

Summary Report on Financial Results for the First Quarter of the Year Ending March 2010

August 3, 2009

Listing: JASDAQ

Company name: Fukuda Denshi Co., Ltd.

Code No.: 6960

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Scheduled date for filing the quarterly report: August 7, 2009

Scheduled date for commencement of dividend payment: —

(Amounts less than one million yen are discarded)

1. Consolidated financial results for the first quarter of the year ending March 2010 (April 1, 2009 through June 30, 2009)

(1) Consolidated operating results (cumulative)

(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	%
First quarter of the year ending March 31, 2010	19,467	(2.9)	849	(18.5)	940	(17.6)	109	(82.6)
First quarter of the year ended March 31, 2009	20,054	—	1,041	—	1,140	—	629	—

	Net income per share	Fully diluted net income per share
	yen	yen
First quarter of the year ending March 31, 2010	5.70	—
First quarter of the year ended March 2009	32.71	—

(2). Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
First quarter of the year ending March 2010	100,916	75,482	74.8	3,921.60
Year ended March 2009	101,200	74,795	73.9	3,885.41

(Reference) Shareholders' equity:

First quarter of the year ending March 2010: 75,482 million yen

Year ended March 2009: 74,786 million yen

2 Dividends

Record date	Dividends per share				
	End of the first quarter	End of the second quarter	End of the third quarter	End of the term	Annual
	yen	yen	yen	yen	yen
Year ended March 2009	—	40.00	—	40.00	80.00
Year ending March 2010	—				
Year ending March 2010 (estimate)		40.00	—	40.00	80.00

Note: There have been no revisions of dividend projections in the current quarter.

3 Forecast of consolidated financial results for fiscal 2009 (April 1, 2009 through March 31, 2010)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First two quarters of the consolidated term	42,200	(1.4)	2,800	(9.7)	2,800	(11.6)	1,200	(27.6)	62.34
Full-year	89,500	(0.1)	6,000	(10.7)	6,000	(10.6)	2,800	(25.7)	145.47

Note: There have been no revisions of consolidated earnings projections' numerical values in the current quarter.

4. Others

(1) Change in significant subsidiaries during the year under review (change in specific subsidiaries involving change in the scope of consolidation): None

(2) Application of simplified accounting method and accounting principles specific to the preparation of consolidated quarterly financial statements: Yes

Note: For details, please refer to 4. Others in the "Qualitative Information and Financial Statements" section on pages 5 through 6.

(3) Changes in accounting principles and procedures, and presentation related to the preparation of

consolidated quarterly financial statements (described in changes in basis of preparation for the consolidated quarterly financial statements):

- (i) Changes owing to the adoption of revised accounting standards or such like: None
- (ii) Changes other than (i) above: Yes

Note: For details, please refer to 4. Others in the “Qualitative Information and Financial Statements” section on pages 5 through 6.

(4) Number of outstanding issues (common stock)

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

First quarter of the year ending March 2010: 19,588,000 shares

Year ended March 2009: 19,588,000 shares

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

First quarter of the year ending March 2010: 340,105 shares

Year ended March 2009: 339,945 shares

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

First quarter of the year ending March 2010: 19,247,945 shares

First quarter of the year ended March 2009: 19,247,851 shares

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

1. The forecasted financial results described above are based on information available as of August 3, 2009. Actual results may differ from the results projected and presented hereby for a variety of reasons.
2. With respect to the preconditions for the forecast of financial results, please refer to “3. Qualitative information about earnings forecast for the fiscal year ending March 2010” in the “Qualitative Information and Financial Statements” section on page 5.

Qualitative Information and Financial Statements

1. Qualitative Information about consolidated operating results

During the first quarter under review, corporate earnings contracted in Japan, centering on export-oriented companies, which is seriously affecting the real economy, as exemplified by the aggravation of the employment situation and declines in consumer spending.

In the medical environment, medical system reforms continued to be pushed forward with, including the expansion of the adoption of the comprehensive medical fee payment system, called DPC (Diagnosis Procedure Combination), aimed at restraining medical expenses. In addition, a further division of functions between hospitals and clinics such as the consolidation of acute phase hospitals and an increase in the number of clinics assisting home medical treatment has been seen.

Under such circumstances, the Group posted consolidated net sales of 19,467 million yen (down 2.9% year-on-year), operating income of 849 million (down 18.5%), ordinary income of 940 million yen (down 17.6%) and a net income of 109 million yen (down 82.6 %) in the first quarter to date.

(i) Physiological diagnostic equipment segment

Sales of vascular screening systems, blood cell counters and air sterilization and deodorization equipment increased in Japan, but overseas sales declined.

As a result, consolidated net sales were 4,333 million yen (down 6.3% year-on-year).

(ii) Patient monitoring equipment segment

Sales declined both domestically and abroad.

As a result, consolidated net sales were 867 million yen (down 12.9% year-on-year).

(iii) Medical treatment equipment segment

The business of renting medical equipment for home treatment remained sturdy, while both the sales volume and sales value of pacemakers increased. Sales of Automated External Defibrillators (AEDs) declined, affected by the business downturn.

As a result, consolidated net sales were 8,559 million yen (down 4.1% year-on-year).

(iv) Other products and accessories segment

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.

Consolidated net sales for this segment were 5,707 million yen (up 3.7% year-on-year).

2. Qualitative information about consolidated financial situation

Total assets were 100,916 million yen at the end of the first quarter under review, down 283 million yen from the end of the previous fiscal year.

The decrease is mainly due to a decline of 3,777 million yen in trade notes and accounts receivable despite an increase of 1,403 million yen in cash and deposits, a rise of 495 million yen in merchandise and products and an increase of 569 million yen in investments and other assets.

Liabilities amounted to 25,433 million yen, down 970 million yen from the end of the previous fiscal year.

The decrease is primarily because of a decrease of 1,342 million yen in income tax payable, etc. despite an increase of 858 million yen in allowance for bonuses to employees.

Net assets were 75,482 million yen, up 686 million yen from the end of the previous fiscal year.

The increase is primarily attributable to a rise of 1,305 million yen in evaluation difference on other securities despite a decrease of 660 million yen in retained earnings.

3. Qualitative information about consolidated earnings forecast for the fiscal year ending March 2010

The worldwide economic recession resulting from the financial crisis is expected to hit Japan as well, in the forms of falls in production and exports, deterioration of corporate earnings, declines in consumer spending and rapid fluctuations in foreign exchange rates. Thus, the economic situation will likely remain stagnant in the foreseeable future. In the medical equipment industry, the business environment is expected to remain sluggish, as there are concerns about a consolidation or reduction in the number of public hospitals and patients' refraining from visiting hospitals for medical advice because of the recession.

However, there is no change at this moment in the forecast of financial results for the accumulated period up to the second quarter and for the full fiscal year, which we announced on May 15, 2009.

4. Others

(1) Change in significant subsidiaries during the year under review (change in specific subsidiaries involving change in the scope of consolidation):

Not applicable.

(2) Application of simplified accounting method and accounting principles specific to the preparation of consolidated quarterly financial statements

(i) Simplified accounting treatment

Tax expenses of consolidated subsidiaries are calculated by multiplying the quarterly net income before taxes by the effective income tax rate after tax effect accounting application in the statement of income of the previous fiscal year.

Corporate tax adjustments are included in corporate, inhabitants' and enterprise taxes.

(ii) Accounting principles specific to the preparation of consolidated quarterly financial statements

Not applicable.

(3) Change in accounting principles and procedures, presentation related to the preparation of consolidated quarterly financial statements:

Previously, expenses for the development of new products in research and development

activities were posted as cost of sales. However, effective from the first quarter under review, such expenses are treated as general and administrative expenses, with a view to appropriately grasping the costs corresponding to sales and more properly indicating profit/loss for the period, more properly taking advantage of the building of a system to manage expenses incurred in developing new products, since the development of new products has come to be regarded less as cost, and more as research and development as it involves the development of new technologies and new mechanisms.

As a result of this change, cost of sales decreased 305 million yen and gross profit increased by the same amount for the first quarter under review compared with the figures under the previous method, while operating income and ordinary income each declined 118 million yen due to an increase of 423 million yen in selling, general and administrative expenses.

Quarterly net income before taxes decreased 247 million yen, since 129 million yen, equivalent to research and development expenses in indirect manufacturing cost, which were included in beginning inventories, was posted as extraordinary losses.

5. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Million yen)

	End of the consolidated first quarter under review (as of June 30, 2009)	Summarized balance sheets related to the previous fiscal year (as of March 31, 2009)
Assets		
Current assets		
Cash and deposits	29,628	28,224
Trade notes and accounts receivable	19,541	23,319
Securities	998	999
Merchandise and products	8,979	8,483
Work in progress	141	44
Raw materials and supplies	1,789	1,642
Other	3,508	2,951
Allowance for doubtful accounts	(196)	(243)
Total current assets	64,390	65,421
Fixed assets		
Tangible fixed assets	20,321	19,975
Intangible fixed assets	2,499	2,668
Investments and other assets		
Other	13,720	13,151
Allowance for doubtful accounts	(16)	(16)
Total investments and other assets	13,704	13,134
Total fixed assets	36,525	35,778
Total assets	100,916	101,200
Liabilities		
Current liabilities		
Trade notes and accounts payable	12,690	12,401
Short-term borrowings	2,466	2,866
Income tax payable, etc.	354	1,697
Allowance for bonuses to employees	2,598	1,739
Other allowances	25	116
Other	2,721	3,043
Total current liabilities	20,857	21,865
Long-term liabilities		
Long-term borrowings	33	50
Allowance for retirement benefits	3,320	3,230
Other allowances	144	192
Negative goodwill	—	0
Other	1,077	1,065
Total long-term liabilities	4,576	4,538
Total liabilities	25,433	26,404
Net assets		
Shareholders' equity		
Common stock	4,621	4,621
Capital surplus	9,982	9,982
Retained earnings	61,033	61,693
Treasury stock	(766)	(766)

	End of the consolidated first quarter under review (as of June 30, 2009)	Summarized balance sheets related to the previous fiscal year (as of March 31, 2009)
Total shareholders' equity	74,871	75,531
Valuation and translation adjustments		
Evaluation difference on other securities	709	(595)
Foreign currency translation adjustment account	(98)	(149)
Total valuation and translation adjustments	611	(745)
Minority interests	—	9
Total net assets	75,482	74,795
Total liabilities and net assets	100,916	101,200

(2) Consolidated quarterly statements of income

(First quarter of the consolidated term)

(Million yen)

	First quarter of the previous consolidated term (from April 1, 2008 to June 30, 2008)	First quarter of the consolidated term (from April 1, 2009 to June 30, 2009)
Net sales	20,054	19,467
Cost of sales	11,104	10,264
Gross profit	8,950	9,203
Selling, general and administrative expenses	7,908	8,353
Operating income	1,041	849
Non-operating income		
Interest income	3	4
Dividend income	78	82
Other	85	21
Total non-operating income	167	108
Non-operating expenses		
Interest expenses	18	7
Foreign exchange losses	47	7
Other	2	2
Total non-operating expenses	69	17
Ordinary income	1,140	940
Extraordinary gains		
Gains on sale of fixed assets	1	3
Gain on insurance adjustment	—	22
Gains on insurance surrender	100	116
Gains on reversal of allowance for doubtful accounts	39	46
Other	—	2
Total extraordinary gains	141	191
Extraordinary losses		
Losses on sale of fixed assets	0	0
Losses on disposal of fixed assets	1	9
Loss on valuation of investment securities	12	657
Impairment losses	7	4
Loss on prior period adjustment	—	129
Other	1	7
Total extraordinary losses	23	808
Quarterly net income before taxes	1,259	323
Corporate, inhabitants' and enterprise taxes	893	404
Corporate tax adjustments	(264)	(190)
Total income taxes	629	213
Minority interests in earnings of consolidated subsidiaries	0	0
Net income	629	109

(3) Note concerning premise of going concern

Not applicable.

(4) Segment information

(Segment information by business type)

First quarter of the consolidated term under review (from April 1, 2009 to June 30, 2009)

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

(Segment information by geographical area)

First quarter of the consolidated term under review (from April 1, 2009 to June 30, 2009)

Segment information by geographical area is omitted because the amount of sales in Japan accounts for over 90 percent of the total sales of all segments.

(Overseas sales)

First quarter of the consolidated term under review (from April 1, 2009 to June 30, 2009)

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

(5) Note when there is a significant fluctuation in the amount of shareholders' equity

Not applicable.

6. Other information

Not applicable.