

Summary Report on Financial Results for the Second Quarter of the Year Ending March 2013
(Japan GAAP)

October 31st, 2012
Listing: OSE-JASDAQ

Company name: Fukuda Denshi Co., Ltd.
Code No.: 6960 (<http://www.fukuda.co.jp>)
Representative: Daijiro Shirai, President & COO
Inquiries: Shuichi Fukuda, Executive Director/ Senior Manager of Accounting & Finance Department
– Senior Manager of Information Technology Department
Tel: +81-3-3815-2121
Scheduled date for filing the quarterly report: November 8th, 2012
Scheduled date for commencement of dividend payment: December 10th, 2012
Supplementary material development: None
Financial results meeting: None

(Amounts less than one million yen are rounded down)

(The number with parenthesis shows negative figure)

1. Consolidated financial results for the second quarter of the year ending March 2013 (April 1st, 2012 through September 30th, 2012)

(1) Consolidated operating results (cumulative)

(% represents increases or decreases from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Second quarter of the year ending March 2013	44,695	4.8	4,456	6.9	4,462	1.6	2,688	2.9
Second quarter of the year ended March 2012	42,634	(1.7)	4,167	1.6	4,391	6.3	2,613	6.9

(Note) Comprehensive income

Second quarter of the year ending March 2013: 1,980 million yen / (25.6) %

Second quarter of the year ended March 2012: 2,662 million yen / 67.0 %

	Net income per share	Fully diluted net income per share
	Yen	yen
Second quarter of the year ending March 2013	171.79	—
Second quarter of the year ended March 2012	151.99	—

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net Assets per Share
	million yen	million yen	%	Yen
Second quarter of the year ending March 2013	104,855	77,507	73.9	5,036.56
Year ended March 2012	107,025	77,846	72.7	4,866.46

(Reference) Shareholders' equity:

Second quarter of the year ending March 2013: 77,507 million yen

Year ended March 2012: 77,846 million yen

2. Dividends

	Yearly Dividends per share				
	End of the first quarter	End of the second quarter	End of the third quarter	End of the term	Annual
	yen	yen	yen	yen	yen
Year ended March 2012	—	40.00	—	55.00	95.00
Year ending March 2013	—	40.00			
Year ending March 2013 (forecast)			—	55.00	95.00

(Note) Revisions to recent dividend forecast: None

The detail of year-end dividend of Year ended March 2012; ordinary dividend 40.00 yen, extra dividend 15.00 yen

The detail of year-end dividend of Year ending March 2013 (Forecast); ordinary dividend 40.00 yen, extra dividend 15.00 yen

3. Forecast of consolidated financial results for the year ending March 2013 (April 1st, 2012 through March 31st, 2013)

(% represents increase or decrease from the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-year	94,000	1.6	9,400	2.3	9,400	(0.3)	5,100	(3.2)	328.42

(Note) Revisions to recent business forecast: None

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries involving changes in the scope of consolidation): None

(2) Application of special accounting methods for the preparation of the consolidated quarterly financial statements: None

(3) Changes in accounting policies, accounting projections and restatement

(i) Changes in accounting policies associated with revision of accounting standards: Yes

(ii) Changes other than (i) above: None

(iii) Changes in accounting projections: Yes

(iv) Restatement: None

(Note) For details, please refer to “(3) Change in accounting policies, accounting projections and restatement” under the “2. Summary information” section on page 6.

(4) Number of outstanding shares (common stock)

(i) Number of outstanding shares at the end of the period (including treasury stock)

Second quarter of the year ending March 2013: 19,588,000 shares

Year ended March 2012: 19,588,000 shares

(ii) Number of shares of treasury stock at the end of the period:

Second quarter of the year ending March 2013: 4,199,095 shares

Year ended March 2012: 3,591,515 shares

(iii) Average number of shares during the period (accumulated consolidated quarter)

Second quarter of the year ending March 2013: 15,649,305 shares

Second quarter of the year ended March 2012: 17,196,622 shares

* Status of Auditing Processes

At the time of disclosure of this report, review procedures for the quarterly financial statements pursuant to the Financial Instruments and Exchange Law had not been completed.

* Explanation about the appropriate use of the forecasts of financial results, and other noteworthy matters

1. The forecasted financial results described above are based on information available at the time of announcement. Actual results may differ from the results projected and presented hereby for a variety of reasons.
2. With respect to the preconditions for the forecast of financial results, please refer to “(3) Qualitative information about consolidated earnings forecast” under the “1. Qualitative Information about consolidated earnings results for the quarter under review” section on page 5.

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1. Qualitative Information about consolidated earnings results for the quarter under review

(1) Qualitative Information about consolidated operating results

In the second quarter cumulative period, signs of recovery have been seen in the Japanese economy as a result of the demand for restoration from the Great East Japan Earthquake. On the other hand, the future of the economy remains uncertain due to the financial problems in Europe, concern of economic recession in emerging economies, and the ongoing deflation and appreciation of the yen.

In the medical environment industry, the remuneration for medical treatments has increased slightly from April, but an effective and efficient reformed management is still required to go forward.

As a result, the Group posted a consolidated net sales of 44,695 million yen (up 4.8% on a year-to-year basis), operating income of 4,456 million yen (up 6.9% on a year-to-year basis), ordinary income of 4,462 million yen (up 1.6% on a year-to-year basis), and a net income of 2,688 million yen (up 2.9 % on a year-to-year basis) in the second quarter.

A. Physiological diagnostic equipment segment

While the sales of ultrasound diagnostic systems and vascular screening systems continued to increase, sales of blood-cell counters decreased.

As a result, consolidated net sales were 11,745 million yen (up 0.6% on a year-to-year basis).

B. Patient monitoring equipment segment

Sales continued to increase both domestically and abroad in the second quarter. It was enough to recover the decrease in the first quarter.

As a result, consolidated net sales were 3,709 million yen (up 0.4% on a year-to-year basis).

C. Medical treatment equipment segment

The business of renting medical equipment for home treatment and sales of Automated External Defibrillators (AEDs) continued to increase. In spite of the reduction of the official reimbursement prices, the sales of pacemakers and catheters increased due to the increase of sales quantity.

As a result, consolidated net sales were 18,915 million yen (up 6.3% on a year-to-year basis).

D. Consumables and other products segment

In this segment, we mainly handle recording paper, disposable electrodes, and consumables used for devices handled in the above segments, as well as maintenance and repair services.

Consolidated net sales for this segment were 10,326 million yen (up 9.2% on a year-to-year basis).

(2) Qualitative information about consolidated financial situation

Total assets were 104,855 million yen at the end of the second quarter under review, down 2,170 million yen from the end of the previous fiscal year.

The main factors are a decrease of 4,871 million yen in “Notes and accounts receivable-trade” despite an increase of 1,699 million yen in “Property, plant and equipment” and an increase of 986 million yen in “Cash and deposits”.

Liabilities amounted to 27,348 million yen, down 1,830 million yen from the end of the previous fiscal year.

This is primarily because of a decrease of 1,482 million yen in “Notes and accounts payable-trade”.

Net assets were 77,507 million yen, down 339 million yen from the end of the previous fiscal year.

The decrease is primarily because of an increase of 1,438 million yen in “Treasury stock” and a decrease of 708 million yen in “Valuation difference on available-for-sale securities” despite an increase of 1,807 million yen in “Retained earnings”.

(3) Qualitative information about consolidated earnings forecast

Due to the steady sales achievement until the second quarter, there is no change at this moment in the forecast of the financial results for the full fiscal year which we announced on May 15th, 2012.

The forecasted financial results described in this material are based on information available at the time of announcement. Actual results may differ from the results projected and presented hereby for a variety of reasons.

2. Summary information

(1) Change in significant subsidiaries during the period

Not applicable.

(2) Application of special accounting methods for the preparation of the consolidated quarterly financial statements

Not applicable.

(3) Change in accounting policies, accounting projections, and restatement

(Change in accounting policies that are difficult to separate from changes in accounting projections)

According to the revision of the Corporation Tax Act, the Company and its consolidated subsidiaries in Japan changed the method of depreciation to the one based on the revised Corporation Tax Act for “Property, plant and equipment” acquired after April 1st, 2012, effective from the first quarter under review.

The effect of this change on the operating income, ordinary income and quarterly net income before taxes for the second quarter under review is minimal.

3. Consolidated quarterly financial statements

(1) Consolidated quarterly balance sheets

(Million yen)

	Previous fiscal year (as of March 31 st , 2012)	End of the second quarter under review (as of September 30 th , 2012)
Assets		
Current assets		
Cash and deposits	24,267	25,253
Notes and accounts receivable-trade	26,297	21,425
Short-term investment securities	1,482	1,080
Merchandise and finished goods	6,624	6,816
Work in process	142	203
Raw materials and supplies	1,455	1,715
Other	3,328	3,491
Allowance for doubtful accounts	(36)	(35)
Total current assets	63,562	59,950
Noncurrent assets		
Property, plant and equipment	20,117	21,816
Intangible assets	1,378	2,048
Investments and other assets		
Other	22,009	21,068
Allowance for doubtful accounts	(24)	(10)
Allowance for investment loss	(18)	(18)
Total investments and other assets	21,967	21,039
Total noncurrent assets	43,463	44,904
Total assets	107,025	104,855
Liabilities		
Current liabilities		
Notes and accounts payable-trade	14,925	13,443
Short-term loans payable	1,700	1,900
Income taxes payable	1,347	1,404
Provision for bonuses	2,171	1,911
Provision for product warranties	484	521
Other provision	139	69
Other	3,502	3,141
Total current liabilities	24,270	22,391
Noncurrent liabilities		
Long-term loans payable	742	777
Provision for retirement benefits	2,917	2,891
Other provision	185	198
Other	1,064	1,090
Total noncurrent liabilities	4,909	4,956
Total liabilities	29,179	27,348

	Previous fiscal year (as of March 31 st , 2012)	End of the second quarter under review (as of September 30 th , 2012)
Net assets		
Shareholders' equity		
Capital stock	4,621	4,621
Capital surplus	10,027	10,027
Retained earnings	70,189	71,996
Treasury stock	(7,580)	(9,019)
Total shareholders' equity	77,257	77,626
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	640	(68)
Foreign currency translation adjustment	(51)	(51)
Total accumulated other comprehensive income	588	(119)
Total net assets	77,846	77,507
Total liabilities and net assets	107,025	104,855

(2) Consolidated quarterly income statements and consolidated quarterly comprehensive income statements

Consolidated quarterly income statements
(Second quarter of the consolidated term)

	(Million yen)	
	Second quarter of the previous consolidated term (from April 1 st , 2011 to September 30 th , 2011)	Second quarter of the consolidated term (from April 1 st , 2012 to September 30 th , 2012)
Net sales	42,634	44,695
Cost of sales	21,918	23,371
Gross profit	20,716	21,324
Selling, general and administrative expenses	16,548	16,867
Operating income	4,167	4,456
Non-operating income		
Interest income	34	28
Dividends income	81	93
Compensation income	66	-
Other	88	88
Total non-operating income	270	210
Non-operating expenses		
Interest expenses	10	11
Foreign exchange losses	10	33
Equity in losses of affiliates	-	145
Loss on investments in partnership	22	5
Other	2	8
Total non-operating expenses	46	204
Ordinary income	4,391	4,462
Extraordinary income		
Gain on sales of noncurrent assets	2	1
State subsidy	-	102
Surrender value of insurance	-	64
Total extraordinary income	2	168
Extraordinary loss		
Loss on sales of noncurrent assets	0	0
Impairment loss	38	0
Loss on valuation of investment securities	59	4
Loss on disaster	52	-
Total extraordinary losses	151	5
Income before income taxes and minority interests	4,242	4,626
Income taxes-current	1,595	1,624
Income taxes-deferred	33	313
Total income taxes	1,628	1,937
Income before minority interests	2,613	2,688
Net income	2,613	2,688

Consolidated quarterly comprehensive income statements
(Second quarter of the consolidated term)

	(Million yen)	
	Second quarter of the previous consolidated term (from April 1 st , 2011 to September 30 th , 2011)	Second quarter of the consolidated term (from April 1 st , 2012 to September 30 th , 2012)
Income before minority interests	2,613	2,688
Other comprehensive income		
Valuation difference on available-for-sale securities	(79)	(708)
Foreign currency translation adjustment	127	0
Total other comprehensive income	48	(707)
Comprehensive income	2,662	1,980
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,662	1,980

(3) Note concerning premise of going concern
Not applicable.

(4) Note when there is a significant fluctuation in the amount of shareholders' equity

The Board of Directors approved on the acquisition of Fukuda Denshi's own shares under the Article 156 of the Companies Act of Japan applied as mutatis mutandis stipulated under the Article 165(3) of the same Law during its meeting held on May 31st, 2012, and as of June 1st, 2012, 607,500 common shares have been acquired through a fixed price trading at J-NET Market of Osaka Securities Exchange which amounted to 1,437 million yen.

As a result, the value of the treasury stock was 9,019 million yen at the end of the second quarter under review.

*This English translation is for reference purposes only. The original Japanese version will prevail as the official authoritative version.