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February 4, 2015

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2015 <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: February 12, 2015
 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 nine months of the fiscal year ending March 31, 2015 (from April 1, 2014 to December 31, 2014)

(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	%
Nine months ended								
December 31, 2014	50,681	10.3	6,597	8.8	7,600	15.9	4,773	19.9
December 31, 2013	45,931	1.0	6,062	(19.4)	6,558	(15.3)	3,983	(13.0)

Note: Comprehensive income
 Nine months ended December 31, 2014: ¥5,692 million: [14.9%]
 Nine months ended December 31, 2013: ¥4,955 million: [(1.1)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2014	159.73	147.63
December 31, 2013	130.03	123.30

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2014	118,781	82,803	69.7
March 31, 2014	122,302	82,571	67.5

Reference: Equity

As of December 31, 2014: ¥82,802 million
 As of March 31, 2014: ¥82,552 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, 2014	–	25.00	–	25.00	50.00
Fiscal year ending March 31, 2015	–	25.00	–		
Fiscal year ending March 31, 2015 (Forecast)				35.00	60.00

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

Dividends for the fiscal year ending March 31, 2015, are scheduled as follows: interim regular dividends of ¥25 in addition to year-end regular dividends of ¥25 and year-end commemorative dividends of ¥10.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

(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, 2015	75,000	3.0	10,000	(13.4)	10,700	(13.4)	6,800	(7.9)	221.92

Note: Revisions to the earnings forecasts most recently announced: Yes

For details, please refer to “1. Qualitative information regarding financial results for the first nine months, (3) Information regarding consolidated earnings forecasts and other forward-looking statements” on page 2 of the attached materials.

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - a. Changes in accounting policies in accordance with changes in accounting standards, etc.: Yes
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement: None

(4) Number of shares issued (common shares)

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

As of December 31, 2014	30,877,487 shares
As of March 31, 2014	30,828,587 shares

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

As of December 31, 2014	1,511,195 shares
As of March 31, 2014	149,396 shares

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

Nine months ended December 31, 2014	29,888,223 shares
Nine months ended December 31, 2013	30,632,332 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**

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 nine 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.

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1. Qualitative information regarding financial results for the first nine months

(1) Information regarding operating results

In the nine months ended December 31, 2014, the Japanese economy continued to mount a gradual recovery mainly reflecting the effects of various governmental measures. Nevertheless, owing to the protracted nature of a pullback in demand following a rush ahead of a consumption tax hike, downswings in overseas economies and other factors, the economy's prospects were unclear.

The medical and elderly welfare fields, which are related to the operations of the Paramount Bed Group (the "Group"), underwent developments implemented with a view to realizing the 2025 medical service supply system envisioned in the government's Comprehensive Reform of Social Security and Tax. These consisted of the further promotion of measures such as differentiating hospital bed space by function, enhancing in-home medical care and establishing an integrated community care system in a reform of the system of medical service fees implemented in April 2014.

Amid this environment, the Group worked to further strengthen its core business of product sales targeted at medical and elderly facilities and made concerted efforts to expand its business fields in Japan and overseas.

Paramount Care Service Co., Ltd., which operates a rental service for welfare equipment, established offices in two locations in Japan to expand the business, bringing the number of directly-managed offices to 56 nationwide.

Products developed during the nine months included the "Cococia Yuki Series" of mattresses designed to prevent bedsores by appropriately controlling pressure on the body in line with the movement of the bed, the "Aldecora Series" of electric-powered beds designed to match a variety of different convalescence spaces for use in medical and nursing facilities, and "Celenus Series" of delivery beds for overseas markets.

On the sales front, sales and rentals of the "Rakusho Z Series" of beds for home caregiving launched in January 2014 remained strong, contributing to generally solid sales at all of the Group's companies.

As a result of the above, in the nine months ended December 31, 2014, net sales were ¥50,681 million (up 10.3% year on year), operating income was ¥6,597 million (up 8.8%) and ordinary income was ¥7,600 million (up 15.9%). Net income was ¥4,773 million (up 19.9%).

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 December 31, 2014, amounted to ¥118,781 million, which was a decrease of ¥3,520 million compared to March 31, 2014. The primary factor in this fall was a decrease in notes and accounts receivable - trade.

Liabilities amounted to ¥35,978 million, which was a decrease of ¥3,753 million compared to March 31, 2014. The primary factors in this fall were decreases in accounts payable - trade and income taxes payable.

Net assets amounted to ¥82,803 million, which was an increase of ¥232 million compared to March 31, 2014. The primary factors in this increase were increases in valuation difference on available-for-sale securities and foreign currency translation adjustment.

As a result, the equity-to-asset ratio as of December 31, 2014, increased by 2.2 percentage points compared to March 31, 2014, to 69.7%.

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

The consolidated earnings forecasts announced on May 13, 2014, have been revised downward. The revision was made in view of changes in revenues at medical facilities due to a reform of the system of medical service fees implemented in April 2014, the consumption tax hike and other factors, and impacts from developments including the prolonged nature of the pullback in demand following the rush ahead of the consumption tax hike.

2. Matters regarding summary information (Notes)

(1) Changes in significant subsidiaries during the period

No items to report.

(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

Changes in accounting policies

(Application of the Accounting Standard for Retirement Benefits, etc.)

Regarding the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012), effective from the first quarter of the fiscal year ending March 31, 2015, the provisions of the main clauses of paragraph 35 of the Accounting Standard for Retirement Benefits and paragraph 67 of Guidance on Accounting Standard for Retirement Benefits have been applied. Consequently, the method for calculating retirement benefit obligations and current service costs was reviewed and the method of attributing expected benefit to periods was changed from the straight-line method to the benefit formula method, while the method for determining discount rates was changed from one in which the period for bonds, which forms the basis for determining the discount rate, is determined based on the approximate number of years of the average remaining service period of employees, to a method using a single weighted average discount rate reflecting the period up to the expected timing of retirement benefit payments, as well as the amount of retirement benefit payment for each such period.

Application of the Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits is in line with the transitional measures provided in paragraph 37 of the Accounting Standard for Retirement Benefits, and the effect of the revision to the method for calculating retirement benefit obligations and current service costs was added to or deducted from retained earnings as of April 1, 2014.

As a result, as of April 1, 2014, net defined benefit liability increased by ¥73 million, and retained earnings decreased by ¥53 million. In addition, the effect of this application on profit or loss for the first nine months of the fiscal year ending March 31, 2015 is immaterial.

(Application of the Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc. through Trusts)

“Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc. through Trusts” (ASBJ PITF No. 30, December 25, 2013) has been applied effective from the first quarter of the fiscal year ending March 31, 2015. As the relevant trust agreement was concluded before the beginning of the first nine months of the fiscal year ending March 31, 2015, the previously used method is still being employed. Consequently, this has no effect on profit or loss for the first nine months of the fiscal year ending March 31, 2015.

3. Significant events regarding premise of going concern

No items to report.

4. Quarterly consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
Assets		
Current assets		
Cash and deposits	27,783	25,688
Notes and accounts receivable - trade	24,698	17,186
Lease receivables and investment assets	2,436	2,597
Securities	3,667	5,719
Merchandise and finished goods	4,225	6,825
Work in process	306	298
Raw materials and supplies	1,734	1,869
Other	3,672	3,191
Allowance for doubtful accounts	(56)	(56)
Total current assets	68,469	63,320
Non-current assets		
Property, plant and equipment		
Buildings and structures	27,014	27,327
Accumulated depreciation	(17,564)	(17,980)
Buildings and structures, net	9,449	9,347
Machinery, equipment and vehicles	7,511	7,632
Accumulated depreciation	(6,278)	(6,535)
Machinery, equipment and vehicles, net	1,233	1,097
Land	8,692	8,689
Leased assets	251	130
Accumulated depreciation	(174)	(87)
Leased assets, net	76	43
Assets for rent	16,354	17,430
Accumulated depreciation	(6,323)	(7,212)
Assets for rent, net	10,031	10,218
Construction in progress	100	53
Other	8,812	8,627
Accumulated depreciation	(7,276)	(7,269)
Other, net	1,536	1,357
Total property, plant and equipment	31,120	30,805
Intangible assets		
Goodwill	111	71
Other	2,223	2,089
Total intangible assets	2,334	2,161
Investments and other assets		
Investment securities	16,698	17,790
Other	4,223	5,248
Allowance for doubtful accounts	(60)	(59)
Allowance for investment loss	(485)	(485)
Total investments and other assets	20,377	22,494
Total non-current assets	53,832	55,461
Total assets	122,302	118,781

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
Liabilities		
Current liabilities		
Accounts payable - trade	10,148	7,962
Short-term loans payable	463	619
Lease obligations	2,147	1,897
Income taxes payable	2,376	172
Provision for bonuses	1,207	651
Provision for directors' bonuses	123	–
Other	4,371	4,926
Total current liabilities	20,838	16,230
Non-current liabilities		
Bonds with subscription rights to shares	10,042	10,035
Long-term loans payable	444	351
Lease obligations	3,597	3,295
Provision for environmental measures	46	46
Net defined benefit liability	4,083	4,352
Other	677	1,666
Total non-current liabilities	18,892	19,747
Total liabilities	39,731	35,978
Net assets		
Shareholders' equity		
Capital stock	4,166	4,207
Capital surplus	49,835	49,877
Retained earnings	27,484	30,699
Treasury shares	(383)	(4,348)
Total shareholders' equity	81,103	80,435
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	621	1,111
Foreign currency translation adjustment	1,023	1,381
Remeasurements of defined benefit plans	(195)	(125)
Total accumulated other comprehensive income	1,449	2,367
Subscription rights to shares	18	–
Minority interests	0	0
Total net assets	82,571	82,803
Total liabilities and net assets	122,302	118,781

(2) Consolidated statement of income and consolidated statement of comprehensive income**Consolidated statement of income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Net sales	45,931	50,681
Cost of sales	24,694	27,856
Gross profit	21,237	22,825
Selling, general and administrative expenses	15,175	16,227
Operating income	6,062	6,597
Non-operating income		
Interest income	134	105
Dividend income	156	242
Foreign exchange gains	150	577
Gain on investments in partnership	148	–
Gain on investments in silent partnership	218	22
Other	117	127
Total non-operating income	926	1,074
Non-operating expenses		
Interest expenses	67	49
Loss on investments in partnership	–	8
Directors' retirement benefits	320	–
Other	42	14
Total non-operating expenses	430	72
Ordinary income	6,558	7,600
Extraordinary income		
Gain on sales of investment securities	225	39
Gain on redemption of investment securities	54	15
Gain on reversal of subscription rights to shares	–	3
Total extraordinary income	280	59
Extraordinary losses		
Loss on sales of investment securities	1	3
Loss on redemption of investment securities	0	–
Total extraordinary losses	1	3
Income before income taxes and minority interests	6,837	7,655
Income taxes - current	2,640	2,374
Income taxes - deferred	200	507
Total income taxes	2,841	2,881
Income before minority interests	3,996	4,774
Minority interests in income	13	0
Net income	3,983	4,773

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Income before minority interests	3,996	4,774
Other comprehensive income		
Valuation difference on available-for-sale securities	430	490
Foreign currency translation adjustment	529	357
Remeasurements of defined benefit plans, net of tax	–	70
Total other comprehensive income	959	918
Comprehensive income	4,955	5,692
Comprehensive income attributable to:		
Owners of parent	4,896	5,691
Minority interests	58	0

(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.