

Results for the Third Quarter of the Fiscal Year Ending March 31, 2013 (Japanese GAAP)

(April 1, 2012 ~ December 31, 2012)

January 31, 2013

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

Code number : 7840

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Scheduled date to file quarterly report : February 8, 2013

Scheduled date of the start of dividend payments: -

Preparation of quarterly earnings presentation material: No

Holding of quarterly earnings announcement : No

Listing Exchanges : Tokyo

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

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

1. Consolidated results for the Third quarter of the fiscal year ending March 2013 (April 1, 2012 ~ December 31, 2012)

(1) Consolidated Operating Results

(% figures are changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Third quarter ended Dec. 31, 2012	37,289	3.2	1,444	29.3	1,410	29.5	893	276.1
Third quarter ended Dec. 31, 2011	36,124	0.9	1,116	75.2	1,088	89.9	237	△9.9

(Note) Comprehensive income: As of December 31, 2011 : ¥ 883 million (248.5%) As of December 31, 2011 : ¥ 253 million (38.2%)

	Earnings per share	Earnings per share, diluted
	yen	yen
Third quarter ended Dec. 31, 2012	4.08	—
Third quarter ended Dec. 31, 2011	1.05	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' equity ratio
	Million yen	Million yen	%
Third quarter ended Dec. 31, 2012	58,433	35,810	61.2
Fiscal year ended March 31, 2012	59,651	36,007	60.3

(Reference) Shareholder's equity : As of December 31, 2012: ¥35,810million As of March 31, 2012: ¥36,007million

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
Fiscal year ended March 31, 2012	yen —	yen 1.25	yen —	yen 1.75	yen 3.00
Fiscal year ended March 31, 2013	—	1.75	—		
Fiscal year ended March 31, 2013 (Outlook)				1.75	3.50

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

3.Forecasts of results for the Fiscal Year Ending March 2013 (April 1, 2012 ~ March 31, 2013)

(Percentage figures for the full fiscal year are changes from the previous fiscal year)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Annual	52,700	5.8	2,320	42.7	2,250	41.2	1,190	152.1	5.40

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

Footnote Items

(1) Changes in the state of material subsidiaries during the period (Changes regarding significant subsidiaries 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)	Third quarter of FY2013.3 224,487,500 shares	FY2012.3 239,487,500 shares
[2] Number of treasury stock at the end of the period	Third quarter of FY2013.3 6,107,986 shares	FY2012.3 19,233,950 shares
[3] Average number of shares issued during the period (quarterly accumulation period)	Third quarter of FY2013.3 218,769,179 shares	Third quarter of FY2012.3 225,995,148 shares

※ Presentation of implementation status for quarterly review procedures

This financial summary is exempt from the quarterly review procedures based on Financial Instruments and Exchange Law. At the time when this quarterly consolidated financial statements was disclosed, the quarterly review procedures based on the Financial Instruments and Exchange Law had not been completed.

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

(Note to descriptions about the future, etc.)

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.

They do not represent guarantees of future outcomes. Actual results could differ materially from forecasts, depending on a range of factors.

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1. Qualitative Information on Third Quarter Results

(1) Consolidated Management Performance

In the first nine months of the current fiscal year (hereinafter, “the period under review”), uncertainty about the future of the Japanese economy remained high, mainly reflecting the government debt problem in Europe and the slowdown in emerging economies. However, signs of a moderate recovery were seen.

In this economic environment, the France Bed Group (hereinafter, the “Group”) sought to boost revenues by increasing its medical services through investing management resources in this area. In the home furnishings and health business, the Group featured high value-added products and high-functioning furniture to improve its earnings power. The entire Group strengthened its efforts to promote products sold under the Rehatech brand, a new brand of products that encourages the elderly to go out and lead a more active lifestyle, and endeavored to expand its business directed at an aging society in response to the aging of the population.

Under these circumstances, Group sales for the period under review amounted to 37,289 million yen (up 3.2% year on year). Consolidated operating income increased to 1,444 million yen (up 29.3% year on year), and consolidated ordinary income rose to 1,410 million yen (up 29.5% year on year). Consolidated net income stood at 893 million yen (up 276.1% year on year).

(Medical services business)

In the medical services business, the Group established two new sales offices to expand its sales in the welfare equipment rental market, where nursing care insurance payments are on the rise. Meanwhile, targeting hospitals and welfare facilities that are showing signs of stepping up their capital spending, the Group strove to train salespeople to their optimal potential.

The Group launched and promoted sales of both Yumerira, an air mattress that prevents bedsores, disperses body pressure, and ensures stable relaxation, using its experience in developing high-end beds for home use and medical and nursing care beds and the technologies for them, and FBN-PJJ97 SU, a comfortable electric bed for nursing care that uses a mattress as wide (970 mm) as a regular bed. The Group held training sessions and briefings for care managers and sales agents primarily for the product lines sold under the Rehatech brand. The Group also aired TV commercials for these products to attract new customers and enhance its brand image.

The Group opened Yu Yu Iki Iki Club outlets at nine locations (one directly managed by the Group and the eight other launched as franchises). The Yu Yu Iki Iki Club is an ambulatory nursing care facility specializing in services for those requiring minimal care.

As a result of these activities, net sales for the medical services business came to 20,473 million yen (up 5.9% year on year). Operating income for the business was 1,175 million yen (up 4.6% year on year).

(Home furnishing and health business)

In the home furnishings and health business, the Group sought to increase its unit sales price by launching and promoting high value-added products, including the renewed New Life Treatment Mattress series and the high-grade GRANMAX series of high-quality electric reclining beds aimed at active seniors, which combine the outstanding designs of luxury beds for home use with the functionality of nursing care beds.

Meanwhile, the Group strove to expand its business targeting the elderly through initiatives such as holding test-ride events to allow customers to try Rehatech products, such as an electrically assisted tricycle, and encouraging furniture stores to set up a “Yu Yu Platinum” zone, where Rehatech brand products and products for the elderly such as canes and walkers are displayed.

As we announced on July 12, 2012, in the “Notice of a Fire at a Consolidated Subsidiary,” a fire broke out at the Chiba plant of Tokyo Bed Co., Ltd., which belongs to this segment, on July 11, 2012, and the manufacturing building and warehouse were almost completely destroyed. Tokyo Bed resumed its operations using the facilities of other consolidated subsidiaries, but its operations have not fully recovered.

As a result of the event described above, net sales for the home furnishings and health business amounted to 13,966 million yen (down 0.2% year on year). Operating income was 200 million yen (compared with an operating loss of 51 million yen in the same period of the previous fiscal year).

(Other businesses)

In the sundries sales business of the “Other businesses” segment, the Group reviewed its product lineup and continued “scrap and build” at stores to improve earnings. The Group also opened a store in a new business category targeting middle-aged and older women in an initiative designed to establish a new source of revenue.

In the door-to-door sales business, the Group took steps to stem the decline in sales through such measures as increasing the sales of products for the elderly in an effort to improve the profitability of the business.

As a result of the initiatives described above, sales of other businesses totaled 2,849 million yen (up 1.9% year on year), and the operating income for the business was 22 million yen (down 36.4% year on year).

(2) Consolidated Financial Position**Total assets**

Total assets at the end of the period under review fell 1,217 million yen from the end of the previous fiscal year, to 58,433 million yen. Current assets decreased 1,359 million yen from the end of the previous fiscal year, to 32,195 million yen. Major factors underlying these results included a decrease of 1,287 million yen in notes and accounts receivable-trade. Fixed assets increased 148 million yen from the end of the previous fiscal year, to 26,220 million yen. Major factors for this result included investments of 600 million yen in long-term deposits, which offset depreciation and amortization and the plant equipment destroyed in the fire at a subsidiary.

Liabilities

Liabilities declined 1,020 million yen from the end of the previous fiscal year, to 22,622 million yen. The decrease mainly reflected declines in notes and accounts payable-trade of 774 million yen and in long-term and short-term lease obligations of 235 million yen.

Net assets

Net assets fell 197 million yen from the end of the previous fiscal year, to 35,810 million yen. Major contributors to this result included net income for the quarter under review of 893 million yen, which was offset by 312 million yen for the purchase of treasury stock and 767 million yen in cash dividends paid.

As a result of the changes stated above, the shareholders' equity ratio rose from 60.3% at the end of the previous fiscal year, to 61.2%.

(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, 2012” dated May 15, 2012.

2. Consolidated Financial Statements

(1) Consolidated quarterly balance sheets

(In millions of yen)

	FY2012 (As of March 31, 2012)	Third quarter of FY2013 (As of December 31, 2012)
ASSET		
Current assets		
Cash and deposits	7,558	7,871
Notes and accounts receivable-trade	11,059	9,771
Short-term investment securities	5,498	4,998
Merchandise and finished goods	5,618	5,612
Work in process	332	405
Raw materials and supplies	1,561	1,787
Other	1,959	1,776
Allowance for doubtful accounts	△31	△27
Total current assets	33,554	32,195
Noncurrent assets		
Property, plant and equipment		
Land	6,413	6,413
Other (net)	9,721	9,356
Total property, plant and equipment	16,134	15,769
Intangible assets	1,129	985
Investments and other assets	8,807	9,465
Total noncurrent assets	26,071	26,220
Deferred assets	24	17
Total assets	59,651	58,433
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	4,435	3,661
Accounts payable for factoring	2,130	2,063
Short-term loans payable	2,125	1,675
Current portion of bonds	-	3,150
Income taxes payable	155	383
Provision for bonuses	1,121	601
Other provision	16	36
Other	3,911	4,053
Total current liabilities	13,895	15,623
Noncurrent liabilities		
Bonds payable	3,150	400
Long-term loans payable	2,000	2,000
Provision for retirement benefits	2,576	2,745
Other provision	459	467
Asset retirement obligations	24	24
Other	1,537	1,361
Total noncurrent liabilities	9,747	6,999
Total liabilities	23,643	22,622
NET ASSETS		
Shareholders' equity		
Capital stock	3,000	3,000
Capital surplus	5,116	1,867
Retained earnings	32,088	32,214
Treasury stock	△4,165	△1,229
Total shareholders' equity	36,039	35,852
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10	△23
Deferred gains or losses on hedges	-	19
Foreign currency translation adjustment	△42	△37
Total accumulated other comprehensive income	△31	△41
Total net assets	36,007	35,810
Total liabilities and net assets	59,651	58,433

(2) Consolidated Statements of Income & Consolidated Statements of Comprehensive Income

(Consolidated quarterly statements of income)

(In millions of yen)

	Third quarter of FY2012 (From April 1, 2011 to December 31, 2011)	Third quarter of FY2013 (From April 1, 2012 to December 31, 2012)
Net sales	36,124	37,289
Cost of sales	19,735	20,198
Gross profit	16,388	17,091
Selling, general and administrative expenses	15,272	15,647
Operating income	1,116	1,444
Non-operating income		
Interest income	12	10
Dividends income	19	21
Other	105	83
Total non-operating income	138	115
Non-operating expenses		
Interest expenses	80	69
Other	85	79
Total non-operating expenses	165	149
Ordinary income	1,088	1,410
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Gain on sales of investment securities	-	0
Gain on insurance adjustment	-	399
Other	-	7
Total extraordinary income	0	407
Extraordinary loss		
Loss on sales of noncurrent assets	0	-
Loss on retirement of noncurrent assets	9	16
Loss on disaster	21	243
Loss on liquidation of subsidiaries and affiliates	17	-
Head office transfer cost	149	-
Other	1	-
Total extraordinary losses	200	259
Income before income taxes and minority interests	888	1,558
Income taxes-current	80	402
Income taxes-deferred	570	262
Total income taxes	651	664
Income before minority interests	237	893
Net income	237	893

(Consolidated quarterly statements of comprehensive income)

(In millions of yen)

	Third quarter of FY2012 (From April 1, 2011 to December 31, 2011)	Third quarter of FY2013 (From April 1, 2012 to December 31, 2012)
Income before minority interests	237	893
Other comprehensive income		
Valuation difference on available-for-sale securities	53	Δ34
Deferred gains or losses on hedges	Δ26	19
Foreign currency translation adjustment	Δ10	4
Total other comprehensive income	15	Δ10
Comprehensive income	253	883
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	253	883
Comprehensive income attributable to minority interests	-	-

(3) Notes concerning conditions of “going concern”

Not applicable

(4) Supplementary Information

The Company and certain consolidated subsidiaries have a retirement lump-sum grant system and a defined benefit corporate pension system. On April 2, 2013, the Company and its consolidated subsidiaries will change part of this retirement lump-sum grant system to a defined contribution pension system.

For further information, please refer to the “Notice of a Change in the Retirement Benefit Scheme (Introduction of a Defined Contribution Pension System)” announced today (January 31, 2013).

(5) Special changes to shareholders equity

The Company resolved at a meeting of the Board of Directors held on April 27, 2012 to cancel its treasury stock pursuant to the provisions of Article 178 of the Companies Act and executed the cancellation of its treasury stock as of May 18, 2012. As a result, capital surplus and treasury stock decreased 3,248 million yen, respectively, in the first quarter of the fiscal year under review.

(6) Segment information, etc.

[Segment information]

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

Third quarter of FY2012 (From April 1, 2011 to December 31, 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	19,331	13,997	33,328	2,795	36,124	-	36,124
Internal Sales among Segments or Transfers	2	384	387	64	452	Δ452	-
Total	19,334	14,382	33,716	2,860	36,576	Δ452	36,124
Segment Income / Loss	1,123	Δ51	1,072	35	1,107	9	1,116

Third quarter of FY2013 (From April 1, 2012 to December 31, 2012)

(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	20,473	13,966	34,440	2,849	37,289	-	37,289
Internal Sales among Segments or Transfers	1	364	365	67	433	Δ433	-
Total	20,474	14,330	34,805	2,916	37,722	Δ433	37,289
Segment Income	1,175	200	1,376	22	1,398	45	1,444

(Note)

1. 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.

2. The item "Adjustments" contains the following:

Segment income

	Third quarter of FY2012	Third quarter of FY2013
Elimination of intersegment transactions	541	598
Corporate expenses	Δ531	Δ552
	9	45

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.

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

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

Third quarter of FY2012 (From April 1, 2011 to December 31, 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."

Third quarter of FY2013 (From April 1, 2012 to December 31, 2012)

Not applicable