

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

October 31st, 2013
Listing: TSE-JASDAQ

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Scheduled date for filing the quarterly report: November 8th, 2013
Scheduled date for commencement of dividend payment: December 9th, 2013
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 second quarter of the year ending March 2014 (April 1st, 2013 through September 30th, 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	%
Second quarter of the year ending March 2014	47,276	5.8	5,163	15.8	5,265	18.0	3,333	24.0
Second quarter of the year ended March 2013	44,695	4.8	4,456	6.9	4,462	1.6	2,688	2.9

(Note) Comprehensive income

Second quarter of the year ending March 2014: 3,282 million yen / 65.8 %

Second quarter of the year ended March 2013: 1,980 million yen / (25.6) %

	Net income per share	Fully diluted net income per share
	Yen	Yen
Second quarter of the year ending March 2014	218.68	—
Second quarter of the year ended March 2013	171.79	—

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net Assets per Share
	million yen	million yen	%	Yen
Second quarter of the year ending March 2014	106,547	78,237	73.4	5,627.53
Year ended March 2013	114,646	82,082	71.6	5,306.30

(Reference) Shareholders' equity:

Second quarter of the year ending March 2014: 78,237 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	—	45.00			
Year ending March 2014 (forecast)			—	85.00	130.00

(Note) Revisions to recent dividend forecast: Yes

Please refer to “Notification Regarding Dividend of Surplus and Revision of Dividend Forecast for Year Ending March 2014” which was announced today for details.

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

The detail of end of the second quarter dividend of Year ending March 2014; ordinary dividend 40.00 yen, extra dividend 5.00 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 1st, 2013 through March 31st, 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)	423.92

(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)

Second 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:

Second quarter of the year ending March 2014: 5,685,342 shares
Year ended March 2013: 4,119,095 shares

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

Second quarter of the year ending March 2014: 15,245,145 shares
Second quarter of the year ended March 2013: 15,649,305 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.

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

(1) Explanation about consolidated operating results

In the second quarter cumulative period, based on the governmental economic policy and the Bank of Japan financial policy, expectations for economic recovery have been building up since improvement 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 47,276 million yen (up 5.8% on a year-to-year basis), operating income of 5,163 million yen (up 15.8% on a year-to-year basis), ordinary income of 5,265 million yen (up 18.0% on a year-to-year basis), and a net income of 3,333 million yen (up 24.0 % on a year-to-year basis) in the second quarter.

A. Physiological diagnostic equipment segment

The sales of electrocardiographs and vascular screening systems increased.

As a result, consolidated net sales were 13,490 million yen (up 14.9% on a year-to-year basis).

B. Patient monitoring equipment segment

Sales of patient monitoring equipment decreased.

As a result, consolidated net sales were 3,492 million yen (down 5.9% on a year-to-year basis).

C. Medical treatment equipment segment

While the business of renting medical equipment for home treatment and sales of ventilators increased, sales of pacemakers decreased.

As a result, consolidated net sales were 19,546 million yen (up 3.3% 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 10,746 million yen (up 4.1% on a year-to-year basis).

(2) Explanation about consolidated financial situation

Total assets were 106,547 million yen at the end of the second quarter under review, down 8,099 million yen from the end of the previous fiscal year.

The main factors are a decrease of 5,641 million yen in "Notes and accounts receivable-trade" and decrease of 1,897 million yen in "Cash and deposits".

Liabilities amounted to 28,310 million yen, down 4,253 million yen from the end of the previous fiscal year.

This is primarily because of a decrease of 2,508 million yen in "Notes and accounts payable-trade" and decrease of 685 million yen in "Income taxes payable".

Net assets were 78,237 million yen, down 3,845 million yen from the end of the previous fiscal year.

The main factors are an increase of 5,873 million yen in "Treasury stock" despite an increase of 2,079 million yen in "Retained earnings".

(3) Explanation about consolidated earnings forecast

Revision of the remuneration for medical services and consumption tax rate 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.

There is no change at this moment in the forecast of the financial results for the full fiscal year which we announced on May 15th, 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 st , 2013)	End of the second quarter under review (as of September 30 th , 2013)
Assets		
Current assets		
Cash and deposits	24,201	22,303
Notes and accounts receivable-trade	26,963	21,322
Merchandise and finished goods	6,916	7,316
Work in process	165	195
Raw materials and supplies	1,981	1,984
Other	4,085	4,167
Allowance for doubtful accounts	(49)	(92)
Total current assets	64,265	57,196
Noncurrent assets		
Property, plant and equipment	22,160	22,197
Intangible assets	2,408	3,182
Investments and other assets		
Investment securities	12,103	10,634
Other	13,719	13,346
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	25,812	23,971
Total noncurrent assets	50,381	49,351
Total assets	114,646	106,547
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,198	13,690
Short-term loans payable	1,850	1,900
Income taxes payable	2,594	1,909
Provision for bonuses	2,254	1,982
Provision for product warranties	411	485
Other provision	134	74
Other	3,835	3,133
Total current liabilities	27,279	23,175
Noncurrent liabilities		
Long-term loans payable	1,038	1,038
Provision for retirement benefits	2,858	2,773
Other provision	217	147
Other	1,170	1,175
Total noncurrent liabilities	5,285	5,134
Total liabilities	32,564	28,310

	Previous fiscal year (as of March 31 st , 2013)	End of the second quarter under review (as of September 30 th , 2013)
Net assets		
Shareholders' equity		
Capital stock	4,621	4,621
Capital surplus	10,047	10,047
Retained earnings	75,152	77,231
Treasury stock	(8,847)	(14,721)
Total shareholders' equity	80,973	77,180
Accumulated other comprehensive Income		
Valuation difference on available-for-sale securities	1,145	1,104
Foreign currency translation adjustment	(36)	(46)
Total accumulated other comprehensive income	1,108	1,057
Total net assets	82,082	78,237
Total liabilities and net assets	114,646	106,547

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

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

	(Million yen)	
	Second quarter of the previous consolidated term (from April 1 st , 2012 to September 30 th , 2012)	Second quarter of the consolidated term (from April 1 st , 2013 to September 30 th , 2013)
Net sales	44,695	47,276
Cost of sales	23,371	24,688
Gross profit	21,324	22,588
Selling, general and administrative expenses	16,867	17,425
Operating income	4,456	5,163
Non-operating income		
Interest income	28	48
Dividends income	93	95
Foreign exchange gains	-	163
Other	88	108
Total non-operating income	210	416
Non-operating expenses		
Interest expenses	11	12
Foreign exchange gains	33	-
Equity in losses of affiliates	145	262
Loss on investments in partnership	5	3
Other	8	35
Total non-operating expenses	204	313
Ordinary income	4,462	5,265
Extraordinary income		
Gain on sales of noncurrent assets	1	9
Gain on sales of investment securities	-	337
Subsidy income	102	67
Surrender value of insurance	64	65
Total extraordinary income	168	480
Extraordinary loss		
Loss on sales of noncurrent assets	0	0
Impairment loss	0	2
Loss on valuation of investment securities	4	232
Total extraordinary losses	5	235
Income before income taxes and minority interests	4,626	5,510
Income taxes-current	1,624	2,010
Income taxes-deferred	313	166
Total income taxes	1,937	2,177
Income before minority interests	2,688	3,333
Net income	2,688	3,333

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

	(Million yen)	
	Second quarter of the previous consolidated term (from April 1 st , 2012 to September 30 th , 2012)	Second quarter of the consolidated term (from April 1 st , 2013 to September 30 th , 2013)
Income before minority interests	2,688	3,333
Other comprehensive income		
Valuation difference on available-for-sale securities	(708)	(41)
Foreign currency translation adjustment	0	(10)
Total other comprehensive income	(707)	(51)
Comprehensive income	1,980	3,282
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,980	3,282

(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)

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 July 31st, 2013, and as of August 1st, 2013, 1,566,354 common shares have been acquired through a fixed price trading at Tokyo Stock Exchange which amounted to 5,873 million yen.

As a result, common shares amounted to 14,721 million yen at end of the second quarter consolidated account period.

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