

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



Aug 6, 2013

## Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2014 <under Japanese GAAP>

Company name: **Paramount Bed Holdings Co., Ltd.**  
 Listing: Tokyo Stock Exchange  
 Securities code: 7817  
 URL: <http://www.paramountbed-hd.co.jp>  
 Representative: Kyosuke Kimura, President and Representative Director  
 Contact: Kenji Ouchi, Executive Officer, General Manager of Finance Division  
 TEL: 03-3648-1100

Scheduled date to file Quarterly Securities Report: August 12, 2013  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results presentation meeting: None

(Millions of yen with fractional amounts discarded, unless otherwise noted)

### 1. Consolidated financial results for the first three months of the fiscal year ending March 31, 2014 (from April 1, 2013 to June 30, 2013)

#### (1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2013	14,867	(5.5)	2,141	(23.4)	2,261	(18.5)	1,368	(15.3)
June 30, 2012	15,737	–	2,793	–	2,773	–	1,616	–

Note: Comprehensive income Three months ended June 30, 2013: ¥1,633 million: [13.1%]  
 Three months ended June 30, 2012: ¥1,444 million: [–%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2013	44.71	44.63
June 30, 2012	52.66	52.51

The year-on-year change for the three months ended June 30, 2012, is not provided because the Company has prepared quarterly consolidated financial statements since the third quarter ended December 31, 2011.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2013	100,075	77,505	77.1
March 31, 2013	103,901	76,625	73.5

Reference: Equity

As of June 30, 2013: ¥77,177 million  
 As of March 31, 2013: ¥76,320 million

## 2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2013	–	20.00	–	25.00	45.00
Fiscal year ending March 31, 2014	–				
Fiscal year ending March 31, 2014 (Forecast)		25.00	–	25.00	50.00

Note: Revisions to the dividends forecasts most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2013	31,300	3.6	4,300	(17.6)	4,500	(12.5)	2,700	(11.7)	88.13
Fiscal year ending March 31, 2014	70,400	5.5	12,200	8.5	12,600	5.2	7,600	7.1	248.08

Note: Revisions to the earnings forecasts most recently announced: None

### \* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Note: For changes in subsidiaries that are not deemed as changes in specified subsidiaries, please refer to “2. Matters regarding summary information (Notes), (1) Changes in significant subsidiaries during the period” on page 3 of the attached materials.

- (2) Application of special accounting for preparing quarterly consolidated financial statements: None

- (3) Changes in accounting policies, changes in accounting estimates, and restatement

- Changes in accounting policies in accordance with changes in accounting standards, etc.: None
- Changes in accounting policies due to other reasons: None
- Changes in accounting estimates: None
- Restatement: None

(4) Number of shares issued (common stock)

a. Number of shares issued at the end of the period (including treasury stock)

As of June 30, 2013	30,806,587 shares
As of March 31, 2013	30,792,587 shares

b. Number of shares of treasury stock at the end of the period

As of June 30, 2013	184,760 shares
As of March 31, 2013	188,384 shares

c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2013	30,612,978 shares
Three months ended June 30, 2012	30,687,863 shares

**\* Indication regarding execution of quarterly review procedures**

The completion of quarterly review procedures in accordance with the Financial Instruments and Exchange Act is not required for preparing this quarterly financial results report. At the time of disclosure of this quarterly financial results report, the review procedures for quarterly consolidated financial statements in accordance with the Financial Instruments and Exchange Act are incomplete.

**\* Proper use of earnings forecasts, and other special matters**

**Caution regarding forward-looking statements and others**

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, the statements herein do not constitute assurances regarding the Company's actual results. Actual financial and other results may differ substantially from the statements herein due to various factors. Please refer to "1. Qualitative information regarding financial results for the first three months, (3) Information regarding consolidated earnings forecasts and other forward-looking statements" on page 2 of the attached materials for the suppositions that form the assumptions for the earnings forecasts and cautions regarding the use of the earnings forecasts.

**Attached Materials**

**Index**

- 1. Qualitative information regarding financial results for the first three months ..... 2
  - (1) Information regarding operating results..... 2
  - (2) Information regarding financial position ..... 2
  - (3) Information regarding consolidated earnings forecasts and other forward-looking statements ..... 2
- 2. Matters regarding summary information (Notes)..... 3
  - (1) Changes in significant subsidiaries during the period..... 3
  - (2) Application of special accounting for preparing quarterly consolidated financial statements..... 3
  - (3) Changes in accounting policies, changes in accounting estimates, and restatement ..... 3
- 3. Significant events regarding premise of going concern ..... 3
- 4. Quarterly consolidated financial statements..... 4
  - (1) Consolidated balance sheets..... 4
  - (2) Consolidated statements of income and consolidated statements of comprehensive income..... 6
    - Consolidated statements of income (cumulative) ..... 6
    - Consolidated statements of comprehensive income (cumulative) ..... 7
  - (3) Notes to quarterly consolidated financial statements..... 8
    - Notes on premise of going concern..... 8
    - Notes on substantial changes in the amount of shareholders’ equity ..... 8
    - Significant subsequent events ..... 8

## **1. Qualitative information regarding financial results for the first three months**

### **(1) Information regarding operating results**

In the Japanese economy in the three months ended June 30, 2013, there were some signs of improvement in corporate earnings and personal consumption. This reflected further correction in the yen's appreciation and recovery in stock prices on the back of optimism regarding various government measures aimed at ending deflation and revitalizing the economy. Nevertheless, Japan's economic prospects remained unclear mainly because of downswings in overseas economies and raw material price rises.

Amid this environment, the Paramount Bed Group (the "Group") pushed ahead with activities to capture renewal demand towards the fiscal year-end in its core business of product sales targeted at medical and elderly facilities. The Group also made concerted efforts to strengthen its overseas business and expand its domestic business fields. In Japan, results in the maintenance service business for beds and others and the rental business for welfare equipment were steady. Results in the business of product sales targeted at facilities, however, were down in comparison with the strong results of the same period of the previous fiscal year. This mainly reflected a decline in new construction-related orders. Results in the overseas business were generally solid.

As a result of the above, in the three months ended June 30, 2013, net sales were ¥14,867 million (down 5.5% year on year), operating income was ¥2,141 million (down 23.4%) and ordinary income was ¥2,261 million (down 18.5%). Net income was ¥1,368 million (down 15.3%).

Because the business of the Group consists of a single business segment, information by business segment is not provided.

### **(2) Information regarding financial position**

Total assets as of June 30, 2013, amounted to ¥100,075 million, which was a decline of ¥3,826 million compared to March 31, 2013. The primary factors in this decline were decreases in cash and deposits, notes and accounts receivable-trade and securities.

Liabilities amounted to ¥22,569 million, which was a decline of ¥4,706 million compared to March 31, 2013. The primary factors in this decline were decreases in accounts payable-trade, income taxes payable and provision for bonuses.

Net assets amounted to ¥77,505 million, which was an increase of ¥880 million compared to March 31, 2013. The primary factors in this increase were an increase of ¥1,368 million in net income and a decline in retained earnings due to the payment of a year-end dividend. As a result, the equity-to-asset ratio as of June 30, 2013, increased by 3.6 percentage points compared to March 31, 2013, to 77.1%.

### **(3) Information regarding consolidated earnings forecasts and other forward-looking statements**

No revisions have been made to the consolidated earnings forecasts announced on May 13, 2013.

## **2. Matters regarding summary information (Notes)**

### **(1) Changes in significant subsidiaries during the period**

No items to report.

Effective from the first quarter ended June 30, 2013, Paramount Bed Asia Pacific Pte. Ltd., which was previously an unconsolidated subsidiary of the Company, has been included in the scope of consolidation in line with an increase in its significance within the Group. However, this change is not deemed a change in specified subsidiaries.

### **(2) Application of special accounting for preparing quarterly consolidated financial statements**

No items to report.

### **(3) Changes in accounting policies, changes in accounting estimates, and restatement**

No items to report.

## **3. Significant events regarding premise of going concern**

No items to report.

## 4. Quarterly consolidated financial statements

### (1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	16,073	14,257
Notes and accounts receivable-trade	21,616	18,390
Lease receivables and investment assets	2,287	2,435
Securities	4,640	3,927
Merchandise and finished goods	4,094	4,704
Work in process	243	195
Raw materials and supplies	1,313	1,357
Other	2,531	2,781
Allowance for doubtful accounts	(60)	(49)
Total current assets	52,739	48,000
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	26,335	26,385
Accumulated depreciation	(16,836)	(16,973)
Buildings and structures, net	9,499	9,412
Machinery, equipment and vehicles	7,056	7,181
Accumulated depreciation	(5,835)	(5,955)
Machinery, equipment and vehicles, net	1,220	1,225
Land	8,676	8,679
Lease assets	361	257
Accumulated depreciation	(240)	(147)
Lease assets, net	120	109
Assets for rent	13,978	14,477
Accumulated depreciation	(5,085)	(5,299)
Assets for rent, net	8,892	9,177
Construction in progress	191	394
Other	8,126	8,173
Accumulated depreciation	(6,806)	(6,871)
Other, net	1,320	1,301
Total property, plant and equipment	29,920	30,302
Intangible assets		
Goodwill	121	101
Other	2,299	2,241
Total intangible assets	2,420	2,343
Investments and other assets		
Investment securities	15,184	16,297
Other	3,701	3,196
Allowance for doubtful accounts	(65)	(65)
Total investments and other assets	18,821	19,429
Total noncurrent assets	51,162	52,075
Total assets	103,901	100,075

(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	7,978	6,884
Short-term loans payable	215	194
Lease obligations	1,981	2,115
Income taxes payable	3,460	441
Provision for bonuses	1,125	560
Provision for directors' bonuses	104	–
Other	4,346	4,012
Total current liabilities	19,212	14,209
Noncurrent liabilities		
Long-term loans payable	457	518
Lease obligations	3,665	3,771
Provision for retirement benefits	3,278	3,432
Provision for environmental measures	46	46
Other	616	592
Total noncurrent liabilities	8,064	8,360
Total liabilities	27,276	22,569
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,135	4,147
Capital surplus	49,805	49,817
Retained earnings	21,656	22,234
Treasury stock	(477)	(468)
Total shareholders' equity	75,120	75,730
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	766	766
Foreign currency translation adjustment	434	680
Total accumulated other comprehensive income	1,200	1,446
Subscription rights to shares	29	25
Minority interests	275	303
Total net assets	76,625	77,505
Total liabilities and net assets	103,901	100,075



## (2) Consolidated statements of income and consolidated statements of comprehensive income

### Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
Net sales	15,737	14,867
Cost of sales	8,400	7,770
Gross profit	7,336	7,096
Selling, general and administrative expenses	4,542	4,955
Operating income	2,793	2,141
Non-operating income		
Interest income	22	29
Dividends income	22	69
Foreign exchange gains	7	–
Gain on investments in partnership	–	38
Gain on investments in silent partnership	–	53
Other	52	36
Total non-operating income	104	227
Non-operating expenses		
Interest expenses	29	23
Foreign exchange losses	–	83
Loss on investments in partnership	27	–
Loss on investments in silent partnership	49	–
Other	18	0
Total non-operating expenses	125	107
Ordinary income	2,773	2,261
Extraordinary income		
Gain on sales of investment securities	0	26
Gain on redemption of investment securities	–	39
Total extraordinary income	0	65
Extraordinary loss		
Loss on sales of investment securities	29	–
Loss on redemption of investment securities	–	0
Total extraordinary losses	29	0
Income before income taxes and minority interests	2,743	2,326
Income taxes-current	852	453
Income taxes-deferred	251	501
Total income taxes	1,104	955
Income before minority interests	1,639	1,371
Minority interests in income	22	2
Net income	1,616	1,368

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
Income before minority interests	1,639	1,371
Other comprehensive income		
Valuation difference on available-for-sale securities	(247)	0
Foreign currency translation adjustment	52	261
Total other comprehensive income	(194)	261
Comprehensive income	1,444	1,633
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,411	1,614
Comprehensive income attributable to minority interests	33	18

### (3) Notes to quarterly consolidated financial statements

#### Notes on premise of going concern

No items to report.

#### Notes on substantial changes in the amount of shareholders' equity

No items to report.

#### Significant subsequent events

The Company issued Zero Coupon JPY Convertible Notes Due July 26, 2018 (convertible notes-type notes with stock acquisition rights, *tenkanshasaigata shinkabu yoyakuen-tsuki shasai*; hereinafter referred to as the "Notes with Stock Acquisition Rights," of which the notes shall be referred to as the "Notes" and the stock acquisition rights shall be referred to as the "Stock Acquisition Rights") by resolution of a meeting of the Board of Directors held on July 10, 2013. Payment was completed on July 26, 2013.

The Notes with Stock Acquisition Rights are summarized as follows.

1. Name of Notes  
Paramount Bed Holdings Co., Ltd. Zero Coupon JPY Convertible Notes Due July 26, 2018 (convertible notes-type notes with stock acquisition rights, *tenkanshasaigata shinkabu yoyakuen-tsuki shasai*)
2. Issue price  
100.5% of principal amount of the Notes
3. Offer price  
103% of principal amount of the Notes
4. Aggregate principal amount  
¥10,000,000,000
5. Principal amount of each Note  
¥5,000,000
6. Coupon  
The Notes bear no interest.
7. Form of the Notes with Stock Acquisition Rights  
They are bearer notes with stock acquisition rights. The holders of any Note or Notes with Stock Acquisition Rights may not require the Company to change the certificate of the Note or Notes with Stock Acquisition Rights from bearer form to registered form.
8. Collateral or guarantee  
The Notes are unsecured and unguaranteed.
9. Final maturity  
July 26, 2018
10. Redemption method
  - a. Redemption at final maturity  
The Notes shall be redeemed at 100% of their principal amount.
  - b. Early redemption through call option provision  
On July 26, 2016, or thereafter, the Company may carry out early redemption through a call option provision stipulated in the issuance terms and conditions of the Notes with Stock Acquisition Rights.
  - c. Other forms of early redemption  
Other than the above, in certain cases early redemption may be carried out as stipulated in the issuance terms and conditions of the Notes with Stock Acquisition Rights.

## 11. Matters regarding the Stock Acquisition Rights

- a. Class of shares underlying the Stock Acquisition Rights

Common stock of the Company

- b. Allotment date

July 26, 2013

- c. Conversion price

¥4,106

- d. Total number of the Stock Acquisition Rights

2,000 units

- e. Description and price of asset to be contributed upon exercise of the Stock Acquisition Rights

Upon exercise of each Stock Acquisition Right, the relevant Note shall be contributed at the price equal to the principal amount of the said Note.

- f. Increase in capital stock and legal capital surplus in event of issuance of shares upon exercise of the Stock Acquisition Rights

The amount of increase in capital stock in the event of the issuance of shares upon the exercise of the Stock Acquisition Rights shall be half of the maximum increase in capital stock, etc. calculated pursuant to Article 17 of the Ordinance on Accounting of Companies. Any fractional amounts of less than one yen resulting from the said calculation shall be rounded up to the nearest one yen. The amount of increase in legal capital surplus shall be determined by subtracting the amount of increase in capital stock stipulated above from the maximum increase in capital stock, etc.

- g. Exercise period for the Stock Acquisition Rights

The Stock Acquisition Rights may be exercised at any time during a period on or after August 9, 2013, and prior to the close of banking business in Luxembourg on July 12, 2018, except in the case of certain stipulations that state otherwise.

- h. Delivery of the Stock Acquisition Rights by successor company, etc. in case of organizational restructuring, etc.

There are certain stipulations in the issuance terms and conditions of the Notes with Stock Acquisition Rights.

## 12. Use of proceeds

The net proceeds from the issuance of the Notes with Stock Acquisition Rights will be used to purchase welfare equipment as inventories for rental purposes and as funds for capital investment in production facilities and the like at subsidiaries of the Company.

The net proceeds are scheduled to be applied as described above by the end of March 2015.