

**Summary of Consolidated Financial Report
for the Fiscal Year Ending September 30, 2004 (From March 30 to September 30, 2004)**

November 15, 2004

Name of the listed company: France Bed Holdings Co., Ltd.

(1st Section on Tokyo and Osaka Stock Exchange, Head office: Tokyo, Japan)

Code number: 7840

(URL <http://www.francebed-hd.co.jp>)

Representative: Shigeru Ikeda, President and Representative Director

Contact Person: Kotaro Hoshikawa, Director in Charge of Accounting Group

Tel: +81-3-5338-1081

Date of board meeting: November 15, 2004

Adoption of U.S. GAAP: No

**1. Consolidated results for the fiscal year ending September 30, 2004
(March 30 - September 30, 2004)**

The Company was established on March 30, 2004, and its initial consolidated fiscal year commenced on March 30, 2004 and ended on September 30, 2004. This report is the first semi-annual business results disclosed by the Company. Therefore, it does not include either business results in the same quarterly period in the previous fiscal year or year-on-year comparisons.

(Note) The figures shown below have been rounded off to the nearest unit displayed.

(1) Results of Consolidated Business Performance

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Fiscal year ending September 30, 2004	34,788		1,757		1,860	

	Net income		Net income per share	Net income per share, diluted	Ratio of net income to shareholders' equity	Ratio of ordinary income to total equity	Ratio of net sales to ordinary income
	Million yen	%	Yen	Yen	%	%	%
Fiscal year ending September 30, 2004	1,019		4.35	—	2.5	2.6	5.3

- (Notes) ① Investment profit on equity method Fiscal year ending September 30, 2004: — Million yen
 ② Average number of shares outstanding during the year (consolidated): Fiscal year ending September 30, 2004: 225,646,806 shares
 ③ Changes in the accounting procedure: None

(2) Changes in Consolidated Financial Position

	Total assets	Shareholders' equity	Ratio of shareholders' equity	Shareholders' equity per share
	Million yen	Million yen	%	Yen
Fiscal year ending September 30, 2004	70,292	39,888	56.7	172.72

- (Notes) Number of shares outstanding at the term-end (Consolidated) of September 30, 2004: 230,728,116 shares

(3) Status of Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ending September 30, 2004	Million yen 936	Million yen (885)	Million yen 1,251	Million yen 19,883

(4) Status in scope of consolidation and application of equity method:

Number of consolidated subsidiaries: 7

Number of non-consolidated subsidiaries that are accounted for under equity method: –

Number of affiliates that are accounted for under equity method: –

(5) Change in scope of consolidation and application of equity method

Consolidated (New): – (Exempted): –

Equity method (New): – (Exempted): –

2. Forecast of consolidated results for the fiscal year ending March 31, 2005 (October 1, 2004 to March 31, 2005)

There have been no changes from the forecasted business results that were announced on September 21, 2004.

	Net sales	Ordinary income	Net income
Fiscal year ending March 31, 2005	Million yen 37,300	Million yen 2,300	Million yen 1,300

(Reference) Forecasted net income per share: 5.63 yen

Note that since the forecasted business results for the fiscal year ending March 31, 2005 are prepared based on the information available as of the date of announcement, actual results may vary from the forecast, depending on various factors.

Condition of the corporate group

The corporate group consists of the Company and its eight subsidiaries. The group's lines of business include the home furnishing business, acute and long-term care business, and other businesses.

The positions and segments by business type of the France Bed corporate group's business are stated below.

Note that the types of business in segment information are identical to the section information of business stated below.

Business section	Description of main business	Main companies
Home furnishing business	Manufacture, procurement, and wholesale of beds, furniture, and bedding products.	France Bed Co., Ltd. Tokyo Bed Co., Ltd. France Bed Furniture Co., Ltd
Acute and long-term care business	Manufacture, procurement, rental, retail, and wholesale of acute care beds, nursing and medical equipment, and hospital linen, etc.	France Bed Medical Service Co., Ltd. France Bed Co., Ltd.
Other businesses	Procurement and retail of accessories, miscellaneous daily goods and health appliances.	France Bed Sales Co., Ltd. FB Tomonokai Co., Ltd. France Bed Trading Co., Ltd.

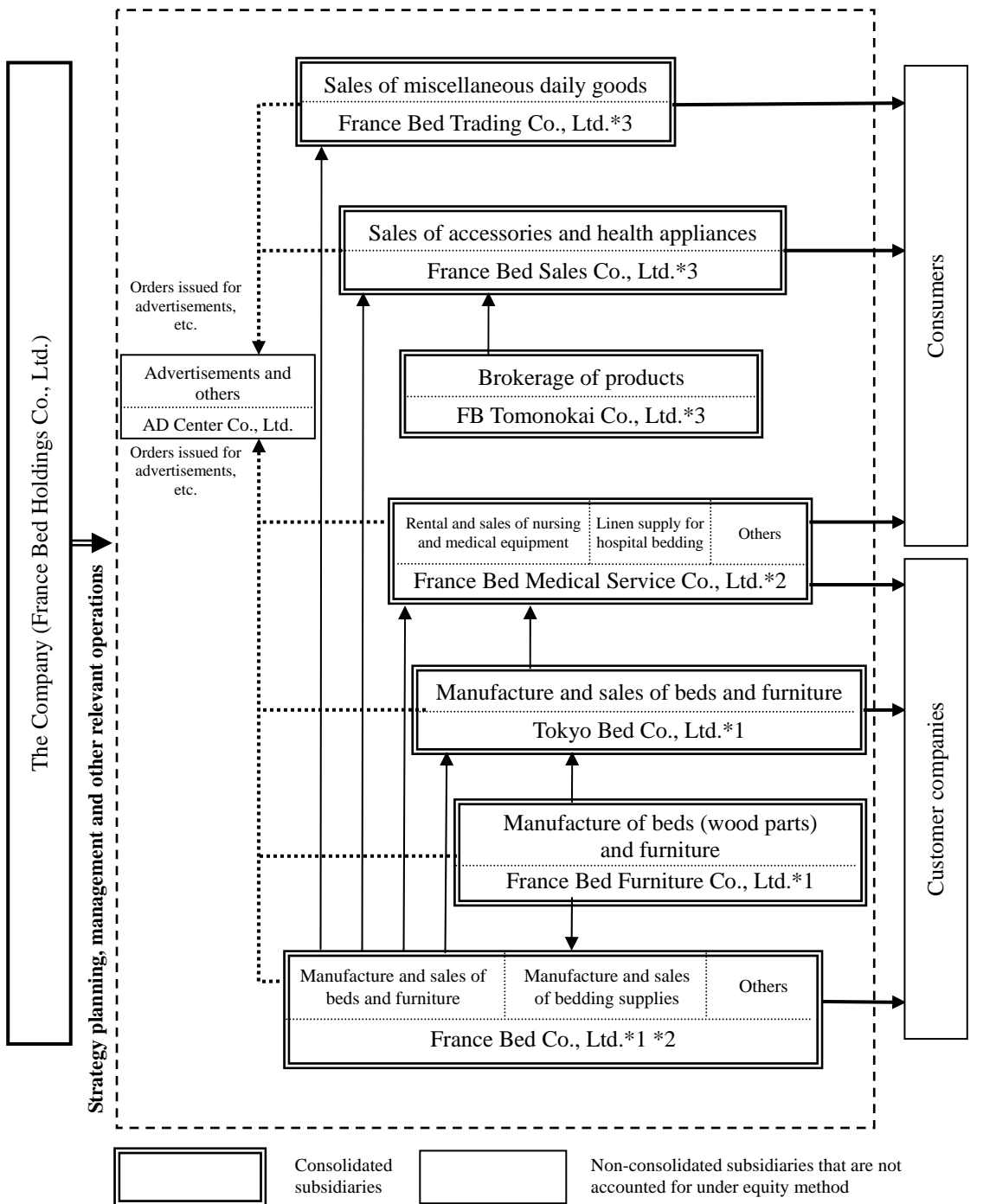
Advertisements, exhibitions, and other marketing-related activities of the corporate group are carried out by a subsidiary, AD Center Co., Ltd.

FB Tomonokai Co., Ltd. is a subsidiary of France Bed Sales Co., Ltd. The subsidiary recruits members who intend to have prepaid specific trade agreements to buy goods marketed by France Bed Sales Co., Ltd.

(Note) On November 1, 2004, France Bed Trading Co., Ltd. merged with France Bed Sales Co., Ltd. (France Bed Trading Co., Ltd. has survived while France Bed Sales Co., Ltd. was dissolved.)
Note that since the same date, November 1, 2004, the surviving France Bed Trading Co., Ltd. has been renamed as France Bed Sales Co., Ltd., whose head office has been registered as 25-1, Hyakunincho 1-chome, Shinjuku-ku, Tokyo, Japan.

An overview of the operating structure of the Group is illustrated in the diagram shown below:

(Operating Structure)



*1 Home furnishing business *2 Acute and long-term care business *3 Other businesses

Corporate Management Policy

1 Basic management policy of the Company

The Company (France Bed Holdings Co., Ltd.) was established as a joint holding company for France Bed Co., Ltd. and France Bed Medical Service Co., Ltd. as a result of a transfer of their respective shares to the Company on March 30, 2004. The Company started anew as "France Bed Holdings Group."

The France Bed corporate group provides value-added new goods and well-prepared services for customers through the home furnishing business, acute and long-term care business, and other types of business. These activities of our principal management policy is to contribute to "people's enrichment and tenderness" by offering them healthy and comfortable living environments.

2 Basic Policy of the Company's Profit Distribution

In order to maximize shareholders' value, the Company regards the policy of distributing profits to shareholders as one of the important corporate management policies, and accordingly tries to maintain a stable distribution level. However, since the Company was just established in March 2004, the Company seeks accumulations of internal reserves, the source of profit distribution, as the highest priority of the corporate management policy for the time being. Internal reserves will be appropriated to the improvement in profitability of the France Bed corporate group members. More specifically, internal reserves will be appropriated for establishment of new business, research and development of proprietary products, and investment in the future business growth to reinforce the corporate bases and further expansion of the value of the entire France Bed corporate group.

3 Target Management Indexes of the Company

The France Bed corporate group has formulated a medium-term management plan for the period from October 1, 2004 through March 31, 2007. The three-year plan aims to increase consolidated net income and improve the ROA by accelerating synergy effects of management integration. By the end of March 31, 2007, the final year of the medium-term management plan, the Company aims to accomplish a consolidated net income of 2,900 million yen and 4.2% ROA.

4 Medium- and Long-term Management Strategies

Since the management integration conducted in March 2004, the France Bed corporate group has expanded business into comprehensive operations ranging from manufacturing to marketing in the acute and long-term care business, in addition to the home furnishing business. After the management integration, common functions within the group corporations have been integrated and corporate resources have been effectively utilized for greater efficiency of management. These efforts aim to strengthen the group's general capability and aim to maximize the corporate value.

Specifically, the Company has been promoting the medium-term management plan formulated in April 2004 for the period until March 31, 2006. The Company also added a new medium-term management plan for the year ending March 31, 2007, and made a partial review of the medium-term management plan ending March 31, 2006.

An overview of these management plans is as follows:

<Outline of the medium-term management plans>

(1) Accomplish growth strategy by deploying goods and services in the aging society

① Deploying new business

a Deploying day care service business

The Company will deploy day care service business based on the network and customer base for acute and long-term care business that the Company has long developed.

b Deploying rental service into peripheral areas of operation

In addition to the existing home furnishing rental service, the Company will deploy a full-scale rental service for hotels, hospitals, nursing care homes, and other facilities.

② Developing strategic new products

Since the France Bed corporate group is specialized in manufacturing and marketing tools for the acute and long-term care business, the group has high potential to develop new products targeting the aged people's market. Specifically, products developed by France Bed Co., Ltd. will be marketed or rented through the sales channels of France Bed Medical Service Co., Ltd. Close cooperation between the two companies will contribute to an increase in sales.

(2) Restructuring of business and further selection and concentration

① Restructuring of business in the retail division

Merger of consolidated subsidiaries

In the retail division of the business, France Bed Sales Co., Ltd, which engages in home-call sales of health equipment and accessories and France Bed Trading Co., Ltd., which engages in sales of miscellaneous daily goods at shops and stores will be merged in November 2004 in order to make operations more efficient and to reinforce marketing bases.

② Concentrating corporate resources into growing business

Shifting corporate resources into service business

Concerning segment policies, the Company decided to make aggressive investments in acute and long-term care business for sales increase, and to emphasize profitability in home furnishing business by limiting depressing sales. The Company is planning to shift its core operation into service from manufacturing.

(3) Effective utilization of group resources

① Promoting personnel integration

a Reallocation of personnel in the group

The Company will reallocate personnel into the acute and long-term care business from other divisions of business because this area is expected to deploy growth strategy in the future.

- b Transferring the personnel management system to a performance-based personnel management system and making the system into a common platform

The Company is determined to promote the transfer of the present personnel management system to a performance-based personnel management system. At the same time, the France Bed corporate group will enhance the mobility of personnel transfer among the group companies by making the system a common platform.

- c Improving the quality of service by reinforcing the training of human resources

Service businesses that target the aging society are expected to enter into competition for better quality of service. Thus, the Company will reinforce the education and training that target employees, agents, distributors, and the like who are involved in the corporate brand image.

- ② Reinforcing the financial base

Introducing a group CMS (cash management system)

The Company will introduce a group CMS into its consolidated subsidiaries to make centralized control of funds owned by the group companies for greater efficiency of fund management. In addition, making centralized control of funds owned by group companies will enable the Company to accomplish optimized fundraising and operation, and compression of operation funds and interest-bearing liabilities, resulting in a reinforced financial base.

5 Challenges That the Company Needs to Manage

Demand for furniture in home furnishing business is expected to remain dull because the number of marriages and investments in housing are expected to decrease. Moreover, increases in import furniture have been making selling competition increasingly fierce for survival in the market.

To cope with these problems, the Company will strive for the development of high-value-added products that are different from products of other competitors in terms of quality and technology. In marketing, the Company established an online retailer support system on the website of the Company. The system provides visitors to the website with attractive information and introduces them to exhibits sponsored by France Bed Co., Ltd. and Presentation Studios, which are located alongside some of its factories. Retailers can sell products in Presentation Studios to consumers gathered through the Internet. In a medium-term program for sales increase, the Company will enrich Presentation Studios and work to increase access to its website.

Furthermore, because the growth in volume of sales is not expected to increase in the domestic furniture market, the Company has adopted a new strategy of international division of labor. The Company will advance business in overseas markets by commissioning manufacturing of some products designed in Japan to Thailand and other Asian makers and then marketing them in Europe and the United States through European makers and US makers in alliance.

Concerning the acute and long-term care business, the Nursing Care Insurance Section of the Social Security Council has drafted its five-year review of the Long-Term Care Insurance System, and the overview was released in July 2004. Although acute and long-term care business is expected to attain continuing growth in the long run, sales of this business could slow down in the short run because the scope and levels of insurance benefits are subject to review.

As a part of measures to relieve such impacts on sales, the Company will open new sales offices mainly in new areas and metropolitan spheres. Moreover, in addition to nursing and medical equipment rental business centering on nursing-care beds, the Company is determined to deploy new types of business for existing customers by expanding service menus based on the existing networks. More specifically, the company will open ten operation offices that engage in day care service business. Also, the Company will start a rental business and mail-order business on the Internet for hospitals, homes for elderly people and other facilities for stable expansion of business.

6 Basic Idea on Corporate Governance and Implemented Status of Measures

(1) Basic idea on corporate governance

The Company thinks that corporate governance is a basic framework of corporate management that involves diverse relations of stakeholders, including shareholders, customers, employees, trade partners, and local communities. The Company thinks that corporate governance consists of the following factors, namely ① corporate management supervision function, ② establishment of corporate ethics, ③ risk management, ④ compliance, ⑤ accountability, and ⑥ improvement in management efficiency. Thus, the Company thinks the Company's greatest responsibility lies in seeking to increase profits for shareholders based on this basic framework.

The Company lists the following four points to enrich and reinforce corporate governance.

- a Reinforcing audit function
- b Implementation of legal compliance
- c Enriching IR function
- d Activating business of subsidiaries by organic linkage

As a part of steps to reinforce the above points, the Company will improve transparency in management, by defining and reinforcing the functions of individual groups (audit group, planning group, accounting group, and general affairs group), besides the functions of the Board of Directors and the Board of Auditors.

(2) Implemented situation of measures

① Implemented situations of the corporate governance in management and other functions that involve decision-making, execution, and supervision

a Corporate management function and appointments of outside board members and outside auditors

The Company executes the supervision and auditing of its operations by the Board of Directors and the Board of Auditors.

The Board of Directors of the Company consists of just five directors for swift decisions. The Board of Directors makes decisions on important operations and legal matters, calls representative directors of its subsidiaries to attend the meeting to supervise their operations, and builds consensus among the entire corporate group. At present, the Company has no outside directors in the board.

The Board of Auditors consists of four members (two of them are outside auditors). In accordance with the policies and allotted duties defined by the Board of Auditors, individual auditors are required to attend Board of Directors' meetings and to examine the operations and assets of the Company in order to supervise the directors' work performances. In particular, since the two outside auditors are certified public accountants, they are positioned to define problems of the Company and to provide opinions from an objective standpoint based on common sense, experience, and insight outside the Company. They contribute to greater vitalization and auditing function of the Board of Auditors. There are no business relationships and interests other than the auditing function between the two outside auditors and the Company.

In addition, the Company does not currently plan to transform the Company into a "company with committees" for now.

b Mechanism of internal control

The Company has established an "audit office" under the direct supervision of the president. At the "audit office," organization carries out internal auditing of individual divisions of the Company and its subsidiaries to check their operating efficiency and legal compliance in cooperation with the auditors, advises the president to take specific steps, and provides recommendations for improvement in operations.

c Involvement of attorneys, accounting auditors, and other third parties

The Company consults outside attorneys for necessary steps in connection with important legal matters and compliance matters. In addition, the Company consults the accounting auditors from time to time for examinations on important accounting subjects, besides ordinary accounting audits.

② Implementation status of steps towards the enhancement of corporate governance in this fiscal year (March 30, 2004 to September 30, 2004)

During the first business term from March 30 (date of establishment of the Company) to September 30, 2004, the Company held twelve Board of Directors' meetings to decide important operating matters and to review and report important management matters. In

addition, the Company held three Board of Auditors' meetings to formulate auditing policies and to allocate operating duties to individual auditors.

Concerning corporate information disclosure, on the occasion when the Company was established, the Company held a company information session for securities analysts so that they could learn about the Company and the France Bed corporate group. The Company has also disclosed corporate information on its homepage.

Business Performance and Financial Position

1 Business Performance

(1) Review of this fiscal year

The Company (France Bed Holdings Co., Ltd.) was established on March 30, 2004, as a fully controlling parent company (a joint holding company) for France Bed Co., Ltd. and France Bed Medical Service Co., Ltd. as a result of a transfer of their respective shares to the Company. The establishment aimed to integrate the management of both companies for greater efficiency and reinforcement of their operating bases while maintaining their respective independence. The integration aims to maximize the value for shareholders of the Company.

Japan's recent declining birth rates and rapid transformation into an aging society have brought about great impacts on the society, economy, and lifestyles of individuals. Accordingly, companies are required to undertake rapid and flexible restructuring to meet changing needs of the society and individuals.

To meet these changing needs of the age, the France Bed corporate group has built an integrated system ranging from product development to manufacturing, marketing and servicing. The system enables the France Bed corporate group to develop "value-added" products with designs and functions that meet specific consumer needs and suit each individual, and offer them rental services under the slogan of "swiftness, quality, and safety," contributing to people's "enrichment and tenderness" in their life.

As a result, the Company realized 34,788 million yen in current consolidated net sales, 1,860 million yen in ordinary income, and 1,019 million yen in net income.

(2) Review of operation by segment

Review of operation by segment is as follows:

(Home furnishing business)

The home furnishing business is mainly led by France Bed Co., Ltd. Its marketing network covers major furniture specialty shops, bedding suppliers, and department stores throughout Japan.

The Japanese furniture industry is expected to have no growth in terms of volume of demand due to the falling number of marriages and decreasing investment in housing. In addition, changes of consumers' awareness and furniture retailers' moves to shift their procurement sources to overseas manufacturers have become increasingly dominant in the market, bringing about fiercer sales competition in the industry, and operating environment remained severe.

Under this environment, France Bed Co., Ltd. has promoted marketing of value-added products, such as high-function mattresses, and deployed an online retailer support system on the Internet. The support system on the Internet targets mainly local area-specific furniture specialty shops, and has organized the "France Bed Net Business Club" to bridge an increasing number of customers on the Internet with these specialty shops. Furthermore, the Company has provided opportunities to invite customers on the Internet to "Presentation (PR) Studios" and exhibition sites near the main factories of the Company, where functional products and expensive products with high added value, which are rarely displayed in furniture specialty shops, are exhibited. Visitors can touch these products and feel their quality. This cooperation

system with furniture specialty shops has strengthened the marketing channels of the France Bed corporate group.

In the past, catalogs that covered a variety of products of France Bed Co., Ltd. were distributed to marketing channels. However, nowadays, such catalog information is available for consumers on the Internet when they access the renewed contents of the homepage of the Company and search for products that they want to find out about. This mechanism has increased opportunities to sell products.

As a result, the home furnishing business of the Company achieved consolidated net sales of 18,437 million yen and operating income of 2 million yen.

(Acute and long-term care business)

The acute and long-term care business is mainly led by France Bed Medical Service Co., Ltd. The business consists of three divisions, namely ① the division that rents and sells nursing-care equipment for those who need nursing-care and that sells those equipment and provides their wholesale rental for agents, ② the amenity division that sells and rents linen supplies and beds for hospitals, hotels and other facilities, and ③ the facility sales division that sells acute care beds, medical beds, and other facility furniture to medical, welfare and other organizations.

France Bed Medical Service Co., Ltd. opened six new operation offices during this business term in order to expand operations. These six offices are located in Jyohoku (Itabashi, Tokyo), Osaka-Ikeda, Funabashi, Sapporo-Nishi, Numazu, and Ibaraki (health and welfare plaza called “Suke-San-Takusan” Mito Shop). As a result, the company came to have a marketing network with 60 operation offices throughout Japan.

In product development, the Company has successfully developed “Osukaru,” a handle-driven three-wheeled wheelchair for rehabilitation, “Mei-Walk,” a disabled infant walking frame, and “DAPS,” a danger-preventing electricity-driven nursing-care bed for renting and selling. Moreover, the Company has developed a single-motor-driven swing bed for users who need light nursing-care levels, such as support required and requiring care level 1. The bed will be released on the market in October 2004.

Furthermore, the Company worked on finding potential customers by holding training sessions for care managers and employing care managers. The Company also started a bed rental business for hospitals and welfare facilities in August 2003, and has been establishing the sales framework since then. As a result of such efforts, the market is gradually being formed. The Company is determined to diversify rental products to boost the market.

To relieve the impacts that are expected from the review of the scope and levels of nursing-care insurance benefits, the Company planned to enter the day care service business in ten areas throughout Japan. As a first step, the Company decided to move its Nagano Office. The new office, to be opened in May 2005, will have complex nursing-care welfare service that include day care service, training facility and a health and welfare plaza called “Suke-San-Takusan.”

As a result, the Company had 12,763 million yen in net sales and operating income of 1,538 million yen in the acute and long-term care business.

(Other businesses)

Other businesses were led mainly by France Bed Sales Co., Ltd. and France Bed Trading Co., Ltd.

France Bed Sales Co., Ltd. engages in the retail of accessories, kimonos (Japanese clothing), high-quality clothing, and health-related goods through home selling and at exhibition sites. During this business term, the Company deployed “relaxing oasis salon” spaces in the main sales offices to exhibit products so that customers, found through home selling, can visit and relax to choose products, besides engaging in conventional home selling and exhibition site selling.

France Bed Trading Co., Ltd. engages in the retail of miscellaneous daily goods for young women. As a result of fierce competition with competitors, many shops are suffering from deficits. Accordingly, the Company carried out changes in operation for the underperforming shops during this business term.

As a result, the Company achieved net sales of 3,588 million yen and operating income of 48 million yen in the “other businesses” segment.

2 Financial Position

(1) Cash flows in consolidated accounting during the consolidated accounting period

In cash flows for this consolidated accounting period, cash and cash equivalents (hereinafter referred to as “funds”) increased by 1,302 million yen to 19,883 million yen over the beginning of this period. This first business term is an irregular six-month settlement period starting from March 30, 2004 to September 30, 2004. Cash flows and their factors are stated below.

(Cash flows from operating activities)

Funds from operating activities during the consolidated accounting period totaled 936 million yen chiefly due to increases in income before income taxes and minority interest of 1,812 million yen and allowance for depreciation of 892 million yen and a decrease from the payments of income and other taxes totaling 1,763 million yen.

(Cash flows from investing activities)

Decrease in funds from investing activities during this consolidated accounting period amounted to 885 million yen chiefly due to the acquisition cost of 882 million yen for property, plant, and equipment, such as leasing assets.

(Cash flows from financing activities)

Increase in funds from cash flows from financing activities during this consolidated accounting period amounted to 1,251 million yen largely due to increases in short-term borrowings of 1,250 million yen and revenue of 2,787 million yen from the sale of the parent company’s stocks held by subsidiaries, and due to decreases caused by repayment of 2,483 million yen for short-term and long-term borrowings and payment of 298 million yen for stock transfer subsidies.

(2) Trends in cash flow indexes

	Fiscal year ending September 2004
Equity ratio (%)	56.7
Equity ratio at market value (%)	90.9
Number of years for amortization (year)	-
Interest coverage ratio (%)	14.1

(Calculation methods)

Equity ratio: Shareholders' equity/Total assets
Equity ratio at market value: Aggregate market value of stock/Total assets
Number of years for amortization: Interest-bearing liabilities/Operating cash flow
Interest coverage ratio: Operating cash flow/Interest payments

(Notes) 1 Each of the cash flow indexes is calculated based on figures in the consolidated financial statements.

- 2 The aggregate market value of stock is calculated based on the closing stock price at term-end × the number of shares outstanding at term-end (after treasury stock is deducted).
- 3 Operating cash flow refers to cash flow from operating activities in the consolidated cash flow statement. Interest-bearing liabilities refer to all the liabilities that pay interest in the consolidated balance sheet. Interest payments also refer to payment amounts in the consolidated cash flow statement.
- 4 The number of years for amortization is not calculated since this consolidated accounting period falls into an irregular settlement period, ranging from March 30, 2004 to September 30, 2004.

3 Outlooks for the Next Six-Month Period

Since the Company thinks that it is desirable to distribute profit to shareholders at the end of two initial interim (six-month) periods (end of September 2004 and end of March 2005) after the establishment of the Company, the second business term will also fall into an irregular settlement period of six months (from October 1, 2004 to March 31, 2005).

The Company is determined to accelerate the implementation of corporate management integration measures for greater profitability of the France Bed corporate group. The Company forecasts consolidated net sales of 37,300 million yen, consolidated ordinary income of 2,300 million yen, and consolidated net income of 1,300 million yen for the next six-month settlement period.

Consolidated Financial Statements
Consolidated Balance Sheet

(In millions of yen)

Account	Current consolidated accounting period (As of September 30, 2004)
(Assets)	
I Current assets	
Cash and deposits	19,883
Notes and accounts receivable, trade	12,935
Marketable securities	2
Inventories	10,301
Deferred income tax assets	1,245
Other current assets	1,996
Allowance for doubtful accounts	(183)
Total current assets	46,181
II Fixed assets	
Property, plant and equipment	
Leasing assets	1,234
Buildings and structures	3,629
Equipment and vehicles	1,273
Tools, furniture, and fixtures	301
Land	5,983
Construction in progress	94
Total property, plant and equipment	12,518
Intangible fixed assets	
Software programs	499
Other	102
Total intangible fixed assets	601
Investments and other assets	
Investments in securities	1,905
Long-term loans receivable	43
Deferred income tax assets	3,776
Other	5,649
Allowance for doubtful accounts	(385)
Total investments and other assets	10,990
Total fixed assets	24,110
Total assets	70,292

(In millions of yen)

Account	Current consolidated accounting period (As of September 30, 2004)
(Liabilities)	
I Current liabilities	
Notes and accounts payable, trade	7,756
Factoring arrearage	1,662
Short-term borrowings	7,432
Long-term debt due within one year	731
Unpaid income and other taxes	2,144
Unpaid consumption tax	108
Accrued bonus	1,445
Other	3,900
Total current liabilities	25,182
II Long-term liabilities	
Long-term debt	650
Accrued retirement benefits for employees	3,588
Accrued retirement benefits for directors	637
Other long-term liabilities	344
Total long-term liabilities	5,221
Total liabilities	30,403
(Minority interest)	
Minority interest	-
(Shareholders' equity)	
I Common stock	3,000
II Capital surplus	4,940
III Retained earnings	33,724
IV Difference in valuation of other securities	211
V Treasury stock	(1,987)
Total shareholders' equity	39,888
Total liabilities, minority interest and shareholders' equity	70,292

- (Note) 1 The figures that are shown above have been rounded off to the nearest unit displayed. (The same applies to the pages that follow hereinafter.)
- 2 Fiscal year ending September 30, 2004 is the first fiscal year for the Company. Therefore, the report does not contain any results or comparisons of the previous term. (The same applies to the pages that follow hereinafter.)

Consolidated Statements of Income

(In millions of yen)

Account	Current consolidated accounting period (March 30, 2004 to September 30, 2004)
I Net sales	34,788
II Cost of sales	18,958
Gross profit	15,830
III Selling, general and administrative expenses	14,073
Operating income	1,757
IV Other income	
Interest income	3
Dividend income	39
Income from leasing property	116
Life insurance dividends	52
Other income	89
Total other income	302
V Other expenses	
Interest expense	68
Sales discounts	42
Expense for leased property	44
Other expense	43
Total other expenses	198
Ordinary income	1,860
VI Extraordinary income	
Gain on prior-term adjustment	27
Gain on sale of fixed assets	0
Total extraordinary income	27
VII Extraordinary loss	
Loss on prior-term adjustment	34
Loss on sale of fixed assets	0
Loss on disposal of fixed assets	37
Other extraordinary loss	3
Total extraordinary loss	75
Income before income taxes and minority interest	1,812
Income tax, resident tax, business tax	1,065
Adjustment of income and other taxes	(271)
Net income	1,019

Consolidated Statement of Surplus

(In millions of yen)

Account	Current consolidated accounting period (March 30, 2004 to September 30, 2004)
(Capital surplus)	
I Initial capital surplus outstanding	3,481
II Increase in capital surplus Surplus from transactions in treasury stock	1,459
III Term-end capital surplus outstanding	4,940
(Retained earnings)	
I Initial retained earnings outstanding	32,823
II Increase in retained earnings Net income	1,019
III Decrease in retained earnings Board members' bonus	118
IV Term-end retained earnings outstanding	33,724

Consolidated Statements of Cash Flows

(In millions of yen)

Account	Current consolidated accounting period (March 30, 2004 to September 30, 2004)
I Cash flows from operating activities	
Income before income taxes and minority interest	1,812
Depreciation	892
Gain on sale and disposal of property, plant and equipment	(0)
Loss on sale and disposal of property, plant and equipment	29
Provision for doubtful accounts	7
Provision for accrued bonus	58
Provision for retirement benefits for employees	(313)
Provision for retirement benefits for directors	25
Interest and dividend received	(43)
Interest expenses	68
Decrease (increase) in notes and accounts receivable, trade	2,283
Decrease (increase) in inventory	(260)
Increase (decrease) in accounts payable	(689)
Increase (decrease) in factoring arrearage	(441)
Increase (decrease) in accrued expenses	(131)
Increase (decrease) in unpaid consumption tax	(132)
Payment of board members' bonus	(118)
Other	(333)
Subtotal	2,715
Interest and dividends received	43
Interest paid	(66)
Payment of income and other taxes	(1,763)
Other	6
Cash flows from operating activities	936
II Cash flows from investing activities	
Decrease (increase) in time deposits	89
Proceeds from sale of marketable securities	32
Purchases of property, plant and equipment	(882)
Proceeds from sale of property, plant and equipment	0
Purchases of investments in securities	(0)
Proceeds from sale of investments in securities	5
Increase in loans receivable	(90)
Collection of loans receivable	79
Other	(119)
Cash flows from investing activities	(885)

III	Cash flows from financing activities	
	Proceeds from short-term borrowings	1,250
	Repayment of short-term borrowings	(2,118)
	Repayment of long-term debt	(365)
	Proceeds from sales of treasury stock	2,787
	Purchases of treasury stock	(2)
	Payment of stock transfer subsidies	(298)
	Other	(1)
	Cash flows from financing activities	1,251
IV	Effect of exchange rate changes on cash and cash equivalents	–
V	Net increase (decrease) in cash and cash equivalents	1,302
VI	Cash and cash equivalents at beginning of period	18,581
VII	Cash and cash equivalents at end of period	19,883

(Segment information)

1 Information by operating segment

Current consolidated accounting period (March 30, 2004 to September 30, 2004) (In millions of yen)

	Home furnishing business	Acute and long-term care business	Other businesses	Total	Elimination or corporate	Consolidated
I Net sales and operating income						
Net sales						
(1) Net sales to external customers	18,437	12,763	3,588	34,788	–	34,788
(2) Inter-segment sales or transfers	234	9	20	264	(264)	–
Total	18,671	12,772	3,608	35,053	(264)	34,788
Operating expenses	18,668	11,233	3,560	33,463	(431)	33,031
Operating income	2	1,538	48	1,590	166	1,757
II Assets, allowance for depreciation, and capital expenditure						
Assets	47,618	18,707	4,980	71,306	(1,014)	70,292
Allowance for depreciation	244	632	16	892	–	892
Capital expenditure	276	736	8	1,021	–	1,021

- (Note) 1 Method for classifying operation types
The Company classifies its operating segments according to similarities that are based on type, nature, sales market, and form of sales.
- 2 Main products and a description of each classified operating segment
- (1) Home furnishing business: Manufacture, procurement, and wholesale of beds, furniture, and bedding products.
- (2) Acute and long-term care business: Manufacture, procurement, rental, retail, and wholesale of acute care beds, nursing and medical equipment, and hospital linen, etc.
- (3) Other businesses: Procurement and retail of accessories, miscellaneous daily goods and health appliances.
- 3 Among operating expenses, the main item of the unapportionable operating expenses (352 million yen) included in the “elimination or corporate” title is the expense for the administration by the general affairs department and other management sections of the company that submit consolidated financial statements.
- 4 Among assets, the main item of the corporate assets (1,242 million yen) included in the “elimination or corporate” title is assets relating to the general affairs department and other management sections of the company that submit consolidated financial statements.

2 Segment information by geographical location

Current consolidated accounting period (March 30, 2004 to September 30, 2004)

No information is presented in this report as the Company has no subsidiaries or branches which are operating overseas.

3 Overseas sales

Current consolidated accounting period (March 30, 2004 to September 30, 2004)

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

This report is English abridged translation from the original Japanese-language brief financial report.

Caution Concerning Forward-looking Statements

This report includes forward-looking statements relating to our future plans, objectives, expectations and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The Company is under no obligation—and expressly disclaims any such obligation—to update or alter its forward-looking statements.