinary profit	44
Extraordinary expenses	—
Income before income taxes and minority interests	6,668
Income taxes	2,776
Minority interests	33
Net income	3,858

(2) Consolidated Statements of Cash Flows (Summary)

(Millions of yen)

	Nine months ended December 31, 2007
	Amount
Cash flows from operating activities	
Income before income taxes and minority interests	6,668
Depreciation and amortization	1,486
Increase in allowance	-1,298
Decrease in trade notes and accounts receivable	2,086
(Increase) decrease in inventories	9
Increase in trade notes and accounts payable	-1,133
Other, net	-3,287
Net cash provided by operating activities	4,532
Cash flows from investing activities	
Capital expenditures and others	-1,918
Other, net	28
Net cash used in investing activities	-1,889
Cash flows from financing activities	
Increase (decrease) in debt	-716
Dividends paid to stockholders	-1,396
Other, net	-294
Net cash used in financing activities	-2,408
Effect of exchange rate changes on cash and cash equivalents	-51
Net increase in cash and cash equivalents	182
Cash and cash equivalents at beginning of term	11,027
Cash and cash equivalents at end of term	11,210

(3) Overseas Sales

Nine months ended December 31, 2007

(Millions of yen)

	Americas	Europe	Asia	Other	Total
Overseas sales	9,240	5,833	4,221	739	20,034
Consolidated sales					74,499
Percentage of overseas sales to consolidated sales (%)	12.4	7.8	5.7	1.0	26.9

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., Venezuela, Mexico and Colombia

Europe: Germany, France, Spain, Italy and Russia

Asia: China, South Korea, Thailand and Vietnam