Financial Term Ended March 2005 (6 Months)
Financial Results Bulletin (Consolidated)

May 19, 2005

Name of Listed Company: **France Bed Holdings Co., Ltd.** Listing Exchanges: Tokyo, Osaka
Head Office Location: Tokyo

Code No. 7840
（URL http://www.francebed-hd.co.jp ）
Representative and Title: President and Chief Executive Officer Shigeru Ikeda
Contact Person and Title: Director (Accounting Group) Kotaro Hoshikawa Tel:+81-3-5338-1081
Date of Board of Directors Meeting for Financial Closing: May 19, 2005
Adoption of United States Financial Accounting Standards: None

1. Consolidated Performance for the Term Ended March 2005
(Commenced October 1, 2004 and ended March 31, 2005)

The current business year (ended March 2005) commenced October1, 2004 and ended March 31, 2005 whereas the prior business year represented the 1st fiscal year of establishing the company commenced March 30, 2004 and ended September 30, 2004. Consequently, there is no comparative presentation of performance results.
(Note) Figures presented have been rounded down to the nearest unit presented.

(1) Consolidated Management Performance

	Sales		Operating Income		Ordinary Income	
	¥ million	%	¥ million	%	¥ million	%
Fiscal Term Ended March 2005	35,167	—	2,107	—	2,124	—
Fiscal Term Ended September 2004	34,788	—	1,757	—	1,860	—

	Net Income		Earnings per Share	Fully Diluted Earnings per Share	Return on Equity	Ordinary Income to Total Assets	Ordinary Income to Sales
	¥ million	%	¥	¥	%	%	%
Fiscal Term Ended March 2005	1,505		6.05	—	3.7	3.1	6.0
Fiscal Term Ended September 2004	1,019		4.35	—	2.5	2.6	5.3

(Note) (i) Investment Gains and Losses due to Equity Method: Fiscal Year ended March 2005 - ¥ --, Fiscal Year ended September 2004 - ¥ --.
(ii) Average Number of Shares Outstanding during the Fiscal Year (consolidated): Fiscal Year ended March 2005 – 231,971,454 shares, Fiscal Year ended September 2004 – 225,646,806 shares
(iii) Changes in Accounting Treatment: Yes

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Equity Ratio	Equity per Share
	¥ million	¥ million	%	¥
Fiscal Term Ended March 2005	66,239	40,136	60.5	174.47
Fiscal Term Ended September 2004	70,292	39,888	56.7	172.72

(Note) Number of Shares Outstanding (Consolidated) as of Balance Sheet Date: Fiscal Year ended March 2005 – 229,469,949 shares, Fiscal Year ended September 2004 – 230,728,116 shares

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Ending Balance of Cash and Cash Equivalents
	¥ million	¥ million	¥ million	¥ million
Fiscal Term Ended March 2005	361	(-)1,371	(-)4,610	14,263
Fiscal Term Ended September 2004	936	(-)885	1,251	19,883

(4) Matters relating to Scope of Consolidation and the Application of the Equity Method
Number of Consolidated Subsidiaries: 6 Number of Unconsolidated Subsidiaries to which Equity Method is Applied: - , Number of Affiliated Companies to which the Equity Method is Applied: -

(5) Changes in the Scope of Consolidation and Application of the Equity Method
Consolidation (de novo) -, (exclusion) 1, Equity Method (de novo) -, (exclusion) -

2. Projected Performance for the Fiscal Year Ending March 2006
(Commenced April 1, 2005 and ending March 31, 2006)

	Sales	Ordinary Income	Net Income
	¥ million	¥ million	¥ million
Interim	35,400	1,970	710
Full Year	71,200	4,240	2,000

(Reference) Projected Earnings per Share (full year) ¥8.71
* The above projections have been prepared based on available information as of the day of publication of this document and due to various factors, the actual performance may vary from the projections.
For matters relating to the above performance projections, see page 12 of the Attachment.

Corporate Group

The Corporate Group is comprised of the Company and seven subsidiary companies and are primarily engaged in furniture and interior business, nursing care equipment among other businesses.
The relationship between the positioning of the Group businesses and business segment is described below. The classification used in the business segment in the segment information is the same as one applied below.

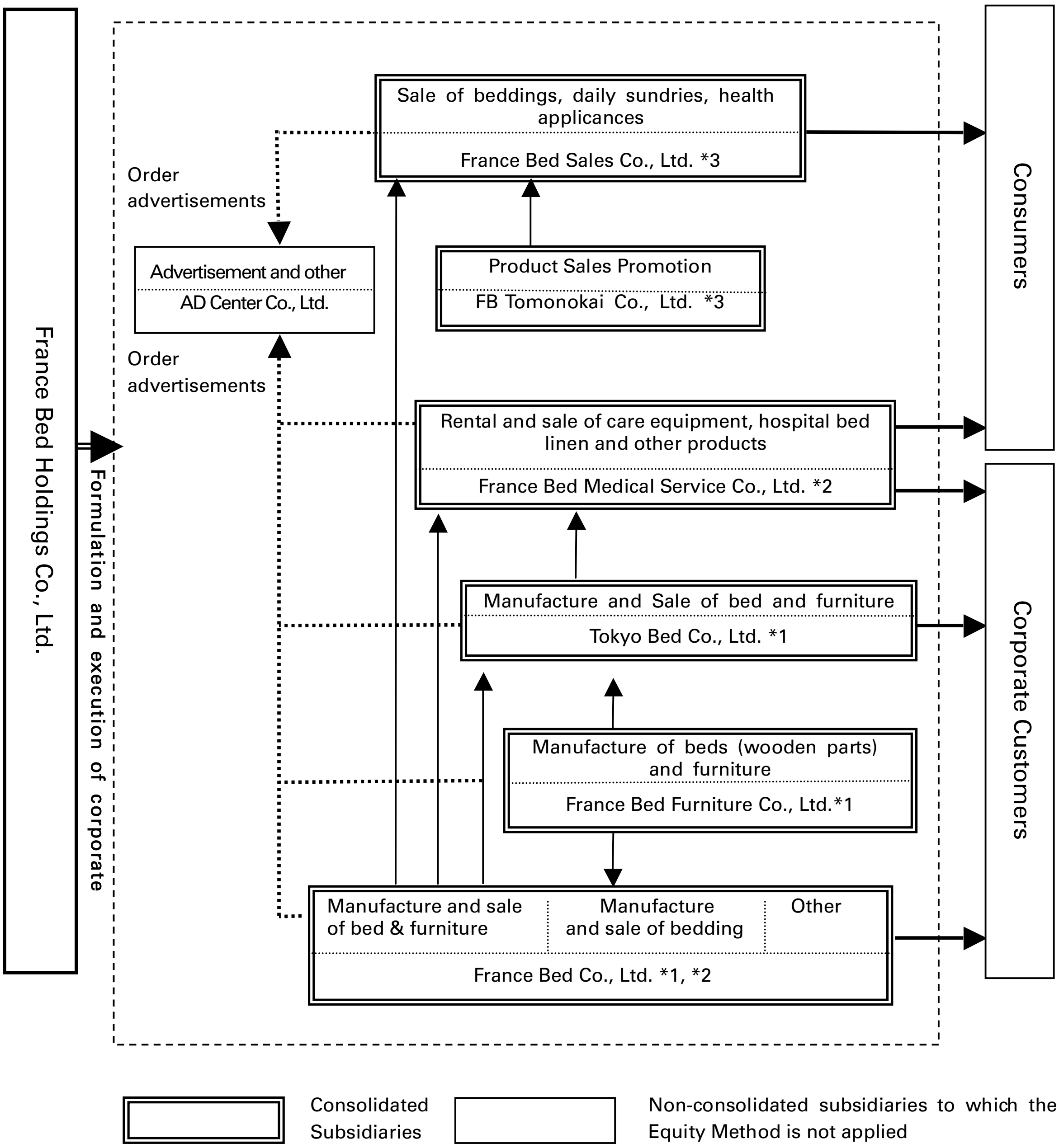
Business Type	Principal Line of Business	Principal Companies
Home furnishing business	Manufacture, procurement and wholesaling of beds, furniture and bedding products	France Bed Co., Ltd. Tokyo Bed Co., Ltd. France Bed Furniture Co., Ltd
Acute and long-term care business	Manufacture, procure, rental, retail and wholesale of acute care beds, nursing and medical equipment and hospital linens	France Bed Medical Service Co., Ltd., France Bed Co., Ltd.
Other	Procurement and retailing of bed furnishings, daily sundries, health appliances and the like	France Bed Sales Co., Ltd. FB Tomonokai Co., Ltd.

Advertisements, operation of exhibits and other sales related activities of the Corporate Group are carried out by a subsidiary company, Ad Center Co., Ltd.
FB Tomonokai Co., Ltd. is a subsidiary of the subsidiary, France Bed Sales Co., Ltd, and is engaged in recruitment of members who engage in purchase of products marketed by France Bed Sales Co., Ltd. products through pre-paid purchase agreements and in promotion of sales toward the members.

(Notes) 1. As of November 1, 2004, a consolidated subsidiary, France Bed Trading Co., Ltd., absorbed a consolidated subsidiary France Bed Sales Co., Ltd. the former being the surviving company and France Bed Sales Co., Ltd. being dissolved. On the same day of the merger, the surviving company changed its corporate name to France Bed Sales Co., Ltd.
2. On May 3, 2005, France Bed International (Thailand) Co., Ltd. was established through joint investments by the Company and 3 other investors.

Schematic summary of the businesses is as shown below.

（Operating Structure）



*1 Home Furnishing Business, *2 Acute and long-term care Business, *3 Other Businesses

Management Policies

1. Basic Management Policies of the Company

The Group holds as its group vision, "to become a human company contributing to the achievement of life with full and compassion through creation and innovation" and will endeavor to provide high value added new products and services that will provide satisfaction to our consumers.

Through the efficient utilization of the management resources of each of the Group Companies, enhance the overall strength of the group and enhance the corporate value.

2. Basic Policies Relating to Distribution of Profits

The Company, to maximize the shareholder value, has positioned return of profits to the shareholders as one of the priority management policies and it is the basic policy of the company to provide the shareholders with continuing and stable dividends.

In line with the above policy, the Company plans to make a ¥2.50 per share dividend for the current consolidated fiscal year under review. With respect to retained earnings, it is the policy of the Company to utilize the funds not only to further enhance the financial position but also to make investments into strategic businesses that will lead to development of new products and services for further growth of the Company, thereby, strengthening the management foundation of the company for the future.

3. Target Management Indicators

The Group is currently engaged in a medium term management plan that targets the period from October 1, 2004 to march 31, 2007. Under the plan, expansion in consolidated net income is targeted through globalization of the businesses and development of products and services to meet the needs of the aging society with the target consolidated net income of ¥2,900 million in the fiscal year ending March 2007. The consolidated sales target for the same fiscal year is ¥74,400 million with consolidated ordinary income target of ¥5,100 million.

4. Medium and Long-Term Corporate Strategy

The Group has been engaged in the medium term management plan that targets the period from October of the preceding year through the fiscal year ending March 2007 to strengthen the Group.

Under the plan, "shift the corporate focus from a manufacturer to service emphasis business" and "responding to globalization" as two pillars, the Group has been undertaking active investments toward development of products and services for the aging society as well as taking measures to enhance competitiveness through improvements in service and to make a full-fledged expansion to the overseas markets.

Principal activities include the following:

(1) Implementation of Growth Strategy by Development of Products and Services to Meet Demand of the Aging Society

(i) Development of New Business

Day service business leveraging off the expertise developed through the Group's acute and long-term care business has been developed into a new business. In addition, the Group will enter into a business of managing rental condominium to cater to co-inhabitation by families and their parents and providing living support.

(ii) Development of Strategic New Products

In the nursing care equipment business, leveraging off the Group's capabilities of being able to offer both manufacturing and service functions, the Company will actively develop and introduce products that cater to the seniors market.

(2) Effective Utilization of Group Management Resources through Reorganization of the Businesses

(i) Concentration of Management Resources into Growth Areas

Through aggressive investments into the Acute and Long-Term Care business measures to expand the Proceeds will be undertaken while enhancement of profitability will be the focus in the home interior business. Management resources will be directed toward integration of businesses that can be shared among the Group companies and businesses that focus on services.

(ii) Promoting Harmony of Human Resources

Measures to effectively utilize human resources will be taken through repositioning of staff to acute and long-term care business, defined to be the growth area, from other businesses. In addition, personnel management system that is based on performance will be promoted to enhance competitiveness from a human resource perspective.

(iii) Strengthening of Financial Position

Through the introduction of the France Bed Holdings Group Cash Management System (CMS), a centralized management of Group funds will be undertaken to achieve efficiency in the use of funds. In addition, through the reduction of working capital, interest-bearing debt will be reduced and the financial position will be strengthened.

(3) Responding to Globalization

Expansion into overseas markets.

As a new strategy for the home furnishing business, a local subsidiary was established in Thailand. The local subsidiary will contract the manufacture of bed and living products designed domestically to Asian manufacturers including those located in Thailand and market the products to markets in Europe and North America. The Group is also planning to establish a local subsidiary in China for the wholesaling and retailing of furniture and bedding products.

5. Issues to be Addressed by the Company

(1) Home Furnishing Business

In the home furnishing business, the severe management environment is expected to persist and the Company will take measures to ensure stabilization of profitability.

With respect to expanding the sales, the source of Proceeds, active promotion of sales through combining retailer support system using the Internet and “presentation studio” will be deployed. There will be a particular focus on making maximum impact on the general consumers and in addition to the permanent exhibit at the “Presentation Studio”, by the fiscal year ending March 2006, 3 additional showrooms will be built in major urban areas increasing such sites to eight.

With respect to the overseas furniture markets, strategic product line for overseas markets, “TOKI” will be developed and distribution routes to European countries including Germany, Spain and Italy will be developed and marketing will be initiated. Expansion into the American market is also under plan. We are currently planning to participate in the furniture fair to be held in Dubai and Moscow but, in the future, efforts will be made to participate in such furniture exhibitions around the world. In addition, the Company is planning to establish a local subsidiary in China to undertake wholesaling and retailing of furniture and bedding products.

(2) Acute and Long-Term Care Business

Under the new Nursing Care Insurance System, which will be implemented from April 2006, the scope of coverage of the insurance will be reviewed and there will be a change in focus toward a system that places emphasis on the prevention of need for nursing care. This potentially would dampen the growth of the Group sales and the Group intends to shift to businesses that do not depend solely on rental businesses.

With respect to day service business, which is an integral part of this business development, a day service center was opened in Nagano-shi in May 2005 as a multi-use nursing care service base. During the fiscal year ending in March 2006, similar facilities are planned for 4 locations in Toyoda-shi, Okazaki-shi, Fukuoka-shi and Hirakata-shi with plans for further 5 locations during the fiscal year ending March 2007. Synergies will be sought through establishing rental of nursing care equipment, at-home care support or Health Care Plaza “Tasukesan Takusan” a specialty retail shop for nursing care products in such day service centers.

In terms of products and services, development of equipment to prevent on-set of needing of nursing care, equipment to lighten the burden of nursing care, function recovery equipment and infant nursing care equipment will be undertaken. In addition, beginning of construction of parent cohabitation type rental condominium that provides living support services, “Parent-Child Seniors’ Condominium” adjacent to the Health Care Plaza “Tasukesan Takusan” in Makikata is being planned for July of 2005.

Over the future, the Group will promote variety of service businesses catering to the aging society to achieve a stable expansion of business.

(3) Other Businesses

For door-to-door sales business, sales outlets will be expanded and a retail store type door-to-door sales base “Oasis Salon” will be rebuilt. In addition, information on exhibitions will be provided through the Internet and France Bed Sales Co., Ltd. will hold its independent exhibitions at the “Presentation Studio” to be established by France Bed Co., Ltd. On the homepage, Internet shopping will be offered and selling efforts will be strengthened. For daily sundry goods sales, profit recovery measures through scrap-and-build will be undertaken as a measure to reform the profit structure.

6. Philosophy Regarding Corporate Governance and Status of Measures

(1) Basic Philosophy on Corporate Governance

The Company thinks that corporate governance is a basic framework of corporate management that involves diverse relationships among stakeholders, including shareholders, customers, employees, business partners, and local communities. The Company recognizes that corporate governance consists of the following factors, namely, (i) corporate management supervision function, (ii) establishment of corporate ethical principles, (iii) risk management, (iv) compliance, (v) accountability, and (vi) improvement in management efficiency. Based on this basic framework, the Company recognizes that its greatest responsibility lies in maximizing shareholders profits.

The Company has identified the following four items as issues to be addressed to enrich and reinforce corporate governance.

a Strengthening the audit function
b Ensuring legal compliance
c Enhancing the IR function
d Harnessing synergies to vitalize businesses of the subsidiaries

As a part of measures to achieve the above, the Company will improve transparency in management, by clearly defining and reinforcing the functions of individual groups including audit group, planning group, accounting group, and general affairs group), in addition to the functions of the Board of Directors and the board of auditors.

(2) Status of Implementations of Measures Regarding Corporate Governance

(i) State of Management Organization and other Corporate Governance Structure Relating to Corporate Management Decision Making, Execution and Supervision

a Management Supervision Function and Election of Outside Board Members and Auditors

The Company performs supervision and audit of business execution through the Board of Directors and the Board of Auditors. The membership to the board is limited to 5 members to enable fast management decision-making. The Board of Directors, in addition to making decisions on important operations and legal matters, summons representative directors of its subsidiaries to attend the meeting to supervise their operations, and to build consensus among the entire corporate group. Currently, the Company has no outside directors on the board.

The Board of Auditors consists of four members, of whom two are outside auditors. In accordance with the policies and allotted duties defined by the Board of Auditors, individual auditor is required to attend Board of Directors' meetings and to examine the operations and assets of the Company in order to supervise the execution of duties of directors. In particular, since the two outside auditors are certified public accountants, they are positioned to define problems of the Company and to provide objective opinions based on common sense, experience, and insight outside the Company. They contribute to greater vitalization and auditing function of the Board of Auditors. There are no business relationships and interests other than the auditing function between the two outside auditors and the Company. Recent amendment to the Articles of Incorporation to enable the appointment of "substitute auditor" allowing for an appointment for substitute auditor in advance at a regular general meeting of the shareholders. By this, the company in order to provide for situations where deficiency in the statutory quorum exists in the number of auditors, at the Regular General Meeting of the Shareholder for the year under review intends to make partial amendments to the Articles of Incorporation and to appoint Toshiyuki Nagasaki as a substitute auditor.

The Company has no current plan to transition to a "company with committees".

b Mechanisms for Internal Control

The Company has established an "audit office" reporting directly to the president. The office implements internal audits of each business area of the Company and subsidiaries in coordination with the auditors with respect to efficient business operations and legal compliance and provides specific advice and recommendations for improvements in operations.

c Information Management System

An Information Management Committee has been organized as an organ to manage and control corporate information, including that of subsidiaries, and make decisions on information disclosure. A director who is also responsible for handling stock exchange information has been appointed the chairman and general managers of each business area and the head of administrative divisions for the subsidiaries have been appointed members of the committee. The committee meets monthly for scheduled meetings and hold emergency sessions to deal with urgent and spontaneous incidents. Specific activities for which the committee is responsible include formulation and amendments of disclosure policies, preparation of disclosure materials, formulation of related regulations including affiliated company management rules, insider information trading rules and personal information management rules as well as ensuring the corporate wide instilling of such rules. The committee is also responsible for the collection of management information other than performance information from the subsidiaries.The details of the activities of the committee are reportable items at the monthly Board of Directors' Meeting.

The audit office also provides instructions and guidance regarding handling of management information, provides guidance with an eye to prevent the concealment or leakage of information, and performs checks on the state of information management at the site.

Through the above activities, efforts are being made to create a centralized information management system in the Company and the Group to ensure quick and accurate information disclosure.

d Involvement of Legal Counsel, Accounting Auditors and Other Third Parties

The Company consults outside attorneys for necessary steps in connection with important legal and compliance matters. In addition, the Company consults the accounting auditors from time to time to examine important accounting matters in addition to engaging them for normal accounting audits.

(ii) Status of Implementation of Measures Toward the Enhancement of Corporate Governance in the Current Fiscal Year Under Review (October 1, 2004 to March 31, 2005)

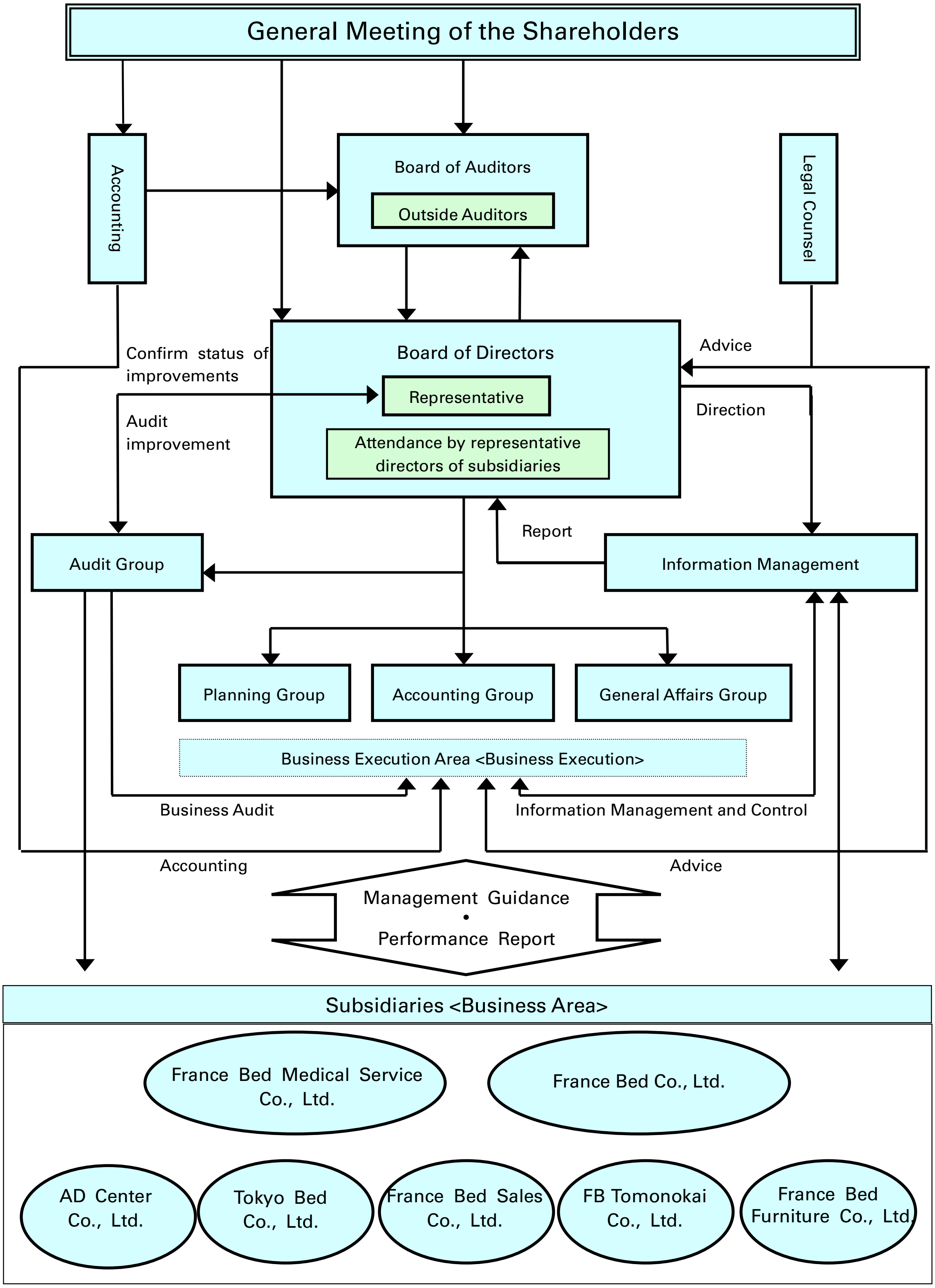
During the 2nd fiscal term, which commenced October 1, 2004 and ended March 31, 2005, the Company held eleven meetings of the Board of Directors to make important business execution decisions and to deliberate and reported on important management matters. The Board of Auditors also met seven times during the same time and decided on the audit policies and division of duties as well as reporting on the results of audits.

With respect to disclosure of corporate information, the Company has held financial results presentations and visits to the facilities for analysts for domestic and foreign institutional investors as well as holding corporate presentations to individual investors. The Company has also been providing corporate information through the Company homepage.

(3) The Corporate Governance Structure of the Company

The corporate governance structure schematic is as presented below.

Chart of France Bed Holdings Co., Ltd. Meetings and Organization



Management Performance and Financial Position

1. Management Performance

(1) Consolidated Fiscal Year Under Review

France Bed Holdings Group, since its formation in March 2004 with the Company as the holding company, has managed the Group with home furnishing business and acute and long-term care businesses as the core business under the management vision of “to become a human company contributing to the achievement of life with full and compassion through creation and innovation”.

The core companies of the Group, France Bed Co., Ltd. and France Bed Medical Service Co., Ltd. have been providing high value added new products and services under an integrated system from development and manufacturing through sales and service to meet the varying needs arising from the changes in life styles and social structure which is typified by the declining birth rate. In addition, the Group has been making efforts to enhance the corporate value through strengthening of the overall group strength through the optimum allocation of the group management resources.

During the consolidated fiscal year under review, there was concern over possible deceleration of the pace of the economy due to inventory adjustments taking place in digital related product areas and the rise in material prices including crude oil. However, with the strong equipment investments and improvements in employment conditions which led to firm level of personal spending, improvements in corporate profits reflecting the progress made in the structural reform of the economy was witnessed and the economy continued its moderate pace of recovery.

Under such conditions, each business undertook business initiatives responding to their respective characteristics and environment. The sales during the consolidated fiscal year under review recorded ¥35,167 million with Ordinary Income of ¥2,124 million and net income of ¥1,505 million.

(2) Segment Breakdown

Conditions of business for each of the business areas are summarized below.

(i) Home Furnishing Business

Management environment in the furniture industry continues to be severe for domestic manufacturers. While overall firmness continues to be shown in the overall personal consumption with the improving employment conditions, the demand for furniture continues to be soft and among the large furniture specialty stores, the shifting of product supply to overseas manufacturers is becoming one mode of management strategy in order to gain competitive advantage.

Under such conditions, the home furnishing business has been following the newly formulated Medium Term Management Plan and undertaken business under the concepts of “shifting to a service business” and “responding to globalization”.

The “France Bed Net Business Club” formed in the preceding term, has attracted 540 retailers as members, primarily consisting of community oriented furniture specialty stores and through the formation of a virtual mall on the Internet functions effectively as a retailer support system. In addition, customers who utilize the system are extended an invitation to the exhibit “Presentation Studio” where high value added functional products and high-ticket items, which are rarely shown at retail floor, are displayed. Here under advice provided by specialist staff, variety of products can be seen and experienced and through these activities, strengthening sales activities are being achieved with the cooperation of furniture specialty retailers. In December 2004, a new Presentation Studio was created within the Gunma Factory making the total locations five (Hokkaido, Gunma, Tokyo, Hyogo and Saga). Utilizing the facilities in combination with various events, the facilities are beginning to show results. Sales of high value added products such as a new highly functional mattress that uses new materials and new structures are being actively promoted. In addition, to respond to the structural changes in the procurement and logistics of products in the large furniture retailer segment, original products are being developed that can compete with overseas manufacturers and the Group has placed emphasis on promoting the sale of these items. As the first step in expanding into overseas furniture markets, the Group has begun exporting France Bed bedding products to retailers in Taiwan.

As a result of the above activities, the sales in the home furnishing business recorded ¥18,309 million resulting in operating income of ¥323 million.

(ii) Acute and Long Term Care Business

The new Nursing Care Insurance System, which will be implemented from April 2006, has become clear in December 2004 and related bills have been submitted to the 2005 ordinary session of the Diet. The new Nursing Care Insurance System focuses on the sustainability of the system and calls for transformation to a system emphasis on prevention in order to contain the benefit costs.

Ahead of the new Nursing Care Insurance System, the Ministry of Health, Labour and Welfare notified each prefectures of “Selection Criteria for Care Appliances in the Nursing Care Insurance” during the summer of 2004 and has been providing guidance on the appropriate application for low level nursing care users such as those categorized in “needing assistance and needing care level 1”.

Acute and long term care business, to respond to the changes in the industry environment associated to the future changes in the nursing care insurance system, have been conducting business based on the Medium Management Plan under the basic concept of "shifting to a service business". The business has incorporated meal delivery service, mail order sales and derivative businesses as a rental provider in its business development. In terms of new product development, efforts are being made to develop high value added products that utilizes to the maximum extent the benefits from having established an integrated structure from development and manufacturing to sales and service.

Specific examples include introduction of delivery service of health management food in the Western Tokyo region and introduction of the "Fukubukuro Shop" on the Company homepage as mail order business using the Internet. This site targets mainly the middle aged and senior segment from 50 years old and above and serves as a communication site providing products and services to enrich the lives of the people in these generations. Among the derivative businesses as a rental provider, the Company has introduced bed rental system for hotels and other types of facilities as well as care appliance rental system for the disabled children. In terms of products, motorized reclining beds for light care receivers, motorized acute care bed "infant type" and "super short size" have been added to the rental and sales portfolio. Further, emphasis has been placed on hiring of care managers and opening of government certified home support business centers by the Company on its own as well as rental businesses other than these care appliance in order to ensure sustainable growth of the business.

Resulting from the above, the sales of the acute and long-term care business recorded ¥13,242 million with operating income of ¥1,554 million.

(iii) Other Businesses

In other businesses, France Bed Trading Co., Ltd. which was engaged in the sale of daily sundry products and France Bed Sales Co., Ltd, which was engaged in the sale of bedding and health maintenance equipment, were merged as of November 1, 2004. The merger is intended to achieve efficiencies in management and use of management resources by consolidating the two companies, which had been engaged in sales activities independently within the Group. The integration is intended to bring about improved profitability structure for the newly formed company and strengthen the overall Group and enhance the revenue generation capacity.

During the fiscal year under review, strengthening of health related goods have been undertaken through effective utilization of the store-type door-to-door sales base "Oasis Salon" in addition to door-to-door sales. In addition, to expand the exhibit information on the homepage, active promotion was made to the visitors to the site to visit exhibits and the "Presentation Studio" set up by France Bed Co., Ltd., as measures to expand sales. In the daily sundry goods sales business, through profitability improvement measures such as the scrap and build of retail outlets, improvements to profitability are being made.

The sales recorded by other businesses totaled ¥3,616 million with operating income of ¥93 million.

2. Financial Position

(1) Balance Sheet

The total assets as of the balance sheet date of the consolidated year under review declined ¥4,052 million from the previous consolidated year. The decline is primarily attributable to the ¥5,620 million decline in cash and deposits. The decline in the cash and deposit balance is noted in "(2) Cash Flows" section.

The Group, from the consolidated year under review, has introduced France Bed Holdings Group Cash Management Service ("CMS"), which includes the 6 subsidiary companies for the efficient management of Group funds. As a result, reduction in the working capital was possible and the interest bearing debt was reduced. However, to supplement liquidity, the Group entered into a syndicated commitment line agreement totaling ¥5,000 million was entered into with relationship banks.

In the shareholders' equity, while treasury shares were acquired, there was divestiture of parent company shares held by subsidiaries, increase in retained earnings, which combined, resulted in an increase in shareholders' equity by ¥247 million to ¥40,136 million. The equity ratio improved from 56.7% from the previous year to 60.5%.

(2) Cash Flows

In the cash flow for the consolidated year under review, cash and cash equivalents (hereinafter the "Funds") declined by ¥5,620 million to ¥14,263 million. The financial closing for the term under review is the 2nd financial closing and is unusual in that it covers the period from October 1, 2004 to March 31, 2005. Cash flows by sources for the term breakdown as follows.

(i) Cash Flows from Operating Activities

Funds from operating activities during the consolidated year under review were ¥361 million.

Funds increased from ¥2,432 million in net income before taxes for the year under review and ¥933 million in depreciation expenses combined with an increase in accrued factoring payable of ¥1,258 million. This was offset by reduction in Funds from payment of corporate income tax of ¥961 million, lump sum contribution made to the new corporate pension system, which was newly introduced to the group commencing the consolidated year under review resulting reduction in the reserve for retirement benefits and an increase in prepaid pension expense totaling ¥2,805 million, and a ¥942 million increase in the account receivables.

(ii) Cash Flows from Investing Activities

Cash outflows from investing activities during the consolidated year under review were ¥1,371 million. This was largely due to acquisition of tangible fixed assets to be used as rental and lease assets and establishment of bases for new businesses totaling ¥1,339 million.

(iii) Cash Flows from Financing Activities

Cash outflow from financing activities during the consolidated year under review was ¥4,610 million. This was comprised of cash inflow of ¥4,610 million from short term debt and ¥2,293 million from sale of parent company shares by subsidiaries offset by the repayments of short and long term debt totaling ¥7,997 million, ¥572 million in dividend payments and ¥2,943 million for acquisition of treasury shares.

(3) Trend of Cash Flow Indicators

	Term Ended September 2004	Term Ended March 2005
Equity Ratio (%)	56.7	60.5
Equity Ratio at Market Value (%)	90.9	100.8
Number of Years to Amortize Debt (years)	—	—
Interest Coverage Ratio	14.1	7.7

(Calculation Methodology)

Equity Ratio: Shareholders' Equity / Total Assets

Equity Ratio at Market Value: Gross Market Capitalization of Shares / Total Assets

Number of Years to Amortize Debt: Interest Bearing Debt / Operating Cash Flow

Interest Coverage Ratio: Operating Cash Flow / Interest Payment

(Note)

1. All indicators are calculated based on the values from consolidated financial statements.
2. Gross market capitalization is derived by Closing Price of shares at balance sheet date multiplied by the number of shares outstanding on balance sheet date net of treasury shares.
3. Operating cash flow is taken from the "Cash Flows from Operating Activities" in the consolidated cash flow statement. Interest bearing debt includes all obligations recorded on the consolidated balance sheet to which interest is applied. With respect to interest payment, the "Interest Payment" contained in the consolidated cash flow statement is used.
4. With respect to the number of years amortize debt, as the prior consolidated year (term ended September 2004) ran from march 30, 2004 to September 30, 2004 and the consolidated year under review commenced October, 2004 and ended March 31, 2005, both of which were irregular, the value has not be calculated.

3. Outlook for the Next Term

The Japanese economy is expected to continue its moderate pace of recovery led by private sector demand with the steady recovery of the global economy showing continued improvements in corporate profitability.

The Group will intensify its efforts toward development of new business, overseas expansion and enhancing competitive ness of our existing businesses with the goal of expanding the revenue base. As outlook for the coming term, the Group is forecasting consolidated sales to reach ¥71,200 million achieving consolidated ordinary income of ¥4,240 million resulting in consolidated net income of ¥2,000 million.

Consolidated Financial Statements
Consolidated Balance Sheet

(Unit: ¥ million)

Account	Prior Consolidated Fiscal Year (As of September 30, 2004)	Fiscal Year Under Review (As of March 31, 2005)
(Assets)		
I Current Assets		
Cash and Deposits	19,883	14,263
Notes and Account Receivable - Trade	12,935	13,878
Marketable Securities	2	2
Inventory	10,301	10,108
Deferred Income Tax Assets	1,245	1,059
Other	1,996	1,778
Allowance for Doubtful Accounts	(-)183	(-)187
Total Current Assets	46,181	40,903
II Fixed Assets		
Tangible Fixed Assets		
Assets for Lease	1,234	1,226
Buildings and Structures	3,629	3,552
Equipment and Vehicles	1,273	1,186
Tools, Furniture and Fixtures	301	288
Land	5,983	6,239
Construction in Progress	94	414
Total Tangible Assets	12,518	12,908
Intangible Fixed Assets		
Software	499	503
Other	102	14
Total Intangible Fixed Assets	601	518
Investments and Other Assets		
Investment Securities	1,905	2,133
Long Term Loans	43	42
Deferred Income Tax Assets	3,776	2,194
Prepaid Pension Expense	—	5,087
Other	5,649	2,867
Allowance for Doubtful Accounts	(-)385	(-)415
Total Investments and Other Assets	10,990	11,909
Total Fixed Assets	24,110	25,336
Total Assets	70,292	66,239

(Unit: ¥ million)

Account	Prior Consolidated Fiscal Year (As of September 30, 2004)	Fiscal Year Under Review (As of March 31, 2005)
(Liabilities)		
Ⅰ Current Liabilities		
Notes and Account Payable - Trade	7,756	7,624
Accrued Factoring Liabilities	1,662	2,920
Short Term Borrowings	7,432	4,510
Long Term Borrowings Coming Due within 1 Year	731	481
Accrued Corporate Taxes	2,144	716
Accrued Consumption Tax	108	91
Reserve for Bonuses	1,445	1,480
Other	3,900	3,709
Total Current Liabilities	25,182	21,534
Ⅱ Fixed Liabilities		
Long Term Borrowings	650	434
Reserve for Retirement Benefits	3,588	3,169
Reserve for Directors Retirement Bonuses	637	625
Other	344	338
Total Fixed Liabilities	5,221	4,567
Total Liabilities	30,403	26,102
(Minority Interest)		
Minority Interest	—	—
(Shareholders' Equity)		
Ⅰ Common Stock	3,000	3,000
Ⅱ Capital Surplus	4,940	5,117
Ⅲ Retained Earnings	33,724	34,617
Ⅳ Unrealized Gains or Losses on Securities	211	348
Ⅴ Treasury Shares	(-)1,987	(-)2,946
Total Shareholders' Equity	39,888	40,136
Total Liabilities, Minority Interest and Shareholders' Equity	70,292	66,239

(Note) 1 The values presented have been rounded down to the nearest ¥ million (the same shall apply hereinafter).
2. As the consolidated year under review commenced October 1, 2004 and ended March 31, 2005 and the previous consolidated fiscal year commenced March 30, 2004 and ended September 30, 2004, no comparisons with the previous year has been presented (the same shall apply hereinafter).

Consolidated Statement of Income

(Unit: ¥ million)

Account	Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
Ⅰ Net Sales	34,788	35,167
Ⅱ Cost of Goods Sold	18,958	19,152
Gross Income	15,830	16,015
Ⅲ Selling, General and Administrative Expense	14,073	13,908
Operating Income	1,757	2,107
Ⅳ Other Income		
Interest Income	3	1
Dividend Income	39	3
Real Estate Rental Income	116	114
Life Insurance Dividend Income	52	—
Other	89	80
Total Other Income	302	199
Ⅴ Other Expenses		
Interest Expense	68	49
Sales Discounts	42	40
Real Estate Rental Expense	44	32
Other	43	59
Total Other Expenses	198	182
Ordinary Income	1,860	2,124
Ⅵ Extraordinary Income		
Gains on Prior Year Adjustment	27	34
Gains form Sale of Fixed Assets	0	4
Gains Associated with Transition of Retirement Benefit System	—	419
Total Extraordinary Income	27	457
Ⅶ Extraordinary Losses		
Loss from Prior Year Adjustment	34	6
Losses from Sale of Fixed Assets	0	0
Loss from Removal of Fixed Assets	37	41
Unrealized Loss on Telephone Subscription Rights	—	86
Other	3	14
Total Extraordinary Losses	75	149
Net Income before Tax	1,812	2,432
Corporate Income Tax, Resident Tax and Enterprise Tax	1,065	(-)747
Deferred Income Taxes	(-)271	1,674
Net Income	1,019	1,505

Consolidated Statement of Surplus

(Unit: ¥ million)

Account	Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
(Capital Surplus)		
Ⅰ Beginning Balance of Capital Surplus	3,481	4,940
Ⅱ Increase in Capital Surplus		
Gains from Disposition of Treasury Shares	1,459	176
Ⅲ Ending Balance of Capital Surplus	4,940	5,117
(Retained Earnings)		
Ⅰ Beginning Balance of Retained Earnings	32,823	33,724
Ⅱ Increase in Retained Earnings		
Net Income	1,019	1,505
Ⅲ Reductions in Retained Earnings		
Dividends	—	576
Directors' Bonuses	118	35
Ⅳ Ending Balance of Retained Earnings	33,724	34,617

Consolidated Statement of Cash Flow

(Unit: ¥ million)

Account	Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
Ⅰ Cash Flows from Operating Activities		
Net Income before Tax and Minority Interests	1,812	2,432
Depreciation	892	933
Gains from Sale of Tangible Fixed Assets	(-)0	(-)4
Losses on Sale and Removal of Tangible Fixed	29	29
Assets	—	86
Unrealized Losses on Telephone Subscription Rights	7	33
Change in Allowance for Doubtful Accounts	58	35
Changes in Reserve for Bonuses		
Changes in Reserve for Retirement Benefits and Prepaid Pension Expense	(-)313	(-)2,805
Change in Reserve for Directors Retirement Bonuses	25	(-)12
Interest Income and Dividend Income	(-)43	(-)4
Interest Expense	68	49
Change in Account Receivables	2,283	(-)942
Change in Inventory	(-)260	192
Change in Procurement Obligations	(-)689	(-)132
Change in Accrued Factoring Liabilities	(-)441	1,258
Change in Accrued Expenses	(-)131	(-)203
Change in Accrued Consumption Tax	(-)132	(-)25
Directors Bonuses Paid	(-)118	(-)35
Other	(-)333	476
Sub-Total	2,715	1,362
Interest and Dividends Received	43	4
Interest Paid	(-)66	(-)46
Corporate Taxes Paid	(-)1,763	(-)961
Other	6	1
Cash Flows from Operating Activities	936	361
Ⅱ Cash Flows from Investing Activities		
Decrease in Term Deposits	89	—
Proceeds from Sale of Marketable Securities	32	1
Expenditures for Acquisition of Tangible Fixed Assets	(-)882	(-)1,339
Proceeds form Sale of Tangible Fixed Assets	0	21
Expenditures for Acquisition of Investment Securities	(-)0	(-)0
Proceeds from Sale of Investment Securities	5	1
Expenditure for Loans	(-)90	(-)19
Proceeds from Recovery of Loans	79	20
Other	(-)119	(-)57
Cash Flows from Investing Activities	(-)885	(-)1,371
Ⅲ Cash Flows from Financing Activities		
Proceeds from Increase in Short Term Borrowings	1,250	4,610
Expenditure for Repayment of Short Term Borrowing	(-)2,118	(-)7,532
Expenditure for Repayment of Long Term Borrowings	(-)365	(-)465
Proceeds from the Sale of Treasury Shares	2,787	2,293
Expenditure for Acquisition of Treasury Shares	(-)2	(-)2,943
Payment of Share Transfer Subsidies	(-)298	—
Payment of Dividends	—	(-)572
Other	(-)1	(-)0
Cash Flows from Financing Activities	1,251	(-)4,610
Ⅳ Exchange Gains or Losses relating to Cash and Cash Equivalents	—	—
Ⅴ Change in Cash and Cash Equivalents	1,302	(-)5,620
Ⅵ Beginning Balance of Cash and Cash Equivalents	18,581	19,883
Ⅶ Ending Balance of Cash and Cash Equivalents	19,883	14,263

Significant Matters in Preparation of Consolidated Financial Statements

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
1. Matters Relating to Scope of Consolidation (1) Number of consolidated subsidiaries: 7 Names of consolidated subsidiaries France Bed Co., Ltd., France Bed Medical Service Co., Ltd., France Bed Furniture Co., Ltd., France Bed Sales Co., Ltd., FB Tomonokai Co., Ltd., France Bed Trading Co., Ltd. and Tokyo Bed Co., Ltd.	1. Matters Relating to Scope of Consolidation (1) Number of consolidated subsidiaries: 6 Names of consolidated subsidiaries France Bed Co., Ltd., France Bed Medical Service Co., Ltd., France Bed Furniture Co., Ltd., France Bed Sales Co., Ltd., FB Tomonokai Co., Ltd., and Tokyo Bed Co., Ltd. Effective November 1, 2004, France Bed Trading Co., Ltd. was merged with France Bed Sales Co., Ltd. with the former being the surviving company and France Bed Sales Co., Ltd. was dissolved. As of the same day, the surviving company changed its corporate name to France Bed Sales Co., Ltd.
(2) Names of Unconsolidated Subsidiaries AD Center Co., Ltd. The reason for exclusion from consolidation. The unconsolidated subsidiary is a small company and the total assets, sales and net income (portion corresponding to holdings) and profit surplus (portion corresponding to holdingps) are not material to the consolidated financial statements.	(2) Names of Unconsolidated Subsidiaries Same as the left The reason for exclusion from consolidation Same as the left
2. Matters relating to the application of the equity method Unconsolidated subsidiaries not subject to the application of the equity method AD Center Co., Ltd. The reason for not applying the equity method: The unconsolidated subsidiary to which the equity method is not applied has been excluded from the application as the effect of the total assets, sales and net income (portion corresponding to holdings) and profit surplus (portion corresponding to holdings) to the consolidated financial statements are not significant and overall is not material.	2. Matters relating to the application of the equity method Unconsolidated subsidiaries not subject to the application of the equity method. Same as the left The reason for not applying the equity method Same as the left
3. Matters relating to the fiscal year of the consolidated subsidiaries The financial closing day of all unconsolidated subsidiaries is March 31. As the financial closing day of the company submitting the consolidated financial statements for the current fiscal year (commenced March 30, 2004 and ended September 30, 2004) was September 30, 2004, for the consolidated subsidiaries, financial statements based on a provisional closing implemented as of September 30, 2004 have been used.	3. Matters relating to the fiscal year of the consolidated subsidiaries For all of the consolidated subsidiaries, the fiscal year commenced April 1, 2004 and ended March 31, 2005. The fiscal year for the current fiscal year under review of the company submitting the consolidated financial statement commenced October 1, 2004 and ended March 31, 2005; therefore, for the consolidated subsidiaries, provisional financial statements based on a period commenced October 1, 2004 and ended March 31, 2005 have been used.
4. Matters relating to capital consolidation procedures associated with share transfer The Company is a wholly owning parent company established jointly through share transfer by France Bed Co., Ltd. and France Bed Medical Service Co., Ltd. on March 30, 2004. The pooling of interest method was applied to the capital consolidation associated with the share transfer as for the shareholders of both companies the sharing of risks and benefits is continued and the respective businesses continues unchanged from pre-consolidation and the distinction of the acquiring company is indistinguishable, it was deemed to fall under the category of pooling of interests.	4.

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
5. Matters relating to the accounting standards (1) Valuation basis and method for significant assets (i) Marketable Securities a Bonds intended to be held to maturity Amortizing cost method (straight line method) b Other marketable securities Those with readily determinable market value Stated at market value as of the consolidated balance sheet date with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. The cost of securities sold is determined based on the moving-average. Those without readily determinable market value Stated at cost determined by the moving-average method (ii)Derivatives Stated at market value (iii) Inventory a Merchandise, product, and work-in-progress Stated at cost principally based on first in first out method b Materials and stored goods Stated at cost using most recent purchase method (2) Method of Depreciation of Significant Depreciable Assets (i) Tangible Fixed Assets The declining balance method is applied. However, for buildings (excluding attached equipment) acquired after April 1, 1998, the straight-line method is applied. Useful lives are as follows: Assets for Lease: 3 – 10 years Buildings & structure 3 –50 Equipment and Vehicles 3 –15 Tools, Furniture & Fixtures 2 - 20 For small-ticket assets for lease whose acquisition price is less than ¥200,000, they are depreciated in one lot equally over 3 years. (ii) Intangible Fixed Assets Straight-line method is applied. Software for internal office use is depreciated using straight line method over their useful lives (5 years). (iii) Long Term Prepaid Expenses Equal amortization is applied.	5. Matters relating to the accounting standards (1) Valuation basis and method for significant assets (i) Marketable Securities a Bonds intended to be held to maturity Same as the left b Other marketable securities Those with readily determinable market value Same as the left Those without readily determinable market value Same as the left (ii) Derivatives Same as the left (iii) Inventory a Merchandise, product, and work-in-progress Same as the left b Materials and stored goods Same as the left (2) Method of Depreciation of Significant Depreciable Assets (i) Tangible Fixed Assets Same as the left (ii) Intangible Fixed Assets Same as the left (iii) Long Term Prepaid Expenses Same as the left

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
(3) Accounting for Significant Reserves (i) Allowance for Doubtful Accounts To provide for losses arising from bad loans, Allowance for Doubtful Receivables is provided at an amount of possible losses from uncollectible receivables based on the actual historical rate of losses from bad debt for ordinary receivables, and on estimated recoverability for specific doubtful receivables. (ii) Reserve for Bonuses To provided for payment of bonuses to employees, the amount expected to be paid are recorded. (iii) Reserve for Retirement Benefits To provide for payments of employees' retirement benefits, an amount deemed to have accrued at the balance sheet date of the current consolidated fiscal year is provided based on the estimated Severance and Retirement Benefit Obligations and Pension Assets as of the balance sheet date. The actuarial differences are expensed using a straight-line method over a period equaling less than the employees average remaining service years at the time of its occurrence (principally 10 years) commencing the succeeding consolidated fiscal year. (iv) Reserve for Directors' Retirement Bonuses To provide for payment of retirement bonuses to directors, the amount required to be paid at the current balance sheet date based on internal regulations is recorded.	(3) Accounting for Significant Reserves (i) Allowance for Doubtful Accounts Same as the left (ii) Reserve for Bonuses Same as the left (iii) Reserve for Retirement Benefits To provide for payments of employees' retirement benefits, an amount deemed to have accrued at the balance sheet date of the current consolidated fiscal year is provided based on the estimated Severance and Retirement Benefit Obligations and Pension Assets as of the balance sheet date. Historic service obligations are accounted for in lump sum in the consolidated fiscal year in which they arise. The actuarial differences are expensed using a straight-line method over a period equaling less than the employees average remaining service years at the time of its occurrence (principally 10 years) commencing the succeeding consolidated fiscal year. However, actuarial differences arising from unrecognized pension assets are treated as reduction from expenses commencing the current consolidated fiscal year. (iv) Reserve for Directors' Retirement Bonuses Same as the left
(4) Accounting for Significant Leases With respect to financing leases, excepting those in which the title to the leased assets is deemed to transfer to the lessee, are accounted for as normal rental transactions.	(4) Accounting for Significant Leases Same as the left
(5) Hedge Accounting (i) Method of Hedge Accounting Deferred hedge accounting is applied. With respect to foreign currency denominated obligations with forward foreign exchange contracts, these are accounted for using the allocation method. (ii) Hedging Tools and Hedge Targets a Hedging Tools Derivative transactions (currency options and forward foreign exchange contracts) b Hedge Targets Foreign currency denominated monetary obligations subject to foreign exchange volatility risk (including foreign currency denominated planned transactions).	(5) Hedge Accounting (i) Method of Hedge Accounting Same as the left (ii) Hedging Tools and Hedge Targets a Hedging Tools Same as the left b Hedge Targets Same as the left

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
(iii) Hedging Policy Derivative transactions are entered into for the purpose of hedging the foreign exchange fluctuation risks associated with the imports of raw materials and merchandise. In undertaking derivative transactions, transactions are managed so as to maintain a steady hedging ratio with the planned transaction amount as the maximum limit.	(iii) Hedging Policy Same as the left
(iv) Method of Evaluating Hedge Effectiveness a. Test in Advance Verifies that it is consistent with "Market Risk Management Rules" and "Risk Management Outlines". b. Ex Post Facto Test Examination is made whether the market and cash flow fluctuation were avoided vis a vis foreign exchange volatility risk in foreign currency denominated transactions.	(iv) Method of Evaluating Hedge Effectiveness a. Test in Advance Same as the left b. Test in Advance Same as the left
(6) Other Matters in Preparation of Consolidated Financial Statements (i)Accounting for the Consumption Tax Consumption Tax and Municipal Consumption Tax are accounted for using the tax exclusion method. Non-deductible Consumption Tax relating to fixed assets are treated as periodic expense to be borne during the consolidated fiscal year under review. (ii) ―――――――	(6) Other Matters in Preparation of Consolidated Financial Statements (i) Accounting for the Consumption Tax Same as the left (ii) With Respect to Financial Closing Date The company submitting the consolidated financial statement has set the 1st fiscal term as commencing March 30, 2004 and ending September 30, 2004 and the 2nd fiscal terms as commencing October 1, 2004 and ending March 31, 2005 in the Articles of Incorporation. Therefore, the consolidated financial closing date for the consolidated fiscal year under review is March 31 and the accounting period was a 6 month period, which commenced October 1, 2004 and ended march 31, 2005.
6. Matters Relating to the Valuation of Assets and Liabilities of Consolidated Subsidiaries Assets and liabilities of consolidated subsidiaries are stated at fair market value.	6. Matters Relating to the Valuation of Assets and Liabilities of Consolidated Subsidiaries Same as the left
7. Matters Relating to Treatment of Profit Appropriation Items The Consolidated Statement of Surplus has been prepared with respect to appropriation of profits of the consolidated company based on the profit appropriation determined during the consolidated fiscal year.	7. Matters Relating to Treatment of Profit Appropriation Items Same as the left
8. Scope of Cash in the Consolidated Statement of Cash Flow This is comprised of cash on hand, deposits that can be readily withdrawn, short term investments that are readily convertible into cash and with minimal amount of price fluctuation risk whose maturity is within 3 months from the day of acquisition.	8. Scope of Cash in the Consolidated Statement of Cash Flow Same as the left

(Accounting Changes)

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
	(Accounting for Unrecognized Pension Assets Relating to Retirement Benefits) Associated with the "Partial Amendment of 'Accounting Standard for Retirement Benefits'" (Corporate Accounting Standard No. 3 March 16, 2005) and the "Application Guideline for Partial Amendment of 'Accounting Standard for Retirement Benefits'" (Corporate Accounting Standards Application Guideline No. 7, March 16, 2005) becoming applicable for some consolidated subsidiaries, commencing the consolidated fiscal year under review, the said accounting standard and the said application guideline have been applied. As a result of such application, Inventory was reduced ¥3 million and the Gross Profit increased by ¥15 million while Operating Income, Ordinary Income and Net Income before Taxes increased ¥107 million respectively. Effects of this on Segment Information are noted in the corresponding section.

(Changes in Presentation)

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
	(Consolidated Balance Sheet) "Prepaid Pension Expenses" has exceeded five one-hundredth of the total assets and has been included as a separate account. In the previous consolidated fiscal year, ¥2,700 million has been included in "Other" in the Investments and Other Assets. (Consolidated Statement of Income) "Life Insurance Dividend Income" which for the consolidated fiscal year under review totaled ¥1 million, has become less than ten one hundredth of Other Income, thus, it has been included in "Other" in Other Income. (Consolidated Statement of Cash Flows) The materiality of "Dividend Payment" has increased and has been included as a separate item. In the previous consolidated fiscal year, (-)¥ 1 million was included in "Other" in Cash Flows from Financing Activities. "Payment of Share Transfer Subsidy", which was presented as a separate item for the previous consolidated fiscal year and which, for the consolidated fiscal year under review, was (-)¥ 0, declined in materiality and has been included in "Other" in Cash Flows from Financing Activities.

(Additional Information)

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
(Tax Assessment based on Corporate Size) "Law Partially Amending the Municipal Tax Law" (Law No. 9, 2003) was promulgated on March 31, 2003 and Tax Assessment based on Corporate Size was implemented for fiscal years commencing the fiscal year commencing after April 1, 2004. Associated with this commencing the consolidated fiscal year under review, excluding the consolidate financial statement submitting company, in accordance with the "Practical Treatment of Presentation of Tax Assessment based on Corporate Size of Corporate Enterprise Tax on the Income Statement" (Accounting Standard Board of Japan, Practical Response Report No. 12, February 13, 2004) the value added portion and capital portion of the Corporate Enterprise Tax have been recorded in the Selling, General and Administrative Expenses. As a result, the Selling, General and Administrative Expenses increased by ¥57 million while the Operating Income, Ordinary Income and Net Income before Taxes have been reduced by the like amount.	(Tax Assessment based on Corporate Size) "Law Partially Amending the Municipal Tax Law" (Law No. 9, 2003) was promulgated on March 31, 2003 and Tax Assessment based on Corporate Size was implemented for fiscal years commencing the fiscal year commencing after April 1, 2004. Associated with this commencing the consolidated fiscal year under review, the consolidate financial statement submitting company, in accordance with the "Practical Treatment of Presentation of Tax Assessment based on Corporate Size of Corporate Enterprise Tax on the Income Statement" (Accounting Standard Board of Japan, Practical Response Report No. 12, February 13, 2004) the value added portion and capital portion of the Corporate Enterprise Tax have been recorded in the Selling, General and Administrative Expenses. As a result, the Selling, General and Administrative Expenses increased by ¥12 million while the Operating Income, Ordinary Income and Net Income before Taxes have been reduced by the like amount. (Accounting for Reversion of Agency Portion of the Welfare Pension Fund and the Migration to the New Corporate Pension System) Two funds established by the consolidated financial statement submitting company and each of the subsidiaries (France Bed Welfare Pension Fund and France Bed Medical Service Welfare Pension Fund), associated with the implementation of the Defined Benefits Corporate Pension Law, received approval on March 1, 2005 for reversion of historical portion relating to the agency portion of the welfare pensions and for the Rules of the Defined Benefit Type Corporate Pension from the Minister of Health, Labour and Welfare, France Bed Group Defined Benefit Corporate Pension System was introduced and the two funds including the incremental portions have been migrated into the new system. With the transition, the one time retirement payment system and introduction of a point system were reviewed and some of the consolidated subsidiaries have terminated the retirement benefit trust and have received refunds in cash. The effects of this accounting treatment are noted in "Notes relating to Retirement Benefits".

Notes

(Relating to the Consolidated Balance Sheet)

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
1. Accumulated Depreciation of Tangible Fixed Assets ¥18,393 million	1. Accumulated Depreciation of Tangible Fixed Assets ¥18,087 million
2. Unconsolidated Subsidiary Investment Securities (Stocks) ¥30 million	2. Unconsolidated Subsidiary Investment Securities (Stocks) ¥30 million
3. Assets Pledged as Collateral (1) Factory Foundation Buildings & Structures ¥121 million Equipment and Vehicles 2 million Tools, Furniture and Furnishings 0 million Land 35 million Total 160 million Obligations to the above — million (2) Other than the Above Buildings & Structures 160 million Land 29 million Investment Securities 135 million Total 324 million Obligations to the above Long Term Debt 98 million Long Term Debt Maturing within 1 Year 28 million Accounts Payable of Unconsolidated Subsidiary 10 million	3. Assets Pledged as Collateral (1) ……………………………………… (2) Other than to the Factory Foundation Buildings & Structures ¥159 million Land 29 million Investment Securities 139 million Total 328 million Obligations to the above Long Term Debt 84 million Long Term Debt Maturing within 1 Year 28 million Accounts Payable of Unconsolidated Subsidiary 12 million
4. Contingent Liabilities The Group provides guarantees for bank borrowings by employees. ¥136 million	4. Contingent Liabilities The Group provides guarantees for bank borrowings by employees ¥129 million
5. ………………………………………	5. The consolidated financial statement submitting company, in order to achieve an efficient investment and raising of funds for the overall group has introduced from the consolidated fiscal year under review, France Bed Holdings Group Cash Management Service (CMS). The funds deposited (¥145 million) are included in "Other" in Current Liabilities.
6. Total Number of Shares Outstanding of the Consolidated Financial Statement Submitting Company Common Stocks 239,487,000 shares	6. Total Number of Shares Outstanding of the Consolidated Financial Statement Submitting Company Common Stocks 239,487,000 shares
7. Number of Treasury Shares Held by the Consolidated Financial Statement Submitting Company Common Stock 8,759,000 shares	7. Number of Treasury Shares Held by the Consolidated Financial Statement Submitting Company Common Stocks 10,017,000 shares
8.	8. The consolidated financial statement submitting company, in order to achieve an efficient investment and raising of funds for the overall group has introduced from the consolidated fiscal year under review, France Bed Holdings Group Cash Management Service (CMS). The consolidated financial statement submitting company has entered into a Basic Agreement for CMS Operation Contracting with the 6 group companies and has established a lending limit under the CMS. The undrawn loan balance in the consolidated fiscal year under review based on the on the agreement is as follows (does not include the portion for consolidated subsidiaries). Total Loan Limit under the CMS ¥250 million Loans Outstanding — million Net Undrawn Loan Balance 250 million In the Basic Agreement for CMS Operation Contracting, as there are loans that restrict the use of funds, not all funds will necessarily be lent.

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
9. ···	9. The consolidated financial statement submitting company, for flexible and stable financing and increase in fund efficiency, as a measure to reduce the interest bearing debt to strengthen the financial position, has entered into a syndicated commitment line agreement with 11 relationship banks. The undrawn portion of the commitment line as of the end of the consolidated fiscal year under review is as follows. Gross Loan Commitment Amount ¥5,000 million Amount Drawn Down — million Net 5,000 million

(Relating to the Consolidated Statement of Income)

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
1. Summary Breakdown of Selling, General and Administrative Expenses Transport and Storage Fees 1,454 million Provisions to Allowance for Doubtful Accounts 46 million Employees Salary and Bonuses 4,792 million Provision to Reserve for Bonuses 1,121 million Retirement Benefits Expense 551 million Provision to Reserve for Directors' Retirement Bonuses 55 million Depreciation 229 million 2. Research and Development Expense included in the Selling, General and Administrative Expenses and the Cost of Manufacturing for the Term Under Review In Selling, General and Administrative Expenses ¥13 million In Cost of Manufacturing for the Term Under Review 125 million Total 139 million 3. Details of Gains from Prior Period Adjustment Reversals of Allowance for Doubtful Accounts ¥11 million Other 15 million Total 27 million 4. Details of Gains from Sale of Fixed Assets Equipment and Vehicles ¥ 0 million 5. Details of Losses from Prior Period Adjustment Prior Years' Deficiencies in the Provisions to Reserve for Bonuses ¥20 million Other 13 million Total 34 million 6. Details of the Loss from Sale of Fixed Assets Tools, Furniture and Furnishings ¥0 million 7. Details of Losses from Removal of Fixed Assets Buildings and Structures ¥22 million Equipment and Vehicles 8 million Tools, Furnitures and Furnishings 6 million Total 37 million 8. …………………………………………	1. Summary Breakdown of Selling, General and Administrative Expenses Transport and Storage Fees ¥1,470 million Provisions to Allowance for Doubtful Accounts 95 million Employees Salary and Bonuses 5,784 million Provision to Reserve for Bonuses 109 million Retirement Benefits Expense 480 million Provision to Reserve for Directors' Retirement Bonuses 54 million 2. Research and Development Expense included in the Selling, General and Administrative Expenses and the Cost of Manufacturing for the Term Under Review In Selling, General and Administrative Expenses ¥14 million In Cost of Manufacturing for the Term Under Review 124 million Total 139 million 3. Details of Gains from Prior Period Adjustment Reversals of Allowance for Doubtful Accounts ¥ 16 million Prior Years' Excessive Provisions for Reserve for Bonuses 8 million Other 9 million Total 34 million 4. Details of Gains from Sale of Fixed Assets Equipment and Vehicles ¥0 million Land 4 million Total 4 million 5. Details of Losses from Prior Period Adjustment Compensation for Damages ¥5 million Other 1 million Total 6 million 6. Details of the Loss from Sale of Fixed Assets Tools, Furniture and Furnishings ¥0 million 7. Details of Losses from Removal of Fixed Assets Buildings and Structures ¥17 million Equipment and Vehicles 16 million Tools, Furniture and Furnishings 8 million Total 41 million 8. "Corporate Income Tax, Residents Tax, Enterprise Tax" For consolidated subsidiaries whose financial closing date was March 31, 2005 and had one full year of consolidated operations, the calculation basis is the taxes payable in 1 year less the 6-months amount recorded in the previous consolidated fiscal year. However, during the consolidated fiscal year under review, substantial amount of deductions were recognized for the purpose of taxable income, resulting in a negative tax amount.

(relating to the Consolidated Cash Flows)

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
1. Relationship Between the Ending Balance of Cash and Cash Equivalents and the Amounts Recorded in the Accounts in the Consolidated Balance Sheet Cash and Deposits ¥19,883 million Marketable Securities 2 million Total 19,885 million Bonds with Maturities Longer than 3 Months and Government and Corporate Bond Investment Trust (-)2 million Cash and Cash Equivalents 19,883 million	1. Relationship Between the Ending Balance of Cash and Cash Equivalents and the Amounts Recorded in the Accounts in the Consolidated Balance Sheet Cash and Deposits ¥14,263 million Marketable Securities 2 million Total 14,265 million Bonds with Maturities Longer than 3 Months and Government and Corporate Bond Investment Trust (-)2 million Cash and Cash Equivalents 14,263 million

(Leases)

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
Disclosures have been made via EDINET thus the item has been omitted.	Disclosures have been made via EDINET thus the item has been omitted.

(Relating to Marketable Securities)

Prior Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)

1. Other Marketable Securities with Readily Determinable Market Value

(Unit: ¥ million)

Classification	Acquisition Price	As Recorded on the Consolidated Balance Sheet on the Consolidated Financial Closing Day	Difference
Those whose values recorded on the consolidated balance sheet exceed the acquisition price			
(i) Stocks	663	1,054	390
(ii) Bonds			
National • Municipal	21	24	2
Corporate Bonds	—	—	—
Other	—	—	—
(iii) Other	30	30	0
Sub-Total	715	1,108	392
Those whose values recorded on the consolidated balance sheet does not exceed the acquisition price			
(i) Stocks	390	361	(-)28
(ii) Bonds			
National • Municipal	—	—	—
Corporate Bonds	—	—	—
Other	—	—	—
(iii) Other	300	295	(-)4
Sub-Total	690	657	(-)33
Total	1,406	1,765	359

(Note) In writing down marketable securities, for each issue if the market value at the balance sheet date has declined by 30% or more from the level prevailing at the beginning of the consolidated fiscal year under review, taking into consideration of the movements of the market value during the consolidated fiscal year under review, excepting those issues where possibility of recovery exists, such issues are written down. In the consolidated fiscal year under review, of the Other Marketable Securities with readily determinable market value, there were no issues to which a write down was applied.

2. Other Marketable Securities Sold during the Consolidated Fiscal Year Under Review

(Unit: ¥ million)

Value of Sales	Aggregate Gains from Sales	Aggregate Losses from Sales
37	—	—

3. Marketable Securities not Valued at Market

(Unit: ¥ million)

Details	As Recorded on the Consolidated Balance Sheet on Financial Closing Day
(i) Bonds Intended to be Held to Maturity	
Corporate Bonds	6
(ii) Other Marketable Securities	
Unlisted Stocks (excluding OTC Stocks)	106
Total	112

4. Planned Redemptions after the Consolidated Financial Closing Day of Other Marketable Securities with Maturity and Bonds Intended to be Held Until Maturity

(Unit: ¥ million)

Classification	Within 1 Year	Exceeding 1 Year but Within 5 Years	Exceeding 5 Years but Within 10 Years	Exceeding 10 Years
(i) Bonds				
National and Municipal Bonds	24	—	—	—
Corporate Bonds	2	4	—	—
Other	—	—	—	—
(ii) Other	—	300	—	—
Total	26	304	—	—

Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)

1. Other Marketable Securities with Readily Determinable Market Value

(Unit: ¥ million)

Classification	Acquisition Price	As Recorded on the Consolidated Balance Sheet on the Consolidated Financial Closing Day	Difference
Those whose values recorded on the consolidated balance sheet exceed the acquisition price			
(i) Stocks	1,054	1,643	589
(ii) Bonds			
National・Municipal	21	24	2
Corporate Bonds	—	—	—
Other	—	—	—
(iii) Other	30	30	0
Sub-Total	1,106	1,698	591
Those whose values recorded on the consolidated balance sheet does not exceed the acquisition price			
(i) Stocks	—	—	—
(ii) Bonds			
National・Municipal	—	—	—
Corporate Bonds	—	—	—
Other	—	—	—
(iii) Other	300	297	(-)2
Sub-Total	300	297	(-)2
Total	1,406	1,995	588

(Note) In writing down marketable securities, for each issue if the market value at the balance sheet date has declined by 30% or more from the level prevailing at the beginning of the consolidated fiscal year under review, taking into consideration of the movements of the market value during the consolidated fiscal year under review, excepting those issues where possibility of recovery exists, such issues are written down. In the consolidated fiscal year under review, of the Other Marketable Securities with readily determinable market value, there were no issues to which a write down was applied.

2. Other Marketable Securities Sold during the Consolidated Fiscal Year Under Review

(Unit: ¥ million)

Value of Sales	Aggregate Gains from Sales	Aggregate Losses from Sales
2	—	—

3. Marketable Securities not Valued at Market

(Unit: ¥ million)

Details	As Recorded on the Consolidated Balance Sheet on Financial Closing Day
(i) Bonds Intended to be Held to Maturity	
Corporate Bonds	5
(ii) Other Marketable Securities	
Unlisted Stocks (excluding OTC Stocks)	105
Total	110

5. Planned Redemptions after the Consolidated Financial Closing Day of Other Marketable Securities with Maturity and Bonds Intended to be Held Until Maturity

(Unit: ¥ million)

Classification	Within 1 Year	Exceeding 1 Year but Within 5 Years	Exceeding 5 Years but Within 10 Years	Exceeding 10 Years
(i) Bonds				
National and Municipal Bonds	24	—	—	—
Corporate Bonds	2	3	—	—
Other	—	—	—	—
(ii) Other	—	300	—	—
Total	26	303	—	—

(Relating to Derivative Transactions)

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
As hedge accounting is applied, there are no derivative transactions subject to disclosure.	As hedge accounting is applied, there are no derivative transactions subject to disclosure.

(Relating to Retirement Benefits)

Previous Consolidated Fiscal Year
(Commenced March 30, 2004 and ended September 30, 2004)

1. Summary of the Retirement Benefit System Adopted

Consolidated subsidiaries have established as defined benefit type systems, Welfare Pension Fund system, one-time retirement pay system and qualified retirement pension system. In addition, there are occasions when additional retirement pay is provided in addition to the normal retirement pay.

Some consolidated subsidiaries have established retirement benefit trusts.

2. Matters Relating to Retirement Benefit Obligations

(Unit: ¥ million)

(i) Retirement Benefit Obligations	(-)17,410
(ii) Pension Assets (including retirement benefit trust)	13,819
(iii) Sub-Total ((i) + (ii))	(-)3,590
(iv) Unrecognized Actuarial Difference	3,594
(v) Unrecognized Pension Assets	(-)891
(vi) Total ((iii)+(iv)+(v))	(-)888
(vii) Prepaid Pension Expense	2,700
(viii) Reserve for Retirement Benefits (vi) – (vii))	(-)3,588

(Note) Some consolidated subsidiaries have adopted the simplified method in calculating the retirement benefit obligations.

Consolidated Fiscal Year Under Review
(Commenced October 1, 2004 and ended March 31, 2005)

1. Summary of the Retirement Benefit System Adopted

Consolidated subsidiaries have established as defined benefit type systems, Corporate Pension system, one-time retirement pay system and qualified retirement pension system. In addition, there are occasions when additional retirement pay is provided in addition to the normal retirement pay.

Some consolidated subsidiaries have established retirement benefit trusts.

Further, two funds (France Bed Welfare Pension Fund and France Bed Medical Service Welfare Pension Fund) established at the consolidated subsidiaries of the consolidated financial statement submitting company were granted approvals from the Minister of Health, Labour and Welfare for reversion of historical portions related to the agency portion of the Welfare Pension and for the defined benefit corporate pension plan. Based on this, the France Bed Group Defined Benefit Corporate Pension Fund (cash balance plan) was established and the incremental portions of the two funds were migrated. Associated with this in addition to reexamining the introduction of point system in the one-time retirement pay system, some consolidated subsidiaries terminated the retirement benefit trusts and have received cash refunds.

2. Matters Relating to Retirement Benefit Obligations

(Unit: ¥ million)

(i) Retirement Benefit Obligation	(-)16,692
(ii) Pension Assets (including retirement benefit trust)	17,154
(iii) Sub-Total ((i)+(ii))	461
(iv) Unrecognized Actuarial Difference	1,455
(v) Total ((iii)+(iv))	1,917
(vi) Prepaid Pension Expense	5,087
(vii) Reserve for Retirement Benefits ((v)-(vi))	(-)3,169

(Note)1. Some consolidated subsidiaries have adopted the simplified method in calculating the retirement benefit obligations.

2. During the consolidated fiscal year under review, as noted in "Accounting Changes", accounting treatment for Unrecognized Pension Assets relating to retirement benefits has been changed and ¥111 million in actuarial difference from unrecognized pension assets (portion relating to the consolidated fiscal year under review) has been treated as reduction in expenses (part of this in inventory) commencing from the consolidated fiscal year under review.

3. During the consolidated fiscal year under review, the France Bed Group Defined Benefit Corporate Pension System (cash balance plan) has been introduced and the incremental portions of the two funds have been migrated and there has been a reexamination of the introduction of the point system in the one-time retirement pay system. With the change to the system, historical service obligations (reduction in obligations) of ¥534 million arose and this was accounted for in lump sum during the consolidated fiscal year under review.

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
	4. During the consolidated fiscal year under review, some consolidated subsidiaries terminated the retirement benefit trust and have received cash refunds and the actuarial differences relating to the refunded portion of ¥115 million has been accounted for in lump sum during the consolidated fiscal year under review.
3. Matters Relating to the Retirement Benefit Expense	3. Matters Relating to the Retirement Benefit Expense

Previous Consolidated Fiscal Year (Unit: ¥ million)

(i) Service Expense	358
(ii) Interest Expense	208
(iii) Expected Investment Income	(-)61
(iv) Amount of Actuarial Differences Expensed	263
(v)Supplemental Retirement Pay Paid	2
(vi) Retirement Benefit Expense ((i)+(ii)+(iii)+(iv)+(v))	770

(Note)

1. Employee contribution to the Welfare Pension Fund has been deducted from the Service Expense.
2. Retirement Benefit Expense for consolidated subsidiaries adopting the simplified method has been included in (i) Service Expense.

Consolidated Fiscal Year Under Review (Unit: ¥ million)

(i) Service Expense	335
(ii) Interest Expense	204
(iii) Expected Investment Income	(-)25
(iv) Amount of Actuarial Differences Expensed	268
(v) Historical Service Obligations Expensed	(-)534
(vi) Supplemental Retirement Pay Paid	10
(vii) Retirement Benefit Expense ((i)+(ii)+(iii)+(iv)+(v)+(vi))	259

(Note)

1. Employee contribution to the Welfare Pension Fund has been deducted from the Service Expense.
2. Retirement Benefit Expense for consolidated subsidiaries adopting the simplified method has been included in (i) Service.
3. Amount accounted for as reduction in expenses for the consolidated fiscal year under review relating to "2.Matter Relating to Retirement Benefit Obligations (Note 2)" has been included in (iv).
4. Amount expensed for the consolidated fiscal year under review relating to "2.Matter Relating to Retirement Benefit Obligations (Note 4)" is included in (iv).
5. (v) is the expensed amount for the consolidated fiscal year under review relating to "2.Matter Relating to Retirement Benefit Obligations (Note 3).
6. With respect to 4 and 5 above, they have been accounted for as "Gains Associated with Migration of Retirement Benefit System" in the Consolidated Statement of Income.

Previous Consolidated Fiscal Year	Consolidated Fiscal Year Under Review
4. Matter Relating to the Basis for the Calculation of Retirement Benefit Obligations and the Like	4. Matter Relating to the Basis for the Calculation of Retirement Benefit Obligations and the Like
(i) Method of Period Allocation of Expected Retirement Benefits – Constant Periodic Amount Basis	(i) Method of Period Allocation of Expected Retirement Benefits – Constant Periodic Amount Basis
(ii) Discount Rate 2.5%	(ii) Discount Rate 2.5%
(iii) Expected Investment Rate of Return 2.5%	(iii) Expected Investment Rate of Return 2.5%
(iv)	(iv) Number of years to amortize historical service obligations – 1 year (expensed in lump sum in the consolidated fiscal year in which it arises)
(v) Number of Years to Amortize Actuarial Difference Principally 10 years (Each amount expensed in a straight line over fixed number of years within the average remaining service year of the employee at the time of incidence)	(v) Number of Years to Amortize Actuarial Difference Principally 10 years (Each amount expensed in a straight line over fixed number of years within the average remaining service year of the employee at the time of incidence). However, with respect to the actuarial differences arising from unrecognized pension assets, from the consolidated fiscal year under review, it has been accounted for as reduction in expenses.

(Relating to Tax Effect Accounting)

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
1. Breakdown of factors giving rise to Deferred Tax Assets and Deferred Tax Liabilities (Deferred Tax Assets) Reserve for Bonuses ¥559 million Reserve for Retirement Benefits 3,579 million Reserve for Directors Retirement Bonuses 246 million Unrealized Loss on Investment Securities 149 million Valuation Loss on Inventories 172 million Other 742 million Total Deferred Assets 5,450 million (Deferred Tax Liabilities) Reserve for Advanced Depreciation of Fixed Assets (-)¥276 million Unrealized Gains or Losses on Other Marketable Securities (-)147 million Other (-)3 million Total Deferred Liabilities (-)428 million Net Deferred Tax Assets 5,022 million (Note) The net deferred tax asset is included in the following items in the Consolidated Balance Sheet Current Assets – Deferred Tax Assets ¥1,245 million Fixed Assets – Deferred Tax Assets 3,776 million 2. Breakdown of Principal Factors Giving Rise to Differences between Statutory Effective Tax Rate and the Corporate Tax Rate after Application of Tax Effect Accounting. The difference between the statutory tax rate and the corporate tax rate after application of tax effect accounting was within 5/1oo of the statutory effective tax rate; therefore, the entry has been omitted.	1. Breakdown of factors giving rise to Deferred Tax Assets and Deferred Tax Liabilities (Deferred Tax Assets) Reserve for Bonuses ¥ 575 million Reserve for Retirement Benefits 1,860 million Reserve for Directors Retirement Bonuses 245 million Unrealized Loss on Investment Securities 149 million Valuation Loss on Inventories 161 million Losses Carried Forward 180 million Other 603 million Total Deferred Assets 3,775 million (Deferred Tax Liabilities) Reserve for Advanced Depreciation of Fixed Assets (-)¥278 million Unrealized Gains or Losses on Other Marketable Securities (-)240 million Other (-)2 million Total Deferred Liabilities (-)520 million Net Deferred Tax Assets 3,254 million (Note) The net deferred tax asset is included in the following items in the Consolidated Balance Sheet Current Assets – Deferred Tax Assets ¥1,059 million Fixed Assets – Deferred Tax Assets 2,194 million 2. Breakdown of Principal Factors Giving Rise to Differences between Statutory Effective Tax Rate and the Corporate Tax Rate after Application of Tax Effect Accounting. Statutory Effective Tax Rate 40.6% (Adjustments) Amounts such as Dividends not included in income (-)0.3% Amounts such as Entertainment Expense not deductible as expense 2.1% Equal installments of Residents Tax 2.2% Review of Recoverability (-)6.5% Other 0.0% Corporate Tax Rate After Application of Tax Effect Accounting 38.1%

(Segment Information)

1. Segment Information by Business

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)

(Unit: ¥ million)

	Home Furnishing	Acute and Long Term Care	Other	Total	Elimination of Corporate Wide	Consolidated
Ⅰ Sales and Operation Income and Expenses Sales (1) Sales to External Customers	18,437	12,763	3,588	34,788	—	34,788
(2) Internal Sales among Segments or Transfers	234	9	20	264	(264)	—
Total	18,671	12,772	3,608	35,053	(264)	34,788
Operating Expenses	18,668	11,233	3,560	33,463	(431)	33,031
Operating Income	2	1,538	48	1,590	166	1,757
Ⅱ Assets, Depreciation and Capital Expenditures Assets	47,618	18,707	4,980	71,306	(1,014)	70,292
Depreciation	244	632	16	892	—	892
Capital Expenditures	276	736	8	1,021	—	1,021

(Note) 1. Method of business classification

Businesses are classified giving consideration to the similarity in the type and nature of products and the selling markets and selling mode.

2. Principal products and business in each segment

(1) Home Furnishing…… manufacture, procurement and sale of beds, furniture and beddings

(2) Acute and Long Term Care………manufacture, procurement, sales and rental of medical treatment beds, care products, hospital bed linens

(3) Other…………procurement and retailing of accessories, daily sundry goods, health maintenance equipment and the like

3. Of the Operating Expenses, principal unallocable operating expenses (¥352 million) items included in the Elimination or Corporate Wide are expenses related to the administrative areas of the consolidated financial statement submitting company including the General Affairs division.

4. Of the Assets, corporate-wide assets (¥1,242 million) included in the Elimination or Corporate Wide column are assets related to the administrative areas of the consolidated financial statement submitting company including the General Affairs division.

Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)

(Unit: ¥ million)

	Home Furnishing	Acute and Long Term Care	Other	Total	Elimination of Corporate Wide	Consolidated
Ⅰ Sales and Operation Income and Expenses Sales (1) Sales to External Customers	18,309	13,242	3,616	35,167	—	35,167
(2) Internal Sales among Segments or Transfers	289	19	0	309	(309)	—
Total	18,599	13,261	3,616	35,477	(309)	35,167
Operating Expenses	18,275	11,707	3,522	33,505	(445)	33,060
Operating Income	323	1,554	93	1,971	135	2,107
Ⅱ Assets,Depreciation and Capital Expenditures Assets	43,204	20,640	4,620	68,464	(2,225)	66,239
Depreciation	258	656	17	932	1	933
Capital Expenditures	167	1,213	14	1,396	11	1,407

(Note) 1. Method of business classification

Businesses are classified giving consideration to the similarity in the type and nature of products and the selling markets and selling mode.

2. Principal products and business in each segment

(1) Home Furnishing…… manufacture, procurement and sale of beds, furniture and beddings

(2) Acute and Long Term Care………manufacture, procurement, sales and rental of medical treatment beds, care products, hospital bed linens

(3) Other………procurement and retailing of accessories, daily sundry goods, health maintenance equipment and the like

3. Of the Operating Expenses, principal unallocable operating expenses (¥387 million) items included in the Elimination or Corporate Wide are expenses related to the administrative areas of the consolidated financial statement submitting company including the General Affairs division.
4. Of the Assets, corporate-wide assets (¥10,299 million) included in the Elimination or Corporate Wide column are assets related to the administrative areas of the consolidated financial statement submitting company including the General Affairs division. Commencing the consolidated fiscal year under review, associated with the introduction of France Bed Holdings Group Cash Management Service (CMS), the surplus investable funds held by the Group is centralized at the consolidated financial statement submitting company and has been included in Corporate Wide Assets.
5. As noted in "Accounting Changes", accounting for unrecognized pension assets related to retirement benefits has been changed. With this change, in comparison with the former method, the Operating Income for "Home Furnishing" increased by ¥47 million, Operating Income for "Acute and Long Term Care" increased ¥52 million, while that of "Other" increased ¥8 million whereas the Assets of "Home Furnishings" is reduced by ¥3 million. .

2. Segments by Location

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)
As there are no subsidiaries or branches located overseas, this item has been omitted.

Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
As there are no subsidiaries or branches located overseas, this item has been omitted.

3. Overseas Sales

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)
As the Overseas Sales comprise less than 10% of the Consolidated Sales, the item has been omitted.

Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
As the Overseas Sales comprise less than 10% of the Consolidated Sales, the item has been omitted.

(Related Party Transactions)

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)
Subsidiaries
Transactions with AD Center Co., Ltd. is deemed to be not material, thus, the item has been omitted.

Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
Subsidiaries
Transactions with AD Center Co., Ltd. is deemed to be not material, thus, the item has been omitted.

(Per Share Information)

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
Net Assets per Share ¥172.72 Earnings per Share 4.35 As there are no latent shares existing, presentation of fully diluted earnings per share has been omitted.	Net Assets per Share ¥174.47 Earnings per share 6.05 As there are no latent shares existing, presentation of fully diluted earnings per share has been omitted.

(Note) The basis for calculation of Earnings per Share is as follows.

	Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
Net Income (¥ million)	1,019	1,505
Amount not attributable to Common Stock (¥ million)	35	100
(Of which Directors' Bonuses (¥ million)	(35)	(100)
Net Income attributable to Common Stock (¥ million)	983	1,404
Average Number of Outstanding Common Shares during the Period (thousand shares)	225,646	231,971

(Material Subsequent Events)

Previous Consolidated Fiscal Year (Commenced March 30, 2004 and ended September 30, 2004)	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
(Merger of Consolidated Subsidiaries) Effective November 1, 2004, a consolidated subsidiary, France Bed Trading Co., Ltd. absorbed a consolidated subsidiary, France Bed Sales Co., Ltd. with the former being the surviving company and the latter being dissolved. The surviving company, effective the same date, changed its corporate name to France Bed Sales Co., Ltd.	

Production, Orders and Sales

1. Production

(1) Production

Production breakdown by business segment during the consolidated fiscal year under review is as follows.

(Unit: ¥ million)

Name of Business Segment	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
Home Furnishings	6,704
Acute and Long Term Care	1,637
Other	—
Total	8,341

(Note) 1. Values are according to the manufacturing cost.
2. Above figures do not include Consumption Tax.
3. As the consolidated fiscal year under review commenced October 1, 2004 and ended March 31, 2005 and the previous consolidated fiscal year commenced March 30, 2004 and ended September 30, 2004, no comparisons with the previous consolidated fiscal year are presented.

(2) Subcontracting

Subcontracting record by each business segment during the consolidated fiscal year under review is as follows.

(Unit: ¥ million)

Name of Business Segment	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
Home Furnishings	1,095
Acute and Long Term Care	442
Other	—
Total	1,537

(Note) 1. Inter-segmental transactions have been offset and eliminated.
2. Above figures do not include Consumption Tax.
3. As the consolidated fiscal year under review commenced October 1, 2004 and ended March 31, 2005 and the previous consolidated fiscal year commenced March 30, 2004 and ended September 30, 2004, no comparisons with the previous consolidated fiscal year are presented.

(3) Procurement

Procurement record for each business segment during the consolidated fiscal year under review is as follows.

(Unit: ¥ million)

Name of Business Segment	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
Home Furnishings	3,218
Acute and Long Term Care	2,320
Other	1,359
Total	6,899

(Note) 1. Values are based on procurement price and inter-segment transactions have been offset and eliminated.
2. Above figures do not include Consumption Tax.
3. As the consolidated fiscal year under review commenced October 1, 2004 and ended March 31, 2005 and the previous consolidated fiscal year commenced March 30, 2004 and ended September 30, 2004, no comparisons with the previous consolidated fiscal year are presented.

2. Orders

Production based on estimation is adopted and production based on orders is not significant.

3. Sales

Sales by business segment during the consolidated fiscal year under review are as follows.

(Unit: ¥ million)

Name of Business Segment	Consolidated Fiscal Year Under Review (Commenced October 1, 2004 and ended March 31, 2005)
Home Furnishings	18,309
Acute and Long Term Care	13,242
Other	3,616
Total	35,167

(Note) 1. Inter-segmental transactions have been offset and eliminated.
2. Above figures do not include Consumption Tax.
3. As the consolidated fiscal year under review commenced October 1, 2004 and ended March 31, 2005 and the previous consolidated fiscal year commenced March 30, 2004 and ended September 30, 2004, no comparisons with the previous consolidated fiscal year are presented.