FRANCEBED HOLDINGS

Results for the fiscal year ended March 2007

May 15, 2007

Name of the listed company : **France Bed Holdings Co., Ltd.**
Listing Exchanges : Tokyo, Osaka
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
Scheduled date of Ordinary General Shareholders' Meeting : June 20, 2007
Scheduled date to submit Securities Report : June 20, 2007
Scheduled date to begin dividend payments : June 21, 2007
(Figures presented have been rounded down to the nearest unit presented)

1.Consolidated results for the fiscal year ended March 2007 (April 1, 2006 ~ March 31, 2007)

(1) Consolidated Management Performance

(% change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2007	66,205	Δ5.7	3,590	Δ10.5	3,636	Δ12.1	1,994	Δ4.6
Fiscal year ended March 2006	70,248	—	4,011	—	4,140	—	2,091	—

	Net income per share	Fully diluted net income per share	Return on equity	Ratio of Ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
Fiscal year ended March 2007	8.69	—	4.8	5.5	5.4
Fiscal year ended March 2006	8.70	—	5.1	6.2	5.7

(For reference) Investment Gains and Losses due to Equity Method : Fiscal year ended March 2007 - \ --,
Fiscal year ended March 2006 - \ --
(Notes) As an annual closing of accounts was adopted from the business year ended March 2006
(from April 1, 2005 to March 31, 2006), year-on-year changes were not presented for the Fiscal year ended March 2006

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	yen
Fiscal year ended March 2007	65,501	41,669	63.6	181.60
Fiscal year ended March 2006	66,373	41,011	61.7	178.31

(For reference) Shareholders' equity : Fiscal year ended March 2007 ¥41,669 million
Fiscal year ended March 2006 - \ --

(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 2007	2,736	Δ2,768	Δ1,371	12,605
Fiscal year ended March 2006	3,945	Δ3,043	Δ1,232	13,932

2.Dividends

	Dividends per share			Total dividends (annual)	Dividend propensity (consolidated)	Ratio of dividends to net assets (Consolidated)
	Interim period-end	Second half	Full fiscal year			
	yen	yen	yen	Million yen	%	%
Fiscal year ended March 2007	2.50	2.50	5.00	1,147	57.5	2.7
Fiscal year ended March 2006	2.50	2.50	5.00	1,147	57.4	2.8
Fiscal year ended March 2008 (Outlook)	2.50	2.50	5.00		63.7	

3.Forecasts of results for the Fiscal Year Ending March 2008 (April 1, 2007 ~ March 31, 2008)

(Percentage figures for full fiscal years are changes from the previous fiscal year, and those for the interim period are changes from the previous interim period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Interim	33,140	Δ0.6	1,370	Δ33.1	1,350	Δ35.1	940	Δ18.9	4.09
Annual	66,600	0.5	3,100	Δ13.6	3,100	Δ14,7	1,800	Δ9.7	7.84

Changes in significant Matters in Preparation of Consolidated Financial Statements

4.Other matters

(1) Changes in the state of material subsidiaries during the period
(Changes regarding specific companies accompanying changes in the scope of consolidation) : No

(2) Changes in principles, procedures, methods of presentation, etc., related to the consolidated financial statements
(Changes in material items that form the basis for the preparation and presentation of the consolidated financial statements)

(A) Changes related to revisions in accounting principles : Yes

(B) Changes other than those in (A) above : Yes

(Notes) For further details, refer to "Changes in significant Matters in Preparation of Consolidated Financial Statements" on page 22.

(3) Number of shares issued (common shares)

(A) Number of shares at the end of the period (including treasury stock)
Fiscal year ended March 2007 : 239,487,500 shares Fiscal year ended March 2006 : 239,487,500 shares

(B) Number of treasury shares
Fiscal year ended March 2007 : 10,033,747 shares Fiscal year ended March 2006 : 10,027,581 shares

(Notes) For an explanation of the number of shares used for computing net income per share (consolidated), please refer to "Per Share Information" on page 39.

(Reference) Outline of unconsolidated financial results

1.Unconsolidated results for the fiscal year ended March 2007 (April 1, 2006 ~ March 31, 2007)

(1) unconsolidated Management Performance

(% change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2007	2,573	Δ0.1	1,546	Δ4.3	1,549	Δ4.0	1,453	Δ6.6
Fiscal year ended March 2006	2,577	—	1,616	—	1,615	—	1,556	—

	Net income per share	Fully diluted net income per share
	yen	yen
Fiscal year ended March 2007	6.33	—
Fiscal year ended March 2006	6.53	—

(Notes) As an annual closing of accounts was adopted from the business year ended March 2006 (from April 1, 2005 to March 31, 2006), year-on-year changes were not presented for the Fiscal year ended March 2006

(2) Unconsolidated Financial Position

	Total Assets	Net Assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	yen
Fiscal year ended March 2007	59,611	41,945	70.3	182.80
Fiscal year ended March 2006	59,838	41,698	69.6	181.47

(For reference) Shareholders' equity : Fiscal year ended March 2007 ¥41,945 million
Fiscal year ended March 2006 - \ --

2. Unconsolidated forecasts of results for the Fiscal Year Ending March 2008
(April 1, 2007 ~ March 31, 2008)

(Percentage figures for full fiscal years are changes from the previous fiscal year, and those for the interim period are changes from the previous interim period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Interim	1,220	Δ4.7	670	Δ8.6	670	Δ8.5	610	Δ9.7	2.65
Annual	2,450	Δ4.8	1,400	Δ9.4	1,400	Δ9.6	1,300	Δ10.5	5.66

*Forecasts of consolidated performance shown on page 2 were prepared based on information available at the time of the forecast. Actual consolidated performance may differ from forecasts owing to a wide range of factors.
For further information, please refer to page 5.

Business results

1.Analysis of business results

(1) Business results of the Fiscal Year

During the fiscal year under review, the Japanese economy continued to recover, thanks to a rise in capital spending and an improved employment environment, both underpinned by stronger corporate earnings, which offset continued weakness in consumer spending.
In this environment, the Group focused on developing new high value-added products and services and make inroads into overseas markets. We made France bed Korea Co., Ltd. a consolidated subsidiary following an increase in its importance for the Group's strategy on October 1, 2006. We also made France bed International (Thailand) Co., Ltd., and AD Center Inc. consolidated subsidiaries to improve the disclosure of financial results on October 1, 2006.
Consequently, the consolidated sales of the Group stood at 66,205 million yen, slipping 5.7% from the previous fiscal year, for the fiscal year under review. Operating income declined 10.5% from the previous fiscal year, to 3,590 million yen. Recurring income decreased 12.1%, to 3,636 million yen, while net income stood at 1,994 million yen, down 4.6%.
The results of each business segment are as shown below.

[i] Home furnishing business

The operating environments in the furniture and interior industry experienced great change following a reduction in the size of the furniture and interior market, the aggressive opening of new shops by large furniture chain stores, and an increase in furniture imported from China.
Conditions for domestic manufacturers remained harsh. In this environment, the Group has focused on the sale of high-end, high value-added products. France Bed Co., Ltd. has taken the initiative in displaying these types of products, which are difficult for furniture retailers to display, in its showrooms, and has promoted the "showroom measure" to enable furniture retailers to use the showrooms as their selling space. We have also been endeavoring to expand sales channels beyond specialty furniture retailers by making our showrooms available for housing manufacturers and interior coordinators. During the fiscal year under review, we opened two showrooms for high-end brand furniture from overseas in Minato-ku Tokyo, and a showroom (presentation studio) in Shirakawa City in Fukushima Prefecture and Echizen City in Fukui Prefecture, respectively, to run 14 showrooms nationwide.
As a result of these initiatives, in the furniture and interior business, sales stood at 33,846 million, down 6.0% from the previous fiscal year. Operating income rose 58.4% year on year, to 634 million yen, thanks to an improvement in the cost of sales ratio and a reduction in selling, general and administrative expenses.

[ii] Acute and long-term care business

The nursing-care welfare equipment business inevitably experienced a decline in rental revenues because of the effect of the revisions to the nursing-care insurance system.
As measures to offset the fall in rental revenues, we built up our leasing and sales business by introducing the new products of Life Support Bed and Noppo, which were developed for users of minor nursing-care services who cannot access nursing care insurance. We have also been focusing on sales of used welfare equipment to people who cannot use the nursing-care insurance because of the change in the system, and on strengthening the reform business, which is outside the scope of application of nursing-care insurance. In addition, we have bolstered cooperation with medical organizations with the aim of expanding the welfare and medical equipment business. Meanwhile, we reviewed selling, general and administrative expenses, including advertising expenses, and took steps to reduce expenses as a means of bolstering profits.
Overseas, we began operating the nursing-care shop Gounson in Seoul, Korea and participated through our agent in the welfare equipment rental model business, which was launched in preparation for the introduction of a nursing-care insurance system in Korea. With this development of new agents, we hope to expand our sales channels.
As a result, in the nursing-care welfare equipment business, sales stood at 25,428 million yen, down 5.5% year on year, while operating income declined 16.7%, to 2,526 million yen.

[iii] Other businesses

In the door-to-door sales business, although we increased the number of sales offices and staff, sales and profits declined because of sluggish sales at existing sales offices.
In the products and sundries sales business, we continued to take steps to improve profitability by reducing selling, general and administrative expenses as well as by adopting a scrap-and-build policy with our stores.
Consequently, in other businesses sales stood at 6,930 million yen, down 4.8% year on year, while operating income declined 15.0%, to 332 million yen.

(2) Outlook for Fiscal year ended March 2008

Looking at the economic situation for the next fiscal year, the moderate recovery appears set to continue from the previous fiscal year. In the nursing-care welfare equipment business, however, rental revenue is expected to decrease year on year, given the effect of the revision of the nursing care insurance system in April 2006. Meanwhile, we forecast that in the furniture and interior business, the business environment will remain difficult.
In response, the Group has developed a medium-term business plan and has pursued initiatives to improve its business results. Nonetheless, in our forecasts for the next fiscal year, we expect consolidated sales of 66,600 million yen, consolidated operating income of 3,100 million yen, consolidated recurring income of 3,100 million yen and consolidated net income of 1,800 million yen.

2. Analysis of Financial Position

(1) Status of balance sheet

Total assets at the end of the fiscal year under review declined 871 million yen from the end of the previous fiscal year, to 65,501 million yen. Tangible fixed assets increased 672 million yen, reflecting the establishment of new offices, and inventory rose 550 million yen with the new consolidation of three subsidiaries.
Meanwhile, notes receivable and trade accounts receivable decreased 559 million yen because of a fall in sales. Cash and deposits also declined 4,968 million yen on capital spending, the payment of corporation tax and other items, and the acquisition of securities.
Total liabilities decreased 1,529 million yen from the end of the previous fiscal year, to 23,832 million yen, because of a decline of 640 million yen in factoring payable, which is a part of trade payables.
Net assets increased 658 million yen, to 41,669 million yen, reflecting the increase associated with net income of 1,994 million yen and a decrease with the payment of 1,147 million yen in dividends.
As a result, shareholders' equity ratio rose from 61.7% at the end of the previous fiscal year, to 63.6%.

(2) Status of cash flow

Cash flow for the fiscal year under review (hereinafter referred to as "the current term") showed a decline in cash and cash equivalents of 1,326 million yen from the beginning of the current term, to 12,605 million yen.
Details of each cash flow item are given below.

[i] Cash flow from operating activities

Net cash provided from operating activities totaled 2,736 million yen during the current term, representing a decrease of 1,209 million yen compared with the previous fiscal year (hereinafter referred to as "the previous term"). Net income before adjustment of taxes, etc. for the current term amounted to 3,697 million yen, almost on a par with the level of the previous term, despite the diminished effects of the asset impairment loss of 834 million yen and a 363 million yen loss on the sale of investment securities, recorded in the previous term. In addition, expenditures increased with a sharp rise in the amount of corporation tax, etc. paid. As a result, net cash provided from operating activities declined from the previous term.

[ii] Cash flow from investing activities

Net cash used in investing activities amounted to 2,768 million yen, showing a decline in net expenditure of 274 million yen compared with the previous term. Major expenditures included the expenditure of 2,584 million yen for the acquisition of tangible fixed assets.

[iii] Cash flow from financing activities

Net cash used in financing activities was 1,371 million yen, an increase of 138 million yen from the previous term, due mainly to the payment of 1,146 million yen in dividends.

(Reference) Trend of cash flow indicators

	(Reference) Term ended September 2004 (6 months)	(Reference) Term ended March 2005 (6 months)	Term ended March 2006	Term ended March 2007
Equity Ratio (%)	56.7	60.5	61.7	63.6
Equity Ratio at Market Value (%)	90.9	100.8	99.9	83.7
Number of Years to Amortize Debt (years)	—	—	1.3	1.9
Interest Coverage Ratio	14.1	7.7	50.9	29.3

(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 multipliedby 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) Fundamental policy for distribution of earnings, and Fiscal 2007 and Fiscal 2008 dividends

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 current consolidated fiscal year under review. We plan to pay dividends of 5.00yen per share for the next term.
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.

(4) Business risks

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 accounting term.

[i] Business environment of group companies

a) 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.

b) 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.

c) 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.

[ii] 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.

[iii] Unauthorized disclosure of personal information, etc.

The Group handles a large volume of personal information, including customer information, because of the nature of its business. It operates with full consideration to preventing the unauthorized disclosure of personal information. However, if personal information does leak, we could have a substantial liability and experience a major loss of credibility, which could have an impact on the business performance and financial position of the Group.

[iv] With Respect to Credit

The Company Group has been engaged in various operational transactions and bears credit risk relatedto 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.

[v] 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.

Corporate Group

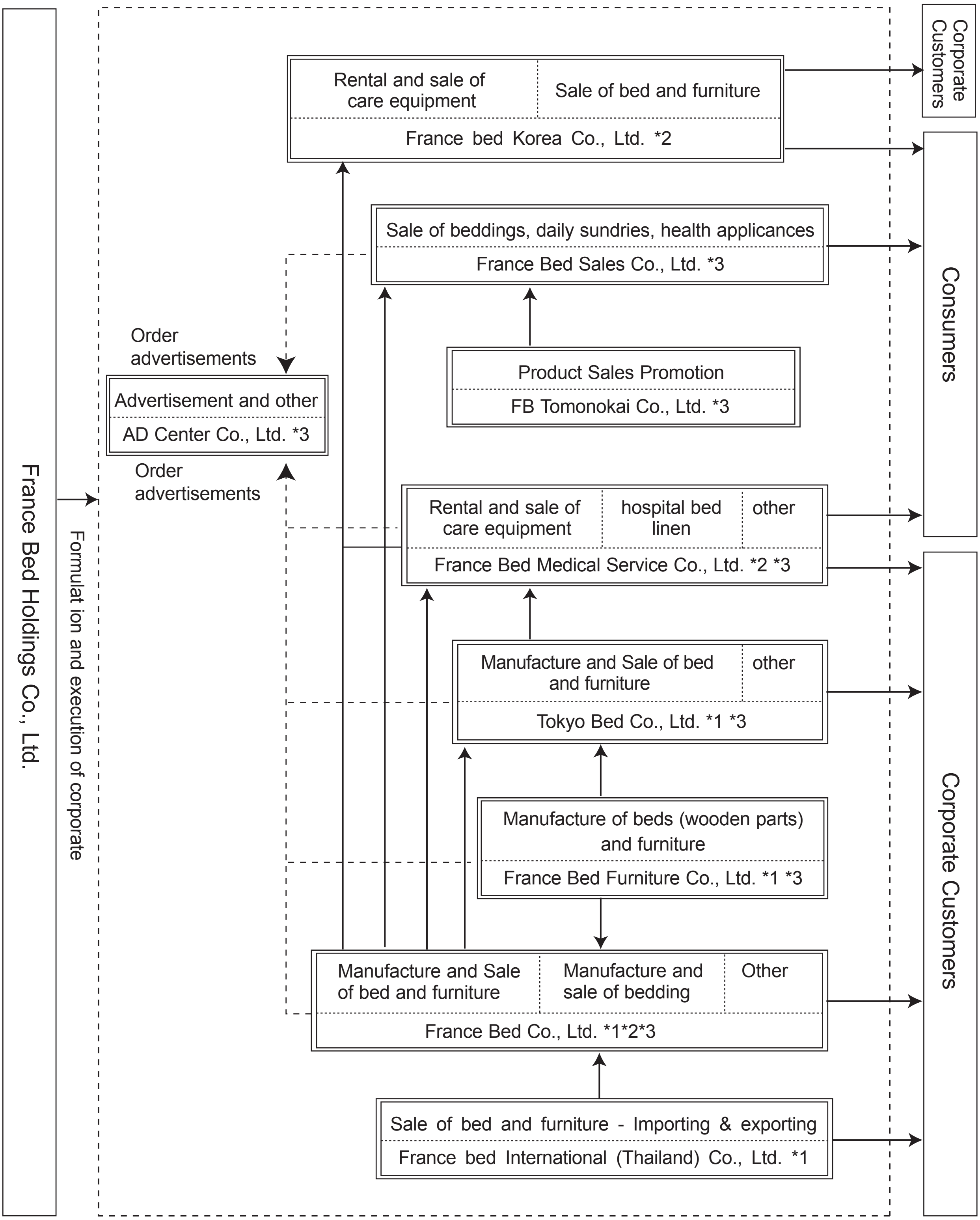
The Corporate Group is comprised of the Company and nine subsidiary companies and are primarily engaged in furniture and interior business, nursing care equipment among other businesses.
The relationship between the positioning of the Group businesses and business segment is described below.
The classification 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 France bed International (Thailand) 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. France bed Korea Co., Ltd.
Other	Procurement and retailing of bed furnishings, daily sundries, health appliances and the like,real estate rental, advertisement and exhibition equipment	France Bed Sales Co.,Ltd. FB Tomonokai Co.,Ltd. France Bed Co.,Ltd. France Bed Medical Service Co.,Ltd. Tokyo Bed Co.,Ltd. France Bed Furniture Co.,Ltd AD Center Co., Ltd.

(Note)
1. FB Tomonokai Co., Ltd. is a subsidiary of the subsidiary, France Bed Sales Co., Ltd, and is engaged in recruitment of members who engage in purchase of products marketed by France Bed Sales Co., Ltd. products through prepaid purchase agreements and in promotion of sales toward the members.
2.France bed Korea Co., Ltd. was included in the scope of consolidation in the second half of the fiscal year under review, reflecting an increase in its importance in our business strategy.
Also in the second half, we included France bed International (Thailand) Co., Ltd., and AD Center Inc. in the scope of consolidation, to improve the disclosure of financial results.

Schematic summary of the businesses is as shown below.

(Operating Structure)



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

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.Medium and Long-Term Corporate Strategy

The Group developed a medium-term business plan covering the three-year period from April 1, 2007 to March 31 2010, with the aim of bolstering corporate value by increasing the collective strength of the Group. The specific details of the plan are as stated in the problems to be addressed. The goals to be attained in the final year include a consolidated sales target of 74,900 million yen, a consolidated operating income target of 5,100 million yen, a consolidated recurring income target of 5,000 million yen and a consolidated net income target of 2,700 million yen.

3.Issues facing the Company

The Group has developed a medium-term business plan. Under this plan, we aim at developing the corporate characteristics that we will enable us to generate solid profits irrespective of the external environment, by adopting new growth strategies in all businesses and achieving further progress in the integration of the Group.
As a basic policy for this medium-term business plan, we will strive to achieve ongoing growth and strengthen our management base. Our themes will be boosting business in response to the aging society, developing and expanding sales of high value-added products, and expanding our export business.
The growth strategies for major businesses in the medium-term business plan are shown below.

(1) Home furnishing business

In the furniture and interior business, operating conditions will be highly susceptible to external factors, such as a reduction in the size of the domestic furniture market, intensifying international competition, the diversification and sophistication of consumer needs, the diversification of sales channels and the rising costs of raw materials. Business conditions in this segment are expected to remain difficult for the Group.
In this environment, the Group will aim at restarting growth by establishing and improving the systems needed to sell high-end products. Among the most important measures, we will work to aggressively develop high value-added products to respond to progress in aging, acquire exclusive rights to sell leading foreign brands in Japan, expand the product lineup through cooperation with external designers, exhibit more high-end products by opening more showrooms, encourage the use of showrooms by customers, develop new sales channels, such as construction-related companies, by bolstering our marketing systems and using showrooms, and expand our export business with a focus on Japanese-style furniture and massage machines.

(2) Acute and long-term care business

Looking at the business environment in the nursing-care welfare equipment business, demand is expected to grow over the long term, given a rising population of elderly persons, and sustained growth is anticipated. In the short term, however, it is essential that we restore our earnings power, which inevitably declined with the revision of the nursing-care insurance system. The environment is difficult, given the need to outlays more funds than previously to improve service quality.
In this environment, the Group will increase capital spending and promote employee education to further improve the quality of services. We will also aim to achieve a rapid recovery in rental revenue from welfare equipment by expanding the community-oriented type business and strengthening corporation with medical institutions. Meanwhile, we will seek to increase sales not related to nursing care insurance, by bolstering our retail function through the establishment and expansion of shops and showrooms for sales of welfare equipment, nursing care goods and products for aged persons, and by strengthening the housing repair business, taking advantage of our operating base for the rental business.
With respect to the nursing-care welfare equipment business in Korea, we will develop the business in full consideration of the details of the nursing care insurance system to be introduced.

(3) Other businesses

In other business, we will seek to increase sales of the door-to-door sales business by improving trading materials. In the products and sundries sales business, we will continue to take steps to improve profitability by scrapping and building stores.

The Group will put each business on a growth track through its medium-term business plan, and at the same time will pursue synergies in all divisions including purchase, production, sales and personnel divisions, to strengthen its management base.

4. Other Important Matters Related to Management

Not applicable.

Consolidated Financial Statements
Consolidated Balance Sheet

(In millions of yen)

Account	Fiscal year ended Mar. 2006 (As of Mar.31, 2006)	Fiscal year ended Mar. 2007 (As of Mar.31, 2007)	Increase (decrease)
(Assets)			
1. Current Assets			
Cash and Deposits	14,092	9,123	(-)4,968
Notes and Account Receivable - Trade	13,763	13,204	(-)559
Marketable Securities	2	3,497	3,495
Inventory	9,835	10,385	550
Deferred Income Tax Assets	1,133	1,062	(-)70
Other	1,673	1,402	(-)270
Allowance for Doubtful Accounts	(-)171	(-)63	107
Total Current Assets	40,328	38,613	(-)1,715
2. Fixed Assets			
Tangible Fixed Assets			
Assets for Lease	1,314	1,192	(-)121
Buildings and Structures	3,974	4,948	974
Equipment and Vehicles	1,088	1,077	(-)11
Tools, Furniture and Fixtures	284	348	64
Land	6,209	6,577	368
Construction in Progress	689	88	(-)601
Total Tangible Assets	13,560	14,233	672
Intangible Fixed Assets			
Software	549	551	2
Other	18	22	4
Total Intangible Fixed Assets	567	573	6
Investments and Other Assets			
Investment Securities	2,139	1,791	(-)347
Long Term Loans	36	33	(-)2
Deferred Income Tax Assets	2,368	2,536	167
Prepaid Pension Expense	5,020	5,455	435
Other	2,543	2,407	(-)136
Allowance for Doubtful Accounts	(-)192	(-)143	48
Total Investments and Other Assets	11,915	12,080	164
Total Fixed Assets	26,044	26,887	843
Total Assets	66,373	65,501	(-)871

(In millions of yen)

Account	Fiscal year ended March 2006 (As of Mar. 31, 2006)	Fiscal year ended March 2007 (As of Mar. 31, 2007)	Increases and decreases
(Liabilities)			
1.Current Liabilities			
Notes and Account Payable - Trade	7,393	8,052	659
Accrued Factoring Liabilities	1,973	1,333	(-)640
Short Term Borrowings	4,905	5,108	203
Long Term Borrowings Coming Due within 1 Year	205	180	(-)25
Accrued Corporate Taxes	1,249	671	(-)578
Accrued Consumption Tax	115	114	(-)1
Reserve for Bonuses	1,519	1,400	(-)119
Reserve for director’s Bonuses	—	87	87
Other	3,799	3,075	(-)724
Total Current Liabilities	21,161	20,023	(-)1,138
2.Fixed Liabilities			
Long Term Borrowings	228	48	(-)180
Reserve for Retirement Benefits	3,231	3,032	(-)199
Reserve for Directors Retirement Bonuses	401	448	47
Other	339	279	(-)59
Total Fixed Liabilities	4,200	3,808	(-)391
Total Liabilities	25,362	23,832	(-)1,529
(Minority Interest)			
Minority Interest	—	—	—
(Shareholders' Equity)			
1.Common Stock	3,000	—	—
2.Capital Surplus	5,117	—	—
3.Retained Earnings	35,461	—	—
4.Unrealized Gains or Losses on Securities	381	—	—
5.Treasury Shares	(-)2,949	—	—
Total Shareholders' Equity	41,011	—	—
Total Liabilities, Minority Interest and Shareholders' equity	66,373	—	—
(Net assets)			
1.Shareholders' equity			
Capital stock	—	3,000	—
Capital Surplus	—	5,117	—
Retained earnings	—	36,293	—
Treasury Shares	—	(-)2,950	—
Total Shareholders' equity	—	41,460	—
2.Valuation and translation gain and loss			
Valuation gain and loss on other securities	—	198	—
Gain and loss on deferred hedge	—	(-)2	—
Translation adjustments	—	12	—
Total valuation and translation gain and loss	—	208	—
Total Net assets	—	41,669	—
Total liabilities and shareholders' equity	—	65,501	—

(Notes)
The figures that are shown above have been rounded off to the rearest unit displayed. (The same applies to the pages that follow hereinafter.)

Consolidated Statement of Income

(In millions of yen)

Account	Fiscal year ended March 2006 (Apr. 1, 2005 – Mar. 31, 2006)	Fiscal year ended March 2007 (Apr. 1, 2006 – Mar. 31, 2007)	Increases and decreases	
1. Net Sales	70,248	66,205	(-)4,042	(-)5.7%
2. Cost of Sales	38,652	36,397	(-)2,255	
Gross Income	31,595	29,808	(-)1,786	(-)5.6%
3. Selling, General and Administrative Expense	27,583	26,218	(-)1,365	
Operating Income	4,011	3,590	(-)421	(-)10.5%
4. Other Income				
Interest Income	4	23	18	
Dividend Income	63	34	(-)28	
Insurance Income	40	66	25	
Life Insurance Dividend Income	54	39	(-)14	
Capital gain for lease	88	—	(-)88	
Other	149	185	35	
Total Other Income	401	349	(-)52	
5. Other Expenses				
Interest Expense	75	84	9	
Sales Discounts	76	70	(-)6	
Commission paid	41	39	(-)2	
Other	79	109	30	
Total Other Expenses	272	303	30	
Ordinary Income	4,140	3,636	(-)504	(-)12.1%
6. Extraordinary Income				
Gains on Prior Year Adjustment	59	94	35	
Gains form Sale of Fixed Assets	86	66	(-)20	
Gains on sales of investment securities	363	2	(-)361	
Total Extraordinary Income	509	163	(-)346	
7. Extraordinary Losses				
Loss from Prior Year Adjustment	19	6	(-)12	
Losses from Sale of Fixed Assets	0	0	0	
Loss from Removal of Fixed Assets	48	89	41	
Loss on impairment of fixed assets	834	2	(-)832	
Loss on sales of investment securities	—	0	0	
Loss on revaluation of investment securities	6	—	(-)6	
Other	17	3	(-)13	
Total Extraordinary Losses	925	102	(-)823	
Net Income before Tax	3,725	3,697	(-)27	(-)0.7%
Corporate Income Tax, Resident Tax	1,903	1,635	(-)267	
and Enterprise Tax	(-)269	72	342	
Minority interests	—	(-)4	(-)4	
Net Income	2,091	1,994	(-)97	(-)4.6%

Consolidated Statement of Surplus

(In millions of yen)

Account	Fiscal year ended March 2006 (Apr. 1, 2005 – Mar. 31, 2006)
(Capital Surplus)	
1. Beginning Balance of Capital Surplus	5,117
2. Ending Balance of Capital Surplus	5,117
(Retained Earnings)	
1. Beginning Balance of Retained Earnings	34,617
2. Increase in Retained Earnings	
Net Income	2,091
3. Reductions in Retained Earnings	
Dividends	1,147
Directors' Bonuses	100
4. Ending Balance of Retained Earnings	35,461

Consolidated Statement of Changes in Shareholders' Equity

Fiscal year ended March 2007 (Apr. 1, 2006 – Mar. 31, 2007)

(In millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
Balance at March 31, 2006	3,000	5,117	35,461	(-)2,949	40,629
Changes during the period					
Cash dividends paid*			(-)573		(-)573
Cash dividends paid			(-)573		(-)573
Bonuses to directors*			(-)94		(-)94
Net income			1,994		1,994
Purchases of treasury stock				(-)1	(-)1
Disposal of treasury stock		(-)0		0	0
Changes in the scope of consolidation			79		79
Changes, net, in items other than shareholders' equity					
Total change during the period	—	(-)0	832	(-)1	830
Balance at March 31, 2007	3,000	5,117	36,293	(-)2,950	41,460

	Valuation and translation differences				Total net assets
	Valuation differences and other marketable securities	Deferred gains on hedges	Translation adjustments	Total valuation and translation differences	
Balance at March 31, 2006	381	—	—	381	41,011
Changes during the period					
Cash dividends paid*					(-)573
Cash dividends paid					(-)573
Bonuses to directors*					(-)94
Net income					1,994
Purchases of treasury stock					(-)1
Disposal of treasury stock					0
Changes in the scope of consolidation					79
Changes, net, in items other than shareholders' equity	(-)183	(-)2	12	(-)172	(-)172
Total change during the period	(-)183	(-)2	12	(-)172	658
Balance at March 31, 2007	198	(-)2	12	208	41,669

*This was an item for the appropriation of profits resolved at the ordinary general meeting of shareholders held in June 2006.

Consolidated Statement of Cash Flow (In millions of yen)

Account	Fiscal year ended March 2006 (Apr. 1, 2005 – Mar. 31, 2006)	Fiscal year ended March 2007 (Apr. 1, 2006 – Mar. 31, 2007)
1. Cash flows from operating activities		
Net income before tax and minority interests	3,725	3,697
Depreciation	1,883	1,876
Loss on impairment of fixed assets	834	2
Gains from sale of tangible fixed assets	(-)86	(-)66
Losses on sale and removal of tangible fixed assets	32	77
Gains on sales of investment securities	(-)363	(-)2
Loss on sales of investment securities	--	0
Loss on revaluation of investment securities	6	--
Change in allowance for doubtful accounts	(-)239	(-)157
Changes in reserve for bonuses	38	(-)139
Changes in reserve for director's bonuses	--	85
Changes in reserve for retirement benefits and prepaid pension expense	128	(-)664
Change in reserve for directors retirement bonuses	(-)224	25
Interest income and dividend income	(-)68	(-)57
Interest expense	75	84
Change in account receivables	114	623
Change in inventory	273	(-)329
Change in procurement obligations	(-)231	476
Change in accrued factoring liabilities	(-)947	(-)640
Change in accrued expenses	(-)15	(-)134
Change in accrued consumption tax	37	(-)6
Directors bonuses paid	(-)100	(-)94
Other	371	286
Sub-Total	5,244	4,944
Interest and dividends received	68	57
Interest paid	(-)77	(-)93
Corporate taxes paid	(-)1,289	(-)2,172
Cash flows from operating activities	3,945	2,736
2. Cash flows from investing activities		
Investments in time deposits	(-)1,360	(-)0
Decrease in term deposits	--	160
Proceeds from sale of marketable securities	2	2
Expenditures for acquisition of tangible fixed assets	(-)2,077	(-)2,584
Proceeds form sale of tangible fixed assets	95	14
Expenditures for acquisition of investment securities	(-)243	(-)287
Proceeds from sale of investment securities	649	127
Expenditure for loans	(-)20	(-)38
Proceeds from recovery of loans	29	21
Other	(-)119	(-)183
Cash flows from investing activities	(-)3,043	(-)2,768
3.Cash flows from financing activities		
Proceeds from Increase in short term borrowings	595	166
Expenditure for repayment of short term borrowings	(-)200	(-)184
Expenditure for repayment of long term borrowings	(-)481	(-)205
Proceeds from the sale of treasury shares	--	0
Expenditure for acquisition of treasury shares	(-)2	(-)1
Payment of dividends	(-)1,143	(-)1,146
Other	(-)0	(-)0
Cash flows from financing activities	(-)1,232	(-)1,371
4. Effect of exchange rate changes on cash and cash equivalents	--	(-)6
5. Net increase(decrease) in cash and cash equivalents	(-)330	(-)1,410
6. Beginning balance of cash and cash equivalents	14,263	13,932
7. Cash and cash equivalents of newly consolidated subsidiaries	--	83
8. Cash and cash equivalents at end of period	13,932	12,605

Significant Matters in Preparation of Consolidated Financial Statements

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
1. Matters Relating to Scope of Consolidation	1. Matters Relating to Scope of Consolidation All subsidiaries are included in the 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) Number of consolidated Subsidiaries: 9 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., Tokyo Bed Co.,Ltd. France bed Korea Co., Ltd. France bed International (Thailand) Co., Ltd. AD Center Co., Ltd. France bed Korea Co., Ltd. was included in the scope of consolidation in the second half of the fiscal year under review, reflecting an increase in its importance in our business strategy. Also in the second half, we included France bed International (Thailand) Co., Ltd., and AD Center Inc. in the scope of consolidation, to improve the disclosure of financial results.
(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 (amountcommensurate to holding), profit surplus, etc. does not have a major impact on interim consolidated financial statements in either case.	(2) ――――――
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 applied has been excluded from the application as the effect of the total assets, sales and net income (portion corresponding to holdings) and profit surplus (portion corresponding to holdings) to the consolidated financial statements are not significant and overall is not material.	2. Matters relating to the application of the equity method None issued.
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. Same as the left

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
4. Matters relating to the accounting standards (1) Valuation basis and method for significant assets (i) Marketable Securities a. Bonds intended to be held to maturity Amortizing cost method (straight line method) b. Other marketable securities With 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. Without market value: Stated at cost determined by the moving-average method (ii)Derivatives Stated at market value (iii)Inventory a. Merchandise, product, and work-in-progress Stated at cost principally based on first in first out method b. Materials and stored goods Stated at cost using most recent purchase method	4. Matters relating to the accounting standards (1) Valuation basis and method for significant assets (i) Marketable Securities a. Bonds intended to be held to maturity Same as the left b. Other marketable securities With market value: Stated at market value as of the consolidated balance sheet date（changes in fair value are accounted for under the direct addition to the shareholders' equity method. The cost of securities sold is determined based on the moving-average. Without market value: Same as the left (ii)Derivatives Same as the left (iii)Inventory a. Merchandise, product, and work-in-progress Same as the left b. Materials and stored goods Same as the left
(2) Method of depreciation of significant depreciable assets (i)Tangible Fixed Assets 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 years Equipment and Vehicles 3~15 years Tools, Furniture &Fixtures 2~20 years For small-ticket assets for lease whose acquisition price is less than 200,000yen, they are depreciated in one lot equally over 3 years. (ii)Intangible Fixed Assets Straight-line method is applied. Software for internal office use is depreciated using straight line method over their useful lives (5 years). (iii)Long term prepaid expenses Equal amortization is applied.	(2) Method of depreciation of significant depreciable assets (i)Tangible Fixed Assets Companies submitting consolidated financial statements and domestic consolidated subsidiaries adopt the declining balance method. However, for buildings (excluding attached equipment) acquired after April 1, 1998, the straightline method is applied. Consolidated foreign subsidiaries adopt the straight line method based on the accounting standards of their country. Useful lives are as follows: Assets for Lease 3~10 years Buildings & structure 3~50 years Equipment and Vehicles 3~15 years Tools, Furniture &Fixtures 2~20 years For small-ticket assets for lease whose acquisition price is less than 200,000yen, they are depreciated in one lot equally over 3 years. (ii)Intangible Fixed Assets Same as the left (iii)Long term prepaid expenses Same as the left

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
(3) Accounting for significant reserves (i) Allowance for doubtful accounts To provide for losses arising from bad loans, allowance for doubtful receivables is provided at an amount of possible losses from uncollectible receivables based on the actual historical rate of losses from bad debt for ordinary receivables, and on estimated recoverability for specific doubtful receivables. (ii) Reserve for bonuses To provided for payment of bonuses to employees, the amount expected to be paid are recorded. (iii). ―――――― (iv) 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. (v) Reserve for directors' retirement bonuses To provide for payment of retirement bonuses to directors, the amount required to be paid at the current balance sheet date based on internal regulations is recorded.	(3) Accounting for significant reserves (i) Allowance for doubtful accounts Domestic consolidated subsidiaries 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. Certain consolidated foreign subsidiaries record an estimated amount for losses from bad debts. (ii) Reserve for bonuses Companies submitting consolidated financial statements and domestic consolidated subsidiaries recorded the expected amount for the fiscal year under review needed to provide for the payment of bonuses to their employees. (iii) Reserve for director’s bonuses Companies submitting consolidated financial statements and domestic consolidated subsidiaries recorded the expected amount for the fiscal year under review needed to provide for the payment of bonuses to their directors and officers. (iv) 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. (v) Reserve for directors' retirement bonuses Companies submitting consolidated financial statements, domestic consolidated subsidiaries and certain consolidated foreign subsidiaries recorded the expected amount of payment which shall be required as of the end of the fiscal year under review, based on an internal regulation to provide for the payment of retirement allowances to their directors and officers.

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
(4) ————————————	(4) Accounting for Significant Leases For the translation of important assets or liabilities denominated in foreign currencies into yen, monetary credits and liabilities denominated in basic foreign currencies are translated using the spot exchange rate on the closing date, and exchange gains and losses are treated as profits and losses. The assets and liabilities of the consolidated foreign subsidiaries are translated into yen using the spot exchange rate on the closing date. Revenues and costs and expenses are translated using an average exchange rate for a fiscal year. Exchange gains and losses are recorded by including them in the exchange translation adjustment account of net assets.
(5) 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.	(5) Accounting for significant leases Same as the left
(6) Hedge Accounting (i) Method of Hedge Accounting Deferred hedge accounting is applied. With respect to foreign currency denominated obligations with forward foreign exchange contracts, these are accounted for using the allocation method.	(6) Hedge Accounting (i) Method of Hedge Accounting Same as the left
(ii) Hedging tools and hedge targets a.Hedging tools Derivative transactions (currency options and forward foreign exchange contracts) b.Hedge targets Foreign currency denominated monetary obligations subject to foreign exchange volatility risk (including foreign currency denominated planned transactions).	(ii) Hedging tools and hedge targets a.Hedging tools Same as the left b.Hedge targets Same as the left
(iii) Hedging policy Derivative transactions are entered into for the purpose of hedging the foreign exchange fluctuation risks associated with the imports of raw materials and merchandise. In undertaking derivative transactions, transactions are managed so as to maintain a steady hedging ratio with the planned transaction amount as the maximum limit.	(iii) Hedging policy Same as the left

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
(iv) Method of evaluating hedge effectiveness a.Test in advance Verifies that it is consistent with "Market Risk Management Rules" and"Risk Management Outlines" b.Test after the fact Examination is made whether the market and cash flow fluctuation were avoided vis a vis foreign exchange volatility risk in foreign currency denominated transactions.	(iv) Method of evaluating hedge effectiveness a.Test in advance Same as the left b.Test after the fact Same as the left
(7) Other matters in preparation of consolidated financial statements (i) Accounting for the consumption tax Consumption tax and municipal consumption tax are accounted for using the tax exclusion method. Non-deductible consumption tax relating to fixed assets are treated as periodic expense to be borne during the consolidated fiscal year under review.	(7) Other matters in preparation of consolidated financial statements (i) Accounting for the consumption tax Same as the left
5. Matters relating to the valuation of assets and liabilities of consolidated subsidiaries Assets and liabilities of consolidated subsidiaries are stated at fair market value.	5. Matters relating to the valuation of assets and liabilities of consolidated subsidiaries Same as the left
6. ————————	6. Amortization of goodwill and negative goodwill Given the comparatively insignificant nature of the amount, amortization of goodwill is treated as a cost at the time of accrual
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. ————————
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

(Changes in significant Matters in Preparation of Consolidated Financial Statements)

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
(Method of booking real estate rental income and expenses) Real estate rental income and expenses used to bebooked 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 method of sales revenues from lease assets) In the nursing-care welfare equipment business, sales revenues from lease assets such as nursing-care beds were recorded in non-operating profit. However, given the growing importance of sales revenues from lease assets along with an increase in the termination of rental contracts due to the revision of the nursing-care insurance system, the accounting method was changed in this consolidated business term, so that sales revenues from lease assets were recorded as sales. As a result, sales, gross profit, and operating profit increased 1,038 million yen compared with the figures under the previous accounting method, while non-operating income decreased by the same amount. The impact on segment information is described in the relevant section.

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
―――――	(Accounting standard for bonuses to directors and corporate auditors) The “Accounting Standard for Directors’ Bonus” (Accounting Standards Board of Japan Statement No. 4 on November 29, 2005) was applied from this consolidated business term. As a result of this application, operating profit, ordinary profit and income before income taxes and minority interests decreased by 85 million yen. Impact on the segment information was minimal.
―――――	(Accounting standard for presentation of net assets in the balance sheet) The “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (Accounting Standards Board of Japan Statement No. 5 on December 9, 2005) and the “Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet” (Accounting Standards Board of Japan Guidance No. 8 on December 9, 2005) were applied from this consolidated business term. The amount that corresponds to traditional Shareholders’ Equity was 41,671 million yen. Net Assets in the consolidated balance sheet for this first half of the consolidated business term were prepared in accordance with the revised Consolidated Financial Statements Regulations associated with the amendment of Consolidated Financial Statements Regulations.

(Changes in Presentation)

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
(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.	―――――――――

(Additional Information)

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
(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.	―――――――――

Notes

(Relating to the Consolidated Balance Sheet)

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
1. Accumulated depreciation of tangible fixed assets ¥18,621 million	1. Accumulated depreciation of tangible fixed assets ¥18,946 million
2. Notes Related to Non-consolidated Subsidiaries: Matters related to consolidated subsidiaries are as follows Investment in securities (stocks) ¥173 million	2. ――――――
3. Assets Pledged as Collateral Buildings & Structures ¥151 million Land ¥29 million Investment Securities ¥210 million Total ¥391 million Obligations to the above Long term debt ¥56 million Long term debt maturing within 1 year ¥28 million Accounts payable of unconsolidated subsidiary ¥25 million	3. Assets Pledged as Collateral Buildings & Structures ¥144 million Land ¥29 million Investment Securities ¥126 million Total ¥300 million Obligations to the above Long term debt ¥28 million Long term debt maturing within 1 year ¥28 million Accounts payable of unconsolidated subsidiary ¥25 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 financial institution borrowings by employees. ¥92 million
5. ――――――	5. With respect to the accounting treatment of bills maturing at the end of this consolidated business term, they were settled on the date of clearance. As the end of this fconsolidated business term under review was a non-business day for financial institutions, the following matured bills are included in the outstanding balance at the end of the consolidated business term: Bills receivable (current assets) ¥196 million Bills payable (current liabilities) ¥1,044 million Other bills ¥12 million
6.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.	6. ――――――
7.Total number of shares outstanding of the consolidated financial statement submitting company common stocks 239,487,000 shares	7. ――――――

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
8. Number of treasury shares held by the consolidated financial statement submitting company common stocks 10,027,000 shares	8. ――――
9. 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.	9. ――――
10. 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	10. Same as the left

(Relating to the Consolidated Statement of Income)

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
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 ¥2,760 million Provisions to allowance for doubtful accounts ¥7 million Employees salary and bonuses ¥10,734 million Provision to reserve for bonuses ¥1,104 million Accrued directors' retirement benefits ¥85 million Retirement benefits expense ¥319 million Provision to reserve for directors' retirement bonuses ¥78 million
2. Research and development expense included in the selling, general and administrative expenses and the cost of manufacturing for the term under review In selling, general and administrative ¥40 million In cost of manufacturing for the term under review ¥217 million Total ¥258 million	2. Research and development expense included in the selling, general and administrative expenses and the cost of manufacturing for the term under review In selling, general and administrative ¥27 million In cost of manufacturing for the term under review ¥222 million Total ¥249 million
3. Details of gains from prior period adjustment Reversals of allowance for doubtful accounts ¥9 million Prior years' 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 ¥35 million Prior years' excessive provisions for reserve for bonuses ¥34 million Accrued legal welfare expenses in excess of last year's allowance ¥4 million Other ¥20 million Total ¥94 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 Buildings and structures ¥1 million Equipment and vehicles ¥0 million Tools, furniture and furnishings ¥0 million (Intangible fixed assets)Other ¥64 million Total ¥66 million
5. Details of losses from prior period adjustment Shortfall in appropriation for business tax ¥8 million Other ¥10 million Total ¥19 million	5. ――――
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 Equipment and vehicles ¥0 million Tools, furniture and furnishings ¥0 million Total ¥0 million
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	7. Details of losses from removal of fixed assets Buildings and structures ¥55 million Equipment and vehicles ¥17 million Tools, furniture and furnishings ¥16 million Total ¥89 million

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)

Fiscal year ended March 2006

9. Impairment losses

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

Region	Use	Type	Impairment Loss (In millions of yen)
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 year ended March 2007

9. Impairment losses

Although we recorded losses on the impairment of fixed assets for this consolidated business term, we have omitted a description as it was immaterial.

(Consolidated Statement of Changes in Net Assets)

Fiscal year ended March 2007 (Apr.1, 2006 - Mar.31, 2007)

1.Matters related to the type and the total number of shares issued and treasury stocks (thousand shares)

	Number of shares as of fiscal year ended March 2006	Increase of shares during fiscal year ending March 2007	Decrease of shares during fiscal year ending March 2007	Number of shares as of fiscal year ended March 2007
Shares issued				
Common shares	239,487	—	—	239,487
Total	239,487	—	—	239,487
Treasury stock				
Common shares (note)	10,027	6	0	10,033
Total	10,027	6	0	10,033

(Note)

1. The increase in the number of treasury stocks of 6,000 shares reflects requests for the purchase of shares, the number of which is less than one stock trade unit.
2. The decrease in the number of treasury common shares of 0 shares reflects requests for the purchase of additional shares, the number of which is less than one stock trade unit.

2.Dividends

(1) Amounts paid

Date confirmed	Type of stock	Total dividends paid	Dividends per share	Dividend record date	Effective date
June 22, 2006 Shareholders' meeting	Common shares	¥ 573 million	¥ 2.50	March 31, 2006	June 22, 2006
November 9, 2006 Board of directors' meeting	Common shares	¥ 573 million	¥ 2.50	September 30, 2006	December 8, 2006

(2) Among dividends, the base date of which is within the fiscal year under review, dividends with an effective date within the following fiscal year : The following resolution is planned.

Date confirmed	Type of stock	Total dividends paid	Source of dividends	Dividends per share	Dividend record date	Effective date
June 20, 2007 Shareholders' meeting	Common shares	¥ 573 million	Accumulated income	¥ 2.50	March 31, 2007	June 21, 2007

(Relating to the consolidated cash flows)

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
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 investment trust ¥ (-)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 ¥9,123 million Marketable securities ¥3,497 million Total ¥12,621 million Time deposits whose maturities exceed 3 months ¥ (-)15 million Bonds with maturities longer than 3 months and government and corporate bond investment trust ¥ (-)1 million Cash and cash equivalents ¥12,605million

(Leases)

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)

Fiscal year ended March 2006

1. Finance leases in which the right of ownership is not transferred to the lessee

(1) Purchase cost, accumulated depreciation, impairment losses and balance at end of period

(In millions of yen)

	Purchase cost	Accumulated depreciation	balance at end of period
Assets for Lease	3,034	1,718	1,315
Equipment and Vehicles	32	13	19
Tools, Furniture and Fixtures	558	335	223
Software	200	96	103
Total	3,825	2,163	1,662

(2) Amount equivalent to the closing balance of the unearned lease fees

Within one year	¥908 million
More than one year	¥810 million
Total	¥1,718 million

(3) Lease payments,impairment loss account write-off, depreciation expenses,interest expenses and impairment losses

Lease payments	¥1,377 million
Depreciation expenses	¥1,328 million
Interest expenses	¥34 million

(4) Method of calculating depreciation expenses

Depreciation expenses is calculated by the straight-line method over the lease term of the lease asset assuming no residual value.

(5) Method of calculating interest expense

Interest expense calculated by the interest method, whereby the difference between total lease payment and purchase cost is distributed in equal installments over the term of the lease.

2. Operating lease transaction

Outstanding lease amounts

Within one year	¥2 million
More than one year	¥3 million
Total	¥6 million

(Impairment losses)

No asset impairment loss is allocated to assets for lease.

Fiscal year ended March 2007

1. Finance leases in which the right of ownership is not transferred to the lessee

(1) Purchase cost, accumulated depreciation, impairment losses and balance at end of period

(In millions of yen)

	Purchase cost	Accumulated depreciation	balance at end of period
Assets for Lease	2,219	1,235	984
Equipment and Vehicles	24	10	13
Tools, Furniture and Fixtures	436	213	223
Software	223	61	161
Total	2,903	1,521	1,382

(2) Amount equivalent to the closing balance of the unearned lease fees

Within one year	¥712 million
More than one year	¥717 million
Total	¥1,430 million

(3) Lease payments,impairment loss account write-off, depreciation expenses,interest expenses and impairment losses

Lease payments	¥1,098 million
Depreciation expenses	¥1,057 million
Interest expenses	¥34 million

(4) Method of calculating depreciation expenses

Same as the left

(5) Method of calculating interest expense

Same as the left

Future lease payments

Within one year	¥0 million
More than one year	¥1 million
Total	¥1 million

(Notes) All of the foregoing is the amount equivalent to the closing balance of unearned lease fees for sub-lease transactions for the lessor.
The amount equivalent to the balance for the lessee is the same.

2. Operating lease transaction

Outstanding lease amounts

Within one year	¥5 million
More than one year	¥12 million
Total	¥18 million

(Impairment losses)

Same as the left

(Relating to Marketable Securities)

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

(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	--	--

1. Fiscal year ended Mar. 2007 (March 31, 2007)

(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	1,014	1,360	346
(ii) Bonds			
National Municipal	999	999	0
Corporate Bonds	--	--	--
Other	--	--	--
(iii) Other	30	30	0
Sub-Total	2,043	2,389	346
Those whose values recorded on the consolidated balance sheet does not exceed the acquisition price			
(i) Stocks	--	--	--
(ii) Bonds			
National Municipal	511	511	(-)0
Corporate Bonds	--	--	--
Other	1,997	1,997	(-)0
(iii) Other	306	293	(-)12
Sub-Total	2,815	2,802	(-)12
Total	4,858	5,192	334

(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 (Commenced Apr 1, 2006 and ended Mar 31, 2007)

(In millions of yen)

Value of Sales	Aggregate Gains from Sales	Aggregate Losses from Sales
32,119	2	0

(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	1
(ii) Other Marketable Securities	
Unlisted Stocks	95
Total	96

(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	1,500	11	0	--
Corporate Bonds	1	--	--	--
Other	2,000	--	--	--
(ii) Other	--	300	--	--
Total	3,501	311	0	--

(Relating to Derivative Transactions)

1. Status of transactions

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
(1) Details of transactions and the purpose of use, etc The Group uses derivatives trading (currency option contracts and forward exchange contracts) chiefly for the purpose of hedging exchange risk related to the import of raw materials and commodities. We employ hedge accounting using derivatives trading.	(1) Details of transactions and the purpose of use, etc Same as the left
(i) Hedging tools and hedge targets a.Hedging tools Derivative transactions (currency options and forward foreign exchange contracts) b.Hedge targets Foreign currency denominated monetary obligations subject to foreign exchange volatility risk (including foreign currency denominated planned transactions).	(i) Hedging tools and hedge targets a.Hedging tools Same as the left b.Hedge targets Same as the left
(ii) Hedging policy Derivative transactions are entered into for the purpose of hedging the foreign exchange fluctuation risks associated with the imports of raw materials and merchandise. In undertaking derivative transactions, transactions are managed so as to maintain a steady hedging ratio with the planned transaction amount as the maximum limit.	(ii) Hedging policy Same as the left
(iii) Method of evaluating hedge effectiveness a.Test in advance Verifies that it is consistent with "Market Risk Management Rules" and"Risk Management Outlines" b.Test after the fact Examination is made whether the market and cash flow fluctuation were avoided vis a vis foreign exchange volatility risk in foreign currency denominated transactions.	(iii) Method of evaluating hedge effectiveness a.Test in advance Same as the left b.Test after the fact Same as the left
(2) Policy for transactions Derivatives trading used to hedge exchange risk is chiefly for the purpose of hedging exchange risk associated with payments for import transactions denominated in dollars and euro, and is carried out within the range of the settlement amount expected for each currency. Our policy is not to use derivatives trading for speculation.	(2) Policy for transactions Same as the left

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
(3) Details of risk associated with transactions Currency option contracts and forward exchange contracts involve the risk of exchange rate fluctuations. We use no-cost option contracts as currency option contracts. In this event, if exchange rates for the selling contract deviated markedly from expectations, there is a possibility that we will incur unexpected losses. All contracting parties for the derivatives trading of the Group are domestic banks, etc. with high creditworthiness. We therefore believe that there is almost no credit risk arising from the default of the contracting parties.	(3) Details of risk associated with transactions Same as the left
(4) Risk management system for transactions The Group has entered into currency option contracts and forward exchange contracts in accordance with its internal control regulations. The regulations clearly provide for a definition of risks, control method and audit method, and other aspects. When carrying out a transaction, different independent organizations are responsible for implementation and audits, respectively. An internal system is established to serve a mutual-checking function.	(4) Risk management system for transactions Same as the left
(5) Others Currency option contracts and forward exchange contracts used by the Group are exposed to the risk of exchange rate fluctuation. However, offset by exchange risk involved in import transactions helps to reduce risks overall.	(5) Others Same as the left

(Market value of transactions)

Fiscal year ended March 2006 (March.31, 2006)	Fiscal year ended March 2007 (March.31, 2007)
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 March 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

(Note)
The consolidated financial statement submitting company and some consolidated subsidiaries have adopted the simplified method in calculating the retirement benefit obligations.

3. Matters Relating to the Retirement Benefit Expense

(In millions of yen)

(i) Service Expense	646
(ii) Interest Expense	396
(iii) Expected Investment Income	(-)244
(iv) Amount of Actuarial Differences Expensed	376
(v) Supplemental Retirement Pay Paid	16
(vi) Retirement Benefit Expense ((i)+(ii)+(iii)+(iv)+(v))	1,191

(Note)
Retirement Benefit Expense for The consolidated financial statement submitting company and consolidated subsidiaries adopting the simplified method has beenincluded in (i) Service.

Fiscal year ended March 2007
(Commenced Apr. 1,2006 and ended Mar.31, 2007)

1.Summary of the Retirement Benefit System Adopted

The consolidated financial statement submitting company and domestic 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 domestic consolidated subsidiaries have established retirement benefit trusts.

2. Matters Relating to Retirement Benefit Obligations

(In millions of yen)

(i) Retirement Benefit Obligation	(-)14,677
(ii) Pension Assets (including retirement benefit trust)	20,793
(iii) Sub-Total ((i)+(ii))	6,116
(iv) Unrecognized Actuarial Difference	(-)3,692
(v) Total ((iii)+(iv))	2,423
(vi) Prepaid Pension Expense	5,455
(vii) Reserve for Retirement Benefits ((v)-(vi))	(-)3,032

(Note)
The consolidated financial statement submitting company and some domestic consolidated subsidiaries have adopted the simplified method in calculating the retirement benefit obligations.

3. Matters Relating to the Retirement Benefit Expense

(In millions of yen)

(i) Service Expense	634
(ii) Interest Expense	365
(iii) Expected Investment Income	(-)252
(iv) Amount of Actuarial Differences Expensed	(-)295
(v) Supplemental Retirement Pay Paid	3
(vi) Retirement Benefit Expense ((i)+(ii)+(iii)+(iv)+(v))	455

(Note)
Retirement Benefit Expense for The consolidated financial statement submitting company and domestic consolidated subsidiaries adopting the simplified method has beenincluded in (i) Service.

<table>
<tr><th>Fiscal year ended March 2006
(Commenced Apr. 1,2005 and ended Mar.31, 2006)</th><th>Fiscal year ended March 2007
(Commenced Apr. 1,2006 and ended Mar.31, 2007)</th></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
Constant Periodic Amount Basis
(ii) Discount rate 2.5%
(iii) Expected investment rate of return 2.5%
(iv) 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).</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
Constant Periodic Amount Basis
(ii) Discount rate 2.5%
(iii) Expected investment rate of return 2.5%
(iv) 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).</td></tr>
</table>

(Stock Option)

No corresponding items.

(Business Combination)

No corresponding items.

(Relating toTax Effect Accounting)

<table>
<tr><th>Fiscal year ended March 2006
(March.31, 2006)</th><th>Fiscal year ended March 2007
(March.31, 2007)</th></tr>
<tr><td>1. Breakdown of factors giving rise to deferred tax assets and deferred tax liabilities.
(Deferred tax 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
(Deferred tax liabilities)
Reserve for advanced depreciation of fixed assets
¥(-)260 million
Unrealized gains or losses on other marketable securities
¥(-)263 million
Total deferred liabilities ¥(-)524 million
Net deferred tax 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 - DeferredTax 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 effective tax 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 residents tax 3.2%
Experiment and research expenses of tax credits (-)1.7%
Other 0.3%
Corporate tax rate after application of tax effect accounting
43.8%</td><td>1. Breakdown of factors giving rise to deferred tax assets and deferred tax liabilities.
(Deferred tax assets)
Reserve for bonuses ¥572 million
Reserve for retirement benefits ¥2,205 million
Reserve for directors retirement bonuses ¥183 million
Loss on impairment of fixed assets ¥332 million
Unrealized loss on investment securities ¥94 million
Valuation loss on inventories ¥159 million
Other ¥646 million
Subtotal deferred assets ¥4,193 million
Valuation allowances ¥(-)213 million
Total ¥3,980 million
(Deferred tax liabilities)
Reserve for advanced depreciation of fixed assets
¥(-)243 million
Unrealized gains or losses on other marketable securities
¥(-)137 million
Other ¥(-)0 million
Total deferred liabilities ¥(-)380 million
Net deferred tax assets ¥3,599 million
(Note) The net deferred tax asset is included in the following items in the consolidated balance sheet
Current assets - deferred tax assets ¥1,062 million
Fixed Assets - DeferredTax Assets ¥2,536 million

2. Breakdown of principal factors giving rise to differences between statutory effective tax rate and the corporate tax rate after application of tax effect accounting.
Statutory effective tax rate 40.6%
(Adjustments)
Amounts such as dividends not included in income (-)0.7%
Amounts such as entertainment expense not deductible as expense 2.1%
Equal installments of residents tax 3.3%
Reserve for director's Bonuses 0.9%
Other (-)0.1%
Corporate tax rate after application of tax effect accounting
46.1%</td></tr>
</table>

(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.

(1)Fiscal year ended Mar. 2007 (Commenced Apr 1, 2006 and ended Mar 31, 2007)

(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	33,846	25,428	6,930	66,205	--	66,205
(2) Internal Sales among Segments or Transfers	616	22	613	1,253	(1,253)	--
Total	34,462	25,451	7,544	67,459	(1,253)	66,205
Operating Expenses	33,828	22,924	7,212	63,965	(1,350)	62,615
Operating Income	634	2,526	332	3,493	96	3,590
2. Assets, Depreciation, Loss on impairment of fixed assets and Capital Expenditures						
Assets	40,089	19,511	6,730	66,331	(829)	65,501
Depreciation	377	1,397	118	1,893	(17)	1,876
Loss on impairment of fixed assets	--	2	--	2	--	2
Capital Expenditures	327	2,244	65	2,637	(7)	2,630

(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 equipment, real estate rental, advertisement and exhibition equipment.
3. Of the Operating Expenses, principal unallocable operating expenses (¥973 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 (¥11,786 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 “Change in important matters as the basis for the preparation of consolidated financial statements,” the method to record sales revenue from assets for lease was changed from recording in non-operating income to recording in sales. Sales revenue from assets for lease is included in the nursing care welfare equipment business for indication. Because of this change, compared with the past method, sales and operating income of the nursing care welfare equipment business increased 1,038 million yen each.

2. Segments by Location

(1) Fiscal year ended Mar. 2006 (Commenced April 1, 2005 and ended March 31, 2006)
As there are no subsidiaries or branches located overseas, this item has been omitted.

(2) Fiscal year ended Mar. 2007 (Commenced April 1, 2006 and ended March 31, 2007)
Sales in Japan accounted for more than 90% of total sales of all segments. Consequently, a breakdown of sales by region is omitted.

3. Overseas Sales

(1) Fiscal year ended Mar. 2006 (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) Fiscal year ended Mar. 2007 (Commenced April 1, 2006 and ended March 31, 2007)
As the Overseas Sales comprise less than 10% of the Consolidated Sales, the item has been omitted.

(Related Party Transactions)

1. Fiscal year ended Mar. 2006 (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. Fiscal year ended Mar. 2007 (Commenced April 1, 2006 and ended March 31, 2007)
   Subsidiaries
   The statement of transactions with France bed Korea Co., Ltd., France bed International (Thailand) Co., Ltd., and AD Center Inc. was omitted starting the first half of the fiscal year under review, reflecting the insignificance of the amount.
   The above three companies are included in the scope of consolidation starting the second half of the fiscal year under review.

(Per Share Information)

Fiscal year ended Mar. 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended Mar. 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
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 ¥181.60 Earnings per share ¥8.69 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 year ended Mar. 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
Net Income (¥ million)	2,091	1,994
Amount not attributable to Common Stock(¥ million)	94	--
(Of which Directors' Bonuses (¥ million)	(94)	(--)
Net Income attributable to Common Stock(¥ million)	1,997	1,994
Average Number of Outstanding Common Shares during the Period (thousand shares)	229,464	229,456

(Material Subsequent Events)

No corresponding items.

Unconsolidated Financial Statements
Unconsolidated Balance Sheet

(In millions of yen)

Account	Fiscal year ended Mar. 2006 (As of Mar.31, 2006)	Fiscal year ended Mar. 2007 (As of Mar.31, 2007)	Increase (decrease)
(Assets)			
1. Current Assets			
Cash and Deposits	10,620	6,585	(-)4,035
Marketable Securities	—	3,496	3,496
Prepaid Expenses	36	44	7
Deferred Income Tax Assets	24	25	0
Short Term Loans to Affiliates	4,400	4,534	134
Other	279	245	(-)33
Total Current Assets	15,361	14,931	(-)429
2. Fixed Assets			
Tangible Fixed Assets			
Buildings	—	6	6
Vehicles andTransport Equipment	5	3	(-)1
Tools, Furniture and Fixtures	—	0	0
Total Tangible Fixed Assets	5	10	5
Intangible Fixed Assets			
Software	3	2	(-)0
Total Intangible Fixed Assets	3	2	(-)0
Investments and Other Assets			
Shares of Affiliates	43,087	43,279	192
Total Intangible Fixed Assets	0	0	(-)0
Deferred Taxes	23	38	14
Long-term deposit	1,200	1,200	—
Othe	158	148	(-)9
Total Investments and Other Assets	44,469	44,666	197
Total Fixed Assets	44,477	44,679	202
Total Asset	59,838	59,611	(-)227

(In millions of yen)

Account	Fiscal year ended March 2006 (As of Mar. 31, 2006)	Fiscal year ended March 2007 (As of Mar. 31, 2007)	Increases and decreases
(Liabilities)			
1.Current liabilities			
Short term borrowings	4,905	5,030	125
Accrued liabilities	48	62	14
Accrued expenses	59	61	2
Accrued corporate taxes	33	38	4
Accrued consumption tax	12	11	(-)0
Advances received	0	0	0
Deposits from affiliates	12,979	12,276	(-)703
Reserve for bonuses	36	33	(-)3
Reserve for directors bonuses	—	53	53
Other	6	4	(-)1
Total current liabilities	18,081	17,572	(-)508
2.Fixed liabilities			
Reserve for retirement benefits	0	1	1
Reserve for directors retirement bonuses	57	91	33
Total fixed liabilities	58	93	34
Total liabilities	18,139	17,665	(-)473
(Shareholders' Equity)			
1. Common stock	3,000	—	—
2. Capital surplus			
Capital reserve	750	—	—
Other capital surplus			
Gains from reduction of capital reserve	38,892	—	—
Total capital surplus	39,642	—	—
3. Retained earnings		—	—
Unappropriated for the Term	2,004	—	—
Total retained earnings	2,004	—	—
4. Treasury stocks	(-)2,949	—	—
Total shareholders' equity	41,698	—	—
Total liabilities and shareholders' equity	59,838	—	—
(Net assets)			
1.Shareholders' equity			
Common stock	—	3,000	—
Capital surplus			
Capital reserve	—	750	—
Other capital surplus	—	38,892	—
Total capital surplus	—	39,642	—
Retained earnings			
Other retained earnings			
Surplus brought forward	—	2,253	—
Total retained earnings	—	2,253	—
Treasury shares	—	(-)2,950	—
Total shareholders' equity	—	41,945	—
2.Valuation and translation gain and loss			—
Valuation gain and loss on other securities	—	(-)0	—
Total valuation and translation gain and loss	—	(-)0	—
Total net assets	—	41,945	—
Total liabilities and net assets	—	59,611	—

(Notes)The figures that are shown above have been rounded off to the rearest unit displayed. (The same applies to the pages that follow hereinafter.)

Unconsolidated Statement of Income

(In millions of yen)

Account	Fiscal year ended March 2006 (Apr. 1, 2005 – Mar. 31, 2006)	Fiscal year ended March 2007 (Apr. 1, 2006 – Mar. 31, 2007)	Increases and decreases	
1. Operating Revenues				
Dividend Income	1,587	1,517	(-)70	
Management Fees	811	876	65	
Business Agency Fees	178	180	1	
Total Operating Revenues	2,577	2,573	(-)3	(-)0.1%
2. General Administrative Expenses	961	1,027	66	
Operating Income	1,616	1,546	(-)70	(-)4.3%
3. Non-Operating Income				
Interest Income	63	72	9	
Securities interest	--	14	14	
Commission Income	41	37	(-)3	
Othe	0	1	1	
Total Non-Operating Expenses	105	126	20	
4. Non-Operating Expenses				
Interest Expense	64	85	20	
Commission Expenses	41	37	(-)3	
Other	0	0	0	
Total Non-Operating Expenses	106	122	16	
Ordinary Income	1,615	1,549	(-)65	(-)4.0%
5. Extraordinary Income				
Gains on Prior Year Adjustment	0	0	0	
Total Extraordinary Income	0	0	0	
6. Extraordinary Losses				
Loss from Prior Year Adjustment	0	2	1	
Total Extraordinary Losses	0	2	1	
Net Income before Taxes	1,614	1,547	(-)67	(-)4.1%
Corporate Income Tax, Resident Tax and Enterprise Tax	70	109	38	
Adjustment for income taxes	(-)13	(-)15	(-)2	
Net Income	1,556	1,453	(-)103	(-)6.6%
Income Carried forward from Previous Term	1,021	--	--	
Interim dividend payment	573	--	--	
Unappropriated Income at the End of Term	2,004	--	--	

Statement of Appropriated Income

(In millions of yen)

Account	Fiscal year ended Mar. 2006 (Commenced Apr 1, 2005 and ended Mar 31, 2006)
1. Unappropriated Income at End of Term	2,004
2. Income Appropriations	
Dividends	573
Bonuses for Directors	58
Total Appropriated Incom	631
3. Income Carried forward to Next Term	1,373

(Note) With respect to dividends per share, there are no corresponding items other than ordinary dividends.

Unconsolidated Statement of Changes in Shareholders' equity

Fiscal year ended March 2007 (Apr. 1, 2006 – Mar. 31, 2007)

(In millions of yen)

	Shareholders' Equity							
		Capital surplus			Retained earnings			
	Common stock	Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings: Unappropriated retained earnings	Total retained earnings	Treasury stock	Total Shareholders' Equity
Balance as of March 31, 2006	3,000	750	38,892	39,642	2,004	2,004	(-)2,949	41,698
Changes during the period								
Cash dividends paid*					(-)573	(-)573		(-)573
Cash dividends paid					(-)573	(-)573		(-)573
Bonuses to directors*					(-)58	(-)58		(-)58
Net income					1,453	1,453		1,453
Purchases of treasury stock							(-)1	(-)1
Disposal of treasury stock			(-)0	(-)0			0	0
Net changes of items other than shareholders' equity								
Total change during the period	—	—	(-)0	(-)0	248	248	(-)1	246
Balance at March 31, 2007	3,000	750	38,892	39,642	2,253	2,253	(-)2,950	41,945

	Valuation and translation differences		
	Valuation differences and other marketable securities	Total valuation and translation differences	Total net assets
Balance as of March 31, 2006	—	—	41,698
Changes during the period			
Cash dividends paid*			(-)573
Cash dividends paid			(-)573
Bonuses to directors*			(-)58
Net income			1,453
Purchases of treasury stock			(-)1
Disposal of treasury stock			0
Net changes of items other than shareholders' equity	(-)0	(-)0	(-)0
Total change during the period	(-)0	(-)0	246
Balance at March 31, 2007	(-)0	(-)0	41,945

*Appropriation approved at the annual meeting of shareholders held in June 2006.

Significant Accounting Policies

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
1. Valuation Basis and Method for Securities (1)Shares of Subsidiaries Stated at cost using the moving average method (2) --	1. Valuation Basis and Method for Securities (1)Shares of Subsidiaries Same as left (2) Other marketable Securities Assets with market value The market value method based on market prices, etc. on the closing date (all appraisal gains and losses are processed using the method of direct entry into net assets, and the cost of sales is calculated based on the moving average cost method.)
2. Depreciation Method for Fixed Assets (1)Tangible Fixed Assets Declining balance method is applied. Useful life is as follows: Vehicles andTransport Equipment 6 years	2. Depreciation Method for Fixed Assets (1)Tangible Fixed Assets Declining balance method is applied. However, the straight line method is adopted for buildings (excluding equipment attached to building) acquired on and after April 1, 1998. Useful life is as follows: Buildings 5~13 years Vehicles andTransport Equipment 6 years Tools, Furniture and Furnishing 2~18 years
(2) Intangible Fixed Assets Straight-line method is applied. With respect to software for internal use, it is being depreciated using a straight line method over its internally useful life (5 years).	(2) Intangible Fixed Assets Same as left
3. Accounting for Reserves (1) Reserve for Bonuses To provide for bonuses to be paid to employees, the amount expected to be paid has been provided.	3. Accounting for Reserves (1) Reserve for Bonuses The expected amount for the fiscal year under review is recorded to provide for the payment of bonuses to employees.
(2) --	(2) Reserve for director's Bonuses The expected amount for the fiscal year under review is recorded to provide for the payment of bonuses to directors and officers.
(3) Reserve for Retirement Benefits To prepare for payment of employee's retirement benefits, based on the expected amount of retirement payment obligations at the end of the business year under review, the Company recorded an amount that is recognized to have been incurred at the end of the business year under review. Further, we calculate retirement pay obligations by the facile method	(3) Reserve for Retirement Benefits Same as left
(4) Reserve for Directors' Retirement Bonuses To provide for the payment of retirement bonuses to directors, the amount expected to be paid on the balance sheet date based on internal regulations has been provided.	(4) Reserve for Directors' Retirement Bonuses Same as left
4. Accounting for Leases Finance leases other than those in which the title is not deemed to transfer to the lessee are accounted for as ordinary rental transactions.	4. Accounting for Leases Same as left
5. Other Material Items in Preparing the Financial Statements (1) Accounting for Consumption Tax The Consumption Tax and Municipal Tax are accounted for net of taxation.	5. Other Material Items in Preparing the Financial Statements (1) Accounting for Consumption Tax Same as left

(Accounting Changes)

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
(Accounting Standards Associated with Impairment of Fixed Assets) From the business year in review, the Company started to apply the Accounting Standards Associated with Impairment of Fixed Assets (Opinions Regarding Setting of the Accounting Standards Associated with Impairment of Fixed Assets (Business Accounting Council: August 9, 2002)) and the Guidel ines for Application of the Accounting Standards Associated with Impairment of Fixed Assets (No.6 Guidelines for Application of Corporate Accounting Standards: October 31, 2003). Such application had no impact on profit and loss.	
	(Accounting standards for director's bonus) We have applied the Accounting Standard for Directors' Bonuses (ASB Accounting Standard No.4,, November 29, 2005) beginning the fiscal year under review. As a result, operating income, recurring income and net income before tax declined 53 million yen.
	(Accounting standards for the indication of net assets on balance sheet) We have applied the Accounting Standard for Presentation of Net Assets on the Balance Sheet (ASB Accounting Standard No. 5, December 9, 2005) and the Guidance on Accounting Standard for Presentation of Net Assets on the Balance Sheet (ASB Guidance No.8, December 9, 2005) beginning the fiscal year under review. An amount equivalent to the total of past shareholders' equity is the same as the amount of net assets. The net assets on the balance sheet for the fiscal year under review were prepared based on the revised financial statements regulation following the revision of the financial statements regulation.

Notes

(Related to the Balance Sheet)

Fiscal year ended Mar. 2006 (As of Mar 31, 2006)	Fiscal year ended Mar. 2007 (As of Mar 31, 2007)
1. Accumulated Depreciation of Tangible Fixed Assets ¥ 3 million	1. Accumulated Depreciation of Tangible Fixed Assets ¥ 7 million
2.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)	2.Contingent Liabilities We provided a guarantee for the following debts from financial institutions. France bed International (Thailand) Co., Ltd. ¥47 million (12 million Thai baht) France bed Korea Co., Ltd. ¥31 million (250 million Won)
3. The Company has implemented France Bed Holdings Group Cash Management Service (CMS) to enable efficient funds investment and financing for the overall group. "Deposits from Affiliates" represents funds deposited under such cash management programs.	3. Same as the left
4. Total number of authorized shares and number of shares outstanding. Authorized Shares: Common Stock 900,000,000 shares In accordance with the provisions of the Articles of Incorporation, when extinguishment of stock is exercised, the number of shares corresponding to such extinguishment shall be reduced. Number of shares outstanding: Common Stock 239,487,000 shares	4. ————
5. The number of treasury shares held by the Company is Common Stock 10,027,000 shares.	5. ————
6. The Company has implemented France Bed Holdings Group Cash Management Service to enable efficient funds investment and financing for the overall group (hereinafter the "CMS"). The Company has entered into a Basic Agreement for CMS Investment Agency with the 6 group companies and has established the maximum loan limits under the CMS. The undisbursed loans for the business year under review under the agreement are as follows. Gross Loan Limit under CMS ¥17,100 million Loans Disbursed ¥ 4,400 million Net Undisbursed Amount ¥ 12,700 million In the above Basic Agreement for CMS Investment Agency, there are some with restrictions on the use of funds, thus, not all amount is necessarily available to be lent.	6. Same as the left
7. The Company, to enhance the funding efficiency through dynamic and stable financing and to strengthen the financial position through reduction of interest-bearing debt, has entered into a commitment line agreement with syndicate of banks comprising of 11 relationship banks. As of the end of the business year under review, the undrawn commitments under the facility are as follows. Gross Commitment Amount ¥5,000 million Amount Drawn ¥ 0 million Net Amount ¥ 5,000 million	7. Same as the left

(Relating to the Statement of Income)

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
1. Related PartyTransactions Major items included in respective headings are as follows. Dividend Income ¥1,587 million Management Guidance Fees ¥811 million Business Agency Fees ¥175 million General Administrative Expenses ¥466 million Non-Operating Income ¥102 million 2.The major expense items and the amount of selling, general and administrative expenses are as shown below. Employee Salary and Bonuse ¥284 million Directors` Remuneration ¥160 million Provision to Reserve for Bonuses ¥36 million Retirement supply Expense ¥0 million Provisions to Reserve for Directors` Retirement Bonuses ¥32 million Welfare and Benefits ¥52 million Shareholder Benefit Expense ¥49 million Depreciation ¥3 million Rent ¥71 million Agency Commissions ¥48 million	1. Related PartyTransactions Major items included in respective headings are as follows. Dividend Income ¥1,517 million Management Guidance Fees ¥876 million Business Agency Fees ¥179 million General Administrative Expenses ¥450 million Non-Operating Income ¥104 million 2.The major expense items and the amount of selling, general and administrative expenses are as shown below. Employee Salary and Bonuse ¥292 million Directors` Remuneration ¥160 million Provision to Reserve for Bonuses ¥33 million Provision to Reserve for Directors`Bonuses ¥53 million Retirement supply Expense ¥1 million Provisions to Reserve for Directors` Retirement Bonuses ¥35 million Welfare and Benefits ¥58 million Shareholder Benefit Expense ¥64 million Depreciation ¥5 million Rent ¥62 million

(Statement of Changes in Net Assets)

Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)

Type of treasury stock and common shares issued (thousand shares)

	Number of shares as of Fiscal term ended March 2006	Increase of shares Fiscal year ended March 2007	Decrease of shares Fiscal year ended March 2007	Number of shares as of Fiscal term ended March 2007
Common shares(note)	10,027	6	—	10,033
Total	10,027	6	—	10,033

(Note)

1.The increase in the number of treasury stocks of 6,000 shares reflects requests for the purchase of shares, the number of which is less than one stock trade unit.

2.The decrease in the number of treasury common shares of 0 shares reflects requests for the purchase of additional shares, the number of which is less than one stock trade unit.

(Relating to Leases)

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
1. Finance leases in which the right of ownership is not transferred to the lessee (1) Purchase cost, accumulated depreciation, impairment losses and balance at end of period (In millions of yen) [table A] (2) Amount equivalent to the closing balance of the unearned lease fees Within one year ¥0 million More than one year ¥3 million Total ¥3 million (3) Lease payments,impairment loss account write-off, depreciation expenses,interest expenses and impairment losses Lease payments ¥0 million Depreciation expenses ¥0 million Interest expenses ¥0 million (4) Method of calculating depreciation expenses Depreciation expenses is calculated by the straight-line method over the lease term of the lease asset assuming no residual value. (5) Method of calculating interest expense Interest expense calculated by the interest method, whereby the difference between total lease payment and purchase cost is distributed in equal installments over the term of the lease. (Impairment losses) No asset impairment loss is allocated to assets for lease.	1. Finance leases in which the right of ownership is not transferred to the lessee (1) Purchase cost, accumulated depreciation, impairment losses and balance at end of period (In millions of yen) [table B] (2) Amount equivalent to the closing balance of the unearned lease fees Within one year ¥0 million More than one year ¥2 million Total ¥3 million (3) Lease payments,impairment loss account write-off, depreciation expenses,interest expenses and impairment losses Lease payments ¥0 million Depreciation expenses ¥0 million Interest expenses ¥0 million (4) Method of calculating depreciation expenses Same as the left (5) Method of calculating interest expense Same as the left (Impairment losses) Same as the left

Table A (Fiscal year ended March 2006):

	Purchase cost	Accumulated depreciation	balance at end of period
Cars and Vehicles	4	0	3

Table B (Fiscal year ended March 2007):

	Purchase cost	Accumulated depreciation	balance at end of period
Cars and Vehicles	4	1	2

(Relating to Securities)

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
There are no shares of subsidiaries with readily determinable market values.	There are no shares of subsidiaries with readily determinable market values.

(Relating toTax Effect Accounting)

Fiscal year ended Mar. 2006 (As of Mar 31, 2006)	Fiscal year ended Mar. 2007 (As of Mar 31, 2007)
1. Major components of deferred tax assets and deferred liabilities are as follows. (Deferred tax assets) Reserve for bonuses ¥14 million Reserve for directors` retirement bonuses ¥23 million Other ¥9 million Net deferred tax assets ¥48 million	1. Major components of deferred tax assets and deferred liabilities are as follows. (Deferred tax assets) Reserve for bonuses ¥13 million Reserve for directors` retirement bonuses ¥37 million Other ¥12 million Total deferred tax assets ¥63 million (Deferred Tax liabilities) Appraisal loss for other marketable securities ¥(-)0 million Total deferred tax liabilities ¥(-)0 million Net deferred tax assets ¥63 million
2. Breakdown of the principal causes for the difference in effective tax rate and the corporate tax rate after application of tax effect accounting. Effective tax rate 40.6 % (Adjustments) Income not included such as dividend Income (-)38.8 % Amounts excluded from deductible expenses such as entertainment expenses 1.2 % Other 0.5 % Corporate tax rate after application of tax effect accounting 3.5 %	2. Breakdown of the principal causes for the difference in effective tax rate and the corporate tax rate after application of tax effect accounting. Effective tax rate 40.6 % (Adjustments) Income not included such as dividend Income (-)38.2 % Amounts excluded from deductible expenses such as entertainment expenses 1.7 % Other 1.9 % Corporate tax rate after application of tax effect accounting 6.0 %

(Per Share Information)

Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
Net assets per share ¥181.47 Earnings per share ¥6.53 As there are no latent shares in existence, information on fully diluted earnings per share has not been presented.	Net assets per share ¥182.80 Earnings per share ¥6.33 As there are no latent shares in existence, information on fully diluted earnings per share has not been presented.

(Note) Basis for the calculation of Earnings per Share is as follows.

Account	Fiscal year ended March 2006 (Commenced Apr. 1,2005 and ended Mar.31, 2006)	Fiscal year ended March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)
Net Income (¥ million)	1,556	1,453
Amount not attributable to Common Shares(¥ million)	58	--
(Of which Directors` Bonuses(¥ million))	(58)	(--)
Net Income Attributable to Common Shares(¥ million)	1,498	1,453
Average Number of Shares Outstanding during the Term (thousand shares)	229,464	229,456

(Material Subsequent Events)

No corresponding items.

Changes in Directors

1. Changes in Representative

   No corresponding items.

2. Changes of Other Directors

   (1) Director Scheduled to Retire

   Director : Yoshio Oguma

The appointment of Mr. Tadashi Otsuka, who was appointed statutory auditor to fill a vacancy at the ordinary general meeting of shareholders held on June 22, 2006, will be valid to the close of the fourth ordinary general meeting of shareholders scheduled for June 20, 2007. Therefore, the appointment of a new statutory auditor to fill a vacancy is planned.

The candidate for the statutory auditor to fill the vacancy is shown below:

Tadashi Otsuka : President and Director of Tokio Marine & Nichido Corporation Co., Ltd. (current)

President and Director of Japan Funeral Assistance Network Co., Ltd. (current)

Production, Orders and Sales

(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 March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)	Corresponding ratio to the previous year
Home Furnishings	12,420	(-)3.8%
Acute and Long Term Care	2,359	(-)23.6%
Other	--	--
Total	14,780	(-)7.6%

(Note) 1. Values are according to the manufacturing cost. 2. Above figures do not include consumption tax.

(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 March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)	Corresponding ratio to the previous year
Home Furnishings	2,035	(-)14.9%
Acute and Long Term Care	690	(-)21.3%
Other	486	--
Total	3,212	(-)1.8%

(Note) 1. Inter-segmental transactions have been offset and eliminated. 2. Above figures do not include consumption tax.

(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 March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)	Corresponding ratio to the previous year
Home Furnishings	6,555	(-)3.2%
Acute and Long Term Care	5,076	(-)5.4%
Other	2,658	(-)2.3%
Total	14,290	(-)3.8%

(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.

2. Orders

Given that products of the Group are manufactured in a relatively short period in general and that it is difficult to calculate the mark-to-stock production and the built-to-order manufacturing separately as we apply both to the same products, we have omitted the separate description.

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 March 2007 (Commenced Apr. 1,2006 and ended Mar.31, 2007)	Corresponding ratio to the previous year
Home Furnishings	33,846	(-)6.0%
Acute and Long Term Care	25,428	(-)5.5%
Other	6,930	(-)4.8%
Total	66,205	(-)5.7%

(Note) 1. Inter-segmental transactions have been offset and eliminated. 2. Above figures do not include consumption tax.