Semi-Annual Consolidated Financial Statements for Fiscal 2005, Ending March 31, 2005

November 12, 2004

Company Name: Combi Corporation
Stock listing: First Section, Tokyo Stock Exchange
Company Code: 7935
Head Office: Tokyo
(URL: http://www.Combi.co.jp/)
President & CEO: Hiromasa Matsuura
Person in Charge of Inquiries: Tsutomu Yokobori, General Manager, Finance
Tel: (03) 5828-7661
Board of Directors' Meeting to Approve Results: November 12, 2004
Applied U.S. GAAPs: None

1. Consolidated First-Half Results for Fiscal 2005 (April 1, 2004 to September 30, 2004)

(1) Consolidated operating results (Amounts less than one million yen have been omitted)

	Net sales		Operating income		Recurring income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
1st half of FY2005	14,186	0.2	412	(12.8)	363	0.6
1st half of FY2004	14,163	(0.8)	472	(44.0)	361	(48.9)
FY2004	28,824	(2.8)	1,559	(23.3)	1,318	(26.1)

	Net income		Net income per share	Net income per share after full dilution
	(¥ million)	(%)	(¥)	(¥)
1st half of FY2005	154	(34.5)	8.62	-
1st half of FY2004	236	(33.1)	13.16	-
FY2004	861	(1.9)	47.18	-

Notes: 1. Equity in earnings from investments in affiliates
1st half of FY2005: ¥- million; 1st half of FY2004: ¥- million; FY2004: ¥- million
2. Average number of shares outstanding
1st half of FY2005: 17,956,363 shares; 1st half of FY2004: 17,956,899 shares; FY2004: 17,956,730 shares
3. Changes in accounting methods: None.
4. Percentage figures for net sales, operating income, recurring income and net income represent year-on-year changes.

(2) Consolidated financial position

	Total assets	Total shareholders' equity	Equity ratio	Shareholders' equity per share of common stocks
	(¥ million)	(¥ million)	(%)	(¥)
1st half of FY2005	26,905	15,697	58.3	874.24
1st half of FY2004	26,519	15,574	58.7	867.37
FY2004	26,430	15,723	59.5	874.87

Note: Number of shares outstanding at period-end
1st half of FY2005: 17,956,110 shares; 1st half of FY2004: 17,956,560 shares; FY2004: 17,956,560 shares

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
1st half of FY2005	1,013	(573)	365	4,292
1st half of FY2004	17	(763)	(296)	4,296
FY2004	32	(1,371)	(426)	3,480

(4) Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 8; Number of subsidiaries accounted for under the equity method: --; Number of affiliates accounted for under the equity method: -

(5) Scope of consolidation and moving condition of application of equity method

Newly consolidated: -; (Excluded): -; Newly applied to equity method: -; (Excluded): -

2. Consolidated Results Forecast for Fiscal 2005 (April 1, 2004 to March 31, 2005)

	Net sales	Recurring income	Net income
	(¥ million)	(¥ million)	(¥ million)
Full year	31,900	1,530	930

Reference: Forecast net income per share (full year): ¥51.79

*The above forecasts are based on information available at the time of announcement and subject to a number of uncertainties that could affect future results. Therefore, actual results may differ significantly depending on forecasts due to various factors. For precautions concerning the assumptions upon which the forecasts are based and the use of the forecasts, please refer to page 12.

The Combi Group

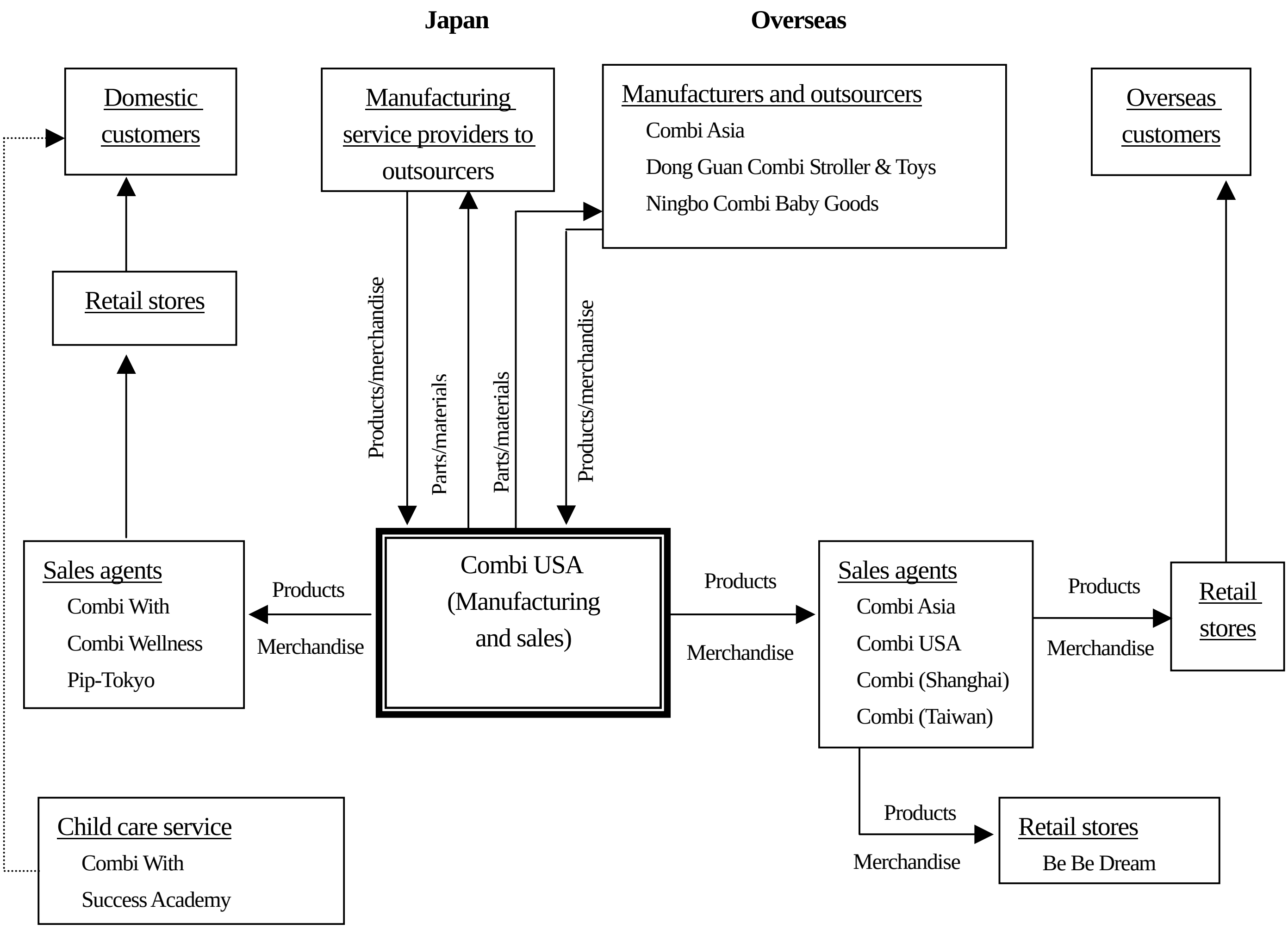
The Combi Group is made up of the Company, its eight subsidiaries and two affiliated companies, and is engaged in the manufacturing and sales of products in the Baby Care Products and Toys, and Health Care Products industry segments. The following table shows the specifics of each segment, and the positioning of the Company and its subsidiaries and their involvement in each segment.

The segments shown are the same as the industry segments.

Segment	Main products	Companies involved
Baby Care Products and Toys	Strollers, high chairs, child car seats, baby carriers, baby tableware, baby mugs, baby baths, pacifiers, BCS (diaper changing beds, baby rests, etc.), infant toys, education toys, child wear, nursery school operations, others	Manufacturing: Combi Corporation Combi Asia Limited *1 (Hong Kong, China) Dong Guan Combi Stroller & Toys Co., Ltd. *1 (Dongguan, Guang Dong, China) Ningbo Combi Baby Goods Co., Ltd. *1 (Yuyao, Zhe Jiang, China) Sales: Combi USA, Inc. *1 (South Carolina, U.S.A.) Combi Asia Limited *1 (Hong Kong, China) Combi (Shanghai) Co., Ltd. *1 (Shanghai, China) CombiWith Corporation *1 (Tokyo) Combi (Taiwan) Co., Ltd. *1 (Taipei, Taiwan) Success Academy *2 (Kanagawa) Be Be Dream Limited *2 (Hong Kong, China) Pip -Tokyo Co., Ltd. *3
Health Care Products	Fitness machines (Aerobike, Nautilus equipment, etc.), nursing care products (portable toilets, shower chairs, etc.), functional food products, others	Manufacturing: Combi Corporation Combi Asia Limited *1 (Hong Kong, China) Dong Guan Combi Stroller & Toys Co., Ltd. *1 (Dongguan, Guang Dong, China) Ningbo Combi Baby Goods Co., Ltd. *1 (Yuyao, Zhe Jiang, China) Sales: Combi Wellness Corporation *1 (Tokyo) Pip -Tokyo Co., Ltd. *3

Note: *1 consolidated subsidiary
*2 affiliated company
*3 segment hub company

The following diagram depicts the Combi Group.



Subsidiaries

Consolidated Subsidiaries

Company	Location	Capital	Main business segments	Voting rights or share-holdings (%)	Relationships	Notes
Combi Asia Limited	Hong Kong, China	HK$15 mil.	Baby care products and toys, health care products	100	Manufactures the Company's strollers and carts for seniors as well as selling the Company's baby care products to Southeast Asia. Has concurrently serving directors.	Note 2
Combi USA, Inc.	South Carolina, U.S.A.	US$8.5 mil.	Baby care products and toys	100	Sells the Company's baby care products in the U.S.A. Has concurrently serving directors. The company provides finance to this company and guarantees its bank loans.	Note 2
Combi (Shanghai) Co., Ltd.	Shanghai, China	US$6.3 mil.	Baby care products and toys	100	Sells the Company's baby care products in China. Has concurrently serving directors. The Company guarantees this company's bank loans.	Note 2
Dong Guan Combi Stroller & Toys Co., Ltd.	Guang Dong, China	HK$57.385 mil.	Baby care products and toys, health care products	100 [100]	Manufactures the Company's baby care and health care products. Wholly owned subsidiary of Combi Asia. Has concurrently serving directors.	Note 2 Note 3
Ningbo Combi Baby Goods Co., Ltd.	Zhe Jiang, China	US$2 mil.	Baby care products and toys, health care products	100 [100]	Manufactures the Company's baby care and health care products. Wholly owned subsidiary of Combi Asia.	Note 3
Combi (Taiwan) Co., Ltd.	Taipei, Taiwan	NT$20 mil.	Baby care products and toys	75 [75]	Manufactures the Company's baby care products in Taiwan. 75% owned by Combi Asia. Has concurrently serving directors.	Note 3
CombiWith Corporation	Taito-ku, Tokyo	¥30 mil.	Baby care products and toys	100	Sells the Company's baby care products to facilities. Has concurrently serving directors. The Company guarantees CombiWith's bank loans as well as providing it with funds.	
Combi Wellness Corporation	Taito-ku, Tokyo	¥50 mil.	Health care products	100	Sells the Company's fitness machines and nursing care products. Has concurrently serving directors. The Company provides Combi Wellness with funds.	

Notes:
1. "Main Business Segments" shows the names of industry segments.
2. This company is a specified subsidiary.
3. Figures in parentheses show the percentage of indirect ownership through Combi Asia Limited.
4. None of the consolidated subsidiaries files a registration statement or financial report.
5. Because the net sales of each consolidated subsidiary (excluding sales among consolidated subsidiaries) above are less than 10% of consolidated net sales, major profit and loss accounts and other information have not been presented.

Management Policies

1. Fundamental Management Policy

Combi makes your daily life more enjoyable and comfortable as we aim at bringing you a creative and heart-warming lifestyle.

In line with this corporate philosophy, the Combi Group strives to support mothers and their babies. Since its inception, the Company has been earning customers' trust for its technology and product quality as a supplier of juvenile products. At present, the Company is leveraging its technology to extend operations to encompass families, and in the process, to enter business domains that extend from child care to products for healthy living.

While adhering to its corporate philosophy, Combi is committed to the fundamental management policy of maximizing corporate value. Resources will be allocated primarily to core and growth businesses as the Company works to become more global in its operations. At the same time, the Company will continue to pursue self-innovation and thus transform itself into a corporate citizen worthy of the strong support of shareholders, customers, business partners, employees and all other stakeholders, while contributing to society in many ways.

2. Fundamental Policy Regarding Earnings Allocation

Returning earnings to shareholders is one of the highest management priorities of the Combi Group. The fundamental dividend policy is to distribute earnings in a manner that is stable and reflects operating results while ensuring the Group becomes more powerful. In concrete terms, this policy entails dividend payments that are continuous and stable while implementing other earnings distribution measures in accordance with operating results. Retained earnings will be used effectively to support future business development, such as by funding R&D programs to strengthen competitiveness, building a stronger base of operations and expanding global business activities.

3. Targeted Performance Indicators

To increase Combi's corporate value and achieve higher operating efficiency, ROA and ROE were selected as targeted performance indicators starting the fiscal year ended March 2002. The Group's goal is to achieve a consolidated ROA of 12% (on a recurring income basis) and ROE of 12% (on a net income basis) in the fiscal year ending March 2007. To reach these goals, management is focusing on adding more value to the Company's products, and reducing costs and assets.

4. Medium- and Long-Term Management Strategies

The market for baby care products in Japan, the Company's core market, is entering a new stage of development. Amid Japan's falling birth rate, the government is enacting measures to make it easier to raise children and there is growing interest among the general public in ways to deal with the nation's declining population of children and rising numbers of seniors. Although business results are showing an upward trend, personal consumption remains sluggish, so competition is certain to intensify. Given these challenges, the Group believes that the time has come to seek ways to create new forms of value in response to market changes. At the same time, the Group believes that growing public interest in healthy lifestyles, along with Japan's aging population, will lead to growing demand for products that maintain or promote good health and for nursing care products and services.

In response, the Group is placing priority on growth strategies in order to become an organization capable of steady expansion. The Group is vigorously implementing these strategies, which center on making operations more global and achieving progress in three areas between now and 2010:

- Establishing world leadership as the top innovative brand.
- Becoming the worldwide leader in quality.
- Creating the world's most efficient organization and employees.

Specific management strategies are listed below. By making every effort to implement these strategies, the Group aims to further increase its corporate value and develop its business operations.

(1) Strengthen and expand domestic juvenile product business

In the baby care product sector, Combi already has a high market share in each of its three core product categories – strollers, child car seats and high chairs. The Group will strive to further develop these areas, aiming to establish greater competitive superiority. Combi's child wear business has entered its fifth year. Its patent application for Wrap Crotch, a unique technique featuring such ideas as using hook and loop fasteners instead of buttons, was accepted in October 2004. Taking this opportunity, the Group will further broaden its product lineups, including the Wrap Family, which provides improved functions, clothes for children and bedding and interior goods. At the same time, sales promotional measures will be stepped up in a bid to maintain the growth trend in this business sector. Meanwhile, Combi will strive to provide a better child care environment through its operations supporting parents going out with their babies and through CombiWith Corporation, a subsidiary operating nursery schools under the concept of offering high-quality child care services.

(2) Aggressively implement overseas strategy (globalization of sales, manufacturing and purchasing activities)

Outside Japan, the Group has sales bases in North America, China, Hong Kong and Taiwan. Activities are focused on breaking into markets in Asia and the United States by expanding the range of merchandise Combi offers through the development of products that precisely match consumers' needs in these regions. The Group is gradually putting in place a manufacturing infrastructure in which production is located in optimal global locations. The manufacture of strollers and high chairs has been transferred to a consolidated subsidiary in China and the manufacture of some child car seats has also been shifted as the Group moves aggressively to reduce costs. To achieve further cost reductions, the Group will continue to procure parts and products from optimal locations.

(3) Achieve further growth in the fitness and health care business

There is a growing social need for nursing care services and products that promote good health. In the fitness business, the Company offers to fitness centers proposals that closely meet their needs, thus stepping up efforts to sell related equipment directly. Proposals are also made for the use of equipment to reduce the level of nursing care as much as possible in order to lower costs, and also of fitness equipment for rehabilitation. All these proposals are developed through joint research with universities and municipalities. Other actions, aimed at expanding sales, include expanding product selections that target individual users. In the health care business, the Company is introducing new products and taking other steps to enhance its range of merchandise.

(4) Foster new lines of business

CombiWith Corporation, a subsidiary engaged in nursery school operations under the concept of providing high-quality child care services, opened its first licensed nursery school in November 2001 in Nakano, Tokyo. During the half-year period under review, the company was commissioned to operate a public nursery school and opened a nursery school of its own. At present, CombiWith is operating a total of nine nursery schools, and it plans to open two more by the end of March 2005. Meanwhile, Combi will continue to develop its functional foods business, aiming to book profits from this area.

(5) Place priority on R&D programs

As an organization driven by the development of new products and technology, the Group places great importance on R&D activities. The goal is to achieve further improvements in safety, performance, design and other areas in order to offer new products with quality and added value that earns the support of consumers. This will enable the Group to fulfill its social mission of supporting the lives of the babies and their mothers, and the health of all family members.

(6) Reinforce internal systems

One theme is to firmly set up and improve the effectiveness of a personnel system that sets out clear roles and responsibilities. This system is designed to inject vitality into the organization and support the development of each employee's skills. Other themes are to upgrade training programs and build an organization that is slim and powerful. To boost the efficiency of manufacturing and sales activities and enhance management and administrative functions, the Group introduced an ERP system, which became operational in April 2004. To further improve the effectiveness of this system, work is now under way to bring about similar reforms in manufacturing, sales and logistics.

(7) Continue to enhance environmental management systems

The Company's Saitama Plant acquired ISO 14001 certification in December 1998. The same certification was subsequently acquired by subsidiary CombiWith Corporation, the Tsukuba Distribution Center, the Minami-Urawa Techno-Center and subsidiary Combi Wellness Corporation. The Company's head office and its local sales offices have also begun preparations to acquire the certification in 2005. In order to be an organization sensitive to people and the environment, the Group will continue to place emphasis on environmental activities.

5. Key Issues

(1) Responding to the declining birthrate in Japan

As the number of children in Japan continues to decline, the Group will break into new business fields by working aggressively to develop new baby care products. In Japan, the Group plans to achieve an overwhelming competitive edge in the three core product categories where it has large market shares: strollers, child car seats, and high chairs. Outside Japan as well, the Group plans to rapidly develop its businesses, achieving further growth mainly through steady expansion in Asia and the United States. Meanwhile, the Japanese government is introducing measures such as Next Generation Raising Support Law. In response to a surging social need for the development and improvement of the child care environment, the Group will become more active than before in such key fields as the nursery school business and products and services that make it easier for parents to go outside the home.

(2) Operation overhaul at three poorly performing subsidiaries

To reduce operating costs, Combi USA, Inc., an American subsidiary, moved its head office from Illinois to South Carolina in February 2004. Local management staff has been completely changed, the product lineup expanded and sales outlets to major distribution companies developed. These steps were taken to reduce personnel and other expenses and spur the recovery of the subsidiary's business performance. At the Company's Shanghai subsidiary, which is responsible for the Chinese market, reforms are being implemented to improve efficiency and profitability. These include reducing the number of products and sales channels and cutting operating expenses. Action is also being taken at a fitness and health care-related subsidiary to improve operating results. Initiatives to increase sales include offering more products that target social needs associated with fitness and nursing care for an aging population. Efforts will also be made to boost sales efficiency and thoroughly reduce costs.

6. Fundamental Policy Regarding Corporate Governance and Actions

(1) Fundamental position

To manage operations in a fair manner, the Group believes that among its highest priorities is the establishment of a management system that is more transparent for shareholders and that can quickly adapt to changes in the operating environment. To accomplish this, it is important to clearly define the roles and responsibilities of managers, facilitate speedy decision-making, strengthen internal controls and conduct a suitable disclosure program.

(2) Status of corporate governance measures

With the need for effective corporate governance systems increasing, the Group adopted the executive officer system in the year ended March 31, 2000. This system separates management functions to enable the Company to respond more quickly to market changes. Directors are responsible for making decisions on important management issues and supervising operations, and executive officers are responsible for the execution of business activities. This system provides a means of strengthening the management structure. There are no external directors.

In regard to auditing, the Company has adopted the corporate auditor system. Two of the three corporate auditors are from outside the Company, thus strengthening the auditing and checking functions. Periodic audits by the corporate auditors are conducted strictly as prescribed. The Company has appointed ChuoAoyama Audit Corp. as its independent public accountants. In addition to interim and year-end audits, this company provides advice about the functioning of internal controls. In addition, the Company's internal auditing office conducts periodic audits to verify that all divisions are carrying out their operations properly. This three-part auditing structure heightens the effectiveness of the Group's system of checks. There are no business ties or other significant financial relationships between the Company's external auditors and the independent public accountants.

Regarding disclosure activities, the Company has for many years continuously provided information on operations to shareholders, investors and others. The Company will continue to enhance the timely announcement of operating results and disclosure of other information, and will carry out a high-profile IR program. In this manner, the Company is dedicated to fulfilling its obligation to explain its operations to the public.

7. Fundamental Policy Regarding Related-Party Relationships

Yasuo Matsuura, the Company's chairman and representative director, also serves as chairman of Pip-Tokyo Co., Ltd. (based in Chiyoda-ku, Tokyo), which is a major shareholder of the Company. Prices and other terms for sales of the Company's products to Pip-Tokyo are not different in any way from those sold to companies that have no equity investment in the Company, and there will be no change in this policy.

Operating Results and Financial Position

1. Operating Results

(1) Interim period under review

1) Summary

During the six-month period that ended September 30, 2004, the Japanese economy showed signs of recovery thanks to large corporations' improving performance and rising capital investment. Furthermore, the Athens Olympics and the long spell of very hot weather helped push up personal consumption in such sectors as beverages and household electrical appliances. Overseas, the U.S. economy remained brisk, while Asian economies continued firm on the whole.

The domestic child care products market, however, continued severe as ever in reflection of persistently lackluster consumer sentiment.

Against this backdrop, the Combi Group worked hard to develop and sell high-value-added, innovative child care products and services. The Group also strove to reduce costs. In the core baby care product sector, rising sales of high-value added child car seats, the launch of new stroller models and steadily growing child wear business contributed to an improvement in the ratio of gross profit to net sales over the same period of the previous year.

Meanwhile, the Company's U.S. subsidiary, the management of which was replaced, expanded its sales channels by making use of large distributors, and posted an increase in net sales from a year earlier. However, it was unable to cover Head Office relocation costs and other expenses due to the delayed market introduction of new child car seats.

The Company's active R&D investment and the maintenance and other costs associated with its enterprise resource planning (ERP) system, which started operation in April 2004, led to a rise in selling, general and administrative expenses. To increase the effectiveness of the ERP system, the Company is working to enhance production and sales efficiency and to improve management functions. Thus, operational reforms continue. Meanwhile, the Company reported an extraordinary loss for the voluntary recall of Baby Keep in the child care support business sector.

As a result, consolidated net sales for the interim period under review inched up 0.2% from the same period of the previous year, to ¥14,186 million, while operating income fell 12.8%, to ¥412 million. Recurring income was up 0.6%, to ¥363 million, and net income decreased 34.5%, to ¥154 million.

The Company has decided to pay an interim dividend of ¥10 per share for the fiscal half-year under review.

2) Results by business segment

<Baby Care Products and Toys>

Since dual-type strollers (new type-A strollers), which have functions of both type-A and type-B strollers, were put on the market, competition has been heating up. In response, the Company in August 2004 started selling a new model, Well Flat Wide W, which can be used comfortably for infants up to 2 years old. This model, received well by consumers, has contributed to improved profitability. Regarding child car seats, sales of high-value added products as a percentage of total sales increased. Such products include ZEUS TURN, the seat part of which can be rotated 360 degrees, and Primlong, a long-use model that can accommodate children ranging from newborn infants to those around 7 years old. Child car seat sales exceeded the year-earlier level, thus contributing to higher profitability.

Combi's child wear business, promoted mainly through catalog shopping, has entered its fifth year. Sales in this sector have steadily grown as the useful functions, good designs and reasonable prices of Combi products, typified by the Wrap Family line, have been appreciated by consumers.

Meanwhile, nursery school operations, the Group's new business area, are carried out in line with the concept of providing high-quality nursery services. In April 2004, Combi was commissioned by Tokyo's Nakano Ward to operate Miyanodai Nursery School (owned by the ward and run by a designated operator).

Combi Plaza Kawaguchi Higashi (a nursery school authorized by Saitama Prefecture) opened in September. In all, the Group is operating nine nursery schools.
Sales in this segment totaled ¥12,706 million, down 0.4% from a year earlier. Operating income rose 5.7%, to ¥1,455 million.

<Health Care Products>
In the fitness business, sales to individual customers rose through the expansion of product lines and the use of mail-order business. Sales to fitness facilities continued firm despite severe business conditions.
As for health care business, sales of portable toilets and other higher-priced items were affected by shifts in the nursing care product market, from products for aged persons needing care to products to help prevent the elderly from needing care. Sales of carts for seniors, however, topped the year-earlier level.
Profit cannot be expected from the functional foods business as it is still in the process of cultivation. But the scope of this business will be steadily expanded for further development in the future.
Sales in this segment rose 5.1% from a year earlier, to ¥1,479 million, while an operating loss of ¥132 million was registered.

3) Results by region
<Japan>
Lifted by rising sales of high-value added child car seats, the launch of new stroller models and steadily growing child wear business, the ratio of gross profit to net sales exceeded the year-earlier level.
Furthermore, with the number of nursery schools operated by the Group increasing, income grew from nursery operations.
As a result, net sales in Japan rose 1.1% from the same period of the previous year, to ¥13,426 million, and operating income climbed 13.3%, to ¥1,281 million.

<Asia>
In Taiwan, it became obligatory to use child car seats for children in June 2004. Taking this opportunity, the Group stepped up sales activities in the Asian region. Sales in China nearly reached the year-earlier level as the Group emphasized its policy of pursuing profits. In the face of intensifying competition, however, the Group had a hard fight in other Southeast Asian countries. On the production front, with performance at Chinese subsidiaries producing strollers and high chairs dependent on sales trends in Japan, the increasing percentage of locally procured parts helped reduce costs at a steady pace.
As a consequence, sales in the Asian region totaled ¥2,467 million, a 10.4% drop from a year earlier, while operating income rose 5.3%, to ¥270 million.

<North America>
In North America, sales rose from a year earlier as the sales channels were expanded through the use of leading distributors but, due to a delay in putting child car seats on the market, Head Office relocation costs and other expenses could not be offset.
Sales in North America surged 39.7%, to ¥418 million, while an operating loss of ¥188 million was reported.

(2) Forecast for fiscal 2005 (year ending March 31, 2005)

The business environment is expected to remain severe in the period ahead. But the Combi Group will strive to expand business and increase profit by developing and selling child care products and services that are high-value-added, innovative and forward-looking. At the same time, cost-cutting efforts will continue.

In its core segment of baby care products, Combi plans to start selling in January 2005 a new A-type stroller, COCOT COMPACT W EG, which can be comfortably used by infants from one month to two years old. It is also compactly collapsible. At the same time, a new type of baby carrier will be marketed - one that can be put on without the help of another person and can be used in one of five face-to-face positions or five forward-facing positions. In addition to these products, Combi plans to launch several new items in this sector, including baby bottle-related items. Thus, the Group is determined to revitalize the market and maintain its superiority by introducing a succession of high-value-added products to the market.

In the child wear business, Combi was awarded a patent in October 2004 for Wrap Crotch, a unique item featuring such ideas as the use of hook and loop fasteners instead of buttons. Taking full advantage of the patented technique, the Group will broaden the Wrap Family lineup, which features improved functionality. The Group will also further expand its product lines, including clothes for children and Combimini Plus, a new brand featuring basic designs and practicality. Combining these measures and sales promotional programs, the Group aims to further expand its child wear business.

In the child care environment support business, the focus will be put on sales of new models of Baby Keep (baby rests installed in public toilet stalls) and Baby Sheet (diaper changing beds in restrooms) to facilities that have installed earlier models of these products. In nursery school operations, the Group is scheduled to open two more schools in the second half, in line with the concept of providing high-quality child care services.

Overseas, the Group will redouble its efforts to expand business in Taiwan, where the use of child car seats became obligatory in June 2004, and other Asian markets outside Japan. In China, sales strategies will be revamped and cost-cutting efforts will be intensified according to the Group's policy of pursuing profit-oriented business in the country. In the United States, the Group will step up its efforts to sell to baby care product shops as existing channels and will also expand new distribution channels.

In the segment of health care products, the Group will strengthen direct sales to fitness facilities in a bid to increase sales. With regard to the sales strategy for individual customers, fitness operations will be actively expanded through such measures as increasing product lines. In health care operations, the Group is determined to increase sales and improve profitability by recovering its strength in this business area through such measures as launching new products and establishing a nursing care network. In the functional foods sector, the Group will strive to expand its food materials sales channel.

Meanwhile, the Combi Group will continue to pursue effective use of its enterprise resource planning (ERP) system, which was adopted in April 2004. At the same time, it will strive to improve business efficiency and further reduce costs by carrying out ongoing operational reform programs.

With the implementation of these measures, in fiscal 2005 (the year ending March 31, 2005), net sales are projected to rise10.7% from the previous year, to ¥31,900 million, recurring income is forecast to climb 15.3%, to ¥1,520 million, and net income will total ¥930 million, rising 8.0%, all on a consolidated basis.

[Consolidated net sales] (¥ million, %)

Industry segment	FY2004 ended March 2004 (actual)	FY2005 ending March 2005 (forecast)	Change from previous FY
Baby care products and toys	25,604	28,300	2,695 (10.5)
Health care products	3,220	3,600	379 (11.8)
Total	28,824	31,900	3,075 (10.7)

(Cautionary statement)
Market forecasts and projections of operating results contained in this earnings report are based on information available to the Company and the Group at the time of announcement and are subject to a number of risks and uncertainties. Readers and potential investors are therefore warned that actual results may differ from forecasts due to changes in a number of factors.

2. Financial Position
Cash and cash equivalents (hereinafter referred to as "funds") on a consolidated basis as of September 30, 2004, totaled ¥4,292 million, falling ¥3 million from a year earlier. The situation of each cash flow and the factors behind cash flow increases and decreases are described below.

(Cash Flows from Operating Activities)
Operating activities results in an increase of ¥1,013 million in cash flows. This is mainly because an increase in funds due to such factors as ¥295 million in interim net income before tax adjustments for the interim period, ¥298 million in depreciation expenses and a ¥285 million decline in accounts receivable exceeded a drop in funds caused by a ¥255 million increase in inventories, among other factors.
Compared with the year-earlier period, funds gained from operating activities increased ¥996 million due to such factors as an increase in purchase liabilities and a decline in corporate taxes paid and other.

(Cash Flows from Investment Activities)
Funds invested totaled ¥573 million. This mainly reflected purchases of tangible and intangible fixed assets, which amounted to ¥439 million.
Cash used for investment activities dropped ¥190 million from the first half of the previous year, due primarily to a decline in spending for the purchase of tangible fixed assets.

(Cash Flows from Financing Activities)
Net funds gained from financing activities totaled ¥365 million. This is mainly because the inflow of ¥1,349 million due to short-term loans exceeded the outflow of ¥767 million in payments of short-term loans and ¥180 million paid in dividends.
In the year-earlier period, financing activities used net cash of ¥296 million, primarily ¥270 million paid in dividends.

Cash flows indicators at the Combi Group have trended as follows.

	1st half of FY2003	1st half of FY2004	1st half of FY2005	FY2004
Equity ratio (%)	58.5	58.7	58.3	59.5
Capital adequacy ratio on a market value basis (%)	43.1	49.0	51.9	51.3
Years to redeem debt	1.6	114.8	2.2	119.8
Interest coverage ratio	28.5	0.4	29.7	0.4

• Equity ratio: Total shareholders' equity/Total assets
• Capital adequacy ratio on a market value basis: Market capitalization/Total assets
• Number of years to redeem debt: Interest-bearing liabilities/Cash flows from operating activities (Interim operating cash flows x 2)
• Interest coverage ratio: Cash flows from operating activities/Interest payments

Notes: 1. All indicators are computed on a consolidated basis.
2. Market capitalization is determined by multiplying the closing price at the end of the first half by the number of shares outstanding on the same day (after deducting treasury stock).
3. This table was compiled using data on cash flows from operating activities. Interest-bearing liabilities represent all

liabilities on the consolidated balance sheets on which interest is paid. Interest payments represent the amount of interest paid as shown on the consolidated statements of cash flows.

Consolidated Financial Statements

(1) Consolidated balance sheets

(Amounts less than one thousand yen have been omitted.)

Description \ Period	First half of FY2004 (as of September 2003)		First half of FY2005 (as of September 2004)		FY2004 condensed balance sheet (as of March 2004)	
	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share
(ASSETS)						
I. Current Assets	18,300,135	69.0	18,942,299	70.4	18,066,838	68.4
Cash on hand and in banks	4,102,543		4,861,358		3,912,454	
Accounts and notes receivable	7,288,691		7,305,301		7,579,773	
Securities	1,476,817		1,102,811		1,038,856	
Inventories	4,254,520		4,599,777		4,333,973	
Deferred tax assets	336,009		394,285		289,732	
Other current assets	941,889		696,545		1,008,986	
Allowance for doubtful accounts	(100,335)		(17,781)		(96,939)	
II. Fixed Assets	8,219,855	31.0	7,963,422	29.6	8,363,822	31.6
1. Tangible Fixed Assets	5,923,404	22.3	5,793,924	21.5	5,872,677	22.2
Buildings and structures	2,233,347		2,292,207		2,305,352	
Land	2,786,294		2,786,294		2,786,294	
Others	903,762		715,423		781,030	
2. Intangible Fixed Assets	527,883	2.0	724,297	2.7	694,146	2.6
3. Investments and Others	1,768,568	6.7	1,445,200	5.4	1,796,998	6.8
Investments in securities	1,016,348		962,033		1,049,193	
Deferred tax assets	44,574		34,336		45,192	
Others	875,709		601,123		855,649	
Allowance for doubtful accounts	(168,064)		(152,293)		(153,036)	
Total Assets	26,519,991	100.0	26,905,721	100.0	26,430,660	100.0

(Amounts less than one thousand yen have been omitted.)

Description \ Period	First half of FY2004 (as of September 2003)		First half of FY2005 (as of September 2004)		FY2004 condensed balance sheet (as of March 2004)	
	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share
(LIABILITIES)						
I. Current Liabilities	7,694,970	29.0	9,265,115	34.5	8,516,388	32.2
Accounts and notes payable	4,094,611		4,139,359		3,915,955	
Short-term bank loans	1,338,388		1,940,423		1,348,260	
Current portion of long-term loans	7,500		-		-	
Current portion of bonds	-		1,000,000		1,000,000	
Income taxes payable	178,097		225,399		41,039	
Accrued bonuses to employees	371,582		390,980		330,530	
Other current liabilities	1,704,789		1,568,953		1,880,602	
II. Long-term Liabilities	3,247,951	12.3	1,919,546	7.1	2,187,565	8.3
Bonds	2,000,000		1,000,000		1,000,000	
Accrued retirement benefits for employees	48,460		33,591		60,804	
Accrued retirement benefits for directors	281,203		276,778		295,508	
Other long-term liabilities	918,288		609,176		831,252	
Total Liabilities	10,942,922	41.3	11,184,661	41.6	10,703,954	40.5
(MINORITY INTERESTS)						
Minority interests	2,149	0.0	23,146	0.1	3,019	0.0
(CAPITAL)						
I. Capital	2,991,922	11.3	2,991,922	11.1	2,991,922	11.3
II. Capital Surplus	2,783,731	10.5	2,783,731	10.3	2,783,731	10.5
III. Retained Earnings	9,655,779	36.4	10,062,364	37.4	10,101,055	38.2
IV. Variances on Securities Valuation	22,261	0.0	31,217	0.1	40,553	0.2
V. Foreign Currency Translation Adjustment	123,001	0.5	(169,198)	(0.6)	(191,798)	(0.7)
VI. Treasury Stock	(1,777)	(0.0)	(2,124)	(0.0)	(1,777)	(0.0)
Total Shareholders' Equity	15,574,919	58.7	15,697,913	58.3	15,723,687	59.5
Total Liabilities, Minority Interests and Total Shareholders' Equity	26,519,991	100.0	26,905,721	100.0	26,430,660	100.0

(2) Consolidated statements of income

(Amounts less than one thousand yen have been omitted.)

Description \ Period	First half of FY2004 (ended September 2003)		First half of FY2005 (ended September 2004)		FY2004 condensed statement (ended March 2004)	
	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share
I. Net Sales	14,163,242	100.0	14,186,683	100.0	28,824,687	100.0
II. Cost of Sales	7,709,103	54.4	7,568,136	53.4	15,473,011	53.7
Gross profit	6,454,138	45.6	6,618,547	46.6	13,351,676	46.3
III. Selling, General and Administrative Expenses	5,981,494	42.3	6,206,214	43.7	11,791,964	40.9
Operating income	472,644	3.3	412,332	2.9	1,559,711	5.4
IV. Non-operating Income	24,135	0.2	66,484	0.5	71,150	0.3
Interest income	9,747		9,121		19,666	
Dividend income	236		1,410		7,747	
Exchange gain	-		8,179		-	
Other non-operating income	14,151		47,772		43,737	
V. Non-operating Expenses	135,490	0.9	115,535	0.8	312,113	1.1
Interest expenses	39,373		35,407		77,448	
Sales discounts	75,856		72,693		148,101	
Exchange losses	13,569		-		72,723	
Other non-operating expenses	6,691		7,434		13,839	
Recurring income	361,288	2.6	363,281	2.6	1,318,749	4.6
IV. Extraordinary Income	2,728	0.0	46,963	0.3	63,610	0.2
VII. Extraordinary Losses	16,115	0.1	114,615	0.8	20,996	0.1
Income before income taxes	347,900	2.5	295,628	2.1	1,361,363	4.7
Income taxes	155,643	1.1	208,786	1.5	488,063	1.7
Deferred taxes	(43,424)	(0.3)	(88,078)	(0.6)	11,590	0.0
Minority interests in consolidated subsidiaries (loss)	(625)	(0.0)	20,071	0.1	561	0.0
Net income	236,307	1.7	154,849	1.1	861,148	3.0

(3) Consolidated statements of capital surplus and retained earnings

(Amounts less than one thousand yen have been omitted.)

Period / Description	First half of FY2004 (ended September 2003)	First half of FY2005 (ended September 2004)	FY2004 condensed statement (ended March 2004)
	Amount (¥ thousand)	Amount (¥ thousand)	Amount (¥ thousand)
(CAPITAL SURPLUS)			
I. Capital Surplus Brought Forward	2,783,731	2,783,731	2,783,731
II. Capital Surplus Carried Forward	2,783,731	2,783,731	2,783,731
(RETAINED EARNINGS)			
I. Retained Earnings Brought Forward	9,708,214	10,101,055	9,708,214
II. Increases	236,307	154,849	861,148
1. Net income	236,307	154,849	861,148
III. Appropriations	288,742	193,540	468,308
1. Cash dividends	269,355	179,565	448,921
2. Directors' bonuses	19,387	13,975	19,387
IV. Retained Earnings Carried Forward	9,655,779	10,062,364	10,101,055

(4) Consolidated statements of cash flows

(Amounts less than one thousand yen have been omitted.)

Description \ Period	First half of FY2004 (ended Sept. 2003) Amount (¥ thousand)	First half of FY2005 (ended Sept. 2004) Amount (¥ thousand)	FY2004 condensed statement (ended March 2004) Amount (¥ thousand)
I. Cash Flows from Operating Activities			
Income before income taxes	347,900	295,628	1,361,363
Depreciation and amortization	258,474	298,970	549,369
Increase (decrease) in allowance for doubtful receivables	(44,189)	(75,722)	(71,949)
Interest and dividend income	(9,983)	(10,532)	(27,413)
Interest expenses	39,373	35,407	77,448
Exchange gain (loss)	(676)	808	17,074
Writedown of investments in securities	-	2,364	-
Loss on retirement of fixed assets	2,897	10,046	7,855
Gain on sale of fixed assets	-	(3,368)	-
Decrease in trade receivables	743,544	285,742	332,694
Increase (decrease) in inventories	(366,420)	(255,467)	(567,850)
Increase (decrease) in trade payables	(635,908)	108,132	(530,235)
Others	290,971	299,899	23,049
Sub-total	625,982	991,909	1,171,406
Payment of income taxes	(608,929)	(40,534)	(1,139,330)
Repayment of income taxes	-	62,208	-
Net cash provided by operating activities	17,052	1,013,583	32,075
II. Cash Flows from Investing Activities			
Receipt of interest and dividend income	9,427	10,264	26,679
Increase in time deposits	(908,987)	(900,632)	(1,863,602)
Decrease in time deposits	818,479	770,559	1,556,975
Proceeds from sale of securities	54,000	30,000	97,000
Payments for purchase of tangible fixed assets	(430,509)	(230,779)	(639,318)
Proceeds from sale of tangible fixed assets	-	5,290	-
Payments for purchase of intangible fixed assets	(162,456)	(208,330)	(288,864)
Payments for purchase of investment securities	(193,200)	(32)	(300,010)
Proceeds from sale of investment securities	5,228	-	5,228
Others	44,538	(49,556)	34,770
Net cash used in investing activities	(763,479)	(573,215)	(1,371,141)
III. Cash Flows from Financing Activities			
Payment of interest expenses	(38,801)	(34,166)	(74,845)
Increase in short-term bank loans	697,147	1,349,014	1,414,126
Decrease in short-term bank loans	(669,400)	(767,802)	(1,292,241)
Decrease in long-term bank loans	(15,000)	-	(22,500)
Dividends paid	(270,172)	(180,818)	(451,068)
Others	(369)	(347)	(369)
Net cash used in financing activities	(296,597)	365,879	(426,898)
IV. Effect of Exchange on Cash and Cash Equivalents	(2,717)	5,935	(95,727)
V. Increase (Decrease) in Cash and Cash Equivalents	(1,045,741)	812,183	(1,861,692)
VI. Cash and Cash Equivalents at Beginning of Period	5,342,272	3,480,579	5,342,272
VII. Cash and Cash Equivalents at End of Period	4,296,530	4,292,762	3,480,579

Basis of Presentation of the Consolidated Financial Statements

1. Scope of Consolidation

The Company has eight subsidiaries, all of which are consolidated:

Combi Asia Limited, Combi USA, Inc., Combi (Shanghai) Co., Ltd., Dong Guan Combi Stroller & Toys Co., Ltd., Ningbo Combi Baby Goods Co., Ltd., Combi (Taiwan) Co., Ltd., CombiWith Corporation, and Combi Wellness Corporation

2. Application of Equity Method

(1) There were no non-consolidated subsidiaries or affiliates to which the equity method is applied.

(2) The equity method is not applied to the following two affiliates:

Success Academy Co., Ltd. and Be Be Dream Limited.

This is because companies to which the equity method is not applied do not have much impact on the Group's net income, consolidated retained earnings, etc. for the fiscal first half, and also because they have no significant influence on the Group's financial results as a whole.

3. Matters Concerning Ends of Fiscal First Half of Consolidated Subsidiaries

Of the consolidated subsidiaries, Combi Asia Limited, Combi USA, Inc., Combi (Shanghai) Co., Ltd., Dong Guan Combi Stroller & Toys Co., Ltd., Nigbo Combi Baby Goods Co., Ltd., and Combi (Taiwan) Co., Ltd. end their fiscal first half on June 30 each year. The accounts of these subsidiaries have been consolidated using the financial statements as of this interim date, with necessary adjustments of consolidation for important transactions occurring between the above date and the end of the Company's consolidated fiscal first half.

The ends of fiscal first half of CombiWith Corp. and Combi Wellness Corp. coincide with the end of the consolidated fiscal first half.

4. Summary of Significant Accounting Principles

(1) Valuation standards and accounting treatment for important assets

(a) Securities

Held-to-maturity debt securities: Stated at amortized cost (straight-line method)

Other securities:

Securities with market quotations: Stated at fair value determined by the market value at end of interim period. (Unrealized gains or losses are recorded in shareholders' equity. Cost is determined by the moving-average method.)

Securities without market quotations: Stated at cost determined mainly by the moving-average method.

(b) Derivatives

Stated at fair value

(c) Inventories

Stated at cost determined mainly by the average cost method

(2) Depreciation and amortization of important depreciable assets

(a) Tangible fixed assets

The Company and its domestic consolidated subsidiaries compute depreciation with the declining-balance method. However, depreciation expenses for buildings (other than improvements) acquired on or after April 1, 1998, are computed using the straight-line method. Overseas consolidated subsidiaries also use the straight-line method.

(b) Intangible fixed assets

Amortization is computed using the straight-line method.

Amortization of software costs for internal use is computed using the straight-line method based on an internal useful life of 5 years.

(3) Accounting for allowances

(a) Allowance for doubtful accounts

The Company and its domestic consolidated subsidiaries provide for losses on ordinary receivables using the historical default rate, and provide for losses on specific receivables where there is a fear of default based on the estimated amount of uncollectible receivables on an individual basis.

(b) Accrued bonuses to employees

To provide for the payment of bonuses to employees, the Company and its domestic subsidiaries make provisions for the amount of future payments incurred in the interim period.

(c) Accrued retirement benefits for employees

To provide for employees' retirement benefits, the Company records an amount that is recognized as arising at the end of the interim period based on the estimated retirement benefit obligations and value of pension assets at the end of the fiscal year concerned.

Unrecognized actuarial differences are proportionally divided using the straight-line method over a set period that is not longer than the average remaining service period for employees in service at the time the liabilities are incurred in each consolidated accounting year. In this case, actuarial differences are expensed over 10 years starting in the following fiscal year.

(d) Accrued retirement benefits for directors

To provide for the payment of retirement benefits to directors and executive officers, the Company records an amount to adequately cover payments at the end of the interim period in accordance with internal rules.

(4) Standards for the conversion of important foreign currency-denominated assets and liabilities into yen

Foreign currency-denominated monetary receivables and payables are converted into Japanese yen at the exchange rate prevailing at the end of the interim period, with gains and losses on translation recognized in the consolidated statements of income. The assets and liabilities of overseas subsidiaries are converted into Japanese yen at the spot exchange rate prevailing on their interim account-settlement date, while revenue and expense accounts are converted at the average exchange rate during the interim period. Gains and losses are included in the "foreign transfer ownership currency translation adjustment" account in Minority Interests and Shareholders' Equity.

(5) Accounting treatment of important leasing transactions

The Company and its domestic consolidated subsidiaries account for finance leases, excluding those in which the ownership of the leased property is considered to be transferred to the lessee, in accordance with standards for ordinary operating leases.

(6) Hedge accounting

(a) Hedge accounting

The Company applies deferred hedge accounting. When a foreign currency swap contract fulfills certain conditions, gains or losses are deferred.

(b) Hedging Instruments, Hedged Items and Hedging Policy

The Company hedges its exposure to the risk of fluctuations in foreign currency exchange rates in accordance with the market risk management regulations of the Company's internal rules. With regard to the significant risk of fluctuations in foreign currency exchange rates on foreign currency-denominated purchase transactions (including planned transactions), the Company principally hedges up to 90% of foreign currency-denominated transactions due for settlement within one year, and up to 70% of such transactions for settlement in a period exceeding one year.

The following are the hedging instruments and hedged items applied in the fiscal half-year under review:

Hedging instruments: foreign currency option contracts

Hedged items: foreign currency-denominated transactions (including planned transactions)

(c) Method for measuring effectiveness

In principle, the Company evaluates the effectiveness of hedges by reference to the accumulated gains or losses on the hedging instruments and movement of cash flows, and the related hedged items and movement of cash flows.

(7) Accounting for consumption tax

The Company and its domestic consolidated subsidiaries account for consumption tax using the tax exclusion method.

(8) Treatment of various reserves by the appropriation-of-earnings method with the application of tax effect accounting

Income taxes paid during and deferred taxes related to the fiscal first half under review have been calculated on the assumption that reserve for reduced value entry and reserve for special depreciation would be accumulated or drawn down due to the distribution of net profit scheduled for the current fiscal year.

5. Cash and Cash Equivalents in the First-Half Consolidated Statements of Cash Flows

Cash and cash equivalents in the consolidated statements of cash flows of cash on hand, bank deposits withdrawable on demand, and short-term investments with an original maturity of three months or less, which can be easily converted into money and which present only a minor risk of fluctuation in value.

Notes to the Consolidated Financial Statements

(¥ thousand)

First half of FY2004 (as of September 30, 2003)	First half of FY2005 (as of September 30, 2004)	FY2004 (as of March 31, 2004)
1. Accumulated depreciation on tangible fixed assets: 4,291,834	1. Accumulated depreciation on tangible fixed assets: 4,479,917	1. Accumulated depreciation on tangible fixed assets: 4,411,946
2. Assets pledged as collateral Deposits 15,360 Buildings and structures 1,089,639 Land 1,160,103 Other 83,362 Total 2,348,465 Collateralized obligations Short-term bank loans 54,433 Bonds 2,000,000 Total 2,054,433	2. Assets pledged as collateral Deposits 13,900 Buildings and structures 1,008,932 Land 1,160,103 Total 2,182,935 Collateralized obligations Current portion of bonds 1,000,000 Bonds 1,000,000 Total 2,000,000	2. Assets pledged as collateral Deposits 13,790 Buildings and structures 1,045,821 Land 1,160,103 Other 48,549 Total 2,268,265 Collateralized obligations Short-term bank loans 43,746 Current portion of bonds 1,000,000 Bonds 1,000,000 Total 2,043,746
3. Guarantee obligations: 29,238	3. Guarantee obligations: 29,229	3. Guarantee obligations: 31,584
4. Main selling, general and administrative expense items: Freight-out 535,805 Advertising and promotion 1,132,826 Bonuses and allowances 1,359,462 Retirement benefit expenses 120,780 Provision for employees' bonuses 302,227 Provision for officers' retirement benefits 12,712 Depreciation and amortization 139,751	4. Main selling, general and administrative expense items: Freight-out 514,769 Advertising and promotion 1,129,164 Bonuses and allowances 1,392,808 Retirement benefit expenses 135,382 Provision for employees' bonuses 313,925 Provision for officers' retirement benefits 14,120 Depreciation and amortization 173,224	4. Main selling, general and administrative expense items: Freight-out 1,075,485 Advertising and promotion 2,132,937 Bonuses and allowances 3,024,374 Retirement benefit expenses 223,704 Provision for employees' bonuses 266,562 Provision for officers' retirement benefits 27,017 Depreciation and amortization 294,939
5. Main extraordinary income items Gain on sales of fixed assets 2,407 Main extraordinary loss items Loss on disposal of fixed assets 12,340	5. Main extraordinary income items Gain on sales of fixed assets 3,368 Gains from carryback of doubtful accounts 38,518 Profit on sale of membership card 4,847 Main extraordinary loss items Loss on disposal of fixed assets 11,079 Expenses of voluntary product recall 103,536	5. Main extraordinary income items Subsidy income 50,631 Gains from carryback of doubtful accounts 10,568 Main extraordinary loss items Loss on disposal of fixed assets 17,298
6. Notes to consolidated statements of cash flows Reconciliation of cash and cash equivalents at end of period with cash items on balance sheet Cash on hand and in banks 4,102,543 Securities 1,476,817 Total 5,579,360 Time deposits exceeding three months (1,209,608) Bonds with redemption periods exceeding three months (73,221) Cash and cash equivalents at end of period 4,296,530	6. Notes to consolidated statements of cash flows Reconciliation of cash and cash equivalents at end of period with cash items on balance sheet Cash on hand and in banks 4,861,358 Securities 1,102,811 Total 5,964,169 Time deposits exceeding three months (1,472,263) Bonds with redemption periods exceeding three months (199,143) Cash and cash equivalents at end of period 4,292,762	6. Notes to consolidated statements of cash flows Reconciliation of cash and cash equivalents at end of period with cash items on balance sheet Cash on hand and in banks 3,912,454 Securities 1,038,856 Total 4,951,311 Time deposits exceeding three months (1,335,515) Bonds with redemption periods exceeding three months (135,216) Cash and cash equivalents at end of period 3,480,579

Segment Information

1. Segment Information by Industry Segment

The following tables show segment information by industry segment for the first half of fiscal 2004 and fiscal 2005, and for fiscal 2004.

(¥ thousand)

Period		Baby care products and toys	Health care products	Total	Eliminations and corporate expenses	Consolidated
1st half of FY2004 (ended Sept. 30, 2003)	Net sales and operating income					
	Net sales					
	(1) Sales to outside customers	12,755,240	1,408,002	14,163,242	-	14,163,242
	(2) Intersegment sales/transfers	-	-	-	-	-
	Total	12,755,240	1,408,002	14,163,242	-	14,163,242
	Operating expenses	11,378,068	1,497,754	12,875,822	814,775	13,690,598
	Operating income (loss)	1,377,172	(89,752)	1,287,420	(814,775)	472,644
1st half of FY2005 (ended Sept. 30, 2004)	Net sales and operating income					
	Net sales					
	(1) Sales to outside customers	12,706,965	1,479,717	14,186,683	-	14,186,683
	(2) Intersegment sales/transfers	-	-	-	-	-
	Total	12,706,965	1,479,717	14,186,683	-	14,186,683
	Operating expenses	11,251,083	1,612,357	12,863,441	910,908	13,774,350
	Operating income (loss)	1,455,881	(132,640)	1,323,241	(910,908)	412,332
FY2004 (ended Mar. 31, 2004)	Net sales and operating income					
	Net sales					
	(1) Sales to outside customers	25,604,097	3,220,590	28,824,687	-	28,824,687
	(2) Intersegment sales/transfers	-	-	-	-	-
	Total	25,604,097	3,220,590	28,824,687	-	28,824,687
	Operating expenses	22,450,562	3,244,770	25,695,333	1,569,643	27,264,976
	Operating income (loss)	3,153,534	(24,179)	3,129,354	(1,569,643)	1,559,711

Notes: 1. Method for classifying industry segments and main products in each segment

(1) Industry segments are classified based on the main products handled.

(2) Main products and business are specified in each industry segment.

Industry segment	Main products and businesses
Baby care products and toys	Baby care products, strollers, child car seats, nursing products, toys, BCS products, child wear, etc.
Health care products	Fitness machines, nursing care products, functional food products, etc.

2. Unallocatable expenses included in "Eliminations and corporate expenses" under "Operating expenses"

(¥ thousand)

	1st half of FY2004	1st half of FY2005	FY2004	Main expenses
Unallocatable expenses included in "Eliminations and corporate expenses"	814,775	910,908	1,569,643	Expenses incurred in the Company's general affairs and personnel, finance, corporate planning and other management departments.

2. Segment Information by Geographic Segment

The following tables show segment information by geographic segment for the first half of fiscal 2004 and fiscal 2005, and for fiscal 2004.

(¥ thousand)

Period		Japan	Asia	North America	Total	Eliminations and corporate expenses	Consolidated
1st half of FY2004 (ended Sept. 30, 2003)	Net sales and operating income Net sales						
	(1) Sales to outside customers	13,179,178	684,770	299,293	14,163,242	-	14,163,242
	(2) Intersegment sales/transfers	99,687	2,068,899	-	2,168,587	(2,168,587)	-
	Total	13,278,866	2,753,670	299,293	16,331,829	(2,168,587)	14,163,242
	Operating expenses	12,147,932	2,497,125	438,359	15,083,417	(1,392,819)	13,690,598
	Operating income (loss)	1,130,933	256,545	(139,066)	1,248,412	(775,767)	472,644
1st half of FY2005 (ended Sept. 30, 2004)	Net sales and operating income Net sales						
	(1) Sales to outside customers	13,236,657	532,016	418,008	14,186,683	-	14,186,683
	(2) Intersegment sales/transfers	190,107	1,935,097	-	2,125,204	(2,125,204)	-
	Total	13,426,764	2,467,114	418,008	16,311,888	(2,125,204)	14,186,683
	Operating expenses	12,145,083	2,196,998	607,006	14,949,088	(1,174,738)	13,774,350
	Operating income (loss)	1,281,681	270,116	(188,997)	1,362,799	(950,466)	412,332
FY2004 (ended Mar. 31, 2004)	Net sales and operating income Net sales						
	(1) Sales to outside customers	26,826,053	1,318,782	679,851	28,824,687	-	28,824,687
	(2) Intersegment sales/transfers	230,359	4,248,709	9,003	4,488,072	(4,488,072)	-
	Total	27,056,413	5,567,492	688,855	33,312,760	(4,488,072)	28,824,687
	Operating expenses	24,186,981	5,036,570	975,195	30,198,747	(2,933,771)	27,264,976
	Operating income (loss)	2,869,432	530,921	(286,340)	3,114,013	(1,554,301)	1,559,711

Notes: 1. Regions are classified by geographical proximity.
2. The countries included in geographic segments other than Japan are as follows:
Asia: China, Taiwan; North America: U.S.A.
3. Unallocatable expenses included in "Eliminations and corporate" under "Operating expenses"

(¥ thousand)

	1st half of FY2004	1st half of FY2005	FY2004	Main expenses
Unallocatable expenses included in "Eliminations and corporate"	814,775	910,908	1,569,643	Expenses incurred in the Company's general affairs and personnel, finance, corporate planning and other management departments.

3. Overseas Sales (Export Sales and Sales by Overseas Subsidiaries)

First half of FY2004 (April 1, 2003 - September 30, 2003)
Overseas sales have not been presented because they represent less than 10% of total net sales.

First half of FY2005 (April 1, 2004 - September 30, 2004)
Overseas sales have not been presented because they represent less than 10% of total net sales.

FY2004 (April 1, 2003 - March 31, 2004)
Overseas sales have not been presented because they represent less than 10% of total net sales.

Lease Transactions

The Company has not presented information on lease transactions because it discloses information using the electronic disclosure system in accordance with Article 27, Paragraph 30-6 of the Securities and Exchange Law of Japan.

Securities

1. First Half of FY2004 (as of September 30, 2003)

(1) Held-to-maturity securities with market value (¥ thousand)

	Carrying amount	Market value	Gross unrealized gain
Governmental bonds	237,461	240,149	2,688
Total	237,461	240,149	2,688

(2) Other securities with market quotations (¥ thousand)

	Acquisition cost	Carrying amount	Gross gain (losses)
(1) Equity securities	22,807	55,527	32,719
(2) Debt securities			
Corporate bonds	120,294	124,989	4,694
Total	143,102	180,516	37,413

(3) Other securities without market quotations (¥ thousand)

	Carrying amount
Other securities	
(1) Unlisted equity securities (excluding over-the-counter securities)	665,592
(2) Money management fund	1,403,595
Total	2,069,188

2. First Half of FY2005 (as of September 30, 2004)

(1) Held-to-maturity securities with market value (¥ thousand)

	Carrying amount	Market value	Gross unrealized gain
Governmental bonds	204,906	207,174	2,268
Total	204,906	207,174	2,268

(2) Other securities with market quotations (¥ thousand)

	Acquisition cost	Carrying amount	Gross gain (losses)
(1) Equity securities	22,807	71,365	48,558
(2) Debt securities			
Corporate bonds	80,688	84,509	3,820
Total	103,495	155,874	52,378

(3) Other securities without market quotations (¥ thousand)

	Carrying amount
Other securities	
(1) Unlisted equity securities (excluding over-the-counter securities)	794,395
(2) Money management fund	909,668
Total	1,704,063

3. FY2004 (As of March 31, 2004)

(1) Held-to-maturity securities with market value

(¥ thousand)

	Type	Carrying amount	Market value	Gross unrealized gains (losses)
Market value exceeds carrying amount	(1) Governmental bonds	214,695	217,365	2,669
	Sub-total	214,695	217,365	2,669
Market value is less than carrying amount	(1) Governmental bonds	-	-	-
	Sub-total	-	-	-
Total		214,695	217,365	2,669

(2) Other securities with market quotations

(¥ thousand)

	Type	Acquisition cost	Carrying amount	Gross gains (losses)
Carrying amount exceeds acquisition cost	(1) Equity securities	22,807	85,509	62,701
	(2) Corporate bonds	100,460	105,802	5,341
	Sub-total	123,267	191,311	68,043
Carrying amount is less than acquisition cost	(1) Equity securities	-	-	-
	Sub-total	-	-	-
Total		123,267	191,311	68,043

(3) Other securities without market quotations

(¥ thousand)

	Carrying amount
Other securities	
(1) Unlisted equity securities (excluding over-the-counter securities)	772,403
(2) Money management fund	909,640
Total	1,682,043

(4) Future redemption values of other securities with maturities or held-to-maturity debt securities

(¥ thousand)

	Within one year	Over one year but within five years	Over five years but within ten years
Debt securities			
(1) Governmental bonds	85,000	130,000	-
(2) Corporate bonds	50,000	60,000	-
Total	135,000	190,000	-

Derivative Transactions

The Company has not presented information on derivative transactions because it discloses information using the electronic disclosure system in accordance with Article 27, Paragraph 30-6 of the Securities and Exchange Law of Japan.

Status of Production, Orders and Sales

1. Production

(¥ thousand)

Industry segment	First half of FY2004 (ended Sept. 30, 2003)	First half of FY2005 (ended Sept. 30, 2004)	FY2004 (ended March 31, 2004)
Baby care products and toys	5,655,997	4,486,247	10,893,713
Health care products	730,039	789,280	1,474,716
Total	6,386,037	5,275,528	12,368,430

Notes: 1. Figures represent the cost of production.
2. The above figures, and the figures below, do not include consumption tax.

2. Orders

The Company does not conduct order-based production.

3. Purchased Products

(¥ thousand)

Industry segment	First half of FY2004 (ended Sept. 30, 2003)	First half of FY2005 (ended Sept. 30, 2004)	FY2004 (ended March 31, 2004)
Baby care products and toys	1,204,302	1,262,359	2,320,322
Health care products	223,880	232,055	489,573
Total	1,428,183	1,494,415	2,809,895

4. Sales

(¥ thousand)

Industry segment	First half of FY2004 (ended Sept. 30, 2003)	First half of FY2005 (ended Sept. 30, 2004)	FY2004 (ended March 31, 2004)
Baby care products and toys	12,755,240	12,706,965	25,604,097
Health care products	1,408,002	1,479,717	3,220,590
Total	14,163,242	14,186,683	28,824,687

Semi-Annual Non-Consolidated Financial Statements for Fiscal 2005, Ending March 31, 2005

November 12, 2004

Company Name: Combi Corporation
Stock listing: First Section, Tokyo Stock Exchange
Company Code: 7935
Head Office: Tokyo
(URL: http://www.Combi.co.jp/)
President & CEO: Hiromasa Matsuura
Person in Charge of Inquiries: Tsutomu Yokobori, General Manager, Finance
Tel: (03) 5828-7661
Board of Directors' Meeting to Approve Results: November 12, 2004
Interim Dividend Payment Date: December 13, 2004
Interim Dividend System: Yes
Trading Unit System: Yes (1 unit = 500 shares)

1. Non-Consolidated First-Half Results for Fiscal 2005 (April 1, 2004 to September 30, 2004)

(1) Non-consolidated operating results (Amounts less than one million yen have been omitted)

	Net sales		Operating income		Recurring income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
1st half of FY2005	12,047	(1.6)	485	21.7	484	34.6
1st half of FY2004	12,238	(2.2)	399	(61.0)	359	(63.4)
FY2004	24,512	(5.4)	1,188	(45.2)	1,164	(44.4)

	Net income		Net income per share
	(¥ million)	(%)	(¥)
1st half of FY2005	328	29.8	18.30
1st half of FY2004	253	(45.4)	14.10
FY2004	774	(26.8)	42.34

Notes: 1. Average number of shares outstanding
1st half of FY2005: 17,956,363 shares; 1st half of FY2004: 17,956,899 shares; FY2004: 17,956,730 shares
2. Changes in accounting methods: None.
3. Percentage figures for net sales, operating income, recurring income and net income represent year-on-year changes.

(2) Dividends

	Interim dividend per share	Annual dividend per share
	(¥)	(¥)
1st half of FY2005	10.00	-
1st half of FY2004	10.00	-
FY2004	-	20.00

(3) Non-consolidated financial position

	Total assets	Total shareholders' equity	Equity ratio	Shareholders' equity per share of common stocks
	(¥ million)	(¥ million)	(%)	(¥)
1st half of FY2005	24,181	14,567	60.2	811.29
1st half of FY2004	23,513	14,082	59.9	784.25
FY2004	23,327	14,442	61.9	803.51

Notes: 1. Number of shares outstanding at period-end

1st half of FY2005: 17,956,110 shares; 1st half of FY2004: 17,956,560 shares; FY2004: 17,956,560 shares

2. Number of treasury shares at period-end

1st half of FY2005: 3,048 shares; 1st half of FY2004: 2,598 shares; FY2004: 2,598 shares

2. Non-Consolidated Forecast for Fiscal 2005 (April 1, 2004 to March 31, 2005)

	Net sales	Recurring income	Net income	Annual dividend per share	
				Year-end	
	(¥ million)	(¥ million)	(¥ million)	(¥)	(¥)
Full year	25,900	1,260	830	10.00	20.00

(Reference) Forecast net income per share (full year): ¥46.22

*The above forecasts are based on information available at the time of announcement and subject to a number of uncertainties that could affect future results. Consequently, actual results may differ significantly from forecasts due to a number of factors. Please refer to page 12 of the supplementary materials for details of the assumptions upon which the forecasts are based and cautionary statements concerning use of the forecasts.

Non-Consolidated Financial Statements

(1) Non-consolidated balance sheets

(Amounts less than one thousand yen have been omitted.)

Period / Description	First half of FY2004 (as of Sept. 30, 2003)		First half of FY2005 (as of Sept. 30, 2004)		FY2004 condensed balance sheet (as of March 31, 2004)	
	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share
(ASSETS)						
I. Current Assets	14,760,301	62.8	15,871,278	65.6	14,546,212	62.4
Cash on hand and in banks	1,939,686		3,045,261		2,174,359	
Notes receivable	1,439,564		1,153,940		1,172,058	
Accounts receivable	5,401,251		5,243,518		5,257,649	
Securities	1,476,817		1,102,811		1,038,856	
Inventories	3,288,713		3,476,575		3,327,508	
Deferred tax assets	155,870		173,719		140,011	
Other current assets	1,122,510		1,678,617		1,487,291	
Allowance for doubtful account	(64,113)		(3,166)		(51,522)	
II. Fixed Assets	8,753,626	37.2	8,310,659	34.4	8,781,139	37.6
1. Tangible Fixed Assets	4,973,678	21.2	4,822,329	20.0	4,907,032	21.0
Buildings	1,656,498		1,557,325		1,602,070	
Land	2,786,294		2,786,294		2,786,294	
Others	530,885		478,709		518,668	
2. Intangible Fixed Assets	408,119	1.7	605,398	2.5	582,881	2.5
3. Investments and Others	3,371,828	14.3	2,882,931	11.9	3,291,225	14.1
Investments in securities	1,010,348		824,897		936,383	
Related companies' stock	1,012,375		1,012,375		1,012,375	
Investments in related companies	444,955		444,955		444,955	
Deferred tax assets	295,632		287,158		295,872	
Others	776,441		465,697		754,561	
Allowance for doubtful accounts	(167,924)		(152,153)		(152,921)	
Total assets	23,513,927	100.0	24,181,937	100.0	23,327,352	100.0

Description \ Period	First half of FY2004 (as of Sept. 30, 2003)		First half of FY2005 (as of Sept. 30, 2004)		FY2004 condensed balance sheet (as of March 31, 2004)	
	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share
(LIABILITIES)						
I. Current Liabilities	6,324,564	26.9	7,859,976	32.5	6,852,729	29.4
Notes payable	2,500,835		2,421,207		2,046,099	
Accounts payable	1,274,288		1,281,326		1,219,562	
Short-term bank loans	750,000		1,450,000		870,000	
Current portion of bonds	-		1,000,000		1,000,000	
Income taxes payable	109,000		167,000		38,899	
Accrued bonuses to employees	298,553		296,867		259,998	
Other current liabilities	1,391,886		1,243,575		1,418,170	
II. Long-Term Liabilities Bonds	3,106,910	13.2	1,754,402	7.3	2,032,373	8.7
Bonds	2,000,000		1,000,000		1,000,000	
Accrued retirement benefits for employees	48,460		33,591		60,804	
Accrued retirement benefits for directors	281,203		276,778		295,508	
Other long-term liabilities	777,246		444,032		676,060	
Total liabilities	9,431,474	40.1	9,614,379	39.8	8,885,102	38.1
I. Common Stock	2,991,922	12.7	2,991,922	12.4	2,991,922	12.8
II. Capital Surplus	2,783,731	11.9	2,783,731	11.5	2,783,731	11.9
1. Additional paid-in capital	2,783,731		2,783,731		2,783,731	
III. Retained Earnings	8,286,315	35.2	8,762,811	36.2	8,627,818	37.0
1. Legal Earnings Reserve	324,459		324,459		324,459	
2. Voluntary Reserve	1,024,766		1,009,478		1,024,766	
3. Unappropriated Retained Earnings	6,937,088		7,428,873		7,278,592	
IV. Variances on Securities Valuation	22,261	0.1	31,217	0.1	40,553	0.2
V. Treasury stock	(1,777)	(0.0)	(2,124)	(0.0)	(1,777)	(0.0)
Total shareholders' equity	14,082,453	59.9	14,567,558	60.2	14,442,249	61.9
Total liabilities and total shareholders' equity	23,513,927	100.0	24,181,937	100.0	23,327,352	100.0

(2) Non-consolidated statements of income

(Amounts less than one thousand yen have been omitted.)

Period / Description	First half of FY2004 (ended Sept. 30, 2003)		First half of FY2005 (ended Sept. 30, 2004)		FY2004 condensed statement of income (ended Mar. 31, 2004)	
	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share
I. Net Sales	12,238,131	100.0	12,047,596	100.0	24,512,606	100.0
II. Cost of Sales	7,237,232	59.1	6,818,845	56.6	14,363,936	58.6
Gross profit	5,000,898	40.9	5,228,751	43.4	10,148,670	41.4
III. Selling, General and Administrative Expenses	4,601,656	37.6	4,742,782	39.4	8,960,518	36.5
Operating income	399,241	3.3	485,968	4.0	1,188,151	4.9
IV. Non-Operating Income	70,336	0.5	104,544	0.9	190,295	0.8
V. Non-Operating Expenses	109,758	0.9	106,337	0.9	214,200	0.9
Recurring income	359,819	2.9	484,175	4.0	1,164,248	4.8
VI. Extraordinary Income	21,110	0.2	57,569	0.5	48,703	0.2
VII. Extraordinary Losses	10,049	0.1	83,739	0.7	14,673	0.1
Income before income taxes	370,880	3.0	458,005	3.8	1,198,277	4.9
Income taxes	108,874	0.9	148,138	1.2	411,918	1.7
Deferred income taxes	8,805	0.1	(18,666)	(0.1)	12,089	0.0
Net income	253,200	2.0	328,533	2.7	774,269	3.2
Retained earnings brought forward	6,683,888		7,100,340		6,683,888	
Interim dividends	-		-		179,565	
Unappropriated retained earnings	6,937,088		7,428,873		7,278,592	