

# Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2017 (J-GAAP)

January 31, 2017

Company name: France Bed Holdings Co., Ltd.

Code number: 7840 Listing exchanges: Tokyo URL: http://www.francebed-hd.co.jp Tel: +81-3-6741-5501

Representative: Shigeru Ikeda, President

Contact person: Tsutomu Shimada, Director (Accounting Group) Scheduled date to submit quarterly report: February 13, 2017

Scheduled date of the start of dividend payments: —

Preparation of supplementary explanation materials for 3Q financial results: None

3Q earnings announcement: None

(Amounts less than one million yen have been truncated)

# 1. Consolidated Results for the Nine Months Ended December 31, 2016 (April 1, 2016 – December 31, 2016)

(1) Consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2016	38,050	-1.6	1,618	-18.5	1,591	-18.3	918	-17.8
Nine months ended December 31, 2015	38,686	2.5	1,986	53.1	1,948	50.2	1,118	69.7

Note: Comprehensive income

Nine months ended December 31, 2016: ¥951 million (5.6%) Nine months ended December 31, 2015: ¥900 million (9.9%)

	Profit per share	Fully diluted profit per share
	Yen	Yen
Nine months ended December 31, 2016	22.55	_
Nine months ended December 31, 2015	26.45	_

Note: The Company carried out a 1-for-5 consolidation of shares on October 1, 2015. Profit per share shown above is calculated as if the consolidation of shares had been carried out on April 1, 2015.

#### (2) Consolidated Financial Position

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	Total assets	Net assets	Shareholders' equity ratio	Net assets per share					
	Million yen	Million yen	%	Yen					
As of December 31, 2016	58,719	35,734	60.8	889.68					
As of March 31, 2016	59,666	36,431	61.0	891.52					

Reference: Shareholders' equity

As of December 31, 2016: ¥35,734 million As of March 31, 2016: ¥36,431 million

#### 2. Dividends

		Cash dividends per share									
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total						
	Yen	Yen	Yen	Yen	Yen						
Fiscal year ended March 31, 2016	_	2.50	_	12.50	_						
Fiscal year ending March 31, 2017	_	12.50	_								
Fiscal year ending March 31, 2017 (Outlook)				12.50	25.00						

Note: Revisions to the dividends outlook since most recent announcement: None

The Company carried out a 1-for-5 consolidation of shares on October 1, 2015. Dividends paid at the end of the second quarter of the fiscal year ended March 31, 2016, are presented as the actual amount of dividends prior to the consolidation of shares.

#### 3. Forecasts of Results for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(Percentage figures indicate year-on-year change)

	Net sa	les	Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	54,400	3.3	2,800	7.8	2,720	5.9	1,630	16.2	39.88

Note: Revisions to the forecasts of results since most recent announcement: None

#### Footnote items

- (1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries accompanying changes in the scope of consolidation): None
- (2) Application of special accounting treatments for the preparation of the consolidated financial statement: None
- (3) Changes in accounting principles, changes in accounting estimates, and changes in presentations due to revisions
  - 1) Changes in accounting principles accompanying revisions in accounting standards: None
  - 2) Changes other than those in [1] above: None
  - 3) Changes in accounting estimates: None
  - 4) Changes in presentation due to revisions: None
- (4) Number of shares issued (common shares)
  - 1) Number of shares issued at the end of the period (including treasury shares)

As of December 31, 2016: 44,897,500 shares

As of March 31, 2016: 44,897,500 shares

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

As of December 31, 2016: 4,732,496 shares

As of March 31, 2016: 4,033,983 shares

3) Average number of shares issued during the period

April 2016 - December 2016: 40,708,207 shares

April 2015 – December 2015: 42,260,337 shares

Note: The Company carried out a 1-for-5 consolidation of shares on October 1, 2015. The amounts shown for average number of shares issued during the period are calculated as if the consolidation of shares had been carried out on April 1, 2015.

[Implementation status of quarterly review procedures]

These consolidated results are not subject to the review procedures of the Financial Instruments and Exchange Act. As of the release date of this financial report, the review procedures for the consolidated financial statements had not been completed.

[Note concerning the appropriate use of performance forecasts and other related items] (Caution concerning forward-looking statements, etc.)

This document contains forward-looking statements including performance forecasts based on information available to the Company at the time of disclosure and certain assumptions that the Company believes to be reasonable. The Company makes no assurances as to their outcomes. Actual performance may differ substantially from these forecasts owing to a wide range of factors.

### 3. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

		(Million y
	FY2016	3Q of FY2017
	(as of March 31, 2016)	(as of December 31 2016)
Assets		·
Current assets		
Cash and deposits	6,579	7,106
Notes and accounts receivable – trade	9,888	8,847
Electronically recorded monetary claims – operating	629	693
Securities	3,399	2,799
Merchandise and finished goods	5,561	5,437
Work in process	494	399
Raw materials and supplies	1,894	1,824
Other	2,100	1,729
Allowance for doubtful accounts	(8)	(7
Total current assets	30,539	28,829
Non-current assets		
Property, plant and equipment		
Land	6,449	6,200
Others, net	10,107	10,111
Total property, plant and equipment	16,557	16,312
Intangible assets	775	1,958
Investments and other assets		,
Net defined benefit asset	9,632	9,501
Other	2,120	2,090
Total investments and other assets	11,752	11,591
Total non-current assets	29,085	29,861
Deferred assets	41	27
Total assets	59,666	58,719
Liabilities	00,000	00,110
Current liabilities		
Notes and accounts payable – trade	3,638	3,580
Accounts payable for factoring	2,266	2,234
Short-term loans payable	2,250	2,250
Current portion of bonds		800
Current portion of long-term loans payable	<u> </u>	1,200
Income taxes payable	520	44
Provision for bonuses	1,280	624
Other provision	72	47
Other	4,540	4,353
Total current liabilities	14,569	15,134
Non-current liabilities	11,000	10,101
Bonds payable	3,950	3,150
Long-term loans payable	1,200	
Provision	558	544
Net defined benefit liability	535	522
Asset retirement obligations	25	26
Other	2,396	3,606
Total non-current liabilities	8,666	7,849
Total liabilities	23,235	22,984

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		(Willion yen)	
	FY2016 (as of March 31, 2016)	3Q of FY2017 (as of December 31, 2016)	
Net assets			
Shareholders' equity			
Capital stock	3,000	3,000	
Capital surplus	1,867	1,867	
Retained earnings	32,481	32,378	
Treasury shares	(3,906)	(4,533)	
Total shareholders' equity	33,442	32,712	
Accumulated other comprehensive income		_	
Valuation difference on available-for-sale securities	108	124	
Deferred gains or losses on hedges	(25)	4	
Remeasurements of defined benefit plans	2,905	2,893	
Total accumulated other comprehensive income	2,988	3,021	
Total net assets	36,431	35,734	
Total liabilities and net assets	59,666	58,719	

## (2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income (Nine months ended December 31, 2015 and 2016)

•		(Million ye
	Nine months ended	Nine months ended
	December 31, 2015	December 31, 2016
	(from April 1, 2015 to	(from April 1, 2016 to
	December 31, 2015)	December 31, 2016)
Net sales	38,686	38,050
Cost of sales	20,129	19,468
Gross profit	18,557	18,581
Selling, general and administrative expenses	16,570	16,963
Operating income	1,986	1,618
Non-operating income		•
Interest income	4	1
Dividend income	19	21
Share of profit of entities accounted for using equity		2
method	_	3
Compensation income	20	36
Other	69	63
Total non-operating income	114	125
Non-operating expenses		
Interest expenses	56	59
Other	95	93
Total non-operating expenses	152	153
Ordinary income	1,948	1,591
Extraordinary income	,	,
Gain on sales of non-current assets	7	0
Gain on sales of investment securities		2
Gain on change in equity	<u> </u>	143
Reversal of provision for loss on dissolution of		4
employees' pension fund	<del>_</del>	4
Total extraordinary income	7	150
Extraordinary losses		
Loss on retirement of non-current assets	14	8
Impairment loss	<del>_</del>	269
Loss on valuation of investment securities	20	0
Other	<del>_</del>	14
Total extraordinary losses	34	292
Profit before income taxes	1,922	1,449
Income taxes – current	245	157
Income taxes – deferred	558	373
Total income taxes	804	531
Profit	1,118	918
Profit attributable to owners of parent	1,118	918

# Consolidated Statements of Comprehensive Income (Nine months ended December 31, 2015 and 2016)

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, ,		(Million yen)
	Nine months ended	Nine months ended
	December 31, 2015	December 31, 2016
	(from April 1, 2015 to	(from April 1, 2016 to
	December 31, 2015)	December 31, 2016)
Profit	1,118	918
Other comprehensive income		
Valuation difference on available-for-sale securities	(30)	15
Deferred gains or losses on hedges	11	30
Remeasurements of defined benefit plans, net of tax	(199)	(12)
Total other comprehensive income	(217)	33
Comprehensive income	900	951
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	900	951
Comprehensive income attributable to non-controlling interests	_	_

#### (3) Notes to the Consolidated Financial Statements

(Notes to the Going Concern Assumption)
Not applicable

(Notes Regarding Significant Changes in the Amount of Shareholders' Equity)

The Company's Board of Directors, at its meeting held on October 31, 2016, resolved to acquire treasury shares pursuant to the provisions specified in its Articles of Incorporation as prescribed in Article 459, paragraph 1, item 1 of the Companies Act and the Company acquired treasury shares. As a result, the amount of treasury shares increased by 626 million yen during the nine months ended December 31, 2016.

(Segment Information)

Segment Information

1. Information on net sales, income or loss by reporting segments
Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)

(Million ven)

	Re	Reporting segment					Consolidated
	Medical Services	Home Furnishing and Health		Other (Note 1)	Total	Adjustments (Note 2)	statements of income (Note 3)
Sales							
Sales to external customers	21,260	14,798	36,058	2,627	38,686		38,686
Internal sales among segments or transfers	8	613	621	80	702	(702)	_
Total	21,268	15,412	36,680	2,708	39,389	(702)	38,686
Segment income (loss)	1,524	476	2,000	(41)	1,959	27	1,986

Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)

(Million yen)

Immediate							(William y Gir)
	Reporting segment						Consolidated
	Medical Services	Home Furnishing and Health	Total	Other (Note 1)	Total	Adjustments (Note 2)	statements of income (Note 3)
Sales							
Sales to external customers	20,888	14,587	35,475	2,575	38,050	_	38,050
Internal sales among segments or transfers	4	656	660	112	772	(772)	_
Total	20,892	15,244	36,136	2,687	38,823	(772)	38,050
Segment income	1,319	251	1,570	10	1,581	37	1,618

Notes 1. The "other" segment is a business segment not included in the reporting segments and includes businesses such as door-to-door sales, sales of commodities and sundries, exhibition venue set up and real estate leasing.

2. The details of "Adjustments" are as follows. Segment income

(Million ven)

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	Nine months ended	Nine months ended		
	December 31, 2015	December 31, 2016		
Intersegment transaction elimination	601	612		
Corporate expenses*	(574)	(575)		
Total	27	37		

<sup>\*</sup>Corporate expenses are mainly expenses relating to the general affairs division and other administrative divisions of the company submitting the consolidated financial statements that do not belong to reporting segments.

3. Segment income (loss) is adjusted with operating income reported in the consolidated statements of income.

2. Information on impairment loss on non-current assets or goodwill, etc., by reporting segments (Significant impairment loss relating to non-current assets)

Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)

(Million yen)

Reporting segment						Consolidated	
	Medical Services	Home Furnishing and Health	Total	Other	Total	Adjustments	statements of income
Impairment loss	6	4	10	258	269		269
Total	6	4	10	258	269	_	269