

Results for the First Quarter of the Fiscal Year Ending March 31, 2014 (J-GAAP)

(April 1, 2013 ~ June 30, 2013)

August 2, 2013

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

Code number : 7840

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Scheduled date of the start of dividend payments: -

Preparation of quarterly earnings presentation material: No

Holding of quarterly earnings announcement : No

Listing Exchanges : Tokyo

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

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

1. Consolidated results for the First quarter of the fiscal year ending March 2014 (April 1, 2013 ~ June 30, 2013)

(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, 2013	12,668	1.3	647	44.7	638	46.8	339	44.3
First quarter ended June 30, 2012	12,505	4.5	447	24.6	434	31.0	235	186.3

Note: Comprehensive income: As of June 30, 2013 : ¥ 336 million (118.8%) As of June 30, 2012 : ¥ 153 million (20.9%)

	Earnings per share	Earnings per share, diluted
	yen	yen
First quarter ended June 30, 2013	1.55	—
First quarter ended June 30, 2012	1.07	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' equity ratio
	Million yen	Million yen	%
First quarter ended June 30, 2013	59,956	36,066	60.1
Fiscal year ended March 31, 2013	61,021	36,208	59.3

(Reference) Shareholder's equity: As of June 30, 2013: ¥36,066million As of March 31, 2013: ¥36,208million

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, 2013	—	1.75	—	2.25	4.00
Fiscal year ended March 31, 2014	—				
Fiscal year ended March 31, 2014 (Outlook)		2.25	—	2.25	4.50

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

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

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

Note: Although this is not applicable to changes regarding specific companies, France Bed International (Thailand) Co., Ltd., a consolidated subsidiary, has been excluded from the scope of consolidation since the first quarter of the fiscal year under review.

(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 FY2014.3 224,487,500 shares	FY2013.3 224,487,500 shares
[2] Number of treasury stock at the end of the period	First quarter of FY2014.3 6,109,360 shares	FY2013.3 6,109,026 shares
[3] Average number of shares issued during the period (quarterly accumulation period)	First quarter of FY2014.3 218,378,251 shares	First quarter of FY2013.3 219,548,473 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

(Note to descriptions about the future, etc.)

The forward-looking statements, such as results forecasts, included in this document are based on information available to the Company at the time of the announcement and certain assumptions considered reasonable. They do not represent guarantees of future outcomes. Actual results could differ materially from forecasts, depending on a range of factors.

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1. Qualitative Information on first Quarter Results

(1) Consolidated Management Performance

In the first quarter of the current fiscal year (hereinafter “the period under review”), the Japanese economic environment remained uncertain, mainly due to concerns over the slowdown in emerging economies, despite signs of positive developments such as the recovery in stock prices and the correction of the strong yen resulting from expectations regarding the economic policies adopted by the recently established government.

In this environment, the France Bed Group (hereinafter the “Group”) strove to bolster its overall earnings by investing its management resources in the medical services business, with the aim of meeting the increasing need for nursing care, and by focusing on selling high-performance products with high added value in the home furnishing and health business.

The Group also continued to develop products for its new Rehatech brand, designed for active seniors, by utilizing the product development capabilities of the divisions in charge of the above two businesses, advertising Rehatech products in the market by taking advantage of these divisions’ sales channels.

In this environment, Group sales for the period under review amounted to 12,668 million yen (up 1.3% year on year). Consolidated operating income increased to 647 million yen (up 44.7% year on year), while consolidated ordinary income rose to 638 million yen (up 46.8% year on year). Consolidated net income for the period under review rose to 339 million yen (up 44.3% year on year).

(Medical services business)

In the medical services business, mainly by increasing its human resources, the Group sought to expand its sales, chiefly for its rental business in the welfare equipment rental market, where nursing care insurance payments are on the rise. In the previous fiscal year, based on its technology and experience in high-end beds for home use and medical and nursing care beds, the Group introduced Yumerira, an air mattress for preventing bedsores, which superbly decentralizes body pressure and allows users to sleep more comfortably. The Group endeavored to increase its number of customers by focusing on expanding sales of products such as Yumerira and FBN-PJJ97 SU, a comfortable hospital bed for regular home use that features a mattress as wide as a single bed (970 mm).

In addition, the Group aimed to generate new sales by starting to advertise a new Rehatech brand, the Smart Walker, a walking chair with an automatic speed control brake that supports walking, walking training, and the walking stability of people who have difficulty walking. The Group also sought to improve the availability of its products and maintain its solid brand value, mainly by holding training sessions and product briefings for care managers and sales agents and continuing to air TV commercials.

The Group also focused on sales to hospitals, welfare facilities, and the like of its 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 them. The Group also trained its product salespeople in an effort to help them become a reliable workforce.

As a result of these activities, consolidated net sales for the medical services business came to 6,696 million yen (down 1.8% year on year). Consolidated operating income for the business amounted to 455 million yen (up 15.7% year on year).

(Home furnishing and health business)

In the home furnishing and health business, to meet the needs of consumers who would like quality sleep or to pursue an independent lifestyle, the Group continued to release high-performance products with high added value. By focusing on the sales of these products, the Group is striving to bolster its earnings capabilities.

The Group continued to promote sales for products such as its 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. It also took steps to generate new demand, mainly by introducing the Rehatech Mattress to the market, which offers users a comfortable sleeping experience through its superior decentralization and ventilation functions, and the LOOPER MOVE series of beds with reclining mattresses.

Moreover, regarding the specialty furniture stores it has transactional relationships with and the operators it has recently begun trading with in different business categories, the Group continued to organize events that allow consumers to test out its Rehatech brand of products, such as its electrically assisted tricycle and the S141, an electric wheelchair with a steering wheel. The Group also approached these stores to set up a Yu Yu Platinum Corner, an area for selling products aimed at seniors.

As a result of these initiatives, net sales for the home furnishing and health business amounted to 4,982 million yen (up 4.1% year on year). The business generated operating income of 187 million yen (jumping 536.1% year on year).

(Other)

In the commodities and sundries sales business, the Group reviewed its product lineup and continued to “scrap and build” at stores to improve earnings.

In the nursing-care welfare equipment business, the Group endeavored to secure sales by increasing its sales of products for the elderly and commencing new transactions with operators in different business categories.

As a result of the initiatives described above, sales in its other businesses totaled 989 million yen (up 10.0% year on year), and operating loss for the business was 21 million yen (compared with an operating income of 9 million yen in the same period of the previous fiscal year).

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

Total assets at the end of the period under review fell 1,064 million yen from the end of the previous fiscal year, to 59,956 million yen. Current assets decreased 363 million yen from the end of the previous fiscal year, to 33,897 million yen. The major factors behind these results included a decline of 999 million yen in marketable securities and a decrease of 500 million yen in notes and accounts receivable-trade, offsetting a rise of 381 million yen in cash and deposits and an increase of 664 million yen in inventories. Fixed assets decreased 697 million yen from the end of the previous fiscal year, to 26,050 million yen. The major factors behind these results included the transfer to current assets of a time deposit for 600 million yen that was applicable to the one-year rule.

Liabilities

Liabilities decreased by 923 million yen from the end of the previous fiscal year, to 23,890 million yen. These results mainly reflected declines of 366 million yen in notes and accounts payable-trade and 869 million yen in income taxes payable, which offset a 172 million yen increase factoring in accrued liabilities.

Net assets

Net assets declined 141 million yen from the end of the previous fiscal year, to 36,066 million yen. Major contributors to this result included net income for the quarter under review of 339 million yen and cash dividends paid of 491 million yen. As a result of the changes stated above, the shareholders' equity ratio rose from 59.3% at the end of the previous fiscal year to 60.1%.

(3) Explanation of consolidated operating results and future forecast information

There has been no change to the performance forecast that was announced in the “Consolidated Business Results for the Fiscal Year Ended March 31, 2013,” dated May 15, 2013.

2.Matters related to summary information (footnote items)**(1) Changes in the state of material subsidiaries during the period:** Not applicable

Although not applicable to changes regarding specific companies, France Bed International (Thailand) Co., Ltd., a consolidated subsidiary, has been excluded from the scope of consolidation since the first quarter of the fiscal year under review.

2. Consolidated Financial Statements

(1) Consolidated balance sheets

(In millions of yen)

	FY2013 (As of March 31, 2013)	First quarter of FY2014 (As of June 30, 2013)
ASSET		
Current assets		
Cash and deposits	7,084	7,466
Notes and accounts receivable-trade	11,083	10,582
Securities	5,998	4,998
Merchandise and finished goods	5,428	5,721
Work in process	434	472
Raw materials and supplies	1,862	2,196
Other	2,381	2,472
Allowance for doubtful accounts	△13	△12
Total current assets	34,260	33,897
Noncurrent assets		
Property, plant and equipment		
Land	6,413	6,413
Other, net	9,291	9,319
Total property, plant and equipment	15,705	15,733
Intangible assets	990	949
Investments and other assets		
Prepaid pension cost	5,914	6,072
Other	4,137	3,295
Total investments and other assets	10,052	9,367
Total noncurrent assets	26,747	26,050
Deferred assets	12	8
Total assets	61,021	59,956
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	3,806	3,439
Accounts payable for factoring	2,335	2,508
Short-term loans payable	1,650	1,650
Current portion of bonds	3,150	3,150
Income taxes payable	925	55
Provision for bonuses	1,191	674
Other provision	57	15
Other	4,452	5,950
Total current liabilities	17,568	17,443
Noncurrent liabilities		
Bonds payable	400	400
Long-term loans payable	2,000	2,000
Provision for retirement benefits	756	711
Other provision	479	480
Asset retirement obligations	24	24
Other	3,583	2,829
Total noncurrent liabilities	7,244	6,446
Total liabilities	24,813	23,890

(In millions of yen)

	FY2013 (As of March 31,2013)	First quarter of FY2014 (As of June 30, 2013)
NET ASSETS		
Shareholders' equity		
Capital stock	3,000	3,000
Capital surplus	1,867	1,867
Retained earnings	32,451	32,287
Treasury stock	Δ1,229	Δ1,229
Total shareholders' equity	36,089	35,925
Accumulated Other Comprehensive Income		
Valuation gain and loss on other securities	143	163
Deferred gains or losses on hedges	0	Δ22
Foreign currency translation adjustment	Δ25	-
Total accumulated other comprehensive income	118	141
Total net assets	36,208	36,066
Total liabilities and net assets	61,021	59,956

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

Consolidated Statements of Income

(In millions of yen)

	First quarter of FY2013 (From April 1, 2012 to June 30, 2012)	First quarter of FY2014 (From April 1, 2013 to June 30, 2013)
Net Sales	12,505	12,668
Cost of Sales	6,856	6,703
Gross profit	5,649	5,964
Selling, general and administrative expense	5,201	5,317
Operating income	447	647
Non-operating income		
Interest income	3	2
Dividend Income	7	7
Other	25	23
Total non-operating income	36	33
Non-operating expenses		
Interest expense	23	21
Other	25	20
Total non-operating expenses	48	41
Ordinary income	434	638
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	6	6
Total extraordinary losses	6	6
Income before income taxes	429	632
Income taxes-current	21	41
Income taxes-deferred	172	251
Total income taxes	194	292
Income before minority interests	235	339
Net Income	235	339

Consolidated Statements of Comprehensive Income

(In millions of yen)

	First quarter of FY2013 (From April 1, 2012 to June 30, 2012)	First quarter of FY2014 (From April 1, 2013 to June 30, 2013)
Income before minority interests	235	339
Other comprehensive income		
Valuation difference on available-for-sale securities	Δ70	20
Deferred gains or losses on hedges	Δ4	Δ23
Foreign currency translation adjustment	Δ6	–
Other comprehensive income	Δ81	Δ2
Comprehensive income	153	336
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	153	336
Comprehensive income attributable to minority interests	–	–

(3) Notes (Consolidated financial statements)

(Notes concerning conditions of “going concern”)
Not applicable

(Special changes to shareholders equity)
Not applicable

(Segment information, etc.)
Segment information

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

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

First quarter of FY2014 (From April 1, 2013 to June 30, 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	6,696	4,982	11,678	989	12,668	–	12,668
Internal Sales among Segments or Transfers	2	128	130	30	161	Δ161	–
Total	6,699	5,110	11,809	1,020	12,829	Δ161	12,668
Segment Income / Loss	455	187	643	Δ21	622	25	647

(Note)

1. The Other Businesses segment is a business segment that is not included in the reported segments and includes businesses such as door-to-door sales business, sundries sales business, exhibition business and real estate lease business.

2. The item “Adjustments” contains the following:

Segment income

	First quarter of FY2013	First quarter of FY2014
Elimination of intersegment transactions	195	199
Corporate expenses	Δ181	Δ174
	13	25

General corporate expenses are expenses relating to the general affairs division and other administrative divisions of the company submitting the consolidated financial statements that cannot be attributed to any particular reporting segment.

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