Summary Report on Financial Results for Fiscal Year Ended March 2014
(Japan GAAP)

May 15th, 2014
Listing: TSE-JASDAQ

Company name: Fukuda Denshi Co., Ltd.
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Scheduled date for the ordinary general meeting of shareholders: June 27th, 2014
Scheduled date for commencement of dividend payment: June 30th, 2014
Scheduled date for filing the securities report: June 27th, 2014
Supplementary material development: Yes
Financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)
(The number with parenthesis shows negative figure)

1. Consolidated financial results for fiscal year ended March 2014 (April 1st, 2013 through March 31st, 2014)

(1) Consolidated operating results (% 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 2014	107,574	11.8	11,783	15.1	11,995	14.9	7,540	16.7
Year ended March 2013	96,239	4.0	10,240	11.4	10,435	10.7	6,462	22.7

(Note)Comprehensive income
Fiscal year ended March 2014: 7,441 million yen / 6.6% Fiscal year ended March 2013: 6,982 million yen / 14.6 %

	Net income per share	Fully diluted net income per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
Year ended March 2014	515.60	-	9.2	10.2	11.0
Year ended March 2013	415.47	-	8.1	9.4	10.6

(Reference) Profit or loss on equity method investments:
Fiscal year ended March 2014: (448) million yen Fiscal year ended March 2013: (321) million yen

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2014	120,743	81,721	67.7	5,878.16
Year ended March 2013	114,646	82,082	71.6	5,306.30

(Reference) Shareholders' equity:
Fiscal year ended March 2014: 81,721 million yen Fiscal year ended March 2013: 82,082 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 2014	11,115	(4,350)	(7,845)	20,339
Year ended March 2013	12,199	(10,929)	(2,396)	21,461

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 2013	-	40.00	-	85.00	125.00	1,930	30.1	2.5
Year ended March 2014	-	45.00	-	100.00	145.00	2,015	28.1	2.6
Year ending March 2015 (Forecast)	-	45.00	-	105.00	150.00		27.4	

(Note)

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

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

The detail of year-end dividend of Year ended March 2014; ordinary dividend 40.00 yen, extra dividend 60.00 yen

The detail of second quarter dividend of Year ending March 2015 (Forecast); ordinary dividend 40.00 yen, commemorative dividend 5.00 yen

The detail of year-end dividend of Year ending March 2015 (Forecast); ordinary dividend 40.00 yen, extra dividend 65.00 yen

3. Forecast of consolidated financial results for fiscal year ending March 2015 (April 1st, 2014 through March 31st, 2015) (% represent increases or decreases 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	108,000	0.4	12,000	1.8	12,000	0.0	7,600	0.8	546.66

(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.

4. Others

(1) Changes in significant subsidiaries during the current fiscal year: Yes

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

Exclusion: None

(Note)

For details, please refer to “1. Scope of consolidation” under the section “(Basic significant matters regarding the preparation of consolidated financial statements)” on page 26.

(2) Changes in accounting policies and procedures

(i) Changes in accounting policies associated with revision of accounting standards: Yes

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

(iii) Changes in accounting projections: None

(iv) Restatement: None

(Note)

For details, please refer to “Changes in accounting policies” on page 29.

(3) Number of outstanding shares (common stock)

(i) Number of outstanding shares at the year-end (including “Treasury stock”)

Fiscal year ended March 2014: 19,588,000 shares

Fiscal year ended March 2013: 19,588,000 shares

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

Fiscal year ended March 2014: 5,685,382 shares

Fiscal year ended March 2013: 4,119,095 shares

(ⅲ) Average number of shares during the period

Fiscal year ended March 2014: 14,625,522 shares

Fiscal year ended March 2013: 15,553,736 shares

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for fiscal year ended March 2014 (April 1st, 2013 through March 31st, 2014)

(1) Non-consolidated operating results (% 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 2014	63,849	7.1	6,053	20.3	7,981	15.8	5,806	20.8
Year ended March 2013	59,638	6.3	5,031	46.0	6,893	38.2	4,805	41.3

	Net income per share	Fully diluted net income per share
	yen	yen
Year ended March 2014	397.01	-
Year ended March 2013	308.99	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2014	96,255	58,355	60.6	4,197.43
Year ended March 2013	95,349	60,450	63.4	3,907.89

(Reference) Shareholders' equity:
Fiscal year ended March 2014: 58,355 million yen   Fiscal year ended March 2013: 60,450 million yen

* Status of Auditing Processes

At the time of disclosure of this report, review procedures for the consolidated 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 "(1) Analysis of operation results" under the "1. Operating results & financial situation" section on page 7.

Contents of the Attached Materials

1. Operating results & financial situation

(1) Analysis of operation results

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

	Year ended March 2013	Year ended March 2014	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	96,239	107,574	11,334	11.8
Operating income (million yen)	10,240	11,783	1,543	15.1
Ordinary income (million yen)	10,435	11,995	1,559	14.9
Net income (million yen)	6,462	7,540	1,078	16.7
Net income per share (yen)	415.47	515.60	100.13	24.1

During the fiscal year ended March, 2014, an increase in stock prices and weakening of the yen continued due to the effect of government economic and financial policies, and also positive signs were observed in companies' earnings and consumer spending by a rush in demand before the raising of the consumption tax rate, expectations for economic recovery have been building up.

The remuneration for medical treatment in FY2014 seeks to establish a framework to provide healthcare services that meet the needs of Japan's aging society by focusing on challenges such as the differentiation and strengthening of medical institutions' functions, encouraging teamwork throughout Japan's medical network, and expanding home treatment. Medical institutions face ever greater demands for efficient, high-quality healthcare.

As a result, the Group posted consolidated "Net sales" of 107,574 million yen (up 11.8% year-on-year basis) for this consolidated fiscal year. With regard to incomes, consolidated "Operating income" totaled 11,783 million yen (up 15.1% year-on-year basis) , consolidated "Ordinary income" totaled 11,995 million yen (up 14.9% year-on-year basis) and the consolidated "Net income" totaled 7,540 million yen (up 16.7% on a year-on-year basis).

Consolidated "Net sales", "Operating income", "Ordinary income" and "Net income" all marked a record high for the two consecutive terms.

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

Business segment	Year ended March 2013		Year ended March 2014		Comparison with the previous year	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Change (million yen)	Rate of change (%)
Physiological diagnostic equipment	27,602	28.7	34,711	32.3	7,109	25.8
Patient monitoring equipment	9,264	9.6	9,461	8.8	197	2.1
Medical treatment equipment	38,519	40.0	39,909	37.1	1,390	3.6
Consumables and other products	20,851	21.7	23,491	21.8	2,640	12.7
Total	96,239	100.0	107,574	100.0	11,335	11.8

A. Physiological diagnostic equipment segment

Sales of electrocardiographs and vascular screening systems continued to increase. Also, the number of large-scale business deals have substantially increased in the fourth quarter of the term.

As a result, consolidated “Net sales” were 34,711 million yen (up 25.8% year-on-year basis).

B. Patient monitoring equipment segment

Sales of patient monitoring equipment increased.

As a result, consolidated “Net sales” were 9,461 million yen (up 2.1% year-on-year basis).

C. Medical treatment equipment segment

The business of renting medical equipment for home treatment and sales of AEDs increased, but the sales of pacemakers decreased.

As a result, consolidated “Net sales” were 39,909 million yen (up 3.6% year-on-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.

As the sales increased toward the end of the term, consolidated “Net sales” for this segment were 23,491 million yen (up 12.7% year-on-year basis).

(iii) Outlook for fiscal year ending March 2015

	Year ended March 2014	Year ending March 2015	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	107,574	108,000	425	0.4
Operating income (million yen)	11,783	12,000	216	1.8
Ordinary income (million yen)	11,995	12,000	4	0.0
Net income (million yen)	7,540	7,600	59	0.8
Net income per share (yen)	515.60	546.66	31.06	6.0

While the effects of economic and financial policies in Japan provide hope for ongoing gradual economic recovery, reduced consumption in the wake of the raising of the consumption tax rate and increasing resource prices could yet affect purchasing power. Meanwhile, the US and European economies show signs of recovery but there are concerns about sluggish growth in China and emerging markets.

The Japanese government raised the consumption tax rate from 5% to 8% starting in April 2014 as part of its comprehensive reforms of tax and social security, which is aimed at enhancing and stabilizing Japan’s social security and fiscal consolidation. A further increase to 10% in October 2015 is also being considered. Moreover, Japan is fast becoming an ultra-aged society, with 22 million baby boomers expected to turn 75 or older in 2025, at which time one in four Japanese will be aged 75 or older.

Amid this fast-changing climate, we at the Fukuda Denshi Group, inspired by our corporate philosophy, remain dedicated to contribute to medical progress and healthcare in general in accordance with our social mission.

The Group expects consolidated “Net sales” of 108,000 million yen, consolidated “Operating income” of 12,000 million yen, consolidated “Ordinary income” of 12,000 million yen, and consolidated “Net income” of 7,600 million yen for the fiscal year ending March 2015.

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 6,096 million yen from the end of the previous fiscal year to reach 120,743 million yen. The main factors are the increase of 6,960 million yen in "Notes and accounts receivable-trade" and 1,471 million yen in "Insurance funds", despite a decrease of 2,597 million yen in "Investment securities".

"Total liabilities" increased 6,457 million yen from the end of the previous fiscal year to reach 39,021 million yen. The main factors are the increase of 5,652 million yen in "Notes and accounts payable-trade" and 2,581 million yen in "Net defined benefit liability", despite a decrease of 2,858 million yen in "Provision for retirement benefits".

"Net assets" decreased 360 million yen from the end of the previous fiscal year to reach 81,721 million yen. The main factors are the increase of 5,873 million yen in "Treasury stock" at the end of current period, despite the increase of 5,592 million yen in "Retained earnings".

(ii) Consolidated cash flows

	Year ended March 2013	Year ended March 2014	Change
Cash flows from operating activities (million yen)	12,199	11,115	(1,084)
Cash flows from investing activities (million yen)	(10,929)	(4,350)	6,578
Cash flows from financing activities (million yen)	(2,396)	(7,845)	(5,449)
Effect of exchange rate changes (million yen)	(48)	(40)	8
Increase (decrease) in cash and cash equivalents (million yen)	(1,174)	(1,121)	52
Cash and cash equivalents at the end of the fiscal year (million yen)	21,461	20,339	(1,121)

(Cash flows from operating activities)

In the consolidated fiscal year, the "Cash flows from operating activities" were 11,115 million yen, down 1,084 million yen from the previous year. Including "Income before income taxes" of 12,533 million yen, "Depreciation" of 5,636 million yen and "Increase in notes and accounts receivable-trade" of 6,836 million yen.

(Cash flows from investing activities)

"The cash flows from investing activities" were minus 4,350 million yen, up 6,578 million yen from the previous year. Including purchase of "Property, plant and equipment" amounted to 4,345 million yen and "Purchase of insurance funds" amount of 1,977 million yen.

(Cash flows from financing activities)

"The cash flows from financing activities" were minus 7,845 million yen, down 5,449 million yen from the previous year, mainly because of the payment of "Purchase of treasury stock" of 5,874 million yen and the "Cash dividends paid" of 1,938 million yen.

As a result, "Cash and cash equivalents at the end of the fiscal year" was 20,339 million yen, down 1,121 million yen compared to the end of the previous fiscal year.

(Reference) Trends in cash flow indicators

	Year ended March 2010	Year ended March 2011	Year ended March 2012	Year ended March 2013	Year ended March 2014
Shareholders' equity ratio (%)	73.9	73.4	72.7	71.6	67.7
Market value-based shareholders' equity ratio (%)	38.8	42.8	37.1	45.9	52.4
Years needed to repay debts	0.2	0.1	0.3	0.2	0.3
Interest coverage ratio	419.6	589.6	389.3	450.8	403.2

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 stock) at the end of the fiscal year.
*Interest-bearing debts represent total debts recorded in the consolidated balance sheets on which interest is paid.
*For interest payments, data on interest expenses in the consolidated cash flow statement are used.

(3) Basic policies for profit distribution, and dividend for fiscal year ended March 2014 and fiscal year ending 2015

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 with 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 100 yen per share (ordinary dividend 40 yen, extra dividend 60 yen) will be paid for the fiscal year ended March 2014.

For the fiscal year ending March 2015, annual dividend per share is expected to be 150 yen per share, including interim dividend of 45 yen per share and commemorative (75th anniversary of the company's founding) dividend of 5 yen.

(4) Business risks

(i) Effect of medical administration

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

(ii) Legal regulations

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

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

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

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

(iv) Product quality

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

(v) Risks accompanying overseas businesses

The 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 or new ones are introduced 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 tremendous disaster

The Group has domestic and oversea bases; if an earthquake, electric-power shortages or any other incidents occurs, it is possible that it could adversely affect the Company’s business performance and financial position.

(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 16.08% of the Company’s voting rights (as of March 31st, 2014). 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, 56 subsidiaries and 1 affiliates; the Fukuda Denshi Group is engaged mainly in manufacturing, purchasing and sales of medical 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 Fine Tech Sendai 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.; Beijing Fukuda Denshi Medical Instruments Co., Ltd. and Fukuda Denshi Switzerland AG

- 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 Fine Tech Sendai Co., Ltd.; 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.; 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 Fine Tech Sendai 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 equipment

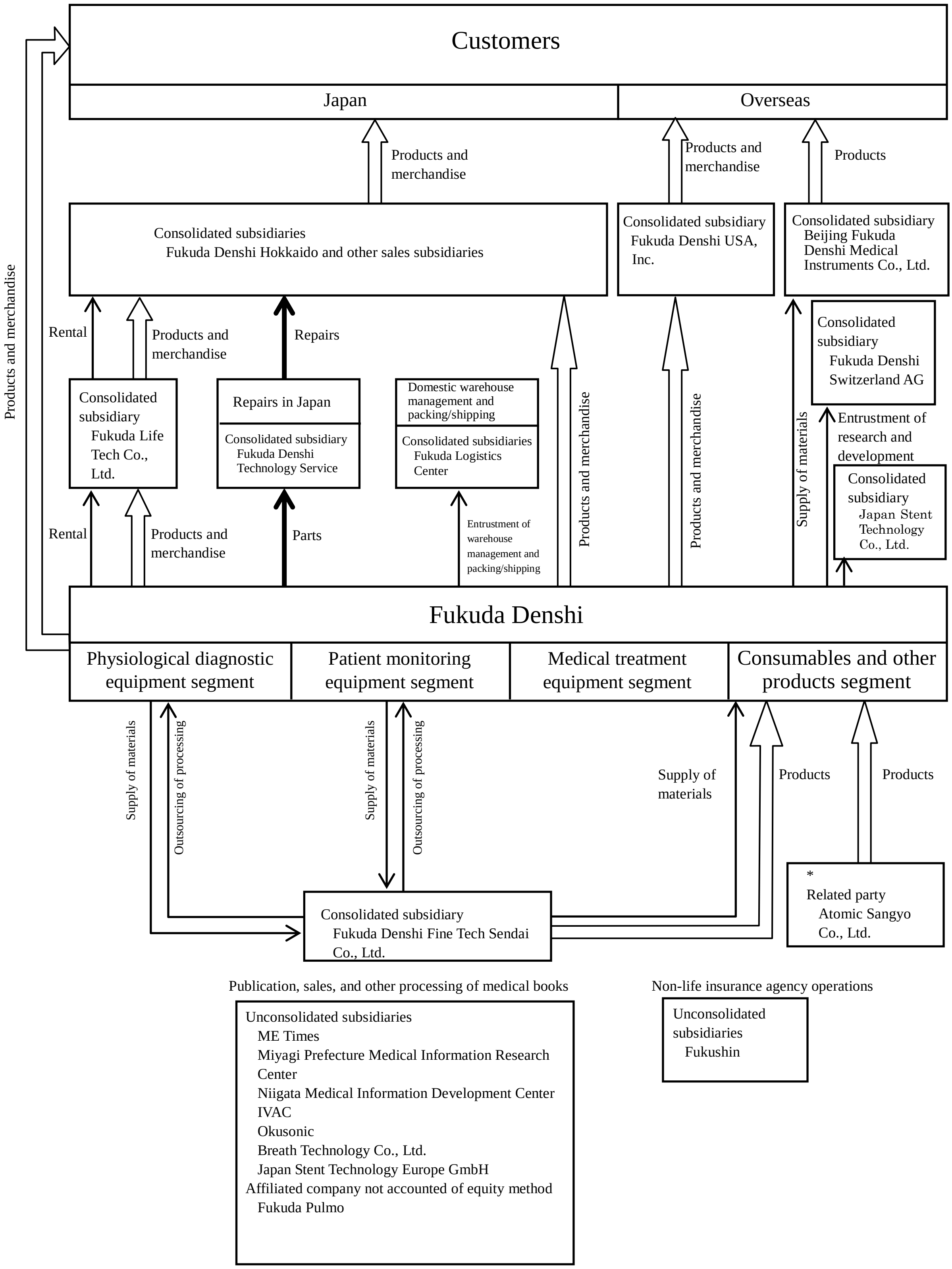
<Major companies involved>

Production: Fukuda Denshi Co., Ltd.; Fukuda Denshi Fine Tech Sendai 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 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 Group 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 Group 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 objectives of our business operations are to achieve sustainable growth and increase profits, and the Company targets consolidated "Net sales" of 112,000 million yen or more and consolidated "Ordinary income of 12,000 million yen or more in the fiscal year ending March 2017. Also, the Company plans to work on increasing the capital efficiency by continuously using created cash flow for growth investment with the aim of improving the corporate value, and continue to provide shareholders with stable returns.

(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 2015 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

Offering 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; 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 and an increasing adoption of the comprehensive medical fee payment system, called diagnosis procedure combination (DPC).

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, 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

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 the market of Tokyo Stock Exchange which amounted to 5,873 million yen.

As a result, the value of the "Treasury stock" was 14,721 million yen at the end of fiscal year under review.

4. Consolidated financial statements

(1) Consolidated balance sheets

(Million yen)

	Previous fiscal year (as of March 31st, 2013)	Current fiscal year (as of March 31st, 2014)
Assets		
Current assets		
Cash and deposits	24,201	22,408
Notes and accounts receivable-trade	*3 26,963	*3 33,924
Securities	-	273
Merchandise and finished goods	6,916	7,382
Work in process	165	149
Raw materials and supplies	1,981	2,294
Deferred tax assets	2,130	2,268
Other	1,955	1,984
Allowance for doubtful accounts	(49)	(172)
Total current assets	64,265	70,512
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	11,117	11,074
Accumulated depreciation and impairment loss	(5,625)	(5,344)
Buildings and structures, net	5,491	5,729
Machinery, equipment and vehicles	928	1,053
Accumulated depreciation and impairment loss	(530)	(669)
Machinery, equipment and vehicles, net	397	383
Tools, furniture and fixtures	26,175	26,999
Accumulated depreciation and impairment loss	(17,156)	(17,911)
Tools, furniture and fixtures, net	9,018	9,088
Land	6,859	7,011
Lease assets	516	611
Accumulated depreciation and impairment loss	(260)	(346)
Lease assets, net	256	265
Construction in progress	137	48
Total property, plant and equipment	22,160	22,526
Intangible assets	2,408	3,826
Investments and other assets		
Investment securities	*1 12,103	*1 9,506
Deferred tax assets	2,480	2,220

	Previous fiscal year (as of March 31st, 2013)	Current fiscal year (as of March 31st, 2014)
Insurance funds	7,863	9,334
Other	3,374	2,866
Allowance for doubtful accounts	(10)	(50)
Total investments and other assets	25,812	23,877
Total noncurrent assets	50,381	50,230
Total assets	114,646	120,743

(Million yen)

	Previous fiscal year (as of March 31st, 2013)	Current fiscal year (as of March 31st, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,198	21,851
Short-term loans payable	1,850	1,850
Lease obligations	88	78
Income taxes payable	2,594	3,211
Provision for bonuses	2,254	2,488
Provision for directors' bonuses	134	200
Provision for product warranties	411	354
Other	3,747	3,939
Total current liabilities	27,279	33,973
Noncurrent liabilities		
Long-term loans payable	1,038	1,098
Lease obligations	223	242
Provision for retirement benefits	2,858	-
Provision for directors' retirement benefits	217	167
Net defined benefit liability	-	2,581
Other	946	956
Total noncurrent liabilities	5,285	5,047
Total liabilities	32,564	39,021
Net assets		
Shareholders' equity		
Capital stock	4,621	4,621
Capital surplus	10,047	10,047
Retained earnings	75,152	80,744
Treasury stock	(8,847)	(14,721)
Total shareholders' equity	80,973	80,692
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,145	1,057
Foreign currency translation adjustment	(36)	(47)
Remeasurements of defined benefit plans	-	19
Total accumulated other comprehensive income	1,108	1,029
Total net assets	82,082	81,721
Total liabilities and net assets	114,646	120,743

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

(Million yen)

	Previous fiscal year (April 1st, 2012 to March 31st, 2013)	Current fiscal year (April 1st, 2013 to March 31st, 2014)
Net sales	96,239	107,574
Cost of sales	*1 50,912	*1 58,884
Gross profit	45,326	48,689
Selling, general and administrative expenses	*2,*3 35,085	*2,*3 36,906
Operating income	10,240	11,783
Non-operating income		
Interest income	74	75
Dividends income	144	125
Foreign exchange gains	162	377
Compensation income	37	-
Other	203	178
Total non-operating income	621	756
Non-operating expenses		
Interest expenses	26	27
Equity in losses of affiliates	321	448
Loss on investments in partnership	66	18
Other	10	49
Total non-operating expenses	425	544
Ordinary income	10,435	11,995
Extraordinary income		
Gain on sales of noncurrent assets	*4 2	*4 111
Gain on sales of investment securities	398	357
Subsidy income	116	67
Surrender value of insurance	70	55
Gain on step acquisitions	-	186
Other	-	7
Total extraordinary income	587	785
Extraordinary loss		
Loss on sales of noncurrent assets	*5 0	*5 0
Impairment loss	*6 1	*6 14
Loss on valuation of investment securities	-	232
Other	-	0
Total extraordinary losses	1	248
Income before income taxes and minority interests	11,021	12,533

(Million yen)

	Previous fiscal year (April 1st, 2012 to March 31st, 2013)	Current fiscal year (April 1st, 2013 to March 31st, 2014)
Income taxes-current	4,445	5,007
Income taxes-deferred	114	(15)
Total income taxes	4,559	4,992
Income before minority interests	6,462	7,540
Net income	6,462	7,540

Consolidated statements of comprehensive income

(Million yen)

	Previous fiscal year (April 1st, 2012 to March 31st, 2013)	Current fiscal year (April 1st, 2013 to March 31st, 2014)
Income before minority interests	6,462	7,540
Other comprehensive income		
Valuation difference on available-for-sale securities	504	(87)
Foreign currency translation adjustment	15	(11)
Total other comprehensive income	*1 520	*1 (99)
Comprehensive income	6,982	7,441
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,982	7,441

(3) Consolidated statements of changes in net assets

Previous fiscal year (April 1st, 2012 to March 31st, 2013) (Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	4,621	10,027	70,189	(7,580)	77,257
Changes of items during the period					
Dividends from surplus			(1,495)		(1,495)
Employees' bonuses and welfare funds			(4)		(4)
Net income			6,462		6,462
Purchase of treasury stock				(1,438)	(1,438)
Disposal of treasury stock		19		171	191
Net changes of items other than share holders' equity					
Total changes of items during the period	-	19	4,962	(1,266)	3,716
Balance at the end of current period	4,621	10,047	75,152	(8,847)	80,973

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of current period	640	(51)	-	588	77,846
Changes of items during the period					
Dividends from surplus					(1,495)
Employees' bonuses and welfare funds					(4)
Net income					6,462
Purchase of treasury stock					(1,438)
Disposal of treasury stock					191
Net changes of items other than share holders' equity	504	15	-	520	520
Total changes of items during the period	504	15	-	520	4,236
Balance at the end of current period	1,145	(36)	-	1,108	82,082

Current fiscal year (April 1st, 2013 to March 31st, 2014) (Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	4,621	10,047	75,152	(8,847)	80,973
Changes of items during the period					
Dividends from surplus			(1,940)		(1,940)
Employees' bonuses and welfare funds			(7)		(7)
Net income			7,540		7,540
Purchase of treasury stock				(5,874)	(5,874)
Disposal of treasury stock		0		0	0
Net changes of items other than share holders' equity					
Total changes of items during the period	-	0	5,592	(5,873)	(281)
Balance at the end of current period	4,621	10,047	80,744	(14,721)	80,692

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of current period	1,145	(36)	-	1,108	82,082
Changes of items during the period					
Dividends from surplus					(1,940)
Employees' bonuses and welfare funds					(7)
Net income					7,540
Purchase of treasury stock					(5,874)
Disposal of treasury stock					0
Net changes of items other than share holders' equity	(87)	(11)	19	(79)	(79)
Total changes of items during the period	(87)	(11)	19	(79)	(360)
Balance at the end of current period	1,057	(47)	19	1,029	81,721

Note for statements of changes in shareholders' equity:

"Employees' bonuses and welfare funds" 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, 2012 to March 31st, 2013)	Current fiscal year (April 1st, 2013 to March 31st, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	11,021	12,533
Depreciation and amortization	5,539	5,636
Impairment loss	1	14
Increase (decrease) in allowance for investment loss	(18)	-
Increase (decrease) in allowance for doubtful accounts	(2)	158
Increase (decrease) in provision for bonuses	79	230
Increase (decrease) in provision for directors' bonuses	(5)	66
Increase (decrease) in provision for product warranties	(72)	(57)
Increase (decrease) in provision for retirement benefits	(59)	(2,858)
Increase (decrease) in net defined benefit liability	-	2,610
Increase (decrease) in provision for directors' retirement benefits	32	(50)
Interest and dividends income	(218)	(201)
Interest expenses	26	27
Loss (gain) on sales of noncurrent assets	(1)	(110)
Loss (gain) on sales of investment securities	(398)	(357)
Loss (gain) on valuation of investment securities	-	232
Loss (gain) on cancellation of insurance contract	(70)	(55)
Subsidy income	(116)	(67)
Loss (gain) on step acquisitions	-	(186)
Equity in (earnings) losses of affiliates	321	448
Decrease (increase) in notes and accounts receivable-trade	(602)	(6,836)
Decrease (increase) in inventories	(767)	(535)
Increase (decrease) in notes and accounts payable-trade	910	4,735
Increase (decrease) in accrued consumption taxes	(161)	194
Other, net	(223)	(241)
Subtotal	15,216	15,330
Interest and dividends income received	201	199
Interest expenses paid	(27)	(27)
Income taxes paid	(3,190)	(4,386)

(Million yen)

	Previous fiscal year (April 1st, 2012 to March 31st, 2013)	Current fiscal year (April 1st, 2013 to March 31st, 2014)
Net cash provided by (used in) operating activities	12,199	11,115
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	491	1,171
Purchase of property, plant and equipment	(7,108)	(4,345)
Purchase of intangible assets	(934)	(1,025)
Purchase of short-term and long term investment securities	(4,124)	(106)
Proceeds from sales of short-term and long term investment securities	2,500	1,893
Purchase of insurance funds	(2,178)	(1,977)
Proceeds from maturity of insurance funds	198	568
Purchase of investments in subsidiaries	(79)	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(136)
Payments of loans receivable	(38)	(130)
Proceeds from compensation	116	67
Other, net	228	(330)
Net cash provided by (used in) investing activities	(10,929)	(4,350)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	150	-
Proceeds from long-term loans payable	295	60
Purchase of treasury stock	(1,438)	(5,874)
Proceeds from sales of treasury stock	191	0
Cash dividends paid	(1,498)	(1,938)
Repayments of lease obligations	(96)	(94)
Net cash provided by (used in) financing activities	(2,396)	(7,845)
Effect of exchange rate change on cash and cash equivalents	(48)	(40)
Net increase (decrease) in cash and cash equivalents	(1,174)	(1,121)
Cash and cash equivalents at beginning of period	22,635	21,461
Cash and cash equivalents at end of period	*1 21,461	*1 20,339

(5) Notes to Consolidated Financial Statement

(Notes regarding the assumption for going concern)

Not applicable

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

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 49

Major consolidated subsidiaries are as follows:
Fukuda Life Tech Co., Ltd.
Fukuda Denshi Hokkaido Co., Ltd.

The newly-established Fukuda Life Tech Keiji Co., Ltd. is included within the scope of consolidated accounts starting in the first quarter.

Conversely, former consolidated subsidiaries Fukuda Life Tech Niigata and Fukuda Life Tech Nagano Co., Ltd. have been removed from the consolidated accounts starting in the first quarter following their merger with another consolidated subsidiary, Fukuda Life Tech Hokuriku Co., Ltd. , on April 1, 2013.

The trade name of the surviving entity of that merger, Fukuda Life Tech Hokuriku Co., Ltd. was changed to Fukuda Life Tech Hokushinetsu Co., Ltd. on the date of the merger.

Japan Stent Technology Co., Ltd., an equity method affiliate, has been included in the scope of consolidation starting in the third quarter after Fukuda Denshi acquired further shares and increased its equity in that company.

(2) Names and other details of major unconsolidated subsidiaries

Of the subsidiaries, ME Times Co., Ltd., Fukushin Co., Ltd.and five (5) 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) Names and other details of unconsolidated subsidiaries and affiliates that are not accounted for by equity method

Japan Stent Technology Co., Ltd, an equity method affiliate, has been included in the scope of consolidation starting in the third quarter after Fukuda Denshi acquired further shares and increased its equity in that company, and therefore has been removed from the scope of equity-method accounting.

(2) Names and other details of unconsolidated subsidiaries and affiliates that are not accounted for by equity method

The seven (7) unconsolidated subsidiaries and the affiliate company Fukuda Pulmo Co., Ltd. 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 (straight-line method)

Other securities

Marketable securities;

- Stated at fair value based on the market price as of the end of current fiscal year. (Unrealized holding gains or losses are reported in a component of net assets, while the cost of securities sold is calculated by the moving average method.)

Non-marketable securities;

- Stated at cost based on the moving average method. For investments in the investment enterprise limited Liability association and similar associations (deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Law), the net amount corresponding to the ownership percentage is used, based on the most recent financial statements available as of the reporting date and other material stipulated in the partnership contract.

(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, equipment and vehicles:	4 to 17 years
Tools, furniture 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, furniture and fixtures, the oxygen concentrator devices (assets for rental) were depreciated using the straight-line method with the estimated rental period (four years) used as the number of depreciation years.

(ii) Intangible 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 “Noncurrent 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 current 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 current fiscal year's portion of estimated bonus payments was reserved.

(iv) 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.

(v) 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) Accounting for retirement benefits

(i) Accounting for retirement benefits

In the calculation of retirement benefits, accrued benefits are assigned to the period up to the current consolidated fiscal year in accordance with the fixed-amount standards.

(ii) Accounting for actuarial differences and prior service costs

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.

(5) 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”.

(6) Method and period of goodwill amortization

Goodwill is evenly amortized over the effective period of the goodwill.

(7) Cash in consolidated cash flow statements

Cash (cash and cash equivalents) in the consolidated statements of cash flows consists of cash on hand, readily-available deposits, and short-term investments with a maturity not exceeding three months at the time of purchase that are readily convertible to cash and not exposed to significant risk in value fluctuations.

(8) 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.

(Changes in accounting policies)
(Application of Accounting Standards for Retirement Benefits)
Fukuda Denshi has adopted the Accounting Standards for Retirement Benefits (standard no. 26 issued by the Accounting Standards Board of Japan on May 17, 2012) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ application guidance no. 25; May 17, 2012) starting at the end of the current consolidated fiscal year (excluding the main provision of Clause 35 of such standard and the main provision of Clause 67 of such guidance). As such, the company has changed the method by which it lists retirement benefits in accounts; retirement benefit liabilities, which are calculated as retirement benefit obligations less the amount of pension assets, and unrecognized actuarial differences and unrecognized prior service costs are included as retirement benefit liabilities.
The company is complying with the transitional measures prescribed under Clause 37 of the Accounting Standards for Retirement Benefits regarding its application, and has adjusted the amount of accumulated adjustments for retirement benefits under Accumulated other comprehensive income at the end of the current fiscal year to reflect the effects of that change.
Consequently, 2,581 million yen in retirement benefit liabilities were listed in accounts as of the end of the fiscal year. Accordingly, deferred tax assets decreased 8 million yen and accumulated other comprehensive income increased 19 million yen.
Net assets per share increased 1.39 yen.

(Consolidated balance sheets)

*1. Unconsolidated subsidiaries and affiliated companies:

(Million yen)

	Previous fiscal year (as of March 31st, 2013)	Current fiscal year (as of March 31st, 2014)
Investment securities (Stocks)	841	144

2. Discount on bills:

(Million yen)

	Previous fiscal year (as of March 31st, 2013)	Current fiscal year (as of March 31st, 2014)
Discount on export bills	38	49

*3. Accounting for matured notes:
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 amount of matured notes are included in this Consolidated Balance Sheets.

(Million yen)

	Previous fiscal year (as of March 31st, 2013)	Current fiscal year (as of March 31st, 2014)
Notes receivable-trade	304	-

(Consolidated statements of income)

*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.

(Million yen)

Previous fiscal year (April 1st, 2012 to March 31st, 2013)	Current fiscal year (April 1st, 2013 to March 31st, 2014)
81	(63)

*2. Major items and amounts of Selling, general and administrative expenses are as follows:

(Million yen)

	Previous fiscal year (April 1st, 2012 to March 31st, 2013)	Current fiscal year (April 1st, 2013 to March 31st, 2014)
Salaries, allowance, and other monies for directors and employees	12,386	12,876
Bonuses and provision of allowance for bonuses	3,278	3,715
Provision of allowance for retirement benefits to directors	39	30
Retirement benefit expenses	918	823
Depreciation	922	1,055
Provision of allowance for bonuses to directors	134	200

*3. Research and development expenses included in the general and administrative expenses and Manufacturing expenses:

(Million yen)

Previous fiscal year (April 1st, 2012 to March 31st, 2013)	Current fiscal year (April 1st, 2013 to March 31st, 2014)
3,400	3,591

*4. Breakdown of gains on sale of noncurrent assets:

(Million yen)

	Previous fiscal year (April 1st, 2012 to March 31st, 2013)	Current fiscal year (April 1st, 2013 to March 31st, 2014)
Machinery, equipment and vehicles	2	9
Tools, furniture and fixtures	0	0
Buildings	-	89
Land	-	11
Total	2	111

*5. Breakdown of losses on sale of noncurrent assets:

(Million yen)

	Previous fiscal year (April 1st, 2012 to March 31st, 2013)	Current fiscal year (April 1st, 2013 to March 31st, 2014)
Structures	0	-
Machinery, equipment and vehicles	0	0
Tools, furniture and fixtures	0	0
Total	0	0

*6. Impairment losses:

Previous fiscal year (April 1st, 2012 to March 31st, 2013)

The Group booked the following assets as “Impairment loss”.

Location of assets	Use of assets	Type of assets
Bunkyo-ku, Tokyo	Operational assets	Tools, furniture and fixtures

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 above assets to recoverable values. These write-offs have resulted in “Impairment losses” (of 1 million yen), which were booked as “Extraordinary losses”.

These “Impairment losses” consist of the losses on “Tools, furniture and fixtures” of 1 million yen.

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

Current fiscal year (April 1st, 2013 to March 31st, 2014)

The Group booked the following assets as impairment loss.

Location of assets	Use of assets	Type of assets
Bunkyo-ku, Tokyo	Operational assets	Tools, furniture and fixtures
Nasu, Tochigi Prefecture	Idle assets	Land

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 above assets to recoverable values. These write-offs have resulted in “Impairment losses” (of 14 million yen), which were booked as “Extraordinary losses”.

These “Impairment losses” consist of the losses on “Tools, furniture and fixtures” of 3 million yen and on “Land” of 11 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 “Noncurrent asset tax”, with reasonable adjustments.

(Consolidated statements of comprehensive income)

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

(Million yen)

	Previous fiscal year (April 1st, 2012 to March 31st, 2013)	Current fiscal year (April 1st, 2013 to March 31st, 2014)
Valuation difference on available-for-sale securities:		
Amount incurred in current fiscal year	312	344
Amount of Reclassification adjustments	-	(303)
Before adjusting tax benefit	312	40
Amount of tax benefit	192	(128)
Valuation difference on available-for-sale securities	504	(87)
Foreign currency translation adjustment：		
Amount incurred in current fiscal year	15	(11)
Other comprehensive income	520	(99)

(Consolidated statements of changes in net assets)

Previous fiscal year (from April 1st, 2012 to March 31st, 2013)

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)	3,591	607	80	4,119
Total	3,591	607	80	4,119

Note: (i) As of March 31st, 2013, according to the purpose, the 50 thousand shares Trust & Custody Services Bank, Ltd. owns, are included in the number of our "Treasury stock".

(ii) The increase of 607 thousand shares in "Treasury stock" of common stock reflects the increase of 607 thousand shares of tender offer of "Treasury stock", and 0 thousand shares owing to the acquisition of "Treasury stock".

(iii) The decrease of 80 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 28th, 2012	Common stock	879	55	March 31st, 2012	June 29th, 2012
Board of Directors' meeting held on October 31st, 2012	Common stock	615	40	September 30th, 2012	December 10th, 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, 2 million yen are excluded from the total amount of dividend calculation.

(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 27th, 2013	Common stock	1,314	Retained earnings	85	March 31st, 2013	June 28th, 2013

(Note): With the introduction of "Stock Benefit Trust (J-ESOP)", the 50 thousand shares which the Trust & Custody Services Bank, Ltd. owns are included in the number of our "Treasury stock". According to the accounting, 4 million yen are excluded from the total amount of dividend calculation.

Current fiscal year (from April 1st, 2013 to March 31st, 2014)

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)	4,119	1,566	0	5,685
Total	4,119	1,566	0	5,685

Note: (i) As of March 31st, 2014, according to the purpose, the 49 thousand shares which the Trust & Custody Services Bank, Ltd. owns are included in the number of our "Treasury stock".

(ii) The increase of 1,566 thousand shares in "Treasury stock" of common stock reflects the increase of 1,566 thousand shares of tender offer of "Treasury stock", and 0 thousand shares owing to the acquisition of "Treasury stock".

(iii) The decrease of 0 thousand shares in "Treasury stock" of common stock reflects the decrease of 0 thousand shares of disposal of "Treasury stock" by Trust & Custody Services Bank, Ltd. to employees' stock ownership associations, and 0 thousand shares owing to the demand of additional purchase of "Treasury stock".

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
*1 Ordinary General Meeting of Shareholders held on June 27th, 2013	Common stock	1,314	85	March 31st, 2013	June 28th, 2013
*2 Board of Directors' meeting held on October 31st, 2013	Common stock	625	45	September 30th, 2013	December 9th, 2013

(Note):

*1: With the introduction of "Stock Benefit Trust (J-ESOP)", the 50 thousand shares which the Trust & Custody Services Bank, Ltd. owns are included in the number of our "Treasury stock". According to the accounting, 4 million yen are excluded from the total amount of dividend calculation.

*2: With the introduction of "Stock Benefit Trust (J-ESOP)", the 49 thousand shares which the Trust & Custody Services Bank, Ltd. owns are included in the number of our "Treasury stock". According to the accounting, 2 million yen are excluded from the total amount of dividend calculation.

(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 27th, 2014	Common stock	1,390	Retained earnings	100	March 31st, 2014	June 30th, 2014

(Note): With the introduction of "Stock Benefit Trust (J-ESOP)", the 49 thousand shares Trust & Custody Services Bank, Ltd. owns are included in the number of our "Treasury stock". According to the accounting, 4 million yen are excluded from the total amount of dividend calculation.

(Consolidated statements of cash flows)

*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:

(Million yen)

	Previous fiscal year (April 1st, 2012 to March 31st, 2013)	Current fiscal year (April 1st, 2013 to March 31st, 2014)
Cash and deposits	24,201	22,408
Time deposits with a deposit period of over three months	(2,739)	(2,068)
Cash and cash equivalents	21,461	20,339

2. Details of important non-fund transactions:

The amounts of assets and liabilities in finance lease transactions

(Million yen)

	Previous fiscal year (April 1st, 2012 to March 31st, 2013)	Current fiscal year (April 1st, 2013 to March 31st, 2014)
The amounts of assets and liabilities in finance lease transactions	188	103

(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 financial products 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, 2012 to March 31st, 2013) and current fiscal year (from April 1st, 2013 to March 31st, 2014):

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

(Retirement benefits)

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

(Stock options, etc.)

Previous fiscal year (from April 1st, 2012 to March 31st, 2013):

Not applicable.

Current fiscal year (from April 1st, 2013 to March 31st, 2014):

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)

Previous fiscal year (from April 1st, 2012 to March 31st, 2013):

Total amounts of rent and other real estate matters are unimportant for the purposes of this document, and are therefore omitted.

Current fiscal year (from April 1st, 2013 to March 31st, 2014):

Total amounts of rent and other real estate matters are unimportant for the purposes of this document, and are therefore omitted.

(Segment information, etc)

a. Segment information

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

(i) Previous fiscal year (from April 1st, 2012 to March 31st, 2013) (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	27,602	9,264	38,519	20,851	96,239	-	96,239
Internal sales or transfers	-	-	-	-	-	-	-
Total	27,602	9,264	38,519	20,851	96,239	-	96,239
Segment profit	2,658	771	4,941	1,868	10,240	-	10,240
Segment assets	15,269	5,961	28,299	11,957	61,488	53,158	114,646
Other items							
Depreciation	409	137	4,683	309	5,539	-	5,539
Amortization of goodwill	-	-	-	-	-	-	-
Equity in losses of affiliates	-	-	(321)	-	(321)	-	(321)
Amount of investment to affiliated company accounted of equity method	-	-	681	-	681	-	681
Increase in Property, plant and equipment and intangible assets	1,406	472	6,492	1,062	9,434	-	9,434

*1. Adjustment of segment assets of 53,158 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, 2013 to March 31st, 2014) (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	34,711	9,461	39,909	23,491	107,574	-	107,574
Internal sales or transfers	-	-	-	-	-	-	-
Total	34,711	9,461	39,909	23,491	107,574	-	107,574
Segment profit	3,218	934	5,333	2,297	11,783	-	11,783
Segment assets	19,423	6,172	31,081	14,252	70,930	49,813	120,743
Other items							
Depreciation	476	129	4,708	322	5,636	-	5,636
Amortization of goodwill	-	-	45	-	45	-	45
Equity in losses of affiliates	-	-	(448)	-	(448)	-	(448)
Amount of investment to affiliated company accounted of equity method	-	-	-	-	-	-	-
Increase in Property, plant and equipment and intangible assets	504	137	4,932	341	5,915	-	5,915

*1. Adjustment of segment assets of 49,813 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, 2012 to March 31st, 2013)

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) Property, plant and equipment

Information about "Property, plant and equipment" is omitted because domestic "Property, plant and equipment" accounted for more than 90 % of "Property, plant and equipment" of consolidated "Property, plant and equipment ".

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, 2013 to March 31st, 2014)

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) Property, plant and equipment

Information about "Property, plant and equipment" is omitted because domestic "Property, plant and equipment" accounted for more than 90 % of "Property, plant and equipment" of consolidated "Property, plant and equipment".

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

(i) Previous fiscal year (from April 1st, 2012 to March 31st, 2013)

(Million yen)

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

(ii) Current fiscal year (from April 1st, 2013 to March 31st, 2014)

(Million yen)

	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products	Elimination / Corporate	Total
Impairment loss	1	0	1	0	11	14

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

(i) Previous fiscal year (from April 1st, 2012 to March 31st, 2013)

Not applicable

(ii) Current fiscal year (from April 1st, 2013 to March 31st, 2014)

(Million yen)

	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products	Elimination / Corporate	Total
Depreciation of current period	-	-	45	-	-	45
Balance at the end of current period	-	-	831	-	-	831

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

(i) Previous fiscal year (from April 1st, 2012 to March 31st, 2013)

Not applicable

(ii) Current fiscal year (from April 1st, 2013 to March 31st, 2014)

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)

Not applicable

(Per share information)

	Previous fiscal year (April 1st, 2012 to March 31st, 2013)	Current fiscal year (April 1st, 2013 to March 31st, 2014)
Net assets per share	5,306.30 yen	5,878.16 yen
Net income per share	415.47 yen	515.60 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, 2012 to March 31st, 2013)	Current fiscal year (April 1st, 2013 to March 31st, 2014)
Net income (million yen)	6,462	7,540
Amount not belonging to ordinary shareholders (million yen)	-	-
Net income in relation to common stock (million yen)	6,462	7,540
Average number of shares during the fiscal year (1,000 shares)	15,553	14,625

(Significant subsequent events)

Not applicable.

5. Non-consolidated financial statements

(1) Balance sheets

(Million yen)

	Previous fiscal year (as of March 31st, 2013)	Current fiscal year (as of March 31st, 2014)
Assets		
Current assets		
Cash and deposits	11,593	8,419
Notes receivable-trade	22	18
Accounts receivable-trade	24,072	26,621
Securities	-	273
Merchandise and finished goods	2,973	3,225
Work in process	32	21
Raw materials and supplies	1,479	1,849
Advance payments-trade	214	385
Prepaid expenses	436	458
Deferred tax assets	735	748
Short-term loans receivable from subsidiaries and affiliates	1,935	1,875
Accounts receivable-other	541	343
Other	204	204
Allowance for doubtful accounts	(1,072)	(1,206)
Total current assets	43,168	43,237
Noncurrent assets		
Property, plant and equipment		
Buildings	8,433	8,465
Accumulated depreciation	(3,826)	(4,080)
Buildings, net	4,607	4,384
Structures	489	504
Accumulated depreciation	(285)	(308)
Structures, net	203	196
Machinery and equipment	181	181
Accumulated depreciation	(81)	(95)
Machinery and equipment, net	100	86
Vehicles	68	68
Accumulated depreciation	(43)	(50)
Vehicles, net	25	18
Tools, furniture and fixtures	24,372	25,056

(Million yen)

	Previous fiscal year (as of March 31st, 2013)	Current fiscal year (as of March 31st, 2014)
Accumulated depreciation	(15,670)	(16,313)
Tools, furniture and fixtures, net	8,701	8,742
Land	5,691	5,827
Lease assets	83	111
Accumulated depreciation	(77)	(86)
Lease assets, net	6	24
Construction in progress	137	48
Total property, plant and equipment	19,474	19,329
Intangible assets		
Patent rights	-	3
Leasehold rights	5	5
Software	731	2,849
Software in progress	1,226	-
Other	302	302
Total intangible assets	2,265	3,161
Investments and other assets		
Investment securities	11,275	9,362
Stocks of subsidiaries and affiliates	4,475	4,672
Investments in capital	1	1
Investments in capital of subsidiaries and affiliates	423	423
Long-term loans receivable	88	57
Long-term loans receivable from employees	7	2
Long-term loans receivable from subsidiaries and affiliates	2,976	4,174
Long-term prepaid expenses	23	11
Deferred tax assets	1,827	1,602
Long-term time deposits	2,500	2,000
Insurance funds	7,644	9,115
Other	260	260
Allowance for doubtful accounts	(762)	(1,156)
Allowance for investment loss	(300)	-
Total investments and other assets	30,441	30,527
Total noncurrent assets	52,180	53,017
Total asset	95,349	96,255

(Million yen)

	Previous fiscal year (as of March 31st, 2013)	Current fiscal year (as of March 31st, 2014)
Liabilities		
Current liabilities		
Accounts payable-trade	12,918	14,111
Short-term loans payable	1,850	1,850
Lease obligations	6	1
Accounts payable-other	2,467	2,259
Income taxes payable	1,585	1,833
Advances received	53	96
Deposits received	11,681	13,254
Provision for bonuses	885	1,053
Provision for directors' bonuses	53	64
Provision for product warranties	385	309
Other	22	111
Total current liabilities	31,908	34,945
Noncurrent liabilities		
Long-term loans payable	1,038	1,098
Lease obligations	-	24
Provision for retirement benefits	1,132	1,011
Long-term accounts payable-other	819	819
Other	-	0
Total noncurrent liabilities	2,989	2,955
Total liabilities	34,898	37,900
Net assets		
Shareholders' equity		
Capital stock	4,621	4,621
Capital surplus		
Legal capital surplus	8,946	8,946
Other capital surplus	1,100	1,101
Total capital surpluses	10,047	10,047
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	53	53

(Million yen)

	Previous fiscal year (as of March 31st, 2013)	Current fiscal year (as of March 31st, 2014)
General reserve	37,500	37,500
Retained earnings brought forward	14,459	18,325
Total retained earnings	53,484	57,350
Treasury stock	(8,847)	(14,721)
Total shareholders' equity	59,305	57,298
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,144	1,056
Total valuation and translation adjustments	1,144	1,056
Total net assets	60,450	58,355
Total liabilities and net assets	95,349	96,255

(2) Statements of income

(Million yen)

	Previous fiscal year (April 1st, 2012 to March 31st, 2013)	Current fiscal year (April 1st, 2013 to March 31st, 2014)
Net sales		
Net sales of finished goods	15,609	17,401
Net sales of goods	33,340	34,665
Other sales	10,688	11,782
Total net sales	59,638	63,849
Cost of sales		
Beginning finished goods	1,246	1,451
Cost of products manufactured	11,168	11,339
Total	12,415	12,790
Finished goods transfer to other account	2,628	2,350
Ending finished goods	1,451	1,282
Cost of finished goods sold	8,335	9,157
Beginning goods	1,731	1,521
Cost of purchased goods	27,216	29,488
Total	28,947	31,010
Goods transfer to other account	72	41
Ending goods	1,521	2,196
Cost of goods sold	27,352	28,772
Other cost	4,765	4,877
Total cost of sales	40,453	42,807
Gross profit	19,185	21,042
Selling, general and administrative expenses		
Advertising expenses	626	623
Packing and transportation expenses	580	601
Service and repair expenses	632	598
Provision of allowance for doubtful accounts	384	528
Salaries and allowances	2,178	2,313
Bonuses	316	360
Provision for bonuses	617	783
Retirement benefit expenses	207	168
Provision for directors' bonuses	53	64
Commission fee	895	898

(Million yen)

	Previous fiscal year (April 1st, 2012 to March 31st, 2013)	Current fiscal year (April 1st, 2013 to March 31st, 2014)
Insurance expenses	819	888
Rent expenses	233	243
Research and development expenses	3,333	3,320
Depreciation	636	742
Other	2,638	2,852
Total selling, general and administrative expenses	14,154	14,989
Operating income	5,031	6,053
Non-operating income		
Interest income	103	106
Dividends income	1,227	1,187
Real estate rent	320	350
Foreign exchange gains	232	324
Other	121	101
Total non-operating income	2,006	2,069
Non-operating expenses		
Interest expenses	75	85
Loss on investments in partnership	66	18
Commission for purchase of treasury shares	1	15
Other	0	21
Total non-operating expenses	143	141
Ordinary income	6,893	7,981
Extraordinary income		
Gain on sales of noncurrent assets	0	10
Gain on sales of investment securities	398	357
Reversal of allowance for investment loss	-	300
Surrender value of insurance	70	55
Subsidy income	-	67
Total extraordinary income	468	791
Extraordinary loss		
Loss on sales of noncurrent assets	0	-
Impairment loss	-	11
Loss on valuation of investment securities	-	232

(Million yen)

	Previous fiscal year (April 1st, 2012 to March 31st, 2013)	Current fiscal year (April 1st, 2013 to March 31st, 2014)
Total extraordinary losses	0	243
Income before income taxes	7,361	8,529
Income taxes-current	2,330	2,640
Income taxes-deferred	226	82
Total income taxes	2,556	2,722
Net income	4,805	5,806

(3) Statements of changes in net assets

(i) Previous fiscal year (from April 1st, 2012 to March 31st, 2013)

(Million yen)

	Shareholders' equity									
		Capital surplus			Retained earnings					
						Other retained earnings				
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Reserve for business expansion	Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward	Total retained earnings
Balance at the beginning of current period	4,621	8,946	1,081	10,027	1,171	300	53	37,500	11,148	50,173
Changes of items during the period										
Dividends from surplus									(1,495)	(1,495)
Net income									4,805	4,805
Purchase of treasury stock										
Disposal of treasury stock			19	19						
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	19	19	—	—	—	—	3,310	3,310
Balance at the end of current period	4,621	8,946	1,100	10,047	1,171	300	53	37,500	14,459	53,484

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(7,580)	57,241	639	639	57,881
Changes of items during the period					
Dividends from surplus		(1,495)			(1,495)
Net income		4,805			4,805
Purchase of treasury stock	(1,438)	(1,438)			(1,438)
Disposal of treasury stock	171	191			191
Net changes of items other than shareholders' equity			504	504	504
Total changes of items during the period	(1,266)	2,063	504	504	2,568
Balance at the end of current period	(8,847)	59,305	1,144	1,144	60,450

(ii) Current fiscal year (from April 1st, 2013 to March 31st, 2014)

(Million yen)

	Shareholders' equity									
		Capital surplus			Retained earnings					
						Other retained earnings				
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Reserve for business expansion	Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward	Total retained earnings
Balance at the beginning of current period	4,621	8,946	1,100	10,047	1,171	300	53	37,500	14,459	53,484
Changes of items during the period										
Dividends from surplus									(1,940)	(1,940)
Net income									5,806	5,806
Purchase of treasury stock										
Disposal of treasury stock			0	0						
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	0	0	—	—	—	—	3,866	3,866
Balance at the end of current period	4,621	8,946	1,101	10,047	1,171	300	53	37,500	18,325	57,350

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(8,847)	59,305	1,144	1,144	60,450
Changes of items during the period					
Dividends from surplus		(1,940)			(1,940)
Net income		5,806			5,806
Purchase of treasury stock	(5,874)	(5,874)			(5,874)
Disposal of treasury stock	0	0			0
Net changes of items other than shareholders' equity			(87)	(87)	(87)
Total changes of items during the period	(5,873)	(2,007)	(87)	(87)	(2,095)
Balance at the end of current period	(14,721)	57,298	1,056	1,056	58,355

(4) Notes to Non-consolidated Financial Statement

(Notes regarding the assumption for going concern)

Not applicable

(Significant accounting policies)

1. Valuation standards and methods for securities

(1) Held-to-Maturity Securities

- Amortized cost method (straight-line 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.

3. Depreciation method for noncurrent 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, furniture 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, furniture 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.

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 current fiscal year's portion of estimated bonus payments to employees.

(3) Provision for director's bonuses

To prepare for the payment of bonuses for directors and corporate auditors, we reserve an amount corresponding to current 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 current fiscal year was reserved, based on estimated retirement benefit obligation and pension assets at the end of current fiscal year.

(i) Method of assigning recognized accrued benefits to particular periods

In the calculation of retirement benefits, accrued benefits are assigned to the period up to the current consolidated fiscal year in accordance with the fixed-amount standards.

(ii) Accounting for actuarial differences and prior service costs

Prior service costs 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.

(6) Allowance for investment loss

In view of the financial position of subsidiaries, the Company recorded an allowance for investment loss in preparation for any loss expected to be incurred by investing in subsidiaries.

5. Other important matters for preparation of financial statements

(i) Accounting for retirement benefits

The method of accounting for unrecognized actuarial differences and unrecognized prior service costs relating to retirement benefits differs from the method used in the consolidated financial statements.

(ii)Accounting treatment of consumption tax, and other taxes, etc.

The Consumption tax and other taxes, etc. are excluded from profits and losses.

(Changes in the presentation)

(Profit and loss statement)

"Commission for purchase of treasury stock", which was listed under "Other" of "Non-operating expenses" in last year's accounts, is listed as a separate line this year because the amount thereof exceeded 10% of total "Non-operating expenses". The previous business year's financial statements have been revised to reflect this reclassification.

Consequently, 1 million yen listed under "Other" of "Non-operating expenses" in the previous year's statement of income has been re-classified into two lines: "Commission for purchase of treasury stock", which totals 1 million yen; and "Others", which total 0 million yen.

6. Others

(1)Changes of directors

(i) Representative Director

Not applicable

(ii) Other directors

・New Director candidates

Director: Mr. Masaaki Sugiyama (Office of the president)

*Mr. Masaaki Sugiyama is an outside Director as stipulated in article 2(15) of the Companies Act.

・Directors to retire

Senior Managing Director: Mr. Junzo Fujiwara (General Manager of Office of the President)
Managing Director: Mr. Yuichiro Tani (General Manager of System Solution Division)
Director: Yukio Nakagawa (General Manager of Production Head Office)

・Effective from

June 27th, 2014

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