

Summary Report on Financial Results for Fiscal Year Ended March 2011(Japan GAAP)

May 13th, 2011

Listing: Osaka Securities Exchange

Company name: Fukuda Denshi Co., Ltd.

Code No.: 6960 (<http://www.fukuda.co.jp>)

Representative: Kotaro Fukuda, President & CEO

Inquiries: Shuichi Fukuda, Executive Director / Senior Manager of Accounting & Finance Department – Senior Manager of Information Technology Department

Tel: +81-3-3815-2121 (main)

Scheduled date for the ordinary general meeting of shareholders: June 29th, 2011

Scheduled date for commencement of dividend payment: June 30th, 2011

Scheduled date for filing the securities report: June 29th, 2011

Supplementary material development: None

Financial results meeting: None

(Amounts less than one million yen are discarded)

1. Consolidated financial results for year ended March 2011 (April 1st, 2010 through March 31st, 2011)

(1) Consolidated operating results (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	%
Year ended March 2011	90,169	2.3	8022	14.6	8,039	14.7	4,111	17.5
Year ended March 2010	88,147	(1.6)	6,999	4.2	7,006	4.4	3,498	(7.2)

(Note)Comprehensive income

Year ended March 2011: 3,602 million yen / (20.2) % Year ended March 2010: 4,516 million yen / - %

	Net income per share	Fully diluted net income per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
Year ended March 2011	228.66	-	5.4	7.8	8.9
Year ended March 2010	186.40	-	4.6	6.9	7.9

(Reference) Profit or loss on equity method investments:

Year ended March 2011: - million yen Year ended March 2010: - million yen

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2011	103,056	75,623	73.4	4,397.55
Year ended March 2010	102,909	76,049	73.9	4,117.89

(Reference) Shareholders' equity:

Year ended March 2011: 75,623 million yen Year ended March 2010: 76,049 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	million yen	million yen	million yen	million yen
Year ended March 2011	13,760	(11,313)	(4,038)	26,348
Year ended March 2010	12,195	(7,516)	(4,279)	28,023

2. Dividends

	Annual Dividend					Total dividends (for the year)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of the first quarter	End of the second quarter	End of the third quarter	End of the term	Annual			
	yen			yen	yen	million yen	%	%
Year ended March 2010	-	40.00	-	40.00	80.00	1,477	42.9	2.0
Year ending March 2011	-	40.00	-	40.00	80.00	1,375	35.0	1.9
Year ending March 2012 (estimate)	-	40.00	-	40.00	80.00		41.1	

3. Forecast of consolidated financial results for fiscal year ending March 2012 (April 1st, 2011 through March 31st, 2012)

(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 consolidated total sum of second quarter figures.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Consolidated second quarter (Total)	40,000	(7.7)	2,800	(31.7)	2,800	(32.2)	1,400	(42.7)	77.87
Full-year	88,800	(1.5)	7,000	(12.7)	7,000	(12.9)	3,500	(14.9)	194.67

4. Others

(1) Change in significant subsidiaries during the year under review: None

New: None

Exclusion: None

(2) Changes in accounting principles and procedures and display

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

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

(3) Number of outstanding issues (common stock)

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

Year ended March 2011: 19,588,000 shares

Year ended March 2010: 19,588,000 shares

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

Year ended March 2011: 2,391,355 shares

Year ended March 2010: 1,119,910 shares

(iii) Average number of shares during the period

Year ended March 2011: 17,979,094 shares

Year ended March 2010: 18,768,028 shares

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for fiscal year ended March 2011 (April 1st, 2010 through March 31st, 2011)

(1) Non-consolidated operating results

(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	%
Year ended March 2011	55,832	2.2	3,181	14.4	4,493	9.9	3,064	20.3
Year ended March 2010	54,622	(3.2)	2,780	(18.2)	4,089	(17.1)	2,546	(15.0)

	Net income per share	Fully diluted net income per share
	yen	yen
Year ended March 2011	170.45	-
Year ended March 2010	135.68	-

(2) Non-consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2011	86,300	57,645	66.8	3,352.16
Year ended March 2010	84,809	59,074	69.7	3,198.72

(Reference) Shareholders' equity:

Year ended March 2011: 57,645 million yen Year ended March 2010: 59,074 million yen

* 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 May 13th, 2011. 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 "(1) Analysis of operation results" under the "1. Operating results" section on page 7

Contents of the Attached Materials

1. Operating results -----	7
(1) Analysis of operation results -----	7
(2) Analysis of financial situation -----	8
(3) Basic policies for profit distribution, and dividends for fiscal year ended March 2010 and fiscal year ending 2011 -----	10
(4) Business risks -----	10
2. The Fukuda Denshi Group -----	12
3. Management policy -----	14
(1) Basic policies for corporate management -----	14
(2) Targeted management indices -----	14
(3) Medium- to long-term management strategies -----	14
(4) Issues to be addressed -----	14
(5) Other important managerial matters of the Company -----	15
4. Consolidated financial statements -----	16
(1) Consolidated balance sheets -----	16
(2) Consolidated income statement and statement of comprehensive income (Consolidated statements of income) -----	18
(3) Statements of changes in shareholders' equity -----	20
(4) Consolidated statements of cash flows -----	22
(5) Events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern -----	24
(6) Basic significant matters regarding the preparation of consolidated financial statements -----	24
(7) Changes in basic significant matters regarding the preparation of consolidated financial statements -----	31
(8) Changes in the presentation -----	32
(9) Additional information -----	32
(10) Notes to Consolidated Financial Statement -----	32
(Consolidated balance sheets) -----	32
(Consolidated statements of income) -----	33
(Consolidated statements of comprehensive income) -----	35
(Statements of changes in shareholders' equity) -----	36
(Consolidated statements of cash flows) -----	38
(Lease transactions) -----	39
(Financial Products) -----	39
(Securities) -----	39

(Derivative transactions) -----	39
(Retirement benefits) -----	39
(Stock options, etc.) -----	39
(Tax effect accounting) -----	39
(Real estates including rentals) -----	39
(Segment information etc.) -----	39
(Transactions with related parties) -----	42
(Business combinations, etc.) -----	42
(Per share information) -----	43
(Significant subsequent events) -----	43
5. Non-consolidated financial statements -----	44
(1) Balance sheets -----	44
(2) Statements of income -----	47
(3) Statements of changes in shareholders' equity -----	50
(4) Events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern -----	53
(5) Significant accounting policies -----	53
(6) Changes in accounting methods -----	58
6. Others -----	59
(1) Changes of officers -----	59

1. Operating results

(1) Analysis of operation results

(i) Overview of performance for the consolidated fiscal year under review

	Year ended March 2010	Year ended March 2011	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	88,147	90,169	2,022	2.3
Operating income (million yen)	6,999	8,022	1,022	14.6
Ordinary income (million yen)	7,006	8,039	1,033	14.7
Net income (million yen)	3,498	4,111	612	17.5
Net income per share (yen)	186.40	228.66	42.26	22.7

Although the Japanese economy shows signs of recovery in employment and income environment with an increase in exports and production during the fiscal year under review, the impact of the Great East Japan Earthquake which occurred on March 11th 2011 was enormous and the future of the Japanese economy became uncertain.

In the medical equipment industry, the remuneration for medical services was positively changed for the first time in ten years last spring, and the business environment surrounding medical institutions is expected to improve.

Under such economic circumstances, the Group posted a consolidated net sale of 90,169 million yen (up 2.3% year-on-year) for the consolidated fiscal year under review. With regard to incomes, consolidated operating income totaled 8,022 million yen (up 14.6% year-on-year) and consolidated ordinary income totaled 8,039 million yen (up 14.7% year-on-year) respectively. Due to the Group appropriate 792 million yen for extraordinary losses related to the Great East Japan Earthquake, a consolidated net income were 4,111 million yen (up 17.5% year-on-year).

(ii) Overview of performance for the consolidated fiscal year under review by segment

Business segment	Year ended March 2010		Year ended March 2011		Comparison with the previous year	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Change (million yen)	Rate of change (%)
Physiological diagnostic equipment	24,615	27.9	25,661	28.5	1,045	4.2
Patient monitoring equipment	7,022	8.0	8,010	8.9	987	14.1
Medical treatment equipment	37,564	42.6	36,771	40.8	(792)	(2.1)
Consumables and other products	18,945	21.5	19,727	21.8	781	4.1
Total	88,147	100.0	90,169	100.0	2,022	2.3

A. Physiological diagnostic equipment segment

Sales of electrocardiographs, vascular screening systems and blood cell counters increased. But the sales of ultrasound diagnostic systems declined.

Sales of database system products increased due to the recovery of capital investment of the hospitals.

As a result, consolidated net sales were 25,661 million yen (up 4.2% year-on-year).

B. Patient monitoring equipment segment

During the final quarter of the consolidated term, sales increased domestically. On the other hand, sales overseas decreased.

As a result, consolidated net sales were 8,010 million yen (up 14.1% year-on-year).

C. Medical treatment equipment segment

The business of renting medical equipment for home treatment continued to increase. But the sales of pacemakers and catheters decreased due to the revisions of the official reimbursement prices. Termination of distribution agreement for intravascular ultrasound imaging diagnostic devices affected sales of catheters after November 2010.

The sales of ventilators decreased due to the backlash of demand for the new type of influenza during previous fiscal year.

Sales of Automated External Defibrillators (AEDs) declined, affected by the economic stagnation.

As a result, consolidated net sales were 36,771 million yen (down 2.1% year-on-year).

D. Consumables and other products segment

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

Consolidated net sales for this segment were 19,727 million yen (up 4.1% year-on-year).

(iii) Outlook for fiscal year ending March 2012

	Year ended March 2011	Year ending March 2012	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	90,169	88,800	(1,369)	(1.5)
Operating income (million yen)	8,022	7,000	(1,022)	(12.7)
Ordinary income (million yen)	8,039	7,000	(1,039)	(12.9)
Net income (million yen)	4,111	3,500	(611)	(14.9)
Net income per share (yen)	228.66	194.67	(33.99)	(14.9)

Outlook for fiscal year ending March 2012 is uncertain due to the Great East Japan Earthquake.

Group member Fukuda Denshi Tagajo Laboratory was affected by the earthquake and the tsunami and operations remain suspended as of the present.

In addition, it is possible that some medical devices manufactured by Fukuda Denshi at the Shiroy Factory will be subject to future delivery delays or supply disruptions for a period of time due to the damages to the companies that supply us with certain electronic components and the predicted power consumption predicament this summer.

In consideration of such circumstances, the Group expects consolidated net sales of 88,800 million yen, consolidated operating income of 7,000 million yen, consolidated ordinary income of 7,000 million yen, and consolidated net income of 3,500 million yen for the fiscal year ending March 2012.

(2) Analysis of financial situation

(i) Assets, liabilities and net assets

Total assets increased 146 million yen from the end of the previous fiscal year to reach 103,056 million yen. The main factors are the increase of 4,912 million yen in "investment securities" despite the decrease of 1,717 million yen in "cash and deposits", decrease of 1,510 million yen in "trade notes and accounts receivable" and the decrease of 1,023 million yen in "merchandise and products".

Total liabilities increased 573 million yen from the end of the previous fiscal year to reach 27,433 million yen. The main factors are the increase of 885 million yen in "income tax payable" and increase of 620 million yen in "long-term borrowings" despite a decrease of 1,076 million yen in "Trade notes and accounts payable".

Net assets decreased 426 million yen from the end of the previous fiscal year to reach 75,623 million yen. The decrease is primarily because of an increase of 2,546 million yen in "treasury stock" and decrease of 468 million yen in "evaluation difference on other securities" despite an increase of 2,628 million yen in "retained earnings".

(ii) Consolidated cash flows

(million yen)

	Year ended March 2010	Year ended March 2011	Change
Cash flows from operating activities	12,195	13,760	1,564
Cash flows from investing activities	(7,516)	(11,313)	(3,796)
Cash flows from financing activities	(4,279)	(4,038)	240
Effect of exchange rate changes	(11)	(83)	(72)
Increase (decrease) in cash and cash equivalents	388	(1,674)	(2,063)
Cash and cash equivalents at the end of the fiscal years	28,023	26,348	(1,674)

(Cash flows from operating activities)

In the consolidated fiscal year under review, net cash provided by operating activities was 13,760 million yen, up 1,564 million yen from the previous year. Included are “net income before taxes” of 7,679 million yen, “depreciation costs” of 5,978 million yen and decrease in “trade receivables” of 1,456 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 11,313 million yen, down 3,796 million yen from the previous year. Included are increase in “time deposits” amounted to 4,057 million yen, purchase of “acquisition of tangible fixed assets” amounted to 5,262 million yen and purchase of “securities and investment securities” were 2,307 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 4,038 million yen, up 240 million yen, mainly because of the payment of “purchase of treasury stock” of 2,548 million yen and the payment of “dividends” of 1,477 million yen. As a result, the outstanding balance of cash and cash equivalents was 26,348 million yen at the end of the fiscal year, down 1,674 million yen compared to the end of the previous fiscal year.

(Reference) Trends in cash flow indicators

(%)

	Year ended March 2007	Year ended March 2008	Year ended March 2009	Year ended March 2010	Year ended March 2011
Shareholders' equity ratio	71.9	74.1	73.9	73.9	73.4
Market value-based shareholders' equity ratio	76.8	47.2	36.4	38.8	42.8
Years needed to repay debts	0.4	0.6	0.2	0.2	0.1
Interest coverage ratio	124.3	69.1	275.5	419.6	589.6

Note: Shareholders' equity ratio = Shareholders' equity ÷ Total assets

Market value-based shareholders' equity ratio = Market capitalization ÷ Total assets

Years needed to repay debts = Interest-bearing debts ÷ Operating cash flows

Interest coverage ratio = Operating cash flows ÷ Interest payments

*Each indicator is calculated using consolidated financial data.

*Market capitalization is calculated by multiplying stock closing prices at the end of the fiscal year by the number of outstanding shares (excluding treasury shares) at the end of the fiscal year.

*Interest-bearing debts represent total debts recorded in the consolidated balance sheets on which interest is paid.

*For interest payments, data on interest expenses in the consolidated cash flow statement are used.

(3) Basic policies for profit distribution, and dividends for fiscal year ended March 2010 and fiscal year ending 2011

The Company regards the returning of profits to shareholders as one of its key managerial measures, and makes it a basic policy to continuously provide shareholders with stable returns concretely more than 30% consolidated payout ratio, by improving and reinforcing its corporate structure and expanding competitive businesses while securing the necessary internal reserves. The Company has set the minimum trading unit at 100 shares, aiming to have its shares spread further among investors and to have its shares more widely circulated on the market.

Year-end dividend of 40 yen per share will be paid for the fiscal year under review, making annual dividend 80 yen per share as in the previous year inclusive of interim dividend of 40 yen per share.

(4) Business risks

(i) Effect of medical administration

The Japanese Government has been pushing forward with its policies of improving the quality of medical care and curtailing the medical costs, and the remuneration for medical services, and the official reimbursement prices for drugs and specific insurance medical materials are revised every two years. Changes in the governmental health care policies may lead to intensified competition within the market and lowered sales prices, thus adversely affecting the operating results and financial standing of the Group.

(ii) Legal regulations

The manufacture and sales of medical equipment are subject to regulations prescribed in the Pharmaceutical Affairs Law, and it may take a certain period of time for a new medical equipment to be investigated and finally approved for sale. In addition, some medical equipment requires clinical trials, thus taking a long period of time before it is launched in the market.

If the current regulations are revised, new ones are introduced, or any other unpredictable regulatory change is made in the future, it is likely that this will adversely affect the operating results and financial standing of the Group.

(iii) High dependence on certain business partners with which continuation of transactions is unsure

The Company imports and sells ventilators, pacemakers, defibrillators, heart catheters and other devices and equipment. We strive to ensure that we can continue making transactions. If any problem arises that will make it impossible to continue stable transactions with the exporters, the operating results and financial standing of the Group will be adversely affected. To prevent this, sufficient care has been taken not to depend too heavily on a few specific companies for the supply of those equipments.

(iv) Product quality

The Group manufactures the products under a rigorous quality control system that is strictly in conformance with the international standards including ISO. If any quality problem arises due to unforeseen failure or defect of a product, suspension of sale and recall of such product may be ordered by the authorities concerned, adversely affecting the operating results and financial standing of the Group.

(v) Risks accompanying overseas businesses

The Company not only supplies products to distributors overseas, but also has its own overseas sales, development and production bases. Hence, it is possible that unforeseen changes to laws and regulations in foreign countries, as well as terrorist acts, natural disasters, or other incidents could adversely affect the Company's business performance and financial position.

(vi) Effect of the company group by The Great East Japan Earthquake.

Group member Fukuda Denshi Tagajo Laboratory was affected by the earthquake and the tsunami and operations remain suspended as of the present.

In addition, it might be possible that some medical devices manufactured by Fukuda Denshi at the Shiroy Factory will be subject to future delivery delays or supply disruptions for a period of time due to the damages to the companies that supply us with certain electronic components and the predicted power consumption predicament this summer. It may adversely affect the operating results and financial standing of the Group.

(vii) Important business relationships between the Company and its executives or shareholders with voting rights

Basic policy on relations with related parties

Relationship with Atomic Sangyo Co., Ltd.

Fukuda Denshi's shareholder Atomic Sangyo Co., Ltd. holds 14.47% of the Company's voting rights (as of

March 31st, 2011). Kotaro Fukuda, director of the Company, and his close relatives own 100% of the shares in Atomic Sangyo.

Atomic Sangyo produces and sells electrocardiogram recording paper, and also engages in the business of renting real estate. The Company purchases recording paper and accounting slips and rents offices from Atomic Sangyo.

Decisions on the prices of recording paper and accounting slips are based on negotiations and consideration of market prices, and payment terms are the same as those generally adopted in the marketplace.

Office rental contracts are based on actual transactions in nearby locations.

2. The Fukuda Denshi Group

The Company consists of 54 subsidiaries and 1 affiliate; the Fukuda Denshi Group is engaged mainly in manufacturing, purchasing and sales of medical electronic equipment, and conducts related logistics and services operations.

The relationship between Group companies and business segments are as follows:

- Physiological diagnostic equipment segment

Production, purchase and sales of electrocardiographs; phonocardiographs; polygraphs; ultrasound diagnostic imaging systems; and other items which convert physical phenomena generated by physiological functions, such as electric potentials caused by heart action, cardiac sound, pulse waves, blood pressure, respiration, and organic movement, into electric signals which are then measured and recorded.

<Major companies involved>

Production: Fukuda Denshi Co., Ltd; Fukuda Denshi Tagajo Co., Ltd.; and Beijing Fukuda Denshi Medical Instruments Co., Ltd.

Purchase: Fukuda Denshi Co., Ltd

Sales: Fukuda Denshi Co., Ltd; Fukuda Life Tech Co., Ltd.; Fukuda Denshi Hokkaido and other sales subsidiaries.; Fukuda Denshi USA, Inc; and Beijing Fukuda Denshi Medical Instruments Co., Ltd.

- Patient monitoring equipment segment

Production, purchase, and sales of patient monitors that monitor various physiological parameters over a long period of time. They are used for serious cases after patients' have undergone operations and for patients with acute cardiac disease.

<Major companies involved>

Production: Fukuda Denshi Co., Ltd; Fukuda Denshi Tagajo Co., Ltd.; and Beijing Fukuda Denshi Medical Instruments Co., Ltd.

Purchase: Fukuda Denshi Co., Ltd

Sales: Fukuda Denshi Co., Ltd; Fukuda Denshi Hokkaido and other sales subsidiaries; Fukuda Denshi USA, Inc; and Beijing Fukuda Denshi Medical Instruments Co., Ltd.

- Medical treatment equipment segment

Production, purchase and sales of defibrillators, which are used to resuscitate patients with cardiac arrest and which treat abnormal heart rhythm by delivering electric impulses to the heart; pacemakers; ventilators, which help patients with respiratory insufficiency breathe easier; and other equipment.

<Major companies involved>

Production: Fukuda Denshi Co., Ltd; Fukuda Denshi Tagajo Co., Ltd.

Purchase: Fukuda Denshi Co., Ltd

Sales: Fukuda Denshi Co., Ltd; Fukuda Life Tech Co., Ltd.; Fukuda Denshi Hokkaido and other sales subsidiaries

- Consumables and other products segment

Production, purchase and sales of recording paper, accessories and parts for medical electronic equipment

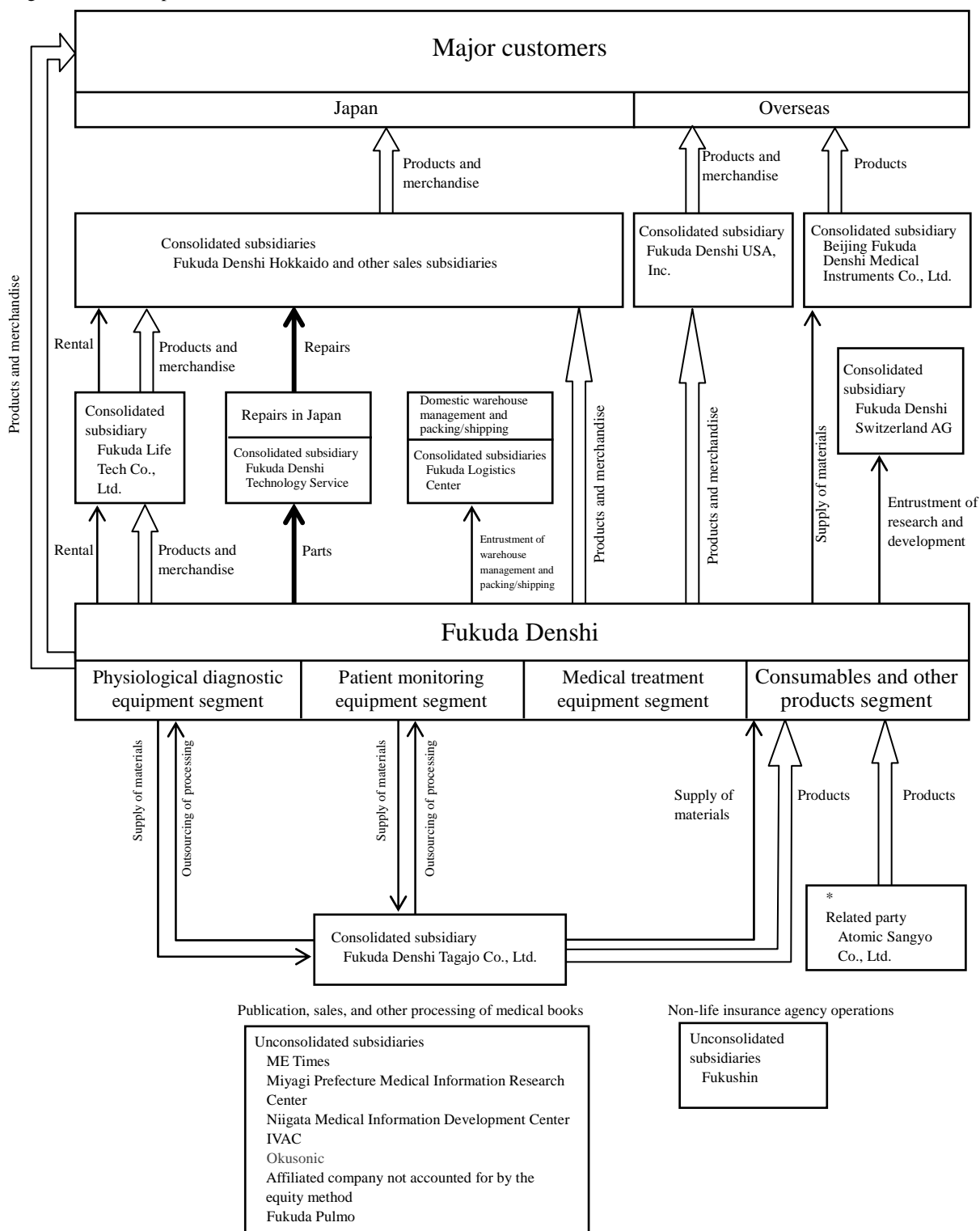
<Major companies involved>

Production: Fukuda Denshi Co., Ltd; Fukuda Denshi Tagajo Co., Ltd.

Purchase: Fukuda Denshi Co., Ltd

Sales: Fukuda Denshi Co., Ltd; Fukuda Life Tech Co., Ltd.; Fukuda Denshi Hokkaido and other sales subsidiaries

Diagram of the Group's business structure



* Related party Atomic Sangyo Co., Ltd. manufactures recording paper for medical electronic equipment and supplies it to Fukuda Denshi's other products and accessories segment.

3. Management policy

(1) Basic policies for corporate management

Since its foundation in 1935, the Company has contributed significantly to the advancement of people's health through the production and sale of a wide range of medical equipment, centering on respiratory and circulatory systems such as electrocardiographs, under our corporate philosophy to "Contribute to medical advances by fulfilling our social mission and developing medical equipment."

Responding to significant changes in the social environment, medical equipment has increasingly been expected to play roles not only in the conventional diagnostics and treatment of diseases but also in the maintenance and improvement of health and the enhancement of quality of life (QOL).

Against this backdrop, under the slogan of "safety, reliability and comfort," the Company will make every effort to raise the quality of products to offer to customers, develop products that provide differentiation from our competitors, and carry out product strategies that meet varying medical needs, aiming to become a company that is trusted by customers.

(2) Targeted management indices

The Company basically aims for continued growth and securing certain profitability, targeting consolidated net sales of 100,000 million yen or more, ratio of consolidated ordinary income to consolidated net sales of 8% or more and a payout ratio of 30% or more by the year ending March 2015.

(3) Medium- to long-term management strategies

As its medium-term goal, the Company continuously formulates a three-year medium-term business plan, under which it examines group-wide issues when necessary, and implements solutions to the issues.

The basic management strategies for the new three-year medium term business plan starting from the year ending March 2012 are as follows:

(i) Policies of the medium-term business plan

To establish a solid management structure based on the customer-first principle and, with an efficient organizational operation management, responding to the progress of an aging society with fewer children in Japan.

(ii) Business strategies

To proactively make investments while focusing on efficient management;

To promote the expansion of businesses by domain;

To strengthen the corporate structure in order to improve the efficiency of development processes; and

To increase productivity by pursuing overall optimum solutions from development to production.

(iii) Sales strategies

To capture the acute care market;

To enhance operations in the homecare market; and

To expand the maintenance service business.

(iv) Improvement of the management system

To strengthen the corporate governance and compliance structure;

To revitalize the overall organization through personnel training and education for employees; and

To enhance the group management system.

(v) Increase of corporate value

To establish a stable earnings structure and return profits to shareholders;

To actively tackle environmental issues; and

To contribute to society through medical equipment.

(4) Issues to be addressed

In Japan, various medical system reforms have been carried out, including: the revision of official reimbursement

prices for medical treatment fees, drug prices and specific medical materials covered by insurance; an increasing adoption of the comprehensive medical fee payment system, called diagnosis procedure combination (DPC); and the implementation of a new medical insurance system for elderly persons aged 75 or over.

Given the above and possible future reforms, we expect our market environment to remain severe. Against this backdrop, the Company will continue to strive to raise its corporate value, develop products that provide differentiation from our rivals, strengthen the maintenance service and supplies sales businesses to secure profits, make investments for enhancing the sales system, and reduce costs to become more price competitive than our rival manufacturers at home and abroad.

Furthermore, the Company will continuously strengthen and maintain its quality control and safety management systems so that customers can use our products without anxiety, and improve the internal control system to ensure managerial soundness and transparency.

(5) Other important managerial matters of the Company

(i) Acquisition of treasury stock

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 November 4th, 2010, and as of November 5th, 2010, 1,271,300 common shares have been acquired through a fixed price trading, which amounted to 2,546 million yen.

(ii) Important contracts concerning management

A. Distribution agreement

In the third quarter of fiscal year, an important contract was terminated due to the expiration of the contract period:

Contractor	Partner	Terms	Contract period or the contract date
Fukuda Denshi	St .Jude Medical Inc. (U.S.A)	Medical Electronics Devices (pacemaker) exclusive distributorship agreement for Japan	From: Jan 1 st , 1997 To: Dec 31 st ,2010

Note: The distribution agreement was terminated on December 31st, 2010.

By termination of above agreement, a new important distribution agreement was concluded as follows.

Contractor	Partner	Terms	Contract period or the contract date
Fukuda Denshi	Boston scientific Japan	Medical Electronics Devices (pacemaker) distributorship agreement for Japan	January 19 th ,2011

B. Impact on Financial Results

The impact on financial performance in this fiscal year caused by the above termination and conclusion of the distribution agreement is negligible.

4. Consolidated financial statements

(1) Consolidated balance sheets

(Million yen)

	Previous fiscal year (as of March 31 st , 2010)	Fiscal year under review (as of March 31 st , 2011)
Assets		
Current assets		
Cash and deposits	28,630	26,912
Trade notes and accounts receivable	24,082	22,572
Securities	1,099	1,199
Merchandise and products	6,920	5,897
Work in process	86	40
Raw materials and supplies	1,664	1,386
Deferred tax assets	1,874	2,391
Other	1,140	1,228
Allowance for doubtful accounts	(212)	(54)
Total current assets	65,285	61,574
Fixed assets		
Tangible fixed assets		
Buildings and structures	8,807	8,794
Accumulated depreciation and impairment losses	(4,687)	(5,126)
Buildings and structures (net)	4,120	3,668
Machinery and delivery equipment	665	528
Accumulated depreciation and impairment losses	(435)	(357)
Machinery and delivery equipment (net)	229	170
Tools, instruments and fixtures	23,120	24,549
Accumulated depreciation and impairment losses	(13,506)	(14,716)
Tools, instruments and fixtures (net)	9,613	9,833
Land	5,938	5,883
Lease assets	291	265
Accumulated depreciation and impairment losses	(83)	(134)
Lease assets (net)	208	131
Construction in progress	34	0
Total tangible fixed assets	20,144	19,687
Intangible fixed assets	2,344	1,746
Investments and other assets		
Investment securities	*1 *3 7,422	*1 7,222
Deferred tax assets	3,326	3,319
Other	4,657	9,845
Allowance for doubtful accounts	(18)	(21)
Allowance for investment loss	(251)	(318)
Total investments and other assets	15,134	20,047
Total fixed assets	37,623	41,481
Total assets	102,909	103,056

(Million yen)

	Previous fiscal year (as of March 31 st , 2010)	Fiscal year under review (as of March 31 st , 2011)
Liabilities		
Current liabilities		
Trade notes and accounts payable	13,836	12,760
Short-term borrowings	1,950	1,400
Lease obligations	80	68
Income tax payable, etc.	1,497	2,383
Allowance for bonuses to employees	1,654	2,185
Allowance for bonuses to officers	117	145
Provision of allowance for product warranty	303	386
Allowance for disaster losses	-	157
Other	2,754	2,949
Total current liabilities	22,195	22,437
Long-term liabilities		
Long-term borrowings	-	620
Lease obligations	214	131
Allowance for retirement benefits	3,397	3,158
Allowance for retirement benefits to officers	173	184
Other	879	901
Total long-term liabilities	4,664	4,995
Total liabilities	26,859	27,433
Net assets		
Shareholders' equity		
Common stock	4,621	4,621
Capital surplus	9,982	9,982
Retained earnings	63,674	66,303
Treasury stock	(2,501)	(5,047)
Total shareholders' equity	75,777	75,859
Other accumulated comprehensive income		
Evaluation difference on other securities	411	(57)
Foreign currency translation adjustment account	(139)	(179)
Other total accumulated comprehensive income	272	(236)
Minority interests	-	-
Total net assets	76,049	75,623
Total liabilities and net assets	102,909	103,056

(2) Consolidated income statement and statement of comprehensive income (Consolidated statements of income)

(Million yen)

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
Net sales	88,147	90,169
Cost of sales	47,754	*1 48,311
Gross profit	40,392	41,857
Selling, general and administrative expenses	*2 *3 33,393	*2 *3 33,835
Operating income	6,999	8,022
Non-operating income		
Interest income	23	39
Dividend income	160	124
Foreign exchange gains	37	-
Other	155	191
Total non-operating income	377	355
Non-operating expenses		
Interest expenses	29	23
Foreign exchange losses	-	119
Provision for allowance for investment loss	251	66
Loss on investment in partnership	74	104
Other	14	24
Total non-operating expenses	370	338
Ordinary income	7,006	8,039
Extraordinary gains		
Gains on sale of fixed assets	*4 4	*4 2
Gain on sale of investment securities	-	63
Gains on reversal of allowance for doubtful accounts	10	152
Gains on reversal of allowance for losses on restructuring	2	-
Gains on insurance surrender	323	198
Profit from insurance claim	33	-
Others	2	15
Total extraordinary gains	377	433
Extraordinary losses		
Losses from the prior-period adjustment	*5 129	-
Losses on sale of fixed assets	*6 0	*6 7
Losses on disposal of fixed assets	*7 18	*7 14
Impairment losses	*8 10	*8 245
Loss on valuation of investment securities	698	8
Loss on valuation of golf club membership	1	1
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	21
Loss from disaster	-	*9 490
Others	54	4
Total extraordinary losses	912	792
Net income before taxes	6,471	7,679
Corporate, inhabitants' and enterprise taxes	2,823	3,764
Corporate tax adjustments	149	(195)
Total income taxes	2,972	3,568
Net income before adjustment for minority	-	4,111
Minority interests in earnings of consolidated subsidiaries	0	-
Net income	3,498	4,111

(Million yen)

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
Income before minority interests	-	4,111
Other comprehensive income		
Valuation difference on available-for-sale securities	-	(468)
Foreign currency translation adjustments	-	(39)
Other total comprehensive income	-	(508)
Comprehensive income	-	3,602
(Breakdown)		
Comprehensive income related to parent company shareholders	-	3,602
Comprehensive income relating to minority shareholders	-	-

(3) Statements of changes in shareholders' equity

(Million yen)

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
Shareholders' equity		
Common stock		
Balance at the end of the previous fiscal year	4,621	4,621
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at the end of the fiscal year	4,621	4,621
Capital surplus		
Balance at the end of the previous fiscal year	9,982	9,982
Changes during the fiscal year		
Disposal of treasury stock	(0)	(0)
Total changes during the fiscal year	(0)	(0)
Balance at the end of the fiscal year	9,982	9,982
Retained earnings		
Balance at the end of the previous fiscal year	61,693	63,674
Changes during the fiscal year		
Dividends paid	(1,508)	(1,477)
Bounties and welfare funds for employee	(8)	(4)
Net income	3,498	4,111
Total changes during the fiscal year	1,980	2,628
Balance at the end of the fiscal year	63,674	66,303
Treasury stock		
Balance at the end of the previous fiscal year	(766)	(2,501)
Changes during the fiscal year		
Acquisition of treasury stock	(1,735)	(2,547)
Disposal of treasury stock	0	0
Total changes during the fiscal year	(1,735)	(2,546)
Balance at the end of the fiscal year	(2,501)	(5,047)
Total shareholders' equity		
Balance at the end of the previous fiscal year	75,531	75,777
Changes during the fiscal year		
Dividends paid	(1,508)	(1,477)
Bounties and welfare funds for employee	(8)	(4)
Net income	3,498	4,111
Acquisition of treasury stock	(1,735)	(2,547)
Disposal of treasury stock	0	0
Total changes during the fiscal year	245	82
Balance at the end of the fiscal year	75,777	75,859

(Million yen)

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
Other accumulated comprehensive income		
Evaluation difference on other securities		
Balance at the end of the previous fiscal year	(595)	411
Changes during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	1,006	(468)
Total changes during the fiscal year	1,006	(468)
Balance at the end of the fiscal year	411	(57)
Foreign currency translation adjustment account		
Balance at the end of the previous fiscal year	(149)	(139)
Changes during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	10	(39)
Total changes during the fiscal year	10	(39)
Balance at the end of fiscal year	(139)	(179)
Other total accumulated comprehensive income		
Balance at the end of the previous fiscal year	(745)	272
Changes during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	1,017	(508)
Total changes during the fiscal year	1,017	(508)
Balance at the end of the fiscal year	272	(236)
Minority interests		
Balance at the end of the previous fiscal year	9	-
Changes during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	(9)	-
Total changes during the fiscal year	(9)	-
Balance at the end of the fiscal year	-	-
Total net assets		
Balance at the end of the previous fiscal year	74,795	76,049
Changes during the fiscal year		
Dividends paid	(1,508)	(1,477)
Bounties and welfare funds for employee	(8)	(4)
Net income	3,498	4,111
Acquisition of treasury stock	(1,735)	(2,547)
Disposal of treasury stock	0	0
Changes in items other than shareholders' equity during the fiscal year (net)	1,008	(508)
Total changes during the fiscal year	1,253	(426)
Balance at the end of the fiscal year	76,049	75,623

Note for statements of changes in shareholders' equity:

Bounties and welfare funds for employees were provided by a subsidiary in China in accordance with local laws and regulations.

(4) Consolidated statements of cash flows

(Million yen)

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
Cash flows from operating activities		
Net income before taxes	6,471	7,679
Depreciation and amortization	5,813	5,978
Increase (decrease) in allowance for losses on restructuring	(3)	-
Impairment losses	10	245
Losses from disaster	-	490
Increase (decrease) in allowance for investment loss	251	66
Increase (decrease) in allowance for doubtful accounts	(28)	(154)
Increase (decrease) in allowance for bonuses to employees	(84)	533
Increase (decrease) in allowance for bonuses to officers	4	27
Increase (decrease) in provision of allowance for product warranties	303	83
Increase (decrease) in allowance for retirement benefits to employees	166	(238)
Increase (decrease) in allowance for retirement benefits to officers	(18)	10
Interest and dividend income	(183)	(164)
Interest expenses	29	23
Losses (gains) from sale of fixed assets	(4)	4
Losses on disposal of fixed assets	18	14
Losses(gains) on investment securities	-	(63)
Losses (gains) on valuation of investment securities	698	8
Losses (gains) on insurance surrender	(323)	(198)
Decrease (increase) in accounts receivable	(778)	1,456
Decrease (increase) in inventories	1,504	1,180
Increase (decrease) in accounts payable	854	(883)
Increase (decrease) in consumption tax payable, etc.	(35)	79
Other	138	371
Subtotal	14,804	16,549
Interest and dividends received	172	152
Interest paid	(29)	(23)
Insurance received	68	-
Payment for disaster losses	-	(35)
Corporate tax, etc. paid	(2,820)	(2,882)
Net cash provided by operating activities	12,195	13,760

(Million yen)

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
Cash flows from investing activities		
Net decrease (increase) in time deposits	(16)	(4,057)
Acquisition of tangible fixed assets	(5,149)	(5,262)
Acquisition of intangible fixed assets	(502)	(311)
Purchase of securities and investment securities	(2,168)	(2,307)
Proceeds from sale of securities and investment securities	1,000	1,587
Payments for insurance reserve	(915)	(1,206)
Proceeds from reversal of insurance reserve	256	437
Payments for loans	(100)	(120)
Other	78	(72)
Net cash used in investing activities	(7,516)	(11,313)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(900)	(500)
Proceeds from long-term borrowings	-	620
Repayment of long-term borrowings	(66)	(50)
Purchase of treasury stock	(1,735)	(2,548)
Sale of treasury stock	0	0
Dividends paid	(1,508)	(1,477)
Repayments of lease obligations	(67)	(83)
Dividends paid to minority shareholders	(1)	-
Net cash used in financing activities	(4,279)	(4,038)
Effect of exchange rate changes on cash and cash equivalents	(11)	(83)
Increase(decrease) in cash and cash equivalents	388	(1,674)
Cash and cash equivalents at the beginning of the fiscal year	27,634	28,023
Cash and cash equivalents at the end of the fiscal year	*128,023	26,348

(5)Events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern
Not applicable

(6)Basic significant matters regarding the preparation of consolidated financial statements

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
1.Scope of consolidation	<p>(1) Number of consolidated subsidiaries: 51 Major consolidated subsidiaries are as follows: Fukuda Life Tech Co., Ltd. Fukuda Denshi Hokkaido Fukuda Cardiac Laboratory Co., Ltd. went into liquidation as of November 2nd, 2009, and was excluded from the scope of consolidation.</p> <p>(2) Names and other details of major unconsolidated subsidiaries Of the subsidiaries, ME Times, Fukushin and two other companies were not included in the scope of consolidation, because their business sizes are small, and their total assets, net sales, net income and loss (amount corresponding to the owned interest), retained earnings (amount corresponding to the owned interest) had no material effect on the consolidated financial statements.</p>	<p>(1) Number of consolidated subsidiaries: 49 Major consolidated subsidiaries are as follows: Fukuda Life Tech Co., Ltd. Fukuda Denshi Hokkaido West Japan Fukuda Cardiac Laboratory Co., Ltd. went into liquidation as of August 31st, 2010, and East Japan Fukuda Cardiac Laboratory Co., Ltd. went into liquidation as of September 25th, 2010, and was excluded from the scope of consolidation.</p> <p>(2) Names and other details of major unconsolidated subsidiaries Of the subsidiaries, ME Times, Fukushin and three other companies were not included in the scope of consolidation, because their business sizes are small, and their total assets, net sales, net income and loss (amount corresponding to the owned interest), retained earnings (amount corresponding to the owned interest) had no material effect on the consolidated financial statements.</p>
2.Application of equity method	<p>(1) Number of affiliated companies accounted for by equity method —</p> <p>(2) Names and other details of unconsolidated subsidiaries and affiliates that are not accounted for by equity method The four unconsolidated subsidiaries and the affiliate company Fukuda Pulmo had no material effect on consolidated income and loss and retained earnings, and they were not important as a whole in terms of material influence on the consolidated interim financial statements. Accordingly, we did not apply equity method accounting to them.</p>	<p>(1) Number of affiliated companies accounted for by equity method —</p> <p>(2) Names and other details of unconsolidated subsidiaries and affiliates that are not accounted for by equity method The five unconsolidated subsidiaries and the affiliate company Fukuda Pulmo had no material effect on consolidated income and loss and retained earnings, and they were not important as a whole in terms of material influence on the consolidated interim financial statements. Accordingly, we did not apply equity method accounting to them.</p>

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
3. Accounting period, etc. of consolidated subsidiaries	The accounts of consolidated subsidiaries Fukuda Denshi USA, Inc.; and Fukuda Denshi Switzerland AG close on December 31 st of each year. In the preparation of consolidated financial statements, consolidated subsidiaries' financial statements as of the said date were used, and with respect to significant transactions that occurred between the said date and the consolidated book-closing, adjustments necessary for consolidation were made.	Same as on the left
4. Accounting standards (1) Valuation standards and methods for principle assets	<p>(i) Securities</p> <p>Held-to-maturity securities</p> <p>- Amortized cost method</p> <p>Other securities</p> <p>Marketable securities</p> <p>- Stated at fair value based on the market price as of the end of this fiscal year. (Unrealized holding gains or losses are reported in a component of net assets, while the cost of securities sold is calculated by the moving average method.)</p> <p>Non-marketable securities</p> <p>- Stated at cost based on the moving average method.</p> <p>For investments in the investment enterprise limited Liability association and similar associations (deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Law), the net amount corresponding to the ownership percentage is used, based on the most recent financial statements available as of the reporting date and other material stipulated in the partnership contract.</p>	<p>(i) Securities</p> <p>Held-to-maturity securities</p> <p>Same as on the left</p> <p>Other securities</p> <p>Marketable securities</p> <p>Same as on the left</p> <p>Non-marketable securities</p> <p>Same as on the left</p>

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
	<p>(ii) Inventories The cost method (the amounts stated in the balance sheets are calculated by writing down the book values based on lower profitability) is used as a valuation standard.</p> <p>Merchandise and products -Mainly stated at cost determined by the first-in, first-out method.</p> <p>Work in progress -Mainly stated at cost based on the specific cost method.</p> <p>Raw materials -Mainly stated at cost based on the gross average method.</p> <p>Supplies -Stated at cost based on the last purchase price method.</p>	<p>(ii) Inventories</p> <p>Same as on the left</p>
(2) Depreciation method for significant depreciable assets	<p>(i) Tangible fixed assets Depreciated primarily by the declining balance method. However, buildings (except for building attachments) acquired on or after April 1st, 1998 were depreciated using the straight-line method.</p> <p>Major useful life: Buildings and structures: 3–60 years Machinery and delivery equipment: 4–12 years Tools, instruments and fixture: 2–20 years</p> <p>Assets with an acquisition cost of 100,000 yen or more but less than 200,000 yen were evenly amortized over a three-year period. Of the tools, instruments and fixtures, the oxygen concentrator devices (assets for rental) were depreciated using the straight-line method with the estimated rental period (four years) used as the number of depreciation years.</p>	<p>(i) Tangible fixed assets (excluding lease assets)</p> <p>Same as on the left</p>

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
	<p>(ii) Intangible fixed assets Depreciated by the straight-line method. Software for internal use is amortized by the straight-line method over its useful life of five years. As for software for sale in the market, the Company records the larger of an amortization based on projected sales volume for the effective sales period (no longer than three years) or a uniform amortization over the effective remaining sales period.</p> <p>(iii) Lease assets Lease assets in finance lease transactions We adopted the same depreciation method applied to self-owned fixed assets. Lease assets in finance lease transactions that do not transfer ownership The straight-line method is used, based on the assumption that the useful life is the lease term and the residual value is zero. Finance lease transactions that do not transfer ownership and for which the inception of the lease predates March 31st, 2008 continue to be accounted for in a similar manner with the ordinary rental transactions.</p>	<p>(ii) Intangible fixed assets (excluding lease assets) Same as on the left</p> <p>(iii) Lease assets Same as on the left</p>
(3) Basis for provision of allowances	<p>(i) Allowance for doubtful accounts To prepare for losses incurred by bad debts, the amount of potential loss is calculated by using the historical loss ratio in the case of general loans or receivables. Potential loss for specific loans or receivables, for which we have concerns regarding their collectability, is calculated by assessing the possibility of collection for each individual account.</p> <p>(ii) Allowance for bonuses to employees To prepare for the payment of bonuses to employees, an amount corresponding to this fiscal year's portion of estimated bonus payments was reserved.</p> <p>(iii) Allowance for bonuses to officers To prepare for the payment of bonuses to directors and corporate auditors, an amount corresponding to this fiscal year's portion of estimated bonus payments was reserved.</p>	<p>(i) Allowance for doubtful accounts Same as on the left</p> <p>(ii) Allowance for bonuses to employees Same as on the left</p> <p>(iii) Allowance for bonuses to officers Same as on the left</p>

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
	<p>(iv) Allowance for retirement benefits to employees</p> <p>To prepare for the payment of retirement benefits to employees, the amount recognized as accruing at the end of this fiscal year was reserved, based on the estimated retirement benefit obligation and pension assets at the end of this fiscal year. Prior service costs are amortized, using the straight-line method over a certain number of years (10 years), which are less than the average remaining years of service of the employees when they incurred. Actuarial differences are amortized, using the straight-line basis over a certain number of years (10 years), which are less than the average remaining years of service of the employees when they incurred, from the fiscal year after the one in which they arise.</p> <p>(Changes in accounting policies)</p> <p>The Partial Revision of the “Accounting Standards for Retirement Benefits”, Part 3 (ASBJ Statement No. 19, announced on July 31st, 2008) has been applied starting from the consolidated fiscal year under review. This does not affect the operating income, ordinary income, or net income before taxes.</p> <p>(Additional information)</p> <p>Fukuda Denshi revised the retirement pension system on October 1st, 2009, and moved from the approved retirement annuity system to the defined benefit corporate pension system (contract-type) based on the relevant act. The company applied the “Accounting methods related to shift between retirement pension schemes” (ASBJ Guidance No.1 for applying corporate standards) for the accounting operations associated with this move. In addition, the influence according to this revision is negligible.</p>	<p>(iv) Allowance for retirement benefits to employees</p> <p style="text-align: center;">Same as on the left</p> <p style="text-align: center;">—</p> <p style="text-align: center;">—</p>

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
	<p>(v) Allowance for retirement benefits to officers. To prepare for the payment of retirement benefits to directors and corporate auditors, some consolidated subsidiaries reserve the estimated amount to be paid at the end of the fiscal year, in accordance with the internal regulations.</p> <p>(vi) Provision of allowance for product warranty To prepare for the expenses incurred by the free repair to be implemented after the delivery of the products, estimated amount of the repair expenses was reserved on the basis of the estimated proportion of such expenses to net sales and the estimated amount of such expenses for individual products.</p> <p>(Changes in accounting policies) 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. As a result of this change, 303 million yen was reserved as provision of allowance for product warranty in the consolidated fiscal year under review. Consequently, gross profit, operating income, ordinary income, and net income before taxes decreased by 303 million yen, respectively. As a reasonable estimation of the above expenses was made possible at the end of the consolidated fiscal year under review, allowance for product warranty was not calculated for the previous consolidated fiscal year and the first three quarters of the consolidated fiscal year under review.</p>	<p>(v) Allowance for retirement benefits to officers Same as on the left</p> <p>(vi) Provision of allowance for product warranty Same as on the left</p> <p>—</p>

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
	<p>(vii) Allowance for investment loss To prepare for the loss expected to be incurred in the investment activities, allowance for investment loss was reserved taking into account the financial standing and other data of the companies in which investment is being made.</p> <p style="text-align: center;">—</p>	<p>(vii) Allowance for investment loss</p> <p style="text-align: center;">Same as on the left</p> <p>(viii) Allowance for disaster losses To prepare for the loss expected to be incurred from the Great East Japan Earthquake, the estimated expenses was summed up by the end of the fiscal year towards restoration.</p>
(4) Standards for translation of important foreign currency-based assets or liabilities into Japanese yen	Monetary credits and debts denominated in foreign currencies are translated into yen based on the current exchange rates at the end of each fiscal year. Differences arising from such translation are stated as profits or losses. Assets, liabilities, revenue and expenses of overseas subsidiaries, and other financial items are translated into yen based on the current exchange rates at the end of each fiscal year. The resulting differences are recorded as Foreign currency translation adjustment account and Minority interests, under Net assets.	Same as on the left
(5) Range of the capital in consolidated cash flow statements	—	Cash (cash and cash equivalents) in the consolidated statements of cash flows consists of cash on hand, readily-available deposits, and short-term investments with a maturity not exceeding three months at the time of purchase that are readily convertible to cash and not exposed to significant risk in value fluctuations.
(6) Other important matters for preparation of consolidated financial statements	Accounting treatment of consumption tax and other taxes Consumption tax and other taxes are excluded from profits and losses.	Accounting treatment of consumption tax and other taxes Same as on the left
5. Valuation of assets and liabilities of consolidated subsidiaries	Assets and liabilities of consolidated subsidiaries are valued using the full-fair-value method.	—

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
6. Cash in consolidated cash flow statements	Cash (cash and cash equivalents) in the consolidated statements of cash flows consists of cash on hand, readily-available deposits, and short-term investments with a maturity not exceeding three months at the time of purchase that are readily convertible to cash and not exposed to significant risk in value fluctuations.	—

(7) Changes in basic significant matters regarding the preparation of consolidated financial statements

Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
<p>(Accounting principles of expenses for research and development)</p> <p>Previously, expenses for the development of new products in research and development activities were posted as cost of sales. However, effective from the first quarter under review, such expenses are treated as general and administrative expenses, with a view to appropriately grasping the costs corresponding to sales and more properly indicating profit/loss for the period, more properly taking advantage of the building of a system to manage expenses incurred in developing new products, since the development of new products has come to be regarded less as cost, and more as research and development as it involves the development of new technologies and new mechanisms.</p> <p>As a result of this change, cost of sales decreased 1,512 million yen and gross profit increased by the same amount for the consolidated year under review compared with the figures under the previous method, while operating income and ordinary income each declined 6 million yen due to an increase of 1,505 million yen in selling, general and administrative expenses.</p> <p>Net income before taxes decreased 122 million yen, since 129 million yen, equivalent to research and development expenses in indirect manufacturing cost, which were included in beginning inventories, was posted as extraordinary losses.</p>	<p>(Accounting principles of asset retirement obligations)</p> <p>From this fiscal year, the company applies “Financial Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No.18, announced on March 31st, 2008)) and the “Guidance on Financial Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No.21, announced on March 31st, 2008)).</p> <p>The effect of this change on consolidated operating income, ordinary income and net income before taxes for the fiscal year under review is insignificant.</p>

(8) Changes in the presentation

Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
—	Starting with the fiscal year under review, the Company applies the “Cabinet Office Ordinance on Partial Amendment of the Regulations on Terminology, Format and Preparation Method of Financial Statements, etc.” (Cabinet Office Ordinance No. 5, March 24 th , 2009) based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, announced on December 26 th , 2008), and therefore now records “Net income before minority interests in earnings of consolidated subsidiaries” as an independent accounting item.

(9) Additional information

Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
—	Starting with the fiscal year under review, the Company applies “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, announced on June 30 th , 2010). However, the amounts of “Other accumulated comprehensive income” and “Other total accumulated comprehensive income” in the previous fiscal year are recorded as the amounts of “Valuation and translation adjustments” and “Total valuation and translation adjustments.”

(10) Notes from Consolidated Financial Statement

(Consolidated balance sheets)

Previous fiscal year (as of March 31 st , 2010)	Fiscal year under review (as of March 31 st , 2011)
*1. Notes to unconsolidated subsidiaries and affiliated companies Unconsolidated subsidiaries and affiliated companies: Investment securities: 46 million yen (Stocks)	*1. Notes to unconsolidated subsidiaries and affiliated companies Unconsolidated subsidiaries and affiliated companies: Investment securities: 64 million yen (Stocks)
*2. Discount on bills: 90 million yen (Discount on export bills)	*2. Discount on bills: 92 million yen (Discount on export bills)
*3. Notes to unconsolidated subsidiaries and affiliated companies The amount of investment securities includes 420 million yen of advance on subscription for new stock paid in connection with the purchase of stocks issued by The Dai-ichi Life Insurance Co., Ltd., which was demutualized as of April 1 st , 2010.	—

(Consolidated statements of income)

Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
—	The year-end inventory balance is the amount after the devaluation of the book value arising from the decline in profitability, and the next loss on valuation of inventories is included in cost of sales. 446 million yen
<p>*2 Major items and amounts of selling, general and administrative expenses are as follows:</p> <p>Salaries, benefits, and other monies to officers and employees: 11,601 million yen</p> <p>Bonuses and provision of allowance for bonuses: 2,660 million yen</p> <p>Provision of allowance for retirement benefits to officers: 39 million yen</p> <p>Retirement benefit expenses: 892 million yen</p> <p>Depreciation: 1,571 million yen</p> <p>Provision of allowance for bonuses to officers: 117 million yen</p>	<p>*2. Major items and amounts of selling, general and administrative expenses are as follows:</p> <p>Salaries, benefits, and other monies to officers and employees: 11,867 million yen</p> <p>Bonuses and provision of allowance for bonuses: 2,996 million yen</p> <p>Provision of allowance for retirement benefits to officers: 32 million yen</p> <p>Retirement benefit expenses: 655 million yen</p> <p>Depreciation: 1,508 million yen</p> <p>Provision of allowance for bonuses to officers: 145 million yen</p>
*3. Research and development expenses included in the General and administrative expenses and Manufacturing expenses for this fiscal year are 3,216 million yen.	*3. Research and development expenses included in the General and administrative expenses and Manufacturing expenses for this fiscal year are 3,216 million yen.
<p>*4 Breakdown of Gains on sale of fixed assets</p> <p>Machinery and delivery equipment: 4 million yen</p> <p><u>Tools, instruments and fixtures: 0 million yen</u></p> <p>Total 4 million yen</p>	<p>*4 Breakdown of Gains on sale of fixed assets</p> <p>Machinery and delivery equipment: 1 million yen</p> <p><u>Tools, instruments and fixtures: 1 million yen</u></p> <p>Total 2 million yen</p>
<p>*5. Losses from the prior-term adjustment</p> <p>Because the accounting method for expenses incurred in the development of new products under the research and development activities was changed starting from the consolidated fiscal year under review, 129 million yen of research and development expenses among indirect manufacturing cost, which was included in inventories at the beginning of the fiscal year, was booked as loss on prior period adjustment in extraordinary losses.</p>	—
<p>*6. Breakdown of Losses on sale of fixed assets</p> <p>Machinery and delivery equipment: 0 million yen</p> <p><u>Total 0 million yen</u></p>	<p>*6. Breakdown of Losses on sale of fixed assets</p> <p>Machinery and delivery equipment: 1 million yen</p> <p><u>Tools, instruments and fixtures: 5 million yen</u></p> <p>Total 7 million yen</p>
<p>*7 Breakdown of Losses on disposal of fixed assets</p> <p>Buildings and structures: 2 million yen</p> <p>Machinery and delivery equipment: 4 million yen</p> <p>Tools, instruments and fixtures: 10 million yen</p> <p><u>Intangible fixed assets: 0 million yen</u></p> <p>Total 18 million yen</p>	<p>*7 Breakdown of Losses on disposal of fixed assets</p> <p>Buildings and structures: 3 million yen</p> <p>Machinery and delivery equipment: 1 million yen</p> <p>Tools, instruments and fixtures: 9 million yen</p> <p><u>Intangible fixed assets: 0 million yen</u></p> <p>Total 14 million yen</p>

Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)																												
<p>*8. Impairment losses</p> <p>The Company groups its operations by business segment, and consolidated subsidiaries form their grouping with each company or office as one unit. Impairment losses on leased real estate and idle assets are recognized separately.</p> <p>Because of a decrease in cash flows caused by a declined operating income and a fall of the market price, we have written down the book values of the following assets to recoverable values. These write-offs have resulted in impairment losses (of 10 million yen), which were booked as extraordinary losses.</p> <p>These impairment losses consist of the losses on land property of 4 million yen, on lease assets of 5 million yen, and on other assets of 0 million yen.</p> <p>The recoverable value was assessed according to the net sale value, and the market prices were evaluated according to roadside land prices or the assessed value of fixed asset tax, with reasonable adjustments.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Use of assets</th> <th style="text-align: center;">Location of assets</th> <th style="text-align: center;">Type of assets</th> <th style="text-align: center;">Amount (million yen)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Idle assets</td> <td style="text-align: center;">Nasu County, Tochigi Prefecture</td> <td style="text-align: center;">Land property</td> <td style="text-align: center;">4</td> </tr> <tr> <td style="text-align: center;">Operational assets</td> <td style="text-align: center;">Sapporo City, Hokkaido</td> <td style="text-align: center;">Lease and lease assets</td> <td style="text-align: center;">5</td> </tr> </tbody> </table>	Use of assets	Location of assets	Type of assets	Amount (million yen)	Idle assets	Nasu County, Tochigi Prefecture	Land property	4	Operational assets	Sapporo City, Hokkaido	Lease and lease assets	5	<p>*8. Impairment losses</p> <p>The Company groups its operations by business segment, and consolidated subsidiaries form their grouping with each company or office as one unit. Impairment losses on leased real estate and idle assets are recognized separately.</p> <p>Because of a decrease in cash flows caused by a declined operating income and a fall of the market price, we have written down the book values of the following assets to recoverable values. These write-offs have resulted in impairment losses (of 245 million yen), which were booked as extraordinary losses.</p> <p>These impairment losses consist of the losses on buildings and structures of 192 million, on land property of 49 million yen, on tools, instruments and fixtures of 2 million yen, and on other assets of 0 million yen.</p> <p>The recoverable value was assessed according to the net sale value, and the market prices were evaluated according to roadside land prices or the assessed value of fixed asset tax, with reasonable adjustments.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Use of assets</th> <th style="text-align: center;">Location of assets</th> <th style="text-align: center;">Type of assets</th> <th style="text-align: center;">Amount (million yen)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Operational assets</td> <td style="text-align: center;">Tagajo, Miyagi Prefecture</td> <td style="text-align: center;">Buildings and structures</td> <td style="text-align: center;">192</td> </tr> <tr> <td style="text-align: center;">Operational assets</td> <td style="text-align: center;">Tagajo, Miyagi Prefecture</td> <td style="text-align: center;">Land property</td> <td style="text-align: center;">49</td> </tr> <tr> <td style="text-align: center;">Operational assets</td> <td style="text-align: center;">Sapporo City, Hokkaido</td> <td style="text-align: center;">Tools, instruments and fixtures</td> <td style="text-align: center;">2</td> </tr> </tbody> </table> <p>*9. Losses from disaster is the loss from the Great East Japan Earthquake which occurred in March 2011. Please check the details below. Loss from disaster includes the amount for provision for loss on disaster of 157 million yen.</p> <p>Provision for credit losses and allowance for doubtful accounts: 7 million yen</p> <p>Equipment removal and repair costs: 31 million yen</p> <p>Losses on inventory valuation: 89 million yen</p> <p>Losses on asset valuation: 211 million yen</p> <p>Relief money and supplies: 58 million yen</p> <p><u>Other:</u> 91 million yen</p> <p>Total 490 million yen</p>	Use of assets	Location of assets	Type of assets	Amount (million yen)	Operational assets	Tagajo, Miyagi Prefecture	Buildings and structures	192	Operational assets	Tagajo, Miyagi Prefecture	Land property	49	Operational assets	Sapporo City, Hokkaido	Tools, instruments and fixtures	2
Use of assets	Location of assets	Type of assets	Amount (million yen)																										
Idle assets	Nasu County, Tochigi Prefecture	Land property	4																										
Operational assets	Sapporo City, Hokkaido	Lease and lease assets	5																										
Use of assets	Location of assets	Type of assets	Amount (million yen)																										
Operational assets	Tagajo, Miyagi Prefecture	Buildings and structures	192																										
Operational assets	Tagajo, Miyagi Prefecture	Land property	49																										
Operational assets	Sapporo City, Hokkaido	Tools, instruments and fixtures	2																										

(Consolidated statements of comprehensive income)

Fiscal year under review (April 1st, 2010 to March 31st 2011)

*1	Comprehensive income for the previous fiscal year	
	Comprehensive income related to holding company	4,515 million yen
	<u>Comprehensive income related to minority shareholders</u>	<u>0 million yen</u>
	Total	4,516 <u>million yen</u>

*2	Other comprehensive income for the previous fiscal year	
	Valuation difference on available-for-sale securities	1,006 million yen
	<u>Foreign currency translation adjustments</u>	<u>10 million yen</u>
	Total	1,017 <u>million yen</u>

(Statements of changes in shareholders' equity)

Previous fiscal year (from April 1st, 2009 to March 31st, 2010)

1. Type and total number of issued shares and type and number of shares of treasury stock

	Number of shares at the end of previous fiscal year (1,000 shares)	Increase in number of shares for fiscal year under review (1,000 shares)	Decrease in number of shares for fiscal year under review (1,000 shares)	Number of shares at the end of the fiscal year under review (1,000 shares)
Number of issued shares				
Common stock	19,588	-	-	19,588
Total	19,588	-	-	19,588
Treasury stock				
Common stock (Note)	339	780	0	1,119
Total	339	780	0	1,119

Note: The increase of 780 thousand shares in treasury stock of common stock reflects the increase of 779 thousand shares and 0 thousand shares owing to the acquisition of treasury stock and repurchase of shares less than the trading unit, respectively, in accordance with the provisions of Article 156 as applied pursuant to the provisions of Article 165(3) of the Companies Act.

The decrease of 0 in treasury stock of common stock reflects the decrease owing to the disposal of shares less than the trading unit.

2. Stock acquisition rights and treasury stock acquisition rights

Not applicable.

3. Dividends

(1) Dividend payment amount

(Resolution)	Type of shares	Total dividend amount (million yen)	Dividends per share (in yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26 th , 2009	Common stock	769	40	March 31 st , 2009	June 29 th , 2009
Board of Directors' meeting held on October 29 th , 2009	Common stock	738	40	September 30 th , 2009	December 5 th , 2009

(2) Of the dividends whose record date belongs to the fiscal year under review, and those whose effective date of the dividends will be in the current fiscal year

(Resolution)	Type of shares	Total dividend amount (million yen)	Source for dividends	Dividends per share (in yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29 th , 2010	Common stock	738	Retained earnings	40	March 31 st , 2010	June 30 th , 2010

Fiscal year under review (from April 1st, 2010 to March 31st, 2011)

1. Type and total number of issued shares and type and number of shares of treasury stock

	Number of shares at the end of previous fiscal year (1,000 shares)	Increase in number of shares for fiscal year under review (1,000 shares)	Decrease in number of shares for fiscal year under review (1,000 shares)	Number of shares at the end of the fiscal year under review (1,000 shares)
Number of issued shares				
Common stock	19,588	-	-	19,588
Total	19,588	-	-	19,588
Treasury stock				
Common stock (Note)	1,119	1,271	0	2,391
Total	1,119	1,271	0	2,391

Note: The increase of 1,271 thousand shares in treasury stock of common stock reflects the increase of 1,271 thousand shares and 0 thousand shares owing to the acquisition of treasury stock.

The decrease of 0 in treasury stock of common stock reflects the decrease owing to the disposal of shares less than the trading unit.

2. Stock acquisition rights and treasury stock acquisition rights

Not applicable.

3. Dividends

(1) Dividend payment amount

(Resolution)	Type of shares	Total dividend amount (million yen)	Dividends per share (in yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29 th , 2010	Common stock	738	40	March 31 st , 2010	June 30 th , 2010
Board of Directors' meeting held on October 29 th , 2010	Common stock	738	40	September 30 th , 2010	December 6 th , 2010

(2) Of the dividends whose record date belongs to the fiscal year under review, and those whose effective date of the dividends will be in the current fiscal year

(Resolution)	Type of shares	Total dividend amount (million yen)	Source for dividends	Dividends per share (in yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29 th , 2011	Common stock	687	Retained earnings	40	March 31 st , 2011	June 30 th , 2011

(Consolidated statements of cash flows)

Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)												
<p>1. Relationship between the balance of cash and cash equivalents at the end of the fiscal year and amounts stated in the consolidated balance sheets (as of March 31st, 2010)</p> <table border="1"> <tr> <td>Cash and deposits:</td> <td style="text-align: right;">28,630 million yen</td> </tr> <tr> <td>Time deposits with a deposit period of over three months:</td> <td style="text-align: right;">(606 million yen)</td> </tr> <tr> <td>Cash and cash equivalents:</td> <td style="text-align: right;">28,023 million yen</td> </tr> </table>	Cash and deposits:	28,630 million yen	Time deposits with a deposit period of over three months:	(606 million yen)	Cash and cash equivalents:	28,023 million yen	<p>1. Relationship between the balance of cash and cash equivalents at the end of the fiscal year and amounts stated in the consolidated balance sheets (as of March 31st, 2011)</p> <table border="1"> <tr> <td>Cash and deposits:</td> <td style="text-align: right;">26,912 million yen</td> </tr> <tr> <td>Time deposits with a deposit period of over three months:</td> <td style="text-align: right;">(564 million yen)</td> </tr> <tr> <td>Cash and cash equivalents:</td> <td style="text-align: right;">26,348 million yen</td> </tr> </table>	Cash and deposits:	26,912 million yen	Time deposits with a deposit period of over three months:	(564 million yen)	Cash and cash equivalents:	26,348 million yen
Cash and deposits:	28,630 million yen												
Time deposits with a deposit period of over three months:	(606 million yen)												
Cash and cash equivalents:	28,023 million yen												
Cash and deposits:	26,912 million yen												
Time deposits with a deposit period of over three months:	(564 million yen)												
Cash and cash equivalents:	26,348 million yen												
<p>2. Details of important no fund transactions The amounts of assets and liabilities in finance lease transactions which are newly recognized for the fiscal year under review are 145 million yen each.</p>	<p>2. Details of important nonfund transactions The amounts of assets and liabilities in finance lease transactions which are newly recognized for the fiscal year under review are 21million yen each.</p>												

(Lease transactions)

Disclosure of lease transactions is omitted, as there is no significant necessity of such disclosure in the summary report on financial results.

(Financial Products)

Disclosure of lease transactions is omitted, as there is no significant necessity of such disclosure in the summary report on financial results.

(Securities)

Disclosure of securities is omitted, as there is no significant necessity of such disclosure in the summary report on financial results.

(Derivative transactions)

Previous fiscal year (from April 1st, 2009 to March 31st, 2010) and fiscal year under review (from April 1st, 2010 to March 31st, 2011):

There are no applicable items, as the Group did not use derivative transactions.

(Retirement benefits)

Disclosure of retirement benefits is omitted, as there is no significant necessity of such disclosure in the summary report on financial results.

(Stock options, etc.)

Previous fiscal year (from April 1st, 2009 to March 31st, 2010):

Not applicable.

Fiscal year under review (from April 1st, 2010 to March 31st, 2011):

Not applicable.

(Tax effect accounting)

Disclosure of tax effect accounting is omitted, as there is no significant necessity of such disclosure in the summary report on financial results.

(Real estates including rentals)

Disclosure of tax effect accounting is omitted, as there is no significant necessity of such disclosure in the summary report on financial results.

(Segment information etc.)

a. Segment information by business type

Previous fiscal year (from April 1st, 2009 to March 31st, 2010)

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 geographical area

Previous fiscal year (from April 1st, 2009 to March 31st, 2010)

Segment information by geographical 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

Previous fiscal year (from April 1st, 2009 to March 31st, 2010)

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

d. Segment information

Fiscal year under review (from April 1st, 2010 to March 31st, 2011)

1. Reportable Segments

The reportable segments of the Fukuda Denshi Group are the constituent units of the Company for which separate financial information can be obtained, and they are the subject of regular examinations by the Board of Directors aimed at helping the board to decide the allocation of management resources and evaluate the performance of the Group.

The Company has set up divisions for each product and service in the corporate headquarters, and each of the divisions formulates comprehensive strategies for the product or service it handles, and develops its own business activities.

We have 4 reportable segments based on our headquarter divisions which are physiological diagnostic equipment segment, patient monitoring equipment segment, medical treatment equipment segment, and consumables and other products segment.

In the physiological diagnostic equipment segment, we mainly handle electrocardiographs, ultrasound diagnostic imaging systems and blood cell counters. In the patient monitoring equipment segment, we handle patient monitors. In the medical treatment equipment segment, we mainly handle defibrillators, ventilators, pacemakers, catheters, and business of renting medical equipments for home treatment. In the consumables and other products segment, we mainly handle consumables used for devices handled by the above segments, as well as maintenance and repair services.

2. Methods to calculate the sales, gains(or losses), assets, liabilities and other numbers of the reportable segments

The accounting policies for the reportable segments are basically the same as those described in "Basic significant matters regarding the preparation of consolidated financial statements".

3. Information regarding sales, gains (or losses), assets, liabilities and other amounts by reportable segments

Previous fiscal year (from April 1st, 2009 to March 31st, 2010)

(Million yen)

	Reportable Segments				Total	Adjustment *1	Consolidated financial statements *2
	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products			
Net sales							
Sales to external customers	24,615	7,022	37,564	18,945	88,147	-	88,147
Internal sales or transfers	-	-	-	-	-	-	-
Total	24,615	7,022	37,564	18,945	88,147	-	88,147
Segment profit	1,570	405	3,564	1,477	6,999	-	6,999
Segment assets	12,550	4,340	28,360	10,656	55,907	47,001	102,909
Other items							
Depreciation	601	171	4,576	463	5,813	-	5,813
Increase in fixed assets and intangible assets	366	104	5,388	281	6,140	-	6,140

*1. Adjustment of segment assets of 47,001 million yen include extra investment funds (cash etc.), long-term investments (investment securities etc.), and etc. which does not allocated to each reportable segments

*2. Segment profit equals to operating income of consolidated financial statements.

Fiscal year under review (from April 1st, 2010 to March 31st, 2011)

(Million yen)

	Reportable Segments				Total	Adjustments *1	Consolidated financial statements *2
	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products			
Net sales							
Sales to external customers	25,661	8,010	36,771	19,727	90,169	-	90,169
Internal sales or transfers	-	-	-	-	-	-	-
Total	25,661	8,010	36,771	19,727	90,169	-	90,169
Segment profit	2,095	561	3,937	1,428	8,022	-	8,022
Segment assets	12,189	4,543	25,396	10,200	52,330	50,725	103,056
Other items							
Depreciation	602	187	4,724	463	5,978	-	5,978
Increase in fixed assets and intangible assets	306	95	4,907	235	5,544	-	5,544

*1. Adjustment of segment assets of 50,725 million yen include extra investment funds (cash etc.), long-term investments (investment securities etc.), and etc. which does not allocated to each reportable segments

*2. Segment profit equals to operating income of consolidated financial statements.

e. Related Information

Fiscal year under review (from April 1st, 2010 to March 31st, 2011)

1. Information about each products and services

Information about each products and services is omitted, as categories of products and services are identical to segment information.

2. Information by geographical area

(1) Sales

Information about sales is omitted because our domestic sales accounted for more than 90% of consolidated sales.

(2) Tangible fixed assets

Information about tangible fixed assets is omitted because domestic tangible fixed assets accounted for more than 90 % of tangible fixed assets of consolidated fixed assets.

3. Information by each major customer

Information about each major customer is omitted because sales for each major customer accounted for less than 10 percent of consolidated sales.

f. Information about impairment loss for fixed assets by reportable segments

Fiscal year under review (from April 1st, 2010 to March 31st, 2011)

(Million yen)

	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products	Elimination / Corporate	Total
Impairment loss	0	0	1	0	242	245

g. Information about amortization and depreciation expense on goodwill of each reportable segment

Fiscal year under review (from 2010 to March 31st, 2011)

Not applicable

h. Information about gain on negative goodwill of each reportable segment

Fiscal year under review (from 2010 to March 31st, 2011)

Not applicable

(Additional information)

From this fiscal year, the company applies “Financial Accounting Standard for Segment Information Disclosure” (ASBJ Statement No.17, announced on March 27th, 2009) and the “Guidance on Financial Accounting Standard for Segment Information Disclosure” (ASBJ Guidance No.20, announced on March 21st, 2008).

(Transactions with related parties)

Disclosure of transactions with related parties is omitted, as there is no significant necessity of such disclosure in the summary report on financial results.

(Business combinations etc.)

Previous fiscal year (from April 1st, 2009 to March 31st, 2010):

Not applicable.

Fiscal year under review (from April 1st, 2010 to March 31st, 2011):

Not applicable.

(Per share information)

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
Net assets per share	4,117.89 yen	4,397.55 yen
Net income per share	186.40 yen	228.66 yen
Fully diluted net income per share	Not stated, as there is no potential dilution.	Not stated, as there is no potential dilution.

Note: The basis for calculation of net income per share:

Item	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
Net income (million yen)	3,498	4,111
Amount not belonging to ordinary shareholders (million yen)	-	-
Net income in relation to common stock (million yen)	3,498	4,111
Average number of shares during the fiscal year (1,000 shares)	18,768	17,979

(Significant subsequent events)

Not applicable.

5. Non-consolidated financial statements

(1) Balance sheets

(Million yen)

	Previous fiscal year (as of March 31 st , 2010)	Fiscal year under review (as of March 31 st , 2011)
Assets		
Current assets		
Cash and deposits	16,879	14,390
Trade notes receivable	29	80
Accounts receivable	20,539	21,202
Securities	1,099	1,199
Merchandise and products	3,082	2,216
Work in progress	48	10
Raw materials and supplies	1,372	1,095
Advance payments	122	265
Prepaid expenses	252	310
Deferred tax assets	757	936
Short-term loans to affiliates	3,751	3,507
Other accounts receivable	198	263
Other	313	188
Allowance for doubtful accounts	(1,036)	(1,261)
Total current assets	47,410	44,405
Fixed assets		
Tangible fixed assets		
Buildings	6,255	6,308
Accumulated depreciation	(3,252)	(3,432)
Buildings (net)	3,003	2,876
Structures	314	316
Accumulated depreciation	(247)	(257)
Structures (net)	66	59
Machinery and equipment	95	96
Accumulated depreciation	(53)	(61)
Machinery and equipment (net)	41	34
Vehicles	54	53
Accumulated depreciation	(44)	(47)
Vehicles (net)	9	6
Tools, instruments and fixtures	21,233	22,790
Accumulated depreciation	(11,996)	(13,231)
Equipment (net)	9,237	9,558
Land	4,964	4,923
Lease assets	83	83
Accumulated depreciation	(27)	(43)
Lease assets (net)	56	39
Construction in progress	34	0
Total tangible fixed assets	17,414	17,498

(Million yen)

	Previous fiscal year (as of March 31 st , 2010)	Fiscal year under review (as of March 31 st , 2011)
Intangible fixed assets		
Leasehold rights	5	5
Software	1,859	1,204
Other	214	300
Total intangible fixed assets	2,079	1,510
Investments and other assets		
Investment securities	7,375	7,157
Stocks of affiliates	3,227	3,077
Investments in capital	1	1
Investments in affiliates	423	423
Long-term loans	25	59
Long-term loans to employees	4	0
Long-term loans to affiliates	636	727
Long-term prepaid expenses	11	11
Deferred tax assets	2,408	2,528
Long-term deposits	-	4,100
Insurance reserves	3,830	4,825
Other	241	274
Allowance for doubtful accounts	(3)	(3)
Allowance for investment loss	(277)	(300)
Total investments and other assets	17,904	22,885
Total fixed assets	37,398	41,894
Total assets	84,809	86,300
Liabilities		
Current liabilities		
Trade notes payable	839	-
Accounts payable	10,214	10,354
Short-term borrowings	1,900	1,400
Lease obligations	17	17
Other accounts payable	1,508	2,428
Income tax payable, etc.	435	928
Advances received	61	85
Deposits received	7,830	9,222
Allowance for bonuses to employees	520	881
Allowance for bonuses to officers	45	50
Provision of allowance for product warranties	285	367
Allowance for disaster losses	-	45
Other	64	211
Total current liabilities	23,723	25,993

(Million yen)

	Previous fiscal year (as of March 31 st , 2010)	Fiscal year under review (as of March 31 st , 2011)
Long-term liabilities		
Long-term debt	-	620
Lease obligations	41	24
Allowance for retirement benefits to employees	1,142	1,188
Long-term other accounts payable	827	827
Total long-term liabilities	2,011	2,660
Total liabilities	25,734	28,654
Net assets		
Shareholders' equity		
Common stock	4,621	4,621
Capital surplus		
Capital reserves	8,946	8,946
Other capital surplus	1,036	1,036
Total capital surplus	9,982	9,982
Retained earnings		
Legal income reserves	1,171	1,171
Other retained earnings		
Reserve for business expansion	300	300
Reserve for advanced depreciation of fixed assets	49	49
Special reserves	37,500	37,500
Retained earnings brought forward	7,539	9,126
Total retained earnings	46,560	48,147
Treasury stock	(2,501)	(5,047)
Total shareholders' equity	58,663	57,703
Valuation and translation adjustments		
Evaluation difference on other securities	410	(57)
Total valuation and translation adjustments	410	(57)
Total net assets	59,074	57,645
Total liabilities and net assets	84,809	86,300

(2) Statements of income

(Million yen)

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
Net sales		
Sales of products	13,216	14,410
Sales of merchandise	32,781	32,310
Other sales	8,624	9,111
Total net sales	54,622	55,832
Cost of sales		
Product inventories at the beginning of the fiscal year	1,336	878
Product manufacturing costs	9,329	10,334
Total	10,665	11,212
Products transfer to/from other account	2,287	2,142
Finished product inventories at the end of the fiscal year	878	987
Cost of sales of products	7,500	8,082
Merchandise inventories at the beginning of the fiscal year	1,600	2,204
Purchases of merchandise	26,854	25,516
Total	28,454	27,721
Merchandise transfer to/from other account	29	57
Merchandise inventories at the end of the fiscal year	2,204	1,228
Cost of sales of merchandise	26,220	26,434
Other costs	4,226	4,170
Total cost of sales	37,947	38,687
Gross profit	16,674	17,144
Selling, general and administrative expenses		
Advertising expenses	765	691
Packing and freight charges	581	588
Service and repair expenses	441	465
Provision of allowance for doubtful accounts	56	224
Salaries and benefits	2,017	2,090
Bonuses	284	320
Provision of allowance for bonuses	309	549
Retirement benefit expenses	192	234
Provision of allowance for bonuses to officers	45	50
Commission expenses	1,285	764
Premiums	736	680
Lease expenses	224	230
Research and development expenditures	3,190	3,189
Depreciation	1,156	1,179
Other	2,608	2,702
Total selling, general and administrative expenses	13,894	13,963
Operating income	2,780	3,181

(Million yen)

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
Non-operating income		
Interest income	88	94
Dividend income	1,230	1,162
Real estate rent	279	273
Foreign exchange gains	43	-
Other	81	118
Total non-operating income	1,724	1,649
Non-operating expenses		
Interest income	60	59
Foreign exchange losses	-	109
Provision of allowance for investment loss	277	48
Loss on investment in partnership	74	104
Other	2	14
Total non-operating expenses	415	336
Ordinary income	4,089	4,493
Extraordinary gains		
Gain on sales of fixed assets	4	1
Gain on sale of investment securities	-	63
Gain on liquidation of affiliates	552	-
Reversal of reserve for loss on liquidation of affiliates	2	-
Gains on insurance surrender	323	198
Other	-	22
Total extraordinary gains	883	286
Extraordinary losses		
Loss on prior period adjustment	129	-
Losses on disposal of fixed assets	-	5
Losses on sale of fixed assets	10	8
Impairment loss	-	41
Loss on valuation of investment securities	698	8
Loss on valuation of affiliates stock prices	359	24
Loss from disaster	-	94
Other	44	2
Total extraordinary losses	1,242	184
Net income before taxes	3,729	4,596
Corporate, inhabitants' and enterprise taxes	1,104	1,516
Corporate tax adjustments	78	15
Total income taxes	1,183	1,531
Net income	2,546	3,064

Manufacturing statement

Item	Note No.	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)		Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)			
		Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)		
I. Materials expenses			7,823	60.7	8,237	59.3	
II. Labor expenses			2,359	18.3	2,474	17.8	
III. Other expenses							
Subcontracted designing expenses and trial manufacture expenses		1,380		1,617			
Others		1,332	2,713	21.0	1,570	3,187	22.9
Total manufacturing expenses			12,896	100.0		13,899	100.0
Work in progress inventories at the beginning of the fiscal year			12			48	
Transfer from other accounts	*2		98			171	
Total			13,006			14,119	
Work-in-progress inventories at the end of the fiscal year			48			10	
Transfer to other accounts	*3		3,628			3,774	
Product manufacturing costs			9,329			10,334	

(Footnotes)

Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)																
<p>1. Cost calculation method</p> <p>The Company calculates cost of products by way of job-order cost system (projection). Cost variances are allocated to cost of sales, products and work in progress at the end of the fiscal year.</p>	<p>1. Cost calculation method</p> <p>Same as on the left</p>																
<p>*2 Breakdown of transfer from other accounts</p> <table border="1"> <tr> <td>Current assets and others (Trial manufacture and research in progress)</td> <td>97 million yen</td> </tr> <tr> <td>Others</td> <td>0 million yen</td> </tr> <tr> <td>Total</td> <td>98 million yen</td> </tr> </table>	Current assets and others (Trial manufacture and research in progress)	97 million yen	Others	0 million yen	Total	98 million yen	<p>*2 Breakdown of transfer from other accounts</p> <table border="1"> <tr> <td>Current assets and others (Trial manufacture and research in progress)</td> <td>171 million yen</td> </tr> <tr> <td>Others</td> <td>0 million yen</td> </tr> <tr> <td>Total</td> <td>171 million yen</td> </tr> </table>	Current assets and others (Trial manufacture and research in progress)	171 million yen	Others	0 million yen	Total	171 million yen				
Current assets and others (Trial manufacture and research in progress)	97 million yen																
Others	0 million yen																
Total	98 million yen																
Current assets and others (Trial manufacture and research in progress)	171 million yen																
Others	0 million yen																
Total	171 million yen																
<p>*3 Breakdown of transfer to other accounts</p> <table border="1"> <tr> <td>Research and development expenses</td> <td>2,780 million yen</td> </tr> <tr> <td>Current assets and others (Trial manufacture and research in progress)</td> <td>171 million yen</td> </tr> <tr> <td>Others</td> <td>676 million yen</td> </tr> <tr> <td>Total</td> <td>3,628 million yen</td> </tr> </table>	Research and development expenses	2,780 million yen	Current assets and others (Trial manufacture and research in progress)	171 million yen	Others	676 million yen	Total	3,628 million yen	<p>*3 Breakdown of transfer to other accounts</p> <table border="1"> <tr> <td>Research and development expenses</td> <td>2,800 million yen</td> </tr> <tr> <td>Current assets and others (Trial manufacture and research in progress)</td> <td>41 million yen</td> </tr> <tr> <td>Others</td> <td>932 million yen</td> </tr> <tr> <td>Total</td> <td>3,774 million yen</td> </tr> </table>	Research and development expenses	2,800 million yen	Current assets and others (Trial manufacture and research in progress)	41 million yen	Others	932 million yen	Total	3,774 million yen
Research and development expenses	2,780 million yen																
Current assets and others (Trial manufacture and research in progress)	171 million yen																
Others	676 million yen																
Total	3,628 million yen																
Research and development expenses	2,800 million yen																
Current assets and others (Trial manufacture and research in progress)	41 million yen																
Others	932 million yen																
Total	3,774 million yen																

(3) Statements of changes in shareholders' equity

(Million yen)

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
Shareholders' equity		
Common stock		
Balance at the end of the previous fiscal year	4,621	4,621
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at the end of the fiscal year	4,621	4,621
Capital surplus		
Capital reserve		
Balance at the end of the previous fiscal year	8,946	8,946
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at the end of the fiscal year	8,946	8,946
Other capital surplus		
Balance at the end of the previous fiscal year	1,036	1,036
Changes during the fiscal year		
Disposal of treasury stock	(0)	(0)
Total changes during the fiscal year	(0)	(0)
Balance at the end of the fiscal year	1,036	1,036
Total capital surplus		
Balance at the end of the previous fiscal year	9,982	9,982
Balance at the end of the fiscal year		
Disposal of treasury stock	(0)	(0)
Total changes during the fiscal year	(0)	(0)
Balance at the end of the fiscal year	9,982	9,982
Retained earnings		
Legal reserve		
Balance at the end of the previous fiscal year	1,171	1,171
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at the end of the fiscal year	1,171	1,171
Other retained earnings		
Reserve for business expansion		
Balance at the end of the previous fiscal year	300	300
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at the end of the fiscal year	300	300
Reserve for advanced depreciation of fixed assets		
Balance at the end of the previous fiscal year	49	49
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at the end of the fiscal year	49	49

(Million yen)

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
Special reserves		
Balance at the end of the previous fiscal year	37,500	37,500
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at the end of the fiscal year	37,500	37,500
Retained earnings brought forward		
Balance at the end of the previous fiscal year	6,501	7,539
Changes during the fiscal year		
Dividends paid	(1,508)	(1,477)
Net income	2,546	3,064
Total changes during the fiscal year	1,037	1,587
Balance at the end of the fiscal year	7,539	9,126
Total retained earnings		
Balance at the end of the previous fiscal year	45,523	46,560
Changes during the fiscal year		
Dividends paid	(1,508)	(1,477)
Net income	2,546	3,064
Total changes during the fiscal year	1,037	1,587
Balance at the end of the fiscal year	46,560	48,147
Treasury stock		
Balance at the end of the previous fiscal year	(766)	(2,501)
Changes during the fiscal year		
Acquisition of treasury stock	(1,735)	(2,547)
Disposal of treasury stock	0	0
Total changes during the fiscal year	(1,735)	(2,546)
Balance at the end of the fiscal year	(2,501)	(5,047)
Total shareholders' equity		
Balance at the end of the previous fiscal year	59,361	58,663
Changes during the fiscal year		
Dividends paid	(1,508)	(1,477)
Net income	2,546	3,064
Acquisition of treasury stock	(1,735)	(2,547)
Disposal of treasury stock	0	0
Total changes during the fiscal year	(697)	(959)
Balance at the end of the fiscal year	58,663	57,703

(Million yen)

	Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
Valuation and translation adjustments		
Evaluation difference on other securities		
Balance at the end of the previous fiscal year	(596)	410
Changes during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	1,006	(468)
Total changes during the fiscal year	1,006	(468)
Balance at the end of the fiscal year	410	(57)
Total valuation and translation adjustments		
Balance at the end of the previous fiscal year	(596)	410
Changes during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	1,006	(468)
Total changes during the fiscal year	1,006	(468)
Balance at the end of the fiscal year	410	(57)
Total net assets		
Balance at the end of the previous fiscal year	58,764	59,074
Changes during the fiscal year		
Dividends paid	(1,508)	(1,477)
Net income	2,546	3,064
Acquisition of treasury stock	(1,735)	(2,547)
Disposal of treasury stock	0	0
Changes in items other than shareholders' equity during the fiscal year (net)	1,006	(468)
Total changes during the fiscal year	309	(1,428)
Balance at the end of the fiscal year	59,074	57,645

(4) Events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern
 Not applicable

(5) Significant accounting policies

Item	Previous fiscal year (from April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (from April 1 st , 2010 to March 31 st , 2011)
1. Valuation standards and methods for securities	<p>(1) Held-to-maturity bonds - Amortized cost method</p> <p>(2) Shares of subsidiaries and affiliates - Stated at cost based on the moving average method.</p> <p>(3) Other securities Marketable securities - Stated at fair value based on the market price as of the end of the fiscal year. (Unrealized holding gains or losses are reported in a component of net assets, with the cost of securities sold is calculated by the moving average method.)</p> <p>Non-marketable securities - Stated at cost based on the moving average method. For investments in the investment enterprise limited Liability association and similar associations (deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Law), the net amount corresponding to the ownership percentage is used, based on the most recent financial statements available as of the reporting date and other materials stipulated in the partnership contract.</p>	<p>(1) Held-to-maturity bonds Same as on the left</p> <p>(2) Shares of subsidiaries and affiliates Same as on the left</p> <p>(3) Other securities Marketable securities Same as on the left</p> <p>Non-marketable securities Same as on the left</p>

Item	Previous fiscal year (from April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (from April 1 st , 2010 to March 31 st , 2011)
2. Valuation standards and methods for inventories	<p>The cost method (the amounts stated in the balance sheets are calculated by writing down the book values based on lower profitability) is used as a valuation standard.</p> <p>Merchandise and products - Stated at cost determined by the first-in, first-out method.</p> <p>Raw materials - Stated at cost determined by the gross average method.</p> <p>Work in progress - Stated at cost based on the specific cost method.</p> <p>Supplies - Stated based on the last purchase price method.</p>	Same as on the left
3. Depreciation method for fixed assets	<p>(1) Tangible fixed assets Depreciated by the declining balance method. However, buildings (except for building attachments) acquired on or after April 1st, 1998 were depreciated using the straight-line method.</p> <p>Major useful life: Buildings: 3–50 years Structures: 10–60 years Machinery and equipment: 8–12 years Vehicles and delivery equipment: 4–6 years Tools, instruments and fixtures: 2–20 years</p> <p>Assets with an acquisition cost of 100,000 yen or more but less than 200,000 yen were evenly amortized over a three-year period.</p> <p>Of the tools, instruments and fixtures, the oxygen concentrator devices (assets for rental) were depreciated by the straight-line method with the estimated rental period (four years) as a depreciation year.</p>	<p>(1) Tangible fixed assets (excluding lease assets)</p> <p>Same as on the left</p>

Item	Previous fiscal year (from April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (from April 1 st , 2010 to March 31 st , 2011)
	<p>(2) Intangible fixed assets Depreciated by the straight-line method. Software for internal use is amortized by the straight-line method over its useful life of five years. As for software for sale in the market, the Company records the larger of an amortization based on projected sales volume for the effective sales period (no longer than three years) or a uniform amortization over the effective remaining sales period.</p> <p>(3) Lease assets Lease assets in finance lease transactions that do not transfer ownership The straight-line method is used, based on the assumption that the useful life is the lease term and the residual value is zero. Finance lease transactions that do not transfer ownership and for which the inception of the lease predates March 31st, 2008 continue to be accounted for in a similar manner with the ordinary rental transactions.</p>	<p>(2) Intangible fixed assets (excluding lease assets) Same as on the left</p> <p>(3) Lease assets Same as on the left</p>
4. Basis for provision of allowances	<p>(1) Allowance for doubtful accounts To prepare for losses incurred by bad debts, the amount of potential loss is calculated by using the historical loss ratio in the case of general loans or receivables. Potential losses for specific loans or receivables, for which we have concerns regarding their collectability, are calculated by assessing the possibility of collection for each individual account.</p> <p>(2) Allowance for bonuses for employees To prepare for the payment of bonuses to employees, we reserve an amount corresponding to this fiscal year's portion of estimated bonus payments to employees.</p> <p>(3) Allowance for bonuses for officers To prepare for the payment of bonuses for directors and corporate auditors, we reserve an amount corresponding to this fiscal year's portion of estimated bonus payments to directors and corporate auditors.</p>	<p>(1) Allowance for doubtful accounts Same as on the left</p> <p>(2) Allowance for bonuses for employees Same as on the left</p> <p>(3) Allowance for bonuses for officers Same as on the left</p>

Item	Previous fiscal year (from April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (from April 1 st , 2010 to March 31 st , 2011)
	<p>(4) Allowance for retirement benefits for employees</p> <p>To prepare for the payment of retirement benefits for employees, the amount recognized as accruing at the end of this fiscal year was reserved, based on estimated retirement benefit obligation and pension assets at the end of this fiscal year. Past service liabilities are amortized, using the straight-line basis over a certain number of years (10 years), which are less than the average remaining years of service of the employees when they incurred.</p> <p>Actuarial differences are amortized, using the straight-line basis over a certain number of years (10 years), which are less than the average remaining years of service of the employees when they incurred, from the fiscal year after the one in which they arise.</p> <p>(Changes in accounting policies)</p> <p>The Partial Revision of the “Accounting Standards for Retirement Benefits”, Part 3 (ASBJ Statement No. 19, announced on July 31st, 2008) has been applied starting from the fiscal year under review. This does not affect the operating income, ordinary income, or net income before taxes.</p> <p>(Additional information)</p> <p>Fukuda Denshi revised the retirement pension system on October 1st, 2009, and moved from the approved retirement annuity system to the defined benefit corporate pension system (contract-type) based on the relevant act. The company applied the “Accounting methods related to shift between retirement pension schemes” (ASBJ Guidance No.1 for applying corporate standards) for the accounting operations associated with this move. In addition, the influence according to this revision is negligible.</p>	<p>(4) Allowance for retirement benefits for employees</p> <p style="text-align: center;">Same as on the left</p> <p style="text-align: center;">—</p> <p style="text-align: center;">—</p>

Item	Previous fiscal year (from April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (from April 1 st , 2010 to March 31 st , 2011)
	<p>(5) Allowance for product warranty To prepare for the expenses incurred by free repair to be implemented after the delivery of the products, an estimated amount of the repair expenses was reserved on the basis of the estimated proportion of such expenses to net sales and the estimated amount of such expenses for individual products.</p>	<p>(5) Allowance for product warranty Same as on the left</p>
	<p>(Changes in accounting policies) 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 estimate of expenses to be incurred in the future on the basis of the previous records of such expenses. To optimize the period 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 fiscal year under review. As a result of this change, 285 million yen was reserved as provision of allowance for product warranty in the fiscal year under review. Consequently, gross profit, operating income, ordinary income, and net income before taxes decreased by 285 million yen, respectively. As a reasonable estimation of the above expenses became possible at the end of the fiscal year under review, the allowance for product warranty was not calculated until the previous fiscal year and the first three quarters of the fiscal year under review.</p> <p>(6) Allowance for investment loss To prepare for the loss expected to be incurred in the investment activities, allowance for investment loss was reserved taking into account the financial standing and other data of the companies in which investment is being made.</p> <p style="text-align: center;">—</p>	<p style="text-align: center;">—</p> <p>(6) Allowance for investment loss Same as on the left</p> <p>(7) Allowance for disaster losses To prepare for the loss expected to be incurred from the Great East Japan Earthquake, the estimated expenses was summed up by the end of the fiscal year towards restoration.</p>

Item	Previous fiscal year (from April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (from April 1 st , 2010 to March 31 st , 2011)
5. Other important matters for preparation of financial statements	Accounting treatment of consumption tax, and other taxes, etc. The Consumption tax and other taxes, etc. are excluded from profits and losses.	Accounting treatment of consumption tax and other taxes, etc. Same as on the left

(6) Changes in accounting method

Previous fiscal year (April 1 st , 2009 to March 31 st , 2010)	Fiscal year under review (April 1 st , 2010 to March 31 st , 2011)
<p>(Accounting principles of expenses for research and development)</p> <p>Previously, expenses for the development of new products in research and development activities were posted as cost of sales. However, effective from the first quarter under review, such expenses are treated as general and administrative expenses, with a view to appropriately grasping the costs corresponding to sales and more properly indicating profit/loss for the period, more properly taking advantage of a system to manage expenses incurred in developing new products, since the development of new products has come to be regarded less as cost, and more as research and development as it involves the development of new technologies and new mechanisms.</p> <p>As a result of this change, cost of sales decreased 1,512 million yen and gross profit increased by the same amount for the year under review compared with the figures under the previous method, while operating income and ordinary income each declined 6 million yen due to an increase of 1,505 million yen in selling, general and administrative expenses.</p> <p>Net income before taxes decreased 122 million yen, since 129 million yen, equivalent to research and development expenses in indirect manufacturing cost, which were included in beginning inventories, was posted as extraordinary losses.</p>	<p>(Accounting principles of asset retirement obligations)</p> <p>From this fiscal year, the company applies “Financial Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No.18 , announced on March 31st, 2008) and the “Guidance on Financial Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No.21, announced on March 31st, 2008).</p> <p>The effect of this change on consolidated operating income, ordinary income and net income before taxes for fiscal year under review is insignificant.</p>

6. Others

(1) Changes of officers

(i) Representative Director

Not applicable

(ii) Other officers

- Candidate for auditor to be newly appointed
(Full-time) Auditor: Mr. Yutaka Yasuda (current position is corporate adviser)
(Part-time) Auditor: Mr. Isamu Suzuki
- Auditor to retire
(Full-time) Auditor: Mr. Yoshimasa Ogawa
(Part-time) Auditor: Mr. Yoshinori Okamoto
- Candidate for reserve auditor to be newly appointed
Reserve auditor (Outside corporate auditor): Mr. Hisatoshi Fujito (Lawyer: Shiba Business Law Office)

(iii) Scheduled appointment date

June 29th, 2011