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November 4, 2015

Consolidated Financial Results for the First Six 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>
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Scheduled date to file Quarterly Securities Report: November 12, 2015
 Scheduled date to commence dividend payments: December 2, 2015
 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, 2016 (from April 1, 2015 to September 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	%
Six months ended September 30, 2015	33,402	(1.4)	3,821	(18.0)	4,190	(17.1)	2,703	(18.1)
September 30, 2014	33,869	10.1	4,661	5.1	5,054	9.5	3,301	16.8

Note: Comprehensive income Six months ended September 30, 2015: ¥2,206 million: [(37.0)%]
 Six months ended September 30, 2014: ¥3,503 million: [8.1%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2015	92.92	85.74
September 30, 2014	109.62	101.36

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2015	119,384	83,967	70.3
March 31, 2015	125,508	85,391	68.0

Reference: Equity

As of September 30, 2015: ¥83,967 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	–	35.00			
Fiscal year ending March 31, 2016 (Forecast)			–	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
Fiscal year ending March 31, 2016	75,800	0.7	10,000	(0.4)	10,500	(9.1)	6,600	(9.1)	226.84

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 September 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 September 30, 2015	2,248,215 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)

Six months ended September 30, 2015	29,096,020 shares
Six months ended September 30, 2014	30,115,354 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 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.

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

(1) Information regarding operating results

In the six months ended September 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 concerns of the impact of underperformance in overseas economies, particularly those of emerging countries, 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 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 six months included the “Qualitas Plus Series,” which was launched in June 2015 as a core electric-powered bed product for overseas medical facilities, as well as an infant bed and a pediatric stretcher, launched in August and September, respectively, to enhance the product lineup for perinatal and pediatric medical care.

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 six months ended September 30, 2015, net sales were ¥33,402 million (down 1.4% year on year), operating income was ¥3,821 million (down 18.0%) and ordinary income was ¥4,190 million (down 17.1%). Profit attributable to owners of parent was ¥2,703 million (down 18.1%).

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 September 30, 2015, amounted to ¥119,384 million, which was a decrease of ¥6,123 million compared to March 31, 2015. The primary factor in this fall was a decrease in notes and accounts receivable - trade.

Liabilities amounted to ¥35,416 million, which was a decrease of ¥4,700 million compared to March 31, 2015. The primary factors in this fall were decreases in accounts payable - trade and income taxes payable.

Net assets amounted to ¥83,967 million, which was a decrease of ¥1,423 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 September 30, 2015, increased by 2.3 percentage points compared to March 31, 2015, 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 October 30, 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 six 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 September 30, 2015
Assets		
Current assets		
Cash and deposits	24,503	28,849
Notes and accounts receivable - trade	23,304	15,732
Lease receivables and investment assets	2,545	2,378
Securities	9,337	7,433
Merchandise and finished goods	5,457	5,446
Work in process	282	234
Raw materials and supplies	1,754	1,711
Other	2,781	2,571
Allowance for doubtful accounts	(55)	(52)
Total current assets	69,912	64,305
Non-current assets		
Property, plant and equipment		
Buildings and structures	27,456	27,569
Accumulated depreciation	(18,166)	(18,524)
Buildings and structures, net	9,290	9,044
Machinery, equipment and vehicles	7,741	7,754
Accumulated depreciation	(6,644)	(6,751)
Machinery, equipment and vehicles, net	1,096	1,003
Land	8,693	8,688
Leased assets	130	130
Accumulated depreciation	(92)	(102)
Leased assets, net	37	27
Assets for rent	17,913	18,410
Accumulated depreciation	(7,676)	(8,071)
Assets for rent, net	10,237	10,339
Construction in progress	149	87
Other	8,576	8,883
Accumulated depreciation	(7,311)	(7,451)
Other, net	1,265	1,432
Total property, plant and equipment	30,771	30,622
Intangible assets		
Goodwill	58	41
Other	2,128	2,087
Total intangible assets	2,186	2,129
Investments and other assets		
Investment securities	16,314	15,479
Other	6,382	6,908
Allowance for doubtful accounts	(58)	(61)
Total investments and other assets	22,638	22,326
Total non-current assets	55,596	55,078
Total assets	125,508	119,384

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Liabilities		
Current liabilities		
Accounts payable - trade	10,629	7,076
Short-term loans payable	655	649
Lease obligations	1,855	1,601
Income taxes payable	1,503	1,128
Provision for bonuses	1,228	1,253
Provision for directors' bonuses	48	–
Other	4,449	3,597
Total current liabilities	20,369	15,306
Non-current liabilities		
Bonds with subscription rights to shares	10,032	10,027
Long-term loans payable	258	153
Lease obligations	3,210	3,439
Provision for environmental measures	45	45
Net defined benefit liability	4,535	4,637
Other	1,664	1,805
Total non-current liabilities	19,747	20,110
Total liabilities	40,117	35,416
Net assets		
Shareholders' equity		
Capital stock	4,207	4,207
Capital surplus	49,877	49,877
Retained earnings	33,195	34,872
Treasury shares	(4,324)	(6,928)
Total shareholders' equity	82,955	82,029
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,078	506
Foreign currency translation adjustment	1,587	1,624
Remeasurements of defined benefit plans	(230)	(193)
Total accumulated other comprehensive income	2,435	1,938
Non-controlling interests	0	0
Total net assets	85,391	83,967
Total liabilities and net assets	125,508	119,384

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

Consolidated statement of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	33,869	33,402
Cost of sales	18,408	18,657
Gross profit	15,461	14,745
Selling, general and administrative expenses	10,799	10,923
Operating income	4,661	3,821
Non-operating income		
Interest income	65	83
Dividend income	157	161
Foreign exchange gains	173	–
Gain on investments in partnership	–	27
Gain on investments in silent partnership	–	23
Other	83	110
Total non-operating income	480	405
Non-operating expenses		
Interest expenses	35	24
Foreign exchange losses	–	1
Loss on investments in partnership	39	–
Loss on investments in silent partnership	3	–
Other	9	12
Total non-operating expenses	87	37
Ordinary income	5,054	4,190
Extraordinary income		
Gain on sales of investment securities	23	35
Gain on redemption of investment securities	15	44
Gain on reversal of subscription rights to shares	3	–
Total extraordinary income	43	79
Extraordinary losses		
Loss on sales of investment securities	–	62
Loss on valuation of investment securities	–	84
Total extraordinary losses	–	147
Income before income taxes and minority interests	5,097	4,122
Income taxes - current	1,747	1,182
Income taxes - deferred	48	237
Total income taxes	1,796	1,419
Profit	3,301	2,703
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	3,301	2,703

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Profit	3,301	2,703
Other comprehensive income		
Valuation difference on available-for-sale securities	157	(571)
Foreign currency translation adjustment	(1)	37
Remeasurements of defined benefit plans, net of tax	46	36
Total other comprehensive income	202	(497)
Comprehensive income	3,503	2,206
Comprehensive income attributable to:		
Owners of parent	3,503	2,206
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.