

Summary Report on Financial Results for the First Quarter of the Year Ending March 2012
(Japan GAAP)

July 29th, 2011

Listing: Osaka Securities Exchange

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Supplementary material development: None
Financial results meeting: None

(Note) The original disclosure in Japanese was released on July 29th, 2011 at 12:00 (GMT+9)

(Amounts less than one million yen are discarded)

1. Consolidated financial results for the first quarter of the year ending March 2012 (April 1st, 2011 through June 30th, 2011)

(1) Consolidated operating results (cumulative)

(% represents increases or decreases from the previous year)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---|-------------|-----|------------------|------|-----------------|------|-------------|--------|
| | million yen | % | million yen | % | million yen | % | million yen | % |
| First quarter of the year ending March 2012 | 20,183 | 2.6 | 1,594 | 16.3 | 1,706 | 12.6 | 598 | (38.2) |
| First quarter of the year ended March 2011 | 19,680 | 1.1 | 1,371 | 61.4 | 1,516 | 61.2 | 969 | 783.4 |

(Note) Comprehensive income

First quarter of the year ending March 2012: 741 million yen / 64.2 %

First quarter of the year ended March 2011: 451million yen / - %

| | Net income per share | Fully diluted net income per share |
|---|----------------------|------------------------------------|
| | yen | yen |
| First quarter of the year ending March 2012 | 34.83 | — |
| First quarter of the year ended March 2011 | 52.47 | — |

(2) Consolidated financial situation

| | Total assets | Net assets | Shareholders' equity ratio |
|---|--------------|-------------|----------------------------|
| | million yen | million yen | % |
| First quarter of the year ending March 2012 | 100,763 | 75,676 | 75.1 |
| Year ended March 2011 | 103,056 | 75,623 | 73.4 |

(Reference) Shareholders' equity:

First quarter of the year ending March 2012: 75,676 million yen

Year ended March 2011: 75,623 million yen

2. Dividends

| Record date | Yearly Dividends per share | | | | |
|-----------------------------------|----------------------------|---------------------------|--------------------------|-----------------|--------------|
| | End of the first quarter | End of the second quarter | End of the third quarter | End of the term | Annual |
| Year ended March 2011 | yen — | yen 40.00 | yen — | yen 40.00 | yen 80.00 |
| Year ending March 2012 | — | | | | |
| Year ending March 2012 (estimate) | | 40.00 | — | 40.00 | 80.00 |

(Note) Revisions to recent dividend forecast: None

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

(% represents increase or decrease from the previous corresponding period)

| | Net sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|------------------------|-------------|-------|------------------|--------|-----------------|--------|-------------|--------|----------------------|
| | million yen | % | million yen | % | million yen | % | million yen | % | yen |
| Second quarter (total) | 42,000 | (3.1) | 3,300 | (19.5) | 3,400 | (17.7) | 1,600 | (34.6) | 93.04 |
| Full-year | 88,800 | (1.5) | 7,000 | (12.7) | 7,000 | (12.9) | 3,500 | (14.9) | 203.53 |

(Note) Revisions to recent business forecast: Yes

4. Others

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

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

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

- (i) Changes in accounting policies associated with revision of accounting standards: None
- (ii) Changes arising from other factors: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of outstanding issues (common stock)

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

First quarter of the year ending March 2012: 19,588,000 shares

Year ended March 2011: 19,588,000 shares

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

First quarter of the year ending March 2012: 2,391,375 shares

Year ended March 2011: 2,391,355 shares

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

First quarter of the year ending March 2012: 17,196,630 shares

First quarter of the year ended March 2011: 18,468,068 shares

* Implementation status of quarterly review procedures

At the time of disclosure of this report, review procedures for the quarterly financial statements pursuant to

the Financial Instruments and Exchange Law had not been completed.

- * Explanation about appropriate use of the forecasts of financial results, and other noteworthy matters
- 1. The forecasted financial results described above are based on information available at the time of announcement. Actual results may differ from the results projected and presented hereby for a variety of reasons.
- 2. With respect to the preconditions for the forecast of financial results, please refer to “(3) Qualitative information about earnings forecast” under the “1. Qualitative Information about consolidated earnings results for the quarter under review” section on page 6.

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

(1) Qualitative Information about consolidated operating results

The Japanese economy during the first quarter has been at huge stake due to the Great East Japan Earthquake which occurred on March 11th 2011, but symptoms of recovery from the rapid restoration of the supply chains have been seen. However, there are still concerns about the impact of power limitations and the nuclear power plants problem, the future of the economy is still uncertain.

In the medical environment industry, the remuneration for medical services was positively changed for the first time in ten years in April 2010, so an improvement of the business environment is expected, but management efficiency and rationalization are still required to go forward.

Against the background of these economic conditions, the Group faced obstructions to its production and shipping caused by the Great East Japan Earthquake, including the suspension of operations at the Fukuda Denshi Tagajo Laboratory (located in Tagajo, Miyagi Prefecture), which caused inconvenience to our customers.

Furthermore, it is still possible that, as our electronic components suppliers were harmed by the disaster, and supplies maybe delayed for some of the medical equipment the company manufactures. So in the first quarter under review, we endeavored to maintain the production and supply structure giving priority to customer's requests.

As a result, the Group posted consolidated net sales of 20,183 million yen (up 2.6% on a year-to-year basis) in the first quarter.

Regarding the cost of sales, although the ratio of sales accounted for the goods purchased increased slightly, the cost-to-sales ratio only rose 0.2% year-on-year basis.

Furthermore, some of the selling, general and administrative expenses planned for the first quarter under review were deferred to the second quarter or later due to the impact of the earthquake disaster.

As a result, the Group posted an operating income of 1,594 million yen (up 16.3% on a year-to-year basis), ordinary income of 1,706 million yen (up 12.6% on a year-to-year basis), and a net income of 598 million yen (down 38.2 % on a year-to-year basis) in the first quarter.

A. Physiological diagnostic equipment segment

Sales of electrocardiographs continued to increase both domestically and abroad.

As a result, consolidated net sales were 4,975 million yen (up 4.6% on a year-to-year basis).

B. Patient monitoring equipment segment

Sales continued to increase.

As a result, consolidated net sales were 1,823 million yen (up 38.6% on a year-to-year basis).

C. Medical treatment equipment segment

The business of renting medical equipment for home treatment continued to increase.

Sales of Automated External Defibrillators (AEDs) showed a slight recovery. But the sales of ventilators, pacemakers and catheters decreased.

As a result, consolidated net sales were 8,705 million yen (down 1.8% on a year-to-year basis).

D. Consumables and other products segment

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

Consolidated net sales for this segment were 4,679 million yen (down 1.4% on a year-to-year basis).

(2) Qualitative information about consolidated financial situation

Total assets were 100,763 million yen at the end of the first quarter under review, down 2,292 million yen from the end of the previous fiscal year.

The main factors are a decrease of 1,053 million yen in "cash and deposits" and a decrease of 2,314 million yen in "trade notes and account receivable" despite an increase of 1,330 million yen in "merchandise and products".

Liabilities amounted to 25,087 million yen, down 2,346 million yen from the end of the previous fiscal year.

This is primarily because of a decrease of 1,673 million yen in "income tax payable etc." and a decrease of 1,212 million yen in "allowance for bonuses to employees".

Net assets were 75,676 million yen, up 53 million yen from the end of the previous fiscal year.

The increase is primarily because of an increase of 122 million yen in “foreign currency translation adjustment account” despite a decrease of 88 million yen in “retained earnings”.

(3) Qualitative information about consolidated earnings forecast

Outlook for the fiscal year was uncertain as our suppliers were harmed and supply chains were damaged by the Great East Japan Earthquake. But they recovered rapidly and the results of the consolidated first quarter exceed the earlier forecast.

Under such circumstances, we have amended the forecast for the second quarter cumulative period of the year ending March 2012. Please refer to the “Notice of an Amendment to the Forecast of the Financial Results” released separately on July 29th for details.

As for the present, we have been able to meet demands for nearly all the products we handle. But the damage to companies that supply us with certain electrical components, could still cause delivery delays or supply disruptions for some products for a period of time.

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

2. Summary information

(1) Change in significant subsidiaries during the period

Not applicable.

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

Not applicable.

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

Not applicable.

3. Consolidated quarterly financial statements

(1) Consolidated quarterly balance sheets

| | Previous fiscal year (as of March 31 st , 2011) | Fiscal year under review (as of June 30 th , 2011) | (Million yen) |
|-------------------------------------|---|--|---------------|
| Assets | | | |
| Current assets | | | |
| Cash and deposits | 26,912 | 25,859 | |
| Trade notes and account receivable | 22,572 | 20,258 | |
| Securities | 1,199 | 799 | |
| Merchandise and products | 5,897 | 7,227 | |
| Work in progress | 40 | 133 | |
| Raw materials and supplies | 1,386 | 1,973 | |
| Other | 3,619 | 3,908 | |
| Allowance for doubtful accounts | (54) | (60) | |
| Total current assets | <u>61,574</u> | <u>60,100</u> | |
| Fixed assets | | | |
| Tangible fixed assets | 19,687 | 19,432 | |
| Intangible fixed assets | 1,746 | 1,541 | |
| Investments and other assets | | | |
| Other | 20,386 | 20,023 | |
| Allowance for doubtful accounts | (21) | (17) | |
| Allowance for investment loss | (318) | (318) | |
| Total investments and other assets | <u>20,047</u> | <u>19,688</u> | |
| Total fixed assets | <u>41,481</u> | <u>40,663</u> | |
| Total assets | <u>103,056</u> | <u>100,763</u> | |
| Liabilities | | | |
| Current liabilities | | | |
| Trade notes and account payable | 12,760 | 12,433 | |
| Short-term borrowings | 1,400 | 1,400 | |
| Income tax payable, etc. | 2,383 | 709 | |
| Allowance for bonuses to employees | 2,185 | 973 | |
| Allowance for product warranty | 386 | 376 | |
| Other allowances | 303 | 34 | |
| Other | 3,017 | 4,296 | |
| Total current liabilities | <u>22,437</u> | <u>20,224</u> | |
| Long-term liabilities | | | |
| Long-term borrowings | 620 | 620 | |
| Allowance for retirement benefits | 3,158 | 3,107 | |
| Other allowances | 184 | 155 | |
| Other | 1,032 | 979 | |
| Total long-term liabilities | <u>4,995</u> | <u>4,862</u> | |
| Total liabilities | <u>27,433</u> | <u>25,087</u> | |

| | Previous fiscal year (as of March 31 st , 2011) | Fiscal year under review (as of June 30 th , 2011) |
|---|---|--|
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 4,621 | 4,621 |
| Capital surplus | 9,982 | 9,982 |
| Retained earnings | 66,303 | 66,214 |
| Treasury stock | (5,047) | (5,048) |
| Total shareholders' equity | 75,859 | 75,770 |
| Other accumulated comprehensive income | | |
| Evaluation difference on other securities | (57) | (36) |
| Foreign currency translation adjustment account | (179) | (56) |
| Total of other accumulated comprehensive income | (236) | (93) |
| Total net assets | 75,623 | 75,676 |
| Total liabilities and net assets | 103,056 | 100,763 |

(2) Consolidated quarterly statements of income/ Consolidated quarterly statements of comprehensive income
 - Consolidated quarterly statements of comprehensive income
 (First quarter of the consolidated term)

| | First quarter of the previous consolidated term (from April 1 st , 2010 to June 30 th , 2010) | First quarter of the consolidated term (from April 1 st , 2011 to June 30 th , 2011) | (Million yen) |
|---|--|---|---------------|
| Net sales | 19,680 | 20,183 | |
| Cost of sales | 10,049 | 10,348 | |
| Gross profit | 9,631 | 9,834 | |
| Selling, general and administrative expenses | 8,260 | 8,240 | |
| Operating income | 1,371 | 1,594 | |
| Non-operating income | | | |
| Interest income | 6 | 10 | |
| Dividend income | 81 | 76 | |
| Foreign exchange profit | 56 | — | |
| Other | 54 | 34 | |
| Total non-operating income | 199 | 121 | |
| Non-operating expenses | | | |
| Interest expenses | 5 | 4 | |
| Foreign exchange losses | — | 3 | |
| Provision of allowance for investment loss | 46 | — | |
| Other | 2 | 1 | |
| Total non-operating expenses | 54 | 9 | |
| Ordinary income | 1,516 | 1,706 | |
| Extraordinary gains | | | |
| Gains on sale of fixed assets | 0 | 1 | |
| Gains on sale of investment securities | 63 | — | |
| Gains on reversal of allowance for doubtful accounts | 116 | — | |
| Gains on insurance surrender | 7 | — | |
| Total extraordinary gains | 187 | 1 | |
| Extraordinary losses | | | |
| Losses on sale of fixed assets | 0 | 0 | |
| Losses on disposal of fixed assets | 3 | — | |
| Impairment losses | 0 | 17 | |
| Loss on valuation of investment securities | 7 | 53 | |
| Losses on application of accounting standards related to asset retirement obligations | 21 | — | |
| Loss from disaster | — | 36 | |
| Total extraordinary losses | 32 | 108 | |
| Quarterly net income before taxes | 1,670 | 1,599 | |
| Corporate, inhabitants' and enterprise taxes | 920 | 740 | |
| Corporate tax adjustments | (219) | 259 | |
| Total income taxes | 701 | 1,000 | |
| Quarterly net income before minority interests in earnings of consolidated subsidiaries | 969 | 598 | |
| Net income | 969 | 598 | |

Consolidated quarterly statement of comprehensive income
 (First quarter of the consolidated term)

(Million yen)

| | First quarter of the previous consolidated term (from April 1 st , 2010 to June 30 th , 2010) | First quarter of the consolidated term (from April 1 st , 2011 to June 30 th , 2011) |
|--|--|---|
| Income before minority interests | 969 | 598 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (514) | 20 |
| Foreign currency translation adjustments | (3) | 122 |
| Total of other total comprehensive income | (517) | 142 |
| Quarterly comprehensive income | 451 | 741 |
| (Breakdown) | | |
| Comprehensive income attributable to the parent company | 451 | 741 |
| Comprehensive income attributable to minority shareholders | — | — |

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

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