

Summary Report on Financial Results for Fiscal Year Ended March 2017
(Japan GAAP)

May 12th, 2017

Listing: TSE-JASDAQ

Company name: Fukuda Denshi Co., Ltd.

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Scheduled date for the ordinary general meeting of shareholders: June 29th, 2017

Scheduled date for commencement of dividend payment: June 30th, 2017

Scheduled date for filing the securities report: June 29th, 2017

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 2017 (April 1st, 2016 through March 31st, 2017)

(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 2017	121,747	3.9	12,062	13.3	12,201	11.6	8,776	19.1
Year ended March 2016	117,222	8.3	10,649	3.4	10,934	(3.8)	7,368	3.5

(Note) Comprehensive income

Fiscal year ended March 2017: 10,242 million yen / 130.0% Fiscal year ended March 2016: 4,453 million yen / (49.2) %

	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 2017	575.51	-	8.5	8.6	9.9
Year ended March 2016	505.49	-	7.8	8.4	9.1

(Reference) Profit or loss on equity method investments:

Fiscal year ended March 2017: - million yen Fiscal year ended March 2016: - 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 2017	146,009	105,973	72.6	6,964.31
Year ended March 2016	137,164	99,830	72.8	6,498.12

(Reference) Shareholders' equity:

Fiscal year ended March 2017: 105,973 million yen Fiscal year ended March 2016: 99,830 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 2017	15,693	(8,306)	(4,304)	32,001
Year ended March 2016	11,758	(9,425)	(2,260)	28,962

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 2016	-	60.00	-	90.00	150.00	2,224	29.7	2.3
Year ended March 2017	-	60.00	-	100.00	160.00	2,436	27.8	2.4
Year ending March 2018 (Forecast)	-	65.00	-	90.00	155.00		29.5	

(Note)

The detail of year-end dividend of Year ended March 2016; ordinary dividend 40.00 yen, extra dividend 50.00 yen

The detail of second quarter dividend of Year ended March 2017; ordinary dividend 40.00 yen, extra dividend 20.00 yen

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 ending March 2018 (Forecast); ordinary dividend 50.00 yen, extra dividend 15.00 yen

The detail of year-end dividend of Year ending March 2018 (Forecast); ordinary dividend 50.00 yen, extra dividend 40.00 yen

3. Forecast of consolidated financial results for fiscal year ending March 2018 (April 1st, 2017 through March 31st, 2018) (% 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	125,000	2.7	12,500	3.6	12,500	2.4	8,000	(8.8)	525.74

(Note)

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 current fiscal year: No
- (2) Changes in accounting policies and procedures
- (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 “Change in accounting policies” on page 19.

- (3) Number of outstanding shares (common shares)
- (i) Number of outstanding shares at the year-end (including “Treasury shares”)
 - Fiscal year ended March 2017: 19,588,000 shares
 - Fiscal year ended March 2016: 19,588,000 shares
 - (ii) Number of shares of treasury shares at the year-end:
 - Fiscal year ended March 2017: 4,371,392 shares
 - Fiscal year ended March 2016: 4,225,003 shares
 - (iii) Average number of shares during the period
 - Fiscal year ended March 2017: 15,249,868 shares
 - Fiscal year ended March 2016: 14,576,594 shares

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for fiscal year ended March 2017 (April 1st, 2016 through March 31st, 2017)

- (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 2017	69,819	3.6	7,584	48.6	10,692	42.0	9,147	61.2
Year ended March 2016	67,421	6.5	5,105	(15.3)	7,529	(14.0)	5,675	(2.0)

	Earnings per share	Diluted earnings per share
	yen	yen
Year ended March 2017	599.84	-
Year ended March 2016	389.37	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2017	123,133	80,046	65.0	5,260.49
Year ended March 2016	109,436	74,008	67.6	4,817.34

(Reference) Shareholders' equity:

Fiscal year ended March 2017: 80,046 million yen Fiscal year ended March 2016: 74,008 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 2018" 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 2016	Year ended March 2017	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	117,222	121,747	4,524	3.9
Operating income (million yen)	10,649	12,062	1,412	13.3
Ordinary income (million yen)	10,934	12,201	1,266	11.6
Profit attributable to parent company shareholders (million yen)	7,368	8,776	1,408	19.1
Earnings per share (yen)	505.49	575.51	70.02	13.9

During the fiscal year ended March 2017, the Japanese economy is still recovering, but continues to face uncertainties such as uncertainty in the overseas economies, the impact of the foreign exchange rates fluctuations, and the influence from the downturn of the economy is a concern. There is still some anxiety for the future.

In the medical device industry, the remuneration for medical treatments in FY2016 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 121,747 million yen (up 3.9% year-on-year basis) for this consolidated fiscal year. “Operating profit” of 12,062 million yen (up 13.3% on a year-to-year basis), “Ordinary profit” of 12,201 million yen (up 11.6% on a year-to-year basis), and “Profit attributable to owners of parent” of 8,776 million yen (up 19.1% on a year-to-year basis).

Fukuda Colin Co., Ltd.’s (formerly Omron Colin Co., Ltd.) result of the fourth quarter is included in the scope for the current consolidated fiscal year.

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

Business segment	Year ended March 2016		Year ended March 2017		Comparison with the previous year	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Change (million yen)	Rate of change (%)
Physiological diagnostic equipment	36,677	31.3	36,881	30.3	204	0.6
Patient monitoring equipment	9,012	7.7	9,085	7.5	73	0.8
Medical treatment equipment	45,978	39.2	48,052	39.5	2,073	4.5
Consumables and other products	25,554	21.8	27,727	22.8	2,173	8.5
Total	117,222	100.0	121,747	100.0	4,524	3.9

A. Physiological diagnostic equipment segment

Although sales of blood cell counters and other products declined, consolidated “Net sales” were 36,881 million yen (up 0.6% 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 9,085 million yen (up 0.8% year-on-year basis).

C. Medical treatment equipment segment

Sales of pacemakers, ventilators and the business of renting medical equipment for home treatment increased.

As a result, consolidated “Net sales” were 48,052 million yen (up 4.5% 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 27,727 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 2017.

“Total assets” increased 8,845 million yen from the end of the previous fiscal year to reach 146,009 million yen. The main factors are the increase of 2,612 million yen in “Cash and deposits” and 4,177 million yen in “Notes and accounts receivable - trade”.

“Total liabilities” increased 2,702 million yen from the end of the previous fiscal year to reach 40,036 million yen. The main factor is the increase of 6,061 million yen in “Electronically recorded obligations - operating” and 606 million yen in “Lease obligations”, despite a decrease of 3,633 million yen in “Notes and accounts payable-trade”.

“Net assets” increased 6,142 million yen from the end of the previous fiscal year to reach 105,973 million yen. The main factors are the increase of 6,477 million yen in “Retained earnings” and 1,157 million yen in “Treasury shares” at the end of current period.

(3) Overview of cash flows

(ii) Consolidated cash flows

	Year ended March 2016	Year ended March 2017	Change
Cash flows from operating activities (million yen)	11,758	15,693	3,935
Cash flows from investing activities (million yen)	(9,425)	(8,306)	1,119
Cash flows from financing activities (million yen)	(2,260)	(4,304)	(2,044)
Effect of exchange rate changes (million yen)	(15)	(43)	(28)
Increase (decrease) in cash and cash equivalents (million yen)	57	3,039	2,981
Increase in cash and cash equivalents resulting from share exchanges	4,715	-	(4,715)
Cash and cash equivalents at the end of the fiscal year (million yen)	28,962	32,001	3,039

(Cash flows from operating activities)

In the consolidated fiscal year, the “Cash flows from operating activities” were 15,693 million yen, up 3,935 million yen from the previous year. Including “Profit before income taxes” of 12,072 million yen, “Depreciation” of 7,070 million yen.

(Cash flows from investing activities)

“The cash flows from investing activities” were minus 8,306 million yen, up 1,119 million yen from the previous year. Including purchase of “Property, plant and equipment” amounted to 7,689 million yen.

(Cash flows from financing activities)

“The cash flows from financing activities” were minus 4,304 million yen, down 2,044 million yen from the previous year, mainly because of the “Cash dividends paid” of 2,291 million yen and the “Purchase of treasury shares” of 1,910 million yen.

As a result, “Cash and cash equivalents at the end of the fiscal year” was 32,001 million yen, up 3,039 million yen compared to the end of the previous fiscal year.

(Reference) Trends in cash flow indicators

	Year ended March 2013	Year ended March 2014	Year ended March 2015	Year ended March 2016	Year ended March 2017
Shareholders' equity ratio (%)	71.6	67.7	71.4	72.8	72.6
Market value-based shareholders' equity ratio (%)	45.9	52.5	75.5	66.1	66.4
Years needed to repay debts	0.2	0.3	0.1	0.2	0.1
Interest coverage ratio	450.9	403.4	461.7	422.2	543.7

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 2018

	Year ended March 2017	Year ending March 2018	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	121,747	125,000	3,252	2.7
Operating profit (million yen)	12,062	12,500	437	3.6
Ordinary profit (million yen)	12,201	12,500	298	2.4
Profit attributable to owners of parent (million yen)	8,776	8,000	(776)	(8.8)
Earnings per share (yen)	575.51	525.74	(49.77)	(8.6)

Regarding the future of Japan's economy, it is expected to continue to gradually recover. We at the Fukuda Denshi Group (herein after "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 125,000 million yen, consolidated "Operating profit" of 12,500 million yen, consolidated "Ordinary profit" of 12,500 million yen, and consolidated "Profit attributable to owners of parent" of 8,000 million yen for the fiscal year ending March 2018.

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 adaption both at home and abroad.

3. Consolidated financial statements

(1) Consolidated balance sheets

(Million yen)

	Previous fiscal year (as of March 31 st , 2016)	Current fiscal year (as of March 31 st , 2017)
Assets		
Current assets		
Cash and deposits	34,768	37,381
Notes and accounts receivable-trade	34,066	38,243
Securities	1,647	1,171
Merchandise and finished goods	8,917	10,090
Work in process	95	131
Raw materials and supplies	2,140	2,053
Deferred tax assets	1,739	1,508
Other	1,422	1,513
Allowance for doubtful accounts	(21)	(20)
Total current assets	84,777	92,072
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,063	11,779
Accumulated depreciation and impairment loss	(5,922)	(6,254)
Buildings and structures, net	5,141	5,524
Machinery, equipment and vehicles	1,173	1,180
Accumulated depreciation and impairment loss	(820)	(885)
Machinery, equipment and vehicles, net	352	294
Tools, furniture and fixtures	29,626	32,376
Accumulated depreciation and impairment loss	(18,891)	(20,436)
Tools, furniture and fixtures, net	10,734	11,940
Land	9,082	9,055
Leased assets	927	1,736
Accumulated depreciation and impairment loss	(498)	(1,198)
Leased assets, net	429	538
Construction in progress	397	359
Total property, plant and equipment	26,138	27,713
Intangible assets	2,545	2,288
Investments and other assets		
Investment securities	9,144	9,624
Deferred tax assets	1,690	1,262
Insurance funds	10,920	11,661
Other	2,008	1,447
Allowance for doubtful accounts	(61)	(60)
Total investments and other assets	23,702	23,934
Total non-current assets	52,386	53,936
Total assets	137,164	146,009

(Million yen)

	Previous fiscal year (as of March 31 st , 2016)	Current fiscal year (as of March 31 st , 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	22,370	18,736
Electronically recorded obligations - operating	-	6,061
Short-term loans payable	1,850	1,850
Current portion of long-term loans payable	45	45
Lease obligations	148	177
Income taxes payable	1,871	910
Provision for bonuses	2,054	2,503
Provision for directors' bonuses	183	203
Provision for product warranties	490	219
Other	4,157	4,383
Total current liabilities	33,172	35,090
Non-current liabilities		
Long-term loans payable	63	18
Lease obligations	357	935
Provision for directors' retirement benefits	222	230
Provision for management board incentive plan trust	-	27
Net defined benefit liability	2,504	2,652
Other	1,013	1,081
Total non-current liabilities	4,161	4,945
Total liabilities	37,333	40,036
Net assets		
Shareholders' equity		
Capital stock	4,621	4,621
Capital surplus	22,340	21,696
Retained earnings	91,493	97,970
Treasury shares	(18,386)	(19,543)
Total shareholders' equity	100,069	104,745
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	774	1,761
Foreign currency translation adjustment	(195)	(192)
Remeasurements of defined benefit plans	(817)	(340)
Total accumulated other comprehensive income	(238)	1,227
Total net assets	99,830	105,973
Total liabilities and net assets	137,164	146,009

(2) Consolidated income statements and consolidated comprehensive income statements

Consolidated income statements

(Million yen)

	Previous fiscal year (from April 1 st , 2015 to March 31 st , 2016)	Current fiscal year (from April 1 st , 2016 to March 31 st , 2017)
Net sales	117,222	121,747
Cost of sales	68,615	71,649
Gross profit	48,606	50,097
Selling, general and administrative expenses	37,956	38,035
Operating profit	10,649	12,062
Non-operating income		
Interest income	69	67
Dividend income	129	134
Commission for insurance office work	58	51
Other	153	149
Total non-operating income	410	402
Non-operating expenses		
Interest expenses	27	28
Foreign exchange losses	67	168
Loss on investments in partnership	8	24
Other	22	41
Total non-operating expenses	126	263
Ordinary profit	10,934	12,201
Extraordinary income		
Gain on sales of non-current assets	3	3
Surrender value of insurance	349	962
Other	12	-
Total extraordinary income	364	965
Extraordinary losses		
Loss on sales of non-current assets	0	0
Impairment loss	15	415
Loss on valuation of investment securities	-	147
Retirement benefit expenses	-	508
Other	-	22
Total extraordinary losses	16	1,094
Profit before income taxes	11,282	12,072
Income taxes-current	3,613	3,059
Income taxes-deferred	301	236
Total income taxes	3,914	3,296
Profit	7,368	8,776
Profit attributable to owners of parent	7,368	8,776

Consolidated comprehensive income statements

(Million yen)

	Previous fiscal year (from April 1 st , 2015 to March 31 st , 2016)	Current fiscal year (from April 1 st , 2016 to March 31 st , 2017)
Profit	7,368	8,776
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,389)	986
Foreign currency translation adjustment	(43)	3
Remeasurements of defined benefit plans, net of tax	(1,481)	476
Total other comprehensive income	(2,914)	1,466
Comprehensive income	4,453	10,242
Comprehensive income attributable to owners of parent	4,453	10,242

(3) Consolidated statements of changes in net assets

Previous fiscal year (from April 1st, 2015 to March 31st, 2016)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,621	10,055	86,369	(14,731)	86,315
Changes of items during period					
Dividends of surplus			(2,232)		(2,232)
Employees' bonuses and welfare funds			(11)		(11)
Profit attributable to owners of parent			7,368		7,368
Purchase of treasury shares				(13,265)	(13,265)
Disposal of treasury shares		12,285		9,610	21,895
Adjustment of the reserve due to change in tax rate			(0)		(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	12,285	5,124	(3,655)	13,753
Balance at end of current period	4,621	22,340	91,493	(18,386)	100,069

	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	2,164	(152)	664	2,676	88,991
Changes of items during period					
Dividends of surplus					(2,232)
Employees' bonuses and welfare funds					(11)
Profit attributable to owners of parent					7,368
Purchase of treasury shares					(13,265)
Disposal of treasury shares					21,895
Adjustment of the reserve due to change in tax rate					(0)
Net changes of items other than shareholders' equity	(1,389)	(43)	(1,481)	(2,914)	(2,914)
Total changes of items during period	(1,389)	(43)	(1,481)	(2,914)	10,839
Balance at end of current period	774	(195)	(817)	(238)	99,830

Current 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
Adjustment of the reserve due to change in tax rate					
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 the 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
Adjustment of the reserve due to change in tax rate					
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

(4) Consolidated statements of cash flows

(Million yen)

	Previous fiscal year (from April 1 st , 2015 to March 31 st , 2016)	Current fiscal year (from April 1 st , 2016 to March 31 st , 2017)
Cash flows from operating activities		
Profit before income taxes	11,282	12,072
Depreciation	6,586	7,070
Impairment loss	15	415
Increase (decrease) in allowance for doubtful accounts	46	(5)
Increase (decrease) in provision for bonuses	13	366
Increase (decrease) in provision for directors' bonuses	9	20
Increase (decrease) in provision for product warranties	120	(270)
Increase (decrease) in net defined benefit liability	56	560
Increase(decrease) in provision for management board incentive plan trust	-	27
Increase (decrease) in provision for directors' retirement benefits	15	8
Interest and dividend income	(197)	(201)
Interest expenses	27	28
Loss (gain) on sales of non-current assets	(2)	(3)
Loss (gain) on valuation of investment securities	-	147
Loss (gain) on cancellation of insurance contract	(349)	(962)
Decrease (increase) in notes and accounts receivable-trade	(1,282)	(2,109)
Decrease (increase) in inventories	(279)	213
Increase (decrease) in notes and accounts payable-trade	(157)	1,458
Increase (decrease) in accrued consumption taxes	(655)	(50)
Other, net	305	844
Subtotal	15,554	19,630
Interest and dividend income received	198	201
Interest expenses paid	(27)	(28)
Income taxes paid	(3,967)	(4,108)
Net cash provided by (used in) operating activities	11,758	15,693

(Million yen)

	Previous fiscal year (from April 1 st , 2015 to March 31 st , 2016)	Current fiscal year (from April 1 st , 2016 to March 31 st , 2017)
Cash flows from investing activities		
Decrease (increase) in time deposits	200	1,426
Purchase of property, plant and equipment	(6,670)	(7,689)
Purchase of intangible assets	(725)	(447)
Purchase of short-term and long-term investment securities	(867)	(1,514)
Proceeds from sales of short-term and long-term investment securities	300	2,372
Purchase of insurance funds	(2,361)	(2,151)
Proceeds from maturity of insurance funds	1,284	2,437
Investments in capital of unconsolidated subsidiaries	-	(248)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,839)
Other, net	(585)	(650)
Net cash provided by (used in) investing activities	(9,425)	(8,306)
Cash flows from financing activities		
Repayments of long-term loans payable	(22)	(45)
Purchase of treasury shares	(3)	(1,910)
Proceeds from sales of treasury shares	-	107
Cash dividends paid	(2,095)	(2,291)
Repayments of lease obligations	(139)	(165)
Net cash provided by (used in) financing activities	(2,260)	(4,304)
Effect of exchange rate change on cash and cash equivalents	(15)	(43)
Net increase (decrease) in cash and cash equivalents	57	3,039
Cash and cash equivalents at beginning of period	24,189	28,962
Increase in cash and cash equivalents resulting from share exchanges	4,715	-
Cash and cash equivalents at end of period	28,962	32,001

(5) Notes to Consolidated Financial Statement

(Notes regarding the assumption for going concern)

Not applicable

(Change in accounting policies)

(Application of the Practical Solution on Change in Depreciation Method due to the 2016 Tax Reform)

Regarding the amendment of the Corporation Tax Act, the Company has applied the Practical Solution on Change in Depreciation Method due to the 2016 Tax Reform (Practical Issue Task Force (PITF) No.32 issued on June 17th, 2016) from the current fiscal year. Accordingly, the Company changed the depreciation method for buildings and accompanying facilities and structures acquired on and after April 1st, 2016 from a declining-balance method to a straight-line method.

The effect of this change in accounting policies to the consolidated financial statements is minimal.

(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 those described in “Basic significant matters regarding the preparation of consolidated financial statements”.

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

(Application of the Practical Solution on Change in Depreciation Method due to the 2016 Tax Reform)

Regarding the amendment of the Corporation Tax Act, the Company has applied the Practical Solution on Change in Depreciation Method due to the 2016 Tax Reform (Practical Issue Task Force (PITF) No.32 issued on June 17th, 2016) from the current fiscal year. Accordingly, the Company changed the depreciation method for buildings and accompanying facilities and structures acquired on and after April 1st, 2016 from a declining-balance method to a straight-line method.

The effect of this change in accounting policies to the reported segment profit is minimal.

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

(i) Previous fiscal year (from April 1st, 2015 to March 31st, 2016)

(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	36,677	9,012	45,978	25,554	117,222	-	117,222
Internal sales or transfers	-	-	-	-	-	-	-
Total	36,677	9,012	45,978	25,554	117,222	-	117,222
Segment profit	2,254	682	5,394	2,318	10,649	-	10,649
Segment assets	19,785	6,277	34,530	14,294	74,887	62,276	137,164
Other items							
Depreciation	612	150	5,395	426	6,586	-	6,586
Increase in Property, plant and equipment and intangible assets	648	159	5,925	451	7,184	-	7,184

*1. Adjustment of segment assets of 62,276 million yen include extra investment funds (cash etc.), long-term investments (“Investment securities” etc.), and etc. which does not allocated to each reportable segments

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

(ii) Current 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" etc.), and etc. which does 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, 2015 to March 31st, 2016)

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, 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”.

c. Information about impairment loss for noncurrent assets by reportable segments

(i) Previous fiscal year (from April 1st, 2015 to March 31st, 2016)

(Million yen)

	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products	Elimination / Corporate	Total
Impairment loss	1	0	2	1	9	15

(ii) Current 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

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

(i) Previous fiscal year (from April 1st, 2015 to March 31st, 2016)

Not applicable

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

In the “Physiological diagnostic equipment”, “Patient monitoring equipment”, “Medical treatment equipment”, and “Consumables and other products”, the “Impairment loss” of 149 million yen is counted by the acquisition of shares of Fukuda Colin.

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

(i) Previous fiscal year (from April 1st, 2015 to March 31st, 2016)

In the “Consumables and other products”, regarding the share exchange, we made Fukuda Denshi as the wholly-owning parent company and Atomic Sangyo as a wholly-owned subsidiary, resulting in a negative goodwill of 11 million yen in “Extraordinary income” for the previous fiscal year to be recorded.

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

Not applicable

(Per share information)

	Previous fiscal year (from April 1 st , 2015 to March 31 st , 2016)	Current fiscal year (from April 1 st , 2016 to March 31 st , 2017)
Net assets per share	6,498.12 yen	6,964.31 yen
Earnings per share	505.49 yen	575.51 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”(49 thousand shares at the start of the fiscal year and 66 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”(49 thousand shares at the start of the fiscal year and 66 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 , 2015 to March 31 st , 2016)	Current fiscal year (from April 1 st , 2016 to March 31 st , 2017)
Profit attributable to parent company shareholders (million yen)	7,368	8,776
Amount not belonging to ordinary shareholders (million yen)	-	-
Profit attributable to parent company shareholders in relation to common shares (million yen)	7,368	8,776
Average number of shares during the fiscal year (1,000 shares)	14,576	15,249

(Significant subsequent events)

Not applicable

4. Others

(1) Changes of directors

(i) Representative Director

Not applicable

(ii) Other directors

- Directors to retire

Directors: Mr. Izumi Tsubone

- Effective from

June 29th, 2017

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