

Summary Report on Financial Results for the First Quarter of the Year Ending March 2017
(Japan GAAP)

July 29th, 2016
Listing: TSE-JASDAQ

Company name: Fukuda Denshi Co., Ltd.
Code No.: 6960 (<http://www.fukuda.co.jp>)
Representative: Daijiro Shirai, President & COO
Inquiries: Haruhiko Honbu, Senior Manager of Accounting & Finance Department
Tel: +81-3-5684-1558
Scheduled date for filing the quarterly report: August 5th, 2016
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 2017 (April 1st, 2016 through June 30th, 2016)

(1) Consolidated operating results (cumulative)

(% represents increases or decreases from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
First quarter of the year ending March 2017	25,046	6.2	2,205	23.8	1,998	3.2	1,229	3.4
First quarter of the year ended March 2016	23,587	11.0	1,782	7.2	1,937	2.9	1,189	18.2

(Note) Comprehensive income

First quarter of the year ending March 2017: 1,055 million yen / (42.2) %

First quarter of the year ended March 2016: 1,827 million yen / 37.4 %

	Earnings per share	Diluted earnings per share
	yen	yen
First quarter of the year ending March 2017	80.03	—
First quarter of the year ended March 2016	85.53	—

(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 2017	133,415	99,500	74.6	6,476.44
Year ended March 2016	137,164	99,830	72.8	6,498.12

(Reference) Shareholders' equity:

First quarter of the year ending March 2017: 99,500 million yen

Year ended March 2016: 99,830 million yen

2. Dividends

	Annual 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 2016	—	60.00	—	90.00	150.00
Year ending March 2017	—				
Year ending March 2017 (forecast)		60.00	—	90.00	150.00

(Note) Revisions to recent dividend forecast: None

The detail of second quarter dividend of Year ended March 2016; ordinary dividend 40.00 yen, extra dividend 20.00 yen

The detail of year-end dividend of Year ended March 2016; ordinary dividend 40.00 yen, extra dividend 50.00 yen

The detail of second quarter dividend of Year ending March 2017 (Forecast); ordinary dividend 40.00 yen, extra dividend 20.00 yen

The detail of year-end dividend of Year ending March 2017 (Forecast); ordinary dividend 40.00 yen, extra dividend 50.00 yen

3. Forecast of consolidated financial results for fiscal year ending March 2017 (April 1st, 2016 through March 31st, 2017)

(% represents increase or decrease from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-year	117,500	0.2	11,000	3.3	11,000	0.6	7,500	1.8	488.18

(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: Yes

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

(iii) Changes in accounting projections: None

(iv) Restatement: None

(Note)

For details, please refer to “(3) Change in accounting policies, accounting projections, and restatement” under the section “2. Summary information” on page 6.

- (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 2017: 19,588,000 shares
 - Year ended March 2016: 19,588,000 shares
 - (ii) Number of shares of treasury stock at the end of the period:
 - First quarter of the year ending March 2017: 4,224,603 shares
 - Year ended March 2016: 4,225,003 shares
 - (iii) Average number of shares during the period (accumulated consolidated quarter)
 - First quarter of the year ending March 2017: 15,363,172 shares
 - First quarter of the year ended March 2016: 13,902,526 shares

* Statement concerning the Status of Quarterly Financial Review Procedures

These Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2017 are not subject to quarterly financial review under the Financial Instruments and Exchange Act. At the time of disclosing these Consolidated Financial Statements, financial review procedures specified in the Financial Instruments and Exchange Act have not been completed with respect to the quarterly consolidated financial statements.

* 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) Explanation 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) Explanation about consolidated operating results ----- 5
 - (2) Explanation about consolidated financial situation ----- 5
 - (3) Explanation 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. Material events related to going concern assumptions ----- 6
- 4. 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
 - (Notes 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, Japanese economy is still recovering, but continued to face uncertainties such as growing uncertainty in the overseas economies, also the influence from the downturn of the economy is a concern. Japanese economy still has anxiety for the future such as re-postponing of the consumption tax rates increase.

In the medical device industry, the remuneration for medical treatments in FY2016 has been a negative revision as a whole. Medical institutions face continuous demands for efficient and high-quality healthcare.

As a result, the Group posted a consolidated “Net sales” of 25,046 million yen (up 6.2% on a year-to-year basis), “Operating income” of 2,205 million yen (up 23.8% on a year-to-year basis), “Ordinary income” of 1,998 million yen (up 3.2% on a year-to-year basis), and “Profit attributable to parent company shareholders” of 1,229 million yen (up 3.4% on a year-to-year basis) in the first quarter.

A. Physiological diagnostic equipment segment

The sales of electrocardiographs, vascular screening systems increased.

Consolidated “Net sales” were 6,187 million yen (up 2.3% on a year-to-year basis).

B. Patient monitoring equipment segment

Sales of patient monitoring equipment increased.

Consolidated “Net sales” were 1,464 million yen (up 30.5% on a year-to-year basis).

C. Medical treatment equipment segment

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

Consolidated “Net sales” were 11,228 million yen (up 6.6% 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 6,166 million yen (up 4.8% on a year-to-year basis).

(2) Explanation about consolidated financial situation

“Total assets” were 133,415 million yen at the end of the first quarter under review, down 3,749 million yen from the end of the previous fiscal year.

The main factors are the decrease of 7,503 million yen in “Notes and accounts receivable-trade” despite the increase of 1,757 million yen in “Cash and deposits” and 1,138 million yen in “Merchandise and finished goods”.

“Total liabilities” amounted to 33,914 million yen, down 3,418 million yen from the end of the previous fiscal year.

The main factor is the decrease of 3,139 million yen in “Notes and accounts payable-trade”.

“Net assets” were 99,500 million yen, down 330 million yen from the end of the previous fiscal year.

The main factor is the decrease of 302 million yen in “Valuation difference on available-for-sale securities”.

(3) Explanation about consolidated earnings forecast

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 13th, 2016.

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

Change in accounting policies

(Application of the Practical Solution on a Change in Depreciation Method due to Tax Reform 2016)

Pursuant to an amendment in the Corporation Tax Act, the Company has applied the Practical Solution on a Change in Depreciation Method due to Tax Reform 2016 (Practical Issue Task Force (PITF) No.32 issued on June 17th, 2016) from the first quarter of the current fiscal year. Accordingly, the Company changed the depreciation method for facilities attached to buildings and structures acquired on and after April 1st, 2016 from the declining-balance method to the straight-line method.

The effect of this change in accounting policies to the quarterly consolidated financial statements for the first quarter under review is minimal.

3. Material events related to going concern assumptions

Not applicable.

4. Consolidated quarterly financial statements

(1) Consolidated quarterly balance sheets

(Million yen)

	Previous fiscal year (as of March 31 st , 2016)	End of the first quarter under review (as of June 30 th , 2016)
Assets		
Current assets		
Cash and deposits	34,768	36,525
Notes and accounts receivable-trade	34,066	26,563
Securities	1,647	1,810
Merchandise and finished goods	8,917	10,055
Work in process	95	174
Raw materials and supplies	2,140	2,482
Other	3,162	3,854
Allowance for doubtful accounts	(21)	(19)
Total current assets	84,777	81,447
Non-current assets		
Property, plant and equipment	26,138	25,988
Intangible assets	2,545	2,477
Investments and other assets		
Investment securities	9,144	9,061
Other	14,619	14,502
Allowance for doubtful accounts	(61)	(61)
Total investments and other assets	23,702	23,502
Total non-current assets	52,386	51,967
Total assets	137,164	133,415
Liabilities		
Current liabilities		
Notes and accounts payable-trade	22,370	19,231
Short-term loans payable	1,850	1,850
Current portion of long-term loans payable	45	45
Income taxes payable	1,871	357
Provision for bonuses	2,054	1,118
Provision for product warranties	490	343
Other provision	183	53
Other	4,305	6,795
Total current liabilities	33,172	29,795
Non-current liabilities		
Long-term loans payable	63	52
Other provision	222	193
Net defined benefit liability	2,504	2,516
Other	1,370	1,356
Total non-current liabilities	4,161	4,119
Total liabilities	37,333	33,914

(Million yen)

	Previous fiscal year (as of March 31 st , 2016)	End of the first quarter under review (as of June 30 th , 2016)
Net assets		
Shareholders' equity		
Capital stock	4,621	4,621
Capital surplus	22,340	22,340
Retained earnings	91,493	91,335
Treasury shares	(18,386)	(18,385)
Total shareholders' equity	100,069	99,912
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	774	472
Foreign currency translation adjustment	(195)	(120)
Remeasurements of defined benefit plans	(817)	(764)
Total accumulated other comprehensive income	(238)	(412)
Total net assets	99,830	99,500
Total liabilities and net assets	137,164	133,415

(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 st , 2015 to June 30 th , 2015)	First quarter of the consolidated term (from April 1 st , 2016 to June 30 th , 2016)
Net sales	23,587	25,046
Cost of sales	12,233	13,618
Gross profit	11,353	11,427
Selling, general and administrative expenses	9,571	9,221
Operating income	1,782	2,205
Non-operating income		
Interest income	16	19
Dividend income	80	62
Foreign exchange gains	19	—
Other	48	56
Total non-operating income	164	138
Non-operating expenses		
Interest expenses	7	5
Foreign exchange losses	—	335
Other	2	4
Total non-operating expenses	9	345
Ordinary income	1,937	1,998
Extraordinary income		
Gain on sales of non-current assets	1	2
Surrender value of insurance	122	34
Total extraordinary income	124	36
Extraordinary losses		
Loss on sales of non-current assets	0	0
Impairment loss	0	2
Loss on valuation of investment securities	—	95
Total extraordinary losses	0	98
Profit before income taxes	2,061	1,936
Income taxes-current	1,218	760
Income taxes-deferred	(346)	(53)
Total income taxes	872	707
Profit	1,189	1,229
Profit attributable to owners of parent	1,189	1,229

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

	(Million yen)	
	First quarter of the previous consolidated term (from April 1 st , 2015 to June 30 th , 2015)	First quarter of the consolidated term (from April 1 st , 2016 to June 30 th , 2016)
Profit	1,189	1,229
Other comprehensive income		
Valuation difference on available-for-sale securities	679	(302)
Foreign currency translation adjustment	(7)	75
Remeasurements of defined benefit plans, net of tax	(33)	52
Total other comprehensive income	638	(173)
Comprehensive income	1,827	1,055
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,827	1,055

(3) Notes to consolidated quarterly financial statement

(Notes regarding the premise for going concern)

Not applicable.

(Notes 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.