FRANCEBED HOLDINGS

# Results for the Third Quarter of the Fiscal Year Ending March 31, 2010

(April 1 ,2009 ~ December 31, 2009)

February 5, 2010


Company name : **France Bed Holdings Co., Ltd.**
Listing Exchanges : Tokyo
Code number : 7840
URL : http://www.francebed-hd.co.jp
Representative : Shigeru Ikeda, President and Representative Director
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Scheduled date to file quarterly report : February 12, 2010
Scheduled date to begin dividend payments : —

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

## 1. Consolidated results for the third quarter of the fiscal year ending March 2010 (April 1,2009 ~ December 31, 2009)

(1)Consolidated Operating Results

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

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Third quarter ended Dec. 31, 2010 | 37,391 | Δ8.9 | 715 | 218.4 | 648 | — | 396 | — |
| Third quarter ended Dec. 31, 2009 | 41,083 | — | 224 | — | 47 | — | Δ528 | — |

| | Earnings per share | Earnings per share, diluted |
|---|---|---|
| | yen | yen |
| Third quarter ended Dec. 31, 2010 | 1.74 | — |
| Third quarter ended Dec. 31, 2009 | Δ2.30 | — |

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Shareholders' equity ratio | Shareholders' equity per share |
|---|---|---|---|---|
| | Million yen | Million yen | % | yen |
| Third quarter ended Dec. 31, 2010 | 60,542 | 37,549 | 62.0 | 164.75 |
| Fiscal year ended March 31, 2009 | 59,984 | 37,740 | 62.9 | 165.58 |

(Reference) Shareholder's equity : As of December 31, 2009 : ¥37,549million  As of March 31, 2009 : ¥37,740million

## 2. Dividends

| | Dividends per share | | | | |
|---|---|---|---|---|---|
| Base date | End of first quarter | End of second quarter | End of third quarter | End of fiscal year | Full fiscal year |
| | yen | yen | yen | yen | yen |
| Fiscal year ended March 31, 2009 | — | 2.50 | — | 1.25 | 3.75 |
| Fiscal year ended March 31, 2010 | — | 1.25 | — | | |
| Fiscal year ended March 31, 2010 (Outlook) | | | | 1.25 | 2.50 |

Note : Whether the dividend forecast under review has been revised : Yes

## 3.Forecasts of results for the Fiscal Year Ending March 2010 (April 1, 2009 ~ March 31, 2010)

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

| | Net Sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|---|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | yen |
| Full Year | 52,600 | Δ2.9 | 1,250 | — | 1,100 | — | 350 | — | 1.53 |

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

## 4.Others

(1) Changes in the state of material subsidiaries during the period
(Changes regarding specific companies accompanying changes in the scope of consolidation) : Yes
De novo -, Exclusion : 1 (France Bed Medical Service Co., Ltd.)
(Note) For details information, please refer to "4.Other " on page 5 in the section of "Commentary Information and Financial Statements. "

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

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

(4) Number of shares issued (common shares)
[1] Number of shares issued at the end of the period (including treasury stock)
Third quarter ended Dec. 31, 2009 : 239,487,500 shares Fiscal year ended March 31, 2009 : 239,487,500 shares
[2] Number of treasury stock at the end of the period
Third quarter ended Dec. 31, 2009 : 11,572,930 shares Fiscal year ended March 31, 2009 : 11,566,494 shares
[3] Average number of shares issued during the period (quarterly accumulation period)
Third quarter ended Dec. 31, 2009 : 227,916,738 shares Third quarter ended Dec. 31, 2008 : 229,185,997 shares

## ※ Request for appropriate use of the business outlook and other special remarks:

1. There is no change from the consolidated business forecasts previously announced on May 15, 2008.
These forecasts are based on information that was available as of the date of this announcement. Actual performance may differ from the forecasts due to a variety of factors.
2. For details of the revision of the dividend forecast in the period under review, please refer to the Notice of Revision of Dividend Forecast for Fiscal Year Ending March 31, 2010 released on February 5, 2010.

## Commentary Information and Financial Statements

### 1. Consolidated Management Performance

In the first nine-months of the current consolidated fiscal year (hereinafter, “the period under review”), the Japanese economy showed some signs of recovery as the economic stimulus package took effect. Nonetheless, conditions remained difficult, reflecting the impact of a stronger yen and deflation, in addition to a further worsening in the employment and income situations.

In this economic environment, to accentuate the effects of business integration following the merger of consolidated subsidiary Francebed, Co., Ltd., the Group focused its management resources on the nursing-care welfare equipment business and worked to expand sales and bolster its earning capabilities in this growth area, while moving forward with structural reform in the home furnishing and health business and seeking to cut costs by, for example, offering voluntary redundancies at Francebed Co., Ltd., in a bid to improve the Group’s overall earning capability.

As a result of the measures described above, the Group reported consolidated net sales of 37,391 million yen (down 8.9% from the first nine months of the previous year), consolidated operating income of 715 million yen (up 218.4% from the first nine months of the previous year), consolidated ordinary income of 648 million yen (compared with ordinary income of 47 million yen in the first nine months of the previous year), and consolidated net income of 396 million yen (compared with a net loss of 528 million yen in the first nine months of the previous year), reflecting special extra retirement payments for voluntary redundancies at consolidated subsidiary Francebed Co., Ltd. recorded under extraordinary losses.

**(Home furnishing and health business)**

In the home furnishing and health business, the Group focused on expanding sales of beds for home use, which are its main products in this segment. Via a campaign associated with the 60th anniversary of Francebed, the Group worked to promote sales by placing emphasis on the security, design and functionality of products such as the System Fald Series of electric reclining beds, which are increasingly in demand among the elderly, the new Lifit Series of fashionable personal sofabeds, and the Life Treatment Series of mattresses, which began selling well in the previous period. Furthermore, as a result of efforts to create new businesses capitalizing on the effects of business integration, the Group began renting furniture and selling furniture to condominium developers at branches throughout Japan.

To improve earnings, the Group continued its endeavors to move toward a more efficient operating structure by, for example, streamlining sales offices, closing unprofitable showrooms, offering voluntary redundancies and reassigning personnel to the nursing-care welfare equipment business.

However, business conditions grew even more challenging, as housing starts declined, consumers showed a higher propensity to save, and the rise of the yen continued to bring a flood of cheap imports onto the market.

As a result of the developments described above, sales for the home furnishing and health business were 16,422 million yen (down 18.0% from the first nine months of the previous year) and the Group recorded an operating loss for the home furnishing and health business of 768 million yen (compared with an operating loss of 754 million yen in the first nine months of the previous year).

**(Acute and long-term care business)**

In the nursing care and welfare equipment business, the Group continued to organize training sessions and product briefings for care managers at each sales office and agents about the special beds certified under the new JIS standards for reducing the risks of getting caught in handrails and other incidents, which the Group began selling in June 2009, and focused its efforts of expanding sales and rentals. Rental sales of equipment related to transportation, such as wheelchairs, handrails and slopes also remained strong.

In product sales, the Group put effort into expanding special bed transactions with agents and sales of emergency beds to local government. In the meantime, large transactions in the field of commodity sales to facilities and other corporate customers continued to decline under the impact of capital investment reviews that began in the second half of the third quarter of the previous year.

Large transactions in the field of housing repairs began to show signs of pulling out of the decline caused by expenditure controls that began in the second half of the third quarter of the previous year.

The Group has also continued with its efforts to enhance the quality of its services by improving the skills of its employees and expanding its sales and distribution network.

The Group continued to provide training programs initiated the previous year which enable sales staff to enhance their monitoring skills and allow employees to gain system review and welfare equipment planner qualifications.
In terms of its sales and distribution network, the Group has opened sales offices in Tokyo's Nerima Ward and Minato Ward (Roppongi), in Nagoya City, Aichi Prefecture, and in Nishinomiya, Hyogo Prefecture. It has also opened the Hanshin Service Center in Nishinomiya, Hyogo Prefecture and reconstructed its Chiba sales office and service center in Chiba City, Chiba Prefecture, and relocated its Yamato sales office and service center in Yamato City, Kanagawa Prefecture and its Gunma sales center and service center in Takasaki City, Gunma Prefecture.
In new business, the Group has started preparing to open a day service center on February 2010 for people requiring low-level care which will provide mainly programs like mobility exercises in Chofu City, Tokyo.
As a result of the initiatives described above, sales for the nursing care and welfare equipment business segment reached 17,685 million yen (up 3.8% from the first nine months of the previous year) and operating income for the segment totaled 1,412 million yen (up 66.2%).

**(Real estate lease businesses)**
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 104 million yen (down 6.1% from the first nine months of the previous year). Operating income for the business totaled 89 million yen (down 53.1% from the first nine months of the previous year), including gains on sales to internal segments.

**(Other businesses)**
Other businesses consist mainly of the door-to-door sales business and the sundries sales business. In the door-to-door sales business, faced with the sharp decline in sales resulting from tighter credit control by credit companies, the Group sought to improve earnings by, for example, streamlining business units and reducing labor costs.
In the sundries sales business, the Group continued to apply a scrap-and-build approach, speeding up the closure of unprofitable stores and improving profitability. However, both businesses were severely hit by the economic slowdown and conditions remained challenging.
As a result of the initiatives described above, sales of other businesses totaled 3,179 million yen (down 18.7% from the first nine months of the previous year) and the operating loss for the business was 106 million yen (compared with an operating loss of 151 million in the first nine months of the previous year).

## 2. Consolidated Financial Position

**(1) Status of balance sheet**
Total assets at the end of the first nine months of the current consolidated period increased 557 million yen from the end of the previous fiscal year, to 60,542 million yen. Current assets expanded 767 million yen from the end of the previous fiscal year, to 33,034 million yen. Major factors underlying these results were an increase of 1,174 million yen in cash and deposits and a rise of 499 million yen in securities, and a decline of 813 million yen in trade notes and accounts receivable. Fixed assets decreased by 203 million yen from the end of the previous fiscal year, to 27,492 million yen. Major contributors to the results 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).
Liabilities rose 748 million yen from the end of the previous fiscal year, to 22,992 million yen. Major factors underlying this result were an increase of 1,139 million yen in trade notes and accounts payable (including trade notes that matured on the last day of the period of 830 million yen) and expansion of 647 million yen in long-term and short-term lease liabilities, and a decrease of 280 million yen in income taxes payable and a decline of 923 million yen in the allowances such as the reserve for bonuses and the reserve for business restructuring losses.
Net assets sank 190 million yen from the end of the previous year, to 37,549 million yen. The major contributors to this result were net income of 396 million yen and dividends paid of 569 million yen.
As a result of the changes stated above, shareholders' equity ratio slipped from 62.9% to 62.0%.

**(2) Status of cash flow**

Cash flows for the first nine months of the current fiscal year produced an increase in cash and cash equivalents of 768 million yen from the end of the previous fiscal year, to 10,910 million yen. Details of individual cash flow items are as follows.

Net cash provided by operating activities came to 3,588 million yen (compared with 1,442 million yen in the first nine months of the previous fiscal year). Major contributors were net income before income taxes and minority interests of 495 million yen, depreciation cost of 1,932 million yen (which is a non-cash item), a decrease of accounts receivable of 813 million yen and fall in inventories of 466 million yen, offsetting outflows such as tax payments of 711 million yen.

Net cash used for investing activities totaled 2,823 million yen (compared with 2,459 million yen in the first nine months of the previous fiscal year). Major factors included a disbursement of 2,693 million yen to acquire tangible fixed assets and an outlay of 427 million yen to acquire intangible fixed assets, and the repayment of a time deposit of 312 million yen.

Net cash provided by financing activities was 1 million yen (compared with a net outflow of 398 million yen in the first nine months of the previous year). The main factors behind the inflow were the repayment of lease liabilities of 505 million yen, dividends paid of 568 million yen and gains on leasebacks of 1,087 million yen.

## 3.Outlook for Consolidated Operating Results

At the present time the consolidated business forecast remains unchanged from that announced on May 15, 2009.

The forecasts described above are based on information available to the Company at the time of publication, and actual results may differ from the forecasts for a variety of factors.

## 4. Others

(1) Francebed Medical Service Co., Ltd., a consolidated subsidiary in the previous fiscal year, was excluded from the scope of consolidation as a result of its absorption by Francebed Co., Ltd., another consolidated subsidiary, effective April 1, 2009.

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

1.Simplified accounting methods

[1] Calculation method for estimating amount of losses from general debt

The actual percentage of credit losses recorded at the end of the current quarter was not proved to be significantly different from the percentage estimated at the previous fiscal year end. Therefore, the estimated bad debt is computed based on the actual percentage of credit losses at the previous fiscal year end.

[2] Method for assessing the value of inventories

We eliminated the process of taking physical stock inventory at the end of the current quarter, and instead adopted a rational computation method which uses actual ending inventory of the second quarter as a base.

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

[3] Method for calculating income taxes and the deferred tax assets and liabilities

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

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

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

(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. Starting in the first quarter of the current consolidated fiscal year, however, the Group switched to a method in which 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 the statements 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 nine months of the current fiscal year to increase 26 million yen, 160 million yen, and 161 million yen, respectively, from the figures calculated using the previous method. The accounting change, however, 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.

## Consolidated Financial Statements

### (1) Consolidated balance sheets for the Third quarter ended December 31,2009

(In millions of yen)

| | Third quarter of FY2010 (As of December 31, 2009) | FY2009 (As of March 31,2009) |
|---|---|---|
| **ASSET** | | |
| **Current assets** | | |
| Cash and deposits | 9,157 | 7,983 |
| Notes and accounts receivable, trade | 9,290 | 10,103 |
| Short-term investment securities | 2,999 | 2,499 |
| Merchandise and Finished goods | 7,224 | 7,673 |
| Work in process | 156 | 173 |
| Raw materials and supplies | 1,854 | 1,847 |
| Other | 2,405 | 2,039 |
| Allowance for doubtful accounts | Δ54 | Δ53 |
| Total current assets | 33,034 | 32,266 |
| **Fixed assets** | | |
| Property, plant and equipment | | |
| Land | 6,512 | 6,523 |
| Other (net) | 9,968 | 9,077 |
| Total property, plant and equipment | 16,481 | 15,600 |
| Intangible fixed assets | 777 | 472 |
| Investments and other assets | 10,233 | 11,623 |
| Total fixed assets | 27,492 | 27,696 |
| Deferred assets | 16 | 21 |
| **Total assets** | 60,542 | 59,984 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Notes and accounts payable, trade | 6,136 | 4,996 |
| Factoring of accrued liability | 1,283 | 1,262 |
| Short-term borrowings | 5,275 | 5,283 |
| Current portion of long-term loans payable | 112 | – |
| Current portion of bonds | 387 | – |
| Accrued income taxes | 73 | 353 |
| Reserves | 543 | 1,402 |
| Other | 3,782 | 3,227 |
| Total current liabilities | 17,593 | 16,526 |
| **Noncurrent liabilities** | | |
| Bonds payable | 1,162 | 1,550 |
| Long-term loans payable | 337 | 450 |
| Provision for retirement benefits | 2,162 | 2,250 |
| Reserve for Other | 433 | 411 |
| Other | 1,301 | 1,055 |
| Total noncurrent liabilities | 5,398 | 5,717 |
| **Total liabilities** | 22,992 | 22,243 |
| **NET ASSETS** | | |
| **Shareholders' equity** | | |
| Capital stock | 3,000 | 3,000 |
| Capital surplus | 5,116 | 5,116 |
| Retained earnings | 32,650 | 32,823 |
| Treasury stock | Δ3,151 | Δ3,150 |
| Total shareholders' equity | 37,615 | 37,789 |
| **Valuation and translation adjustments** | | |
| Valuation gain and loss on other securities | Δ101 | Δ112 |
| Deferred gains or losses on hedges | Δ0 | Δ0 |
| Foreign currency translation adjustment | 36 | 63 |
| Total valuation and translation adjustments | Δ65 | Δ48 |
| **Total net assets** | 37,549 | 37,740 |
| **Total liabilities and net assets** | 60,542 | 59,984 |

## (2) Consolidated Statements of Income

(In millions of yen)

| | Third quarter of FY2009 (From Apr. 1, 2008 to Dec. 31, 2008) | Third quarter of FY2010 (From Apr. 1, 2009 to Dec. 31, 2009) |
|---|---|---|
| Net Sales | 41,083 | 37,391 |
| Cost of Sales | 23,024 | 20,633 |
| Gross profit | 18,058 | 16,758 |
| Selling, general and administrative expense | 17,833 | 16,042 |
| Operating income | 224 | 715 |
| Non-operating income | | |
| Interest income | 32 | 8 |
| Dividends Income | 23 | 21 |
| Foreign exchange gains | – | 38 |
| Other | 119 | 107 |
| Total non-operating income | 175 | 175 |
| Non-operating expenses | | |
| Interest expense | 83 | 99 |
| Foreign exchange losses | 143 | – |
| Other | 125 | 144 |
| Total non-operating expenses | 352 | 243 |
| Ordinary income | 47 | 648 |
| Extraordinary income | | |
| Gain on prior period adjustment | 47 | 0 |
| Gain on sales of fixed assets | 96 | 9 |
| Compensation income | 111 | – |
| Reversal of reserve for loss on Component replacement | – | 100 |
| Total extraordinary income | 256 | 110 |
| Extraordinary losses | | |
| Loss on prior period adjustment | 15 | 4 |
| Loss on sales of fixed assets | 1 | 0 |
| Loss on retirement of fixed assets | 31 | 50 |
| Loss on valuation of investment securities | 331 | – |
| Early extra retirement payments | – | 208 |
| Loss on valuation of inventories | 31 | – |
| Other | 10 | – |
| Total extraordinary losses | 423 | 263 |
| Income before income taxes | Δ119 | 495 |
| Income taxes-current | 426 | 110 |
| Income taxes-deferred | Δ17 | Δ12 |
| Total income taxes | 408 | 98 |
| Net Income | Δ528 | 396 |

## (3) Consolidated Statements of Cash Flows

(In millions of yen)

| | Third quarter of FY2009 (From Apr. 1, 2008 to Dec. 31, 2008) | Third quarter of FY2010 (From Apr. 1, 2009 to Dec. 31, 2009) |
|---|---|---|
| Cash flows from operating activities | | |
| Income before income taxes | Δ119 | 495 |
| Depreciation and amortization | 1,500 | 1,932 |
| Loss (gain) on sale of fixed assets | Δ94 | Δ9 |
| Loss on retirement of fixed assets | 29 | 48 |
| Loss (gain) on valuation of investment securities | 331 | – |
| Increase (decrease) in allowance for doubtful accounts | Δ13 | Δ5 |
| Increase (decrease) in reserve for bonuses | Δ677 | Δ631 |
| Increase (decrease) in reserve for retirement benefits | Δ247 | Δ87 |
| Decrease (increase) in prepaid pension costs | – | 223 |
| Increase (decrease) in reserve for directors' retirement benefits | Δ63 | 22 |
| Increase (decrease) in other reserves | Δ35 | Δ226 |
| Interest income and dividend income | Δ55 | Δ29 |
| Interest expense | 83 | 99 |
| Change in account receivables | 1,616 | 813 |
| Change in inventory | Δ464 | 466 |
| Change in procurement obligations | Δ319 | 1,132 |
| Change in accrued factoring liabilities | 145 | 20 |
| Increase (decrease) in accrued expenses | Δ29 | 48 |
| Other | 527 | 50 |
| Sub-Total | 2,113 | 4,363 |
| Interest and dividends received | 57 | 31 |
| Interest paid | Δ80 | Δ93 |
| Corporate taxes paid | Δ647 | Δ711 |
| Cash flows from operating activities | 1,442 | 3,588 |
| Cash flows from investing activities | | |
| Investments in time deposits | Δ39 | Δ18 |
| Decrease in term deposits | 36 | 312 |
| Expenditures for acquisition of tangible fixed assets | Δ2,198 | Δ2,693 |
| Proceeds form sale of tangible fixed assets | 121 | 22 |
| Expenditures for acquisition of investment securities | Δ274 | Δ0 |
| Expenditure for loans | Δ8 | Δ34 |
| Proceeds from recovery of loans | 9 | 12 |
| Purchase of intangible fixed assets | – | Δ427 |
| Other | Δ105 | 3 |
| Cash flows from investing activities | Δ2,459 | Δ2,823 |
| Cash flows from financing activities | | |
| Increase in short-term loans payable | 113 | – |
| Decrease in short-term loans payable | Δ100 | Δ11 |
| Repayment of long-term loans payable | Δ41 | – |
| Proceeds from sale and lease back | 1,088 | 1,087 |
| Repayments of lease obligations | Δ120 | Δ505 |
| Proceeds from sales of treasury stock | 0 | – |
| Purchase of treasury stock | Δ200 | Δ0 |
| Cash dividends paid | Δ1,139 | Δ568 |
| Other | Δ0 | Δ0 |
| Cash flows from financing activities | Δ398 | 1 |
| Effect of exchange rate changes on cash and cash equivalents | Δ11 | 1 |
| Net increase in cash and cash equivalents | Δ1,426 | 768 |
| Cash and cash equivalents at beginning of period | 9,645 | 10,142 |
| Cash and cash equivalents at end of period | 8,218 | 10,910 |

## (4) Notes concerning conditions of “going concern”
Not applicable

## (5) Segment information
[Business segments]

Third quarter of FY2009 (From April 1, 2008 to December 31, 2008)

(In millions of yen)

| | Home Furnishing and health | Acute and Long Term Care | Real estate lease | Other | Total | Elimination of Corporate Wide | Consolidated |
|---|---|---|---|---|---|---|---|
| Sales | | | | | | | |
| (1) Sales to External Customers | 20,028 | 17,029 | 111 | 3,913 | 41,083 | − | 41,083 |
| (2) Internal Sales among Segments or Transfers | 622 | 18 | 194 | 512 | 1,348 | (1,348) | − |
| Total | 20,651 | 17,048 | 306 | 4,425 | 42,431 | (1,348) | 41,083 |
| Operating Income / Loss | Δ754 | 849 | 191 | Δ151 | 135 | 89 | 224 |

Third quarter of FY2010 (From April 1, 2009 to December 31, 2009)

(In millions of yen)

| | Home Furnishing and health | Acute and Long Term Care | Real estate lease | Other | Total | Elimination of Corporate Wide | Consolidated |
|---|---|---|---|---|---|---|---|
| Sales | | | | | | | |
| (1) Sales to External Customers | 16,422 | 17,685 | 104 | 3,179 | 37,391 | − | 37,391 |
| (2) Internal Sales among Segments or Transfers | 493 | 16 | 21 | 365 | 897 | (897) | − |
| Total | 16,915 | 17,701 | 126 | 3,545 | 38,288 | (897) | 37,391 |
| Operating Income / Loss | Δ768 | 1,412 | 89 | Δ106 | 627 | 88 | 715 |

(Note)

1. Method of business classification
   Businesses are classified giving consideration to the similarity in the type and nature of products and the selling markets and selling mode.

2. Principal products and business in each segment.
   (1) Home Furnishing and Health --------- manufacture, procurement and sale of beds, furniture and beddings
   (2) Acute and Long Term Care ----------- manufacture, procurement, sales and rental of medical treatment beds, care products, hospital bed linens
   (3) Real Estate Lease -------------------- real estate lease
   (4) Other ------------------------------------ procurement and retailing of accessories, daily sundry goods, health equipment, advertisement and exhibition equipment.

3. Change in segment name
   Third quarter ended December 31, 2008
   From the first quarter of the fiscal year under review, we are changing the name of home furnishing business to home furnishing and health business. This change does not affect segment information, as it is a change of name only.

4. As stated in “Changes in Principles,
   Third quarter ended December 31, 2008

(Changes in Accounting Methods Pertaining to Income and Loss from Prior Year Adjustments)
As stated in “Changes in Principles, Procedures and Presentation Methods for Accounting Treatment in Connection with the Production of Quarterly Consolidated Financial Statements,” the Group changed its method of posting estimation errors, such as the difference between the bonus allowance recorded in the previous year and the actual bonus amount paid in the current year, switching from their posting as a gain or loss from the prior year's adjustment under the category of extraordinary items, to processing through calculations of ordinary gains and losses, starting in the first quarter of the current fiscal year.

The change caused operating loss for the home furnishing and heath business to decrease 70 million yen, operating income for the nursing care and welfare equipment business to increase 70 million yen, operating loss for other business to decline 14 million yen, and the elimination or corporate operating income to rise 4 million yen, respectively, compared with the figures calculated using the previous method.

[Segment information by location]

Nine-month period from April 1, 2008 to December 31, 2008 and
Nine-month period from April 1, 2009 to December 31, 2009

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

[Overseas sales]

Nine-month period from April 1, 2008 to December 31, 2008 and
Nine-month period from April 1, 2009 to December 31, 2009

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

### (6) Special changes to shareholders equity

Not applicable