

## Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2015 (J-GAAP)

October 31, 2014

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

Code number: 7840

Listing exchanges: Tokyo

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Representative: Shigeru Ikeda, President

Contact person: Tsutomu Shimada, Director (Accounting Group)

Scheduled date to submit quarterly report: November 11, 2014

Scheduled date of the start of dividend payments: December 5, 2014

Preparation of supplementary explanation materials for 2Q financial results: Yes

2Q earnings announcement: Yes (for securities analysts and institutional investors)

(Amounts less than one million yen have been truncated)

### 1. Consolidated Results for the Six Months Ended September 30, 2014

(April 1, 2014 – September 30, 2014)

#### (1) Consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2014	24,949	-2.6	802	-32.1	799	-31.5	372	-40.6
Six months ended September 30, 2013	25,637	3.4	1,181	28.9	1,167	31.4	626	8.3

Note: Comprehensive income

Six months ended September 30, 2014: ¥504 million (-22.5%)

Six months ended September 30, 2013: ¥651 million (41.3%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended September 30, 2014	1.73	—
Six months ended September 30, 2013	2.86	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2014	55,993	34,837	62.2	162.66
As of March 31, 2014	59,443	35,522	59.7	165.85

Reference: Shareholders' equity

As of September 30, 2014: ¥34,837 million

As of March 31, 2014: ¥35,522 million

## 2. Dividends

	Cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
Fiscal year ended March 31, 2014	Yen —	Yen 2.25	Yen —	Yen 2.75	Yen 5.00
Fiscal year ending March 31, 2015	—	2.25			
Fiscal year ending March 31, 2015 (Outlook)			—	2.25	4.50

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

The dividend at the end of the fiscal year ended March 31, 2014 includes payments of an ordinary dividend of 2.25 yen per share and a commemorative dividend of 0.50 yen per share.

## 3. Forecasts of Results for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	53,600	-2.3	2,200	-21.4	2,200	-20.9	1,000	-28.4	4.66

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: Yes
  - 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 September 30, 2014: 224,487,500 shares
    - As of March 31, 2014: 224,487,500 shares
  - 2) Number of treasury shares at the end of the period
    - As of September 30, 2014: 10,315,670 shares
    - As of March 31, 2014: 10,313,385 shares
  - 3) Average number of shares issued during the period
    - April 2014 – September 2014: 214,173,049 shares
    - April 2013 – September 2013: 218,377,955 shares

[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.

[Method of obtaining supplementary materials of the financial results]

The Company scheduled a presentation of financial results for institutional investors and securities analysts on Friday, November 28, 2014. Handout materials and video of the presentation will be posted on its website immediately following the presentation.

**3. Consolidated Financial Statements**  
**(1) Consolidated Balance Sheets**

(Million yen)

	FY2014 (as of March 31, 2014)	2Q of FY2015 (as of September 30, 2014)
<b>Assets</b>		
Current assets		
Cash and deposits	8,125	6,996
Notes and accounts receivable – trade	12,350	9,436
Securities	2,498	2,498
Merchandise and finished goods	5,335	6,006
Work in process	465	536
Raw materials and supplies	1,859	2,170
Other	2,362	2,184
Allowance for doubtful accounts	(10)	(7)
<b>Total current assets</b>	<b>32,988</b>	<b>29,822</b>
Non-current assets		
Property, plant and equipment		
Land	6,481	6,481
Others, net	9,763	9,801
<b>Total property, plant and equipment</b>	<b>16,244</b>	<b>16,282</b>
Intangible assets	1,055	1,016
Investments and other assets	9,087	8,813
<b>Total non-current assets</b>	<b>26,387</b>	<b>26,112</b>
Deferred assets	66	58
<b>Total assets</b>	<b>59,443</b>	<b>55,993</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	4,237	3,214
Accounts payable for factoring	2,392	1,942
Short-term loans payable	1,550	1,550
Current portion of long-term loans payable	2,000	1,100
Income taxes payable	208	98
Provision for bonuses	1,261	1,236
Other provision	103	35
Other	4,785	4,390
<b>Total current liabilities</b>	<b>16,539</b>	<b>13,568</b>
Non-current liabilities		
Bonds payable	3,550	3,550
Long-term loans payable	—	900
Provision	521	491
Net defined benefit liability	646	664
Asset retirement obligations	25	25
Other	2,638	1,956
<b>Total non-current liabilities</b>	<b>7,381</b>	<b>7,587</b>
<b>Total liabilities</b>	<b>23,921</b>	<b>21,156</b>

(Million yen)

	FY2014 (as of March 31, 2014)	2Q of FY2015 (as of September 30, 2014)
Net assets		
Shareholders' equity		
Capital stock	3,000	3,000
Capital surplus	1,867	1,867
Retained earnings	32,853	32,037
Treasury shares	(2,083)	(2,083)
Total shareholders' equity	35,638	34,821
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	104	208
Deferred gains or losses on hedges	(2)	31
Remeasurements of defined benefit plans	(218)	(223)
Total accumulated other comprehensive income	(115)	16
Total net assets	35,522	34,837
Total liabilities and net assets	59,443	55,993

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

## Consolidated Statements of Income

(Six months ended September 30, 2013 and 2014)

(Million yen)

	Six months ended September 30, 2013 (from April 1, 2013 to September 30, 2013)	Six months ended September 30, 2014 (from April 1, 2014 to September 30, 2014)
Net sales	25,637	24,949
Cost of sales	13,702	13,029
Gross profit	11,934	11,919
Selling, general and administrative expenses	10,752	11,117
Operating income	1,181	802
Non-operating income		
Interest income	5	3
Dividend income	11	11
Other	56	78
Total non-operating income	72	93
Non-operating expenses		
Interest expenses	43	41
Other	43	54
Total non-operating expenses	86	96
Ordinary income	1,167	799
Extraordinary income		
Gain on sales of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on retirement of non-current assets	11	10
Total extraordinary losses	11	10
Income before income taxes and minority interests	1,155	789
Income taxes – current	105	72
Income taxes – deferred	423	344
Total income taxes	529	417
Income before minority interests	626	372
Net income	626	372

Consolidated Statements of Comprehensive Income  
(Six months ended September 30, 2013 and 2014)

(Million yen)

	Six months ended September 30, 2013 (from April 1, 2013, to September 30, 2013)	Six months ended September 30, 2014 (from April 1, 2014, to September 30, 2014)
Income before minority interests	626	372
Other comprehensive income		
Valuation difference on available-for-sale securities	36	103
Deferred gains or losses on hedges	(12)	33
Remeasurements of defined benefit plans	—	(4)
Total other comprehensive income	24	132
Comprehensive income	651	504
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	651	504
Comprehensive income attributable to minority interests	—	—

**(3) Consolidated Statements of Cash Flows**

(Million yen)

	Six months ended September 30, 2013 (from April 1, 2013, to September 30, 2013)	Six months ended September 30, 2014 (from April 1, 2014, to September 30, 2014)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	1,155	789
Depreciation	1,805	1,803
Loss (gain) on sales of non-current assets	(0)	(0)
Loss on retirement of non-current assets	6	7
Increase (decrease) in allowance for doubtful accounts	(3)	(5)
Increase (decrease) in provision for bonuses	39	(25)
Increase (decrease) in provision for directors' bonuses	(22)	(32)
Increase (decrease) in provision for retirement benefits	(51)	—
Increase (decrease) in net defined benefit liability	—	(25)
Decrease (increase) in prepaid pension costs	(270)	—
Decrease (increase) in net defined benefit asset	—	69
Increase (decrease) in provision for directors' retirement benefits	14	(29)
Increase (decrease) in provision for business structure improvement	—	(35)
Increase (decrease) in other provision	(2)	—
Interest and dividend income	(16)	(14)
Interest expenses	43	41
Decrease (increase) in notes and accounts receivable – trade	1,247	2,952
Decrease (increase) in inventories	(522)	(1,051)
Increase (decrease) in notes and accounts payable – trade	(730)	(1,022)
Increase (decrease) in accounts payable for factoring	(374)	(450)
Increase (decrease) in accounts payable – other resulting from transition to a defined-contribution pension plan	(781)	(741)
Increase (decrease) in accrued expenses	15	(336)
Other, net	(142)	148
Subtotal	1,409	2,042
Interest and dividend income received	16	14
Interest expenses paid	(42)	(38)
Income taxes paid	(768)	(87)
Net cash provided by (used in) operating activities	614	1,931



(Million yen)

	Six months ended September 30, 2013 (from April 1, 2013, to September 30, 2013)	Six months ended September 30, 2014 (from April 1, 2014, to September 30, 2014)
<b>Cash flows from investing activities</b>		
Proceeds from withdrawal of time deposits	500	600
Purchase of securities	(999)	—
Proceeds from redemption of securities	999	—
Purchase of property, plant and equipment	(1,749)	(1,603)
Proceeds from sales of property, plant and equipment	0	0
Purchase of investment securities	(0)	(600)
Purchase of shares of subsidiaries and associates	—	(20)
Payments of loans receivable	(0)	—
Collection of loans receivable	2	3
Purchase of intangible assets	(174)	(293)
Net cash provided by (used in) investing activities	(1,421)	(1,914)
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	—	600
Decrease in short-term loans payable	—	(600)
Proceeds from long-term loans payable	—	900
Repayments of long-term loans payable	—	(900)
Proceeds from issuance of bonds	3,078	—
Redemption of bonds	(3,150)	—
Purchase of treasury shares	(0)	(0)
Proceeds from sales and leasebacks	729	761
Repayments of lease obligations	(778)	(731)
Cash dividends paid	(490)	(588)
Net cash provided by (used in) financing activities	(609)	(558)
Effect of exchange rate change on cash and cash equivalents	0	12
Net increase (decrease) in cash and cash equivalents	(1,416)	(528)
Cash and cash equivalents at beginning of period	11,584	10,024
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(85)	—
Cash and cash equivalents at end of period	10,082	9,495

#### (4) Notes to Consolidated Financial Statements

(Notes to the Going Concern Assumption)

Not applicable

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

Not applicable

(Segment Information)

Segment Information

##### 1. Information on net sales and income or loss by reporting segments

Six months ended September 30, 2013 (From April 1, 2013 to September 30, 2013)

(Million yen)

	Reporting segment			Other (Note 1)	Total	Adjustments (Note 2)	Consolidated statements of income (Note 3)
	Medical Services	Home Furnishing and Health	Total				
Sales							
Sales to external customers	13,540	10,151	23,691	1,945	25,637	—	25,637
Internal sales among segments or transfers	4	298	302	64	367	(367)	—
Total	13,544	10,449	23,994	2,010	26,004	(367)	25,637
Segment income (loss)	879	323	1,202	(32)	1,170	11	1,181

Six months ended September 30, 2014 (From April 1, 2014 to September 30, 2014)

(Million yen)

	Reporting segment			Other (Note 1)	Total	Adjustments (Note 2)	Consolidated statements of income (Note 3)
	Medical Services	Home Furnishing and Health	Total				
Sales							
Sales to external customers	13,406	9,845	23,251	1,697	24,949	—	24,949
Internal sales among segments or transfers	2	347	349	71	421	(421)	—
Total	13,408	10,193	23,601	1,769	25,370	(421)	24,949
Segment income (loss)	722	72	795	(7)	787	14	802

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 yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Intersegment transaction elimination	378	406
Corporate expenses*	(367)	(392)
Total	11	14

\*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.