

Summary Report on Financial Results for the First Quarter of the Year Ending March 2016  
(Japan GAAP)

July 31<sup>st</sup>, 2015  
Listing: TSE-JASDAQ

Company name: Fukuda Denshi Co., Ltd.  
Code No.: 6960 (<http://www.fukuda.co.jp>)  
Representative: Daijiro Shirai, President & COO  
Inquiries: Haruhiko Honbu, Senior Manager of Accounting & Finance Department  
Tel: +81-3-5684-1558  
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Scheduled date for commencement of dividend payment: -  
Supplementary material development: None  
Financial results meeting: None

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

1. Consolidated financial results for the First quarter of the year ending March 2016 (April 1<sup>st</sup>, 2015 through June 30<sup>th</sup>, 2015)

(1) Consolidated operating results (cumulative)

(% represents increases or decreases from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
First quarter of the year ending March 2016	23,587	11.0	1,782	7.2	1,937	2.9	1,189	18.2
First quarter of the year ended March 2015	21,242	(5.1)	1,662	(33.8)	1,882	(30.4)	1,005	(46.4)

(Note) Comprehensive income

First quarter of the year ending March 2016: 1,827 million yen / 37.4 %

First quarter of the year ended March 2015: 1,329 million yen / (28.1) %

	Earnings per share	Diluted earnings per share
	Yen	Yen
First quarter of the year ending March 2016	85.53	—
First quarter of the year ended March 2015	72.35	—

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net Assets per Share
	million yen	million yen	%	Yen
First quarter of the year ending March 2016	122,301	89,427	73.1	6,432.47
Year ended March 2015	124,582	88,991	71.4	6,401.07

(Reference) Shareholders' equity:

First quarter of the year ending March 2016: 89,427 million yen

Year ended March 2015: 88,991 million yen

## 2. Dividends

	Yearly Dividends per share				
	End of the first quarter	End of the second quarter	End of the third quarter	End of the term	Annual
	yen	yen	yen	yen	yen
Year ended March 2015	—	50.00	—	100.00	150.00
Year ending March 2016	—				
Year ending March 2016 (forecast)		60.00	—	90.00	150.00

(Note) Revisions to recent dividend forecast: None

The detail of second quarter dividend of Year ended March 2015; ordinary dividend 40.00 yen, extra dividend 5.00 yen, commemorative dividend 5.00 yen

The detail of year-end dividend of Year ended March 2015; ordinary dividend 40.00 yen, extra dividend 60.00 yen

The detail of second quarter dividend of Year ending March 2016 (Forecast); ordinary dividend 40.00 yen, extra dividend 20.00 yen

The detail of year-end dividend of Year ending March 2016 (Forecast); ordinary dividend 40.00 yen, extra dividend 50.00 yen

## 3. Forecast of consolidated financial results for the year ending March 2016 (April 1<sup>st</sup>, 2015 through March 31<sup>st</sup>, 2016)

(% represents increase or decrease from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-year	109,000	0.7	12,000	16.5	12,000	5.5	7,380	3.7	530.84

(Note) Revisions to recent business forecast: None

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

### \*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries involving changes in the scope of consolidation): None

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

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

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

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

(iii) Changes in accounting projections: None

(iv) Restatement: None

(Note)

For details, please refer to “(3) Change in accounting policies, accounting projections, and restatement” under the section “2. Summary information” on page 6.

- (4) Number of outstanding shares (common stock)
- (i) Number of outstanding shares at the end of the period (including treasury stock)
    - First quarter of the year ending March 2016: 19,588,000 shares
    - Year ended March 2015: 19,588,000 shares
  - (ii) Number of shares of treasury stock at the end of the period:
    - First quarter of the year ending March 2016: 5,685,506 shares
    - Year ended March 2015: 5,685,418 shares
  - (iii) Average number of shares during the period (accumulated consolidated quarter)
    - First quarter of the year ending March 2016: 13,902,526 shares
    - First quarter of the year ended March 2015: 13,902,718 shares

\* Statement concerning the Status of Quarterly Financial Review Procedures

These Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2016 are not subject to quarterly financial review under the Financial Instruments and Exchange Act. At the time of disclosing these Consolidated Financial Statements, financial review procedures specified in the Financial Instruments and Exchange Act have not been completed with respect to the quarterly consolidated financial statements.

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

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

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

### (1) Explanation about consolidated operating results

In the first quarter cumulative period, an increase in stock prices and weakening of the yen were observed in the Japanese economy due to the economy and monetary policy by the government and the Bank of Japan. Improvements were seen in corporate earnings and indicators reflecting the employment conditions, the Japanese economy remained a moderate recovery. In the medical equipment industry, 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 a consolidated net sales of 23,587 million yen (up 11.0% on a year-to-year basis), operating income of 1,782 million yen (up 7.2% on a year-to-year basis), ordinary income of 1,937 million yen (up 2.9% on a year-to-year basis), and profit attributable to owners of parent of 1,189 million yen (up 18.2% on a year-to-year basis) in the first quarter.

#### A. Physiological diagnostic equipment segment

The sales of electrocardiographs, vascular screening systems and blood cell counters increased. Consolidated "Net sales" were 6,049 million yen (up 31.2% on a year-to-year basis).

#### B. Patient monitoring equipment segment

Sales of patient monitoring equipment decreased. Consolidated "Net sales" were 1,122 million yen (down 12.4% on a year-to-year basis).

#### C. Medical treatment equipment segment

While the business of renting medical equipment for home treatment and sales of pacemakers increased.

Consolidated "Net sales" were 10,533 million yen (up 4.8% on a year-to-year basis).

#### D. Consumables and other products segment

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

Consolidated "Net sales" for this segment were 5,882 million yen (up 10.9% on a year-to-year basis).

### (2) Explanation about consolidated financial situation

Total assets were 122,301 million yen at the end of the first quarter under review, down 2,280 million yen from the end of the previous fiscal year.

The main factors are the decrease of 7,281 million yen in "Notes and accounts receivable-trade" despite the increase of 2,084 million yen in "Merchandise and finished goods" and 520 million yen in "Investment securities".

Liabilities amounted to 32,874 million yen, down 2,716 million yen from the end of the previous fiscal year.

The main factors are the decrease of 2,400 million yen in "Notes and accounts payable-trade" and 963 million yen in "Provision for bonuses".

Net assets were 89,427 million yen, up 435 million yen from the end of the previous fiscal year.

The main factors are the increase of 679 million yen in "Valuation difference on available-for-sale securities" despite the decrease of 201 million yen in "Retained earnings".

### (3) Explanation about consolidated earnings forecast

Due to the steady sales achievement until the first quarter, there is no change at this moment in the forecast of the financial results for the full fiscal year which we announced on May 15<sup>th</sup>, 2015.

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

## 2. Summary information

### (1) Change in significant subsidiaries during the period

Not applicable.

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

Not applicable.

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

(Application of Accounting Standard for Business Combinations, etc.)

Fukuda Denshi has applied the Accounting Standard for Business Combinations (ASBJ Statement No.21 issued on September 13<sup>th</sup>, 2013, hereinafter, the “Business Combinations Accounting Standard”), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22 issued on September 13<sup>th</sup>, 2013, hereinafter, the “Consolidated Accounting Standard”) and the Accounting Standard for Business Divestitures (ASBJ Statement No.7 issued on September 13<sup>th</sup>, 2013, hereinafter, the “Business Divestitures Accounting Standard”), etc. from the first quarter of the current consolidated fiscal year, will post the difference due to changes in the Company’s equity in a subsidiary when the Company continues to control the subsidiary as capital surplus and change to the method of posting the acquisition-related expenses as expenses in the consolidated fiscal year in which they were incurred. Furthermore, for business combinations implemented from the beginning of the first quarter of the current consolidated fiscal year onwards the Company has changed to the method of reflecting the revision of the allocated amount of the acquisition cost due to the finalization of the provisional accounting treatment in the quarterly consolidated financial statements for the consolidated fiscal quarter in which the business combination date occurs. In addition, the Company has changed the presentation of quarterly net income, etc. and has changed the term “minority interests” to “non-controlling interests.” The Company has adjusted the quarterly consolidated financial statements and consolidated financial statements for the first quarter of the previous consolidated cumulative fiscal year and the previous consolidated fiscal year in order to reflect these changes in the presentation.

Regarding the application of the Business Combinations Accounting Standard, etc., the Company is complying with the transitional measures prescribed under the Business Combinations Accounting Standard, Clause 58-2 (4), the Consolidated Accounting Standard, Clause 44-5 (4) and the Business Divestitures Accounting Standard, Clause 57-4 (4), and will apply the new accounting standards from the beginning of the first quarter of the current consolidated fiscal year into the future.

The impact on profit and loss is minor.

## 3. Material events related to going concern assumptions

Not applicable.

4. Consolidated quarterly financial statements

(1) Consolidated quarterly balance sheets

(Million yen)

	Previous fiscal year (as of March 31 <sup>st</sup> , 2015)	End of the first quarter under review (as of June 30 <sup>th</sup> , 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	25,726	26,217
Notes and accounts receivable-trade	32,698	25,416
Securities	192	195
Merchandise and finished goods	8,616	10,700
Work in process	112	168
Raw materials and supplies	2,128	2,611
Other	3,781	5,012
Allowance for doubtful accounts	(24)	(22)
<b>Total current assets</b>	<b>73,232</b>	<b>70,300</b>
Noncurrent assets		
Property, plant and equipment	24,096	24,343
Intangible assets	2,551	2,493
Investments and other assets		
Investment securities	11,362	11,883
Other	13,350	13,292
Allowance for doubtful accounts	(12)	(11)
<b>Total investments and other assets</b>	<b>24,701</b>	<b>25,163</b>
<b>Total noncurrent assets</b>	<b>51,349</b>	<b>52,001</b>
<b>Total assets</b>	<b>124,582</b>	<b>122,301</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	22,620	20,219
Short-term loans payable	1,850	1,850
Income taxes payable	1,832	940
Provision for bonuses	2,034	1,071
Provision for product warranties	370	354
Other provision	173	49
Other	4,610	6,271
<b>Total current liabilities</b>	<b>33,493</b>	<b>30,757</b>
Noncurrent liabilities		
Other provision	192	173
Net defined benefit liability	548	560
Other	1,356	1,382
<b>Total noncurrent liabilities</b>	<b>2,097</b>	<b>2,116</b>
<b>Total liabilities</b>	<b>35,590</b>	<b>32,874</b>

(Million yen)

	Previous fiscal year (as of March 31 <sup>st</sup> , 2015)	End of the first quarter under review (as of June 30 <sup>th</sup> , 2015)
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,621	4,621
Capital surplus	10,055	10,055
Retained earnings	86,369	86,167
Treasury stock	(14,731)	(14,732)
<b>Total shareholders' equity</b>	<b>86,315</b>	<b>86,112</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,164	2,843
Foreign currency translation adjustment	(152)	(159)
Remeasurements of defined benefit plans	664	630
<b>Total accumulated other comprehensive income</b>	<b>2,676</b>	<b>3,314</b>
<b>Total net assets</b>	<b>88,991</b>	<b>89,427</b>
<b>Total liabilities and net assets</b>	<b>124,582</b>	<b>122,301</b>



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

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

	(Million yen)	
	First quarter of the previous consolidated term (from April 1 <sup>st</sup> , 2014 to June 30 <sup>th</sup> , 2014)	First quarter of the consolidated term (from April 1 <sup>st</sup> , 2015 to June 30 <sup>th</sup> , 2015)
Net sales	21,242	23,587
Cost of sales	10,589	12,233
Gross profit	10,652	11,353
Selling, general and administrative expenses	8,990	9,571
Operating income	1,662	1,782
Non-operating income		
Interest income	18	16
Dividend income	91	80
Foreign exchange gains	73	19
Other	45	48
Total non-operating income	228	164
Non-operating expenses		
Interest expenses	5	7
Other	2	2
Total non-operating expenses	8	9
Ordinary income	1,882	1,937
Extraordinary income		
Gain on sales of non-current assets	1	1
Gain on sales of investment securities	0	—
Surrender value of insurance	84	122
Total extraordinary income	86	124
Extraordinary losses		
Loss on sales of non-current assets	—	0
Impairment loss	3	0
Total extraordinary losses	3	0
Income before income taxes and minority interests	1,965	2,061
Income taxes-current	815	1,218
Income taxes-deferred	144	(346)
Total income taxes	959	872
Profit	1,005	1,189
Profit attributable to owners of parent	1,005	1,189

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

	(Million yen)	
	First quarter of the previous consolidated term (from April 1 <sup>st</sup> , 2014 to June 30 <sup>th</sup> , 2014)	First quarter of the consolidated term (from April 1 <sup>st</sup> , 2015 to June 30 <sup>th</sup> , 2015)
Profit	1,005	1,189
Other comprehensive income		
Valuation difference on available-for-sale securities	331	679
Foreign currency translation adjustment	(6)	(7)
Remeasurements of defined benefit plans, net of tax	(0)	(33)
Total other comprehensive income	324	638
Comprehensive income	1,329	1,827
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,329	1,827

(3) Notes to consolidated quarterly financial statement  
(Notes regarding the premise for going concern)  
Not applicable.

(Notes when there is a significant fluctuation in the amount of shareholders' equity)  
Not applicable.

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