

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.



August 6, 2015

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2016 <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 Chief Executive Officer
 Contact: Kenji Ouchi, Executive Officer, General Manager of Finance Division
 TEL: 03-3648-1100

Scheduled date to file Quarterly Securities Report: August 11, 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 three months of the fiscal year ending March 31, 2016 (from April 1, 2015 to June 30, 2015)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2015	15,599	(3.6)	1,590	(31.4)	1,864	(21.0)	1,302	(15.3)
June 30, 2014	16,174	8.8	2,318	8.3	2,361	4.4	1,538	12.4

Note: Comprehensive income Three months ended June 30, 2015: ¥1,466 million: [(0.8)%]
 Three months ended June 30, 2014: ¥1,478 million: [(9.5)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2015	44.50	41.08
June 30, 2014	50.14	46.44

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2015	120,532	84,880	70.4
March 31, 2015	125,508	85,391	68.0

Reference: Equity

As of June 30, 2015: ¥84,880 million
 As of March 31, 2015: ¥85,390 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, 2015	–	25.00	–	35.00	60.00
Fiscal year ending March 31, 2016	–				
Fiscal year ending March 31, 2016 (Forecast)		35.00	–	35.00	70.00

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

Dividends for the fiscal year ended March 31, 2015, were 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, 2016 (from April 1, 2015 to March 31, 2016)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2015	33,200	(2.0)	3,100	(33.5)	3,400	(32.7)	2,000	(39.4)	67.18
Fiscal year ending March 31, 2016	75,800	0.7	9,500	(5.4)	10,000	(13.4)	6,100	(16.0)	204.91

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
- (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

Note: For details, please refer to “2. Matters regarding summary information (Notes), (3) Changes in accounting policies, changes in accounting estimates, and restatement” on page 3 of the attached materials.

(4) Number of shares issued (common shares)

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

As of June 30, 2015	30,877,487 shares
As of March 31, 2015	30,877,487 shares

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

As of June 30, 2015	1,784,330 shares
As of March 31, 2015	1,501,744 shares

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

Three months ended June 30, 2015	29,274,280 shares
Three months ended June 30, 2014	30,690,339 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 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 sheet 4
 - (2) Consolidated statement of income and consolidated statement of comprehensive income..... 6
 - Consolidated statement of income (cumulative)..... 6
 - Consolidated statement 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 three months ended June 30, 2015, the Japanese economy continued to mount a gradual recovery, reflecting the effects of various government measures. Nevertheless, the future prospects of the economy remain uncertain due to a downturn in overseas economies and other factors.

In the medical and elderly welfare fields, which are related to the operations of the Paramount Bed Group (“the Group”), the effects of the reform of the system of medical service fees implemented in April 2014 continued, while in April 2015 a reform of the system of nursing care service fees was carried out (overall rates revised downward by 2.27%).

Amid this environment, the Group worked to further strengthen its core business of product sales for medical and elderly facilities and product sales for home caregiving, while making concerted efforts to expand its business fields in Japan and overseas.

Products developed during the three months included the “Qualitas Plus Series,” which was launched in June 2015 as a core electric-powered bed product for overseas medical facilities.

On the sales front, the rental business for welfare equipment and overseas sales performed solidly, despite a decline in product sales in Japan due to special demand for new products associated with the January 2014 launch of the “Rakusho Z Series” of beds for home caregiving coming to an end and the effects of the above mentioned revision of the system of medical service fees.

As a result of the above, in the three months ended June 30, 2015, net sales were ¥15,599 million (down 3.6% year on year), operating income was ¥1,590 million (down 31.4%) and ordinary income was ¥1,864 million (down 21.0%). Profit attributable to owners of parent was ¥1,302 million (down 15.3%).

In addition, effective from the three months ended June 30, 2015, the Group has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), etc., and “net income” is now denoted as “profit attributable to owners of parent.”

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, 2015, amounted to ¥120,532 million, which was a decrease of ¥4,976 million compared to March 31, 2015. The primary factor in this fall was a decrease in notes and accounts receivable - trade.

Liabilities amounted to ¥35,651 million, which was a decrease of ¥4,465 million compared to March 31, 2015. The primary factors in this fall were decreases in accounts payable - trade, income taxes payable and provision for bonuses.

Net assets amounted to ¥84,880 million, which was a decrease of ¥510 million compared to March 31, 2015. The primary factor in this fall was acquisition of treasury shares. As a result, the equity-to-asset ratio as of June 30, 2015, increased by 2.4 percentage points compared to March 31, 2015, to 70.4%.

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

No revisions have been made to the consolidated earnings forecasts announced on May 12, 2015.

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 Accounting Standard for Business Combinations, etc.)

The “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. have been applied effective from the first quarter ended June 30, 2015. As a result, the method of recording the amount of difference caused by changes in the Company’s ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after April 1, 2015, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the provisional accounting treatment is reflected in the quarterly consolidated financial statements for the quarterly period to which the date of business combination belongs. In addition, the presentation method for “net income” and other related items was changed, and the presentation of “minority interests” was changed to “non-controlling interests.” To reflect these changes, the quarterly and full-year consolidated financial statements for the first three months of the previous fiscal year and the previous fiscal year have been reclassified.

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided for in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. The Company is applying the said standard, etc. prospectively from the beginning of the first quarter ended June 30, 2015.

This has no effect on profit or loss.

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, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	24,503	25,469
Notes and accounts receivable - trade	23,304	18,765
Lease receivables and investment assets	2,545	2,475
Securities	9,337	6,227
Merchandise and finished goods	5,457	5,957
Work in process	282	237
Raw materials and supplies	1,754	1,622
Other	2,781	3,064
Allowance for doubtful accounts	(55)	(54)
Total current assets	69,912	63,764
Non-current assets		
Property, plant and equipment		
Buildings and structures	27,456	27,494
Accumulated depreciation	(18,166)	(18,334)
Buildings and structures, net	9,290	9,159
Machinery, equipment and vehicles	7,741	7,747
Accumulated depreciation	(6,644)	(6,705)
Machinery, equipment and vehicles, net	1,096	1,041
Land	8,693	8,684
Leased assets	130	130
Accumulated depreciation	(92)	(97)
Leased assets, net	37	32
Assets for rent	17,913	18,276
Accumulated depreciation	(7,676)	(7,926)
Assets for rent, net	10,237	10,350
Construction in progress	149	209
Other	8,576	8,598
Accumulated depreciation	(7,311)	(7,381)
Other, net	1,265	1,217
Total property, plant and equipment	30,771	30,695
Intangible assets		
Goodwill	58	47
Other	2,128	2,095
Total intangible assets	2,186	2,142
Investments and other assets		
Investment securities	16,314	16,780
Other	6,382	7,209
Allowance for doubtful accounts	(58)	(59)
Total investments and other assets	22,638	23,930
Total non-current assets	55,596	56,767
Total assets	125,508	120,532

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
Liabilities		
Current liabilities		
Accounts payable - trade	10,629	8,183
Short-term loans payable	655	699
Lease obligations	1,855	1,737
Income taxes payable	1,503	181
Provision for bonuses	1,228	612
Provision for directors' bonuses	48	–
Other	4,449	4,141
Total current liabilities	20,369	15,556
Non-current liabilities		
Bonds with subscription rights to shares	10,032	10,030
Long-term loans payable	258	249
Lease obligations	3,210	3,321
Provision for environmental measures	45	45
Net defined benefit liability	4,535	4,591
Other	1,664	1,856
Total non-current liabilities	19,747	20,094
Total liabilities	40,117	35,651
Net assets		
Shareholders' equity		
Capital stock	4,207	4,207
Capital surplus	49,877	49,877
Retained earnings	33,195	33,469
Treasury shares	(4,324)	(5,273)
Total shareholders' equity	82,955	82,280
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,078	1,175
Foreign currency translation adjustment	1,587	1,627
Remeasurements of defined benefit plans	(230)	(203)
Total accumulated other comprehensive income	2,435	2,599
Non-controlling interests	0	0
Total net assets	85,391	84,880
Total liabilities and net assets	125,508	120,532

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

Consolidated statement of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net sales	16,174	15,599
Cost of sales	8,568	8,556
Gross profit	7,606	7,042
Selling, general and administrative expenses	5,287	5,452
Operating income	2,318	1,590
Non-operating income		
Interest income	29	41
Dividend income	80	109
Foreign exchange gains	–	109
Gain on investments in silent partnership	–	16
Other	34	39
Total non-operating income	143	315
Non-operating expenses		
Interest expenses	17	12
Foreign exchange losses	55	–
Loss on investments in partnership	15	25
Loss on investments in silent partnership	7	–
Other	4	3
Total non-operating expenses	101	41
Ordinary income	2,361	1,864
Extraordinary income		
Gain on sales of investment securities	10	19
Gain on redemption of investment securities	15	31
Total extraordinary income	26	50
Extraordinary losses		
Loss on sales of investment securities	–	11
Total extraordinary losses	–	11
Income before income taxes and minority interests	2,387	1,903
Income taxes - current	545	248
Income taxes - deferred	303	352
Total income taxes	848	601
Profit	1,538	1,302
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	1,538	1,302

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Profit	1,538	1,302
Other comprehensive income		
Valuation difference on available-for-sale securities	26	96
Foreign currency translation adjustment	(110)	40
Remeasurements of defined benefit plans, net of tax	23	27
Total other comprehensive income	(60)	163
Comprehensive income	1,478	1,466
Comprehensive income attributable to:		
Owners of parent	1,478	1,466
Non-controlling interests	0	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.

Significant subsequent events

No items to report.