

## Results for the First Quarter of the Fiscal Year Ending March 31, 2012 (J-GAAP)

(April 1, 2011 ~ June 30, 2011)

August 5, 2011

Company name : **France Bed Holdings Co., Ltd.**

Listing Exchanges : Tokyo

Code number : 7840

URL : <http://www.francebed-hd.co.jp>

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Scheduled date to file quarterly report : August 11, 2011

Scheduled date of the start of dividend payments: -

Preparation of quarterly earnings presentation material: No

Holding of quarterly earnings announcement : No

(Figures of less than ¥1million have been omitted)

### 1. Consolidated results for the First quarter of the fiscal year ending March 2012 (April 1, 2011 ~ June 30, 2011)

#### (1) Consolidated Operating Results

(% of change from the corresponding period of previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter ended June 30, 2011	11,962	1.9	358	110.4	331	104.2	82	0.3
First quarter ended June 30, 2010	11,737	Δ4.3	170	39.7	162	78.0	81	53.6

Note: Comprehensive income: As of June 30, 2011 : ¥ 127 million (—) As of June 30, 2010 : ¥ Δ55 million (—%)

	Earnings per share	Earnings per share, diluted
	yen	yen
First quarter ended June 30, 2011	0.36	—
First quarter ended June 30, 2010	0.35	—

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' equity ratio
	Million yen	Million yen	%
First quarter ended June 30, 2011	61,741	36,800	59.6
Fiscal year ended March 31, 2011	60,739	36,958	60.8

(Reference) Shareholder's equity: As of June 30, 2011: ¥36,800million As of March 31, 2011: ¥36,958million

### 2. Dividends

Base date	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full fiscal year
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2011	—	1.25	—	1.25	2.50
Fiscal year ended March 31, 2012	—				
Fiscal year ended March 31, 2012 (Outlook)		1.25	—	1.25	2.50

Note: Changes to the dividend forecast during the period under review : None

### 3. Forecasts of results for the Fiscal Year Ending March 2012 (April 1, 2011 ~ March 31, 2012)

(Percentage figures for full fiscal years are changes from the previous fiscal year, and those for the interim period are changes from the previous interim period.)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Interim	24,170	1.4	750	140.5	670	146.9	330	161.3	1.44
Annual	49,180	1.7	1,590	167.5	1,440	163.8	690	193.2	3.02

Note: Changes to the consolidated forecasts during the period under review : None

### 4. Others

- (1) Changes in the state of material subsidiaries during the period (Changes regarding significant companies accompanying changes in the scope of consolidation): None
- (2) The application of special accounting treatment for the preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting principles, changes in accounting estimates, and changes in presentation 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 stock)	First quarter of FY2012.3 239,487,500 shares	FY2011.3 239,487,500 shares
[2] Number of treasury stock at the end of the period	First quarter of FY2012.3 11,581,496 shares	FY2011.3 11,581,430 shares
[3] Average number of shares issued during the period (quarterly accumulation period)	First quarter of FY2012.3 227,906,004 shares	First quarter of FY2011.3 227,911,164 shares

※ Presentation of implementation status for quarterly review procedures

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. The quarterly consolidated financial statements have been reviewed in accordance with the Financial Instruments and Exchange Act at the time of announcement of this summary.

※ Explanation related to appropriate use of results forecasts and other items warranting special mention

The forward-looking statements, such as results forecasts, included in this document are based on information available to the Company at the time of the announcement and certain assumptions considered reasonable. Actual results could differ materially, depending on a range of factors.

## Contents

1. Qualitative information on first Quarter Results .....	4
(1) Consolidated Management Performance .....	4
(2) Consolidated Financial Position .....	5
(3) Outlook for Consolidated Operating Results .....	5
2. Consolidated Financial Statements .....	6
(1) Consolidated Balance Sheets .....	6
(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income .....	7
Consolidated Statements of Operations .....	7
Consolidated Statements of Comprehensive Income .....	8
(3) Notes concerning conditions of “going concern” .....	9
(4) Segment information etc .....	9
(5) Special changes to shareholders equity .....	10
3. Supplementary Information .....	10
Head office relocation and posting of extraordinary losses .....	10

## 1. Qualitative Information on first Quarter Results

### (1) Consolidated Management Performance

In the first quarter of the current fiscal year (hereinafter “the period under review”), uncertainty about the future remained high in the Japanese economy, which experienced stagnation following the Great East Japan Earthquake of March 11 and subsequent power shortages and constraints due to the nuclear disaster at Fukushima.

In this economic environment, Francebed Co., Ltd., the core subsidiary of the Francebed Group, amalgamated its three business headquarters (Medical Service Business Headquarters, Home Furnishing and Health Business Headquarters, and Corporate Facilities Business Headquarters) into one business headquarters in April. This has enabled more efficient business operations, allowing the Company to focus its management resources on its growing medical service business to accelerate growth. It has also continued with the restructuring of its home furnishing and health business and expanded sales of high-value-added products to restore profitability, as it aims to fully leverage the amalgamation.

Regarding the new brand Rehatech, established in the previous period, an electric assist tricycle was launched in April as the first product under this brand. In addition, the Company will develop Choiparu, a compact, stable electric wheelchair, as well as other new products that build on the new brand’s concept of “creating products that are ‘friendly to people’ and aimed at improving their daily activities.” Such products will be targeted mainly at the new market of active elderly customers and marketed via all the sales channels currently held by the Francebed Group, including not only those for our medical service business but also for our home furnishing and health business.

Under the circumstances described above, sales of the Group for the period under review amounted to 11,962 million yen (up 1.9% year on year). Consolidated operating income soared to 358 million yen (up 110.4% year on year), while consolidated ordinary income jumped to 331 million yen (up 104.2% year on year) and consolidated net income for the period was 82 million yen (up 0.3% year on year).

Performance of each segment is as described below. As the segment structure was changed in the period under review, comparison with the same quarter in the previous year was made by applying the changed segment structure to that period.

#### (Medical services business)

In the medical services business, the Group developed new products, including electric nursing beds and wheelchairs, in response to the increasing amount of benefits related to the renting of welfare equipment, and held training sessions and product briefings on those products for agents and care managers. In addition to proactively promoting such products as handrails and walking frames, focusing on regional inclusion support centers, the Group worked to expand rental transactions and sales of these products and increase customers.

Meanwhile, the Group also maintained efforts to win contracts for property transactions with hospitals and other welfare facilities that are stepping up their capital spending, by increasing the number of sales bases and personnel. It also put effort into the home improvement area, focusing on such contracts as the installation of handrails using healthcare insurance.

As a new business, the Group started to sell Bioness, a rehabilitation system that integrates state-of-the-art medical technologies and the latest rehabilitation technologies, to medical institutions. This system uses electric stimulation to activate muscles.

As a result of the initiatives described above, sales in the medical services business were 6,550 million yen (up 9.0% year on year), and operating income was 389 million yen (up 19.6% year on year).

#### (Home furnishing and health business)

In the home furnishing and health business, operating conditions remained severe, due to a downturn in consumer confidence after the earthquake resulting from a tendency to refrain from buying expensive and nonessential goods.

In this environment, the Group concentrated on promoting sales of middle- and high-grade beds with high-added value, such as the Life Treatment Mattress series, which are core products, and the Slumberland series, a leading global brand of beds. The Group also held “test-ride and sale” events of the Rehatech electric assist tricycle at furniture shops and other business partners. Through these and other efforts, the Group has been launching new products and striving to expand the sales of products in this segment as well as respond to the anticipated aging of society.

Further, as a measure aimed at drastic restructuring in this segment, the Group has started to review its distribution systems in eastern Japan.

As a result of these initiatives, sales in the home furnishing and health business were 4,521 million yen (down 5.0% year on year), and operating loss was 67 million yen (compared with an operating loss of 191 million yen in the same period of the previous year).

#### **(Other businesses)**

In the door-to-door sales business of the “Other businesses” segment, the Group continued to streamline its sales offices and reduce costs in the face of a continued decline in sales, largely resulting from tighter regulations under the Act on Specified Commercial Transactions and the Installment Sales Law. The Group also reviewed the reservation deposit business (friendship association business), given the decline in members.

Also, in the sundries sales business, the Group reviewed its product lineup and closed unprofitable stores to improve earnings. Stores damaged by the Great East Japan Earthquake were reopened sequentially.

As a result of the initiatives described above, sales of other businesses totaled 890 million yen (down 8.4% year on year), and the operating income for the business was 10 million yen (compared with an operating loss of 17 million yen in the same period of the previous year).

## **(2) Consolidated Financial Position**

### **Total assets**

Total assets at the end of the period under review rose 1,002 million yen from the end of the previous fiscal year, to 61,741 million yen. Current assets increased 1,676 million yen from the end of the previous fiscal year, to 34,836 million yen. Major factors underlying the result were an increase of 1,175 million yen in cash and deposits and of 499 million yen in securities. Fixed assets decreased 668 million yen from the end of the previous fiscal year, to 26,863 million yen. Major contributors to the result included the transfer to current assets of time deposits to which the one-year rule applies.

### **Liabilities**

Liabilities increased 1,159 million yen from the end of the previous fiscal year, to 24,941 million yen. This increase mainly reflected the increase of factoring of accrued liability and accrued expenses, which offset the decline of notes and accounts payable, trade, and others.

### **Net assets**

Net assets declined 157 million yen from the end of the previous fiscal year, to 36,800 million yen. The main contributor to this result was dividends paid of 284 million yen, which offset net income of 82 million yen. As a result of the changes stated above, the shareholders' equity ratio fell from 60.8% at the end of the previous fiscal year, to 59.6%.

## **(3) Outlook for Consolidated Operating Results**

There has been no change to the performance forecast that was announced in “Consolidated Business Results for the Fiscal Year Ended March 31, 2011” dated May 13, 2011.

## 2. Consolidated Financial Statements

### (1) Consolidated balance sheets

(In millions of yen)

	FY2011 (As of March 31, 2011)	First quarter of FY2012 (As of June 30, 2011)
<b>ASSET</b>		
<b>Current assets</b>		
Cash and deposits	11,942	13,117
Notes and accounts receivable, trade	9,398	9,227
Short-term investment securities	1,999	2,498
Merchandise and Finished goods	5,623	5,801
Work in process	283	298
Raw materials and supplies	1,637	1,531
Other	2,338	2,405
Allowance for doubtful accounts	△63	△44
<b>Total current assets</b>	<b>33,159</b>	<b>34,836</b>
<b>Fixed assets</b>		
Property, plant and equipment		
Land	6,413	6,413
Other (net)	10,037	9,898
<b>Total property, plant and equipment</b>	<b>16,451</b>	<b>16,312</b>
Intangible fixed assets	1,392	1,299
Investments and other assets	9,688	9,252
<b>Total fixed assets</b>	<b>27,532</b>	<b>26,863</b>
Deferred assets	47	41
<b>Total assets</b>	<b>60,739</b>	<b>61,741</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Notes and accounts payable, trade	4,007	3,544
Factoring of accrued liability	2,138	3,160
Short-term borrowings	2,125	2,125
Current portion of bonds	775	775
Current portion of long-term loans payable	225	225
Accrued income taxes	157	45
Reserves	1,163	639
Other	3,727	4,905
<b>Total current liabilities</b>	<b>14,319</b>	<b>15,420</b>
<b>Noncurrent liabilities</b>		
Bonds payable	3,150	3,150
Long-term loans payable	2,000	2,000
Provision for retirement benefits	2,348	2,419
Reserve for Other	427	418
Other	1,536	1,532
<b>Total noncurrent liabilities</b>	<b>9,462</b>	<b>9,520</b>
<b>Total liabilities</b>	<b>23,781</b>	<b>24,941</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Capital stock	3,000	3,000
Capital surplus	5,116	5,116
Retained earnings	32,182	31,979
Treasury stock	△3,152	△3,152
<b>Total shareholders' equity</b>	<b>37,146</b>	<b>36,943</b>
<b>Accumulated Other Comprehensive Income</b>		
Valuation gain and loss on other securities	△166	△107
Deferred gains or losses on hedges	16	7
Foreign currency translation adjustment	△38	△43
<b>Total accumulated other comprehensive income</b>	<b>△188</b>	<b>△142</b>
<b>Total net assets</b>	<b>36,958</b>	<b>36,800</b>
<b>Total liabilities and net assets</b>	<b>60,739</b>	<b>61,741</b>

**(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income**

Consolidated Statements of Income

(In millions of yen)

	First quarter of FY2011 (From April 1, 2010 to June 30, 2010)	First quarter of FY2012 (From April 1, 2011 to June 30, 2011)
Net Sales	11,737	11,962
Cost of Sales	6,416	6,593
Gross profit	5,320	5,369
Selling, general and administrative expense	5,150	5,011
Operating income	170	358
Non-operating income		
Interest income	1	3
Dividend Income	8	8
Profit of share allotment	22	-
Other	21	17
Total non-operating income	53	28
Non-operating expenses		
Interest expense	33	27
Other	28	27
Total non-operating expenses	61	55
Ordinary income	162	331
Extraordinary income		
Gain on sales of noncurrent assets	0	-
Total extraordinary income	0	-
Extraordinary losses		
Loss on retirement of noncurrent assets	10	2
Loss on valuation of investment securities	-	0
Loss on liquidation of subsidiaries and affiliates	-	17
Head office transfer cost	-	85
Loss on prior period adjustment	0	-
Total extraordinary losses	10	105
Income before income taxes	152	225
Income taxes-current	31	27
Income taxes-deferred	39	116
Total income taxes	70	143
Income before minority interests	81	82
Net Income	81	82

## Consolidated Statements of Comprehensive Income

(In millions of yen)

	First quarter of FY2011 (From April 1, 2010 to June 30, 2010)	First quarter of FY2012 (From April 1, 2011 to June 30, 2011)
Income before minority interests	81	82
Other comprehensive income		
Valuation difference on available-for-sale securities	Δ80	58
Deferred gains or losses on hedges	Δ50	Δ9
Foreign currency translation adjustment	Δ7	Δ4
Other comprehensive income	Δ137	45
Comprehensive income	Δ55	127
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	Δ55	127
Comprehensive income attributable to minority interests	-	-

**(3) Notes concerning conditions of “going concern”**

Not applicable

**(4) Segment information, etc.**

[Segment information]

## 1. Information related to sales and profit and loss amounts by reporting segment

First quarter of FY2011 (From April 1, 2010 to June 30, 2010)

(In millions of yen)

	Reporting Segment			Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Medical Services	Home Furnishing and Health	Total				
Sales							
Sales to External Customers	6,004	4,759	10,764	972	11,737	-	11,737
Internal Sales among Segments or Transfers	4	138	143	102	245	Δ245	-
Total	6,009	4,898	10,908	1,074	11,983	Δ245	11,737
Segment Income / Loss	325	Δ191	134	Δ17	116	54	170

First quarter of FY2012 (From April 1, 2011 to June 30, 2011)

(In millions of yen)

	Reporting Segment			Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Medical Services	Home Furnishing and Health	Total				
Sales							
Sales to External Customers	6,550	4,521	11,072	890	11,963	-	11,962
Internal Sales among Segments or Transfers	0	124	125	24	150	Δ150	-
Total	6,551	4,645	11,197	915	12,113	Δ150	11,962
Segment Income / Loss	389	Δ67	322	10	332	26	358

(Note)

- The Other Businesses segment is a business segment that is not included in the reported segments and includes businesses such as door-to-door sales business, sundries sales business, exhibition business and real estate lease business.
- The item “Adjustments” contains the following:

Segment income

	First quarter of FY2011	First quarter of FY2012
Elimination of intersegment transactions	203	191
Corporate expenses	Δ149	Δ164
	54	26

General corporate expenses are expenses relating to the general affairs division and other administrative divisions of the company submitting the consolidated financial statements that cannot be attributed to any particular reporting segment.

- Segment profit and loss is adjusted with operating income reported in the consolidated financial statements.

## 2. Change to the reporting segments

First quarter of FY2012 (From April 1, 2011 to June 30, 2011)

### (1) Change to the reporting segments

The Group used to have three reporting segments, which were “medical services,” “home furnishing and health,” and “corporate facilities.” Starting from the period under review, the reporting segments were changed to “medical services” and “home furnishing and health” due to the reorganization of the core subsidiary, Francebed Co., Ltd.

### (2) Change to the method of calculating the income/loss of each reporting segment

In the period under review, the Group started to review the method of distributing the common expenses of the entire company, used for calculating segment income/loss, to ensure more appropriate assessment and management of each segment’s business.

The new method was applied to the information given herein concerning sales and the income/loss of each reporting segment for the first quarter of the previous fiscal year.

## 3. Information concerning the impairment loss of fixed assets of each reporting segment

First quarter of FY2012 (From April 1, 2011 to June 30, 2011)

Due to the head office relocation of the company and its consolidated subsidiary, the book value of assets whose prospective uses have not been determined was reduced to the recoverable amount and posted as an impairment loss. The posted amount of impairment loss of each reporting segment is as follows:

	Medical Services	Home Furnishing and Health	Other	Elimination of Corporate Wide	Total
Impairment loss (Note)	11	15	4	3	35

(Note) It is included in the “Head office relocation cost” of “Extraordinary losses.”

## (5) Special changes to shareholders equity

Not applicable

## 3. Supplementary Information

(Head office relocation and posting of extraordinary losses)

France Bed Holdings Co., Ltd., hereby announces that it has relocated its head office. The details are as follows:

### (1) New location:

6th floor, Shinjuku Square Tower, 6-22-1, Nishi Shinjuku, Shinjuku-ku, Tokyo

### (2) Planned date of relocation:

September 19, 2011

### (3) Reasons for the relocation:

- 1) To ensure the business continuity of the Group in preparation for major earthquakes and other disasters
- 2) To reduce costs, including rent, and streamline the operations, which apply to Group companies as well

### (4) Generation of extraordinary loss

We posted 85 million yen as costs for the head office relocation, which are included in extraordinary losses for the period under review.

### (5) Impact on performance

Costs generated by the relocation will have only a minor impact on the performance forecasts. There has been no change to the forecasts of consolidated (second-quarter and full-year) results for the fiscal year ending March 2012, which was announced on May 13, 2011.

### (6) Other

- 1) The head office location stipulated in the articles of incorporation is Shinjuku-ku, Tokyo. Accordingly, the said relocation does not cause any changes to the articles of incorporation.
- 2) The head office of the consolidated subsidiary, Francebed Co., Ltd., will also be relocated to Shinjuku Square Tower.