FRANCEBED HOLDINGS

Results for the Second Quarter of the Fiscal Year Ending March 31, 2009

(April 1 ,2008 ~ September 30, 2008)

November 7, 2008

Company name : **France Bed Holdings Co., Ltd.**
Listing Exchanges : Tokyo, Osaka
Code number : 7840
URL : http://www.francebed-hd.co.jp
Representative : Shigeru Ikeda, President and Representative Director
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Scheduled date to file quarterly report : November 12, 2008
Scheduled date to begin dividend payments : December 5, 2008

(Figures of less than ¥1million have been omitted)

1. Consolidated results for the Second quarter of the fiscal year ending March 2009 (April 1, 2008 ~ September 30, 2008)

(1)Consolidated Operating Results (Percentage figures for the first quarter are changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Second quarter ended Sept. 30, 2008	27,696	—	71	—	9	—	Δ253	—
Second quarter ended Sept. 30, 2007	30,302	Δ9.1	769	Δ62.4	765	Δ63.2	485	Δ58.1

	Earnings per share	Earnings per share, diluted
	yen	yen
Second quarter ended Sept. 30, 2008	Δ1.10	—
Second quarter ended Sept. 30, 2007	2.11	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	yen
Second quarter ended Sept. 30, 2008	60,556	39,849	65.8	173.67
Fiscal year ended March 31, 2008	61,992	40,877	65.9	178.15

(Reference) Shareholder's equity : As of Sept. 30, 2008 : ¥39,849million As of March 31, 2008 : ¥40,877million

2. Dividends

	Dividends per share				
Base date	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full fiscal year
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2008	—	2.50	—	2.50	5.00
Fiscal year ended March 31, 2009	—	2.50	—	—	—
Fiscal year ended March 31, 2009 (Outlook)	—	—	—	2.50	5.00

Note : Whether the dividend forecast under review has been revised : No

3.Forecasts of results for the Fiscal Year Ending March 2009 (April 1, 2008 ~ March 31, 2009)

(Percentage figures for the full fiscal year are changes from the previous year.)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Full Year	57,500	Δ4.7	850	Δ49.9	730	Δ56.3	50	Δ88.6	0.21

Note : Whether the forecasts for consolidated figures under review have been revised : Yes

4.Others

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

(2) Whether the Company has adopted simplified accounting methods and special accounting treatment for the quarterly consolidated financial statements : Yes
(Note) For details information, please refer to "4.Other " on page 5 in the section of "Commentary Information and Financial Statements. "

(3) Changes in principles, procedures, methods of presentation, etc., related to the quarterly consolidated financial statements (Changes in material items that form the basis for the preparation and presentation of the quarterly consolidated financial statements)
[1] Changes accompanying revisions in accounting principles: Yes
[2] Changes other than those in [1] above: No
Note : For details information, please refer to " 4.Others" on page 5 in the section of "Commentary Information and Financial Statements."

(4) Number of shares issued (common shares)
[1] Number of shares issued at the end of the period (including treasury stock)
Second quarter ended Sept. 30, 2008 : 239,487,500 shares Fiscal year ended March 31, 2008 : 239,487,500 shares
[2] Number of treasury stock at the end of the period
Second quarter ended Sept. 30, 2008 : 10,046,392 shares Fiscal year ended March 31, 2008 : 10,041,875 shares
[3] Average number of shares issued during the period (quarterly accumulation period)
Second quarter ended Sept. 30, 2008 : 229,442,877 shares Second quarter ended Sept. 30, 2007 : 229,450,764 shares

※ Request for appropriate use of the business outlook and other special remarks:
1. The Group revised the consolidated business forecasts announced on September 25, 2008. Please refer to the “Notice of Revision of Interim and Full-Year Consolidated Business Forecasts for the Fiscal Year ending March 2009” released on November 7, 2008 for further details.
2. These forecasts are based on information that was available as of the date of this announcement. Actual performance may differ from the forecasts due to a variety of factors.
3. In the current financial year, the Company began applying the “Accounting Standard for Quarterly Financial Reporting” (Financial Accounting Standard No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (Financial Accounting Standard Implementation Guidance No. 14). The quarterly financial statements were also prepared in accordance with the “Regulations on Quarterly Consolidated Financial Statements”.

Commentary Information and Financial Statements

1. Consolidated Management Performance

In the interim period of the current fiscal year (hereinafter “the period under review”) the Japanese economy suddenly showed increasingly palpable signs of slowdown in response to factors such as the financial market turmoil triggered by the U.S. sub-prime loan problem and the sharp rise in resource prices.
In this environment, the Group plans to merge its two main operating companies Francebed Co., Ltd. and Francebed Medical Service Co., Ltd. with effect from April 1 next year to bolster its earning capacity by focusing management resources on the growing nursing-care welfare equipment business field and aiming for further growth in this field, and by promoting the structural reform of the home furnishing and health business to restore earnings capacity in this field.
In the period under review, to ensure that the merger yields benefits early, the Group began reassigning personnel to the nursing-care welfare equipment business field and also started, among other things, working towards the creation of personnel programs to strengthen corporate structure and working on the integration of IT systems aimed at improving business efficiency.
Consequently, the results of the Group in the period under review were sales of 27,696 million yen, operating income of 71 million yen and ordinary income of 9 million yen. Also, following careful consideration of the recoverability of deferred tax assets of 111 million yen recorded by consolidated subsidiary Francebed Sales Co., Ltd., the Group decided to reverse its deferred tax asset valuation allowance account. Consequently, the Group recorded a net loss of 253 million yen.
From the first quarter of the fiscal year under review, we are changing the name of home furnishing business to home furnishing and health business.

(Home furnishing and health business)

In the home furnishing and health business, the Group continued working to increase business with existing partners and to develop new partners who do not have their own selling space, and also endeavored to arouse demand through initiatives such as the launch of the new mattress series called the Life Treatment Mattress Series, a range of four mattresses with three firmness options according to consumer preference, and the development of the Air Stretch Mattress and the Yutanpo Mattress, health products with new functions under the slogan “Health” in response to Japan’s aging society sale.
To increase profits, the Group continued in its efforts to narrow down the range of product items, cancel warehouse leases and reduce personnel and other costs. However, amid ever more palpable signs of economic slowdown, the operating environment in the home and furnishing and health business became even more challenging, characterized by decline in housing starts as a result of the enforcement of the amendment of Building Standards Law in June 2007, an increase in low-priced imported furniture from Asian countries due to the strong yen and higher raw materials costs reflecting soaring crude oil prices.
As a result of the above, in the home furnishing and health business, sales stood at 13,687 million yen and operating losses amounted to 581 million yen.

(Acute and long-term care business)

In acute and long-term care business, the Group began nationwide sales of a new type of high performance wheelchair in April 2008 and a low floor-type bed equipped with an emergency release function motor and function for maintaining a sitting position in July, and also continued to sell the handrails and walkers that have shown significant growth since the previous fiscal year. The Group also worked to increase rental sales by ensuring the comfort and safety of rental equipment though initiatives such as activities to raise awareness among users and care staff about the safe use of special beds, including the risk of entrapment related to handrails, and by seeking to improve the quality of services by improving the qualifications of employees, with all marketing staff and delivery staff gaining welfare equipment planner qualifications.
In product sales, the Group put effort into home medical equipment business such as aspirators and the sale of new products such as low floor-type beds to distributors, etc.
Also in the home improvement area, we sought to improve profitability by working to develop products manufactured by group companies such as slopes using group woodworking technology and by seeking to expand general renovation not covered by nursing care insurance.
As a result of the above, the nursing-care welfare business registered sales of 11,314 million yen and operating income of 585 million yen.

(Real estate lease businesses)
The Group makes effective use of the real estate held by group companies in line with the business development of each company, and in the period under review, this business segment's internal sales, which are revenues from the lease of real estate among group companies, amounted to 130 million yen. The Group also leased certain real estate to external customers, and such sales to external customers totaled 76 million yen. As a result of these initiatives, in the real estate lease business, operating income amounted to 126 million yen.

(Other businesses)
Other businesses mainly consist of door-to-door sales business and commodities and sundries sales business. In door-to-door sales business commodities and sundries sales business, the Group endeavored to generate sales by holding trade fairs and other events, but sales of luxury goods such as jewelry and clothing dropped sharply. In commodities and sundries sales business, we speeded up withdrawal from unprofitable businesses by maintaining a scrap-and-build approach and worked to improve earnings, but sales of all product lines declined. Both businesses were affected by the economic slowdown and the segment's results deteriorated significantly. Consequently, in other businesses, sales stood 2,618 million yen and operating losses amounted to 121 million yen.

2. Consolidated Financial Position

(1) Status of balance sheet

Total assets at the end of the interim period of the fiscal year under review decreased 1,436 million yen from the end of the previous fiscal year (hereinafter "end of the previous period") to 60,556 million yen. Current assets decreased 1,939 million yen from the end of the previous period to 32,074 million yen, reflecting the increase associated with securities of 499 million and the increase associated with cash and cash deposits of 883 million yen decline and trade notes and accounts receivable of 1,528 million yen. Fixed assets increased 502 million yen from the end of the previous period to 28,481 million yen. This increase is mainly attributable to the acquisition of plant, property and equipment.
Liabilities amounted to 20,706 million yen, down 408 million yen compared with the end of the previous period. This decrease is mainly attributable to a decline in accounts payable and accrued expenses.
Net assets declined 1,027 million yen compared with the end of the previous period to 39,849 million yen. The decrease is mainly attributable to a distribution of surplus of 573 million yen and a net loss of 253 million yen.
As a result, shareholders' equity ratio fell from 65.9% at the end of the previous period to 65.8%.

(2) Status of cash flow

Cash flow for the interim period under review showed a decrease in cash and cash equivalents of 384 million yen from the end of the previous fiscal year, to 9,261 million yen. Details of each cash flow item are given below.

There was a net cash inflow from operating activities of 1,375 million yen. This principally reflects income associated with net income before income taxes and minority interests of 155 million yen and a decrease in accounts receivable of 1,525 million yen, and expenditure associated with a decrease in accounts payable and accrued factoring interest charge, commission, etc. of 537 million yen and tax payments of 116 million yen.

There was a net cash outflow from investing activities of 1,711 million yen. This reflects expenditure on the acquisition of investment securities of 274 million yen and expenditure on the acquisition of plant, property and equipment of 1,466 million yen.

There was a net cash outflow from financing activities of 44 million yen. This reflects income associated with sale-and-leaseback income of 610 million yen and expenditure associated with dividend payments of 575 million yen.

3.Outlook for Consolidated Operating Results

Regarding full-year consolidated business forecasts for the fiscal year ending March 2009, the Group revised the consolidated business forecasts announced on September 25, 2008. Please refer to the “Notice of Revision of Interim and Full-Year Consolidated Business Forecasts for the Fiscal Year ending March 2009” released separately for further details.
These forecasts are based on information that was available as of the date of this announcement. Actual performance may differ from the forecasts due to a variety of factors.

4. Others

(1) Significant changes in subsidiaries during the period under review (changes in specific subsidiaries involving changes in the scope of consolidation) : None

(2) Adoption of simplified accounting methods and accounting methods particular to the preparation of quarterly financial statements.

1.Simplified accounting methods

[1] Calculation method for estimating amount of losses from general debt
The actual percentage of credit losses recorded at the end of the current quarter was not proved to be significantly different from the percentage estimated at the previous fiscal year end. Therefore, the estimated bad debt is computed based on the actual percentage of credit losses at the previous fiscal year end.

[2] Method for assessing the value of inventories
As for the devaluating the book value of inventory assets, the devaluation is applied only to those inventories whose profitability clearly decreased. The devaluation is based on the estimated net sale value of such inventories.

[3] Method for calculating income taxes and the deferred tax assets and liabilities
As for judging the ability to collect deferred taxes, we confirmed that there has been no significant change in the business environments or in the generation of temporary difference since the previous fiscal year end. Therefore, we are applying the method that is based on the business forecasts and tax planning used in the previous fiscal year.

2. Special accounting treatment used in preparation of the quarterly consolidated financial statements: None

(3) Changes in principles, procedures, and methods of presentation, etc., in the preparation of the quarterly consolidated financial statements.

1. Application of accounting standard for quarterly financial reporting.
Effective from fiscal 2008, ending March 31, 2009, the Company has adopted the Accounting Standard for Quarterly Financial Statements (ASBJ Statement No. 12) and the Implementation Guidance for Accounting Standards for Quarterly Financial Statements (ASBJ Guidance No. 14) issued by the Accounting Standards Board of Japan (ASBJ). The Company prepares quarterly financial reports in line with regulations governing statutory quarterly reporting.

2. Changes in inventory assets valuation standards and methods
Previously inventories held for the purpose of ordinary sales were stated at cost, which was principally determined by the first-in-first-out method, but effective as of the first quarter of the fiscal year under review, we have applied “Accounting Standard for Measurement of Inventories” (ABSJ Statement No. 9; July 5, 2006) and, therefore, inventories are stated at cost, which is principally determined by the first-in first-out methodÅithe amounts stated in the balance sheet were calculated by the method of devaluating book value based on reduction in profitability).
As a result of this change, net income before income taxes and minority interest decreased 31 million yen.
This change does not affect segment information.

Consolidated Financial Statements

(1) Consolidated balance sheets for the Second quarter ended September 30,2008

(In millions of yen)

	Second quarter of FY2009 (As of September 30, 2008)	FY2008 (As of March 31,2008)
ASSET		
Current assets		
Cash and deposits	5,297	6,181
Notes and accounts receivable, trade	10,248	11,777
Short-term investment securities	3,997	3,498
Merchandise	3,396	3,267
Finished goods	4,766	4,961
Raw materials	2,050	1,898
Work in process	208	232
Other	2,153	2,246
Allowance for doubtful accounts	Δ44	Δ50
Total current assets	32,074	34,013
Fixed assets		
Property, plant and equipment		
Land	6,539	6,522
Other (net)	8,957	8,459
Total property, plant and equipment	15,497	14,982
Intangible fixed assets	412	417
Investments and other assets	12,571	12,579
Total fixed assets	28,481	27,978
Total assets	60,556	61,992
LIABILITIES		
Current liabilities		
Notes and accounts payable, trade	6,230	6,709
Factoring of accrued liability	1,242	1,305
Short-term borrowings	5,267	5,277
Long-term loans due within one year	14	48
Income taxes payable	409	362
Reserve for bonuses	1,183	1,278
Reserve for other	133	179
Other	2,756	2,698
Total current liabilities	17,237	17,860
Noncurrent liabilities		
Provision for retirement benefits	2,372	2,550
Reserve for Directors Retirement Bonuses	385	465
Other	712	238
Total noncurrent liabilities	3,469	3,255
Total liabilities	20,706	21,115
NET ASSETS		
Shareholders' equity		
Capital stock	3,000	3,000
Capital surplus	5,117	5,117
Retained earnings	34,758	35,585
Treasury stock	Δ2,952	Δ2,952
Total shareholders' equity	39,923	40,751
Valuation and translation adjustments		
Valuation gain and loss on other securities	Δ110	95
Deferred gains or losses on hedges	Δ5	15
Foreign currency translation adjustment	41	15
Total valuation and translation adjustments	Δ74	126
Total net assets	39,849	40,877
Total liabilities and net assets	60,556	61,992

(2) Consolidated Statements of Income

(In millions of yen)

	Second quarter of FY2009 (From April 1, 2008 to September 30, 2008)
Net Sales	27,696
Cost of Sales	15,601
Gross profit	12,094
Selling, General and Administrative Expense	12,023
Operating Income	71
Non-operating income	
Interest Income	22
Dividend Income	13
Life Insurance Dividend Income	34
Other	65
Total non-operating income	135
Non-operating expenses	
Interest Expense	53
Foreign Exchange Loss	57
Other	87
Total non-operating expenses	198
Ordinary Income	9
Extraordinary Income	
Gains on Prior Year Adjustment	45
Gains form Sale of Fixed Assets	67
Compensation income	111
Total Extraordinary Income	225
Extraordinary Losses	
Loss from Prior Year Adjustment	5
Loss from Sale of Fixed Assets	1
Loss from Removal of Fixed Assets	23
Loss on revaluation of investment securities	8
Loss on revaluation of inventory	31
Other	7
Total Extraordinary Losses	79
Income before income taxes	155
Corporate Income Tax, Resident Tax and Enterprise Tax	393
Adjustment for income taxes	15
Total income taxes	408
Net Loss	△253

(3) Consolidated Statements of Cash Flows

(In millions of yen)

	Second quarter of FY2009 (From April 1, 2008 to September 30, 2008)
Cash flows from operating activities	
Income before income taxes	155
Depreciation and amortization	965
Gain on sale of fixed assets	△66
Loss from disposal of fixed assets	23
Net gain on valuation of investment securities	8
Change in allowance for doubtful accounts	△10
Changes in reserve for bonuses	△95
Changes in reserve for retirement benefits	△178
Change in reserve for directors retirement bonuses	△80
Change in reserve for others	△46
Interest income and dividend income	△36
Interest expense	53
Change in account receivables	1,525
Change in inventory	△76
Change in procurement obligations	△474
Change in accrued factoring liabilities	△62
Change in accrued expenses	△126
Other	30
Sub-Total	1,507
Interest and dividends received	36
Interest paid	△52
Corporate taxes paid	△116
Cash flows from operating activities	1,375
Cash flows from investing activities	
Investments in time deposits	△30
Decrease in term deposits	30
Expenditures for acquisition of tangible fixed assets	△1,466
Proceeds form sale of tangible fixed assets	92
Expenditures for acquisition of investment securities	△274
Expenditure for loans	△4
Proceeds from recovery of loans	6
Other	△64
Cash flows from investing activities	△1,711
Cash flows from financing activities	
Proceeds from Increase in short term borrowings	100
Expenditure for repayment of short term borrowings	△100
Expenditure for repayment of long term borrowings	△34
Proceeds from sale and leaseback transactions	610
Payment of lease obligations	△43
Proceeds from the sale of treasury shares	0
Expenditure for acquisition of treasury shares	△0
Payment of dividends	△575
Other	△0
Cash flows from financing activities	△44
Effect of exchange rate changes on cash and cash equivalents	△3
Net increase in cash and cash equivalents	△384
Cash and cash equivalents at beginning of period	9,645
Cash and cash equivalents at end of period	9,261

In the current financial year, the Company began applying the "Accounting Standard for Quarterly Financial Reporting" (Financial Accounting Standard No. 12) and the "Guidance on Accounting Standard for Quarterly Financial Reporting" (Financial Accounting Standard Implementation Guidance No. 14). The quarterly financial statements were also prepared in accordance with the "Regulations on Quarterly Consolidated Financial Statements".

(4) Notes concerning conditions of "going concern"

Not applicable

(5) Segment information

[Business segments]

Second quarter of FY2009 (From April 1, 2008 to September 30, 2008)

(In millions of yen)

	Home Furnishing and health	Acute and Long Term Care	Real estate lease	Other	Total	Elimination of Corporate Wide	Consolidated
Sales							
(1) Sales to External Customers	13,687	11,314	76	2,618	27,696	--	27,696
(2) Internal Sales among Segments or Transfers	454	7	130	345	938	(938)	--
Total	14,142	11,322	206	2,963	28,635	(938)	27,696
Operating Income / Loss	∆581	585	126	∆121	10	61	71

(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 and Health ---------- 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) Real Estate Lease -------real estate lease
   (4) Other ------- procurement and retailing of accessories, daily sundry goods, health equipment, advertisement and exhibition equipment.
3. Change in segment name
   From the first quarter of the fiscal year under review, we are changing the name of home furnishing business to home furnishing and health business. This change does not affect segment information, as it is a change of name only.

[Segment information by location]

The entry of "sales in Japan" is omitted, as it accounts for more than 90% of the total sales of all business segments.

[Overseas sales]

No information is presented in this report as overseas sales account for less than 10% of the consolidated net sales.

(6) Special changes to shareholders equity

Not applicable

(Supplementary Information)

Summary of Consolidated Statements of Operations

Account	Interim term ending September 2007 (Apr. 1, 2007 – Sept. 30, 2007)
1.Net Sales	30,302
2.Cost of Sales	17,022
Gross Income	13,280
3.Selling, General and Administrative Expense	12,510
Operating Income	769
4.Other Income	
Interest Income	27
Dividend Income	13
Insurance Income	--
Life Insurance Dividend Income	30
Compensation received for the business acquisition	--
Purchase Discounts	15
Other	54
Total Other Income	141
5.Other Expenses	
Interest Expense	50
Sales Discounts	32
Commission paid	19
Other	42
Total Other Expenses	145
Ordinary Income	765
6.Extraordinary Income	
Gains on Prior Year Adjustment	59
Gains form Sale of Fixed Assets	569
Gains on sales of investment securities	--
Other	1
Total Extraordinary Income	630
7.Extraordinary Losses	
Loss from Prior Year Adjustment	18
Losses from Sale of Fixed Assets	0
Loss from Removal of Fixed Assets	53
Loss on impairment of fixed assets	--
Loss on sales of investment securities	0
Loss on revaluation of investment securities	0
Early retirement surcharge money	10
Other	7
Total Extraordinary Losses	90
Net Income before Tax	1,305
Corporate Income Tax, Resident Tax	606
and Enterprise Tax	213
Net Income	485

(2) Consolidated Statement of Cash Flow

(In millions of yen)

Account	Interim term ending September 2007 (Apr. 1, 2007 ~Sept. 30, 2007)
1. Cash flows from operating activities	
Net income before tax and minority interests	1,305
Depreciation	881
Loss on impairment of fixed assets	--
Gains from sale of fixed assets	(-)569
Losses on sale and removal of fixed assets	38
Gains on sales of investment securities	--
Loss on sales of investment securities	0
Loss on revaluation of investment securities	0
Change in allowance for doubtful accounts	(-)7
Changes in reserve for bonuses	(-)85
Changes in reserve for director's bonuses	(-)49
Changes in reserve for retirement benefits and prepaid pension expense	(-)411
Change in reserve for directors retirement bonuses	(-)12
Interest income and dividend income	(-)40
Interest expense	50
Change in account receivables	1,445
Change in inventory	(-)94
Change in procurement obligations	(-)219
Change in accrued factoring liabilities	(-)207
Change in accrued expenses	(-)104
Change in accrued consumption tax	41
Directors bonuses paid	--
Other	67
Sub-Total	2,027
Interest and dividends received	39
Interest paid	(-)50
Corporate taxes paid	(-)509
Cash flows from operating activities	1,506
2. Cash flows from investing activities	
Investments in time deposits	(-)312
Decrease in term deposits	--
Proceeds from sale of marketable securities	--
Expenditures for acquisition of tangible fixed assets	(-)1,496
Proceeds form sale of tangible fixed assets	617
Expenditures for acquisition of investment securities	(-)586
Proceeds from sale of investment securities	0
Expenditure for loans	(-)2
Proceeds from recovery of loans	13
Other	(-)76
Cash flows from investing activities	(-)1,843
3.Cash flows from financing activities	
Proceeds from Increase in short term borrowings	60
Expenditure for repayment of short term borrowings	(-)61
Expenditure for repayment of long term borrowings	(-)99
Proceeds from the sale of treasury shares	0
Expenditure for acquisition of treasury shares	(-)1
Payment of dividends	(-)572
Other	(-)0
Cash flows from financing activities	(-)673
4. Effect of exchange rate changes on cash and cash equivalents	2
5. Net increase(decrease) in cash and cash equivalents	(-)1,008
6. Beginning balance of cash and cash equivalents	12,605
7. Ending balance of cash and cash equivalents	11,597

(3) Segment information

[Business segments]

Interim Consolidated accounting period (April 1, 2007 ~ September 30, 2007) (In millions of yen)

Classification	Home Furnishing	Acute and Long Term Care	Other	Total	Elimination of Corporate Wide	Consolidated
Sales						
(1) Sales to External Customers	15,748	11,288	3,264	30,302	--	30,302
(2) Internal Sales among Segments or Transfers	453	29	622	1,105	(1,105)	--
Total	16,202	11,318	3,887	31,408	(1,105)	30,302
Operating Expenses	16,311	10,609	3,739	30,661	(1,128)	29,532
Operating Income	Δ109	708	147	747	22	769

(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, advertisement and exhibition equipment.

3. As described in the “Significant matters in preparation of interim consolidated financial statements” (Changes in accounting policies), the companies that submit interim consolidated financial statements and domestic consolidated subsidiaries changed the depreciation method of tangible fixed assets from the declining-balance method to the straight-line method.
   As a result of this change, compared with figures based on the previous method, operating expenses and operating losses of the furniture and interior business fell 49 million yen each. In the nursing-care welfare equipment business, operating expenses declined 55 million yen while operating income rose by the same amount. In the other business, operating expenses declined 18 million yen while operating income rose by the same amount. Operating expenses of the elimination of corporate wide declined 0 million yen while operating income rose by the same amount.

4. As described in the “Significant matters in preparation of interim consolidated financial statements” (Additional information), assets acquired before March 31, 2007 are included in depreciation by evenly depreciating the difference between the amount equivalent to 5% of the acquisition costs and memorandum value over five years, from the consolidated fiscal year following a consolidated fiscal year when depreciation reached 5% of acquisition costs, in accordance with a depreciation method based on the Corporation Tax Law before the revision.
   As a result, compared with figures based on the previous method, operating expenses and operating losses of the furniture and interior business each increased 20 million yen. In the nursing-care welfare equipment business, operating expenses increased 6 million yen while operating income declined by the same amount. In the other business, operating expenses rose 1 million yen while operating income declined by the same amount.

[Segment information by location]

Interim consolidated accounting period (Commenced April 1, 2007 and ended September 30, 2007)

Sales in Japan accounted for more than 90% of total sales of all segments. Consequently, a breakdown of sales by region is omitted.

[Overseas sales]

Interim consolidated accounting period (Commenced April 1, 2007 and ended September 30, 2007)

As the Overseas Sales comprise less than 10% of the Consolidated Sales, the item has been omitted.