

Summary Report on Financial Results for the Third Quarter of the Year Ending March 2014
(Japan GAAP)

January 31st, 2014
Listing: TSE-JASDAQ

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Scheduled date for filing the quarterly report: February 7th, 2014
Scheduled date for commencement of dividend payment: -
Supplementary material development: None
Financial results meeting: None

(Amounts less than one million yen are rounded down)

(The number with parenthesis shows negative figure)

1. Consolidated financial results for the third quarter of the year ending March 2014 (April 1st, 2013 through December 31st, 2013)

(1) Consolidated operating results (cumulative)

(% represents increases or decreases from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Third quarter of the year ending March 2014	70,246	6.0	7,346	15.8	7,325	14.7	4,895	34.0
Third quarter of the year ended March 2013	66,246	4.5	6,343	1.7	6,384	(1.1)	3,654	3.3

(Note) Comprehensive income

Third quarter of the year ending March 2014: 4,950 million yen / 59.8 %

Third quarter of the year ended March 2013: 3,097 million yen / (21.3) %

	Net income per share	Fully diluted net income per share
	Yen	Yen
Third quarter of the year ending March 2014	329.84	—
Third quarter of the year ended March 2013	234.54	—

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net Assets per Share
	million yen	million yen	%	Yen
Third quarter of the year ending March 2014	107,221	79,343	74.0	5,707.06
Year ended March 2013	114,646	82,082	71.6	5,306.30

(Reference) Shareholders' equity:

Third quarter of the year ending March 2014: 79,343 million yen

Year ended March 2013: 82,082 million yen

2. Dividends

	Yearly Dividends per share				
	End of the first quarter	End of the second quarter	End of the third quarter	End of the term	Annual
	yen	Yen	yen	yen	yen
Year ended March 2013	—	40.00	—	85.00	125.00
Year ending March 2014	—	45.00	—		
Year ending March 2014 (forecast)				85.00	130.00

(Note) Revisions to recent dividend forecast: None

The detail of year-end dividend of Year ended March 2013; ordinary dividend 40.00 yen, extra dividend 45.00 yen

The detail of end of the second quarter dividend of Year ending March 2014; ordinary dividend 40.00 yen, extra dividend 5.00 yen

The detail of year-end dividend of Year ending March 2014 (Forecast); ordinary dividend 40.00 yen, extra dividend 45.00 yen

3. Forecast of consolidated financial results for the year ending March 2014 (April 1st, 2013 through March 31st, 2014)

(% represents increase or decrease from the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-year	98,500	2.3	10,300	0.6	10,300	(1.3)	6,200	(4.1)	423.92

(Note) Revisions to recent business forecast: None

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

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries involving changes in the scope of consolidation): Yes

New: 1 (Japan Stent Technology Co., Ltd.)

Exclusion: None

(Note) Please refer to "(1) Change in significant subsidiaries during the period" under the "2. Summary information" section on page 6 for details.

(2) Application of special accounting methods for the preparation of the consolidated quarterly financial statements: None

(3) Changes in accounting policies, accounting projections and restatement

(i) Changes in accounting policies associated with revision of accounting standards: None

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

(iii) Changes in accounting projections: None

(iv) Restatement: None

(4) Number of outstanding shares (common stock)

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

Third quarter of the year ending March 2014: 19,588,000 shares

Year ended March 2013: 19,588,000 shares

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

Third quarter of the year ending March 2014: 5,685,362 shares

Year ended March 2013: 4,119,095 shares

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

Third quarter of the year ending March 2014: 14,842,393 shares

Third quarter of the year ended March 2013: 15,579,185 shares

* 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 at the time of announcement. Actual results may differ from the results projected and presented hereby for a variety of reasons.
2. With respect to the preconditions for the forecast of financial results, please refer to “(3) Qualitative Information about consolidated earnings forecast” under the “1. Qualitative Information about consolidated earnings results for the quarter under review” section on page 5.

Contents of the Attached Materials

- 1. Qualitative information about consolidated earnings results for the quarter under review ----- 5
 - (1) Qualitative Information about operating results ----- 5
 - (2) Qualitative Information about financial situation ----- 5
 - (3) Qualitative Information about consolidated earnings forecast ----- 5
- 2. Summary information ----- 6
 - (1) Change in significant subsidiaries during the period ----- 6
 - (2) Application of special accounting methods for the preparation of the consolidated quarterly financial statements ----- 6
 - (3) Change in accounting policies, accounting projections, and restatement ----- 6
- 3. Consolidated quarterly financial statements ----- 7
 - (1) Consolidated quarterly balance sheets ----- 7
 - (2) Consolidated quarterly income statements and consolidated quarterly comprehensive income statements ----- 9
 - Consolidated quarterly income statements
 - Third quarter of the consolidated term ----- 9
 - Consolidated quarterly comprehensive income statements
 - Third quarter of the consolidated term ----- 10
 - (3) Notes to consolidated quarterly financial statement ----- 10
 - (Notes regarding the premise for going concern) ----- 10
 - (Note when there is a significant fluctuation in the amount of shareholders' equity) ----- 10

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

(1) Explanation about consolidated operating results

In the third quarter cumulative period, based on an increase in stock prices and weakening of the yen, expectations for economic recovery have been building up since improvement were observed in companies' earnings and consumer spending.

In the medical environment industry, the remuneration for medical treatments has increased slightly from April 2012, but an effective and efficient reformed management is still required to go forward.

As a result, the Group posted a consolidated net sales of 70,246 million yen (up 6.0% on a year-to-year basis), operating income of 7,346 million yen (up 15.8% on a year-to-year basis), ordinary income of 7,325 million yen (up 14.7% on a year-to-year basis), and a net income of 4,895 million yen (up 34.0 % on a year-to-year basis) in the third quarter.

A. Physiological diagnostic equipment segment

The sales of electrocardiographs and vascular screening systems continued to increase.

As a result, consolidated net sales were 19,946 million yen (up 15.2% on a year-to-year basis).

B. Patient monitoring equipment segment

Sales of patient monitoring equipment decreased.

As a result, consolidated net sales were 5,315 million yen (down 2.0% on a year-to-year basis).

C. Medical treatment equipment segment

While the business of renting medical equipment for home treatment and sales of ventilators continued to increase, sales of pacemakers decreased.

As a result, consolidated net sales were 29,113 million yen (up 3.1% on a year-to-year basis).

D. Consumables and other products segment

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

Consolidated net sales for this segment were 15,870 million yen (up 3.9% on a year-to-year basis).

(2) Explanation about consolidated financial situation

Total assets were 107,221 million yen at the end of the third quarter under review, down 7,425 million yen from the end of the previous fiscal year.

The main factors are a decrease of 5,244 million yen in "Notes and accounts receivable-trade" and decrease of 2,966 million yen in "Cash and deposits".

Liabilities amounted to 27,878 million yen, down 4,686 million yen from the end of the previous fiscal year.

This is primarily because of a decrease of 1,679 million yen in "Notes and accounts payable-trade" and decrease of 1,593 million yen in "Income taxes payable".

Net assets were 79,343 million yen, down 2,739 million yen from the end of the previous fiscal year.

The main factors are an increase of 5,873 million yen in "Treasury stock" despite an increase of 3,079 million yen in "Retained earnings".

(3) Explanation about consolidated earnings forecast

Revision of the remuneration for medical services and consumption tax rate increase are scheduled in April 2014, the Group will continue to make every effort to meet the needs of medical institutions which support regional medical services.

There is no change at this moment in the forecast of the financial results for the full fiscal year which we announced on May 15th, 2013.

The forecasted financial results described in this material are based on information available at the time of announcement. Actual results may differ from the results projected and presented hereby for a variety of reasons.

2. Summary information

(1) Change in significant subsidiaries during the period

The Japan Stent Technology Co., Ltd. became our consolidated subsidiary with the acquisition of additional stocks in November, 2013. In addition, the Japan Stent Technology Co., Ltd. became a “specified subsidiary” of Fukuda Denshi.

(2) Application of special accounting methods for the preparation of the consolidated quarterly financial statements

Not applicable.

(3) Change in accounting policies, accounting projections, and restatement

Not applicable.

3. Consolidated quarterly financial statements

(1) Consolidated quarterly balance sheets

(Million yen)

	Previous fiscal year (as of March 31 st , 2013)	End of the third quarter under review (as of December 31 st , 2013)
Assets		
Current assets		
Cash and deposits	24,201	21,234
Notes and accounts receivable-trade	26,963	21,719
Securities	-	273
Merchandise and finished goods	6,916	8,508
Work in process	165	245
Raw materials and supplies	1,981	2,402
Other	4,085	4,019
Allowance for doubtful accounts	(49)	(198)
Total current assets	64,265	58,204
Noncurrent assets		
Property, plant and equipment	22,160	22,517
Intangible assets	2,408	3,829
Investments and other assets		
Investment securities	12,103	9,604
Other	13,719	13,075
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	25,812	22,670
Total noncurrent assets	50,381	49,016
Total assets	114,646	107,221
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,198	14,518
Short-term loans payable	1,850	1,900
Income taxes payable	2,594	1,000
Provision for bonuses	2,254	1,006
Provision for product warranties	411	407
Other provision	134	108
Other	3,835	3,865
Total current liabilities	27,279	22,807
Noncurrent liabilities		
Long-term loans payable	1,038	1,046
Provision for retirement benefits	2,858	2,685
Other provision	217	148
Other	1,170	1,189
Total noncurrent liabilities	5,285	5,070
Total liabilities	32,564	27,878

	Previous fiscal year (as of March 31 st , 2013)	End of the third quarter under review (as of December 31 st , 2013)
Net assets		
Shareholders' equity		
Capital stock	4,621	4,621
Capital surplus	10,047	10,047
Retained earnings	75,152	78,231
Treasury stock	(8,847)	(14,721)
Total shareholders' equity	80,973	78,179
Accumulated other comprehensive Income		
Valuation difference on available-for-sale securities	1,145	1,203
Foreign currency translation adjustment	(36)	(39)
Total accumulated other comprehensive income	1,108	1,163
Total net assets	82,082	79,343
Total liabilities and net assets	114,646	107,221

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

Consolidated quarterly income statements
(Third quarter of the consolidated term)

	(Million yen)	
	Third quarter of the previous consolidated term (from April 1 st , 2012 to December 31 st , 2012)	Third quarter of the consolidated term (from April 1 st , 2013 to December 31 st , 2013)
Net sales	66,246	70,246
Cost of sales	34,495	36,791
Gross profit	31,751	33,455
Selling, general and administrative expenses	25,407	26,108
Operating income	6,343	7,346
Non-operating income		
Interest income	52	58
Dividends income	134	114
Foreign exchange gains	29	179
Other	124	140
Total non-operating income	341	493
Non-operating expenses		
Interest expenses	18	18
Equity in losses of affiliates	262	448
Loss on investments in partnership	5	3
Other	14	43
Total non-operating expenses	300	515
Ordinary income	6,384	7,325
Extraordinary income		
Gain on step acquisitions	-	186
Gain on sales of noncurrent assets	1	109
Gain on sales of investment securities	-	355
Subsidy income	116	67
Surrender value of insurance	70	55
Total extraordinary income	188	774
Extraordinary loss		
Loss on sales of noncurrent assets	0	0
Impairment loss	1	14
Loss on valuation of investment securities	-	232
Total extraordinary losses	1	247
Income before income taxes and minority interests	6,570	7,852
Income taxes-current	2,536	2,786
Income taxes-deferred	380	170
Total income taxes	2,916	2,956
Income before minority interests	3,654	4,895
Net income	3,654	4,895

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

	(Million yen)	
	Third quarter of the previous consolidated term (from April 1 st , 2012 to December 31 st , 2012)	Third quarter of the consolidated term (from April 1 st , 2013 to December 31 st , 2013)
Income before minority interests	3,654	4,895
Other comprehensive income		
Valuation difference on available-for-sale securities	(559)	57
Foreign currency translation adjustment	3	(2)
Total other comprehensive income	(556)	54
Comprehensive income	3,097	4,950
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,097	4,950

(3) Notes to Consolidated Financial Statement
(Notes regarding the premise for going concern)
Not applicable.

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

The Board of Directors approved on the acquisition of Fukuda Denshi's own shares under the Article 156 of the Companies Act of Japan applied as mutatis mutandis stipulated under the Article 165(3) of the same Law during its meeting held on July 31st, 2013, and as of August 1st, 2013, 1,566,354 common shares have been acquired through a fixed price trading at Tokyo Stock Exchange which amounted to 5,873 million yen.

As a result, common shares amounted to 14,721 million yen at end of the third quarter consolidated account period.

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