Results for the Fiscal Year Ended March 2010

May 14, 2010

Name of the listed company : **France Bed Holdings Co., Ltd.**
Listing Exchanges : Tokyo
Code No : 7840
URL : http://www.francebed-hd.co.jp
Representative : Shigeru Ikeda, President & C.E.O.
Contact Person : Kotaro Hoshikawa, Executive director & C.F.O. (Accounting Group)
Tel : +81-3-5338-1081
Scheduled date of Ordinary General Shareholders' Meeting : June 25, 2010
Scheduled date to submit Securities Report : June 25, 2010
Scheduled date to begin dividend payments : June 28, 2010

(Figures presented have been rounded down to the nearest unit presented)

1.Consolidated results for the fiscal year ended March 2010 (April 1, 2009 ~ March 31, 2010)

(1) Consolidated Management Performance

(% change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2010	49,792	Δ8.0	720	873.6	644	—	263	—
Fiscal year ended March 2009	54,179	Δ10.2	74	Δ95.6	Δ110	—	Δ1,615	—

	Net income per share	Fully diluted net income per share	Return on equity	Ratio of Ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
Fiscal year ended March 2010	1.15	–	0.7	1.0	1.4
Fiscal year ended March 2009	Δ7.05	–	Δ4.1	Δ0.1	0.1

(For reference) Investment Gains and Losses due to Equity Method : Fiscal year ended March 2010 - \ --,
Fiscal year ended March 2009 - \ --

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	yen
Fiscal year ended March 2010	59,602	37,451	62.8	164.32
Fiscal year ended March 2009	59,984	37,740	62.9	165.58

(For reference) Shareholders' equity : Fiscal year ended March 2010 ¥37,451 million
Fiscal year ended March 2009 ¥37,740 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2010	4,191	Δ3,473	164	11,030
Fiscal year ended March 2009	1,808	Δ3,092	1,797	10,142

2.Dividends

	Dividends per share			Total dividends (annual)	Dividend propensity (consolidated)	Ratio of dividends to net assets (Consolidated)
	Interim	Year-end	Annual			
	yen	yen	yen	Million yen	%	%
Fiscal year ended March 2009	2.50	1.25	3.75	858	—	2.1
Fiscal year ended March 2010	1.25	1.25	2.50	569	217.3	1.5
Fiscal year ended March 2011 (Outlook)	1.25	1.25	2.50		71.2	

3.Forecasts of results for the Fiscal Year Ending March 2011 (April 1, 2010 ~ March 31, 2011)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Interim	25,000	0.3	640	50.2	540	47.7	240	20.7	1.05
Annual	50,600	1.6	1,800	149.7	1,600	148.1	800	203.8	3.51

4.Other matters

(1) Changes in the state of material subsidiaries during the period
(Changes regarding specific companies accompanying changes in the scope of consolidation) : Yes
De novo -, Exclusion : 1 (France Bed Medical Service Co., Ltd.)
(Note) For details information, please refer to "2.Corporate Group " on page 8

(2) Changes in principles, procedures, methods of presentation, etc., related to the consolidated financial statements
(Changes in material items that form the basis for the preparation and presentation of the consolidated financial statements)
(A) Changes related to revisions in accounting principles : No
(B) Changes other than those in (A) above : Yes
(Notes) For further details, refer to “Significant Matters in Preparation of Consolidated Financial Statements” on page 18. and “Changes in significant Matters in Preparation of Consolidated Financial Statements” on page 23.

(3) Number of shares issued (common shares)
(A) Number of shares at the end of the period (including treasury stock)
Fiscal year ended March 2010: 239,487,500 shares Fiscal year ended March 2009 : 239,487,500 shares
(B) Number of treasury shares
Fiscal year ended March 2010: 11,574,923 shares Fiscal year ended March 2009 : 11,566,494 shares
(Notes) For an explanation of the number of shares used for computing net income per share (consolidated), please refer to “Per Share Information” on page 34.

(Reference) Outline of unconsolidated financial results

1.Unconsolidated results for the fiscal year ended March 2010 (April 1, 2009 ~ March 31, 2010)

(1) unconsolidated Management Performance

(% change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2010	1,939	Δ13.0	1,249	Δ2.3	1,210	Δ6.2	1,157	21.8
Fiscal year ended March 2009	2,230	Δ3.7	1,279	Δ7.3	1,290	Δ7.4	949	Δ27.2

	Net income per share	Fully diluted net income per share
	yen	yen
Fiscal year ended March 2010	5.07	–
Fiscal year ended March 2009	4.15	–

(2) Unconsolidated Financial Position

	Total Assets	Net Assets	Shareholders’ equity ratio	Net assets per share
	Million yen	Million yen	%	yen
Fiscal year ended March 2010	59,589	42,290	70.9	185.55
Fiscal year ended March 2009	58,547	41,705	71.2	182.98

(For reference) Shareholders’ equity : Fiscal year ended March 2010 ¥42,290 million
Fiscal year ended March 2009 ¥41,705 million

2. Unconsolidated forecasts of results for the Fiscal Year Ending March 2011 (April 1, 2010 ~ March 31, 2011)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Interim	980	Δ1.0	620	Δ0.6	600	Δ1.0	570	Δ0.2	2.50
Annual	1,900	Δ2.0	1,240	Δ0.7	1,190	Δ1.6	1,160	0.2	5.08

Explanation of the appropriate use of performance forecasts and other related items

(Notes on future forecasts and other matters)
The business forecasts presented in this document are made based on the information currently available and certain assumptions that were considered reasonable. Actual performance may differ materially from the forecasts due to a variety of factors. Please refer to 1. Business results, (1) Analysis of business results on page 4 for notes and other matters associated with the assumptions used for the business forecasts and the use of business forecasts.

1.Business results

(1) Analysis of business results

1 Business results of the Fiscal Year

In the fiscal year under review, uncertainty remained in the Japanese economy despite the trend toward recovery, with employment and income conditions continuing to worsen and capital investment remaining stagnant due to the lasting impact of the financial crisis that originated in the United States. In this economic environment, the France Bed Group conducted a merger between its two core companies, Francebed Co., Ltd. and Francebed Medical Service Co., Ltd., as of April 1, 2009.

With this merger, the Group focused its management resources on the nursing care and welfare equipment business to ensure its further growth, and undertook the structural reform of the home furnishing and health business to restore its profitability, thereby improving the earnings of the entire Group. One year after the merger, in the nursing care and welfare equipment business, a system for the rapid development of products with a high customer satisfaction level, which is directly linked to the market, has been established thanks to the integration of manufacturing functions, and the prompt reassignment of personnel from the home furnishing and health business has become possible. At the same time, the Group took the merger as an opportunity to streamline its sales offices in an effort to reduce outlays.

As a result of the initiatives described above, the sales of the France Bed Group for the fiscal year under review were 49,792 million yen (down 8.0% year on year). Operating income for the year was 720 million yen (up 873.6% year on year), while ordinary income was 644 million yen (compared with an operating loss of 110 million yen in the previous fiscal year) and net income was 263 million yen (compared with a net loss of 1,615 million yen in the previous fiscal year).

(Furniture interior healthy business)

With regard to the home furnishing and health business, the housing market, which is closely related to this business, remained stagnant, and no quantitative growth could be seen in demand for furniture as durable goods, despite the recovery trend of consumer spending since the second quarter. In addition, large-scale retailers have been holding markdown sales of imported products developed at their overseas manufacturing bases, giving domestic manufacturers no option but to reduce the retail prices of their products. As a result, it has been extremely difficult to secure profits from this business.

In this environment, Francebed Co., Ltd., a core company of the Group, has been focusing its efforts on increasing sales of beds for home use, which are its main products, through its 60th anniversary promotions. The company has been promoting product sales by highlighting safety, design, and functionality, including the System Fald Series electric reclining bed, for which there is high demand from the elderly, the Lifit (a new single sofa bed featuring a stylish design), and the Life Treatment Series of mattresses, which provide optimal comfort created using the accumulated technologies and know-how of the company.

In addition, the Group made continual efforts to increase the efficiency of its management systems to improve its earnings, such as streamlining sales offices, closing unprofitable showrooms, offering voluntary redundancies, and reassigning personnel to the nursing care and welfare equipment business. The Group also undertook the nationwide expansion of the new businesses it launched to maximize the outcomes of the aforementioned merger, including furniture rental and furniture sales to condominium developers.

As a result of these initiatives, sales in the home furnishing and health business were 21,704 million yen (down 16.7% year on year) and operating loss was 1,156 million yen (compared with 1,271 million yen in the previous fiscal year).

(Acute and long-term care business)

IAs for the nursing care and welfare equipment business, rentals and sales of products in this area remained strong throughout the year. This is because Japan is experiencing an aging society, and the number of elderly people requiring nursing care has been growing.
During the fiscal year under review, in June 2009 the Group began selling electric nursing care beds under the new JIS standards for improving safety and reducing the risk of getting caught in handrails and other accidents. It organized training sessions and product briefings for agents and care managers at each sales office in a bid to focus its efforts on increasing rentals of these products. In addition, rentals remained strong for equipment related to transportation, such as wheelchairs and handrails, which were launched in the previous fiscal year with enhanced functions, and the Group also sold beds to local governments preparing for natural disasters. The Group aims to enhance its services by expanding its sales and distribution network across major cities, and has in recent years opened four sales offices in Tokyo's Nerima Ward, Nagoya City, and two other locations. The Group has also opened the Hanshin Service Center in Nishinomiya, Hyogo Prefecture and rebuilt its service center in Chiba City, Chiba Prefecture, in an effort to enhance the quality of its services.
New products and services in the nursing care and welfare equipment business include the Profound, a pedal-driven wheelchair for rehabilitation that can be moved with only a small amount of force, even by a hemiplegic user. The Group began to sell and rent this new product to medical institutions in January 2010.
In February of the same year, the Group opened Yu Yu Iki Iki Club, an ambulatory nursing care facility specializing in providing care for people requiring low levels of nursing care. This facility is located in Chofu City in Tokyo, and mainly provides motor function training. The Group also established a new department specializing in dealing with rehabilitation equipment, and made preparations to launch the business.
As a result of the initiatives described above, sales in the nursing care and welfare equipment business were 23,894 million yen (up 3.9% year on year), while operating income was 1,858 million yen (up 48.9% year on year).

(Real estate lease business)
The Group uses the real estate held by Group companies in accordance with their respective business development needs. The Group is leasing part of its real estate holdings to external parties. Sales to such external customers amounted to 139 million yen (down 5.0% year on year). Operating income for the business totaled 121 million yen (down 51.9% year on year), including gains on sales to internal segments.

(Other businesses)
The door-to-door sales business is continuing to experience a sharp decline due to weak sales of higher end products, in addition to the increasingly strict criteria employed by credit firms in granting credit. The Group responded by making continuous efforts to secure profits, such as streamlining its sales offices and reducing labor costs. Similarly, the Group continued to apply a scrap-and-build approach in the sundries sales business, closing unprofitable stores and taking other steps in a bid to improve profitability.
As a result of the initiatives described above, the sales of other businesses totaled 4,053 million yen (down 18.4% year on year). The operating loss was 212 million yen (compared with an operating loss of 262 million yen in the previous fiscal year).

② Outlook for Fiscal year ended March 2011

With regard to the forecast for the next fiscal year, uncertainty remains, although the economy is currently experiencing a recovery. It is expected that employment and income conditions will continue to worsen, and that capital investment will remain stagnant.
In this situation, the Group will be even more proactive in its operation of the nursing care and welfare equipment business as the elderly population continues to grow. Meanwhile, the business environment for the home furnishing and health business is expected to remain challenging due to increasingly fierce price competition following the increased number of imported products in the domestic market triggered by the appreciation of the yen.
Accordingly, it is projected that the Group's consolidated sales, consolidated operating income, consolidated ordinary income and consolidated net income for the next fiscal year will be 50,600 million yen, 1,800 million yen, 1,600 million yen, and 800 million yen, respectively.

(2) Analysis of Financial Position

① Status of balance sheet

Total assets at the end of fiscal year under review decreased 381 million yen from the end of the previous fiscal year, to 59,602 million yen. Current assets expanded 403 million yen from the end of the previous fiscal year, to 32,669 million yen. Major factors underlying this result include an increase of 1,297 million yen in cash and deposits, 499 million yen in portfolio securities, and 388 million yen in other accounts receivable, a decrease of 946 million yen in trade notes and accounts receivable accompanying the decline in sales, and a decline of 1,018 million yen in inventories.

Fixed assets decreased 777 million yen from the end of the previous fiscal year, to 26,918 million yen. Major contributors to this result included an increase due to the acquisition of tangible and intangible fixed assets and a decrease due to the transfer of time deposits to current assets under the one-year criterion (one-year rule), which became applicable in the fiscal year under review.

Liabilities fell 93 million yen from the end of the previous fiscal year, to 22,150 million yen. Major factors underlying this result included an increase of 810 million yen in long-term and short-term lease liabilities, a decrease of 239 million yen in income taxes payable, and a decline of 216 million yen in estimated losses for business restructure and estimated liability for replacement parts.

Net assets rose 288 million yen from the end of the previous fiscal year, to 37,451 million yen. The major contributors to this result were an increase of 263 million yen in net income and a decrease of 569 million yen in dividends paid.

As a result of the changes stated above, the shareholders' equity ratio declined from 62.9% to 62.8%.

② Status of cash flow

Cash flows for the fiscal year under review produced an increase in cash and cash equivalents of 888 million yen from the end of the previous fiscal year, to 11,030 million yen. Details of the individual cash flow items are as follows.

(Cash flow from operating activities)

Net cash provided by operating activities came to 4,191 million yen (compared with 1,808 million yen in the previous fiscal year). Major contributors were net income before income taxes and minority interests of 629 million yen, depreciation cost of 2,650 million yen (a non-cash item), a decrease in accounts receivable of 947 million yen, and a fall in inventories of 1,025 million yen, offsetting outflows such as tax payments of 691 million yen.

(Cash flow from investing activities)

Net cash used for investing activities totaled 3,473 million yen (compared with 3,092 million yen in the previous fiscal year). Major causes included a disbursement of 3,536 million yen to acquire tangible fixed assets.

(Cash flow from financing activities)

Net cash provided by financing activities was 164 million yen (compared with 1,797 million yen in the previous fiscal year). The main factors behind the inflow were the repayment of lease liabilities of 742 million yen, dividends paid of 570 million yen and gains on leasebacks of 1,490 million yen.

(Reference) Trend of cash flow indicators

	Term ended March 2006	Term ended March 2007	Term ended March 2008	Term ended March 2009	Term ended March 2010
Equity Ratio (%)	61.7	63.6	65.9	62.9	62.8
Equity Ratio at Market Value (%)	99.9	83.7	49.5	49.7	51.6
Ratio of interest-bearing debt to cash flow(%)	1.3	1.9	5.4	4.7	2.2
Interest Coverage Ratio (times)	50.9	29.3	9.7	16.9	31.4

Equity ratio : Shareholders' equity / Total assets
Equity ratio at market value : Gross market capitalization of shares / Total assets
Ratio of interest-bearing debt to cash flow : Interest bearing debt / Cash flow
Interest coverage ratio : Cash flow / Interest payment

(Note)
1. All calculations were based on the financial figures on a consolidated basis.
2. Total market capitalization was calculated based on the number of shares outstanding, excluding treasury stocks.
3. Cash flows from operating activities were used for the cash flows.
4. All liabilities that were recorded in the consolidated balance sheet and were incurring interest were included in interest bearing liabilities.

(3) Fundamental policy for distribution of earnings, and Fiscal 2009 and Fiscal 2010 dividends

The Company, to maximize the shareholder value, has positioned return of profits to the shareholders as one of the priority management policies and it is the basic policy of the company to provide the shareholders with continuing and stable dividends.
The dividend for the fiscal year under review is planned to be 2.50 yen per share (compared with 3.75 yen per share in the previous fiscal year) because weaker performance is anticipated and the market trend is forecast to be tougher. The same dividend is also planned for the next fiscal year.

(4) Business risks

Risks that may affect the business results, financial position, stock prices, etc. of group companies include the following. Matters relating to the future in the text are judgments made by group companies as of the end of this accounting term.

① Business environment of group companies

a) The market to which suppliers and customers of the Furniture interior healthy business conducted by group companies belong tends to be comparatively easily affected by economic trends, price movements and the residential tax system, etc. Therefore, if demand on the home furnishing market declined due to factors such as a reduction in income resulting from economic slowdown, a rise in market interest rates, a rise in land prices or the strengthening of the residential tax system, not only may the profit margin be reduced because of falling sales, decline in the selling prices of products handled, etc. but the results and the financial position of group companies may also be affected due to deterioration in the business situation of suppliers and customers, the occurrence of bad debts, etc.

b) The acute and long-term care business conducted by group companies is heavily dependent on the nursing care insurance system. Should this nursing care insurance system be reformed, etc., as a result, sales may fall and the results and financial status of the group companies may be affected.

c) In the other businesses conducted by Group companies, the door-to-door sales business is managed under the authority of law. As a result, should there be any amendments to related laws, sales of the door-to-door sales business may fall, potentially affecting the performance and financial status of the Group companies. The performance of the products and sundries sales business is influenced by the sensibility and fashion sense of consumers, the price line and the shop environment. As a result, if Group companies are unable to forecast market changes adequately and unable to provide appealing products, sales of the products and the sundries sales business may decline, potentially affecting the performance and financial status of the Group companies.

② Product faults

The group companies manufacture various products at their respective plants in accordance with JIS (Japanese Industrial Standards) and their own quality standards that are more stringent than JIS known as
FES (Francebed Engineering Standards).
However, there is no guarantee that faults will not occur in any of the products. Moreover, although group companies have taken out insurance in relation to product liability, there is no guarantee that this insurance will ultimately be able to adequately cover the amount of compensation to be borne and it is not necessarily true that group companies will be able to continue paying into such insurance.
If there are faults in products that impose a liability for compensation on Group companies, or if Group companies carry out a major recall to ensure customer safety, heavy costs may be incurred by Group companies.
These product faults may seriously damage the reputation of the products and brands, potentially resulting in lower sales and affecting the performance and financial status of Group companies.

③ Unauthorized disclosure of personal information, etc.

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

④ With Respect to Credit
The Company Group has been engaged in various operational transactions and bears credit risk relatedto losses resulting from the deterioration in the credit standing and bankruptcy of business partners, etc. To control this risk, the Company stipulates the credit limit and payment method for each business partner and manages credit risk flexibly through the establishment of a committee for the protection of account receivables.
However, it is difficult to remove all such risk, so deterioration in the credit standing or bankruptcy of business partners is likely to impact the business results and financial standing of the Company Group.

⑤ Exchange rate fluctuation, etc.
The group companies are engaged in import and export transactions of raw materials and the products they handle and, with respect to foreign-currency-denominated monetary claims and obligations in relation to this (includes foreign currency options) there is the risk of fluctuation in exchange rates. Therefore group companies are engaged in derivative transactions to hedge the risk of exchange rate fluctuations, but it is impossible to eliminate all such risk including the indirect impact of exchange rate fluctuations.Therefore, fluctuation in exchange rates may affect the results and financial status of group companies. The export and import transactions of group companies take place with multiple countries particularly in Asia and Europe, and in the future the balance of such transactions is expected to increase.
Therefore, deterioration in the export and import environment as a result of changes in the economic situation of each country, the occurrence of disasters, etc. may affect the results and financial position of group companies.

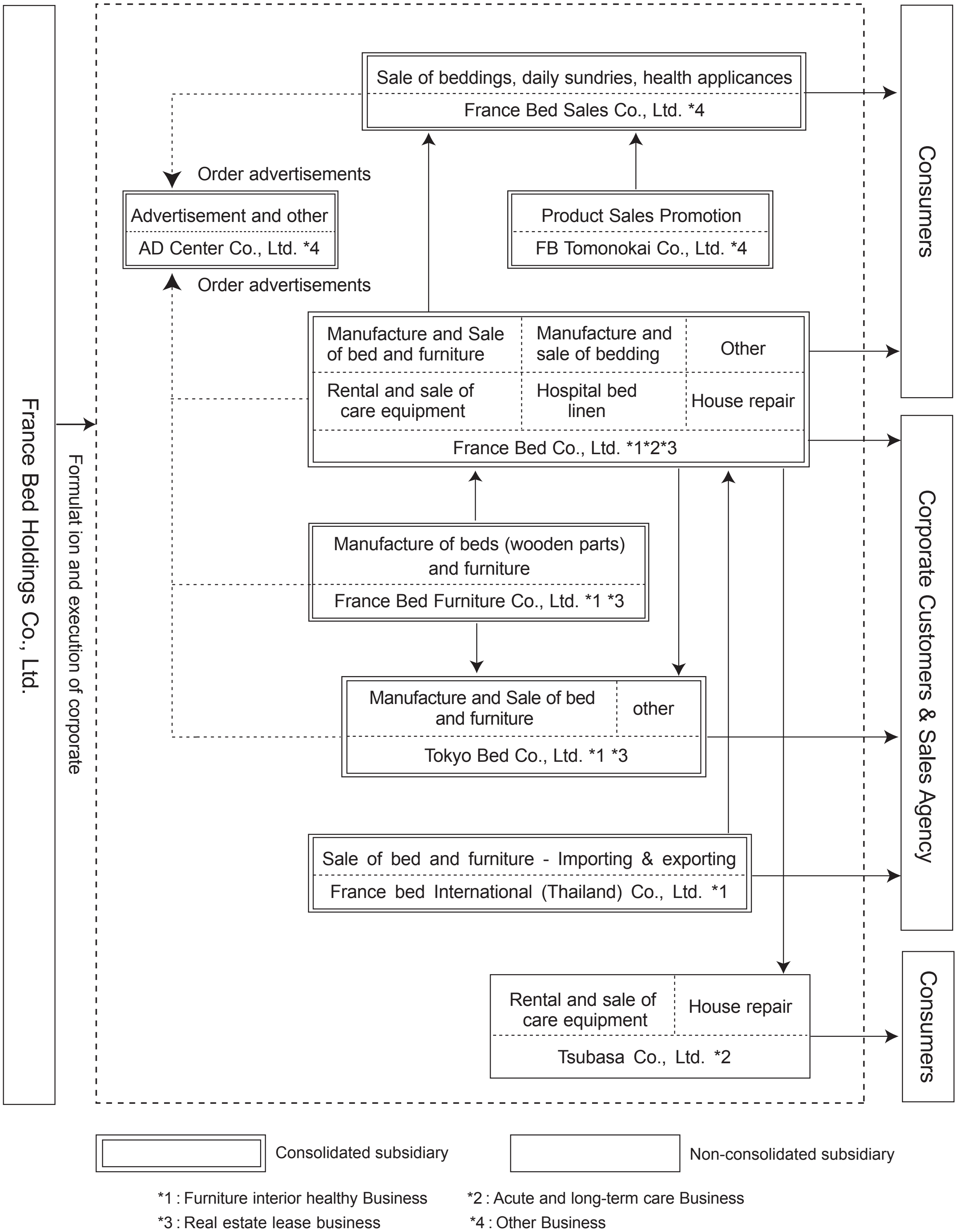
2.Corporate Group

The Corporate Group is comprised of the Company and 8 subsidiary companies (consolidated subsidiary - 7, non-consolidated subsidiary - 1) and are primarily engaged in Furniture interior healthy business, Acute and long-term care business, Real estate lease business and other businesses.
The relationship between the positioning of the Group businesses and business segment is described below.
The classification used in the business segment in the segment information is the same as one applied below.

Business Type	Principal Line of Business	Principal Companies
Furniture interior healthy business	Manufacture, procurement and wholesaling of beds, furniture and bedding products	France Bed Co.,Ltd. Tokyo Bed Co.,Ltd. France Bed Furniture Co.,Ltd France bed International (Thailand) Co., Ltd.
Acute and long-term care business	Manufacture, procure, rental, retail and wholesale of acute care beds, nursing and medical equipment and hospital linens	France Bed Co.,Ltd. Tsubasa Co., Ltd.
Real estate lease business	Real estate lease	France Bed Co.,Ltd. Tokyo Bed Co.,Ltd. France Bed Furniture Co.,Ltd
Other	Procurement and retailing of bed furnishings, daily sundries, health appliances and the like, advertisement and exhibition equipment	France Bed Sales Co.,Ltd. FB Tomonokai Co.,Ltd. AD Center Co., Ltd.

(Note)
FB Tomonokai Co., Ltd. is a subsidiary of the subsidiary, France Bed Sales Co., Ltd, and is engaged in recruitment of members who engage in purchase of products marketed by France Bed Sales Co., Ltd. products through prepaidpurchase agreements and in promotion of sales toward the members.

[Operating Structure]
Schematic summary of the businesses is as shown below.



1.Please note that Francebed Medical Service Co., Ltd. has ceased to exist as a result of the merger with Francebed Co., Ltd. on April 1, 2009.
2.The Group acquired the stock of Tsubasa Co., Ltd. on December 15, 2009, but excluded this company from the scope of consolidation.
3.The Group sold all the shares of Francebed Korea Co., Ltd. on January 29, 2010, and excluded the company from the scope of consolidation.

3.Management Policies

(1) Basic Management Policies of the Company

The Group holds as its Corporate principles, "to become a human company contributing to the achievement of lifewith full and compassion through creation and innovation" and will endeavor to provide high value added new products and services that will provide satisfaction to our consumers.
Through the efficient utilization of the management resources of each of the Group Companies, enhance the overall strength of the group and enhance the corporate value.

(2) Issues facing the Company

The Group conducted a merger of its two core companies, Francebed Co., Ltd. and Francebed Medical Service Co., Ltd., to amalgamate their management systems and structures. This has enabled the rapid, efficient formulation of management strategies and performance of operations, allowing the Group to concentrate its management resources on growth and increase its profitability. The Group will implement various other initiatives as soon as possible to achieve even more synergy effects through the merger. Specifically, the Group will implement the following initiatives in its main fields of business.

(Furniture interior healthy business)
In the home furnishing and health business, the Group will continue to aim for the recovery of profitability as its primary objective. As a part of the measures toward this, on April 1, 2010 the Home Furnishing and Health Business Division of Francebed Co., Ltd. switched from a branch system, under which functions for sales operations were organized on a regional basis, to a division system, which also includes production and distribution functions. With this switch to a division system, the company will achieve systematic production, sales, and inventory control, clarify responsibilities, and reduce the time taken from development to sales by having the entire process from production to sales completed within the Division, thereby establishing a system for adapting to changes in the market. In terms of cost-cutting measures, the company will select events and projects in pursuit of cost-effectiveness and review its delivery system in response to the switch to a division system.

(Acute and long-term care business)
In the nursing care and welfare equipment business, efficient, strategic operations will continue to be required because it is the growth field of the Group. The Medical Service Division of Francebed Co., Ltd. plans to increase its revenues by strengthening sales through the development of personnel transferred from the Home Furnishing and Health Business Division, increasing the number of sales offices in major cities, and marketing new products, as well as further promoting the electric nursing care beds that comply with the new JIS standards. In addition to expanding profits by increasing revenues, the Medical Service Division will reduce inventories of nursing care and welfare equipment and review the distribution system to increase profits through cost reductions as well. In the Hokkaido area, the Home Furnishing Sales Office, Medical Equipment Sales Office, and Hokkaido Sales Division that owns the Hokkaido Factory were established as organizations under the Medical Service Division. This organizational structure, intended to integrate the home furnishing and health business and the nursing care and welfare equipment business, is positioned as an important strategy for determining the future direction of the Group.

(3) Other Important Matters Related to Management

Not applicable.

Consolidated Financial Statements

(1) Consolidated balance sheets

(In millions of yen)

	Fiscal year ended Mar. 2009 (As of Mar.31, 2009)	Fiscal year ended Mar. 2010 (As of Mar.31, 2010)
ASSET		
Current assets		
Cash and deposits	7,983	9,280
Notes and accounts receivable, trade	10,103	9,156
Marketable securities	2,499	2,999
Merchandise and finished goods	7,673	6,733
Work in process	173	148
Raw materials and supplies	1,847	1,793
Deferred income tax assets	853	1,018
Other	1,186	1,599
Allowance for doubtful accounts	Δ53	Δ59
Total current assets	32,266	32,669
Fixed assets		
Tangible fixed assets		
Assets for rent	3,645	4,680
Accumulated depreciation	Δ2,116	Δ2,946
Assets for rent, net	1,528	1,734
Buildings and structures	15,423	14,991
Accumulated depreciation	Δ10,349	Δ10,044
Buildings and structures, net	5,073	4,947
Machinery and transport equipment	6,998	6,897
Accumulated depreciation	Δ6,080	Δ6,052
Equipment and vehicles, net	917	845
Tools, furniture and fixtures	1,938	1,973
Accumulated depreciation	Δ1,589	Δ1,595
Tools, furniture and fixtures, net	349	377
Land	6,523	6,454
Lease assets	1,418	2,938
Accumulated depreciation	Δ253	Δ980
Lease assets, net	1,164	1,957
Construction in progress	43	62
Total tangible assets	15,600	16,379
Intangible fixed assets		
Lease assets	–	3
Software	339	237
Other	132	661
Total intangible fixed assets	472	902
Investments and other assets		
Investment securities	1,346	1,479
Long term loans receivable	47	21
Deferred income tax assets	2,461	2,001
Prepaid pension expense	5,590	5,286
Other	2,356	1,023
Allowance for doubtful accounts	Δ179	Δ176
Total investments and other assets	11,623	9,636
Total fixed assets	27,696	26,918
Deferred assets		
Bond issue expenses	21	14
Total deferred assets	21	14
Total Assets	59,984	59,602

(In millions of yen)

	Fiscal year ended Mar. 2009 (As of Mar.31, 2009)	Fiscal year ended Mar. 2010 (As of Mar.31, 2010)
LIABILITIES		
Current liabilities		
Notes payable-trade and accounts payable	4,996	5,202
Factoring of accrued liability	1,262	1,169
Short-term loans payable	5,283	5,275
Long-term loans payable within one year	–	225
Current portion of bonds	–	775
Lease obligations	526	1,050
Income taxes payable	353	114
Accrued consumption tax	58	46
Deferred tax liability	0	0
Reserve for bonuses	1,159	1,048
Reserve for director’s bonuses	12	1
Reserve for part exchange loss	102	–
Reserve for loss on restructuring	128	14
Other	2,641	2,249
Total current liabilities	16,526	17,173
Fixed Liabilities		
Bonds	1,550	775
Long-term loans payable	450	225
Lease obligations	849	1,136
Deferred tax liability	0	0
Reserve for retirement benefits	2,250	2,212
Reserve for directors retirement bonuses	403	438
Reserve for contingent loss	7	8
Other	204	180
Total fixed liabilities	5,717	4,977
Total liabilities	22,243	22,150
NET ASSETS		
Shareholders' equity		
Capital stock	3,000	3,000
Capital surplus	5,116	5,116
Retained earnings	32,823	32,516
Treasury stock	Δ3,150	Δ3,151
Total shareholders' equity	37,789	37,481
Valuation and translation adjustments		
Valuation gain and loss on other securities	Δ112	Δ3
Deferred gains or losses on hedges	Δ0	6
Foreign currency translation adjustment	63	Δ32
Total valuation and translation adjustments	Δ48	Δ29
Total net assets	37,740	37,451
Total liabilities and shareholders' equity	59,984	59,602

(2) Consolidated Statements of Income

(In millions of yen)

	Fiscal year ended March 2009 (Apr. 1, 2008 ~ Mar. 31, 2009)	Fiscal year ended March 2010 (Apr. 1, 2009 ~ Mar. 31, 2010)
Net sales	54,179	49,792
Cost of sales	30,683	27,772
Gross income	23,495	22,019
Selling, general and administrative expense	23,421	21,299
Operating income	74	720
Other income		
Interest income	39	12
Dividend income	39	37
Foreign exchange gains	25	29
Purchase discount	34	–
Life Insurance dividend income	–	–
Other	100	164
Total other income	239	243
Other expenses		
Interest expense	112	132
Sales discounts	53	42
Commission paid	–	44
Exchange loss	147	–
Other	110	100
Total other expenses	424	319
Ordinary income or Ordinary loss	Δ110	644
Extraordinary Income		
Gains on Prior Year Adjustment	49	8
Gains form Sale of Fixed Assets	130	242
Reversal of reserve for loss on Component replacement	–	100
Compensation payments received	111	–
Total extraordinary income	291	351
Extraordinary Losses		
Loss from Prior Year Adjustment	19	17
Losses from Sale of Fixed Assets	1	0
Loss from Removal of Fixed Assets	51	59
Loss on impairment of fixed assets	205	53
Loss on valuation of investment securities	314	–
Loss on sales of stocks of affiliates	–	14
Early extra retirement payments	–	221
Loss on valuation of inventories	31	–
Loss on restructuring	220	–
Provision of reserve for contingent loss	7	–
Other	12	–
Total extraordinary losses	864	367
Pretax profit（loss） of the current term	Δ683	629
Income taxes - current	761	98
Income taxes - deferred	169	267
Total income before income taxes	931	365
Net Income or Net loss	Δ1,615	263

(3) Consolidated Statement of Changes in Net Assets

(In millions of yen)

	Fiscal year ended March 2009 (Apr. 1, 2008 ~ Mar. 31, 2009)	Fiscal year ended March 2010 (Apr. 1, 2009 ~ Mar. 31, 2010)
Shareholders' equity		
Common stock		
Balance at end of previous fiscal year	3,000	3,000
Changes of items during the period		
Total	–	–
Balance at end of current fiscal year	3,000	3,000
Capital surplus		
Balance at end of previous fiscal year	5,117	5,116
Changes of items during the period		
Disposal of treasury stock	Δ0	–
Total	Δ0	–
Balance at end of current fiscal year	5,116	5,116
Retained earnings		
Balance at end of previous fiscal year	35,585	32,823
Changes of items during the period		
Cash dividends paid	Δ1,147	Δ569
Net income (loss)	Δ1,615	263
Total	Δ2,762	Δ306
Balance at end of current fiscal year	32,823	32,516
Treasury stock at cost		
Balance at end of previous fiscal year	Δ2,952	Δ3,150
Changes of items during the period		
Treasury stock purchased	Δ199	Δ1
Disposal of treasury stock	1	–
Total	Δ198	Δ1
Balance at end of current fiscal year	Δ3,150	Δ3,151
Shareholders' equity total		
Balance at end of previous fiscal year	40,751	37,789
Changes of items during the period		
Cash dividends paid	Δ1,147	Δ569
Net income (loss)	Δ1,615	263
Treasury stock purchased	Δ199	Δ1
Disposal of treasury stock	0	–
Total	Δ2,961	Δ307
Balance at end of current fiscal year	37,789	37,481

(In millions of yen)

	Fiscal year ended March 2009 (Apr. 1, 2008 ~ Mar. 31, 2009)	Fiscal year ended March 2010 (Apr. 1, 2009 ~ Mar. 31, 2010)
Valuation and translation differences		
Valuation differences and other marketable securities		
Balance at end of previous fiscal year	95	∆112
Changes of items during the period		
Net changes of items other than shareholders' equity	∆207	109
Total	∆207	109
Balance at end of current fiscal year	∆112	∆3
Deferred gains on hedges		
Balance at end of previous fiscal year	15	∆0
Changes of items during the period		
Net changes of items other than shareholders' equity	∆15	6
Total	∆15	6
Balance at end of current fiscal year	∆0	6
Foreign currency translation adjustments		
Balance at end of previous fiscal year	15	63
Changes of items during the period		
Net changes of items other than shareholders' equity	48	∆96
Total	48	∆96
Balance at end of current fiscal year	63	∆32
Valuation and translation differences Total		
Balance at end of previous fiscal year	126	∆48
Changes of items during the period		
Net changes of items other than shareholders' equity	∆174	18
Total	∆174	18
Balance at end of current fiscal year	∆48	∆29
Net assets Total		
Balance at end of previous fiscal year	40,877	37,740
Changes of items during the period		
Cash dividends paid	∆1,147	∆569
Net income (loss)	∆1,615	263
Treasury stock purchased	∆199	∆1
Disposal of treasury stock	0	–
Net changes of items other than shareholders' equity	∆174	18
Total	∆3,136	∆288
Balance at end of current fiscal year	37,740	37,451

(4) Consolidated Statement of Cash Flow

(In millions of yen)

	Fiscal year ended March 2009 (Apr. 1, 2008 ~ Mar. 31, 2009)	Fiscal year ended March 2010 (Apr. 1, 2009 ~ Mar. 31, 2010)
Cash flows from operating activities		
Pretax profit (loss) of the current term	Δ683	629
Depreciation	2,054	2,650
Impairment loss	205	53
Loss (gain) on sale of fixed assets	Δ128	Δ242
Loss on retirement of fixed assets	50	57
Loss (gain) on valuation of investment securities	314	–
Increase (decrease) in allowance for doubtful accounts	3	3
Increase (decrease) in reserve for bonuses	Δ119	Δ110
Increase (decrease) in reserve for director’s bonuses	Δ23	Δ10
Increase (decrease) in reserve for part exchange loss	Δ41	Δ102
Increase (decrease) in reserve for retirement benefits	Δ299	Δ38
Increase (decrease) in reserve for prepaid pension expense	229	303
Increase (decrease) in reserve for directors retirement bonuses	Δ62	35
Interest income and dividend income	Δ79	Δ49
Interest expense	112	132
Exchange loss	103	–
Decrease (increase) in account receivables	1,666	947
Decrease (increase) in inventories	626	1,025
Decrease (increase) in procurement obligations	Δ1,692	199
Decrease (increase) in accrued factoring liabilities	Δ42	Δ92
Increase (decrease) in accrued expenses	69	Δ168
Other	217	Δ258
Sub-Total	2,482	4,965
Interest and dividends received	79	50
Interest paid	Δ106	Δ133
Corporate taxes paid	Δ646	Δ691
Cash flows from operating activities	1,808	4,191
Cash flows from investing activities		
Investments in time deposits	Δ54	Δ21
Decrease in term deposits	48	312
Expenditures for acquisition of tangible fixed assets	Δ2,790	Δ3,536
Proceeds form sale of tangible fixed assets	158	388
Expenditures for acquisition of investment securities	Δ274	Δ0
Expenditure for loans	Δ8	Δ76
Proceeds from recovery of loans	12	14
Purchase of intangible fixed assets	–	Δ543
Other	Δ182	Δ10
Cash flows from investing activities	Δ3,092	Δ3,473
Cash flows from financing activities		
Proceeds from Increase in short term borrowings	112	–
Expenditure for repayment of short term borrowings	Δ100	Δ11
Proceeds from long-term loans payable	450	–
Expenditure for repayment of long term borrowings	Δ48	–
Proceeds from issuance of bonds	1,528	–
Proceeds from the sale of treasury shares	0	–
Expenditure for acquisition of treasury shares	Δ199	Δ1
Proceeds from sale-and-Leaseback	1,431	1,490
Repayment of obligation under capital leases	Δ231	Δ742
Payment of dividends	Δ1,146	Δ570
Other	Δ0	Δ0
Cash flows from financing activities	1,797	164
Effect of exchange rate changes on cash and cash equivalents	Δ15	5
Net (decrease) increase in cash and cash equivalents	497	888
Cash and cash equivalents at beginning of period	9,645	10,142
Cash and cash equivalents at end of period	10,142	11,030

Items related to the business as a going concern
No applicable items.

Significant Matters in Preparation of Consolidated Financial Statements

Fiscal year ended March 2009 (Commenced Apr. 1,2008 and ended Mar.31, 2009)	Fiscal year ended March 2010 (Commenced Apr. 1,2009 and ended Mar.31, 2010)
1. Matters Relating to Scope of Consolidation All subsidiaries are included in the scope of consolidation (1) Number of consolidated Subsidiaries: 9 Names of consolidated subsidiaries France Bed Co., Ltd., France Bed Furniture Co., Ltd., France Bed SalesCo., Ltd., FB Tomonokai Co., Ltd., Tokyo Bed Co.,Ltd. France bed International (Thailand) Co., Ltd. AD Center Co., Ltd.	1. Matters Relating to Scope of Consolidation (1) Number of consolidated Subsidiaries: 7 Names of consolidated subsidiaries France Bed Co., Ltd., France Bed Furniture Co., Ltd., France Bed SalesCo., Ltd., FB Tomonokai Co., Ltd., Tokyo Bed Co.,Ltd. France bed International (Thailand) Co., Ltd. AD Center Co., Ltd. Francebed Medical Service Co., Ltd., which was a consolidated subsidiary in the previous fiscal year, was excluded from the scope of consolidation because it was absorbed into another consolidated subsidiary, Francebed Co., Ltd., as of April 1, 2009. Francebed Korea Co., Ltd., which was a consolidated subsidiary in the previous fiscal year, was also excluded from the scope of consolidation because the Group sold all the shares it held in the company.
(2) ――――――――	(2) Number of Non-consolidated Subsidiary Number of Non-consolidated Subsidiary TSUBASA Co., Ltd. Reason for exclusion from the scope of consolidation The non-consolidated subsidiaries have been excluded from the scope of consolidation because they are small in size and none of their total assets, sales, net income and loss (amount comparable to equity) or retained earnings (amount comparable to equity) has any material impact on the consolidated financial statements.
2. Matters relating to the application of the equity method None issued.	2. Matters relating to the application of the equity method Names of Non-Consolidated Subsidiaries not Accounted for by the Equity Method Reasons for not Accounting for the Companies by the Equity Method The non-consolidated subsidiaries are not accounted for by the equity method because their exclusion has only a minor impact on the consolidated financial statements in terms of net income and loss (amount comparable to equity) and retained earnings (amount comparable to equity), and they are considered immaterial from an overall perspective.
3. Matters relating to the fiscal year of the consolidated subsidiaries. The final day of the business year for all consolidated subsidiaries corresponds to the consolidated account settlement date.	3. Matters relating to the fiscal year of the consolidated subsidiaries. Same as the left

Fiscal year ended March 2009 (Commenced Apr. 1,2008 and ended Mar.31, 2009)	Fiscal year ended March 2010 (Commenced Apr. 1,2009 and ended Mar.31, 2010)
4. Matters relating to the accounting standards (1) Valuation basis and method for significant assets (i) Marketable Securities Other marketable securities With market value: Stated at market value as of the consolidated balance sheet date（with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. The cost of securities sold is determined based on the moving-average.) Without market value: Stated at cost determined by the moving-average method (ii)Inventory a. Merchandise, product, and work-in-progress First-in, first-out inventory valuation method: a book value, write-down method based on decreased profitability used for the balance sheet value b. Materials and stored goods Stated at cost using most recent purchase method Last-in, first-out inventory valuation method: a book value, write-down method based on decreased profitability used for the balance sheet value (Changes in Accounting Policy) Previously the Company used the first-in, first-out inventory valuation method for merchandise, products and works-in-progress possessed for ordinary sales transactions and last-in, first-out inventory valuation method for materials and stored goods. Starting from FY2008, we have applied the first-in, first-out inventory valuation method (a book value, write-down method based on decreased profitability used for the balance sheet value) for merchandise, products and works-in-progress, and the last-in, first-out inventory valuation method (a book value, write-down method based on decreased profitability used for the balance sheet value) for materials and stored goods, in accordance with the Accounting Standard for Measurement of Inventories (ASB Standard No. 9, issued July 5, 2006). As a result, gross income and operating income decreased by 68 million yen, ordinary loss increased by 68 million yen and net loss before income tax and minority interests increased by 100 million yen. The impact of the changes on the segment information is stated in the relevant items. (2) Method of depreciation of significant depreciable assets (i)Tangible Fixed Assets(lease asset is excluded) The declining balance method is applied. Useful lives are as follows: Assets for Lease 3~10 years Buildings & structure 3~50 years Equipment and Vehicles 3~13 years Tools, Furniture &Fixtures 2~20 years For small-ticket assets for lease whose acquisition price is less than 200,000yen, they are depreciated in one lot equally over 3 years.	4. Matters relating to the accounting standards (1) Valuation basis and method for significant assets (i) Marketable Securities Other marketable securities With market value: Same as the left Without market value: Same as the left (ii)Inventory a. Merchandise, product, and work-in-progress Same as the left b. Materials and stored goods Same as the left (2) Method of depreciation of significant depreciable assets (i)Tangible Fixed Assets(lease asset is excluded) The declining balance method is applied. Useful lives are as follows: Assets for Lease 3~10 years Buildings & structure 3~55 years Equipment and Vehicles 4~13 years Tools, Furniture &Fixtures 2~20 years For small-ticket assets for lease whose acquisition price is less than 200,000yen, they are depreciated in one lot equally over 3 years.

Fiscal year ended March 2009 (Commenced Apr. 1,2008 and ended Mar.31, 2009)	Fiscal year ended March 2010 (Commenced Apr. 1,2009 and ended Mar.31, 2010)
(Additional Information) Previously, the Company noted the useful lives of equipment for domestic consolidated subsidiaries as 3-15 years. Starting from FY2008, we have changed this to 2-13 years as a result of our review of useful lives following the tax system revisions in FY2008. The impact of the change on profit and loss is immaterial.	
(ii)Intangible Fixed Assets(lease asset is excluded) Straight-line method is applied. Software for internal office use is depreciated using straight line method over their useful lives (5 years).	(ii)Intangible Fixed Assets(lease asset is excluded) Same as the left
(iii) Lease asset Depreciation is based on the straight-line method over the lease term of the leased assets, assuming no residual value. Of non-ownership transfer financial lease transactions, those with inception on or before March 31, 2008, are treated by the same method as ordinary lease transactions.	(iii) Lease asset Same as the left
(iv)Long term prepaid expenses Equal amortization is applied.	(iv)Long term prepaid expenses Same as the left
(3) Accounting for significant reserves	(3) Accounting for significant reserves
(i) Allowance for doubtful accounts Domestic consolidated subsidiaries To provide for losses arising from bad loans,allowance for doubtful receivables is provided at an amount of possible losses from uncollectible receivables based on the actual historical rate of losses from bad debt for ordinary receivables,and on estimated recoverability for specific doubtful receivables. Certain consolidated foreign subsidiaries record an estimated amount for losses from bad debts.	(i) Allowance for doubtful accounts Domestic consolidated subsidiaries To provide for losses arising from bad loans,allowance for doubtful receivables is provided at an amount of possible losses from uncollectible receivables based on the actual historical rate of losses from bad debt for ordinary receivables,and on estimated recoverability for specific doubtful receivables.
(ii) Reserve for bonuses Companies submitting consolidated financial statements and domestic consolidated subsidiaries recorded the expected amount for the fiscal year under review needed to provide for the payment of bonuses to their employees.	(ii) Reserve for bonuses Same as the left
(iii) Reserve for director’s bonuses Companies submitting consolidated financial statements and domestic consolidated subsidiaries recorded the expected amount for the fiscal year under review needed to provide for the payment of bonuses to their directors and officers.	(iii) Reserve for director’s bonuses Domestic consolidated subsidiaries recorded the expected amount for the fiscal year under review needed to provide for the payment of bonuses to their directors and officers. .
(iv) Reserve for retirement benefits In preparation for the payments of retirement benefits to employees, domestic consolidated subsidiaries recorded the amount deemed to have been incurred at the end of the consolidated fiscal year under review, based on the estimated retirement benefits liabilities and pension assets at the end of the current fiscal year. The actuarial differences are expensed using a straight-line method over a period equaling less than the employees average remaining service years at the time of its occurrence (principally 10 years) commencing the succeeding consolidated fiscal year	(iv) Reserve for retirement benefits Same as the left

Fiscal year ended March 2009 (Commenced Apr. 1,2008 and ended Mar.31, 2009)	Fiscal year ended March 2010 (Commenced Apr. 1,2009 and ended Mar.31, 2010)
	(Changes in Accounting Policy) From the fiscal year under review, the Group applied the “Partial Amendment to Accounting Standards for Retirement Benefits (Part 3)” (ASBJ Standards No. 19 announced on July 31, 2008). This had no effect on the income and loss and unappropriated balance of differences in retirement benefits payable.
(v) Reserve for directors' retirement bonuses Companies submitting consolidated financial statements, domestic consolidated subsidiaries recorded the expected amount of payment which shall be required as of the end of the fiscal year under review, based on an internal regulation to provide for the payment of retirement allowances to their directors and officers.	(v) Reserve for directors' retirement bonuses Same as the left
(vi) Reserve for parts replacement loss To provide against replacement costs incurred for defective parts, estimated expenses for future replacement volume as of FY2008 is recorded.	(vi) Reserve for parts replacement loss Same as the left
(vii) Reserve for loss on business restructuring To provide against loss related to the Group’s business restructuring which has been decided in FY2008, estimated loss that is reasonably expected to occur at the end of FY2008 is recorded.	(vii) Reserve for loss on business restructuring To provide against loss related to the Group’s business restructuring which has been decided in FY2008, estimated loss that is reasonably expected to occur at the end of FY2008 is recorded.
(viii) Contingent reserve To provide against contingencies that may occur in the future, estimated loss is reasonably calculated and recorded for that deemed necessary.	(viii) Contingent reserve Same as the left
(4) Foreign currency-denominated assets and liabilities For the translation of important assets or liabilities denominated in foreign currencies into yen, monetary credits and liabilities denominated in basic foreign currencies are translated using the spot exchange rate on the closing date, and exchange gains and losses are treated as profits and losses. The assets and liabilities of the consolidated foreign subsidiaries are translated into yen using the spot exchange rate on the closing date. Revenues and costs and expenses are translated using an average exchange rate for a fiscal year. Exchange gains and losses are recorded by including them in the exchange translation adjustment account of net assets.	(4) Foreign currency-denominated assets and liabilities Same as the left
(5) Hedge Accounting (i) Method of Hedge Accounting Deferred hedge accounting is applied. Foreign-currency denominated claims and obligations with forward foreign exchange contracts are accounted for under deferral hedge accounting.	(5) Hedge Accounting (i) Method of Hedge Accounting Same as the left
(ii) Hedging tools and hedge targets a.Hedging tools Derivative transactions (currency options and forward foreign exchange contracts) b.Hedge targets Foreign-currency denominated claims and obligations subject to foreign exchange volatility risk (including foreign currency denominated planned transactions).	(ii) Hedging tools and hedge targets a.Hedging tools Same as the left b.Hedge targets Same as the left

Fiscal year ended March 2009 (Commenced Apr. 1,2008 and ended Mar.31, 2009)	Fiscal year ended March 2010 (Commenced Apr. 1,2009 and ended Mar.31, 2010)
(iii) Hedging policy Derivative transactions are entered into for the purpose of hedging the foreign exchange fluctuation risks associated with the imports of raw materials and merchandise. In undertaking derivative transactions, transactions are managed so as to maintain a steady hedging ratio with the planned transaction amount as the maximum limit.	(iii) Hedging policy Same as the left
(iv) Method of evaluating hedge effectiveness a.Test in advance Verifies that it is consistent with "Market Risk Management Rules" and"Risk Management Outlines" b.Test after the fact Examination is made whether the market and cash flow fluctuation were avoided vis a vis foreign exchange volatility risk in foreign currency denominated transactions.	(iv) Method of evaluating hedge effectiveness a.Test in advance Same as the left b.Test after the fact Same as the left
(6) Treatment of deferred assets Depreciation of bond issue expenses is based on the straight-line method over the bond redemption period.	(6) Treatment of deferred assets Same as the left
(7) Other matters in preparation of consolidated financial statements (i) Accounting for the consumption tax Consumption tax and municipal consumption tax are accounted for using the tax exclusion method. Non-deductible consumption tax relating to fixed assets are treated as periodic expense to be borne during the consolidated fiscal year under review.	(7) Other matters in preparation of consolidated financial statements (i) Accounting for the consumption tax Same as the left
5. Matters relating to the valuation of assets and liabilities of consolidated subsidiaries Assets and liabilities of consolidated subsidiaries are stated at fair market value.	5. Matters relating to the valuation of assets and liabilities of consolidated subsidiaries Same as the left
6. Scope of cash in the consolidated statement of cash flow This is comprised of cash on hand, deposits that can be readily withdrawn, short term investments that are readily convertible into cash and with minimal amount of price fluctuation risk whose maturity is within 3 months from the day of acquisition.	6. Scope of cash in the consolidated statement of cash flow Same as the left

Changes in significant Matters in Preparation of Consolidated Financial Statements

Fiscal year ended March 2009 (Commenced Apr. 1,2008 and ended Mar.31, 2009)	Fiscal year ended March 2010 (Commenced Apr. 1,2009 and ended Mar.31, 2010)
(Accounting standards for lease transactions) Previously, the Company used the same method as ordinary lease transactions for non-ownership transfer financial lease transactions. Starting from FY2008, these are treated as ordinary purchase and sale transactions, in accordance with the Accounting Standard for Lease Transactions (ASB Standard No. 13, [First Committee of Business Accounting Council on June 17, 1993], revised March 30, 2007) and Guidance on Accounting Standard for Lease Transactions (ASB Guidance no. 16 (January 18, 1994 [Accounting System Committee at the Japanese Institute of Certified Public Accountants], revised March 30, 2007). Non-ownership transfer financial lease transactions with inception on or before March 31, 2008 are treated by the same method as ordinary lease transactions. The impact of the change on profit and loss is immaterial. (Tentative Treatment for Unification of Accounting Policies of Foreign Subsidiaries in Preparing the Consolidated Financial Statements) The Company has adopted the Tentative Treatment for Unification of Accounting Policies of Foreign Subsidiaries in Preparing the Consolidated Financial Statements (PITF No. 18, May 17, 2006) starting from FY2008. There is no impact from the change on profit and loss.	(Changes in Accounting Methods Pertaining to Income and Loss from Prior Year Adjustments) The Group had traditionally posted estimation errors, such as the differences that arise between the bonus allowance registered in the previous year and the actual bonus amount paid in the current year, as gains or losses from prior year adjustments under the category of extraordinary items. From the fiscal year under review, however, the Group switched to a method whereby such errors are accounted for through calculations of ordinary gains and losses. The Group made the switch based on its view that adopting the new accounting method for the estimation errors would enhance the clarity of financial statements and make them easier to compare with those of other companies. The Group formed this view as a result of reviews it performed on various accounting methods on the occasion of the merger of its important consolidated subsidiaries, Francebed Co., Ltd. and Francebed Medical Service Co., Ltd., on April 1, 2009. The switch caused the consolidated gross margin, consolidated operating income, and consolidated ordinary income for the fiscal year under review to increase by 26 million yen, 160 million yen, and 162 million yen, respectively, from the figures calculated using the previous method. However, the accounting change produced no effect on net income before income taxes and minority interests. The effects of the change on segment information are stated in the corresponding sections of this document.

(Changes in Presentation)

Fiscal year ended March 2009 (Commenced Apr. 1,2008 and ended Mar.31, 2009)	Fiscal year ended March 2010 (Commenced Apr. 1,2009 and ended Mar.31, 2010)
(Consolidated statement of Balance sheet) Pursuant to the “Partial Amendment of Regulations for Terminology, Forms and Preparation Methods of Financial Statements” (Cabinet Office Ordinance No. 50, August 7, 2008), the items classified as “Inventory assets” in the previous fiscal year have been subdivided into “merchandise and products,” “works-in-progress” and “material and stored goods” from FY2008. “Merchandise and products,” “works-in-progress” and “material and stored goods” included in “Inventory assets” in the previous fiscal year stood at 8,228 million yen, 232 million yen and 1,898 million yen, respectively.	―――

Fiscal year ended March 2009 (Commenced Apr. 1,2008 and ended Mar.31, 2009)	Fiscal year ended March 2010 (Commenced Apr. 1,2009 and ended Mar.31, 2010)
(Consolidated statement of income) Since “Gain on the disposition of reserve for members,” which was separately recorded in the previous fiscal year, fell below 10% of non-operating income, it has been included in “Other non-operating income” from FY2008 (12 million yen for FY2008). Since “Commission expenses,” which was separately recorded in the previous fiscal year, fell below 10% of non-operating expenses, it has been included in “Other non-operating expenses” from FY2008 (38 million yen for FY2008). Since “purchase discount” and “life insurance bonus,” which was included in “Other non-operating income” in the previous fiscal year, exceeded 10% of non-operating income, it has been separately recorded from FY2008. “Purchase discount” and “life insurance bonus” included in “Other non-operating income” in the previous fiscal year stood at 31 million yen and 30 million yen, respectively. (Consolidated Statement of Cash Flow) Cash flows from operating activities, which were classified as “Changes in reserve for retirement benefits and prepaid pension expenses” in the previous fiscal year, have been separately recorded as “Changes in reserve for retirement benefits (Å¢ indicates a decrease)” and “Changes in reserve for prepaid pension expenses (Å¢ indicates increase)” from FY2008, to improve the comparability of consolidated financial statements with the XBRL introduction to EDINET. “Changes in reserve for retirement benefits (Å¢ indicates a decrease)” and “Changes in reserve for prepaid pension expenses (Å¢ indicates an increase)” in the previous fiscal year stood at Å¢481 million yen and Å¢364 million yen, respectively. Since the cash flows from operating activities, which have been classified as “Change in accrued consumption tax,” (Å¢4 million yen for FY2008) have decreased in importance they have been included in “Other” under “Cash flows from operating activities” from FY2008.	(Consolidated statement of income) “Purchase discount” (16 million yen in the fiscal year under review) and “Life insurance bonus” (14 million yen in the fiscal year under review) were shown separately up to and including the previous fiscal year, but are included in “Others” under “Non-operating income” in the fiscal year under review because their amounts are each 10% or less of the total amount of “Non-operating income.” “Commission paid” was included in “Others” under “Non-operating expenses” up to and including the previous fiscal year, but is shown separately in the fiscal year under review because its amount has exceeded 10% of the total amount of “Non-operating expenses.” The amount of “Commission paid” that was included in “Others” under “Non-operating expenses” in the previous fiscal year was 38 million yen. (Consolidated Statement of Cash Flow) “Exchange gain or loss (△ means gain)” (△34 million yen in the fiscal year under review) under “Net cash provided by operating activities” was shown separately up to and including the previous fiscal year, but is included in “Others” under “Net cash provided by operating activities” in the fiscal year under review because the importance of its amount has decreased. “Payments for acquisition of intangible fixed assets” was included in “Others” under “Net cash used for investing activities” up to and including the previous fiscal year, but is shown separately in the fiscal year under review because the importance of its amount has increased. The amount of “Payments for acquisition of intangible fixed assets that was included in “Others” under “Net cash used for investing activities” in the previous fiscal year was 189 million yen.

Notes

(Relating to the Consolidated Balance Sheet)

Fiscal year ended March 31. 2009	Fiscal year ended March 31. 2010
1. ——— 2. Assets Pledged as Collateral Investment Securities ¥53 million Obligations to the above Account Payable ¥ - million 3. Contingent Liabilities The Group provides guarantees for financial institution borrowings by employees. ¥66 million 4. The consolidated financial statement submitting company, for flexible and stable financing and increase in fund efficiency, as a measure to reduce the interest bearing debt to strengthen the financial position, has entered into a syndicated commitment line agreement with 8 relationship banks. The undrawn portion of the commitment line as of the end of the consolidated fiscal year under review is as follows. Gross Loan Commitment Amount ¥4,700 million Amount Drawn Down -- million Net ¥4,700 million (Financial covenants) The commitment line agreements listed above are subjected to the following financial covenants, conflicting with Clause I for FY2008. No borrowing is performed, as stated above, but additional expense may be incurred. 1. The operating loss at the end of the current fiscal year in the consolidated statement of income will not be recorded as a loss. 2. The consolidated return on equity at the end of the current fiscal year will be maintained at or above 70% of the consolidated return on equity at the end of the previous fiscal year.	1. The thing for the non-consolidated subsidiary is as follows. Investment Securities (stocks) ¥ 0 million 2. Assets Pledged as Collateral Investment Securities ¥65 million Obligations to the above Account Payable ¥ - million 3. Contingent Liabilities The Group provides guarantees for the loan such as the following companies. Tsubasa Co., Ltd. ¥198 million Employees ¥47 million 4. The consolidated financial statement submitting company, for flexible and stable financing and increase in fund efficiency, as a measure to reduce the interest bearing debt to strengthen the financial position, has entered into a syndicated commitment line agreement with 7 relationship banks. The undrawn portion of the commitment line as of the end of the consolidated fiscal year under review is as follows. Gross Loan Commitment Amount ¥4,450 million Amount Drawn Down -- million Net ¥4,450 million (Financial covenants) The Commitment Line Agreement mentioned above includes the following financial covenants. 1.Ordinary income/loss shall not be a "loss" in the profit and loss statements at the end of a fiscal year or at the end of the first six months of a fiscal year. 2.Consolidated equity capital at the end of a fiscal year and at the end of the first six months of a fiscal year shall be maintained at 70% of the consolidated equity capital at the end of the previous fiscal year and at the end of the first six months of the previous fiscal year.

(Relating to the Consolidated Statement of Income)

Fiscal year ended March 2009 (Commenced Apr. 1,2008 and ended Mar.31, 2009)	Fiscal year ended March 2010 (Commenced Apr. 1,2009 and ended Mar.31, 2010)
1. Ending inventory is the amount after book value write-down based on decreased profitability, and the following loss of write-down of inventory assets is included in the cost of sales. ¥179 million	1. Ending inventory is the amount after book value write-down based on decreased profitability, and the following loss of write-down of inventory assets is included in the cost of sales. ¥166 million
2. Summary breakdown of selling, general and administrative expenses Transport and storage fees ¥2,473 million Provisions to allowance for doubtful accounts ¥36 million Employees salary and bonuses ¥9,804 million Provision to reserve for bonuses ¥932 million Accrued directors' retirement benefits ¥12 million Retirement benefits expense ¥664 million Provision to reserve for directors' retirement bonuses ¥64 million	2. Summary breakdown of selling, general and administrative expenses Transport and storage fees ¥2,227 million Provisions to allowance for doubtful accounts ¥60 million Employees salary and bonuses ¥9,055 million Provision to reserve for bonuses ¥836 million Accrued directors' retirement benefits ¥1 million Retirement benefits expense ¥838 million Provision to reserve for directors' retirement bonuses ¥55 million
3. Research and development expense included in the selling, general and administrative expenses and the cost of manufacturing for the term under review In selling, general and administrative ¥28 million In cost of manufacturing for the term under review ¥185 million Total ¥213 million	3. Research and development expense included in the selling, general and administrative expenses and the cost of manufacturing for the term under review In selling, general and administrative ¥28 million In cost of manufacturing for the term under review ¥173 million Total ¥202 million
4. Details of gains from prior period adjustment Reversals of allowance for doubtful accounts Prior years' excessive provisions for reserve for bonuses ¥31 million Other ¥18 million Total ¥49 million	4. ―
5. Details of gains from sale of fixed assets Machinery, equipment and vehicles ¥0 million Tools, furniture and furnishings ¥0 million Land ¥129 million Total ¥130 million	5. Details of gains from sale of fixed assets Buildings and structures ¥0 million Machinery, equipment and vehicles ¥0 million Tools, furniture and furnishings ¥0 million Land ¥241 million Total ¥242 million
6. Details of the loss from sale of fixed assets Machinery, equipment and vehicles ¥0 million Tools, furniture and furnishings ¥1 million Total ¥1 million	6. Details of the loss from sale of fixed assets Machinery, equipment and vehicles ¥0 million Tools, furniture and furnishings ¥0 million Total ¥0 million
7. Details of losses from removal of fixed assets Buildings and structures ¥27 million Machinery, equipment and vehicles ¥14 million Tools, furniture and furnishings ¥9 million Total ¥51 million	7. Details of losses from removal of fixed assets Assets for rent ¥6 million Buildings and structures ¥47 million Machinery, equipment and vehicles ¥3 million Tools, furniture and furnishings ¥2 million Total ¥59 million
8. The loss on business restructuring of 220 million yen includes the provision of the reserve for loss on business restructuring of 128 million yen.	8. ―

<table>
<tr><th>Fiscal year ended March 2009
(Commenced Apr. 1,2008 and ended Mar.31, 2009)</th><th>Fiscal year ended March 2010
(Commenced Apr. 1,2009 and ended Mar.31, 2010)</th></tr>
<tr><td>
9. Impairment losses
The following group of assets records impairment loss for FY2009 on a consolidated basis.
(In millions of yen)
<table>
<tr><th>Location</th><th>Facility</th><th>Type</th><th>Amount</th></tr>
<tr><td>Oota-shi Gunma</td><td>Idle assets</td><td>Buildings & Structures
Machinery & Automotive equipment
Equipment & Fixtures</td><td>192</td></tr>
<tr><td>Wakaba-ku Chiba</td><td>Idle assets</td><td>Land</td><td>5</td></tr>
<tr><td>Hirakata-shi Osaka</td><td>Lease assets</td><td>Land</td><td>8</td></tr>
<tr><td colspan="3">Total</td><td>205</td></tr>
</table>
The Group classifies assets into groups based on business segment, with the exception of rent and idle assets, which are treated separately as independent assets of bear cash flow.
As seen from the above, the impairment loss recorded in FY2008 is related to rent and idle assets.
Since idle assets are in an idle state and not expected for future use, and rent assets are deemed difficult to recover investments due to decreased profitability, carrying amounts of both assets are reduced to their recoverable amounts, with the amount of the reduction recognized in extraordinary loss as impairment loss (205 million yen).
Buildings & Structures 143million yen
Machinery, equipment and vehicles 47million yen
Tools, furniture and furnishings 1million yen
Land million yen
The recoverable amount of real estate is calculated by discounting future cash flows and valuated based on the assessed value of fixed assets.
The recoverable amount of that other than real estate is calculated by value in use.
</td><td>
9. Impairment losses
The following group of assets records impairment loss for FY2010 on a consolidated basis.
(In millions of yen)
<table>
<tr><th>Location</th><th>Facility</th><th>Type</th><th>Amount</th></tr>
<tr><td>Koufu-shi Yamanashi</td><td>Idle assets</td><td>Land</td><td>53</td></tr>
<tr><td colspan="3">Total</td><td>53</td></tr>
</table>
The Group classifies assets into groups based on business segment, with the exception of rent and idle assets, which are treated separately as independent assets of bear cash flow.
As stated above, impairment loss recorded in the fiscal year under review is a loss concerning idle assets.
Idle assets are unutilized and are not expected to be used in the future, so their book value was reduced to a recoverable value and the amount of reduction is recorded as “Impairment loss” (53 million yen) under “Extraordinary loss.”
The recoverable value was measured based on the net sale value and evaluated based on the assessed value of fixed assets.
</td></tr>
</table>

(Consolidated Statement of Changes in Net Assets)

Fiscal year ended March 2009 (Apr.1, 2008 - Mar.31, 2009)

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

	Number of shares as of fiscal year ended March 2006	Increase of shares during fiscal year ending March 2007	Decrease of shares during fiscal year ending March 2007	Number of shares as of fiscal year ended March 2007
Shares issued				
Common shares	239,487	—	—	239,487
Total	239,487	—	—	239,487
Treasury stock				
Common shares (note)	10,041	1,529	4	11,566
Total	10,041	1,529	4	11,566

(Note)

1. The increase in the amount of treasury stock of 1,529,000 shares reflects the acquisition of 1,519,000 shares resolved by the Board of Directors and 10,000 shares demanded to redeem odd-lot shares.
2. The decrease in the number of treasury common shares of 4,000 shares reflects requests for the purchase of additional shares, the number of which is less than one stock trade unit.

2.Dividends

(1) Amounts paid

Date confirmed	Type of stock	Total dividends paid	Dividends per share	Dividend record date	Effective date
June 20, 2008 Shareholders' meeting	Common shares	¥573 million	¥2.50	March 31, 2008	June 23, 2008
November 7, 2008 Board of directors' meeting	Common shares	¥573 million	¥2.50	September 30, 2008	December 5, 2008

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

Date confirmed	Type of stock	Total dividends paid	Source of dividends	Dividends per share	Dividend record date	Effective date
June 25, 2009 Shareholders' meeting	Common shares	¥284 million	Accumulated income	¥1.25	March 31, 2009	June 26, 2009

Fiscal year ended March 2010 (Apr.1, 2009 - Mar.31, 2010)

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

	Number of shares as of fiscal year ended March 2009	Increase of shares during fiscal year ending March 2010	Decrease of shares during fiscal year ending March 2010	Number of shares as of fiscal year ended March 2010
Shares issued				
Common shares	239,487	—	—	239,487
Total	239,487	—	—	239,487
Treasury stock				
Common shares (note)	11,566	8	—	11,574
Total	11,566	8	—	11,574

(Note)

1. The increase in the number of treasury stocks of 8,000 shares reflects requests for the purchase of shares, the number of which is less than one stock trade unit.

2.Dividends

(1) Amounts paid

Date confirmed	Type of stock	Total dividends paid	Dividends per share	Dividend record date	Effective date
June 25, 2009 Shareholders' meeting	Common shares	¥ 284 million	¥ 1.25	March 31, 2009	June 26, 2009
November 6, 2009 Board of directors' meeting	Common shares	¥ 284 million	¥ 1.25	September 30, 2009	December 4, 2009

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

Date confirmed	Type of stock	Total dividends paid	Source of dividends	Dividends per share	Dividend record date	Effective date
June 25, 2010 Shareholders' meeting	Common shares	¥ 284 million	Accumulated income	¥ 1.25	March 31, 2010	June 28, 2010

(Relating to the consolidated cash flows)

Fiscal year ended March 2009 (Commenced Apr. 1,2008 and ended Mar.31, 2009)	Fiscal year ended March 2010 (Commenced Apr. 1,2009 and ended Mar.31, 2010)
1. Relationship between the ending balance of cash and cash equivalents and the amounts recorded in the accounts in the consolidated balance sheet Cash and deposits ¥7,983 million Marketable securities ¥2,499 million Total ¥10,482 million Time deposits whose maturities exceed 3 months ¥ (-)340 million Cash and cash equivalents ¥10,142million	1. Relationship between the ending balance of cash and cash equivalents and the amounts recorded in the accounts in the consolidated balance sheet Cash and deposits ¥9,280 million Marketable securities ¥2,999 million Total ¥12,279 million Time deposits whose maturities exceed 3 months ¥ (-)1,249 million Cash and cash equivalents ¥11,030million

(Segment Information)

a. Segment Information by Business

Fiscal year ended Mar. 2009 (Commenced Apr 1, 2008 and ended Mar 31, 2009)

(In millions of yen)

Classification	Furniture interior healthy	Acute and Long Term Care	Real estate lease	Other	Total	Elimination of Corporate Wide	Consolidated
1. Sales and Operation Income and Expenses Sales							
(1) Sales to External Customers	26,083	22,977	146	4,971	54,179	--	54,179
(2) Internal Sales among Segments or Transfers	760	27	258	664	1,711	(1,711)	--
Total	26,843	23,005	405	5,635	55,890	(1,711)	54,179
Operating Expenses	28,115	21,757	153	5,898	55,924	(1,819)	54,105
Operating Income (loss)	∆1,271	1,247	252	∆262	∆34	108	74
2. Assets, Depreciation, impairment loss and Capital Expenditures							
Assets	33,509	19,336	2,202	3,648	58,696	1,287	59,984
Depreciation	371	1,581	75	28	2,056	(2)	2,054
Impairment loss	192	5	8	--	205	--	205
Capital Expenditures	262	2,737	10	12	3,022	0	3,022

(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) Furniture interior healthy ---------- 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 of business segment name
   The home furnishing business has been changed to the home furnishing and health business from FY2008.
   The change is only made to the name and has no impact on the segment information.
4. Of operating expenses, unclassifiable operating expenses (873 million yen) included in eliminations or corporate Items are primarily related to the general affairs department and administrative divisions of the Company submitting a consolidated financial statement.
5. Of assets, corporate assets (10,936 million yen) included in eliminations or corporate items are assets related to surplus investable funds (cash and deposits) and the general affairs department and administrative divisions of the Company submitting a consolidated financial statement.
6. Change of accounting policies
   Accounting standards for valuation of inventory assets
   As stated in 4(1)(iii) of “Important Matters that Become the Basis for Creating the Consolidated Financial Statements,” the “Accounting Standard for Inventory Measurement” (ASBJ Standard No. 9 announced on July 5, 2006) is applied from the fiscal year under review.

This change caused the operating expenses and operating loss for the home furnishing and health business to increase by 4 million yen each, the operating expenses for the nursing care and welfare equipment business to increase by 64 million yen, and the operating income for the same business to decline by 64 million yen, compared with the figures calculated using the previous method.

Fiscal year ended Mar. 2010 (Commenced Apr 1, 2009 and ended Mar 31, 2010)

(In millions of yen)

Classification	Furniture interior healthy	Acute and Long Term Care	Real estate lease	Other	Total	Elimination of Corporate Wide	Consolidated
1. Sales and Operation Income and Expenses Sales							
(1) Sales to External Customers	21,704	23,894	139	4,053	49,792	--	49,792
(2) Internal Sales among Segments or Transfers	624	19	30	466	1,140	(1,140)	--
Total	22,328	23,914	169	4,519	50,932	(1,140)	49,792
Operating Expenses	23,485	22,055	48	4,732	50,322	(1,251)	49,071
Operating Income (loss)	Δ1,156	1,858	121	Δ212	610	110	720
2. Assets, Depreciation, impairment loss and Capital Expenditures							
Assets	31,080	22,431	996	3,076	57,584	2,018	59,602
Depreciation	380	2,240	8	17	2,647	3	2,650
Impairment loss	–	53	–	--	53	--	53
Capital Expenditures	380	3,766	1	4	4,152	6	4,159

(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) Furniture interior healthy ---------- 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. Of operating expenses, unclassifiable operating expenses (615 million yen) included in eliminations or corporate Items are primarily related to the general affairs department and administrative divisions of the Company submitting a consolidated financial statement.
4. Of assets, corporate assets (11,993 million yen) included in eliminations or corporate items are assets related to surplus investable funds (cash and deposits) and the general affairs department and administrative divisions of the Company submitting a consolidated financial statement.
5. Change of accounting policies
   (Changes in Accounting Methods Pertaining to Income and Loss from Prior Year Adjustments)
   The Group had posted estimation errors, such as the differences that arise between the bonus allowance registered in the previous year and the actual bonus amount paid in the current year, as gains or losses from prior year adjustments under the category of extraordinary items. As stated in “Important Matters That Become the Basis for Creating the Consolidated Financial Statements,” however, from the fiscal year under review the Group switched to a method in which the abovementioned errors are accounted for through the calculation of ordinary gains and losses.
   This change caused the operating loss for the home furnishing and health business to decrease by 79 million yen, the operating income for the nursing care and welfare equipment business to increase by 61 million yen, the operating loss for other business to decline by 14 million yen, and the elimination or corporate operating income to rise by 4 million yen, compared with the figures calculated using the previous method.

b. Segments by Location

(1) Fiscal year ended Mar. 2009 (Commenced April 1, 2008 and ended March 31, 2009)
Sales in Japan accounted for more than 90% of total sales of all segments. Consequently, a breakdown of sales by region is omitted.

(2) Fiscal year ended Mar. 2010 (Commenced April 1, 2009 and ended March 31, 2010)
Sales in Japan accounted for more than 90% of total sales of all segments. Consequently, a breakdown of sales by region is omitted.

c. Overseas Sales

(1) Fiscal year ended Mar. 2009 (Commenced April 1, 2008 and ended March 31, 2009)
As the Overseas Sales comprise less than 10% of the Consolidated Sales, the item has been omitted.

(2) Fiscal year ended Mar. 2010 (Commenced April 1, 2009 and ended March 31, 2010)
As the Overseas Sales comprise less than 10% of the Consolidated Sales, the item has been omitted.

(Leases)

Fiscal year ended March 2009
(Commenced Apr. 1,2008 and ended Mar.31, 2009)

1. Transferred to the lessee
Non-ownership transfer financial lease transactions
(Lessee)
1. Details of leased assets : Tangible fixed assets
These are primarily rental assets (assets for lease) in the nursing-care welfare equipment business.
2. Depreciation method for leased assets
Significant Matters in Preparation of Consolidated Financial Statements : This is as described in “4. Matters relating to the accounting standards (2) Method of depreciation of significant depreciable assets.”
Of non-ownership transfer financial lease transactions, those with inception on or before March 31, 2008 are treated by the same method as ordinary lease transactions and the details are shown below.

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

	Purchase cost	Accumulated depreciation	balance at end of period
Assets for Lease	1,175	789	385
Equipment and Vehicles	18	14	3
Tools, Furniture and Fixtures	297	173	123
Software	234	139	95
Total	1,725	1,115	609

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

Within one year	¥394 million
More than one year	¥250 million
Total	¥645 million

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

Lease payments	¥677 million
Depreciation expenses	¥637 million
Interest expenses	¥26 million

(4) Method of calculating depreciation expenses
Depreciation expenses is calculated by the straight-line method over the lease term of the lease asset assuming no residual value.
(5) Method of calculating interest expense
Interest expense calculated by the interest method, whereby the difference between total lease payment and purchase cost is distributed in equal installments over the term of the lease.
(Lessor)
Omitted mention

2. Operating lease transaction
(Lessee)
Outstanding lease amounts

Within one year	¥4 million
More than one year	¥5 million
Total	¥9 million

(Impairment losses)
No asset impairment loss is allocated to assets for lease.

Fiscal year ended March 2010
(Commenced Apr. 1,2009 and ended Mar.31, 2010)

1. Transferred to the lessee
Non-ownership transfer financial lease transactions
(Lessee)
1. Details of leased assets : Tangible fixed assets
Same as the left

2. Depreciation method for leased assets
Same as the left

Same as the left

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

	Purchase cost	Accumulated depreciation	balance at end of period
Assets for Lease	665	553	112
Equipment and Vehicles	4	4	0
Tools, Furniture and Fixtures	184	123	61
Software	173	125	47
Total	1,027	806	221

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

Within one year	¥199 million
More than one year	¥62 million
Total	¥262 million

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

Lease payments	¥431 million
Depreciation expenses	¥400 million
Interest expenses	¥14 million

(4) Method of calculating depreciation expenses
Same as the left

(5) Method of calculating interest expense
Same as the left

(Lessor)
Same as the left

2. Operating lease transaction
(Lessee)
Omitted mention

(Impairment losses)
Same as the left

(Relating toTax Effect Accounting)

Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
1. Breakdown of factors giving rise to deferred tax assets and deferred tax liabilities. (Deferred tax assets) Reserve for bonuses ¥472 million Reserve for retirement benefits ¥1,779 million Reserve for directors retirement bonuses ¥165 million Loss on impairment of fixed assets ¥318 million Amount of loss carried forward ¥1,518 million Valuation loss on inventories ¥194 million Other ¥612 million Subtotal deferred assets ¥5,061 million Valuation allowances Δ¥1,329 million Total ¥3,731 million (Deferred tax liabilities) Reserve for advanced depreciation of fixed assets Δ¥416 million Unrealized gains or losses on other marketable securities Δ¥1 million Other Δ¥0 million Total deferred liabilities Δ¥417 million Net deferred tax assets ¥3,313 million (Note) The net deferred tax asset is included in the following items in the consolidated balance sheet Current Assets - Deferred Tax Assets ¥853 million Fixed Assets - Deferred Tax Assets ¥2,461 million Current Liability - Deferred Tax Liability Δ¥0 million Fixed Liability - Deferred Tax Liability Δ¥0 million	1. Breakdown of factors giving rise to deferred tax assets and deferred tax liabilities. (Deferred tax assets) Reserve for bonuses ¥428 million Reserve for retirement benefits ¥1,798 million Reserve for directors retirement bonuses ¥179 million Loss on impairment of fixed assets ¥340 million Amount of loss carried forward ¥1,514 million Valuation loss on inventories ¥231 million Other ¥593 million Subtotal deferred assets ¥5,086 million Valuation allowances Δ¥1,685 million Total ¥3,400 million (Deferred tax liabilities) Reserve for advanced depreciation of fixed assets Δ¥347 million Unrealized gains or losses on other marketable securities Δ¥24 million Other Δ¥9 million Total deferred liabilities Δ¥381 million Net deferred tax assets ¥3,019 million (Note) The net deferred tax asset is included in the following items in the consolidated balance sheet Current Assets - Deferred Tax Assets ¥1,018 million Fixed Assets - Deferred Tax Assets ¥2,001 million Current Liability - Deferred Tax Liability Δ¥0 million Fixed Liability - Deferred Tax Liability Δ¥0 million
2. Breakdown of principal factors giving rise to differences between statutory effective tax rate and the corporate tax rate after application of tax effect accounting. Statutory effective tax rate 40.6% (Adjustments) Amounts such as dividends not included in income 4.1% Amounts such as entertainment expense not deductible as expense Δ8.2% Equal installments of residents tax Δ16.2% Valuation allowance Δ140.2% Influence for Inter-company elimination Δ18.7% Other 2.4% Corporate tax rate after application of tax effect accounting Δ136.2%	2. Breakdown of principal factors giving rise to differences between statutory effective tax rate and the corporate tax rate after application of tax effect accounting. Statutory effective tax rate 40.6% (Adjustments) Amounts such as dividends not included in income Δ3.8% Amounts such as entertainment expense not deductible as expense 8.4% Equal installments of residents tax 16.8% Valuation allowance 10.5% Influence for Inter-company elimination Δ15.9% Other 1.5% Corporate tax rate after application of tax effect accounting 58.1%

(Per Share Information)

Fiscal year ended Mar. 2009 (Commenced Apr. 1,2008 and ended Mar.31, 2009)	Fiscal year ended Mar. 2010 (Commenced Apr. 1,2009 and ended Mar.31, 2010)
Net Assets per Share ¥165.58 Earnings per share ¥7.05 Fully diluted earnings per share are net loss per share and not recorded for the period because no latent shares exist.	Net Assets per Share ¥164.32 Earnings per share ¥1.15 As there are no latent shares existing, presentation of fully diluted earnings per share has been omitted.

(Note) The basis for calculation of Net income（Net loss） per Share is as follows.

	Fiscal year ended Mar. 2009 (Commenced Apr. 1,2008 and ended Mar.31, 2009)	Fiscal year ended Mar. 2010 (Commenced Apr. 1,2009 and ended Mar.31, 2010)
Net Income(loss) (¥ million)	Δ1,615	263
Amount not attributable to Common Stock(¥ million)	–	–
Net Income(loss) attributable to Common Stock(¥ million)	Δ1,615	263
Average Number of Outstanding Common Shares during the Period (thousand shares)	228,869	227,915

(Material Subsequent Events)

Fiscal year ended March 2009 (Commenced Apr. 1,2008 and ended Mar.31, 2009)	Fiscal year ended March 2010 (Commenced Apr. 1,2009 and ended Mar.31, 2010)
Matters concerning the business combination of subsidiaries not completed by the consolidated closing date despite the principal terms have been agreed on At a meeting held on April 25, 2008, the Company's Board of Directors resolved that the Company's consolidated subsidiary France Bed Co., Ltd. would merge with consolidated subsidiary France Bed Medical Service Co., Ltd., and on the same date France Bed Co., Ltd. and France Bed Medical Service Co., Ltd. signed a merger agreement. 1. Purpose of the merger Within the Group, France Bed Co., Ltd. is the main operating company in the home furnishing business and is principally involved in the manufacture and wholesale of beds for home use, while France Bed Medical Service Co., Ltd. is the core company in the nursing-care welfare equipment business and is primarily involved in the business of renting beds for nursing care applications and other welfare equipment. Both companies have hitherto sought to unify Group business operations with the aim of improving management efficiency and integrity and bolstering corporate position, while at the same time maintaining their own independence. To enable the Group to develop further moving forward, we have now decided to merge the two companies, given that it is necessary for the Group to: (1) focus its management resources on the nursing-care welfare equipment business field, which shows potential for future growth,and to seek their effective utilization in this field; (2) simplify its management structure for speedy decision-making; and (3) establish an efficient business execution structure.	

Fiscal year ended March 2009 (Commenced Apr. 1,2008 and ended Mar.31, 2009)	Fiscal year ended March 2010 (Commenced Apr. 1,2009 and ended Mar.31, 2010)
In the nursing-care welfare equipment business, this merger will unify our manufacturing capabilities, enabling us to push ahead with the market-linked development of products that score high on customer satisfaction and to provide products and services that rank among the best in the industry. Also, in the Furniture interior healthy business we will aim to restore earnings capacity by reviewing staff assignments, establishing efficient production and marketing structures, focusing on product development compatible with Japan's aged society, and expanding exports and other overseas business 2. Date of merger April 1, 2009 3. Method of merger Absorption type merger in which France Bed Co., Ltd. is the surviving company and France Bed Medical Service Co., Ltd. is the dissolving company. 4. Share allocation for the merger There will be no issue of new shares or cash payment for the merger, as France Bed Co., Ltd. and France Bed Medical Service Co., Ltd. are both wholly-owned subsidiaries of the Company. 5. Paid-in capital following the merger will be 5,604 million yen. 6. Takeover of assets On the date of the merger, France Bed Co., Ltd. will take over all the assets, liabilities and rights and obligations of France Bed Medical Service Co., Ltd. 7. Overview of the companies that are party to the merger	

1) Trade name	France Bed Co., Ltd. (continue)	France Bed Medical Service Co., Ltd. (disappear)
2) Business Activitiy	manufacture, procurement and sale of beds, furniture and beddings	manufacture, procurement, sales and rental of medical treatment beds, care products, hospital bed linens
3) Date of Incorporation	June 5, 1946	April 25, 1963
4) Address	1148-5 nakagami-cho Akishima-shi Tokyo	1-25-1 Hyakunin-cho Shinjuku-ku Tokyo
5) Representative	Shigeru Ikeda	Kotaro Hoshikawa
6) Common stock	5,604 million yen	108 million yen
7) Shares Issue	91,580,000 shares	360,000 shares
8) Sales	29,528 million yen	20,427 million yen
9) Net Income / Loss	Δ1,711 million yen	545 million yen
10) Net Assets	27,935 million yen	9,444 million yen
11) Total Assets	34,817 million yen	18,440 million yen
12) Settlement period	March 31	March 31
13) Number of employees	840	653

(March. 31, 2009)

Omitted disclosure

Securities, derivatives transactions, retirement benefits, stock options, business combinations and other information related to concerned parties are omitted due to low materiality in the financial results.

5.Unconsolidated Financial Statements

(1) Balance Sheet

(In millions of yen)

	Fiscal year ended Mar. 2009 (As of Mar.31, 2009)	Fiscal year ended Mar. 2010 (As of Mar.31, 2010)
ASSET		
Current assets		
Cash and deposits	6,628	8,230
Marketable securities	2,499	2,999
Prepaid expenses	42	40
Deferred income tax assets	17	44
Short term loans to affiliates	4,400	4,400
Other	217	430
Total current assets	13,805	16,144
Fixed assets		
Tangible fixed assets		
Buildings	9	9
Accumulated depreciation	Δ4	Δ5
Buildings, net	5	4
Vehicles and transport equipment	8	8
Accumulated depreciation	Δ6	Δ7
Vehicles and transport equipment, net	1	0
Tools, furniture and fixtures	1	2
Accumulated depreciation	Δ1	Δ0
Tools, furniture and fixtures, net	0	1
Total tangible fixed assets	7	6
Intangible fixed assets		
Software	3	8
Total intangible fixed assets	3	8
Investments and other assets		
Shares of affiliates	43,161	43,161
Bankruptcy reclamation, etc	306	−
Long-term prepaid expenses	0	−
Deferred income tax assets	221	138
Long-term deposit	1,200	−
Other	127	115
Allowance for doubtful accounts	Δ306	−
Total investments and other assets	44,709	43,415
Total Fixed Assets	44,721	43,430
Deferred assets		
Bond issue expenses	21	14
Total deferred assets	21	14
Total Assets	58,547	59,589

(In millions of yen)

	Fiscal year ended Mar. 2009 (As of Mar.31, 2009)	Fiscal year ended Mar. 2010 (As of Mar.31, 2010)
LIABILITIES		
Current liabilities		
Short term borrowings	5,275	5,275
Long-term loans payable within one year	–	225
Current portion of bonds	–	775
Accrued liabilities	86	8
Accrued expenses	64	44
Accrued corporate taxes	25	4
Accrued consumption tax	7	–
Advances received	0	0
Deposits from affiliates	9,237	9,812
Reserve for bonuses	23	11
Reserve for loss on liabilities for guarantee	10	–
Other	4	3
Total current liabilities	14,735	16,161
Fixed Liabilities		
Bonds	1,550	775
Long-term loans payable	450	225
Reserve for directors retirement bonuses	107	137
Total fixed liabilities	2,107	1,137
Total liabilities	16,842	17,298
NET ASSETS		
Shareholders' equity		
Capital stock	3,000	3,000
Capital surplus		
Capital reserve	750	750
Other capital surplus	38,891	38,891
Total capital surplus	39,641	39,641
Retained earnings		
Other retained earnings		
Surplus brought forward	2,213	2,801
Total retained earnings	2,213	2,801
Treasury stock	∆3,150	∆3,151
Total shareholders' equity	41,705	42,291
Valuation and translation adjustments		
Valuation gain and loss on other securities	0	∆0
Total valuation and translation adjustments	0	∆0
Total net assets	41,705	42,290
Total liabilities and shareholders' equity	58,547	59,589

(2) Statement of Income

(In millions of yen)

	Fiscal year ended March 2009 (Apr. 1, 2008 ~ Mar. 31, 2009)	Fiscal year ended March 2010 (Apr. 1, 2009 ~ Mar. 31, 2010)
Operating Revenues		
Dividend Income	1,257	1,236
Management Fees	826	658
Business Agency Fees	146	44
Total Operating Revenues	2,230	1,939
General Administrative Expenses	950	689
Operating Incomee	1,279	1,249
Non-Operating Income		
Interest Income	99	75
Securities interest	23	3
Commission Income	36	41
Othe	5	4
Total Non-Operating Expensesv	164	125
Non-Operating Expenses		
Interest expense	114	94
Interest on bonds	0	14
Amortization of bond issuance expenses	0	7
Commission paid	36	41
Other	1	6
Total non-operating expenses	153	164
Ordinary income	1,290	1,210
Extraordinary Income		
Gains on Prior Year Adjustment	3	8
Gain on sales of affiliates' stocks	–	0
Total extraordinary income	3	8
Extraordinary Losses		
Loss from Prior Year Adjustment	0	–
Loss from Removal of Fixed Assets	–	0
Provision of allowance for doubtful accounts of affiliates	306	–
Loss on valuation of stocks of affiliates	118	–
Provision of reserve for loss on liabilities for guarantee	10	–
Total extraordinary losses	436	0
Net Income before Taxes	857	1,218
Income taxes - current	75	5
Income taxes - deferred	△167	55
Total income taxe	△92	61
Net Income	949	1,157

(3) Statement of Changes in Net Assets

(In millions of yen)

	Fiscal year ended March 2009 (Apr. 1, 2008 ~ Mar. 31, 2009)	Fiscal year ended March 2010 (Apr. 1, 2009 ~ Mar. 31, 2010)
Shareholders' equity		
Capital stock		
Balance at end of previous fiscal year	3,000	3,000
Changes of items during the period		
Total	–	–
Balance at end of current fiscal year	3,000	3,000
Capital surplus		
Legal capital surplus		
Balance at end of previous fiscal year	750	750
Changes of items during the period		
Total	–	–
Balance at end of current fiscal year	750	750
Other capital surplus		
Balance at end of previous fiscal year	38,892	38,891
Changes of items during the period		
Disposal of treasury stock	∆0	–
Total	∆0	–
Balance at end of current fiscal year	38,891	38,891
Total capital surplus		
Balance at end of previous fiscal year	39,642	39,641
Changes of items during the period		
Disposal of treasury stock	∆0	–
Total	∆0	–
Balance at end of current fiscal year	39,641	39,641
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Balance at end of previous fiscal year	2,410	2,213
Changes of items during the period		
Dividends from surplus	∆1,147	∆569
Net income	949	1,157
Total	∆197	587
Balance at end of current fiscal year	2,213	2,801
Total retained earnings		
Balance at end of previous fiscal year	2,410	2,213
Changes of items during the period		
Dividends from surplus	∆1,147	∆569
Net income	949	1,157
Total	∆197	587
Balance at end of current fiscal year	2,213	2,801

(In millions of yen)

	Fiscal year ended March 2009 (Apr. 1, 2008 ~ Mar. 31, 2009)	Fiscal year ended March 2010 (Apr. 1, 2009 ~ Mar. 31, 2010)
Treasury stock at cost		
Balance at end of previous fiscal year	Δ2,952	Δ3,150
Changes of items during the period		
Purchase of treasury stock	Δ199	Δ1
Disposal of treasury stock	1	–
Total	Δ198	Δ1
Balance at end of current fiscal year	Δ3,150	Δ3,151
Shareholders' equity total		
Balance at end of previous fiscal year	42,101	41,705
Changes of items during the period		
Dividends from surplus	Δ1,147	Δ569
Net income	949	1,157
Purchase of treasury stock	Δ199	Δ1
Disposal of treasury stock	0	–
Total	Δ396	586
Balance at end of current fiscal year	41,705	42,291
Valuation and translation adjustments		
Valuation difference on available for sale securities		
Balance at end of previous fiscal year	0	0
Changes of items during the period		
Net changes of items other than owners' equity	0	Δ0
Total	0	Δ0
Balance at end of current fiscal year	0	Δ0
Valuation and translation adjustments Total		
Balance at end of previous fiscal year	0	0
Changes of items during the period		
Net changes of items other than owners' equity	0	Δ0
Total	0	Δ0
Balance at end of current fiscal year	0	Δ0
Net assets Total		
Balance at end of previous fiscal year	42,101	41,705
Changes of items during the period		
Dividends from surplus	Δ1,147	Δ569
Net income	949	1,157
Purchase of treasury stock	Δ199	Δ1
Disposal of treasury stock	0	–
Net changes of items other than owners' equity	0	Δ0
Total	Δ396	585
Balance at end of current fiscal year	41,705	42,290

Going concern assumption

None

6. Other

(1) Charge of Director

No changes.

The appointment of Mr. Tadashi Otsuka, who was appointed statutory auditor to fill a vacancy at the ordinary general meeting of shareholders held on June 25, 2009, will be valid to the close of the 7 ordinary general meeting of shareholders scheduled for June 25, 2010. Therefore, the appointment of a new statutory auditor to fill a vacancy is planned.

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

Kenji Iwasaki : Executive officer of Tokio Marine & Nichido Fire Insurance Co., Ltd.

(2) Other

No corresponding items.