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October 31, 2017

Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2018 <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, 2017
 Scheduled date to commence dividend payments: December 4, 2017
 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, 2018 (from April 1, 2017 to September 30, 2017)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2017	34,795	7.4	4,379	(1.4)	5,769	48.4	3,975	48.1
September 30, 2016	32,383	(3.1)	4,443	16.3	3,887	(7.2)	2,684	(0.7)

Note: Comprehensive income Six months ended September 30, 2017: ¥4,299 million: [156.2%]
 Six months ended September 30, 2016: ¥1,678 million: [(23.9)%]

	Basic net income per share	Diluted net income per share
Six months ended	Yen	Yen
September 30, 2017	143.96	132.23
September 30, 2016	94.25	86.82

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2017	130,465	91,309	70.0
March 31, 2017	128,962	88,391	68.5

Reference: Equity

As of September 30, 2017: ¥91,308 million
 As of March 31, 2017: ¥88,390 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, 2017	–	40.00	–	50.00	90.00
Fiscal year ending March 31, 2018	–	45.00			
Fiscal year ending March 31, 2018 (Forecast)			–	45.00	90.00

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

Year-end dividends for the fiscal year ended March 31, 2017 consist of regular dividends of ¥40.00 and commemorative dividends of ¥10.00.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Basic net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2018	76,000	3.8	11,500	4.4	12,500	6.0	8,500	(5.9)	307.81

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.: None
 - 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 September 30, 2017	30,877,487 shares
As of March 31, 2017	30,877,487 shares

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

As of September 30, 2017	3,263,422 shares
As of March 31, 2017	3,263,161 shares

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

Six months ended September 30, 2017	27,614,203 shares
Six months ended September 30, 2016	28,483,096 shares

*** Quarterly financial results reports are not required to be subjected to quarterly reviews.**

*** 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 3 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 six months

(1) Information regarding operating results

In the six months ended September 30, 2017, the Japanese economy continued to mount a gradual recovery fueled by factors such as better corporate earnings and a more upbeat employment situation, yet future prospects remain unclear largely due to economic uncertainties overseas.

In the medical and elderly welfare fields, which are related to the operations of the Paramount Bed Group (“the Group”), a general framework has been settled on for the revision in 2018 of the long-term care insurance system which is being undertaken with the aim of establishing a community-based integrated care system in 2025. Discussions are now in full swing with respect to the key policies of “deepening and promoting the community-based integrated care system” and “maintaining sustainability of long-term care insurance,” and with respect to the simultaneous revision of medical service and long-term care fees in 2018.

Amid this environment, the Group has been actively developing business in a manner geared to ensuring that it achieves objectives of its medium-term business plan, “2020 Plan,” which covers the period encompassing April 2016 to March 2021. The business plan cites “maintaining and expanding existing business areas,” “stepping up pace of overseas business expansion,” and “strengthening R&D and creating business models serving as buds of new growth” as its key policies geared to achieving its goals for consolidated net sales and consolidated operating income for the fiscal year ending March 31, 2021, of ¥100,000 million and ¥14,000 million, respectively.

With respect to product development, in July 2017 we made a model change involving our “L’za” chairs for use in dialysis and chemotherapy units, designed to save space and ensure patient comfort.

As for our overseas business, having established an assembly plant in Mexico we started full-scale operations in July 2017. Given that delivery of domestic products is often a requirement with respect to Mexican public national hospitals, we anticipate that such factory operations will result in higher sales to that nation, and we also have our sights set on exporting products to neighboring countries.

As part of our new business operations, in April 2017 we began sales and marketing of the “Welwalk WW-1000” rehabilitation-assist robot developed by Toyota Motor Corporation, and launched services that include setup and maintenance.

With respect to the Paramount Care Service Co., Ltd. rental wholesale business for assistive products, we established our first business location in Okinawa Prefecture in July 2017, making that our 75th such site nationwide, in order to develop new markets.

Moreover, in July 2017 we established the Paramount Healthcare Research Institute which specializes in medical and caregiving research. Amid various trends unfolding in the medical and caregiving fields in markets such as Japan, elsewhere in Asia, Europe and the U.S., we aim to contribute to sustainable development of medicine and caregiving by disseminating information upon conducting investigations and research leveraging the specialized experience, knowledge and networks, etc. developed by the Group thus far.

On the sales front, results were largely in line with forecasts, particularly with respect to our domestic subsidiaries which include product sales operator Paramount Bed Co., Ltd., maintenance services provider Paratechno Co., Ltd., and assistive product rental wholesale provider Paramount Care Service Co., Ltd.

As a result of the above, in the six months ended September 30, 2017, net sales were ¥34,795 million (up 7.4% year on year), operating income was ¥4,379 million (down 1.4% largely as a result of having incurred costs associated with rebuilding branches) and ordinary income was ¥5,769 million (up 48.4% largely as a result of having recognized gain on investments in partnership). Net income attributable to owners of the parent was ¥3,975 million (up 48.1%).

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, 2017, amounted to ¥130,465 million, which was an increase of ¥1,502 million compared to March 31, 2017. The primary factor in this increase was an increase in securities.

Liabilities amounted to ¥39,156 million, which was a decrease of ¥1,414 million compared to March 31, 2017. The primary factor in this fall was a decrease in accounts payable - trade.

Net assets amounted to ¥91,309 million, which was an increase of ¥2,917 million compared to March 31, 2017. The primary factor in this increase was an increase in retained earnings.

As a result, the equity-to-asset ratio as of September 30, 2017, increased by 1.5 percentage points compared to March 31, 2017, to 70.0%.

(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, 2017.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	30,228	32,719
Notes and accounts receivable - trade	22,914	16,344
Lease receivables and investment assets	1,962	2,099
Securities	9,804	13,038
Merchandise and finished goods	4,453	5,528
Work in process	225	233
Raw materials and supplies	1,381	1,501
Other	2,160	1,643
Allowance for doubtful accounts	(44)	(41)
Total current assets	73,085	73,066
Non-current assets		
Property, plant and equipment		
Buildings and structures	27,256	26,856
Accumulated depreciation	(19,175)	(19,148)
Buildings and structures, net	8,081	7,708
Machinery, equipment and vehicles	7,375	7,401
Accumulated depreciation	(6,585)	(6,610)
Machinery, equipment and vehicles, net	789	790
Land	8,650	8,650
Leased assets	109	109
Accumulated depreciation	(109)	(109)
Leased assets, net	0	0
Assets for rent	22,858	24,335
Accumulated depreciation	(11,192)	(12,216)
Assets for rent, net	11,665	12,119
Construction in progress	126	595
Other	8,876	8,937
Accumulated depreciation	(7,692)	(7,657)
Other, net	1,183	1,279
Total property, plant and equipment	30,496	31,144
Intangible assets		
Goodwill	22	15
Other	1,972	1,908
Total intangible assets	1,994	1,924
Investments and other assets		
Investment securities	15,734	16,090
Other	7,704	8,259
Allowance for doubtful accounts	(54)	(19)
Total investments and other assets	23,385	24,329
Total non-current assets	55,877	57,398
Total assets	128,962	130,465

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	10,603	7,612
Lease obligations	1,888	2,037
Income taxes payable	713	1,257
Provision for bonuses	1,245	1,274
Provision for directors' bonuses	27	–
Other	4,028	4,173
Total current liabilities	18,507	16,356
Non-current liabilities		
Bonds with subscription rights to shares	10,012	10,007
Lease obligations	4,034	4,394
Provision for environmental measures	41	41
Net defined benefit liability	5,564	5,692
Other	2,409	2,663
Total non-current liabilities	22,063	22,799
Total liabilities	40,570	39,156
Net assets		
Shareholders' equity		
Capital stock	4,207	4,207
Capital surplus	49,877	49,877
Retained earnings	44,451	47,045
Treasury shares	(10,730)	(10,731)
Total shareholders' equity	87,805	90,398
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	542	867
Foreign currency translation adjustment	568	548
Remeasurements of defined benefit plans	(525)	(505)
Total accumulated other comprehensive income	585	909
Noncontrolling interests	0	0
Total net assets	88,391	91,309
Total liabilities and net assets	128,962	130,465

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

Consolidated statement of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	32,383	34,795
Cost of sales	17,116	18,557
Gross profit	15,266	16,237
Selling, general and administrative expenses	10,823	11,858
Operating income	4,443	4,379
Non-operating income		
Interest income	69	63
Dividend income	67	76
Foreign exchange gains	–	210
Gain on investments in partnership	–	751
Gain on investments in silent partnership	2	180
Other	82	131
Total non-operating income	222	1,413
Non-operating expenses		
Interest expenses	17	14
Foreign exchange losses	718	–
Loss on investments in partnership	28	–
Other	14	8
Total non-operating expenses	779	23
Ordinary income	3,887	5,769
Extraordinary income		
Gain on sales of investment securities	7	6
Gain on redemption of investment securities	39	–
Total extraordinary income	46	6
Extraordinary losses		
Loss on sales of investment securities	–	5
Loss on redemption of investment securities	10	0
Loss on valuation of investment securities	0	–
Total extraordinary losses	10	5
Income before income taxes	3,922	5,770
Income taxes - current	1,199	1,670
Income taxes - deferred	38	125
Total income taxes	1,238	1,795
Net income	2,684	3,975
Net income attributable to noncontrolling interests	0	0
Net income attributable to owners of the parent	2,684	3,975

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net income	2,684	3,975
Other comprehensive income		
Valuation difference on available-for-sale securities	(334)	325
Foreign currency translation adjustment	(687)	(20)
Remeasurements of defined benefit plans, net of tax	16	19
Total other comprehensive income	(1,006)	324
Comprehensive income	1,678	4,299
Comprehensive income attributable to:		
Owners of the parent	1,678	4,299
Noncontrolling 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.