Consolidated Business Results for the Fiscal Year Ended March 31, 2013 (J-GAAP)

May 15, 2013

Name of the listed company : **France Bed Holdings Co., Ltd.**
Code No : 7840
URL : http://www.francebed-hd.co.jp
Representative : Shigeru Ikeda, President
Contact Person : Kotaro Hoshikawa, Executive director (Accounting Group)

Listing Exchanges : Tokyo
Tel : +81-3-6741-5501

Scheduled date of Ordinary General Shareholders' Meeting : June 26, 2013
Scheduled date to submit Securities Report : June 26, 2013
Scheduled date to begin dividend payments : June 27, 2013
Supplementary materials to the financial statements have been prepared : Yes
Presentation will be held to explain the financial statements : Yes (for securities analysts and institutional investors)

Figures of less than ¥1 million have been omitted.

1.Consolidated results for the fiscal year ended March 2013 (April 1, 2012 ~ March 31, 2013)

(1) Consolidated Management Performance

(% change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2013	50,815	2.0	2,043	25.6	2,018	26.6	1,130	139.5
Fiscal year ended March 2012	49,776	3.0	1,625	173.5	1.593	191.9	471	100.5

Notes: Comprehensive income : FY2013.3 ¥ 1,280 million (103.8%) FY2012.3 ¥ 628 million (717.3%)

	Net income per share	Fully diluted net income per share	Return on equity	Ratio of Ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
Fiscal year ended March 2013	5.17	–	3.1	3.3	4.0
Fiscal year ended March 2012	2.09	–	1.2	2.6	3.2

(For reference) Equity in earnings of non-consolidated subsidiaries and affiliates : FY2013.3 ¥ – million FY2012.3 ¥ – million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	yen
Fiscal year ended March 2013	61,021	36,208	59.3	165.80
Fiscal year ended March 2012	59,651	36,007	60.3	163.48

(For reference) Shareholders' equity : FY2012.3 ¥ 36.208 million FY2012.3 ¥ 36.007 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2013	5,042	Δ2,022	Δ1,407	11,584
Fiscal year ended March 2012	4,323	Δ5,030	Δ2,717	9,957

2.Dividends

	Dividends per share			Total dividends (annual)	Dividend propensity (consolidated)	Ratio of dividends to net assets (Consolidated)
	Interim	Year-end	Annual			
	yen	yen	yen	Million yen	%	%
Fiscal year ended March 2012	1.25	1.75	3.00	666	142.9	1.8
Fiscal year ended March 2013	1.75	2.25	4.00	873	77.3	2.4
Fiscal year ended March 2014 (Outlook)	2.25	2.25	4.50		67.3	

3.Forecasts of results for the Fiscal Year Ending March 2014 (April 1, 2013 ~ March 31, 2014)

(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	25,800	4.1	1,270	38.6	1,230	38.5	650	12.4	2.97
Annual	53,600	5.4	2,800	37.0	2,750	36.2	1,460	29.1	6.68

Matters that require attention

(1) Changes in the state of material subsidiaries during the period
(Changes regarding specific companies accompanying changes in the scope of consolidation): None

(2) Changes in accounting methods, procedures, and presentation in the making of financial statements
(A) Changes following revisions to accounting standards: None
(B) Changes other than those in (A) above: None
(C) Changes in accounting estimates: None
(D) Restatements: None

(3) Number of shares issued (common shares)

(A) Number of shares issued at the end of the period (including treasury stock)	FY2013.3	224,487,500 shares	FY2012.3	239,487,500 shares
(B) Number of treasury stock at theend of the period	FY2013.3	6,109,026 shares	FY2012.3	19,233,950 shares
(C) Average number of shares issued during the period	FY2013.3	218,671,503 shares	FY2012.3	224,892,682 shares

Francebed Holdings Co., Ltd. (hereinafter the “Company”) resolved at a meeting of its Board of Directors held on April 27, 2012 to cancel its treasury stock of 15,000,000 shares. Based on this resolution, the Company cancelled the said shares as of May 18, 2012, which reduced the total number of shares issued to 224,487,500 shares.

[Status of Performance of Review Procedures]
These consolidated business results are outside the scope of the audit procedures based on the Financial Instruments and Exchange Act. The audit procedures for the consolidated financial statements based on the Act had not been completed at the time these consolidated business results were disclosed.

[Explanation of the appropriate use of performance forecasts and other related items]
(Notes on future forecasts and other matters)
The business forecasts presented in this document are made based on the information currently available and certain assumptions that were considered reasonable. Actual performance may differ materially from the forecasts due to a variety of factors. Please refer to 1. Business results, (1) Analysis of business results on page 4 for notes and other matters associated with the assumptions used for the business forecasts and the use of business forecasts.

[Method of obtaining supplementary information explaining financial results]
The Company plans to hold a briefing for institutional investors and analysts on May 31, 2013 (Friday), and to post the briefing materials and a webcast of the briefing to the Company’ s website shortly thereafter.

Contents

1.Analysis of Business Results and Financial Position

(1) Analysis of Business Results

During the fiscal year covered in these consolidated business results (hereinafter the "fiscal year under review"), the Japanese economy remained on the road to a slow recovery, backed by the domestic demand driven by reconstruction after the Great East Japan Earthquake. However, Japan continued to face economic headwinds due to the adverse effects of developments such as the appreciation of the yen, the impact of prolonged deflation, and the slowdown in emerging economies. Promising signs began to appear, however, such as a recovery in share prices and the correction of the yen, based on expectations for the economic policies adopted by the new administration that was inaugurated at the end of 2012.

In this economic environment, the France Bed Group (hereinafter, the "Group") sought to boost revenues by investing its management resources in the medical services business, which was undergoing continued growth. In addition, to improve the profitability of the home furnishing and health business, the Group focused on the sales of high-performance products with high added value. To sustain growth and maximize corporate value group-wide on a medium- to long-term basis by expanding its businesses for the elderly in an increasingly aging society, the Group continued to promote efforts to merge its medical services business with its home furnishing and health business. In particular, the Group developed products for the new Rehatech brand, designed for active seniors, by utilizing the product development capabilities of its divisions in charge of the two businesses, and worked to advertise Rehatech products in the market by taking advantage of the sales channels of these divisions.

As a result of the initiatives described above, consolidated net sales for the fiscal year under review were 50,815 million yen (up 2.0% year on year). Consolidated operating income for the fiscal year came to 2,043 million yen (up 25.6% year on year), while consolidated ordinary income amounted to 2,018 million yen (up 26.6% year on year). As reported in the "Notice of a Change in the Retirement Benefit System (Introducing a Defined Contribution Pension Plan)" released on January 31, 2013, the Company and some of its consolidated subsidiaries decided to change a portion of the current retirement benefit system to a defined contribution pension plan effective April 2, 2013. This change is expected to reduce pension expenses, etc. by decreasing retirement benefit obligations in the fiscal year ending March 31, 2014 and subsequent periods. As a result of the decrease in retirement benefit obligations, the Company posted a 336 million yen loss under extraordinary losses for the fiscal year under review due to a change in the retirement benefit system for immediately writing off unrecognized actuarial differences. As a result, consolidated net income totaled 1,130 million yen (up 139.5% year on year).

① (Medical services business)

In the medical services business, the Group set up two new sales offices to expand its sales in the welfare equipment rental market, where nursing care insurance payments are on the rise. Using its technology and experience related to high-end beds for home use and medical and nursing care beds, the Group also endeavored to increase net sales for the medical services business during the fiscal year under review by releasing two new products: Yumerira, an air mattress for preventing bedsores that decentralizes body pressure and enables users to sleep more comfortably, and FBN-PJJ97 SU, a comfortable hospital bed for regular home use that features a mattress as wide as a single bed (970 mm). Taking further steps, the Group held training sessions and briefings for care managers and sales agents to promote the products it sells under the Rehatech brand, and aired TV commercials for these products in an attempt to attract new customers and enhance its brand value.

During the fiscal year under review, the Group opened 10 Yu Yu Iki Iki Club day service outlets for preventive nursing care (one outlet as a facility under direct Group management and the other nine as franchises). Yu Yu Iki Iki Club outlets are day service centers that specialize in short-term preventive exercises for people requiring low levels of nursing care. The Group launched a project to establish these day care facilities in February 2010. With the addition of the 10 new outlets, the number of Yu Yu Iki Iki Club facilities had grown to 20 by the end of the fiscal year under review.

The Group also began selling Monitoring Care System M-1, a new product designed to reduce the burden of nurses and health care workers by detecting and reporting patient bed movements (such as when patients sit up or get out of bed) to welfare facilities and the like, taking the growing capital spending on them into account. The Group also trained its product salespeople in an attempt to convert them into a reliable workforce.

As a result of these activities, consolidated net sales for the medical services business came to 28,197 million yen (up 4.3% year on year). Consolidated operating income for the business amounted to 1,797 million yen (up 10.4% year on year).

② (Home furnishing and health business)

In the home furnishing and health business, the furniture market remained sluggish, and the Group is unable to anticipate volume growth in the future due to changes in Japanese lifestyles and the ongoing trend toward a lower birth rate and an aging population.
In this environment, however, interest in furniture and interior goods is certainly growing among consumers interested in independent living. Among these people, there is believed to be sufficient latent demand for high-performance products with high added value. In view of this consumer attitude, in this segment the Group continued to promote sales for products such as the GRANMAX series of high-quality electric reclining beds for active seniors, which combines the design characteristics of high-grade beds for home use with

the functionality of medical and nursing beds, and the Slumberland series, one of the world's leading bed brands. At the same time, the Group took steps to stimulate new demand, including the market launch of the Life Treatment series of mattresses with new functions and the LOOPER MOVE series of beds with reclining mattresses.

Furthermore, regarding the specialty furniture stores with which it has transactional relationships, the Group continued to organize events to test-ride its Rehatech brand of products, such as an electrically assisted tricycle and the S141, an electric wheelchair with a steering wheel. During the fiscal year under review the Group also approached these stores with a new proposal for setting up a Yu Yu Platinum Corner, an area for selling products intended for seniors. The Yu Yu Platinum Corner is an area in specialty furniture stores reserved for exhibiting and selling products designed to assist elderly people in their lives, such as Rehatech brand products, canes, and walking frames. This proposal takes advantages of the name recognition, credibility, and site conditions of specialty furniture stores in their host communities. The Company is also helping specialty furniture stores create sales areas, obtain product information, and learn customer service approaches by providing them with training. The Group plans to expand the kinds of businesses it approaches with its proposal to set up Yu Yu Platinum Corners in the future. At the same time, in anticipation of the arrival of a fully aged society, the Group will try to increase the sales of products designed for elderly people by proactively developing products for the Corner and introducing them in these sales areas.

As a result of these initiatives, consolidated net sales for the home furnishing and health business totaled 18,848 million yen (down 1.2% year on year). Consolidated operating income for the business was 186 million yen (compared with a consolidated operating loss of 47 million yen posted in the previous fiscal year).

③ (Other)

In the sundries sales business under the "Other businesses" segment, the Group reviewed its product lineup and continued to scrap or build stores in an attempt to improve earnings. As a new experiment in the fiscal year under review, the Group also opened a store targeting middle-aged and older women.

In the door-to-door sales business, the Group worked to secure net sales by increasing the sales of products designed for the elderly and starting transactions with companies in different lines of business.

As a result of the initiatives described above, consolidated net sales for other businesses totaled 3,770 million yen (up 2.3% year on year). Consolidated operating income for the businesses was 27 million yen (up 150.9% year on year).

Outlook for Fiscal year ended March 2014

In the next fiscal year, the Group plans to increase its market share in the medical services business segment, with a particular focus on the nursing care rental business, where market expansion is likely to continue. In the home furnishing and health business, the Group will continue to promote the development and sale of high-priced, high-value-added products to increase its earnings power. Furthermore, the Group will step up its approaches to its elder care businesses before the arrival of a fully aged society, including efforts to increase the sales of products marketed under the Rehatech brand.

Through the initiatives explained above, the Group expects to achieve consolidated net sales of 53,600 million yen, consolidated operating income of 2,800 million yen, consolidated ordinary income of 2,750 million yen, and consolidated net income of 1,460 million yen for the next fiscal year.

(2) Analysis of Financial Position

① Status of balance sheet

Total assets at the end of the fiscal year under review increased 1,370 million yen year on year, to 61,021 million yen. Current assets expanded 705 million yen year on year, to 34,260 million yen. Major factors underlying this result included an increase of 213 million yen in inventories and an increase of 345 million yen in short-term deferred tax assets due to a change in the retirement benefit system. Fixed assets grew 676 million yen year on year, to 26,747 million yen. Major contributors to results included investments of 600 million yen in long-term deposits and an increase in prepaid pension expenses due to the change in the retirement benefit system, which offset depreciation and amortization of tangible and intangible fixed assets, and a decrease due to equipment loss from a fire at a subsidiary plant.

Liabilities rose 1,170 million yen from the end of the previous fiscal year, to 24,813 million yen. This mainly reflected an increase associated with the change in the retirement benefit system, which included a funds transfer from the old system with the introduction of a defined contribution pension plan.

Net assets grew 200 million yen year on year, to 36,208 million yen. Major contributors to this result for the fiscal year under review were net income of 1,130 million yen, a valuation gain on other securities of 132 million yen due to a rise in the market value of securities owned, a disbursement of 312 million yen for the acquisition of treasury stock, and 767 million yen in cash dividends paid.

As a result of the changes stated above, the shareholders' equity ratio declined from 60.3% to 59.3%.

② Status of cash flow

Cash flows for the fiscal year under review produced an increase in cash and cash equivalents of 1,626 million yen year on year, to 11,584 million yen. Details of individual cash flow items are as follows.

(Cash flow from operating activities)

Net cash provided by operating activities was 5,042 million yen (compared with the net cash provided of 4,323 million yen in the previous fiscal year). Major contributors were net income before income taxes and minority interests of 1,894 million yen, a depreciation cost of 3,684 million yen (a non-cash item), insurance benefits of 739 million yen received in connection with the fire at a subsidiary plant, an increase of 487 million yen in inventories, and a decrease of 630 million yen in procurement obligations.

(Cash flow from investing activities)

Net cash used for investing activities totaled 2,022 million yen (compared with net cash of 5,030 million yen in the previous fiscal year). Major causes included a transfer of 2,600 million yen into a time deposit, a disbursement of 3,066 million yen for the acquisition of tangible fixed assets, an outlay of 103 million yen for the acquisition of the securities of subsidiaries and affiliates, a gain of 3,600 million yen on time deposit repayment, and a gain of 328 million yen on the sale of investment securities.

(Cash flow from financing activities)

Net cash used for financing activities amounted to 1,407 million yen (compared with net cash of 2,717 used in the previous fiscal year). Major contributors to the net cash outflow were a gain of 394 million yen on bond issuance, short-term loans repaid of 575 million yen, a disbursement of 312 million yen for the acquisition of treasury stock, and cash dividends paid of 765 million yen.

(Reference) Trend of cash flow indicators

	Term ended March 2009	Term ended March 2010	Term ended March 2011	Term ended March 2012	Term ended March 2013
Equity Ratio (%)	62.9	62.8	60.8	60.3	59.3
Equity Ratio at Market Value (%)	49.7	51.6	39.3	63.5	74.0
Ratio of interest-bearing debt to cash flow(%)	4.7	2.2	2.2	2.2	1.9
Interest Coverage Ratio (times)	16.9	31.4	43.3	39.1	57.1

Equity ratio : Shareholders' equity / Total assets
Equity ratio at market value : Gross market capitalization of shares / Total assets
Ratio of interest-bearing debt to cash flow : Interest bearing debt / Cash flow
Interest coverage ratio : Cash flow / Interest payment

(Note)
1. All calculations were based on the financial figures on a consolidated basis.
2. Total market capitalization was calculated based on the number of shares outstanding, excluding treasury stocks.
3. Cash flows from operating activities were used for the cash flows.
4. All liabilities that were recorded in the consolidated balance sheet and were incurring interest were included in interest bearing liabilities.

(3) Fundamental policy for distribution of earnings, and Fiscal 2013 and Fiscal 2014 dividends

The Company, to maximize the shareholder value, has positioned returns of profits to the shareholders as one of the priority management policies and it is the basic policy of the company to provide the shareholders with continuing and stable dividends. The Company sets its dividends by comprehensively taking into account its earnings results, the operating environment and any necessity to strengthen its financial position.

For the fiscal year under review, the Company plans to pay a year-end dividend of 2.25 yen per share, raising the dividend amount by 0.50 yen per share from the original forecast. As a result, the Company's annual dividend for the fiscal year will amount to 4.00 yen per share, including the 1.75 yen per share already paid as the interim dividend. The total represents a 1.00 yen increase from the previous fiscal year.

The Company plans to place this matter on the agenda of the ordinary general shareholders' meeting scheduled for June 2013.

In addition, for the fiscal year ending March 31, 2014, the Company plans to pay an annual dividend of 4.50 yen per share (including an interim dividend of 2.25 yen per share and a year-end dividend of 2.25 yen per share).

(4) Business risks

Risks that may affect the business results, financial position, stock prices, etc. of group companies include the following. Matters relating to the future in the text are judgments made by group companies as of the end of this accounting term.

① Business environment of group companies

a) The Medical services business conducted by group companies is heavily dependent on the nursing care insurance system. Should this nursing care insurance system be reformed, etc., as a result, sales may fall and the results and financial status of the group companies may be affected.

b) The market to which suppliers and customers of the Home furnishing and health business conducted by group companies belong tends to be comparatively easily affected by economic trends, price movements and the residential tax system, etc. Therefore, if demand on the home furnishing market declined due to factors such as a reduction in income resulting from economic slowdown, a rise in market interest rates, a rise in land prices or the strengthening of the residential tax system, not only may the profit margin be reduced because of falling sales, decline in the selling prices of products handled, etc. but the results and the financial position of group companies may also be affected due to deterioration in the business situation of suppliers and customers, the occurrence of bad debts, etc.

c) In the other businesses conducted by Group companies, the door-to-door sales business is managed under the authority of law. As a result, should there be any amendments to related laws, sales of the door-to-door sales business may fall, potentially affecting the performance and financial status of the Group companies. The performance of the products and sundries sales business is influenced by the sensibility and fashion sense of consumers, the price line and the shop environment. As a result, if Group companies are unable to forecast market changes adequately and unable to provide appealing products, sales of the products and the sundries sales business may decline, potentially affecting the performance and financial status of the Group companies.

② Product faults

The group companies manufacture various products at their respective plants in accordance with JIS (Japanese Industrial Standards) and their own quality standards that are more stringent than JIS known as FES (Francebed Engineering Standards).

However, there is no guarantee that faults will not occur in any of the products. Moreover, although group companies have taken out insurance in relation to product liability, there is no guarantee that this insurance will ultimately be able to adequately cover the amount of compensation to be borne and it is not necessarily true that group companies will be able to continue paying into such insurance.

If there are faults in products that impose a liability for compensation on Group companies, or if Group companies carry out a major recall to ensure customer safety, heavy costs may be incurred by Group companies.

These product faults may seriously damage the reputation of the products and brands, potentially resulting in lower sales and affecting the performance and financial status of Group companies.

③ Unauthorized disclosure of personal information, etc.

The Group handles a large volume of personal information, including customer information, because of the nature of its business. It operates with full consideration to preventing the unauthorized disclosure of personal information. However, if personal information does leak, we could have a substantial liability and experience a major loss of credibility, which could have an impact on the business performance and financial position of the Group.

④ With Respect to Credit

The Company Group has been engaged in various operational transactions and bears credit risk relatedto losses resulting from the deterioration in the credit standing and bankruptcy of business partners, etc. To control this risk, the Company stipulates the credit limit and payment method for each business partner and manages credit risk flexibly through the establishment of a committee for the protection of account receivables.

However, it is difficult to remove all such risk, so deterioration in the credit standing or bankruptcy of business partners is likely to impact the business results and financial standing of the Company Group.

⑤ Exchange rate fluctuation, etc.

The group companies are engaged in import and export transactions of raw materials and the products they handle and, with respect to foreign-currency-denominated monetary claims and obligations in relation to this (includes foreign currency options) there is the risk of fluctuation in exchange rates. Therefore group companies are engaged in derivative transactions to hedge the risk of exchange rate fluctuations, but it is impossible to eliminate all such risk including the indirect impact of exchange rate fluctuations.Therefore, fluctuation in exchange rates may affect the results and financial status of group companies. The export and import transactions of group companies take place with multiple countries particularly in Asia and Europe, and in the future the balance of such transactions is expected to increase.
Therefore, deterioration in the export and import environment as a result of changes in the economic situation of each country, the occurrence of disasters, etc. may affect the results and financial position of group companies.

2.Corporate Group

The Corporate Group is comprised of the Company and 8 subsidiary companies (consolidated subsidiary - 6, non-consolidated subsidiary - 2) and are primarily engaged in Medical services business, Home furnishing and health business.
The relationship between the positioning of the Group businesses and business segment is described below.
The classification used in the business segment in the segment information is the same as one applied below.

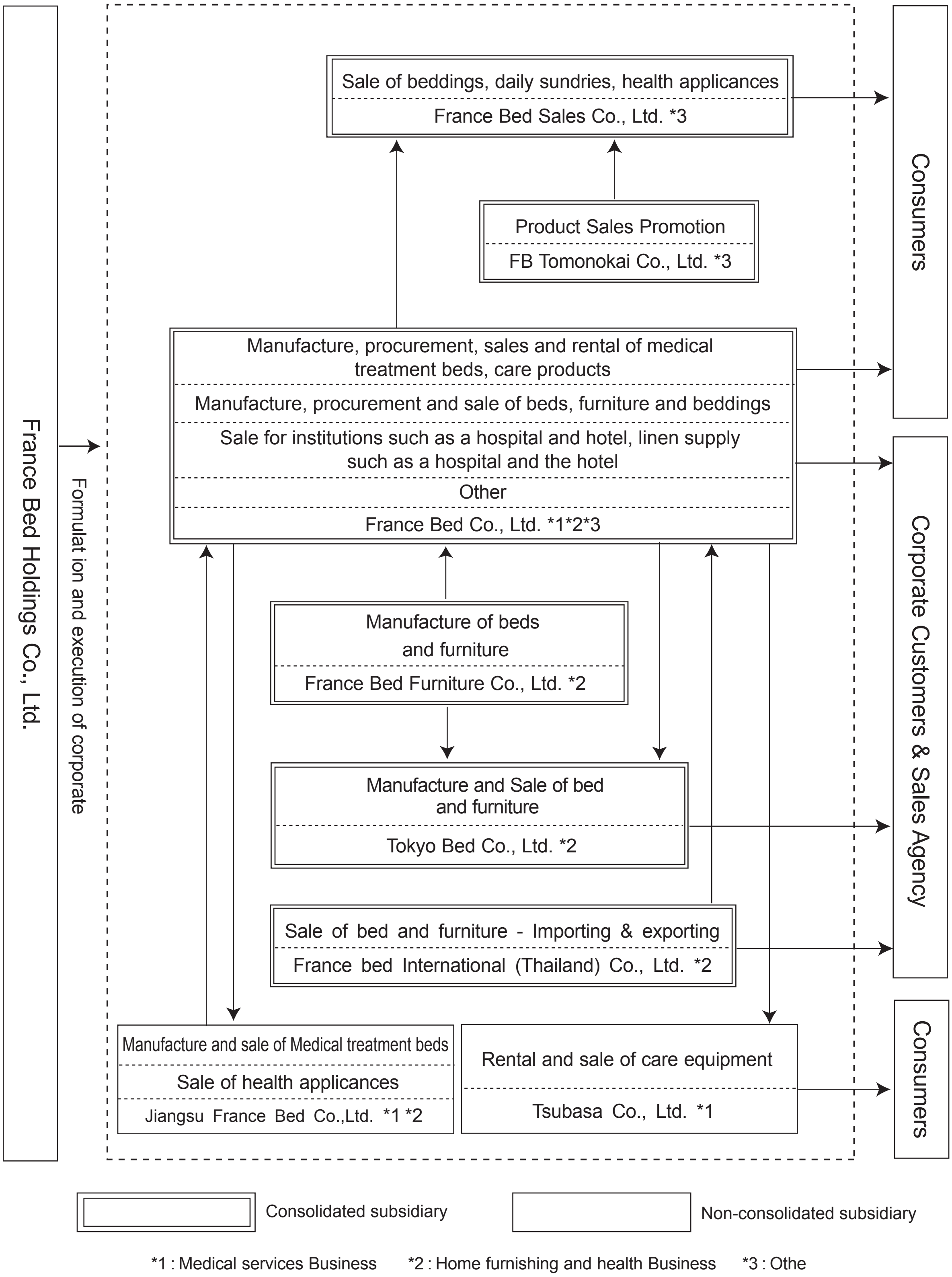
Business Type	Principal Line of Business	Principal Companies
Medical services business	manufacture, procurement, sales and rental of medical treatment beds, care products, linen supply such as a hospital and the hotel	France Bed Co.,Ltd. Tsubasa Co., Ltd. Jiangsu France Bed Co.,Ltd.
Home furnishing and health business	Manufacture, procurement and sale of beds, furniture and beddings	France Bed Co.,Ltd. Tokyo Bed Co.,Ltd. France Bed Furniture Co.,Ltd France bed International (Thailand) Co., Ltd. Jiangsu France Bed Co.,Ltd.
Other	Door-to-door sales business, sundries sales business, advertising and exhibition business and real estate lease business	France Bed Co.,Ltd. France Bed Sales Co.,Ltd. FB Tomonokai Co.,Ltd.

(Note)

1. FB Tomonokai Co., Ltd. is a subsidiary of the subsidiary, France Bed Sales Co., Ltd, and is engaged in recruitment of members who engage in purchase of products marketed by France Bed Sales Co., Ltd. products through prepaidpurchase agreements and in promotion of sales toward the members.

2. TSUBASA Co., Ltd. and Jiangsu France Bed Co.,Ltd. has been excluded from the scope of consolidation because it is a small and its total assets, net sales, net income (in proportion to scale of equity ownership), retained earnings (in proportion to scale of equity ownership), etc. have no material influence on the consolidated financial statements.

[Operating Structure]
Schematic summary of the businesses is as shown below.



3.Management Policies

(1) Basic Management Policies of the Company

The Group holds as its Corporate principles, "to become a human company contributing to the achievement of lifewith full and compassion through creation and innovation" and will endeavor to provide high value added new products and services that will provide satisfaction to our consumers.
Through the efficient utilization of the management resources of each of the Group Companies, enhance the overall strength of the group and enhance the corporate value.

(2) Issues facing the Company

In Japan, the decreasing population, declining birthrate, and the aging of society are anticipated to progress rapidly from now on. These changes in the social structure will significantly affect corporate activities. Capturing rising nursing demand and sustaining the growth of our core welfare equipment rental business are the most important management issues in our medical services business. In the meantime, inter-company competition is predicted to intensify in this segment due to developments including the entry of companies from different lines of business, as it is one of the few fields where domestic demand has been growing. In this operating environment, the Group plans to increase its market share and solidify its business foundation by establishing, expanding, and improving its operating bases, such as its business offices and service centers, in addition to developing and releasing new products and services to meet customer needs that no other company can imitate.

In the home furnishing and health business, the Group must secure profits in the face of sluggish furniture demand. To do this, the Group plans to continue developing and marketing high-performance products with high added value. At the same time, the Group plans to strengthen its approaches to senior-oriented businesses at furniture stores and other lines of business through its Rehatech brand.

Through the initiatives described above, the Group aims to become a group of “companies that offer an aged society a rich lifestyle that allows people to have active lives” by strengthening its approaches to elder-care businesses.

(3) Other Important Matters Related to Management

Not applicable.

Consolidated Financial Statements

(1) Consolidated balance sheets

(In millions of yen)

	Fiscal year ended Mar. 2012 (As of Mar.31, 2012)	Fiscal year ended Mar. 2013 (As of Mar.31, 2013)
ASSET		
Current assets		
Cash and deposits	7,558	7,084
Notes and accounts receivable, trade	11,059	11,083
Marketable securities	5,498	5,998
Merchandise and finished goods	5,618	5,428
Work in process	332	434
Raw materials and supplies	1,561	1,862
Deferred income tax assets	573	919
Other	1,385	1,462
Allowance for doubtful accounts	Δ31	Δ13
Total current assets	33,554	34,260
Fixed assets		
Tangible fixed assets		
Assets for rent	4,843	4,810
Accumulated depreciation	Δ3,203	Δ3,223
Assets for rent, net	1,640	1,587
Buildings and structures	14,543	14,455
Accumulated depreciation	Δ9,947	Δ10,121
Buildings and structures, net	4,595	4,334
Machinery and transport equipment	6,068	5,736
Accumulated depreciation	Δ5,330	Δ4,899
Equipment and vehicles, net	737	837
Tools, furniture and fixtures	2,159	2,208
Accumulated depreciation	Δ1,720	Δ1,830
Tools, furniture and fixtures, net	438	378
Land	6,413	6,413
Lease assets	5,989	7,324
Accumulated depreciation	Δ3,737	Δ5,255
Lease assets, net	2,252	2,068
Construction in progress	56	85
Total tangible assets	16,134	15,705
Intangible fixed assets		
Lease assets	59	43
Software	1,047	852
Other	21	94
Total intangible fixed assets	1,129	990
Investments and other assets		
Investment securities	1,292	1,230
Long term loans receivable	14	9
Deferred income tax assets	1,527	1,319
Prepaid pension expense	5,143	5,914
Other	974	1,718
Allowance for doubtful accounts	Δ144	Δ140
Total investments and other assets	8,807	10,052
Total fixed assets	26,071	26,747
Deferred assets		
Bond issue expenses	24	12
Total deferred assets	24	12
Total Assets	59,651	61,021

(In millions of yen)

	Fiscal year ended Mar. 2012 (As of Mar.31, 2012)	Fiscal year ended Mar. 2013 (As of Mar.31, 2013)
LIABILITIES		
Current liabilities		
Notes payable-trade and accounts payable	4,435	3,806
Factoring of accrued liability	2,130	2,335
Short-term loans payable	2,125	1,650
Current portion of bonds	−	3,150
Lease obligations	1,422	1,315
Income taxes payable	155	925
Accrued consumption tax	185	111
Deferred tax liability	0	0
Reserve for bonuses	1,121	1,191
Reserve for director’s bonuses	16	54
Reserve for loss due to disaste	−	2
Other	2,303	3,025
Total current liabilities	13,895	17,568
Fixed Liabilities		
Bonds	3,150	400
Long-term loans payable	2,000	2,000
Lease obligations	1,218	1,074
Reserve for retirement benefits	2,576	756
Reserve for directors retirement bonuses	451	472
Reserve for contingent loss	7	6
Asset retirement obligations	24	24
Other	318	2,508
Total fixed liabilities	9,747	7,244
Total liabilities	23,643	24,813
NET ASSETS		
Shareholders' equity		
Capital stock	3,000	3,000
Capital surplus	5,116	1,867
Retained earnings	32,088	32,451
Treasury stock	Δ4,165	Δ1,229
Total shareholders' equity	36,039	36,089
Accumulated Other Comprehensive Income		
Valuation gain and loss on other securities	10	143
Deferred gains or losses on hedges	−	0
Foreign currency translation adjustment	Δ42	Δ25
Total accumulated other comprehensive income	Δ31	118
Total net assets	36,007	36,208
Total liabilities and shareholders' equity	59,651	61,021

(2) Consolidated Statements of Income

(In millions of yen)

	Fiscal year ended March 2012 (Apr. 1, 2011 ~ Mar. 31, 2012)	Fiscal year ended March 2013 (Apr. 1, 2012 ~ Mar. 31, 2013)
Net sales	49,776	50,815
Cost of sales	27,652	27,854
Gross profit	22,123	22,960
Selling, general and administrative expenses	20,498	20,917
Operating income	1,625	2,043
Non-operating income		
Interest income	17	14
Dividends income	28	30
Compensation income	45	26
Other	109	96
Total non-operating income	201	168
Non-operating expenses		
Interest expenses	105	90
Sales discounts	31	30
Other	96	71
Total non-operating expenses	233	192
Ordinary income	1,593	2,018
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Gain on sales of investment securities	0	107
Gain on insurance adjustment	–	399
Other	–	19
Total extraordinary income	0	526
Extraordinary loss		
Loss on sales of noncurrent assets	0	–
Loss on retirement of noncurrent assets	22	34
Loss on disaster	21	278
Loss on liquidation of subsidiaries and affiliates	17	–
Loss on revision of retirement benefit plan	–	336
Head office transfer cost	149	–
Total extraordinary losses	211	649
Income before income taxes and minority interests	1,382	1,894
Income taxes-current	133	929
Income taxes-deferred	777	△164
Total income taxes	910	764
Income before minority interests	471	1,130
Net income	471	1,130

Consolidated Statements of comprehensive income

(In millions of yen)

	Fiscal year ended March 2012 (Apr. 1, 2011 ~ Mar. 31, 2012)	Fiscal year ended March 2013 (Apr. 1, 2012 ~ Mar. 31, 2013)
Income before minority interests	471	1,130
Other comprehensive income		
Valuation difference on available-for-sale securities	177	132
Deferred gains or losses on hedges	△16	0
Foreign currency translation adjustment	△3	17
Other comprehensive income	156	150
Comprehensive income	628	1,280
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	628	1,280
Comprehensive income attributable to minority interests	–	–

(3) Consolidated Statements of Changes in Net Assets

(In millions of yen)

	Fiscal year ended March 2012 (Apr. 1, 2011 ~ Mar. 31, 2012)	Fiscal year ended March 2013 (Apr. 1, 2012 ~ Mar. 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	3,000	3,000
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	3,000	3,000
Capital surplus		
Balance at the beginning of current period	5,116	5,116
Changes of items during the period		
Disposal of treasury stock	Δ0	–
Retirement of treasury stock	–	Δ3,248
Total changes of items during the period	Δ0	Δ3,248
Balance at the end of current period	5,116	1,867
Retained earnings		
Balance at the beginning of current period	32,182	32,088
Changes of items during the period		
Dividends from surplus	Δ565	Δ767
Net income	471	1,130
Total changes of items during the period	Δ93	362
Balance at the end of current period	32,088	32,451
Treasury stock		
Balance at the beginning of current period	Δ3,152	Δ4,165
Changes of items during the period		
Purchase of treasury stock	Δ1,013	Δ312
Disposal of treasury stock	0	–
Retirement of treasury stock	–	3,248
Total changes of items during the period	Δ1,012	2,935
Balance at the end of current period	Δ4,165	Δ1,229
Total shareholders' equity		
Balance at the beginning of current period	37,146	36,039
Changes of items during the period		
Dividends from surplus	Δ565	Δ767
Net income	471	1,130
Purchase of treasury stock	Δ1,013	Δ312
Disposal of treasury stock	0	–
Total changes of items during the period	Δ1,106	50
Balance at the end of current period	36,039	36,089

(In millions of yen)

	Fiscal year ended March 2012 (Apr. 1, 2011 ~ Mar. 31, 2012)	Fiscal year ended March 2013 (Apr. 1, 2012 ~ Mar. 31, 2013)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	Δ166	10
Changes of items during the period		
Net changes of items other than shareholders' equity	177	132
Total changes of items during the period	177	132
Balance at the end of current period	10	143
Deferred gains or losses on hedges		
Balance at the beginning of current period	16	-
Changes of items during the period		
Net changes of items other than shareholders' equity	Δ16	0
Total changes of items during the period	Δ16	0
Balance at the end of current period	-	0
Foreign currency translation adjustment		
Balance at the beginning of current period	Δ38	Δ42
Changes of items during the period		
Net changes of items other than shareholders' equity	Δ3	17
Total changes of items during the period	Δ3	17
Balance at the end of current period	Δ42	Δ25
Total accumulated other comprehensive income		
Balance at the beginning of current period	Δ188	Δ31
Changes of items during the period		
Net changes of items other than shareholders' equity	156	150
Total changes of items during the period	156	150
Balance at the end of current period	Δ31	118
Total net assets		
Balance at the beginning of current period	36,958	36,007
Changes of items during the period		
Dividends from surplus	Δ565	Δ767
Net income	471	1,130
Purchase of treasury stock	Δ1,013	Δ312
Disposal of treasury stock	0	-
Net changes of items other than shareholders' equity	156	150
Total changes of items during the period	Δ950	200
Balance at the end of current period	36,007	36,208

(4) Consolidated Statement of Cash Flow

(In millions of yen)

	Fiscal year ended March 2012 (Apr. 1, 2011 ~ Mar. 31, 2012)	Fiscal year ended March 2013 (Apr. 1, 2012 ~ Mar. 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,382	1,894
Depreciation and amortization	3,735	3,684
Loss (gain) on sales of noncurrent assets	0	Δ0
Loss on retirement of noncurrent assets	15	22
Loss (gain) on sales of investment securities	0	Δ107
Increase (decrease) in allowance for doubtful accounts	Δ21	Δ22
Increase (decrease) in provision for bonuses	47	59
Increase (decrease) in provision for directors' bonuses	16	37
Increase (decrease) in provision for retirement benefits	273	Δ1,833
Decrease (increase) in prepaid pension costs	Δ13	Δ770
Increase (decrease) in provision for directors' retirement benefits	33	20
Interest and dividends income	Δ46	Δ44
Interest expenses	105	90
Loss on disaster	21	275
Gain on insurance claim	-	Δ399
Decrease (increase) in notes and accounts receivable-trade	Δ1,792	56
Decrease (increase) in inventories	30	Δ487
Increase (decrease) in notes and accounts payable-trade	547	Δ630
Increase (decrease) in accounts payable for factoring	Δ7	205
Increase (decrease) in accounts payable-other resulting from transition to a defined-contribution pension plan	-	2,976
Increase (decrease) in accrued expenses	23	27
Other, net	212	Δ374
Subtotal	4,565	4,679
Interest and dividends income received	45	45
Interest expenses paid	Δ110	Δ88
Income taxes paid	Δ134	Δ139
Proceeds from insurance income	-	739
Payments for loss on disaster	Δ41	Δ194
Net cash provided by (used in) operating activities	4,323	5,042
Net cash provided by (used in) investing activities		
Payments into time deposits	Δ2,500	Δ2,600
Proceeds from withdrawal of time deposits	1,500	3,600
Purchase of securities	Δ2,498	Δ1,998
Proceeds from redemption of securities	1,499	1,999
Purchase of property, plant and equipment	Δ3,136	Δ3,066
Proceeds from sales of property, plant and equipment	1	0
Purchase of investment securities	Δ20	Δ0
Proceeds from sales and redemption of investment securities	198	328
Purchase of other securities of subsidiaries and affiliates	-	Δ103
Payments of loans receivable	-	Δ21
Collection of loans receivable	4	31
Purchase of intangible assets	Δ79	Δ182
Other, net	-	Δ10
Net cash provided by (used in) investing activities	Δ5,030	Δ2,022

(In millions of yen)

	Fiscal year ended March 2012 (Apr. 1, 2011 ~ Mar. 31, 2012)	Fiscal year ended March 2013 (Apr. 1, 2012 ~ Mar. 31, 2013)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	-	100
Decrease in short-term loans payable	-	Δ575
Repayment of long-term loans payable	Δ225	-
Proceeds from issuance of bonds	-	394
Redemption of bonds	Δ775	-
Proceeds from sales of treasury stock	0	-
Purchase of treasury stock	Δ1,013	Δ312
Proceeds from sale and leaseback	1,500	1,372
Repayments of lease obligations	Δ1,640	Δ1,620
Cash dividends paid	Δ564	Δ765
Net cash provided by (used in) financing activities	Δ2,717	Δ1,407
Effect of exchange rate change on cash and cash equivalents	Δ3	14
Net increase (decrease) in cash and cash equivalents	Δ3,427	1,626
Cash and cash equivalents at beginning of period	13,384	9,957
Cash and cash equivalents at end of period	9,957	11,584

(5) Notes to the Consolidated Financial Statements

(Notes Concerning Going Concern Assumptions)

No applicable items.

(Significant Matters in Preparation of Consolidated Financial Statements)

1. Matters Relating to Scope of Consolidation

(1) Number of consolidated Subsidiaries: 6 subsidiaries.

Names of consolidated subsidiaries

France Bed Co., Ltd.,
France Bed Furniture Co., Ltd.,
France Bed SalesCo., Ltd.,
FB Tomonokai Co., Ltd.,
Tokyo Bed Co.,Ltd.
France bed International (Thailand) Co., Ltd.

(2) Number of Non-consolidated Subsidiary

TSUBASA Co., Ltd.
Jiangsu France Bed Co.,Ltd.

(Reason for exclusion from the scope of consolidation)

The non-consolidated subsidiaries have been excluded from the scope of consolidation because they are small in size and none of their total assets, sales, net income and loss (amount comparable to equity) or retained earnings (amount comparable to equity) has any material impact on the consolidated financial statements.

2. Matters relating to the application of the equity method

The non-consolidated subsidiaries(TSUBASA Co., Ltd. Jiangsu France Bed Co.,Ltd.) are not accounted for by the equity method because their exclusion has only a minor impact on the consolidated financial statements in terms of net income and loss (amount comparable to equity) and retained earnings (amount comparable to equity), and they are considered immaterial from an overall perspective.

3. Matters relating to the fiscal year of the consolidated subsidiaries.

The final day of the business year for all consolidated subsidiaries corresponds to the consolidated account settlement date.

4. Matters relating to the accounting standards

(1) Valuation basis and method for significant assets

(i) Marketable Securities

Other Securities, and Securities of Subsidiaries and Affiliates

With market value:

Stated at market value as of the consolidated balance sheet date（with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. The cost of securities sold is determined based on the moving-average.)

Without market value:

Stated at cost determined by the moving-average method

(ii)Inventory

a. Merchandise, product, and work-in-progress

First-in, first-out inventory valuation method: a book value, write-down method based on decreased profitability used for the balance sheet value

b. Materials and stored goods

Stated at cost using most recent purchase method

Last-in, first-out inventory valuation method: a book value, write-down method based on decreased profitability used for the balance sheet value

(2) Method of depreciation of significant depreciable assets

(i)Tangible Fixed Assets(lease asset is excluded)

The declining balance method is applied.

Useful lives are as follows:

Assets for Lease	3~10 years
Buildings & structure	3~55 years
Equipment and Vehicles	2~13 years
Tools, Furniture &Fixtures	2~20 years

For small-ticket assets for lease whose acquisition price is less than 200,000yen, they are depreciated in one lot equally over 3 years.

(ii)Intangible Fixed Assets(lease asset is excluded)

Straight-line method is applied.

Software for internal office use is depreciated using straight line method over their useful lives (5 years).

(iii) Lease asset

Depreciation is based on the straight-line method over the lease term of the leased assets, assuming no residual value. Of non-ownership transfer financial lease transactions, those with inception on or before March 31, 2008, are treated by the same method as ordinary lease transactions.

(iv)Long term prepaid expenses

Equal amortization is applied.

(3) Accounting for significant reserves

(i) Allowance for doubtful accounts

Domestic consolidated subsidiaries To provide for losses arising from bad loans,allowance for doubtful receivables is provided at an amount of possible losses from uncollectible receivables based on the actual historical rate of losses from bad debt for ordinary receivables,and on estimated recoverability for specific doubtful receivables.

(ii) Reserve for bonuses

Companies submitting consolidated financial statements and domestic consolidated subsidiaries recorded the expected amount for the fiscal year under review needed to provide for the payment of bonuses to their employees.

(iii) Reserve for director’s bonuses

Companies submitting consolidated financial statements and domestic consolidated subsidiaries recorded the expected amount for the fiscal year under review needed to provide for the payment of bonuses to their directors and officers.

(iv) Reserve for retirement benefits

In preparation for the payments of retirement benefits to employees, domestic consolidated subsidiaries recorded the amount deemed to have been incurred at the end of the consolidated fiscal year under review, based on the estimated retirement benefits liabilities and pension assets at the end of the current fiscal year.
The actuarial differences are expensed using a straight-line method over a period equaling less than the employees average remaining service years at the time of its occurrence (principally 10 years) commencing the succeeding consolidated fiscal year

(Additional information)

Some of the Company's consolidated subsidiaries in Japan switched a portion of the retirement lump sum grant system over to a defined contribution pension plan, and started applying the Accounting Treatment Concerning a Transition between Retirement Benefit Systems (Implementation Guideline No. 1 for Accounting Standards) through the enforcement of the Defined Contribution Pension Act in April 2013. As a result of this switch, the Company posted a loss on the retirement benefit system revision of 336 million yen under extraordinary losses for the fiscal year under review.

(v) Reserve for directors' retirement bonuses

Companies submitting consolidated financial statements, domestic consolidated subsidiaries recorded the expected amount of payment which shall be required as of the end of the fiscal year under review, based on an internal regulation to provide for the payment of retirement allowances to their directors and officers.

(vi) Reserve for contingent loss

To provide against contingencies that may occur in the future, estimated loss is reasonably calculated and recorded for that deemed necessary.

(vii) Reserve for loss due to disaste

The Company posted an estimate at the end of the fiscal year under review in preparation for a loss on an accidental fire that occurred at the Chiba factory of Tokyo Bed Co., Ltd., its consolidated subsidiary in Japan, in July 2012.

(4) Foreign currency-denominated assets and liabilities

For the translation of important assets or liabilities denominated in foreign currencies into yen, monetary credits and liabilities denominated in basic foreign currencies are translated using the spot exchange rate on the closing date, and exchange gains and losses are treated as profits and losses.
The assets and liabilities of the consolidated foreign subsidiaries are translated into yen using the spot exchange rate on the closing date. Revenues and costs and expenses are translated using an average exchange rate for a fiscal year. Exchange gains and losses are recorded by including them in the exchange translation adjustment account of net assets.

(5) Hedge Accounting

(i) Method of Hedge Accounting

Deferred hedge accounting is applied. Foreign-currency denominated claims and obligations with forward foreign exchange contracts are accounted for under deferral hedge accounting.

(ii) Hedging tools and hedge targets

a.Hedging tools

Derivative transactions (currency options and forward foreign exchange contracts)

b.Hedge targets

Foreign-currency denominated claims and obligations subject to foreign exchange volatility risk.
(including foreign currency denominated planned transactions)

(iii) Hedging policy

Derivative transactions are entered into for the purpose of hedging the foreign exchange fluctuation risks associated with the imports of raw materials and merchandise. In undertaking derivative transactions, transactions are managed so as to maintain a steady hedging ratio with the planned transaction amount as the maximum limit.

(iv) Method of evaluating hedge effectiveness

a.Test in advance

Verifies that it is consistent with "Market Risk Management Rules" and "Risk Management Outlines"

b.Test after the fact

Examination is made whether the market and cash flow fluctuation were avoided vis a vis foreign exchange volatility risk in foreign currency denominated transactions.

(6) Scope of Cash and Cash Equivalents in Consolidated Cash Flow Statement

Cash and cash equivalents are composed of cash on hand, deposits that can be withdrawn at any time, and readily convertible and price change insensitive short-term advances whose maturity comes generally within three months.

(7) Treatment of deferred assets

Depreciation of bond issue expenses is based on the straight-line method over the bond redemption period.

(8) Other matters in preparation of consolidated financial statements

Accounting for the consumption tax

Consumption tax and municipal consumption tax are accounted for using the tax exclusion method.
Non-deductible consumption tax relating to fixed assets are treated as periodic expense to be borne during the consolidated fiscal year under review.

(Accounting standards not yet applied)

The Accounting Standard for Retirement Benefits (ASBJ Statement No. 26; May 17, 2012) and the Implementation Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25; May 17, 2012)

1.Summary

The accounting method for actuarial differences and prior service costs was revised to recognize these after adjusting the tax effects on the net assets of the consolidated balance sheets and to post these amounts showing the state of their accumulation as liabilities or assets. The benefit formula standard also became applicable to the method for allocating estimated retirement benefits to periods, in addition to the standard fixed amount per period, and the method for calculating the discount rate was revised.

2.Scheduled application periods

The application of the accounting revisions stated above will start with the consolidated financial statements for the fiscal year ending March 31, 2014. However, the revised method for allocating the estimated retirement benefits to periods will be applied from the beginning of the fiscal year ending March 31, 2015. These revisions will not be applied retroactively to the financial statements for prior fiscal years because the concerned accounting standard, etc. prescribes a transitional accounting method.

3. Effects caused by the application of the concerned accounting standard, etc.

The Company is currently assessing the effects the application of the concerned accounting standard, etc. may have on consolidated financial statements.

(Changes in Presentation)

(Consolidated Statements of Income)

The Company included “Insurance income,” stated as an independent accounting item under “Non-operating income” in the previous fiscal year, in the “Other” category under non-operating income in the fiscal year under review, as the amount of this income was insignificant. The Company rearranged the consolidated financial statements for the previous fiscal year to reflect this change in presentation method.
As a result, 20 million yen, which had been stated as “Insurance income” under “Non-operating income” in the consolidated statements of income for the previous fiscal year, was reclassified into the “Others” category.

(Supplementary Information)

(Conformance with the Accounting Standards, etc., for Accounting Changes and Error Corrections)

The Company stated “Loss on disaster,” included in “Net income before income taxes and minority interests” under “Cash flows from operating activities” in the previous fiscal year, as an independent accounting item in the fiscal year under review, because the financial significance of this loss increased.

With this change, the Company stated “Payment for loss on disaster” as an independent accounting item below “Subtotal” in “Cash flows from operating activities” in the fiscal year under review. The Company rearranged the consolidated financial statements for the previous fiscal year to reflect this change in presentation method.

As a result, “Cash flows from operating activities” was reclassified into three items—“Loss on disaster” of 21 million yen, “Others” of 212 million yen, and “Payment for loss on disaster” of -41 million yen—in the revised consolidated cash flow statement for the previous fiscal year.

(Consolidated Balance Sheets)

1. Secured assets and secured obligations

Assets provided as collateral are as below.

	Fiscal year ended Mar. 2012 (As of Mar.31, 2012)	Fiscal year ended Mar. 2013 (As of Mar.31, 2013)
Investment Securities	¥ 55 million	¥ 78 million
Guarantee deposits	¥ 11 million	¥ 11 million
Total	¥ 66 million	¥ 89 million

Secured obligations are as below.

	Fiscal year ended Mar. 2012 (As of Mar.31, 2012)	Fiscal year ended Mar. 2013 (As of Mar.31, 2013)
Account Payable	¥ - million	¥ - million

2. Contingent Liabilities

(1) The Group provides guarantees for the loan such as the following companies.

Fiscal year ended Mar. 2012 (As of Mar.31, 2012)		Fiscal year ended Mar. 2013 (As of Mar.31, 2013)	
Tsubasa Co., Ltd.	¥207 million	Tsubasa Co., Ltd.	¥189 million
Employees	¥27 million	Employees	¥35 million
Total	¥234 million	Total	¥225 million

(2) The Company provides a debt guarantee in relation to the following company’s deposit service guarantee agreement.

	Fiscal year ended Mar. 2012 (As of Mar.31, 2012)	Fiscal year ended Mar. 2013 (As of Mar.31, 2013)
FB Tomonokai Co., Ltd.	¥359 million	¥392 million

3. Accounts that matured at the end of the consolidated fiscal year

Accounts that matured at the end of the consolidated fiscal year under review were settled upon the clearance of the bills. Here, the accounts that are to mature at the end of the next consolidated fiscal year are included in the balance for the end of the consolidated fiscal year under review because the end of the consolidated fiscal year under review fell on a holiday for financial institutions.

		Fiscal year ended Mar. 2012 (As of Mar.31, 2012)	Fiscal year ended Mar. 2013 (As of Mar.31, 2013)
(Current assets)	Notes receivebale	¥ 113 million	¥ 142 million
(Current liabilities)	Notes payable-trade	¥ 350 million	¥ 348 million
	Other	¥ 3 million	- million

(Consolidated Statements of Income)

※1. Ending inventory is the amount after book value write-down based on decreased profitability, and the following loss of write-down of inventory assets is included in the cost of sales.

Fiscal year ended March 2012 (Commenced Apr. 1,2011 and ended Mar.31, 2012)	Fiscal year ended March 2013 (Commenced Apr. 1,2012 and ended Mar.31, 2013)
¥123 million	¥72 million

※2. Gains on insurance claims

Gains on insurance claims are calculated by deducting the loss on impairment of inventories and fixed assets from the insurance income associated with the fire at the Chiba factory of Tokyo Bed Co., Ltd., a consolidated subsidiary of the Company.

※3. Loss on disaster

Fiscal year ended March 2012 (Commenced Apr. 1,2011 and ended Mar.31, 2012)

These expenses include costs to restore equipment that was destroyed in the Great Eastern Japan Earthquake to its original condition.

Fiscal year ended March 2013 (Commenced Apr. 1,2012 and ended Mar.31, 2013)

The impairment loss stated above is the amount the Group lost as a result of the accidental fire that occurred at the Chiba factory of Tokyo Bed Co., Ltd., a consolidated subsidiary of the Company. The impairment loss consists of items such as the valuation loss on inventories, loss on retirement of fixed assets, damage compensation for customers, and fixed costs for the period of operational shutdown.

※4. Impairment losses

Fiscal year ended March 2012 (Commenced Apr. 1,2011 and ended Mar.31, 2012)

The following group of assets records impairment loss for FY2012 on a consolidated basis.

Location	Facility	Type	Amount
Shinjuku-ku Tokyo	Idle assets	Buildings & Structures Equipment & Fixtures	¥ 35 million
Total			¥ 35 million

The business assets of the Group are grouped in accordance with classification for management accounting, but idle assets and lease assets are grouped individually as an independent cash-generating unit.

The above assets are not expected to be used in the future and thus their book value has been written down to the recoverable value. The relevant impairment loss (35 million yen) is included and shown in “Head office transfer cost” under “Extraordinary loss” and is broken down as follows: Buildings and structures 33 million yen, Tools, furniture and fixtures 1 million yen.

Fiscal year ended March 2013 (Commenced Apr. 1,2012 and ended Mar.31, 2013)

No applicable items.

(Consolidated Statement of Changes in Net Assets)

Fiscal year ended March 2012 (Apr.1, 2011 - Mar.31, 2012)

1.Matters related to the type and the total number of shares issued and treasury stocks (thousand shares)

	Number of shares as of March 31, 2011	Increase of shares during fiscal year to March 31, 2012	Decrease of shares during fiscal year to March 31, 2012	Number of shares as of March 31, 2012
Shares issued				
Common shares (notes.3)	239,487	—	—	239,487
Total	239,487	—	—	239,487
Treasury stock				
Common shares (notes.1.2)	11,581	7,653	0	19,233
Total	11,581	7,653	0	19,233

(Notes)

1. The increase in the number of treasury stock of 7,653,000 common shares consists of an increase of 7,650,000 shares through the acquisition of treasury stock pursuant to the resolution of the Board of Directors and an increase of 3,000 shares through the acquisition, upon request, for the purchase of shares representing less than one stock trade unit.
2. The decrease in the number of treasury stock of 0 common shares reflects requests for the purchase of shares representing less than one stock trade unit.

2.Dividends

(1) Amounts paid

Date confirmed	Type of stock	Total dividends paid	Dividends per share	Dividend record date	Effective date
June 28, 2011 Shareholders' meeting	Common shares	¥ 284 million	¥ 1.25	March 31, 2011	June 29, 2011
October 31, 2011 Board of directors' meeting	Common shares	¥ 280 million	¥ 1.25	September 30, 2011	December 9, 2011

(2) Among dividends, the base date of which is within the fiscal year under review, dividends with an effective date within the following fiscal year .

Date confirmed	Type of stock	Total dividends paid	Source of dividends	Dividends per share	Dividend record date	Effective date
June 27, 2012 Shareholders' meeting	Common shares	¥ 385 million	Accumulated income	¥ 1.75	March 31, 2012	June 28, 2012

Fiscal year ended March 2013 (Apr.1, 2012 - Mar.31, 2013)

1.Matters related to the type and the total number of shares issued and treasury stocks (thousand shares)

	Number of shares as of March 31, 2012	Increase of shares during fiscal year to March 31, 2013	Decrease of shares during fiscal year to March 31, 2013	Number of shares as of March 31, 2013
Shares issued				
Common shares (notes.3)	239,487	—	15,000	224,487
Total	239,487	—	15,000	224,487
Treasury stock				
Common shares (notes.1.2)	19,233	1,875	15,000	6,109
Total	19,233	1,875	15,000	6,109

(Notes)

1. The increase in the number of treasury stock of 1,875,000 common shares consists of an increase of 1,872,000 shares through the acquisition of treasury stock pursuant to the resolution of the Board of Directors and an increase of 3,000 shares through the acquisition, upon request, for the purchase of shares representing less than one stock trade unit.
2. The Company resolved at a meeting of the Board of Directors held on April 27, 2012 to cancel its treasury stock of 15,000,000 shares, which reduced the total number of shares issued after the cancellation to 224,487,500 shares.

2.Dividends

(1) Amounts paid

Date confirmed	Type of stock	Total dividends paid	Dividends per share	Dividend record date	Effective date
June 27, 2012 Shareholders' meeting	Common shares	¥ 385 million	¥ 1.75	March 31, 2012	June 28, 2012
November 2, 2012 Board of directors' meeting	Common shares	¥ 382 million	¥ 1.75	September 30, 2012	December 7, 2012

(2) Among dividends, the base date of which is within the fiscal year under review, dividends with an effective date within the following fiscal year .

Date confirmed	Type of stock	Total dividends paid	Source of dividends	Dividends per share	Dividend record date	Effective date
June 26, 2013 Shareholders' meeting	Common shares	¥ 491 million	Accumulated income	¥ 2.25	March 31, 2013	June 27, 2013

(Items related the Consolidated Statements of Cash Flows)

1.Relationship of cash and cash equivalents at the period end to amounts recorded in the consolidated balance sheets

	Fiscal year ended March 2012 (Commenced Apr. 1,2011 and ended Mar.31, 2012)	Fiscal year ended March 2013 (Commenced Apr. 1,2012 and ended Mar.31, 2013)
Cash and deposits	¥ 7,558 million	¥ 7,084 million
Marketable securities	¥ 5,498 million	¥ 5,998 million
Total	¥ 13,056 million	¥ 13,083 million
Fixed deposits with maturities exceeding 3 months	Δ ¥2,100 million	Δ ¥500 million
Debentures, etc., with a term of more than 3 months between acquisition and redemption	Δ ¥ 999 million	Δ ¥ 999 million
Cash and cash equivalents	¥ 9,957 million	¥ 11,584 million

(Segment Information)

1.Overview of reporting segments

The reported segments of the Group are those units for which separate financial information can be obtained among the constituent units of the Group and for which the Board of Directors assesses the business performance and regularly examines the allocation of management resources.
The Group identifies the business segments based on similarities in products and services, etc., offered by the Group and other factors. It has two reported segments: Medical Services, and Home Furnishing and Health.

The main products and services of each reporting segment are as follows:
Medical Services : manufacture, procurement, sales and rental of medical treatment beds, care products linen supply such as a hospital and the hotel
Home Furnishing and Health : manufacture, procurement and sale of beds, furniture and beddings

2.Calculation of Net sales, Profit or Loss, Assets, etc. by Segment

Accounting methods applied to reporting segments are the same as those described in Significant Matters in Preparation of Consolidated Financial Statements.
Profit or loss of reporting segment is operating income basis.
Intersegment sales and transfers are calculated based on actual market value.

3.Information on the amounts of sales, income (loss), assets, and other items for reporting segments

Fiscal year ended Mar. 2012 (Commenced Apr 1, 2011 and ended Mar 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	27,015	19,077	46,093	3,683	49,776	–	49,776
Internal Sales among Segments or Transfers	3	494	497	78	575	∆575	–
Total	27,019	19,571	46,590	3,761	50,352	∆575	49,776
Segment Income / Loss	1,626	∆47	1,578	10	1,589	35	1,625
Segment asset	30,139	26,241	56,380	3,476	59,857	∆206	59,651
Other items							
Depreciation	3,225	487	3,712	23	3,736	∆0	3,735
Increase in tangible and intangible fixed assets	2,842	324	3,166	15	3,182	35	3,218

Fiscal year ended Mar. 2013 (Commenced Apr 1, 2012 and ended Mar 31, 2013)

(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	28,197	18,848	47,045	3,770	50,815	−	50,815
Internal Sales among Segments or Transfers	1	489	491	97	588	∆588	−
Total	28,198	19,337	47,536	3,867	51,404	∆588	50,815
Segment Income / Loss	1,797	186	1,984	27	2,011	31	2,043
Segment asset	31,449	26,520	57,969	3,214	61,183	∆162	61,021
Other items							
Depreciation	3,204	452	3,656	24	3,681	2	3,684
Increase in tangible and intangible fixed assets	2,902	348	3,251	9	3,261	∆0	3,260

(Notes)

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, advertising and advertisement, exhibition business and real estate lease business.

2. The item “Adjustments” contains the following:

Segment income

	FY2012	FY2013
Elimination of intersegment transactions	744	749
Corporate expenses	∆708	∆717
	35	31

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 asset

	FY2012	FY2013
Elimination of intersegment transactions	∆17,569	∆17,910
Corporate expenses	17,363	17,748
	∆206	∆162

General corporate assets are surplus working capital (cash and deposits) and assets relating to the general affairs division or other administrative division 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.

(Per Share Information)

	Fiscal year ended Mar. 2012 (Commenced Apr. 1,2011 and ended Mar.31, 2012)	Fiscal year ended Mar. 2013 (Commenced Apr. 1,2012 and ended Mar.31, 2013)
Net Assets per Share	¥163.48	¥165.80
Net Income per share	¥2.09	¥5.17

(Notes) 1. As there are no existing latent shares, presentation of fully diluted earnings per share has been omitted.

2. The basis for calculation of Net income per Share is as follows.

	Fiscal year ended Mar. 2012 (Commenced Apr. 1,2011 and ended Mar.31, 2012)	Fiscal year ended Mar. 2013 (Commenced Apr. 1,2012 and ended Mar.31, 2013)
Net Income(¥ million)	471	1,130
Amount not attributable to Common Shareholders(¥ million)	–	–
Net Income attributable to Common Stock(¥ million)	471	1,130
Average Number of Outstanding Common Shares during the Period (thousand shares)	224,892	218,671

(Important Subsequent Events)

None applicable

5. Other

(1) Management Appointment and Resignations

1. Change in company officers
None applicable

2. Change in other directors and officers (to be effective on June 26, 2013)

・Candidates for director (new appointment)
Director:Takashi Ueda (General Business Department, Francebed Co., Ltd.)

・Director resignation
Director: Kazuo Momohara (charge of the Planning Group)

The current term of the auditor, Kenji Iwasaki, who was elected as auditor to fill a vacancy at the Ordinary General Shareholders' Meeting held on June 27, 2012, will expire upon the commencement of the 10th Ordinary General Shareholders' Meeting to be held on June 26, 2013. Accordingly, an auditor to fill the vacancy will be elected again at the meeting.

The candidate for auditor to fill the vacancy is as below.
Hiroyuki Watabiki (executive director, Tokio Marine & Nichido Fire Insurance Co., Ltd.)