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Nov 5, 2013

## Consolidated Financial Results for the First Six 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>  
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Scheduled date to file Quarterly Securities Report: November 13, 2013  
 Scheduled date to commence dividend payments: December 3, 2013  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

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

### 1. Consolidated financial results for the first six months of the fiscal year ending March 31, 2014 (from April 1, 2013 to September 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	%
Six months ended								
September 30, 2013	30,749	1.7	4,435	(15.0)	4,616	(10.2)	2,826	(7.6)
September 30, 2012	30,224	–	5,217	–	5,141	–	3,058	–

Note: Comprehensive income Six months ended September 30, 2013: ¥3,240 million: [12.7%]  
 Six months ended September 30, 2012: ¥2,874 million: [–%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2013	92.31	88.64
September 30, 2012	99.63	99.36

The year-on-year change for the six months ended September 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	%
September 30, 2013	112,013	79,104	70.3
March 31, 2013	103,901	76,625	73.5

Reference: Equity

As of September 30, 2013: ¥78,794 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	–	25.00			
Fiscal year ending March 31, 2014 (Forecast)			–	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
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 September 30, 2013	30,812,287 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 September 30, 2013	173,202 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)

Six months ended September 30, 2013	30,623,799 shares
Six months ended September 30, 2012	30,700,233 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 six 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 six 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

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

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

The Japanese economy mounted a gradual recovery in the six months ended September 30, 2013. This mainly reflected improvements in the export environment and corporate earnings on the back of continuing yen depreciation and stock price rises, partly due to the effects of various economic measures taken by the government. Nevertheless, Japan's economic prospects remained unclear, primarily because of raw material price rises reflecting the yen's depreciation and downswings in overseas economies caused by the economic crisis in Europe.

Amid this environment, the Paramount Bed Group (the "Group") pushed ahead with activities to capture renewal demand 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 the overseas business, Paramount Bed Mexico S.A. de C.V. and Paramount Bed Vietnam Co., Ltd. were established as locally incorporated companies with the aim of enhancing coordination across the Group and optimizing the Group's production locations. Paramount Bed Mexico S.A. de C.V., which will be a sales company serving the countries of Central and South America, is scheduled to start operations in January 2014. Paramount Bed Vietnam Co., Ltd., which will manufacture medical care bed-related equipment and other products, is scheduled to start operations in June 2014.

In Japan, three new offices were established to further boost efficiency in the rental business for welfare equipment, bringing the number of directly-managed offices to 53 nationwide.

With respect to product development, the "Stretch Series" of mattresses was launched. Mattresses in this series reduce body slippage and pressure when the bed is put into a reclining position.

On the sales front, results in the business of product sales targeted at elderly facilities in Japan 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. Even so, aside from this business, sales were generally solid both in Japan and overseas.

As a result of the above, in the six months ended September 30, 2013, net sales were ¥30,749 million (up 1.7% year on year), operating income was ¥4,435 million (down 15.0%) and ordinary income was ¥4,616 million (down 10.2%). Net income was ¥2,826 million (down 7.6%).

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 September 30, 2013, amounted to ¥112,013 million, which was an increase of ¥8,111 million compared to March 31, 2013. The primary factors in this increase were increases in cash and deposits, securities and investment securities.

Liabilities amounted to ¥32,909 million, which was an increase of ¥5,632 million compared to March 31, 2013. The primary factor in this increase was the issuance of bonds with subscription rights to shares.

Net assets amounted to ¥79,104 million, which was an increase of ¥2,479 million compared to March 31, 2013. The primary factors in this increase were increases in retained earnings and foreign currency translation adjustment. As a result, the equity-to-asset ratio as of September 30, 2013, decreased by 3.1 percentage points compared to March 31, 2013, to 70.3%.

### **(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 September 30, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	16,073	25,090
Notes and accounts receivable-trade	21,616	14,420
Lease receivables and investment assets	2,287	2,336
Securities	4,640	7,540
Merchandise and finished goods	4,094	4,275
Work in process	243	238
Raw materials and supplies	1,313	1,487
Other	2,531	2,053
Allowance for doubtful accounts	(60)	(50)
Total current assets	52,739	57,392
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	26,335	26,562
Accumulated depreciation	(16,836)	(17,182)
Buildings and structures, net	9,499	9,379
Machinery, equipment and vehicles	7,056	7,265
Accumulated depreciation	(5,835)	(6,042)
Machinery, equipment and vehicles, net	1,220	1,222
Land	8,676	8,683
Lease assets	361	246
Accumulated depreciation	(240)	(147)
Lease assets, net	120	98
Assets for rent	13,978	14,889
Accumulated depreciation	(5,085)	(5,586)
Assets for rent, net	8,892	9,302
Construction in progress	191	669
Other	8,126	8,241
Accumulated depreciation	(6,806)	(6,943)
Other, net	1,320	1,297
Total property, plant and equipment	29,920	30,655
Intangible assets		
Goodwill	121	82
Other	2,299	2,206
Total intangible assets	2,420	2,288
Investments and other assets		
Investment securities	15,184	18,438
Other	3,701	3,302
Allowance for doubtful accounts	(65)	(64)
Total investments and other assets	18,821	21,676
Total noncurrent assets	51,162	54,620
Total assets	103,901	112,013

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	7,978	6,347
Short-term loans payable	215	271
Lease obligations	1,981	2,203
Income taxes payable	3,460	1,634
Provision for bonuses	1,125	1,128
Provision for directors' bonuses	104	–
Other	4,346	3,059
Total current liabilities	19,212	14,645
Noncurrent liabilities		
Bonds with subscription rights to shares	–	10,047
Long-term loans payable	457	500
Lease obligations	3,665	3,529
Provision for retirement benefits	3,278	3,547
Provision for environmental measures	46	46
Other	616	591
Total noncurrent liabilities	8,064	18,263
Total liabilities	27,276	32,909
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,135	4,152
Capital surplus	49,805	49,822
Retained earnings	21,656	23,692
Treasury stock	(477)	(442)
Total shareholders' equity	75,120	77,224
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	766	804
Foreign currency translation adjustment	434	765
Total accumulated other comprehensive income	1,200	1,570
Subscription rights to shares	29	23
Minority interests	275	286
Total net assets	76,625	79,104
Total liabilities and net assets	103,901	112,013

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

### Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Net sales	30,224	30,749
Cost of sales	15,906	16,359
Gross profit	14,317	14,389
Selling, general and administrative expenses	9,100	9,954
Operating income	5,217	4,435
Non-operating income		
Interest income	54	71
Dividends income	38	104
Gain on investments in partnership	–	43
Gain on investments in silent partnership	–	63
Other	89	78
Total non-operating income	182	362
Non-operating expenses		
Interest expenses	57	47
Foreign exchange losses	24	98
Loss on investments in partnership	118	–
Loss on investments in silent partnership	39	–
Other	19	35
Total non-operating expenses	259	181
Ordinary income	5,141	4,616
Extraordinary income		
Gain on sales of investment securities	4	155
Gain on redemption of investment securities	–	54
Total extraordinary income	4	210
Extraordinary loss		
Loss on sales of investment securities	47	–
Loss on redemption of investment securities	–	0
Total extraordinary losses	47	0
Income before income taxes and minority interests	5,097	4,827
Income taxes-current	2,085	1,934
Income taxes-deferred	(88)	55
Total income taxes	1,996	1,989
Income before minority interests	3,101	2,837
Minority interests in income	42	10
Net income	3,058	2,826

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

(Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Income before minority interests	3,101	2,837
Other comprehensive income		
Valuation difference on available-for-sale securities	(153)	38
Foreign currency translation adjustment	(73)	364
Total other comprehensive income	(226)	402
Comprehensive income	2,874	3,240
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,829	3,196
Comprehensive income attributable to minority interests	45	43

**(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.