FRANCEBED HOLDINGS

Consolidated Business Results for the Fiscal Year Ended March 31, 2012 (J-GAAP)

May 15, 2012

Name of the listed company : **France Bed Holdings Co., Ltd.**
Code No : 7840
URL : http://www.francebed-hd.co.jp
Representative : Shigeru Ikeda, President
Contact Person : Kotaro Hoshikawa, Executive director (Accounting Group)
Scheduled date of Ordinary General Shareholders' Meeting : June 27, 2012
Scheduled date to submit Securities Report : June 27, 2012
Scheduled date to begin dividend payments : June 28, 2012
Supplementary materials to the financial statements have been prepared : Yes
Presentation will be held to explain the financial statements : Yes (for securities analysts and institutional investors)

Listing Exchanges : Tokyo
Tel : +81-3-6741-5501

Figures of less than ¥1 million have been omitted.

1.Consolidated results for the fiscal year ended March 2012 (April 1, 2011 ~ March 31, 2012)

(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 2012	49,776	3.0	1,625	173.5	1.593	191.9	471	100.5
Fiscal year ended March 2011	48,311	Δ2.9	594	Δ17.5	545	Δ15.3	235	Δ10.6

Notes: Comprehensive income : FY2012.3 ¥628 million (717.3%) FY2011.3 ¥76 million (Δ72.7%)

	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 2012	2.09	–	1.2	2.6	3.2
Fiscal year ended March 2011	1.03	–	0.6	0.9	1.2

(For reference) Equity in earnings of non-consolidated subsidiaries and affiliates : FY2012.3 ¥ – million FY2011.3 ¥ – million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	yen
Fiscal year ended March 2012	59,651	36,007	60.3	163.48
Fiscal year ended March 2011	60,739	36,958	60.8	162.16

(For reference) Shareholders' equity : FY2012.3 ¥36.007 million FY2011.3 ¥36,958 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 2012	4,323	Δ5,030	Δ2,717	9,957
Fiscal year ended March 2011	4,935	Δ3,292	716	13,384

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 2011	1.25	1.25	2.50	569	242.1	1.5
Fiscal year ended March 2012	1.25	1.75	3.00	666	142.9	1.8
Fiscal year ended March 2013 (Outlook)	1.75	1.75	3.50		64.7	

3.Forecasts of results for the Fiscal Year Ending March 2013 (April 1, 2012 ~ March 31, 2013)

(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	25,200	5.4	1,020	54.8	980	54.9	530	139.5	2.40
Annual	52,700	5.8	2,320	42.7	2,250	41.2	1,190	152.1	5.40

Matters that require attention

(1) Changes in the state of material subsidiaries during the period
(Changes regarding specific companies accompanying changes in the scope of consolidation): None

(2) Changes in accounting methods, procedures, and presentation in the making of financial statements
(A) Changes following revisions to accounting standards: None
(B) Changes other than those in (A) above: None
(C) Changes in accounting estimates: None
(D) Restatements: None

(3) Number of shares issued (common shares)

(A) Number of shares issued at the end of the period (including treasury stock)	FY2012.3	239,487,500 shares	FY2011.3	239,487,500 shares
(B) Number of treasury stock at theend of the period	FY2012.3	19,233,950 shares	FY2011.3	11,581,430 shares
(C) Average number of shares issued during the period	FY2012.3	224,892,682 shares	FY2011.3	227,908,695 shares

The Company resolved at a meeting of the Board of Directors held on April 27, 2012 to cancel its treasury stock of 15,000,000 shares, which reduced the total number of shares issued after the cancellation to 224,487,500 shares.

[Status of Performance of Review Procedures]
The financial summary does not need to undergo an audit of financial statements under the Financial Instruments and Exchange Act. The financial statements have not been audited in accordance with the Financial Instruments and Exchange Act as of the time of announcement of this summary.

[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.

[Method of obtaining supplementary information explaining financial results]
The Company plans to hold a briefing for institutional investors and analysts on May 31, 2012 (Thursday), and to post the briefing materials and a webcast of the briefing to the Company' s website shortly thereafter.

Contents

1.Business Results

(1) Analysis of Business Results

During the consolidated fiscal year under review, the Japanese economy showed signs of recovery from the stagnation caused by the Great Eastern Japan Earthquake, but the pace of Japan's economic recovery slowed after the summer, on the global economic slowdown spurred by the rapidly strengthening yen and the European government debt crises.

In this economic environment, Francebed Co., Ltd. (hereinafter "Francebed"), a core operating company in the Francebed Group (hereinafter the "Group"), consolidated its three business headquarters (the former Medical Services Business Headquarters, the former Home Furnishing and Health Business Headquarters, and the former Corporate Facilities Business Headquarters) into one business headquarters in April 2011 to oversee all Francebed operations. The aim of this restructuring was to break down the barriers separating each business headquarters, reap further benefits from the business merger and improve the efficiency of business operations. Francebed worked to boost revenues from the growing medical services business by investing its management resources in this area, while taking steps to improve the profitability of the home furnishing and health business by continuing its operational restructuring and increasing the sale of products with high added value.

One of the measures aimed at reaping benefits from the business merger for this fiscal year under review was the promotion of the new Rehatech brand. Under the Rehatech brand, which was established in the previous year (the fiscal year ended in March 31, 2011), the nationwide promotion of an electric assist three-wheel bicycle was launched starting in April 2012. In addition, under the concept of "creating products that are 'friendly to people'," the Company during the fiscal year under review developed seven new product lines designed to improve activities in daily life , such as the electric wheelchair Choiparu, which is effective in encouraging self-support and going out for the user, and Safety Orange, a wheelchair with automatic brakes that is effective in preventing accidents caused when people forget to engage wheelchair brakes. The Company offered the products to elderly customers, who prefer to live actively, by utilizing any and all of the Group's sales channels including those for the home furnishing and health business as well as the medical services business.

Moreover, in June 2011, in a bid to raise the recognition of the Rehatech brand, the Company held a press briefing, which was covered by various media, including television, newspapers, magazines and the Internet. These lines of products are intended for people with some type of disability and the elderly. Therefore, for its sales promotions, the Company provides detailed explanation of the products and also makes sure that customers can go for a test ride and/or test a product for usefulness prior to purchase. In order to obtain customer satisfaction in using the products, the Company also provides more opportunities for customers to experience the products in showrooms and at "exhibition and sale" events and hold "test-ride" events in every region in Japan.

As a result of the initiatives described above, Francebed Group's consolidated sales for the fiscal year under review were 49,776 million yen (up 3.0% year on year). Operating income for the year was 1,625 million yen (up 173.5% year on year), while ordinary income was 1,593 million yen (up 191.9% year on year). Consolidated net income was 471 million yen (up 100.5% year on year), reflecting factors, including the 149 million yen in transfer costs recorded as an extraordinary loss resulting from the head office and subsidiaries transfer on September 19, 2011, and the withdrawal from deferred tax assets and posting of 237 million yen under deferred income taxes in connection with an act concerning income tax reduction officially announced on December 2, 2011.

Results by segment are as reported below.

The Group revised its reporting segments in the consolidated fiscal year under review. Revised figures for the new reporting segments are used for year-on-year comparisons presented below.

① (Medical services business)

In the medical services business, the Group set up eleven new sales offices (one each in Matsumoto City, Nagano Prefecture, Kurashiki City, Okayama Prefecture, Tokyo's Suginami Ward, Kohoku Ward, Yokohama City, Tatebayashi City, Gunma Prefecture, Ibaraki City, Osaka Prefecture, Akashi City, Hyogo Prefecture, and other cities) to expand its sales in the welfare equipment rental market, where nursing care insurance payments are on the rise.

Moreover, the Group introduced new products during the fiscal year under review such as SM-12, the first home-care mattress in the industry that uses high-density continuous springs for user comfort and provides thinness required for nursing care beds, and also launched seven product lines sold under the Rehatech brand. The Group held training sessions and briefings on these products for care managers and sales agents and also aired TV commercials in certain areas in order to increase the number of customers and enhance the brand image. Safety Orange, a wheelchair with automatic brakes and also one of the products sold under the Rehatech brand, especially attracted great attention and was covered by various media. It was shown to be a product that was created through industry-university cooperative research and development activities based on clinical data.

Yu Yu Iki Iki Club, an ambulatory nursing care facility specializing in services for those requiring low levels of nursing care, established a day service center that provides only short-time exercising services for those requiring low levels of nursing care and are also certified as requiring assistance. Amid the rapidly aging society, the Company noticed that there were many people requiring low levels of nursing care (people certified as requiring assistance) who were not able to receive satisfactory service at a normal day service center where services are usually intended for people requiring high levels of nursing care. Since the launch of its first facility in Chofu City, Tokyo, in February 2010, the Group has opened ten facilities. Among these facilities, Francebed directly manages four facilities, with the other six facilities launched as a franchise facility. The Company is calling for participation in the franchise management on companies providing care-work related services as well as on companies in various industries, including furniture stores.

The Group also focused on winning property transaction orders from hospitals and welfare facilities that are showing signs of stepping up their capital spending. In order to obtain these orders, during the period under review, the Group specifically increased the number of sales bases and sales people, trained them to their optimal potential, and actively promoted new products intended for these facility properties.

Meanwhile, the Group stepped up its sales efforts aimed at medical institutions to sell Bioness, a rehabilitation system that uses cutting-edge medical technologies in combination with contemporary rehabilitation techniques to activate targeted muscles with electric stimuli. Concurrently, the Group sponsored briefings for sales agents in an attempt to increase the number of new transactions and strengthen its structure geared for sales expansion.

As a result of these activities, net sales for the medical services business came to 27,015 million yen (up 7.6% year on year). Operating income for the business was 1,626 million yen (up 24.1% year on year).

② (Home furnishing and health business)

In the home furnishing and health business, signs of improvement in consumer sentiment did not directly translate into demand for medium- and high-grade furniture, the core products of the Company, keeping operating conditions severe.

In this environment, the Group attempted to boost sales of luxury high-grade beds, including its core products in the Life Treatment Mattress series and beds in the Slumberland series, one of the leading bed brands in the world. At the same time, in the area of electric reclining beds, in addition to the release of the PLEOX series that incorporates technologies and expertise gained in the medical service and nursing care fields, the Company released the high-grade GRANMAX series intended for active seniors. GRANMAX series beds, which use natural wood and inlay work, are high in quality and feature excellent design with back-raising and leg-raising/reclining functions. Moreover, the addition of the raising and lowering mechanism enables the bed to be used as a nursing care bed at home. Thus, in the home furnishing and health business, the Group sought to bolster sales of products with high added value.

In addition, the Group introduced products for a full-fledged aging society, and aimed to raise their sales with initiatives such as holding test-ride events at furniture and other stores for customers to try the electrically assisted tricycle sold under the Rehatech brand.

The Group also implemented thorough cost cuts and sought to maintain competitive product prices in the market by implementing steps aimed at improving profits, including a maximum cost reduction in raw material purchases as well as its own manufactured products, given the increasing influx of affordable price products from overseas. The Group also cancelled rent contracts with large warehouses in the eastern part of Japan in order to cut distribution costs as part of its review of the distribution system.

As a result of these initiatives, net sales for the home furnishing and health business amounted to 19,077 million yen (down 1.2% year on year). The business produced an operating loss of 47 million yen for the fiscal year under review (compared with an operating loss of 626 million yen posted in the previous fiscal year).

③ (Other)

In the sundries sales business of the “Other businesses” segment, the Group reviewed its product line-up and closed unprofitable stores to improve earnings. Sales of stores damaged by the Great East Japan Earthquake are recovering steadily with the help of reconstruction demand.

Also, in the door-to-door sales business, the Group continued to streamline its sales offices and reduce costs in the face of a continued decline in sales largely resulting from tighter regulations under the Act on Specified Commercial Transactions and the Installment Sales Act. The Group also reviewed the reservation deposit business (friendship association business), given the decline in members.

As a result of the initiatives described above, sales of the other businesses totaled 3,683 million yen (down 5.1% year on year), and the operating income for the business was 10 million yen (compared with an operating loss of 188 million yen in the previous fiscal year).

Outlook for Fiscal year ended March 2012

As for the outlook for the next fiscal year, while the Japanese economy is slowly recovering partly on the increase in reconstruction demand, fierce price competition continues among companies in the deflationary economy.

Amid this situation, the Group will reinforce the medical services business -- such as by expanding its market share in the nursing care rental business -- by investing its management resources. The business is expected to continue growing in the future due to the increasing elderly population. Also, in the home furnishing and health business, the Group will work on selling high value-added products to achieve an earnings recovery. In addition, the entire Group will reinforce the business that targets active senior customers by developing and promoting products marketed under the Rehatech brand.

Accordingly, the Group’s consolidated sales, consolidated operating income, consolidated ordinary income and consolidated net income for the next fiscal year are projected at 52,700 million yen, 2,320 million yen, 2,250 million yen, and 1,190 million yen, respectively.

(2) Analysis of Financial Position

① Status of balance sheet

Total assets at the end of the fiscal year under review decreased 1,088 million yen from the end of the previous fiscal year, to 59,651 million yen. Current assets expanded 395 million yen from the end of the previous fiscal year, to 33,554 million yen. Major factors underlying this result include an increase of 3,498 million yen in securities, an increase of 1,660 million yen in notes and accounts receivable, trade, and a decrease of 4,383 million yen in cash and deposits. Fixed assets declined 1,460 million yen from the end of the previous fiscal year, to 26,071 million yen. Major contributors to the result included depreciation on tangible and intangible fixed assets and the transfer of time deposits that fell under the scope of the one-year rule application to current assets.

Liabilities decreased 138 million yen from the end of the previous year to 23,643 million yen. Major factors underlying the result included a 427-million-yen increase in notes payable-trade and accounts payable, and a 228-million-yen increase in reserves for retirement benefits, a 775-million-yen decrease in the current portion of bonds, and a 225-million-yen decrease in long-term loans payable within one year.

Net assets sank 950 million yen from the end of the previous fiscal year to 36,007 million yen. Major contributors to this result included an increase of 471 million yen in the net income for the fiscal year under review and a decrease of 1,013 million yen in treasury stock purchased and a decrease of 565 million yen in cash dividends paid.

As a result of the changes stated above, the shareholders’ equity ratio declined from 60.8% to 60.3%.

② Status of cash flow

Cash flows for the fiscal year under review produced a decrease in cash and cash equivalents of 3,427 million yen from the end of the previous fiscal year, to 9,957 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 4,323 million yen (compared with 4,935 million yen in the previous fiscal year). Major contributors were net income before income taxes and minority interests of 1,382 million yen, depreciation cost of 3,735 million yen (a non-cash item) and an increase of 547 million yen in procurement obligations, offsetting outflows such as an increase of 1,792 million yen in account receivables.

(Cash flow from investing activities)

Net cash used for investing activities totaled 5,030 million yen (compared with 3,292 million yen in the previous fiscal year). Major causes included a disbursement of 3,136 million yen in tangible fixed assets acquired, expenditure of 2,498 million yen in securities acquired, deposit of 2,500 million yen into a time deposit, offsetting inflows such as a gain of 1,499 million yen on the sale of securities and a gain of 1,500 million yen in withdrawal of a time deposit.

(Cash flow from financing activities)

Net cash used by financing activities was 2,717 million yen (compared with the net cash provided of 716 million yen in the previous fiscal year). The main factors behind the outflow were the repayment of long-term loans of 225 million yen, the redemption of bonds of 775 million yen, a disbursement of 1, 013 million yen in treasury stock acquired, and dividends paid of 564 million yen.

(Reference) Trend of cash flow indicators

	Term ended March 2008	Term ended March 2009	Term ended March 2010	Term ended March 2011	Term ended March 2012
Equity Ratio (%)	65.9	62.9	62.8	60.8	60.3
Equity Ratio at Market Value (%)	49.5	49.7	51.6	39.3	63.5
Ratio of interest-bearing debt to cash flow(%)	5.4	4.7	2.2	2.2	2.2
Interest Coverage Ratio (times)	9.7	16.9	31.4	43.3	39.1

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 2011 and Fiscal 2012 dividends

The Company, to maximize the shareholder value, has positioned returns 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 Company sets its dividends by comprehensively taking into account its earnings results, the operating environment and any necessity to strengthen its financial position.

Based on the policies above, as notified on April 27, 2012, the year-end dividend for the fiscal year under review is planned to be 1.75 yen per share. Accordingly, the annual dividend for the fiscal year under review, which will include the interim dividend (1.25 yen per share), will be 3.00 yen per share, resulting in a dividend increase of 0.50 yen compared with that of the previous fiscal year.

Dividend declaration is subject to approval at the ordinary general shareholders' meeting to be held in June 2012.

In addition, the annual dividend for the fiscal year ending in March 31, 2013 is planned to be 3.50 yen (the interim dividend of 1.75 yen; the year-end dividend of 1.75 yen) per share.

(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 Medical services 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.

b) The market to which suppliers and customers of the Home furnishing and health 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.

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 7 subsidiary companies (consolidated subsidiary - 6, non-consolidated subsidiary - 1) and are primarily engaged in Medical services business, Home furnishing and health business.
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.

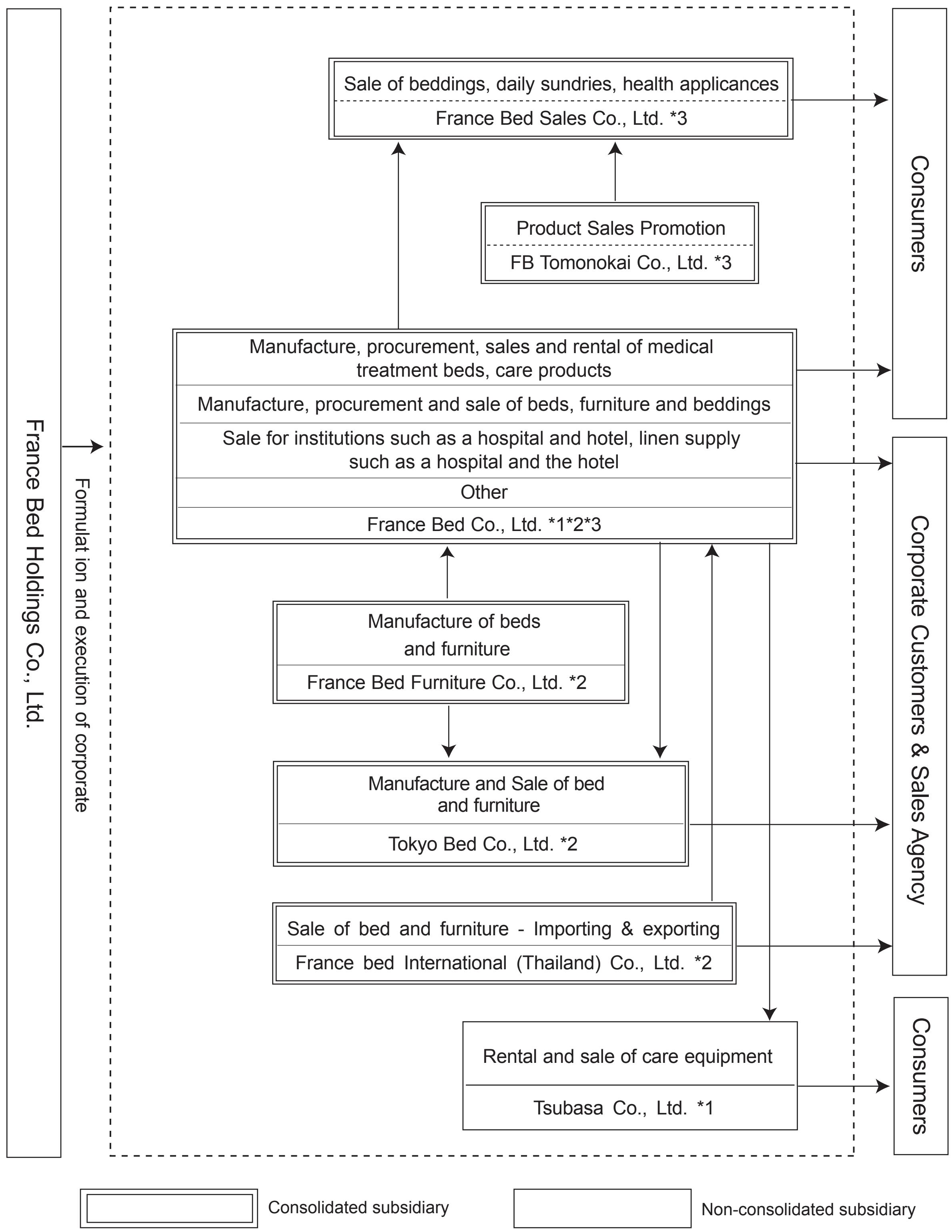
Business Type	Principal Line of Business	Principal Companies
Medical services business	manufacture, procurement, sales and rental of medical treatment beds, care products, linen supply such as a hospital and the hotel	France Bed Co.,Ltd. Tsubasa Co., Ltd.
Home furnishing and health business	Manufacture, procurement and sale of beds, furniture and beddings	France Bed Co.,Ltd. Tokyo Bed Co.,Ltd. France Bed Furniture Co.,Ltd France bed International (Thailand) Co., Ltd.
Other	Door-to-door sales business, sundries sales business, advertising and exhibition business and real estate lease business	France Bed Co.,Ltd. France Bed Sales Co.,Ltd. FB Tomonokai Co.,Ltd.

(Note)

1. 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.

2. TSUBASA Co., Ltd. has been excluded from the scope of consolidation because it is a small and its total assets, net sales, net income (in proportion to scale of equity ownership), retained earnings (in proportion to scale of equity ownership), etc. have no material influence on the consolidated financial statements.

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



*1 : Medical services Business *2 : Home furnishing and health Business *3 : Othe

(Notes)
AD Center Co., Ltd. transferred its advertising agency business, etc. to the Company' s subsidiary Francebed Sales Co., Ltd. and was dissolved effective May 1, 2011.

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

While the Japanese economy is expected to stage a modest recovery on several factors including demand led by reconstruction from the Great Eastern Japan Earthquake, future prospects remain uncertain due to various causes for concern, such as the European government debt crises and high oil prices.

In the current economic environment, based on the assumed probable changes in future social and economic conditions, the Group believes that it will realize continuous growth and maximize its corporate value by further promoting the integration of the medical services business and the home furnishing and health business as well as maximizing the benefits gained from the business merger.

In the medical services business, the Group is committed to engaging in the welfare equipment rental business; the sales business for medical/nursing care beds for hospitals/the elderly; and the home health care equipment rental business that can cater to home-visit medical treatments and home-visit nursing care. In the home furnishing and health business, the entire Group will reinforce its efforts into businesses directed at the aging society in preparation for an aging society and a declining birthrate. The Group will implement various strategies, such as featuring high-value-added products and high-functioning furniture and selling products aimed at the elderly – for example, the Rehatech brand of products that encourage the elderly to go out and lead an active lifestyle -- at furniture stores. Accordingly, the Group aims to become “the company that offers an enriched life towards the creation of an aging society that realizes lively living.”

(3) Other Important Matters Related to Management

Not applicable.

Consolidated Financial Statements

(1) Consolidated balance sheets

(In millions of yen)

	Fiscal year ended Mar. 2011 (As of Mar.31, 2011)	Fiscal year ended Mar. 2012 (As of Mar.31, 2012)
ASSET		
Current assets		
Cash and deposits	11,942	7,558
Notes and accounts receivable, trade	9,398	11,059
Marketable securities	1,999	5,498
Merchandise and finished goods	5,623	5,618
Work in process	283	332
Raw materials and supplies	1,637	1,561
Deferred income tax assets	992	573
Other	1,345	1,385
Allowance for doubtful accounts	Δ63	Δ31
Total current assets	33,159	33,554
Fixed assets		
Tangible fixed assets		
Assets for rent	4,873	4,843
Accumulated depreciation	Δ3,072	Δ3,203
Assets for rent, net	1,801	1,640
Buildings and structures	14,546	14,543
Accumulated depreciation	Δ9,793	Δ9,947
Buildings and structures, net	4,752	4,595
Machinery and transport equipment	6,481	6,068
Accumulated depreciation	Δ5,686	Δ5,330
Equipment and vehicles, net	794	737
Tools, furniture and fixtures	2,016	2,159
Accumulated depreciation	Δ1,676	Δ1,720
Tools, furniture and fixtures, net	340	438
Land	6,413	6,413
Lease assets	4,568	5,989
Accumulated depreciation	Δ2,261	Δ3,737
Lease assets, net	2,306	2,252
Construction in progress	42	56
Total tangible assets	16,451	16,134
Intangible fixed assets		
Lease assets	76	59
Software	1,293	1,047
Other	22	21
Total intangible fixed assets	1,392	1,129
Investments and other assets		
Investment securities	1,291	1,292
Long term loans receivable	18	14
Deferred income tax assets	1,888	1,527
Prepaid pension expense	5,130	5,143
Other	1,494	974
Allowance for doubtful accounts	Δ134	Δ144
Total investments and other assets	9,688	8,807
Total fixed assets	27,532	26,071
Deferred assets		
Bond issue expenses	47	24
Total deferred assets	47	24
Total Assets	60,739	59,651

(In millions of yen)

	Fiscal year ended Mar. 2011 (As of Mar.31, 2011)	Fiscal year ended Mar. 2012 (As of Mar.31, 2012)
LIABILITIES		
Current liabilities		
Notes payable-trade and accounts payable	4,007	4,435
Factoring of accrued liability	2,138	2,130
Short-term loans payable	2,125	2,125
Current portion of bonds	775	–
Long-term loans payable within one year	225	–
Lease obligations	1,427	1,422
Income taxes payable	157	155
Accrued consumption tax	18	185
Deferred tax liability	–	0
Reserve for bonuses	1,084	1,121
Reserve for director’s bonuses	–	16
Reserve for loss on restructuring	58	–
Reserve for loss due to disaste	20	–
Other	2,281	2,303
Total current liabilities	14,319	13,895
Fixed Liabilities		
Bonds	3,150	3,150
Long-term loans payable	2,000	2,000
Lease obligations	1,357	1,218
Deferred tax liability	0	–
Reserve for retirement benefits	2,348	2,576
Reserve for directors retirement bonuses	418	451
Reserve for contingent loss	8	7
Asset retirement obligations	–	24
Other	179	318
Total fixed liabilities	9,462	9,747
Total liabilities	23,781	23,643
NET ASSETS		
Shareholders' equity		
Capital stock	3,000	3,000
Capital surplus	5,116	5,116
Retained earnings	32,182	32,088
Treasury stock	Δ3,152	Δ4,165
Total shareholders' equity	37,146	36,039
Accumulated Other Comprehensive Income		
Valuation gain and loss on other securities	Δ166	10
Deferred gains or losses on hedges	16	–
Foreign currency translation adjustment	Δ38	Δ42
Total accumulated other comprehensive income	Δ188	Δ31
Total net assets	36,958	36,007
Total liabilities and shareholders' equity	60,739	59,651

(2) Consolidated Statements of Income

(In millions of yen)

	Fiscal year ended March 2011 (Apr. 1, 2010 ~ Mar. 31, 2011)	Fiscal year ended March 2012 (Apr. 1, 2011 ~ Mar. 31, 2012)
Net sales	48,311	49,776
Cost of sales	27,035	27,652
Gross income	21,275	22,123
Selling, general and administrative expense	20,681	20,498
Operating income	594	1,625
Other income		
Interest income	13	17
Dividend income	28	28
Compensation income	20	45
Insurance income	10	20
Gain on new stocks allotted	22	–
Other	121	88
Total other income	216	201
Other expenses		
Interest expense	125	105
Sales discounts	33	31
Commission paid	28	–
Other	77	96
Total other expenses	264	233
Ordinary income	545	1,593
Extraordinary Income		
Gains form Sale of Fixed Assets	636	0
Gain on sales of investment securities	12	0
Total extraordinary income	648	0
Extraordinary Losses		
Loss on sales of noncurrent assets	–	0
Loss on retirement of noncurrent assets	56	22
Loss on disaster	107	21
Loss on liquidation of subsidiaries and affiliates	–	17
Head office transfer cost	–	149
Restructuring loss	521	–
Loss on prior period adjustment	1	–
Total extraordinary losses	688	211
Pretax profit of the current term	506	1,382
Income taxes - current	115	133
Income taxes - deferred	155	777
Total income before income taxes	271	910
Income before minority interests	235	471
Net Income	235	471

Consolidated Statements of comprehensive income

(In millions of yen)

	Fiscal year ended March 2011 (Apr. 1, 2010 ~ Mar. 31, 2011)	Fiscal year ended March 2012 (Apr. 1, 2011 ~ Mar. 31, 2012)
Income before minority interests	235	471
Other comprehensive income		
Valuation difference on available-for-sale securities	∆162	177
Deferred gains or losses on hedges	10	∆16
Foreign currency translation adjustment	∆5	∆3
Other comprehensive income	∆158	156
Comprehensive income	76	628
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	76	628
Comprehensive income attributable to minority interests	–	–

(3) Consolidated Statements of Changes in Net Assets

(In millions of yen)

	Fiscal year ended March 2011 (Apr. 1, 2010 ~ Mar. 31, 2011)	Fiscal year ended March 2012 (Apr. 1, 2011 ~ Mar. 31, 2012)
Shareholders' equity		
Capital stock		
Balance at beginning of period	3,000	3,000
Changes of items during the period		
Total	–	–
Balance at the end of period	3,000	3,000
Capital surplus		
Balance at beginning of period	5,116	5,116
Changes of items during the period		
Disposal of treasury stock	–	Δ0
Total	–	Δ0
Balance at the end of period	5,116	5,116
Retained earnings		
Balance at beginning of period	32,516	32,182
Changes of items during the period		
Cash dividends paid	Δ569	Δ565
Net income	235	471
Total	Δ334	Δ93
Balance at the end of period	32,182	32,088
Treasury stock		
Balance at beginning of period	Δ3,151	Δ3,152
Changes of items during the period		
Purchase of treasury stock	Δ0	Δ1,013
Disposal of treasury stock	–	0
Total	Δ0	Δ1,012
Balance at the end of period	Δ3,152	Δ4,165
Shareholders' equity total		
Balance at beginning of period	37,481	37,146
Changes of items during the period		
Cash dividends paid	Δ569	Δ565
Net income	235	471
Purchase of treasury stock	Δ0	Δ1,013
Disposal of treasury stock	–	0
Total	Δ335	Δ1,106
Balance at the end of period	37,146	36,039

(In millions of yen)

	Fiscal year ended March 2011 (Apr. 1, 2010 ~ Mar. 31, 2011)	Fiscal year ended March 2012 (Apr. 1, 2011 ~ Mar. 31, 2012)
Accumulated other comprehensive income		
Valuation differences and other marketable securities		
Balance at beginning of period	△3	△166
Changes of items during the period		
Net changes of items other than shareholders' equity	△162	177
Total	△162	177
Balance at the end of period	△166	10
Deferred gains on hedges		
Balance at beginning of period	6	16
Changes of items during the period		
Net changes of items other than shareholders' equity	10	△16
Total	10	△16
Balance at the end of period	16	-
Foreign currency translation adjustments		
Balance at beginning of period	△32	△38
Changes of items during the period		
Net changes of items other than shareholders' equity	△5	△3
Total	△5	△3
Balance at the end of period	△38	△42
Total accumulated other comprehensive income		
Balance at beginning of period	△29	△188
Changes of items during the period		
Net changes of items other than shareholders' equity	△158	156
Total	△158	156
Balance at the end of period	△188	△31
Net assets Total		
Balance at beginning of period	37,451	36,958
Changes of items during the period		
Cash dividends paid	△569	△565
Net income	235	471
Purchase of treasury stock	△0	△1,013
Disposal of treasury stock	-	0
Net changes of items other than shareholders' equity	△158	156
Total	△493	△950
Balance at the end of period	36,958	36,007

(4) Consolidated Statement of Cash Flow

(In millions of yen)

	Fiscal year ended March 2011 (Apr. 1, 2010 ~ Mar. 31, 2011)	Fiscal year ended March 2012 (Apr. 1, 2011 ~ Mar. 31, 2012)
Cash flows from operating activities		
Pretax profit(loss) of the current term	506	1,382
Depreciation	3,420	3,735
Loss (gain) on sale of fixed assets	Δ636	0
Loss on retirement of fixed assets	40	15
Loss (gain) on sales of investment securities	Δ12	Δ0
Increase (decrease) in allowance for doubtful accounts	Δ37	Δ21
Increase (decrease) in reserve for bonuses	35	47
Increase (decrease) in reserve for director's bonuses	Δ1	16
Increase (decrease) in reserve for retirement benefits	136	273
Increase (decrease) in reserve for prepaid pension expense	156	Δ13
Increase (decrease) in reserve for directors retirement bonuses	Δ19	33
Interest income and dividend income	Δ41	Δ46
Interest expense	125	105
Decrease (increase) in account receivables	Δ242	Δ1,792
Decrease (increase) in inventories	1,129	30
Decrease (increase) in procurement obligations	Δ1,194	547
Decrease (increase) in accrued factoring liabilities	968	Δ7
Increase (decrease) in accrued expenses	95	23
Other	347	191
Sub-Total	4,775	4,523
Interest and dividends received	40	45
Interest paid	Δ113	Δ110
Income taxes (paid) refund	233	Δ134
Cash flows from operating activities	4,935	4,323
Cash flows from investing activities		
Investments in time deposits	Δ1,108	Δ2,500
Decrease in term deposits	1,200	1,500
Purchase of short-term investment securities	-	Δ2,498
Proceeds from sales of short-term investment securities	-	1,499
Expenditures for acquisition of tangible fixed assets	Δ3,288	Δ3,136
Proceeds form sale of tangible fixed assets	678	1
Expenditures for acquisition of investment securities	Δ298	Δ20
Proceeds from sales of investment securities	312	198
Expenditure for loans	Δ17	-
Proceeds from recovery of loans	18	4
Purchase of intangible fixed assets	Δ788	Δ79
Other	0	-
Cash flows from investing activities	Δ3,292	Δ5,030
Cash flows from financing activities		
Expenditure for repayment of short term borrowings	Δ3,150	-
Proceeds from long-term loans payable	2,000	-
Expenditure for repayment of long term borrowings	Δ225	Δ225
Proceeds from issuance of bonds	3,101	-
Redemption of bonds	Δ775	Δ775
Proceeds from sales of treasury stock	-	0
Purchase of treasury stock	Δ0	Δ1,013
Proceeds from sale-and-Leaseback	1,672	1,500
Repayment of obligation under capital leases	Δ1,338	Δ1,640
Payment of dividends	Δ568	Δ564
Cash flows from financing activities	716	Δ2,717
Effect of exchange rate changes on cash and cash equivalents	Δ4	Δ3
Net (decrease) increase in cash and cash equivalents	2,354	Δ3,427
Cash and cash equivalents at beginning of period	11,030	13,384
Cash and cash equivalents at end of period	13,384	9,957

(5) Items related to the business as a going concern

No applicable items.

(6) Significant Matters in Preparation of Consolidated Financial Statements

1. Matters Relating to Scope of Consolidation

(1) Number of consolidated Subsidiaries: 6 subsidiaries.

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., which was a consolidated subsidiary in the previous fiscal year, was excluded from the scope of consolidation because it was dissolved.

(2) 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

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.

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

(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.

(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).

(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.

(iv)Long term prepaid expenses

Equal amortization is applied.

(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.

(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.

(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.

(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

(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.

(vi) Reserve for contingent loss

To provide against contingencies that may occur in the future, estimated loss is reasonably calculated and recorded for that deemed necessary.

(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.

(ix) Reserve for loss due to disaste

To prepare for expenses necessary to restore assets affected by the Great Eastern Japan Earthquake, the Company made a provision for anticipated expenses at the end of the fiscal year under review.

(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.

(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.

(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)

(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.

(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.

(6) Scope of Cash and Cash Equivalents in Consolidated Cash Flow Statement

Cash and cash equivalents are composed of cash on hand, deposits that can be withdrawn at any time, and readily convertible and price change insensitive short-term advances whose maturity comes generally within three months.

(7) Treatment of deferred assets

Depreciation of bond issue expenses is based on the straight-line method over the bond redemption period.

(8) Other matters in preparation of consolidated financial statements

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) Changes in Presentation

(Consolidated Statements of Income)

"Compensation income" and "Insurance income" were included in "Others" under "Non-operating income" up to and including the previous consolidated fiscal year, but is shown independently in the consolidated fiscal year under review because their amounts exceeded 10% of the total amount of "Non-operating income." Revised figures of the consolidated financial statements for the previous consolidated fiscal year are used in these consolidated business results to reflect the change in presentation.

Accordingly, the amount of 151 million yen shown in "Others" under "Non-operating income" in the consolidated statement of income for the previous consolidated fiscal year is revised and divided into "Compensation income" of 20 million yen, "Insurance income" of 10 million yen and "Others" of 121 million yen.

(8) Supplementary Information

(Conformance with the Accounting Standards, etc., for Accounting Changes and Error Corrections)

Accounting changes and past error corrections have been implemented since the beginning of the consolidated fiscal year under review in conformance with the Accounting Standards for Accounting Changes and Error Corrections (ASBJ Statement No.24 on December 14, 2009) and the Guidance on Accounting Standards for Accounting Changes and Error Corrections (ASBJ Guidance No.24 on December 4, 2009).

(Adjustments to the Amount of Deferred Tax Assets and Deferred Tax Liabilities Caused by Changes in Corporate Tax Rates, etc.)

The "Law for Partial Revision of the Income Tax Act, etc., to Construct a Tax System Addressing Changes in the Socio-Economic Structure" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Necessary Financial Resources to Implement Measures for the Restoration of the Damages Following the Great East Japan Earthquake" (Act No. 117 of 2011) were officially announced on December 2, 2011. Accordingly, corporate tax rates have been reduced and special corporation taxes for restoration have been imposed for the consolidated fiscal year starting from April 1, 2012. Therefore, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities changes from the current 40.7% to the following: 38.0% for the temporary difference that is expected to be reversed between the consolidated fiscal year starting from April 1, 2012 and the consolidated fiscal year starting from April 1, 2014; and 35.6% for the temporary difference that is expected to be reversed after the consolidated fiscal year starting from April 1, 2015.

This change in the tax rate reduces the amount of deferred tax assets (the net amount obtained by deducting the amount of deferred tax liabilities) by 235 million yen and increases the amount of deferred income taxes by 237 million yen and the amount of valuation gain and loss on other securities by 1 million yen.

In addition, there are no effects on the profit and loss resulting from the change in the limit on the deduction – to an amount equal to 80% of total income before deductions – that is a part of the deducting operating loss carry-forward tax system that is to be applied to the consolidated fiscal year effective April 1, 2012.

(9) Notes to the Consolidated Financial Statements

(Consolidated Balance Sheets)

1. Secured assets and secured obligations
Assets provided as collateral are as below.

	Fiscal year ended Mar. 2011 (As of Mar.31, 2011)	Fiscal year ended Mar. 2012 (As of Mar.31, 2012)
Investment Securities	¥ 54 million	¥ 55 million
Guarantee deposits	¥ - million	¥ 11 million
Total	¥ 54 million	¥ 66 million

Secured obligations are as below.

	Fiscal year ended Mar. 2011 (As of Mar.31, 2011)	Fiscal year ended Mar. 2012 (As of Mar.31, 2012)
Account Payable	¥ - million	¥ - million

2. Contingent Liabilities
(1) The Group provides guarantees for the loan such as the following companies.

Fiscal year ended Mar. 2011 (As of Mar.31, 2011)		Fiscal year ended Mar. 2012 (As of Mar.31, 2012)	
Tsubasa Co., Ltd.	¥192 million	Tsubasa Co., Ltd.	¥207 million
Employees	¥35 million	Employees	¥27 million
Total	¥228 million	Total	¥234 million

(2) The Company provides a debt guarantee in relation to the following company's deposit service guarantee agreement.

	Fiscal year ended Mar. 2011 (As of Mar.31, 2011)	Fiscal year ended Mar. 2012 (As of Mar.31, 2012)
FB Tomonokai Co., Ltd.	¥320 million	¥359 million

3. Accounts that matured at the end of the consolidated fiscal year
Accounts that matured at the end of the consolidated fiscal year under review were settled upon the clearance of the bills. Here, the accounts that are to mature at the end of the next consolidated fiscal year are included in the balance for the end of the consolidated fiscal year under review because the end of the consolidated fiscal year under review fell on a holiday for financial institutions.

		Fiscal year ended Mar. 2011 (As of Mar.31, 2011)	Fiscal year ended Mar. 2012 (As of Mar.31, 2012)
(Current assets)	Notes receivebale	¥ - million	¥ 113 million
(Current liabilities)	Notes payable-trade	¥ - million	¥ 350 million
	Other	¥ - million	¥ 3 million

(Consolidated Statements of Income)

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.

Fiscal year ended March 2011 (Commenced Apr. 1,2010 and ended Mar.31, 2011)	Fiscal year ended March 2012 (Commenced Apr. 1,2011 and ended Mar.31, 2012)
¥40 million	¥123 million

2. Loss on restructuring

Fiscal year ended March 2011 (Commenced Apr. 1,2010 and ended Mar.31, 2011)

This is a loss associated with the restructuring of home furnishing and health business and is broken down as follows.

Loss on retirement of noncurrent assets	¥22 million
Impairment loss	¥42 million
Loss on disposal of inventories	¥371 million
Other	¥84 million
Total	¥521 million

Loss on restructuring of 521 million yen includes a provision of reserve for loss on restructuring of 58 million yen.

Fiscal year ended March 2012 (Commenced Apr. 1,2011 and ended Mar.31, 2012)

No applicable items.

3. Impairment losses

Fiscal year ended March 2011 (Commenced Apr. 1,2010 and ended Mar.31, 2011)

The following group of assets records impairment loss for FY2012 on a consolidated basis.

Location	Facility	Type	Amount
Tosu-shi Saga	Idle assets	Buildings & Structures Machinery & Automotive equipment Equipment & Fixtures	¥ 42 million
Total			¥ 42 million

The business assets of the Group are grouped in accordance with classification for management accounting, but idle assets and lease assets are grouped individually as an independent cash-generating unit. The above assets are idle as of the end of the fiscal year under review and are not expected to be used in the future. Their book value has, therefore, been written down to the recoverable value and the relevant impairment loss (42 million yen) is included in "Loss on business restructuring," and is broken down as follows: Buildings and structures 2 million yen, Machinery, equipment and vehicles 38 million yen, Tools, furniture and fixtures 1 million yen.
The recoverable value of such idle assets is measured by their use value.

Fiscal year ended March 2012 (Commenced Apr. 1,2011 and ended Mar.31, 2012)

The following group of assets records impairment loss for FY2012 on a consolidated basis.

Location	Facility	Type	Amount
Shinjuku-ku Tokyo	Idle assets	Buildings & Structures Equipment & Fixtures	¥ 35 million
Total			¥ 35 million

The business assets of the Group are grouped in accordance with classification for management accounting, but idle assets and lease assets are grouped individually as an independent cash-generating unit.
The above assets are not expected to be used in the future and thus their book value has been written down to the recoverable value. The relevant impairment loss (35 million yen) is included and shown in "Head office transfer cost" under "Extraordinary loss" and is broken down as follows: Buildings and structures 33 million yen, Tools, furniture and fixtures 1 million yen.

4. Loss on disaster

Fiscal year ended March 2011 (Commenced Apr. 1,2010 and ended Mar.31, 2011)

These are expenses necessary to dispose of inventories destroyed in the Great Eastern Japan Earthquake and to restore equipment to its original condition, and they include a provision of reserve for disaster losses of 20 million yen and a provision of reserve for doubtful accounts due to disaster of 20 million yen.

Fiscal year ended March 2012 (Commenced Apr. 1,2011 and ended Mar.31, 2012)

These expenses include costs to restore equipment that was destroyed in the Great Eastern Japan Earthquake to its original condition.

(Consolidated Statement of Changes in Net Assets)

Fiscal year ended March 2011 (Apr.1, 2010 - Mar.31, 2011)

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

	Number of shares as of March 31, 2010	Increase of shares during fiscal year to March 31, 2011	Decrease of shares during fiscal year to March 31, 2011	Number of shares as of March 31, 2011
Shares issued				
Common shares	239,487	—	—	239,487
Total	239,487	—	—	239,487
Treasury stock				
Common shares (note)	11,574	6	—	11,581
Total	11,574	6	—	11,581

(Note)

1. The increase in the number of treasury stocks of 6,000 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, 2010 Shareholders' meeting	Common shares	¥ 284 million	¥ 1.25	March 31, 2010	June 28, 2010
November 5, 2010 Board of directors' meeting	Common shares	¥ 284 million	¥ 1.25	September 30, 2010	December 3, 2010

(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 28, 2011 Shareholders' meeting	Common shares	¥ 284 million	Accumulated income	¥ 1.25	March 31, 2011	June 29, 2011

Fiscal year ended March 2012 (Apr.1, 2011 - Mar.31, 2012)

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

	Number of shares as of March 31, 2011	Increase of shares during fiscal year to March 31, 2012	Decrease of shares during fiscal year to March 31, 2012	Number of shares as of March 31, 2012
Shares issued				
Common shares (notes.3)	239,487	—	—	239,487
Total	239,487	—	—	239,487
Treasury stock				
Common shares (notes.1.2)	11,581	7,653	0	19,233
Total	11,581	7,653	0	19,233

(Notes)
1. The increase in the number of treasury stock of 7,653,000 common shares consists of an increase of 7,650,000 shares through the acquisition of treasury stock pursuant to the resolution of the Board of Directors and an increase of 3,000 shares through the acquisition, upon request, for the purchase of shares representing less than one stock trade unit.
2. The decrease in the number of treasury stock of 0 common shares reflects requests for the purchase of shares representing less than one stock trade unit.
3. The Company resolved at a meeting of the Board of Directors held on April 27, 2012 to cancel its treasury stock of 15,000,000 shares, which reduced the total number of shares issued after the cancellation to 224,487,500 shares.

2.Dividends

(1) Amounts paid

Date confirmed	Type of stock	Total dividends paid	Dividends per share	Dividend record date	Effective date
June 28, 2011 Shareholders' meeting	Common shares	¥ 284 million	¥ 1.25	March 31, 2011	June 29, 2011
October 31, 2011 Board of directors' meeting	Common shares	¥ 280 million	¥ 1.25	September 30, 2011	December 9, 2011

(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 27, 2012 Shareholders' meeting	Common shares	¥ 385 million	Accumulated income	¥ 1.75	March 31, 2012	June 28, 2012

(Items related the Consolidated Statements of Cash Flows)

1.Relationship of cash and cash equivalents at the period end to amounts recorded in the consolidated balance sheets

	Fiscal year ended March 2011 (Commenced Apr. 1,2010 and ended Mar.31, 2011)	Fiscal year ended March 2012 (Commenced Apr. 1,2011 and ended Mar.31, 2012)
Cash and deposits	¥ 11,942 million	¥ 7,558 million
Marketable securities	¥ 1,999 million	¥ 5,498 million
Total	¥ 13,941 million	¥ 13,056 million
Fixed deposits with maturities exceeding 3 months	Δ ¥ 557 million	Δ ¥2,100 million
Debentures, etc., with a term of more than 3 months between acquisition and redemption	¥ - million	Δ ¥ 999 million
Cash and cash equivalents	¥ 13,384 million	¥ 9,957 million

(Segment Information)

1.Overview of reporting segments

The reported segments of the Group are those units for which separate financial information can be obtained among the constituent units of the Group and for which the Board of Directors assesses the business performance and regularly examines the allocation of management resources.
The Group identifies the business segments based on similarities in products and services, etc., offered by the Group and other factors. It has two reported segments: Medical Services, and Home Furnishing and Health.

The main products and services of each reporting segment are as follows:
Medical Services : manufacture, procurement, sales and rental of medical treatment beds, care products
linen supply such as a hospital and the hotel
Home Furnishing and Health : manufacture, procurement and sale of beds, furniture and beddings

Francebed Co., Ltd., a core subsidiary company in the Group, ceased operation under the structure of operating three business headquarters (the Medical Services Business Headquarters, the Home Furnishing and Health Business Headquarters and the Corporate Facilities Business Headquarters) that was in place until the previous consolidated fiscal year and introduced a structure based on regional business headquarters for the consolidated fiscal year under review. This reorganization involves a change in the reporting segments; the former three segments of Medical Services, Home Furnishing and Health, and Corporate Facilities to the two segments of Medical Services, and Home Furnishing and Health.
In addition, segment-based information for the previous consolidated fiscal year has been revised to reflect the change in the reporting segments under the reorganization of the Group disclosed in these consolidated business results.

2.Calculation of Net sales, Profit or Loss, Assets, etc. by Segment

Accounting methods applied to reporting segments are the same as those described in Significant Matters in Preparation of Consolidated Financial Statements.
Profit or loss of reporting segment is operating income basis.
Intersegment sales and transfers are calculated based on actual market value.

(Change in the method of distributing common expenses of the entire company)
In the consolidated fiscal year under review, the Group started to review the method of distributing common expenses of the entire company, which is used for calculating segment income/loss, to ensure more appropriate assessment and management of each segment’s business.
Segment-based information for the previous consolidated fiscal year has been revised to reflect the change in the method of distributing common expenses of the entire company disclosed in these consolidated business results.

3.Information on the amounts of sales, income (loss), assets, and other items for reporting segments

Fiscal year ended Mar. 2011 (Commenced Apr 1, 2010 and ended Mar 31, 2011) (In millions of yen)

	Reporting Segment			Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Medical Services	Home Furnishing and Health	Total				
Sales							
Sales to External Customers	25,100	19,327	44,428	3,882	48,311	－	48,311
Internal Sales among Segments or Transfers	36	501	538	432	970	∆970	－
Total	25,137	19,829	44,967	4,315	49,282	∆970	48,311
Segment Income / Loss	1,310	∆626	684	∆188	495	98	594
Segment asset	29,428	25,962	55,391	3,771	59,162	1,576	60,739
Other items							
Depreciation	2,940	459	3,400	21	3,422	∆1	3,420
Increase in tangible and intangible fixed assets	3,539	514	4,053	70	4,123	∆2	4,121

Fiscal year ended Mar. 2012 (Commenced Apr 1, 2011 and ended Mar 31, 2012) (In millions of yen)

	Reporting Segment			Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Medical Services	Home Furnishing and Health	Total				
Sales							
Sales to External Customers	27,015	19,077	46,093	3,683	49,776	–	49,776
Internal Sales among Segments or Transfers	3	494	497	78	575	Δ575	–
Total	27,019	19,571	46,590	3,761	50,352	Δ575	49,776
Segment Income / Loss	1,626	Δ47	1,578	10	1,589	35	1,625
Segment asset	30,139	26,241	56,380	3,476	59,857	Δ206	59,651
Other items							
Depreciation	3,225	487	3,712	23	3,736	Δ0	3,735
Increase in tangible and intangible fixed assets	2,842	324	3,166	15	3,182	35	3,218

(Notes)

1. The Other Businesses segment is a business segment that is not included in the reported segments and includes businesses such as door-to-door sales business, sundries sales business, advertising and exhibition business and real estate lease business.

2. The item “Adjustments” contains the following:

Segment income

	FY2011	FY2012
Elimination of intersegment transactions	739	744
Corporate expenses	Δ640	Δ708
	98	35

General corporate expenses are expenses relating to the general affairs division and other administrative divisions of the company submitting the consolidated financial statements that cannot be attributed to any particular reporting segment.

Segment asset

	FY2011	FY2012
Elimination of intersegment transactions	Δ17,270	Δ17,569
Corporate expenses	18,847	17,363
	1,576	Δ206

General corporate assets are surplus working capital (cash and deposits) and assets relating to the general affairs division or other administrative division of the company submitting the consolidated financial statements that cannot be attributed to any particular reporting segment.

3. Segment profit and loss is adjusted with operating income reported in the consolidated financial statements.

(Per Share Information)

	Fiscal year ended Mar. 2011 (Commenced Apr. 1,2010 and ended Mar.31, 2011)	Fiscal year ended Mar. 2012 (Commenced Apr. 1,2011 and ended Mar.31, 2012)
Net Assets per Share	¥162.16	¥163.48
Net Income per share	¥1.03	¥2.09

(Notes) 1. As there are no existing latent shares, presentation of fully diluted earnings per share has been omitted.

2. The basis for calculation of Net income per Share is as follows.

	Fiscal year ended Mar. 2011 (Commenced Apr. 1,2010 and ended Mar.31, 2011)	Fiscal year ended Mar. 2012 (Commenced Apr. 1,2011 and ended Mar.31, 2012)
Net Income(¥ million)	235	471
Amount not attributable to Common Shareholders(¥ million)	–	–
Net Income attributable to Common Stock(¥ million)	235	471
Average Number of Outstanding Common Shares during the Period (thousand shares)	227,908	224,892

(Important Subsequent Events)

FY2011.3 (Apr. 1, 2010–Mar. 31, 2011)
None applicable

FY2012.3 (Apr. 1, 2011–Mar. 31, 2012)

(Cancellation of Treasury Stock)

The Company resolved at a meeting of the Board of Directors held on April 27, 2012 to cancel its treasury stock pursuant to the provisions of Article 178 of the Companies Act.

(1) Reasons for cancellation
Treasury stock is cancelled with the aim to enhance shareholder value through reduction in the total number of shares issued.

(2) Method of cancellation
Deduction from “Other capital surplus”

(3) Class of shares cancelled
Common shares of the Company

(4) Total number of shares cancelled
15,000,000 shares

(5) Scheduled date of cancellation
May 18, 2012

(6) Total number of shares issued after cancellation
224,487,500 shares

4. Other

(1) Management Appointment and Resignations

1. Change in company officers
   None applicable

2. Change in other directors and officers (to be effective on June 27, 2012)
   Director resignation
   Director: Masashi Takenaka (currently in charge of the Planning Group)
   Candidates for auditors (new appointment)
   Auditor: Jyunji Nakao (currently Auditor, Francebed Co., Ltd.)
   Auditor: Akihito Kimura (currently Executive Officer, Assistant to General Manager, Sales Planning Division, General Business Department, Francebed Co., Ltd.)
   Auditors who will resign
   Auditor: Katsunori Negi
   Auditor: Susumu Kanno
   The current term of the auditor, Kenji Iwasaki, who was elected as auditor to fill a vacancy at the Ordinary General Shareholders' Meeting held on June 28, 2011, will expire upon the commencement of the 9th Ordinary General Shareholders' Meeting to be held on June 27, 2012. Accordingly, an auditor to fill the vacancy will be elected again at the meeting.
   The candidate for auditor to fill the vacancy is as below.
   Kenji Iwasaki (currently Managing Director, Tokio Marine & Nichido Fire Insurance Co., Ltd.)