

Summary Report on Financial Results for Fiscal Year Ended March 2018
(Japan GAAP)

May 15th, 2018

Listing: TSE-JASDAQ

Company name: Fukuda Denshi Co., Ltd.

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Scheduled date for the ordinary general meeting of shareholders: June 28th, 2018

Scheduled date for commencement of dividend payment: June 29th, 2018

Scheduled date for filing the securities report: June 28th, 2018

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 2018 (April 1st, 2017 through March 31st, 2018)

(1) Consolidated operating results (% represent increases or decreases from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 2018	128,883	5.9	12,334	2.3	12,713	4.2	9,320	6.2
Year ended March 2017	121,747	3.9	12,062	13.3	12,201	11.6	8,776	19.1

(Note) Comprehensive income

Fiscal year ended March 2018: 9,800 million yen / (4.3)% Fiscal year ended March 2017: 10,242 million yen / 130.0 %

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	yen	yen	%	%	%
Year ended March 2018	612.49	-	8.5	8.4	9.6
Year ended March 2017	575.51	-	8.5	8.6	9.9

(Reference) Profit or loss on equity method investments:

Fiscal year ended March 2018: - million yen Fiscal year ended March 2017: - 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 2018	157,518	113,252	71.9	7,442.43
Year ended March 2017	146,009	105,973	72.6	6,964.31

(Reference) Shareholders' equity:

Fiscal year ended March 2018: 113,252 million yen Fiscal year ended March 2017: 105,973 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 2018	17,852	(3,780)	(2,756)	43,357
Year ended March 2017	15,693	(8,306)	(4,304)	32,001

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 2017	-	60.00	-	100.00	160.00	2,436	27.8	2.4
Year ended March 2018	-	65.00	-	105.00	170.00	2,598	27.8	2.4
Year ending March 2019 (Forecast)	-	70.00	-	100.00	170.00		28.1	

(Note)

The detail of year-end dividend of Year ended March 2017; ordinary dividend 45.00 yen, extra dividend 50.00 yen, commemorative dividend 5.00 yen

The detail of second quarter dividend of Year ended March 2018; ordinary dividend 50.00 yen, extra dividend 15.00 yen

The detail of year-end dividend of Year ended March 2018; ordinary dividend 60.00 yen, extra dividend 40.00 yen, commemorative dividend 5.00 yen

The detail of second quarter dividend of Year ending March 2019 (Forecast); ordinary dividend 55.00 yen, extra dividend 15.00 yen

The detail of year-end dividend of Year ending March 2019 (Forecast); ordinary dividend 60.00 yen, extra dividend 40.00 yen

3. Forecast of consolidated financial results for fiscal year ending March 2019 (April 1st, 2018 through March 31st, 2019) (% represent increases or decreases from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-year	130,000	0.9	12,400	0.5	12,800	0.7	9,200	(1.3)	604.58

(Note)

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

*Notes

- (1) Changes in significant subsidiaries during the current fiscal year: No
- (2) Changes in accounting policies and procedures
- (i) Changes in accounting policies associated with revision of accounting standards: None
 - (ii) Changes other than (i) above: None
 - (iii) Changes in accounting projections: None
 - (iv) Restatement: None
- (3) Number of outstanding shares (common shares)
- (i) Number of outstanding shares at the year-end (including “Treasury shares”)
 - Fiscal year ended March 2018: 19,588,000 shares
 - Fiscal year ended March 2017: 19,588,000 shares
 - (ii) Number of shares of treasury shares at the year-end:
 - Fiscal year ended March 2018: 4,370,873 shares
 - Fiscal year ended March 2017: 4,371,392 shares
 - (iii) Average number of shares during the period
 - Fiscal year ended March 2018: 15,217,049 shares
 - Fiscal year ended March 2017: 15,249,868 shares

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for fiscal year ended March 2018 (April 1st, 2017 through March 31st, 2018)

(1) Non-consolidated operating results (% represent increases or decreases from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 2018	70,958	1.6	7,472	(1.5)	10,613	(0.7)	8,889	(2.8)
Year ended March 2017	69,819	3.6	7,584	48.6	10,692	42.0	9,147	61.2

	Earnings per share	Diluted earnings per share
	yen	yen
Year ended March 2018	584.21	-
Year ended March 2017	599.84	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2018	127,751	86,775	67.9	5,702.49
Year ended March 2017	123,133	80,046	65.0	5,260.49

(Reference) Shareholders' equity:

Fiscal year ended March 2018: 86,775 million yen Fiscal year ended March 2017: 80,046 million yen

* These financial statements are not subject to audit procedure.

* 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 "(4) Forecast of results for fiscal year ending March 2019" under the "1. Operating results" section on page 8.

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1. Operating results

(1) Overview of operating results

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

	Year ended March 2017	Year ended March 2018	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	121,747	128,883	7,136	5.9
Operating income (million yen)	12,062	12,334	272	2.3
Ordinary income (million yen)	12,201	12,713	512	4.2
Profit attributable to parent company shareholders (million yen)	8,776	9,320	543	6.2
Earnings per share (yen)	575.51	612.49	36.98	6.4

Although the Japanese economy has gradually expanded during the current consolidated fiscal year, the uncertainty in the overseas economy is high and uncertainty about the future remains.

In the medical device industry, the remuneration for medical treatments in FY2018 has been a negative revision as a whole. Medical institutions face continuous demands for efficient and high-quality healthcare.

As a result, the Group posted a consolidated “Net sales” of 128,883 million yen (up 5.9% year-on-year basis) for this consolidated fiscal year. “Operating profit” of 12,334 million yen (up 2.3% on a year-to-year basis), “Ordinary profit” of 12,713 million yen (up 4.2% on a year-to-year basis), and “Profit attributable to owners of parent” of 9,320 million yen (up 6.2% on a year-to-year basis).

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

Business segment	Year ended March 2017		Year ended March 2018		Comparison with the previous year	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Change (million yen)	Rate of change (%)
Physiological diagnostic equipment	36,881	30.3	39,254	30.5	2,373	6.4
Patient monitoring equipment	9,085	7.5	9,664	7.5	578	6.4
Medical treatment equipment	48,052	39.5	49,884	38.7	1,832	3.8
Consumables and other products	27,727	22.8	30,079	23.3	2,352	8.5
Total	121,747	100.0	128,883	100.0	7,136	5.9

A. Physiological diagnostic equipment segment

Consolidated “Net sales” were 39,254 million yen (up 6.4% year-on-year basis) due to the addition of Fukuda Colin Co., Ltd. to the consolidation.

B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 9,664 million yen (up 6.4% year-on-year basis).

C. Medical treatment equipment segment

Sales of pacemakers and the business of renting medical equipment for home treatment increased. As a result, consolidated “Net sales” were 49,884 million yen (up 3.8% 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 30,079 million yen (up 8.5% year-on-year basis).

(2) Overview of financial situation

Situation of the assets, liabilities and net assets at the consolidated fiscal year ended March 2018.

“Total assets” increased 11,509 million yen from the end of the previous fiscal year to reach 157,518 million yen. The main factors are the increase of 9,058 million yen in “Cash and deposits” and 958 million yen in “Notes and accounts receivable - trade”, despite a decrease of 921 million yen in “Securities”.

“Total liabilities” increased 4,230 million yen from the end of the previous fiscal year to reach 44,266 million yen. The main factor is the increase of 1,932 million yen in “Income taxes payable” and 1,476 million yen in “Notes and accounts payable - trade”, despite a decrease of 134 million yen in “Provision for bonuses”.

“Net assets” increased 7,279 million yen from the end of the previous fiscal year to reach 113,252 million yen. The main factors are the increase of 6,797 million yen in “Retained earnings” and 359 million yen in “Valuation difference on available-for-sale securities” at the end of current period.

(3) Overview of cash flows

(ii) Consolidated cash flows

	Year ended March 2017	Year ended March 2018	Change
Cash flows from operating activities (million yen)	15,693	17,852	2,158
Cash flows from investing activities (million yen)	(8,306)	(3,780)	4,525
Cash flows from financing activities (million yen)	(4,304)	(2,756)	1,548
Effect of exchange rate changes (million yen)	(43)	40	84
Increase (decrease) in cash and cash equivalents (million yen)	3,039	11,355	8,316
Cash and cash equivalents at the end of the fiscal year (million yen)	32,001	43,357	11,355

(Cash flows from operating activities)

In the consolidated fiscal year, the “Cash flows from operating activities” were 17,852 million yen, up 2,158 million yen from the previous year. Including “Profit before income taxes” of 13,315 million yen, “Depreciation” of 7,459 million yen.

(Cash flows from investing activities)

The “Cash flows from investing activities” were minus 3,780 million yen, up 4,525 million yen from the previous year. Including purchase of “Property, plant and equipment” amounted to 6,887 million yen.

(Cash flows from financing activities)

The “Cash flows from financing activities” were minus 2,756 million yen, up 1,548 million yen from the previous year, mainly because of the “Cash dividends paid” of 2,520 million yen.

As a result, “Cash and cash equivalents at the end of the fiscal year” was 43,357 million yen, up 11,355 million yen compared to the end of the previous fiscal year.

(Reference) Trends in cash flow indicators

	Year ended March 2014	Year ended March 2015	Year ended March 2016	Year ended March 2017	Year ended March 2018
Shareholders' equity ratio (%)	67.7	71.4	72.8	72.6	71.9
Market value-based shareholders' equity ratio (%)	52.5	75.5	66.1	66.4	75.5
Years needed to repay debts	0.3	0.1	0.2	0.1	0.1
Interest coverage ratio	403.4	461.7	422.2	543.7	408.3

Note: Shareholders' equity ratio = Shareholders' equity / Total assets

Market value-based shareholders' equity ratio = Market capitalization / Total assets

Years needed to repay debts = Interest-bearing debts / Operating cash flows

Interest coverage ratio = Operating cash flows / Interest payments

*Each indicator is calculated using consolidated financial data.

*Market capitalization is calculated by multiplying shares closing prices at the end of the fiscal year by the number of outstanding shares (excluding treasury shares) at the end of the fiscal year.

*Interest-bearing debts represent total debts recorded in the consolidated balance sheets on which interest is paid.

*For interest payments, data on interest expenses in the consolidated cash flow statement are used.

(4) Forecast of results for fiscal year ending March 2019

	Year ended March 2018	Year ending March 2019	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	128,883	130,000	1,116	0.9
Operating profit (million yen)	12,334	12,400	65	0.5
Ordinary profit (million yen)	12,713	12,800	86	0.7
Profit attributable to owners of parent (million yen)	9,320	9,200	(120)	(1.3)
Earnings per share (yen)	612.49	604.58	(7.91)	(1.3)

Regarding the future of Japan's economy, it is expected to continue to gradually recover. We at the 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 a consolidated “Net sales” of 130,000 million yen, consolidated “Operating profit” of 12,400 million yen, consolidated “Ordinary profit” of 12,800 million yen, and consolidated “Profit attributable to owners of parent” of 9,200 million yen for the fiscal year ending March 2019.

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.

(5) Business risks

(i) Effect of medical administration

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

(ii) Legal regulations

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

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

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

The Group imports and sells ventilators, pacemakers, defibrillators and other devices and equipment. 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 equipment.

(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 Group's business performance and financial position.

(vi) Fluctuations in foreign exchange rates and others

The Group has subsidiaries in foreign countries and is procuring and importing products and raw materials from overseas companies. In case, rapid fluctuations in foreign exchange rates could adversely affect the Group's business performance and financial position.

(vii) Impairment accounting

In case that "Impairment losses" is needed to book for the assets of the Group, it is possible that it could adversely affect the Group's business performance and financial position.

(viii) Effects to the group from tremendous disaster

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

2. Basic policy on the selection of accounting standards

The Group decided to adopt the Japanese accounting standards for the time being, because the Group's business is based chiefly in Japan. We will consider implementing the IFRS (International Financial Reporting Standards) in an appropriate manner in light of the movement toward its adaptation both at home and abroad.

3. Consolidated financial statements

(1) Consolidated balance sheets

(Million yen)

	Previous fiscal year (as of March 31 st , 2017)	Current fiscal year (as of March 31 st , 2018)
Assets		
Current assets		
Cash and deposits	37,381	46,439
Notes and accounts receivable-trade	38,243	39,202
Securities	1,171	249
Merchandise and finished goods	10,090	10,411
Work in process	131	112
Raw materials and supplies	2,053	2,480
Deferred tax assets	1,508	1,861
Other	1,513	1,565
Allowance for doubtful accounts	(20)	(41)
Total current assets	92,072	102,281
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,779	12,297
Accumulated depreciation and impairment loss	(6,254)	(6,690)
Buildings and structures, net	5,524	5,606
Machinery, equipment and vehicles	1,180	1,357
Accumulated depreciation and impairment loss	(885)	(938)
Machinery, equipment and vehicles, net	294	418
Tools, furniture and fixtures	32,376	34,318
Accumulated depreciation and impairment loss	(20,436)	(22,021)
Tools, furniture and fixtures, net	11,940	12,297
Land	9,055	9,347
Leased assets	1,736	1,711
Accumulated depreciation and impairment loss	(1,198)	(1,237)
Leased assets, net	538	473
Construction in progress	359	300
Total property, plant and equipment	27,713	28,444
Intangible assets	2,288	2,011
Investments and other assets		
Investment securities	9,624	10,604
Deferred tax assets	1,262	930
Insurance funds	11,661	11,702
Other	1,447	1,598
Allowance for doubtful accounts	(60)	(55)
Total investments and other assets	23,934	24,780
Total non-current assets	53,936	55,237
Total assets	146,009	157,518

(Million yen)

	Previous fiscal year (as of March 31 st , 2017)	Current fiscal year (as of March 31 st , 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	18,736	20,213
Electronically recorded obligations - operating	6,061	6,512
Short-term loans payable	1,850	1,850
Current portion of long-term loans payable	45	22
Lease obligations	177	179
Income taxes payable	910	2,842
Provision for bonuses	2,503	2,368
Provision for directors' bonuses	203	204
Provision for product warranties	219	287
Other	4,383	4,832
Total current liabilities	35,090	39,315
Non-current liabilities		
Long-term loans payable	18	-
Lease obligations	935	838
Provision for directors' retirement benefits	230	244
Provision for management board incentive plan trust	27	48
Net defined benefit liability	2,652	2,690
Other	1,081	1,129
Total non-current liabilities	4,945	4,951
Total liabilities	40,036	44,266
Net assets		
Shareholders' equity		
Capital stock	4,621	4,621
Capital surplus	21,696	21,696
Retained earnings	97,970	104,768
Treasury shares	(19,543)	(19,542)
Total shareholders' equity	104,745	111,544
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,761	2,120
Foreign currency translation adjustment	(192)	(161)
Remeasurements of defined benefit plans	(340)	(251)
Total accumulated other comprehensive income	1,227	1,708
Total net assets	105,973	113,252
Total liabilities and net assets	146,009	157,518

(2) Consolidated income statements and consolidated comprehensive income statements

Consolidated income statements

(Million yen)

	Previous fiscal year (from April 1 st , 2016 to March 31 st , 2017)	Current fiscal year (from April 1 st , 2017 to March 31 st , 2018)
Net sales	121,747	128,883
Cost of sales	71,649	77,102
Gross profit	50,097	51,781
Selling, general and administrative expenses	38,035	39,446
Operating profit	12,062	12,334
Non-operating income		
Interest income	67	45
Dividend income	134	142
Gain on investments in partnership	-	138
Commission for insurance office work	51	30
Other	149	225
Total non-operating income	402	581
Non-operating expenses		
Interest expenses	28	43
Foreign exchange losses	168	109
Loss on investments in partnership	24	14
Other	41	34
Total non-operating expenses	263	202
Ordinary profit	12,201	12,713
Extraordinary income		
Gain on sales of non-current assets	3	8
Surrender value of insurance	962	932
Other	-	0
Total extraordinary income	965	941
Extraordinary losses		
Loss on sales of non-current assets	0	-
Loss on retirement of non-current assets	-	32
Impairment loss	415	49
Loss on valuation of investment securities	147	-
Retirement benefit expenses	508	-
Office transfer expenses	-	36
Building demolition cost	-	26
Loss on litigation	-	29
Loss on liquidation of subsidiaries	-	76
Other	22	87
Total extraordinary losses	1,094	339
Profit before income taxes	12,072	13,315
Income taxes-current	3,059	4,343
Income taxes-deferred	236	(348)
Total income taxes	3,296	3,995
Profit	8,776	9,320
Profit attributable to owners of parent	8,776	9,320

Consolidated comprehensive income statements

(Million yen)

	Previous fiscal year (from April 1 st , 2016 to March 31 st , 2017)	Current fiscal year (from April 1 st , 2017 to March 31 st , 2018)
Profit	8,776	9,320
Other comprehensive income		
Valuation difference on available-for-sale securities	986	359
Foreign currency translation adjustment	3	31
Remeasurements of defined benefit plans, net of tax	476	89
Total other comprehensive income	1,466	480
Comprehensive income	10,242	9,800
Comprehensive income attributable to Comprehensive income attributable to owners of parent	10,242	9,800

(3) Consolidated statements of changes in net assets

Previous fiscal year (from April 1st, 2016 to March 31st, 2017)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,621	22,340	91,493	(18,386)	100,069
Changes of items during period					
Dividends of surplus			(2,295)		(2,295)
Employees' bonuses and welfare funds			(4)		(4)
Profit attributable to owners of parent			8,776		8,776
Purchase of treasury shares				(1,910)	(1,910)
Disposal of treasury shares		(643)		753	109
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(643)	6,477	(1,157)	4,676
Balance at end of current period	4,621	21,696	97,970	(19,543)	104,745

	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 beginning of current period	774	(195)	(817)	(238)	99,830
Changes of items during period					
Dividends of surplus					(2,295)
Employees' bonuses and welfare funds					(4)
Profit attributable to owners of parent					8,776
Purchase of treasury shares					(1,910)
Disposal of treasury shares					109
Net changes of items other than shareholders' equity	986	3	476	1,466	1,466
Total changes of items during period	986	3	476	1,466	6,142
Balance at end of current period	1,761	(192)	(340)	1,227	105,973

Current fiscal year (from April 1st, 2017 to March 31st, 2018)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,621	21,696	97,970	(19,543)	104,745
Changes of items during period					
Dividends of surplus			(2,521)		(2,521)
Employees' bonuses and welfare funds					-
Profit attributable to owners of parent			9,320		9,320
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares				3	3
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	6,798	1	6,799
Balance at end of current period	4,621	21,696	104,768	(19,542)	111,544

	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 beginning of current period	1,761	(192)	(340)	1,227	105,973
Changes of items during period					
Dividends of surplus					(2,521)
Employees' bonuses and welfare funds					-
Profit attributable to owners of parent					9,320
Purchase of treasury shares					(2)
Disposal of treasury shares					3
Net changes of items other than shareholders' equity	359	31	89	480	480
Total changes of items during period	359	31	89	480	7,279
Balance at end of current period	2,120	(161)	(251)	1,708	113,252

(4) Consolidated statements of cash flows

(Million yen)

	Previous fiscal year (from April 1 st , 2016 to March 31 st , 2017)	Current fiscal year (from April 1 st , 2017 to March 31 st , 2018)
Cash flows from operating activities		
Profit before income taxes	12,072	13,315
Depreciation	7,070	7,459
Impairment loss	415	49
Increase (decrease) in allowance for doubtful accounts	(5)	16
Increase (decrease) in provision for bonuses	366	(134)
Increase (decrease) in provision for directors' bonuses	20	1
Increase (decrease) in provision for product warranties	(270)	68
Increase (decrease) in net defined benefit liability	560	69
Increase(decrease) in provision for management board incentive plan trust	27	20
Increase (decrease) in provision for directors' retirement benefits	8	14
Interest and dividend income	(201)	(188)
Interest expenses	28	43
Loss (gain) on sales of non-current assets	(3)	(8)
Loss (gain) on investments in partnership	24	(123)
Loss (gain) on valuation of investment securities	147	-
Loss (gain) on cancellation of insurance contract	(962)	(932)
Decrease (increase) in notes and accounts receivable-trade	(2,109)	(969)
Decrease (increase) in inventories	213	(727)
Increase (decrease) in notes and accounts payable-trade	1,458	1,563
Increase (decrease) in accrued consumption taxes	(50)	(57)
Other, net	819	687
Subtotal	19,630	20,168
Interest and dividend income received	201	187
Interest expenses paid	(28)	(43)
Income taxes paid	(4,108)	(2,460)
Net cash provided by (used in) operating activities	15,693	17,852

(Million yen)

	Previous fiscal year (from April 1 st , 2016 to March 31 st , 2017)	Current fiscal year (from April 1 st , 2017 to March 31 st , 2018)
Cash flows from investing activities		
Decrease (increase) in time deposits	1,426	2,297
Purchase of property, plant and equipment	(7,689)	(6,887)
Purchase of intangible assets	(447)	(594)
Purchase of short-term and long-term investment securities	(1,514)	(1,007)
Proceeds from sales of short-term and long-term investment securities	2,372	1,500
Purchase of insurance funds	(2,151)	(2,298)
Proceeds from maturity of insurance funds	2,437	3,264
Proceeds from distribution of investment in partnerships	-	221
Investments in capital of unconsolidated subsidiaries	(248)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,839)	-
Other, net	(650)	(276)
Net cash provided by (used in) investing activities	(8,306)	(3,780)
Cash flows from financing activities		
Repayments of long-term loans payable	(45)	(41)
Purchase of treasury shares	(1,910)	(2)
Proceeds from sales of treasury shares	107	-
Cash dividends paid	(2,291)	(2,520)
Repayments of lease obligations	(165)	(192)
Net cash provided by (used in) financing activities	(4,304)	(2,756)
Effect of exchange rate change on cash and cash equivalents	(43)	40
Net increase (decrease) in cash and cash equivalents	3,039	11,355
Cash and cash equivalents at beginning of period	28,962	32,001
Cash and cash equivalents at end of period	32,001	43,357

(5) Notes to Consolidated Financial Statement

(Notes regarding the assumption for going concern)

Not applicable

(Segment information, etc.)

a. Segment information

1. Reportable Segments

The reportable segments of the Group are the constituent units of the Group 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 Group 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 the accounting policies used to produce the consolidated financial statements.

Reported segment profit is based on the amount of “Operating profit”.

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

(i) Previous fiscal year (from April 1st, 2016 to March 31st, 2017)

(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	36,881	9,085	48,052	27,727	121,747	-	121,747
Internal sales or transfers	-	-	-	-	-	-	-
Total	36,881	9,085	48,052	27,727	121,747	-	121,747
Segment profit	2,467	687	6,014	2,892	12,062	-	12,062
Segment assets	20,999	6,827	38,114	15,924	81,865	64,143	146,009
Other items							
Depreciation	629	153	5,812	473	7,070	-	7,070
Increase in Property, plant and equipment and intangible assets	641	156	7,274	482	8,555	-	8,555

*1. Adjustment of segment assets of 64,143 million yen include extra investment funds (cash etc.), long-term investments ("Investment securities" and etc.) which are not allocated to each reportable segments

*2. Segment profit equals to "Operating profit" of consolidated financial statements.

(ii) Current fiscal year (from April 1st, 2017 to March 31st, 2018)

(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	39,254	9,664	49,884	30,079	128,883	-	128,883
Internal sales or transfers	-	-	-	-	-	-	-
Total	39,254	9,664	49,884	30,079	128,883	-	128,883
Segment profit	2,504	765	6,230	2,834	12,334	-	12,334
Segment assets	21,790	6,773	38,609	16,868	84,041	73,477	157,518
Other items							
Depreciation	636	156	6,180	486	7,459	-	7,459
Increase in Property, plant and equipment and intangible assets	594	146	6,702	453	7,896	-	7,896

*1. Adjustment of segment assets of 73,477 million yen include extra investment funds (cash etc.), long-term investments ("Investment securities" and etc.) which are not allocated to each reportable segments

*2. Segment profit equals to "Operating profit" of consolidated financial statements.

b. Related Information

(i) Previous fiscal year (from April 1st, 2016 to March 31st, 2017)

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, 2017 to March 31st, 2018)

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, 2016 to March 31st, 2017)

(Million yen)

	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products	Elimination / Corporate	Total
Impairment loss	133	72	83	62	64	415

(ii) Current fiscal year (from April 1st, 2017 to March 31st, 2018)

(Million yen)

	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products	Elimination / Corporate	Total
Impairment loss	15	3	19	11	-	49

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

(i) Previous fiscal year (from April 1st, 2016 to March 31st, 2017)

Because of the acquisition of shares of Fukuda Colin (former Omron Collin), the goodwill has arisen in the segment of “Physiological diagnostic equipment”, “Patient monitoring equipment”, “Medical treatment equipment”, and “Consumables and other products”. The full amount of the goodwill of 149 million yen is recorded under the "Impairment loss".

(ii) Current fiscal year (from April 1st, 2017 to March 31st, 2018)

Not applicable

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

(i) Previous fiscal year (from April 1st, 2016 to March 31st, 2017)

Not applicable

(ii) Current fiscal year (from April 1st, 2017 to March 31st, 2018)

Not applicable

(Per share information)

	Previous fiscal year (from April 1 st , 2016 to March 31 st , 2017)	Current fiscal year (from April 1 st , 2017 to March 31 st , 2018)
Net assets per share	6,964.31 yen	7,442.43 yen
Earnings per share	575.51 yen	612.49 yen
Fully diluted earnings per share	Not stated, as there is no potential dilution.	Not stated, as there is no potential dilution.

Note: (i) The shares of Trust & Custody Services Bank, Ltd. owns are included in the number of our “Treasury share”(66 thousand shares at the start of the fiscal year and 65 thousand shares at the end of the fiscal year), which is excluded from the “Number of shares at the end of the current fiscal year”, which is used to calculate the “Net assets per share”.

It is also included in the number of our “Treasury share”(66 thousand shares at the start of the fiscal year and 65 thousand shares at the end of the fiscal year), which is excluded from the calculation of “Average number of shares during the period”, which is used to calculate the “Net income per share”.

(ii) The basis for calculation of earnings per share:

Item	Previous fiscal year (from April 1 st , 2016 to March 31 st , 2017)	Current fiscal year (from April 1 st , 2017 to March 31 st , 2018)
Profit attributable to parent company shareholders (million yen)	8,776	9,320
Amount not belonging to ordinary shareholders (million yen)	-	-
Profit attributable to parent company shareholders in relation to common shares (million yen)	8,776	9,320
Average number of shares during the fiscal year (1,000 shares)	15,249	15,217

(Significant subsequent events)

Not applicable

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