

Summary Report on Financial Results for the Second Quarter of the Year Ending March 2011
(Japan GAAP)

October 29, 2010

Listing: Osaka Securities Exchange

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 Supplementary material development: None
 Financial results meeting: None

(Amounts less than one million yen are discarded)

1. Consolidated financial results for the Second quarter of the year ending March 2011 (April 1, 2010 through September 30, 2010)

(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 2011	43,356	4.3	4,101	46.3	4,132	42.4	2,445	119.5
Second quarter of the year ended March 2010	41,578	(2.9)	2,803	(9.6)	2,901	(8.4)	1,114	(32.8)

	Net income per share	Fully diluted net income per share
	yen	yen
Second quarter of the year ending March 2011	132.41	—
Second quarter of the year ended March 2010	58.56	—

(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 2011	101,820	76,900	75.5	4,163.95
Year ended March 2010	102,909	76,049	73.9	4,117.89

(Reference) Shareholders' equity:

Second quarter of the year ending March 2011: 76,900 million yen

Year ended March 2010: 76,049 million yen

2. Dividends

Record date	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 2010	—	40.00	—	40.00	80.00
Year ending March 2011	—	40.00			
Year ending March 2011 (estimate)			—	40.00	80.00

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

3. Forecast of consolidated financial results for the year ending March 2011 (April 1, 2010 through March 31, 2011)

(Percentages represent increases or decreases 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	88,000	(0.2)	7,500	6.7	7,500	6.6	3,750	6.7	203.05

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

4. Others (For details, please refer to "2. Other information" on page 6)

(1) Change in significant subsidiary companies during the quarter under review: None

Note: Possible changes in a specified subsidiary company with a changes of scope of consolidation for the accounting period of this quarter.

(2) Application of a simplified and specified accounting procedure: Yes

Note: Possible application of a simplified and a specified accounting procedure to the preparation of consolidated quarterly financial statements

(3) Change in accounting principles, procedures, and presentation

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

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

Note: Possible changes in accounting principles, procedures, presentation, etc related to the preparation of consolidated quarterly financial statements (described in changes in basis of preparation for the consolidated quarterly financial statements)

(4) Number of outstanding issues (common stock)

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

Second quarter of the year ending March 2011: 19,588,000 shares

Year ended March 2010: 19,588,000 shares

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

Second quarter of the year ending March 2011: 1,119,867 shares

Year ended March 2010: 1,119,910 shares

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

Second quarter of the year ending March 2011: 18,468,102 shares

Second quarter of the year ended March 2010: 19,025,133 shares

* Implementation status of quarterly review procedures

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 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 July 30, 2010. 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 earnings forecast” under the “1. Qualitative Information about consolidated earnings results for the quarter under review” section on page 6.

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

(1) Qualitative Information about consolidated operating results

Although the Japanese economy showed signs of recovery during this second quarter of the consolidated period due to an increase in exports and production resulting from expanded demand from emerging economies, the effects of economic stimulus measures, and other factors, the situation remained severe as employment conditions and the income environment continued to stagnate, the rapid appreciation of the yen became a cause for concern, etc.

In the medical environment industry, the remuneration for medical services was positively changed for the first time in ten years, and the business environment surrounding medical institutions is expected to improve. However, concern that patients may become less likely to seek medical treatment posed by the self-pay ratio increased, the future of the industry still remains uncertain.

Under such circumstances, the Group posted consolidated net sales of 43,356 million yen (up 4.3% on a year-to-year basis), operating income of 4,101 million yen (up 46.3% on a year-to-year basis), ordinary income of 4,132 million yen (up 42.4% on a year-to-year basis) and a net income of 2,445 million yen (up 119.5% on a year-to-year basis) in the second quarter.

A. Physiological diagnostic equipment segment

Sales of electrocardiographs and blood cell counters increased due to the introduction of new products.

Sales of air sterilization and deodorization equipment decreased due to the backlash of the demand for the new type of influenza during last fiscal year.

As a result, consolidated net sales were 11,933 million yen.

B. Patient monitoring equipment segment

Sales increased both domestically and abroad due to the introduction of new products.

As a result, consolidated net sales were 3,402 million yen.

C. Medical treatment equipment segment

The business of renting medical equipment for home treatment and the sales of ventilators increased.

The sales of pacemakers decreased though the number of units sold slightly increased due to the revisions of the official reimbursement prices.

Sales of Automated External Defibrillators (AEDs) declined, affected by the business downturn.

As a result, consolidated net sales were 18,226 million yen.

D. Consumables and other products segment

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

Consolidated net sales for this segment were 9,794 million yen.

(2) Qualitative information about consolidated financial situation

Total assets were 101,820 million yen at the end of the second quarter under review, down 1,088 million yen from the end of the previous fiscal year. The main factors are a decrease of 2,901 million yen in “trade notes and account receivable” and a decrease of 436 million yen in “investment and other assets” despite an increase of 1,509 million yen in “cash and deposits” and increase of 217 million yen in “tangible fixed assets”.

Liabilities amounted to 24,920 million yen, down 1,939 million yen from the end of the previous fiscal year. This is primarily because of a decrease of 1,569 million yen in “trade notes and account payable”

Net assets were 76,900 million yen, up 850 million yen from the end of the previous fiscal year.

The increase is primarily because of an increase of 1,701 million yen in “retained earnings” despite a decrease of 825 million yen in “evaluation difference on other securities”.

(3) Qualitative information about consolidated earnings forecast

In the medical equipment industry, while the business environment surrounding the medical institutions is expected to improve due to the positive change in the remuneration for medical services, the industry’s overall business environment will continue to be harsh. Under such circumstances, the Group has developed its business so as to contribute to medical care while keeping the principle “customer-first” in mind at all times.

As a result, we have amended the forecast of the financial results for the full fiscal year ending March 2011. For further details, please refer to the “Notice of an Amendment to the Forecast of the Financial Results” which we announced separately on October 22, 2010.

The forecasted financial results described in this material are based on information available as of October 22, 2010. Actual results may differ from the results projected and presented hereby for a variety of reasons.

2. Other information

(1) Change in significant subsidiaries during the year under review

Not applicable.

(2) Application of a simplified and specified accounting procedure

(i) Simplified accounting treatment

Tax expenses of consolidated subsidiaries are calculated by multiplying the quarterly net income before taxes by the effective income tax rate after tax effect accounting application in the statement of income of the previous fiscal year.

Corporate tax adjustments are included in corporate, inhabitants' and enterprise taxes.

(ii) Specific accounting procedure

Not applicable.

(3) Change in accounting principles, procedures, and presentation

(i) Application of accounting standards - Accounting standards related to asset retirement obligations

From this first quarter of the consolidated accounting period, we have applied the “Accounting standards related to asset retirement obligations” (Accounting Standards Board of Japan (ASBJ) Statement No. 18, March 31, 2008) and the “Guidelines for the application of accounting standards related to asset retirement obligations” (ASBJ Guidance No. 21, March 31, 2008).

The influence on the operating income, ordinary income and quarterly net income before taxes according to this revision is negligible.

(ii) Changes in accounting policies - Allowance for product warranty

Previously, the expenses for the free repair were booked as they arose. Following the implementation of the ERP system, it has been made possible to make a reasonable estimation of the expenses to be incurred in the future on the basis of the previous records of such expenses. To optimize the period of profit/loss and make the financial structure healthier, the estimated amount of expenses to be incurred in the future was reserved as allowance starting from the consolidated fiscal year under review.

The influence on the gross profit, operating income, ordinary income and quarterly net income before taxes according to this revision is negligible.

As a reasonable estimation of the above expenses was made possible at the end of the previous consolidated fiscal year, allowance for product warranty was not calculated for the previous second quarter of the consolidated fiscal year.

3. Consolidated quarterly financial statements

(1) Consolidated quarterly balance sheets

(Million yen)

	End of the consolidated second quarter under review (as of September 30, 2010)	Summarized balance sheets related to the previous fiscal year (as of March 31, 2010)
Assets		
Current assets		
Cash and deposits	30,140	28,630
Trade notes and account receivable	21,180	24,082
Securities	1,199	1,099
Merchandise and products	7,091	6,920
Work in progress	114	86
Raw materials and supplies	1,451	1,664
Other	3,546	3,015
Allowance for doubtful accounts	(54)	(212)
Total current assets	64,671	65,285
Fixed assets		
Tangible fixed assets	20,362	20,144
Intangible fixed assets	2,089	2,344
Investments and other assets		
Other	15,015	15,405
Allowance for doubtful accounts	(17)	(18)
Allowance for investment loss	(300)	(251)
Total investments and other assets	14,698	15,134
Total fixed assets	37,149	37,623
Total assets	101,820	102,909
Liabilities		
Current liabilities		
Trade notes and account payable	12,267	13,836
Short-term borrowings	1,716	1,950
Income tax payable, etc.	1,951	1,497
Allowance for bonuses to employees	1,862	1,654
Allowance for product warranty	268	303
Other allowances	58	117
Other	2,207	2,834
Total current liabilities	20,332	22,195
Long-term liabilities		
Long-term borrowings	62	—
Allowance for retirement benefits	3,292	3,397
Other allowances	163	173
Other	1,068	1,094
Total long-term liabilities	4,587	4,664
Total liabilities	24,920	26,859

	End of the consolidated second quarter under review (as of September 30, 2010)	Summarized balance sheets related to the previous fiscal year (as of March 31, 2010)
Net assets		
Shareholders' equity		
Common stock	4,621	4,621
Capital surplus	9,982	9,982
Retained earnings	65,376	63,674
Treasury stock	(2,501)	(2,501)
Total shareholders' equity	<u>77,479</u>	<u>75,777</u>
Valuation and translation adjustments		
Evaluation difference on other securities	(413)	411
Foreign currency translation adjustment account	(165)	(139)
Total valuation and translation adjustments	<u>(578)</u>	<u>272</u>
Total net assets	<u>76,900</u>	<u>76,049</u>
Total liabilities and net assets	<u>101,820</u>	<u>102,909</u>

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

(Million yen)

	Second quarter of the previous consolidated term (from April 1, 2009 to September 30, 2009)	Second quarter of the consolidated term (from April 1, 2010 To September 30, 2010)
Net sales	41,578	43,356
Cost of sales	22,305	22,929
Gross profit	19,272	20,427
Selling, general and administrative expenses	16,469	16,325
Operating income	2,803	4,101
Non-operating income		
Interest income	8	12
Dividend income	85	85
Foreign exchange profit	13	—
Other	68	120
Total non-operating income	175	219
Non-operating expenses		
Interest expenses	15	10
Foreign exchange losses	—	23
Provision of allowance for investment loss	—	48
Loss of investment in partnership	54	88
Other	7	18
Total non-operating expenses	77	188
Ordinary income	2,901	4,132
Extraordinary gains		
Gains on sale of fixed assets	3	0
Gains on sale of investment securities	—	63
Gains on reversal of allowance for doubtful accounts	43	156
Gains on insurance surrender	170	187
Gain on insurance adjustment	33	—
Other	2	13
Total extraordinary gains	253	421
Extraordinary losses		
Loss on prior period adjustment	129	—
Losses on sale of fixed assets	0	0
Losses on disposal of fixed assets	12	7
Impairment losses	4	0
Loss on valuation of investment securities	680	62
Losses on application of accounting standards related to asset retirement obligations	—	21
Other	7	2
Total extraordinary losses	834	94
Quarterly net income before taxes	2,320	4,458
Corporate, inhabitants' and enterprise taxes	1,228	2,138
Corporate tax adjustments	(22)	(125)
Total income taxes	1,205	2,013
Quarterly net income before minority interests in earnings of consolidated subsidiaries	—	2,445
Minority interests in earnings of consolidated subsidiaries	0	—
Net income	1,114	2,445

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

(4) Note when there is a significant fluctuation in the amount of shareholders' equity
Not applicable.