Summary Report on Financial Results for Fiscal Year Ended March 2010

May 14, 2010

Listing: JASDAQ

Company name: Fukuda Denshi Co., Ltd.

Code No.: 6960 (http://www.fukuda.co.jp)

Representative: Kotaro Fukuda, President & CEO

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Scheduled date for the ordinary general meeting of shareholders: June 29, 2010

Scheduled date for commencement of dividend payment: June 30, 2010

Scheduled date for filing the securities report: June 29, 2010

(Amounts less than one million yen are discarded)

1. Consolidated financial results for year ended March 2010 (April 1, 2009 through March 31, 2010)

(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 2010	88,147	(1.6)	6,999	4.2	7,006	4.4	3,498	(7.2)
Year ended March 2009	89,551	1.1	6,719	25.1	6,711	18.1	3,770	18.8

	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 2010	186.40	-	4.6	6.9	7.9
Year ended March 2009	195.88	-	5.1	6.7	7.5

(Reference) Profit or loss on equity method investments:

Year ended March 2010: - million yen

Year ended March 2009: - 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 2010	102,909	76,049	73.9	4,117.89
Year ended March 2009	101,200	74,795	73.9	3,885.41

(Reference) Shareholders' equity:

Year ended March 2010: 76,049 million yen

Year ended March 2009: 74,786 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 2010	12,195	(7,516)	(4,279)	28,023
Year ended March 2009	14,663	(6,478)	(2,342)	27,634

2. Dividends

	Dividends per share					Total dividends (for the year)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of the first quarter	End of the second quarter	End of the third quarter	End of the term	Annual			
	yen			yen	yen	million yen	%	%
Year ended March 2009	-	40.00	-	40.00	80.00	1,539	40.8	2.1
Year ending March 2010	-	40.00	-	40.00	80.00	1,477	42.9	2.0
Year ending March 2011 (estimate)	-	40.00	-	40.00	80.00		42.9	

3. Forecast of consolidated financial results for fiscal year ending March 2011 (April 1, 2010 through March 31, 2011)

(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
Consolidated second quarter	41,000	(1.4)	2,800	(0.1)	2,800	(3.5)	1,400	25.7	74.59
Full-year	89,500	1.5	7,000	0.0	7,000	(0.1)	3,500	0.0	186.49

4. Others

(1) Change in significant subsidiaries during the year under review: None

New: None

Exclusion: 1 (Fukuda Cardiac Laboratory Co., Ltd)

Note: For details, please refer to 2. The Fukuda Denshi Group on page 10.

(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 more details, please see "Basic significant matters regarding the preparation of consolidated financial statements" on page 26 and "Changes in basic significant matters regarding the preparation of consolidated financial statements" on page 29.

(3) Number of outstanding issues (common stock)

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

Year ended 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:

Year ended March 2010: 1,119,910 shares

Year ended March 2009: 339,945 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 page 39.

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for fiscal year ended March 2010 (April 1, 2009 through March 31, 2010)

(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 2010	54,622	(3.2)	2,780	(18.2)	4,089	(17.1)	2,546	(15.0)
Year ended March 2009	56,440	0.6	3,397	65.5	4,932	34.7	2,996	11.8

	Net income per share	Fully diluted net income per share
	yen	yen
Year ended March 2010	135.68	-
Year ended March 2009	155.68	-

(2) Non-consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2010	84,809	59,074	69.7	3,198.72
Year ended March 2009	83,368	58,764	70.5	3,053.02

(Reference) Shareholders' equity:

Year ended March 2010: 59,074 million yen

Year ended March 2009: 58,764 million yen

2. Forecast of non-consolidated financial results for fiscal year ending March 2011 (April 1, 2010 through March 31, 2011)

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.

<u>* Explanation about appropriate use of the forecasts of financial results, and other noteworthy matters</u>

1. The forecasted financial results described above are based on information available as of May 14, 2010. 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 "(1) Analysis of operation results" under the "1. Operating results" section on page 5.

1. Operating results

(1) Analysis of operation results

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

	Year ended March 2009	Year ended March 2010	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	89,551	88,147	(1,404)	(1.6)
Operating income (million yen)	6,719	6,999	279	4.2
Ordinary income (million yen)	6,711	7,006	295	4.4
Net income (million yen)	3,770	3,498	(271)	(7.2)
Net income per share (yen)	195.88	186.40	(9.48)	(4.8)

During the fiscal year under review, although there are expectations that the Japanese economy will recover especially in export and manufacturing, there are concerns over the prolongation of deflation.

In the medical equipment industry, the remuneration for medical services was positively changed for the first time in ten years this spring, and the business environment surrounding medical institutions is expected to improve. However, concern that patients may become less likely to seek medical treatment posed by the self-pay ratio increased, the future of the industry still remains uncertain.

Under such economic circumstances, the Group posted a consolidated net sale of 88,147 million yen (down 1.6% year-on-year) for the consolidated fiscal year under review due to reduction in the number of large-scale business deals. With regard to incomes, as a result of improved gross margin ratio and cost-cutting efforts in every field other than research and development investment, consolidated operating income, ordinary income and net income totaled 6,999 (up 4.2% year-on-year), 7,006 (up 4.4% year-on-year) and 3,498 (down 7.2% year-on-year) million yen, respectively.

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

Business segment	Year ended March 2009		Year ended March 2010		Comparison with the previous year	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Change (million yen)	Rate of change (%)
Physiological diagnostic equipment	24,486	27.4	22,899	26.0	(1,587)	(6.5)
Patient monitoring equipment	6,189	6.9	6,070	6.9	(119)	(1.9)
Medical treatment equipment	36,560	40.8	35,972	40.8	(588)	(1.6)
Other products and accessories	22,314	24.9	23,204	26.3	890	4.0
Total	89,551	100.0	88,147	100.0	(1,404)	(1.6)

A. Physiological diagnostic equipment segment

During the final quarter of the consolidated term, sales of electrocardiographs increased, but did not compensate for the decrease in demand up to the third quarter of the consolidated term.

Sales of ultrasound diagnostic imaging systems declined both domestically and abroad.

Sales of vascular screening systems, blood cell counters, and air sterilization and deodorization equipment continued to increase, but sales of the stock products have decreased due to reduction in the number of large-scale business deals

As a result, consolidated net sales amounted to 22,899 million yen (down 6.5% year-on-year).

B. Patient monitoring equipment segment

During the final quarter of the consolidated term, sales increased both domestically and abroad. It was enough to recover the decrease in the domestic market up to the third quarter of the consolidated term, but did not compensate for the decrease abroad.

As a result, consolidated net sales amounted to 6,070 million yen (down 1.9% year-on-year).

C. Medical treatment equipment segment

During the final quarter of the consolidated term, the business of renting medical equipment for home treatment, sales of pacemakers, and sales of ventilators continued to increase due to the demand caused by the new types of influenza.

Sales of catheter increased and compensate for the decrease in demand up to the third quarter of the consolidated term.

Sales of Automated External Defibrillators (AEDs) declined, affected by the business downturn.

As a result, consolidated net sales amounted to 35,972 million yen (down 1.6% year-on-year).

D. 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 23,204 million yen (up 4.0% year-on-year).

(iii) Outlook for fiscal year ending March 2011

	Year ended March 2010	Year ending March 2011	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	88,147	89,500	1,352	1.5
Operating income (million yen)	6,999	7,000	0	0.0
Ordinary income (million yen)	7,006	7,000	(6)	(0.1)
Net income (million yen)	3,498	3,500	1	0.0
Net income per share (yen)	186.40	186.49	0.09	0.0

In the medical equipment industry, while the business environment surrounding the medical institutions is expected to improve due to the positive change in the remuneration for medical services, there are also concerns about the consultation behavior of patients and the end of investment in the new type of influenza. It is expected; therefore, that the industry's business environment will continues to be harsh.

In consideration of such circumstances, the Group expects consolidated net sales of 89,500 million yen, operating income of 7,000 million yen, ordinary income of 7,000 million yen, and net income of 3,500 million yen for the fiscal year ending March 2011.

(2) Analysis of financial situation

(i) Assets, liabilities and net assets

Total assets increased 1,708 million yen from the end of the previous fiscal year to 102,909 million yen. The main factors are the increase of 763 million yen in 'trade notes and accounts receivable' and the increase of 1,584 million yen in 'investment securities' despite a decrease of 1,562 million yen in 'merchandise and products'.

Total liabilities increased 455 million yen from the end of the previous fiscal year to reach 26,859 million yen. The main factors are the increase of 1,435 million yen in 'Trade notes and accounts payable' despite a decrease of 916 million yen in 'short-term borrowings'.

Total net assets increased 1,253 million yen from the end of the previous fiscal year to reach 76,049 million yen, due primarily to an increase of 1,980 million yen in 'retained earnings' and an increase of 1,006 million yen in 'evaluation difference on other securities' despite an increase of 1,735 million yen in 'treasury stock'.

(ii) Consolidated cash flows

	Year ended March 2009	Year ended March 2010	Change
Cash flows from operating activities (million yen)	14,663	12,195	(2,468)
Cash flows from investing activities (million yen)	(6,478)	(7,516)	(1,037)
Cash flows from financing activities (million yen)	(2,342)	(4,279)	(1,937)
Effect of exchange rate changes (million yen)	(166)	(11)	155
Increase (decrease) in cash and cash equivalents (million yen)	5,676	388	(5,287)
Cash and cash equivalents at the end of the fiscal years (million yen)	27,634	28,023	388

Cash flows from operating activities

In the consolidated fiscal year under review, net cash provided by operating activities was 12,195 million yen, down 2,468 million yen from the previous year.

Included are 'net income before taxes' of 6,471 million yen, 'depreciation costs' of 5,813 million yen and 'decrease in inventories' of 1,504 million yen.

Cash flows from investing activities

Net cash used in investing activities was 7,516 million yen, up 1,037 million yen from the previous year.

Payments for the 'acquisition of tangible fixed assets' amounted to 5,149 million yen and 'securities and investment' securities were 2,168 million yen.

Cash flows from financing activities

Net cash used in financing activities was 4,279 million yen, up 1,937 million yen, mainly because of the payment of 'purchase of treasury stock' of 1,735 million yen and 'dividends' of 1,508 million yen.

As a result, the outstanding balance of cash and cash equivalents was 28,023 million yen at the end of the fiscal year, up 388 million yen compared to the end of the previous fiscal year.

(Reference) Trends in cash flow indicators

	Year ended March 2006	Year ended March 2007	Year ended March 2008	Year ended March 2009	Year ended March 2010
Shareholders' equity ratio (%)	70.1	71.9	74.1	73.9	73.9
Market value-based shareholders' equity ratio (%)	77.8	76.8	47.2	36.4	38.8
Years needed to repay debts	0.5	0.4	0.6	0.2	0.2
Interest coverage ratio	173.2	124.3	69.1	275.5	419.6

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 year ended March 2010 and fiscal year ending 2011

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 concretely more than 30% consolidated payout ratio, 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.

Year-end dividend of 40 yen per share will be paid for the fiscal year under review, making annual dividend 80 yen per share as in the previous year inclusive of interim dividend of 40 yen per share.

(4) Business risks

(i) Effect of medical administration

The Japanese Government has been pushing forward with its policies of improving the quality of medical care and curtailing the medical costs, and the remuneration for medical services, and the official reimbursement prices for drugs and specific insurance medical materials are revised every two years. Changes in the governmental health care policies may lead to intensified competition within the market and lowered sales prices, thus adversely affecting the operating results and financial standing of the Group.

(ii) Legal regulations

The manufacture and sales of medical equipment are subject to regulations prescribed in the Pharmaceutical Affairs Law, and it may take a certain period of time for a new medical equipment to be investigated and finally approved for sale. In addition, some medical equipment requires clinical trials, thus taking a long period of time before it is launched in the market.

If the current regulations are revised, new ones are introduced, or any other unpredictable regulatory change is made in the future, it is likely that this will adversely affect the operating results and financial standing of the Group.

(iii) High dependence on certain business partners with which continuation of transactions is unsure

The Company imports and sells ventilators, pacemakers, defibrillators, heart catheters and other devices and equipment. We strive to ensure that we can continue making transactions. If any problem arises that will make it impossible to continue stable transactions with the exporters, the operating results and financial standing of the Group will be adversely affected. To prevent this, sufficient care has been taken not to depend too heavily on a few specific companies for the supply of those equipments.

(iv) Product quality

The Group manufactures the products under a rigorous quality control system that is strictly in conformance with the international standards including ISO. If any quality problem arises due to unforeseen failure or defect of a product, suspension of sale and recall of such product may be ordered by the authorities concerned, adversely affecting the operating results and financial standing of the Group.

(v) 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.

(vi) 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 13.47% of the Company’s voting rights (as of March 31, 2010). 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 55 subsidiaries and 1 affiliate; the Fukuda Denshi Group is engaged mainly in manufacturing, purchasing 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 which are then measured and recorded.

Major companies involved

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

Purchase: Fukuda Denshi Co., Ltd

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

- Patient monitoring equipment segment

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

Major companies involved

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

Purchase: Fukuda Denshi Co., Ltd

Sales: Fukuda Denshi Co., Ltd; Fukuda Denshi Hokkaido and other sales subsidiaries; Fukuda Denshi USA, Inc; 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 which treat abnormal heart rhythm by delivering electric impulses to the heart; pacemakers; ventilators, which help patients with respiratory insufficiency breathe easier; and other equipment.

Major companies involved

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

Purchase: Fukuda Denshi Co., Ltd

Sales: Fukuda Denshi Co., Ltd; Fukuda Life Tech 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

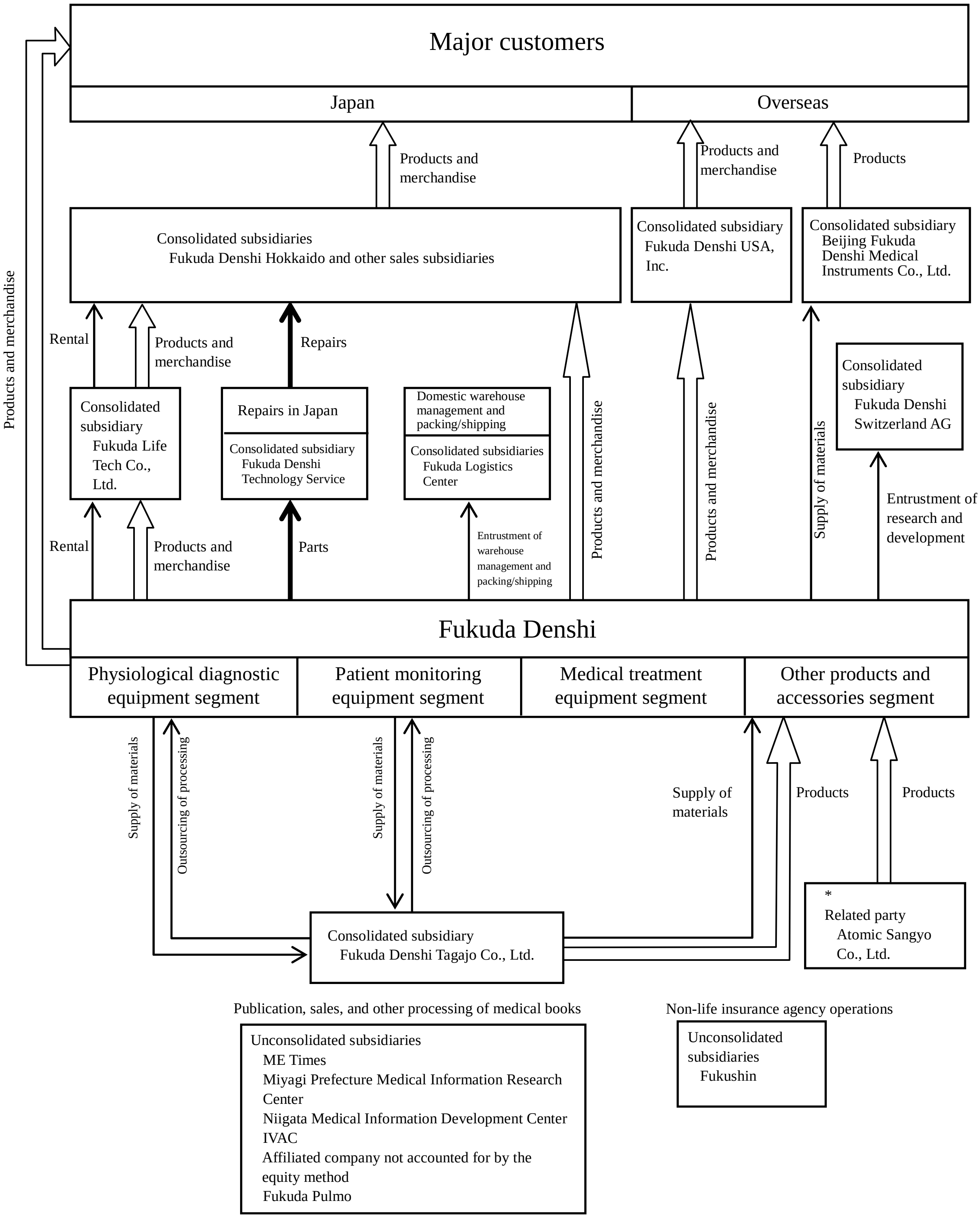
Major companies involved

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

Purchase: Fukuda Denshi Co., Ltd

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

Diagram of the Group's business structure



* Related party Atomic Sangyo Co., Ltd. manufactures recording paper for medical electronic equipment and supplies it to Fukuda Denshi's other products and accessories segment.

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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 8,000 million yen or more and a payout ratio of 30% or more.

(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 2011 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 medical equipment.

(4) Issues to be addressed

In Japan, various medical system reforms have been carried out, including: the revision of official reimbursement prices 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) Other important managerial matters of the Company

(i) Acquisition of treasury stock

The Board of Directors approved on the acquisition of Fukuda Denshi’s own shares under the Article 156 of the Companies Act of Japan applied as mutatis mutandis stipulated under the Article 165 (3) of the same Law during its meeting held on August 19, 2009, and as of August 25, 2009, 779,700 common shares have been acquired through a fixed price trading, which amounted to 1,734 million yen.

(ii) Important contracts concerning management

There are no applicable matters.

4. Consolidated financial statements

(1) Consolidated balance sheets

(Million yen)

	Previous fiscal year (as of March 31, 2009)	Fiscal year under review (as of March 31, 2010)
Assets		
Current assets		
Cash and deposits	28,224	28,630
Trade notes and accounts receivable	23,319	24,082
Securities	999	1,099
Merchandise and products	8,483	6,920
Work in process	44	86
Raw materials and supplies	1,642	1,664
Deferred tax assets	1,956	1,874
Other	994	1,140
Allowance for doubtful accounts	(243)	(212)
Total current assets	65,421	65,285
Fixed assets		
Tangible fixed assets		
Buildings and structures	8,736	8,807
Accumulated depreciation and impairment losses	(4,413)	(4,687)
Buildings and structures (net)	4,322	4,120
Machinery and delivery equipment	649	665
Accumulated depreciation and impairment losses	(388)	(435)
Machinery and delivery equipment (net)	260	229
Tools, instruments and fixtures	23,767	23,120
Accumulated depreciation and impairment losses	(14,316)	(13,506)
Tools, instruments and fixtures (net)	9,451	9,613
Land	5,792	5,938
Lease assets	176	291
Accumulated depreciation and impairment losses	(28)	(83)
Lease assets (net)	147	208
Construction in progress	0	34
Total tangible fixed assets	19,975	20,144
Intangible fixed assets	2,668	2,344
Investments and other assets		
Investment securities	*1 5,837	*1 *3 7,422
Deferred tax assets	3,685	3,326
Other	3,628	4,657
Allowance for doubtful accounts	(16)	(18)
Allowance for investment loss	-	(251)
Total investments and other assets	13,134	15,134
Total fixed assets	35,778	37,623
Total assets	101,200	102,909

(Million yen)

	Previous fiscal year (as of March 31, 2009)	Fiscal year under review (as of March 31, 2010)
Liabilities		
Current liabilities		
Trade notes and accounts payable	12,401	13,836
Short-term borrowings	2,866	1,950
Lease obligations	54	80
Income tax payable, etc.	1,697	1,497
Allowance for bonuses to employees	1,739	1,654
Allowance for bonuses to officers	113	117
Allowance for losses on restructuring	3	-
Provision of allowance for product warranty	-	303
Other	2,989	2,754
Total current liabilities	21,865	22,195
Long-term liabilities		
Long-term borrowings	50	-
Lease obligations	156	214
Allowance for retirement benefits	3,230	3,397
Allowance for retirement benefits to officers	192	173
Negative goodwill	0	-
Other	909	879
Total long-term liabilities	4,538	4,664
Total liabilities	26,404	26,859
Net assets		
Shareholders' equity		
Common stock	4,621	4,621
Capital surplus	9,982	9,982
Retained earnings	61,693	63,674
Treasury stock	(766)	(2,501)
Total shareholders' equity	75,531	75,777
Valuation and translation adjustments		
Evaluation difference on other securities	(595)	411
Foreign currency translation adjustment account	(149)	(139)
Total valuation and translation adjustments	(745)	272
Minority interests	9	-
Total net assets	74,795	76,049
Total liabilities and net assets	101,200	102,909

(2) Consolidated statements of income

(Million yen)

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
Net sales	89,551	88,147
Cost of sales	*2 50,549	*2 47,754
Gross profit	39,002	40,392
Selling, general and administrative expenses	*1 *2 32,282	*1 *2 33,393
Operating income	6,719	6,999
Non-operating income		
Interest income	23	23
Dividend income	162	160
Foreign exchange gains	-	37
Other	224	155
Total non-operating income	410	377
Non-operating expenses		
Interest expenses	56	29
Foreign exchange losses	298	-
Provision for allowance for investment loss	-	251
Loss on investment in partnership	51	74
Other	12	14
Total non-operating expenses	418	370
Ordinary income	6,711	7,006
Extraordinary gains		
Gains on sale of fixed assets	*3 7	*3 4
Gains on reversal of allowance for doubtful accounts	-	10
Gains on reversal of allowance for losses on restructuring	68	2
Gains on insurance surrender	614	323
Profit from insurance claim	-	33
Others	-	2
Total extraordinary gains	691	377
Extraordinary losses		
Losses from the prior-period adjustment	-	*4 129
Losses on sale of fixed assets	*5 16	*5 0
Losses on disposal of fixed assets	*6 133	*6 18
Impairment losses	*7 14	*7 10
Loss on valuation of investment securities	959	698
Loss on valuation of golf club membership	2	1
Others	-	54
Total extraordinary losses	1,125	912
Net income before taxes	6,277	6,471
Corporate, inhabitants' and enterprise taxes	2,566	2,823
Corporate tax adjustments	(61)	149
Total income taxes	2,505	2,972
Minority interests in earnings of consolidated subsidiaries	1	0
Net income	3,770	3,498

(3) Statements of changes in shareholders' equity

(Million yen)

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
Shareholders' equity		
Common stock		
Balance at the end of the previous fiscal year	4,621	4,621
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at the end of the fiscal year	4,621	4,621
Capital surplus		
Balance at the end of the previous fiscal year	9,982	9,982
Changes during the fiscal year		
Disposal of treasury stock	(0)	(0)
Total changes during the fiscal year	(0)	(0)
Balance at the end of the fiscal year	9,982	9,982
Retained earnings		
Balance at the end of the previous fiscal year	59,473	61,693
Changes during the fiscal year		
Dividends paid	(1,539)	(1,508)
Bounties and welfare funds for employee	(10)	(8)
Net income	3,770	3,498
Total changes during the fiscal year	2,220	1,980
Balance at the end of the fiscal year	61,693	63,674
Treasury stock		
Balance at the end of the previous fiscal year	(766)	(766)
Changes during the fiscal year		
Acquisition of treasury stock	(0)	(1,735)
Disposal of treasury stock	1	0
Total changes during the fiscal year	0	(1,735)
Balance at the end of the fiscal year	(766)	(2,501)
Total shareholders' equity		
Balance at the end of the previous fiscal year	73,311	75,531
Changes during the fiscal year		
Dividends paid	(1,539)	(1,508)
Bounties and welfare funds for employee	(10)	(8)
Net income	3,770	3,498
Acquisition of treasury stock	(0)	(1,735)
Disposal of treasury stock	1	0
Total changes during the fiscal year	2,220	245
Balance at the end of the fiscal year	75,531	75,777
Valuation and translation adjustments		
Evaluation difference on other securities		
Balance at the end of the previous fiscal year	447	(595)
Changes during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	(1,042)	1,006
Total changes during the fiscal year	(1,042)	1,006
Balance at the end of the fiscal year	(595)	411
Foreign currency translation adjustment account		
Balance at the end of the previous fiscal year	63	(149)

(Million yen)

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
Changes during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	(213)	10
Total changes during the fiscal year	(213)	10
Balance at the end of the fiscal year	(149)	(139)
Total valuation and translation adjustments		
Balance at the end of the previous fiscal year	510	(745)
Changes during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	(1,255)	1,017
Total changes during the fiscal year	(1,255)	1,017
Balance at the end of the fiscal year	(745)	272
Minority interests		
Balance at the end of the previous fiscal year	11	9
Changes during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	(2)	(9)
Total changes during the fiscal year	(2)	(9)
Balance at the end of the fiscal year	9	-
Total net assets		
Balance at the end of the previous fiscal year	73,833	74,795
Changes during the fiscal year		
Dividends paid	(1,539)	(1,508)
Bounties and welfare funds for employee	(10)	(8)
Net income	3,770	3,498
Acquisition of treasury stock	(0)	(1,735)
Disposal of treasury stock	1	0
Changes in items other than shareholders' equity during the fiscal year (net)	(1,258)	1,008
Total changes during the fiscal year	962	1,253
Balance at the end of the fiscal year	74,795	76,049

Note for statements of changes in shareholders' equity:

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

(Million yen)

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
Cash flows from operating activities		
Net income before taxes	6,277	6,471
Depreciation and amortization	5,397	5,813
Increase (decrease) in allowance for losses on restructuring	(108)	(3)
Impairment losses	14	10
Increase (decrease) in allowance for investment loss	-	251
Increase (decrease) in allowance for doubtful accounts	(97)	(28)
Increase (decrease) in allowance for bonuses to employees	73	(84)
Increase (decrease) in allowance for bonuses to officers	14	4
Increase (decrease) in allowance for product warranties	-	303
Increase (decrease) in allowance for retirement benefits to employees	133	166
Increase (decrease) in allowance for retirement benefits to officers	(5)	(18)
Interest and dividend income	(186)	(183)
Interest expenses	56	29
Losses (gains) from sale of fixed assets	8	(4)
Losses on disposal of fixed assets	133	18
Losses (gains) on valuation of investment securities	959	698
Losses (gains) on insurance surrender	(614)	(323)
Decrease (increase) in accounts receivable	344	(778)
Decrease (increase) in inventories	3,122	1,504
Increase (decrease) in accounts payable	(544)	854
Increase (decrease) in consumption tax payable, etc.	158	(35)
Other	881	138
Subtotal	16,019	14,804
Interest and dividends received	171	172
Interest paid	(53)	(29)
Insurance received	30	68
Corporate tax, etc. paid	(1,504)	(2,820)
Net cash provided by operating activities	14,663	12,195
Cash flows from investing activities		
Net decrease (increase) in time deposits	(8)	(16)
Acquisition of tangible fixed assets	(5,520)	(5,149)
Acquisition of intangible fixed assets	(220)	(502)
Purchase of securities and investment securities	(1,302)	(2,168)
Proceeds from sale of securities and investment securities	1,000	1,000
Payments for insurance reserve	(1,120)	(915)
Proceeds from reversal of insurance reserve	1,121	256
Payments for loans	(200)	(100)
Other	(227)	78
Net cash used in investing activities	(6,478)	(7,516)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(700)	(900)
Repayment of long-term borrowings	(66)	(66)
Purchase of treasury stock	(0)	(1,735)
Sale of treasury stock	1	0
Dividends paid	(1,540)	(1,508)

(Million yen)

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
Repayments of lease obligations	(33)	(67)
Dividends paid to minority shareholders	(1)	(1)
Net cash used in financing activities	(2,342)	(4,279)
Effect of exchange rate changes on cash and cash equivalents	(166)	(11)
Increase or decrease in cash and cash equivalents	5,676	388
Cash and cash equivalents at the beginning of the fiscal year	21,958	27,634
Cash and cash equivalents at the end of the fiscal year	*1 27,634	*1 28,023

(5)Events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern

Not applicable

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

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
1. Scope of consolidation	(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 (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.	(1) Number of consolidated subsidiaries: 51 Major consolidated subsidiaries are as follows: Fukuda Life Tech Co., Ltd. Fukuda Denshi Hokkaido Fukuda Cardiac Laboratory Co., Ltd. Went into liquidation as of November 2, 2009, and was excluded from the scope of consolidation. (2) Names and other details of major unconsolidated subsidiaries Of the subsidiaries, ME Times, Fukushin and two 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.
2. Application of equity method	(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 the 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 four unconsolidated subsidiaries and the 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.

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
3. Accounting period, etc. of consolidated subsidiaries	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.	Same as on the left
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 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.	(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

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
	(ii) Inventories The cost method (the amounts stated in the balance sheets are calculated by writing down the book values based on lower profitability) is used as a valuation standard. Merchandise and products -Mainly stated at cost determined by the first-in, first-out method. Work in progress -Mainly stated at cost based on the specific cost method. Raw materials -Mainly stated at cost based on the gross average method. Supplies -Stated at cost based on the last purchase price method.	(ii) Inventories Same as on the left
	(Changes in accounting policies) Starting with the fiscal year under review, the Company applies the "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan (ASBJ) Statement No. 9, announced on July 5, 2006). The effect of this change on consolidated operating income, ordinary income and net income before taxes for the fiscal year under review is insignificant.	—

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
(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. (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. (iii) Lease assets Lease assets in finance lease transactions that do not transfer ownership The straight-line method is used, based on the assumption that the useful life is the lease term and the residual value is zero. Finance lease transactions that do not transfer ownership and for which the inception of the lease predates the beginning of the initial year of application of the standard continue to be accounted for in a similar manner with the ordinary rental transactions.	(i) Tangible fixed assets (excluding lease assets) Same as on the left (ii) Intangible fixed assets (excluding lease assets) Same as on the left (iii) Lease assets Same as on the left

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
(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. (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. (iv) Allowance for losses on restructuring To prepare for losses on restructuring, the amount of the estimated losses was reserved.	(i) Allowance for doubtful accounts Same as on the left (ii) Allowance for bonuses to employees Same as on the left (iii) Allowance for bonuses to officers Same as on the left —

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
	(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.	(iv) Allowance for retirement benefits to employees Same as on the left
	—	(Changes in accounting policies) The Partial Revision of the "Accounting Standards for Retirement Benefits", Part 3 (ASBJ Statement No. 19 of July 31, 2008) has been applied starting from the consolidated fiscal year under review. This does not affect the operating income, ordinary income, or net income before taxes.
	—	(Additional information) Fukuda Denshi revised the retirement pension system on October 1, 2009, and moved from the approved retirement annuity system to the defined benefit corporate pension system (contract-type) based on the relevant act. The company applied the "Accounting methods related to shift between retirement pension schemes" (ASBJ Guidance No.1 for applying corporate standards) for the accounting operations associated with this move. In addition, the influence according to this revision is negligible.

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
	(vi) 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. —	(v) Allowance for retirement benefits to officers Same as on the left (vi) Allowance for product warranty To prepare for the expenses incurred by the free repair to be implemented after the delivery of the products, estimated amount of the repair expenses was reserved on the basis of the estimated proportion of such expenses to net sales and the estimated amount of such expenses for individual products.

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
	—	(Changes in accounting policies) Previously, the expenses for the free repair were booked as they arose. Following the implementation of the ERP system, it has been made possible to make a reasonable estimation of the expenses to be incurred in the future on the basis of the previous records of such expenses. To optimize the period of profit/loss and make the financial structure healthier, the estimated amount of expenses to be incurred in the future was reserved as allowance starting from the consolidated fiscal year under review. As a result of this change, 303 million yen was reserved as provision of allowance for product warranty in the consolidated fiscal year under review. Consequently, gross profit, operating income, ordinary income, and net income before taxes decreased by 303 million yen, respectively. As a reasonable estimation of the above expenses was made possible at the end of the consolidated fiscal year under review, allowance for product warranty was not calculated for the previous consolidated fiscal year and the first three quarters of the consolidated fiscal year under review.
	—	(vii) Allowance for investment loss To prepare for the loss expected to be incurred in the investment activities, allowance for investment loss was reserved taking into account the financial standing and other data of the companies in which investment is being made.

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
(4) Standards for translation of important foreign currency-based assets or liabilities into 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.	Same as on the left
(5) 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.	Accounting treatment of consumption tax and other taxes 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

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

Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
(Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements) Beginning the fiscal year under review, the Company applies the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No. 18, May 17, 2006) and made revisions necessary for consolidated settlement of accounts. The effect of this change on consolidated operating income, ordinary income and net income before taxes for the fiscal year under review is insignificant.	(Accounting principles of expenses for research and development) 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 1,512 million yen and gross profit increased by the same amount for the consolidated year under review compared with the figures under the previous method, while operating income and ordinary income each declined 6 million yen due to an increase of 1,505 million yen in selling, general and administrative expenses. Net income before taxes decreased 122 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.

Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
(Accounting standards for lease transactions) Finance lease transactions that do not transfer ownership were traditionally accounted for in a manner similar to accounting treatment for ordinary rental transactions. From the fiscal year under review, however, the Company applies the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, (June 17, 1993 (First Committee of Business Accounting Council), revised March 30, 2007)) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 (January 18, 1994 (Accounting System Committee at the Japanese Institute of Certified Public Accountants), revised March 30, 2007)) and accounts for finance lease transactions in a similar manner with ordinary sales and purchase transactions. Finance lease transactions that do not transfer ownership and of which the inception of the lease predates the beginning of the initial year of application of the standard are continued to be accounted for in a similar manner with the ordinary rental transactions. The effect of this change on consolidated operating income, ordinary income and net income before taxes for fiscal year under review is insignificant.	—

(8) Changes in the presentation

Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
(Consolidated balance sheets) Since the “Cabinet Office Ordinance Partially Revising Regulations for Terminology, Forms and Preparation of Financial Statements” (August 7, 2008, Cabinet Office Ordinance No. 50) became applicable, Inventories recognized for the previous fiscal year are presented as a separate item as Merchandise and products, Work in Progress and Raw Materials and Supplies from the fiscal year under review. The Merchandise and products, Work in Progress and Raw Materials and Supplies included in Inventories for the previous fiscal year were 10,655 million yen, 84 million yen and 2,646 million yen, respectively.	—
(Consolidated statements of income) Investment partnership losses, which was included in Other under Non-operating expenses in the previous consolidated 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 consolidated fiscal year, Investment partnership losses were 11 million yen.	—

(9) Notes

(Consolidated balance sheets)

Previous fiscal year (as of March 31, 2009)	Fiscal year under review (as of March 31, 2010)
*1. Notes to unconsolidated subsidiaries and affiliated companies Unconsolidated subsidiaries and affiliated companies: Investment securities: 48 million yen (Stocks)	*1. Notes to unconsolidated subsidiaries and affiliated companies Unconsolidated subsidiaries and affiliated companies: Investment securities: 46 million yen (Stocks)
*2. Discount on bills: 397 million yen (Discount on export bills)	*2. Discount on bills: 90 million yen (Discount on export bills)
—	*3. Notes to unconsolidated subsidiaries and affiliated companies The amount of investment securities includes 420 million yen of advance on subscription for new stock paid in connection with the purchase of stocks issued by The Dai-ichi Life Insurance Co., Ltd., which was demutualized as of April 1, 2010.

(Consolidated statements of income)

Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
*1. Major items and amounts of Selling, general and administrative expenses are as follows: Provision of allowance for doubtful accounts: 14 million yen Salaries, benefits, and other monies to officers and employees: 11,408 million yen Bonuses and provision of allowance for bonuses: 2,758 million yen Provision of allowance for retirement benefits to officers: 39 million yen Retirement benefit expenses: 702 million yen Depreciation: 1,536 million yen Provision of allowance for bonuses to officers: 113 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: 11,601 million yen Bonuses and provision of allowance for bonuses: 2,660 million yen Provision of allowance for retirement benefits to officers: 39 million yen Retirement benefit expenses: 892 million yen Depreciation: 1,571 million yen Provision of allowance for bonuses to officers: 117 million yen
*2. Research and development expenses included in the General and administrative expenses and Manufacturing expenses for this fiscal year are 2,005 million yen.	*2. Research and development expenses included in the General and administrative expenses and Manufacturing expenses for this fiscal year are 3,216 million yen.
*3 Breakdown of Gains on sale of fixed assets Buildings and structures: 0 million yen Machinery and delivery equipment: 4 million yen Tools, instruments and fixtures: 2 million yen Total 7 million yen	*3 Breakdown of Gains on sale of fixed assets Machinery and delivery equipment: 4 million yen Tools, instruments and fixtures: 0 million yen Total 4 million yen

Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
—	*4. Losses from the prior-term adjustment Because the accounting method for expenses incurred in the development of new products under the research and development activities was changed starting from the consolidated fiscal year under review, 129 million yen of research and development expenses among indirect manufacturing cost, which was included in inventories at the beginning of the fiscal year, was booked as loss on prior period adjustment in extraordinary losses.
*5. Breakdown of Losses on sale of fixed assets Buildings and structures: 3 million yen Machinery and delivery equipment: 4 million yen Land: 7 million yen Intangible fixed assets: 0 million yen Total 16 million yen	*5. Breakdown of Losses on sale of fixed assets Machinery and delivery equipment: 0 million yen Total 0 million yen
*6 Breakdown of Losses on disposal of fixed assets Buildings and structures: 14 million yen Machinery and delivery equipment: 3 million yen Tools, instruments and fixtures: 9 million yen Intangible fixed assets: 105 million yen Total 133 million yen	*6 Breakdown of Losses on disposal of fixed assets Buildings and structures: 2 million yen Machinery and delivery equipment: 4 million yen Tools, instruments and fixtures: 10 million yen Intangible fixed assets: 0 million yen Total 18 million yen

Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
*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 14 million yen), which were booked as extraordinary losses. These impairment losses consist of the losses on tools, instruments and fixtures of 12 million yen; and on other assets of 1 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.	*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 and a fall of the market price, we have written down the book values of the following assets to recoverable values. These write-offs have resulted in impairment losses (of 10 million yen), which were booked as extraordinary losses. These impairment losses consist of the losses on land property of 4 million yen, on lease assets of 5 million yen, and on other assets of 0 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.

Previous fiscal year:

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	14

Fiscal year under review:

Use of assets	Location of assets	Type of assets	Amount (million yen)
Idle assets	Nasu County, Tochigi Prefecture	Land property	4
Operational assets	Sapporo City, Hokkaido	Lease and lease assets	5

(Statements of changes in shareholders' equity)

Previous fiscal year (from April 1, 2008 to March 31, 2009)

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)	340	0	0	339
Total	340	0	0	339

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

The decrease of 0 in treasury stock of common stock reflects the decrease owing to the disposal of shares less than the trading unit.

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 26, 2008	Common stock	769	40	March 31, 2008	June 27, 2008
Board of Directors' meeting held on October 30, 2008	Common stock	769	40	September 30, 2008	December 5, 2008

(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, 2009	Common stock	769	Retained earnings	40	March 31, 2009	June 29, 2009

Fiscal year under review (from April 1, 2009 to March 31, 2010)

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)	339	780	0	1,119
Total	339	780	0	1,119

Note: The increase of 780 thousand shares in treasury stock of common stock reflects the increase of 779 thousand shares and 0 thousand shares owing to the acquisition of treasury stock and repurchase of shares less than the trading unit, respectively, in accordance with the provisions of Article 156 as applied pursuant to the provisions of Article 165, Paragraph 3 of the Companies Act.

The decrease of 0 in treasury stock of common stock reflects the decrease owing to the disposal of shares less than the trading unit.

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 26, 2009	Common stock	769	40	March 31, 2009	June 29, 2009
Board of Directors' meeting held on October 30, 2009	Common stock	738	40	September 30, 2009	December 5, 2009

(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 29, 2010	Common stock	738	Retained earnings	40	March 31, 2010	June 30, 2010

(Consolidated statements of cash flows)

Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
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, 2009) Cash and deposits: 28,224 million yen Time deposits with a deposit period of over three months: (590 million yen) Cash and cash equivalents: 27,634 million yen 2. Details of important no fund transactions The amounts of assets and liabilities in finance lease transactions which are newly recognized for the fiscal year under review are 232 million yen each.	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, 2010) Cash and deposits: 28,630 million yen Time deposits with a deposit period of over three months: (606 million yen) Cash and cash equivalents: 28,023 million yen 2. Details of important nonfund transactions The amounts of assets and liabilities in finance lease transactions which are newly recognized for the fiscal year under review are 145 million yen each.

(Lease transactions)

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

(Financial Products)

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, 2008 to March 31, 2009) and fiscal year under review (from April 1, 2009 to March 31, 2010):

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, 2008 to March 31, 2009):

Not applicable.

Fiscal year under review (from April 1, 2009 to March 31, 2010):

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.

(Real estates including rentals)

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, 2008 to March 31, 2009) and fiscal year under review (from April 1, 2009 to March 31, 2010):

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, 2008 to March 31, 2009) and fiscal year under review (from April 1, 2009 to March 31, 2010):

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, 2008 to March 31, 2009) and fiscal year under review (from April 1, 2009 to March 31, 2010):

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

(Transactions with related parties)

Disclosure of transactions with related parties 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, 2008 to March 31, 2009):

Not applicable.

Fiscal year under review (from April 1, 2009 to March 31, 2010):

Not applicable.

(Per share information)

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
Net assets per share	3,885.41 yen	4,117.89 yen
Net income per share	195.88 yen	186.40 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 following is the basis for calculation of net income per share:

Item	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
Net income per share		
Net income (million yen)	3,770	3,498
Amount not belonging to ordinary shareholders (million yen)	-	-
Net income in relation to common stock (million yen)	3,770	3,498
Average number of shares during the fiscal year (1,000 shares)	19,247	18,768

(Significant subsequent events)

Not applicable.

5. Non-consolidated financial statements

(1) Balance sheets

(Million yen)

	Previous fiscal year (as of March 31, 2009)	Fiscal year under review (as of March 31, 2010)
Assets		
Current assets		
Cash and deposits	15,741	16,879
Trade notes receivable	53	29
Accounts receivable	21,279	20,539
Securities	999	1,099
Merchandise and products	2,937	3,082
Work in progress	12	48
Raw materials and supplies	1,388	1,372
Advance payments	50	122
Prepaid expenses	267	252
Deferred tax assets	661	757
Short-term loans to affiliates	4,275	3,751
Other accounts receivable	686	198
Other	266	313
Allowance for doubtful accounts	(980)	(1,036)
Total current assets	47,638	47,410
Fixed assets		
Tangible fixed assets		
Buildings	6,195	6,255
Accumulated depreciation	(3,064)	(3,252)
Buildings (net)	3,131	3,003
Structures	309	314
Accumulated depreciation	(235)	(247)
Structures (net)	73	66
Machinery and equipment	77	95
Accumulated depreciation	(47)	(53)
Machinery and equipment (net)	29	41
Vehicles	63	54
Accumulated depreciation	(45)	(44)
Vehicles (net)	17	9
Tools, instruments and fixtures	20,196	21,233
Accumulated depreciation	(11,951)	(11,996)
Equipment (net)	8,245	9,237
Land	4,814	4,964
Lease assets	68	83
Accumulated depreciation	(10)	(27)
Lease assets (net)	57	56
Construction in progress	0	34
Total tangible fixed assets	16,369	17,414
Intangible fixes assets		
Leasehold rights	5	5
Software	2,438	1,859
Other	14	214
Total intangible fixed assets	2,458	2,079
Investments and other assets		
Investment securities	5,789	7,375
Stocks of affiliates	3,639	3,227
Investments in capital	1	1
Investments in affiliates	403	423
Long-term loans	-	25
Long-term loans to employees	8	4
Long-term loans to affiliates	1,115	636
Long-term prepaid expenses	0	11
Deferred tax assets	2,864	2,408
Insurance reserves	2,839	3,830
Other	242	241

(Million yen)

	Previous fiscal year (as of March 31, 2009)	Fiscal year under review (as of March 31, 2010)
Allowance for doubtful accounts	(4)	(3)
Allowance for investment loss	-	(277)
Total investments and other assets	16,901	17,904
Total fixed assets	35,730	37,398
Total assets	83,368	84,809
Liabilities		
Current liabilities		
Trade notes payable	1,405	839
Accounts payable	8,220	10,214
Short-term borrowings	2,800	1,900
Lease obligations	14	17
Other accounts payable	1,692	1,508
Income tax payable, etc.	829	435
Advances received	19	61
Deposits received	6,771	7,830
Allowance for bonuses to employees	570	520
Allowance for bonuses to officers	45	45
Allowance for losses on liquidation of affiliates	3	-
Allowance for product warranties	-	285
Other	243	64
Total current liabilities	22,616	23,723
Long-term liabilities		
Lease obligations	46	41
Allowance for retirement benefits to employees	1,098	1,142
Long-term other accounts payable	841	827
Total long-term liabilities	1,987	2,011
Total liabilities	24,604	25,734
Net assets		
Shareholders' equity		
Common stock	4,621	4,621
Capital surplus		
Capital reserves	8,946	8,946
Other capital surplus	1,036	1,036
Total capital surplus	9,982	9,982
Retained earnings		
Legal income reserves	1,171	1,171
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	6,501	7,539
Total retained earnings	45,523	46,560
Treasury stock	(766)	(2,501)
Total shareholders' equity	59,361	58,663
Valuation and translation adjustments		
Evaluation difference on other securities	(596)	410
Total valuation and translation adjustments	(596)	410
Total net assets	58,764	59,074
Total liabilities and net assets	83,368	84,809

(2) Statements of income

(Million yen)

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
Net sales		
Sales of products	14,420	13,216
Sales of merchandise	33,904	32,781
Other sales	8,115	8,624
Total net sales	56,440	54,622
Cost of sales		
Product inventories at the beginning of the fiscal year	1,984	1,336
Product manufacturing costs	10,443	9,329
Total	12,428	10,665
Products transfer to/from other account	2,212	2,287
Finished product inventories at the end of the fiscal year	1,336	878
Cost of sales of products	8,879	7,500
Merchandise inventories at the beginning of the fiscal year	2,260	1,600
Purchases of merchandise	27,705	26,854
Total	29,966	28,454
Merchandise transfer to/from other account	116	29
Merchandise inventories at the end of the fiscal year	1,600	2,204
Cost of sales of merchandise	28,248	26,220
Other costs	3,738	4,226
Total cost of sales	40,866	37,947
Gross profit	15,574	16,674
Selling, general and administrative expenses		
Advertising expenses	627	765
Packing and freight charges	607	581
Service and repair expenses	523	441
Provision of allowance for doubtful accounts	-	56
Salaries and benefits	1,930	2,017
Bonuses	283	284
Provision of allowance for bonuses	330	309
Retirement benefit expenses	157	192
Provision of allowance for bonuses to officers	45	45
Commission expenses	986	1,285
Premiums	818	736
Lease expenses	241	224
Research and development expenditures	1,965	3,190
Depreciation	1,107	1,156
Other	2,552	2,608
Total selling, general and administrative expenses	12,177	13,894
Operating income	3,397	2,780
Non-operating income		
Interest income	106	88
Dividend income	1,443	1,230
Real estate rent	293	279
Foreign exchange gains	-	43
Other	105	81
Total non-operating income	1,949	1,724
Non-operating expenses		
Interest income	68	60
Foreign exchange losses	293	-

(Million yen)

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
Provision of allowance for investment loss	-	277
Loss on investment in partnership	51	74
Other	0	2
Total non-operating expenses	413	415
Ordinary income	4,932	4,089
Extraordinary gains		
Gain on sales of fixed assets	4	4
Gain on liquidation of affiliates	-	552
Reversal of allowance for doubtful accounts	54	-
Reversal of allowance for investment loss	22	-
Reversal of reserve for loss on liquidation of affiliates	68	2
Gains on insurance surrender	602	323
Total extraordinary gains	752	883
Extraordinary losses		
Loss on prior period adjustment	-	129
Losses on disposal of fixed assets	15	-
Losses on sale of fixed assets	118	10
Loss on valuation of investment securities	959	698
Loss on valuation of affiliates stock prices	-	359
Other	-	44
Total extraordinary losses	1,093	1,242
Net income before taxes	4,591	3,729
Corporate, inhabitants' and enterprise taxes	1,050	1,104
Corporate tax adjustments	544	78
Total income taxes	1,594	1,183
Net income	2,996	2,546

Manufacturing statement

Item	Note No.	Previous fiscal year (April 1, 2008 to March 31, 2009) Amount (million yen)		Ratio (%)	Fiscal year under review (April 1, 2009 to March 31, 2010) Amount (million yen)		Ratio (%)
I. Materials expenses			7,649	61.6		7,823	60.7
II. Labor expenses			2,173	17.5		2,359	18.3
III. Other expenses							
Subcontracted designing expenses and trial manufacture expenses		1,394			1,380		
Others		1,206	2,600	20.9	1,332	2,713	21.0
Total manufacturing expenses			12,423	100.0		12,896	100.0
Work in progress inventories at the beginning of the fiscal year			39			12	
Transfer from other accounts	*2		40			98	
Total			12,503			13,006	
Work-in-progress inventories at the end of the fiscal year			12			48	
Transfer to other accounts	*3		2,047			3,628	
Product manufacturing costs			10,443			9,329	

(Footnotes)

Previous fiscal year (April 1, 2008 to March 31, 2009)

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.

*2 Breakdown of transfer from other accounts

Current assets and others (Trial manufacture and research in progress)	40 million yen
Others	0 million yen
Total	40 million yen

*3 Breakdown of transfer to other accounts

Research and development expenses	1,488 million yen
Current assets and others (Trial manufacture and research in progress)	97 million yen
Others	461 million yen
Total	2,047 million yen

Fiscal year under review (April 1, 2009 to March 31, 2010)

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)	97 million yen
Others	0 million yen
Total	98 million yen

*3 Breakdown of transfer to other accounts

Research and development expenses	2,780 million yen
Current assets and others (Trial manufacture and research in progress)	171 million yen
Others	676 million yen
Total	3,628 million yen

(3) Statements of changes in shareholders' equity

(Million yen)

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
Shareholders' equity		
Common stock		
Balance at the end of the previous fiscal year	4,621	4,621
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at the end of the fiscal year	4,621	4,621
Capital surplus		
Capital reserve		
Balance at the end of the previous fiscal year	8,946	8,946
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at the end of the fiscal year	8,946	8,946
Other capital surplus		
Balance at the end of the previous fiscal year	1,036	1,036
Changes during the fiscal year		
Disposal of treasury stock	(0)	(0)
Total changes during the fiscal year	(0)	(0)
Balance at the end of the fiscal year	1,036	1,036
Total capital surplus		
Balance at the end of the previous fiscal year	9,982	9,982
Balance at the end of the fiscal year		
Disposal of treasury stock	(0)	(0)
Total changes during the fiscal year	(0)	(0)
Balance at the end of the fiscal year	9,982	9,982
Retained earnings		
Legal reserve		
Balance at the end of the previous fiscal year	1,171	1,171
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at the end of the fiscal year	1,171	1,171
Other retained earnings		
Reserve for business expansion		
Balance at the end of the previous fiscal year	300	300
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at the end of the fiscal year	300	300
Reserve for advanced depreciation of fixed assets		
Balance at the end of the previous fiscal year	49	49
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at the end of the fiscal year	49	49

(Million yen)

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
Special reserves		
Balance at the end of the previous fiscal year	37,500	37,500
Changes during the fiscal year		
Total changes during the fiscal year	-	-
Balance at the end of the fiscal year	37,500	37,500
Retained earnings brought forward		
Balance at the end of the previous fiscal year	5,045	6,501
Changes during the fiscal year		
Dividends paid	(1,539)	(1,508)
Net income	2,996	2,546
Total changes during the fiscal year	1,456	1,037
Balance at the end of the fiscal year	6,501	7,539
Total retained earnings		
Balance at the end of the previous fiscal year	44,066	45,523
Changes during the fiscal year		
Dividends paid	(1,539)	(1,508)
Net income	2,996	2,546
Total changes during the fiscal year	1,456	1,037
Balance at the end of the fiscal year	45,523	46,560
Treasury stock		
Balance at the end of the previous fiscal year	(766)	(766)
Changes during the fiscal year		
Acquisition of treasury stock	(0)	(1,735)
Disposal of treasury stock	1	0
Total changes during the fiscal year	0	(1,735)
Balance at the end of the fiscal year	(766)	(2,501)
Total shareholders' equity		
Balance at the end of the previous fiscal year	57,903	59,361
Changes during the fiscal year		
Dividends paid	(1,539)	(1,508)
Net income	2,996	2,546
Acquisition of treasury stock	(0)	(1,735)
Disposal of treasury stock	1	0
Total changes during the fiscal year	1,457	(697)
Balance at the end of the fiscal year	59,361	58,663
Valuation and translation adjustments		
Evaluation difference on other securities		
Balance at the end of the previous fiscal year	446	(596)
Changes during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	(1,042)	1,006
Total changes during the fiscal year	(1,042)	1,006
Balance at the end of the fiscal year	(596)	410

(Million yen)

	Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
Total valuation and translation adjustments		
Balance at the end of the previous fiscal year	446	(596)
Changes during the fiscal year		
Changes in items other than shareholders’ equity during the fiscal year (net)	(1,042)	1,006
Total changes during the fiscal year	(1,042)	1,006
Balance at the end of the fiscal year	(596)	410
Total net assets		
Balance at the end of the previous fiscal year	58,350	58,764
Changes during the fiscal year		
Dividends paid	(1,539)	(1,508)
Net income	2,996	2,546
Acquisition of treasury stock	(0)	(1,735)
Disposal of treasury stock	1	0
Changes in items other than shareholders’ equity during the fiscal year (net)	(1,042)	1,006
Total changes during the fiscal year	414	309
Balance at the end of the fiscal year	58,764	59,074

(4) Events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern

Not applicable

(5) Significant accounting policies

Item	Previous fiscal year (from April 1, 2008 to March 31, 2009)	Fiscal year under review (from April 1, 2009 to March 31, 2010)
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 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.	(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

Item	Previous fiscal year (from April 1, 2008 to March 31, 2009)	Fiscal year under review (from April 1, 2009 to March 31, 2010)
2. Valuation standards and methods for inventories	The cost method (the amounts stated in the balance sheets are calculated by writing down the book values based on lower profitability) is used as a valuation standard. 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. (Changes in accounting policies) Starting with the fiscal year under review, the Company applies the "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan (ASBJ) Statement No. 9, announced on July 5, 2006). The effect of this change on consolidated operating income, ordinary income and net income before taxes for the fiscal year under review is insignificant.	Same as on the left —

Item	Previous fiscal year (from April 1, 2008 to March 31, 2009)	Fiscal year under review (from April 1, 2009 to March 31, 2010)
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. (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.	(1) Tangible fixed assets (excluding lease aseets) Same as on the left —

Item	Previous fiscal year (from April 1, 2008 to March 31, 2009)	Fiscal year under review (from April 1, 2009 to March 31, 2010)
	(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 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.	(2) Intangible fixed assets (excluding lease assets) Same as on the left
	(3) Lease assets Lease assets in finance lease transactions that do not transfer ownership The straight-line method is used, based on the assumption that the useful life is the lease term and the residual value is zero. Finance lease transactions that do not transfer ownership and for which the inception of the lease predates the beginning of the initial year of application of the standard continue to be accounted for in a similar manner with the ordinary rental transactions.	(3) Lease assets Same as on the left

Item	Previous fiscal year (from April 1, 2008 to March 31, 2009)	Fiscal year under review (from April 1, 2009 to March 31, 2010)
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 bonuses for 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. (3) Allowance for bonuses for officers To prepare for the payment of bonuses for directors and corporate auditors, we reserve an amount corresponding to this fiscal year's portion of estimated bonus payments to directors and corporate auditors. (4) Allowance for losses on liquidation of affiliates To prepare for losses on liquidation of affiliates, the amount of the estimated losses was reserved. (5) Allowance for retirement benefits for employees To prepare for the payment of retirement benefits for 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.	(1) Allowance for doubtful accounts Same as on the left (2) Allowance for bonuses for employees Same as on the left (3) Allowance for bonuses for officers Same as on the left (4) Allowance for losses on liquidation of affiliates Same as on the left (5) Allowance for retirement benefits for employees Same as on the left

Item	Previous fiscal year (from April 1, 2008 to March 31, 2009)	Fiscal year under review (from April 1, 2009 to March 31, 2010)
	—	(Changes in accounting policies) The Partial Revision of the "Accounting Standards for Retirement Benefits", Part 3 (ASBJ Statement No. 19 of July 31, 2008) has been applied starting from the fiscal year under review. This does not affect the operating income, ordinary income, or net income before taxes.
	—	(Additional information) Fukuda Denshi revised the retirement pension system on October 1, 2009, and moved from the approved retirement annuity system to the defined benefit corporate pension system (contract-type) based on the relevant act. The company applied the "Accounting methods related to shift between retirement pension schemes" (ASBJ Guidance No.1 for applying corporate standards) for the accounting operations associated with this move. In addition, the influence according to this revision is negligible.
	—	(5) Allowance for product warranty To prepare for the expenses incurred by free repair to be implemented after the delivery of the products, an estimated amount of the repair expenses was reserved on the basis of the estimated proportion of such expenses to net sales and the estimated amount of such expenses for individual products.

Item	Previous fiscal year (from April 1, 2008 to March 31, 2009)	Fiscal year under review (from April 1, 2009 to March 31, 2010)
	—	(Changes in accounting policies) Previously, the expenses for the free repair were booked as they arose. Following the implementation of the ERP system, it has been made possible to make a reasonable estimate of expenses to be incurred in the future on the basis of the previous records of such expenses. To optimize the period profit/loss and make the financial structure healthier, the estimated amount of expenses to be incurred in the future was reserved as allowance starting from the fiscal year under review. As a result of this change, 285 million yen was reserved as provision of allowance for product warranty in the fiscal year under review. Consequently, gross profit, operating income, ordinary income, and net income before taxes decreased by 285 million yen, respectively. As a reasonable estimation of the above expenses became possible at the end of the fiscal year under review, the allowance for product warranty was not calculated until the previous fiscal year and the first three quarters of the fiscal year under review.
	—	(6) Allowance for investment loss To prepare for the loss expected to be incurred in the investment activities, allowance for investment loss was reserved taking into account the financial standing and other data of the companies in which investment is being made.
5. Other important matters for preparation of financial statements	Accounting treatment of consumption tax, and other taxes, etc. 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

(6) Changes in accounting method

Previous fiscal year (April 1, 2008 to March 31, 2009)	Fiscal year under review (April 1, 2009 to March 31, 2010)
(Accounting standards for lease transactions) Finance lease transactions that do not transfer ownership were traditionally accounted for in a manner similar to accounting treatment for ordinary rental transactions. From the fiscal year under review, however, the Company applies the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, (June 17, 1993 (First Committee of Business Accounting Council), revised March 30, 2007)) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 (January 18, 1994 (Accounting System Committee at the Japanese Institute of Certified Public Accountants), revised March 30, 2007)) and accounts for finance lease transactions in a similar manner with ordinary sales and purchase transactions. Finance lease transactions that do not transfer ownership and of which the inception of the lease predates the beginning of the initial year of application of the standard are continued to be accounted for in a similar manner with the ordinary rental transactions. The effect of this change on consolidated operating income, ordinary income and net income before taxes for fiscal year under review is insignificant.	(Accounting principles of expenses for research and development) 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 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 1,512 million yen and gross profit increased by the same amount for the year under review compared with the figures under the previous method, while operating income and ordinary income each declined 6 million yen due to an increase of 1,505 million yen in selling, general and administrative expenses. Net income before taxes decreased 122 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.

6. Others

Not applicable