FRANCEBED HOLDINGS

Consolidated Financial Results for the Fiscal Year Ended March 2006

May 15, 2006

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: May 15, 2006
Adoption of United States Financial Accounting Standards: None

1.Consolidated Financial Results for the Fiscal year ended March 2006 (April 1, 2005 ~ March 31, 2006)
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, no comparisons with the previous year has been presented .
(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	%
Fiscal year ended March 2006	70,248	—	4,011	—	4,140	—
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	Return on Equity	Ordinary Income to Total Assets	Ordinary Income to Sales
	Million yen	%	yen	yen	%	%	%
Fiscal year ended March 2006	2,091		8.70	—	5.1	6.2	5.8
Fiscal term ended September 2004 (6 months)	1,019		4.35	—	2.5	2.6	5.3
Fiscal term ended March 2005 (6 months)	1,505		6.05	—	3.7	3.1	6.0

(Notes)
1. Investment Gains and Losses due to Equity Method: Fiscal year ended March 2006 - \ --, Fiscal term ended September2004 - \ --,Fiscal term ended March 2005 - \ --
2. Average Number of Shares Outstanding during the Fiscal Year (consolidated):
   Fiscal year ended March 2006 - 229,464,160shares, Fiscal term ended September 2004 - 225,646,806shares, Fiscal Year term 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
Fiscal year ended March 2006	66,373	41,011	61.7	178.31
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:
Fiscal year ended March 2006 - 229,459,919shares, Fiscal term ended September 2004 - 230,728,116shares,
Fiscal term 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
Fiscal year ended March 2006	3,945	(-)3,043	(-)1,232	13,932
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 2007
(Commenced April 1, 2006 and ending March 31, 2007)

	Sales	Ordinary Income	Net Income
	Million yen	Million yen	Million yen
Interim	35,700	2,150	1,180
Full Year	72,600	4,290	2,400

(Reference) Projected Earnings per Share (full year) ¥10.45
* 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 9 of the Attachment.

Corporate Group

The Corporate Group is comprised of the Company and nine 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.

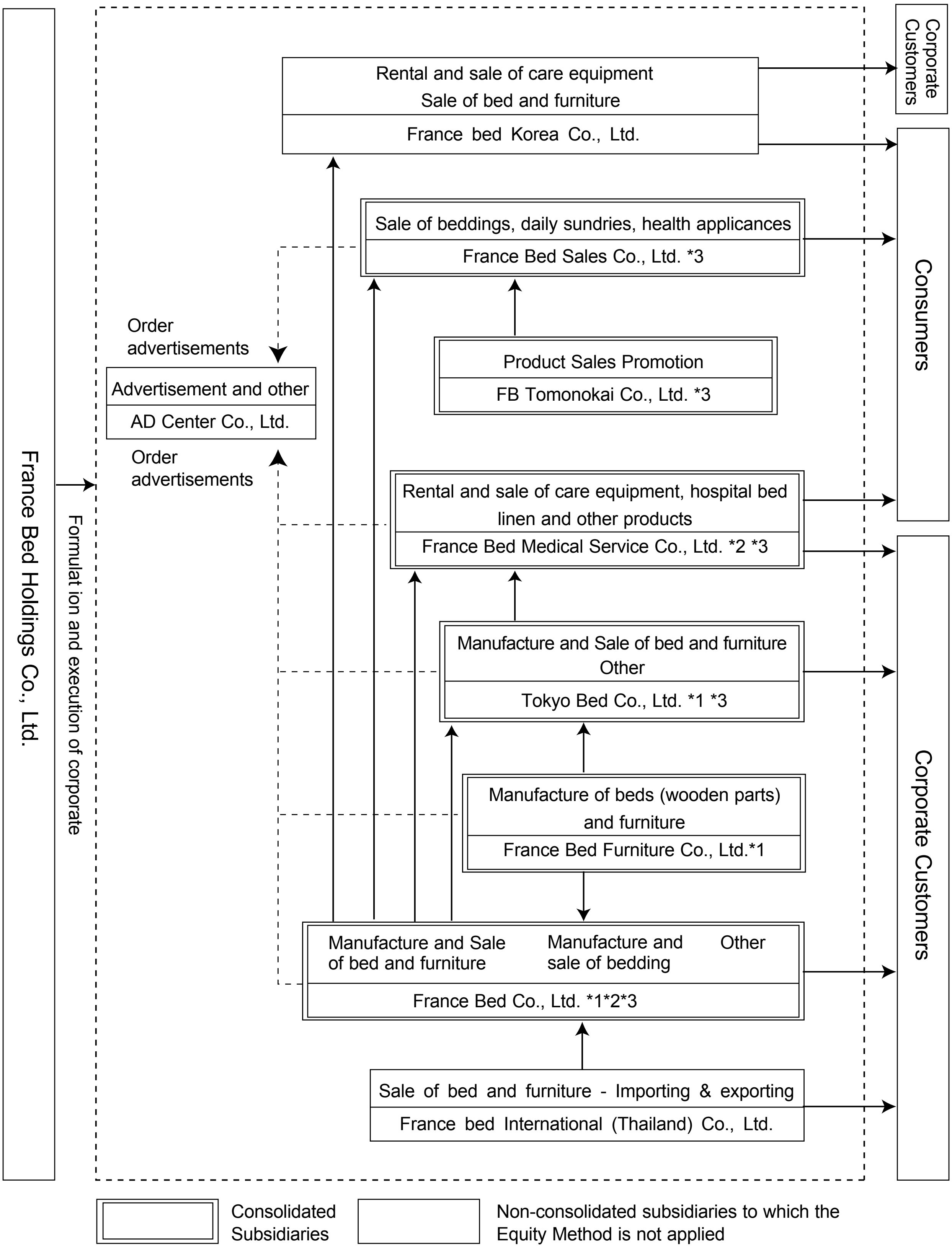
3.In Korea, in recent years the population has been aging and fewer babies are being born. Because Korea is expected to be a promising market for welfare equipment and upscale beds for home use in the coming years, we founded a local subsidiary in Seoul on January 23, 2006. The subsidiary, in which we have a 100% stake, is involved in the sale and rental of welfare equipment and the wholesale and retail sales of home-use beds.

(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 Corporate principles, "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 line with the above policy, the Company plans to make a 5.00yen per share dividend for the currentconsolidated fiscal year under review. With respect to retained earnings, it is the policy of the Company to utilize the funds not only to further enhance the financial position but also to make investments into strategic businesses that will lead to development of new products and services for further growth of the Company, thereby, strengthening the management foundation of the company for the future.

3. Medium and Long-Term Corporate Strategy 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, "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.

For the current term ending March 2007, the final business year of our medium-term management plan, we had targeted consolidated sales of 74,400 million yen and consolidated net income of 2,900 million yen. However, given the impact of recent revisions to the nursing-care insurance system, we now forecast consolidated sales of 72,600 million yen and net income of 2,400 million yen for the term ending March 2007.

After assessing the impact of the revised system, we will produce and announce a new medium-term management plan during this term.

4. Issues facing the Company

(1) Home furnishing business

The business environment for the furniture industry is recovering modestly accompanying growth in consumer spending, and this trend is expected to continue going forward.

In this environment, we will prioritize sales growth in our furniture and interiors business.

Specifically, to boost sales we plan to increase the number of permanent showrooms, opening 20 new locations throughout Japan. As sales of functional and high-priced products are developing at our permanent showrooms and we are beginning to see steady results, we look to improve sales of high-priced products by opening new permanent showrooms in Shirakawa City in May and by opening a showroom for prestigious overseas furniture brands in Tokyo.

With regard to the future deployment of our products, we will place prime emphasis on our home-use electric reclining bed products, for which we believe there will be growth in demand after revision of the nursing-care insurance system, and enhance our product lineup by introducing new models. At the same time, with the development of an earthquake-resistant unit TV board, which prevents furniture from falling in earthquakes and is designed to correspond to the diffusion of large-size flat-screen TVs, we plan to foster new demand and increase sales of new products.

In the overseas furniture market, while our local subsidiary in Thailand has started to engage in activities as an overseas export base and the Company been participating in overseas furniture shows, we have been establishing distribution channels overseas. We plan to address the issue of sales expansion by ensuring the development of such distribution channels going forward.

(2) Acute and long-term care business

With the revision of nursing-care benefits in April 2006, excluding exceptional cases, the nursing-care insurance system no longer covers the rental of welfare equipment, including special beds and wheelchairs, etc., for people whose required level of care is low. As a result of this revision, welfare equipment rental transactions involving people whose required level of care is low and who use nursing-care insurance and transactions with sales agents will certainly be impacted. However, due to provisional measures for users of rental equipment which came into effect of the end of March 2006 and will be in place until the end of September 2006, we expect the impact to become prominent after October.

Under such circumstances, we recognize the most crucial issue is to expand the sales of businesses outside of nursing-care insurance-related business to minimize the impact of the nursing-care insurance system revisions.

Specifically, to maintain relationships with existing users, primarily those whose required level of care is low and as a result will not be able to rent nursing-care beds under the nursing-care insurance, we will develop a new product, Bed to Support Life, as well as introduce a sales system that includes a service for the acceptance of goods to make nursing-care beds more accessible. We will also work to cultivate new customers.

The Company plans to expand its businesses, including the implementation of a home health-care related service for the people with terminally cancer in Tokyo, Nagoya and Osaka utilizing the expertise we have gained through handling welfare and medical equipment, the expansion of the general home remodeling service targeting remodeling that is not covered by nursing-care insurance, and the enhancement of the lineup of rental welfare equipment for handicapped children.

Our subsidiary founded in Korea in January 2006 is preparing to launch business in August this year, and we will operate with an eye on overseas markets.

In addition, we plan to assess the profitability of the day-service business newly launched during the consolidated business year under review, as under the Company's present structure such businesses need to cope with changes in the market environment associated with the revised nursing-care insurance system.

(3) Other businesses

We plan to expand and strengthen the sales structure of the door-to-door sales business, with the goal of increasing sales. Specifically, we will open 10 new sales offices and boost the number of sales staff. The Company will also enhance the education and training of the sales staff, including the area of compliance.

In the commodities and sundries sales business, the Company aims to expand sales by opening more new stores. For existing stores, we will continue to take steps to recover earnings including scrapping and building, as we look to reform our profit structure.

5. Matters Related to Parent Company, etc

Not applicable.

Business results and financial position

1. Business results

(1) Consolidated Fiscal Year Under Review

Thanks to increased consumer spending stemming from a recovery in employment and income growth, and expanded capital spending associated with high-level corporate earnings, the Japanese economy has been on a moderate recovery trend during the consolidated business year under review.

In this environment, the Company Group provided new high added-value products and services and took steps to expand sales in overseas markets.

As a result, the Company Group's sales in the consolidated business year under review reached 70,248 million yen, recurring income was 4,140 million yen, and net income was 2,091 million yen.

(2) Segment Breakdown

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

(i) Home Furnishing Business

The business environment for the furniture industry in the consolidated business year under review recovered modestly accompanying growth in consumer spending. According to a survey conducted by the Japan Bed Industries Association, domestic production of beds exceeded the previous year for the first time since 1999, clearly suggesting recovery.

Under such circumstances, the Company Group carried out the following measures to boost sales.

As a measure for expanding sales, the Company opened additional permanent showrooms for the products of Francebed Co., Ltd. At our permanent showrooms, we sell high value-added functional products and high-priced products cooperatively with specialty furniture retailers by collecting customers via the Internet. We opened five new permanent showrooms in Sapporo, Shizuoka, Mie, Osaka, and Fukuoka in the consolidated business year under review, and operate a total of 10 showrooms throughout Japan.

The Company continues to promote the development and sales of high value-added functional and unique products. Through the deployment of such products, we have tried to differentiate our products from those of other companies, including imports, and have made efforts to improve our competitiveness in the marketplace. Specifically, we are involved in the development and sales promotion of electric reclining beds for home use, which we expect to see brisk demand following the revision of the nursing-care insurance system, and have used television commercials and magazine advertising for our mattresses that use a new material (the Konnyaku Mattress and the Micro Clean Mattress).

As a result of these initiatives, sales in the furniture and interior business were 36,039 million yen and operating income was 400 million yen.

The subsidiary founded by the Company in Thailand in May 2005 to increase sales by expanding into overseas markets has started business operations, but it did not make a contribution to business results for the consolidated business year under review. The Company also participated in furniture shows in Milan and Dubai, etc., aggressively addressing the cultivation of distribution channels overseas.

(ii) Acute and Long Term Care Business

With the June 2005 enactment of the law to revise a portion of the nursing-care insurance law and its full-scale enforcement in April 2006, the benefits and standards for various nursing-care services have been revised to streamline them and make them more appropriate. With respect to nursing-care benefits, excluding certain exceptional cases, benefits were revised so that they no longer cover the rental of welfare equipment for people whose required level of care is low.

In this environment, while preparing for the development of the nursing-care welfare equipment business to correspond to the revised nursing-care insurance system, including the provision of community-based services, the Company also addressed the development of businesses that do not rely on the nursing-care insurance system.

Specifically, the Company launched a day-service business in the consolidated business year in review. We opened day service centers in Nagano in May 2005 and in Toyota in November 2005, and began construction of a center in Hirakata in July 2005 that is scheduled to open in June 2006.

Further, in response to declining product sales to sales agents and a drop in rental revenue from welfare equipment for people who need nursing-care, the Company built up its home health-care related business for people with terminal cancer, etc. and continued to promote the handling of low-functional products, such as beds with one motor and lifting functions, and products featuring safety and security, such as DAPS, electric nursing-care beds that detect when the user is caught in the bed.

For business not dependent on the nursing-care insurance system, we made efforts to enhance products for home remodeling not covered by nursing-care insurance, including bath modules, custom kitchens, home elevators, etc. which are assumed to be used by elderly adults, to expand our home improvement business. At the same time, we embarked on the full-scale expansion of our business for the sales and rental of welfare equipment for handicapped children and the disposable diaper home delivery business.

In addition to our businesses in Japan, the Company established a local subsidiary in Korea in January 2006, eyeing the future introduction of a nursing-care insurance system in Korea, and are preparing for the start of operations in August 2006.

As a result of these initiatives, sales of the nursing-care welfare business were 26,922 million and operating income was 3,034 million yen.

(iii) Other Businesses

In the door-to-door sales business, the Company reviewed product displays at the local sales locations to match the display styles to regional characteristics in an effort to boost profitability at each location.

In the commodities and sundries business, we addressed measures for improving profits, including the scrapping and building of stores and the transfer of authority for product purchasing to the shops in an effort to streamline operations.

The Company has recorded each group company's revenue and expenses associated with real-estate leases as non-operating income and non-operating expenses. However, as growth in revenue from real-estate leasing is expected in the coming years, the Articles of Incorporation were changed at the regular general shareholders' meeting held in June 2005 so that these can now be recorded as revenue and expenses in sales of other businesses and cost of sales.

As a result, sales in other businesses reached 7,286 million yen and operating income was 391 million yen.

2. Financial position

(1) Status of balance sheet

Total assets in the consolidated business year under review were 66,373 million yen, up 133 million yen from the previous consolidated business year. This was mainly due to increases in other assets which exceeded fixed asset impairment losses of 834 million yen. Total liabilities were 25,362 million yen, down 740 million yen from the previous consolidated business year mainly due to the early repayment of factoring accrued liabilities, which are a portion of purchasing liabilities. Shareholders' equity was 41,011 million yen, up 874 million yen from the previous consolidated business year. This increase was owing to rise in earned surplus associated with the posting of net income over and above the payment of dividends and others. As a result, the consolidated shareholders' equity ratio rose to 61.7%.from 60.5% in the previous consolidated business year.

(2) Status of cash flow

In the cash flow for the consolidated year under review, cash and cash equivalents (hereinafter the "Funds")declined by 330 million yen to 13,932 million yen.

The status of each type of cash flow is as follows.

1) Cash flow from operating activities

Cash flow from operating activities in the consolidated business year under review rose 3,945 million yen. This resulted from increases of 3,725 million yen in income before income taxes and minority interests, 1,883 million yen in depreciation without the outflow of funds, and 834 million yen in impairment loss, and decreases of 1,289 million yen in corporate tax payments and 947 million yen in factoring accrued liabilities.

2) Cash flow from investing activities

Cash flow from investing activities in the consolidated business year under review fell 3,043 million yen. This was the result of increases in funds of 649 million yen from the sales of investment in securities, and decreases in funds through expenditures of 2,077 million yen for the acquisition of tangible fixed assets and 1,360 million yen for new fixed deposits.

3) Cash flow from financing activities

Cash flow from financing activities in the consolidated business year under review fell 1,232 million yen. This was mainly due to decreases in funds of 481 million yen in long-term debt and 1,143 million yen from the payment of dividends, etc., which exceeded increases in funds from a 395 million yen rise in short-term debt.

(3) Trend of Cash Flow Indicators

	Fiscal year ended March 2006	Fiscal term ended September 2004 (6 months)	Fiscal term ended March 2005 (6 months)
Equity Ratio (%)	□61.7□	56.7□	60.5
Equity Ratio at Market Value (%)	□99.9□	90.9□	100.8
Number of Years to Amortize Debt (years)	□ 1.3□	--□	--
Interest Coverage Ratio	□50.9□	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. With respect to the number of years amortize debt, as the Fiscal term ended September 2004(from march 30, 2004 to September 30, 2004)and Fiscal term ended March 2005(October 1, 2004 to March 31, 2005), both of which were irregular, the value has not becalculated.

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) With Respect to Credit

The Company Group has been engaged in various operational transactions and bears credit risk related to losses resulting from the deterioration in the credit standing and bankruptcy of business partners, etc.

To control this risk, the Company stipulates the credit limit and payment method for each business partner and manages credit risk flexibly through the establishment of a committee for the protection of account receivables.

However, it is difficult to remove all such risk, so deterioration in the credit standing or bankruptcy of business partners is likely to impact the business results and financial standing of the Company Group.

(4) 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.

(5) 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

Economic conditions during the next business term are expected to continue on a moderate recovery trend. However, we forecast that the business environment surrounding the Company Group will be far from reassuring, as the prices of crude oil and raw materials should remain at a high level and the number of users of rental equipment should decrease accompanying the limits in benefits for rental of welfare equipment under the nursing-care insurance system.

Under such circumstances, in the final business year of the current medium-term business plan, the Company Group will make efforts to expand profits from new businesses in the current medium-term business plan, such as the day service business and overseas businesses, and to further enhance the competitiveness of existing businesses.

As mentioned above, we expect consolidated sales of 72,600 million yen, consolidated recurring income of 4,290 million yen, and consolidated net income of 2,400 million yen.

Consolidated Financial Statements
Consolidated Balance Sheet

(In millions of yen)

Account	Fiscal year ended Mar. 2006 (As of Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (As of Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (As of Mar. 31, 2005)
(Assets)			
1. Current Assets			
Cash and Deposits	14,092	19,883	14,263
Notes and Account Receivable - Trade	13,763	12,935	13,878
Marketable Securities	2	2	2
Inventory	9,835	10,301	10,108
Deferred Income Tax Assets	1,133	1,245	1,059
Other	1,673	1,996	1,778
Allowance for Doubtful Accounts	(-)171	(-)183	(-)187
Total Current Assets	40,328	46,181	40,903
2. Fixed Assets			
Tangible Fixed Assets			
Assets for Lease	1,314	1,234	1,226
Buildings and Structures	3,974	3,629	3,552
Equipment and Vehicles	1,088	1,273	1,186
Tools, Furniture and Fixtures	284	301	288
Land	6,209	5,983	6,239
Construction in Progress	689	94	414
Total Tangible Assets	13,560	12,518	12,908
Intangible Fixed Assets			
Software	549	499	503
Other	18	102	14
Total Intangible Fixed Assets	567	601	518
Investments and Other Assets			
Investment Securities	2,139	1,905	2,133
Long Term Loans	36	43	42
Deferred Income Tax Assets	2,368	3,776	2,194
Prepaid Pension Expense	5,020	--	5,087
Other	2,543	5,649	2,867
Allowance for Doubtful Accounts	(-)192	(-)385	(-)415
Total Investments and Other Assets	11,915	10,990	11,909
Total Fixed Assets	26,044	24,110	25,336
Total Assets	66,373	70,292	66,239

Consolidated Financial Statements
Consolidated Balance Sheet

(In millions of yen)

Account	Fiscal year ended Mar. 2006 (As of Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (As of Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (As of Mar. 31, 2005)
(Liabilities)			
1.Current Liabilities			
Notes and Account Payable - Trade	7,393	7,756	7,624
Accrued Factoring Liabilities	1,973	1,662	2,920
Short Term Borrowings	4,905	7,432	4,510
Long Term Borrowings Coming Due within 1 Year	205	731	481
Accrued Corporate Taxes	1,249	2,144	716
Accrued Consumption Tax	115	108	91
Reserve for Bonuses	1,519	1,445	1,480
Other	3,799	3,900	3,709
Total Current Liabilities	21,161	25,182	21,534
2.Fixed Liabilities			
Long Term Borrowings	228	650	434
Reserve for Retirement Benefits	3,231	3,588	3,169
Reserve for Directors Retirement Bonuses	401	637	625
Other	339	344	338
Total Fixed Liabilities	4,200	5,221	4,567
Total Liabilities	25,362	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	35,461	33,724	34,617
4.Unrealized Gains or Losses on Securities	381	211	348
5.Treasury Shares	(-)2,949	(-)1,987	(-)2,946
Total Shareholders' Equity	41,011	39,888	40,136
Total Liabilities, Minority Interest and Shareholders' Equity	66,373	70,292	66,239

(Note)
1. The values presented have been rounded down to the nearest million yen (the same also applies hereinafter).
2. 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, no comparisons with the previous year has been presented. (the same also applies hereinafter).

Consolidated Statement of Income (In millions of yen)

Account	Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended Mar.31, 2005)
1. Net Sales	70,248	34,788	35,167
2. Cost of Goods Sold	38,652	18,958	19,152
Gross Income	31,595	15,830	16,015
3. Selling, General and Administrative Expense	27,583	14,073	13,908
Operating Income	4,011	1,757	2,107
4. Other Income			
Interest Income	4	3	1
Dividend Income	63	39	3
Real Estate Rental Income	--	116	114
Insurance Income	40	--	--
Life Insurance Dividend Income	54	52	--
Capital gain for lease	88	--	--
Other	149	89	80
Total Other Income	401	302	199
5. Other Expenses			
Interest Expense	75	68	49
Sales Discounts	76	42	40
Commission paid	41	--	--
Real Estate Rental Expense	--	44	32
Other	79	43	59
Total Other Expenses	272	198	182
Ordinary Income	4,140	1,860	2,124
6. Extraordinary Income			
Gains on Prior Year Adjustment	59	27	34
Gains form Sale of Fixed Assets	86	0	4
Gains on sales of investment securities	363	--	--
Gains Associated with Transition of Retirement	--	--	419
Total Extraordinary Income	509	27	457
7. Extraordinary Losses			
Loss from Prior Year Adjustment	19	34	6
Losses from Sale of Fixed Assets	0	0	0
Loss from Removal of Fixed Assets	48	37	41
Loss on impairment of fixed assets	834	--	--
Unrealized Loss on Telephone Subscription Rights	--	--	86
Write-down on investment securities	6	--	--
Other	17	3	14
Total Extraordinary Losses	925	75	149
Net Income before Tax	3,725	1,812	2,432
Corporate Income Tax, Resident Tax and Enterprise Tax	1,903	1,065	(-)747
Deferred Income Taxes	(-)269	(-)271	1,674
Net Income	2,091	1,019	1,505

Consolidated Statement of Surplus (In millions of yen)

Account	Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended 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	2,091	1,019	1,505
3. Reductions in Retained Earnings			
Dividends	1,147	--	576
Directors' Bonuses	100	118	35
4. Ending Balance of Retained Earnings	35,461	33,724	34,617

Consolidated Statement of Cash Flow (In millions of yen)

Account	Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended Mar.31, 2005)
1. Cash Flows from Operating Activities			
Net Income before Tax and Minority Interests	3,725	1,812	2,432
Depreciation	1,883	892	933
Loss on impairment of fixed assets	834	--	--
Gains from Sale of Tangible Fixed Assets	(-)86	0	(-)4
Losses on Sale and Removal of Tangible Fixed Assets	32	29	29
Unrealized Losses on Telephone Subscription Rights	--	--	86
Gains on sales of investment securities	(-)363	--	--
Write-down on investment securities	6	--	--
Change in Allowance for Doubtful Accounts	(-)239	7	33
Changes in Reserve for Bonuses	38	58	35
Changes in Reserve for Retirement Benefits and Prepaid Pension Expense	128	(-)313	(-)2,805
Change in Reserve for Directors Retirement Bonuses	(-)224	25	(-)12
Interest Income and Dividend Income	(-)68	(-)43	(-)4
Interest Expense	75	68	49
Change in Account Receivables	114	2,283	(-)942
Change in Inventory	273	(-)260	192
Change in Procurement Obligations	(-)231	(-)689	(-)132
Change in Accrued Factoring Liabilities	(-)947	(-)441	1,258
Change in Accrued Expenses	(-)15	(-)131	(-)203
Change in Accrued Consumption Tax	37	(-)132	(-)25
Directors Bonuses Paid	(-)100	(-)118	(-)35
Other	371	(-)333	476
Sub-Total	5,244	2,715	1,362
Interest and Dividends Received	68	43	4
Interest Paid	(-)77	(-)66	(-)46
Corporate Taxes Paid	(-)1,289	(-)1,763	(-)961
Other	--	6	1
Cash Flows from Operating Activities	3,945	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	2	32	1
Expenditures for Acquisition of Tangible Fixed Assets	(-)2,077	(-)882	(-)1,339
Proceeds form Sale of Tangible Fixed Assets	95	0	21
Expenditures for Acquisition of Investment Securities	(-)243	0	0
Proceeds from Sale of Investment Securities	649	5	1
Expenditure for Loans	(-)20	(-)90	(-)19
Proceeds from Recovery of Loans	29	79	20
Other	(-)119	(-)119	(-)57
Cash Flows from Investing Activities	(-)3,043	(-)885	(-)1,371
3.Cash Flows from Financing Activities			
Proceeds from Increase in Short Term Borrowings	595	1,250	4,610
Expenditure for Repayment of Short Term Borrowings	(-)200	(-)2,118	(-)7,532
Expenditure for Repayment of Long Term Borrowings	(-)481	(-)365	(-)465
Proceeds from the Sale of Treasury Shares	--	2,787	2,293
Expenditure for Acquisition of Treasury Shares	(-)2	(-)2	(-)2,943
Payment of Share Transfer Subsidies	--	(-)298	--
Payment of Dividends	(-)1,143	--	(-)572
Other	0	(-)1	0
Cash Flows from Financing Activities	(-)1,232	1,251	(-)4,610
4. Exchange Gains or Losses relating to Cash and Cash Equivalents	--	--	--
5. Change in Cash and Cash Equivalents	(-)330	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	13,932	19,883	14,263

Significant Matters in Preparation of Consolidated Financial Statements

Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended 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. France bed Korea Co., Ltd. The reason for exclusion from consolidation. The three 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 statements.	(2) Names of Unconsolidated Subsidiaries Same as the left The reason for exclusion from consolidation. Same as the left
2. Matters relating to the application of the equity method Unconsolidated subsidiaries not subject to the application of the equity method. AD Center Co., Ltd. France bed International (Thailand) Co., Ltd. France bed Korea Co., Ltd. The reason for not applying the equity method: The unconsolidated subsidiary to which the equity method is not appliedhasbeenexcludedfrom	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 appliedhasbeenexcludedfrom	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

Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended 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 final day of the business year for all consolidated subsidiaries corresponds to the consolidated account settlement 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. --------------------------------------

Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended 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)	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	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 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.	b. Other marketable securities Those with readily Same as the left	b. Other marketable securities Those with readily Same as the left
Those without readily determinable market value Stated at cost determined by the moving-average method	Those without readily Same as the left	Those without readily Same as the left
(ii)Derivatives Stated at market value	(ii)Derivatives Same as the left	(ii)Derivatives Same as the left
(iii)Inventory a. Merchandise, product, and work-in-progress Stated at cost principally based on first in first out method	(iii)Inventory a. Merchandise, product, and work-in-progress Same as the left	(iii)Inventory a. Merchandise, product, and work-in-progress Same as the left
b. Materials and stored goods Stated at cost using most recent purchase method	b. Materials and stored goods 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

Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended 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). 3.LongTerm Prepaid Expenses Equal amortization is applied. (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. 2. Reserve for Bonuses To provided for payment of bonuses to employees, the amount expected to be paid are recorded. 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.	2.Intangible Fixed Assets Same as the left 3.LongTerm Prepaid Expenses Same as the left (3) Accounting for Significant Reserves 1. Allowance for Doubtful Accounts Same as the left 2. Reserve for Bonuses Same as the left 3. Reserve for Retirement Benefits Same as the left	2.Intangible Fixed Assets Same as the left 3.LongTerm Prepaid Expenses Same as the left (3) Accounting for Significant Reserves 1. Allowance for Doubtful Accounts 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. 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

Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended 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 Same as the left	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

Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended 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.---------------------------------------	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.---------------------------------------	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.

Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended Mar.31, 2005)
6. Matters Relating to the Valuation of Assets and Liabilities of Consolidated Subsidiaries Assets and liabilities of consolidated subsidiaries are stated at fair market value.	6. Matters Relating to the Valuation of Assets and Liabilities of Consolidated Subsidiaries Same as the left	6. Matters Relating to the Valuation of Assets and Liabilities of Consolidated Subsidiaries Same as the left
7. Matters Relating to Treatment of Profit Appropriation Items. The Consolidated Statement of Surplus has been prepared with respect to appropriation of profits of the consolidated company based on the profit appropriation determined during the consolidated fiscal year.	7.Matters Relating to Treatment of Profit Appropriation Items. Same as the left	7. Matters Relating to Treatment of Profit Appropriation Items. Same as the left
8. Scope of Cash in the Consolidated Statement of Cash Flow This is comprised of cash on hand, deposits that can be readily withdrawn, short term investments that are readily convertible into cash and with minimal amount of price fluctuation risk whose maturity is within 3 months from the day of acquisition.	8. Scope of Cash in the Consolidated Statement of Cash Flow Same as the left	8. Scope of Cash in the Consolidated Statement of Cash Flow Same as the left

(Accounting Changes)

Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended 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 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 ¥218 million, the cost of sales rose by ¥65 million, and gross profit on sales and operating income increased by ¥152 million. Also, “Other” in non-operating income decreased by ¥218 million and “Other” in non-operating expenses declined by ¥65 million, but there is no impact on ordinary income and interim net income before tax. Furthermore, not only did property and structures increase by ¥141 million, land increase by ¥812 million and Tools, Furniture and Fixtures by ¥0 million, but “Other” in Investments and Other Assets decreased by ¥953 million. Effects on segments are stated in the part concerned.	--	--
(Accounting standards for the impairment of fixed assets) Starting this 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. Effects on segments are stated in the part concerned. 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

(Accounting Changes)

Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended 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)

Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended 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) As Insurance Money Received exceeded 10/100 of the total amount of non-operating income, this is now listed as an independent item on the income statement. In the previous consolidated business year, 10 million yen in Insurance Money Received was included under Others in non-operating income. As Life Insurance Bonus exceeded 10/100 of the total amount of non-operating income, it is now listed as an independent item in the income statement. In the previous consolidated business year, 1 million yen in Life Insurance Bonus was included under Others in non-operating income. As Gain on Sale of Rental Assets exceeded 10/100 of the total amount of non-operating income, it is now listed as an independent item in the income statement. As Commissions Paid exceeded 10/100 of the total amount of non-operating income, it is now listed as an independent item in the income statement. In the previous consolidated business year, 10 million yen in Commissions Paid was included under Others in non-operating income.	--	(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)

Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended 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.
(Return of the Portion of the Employee Pension Fund Managed on Behalf of the Government) Two funds established by the respective subsidiaries of the company that submit consolidated financial statements, Francebed Employees Pension Fund and Francebed Medical Service Employees Pension Fund, were authorized to return the pension funds to the government by the Minister of Health, Labor and Welfare as of March 1, 2005 accompanying the enforcement of the defined-benefit pension plan. These subsidiaries paid the amount (minimum actuarial liability) to the government on December 5, 2005 and December 28, 2005, respectively. This had no impact on profit or loss.	--	(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)

Fiscal year ended Mar. 2006 (Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Mar.31, 2005)
1. Accumulated Depreciation of Tangible Fixed Assets ¥18,621 million	1. Accumulated Depreciation of Tangible Fixed Assets ¥18,393 million	1. Accumulated Depreciation of Tangible Fixed Assets ¥18,087 million
2. Notes Related to Non-consolidated Subsidiaries: Matters related to consolidated subsidiaries are as follows Investment in securities (stocks) ¥173 million	2.Notes Related to Non-consolidated Subsidiaries: Matters related to consolidated subsidiaries are as follows Investment in securities (stocks) ¥30 million	2.Notes Related to Non-consolidated Subsidiaries: Matters related to consolidated subsidiaries are as follows Investment in securities (stocks) ¥30 million
3. Assets Pledged as Collateral (1) ------------------------------	3. Assets Pledged as Collateral (1) Factory Foundation Buildings & Structures ¥121 million Equipment and Vehicles ¥2 million Tools, Furniture and Furnishings 0 million Land ¥35 million Total 160 million Obligations to the above -- million	3. Assets Pledged as Collateral (1) ------------------------------
(2) Other than the Above Buildings & Structures ¥151 million Land ¥29 million Investment Securities ¥210 million Total ¥391 million Obligations to the above LongTerm Debt ¥56 million LongTerm Debt Maturing within 1 Year ¥28 million Accounts Payable of Unconsolidated Subsidiary ¥25 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
4. 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. ¥156 million (51 million Thai baht) Employees ¥107 million	4. Contingent Liabilities The Group provides guarantees for bank borrowings by employees. ¥136 million	4. Contingent Liabilities The Group provides guarantees for bank borrowings by employees. ¥129 million
5. 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 (¥127 million) are included in "Other" in Current Liabilities.	5. ------------------------------	5. The consolidated financial statement submitting company, in order to achieve an efficient investment and raising of funds for the overall group has introduced from the consolidated fiscal year under review, France Bed Holdings Group Cash Management Service (CMS). The funds deposited (¥145 million) are included in "Other" in Current Liabilities.
6. Total Number of Shares Outstanding of the Consolidated Financial Statement Submitting Company Common Stocks 239,487,000 shares	6. Total Number of Shares Outstanding of the Consolidated Financial Statement Submitting Company Common Stocks 239,487,000 shares	6. Total Number of Shares Outstanding of the Consolidated Financial Statement Submitting Company Common Stocks 239,487,000 shares

Fiscal year ended Mar. 2006 (Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Mar.31, 2005)
7. Number of Treasury Shares Held by the Consolidated Financial Statement Submitting Company Common Stocks 10,027,000 shares	7. Number of Treasury Shares Held by the Consolidated Financial Statement Submitting Company and Related companies Common Stocks 8,759,000 shares	7. Number of Treasury Shares Held by the Consolidated Financial Statement Submitting Company Common Stocks 10,017,000 shares
8. The consolidated financial statement submitting company, in order to achieve an efficient investment and raising of funds for the overall group has introduced from the consolidated fiscal year under review, France Bed Holdings Group Cash Management Service (CMS). The consolidated financial statement submitting company has entered into a Basic Agreement for CMS Operation Contracting with the 6 group companies and has established a lending limit under the CMS. The undrawn loan balance in the consolidated fiscal year under review based on the on the agreement is as follows (does not include the portion for consolidated subsidiaries). Total Loan Limit under the CMS ¥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.	8. ------------------------------	8. The consolidated financial statement submitting company, in order to achieve an efficient investment and raising of funds for the overall group has introduced from the consolidated fiscal year under review, France Bed Holdings Group Cash Management Service (CMS). The consolidated financial statement submitting company has entered into a Basic Agreement for CMS Operation Contracting with the 6 group companies and has established a lending limit under the CMS. The undrawn loan balance in the consolidated fiscal year under review based on the on the agreement is as follows (does not include the portion for consolidated subsidiaries). Total Loan Limit under the CMS ¥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.
9. The consolidated financial statement submitting company, for flexible and stable financing and increase in fund efficiency, as a measure to reduce the interest bearing debt to strengthen the financial position, has entered into a syndicated commitment line agreement with 11 relationship banks. The undrawn portion of the commitment line as of the end of the consolidated fiscal year under review is as follows. Gross Loan Commitment Amount ¥5,000 million Amount Drawn Down -- million Net ¥5,000 million	9. ------------------------------	9. The consolidated financial statement submitting company, for flexible and stable financing and increase in fund efficiency, as a measure to reduce the interest bearing debt to strengthen the financial position, has entered into a syndicated commitment line agreement with 11 relationship banks. The undrawn portion of the commitment line as of the end of the consolidated fiscal year under review is as follows. Gross Loan Commitment Amount ¥5,000 million Amount Drawn Down -- million Net ¥ 5,000 million

Relating to the Consolidated Statement of Income

Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended Mar.31, 2005)
1. Summary Breakdown of Selling, General and Administrative Expenses Transport and Storage Fees ¥2,845 million Provisions to Allowance for Doubtful Accounts ¥23 million Employees Salary and Bonuses ¥10,829 million Provision to Reserve for Bonuses ¥1,174 million Retirement Benefits Expense ¥810 million Provision to Reserve for Directors' Retirement Bonuses ¥82 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. Research and Development Expense included in the Selling, General and Administrative Expenses and the Cost of Manufacturing for theTerm Under Review In Selling, General and Administrative ¥40 million In Cost of Manufacturing for the Term Under Review ¥ 2 1 7 million Total ¥258 million	2. Research and Development Expense included in the Selling, General and Administrative Expenses and the Cost of Manufacturing for theTerm Under Review In Selling, General and Administrative ¥13 million In Cost of Manufacturing for the Term Under Review ¥ 1 2 5 million Total ¥139 million	2. Research and Development Expense included in the Selling, General and Administrative Expenses and the Cost of Manufacturing for theTerm Under Review In Selling, General and Administrative ¥14 million In Cost of Manufacturing for the Term Under Review ¥ 1 2 4 million Total ¥139 million
3. Details of Gains from Prior Period Adjustment Reversals of Allowance for Doubtful Accounts ¥9 million PriorYears' Excessive Provisions for Reserve for Bonuses ¥1 million Accrued legal welfare expenses in excess of last year's allowance ¥11million Other ¥36 million Total ¥59 million	3. Details of Gains from Prior Period Adjustment Reversals of Allowance for Doubtful Accounts ¥11 million Other ¥15 million Total ¥27 million	3. 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
4. Details of Gains from Sale of Fixed Assets Buildings and Structures ¥11 million Land ¥75 million Total ¥86 million	4. Details of Gains from Sale of Fixed Assets Equipment and Vehicles ¥0 million	4. Details of Gains from Sale of Fixed Assets Equipment and Vehicles ¥0 million Land ¥4 million Total ¥4 million
5. Details of Losses from Prior Period Adjustment Shortfall in appropriation for business tax ¥8 million Other ¥10 million Total ¥19 million	5. Details of Losses from Prior Period Adjustment PriorYearsÅf Deficiencies in the Provisions to Reserve for Bonuses ¥20 million Other ¥13 million Total ¥34 million	5. Details of Losses from Prior Period Adjustment Compensation for Damages ¥5 million Other ¥1 million Total ¥6 million
6. Details of the Loss from Sale of Fixed Assets Tools, Furniture and Furnishings ¥0 million	6. Details of the Loss from Sale of Fixed Assets Tools, Furniture and Furnishings ¥0 million	6. Details of the Loss from Sale of Fixed Assets Tools, Furniture and Furnishings ¥0 million

Fiscal year ended Mar. 2006
(Commenced Apr. 1,2005
and ended Mar.31, 2006)

7. Details of Losses from Removal of Fixed Assets

Buildings and Structures	¥19 million
Equipment and Vehicles	¥12 million
Tools, Furniture and Furnishings	¥16 million
Total	¥48 million

8. --

9. Impairment losses
This accounting term the group companies booked impairment losses for the following asset groups.

(In millions of yen)

Region	Use	Type	Impairment Loss
North Japan	6 idle assets	Land	348
East Japan	7 idle assets 1 lease assets	Land	274
West Japan (inc. Okinawa)	3 idle assets	Land	211
Total			834

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 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.

Fiscal term ended Sept. 2004(6 months)
(Commenced Mar. 30,2004
and ended Sept.30, 2004)

7. 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

8. --

9. --

Fiscal term ended Mar. 2005(6 months)
(Commenced Oct. 1,2004
and ended Mar.31, 2005)

7. Details of Losses from Removal of Fixed Assets

Buildings and Structures	¥17 million
Equipment and Vehicles	¥16 million
Tools, Furniture and Furnishings	¥8 million
Total	¥41 million

8. "Corporate Income Tax, 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.

9. --

Relating to the Consolidated Cash Flows

Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended 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 ¥14,092 million Marketable Securities ¥2 million Total ¥14,094 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 ¥13,932million	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

Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended 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. Fiscal year ended Mar. 2006 (Commenced Apr 1,2005 and ended Mar 31, 2006**)**

(1) Marketable Securities with Readily Determinable Market Value

(In millions of yen)

Classification	Acquisition Price	Amounts booked on consolidated balance sheet	Difference
Those whose values recorded on the consolidated balance sheet exceed the acquisition price			
(i) Stocks	□770	1,416	□645
(ii) Bonds		□	
National Municipal	□ 21	□ 24	□ 2
Corporate Bonds	□ --	□ --	□ --
Other	□ --	□ --	□ --
(iii) Other	□ 30	□ 30	□ 0
Sub-Total	822	1,470	□648
Those whose values recorded on the consolidated balance sheet does not exceed the acquisition price			
(i) Stocks	□ --	□ --	□ --
(ii) Bonds			
National Municipal	□ --	□ --	□ --
Corporate Bonds	□ --	□ --	□ --
Other	□ --	□ --	□ --
(iii) Other	□300	□296	□ (-)3
Sub-Total	300	296	□ (-)3
Total	1,122	1,767	645

(Note)

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

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

(In millions of yen)

Value of Sales	Aggregate Gains from Sales	Aggregate Losses from Sales
651	363	--

(3) Marketable Securities not Valued at Market

(In millions of yen)

Details	Amounts booked on consolidated balance sheet
(i) Bonds Intended to be Held to Maturity	□
Corporate Bonds	□ 3
(ii) Other Marketable Securities	
Unlisted Stocks	□ 97
Anonymous association investment	100
Total	□200

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

(In millions of yen)

Classification	Within 1Year	Exceeding 1 Year but Within 5 Years	Exceeding 5 Years but Within 10 Years Bonds	Exceeding 10 Years
(i) Bonds				
National Municipal	□ 24	□ --	□ --	□ --
Corporate Bonds	□ 2	□ 1	□ --	□ --
Other	□ --	□ --	□ --	□ --
(ii) Other	□ --	□400	□ --	□ --
Total	□ 26	□401	□ --	□ --

2. Reference

1. Fiscal term ended Sept. 2004 (6 months)(Commenced Mar 30, 2004 and ended Sept 30, 2004)

(1) Marketable Securities with Readily Determinable Market Value

(In millions of yen)

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

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

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

(In millions of yen)

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

(3) Marketable Securities not Valued at Market

(In millions of yen)

Details	Amounts booked on 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

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

(In millions of yen)

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

2. Fiscal term ended Mar. 2005 (6 months)(Commenced Oct 1, 2004 and ended Mar 31, 2005)

(1) Marketable Securities with Readily Determinable Market Value

(In millions of yen)

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

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

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

(In millions of yen)

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

(3) Marketable Securities not Valued at Market

(In millions of yen)

Details	Amounts booked on 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

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

(In millions of yen)

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

(Relating to Derivative Transactions)

Fiscal year ended Mar. 2006 (Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (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.

(Relating to Retirement Benefits)

Fiscal year ended Mar. 2006
(Commenced Apr. 1,2005 and ended Mar.31, 2006)

1.Summary of the Retirement Benefit System Adopted The consolidated financial statement submitting company and Consolidated subsidiaries have established as defined benefit type systems, Corporate Pension system, one-time retirement pay system and qualified retirement pension system. In addition, there are occasions when additional retirement pay is provided in addition to the normal retirement pay.
Some consolidated subsidiaries have established retirement benefit trusts.
Further, two funds (France Bed Welfare Pension Fund and France Bed Medical Service Welfare Pension Fund)established at the consolidated subsidiaries of the consolidated financial statement submitting company were for the defined benefit corporate pension plan. The Company was authorized to return a portion of the employees' pension funds to the government by the Minister of Health, Labor and Welfare as of March 1, 2005 and paid the amount of return (minimum actuarial liability) on December 5, 2005 and December 28, 2005, respectively.

2. Matters Relating to Retirement Benefit Obligations (In millions of yen)

(i) Retirement Benefit Obligation	(-)15,435
(ii) Pension Assets (including retirement benefit trust)	22,844
(iii) Sub-Total ((i)+(ii))	7,409
(iv) Unrecognized Actuarial Difference	(-)5,620
(v) Total ((iii)+(iv))	1,788
(vi) Prepaid Pension Expense	5,020
(vii) Reserve for Retirement Benefits ((v)-(vi))	(-)3,231

Fiscal term ended Sept. 2004(6 months)
(Commenced Mar. 30,2004 and ended Sept.30, 2004)

1.Summary of the Retirement Benefit System Adopted Consolidated subsidiaries have established as defined benefit type systems, Welfare Pension Fund system, one-time retirement pay system and qualified retirement pension system. In addition, there are occasions when additional retirement pay is provided in addition to the normal retirement pay.
Some consolidated subsidiaries have established retirement benefit trusts.

2. Matters Relating to Retirement Benefit Obligations (In millions of yen)

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

Fiscal term ended Mar. 2005(6 months)
(Commenced Oct. 1,2004 and ended Mar.31, 2005)

1.Summary of the Retirement Benefit System Adopted Consolidated subsidiaries have established as defined benefit type systems, Corporate Pension system, one-time retirement pay system and qualified retirement pension system. In addition, there are occasions when additional retirement pay is provided in addition to the normal retirement pay.
Some consolidated subsidiaries have established retirement benefit trusts.
Further, two funds (France Bed Welfare Pension Fund and France Bed Medical Service Welfare Pension Fund)established at the consolidated subsidiaries of the consolidated financial statement submitting companywere granted approvals from the Minister of Health, Labour and Welfare for reversion of historical portionsrelated to the agency portion of the Welfare Pension and for the defined benefit corporate pension plan. Basedon this, the France Bed Group Defined Benefit Corporate Pension Fund (cash balance plan) wasestablished and the incremental portions of the two funds were migrated. Associated with this in addition toreexamining the introduction of point system in the one-time retirement pay system, some consolidatedsubsidiaries terminated the retirement benefit trusts and have received cash refunds.

2. Matters Relating to Retirement Benefit Obligations (In millions of yen)

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

Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended Mar.31, 2005)
(Note) The consolidated financial statement submitting company and some consolidated subsidiaries have adopted the simplified method in calculating the retirement benefit obligations.	(Note) Some consolidated subsidiaries have adopted the simplified method in calculating the retirement benefit obligations.	(Note) 1. Some consolidated subsidiaries have adopted the simplified method in calculating the retirement benefit obligations. 2. During the consolidated fiscal year under review, as noted in ÅgAccounting ChangesÅh, accounting treatmentfor Unrecognized Pension Assets relating to retirement benefits has been changed and ¥111 million in actuarialdifference from unrecognized pension assets (portion relating to the consolidated fiscal year under review) hasbeen treated as reduction in expenses (part of this in inventory) commencing from the consolidated fiscalyear under review. 3. During the consolidated fiscal year under review, theFrance Bed Group Defined Benefit Corporate Pension System (cash balance plan) has been introduced andthe incremental portions of the two funds have been migrated and there has been a reexamination of theintroduction of the point system in the one-time retirement pay system. With the change to the system,historical service obligations (reduction in obligations) of ¥534 million arose and this was accounted for in lumpsum during the consolidated fiscal year under review. 4. During the consolidated fiscal year under review,some consolidated subsidiaries terminated the retirement benefit trust and have received cashrefunds and the actuarial differences relating to the refunded portion of ¥115 million has beenaccounted for in lump sum during the consolidated fiscal year under review.

<table>
<tr>
<th>Fiscal year ended Mar. 2006
(Commenced Apr. 1,2005
and ended Mar.31, 2006)</th>
<th>Fiscal term ended Sept. 2004(6 months)
(Commenced Mar. 30,2004
and ended Sept.30, 2004)</th>
<th>Fiscal term ended Mar. 2005(6 months)
(Commenced Oct. 1,2004
and ended Mar.31, 2005)</th>
</tr>
<tr>
<td>3. Matters Relating to the Retirement Benefit Expense (In millions of yen)
<table>
<tr><td>(i) Service Expense</td><td>646</td></tr>
<tr><td>(ii) Interest Expense</td><td>396</td></tr>
<tr><td>(iii) Expected Investment Income</td><td>(-)244</td></tr>
<tr><td>(iv) Amount of Actuarial Differences Expensed</td><td>376</td></tr>
<tr><td>(v) Supplemental Retirement Pay Paid</td><td>16</td></tr>
<tr><td>(vi) Retirement Benefit Expense
((i)+(ii)+(iii)+(iv)+(v))</td><td>1,191</td></tr>
</table>
(Note)
Retirement Benefit Expense for The consolidated financial statement submitting company and consolidated subsidiaries adopting the simplified method has beenincluded in (i) Service.</td>
<td>3. Matters Relating to the Retirement Benefit Expense (In millions of yen)
<table>
<tr><td>(i) Service Expense</td><td>358</td></tr>
<tr><td>(ii) Interest Expense</td><td>208</td></tr>
<tr><td>(iii) Expected Investment Income</td><td>(-)61</td></tr>
<tr><td>(iv) Amount of Actuarial Differences Expensed</td><td>263</td></tr>
<tr><td>(v) Supplemental Retirement Pay Paid</td><td>2</td></tr>
<tr><td>(vi) Retirement Benefit Expense
((i)+(ii)+(iii)+(iv)+(v))</td><td>770</td></tr>
</table>
(Note)
1. Employee contribution to the Welfare Pension Fun has been deducted from the Service Expense.
2. Retirement Benefit Expense for consolidated subsidiaries adopting the simplified method has beenincluded in (i) Service.</td>
<td>3. Matters Relating to the Retirement Benefit Expense (In millions of yen)
<table>
<tr><td>(i) Service Expense</td><td>335</td></tr>
<tr><td>(ii) Interest Expense</td><td>204</td></tr>
<tr><td>(iii) Expected Investment Income</td><td>(-)25</td></tr>
<tr><td>(iv) Amount of Actuarial Differences Expensed</td><td>268</td></tr>
<tr><td>(v) Historical Service Obligations Expensed</td><td>(-)534</td></tr>
<tr><td>(vi) Supplemental Retirement Pay Paid</td><td>10</td></tr>
<tr><td>(vii) Retirement Benefit Expense
((i)+(ii)+(iii)+(iv)+(v)+(vi))</td><td>259</td></tr>
</table>
(Note)
1. Employee contribution to the Welfare Pension Fun has been deducted from the Service Expense.
2. Retirement Benefit Expense for consolidated subsidiaries adopting the simplified method has beenincluded in (i) Service.
3. Amount accounted for as reduction in expenses for theconsolidated fiscal year under review relating to Åg2.Matter Relating to Retirement Benefit Obligations(Note 2)Åh has been included in (iv).
4. Amount expensed for the consolidated fiscal yearunder review relating to Åg2.Matter Relating to Retirement Benefit Obligations (Note 4)Åh is includedin (iv).
5. (v) is the expensed amount for the consolidated fiscalyear under review relating to Åg2.Matter Relating to Retirement Benefit Obligations (Note 3).
6. With respect to 4 and 5 above, they have been accounted for as ÅgGains Associated with Migration ofRetirement Benefit SystemÅh in the Consolidated Statement of Income.</td>
</tr>
<tr>
<td>4. Matter Relating to the Basis for the Calculation of Retirement Benefit Obligations and the Like.
(i) Method of Period Allocation of Expected Retirement Benefits Constant Periodic Amount Basis.
(ii) Discount Rate 2.5%
(iii) Expected Investment Rate of Return 2.5%
(iv) --</td>
<td>4. Matter Relating to the Basis for the Calculation of Retirement Benefit Obligations and the Like.
(i) Method of Period Allocation of Expected Retirement Benefits Constant Periodic Amount Basis.
(ii) Discount Rate 2.5%
(iii) Expected Investment Rate of Return 2.5%
(iv) --</td>
<td>4. Matter Relating to the Basis for the Calculation of Retirement Benefit Obligations and the Like.
(i) Method of Period Allocation of Expected Retirement Benefits Constant Periodic Amount Basis.
(ii) Discount Rate 2.5%
(iii) Expected Investment Rate of Return 2.5%
(iv) Number of years to amortize historical service obligations 1 year (expensed in lump sum in the consolidated fiscal year in which it arises)</td>
</tr>
</table>

Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended Mar.31, 2005)
(v) Number of Years to Amortize Actuarial Difference Principally 10 years (Each amount expensed in a straight line over fixed number of years within the average remaining service year of the employee at thetime of incidence).	(v) Number of Years to Amortize Actuarial Difference Principally 10 years (Each amount expensed in a straight line over fixed number of years within the average remaining service year of the employee at thetime of incidence).	(v) Number of Years to Amortize Actuarial Difference Principally 10 years (Each amount expensed in a straight line over fixed number of years within the average remaining service year of the employee at thetime of incidence). However, with respect to the actuarial differences arising from unrecognized pensionassets, from the consolidated fiscal year under review, it has been accounted for as reduction in expenses.

(Relating toTax Effect Accounting)

Fiscal year ended Mar. 2006 (Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Mar.31, 2005)
1. Breakdown of factors giving rise to Deferred Tax Assets and DeferredTax Liabilities. (DeferredTax Assets) Reserve for Bonuses ¥590 million Reserve for Retirement Benefits ¥1,930 million Reserve for Directors Retirement Bonuses ¥159 million Loss on impairment of fixed assets ¥331 million Unrealized Loss on Investment Securities ¥115 million Valuation Loss on Inventories ¥171 million Other ¥725 million Total Deferred Assets ¥4,026 million (DeferredTax Liabilities) Reserve for Advanced Depreciation of Fixed Assets (-) ¥260 million Unrealized Gains or Losses on OtherMarketable Securities (-) ¥263 million Total Deferred Liabilities (-) ¥524 million Net DeferredTax Assets ¥3,501 million (Note) The net deferred tax asset is included in the following items in the Consolidated Balance Sheet Current Assets - Deferred Tax Assets ¥1,133 million Fixed Assets - Deferred Tax Assets ¥2,368 million 2. Breakdown of Principal Factors Giving Rise to Differences between Statutory Effective Tax Rate and the Corporate Tax Rate after Application of Tax Effect Accounting. Statutory EffectiveTax Rate 40.6% (Adjustments) Amounts such as Dividends not included in income (-)0.6% Amounts such as Entertainment Expense not deductible as expense 2.0% Equal installments of ResidentsTax 3.2% Experiment and research expenses of Tax credits (-)1.7% Other 0.3%	1. Breakdown of factors giving rise to Deferred Tax Assets and DeferredTax Liabilities. (DeferredTax Assets) Reserve for Bonuses ¥559 million Reserve for Retirement Benefits ¥3,579 million Reserve for Directors Retirement Bonuses ¥246 million Unrealized Loss on Investment Securities ¥149 million Valuation Loss on Inventories ¥172 million Other ¥742 million Total Deferred Assets ¥5,450 million (DeferredTax Liabilities) Reserve for Advanced Depreciation of Fixed Assets (-) ¥276 million Unrealized Gains or Losses on OtherMarketable Securities (-)¥147 million Other (-) ¥3 million Total Deferred Liabilities (-) ¥428 million Net DeferredTax Assets ¥5,022 million (Note) The net deferred tax asset is included in the following items in the Consolidated Balance Sheet Current Assets - Deferred Tax Assets ¥1,245 million Fixed Assets - Deferred Tax Assets ¥3,776 million 2. Breakdown of Principal Factors Giving Rise to Differences between Statutory Effective Tax Rate and the Corporate Tax Rate after Application of Tax Effect Accounting. The difference between the statutory tax rate and the corporate tax rate after application of tax effect accounting was within 5/100 of the statutory effective tax rate; therefore, the entry has been	1. Breakdown of factors giving rise to Deferred Tax Assets and DeferredTax Liabilities. (DeferredTax Assets) Reserve for Bonuses ¥575 million Reserve for Retirement Benefits ¥1,860 million Reserve for Directors Retirement Bonuses ¥245 million Unrealized Loss on Investment Securities ¥149 million Valuation Loss on Inventories ¥161 million Losses Carried Forward ¥180 million Other ¥603 million Total Deferred Assets ¥3,775 million (DeferredTax Liabilities) Reserve for Advanced Depreciation of Fixed Assets (-) ¥278 million Unrealized Gains or Losses on OtherMarketable Securities (-)¥240 million Other (-) ¥2 million Total Deferred Liabilities (-) ¥520 million Net DeferredTax Assets ¥3,254 million (Note) The net deferred tax asset is included in the following items in the Consolidated Balance Sheet Current Assets - Deferred Tax Assets ¥1,059 million Fixed Assets - Deferred Tax Assets ¥2,194 million 2. Breakdown of Principal Factors Giving Rise to Differences between Statutory Effective Tax Rate and the Corporate Tax Rate after Application of Tax Effect Accounting. Statutory EffectiveTax Rate 40.6% (Adjustments) Amounts such as Dividends not included in income (-)0.3% Amounts such as Entertainment Expense not deductible as expense 2.1% Equal installments of ResidentsTax 2.2% Review of Recoverability (-)6.5% Other 0.0% CorporateTax Rate After Application of Tax Effect Accounting 38.1%

(Segment Information)

1. Segment Information by Business

(1)Fiscal year ended Mar. 2006 (Commenced Apr 1,2005 and ended Mar 31, 2006) (In millions of yen)

Classification	Home Furnishing	Acute and Long Term Care	Other	Total	Elimination of Corporate Wide	Consolidated
1. Sales and Operation Income and Expenses Sales						
(1) Sales to External Customers	36,039	26,922	7,286	70,248	--	70,248
(2) Internal Sales among Segments or Transfers	534	93	105	733	(733)	--
Total	36,573	27,016	7,392	70,982	(733)	70,248
Operating Expenses	36,173	23,981	7,000	67,155	(919)	66,236
Operating Income	400	3,034	391	3,826	185	4,011
2. Assets, Depreciation, Loss on impairment of fixed assets and Capital Expenditures						
Assets	41,154	19,179	6,643	66,976	(603)	66,373
Depreciation	421	1,394	66	1,881	1	1,883
Loss on impairment of fixed assets	365	467	1	834	--	834
Capital Expenditures	230	1,614	650	2,494	(0)	2,494

(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 (¥871 million) items included in the Elimination or Corporate Wide are expenses related to the administrative areas of the consolidated financial statement submitting company including the General Affairs division.
4. Of the Assets, corporate-wide assets (¥12,491 million) included in the Elimination or Corporate Wide column are assets related to the surplus investable funds(Cash and Deposit) and administrative areas of the consolidated financial statement submitting company including the General Affairs division.
5. 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 ¥325 million, and operating profit increase by ¥202 million compared with the previous method.The Company posted assets of 1,580 million yen in the furniture and interior business, a 561 million yen shortfall in assets in the nursing-care equipment business, and a surplus of 2,141million yen in assets of other businesses. In depreciation and amortization expenses, the Company posted a 37million yen for the furniture and interior business, a 2 million yen shortfall for the nursing-care welfare equipment business, and a surplus of 40 million yen for other businesses. The Company posted 626 million yen in capital expenditure for the furniture and interior business, a 2 million yen shortfall in capital expenditure for the nursing-care welfare equipment business, and a surplus of 628 million yen in capital expenditure for other businesses.

(2) Reference

1. Fiscal term ended Sept. 2004 (6 months)(Commenced Mar 30, 2004 and ended Sept 30, 2004)

(In millions of yen)

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

(Note)

1. Method of business classification
   Businesses are classified giving consideration to the similarity in the type and nature of products and the sellingmarkets 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, careproducts, hospital bed linens
   (3) Other ------- procurement and retailing of accessories, daily sundry goods, health maintenance equipment and the like.
3. Of the Operating Expenses, principal unallocable operating expenses (¥352 million) items included in the Elimination or Corporate Wide are expenses related to the administrative areas of the consolidated financial statement submitting company including the General Affairs division.
4. Of the Assets, corporate-wide assets (¥1,242 million) included in the Elimination or Corporate Wide column are assets related to the administrative areas of the consolidated financial statement submitting company including the General Affairs division.

2. Fiscal term ended Mar. 2005 (6 months)(Commenced Oct 1, 2004 and ended Mar 31, 2005)

(In millions of yen)

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

(Note)

1. Method of business classification
   Businesses are classified giving consideration to the similarity in the type and nature of products and the selling markets and selling mode.
2. Principal products and business in each segment.
   (1) Home Furnishing ---------- manufacture, procurement and sale of beds, furniture and beddings
   (2) Acute and Long Term Care ------- manufacture, procurement, sales and rental of medical treatment beds, care products, hospital bed linens
   (3) Other ------- procurement and retailing of accessories, daily sundry goods, health maintenance equipment and the like.
3. Of the Operating Expenses, principal unallocable operating expenses (¥387 million) items included in the Elimination or Corporate Wide are expenses related to the administrative areas of the consolidated financial statement submitting company including the General Affairs division.
4. Of the Assets, corporate-wide assets (¥10,299 million) included in the Elimination or Corporate Wide column are assets related to the administrative areas of the consolidated financial statement submitting company including the General Affairs division. Commencing the consolidated fiscal year under review, associated with the introduction of France Bed Holdings Group Cash Management Service (CMS), the surplus investable funds held by the Group is centralized at the consolidated financial statement submitting company and has been included in Corporate Wide Assets.
5. As noted in "Accounting Changes", accounting for unrecognized pension assets related to retirement benefits has been changed. With this change, in comparison with the former method, the Operating Income for "Home Furnishing" increased by ¥47 million, Operating Income for "Acute and Long Term Care" increased ¥52 million, while that of "Other" increased ¥8 million whereas the Assets of "Home Furnishings" is reduced by ¥3 million.

2. Segments by Location

1. Consolidated accounting period (Commenced April 1, 2005 and ended March 31, 2006)
   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. Consolidated accounting period (Commenced April 1, 2005 and ended March 31, 2006)
   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.

(Related Party Transactions)

1. Consolidated accounting period (Commenced April 1, 2005 and ended March 31, 2006)
   Subsidiaries
   Transactions with AD Center Co., Ltd., France bed International (Thailand) Co., Ltd. and France bed Korea Co., Ltd. is deemed to be not material, thus, the item has been omitted.

2. Reference
   (1) Fiscal term ended September 2004 (6 month) (Commenced March 30, 2004 and ended September 30, 2004)
   Transactions with AD Center Co., Ltd. is deemed to be not material, thus, the item has been omitted.
   (2) Fiscal term ended March 2005 (6 month) (Commenced October 1, 2004 and ended March 31, 2005)
   Transactions with AD Center Co., Ltd. is deemed to be not material, thus, the item has been omitted.

(Per Share Information)

Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended Mar.31, 2005)
Net Assets per Share ¥178.31 Earnings per share ¥8.70 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.

	Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended Mar.31, 2005)
Net Income (¥ million)	2,091	1,019	1,505
Amount not attributable to Common Stock(¥ million)	94	35	100
(Of which Directors' Bonuses (¥ million)	(94)	(35)	(100)
Net Income attributable to Common Stock(¥ million)	1,997	983	1,404
Average Number of Outstanding Common Shares during the Period (thousand shares)	229,464	225,646	231,971

(Material Subsequent Events)

Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended 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 consolidated accounting period under review is as follows.

(In millions of yen)

Name of Business Segment	Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended Mar.31, 2005)
Home Furnishings	12,914	6,448	6,704
Acute and Long Term Care	3,089	1,532	1,637
Other	--	--	--
Total	16,004	7,980	8,341

(Note) 1. Values are according to the manufacturing cost.
2. Above figures do not include Consumption Tax.
3. 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, no comparisons with the previous year has been presented .

(2) Subcontracting

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

(In millions of yen)

Name of Business Segment	Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended Mar.31, 2005)
Home Furnishings	2,392	1,128	1,095
Acute and Long Term Care	878	404	442
Other	--	--	--
Total	3,271	1,533	1,537

(Note) 1. Inter-segmental transactions have been offset and eliminated.
2. Above figures do not include Consumption Tax.
3. 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, no comparisons with the previous year has been presented .

(3) Procurement

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

(In millions of yen)

Name of Business Segment	Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended Mar.31, 2005)
Home Furnishings	6,773	3,938	3,218
Acute and Long Term Care	5,371	2,514	2,320
Other	2,721	1,447	1,359
Total	14,865	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. 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, no comparisons with the previous year has been presented.

2. Orders

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

3. Sales

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

(In millions of yen)

Name of Business Segment	Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal term ended Sept. 2004(6 months) (Commenced Mar. 30,2004 and ended Sept.30, 2004)	Fiscal term ended Mar. 2005(6 months) (Commenced Oct. 1,2004 and ended Mar.31, 2005)
Home Furnishings	36,039	18,437	18,309
Acute and Long Term Care	26,922	12,763	13,242
Other	7,286	3,588	3,616
Total	70,248	34,788	35,167

(Note) 1. Inter-segmental transactions have been offset and eliminated.
2. Above figures do not include Consumption Tax.
3. 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, no comparisons with the previous year has been presented.