Summary Report on Financial Results for Fiscal Year Ended March 2016
(Japan GAAP)

May 13th, 2016
Listing: TSE-JASDAQ

Company name: Fukuda Denshi Co., Ltd.
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Scheduled date for the ordinary general meeting of shareholders: June 29th, 2016
Scheduled date for commencement of dividend payment: June 30th, 2016
Scheduled date for filing the securities report: June 29th, 2016
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 2016 (April 1st, 2015 through March 31st, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to parent company shareholders	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 2016	117,222	8.3	10,649	3.4	10,934	(3.8)	7,368	3.5
Year ended March 2015	108,269	0.6	10,303	(12.8)	11,371	(5.4)	7,119	(5.8)

(Note)Comprehensive income
Fiscal year ended March 2016: 4,453 million yen / (49.2)% Fiscal year ended March 2015: 8,766 million yen / 17.5 %

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
Year ended March 2016	505.49	-	7.8	8.4	9.1
Year ended March 2015	512.10	-	8.3	9.3	9.5

(Reference) Profit or loss on equity method investments:
Fiscal year ended March 2016: - million yen Fiscal year ended March 2015: - 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 2016	137,164	99,830	72.8	6,498.12
Year ended March 2015	124,582	88,991	71.4	6,401.07

(Reference) Shareholders' equity:
Fiscal year ended March 2016: 99,830 million yen Fiscal year ended March 2015: 88,991 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 2016	11,758	(9,425)	(2,260)	28,962
Year ended March 2015	12,851	(6,592)	(2,326)	24,189

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 2015	-	50.00	-	100.00	150.00	2,085	29.3	2.4
Year ended March 2016	-	60.00	-	90.00	150.00	2,224	29.7	2.3
Year ending March 2017 (Forecast)	-	60.00	-	90.00	150.00		30.9	

(Note)

The detail of year-end dividend of Year ended March 2015; ordinary dividend 40.00 yen, extra dividend 60.00 yen

The detail of second quarter dividend of Year ended March 2016; ordinary dividend 40.00 yen, extra dividend 20.00 yen

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 ending March 2017 (Forecast); ordinary dividend 40.00 yen, extra dividend 20.00 yen

The detail of year-end dividend of Year ending March 2017 (Forecast); ordinary dividend 40.00 yen, extra dividend 50.00 yen

3. Forecast of consolidated financial results for fiscal year ending March 2017 (April 1st, 2016 through March 31st, 2017) (% represent increases or decreases from the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to parent company shareholders		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-year	117,500	0.2	11,000	3.3	11,000	0.6	7,500	1.8	486.00

(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 26.

(3) Number of outstanding shares (common stock)

(i) Number of outstanding shares at the year-end (including “Treasury stock”)

Fiscal year ended March 2016: 19,588,000 shares

Fiscal year ended March 2015: 19,588,000 shares

(ii) Number of shares of treasury stock at the year-end:

Fiscal year ended March 2016: 4,225,003 shares

Fiscal year ended March 2015: 5,685,418 shares

(iii) Average number of shares during the period

Fiscal year ended March 2016: 14,576,594 shares

Fiscal year ended March 2015: 13,902,639 shares

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for fiscal year ended March 2016 (April 1st, 2015 through March 31st, 2016)

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 2016	67,421	6.5	5,105	(15.3)	7,529	(14.0)	5,675	2.0
Year ended March 2015	63,284	(0.9)	6,027	(0.6)	8,751	9.5	5,794	(0.3)

	Earnings per share	Diluted earnings per share
	yen	yen
Year ended March 2016	389.37	-
Year ended March 2015	416.78	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2016	109,436	74,008	67.6	4,817.34
Year ended March 2015	99,535	63,339	63.6	4,555.95

(Reference) Shareholders' equity:
Fiscal year ended March 2016: 74,008 million yen Fiscal year ended March 2015: 63,339 million yen

* Status of Auditing Processes

At the time of disclosure of this report, review procedures for the consolidated financial statements pursuant to the Financial Instruments and Exchange Law had not been completed.

* 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 "(1) Analysis of operation results" under the "1. Operating results & financial situation" section on page 7.
3. At the meeting of Board of Directors held on May 13th, 2016, Fukuda Denshi Co., Ltd. (hereinafter referred to as "Fukuda Denshi" or "the Company") has resolved to dispose of treasury stock, in order to support the social contribution activities of Fukuda Foundation for Medical Technology (hereinafter, the "Foundation"). For details, please refer to the announcement "Notice of Disposal of Treasury Stock through a Third-Party Allocation to Support Fukuda Foundation for Medical Technology's Social Contribution Activities".

   The influence of this dispose of treasury stock is considered to "Earnings per share" above mentioned in "3. Forecast of consolidated financial results for fiscal year ending March 2017".

Contents of the Attached Materials

1. Operating results & financial situation

(1) Analysis of operation results

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

	Year ended March 2015	Year ended March 2016	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	108,269	117,222	8,953	8.3
Operating income (million yen)	10,303	10,649	346	3.4
Ordinary income (million yen)	11,371	10,934	(437)	(3.8)
Profit attributable to parent company shareholders (million yen)	7,119	7,368	248	3.5
Earnings per share (yen)	512.10	505.49	(6.61)	(1.3)

During the fiscal year ended March 2016, the Japanese economy recovered moderately, as it was seen in improvements in corporate earnings and indicators reflecting the employment conditions.

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 117,222 million yen (up 8.3% year-on-year basis) for this consolidated fiscal year. “Operating income” of 10,649 million yen (up 3.4% on a year-to-year basis), “Ordinary income” of 10,934 million yen (down 3.8% on a year-to-year basis), and “Profit attributable to parent company shareholders” of 7,368 million yen (up 3.5% on a year-to-year basis).

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

Business segment	Year ended March 2015		Year ended March 2016		Comparison with the previous year	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Change (million yen)	Rate of change (%)
Physiological diagnostic equipment	32,661	30.2	36,677	31.3	4,016	12.3
Patient monitoring equipment	9,526	8.8	9,012	7.7	(513)	(5.4)
Medical treatment equipment	42,201	39.0	45,978	39.2	3,777	9.0
Consumables and other products	23,880	22.0	25,554	21.8	1,674	7.0
Total	108,269	100.0	117,222	100.0	8,953	8.3

A. Physiological diagnostic equipment segment

Consolidated “Net sales” of electrocardiographs, vascular screening systems, and blood cell counters and others were 36,677 million yen (up 12.3% year-on-year basis).

B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 9,012 million yen (down 5.4% year-on-year basis).

C. Medical treatment equipment segment

The business of renting medical equipment for home treatment and sales of pacemakers increased.

As a result, consolidated “Net sales” were 45,978 million yen (up 9.0% 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 25,554 million yen (up 7.0% year-on-year basis).

(iii) Outlook for fiscal year ending March 2017

	Year ended March 2016	Year ending March 2017	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	117,222	117,500	277	0.2
Operating income (million yen)	10,649	11,000	350	3.3
Ordinary income (million yen)	10,934	11,000	65	0.6
Profit attributable to owners of parent (million yen)	7,368	7,500	131	1.8
Earnings per share (yen)	505.49	486.00	(19.49)	(3.9)

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 117,500 million yen, consolidated “Operating income” of 11,000 million yen, consolidated “Ordinary income” of 11,000 million yen, and consolidated “Profit attributable to parent company shareholders” of 7,500 million yen for the fiscal year ending March 2017.

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.

(2) Analysis of financial situation

(i) Assets, liabilities and net assets

"Total assets" increased 12,582 million yen from the end of the previous fiscal year to reach 137,164 million yen. The main factors are the increase of 9,042 million yen in "Cash and deposits" and 1,588 million yen in "Land", despite a decrease of 2,218 million yen in "Investment securities".

"Total liabilities" increased 1,742 million yen from the end of the previous fiscal year to reach 37,333 million yen. The main factor is the increase of 1,956 million yen in "Net defined benefit liability", despite a decrease of 250 million yen in "Notes and accounts payable-trade".

"Net assets" increased 10,839 million yen from the end of the previous fiscal year to reach 99,830 million yen. The main factors are the increase of 12,285 million yen in "Capital surplus" and 5,124 million yen in "Retained earnings" at the end of current period, despite the decrease of 1,481 million yen in "Adjustments of defined benefit plans".

(ii) Consolidated cash flows

	Year ended March 2015	Year ended March 2016	Change
Cash flows from operating activities (million yen)	12,851	11,758	(1,092)
Cash flows from investing activities (million yen)	(6,592)	(9,425)	(2,833)
Cash flows from financing activities (million yen)	(2,326)	(2,260)	66
Effect of exchange rate changes (million yen)	(81)	(15)	66
Increase (decrease) in cash and cash equivalents (million yen)	3,850	57	(3,792)
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)	24,189	28,962	4,772

(Cash flows from operating activities)

In the consolidated fiscal year, the "Cash flows from operating activities" were 11,758 million yen, down 1,092 million yen from the previous year. Including "Profit before income taxes" of 11,282 million yen, "Depreciation" of 6,586 million yen.

(Cash flows from investing activities)

"The cash flows from investing activities" were minus 9,425 million yen, down 2,833 million yen from the previous year. Including purchase of "Property, plant and equipment" amounted to 6,670 million yen and "Purchase of insurance funds" amount of 2,361 million yen.

(Cash flows from financing activities)

"The cash flows from financing activities" were minus 2,260 million yen, up 66 million yen from the previous year, mainly because of the "Cash dividends paid" of 2,095 million yen.

From the share exchange making, Fukuda Denshi as the wholly-owning parent company and Atomic Sangyo Co., Ltd. (hereinafter referred to as "Atomic Sangyo") as a wholly-owned subsidiary, "Cash and deposits" have increased 4,715 million yen.

As a result, "Cash and cash equivalents at the end of the fiscal year" was 28,962 million yen, up 4,772 million yen compared to the end of the previous fiscal year.

(Reference) Trends in cash flow indicators

	Year ended March 2012	Year ended March 2013	Year ended March 2014	Year ended March 2015	Year ended March 2016
Shareholders' equity ratio (%)	72.7	71.6	67.7	71.4	72.8
Market value-based shareholders' equity ratio (%)	37.1	45.9	52.5	75.5	66.1
Years needed to repay debts	0.3	0.2	0.3	0.1	0.2
Interest coverage ratio	389.3	450.9	403.4	461.7	422.2

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 stock closing prices at the end of the fiscal year by the number of outstanding shares (excluding treasury stock) 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.

(3) Basic policies for profit distribution, and dividend for fiscal year ended March 2016 and fiscal year ending 2017

The Group regards the returning of profits to shareholders as one of its key managerial measures, and makes it a basic policy to continuously provide shareholders with stable returns with 30% consolidated payout ratio, by reinvesting profits in order to generate sustainable growth while maintaining an appropriate level of retained earnings.

Year-end dividend of 90 yen per share will be paid for the fiscal year ended March 2016. As a result, annual dividend is 150 yen per share, including interim dividend of 60 yen per share.

For the fiscal year ending March 2017, annual dividend per share is expected to be 150 yen per share (interim dividend of 60 yen per share and year-end dividend of 90 yen per share).

(4) 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 theGroup’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 theGroup’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 theGroup’s business performance and financial position.

(viii) Effects to the group from tremendous disaster

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

2. The Fukuda Denshi Group

The Group consists of the Company, 59 subsidiaries and 1 affiliates; the Group is engaged mainly in manufacturing, purchasing and sales of medical equipment, and conducts related logistics and services operations.

The relationship between Group companies and business segments are as follows:

- Physiological diagnostic equipment segment

Production, purchase and sales of electrocardiographs; phonocardiographs; polygraphs; ultrasound diagnostic imaging systems; and other items which convert physical phenomena generated by physiological functions, such as electric potentials caused by heart action, cardiac sound, pulse waves, blood pressure, respiration, and organic movement, into electric signals which are then measured and recorded.

<Major companies involved>

Production: Fukuda Denshi Co., Ltd.; Fukuda Denshi Fine Tech Sendai Co., Ltd. and Beijing Fukuda Denshi Medical Instruments Co., Ltd.

Purchase: Fukuda Denshi Co., Ltd.

Sales: Fukuda Denshi Co., Ltd.; Fukuda Life Tech Co., Ltd.; Fukuda Denshi Hokkaido and other sales subsidiaries; Fukuda Denshi USA, Inc.; Beijing Fukuda Denshi Medical Instruments Co., Ltd. and Fukuda Denshi Switzerland AG

- Patient monitoring equipment segment

Production, purchase, and sales of patient monitors that monitor various physiological parameters over a long period of time. They are used for serious cases after patients' have undergone operations and for patients with acute cardiac disease.

<Major companies involved>

Production: Fukuda Denshi Co., Ltd.; Fukuda Denshi Fine Tech Sendai Co., Ltd.; Beijing Fukuda Denshi Medical Instruments Co., Ltd.

Purchase: Fukuda Denshi Co., Ltd.

Sales: Fukuda Denshi Co., Ltd.; Fukuda Denshi Hokkaido and other sales subsidiaries; Fukuda Denshi USA, Inc.; Beijing Fukuda Denshi Medical Instruments Co., Ltd.

- Medical treatment equipment segment

Production, purchase and sales of defibrillators, which are used to resuscitate patients with cardiac arrest and which treat abnormal heart rhythm by delivering electric impulses to the heart; pacemakers; ventilators which help patients with respiratory insufficiency breathe easier; catheters which are used for heart and vascular treatment, and other equipment.

<Major companies involved>

Production: Fukuda Denshi Co., Ltd.; Fukuda Denshi Fine Tech Sendai Co., Ltd.

Purchase: Fukuda Denshi Co., Ltd.

Sales: Fukuda Denshi Co., Ltd.; Fukuda Life Tech Co., Ltd.; Fukuda Denshi Hokkaido and other sales subsidiaries

- Consumables and other products segment

Production, purchase and sales of recording paper, electrodes, accessories and parts for medical equipment

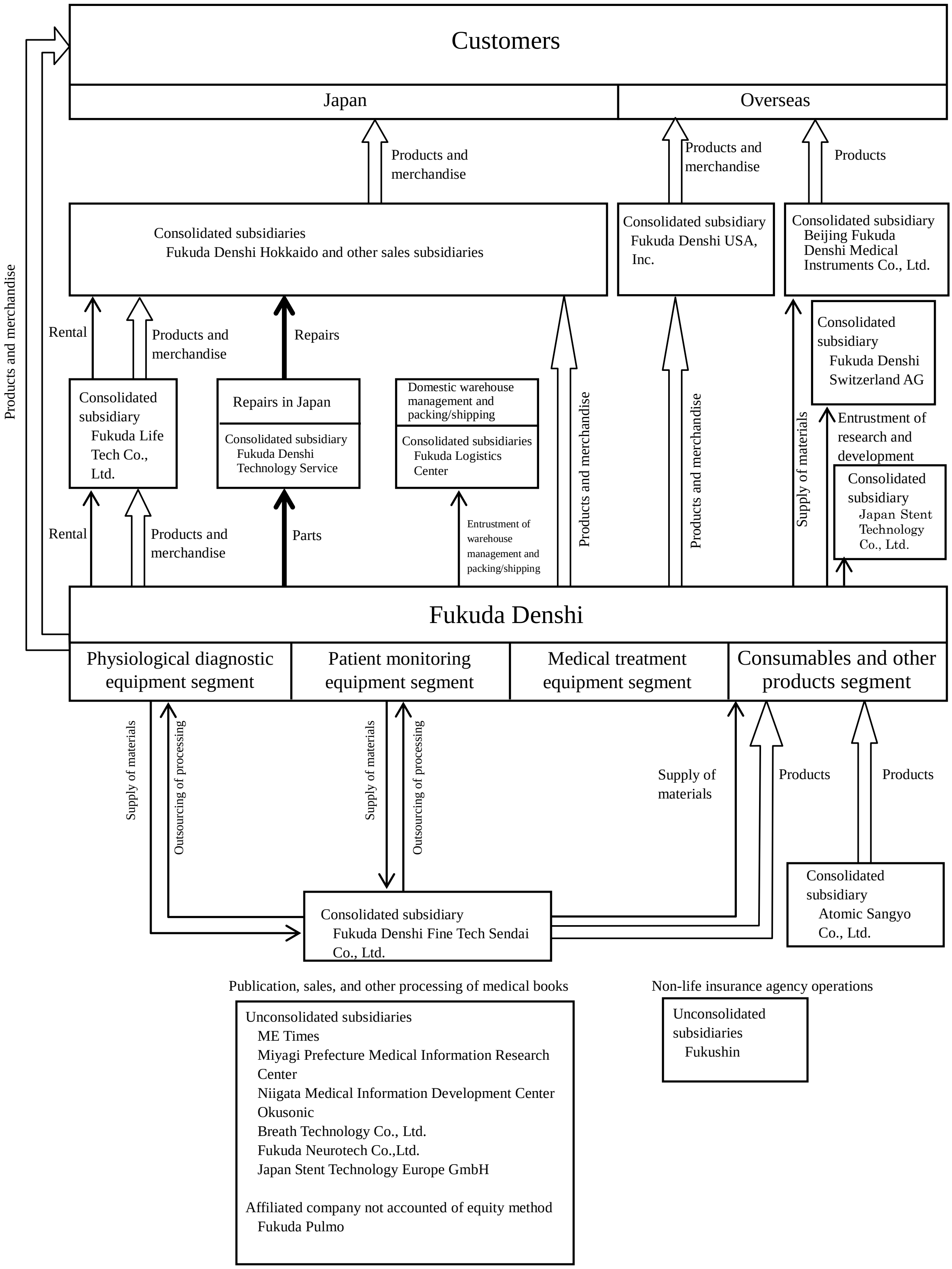
<Major companies involved>

Production: Fukuda Denshi Co., Ltd.; Atomic Sangyo Co., Ltd.; Fukuda Denshi Fine Tech Sendai Co., Ltd.

Purchase: Fukuda Denshi Co., Ltd.

Sales: Fukuda Denshi Co., Ltd.; Fukuda Life Tech Co., Ltd.; Fukuda Denshi Hokkaido and other sales subsidiaries

Diagram of the Group's business structure



3. Management policy

(1) Basic policies for corporate management

Since established in 1939, the Group has contributed significantly to the advancement of people’s health through the production and sale of a wide range of medical equipment, centering on respiratory and circulatory systems such as electrocardiographs, under our corporate philosophy to “Contribute to medical advances by fulfilling our social mission and developing medical equipment.”

Responding to significant changes in the social environment, medical equipment has increasingly been expected to play roles not only in the conventional diagnostics and treatment of diseases but also in the maintenance and improvement of health and the enhancement of quality of life (QOL).

Against this backdrop, under the slogan of “safety, reliability and comfort,” the Group will make every effort to raise the quality of products to offer to customers, develop products that provide differentiation from our competitors, and carry out product strategies that meet varying medical needs, aiming to become a company that is trusted by customers.

(2) Targeted management indices

The objectives of our business operations are to achieve sustainable growth and increase profits, and the Group targets consolidated “Net sales” of 121,500 million yen or more and consolidated “Ordinary income of 11,400 million yen or more in the fiscal year ending March 2019. Also, the Group plans to work on increasing the capital efficiency by continuously using created cash flow for growth investment with the aim of improving the corporate value, and continue to provide shareholders with stable returns.

(3) Medium- to long-term management strategies and issues to be addressed

The expansion of DPC (Diagnosis Procedure Combination) in Japan, combined with revisions of medical treatment fees, drug prices, and official reimbursement amounts for specific insurance-covered treatment materials, mean the outlook for our market remains severe. Nonetheless, we remain devoted to providing customers with safe, secure products by:

・ Maintaining rigorous quality control and safety management regimes;
・ Developing products that provide a clear difference between the Group and our competitors;
・ Investing in the upkeep of our sales framework; and
・ Cutting costs in order to maintain a competitive advantage over competitors worldwide.

Over the mid-term, we will institute a business plan to keep abreast of the changes in medical markets as populations get progressively older, and implement a steadfast foundation for our business so that we may better pursue our goals more efficiently.

Strategic investment in growth segments and effective research and development will enable us to provide more comprehensive solutions to medical institutions and bolster our ability to provide community-based solutions in the home-care segment. Meanwhile, we will seek to reinforce our governance and compliance structures, and reinvigorate our organization by developing our human resources. Through these combined efforts, we aim to enhance the Group’s business administration as a whole.

Our mission is to uphold medical care in the community and, to that end, we are committed to providing a one-stop solutions incorporating “prevention, testing, treatment, observation, rehabilitation, and home-based care”. By providing value through those solutions to our customers, we seek to achieve sustainable growth.

(4) Other important managerial matters of the Group

None

4. 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.

5. Consolidated financial statements

(1) Consolidated balance sheets

(Million yen)

	Previous fiscal year (as of March 31st, 2015)	Current fiscal year (as of March 31st, 2016)
Assets		
Current assets		
Cash and deposits	25,726	34,768
Notes and accounts receivable-trade	32,698	34,066
Securities	192	1,647
Merchandise and finished goods	8,616	8,917
Work in process	112	95
Raw materials and supplies	2,128	2,140
Deferred tax assets	1,770	1,739
Other	2,010	1,422
Allowance for doubtful accounts	(24)	(21)
Total current assets	73,232	84,777
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	11,173	11,063
Accumulated depreciation and impairment loss	(5,732)	(5,922)
Buildings and structures, net	5,440	5,141
Machinery, equipment and vehicles	1,112	1,173
Accumulated depreciation and impairment loss	(795)	(820)
Machinery, equipment and vehicles, net	316	352
Tools, furniture and fixtures	28,013	29,626
Accumulated depreciation and impairment loss	(17,850)	(18,891)
Tools, furniture and fixtures, net	10,163	10,734
Land	7,493	9,082
Leased assets	860	927
Accumulated depreciation and impairment loss	(420)	(498)
Leased assets, net	439	429
Construction in progress	242	397
Total property, plant and equipment	24,096	26,138

	Previous fiscal year (as of March 31st, 2015)	Current fiscal year (as of March 31st, 2016)
Intangible assets	2,551	2,545
Investments and other assets		
Investment securities	11,362	9,144
Deferred tax assets	910	1,690
Insurance funds	9,474	10,920
Other	2,966	2,008
Allowance for doubtful accounts	(12)	(61)
Total investments and other assets	24,701	23,702
Total noncurrent assets	51,349	52,386
Total assets	124,582	137,164

(Million yen)

	Previous fiscal year (as of March 31st, 2015)	Current fiscal year (as of March 31st, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	22,620	22,370
Short-term loans payable	1,850	1,850
Lease obligations	132	148
Income taxes payable	1,832	1,871
Provision for bonuses	2,034	2,054
Provision for directors' bonuses	173	183
Provision for product warranties	370	490
Other	4,478	4,157
Total current liabilities	33,493	33,127
Noncurrent liabilities		
Long-term loans payable	―	108
Lease obligations	384	357
Provision for directors' retirement benefits	192	222
Net defined benefit liability	548	2,504
Other	971	1,013
Total noncurrent liabilities	2,097	4,206
Total liabilities	35,590	37,333
Net assets		
Shareholders' equity		
Capital stock	4,621	4,621
Capital surplus	10,055	22,340
Retained earnings	86,369	91,493
Treasury stock	(14,731)	(18,386)
Total shareholders' equity	86,315	100,069
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,164	774
Foreign currency translation adjustment	(152)	(195)
Adjustments of defined benefit plans	664	(817)
Total accumulated other comprehensive income	2,676	(238)
Total net assets	88,991	99,830
Total liabilities and net assets	124,582	137,164

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

(Million yen)

	Previous fiscal year (April 1st, 2014 to March 31st, 2015)	Current fiscal year (April 1st, 2015 to March 31st, 2016)
Net sales	108,269	117,222
Cost of sales	59,966	68,615
Gross profit	48,302	48,606
Selling, general and administrative expenses	37,999	37,956
Operating income	10,303	10,649
Non-operating income		
Interest income	66	69
Dividend income	140	129
Foreign exchange gains	647	-
Gain on investments in partnership	19	-
Commission for insurance office work	60	58
Other	173	153
Total non-operating income	1,109	410
Non-operating expenses		
Interest expenses	27	27
Foreign exchange losses	-	67
Loss on investments in partnership	-	8
Other	13	22
Total non-operating expenses	40	126
Ordinary income	11,371	10,934
Extraordinary income		
Gain on sales of noncurrent assets	5	3
Gain on sales of investment securities	301	-
Subsidy income	27	-
Surrender value of insurance	315	349
Gain on forgiveness of debts	960	-
Other	-	12
Total extraordinary income	1,609	364

(Million yen)

	Previous fiscal year (April 1st, 2014 to March 31st, 2015)	Current fiscal year (April 1st, 2015 to March 31st, 2016)
Extraordinary losses		
Loss on sales of noncurrent assets	-	0
Impairment loss	66	15
Loss on business withdrawal	915	-
Other	2	-
Total extraordinary losses	985	16
Profit before income taxes	11,996	11,282
Income taxes-current	4,062	3,613
Income taxes-deferred	814	301
Total income taxes	4,876	3,914
Profit	7,119	7,368
Profit attributable to parent company shareholders	7,119	7,368

Consolidated statements of comprehensive income

(Million yen)

	Previous fiscal year (April 1st, 2014 to March 31st, 2015)	Current fiscal year (April 1st, 2015 to March 31st, 2016)
Profit	7,119	7,368
Other comprehensive income		
Valuation difference on available-for-sale securities	1,106	(1,389)
Foreign currency translation adjustment	(104)	(43)
Adjustments of defined benefit plans, net of tax	645	(1,481)
Total other comprehensive income	1,647	(2,914)
Comprehensive income	8,766	4,453
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,766	4,453

(3) Consolidated statements of changes in net assets

Previous fiscal year (April 1st, 2014 to March 31st, 2015) (Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	4,621	10,055	80,760	(14,729)	80,707
Cumulative effects of changes in accounting policies			591		591
Restated balance	4,621	10,055	81,351	(14,729)	81,298
Changes of items during period					
Dividends of surplus			(2,092)		(2,092)
Employees' bonuses and welfare funds			(8)		(8)
Profit attributable to parent company shareholders			7,119		7,119
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock				0	0
Adjustment of the reserve due to change in tax rate					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	5,017	(1)	5,016
Balance at end of current period	4,621	10,055	86,369	(14,731)	86,315

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Adjustments of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	1,057	(47)	19	1,029	81,736
Cumulative effects of changes in accounting policies				-	591
Restated balance	1,057	(47)	19	1,029	82,328
Changes of items during period					
Dividends of surplus					(2,092)
Employees' bonuses and welfare funds					(8)
Profit attributable to parent company shareholders					7,119
Purchase of treasury stock					(2)
Disposal of treasury stock					0
Adjustment of the reserve due to change in tax rate					-
Net changes of items other than shareholders' equity	1,106	(104)	645	1,647	1,647
Total changes of items during period	1,106	(104)	645	1,647	6,663
Balance at end of current period	2,164	(152)	664	2,676	88,991

Current fiscal year (April 1st, 2015 to March 31st, 2016) (Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	4,621	10,055	86,369	(14,731)	86,315
Cumulative effects of changes in accounting policies					-
Restated balance	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 parent company shareholders			7,368		7,368
Purchase of treasury stock				(13,265)	(13,265)
Disposal of treasury stock		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)	13,755
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	Adjustments of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	2,164	(152)	664	2,676	88,991
Cumulative effects of changes in accounting policies				-	-
Restated balance	2,164	(152)	664	2,676	88,991
Changes of items during the period					
Dividends of surplus					(2,232)
Employees' bonuses and welfare funds					(11)
Profit attributable to parent company shareholders					7,368
Purchase of treasury stock					(13,265)
Disposal of treasury stock					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)	10,840
Balance at end of current period	774	(195)	(817)	(238)	99,830

Note for statements of changes in shareholders' equity:

"Employees' bonuses and welfare funds" were provided by a subsidiary in China in accordance with local laws and regulations.

(4) Consolidated statements of cash flows

(Million yen)

	Previous fiscal year (April 1st, 2014 to March 31st, 2015)	Current fiscal year (April 1st, 2015 to March 31st, 2016)
Cash flows from operating activities		
Profit before income taxes	11,996	11,282
Depreciation	6,161	6,586
Impairment loss	66	15
Increase (decrease) in allowance for doubtful accounts	(190)	46
Increase (decrease) in provision for bonuses	(454)	13
Increase (decrease) in provision for directors' bonuses	(26)	9
Increase (decrease) in provision for product warranties	15	120
Increase (decrease) in net defined benefit liability	(293)	56
Increase (decrease) in provision for directors' retirement benefits	25	15
Interest and dividend income	(207)	(197)
Interest expenses	27	27
Loss (gain) on sales of noncurrent assets	(5)	(2)
Loss (gain) on sales of investment securities	(301)	-
Loss (gain) on cancellation of insurance contract	(315)	(349)
Subsidy income	(27)	-
Gain on forgiveness of debt	(960)	-
Loss on withdrawal from business	915	-
Decrease (increase) in notes and accounts receivable-trade	1,321	(1,282)
Decrease (increase) in inventories	(913)	(279)
Increase (decrease) in notes and accounts payable-trade	796	(157)
Increase (decrease) in accrued consumption taxes	838	(655)
Other, net	(356)	305
Subtotal	18,112	15,554
Interest and dividend income received	206	198
Interest expenses paid	(27)	(27)
Income taxes paid	(5,440)	(3,967)
Net cash provided by (used in) operating activities	12,851	11,758

(Million yen)

	Previous fiscal year (April 1st, 2014 to March 31st, 2015)	Current fiscal year (April 1st, 2015 to March 31st, 2016)
Cash flows from investing activities		
Decrease (increase) in time deposits	532	200
Purchase of property, plant and equipment	(6,718)	(6,670)
Purchase of intangible assets	(274)	(725)
Purchase of short-term and long-term investment securities	(767)	(867)
Proceeds from sales of short-term and long-term investment securities	838	300
Purchase of insurance funds	(1,952)	(2,361)
Proceeds from maturity of insurance funds	2,132	1,284
Purchase of investments of subsidiaries	(20)	-
Payments of loans receivable	(90)	-
Proceeds from compensation	27	-
Other, net	(300)	(585)
Net cash provided by (used in) investing activities	(6,592)	(9,425)
Cash flows from financing activities		
Proceeds from long-term loans payable	2	-
Repayments of long-term loans payable	(141)	(22)
Purchase of treasury stock	(1)	(3)
Cash dividends paid	(2,090)	(2,095)
Repayments of lease obligations	(96)	(139)
Net cash provided by (used in) financing activities	(2,326)	(2,260)
Effect of exchange rate change on cash and cash equivalents	(81)	(15)
Net increase (decrease) in cash and cash equivalents	3,850	57
Cash and cash equivalents at beginning of period	20,339	24,189
Increase in cash and cash equivalents resulting from share exchanges	-	4,715
Cash and cash equivalents at end of period	24,189	28,962

(5) Notes to Consolidated Financial Statement

(Notes regarding the assumption for going concern)

Not applicable

(Change in accounting policies)

(Application of Accounting Standard for Business Combinations, etc.)

The Group has applied the Accounting Standard for Business Combinations (ASBJ Statement No.21 issued on September 13th, 2013, hereinafter, the "Business Combinations Accounting Standard"), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22 issued on September 13th, 2013, hereinafter, the "Consolidated Accounting Standard") and the Accounting Standard for Business Divestitures (ASBJ Statement No.7 issued on September 13th, 2013, hereinafter, the "Business Divestitures Accounting Standard"), etc. from the start of the current consolidated fiscal year. The Group hereby posts the difference caused by changes in the Company's equity in a subsidiary, when the Company continues to control the subsidiary, as ""Capital surplus" and posts the acquisition-related expenses as the expenses in the consolidated fiscal year in which they were incurred. Furthermore, for business integrations implemented from the beginning of the current consolidated fiscal year onwards theGroup has reflected the revision of the allocated amount of the acquisition cost caused by the finalization of the provisional accounting treatment in the consolidated financial statements for the consolidated fiscal year in which the business combination occurs. In addition, the Group has changed the presentation of net income, etc. and has changed the term "Minority interests" to "Non-controlling interests". The Group has adjusted the consolidated financial statements of the previous consolidated fiscal year in order to reflect these changes to be comparable in the presentation.

Regarding the application of the Business Combinations Accounting Standard, etc., the Group complies with the transitional measures prescribed under the Business Combinations Accounting Standard, Clause 58-2 (4), the Consolidated Accounting Standard, Clause 44-5 (4) and the Business Divestitures Accounting Standard, Clause 57-4 (4), and will apply the new accounting standards from the beginning of the current consolidated fiscal year into the future.

The impact on profit and loss is minor.

In addition, the impact on "Capital surplus" of the end current consolidated fiscal year is minor.

On the consolidated cash flows statement for the current consolidated fiscal year, cash flows from acquisitions or sales of shares of subsidiaries not accompanied by changes in the scope of consolidation are recorded under "The cash flows from financing activities," and cash flows from costs related to acquisition of shares of subsidiaries accompanied by changes in the scope of consolidation or costs arising in relation to acquisitions or sales of shares of subsidiaries not accompanied by changes in the scope of consolidation are recorded under "The cash flows from operating activities."

The impact on "Capital surplus" of the consolidated statements of changes in net assets at the end of the current consolidated fiscal year is minor.

In addition, the impact on the net assets per share and net income per share for the current fiscal year is also minor.

(Changes in the presentation)

"Insurance administrative fees" , which had been included in "Other" under "Non-operating income," exceeded 10% of total non-operating income in the previous consolidated fiscal year, so beginning from this year it is being posted separately. In order to reflect this change in reporting method, the Group has implemented the reclassification in the consolidated financial statements from the previous consolidated fiscal year.

As a result, 234 million yen in "Other" in "Non-operating income" recorded in the previous consolidated fiscal years under "Consolidated income statements (comprehensive)" is adjusted to "Commission for insurance office work" of 60 million yen and "Other" of 173 million yen.

(Basic significant matters regarding the preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 51

Major consolidated subsidiaries are as follows:

Fukuda Life Tech Co., Ltd.

Fukuda Denshi Hokkaido Co., Ltd.

The Atomic Sangyo Co., Ltd., which becomes a wholly-owned subsidiary by the share exchange, is included within the scope of consolidated accounts from the current fiscal year.

(2) Names and other details of major unconsolidated subsidiaries(8)

Of the subsidiaries, ME Times Co., Ltd., Fukushin Co., Ltd. and six (6) other companies were not included in the scope of consolidation, because their business sizes are small, and their "Total assets", "Net sales", "Profit and loss" (amount corresponding to the owned interest), "Retained earnings" (amount corresponding to the owned interest) had no material effect on the consolidated financial statements.

2. Application of equity method

(1) Names and other details of unconsolidated subsidiaries and affiliates that are not accounted for by equity method

The eight (8) unconsolidated subsidiaries and the affiliate company Fukuda Pulmo Co., Ltd. had no material effect on consolidated income and loss(amount corresponding to the owned equity) and "Retained earnings"(amount corresponding to the owned equity), and they were not important as a whole in terms of material influence on the consolidated interim financial statements. Accordingly, we did not apply equity method accounting to them.

3. Accounting period, etc. of consolidated subsidiaries

The accounts of consolidated subsidiaries Fukuda Denshi USA, Inc.; and Fukuda Denshi Switzerland AG close on December 31st of each year. In the preparation of consolidated financial statements, consolidated subsidiaries' financial statements as of the said date were used, and with respect to significant transactions that occurred between the said date and the consolidated book-closing, adjustments necessary for consolidation are made.

4. Accounting standards

(1) Valuation standards and methods for principle assets

(i) Securities

Held-to-maturity securities;

- Amortized cost method (straight-line method)

Other securities

Marketable securities;

- Stated at fair value based on the market price as of the end of current fiscal year.
(Unrealized holding gains or losses are reported in a component of net assets, while the cost of securities sold is calculated by the moving average method.)

Non-marketable securities;

- Stated at cost based on the moving average method.
For investments in the investment enterprise limited Liability association and similar associations (deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Law), the net amount corresponding to the ownership percentage is used, based on the most recent financial statements available as of the reporting date and other material stipulated in the partnership contract.

(ii) Inventories

The cost method (the amounts stated in the balance sheets are calculated by writing down the book values based on lower profitability) is used as a valuation standard.

Merchandise and finished goods

-Mainly stated at cost determined by the first-in, first-out method.

Work in process

-Mainly stated at cost based on the specific cost method.

Raw materials

-Mainly stated at cost based on the gross average method.

Supplies

-Stated at cost based on the last purchase price method.

(2) Depreciation method for significant depreciable assets

(i) Property, plant and equipment (excluding lease assets)

Depreciated primarily by the declining balance method. However, buildings (except for building attachments) acquired on or after April 1st, 1998 were depreciated using the straight-line method.

In addition, the expected lifetime are as follows:

Buildings and structures:	3 to 60 years
Machinery, equipment and vehicles:	2 to 17 years
Tools, furniture and fixtures:	2 to 20 years

Assets with an acquisition cost of 100,000 yen or more but less than 200,000 yen were evenly amortized over a three-year period.

Of the tools, furniture and fixtures, the oxygen concentrator devices (assets for rental) were depreciated using the straight-line method with the estimated rental period (four years) used as the number of depreciation years.

(ii) Intangible assets (excluding lease assets)

Depreciated by the straight-line method.

Software for internal use is amortized by the straight-line method over its useful life of five years.

As for software for sale in the market, the Group records the larger of an amortization based on projected sales volume for the effective sales period (no longer than three years) or a uniform amortization over the effective remaining sales period.

(iii) Lease assets

Lease assets in finance lease transactions

We adopted the same depreciation method applied to self-owned “Noncurrent assets”.

Lease assets in finance lease transactions that do not transfer ownership

The straight-line method is used, based on the assumption that the useful life is the lease term and the residual value is zero.

(3) Basis for provision of allowances

(i) Allowance for doubtful accounts

To prepare for losses incurred by bad debts, the amount of potential loss is calculated by using the historical loss ratio in the case of general loans or receivables. Potential loss for specific loans or receivables, for which we have concerns regarding their collectability, is calculated by assessing the possibility of collection for each individual account.

(ii) Provision for bonuses

To prepare for the payment of bonuses to employees, an amount corresponding to current fiscal year’s portion of estimated bonus payments was reserved.

(iii) Provision for directors' bonuses

To prepare for the payment of bonuses to directors and corporate auditors, an amount corresponding to current fiscal year’s portion of estimated bonus payments was reserved.

(iv) Provision for directors' retirement benefits

To prepare for the payment of retirement benefits to directors and corporate auditors, some consolidated subsidiaries reserve the estimated amount to be paid at the end of the fiscal year, in accordance with the internal regulations.

(v) Provision for product warranties

To prepare for the expenses incurred by the free repair to be implemented after the delivery of the products, estimated amount of the repair expenses was reserved on the basis of the estimated proportion of such expenses to net sales and the estimated amount of such expenses for individual products.

(4) Accounting for retirement benefits

(i) Accounting for retirement benefits

In the calculation of retirement benefits, accrued benefits are assigned to the period up to the current consolidated fiscal year in accordance with the fixed-amount standards.

(ii) Accounting for actuarial differences and prior service costs

Prior service costs are amortized, using the straight-line method over a certain number of years (10 years), which are less than the average remaining years of service of the employees when they incurred.

Actuarial differences are amortized, using the straight-line basis over a certain number of years (10 years), which are less than the average remaining years of service of the employees when they incurred, from the fiscal year after the one in which they arise.

(5) Standards for translation of important foreign currency-based assets or liabilities into Japanese yen

Monetary credits and debts denominated in foreign currencies are translated into yen based on the current exchange rates at the end of each fiscal year. Differences arising from such translation are stated as profits or losses. Assets, liabilities, revenue and expenses of overseas subsidiaries, and other financial items are translated into yen based on the current exchange rates at the end of each fiscal year. The resulting differences are recorded as “Foreign currency translation adjustment” account and “Minority interests”, under “Net assets”.

(6) Method and period of goodwill amortization

Goodwill is evenly amortized over the effective period of the goodwill.

(7) Cash in consolidated cash flow statements

Cash (cash and cash equivalents) in the consolidated statements of cash flows consists of cash on hand, readily-available deposits, and short-term investments with a maturity not exceeding three months at the time of purchase that are readily convertible to cash and not exposed to significant risk in value fluctuations.

(8) Other important matters for preparation of consolidated financial statements

Accounting treatment of consumption tax and other taxes

Consumption tax and other taxes are excluded from profits and losses.

(Consolidated balance sheets)

*1. Unconsolidated subsidiaries and affiliated companies:

(Million yen)

	Previous fiscal year (as of March 31st, 2015)	Current fiscal year (as of March 31st, 2016)
Investment securities (Stocks)	161	161

2. Discount on bills:

(Million yen)

	Previous fiscal year (as of March 31st, 2015)	Current fiscal year (as of March 31st, 2016)
Discount on notes receivable - trade	480	-
Discount on export bills	102	33

(Consolidated statements of income)

*1. The year-end inventory balance is the amount after the devaluation of the book value arising from the decline in profitability, and the next loss on valuation of inventories is included in cost of sales.

(Million yen)

Previous fiscal year (April 1st, 2014 to March 31st, 2015)	Current fiscal year (April 1st, 2015 to March 31st, 2016)
(182)	33

*2. Major items and amounts of Selling, general and administrative expenses are as follows:

(Million yen)

	Previous fiscal year (April 1st, 2014 to March 31st, 2015)	Current fiscal year (April 1st, 2015 to March 31st, 2016)
Salaries, allowance, and other monies for directors and employees	13,206	13,628
Bonuses and provision of allowance for bonuses	3,042	3,248
Provision of allowance for retirement benefits to directors	39	44
Retirement benefit expenses	1,329	1,122
Depreciation	1,410	1,431
Provision of allowance for bonuses to directors	173	182

*3. Research and development expenses included in the general and administrative expenses and Manufacturing expenses:

(Million yen)

Previous fiscal year (April 1st, 2014 to March 31st, 2015)	Current fiscal year (April 1st, 2015 to March 31st, 2016)
4,148	3,672

*4. Breakdown of gains on sale of noncurrent assets:

(Million yen)

	Previous fiscal year (April 1st, 2014 to March 31st, 2015)	Current fiscal year (April 1st, 2015 to March 31st, 2016)
Machinery, equipment and vehicles	5	3
Tools, furniture and fixtures	0	0
Total	5	3

*5. Breakdown of losses on sale of noncurrent assets:

(Million yen)

	Previous fiscal year (April 1st, 2014 to March 31st, 2015)	Current fiscal year (April 1st, 2015 to March 31st, 2016)
Buildings	-	0
Machinery, equipment and vehicles	-	0
Total	-	0

*6. Impairment losses:

Previous fiscal year (April 1st, 2014 to March 31st, 2015)

The Group booked the following assets as "Impairment loss".

Location of assets	Use of assets	Type of assets
Bunkyo-ku, Tokyo	Operational assets	Tools, furniture and fixtures
Sakai, Osaka	Operational assets	Tools, furniture and fixtures
Okayama, Okayama Prefecture	Operational assets	Buildings and structures
Okayama, Okayama Prefecture	Other	Goodwill
Nasu, Tochigi Prefecture	Idle assets	Land

The Group mainly groups its operations by business segment, and consolidated subsidiaries form their grouping with each company or office as one unit. "Impairment losses" on "Leased real estate" and "Idle assets" are recognized separately.

Because of a decrease in cash flows caused by a declined "Operating income" and a fall of the market price, we have written down the book values of the above assets to recoverable values. These write-offs have resulted in "Impairment losses" (of 66 million yen), which were booked as "Extraordinary losses".

These "Impairment losses" consist of the losses on "Tools, furniture and fixtures" of 16 million yen and on "Land" of 50 million yen.

And "Impairment losses" (of 739 million yen) according to the withdrawal of Stent Development Business is booked as "Loss on business withdrawal". These consist of the losses on "Goodwill" of 665 million yen and on "Buildings and structures" of 83 million yen.

The recoverable value was assessed according to the net sale value, and the market prices were evaluated according to roadside land prices or the assessed value of "Noncurrent asset tax", with reasonable adjustments.

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

The Group booked the following assets as impairment loss.

Location of assets	Use of assets	Type of assets
Bunkyo-ku, Tokyo	Operational assets	Tools, furniture and fixtures
Sakai, Osaka	Operational assets	Tools, furniture and fixtures
Nasu, Tochigi Prefecture	Idle assets	Land

The Group mainly groups its operations by business segment, and consolidated subsidiaries form their grouping with each company or office as one unit. "Impairment losses" on "Leased real estate" and "Idle assets" are recognized separately.

Because of a decrease in cash flows caused by a declined "Operating income" and a fall of the market price, we have written down the book values of the above assets to recoverable values. These write-offs have resulted in "Impairment losses" (of 15 million yen), which were booked as "Extraordinary losses".

These "Impairment losses" consist of the losses on "Tools, furniture and fixtures" of 4 million yen, on "Vehicles" of 0 million yen, on "Lease assets" of 1 million yen, and on "Land" of 9 million yen.

The recoverable value was assessed according to the net sale value, and the market prices were evaluated according to roadside land prices or the assessed value of "Noncurrent asset tax", with reasonable adjustments.

(Consolidated statements of comprehensive income)

*1. Amount of Reclassification adjustments and Tax effects for other comprehensive income

(Million yen)

	Previous fiscal year (April 1st, 2014 to March 31st, 2015)	Current fiscal year (April 1st, 2015 to March 31st, 2016)
Valuation difference on available-for-sale securities:		
Amount incurred in current fiscal year	1,810	(1,770)
Amount of Reclassification adjustments	(295)	-
Before adjusting tax benefit	1,515	(1,770)
Amount of tax benefit	(408)	380
Valuation difference on available-for-sale securities	1,106	(1,389)

(Million yen)

	Previous fiscal year (April 1st, 2014 to March 31st, 2015)	Current fiscal year (April 1st, 2015 to March 31st, 2016)
Foreign currency translation adjustment：		
Amount incurred in current fiscal year	(104)	(43)
Adjustments of defined benefit plans：		
Amount incurred in current fiscal year	922	(1,895)
Amount of Reclassification adjustments	(5)	(194)
Before adjusting tax benefit	916	(2,090)
Amount of tax benefit	(271)	608
Adjustments of defined benefit plans	645	(1,481)
Other comprehensive income	1,647	(2,914)

(Consolidated statements of changes in net assets)

Previous fiscal year (from April 1st, 2014 to March 31st, 2015)

1. Type and total number of issued shares and type and number of shares of treasury stock

	Number of shares at the beginning of current fiscal year (1,000 shares)	Increase in number of shares for current fiscal year under (1,000 shares)	Decrease in number of shares for current fiscal year (1,000 shares)	Number of shares at the end of the current fiscal year (1,000 shares)
Number of issued shares				
Common stock	19,588	-	-	19,588
Total	19,588	-	-	19,588
Treasury stock				
Common stock (Note)	5,685	0	0	5,685
Total	5,685	0	0	5,685

Note: (i) The shares of Trust & Custody Services Bank, Ltd. owns are included in the number of our "Treasury stock"(49 thousand shares at the start of the fiscal year and 49 thousand shares at the end of the fiscal year).

(ii) The increase of 0 thousand shares in "Treasury stock" of common stock reflects the increase of 0 thousand shares owing to the acquisition of "Treasury stock".

(iii) The decrease of 0 thousand shares in "Treasury stock" of common stock reflects the decrease of 0 thousand shares of disposal of "Treasury stock" by Trust & Custody Services Bank, Ltd. to employees' stock ownership associations.

2. Stock acquisition rights and treasury stock acquisition rights

Not applicable.

3. Dividends

(1) Dividend payment amount

(Resolution)	Type of shares	Total dividend amount (million yen)	Dividends per share (in yen)	Record date	Effective date
Board of Directors' meeting held on May 15th, 2014	Common stock	*1 1,395	100	March 31st, 2014	June 30th, 2014
Board of Directors' meeting held on October 31st, 2014	Common stock	*2 697	50	September 30th, 2014	December 8th, 2014

(Note):

*1: The total dividend amount resolved a at the board of directors' meeting held on May 15th, 2014, includes the dividend 4 million yen for the share Trust & Custody Services Bank, Ltd. owns.

*2: The total dividend amount resolved at the board of directors' meeting held on October 31st, 2014, includes the dividend 2 million yen for the share Trust & Custody Services Bank, Ltd. owns.

(2) Of the dividends whose record date belongs to the current fiscal year, and those whose effective date of the dividends will be in the next fiscal year

(Resolution)	Type of shares	Total dividend amount (million yen)	Source for dividends	Dividends per share (in yen)	Record date	Effective date
Board of Directors' meeting held on May 15th, 2015	Common stock	1,395	Retained earnings	100	March 31st, 2015	June 29th, 2015

(Note): The total dividend amount resolved at the board of directors' meeting held on May 15th, 2015, includes the dividend 4 million yen for the share Trust & Custody Services Bank, Ltd. owns.

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

1. Type and total number of issued shares and type and number of shares of treasury stock

	Number of shares at the beginning of current fiscal year (1,000 shares)	Increase in number of shares for current fiscal year under (1,000 shares)	Decrease in number of shares for current fiscal year (1,000 shares)	Number of shares at the end of the current fiscal year (1,000 shares)
Number of issued shares				
Common stock	19,588	-	-	19,588
Total	19,588	-	-	19,588
Treasury stock				
Common stock (Note)	5,685	2,244	3,704	4,225
Total	5,685	2,244	3,704	4,225

Note: (i) On October 1st, 2015, Fukuda Denshi conducted a share exchange with Fukuda Denshi as the wholly-owning parent company and Atomic Sangyo as a wholly-owned subsidiary and Fukuda Denshi allotted treasury stock for the share exchange. With this share exchange, "Capital surplus" increased 12,285 million yen and "Treasury stock" decreased 9,610 million yen.

Also Atomic Sangyo, which has owned common shares of Fukuda Denshi, became a wholly-owned subsidiary of Fukuda Denshi from this share exchange, "Treasury stock" have increased.

(ii) The shares of Trust & Custody Services Bank, Ltd. owns are included in the number of our "Treasury stock"(49 thousand shares at the start of the fiscal year and 49 thousand shares at the end of the fiscal year).

(iii) The increase of 2,244 thousand shares in "Treasury stock" of common stock reflects the increase of making Atomic Sangyo a consolidated subsidiaries, and 0 thousand shares owing to the acquisition of "Treasury stock".

(iv) The decrease of 3,704 thousand shares in "Treasury stock" of common stock reflects the decrease of 3,704 thousand shares disposal of "Treasury stock" for the share exchange, and 0 thousand shares of disposal of "Treasury stock" by Trust & Custody Services Bank, Ltd. to employees' stock ownership associations.

2. Stock acquisition rights and treasury stock acquisition rights

Not applicable.

3. Dividends

(1) Dividend payment amount

(Resolution)	Type of shares	Total dividend amount (million yen)	Dividends per share (in yen)	Record date	Effective date
Board of Directors' meeting held on May 15th, 2015	Common stock	*1 1,395	100	March 31st, 2015	June 29th, 2015
Board of Directors' meeting held on October 30th, 2015	Common stock	*2 837	60	September 30th, 2015	December 7th, 2015

(Note):

*1: The total dividend amount resolved at the board of directors' meeting held on May 15th, 2015, includes the dividend 4 million yen for the share Trust & Custody Services Bank, Ltd. owns.

*2: The total dividend amount resolved at the board of directors' meeting held on October 30th, 2015, includes the dividend 2 million yen for the share Trust & Custody Services Bank, Ltd. owns.

(2) Of the dividends whose record date belongs to the current fiscal year, and those whose effective date of the dividends will be in the next fiscal year

(Resolution)	Type of shares	Total dividend amount (million yen)	Source for dividends	Dividends per share (in yen)	Record date	Effective date
Board of Directors' meeting held on May 13th, 2016	Common stock	1,387	Retained earnings	90	March 31st, 2016	June 30th, 2016

(Note): The total dividend amount, resolved at the board of directors' meeting held on May 13th, 2016, includes the dividend 4 million yen for the share Trust & Custody Services Bank, Ltd. owns.

(Consolidated statements of cash flows)

*1. Relationship between the balance of cash and cash equivalents at the end of the fiscal year and amounts stated in the consolidated balance sheets:

(Million yen)

	Previous fiscal year (April 1st, 2014 to March 31st, 2015)	Current fiscal year (April 1st, 2015 to March 31st, 2016)
Cash and deposits	25,726	34,768
Time deposits with a deposit period of over three months	(1,536)	(5,806)
Cash and cash equivalents	24,189	28,962

2. Details of important non-fund transactions:

The amounts of assets and liabilities in finance lease transactions

(Million yen)

	Previous fiscal year (April 1st, 2014 to March 31st, 2015)	Current fiscal year (April 1st, 2015 to March 31st, 2016)
The amounts of assets and liabilities in finance lease transactions	299	119

(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 income”.

(Application of Accounting Standard for Business Combinations, etc.)

As mentioned in “Change in accounting policies” on page 26, Fukuda Denshi has applied the Application of Accounting Standard for Business Combinations, etc. from the start of the current consolidated fiscal year. And the Company hereby posts the difference caused by changes in the Company’s equity in a subsidiary, when the Company continues to control the subsidiary, as ”Capital surplus” and posts the acquisition-related expenses as the expenses in the consolidated fiscal year in which they were incurred.

The impact on profit and loss is minor.

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

(i) Previous fiscal year (from April 1st, 2014 to March 31st, 2015) (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	32,661	9,526	42,201	23,880	108,269	-	108,269
Internal sales or transfers	-	-	-	-	-	-	-
Total	32,661	9,526	42,201	23,880	108,269	-	108,269
Segment profit	2,474	830	4,736	2,261	10,303	-	10,303
Segment assets	18,420	6,452	32,316	13,939	71,128	53,453	124,582
Other items							
Depreciation	560	163	5,027	409	6,161	-	6,161
Amortization of goodwill	-	-	175	-	175	-	175
Gain on forgiveness of debt	-	-	960	-	960	-	960
Loss on withdrawal from business	-	-	915	-	915	-	915
Increase in Property, plant and equipment and intangible assets	428	124	5,912	313	6,778	-	6,778

*1. Adjustment of segment assets of 53,453 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 income” of consolidated financial statements.

(ii) Current 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
Amortization of goodwill	-	-	-	-	-	-	-
Gain on forgiveness of debt	-	-	-	-	-	-	-
Loss on withdrawal from business	-	-	-	-	-	-	-
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 income” of consolidated financial statements.

b. Related Information

(i) Previous fiscal year (from April 1st, 2014 to March 31st, 2015)

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, 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”.

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

(i) Previous fiscal year (from April 1st, 2014 to March 31st, 2015)

(Million yen)

	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products	Elimination / Corporate	Total
Impairment loss	4	1	745	3	50	805

(Note): “Impairment losses” (of 739 million yen) in “Medical treatment equipment” is booked as “Loss on business withdrawal” in “Extraordinary losses”.

(ii) Current 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

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

(i) Previous fiscal year (from April 1st, 2014 to March 31st, 2015)

	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products	Elimination / Corporate	Total
Depreciation of current period	-	-	175	-	-	175
Balance at the end of current period	-	-	-	-	-	-

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

Not applicable

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

(i) Previous fiscal year (from April 1st, 2014 to March 31st, 2015)

Not applicable

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

In the "Consumables and other products", the share exchange making, Fukuda Denshi as the wholly-owning parent company and Atomic Sangyo as a wholly-owned subsidiary, caused a negative goodwill of 11 million yen in "Extraordinary income" for current fiscal year to be recorded.

(Business combinations, etc.)

Business combinations by acquisition

1. Overview of the business combinations

(1) Acquired company's name and description of business

Company name: Atomic Sangyo Co., Ltd.

Description of business: Manufacturing of recording papers for medical electronic devices,
real estate leasing business

(2) Main reason of the business combinations

Recording paper and other products manufactured by Atomic Sangyo are essential to our business and thus cannot easily be replaced with other companies' products. Therefore, we came to the conclusion that rather than terminate the transactions or switching to products of other companies, we can stabilize the supply chain as a Group from manufacturing to sales, and improve management efficiency including further cost reduction and enhance customer service by making Atomic Sangyo wholly-owned subsidiary by the share exchange, and terminating these related party transactions.

On May 15th, 2015, Fukuda Denshi and Atomic Sangyo concluded the Share Exchange Agreement in order to enhance the transparency of corporate management by terminating these related party transactions, and stabilize and improve the efficiency of corporate management, as well as improve customer services.

(3) Date of business combination

October 1st, 2015

(4) Legal form of the business combination

Fukuda Denshi as the wholly-owning parent company and Atomic Sangyo as a wholly-owned subsidiary.

(5) Company name after the business combination

There is no change of Company name after the business combination.

(6) Percentage of voting rights acquired

Percentage of voting rights owned before the share exchange: 0.0%

Percentage of voting rights acquired on the date of business combination: 100%

Percentage of voting rights after the acquisition: 100%

(7) The main reason of deciding the acquiring company

Fukuda Denshi owns all of the voting rights and made Atomic Sangyo as a wholly-owned subsidiary.

2. Period of business results of the acquired company included in the consolidated income statement for the consolidated fiscal year.

From October 1st, 2015 to March 31st, 2016.

3. Detail of acquisition cost and the value of the acquired company

Market value of the Fukuda Denshi's common shares issued on the date of the business combination 21,895 million yen.

Acquisition cost 21,895 million yen.

4. Ratio of allotment of shares and calculation method and the number of shares issued

(1) Ratio of allotment of shares

Fukuda Denshi 419 common shares to one share of Atomic Sangyo.

In the share exchange ratio calculation sheet that we used to calculate the share exchange ratio, the comparable company method and the DCF method is based on financial figures assuming the absorption-type company split and the asset transfer.

(2) Calculation method of the share exchange ratio

As improving discussions and exchanges of views about the share exchange, Fukuda Denshi appointed MID Structures, Co., Ltd. (hereinafter referred to as “MID Structures”), a third-party valuation institution independent from Fukuda Denshi and Atomic Sangyo, as well as Yanagida & Partners as legal adviser and has conducted a full-scale review in order to ensure fairness and reasonableness of the share exchange ratio to be used for the share exchange (hereinafter referred to as the “Share Exchange Ratio”).

Fukuda Denshi has repeated careful discussions and reviews, taking into account the financial conditions and trends in earnings of both companies, based on the share exchange ratio calculation sheet submitted by MID Structures and advice from our legal adviser.

As a result, we have come to the conclusion that the Share Exchange Ratio is reasonable. It was decided at the meetings of the Board of Directors of both companies held on May 15th, 2015, to conduct the share exchange, and both companies signed the share exchange agreement.

The Share Exchange Ratio is calculated based on more than one financial advisor's share exchange ratio report and consulted between the companies.

(3) The number of shares issued for the share exchange

3,704,798 shares

5. The amount of gain on negative goodwill and the reason

(1) The amount of gain on negative goodwill

11 million yen

(2) The reason of gain on negative goodwill

Because the market value of net assets exceeded the acquisition price at the time of the business combination, the Group reported the difference in “other” under “extraordinary income.”

(Per share information)

	Previous fiscal year (April 1st, 2014 to March 31st, 2015)	Current fiscal year (April 1st, 2015 to March 31st, 2016)
Net assets per share	6,401.07 yen	6,498.12 yen
Earnings per share	512.10 yen	505.49 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 stock"(49 thousand shares at the start of the fiscal year and 49 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 stock"(49 thousand shares at the start of the fiscal year and 49 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 (April 1st, 2014 to March 31st, 2015)	Current fiscal year (April 1st, 2015 to March 31st, 2016)
Profit attributable to parent company shareholders (million yen)	7,119	7,368
Amount not belonging to ordinary shareholders (million yen)	-	-
Profit attributable to parent company shareholders in relation to common stock (million yen)	7,119	7,368
Average number of shares during the fiscal year (1,000 shares)	13,902	14,576

(Significant subsequent events)

1. Introduction of a Board Benefit Trust

At the meeting of Board of Directors held on May 13th, 2016, Fukuda Denshi has resolved to introduce a new stock-based compensation system (BBT, Board Benefit Trust hereinafter referred to as the "System"), for directors (excluding outside directors), and will submit a proposal for the System to the 69th Ordinary General Meeting of Shareholders to be held on June 29th, 2016.

Please refer to the "Notice Concerning the Introduction of a Board Benefit Trust" for details.

2. Disposal of treasury stock through a third-party allocation to support Fukuda Foundation for Medical Technology

At the meeting of Board of Directors held on May 13th, 2016, Fukuda Denshi has resolved to dispose of treasury stock, in order to support the social contribution activities of Foundation. This disposal of treasury stock is subject to approval at the Fukuda Denshi's 69th General Meeting of Shareholders to be held on June 29th, 2016.

Please refer to the "Notice of Disposal of Treasury Stock through a Third-Party Allocation to Support Fukuda Foundation for Medical Technology's Social Contribution Activities" for details.

6. Non-consolidated financial statements

(1) Balance sheets

(Million yen)

	Previous fiscal year (as of March 31st, 2015)	Current fiscal year (as of March 31st, 2016)
Assets		
Current assets		
Cash and deposits	10,225	10,798
Notes receivable-trade	39	24
Accounts receivable-trade	26,536	27,211
Securities	192	1,647
Merchandise and finished goods	3,792	3,878
Work in process	7	29
Raw materials and supplies	1,712	1,689
Advance payments-trade	164	416
Deferred tax assets	462	458
Short-term loans receivable	1,490	1,284
Other	1,118	961
Allowance for doubtful accounts	(1,243)	(322)
Total current assets	44,499	48,079
Noncurrent assets		
Property, plant and equipment		
Buildings	4,211	4,037
Structures	178	160
Machinery and equipment	75	77
Vehicles	26	26
Tools, furniture and fixtures	9,774	10,262
Land	6,303	7,234
Leased assets	224	216
Construction in progress	242	393
Total property, plant and equipment	21,038	22,409
Intangible assets		
Software	2,363	1,979
Software in progress	41	402
Other	25	24
Total intangible assets	2,430	2,406

(Million yen)

	Previous fiscal year (as of March 31st, 2015)	Current fiscal year (as of March 31st, 2016)
Investments and other assets		
Investment securities	11,198	8,981
Stocks of subsidiaries and associates	3,247	11,922
Investments in capital	1	1
Investments in capital of subsidiaries and associates	423	423
Long-term loans receivable	5,488	5,312
Deferred tax assets	1,665	1,807
Long-term time deposits	2,000	1,000
Insurance funds	9,255	10,700
Other	272	319
Allowance for doubtful accounts	(1,986)	(3,928)
Total investments and other assets	31,566	36,540
Total noncurrent assets	55,035	61,356
Total assets	99,535	109,436
Liabilities		
Current liabilities		
Accounts payable-trade	13,809	13,296
Short-term loans payable	1,850	1,850
Lease obligations	53	63
Accounts payable-other	1,812	1,953
Income taxes payable	964	833
Deposits received	14,390	14,530
Provision for bonuses	684	660
Provision for directors' bonuses	53	50
Provision for product warranties	308	476
Other	653	233
Total current liabilities	34,578	33,946

(Million yen)

	Previous fiscal year (as of March 31st, 2015)	Current fiscal year (as of March 31st, 2016)
Noncurrent liabilities		
Lease obligations	188	170
Provision for retirement benefits	599	474
Long-term accounts payable-other	816	816
Other	13	18
Total noncurrent liabilities	1,617	1,480
Total liabilities	36,195	35,427
Net assets		
Shareholders' equity		
Capital stock	4,621	4,621
Capital surplus		
Legal capital surplus	8,946	8,946
Other capital surplus	1,109	13,394
Total capital surpluses	10,055	22,340
Retained earnings		
Legal retained earnings	1,171	1,171
Other retained earnings		
Reserve for business expansion	300	300
Reserve for advanced depreciation of noncurrent assets	53	53
General reserve	37,500	37,500
Retained earnings brought forward	22,204	25,648
Total retained earnings	61,230	64,673
Treasury stock	(14,731)	(18,400)
Total shareholders' equity	61,176	73,235
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,163	773
Total valuation and translation adjustments	2,163	773
Total net assets	63,339	74,008
Total liabilities and net assets	99,535	109,436

(2) Statements of income

(Million yen)

	Previous fiscal year (April 1st, 2014 to March 31st, 2015)	Current fiscal year (April 1st, 2015 to March 31st, 2016)
Net sales	63,284	67,421
Cost of sales	42,514	46,927
Gross profit	20,770	20,493
Selling, general and administrative expenses	14,743	15,388
Operating income	6,027	5,105
Non-operating income		
Interest income	99	97
Dividend income	1,712	2,220
Other	1,006	473
Total non-operating income	2,818	2,791
Non-operating expenses		
Interest expenses	89	90
Foreign exchange losses	-	251
Other	3	24
Total non-operating expenses	93	366
Ordinary income	8,751	7,529
Extraordinary income		
Gain on sales of noncurrent assets	2	0
Gain on sales of investment securities	301	-
Surrender value of insurance	315	349
Subsidy income	27	-
Gain on forgiveness of debts	960	-
Total extraordinary income	1,606	349

(Million yen)

	Previous fiscal year (April 1st, 2014 to March 31st, 2015)	Current fiscal year (April 1st, 2015 to March 31st, 2016)
Extraordinary losses		
Loss on sales and retirement of non-current assets	-	0
Impairment loss	50	9
Loss on business withdrawal	2,521	-
Total extraordinary losses	2,572	9
Profit before income taxes	7,786	7,869
Income taxes-current	2,280	1,951
Income taxes-deferred	(288)	242
Total income taxes	1,991	2,193
Profit	5,794	5,675

(3) Statements of changes in net assets

(I) Previous fiscal year (from April 1st, 2014 to March 31st, 2015)

(Million yen)

	Shareholders' equity									
		Capital surplus			Retained earnings					
						Other retained earnings				
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for business expansion	Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	4,621	8,946	1,109	10,055	1,171	300	53	37,500	18,324	57,349
Cumulative effects of changes in accounting policies									178	178
Restated balance	4,621	8,946	1,109	10,055	1,171	300	53	37,500	18,503	57,528
Changes of items during period										
Dividends of surplus									(2,092)	(2,092)
Profit									5,794	5,794
Purchase of treasury stock										
Disposal of treasury stock										
Net changes of items other than shareholders' equity										
Total changes of items during period	-	-	-	-	-	-	-	-	3,701	3,701
Balance at end of current period	4,621	8,946	1,109	10,055	1,171	300	53	37,500	22,204	61,230

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(14,729)	57,297	1,056	1,056	58,354
Cumulative effects of changes in accounting policies		178			178
Restated balance	(14,729)	57,476	1,056	1,056	58,533
Changes of items during period					
Dividends of surplus		(2,092)			(2,092)
Profit		5,794			5,794

Purchase of treasury stock	(2)	(2)			(2)
Disposal of treasury stock	0	0			0
Net changes of items other than shareholders' equity			1,106	1,106	1,106
Total changes of items during period	(1)	3,699	1,106	1,106	4,806
Balance at end of current period	(14,731)	61,176	2,163	2,163	63,339

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

(Million yen)

	Shareholders' equity									
		Capital surplus			Retained earnings					
						Other retained earnings				
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for business expansion	Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	4,621	8,946	1,109	10,055	1,171	300	53	37,500	22,204	61,230
Cumulative effects of changes in accounting policies										
Restated balance	4,621	8,946	1,109	10,055	1,171	300	53	37,500	22,204	61,230
Changes of items during period										
Dividends of surplus									(2,232)	(2,232)
Profit									5,675	5,675
Purchase of treasury stock										
Disposal of treasury stock			12,285	12,285						
Net changes of items other than shareholders' equity										
Total changes of items during period	-	-	12,285	12,285	-	-	-	-	3,443	3,443
Balance at end of current period	4,621	8,946	13,394	22,340	1,171	300	53	37,500	25,648	64,673

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(14,731)	61,176	2,163	2,163	63,339
Cumulative effects of changes in accounting policies					
Restated balance	(14,731)	61,176	2,163	2,163	63,339
Changes of items during period					
Dividends of surplus		(2,232)			(2,232)
Profit		5,675			5,675
Purchase of treasury stock	(13,279)	(13,279)			(13,279)
Disposal of treasury stock	9,610	21,895			21,895
Net changes of items other than shareholders' equity			(1,389)	(1,389)	(1,389)
Total changes of items during period	(3,669)	12,059	(1,389)	(1,389)	10,669
Balance at end of current period	(18,400)	73,235	773	773	74,008

(4) Notes to Non-consolidated Financial Statement

(Notes regarding the assumption for going concern)

Not applicable

(Significant accounting policies)

1. Valuation standards and methods for assets

(1) Valuation standards and methods for securities

a. Held-to-maturity securities;

- Amortized cost method (straight-line method)

b. Shares of subsidiaries and affiliates

- Stated at cost based on the moving average method

c. Other securities

Marketable securities;

- Stated at fair value based on the market price as of the end of the fiscal year.

(Unrealized holding gains or losses are reported in a component of “Net assets”, with the cost of “Securities” sold is calculated by the moving average method.)

Non-marketable securities;

- Stated at cost based on the moving average method.

For investments in the investment enterprise limited Liability association and similar associations (deemed to be “Securities” pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Law), the net amount corresponding to the ownership percentage is used, based on the most recent financial statements available as of the reporting date and other materials stipulated in the partnership contract.

(2) Valuation standards and methods for inventories

The cost method (the amounts stated in the balance sheets are calculated by writing down the book values based on lower profitability) is used as a valuation standard.

Merchandise and finished goods
- Stated at cost determined by the first-in, first-out method.

Work in process
- Stated at cost based on the specific cost method.

Raw materials
- Stated at cost determined by the gross average method.

Supplies
- Stated based on the last purchase price method.

2. Depreciation method for noncurrent assets

(1) Property, plant and equipment (excluding lease assets)

Depreciated by the declining balance method. However, buildings (except for building attachments) acquired on or after April 1st, 1998 were depreciated using the straight-line method.

In addition, the expected lifetime are as follows:

Buildings:	3 to 50 years
Structures:	10 to 60 years
Machinery and equipment:	7 to 17 years
Vehicles and delivery equipment:	4 to 6 years
Tools, furniture and fixtures:	2 to 20 years

Assets with an acquisition cost of 100,000 yen or more but less than 200,000 yen were evenly amortized over a three-year period.

Of the tools, furniture and fixtures, the oxygen concentrator devices (assets for rental) were depreciated using the straight-line method with the estimated rental period (four years) used as the number of depreciation years.

(2) Intangible assets (excluding “Lease assets”)

Depreciated by the straight-line method.

Software for internal use is amortized by the straight-line method over its useful life of five years.

As for software for sale in the market, the Group records the larger of an amortization based on projected sales volume for the effective sales period (no longer than three years) or a uniform amortization over the effective remaining sales period.

(3) Lease assets

“Lease assets” in finance lease transactions that do not transfer ownership

The straight-line method is used, based on the assumption that the useful life is the lease term and the residual value is zero.

3. Basis for provision of allowances

(1) Allowance for doubtful accounts

To prepare for losses incurred by bad debts, the amount of potential loss is calculated by using the historical loss ratio in the case of general loans or receivables. Potential losses for specific loans or receivables, for which we have concerns regarding their collectability, are calculated by assessing the possibility of collection for each individual account.

(2) Provision for bonuses

To prepare for the payment of bonuses to employees, we reserve an amount corresponding to current fiscal year’s portion of estimated bonus payments to employees.

(3) Provision for director’s bonuses

To prepare for the payment of bonuses for directors and corporate auditors, we reserve an amount corresponding to current fiscal year’s portion of estimated bonus payments to directors and corporate auditors.

(4) Provision for retirement benefits

To prepare for the payment of retirement benefits for employees, the amount recognized as accruing at the end of current fiscal year was reserved, based on estimated retirement benefit obligation and pension assets at the end of current fiscal year.

(i) Method of assigning recognized accrued benefits to particular periods

In the calculation of retirement benefits, accrued benefits are assigned to the period up to the current consolidated fiscal year in accordance with the fixed-amount standards.

(ii) Accounting for actuarial differences and prior service costs

Prior service costs are amortized, using the straight-line basis over a certain number of years (10 years), which are less than the average remaining years of service of the employees when they incurred.

Actuarial differences are amortized, using the straight-line basis over a certain number of years (10 years), which are less than the average remaining years of service of the employees when they incurred, from the fiscal year after the one in which they arise.

(5) Provision for product warranties

To prepare for the expenses incurred by free repair to be implemented after the delivery of the products, an estimated amount of the repair expenses was reserved on the basis of the estimated proportion of such expenses to net sales and the estimated amount of such expenses for individual products.

4. Other important matters for preparation of financial statements

(1) Accounting for retirement benefits

The method of accounting for unrecognized actuarial differences and unrecognized prior service costs relating to retirement benefits differs from the method used in the consolidated financial statements.

(2) Accounting treatment of consumption tax, and other taxes, etc.

The Consumption tax and other taxes, etc. are excluded from profits and losses.

7. Others

(1)Changes of directors

(i) Representative Director

Not applicable

(ii) Other directors

・New Auditor candidates
Statutory Auditor (part-time): Mr. Keiji Goto
*Mr. Keiji Goto is the candidate of outside Auditor

・Directors to retire
Statutory Auditor (part-time): Mr. Akihiko Shiba

・Effective from
June 29th, 2016

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

* The original disclosure in Japanese was released on May 13th, 2016 at 15:00（GMT+9）