

Summary Report on Financial Results for the First Quarter of the Year Ending March 2014  
(Japan GAAP)

July 31<sup>st</sup>, 2013  
Listing: TSE-JASDAQ

Company name: Fukuda Denshi Co., Ltd.  
Code No.: 6960 (<http://www.fukuda.co.jp>)  
Representative: Daijiro Shirai, President & COO  
Inquiries: Shuichi Fukuda, Executive Director/ Senior Manager of Accounting & Finance Department  
– Senior Manager of Information Technology Department  
Tel: +81-3-3815-2121  
Scheduled date for filing the quarterly report: August 8<sup>th</sup>, 2013  
Scheduled date for commencement of dividend payment: -  
Supplementary material development: None  
Financial results meeting: None

(Amounts less than one million yen are rounded down)

(The number with parenthesis shows negative figure)

1. Consolidated financial results for the First quarter of the year ending March 2014 (April 1<sup>st</sup>, 2013 through June 30<sup>th</sup>, 2013)

(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 2014	22,395	11.5	2,509	67.2	2,701	72.1	1,877	122.6
First quarter of the year ended March 2013	20,093	(0.4)	1,501	(5.9)	1,569	(8.1)	843	40.8

(Note) Comprehensive income

First quarter of the year ending March 2014: 1,847 million yen / 266.7 %

First quarter of the year ended March 2013: 503 million yen / (32.1) %

	Net income per share	Fully diluted net income per share
	Yen	Yen
First quarter of the year ending March 2014	121.36	—
First quarter of the year ended March 2013	53.22	—

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net Assets per Share
	million yen	million yen	%	Yen
First quarter of the year ending March 2014	112,665	82,615	73.3	5,340.78
Year ended March 2013	114,646	82,082	71.6	5,306.30

(Reference) Shareholders' equity:

First quarter of the year ending March 2014: 82,615 million yen

Year ended March 2013: 82,082 million yen

## 2. Dividends

	Yearly Dividends per share				
	End of the first quarter	End of the second quarter	End of the third quarter	End of the term	Annual
	yen	yen	yen	yen	yen
Year ended March 2013	—	40.00	—	85.00	125.00
Year ending March 2014	—				
Year ending March 2014 (forecast)		40.00	—	85.00	125.00

(Note) Revisions to recent dividend forecast: None

The detail of year-end dividend of Year ended March 2013; ordinary dividend 40.00 yen, extra dividend 45.00 yen

The detail of year-end dividend of Year ending March 2014 (Forecast); ordinary dividend 40.00 yen, extra dividend 45.00 yen

## 3. Forecast of consolidated financial results for the year ending March 2014 (April 1<sup>st</sup>, 2013 through March 31<sup>st</sup>, 2014)

(% represents increase or decrease from the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-year	98,500	2.3	10,300	0.6	10,300	(1.3)	6,200	(4.1)	400.81

(Note) Revisions to recent business forecast: None

Since the Group's operating results tend to take a peak at the fourth quarter and it is difficult to give a forecast every six months based on rational calculation, the consolidated forecast at the second quarter is not disclosed.

### \*Notes

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

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

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

(i) Changes in accounting policies associated with revision of accounting standards: None

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

(iii) Changes in accounting projections: None

(iv) Restatement: None

(4) Number of outstanding shares (common stock)

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

First quarter of the year ending March 2014: 19,588,000 shares

Year ended March 2013: 19,588,000 shares

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

First quarter of the year ending March 2014: 4,119,168 shares

Year ended March 2013: 4,119,095 shares

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

First quarter of the year ending March 2014: 15,468,848 shares

First quarter of the year ended March 2013: 15,844,600 shares

\* Status of Auditing Processes

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

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

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

Contents of the Attached Materials

- 1. Qualitative information about consolidated earnings results for the quarter under review ----- 5
  - (1) Qualitative Information about operating results ----- 5
  - (2) Qualitative Information about financial situation ----- 5
  - (3) Qualitative Information about consolidated earnings forecast ----- 5
- 2. Summary information ----- 6
  - (1) Change in significant subsidiaries during the period ----- 6
  - (2) Application of special accounting methods for the preparation of the consolidated quarterly financial statements ----- 6
  - (3) Change in accounting policies, accounting projections, and restatement ----- 6
- 3. Consolidated quarterly financial statements ----- 7
  - (1) Consolidated quarterly balance sheets ----- 7
  - (2) Consolidated quarterly income statements and consolidated quarterly comprehensive income statements ----- 9
    - Consolidated quarterly income statements
      - First quarter of the consolidated term ----- 9
    - Consolidated quarterly comprehensive income statements
      - First quarter of the consolidated term ----- 10
  - (3) Notes to consolidated quarterly financial statement ----- 10
    - (Notes regarding the premise for going concern) ----- 10
    - (Note when there is a significant fluctuation in the amount of shareholders' equity) ----- 10

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

### (1) Explanation about consolidated operating results

In the first quarter cumulative period, an increase in stock prices and weakening of the yen were observed in the Japanese economy due to the aggressive economy and monetary policy by the government and the Bank of Japan. Expectations for economic recovery have been building up since positive signs were observed in companies' earnings and consumer spending.

In the medical environment industry, the remuneration for medical treatments has increased slightly from April 2012, but an effective and efficient reformed management is still required to go forward.

As a result, the Group posted a consolidated net sales of 22,395 million yen (up 11.5% on a year-to-year basis), operating income of 2,509 million yen (up 67.2% on a year-to-year basis), ordinary income of 2,701 million yen (up 72.1% on a year-to-year basis), and a net income of 1,877 million yen (up 122.6% on a year-to-year basis) in the first quarter.

#### A. Physiological diagnostic equipment segment

The sales of electrocardiographs and ultrasound diagnostic systems increased both domestically and abroad.

As a result, consolidated net sales were 5,741 million yen (up 23.5% on a year-to-year basis).

#### B. Patient monitoring equipment segment

Sales increased both domestically and abroad.

As a result, consolidated net sales were 1,551 million yen (up 27.5% on a year-to-year basis).

#### C. Medical treatment equipment segment

While the business of renting medical equipment for home treatment and sales of Automated External Defibrillators (AEDs) continued to increase, sales of ventilators and pacemakers decreased.

As a result, consolidated net sales were 9,698 million yen (up 4.4% on a year-to-year basis).

#### D. Consumables and other products segment

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

Consolidated net sales for this segment were 5,403 million yen (up 9.4% on a year-to-year basis).

### (2) Explanation about consolidated financial situation

Total assets were 112,665 million yen at the end of the first quarter under review, down 1,981 million yen from the end of the previous fiscal year.

The main factors are a decrease of 4,006 million yen in "Notes and accounts receivable-trade" despite an increase of 1,137 million yen in "Cash and deposits" and an increase of 685 million yen in "Merchandise and finished goods".

Liabilities amounted to 30,050 million yen, down 2,514 million yen from the end of the previous fiscal year.

This is primarily because of a decrease of 1,467 million yen in "Income taxes payable" and decrease of 1,304 million yen in "Notes and accounts payable-trade".

Net assets were 82,615 million yen, up 532 million yen from the end of the previous fiscal year.

The main factors are an increase of 562 million yen in "Retained earnings".

### (3) Explanation about consolidated earnings forecast

Remuneration for medical services and consumption tax increase are scheduled in April 2014, the Group will continue to make every effort to meet the needs of medical institutions which support regional medical services.

Due to the steady sales achievement until the first quarter, there is no change at this moment in the forecast of the financial results for the full fiscal year which we announced on May 15<sup>th</sup>, 2013.

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

2. Summary information

- (1) Change in significant subsidiaries during the period

Not applicable.

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

Not applicable.

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

Not applicable.

### 3. Consolidated quarterly financial statements

#### (1) Consolidated quarterly balance sheets

(Million yen)

	Previous fiscal year (as of March 31 <sup>st</sup> , 2013)	End of the first quarter under review (as of June 30 <sup>th</sup> , 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	24,201	25,338
Notes and accounts receivable-trade	26,963	22,957
Merchandise and finished goods	6,916	7,601
Work in process	165	179
Raw materials and supplies	1,981	2,135
Other	4,085	3,861
Allowance for doubtful accounts	(49)	(46)
Total current assets	64,265	62,028
Noncurrent assets		
Property, plant and equipment	22,160	21,966
Intangible assets	2,408	2,830
Investments and other assets		
Investment securities	12,103	12,061
Other	13,719	13,787
Allowance for doubtful accounts	(10)	(9)
Total investments and other assets	25,812	25,839
Total noncurrent assets	50,381	50,637
Total assets	114,646	112,665
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	16,198	14,894
Short-term loans payable	1,850	1,850
Income taxes payable	2,594	1,126
Provision for bonuses	2,254	975
Provision for product warranties	411	415
Other provision	134	47
Other	3,835	5,572
Total current liabilities	27,279	24,882
Noncurrent liabilities		
Long-term loans payable	1,038	1,038
Provision for retirement benefits	2,858	2,799
Other provision	217	154
Other	1,170	1,175
Total noncurrent liabilities	5,285	5,167
Total liabilities	32,564	30,050

	Previous fiscal year (as of March 31 <sup>st</sup> , 2013)	End of the first quarter under review (as of June 30 <sup>th</sup> , 2013)
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,621	4,621
Capital surplus	10,047	10,047
Retained earnings	75,152	75,714
Treasury stock	(8,847)	(8,847)
<b>Total shareholders' equity</b>	<b>80,973</b>	<b>81,536</b>
Accumulated other comprehensive Income		
Valuation difference on available-for-sale securities	1,145	1,126
Foreign currency translation adjustment	(36)	(47)
<b>Total accumulated other comprehensive income</b>	<b>1,108</b>	<b>1,079</b>
<b>Total net assets</b>	<b>82,082</b>	<b>82,615</b>
<b>Total liabilities and net assets</b>	<b>114,646</b>	<b>112,665</b>

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

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

	(Million yen)	
	First quarter of the previous consolidated term (from April 1 <sup>st</sup> , 2012 to June 30 <sup>th</sup> , 2012)	First quarter of the consolidated term (from April 1 <sup>st</sup> , 2013 to June 30 <sup>th</sup> , 2013)
Net sales	20,093	22,395
Cost of sales	10,200	11,442
Gross profit	9,892	10,953
Selling, general and administrative expenses	8,391	8,443
Operating income	1,501	2,509
Non-operating income		
Interest income	24	23
Dividends income	80	78
Foreign exchange gains	33	210
Other	23	33
Total non-operating income	162	345
Non-operating expenses		
Interest expenses	5	5
Equity in losses of affiliates	83	145
Other	4	2
Total non-operating expenses	94	153
Ordinary income	1,569	2,701
Extraordinary income		
Gain on sales of noncurrent assets	0	6
Gain on sales of investment securities	-	51
Surrender value of insurance	45	73
Total extraordinary income	46	131
Extraordinary loss		
Loss on sales of noncurrent assets	0	0
Impairment loss	0	1
Total extraordinary losses	0	2
Income before income taxes and minority interests	1,615	2,831
Income taxes-current	807	1,014
Income taxes-deferred	(35)	(60)
Total income taxes	772	954
Income before minority interests	843	1,877
Net income	843	1,877

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

	(Million yen)	
	First quarter of the previous consolidated term (from April 1 <sup>st</sup> , 2012 to June 30 <sup>th</sup> , 2012)	First quarter of the consolidated term (from April 1 <sup>st</sup> , 2013 to June 30 <sup>th</sup> , 2013)
Income before minority interests	843	1,877
Other comprehensive income		
Valuation difference on available-for-sale securities	(347)	(19)
Foreign currency translation adjustment	7	(10)
Total other comprehensive income	(339)	(29)
Comprehensive income	503	1,847
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	503	1,847

(3) Notes to Consolidated Financial Statement  
(Notes regarding the premise for going concern)  
Not applicable.

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

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