

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2017 (J-GAAP)

July 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: August 10, 2016

Scheduled date of the start of dividend payments: —

Preparation of supplementary explanation materials for 1Q financial results: None

1Q earnings announcement: None

(Amounts less than one million yen have been truncated)

1. Consolidated Results for the Three Months Ended June 30, 2016

(April 1, 2016 – June 30, 2016)

(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	%
Three months ended June 30, 2016	12,460	-0.7	551	-12.6	541	-12.5	368	-4.4
Three months ended June 30, 2015	12,555	1.3	631	22.4	619	20.5	386	49.7

Note: Comprehensive income

Three months ended June 30, 2016: ¥169 million (-63.3%)

Three months ended June 30, 2015: ¥461 million (45.2%)

	Profit per share	Fully diluted profit per share
	Yen	Yen
Three months ended June 30, 2016	9.02	—
Three months ended June 30, 2015	9.01	—

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, 2015.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2016	58,380	36,089	61.8	883.17
As of March 31, 2016	59,666	36,431	61.0	891.52

Reference: Shareholders' equity

As of June 30, 2016: ¥36,089 million

As of March 31, 2016: ¥36,431 million

2. Dividends

	Cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
Fiscal year ended March 31, 2016	Yen —	Yen 2.50	Yen —	Yen 12.50	Yen —
Fiscal year ending March 31, 2017	—				
Fiscal year ending March 31, 2017 (Outlook)		12.50	—	12.50	25.00

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. Dividends paid at the end of the second quarter of the fiscal year ended March 31, 2016, are presented as the actual amount of dividends prior to the consolidation of shares.

3. Forecasts of Results for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(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
First half	26,500	3.3	1,350	12.9	1,300	10.5	770	17.2	18.84
Full year	54,400	3.3	2,800	7.8	2,720	5.9	1,630	16.2	39.88

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

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: 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 shares)

As of June 30, 2016: 44,897,500 shares

As of March 31, 2016: 44,897,500 shares

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

As of June 30, 2016: 4,034,045 shares

As of March 31, 2016: 4,033,983 shares

3) Average number of shares issued during the period

April 2016 – June 2016: 40,863,461 shares

April 2015 – June 2015: 42,833,618 shares

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

[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.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	FY2016 (as of March 31, 2016)	1Q of FY2017 (as of June 30, 2016)
Assets		
Current assets		
Cash and deposits	6,579	7,362
Notes and accounts receivable – trade	9,888	8,764
Electronically recorded monetary claims – operating	629	794
Securities	3,399	2,799
Merchandise and finished goods	5,561	5,682
Work in process	494	463
Raw materials and supplies	1,894	1,883
Other	2,100	1,761
Allowance for doubtful accounts	(8)	(7)
Total current assets	30,539	29,505
Non-current assets		
Property, plant and equipment		
Land	6,449	6,449
Others, net	10,107	10,108
Total property, plant and equipment	16,557	16,558
Intangible assets	775	767
Investments and other assets		
Net defined benefit asset	9,632	9,588
Other	2,120	1,923
Total investments and other assets	11,752	11,511
Total non-current assets	29,085	28,838
Deferred assets	41	36
Total assets	59,666	58,380
Liabilities		
Current liabilities		
Notes and accounts payable – trade	3,638	3,234
Accounts payable for factoring	2,266	2,309
Short-term loans payable	2,250	2,250
Income taxes payable	520	71
Provision for bonuses	1,280	621
Other provision	72	15
Other	4,540	5,373
Total current liabilities	14,569	13,876
Non-current liabilities		
Bonds payable	3,950	3,950
Long-term loans payable	1,200	1,200
Provision	558	536
Net defined benefit liability	535	542
Asset retirement obligations	25	26
Other	2,396	2,159
Total non-current liabilities	8,666	8,414
Total liabilities	23,235	22,291

(Million yen)

	FY2016 (as of March 31, 2016)	1Q of FY2017 (as of June 30, 2016)
Net assets		
Shareholders' equity		
Capital stock	3,000	3,000
Capital surplus	1,867	1,867
Retained earnings	32,481	32,339
Treasury shares	(3,906)	(3,907)
Total shareholders' equity	33,442	33,300
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	108	(20)
Deferred gains or losses on hedges	(25)	(91)
Remeasurements of defined benefit plans	2,905	2,901
Total accumulated other comprehensive income	2,988	2,789
Total net assets	36,431	36,089
Total liabilities and net assets	59,666	58,380

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Three months ended June 30, 2015 and 2016)

(Million yen)

	Three months ended June 30, 2015 (from April 1, 2015 to June 30, 2015)	Three months ended June 30, 2016 (from April 1, 2016 to June 30, 2016)
Net sales	12,555	12,460
Cost of sales	6,522	6,377
Gross profit	6,032	6,083
Selling, general and administrative expenses	5,401	5,531
Operating income	631	551
Non-operating income		
Interest income	1	0
Dividend income	6	8
Other	20	21
Total non-operating income	28	30
Non-operating expenses		
Interest expenses	18	19
Sales discounts	9	9
Other	13	11
Total non-operating expenses	41	40
Ordinary income	619	541
Extraordinary income		
Gain on sales of non-current assets	7	—
Total extraordinary income	7	—
Extraordinary losses		
Loss on retirement of non-current assets	4	2
Loss on valuation of investment securities	—	0
Total extraordinary losses	4	3
Income before income taxes and minority interests	622	538
Income taxes – current	37	37
Income taxes – deferred	198	131
Total income taxes	236	169
Profit	386	368
Profit attributable to owners of parent	386	368

Consolidated Statements of Comprehensive Income
(Three months ended June 30, 2015 and 2016)

(Million yen)

	Three months ended June 30, 2015 (from April 1, 2015 to June 30, 2015)	Three months ended June 30, 2016 (from April 1, 2016 to June 30, 2016)
Profit	386	368
Other comprehensive income		
Valuation difference on available-for-sale securities	99	(129)
Deferred gains or losses on hedges	40	(66)
Remeasurements of defined benefit plans, net of tax	(64)	(4)
Total other comprehensive income	75	(199)
Comprehensive income	461	169
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	461	169
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)

Not applicable

(Segment Information)

Segment Information

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

Three months ended June 30, 2015 (From April 1, 2015 to June 30, 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	6,995	4,687	11,683	872	12,555	—	12,555
Internal sales among segments or transfers	4	161	165	27	193	(193)	—
Total	7,000	4,848	11,848	899	12,748	(193)	12,555
Segment income (loss)	539	77	616	(6)	609	22	631

Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)

(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	6,820	4,784	11,604	855	12,460	—	12,460
Internal sales among segments or transfers	1	194	196	31	228	(228)	—
Total	6,822	4,979	11,801	887	12,688	(228)	12,460
Segment income	404	93	497	6	504	47	551

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)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Intersegment transaction elimination	193	226
Corporate expenses*	(171)	(178)
Total	22	47

*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.