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February 4, 2016

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2016 <under Japanese GAAP>

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 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, 2016
 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, 2016 (from April 1, 2015 to December 31, 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	%
Nine months ended								
December 31, 2015	50,020	(1.3)	5,757	(12.7)	6,419	(15.5)	4,246	(11.1)
December 31, 2014	50,681	10.3	6,597	8.8	7,600	15.9	4,773	19.9

Note: Comprehensive income
 Nine months ended December 31, 2015: ¥3,774 million: [(33.7)%]
 Nine months ended December 31, 2014: ¥5,692 million: [14.9%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2015	146.90	135.49
December 31, 2014	159.73	147.63

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2015	119,814	83,939	70.1
March 31, 2015	125,508	85,391	68.0

Reference: Equity

As of December 31, 2015: ¥83,939 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

(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, 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 December 31, 2015	2,411,014 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)

Nine months ended December 31, 2015	28,905,009 shares
Nine months ended December 31, 2014	29,888,223 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.

Attached Materials

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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, 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 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.

With respect to product development, in addition to the “METIS Series” of beds, a core electric-powered bed product for medical facilities undergoing a full model change in October 2015, the Extreme-low height “FeeZ Series” of electric-powered beds for nursing homes were developed and launched in November 2015.

On the sales front, solid performances were achieved in the maintenance business and the rental business for welfare equipment in Japan, and sales to overseas, despite a decline in product sales in Japan due to the effects including the above mentioned reforms of the system of medical service fees and the system of nursing care service fees.

As a result of the above, in the nine months ended December 31, 2015, net sales were ¥50,020 million (down 1.3% year on year), operating income was ¥5,757 million (down 12.7%) and ordinary income was ¥6,419 million (down 15.5%). Profit attributable to owners of parent was ¥4,246 million (down 11.1%).

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 December 31, 2015, amounted to ¥119,814 million, which was a decrease of ¥5,693 million compared to March 31, 2015. The primary factor in this fall was a decrease in notes and accounts receivable - trade.

Liabilities amounted to ¥35,874 million, which was a decrease of ¥4,242 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 ¥83,939 million, which was a decrease of ¥1,451 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 December 31, 2015, increased by 2.0 percentage points compared to March 31, 2015, to 70.1%.

(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 nine 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 December 31, 2015
Assets		
Current assets		
Cash and deposits	24,503	25,742
Notes and accounts receivable - trade	23,304	16,436
Lease receivables and investment assets	2,545	2,338
Securities	9,337	9,076
Merchandise and finished goods	5,457	6,323
Work in process	282	281
Raw materials and supplies	1,754	1,726
Other	2,781	2,369
Allowance for doubtful accounts	(55)	(56)
Total current assets	69,912	64,238
Non-current assets		
Property, plant and equipment		
Buildings and structures	27,456	27,491
Accumulated depreciation	(18,166)	(18,614)
Buildings and structures, net	9,290	8,876
Machinery, equipment and vehicles	7,741	7,591
Accumulated depreciation	(6,644)	(6,653)
Machinery, equipment and vehicles, net	1,096	938
Land	8,693	8,687
Leased assets	130	129
Accumulated depreciation	(92)	(107)
Leased assets, net	37	22
Assets for rent	17,913	18,652
Accumulated depreciation	(7,676)	(8,358)
Assets for rent, net	10,237	10,294
Construction in progress	149	81
Other	8,576	8,776
Accumulated depreciation	(7,311)	(7,465)
Other, net	1,265	1,311
Total property, plant and equipment	30,771	30,212
Intangible assets		
Goodwill	58	37
Other	2,128	2,014
Total intangible assets	2,186	2,052
Investments and other assets		
Investment securities	16,314	15,981
Other	6,382	7,421
Allowance for doubtful accounts	(58)	(92)
Total investments and other assets	22,638	23,311
Total non-current assets	55,596	55,575
Total assets	125,508	119,814

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
Liabilities		
Current liabilities		
Accounts payable - trade	10,629	7,286
Short-term loans payable	655	693
Lease obligations	1,855	1,547
Income taxes payable	1,503	302
Provision for bonuses	1,228	644
Provision for directors' bonuses	48	–
Other	4,449	4,986
Total current liabilities	20,369	15,460
Non-current liabilities		
Bonds with subscription rights to shares	10,032	10,025
Long-term loans payable	258	143
Lease obligations	3,210	3,406
Provision for environmental measures	45	41
Net defined benefit liability	4,535	4,715
Other	1,664	2,081
Total non-current liabilities	19,747	20,413
Total liabilities	40,117	35,874
Net assets		
Shareholders' equity		
Capital stock	4,207	4,207
Capital surplus	49,877	49,877
Retained earnings	33,195	35,411
Treasury shares	(4,324)	(7,520)
Total shareholders' equity	82,955	81,975
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,078	661
Foreign currency translation adjustment	1,587	1,499
Remeasurements of defined benefit plans	(230)	(196)
Total accumulated other comprehensive income	2,435	1,964
Non-controlling interests	0	0
Total net assets	85,391	83,939
Total liabilities and net assets	125,508	119,814

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

Consolidated statement of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net sales	50,681	50,020
Cost of sales	27,856	27,966
Gross profit	22,825	22,054
Selling, general and administrative expenses	16,227	16,297
Operating income	6,597	5,757
Non-operating income		
Interest income	105	120
Dividend income	242	204
Foreign exchange gains	577	–
Gain on investments in partnership	–	20
Gain on investments in silent partnership	22	251
Other	127	144
Total non-operating income	1,074	741
Non-operating expenses		
Interest expenses	49	35
Foreign exchange losses	–	38
Loss on investments in partnership	8	–
Other	14	5
Total non-operating expenses	72	79
Ordinary income	7,600	6,419
Extraordinary income		
Gain on sales of investment securities	39	56
Gain on redemption of investment securities	15	44
Gain on reversal of subscription rights to shares	3	–
Total extraordinary income	59	100
Extraordinary losses		
Loss on sales of investment securities	3	62
Loss on redemption of investment securities	–	0
Loss on valuation of investment securities	–	87
Total extraordinary losses	3	150
Income before income taxes and minority interests	7,655	6,369
Income taxes - current	2,374	1,414
Income taxes - deferred	507	708
Total income taxes	2,881	2,123
Profit	4,774	4,246
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	4,773	4,246

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Profit	4,774	4,246
Other comprehensive income		
Valuation difference on available-for-sale securities	490	(417)
Foreign currency translation adjustment	357	(87)
Remeasurements of defined benefit plans, net of tax	70	33
Total other comprehensive income	918	(471)
Comprehensive income	5,692	3,774
Comprehensive income attributable to:		
Owners of parent	5,691	3,774
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.