

Summary Report on Financial Results for the Second Quarter of the Year Ending March 31, 2009

November 5, 2008

Company name: Fukuda Denshi Co., Ltd.

Security code no.: 6960

(<http://www.fukuda.co.jp>)

Listing: JASDAQ

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Scheduled date for filing the quarterly report: November 12, 2008

Scheduled date for commencement of dividend payment: December 5, 2008

(Amounts less than one million yen are discarded)

1. Consolidated financial results for the second quarter of the year ending March 31, 2009 (April 1, 2008 through September 30, 2008)

(1) Consolidated operating results (cumulative)

(Percentages represent increases or decreases from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Second quarter of the year ending March 31, 2009	42,813	-	3,101	-	3,166	-	1,658	-
Second quarter of the year ended March 31, 2008	41,874	0.8	2,494	(12.8)	2,511	(15.1)	1,520	(0.7)

	Net income per share	Fully diluted net income per share
	yen	yen
Second quarter of the year ending March 31, 2009	86.19	-
Second quarter of the year ended March 31, 2008	79.05	-

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Second quarter of the year ending March 31, 2009	99,183	74,203	74.8	3,854.61
Year ended March 2008	99,585	73,833	74.1	3,835.32

(Reference) Shareholders' equity:

Second quarter of the year ending March 31, 2009: 74,193 million yen

Year ended March 2008: 73,821 million yen

2. Dividends

Record date	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 2008	-	40.00	-	40.00	80.00
Year ending March 2009	-	40.00	-	-	-
Year ending March 2009 (estimate)	-	-	-	40.00	80.00

Note: There have been no revisions of dividend projections in the current quarter.

3. Forecast of consolidated financial results for fiscal 2008 (April 1, 2008 through March 31, 2009)

(Percentages represent increases or decreases from the previous year for the full-year figures.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-year	90,000	1.6	5,300	(1.3)	5,500	(3.2)	3,020	(4.9)	156.94

Note: There have been no revisions of consolidated earnings projections' numerical values in the current quarter.

4. Others

(1) Change in significant subsidiaries during the term (change in specific subsidiaries involving change in the scope of consolidation): None

(2) Application of simplified accounting method and accounting principles specific to the preparation of consolidated quarterly financial statements: Yes

Note: For details, please refer to **4. Others** in the “Qualitative Information and Financial Statements” section on page 6.

(3) Change in accounting principles and procedures, presentation related to the preparation of consolidated quarterly financial statements (described in changes in basic significant matters regarding the preparation of consolidated quarterly financial statements)

(i) Changes owing to adoption of revised accounting standards or such like: Yes

(ii) Changes other than (i) above: Yes

Note: For details, please refer to **4. Others** in the “Qualitative Information and Financial Statements” section on page 6.

(4) Number of outstanding issues (common stock)

1) Number of outstanding shares at the end of the period (including treasury stock)

Second quarter of the year ending March 31, 2009: 19,588,000 shares

Year ended March 31, 2008: 19,588,000 shares

2) Number of treasury shares at the end of the period

Second quarter of the year ending March 31, 2009: 340,079 shares

Year ended March 31, 2008: 340,139 shares

3) Average number of shares during the period (accumulated consolidated quarterly period)

Second quarter of the year ending March 31, 2009: 19,247,875 shares

Second quarter of the Year ended March 31, 2008: 19,238,059 shares

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

1. The forecasted financial results described above are based on information available as of November 5, 2008. Actual results may differ from the results projected and presented hereby for a variety of reasons.

2. With respect to the preconditions for the forecasts of financial results, please refer to “3. Qualitative information about consolidated earnings forecast for the fiscal year ending March 2009” in the “Qualitative Information and Financial Statements” section on page 6.

3. Effective from the consolidated fiscal year ending March 2009, the Company adopted the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan Report No. 12) and the “Implementation Guidance on the Accounting Standard for Quarterly Financial Reporting” (ASBJ Implementation Guidance No. 14). Consolidated quarterly financial statements are prepared in conformity with the “Regulations of Consolidated Quarterly Financial Statements.”

4. Pursuant to the provision of Article 7, Paragraph 1, Item 5 of the Supplementary Provisions of the “Cabinet Office Ordinance on Partial Amendment of the Regulations on Terminology, Format and Preparation Method of Financial Statements, etc.” (Cabinet Office Ordinance No. 50, August 7, 2008), the Company adopted the revised Regulations of Consolidated Quarterly Financial Statements for the consolidated second quarter under review (from July 1, 2008 to September 30, 2008) and the accumulated period up to the consolidated second quarter under review (from April 1, 2008 to September 30, 2008).

## Qualitative Information and Financial Statements

### 1. Qualitative information about consolidated operating results

During the accumulated period up to the consolidated second quarter under review, concerns about the health of the financial system, originating in the subprime mortgage problem in the U.S., caused a credit crunch and started affecting the real economy. In Japan, the domestic economy began showing signs of a slowdown, including decreases in the amount of exports, price hikes in raw materials and other items, and control on capital investment.

In the medical equipment industry, medical treatment fees were preponderantly allocated to the obstetrics and pediatrics under the revision of reimbursement rates of national health insurance in April 2008. Meanwhile, medical system reforms were pushed forward with, including expansion of the adoption of the comprehensive medical fee payment system, called DPC (diagnosis procedure contribution), at medical institutions, which led to further division of functions between hospitals and clinics, aimed at the improvement of efficiency, and expansion in the field of home medical treatment.

Under such circumstances, the Group posted consolidated net sales of 42,813 million yen (up 2.2% from the previous year), operating income of 3,101 million yen (up 24.4%), ordinary income of 3,166 million yen (up 26.1%) and quarterly net income of 1,658 million (up 9.1 %) yen **in the accumulated period up to the second quarter under review.**

#### (1) Physiological diagnostic equipment segment

Sales of electrocardiographs and retinal cameras continued to increase partly due to the influence of compulsory specific medical checkups. Sales of ultrasound diagnostic imaging systems and Vascular Screening System increased overseas, but fell in Japan.

As a result, consolidated sales were 11,618 million yen (up 1.7% from the preceding year).

#### (2) Patient monitoring equipment segment

Sales of this segment declined both domestically and overseas.

As a result, consolidated sales were 2,333 million yen (down 23.4%).

#### (3) Medical treatment equipment segment

Turnover of pacemakers dropped due to the influence of the reduction of official reimbursement rates which is reflected in the actual sales value of pacemakers, though their sales volume grew. On the other hand, the business of renting medical equipment for home treatment (including oxygen-concentrator devices, equipment used to treat sleep apnea syndrome and homecare ventilators) and automated external defibrillators (AEDs) remained steady.

As a result, sales were 18,339 million yen (up 8.1%).

#### (4) Other products and accessories segment

In this segment, we mainly handle recording paper, disposable electrodes and accessories and consumables used for devices handled by the other segments.

Sales of this segment were 10,522 million yen (up 0.8%).

## 2. Qualitative information about consolidated financial situation

Total assets were 99,183 million yen at the end of the second quarter under review, down 401 million yen from the end of the previous fiscal year.

The decrease is mainly due to a decline of 3,218 million yen in trade notes and accounts receivable, a drop of 536 million yen in raw materials and supplies, a decrease of 373 million yen in intangible fixed assets and a fall of 254 million yen in investments and other assets despite an increase of 2,554 million yen in cash and deposits and an increase of 1,203 million yen in tangible fixed assets.

Liabilities amounted to 24,980 million yen, down 772 million yen from the end of the previous fiscal year.

The decrease is mainly due to a decrease of 288 million yen in trade notes and accounts payable and a drop of 664 million yen in current liabilities and others despite an increase of 344 million yen in income tax payable, etc.

Net assets were 74,203 million yen in total, up 370 million yen from the end of the previous fiscal year.

The increase is primarily attributable to an increase of 878 million yen in retained earnings despite a decline of 438 million yen in evaluation difference on other securities.

## 3. Qualitative Information about consolidated earnings forecast for the fiscal year ending March 2009

There are misgivings about declines in capital investment due to a downturn of the domestic business, as factors of uncertainty are actualized, including the effect of concerns about the health of the financial system, arising from the U.S., and risk of foreign exchange fluctuations. In addition, while the environment surrounding the medical service is getting harsher, exemplified by control on national medical expenses and worsening in hospital management, medical system reforms continue to be proceeded with.

In consideration of this situation, there is no change in the forecast of financial results for the full fiscal year, released on May 19, 2008, though earnings took an upturn in the period up to the second quarter under review.

## 4. Others

(1) Change in significant subsidiaries during the term (change in specific subsidiaries involving change in the scope of consolidation)

Not Applicable.

(2) Application of simplified accounting method and accounting principles specific to the preparation of

consolidated quarterly financial statements

1) Simplified accounting treatment

Tax expenses of consolidated subsidiaries are calculated by multiplying the quarterly net income before taxes by the effective income tax rate after tax effect accounting application in the statement of income of the previous fiscal year.

Corporate tax adjustments are included in corporate, inhabitants' and enterprise taxes.

2) Accounting principles specific to the preparation of consolidated quarterly financial statements  
Not Applicable.

(3) Change in accounting principles and procedures, presentation related to the preparation of consolidated quarterly financial statements:

(i) Effective from the consolidated fiscal year ending March 2009, the Company adopted the "Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan Report No. 12, March 14, 2007) and the "Implementation Guidance on the Accounting Standard for Quarterly Financial Reporting" (ASBJ Implementation Guidance No. 14, March 14, 2007). Consolidated quarterly financial statements are prepared in conformity with the "Regulations of Consolidated Quarterly Financial Statements."

Pursuant to the proviso of Article 7, Paragraph 1, Item 5 of the Supplementary Regulations of the "Cabinet Office Ordinance on Partial Amendment of the Regulations on Terminology, Format and Preparation Method of Financial Statements, etc." (Cabinet Office Ordinance No. 50, August 7, 2008), the Company adopted the revised Regulations of Consolidated Quarterly Financial Statements for the consolidated second quarter under review (from July 1, 2008 to September 30, 2008) and the accumulated period up to the consolidated second quarter under review (from April 1, 2008 to September 30, 2008).

(ii) Change in valuation standards and methods for inventories

Previously, ordinary inventories held for the purpose of sales were mainly stated at cost determined by the first-in, first-out method. With the application of the "Accounting Standards for Measurement of Inventories" (ASBJ Report No. 9, July 5, 2006), inventories are primarily stated at cost determined by the first-in first-out method (with regard to the amounts stated in the balance sheets, the method of book value devaluation based on decline in profitability is used), effective from the first quarter.

The effect of this change on operating income, ordinary income and quarterly net income before taxes in the accumulated period up to the second quarter under review is insignificant.

(iii) Application of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated financial Statement"

Effective from the first quarter, the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated financial Statement"

(ASBJ Practical Solution No. 18, May 17, 2006), and made revisions necessary for consolidated settlement of accounts.

The effect of this change on operating income, ordinary income and quarterly net income before taxes in the accumulated period up to the second quarter under review is insignificant.

(iv) Application of accounting standard for lease transactions

Previously, finance lease transactions in which the ownership of the leased properties did not transfer to the lessees underwent the same accounting treatment as ordinary lease transactions. Since the “Accounting Standard for Lease Transactions” (ASBJ Report No. 13, June 17, 1993 (First Sectional Committee of the Business Accounting Council), amended on March 30, 2007) and the “Implementation Guidance on the Accounting Standard for Lease Transactions” (ASBJ Implementation Guidance No. 16, January 18, 1994 (Accounting Committee of the Japanese Institute of Certified Public Accountants), amended on March 30, 2007) became applicable from the consolidated quarterly financial statements concerning the consolidated fiscal years starting on or after April 1, 2008, the Company adopted these accounting standards and used the accounting method for ordinary lease transactions, effective from the first quarter under review.

Depreciation of leased assets concerning finance lease transactions in which the ownership of the leased properties does not transfer to the lessees is calculated using the straight-line method over the lease terms without residual value.

Finance lease transactions in which the ownership of the leased properties does not transfer to the lessees and that started before the first year of the application of the lease accounting standards and similar regulations, undergo the same accounting treatment as ordinary lease transactions, the same as they did before.

The effect of this change on operating income, ordinary income and quarterly net income before taxes in the accumulated period up to the second quarter under review is insignificant.



## 5. Consolidated Quarterly Financial Statements

### (1) Consolidated quarterly balance sheets

*In million yen*

	End of the consolidated second quarter under review (As of September 30, 2008)	Summarized balance sheets related to the previous fiscal year (As of March 31, 2008)
<b>Assets</b>		
Current assets		
Cash and deposits	25,095	22,540
Trade notes and accounts receivable	20,492	23,710
Securities	998	999
Merchandise and products	10,525	10,655
Raw materials and supplies	2,109	2,646
Work in progress	112	84
Other	3,470	3,168
Allowance for doubtful accounts	(285)	(308)
<b>Total current assets</b>	<b>62,518</b>	<b>63,497</b>
Fixed assets		
Tangible fixed assets	19,700	18,496
Intangible fixed assets	2,922	3,295
Investments and other assets	14,090	14,345
Allowance for doubtful accounts	(47)	(49)
<b>Total investments and other assets</b>	<b>14,042</b>	<b>14,296</b>
<b>Total fixed assets</b>	<b>36,665</b>	<b>36,088</b>
<b>Total assets</b>	<b>99,183</b>	<b>99,585</b>
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	12,177	12,465
Short-term borrowings	3,366	3,500
Income tax payable, etc.	1,229	884
Allowance for bonuses to employees	1,682	1,666
Other allowance	161	210
Other	1,956	2,620
<b>Total current liabilities</b>	<b>20,572</b>	<b>21,347</b>
Fixed liabilities		
Long-term loans borrowings	83	183
Allowance for retirement benefits	3,174	3,097
Other allowance	178	197
Negative goodwill	0	1
Other	970	925
<b>Total fixed liabilities</b>	<b>4,408</b>	<b>4,404</b>
<b>Total liabilities</b>	<b>24,980</b>	<b>25,752</b>

*In million yen*

	End of the consolidated second quarter under review (As of September 30, 2008)	Summarized balance sheets related to the previous fiscal year (As of March 31, 2008)
Net assets		
Shareholders' equity		
Common stock	4,621	4,621
Capital surplus	9,982	9,982
Retained earnings	60,352	59,473
Treasury stock	(766)	(766)
Total shareholders' equity	74,190	73,311
Valuation and translation adjustments		
Evaluation difference on other securities	8	447
Foreign currency translation adjustment account	(5)	63
Total valuation and translation adjustments	3	510
Minority interests	10	11
Total net assets	74,203	73,833
Total liabilities and net assets	99,183	99,585

(2) Consolidated quarterly statements of income

(Consolidated second quarter)

*In million yen*

	Consolidated second quarter under review (April 1, 2008 to September 30, 2008)
Net sales	42,813
Cost of sales	24,121
Gross profit	18,691
Selling, general and administrative expenses	15,590
Operating income	3,101
Non-operating income	
Interest income	11
Dividend income	91
Other	149
Total non-operating income	251
Non-operating expenses	
Interest expenses	31
Foreign exchange losses	120
Other	35
Total non-operating expenses	187
Ordinary income	3,166
Extraordinary gains	
Gains on sale of fixed assets	5
Gains on insurance surrender	100
Gains on reversal of allowance for doubtful accounts	21
Other	1
Total extraordinary gains	128
Extraordinary losses	
Losses on sale of fixed assets	3
Losses on disposal of fixed assets	111
Losses on devaluation of investment securities	139
Impairment losses	13
Other	1
Total extraordinary losses	270
Quarterly net income before taxes	3,024
Corporate, inhabitants' and enterprise taxes	1,448
Corporate tax adjustments	(83)
Total corporate taxes, etc.	1,364
Minority interests in earnings of consolidated subsidiaries	1
Quarterly net income	1,658

Effective from the fiscal year ending March 2009, the Company adopted the “Standard for Quarterly Financial Reporting” (ASBJ Report No. 12, March 14, 2007) and the “Implementation Guidance on the Standard for Quarterly Financial Reporting” (ASBJ Implementation Guidance No. 14, March 14, 2007).

Consolidated quarterly financial statements are prepared in conformity with the “Regulations of Consolidated Quarterly Financial Statements.”

Pursuant to the provision of Article 7, Paragraph 1, Item 5 of the Supplementary Regulations of the “Cabinet Office Ordinance on Partial Amendment of the Regulations on Terminology, Format and Preparation Method of Financial Statements, etc.” (Cabinet Office Ordinance No. 50, August 7, 2008), the Company adopted the revised Regulations of Consolidated Quarterly Financial Statements for the consolidated second quarter under review (from July 1, 2008 to September 30, 2008) and the accumulated period up to the consolidated second quarter under review (from April 1, 2008 to September 30, 2008).

(3) Note concerning premise of going concern

Not applicable.

(4) Segment information

a. Segment information by business type

Consolidated second quarter under review (from April 1 to September 30, 2008)

Segment information by business type is omitted because the amounts of sales and operating income of the medical electronic equipment business account for over 90 percent of the total sales and total operating income of all segments.

b. Segment information by geographic area

Consolidated second quarter under review (from April 1 to September 30, 2008)

Segment information by geographic area is omitted because the amount of sales in Japan accounts for over 90 percent of the total sales of all segments.

c. Overseas sales

Consolidated second quarter under review (from April 1 to September 30, 2008)

Overseas sales are omitted because such sales accounted for less than 10 percent of consolidated sales.

(5) Note when there is a significant fluctuation in the amount of shareholders' equity

Not applicable.

## Reference

Financial statements related to the corresponding quarter of the previous fiscal year

### (1) Consolidated interim statement of income

Category	Consolidated interim period of the previous fiscal year (April 1, 2007 to September 30, 2007)		
	Amount (million yen)		Percentage
I Net sales		41,874	100.0
II Cost of sales		23,653	56.5
Gross profit		18,221	43.5
III Selling, general and administrative expenses		15,726	37.5
Operating income		2,494	6.0
IV Non-operating income			
1. Interest income	7		
2. Dividend income	68		
3. Commission for insurance office work	23		
4. Other	61	161	0.4
V Non-operating expenses			
1. Interest expenses	44		
2. Foreign exchange losses	77		
3. Other	22	144	0.4
Ordinary income		2,511	6.0
VI Extraordinary gains			
1. Gains on sale of fixed investment securities	427		
2. Gains on sale of fixed assets	0		
3. Gains on insurance surrender	139		
4. Gains on reversal of allowance for doubtful accounts	59	627	1.5
VII Extraordinary losses			
1. Losses on sale of fixed assets	0		
2. Losses on disposal of fixed assets	69		
3. Impairment losses	2		
4. Loss on sales of stocks of subsidiaries and affiliates	182	255	0.6
Interim net income before taxes		2,883	6.9
Corporate, inhabitants' and enterprise taxes	770		
Corporate tax adjustments	591	1,362	3.3
Minority interests in income		0	0.0
Interim net income		1,520	3.6

(2) Segment information

[Segment information by business type]

Previous consolidated interim period (from April 1, 2007 to September 30, 2007)

Segment information by business type is omitted because the amounts of sales and operating income of the medical electronic equipment business account for over 90 percent of the total sales and total operating income of all segments.

[Segment information by geographic area]

Previous consolidated interim period (from April 1, 2007 to September 30, 2007)

Segment information by geographic area is omitted because the amounts of sales and assets in Japan account for over 90 percent of the total sales and total assets of all segments.

[Overseas sales]

Previous consolidated interim period (from April 1, 2007 to September 30, 2007)

Overseas sales are omitted because such sales accounted for less than 10 percent of consolidated sales.

6. Other information

Not applicable.