

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

January 29<sup>th</sup>, 2016  
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  
Scheduled date for filing the quarterly report: February 8<sup>th</sup>, 2016  
Scheduled date for commencement of dividend payment: -  
Supplementary material development: None  
Financial results meeting: None

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

1. Consolidated financial results for the third quarter of the year ending March 2016 (April 1<sup>st</sup>, 2015 through December 31<sup>st</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	%
Third quarter of the year ending March 2016	80,902	12.5	6,881	12.4	7,187	4.4	4,847	18.9
Third quarter of the year ended March 2015	71,889	2.3	6,120	(16.9)	6,881	(6.3)	4,077	(17.0)

(Note) Comprehensive income

Third quarter of the year ending March 2016: 4,854 million yen / (0.1) %

Third quarter of the year ended March 2015: 4,856 million yen / (2.2) %

	Earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter of the year ending March 2016	338.05	—
Third quarter of the year ended March 2015	293.28	—

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net Assets per Share
	million yen	million yen	%	Yen
Third quarter of the year ending March 2016	132,995	100,235	75.4	6,524.44
Year ended March 2015	124,582	88,991	71.4	6,401.07

(Reference) Shareholders' equity:

Third quarter of the year ending March 2016: 100,235 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	—	60.00	—		
Year ending March 2016 (forecast)				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; 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	506.29

(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)
    - Third 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:
    - Third quarter of the year ending March 2016: 4,224,983 shares
    - Year ended March 2015: 5,685,418 shares
  - (iii) Average number of shares during the period (accumulated consolidated quarter)
    - Third quarter of the year ending March 2016: 14,340,674 shares
    - Third quarter of the year ended March 2015: 13,902,652 shares

\* Statement concerning the Status of Quarterly Financial Review Procedures

These Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31<sup>st</sup>, 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.

Contents of the Attached Materials

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

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

### (1) Explanation about consolidated operating results

In the third quarter cumulative period, 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 80,902 million yen (up 12.5% on a year-to-year basis), operating income of 6,881 million yen (up 12.4% on a year-to-year basis), ordinary income of 7,187 million yen (up 4.4% on a year-to-year basis), and profit attributable to owners of parent of 4,847 million yen (up 18.9% on a year-to-year basis) in the third quarter.

#### A. Physiological diagnostic equipment segment

The sales of electrocardiographs, vascular screening systems and blood cell counters increased.

Consolidated "Net sales" were 23,796 million yen (up 28.6% on a year-to-year basis).

#### B. Patient monitoring equipment segment

Sales of patient monitoring equipment increased.

Consolidated "Net sales" were 5,773 million yen (up 2.4% 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 33,243 million yen (up 7.1% on a year-to-year basis).

#### D. Consumables and other products segment

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

Consolidated "Net sales" for this segment were 18,089 million yen (up 8.2% on a year-to-year basis).

### (2) Explanation about consolidated financial situation

Total assets were 132,995 million yen at the end of the third quarter under review, up 8,413 million yen from the end of the previous fiscal year.

The main factors are the increase of 5,918 million yen in "Cash and deposits" and 3,165 million yen in "Merchandise and finished goods" despite the decrease of 5,734 million yen in "Notes and accounts receivable-trade".

Liabilities amounted to 32,760 million yen, down 2,830 million yen from the end of the previous fiscal year.

The main factors are the decrease of 925 million yen in "Provision for bonuses" and 872 million yen in "Notes and accounts payable-trade".

Net assets were 100,235 million yen, up 11,243 million yen from the end of the previous fiscal year.

The main factor is the increase of 12,285 million yen in "Capital surplus".

### (3) Explanation about consolidated earnings forecast

Due to the steady sales achievement until the third 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 Co., Ltd. (hereinafter referred to as “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 third 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 third quarter under review (as of December 31 <sup>st</sup> , 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	25,726	31,644
Notes and accounts receivable-trade	32,698	26,964
Securities	192	1,647
Merchandise and finished goods	8,616	11,781
Work in process	112	165
Raw materials and supplies	2,128	2,862
Other	3,781	3,590
Allowance for doubtful accounts	(24)	(12)
<b>Total current assets</b>	<b>73,232</b>	<b>78,643</b>
Noncurrent assets		
Property, plant and equipment	24,096	26,446
Intangible assets	2,551	2,667
Investments and other assets		
Investment securities	11,362	10,539
Other	13,350	14,757
Allowance for doubtful accounts	(12)	(60)
<b>Total investments and other assets</b>	<b>24,701</b>	<b>25,236</b>
<b>Total noncurrent assets</b>	<b>51,349</b>	<b>54,351</b>
<b>Total assets</b>	<b>124,582</b>	<b>132,995</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	22,620	21,748
Short-term loans payable	1,850	1,900
Income taxes payable	1,832	1,005
Provision for bonuses	2,034	1,109
Provision for product warranties	370	464
Other provision	173	126
Other	4,610	4,120
<b>Total current liabilities</b>	<b>33,493</b>	<b>30,475</b>
Noncurrent liabilities		
Long-term loans payable	-	123
Other provision	192	202
Net defined benefit liability	548	581
Other	1,356	1,376
<b>Total noncurrent liabilities</b>	<b>2,097</b>	<b>2,284</b>
<b>Total liabilities</b>	<b>35,590</b>	<b>32,760</b>

(Million yen)

	Previous fiscal year (as of March 31 <sup>st</sup> , 2015)	End of the third quarter under review (as of December 31 <sup>st</sup> , 2015)
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,621	4,621
Capital surplus	10,055	22,340
Retained earnings	86,369	88,976
Treasury stock	(14,731)	(18,386)
<b>Total shareholders' equity</b>	<b>86,315</b>	<b>97,552</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,164	2,297
Foreign currency translation adjustment	(152)	(173)
Remeasurements of defined benefit plans	664	557
<b>Total accumulated other comprehensive income</b>	<b>2,676</b>	<b>2,682</b>
<b>Total net assets</b>	<b>88,991</b>	<b>100,235</b>
<b>Total liabilities and net assets</b>	<b>124,582</b>	<b>132,995</b>



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

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

	(Million yen)	
	Third quarter of the previous consolidated term (from April 1 <sup>st</sup> , 2014 to December 31 <sup>st</sup> , 2014)	Third quarter of the consolidated term (from April 1 <sup>st</sup> , 2015 to December 31 <sup>st</sup> , 2015)
Net sales	71,889	80,902
Cost of sales	37,930	45,619
Gross profit	33,958	35,283
Selling, general and administrative expenses	27,838	28,401
Operating income	6,120	6,881
Non-operating income		
Interest income	50	50
Dividend income	129	118
Foreign exchange gains	395	-
Other	213	173
Total non-operating income	788	341
Non-operating expenses		
Interest expenses	18	20
Foreign exchange losses	-	4
Loss on investments in partnership	2	1
Other	6	8
Total non-operating expenses	27	36
Ordinary income	6,881	7,187
Extraordinary income		
Gain on sales of non-current assets	6	3
Gain on sales of investment securities	5	-
Subsidy income	27	-
Surrender value of insurance	102	350
Other	-	11
Total extraordinary income	141	365
Extraordinary losses		
Loss on sales of non-current assets	-	0
Impairment loss	9	14
Total extraordinary losses	9	14
Income before income taxes and minority interests	7,013	7,537
Income taxes-current	2,274	2,755
Income taxes-deferred	661	(65)
Total income taxes	2,936	2,690
Profit	4,077	4,847
Profit attributable to owners of parent	4,077	4,847

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

	(Million yen)	
	Third quarter of the previous consolidated term (from April 1 <sup>st</sup> , 2014 to December 31 <sup>st</sup> , 2014)	Third quarter of the consolidated term (from April 1 <sup>st</sup> , 2015 to December 31 <sup>st</sup> , 2015)
Profit	4,077	4,847
Other comprehensive income		
Valuation difference on available-for-sale securities	822	133
Foreign currency translation adjustment	(39)	(20)
Remeasurements of defined benefit plans, net of tax	(2)	(106)
Total other comprehensive income	779	6
Comprehensive income	4,856	4,854
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,856	4,854

(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)

On October 1<sup>st</sup>, 2015, Fukuda Denshi conducted a share exchange with Fukuda Denshi as the wholly-owning parent company and Atomic Sangyo Co., Ltd. (hereinafter referred to as "Atomic Sangyo") as a wholly-owned subsidiary and Fukuda Denshi allotted treasury stock for the share exchange. With this share exchange, "Capital surplus" increased 12,285 million yen and "Treasury stock" decreased 9,610 million yen.

Also Atomic Sangyo, which has owned common shares of Fukuda Denshi, became a wholly-owned subsidiary of Fukuda Denshi from this share exchange, "Treasury stock" increased 13,262 million yen at the end of the third quarter under review.

As a result "Capital surplus" were 22,340 million yen and "Treasury stock" were 18,386 million yen at the end of the third quarter under review.

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