Summary Report on Financial Results for Fiscal Year Ended March 2012(Japan GAAP)

May 15th, 2012

Listing: OSE-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 28th, 2012
Scheduled date for commencement of dividend payment: June 29th, 2012
Scheduled date for filing the securities report: June 28th, 2012
Supplementary material development: Yes
Financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for fiscal year ended March 2012 (April 1st, 2011 through March 31st, 2012)

(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 2012	92,524	2.6	9,192	14.6	9,423	17.2	5,266	28.1
Year ended March 2011	90,169	2.3	8,022	14.6	8,039	14.7	4,111	17.5

(Note)Comprehensive income (The number with parenthesis shows negative figure)

Fiscal year ended March 2012: 6,091 million yen / 69.1 % Fiscal year ended March 2011: 3,602 million yen / (20.2) %

	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 2012	311.84	-	6.9	9.0	9.9
Year ended March 2011	228.66	-	5.4	7.8	8.9

(Reference) Profit or loss on equity method investments:

Fiscal year ended March 2012: (16) million yen Fiscal year ended March 2011: - million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2012	107,025	77,846	72.7	4,866.46
Year ended March 2011	103,056	75,623	73.4	4,397.55

(Reference) Shareholders' equity:

Fiscal year ended March 2012: 77,846 million yen Fiscal year ended March 2011: 75,623 million yen

(3) Consolidated cash flows statement

	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 2012	8,513	(8,706)	(3,512)	22,635
Year ended March 2011	13,760	(11,313)	(4,038)	26,348

2. Dividends

	Annual Dividend					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 2011	-	40.00	-	40.00	80.00	1,375	35.0	1.9
Year ended March 2012	-	40.00	-	55.00	95.00	1,567	30.5	2.1
Year ending March 2013 (Forecast)	-	40.00	-	55.00	95.00		29.8	

(Note)

The detail of year-end dividend of Year ended March 2012; ordinary dividend 40.00 yen, extra dividend 15.00 yen

The detail of year-end dividend of Year ending March 2013 (Forecast); ordinary dividend 40.00 yen, extra dividend 15.00 yen

3. Forecast of consolidated financial results for fiscal year ending March 2013 (April 1st, 2012 through March 31st, 2013)

(Percentages represent increases or decreases from the previous year for the full-year figures)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-year	94,000	1.6	9,400	2.3	9,400	(0.3)	5,100	(3.2)	318.82

(Note)

Since the Group's operating results tend to take a peak at the fourth quarter and it is difficult to give a forecast every six months based on rational calculation, the consolidated forecast at the second quarter is not disclosed.

*Notes

(1) Changes in significant subsidiaries during the current fiscal year: None

New: None

Exclusion: None

(2) Changes in accounting principles and procedures

(i) Changes owing to adoption of revised accounting standards or such like: None

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

(iii) Changes in accounting projection: None

(iv) Restatement: None

(3) Number of outstanding shares (common stock)

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

Fiscal year ended March 2012: 19,588,000 shares

Fiscal year ended March 2011: 19,588,000 shares

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

Fiscal year ended March 2012: 3,591,515 shares

Fiscal year ended March 2011: 2,391,355 shares

(iii) Average number of shares during the period

Fiscal year ended March 2012: 16,888,899 shares

Fiscal year ended March 2011: 17,979,094 shares

(Reference) Summary of non-consolidated financial results

1.Non-consolidated financial results for fiscal year ended March 2012 (April 1st, 2011 through March 31st, 2012)

(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 2012	56,111	0.5	3,445	8.3	4,988	11.0	3,401	11.0
Year ended March 2011	55,832	2.2	3,181	14.4	4,493	9.9	3,064	20.3

	Net income per share	Fully diluted net income per share
	yen	yen
Year ended March 2012	201.41	-
Year ended March 2011	170.45	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2012	88,279	57,881	65.6	3,618.41
Year ended March 2011	86,300	57,645	66.8	3,352.16

(Reference) Shareholders' equity:
Fiscal year ended March 2012: 57,881 million yen Fiscal year ended March 2011: 57,645 million yen

* Status of Auditing Processes

At the time of disclosure of this report, review procedures for the quarterly financial statements pursuant to the Financial Instruments and Exchange Law had not been completed.

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

1. The forecasted financial results described above are based on information available as of May 15th, 2012. 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 7

Contents of the Attached Materials

1. Operating results

(1) Analysis of operation results

(i) Overview of the business for the current consolidated fiscal year

	Year ended March 2011	Year ended March 2012	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	90,169	92,524	2,354	2.6
Operating income (million yen)	8,022	9,192	1,170	14.6
Ordinary income (million yen)	8,039	9,423	1,384	17.2
Net income (million yen)	4,111	5,266	1,155	28.1
Net income per share (yen)	228.66	311.84	83.18	36.4

During the fiscal year ended March 31st, 2012, the Japanese economy received a great impact from the Great East Japan Earthquake which occurred on March 11th 2011. From then the efforts toward restoration have been progressing gradually, such as employments and rise in stock prices. But on the other hand, appreciation of the yen, economic stagnation caused from the financial problems in Europe, shows the future of our economy remaining uncertain.

In the medical environment industry, the remuneration for medical treatments will increase slightly from April, but an effective and efficient reformed management is still required to go forward.

Under such severe economic circumstances, the Group came together and posted a consolidated net sale of 92,524 million yen (up 2.6% year-on-year) for this consolidated fiscal year. With regard to incomes, consolidated operating income totaled 9,192 million yen (up 14.6% year-on-year) and consolidated ordinary income totaled 9,423 million yen (up 17.2% year-on-year) and the net income totaled 5,266 million yen (up 28.1% on a year-on-year basis).

(ii) Overview of each segment for the current consolidated fiscal year

Business segment	Year ended March 2011		Year ended March 2012		Comparison with the previous year	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Change (million yen)	Rate of change (%)
Physiological diagnostic equipment	25,661	28.5	26,837	29.0	1,176	4.6
Patient monitoring equipment	8,010	8.9	8,741	9.5	731	9.1
Medical treatment equipment	36,771	40.8	37,304	40.3	532	1.4
Consumables and other products	19,727	21.8	19,641	21.2	(85)	(0.4)
Total	90,169	100.0	92,524	100.0	2,354	2.6

A. Physiological diagnostic equipment segment

In the fourth quarter, electrocardiographs and the introduction of new ultrasound diagnostic systems increased the sales.

As a result, electrocardiographs, ultrasound diagnostic systems, blood cell counters, vascular screening systems increased with consolidated net sales totaled of 26,837 million yen (up 4.6% year-on-year).

B. Patient monitoring equipment segment

Patient monitoring equipment increased due to the recovery of capital investment of the hospitals.

In addition, the overseas sales have also expanded.

As a result, consolidated net sales totaled 8,741 million yen (up 9.1% year-on-year).

C. Medical treatment equipment segment

The business of renting medical equipment for home treatment and Automated External Defibrillators (AEDs) continued to increase. The sales of pacemakers increased in the fourth quarter but decreased in the total fiscal year, and also the sales of ventilators have decreased.

As a result, consolidated net sales totaled 37, 304 million yen (up 1.4% year-on-year).

D. Consumables and other products segment

In this segment, we mainly handle recording paper, disposable electrodes, and consumables used for devices handled in the above segments, as well as maintenance and repair services.

Consolidated net sales for this segment were 19,641 million yen (down 0.4% year-on-year).

(iii) Outlook for fiscal year ending March 2013

	Year ended March 2012	Year ending March 2013	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	92,524	94,000	1,475	1.6
Operating income (million yen)	9,192	9,400	207	2.3
Ordinary income (million yen)	9,423	9,400	(23)	(0.3)
Net income (million yen)	5,266	5,100	(166)	(3.2)
Net income per share (yen)	311.84	318.82	6.98	2.2

The Japanese economy is starting to show signs of improvement, but issues such as the rising of crude oil prices, prolonged appreciation of the yen and consumption tax hike has been a concern. In the overseas, the impact of the economic stagnation in the United States and financial problems in Europe; are a concern.

In the medical equipment institutions, remuneration for medical services positively changed, but on the other hand, the increase of medical expenses for elderly people is under review, furthermore, the shortage of doctors, closure of small and medium-sized hospitals; impoverishment of health care services are becoming apparent. Due to the above, severe conditions are expected to continue.

Considering such circumstances, the Group expects consolidated net sales of 94,000 million yen, consolidated operating income of 9,400 million yen, consolidated ordinary income of 9,400 million yen, and consolidated net income of 5,100 million yen for the fiscal year ending March 2013.

Forecast shown in this material are just an outlook judged or assumed based on the information available at the moment, changes will be promptly disclosed when necessary.

(2) Analysis of financial situation

(i) Assets, liabilities and net assets

Total assets increased 3,969 million yen from the end of the previous fiscal year to reach 107,025 million yen. The main factors are the increase of 3,725 million yen in “notes and accounts receivable-trade” and 1,361 million yen in “investment securities”, despite the decrease of 2,645 million yen in “cash and deposits”.

Total liabilities increased 1,746 million yen from the end of the previous fiscal year to reach 29,179 million yen. The main factors are the increase of 2,164 million yen in “Notes and accounts payable-trade”, despite the decrease of 1,036 million yen in “Income taxes payable”.

Net assets increased 2,223 million yen from the end of the previous fiscal year to reach 77,846 million yen. The increase is primarily because of the increase of 3,885 million yen in ‘retained earnings’ and 697 million yen in ‘valuation difference on available-for-sale securities’ at the end of current period, despite the increase of 2,532 million yen in “treasury stock”.

(ii) Consolidated cash flows

	Year ended March 2011	Year ended March 2012	Change
Cash flows from operating activities (million yen)	13,760	8,513	(5,246)
Cash flows from investing activities (million yen)	(11,313)	(8,706)	2,607
Cash flows from financing activities (million yen)	(4,038)	(3,512)	526
Effect of exchange rate changes (million yen)	(83)	(8)	74
Increase (decrease) in cash and cash equivalents (million yen)	(1,674)	(3,713)	(2,038)
Cash and cash equivalents at the end of the fiscal years (million yen)	26,348	22,635	(3,713)

(Cash flows from operating activities)

In the consolidated fiscal year, the cash flows from operating activities were 8,513 million yen, down 5,246 million yen from the previous year. Including ‘income before income taxes’ of 9,363 million yen, ‘depreciation’ of 5,963 million yen and increase in ‘notes and accounts receivable-trade’ of 3,699 million yen.

(Cash flows from investing activities)

The cash flows from investing activities were minus 8,706 million yen, down 2,607 million yen from the previous year. Including increase of ‘time deposits’ amounted to 1,067 million yen, purchase of ‘property, plant and equipment’ amounted to 5,203 million yen and purchase of ‘short-term and long term investment securities’ amount of 2,977 million yen.

(Cash flows from financing activities)

The cash flows from financing activities were minus 3,512 million yen, up 526 million yen, mainly because of the payment of ‘purchase of treasury stock’ of 2,954 million yen and the ‘cash dividends paid’ of 1,371 million yen.

As a result, cash and cash equivalents at the end of the fiscal year was 22,635 million yen, down 3,713 million yen compared to the end of the previous fiscal year.

(Reference) Trends in cash flow indicators

	Year ended March 2008	Year ended March 2009	Year ended March 2010	Year ended March 2011	Year ended March 2012
Shareholders' equity ratio (%)	74.1	73.9	73.9	73.4	72.7
Market value-based shareholders' equity ratio (%)	47.2	36.4	38.8	42.8	37.1
Years needed to repay debts	0.6	0.2	0.2	0.1	0.3
Interest coverage ratio	69.1	275.5	419.6	589.6	389.3

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) Social action programs

Since Fukuda Denshi was established, the Company has contributed significantly to improving 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 "Devotion to a social mission and contributions to the advancement of medicine through the development of electronic medical equipment".

Immediately after the Great East Japan Earthquake occurred on March 11th, 2011, the Company began to collect information on the status of lifelines, while confirming the safety of patients through partner medical institutions and other medical institutions.

To contribute to medical assistance activities in the afflicted areas, the Company continues to provide emergency mats, portable pulse oximeters, ventilators, patient monitors, AEDs along with supplies and consumables used with these devices. Responding to the scheduled power outages, the Company delivered replacement devices, spare oxygen tanks, and emergency batteries to patients cared for at home based on instructions from their attending physicians.

Because medical institutions and patients were deeply concerned about possible shortages of electricity supplies, the Company carried out energy-saving activities by visually monitoring the power consumption at each office and production site.

To be more precise, the Company is continuing to implement measures in response to decreased the electricity supplies by reducing lighting as much as possible, switching to energy-saving products, restricting the use of air conditioners, partially restricting the use of office equipment, decreasing standby power, installing glass film that insulates against external heat during the summer and prevents the release of internal heat in winter, and extending the Cool Biz period to two months, one month before and after the previously recognized period.

In addition, the Company is continuing to support our employee's volunteer activities since last June as part of the reconstruction assistance activities for those affected by the Great East Japan Earthquake.

(4) Basic policies for profit distribution, and dividend for fiscal year ended March 2012 and fiscal year ending 2013

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.

Year-end dividend of 55 yen per share (ordinary dividend 40.00 yen, extra dividend 15.00 yen) will be paid for the fiscal year ended March 2012. For the fiscal year ending March 2013, annual dividend per share is expected to be 95.00 yen per share, including interim.

(5) 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 Group 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) Effects to the group from the tremendous disaster

The Group has domestic and oversea bases; the impact to the business activities from the effect of the earthquake and electric-power shortages raised concerns. These may affect the Group's operating results and financial condition.

(vii) 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 14.00% of the Company's voting rights (as of March 31st, 2012). Kotaro Fukuda, director 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 Group consists of the company, 54 subsidiaries and 2 affiliates; 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

- Consumables and other products segment

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

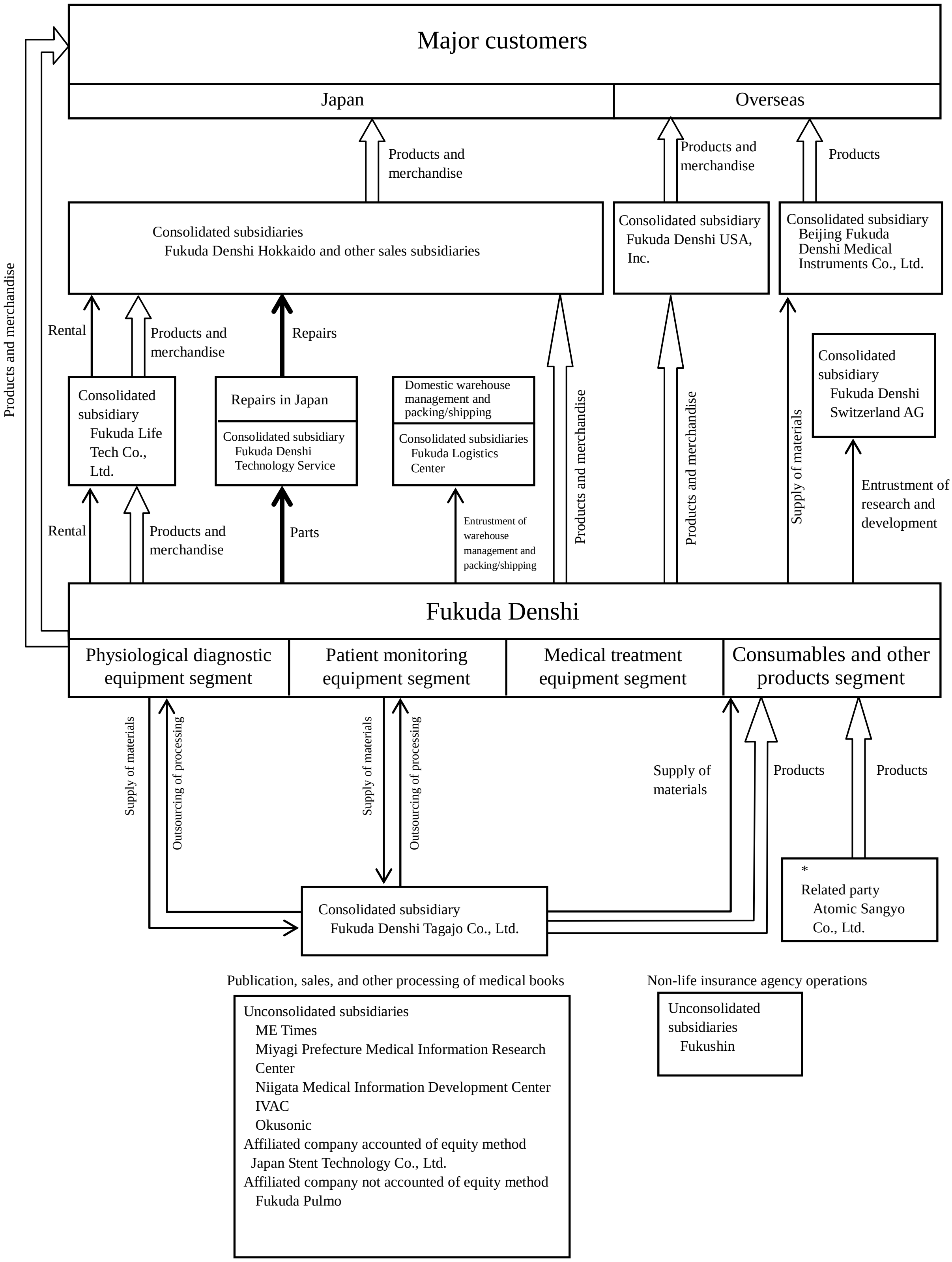
<Major companies involved>

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.

3. Management policy

(1) Basic policies for corporate management

Since established in 1939, 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 consolidated net sales of 100,000 million yen or more, ratio of consolidated ordinary income to consolidated net sales of 8% or more and a payout ratio of 30% or more by the fiscal year ending March 2016.

(3) Medium to long-term management strategies

As its medium-term goal, the Group aims to contribute to the progress of an aging society by establishing business strategy based on the customer-first principle and building a strong management structure with an efficient organizational operation management.

By continuously working on the Group's issue and promoting innovation strategy based on the needs of the market, we aim to support the community healthcare and improve the quality and efficiency of medical services, leading us to further development.

The basic management strategies for the new three-year medium term business plan starting from the fiscal year ending March 2013 are as follows:

(i) Business strategies

Strategic investment to the field with high growth potential

Efficient and effective research and development by strengthening the cooperation between sales department and development department

Promoting the expansion of businesses by domain; and

Improving productivity with company-wide approach aiming for total optimization

(ii) Sales strategies

Strengthening comprehensive support to acute care market and clinics; and

Strengthening community-based support for homecare market;

(iii) 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.

(iv) Increase of the corporate value

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

Actively address environmental issues; and

Contribute for the society through the development of electronic medical equipment, and environmental issues.

(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

Acquisition of treasury stock

At a meeting convened on November 14th, 2011 the Board of Directors issued a resolution regarding acquisition of treasury stock and tender offer of treasury stock pursuant to the provisions of Article 156 of the Companies Act interpreted and applied on the basis of Article 165-3 of the said act and regarding the specific method of acquisition. From the following, we have carried out the acquisition of treasury stock.

(i) Reason for acquiring treasury stock

The Company was contacted by Atomic Sangyo Co., Ltd., the Company's largest shareholder and its major shareholder, regarding its intention to sell a portion of its shareholdings.

Given this fact, the Company judged that it would be appropriate to purchase the shares for treasury stock, considering the impact that would be exerted on the liquidity and market price of the Company's common stock by a large number of shares being temporarily released on the market, and from the standpoint of maintaining a stable composition of shareholders.

(ii) Details of board resolution (Board meeting held on November 14th, 2011)

① Class of shares to be acquired: Common Stock

② Number of shares to be acquired: Up to 1,400,000 shares

③ Aggregate purchase price of shares: ¥2,954,000,000

④ Period of acquisition: from November 15th, 2011 to January 31st, 2012

(iii) Outline of tender offer

① Number of shares to be acquired: Up to 1,400,000 shares

② Tender offer price: ¥2,110 per shares

③ Tender offer period: from November 15th, 2011 to December 13th, 2011

(iv) Result of the tender offer

① Number of tendered shares: 1,617,106 shares

② Total acquisition cost: ¥2,954,000,000

③ Settlement date: January 10th, 2012

4. Consolidated financial statements

(1) Consolidated balance sheets

(Million yen)

	Previous fiscal year (as of March 31st, 2011)	Current fiscal year (as of March 31st, 2012)
Assets		
Current assets		
Cash and deposits	26,912	24,267
Notes and accounts receivable-trade	22,572	*3 26,297
Short-term investment securities	1,199	1,482
Merchandise and finished goods	5,897	6,624
Work in process	40	142
Raw materials and supplies	1,386	1,455
Deferred tax assets	2,391	1,958
Other	1,228	1,370
Allowance for doubtful accounts	(54)	(36)
Total current assets	61,574	63,562
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	8,794	8,886
Accumulated depreciation and impairment loss	(5,126)	(5,342)
Buildings and structures, net	3,668	3,544
Machinery, equipment and vehicles	528	686
Accumulated depreciation and impairment loss	(357)	(467)
Machinery, equipment and vehicles, net	170	218
Tools, furniture and fixtures	24,549	25,105
Accumulated depreciation and impairment loss	(14,716)	(16,444)
Tools, furniture and fixtures, net	9,833	8,660
Land	5,883	6,650
Lease assets	265	315
Accumulated depreciation and impairment loss	(134)	(178)
Lease assets, net	131	137
Construction in progress	0	904
Total property, plant and equipment	19,687	20,117
Intangible assets	1,746	1,378
Investments and other assets		
Investment securities	*1 7,222	*1 8,583
Deferred tax assets	3,319	2,572

	Previous fiscal year (as of March 31st, 2011)	Current fiscal year (as of March 31st, 2012)
Other	9,845	10,853
Allowance for doubtful accounts	(21)	(24)
Allowance for investment loss	(318)	(18)
Total investments and other assets	20,047	21,967
Total noncurrent assets	41,481	43,463
Deferred assets	103,056	107,025

(Million yen)

	Previous fiscal year (as of March 31st, 2011)	Current fiscal year (as of March 31st, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	12,760	14,925
Short-term loans payable	1,400	1,700
Lease obligations	68	79
Income taxes payable	2,383	1,347
Provision for bonuses	2,185	2,171
Provision for directors' bonuses	145	139
Provision for product warranties	386	484
Provision for loss on disaster	157	—
Other	2,949	3,422
Total current liabilities	22,437	24,270
Noncurrent liabilities		
Long-term loans payable	620	742
Lease obligations	131	115
Provision for retirement benefits	3,158	2,917
Provision for directors' retirement benefits	184	185
Other	901	948
Total noncurrent liabilities	4,995	4,909
Total liabilities	27,433	29,179
Net assets		
Shareholders' equity		
Capital stock	4,621	4,621
Capital surplus	9,982	10,027
Retained earnings	66,303	70,189
Treasury stock	(5,047)	(7,580)
Total shareholders' equity	75,859	77,257
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(57)	640
Foreign currency translation adjustment	(179)	(51)
Total accumulated other comprehensive income	(236)	588
Total net assets	75,623	77,846
Total liabilities and net assets	103,056	107,025

(2) Consolidated income statements (comprehensive) and consolidated statements of comprehensive income

(Million yen)

	Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
Net sales	90,169	92,524
Cost of sales	*1 48,311	*1 49,071
Gross profit	41,857	43,452
Selling, general and administrative expenses	*2 *3 33,835	*2 *3 34,260
Operating income	8,022	9,192
Non-operating income		
Interest income	39	71
Dividends income	124	126
Compensation income	—	66
Other	191	157
Total non-operating income	355	422
Non-operating expenses		
Interest expenses	23	21
Foreign exchange losses	119	26
Provision of allowance for investment loss	66	—
Equity in losses of affiliates	—	16
Loss on investments in partnership	104	90
Other	24	35
Total non-operating expenses	338	190
Ordinary income	8,039	9,423
Extraordinary income		
Gain on sales of noncurrent assets	*4 2	*4 4
Gain on sales of investment securities	63	4
Reversal of allowance for doubtful accounts	152	-
Surrender value of insurance	198	373
Other	15	9
Total extraordinary income	433	392
Extraordinary loss		
Loss on sales of noncurrent assets	*5 7	*5 0
Loss on retirement of noncurrent assets	*6 14	—
Impairment loss	*7 245	*6 38
Loss on valuation of investment securities	8	307
Loss on valuation of golf club membership	1	1

(Million yen)

	Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
Loss on adjustment for changes of accounting standard for asset retirement obligations	21	—
Loss on disaster	*8 490	*7 61
Other	4	42
Total extraordinary losses	792	452
Income before income taxes and minority interests	7,679	9,363
Income taxes-current	3,764	3,301
Income taxes-deferred	(195)	795
Total income taxes	3,568	4,096
Income before minority interests	4,111	5,266
Net income	4,111	5,266

Consolidated statements of comprehensive income

(Million yen)

	Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
Income before minority interests	4,111	5,266
Other comprehensive income		
Valuation difference on available-for-sale securities	(468)	697
Foreign currency translation adjustment	(39)	127
Total other comprehensive income	(508)	*1 825
Comprehensive income	3,602	6,091
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,602	6,091

(3) Consolidated statements of changes in net assets

(Million yen)

	Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	4,621	4,621
Changes of items during the period		
Total changes of items during the period	―	―
Balance at the end of current period	4,621	4,621
Capital surplus		
Balance at the beginning of current period	9,982	9,982
Changes of items during the period		
Disposal of treasury stock	(0)	45
Total changes of items during the period	(0)	45
Balance at the end of current period	9,982	10,027
Retained earnings		
Balance at the beginning of current period	63,674	66,303
Changes of items during the period		
Dividends from surplus	(1,477)	(1,375)
Employees' bonuses and welfare funds	(4)	(5)
Net income	4,111	5,266
Total changes of items during the period	2,628	3,885
Balance at the end of current period	66,303	70,189
Treasury stock		
Balance at the beginning of current period	(2,501)	(5,047)
Changes of items during the period		
Purchase of treasury stock	(2,547)	(2,954)
Disposal of treasury stock	0	422
Total changes of items during the period	(2,546)	(2,532)
Balance at the end of current period	(5,047)	(7,580)
Total shareholders' equity		
Balance at the beginning of current period	75,777	75,859
Changes of items during the period		
Dividends from surplus	(1,477)	(1,375)
Employees' bonuses and welfare funds	(4)	(5)

(Million yen)

	Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
Net income	4,111	5,266
Purchase of treasury stock	(2,547)	(2,954)
Disposal of treasury stock	0	467
Total changes of items during the period	82	1,398
Balance at the end of current period	75,859	77,257
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	411	(57)
Changes of items during the period		
Net changes of items other than shareholders' equity	(468)	697
Total changes of items during the period	(468)	697
Balance at the end of current period	(57)	640
Foreign currency translation adjustment		
Balance at the beginning of current period	(139)	(179)
Changes of items during the period		
Net changes of items other than shareholders' equity	(39)	127
Total changes of items during the period	(39)	127
Balance at the end of current period	(179)	(51)
Total accumulated other comprehensive income		
Balance at the beginning of current period	272	(236)
Changes of items during the period		
Net changes of items other than shareholders' equity	(508)	825
Total changes of items during the period	(508)	825
Balance at the end of current period	(236)	588
Total net assets		
Balance at the beginning of current period	76,049	75,623
Changes of items during the period		
Dividends from surplus	(1,477)	(1,375)
Employees' bonuses and welfare funds	(4)	(5)
Net income	4,111	5,266
Purchase of treasury stock	(2,547)	(2,954)

(Million yen)

	Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
Disposal of treasury stock	0	467
Net changes of items other than shareholders' equity	(508)	825
Total changes of items during the period	(426)	2,223
Balance at the end of current period	75,623	77,846

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 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	7,679	9,363
Depreciation and amortization	5,978	5,963
Impairment loss	245	38
Loss on disaster	490	61
Increase (decrease) in allowance for investment loss	66	(300)
Increase (decrease) in allowance for doubtful accounts	(154)	(15)
Increase (decrease) in provision for bonuses	533	(18)
Increase (decrease) in provision for directors' bonuses	27	(6)
Increase (decrease) in provision for product warranties	83	97
Increase (decrease) in provision for retirement benefits	(238)	(240)
Increase (decrease) in provision for directors' retirement benefits	10	0
Interest and dividends income	(164)	(198)
Interest expenses	23	21
Loss (gain) on sales of noncurrent assets	4	(4)
Loss on retirement of noncurrent assets	14	—
Loss (gain) on sales of investment securities	(63)	(4)
Loss (gain) on valuation of investment securities	8	307
Loss (gain) on cancellation of insurance contract	(198)	(373)
Equity in (earnings) losses of affiliates	—	16
Decrease (increase) in notes and accounts receivable-trade	1,456	(3,699)
Decrease (increase) in inventories	1,180	(852)
Increase (decrease) in notes and accounts payable-trade	(883)	2,183
Increase (decrease) in accrued consumption taxes	79	(33)
Other, net	371	574
Subtotal	16,549	12,881
Interest and dividends income received	152	184
Interest expenses paid	(23)	(21)
Payments for loss on disaster	(35)	(217)
Income taxes paid	(2,882)	(4,312)

(Million yen)

	Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
Net cash provided by (used in) operating activities	13,760	8,513
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	(4,057)	(1,067)
Purchase of property, plant and equipment	(5,262)	(5,203)
Purchase of intangible assets	(311)	(535)
Purchase of short-term and long term investment securities	(2,307)	(2,977)
Proceeds from sales of short-term and long term investment securities	1,587	1,704
Purchase of insurance funds	(1,206)	(1,419)
Proceeds from maturity of insurance funds	437	827
Payments of loans receivable	(120)	(132)
Other, net	(72)	97
Net cash provided by (used in) investing activities	(11,313)	(8,706)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(500)	300
Proceeds from long-term loans payable	620	121
Repayment of long-term loans payable	(50)	—
Purchase of treasury stock	(2,548)	(2,954)
Proceeds from sales of treasury stock	0	466
Cash dividends paid	(1,477)	(1,371)
Repayments of lease obligations	(83)	(74)
Net cash provided by (used in) financing activities	(4,038)	(3,512)
Effect of exchange rate change on cash and cash equivalents	(83)	(8)
Net increase (decrease) in cash and cash equivalents	(1,674)	(3,713)
Cash and cash equivalents at beginning of period	28,023	26,348
Cash and cash equivalents at end of period	26,348	22,635

(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

	Current fiscal year (April 1st, 2011 to March 31st, 2012)
1. Scope of consolidation	(1) Number of consolidated subsidiaries: 49 Major consolidated subsidiaries are as follows: Fukuda Life Tech 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.
2. Application of equity method	(1) Number of affiliated companies accounted for by equity method : 1 Japan Stent Technology Co., Ltd. From this current fiscal year Japan Stent Technology Co., Ltd. is included to the affiliated company accounted for by the 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.
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 are made.
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.)

	Current fiscal year (April 1st, 2011 to March 31st, 2012)
	(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 finished goods -Mainly stated at cost determined by the first-in, first-out method. Work in process -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.
(2) Depreciation method for significant depreciable assets	(i) Property, plant and equipment (excluding lease 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. In addition, the expected lifetime are as follows: Buildings and structures: 3 to 60 years Machinery and delivery equipment: 4 to 17 years Tools, instruments and fixture: 2 to 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.

	Current fiscal year (April 1st, 2011 to March 31st, 2012)
	(ii) Intangible assets (excluding lease 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 We adopted the same depreciation method applied to self-owned fixed 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 March 31, 2008 continue to be accounted for in a similar manner with the ordinary rental transactions.
(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) Provision for bonuses 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) Provision for directors' bonuses 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.

	Current fiscal year (April 1st, 2011 to March 31st, 2012)
	(iv) Provision for retirement benefits 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 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.
	(v) Provision for directors' retirement benefits 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. (vi) Provision for product warranties 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.
(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.
(5) 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.
(6) Other important matters for preparation of consolidated financial statements	Accounting treatment of consumption tax and other taxes Consumption tax and other taxes are excluded from profits and losses.

(7) Additional information

Current fiscal year (April 1st, 2011 to March 31st, 2012)
(Accounting Standard for Accounting Changes and Error Corrections) From the beginning of the current fiscal year, for our accounting changes and error corrections, the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24 announced on December 4th, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24 announced on December 4th, 2009) has been applied. (Accounting for the disposal of treasury stock for Stock Benefit Trust (J-ESOP)) At the meeting convened on November 14th, 2011 the Board of Directors issued a resolution regarding the introduction of "Stock Benefit Trust (J-ESOP)" (hereinafter "the Plan"). The Plan provides Company shares to employees who meet certain conditions based on previously established equity benefits regulations. It is to strengthen and more closely link the performance of our compensation and stock price, and to raise awareness of our employees to collaborate with the Group's profit. This effect should increase productivity and improve our employees' morale and further improve the Group's medium-to long-term corporate value mostly based on domestic sales offices. With the introduction of the Plan, we disposed 50,000 shares of our treasury stock to Trust & Custody Services Bank, Ltd. (hereinafter "Trust Account"), dated in 2nd March, 2012. Accounting for the disposal of treasury stock related to the Plan, we have focused on the accounting treatment from the viewpoint of economic reality, the shares, assets, liabilities, costs, revenues, which related to the Trust Account are included on our balance sheets and statements of income. As of March 31st, 2012, according to the purpose, the 50,000 shares which the Trust Account own, are included in the number of our treasury stock.

(8) Notes from Consolidated Financial Statement

(Consolidated balance sheets)

Previous fiscal year (as of March 31st, 2011)	Current fiscal year (as of March 31st, 2012)
*1. Notes to unconsolidated subsidiaries and affiliated companies Unconsolidated subsidiaries and affiliated companies: Investment securities: 64 million yen (Stocks) *2. Discount on bills: 92 million yen (Discount on export bills)	*1. Notes to unconsolidated subsidiaries and affiliated companies Unconsolidated subsidiaries and affiliated companies: Investment securities: 664 million yen (Stocks) *2. Discount on bills: 54 million yen (Discount on export bills) *3. Accounting for matured notes is based on the date when the notes have been exchanged. In addition, since the last day for the consolidated financial accounting fiscal year was a Bank holiday, the next amounts of matured notes are included in this Consolidated Balance Sheets. Notes receivable-trade: 310 million yen

(Consolidated statements of income)

Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
*1. The year-end inventory balance is the amount after the devaluation of the book value arising from the decline in profitability, and the next loss on valuation of inventories is included in cost of sales. 446 million yen *2. Major items and amounts of selling, general and administrative expenses are as follows: Salaries, allowance, and other monies for directors and employees: 11,867 million yen Bonuses and provision of allowance for bonuses: 2,996 million yen Provision of allowance for retirement benefits to directors: 32 million yen Retirement benefit expenses: 655 million yen Depreciation: 1,508 million yen Provision of allowance for bonuses to directors: 145 million yen *3. Research and development expenses included in the General and administrative expenses and Manufacturing expenses for this fiscal year are 3,216 million yen. *4 Breakdown of Gains on sale of fixed assets Machinery and delivery equipment: 1 million yen Tools, instruments and fixtures: 1 million yen Total 2 million yen *5. Breakdown of Losses on sale of fixed assets Machinery and delivery equipment: 1 million yen Tools, instruments and fixtures: 5 million yen Total 7 million yen *6 Breakdown of Losses on disposal of fixed assets Buildings and structures: 3 million yen Machinery and delivery equipment: 1 million yen Tools, instruments and fixtures: 9 million yen Intangible fixed assets: 0 million yen Total 14 million yen	*1. The year-end inventory balance is the amount after the devaluation of the book value arising from the decline in profitability, and the next loss on valuation of inventories is included in cost of sales. 13 million yen *2. Major items and amounts of selling, general and administrative expenses are as follows: Salaries, allowance, and other monies for directors and employees: 12,140 million yen Bonuses and provision of allowance for bonuses: 3,193 million yen Provision of allowance for retirement benefits to directors: 38 million yen Retirement benefit expenses: 720 million yen Depreciation: 1,471 million yen Provision of allowance for bonuses to directors: 130 million yen *3. Research and development expenses included in the General and administrative expenses and Manufacturing expenses for this fiscal year are 3,332 million yen. *4 Breakdown of Gains on sale of fixed assets Machinery and delivery equipment: 3 million yen Tools, instruments and fixtures: 1 million yen Total 4 million yen *5. Breakdown of Losses on sale of fixed assets Machinery and delivery equipment: 0 million yen Total 0 million yen —

Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
*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 245 million yen), which were booked as extraordinary losses. These impairment losses consist of the losses on buildings and structures of 192 million, on land property of 49 million yen, on tools, instruments and fixtures of 2 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.	*6. 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 38 million yen), which were booked as extraordinary losses. These impairment losses consist of the losses on tools, instruments and fixtures of 12 million yen, on land property of 17 million yen, and on other assets of 8 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	Tagajo, Miyagi Prefecture	Buildings and structures	192
Operational assets	Tagajo, Miyagi Prefecture	Land property	49
Operational assets	Sapporo City, Hokkaido	Tools, instruments and fixtures	2

Current fiscal year:

Use of assets	Location of assets	Type of assets	Amount (million yen)
Operational assets	Bunkyo-ku, Tokyo	Tools, instruments and fixtures	21
Idle assets	Nasu, Tochigi Prefecture	Land property	17

Previous fiscal year:

*8.Losses from disaster is the loss from the Great East Japan Earthquake which occurred in March 2011. Please check the details below. Loss from disaster includes the amount for provision for loss on disaster of 157 million yen.

Provision for credit losses and allowance for doubtful accounts:	7 million yen
Equipment removal and repair costs:	31 million yen
Losses on inventory valuation:	89 million yen
Losses on asset valuation:	211 million yen
Relief money and supplies:	58 million yen
Other:	91 million yen
Total	490 million yen

Current fiscal year:

*7.Losses from disaster is the loss from the Great East Japan Earthquake which occurred in March 2011.

Production transfer, development cost for replacements, and others:	61 million yen
Total	61 million yen

(Consolidated statements of comprehensive income)

Current fiscal year (April 1st, 2011 to March 31st 2012)

*1 Amount of Reclassification adjustments and Tax effects for Other comprehensive income

Valuation difference on available-for-sale securities :	million yen
Amount incurred in current fiscal year	832
Amount of Reclassification adjustments	249
Before adjusting tax benefit	1,082
Amount of tax benefit	(384)
Valuation difference on available-for-sale securities	697
Foreign currency translation adjustment :	
Amount incurred in current fiscal year	127
Other comprehensive income	825

(Consolidated statements of changes in net assets)

Previous fiscal year (from April 1st, 2010 to March 31st, 2011)

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

	Number of shares at the beginning of previous fiscal year (1,000 shares)	Increase in number of shares for previous fiscal year (1,000 shares)	Decrease in number of shares for previous fiscal year (1,000 shares)	Number of shares at the end of the previous fiscal year (1,000 shares)
Number of issued shares				
Common stock	19,588	-	-	19,588
Total	19,588	-	-	19,588
Treasury stock				
Common stock (Note)	1,119	1,271	0	2,391
Total	1,119	1,271	0	2,391

Note: The increase of 1,271 thousand shares in treasury stock of common stock reflects the increase of 1,271 thousand shares and 0 thousand shares owing to the acquisition of treasury stock and 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 29th, 2010	Common stock	738	40	March 31st, 2010	June 30th, 2010
Board of Directors' meeting held on October 29th, 2010	Common stock	738	40	September 30th, 2010	December 6th, 2010

(2) Of the dividends whose record date belongs to the current fiscal year, and those whose effective date of the dividends will be in the next 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 29th, 2011	Common stock	687	Retained earnings	40	March 31st, 2011	June 30th, 2011

Current fiscal year (from April 1st, 2011 to March 31st, 2012)

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

	Number of shares at the beginning of current fiscal year (1,000 shares)	Increase in number of shares for current fiscal year under (1,000 shares)	Decrease in number of shares for current fiscal year (1,000 shares)	Number of shares at the end of the current fiscal year (1,000 shares)
Number of issued shares				
Common stock	19,588	-	-	19,588
Total	19,588	-	-	19,588
Treasury stock				
Common stock (Note)	2,391	1,400	200	3,591
Total	2,391	1,400	200	3,591

Note: (i) At the meeting convened on November 14th, 2011 the Board of Directors issued a resolution regarding the introduction of "Stock Benefit Trust (J-ESOP)" (hereinafter "the Plan"). With the introduction of the Plan, we disposed 50 thousand shares of our treasury stock to Trust & Custody Services Bank, Ltd. (hereinafter "Trust Account"), dated in 2nd March, 2012. As of March 31st, 2012, according to the purpose, the 50,000 shares which the Trust Account own, are included in the number of our treasury stock.

(ii) The increase of 1,400 thousand shares in treasury stock of common stock reflects the increase of 1,400 thousand shares of tender offer of treasury stock, and 0 thousand shares owing to the acquisition of treasury stock.

(iii) The decrease of 200 thousand shares in treasury stock of common stock reflects the disposal by third-party allotment.

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 29th, 2011	Common stock	687	40	March 31st, 2011	June 30th, 2011
Board of Directors' meeting held on October 31st, 2011	Common stock	687	40	September 30th, 2011	December 5th, 2011

(2) Of the dividends whose record date belongs to the current fiscal year, and those whose effective date of the dividends will be in the next 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 28th, 2012	Common stock	879	Retained earnings	55	March 31st, 2012	June 29th, 2012

(Note): With the introduction of "Stock Benefit Trust (J-ESOP)", the 50 thousand shares Trust & Custody Services Bank, Ltd. owns are included in the number of our treasury stock. According to the accounting, 200 million yen are excluded from the total amount of dividend calculation.

(Consolidated statements of cash flows)

Previous fiscal year (April 1st, 2010 to March 31st, 2011)		Current fiscal year (April 1st, 2011 to March 31st, 2012)	
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 31st, 2011)		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 31st, 2012)	
Cash and deposits:	26,912 million yen	Cash and deposits:	24,267 million yen
Time deposits with a deposit period of over three months:	(564) million yen	Time deposits with a deposit period of over three months:	(1,631) million yen
Cash and cash equivalents:	26,348 million yen	Cash and cash equivalents:	22,635 million yen
2. Details of important non-fund transactions The amounts of assets and liabilities in finance lease transactions which are newly recognized for the previous fiscal year are 21 million yen each.		2. Details of important non-fund transactions The amounts of assets and liabilities in finance lease transactions which are newly recognized for the current fiscal year are 67 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 1st, 2010 to March 31st, 2011) and current fiscal year (from April 1st, 2011 to March 31st, 2012):

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

(Retirement benefits)

1. Description of retirement benefit plans adopted.

The Group have defined the benefit plans, as defined benefit corporate pension plan and lump-sum retirement allowance.

2. Retirement benefit obligations

	(million yen)	Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
(1)	Retirement benefit obligations	(9,803)	(11,189)
(2)	Plan assets at fair value	6,160	6,908
(3)	Unfunded retirement benefit obligations (1) + (2)	(3,643)	(4,280)
(4)	Unrecognized actuarial gain or loss	528	1,397
(5)	Unrecognized prior service cost (Reduction of the liabilities)	(44)	(34)
(6)	Accrued retirement benefits (3) + (4) + (5)	(3,158)	(2,917)

(Note): 1 consolidated subsidiary use the simplified method in calculating the retirement benefit obligation.

3. Retirement benefit expenses

(million yen)	Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
Retirement benefit expenses	828	862
(1) Service cost	673	690
(2) Interest cost	187	195
(3) Expected return on plan assets (decrease)	(112)	(123)
(4) Amortization of actuarial gain or loss	90	108
(5) Amortization of prior service cost	(11)	(9)

(Note): Retirement benefit expenses of consolidated subsidiaries that use a simplified method are stated in service cost.

4. Items related to basis of calculation of retirement benefit obligations

	Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
(1) Periodic allocation method for projected benefits	Straight-line standard	Same as on the left
(2) Discount rates (%)	2.00	1.10
(3) Expected return on assets (%)	2.00	Same as on the left
(4) Years over which actuarial gain or loss is amortized (years)	10	Same as on the left
(5) Years over which prior service cost is amortized (years)	10	Same as on the left

(Stock options, etc.)

Previous fiscal year (from April 1st, 2011 to March 31st, 2012):

Not applicable.

Current fiscal year (from April 1st, 2011 to March 31st, 2012):

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, etc)

a. Segment information

(i) Previous fiscal year (from April 1st, 2010 to March 31st, 2011)

1. Reportable Segments

The reportable segments of the Fukuda Denshi Group are the constituent units of the Company for which separate financial information can be obtained, and they are the subject of regular examinations by the Board of Directors aimed at helping the board to decide the allocation of management resources and evaluate the performance of the Group.

The Company has set up divisions for each product and service in the corporate headquarters, and each of the divisions formulates comprehensive strategies for the product or service it handles, and develops its own business activities.

We have 4 reportable segments based on our headquarter divisions which are physiological diagnostic equipment segment, patient monitoring equipment segment, medical treatment equipment segment, and consumables and other products segment.

In the physiological diagnostic equipment segment, we mainly handle electrocardiographs, ultrasound diagnostic imaging systems and blood cell counters. In the patient monitoring equipment segment, we handle patient monitors. In the medical treatment equipment segment, we mainly handle defibrillators, ventilators, pacemakers, catheters, and business of renting medical equipment for home treatment. In the consumables and other products segment, we mainly handle consumables used for devices handled by the above segments, as well as maintenance and repair services.

2. Methods to calculate the sales, gains (or losses), assets, liabilities and other numbers of the reportable segments

The accounting policies for the reportable segments are basically the same as those described in “Basic significant matters regarding the preparation of consolidated financial statements”.

Reported segment profit is based on the amount of operating income.

3. Information regarding sales, gains (or losses), assets, liabilities and other amounts by reportable segments

Previous fiscal year (from April 1st, 2010 to March 31st, 2011) (Million yen)

	Reporting Segments				Total	Adjustments *1	Consolidated financial statements *2
	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products			
Net sales							
Sales to external customers	25,661	8,010	36,771	19,727	90,169	-	90,169
Internal sales or transfers	-	-	-	-	-	-	-
Total	25,661	8,010	36,771	19,727	90,169	-	90,169
Segment profit	2,095	561	3,937	1,428	8,022	-	8,022
Segment assets	12,189	4,534	25,396	10,200	52,330	50,725	103,056
Other items							
Depreciation	602	187	4,724	463	5,978	-	5,978
Increase in Property, plant and equipment and intangible assets	306	95	4,907	235	5,544	-	5,544

*1. Adjustment of segment assets of 50,725 million yen include extra investment funds (cash etc.), long-term investments (investment securities etc.), and etc. which does not allocated to each reportable segments

*2. Segment profit equals to operating income of consolidated financial statements.

(ii) Current fiscal year (from April 1st, 2011 to March 31st, 2012)

1. Reportable Segments

The reportable segments of the Fukuda Denshi Group are the constituent units of the Company for which separate financial information can be obtained, and they are the subject of regular examinations by the Board of Directors aimed at helping the board to decide the allocation of management resources and evaluate the performance of the Group.

The Company has set up divisions for each product and service in the corporate headquarters, and each of the divisions formulates comprehensive strategies for the product or service it handles, and develops its own business activities.

We have 4 reportable segments based on our headquarter divisions which are physiological diagnostic equipment segment, patient monitoring equipment segment, medical treatment equipment segment, and consumables and other products segment.

In the physiological diagnostic equipment segment, we mainly handle electrocardiographs, ultrasound diagnostic imaging systems and blood cell counters. In the patient monitoring equipment segment, we handle patient monitors. In the medical treatment equipment segment, we mainly handle defibrillators, ventilators, pacemakers, catheters, and business of renting medical equipment for home treatment. In the consumables and other products segment, we mainly handle consumables used for devices handled by the above segments, as well as maintenance and repair services.

2. Methods to calculate the sales, gains (or losses), assets, liabilities and other numbers of the reportable segments

The accounting policies for the reportable segments are basically the same as those described in "Basic significant matters regarding the preparation of consolidated financial statements".

Reported segment profit is based on the amount of operating income.

3. Information regarding sales, gains (or losses), assets, liabilities and other amounts by reportable segments

Current fiscal year (from April 1st, 2011 to March 31st, 2012) (Million yen)

	Reporting Segments				Total	Adjustments *1	Consolidated financial statements *2
	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products			
Net sales							
Sales to external customers	26,837	8,741	37,304	19,641	92,524	—	92,524
Internal sales or transfers	—	—	—	—	—	—	—
Total	26,837	8,741	37,304	19,641	92,524	—	92,524
Segment profit	2,295	612	4,576	1,707	9,192	—	9,192
Segment assets	13,601	5,602	26,789	10,929	56,923	50,102	107,025
Other items							
Depreciation	582	189	4,764	426	5,963	—	5,963
Increase in fixed assets and intangible assets	770	250	4,146	563	5,731	—	5,731

*1. Adjustment of segment assets of 50,102 million yen include extra investment funds (cash etc.), long-term investments (investment securities etc.), and etc. which does not allocated to each reportable segments

*2. Segment profit equals to operating income of consolidated financial statements.

b. Related Information

(i) Previous fiscal year (from April 1st, 2010 to March 31st, 2011)

1. Information about each products and services

Information about each products and services is omitted, as categories of products and services are identical to segment information.

2. Information by geographical area

(1) Sales

Information about sales is omitted because our domestic sales accounted for more than 90% of consolidated sales.

(2) Tangible fixed assets

Information about tangible fixed assets is omitted because domestic tangible fixed assets accounted for more than 90 % of tangible fixed assets of consolidated fixed assets.

3. Information by each major customer

Information about each major customer is omitted because sales for each major customer accounted for less than 10 % of consolidated sales.

(ii) Current fiscal year (from April 1st, 2011 to March 31st, 2012)

1. Information about each products and services

Information about each products and services is omitted, as categories of products and services are identical to segment information.

2. Information by geographical area

(1) Sales

Information about sales is omitted because our domestic sales accounted for more than 90% of consolidated sales.

(2) Tangible fixed assets

Information about tangible fixed assets is omitted because domestic tangible fixed assets accounted for more than 90 % of tangible fixed assets of consolidated fixed assets.

3. Information by each major customer

Information about each major customer is omitted because sales for each major customer accounted for less than 10 % of consolidated sales.

c. Information about impairment loss for noncurrent assets by reportable segments

Previous fiscal year (from April 1st, 2010 to March 31st, 2011)

(Million yen)

	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products	Elimination / Corporate	Total
Impairment loss	0	0	1	0	242	245

Current fiscal year (from April 1st, 2011 to March 31st, 2012)

(Million yen)

	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products	Elimination / Corporate	Total
Impairment loss	6	2	8	4	17	38

d. Information about amortization and depreciation expense on goodwill of each reportable segment

Previous fiscal year (from April 1st, 2010 to March 31st, 2011)

Not applicable

Current fiscal year (from April 1st, 2011 to March 31st, 2012)

Not applicable

e. Information about gain on negative goodwill of each reportable segment

Previous fiscal year (from April 1st, 2010 to March 31st, 2011)

Not applicable

Current fiscal year (from April 1st, 2011 to March 31st, 2012)

Not applicable

(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)

Current fiscal year (from April 1st, 2011 to March 31st, 2012)

Not applicable

(Per share information)

	Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
Net assets per share	4,397.55 yen	4,866.46 yen
Net income per share	228.66 yen	311.84 yen
Fully diluted net income per share	Not stated, as there is no potential dilution.	Not stated, as there is no potential dilution.

Note: The basis for calculation of net income per share:

Item	Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
Net income (million yen)	4,111	5,266
Amount not belonging to ordinary shareholders (million yen)	-	-
Net income in relation to common stock (million yen)	4,111	5,266
Average number of shares during the fiscal year (1,000 shares)	17,979	16,888

(Significant subsequent events)

Not applicable.

5. Non-consolidated financial statements

(1) Balance sheets

(Million yen)

	Previous fiscal year (as of March 31st, 2011)	Current fiscal year (as of March 31st, 2012)
Assets		
Current assets		
Cash and deposits	14,390	12,137
Notes receivable-trade	80	31
Accounts receivable-trade	21,202	22,315
Short-term investment securities	1,199	1,482
Merchandise and finished goods	2,216	2,978
Work in process	10	35
Raw materials and supplies	1,095	1,149
Advance payments-trade	265	156
Prepaid expenses	310	375
Deferred tax assets	936	658
Short-term loans receivable from subsidiaries and affiliates	3,507	3,239
Accounts receivable-other	263	225
Other	188	170
Allowance for doubtful accounts	(1,261)	(1,348)
Total current assets	44,405	43,606
Noncurrent assets		
Property, plant and equipment		
Buildings	6,308	6,397
Accumulated depreciation	(3,432)	(3,607)
Buildings, net	2,876	2,789
Structures	316	319
Accumulated depreciation	(257)	(266)
Structures, net	59	52
Machinery and equipment	96	114
Accumulated depreciation	(61)	(68)
Machinery and equipment, net	34	45
Vehicles	53	54
Accumulated depreciation	(47)	(49)
Vehicles, net	6	5
Tools, furniture and fixtures	22,790	23,306
Accumulated depreciation	(13,231)	(14,894)

(Million yen)

	Previous fiscal year (as of March 31st, 2011)	Current fiscal year (as of March 31st, 2012)
Tools, furniture and fixtures, net	9,558	8,411
Land	4,923	5,691
Lease assets	83	83
Accumulated depreciation	(43)	(60)
Lease assets, net	39	22
Construction in progress	0	904
Total property, plant and equipment	17,498	17,924
Intangible assets		
Leasehold right	5	5
Software	1,204	880
Other	300	302
Total intangible assets	1,510	1,188
Investments and other assets		
Investment securities	7,157	8,235
Stocks of subsidiaries and affiliates	3,077	3,677
Investments in capital	1	1
Investments in capital of subsidiaries and affiliates	423	423
Long-term loans receivable	59	124
Long-term loans receivable from employees	0	5
Long-term loans receivable from subsidiaries and affiliates	727	1,369
Long-term prepaid expenses	11	19
Deferred tax assets	2,528	1,937
Long-term time deposits	4,100	4,100
Insurance funds	4,825	5,803
Other	274	263
Allowance for doubtful accounts	(3)	(102)
Allowance for investment loss	(300)	(300)
Total investments and other assets	22,885	25,560
Total noncurrent assets	41,894	44,672
Total asset	86,300	88,279

Liabilities		
Current liabilities		
Accounts payable-trade	10,354	11,633

(Million yen)

	Previous fiscal year (as of March 31st, 2011)	Current fiscal year (as of March 31st, 2012)
Short-term loans payable	1,400	1,700
Lease obligations	17	17
Accounts payable-other	2,428	2,133
Income taxes payable	928	208
Advances received	85	76
Deposits received	9,222	10,458
Provision for bonuses	881	833
Provision for directors' bonuses	50	49
Provision for product warranties	367	462
Provision for loss on disaster	45	—
Other	211	107
Total current liabilities	25,993	27,680
Noncurrent liabilities		
Long-term loans payable	620	742
Lease obligations	24	6
Provision for retirement benefits	1,188	1,149
Long-term accounts payable-other	827	819
Total noncurrent liabilities	2,660	2,717
Total liabilities	28,654	30,397
Net assets		
Shareholders' equity		
Capital stock	4,621	4,621
Capital surplus		
Legal capital surplus	8,946	8,946
Other capital surplus	1,036	1,081
Total capital surpluses	9,982	10,027
Retained earnings		
Legal retained earnings	1,171	1,171
Other retained earnings		
Reserve for business expansion	300	300
Reserve for advanced depreciation of noncurrent assets	49	53
General reserve	37,500	37,500
Retained earnings brought forward	9,126	11,148
Total retained earnings	48,147	50,173
Treasury stock	(5,047)	(7,580)

(Million yen)

	Previous fiscal year (as of March 31st, 2011)	Current fiscal year (as of March 31st, 2012)
Total shareholders' equity	57,703	57,241
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(57)	639
Total valuation and translation adjustments	(57)	639
Total net assets	57,645	57,881
Total liabilities and net assets	86,300	88,279

(2) Statements of income

(Million yen)

	Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
Net sales		
Net sales of finished goods	14,410	14,019
Net sales of goods	32,310	32,212
Other sales	9,111	9,879
Total net sales	55,832	56,111
Cost of sales		
Beginning finished goods	878	987
Cost of products manufactured	10,334	10,488
Total	11,212	11,476
Finished goods transfer to other account	2,142	1,785
Ending finished goods	987	1,246
Cost of finished goods sold	8,082	8,443
Beginning goods	2,204	1,228
Cost of purchased goods	25,516	26,816
Total	27,721	28,044
Goods transfer to other account	57	172
Ending goods	1,228	1,731
Cost of goods sold	26,434	26,141
Other cost	4,170	4,226
Total cost of sales	38,687	38,811
Gross profit	17,144	17,300
Selling, general and administrative expenses		
Advertising expenses	691	589
Packing and transportation expenses	588	575
Service and repair expenses	465	548
Provision of allowance for doubtful accounts	224	193
Salaries and allowances	2,090	2,121
Bonuses	320	261
Provision for bonuses	549	576
Retirement benefit expenses	234	190
Provision for directors' bonuses	50	49
Commission fee	764	702
Insurance expenses	680	784

(Million yen)

	Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
Rent expenses	230	254
Research and development expenses	3,189	3,256
Depreciation	1,179	1,194
Other	2,702	2,553
Total selling, general and administrative expenses	13,963	13,854
Operating income	3,181	3,445
Non-operating income		
Interest income	94	104
Dividends income	1,162	1,217
Real estate rent	273	280
Foreign exchange gains	—	29
Other	118	94
Total non-operating income	1,649	1,726
Non-operating expenses		
Interest expenses	59	67
Foreign exchange losses	109	—
Provision of allowance for investment loss	48	—
Loss on investments in partnership	104	90
Other	14	26
Total non-operating expenses	336	183
Ordinary income	4,493	4,988
Extraordinary income		
Gain on sales of noncurrent assets	1	0
Gain on sales of investment securities	63	4
Surrender value of insurance	198	373
Other	22	—
Total extraordinary income	286	378
Extraordinary loss		
Loss on sales of noncurrent assets	5	—
Loss on retirement of noncurrent assets	8	—
Impairment loss	41	17
Loss on valuation of investment securities	8	307
Loss on valuation of subsidiaries' stocks	24	—
Loss on disaster	94	43

(Million yen)

	Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
Other	2	41
Total extraordinary losses	184	409
Income before income taxes	4,596	4,956
Income taxes-current	1,516	1,070
Income taxes-deferred	15	485
Total income taxes	1,531	1,555
Net income	3,064	3,401

Manufacturing statement

Item	Note No.	Previous fiscal year (April 1st, 2010 to March 31st, 2011) Amount (million yen)		Ratio (%)	Current fiscal year (April 1st, 2011 to March 31st, 2012) Amount (million yen)		Ratio (%)
I. Materials expenses			8,237	59.3		8,749	62.0
II. Labor expenses			2,474	17.8		2,457	17.4
III. Other expenses							
Subcontracted designing expenses and trial manufacture expenses		1,617			1,503		
Others		1,570	3,187	22.9	1,405	2,908	20.6
Total manufacturing expenses			13,899	100.0		14,115	100.0
Work in progress inventories at the beginning of the fiscal year			48			10	
Transfer from other accounts	*2		171			41	
Total			14,119			14,167	
Work-in-progress inventories at the end of the fiscal year			10			35	
Transfer to other accounts	*3		3,774			3,643	
Product manufacturing costs			10,334			10,488	

(Footnotes)

Previous fiscal year (April 1st, 2010 to March 31st, 2011)

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)	171 million yen
Others	0 million yen
Total	171 million yen

*3 Breakdown of transfer to other accounts

Research and development expenses	2,800 million yen
Current assets and others (Trial manufacture and research in progress)	41 million yen
Others	932 million yen
Total	3,774 million yen

Current fiscal year (April 1st, 2011 to March 31st, 2012)

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)	41 million yen
Others	0 million yen
Total	41 million yen

*3 Breakdown of transfer to other accounts

Research and development expenses	2,659 million yen
Current assets and others (Trial manufacture and research in progress)	22 million yen
Others	961 million yen
Total	3,643 million yen

(3) Statements of changes in net assets

(Million yen)

	Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	4,621	4,621
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	4,621	4,621
Capital surplus		
Legal capital surplus		
Balance at the beginning of current period	8,946	8,946
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	8,946	8,946
Other capital surplus		
Balance at the beginning of current period	1,036	1,036
Changes of items during the period		
Disposal of treasury stock	(0)	45
Total changes of items during the period	(0)	45
Balance at the end of current period	1,036	1,081
Total capital surplus		
Balance at the beginning of current period	9,982	9,982
Changes of items during the period		
Disposal of treasury stock	(0)	45
Total changes of items during the period	(0)	45
Balance at the end of current period	9,982	10,027
Retained earnings		
Legal retained earnings		
Balance at the beginning of current period	1,171	1,171
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	1,171	1,171
Other retained earnings		
Reserve for business expansion		
Balance at the beginning of current period	300	300

(Million yen)

	Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	300	300
Reserve for advanced depreciation of noncurrent assets		
Balance at the beginning of current period	49	49
Changes of items during the period		
Amount of change in reserve assets due to tax rate changes compression	—	4
Total changes of items during the period	—	4
Balance at the end of current period	49	53
General reserve		
Balance at the beginning of current period	37,500	37,500
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	37,500	37,500
Retained earnings brought forward		
Balance at the beginning of current period	7,539	9,126
Changes of items during the period		
Dividends from surplus	(1,477)	(1,375)
Net income	3,064	3,401
Amount of change in reserve assets due to tax rate changes compression	—	(4)
Total changes of items during the period	1,587	2,021
Balance at the end of current period	9,126	11,148
Total retained earnings		
Balance at the beginning of current period	46,560	48,147
Changes of items during the period		
Dividends from surplus	(1,477)	(1,375)
Net income	3,064	3,401
Total changes of items during the period	1,587	2,025
Balance at the end of current period	48,147	50,173
Treasury stock		
Balance at the beginning of current period	(2,501)	(5,047)

(Million yen)

	Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
Changes of items during the period		
Purchase of treasury stock	(2,547)	(2,954)
Disposal of treasury stock	0	422
Total changes of items during the period	(2,546)	(2,532)
Balance at the end of current period	(5,047)	(7,580)
Total shareholders' equity		
Balance at the beginning of current period	58,663	57,703
Changes of items during the period		
Dividends from surplus	(1,477)	(1,375)
Net income	3,064	3,401
Purchase of treasury stock	(2,547)	(2,954)
Disposal of treasury stock	0	467
Total changes of items during the period	(959)	(461)
Balance at the end of current period	57,703	57,241
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	410	(57)
Changes of items during the period		
Net changes of items other than shareholders' equity	(468)	697
Total changes of items during the period	(468)	697
Balance at the end of current period	(57)	639
Deferred gains or losses on hedges		
Balance at the beginning of current period	410	(57)
Changes of items during the period		
Net changes of items other than shareholders' equity	(468)	697
Total changes of items during the period	(468)	697
Balance at the end of current period	(57)	639
Total net assets		
Balance at the beginning of current period	59,074	57,645
Changes of items during the period		
Dividends from surplus	(1,477)	(1,375)
Net income	3,064	3,401
Purchase of treasury stock	(2,547)	(2,954)

(Million yen)

	Previous fiscal year (April 1st, 2010 to March 31st, 2011)	Current fiscal year (April 1st, 2011 to March 31st, 2012)
Disposal of treasury stock	0	467
Net changes of items other than shareholders' equity	(468)	697
Total changes of items during the period	(1,428)	235
Balance at the end of current period	57,645	57,881

(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	Current fiscal year (from April 1st, 2011 to March 31st, 2012)
1. Valuation standards and methods for securities	(1) Held-to-Maturity Securities - 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.
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 finished goods - Stated at cost determined by the first-in, first-out method. Work in process - Stated at cost based on the specific cost method. Raw materials - Stated at cost determined by the gross average method. Supplies - Stated based on the last purchase price method.

Item	Current fiscal year (from April 1st, 2011 to March 31st, 2012)
3. Depreciation method for fixed assets	(1) Property, plant and equipment (excluding lease 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. In addition, the lifetime are as follows: Buildings: 3 to 50 years Structures: 10 to 60 years Machinery and equipment: 8 to 17 years Vehicles and delivery equipment: 4 to 6 years Tools, instruments and fixtures: 2 to 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. (2) Intangible assets (excluding lease assets) Depreciated by the straight-line method. Software for internal use is amortized by the straight-line method over its useful life of five years. As for software for sale in the market, the Company records the larger of an amortization based on projected sales volume for the effective sales period (no longer than three years) or a uniform amortization over the effective remaining sales period.
	(3) 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 March 31, 2008 continue to be accounted for in a similar manner with the ordinary rental transactions.
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) Provision for bonuses 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.

Item	Current fiscal year (from April 1st, 2011 to March 31st, 2012)
	(3) Provision for director's bonuses 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) Provision for retirement benefits 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. Past service liabilities 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. 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.
	(5) Provision for product warranties 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.
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.

6. Others

(1)Changes of directors

(i) Representative Director

Not applicable

(ii) Other directors

・Candidate for auditor to be newly appointed
(Part-time) Auditor: Mr. Teruhisa Okano

・Auditor to retire
(Part-time) Auditor: Mr. Tatsuo Izawa

(iii) Scheduled appointment date

June 28th, 2012

*This English translation is for reference purposes only. The original Japanese version will prevail as the official authoritative version.