

Results for the First Quarter of the Fiscal Year Ending March 31, 2013 (J-GAAP)

(April 1, 2012 ~ June 30, 2012)

August 3, 2012

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

Listing Exchanges : Tokyo

Code number : 7840

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

Representative : Shigeru Ikeda, President and Representative Director

Contact person : Kotaro Hoshikawa, Senior Managing Director in Charge of Accounting Group

Tel : +81-3-6741-5501

Scheduled date to file quarterly report : August 11, 2010

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 2013 (April 1, 2012 ~ June 30, 2012)

(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, 2012	12,505	4.5	447	24.6	434	31.0	235	186.3
First quarter ended June 30, 2011	11,962	1.9	358	110.4	331	104.2	82	0.3

Note: Comprehensive income: As of June 30, 2012 : ¥ 153 million (20.9%) As of June 30, 2011 : ¥ 127 million (—%)

	Earnings per share	Earnings per share, diluted
	yen	yen
First quarter ended June 30, 2012	1.07	—
First quarter ended June 30, 2011	0.36	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' equity ratio
	Million yen	Million yen	%
First quarter ended June 30, 2012	59,605	35,464	59.4
Fiscal year ended March 31, 2012	59,651	36,007	60.3

(Reference) Shareholder's equity: As of June 30, 2012: ¥35,464million 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
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2012	—	1.25	—	1.75	3.00
Fiscal year ended March 31, 2013	—				
Fiscal year ended March 31, 2013 (Outlook)	—	1.75	—	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 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	25,200	5.4	1,020	54.8	980	54.9	530	139.5	2.40
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 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 FY2013.3 224,487,500 shares	FY2012.3 239,487,500 shares
[2] Number of treasury stock at the end of the period	First quarter of FY2013.3 6,106,049 shares	FY2012.3 19,233,950 shares
[3] Average number of shares issued during the period (quarterly accumulation period)	First quarter of FY2013.3 219,548,473 shares	First quarter of FY2012.3 227,906,004 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. They do not represent guarantees of future outcomes. Actual results could differ materially from forecasts, 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
(6) Material subsequent events	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, mainly reflecting the persistently strong yen and the global economic slowdown caused by the recurrence of the government debt problem in Europe. However, some signs of economic recovery were seen with reconstruction demand in the areas affected by the Great East Japan Earthquake.

In this economic environment, the Francebed Group (hereinafter the “Group”) sought to boost revenues by growing medical services through the investment of management resources in this area. In the home furnishing and health business, the entire Group reinforced its efforts into businesses directed at the aging society. The Group pursued a number of strategies in preparation for an aging society and a declining birthrate, such as featuring high value-added products and high-functioning furniture and selling products targeting the elderly—for example, the Rehatech brand of products that encourage the elderly to lead active lifestyles—at furniture stores.

Under these circumstances, sales of the Group for the period under review amounted to 12,505 million yen (up 4.5% year on year). Consolidated operating income increased to 447 million yen (up 24.6% year on year), while consolidated ordinary income rose to 434 million yen (up 31.0% year on year). Consolidated net income for the period under review jumped to 235 million yen (up 186.3% year on year).

(Medical services business)

In the medical services business, the Group set up another new sales office (in Owari City, Aichi Prefecture) to expand its sales in the welfare equipment rental market, where nursing care insurance payments are on the rise. Moreover, the Group held training sessions and briefings for care managers and sales agents on SM-12, the first home-care mattress in the industry to use high-density continuous springs for user comfort and provide the thinness required for nursing care beds, as well as product lines sold under the Rehatech brand including Safety Orange, a wheelchair with automatic brakes. The Group also aired TV commercials of these products in certain areas to increase the number of customers and enhance the brand image.

Targeting hospitals and welfare facilities that are showing signs of stepping up their capital spending, the Group trained salespeople to their optimal potential and focused on achieving property transaction orders. In addition, the Group opened Yu Yu Iki Iki Club outlets at three locations (one directly managed by the Group and the two others launched as franchises). Yu Yu Iki Iki Club is an ambulatory nursing care facility specializing in services for those requiring low levels of care

As a result of these activities, net sales for the medical services business came to 6,823 million yen (up 4.1% year on year). Operating income for the business was 393 million yen (up 0.9% year on year).

(Home furnishing and health business)

In the home furnishing and health business, despite signs of improvement in consumer sentiment, the Group continued to face severe conditions in sales of medium- and high-grade furniture, its core products.

In this environment, the Group released the high-grade GRANMAX series of high-quality electric reclining beds intended for active seniors, which combine excellent designs of luxury beds for home use with the functionality of nursing care beds. At the same time, the Group sought to bolster sales of products with high added value, such as the Life Treatment Mattress series as mainstay products and beds in the Slumberland series, one of the leading bed brands in the world. In addition, the Group sought to expand sales of products targeting the elderly to prepare for the acceleration of the aging society, with initiatives such as holding test-ride events at furniture and other stores for customers to try the electrically assisted tricycle and S141, an electric wheelchair operated with a handle.

As a result of these initiatives, net sales for the home furnishing and health business amounted to 4,783 million yen (up 5.7% year on year). The business produced operating income of 29 million yen (compared with an operating loss of 67 million yen posted in the same period of the previous fiscal year).

(Other)

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. In addition, the Group opened a store in a new business category, targeting middle-aged and older women, in June 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 boosting sales of products for the elderly, aiming to improve profitability of the business.

As a result of the initiatives described above, sales of the other businesses totaled 899 million yen (up 0.9% year on year), and the operating income for the business was 9 million yen (down 4.0% year on year).

(2) Consolidated Financial Position

Total assets

Total assets at the end of the period under review fell 45 million yen from the end of the previous fiscal year, to 59,605 million yen. Current assets decreased 426 million yen from the end of the previous fiscal year, to 33,127 million yen. Major factors underlying the result included a decrease of 676 million yen in notes and accounts receivable-trade, which offset an increase of 320 million yen in inventories. Fixed assets increased 385 million yen from the end of the previous fiscal year, to 26,457 million yen. Major factors behind this result included investments of 600 million yen in long-term deposits.

Liabilities

Liabilities increased 498 million yen from the end of the previous fiscal year, to 24,141 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 543 million yen from the end of the previous fiscal year to 35,464 million yen. Major contributors to this result included an increase in net income for the quarter under review to 235 million yen, which was offset by 312 million yen for purchase of treasury stock, 385 million yen in cash dividends paid, and others. As a result of the changes stated above, the shareholders’ equity ratio declined from 60.3% at the end of the previous fiscal year, to 59.4%.

(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 balance sheets

(In millions of yen)

	FY2012 (As of March 31,2012)	First quarter of FY2013 (As of June 30, 2012)
ASSET		
Current assets		
Cash and deposits	7,558	7,635
Notes and accounts receivable, trade	11,059	10,382
Short-term investment securities	5,498	5,498
Merchandise and Finished goods	5,618	5,892
Work in process	332	376
Raw materials and supplies	1,561	1,563
Other	1,959	1,808
Allowance for doubtful accounts	△31	△28
Total current assets	33,554	33,127
Fixed assets		
Property, plant and equipment		
Land	6,413	6,413
Other (net)	9,721	9,618
Total property, plant and equipment	16,134	16,032
Intangible fixed assets	1,129	1,104
Investments and other assets	8,807	9,320
Total fixed assets	26,071	26,457
Deferred assets	24	20
Total assets	59,651	59,605
LIABILITIES		
Current liabilities		
Notes and accounts payable, trade	4,435	4,107
Factoring of accrued liability	2,130	2,503
Short-term borrowings	2,125	2,125
Accrued income taxes	155	45
Reserves	1,138	571
Other	3,911	5,053
Total current liabilities	13,895	14,406
Noncurrent liabilities		
Bonds payable	3,150	3,150
Long-term loans payable	2,000	2,000
Provision for retirement benefits	2,576	2,625
Reserve for Other	459	441
Asset retirement obligations	24	24
Other	1,537	1,493
Total noncurrent liabilities	9,747	9,735
Total liabilities	23,643	24,141
NET ASSETS		
Shareholders' equity		
Capital stock	3,000	3,000
Capital surplus	5,116	1,867
Retained earnings	32,088	31,938
Treasury stock	△4,165	△1,229
Total shareholders' equity	36,039	35,577
Accumulated Other Comprehensive Income		
Valuation gain and loss on other securities	10	△59
Deferred gains or losses on hedges	-	△4
Foreign currency translation adjustment	△42	△48
Total accumulated other comprehensive income	△31	△112
Total net assets	36,007	35,464
Total liabilities and net assets	59,651	59,605

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

Consolidated Statements of Income

(In millions of yen)

	First quarter of FY2012 (From April 1, 2011 to June 30, 2011)	First quarter of FY2013 (From April 1, 2012 to June 30, 2012)
Net Sales	11,962	12,505
Cost of Sales	6,593	6,856
Gross profit	5,369	5,649
Selling, general and administrative expense	5,011	5,201
Operating income	358	447
Non-operating income		
Interest income	3	3
Dividend Income	8	7
Other	17	25
Total non-operating income	28	36
Non-operating expenses		
Interest expense	27	23
Other	27	25
Total non-operating expenses	55	48
Ordinary income	331	434
Extraordinary income		
Gain on sales of noncurrent assets	-	0
Gain on sales of investment securities	-	0
Total extraordinary income	-	0
Extraordinary losses		
Loss on retirement of noncurrent assets	2	6
Loss on valuation of investment securities	0	-
Loss on liquidation of subsidiaries and affiliates	17	-
Head office transfer cost	85	-
Total extraordinary losses	105	6
Income before income taxes	225	429
Income taxes-current	27	21
Income taxes-deferred	116	172
Total income taxes	143	194
Income before minority interests	82	235
Net Income	82	235

Consolidated Statements of Comprehensive Income

(In millions of yen)

	First quarter of FY2012 (From April 1, 2011 to June 30, 2011)	First quarter of FY2013 (From April 1, 2012 to June 30, 2012)
Income before minority interests	82	235
Other comprehensive income		
Valuation difference on available-for-sale securities	58	Δ70
Deferred gains or losses on hedges	Δ9	Δ4
Foreign currency translation adjustment	Δ4	Δ6
Other comprehensive income	45	Δ81
Comprehensive income	127	153
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	127	153
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 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	-	1,962
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

First quarter of FY2013 (From April 1, 2012 to June 30, 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	6,823	4,783	11,606	899	12,505	-	12,505
Internal Sales among Segments or Transfers	0	109	110	28	138	Δ138	-
Total	6,823	4,893	11,716	927	12,643	Δ138	12,505
Segment Income / Loss	393	29	423	9	433	13	447

(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 FY2012	First quarter of FY2013
Elimination of intersegment transactions	191	195
Corporate expenses	Δ164	Δ181
	26	13

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.

(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) Material subsequent events

As the Group announced in the “Notice of a Fire that Occurred at a Consolidated Subsidiary” released on July 12, 2012, a fire occurred at the Chiba Factory of Tokyo Bed Co., Ltd., a consolidated subsidiary of the Company, on July 11, 2012. The fire destroyed premises including a manufacturing building and a warehouse, along machinery and equipment, inventories, and other assets.

The destroyed assets are insured, but the book values of assets to scrap, the repair costs, and other costs to be generated, the time required to resume operations, and other details have yet to be determined. The impact of these losses on the Group’s future consolidated results has also yet to be confirmed.