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August 6, 2014

Consolidated Financial Results for the First Three 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>
 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 12, 2014
 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, 2015 (from April 1, 2014 to June 30, 2014)

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

Three months ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2014	16,174	8.8	2,318	8.3	2,361	4.4	1,538	12.4
June 30, 2013	14,867	(5.5)	2,141	(23.4)	2,261	(18.5)	1,368	(15.3)

Note: Comprehensive income Three months ended June 30, 2014: ¥1,478 million: [(9.5)%]
 Three months ended June 30, 2013: ¥1,633 million: [13.1%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2014	50.14	46.44
June 30, 2013	44.71	44.63

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2014	118,331	83,269	70.4
March 31, 2014	122,302	82,571	67.5

Reference: Equity
 As of June 30, 2014: ¥83,257 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	–				
Fiscal year ending March 31, 2015 (Forecast)		25.00	–	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
Six months ending September 30, 2014	32,500	5.7	4,600	3.7	4,700	1.8	2,900	2.6	94.64
Fiscal year ending March 31, 2015	75,000	3.0	12,000	4.0	12,300	(0.5)	7,400	0.2	241.50

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, 2014	30,852,887 shares
As of March 31, 2014	30,828,587 shares

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

As of June 30, 2014	144,640 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)

Three months ended June 30, 2014	30,690,339 shares
Three months ended June 30, 2013	30,612,978 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.

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

(1) Information regarding operating results

In the Japanese economy in the three months ended June 30, 2014, although there were some temporary signs of weakness resulting from a pullback in demand following a rush ahead of a consumption tax hike, there was a continued trend of moderate recovery reflecting the effects of various government measures. Nevertheless, Japan's economic prospects continued to be unclear due to such factors as economic downswings overseas.

In the medical and elderly welfare fields, which are related to the operations of the Paramount Bed Group (the "Group"), the Act for the Promotion of Regional Medical Care and Nursing Care was passed in June 2014. The Act is intended to reform the medical care and nursing care systems in an integrated manner in preparation for 2025, when the aging of Japan's population is expected to peak. In the nursing care insurance field, items intended to constrain growth in social security spending were incorporated into the Act. These include limiting persons newly admitted to special elderly care homes, for which waiting lists are estimated to total 520,000 persons, to those qualified as "long-term care level 3" or higher and raising the portion of the expense to be paid by those with a certain level of income from 10% to 20%.

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.

On the sales front, although some products and services were affected by pullbacks in demand following the rush ahead of the consumption tax hike, sales and rentals of the "Rakusho Z Series" of beds for home caregiving launched in January 2014 were strong.

As a result of the above, in the three months ended June 30, 2014, net sales were ¥16,174 million (up 8.8% year on year), operating income was ¥2,318 million (up 8.3%) and ordinary income was ¥2,361 million (up 4.4%). Net income was ¥1,538 million (up 12.4%).

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, 2014, amounted to ¥118,331 million, which was a decrease of ¥3,971 million compared to March 31, 2014. The primary factors in this decrease were decreases in cash and deposits and notes and accounts receivable - trade.

Liabilities amounted to ¥35,061 million, which was a decrease of ¥4,669 million compared to March 31, 2014. The primary factors in this decrease were decreases in accounts payable - trade, income taxes payable and provision for bonuses.

Net assets amounted to ¥83,269 million, which was an increase of ¥698 million compared to March 31, 2014. The primary factors in this increase were an increase resulting from the recording of ¥1,538 million of net income and a decrease in retained earnings resulting from the payment of year-end dividends. As a result, the equity-to-asset ratio as of June 30, 2014, increased by 2.9 percentage points compared to March 31, 2014, 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 13, 2014.

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 three 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 quarter of the fiscal year ending March 31, 2015, the previously used method is still being employed. Consequently, this has no effects on profit or loss for the first three 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 June 30, 2014
Assets		
Current assets		
Cash and deposits	27,783	26,018
Notes and accounts receivable - trade	24,698	19,020
Lease receivables and investment assets	2,436	2,423
Securities	3,667	5,573
Merchandise and finished goods	4,225	5,312
Work in process	306	257
Raw materials and supplies	1,734	1,723
Other	3,672	3,051
Allowance for doubtful accounts	(56)	(56)
Total current assets	68,469	63,324
Non-current assets		
Property, plant and equipment		
Buildings and structures	27,014	27,229
Accumulated depreciation	(17,564)	(17,721)
Buildings and structures, net	9,449	9,508
Machinery, equipment and vehicles	7,511	7,489
Accumulated depreciation	(6,278)	(6,318)
Machinery, equipment and vehicles, net	1,233	1,171
Land	8,692	8,690
Leased assets	251	208
Accumulated depreciation	(174)	(140)
Leased assets, net	76	67
Assets for rent	16,354	16,758
Accumulated depreciation	(6,323)	(6,577)
Assets for rent, net	10,031	10,180
Construction in progress	100	44
Other	8,812	8,888
Accumulated depreciation	(7,276)	(7,336)
Other, net	1,536	1,552
Total property, plant and equipment	31,120	31,215
Intangible assets		
Goodwill	111	97
Other	2,223	2,153
Total intangible assets	2,334	2,250
Investments and other assets		
Investment securities	16,698	17,331
Other	4,223	4,752
Allowance for doubtful accounts	(60)	(59)
Allowance for investment loss	(485)	(485)
Total investments and other assets	20,377	21,539
Total non-current assets	53,832	55,006
Total assets	122,302	118,331

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
Liabilities		
Current liabilities		
Accounts payable - trade	10,148	7,653
Short-term loans payable	463	429
Lease obligations	2,147	2,062
Income taxes payable	2,376	600
Provision for bonuses	1,207	583
Provision for directors' bonuses	123	–
Other	4,371	4,366
Total current liabilities	20,838	15,695
Non-current liabilities		
Bonds with subscription rights to shares	10,042	10,040
Long-term loans payable	444	446
Lease obligations	3,597	3,473
Provision for environmental measures	46	46
Net defined benefit liability	4,083	4,225
Other	677	1,135
Total non-current liabilities	18,892	19,366
Total liabilities	39,731	35,061
Net assets		
Shareholders' equity		
Capital stock	4,166	4,186
Capital surplus	49,835	49,856
Retained earnings	27,484	28,197
Treasury shares	(383)	(371)
Total shareholders' equity	81,103	81,868
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	621	647
Foreign currency translation adjustment	1,023	913
Remeasurements of defined benefit plans	(195)	(172)
Total accumulated other comprehensive income	1,449	1,388
Subscription rights to shares	18	11
Minority interests	0	0
Total net assets	82,571	83,269
Total liabilities and net assets	122,302	118,331

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

(Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Net sales	14,867	16,174
Cost of sales	7,770	8,568
Gross profit	7,096	7,606
Selling, general and administrative expenses	4,955	5,287
Operating income	2,141	2,318
Non-operating income		
Interest income	29	29
Dividend income	69	80
Gain on investments in partnership	38	–
Gain on investments in silent partnership	53	–
Other	36	34
Total non-operating income	227	143
Non-operating expenses		
Interest expenses	23	17
Foreign exchange losses	83	55
Loss on investments in partnership	–	15
Loss on investments in silent partnership	–	7
Other	0	4
Total non-operating expenses	107	101
Ordinary income	2,261	2,361
Extraordinary income		
Gain on sales of investment securities	26	10
Gain on redemption of investment securities	39	15
Total extraordinary income	65	26
Extraordinary losses		
Loss on redemption of investment securities	0	–
Total extraordinary losses	0	–
Income before income taxes and minority interests	2,326	2,387
Income taxes - current	453	545
Income taxes - deferred	501	303
Total income taxes	955	848
Income before minority interests	1,371	1,538
Minority interests in income	2	0
Net income	1,368	1,538

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
Income before minority interests	1,371	1,538
Other comprehensive income		
Valuation difference on available-for-sale securities	0	26
Foreign currency translation adjustment	261	(110)
Remeasurements of defined benefit plans, net of tax	–	23
Total other comprehensive income	261	(60)
Comprehensive income	1,633	1,478
Comprehensive income attributable to:		
Owners of parent	1,614	1,478
Minority interests	18	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

Acquisition of treasury shares by means of tender offer

Based on a resolution of a meeting of the board of directors held on May 22, 2014, the Company acquired treasury shares by means of a tender offer, as follows, in accordance with paragraph 1 of Article 156 of the Companies Act, with replacement of terms pursuant to paragraph 3 of Article 165 of the Companies Act, and the Company's Articles of Incorporation.

1. Details of the resolution by the board of directors' meeting

(1) Type of shares to be acquired:	Common shares of the Company
(2) Total number of shares to be acquired:	1,500,100 shares (maximum)
(3) Total acquisition price of shares:	¥4,350,290,000 (maximum)
(4) Acquisition period:	From May 23, 2014 to June 30, 2014

2. Overview of the tender offer

(1) Tender offer period:	From May 23, 2014 to June 19, 2014 (20 business days)
(2) Acquisition price:	¥2,900 per share
(3) Total number of shares to be acquired:	1,500,000 shares
(4) Date of public notice of commencement of the tender offer bid:	May 23, 2014
(5) Settlement commencement date:	July 11, 2014

3. Results of the tender offer

(1) Total number of tendered shares:	1,400,233 shares
(2) Total number of shares acquired:	1,400,233 shares
(3) Total acquisition price:	¥4,060,675,700