

Summary Report on Financial Results for the First Quarter of the Year Ending March 2018
(Japan GAAP)

July 31st, 2017
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 7th, 2017
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 2018 (April 1st, 2017 through June 30th, 2017)

(1) Consolidated operating results (cumulative)

(% represents increases or decreases from the previous year)

	Net sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
First quarter of the year ending March 2018	26,770	6.9	2,618	18.7	2,725	36.4	2,157	75.5
First quarter of the year ended March 2017	25,046	6.2	2,205	23.8	1,998	3.2	1,229	3.4

(Note) Comprehensive income

First quarter of the year ending March 2018: 2,338 million yen / 121.5 %

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

	Earnings per share	Diluted earnings per share
	yen	yen
First quarter of the year ending March 2018	141.80	—
First quarter of the year ended March 2017	80.03	—

(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 2018	143,500	106,783	74.4	7,017.43
Year ended March 2017	146,009	105,973	72.6	6,964.31

(Reference) Shareholders' equity:

First quarter of the year ending March 2018: 106,783 million yen

Year ended March 2017: 105,973 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 2017	—	60.00	—	100.00	160.00
Year ending March 2018	—				
Year ending March 2018 (forecast)		65.00	—	90.00	155.00

(Note) Revisions to recent dividend forecast: None

The detail of second quarter dividend of Year ended March 2017; ordinary dividend 40.00 yen, extra dividend 20.00 yen

The detail of year-end dividend of Year ended March 2017; ordinary dividend 45.00 yen, extra dividend 50.00 yen, commemorative dividend 5.00 yen

The detail of second quarter dividend of Year ending March 2018 (Forecast); ordinary dividend 50.00 yen, extra dividend 15.00 yen

The detail of year-end dividend of Year ending March 2018 (Forecast); ordinary dividend 50.00 yen, extra dividend 40.00 yen

3. Forecast of consolidated financial results for fiscal year ending March 2018 (April 1st, 2017 through March 31st, 2018)

(% represents increase or decrease from the previous year)

	Net sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-year	125,000	2.7	12,500	3.6	12,500	2.4	8,000	(8.8)	525.73

(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 shares)

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

First quarter of the year ending March 2018: 19,588,000 shares

Year ended March 2017: 19,588,000 shares

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

First quarter of the year ending March 2018: 4,371,132 shares

Year ended March 2017: 4,371,392 shares

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

First quarter of the year ending March 2018: 15,216,748 shares

First quarter of the year ended March 2017: 15,363,172 shares

* Summary Report on Financial Results for the First Quarter is not subject to quarterly financial review.

* 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. Consolidated quarterly financial statements and Notes ----- 6
 - (1) Consolidated quarterly balance sheets ----- 6
 - (2) Consolidated quarterly income statements and consolidated quarterly comprehensive income statements 8
 - Consolidated quarterly income statements
 - First quarter of the consolidated term ----- 8
 - Consolidated quarterly comprehensive income statements
 - First quarter of the consolidated term ----- 9
 - (3) Notes to consolidated quarterly financial statement ----- 9
 - (Notes regarding the premise for going concern) ----- 9
 - (Notes when there is a significant fluctuation in the amount of shareholders' equity) ----- 9

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

(1) Explanation about consolidated operating results

In the first quarter cumulative period, the Japanese economy is still recovering, but continues to face uncertainties such as uncertainty in the overseas economies, the impact of the foreign exchange rates fluctuations, and the influence from the downturn of the economy is a concern. There is still some anxiety for the future.

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 26,770 million yen (up 6.9% on a year-to-year basis), “Operating profit” of 2,618 million yen (up 18.7% on a year-to-year basis), “Ordinary profit” of 2,725 million yen (up 36.4% on a year-to-year basis), and “Profit attributable to owners of parent” of 2,157 million yen (up 75.5% on a year-to-year basis) in the first quarter.

A. Physiological diagnostic equipment segment

Consolidated “Net sales” were 6,458 million yen (up 4.4% year-on-year basis) due to the addition of Fukuda Colin Co., Ltd. to the consolidation.

B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 1,369 million yen (down 6.5% year-on-year basis).

C. Medical treatment equipment segment

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

As a result, consolidated “Net sales” were 12,070 million yen (up 7.5% 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 6,873 million yen (up 11.5% on a year-to-year basis).

(2) Explanation about consolidated financial situation

“Total assets” were 143,500 million yen at the end of the first quarter under review, down 2,508 million yen from the end of the previous fiscal year.

The main factors are the decrease of 8,976 million yen in “Notes and accounts receivable-trade” despite the increase of 4,262 million yen in “Cash and deposits” and 2,014 million yen in “Merchandise and finished goods”.

“Total liabilities” amounted to 36,717 million yen, down 3,318 million yen from the end of the previous fiscal year.

The main factor is the decrease of 3,579 million yen in “Notes and accounts payable-trade”.

“Net assets” were 106,783 million yen, up 810 million yen from the end of the previous fiscal year.

The main factor is the increase of 629 million yen in “Retained earnings”.

(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 12th, 2017.

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. Consolidated quarterly financial statements and Notes

(1) Consolidated quarterly balance sheets

	(Million yen)	
	Previous fiscal year (as of March 31 st , 2017)	End of the First quarter under review (as of June 30 th , 2017)
Assets		
Current assets		
Cash and deposits	37,381	41,644
Notes and accounts receivable-trade	38,243	29,267
Securities	1,171	1,176
Merchandise and finished goods	10,090	12,104
Work in process	131	333
Raw materials and supplies	2,053	2,153
Other	3,021	3,606
Allowance for doubtful accounts	(20)	(22)
Total current assets	92,072	90,264
Non-current assets		
Property, plant and equipment	27,713	28,382
Intangible assets	2,288	2,171
Investments and other assets		
Investment securities	9,624	9,438
Other	14,370	13,303
Allowance for doubtful accounts	(60)	(59)
Total investments and other assets	23,934	22,682
Total non-current assets	53,936	53,236
Total assets	146,009	143,500
Liabilities		
Current liabilities		
Notes and accounts payable-trade	18,736	15,157
Electronically recorded obligations - operating	6,061	5,848
Short-term loans payable	1,850	1,850
Current portion of long-term loans payable	45	45
Income taxes payable	910	486
Provision for bonuses	2,503	1,019
Provision for product warranties	219	205
Other provision	203	59
Other	4,560	7,064
Total current liabilities	35,090	31,735
Non-current liabilities		
Long-term loans payable	18	7
Other provision	257	243
Net defined benefit liability	2,652	2,680
Other	2,017	2,050
Total non-current liabilities	4,945	4,981
Total liabilities	40,036	36,717

	(Million yen)	
	Previous fiscal year (as of March 31 st , 2017)	End of the First quarter under review (as of June 30 th , 2017)
Net assets		
Shareholders' equity		
Capital stock	4,621	4,621
Capital surplus	21,696	21,696
Retained earnings	97,970	98,599
Treasury shares	(19,543)	(19,543)
Total shareholders' equity	104,745	105,375
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,761	1,963
Foreign currency translation adjustment	(192)	(232)
Remeasurements of defined benefit plans	(340)	(323)
Total accumulated other comprehensive income	1,227	1,408
Total net assets	105,973	106,783
Total liabilities and net assets	146,009	143,500

(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 , 2016 to June 30 th , 2016)	First quarter of the consolidated term (from April 1 st , 2017 to June 30 th , 2017)
Net sales	25,046	26,770
Cost of sales	13,618	14,599
Gross profit	11,427	12,170
Selling, general and administrative expenses	9,221	9,552
Operating profit	2,205	2,618
Non-operating income		
Interest income	19	14
Dividend income	62	72
Other	56	38
Total non-operating income	138	125
Non-operating expenses		
Interest expenses	5	10
Foreign exchange losses	335	5
Other	4	2
Total non-operating expenses	345	18
Ordinary profit	1,998	2,725
Extraordinary income		
Gain on sales of non-current assets	2	5
Gain on sales of investment securities	-	0
Surrender value of insurance	34	441
Total extraordinary income	36	446
Extraordinary losses		
Loss on sales of non-current assets	0	-
Impairment loss	2	4
Loss on valuation of investment securities	95	-
Total extraordinary losses	98	4
Profit before income taxes	1,936	3,167
Income taxes-current	760	1,000
Income taxes-deferred	(53)	9
Total income taxes	707	1,010
Profit	1,229	2,157
Profit attributable to owners of parent	1,229	2,157

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

	(Million yen)	
	First quarter of the previous consolidated term (from April 1 st , 2016 to June 30 th , 2016)	First quarter of the consolidated term (from April 1 st , 2017 to June 30 th , 2017)
Profit	1,229	2,157
Other comprehensive income		
Valuation difference on available-for-sale securities	(302)	202
Foreign currency translation adjustment	75	(39)
Remeasurements of defined benefit plans, net of tax	52	17
Total other comprehensive income	(173)	180
Comprehensive income	1,055	2,338
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,055	2,338

(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.