

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

January 29, 2016

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: Tsutomu Shimada, Director (Accounting Group)

Scheduled date to submit quarterly report: February 12, 2016

Scheduled date of the start of dividend payments: —

Preparation of supplementary explanation materials for 3Q financial results: None

3Q earnings announcement: None

(Amounts less than one million yen have been truncated)

1. Consolidated Results for the Nine Months Ended December 31, 2015

(April 1, 2015 – December 31, 2015)

(1) Consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2015	38,686	2.5	1,986	53.1	1,948	50.2	1,118	69.7
Nine months ended December 31, 2014	37,733	-3.7	1,296	-32.4	1,297	-32.1	658	-37.3

Note: Comprehensive income

Nine months ended December 31, 2015: ¥900 million (9.9%)

Nine months ended December 31, 2014: ¥818 million (-27.6%)

	Profit per share	Fully diluted profit per share
	Yen	Yen
Nine months ended December 31, 2015	26.45	—
Nine months ended December 31, 2014	15.37	—

Note: The Company carried out a 1-for-5 consolidation of shares on October 1, 2015. Profit per share shown above is calculated as if the consolidation of shares had been carried out on April 1, 2014.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2015	57,810	35,724	61.7	866.09
As of March 31, 2015	59,409	37,287	62.7	870.51

Reference: Shareholders' equity

As of December 31, 2015: ¥35,724 million

As of March 31, 2015: ¥37,287 million

Note: The Company carried out a 1-for-5 consolidation of shares on October 1, 2015. Net assets per share shown above are calculated as if the consolidation of shares had been carried out on April 1, 2014.

2. Dividends

	Cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2015	—	2.25	—	2.25	4.50
Fiscal year ending March 31, 2016	—	2.50	—		
Fiscal year ending March 31, 2016 (Outlook)				12.50	—

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

The Company carried out a 1-for-5 consolidation of shares on October 1, 2015. The amount shown for the year-end dividend per share for the fiscal year ending March 31, 2016 (outlook), is calculated factoring in the impact of this consolidation of shares; while the amount of total annual dividend is presented as “—.”

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

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

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	53,500	3.0	2,200	27.6	2,150	23.1	1,100	21.5	25.68

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

The Company carried out a 1-for-5 consolidation of shares on October 1, 2015. Profit per share shown in the full-year forecasts of results for the fiscal year ending March 31, 2016, factors in the impact following the consolidation of shares.

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

Footnote items

(1) Changes in significant subsidiaries during the period

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

(2) Application of special accounting treatments for the preparation of the consolidated financial statement: None

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

1) Changes in accounting principles accompanying revisions in accounting standards: Yes

2) Changes other than those in [1] above: None

3) Changes in accounting estimates: None

4) Changes in presentation due to revisions: None

(4) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury shares)

As of December 31, 2015: 44,897,500 shares

As of March 31, 2015: 44,897,500 shares

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

As of December 31, 2015: 3,649,941 shares

As of March 31, 2015: 2,063,596 shares

3) Average number of shares issued during the period

April 2015 – December 2015: 42,260,337 shares

April 2014 – December 2014: 42,834,507 shares

Note: The Company carried out a 1-for-5 consolidation of shares on October 1, 2015. The amounts shown for number of shares issued at the end of the period, number of treasury shares at the end of the period, and average number of shares issued during the period are calculated as if the consolidation of shares had been carried out on April 1, 2014.

[Implementation status of quarterly review procedures]

These consolidated results are not subject to the review procedures of the Financial Instruments and Exchange Act. As of the release date of this financial report, the review procedures for the consolidated financial statements had not been completed.

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

(Caution concerning forward-looking statements, etc.)

This document contains forward-looking statements including performance forecasts based on information available to the Company at the time of disclosure and certain assumptions that the Company believes to be reasonable. The Company makes no assurances as to their outcomes. Actual performance may differ substantially from these forecasts owing to a wide range of factors.

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

The Company, at the 12th Ordinary General Meeting of Shareholders, held on June 24, 2015, resolved to change the number of shares per unit and conduct a consolidation of its common shares effective October 1, 2015. On that date, the number of shares per unit was changed to 100 from 1,000, and a consolidation of shares was carried out at a ratio of 1-for-5 shares of common stock. The outlook for dividends and consolidated performance forecasts for the fiscal year ending March 31, 2016, calculated without factoring in the consolidation of shares, are as follows.

1. Outlook for dividends for the fiscal year ending March 31, 2016

End of fiscal year: 2.50 yen (Note 1)

2. Consolidated performance forecasts for the fiscal year ending March 31, 2016

Profit per share

Full year: 5.13 yen

Notes 1. The amount of dividends has been calculated without factoring in the consolidation of shares.

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

3. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Million yen)

	FY2015 (as of March 31, 2015)	3Q of FY2016 (as of December 31, 2015)
Assets		
Current assets		
Cash and deposits	7,213	6,610
Notes and accounts receivable – trade	10,224	8,967
Electronically recorded monetary claims – operating	708	717
Securities	2,498	3,399
Merchandise and finished goods	5,646	5,775
Work in process	530	478
Raw materials and supplies	1,903	1,959
Other	2,126	1,912
Allowance for doubtful accounts	(10)	(8)
Total current assets	30,843	29,809
Non-current assets		
Property, plant and equipment		
Land	6,800	6,463
Others, net	9,484	10,116
Total property, plant and equipment	16,284	16,579
Intangible assets	885	791
Investments and other assets		
Net defined benefit asset	8,404	8,247
Other	2,930	2,335
Total investments and other assets	11,335	10,583
Total non-current assets	28,505	27,954
Deferred assets	60	46
Total assets	59,409	57,810
Liabilities		
Current liabilities		
Notes and accounts payable – trade	3,469	3,773
Accounts payable for factoring	2,207	1,979
Short-term loans payable	1,550	2,250
Current portion of bonds	400	—
Income taxes payable	222	61
Provision for bonuses	1,237	631
Other provision	62	56
Other	4,375	5,059
Total current liabilities	13,524	13,812
Non-current liabilities		
Bonds payable	3,950	3,950
Long-term loans payable	1,200	1,200
Provision	532	546
Net defined benefit liability	607	571
Asset retirement obligations	25	25
Other	2,282	1,979
Total non-current liabilities	8,597	8,273
Total liabilities	22,122	22,085

(Million yen)

	FY2015 (as of March 31, 2015)	3Q of FY2016 (as of December 31, 2015)
Net assets		
Shareholders' equity		
Capital stock	3,000	3,000
Capital surplus	1,867	1,867
Retained earnings	32,087	32,197
Treasury shares	(2,083)	(3,539)
Total shareholders' equity	34,871	33,526
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	305	275
Deferred gains or losses on hedges	(12)	(0)
Remeasurements of defined benefit plans	2,122	1,923
Total accumulated other comprehensive income	2,415	2,198
Total net assets	37,287	35,724
Total liabilities and net assets	59,409	57,810

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Nine months ended December 31, 2014 and 2015)

(Million yen)

	Nine months ended December 31, 2014 (from April 1, 2014 to December 31, 2014)	Nine months ended December 31, 2015 (from April 1, 2015 to December 31, 2015)
Net sales	37,733	38,686
Cost of sales	19,770	20,129
Gross profit	17,963	18,557
Selling, general and administrative expenses	16,666	16,570
Operating income	1,296	1,986
Non-operating income		
Interest income	4	4
Dividend income	20	19
Other	111	89
Total non-operating income	137	114
Non-operating expenses		
Interest expenses	60	56
Other	75	95
Total non-operating expenses	136	152
Ordinary income	1,297	1,948
Extraordinary income		
Gain on sales of non-current assets	17	7
Total extraordinary income	17	7
Extraordinary losses		
Loss on retirement of non-current assets	12	14
Loss on valuation of investment securities	—	20
Provision for loss on dissolution of employees' pension fund	12	—
Total extraordinary losses	24	34
Income before income taxes and minority interests	1,290	1,922
Income taxes – current	104	245
Income taxes – deferred	527	558
Total income taxes	631	804
Profit	658	1,118
Profit attributable to owners of parent	658	1,118

Consolidated Statements of Comprehensive Income
(Nine months ended December 31, 2014 and 2015)

(Million yen)

	Nine months ended December 31, 2014 (from April 1, 2014, to December 31, 2014)	Nine months ended December 31, 2015 (from April 1, 2015, to December 31, 2015)
Profit	658	1,118
Other comprehensive income		
Valuation difference on available-for-sale securities	122	(30)
Deferred gains or losses on hedges	44	11
Remeasurements of defined benefit plans, net of tax	(7)	(199)
Total other comprehensive income	159	(217)
Comprehensive income	818	900
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	818	900
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to the Consolidated Financial Statements

(Notes to the Going Concern Assumption)

Not applicable

(Notes Regarding Significant Changes in the Amount of Shareholders' Equity)

The Company's Board of Directors, at its meetings held on August 25 and October 30, 2015, resolved to acquire treasury shares pursuant to the provisions of Article 156 of the Companies Act, applied by replacing terms pursuant to the provisions of Article 165, paragraph 3 of said Act, and the Company acquired treasury shares. As a result, the amount of treasury shares increased by 1,453 million yen during the period.

(Segment Information)

Segment Information

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

Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)

(Million yen)

	Reporting segment			Other (Note 1)	Total	Adjustments (Note 2)	Consolidated statements of income (Note 3)
	Medical Services	Home Furnishing and Health	Total				
Sales							
Sales to external customers	20,292	14,810	35,102	2,631	37,733	—	37,733
Internal sales among segments or transfers	3	507	511	103	615	(615)	—
Total	20,296	15,317	35,614	2,735	38,349	(615)	37,733
Segment income	1,070	187	1,258	13	1,271	25	1,296

Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)

(Million yen)

	Reporting segment			Other (Note 1)	Total	Adjustments (Note 2)	Consolidated statements of income (Note 3)
	Medical Services	Home Furnishing and Health	Total				
Sales							
Sales to external customers	21,260	14,798	36,058	2,627	38,686	—	38,686
Internal sales among segments or transfers	8	613	621	80	702	(702)	—
Total	21,268	15,412	36,680	2,708	39,389	(702)	38,686
Segment income (loss)	1,524	476	2,000	(41)	1,959	27	1,986

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)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Intersegment transaction elimination	585	601
Corporate expenses*	(560)	(574)
Total	25	27

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

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