Semi-Annual Consolidated Financial Statements for Fiscal 2006, Ending March 31, 2006

November 11, 2005

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: +81-(3) 5828-7661
Board of Directors' Meeting to Approve Results: November 11, 2005
Applied U.S. GAAPs: None

1. Consolidated First-Half Results for Fiscal 2006 (April 1, 2005 to September 30, 2005)

(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 FY2006	14,188	0.0	(208)	-	(255)	-
1st half of FY2005	14,186	0.2	412	(12.8)	363	0.6
FY2005	30,149	4.6	1,640	5.2	1,436	8.9

	Net income		Net income per share	Net income per share after full dilution
	(¥ million)	(%)	(¥)	(¥)
1st half of FY2006	(516)	-	(28.79)	-
1st half of FY2005	154	(34.5)	8.62	-
FY2005	1,513	75.8	84.30	-

Notes: 1. Equity in earnings from investments in affiliates
1st half of FY2006: ¥- million; 1st half of FY2005: ¥- million; FY2005: ¥- million
2. Average number of shares outstanding
1st half of FY2006: 17,955,624 shares; 1st half of FY2005: 17,956,363 shares; FY2005: 17,956,109 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 FY2006	27,797	16,285	58.6	907.02
1st half of FY2005	26,905	15,697	58.3	874.24
FY2005	28,516	16,776	58.8	934.35

Note: Number of shares outstanding at period-end
1st half of FY2006: 17,955,454 shares; 1st half of FY2005: 17,956,110 shares; FY2005: 17,955,734 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 FY2006	284	(135)	(227)	4,733
1st half of FY2005	1,013	(573)	365	4,292
FY2005	1,456	(645)	469	4,730

(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 2006 (April 1, 2005 to March 31, 2006)

	Net sales	Recurring income	Net income
	(¥ million)	(¥ million)	(¥ million)
Full year	31,400	680	30

Reference: Forecast net income per share (full year): ¥1.67

*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 11.

The Combi Group

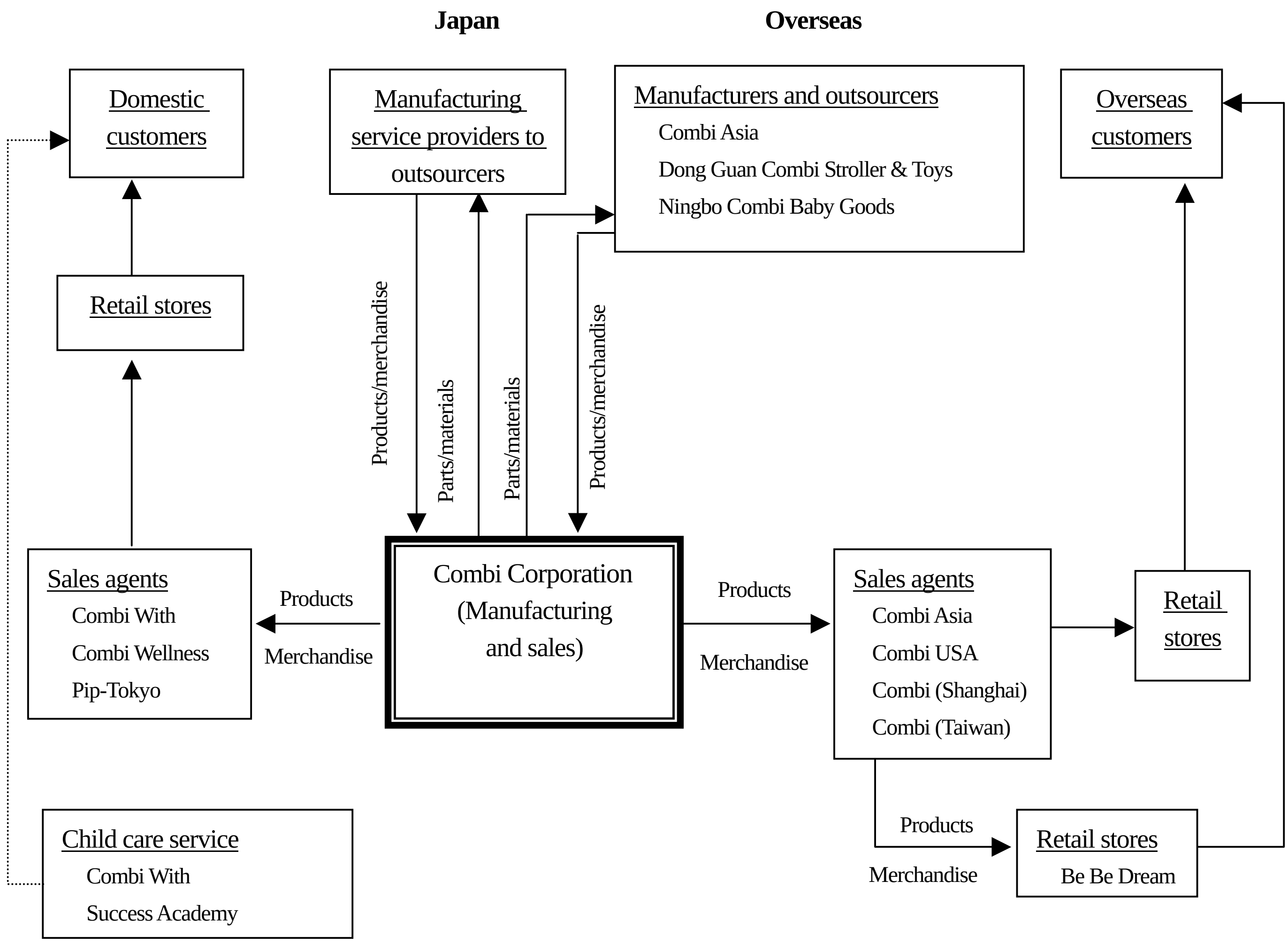
The Combi Group is made up of the Company, its eight subsidiaries and two affiliated companies, and is engaged in the manufacturing and sales of products in the Baby Care Products and Toys, and Health Care Products industry segments. The following table shows the specifics of each segment, and the positioning 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) 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.	Note 2
Dong Guan Combi Stroller & Toys Co., Ltd.	Guang Dong, China	HK$59.975 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	100 [100]	Manufactures the Company's baby care and health care products. Wholly owned subsidiary of Combi Asia. Has concurrently serving directors.	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.	
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. Views and Policy Regarding Reduction of Minimum Investment Unit

The Company believes that the raising liquidity of Company stock with attracting a broader spectrum of investors is an important management issue. Need for a reduction of minimum investment unit will be considered observing the market trends and the stock price of the company.

4. Targeted Performance Indicators

To realize an operational structure with higher capital efficiency which makes possible to survive global competition, the Group strives to add more value to the Company's products, to reduce costs and to use shareholders' equity more productively. The Company will achieve a consolidated ROE of 8 % in the fiscal year ending March 2008. In consideration of importance of cash flow management, the Group targets an operating income margin of 8 % in the fiscal year ending March 2008.

5. Medium- and Long-Term Management Strategies

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) Aggressively implement overseas strategy (globalization of sales, manufacturing and purchasing activities)
2) Strengthen and expand the range of products and services for baby care product and toy business
3) Achieve further growth in the fitness and health care business (coping with growing social demand for health and nursing care)
4) Place priority on R&D programs (develop products and services with quality and added value that earns the support of

consumers)

5) Reinforce internal systems (a personal system that sets out clear roles and responsibilities, a slim and powerful organization, promotion of operational reforms)

6) Continue to enhance environmental management systems (increase the number of ISO 14001 certified offices)

6. 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. And the Group will attain further growth in child wear business as well.

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

Since Combi USA, Inc., an American subsidiary, moved its head office from Illinois to South Carolina in February 2004 to reduce operating costs, local management staff has been completely changed, the product lineup expanded and sales outlets to major distribution companies developed. These steps were taken to spur the recovery of the subsidiary's business performance by increasing sales and gross profit and reducing expenses. At Combi (Shanghai) Co., Ltd., a Shanghai subsidiary, which is responsible for the Chinese market, local management staff has been completely changed as well and reforms have been implemented to improve efficiency and profitability since January 2005. These include reducing the number of products, reorganization of sales channels and cutting operating expenses. And Combi Wellness Corporation, a subsidiary which is responsible for sales of fitness and health care products in Japan, strives to offer more products that target social needs associated with fitness for an aging population. Efforts will also be made to boost sales efficiency and reduce costs.

7. 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

1) Description of Company Institutions

Combi employs a corporate auditing system and three of the four corporate auditors are from outside the Company, thus strengthening the auditing and checking functions. Audits by the corporate auditors are conducted periodically or as required and strictly as prescribed. The Company has appointed Chuo Aoyama 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 as occasion demands.

2) Company institutions and status of internal control systems

As a means to develop Company’s internal control systems, its internal auditing division conducts audits periodically and as required to verify that all divisions are carrying out their operations properly. To realize more effective corporate governance systems, the Group adopted the executive officer system and has one external director.

3) Status of audits by the Company's internal auditing division and the corporate auditors

Combi’s internal auditing division has one member (assistance can be requested from related divisions on demand) and is conducting Company’s internal audits and subsidiaries’ audits. Upon completion of an audit, a report is provided and meetings are convened to assess and review audit results in order that the President will be informed of audit results and the status of improvements in a timely manner.
The Board of Corporate Auditors is comprised of four members. One of those four is a standing auditor. Based on reports from each corporate auditor, the Board of Corporate Auditors forms its opinion following lows and articles of incorporation. The corporate auditors attend every board of Directors’ meeting and other important meetings as well. Through such measures as reviewing important decision-making documents, collecting and assessing information provided by directors in connection with the executive function, a system which enables to the auditors to have a grasp of status of Group management is established. Their opinions upon this result are stated periodically or as required to the President and directors.

4) Status of financial accounting
The names of the certified public accountants that performed Combi’s audits are Teruo Totsuka and Tsutomu Nobuta. They are employed by Chuo Aoyama Audit Corp. and have provided auditing services for the Company for consecutive periods of half a year and one and a half years. Auditing assistants are six certified public accountants and seven assistant accountants. Besides audits of interim and annual financial statements, audits in terms are periodically conducted at first and second terms of fiscal year. In addition, the Group frequently receives guidance as required.

5) Vested interests
There are no personal, capital or transactional relationships between the Company and its one external director or its three outside corporate auditors.

6) Status of risk management systems
The Company has also established the Risk Management Committee which implements risk management system for risk analysis and development, choice, practice and improvement of coping method with risks. The Committee also supervises how risk management is performed and advise or prescribe measures as necessary. Concerning information security management system, the director in charge of IT and business process improvement serves as an information security officer and each division of the Company has an administrator who is responsible for its information security system. In addition, based on information security management rules, information security guideline and information security manual, Combi reinforces awareness in the Company regarding information security management system. As for personal information protection, the President serves as the chief officer for personal information security and the Company announces its basic policies in the privacy policy. The Company has also personal information protection rules and manuals and employee training programs.

8. Information Concerning Parent Company
Combi has no parent company.

9. 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

In the first half of fiscal year ending March 31, 2006, the Japanese economy is recovering gradually thanks to rising capital investment, an upturn in hiring and improved corporate profits. Overseas, the U.S. economy continues firm on the whole in spite of feared hurricane's influence, while Asian economies, especially China with still continuing high investment, are achieving impressive growth. Despite the circumstances above, risks that might cause economic slowdown such as the steeply rising price of crude oil and raw materials still remain.

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, in Japan, child car seat sales fell far below the year-earlier level under the strong influence of intensifying sales competition with other companies and process changes such as controlling stock volume in distribution. Meanwhile, stroller sales exceeded the year-earlier level thanks to the launch of new stroller models and child wear business sales have steadily grown as well. Overseas, sales rose in the U.S. market, however, the effect of the sales decrease of child car seats in Japan on profit could not be offset.

The Company reported extraordinary losses as follows: 48 million yen for the voluntary recall of a cart for seniors sold by a Company's subsidiary, Combi Wellness Corporation, 39 million yen for damage of Minami-Urawa Techno-Center by flood caused by downpour in Kanto region, 33 million yen for loss on fixed asset impairment of a nursery school operated by a Company's subsidiary, CombiWith Corporation.

As a result, consolidated net sales for the fiscal year under review inched up 0.0%, 1 million yen from the same period of the previous year, to 14,188 million yen, while recurring loss totaled 255 million yen and net loss was 516 million yen.

2) Results by business segment

<Baby Care Products and Toys>

In Japan, stroller sales and profits exceeded the year-earlier level thanks to the launch of new stroller models such as COCOT COMPACT W which can be comfortably used by infants from one to 24 months and is also compactly collapsible. Outside Japan as well, mainly in the U.S. market, sales increased. Combi's child wear business, promoted mainly through catalog shopping, has entered its sixth year. Sales in this sector have steadily grown as the useful functions and good designs of Combi products, typified by the Wrap Crotch, have been appreciated by consumers.

Meanwhile, child car seat sales fell far below the year-earlier level under the strong influence of intensifying sales competition with other companies and process changes such as controlling stock volume in distribution. Sales in toy business sector also fell far below the year-earlier level because of sales stagnation of the new Magnet Block Land series.

Sales in this segment rose 1.1% from the same period of the previous year, to 12,852 million yen, and operating income totaled 776 million yen, a 46.7% drop from a year earlier.

<Health Care Products>

In the fitness business, sales and profits fell below the year-earlier level due to intensifying competition with other companies and decrease in number of new fitness facility openings. As for the health care business, the Group had to have a hard fight for sales of portable toilets and other higher-priced items as nursing care insurance was overhauled and the criterion to be recognized as needing nursing care became more strict. Moreover, effected by the voluntary recall of Carry Throughn, a cart for seniors, sales in this sector could not reach the level of the previous year. Functional foods business sales went into the black by expanding the sales channels for food ingredients such as lactic acid bacterium.

As a result, sales in this segment totaled 1,335 million yen, down 9.8% from a year earlier, while an operating loss of 173 million yen was registered.

3) Results by region

<Japan>

Stroller and child wear business have remained strong and sales in these sectors rose from a year earlier but, due to sales stagnation of child car seats and toys and an uphill battle for health-related business due to the voluntary recall of a cart for seniors, the fiscal half-year under review resulted in decreased sales and operating profit.

Sales in Japan totaled 12,383 million yen, a 5.1% drop from the same period of the previous year, and operating income decreased 72.3% year on year to 355 million yen.

<Asia>

Subsidiaries in China and Hong Kong supplying strollers for the U.S. market increased their sales lifted by rising sales of a Group's sales subsidiary in USA.

As a consequence, sales in the Asian region rose 25.4% from a year earlier to 3,094 million yen, and operating income increased 15.4% to 311 million yen.

<North America>

In North America, sales grew sharply from a year earlier by expanding the sales channels. Operating loss decreased from the same period of the previous year by striving for more effective management and cutting costs.

As a result, sales in North America surged 73.7%, to 725 million yen, while an operating loss of 81 million yen was reported.

(2) Forecast for fiscal 2006 (year ending March 31, 2006)

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 actively new products, exploiting new business and cost-effective expense management.
In its core segment of baby care product and toy business, Combi will enhance its product lines linked to new consumption trend in order to maintain dominant positions of its products with a large market share such as strollers, child car seats and baby racks.
In particular, regarding child car seat business facing with stagnant sales in the current interim period, the Group will strive to develop consumer's awareness of Combi products by introducing new product lines to markets and appealing their safetiness focusing on holding type child car seats through advertising media.
In the child wear business, Combi Mini brand is gaining steady popularity. And Combi employed the services of Chiaki, an on-screen entertainer to start up the new brand of Ribbon Casket. Lifted by favorable acceptance of its design by the mass media, the Group will enhance product lines and sales promotional programs for further expansion of its child wear business.
Overseas, the Group will introduce new products to the U.S. market and step up its efforts to expand new distribution channels and improve profitability in the country. In China, sales strategies will be revamped according to the Group's policy of pursuing profit-oriented business in the country.
In the segment of health care products, the Group is determined to improve profitability by recovering its strength in this business area through launching new products for preventing nursing care field which is expected to be introduced and established due to an overhaul of nursing care insurance. In the functional foods sector, the Group will make further efforts to expand its food materials sales channel.
At the same time, the Combi Group will strive to improve business efficiency and reduce costs by carrying out ongoing operational reform programs.
With the implementation of these measures, in fiscal 2006 (the year ending March 31, 2006), net sales are projected to rise 4.1% from the previous year, to 31,400 million yen, recurring income is forecast to decrease 52.7%, to 680 million yen, and net income will total 30 million yen, falling 98.0%, all on a consolidated basis.

[Consolidated net sales]

(¥ million, %)

Industry segment	FY2005 ended March 2005 (actual)	FY2006 ending March 2006 (forecast)	Change from previous FY
Baby care products and toys	27,009	28,200	1,190 (4.4%)
Health care products	3,140	3,200	59 (1.9%)
Total	30,149	31,400	1,250 (4.1%)

(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, 2005, increased by 441 million yen from a year earlier to 4,733 million yen and increased by 3 million yen from the previous fiscal year-end. 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 decreased by 728 million yen to 284 million yen in cash flows from a year previous. This is mainly because 373 million yen net loss before tax adjustment was reported for the fiscal half-year under review, while net income before tax adjustments totaled 295 million yen in the same period of the previous year.

(Cash Flows from Investment Activities)

Funds invested decreased by 437 million yen to 135 million yen from a year previous. This is mainly because increase in time deposit declined by 440 million yen to 460 million yen from a year earlier.

(Cash Flows from Financing Activities)
Funds used for financing activities totaled 227 million yen, while funds gained from financing activities amounted to 365 million yen in the same period of the previous year. This is mainly because of the inflow of 400 million yen due to short-term loans which declined by 949 million yen from a year previous and the outflow of 406 million yen in payments of short-term loans which declined by 361 million yen.

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

	1st half of FY2004	1st half of FY2005	1st half of FY2006	FY2005
Equity ratio (%)	58.7	58.3	58.6	58.8
Capital adequacy ratio on a market value basis (%)	49.0	51.9	54.8	51.6
Years to redeem debt	114.8	2.2	8.4	3.3
Interest coverage ratio	0.4	29.7	6.9	25.1

• 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.

3. Business and Other Risks

Major items perceived as potential risks to the Group's business and operations are highlighted below. Some items are not considered as risk factors but are described here so that investors may have information that may be importantly useful to them in making investment decisions.
Combi takes proactive steps, to the extent possible, to prevent these potential problems from arising and to respond properly in the event a problem should occur. It should be noted that forward-looking statements included in this report represent judgments of the Group as of September 30, 2005.

(1) The declining birthrate
The Group has been developing baby care product and toy business as Combi's core business. Sales in this segment represent 90.6% of total net sales in current interim period. Therefore the Group's future results could be affected by decrease in the number of children due to a lower birthrate in Japan.
In Japan, the Group will strive to develop demand-creating products, enhancing differentiating product lineups with functionality and design consciousness and expand its nursery business by taking advantage of its child wear business and the Japanese government's measures to halt the falling birthrate. Efforts will be also made in Group's business activities overseas. However, if the Group could not forecast market and industry changes properly and implement measures above as planed, the Group's future results and financial condition could be adversely affected.

(2) Price competition
Competition in baby care product and toy business in Japan is heating up due to lower-priced imported products and intensifying competition among major business partners.

In response, the Company is determined to improve profitability by implementing producing at optimal global sites and procuring manufacturing parts from Group's overseas productions. Efforts towards cost-cutting and launching high-value-added differentiating products that could not be affected by market prices will also continue.
However, if the Group could not forecast changes in market conditions and customer needs, there is no assurance that the group can stay effectively competitive in the future. Price pressure and customer defection caused by ineffective competitiveness could affect the Group's future results and financial condition.

(3) Product and Service Reliability
Not only by complying with statutory safety standards, but also by setting even more rigorous company-wide quality control standards, the Group controls its products to ensure higher safety. Combi cannot be fully certain, however, that all of its products are defect-free and immune from recalls at some later date. The Group maintains product liability insurance but it is not assured that the amount of insurance held could exceed the amount of damages awarded. A product recall caused by product defects could result in high costs and critical influence on the Combi Group and as a consequence, the sales could decrease and the Group's future results and financial condition could be adversely affected.
The Group is also working hard to keep safety and sanitary condition in its nursery facilities. However, an incident in those could result in temporary facility close and have a negative impact on Combi's reputation, with the consequence of lower price, so that the Group's future results and financial condition could be adversely affected.

(4) Fluctuations in currency exchange rates
The Group is purchasing raw materials and articles and selling its own products abroad. Therefore, the global economic climate such as fluctuations in currency exchange rates could strongly affect the Group's sales. The Group is trading currency hedge to mitigate an adverse effect caused by fluctuations in currency exchange rates. Sudden fluctuations in foreign currency exchange rates, however, could turn out to be exchange risks and affect the Group's future results and financial condition.

(5) Global business activities
The Group is expanding its business globally by operating multiple manufacturing and marketing bases abroad. Through such business activities abroad, the Group may be exposed to various country risks. Due to manifestation of these risks, the Group could face the possible inability to recover its investments, difficulty in production and sales activities.
Giving careful consideration to these country risks, the Group is making investment decisions. However, sudden changes of conditions could affect the Group's future results and financial condition.

Consolidated Financial Statements

(1) Consolidated balance sheets

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

Period Description	First half of FY2005 (as of September 2004)		First half of FY2006 (as of September 2005)		FY2005 condensed balance sheet (as of March 2005)	
	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share
(ASSETS)						
I. Current Assets	18,942,299	70.4	19,696,305	70.9	20,470,863	71.8
Cash on hand and in banks	4,861,358		4,950,162		5,112,643	
Accounts and notes receivable	7,305,301		7,417,065		8,007,711	
Securities	1,102,811		964,027		1,057,945	
Inventories	4,599,777		5,235,531		4,818,249	
Deferred tax assets	394,285		607,969		645,778	
Other current assets	696,545		607,480		874,683	
Allowance for doubtful accounts	(17,781)		(85,932)		(46,148)	
II. Fixed Assets	7,963,422	29.6	8,101,120	29.1	8,045,702	28.2
1. Tangible Fixed Assets	5,793,924	21.5	5,834,313	21.0	5,859,459	20.6
Buildings and structures	2,292,207		2,269,548		2,272,712	
Land	2,786,294		2,740,813		2,786,294	
Others	715,423		823,951		800,452	
2. Intangible Fixed Assets	724,297	2.7	651,027	2.3	665,048	2.3
3. Investments and Others	1,445,200	5.4	1,615,779	5.8	1,521,195	5.3
Investments in securities	962,033		1,077,240		974,691	
Deferred tax assets	34,336		1,616		2,316	
Others	601,123		549,615		683,386	
Allowance for doubtful accounts	(152,293)		(12,692)		(139,198)	
Total Assets	26,905,721	100.0	27,797,426	100.0	28,516,565	100.0

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

Description / Period	First half of FY2005 (as of September 2004)		First half of FY2006 (as of September 2005)		FY2005 condensed balance sheet (as of March 2005)	
	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share
(LIABILITIES)						
I. Current Liabilities	9,265,115	34.5	7,465,464	26.9	7,727,088	27.1
Accounts and notes payable	4,139,359		3,799,637		4,159,652	
Short-term bank loans	1,940,423		1,256,492		1,230,513	
Current portion of bonds	1,000,000		-		-	
Accounts payable-other	-		1,449,384		1,466,568	
Income taxes payable	225,399		100,500		51,962	
Accrued bonuses to employees	390,980		388,519		378,394	
Other current liabilities	1,568,953		470,929		439,997	
II. Long-term Liabilities	1,919,546	7.1	3,995,015	14.3	3,984,547	14.0
Bonds	1,000,000		3,000,000		3,000,000	
Accrued retirement benefits for employees	33,591		-		18,103	
Accrued retirement benefits for directors	276,778		244,540		290,410	
Deferred tax liabilities	-		116,192		79,933	
Other long-term liabilities	609,176		634,283		596,100	
Total Liabilities	11,184,661	41.6	11,460,479	41.2	11,711,636	41.1
(MINORITY INTERESTS)						
Minority interests	23,146	0.1	50,981	0.2	28,069	0.1
(CAPITAL)						
I. Capital	2,991,922	11.1	2,991,922	10.8	2,991,922	10.5
II. Capital Surplus	2,783,731	10.3	2,783,731	10.0	2,783,731	9.8
III. Retained Earnings	10,062,364	37.4	10,545,105	37.9	11,241,614	39.4
IV. Variances on Securities Valuation	31,217	0.1	56,858	0.2	38,907	0.1
V. Foreign Currency Translation Adjustment	(169,198)	(0.6)	(89,010)	(0.3)	(276,913)	(1.0)
VI. Treasury Stock	(2,124)	(0.0)	(2,643)	(0.0)	(2,403)	(0.0)
Total Shareholders' Equity	15,697,913	58.3	16,285,965	58.6	16,776,859	58.8
Total Liabilities, Minority Interests and Total Shareholders' Equity	26,905,721	100.0	27,797,426	100.0	28,516,565	100.0

(2) Consolidated statements of income

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

Period / Description	First half of FY2005 (ended September 2004) Amount (¥ thousand)	% share	First half of FY2006 (ended September 2005) Amount (¥ thousand)	% share	FY2005 condensed statement (ended March 2005) Amount (¥ thousand)	% share
I. Net Sales	14,186,683	100.0	14,188,000	100.0	30,149,927	100.0
II. Cost of Sales	7,568,136	53.4	7,977,746	56.2	16,299,284	54.1
Gross profit	6,618,547	46.6	6,210,254	43.8	13,850,642	45.9
III. Selling, General and Administrative Expenses	6,206,214	43.7	6,418,280	45.2	12,209,735	40.5
Operating income	412,332	2.9	(208,026)	(1.4)	1,640,907	5.4
IV. Non-operating Income	66,484	0.5	115,386	0.8	144,642	0.5
Interest income	9,121		16,488		22,140	
Dividend income	1,410		1,448		8,911	
Exchange gain	8,179		24,891		-	
Commissions received	-		39,144		70,183	
Insurance income	15,057		-		15,057	
Other non-operating income	32,715		33,413		28,349	
V. Non-operating Expenses	115,535	0.8	162,933	1.2	349,195	1.1
Interest expenses	35,407		38,678		76,457	
Sales discounts	72,693		70,251		151,271	
Exchange losses	-		-		12,961	
Lease payments	-		30,913		60,333	
Other non-operating expenses	7,434		23,089		48,171	
Recurring income	363,281	2.6	(255,573)	(1.8)	1,436,354	4.8
IV. Extraordinary Income	46,963	0.3	33,307	0.2	60,148	0.2
VII. Extraordinary Losses	114,615	0.8	151,069	1.1	115,135	0.4
Income before income taxes	295,628	2.1	(373,335)	(2.7)	1,381,367	4.6
Income taxes	208,786	1.5	62,581	0.4	140,595	0.5
Deferred taxes	(88,078)	(0.6)	62,598	0.4	(298,899)	(1.0)
Minority interests in consolidated subsidiaries (loss)	20,071	0.1	18,435	0.1	26,010	0.1
Net income	154,849	1.1	(516,951)	(3.6)	1,513,660	5.0

(3) Consolidated statements of capital surplus and retained earnings

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

Period / Description	First half of FY2005 (ended September 2004)	First half of FY2006 (ended September 2005)	FY2005 condensed statement (ended March 2005)
	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	10,101,055	11,241,614	10,101,055
II. Increases	154,849	-	1,513,660
1. Net income	154,849	-	1,513,660
III. Appropriations	193,540	696,508	373,101
1. Cash dividends	179,565	179,557	359,126
2. Directors' bonuses	13,975	-	13,975
3. Net loss	-	516,951	-
IV. Retained Earnings Carried Forward	10,062,364	10,545,105	11,241,614

(4) Consolidated statements of cash flows

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

Description / Period	First half of FY2005 (ended Sept. 2004) Amount (¥ thousand)	First half of FY2006 (ended Sept. 2005) Amount (¥ thousand)	FY2005 condensed statement (ended March 2005) Amount (¥ thousand)
I. Cash Flows from Operating Activities			
Income before income taxes	295,628	(373,335)	1,381,367
Depreciation and amortization	298,970	334,036	620,370
Increase (decrease) in allowances	(75,722)	(143,776)	(64,003)
Interest and dividend income	(10,532)	(17,937)	(31,052)
Interest expenses	35,407	38,678	76,457
Exchange (gain) loss	808	(5,248)	1,709
Write down of investment securities	2,364	-	2,364
Loss on retirement of fixed assets	10,046	26,435	13,227
Impairment lose	-	33,548	-
Gain on sale of fixed assets	(3,368)	(18,244)	(3,009)
Decrease in trade receivables	285,742	671,649	(440,694)
Increase (decrease) in inventories	(255,467)	(337,886)	(523,366)
Increase (decrease) in trade payables	108,132	(390,950)	195,443
Others	299,899	327,768	465,348
Sub-total	991,909	144,736	1,694,161
Income taxes paid	(40,534)	(32,247)	(300,016)
Income taxes received	62,208	172,402	62,208
Net cash provided by operating activities	1,013,583	284,891	1,456,353
II. Cash Flows from Investing Activities			
Receipt of interest and dividend income	10,264	18,106	30,734
Increase in time deposits	(900,632)	(460,000)	(1,656,499)
Decrease in time deposits	770,559	668,016	1,680,909
Proceeds from sale of securities	30,000	94,000	135,000
Payments for purchase of tangible fixed assets	(230,779)	(363,204)	(498,934)
Proceeds from sale of tangible fixed assets	5,290	63,819	7,647
Payments for purchase of intangible fixed assets	(208,330)	(68,214)	(215,000)
Payments for purchase of investment securities	(32)	(69,538)	(60,284)
Others	(49,556)	(18,482)	(69,534)
Net cash used in investing activities	(573,215)	(135,497)	(645,961)
III. Cash Flows from Financing Activities			
Payment of interest expenses	(34,166)	(41,473)	(58,045)
Increase in short-term bank loans	1,349,014	400,000	1,803,031
Decrease in short-term bank loans	(767,802)	(406,015)	(1,913,790)
Dividends paid	(180,818)	(179,946)	(361,472)
Others	(347)	(240)	999,374
Net cash used in financing activities	365,879	(227,675)	469,097
IV. Effect of Exchange on Cash and Cash Equivalents	5,935	81,369	(29,250)
V. Increase (Decrease) in Cash and Cash Equivalents	812,183	3,087	1,250,239
VI. Cash and Cash Equivalents at Beginning of Period	3,480,579	4,730,819	3,480,579
VII. Cash and Cash Equivalents at End of Period	4,292,762	4,733,906	4,730,819

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) 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. Oversea 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 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 option contracts and foreign currency reservation 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 and foreign currency reservation

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.

Effectiveness is not assessed for foreign currency reservation accounted by the designation accounting.

(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 withdraw able 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.

Change of Significant Accounting Policies in the Preparation of Consolidated Financial Statements

(Accounting for impairment of fixed assets)

Accounting for Impairment of Assets Effective the current interim period, the Company has adopted the new accounting standards for the presentation of the Impairment of Assets (Statement of Opinion, “Accounting for Impairment of Fixed Assets,” (Business Accounting Council; August 9, 2002) and the “Accounting Standard Implementation No. 6: Guidance for Accounting Standards for Impairment of Fixed Assets,” (ASBJ; October 31, 2003). The effect of this change was to increase income before income taxes by 33,548 thousand yen.

The amounts of impairment losses are directly deducted from the corresponding carrying amounts of assets, in accordance with the Revised Standards for the Preparation of Interim Consolidated Financial Statements.

Reclassifications

(Balance sheets)

In prior periods, “Accounts Payable-Other” was presented as a component of “Other current liabilities” under current liabilities. Effective the current interim accounting period, “Accounts Payable-Other” is presented as a separate-line item since “Accounts Payable-Other” now exceeds more than 5% of total assets

In the previous interim period, “Accounts Payable-Other” totaled 1,229,704 thousand yen.

Notes to the Consolidated Financial Statements

(¥ thousand)

First half of FY2005 (as of September 30, 2004)	First half of FY2006 (as of September 30, 2005)	FY2005 (as of March 31, 2005)
1. Accumulated depreciation on tangible fixed assets: 4,479,917	1. Accumulated depreciation on tangible fixed assets: 4,793,392	1. Accumulated depreciation on tangible fixed assets: 4,594,932
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 Buildings and structures 950,256 Land 783,502 Total 1,733,759 Collateralized obligations Bonds 1,000,000	2. Assets pledged as collateral Buildings and structures 984,270 Land 783,502 Total 1,767,773 Collateralized obligations Bonds 1,000,000
3. Guarantee obligations: 29,229	3. Guarantee obligations: 32,372	3. Guarantee obligations: 26,787
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 540,637 Advertising and promotion 1,243,316 Bonuses and allowances 1,358,997 Retirement benefit expenses 110,142 Provision for employees' bonuses 319,944 Provision for officers' retirement benefits 13,730 Provision for allowance for doubtful accounts 47,699 Depreciation and amortization 159,096	4. Main selling, general and administrative expense items: Freight-out 1,066,058 Advertising and promotion 2,181,760 Bonuses and allowances 3,039,806 Retirement benefit expenses 242,316 Provision for employees' bonuses 309,138 Provision for officers' retirement benefits 27,752 Depreciation and amortization 329,144
5. Main extraordinary income items Gain on sales of fixed assets 3,368 Gains from carry back 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 101,295	5. Main extraordinary income items Gain on sales of fixed assets 18,307 Subsidy income 15,000 Main extraordinary loss items Loss on disposal of fixed assets 28,311 Impairment losses 33,548 Expenses of voluntary product recall 48,085 Flood damage 39,888	5. Main extraordinary income items Subsidy income 30,473 Gains from carry back of doubtful accounts 20,865 Main extraordinary loss items Loss on disposal of fixed assets 14,260 Expenses of voluntary product recall 97,557
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 4,950,162 Securities 964,027 Total 5,914,190 Time deposits exceeding three months (1,119,973) Bonds with redemption periods exceeding three months (60,310) Cash and cash equivalents at end of period 4,733,906	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 5,112,643 Securities 1,057,945 Total 6,170,588 Time deposits exceeding three months (1,285,518) Bonds with redemption periods exceeding three months (154,250) Cash and cash equivalents at end of period 4,730,819

<table>
<tr><th>First half of FY2005
(as of September 30, 2004)</th><th>First half of FY2006
(as of September 30, 2005)</th><th>FY2005
(as of March 31, 2005)</th></tr>
<tr><td>7.
-</td><td>7. Impairment losses
In the fiscal half year under review, the Group recognized impairment loss on the following asset group.
<table><tr><th>Place</th><th>Purpose of use</th><th>Type</th></tr><tr><td>Combi Plaza Kawaguchi nursery school</td><td>Nursery facility</td><td>Building and equipments</td></tr></table>As for the method of grouping asset, the Group regards management accounting classification as a basic minimum unit to produce cash flow and is adopting a grouping method based on this minimum unit. However, regarding nursery facility operating business and kids photo studio business, facilities are grouped individually as a largely independent minimum unit to produce cash flow. For the asset group which Combi Plaza Kawaguchi nursery school uses was written down to recoverable levels, and that write-down reported as an impairment loss resulting in an extraordinary loss of 33,548 thousand yen as further ordinary losses are expected due to its business structural problems. Breakdown of impairment losses are building = 32,068 thousand yen and equipments = 1,479 thousand yen. The recoverable value of this asset group was calculated by utility value and reported as zero due to its negative future cash flow.</td><td>7.
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Segment Information

(1) Segment Information by Industry Segment

The following tables show segment information by industry segment for the first half of fiscal 2005 and fiscal 2006, and for fiscal 2005.

(¥ thousand)

Period		Baby care products and toys	Health care products	Total	Eliminations and corporate expenses	Consolidated
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
1st half of FY2006 (ended Sept. 30, 2005)	Net sales and operating income					
	Net sales					
	(1) Sales to outside customers	12,852,645	1,335,355	14,188,000	-	14,188,000
	(2) Intersegment sales/transfers	-	-	-	-	-
	Total	12,852,645	1,335,355	14,188,000	-	14,188,000
	Operating expenses	12,075,963	1,508,996	13,584,959	811,067	14,396,027
	Operating income (loss)	776,682	(173,640)	603,041	(811,067)	(208,026)
FY2005 (ended Mar. 31, 2005)	Net sales and operating income					
	Net sales					
	(1) Sales to outside customers	27,009,718	3,140,208	30,149,927	-	30,149,927
	(2) Intersegment sales/transfers	-	-	-	-	-
	Total	27,009,718	3,140,208	30,149,927	-	30,149,927
	Operating expenses	23,641,390	3,210,384	26,851,775	1,657,245	28,509,020
	Operating income (loss)	3,368,328	(70,176)	3,298,152	(1,657,245)	1,640,907

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, baby care products, child wear, nursery school management 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 FY2005	1st half of FY2006	FY2005	Main expenses
Unallocatable expenses included in "Eliminations and corporate expenses"	910,908	811,067	1,657,245	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 2005 and fiscal 2006, and for fiscal 2005.

(¥ thousand)

Period		Japan	Asia	North America	Total	Eliminations and corporate expenses	Consolidated
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
1st half of FY2006 (ended Sept. 30, 2005)	Net sales and operating income						
	Net sales						
	(1) Sales to outside customers	12,665,065	797,017	725,917	14,188,000	-	14,188,000
	(2) Intersegment sales/transfers	73,723	2,297,822	-	2,371,546	(2,371,546)	-
	Total	12,738,789	3,094,839	725,917	16,559,546	(2,371,546)	14,188,000
	Operating expenses	12,383,196	2,783,153	807,275	15,973,624	(1,577,597)	14,396,027
	Operating income (loss)	355,593	311,686	(81,357)	585,922	(793,949)	(208,026)
FY2005 (ended Mar. 31, 2005)	Net sales and operating income						
	Net sales						
	(1) Sales to outside customers	27,750,989	1,426,575	972,362	30,149,927	-	30,149,927
	(2) Intersegment sales/transfers	245,401	4,059,526	-	4,304,927	(4,304,927)	-
	Total	27,996,391	5,486,101	972,362	34,454,855	(4,304,927)	30,149,927
	Operating expenses	25,085,528	4,835,071	1,242,015	31,162,616	(2,653,596)	28,509,020
	Operating income (loss)	2,910,862	651,029	(269,652)	3,292,239	(1,651,331)	1,640,907

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 FY2005	1st half of FY2006	FY2005	Main expenses
Unallocatable expenses included in "Eliminations and corporate"	910,908	811,067	1,657,245	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 FY2005 (April 1, 2004 - September 30, 2004)

Overseas sales have not been presented because they represent less than 10% of total net sales.

First half of FY2006 (April 1, 2005 - September 30, 2005)

	Asia	North America	Other	Total
I Overseas sales	746,729	728,623	42,583	1,517,936
II Consolidated sales				14,188,000
III Overseas sales to total sales (%)	5.3	5.1	0.3	10.7

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. Overseas sales refer to sales posted by the Company and its consolidated subsidiaries in countries and regions outside Japan.

FY2005 (April 1, 2004 - March 31, 2005)

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 EDINET.

Securities

1. 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

2. First Half of FY2006 (as of September 30, 2005)

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

	Carrying amount	Market value	Gross unrealized gain
Governmental bonds	130,741	131,689	947
Corporate bonds	60,192	60,252	60
Total	190,933	191,941	1,008

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

	Acquisition cost	Carrying amount	Gross gain (losses)
(1) Equity securities	22,807	116,619	93,812
(2) Debt securities			
Corporate bonds	8,711	10,300	1,588
Total	31,519	126,919	95,400

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

	Carrying amount
Other securities	
(1) Unlisted equity securities (excluding over-the-counter securities)	813,696
(2) Money management fund	909,717

3. FY2005 (As of March 31, 2005)

(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	130,006	131,912	1,905
	(2) Corporate bonds	60,237	60,309	71
	Sub-total	190,243	192,221	1,977
Market value is less than carrying amount	(1) Governmental bonds	-	-	-
	(2) Corporate bonds	-	-	-
	Sub-total	-	-	-
Total		190,243	192,221	1,977

(2) Other securities with market quotations

(¥ thousand)

	Type	Acquisition cost	Carrying amount	Gross gains (losses)
Carrying amount exceeds acquisition cost	(1) Equity securities (2) Corporate bonds	22,807 51,107	84,960 54,235	62,152 3,127
	Sub-total	73,915	139,195	65,280
Carrying amount is less than acquisition cost	(1) Equity securities	-	-	-
	(2) Corporate bonds	-	-	-
	Sub-total	-	-	-
Total		73,915	139,195	65,280

(3) Other securities without market quotations

(¥ thousand)

	Carrying amount
Other securities	
(1) Unlisted equity securities (excluding over-the-counter securities)	793,503
(2) Money management fund	909,694

(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	100,000	30,000	-
(2) Corporate bonds	54,000	66,000	-
Total	154,000	96,000	-

Derivative Transactions

The Company has not presented information on derivative transactions because it discloses information using the EDINET.

Status of Production, Orders and Sales

1. Production

(¥ thousand)

Industry segment	First half of FY2005 (ended Sept. 30, 2004)	First half of FY2006 (ended Sept. 30, 2005)	FY2005 (ended March 31, 2005)
Baby care products and toys	4,486,247	5,141,215	10,506,618
Health care products	789,280	755,465	1,464,988
Total	5,275,528	5,896,680	11,971,606

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 FY2005 (ended Sept. 30, 2004)	First half of FY2006 (ended Sept. 30, 2005)	FY2005 (ended March 31, 2005)
Baby care products and toys	1,262,359	1,424,683	2,814,444
Health care products	232,055	218,660	584,826
Total	1,494,415	1,643,344	3,399,270

4. Sales

(¥ thousand)

Industry segment	First half of FY2005 (ended Sept. 30, 2004)	First half of FY2006 (ended Sept. 30, 2005)	FY2005 (ended March 31, 2005)
Baby care products and toys	12,706,965	12,852,645	27,009,718
Health care products	1,479,717	1,335,355	3,140,208
Total	14,186,683	14,188,000	30,149,927

Semi-Annual Non-Consolidated Financial Statements for Fiscal 2006, Ending March 31, 2006

November 11, 2005

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: +81-(3) 5828-7661

Board of Directors' Meeting to Approve Results: November 11, 2005
Interim Dividend Payment Date: December 12, 2005
Interim Dividend System: Yes
Trading Unit System: Yes (1 unit = 500 shares)

1. Non-Consolidated First-Half Results for Fiscal 2006 (April 1, 2005 to September 30, 2005)

(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 FY2006	11,309	(6.1)	(145)	-	(117)	-
1st half of FY2005	12,047	(1.6)	485	21.7	484	34.6
FY2005	24,833	1.3	1,182	(0.5)	1,205	3.5

	Net income		Net income per share
	(¥ million)	(%)	(¥)
1st half of FY2006	(191)	-	(10.68)
1st half of FY2005	328	29.8	18.30
FY2005	130	(83.2)	7.25

Notes: 1. Average number of shares outstanding
1st half of FY2006: 17,955,624 shares; 1st half of FY2005: 17,956,363 shares; FY2005: 17,956,109 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 FY2006	5.00	-
1st half of FY2005	10.00	-
FY2005	-	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 FY2006	23,258	13,843	59.5	770.98
1st half of FY2005	24,181	14,567	60.2	811.29
FY2005	23,940	14,197	59.3	790.67

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

1st half of FY2006: 17,955,454 shares; 1st half of FY2005: 17,956,110 shares; FY2005: 17,955,734 shares

2. Number of treasury shares at period-end

1st half of FY2006: 3,704 shares; 1st half of FY2005: 3,048 shares; FY2005: 3,424 shares

2. Non-Consolidated Forecast for Fiscal 2006 (April 1, 2005 to March 31, 2006)

	Net sales	Recurring income	Net income	Annual dividend per share	
				Year-end	
	(¥ million)	(¥ million)	(¥ million)	(¥)	(¥)
Full year	24,500	690	270	10.00	15.00

(Reference) Forecast net income per share (full year): ¥15.04

*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 11 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 FY2005 (as of Sept. 30, 2004)		First half of FY2006 (as of Sept. 30, 2005)		FY2005 condensed balance sheet (as of March 31, 2005)	
	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share
(ASSETS)						
I. Current Assets	15,871,278	65.6	15,752,922	67.7	16,446,965	68.7
Cash on hand and in banks	3,045,261		2,430,487		3,114,345	
Notes receivable	1,153,940		1,053,525		1,198,636	
Accounts receivable	5,243,518		5,354,141		5,564,311	
Securities	1,102,811		964,027		1,057,945	
Inventories	3,476,575		3,736,584		3,431,883	
Short-term loans receivable	-		1,180,000		-	
Deferred tax assets	173,719		476,555		490,593	
Other current assets	1,678,617		581,702		1,612,511	
Allowance for doubtful account	(3,166)		(24,100)		(23,261)	
II. Fixed Assets	8,310,659	34.4	7,505,557	32.3	7,493,214	31.3
1. Tangible Fixed Assets	4,822,329	20.0	4,651,597	20.0	4,742,676	19.8
Buildings	1,557,325		1,475,659		1,520,371	
Land	2,786,294		2,740,813		2,786,294	
Others	478,709		435,124		436,010	
2. Intangible Fixed Assets	605,398	2.5	501,700	2.2	540,387	2.3
3. Investments and Others	2,882,931	11.9	2,352,259	10.1	2,210,150	9.2
Investments in securities	1,837,273		1,237,056		1,154,701	
Deferred tax assets	287,158		-		18,755	
Others	910,652		1,184,799		1,234,771	
Allowance for doubtful accounts	(152,153)		(69,596)		(198,078)	
Total assets	24,181,937	100.0	23,258,480	100.0	23,940,180	100.0

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

Period / Description	First half of FY2005 (as of Sept. 30, 2004)		First half of FY2006 (as of Sept. 30, 2005)		FY2005 condensed balance sheet (as of March 31, 2005)	
	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share
(LIABILITIES)						
I. Current Liabilities	7,859,976	32.5	5,639,745	24.3	5,947,289	24.8
Notes payable	2,421,207		2,218,130		2,168,376	
Accounts payable	1,281,326		1,048,079		1,429,536	
Short-term bank loans	1,450,000		710,000		710,000	
Current portion of bonds	1,000,000		-		-	
Income taxes payable	167,000		17,000		-	
Accrued bonuses to employees	296,867		296,370		289,121	
Other current liabilities	1,243,575		1,350,166		1,350,254	
II. Long-Term Liabilities Bonds	1,754,402	7.3	3,775,373	16.2	3,795,876	15.9
Bonds	1,000,000		3,000,000		3,000,000	
Accrued retirement benefits for employees	33,591		-		18,103	
Accrued retirement benefits for directors	276,778		244,540		290,410	
Deferred tax liabilities	-		8,622		-	
Other long-term liabilities	444,032		522,211		487,363	
Total liabilities	9,614,379	39.8	9,415,119	40.5	9,743,165	40.7
(CAPITAL)						
I. Common Stock	2,991,922	12.4	2,991,922	12.9	2,991,922	12.5
II. Capital Surplus	2,783,731	11.5	2,783,731	12.0	2,783,731	11.6
1. Additional paid-in capital	2,783,731		2,783,731		2,783,731	
III. Retained Earnings	8,762,811	36.2	8,013,490	34.4	8,384,856	35.0
1. Legal Earnings Reserve	324,459		324,459		324,459	
2. Voluntary Reserve	1,009,478		994,842		1,009,478	
3. Unappropriated Retained Earnings	7,428,873		6,694,188		7,050,918	
IV. Variances on Securities Valuation	31,217	0.1	56,858	0.2	38,907	0.2
V. Treasury stock	(2,124)	(0.0)	(2,643)	(0.0)	(2,403)	(0.0)
Total shareholders' equity	14,567,558	60.2	13,843,360	59.5	14,197,014	59.3
Total liabilities and total shareholders' equity	24,181,937	100.0	23,258,480	100.0	23,940,180	100.0

(2) Non-consolidated statements of income

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

Period / Description	First half of FY2005 (ended Sept. 30, 2004)		First half of FY2006 (ended Sept. 30, 2005)		FY2005 condensed statement of income (ended Mar. 31, 2005)	
	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share
I. Net Sales	12,047,596	100.0	11,309,291	100.0	24,833,227	100.0
II. Cost of Sales	6,818,845	56.6	6,598,401	58.3	14,253,577	57.4
Gross profit	5,228,751	43.4	4,710,890	41.7	10,579,649	42.6
III. Selling, General and Administrative Expenses	4,742,782	39.4	4,856,864	43.0	9,397,639	37.8
Operating income	485,968	4.0	(145,973)	(1.3)	1,182,010	4.8
IV. Non-Operating Income	104,544	0.9	135,662	1.2	261,724	1.1
V. Non-Operating Expenses	106,337	0.9	106,819	0.9	238,494	1.0
Recurring income	484,175	4.0	(117,129)	(1.0)	1,205,240	4.9
VI. Extraordinary Income	57,569	0.5	18,275	0.1	50,340	0.2
VII. Extraordinary Losses	83,739	0.7	58,643	0.5	1,186,631	4.8
Income before income taxes	458,005	3.8	(157,498)	(1.4)	68,950	0.3
Income taxes	148,138	1.2	5,063	0.0	11,159	0.0
Deferred income taxes	(18,666)	(0.1)	29,246	0.3	(72,348)	(0.2)
Net income	328,533	2.7	(191,808)	(1.7)	130,139	0.5
Retained earnings brought forward	7,100,340		6,885,996		7,100,340	
Interim dividends	-		-		179,561	
Unappropriated retained earnings	7,428,873		6,694,188		7,050,918	

Basis of Presentation of the Non-Consolidated Financial Statements

1. Valuation standards and accounting treatment for important assets

   (1) Securities

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

   Affiliate stock: Stated at cost, cost being determined by the moving-average 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.

   (2) Inventories

   Stated at cost determined mainly by the average cost method.

2. Depreciation and amortization of important depreciable assets

   (1) Tangible fixed assets

   The Company computes 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.

   (2) 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

   (1) Allowance for doubtful accounts

   The Company provides 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.

   (2) Accrued bonuses to employees

   To provide for the payment of bonuses to employees, the Company makes provisions for the amount of future payments incurred in the interim period.

   (3) 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 accounting year. In this case, actuarial differences are expensed over 10 years starting in the following fiscal year.

   (4) 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. Accounting treatments of important leasing transactions

   The Company accounts 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.

5. Hedge accounting

(1) Hedge accounting

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

(2) 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 and foreign currency reservation

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

(3) 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.

Effectiveness is not assessed for foreign currency reservation accounted by the designation accounting.

6. Accounting for consumption tax

The Company accounts for consumption tax using the tax exclusion method.

Change of Significant Accounting Policies in the Preparation of Non-Consolidated Financial Statements

(Accounting for impairment of fixed assets)

Accounting for Impairment of Assets Effective the current interim period, the Company has adopted the new accounting standards for the presentation of the Impairment of Assets (Statement of Opinion, “Accounting for Impairment of Fixed Assets,” (Business Accounting Council; August 9, 2002) and the “Accounting Standard Implementation No. 6: Guidance for Accounting Standards for Impairment of Fixed Assets,” (ASBJ; October 31, 2003). This change in accounting policy has no significant effect.

Reclassifications

(Balance sheets)

In prior periods, “Short-term loans receivable” were presented as a component of “Other current liabilities” under current assets. Effective the current interim accounting period, “Short-term loans receivable” are presented as a separate-line item since “Short-term loans receivable” now exceed more than 5% of total assets

In the previous interim period, “Short-term loans receivable” totaled 1,002,017 thousand yen.

Notes to the Non-Consolidated Financial Statements

(¥ thousand)

First half of FY2005 (as of September 30, 2004)	First half of FY2006 (as of September 30, 2005)	FY2005 (as of March 31, 2005)
1. Accumulated depreciation on tangible fixed assets: 3,602,645	1. Accumulated depreciation on tangible fixed assets: 3,677,397	1. Accumulated depreciation on tangible fixed assets: 3,681,979
2. Assets pledged as collateral Buildings 915,750 Structures 93,182 Land 1,160,103 Total 2,169,035 Collateralized obligations Current portion of bonds 1,000,000 Bonds 1,000,000 Total 2,000,000	2. Assets pledged as collateral Buildings 868,566 Structures 81,690 Land 783,502 Total 1,733,759 Collateralized obligations Bonds 1,000,000	2. Assets pledged as collateral Buildings 896,535 Structures 87,735 Land 783,502 Total 1,767,773 Collateralized obligations Bonds 1,000,000
3. Guarantee obligations: 823,139	3. Guarantee obligations: 1,223,777	3. Guarantee obligations: 782,072
4. Main extraordinary income items Gain on sales of fixed assets 3,368 Gains from carry back of doubtful accounts 49,125 Profit on sale of membership card 4,847 Main extraordinary loss items Loss on disposal of fixed assets 10,533 Loss on valuation of investment securities 2,364 Expenses of voluntary product recall 70,840	4. Main extraordinary income items Gain on sales of fixed assets 18,275 Main extraordinary loss items Loss on disposal of fixed assets 8,754 Expenses of voluntary product recall 10,000 Flood damage 39,888	4. Main extraordinary income items Gain on sales of fixed assets 3,368 Gains from carry back of doubtful accounts 42,124 Profit on sale of membership card 4,847 Main extraordinary loss items Loss on disposal of fixed assets 14,162 Loss on valuation of investment securities 2,364 Expenses of voluntary product recall 68,290 Loss on affiliate investment 1,101,813 Loss on affiliate investment was composed of provision of allowance for doubtful account 59,019 thousand yen and loss on valuation of affiliate stock and capital investment 1,042,793 thousand yen respectively.
5. Depreciation and amortization Tangible fixed assets 116,626 Intangible fixed assets 71,056	5. Depreciation and amortization Tangible fixed assets 102,873 Intangible fixed assets 75,536	5. Depreciation and amortization Tangible fixed assets 239,630 Intangible fixed assets 144,616