FRANCEBED HOLDINGS

Consolidated Summary Report on Interim Closing for the Fiscal Year ended March 2006

November 10, 2005

Name of the 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: Shigeru Ikeda, President and Representative Director
Contact Person: Kotaro Hoshikawa, Senior Managing Director in Charge of Accounting Group Tel:+81-3-5338-1081
Date of Board of Directors Meeting for Financial Closing: November 10, 2005
Adoption of United States Financial Accounting Standards: None

1.Consolidated results for the six-month period ended September 2005 (April 1, 2005 ~ September 30, 2005)
The accounting terms of the Company for the term ended September 2004 (first accounting term from March 30, 2004 to September 30, 2004) and the term ended March 2005 (second accounting term from October 1, 2004 to March 31, 2005) are irregular accounting terms for six months. The accounting term for the term ending March 2006 (third accounting term from April 1, 2005 to March 31, 2006) will become a regular accounting term for one year. Therefore, comparisons with the previous interim accounting term are not stated, as the preparation of interim consolidated financial statements started from this interim accounting term.
(Note) Figures presented have been rounded down to the nearest unit presented.

(1) Consolidated Management Performance

	Net Sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Interim term ending September 2005	34,372	—	1,755	—	1,834	—
Fiscal term ended September 2004 (6 months)	34,788		1,757		1,860	
Fiscal term ended March 2005 (6 months)	35,167		2,107		2,124	

	Net Income		Earnings per Share	Fully Diluted Earnings per Share
	Million yen	%	yen	yen
Interim term ending September 2005	744		3.37	—
Fiscal term ended September 2004 (6 months)	1,019		4.35	—
Fiscal term ended March 2005 (6 months)	1,505		6.05	—

(Notes)
1. Investment Gains and Losses due to Equity Method: Interim term ending September 2005 - \ --, Fiscal Year ended September2004 - \ --,Fiscal Year ended March 2004 - \ --
2. Average Number of Shares Outstanding during the Fiscal Year (consolidated):
   Interim term ending September 2005 - 229,467,058shares, Fiscal Year ended September 2004 - 225,646,806shares, Fiscal Year ended March 2005 - 231,971,454 shares
3. Changes in Accounting Treatment: Yes

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Equity Ratio	Equity per Share
	Million yen	Million yen	%	yen
Interim term ending September 2005	65,266	40,173	61.5	175.07
Fiscal term ended September 30, 2004 (6 months)	70,292	39,888	56.7	172.72
Fiscal term ended March 31, 2005 (6 months)	66,239	40,136	60.5	174.47

(Notes) Number of Shares Outstanding (Consolicated) as of Balance Sheet Date:
Interim term ending September 2005 - 229,463,687shares, Fiscal Year ended September 2004 - 230,728,116shares, Fiscal Year ended March 2005 - 229,469,949 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 yen	Million yen	Million yen	Million yen
Interim term ending September 2005	2,736	(-)1,854	(-)632	14,511
Fiscal term ended September 30, 2004 (6 months)	936	(-)885	1,251	19,883
Fiscal term ended March 31, 2005 (6 months)	361	(-)1,371	(-)4,610	14,263

(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) -, 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 yen	Million yen	Million yen
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 14 of the Attachment.

Corporate Group

The Corporate Group is comprised of the Company and eight 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,Real estate rental	France Bed Sales Co., Ltd. FB Tomonokai Co., Ltd. France Bed Co., Ltd. France Bed Medical Service Co., Ltd. Tokyo Bed Co., Ltd.

Non-consolidated subsidiaries

1.Advertisements, operation of exhibits and other sales related activities of the Corporate Group are carried out by a subsidiary company, AD Center Co., Ltd.

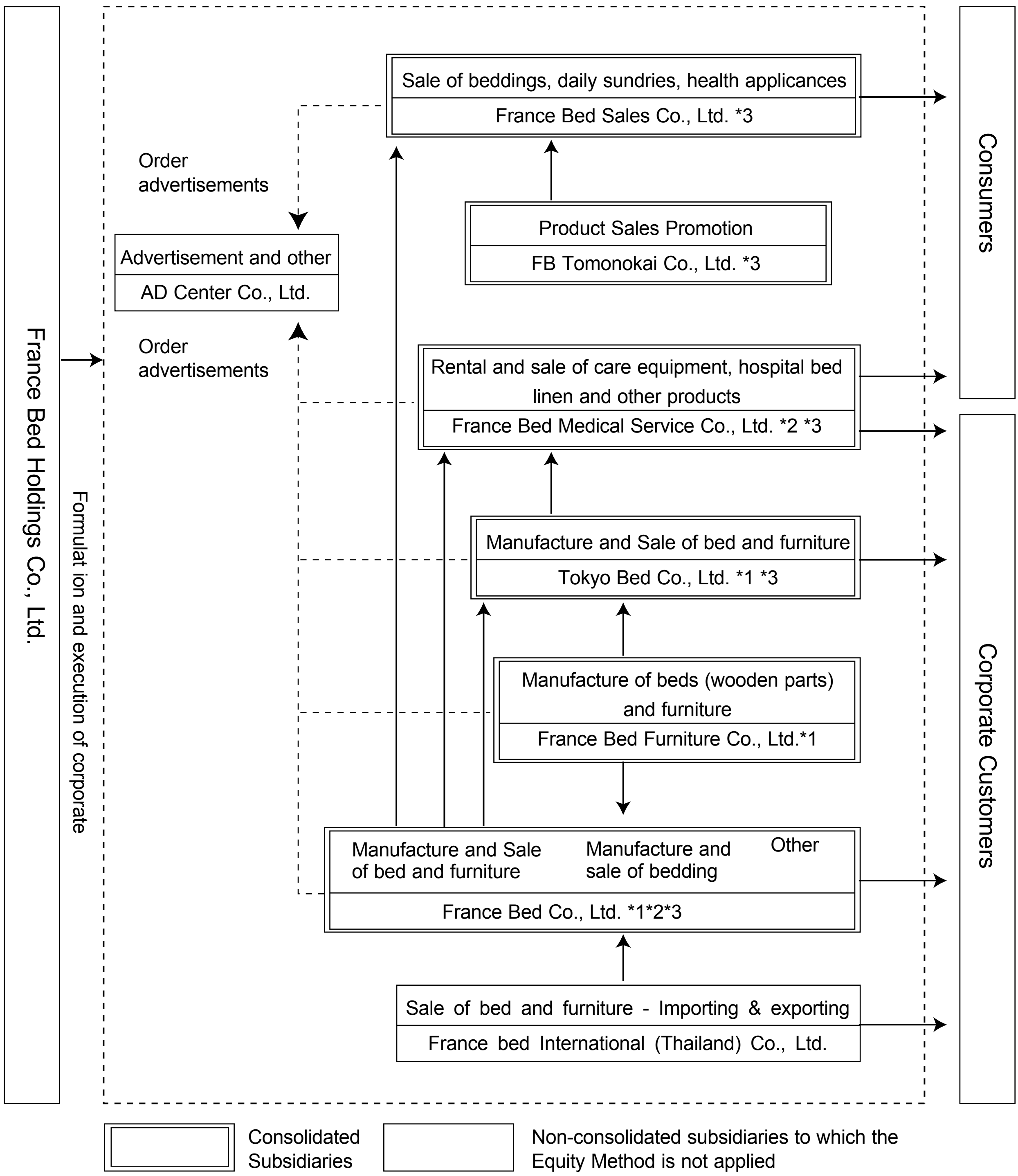
2.France bed International (Thailand) Co., Ltd.
To bolster the competitiveness of its furniture in the Japanese market and to make inroads into the overseas furniture market, with effect from May 3, 2005, the Company established France bed International (Thailand) Co., Ltd., a Thai subsidiary (overseas subsidiary) co-financed with three other companies.
This subsidiary exports furniture produced under contract by manufacturers in Thailand to France Bed Co., Ltd. and overseas companies that do business with France Bed Co., Ltd.

(Note)

1. 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 prepaid purchase agreements and in promotion of sales toward the members.
2.As explained in “Change in Accounting Method,” the accounting method for real estate rental income and expenses that were recorded in non-operating income and non-operating expense was changed to the method of recording them in net sales and cost of sales. Real estate rental business is included in “Other Businesses.

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 lifewith 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 this interim accounting term, based on the above policy, the interim dividend is 2.50 yen per share.

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 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 2004 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 "gresponding 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 through the development of new products and services for the aging society

1) Development of new businesses

The Company has leveraged the customer base it has previously built up in its acute and long-term care business to enter the day service business. In May 2005 the Company opened its first day service center in Nagano City, and it aims to open centers in ten locations nationwide by the term ending March 2007.

The Company is also becoming involved in new businesses such as the administration of parent-child cohabitation-type rental apartments with support services called Oyako Rojin Fureiai Mansion and a disposable nappy home delivery service.

2) Development of strategic new products

The Company is taking advantage of the fact that within the group it has companies with a manufacturing function and companies with a service function to aggressively develop and market high added-value products targeting the elderly market and functional products related to health.

(2) Business restructuring and effective utilization of business resources held by group companies

Promotion of greater efficiency through integration

The Company intends to input the business resources held by group companies into service-based businesses. Besides striving for the integration of shareable administration and the effective utilization of human resources through a reshuffling of personnel, the Company also intends to promote greater business efficiency through integration in areas such as the joint purchasing of raw materials, etc.

(3) Response to globalization

1) Expansion of sales channels overseas

In the home furnishing business, the Company intends to actively participate in overseas furniture exhibitions. The Company will also make use of the sales route of overseas furniture manufacturers that it has supplied with products in the past to try to expand sales routes overseas.

2) Inroads into overseas market through the establishment of overseas subsidiary

In May 2005 the Company established an overseas subsidiary in Thailand. This overseas subsidiary exports living room furniture, bedroom furniture and other products produced under contract by manufacturers manufacturers in Thailand to Japan, the United States and other destinations, and is also engaged in the sale of furniture in Thailand with the aim of sales expansion

5. Issues facing the Company

(1) Home furnishing business

In the home furnishing business, in the persistently difficult business environment of recent years characterized by contraction of the furniture market and the intensification of price competition, the Company has sought to secure continuous profits by reducing the costs and paring expenses, but, encouraged by the signs of recovery in sales since August this year, from now on the Company intends to aggressively deploy measures for sales expansion

More specifically the Company intends to carry out the following sales expansion measures.

First, the Company will deploy the measure of raising per-customer value through the sale of high-priced goods. To this end, the Company will aggressively deploy measures such as the broadcasting of TV commercials and the placement of advertisements in magazines focusing on distinctive high-priced goods, and will raise consumer recognition.

Second, France Bed Co., Ltd. currently has nine permanent exhibition sites nationwide, and, in view of the results achieved through cooperation with furniture stores in selling high added-value functional products and high-end goods that are rarely exhibited at furniture stores, the Company aims to establish 20 permanent exhibition sites nationwide in the future.

Furthermore, since, as a result of the reform of the nursing care insurance system that will become law from April 2006, control of the provision of welfare equipment to people requiring a low level of nursing care will be sought, and demand for household electric reclining beds is expected to expand, the Company will seek sales expansion through the development and sales promotion of such products.

Meanwhile, the Company will also strive to expand sales by making inroads into the overseas furniture market. Specifically, besides making use of the distributor network of overseas furniture makers that have a history of dealings with France Bed, Co., Ltd., to export and sell the distinctive products developed by France Bed Co., Ltd., the Company will also take part in furniture exhibitions held all over the world with the aim of expanding new sales routes.

(2) Acute and long-term care business

The bill related to the nursing care insurance system was passed in June 2005 at the ordinary session of the Diet for 2005, and will become law in April 2006. Since, as a result of this system reform, “conversion to a system placing emphasis on prevention” will be sought, in the acute and long-term care business there is particular concern that the environment surrounding the welfare equipment rental business, which is the mainstay business of France Bed Medical Service Co., Ltd., will become increasingly difficult.

In the acute and long-term care business, the Company states as its business policy the realization of sustained growth through expansion of its base for the business of leasing and selling welfare equipment and the renovation business, combined with the development of new business not covered by nursing care insurance using the customer base and lease business expertise it has built up in its long-standing welfare equipment lease business.

Based on this policy, as measures to expand the base of existing business, the Company will seek to launch new products and improve service quality in the welfare equipment lease business, and to expand its involvement in general renovation not covered by nursing care insurance through expansion of the parts and materials handled and a review of the catalogue (scheduled for December) in the renovation business. Moreover, as part of improvement and expansion of rental products in the area of welfare equipment for children with disabilities and the expansion of medical equipment lease business, the Company is also pushing forward with preparations to cater for the home care of patient with terminal cancer.

Looking at new business, as a measure in response to the “conversion to a system placing emphasis on prevention,” in May 2005 the Company opened a day service center called the Nagano Health and Welfare Plaza, a move which marked its entry to the day service business specializing in the provision of services with the emphasis on prevention of nursing care. In this business, the Company plans to open day care centers in 10 locations nationwide by March 2007, focussing on its key bases for the welfare equipmentlease business such as Toyota City, where a center is scheduled to open in November 2005.

Moving on to another example of a new business, the Company is proceeding with the establishment of systems for a disposable nappy home-delivery service, starting with a disposable nappy benefit service in Osaka that began in April this year, and plans full-scale expansion of the service from April next year. In July the Company also started construction in Hirakata City of an apartment block called Oyako Rojin Fureai Mansion, where elderly parents and their children cohabit (also has a day service center on the first floor), with a view to completion in Spring 2006, and it is now recruiting tenants.

In response to globalization, the Company is carrying out an examination and preparations for the establishment of an overseas subsidiary to expand acute and long-term care business in Korea, where, like Japan, the population is aging and preparations for the introduction of a nursing care insurance system are underway.

(3) Other businesses

In the door-to-door sales business, the Company will seek to revise the retail-type door-to-door sales bases it has all over Japan to a shop-format suited to the characteristics of each region. Moreover, the Company intends to hold exhibitions utilizing the permanent exhibition sites established by France Bed, Co., Ltd. On the homepage, the Company will develop mail-order business, with the aim of strengthening sales.

Meanwhile, in the daily necessaries and miscellaneous goods sales business, the Company continued to carry out profit improvement measures such as application of the scrap-and-build process to shops, and sought reform of its 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) Corporate Governance Structure

The Company performs supervision and audit of business execution through the Board of Directors and the Board of Auditors. At the present time the Company has no plans to adopt the “Company with Committees” system

a Directors, Board of Drectors

The membership to the board is limited to 6 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.

b. Statutory Auditors and Board of Statutory Auditors

The Board of Statutory Auditors is made up of four Statutory Auditors (of which two are external auditors), and each Statutory Auditor audits the execution of duties by Directors via investigation of attendance at Meetings of the Board of Directors and the status of their business and duties, and the perusal of important documents, in accordance with the auditing policy and assignment of duties determined by the Board of Statutory Auditors. In particular, the two external auditors are both certified public accountants, and they monitor problems and offer opinions from an objective standpoint based on their knowledge and experience of the outside world and their insight, with the aim of further activating the Board of Statutory Auditors and improving the auditing function. As result of the recent inclusion in the Articles of Incorporation of a provision to the effect that a Statutory Auditor may be elected to fill a vacancy, thereby allowing a Statutory Auditor to be elected to fill a vacancy in advance at an ordinary general meeting of shareholders, in case the number of Statutory Auditors falls below the number prescribed by law, at the ordinary general meeting of shareholders held in June 2005 a partial amendment of the Articles of Incorporation was approved, and Mr. Toshiki Osa was elected as a Statutory Auditor to fill a vacancy.

c. Audits

The Company's Auditor based on the provisions of the Securities and Exchange Law and its Auditor based on the provisions of the Commercial Code of Japan is Toyo Auditing Corporation. No special interests exist between this auditing corporation and the employees executing the business of this auditing corporation engaged in the audit of the Company.

The Company also discusses and examines important accounting issues besides the regular audit of accounts with the auditing corporation at any time. Both Hideo Takemoto and Akiharu Ueyama who were involved in the audit of the first business term and the second business term retired at the close of the ordinary general meeting of shareholders held in June 2005.

d. Status of establishment of an internal control system

Internal control is understood as being one process executed by the Board of Directors, managers and other employees intended to provide a rational guarantee for the attainment of four objectives, namely (1) efficacy and efficiency of business, (2) reliability of financial reports, (3) observance of related laws and regulations and (4) preservation of assets. In other words, internal control is a mechanism that is indispensable for the achievement of corporate objectives, and managers are recognized as being accountable for creating an internal control system and also for maintaining its efficacy and efficiency.

In specific terms, the Company has established the Official Authority Rules setting forth official authority and approval procedure for internal control, has sought to speed up decision-making and execution in business activities, and has clarified the responsibility structure. In addition, the Company has established the Audit Office under the direct jurisdiction of the President & Representative Director as an organization that carries out internal control. In cooperation with the Statutory Auditors, the Audit Office carries out internal audits of the divisions of the Company and subsidiaries to examine matters such as the efficiency of business activities and the status of observance of laws and regulations, and it gives specific advice and recommendations for the improvement of business.

Also, since the internal control system also includes a structure for the appropriate and timely disclosure of financial information and other corporate information, the Company has set up the Information Management Committee as a body that carries out the management and control of company information and makes decisions on information to be disclosed (including information on subsidiaries). The Company's Representative Director chairs this Committee (also responsible for handling stock exchange information) and the GMs of Company divisions and the GMs of the Administration Departments of subsidiaries are appointed members. Meetings of this Committee comprise ordinary meetings (held once a month) that discuss questions determined in advance and extraordinary meetings in response to urgent sudden facts that have occurred, and during this interim accounting term six ordinary meetings were held. Looking at the specific content of the committee's activities, as matters related to "information disclosure" the committee took on the jobs of establishing a Disclosure Policy, preparing disclosed materials, establishing and amending related rules (Rules for the Management of Affiliated Companies, Rules for the Management of Insider Information, Rules for the Management of Personal Data, etc.) and informing everyone of such rules, and gathering business information, etc. besides results from subsidiaries. Besides matters related to "information disclosure," the Committee also raised topics for discussion such as "Personal Data Protection," "Information Security," "Human Rights (Sexual Harassment, Power Harassment) and "Employment (work management)." As a concept encompassing such individual issues, recently CSR

(Corporate Social Responsibility) has become the focus of attention, but because such CSR activities are inseparably related to the establishment of an "internal control system," led by this Committee, the Company will unite with group companies in becoming involved in CSR activities, thereby increasing the efficacy of its internal control system and linking this to enhancement of the corporate value of the Company and group companies. Details of the Committee's activities are reported at monthly meetings of the Board of Directors

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.

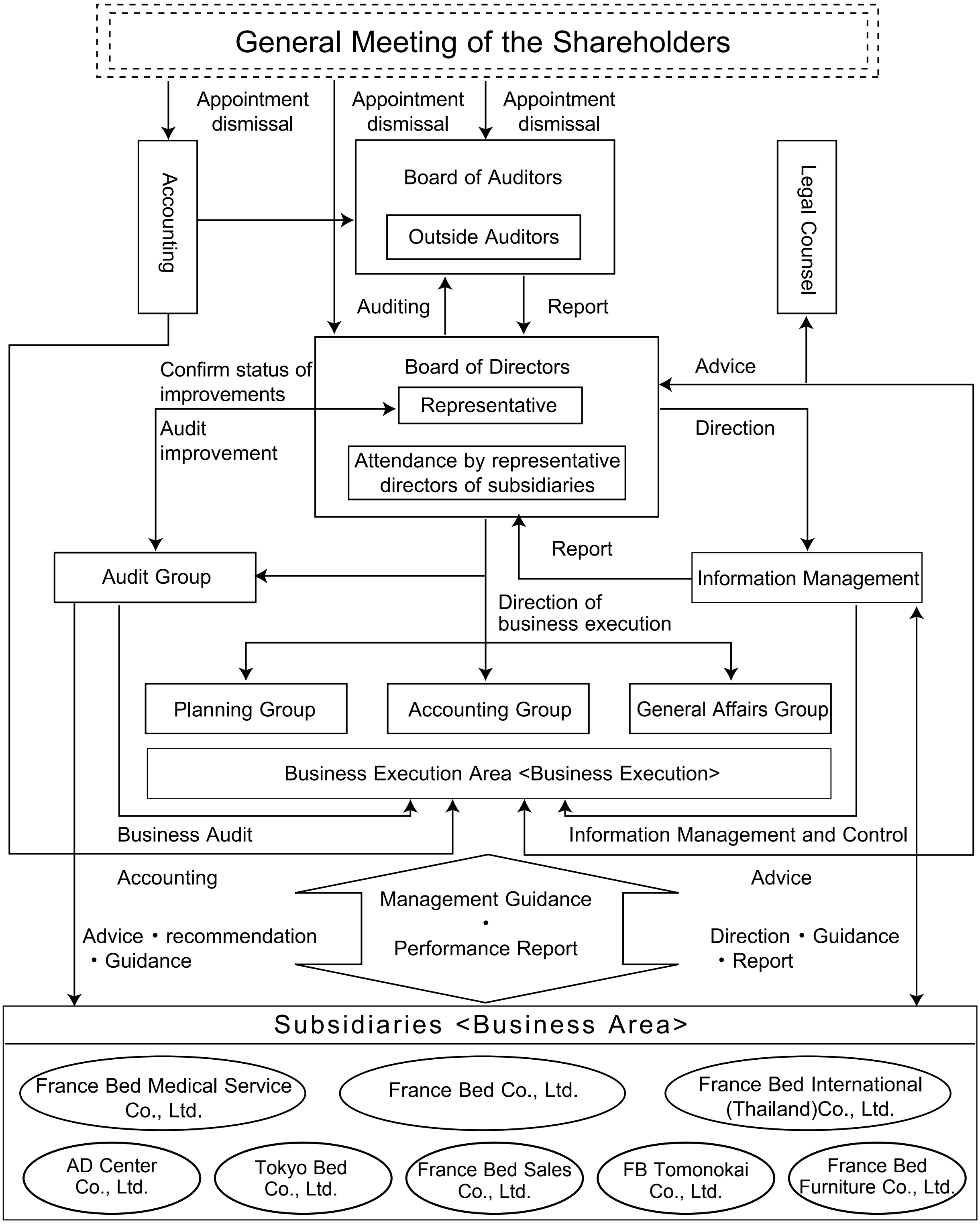
(ii) Status of Implementation of Measures Toward the Enhancement of Corporate Governance in the Current Fiscal Year Under Review (April 1, 2005 to September 30, 2005)

During the 3rd fiscal term, which commenced April 1, 2005 and ended September 30, 2005, the Company held nine 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 six 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 and internal control
The corporate governance structure schematic is as presented below.

Chart of France Bed Holdings Co., Ltd. Meetings and Organization(Operating Structure)



Business results and financial position

Comparisons with the previous interim accounting term are not stated as preparation of interim consolidated financial statements began from this interim accounting term

1. Business results

In this interim accounting term (from April 1, 2005 to September 30, 2005), on a consolidated basis the Company recorded net sales of ¥34,372 million, operating income of ¥1,755 million, ordinary income of ¥1,834 million and interim net income of ¥774 million. In this interim accounting term the Company booked an impairment loss for fixed assets of ¥834 million in extraordinary expense. Operations by business segment are summarized below.

(1) Home furnishing business

Although the business environment in the furniture sector showed signs of recovery in some areas, with high-class interior product departments in major department stores being expanded, conditions remained tough for domestic manufacturers, with sales of imported furniture catching on in major furniture stores.

Under such conditions, in a bid to expand sales, the Company sought new developments in its product measures and sales measures.

Starting with product measures, the Company expanded bedroom furniture and bedding items and sought to raise per-customer value by making proposals of products that could be totally coordinated. In addition, the Company has tried to develop and sell products that differentiate it from other companies such as konnyaku mattresses using new materials.

Moving onto sales measures, since the sales method of using so-called presentation studios, which are permanent exhibition sites inside the plants of France Bed Co., Ltd., has proven effective, in this interim accounting term, based on the blueprint of the presentation studio, the Company opened showrooms in three locations, Sapporo City, Osaka City and Fukuoka, in a bid to expand sales in city areas.

Furthermore, in order to make inroads in the overseas market, since traditional Japanese style is attracting attention in the West, the Company exhibited its TOKI series of modernized Japanese-style furniture in exhibitions in Italy, Germany and Spain, and has endeavored to develop sales routes overseas.

Meanwhile, in terms of profits, the Company has gotten to grips with measures such as the reduction of labor expenses and the cutting of expenses through improvement in the efficiency of exhibition sales.

As a result, sales in the home furnishing business came to ¥17,493 million and ordinary income amounted to ¥32 million.

(2) Acute and long-term care business

A slowdown in the growth rate of welfare equipment lease benefits is becoming evident as a result guidance recommending controlled use of nursing care insurance by local governments all over Japan, which began in the spring of 2004 ahead of the nursing care insurance system related bill that will become law in April 2006.

In the acute and long-term care business, the impact of this is most clearly evident in the slowdown of the growth rate of product sales to agents by France Bed Medical Service Co., Ltd. Presumably this is because, due to increased business uncertainty, instead of purchasing welfare equipment themselves to lease to people requiring nursing care, agents are opting to procure welfare equipment by “wholesale lease” to lease to people requiring care. In addition, the growth rate of rent income, etc. from the lease of welfare equipment directly to people requiring care is also slowing down.

In face of this trend, the Company has continued to promote the diversification of products, for example, a one-motor up-and-down function bed for users requiring a low level of nursing care, an electric nursing care bed “Super Short Size” and an electric nursing care bed with narrowing sensor function “DAPS.”

In July 2005 the Company held supply discussions agents in Osaka and put effort into product sales. Besides the additional recruitment of care managers and an increase in the number of bases certified as providers of home care support services, the Company also opened the Shikoku Central Sales Office as a base for welfare equipment lease business.

In the renovation business, besides strengthening training of sales and administration staff, the Company began sales of handrail parts and materials using the woodworking technology of group companies, pushing to turn the renovation business an additional support for sales at all sales bases. Through measures such as these, the Company sought to strengthen its existing nursing care insurance related income.

In the day service business, besides opening a day service center called Nagano Health and Welfare Plaza in Nagano City in May 2005 and succeeding in booking its first day-service-related income, the Company also started construction of day service centers in Toyota City and Hirakata City. The Company has launched a disposable nappy home delivery service starting with a disposable nappy benefit service in Osaka City, provided a health food home delivery service, began full-scale operation of its Internet mail-order business "Fukubukuro Shop" and launched new products such as mite-prevention specification mats and other new bedding products called "Microclean" and furniture-style nursing care beds called "Ezex."

As a result, the acute and long-term care business showed sales of ¥13,148 million and operating income of ¥1,385 million.

(3) Other businesses

In the door-to-door sales business, in this interim accounting term the Company opened retail-type door-to-door sales bases in eight locations (Sendai City, Matsumoto City, Fukuyama City, Hikari City Suzaki City, Fukuoka City, Oita City and Ushibuka City) that were undeveloped sales areas. Also with respect to existing retail-type door-to-door sales bases, besides carrying out a review of the exhibition format including expansion of the exhibition space and the opening of pillow shops to suit the regional characteristics of each base, the Company also closed five unprofitable bases.

Meanwhile, in the daily necessaries and miscellaneous goods sales business, the Company applied the scrap-and-build process to tenant shops with a view to improving profits. In this interim accounting term, the Company withdrew from the NS Kokura store (Kita-Kyushu City), the Takasaki store (Takasaki City), the Daiei Izumi store (Sendai City), the Maesawa store (Maesawa-cho, Iwate prefecture), the Yukihashi store (Yukihashi City) and the Sakaide store (Sakaide City).

As stated in "Change in Accounting Method," the real estate rental income and expense of group companies used to be recorded as the non-operating income and expense of each company but since in the future an increase in real estate rental income is expected, following procedure to amend the Articles of Incorporation at the Ordinary General Meeting of Shareholders held in June 2005, real estate rental income and expense is now recorded in the net sales and cost of sales of other businesses (the impact on this business is stated in "Segment Information").

As a result of the above, sales for other businesses came to ¥3,730 million and operating income came to ¥239 million.

2. Financial position

(1) Status of balance sheet this interim accounting term

Total assets at the end of this accounting term decreased ¥973 million from the end of the previous accounting term to ¥65,266 million. This is mainly attributable to the fact that the Company recorded a loss of ¥834 million on the impairment of fixed assets.

Total liabilities shrank ¥1,009 million from the end of the previous accounting term to ¥25,092 million. This is mainly attributable to the fact that the Company carried out the early repayment of amounts due to factoring companies, which are included in purchase liabilities, and reduced its liabilities.

Shareholders' equity increased ¥36 million from the end of the previous accounting term to ¥40,173 million. As a result, the consolidated equity ratio rose from 60.5% at the end of the previous accounting term to 61.5%.

(2) Status of cash flow this accounting term

As for the status of cash flow this accounting term, cash and cash equivalents ("funds") increased ¥248 million from the beginning of the term to ¥14,511 million. The status of each type of cash flow is as follows.

1) Cash flow from operating activities

Cash flow from operating activities this accounting term increased ¥2,736 million. This is because funds increased owing to factors such as interim net income before tax of ¥1,427 million, depreciation expenses of ¥934 million and impairment losses of ¥834 million that are not accompanied by any outflow of funds, and a reduction in sales credits of ¥1,076 million, but at the same time funds decreased due to factors such as tax payments of ¥453 million and a reduction in amounts due to factoring companies of ¥736 million.

2) Cash flow from investing activities

Cash flow from investing activities this interim accounting term declined ¥1,854 million. This is mainly attributable to the fact that, although funds increased by ¥649 million due to the sale of securities investments, funds decreased due to expenditure such as ¥1,138 million to acquire rental lease assets and tangible fixed assets for the establishment of bases for new business, and ¥1,360 million to deposit in new time deposits of more than three months.

3) Cash flow from financing activities

Cash flow from financing activities this interim accounting term decreased ¥632 million. This is mainly attributable to the fact that although funds increased due to expansion in short-term loans of ¥255 million, funds decreased due to a reduction in long-term loans of ¥315 million and dividend payments of ¥570 million.

(3) Trend of Cash Flow Indicators

	Interim term ending September 2005	Term ended September 2004	Term ended March 2005
Equity Ratio (%)	□61.5□	56.7□	60.5
Equity Ratio at Market Value (%)	□94.2□	90.9□	100.8
Number of Years to Amortize Debt (years)	□ 0.9□	--□	--
Interest Coverage Ratio	□68.3□	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 thenumber 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 cashflow statement. Interest bearing debt includes all obligations recorded on the consolidated balance sheetto which interest is applied. With respect to interest payment, the "Interest Payment" contained in the consolidated cash flow statement is used.
4. To calculate the repayment schedule this interim accounting term (interim term ending September 2005), the cash flow from operating activities is doubled to find the annualized cash flow. There is no calculation for the first accounting term (ending September 2004) and the second accounting term (ending March 2005), as the first accounting term is an irregular accounting term from March 30, 2004 to September 30, 2004 and the second accounting term is an irregular accounting term from October 1, 2004 to March 31, 2005.

3. Business risks, etc.

Risks that may affect the business results, financial position, etc. of group companies include the following. Matters relating to the future in the text are judgments made by group companies as of the end of this interim accounting term.

(1) Business environment of group companies

1) The market to which suppliers and customers of the home furnishing business conducted by group companies belong tends to be comparatively easily affected by economic trends, price movements and the residential tax system, etc. Therefore, if demand on the home furnishing market declined due to factors such as a reduction in income resulting from economic slowdown, a rise in market interest rates, a rise in land prices or the strengthening of the residential tax system, not only may the profit margin be reduced because of falling sales, decline in the selling prices of products handled, etc. but the results and the financial position of group companies may also be affected due to deterioration in the business situation of suppliers and customers, the occurrence of bad debts, etc.

2) The acute and long-term care business conducted by group companies is heavily dependent on the nursing care insurance system. Should this nursing care insurance system be reformed, etc., as a result, sales may fall and the results and financial status of the group companies may be affected.

3) In the other businesses conducted by group companies, group companies are committed to clear product strategies and sales strategies to provide appealing products in a market where the sensibility and fashion sense of consumers, the price line and the shop environment is changing all the time. Therefore, if group companies are unable to forecast market changes adequately and are unable to provide appealing products, as a result of this sales may decline and the results and the financial position of group companies may be affected.

(2) Product faults

The group companies manufacture various products at their respective plants in accordance with JIS and their own quality standards that are more stringent than JIS known as FES (Francebed Engineering Standards).

However, there is no guarantee that faults will not occur in any of the products. Moreover, although group companies have taken out insurance in relation to product liability, there is no guarantee that this insurance will ultimately be able to adequately cover the amount of compensation to be borne and it is not necessarily true that group companies will be able to continue paying into such insurance.

If such product faults caused group companies to incur high costs as a result of their liability for compensation or seriously damaged their reputation, as a result of this sales may decline and the results and the financial position of the group companies may be affected.

(3) Exchange rate fluctuation, etc.

The group companies are engaged in import and export transactions of raw materials and the products they handle and, with respect to foreign-currency-denominated monetary claims and obligations in relation to this (includes foreign currency options) there is the risk of fluctuation in exchange rates. Therefore group companies are engaged in derivative transactions to hedge the risk of exchange rate fluctuations, but it is impossible to eliminate all such risk including the indirect impact of exchange rate fluctuations. Therefore, fluctuation in exchange rates may affect the results and financial status of group companies.

The export and import transactions of group companies take place with multiple countries particularly in Asia and Europe, and in the future the balance of such transactions is expected to increase. Therefore, deterioration in the export and import environment as a result of changes in the economic situation of each country, the occurrence of disasters, etc. may affect the results and financial position of group companies.

(4) Accounting

Group companies carry out accounting in according with accounting standards generally accepted in Japan and based on various factors considered reasonable in accordance with past results and the situation. Therefore, if accounting methods changed as a result of a change in the market environment, corporate environment, etc., this may affect the results and financial status of group companies.

4. Full-term outlook

Notwithstanding unstable elements such as sharp rises in crude oil prices and the trends of the US economy and the Chinese economy, the economy is expected to continue to show a trend for gentle recovery. Under such conditions, the Company will put all its effort into the execution of various measures to further improve profitability.

Full-term consolidated business forecasts are sales of ¥71,200 million, ordinary income of ¥4,240 million and net income of ¥2,000 million.

Consolidated Financial Statements
Consolidated Balance Sheet

(In millions of yen)

Account	Interim term ending Sept. 2005 (As of Sept.30, 2005)	Fiscal term ended Sept. 2004 (As of Sept.30, 2004)	Fiscal term ended Mar. 2005 (As of Mar. 31, 2005)
(Assets)			
1. Current Assets			
Cash and Deposits	14,671	19,883	14,263
Notes and Account Receivable - Trade	12,801	12,935	13,878
Marketable Securities	2	2	2
Inventory	9,884	10,301	10,108
Other	2,528	3,242	2,838
Allowance for Doubtful Accounts	(-)169	(-)183	(-)187
Total Current Assets	39,718	46,181	40,903
2. Fixed Assets			
Tangible Fixed Assets			
Buildings and Structures	4,072	3,629	3,552
Land	6,218	5,983	6,239
Other	2,923	2,904	3,116
Total Tangible Assets	13,214	12,518	12,908
Intangible Fixed Assets	536	601	518
Investments and Other Assets			
Prepaid Pension Expense	5,062	--	5,087
Other	6,942	11,375	7,237
Allowance for Doubtful Accounts	(-)208	(-)385	(-)415
Total Investments and Other Assets	11,796	10,990	11,909
Total Fixed Assets	25,547	24,110	25,336
Total Assets	65,266	70,292	66,239

Consolidated Financial Statements
Consolidated Balance Sheet

(In millions of yen)

Account	Interim term ending Sept. 2005 (As of Sept.30, 2005)	Fiscal term ended Sept. 2004 (As of Sept.30, 2004)	Fiscal term ended Mar. 2005 (As of Mar. 31, 2005)
(Liabilities)			
1.Current Liabilities			
Notes and Account Payable - Trade	7,489	7,756	7,624
Accrued Factoring Liabilities	2,183	1,662	2,920
Short Term Borrowings	4,765	7,432	4,510
Long Term Borrowings Coming Due within 1 Year	272	731	481
Reserve for Bonuses	1,560	1,445	1,480
Other	4,580	6,153	4,517
Total Current Liabilities	20,852	25,182	21,534
2.Fixed Liabilities			
Long Term Borrowings	328	650	434
Reserve for Retirement Benefits	3,201	3,588	3,169
Reserve for Directors Retirement Bonuses	378	637	625
Other	332	344	338
Total Fixed Liabilities	4,240	5,221	4,567
Total Liabilities	25,092	30,403	26,102
(Minority Interest)			
Minority Interest	--	--	--
(Shareholders' Equity)			
1.Common Stock	3,000	3,000	3,000
2.Capital Surplus	5,117	4,940	5,117
3.Retained Earnings	34,718	33,724	34,617
4.Unrealized Gains or Losses on Securities	285	211	348
5.Treasury Shares	(-)2,947	(-)1,987	(-)2,946
Total Shareholders' Equity	40,173	39,888	40,136
Total Liabilities, Minority Interest and Shareholders' Equity	65,266	70,292	66,239

(Note)
1. The values presented have been rounded down to the nearest \ million (the same also applies hereinafter).
2. Comparisons with the previous interim accounting term are not stated, as the preparation of interim consolidated financial statements began from this consolidated accounting term (the same also applies hereinafter).

Consolidated Statement of Income (In millions of yen)

Account	Interim term ending Sept. 2005 (As of Sept.30, 2005)	Fiscal term ended Sept. 2004 (As of Sept.30, 2004)	Fiscal term ended Mar. 2005 (As of Mar. 31, 2005)
1. Net Sales	34,372	34,788	35,167
2. Cost of Goods Sold	18,784	18,958	19,152
Gross Income	15,587	15,830	16,015
3. Selling, General and Administrative Expense	13,832	14,073	13,908
Operating Income	1,755	1,757	2,107
4. Other Income			
Interest Income	2	3	1
Dividend Income	43	39	3
Insurance Income	38	--	--
Life Insurance Dividend Income	54	52	--
Other	72	206	195
Total Other Income	211	302	199
5. Other Expenses			
Interest Expense	38	68	49
Sales Discounts	38	42	40
Commission paid	21	--	--
Other	34	87	92
Total Other Expenses	132	198	182
Ordinary Income	1,834	1,860	2,124
6. Extraordinary Income			
Gains on Prior Year Adjustment	59	27	34
Gains form Sale of Fixed Assets	32	0	4
Gains on sales of investment securities	363	--	--
Other	--	--	419
Total Extraordinary Income	455	27	457
7. Extraordinary Losses			
Loss from Prior Year Adjustment	7	34	6
Losses from Sale of Fixed Assets	0	0	0
Loss from Removal of Fixed Assets	15	37	41
Loss on impairment of fixed assets	834	--	--
Other	3	3	101
Total Extraordinary Losses	861	75	149
Net Income before Tax	1,427	1,812	2,432
Corporate Income Tax, Resident Tax and Enterprise Tax	977	1,065	(-)747
Deferred Income Taxes	(-)324	(-)271	1,674
Net Income	774	1,019	1,505

Consolidated Statement of Surplus (In millions of yen)

Account	Interim term ending Sept. 2005 (As of Sept.30, 2005)	Fiscal term ended Sept. 2004 (As of Sept.30, 2004)	Fiscal term ended Mar. 2005 (As of Mar. 31, 2005)
(Capital Surplus)			
1. Beginning Balance of Capital Surplus	5,117	3,481	4,940
2. Increase in Capital Surplus			
Gains from Disposition of Treasury Shares	--	1,459	176
3. Ending Balance of Capital Surplus	5,117	4,940	5,117
(Retained Earnings)			
1. Beginning Balance of Retained Earnings	34,617	32,823	33,724
2. Increase in Retained Earnings			
Net Income	774	1,019	1,505
3. Reductions in Retained Earnings			
Dividends	573	--	576
Directors' Bonuses	100	118	35
4. Ending Balance of Retained Earnings	34,718	33,724	34,617

Consolidated Statement of Cash Flow (In millions of yen)

Account	Interim term ending Sept. 2005 (As of Sept.30, 2005)	Fiscal term ended Sept. 2004 (As of Sept.30, 2004)	Fiscal term ended Mar. 2005 (As of Mar. 31, 2005)
1. Cash Flows from Operating Activities			
Net Income before Tax and Minority Interests	1,427	1,812	2,432
Depreciation	934	892	933
Loss on impairment of fixed assets	834	--	--
Gains from Sale of Tangible Fixed Assets	(-)32	0	(-)4
Losses on Sale and Removal of Tangible Fixed Assets	11	29	29
Gains on sales of investment securities	(-)363	--	--
Change in Allowance for Doubtful Accounts	(-)225	7	33
Changes in Reserve for Bonuses	80	58	35
Changes in Reserve for Retirement Benefits and Prepaid Pension Expense	56	(-)313	(-)2,805
Change in Reserve for Directors Retirement Bonuses	(-)246	25	(-)12
Interest Income and Dividend Income	(-)45	(-)43	(-)4
Interest Expense	38	68	49
Change in Account Receivables	1,076	2,283	(-)942
Change in Inventory	224	(-)260	192
Change in Procurement Obligations	(-)134	(-)689	(-)132
Change in Accrued Factoring Liabilities	(-)736	(-)441	1,258
Change in Accrued Expenses	(-)175	(-)131	(-)203
Change in Accrued Consumption Tax	70	(-)132	(-)25
Directors Bonuses Paid	(-)100	(-)118	(-)35
Other	491	(-)333	563
Sub-Total	3,184	2,715	1,362
Interest and Dividends Received	45	43	4
Interest Paid	(-)40	(-)66	(-)46
Corporate Taxes Paid	(-)453	(-)1,763	(-)961
Other	--	6	1
Cash Flows from Operating Activities	2,736	936	361
2. Cash Flows from Investing Activities			
Investments in Time Deposits	(-)1,360	--	--
Decrease in Term Deposits	--	89	--
Proceeds from Sale of Marketable Securities	1	32	1
Expenditures for Acquisition of Tangible Fixed Assets	(-)1,138	(-)882	(-)1,339
Proceeds form Sale of Tangible Fixed Assets	32	0	21
Expenditures for Acquisition of Investment Securities	(-)24	0	0
Proceeds from Sale of Investment Securities	649	5	1
Expenditure for Loans	(-)11	(-)90	(-)19
Proceeds from Recovery of Loans	18	79	20
Other	(-)20	(-)119	(-)57
Cash Flows from Investing Activities	(-)1,854	(-)885	(-)1,371
3.Cash Flows from Financing Activities			
Proceeds from Increase in Short Term Borrowings	455	1,250	4,610
Expenditure for Repayment of Short Term Borrowings	(-)200	(-)2,118	(-)7,532
Expenditure for Repayment of Long Term Borrowings	(-)315	(-)365	(-)465
Proceeds from the Sale of Treasury Shares	--	2,787	2,293
Expenditure for Acquisition of Treasury Shares	(-)1	(-)2	(-)2,943
Payment of Dividends	(-)570	--	(-)572
Other	0	(-)300	0
Cash Flows from Financing Activities	(-)632	1,251	(-)4,610
4. Exchange Gains or Losses relating to Cash and Cash Equivalents	0	--	--
5. Change in Cash and Cash Equivalents	248	1,302	(-)5,620
6. Beginning Balance of Cash and Cash Equivalents	14,263	18,581	19,883
7. Ending Balance of Cash and Cash Equivalents	14,511	19,883	14,263

Significant Matters in Preparation of Consolidated Financial Statements

Interim term ending Sept. 2005 (As of Sept.30, 2005)	Fiscal term ended Sept. 2004 (As of Sept.30, 2004)	Fiscal term ended Mar. 2005 (As of Mar. 31, 2005)
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 SalesCo., Ltd., FB Tomonokai Co., Ltd., and Tokyo Bed Co.,Ltd.	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 SalesCo., 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 SalesCo., 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. withthe 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. France bed International (Thailand) Co., Ltd. The reason for exclusion from consolidation. The two non-consolidated subsidiaries are both small-scale companies and are excluded from the scope of consolidation since the sum of total assets, net sales, interim net income (amount commensurate to holding), profit surplus, etc. does not have a major impact on interim consolidated financial statements in either case.	(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	(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. France bed International (Thailand) 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	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	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

Interim term ending Sept. 2005 (As of Sept.30, 2005)	Fiscal term ended Sept. 2004 (As of Sept.30, 2004)	Fiscal term ended Mar. 2005 (As of Mar. 31, 2005)
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.	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.	
3. Matters relating to the fiscal year of the consolidated subsidiaries The interim closing date of consolidated subsidiaries coincides with the interim consolidated closing date.	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. --------------------------------------	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. --------------------------------------

Interim term ending Sept. 2005 (As of Sept.30, 2005)	Fiscal term ended Sept. 2004 (As of Sept.30, 2004)	Fiscal term ended Mar. 2005 (As of Mar. 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	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	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 Same as the left b. Other marketable securities Those with readily Same as the left Those without readily 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 1.Tangible Fixed Assets The declining balance method is applied. However, for buildings (excluding attached equipment) acquired after April 1, 1998, the straightline 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 200,000yen, they are depreciated in one lot equally over 3 years.	(2) Method of Depreciation of Significant Depreciable Assets (i)Tangible Fixed Assets Same as the left	(2) Method of Depreciation of Significant Depreciable Assets (i)Tangible Fixed Assets Same as the left

Interim term ending Sept. 2005 (As of Sept.30, 2005)	Fiscal term ended Sept. 2004 (As of Sept.30, 2004)	Fiscal term ended Mar. 2005 (As of Mar. 31, 2005)
2.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).	2.Intangible Fixed Assets Same as the left	2.Intangible Fixed Assets Same as the left
3.LongTerm Prepaid Expenses Equal amortization is applied.	3.LongTerm Prepaid Expenses Same as the left	3.LongTerm Prepaid Expenses Same as the left
(3) Accounting for Significant Reserves	(3) Accounting for Significant Reserves	(3) Accounting for Significant Reserves
1. 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.	1. Allowance for Doubtful Accounts Same as the left	1. Allowance for Doubtful Accounts Same as the left
2. Reserve for Bonuses To provided for payment of bonuses to employees, the amount expected to be paid are recorded.	2. Reserve for Bonuses Same as the left	2. Reserve for Bonuses Same as the left
3. 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.	3. 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.	3. 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

Interim term ending Sept. 2005 (As of Sept.30, 2005)	Fiscal term ended Sept. 2004 (As of Sept.30, 2004)	Fiscal term ended Mar. 2005 (As of Mar. 31, 2005)
		pension assets are treated as reduction from expenses commencing the current consolidated fiscal year.
4. 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.	4. 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.	4. 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	(4) Accounting for Significant Leases Same as the left
(5) Hedge Accounting 1. 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.	(5) Hedge Accounting 1. Method of Hedge Accounting Same as the left	(5) Hedge Accounting 1. Method of Hedge Accounting Same as the left
2. Hedging Tools and Hedge Targets a.Hedging Tools Derivative transactions (currency options and forward foreign exchange contracts)	2. Hedging Tools and Hedge Targets a.Hedging Tools Same as the left	2. Hedging Tools and Hedge Targets a.Hedging Tools Same as the left
b.Hedge Targets Foreign currency denominated monetary obligations subject to foreign exchange volatility risk (including foreign currency denominated planned transactions).	b.Hedge Targets Same as the left	b.Hedge Targets Same as the left
3. 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	3. Hedging Policy Same as the left	3. Hedging Policy Same as the left

Interim term ending Sept. 2005 (As of Sept.30, 2005)	Fiscal term ended Sept. 2004 (As of Sept.30, 2004)	Fiscal term ended Mar. 2005 (As of Mar. 31, 2005)
planned transaction amount as the maximum limit. 4. 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. (6) Other Matters in Preparation of Consolidated Financial Statements 1.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. 2.---------------------------------------	planned transaction amount as the maximum limit. 4. Method of Evaluating Hedge Effectiveness a.Test in Advance Same as the left b.Ex Post Facto Test Same as the left (6) Other Matters in Preparation of Consolidated Financial Statements 1.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. 2.---------------------------------------	planned transaction amount as the maximum limit. 4. Method of Evaluating Hedge Effectiveness a.Test in Advance Same as the left b.Ex Post Facto Test Same as the left (6) Other Matters in Preparation of Consolidated Financial Statements 1.Accounting for the Consumption Tax Same as the left 2.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.

Interim term ending Sept. 2005 (As of Sept.30, 2005)	Fiscal term ended Sept. 2004 (As of Sept.30, 2004)	Fiscal term ended Mar. 2005 (As of Mar. 31, 2005)
6. 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.	6. Scope of Cash in the Consolidated Statement of Cash Flow Same as the left	6. Scope of Cash in the Consolidated Statement of Cash Flow Same as the left

(Accounting Changes)

Interim term ending Sept. 2005 (As of Sept.30, 2005)	Fiscal term ended Sept. 2004 (As of Sept.30, 2004)	Fiscal term ended Mar. 2005 (As of Mar. 31, 2005)
(Method of booking real estate rental income and expenses) Real estate rental income and expenses used to be booked in non-operating profit and non-operating expenses, but since real estate rental income is expected to increase in the future, by changing the purpose of business in the Articles of Incorporation, from this interim accounting term the Company changed to a method of recording them in net sales and cost of sales respectively. As a result, compared with before, sales increased by ¥107 million, the cost of sales rose by ¥30 million, and gross profit on sales and operating income increased by ¥76 million. Also, “Other” in non-operating income decreased by ¥107 million and “Other” in non-operating expenses declined by ¥30 million, but there is no impact on ordinary income and interim net income before tax. Furthermore, not only did property and structures increase by ¥143 million, land increase by ¥812 million and Other increase by ¥0 million, but “Other” in Investments and Other Assets decreased by ¥956 million. Effects on segments are stated in the part concerned.	--	--
(Accounting standards for the impairment of fixed assets) Starting this interim accounting term, the Company has applied the accounting standards for the impairment of fixed assets (the opinion on the establishment of accounting standards for the asset impairment of fixed assets (by the Business Accounting Council on August 9, 2002) and the guidelines for the application of the accounting standards for the asset impairment of fixed assets (No. 6 guideline for the application of the accounting standards dated October 31, 2003). As a result, interim net income before tax declined by ¥834 million. The cumulative amount of impairment losses has been deducted directly from the amount of land in monetary terms	--	--
--	--	(Accounting for Unrecognized Pension Assets Relating to Retirement Benefits) Associated with the "Partial Amendment of 'Accounting Standard

Interim term ending Sept. 2005 (As of Sept.30, 2005)	Fiscal term ended Sept. 2004 (As of Sept.30, 2004)	Fiscal term ended Mar. 2005 (As of Mar. 31, 2005)
		for Retirement Benefits'" (Corporate Accounting Standard No. 3 March 16, 2005) and the Application Guideline for Partial Amendment of Accounting Standardfor 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)

Interim term ending Sept. 2005 (As of Sept.30, 2005)	Fiscal term ended Sept. 2004 (As of Sept.30, 2004)	Fiscal term ended Mar. 2005 (As of Mar. 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)

Interim term ending Sept. 2005 (As of Sept.30, 2005)	Fiscal term ended Sept. 2004 (As of Sept.30, 2004)	Fiscal term ended Mar. 2005 (As of Mar. 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, 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 ¥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.

Notes (Relating to the Consolidated Balance Sheet)

Interim term ending Sept. 2005 (As of Sept.30, 2005)	Fiscal term ended Sept. 2004 (As of Sept.30, 2004)	Fiscal term ended Mar. 2005 (As of Mar. 31, 2005)
1. Accumulated Depreciation of Tangible Fixed Assets ¥18,890 million	1. Accumulated Depreciation of Tangible Fixed Assets ¥18,393 million	1. Accumulated Depreciation of Tangible Fixed Assets ¥18,087 million
2. Assets Pledged as Collateral (1) ------------------------------	2. 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. Assets Pledged as Collateral (1) ------------------------------
(2) Other than the Above Buildings & Structures ¥155 million Land ¥29 million Investment Securities ¥177 million Total ¥362 million Obligations to the above LongTerm Debt ¥70 million LongTerm Debt Maturing within 1 Year ¥28 million Accounts Payable of Unconsolidated Subsidiary ¥13 million	(2) Other than the Above Buildings & Structures ¥160 million Land ¥29 million Investment Securities ¥135 million Total ¥324 million Obligations to the above LongTerm Debt ¥98 million LongTerm Debt Maturing within 1 Year ¥28 million Accounts Payable of Unconsolidated Subsidiary ¥10 million	(2) Other than the Above Buildings & Structures ¥159 million Land ¥29 million Investment Securities ¥139 million Total ¥328 million Obligations to the above LongTerm Debt ¥84 million LongTerm Debt Maturing within 1 Year ¥28 million Accounts Payable of Unconsolidated Subsidiary ¥12 million
3. Contingent Liabilities The Company has made debt guarantees (includes guarantee-like activities) for the borrowings, etc. of the following companies, etc. France bed International (Thailand) Co., Ltd. ¥72 million (26 million Thai baht) Employees ¥118 million	3. Contingent Liabilities The Group provides guarantees for bank borrowings by employees. ¥136 million	3. Contingent Liabilities The Group provides guarantees for bank borrowings by employees. ¥129 million
4. 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 (¥154 million) are included in "Other" in Current Liabilities.	4. ------------------------------	4. 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.
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 consolidated financial statement	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 consolidated financial statement

Interim term ending Sept. 2005 (As of Sept.30, 2005)	Fiscal term ended Sept. 2004 (As of Sept.30, 2004)	Fiscal term ended Mar. 2005 (As of Mar. 31, 2005)
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 ¥300 million Loans Outstanding -- million Net Undrawn Loan Balance ¥300 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.		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 ¥250million 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.
6. 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	6. ------------------------------	6. 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

Interim term ending Sept. 2005 (Apr. 1, 2005 - Sept .30, 2005)	Fiscal term ended Sept. 2004 (Mar. 30, 2004 - Sept. 30, 2004)	Fiscal term ended Mar. 2005 (Oct. 1, 2004 - Mar. 31, 2005)
1. Summary Breakdown of Selling, General and Administrative Expenses Transport and Storage Fees ¥1,392 million Provisions to Allowance for Doubtful Accounts ¥7 million Employees Salary and Bonuses ¥4,844 million Provision to Reserve for Bonuses ¥1,216 million Retirement Benefits Expense ¥387 million Provision to Reserve for Directors' Retirement Bonuses ¥42 million	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	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. Details of Gains from Prior Period Adjustment Reversals of Allowance for Doubtful Accounts ¥17 million PriorYears' Excessive Provisions for Reserve for Bonuses ¥1 million Accrued legal welfare expenses in excess of last year's allowance ¥11million Other ¥27 million Total ¥59 million	2. Details of Gains from Prior Period Adjustment Reversals of Allowance for Doubtful Accounts ¥11 million Other ¥15 million Total ¥27 million	2. Details of Gains from Prior Period Adjustment Reversals of Allowance for Doubtful Accounts ¥16 million PriorYears' Excessive Provisions for Reserve for Bonuses ¥8 million Other ¥9 million Total ¥34 million
3. Details of Gains from Sale of Fixed Assets Land ¥32 million	3. Details of Gains from Sale of Fixed Assets Equipment and Vehicles ¥0 million	3. Details of Gains from Sale of Fixed Assets Equipment and Vehicles ¥0 million Land ¥4 million Total ¥4 million
4. Details of Losses from Prior Period Adjustment Shortfall in appropriation for business tax ¥7 million Other 0 million Total ¥7 million	4. Details of Losses from Prior Period Adjustment PriorYearsÅf Deficiencies in the Provisions to Reserve for Bonuses ¥20 million Other ¥13 million Total ¥34 million	4. Details of Losses from Prior Period Adjustment Compensation for Damages ¥5 million Other ¥1 million Total ¥6 million
5. Details of the Loss from Sale of Fixed Assets Tools, Furniture and Furnishings ¥0 million	5. Details of the Loss from Sale of Fixed Assets Tools, Furniture and Furnishings ¥0 million	5. Details of the Loss from Sale of Fixed Assets Tools, Furniture and Furnishings ¥0 million
6. Details of Losses from Removal of Fixed Assets Buildings and Structures ¥2 million Equipment and Vehicles ¥5 million Tools, Furniture and Furnishings ¥7 million Total ¥15 million	6. Details of Losses from Removal of Fixed Assets Buildings and Structures ¥22 million Equipment and Vehicles 8 million Tools, Furniture and Furnishings ¥6 million Total ¥37 million	6. 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

<table>
<tr><th>Interim term ending Sept. 2005
(Apr. 1 2005 - Sept .30, 2005)</th><th>Fiscal term ended Sept. 2004
(Mar. 30, 2004 - Sept. 30, 2004)</th><th>Fiscal term ended Mar. 2005
(Oct. 1, 2004 - Mar. 31, 2005)</th></tr>
<tr><td>7. --</td><td>7. --</td><td>7. "Corporate Income Tax, ResidentsTax, 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.</td></tr>
<tr><td>8. Impairment losses
This interim accounting term the group companies booked impairment losses for the following asset groups.
(In millions of yen)
<table>
<tr><th>Region</th><th>Use</th><th>Type</th><th>Impairment Loss</th></tr>
<tr><td>North Japan</td><td>6 idle assets</td><td>Land</td><td>348</td></tr>
<tr><td>East Japan</td><td>7 idle assets
1 lease assets</td><td>Land</td><td>274</td></tr>
<tr><td>West Japan
(inc. Okinawa)</td><td>3 idle assets</td><td>Land</td><td>211</td></tr>
<tr><td colspan="3">Total</td><td>834</td></tr>
</table>
The group companies group assets based on business segments, but idle assets and lease assets are grouped as independent cash-flow-generating units.
As explained above, the impairment losses booked this interim accounting term relate to idle assets and lease assets.
Since idle assets are in an idle state and are not expected to be used in the future and since it is expected to be difficult to recover the amount invested in lease assets due to decline in profitability, etc., the book value of both idle assets and lease assets is reduced to a recoverable value, and the amount of this reduction is booked in extraordinary expense as an impairment loss (¥834 million).
Recoverable value is measured based on the net selling price and is evaluated based on the real estate appraisal value or the valuation of fixed assets for tax purposes.</td><td>8. --</td><td>8. --</td></tr>
</table>

relating to the Consolidated Cash Flows

Interim term ending Sept. 2005 (Apr. 1 2005 - Sept .30, 2005)	Fiscal term ended Sept. 2004 (Mar. 30, 2004 - Sept. 30, 2004)	Fiscal term ended Mar. 2005 (Oct. 1, 2004 - Mar. 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 ¥14,671 million Marketable Securities ¥2 million Total ¥14,673 million Time deposits whose maturities exceed 3 months ¥ (-)160 million Bonds with Maturities Longer than 3 months and Government and Corporate Bond InvestmentTrust ¥ (-)2 million Cash and Cash Equivalents ¥14,511million	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 InvestmentTrust ¥ (-)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 InvestmentTrust ¥ (-)2 million Cash and Cash Equivalents ¥14,263 million

Leases

Interim term ending Sept. 2005 (Apr. 1 2005 - Sept .30, 2005)	Fiscal term ended Sept. 2004 (Mar. 30, 2004 - Sept. 30, 2004)	Fiscal term ended Mar. 2005 (Oct. 1, 2004 - Mar. 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.	Disclosures have been made via EDINET thus the item has been omitted.

Relating to Marketable Securities
1.Interim consolidated accounting period (September 30, 2005)
(1) Marketable Securities with Readily Determinable Market Value

(In millions of yen)

Classification	Acquisition Price	Amounts booked on interim consolidated balance sheet	Difference
(i) Stocks	770	1,230	460
(ii) Bonds			
National Municipal	21	24	2
Corporate Bonds	--	--	--
Other	--	--	--
(iii) Other	330	349	19
Total	1,122	1,604	482

(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) Marketable Securities not Valued at Market

(In millions of yen)

Details	Amounts booked on interim consolidated balance sheet
(i) Bonds Intended to be Held to Maturity	
Corporate Bonds	4
(ii) Other Marketable Securities	
Unlisted Stocks (excluding OTC Stocks)	104
Total	108

2. Reference

1.Fiscal term ended September 2004 (September 30, 2004)

(1) Other Marketable Securities with Readily Determinable Market Value

(In millions of yen)

Classification	Acquisition Price	As Recorded on the consolidated balance sheet	Difference
(i) Stocks	1,054	1,415	361
(ii) Bonds			
National Municipal	21	24	2
Corporate Bonds	--	--	--
Other	--	--	--
(iii) Other	330	325	(-)4
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) Marketable Securities not Valued at Market

(In millions of yen)

Details	As Recorded on the consolidated balance sheet
(i) Bonds Intended to be Held to Maturity	
Corporate Bonds	6
(ii) Other Marketable Securities	
Unlisted Stocks (excluding OTC Stocks)	106
Total	112

2. Fiscal term ended March 2005 (March 31, 2005)

(1) Other Marketable Securities with Readily Determinable Market Value

(In millions of yen)

Classification	Acquisition Price	As Recorded on the consolidated balance sheet	Difference
(i) Stocks	1,054	1,643	589
(ii) Bonds			
National Municipal	21	24	2
Corporate Bonds	--	--	--
Other	--	--	--
(iii) Other	330	327	(-)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) Marketable Securities not Valued at Market

(In millions of yen)

Details	As Recorded on the consolidated balance sheet
(i) Bonds Intended to be Held to Maturity	
Corporate Bonds	5
(ii) Other Marketable Securities	
Unlisted Stocks (excluding OTC Stocks)	105
Total	110

(Relating to Derivative Transactions)

Interim term ending Sept. 2005 (As of Sept.30, 2005)	Fiscal term ended Sept. 2004 (As of Sept.30, 2004)	Fiscal term ended Mar. 2005 (As of Mar. 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.	As hedge accounting is applied, there are no derivative transactions subject to disclosure.

(Segment Information)

1. Segment Information by Business

Interim Consolidated accounting period (April 1, 2005 ~ September 30, 2005)

(In millions of yen)

Classification	Home Furnishing	Acute and Long Term Care	Other	Total	Elimination of Corporate Wide	Consolidated
Sales						
(1) Sales to External Customers	17,493	13,148	3,730	34,372	--	34,372
(2) Internal Sales among Segments or Transfers	297	6	51	356	(356)	--
Total	17,791	13,155	3,781	34,728	(356)	34,372
Operating Expenses	17,758	11,769	3,542	33,070	(453)	32,617
Operating Income	32	1,385	239	1,658	97	1,755

(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,real estate rental.

3. Of the Operating Expenses, principal unallocable operating expenses (¥445 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. As stated in changes in accounting methods, the accounting method for real estate rental income and expenses that were recorded in non-operating income and non-operating expense was changed to a method of recording them in net sales and cost of sales. Real estate rental business is shown included in “Other businesses.” As a result of this change, net sales increased by ¥159 million, and operating profit increase by ¥100 million compared with the previous method.

(2) Reference

1. Fiscal term ended September 2004 (6 months)(March 30, 2004 ~ September 30, 2004)

(In millions of yen)

Classification	Home Furnishing	Acute and Long Term Care	Other	Total	Elimination of Corporate Wide	Consolidated
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

(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.

2. Fiscal term ended March 2005 (6 months)(October 1, 2004 ~ March 31, 2005)

(In millions of yen)

Classification	Home Furnishing	Acute and Long Term Care	Other	Total	Elimination of Corporate Wide	Consolidated
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

(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.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

1. Interim consolidated accounting period (Commenced April 1, 2005 and ended September 30, 2005)
   As there are no subsidiaries or branches located overseas, this item has been omitted.

2. Reference
   (1) Fiscal term ended September 2004 (6 month) (Commenced March 30, 2004 and ended September 30, 2004)
   As there are no subsidiaries or branches located overseas, this item has been omitted.
   (2) Fiscal term ended March 2005 (6 month) (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

1. Interim consolidated accounting period (Commenced April 1, 2005 and ended September 30, 2005)
   As the Overseas Sales comprise less than 10% of the Consolidated Sales, the item has been omitted.

2. Reference
   (1) Fiscal term ended September 2004 (6 month) (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.
   (2) Fiscal term ended March 2005 (6 month) (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.

(Per Share Information)

Interim term ending Sept. 2005 (Apr. 1, 2005 - Sept .30, 2005)	Fiscal term ended Sept. 2004 (Mar. 30, 2004 - Sept. 30, 2004)	Fiscal term ended Mar. 2005 (Oct. 1, 2004 - Mar. 31, 2005)
Net Assets per Share ¥175.07 Earnings per share ¥3.37 As there are no latent shares existing, presentation of fully diluted earnings per share has been omitted.	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.

	Interim term ending Sept. 2005 (Apr. 1, 2005 - Sept .30, 2005)	Fiscal term ended Sept. 2004 (Mar. 30, 2004 - Sept. 30, 2004)	Fiscal term ended Mar. 2005 (Oct. 1, 2004 - Mar. 31, 2005)
Net Income (¥ million)	774	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)	774	983	1,404
Average Number of Outstanding Common Shares during the Period (thousand shares)	229,467	225,646	231,971

(Material Subsequent Events)

Interim term ending Sept. 2005 (Apr. 1, 2005 - Sept .30, 2005)	Fiscal term ended Sept. 2004 (Mar. 30, 2004 - Sept. 30, 2004)	Fiscal term ended Mar. 2005 (Oct. 1, 2004 - Mar. 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 this interim consolidated accounting period under review is as follows.

(In millions of yen)

Name of Business Segment	Interim term ending Sept. 2005 (Apr. 1, 2005 - Sept .30, 2005)	Fiscal term ended Sept. 2004 (Mar. 30, 2004 - Sept. 30, 2004)	Fiscal term ended Mar. 2005 (Oct. 1, 2004 - Mar. 31, 2005)
Home Furnishings	6,335	6,448	6,704
Acute and Long Term Care	1,379	1,532	1,637
Other	--	--	--
Total	7,714	7,980	8,341

(Note) 1. Values are according to the manufacturing cost.
2. Above figures do not include Consumption Tax.
3. Comparisons with the previous interim accounting term are not stated, as preparation of interim consolidated financial statements began from this interim accounting term.

(2) Subcontracting

Subcontracting record by each business segment during the this interim consolidated accounting period under review is as follows.

(In millions of yen)

Name of Business Segment	Interim term ending Sept. 2005 (Apr. 1, 2005 - Sept .30, 2005)	Fiscal term ended Sept. 2004 (Mar. 30, 2004 - Sept. 30, 2004)	Fiscal term ended Mar. 2005 (Oct. 1, 2004 - Mar. 31, 2005)
Home Furnishings	1,211	1,128	1,095
Acute and Long Term Care	357	404	442
Other	--	--	--
Total	1,568	1,533	1,537

(Note) 1. Inter-segmental transactions have been offset and eliminated.
2. Above figures do not include Consumption Tax.
3. Comparisons with the previous interim accounting term are not stated, as preparation of interim consolidated financial statements began from this interim accounting term.

(3) Procurement

Procurement record for each business segment during the this interim consolidated accounting period under review is as follows.

(In millions of yen)

Name of Business Segment	Interim term ending Sept. 2005 (Apr. 1, 2005 - Sept .30, 2005)	Fiscal term ended Sept. 2004 (Mar. 30, 2004 - Sept. 30, 2004)	Fiscal term ended Mar. 2005 (Oct. 1, 2004 - Mar. 31, 2005)
Home Furnishings	3,399	3,938	3,218
Acute and Long Term Care	2,737	2,514	2,320
Other	1,340	1,447	1,359
Total	7,476	7,900	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. Comparisons with the previous interim accounting term are not stated, as preparation of interim consolidated financial statements began from this interim accounting term.

2. Orders

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

3. Sales

Sales by business segment during the this interim consolidated accounting period under review are as follows.

(In millions of yen)

Name of Business Segment	Interim term ending Sept. 2005 (Apr. 1, 2005 - Sept .30, 2005)	Fiscal term ended Sept. 2004 (Mar. 30, 2004 - Sept. 30, 2004)	Fiscal term ended Mar. 2005 (Oct. 1, 2004 - Mar. 31, 2005)
Home Furnishings	17,493	18,437	18,309
Acute and Long Term Care	13,148	12,763	13,242
Other	3,730	3,588	3,616
Total	34,372	34,788	35,167

(Note) 1. Inter-segmental transactions have been offset and eliminated.
2. Above figures do not include Consumption Tax.
3. Comparisons with the previous interim accounting term are not stated, as preparation of interim consolidated financial statements began from this interim accounting term.