

Summary Report on Financial Results for the Second Quarter of the Year Ending March 2018
(Japan GAAP)

October 31st, 2017
Listing: TSE-JASDAQ

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Scheduled date for filing the quarterly report: November 9th, 2017
Scheduled date for commencement of dividend payment: December 4th, 2017
Supplementary material development: None
Financial results meeting: None

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

1. Consolidated financial results for the Second quarter of the year ending March 2018 (April 1st, 2017 through September 30th, 2017)

(1) Consolidated operating results (cumulative)

(% represents 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	%
Second quarter of the year ending March 2018	58,855	8.8	6,031	14.0	6,185	26.1	5,068	8.4
Second quarter of the year ended March 2017	54,072	1.9	5,289	15.9	4,906	0.2	4,676	33.9

(Note) Comprehensive income

Second quarter of the year ending March 2018: 5,335 million yen / 4.6 %

Second quarter of the year ended March 2017: 5,102 million yen / 55.2 %

	Earnings per share	Diluted earnings per share
	yen	yen
Second quarter of the year ending March 2018	333.09	—
Second quarter of the year ended March 2017	306.08	—

(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 2018	145,291	109,781	75.6	7,214.33
Year ended March 2017	146,009	105,973	72.6	6,964.31

(Reference) Shareholders' equity:

Second quarter of the year ending March 2018: 109,781 million yen

Year ended March 2017: 105,973 million yen

2. Dividends

	Annual 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 2017	—	60.00	—	100.00	160.00
Year ending March 2018	—	65.00			
Year ending March 2018 (forecast)			—	90.00	155.00

(Note) Revisions to recent dividend forecast: None

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; 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)

(% represents increase or decrease 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)	525.73

(Note) Revisions to recent business forecast: None

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

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries involving changes in the scope of consolidation): None

(2) Application of special accounting methods for the preparation of the consolidated quarterly financial statements: None

(3) Changes in accounting policies, accounting projections and restatement

(i) Changes in accounting policies associated with revision of accounting standards: None

(ii) Changes other than (i) above: None

(iii) Changes in accounting projections: None

(iv) Restatement: None

(4) Number of outstanding shares (common shares)

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

Second quarter of the year ending March 2018: 19,588,000 shares

Year ended March 2017: 19,588,000 shares

(ii) Number of shares of treasury shares at the end of the period:

Second quarter of the year ending March 2018: 4,370,812 shares

Year ended March 2017: 4,371,392 shares

(iii) Average number of shares during the period (accumulated consolidated quarter)

Second quarter of the year ending March 2018: 15,216,945 shares

Second quarter of the year ended March 2017: 15,278,419 shares

* Summary Report on Financial Results for the Second Quarter is not subject to quarterly financial review.

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

1. The forecasted financial results described above are based on information available at the time of announcement. Actual results may differ from the results projected and presented hereby for a variety of reasons.
2. With respect to the preconditions for the forecast of financial results, please refer to “(3) Explanation about consolidated earnings forecast” under the “1. Qualitative information about consolidated earnings results for the quarter under review” section on page 5.

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

(1) Explanation about consolidated operating results

In the second quarter cumulative period, 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 58,855 million yen (up 8.8% on a year-to-year basis), “Operating profit” of 6,031 million yen (up 14.0% on a year-to-year basis), “Ordinary profit” of 6,185 million yen (up 26.1% on a year-to-year basis), and “Profit attributable to owners of parent” of 5,068 million yen (up 8.4% on a year-to-year basis) in the second quarter.

A. Physiological diagnostic equipment segment

Consolidated “Net sales” were 16,465 million yen (up 11.5% 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 3,817 million yen (up 2.6% year-on-year basis).

C. Medical treatment equipment segment

The business of renting medical equipment for home treatment increased.

As a result, consolidated “Net sales” were 24,481 million yen (up 6.3% on a year-to-year basis).

D. Consumables and other products segment

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

Consolidated “Net sales” for this segment were 14,090 million yen (up 12.2% on a year-to-year basis).

(2) Explanation about consolidated financial situation

“Total assets” were 145,291 million yen at the end of the second quarter under review, down 717 million yen from the end of the previous fiscal year.

The main factors are the decrease of 7,556 million yen in “Notes and accounts receivable-trade” despite the increase of 6,837 million yen in “Cash and deposits”.

“Total liabilities” amounted to 35,509 million yen, down 4,526 million yen from the end of the previous fiscal year.

The main factor is the decrease of 3,946 million yen in “Notes and accounts payable-trade” and 505 million yen in “Electronically recorded obligations - operating”.

“Net assets” were 109,781 million yen, up 3,808 million yen from the end of the previous fiscal year.

The main factor is the increase of 3,539 million yen in “Retained earnings”.

(3) Explanation about consolidated earnings forecast

Due to the steady sales achievement until the second quarter, there is no change at this moment in the forecast of the financial results for the full fiscal year which we announced on May 12th, 2017.

The forecasted financial results described in this material are based on information available at the time of announcement. Actual results may differ from the results projected and presented hereby for a variety of reasons.

2. Consolidated quarterly financial statements and Notes

(1) Consolidated quarterly balance sheets

(Million yen)

	Previous fiscal year (as of March 31 st , 2017)	End of the Second quarter under review (as of September 30 th , 2017)
Assets		
Current assets		
Cash and deposits	37,381	44,218
Notes and accounts receivable-trade	38,243	30,687
Securities	1,171	173
Merchandise and finished goods	10,090	11,807
Work in process	131	139
Raw materials and supplies	2,053	2,207
Other	3,021	3,060
Allowance for doubtful accounts	(20)	(22)
Total current assets	92,072	92,273
Non-current assets		
Property, plant and equipment	27,713	28,368
Intangible assets	2,288	2,064
Investments and other assets		
Investment securities	9,624	10,005
Other	14,370	12,662
Allowance for doubtful accounts	(60)	(82)
Total investments and other assets	23,934	22,585
Total non-current assets	53,936	53,018
Total assets	146,009	145,291
Liabilities		
Current liabilities		
Notes and accounts payable-trade	18,736	14,790
Electronically recorded obligations - operating	6,061	5,556
Short-term loans payable	1,850	1,900
Current portion of long-term loans payable	45	45
Income taxes payable	910	1,485
Provision for bonuses	2,503	2,248
Provision for product warranties	219	211
Other provision	203	101
Other	4,560	4,159
Total current liabilities	35,090	30,497
Non-current liabilities		
Long-term loans payable	18	-
Net defined benefit liability	2,652	2,713
Other provision	257	252
Other	2,017	2,046
Total non-current liabilities	4,945	5,012
Total liabilities	40,036	35,509

	(Million yen)	
	Previous fiscal year (as of March 31 st , 2017)	End of the Second quarter under review (as of September 30 th , 2017)
Net assets		
Shareholders' equity		
Capital stock	4,621	4,621
Capital surplus	21,696	21,696
Retained earnings	97,970	101,510
Treasury shares	(19,543)	(19,541)
Total shareholders' equity	104,745	108,287
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,761	2,022
Foreign currency translation adjustment	(192)	(222)
Remeasurements of defined benefit plans	(340)	(305)
Total accumulated other comprehensive income	1,227	1,494
Total net assets	105,973	109,781
Total liabilities and net assets	146,009	145,291

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

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

	(Million yen)	
	Second quarter of the previous consolidated term (from April 1 st , 2016 to September 30 th , 2016)	Second quarter of the consolidated term (from April 1 st , 2017 to September 30 th , 2017)
Net sales	54,072	58,855
Cost of sales	30,549	33,666
Gross profit	23,522	25,189
Selling, general and administrative expenses	18,233	19,157
Operating profit	5,289	6,031
Non-operating income		
Interest income	37	28
Dividend income	88	90
Foreign exchange gains	-	0
Other	145	66
Total non-operating income	270	185
Non-operating expenses		
Interest expenses	10	21
Foreign exchange losses	635	-
Loss on investments in partnership	1	1
Other	5	8
Total non-operating expenses	652	31
Ordinary profit	4,906	6,185
Extraordinary income		
Gain on sales of non-current assets	2	6
Surrender value of insurance	957	932
Other	-	0
Total extraordinary income	960	939
Extraordinary losses		
Loss on sales of non-current assets	0	-
Impairment loss	34	9
Loss on valuation of investment securities	126	-
Total extraordinary losses	160	9
Profit before income taxes	5,706	7,114
Income taxes-current	858	1,825
Income taxes-deferred	171	220
Total income taxes	1,029	2,046
Profit	4,676	5,068
Profit attributable to owners of parent	4,676	5,068

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

	(Million yen)	
	Second quarter of the previous consolidated term (from April 1 st , 2016 to September 30 th , 2016)	Second quarter of the consolidated term (from April 1 st , 2017 to September 30 th , 2017)
Profit	4,676	5,068
Other comprehensive income		
Valuation difference on available-for-sale securities	182	261
Foreign currency translation adjustment	149	(29)
Remeasurements of defined benefit plans, net of tax	94	35
Total other comprehensive income	426	266
Comprehensive income	5,102	5,335
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,102	5,335

(3) Notes to consolidated quarterly financial statement
(Notes regarding the premise for going concern)
Not applicable.

(Notes when there is a significant fluctuation in the amount of shareholders' equity)
Not applicable.

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