

March 4th, 2015

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Notification Regarding the Recording of Extraordinary Losses and Income Due to the Stopping of Support for Japan Stent Technology Co., Ltd. (a Stent Development Business)

At the extraordinary meeting of Board of Directors held on March 4th, 2015, Fukuda Denshi Co., Ltd. resolved to stop the support for Japan Stent Technology Co., Ltd. (hereinafter referred to as “Japan Stent Ltd.”), a company that has made gradual investments since March 2009 and made a consolidated subsidiary in November 2013.

Note that we have recorded extraordinary losses and income due to stopping the support for Japan Stent Ltd. so we hereby notify the details as follows.

1. Overview of the recipient of the support

Trade name: Japan Stent Technology Co., Ltd.

Head office location: 5303 Haga Okayama City, Okayama Prefecture, Japan

Representative: Izumi Tsubone, President & CEO

2. Reason for stopping the support

Since March 2009 Fukuda Denshi has been supporting Japan Stent Ltd. as a part of its investments in businesses developing the coronary artery stents that became increasingly important as devices in the treatment of ischemic cardiac disease, for the purpose of strengthening our overall position in the cardiology field. Moreover, the Japan Science and Technology Agency had been providing subsidies for the development of the drug-eluting stent that we have been developing with Japan Stent Ltd. However, yesterday (March 3, 2015) we received a notification (dated February 23, 2015) from the agency to the effect that, taking into account the progress of the FIM trial*, “development of the product is unsuccessful”.

After receiving this notification, Fukuda Denshi judged that it would be difficult to continue this stent development business going forward and decided to stop the support for Japan Stent Ltd.

3. Forecast impact on financial results

The impact on the financial results of Fukuda Denshi are as follows, in the case that continuation of the business of Japan Stent Ltd. is difficult due to the stopping of support.

(1) Impact on non-consolidated financial results

The impact on the non-consolidated financial results at the stage of the decision to stop the support is the booking of extraordinary losses of a total of 2,639 million yen of shares held, domestic exclusive distribution rights, and long-term loans of operating capital.

On the other hand, we will record an extraordinary income of 962 million yen in gain on forgiveness of

development expenses debts.

This is the result of the fact that Fukuda Denshi was exempted from the obligation to repay 90% of the long-term borrowings of 1,101 million yen that Fukuda Denshi had borrowed from the Japan Science and Technology Agency, due to the notification dated February 23, 2015 to the effect that “development of the product is unsuccessful”.

(2) Impact on consolidated financial results

The impact on the consolidated financial results of Fukuda Denshi at the stage of the decision to stop the support is minor, and at the current time there is no revision of the forecast for the consolidated financial results.

4. Handling going forward

Firstly, we would like to express our gratitude once again to everyone who has worked with us on the development of stents up until today.

The present notification to the effect that, taking into account the progress of the FIM trial*, “development of the product is unsuccessful” is based on the fact that the effectiveness of the product with respect to the existing drug-eluting stents could not be confirmed, but the safety of the product has been confirmed.

Even after stopping the support for Japan Stent Ltd., we will continue to follow up on the patients who participated in the FIM trial*.

Note that Japan Stent Ltd. is currently continuing to independently search for funds procurement sources and is conducting studies to confirm whether it is possible to continue its business.

* FIM (First-In-Man) trial

This refers to the clinical trial of medical equipment, etc. that is first conducted on people after animal trials have been completed.

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