

## Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2016 (J-GAAP)

July 31, 2015

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: August 7, 2015

Scheduled date of the start of dividend payments: —

Preparation of supplementary explanation materials for 1Q financial results: None

1Q earnings announcement: None

(Amounts less than one million yen have been truncated)

### 1. Consolidated Results for the Three Months Ended June 30, 2015

(April 1, 2015 – June 30, 2015)

#### (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	%
Three months ended June 30, 2015	12,555	1.3	631	22.4	619	20.5	386	49.7
Three months ended June 30, 2014	12,385	-2.2	516	-20.2	513	-19.5	257	-24.0

Note: Comprehensive income

Three months ended June 30, 2015: ¥461 million (45.2%)

Three months ended June 30, 2014: ¥318 million (-5.5%)

	Profit per share	Fully diluted profit per share
	Yen	Yen
Three months ended June 30, 2015	1.80	—
Three months ended June 30, 2014	1.20	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2015	59,783	37,267	62.3	174.01
As of March 31, 2015	59,409	37,287	62.7	174.10

Reference: Shareholders' equity

As of June 30, 2015: ¥37,267 million

As of March 31, 2015: ¥37,287 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, 2015	—	2.25	—	2.25	4.50
Fiscal year ending March 31, 2016	—				
Fiscal year ending March 31, 2016 (Outlook)		2.50	—	12.50	—

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

The Company plans to conduct a consolidation of its common shares at a rate of one share for every five shares to become effective October 1, 2015. Consequently, in terms of the cash dividends per share for the fiscal year ending March 31, 2016 (Outlook), the year-end dividend is presented, factoring in the impact of this consolidation of shares; while the amount of total annual dividend is presented as “—.” The year-end dividend per share for the fiscal year ending March 31, 2016 (Outlook) which does not factor in this consolidation of shares will amount to 2.50 yen and the annual dividend per share will amount to 5.00 yen. For details, please see “Note concerning the appropriate use of performance forecasts and other related items.”

## 3. Forecasts of Results for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	25,500	2.2	940	17.2	910	13.8	520	39.7	2.42
Full year	53,500	3.0	2,200	27.6	2,150	23.1	1,100	21.5	25.68

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

Profit per share presented in the full year forecasts of results for the fiscal year ending March 31, 2016 factors in the impact of the consolidation of shares.

For details, please see “Note concerning the appropriate use of performance forecasts and other related items.”

### 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)

June 30, 2015: 224,487,500 shares

March 31, 2015: 224,487,500 shares

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

- June 30, 2015: 10,319,916 shares  
March 31, 2015: 10,317,983 shares
- 3) Average number of shares issued during the period  
April 2015 – June 2015: 214,168,092 shares  
April 2014 – June 2014: 214,173,793 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.

(Outlook of dividends and performance forecasts following the consolidation of shares)

The Company, at the 12th Ordinary General Meeting of Shareholders held on June 24, 2015, resolved to conduct a consolidation of its common shares at a rate of one share for every five shares to become effective October 1, 2015 and to change the number of shares per unit from 1,000 shares to 100 shares, effective the same date as the consolidation of shares, and these matters were approved. The outlook for dividends and consolidated performance forecasts for the fiscal year ending March 31, 2016, calculated without factoring in the consolidation of shares, are as follows.

1. Outlook for dividends for the fiscal year ending March 31, 2016  
End of second quarter: 2.50 yen (Note 1)  
End of fiscal year: 2.50 yen (Note 2)
2. Consolidated performance forecasts for the fiscal year ending March 31, 2016  
Profit per share  
Full year: 5.13 yen

Notes 1. Dividends for the end of second quarter will be paid in accordance with the number of shares before the consolidation of shares.

2. The amount of dividends has been calculated without factoring in the consolidation of shares.

3. Annual dividends per share for the fiscal year ending March 31, 2016 without factoring in the consolidation of shares will amount to 5.00 yen.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Million yen)

	FY2015 (as of March 31, 2015)	1Q of FY2016 (as of June 30, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	7,213	7,868
Notes and accounts receivable – trade	10,224	8,965
Electronically recorded monetary claims – operating	708	778
Securities	2,498	3,398
Merchandise and finished goods	5,646	5,710
Work in process	530	509
Raw materials and supplies	1,903	2,027
Other	2,126	2,260
Allowance for doubtful accounts	(10)	(8)
Total current assets	30,843	31,509
Non-current assets		
Property, plant and equipment		
Land	6,800	6,799
Others, net	9,484	9,781
Total property, plant and equipment	16,284	16,580
Intangible assets	885	817
Investments and other assets		
Net defined benefit asset	8,404	8,360
Other	2,930	2,459
Total investments and other assets	11,335	10,820
Total non-current assets	28,505	28,217
Deferred assets	60	55
Total assets	59,409	59,783
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	3,469	3,215
Accounts payable for factoring	2,207	2,303
Short-term loans payable	1,550	1,850
Current portion of bonds	400	400
Income taxes payable	222	52
Provision for bonuses	1,237	617
Other provision	62	17
Other	4,375	5,796
Total current liabilities	13,524	14,253
Non-current liabilities		
Bonds payable	3,950	3,950
Long-term loans payable	1,200	1,200
Provision	532	519
Net defined benefit liability	607	588
Asset retirement obligations	25	25
Other	2,282	1,979
Total non-current liabilities	8,597	8,262
Total liabilities	22,122	22,515

(Million yen)

	FY2015 (as of March 31, 2015)	1Q of FY2016 (as of June 30, 2015)
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,000	3,000
Capital surplus	1,867	1,867
Retained earnings	32,087	31,992
Treasury shares	(2,083)	(2,084)
Total shareholders' equity	34,871	34,775
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	305	405
Deferred gains or losses on hedges	(12)	28
Remeasurements of defined benefit plans	2,122	2,057
Total accumulated other comprehensive income	2,415	2,491
<b>Total net assets</b>	<b>37,287</b>	<b>37,267</b>
<b>Total liabilities and net assets</b>	<b>59,409</b>	<b>59,783</b>

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

Consolidated Statements of Income

(Three months ended June 30, 2014 and 2015)

(Million yen)

	Three months ended June 30, 2014 (from April 1, 2014 to June 30, 2014)	Three months ended June 30, 2015 (from April 1, 2015 to June 30, 2015)
Net sales	12,385	12,555
Cost of sales	6,418	6,522
Gross profit	5,967	6,032
Selling, general and administrative expenses	5,451	5,401
Operating income	516	631
Non-operating income		
Interest income	1	1
Dividend income	7	6
Other	41	20
Total non-operating income	51	28
Non-operating expenses		
Interest expenses	20	18
Sales discounts	10	9
Other	22	13
Total non-operating expenses	53	41
Ordinary income	513	619
Extraordinary income		
Gain on sales of non-current assets	0	7
Total extraordinary income	0	7
Extraordinary losses		
Loss on retirement of non-current assets	4	4
Total extraordinary losses	4	4
Income before income taxes and minority interests	509	622
Income taxes – current	24	37
Income taxes – deferred	227	198
Total income taxes	251	236
Profit	257	386
Profit attributable to owners of parent	257	386

Consolidated Statements of Comprehensive Income  
(Three months ended June 30, 2014 and 2015)

(Million yen)

	Three months ended June 30, 2014 (from April 1, 2014, to June 30, 2014)	Three months ended June 30, 2015 (from April 1, 2015, to June 30, 2015)
Profit	257	386
Other comprehensive income		
Valuation difference on available-for-sale securities	71	99
Deferred gains or losses on hedges	(8)	40
Remeasurements of defined benefit plans, net of tax	(2)	(64)
Total other comprehensive income	60	75
Comprehensive income	318	461
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	318	461
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)

Not applicable

(Segment Information)

Segment Information

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

Three months ended June 30, 2014 (From April 1, 2014 to June 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	6,502	5,043	11,545	840	12,385	—	12,385
Internal sales among segments or transfers	1	152	153	22	175	(175)	—
Total	6,503	5,195	11,698	862	12,561	(175)	12,385
Segment income (loss)	353	151	505	(4)	501	15	516

Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)

(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	6,995	4,687	11,683	872	12,555	—	12,555
Internal sales among segments or transfers	4	161	165	27	193	(193)	—
Total	7,000	4,848	11,848	899	12,748	(193)	12,555
Segment income (loss)	539	77	616	(6)	609	22	631

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)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Intersegment transaction elimination	191	193
Corporate expenses*	(175)	(171)
Total	15	22

\*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.