

# Consolidated Financial Highlights for First Half of FY2009

(From April 1, 2009 to September 30, 2009)

- 1. Consolidated Financial Results**
- 2. Forecast for FY2009**
- 3. Basic Strategy**

November 13, 2009

*Fighting Disease with Electronics*



# **Consolidated Financial Results for First Half of FY2009**

# 1) Consolidated Financial Results for the 1st Half of FY2009

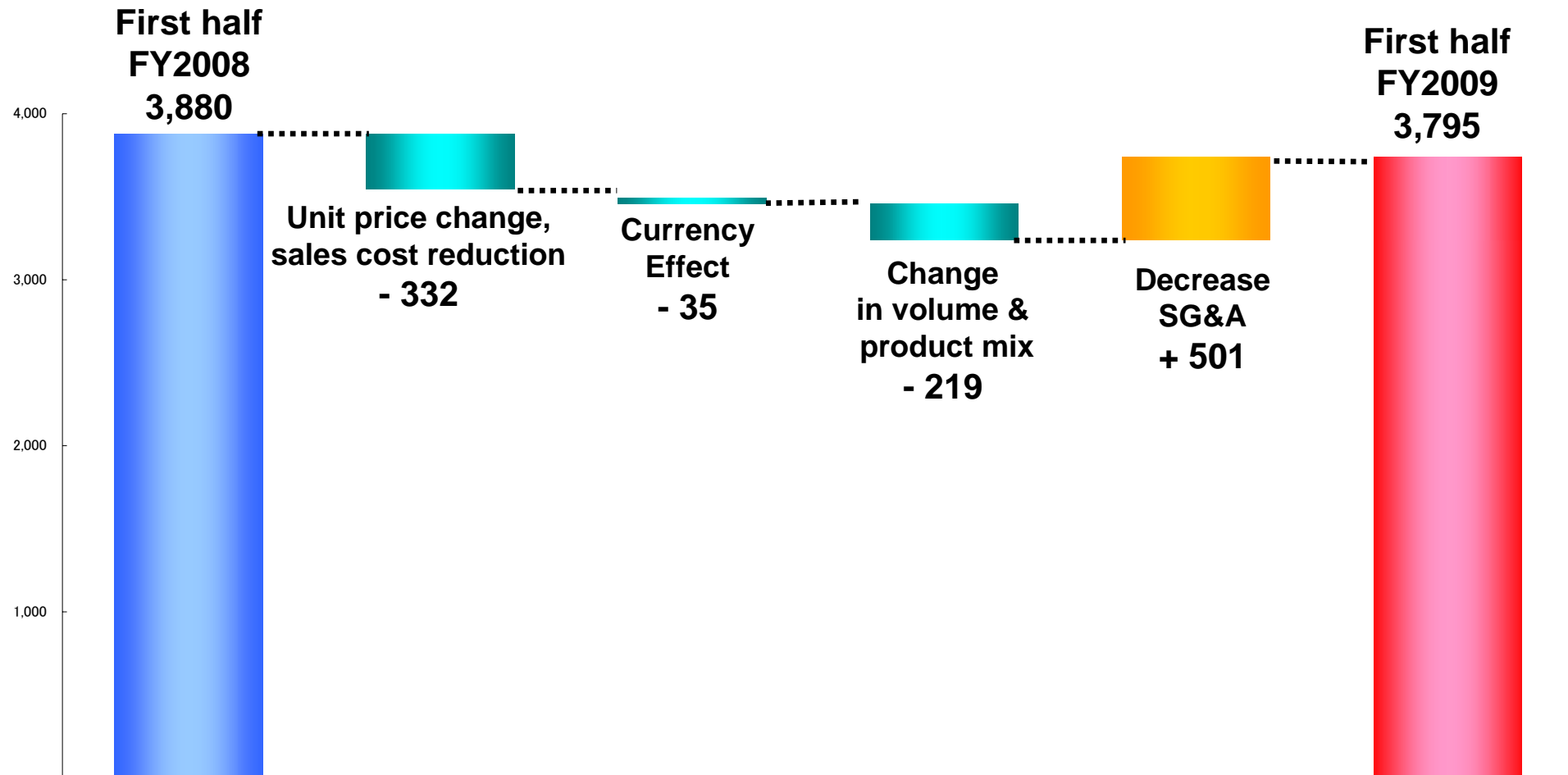
(Amounts of less than ¥1 million are rounded down)

	First half FY2008	First half FY2009		
		Forecast	Actual	YoY (%)
<b>Sales</b>	53,855	50,500	<b>49,847</b>	-7.4
<b>Domestic Sales</b>	42,597	-	<b>40,867</b>	-4.1
<b>Overseas Sales</b>	11,258	-	<b>8,980</b>	-20.2
<b>Operating income</b>	3,880	2,200	<b>3,795</b>	-2.2
<b>Ordinary income</b>	3,881	2,200	<b>3,809</b>	-1.8
<b>Net income</b>	2,206	1,300	<b>2,253</b>	2.2

Average exchange rate	First half FY2008	First half FY2009
1 US Dollar	105 yen	96 yen
1 EURO	164 yen	134 yen

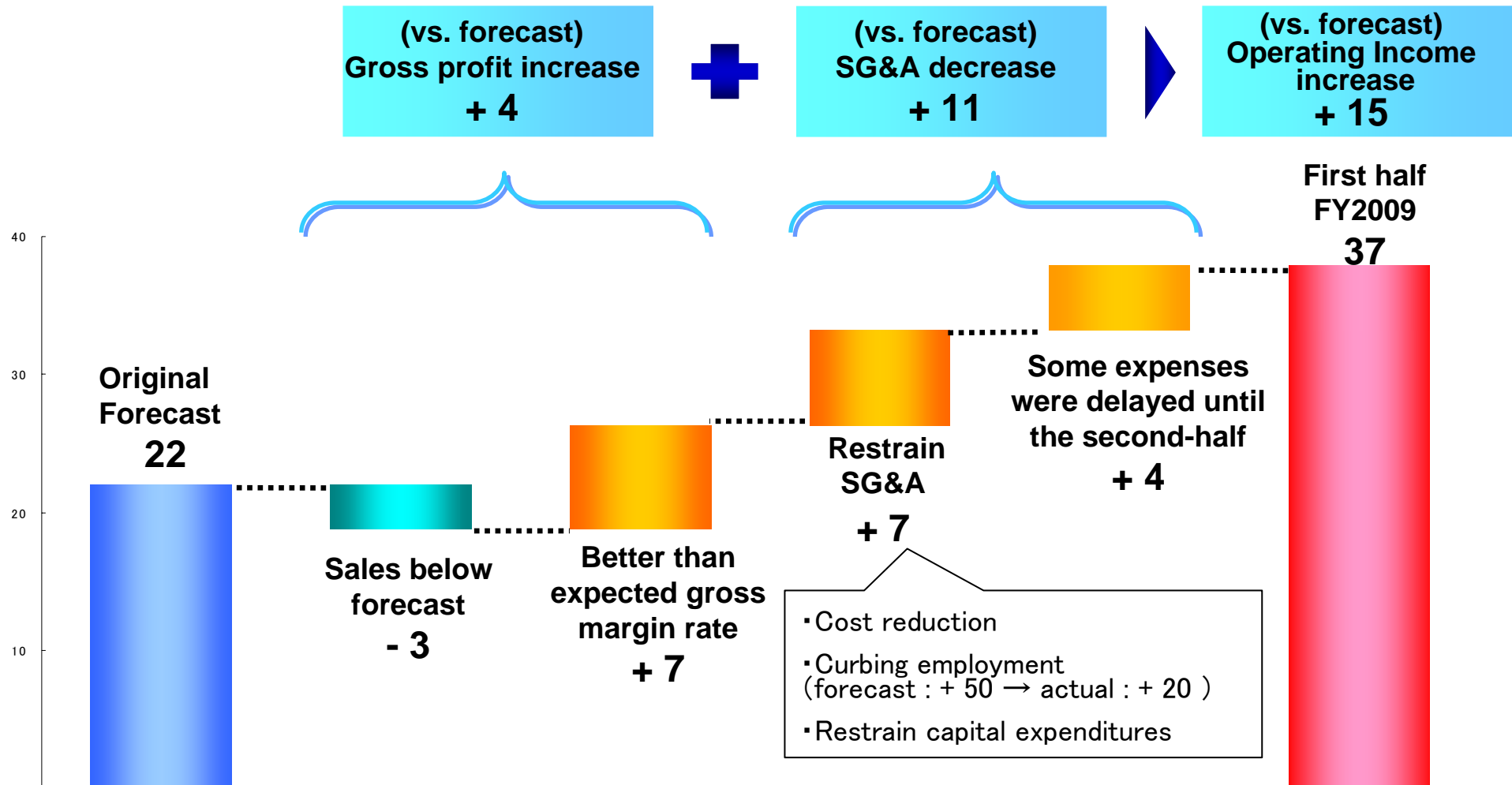
## 2.1) Breakdown of Operating Income (YoY)

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



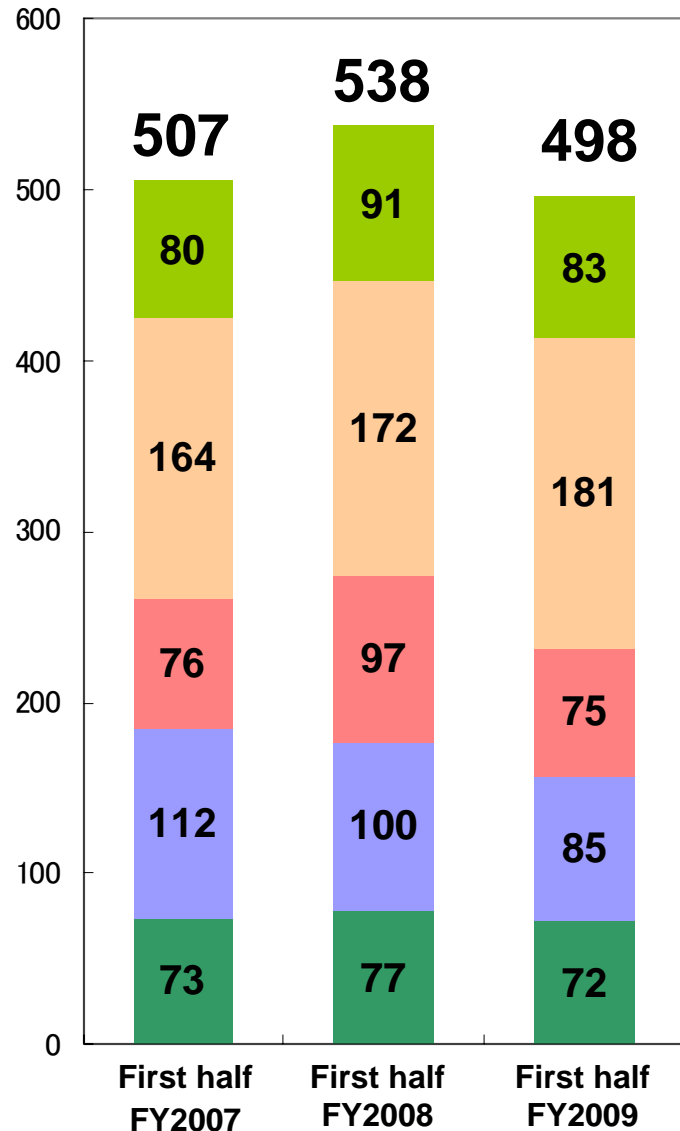
## 2.2) Breakdown of Operating Income (vs. forecast)

(Amounts of less than ¥100 million are rounded down)



### 3) Sales by Product Category

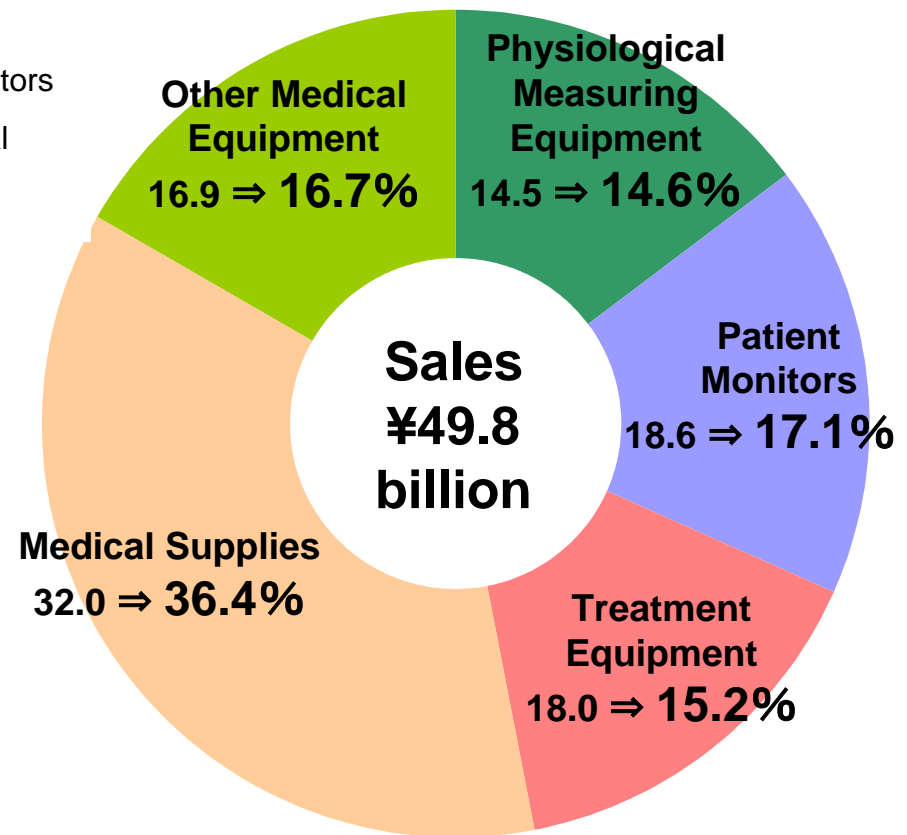
(¥100 million)



- Other Medical Equipment
- Medical Supplies
- Treatment Equipment
- Patient Monitors
- Physiological Measuring Equipment

#### Sales composition by product category

(First half FY2008 ⇒ First half FY2009)



# 3.1) Physiological Measuring Equipment

(Sales, millions of yen)

	First half FY2008	First half FY2009	YoY (%)
Electroencephalographs	3,379	3,002	-11.2
Electrocardiographs	2,712	2,747	1.3
Polygraphs	1,699	1,539	-9.4
Physiological Measuring Equipment	7,790	7,288	-6.4
Domestic Sales	5,138	5,206	1.3
Overseas Sales	2,652	2,081	-21.5



**Electroencephalographs**  
EEG-1200



**Electrocardiographs**  
ECG-1250



**Polygraphs**  
RMC-4000

## 3.2) Patient Monitors

(Sales, millions of yen)

	First half FY2008	<b>First half FY2009</b>	YoY (%)
<b>Patient Monitors</b>	10,028	<b>8,503</b>	-15.2
<b>Domestic Sales</b>	5,884	<b>5,455</b>	-7.3
<b>Overseas Sales</b>	4,144	<b>3,047</b>	-26.5



**Telemetry systems**

WEP-5200 series



**Bedside monitors**

BSM-6000 series



**Central monitors**

CNS-9601



## 3.3-1) Treatment Equipment

(Sales, millions of yen)

	First half FY2008	First half FY2009	YoY (%)
<b>Defibrillators</b>	6,542	<b>4,504</b>	-31.2
<b>Pacemakers</b>	1,745	<b>1,691</b>	-3.1
<b>Ventilators</b>	748	<b>707</b>	-5.5
<b>Other Treatment Equipment</b>	666	<b>671</b>	0.8
<b>Treatment Equipment</b>	9,703	<b>7,574</b>	-21.9
<b>Domestic Sales</b>	8,449	<b>6,380</b>	-24.5
<b>Overseas Sales</b>	1,253	<b>1,193</b>	-4.8



**Defibrillators**

AED-2100



**Pacemakers**

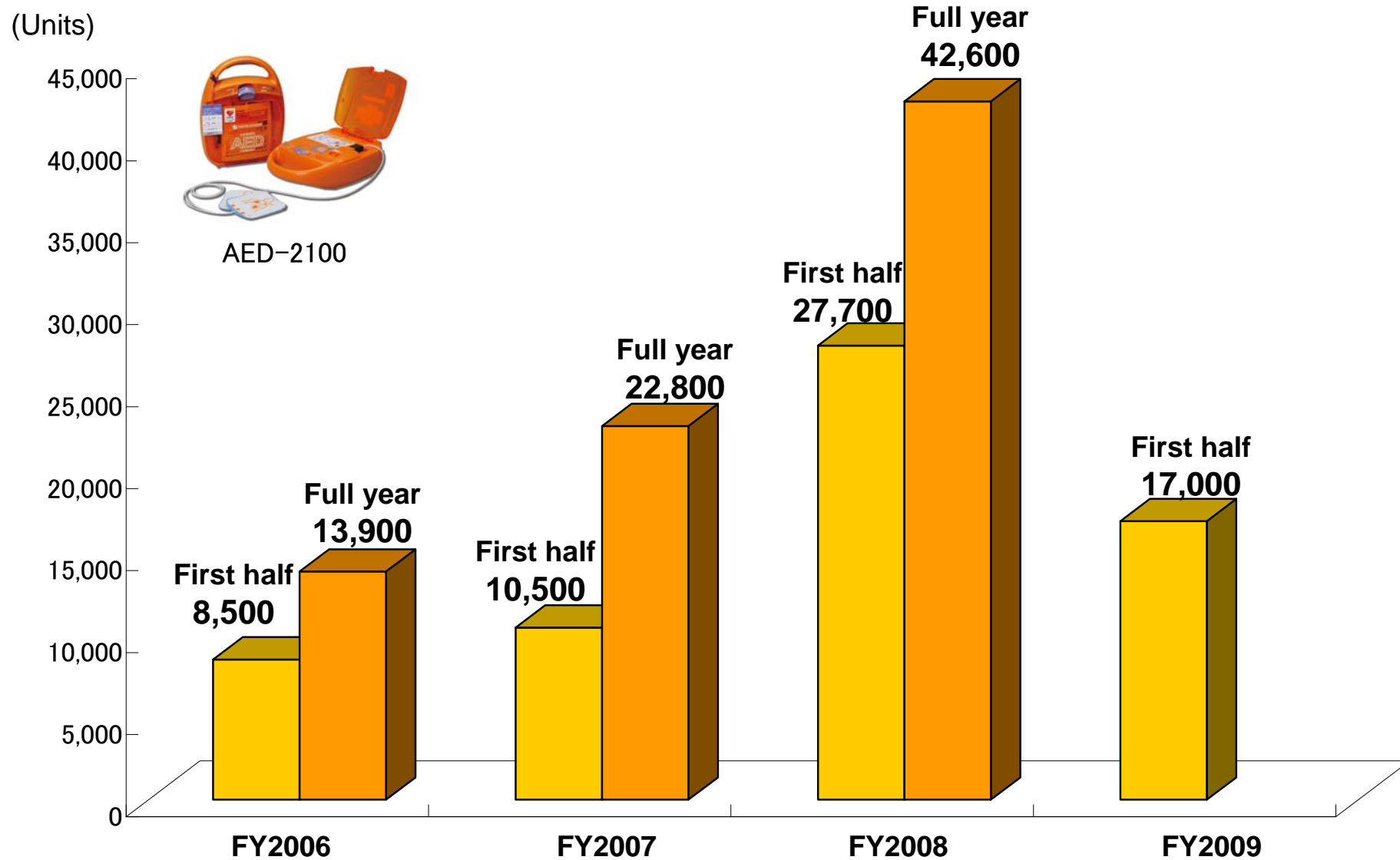
Kiklos DR



**Ventilators**

HAMILTON-C2

## 3.3-2) AED Unit Shipments



## 3.4) Medical Supplies

(Sales, millions of yen)

	First half FY2008	First half FY2009	YoY (%)
<b>Consumables</b>	13,834	<b>14,443</b>	4.4
<b>Maintenance Service</b>	3,374	<b>3,699</b>	9.6
<b>Medical Supplies</b>	17,209	<b>18,143</b>	5.4
<b>Domestic Sales</b>	14,918	<b>16,006</b>	7.3
<b>Overseas Sales</b>	2,290	<b>2,136</b>	-6.7



**Finger probes**

TL-201T



**Blood-pressure cuff**

YP-703T

### Columbus Committee



Expand supplies and after sales  
service business worldwide

## 3.5) Other Medical Equipment

(Sales, millions of yen)

	First half FY2008	<b>First half FY2009</b>	YoY (%)
Hematology Analyzers	2,153	<b>1,666</b>	-22.6
Clinical Systems, Trasformers, Imaging Systems and Other Medical Equipment	6,971	<b>6,671</b>	-4.3
<b>Other Medical Equipment</b>	<b>9,124</b>	<b>8,337</b>	<b>-8.6</b>
Domestic Sales	8,206	<b>7,817</b>	-4.7
Overseas Sales	917	<b>520</b>	-43.2



**Automated hematology analyzers**  
MEK-6400

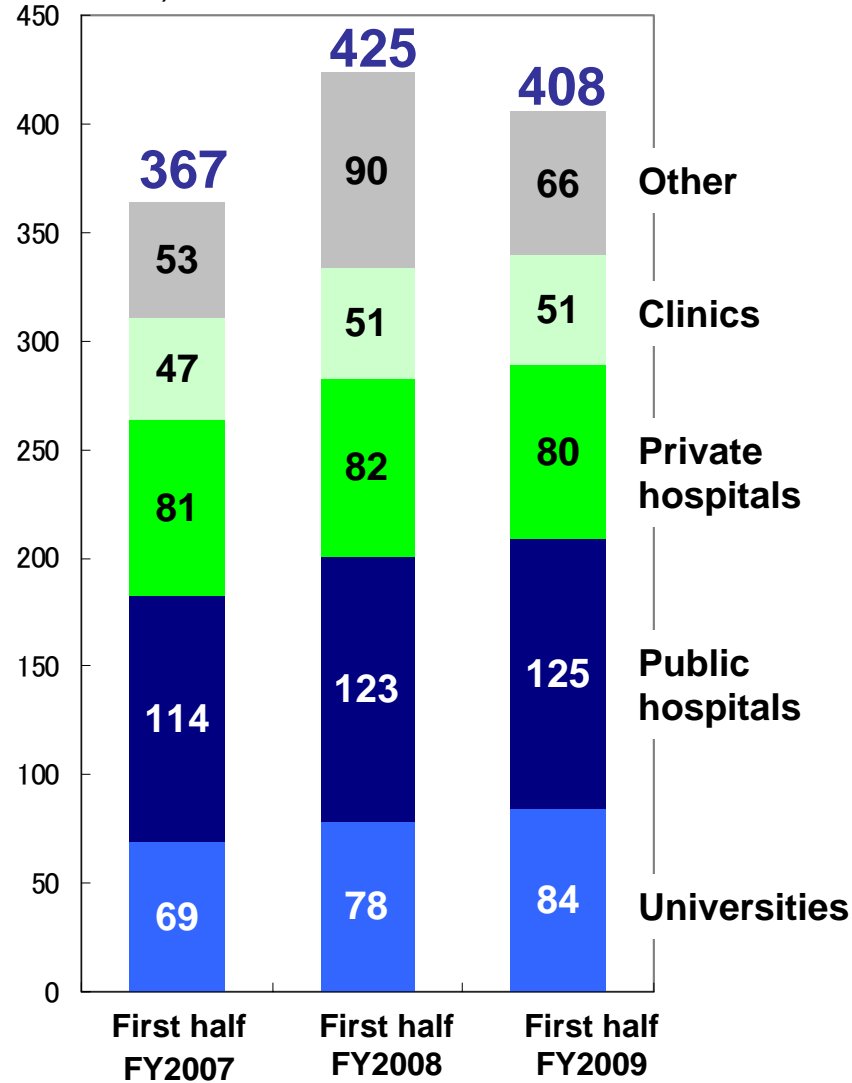


**Clinical support system**  
Prime park

# 4) Domestic Sales

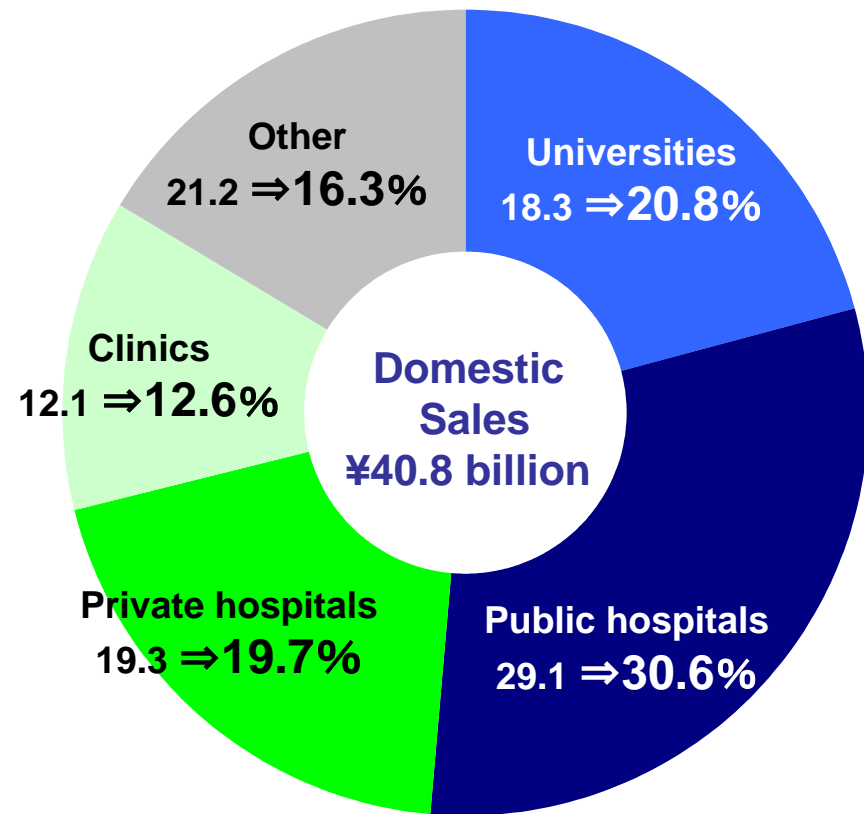
## Sales by market

(¥100 million)



## Sales composition by market

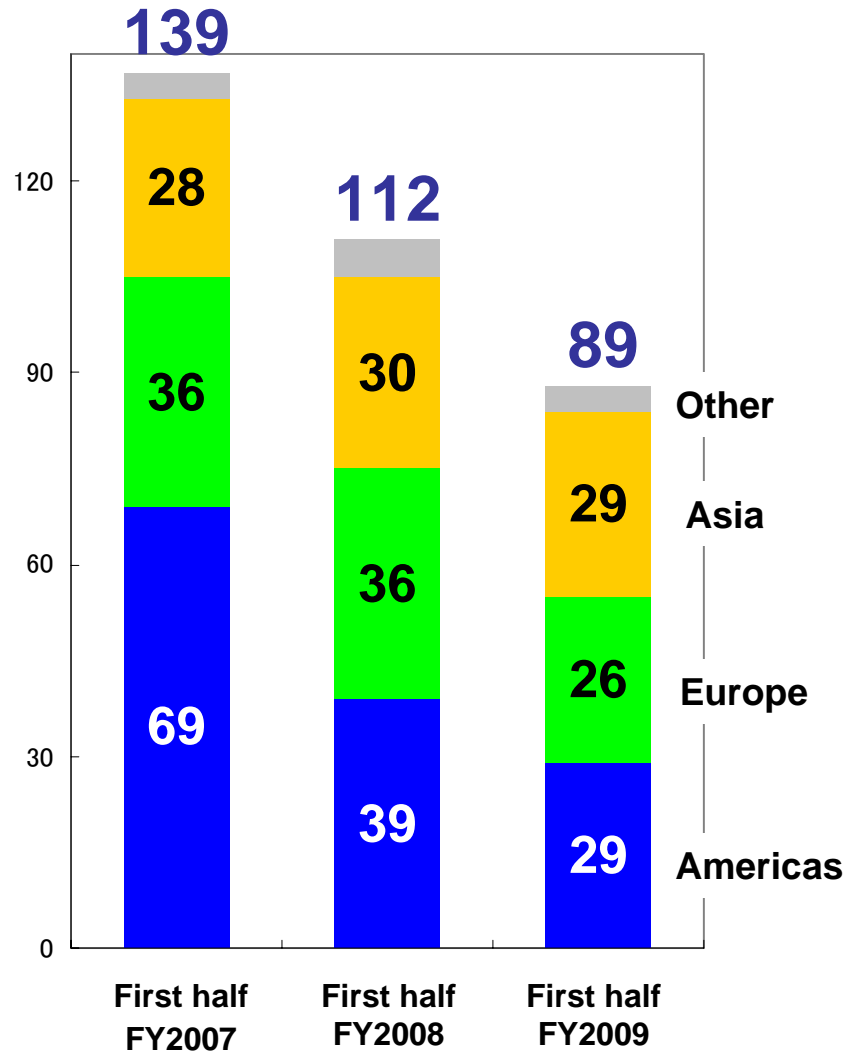
(First half FY2008 ⇒ First half FY2009)



# 5) Overseas Sales

## Geographic Segments

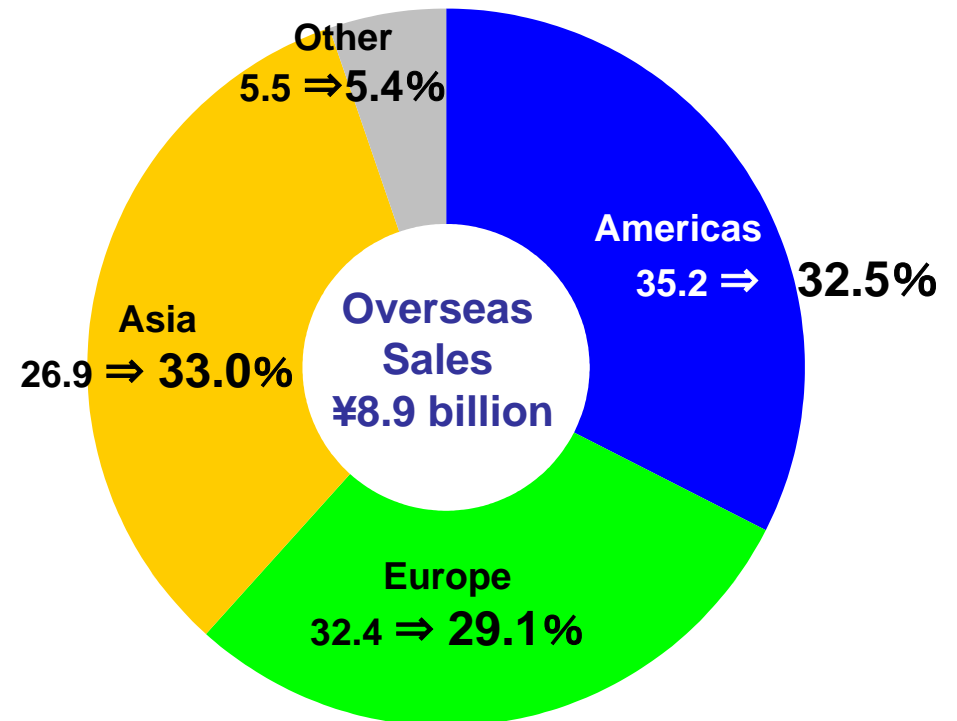
(¥100 million)



## Percentage of overseas sales to consolidated sales

First half FY2007	First half FY2008	First half FY2009
27.5%	20.9%	18.0%

## Geographic Segments (First half FY2008 ⇒ First half FY2009)



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

## 6) Financial Condition

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

	FY2008	First half FY2009	Change
<b>Current assets</b>	61,470	<b>59,876</b>	-1,594
<b>Noncurrent assets</b>	19,008	<b>18,540</b>	-468
<b>Total assets</b>	80,479	<b>78,416</b>	-2,062
<b>Current liabilities</b>	26,277	<b>22,681</b>	-3,596
<b>Noncurrent liabilities</b>	631	<b>603</b>	-28
<b>Total liabilities</b>	26,909	<b>23,284</b>	-3,625
<b>Net assets</b>	53,569	<b>55,132</b>	1,562
<b>Total liabilities &amp; Net assets</b>	80,479	<b>78,416</b>	-2,062

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

Trade notes and accounts receivable: -3,166

Trade notes and accounts payable: -2,397

## 7) Cash Flows

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

	First half FY2008	First half FY2009	Change
<b>I .Cash flows from operating Activities</b>	2,839	<b>5,425</b>	2,586
<b>II .Cash flows from investing Activities</b>	-2,482	<b>-787</b>	1,695
<b>Free Cash Flows</b>	357	<b>4,638</b>	4,281
<b>III .Cash flows from financing Activities</b>	-200	<b>-1,309</b>	-1,109
<b>Effect of exchange rate change on cash and cash equivalents</b>	49	<b>142</b>	93
<b>Net increase (decrease) in cash and cash equivalents</b>	207	<b>3,472</b>	3,264
<b>Cash and cash equivalents at end of period</b>	14,004	<b>14,669</b>	665

**(Increase) decrease  
in inventories:**

First half FY2008	285
First half FY2009	1,579
Change	+1,293

**Capital expenditures:**

First half FY2008	-2,180
First half FY2009	-586
Change	+1,593



## 8) Capital Investments & R&D Costs

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

	First half FY2008	First half FY2009	FY2008	FY2009	
				Original Forecast (May .12 announced)	Revised Forecast (Nov. 5 announced)
<b>Capital Investments</b>	2,601	<b>1,414</b>	4,645	5,000	<b>4,600</b>
<b>Depreciation</b>	1,181	<b>1,184</b>	2,726	3,100	<b>2,700</b>
<b>R&amp;D costs</b>	2,467	<b>2,118</b>	4,656	4,700	<b>4,400</b>

### First half FY2009 Actual Capital Investments:

Molds for new products, products for demonstration, measuring equipment and jig  
Introduction of ERP system ( ¥0.9 billion )

### Second half FY2009 Capital Investments Plan:

Molds for new products, products for demonstration  
Introduction of ERP system ( ¥1.3 billion )

# Forecast for Fiscal 2009

# 1) Business Environment

- **Medical device industry remained difficult due to the global recession**
- **Economic stimulus packages supported demand in China and Japan**

**【International】** Relatively firm demand – China, Western Europe  
Remained weak demand – U.S.A, Russia, and some emerging countries

**【Japan】** Relatively firm demand – universities, public hospitals  
Remained weak demand – public access market (AED)

**Impact of government health care policy remained uncertain**

**【International】** US health care reform

**【Japan】** DPJ plan of medical reform, NHI price revision

## 2) Forecast for Fiscal 2009

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

	FY2008	FY2009		YoY (%)
		Original Forecast (May .12 announced)	Revised Forecast (Nov. 5 announced)	
<b>Sales</b>	109,123	107,000	<b>107,000</b>	-1.9
<b>Domestic Sales</b>	87,402	87,500	<b>87,500</b>	0.1
<b>Overseas Sales</b>	21,721	19,500	<b>19,500</b>	-10.2
<b>Operating income</b>	8,106	6,000	<b>8,200</b>	1.2
<b>Ordinary income</b>	7,640	6,000	<b>8,200</b>	7.3
<b>Net income</b>	4,610	3,700	<b>5,100</b>	10.6

Percentage of overseas sales  
to consolidated sales

19.9%

18.2%

18.2%

Average exchange rate

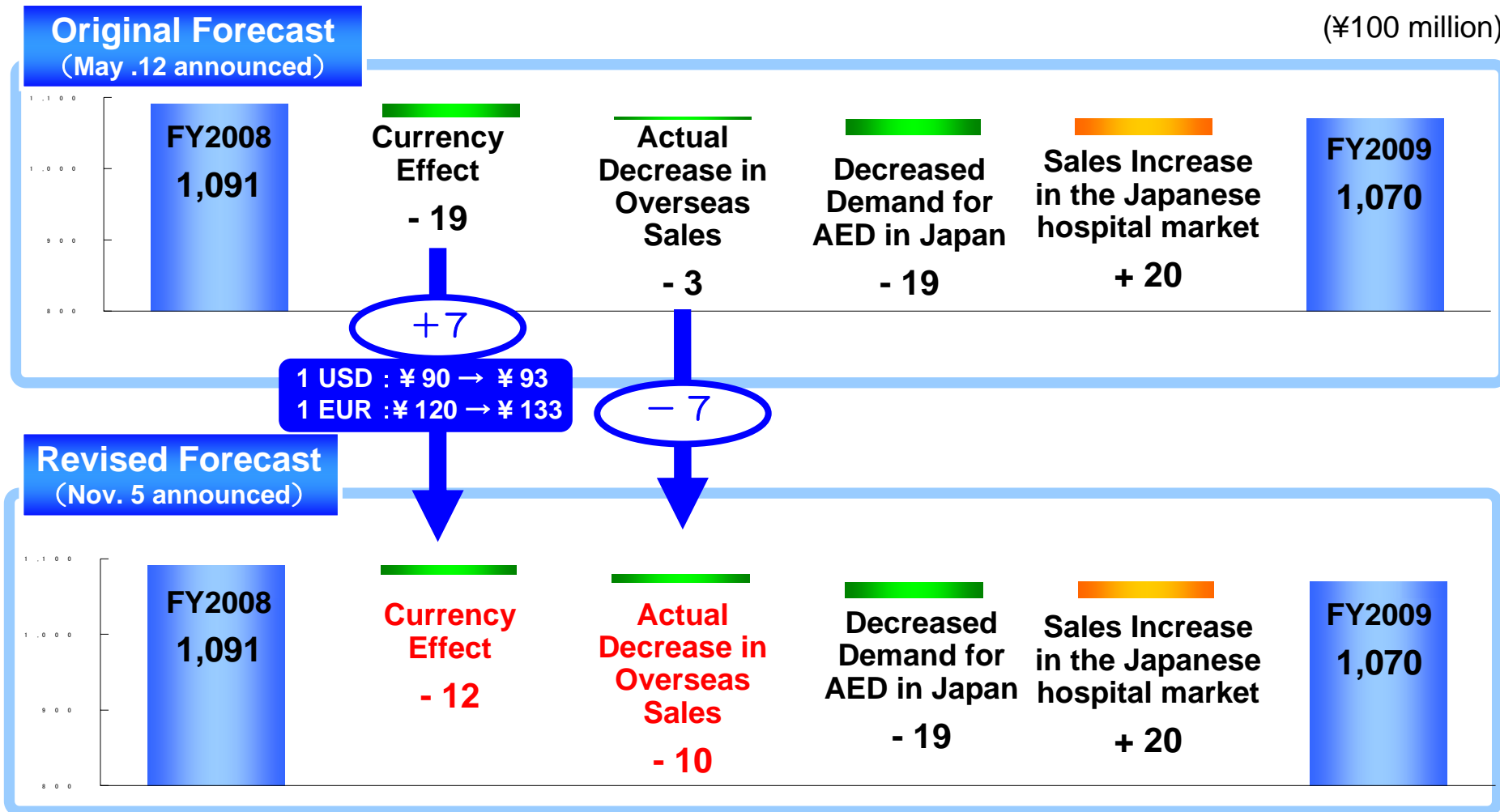
1 US Dollar	101 yen	90 yen	93 yen
1 EURO	145 yen	120 yen	133 yen

(Second half FY2009)

90 yen
132 yen

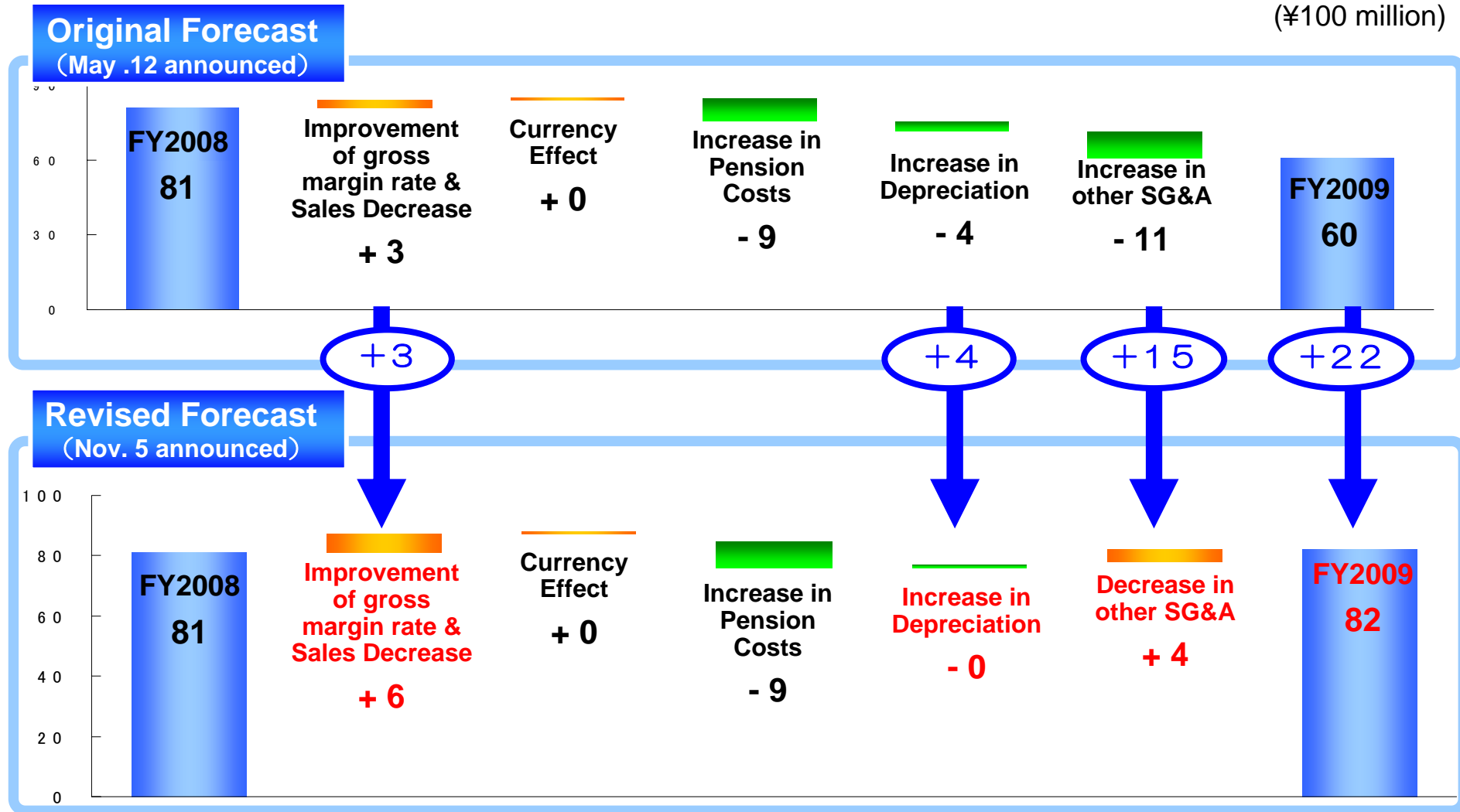
# 3) Analysis of FY2009 Forecast — Sales —

(¥100 million)



# 4) Analysis of FY2009 Forecast — Operating Income —

(¥100 million)



# (Reference) Consolidated Forecast FY2009 by Product Segment

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

	FY2008	FY2009		YoY (%)
		Original Forecast (May . 12 announced)	Revised Forecast (Nov. 5 announced)	
Physiological Measuring Equipment	16,811	16,700	<b>16,700</b>	-0.7
Patient Monitors	20,039	19,900	<b>19,600</b>	-2.2
Treatment Equipment	18,106	16,400	<b>16,300</b>	-10.0
Medical Supplies	34,798	36,200	<b>36,700</b>	5.5
Other Medical Equipment	19,367	17,800	<b>17,700</b>	-8.6
<b>Total</b>	109,123	107,000	<b>107,000</b>	-1.9

# Basic Strategy



## 2) Proactive measures in FY2009

I . Implement basic strategy of its 3-year business plan, **SPEED UP II**

II . Take additional measures

- Take steps to improve profitability in short-term
- Launch "Columbus Committee" to enhance its global business



## 2.1) Expand patient monitor business

- (Worldwide) Expand sales of patient monitors launched in 2008
- (Worldwide) Launch new patient monitors

To be launched in second-half FY2009

Widely used monitors with superior cost performance



**Vital signs monitors**  
PVM-2701

To be launched by the end of 2009

- LCD color display can show the waveforms of ECG
- Equipped with a memory function



**Transmitter with LCD**  
ZS-530P

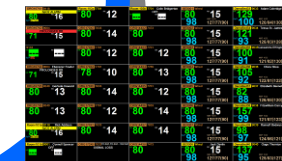


**Bedside monitors**  
BSM-6000 series  
Launched in Nov. 2008



**Central monitors**  
CNS-9601  
Launched in April 2008

**Products designed for patient safety and ease of use**



**Prefense**  
Launched in May 2008 (US only)



**Telemetry systems**  
WEP-5200 series  
Launched in Oct. 2008



**Transmitter with LCD**  
ZM-540P  
Launched in Aug. 2009 (US only)

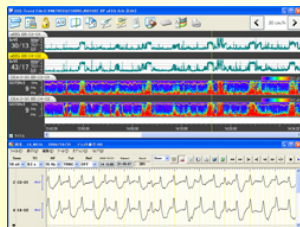
## 2.2) Expand patient monitor business

The Japanese Government decided supplementary budget for perinatal care

### Products designed for **neonatal care**

#### Launch **the nation's first aEEG\*** monitoring

##### QP-160A



EEG trends software program can display aEEG trend graph

Launched in Aug. 2009  
(Japan only)

#### Original CO2 sensor

##### TG-970P



**World's smallest and lightest mainstream CO2 sensor**

Launched in June 2009



YG-213T  
(prototype)

**Develop adapter kit for intubated neonates**

To be launched in FY2010

※The use of aEEG (amplitude-integrated EEG) monitoring in NICU has increased in Europe and the US because it helps earlier detection and treatment of neonatal seizures and hypoxic-ischemic encephalopathy.

### 3) Expand AED business

**The nation's  
first AED**

Launched in July, 2009

**AED-2100** received

“Good Design Award 2009”



**AED remote  
tracking system**

To be launched in first-half FY2010

Develop AED remote tracking system by using Bluetooth with AED-2100. It allows customers to review self-check data and alerts when batteries or electrode pads are nearing expiration.

**Start exporting our  
own AED**

South Korea : Generate brand recognition with advertising campaign  
Europe : Start marketing in medical institutions



**Support Chuncheon  
Marathon by AED**

# 4) Reinforce the operations in China

In Oct. 2009

**Established a new organization,  
“Chinese Operations” in HQ**

**Expand business in China**

**R&D**  
Medinet Kohden  
Shanghai Corporation

**Production**  
Shanghai Kohden Medical  
Electronic Instrument Corporation

**Sales & Services**  
Nihon Kohden Trade (Shanghai)

**Shift production to China**

Current

**Mainly low-end ECG  
targeting the Chinese market**



In FY2009

• 1 model of hematology analyzer  
• 2 models of ECG



In FY2010

**Start reagent production**  
**1 model of patient monitor**

FY2011~

**Develop and produce low-end products for global market in China**

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