

Consolidated Financial Highlights for FY2009

(From April 1, 2009 to March 31, 2010)

1. **Consolidated Financial Results**
2. **Mid-term Business Plan**

May 18, 2010

Fighting Disease with Electronics



Consolidated Financial Results for FY2009

1) Consolidated Financial Results for FY2009

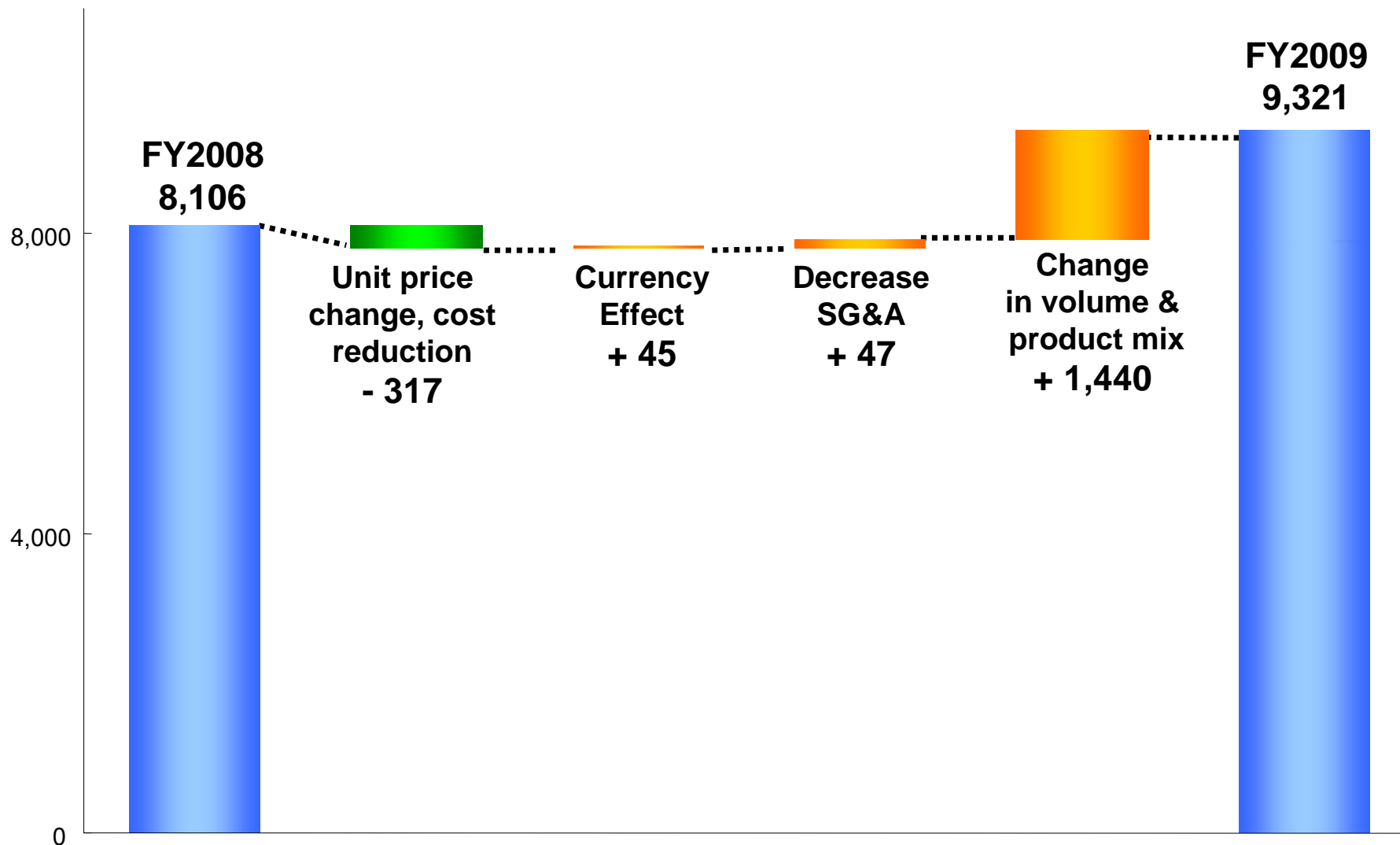
(Amounts of less than ¥1 million are rounded down)

	FY2008	FY2009			
		Original Forecast (announced on May 12, 2009)	Revised Forecast (announced on Nov 5, 2009)	Actual	YoY (%)
Sales	109,123	107,000	107,000	107,013	-1.9
Domestic Sales	87,402	87,500	87,500	87,439	0.0
Overseas Sales	21,721	19,500	19,500	19,574	-9.9
Operating Income	8,106	6,000	8,200	9,321	15.0
Ordinary Income	7,640	6,000	8,200	9,343	22.3
Net Income	4,610	3,700	5,100	5,917	28.3

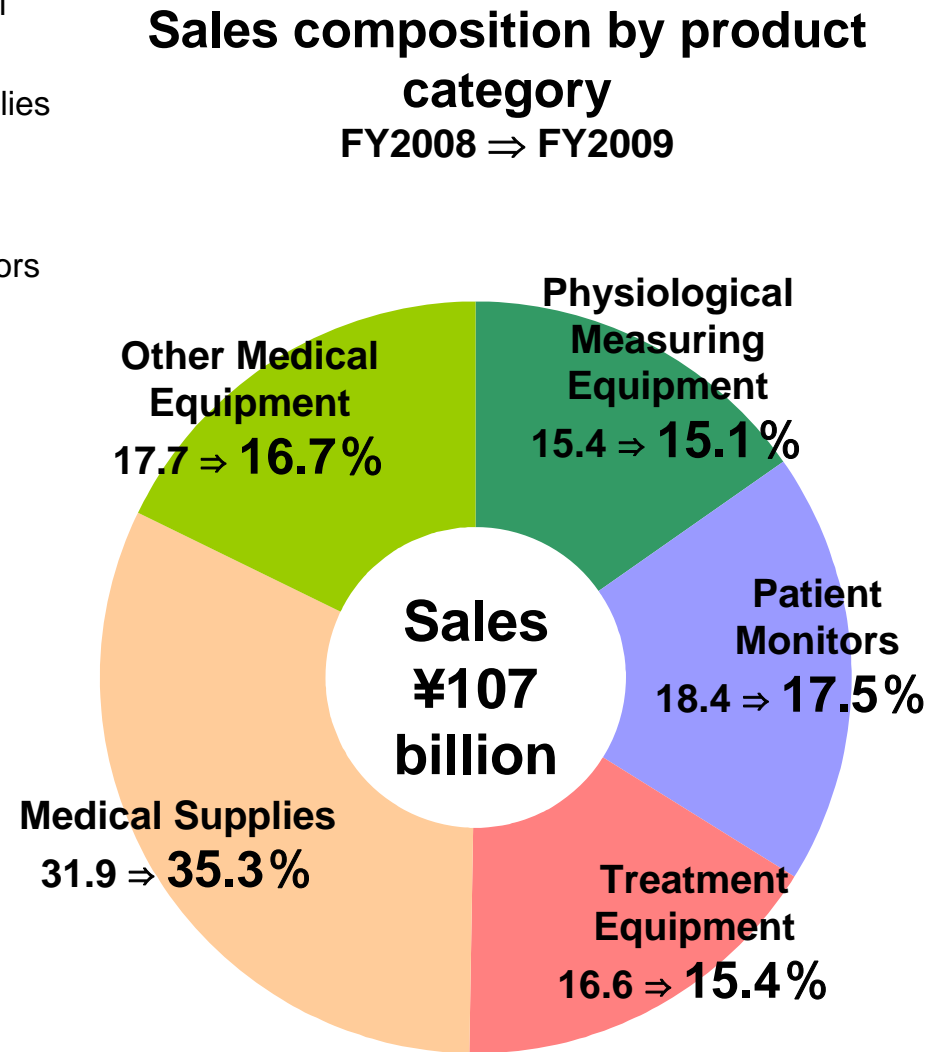
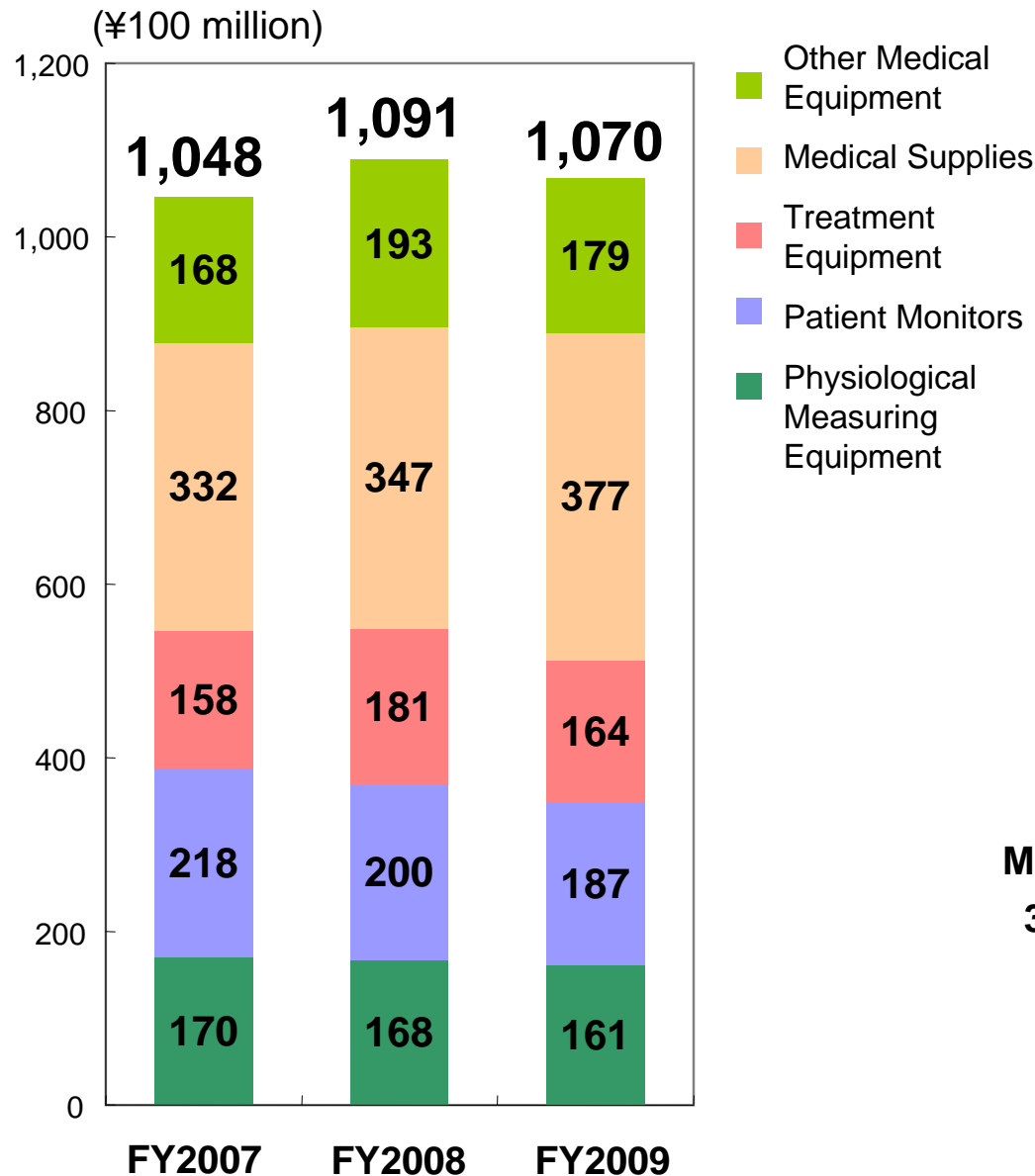
Average Exchange Rate	FY2008	FY2009
1 US Dollar	101 yen	93 yen
1 EURO	145 yen	131 yen

2) Breakdown of Operating Income

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



3) Sales by Product Category



3.1) Physiological Measuring Equipment

(Sales, millions of yen)

	FY2008	FY2009	YoY (%)
Electroencephalographs	7,193	6,762	-6.0
Electrocardiographs	5,842	5,630	-3.6
Polygraphs	3,774	3,728	-1.2
Physiological Measuring Equipment	16,811	16,122	-4.1
Domestic Sales	11,539	11,442	-0.8
Overseas Sales	5,271	4,679	-11.2



Electroencephalographs
EEG-1200



Electrocardiographs
ECG-1400



Polygraphs
RMC-4000

3.2) Patient Monitors

(Sales, millions of yen)

	FY2008	FY2009	YoY (%)
Patient Monitors	20,039	18,721	-6.6
Domestic Sales	12,291	12,020	-2.2
Overseas Sales	7,748	6,700	-13.5



Telemetry systems

WEP-5200 series



Bedside monitors

BSM-6000 series



Central monitors

CNS-9601

3.3) Treatment Equipment

(Sales, millions of yen)

	FY2008	FY2009	YoY (%)
Defibrillators	11,434	8,804	-23.0
Pacemakers	3,356	3,460	3.1
Ventilators	1,809	2,189	21.0
Other Treatment Equipment	1,506	2,035	35.1
Treatment Equipment	18,106	16,490	-8.9
Domestic Sales	15,520	13,963	-10.0
Overseas Sales	2,586	2,526	-2.3
(Ref.) AED Unit Shipments	42,600 units	29,800 units	-30.0



Defibrillators
AED-2100



Pacemakers
Kiklos DR



Ventilators
HAMILTON-C2

3.4) Medical Supplies

(Sales, millions of yen)

	FY2008	FY2009	YoY (%)
Consumables	27,764	29,993	8.0
Maintenance Service	7,034	7,744	10.1
Medical Supplies	34,798	37,737	8.4
Domestic Sales	30,274	33,277	9.9
Overseas Sales	4,524	4,460	-1.4



Finger probes

TL-201T



Disposable electrodes

N-03IS3



AED disposable pads

P-590

3.5) Other Medical Equipment

(Sales, millions of yen)

	FY2008	FY2009	YoY (%)
Hematology Analyzers	4,101	3,440	-16.1
Clinical Systems, Transformers, Imaging Systems and Other Medical Equipment	15,266	14,500	-5.0
Other Medical Equipment	19,367	17,941	-7.4
Domestic Sales	17,776	16,734	-5.9
Overseas Sales	1,591	1,206	-24.2

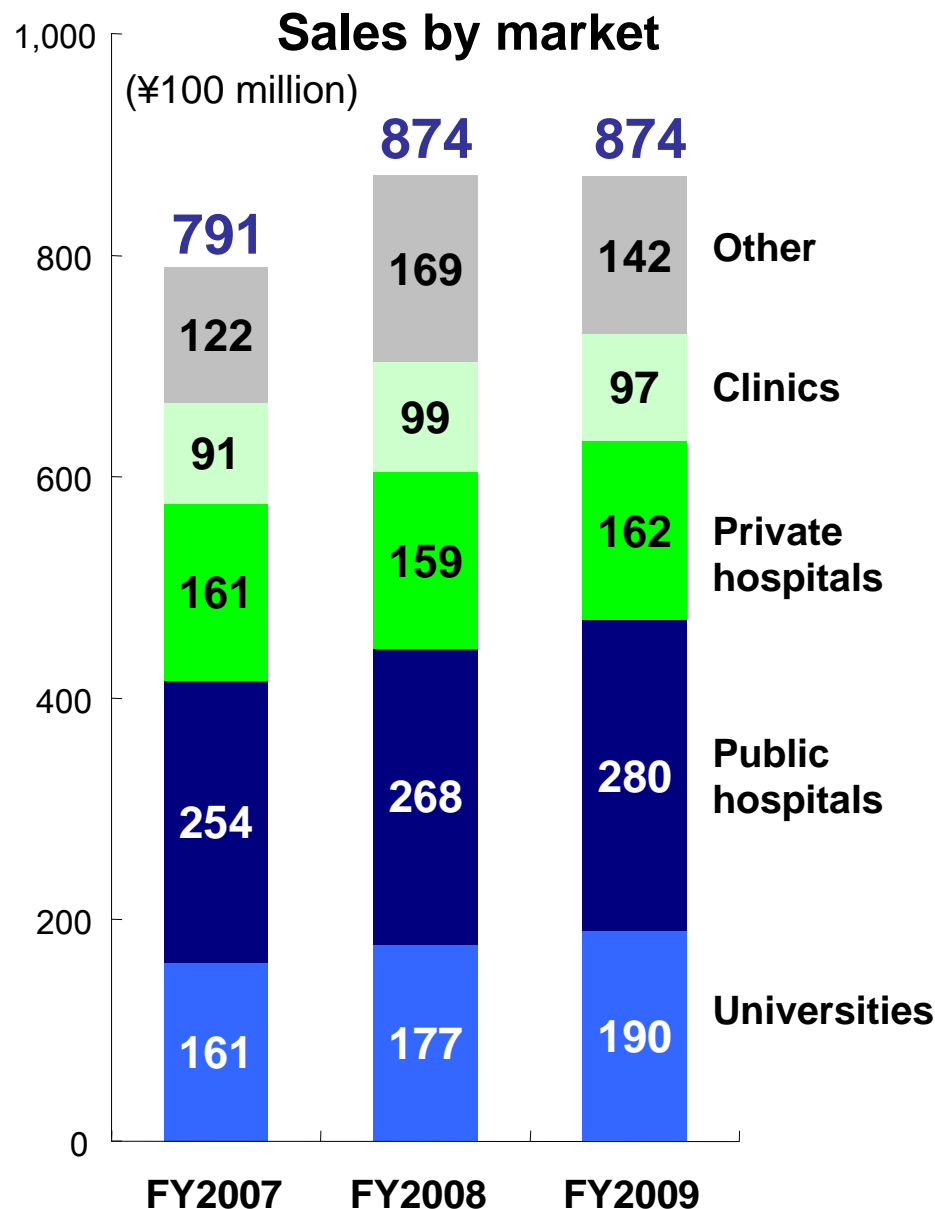


Automated hematology analyzers
MEK-6400

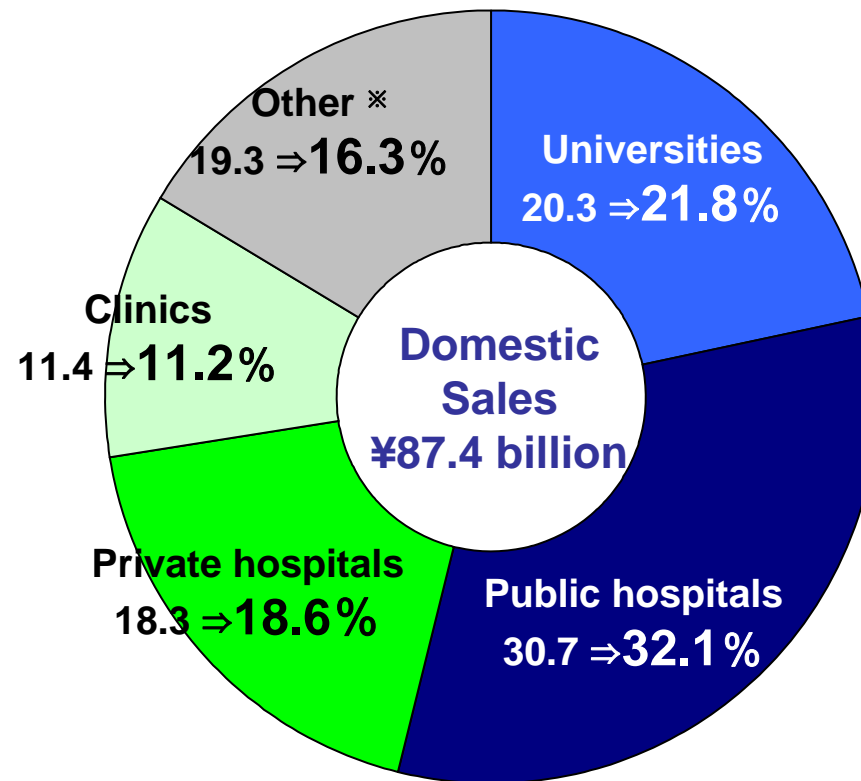


Clinical support system
Prime park

4) Domestic Sales



Sales composition by market
FY2008 ⇒ FY2009

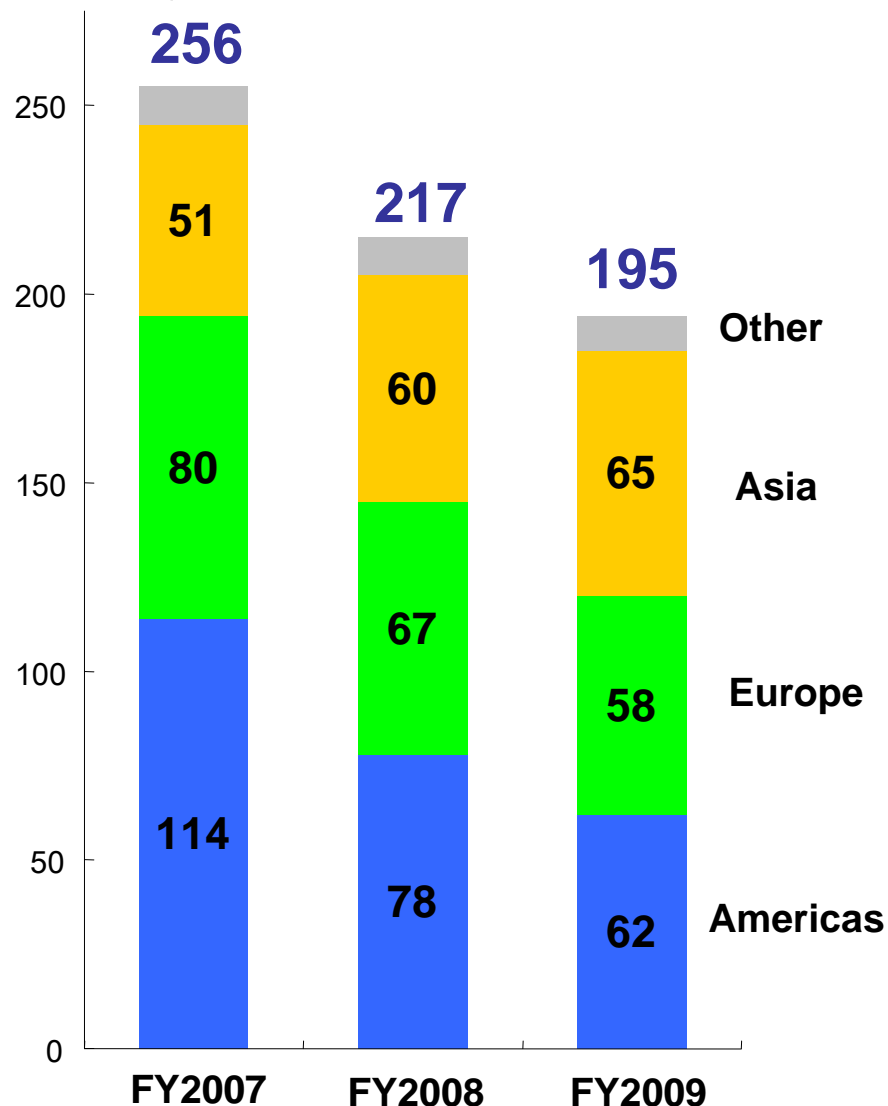


Note: Other markets include laboratories, animal hospitals, and PAD (public access defibrillation) markets such as schools and private companies

5) Overseas Sales

Geographic segments

(¥100 million)

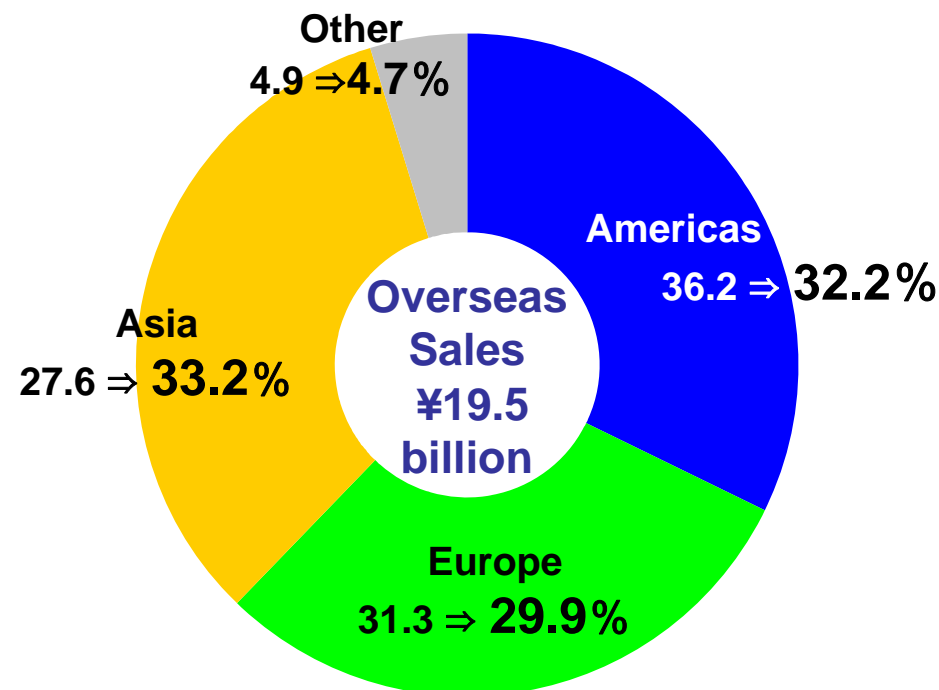


Percentage of overseas sales to consolidated sales

FY2007	FY2008	FY2009
24.5%	19.9%	18.3%

Geographic segments

FY2008 ⇒ FY2009



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)

	FY2008	FY2009	Change
Current assets	61,470	69,685	8,214
Noncurrent assets	19,008	18,315	-693
Total assets	80,479	88,000	7,521
Current liabilities	26,277	29,722	3,444
Noncurrent liabilities	631	329	-302
Total liabilities	26,909	30,051	3,141
Net assets	53,569	57,949	4,379
Total liabilities & Net assets	80,479	88,000	7,521

Certificate of Deposit :
+ ¥5 billion (B/S ¥7.5 billion)

Tangible fixed assets:
- ¥0.9 billion (B/S ¥9.3billion)
Intangible fixed assets:
+ ¥1.3 billion (B/S ¥4.3 billion)
Investments and others assets:
- ¥1.0 billion (B/S ¥4.5 billion)

Trade notes and accounts payable:
+ ¥2.1 billion (B/S ¥18.2 billion)

7) Cash Flows

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

	FY2008	FY2009	Change
I. Cash flows from operating Activities	4,123	10,679	6,555
II. Cash flows from investing Activities	-5,968	-2,810	3,157
Free Cash Flows	-1,844	7,869	9,713
III. Cash flows from financing Activities	-601	-2,850	-2,248
Effect of exchange rate change on cash and cash equivalents	-152	114	267
Net increase (decrease) in cash and cash equivalents	-2,599	5,133	7,732
Cash and cash equivalents at end of period	11,197	16,331	5,133

Income before income taxes and minority interests	
FY2008	7,693
FY2009	9,148
Change	+1,454
Increase (decrease) in trade notes and accounts payable	
FY2008	-2,021
FY2009	2,172
Change	+4,193

Capital expenditures	
FY2008	-3,524
FY2009	-1,186
Change	+2,337

Increase (decrease) in short-term debt	
FY2008	1,175
FY2009	-1,211
Change	-2,386

8) Capital Investments & R&D Costs

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

	FY2008	FY2009			Change	FY2010 Plan
		Original Forecast (announced on May 12, 2009)	Revised Forecast (announced on Nov 5, 2009)	Actual		
Capital Investments	4,645	5,000	4,600	3,154	-1,491	2,700
Depreciation	2,726	3,100	2,700	2,507	-219	3,100
R&D costs	4,656	4,700	4,400	4,418	-238	5,200

- **FY2009 Actual Capital Investments**

Molds for new products, measuring equipment and products for demonstration
Introduction of ERP system (¥ 1.7 billion)

- **Variance Capital Investments Original Forecast and Actual Results**

Control usual capital investments (- ¥ 1.3 billion), Review ERP investment plan (- ¥0.5 billion)

- **FY2010 Plan**

Capital Investments

Molds for new products, products for demonstration,
Introduction of ERP system (¥0.4 billion)

Depreciation

ERP system (¥0.6 billion)

R&D

Increase investment in R&D for new technologies and products

9) Forecast for FY2010

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

	FY2008	FY2009	FY2010	YoY (%)
Sales	109,123	107,013	112,000	4.7
Domestic Sales	87,402	87,439	90,000	2.9
Overseas Sales	21,721	19,574	22,000	12.4
Operating Income	8,106	9,321	10,000	7.3
Ordinary Income	7,640	9,343	10,000	7.0
Net Income	4,610	5,917	6,300	6.5

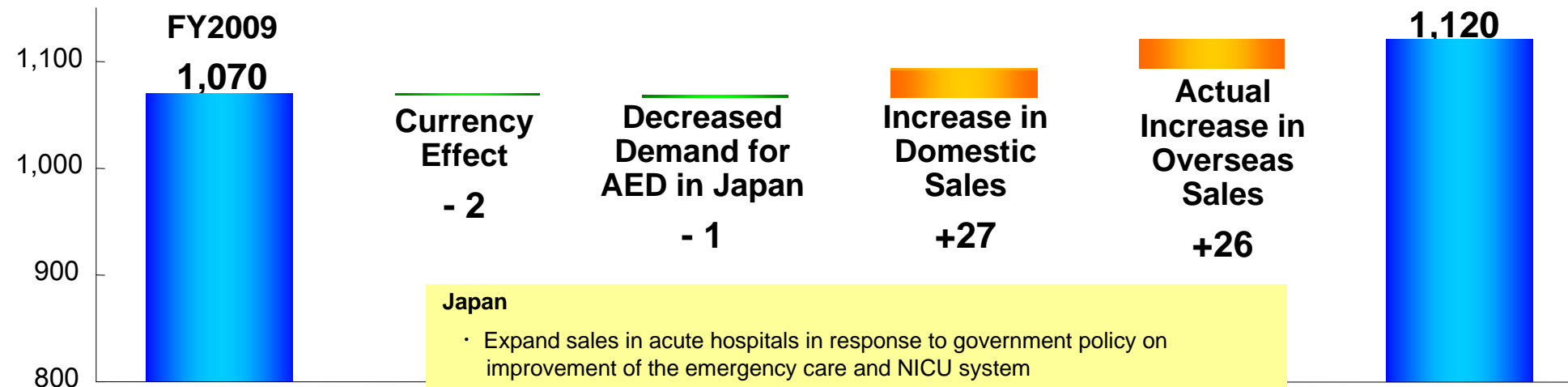
Percentage of Overseas Sales	19.9%	18.3%	19.6%
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Average Exchange Rate

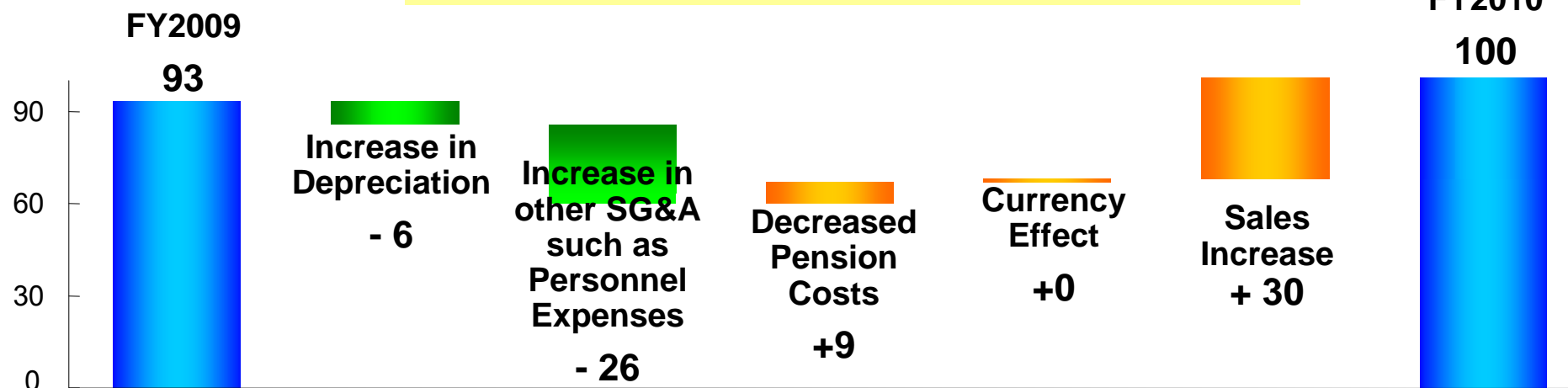
1 US Dollar	101 yen	93 yen	90 yen
1 EURO	145 yen	131 yen	130 yen

10) Analysis of FY2010 Forecasts

Sales



Operating Income

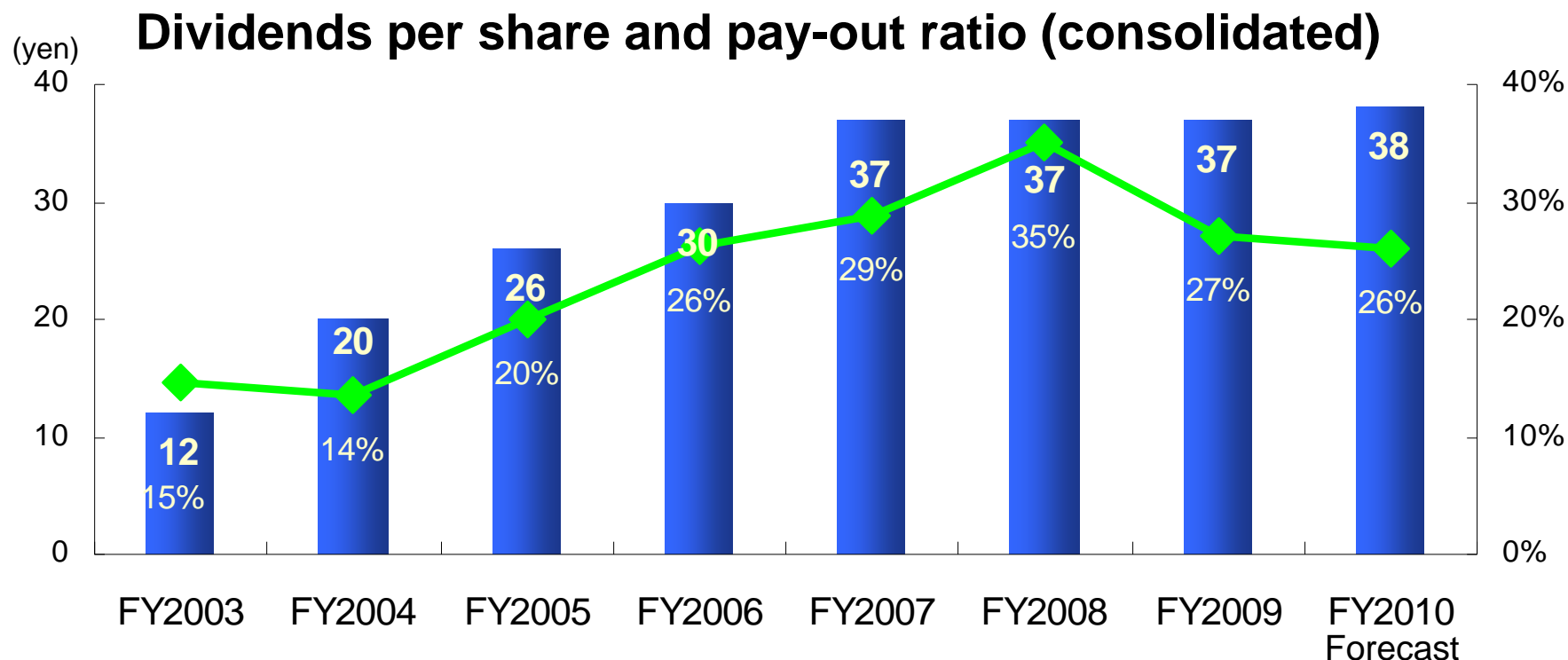


11) Dividend Policy

Basic Dividend Policy

Continue a stable dividend for a long period as well as increase retained earnings for the enhancement of business structure and future business expansion

Rough indication: Consolidated payout ratio of 30%



Consolidated Forecast for FY2010 by Product Segment

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

	FY2009	FY2010	YoY (%)
Physiological Measuring Equipment	30,474	31,600	3.7
Patient Monitors	32,838	34,900	6.3
Treatment Equipment	20,095	20,900	4.0
Other Medical Equipment	23,604	24,600	4.2
Total	107,013	112,000	4.7

(Reference)

Medical Supplies	37,737	39,500	4.5
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Effective FY2010, consumables and maintenance services are reclassified into "Physiological Measuring Equipment", "Patient Monitors", "Treatment Equipment" and "Other Medical Equipment", it was previously classified into "Medical Supplies". Accordingly, figures in FY2009 were reclassified in a same manner for growth rate.

Mid-term Business Plan

(FY2010 to FY2012)

1) 60th Anniversary of Nihon Kohden

Environment Recognition

- Aging of populations in developed markets
- Growth of emerging markets such as BRICS
- Intensified competition among companies in global market

In August 2011, Nihon Kohden will celebrate its 60th anniversary. On the occasion of this important milestone in the Company's history, we have set out a **Long-term vision** for the next ten years through to 2020.

SPEED UP III represents the first stage toward achieving the Company's **Long-term vision** for the next ten years through to 2020



2) Evaluation of Previous Mid-term Plan (1)

Strengthen business structure

- Implemented Columbus Committee and NK Innovation Committee
- Established sales subsidiary in China
- Expanded manufacturing capability in Tomioka factory
Made Shanghai Kohden a 100% owned subsidiary
- Acquired Nippon Biotest Lab and Neurotronics, Inc.

New launch of core products

- Enhanced line-up of Patient Monitors
- Launched our own AED

Improve profitability

- Achieved profit increase in FY2010 under difficult circumstances

2) Evaluation of Previous Mid-term Plan (2)

As a result of the overseas business slowdown, sales/operating income/ROE goal was not achieved

	FY2007 actual	FY2008 actual	FY2009 actual	FY2009 Goal	Actual vs. Goal
Sales	¥104.8 billion	¥109.1 billion	¥107.0 billion	¥113.0 billion	↓ 95 %
(Domestic)	¥79.1 billion	¥87.4 billion	¥87.4 billion	¥82.5 billion	↑ 106 %
(Overseas)	¥25.6 billion	¥21.7 billion	¥19.5 billion	* ¥30.5 billion	↓ 64 %
Operating Income	¥9.8 billion	¥8.1 billion	¥9.3 billion	¥10.2 billion	↓ 91 %
ROE (%)	11.3 %	8.8 %	10.6 %	12.0 %	↓
Inventory Turnover Rate*	7.3 times	7.4 times	7.8 times	7.4 times	↑

* Rewording of FY2009 Goal "Overseas Sales Ratio of 27%"

3) Long-term Vision (1)

from April 2010

to March 2020

Long-term vision

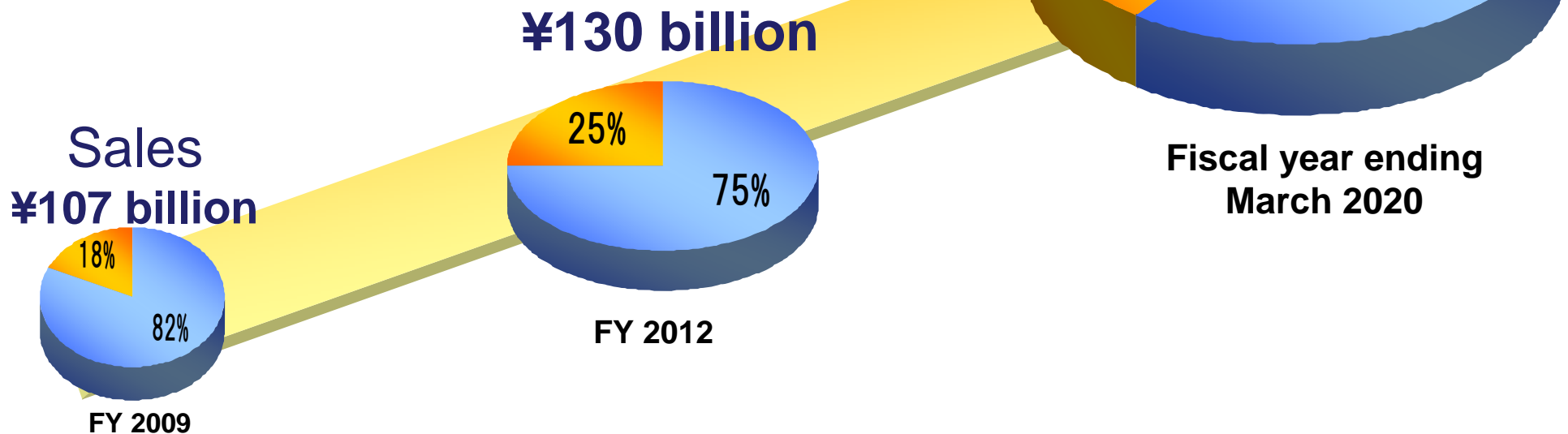
CHANGE 2020 - The Global Leader of Medical Solutions -

- 1. Lead the world in the development of revolutionary breakthrough technology**
- 2. Achieve the highest level of quality in the world**
- 3. Attain top share in applicable global markets**

3) Long-term Vision (2)

Fiscal year ending March 2020

Sales: ¥200 billion
Operating Income: ¥25 billion
Overseas Sales Ratio: 40%



4) New 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. Consolidate corporate fundamentals**

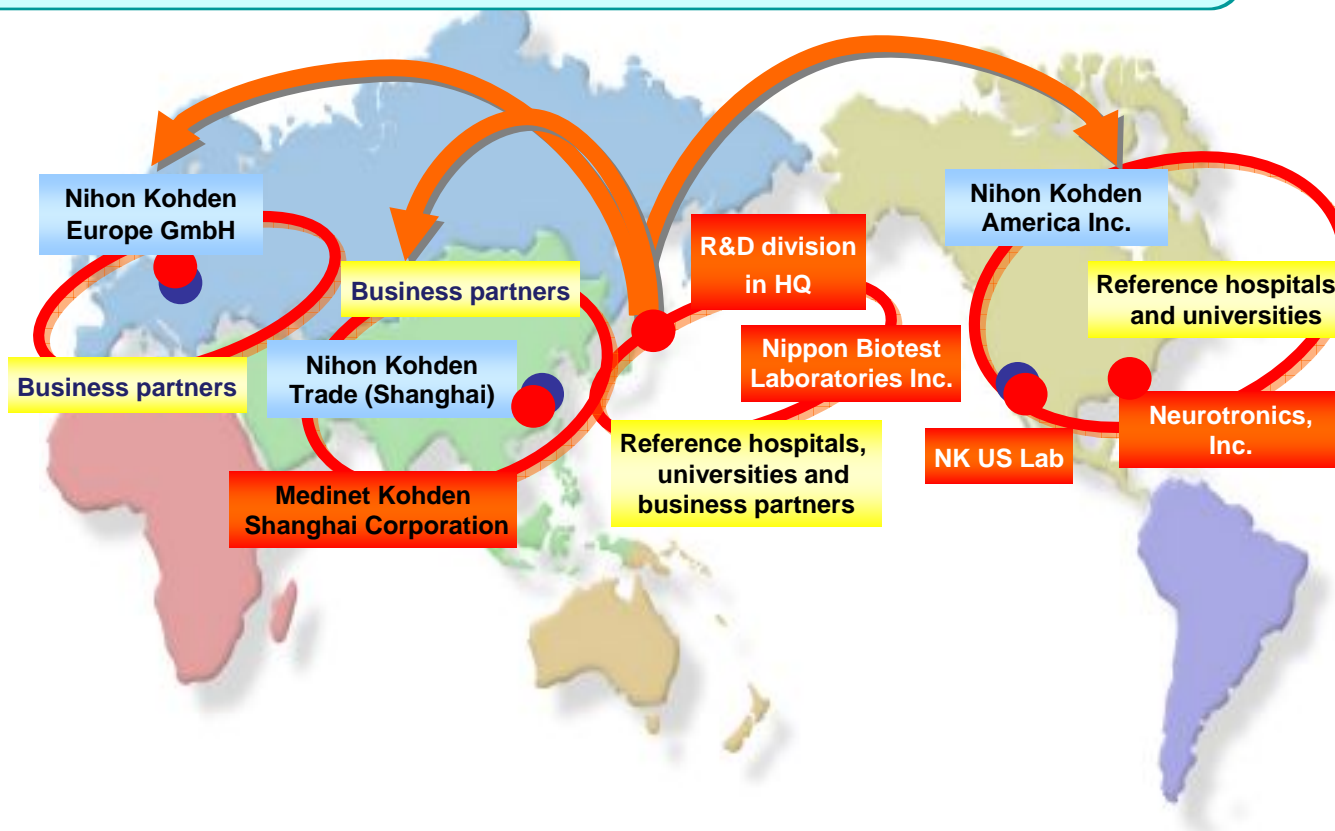
5) Key Strategies

1. Set up technology capability in close collaboration with end users in clinical practice

- Leverage overseas product development facilities
- Closer relationship with research organizations and business partners

Concrete measure

Joint development with local IT vendors in Europe and China



2. Patient Monitor Business (i)

Develop products and system solutions that are tailored to the demands of local markets

Japan: Promote medical safety while strengthening the response to government policy on improvement of the emergency care and NICU system

US: Gain a strong foothold in major hospitals market and expand Defensive Monitoring™ sales

Europe: Concentrate on middle-end models and system solutions



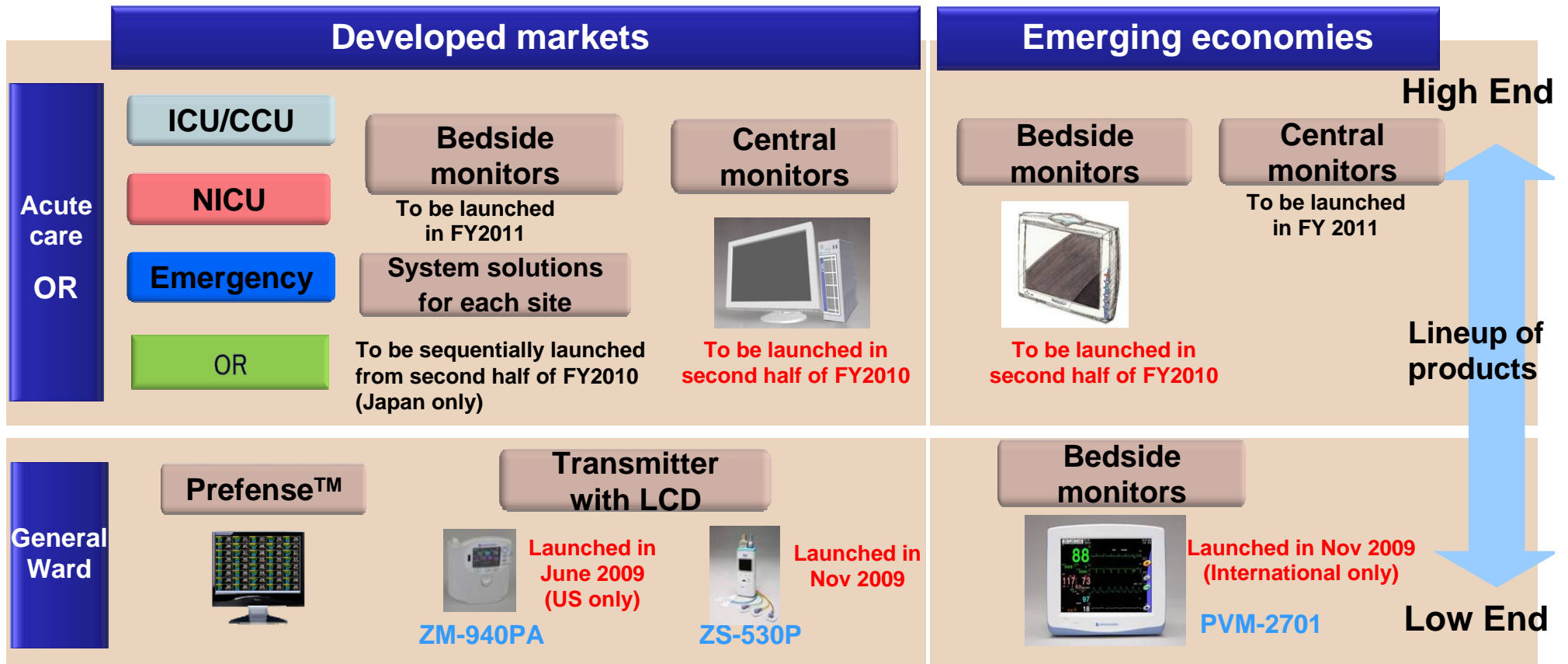
Expand our share of global markets

*Patient Monitoring by using our product called Prefense™ to prevent medical harm

2. Patient Monitor Business (ii)

Concrete measure

Enhance line-up for each site and region

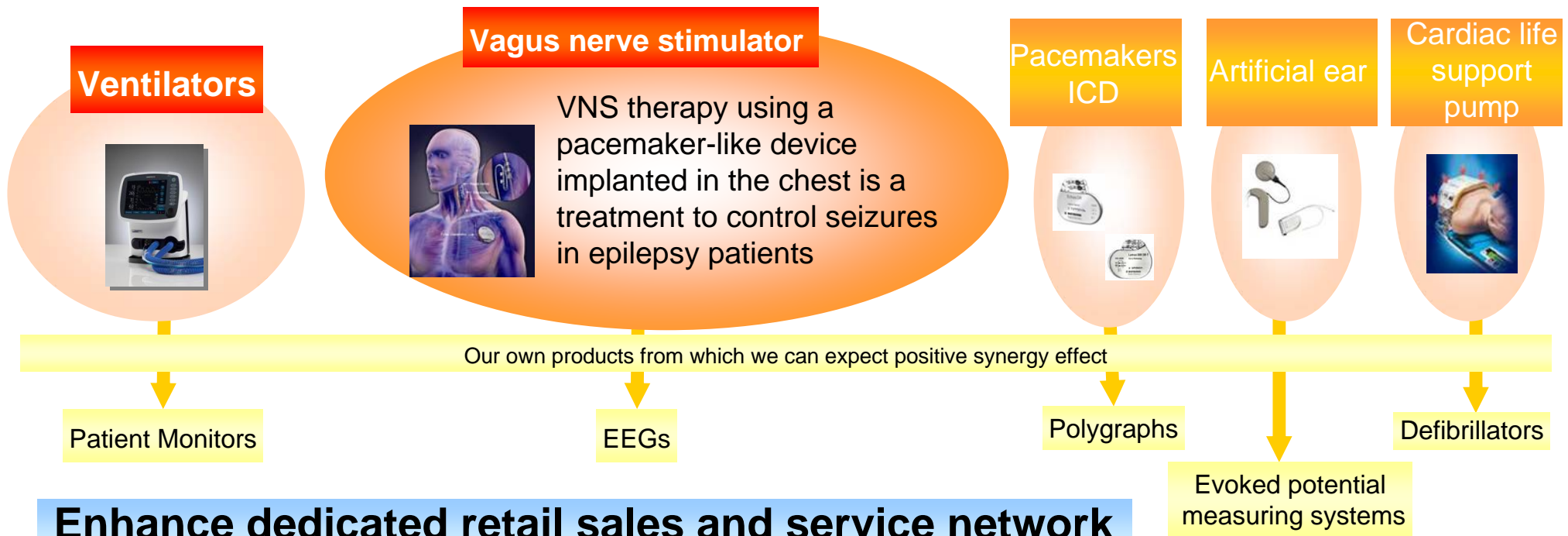


3. Expand Treatment Equipment Business

Introduce products to enable synergy in marketing of our own products

Concrete measure

Launch vagus nerve stimulator (VNS)
(first half of FY2010)



Enhance dedicated retail sales and service network of treatment equipment

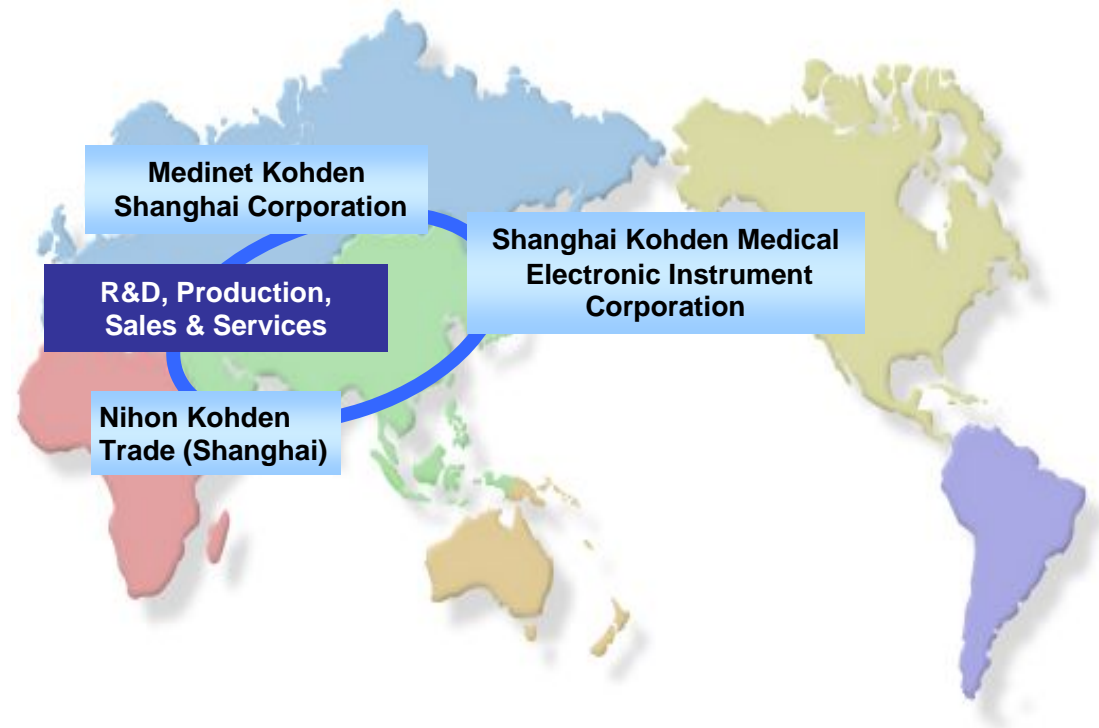
4. Expand Business in China and Emerging Economies

China: Upgrade and expand our sales and service networks
Develop and produce low-end products for global market in China

Emerging economies:
Develop products tailored to emerging markets and expand sales networks.

Concrete measure

- **China: Start direct-sales of Hematology Analyzers**
(in April 2010)
Start reagent production
(in first half FY2010)
- **Expand sales networks in BRICS**



6) 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%

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