Semi-Annual Consolidated Financial Statements for Fiscal 2008, Ending March 31, 2008

November 9, 2007

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: Ichiro Suzuki, General Manager, Finance
Tel: +81-(3) 5828-7661
Board of Directors' Meeting to Approve Results: December 20, 2007
Applied U.S. GAAPs: None

1. Consolidated First-Half Results for Fiscal 2008 (April 1, 2007 to September 30, 2007)

(1) Consolidated Operating Result

(Amounts less than one million yen have been omitted)

	Net sales		Operating income		Recurring income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
1st half of FY2008	13,685	(1.8)	1,032	26.7	1,011	28.5
1st half of FY2007	13,939	(1.8)	814	—	787	—
FY2007	27,164	—	1,539	—	1,519	—

	Net income		Net income per share	Net income per share after full dilution
	(¥ million)	(%)	(¥)	(¥)
1st half of FY2008	722	(22.6)	41.03	—
1st half of FY2007	933	—	52.42	—
FY2007	1,321	—	74.49	—

Reference: Equity in earnings from investments in affiliates
1st half of FY2008: ¥— million; 1st half of FY2007: ¥— million; FY2007: ¥— million

(2) Consolidated Financial Position

	Total assets	Total shareholders' equity	Equity ratio	Shareholders' equity per share of common stocks
	(¥ million)	(¥ million)	(%)	(¥)
1st half of FY2008	27,520	17,651	63.9	998.12
1st half of FY2007	27,139	16,955	62.3	950.59
FY2007	27,804	17,146	61.5	970.11

Reference: Total shareholders' equity
1st half of FY2008: ¥17,582 million; 1st half of FY2007: ¥16,901 million; FY2007: ¥17,089 million

(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 FY2008	1,398	(655)	(450)	6,205
1st half of FY2007	1,490	(1,098)	(271)	5,520
FY2007	3,063	(2,030)	(592)	5,875

2. Dividends

	Dividend per share (¥)		
	Interim	Year-end	Annual
FY2007	8.00	17.00	25.00
1st half of FY2008 (results)	10.00	—	20.00
FY2008 (estimate)	—	10.00	

3. Consolidated Results Forecast for Fiscal 2008 (April 1, 2007 to March 31, 2008)

	Net sals		Operating income		Recurring income		Net income		Net income per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Full year	27,700	2.0	1,300	(15.6)	1,040	(31.6)	770	(41.7)	43.71

4. Other

(1) Significant changes in specified subsidiaries involving change in scope of consolidation: None

(2) Changes in accounting principles, procedures and method of presentation associated with preparation of consolidated financial statements (matters to be included in Changes in Basic Important Matters for Preparation of Consolidated Financial Statements)

1) Changes due to revisions of accounting standards, etc.: Yes

2) Changes other than 1): None

(Note) Refer to Changes in Basic Important Matters for Preparation of Consolidated Financial Statements, page 17, for details.

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at term end (including treasury stock):

September 30, 2007 17,959,158 shares
September 30, 2006 17,959,158 shares
March 31, 2007 17,959,158 shares

2) Number of shares of treasury stock at term end

September 30, 2007 343,094 shares
September 30, 2006 178,614 shares
March 31, 2007 342,914 shares

(Note) Refer to Per Share Information, page 32, for number of shares that forms basis for calculating earnings per share.

[Reference] Summary of Nonconsolidated Results

1. Non-Consolidated First-Half Results for Fiscal 2008 (April 1, 2006 to September 30, 2007)

(1) Non-Consolidated Sales and Income (Percentage figures represent changes from same period of previous year)

	Net sales		Operating income		Ordinary income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
1st half of FY2008	10,309	(6.2)	393	48.7	335	37.3
1st half of FY2007	10,985	(2.9)	264	—	244	—
FY2007	21,487	—	631	—	633	—

	Net income		Earnings per share
	(¥ million)	(%)	(¥)
1st half of FY2008	169	186.8	9.61
1st half of FY2007	59	—	3.32
FY2007	173	—	9.77

(2) Non-Consolidated Financial Position

	Total assets	Total shareholders' equity	Equity ratio	Shareholders' equity per share of common stocks
	(¥ million)	(¥ million)	(%)	(¥)
1st half of FY2008	21,008	12,832	61.1	728.44
1st half of FY2007	21,752	13,267	61.0	746.17
FY2007	22,219	13,051	58.7	740.89

Reference: Total shareholders' equity
1st half of FY2008: ¥12,832 million; 1st half of FY2007: ¥13,267 million; FY2007: ¥13,051 million

2. Non-Consolidated Results Forecast for Fiscal 2008 (April 1, 2007 to March 31, 2008)

	Net sals		Operating income		Recurring income		Net income		Net income per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	
Full year	21,200	(1.3)	540	(14.4)	470	(25.8)	220	26.9	12.49

Cautionary note regarding forecasts:
Projected operating results, including earnings forecasts, contained in this interim report are based on information currently available to Combi and the Combi Group and certain assumptions that are judged to be rational. Actual results may differ from forecasts due to changes in certain factors. Refer to page 4, "Operating Results and Financial Position, 1. Operating Results."

1. Operating Results and Financial Position

(1) Operating Results

In the interim period ended September 30, 2007, the Japanese economy gradually recovered, supported by higher private-sector capital investment accompanying robust corporate earnings and improvement in the employment situation. However, market conditions remained severe due to continued sluggish consumer spending. Overseas, the economies of the United States and Europe entered correction phases, brought about by the U.S. subprime loan issue. On the other hand, the economies of Asia continued to post strong growth, centered on the Chinese economy.

Against this backdrop, the Combi Group implemented a shift in its sales policy to focus on improving profit margins and strengthening its sales operations in Asia and the United States, markets that offer the Group opportunities for business growth.

Consolidated net sales in the interim period under review declined 1.8%, to ¥13,685 million. Operating income was up 26.7%, to ¥1,032 million, and recurring profit was up 28.5%, to ¥1,011 million. Net income was down 22.6%, to ¥722 million.

Results by business segment are described below.

<Juvenile Product and Toy Business>

In Japan, due to the shift in sales policy to focus on improving profit margins, sales of such major products as strollers, child car seats, and high chairs decreased from the same period of the previous year, but profits increased from a year earlier. Outside Japan, sales and profits increased from the same period of the previous year, mainly in Asian and U.S. markets.

In the apparel sector in Japan, mail order catalog sales maintained strong growth thanks to successful marketing programs, including various sales promotions offering greater choice in clothing sizes, and to our customers' continued loyalty to the functionality and design of our products.

In the toy sector in Japan, sales and profits fell below levels a year earlier due to severe competition and the impact on retail sales of a change in inventory policy. As a result, sales in the Juvenile Product and Toy business rose 0.4% from the same period of the previous year, to ¥12,961 million, and operating income was ¥1,736 million, up 21.6% from a year earlier.

<Functional Foods Business>

Sales of functional foods continued to grow steadily due to strong demand for lactic acid bacteria and such food ingredients as "Collocalia." Sales in fitness and healthcare fell below the level of a year earlier due to the Group's withdrawal from this business; however, profits increased. As a result, sales in the Functional Foods business were down 30.0% from the same period of the previous year, to ¥723 million, and operating income was up 109.4%, to ¥81 million.

Results by regional business are described below.

<Japan>

In Japan, in the Juvenile Product and Toy business, the Company recorded lower sales but higher operating income, reflecting the shift in sales policy from a focus on increasing sales volume to improving profit margins. Sales in Japan totaled ¥11,232 million, a 5.5% decrease from the same period of the previous year, while operating income was up 28.1%, to ¥1,199 million.

<Asia>

In Asia, our Hong Kong subsidiary maintained steady growth in sales and profits through efficient management. Further, our China subsidiary, which supplies strollers to the U.S. market, also recorded higher sales and operating income. Sales in Asia totaled ¥3,737 million, up 13.4% from the same period of the previous year, and operating income was ¥487 million, up 26.9% from a year earlier.

<North America>

In North America, sales maintained steady growth because of strengthened merchandising operations and expanded sales channels targeting middle to upper-middle class consumer segments. Sales in North America totaled ¥1,165 million, a 0.6% increase from the same period of the previous year, and operating income was ¥90 million, down 19.6% from a year earlier.

The outlook for the business environment remains uncertain due to the deceleration of the U.S. economy stemming from the subprime loan issue, the instability of global financial markets, and the prolonged hike in crude oil and raw materials prices.

Under such circumstances, the operating environment is expected to remain severe. However, the Combi Group is committed to achieving robust growth and stable gains in profit by implementing a sales policy focused on improving profit margins and effective expense management. At the same time, we will bring to market more products that offer higher added value and provide enhanced customer satisfaction and increase the quality of our outlets by introducing new concepts in merchandising.

Through the implementation of these measures, we will work to realize higher operational efficiency and comprehensive cost cuts. In the fiscal year ending March 2008, we forecast net sales of ¥27,700 million, operating income of ¥1,300 million, recurring profit of ¥1,040 million, and net income of ¥770 million.

[Consolidated Net Salesby by Segment] (¥ million, %)

Industry segment	FY2007 ending March 2007 (result)	FY2008 ending March 2008 (forecast)	Change from previous FY	
Baby care products and toys	25,251	26,840	1,589	6.3%
Health care products	1,913	860	(1,053)	(55.0%)
Total	27,164	27,700	535	2.0%

(Cautionary statements)

Market forecasts and projected operating results contained in this interim report are based on information available to Combi and the Combi Group at the time of publishing this report and are subject to a number of risks and uncertainties. Readers and potential investors are therefore cautioned that actual results may differ from forecasts due to such factors.

(2) Financial Position

Cash and cash equivalents (hereinafter referred to as “funds”) on consolidated basis as of September 30, 2007, increased by ¥685 million from a year earlier, to ¥6,205 million, and by ¥330 million from the previous fiscal year-end. Changes in funds are described below.

(Cash Flows from Operating Activities)

Funds provided by operating activities decreased by ¥92 million, to ¥1,398 million, mainly reflecting income before income taxes of ¥987 million and depreciation of ¥352 million.

(Cash Flows from Investing Activities)

Net cash used by investing activities was ¥655 million compared with ¥1,098 million from a year previous interim period ended Sept. 2007 primarily because ¥362 million, a difference between payments and paying out of time deposit, and ¥323 million, cost of fixed assets, were used.

(Cash Flows from Financing Activities)

Net cash used in financing activities totaled ¥450 million compared with ¥271 million from a year previous interim period ended Sept. 2007, mainly due to the payback of ¥111 million, a difference between increase of short-term bank loans and decrease of short-term bank loans, and payback of cash dividends of ¥295 million.

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

	1st half of FY2005 (As of Sept. 2005)	1st half of FY2006 (As of Sept. 2006)	1st half of FY2007 (As of Sept. 2007)	FY2007 (As of March 2007)
Equity ratio (%)	58.6	62.3	63.9	61.5
Capital adequacy ratio on a market value basis (%)	54.8	44.6	46.3	46.1
Years to redeem debt	8.4	1.6	1.7	1.5
Interest coverage ratio	6.9	24.7	32.1	30.0

• 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
• 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) Policy Regarding Profit Sharing and Interim Dividends

The Combi Group believes that returning profits to shareholders is one of priorities and it provides appropriate dividends taking into account business performance while striving to raise corporate value and maintain stable returns to shareholders.

The Group utilizes retained earnings to invest in R&D, reinforce its business infrastructure, and promote business expansion, including globalization and business alliances and M&A across industries and business segments.

Based on that policy, the Company paid interim dividends of ¥10 per share, a ¥2 increase from a year previous interim period ended Sept. 2007, fiscal year-end dividend is ¥10 yen per share, ¥17 yen per share in the previous year, which includes a commemorative dividend of ¥5, ended March 2008.

(4) Business and Other Risks

Major items that the Group perceives as potential risks to its business performance and financial position are listed below. The Group takes all possible measures to prevent these potential problems from arising and to respond appropriately in the event a problem should occur.

It should be noted that forward-looking statements included in this interim report represent judgments of the Group as of September 30, 2007.

1) Declining birthrate

The Group has been developing baby care products and toys as its core business. Sales in this segment represented 94.7% of total net sales in the interim period under review and 82.6% of total net sales in Japan. 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 manages its business globally by operating multiple manufacturing and sales bases in Japan and abroad.

In its overseas operations, the Group may be exposed to various country risks. In particular, the Group’s procurement ratio from China is higher than from other countries, and there is the possibility that returns on investment could be difficult to achieve and that the Group’s manufacturing and sales operations could be disrupted when China changes its custom and trading policies.

Accordingly, the Group gives careful consideration to such country risks when making investment decisions. However, sudden changes in economic conditions and other factors could affect the Group’s business performance and financial position.

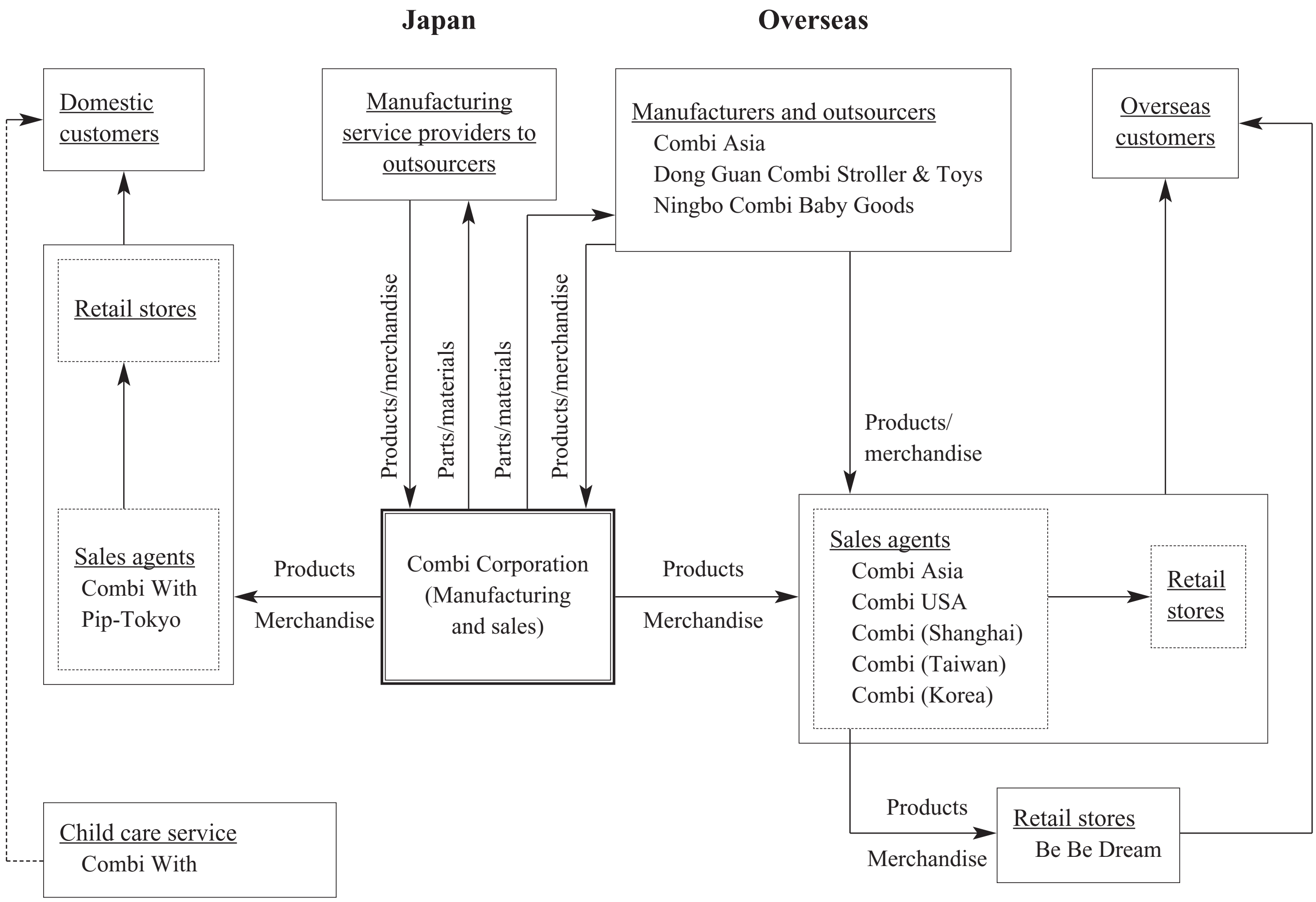
2. The Combi Group

The Combi Group is made up of the Company, its eight subsidiaries and one 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) Combi Korea Co., Ltd. (Seoul, Republic of Korea) Be Be Dream Limited *2 (Hong Kong, China) Pip -Tokyo Co., Ltd. *3
Health Care Products	Fitness machines, nursing care products, 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)

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

The following diagram depicts the Combi Group.



3. 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.

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) Targeted Performance Indicators

To realize an operational structure with high capital efficiency, which makes it possible to survive global competition, the Group strives to add more value to the Company's products, to raise the profit ratio, to reduce costs, and to use shareholders' equity more productively. The Company aims to achieve a consolidated ROE of 7% in the fiscal year ending March 2010. In consideration of the importance of cash flow management, the Group targets an operating income margin of 7% in the fiscal year ending March 2010.

(3) 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 1) Establishing world leadership as the top innovative brand, 2) Becoming the worldwide leader in quality, 3) 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 an overseas strategy (globalization of sales, manufacturing, and purchasing activities)
2) Strengthen and expand the range of product development and services in the baby care products and toys business
3) Accelerate strategic alliances with other companies
4) Place priority on R&D programs (develop products and services with quality and added value that earn the support of consumers)
5) Reinforce internal systems (a personal system that sets out clear roles and responsibilities, a slim and powerful organization, and promotion of operational reforms)

(4) 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 its children's wear business as well. Outside Japan, the Group also 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 such measures as the 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) Stabilized profitability of subsidiaries

Combi USA, Inc., which is responsible for operations in the North American market, stabilized profitability due to an improved performance accompanying strengthened merchandising activities and expanded sales channels targeting middle to upper-middle class consumer segments. Also, Combi (Shanghai) Co., Ltd., which is responsible for operations in the Chinese market, achieved restored profitability and increased revenues through the rationalization of product lines, the reorganization of sales channels, and lower operating expenses. Expanding the market shares, stabilizing the profitability, and strengthening the financial positions of these two subsidiaries are major challenges for the Group.

3) Strengthening corporate governance and developing compliance systems

In consideration of growing demands for companies to fulfill their corporate social responsibilities and to take measures to prevent corporate scandals, such as those that have occurred recently, the Combi Group focuses on strengthening corporate governance and developing compliance systems.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

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

Description / Period	1st half of FY2007 (as of September 2006)		1st half of FY2008 (as of September 2007)		FY2007 condensed balance sheet (as of March 2007)	
	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share
(ASSETS)						
I. Current Assets	19,103,080	70.4	19,150,724	69.6	19,303,137	69.4
Cash and deposits	6,727,230		7,818,450		7,065,776	
Accounts and notes receivable	6,925,278		5,940,832		6,500,548	
Marketable securities	934,279		967,141		905,406	
Inventories	3,763,265		3,945,753		4,028,439	
Deferred tax assets	162,414		208,139		245,653	
Other current assets	730,711		498,192		750,139	
Allowance for doubtful accounts	(140,100)		(227,786)		(192,825)	
II. Fixed Assets	8,035,937	29.6	8,370,092	30.4	8,501,810	30.6
1. Tangible Fixed Assets	5,735,993	21.1	5,637,303	20.5	5,634,117	20.3
Buildings and structures	2,217,772		2,113,915		2,166,894	
Land	2,740,813		2,739,289		2,739,289	
Other fixed assets	777,406		784,098		727,933	
2. Intangible Fixed Assets	509,950	1.9	453,391	1.6	453,810	1.6
3. Investments and Other Assets	1,789,993	6.6	2,279,397	8.3	2,413,883	8.7
Investments in securities	1,039,479		1,825,998		1,913,415	
Deferred tax assets	228,534		5,069		7,870	
Other investments	532,557		474,136		503,174	
Allowance for doubtful accounts	(10,576)		(25,806)		(10,576)	
Total Assets	27,139,018	100.0	27,520,817	100.0	27,804,948	100.0
(LIABILITIES)						
I. Current Liabilities	6,408,207	23.6	6,938,498	25.2	7,822,878	28.1
Accounts and notes payable	3,145,193		2,496,097		3,344,579	
Short-term bank loans	1,290,438		1,177,508		1,281,827	
Accounts expenses	1,096,781		1,257,348		1,252,490	
Income taxes payable	100,436		146,923		73,537	
Accrued bonuses to employees	290,384		320,139		320,629	
Other current liabilities	484,972		1,540,481		1,549,815	
II. Long-term Liabilities	3,775,473	13.9	2,930,634	10.7	2,835,599	10.2
Bonds	3,000,000		2,000,000		2,000,000	
Accrued retirement benefits for officers	256,530		256,280		269,170	
Deferred tax liabilities	81,239		163,367		115,842	
Other long-term liabilities	437,703		510,987		450,586	
Total Liabilities	10,183,680	37.5	9,869,133	35.9	10,658,477	38.3
(NET ASSETS)						
I. Shareholders' Equity	16,594,012	61.1	17,147,133	62.3	16,723,990	60.2
1. Capital	2,991,922	11.0	2,991,922	10.9	2,991,922	10.8
2. Capital Surplus	2,783,731	10.3	2,783,731	10.1	2,783,731	10.0
3. Retained Earnings	10,947,959	40.3	11,617,051	42.2	11,193,770	40.3
4. Treasury Stock	(129,600)	(0.5)	(245,572)	(0.9)	(245,434)	(0.9)
II. Profit or Loss from Valuation	307,955	1.2	435,804	1.5	365,658	1.3
1. Variances in Securities Valuation	69,897	0.3	43,010	0.1	58,065	0.2
2. Profit or Loss of Deferred Hedge Accounting	190,540	0.7	56,281	0.2	130,552	0.5
3. Currency Exchange Adjustment	47,516	0.2	336,512	1.2	177,041	0.6
III. Minority Interest	53,369	0.2	68,746	0.3	56,820	0.2
Total Net Assets	16,955,337	62.5	17,651,684	64.1	17,146,470	61.7
Total Liability and Net Assets	27,139,018	100.0	27,520,817	100.0	27,804,948	100.0

(2) Consolidated Statements of Income

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

Description / Period	1st half of FY2007 (ended September 2006)		1st half of FY2008 (ended September 2007)		FY2007 condensed balance sheet (ended March 2007)	
	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share
I. Net Sales	13,939,564	100.0	13,685,216	100.0	27,164,970	100.0
II. Cost of Sales	7,980,843	57.3	7,267,664	53.1	15,181,971	55.9
Gross profit	5,958,720	42.7	6,417,552	46.9	11,982,999	44.1
III. Selling, General and Administrative Expenses	5,144,022	36.9	5,385,265	39.4	10,443,517	38.4
Operating Income	814,698	5.8	1,032,287	7.5	1,539,482	5.7
IV. Non-operating Income	106,227	0.8	100,668	0.7	233,684	0.8
Interest income	41,780		64,372		100,297	
Dividend income	1,636		1,916		11,953	
Exchange gain	—		—		794	
Commissions received	28,310		17,160		51,403	
Other income	34,500		17,219		69,235	
V. Non-operating Expenses	133,886	1.0	121,653	0.8	253,463	0.9
Interest expenses	47,627		42,259		91,952	
Sales discounts	59,176		58,874		115,490	
Exchange losses	6,655		10,481		—	
Lease payments	7,760		—		8,477	
Other expenses	12,666		10,037		37,544	
Recurring Income	787,040	5.6	1,011,302	7.4	1,519,702	5.6
IV. Extraordinary Income	458,067	3.3	18,941	0.1	460,260	1.7
VII. Extraordinary Losses	173,611	1.2	42,563	0.3	192,966	0.7
Income before Income Taxes	1,071,496	7.7	987,680	7.2	1,786,996	6.6
Income tax, residential tax and enterprise tax	89,838	0.7	106,037	0.7	194,542	0.7
Income taxe adjustments	43,982	0.3	148,524	1.1	264,828	1.0
Minority interest gains	3,984	0.0	10,362	0.1	5,879	0.0
Net Income	933,689	6.7	722,756	5.3	1,321,746	4.9

(3) Consolidated Statements of Variation of Shareholders' Equity

Consolidated First-Half Financial Accounting Period (April 1, 2006 to September 30, 2006)

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

	Shareholders' Equity					Profit or Loss from Valuation				Minority interests	Total net assets
	Capital	Capital surplus	Retained earnings	Treasury stocks	Total shareholders' equity	Variances on securities valuation	Profit or loss of deferred hedge accounting	Foreign currency translation adjustment	Total profit or loss from valuation		
	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)
Shareholders' equity brought forward as of March 31, 2006	2,991,922	2,783,731	10,104,044	(2,956)	15,876,741	81,965	—	129,032	210,997	51,547	16,139,287
Amount of variation in this accounting period											
Dividends of surplus			(89,775)		(89,775)						(89,775)
Net income			933,689		933,689						933,689
Payback				(126,644)	(126,644)						(126,644)
Change in non-share capital in interim accounting period (net)						(12,067)	190,540	(81,515)	96,957	1,821	98,779
Total of variation during interim consolidated settlement of accounting	—	—	843,914	(126,644)	717,270	(12,067)	190,540	(81,515)	96,957	1,821	816,050
Shareholders' equity carried forward as of September 30, 2006	2,991,922	2,783,731	10,947,959	(129,600)	16,594,012	69,897	190,540	47,516	307,955	53,369	16,955,337

(Note) These items were included in the appropriation of profit resolved at the annual general meeting of shareholders in June 2006.

Consolidated First-Half Financial Accounting Period (April 1, 2007 to September 30, 2007)

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

	Shareholders' Equity					Profit or Loss from Valuation				Minority interests	Total net assets
	Capital	Capital surplus	Retained earnings	Treasury stocks	Total shareholders' equity	Variances on securities valuation	Profit or loss of deferred hedge accounting	Foreign currency translation adjustment	Total profit or loss from valuation		
	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)
Shareholders' equity brought forward as of March 31, 2006	2,991,922	2,783,731	11,193,770	(245,434)	16,723,990	58,065	130,552	177,041	365,658	56,820	17,146,470
Amount of variation in this accounting period											
Dividends of surplus			(299,476)		(299,476)						(299,476)
Net income			722,756		722,756						722,756
Payback				(138)	(138)						(138)
Change in non-share capital in interim accounting period (net)						(15,054)	(74,270)	159,471	70,145	11,925	82,071
Total of variation during interim consolidated settlement of accounting	—	—	423,280	(138)	423,142	(15,054)	(74,270)	159,471	70,145	11,925	505,214
Shareholders' equity carried forward as of September 30, 2006	2,991,922	2,783,731	11,617,051	(245,572)	17,147,133	43,010	56,281	336,512	435,804	68,746	17,651,684

Consolidated Financial Accounting Period (April 1, 2006 to March 31, 2007)

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

	Shareholders' Equity					Profit or Loss from Valuation				Minority interests	Total net assets
	Capital	Capital surplus	Retained earnings	Treasury stocks	Total shareholders' equity	Variances on securities valuation	Profit or loss of deferred hedge accounting	Foreign currency translation adjustment	Total profit or loss from valuation		
	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)
Shareholders' equity brought forward as of March 31, 2006	2,991,922	2,783,731	10,104,044	(2,956)	15,876,741	81,965	—	129,032	210,997	51,547	16,139,287
Amount of variation in this accounting period											
Dividends of surplus (Note)			(89,775)		(89,775)						(89,775)
Dividends of surplus			(142,244)		(142,244)						(142,244)
Net income			1,321,746		1,321,746						1,321,746
Payback				(242,477)	(242,477)						(242,477)
Change in non-share capital in interim accounting period (net)						(23,900)	130,552	48,009	154,660	5,272	159,933
Total of variation during interim consolidated settlement of accounting	—	—	1,089,726	(242,477)	847,248	(23,900)	130,552	48,009	154,660	5,272	1,007,182
Shareholders' equity carried forward as of September 30, 2006	2,991,922	2,783,731	11,193,770	(245,434)	16,723,990	58,065	130,552	177,041	365,658	56,820	17,146,470

(Note) These items were included in the appropriation of profit resolved at the annual general meeting of shareholders in June 2006.

(4) Consolidated statements of cash flows

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

Period / Description	1st half of FY2007 (ended September 2006) Amount (¥ thousand)	1st half of FY2008 (ended September 2007) Amount (¥ thousand)	FY2007 condensed statement (ended March 2007) Amount (¥ thousand)
I. Cash Flows from Operating Activities			
Income before income taxes	1,071,496	987,680	1,786,996
Depreciation/amortization	328,270	352,524	660,673
Increase (decrease) in allowances	132,654	4,615	240,093
Interest and dividend income	(43,416)	(66,288)	(112,251)
Interest expenses	47,627	42,259	91,952
Exchange (gain) loss	(15,187)	(8,356)	(28,231)
Gain on sales of investments in affiliated company	(456,371)	—	(456,371)
Gain on sales of investments in securities	—	(1,000)	—
Loss on disposal of fixed assets	7,366	41,772	23,552
Gain on sale of fixed assets	(129)	(4,907)	1,580
Decrease (increase) in trade receivables	(375,835)	677,270	20,928
Decrease (increase) in inventories	680,159	136,857	466,148
Increase (decrease) in trade payables	310,101	(712,510)	548,253
Others	(145,694)	(2,547)	5,679
Sub-total	1,541,041	1,447,371	3,249,005
Payment of income taxes	(60,387)	(56,150)	(195,535)
Income and other taxes refunds	10,233	6,903	10,235
Net cash provided by operating activities	1,490,886	1,398,124	3,063,705
II. Cash Flows from Investing Activities			
Interest and dividend income received	43,449	69,208	94,469
Increase in time deposits	(1,724,852)	(1,117,964)	(3,033,291)
Decrease in time deposits	487,930	755,090	1,860,562
Proceeds from sale of securities	—	—	30,000
Payments for purchase of tangible fixed assets	(237,185)	(261,201)	(375,398)
Proceeds from sale of tangible fixed assets	536	4,905	778
Payments for purchase of intangible fixed assets	(46,691)	(61,969)	(69,699)
Payments for purchase investment securities	(100,000)	(47,306)	(993,082)
Proceeds from sale of investment securities	—	51,000	—
Proceeds from stock transfer of consolidated subsidiary	444,343	—	444,343
Others	34,367	(47,321)	10,470
Net cash used in investing activities	(1,098,103)	(655,558)	(2,030,846)
III. Cash Flows from Financing Activities			
Payment of interest expenses	(60,409)	(43,560)	(102,064)
Increase in short-term bank loans	450,000	350,000	800,000
Decrease in short-term bank loans	(444,111)	(461,431)	(816,288)
Dividends paid	(90,246)	(295,394)	(231,914)
Increase in treasury stock	(126,644)	(138)	(242,477)
Net cash provided by financing activities	(271,411)	(450,524)	(592,745)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	(39,331)	38,516	(2,728)
V. Increase (Decrease) in Cash and Cash Equivalents	82,040	330,559	437,385
VI. Cash and Cash Equivalents at Beginning of Period	5,438,046	5,875,432	5,438,046
VII. Cash and Cash Equivalents at End of Period	5,520,087	6,205,991	5,875,432

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., Combi Korea Co., Ltd. and CombiWith Corporation.

2. Application of the Equity Method

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

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

Be Be Dream Limited.

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

3. Matters Concerning End 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., Ningbo Combi Baby Goods Co., Ltd., Combi (Taiwan) Co., Ltd. and Combi Korea 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 end of the fiscal first half of CombiWith Corporation coincides with the end of the Company's 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 method at the end of the 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.

(c) Derivatives

The Company applies the market value method, which eliminates deferred gains and losses on foreign currency reserves.

(2) Depreciation and amortization of important depreciable assets

(a) Tangible fixed assets

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

The periods of depreciation/amortization for the main tangible fixed assets are as follows:

Buildings: 8 to 50 years

Machinery and equipment: 5 to 11 years

(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 / there is the possibility 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 consolidated subsidiaries make provisions for the amount of future payments incurred in the interim period.

(c) Accrued retirement benefits for employees

To provide for the payment of retirement benefits to employees, 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 officers

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 consolidated 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. Transaction adjustments were included with the “Foreign currency translation adjustments” and “Minority interests” accounts in Net Assets.

(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) Important hedge accounting

(a) Hedge accounting

The Company uses deferral hedge accounting. When currency swaps, foreign currency option contracts and forward exchange contract fulfill certain conditions, gains and 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 first half under review:

Hedging instruments: currency swaps, foreign currency option contracts and forward exchange contract

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 to the related hedged items and movement of cash flows. Effectiveness is omitted in the case of forward exchange contracts, etc., where accounting is applied.

(7) Accounting for consumption tax

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

5. Cash and Cash Equivalent in the Interim Consolidated Financial 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 ordinal maturity of three months or less, which can be easily converted into money and which present only a minor risk of fluctuation in value.

Changes in Basic Important Matters for Preparation of the Interim Consolidated Financial Statements

(Depreciation on tangible fixed assets)

From the interim period under review, in accordance with the provisions of the revised Corporation Tax Law, the Company and its domestic consolidated subsidiaries changed their depreciation method for tangible fixed assets. Tangible fixed assets acquired on and after April 1, 2007 are depreciated fully to their memorandum values. This change will have an immaterial impact on operating income, ordinary income and income before income taxes.

Additional information

From the interim period under review, regarding tangible fixed assets acquired on and before March 31, 2007, for the Company and its domestic consolidated subsidiaries, the differences between their residual values and memorandum values are depreciated, in accordance with the provisions of the revised Corporation Tax Law.

From the interim period under review, regarding tangible fixed assets acquired on and before March 31, 2007, the Company and its domestic consolidated subsidiaries depreciated the differences between the residual values and memorandum values in accordance with the provisions of the revised Corporation Tax Law.

Specifically, when the depreciated value of a tangible fixed asset reaches 5% of its acquisition cost in a certain fiscal year, the difference between the residual value (5% of the acquisition cost) and memorandum value of such asset is depreciated in an equal amount over five years from the next fiscal year.

This change will have an immaterial impact on operating income, ordinary income and income before income taxes.

Notes to the Consolidated Financial Statements

(¥ thousand)

1st half of FY2007 (as of September 30, 2006)	1st half of FY2008 (as of September 30, 2007)	FY2007 (as of March 31, 2007)
1. Accumulated depreciation on tangible fixed assets: 4,996,504	1. Accumulated depreciation on tangible fixed assets: 5,087,842	1. Accumulated depreciation on tangible fixed assets: 5,104,303
2. Assets pledged as collateral Buildings and structures 883,051 Land 783,502 Total 1,666,554 Collateralized obligations Bonds 1,000,000	2. Assets pledged as collateral Buildings and structures 814,120 Land 783,502 Total 1,597,623 Collateralized obligations Bonds 1,000,000	2. Assets pledged as collateral Buildings and structures 850,540 Land 783,502 Total 1,634,043 Collateralized obligations Bonds 1,000,000
3. Guarantee obligations: 16,050	3. Guarantee obligations: 8,887	3. Guarantee obligations: 13,785
4. Maturity of bill on last day of interim consolidated settlement of accounts Accounting procedures adopted with regard to the bill which matured on the last day of the interim consolidated settlement of accounts were completed on the day the bill was cleared. Matured bill of the next interim consolidated settlement of accounts was included in the balance at the end of the interim consolidated settlement of accounts because the last day of the interim consolidated settlement of accounts was a bank holiday. Matured Bill: 10,623	4. Maturity of bill on last day of interim consolidated settlement of accounts Accounting procedures adopted with regard to the bill which matured on the last day of the interim consolidated settlement of accounts were completed on the day the bill was cleared. Matured bill of the next interim consolidated settlement of accounts was included in the balance at the end of the interim consolidated settlement of accounts because the last day of the interim consolidated settlement of accounts was a bank holiday. Matured Bill: 16,516	4. Maturity of bill on last day of interim consolidated settlement of accounts Accounting procedures adopted with regard to the bill which matured on the last day of the interim consolidated settlement of accounts were completed on the day the bill was cleared. Matured bill of the next interim consolidated settlement of accounts was included in the balance at the end of the interim consolidated settlement of accounts because the last day of the interim consolidated settlement of accounts was a bank holiday. Matured Bill: 36,234
5. Main selling, general and administrative expense items: Freight-out 454,129 Advertising and promotion 1,079,816 Bonuses and allowances 1,181,235 Retirement benefit expenses 87,057 Provision for employees' bonuses 220,721 Provision for officers' retirement benefits 12,730 Provision for allowance for doubtful accounts 10,421 Depreciation and amortization 159,164	5. Main selling, general and administrative expense items: Freight-out 464,735 Advertising and promotion 1,014,351 Bonuses and allowances 1,206,184 Retirement benefit expenses 87,098 Provision for employees' bonuses 262,383 Provision for officers' retirement benefits 15,160 Provision for allowance for doubtful accounts 36,081 Depreciation and amortization 182,270	5. Main selling, general and administrative expense items: Freight-out 908,124 Advertising and promotion 2,009,682 Bonuses and allowances 2,599,131 Retirement benefit expenses 176,837 Provision for employees' bonuses 255,549 Provision for officers' bonuses 20,300 Provision for officers' retirement benefits 25,370 Provision for allowance for doubtful accounts 78,759 Depreciation and amortization 324,802
6. Main extraordinary income items Gain on sales of investments in affiliated company 456,371 Main extraordinary loss items Loss on disposal of fixed assets 8,767 Premium severance pay 119,848 Contribution on withdrawal from welfare pension fund 44,463	6. Main extraordinary income items Gain on sales of fixed assets 4,912 Gain on sales of investments securities 1,000 Expenses refunded on withdrawal from welfare pension fund 13,028 Main extraordinary loss items Loss on sales of fixed assets 5 Loss on disposal of fixed assets 42,557	6. Main extraordinary income items Gain on sales of investments in affiliated company 456,371 Main extraordinary loss items Loss on disposal of fixed assets 26,238 Premium severance pay 119,848 Contribution on withdrawal from welfare pension fund 44,463
7. 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 6,727,230 Securities 934,279 Total 7,661,510 Time deposits exceeding three months (2,111,411) Bonds with redemption periods exceeding three months (30,012) Cash and cash equivalents at end of period 5,520,087	7. 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 7,818,450 Securities 967,141 Total 8,785,592 Time deposits exceeding three months (2,519,563) Bonds with redemption periods exceeding three months (60,036) Cash and cash equivalents at end of period 6,205,991	7. 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 7,065,776 Securities 905,406 Total 7,971,182 Time deposits exceeding three months (2,095,750) Bonds with redemption periods exceeding three months — Cash and cash equivalents at end of period 5,875,432

Interim Consolidated Statements of Changes in Shareholders' Equity

Period for the first half for fiscal 2006 (April 1, 2006 to September 30, 2006)

1. Type and number of shares in issue tand type and number of treasury stocks

	March 31, 2006	Increase	Decrease	September 30, 2006
	(thousand shares)	(thousand shares)	(thousand shares)	(thousand shares)
Shares in issue Common stock	17,959	—	—	17,959
Total	17,959	—	—	17,959
Treasury Stock Common stock*	4	174	—	178
Total	4	174	—	178

Note: 174 thousand stocks, increase in the Treasury Stock reflects Company purhsase a result of an action by the directors.

2. Divedends

(1) Dividend payments

Resolution	Category	Total amount of dividend (¥ thousand)	Dividend per share (¥)	Dividend record date	Effective date
Annual meeting of shareholders (June 29, 2006)	Common stock	89,775	5.0	March 31, 2006	June 29, 2006

(2) Dividend recode date

Resolution	Category	Total amount of dividend (¥ thousand)	Funds for dividend	Dividend per share (¥)	Dividend record date	Effective date
Board Directors Meeting held on November 1, 2006	Common stock	142,244	Retained earnings	8.0	September 30, 2006	December 11, 2006

Period for the first half for fiscal 2007 (April 1, 2007 to September 30, 2007)

1. Type and number of shares in issue tand type and number of treasury stocks

	March 31, 2006	Increase	Decrease	September 30, 2006
	(thousand shares)	(thousand shares)	(thousand shares)	(thousand shares)
Shares in issue Common stock	17,959	—	—	17,959
Total	17,959	—	—	17,959
Treasury Stock Common stock*	342	0	—	343
Total	342	0	—	343

Note: 0.18 thousand stocks, increase in the Treasury Stock reflects Company purhsase a result of an action by the directors.

2. Divedends

(1) Dividend payments

Resolution	Category	Total amount of dividend (¥ thousand)	Dividend per share (¥)	Dividend record date	Effective date
Board Directors Meeting held on May 28, 2007	Common stock	299,476	Ordinary 12.0 Extraordinary 5.0	March 31, 2007	June 13, 2007

(2) Dividend recode date

Resolution	Category	Total amount of dividend (¥ thousand)	Funds for dividend	Dividend per share (¥)	Dividend record date	Effective date
Board Directors Meeting held on November 1, 2007	Common stock	176,160	Retained earnings	10.0	September 30, 2007	December 10 2007

Period for the fiscal 2007 (As of March 31, 2007)

1. Type and number of shares in issue tand type and number of treasury stocks

	March 31, 2006	Increase	Decrease	September 30, 2006
	(thousand shares)	(thousand shares)	(thousand shares)	(thousand shares)
Shares in issue				
Common stock	17,959	—	—	17,959
Total	17,959	—	—	17,959
Treasury Stock				
Common stock*	4	338	—	342
Total	4	338	—	342

Note: 338 thousand stocks, increase in the Treasury Stock reflects Company purhsase a result of an action by the directors.

2. Divedends

(1) Dividend payments

Resolution	Category	Total amount of dividend (¥ thousand)	Dividend per share (¥)	Dividend record date	Effective date
Annual meeting of share-holders (June 29, 2006)	Common stock	89,775	5.0	March 31, 2006	June 29, 2006
Board Directors Meeting held on November 1, 2006	Common stock	142,244	8.0	September 30, 2006	December 11, 2006

(2) Dividend recode date

Resolution	Category	Total amount of dividend (¥ thousand)	Funds for dividend	Dividend per share (¥)	Dividend record date	Effective date
Board Directors Meeting held on May 28, 2007	Common stock	299,476	Retained earnings	Ordinary 12.0 Extraordinary 5.0	March 31, 2007	June 13, 2007

(Accounting for Lease Transactions)

1st half of FY2007 (ended September 30, 2006)

1. Finance leases other than those in which ownership of the leased item can be / is considered to be transferred to the lessee

(1) Acquisition cost, accumulated depreciation and period ending balance

	Acquisition cost (¥ thousand)	Accumulated depreciation (¥ thousand)	Period ending balance (¥ thousand)
Molds	250,221	103,826	146,395
Other tangible fixed assets	146,388	86,800	59,587
Total	396,610	190,627	205,983

(2) Period ending balance of prepaid lease payments

Period ending balance of prepaid lease payments

Within one year	¥114,838 thousand
After one year	¥87,888 thousand
Total	¥202,727 thousand

(3) Lease payments, depreciation cost and interest paid

Lease payments	¥72,772 thousand
Depreciation cost	¥73,407 thousand
Interest paid	¥1,727 thousand

(4) Method of calculating depreciation

The fixed value method was used, with the lease period as the durable life and with a remaining value of zero.

(5) Method of calculating interest

The interest method was used, with the interest value calculated as the difference between the total lease payments and the acquisition cost of the leased item. The interest method is used to determine the amount apportioned to each period.

2. Operating leases

Prepaid lease payments

Within one year	¥54,586 thousand
More than one year	¥215,671 thousand
Total	¥270,258 thousand

(Regarding impairment loss)

There was no impairment loss apportioned to eased assets.

1st half of FY2008 (ended September 30, 2007)

1. Finance leases other than those in which ownership of the leased item can be / is considered to be transferred to the lessee

(1) Acquisition cost, accumulated depreciation and period ending balance

	Acquisition cost (¥ thousand)	Accumulated depreciation (¥ thousand)	Period ending balance (¥ thousand)
Molds	223,799	93,775	130,023
Other tangible fixed assets	94,654	63,307	31,347
Total	318,454	157,083	161,371

(2) Period ending balance of prepaid lease payments

Period ending balance of prepaid lease payments

Within one year	¥101,355 thousand
After one year	¥58,329 thousand
Total	¥159,685thousand

(3) Lease payments, depreciation cost and interest paid

Lease payments	¥57,445 thousand
Depreciation cost	¥58,028 thousand
Interest paid	¥1,545 thousand

(4) Method of calculating depreciation

Same as previous interim period

(5) Method of calculating interest

Same as previous interim period

2. Operating leases

Prepaid lease payments

Within one year	¥46,445 thousand
More than one year	¥136,738 thousand
Total	¥183,183 thousand

(Regarding impairment loss)

Same as interim period

FY2007 (ended March 31, 2007)

1. Finance leases other than those in which ownership of the leased item can be / is considered to be transferred to the lessee

(1) Acquisition cost, accumulated depreciation and period ending balance

	Acquisition cost (¥ thousand)	Accumulated depreciation (¥ thousand)	Period ending balance (¥ thousand)
Molds	202,823	99,597	103,226
Other tangible fixed assets	122,672	79,451	43,221
Total	325,496	179,048	146,448

(2) Period ending balance of prepaid lease payments

Period ending balance of prepaid lease payments

Within one year	¥87,571 thousand
After one year	¥56,540 thousand
Total	¥144,112 thousand

(3) Lease payments, depreciation cost and interest paid

Lease payments	¥139,977 thousand
Depreciation cost	¥141,448 thousand
Interest paid	¥3,589 thousand

(4) Method of calculating depreciation

Same as interim period

(5) Method of calculating interest

Same as interim period

2. Operating leases

Prepaid lease payments

Within one year	¥51,021 thousand
More than one year	¥186,109 thousand
Total	¥237,131 thousand

(Regarding impairment loss)

Same as interim period.

Securities

1. **First Half of FY2007** (as of September 30, 2006)

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

	Carrying amount	Market value	Gross unrealized gain
1) Governmental bonds	80,520	80,640	119
2) Corporate bonds	160,103	160,096	(7)
Total	240,624	240,736	111

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

	Acquisition cost	Carrying amount	Gross gain (losses)
1) Equity securities	22,807	140,085	117,278
2) Debt securities			
Corporate bonds	—	—	—
Total	22,807	140,085	117,278

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

	Carrying amount
Other securities	
1) Unlisted equity securities	
(excluding over-the-counter securities)	688,780
2) Money management fund	904,267

2. **First Half of FY2008** (as of September 30, 2007)

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

	Carrying amount	Market value	Gross unrealized gain
1) Governmental bonds	180,142	180,573	430
2) Corporate bonds	160,595	160,077	(517)
Total	340,738	340,650	(87)

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

	Acquisition cost	Carrying amount	Gross gain (losses)
1) Equity securities	70,113	139,418	69,304
2) Debt securities			
Corporate bonds	602,242	605,103	2,861
Total	672,356	744,521	72,165

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

	Carrying amount
Other securities	
1) Unlisted equity securities	
(excluding over-the-counter securities)	800,775
2) Money management fund	907,104

3. FY2007 (As of March 31, 2007)

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

	Type	Carrying amount	Market value	Gross unrealized gain (losses)
Market value exceeds carrying amount	1) Governmental bonds	29,996	30,417	420
	2) Corporate bonds	100,000	100,270	270
	Subtotal	129,996	130,687	690
Market value less than carrying amount	1) Governmental bonds	150,230	149,692	(538)
	2) Corporate bonds	60,726	60,243	(482)
	Subtotal	210,956	209,935	(1,021)
Total		340,952	340,622	(330)

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

	Type	Acquisition cost	Carrying amount	Gross unrealized gain (losses)
Carrying amount exceeds acquisition cost	1) Equity securities	22,807	119,315	96,507
	2) Corporate bonds	—	—	—
	3) Other	602,242	603,159	916
	Subtotal	625,049	722,474	97,424
Carrying amount is less than acquisition cost	1) Equity securities	—	—	—
	2) Corporate bonds	—	—	—
	3) Other	—	—	—
	Subtotal	—	—	—
Total		625,049	722,474	97,424

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

	Carrying amount
Other securities	
1) Unlisted equity securities (excluding over-the-counter securities)	849,988
2) Money management fund	905,406

(4) Future redemption values of held-to-maturity bonds (¥ thousand)

	Within one year	Within five years	Within ten years
1) Governmental bonds	—	180,000	—
2) Corporate bonds	—	160,000	—
Total	—	340,000	—

(Derivatives Transactions)

1. Derivatives trading information

1st half of FY2007 (ended September 30, 2006)	1st half of FY2008 (ended September 30, 2007)	FY2007 (ended March 31, 2007)
(1) Transaction types Derivatives trading includes foreign currency swaps, foreign currency options and forward exchange contracts.	(1) Transaction types Same as previous interim period	(1) Transaction types Same as interim period
(2) Derivatives trading approach The Company participates in derivatives trading to offset the risk of changes in the exchange rate, and the Company does not engage in speculative trading.	(2) Derivatives trading approach Same as previous interim period	(2) Derivatives trading approach Same as interim period
(3) Derivatives trading objectives The purpose of derivatives trading is to avoid the risk associated with foreign exchange rate changes, which affect import and export transactions that are a part of the normal business process. In addition, derivatives trading is used to engage in hedge accounting. Hedge accounting method The Company uses deferral hedge accounting. When currency swaps, foreign currency option contracts and forward exchange contract fulfill certain conditions, gains and losses are deferred. Hedging methods, hedging targets and hedging policy The following are the hedging instruments and hedged items applied in the fiscal first half under review: Hedging instruments: currency swaps, foreign currency option contracts and forward exchange contract Hedged items: foreign currency denominated transactions (including planned transactions) 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. 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 to the related hedged items and movement of cash flows. Effectiveness is omitted in the case of forward exchange contracts, etc., where accounting is applied.	(3) Derivatives trading objectives Same as previous interim period	(3) Derivatives trading objectives Same as interim period

1st half of FY2007 (ended September 30, 2006)	1st half of FY2008 (ended September 30, 2007)	FY2007 (ended March 31, 2007)
(4) Transaction risks Currency / Foreign currency swap transactions, foreign currency option transactions, and foreign exchange contract transactions are at risk of changes in the foreign exchange market. The Company engages in derivatives transactions with banks with a high credit rating, so there is almost no non-performance risk.	(4) Transaction risks Same as previous interim period	(4) Transaction risks Same as interim period
(5) Risk management system The execution and management of derivatives transactions is performed in accordance with the Company's Market Risk Management Regulations, which define transaction authority and value limits, and with the approval of the top decision maker in the division in charge of finance.	(5) Risk management system Same as previous interim period	(5) Risk management system Same as interim period

2. Mark-to-market information

1st half of FY2007 (ended September 30, 2006)	1st half of FY2008 (ended September 30, 2007)	FY2007 (ended March 31, 2007)
This section is omitted because the hedge accounting method is used for all derivatives trading done by the Company.	Same as previous interim period	Same as interim period

Segment Information

(1) Segment Information by Industry Segment

The following tables show segment information by industry segment for the first half of fiscal 2007 and fiscal 2008, and for fiscal 2007.

(¥ thousand)

Period		Baby care products and toys	Health care products	Total	Eliminations and corporate expenses	Consolidated
1st half of FY2007 (ended Sept. 30, 2006)	Net sales and operating income					
	Net sales					
	(1) Sales to outside customers	12,905,325	1,034,239	13,939,564	—	13,939,564
	(2) Intersegment sales/transfers	—	—	—	—	—
	Total	12,905,325	1,034,239	13,939,564	—	13,939,564
	Operating expenses	11,477,909	995,109	12,473,018	651,847	13,124,865
	Operating income (loss)	1,427,415	39,129	1,466,545	(651,847)	814,698
1st half of FY2008 (ended Sept. 30, 2007)	Net sales and operating income					
	Net sales					
	(1) Sales to outside customers	12,961,687	723,529	13,685,216	—	13,685,216
	(2) Intersegment sales/transfers	—	—	—	—	—
	Total	12,961,687	723,529	13,685,216	—	13,685,216
	Operating expenses	11,225,653	641,599	11,867,252	785,676	12,652,929
	Operating income (loss)	1,736,034	81,929	1,817,964	(785,676)	1,032,287
FY2007 (ended Mar. 31, 2007)	Net sales and operating income					
	Net sales					
	(1) Sales to outside customers	25,251,088	1,913,882	27,164,970	—	27,164,970
	(2) Intersegment sales/transfers	—	—	—	—	—
	Total	25,251,088	1,913,882	27,164,970	—	27,164,970
	Operating expenses	22,395,643	1,830,588	24,226,231	1,399,257	25,625,488
	Operating income (loss)	2,855,444	83,294	2,938,739	(1,399,257)	1,539,482

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 FY2007	1st half of FY2008	FY2007	Main expenses
Unallocatable expenses included in "Eliminations and corporate expenses"	651,847	785,676	1,399,257	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 FY2007 (ended Sept. 30, 2006)	Net sales and operating income						
	Net sales						
	(1) Sales to outside customers	11,791,814	989,886	1,157,863	13,939,564	—	13,939,564
	(2) Intersegment sales/transfers	98,786	2,306,126	244	2,405,157	(2,405,157)	—
	Total	11,890,601	3,296,012	1,158,107	16,344,722	(2,405,157)	13,939,564
	Operating expenses	10,954,146	2,911,712	1,045,487	14,911,346	(1,786,480)	13,124,865
	Operating income (loss)	936,455	384,300	112,620	1,433,375	(618,677)	814,698
1st half of FY2008 (ended Sept. 30, 2007)	Net sales and operating income						
	Net sales						
	(1) Sales to outside customers	11,171,564	1,348,499	1,165,153	13,685,216	—	13,685,216
	(2) Intersegment sales/transfers	61,376	2,389,406	—	2,450,782	(2,450,782)	—
	Total	11,232,940	3,737,905	1,165,153	16,135,999	(2,450,782)	13,685,216
	Operating expenses	10,033,056	3,250,143	1,074,592	14,357,792	(1,704,863)	12,652,929
	Operating income (loss)	1,199,883	487,762	90,561	1,778,206	(745,919)	1,032,287
FY2007 (ended Mar. 31, 2007)	Net sales and operating income						
	Net sales						
	(1) Sales to outside customers	23,250,862	1,746,094	2,168,014	27,164,970	—	27,164,970
	(2) Intersegment sales/transfers	180,099	4,785,859	290	4,966,249	(4,966,249)	—
	Total	23,430,962	6,531,953	2,168,304	32,131,220	(4,966,249)	27,164,970
	Operating expenses	21,226,472	5,925,638	2,030,226	29,182,337	(3,556,848)	25,625,488
	Operating income (loss)	2,204,489	606,315	138,077	2,948,882	(1,409,400)	1,539,482

Notes: 1. Regions are classified by geographical proximity.

2. The countries included in geographic segments other than Japan are as follows:

Asia: China, Taiwan, Korea; North America: U.S.A.

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

(¥ thousand)

	1st half of FY2007	1st half of FY2008	FY2007	Main expenses
Unallocatable expenses included in "Eliminations and corporate expenses"	651,847	785,676	1,399,257	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 FY2007 (April 1, 2006 – September 30, 2006)

(¥ thousand)

	Asia	North America	Other	Total
I Overseas sales	757,231	1,160,197	30,855	1,948,284
II Consolidated sales				13,939,564
III Overseas sales to total sales (%)	5.4	8.3	0.2	14.0

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.

First half of FY2008 (April 1, 2007 – September 30, 2007)

(¥ thousand)

	Asia	North America	Other	Total
I Overseas sales	1,187,649	1,167,640	30,119	2,385,408
II Consolidated sales				13,685,216
III Overseas sales to total sales (%)	8.7	8.5	0.2	17.4

Notes: 1. Regions are classified by geographical proximity.
2. The countries included in geographic segments other than Japan are as follows:
Asia: China, Taiwan, Korea; 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.

FY2007 (April 1, 2006 – March 31, 2007)

(¥ thousand)

	Asia	North America	Other	Total
I Overseas sales	1,697,284	2,174,250	71,049	3,942,584
II Consolidated sales				27,164,970
III Overseas sales to total sales (%)	6.2	8.0	0.3	14.5

Notes: 1. Regions are classified by geographical proximity.
2. The countries included in geographic segments other than Japan are as follows:
Asia: China, Taiwan, Korea; 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.

(Per Share Information)

1st half of FY2007 (ended September 30, 2006)	1st half of FY2008 (ended September 30, 2007)	FY2007 (ended March 31, 2007)
Net asset value per share ¥950.59 Net earnings per share ¥52.42 Since there are no residual securities, the fully diluted earnings per share value is not included.	Net asset value per share ¥998.12 Net earnings per share ¥41.03 Since there are no residual securities, the fully diluted earnings per share value is not included.	Net asset value per share ¥970.11 Net earnings per share ¥74.49 Since there are no residual securities, the fully diluted earnings per share value is not included.

Note: The following basis was used to calculate net earnings per share.

	1st half of FY2007 (ended September 30, 2006)	1st half of FY2008 (ended September 30, 2007)	FY2007 (ended March 31, 2007)
Interim period net earnings (¥ thousand)	933,689	722,756	1,321,746
Amount not returned to ordinary shareholders (¥ thousand)	—	—	—
Interim period net earnings for common shares (¥ thousand)	933,689	722,756	1,321,746
Average number of outstanding shares (thousands)	17,812	17,616	17,743

(Important Announcements Affecting Financial Statements)

None

Non-Consolidated Financial Statements

(1) Non-consolidated balance sheets

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

Period / Description	1st half of FY2007 (as of September 2006)		1st half of FY2008 (as of September 2007)		FY2007 condensed balance sheet (as of March 2007)	
	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share
(ASSETS)						
I. Current Assets	14,366,507	66.0	13,324,102	63.4	14,292,587	64.3
Cash and deposits	3,920,659		4,118,137		3,954,036	
Notes receivable	950,595		603,356		906,027	
Accounts receivable	4,911,443		4,248,994		4,500,898	
Securities	934,279		967,141		905,406	
Inventories	2,506,793		2,521,989		2,838,747	
Short-term loans receivable	400,000		300,000		350,000	
Deferred tax assets	135,090		172,602		204,171	
Other current assets	626,089		407,009		651,125	
Allowance for doubtful accounts	(18,445)		(15,128)		(17,826)	
II. Fixed Assets	7,385,719	34.0	7,684,391	36.6	7,926,496	35.7
1. Tangible Fixed Assets	4,527,310	20.8	4,495,885	21.4	4,526,979	20.4
Buildings	1,413,238		1,335,757		1,379,401	
Land	2,740,813		2,739,289		2,739,289	
Others	373,258		420,838		408,287	
2. Intangible Fixed Assets	397,621	1.9	318,877	1.5	320,711	1.4
3. Investments and Others	2,460,786	11.3	2,869,628	13.7	3,078,805	13.9
Investments in securities	1,262,692		2,047,566		2,135,770	
Deferred tax assets	222,664		—		—	
Others	1,233,487		1,080,808		1,201,092	
Allowance for doubtful accounts	(258,057)		(258,746)		(258,057)	
Total assets	21,752,226	100.0	21,008,493	100.0	22,219,083	100.0

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

Period / Description	1st half of FY2007 (as of September 2006)		1st half of FY2008 (as of September 2007)		FY2007 condensed balance sheet (as of March 2007)	
	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share
(LIABILITIES)						
I. Current Liabilities	4,823,350	22.2	5,411,399	25.8	6,444,353	29.0
Notes payable	1,924,300		1,298,247		1,869,735	
Accounts payable	804,100		829,132		1,297,206	
Short-term bank loans	766,668		766,668		766,668	
Income taxes payable	20,000		24,000		30,000	
Accrued bonuses to employees	233,710		249,146		266,289	
Other current liabilities	1,074,571		2,244,204		2,214,454	
II. Long-Term Liabilities	3,661,511	16.8	2,764,898	13.1	2,722,943	12.3
Bonds	3,000,000		2,000,000		2,000,000	
Accrued retirement benefits for officers	256,530		256,280		269,170	
Deferred tax liabilities	—		84,180		42,336	
Other long-term liabilities	404,981		424,437		411,436	
Total liabilities	8,484,861	39.0	8,176,297	38.9	9,167,297	41.3
(NET ASSETS)						
I. Shareholders' Equity	13,006,926	59.8	12,732,904	60.6	12,863,168	57.9
1. Capital	2,991,922	13.8	2,991,922	14.2	2,991,922	13.5
2. Capital Surplus	2,783,731	12.8	2,783,731	13.3	2,783,731	12.5
(1) Additional paid-in capital	2,783,731		2,783,731		2,783,731	
3. Retained Earnings	7,360,872	33.8	7,202,822	34.3	7,332,948	33.0
(1) Legal earnings reserve	324,459		324,459		324,459	
(2) Other retained earnings						
Reserve for compression of fixed assets	166,966		158,146		158,146	
Reserve for special depreciation	4,569		1,294		1,294	
Other reserve	810,000		810,000		810,000	
Brought-forward retained earnings	6,054,877		5,908,922		6,039,048	
4. Treasury Stock	(129,600)	(0.6)	(245,572)	(1.2)	(245,434)	(1.1)
II. Profit or Loss from Valuation	260,438	1.2	99,292	0.5	188,617	0.8
1. Variances on Securities Valuation	69,897	0.3	43,010	0.2	58,065	0.2
2. Profit or Loss of Deferred Hedge Accounting	190,540	0.9	56,281	0.3	130,552	0.6
Total Net Assets	13,267,364	61.0	12,832,196	61.1	13,051,785	58.7
Total Liability and Net Assets	21,752,226	100.0	21,008,493	100.0	22,219,083	100.0

(2) Non-consolidated statements of income

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

Period / Description	1st half of FY2007 (as of September 2006)		1st half of FY2008 (as of September 2007)		FY2007 condensed balance sheet (as of March 2007)	
	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share	Amount (¥ thousand)	% share
I. Net Sales	10,985,415	100.0	10,309,699	100.0	21,487,520	100.0
II. Cost of Sales	6,493,135	59.1	5,630,255	54.6	12,450,933	57.9
Gross profit	4,492,279	40.9	4,679,444	45.4	9,036,586	42.1
III. Selling, General and Administrative Expenses	4,227,542	38.5	4,285,864	41.6	8,405,490	39.2
Operating Income	264,737	2.4	393,580	3.8	631,096	2.9
IV. Non-Operating Income	87,761	0.8	74,894	0.8	229,755	1.1
V. Non-Operating Expenses	108,336	1.0	133,120	1.3	227,046	1.1
Recurring Income	244,161	2.2	335,353	3.3	633,805	2.9
VI. Extraordinary Income	36,635	0.3	16,779	0.1	37,254	0.2
VII. Extraordinary Losses	170,267	1.5	38,229	0.4	189,373	0.9
Income before Income Taxes	110,529	1.0	313,903	3.0	481,686	2.2
Income tax, residential tax and enterprise tax	8,264	0.1	10,591	0.1	20,497	0.1
Income taxes adjustment	43,206	0.4	133,961	1.3	287,811	1.3
Net income	59,057	0.5	169,350	1.6	173,377	0.8

(3) Non-consolidated statements of changes in shareholders' equity

Period for the first half for fiscal 2007 (April 1, 2006 to September 30, 2006)

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

	Shareholders' equity									
	Capital	Capital surplus	Retained earnings						Treasury stocks	Total share-holders' equity
			Legal earnings reserve	Other retained earnings				Total retained earnings		
		Capital reserve		Reserve for compression of fixed assets	Reserve for special depreciation	Other reserve	Brought-forward retained earnings			
	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)
Shareholders' equity brought forward as of March 31, 2006	2,991,922	2,783,731	324,459	176,997	7,844	810,000	6,072,288	7,391,590	(2,956)	13,164,288
Amount of variation in this accounting period										
Reversal of reserve for special depreciation					(3,275)		3,275	—		—
Reversal of reserve for reduction in fixed assets				(10,031)			10,031	—		—
Dividends of surplus							(89,775)	(89,775)		(89,775)
Net income							59,057	59,057		59,057
Payback									(126,644)	(126,644)
Change in non-share capital in interim accounting period (net)										
Total of variation during interim consolidated settlement of accounting	—	—	—	(10,031)	(3,275)	—	(17,410)	(30,717)	(126,644)	(157,361)
Shareholders' equity carried forward as of September 30, 2006	2,991,922	2,783,731	324,459	166,966	4,569	810,000	6,054,877	7,360,872	(129,600)	13,006,926

	Profit or Loss from Valuations			Total net assets
	Other variances on securities valuation	Profit or loss of deferred hedge accounting	Total profit or loss from valuation	
	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)
Shareholders' equity brought forward as of March 31, 2006	81,965	—	81,965	13,246,253
Amount of variation in this accounting period				
Reversal of reserve for special depreciation				—
Reversal of reserve for reduction in fixed assets				—
Dividends of surplus				(89,775)
Net income				59,057
Payback				(126,644)
Change in non-share capital in interim accounting period (net)	(12,067)	190,540	178,472	178,472
Total of variation during interim consolidated settlement of accounting	(12,067)	190,540	178,472	21,110
Shareholders' equity carried forward as of September 30, 2006	69,897	190,540	260,438	13,267,364

Period for the first half for fiscal 2008 (April 1, 2007 to September 30, 2007)

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

	Shareholders' equity									
	Capital	Capital surplus	Retained earnings						Treasury stocks	Total share-holders' equity
		Capital reserve	Legal earnings reserve	Other retained earnings				Total retained earnings		
				Reserve for compression of fixed assets	Reserve for special depreciation	Other reserve	Brought-forward retained earnings			
	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)
Shareholders' equity brought forward as of March 31, 2006	2,991,922	2,783,731	324,459	158,146	1,294	810,000	6,039,048	7,332,948	(245,434)	12,863,168
Amount of variation in this accounting period										
Dividends of surplus							(299,476)	(299,476)		(299,476)
Net income							169,350	169,350		169,350
Payback									(138)	(138)
Change in non-share capital in interim accounting period (net)										
Total of variation during interim consolidated settlement of accounting	—	—	—	—	—	—	(130,125)	(130,125)	(138)	(130,263)
Shareholders' equity carried forward as of September 30, 2006	2,991,922	2,783,731	324,459	158,146	1,294	810,000	5,908,922	7,202,822	(245,572)	12,732,904

	Profit or Loss from Valuations			Total net assets
	Other variances on securities valuation	Profit or loss of deferred hedge accounting	Total profit or loss from valuation	
	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)
Shareholders' equity brought forward as of March 31, 2006	58,065	130,552	188,617	13,051,785
Amount of variation in this accounting period				
Dividends of surplus				(299,476)
Net income				169,350
Payback				(138)
Change in non-share capital in interim accounting period (net)	(15,054)	(74,270)	(89,325)	(89,325)
Total of variation during interim consolidated settlement of accounting	(15,054)	(74,270)	(89,325)	(219,589)
Shareholders' equity carried forward as of September 30, 2006	43,010	56,281	99,292	12,832,196

FY2007 (as of March 31, 2007)

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

	Shareholders' equity									
	Capital	Capital surplus	Retained earnings						Treasury stocks	Total share-holders' equity
			Legal earnings reserve	Other retained earnings				Total retained earnings		
		Capital reserve		Reserve for compression of fixed assets	Reserve for special depreciation	Other reserve	Brought-forward retained earnings			
	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)
Shareholders' equity brought forward as of March 31, 2006	2,991,922	2,783,731	324,459	176,997	7,844	810,000	6,072,288	7,391,590	(2,956)	13,164,288
Amount of variation in this accounting period										
Reversal of reserve for special depreciation*					(3,275)		3,275	—		—
Reversal of reserve for special depreciation					(3,275)		3,275	—		—
Reversal of reserve for reduction in fixed assets*				(10,031)			10,031	—		—
Reversal of reserve for reduction in fixed assets				(8,819)			8,819	—		—
Dividends of surplus*							(89,775)	(89,775)		(89,775)
Dividends of surplus							(142,244)	(142,244)		(142,244)
Net income							173,377	173,377		173,377
Payback									(242,477)	(242,477)
Change in non-share capital in interim accounting period (net)										
Total of variation during interim consolidated settlement of accounting	—	—	—	(18,851)	(6,550)	—	(33,240)	(58,642)	(242,477)	(301,119)
Shareholders' equity carried forward as of September 30, 2006	2,991,922	2,783,731	324,459	158,146	1,294	810,000	6,039,048	7,332,948	(245,434)	12,863,168

	Profit or Loss from Valuations			Total net assets
	Other variances on securities valuation	Profit or loss of deferred hedge accounting	Total profit or loss from valuation	
	(¥ thousand)	(¥ thousand)	(¥ thousand)	(¥ thousand)
Shareholders' equity brought forward as of March 31, 2006	81,965	—	81,965	13,246,253
Amount of variation in this accounting period				
Reversal of reserve for special depreciation*				—
Reversal of reserve for special depreciation				—
Reversal of reserve for reduction in fixed assets*				—
Reversal of reserve for reduction in fixed assets				—
Dividends of surplus*				(89,775)
Dividends of surplus				(142,244)
Net income				173,377
Payback				(242,477)
Change in non-share capital in interim accounting period (net)	(23,900)	130,552	106,651	106,651
Total of variation during interim consolidated settlement of accounting	(23,900)	130,552	106,651	(194,468)
Shareholders' equity carried forward as of September 30, 2006	58,065	130,552	188,617	13,051,785

(* Note)

These items were included in the appropriation of profit resolved at the annual general meeting of shareholders in June 2006.