Summary Report on Financial Results for Fiscal Year Ended March 2008

May 19, 2008

Company name: Fukuda Denshi Co., Ltd.

Code No.: 6960

(http://www.fukuda.co.jp)

Listing: JASDAQ

Representative: Kotaro Fukuda, President & CEO

Inquiries: Masayuki Iwamoto, Managing Director

Tel: +81-3-3815-2121 (main)

Scheduled date of the ordinary general meeting of shareholders: June 26, 2008

Scheduled date of commencement of dividend payment: June 27, 2008

Scheduled date of filing the securities report: June 27, 2008

(Amounts less than one million yen are discarded)

1. Consolidated financial results for fiscal 2007 (April 1, 2007 through March 31, 2008)

(1) Consolidated operating results (percentages represent increases or decreases from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 2008	88,568	(0.3)	5,370	(-9.6)	5,684	(-9.8)	3,174	(-5.3)
Year ended March 2007	88,270	(1.9)	5,943	(10.1)	6,302	(12.9)	3,353	(453.6)

	Net income per share	Fully diluted net income per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
Year ended March 2008	164.98	-	4.3	5.6	6.1
Year ended March 2007	174.90	-	4.5	6.0	6.7

(Reference) Profit or loss on equity method investments:

Year ended March 2008: - million yen

Year ended March 2007: - million yen

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2008	99,585	73,833	74.1	3,835.32
Year ended March 2007	103,682	74,581	71.9	3,888.67

(Reference) Shareholders' equity:

Year ended March 2008: 73,821 million yen

Year ended March 2007: 74,570 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	million yen	million yen	million yen	million yen
Year ended March 2008	5,855	-7,006	-1,117	21,958
Year ended March 2007	8,298	-7,122	-1,327	24,297

2. Dividends

Record date	End of the interim period	End of the term	Annual	Total dividends (for the year)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	yen	yen	yen	million yen	%	%
Year ended March 2007	40.00	40.00	80.00	1,534	45.7	2.1
Year ended March 2008	40.00	40.00	80.00	1,539	48.5	2.1
Year ending March 2009 (estimate)	40.00	40.00	80.00	-	51.0	-

3. Forecast of consolidated financial results for fiscal 2008 (April 1, 2008 through March 31, 2009)

(percentages represent increases or decreases from the year under review for the full-year figures, and from the second quarter of the year under review for the accumulated figures by the consolidated second quarter.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Consolidated second quarter	42,300	1.0	2,500	0.2	2,550	1.5	1,370	-9.9	71.20
Full-year	90,000	1.6	5,300	-1.3	5,500	-3.2	3,020	-4.9	156.94

4. Others

(1) Change in significant subsidiaries during the year ended March 2008: None

(2) Changes in accounting principles and procedures, and presentation related to the preparation of consolidated financial statements (described in changes in basis of preparation for the consolidated financial statements):

(i) Changes owing to adoption of revised accounting standards or such like: Yes

(ii) Changes other than (i) above: Yes

Note: For further details, please refer to “Basis of preparation for the consolidated financial statements” on p. 18.

(3) Number of outstanding issues (common stock)

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

Year ended March 2008: 19,588,000 shares

Year ended March 2007: 19,588,000 shares

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

Year ended March 2008: 340,139 shares

Year ended March 2007: 411,595 shares

Note: For details of the number of shares, the basis of calculation of net income per share (consolidated), please refer to “Per share information” on p. 31.

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for fiscal 2007 (April 1, 2007 through March 31, 2008)

(1) Non-consolidated operating results

(percentages represent increases or decreases from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 2008	56,100	(3.8)	2,053	(70.4)	3,661	(46.1)	2,679	(145.8)
Year ended March 2007	54,064	(-4.7)	1,205	(83.7)	2,505	(14.4)	1,090	(-)

	Net income per share	Fully diluted net income per share
	yen	yen
Year ended March 2008	139.27	-
Year ended March 2007	56.85	-

(2) Non-consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2008	80,129	58,350	72.8	3,031.52
Year ended March 2007	85,293	59,660	69.9	3,111.14

(Reference) Shareholders' equity:

Year ended March 2008: 58,350 million yen

Year ended March 2007: 59,660 million yen

2. Forecast of non-consolidated financial results for fiscal 2008 (April 1, 2008 through March 31, 2009)

The Company omitted the description of the forecast of non-consolidated financial results based on its conclusion that such non-consolidated information is not important as investment information.

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

The forecasted financial results and other future projections in this material are based on information available at present, and entail potential risks and uncertainties.

Accordingly, readers should be aware that actual results may differ from the forecast figures depending on the future business environment.

With respect to the assumption for the forecast of financial results and points to note in using such forecast, please refer to p. 4 of the appendix.

1. Operating results

(1) Analysis of operation results

(i) Overview of performance for the consolidated fiscal year under review

	Year ended March 2007	Year ended March 2008	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	88,270	88,568	298	0.3
Operating income (million yen)	5,943	5,370	-572	-9.6
Ordinary income (million yen)	6,302	5,684	-617	-9.8
Net income (million yen)	3,353	3,174	-179	-5.3
Net income per share (yen)	174.90	164.98	-9.92	-5.7

During the fiscal year under review, the feeling began to spread in Japan that the economy would slow from now on, reflecting the effects of the subprime mortgage problem in the U.S. on the international financial market, price hikes of oil and raw materials, and abrupt exchange rate fluctuations.

In the medical equipment industry, various items have been changed, including: the revision of official reimbursement rates for medical treatment fees, drug prices and specific medical materials covered by insurance; and expansion of the adoption of the comprehensive medical fee payment system, called DPC (diagnosis procedure combination), at medical institutions. Additionally, medical system reforms led to a further division between hospitals and clinics and an expansion of the field of home medical treatment.

Under such circumstances, the Group posted consolidated net sales of 88,568 million yen in the fiscal year under review (up 0.3% from the previous year).

Gross profit margin also rose thanks to the efforts to increase sales while reducing the costs. However, profits decreased owing to an increase in payment handling fees and depreciation expenses associated with capital investments, for example, in the introduction of a system to integrate core operations. Operating income was 5,370 million yen (down 9.6%), ordinary income was 5,684 million yen (down 9.8%), and net income was 3,174 million yen (down 5.3%).

(ii) Overview of performance for the consolidated fiscal year under review by segment

Business segment	Year ended March 2007		Year ended March 2008		Comparison with the previous year	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Change (million yen)	Rate of change (%)
Physiological diagnostic equipment	26,789	30.3	23,907	27.0	-2,881	-10.8
Patient monitoring equipment	7,644	8.7	7,301	8.2	-342	-4.5

Medical treatment equipment	31,122	35.3	35,083	39.6	3,961	12.7
Other products and accessories	22,713	25.7	22,274	25.2	-439	-1.9
Total	88,270	100.0	88,568	100.0	298	0.3

(1) In the Physiological diagnostic equipment segment, sales of Vascular Screening System increased because we launched new models and they were well received in the market. Meanwhile, sales of ultrasound diagnostic imaging systems dropped substantially, affected by our sale of an overseas subsidiary. As a result, sales were 23,907 million yen (down 10.8% from the preceding year) on a consolidated basis.

(2) In the Patient monitoring equipment segment, sales rose overseas, but this still failed to offset a decline in domestic sales. As a result, sales were 7,301 million yen (down 4.5%).

(3) In the Medical treatment equipment segment, the business of renting medical equipment for home treatment (including oxygen-concentrator devices, equipment used to treat sleep apnea syndrome and homecare ventilators) remained steady. In addition, sales of automated external defibrillators (AEDs) increased substantially. As a result sales were 35,083 million yen (up 12.7%).

(4) In the Other products and accessories segment, we mainly handle recording paper, disposable electrodes and accessories, as well as consumables used for devices handled by the other segments. Sales for this segment were 22,274 million yen (down 1.9%).

(iii) Outlook for fiscal 2008

	Year ended March 2008	Year ending March 2009	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	88,568	90,000	1,432	1.6
Operating income (million yen)	5,370	5,300	-70	-1.3
Ordinary income (million yen)	5,684	5,500	-184	-3.2
Net income (million yen)	3,174	3,020	-154	-4.9
Net income per share (yen)	164.98	156.94	-8.04	-4.9

For the current fiscal year, economies in emerging countries are expected to grow, but we expect the subprime mortgage problem in the U.S. will continue to have adverse effects on the real economy and we think prices of oil and raw materials will continue to rise. Given this, it is likely that consumer spending will slow down and companies will curtail capital expenditures.

The Group forecasts will post consolidated net sales of 90.0 billion yen, operating income of 5.3 billion yen and ordinary income of 5.5 billion yen. We expect a net income of 3,020 million yen.

(2) Analysis of financial situation

(i) Assets, liabilities and net assets

Total assets were 99,585 million yen at the end of the fiscal year under review, down 4,096 million yen from the previous year, mainly due to a decrease in cash, deposits and investment securities, despite an increase in inventories.

Liabilities amounted to 25,752 million yen, down 3,348 million yen, chiefly due to a decrease in trade notes and accounts payable.

Net assets were 73,833 million yen in total, down 748 million yen, owing primarily to a decline in net unrealized gains on other securities, despite an advance in retained earnings.

(ii) Consolidated cash flows

	Year ended March 2007	Year ended March 2008	Change
Cash flows from operating activities (million yen)	8,298	5,855	-2,443
Cash flows from investing activities (million yen)	-7,122	-7,006	116
Cash flows from financing activities (million yen)	-1,327	-1,117	209
Effect of exchange rate changes (million yen)	31	-7	-38
Increase (decrease) in cash and cash equivalents (million yen)	-120	-2,276	-2,156
Cash and cash equivalents at the end of the fiscal years (million yen)	24,297	21,958	-2,339

Cash flows from operating activities

In the fiscal year under review, net cash provided by operating activities was 5,855 million yen, down 2,443 million yen from the previous year, reflecting net income before taxes of 6,143 million yen, depreciation of 5,139 million yen and a decrease in accounts payable of 2,609 million yen.

Cash flows from investing activities

Net cash used in investing activities was 7,006 million yen, down 116 million yen. Payments for the acquisition of tangible fixed assets amounted to 4,576 million yen and securities and investment securities were 2,713 million yen.

Cash flows from financing activities

Net cash used in financing activities was 1,117 million yen, down 209 million yen, mainly due to the payment of dividends of 1,530 million yen.

As a result, the outstanding balance of cash and cash equivalents was 21,958 million yen at the end of the fiscal year, down 2,339 million yen.

(Reference) Trends in cash flow indicators for the fiscal year under review

	Year ended March 2004	Year ended March 2005	Year ended March 2006	Year ended March 2007	Year ended March 2008
Shareholders' equity ratio (%)	69.3	72.7	70.1	71.9	74.1
Market value-based shareholders' equity ratio (%)	50.8	87.4	77.8	76.8	47.2
Years needed to repay debts	0.8	0.6	0.5	0.4	0.6
Interest coverage ratio	134.7	117.6	173.2	124.3	69.1

Note: Shareholders' equity ratio = Shareholders' equity ÷ Total assets

Market value-based shareholders' equity ratio = Market capitalization ÷ Total assets

Years needed to repay debts = Interest-bearing debts ÷ Operating cash flows

Interest coverage ratio = Operating cash flows ÷ Interest payments

*Each indicator is calculated using consolidated financial data.

*Market capitalization is calculated by multiplying stock closing prices at the end of the fiscal year by the number of outstanding shares (excluding treasury shares) at the end of the fiscal year.

Interest-bearing debts represent total debts recorded in the consolidated balance sheets on which interest is paid.

For interest payments, data on interest expenses in the consolidated cash flow statement are used.

(3) Basic policies for profit distribution, and dividends for fiscal 2007 and 2008

The Company regards the returning of profits to shareholders as one of its key managerial measures, and makes it a basic policy to continuously provide shareholders with stable returns, by improving and reinforcing its corporate structure and expanding competitive businesses while securing the necessary internal reserves.

The Company has set the minimum trading unit at 100 shares, aiming to have its shares spread further among investors and to have its shares more widely circulated on the market.

We will continue to provide an environment where investors can easily invest in our stock, and implement and work out measures for enhancing the liquidity of our shares on the market.

(4) Business risks

(1) High dependence on certain business partners with which continuation of transactions is unstable

The Company imports and sells artificial ventilators, pacemakers, defibrillators, heart catheters and other devices and equipment. We strive to ensure we can securely continue making transactions while taking sufficient care to avoid excessive reliance on such transactions.

(2) Legal regulations

In Japan, the Company is subject to regulations under the Pharmaceutical Affairs Law, which require us to establish a department that takes care of the safety of the equipment after sales and appoint a safety manager, as well as compiling manuals for postmarketing compliance procedures.

The Company has established a department specializing in the central management of safety-related information, through which we will further strengthen our safety management systems so that customers can use our equipment without anxiety.

In addition, the Company's domestic sales activities are governed by the Fair Competition Regulations according to the Law for the Prevention of Unreasonable Premiums and Misrepresentation Concerning Products and Services.

Furthermore, the Company owns customer information and confidential sales-related data in relation to the implementation of its businesses. The Company carefully handles that information to ensure that it is not compromised. To this end, we are striving to step up the surveillance of in-house networks while limiting access to such information.

(3) Time required to commercialize new products and technologies

The manufacture and sales of medical equipment are subject to regulations prescribed in the Pharmaceutical Affairs Law. Consequently, there are cases where a certain period of time is required before approval is granted by the relevant independent administrative corporation.

In addition, some medical equipment requires clinical trials, and significant time is needed to bring it to market.

(4) Effect of medical administration

The government is proceeding to improve the quality of medical care and curtail medical treatment expenses. Hence, the medical equipment industry must adapt to the changes in the operating environment brought about by major shifts in the policies of medical authorities.

Moreover, once nearly every two years, the government implements official revisions affecting treatment payments, pharmaceutical prices, and the official prices of specific medical materials covered by insurance. Such revisions may lead to intensified price competition, causing a reduction in sales prices.

(5) Risks accompanying overseas businesses

The Company not only supplies products to distributors overseas, but also has its own overseas sales, development and production bases. Hence, it is possible that unforeseen changes to laws and regulations in foreign countries, as well as terrorist acts, natural disasters, or other incidents could adversely affect the Company’s business performance and financial position.

(6) Important business relationships between the Company and its executives or shareholders with voting rights

Basic policy on relations with related parties

Relationship with Atomic Sangyo Co., Ltd.

Fukuda Denshi’s shareholder Atomic Sangyo Co., Ltd. holds 12.93% of the Company’s voting rights (as of March 31, 2008). Kotaro Fukuda, President and CEO of the Company, and his close relatives own 100% of the shares in Atomic Sangyo.

Atomic Sangyo produces and sells electrocardiogram recording paper, and also engages in the business of renting real estate. The Company purchases recording paper and accounting slips and rents offices from Atomic Sangyo.

Decisions on the prices of recording paper and accounting slips are based on negotiations and consideration of market prices, and payment terms are the same as those generally adopted in the marketplace.

Office rental contracts are based on actual transactions in nearby locations.

2. The Fukuda Denshi Group

The Company consists of 57 subsidiaries and 1 affiliate, the Fukuda Denshi Group is engaged mainly in the manufacture, purchase and sales of medical electronic equipment, and conducts related logistics and services operations.

The relationship between Group companies and business segments are as follows:

- Physiological diagnostic equipment segment

Production, purchase and sales of electrocardiographs; phonocardiographs; polygraphs; ultrasound diagnostic imaging systems; and other items which convert physical phenomena generated by physiological functions, such as electric potentials caused by heart action, cardiac sound, pulse waves, blood pressure, respiration, and organic movement, into electric signals and measures and records the signals.

Major affiliates involved

Production: Fukuda Denshi; Fukuda Denshi Tagajo Co., Ltd.; Fukuda Denshi USA, Inc.; and Beijing Fukuda Denshi Medical Instruments Co., Ltd.

Purchase: Fukuda Denshi

Sales: Fukuda Denshi; Fukuda Life Tech Co., Ltd.; Fukuda Cardiac Laboratory Co., Ltd.; Fukuda Denshi Hokkaido and other sales subsidiaries; and Beijing Fukuda Denshi Medical Instruments Co., Ltd.

- Patient monitoring equipment segment

Production, purchase and sales of electrocardiogram monitors that monitor various physiological functions over a long period of time; and physiological monitors that combine various measuring parameters. Both monitors are used for serious cases after patients' have undergone operations and for patients with acute cardiac disease.

Major companies involved

Production: Fukuda Denshi; Fukuda Denshi Tagajo Co., Ltd.; Fukuda Denshi USA, Inc.; and Beijing Fukuda Denshi Medical Instruments Co., Ltd.

Purchase: Fukuda Denshi

Sales: Fukuda Denshi; Fukuda Denshi Hokkaido and other sales subsidiaries; and Beijing Fukuda Denshi Medical Instruments Co., Ltd.

- Medical treatment equipment segment

Production, purchase and sales of defibrillators, which are used to resuscitate patients with cardiac arrest and treat abnormal heart rhythm by delivering electric impulses to the heart; pacemakers; artificial ventilators, which help patients with respiratory insufficiency breathe easier; and other equipment.

Major companies involved

Production: Fukuda Denshi, Fukuda Denshi Tagajo Co., Ltd.

Purchase: Fukuda Denshi

Sales: Fukuda Denshi, Fukuda Life Tech Co., Ltd., Fukuda Cardiac Laboratory Co., Ltd., Fukuda Denshi Hokkaido and other sales subsidiaries

- Other products and accessories segment

Production, purchase and sales of recording paper, accessories and parts for medical electronic equipment

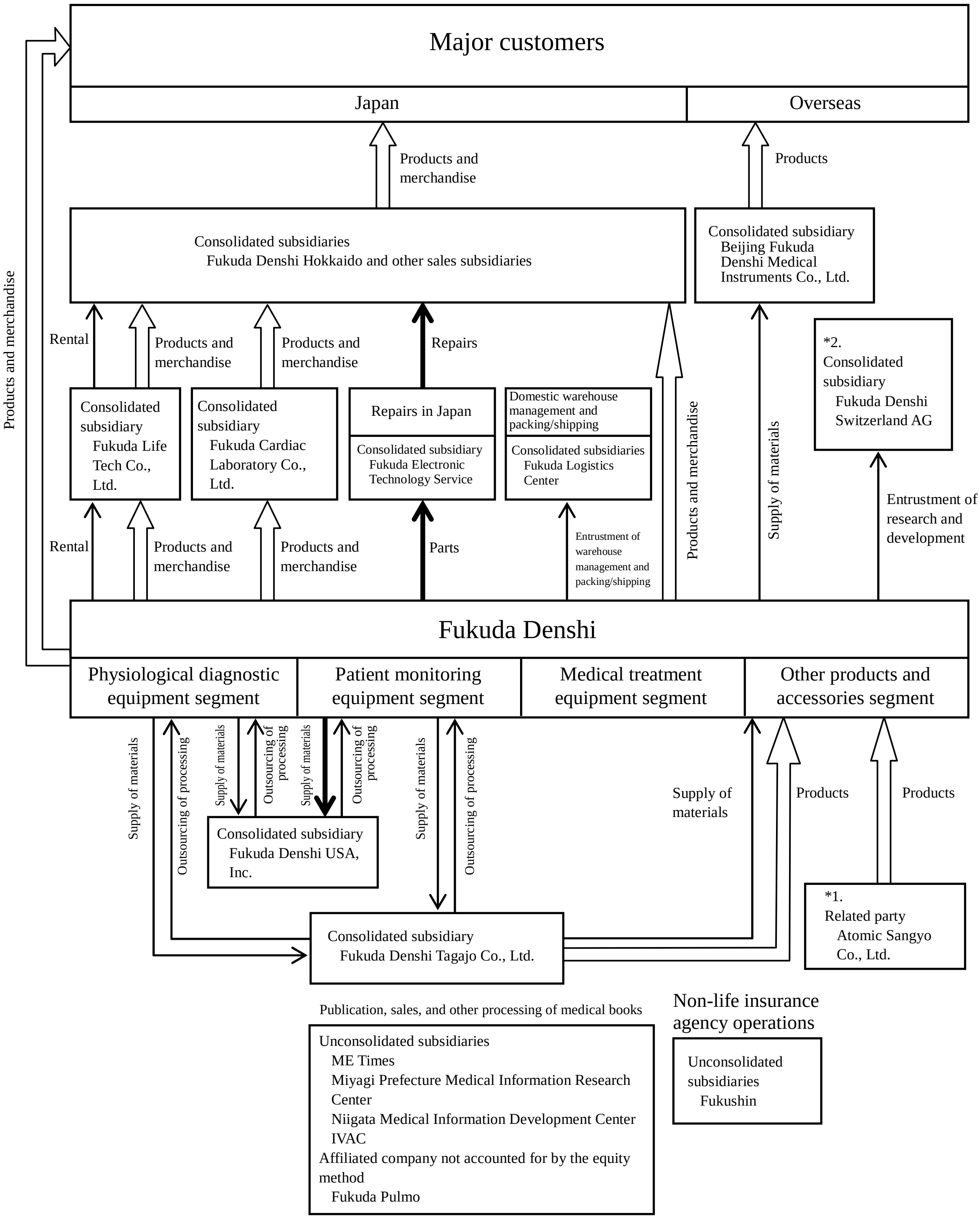
Major companies involved

Production: Fukuda Denshi; Fukuda Denshi Tagajo Co., Ltd.

Purchase: Fukuda Denshi

Sales: Fukuda Denshi; Fukuda Life Tech Co., Ltd.; Fukuda Cardiac Laboratory Co., Ltd.; Fukuda Denshi Hokkaido and other sales subsidiaries

Diagram of the Group’s business structure



*1. Related party Atomic Sangyo Co., Ltd. manufactures recording paper for medical electronic equipment and supplies it to the **Other products and accessories** segment in Fukuda Denshi.

*2. Kontron Medical AG of Switzerland was renamed Fukuda Denshi Switzerland AG on May 15, 2007.

3. Management policy

(1) Basic policies for corporate management

Since its foundation in 1935, the Company has contributed significantly to the advancement of people's health through the production and sale of a wide range of medical equipment, centering on respiratory and circulatory systems such as electrocardiographs, under our corporate philosophy to "Contribute to medical advances by fulfilling our social mission and developing medical equipment."

Responding to significant changes in the social environment, medical equipment has increasingly been expected to play roles not only in the conventional diagnostics and treatment of diseases but also in the maintenance and improvement of health and the enhancement of quality of life (QOL).

Against this backdrop, under the slogan of "safety, reliability and comfort," the Company will make every effort to raise the quality of products to offer to customers, develop products that provide differentiation from our competitors, and carry out product strategies that meet varying medical needs, aiming to become **a company that is trusted by customers**.

(2) Targeted management indices

The Company basically aims for continued growth and securing certain profitability, targeting a consolidated ordinary income of 10.0 billion yen, an ordinary income margin of 10% or more and a payout ratio of 30% or more by fiscal 2012.

(3) Medium- to long-term management strategies

As its medium-term goal, the Company continuously formulates a three-year medium-term business plan, under which it examines group-wide issues when necessary, and implements solutions to the issues.

The basic management strategies for the new three-year medium term business plan starting from the year ending March 2009 are as follows:

(i) Policies of the medium-term business plan

To establish a further solid management structure based on the **customer-first principle**, responding to the progress of an aging society with fewer children and changes in the medical environment following medical system reforms, in Japan.

(ii) Business strategies

To proactively make investments while focusing on efficient management;

To promote the expansion of businesses by domain;

To strengthen the corporate structure in order to improve the efficiency of development processes; and

To increase productivity by pursuing overall optimum solutions from development to production.

(iii) Sales strategies

To capture the acute care market;

To enhance operations in the homecare market; and

To expand the maintenance service business.

(iv) Improvement of the management system

To strengthen the corporate governance and compliance structure;

To revitalize the overall organization through personnel training and education for employees; and

To enhance the group management system.

(v) Increase of corporate value

To establish a stable earnings structure and return profits to shareholders;

To actively tackle environmental issues; and

To contribute to society through our medical equipment.

(4) Issues to be addressed

In Japan, various medical system reforms have been carried out, including: the revision of official reimbursement rates for medical treatment fees, drug prices and specific medical materials covered by insurance; an increasing adoption of the comprehensive medical fee payment system, called diagnosis procedure combination (DPC); and the implementation of a new medical insurance system for elderly persons aged 75 or over.

Given the above and possible future reforms, we expect our market environment to remain severe. Against this backdrop, the Company will continue to strive to raise its corporate value, develop products that provide differentiation from our rivals, strengthen the maintenance service and supplies sales businesses to secure profits, make investments for enhancing the sales system, and reduce costs to become more price competitive than our rival manufacturers at home and abroad.

Furthermore, the Company will continuously strengthen and maintain its quality control and safety management systems so that customers can use our products without anxiety, and improve the internal control system to ensure managerial soundness and transparency.

(5) Status of improvement and implementation of the internal control system

The status of improvement and implementation of the internal control system is described in “Basic stance on the internal control system and the status of its improvement” in the report concerning corporate governance.

(6) Other important managerial matters of the Company

(i) Acquisition of treasury stock

The Company may purchase its own shares by resolution of the Board of Directors, in accordance with the provisions of Article 165, Paragraph 2 of the Company Law. This was determined upon the approval of amendment to the Articles of Incorporation at the Ordinary General Meeting of Shareholders held in June 2006. However, the Company did not acquire any treasury stock during the fiscal year under review, except for the purchase of shares less than a trading unit, comprehensively taking into account the economic situation, trends in the Company's stock price and its financial conditions.

The Company owns 340,139 shares of treasury stock as of the end of March 2008.

(ii) Important contracts concerning management

There are no applicable matters.

4. Consolidated financial statements

(1) Consolidated balance sheets

Item	Note No.	Previous fiscal year (as of March 31, 2007) Amount (million yen)		Ratio (%)	Fiscal year under review (as of March 31, 2008) Amount (million yen)		Ratio (%)	Comparison with the previous year Change (million yen)
Assets								
I. Current assets								
1. Cash and deposits			24,455			22,540		-1,915
2. Trade notes and accounts receivable	*3		24,171			23,710		-460
3. Securities			999			999		-0
4. Inventories			13,126			13,386		260
5. Deferred tax assets			2,745			1,928		-817
6. Other			1,655			1,240		-414
Allowance for doubtful accounts			-369			-308		61
Total current assets			66,784	64.4		63,497	63.8	-3,287
II. Fixed assets								
1. Tangible fixed assets								
(1) Buildings and structures		8,441			8,610			
Accumulated depreciation and impairment losses		4,031	4,409		4,360	4,250		-158
(2) Machinery and delivery equipment		645			655			
Accumulated depreciation and impairment losses		397	247		417	238		-9
(3) Tools, instruments and fixtures		19,550			21,433			
Accumulated depreciation and impairment losses		11,704	7,846		13,439	7,993		146
(4) Land			5,461			5,997		536
(5) Construction in progress			15			17		1
Total tangible fixed assets			17,980	17.3		18,496	18.6	516
2. Intangible fixes assets			3,580	3.5		3,295	3.3	-284
3. Investments and other assets								
(1) Investment securities	*1		10,825			7,891		-2,933
(2) Deferred tax assets			2,126			3,351		1,225
(3) Other			2,417			3,102		684
Allowance for doubtful accounts			-32			-49		-17
Total investments and other assets			15,337	14.8		14,296	14.3	-1,040
Total fixed assets			36,897	35.6		36,088	36.2	-809
Total assets			103,682	100.0		99,585	100.0	-4,096

		Previous fiscal year (as of March 31, 2007)		Fiscal year under review (as of March 31, 2008)		Comparison with the previous year
Item	Note No.	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Change (million yen)
Liabilities						
I. Current liabilities						
1. Trade notes and accounts payable	*3	14,917		12,465		-2,452
2. Short-term borrowings		3,552		3,500		-52
3. Income tax payable, etc.		926		884		-41
4. Allowance for bonuses to employees		1,697		1,666		-30
5. Allowance for bonuses to officers		59		98		38
6. Allowance for losses on restructuring		653		112		-541
7. Other		2,818		2,620		-197
Total current liabilities		24,626	23.8	21,347	21.5	-3,278
II. Long-term liabilities						
1. Long-term borrowings		40		183		142
2. Allowance for retirement benefits		3,161		3,097		-64
3. Allowance for retirement benefits to officers		1,213		197		-1,015
4. Negative goodwill		1		1		-0
5. Other		57		925		867
Total long-term liabilities		4,474	4.3	4,404	4.4	-70
Total liabilities		29,100	28.1	25,752	25.9	-3,348
Net assets						
I. Shareholders' equity						
1. Common stock		4,621	4.4	4,621	4.7	-
2. Capital surplus		9,851	9.5	9,982	10.0	131
3. Retained earnings		57,843	55.8	59,473	59.7	1,629
4. Treasury stock		-932	-0.9	-766	-0.8	165
Total shareholders' equity		71,383	68.8	73,311	73.6	1,927
II. Valuation and translation adjustments						
1. Evaluation difference on other securities		3,197	3.1	447	0.4	-2,750
2. Foreign currency translation adjustment account		-11	-0.0	63	0.1	74
Total valuation and translation adjustments		3,186	3.1	510	0.5	-2,676
III. Minority interests		11	0.0	11	0.0	0
Total net assets		74,581	71.9	73,833	74.1	-748
Total liabilities and net assets		103,682	100.0	99,585	100.0	-4,096

(2) Consolidated statements of income

		Previous fiscal year (as of March 31, 2007)			Fiscal year under review (as of March 31, 2008)			Comparison with the previous year
Item	Note No.	Amount (million yen)		Ratio (%)	Amount (million yen)		Ratio (%)	Change (million yen)
I. Net sales			88,270	100.0		88,568	100.0	298
II. Cost of sales	*2		52,242	59.2		51,260	57.9	-982
Gross profit			36,027	40.8		37,308	42.1	1,280
III. Selling, general and administrative expenses	*1 *2		30,084	34.1		31,937	36.0	1,852
Operating income			5,943	6.7		5,370	6.1	-572
IV. Non-operating income								
1. Interest income		21			18			
2. Dividend income		140			128			
3. Foreign exchange gains		29			1			
4. Other		305	496	0.6	296	445	0.5	-51
V. Non-operating expenses								
1. Interest expenses		66			82			
2. Other		70	137	0.2	48	131	0.2	-6
Ordinary income			6,302	7.1		5,684	6.4	-617
VI. Extraordinary gains								
1. Gains on sale of investment securities		111			427			
2. Gains on sale of fixed assets	*3	3			10			
3. Gains on insurance surrender		55			285			
4. Compensation for damages received		35			-			
5. Gains on reversal of allowance for losses on restructuring	*4	1,113			5			
6. Gains on reversal of allowance for doubtful accounts		-	1,318	1.5	20	749	0.8	-569
VII. Extraordinary losses								
1. Losses on sale of fixed assets	*5	7			0			
2. Losses on disposal of fixed assets	*6	41			75			
3. Losses on devaluation of investment securities		473			-			
4. Impairment losses	*7	22			31			
5. Losses on sale of golf club memberships		20			-			
6. Losses on restructuring	*8	469			-			
7. Losses on sale of investment securities		-	1,034	1.1	182	290	0.3	-743
Net income before taxes			6,587	7.5		6,143	6.9	-443
Corporate, inhabitants' and enterprise taxes		1,476			1,482			
Corporate tax adjustments		1,755	3,231	3.7	1,483	2,966	3.3	-265
Minority interests in earnings of consolidated subsidiaries			1	0.0		1	0.0	0
Net income			3,353	3.8		3,174	3.6	-179

(3) Statements of changes in shareholders' equity

Previous fiscal year (from April 1, 2006 to March 31, 2007)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006 (million yen)	4,621	9,851	56,087	-931	69,629
Changes during the fiscal year					
Dividends paid (Note 1)	-	-	-1,534	-	-1,534
Bonuses to officers	-	-	-55	-	-55
Bounties and welfare funds for employees (Note 2)	-	-	-8	-	-8
Net income	-	-	3,353	-	3,353
Acquisition of treasury stock	-	-	-	-1	-1
Disposal of treasury stock	-	-	-	0	0
Changes in items other than shareholders' equity during the fiscal year (net)	-	-	-	-	-
Total changes during the fiscal year (million yen)	-	-	1,756	-1	1,754
Balance as of March 31, 2007 (million yen)	4,621	9,851	57,843	-932	71,383

	Valuation and translation adjustments			Minority interests	Total net assets
	Evaluation difference on other securities	Foreign currency translation adjustment account	Total valuation and translation adjustments		
Balance as of March 31, 2006 (million yen)	3,926	85	4,012	10	73,652
Changes during the fiscal year					
Dividends paid (Note 1)	-	-	-	-	-1,534
Bonuses to officers	-	-	-	-	-55
Bounties and welfare funds for employees (Note 2)	-	-	-	-	-8
Net income	-	-	-	-	3,353
Acquisition of treasury stock	-	-	-	-	-1
Disposal of treasury stock	-	-	-	-	0
Changes in items other than shareholders' equity during the fiscal year (net)	-728	-96	-825	0	-825
Total changes during the fiscal year (million yen)	-728	-96	-825	0	929
Balance as of March 31, 2007 (million yen)	3,197	-11	3,186	11	74,581

Note 1: Of this amount, 767 million yen is an item of appropriation of retained earnings approved at the Ordinary General Meeting of Shareholders held in June 2006.

Note 2: Bounties and welfare funds for employees were provided by a subsidiary in China in accordance with local laws and regulations.

Fiscal year under review (from April 1, 2007 to March 31, 2008)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007 (million yen)	4,621	9,851	57,843	-932	71,383
Changes during the fiscal year					
Dividends paid	-	-	-1,536	-	-1,536
Bounties and welfare funds for employees (Note)	-	-	-8	-	-8
Net income	-	-	3,174	-	3,174
Acquisition of treasury stock	-	-	-	-2	-2
Disposal of treasury stock	-	131	-	168	300
Changes in items other than shareholders' equity during the fiscal year (net)	-	-	-	-	-
Total changes during the fiscal year (million yen)	-	131	1,629	165	1,927
Balance as of March 31, 2008 (million yen)	4,621	9,982	59,473	-766	73,311

	Valuation and translation adjustments			Minority interests	Total net assets
	Evaluation difference on other securities	Foreign currency translation adjustment account	Total valuation and translation adjustments		
Balance as of March 31, 2007 (million yen)	3,197	-11	3,186	11	74,581
Changes during the fiscal year					
Dividends paid	-	-	-	-	-1,536
Bounties and welfare funds for employees (Note)	-	-	-	-	-8
Net income	-	-	-	-	3,174
Acquisition of treasury stock	-	-	-	-	-2
Disposal of treasury stock	-	-	-	-	300
Changes in items other than shareholders' equity during the fiscal year (net)	-2,750	74	-2,676	0	-2,675
Total changes during the fiscal year (million yen)	-2,750	74	-2,676	0	-748
Balance as of March 31, 2008 (million yen)	447	63	510	11	73,833

Note: Bounties and welfare funds for employees were provided by a subsidiary in China in accordance with local laws and regulations.

(4) Consolidated statements of cash flows

		Previous fiscal year (April 1, 2006 to March 31, 2007)	Fiscal year under review (April 1, 2007 to March 31, 2008)	Comparison with the previous year
Item	Note No.	Amount (million yen)	Amount (million yen)	Change (million yen)
I. Cash flows from operating activities				
Net income before taxes		6,587	6,143	-443
Depreciation and amortization		4,016	5,139	1,122
Losses on restructuring	*2	-1,656	-	1,656
Increase or decrease in allowance for losses on restructuring		-	-541	-541
Impairment losses		22	31	8
Increase or decrease in allowance for doubtful accounts		38	-43	-82
Increase or decrease in allowance for bonuses to employees		47	-25	-72
Increase or decrease in allowance for bonuses to officers		59	38	-20
Increase or decrease in allowance for retirement benefits to employees		-42	-64	-22
Increase or decrease in allowance for retirement benefits to officers		-6	-1,015	-1,009
Interest and dividend income		-161	-146	14
Interest expenses		66	82	15
Gains on sale of fixed assets		-3	-10	-7
Losses on sale of fixed assets		7	0	-6
Losses on disposal of fixed assets		41	75	34
Compensation for damages received		-35	-	35
Gains or losses on sale of investment securities		-111	-245	-133
Losses on devaluation of investment securities		473	-	-473
Gains on insurance surrender		-55	-285	-229
Increase or decrease in accounts receivable		624	453	-171
Increase or decrease in inventories		946	-281	-1,228
Increase or decrease in accounts payable		-140	-2,609	-2,468
Increase or decrease in consumption tax payable, etc.		200	-222	-423
Bonuses to officers paid		-55	-	55
Other		-583	447	1,030
Subtotal		10,280	6,920	-3,359
Interest and dividends received		154	95	-59
Interest paid		-66	-84	-18
Compensation for damages received		35	-	-35
Insurance received		-	99	99
Corporate tax, etc. paid		-2,105	-1,175	929
Net cash provided by operating activities		8,298	5,855	-2,443

Item	Note No.	Previous fiscal year (April 1, 2006 to March 31, 2007) Amount (million yen)	Fiscal year under review (April 1, 2007 to March 31, 2008) Amount (million yen)	Comparison with the previous year Change (million yen)
II. Cash flows from investing activities				
Net increase or decrease in time deposits		-6	-423	-417
Acquisition of tangible fixed assets		-5,081	-4,576	505
Acquisition of intangible fixed assets		-1,300	-521	779
Purchase of securities and investment securities		-1,616	-2,713	-1,096
Proceeds from sale of securities and investment securities		1,311	1,428	116
Payments for short-term loans		-0	-2	-2
Payments for insurance reserve		-480	-644	-164
Proceeds from reversal of insurance reserve		128	235	106
Other		-77	212	289
Net cash used in investing activities		-7,122	-7,006	116
III. Cash flows from financing activities				
Net increase or decrease in short-term borrowings		344	-	-344
Proceeds from long-term borrowings		-	200	200
Repayment of long-term borrowings		-135	-83	51
Purchase of treasury stock		-1	-2	-0
Sale of treasury stock		0	300	299
Dividends paid		-1,534	-1,530	3
Dividends paid to minority shareholders		-1	-1	0
Net cash used in financing activities		-1,327	-1,117	209
IV. Effect of exchange rate changes on cash and cash equivalents		31	-7	-38
V. Increase or decrease in cash and cash equivalents		-120	-2,276	-2,156
VI. Cash and cash equivalents at the beginning of the fiscal year		24,328	24,297	-30
VII. Increase or decrease in cash and deposits owing to changes in the scope of consolidation		90	-62	-152
VIII. Cash and cash equivalents at the end of the fiscal year		24,297	21,958	-2,339

(5) Basic significant matters regarding the preparation of consolidated financial statements

	Previous fiscal year (April 1, 2006 to March 31, 2007)	Fiscal year under review (April 1, 2007 to March 31, 2008)
1. Scope of consolidation	(1) Number of consolidated subsidiaries: 53 Major consolidated subsidiaries are as follows: Fukuda Life Tech Co., Ltd. Fukuda Cardiac Laboratory Co., Ltd. Fukuda Denshi Hokkaido Fukuda Denshi Tokyo Chuo Co., Ltd.; Fukuda Denshi Sangi Co., Ltd.; Fukuda Cardiac Laboratory Kanto Co., Ltd.; and Fukuda Cardiac Laboratory Kansai Co., Ltd. were included in the scope of consolidation, as they were newly established in this fiscal year. Fukuda Intervention Systems Co., Ltd. was renamed Fukuda Cardiac Laboratory Co., Ltd. on April 1, 2006. (2) Names and other details of major unconsolidated subsidiaries Of the subsidiaries, ME Times, Fukushin and six other companies were not included in the scope of consolidation, because their business sizes are small, and their total assets, net sales, net income and loss (amount corresponding to the owned interest), retained earnings (amount corresponding to the owned interest) had no material effect on the consolidated financial statements.	(1) Number of consolidated subsidiaries: 52 Major consolidated subsidiaries are as follows: Fukuda Life Tech Co., Ltd. Fukuda Cardiac Laboratory Co., Ltd. Fukuda Denshi Hokkaido Kontron Medical SAS was excluded from the scope of consolidation, because the company was sold to Esaote France SARL, a subsidiary of the Esaote Group (Italy), on April 30, 2007. Kontron Medical AG was renamed Fukuda Denshi Switzerland AG on May 15, 2007. (2) Names and other details of major unconsolidated subsidiaries Of the subsidiaries, ME Times, Fukushin and three other companies were not included in the scope of consolidation, because their business sizes are small, and their total assets, net sales, net income and loss (amount corresponding to the owned interest), retained earnings (amount corresponding to the owned interest) had no material effect on the consolidated financial statements.

	Previous fiscal year (April 1, 2006 to March 31, 2007)	Fiscal year under review (April 1, 2007 to March 31, 2008)
2. Application of equity method	(1) Number of affiliated companies accounted for by equity method eVent Medical Ltd., which was an affiliated company accounted for by the equity method in the previous fiscal year, was excluded from the application of the equity method because this fiscal year we sold all of the shares we held in it. (2) Names and other details of unconsolidated subsidiaries and affiliates that are not accounted for by equity method The eight unconsolidated subsidiaries and affiliate company Fukuda Pulmo had no material effect on consolidated income and loss and retained earnings, and they were not important as a whole in terms of material influence on the consolidated interim financial statements. Accordingly, we did not apply equity method accounting to them.	(1) Number of affiliated companies accounted for by equity method - (2) Names and other details of unconsolidated subsidiaries and affiliates that are not accounted for by equity method The five unconsolidated subsidiaries and affiliate company Fukuda Pulmo had no material effect on consolidated income and loss and retained earnings, and they were not important as a whole in terms of material influence on the consolidated interim financial statements. Accordingly, we did not apply equity method accounting to them.
3. Accounting period, etc. of consolidated subsidiaries	The accounts of consolidated subsidiaries Fukuda Denshi USA, Inc.; Kontron Medical SAS; and Kontron Medical AG close on December 31 of each year. In the preparation of consolidated financial statements, consolidated subsidiaries' financial statements as of the said date were used, and with respect to significant transactions that occurred between the said date and the consolidated book-closing, adjustments necessary for consolidation were made.	The accounts of consolidated subsidiaries Fukuda Denshi USA, Inc.; and Fukuda Denshi Switzerland AG close on December 31 of each year. In the preparation of consolidated financial statements, consolidated subsidiaries' financial statements as of the said date were used, and with respect to significant transactions that occurred between the said date and the consolidated book-closing, adjustments necessary for consolidation were made.

	Previous fiscal year (April 1, 2006 to March 31, 2007)	Fiscal year under review (April 1, 2007 to March 31, 2008)
4. Accounting standards	(1) Valuation standards and methods for principle assets (i) Securities Held-to-maturity securities - Amortized cost method Other securities Marketable securities - Stated at fair value based on the market price as of the end of this fiscal year. (Unrealized holding gains or losses are reported in a component of net assets, while the cost of securities sold is calculated by the moving average method.) Non-marketable securities - Stated at cost based on the moving average method. For investments in the investment enterprise limited liability association and similar associations (deemed to be securities pursuant to Article 2, Paragraph 2 of the Securities and Exchange Law), the net amount corresponding to the ownership percentage is used, based on the most recent financial statements available as of the reporting date and other material stipulated in the partnership contract. (ii) Inventories Merchandise and products - Mainly stated at cost determined by the first-in, first-out method. Raw materials - Mainly stated at cost determined by the gross average method. Work in progress - Mainly stated at cost based on the specific cost method. Supplies - Stated based on the last purchase price method.	(1) Valuation standards and methods for principle assets (i) Securities Held-to-maturity securities Same as on the left Other securities Marketable securities Same as on the left Non-marketable securities Same as on the left For investments in the investment enterprise limited liability association and similar associations (deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Law), the net amount corresponding to the ownership percentage is used, based on the most recent financial statements available as of the reporting date and other material stipulated in the partnership contract. (ii) Inventories Merchandise and products Same as on the left Raw materials Same as on the left Work in progress Same as on the left Supplies Same as on the left

<table>
<tr><th></th><th>Previous fiscal year
(April 1, 2006 to March 31, 2007)</th><th>Fiscal year under review
(April 1, 2007 to March 31, 2008)</th></tr>
<tr><td></td><td>(2) Depreciation method for significant depreciable assets
(i) Tangible fixed assets
Depreciated primarily by the declining balance method. However, buildings (except for building attachments) acquired on or after April 1, 1998 were depreciated using the straight-line method.
Major useful life:
Buildings and structures: 3–60 years
Machinery and delivery equipment: 4–12 years
Tools, instruments and fixture: 2–20 years
Assets with an acquisition cost of 100,000 yen or more but less than 200,000 yen were evenly amortized over a three-year period.
Of the tools, instruments and fixtures, the oxygen concentrator devices (assets for rental) were depreciated using the straight-line method with the estimated rental period (four years) used as the number of depreciation years.
-</td><td>(2) Depreciation method for significant depreciable assets
(i) Tangible fixed assets
Same as on the left

(Changes in accounting policies)
In accordance with the revision of the Corporate Tax Law, from this fiscal year, the Company has changed the depreciation method for tangible fixed assets acquired on or after April 1, 2007 to the method stipulated in the revised Corporate Tax Law.
This change had little effect on our consolidated earnings for this fiscal year.</td></tr>
</table>

	Previous fiscal year (April 1, 2006 to March 31, 2007)	Fiscal year under review (April 1, 2007 to March 31, 2008)
	- (ii) Intangible fixed assets Depreciated by the straight-line method. Software for internal use is amortized by the straight-line method over its useful life of five years. As for software for sale in the market, the Company records the larger of an amortization based on projected sales volume for the effective sales period (no longer than three years) or a uniform amortization over the effective remaining sales period. (3) Basis for provision of allowances (i) Allowance for doubtful accounts To prepare for losses incurred by bad debts, the amount of potential loss is calculated by using the historical loss ratio in the case of general loans or receivables. Potential loss for specific loans or receivables, for which we have concerns regarding their collectability, is calculated by assessing the possibility of collection for each individual account.	(Additional information) In accordance with the revision of the Corporate Tax Law, as for assets acquired on or before March 31, 2007 that were fully depreciated to the maximum allowable amount using the depreciation method stipulated in the Corporate Tax Law before its revision, the Company evenly depreciated the residual book value up to the reminder value over five years, from the next consolidated fiscal year to the consolidated fiscal year in which those assets were depreciated to the maximum allowable amount. This practice had little effect on our consolidated earnings for this fiscal year. (ii) Intangible fixed assets Depreciated by the straight-line method. Same as on the left (3) Basis for provision of allowances (i) Allowance for doubtful accounts Same as on the left

	Previous fiscal year (April 1, 2006 to March 31, 2007)	Fiscal year under review (April 1, 2007 to March 31, 2008)
	(ii) Allowance for bonuses to employees To prepare for the payment of bonuses to employees, an amount corresponding to this fiscal year's portion of estimated bonus payments was reserved. (iii) Allowance for bonuses to officers To prepare for the payment of bonuses to directors and corporate auditors, an amount corresponding to this fiscal year's portion of estimated bonus payments was reserved. (Changes in accounting policies) Beginning this fiscal year, the Company adopted the Accounting Standards for Directors' Bonuses (Corporate Accounting Standards No. 4, November 29, 2005). As a result, operating income, ordinary income and net income before taxes have all decreased by 59 million yen. (iv) Allowance for losses on restructuring To prepare for losses on restructuring, the amount of the estimated losses was reserved.	(ii) Allowance for bonuses to employees Same as on the left (iii) Allowance for bonuses to officers Same as on the left - (iv) Allowance for losses on restructuring Same as on the left

	Previous fiscal year (April 1, 2006 to March 31, 2007)	Fiscal year under review (April 1, 2007 to March 31, 2008)
	(v) Allowance for retirement benefits to employees To prepare for the payment of retirement benefits to employees, the amount recognized as accruing at the end of this fiscal year was reserved, based on the estimated retirement benefit obligation and pension assets at the end of this fiscal year. Prior service costs are amortized, using the straight-line method over a certain number of years (10 years), which are less than the average remaining years of service of the employees when they incurred. Actuarial differences are amortized, using the straight-line basis over a certain number of years (10 years), which are less than the average remaining years of service of the employees when they incurred, from the fiscal year after the one in which they arise. (f) Allowance for retirement benefits to officers To prepare for the payment of retirement benefits to directors and corporate auditors, the estimated amount to be paid at the end of the fiscal year was reserved, in accordance with the internal regulations. However, the Company abolished such retirement benefit program on June 29, 2005, and the estimated amount to be paid to directors and corporate auditors, who are in office on the day of abolishing the program, was reserved as **Allowance for retirement benefits to officers**.	(v) Allowance for retirement benefits to employees Same as on the left (f) Allowance for retirement benefits to officers To prepare for the payment of retirement benefits to directors and corporate auditors, some consolidated subsidiaries reserve the estimated amount to be paid at the end of the fiscal year, in accordance with the internal regulations.

	Previous fiscal year (April 1, 2006 to March 31, 2007)	Fiscal year under review (April 1, 2007 to March 31, 2008)
	(4) Standards for translation of important foreign currency-based assets or liabilities in to Japanese yen Monetary credits and debts denominated in foreign currencies are translated into yen based on the current exchange rates at the end of each fiscal year. Differences arising from such translation are stated as profits or losses. Assets, liabilities, revenue and expenses of overseas subsidiaries, and other financial items are translated into yen based on the current exchange rates at the end of each fiscal year. The resulting differences are recorded as **Foreign currency translation adjustment account** and **Minority interests**, under **Net assets**. (5) Lease transactions accounting method Finance lease transactions other than those in which the ownership of the leased property is recognized as having transferred to the lessee, are based on the accounting method for ordinary lease transactions. (6) Other important matters for preparation of consolidated financial statements Accounting treatment of consumption tax and other taxes Consumption tax and other taxes are excluded from profits and losses.	(4) Standards for translation of important foreign currency-based assets or liabilities in to Japanese yen Same as on the left (5) Lease transactions accounting method Same as on the left (6) Other important matters for preparation of consolidated financial statements Same as on the left
5. Valuation of assets and liabilities of consolidated subsidiaries	Assets and liabilities of consolidated subsidiaries are valued using the full-fair-value method.	Same as on the left
6. Depreciation of negative goodwill	Negative goodwill is amortized over a five-year period.	Same as on the left
7. Cash in consolidated cash flow statements	Cash (cash and cash equivalents) in the consolidated statements of cash flows consists of cash on hand, readily-available deposits, and short-term investments with a maturity not exceeding three months at the time of purchase that are readily convertible to cash and not exposed to significant risk in value fluctuations.	Same as on the left

(6) Changes in basic significant matters regarding the preparation of consolidated financial statements

Previous fiscal year (April 1, 2006 to March 31, 2007)	Fiscal year under review (April 1, 2007 to March 31, 2008)
(Accounting standards for presentation of net assets in the balance sheets) Beginning this fiscal year, the Company adopted the "Accounting Standards for Presentation of Net Assets in the Balance Sheets" (Corporate Accounting Standards No. 5, December 9, 2005) and the "Guidelines for the Application of the Accounting Standards for Presentation of Net Assets in the Balance Sheets" (Guidelines for the Application of Corporate Accounting Standards No. 8, December 9, 2005). This adoption has little effect on profits and losses. The amount corresponding to the conventional **Total shareholders' equity** in the balance sheets was 74,570 million yen. Along with the revision to the Regulations on Consolidated Financial Statements, the consolidated financial statements for this fiscal year were prepared in accordance with the revised regulations.	-

Change in presentation

Previous fiscal year (April 1, 2006 to March 31, 2007)	Fiscal year under review (April 1, 2007 to March 31, 2008)
(Consolidated balance sheets) Under **Long-term liabilities**, the item reported as **Consolidated adjustment account** in the previous fiscal year was presented as **Negative goodwill** from this fiscal year.	(Consolidated balance sheets) **Allowance for retirement benefits to officers**, which was separately reported in the previous fiscal year, was presented as **Other** under **Long-term liabilities** from this fiscal year. This change was made because the First Audit Committee Report No. 42, "Audit Treatment for Reserves of Special Taxation Measures Law, Allowances or Reserves of Special Law, and Allowances for Retirement Benefits to Officers," was announced on April 13, 2007. The amount of retirement benefits to officers included in **Other** for this fiscal year was 854 million yen.
-	(Consolidated statements of cash flows) **Increase or decrease in allowance for losses on restructuring**, which was included in **Losses on restructuring** in the previous fiscal year, was separately presented from this fiscal year. In the previous fiscal year, **Increase or decrease in allowance for losses on restructuring** was minus 2,126 million yen.

(7) Notes to consolidated financial statements

(Consolidated balance sheets)

Previous fiscal year (as of March 31, 2007)	Fiscal year under review (as of March 31, 2008)
*1. Notes to unconsolidated subsidiaries and affiliated companies Unconsolidated subsidiaries and affiliated companies: Investment securities: 48 million yen (Stocks) 2. Discount on bills: 380 million yen (Discount on export bills) *3. Bills maturing at the end of a fiscal year are settled on the clearance day. Because the last day of this fiscal year was a holiday for financial institutions, the following bills, which matured at the end of the fiscal year, are included in the balance as of the end of the fiscal year. Trade notes receivable: 283 million yen Trade notes payable: 4 million yen	*1. Notes to unconsolidated subsidiaries and affiliated companies Unconsolidated subsidiaries and affiliated companies: Investment securities: 48 million yen (Stocks) 2. Discount on bills: 448 million yen (Discount on export bills) *3 -

(Consolidated statements of income)

Previous fiscal year (April 1, 2006 to March 31, 2007)	Fiscal year under review (April 1, 2007 to March 31, 2008)
*1. Major items and amounts of **Selling, general and administrative expenses** are as follows: Provision of allowance for doubtful accounts: 190 million yen Salaries, benefits, and other monies to officers and employees: 10,953 million yen Bonuses and provision of allowance for bonuses: 2,690 million yen Provision of allowance for retirement benefits to officers: 38 million yen Retirement benefit expenses: 554 million yen Depreciation: 777 million yen Provision of allowance for bonuses to officers: 59 million yen	*1. Major items and amounts of **Selling, general and administrative expenses** are as follows: Salaries, benefits, and other monies to officers and employees: 11,103 million yen Bonuses and provision of allowance for bonuses: 2,677 million yen Provision of allowance for retirement benefits to officers: 37 million yen Retirement benefit expenses: 544 million yen Depreciation: 1,359 million yen Provision of allowance for bonuses to officers: 98 million yen
*2. Research and development expenses included in general and administrative expenses and manufacturing expenses for this fiscal year were 1,755 million yen.	*2. Research and development expenses included in general and administrative expenses and manufacturing expenses for this fiscal year were 2,093 million yen.
*3. Breakdown of gains on sale of fixed assets Machinery and delivery equipment: 2 million yen Tools, instruments and fixtures: 0 million yen Total 3 million yen	*3 Breakdown of gains on sale of fixed assets Machinery and delivery equipment: 0 million yen Tools, instruments and fixtures: 10 million yen Total 10 million yen
*4. On April 30, 2007, an agreement was reached on the sale of shares in Kontron Medical SAS. And as a result of offsetting the provision that arose from additional expenses with the reversal of the allowance that occurred in relation to the decrease in the burden of retirement payments to employees following the resultant withdrawal from business, we recorded a reversal of allowance for losses on restructuring.	*4 -
*5. Breakdown of losses on sale of fixed assets Buildings and structures: 3 million yen Machinery and delivery equipment: 4 million yen Total: 7 million yen	*5. Breakdown of losses on sale of fixed assets Machinery and delivery equipment: 0 million yen
*6 Breakdown of losses on disposal of fixed assets Buildings and structures: 0 million yen Machinery and delivery equipment: 2 million yen Tools, instruments and fixtures: 37 million yen Intangible fixed assets: 0 million yen Total 41 million yen	*6 Breakdown of losses on disposal of fixed assets Buildings and structures: 3 million yen Machinery and delivery equipment: 1 million yen Tools, instruments and fixtures: 11 million yen Intangible fixed assets: 60 million yen Total 75 million yen

Previous fiscal year (April 1, 2006 to March 31, 2007)

*7. Impairment losses

The Company groups its operations by business segment, and consolidated subsidiaries form their grouping with each company or office as one unit. Impairment losses on leased real estate and idle assets are recognized separately.

Because of a decrease in cash flows caused by a declined operating income, we have written down the book values of the following assets to recoverable values. These write-offs have resulted in impairment losses (of 22 million yen), which were booked as extraordinary losses.

These impairment losses consist of the losses on buildings and structures of 1 million yen; on tools, instruments and fixtures of 11 million yen; and on other assets of 10 million yen.

The recoverable value was assessed according to the net sale value, and the market prices were evaluated according to roadside land prices or the assessed value of fixed asset tax, with reasonable adjustments.

Use of assets	Location of assets	Type of assets	Amount (million yen)
Operational assets	Chiba City, Chiba Prefecture and two other locations	Buildings and structures, and tools, instruments and fixtures	22

*8. Losses on restructuring

The losses on restructuring occurred as a result of business liquidation of Kontron Medical SAS on or after December 31, 2006, its book-closing day.

Fiscal year under review (April 1, 2007 to March 31, 2008)

*7. Impairment losses

The Company groups its operations by business segment, and consolidated subsidiaries form their grouping with each company or office as one unit. Impairment losses on leased real estate and idle assets are recognized separately.

Because of a decrease in cash flows caused by a declined operating income, we have written down the book values of the following assets to recoverable values. These write-offs have resulted in impairment losses (of 31 million yen), which were booked as extraordinary losses.

These impairment losses consist of the losses on tools, instruments and fixtures of 15 million yen; and on other assets of 16 million yen.

The recoverable value was assessed according to the net sale value, and the market prices were evaluated according to roadside land prices or the assessed value of fixed asset tax, with reasonable adjustments.

Use of assets	Location of assets	Type of assets	Amount (million yen)
Operational assets	Matsuyama City, Ehime Prefecture and another location	Tools, instruments and fixtures	31

*8

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(Statements of changes in shareholders' equity)

Previous fiscal year (from April 1, 2006 to March 31, 2007)

1. Type and total number of issued shares and type and number of shares of treasury stock

	Number of shares at the end of previous fiscal year (1,000 shares)	Increased number of shares for fiscal year under review (1,000 shares)	Decreased number of shares for fiscal year under review (1,000 shares)	Number of shares at the end of the fiscal year under review (1,000 shares)
Number of issued shares				
Common stock	19,588	-	-	19,588
Total	19,588	-	-	19,588
Treasury stock				
Common stock (Note)	411	0	0	411
Total	411	0	0	411

Note: The increase of 0 in treasury stock of common stock reflects the increase of 0 shares owing to the repurchase of shares less than a trading unit.

The decrease of 0 in treasury stock of common stock reflects the decrease of 0 shares owing to the additional purchase of shares less than a trading unit by shareholders.

2. Stock acquisition rights and treasury stock acquisition rights

Not applicable.

3. Dividends

(1) Dividend payment amount

(Resolution)	Type of shares	Total dividend amount (million yen)	Dividends per share (in yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29, 2006	Common stock	767	40	March 31, 2006	June 29, 2006
Board of Directors' meeting held on November 17, 2006	Common stock	767	40	September 30, 2006	December 8, 2006

(2) Of the dividends whose record date belongs to the fiscal year under review, and those whose effective date of the dividends will be in the current fiscal year

(Resolution)	Type of shares	Total dividend amount (million yen)	Source for dividends	Dividends per share (in yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 28, 2007	Common stock	767	Retained earnings	40	March 31, 2007	June 29, 2007

Fiscal year under review (from April 1, 2007 to March 31, 2008)

1. Type and total number of issued shares and type and number of shares of treasury stock

	Number of shares at the end of previous fiscal year (1,000 shares)	Increase in number of shares for fiscal year under review (1,000 shares)	Decrease in number of shares for fiscal year under review (1,000 shares)	Number of shares at the end of the fiscal year under review (1,000 shares)
Number of issued shares				
Common stock	19,588	-	-	19,588
Total	19,588	-	-	19,588
Treasury stock				
Common stock (Note)	411	0	72	340
Total	411	0	72	340

Note: The increase of 0 in treasury stock of common stock reflects the increase of 0 shares owing to the repurchase of shares less than a trading unit.

The decrease of 72,000 in treasury stock of common stock reflects the decrease of 72,000 shares owing to the additional purchases of shares less than a trading unit by shareholders.

2. Stock acquisition rights and treasury stock acquisition rights

Not applicable.

3. Dividends

(1) Dividend payment amount

(Resolution)	Type of shares	Total dividend amount (million yen)	Dividends per share (in yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 28, 2007	Common stock	767	40	March 31, 2007	June 29, 2007
Board of Directors' meeting held on November 16, 2007	Common stock	769	40	September 30, 2007	December 7, 2007

(2) Of the dividends whose record date belongs to the fiscal year under review, and those whose effective date of the dividends will be in the current fiscal year

(Resolution)	Type of shares	Total dividend amount (million yen)	Source for dividends	Dividends per share (in yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2008	Common stock	769	Retained earnings	40	March 31, 2008	June 27, 2008

(Consolidated statements of cash flows)

Previous fiscal year (April 1, 2006 to March 31, 2007)	Fiscal year under review (April 1, 2007 to March 31, 2008)
1. Relationship between the balance of cash and cash equivalents at the end of the fiscal year and amounts stated in the consolidated balance sheets (as of March 31, 2007) Cash and deposits: 24,455 million yen Time deposits with a deposit period of over three months: -158 million yen Cash and cash equivalents: 24,297 million yen	1. Relationship between the balance of cash and cash equivalents at the end of the fiscal year and amounts stated in the consolidated balance sheets (as of March 31, 2008) Cash and deposits: 22,540 million yen Time deposits with a deposit period of over three months: -581 million yen Cash and cash equivalents: 21,958 million yen
*2. Expenses for restructuring Breakdown of amounts stated as **Expenses for restructuring** is as follows. Losses on restructuring: 469 million yen Decrease in allowance for losses on restructuring: -2,126 million yen -1,656 million yen	*2 -

(Lease transactions)

Disclosure of lease transactions is omitted, as there is no significant necessity of such disclosure in the summary report on financial results.

(Securities)

Disclosure of securities is omitted, as there is no significant necessity of such disclosure in the summary report on financial results.

(Derivative transactions)

Previous fiscal year (from April 1, 2006 to March 31, 2007) and fiscal year under review (from April 1, 2007 to March 31, 2008):

There are no applicable items, as the Group did not use derivative transactions.

(Retirement benefits)

Disclosure of retirement benefits is omitted, as there is no significant necessity of such disclosure in the summary report on financial results.

(Stock options, etc.)

Previous fiscal year (from April 1, 2006 to March 31, 2007):

Not applicable.

Fiscal year under review (from April 1, 2007 to March 31, 2008):

Not applicable.

(Tax effect accounting)

Disclosure of tax effect accounting is omitted, as there is no significant necessity of such disclosure in the summary report on financial results.

(Segment information)

a. Segment information by business type

Previous fiscal year (from April 1, 2006 to March 31, 2007) and fiscal year under review (from April 1, 2007 to March 31, 2008):

Segment information by business type is omitted because the amounts of sales, operating income and assets of the medical electronic equipment business account for over 90 percent of the total sales, total operating income and total assets of all segments.

b. Segment information by geographical area

Previous fiscal year (from April 1, 2006 to March 31, 2007) and fiscal year under review (from April 1, 2007 to March 31, 2008):

Segment information by geographical area is omitted because the amounts of sales and assets in Japan account for over 90 percent of the total sales and total assets of all segments.

c. Overseas sales

Previous fiscal year (from April 1, 2006 to March 31, 2007) and fiscal year under review (from April 1, 2007 to March 31, 2008):

Overseas sales are omitted because such sales accounted for less than 10 percent of consolidated sales.

(Transactions with related partied)

Disclosure of transactions with related partied is omitted, as there is no significant necessity of such disclosure in the summary report on financial results.

(Business combinations, etc.)

Previous fiscal year (from April 1, 2006 to March 31, 2007):

Not applicable.

Fiscal year under review (from April 1, 2007 to March 31, 2008):

Not applicable.

(Per share information)

	Previous fiscal year (April 1, 2006 to March 31, 2007)	Fiscal year under review (April 1, 2007 to March 31, 2008)
Net assets per share	3,888.67 yen	3,835.32 yen
Net income per share	174.90 yen	164.98 yen
Fully diluted net income per share	Not stated, as there is no potential dilution.	Not stated, as there is no potential dilution.

Note: The basis for calculation of net income per share and fully diluted net income per share is as follows:

Item	Previous fiscal year (April 1, 2006 to March 31, 2007)	Fiscal year under review (April 1, 2007 to March 31, 2008)
Net income per share		
Net income (million yen)	3,353	3,174
Amount not belonging to ordinary shareholders (million yen)	-	-
Net income in relation to common stock (million yen)	3,353	3,174
Average number of shares during the fiscal year (1,000 shares)	19,176	19,242
Fully diluted net income per share		
Net income adjustment amount	-	-
Increase in the number of common shares (1,000 shares)	-	-
(stock options by way of the treasury stock acquisition method)	(-)	(-)
Outline of the potential shares that are not included in the calculation of fully diluted net income per share owing to the lack of dilutive effect	―	―

(Significant subsequent events)

Not applicable.

5. Non-consolidated financial statements

(1) Balance sheets

Item	Note No.	Previous fiscal year (as of March 31, 2007)			Fiscal year under review (as of March 31, 2008)			Comparison with the previous year
		Amount (million yen)		Ratio (%)	Amount (million yen)		Ratio (%)	Change (million yen)
Assets								
I. Current assets								
1. Cash and deposits			15,490			9,838		-5,651
2. Trade notes receivable			98			89		-9
3. Accounts receivable			18,469			19,699		1,230
4. Securities			999			999		-0
5. Merchandise			1,535			2,260		725
6. Products			2,201			1,984		-216
7. Raw materials			1,447			2,154		706
8. Work in progress			132			39		-93
9. Supplies			159			166		7
10. Advance payments			146			149		2
11. Prepaid expenses			255			290		35
12. Deferred tax assets			1,754			680		-1,074
13. Short-term loans to affiliates			6,020			4,913		-1,106
14. Other accounts receivable			851			857		5
15. Other			105			130		25
Allowance for doubtful accounts			-2,216			-1,111		1,104
Total current assets			47,454	55.6		43,144	53.8	-4,309
II. Fixed assets								
1. Tangible fixed assets								
(1) Buildings		5,824			5,991			
Accumulated depreciation		2,855	2,968		3,047	2,944		-24
(2) Structures		291			291			
Accumulated depreciation		216	75		226	65		-9
(3) Machinery and equipment		106			117			
Accumulated depreciation		51	55		62	55		0
(4) Vehicles and delivery equipment		64			61			
Accumulated depreciation		56	8		56	5		-2
(5) Tools, instruments and fixtures		19,110			18,568			
Accumulated depreciation		11,909	7,200		11,449	7,118		-82
(6) Land			4,471			5,009		538
(7) Construction in progress			4			17		12
Total tangible fixed assets			14,785	17.4		15,215	19.0	429

		Previous fiscal year (as of March 31, 2007)		Fiscal year under review (as of March 31, 2008)		Comparison with the previous year
Item	Note No.	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Change (million yen)
2. Intangible fixes assets						
(1) Leasehold rights		3		5		1
(2) Software		3,417		3,098		-318
(3) Other		15		15		0
Total intangible fixed assets		3,435	4.0	3,118	3.9	-316
3. Investments and other assets						
(1) Investment securities		10,773		7,843		-2,930
(2) Stocks of affiliates		4,830		4,289		-541
(3) Investments in capital		1		1		-
(4) Investments in affiliates		403		403		-
(5) Long-term loans to employees		23		14		-9
(6) Long-term loans to affiliates		1,260		1,215		-45
(7) Long-term prepaid expenses		0		44		43
(8) Deferred tax assets		1,765		3,083		1,318
(9) Insurance reserves		1,573		2,185		611
(10) Other		241		244		3
Allowance for doubtful accounts		-5		-3		2
Allowance for valuation of investments		-1,251		-672		579
Total investments and other assets		19,618	23.0	18,650	23.3	-968
Total fixed assets		37,839	44.4	36,984	46.2	-855
Total assets		85,293	100.0	80,129	100.0	-5,164

Item	Note No.	Previous fiscal year (as of March 31, 2007) Amount (million yen)		Ratio (%)	Fiscal year under review (as of March 31, 2008) Amount (million yen)		Ratio (%)	Comparison with the previous year Change (million yen)
Liabilities								
I. Current liabilities								
1. Trade notes payable			5,479			5,002		-476
2. Accounts payable			6,216			4,308		-1,907
3. Short-term borrowings			3,500			3,500		-
4. Other accounts payable			1,500			1,539		39
5. Income tax payable, etc.			21			75		54
6. Advances received			75			107		32
7. Deposits received			5,375			4,607		-767
8. Allowance for bonuses to employees			510			500		-10
9. Allowance for bonuses to officers			-			43		43
10. Allowance for losses on liquidation of affiliates			653			112		-541
11. Other			252			71		-181
Total current liabilities			23,582	27.7		19,867	24.8	-3,714
II. Long-term liabilities								
1. Allowance for retirement benefits to employees			1,117			1,056		-61
2. Allowance for retirement benefits to officers			932			-		-932
3. Long-term other accounts payable			-			854		854
Total long-term liabilities			2,050	2.4		1,911	2.4	-139
Total liabilities			25,633	30.1		21,779	27.2	-3,854
Net assets								
I. Shareholders' equity								
1. Common stock			4,621	5.4		4,621	5.8	-
2. Capital surplus								
(1) Capital reserves		8,946			8,946			-
(2) Other capital surplus		904			1,036			131
Total capital surplus			9,851	11.6		9,982	12.5	131
3. Retained earnings								
(1) Legal income reserves		1,171			1,171			-
(2) Other retained earnings								
Reserve for business expansion		300			300			-
Reserve for advanced depreciation of fixed assets		49			49			-
Special reserves		37,500			37,500			-
Retained earnings brought forward		3,902			5,045			1,142
Total retained earnings			42,923	50.3		44,066	55.0	1,142
4. Treasury stock			-932	-1.1		-766	-1.0	165
Total shareholders' equity			56,463	66.2		57,903	72.3	1,440
II. Valuation and translation adjustments								
1. Evaluation difference on other securities			3,197			446		-2,750
Total valuation and translation adjustments			3,197	3.7		446	0.5	-2,750
Total net assets			59,660	69.9		58,350	72.8	-1,310
Total liabilities and net assets			85,293	100.0		80,129	100.0	-5,164

(2) Statements of income

Item	Note No.	Previous fiscal year (April 1, 2006 to March 31, 2007) Amount (million yen)		Ratio (%)	Fiscal year under review (April 1, 2007 to March 31, 2008) Amount (million yen)		Ratio (%)	Comparison with the previous year Change (million yen)
I. Net sales								
1. Sales of products		18,263			15,451			
2. Sales of merchandise		28,213			32,528			
3. Other sales		7,586	54,064	100.0	8,121	56,100	100.0	2,036
II. Cost of sales								
1. Product inventories at the beginning of the fiscal year		2,941			2,201			
2. Product manufacturing costs		13,109			12,096			
Total		16,051			14,297			
3. Transfer to other accounts		1,551			1,615			
4. Finished product inventories at the end of the fiscal year		2,201			1,984			
Cost of sales of products		12,298			10,697			
1. Merchandise inventories at the beginning of the fiscal year		1,914			1,535			
2. Purchases of merchandise		26,228			28,093			
Total		28,142			29,628			
3. Transfer to other accounts		801			41			
4. Merchandise inventories at the end of the fiscal year		1,535			2,260			
Cost of sales of merchandise		25,805			27,327			
Other cost of sales		3,616	41,720	77.2	3,348	41,372	73.7	-348
Gross profit			12,343	22.8		14,728	26.3	2,384

		Previous fiscal year (April 1, 2006 to March 31, 2007)			Fiscal year under review (April 1, 2007 to March 31, 2008)			Comparison with the previous year
Item	Note No.	Amount (million yen)		Ratio (%)	Amount (million yen)		Ratio (%)	Change (million yen)
III. Selling, general and administrative expenses								
1. Advertising expenses		721			662			
2. Packing and freight charges		730			695			
3. Service and repair expenses		465			465			
4. Provision of allowance for doubtful accounts		58			-			
5. Salaries and benefits		1,784			1,860			
6. Bonuses		272			258			
7. Provision of allowance for bonuses		270			270			
8. Retirement benefit expenses		99			85			
9. Provision of allowance for bonuses to officers		-			43			
10. Commission expenses		1,635			1,756			
11. Premiums		577			773			
12. Lease expenses		269			255			
13. Research and development expenditures		1,351			1,940			
14. Depreciation		383			1,032			
15. Other		2,518	11,138	20.6	2,576	12,675	22.6	1,536
Operating income			1,205	2.2		2,053	3.7	848
IV. Non-operating income								
1. Interest income		80			88			
2. Dividend income		1,097			1,234			
3. Real estate rental income		279			283			
4. Foreign exchange gains		-			7			
5. Other		82	1,538	2.8	105	1,719	3.0	181
V. Non-operating expenses								
1. Interest income		85			99			
2. Foreign exchange losses		68			-			
3. Provision of allowance for valuation of investments		65			-			
4. Investment partnership losses		-			11			
5. Other		19	238	0.4	0	111	0.2	-126
Ordinary income			2,505	4.6		3,661	6.5	1,155

		Previous fiscal year (April 1, 2006 to March 31, 2007)			Fiscal year under review (April 1, 2007 to March 31, 2008)			Comparison with the previous year
Item	Note No.	Amount (million yen)		Ratio (%)	Amount (million yen)		Ratio (%)	Change (million yen)
VI. Extraordinary gains								
1. Gains on insurance surrender		55			285			
2. Gains on sale of investment securities		-			427			
3. Gains on sale of shares in affiliates		111			-			
4. Gains on reversal of allowance for valuation of investments		90			38			
5. Gains on reversal of allowance for doubtful accounts		-			34			
6. Gains on reversal of allowance for losses on liquidation of affiliates		1,547			5			
7. Compensation for damages received		35	1,840	3.4	-	790	1.4	-1,049
VII. Extraordinary losses								
1. Losses on disposal of fixed assets		24			39			
2. Losses on sale of fixed assets		3			-			
3. Losses on devaluation of investment securities		469			-			
4. Impairment losses		46			-			
5. Provision of allowance for doubtful accounts		685	1,228	2.3	-	39	0.0	-1,189
Net income before taxes			3,117	5.7		4,412	7.9	1,295
Corporate, inhabitants' and enterprise taxes		10			90			
Corporate tax adjustments		2,017	2,027	3.7	1,642	1,732	3.1	-294
Net income			1,090	2.0		2,679	4.8	1,589

		Previous fiscal year (April 1, 2006 to March 31, 2007)			Fiscal year under review (April 1, 2007 to March 31, 2008)			Comparison with the previous year
Item	Note No.	Amount (million yen)		Ratio (%)	Amount (million yen)		Ratio (%)	Change (million yen)
I. Materials expenses			8,584	59.2		8,495	61.8	-88
II. Subcontracted processing expenses			511	3.5		-	-	-511
III. Labor expenses			1,363	9.4		2,415	17.5	1,052
IV. Other expenses								
Subcontracted designing expenses and trial manufacture expenses		2,604			1,387			
Others		1,434	4,038	27.9	1,442	2,830	20.7	-1,208
Total manufacturing expenses			14,497	100.0		13,741	100.0	-756
Work in progress inventories at the beginning of the fiscal year			318			132		-185
Transfer from other accounts	*2		50			46		-3
Total			14,865			13,920		-944
Work-in-progress inventories at the end of the fiscal year			132			39		-93
Transfer to other accounts	*3		1,622			1,785		162
Product manufacturing costs			13,109			12,096		-1,013

(Footnotes)

Previous fiscal year (April 1, 2006 to March 31, 2007)	Fiscal year under review (April 1, 2007 to March 31, 2008)
1. Cost calculation method The Company calculates cost of products by way of job-order cost system (projection). Cost variances are allocated to cost of sales, products and work in progress at the end of the fiscal year.	1. Cost calculation method Same as on the left
*2 Breakdown of transfer from other accounts Current assets and others (Trial manufacture and research in progress) 46 million yen Others 3 million yen Total 50 million yen	*2 Breakdown of transfer from other accounts Current assets and others (Trial manufacture and research in progress) 43 million yen Others 3 million yen Total 46 million yen
*3 Breakdown of transfer to other accounts Research and development expenses 1,309 million yen Current assets and others (Trial manufacture and research in progress) 44 million yen Others 268 million yen Total 1,622 million yen	*3 Breakdown of transfer to other accounts Research and development expenses 1,383 million yen Current assets and others (Trial manufacture and research in progress) 39 million yen Others 362 million yen Total 1,785 million yen

(3) Statements of changes in shareholders' equity

Previous fiscal year (from April 1, 2006 to March 31, 2007)

	Shareholders' equity											
		Capital surplus			Retained earnings							
						Other retained earnings						
	Common stock	Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Reserve for business expansion	Reserve for advanced depreciation of fixed assets	Special reserves	Retained earnings brought forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006 (million yen)	4,621	8,946	904	9,851	1,171	300	49	41,500	346	43,367	-931	56,908
Changes during the fiscal year												
Reversal of special reserves	-	-	-	-	-	-	-	-4,000	4,000	-	-	-
Dividends paid (Note)	-	-	-	-	-	-	-	-	-1,534	-1,534	-	-1,534
Net income	-	-	-	-	-	-	-	-	1,090	1,090	-	1,090
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-1	-1
Disposal of treasury stock	-	-	-	-	-	-	-	-	-	-	0	0
Changes in items other than shareholders' equity during the fiscal year (net)	-	-	-	-	-	-	-	-	-	-	-	-
Total changes during the fiscal year (million yen)	-	-	-	-	-	-	-	-4,000	3,556	-443	-1	-445
Balance as of March 31, 2007 (million yen)	4,621	8,946	904	9,851	1,171	300	49	37,500	3,902	42,923	-932	56,463

	Valuation and translation adjustments		Total net assets
	Evaluation difference on other securities	Total valuation and translation adjustments	
Balance as of March 31, 2006 (million yen)	3,925	3,925	60,834
Changes during the fiscal year			
Reversal of special reserves	-	-	-
Dividends paid (Note)	-	-	-1,534
Net income	-	-	1,090
Acquisition of treasury stock	-	-	-1
Disposal of treasury stock	-	-	0
Changes in items other than shareholders' equity during the fiscal year (net)	-728	-728	-728
Total changes during the fiscal year (million yen)	-728	-728	-1,173
Balance as of March 31, 2007 (million yen)	3,197	3,197	59,660

Note: Of this amount, 767 million yen is of appropriation of retained earnings approved at the Ordinary General Meeting of Shareholders held in June 2006.

Fiscal year under review (from April 1, 2007 to March 31, 2008)

	Shareholders' equity											
		Capital surplus			Retained earnings							
						Other retained earnings						
	Common stock	Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Reserve for business expansion	Reserve for advanced depreciation of fixed assets	Special reserves	Retained earnings brought forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007 (million yen)	4,621	8,946	904	9,851	1,171	300	49	37,500	3,902	42,923	-932	56,463
Changes during the fiscal year												
Dividends paid (Note)	-	-	-	-	-	-	-	-	-1,536	-1,536	-	-1,536
Net income	-	-	-	-	-	-	-	-	2,679	2,679	-	2,679
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-2	-2
Disposal of treasury stock	-	-	131	131	-	-	-	-	-	-	168	300
Changes in items other than shareholders' equity during the fiscal year (net)	-	-	-	-	-	-	-	-	-	-	-	-
Total changes during the fiscal year (million yen)	-	-	131	131	-	-	-	-	1,142	1,142	165	1,440
Balance as of March 31, 2008 (million yen)	4,621	8,946	1,036	9,982	1,171	300	49	37,500	5,045	44,066	-766	57,903

	Valuation and translation adjustments		Total net assets
	Evaluation difference on other securities	Total valuation and translation adjustments	
Balance as of March 31, 2007 (million yen)	3,197	3,197	59,660
Changes during the fiscal year			
Dividends paid (Note)	-	-	-1,536
Net income	-	-	2,679
Acquisition of treasury stock	-	-	-2
Disposal of treasury stock	-	-	300
Changes in items other than shareholders' equity during the fiscal year (net)	-2,750	-2,750	-2,750
Total changes during the fiscal year (million yen)	-2,750	-2,750	-1,310
Balance as of March 31, 2008 (million yen)	446	446	58,350

Note: Of this amount, 767 million yen is of appropriation of retained earnings approved at the Ordinary General Meeting of Shareholders held in June 2007.

(4) Significant accounting policies

Item	Previous fiscal year (from April 1, 2006 to March 31, 2007)	Fiscal year under review (from April 1, 2007 to March 31, 2008)
1. Valuation standards and methods for securities	(1) Held-to-maturity bonds - Amortized cost method (2) Shares of subsidiaries and affiliates - Stated at cost based on the moving average method. (3) Other securities Marketable securities - Stated at fair value based on the market price as of the end of the fiscal year. (Unrealized holding gains or losses are reported in a component of net assets, with the cost of securities sold is calculated by the moving average method.) Non-marketable securities - Stated at cost based on the moving average method. For investments in the investment enterprise limited Liability association and similar associations (deemed to be securities pursuant to Article 2, Paragraph 2 of the Securities and Exchange Law), the net amount corresponding to the ownership percentage is used, based on the most recent financial statements available as of the reporting date and other materials stipulated in the partnership contract.	(1) Held-to-maturity bonds Same as on the left (2) Shares of subsidiaries and affiliates Same as on the left (3) Other securities Marketable securities Same as on the left Non-marketable securities Same as on the left For investments in the investment enterprise limited Liability association and similar associations (deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Law), the net amount corresponding to the ownership percentage is used, based on the most recent financial statements available as of the reporting date and other materials stipulated in the partnership contract.
2. Valuation standards and methods for inventories	Merchandise and products - Stated at cost determined by the first-in, first-out method. Raw materials - Stated at cost determined by the gross average method. Work in progress - Stated at cost based on the specific cost method. Supplies - Stated based on the last purchase price method.	Merchandise and products Same as on the left Raw materials Same as on the left Work in progress Same as on the left Supplies Same as on the left

Item	Previous fiscal year (from April 1, 2006 to March 31, 2007)	Fiscal year under review (from April 1, 2007 to March 31, 2008)
3. Depreciation method for fixed assets	(1) Tangible fixed assets Depreciated by the declining balance method. However, buildings (except for building attachments) acquired on or after April 1, 1998 were depreciated using the straight-line method. Major useful life: Buildings: 3–50 years Structures: 10–60 years Machinery and equipment: 8–12 years Vehicles and delivery equipment: 4–6 years Tools, instruments and fixtures: 2–20 years Assets with an acquisition cost of 100,000 yen or more but less than 200,000 yen were evenly amortized over a three-year period. Of the tools, instruments and fixtures, the oxygen concentrator devices (assets for rental) were depreciated by the straight-line method with the estimated rental period (four years) as a depreciation year.	(1) Tangible fixed assets Same as on the left
	-	(Changes in accounting policies) In accordance with the revision of the Corporate Tax Law, from this fiscal year, the Company has changed the depreciation method for tangible fixed assets acquired on or after April 1, 2007 to the method stipulated in the revised Financial Instruments and Exchange Law. This change had little effect on earnings for this fiscal year.

Item	Previous fiscal year (from April 1, 2006 to March 31, 2007)	Fiscal year under review (from April 1, 2007 to March 31, 2008)
	- (2) Intangible fixed assets Depreciated by the straight-line method. Software for internal use is amortized by the straight-line method over its useful life of five years. As for software for sale in the market, the Company records the larger of an amortization based on projected sales volume for the effective sales period (no longer than three years) or a uniform amortization over the effective remaining sales period.	(Additional information) In accordance with the revision of the Corporate Tax Law, from this fiscal year the Company has changed the depreciation method for tangible fixed assets acquired on or before March 31, 2007 that are fully depreciated to the maximum allowable amount using the depreciation method stipulated in the pre-revision Corporate Tax Law. From this fiscal year, the depreciation method used by the Company is the one in which it evenly depreciates the residual book value up to the reminder value over five years, from the next fiscal year of the fiscal year in which these assets are depreciated to the maximum allowable amount. This practice had little effect on earnings for this fiscal year. (2) Intangible fixed assets Same as on the left

Item	Previous fiscal year (from April 1, 2006 to March 31, 2007)	Fiscal year under review (from April 1, 2007 to March 31, 2008)
4. Basis for provision of allowances	(1) Allowance for doubtful accounts To prepare for losses incurred by bad debts, the amount of potential loss is calculated by using the historical loss ratio in the case of general loans or receivables. Potential losses for specific loans or receivables, for which we have concerns regarding their collectability, are calculated by assessing the possibility of collection for each individual account. (2) Allowance for valuation of investments To prepare for losses on investments in subsidiaries and similar organizations, we reserve the necessary amount while taking into account financial conditions of subsidiaries and other factors. (3) Allowance for bonuses to employees To prepare for the payment of bonuses to employees, we reserve an amount corresponding to this fiscal year's portion of estimated bonus payments to employees. (4) Allowance for bonuses to officers To prepare for the payment of bonuses to directors and corporate auditors, we reserve an amount corresponding to this fiscal year's portion of estimated bonus payments to directors and corporate auditors. (Changes in accounting policies) Beginning this fiscal year, the Company adopted the Accounting Standards for Directors' Bonuses (Corporate Accounting Standards No. 4, November 29, 2005). This adoption has little effect on profits and losses.	(1) Allowance for doubtful accounts Same as on the left (2) Allowance for valuation of investments Same as on the left (3) Allowance for bonuses to employees Same as on the left (4) Allowance for bonuses to officers Same as on the left -

Item	Previous fiscal year (from April 1, 2006 to March 31, 2007)	Fiscal year under review (from April 1, 2007 to March 31, 2008)
	(5) Allowance for losses on liquidation of affiliates To prepare for losses on liquidation of affiliates, the amount of the estimated losses was reserved. (6) Allowance for retirement benefits to employees To prepare for the payment of retirement benefits to employees, the amount recognized as accruing at the end of this fiscal year was reserved, based on estimated retirement benefit obligation and pension assets at the end of this fiscal year. Actuarial differences are amortized, using the straight-line basis over a certain number of years (10 years), which are less than the average remaining years of service of the employees when they incurred, from the fiscal year after the one in which they arise. (7) Allowance for retirement benefits to officers The We abolished the officers'' retirement benefit program was abolished on June 29, 2005. "**Allowance for retirement benefits to officers**" represents the estimated amount to be paid to directors and corporate auditors, who were in office on the day of abolishing the program.	(5) Allowance for losses on liquidation of affiliates Same as on the left (6) Allowance for retirement benefits to employees Same as on the left (7) -
5. Lease transactions accounting method	Finance lease transactions, other than those, in which the ownership of the leased property is recognized as having been transferred to the lessee, are based on the accounting method for ordinary lease transactions.	Same as on the left
6. Other important matters for preparation of financial statements	Accounting treatment of consumption tax, etc. and other taxes The Consumption tax and other taxes, etc. are excluded from profits and losses.	Accounting treatment of consumption tax and other taxes, etc. Same as on the left

Change in accounting methods

Previous fiscal year (from April 1, 2006 to March 31, 2007)	Fiscal year under review (from April 1, 2007 to March 31, 2008)
(Accounting standards for presentation of net assets in the balance sheets) Beginning this fiscal year, the Company adopted the “Accounting Standards for Presentation of Net Assets in the Balance Sheets” (Corporate Accounting Standards No. 5, December 9, 2005) and the “Guidelines for the Application of the Accounting Standards for Presentation of Net Assets in the Balance Sheets” (Guidelines for the Application of Corporate Accounting Standards No. 8, December 9, 2005). This adoption has little effect on profits and losses. The amount corresponding to the conventional **Total shareholders’ equity** in the balance sheets was 59,660 million yen. Along with the revision to the Regulations on Financial Statements, the financial statements for this fiscal year were prepared in accordance with the revised regulations.	-

Change in display method

Previous fiscal year (from April 1, 2006 to March 31, 2007)	Fiscal year under review (from April 1, 2007 to March 31, 2008)
-	(Balance sheets) **Allowance for retirement benefits to officers**, which was separately reported in the previous fiscal year, was presented as **Long-term other accounts payable** under **Long-term liabilities** from this fiscal year. We made this change because the First Audit Committee Report No. 42, “Audit Treatment for Reserves of Special Taxation Measures Law, Allowances or Reserves of Special Law, and Allowances for Retirement Benefits to Officers,” was announced on April 13, 2007.
-	(Statements of income) **Investment partnership losses**, which was included in **Other** under **Non-operating expenses** in the previous fiscal year, was separately presented from this fiscal year as the amount of such losses exceeded 10/100th of non-operating expenses. In the previous fiscal year, **Investment partnership losses** were 14 million yen.

6. Others

(1) Changes of officers

(i) Representative director

Not applicable.

(ii) Other officers

- Candidate for Director to be newly appointed

Director: Shuichi Fukuda (current position is Operating Officer and General Manager of Accounting Division)

- Director to retire

Managing Director: Masayuki Iwamoto (slated to be appointed as Adviser)

(iii) Scheduled appointment date

June 26, 2008