FRANCEBED HOLDINGS

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

(April 1 ,2008 ~ June 30, 2008)

August 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 : August 11, 2008

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

1. Consolidated results for the First quarter of the fiscal year ending March 2009 (April 1,2008 ~ June 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	%
First quarter ended June 30, 2008	13,678	—	60	—	78	—	44	—
First quarter ended June 30, 2007	15,002	Δ8.7	363	Δ64.0	379	Δ64.3	479	Δ15.4

	Earnings per share	Earnings per share, diluted
	yen	yen
First quarter ended June 30, 2008	0.19	—
First quarter ended June 30, 2007	2.09	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	yen
First quarter ended June 30, 2008	62,002	40,296	64.9	175.62
Fiscal year ended March 31, 2008	61,992	40,877	65.9	178.15

(Reference) Shareholder's equity : As of June 30, 2008 : ¥40,296million 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	—	—	—	—	—
Fiscal year ended March 31, 2009 (Outlook)	—	2.50	—	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, and those for the second quarter accumulation are changes from the same period of the previous fiscal year)

	Net Sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
second quarter	29,100	—	640	—	640	—	260	—	1.13
Full Year	58,900	Δ2.4	1,440	Δ15.2	1,330	Δ20.4	630	43.3	2.74

Note : Whether the forecasts for consolidated figures under review have been revised : No

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)
First quarter ended June 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
First quarter ended June 30, 2008 : 10,044,348 shares Fiscal year ended March 31, 2008 : 10,041,875 shares
[3] Average number of shares issued during the period (quarterly accumulation period)
First quarter ended June 30, 2008 : 229,443,830 shares First quarter ended June 30, 2007 : 229,452,325 shares

※ Request for appropriate use of the business outlook and other special remarks:
1. There is no change from the consolidated business forecasts previously announced on May 15, 2008. 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. Please refer to Qualitative Information on Consolidated Business Forecasts, Qualitative Information and Financial Statements on page 5 for matters related to the consolidated business forecasts.

2. 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 first quarter of the current fiscal year (hereinafter “the period under review”) the Japanese economy entered a severe slowdown phase as consumer psychology deteriorated in response to factors such as the rise in prices of petroleum products and food products.
In this environment, on April 25 this year, the Group resolved to merge its two main operating companies Francebed Co., Ltd. and Francebed Medical Service Co., Ltd. with effect from April 1 next year to ensure the Group’s further future development. The purpose of this merger is to focus personnel and other management resources on the nursing-care welfare equipment business field, which shows potential for future growth, and to bolster earnings capacity in this field, while at the same time creating an efficient business structure in home furnishing and health business, which continues to show disappointing results, and restoring earnings capacity in this field, and the Group is currently in the process of implementing structural reforms. Consequently, the results of the Group in the period under review were sales of 13,678 million yen and operating income of 60 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 impact of the amendment of the Building Standards Law enforced in June 2007 continued to dampen housing starts, and demand for general household furniture remained slack. The Group worked energetically to increase business with existing partners and to develop new partners who do not have their own selling space, to halt the decline in sales. However, amid ever more palpable signs of economic slowdown, the operating environment in the home furnishing and health business remained extremely challenging.
Like sales, profits remained disappointing, reflecting intensification of sales competition with domestic and foreign manufacturers and rising raw materials prices, but to restore the profitability of the home furnishing and health business, the Group started to reassign staff from the home furnishing and health business to the understaffed nursing-care welfare equipment business field as part of its ongoing preparations for the upcoming merger. Moving forward, the Group will seek to improve profitability in the home furnishing and health business through a marketing policy of creating a more efficient marketing structure and a product policy of promoting selection and concentration.
In line with this, besides general home furnishing products, the Group put effort into the development of health products with new functions under the slogan “Health,” in response to Japan’s aging society. Two such products are the Air Stretch Mattress and the Yutanpo Mattress, and the Group intends to market these products in innovative ways, for example, providing a Health & Relax Corner where customers can try out the Groups products in the selling space of its shops.
As a result of these initiatives, in the home furnishing business, sales stood at 6,717 million yen and operating losses amounted to 254 million yen.

(Acute and long-term care business)

Since the beginning of 2008, the welfare equipment rental market has shown a tendency for recovery, with the amount of long-term care insurance payments registering year-on-year growth topping 8%. By rental product category, handrails and walkers continued to register significant increases both in terms of the number of rentals and the amount of insurance payments, and special beds showed an expansionary trend, with the amount of insurance payments growing around 4% year-on-year (including people requiring minor nursing care who take advantage of special measures). With regard to special beds, entrapment incidents involving side rails have given rise to demands for greater safety.
In this environment, the Group continued to sell the handrails and walkers launched as new products in the previous fiscal year and also began selling a new type of high performance wheelchair and a low floor-type bed equipped with a function for maintaining a sitting position as standard. The Group also worked to increase rental sales by ensuring the comfort and safety of rental equipment through initiatives such as activities to raise awareness among users and care support staff about the safe use of special beds, 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.
To increase product sales, we promoted continued business expansion in home medical equipment such as aspirators at all our marketing bases and also launched a simple testing service for sleep apnea syndrome at our health, sleep and medical shop in Roppongi, which was opened in December 2007 and sells health, sleep and home medical equipment.
Also in the home improvement area, we stepped up our efforts in the area of general renovation not covered by nursing-care insurance and worked to improve profitability.
As a result of the above, the nursing-care welfare business registered sales of 5,630 million yen and operating profit of 267 million yen .

(Real estate lease businesses)
The Group makes effective use of the real estate held by group companies in line with the business expansion of each company. 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 65 million yen. The Group also leased certain real estate to external customers and such sales to external customers totaled 38 million yen.
As a result of these initiatives, in the real estate lease business, operating income amounted to 63 million yen.

(Other businesses)
Other businesses consist of door-to-door sales business and commodities and sundries sales business.
In commodities and sundries sales business, we worked to improve earnings, seeking to inject new life into existing shops by launching and leveraging fashion goods in key areas, maintaining a scrap-and-build approach with our shops, and speeding up withdrawal from unprofitable businesses that have no prospect of recovery. Meanwhile in door-to-door sales business, the Group endeavored to generate sales by holding trade fairs and other events, but both businesses were affected by the economic slowdown and conditions remained challenging. Consequently, in other businesses, sales stood at 1,291million yen and operating losses amounted to 45 million yen.

2. Consolidated Financial Position

(1) Status of balance sheet
Total assets at the end of the first quarter of the fiscal year under review increased 10 million yen from the end of the previous fiscal year (hereinafter "end of the previous period") to 62,002 million yen. Current assets decreased 442 million yen from the end of the previous period to 33,571 million yen, reflecting the decrease associated with trade notes and accounts receivable of 970 million yen and the increase associated with inventories of 263 million yen and accrued revenue of 284 million yen. Fixed assets increased 453 million yen from the end of the previous period. This increase is mainly attributable to the acquisition of plant, property and equipment and investment securities.
Liabilities amounted to 21,706 million yen, up 590 million yen compared with the end of the previous period. This increase is mainly attributable to a rise in accrued expenses, which are recorded in other current liabilities.
Net assets declined 580 million yen compared with the end of the previous period to 40,296 million yen. The decrease is mainly attributable to a distribution of surplus of 573 million yen.
As a result, shareholders' equity ratio fell from 65.9% at the end of the previous period to 64.9%.

(2) Status of cash flow
Cash flow for the first quarter of the fiscal year under review showed an increase in cash and cash equivalents of 53 million yen from the end of the previous fiscal year, to 9,698 million yen. Details of each cash flow item are given below.

There was a net cash inflow from operating activities of 1,244 million yen. This principally reflects income associated with net income before income taxes and minority interests of 187 million yen, depreciation cost of 460 million yen and a decrease in accounts receivable of 970 million yen, and expenditure associated with an increase in inventories of 264 million yen and tax payments of 458 million yen.

There was a net cash outflow from investing activities of 559 million yen. This reflects expenditure on the acquisition of plant, property and equipment of 340 million yen and expenditure on the acquisition of investment securities of 199 million yen.

There was a net cash outflow from financing activities of 630 million yen. This is largely attributable to dividend payments of 500 million yen and repayment of short-term loans of 100 million yen.

3.Outlook for Consolidated Operating Results

The business forecasts for the second quarter of the fiscal year and the full year are unchanged from those previously announced on May 15, 2008.

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

We eliminated the process of taking physical stock inventory at the end of the current quarter, and instead adopted a rational computation method which uses actual ending inventory of the previous year as a base. 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 First quarter ended June 30,2008

(In millions of yen)

	First quarter of FY2009 (As of June 30, 2008)	FY2008 (As of March 31,2008)
ASSET		
Current assets		
Cash and deposits	5,231	6,181
Notes and accounts receivable, trade	10,807	11,777
Short-term investment securities	4,498	3,498
Merchandise	3,421	3,267
Finished goods	4,980	4,961
Raw materials	1,989	1,898
Work in process	232	232
Other	2,457	2,246
Allowance for doubtful accounts	Δ47	Δ50
Total current assets	33,571	34,013
Fixed assets		
Property, plant and equipment		
Land	6,521	6,522
Other (net)	8,704	8,459
Total property, plant and equipment	15,225	14,982
Intangible fixed assets	386	417
Investments and other assets	12,820	12,579
Total fixed assets	28,431	27,978
Total assets	62,002	61,992
LIABILITIES		
Current liabilities		
Notes and accounts payable, trade	6,571	6,709
Factoring of accrued liability	1,439	1,305
Short-term borrowings	5,174	5,277
Long-term loans due within one year	25	48
Income taxes payable	47	362
Reserve for bonuses	628	1,278
Reserve for other	137	179
Other	4,440	2,698
Total current liabilities	18,464	17,860
Noncurrent liabilities		
Provision for retirement benefits	2,417	2,550
Reserve for Directors Retirement Bonuses	369	465
Other	455	238
Total noncurrent liabilities	3,241	3,255
Total liabilities	21,706	21,115
NET ASSETS		
Shareholders' equity		
Capital stock	3,000	3,000
Capital surplus	5,117	5,117
Retained earnings	35,056	35,585
Treasury stock	Δ2,952	Δ2,952
Total shareholders' equity	40,221	40,751
Valuation and translation adjustments		
Valuation gain and loss on other securities	11	95
Deferred gains or losses on hedges	50	15
Foreign currency translation adjustment	13	15
Total valuation and translation adjustments	75	126
Total net assets	40,296	40,877
Total liabilities and net assets	62,002	61,992

(2) Consolidated Statements of Income

(In millions of yen)

	First quarter of FY2009 (From April 1, 2008 to June 30, 2008)
Net Sales	13,678
Cost of Sales	7,705
Gross profit	5,972
Selling, General and Administrative Expense	5,911
Operating Income	60
Non-operating income	
Interest Income	10
Dividend Income	8
Life Insurance Dividend Income	33
Other	28
Total non-operating income	81
Non-operating expenses	
Interest Expense	25
Sales Discounts	15
Other	23
Total non-operating expenses	64
Ordinary Income	78
Extraordinary Income	
Gains on Prior Year Adjustment	36
Gains form Sale of Fixed Assets	5
Compensation income	111
Total Extraordinary Income	154
Extraordinary Losses	
Loss from Prior Year Adjustment	3
Loss from Removal of Fixed Assets	7
Loss on revaluation of investment securities	2
Loss on revaluation of inventory	31
Total Extraordinary Losses	45
Income before income taxes	187
Corporate Income Tax, Resident Tax and Enterprise Tax	13
Adjustment for income taxes	129
Total income taxes	142
Net Income	44

(3) Consolidated Statements of Cash Flows

(In millions of yen)

	First quarter of FY2009 (From April 1, 2008 to June 30, 2008)
Cash flows from operating activities	
Income before income taxes	187
Depreciation and amortization	460
Gain on sale of fixed assets	Δ5
Loss from disposal of fixed assets	7
Net gain on valuation of investment securities	2
Change in allowance for doubtful accounts	Δ12
Changes in reserve for bonuses	Δ650
Changes in reserve for retirement benefits	Δ132
Change in reserve for directors retirement bonuses	Δ96
Change in reserve for others	Δ41
Interest income and dividend income	Δ18
Interest expense	25
Change in account receivables	970
Change in inventory	Δ264
Change in procurement obligations	Δ138
Change in accrued factoring liabilities	133
Change in accrued expenses	1,296
Other	Δ14
Sub-Total	1,708
Interest and dividends received	20
Interest paid	Δ25
Corporate taxes paid	Δ458
Cash flows from operating activities	1,244
Cash flows from investing activities	
Investments in time deposits	Δ3
Decrease in term deposits	6
Expenditures for acquisition of tangible fixed assets	Δ340
Proceeds form sale of tangible fixed assets	6
Expenditures for acquisition of investment securities	Δ199
Expenditure for loans	Δ4
Proceeds from recovery of loans	3
Other	Δ27
Cash flows from investing activities	Δ559
Cash flows from financing activities	
Expenditure for repayment of short term borrowings	Δ100
Expenditure for repayment of long term borrowings	Δ23
Proceeds from the sale of treasury shares	0
Expenditure for acquisition of treasury shares	Δ0
Payment of dividends	Δ500
Other	Δ6
Cash flows from financing activities	Δ630
Effect of exchange rate changes on cash and cash equivalents	0
Net increase in cash and cash equivalents	53
Cash and cash equivalents at beginning of period	9,645
Cash and cash equivalents at end of period	9,698

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]

First quarter of FY2009 (From April 1, 2008 to June 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	6,717	5,630	38	1,291	13,678	--	13,678
(2) Internal Sales among Segments or Transfers	176	2	65	158	403	(403)	--
Total	6,894	5,632	104	1,450	14,081	(403)	13,678
Operating Income / Loss	∆254	267	63	∆45	31	29	60

(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]

From April 1, 2008 to June 30, 2008

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]

From April 1, 2008 to June 30, 2008

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

(1) Consolidated statements of income for the First quarter ended June 30, 2007

(In millions of yen)

Account	For the first quarter ended June 30, 2007
Net sales	15,002
Cost of sales	8,364
Gross profit	6,638
Selling, general and administrative expenses	6,274
Operating income	363
Other income	84
Other expenses	68
Ordinary income	379
Extraordinary income	605
Extraordinary loss	29
Income before income taxes	956
Tax expenses	476
Net income for the quarter	479

(2) Consolidated statements of cash flows for the First quarter ended June 30, 2007

(In millions of yen)

Account	For the first quarter ended June 30, 2007
Cash flows from operating activities	
Income before income taxes and minority interest	956
Decrease(Increase) in trade notes and accounts receivable	1,120
Decrease(Increase) in inventories	Δ604
Decrease(Increase) in trade notes and accounts payable	Δ112
Decrease(Increase) in factoring of accrued liability	33
Other	715
Sub total	2,107
Incom taxes paid	Δ693
Other	Δ7
Cash flows from operating activities	1,406
Cash flows from investing activities	
Payment of time deposit	Δ303
Payments for acquisition of property, plant and equipment	Δ710
Other	Δ22
Cash flows from investing activities	Δ1,035
Cash flows from financing activities	
Net increase(Decrease) in short-term borrowings	24
Repayment of long-term debt	Δ49
Cash dividends paid	Δ505
Other	Δ0
Cash flows from financing activities	Δ530
Effect of exchange rate changes on cash and cash equivalents	0
Increase in cash and cash equivalents	Δ158
Cash and cash equivalents at beginning of the fiscal year	12,605
Cash and cash equivalents at end of the quarter	12,447

(3) Segment information

[Business segments]

First quarter of FY2008 (From April 1, 2007 to June 30, 2007)

(In millions of yen)

	Home furnishing business	Acute and long term care business	Other businesses	Total	Elimination or corpotate	Consolidated
Net sales						
(1)Net sales to external customers	7,753	5,649	1,600	15,002	—	15,002
(2)Inter-segment sales or transfers	176	5	318	500	(500)	—
Total	7,929	5,654	1,918	15,503	(500)	15,002
Operating expenses	7,857	5,473	1,842	15,174	(534)	14,639
Operating income	72	180	75	329	34	363

[Segment information by location]

From April 1, 2008 to June 30, 2008

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]

From April 1, 2008 to June 30, 2008

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