Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (J-GAAP)

May 15, 2014

Company name: **France Bed Holdings Co., Ltd.**
Code number: 7840 Listing exchanges: Tokyo
URL: http://www.francebed-hd.co.jp Tel: +81-3-6741-5501
Representative: Shigeru Ikeda, President
Contact person: Kotaro Hoshikawa, Executive director (Accounting Group)
Scheduled date of Ordinary General Shareholders' Meeting: June 25, 2014
Scheduled date to submit securities report: June 25, 2014
Scheduled date of the start of dividend payments: June 26, 2014
Preparation of supplementary explanation materials for financial results: Yes
Earnings announcement for the full year: Yes (for securities analysts and institutional investors)

(Amounts less than one million yen have been truncated)

1. Consolidated results for the fiscal year ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(1) Consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2014	54,891	8.0	2,799	37.0	2,784	37.9	1,397	23.5
Fiscal year ended March 31, 2013	50,815	2.0	2,043	25.6	2,018	26.6	1,130	139.5

Note: Comprehensive income
FY2014: ¥1,356 million (5.8%) FY2013: ¥1,280 million (103.8%)

	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 31,2014	6.44	—	3.8	4.6	5.1
Fiscal year ended March 31, 2013	5.17	—	3.1	3.3	4.0

Reference: Equity in earnings of non-consolidated subsidiaries and affiliates
FY2014: ¥– million FY2013: ¥– million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2014	59,443	35,522	59.7	165.85
As of March 31, 2013	61,021	36,208	59.3	165.80

Reference: Shareholders' equity
FY2014: ¥35,522 million FY2013: ¥36,208 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2014	3,241	(2,550)	(2,165)	10,024
Fiscal year ended March 31, 2013	5,042	(2,022)	(1,407)	11,584

2. Dividends

	Cash dividends per share					Total dividends paid (Annual)	Payout ratio (Consoli-dated)	Ratio of dividends to net assets (Consoli-dated)
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2013	—	1.75	—	2.25	4.00	873	77.3	2.4
Fiscal year ended March 31, 2014	—	2.25	—	2.75	5.00	1,080	77.5	3.0
Fiscal year ending March 31, 2015 (Outlook)	—	2.25	—	2.25	4.50		68.8	

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

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

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	26,500	3.3	1,300	10.0	1,200	2.7	650	3.7	3.03
Full year	55,000	0.1	2,700	-3.5	2,700	-3.0	1,400	0.2	6.53

Footnote items

(1) Changes in the state of material subsidiaries during the period

(Changes regarding significant subsidiaries accompanying changes in the scope of consolidation): None

(Note) France bed International (Thailand) Co., Ltd., which was a consolidated subsidiary in the previous fiscal year, has been excluded from the scope of consolidation starting from the fiscal year under review, due to its diminished materiality, even though it does not fall under changes regarding specific companies.

(2) Changes in accounting principles, changes in accounting estimates, and changes in presentations due to revisions

1) Changes in accounting principles accompanying revisions in accounting standards: Yes
2) Changes other than those in [1] above: None
3) Changes in accounting estimates: None
4) Changes in presentation due to revisions: None

(3) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury shares)
FY2014: 224,487,500 shares FY2013: 224,487,500 shares
2) Number of treasury shares at the end of the period
FY2014: 10,313,385 shares FY2013: 6,109,026 shares

3) Average number of shares issued during the period

FY2014: 216,626,813 shares FY2013: 218,671,503 shares

[Implementation status of audit procedures]

These consolidated business results are not subject to the audit procedures of the Financial Instruments and Exchange Act. As of the release date of these business results, audit procedures on consolidated financial statements had not been completed.

[Note concerning the appropriate use of performance forecasts and other related items]

(Caution concerning forward-looking statements etc.)

This document contains forward-looking statements including performance forecasts based on information available to the Company at the time of disclosure and certain assumptions that the Company believes to be reasonable. The Company makes no assurances as to their outcomes. Actual performance may differ substantially from these forecasts owing to a wide range of factors. For further information on the assumptions made in the preparation of the performance forecasts and cautionary notes concerning the use of performance forecasts, please refer to "1. Analysis of Business Results and Financial Position (1) Analysis of Business Results" on page 5 of this document.

[Method of obtaining supplementary materials of the financial results]

The Company scheduled a presentation of financial results for institutional investors and securities analysts on Friday, May 30, 2014. Handout materials and video of the presentation will be posted on its website immediately following the presentation.

Contents

1. Analysis of Business Results and Financial Position
(1) Analysis of Business Results
Operating results for the fiscal year ended March 31, 2014

During the fiscal year ended March 31, 2014, the Japanese economy remained on the road to a slow recovery, with an uptick in consumer spending and corporate earnings on the rise, especially among exporters. The recovery has been backed by the downward correction of the yen and rising stock prices, brought on by the government's economic policies and monetary easing. However, the future of the Japanese economy remains clouded amid concerns over possible economic downturns overseas, and concerns that consumer spending will decline following the hike in Japan's consumption tax.

In this economic environment, the France Bed Group (hereinafter, the "Group") sought to boost revenue of the Group overall. To this end, the Group invested its management resources in the Medical Services Business, whose market is expected to grow, in order to meet growing market demands. In addition, the Group focused on sales of high-performance products with high added value in the Home Furnishing and Health Business, in order to meet the needs of consumers with clearly defined lifestyle preferences.

The Group also sought to increase market penetration and sales of its Reha tech brand for energetic seniors, by combining the product-development capabilities of the Medical Services and the Home Furnishing and Health Businesses to bring new products to market, and by leveraging existing sales routes as well as actively entering large consumer electronics stores, mail-order sales and other new sales channels.

As a result of these initiatives, consolidated net sales for the fiscal year under review totaled 54,891 million yen (up 8.0% year on year). Consolidated operating income was 2,799 million yen (up 37.0% year on year), and consolidated ordinary income totaled 2,784 million yen (up 37.9% year on year). Consolidated net income was 1,397 million yen (up 23.5% year on year). This was due to the following factors: the Group recorded extraordinary loss of 150 million yen for business structure improvement expenses, in order to dramatically improve the earnings of subsidiaries operating sundries sales businesses; and on March 31, 2014, a revision to the tax law was published that abolishes the Special Corporation Tax for Reconstruction one year early. Consequently, the Group reversed its deferred tax assets and reported income taxes – deferred of 51 million yen.

The performance of each business segment is described below.

1) Medical Services Business

In the Medical Services Business, the Group sought to increase net sales with a focus on rentals. The initiatives included increasing staffing and opening new sales offices for its special needs equipment rental business, where nursing care insurance payments are on the rise. The Group also sought to enlarge its customer base during the fiscal year under review by focusing on expanding sales of new products such as the FK-95, a mattress that eases pressure on the bed user's abdomen and reduces sliding in the vertical position when the bed user's back is raised, for the purpose of lightening the burden not only on the user but also the caregiver. Another product was the LOOPER MOVE RP-01, an assistive raising device that can be placed directly on the floor or a Japanese tatami mat. The bed user's back and legs are easily raised using a remote control switch.

In order to gain new sales, the Group launched two new products under the Reha tech brand: the R-active, which helps people who can walk independently to go outside; and the Smart Walker, a walking chair with an automatic speed control brake for people who have difficulty in walking. At the same time, the Group sought to increase brand awareness and solidify the brand image by holding workshops and seminars for care managers and sales agents while continuing TV and other advertising campaigns.

The Group promoted sales of its products for hospitals and welfare facilities as well, such as the Monitoring Care System M-1, which reduces the burden on nursing staff and care workers by detecting the bed user's movements (sitting up or getting out of bed) and sending notices to nurses' stations, etc. The Group also promoted the new Low-Floor Floor Bed FLB-03, which reduces the risk of injuries from falls by bed users and reduces the burden on caregivers.

As a result of these initiatives, net sales for the Medical Services Business amounted to 29,382 million yen (up 4.2% year on year), and operating income was 2,082 million yen (up 15.8% year on year).

2) Home Furnishing and Health Business

In the Home Furnishing and Health Business, against the backdrop of increasing demand for luxury products by consumers as the economy recovers, the Group sought to increase profitability by continuing to bring high-performance products with high added value to the market and focusing on sales, in order to meet the needs of consumers with clearly defined lifestyle preferences and who demand quality sleep.

During the fiscal year under review, the Group continued to promote sales of its GRANMAX series of high-quality electric reclining beds for energetic seniors, and the Slumberland series, one of the world's leading bed brands. Along with these promotional efforts, the Group also launched original and highly innovative products, including functional ones. The Reha tech mattress provides comfortable sleep with its improved breathability and even distribution of the sleeper's weight. The LOOPER MOVE RP-1000 is our new highly functional product which has a power recliner built into the mattress itself. The new Di Lectus series of bed frames allow users to choose from 114 different designs so that they can find the one that best suits their lifestyle. The Group also sought to increase brand awareness through TV commercials and other campaigns, and to create new demand.

The Group had been worked on setting up the Reha tech Corner, a space showcasing products for seniors, at specialty furniture stores that carry Group products, as well as at new sales channels. This is based on the idea that, by our experience, when people actually try Reha tech brand products for themselves, such as electrically assisted tricycles or the S141 electric wheelchair with a steering wheel, many of them recognize the quality and are then determined to purchase the products.

As a result of these initiatives, net sales for the Home Furnishing and Health Business amounted to 21,672 million yen (up 14.9% year on year), and operating income was 726 million yen (up 289.3% year on year).

3) Other

In the door-to-door sales business, the Group worked to ensure net sales by focusing on sales in showrooms, as well as its traditional door-to-door sales activities.

In the commodities and sundries sales business, the Group continued to fully remodel stores based on the product lineups and studying such factors as store location and customer needs, but despite these efforts, the business continues to underperform in terms of both net sales and revenue. During the fiscal year under review, the Group started to implement a plan to dramatically improve revenues in order to turn the business around as quickly as possible. The Group recorded extraordinary loss of 150 million yen for business structure improvement expenses for the execution of this plan.

As a result of these initiatives, net sales for other business had net sales of 3,835 million yen (up 1.7% year on year), and an operating loss of 32 million yen (from operating income of 27 million yen in the same period of the previous fiscal year).

Outlook for Fiscal year ending March 31, 2015

For the fiscal year ending March 31, 2015, the Group expects the market for the Medical Services Business to continue to grow, as Japan's population continues to age. The Group will seek to grow its share of the market by increasing the number of staffing and offices in this business, and by introducing new products. There are also concerns that the demand in the Home Furnishing and Health Business will fall temporarily after the hike in the consumption tax. However, the Group will seek to create new demand in this business as well, by introducing innovative products with completely unique features.

The Group will also work on setting up the Reha tech Corner, a sales space where products, including Reha tech products targeting active seniors, are exhibited and sold. By operating the spaces by the Group itself and gaining knowledge and expertise of the operation, the Group will convince existing and new stores to create these sales spaces and increase the number of stores with these spaces.

As a result of the above, the Group expects to achieve consolidated net sales of 55,000 million yen, consolidated operating income of 2,700 million yen, consolidated ordinary income of 2,700 million yen and consolidated net income of 1,400 million yen.

(2) Analysis of Financial Position

1) Positions of total assets, liabilities and net assets

Total assets at the end of the fiscal year under review fell 1,578 million yen from the end of the previous fiscal year ("the previous year-end") to 59,443 million yen. Current assets declined 1,271 million yen from the previous year-end to 32,988 million yen. Major factors underlying this change included a decrease of 3,499 million yen in securities, which offset an increase of 1,040 million yen in cash and deposits and an increase of 1,267 million yen in notes and accounts receivable – trade. Non-current assets decreased 360 million yen from the previous year-end to 26,387 million yen. The major factors underlying this change included a decrease due to the transfer of time deposits in the amount of 600 million yen to current assets applicable under the one-year rule, despite the increases through the purchase of property, plant and equipment, and purchase of intangible assets.

Liabilities decreased 892 million yen from the previous year-end to 23,921 million yen. The major factors underlying this change were decreases in income taxes payable and in long-term accounts payable – other in the amounts of 716 million yen and 834 million yen, respectively, which offset an increase in notes and accounts payable – trade and an increase in accrued expenses, in the amounts of 430 million yen and 314 million yen, respectively.

Net assets fell 685 million yen from the previous year-end to 35,522 million yen. The major factors for the increase included a net income of 1,397 million yen, while major factors for the decline included a purchase of treasury shares of 853 million yen, dividends from surplus of 982 million yen and the reporting of remeasurements of defined benefit plans of 218 million yen.

As a result, shareholders' equity ratio rose to 59.7% from the 59.3% at the previous year-end.

2) Cash flow position

As for the cash flows for the fiscal year under review, cash and cash equivalents decreased 1,559 million yen from the previous year-end (including the 85 million yen decrease in cash and cash equivalents resulting from change of scope of consolidation) to 10,024 million yen. Details of individual cash flow items are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities came to 3,241 million yen (5,042 million in the same period of the previous fiscal year), due primarily to inflows including income before income taxes of 2,578 million yen, the reporting of depreciation (a noncash item) of 3,609 million yen and an increase in notes and accounts payable – trade of 440 million yen, offsetting outflows including an increase in notes and accounts receivable – trade of 1,204 million yen, 879 million yen in funds transfer resulting from transition to a defined-contribution pension plan and 1,323 million yen in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities totaled 2,550 million yen (2,022 million yen in the same period of the previous fiscal year), due primarily to inflows including proceeds from withdrawal of time deposits of 500 million yen and redemption of securities of 1,999 million yen, which were offset by outflows including a purchase of securities of 999 million yen, a purchase of property, plant and equipment of 3,756 million yen and a purchase of intangible assets of 317 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 2,165 million yen (1,407 million yen in the same period of the previous fiscal year), primarily due to a decrease in short-term loans payable of 100 million yen, a purchase of treasury shares of 853 million yen and cash dividends paid of 981 million yen.

(Reference) Cash flow indicators

	FY2010	FY2011	FY2012	FY2013	FY2014
Shareholders' equity ratio (%)	62.8	60.8	60.3	59.3	59.7
Shareholders' equity ratio at market value (%)	51.6	39.3	63.5	74.0	69.5
Ratio of interest-bearing debt to cash flow (years)	2.2	2.2	2.2	1.9	2.8
Interest coverage ratio (times)	31.4	43.3	39.1	57.1	38.1

Shareholders' equity ratio: shareholders' equity / total assets
Shareholders' equity ratio at market value: total market capitalization / total assets
Ratio of interest-bearing debt to cash flow: interest-bearing debt / cash flow
Interest coverage ratio: cash flow / interest payment

Notes 1. Each indicator has been calculated on the basis of consolidated financial figures.
2. Total market capitalization has been calculated on the basis of the number of shares issued excluding treasury shares.
3. Cash flow refers to cash flows from operating activities.
4. Interest-bearing debt includes all liabilities reported on the consolidated balance sheet on which interest is paid.

(3) Fundamental Policy for Distribution of Earnings, and Dividend for Fiscal 2014 and Fiscal 2015

To maximize its shareholder value, the Company regards profit distribution as one of its key management priorities. The Company decides its dividend by comprehensively taking into account its performance, operating environment and the necessity of a strong balance sheet, in line with its fundamental policy of making every effort to maintain a stable dividend payment.

Based on this policy, the Company, in commemoration of its 10th anniversary in March 2014, and in appreciation of the continuing support of its shareholders, plans to pay a 2.75 yen per share for Fiscal 2014. The amount comprises a year-end ordinary dividend of 2.25 yen per share, as predicted in the original forecast, plus a commemorative dividend of 0.5 yen per share. As a result, the Company's annual dividend for the fiscal year under review will amount to 5.00 yen per share, which includes 2.25 yen per share already paid as the interim dividend.

The Company plans to place this matter on the proposal of the ordinary general shareholders' meeting scheduled for June 2014.

Additionally, 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) for Fiscal 2015.

(4) Business and Other Risks

Risks that may affect the business results, financial position, stock prices, etc. of the Group includes the following.

Matters in the text relating to the future are judgments made by the Group at the end of the fiscal year under review.

1) Business environment of the Group

a) The Group's Medical Services Business relies greatly on the nursing care insurance system. Revisions or changes to this system could reduce net sales and affect the Group's performance and financial position.
b) The markets for suppliers and customers of the Group's Home Furnishing and Health business tend to be susceptible to influences, such as economic trends, land price fluctuations and a housing tax system. Demand in these markets can drop from such factors as reductions in income due to economic downturns, rises in market interest rates, land prices or housing taxes. Falling demand could trigger a drop in net sales and slimmer profit margins due to lower sales prices in product lines, and could thus lead to worsened business conditions for the suppliers and customers of the Group. The downward trend could also affect the Group's performance and financial position due to the occurrence of bad debts and other problems.
c) In the other business, door-to-door sales business is regulated by law. Changes to the relevant laws could cause net sales to fall, and affect the performance and financial position of the Group. Additionally, performance in the commodities and sundries sales business is affected by consumer sensibility and fashion sense, as well as price lines and the store environment. If the Group is unable to predict changes in the market and offer appealing products, its net sales could fall, affecting the Group's performance and financial position.

2) Product defects

The Group manufactures its various products at Group factories in accordance with JIS (Japanese Industrial Standards) as well as FES (Francebed Engineering Standards), which are based on the Group's own quality criteria that are even stricter than JIS.

However, there is no guarantee that defects will not occur in any of the products. Moreover, while the Group holds product liability insurance, there is no guarantee that this insurance will ultimately be sufficient to cover the amount of compensation to be borne, and the Group may not always be able to continue holding such insurance.

In the event that a product defect occurs for which the Group bears liability, or if a large-scale recall is carried out in the interests of customer safety, or in other such circumstances, substantial costs may be incurred by the Group. This could cause significant damage to our product reputation and brand, potentially resulting in lower net sales and affecting the Group's performance and financial position.

3) Unauthorized disclosure of personal information, etc.

Because of the nature of its business, the Group handles a large volume of personal information such as customer information. The Group pays particular attention to protection of personal information in the conduct of its business activities, and takes measures to protect confidentiality. However, if a leak of personal information were to occur, the Group could be held legally responsible, and it could experience a major loss of credibility that could affect its performance and financial position.

4) Credit

The Group engages in a range of business transactions and bears credit risk that could result in losses

such as those incurred due to a supplier's or customer's worsened credit standing or bankruptcy.
In order to control that risk, the Group has set a credit limit and payment method for each supplier and customer, and has set up a committee for the protection of accounts receivable to flexibly manage credit risk.
However, because it is difficult to eliminate all such risks, the Group's performance and financial position could be adversely affected in the event of deterioration in credit standing or bankruptcy, etc., of a supplier or customer.

5) Exchange rate fluctuation, etc.

The Group engages in import and export transactions of raw materials and the manufactured products, and bears the risk of fluctuations in the exchange rate with regard to related foreign-currency-denominated monetary claims and obligations (including foreign currency options). The Group therefore conducts derivative transactions for the purpose of hedging risks associated with exchange rate fluctuations, but it is difficult to completely eliminate all such risks, including indirect impact of exchange rate fluctuations. It is therefore possible that the Group's performance and financial position could be affected by exchange rate fluctuations.
In addition, the Group carries out import and export transactions with multiple countries mainly in Asia and Europe, and will continue to do so. Therefore, the Group's performance and financial position could be affected by deterioration of the import-export environment due to changes in the economic situation, occurrence of disasters, etc. in each country.

2. Corporate Group

The Company's corporate group consists of the Company and nine subsidiary companies (five consolidated subsidiaries and four non-consolidated subsidiaries), and mainly engages in the Medical Services Business and the Home Furnishing and Health Business.

The Group's businesses and relationship between its businesses and Group companies are described below.

The classification of business segments in the Segment Information is the same as one applied below.

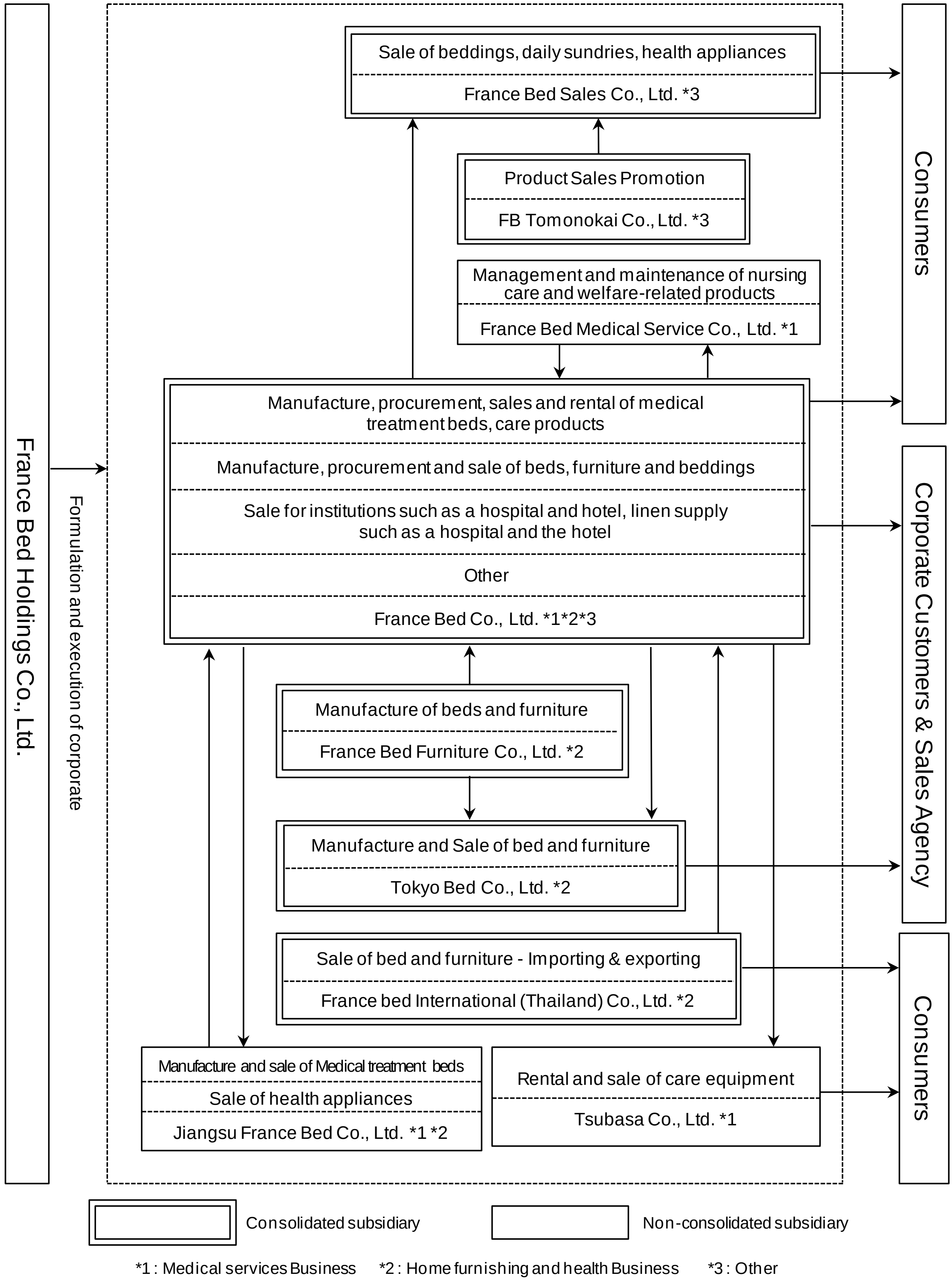
Business segments	Business activities	Group companies
Medical Services Business	Manufacture, purchase, rental, retail sale and wholesale of medical and nursing care beds and special needs equipment, and linen supply for hospitals, hotels, etc.	France Bed Co., Ltd. Tsubasa Co., Ltd. Jiangsu France Bed Co., Ltd. France Bed Medical Service Co., Ltd.
Home Furnishing and Health Business	Manufacture, purchase and wholesale of beds, furniture and beddings, etc.	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, sales of sundries, advertising and setting up of exhibition venues and real estate leasing, etc.	France Bed Co., Ltd. France Bed Sales Co., Ltd. FB Tomonokai Co., Ltd.

Notes 1. FB Tomonokai Co., Ltd., a subsidiary of the Company's subsidiary, France Bed Sales Co., Ltd., solicits members based on contracts for specified prepaid transactions relevant to products marketed by France Bed Sales Co. and mediates product sales to such members.

2. Non-consolidated subsidiaries: TSUBASA Co., Ltd., France bed International (Thailand) Co., Ltd., Jiangsu France Bed Co., Ltd. and France Bed Medical Service Co., Ltd.
TSUBASA Co., Ltd., France bed International (Thailand) Co., Ltd., Jiangsu France Bed Co., Ltd. and France Bed Medical Service Co., Ltd. have been excluded from the scope of consolidation since they are small in size and their amounts in terms of total assets, net sales, net income or loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest), etc. do not materially impact the consolidated financial statements.

[Operating Structure]

The figure below illustrates the Group's operating structure. Only major business relationships are included.



3. Management Policies

(1) Basic Management Policies of the France Bed Group

The Group holds as its corporate philosophy, “France Bed aims to be an affectionate company that helps people live affluent, relaxing lives through creation and innovation.” and will endeavor to provide new and highly valuable products and services that will provide satisfaction to our consumers.

The Group is committed to strengthening the group’s overall power and increasing its corporate value through the efficient utilization of the management resources of each Group company.

(2) Our Tasks Ahead

As of 2013, the percentage of Japan’s population aged 65 or older as a ratio of the total population (Japan’s population aging rate) reached 25.1%, according to Japan’s Ministry of Internal Affairs and Communications. One in four Japanese people is now over the age of 65. Japan’s population aging rate is expected to continue to rise. In these circumstances, business targeting seniors is one of the only fields where domestic demand is growing. Competition over this market is growing increasingly fierce, including new entries into the market from other industries. The nursing care insurance system is being considered for reforms to maintain its sustainability, and the Group expects such reforms to affect its revenue structure.

In this business climate, the Group recognizes that its top management challenge is to build an engine for sustainable growth in the senior-oriented business field, which is not overly dependent on the nursing care insurance system.

To this end, in October 2010 the Group developed and launched its first product under the Reha tech brand: the ASU-3W01 electrically assisted tricycle. Since the launch of this inaugural product, the Group has expanded its line of Reha tech products aimed at helping energetic seniors, i.e., “active seniors,” lead more active, fun and comfortable lives. One example is the Light Cane; launched in December 2013, a walking cane with a light that helps users see where they are stepping. The Group has also worked on expanding brand awareness and sales by exhibiting products in sales spaces, such as the Reha tech Corners.

The Group remains committed to improving the value of the Reha tech brand by leveraging the expertise and customer base developed by its medical services and home furnishing and health businesses, bringing creative new products to market and expanding sales.

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

(3) Other Important Matters Related to Management

Not applicable

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Million yen)

	FY2013 (as of March 31, 2013)	FY2014 (as of March 31, 2014)
Assets		
Current assets		
Cash and deposits	7,084	8,125
Notes and accounts receivable – trade	11,083	12,350
Securities	5,998	2,498
Merchandise and finished goods	5,428	5,335
Work in process	434	465
Raw materials and supplies	1,862	1,859
Deferred tax assets	919	863
Other	1,462	1,499
Allowance for doubtful accounts	(13)	(10)
Total current assets	34,260	32,988
Non-current assets		
Property, plant and equipment		
Assets for lease	4,810	4,784
Accumulated depreciation	(3,223)	(3,180)
Assets for lease, net	1,587	1,604
Buildings and structures	14,455	14,746
Accumulated depreciation	(10,121)	(10,274)
Buildings and structures, net	4,334	4,472
Machinery, equipment and vehicles	5,736	5,594
Accumulated depreciation	(4,899)	(4,676)
Machinery, equipment and vehicles, net	837	918
Tools, furniture and fixtures	2,208	2,329
Accumulated depreciation	(1,830)	(1,961)
Tools, furniture and fixtures, net	378	367
Land	6,413	6,481
Leased assets	7,324	7,380
Accumulated depreciation	(5,255)	(5,461)
Leased assets, net	2,068	1,918
Construction in progress	85	481
Total property, plant and equipment	15,705	16,244
Intangible assets		
Leased assets	43	32
Software	852	735
Other	94	286
Total intangible assets	990	1,055
Investments and other assets		
Investment securities	*1 1,230	1,294
Long-term loans receivable	9	6
Deferred tax assets	1,319	976
Prepaid pension cost	5,914	—
Net defined benefit asset	—	5,942
Other	*1 1,718	*1 1,000
Allowance for doubtful accounts	(140)	(132)
Total investments and other assets	10,052	9,087
Total non-current assets	26,747	26,387
Deferred assets		
Bond issuance cost	12	66
Total deferred assets	12	66
Total assets	61,021	59,443

(Million yen)

	FY2013 (as of March 31, 2013)	FY2014 (as of March 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	3,806	4,237
Accounts payable for factoring	2,335	2,392
Short-term loans payable	1,650	1,550
Current portion of bonds	3,150	—
Current portion of long-term loans payable	—	2,000
Lease obligations	1,315	1,225
Income taxes payable	925	208
Accrued consumption taxes	111	114
Deferred tax liabilities	0	0
Provision for bonuses	1,191	1,261
Provision for directors' bonuses	54	64
Provision for business structure improvement	—	39
Provision for loss on disaster	2	—
Other	3,025	3,444
Total current liabilities	17,568	16,539
Non-current liabilities		
Bonds payable	400	3,550
Long-term loans payable	2,000	—
Lease obligations	1,074	958
Deferred tax liabilities	—	12
Provision for retirement benefits	756	—
Provision for directors' retirement benefits	472	514
Provision for contingent loss	6	6
Net defined benefit liability	—	646
Asset retirement obligations	24	25
Other	2,508	1,668
Total non-current liabilities	7,244	7,381
Total liabilities	24,813	23,921
Net assets		
Shareholders' Shareholders' equity		
Capital stock	3,000	3,000
Capital surplus	1,867	1,867
Retained earnings	32,451	32,853
Treasury shares	(1,229)	(2,083)
Total shareholders' equity	36,089	35,638
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	143	104
Deferred gains or losses on hedges	0	(2)
Foreign currency translation adjustment	(25)	—
Remeasurements of defined benefit plans	—	(218)
Total accumulated other comprehensive income	118	(115)
Total net assets	36,208	35,522
Total liabilities and net assets	61,021	59,443

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	FY2013 (from April 1, 2012, to March 31, 2013)	FY2014 (from April 1, 2013, to March 31, 2014)
Net sales	50,815	54,891
Cost of sales	*1 27,854	*1 30,151
Gross profit	22,960	24,739
Selling, general and administrative expenses	20,917	21,939
Operating income	2,043	2,799
Non-operating income		
Interest income	14	9
Dividend income	30	28
Insurance income	11	16
Compensation income	26	33
Other	84	79
Total non-operating income	168	167
Non-operating expenses		
Interest expenses	90	85
Sales discounts	30	34
Other	71	62
Total non-operating expenses	192	182
Ordinary income	2,018	2,784
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	107	—
Gain on insurance adjustment	*3 399	—
Other	19	—
Total extraordinary income	526	0
Extraordinary losses		
Loss on sales of non-current assets	—	17
Loss on retirement of non-current assets	34	39
Business structure improvement expenses	—	*2 150
Loss on disaster	*4 278	—
Loss on revision of retirement benefit plan	336	—
Total extraordinary losses	649	206
Income before income taxes and minority interests	1,894	2,578
Income taxes – current	929	633
Income taxes – deferred	(164)	547
Total income taxes	764	1,180
Income before minority interests	1,130	1,397
Net income	1,130	1,397

Consolidated Statements of Comprehensive Income

(Million yen)

	FY2013 (from April 1, 2012, to March 31, 2013)	FY2014 (from April 1, 2013, to March 31, 2014)
Income before minority interests	1,130	1,397
Other comprehensive income		
Valuation difference on available-for-sale securities	132	(38)
Deferred gains or losses on hedges	0	(2)
Foreign currency translation adjustment	17	—
Total other comprehensive income	150	(41)
	1,280	1,356
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,280	1,356
Comprehensive income attributable to minority interests	—	—

(3) Consolidated Statements of Changes in Net Assets

FY2013 (from April 1, 2012, to March 31, 2013) (Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,000	5,116	32,088	(4,165)	36,039
Changes of items during period					
Dividends of surplus			(767)		(767)
Net income			1,130		1,130
Change of scope of consolidation					—
Change of scope of consolidation – foreign currency translation adjustment					—
Purchase of treasury shares				(312)	(312)
Retirement of treasury shares		(3,248)		3,248	—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(3,248)	362	2,935	50
Balance at end of current period	3,000	1,867	32,451	(1,229)	36,089

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	10	—	(42)	—	(31)	36,007
Changes of items during period						
Dividends of surplus						(767)
Net income						1,130
Change of scope of consolidation						—
Change of scope of consolidation – foreign currency translation adjustment						—
Purchase of treasury shares						(312)
Retirement of treasury shares						—
Net changes of items other than shareholders' equity	132	0	17	—	150	150
Total changes of items during period	132	0	17	—	150	200
Balance at end of current period	143	0	(25)	—	118	36,208

FY2014 (from April 1, 2013, to March 31, 2014)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,000	1,867	32,451	(1,229)	36,089
Changes of items during period					
Dividends of surplus			(982)		(982)
Net income			1,397		1,397
Change of scope of consolidation			(12)		(12)
Change of scope of consolidation – foreign currency translation adjustment					—
Purchase of treasury shares				(853)	(853)
Retirement of treasury shares					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	401	(853)	(451)
Balance at end of current period	3,000	1,867	32,853	(2,083)	35,638

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income	
Balance at beginning of current period	143	0	(25)	—	118	36,208
Changes of items during period						
Dividends of surplus						(982)
Net income						1,397
Change of scope of consolidation						(12)
Change of scope of consolidation – foreign currency translation adjustment			25		25	25
Purchase of treasury shares						(853)
Retirement of treasury shares						—
Net changes of items other than shareholders' equity	(38)	(2)	—	(218)	(259)	(259)
Total changes of items during period	(38)	(2)	25	(218)	(234)	(685)
Balance at end of current period	104	(2)	—	(218)	(115)	35,522

(4) Consolidated Statements of Cash Flows

(Million yen)

	FY2013 (from April 1, 2012, to March 31, 2013)	FY2014 (from April 1, 2013, to March 31, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	1,894	2,578
Depreciation	3,684	3,609
Loss (gain) on sales of non-current assets	(0)	0
Loss on retirement of non-current assets	22	19
Loss (gain) on sales of investment securities	(107)	—
Increase (decrease) in allowance for doubtful accounts	(22)	(7)
Increase (decrease) in provision for bonuses	59	70
Increase (decrease) in provision for directors' bonuses	37	9
Increase (decrease) in provision for retirement benefits	(1,833)	—
Increase (decrease) in net defined benefit liability	—	(110)
Decrease (increase) in prepaid pension costs	(770)	—
Increase (decrease) in net defined benefit asset	—	(28)
Increase (decrease) in provision for directors' retirement benefits	20	41
Increase (decrease) in provision for business structure improvement	—	39
Interest and dividend income	(44)	(37)
Interest expenses	90	85
Loss on disaster	275	—
Gain on insurance claim	(399)	—
Business structure improvement expenses	—	100
Decrease (increase) in notes and accounts receivable – trade	56	(1,204)
Decrease (increase) in inventories	(487)	(30)
Increase (decrease) in notes and accounts payable – trade	(630)	440
Increase (decrease) in accounts payable for factoring	205	57
Increase (decrease) in accounts payable – other resulting from transition to a defined-contribution pension plan	2,976	(879)
Increase (decrease) in accrued expenses	27	307
Other, net	(374)	(448)
Subtotal	4,679	4,614
Interest and dividend income received	45	36
Interest expenses paid	(88)	(85)
Income taxes paid	(139)	(1,323)
Proceeds from insurance income	739	—
Payments for loss on disaster	(194)	—
Net cash provided by (used in) operating activities	5,042	3,241

(Million yen)

	FY2013 (from April 1, 2012, to March 31, 2013)	FY2014 (from April 1, 2013, to March 31, 2014)
Cash flows from investing activities		
Payments into time deposits	(2,600)	—
Proceeds from withdrawal of time deposits	3,600	500
Purchase of securities	(1,998)	(999)
Proceeds from redemption of securities	1,999	1,999
Purchase of property, plant and equipment	(3,066)	(3,756)
Proceeds from sales of property, plant and equipment	0	13
Purchase of investment securities	(0)	(0)
Proceeds from sales and redemption of investment securities	328	—
Purchase of other securities of subsidiaries and associates	(103)	—
Payments of loans receivable	(21)	(0)
Collection of loans receivable	31	10
Purchase of intangible assets	(182)	(317)
Other, net	(10)	—
Net cash provided by (used in) investing activities	(2,022)	(2,550)
Cash flows from financing activities		
Increase in short-term loans payable	100	300
Decrease in short-term loans payable	(575)	(400)
Repayments of long-term loans payable	—	—
Proceeds from issuance of bonds	394	3,078
Redemption of bonds	—	(3,150)
Proceeds from sales of treasury shares	—	—
Purchase of treasury shares	(312)	(853)
Proceeds from sales and leasebacks	1,372	1,362
Repayments of lease obligations	(1,620)	(1,523)
Cash dividends paid	(765)	(981)
Net cash provided by (used in) financing activities	(1,407)	(2,165)
Effect of exchange rate change on cash and cash equivalents	14	1
Net increase (decrease) in cash and cash equivalents	1,626	1,473
Cash and cash equivalents at beginning of period	9,957	11,584
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	(85)
Cash and cash equivalents at end of period	*1 11,584	*1 10,024

(5) Notes to the Consolidated Financial Statements
(Notes to the Going Concern Assumption)
Not applicable

(Basis of Presentation of Consolidated Financial Statements)
1. Scope of Consolidation
(1) Number of consolidated subsidiaries: 5
Names of consolidated subsidiaries
France Bed Co., Ltd.
France Bed Furniture Co., Ltd.
France Bed Sales Co., Ltd.
FB Tomonokai Co., Ltd.
Tokyo Bed Co., Ltd.
(Changes to the scope of consolidation)
France bed International (Thailand) Co., Ltd., which was a consolidated subsidiary in the previous fiscal year, has been excluded from the scope of consolidation starting from the fiscal year under review, due to its diminished materiality, even though it does not fall under changes regarding specific companies.

(2) Names of non-consolidated companies
Tsubasa Co., Ltd.
France Bed International (Thailand) Co., Ltd.
Jiangsu France Bed Co., Ltd.
France Bed Medical Service Co., Ltd.
(Reason for exclusion from the scope of consolidation)
The non-consolidated subsidiaries have been excluded from the scope of consolidation since they are all small in size and their amounts in terms of total assets, net sales, net income or loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest), and do not materially impact the consolidated financial statements.

2. Application of the Equity Method
The non-consolidated subsidiaries (TSUBASA Co., Ltd., France bed International (Thailand) Co. Ltd., JIANGSU FRANCE BED CO., LTD. and France Bed Medical Service Co., Ltd.) are not accounted for by the equity method, since their exclusion has a minor impact on the consolidated financial statements in terms of net income or loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest), and is considered immaterial from the overall perspective.

3. Fiscal Year of the Consolidated Subsidiaries
The fiscal year end dates of all consolidated subsidiaries coincide with the consolidated fiscal year end date.

4. Notes on accounting standards
(1) Standards and methods for asset valuation
1) Securities
Available-for-sale securities
Fair value available:
Stated at market value as of the consolidated fiscal year end date (The valuation difference is charged to net assets using the direct transfer to capital method, with the cost of securities sold calculated by the moving average method.)
Fair value not available:
Stated at cost determined by the moving average method

2) Derivatives
Stated at fair value

3) Inventories
a. Merchandise, finished goods and work in process
Mainly stated at cost determined by the first-in first-out method (Balance sheet amount is calculated by writing down the book value based on the decline in profitability.)

b. Raw materials and supplies

Stated at cost determined by the last purchase price method (Balance sheet amount is calculated by writing down the book value based on the decline in profitability.)

(2) Depreciation method used for calculating depreciable assets

1) Property, plant and equipment (excluding lease assets)

The declining balance method is applied.

The estimated useful lives of assets are principally as follows:

Assets for lease: 3–10 years

Buildings and structures: 3–55 years

Machinery, equipment and vehicles: 2–13 years

Tools, furniture and fixtures: 2–20 years

Small-amount assets for lease whose acquisition cost is less than ¥200,000 are equally amortized over three years as lump-sum depreciable assets.

2) Intangible assets (excluding lease assets)

The straight-line method is applied.

Software for internal use is amortized using the straight-line method over the estimated usable period for office use (five years).

3) Lease assets

Lease assets are amortized on the straight-line method over the lease period of the leased assets, assuming the lease period as the useful life and no residual value.

Financial lease transactions without the transfer of ownership whose lease commencement date was on or before March 31, 2008, are accounted for in a similar manner with ordinary rental transactions.

4) Long-term prepaid expenses

Long-term prepaid expenses are equally amortized over the years.

(3) Accounting standards for significant allowances and provisions

1) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount of possible losses from accounts receivable – trade and other receivables, based on the historical write-off ratio for general receivables and on the individual collectability for specific receivables such as receivables with default possibility.

2) Provision for bonuses

The provision for employees' bonuses is provided at the amount borne for the fiscal year under review of the estimated amounts to be paid.

3) Provision for directors' bonuses

The provision for directors' bonuses is provided at an amount based on the amount estimated to be paid in respect of the fiscal year under review.

4) Provision for directors' retirement benefits

The provision for directors' retirement benefits is provided at an amount required to be paid at the end of the fiscal year, based on internal regulations.

5) Provision for contingent loss

The provision for contingent loss is provided at an amount considered necessary, with a reasonable estimate for possible future contingencies.

6) Provision for business structure improvement

To provide for possible losses related to the restructuring plan concerning the sundries sales business of France Bed Sales Co., Ltd., a consolidated subsidiary of the Company, the estimated amount is recorded for the fiscal year under review.

(4) Accounting method for retirement benefits

1) Method for attributing expected retirement benefits to periods of service

In calculating the amount of retirement benefit obligations, the straight-line basis is adopted for attributing estimated retirement benefits over the period up to the end of the fiscal year under review.

2) Treatment of actuarial gains or losses

Actuarial gains or losses are amortized using the straight-line method over a certain number of years (primarily 10 years) within the average remaining years of service of the eligible employees at the time of recognition, and allocated proportionately from the fiscal year following the respective fiscal year of recognition.

(5) Significant hedge accounting

1) Method of hedge accounting

Deferral hedge accounting has been adopted. The designation of hedges is applied to certain monetary receivables and payables denominated in foreign currencies hedged by forward exchange contracts.

2) Hedging instruments and hedged items

a. Hedging instruments

Derivative transactions (currency option transactions and forward exchange contracts)

b. Hedged items

Monetary receivables and payables denominated in foreign currencies exposed to exchange rate fluctuation risk (including foreign currency denominated forecasted transactions).

3) Hedging policy

Derivative transactions are conducted mainly for the purpose of hedging the foreign exchange fluctuation risks associated with imports of raw materials and merchandise. In undertaking derivative transactions, they are controlled so that the hedge ratio is maintained to be not less than a certain level with the planned transaction amount as the maximum limit.

4) Method of evaluating hedge effectiveness

a. Test in advance

Verifies whether the transaction is consistent with Market Risk Management Rules and Risk Management Guidelines

b. Post testing

Verifies that the market and cash flow fluctuations were avoided, for exchange rate fluctuation risk in foreign currency denominated transactions.

(6) Scope of cash and cash equivalents in the Consolidated Statements of Cash Flows

Cash and cash equivalents are composed of cash on hand, deposits that can be withdrawn at any time and short-term investments that are readily convertible into cash and face only slight risks of fluctuation in value with redemption due dates arriving within three months from the acquisition date.

(7) Treatment of deferred assets

Bond issuance cost is amortized over the redemption period using the straight-line method.

(8) Other significant matters for preparing consolidated financial statements

Accounting for consumption tax

The tax exemption method is adopted for consumption tax and local consumption tax.

Non-deductible consumption taxes related to non-current assets are treated as periodic expenses attributable to the fiscal year under review.

(Changes in Accounting Policies)

(Adoption of accounting standards related to retirement benefits)

Effective from the fiscal year under review, the “Accounting Standard for Retirement Benefits” (Accounting Standard Boards of Japan (ASBJ) Statement No. 26, May 17, 2012, hereinafter, the “Retirement Benefits Accounting Standard”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012, hereinafter, the “Retirement Benefits Guidance”) have been adopted (excluding the provisions specified in the main clause of Paragraph 35 of the Retirement

Benefits Accounting Standard and the main clause of Paragraph 67 of the Retirement Benefits Guidance). Under the new standard, the amount of retirement benefit obligations after deducting pension assets are stated as net defined benefit liability, and unrecognized actuarial gains or losses are recorded within net defined benefit liability. In cases where the amount of pension assets exceeds that of the retirement benefit obligations, the net defined benefit asset is recorded.
The Retirement Benefits Accounting Standard is applied in line with the transitional measurement set forth in Paragraph 37 of the Retirement Benefits Accounting Standard, and accordingly, the amount of the effects of this change has been added to or deducted from remeasurements of defined benefit plans within accumulated other comprehensive income as of the end of the fiscal year under review.
As a result, net defined benefit asset and net defined benefit liability were recorded at the amounts of 5,942 million yen and 646 million yen, respectively. Accumulated other comprehensive income decreased by 218 million yen.
Net assets per share decreased by 1.02 yen.

(Unadopted Accounting Standards)
- Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012)
- Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012)

(1) Outline
The main revisions are: methods of accounting used for unrecognized actuarial gains or losses and unrecognized past service costs; methods of calculation of retirement benefit obligations and service costs; and expansion of disclosure, etc.

(2) Scheduled date for adoption
Adoption with respect to the methods of calculation of retirement benefit obligations and service costs is scheduled to be started from the beginning of the fiscal year ending March 31, 2015.
Since transitional measurements are set forth in the accounting standards, they will not be applied retrospectively to the consolidated financial statements in prior periods.

(3) Impact of adoption of the accounting standards
The effects of the application of the concerned accounting standards on the consolidated financial statements have been assessed.

(Changes to Presentation)
(Consolidated statements of income)
Since insurance income, which was included in other under non-operating income in the previous fiscal year, exceeded ten hundredths (10/100) of total non-operating income, the account item is presented separately in the fiscal year under review. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.
As a result, 96 million yen that was stated as other under non-operating income has been reclassified into 11 million yen of insurance income and 84 million yen of others.

(Notes to Consolidated Balance Sheets)
*1. Assets pledged as collateral and secured liabilities
Assets pledged as collateral are as follows.

	FY2013 (As of March 31, 2013)	FY2014 (As of March 31, 2014)
Investment securities	¥78 million	¥– million
Other (guarantee deposits)	¥11 million	¥11 million
Total	¥89 million	¥11 million

Secured liabilities are as follows.

	FY2013 (As of March 31, 2013)	FY2014 (As of March 31, 2014)
Account payable	¥– million	¥– million

*2. Contingent Liabilities

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

FY2013 (As of March 31, 2013)		FY2014 (As of March 31, 2014)	
Tsubasa Co., Ltd.	¥189 million	Tsubasa Co., Ltd.	¥168 million
Employees	¥35 million	Employees	¥29 million
Total	¥225 million	Total	¥197 million

(2) The Company provides a debt guarantee in relation to the following company's deposit entrustment contract for the security money for prepaid services.

	FY2013 (As of March 31, 2013)	FY2014 (As of March 31, 2014)
FB Tomonokai Co., Ltd.	¥392 million	¥411 million

(Notes to Consolidated Statements of Income)

*1. The balance sheet amount of inventories reflected a reduction in book value due to a decline in profitability and the following loss on valuation of inventories was included in cost of sales.

FY2013 (From April 1, 2012 to March 31, 2013)	FY2014 (From April 1, 2013 to March 31, 2014)
¥72 million	¥98 million

*2. Business structure improvement expenses

Business structure improvement expenses is the loss amount that occurred in relation to the restructuring plan in the commodities and sundries sales business of France Bed Sales Co., Ltd., a consolidated subsidiary of the Company, consisting of loss on disposal of inventories. Provision for business structure improvement of 39 million yen is included in business structure improvement expenses.

*3. Gain on insurance adjustment

FY2013 (From April 1, 2012 to March 31, 2013)

Gain on insurance adjustment was calculated by deducting impairment losses on inventories and non-current assets from insurance income related to a fire at the Chiba plant of Tokyo Bed Co., Ltd., a consolidated subsidiary of the Company.

FY2014 (From April 1, 2013 to March 31, 2014)

Not applicable

*4. Loss on disaster

FY2013 (From April 1, 2012 to March 31, 2013)

Loss on disaster is the loss amount related to a fire at the Chiba plant of Tokyo Bed Co., Ltd., a consolidated subsidiary of the Company, which includes loss on valuation of inventories, loss on retirement of non-current assets, damage compensation to customers and fixed costs for the period of operational shutdown.

FY2014 (From April 1, 2013 to March 31, 2014)

Not applicable

(Notes to Consolidated Statements of Changes in Equity)

FY2013 (From April 1, 2012 to March 31, 2013)

1. Type and number of shares issued and treasury shares

(Thousand shares)

	As of the beginning of the fiscal year	Increase in the fiscal year	Decrease in the fiscal year	As of the fiscal year-end
Shares issued				
Common shares (Note 2)	239,487	—	15,000	224,487
Total	239,487	—	15,000	224,487
Treasury shares				
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 of 1,875 thousand shares in the number of treasury shares of common shares consists of 1,872 thousand shares resulting from a purchase of treasury shares based on a resolution of the Board of Directors and three thousand shares from an acquisition of shares constituting less than one unit.

2. The decrease of 15,000 thousand shares in the number of treasury shares of common shares was due to the retirement of treasury shares based on a resolution of the Board of Directors. The total number of shares issued after the retirement declined to 224,487,500 shares.

2. Dividends

(1) Amounts paid

(Resolution)	Type of stock	Total dividends paid	Dividend 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) Dividends for which the date of record is during the current fiscal year, but the proposed effective date is in the following fiscal year.

(Resolution)	Type of stock	Total dividends paid	Source of dividends	Dividend per share	Dividend record date	Effective date
June 26, 2013 Shareholders' meeting	Common shares	¥491 million	Retained earnings	¥2.25	March 31, 2013	June 27, 2013

FY2014 (From April1, 2013 to March 31, 2014)
1. Type and number of shares issued and treasury shares

(Thousand shares)

	As of the beginning of the fiscal year	Increase in the fiscal year	Decrease in the fiscal year	As of the fiscal year-end
Shares issued				
Common shares	224,487	—	—	224,487
Total	224,487	—	—	224,487
Treasury shares				
Common shares (Note.1)	6,109	4,204	—	10,313
Total	6,109	4,204	—	10,313

Note 1. The increase in the number of treasury shares of 4,204,000 common shares consists of an increase of 4,200,000 shares through the acquisition of treasury shares pursuant to the resolution of the Board of Directors in accordance with Article 156 of the Companies Act as applied pursuant to Article 165-3 and an increase of 4,000 shares through the acquisition, upon request, for the purchase of shares representing less than one unit.

2. Dividends
(1) Amounts paid

(Resolution)	Type of stock	Total dividends paid	Dividend per share	Dividend record date	Effective date
June 26, 2013 Shareholders' meeting	Common shares	¥491 million	¥2.25	March 31, 2013	June 27, 2013
October 31, 2013 Board of directors' meeting	Common shares	¥491 million	¥2.25	September 30, 2013	December 6, 2013

(2) Dividends for which the date of record is during the current fiscal year, but the proposed effective date is in the following fiscal year. The following matters are to be resolved.

(Resolution)	Type of stock	Total dividends paid	Source of dividends	Dividend per share	Dividend record date	Effective date
June 25, 2014 Shareholders' meeting	Common shares	¥588 million	Retained earnings	¥2.75	March 31, 2014	June 26, 2014

(Notes to Consolidated Statements of Cash Flows)

*1 Reconciliation of accounts in the consolidated balance sheets to cash and cash equivalents at the end of the period

	FY2013 (From April 1,2012 to March 31, 2013)	FY2014 (From April 1,2013 to March 31, 2014)
Cash and deposits	¥7,084 million	¥8,125 million
Marketable securities	¥5,998 million	¥2,498 million
Total	¥13,083 million	¥10,624 million
Time deposits with the deposit term exceeding three months	(¥500 million)	(¥600 million)
Debentures with terms of more than three months between acquisition date and redemption date	(¥999 million)	¥— million
Cash and cash equivalents	¥11,584 million	¥10,024 million

(Segment Information)

1. Summary of reporting segments

The reporting segments of the Group are those units for which separate financial information can be obtained among the constituent units of the Group, which is regularly examined by the Board of Directors in order to determine the allocation of management resources and assess business performance.

The Group identifies the business segments based on similarities in the products and services provided and other factors. It has two reporting segments: the Medical Services Business and the Home Furnishing and Health Business.

The main products and services of each reporting segment are as follows.

Medical Services:

Manufacture, purchase, rental, retail sale and wholesale of medical and nursing care beds and care equipment, and linen supply for hospitals, hotels, etc.

Home Furnishing and Health:

Manufacture, purchase and wholesale of beds, furniture and bedding, etc.

2. Method of calculating net sales, income or loss, assets and other items by reporting segments

Methods of accounting procedures for reporting business segments are the same as those for statements in “Basis of Presentation of Consolidated Financial Statements.”

Income (loss) of reporting segments is the figure based on operating income.

Intersegment revenues and transfers are based on prevailing market prices.

3. Information on net sales, income or loss, assets and other items by reporting segments

FY2013 (From April 1, 2012 to March 31, 2013)

(Million 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 property, plant and equipment and intangible assets	2,902	348	3,251	9	3,261	(0)	3,260

FY2014 (From April 1, 2013 to March 31, 2014)

(Million 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	29,382	21,672	51,055	3,835	54,891	—	54,891
Internal sales among segments or transfers	6	621	627	132	759	(759)	—
Total	29,388	22,294	51,682	3,968	55,650	(759)	54,891
Segment income / loss	2,082	726	2,809	(32)	2,776	23	2,799
Segment asset	30,487	27,111	57,598	2,925	60,523	(1,080)	59,443
Other items							
Depreciation	3,122	456	3,579	27	3,606	2	3,609
Increase in property, plant and equipment and intangible assets	3,264	1,020	4,285	23	4,309	(1)	4,307

Notes 1. The “other” segment is a business segment not included in the reporting segments and includes businesses such as door-to-door sales, sales of commodities and sundries, exhibition venue set up and real estate leasing.

2. The details of “adjustments” are as follows.

Segment income (Million yen)

	FY2013	FY2014
Intersegment transaction elimination	749	722
Corporate expenses*	(717)	(699)
Total	31	23

*Corporate expenses are mainly expenses relating to the general affairs division and other administrative divisions of the company submitting the consolidated financial statements that do not belong to reporting segments.

Segment assets (Million yen)

	FY2013	FY2014
Elimination of intersegment transactions	(17,910)	(15,993)
Corporate expenses*	17,748	14,912
Total	(162)	(1,080)

*Corporate assets are mainly surplus funds (cash and deposits) and assets relating to the general affairs division and other administrative divisions of the company submitting the consolidated financial statements that do not belong to reporting segments.

3. Segment income (loss) is adjusted with operating income reported in the consolidated financial statements.

(Per Share Information)

	FY2013 (From April 1, 2012 to March 31, 2013)	FY2014 (From April 1, 2013 to March 31, 2014)
Net assets per share	¥165.80	¥165.85
Net income per share	¥5.17	¥6.44

Notes 1. Diluted net income per share is not presented since the Company has no dilutive shares.
2. The basis for calculating net income per share is as follows.

	FY2013 (From April 1, 2012 to March31, 2013)	FY2014 (From April 1, 2013 to March 31, 2014)
Net income (Million yen)	1,130	1,397
Amount not attributable to common shareholders (Million yen)	—	—
Net income related to common shares (Million yen)	1,130	1,397
Average number of shares of common shares during the fiscal year (Thousand shares)	218,671	216,626

(Significant Subsequent Events)

Not applicable

5. Others

(1) Change of Corporate Officers of the Company (Effective from June 25, 2014)

1) Change of representatives

- Representative Director scheduled to retire

Executive Director & CFO	Kotaro Hoshikawa	(planned to assume office as Senior Corporate Advisor)

2) Change of other officers

- New candidates for Directors

Director	Kazumi Kadota	(current Executive Officer in charge of Planning Group) (current Managing Director of France Bed Co., Ltd., General Manager of Central Japan Operations Division, Business Management Headquarters)
Outside Director	Shuichi Nakamura	(current President of Medical and Welfare Policy Research Forum)

Note: Shuichi Nakamura, a new candidate for Director, is a candidate for Outside Director provided in Article 2, Paragraph 15, of the Companies Act.

The effective tenure of the current Substitute Audit & Supervisory Board Member, Hiroyuki Watabiki, who was elected at the Ordinary General Meeting of Shareholders on June 26, 2013, shall expire upon the commencement of the 11th Ordinary General Meeting of Shareholders to be held on June 25, 2014. Accordingly, a Substitute Audit & Supervisory Board Member will be elected again at the meeting.
The candidate for Substitute Audit & Supervisory Board Member is as follows.

Hiroyuki Watabiki	(current Member of the Board, Managing Director of Tokio Marine & Nichido Fire Insurance Co., Ltd.)