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July 31, 2017

Consolidated Financial Results for the First Three 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: August 9, 2017
 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, 2018 (from April 1, 2017 to June 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	%
Three months ended								
June 30, 2017	16,017	3.4	1,559	(14.3)	2,402	113.7	1,670	138.3
June 30, 2016	15,493	(0.7)	1,819	14.4	1,124	(39.7)	700	(46.2)

Note: Comprehensive income Three months ended June 30, 2017: ¥1,806 million: [—%]
 Three months ended June 30, 2016: ¥(183) million: [—%]

	Basic net income per share	Diluted net income per share
Three months ended	Yen	Yen
June 30, 2017	60.50	55.57
June 30, 2016	24.62	22.68

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2017	126,438	88,817	70.2
March 31, 2017	128,962	88,391	68.5

Reference: Equity

As of June 30, 2017: ¥88,816 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	–				
Fiscal year ending March 31, 2018 (Forecast)		45.00	–	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
Six months ending September 30, 2017	34,200	5.6	4,400	(1.0)	4,500	15.8	3,000	11.8	108.64
Fiscal year ending March 31, 2018	76,000	3.8	11,500	4.4	11,800	0.1	8,000	(11.5)	289.71

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 June 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 June 30, 2017	3,263,219 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)

Three months ended June 30, 2017	27,614,288 shares
Three months ended June 30, 2016	28,476,625 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 three 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 three months

(1) Information regarding operating results

In the three months ended June 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”), the Japanese government has settled on a general framework 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 when those in Japan’s baby boom generation will be aged 75 and older. The pillars of the revision encompass government initiatives geared to “deepening and promoting the community-based integrated care system,” and “maintaining sustainability of the long-term care insurance system.”

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 June 2017 we announced 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 production geared to achieving full-scale operations in July 2017. We anticipate that such operations will enable us to increase sales given that taking part in the bidding process in Mexico is often contingent on a firm engaging in domestic production, and we also have our sights set on exporting products to neighboring countries.

With respect to the Paramount Care Service Co., Ltd. rental wholesale business for assistive products, we have been expanding our footprint nationwide in order to better provide sophisticated services and develop new markets. As of June 30, 2017, Paramount Care Service Co., Ltd. operates in 74 business locations upon having newly established and integrated facilities.

In addition, as was announced in April 2017 Paramount Bed Co., Ltd. will handle business operations involving the “Welwalk WW-1000” rehabilitation-assist robot developed by Toyota Motor Corporation, and Paratechno Co., Ltd. will be consigned services such as those involving set up, maintenance and call-center support.

On the sales front, business such as that involving product sales in Japan, maintenance, and assistive product rental wholesale generated sound results across the board.

As a result of the above, in the three months ended June 30, 2017, net sales were ¥16,017 million (up 3.4% year on year), operating income was ¥1,559 million (down 14.3% largely as a result of having incurred costs associated with rebuilding branches) and ordinary income was ¥2,402 million (up 113.7% largely as a result of having recognized gain on investments in partnership). Net income attributable to owners of the parent was ¥1,670 million (up 138.3%).

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, 2017, amounted to ¥126,438 million, which was a decrease of ¥2,523 million compared to March 31, 2017. The primary factor in this fall was a decrease in notes and accounts receivable - trade.

Liabilities amounted to ¥37,621 million, which was a decrease of ¥2,949 million compared to March 31, 2017. The primary factors in this fall were decreases in accounts payable - trade, income taxes payable and provision for bonuses.

Net assets amounted to ¥88,817 million, which was an increase of ¥425 million compared to March 31, 2017. The primary factors in this increase were increases in retained earnings and valuation difference on available-for-sale securities. As a result, the equity-to-asset ratio as of June 30, 2017, increased by 1.7 percentage points compared to March 31, 2017, to 70.2%.

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

No revisions have been made to the consolidated earnings forecasts announced on May 10, 2017.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	30,228	30,185
Notes and accounts receivable - trade	22,914	17,639
Lease receivables and investment assets	1,962	2,067
Securities	9,804	10,672
Merchandise and finished goods	4,453	5,413
Work in process	225	202
Raw materials and supplies	1,381	1,418
Other	2,160	2,618
Allowance for doubtful accounts	(44)	(42)
Total current assets	73,085	70,176
Non-current assets		
Property, plant and equipment		
Buildings and structures	27,256	26,810
Accumulated depreciation	(19,175)	(18,998)
Buildings and structures, net	8,081	7,811
Machinery, equipment and vehicles	7,375	7,339
Accumulated depreciation	(6,585)	(6,592)
Machinery, equipment and vehicles, net	789	746
Land	8,650	8,650
Leased assets	109	109
Accumulated depreciation	(109)	(109)
Leased assets, net	0	0
Assets for rent	22,858	23,504
Accumulated depreciation	(11,192)	(11,594)
Assets for rent, net	11,665	11,909
Construction in progress	126	35
Other	8,876	8,978
Accumulated depreciation	(7,692)	(7,720)
Other, net	1,183	1,258
Total property, plant and equipment	30,496	30,412
Intangible assets		
Goodwill	22	18
Other	1,972	1,960
Total intangible assets	1,994	1,979
Investments and other assets		
Investment securities	15,734	15,761
Other	7,704	8,162
Allowance for doubtful accounts	(54)	(53)
Total investments and other assets	23,385	23,869
Total non-current assets	55,877	56,262
Total assets	128,962	126,438

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	10,603	7,777
Lease obligations	1,888	1,962
Income taxes payable	713	249
Provision for bonuses	1,245	615
Provision for directors' bonuses	27	–
Other	4,028	4,523
Total current liabilities	18,507	15,128
Non-current liabilities		
Bonds with subscription rights to shares	10,012	10,010
Lease obligations	4,034	4,228
Provision for environmental measures	41	41
Net defined benefit liability	5,564	5,636
Other	2,409	2,575
Total non-current liabilities	22,063	22,493
Total liabilities	40,570	37,621
Net assets		
Shareholders' equity		
Capital stock	4,207	4,207
Capital surplus	49,877	49,877
Retained earnings	44,451	44,740
Treasury shares	(10,730)	(10,730)
Total shareholders' equity	87,805	88,095
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	542	744
Foreign currency translation adjustment	568	493
Remeasurements of defined benefit plans	(525)	(516)
Total accumulated other comprehensive income	585	721
Noncontrolling interests	0	0
Total net assets	88,391	88,817
Total liabilities and net assets	128,962	126,438

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

Consolidated statement of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	15,493	16,017
Cost of sales	8,226	8,442
Gross profit	7,267	7,574
Selling, general and administrative expenses	5,448	6,015
Operating income	1,819	1,559
Non-operating income		
Interest income	33	33
Dividend income	48	47
Foreign exchange gains	–	100
Gain on investments in partnership	–	605
Gain on investments in silent partnership	–	9
Other	22	62
Total non-operating income	104	858
Non-operating expenses		
Interest expenses	8	7
Foreign exchange losses	671	–
Loss on investments in partnership	76	–
Loss on investments in silent partnership	29	–
Other	12	7
Total non-operating expenses	799	14
Ordinary income	1,124	2,402
Extraordinary income		
Gain on sales of investment securities	7	–
Gain on redemption of investment securities	36	–
Total extraordinary income	44	–
Extraordinary losses		
Loss on sales of investment securities	–	5
Loss on redemption of investment securities	10	0
Loss on valuation of investment securities	3	–
Total extraordinary losses	14	5
Income before income taxes	1,154	2,397
Income taxes - current	229	437
Income taxes - deferred	224	288
Total income taxes	453	726
Net income	701	1,670
Net income attributable to noncontrolling interests	0	0
Net income attributable to owners of the parent	700	1,670

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net income	701	1,670
Other comprehensive income		
Valuation difference on available-for-sale securities	(468)	202
Foreign currency translation adjustment	(425)	(75)
Remeasurements of defined benefit plans, net of tax	9	8
Total other comprehensive income	(884)	136
Comprehensive income	(183)	1,806
Comprehensive income attributable to:		
Owners of the parent	(183)	1,806
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.