

Summary Report on Financial Results for First quarter of the year ending March 31, 2009

August 5, 2008

Company name: Fukuda Denshi Co., Ltd.

Code No.: 6960

(<http://www.fukuda.co.jp>)

Listing: JASDAQ

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(Amounts less than one million yen are discarded)

1. Consolidated financial results for 1st quarter of the year ending March 31, 2009 (April 1, 2008 through June 30, 2008)

(1) Consolidated operating results (cumulative)

(Percentages represent increases or decreases from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
First quarter of the year ending March 31, 2009	20,054	-	1,041	-	1,140	-	629	-
First quarter of the year ended March 31, 2008	18,787	-3.1	279	-80.0%	374	-75.4	548	-36.6

	Net income per share	Fully diluted net income per share
	yen	yen
First quarter of the year ending March 31, 2009	32.71	-
First quarter of the year ended March 31, 2008	28.51	-

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
First quarter of the year ending March 31, 2009	100,552	73,640	73.2	3,825.32
Year ended March 2008	99,585	73,833	74.1	3,835.32

(Reference) Shareholders' equity:

First quarter of the year ending March 31, 2009: 73,629 million yen

Year ended March 2008: 73,821 million yen

2. Dividends

Record date	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 2008	-	40.00	-	40.00	80.00
Year ending March 2009	-	-	-	-	-
Year ending March 2009 (estimate)	-	40.00	-	40.00	80.00

Note: There have been no revisions of dividend projection in the current quarter.

3. Forecast of consolidated financial results for fiscal 2008 (April 1, 2008 through March 31, 2009)

(Percentages represent increases or decreases from the previous year for the full-year figures, and from the second quarter of the previous year for the cumulative figures by the consolidated second quarter.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Consolidated cumulative figures by the second quarter	42,300	-	2,500	-	2,550	-	1,370	-	71.20
Full-year	90,000	1.6	5,300	-1.3	5,500	-3.2	3,020	-4.9	156.94

Note: There have been no revisions of numerical values of consolidated earnings projections in the current quarter.

4. Others

(1) Change in significant subsidiaries during the term (change in specific subsidiaries involving change in the scope of consolidation): None

(2) Application of simplified accounting method and accounting principles specific to the preparation of consolidated quarterly financial statements: Yes

Note: For details, please refer to **4. Others** in the “Qualitative Information and Financial Statements” section on page 6.

(3) Change in accounting principles and procedures, presentation related to the preparation of consolidated quarterly financial statements (described in changes in basic significant matters regarding the preparation of consolidated quarterly financial statements)

(i) Changes owing to adoption of revised accounting standards or such like: Yes

(ii) Changes other than (i) above: Yes

Note: For details, please refer to **4. Others** in the “Qualitative Information and Financial Statements” section on page 6.

(4) Number of outstanding issues (common stock)

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

First quarter of the year ending March 31, 2009: 19,588,000 shares

Year ended March 31, 2008: 19,588,000 shares

2) Number of treasury shares at the end of the period

First quarter of the year ending March 31, 2009: 340,119 shares

Year ended March 31, 2008: 340,139 shares

3) Average number of shares during the period (accumulated consolidated quarterly period)

First quarter of the year ending March 31, 2009: 19,247,851 shares

First quarter of the Year ended March 31, 2008: 19,230,475 shares

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

1. The forecasted financial results described above are based on information available as of August 5, 2008. Actual results may differ from the results projected and presented hereby for a variety of reasons.

2. With respect to the preconditions for the forecasts of financial results, please refer to “3. Qualitative information about consolidated earnings forecast for the fiscal year ending March 2009” in the “Qualitative Information and Financial Statements” section on page 6.

3. Effective from the consolidated fiscal year ending March 2009, the Company adopted the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan Report No. 12) and the “Implementation Guidance on the Accounting Standard for Quarterly Financial Reporting” (ASBJ Implementation Guidance No. 14). Consolidated quarterly financial statements are prepared in conformity with the “Regulations of Consolidated Quarterly Financial Statements.”

Qualitative Information and Financial Statements

1. Qualitative information about consolidated operating results

During the first quarter under review, the economic environment remained uncertain, as exemplified by the price hikes of crude oil and raw materials, abrupt exchange rate fluctuations and misgivings about the effects of the subprime mortgage problem in the U.S. on the real economy. The feeling began to spread that exports, which had supported growth, would slow, and there is concern about a worsening of corporate earnings that have been on a recovery track.

In the medical equipment industry, institutional changes were pushed forward with, including the revision of medial treatment fees in April 2008 and expansion of the adoption of the comprehensive medical fee payment system, called DPC (diagnosis procedure combination), at medial institutions. Meanwhile, efforts were made to pursue medical efficiency and curb medical fees, including a further division of functions between hospitals and clinics and an expansion of the field of home medical treatment.

Under such circumstances, the Group posted consolidated net sales of 20,054 million yen, operating income of 1,041 million yen, ordinary income of 1,140 million yen and quarterly net income of 629 million yen.

(1) Physiological diagnostic equipment segment

Sales of electrocardiographs and retinal cameras increased partly because of the influence of the start of compulsory specific medical checkups in April 2008, but sales of ultrasound diagnostic imaging systems dropped both at home and abroad.

As a result, consolidated sales were 4,625 million yen.

(2) Patient monitoring equipment segment

With a decrease in the number of large business talks, including high-end monitors that are purchased, sales were 995 million yen.

(3) Medical treatment equipment segment

Sales of automated external defibrillators (AEDs) increased substantially, and the business of renting medical equipment for home treatment (including oxygen-concentrator devices, equipment used to treat sleep apnea syndrome and homecare ventilators) remained steady.

As a result, sales were 8,929 million yen.

(4) Other products and accessories segment

In this segment, we mainly handle recording paper, disposable electrodes and accessories and consumables used for devices handled by the other segments.

Sales of this segment were 5,504 million yen.

2. Qualitative information about consolidated financial situation

Total assets were 100,552 million yen at the end of the first quarter under review, up 966 million

yen from the end of the previous fiscal year.

The increase is mainly because of an increase of 2,670 million yen in cash and deposits, an increase of 839 million yen in merchandises and an increase of 583 million yen in tangible fixed assets, despite a decrease of 3,324 million yen in trade notes and accounts receivable.

Liabilities amounted to 26,912 million yen, up 1,159 million yen from the end of the previous fiscal year.

The increase is chiefly because of an increase of 906 million yen in trade notes and accounts payable and an increase of 861 million yen in allowance for bonuses to employees.

Net assets were 73,640 million yen, down 193 million yen from the end of the previous fiscal year.

The decrease is primarily attributable to a decline of 122 million yen in retained earnings and a drop of 146 million yen in foreign currency translation adjustment account.

3. Qualitative Information about consolidated earnings forecast for the fiscal year ending March 2009

With earnings in the first quarter under review generally in line with the projections, there is no change in our forecast of financial results for the accumulated period up to the second quarter and for the full fiscal year, which we announced in the summary of consolidated financial results released on May 19, 2008.

4. Others

(1) Change in significant subsidiaries during the term (change in specific subsidiaries involving change in the scope of consolidation)

Not Applicable.

(2) Application of simplified accounting method and accounting principles specific to the preparation of consolidated quarterly financial statements

1) Simplified accounting treatment

Not Applicable.

2) Accounting principles specific to the preparation of consolidated quarterly financial statements

Subsidiaries calculate tax expenses by first rationally estimating the effective income tax rate after applying income tax allocation accounting on net income before taxes for the consolidated fiscal year, including the first quarter under review, and then multiplying the quarterly net income before taxes by the said effective income tax rate. Corporate tax adjustments are included in corporate, inhabitants' and enterprise taxes.

(3) Change in accounting principles and procedures, presentation related to the preparation of consolidated quarterly financial statements:

(i) Effective from the consolidated first quarter under review, the Company adopted the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan Report No. 12, March 14, 2007) and the “Implementation Guidance on the Accounting Standard for Quarterly Financial Reporting” (ASBJ Implementation Guidance No. 14, March 14, 2007). Consolidated quarterly financial statements are prepared in conformity with the “Regulations of Consolidated Quarterly Financial Statements.”

(ii) Change in valuation standards and methods for inventories

Previously, ordinary inventories held for the purpose of sales were mainly stated at cost determined by the first-in, first-out method. With the application of the “Accounting Standards for Measurement of Inventories” (ASBJ Report No. 9, July 5, 2006), inventories are primarily stated at cost determined by the first-in first-out method (with regard to the amounts stated in the balance sheets, the method of book value devaluation based on decline in profitability is used), effective from the first quarter under review.

This change had little effect on our operating income, ordinary income and quarterly net income before taxes.

(iii) Application of the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated financial Statement”

Effective from the first quarter under review, the Company adopted the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated financial Statement” (ASBJ Practical Solution No. 18, May 17, 2006), and made revisions necessary for consolidated settlement of accounts.

This change had little effect on our operating income, ordinary income and quarterly net income before taxes.

(iv) Application of accounting standard for lease transactions

Previously, finance lease transactions in which the ownership of the leased properties did not transfer to the lessees underwent the same accounting treatment as ordinary lease transactions. Since the “Accounting Standard for Lease Transactions” (ASBJ Report No. 13 (June 17, 1993 (First Sectional Committee of the Business Accounting Council), amended on March 30, 2007) and the “Implementation Guidance on the Accounting Standard for Lease Transactions” (ASBJ Implementation Guidance No. 16 (January 18, 1994 (Accounting Committee of the Japanese Institute of Certified Public Accountants), amended on March 30, 2007) became applicable from the consolidated quarterly financial statements concerning the consolidated fiscal years starting on or after April 1, 2008, the Company adopted these accounting standards and used the accounting method for ordinary lease transactions, effective from the first quarter under review.

Depreciation of leased assets concerning finance lease transactions in which the ownership of the leased properties does not transfer to the lessees is calculated using the straight-line

method over the lease terms without residual value.

Finance lease transactions in which the ownership of the leased properties does not transfer to the lessees and that started before the first year of the application of the lease accounting standards and similar regulations undergo the same accounting treatment as ordinary lease transactions, the same as they did before.

This change had little effect on our operating income, ordinary income and quarterly net income before taxes.

5. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Unit: million yen)

	End of the consolidated first quarter under review (As of June 30, 2008)	Summarized balance sheets related to the previous fiscal year (As of March 31, 2008)
Assets		
Current assets		
Cash and deposits	25,211	22,540
Trade notes and accounts receivable	20,385	23,710
Securities	997	999
Merchandise	8,249	7,410
Products	3,275	3,245
Raw materials	2,415	2,430
Work in progress	87	84
Other	3,659	3,384
Allowance for doubtful accounts	-273	-308
Total current assets	64,007	63,497
Fixed assets		
Tangible fixed assets	19,079	18,496
Intangible fixed assets	3,167	3,295
Investments and other assets		
Investments and other assets	14,341	14,345
Allowance for doubtful accounts	-44	-49
Total investments and other assets	14,297	14,296
Total fixed assets	36,544	36,088
Total assets	100,552	99,585
Liabilities		
Current liabilities		
Trade notes and accounts payable	13,371	12,465
Short-term borrowings	3,726	3,500
Income tax payable, etc.	674	884
Allowance for bonuses to employees	2,527	1,666
Other allowance	123	210
Other	2,141	2,620
Total current liabilities	22,565	21,347
Fixed liabilities		
Long-term loans borrowings	100	183
Allowance for retirement benefits	3,134	3,097
Other allowance	162	197
Negative goodwill	1	1
Other	948	925
Total fixed liabilities	4,346	4,404
Total liabilities	26,912	25,752

(Unit: million yen)

	End of the consolidated first quarter under review (As of June 30, 2008)	Summarized balance sheets related to the previous fiscal year (As of March 31, 2008)
Net assets		
Shareholders' equity		
Common stock	4,621	4,621
Capital surplus	9,982	9,982
Retained earnings	59,350	59,473
Treasury stock	-766	-766
Total shareholders' equity	73,188	73,311
Valuation and translation adjustments		
Evaluation difference on other securities	524	447
Foreign currency translation adjustment account	-83	63
Total valuation and translation adjustments	441	510
Minority interests	10	11
Total net assets	73,640	73,833
Total liabilities and net assets	100,552	99,585

(2) Consolidated quarterly statements of income

(Consolidated first quarter)

(Unit: million yen)

Consolidated first quarter under review (April 1, 2008 to June 30, 2008)	
Net sales	20,054
Cost of sales	11,104
Gross profit	8,950
Selling, general and administrative expenses	7,908
Operating income	1,041
Non-operating income	
Interest income	3
Dividend income	78
Other	85
Total non-operating income	167
Non-operating expenses	
Interest expenses	18
Foreign exchange losses	47
Other	2
Total non-operating expenses	69
Ordinary income	1,140
Extraordinary gains	
Gains on sale of fixed assets	1
Gains on insurance surrender	100
Gains on reversal of allowance for doubtful accounts	39
Total extraordinary gains	141
Extraordinary losses	
Losses on sale of fixed assets	0
Losses on disposal of fixed assets	1
Losses on devaluation of investment securities	12
Impairment losses	7
Other	1
Total extraordinary losses	23
Quarterly net income before taxes	1,259
Corporate, inhabitants' and enterprise taxes	893
Corporate tax adjustments	-264
Total corporate taxes, etc.	629
Minority interests in earnings of consolidated subsidiaries	0
Quarterly net income	629

Effective from the fiscal year ending March 2009, the Company adopted the “Standard for Quarterly Financial Reporting” (ASBJ Report No. 12, March 14, 2007) and the “Implementation Guidance on the Standard for Quarterly Financial Reporting” (ASBJ Implementation Guidance No. 14, March 14, 2007).

Consolidated quarterly financial statements are prepared in conformity with the “Regulations of Consolidated Quarterly Financial Statements.”

(3) Note concerning premise of going concern

Not applicable.

(4) Segment information

a. Segment information by business type

Consolidated first quarter under review (from April 1 to June 30, 2008)

Segment information by business type is omitted because the amounts of sales, operating income and assets of the medical electronic equipment business account for over 90 percent of the total sales, total operating income and total assets of all segments.

b. Segment information by geographic area

Consolidated first quarter under review (from April 1 to June 30, 2008)

Segment information by geographic area is omitted because the amounts of sales and assets in Japan account for over 90 percent of the total sales and total assets of all segments.

c. Overseas sales

Consolidated first quarter under review (from April 1 to June 30, 2008)

Overseas sales are omitted because such sales accounted for less than 10 percent of consolidated sales.

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

Not applicable.

Reference

Financial statements related to the first quarter of the previous year

(Summary) Consolidated quarterly statements of income

Item	Consolidated first quarter of the previous fiscal year (April 1, 2007 to June 30, 2007)
	Amount (million yen)
I Net sales	18,787
II Cost of sales	10,689
Gross profit	8,097
III Selling, general and administrative expenses	7,817
Operating income	279
IV Non-operating income	153
V Non-operating expenses	59
Ordinary income	374
VI Extraordinary gains	604
VII Extraordinary losses	7
Quarterly net income before taxes	971
Tax expenses	422
Minority interests in income	0
Quarterly net income	548