Consolidated Financial Statements for the Second Quarter (2Q) Ended September 30, 2008

November 14, 2008

Company Name: Combi Corporation | Stock listing: First Section, Tokyo Stock Exchange
Company Code: 7935 | Head Office: Tokyo
(URL: http://www.combi.co.jp/)
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Person in Charge of Inquiries: Toshiya Yoshida, General Manager, Finance | Tel: +81-3-5828-7661
Board of Directors' Meeting to Approve Results: November 14, 2008
Date of Payment of Dividends (Planned): December 15, 2008

(Note: Amounts less than one million yen have been omitted)

1. Consolidated Financial Results for the Six Months Ended September 30, 2008 (Apr. 1, 2008 – Sept. 30, 2008)

(1) Consolidated Operating Results

(Note: Percentages represent percentage changes from the same period of the previous year)

	Net sales		Operating income		Recurring income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1–2Q Fiscal 2009	12,968	—	882	—	870	—	669	—
1–2Q Fiscal 2008	13,685	—	1,032	—	1,011	—	722	—

	Net income per share	Diluted net income per share
	Yen	Yen
1–2Q Fiscal 2009	38.03	—
1–2Q Fiscal 2008	41.03	—

(2) Consolidated Financial Position

	Total assets	Net asset	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Sept. 30, 2008	26,628	18,028	67.4	1,018.99
Mar. 31, 2008	26,734	17,699	65.9	1,000.87

Reference) Total shareholders' equity: Sept. 30, 2008: 17,950 million yen Mar. 31, 2008: 17,631 million yen

2. Dividends

	Dividend per share (yen)				
Record dates	1Q	2Q	3Q	Year-end	Total
Year ended Mar. 31, 2008	—	10.00	—	12.00	22.00
Year ending Mar. 31, 2009	—	10.00			
Year ending Mar. 31, 2009 (Planned)			—	10.00	20.00

Note: Revisions to the dividend forecast in the second quarter: None

3. Consolidated Financial Forecast for the Fiscal Year Ending March 2009 (Apr. 1, 2008 – Mar. 31, 2009)

(Note: Percentages are year-on-year changes for the fiscal year)

	Net sales		Operating income		Recurring income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending Mar. 31, 2009	27,100	0.2	1,140	(42.3)	1,090	(42.2)	710	(49.3)	40.30

Note: Revisions to the consolidated financial forecast in the second quarter: None

4. Others

(1) Changes in Significant Subsidiaries

(Changes in subsidiaries affecting the scope of consolidation): None

(2) Use of Simplified Accounting Methods and Special Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements: Yes

Note: For more information, please see "Qualitative Information and Financial Statements 4, Others (2)" on page 5.

(3) Revisions in Accounting Rules, Procedures and Presentations Concerning the Preparation of Quarterly Consolidated Financial Statements (Revisions in significant items concerning the basis for preparing quarterly consolidated financial statements)

1. Revisions involving a change to accounting standards: Yes
2. Other revisions: None

Note: For more information, please see "Qualitative Information and Financial Statements 4, Others (3)" on page 5.

(4) Number of Shares Outstanding (Common Stock)

1. Shares outstanding at end of period (including treasury stock)
   2Q Fiscal 2009: 17,959,158 shares   Fiscal 2008: 17,959,158 shares
2. Treasury stock
   2Q Fiscal 2009: 343,184 shares   Fiscal 2008: 343,094 shares
3. Average number of shares issued (during the consolidated six months ended September 30)
   Six months ended Sept. 30, 2008: 17,615,975 shares
   Six months ended Sept. 30, 2007: 17,616,183 shares

Explanation regarding the appropriate use of forecasts of business results and other information

The forecast was prepared using information that was available on the announcement date. Actual performance may differ from the forecast for a number of reasons. Please see "Qualitative Information and Financial Statements 3, Qualitative Information on Consolidated Financial Forecast" on page 4 for more information.

Beginning with the current fiscal year, the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12) and the "Implementation Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14) have been applied. In addition, quarterly consolidated financial statements have been prepared in accordance with the "Rules for Quarterly Consolidated Financial Statements."

Qualitative Information and Financial Statements

1. Qualitative Information on Consolidated Business Results

(Changes compared with the six months of the previous fiscal year are provided for reference.)

During the six months ended September 30, 2008, the global economy continued to weaken despite growth in China and other countries with emerging economies. This was caused due to the fact that global financial instability originating with the subprime loan problem and volatility in stocks, the price of crude oil, foreign exchange rates and other issues are starting to have an impact on the real economy.

In this environment, the Combi Group adhered to a sales strategy that places emphasis on profitability while seeking to increase sales in Japan, the United States and Asia. Business operations were affected by lackluster consumer spending in Japan and the United States, the termination in the previous fiscal year of production activities in the Fitness and Healthcare Business, unstable foreign exchange rates, and the much higher cost of raw materials. In response, group companies introduced new products in Japan to stimulate demand and continued to position overseas markets, mainly China and other Asian countries, as growth drivers. By focusing resources on these activities, the Combi Group worked on expanding its businesses.

Consolidated six months net sales declined 5.2%, to ¥12,968 million. Operating income was down 14.5%, to ¥882 million, and recurring profit was down 14.0%, to ¥870 million. Net income was down 7.3%, to ¥669 million.

Results by business segment are described below:

(1) Juvenile Product & Toy Business

In Japan, the Child Wear business performed well despite the negative impact of unfavorable weather. In the Juvenile Product & Toy business, sales of baby care products were strong as Combi responded accurately to changes in the operating environment. Operations benefited from sales promotion activities centered on the newly introduced line of Culet Mieuller strollers.

Sales of toys were lower due to sluggish consumer spending. In one move to stimulate demand, Combi started selling the Smile Labo series of toys.

Overseas, market conditions remained challenging in the United States due to a downturn in consumer spending. However, performance in Asia was strong as the Combi Group channeled resources to this region, targeting mainly China’s enormous consumer market.

As a result, sales in the Juvenile Product & Toy business decreased 1.8%, from the same period of the previous year, to ¥12,732 million, and operating income was ¥1,789 million, increased 3.1% from a year earlier.

(2) Functional Foods Business

In the Functional Foods business, sales of ingredients remained strong. However, there were no sales during six months in the Fitness and Healthcare business due to the termination of production activities in the previous fiscal year.

As a result, sales in Functional Foods business decreased 67.4%, to ¥236 million, and operating income decreased 67.1%, to ¥26 million from a year earlier.

Results by regional business are described below:

(1) Japan

Sales in the Child Wear business were up. In the Juvenile Product & Toy business, there was an increase in sales of juvenile products but a decline in sales of toys due to slowing economic growth in Japan. The weakening economy also created a difficult operating environment for the Childcare Environment Support business. In addition, six months performance benefited from the yen’s appreciation.

Sales in Japan totaled ¥10,905 million, a 2.9% decrease from the same period of the previous year, while operating income was up 0.8%, to ¥1,210 million.

(2) Asia

Several factors raised operating expenses, including rising prices of raw materials and country risk factors associated with China, such as the recent increase in the value of China's currency. Despite these challenges, sales were higher, chiefly at the Shanghai subsidiary that serves as the base for operations in China.

Sales in Asia totaled ¥4,008 million, up 7.2% from the same period of the previous year, and operating income was ¥552 million, up 13.3% from a year earlier.

(3) North America

The U.S. subsidiary remained profitable despite a sharp downturn in performance caused by a slumping economy, sluggish consumer spending and other negative developments.

Sales in North America totaled ¥925 million, a 20.6% decrease from the same period of the previous year, and operating income was ¥43 million, down 52.1% from a year earlier.

2. Qualitative Information on Consolidated Financial Condition

Total assets for the second quarter were ¥26,628 million, ¥106 million less than at the end of the previous fiscal year. The decrease was attributable mainly to a ¥104 million decline in tangible fixed assets resulting from the decision to hold down capital expenditures.

Liabilities decreased ¥435 million to ¥8,599 million. This was primarily the result of decreases of ¥186 million in accrued expenses, the result of measures to cut operating expenses, and ¥125 million in liabilities associated with derivatives.

Net assets increased ¥329 million to ¥18,028 million. There was a ¥484 million increase in retained earnings and a ¥165 million decrease in valuation and translation adjustment.

(Cash Flows)

Cash and cash equivalents for the second quarter totaled ¥5,479 million, ¥726 million less than one year earlier and ¥469 million less than six months earlier. Cash flows and major changes are as follows:

[Cash flows from operating activities]

Net cash provided by operating activities was ¥766 million yen, ¥631 million less than during the six months ended September 30, 2007. This is primarily the net result of income before income taxes of ¥886 million and an increase of ¥177 million in inventories.

[Cash flows from investing activities]

Net cash used in investing activities was ¥829 million, a decrease of ¥174 million. There were net payments of ¥361 million for time deposits and ¥185 million for the purchase of investments in securities, and payments of ¥235 million for the purchase of tangible fixed assets.

[Cash flows from financing activities]

Net cash used in financing activities was ¥346 million, an increase of ¥104 million. Cash was used mainly for dividend payments of ¥210 million and net short-term bank loan repayments of ¥110 million.

3. Qualitative Information on the Consolidated Financial Forecast

There are no changes in the forecast announced on May 12, 2008 for consolidated performance in the fiscal year ending March 2009.

4. Others

(1) Changes in significant subsidiaries (Changes in subsidiaries affecting the scope of consolidation)

There are no significant items.

(2) Use of simplified accounting methods and special accounting methods for the preparation of quarterly consolidated financial statements

1) Simplified accounting methods

Calculation of estimate for losses on ordinary receivables

Since Combi believes that there was no significant change in the default rate at the end of the second quarter compared with the end of the previous fiscal year, the actual default rate at the end of the previous fiscal year was used to calculate the estimate for losses on ordinary receivables.

Valuation of inventories

For reductions in the book values of inventories at the end of the second quarter, book values have been reduced to the estimated net sales proceeds only in cases where there was a clear decline in the profitability of inventory items.

Depreciation of fixed tangible assets

For assets depreciated using the declining-balance method, the amount of fiscal year depreciation expenses proportional to the applicable fiscal period is recorded.

2) Special accounting methods for the preparation of quarterly consolidated financial statements

There are no significant items.

(3) Revisions in accounting rules, procedures and presentations concerning the preparation of quarterly consolidated financial statements

1) Quarterly consolidated financial statements have been prepared in accordance with the “Regulations Regarding Terminology, Style and Method of Preparation of Quarterly Consolidated Financial Statements” (August 10, 2007 Cabinet Office Ordinance No. 64).

Quarterly consolidated financial statements have been prepared in accordance with the revised rules for the presentation of quarterly consolidated financial statements as provided for in the Supplementary Provision in Article 7, Paragraph 1.5 of the “Cabinet Office Ordinance for Partial Revisions of Regulations Concerning Financial Statement Terminology, Style and Preparation Method” (August 7, 2008 Cabinet Office Ordinance No. 50).

2) For ordinary inventories held for sale, valuations have previously been based on the cost method determined by the periodic average method. Beginning with this fiscal year, Combi has started applying the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006). As a result, inventories are valued primarily by using the cost method using the periodic average method (this method reduces book value based on declines in profitability for balance sheet amounts). These adjustments had no significant effect on profits.

3) Beginning with the first quarter in which it is applicable, Combi is applying the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ACBJ Practical Issues Task Force No. 18, May 17, 2006). The application of this valuation method reduced the six months profit by 8,534 thousand yen.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	2Q Fiscal 2009 (Sept. 30, 2008)	Summary of Consolidated Balance Sheets for Fiscal 2008 (Mar. 31, 2008)
Assets		
Current Assets		
Cash and deposits	7,517,971	7,763,986
Accounts and notes receivable	5,267,929	5,213,978
Marketable securities	1,659,389	1,019,118
Inventories	3,620,245	3,535,916
Other current assets	668,125	770,586
Allowance for doubtful accounts	(50,826)	(49,809)
Total Current Assets	18,682,835	18,253,777
Fixed Assets		
Tangible fixed assets		
Land	2,739,289	2,739,289
Other (net)	2,651,942	2,756,446
Total tangible fixed assets	5,391,232	5,495,736
Intangible fixed assets		
Other fixed assets	405,500	450,424
Total intangible fixed assets	405,500	450,424
Investments and other assets	2,148,503	2,534,751
Total Fixed Assets	7,945,235	8,480,912
Total Assets	26,628,070	26,734,690

(Continued) (Thousands of yen)

	2Q Fiscal 2009 (Sept. 30, 2008)	Summary of Consolidated Balance Sheets for Fiscal 2008 (Mar. 31, 2008)
Liabilities		
Current Liabilities		
Accounts and notes payable	2,639,557	2,499,231
Short-term bank loans	676,847	794,692
Income taxes payable	181,819	219,915
Accrued bonuses to employees	335,788	353,007
Accrued bonuses to officers	—	22,000
Other current liabilities	1,864,402	2,166,876
Total current liabilities	5,698,416	6,055,722
Long-term Liabilities		
Corporate bonds	2,000,000	2,000,000
Accrued retirement benefits for officers	277,040	268,170
Other long-term liabilities	623,714	711,005
Total long-term liabilities	2,900,754	2,979,175
Total Liabilities	8,599,170	9,034,897
Net assets		
Shareholders' Equity		
Capital	2,991,922	2,991,922
Capital surplus	2,783,731	2,783,731
Retained earnings	12,601,977	12,117,424
Treasury stock	(245,641)	(245,572)
Total shareholders' equity	18,131,990	17,647,506
Valuation and Translation Adjustment		
Unrealized gain on marketable securities	23,979	17,013
Unrealized deferred loss on hedges	(38,527)	(113,078)
Foreign currency translation adjustment	(166,881)	80,019
Total valuation and translation adjustment	(181,429)	(16,045)
Minority Interests	78,339	68,332
Total Net Assets	18,028,900	17,699,792
Total Liabilities and Net Assets	26,628,070	26,734,690

(2) Consolidated Statements of Income for the Six Months Ended September 30, 2008

(Thousands of yen)

	1-2Q Fiscal 2009 (Apr. 1, 2008 – Sept. 30, 2008)
Net Sales	12,968,444
Cost of Sales	6,530,090
Gross Profit	6,438,353
Selling, General and Administrative Expenses	5,555,391
Operating Income	882,962
Non-operating Income	
Interest income	55,380
Dividend income	1,783
Real estate leasing income	30,913
Other income	27,287
Total non-operating income	115,365
Non-operating Expenses	
Interest expenses	26,954
Sales discounts	65,403
Foreign exchange losses	24,258
Other expenses	11,550
Total Non-operating Expenses	128,167
Recurring Income	870,161
Extraordinary Income	
Gain from adjustment of prior-year profits/losses	30,555
Gain on sales of fixed assets	106
Gain on sales of investment securities	4,145
Insurance income	12,083
Total Extraordinary income	46,891
Extraordinary Losses	
Loss from sale of fixed assets	436
Loss from disposal of fixed assets	17,073
Contributions concurrent with withdrawing from employees' pension fund	13,389
Total Extraordinary Losses	30,899
Income before Income Taxes	886,152
Income tax, residential tax and enterprise tax	178,011
Income tax adjustments	28,924
Total income before income taxes	206,936
Minority interest	9,354
Net Income	669,861

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	1-2Q Fiscal 2009 (Apr. 1, 2008 – Sept. 30, 2008)
Cash Flows from Operating Activities	
Income before income taxes	886,152
Depreciation and amortization	339,254
Increase in allowance for doubtful receivables	2,431
Decrease in accrued bonuses to employees	(17,218)
Decrease in accrued bonuses for officers	(22,000)
Increase in accrued retirement benefits for officers	8,870
Interest and dividend income	(57,164)
Interest expenses	26,954
Foreign exchange gains	(28,997)
Gain from sales of marketable investments in securities	(4,145)
Loss on disposal of fixed assets	17,073
Loss on sales of fixed assets	329
Increase in trade receivables	(139,850)
Increase in inventories	(177,847)
Increase in trade payables	269,359
Others	(111,136)
Subtotal	992,064
Payment of income taxes	(225,315)
Income and other taxes refunds	91
Net Cash Provided by Operating Activities	766,839
Cash Flows from Investing Activities	
Interest and dividend income received	41,879
Increase in time deposits	(1,695,511)
Decrease in time deposits	1,333,766
Payments for purchase of marketable securities	(99,825)
Proceeds from sale of marketable securities	60,000
Payments for purchase of tangible fixed assets	(235,452)
Proceeds from sale of tangible fixed assets	15,523
Payments for purchase of intangible fixed assets	(44,609)
Payments for purchase of investments in securities	(1,149,866)
Proceeds from sale of investments in securities	964,363
Others	(20,133)
Net Cash Used in Investing Activities	(829,866)
Cash Flows from Financing Activities	
Payment of interest expenses	(24,765)
Increase in short-term bank loans	350,000
Decrease in short-time bank loans	(460,399)
Increase in treasury stock	(68)
Dividends paid	(210,810)
Net Cash Used in Financing Activities	(346,045)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(60,692)
Decrease in Cash and Cash Equivalents	(469,764)
Cash and Cash Equivalents at Beginning of Year	5,949,381
Cash and Cash Equivalents at End of Year	5,479,616

Beginning with the current fiscal year, the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12) and the "Implementation Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14) have been applied. In addition, quarterly consolidated financial statements have been prepared in accordance with the "Rules for Quarterly Consolidated Financial Statements."

(4) Precaution about Going Concern Assumption

There are no significant items.

(5) Segment Information

[Segment Information by Industry Segment]

Six months ended September 30, 2008 (Apr. 1, 2008 – Sept. 30, 2008) (Thousands of yen)

	Juvenile Product & Toy business	Functional Foods business	Total	Eliminations or corporate expenses	Consolidated
Net sales					
(1) Sales to outside customers	12,732,388	236,056	12,968,444	—	12,968,444
(2) Inter-segment sales / transfers	—	—	—	—	—
Total	12,732,388	236,056	12,968,444	—	12,968,444
Operating income	1,789,709	26,967	1,816,677	(933,714)	882,962

Notes: 1. Methods 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 businesses are specified in each industry segment.

Industry segment	Main products and businesses
Juvenile Product & Toy business	Juvenile products, strollers, child car seats, nursing products, toys, baby care products, child wear, nursery school management, etc.
Functional Foods business	Functional food products

Fitness equipment and nursing care products, which were the primary products of the Fitness and Healthcare business, are no longer major products of the Combi Group beginning with the first quarter of the current fiscal year as the production of these products was terminated in the previous fiscal year.

2. Change in accounting policy
As explained in "Revisions in accounting rules, procedures and presentations concerning preparation of quarterly consolidated financial statements", Combi started applying "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006) in the first quarter of the current fiscal year. This change had no significant effect on segment information.

[Segment Information by Geographic Segment]

Six months ended September 30, 2008 (Apr. 1, 2008 – Sept. 30, 2008) (Thousands of yen)

	Japan	Asia	North America	Total	Eliminations or corporate expenses	Consolidated
Net sales						
(1) Sales to outside customers	10,849,605	1,193,741	925,097	12,968,444	—	12,968,444
(2) Inter-segment sales / transfers	56,066	2,814,547	—	2,870,614	(2,870,614)	—
Total	10,905,672	4,008,289	925,097	15,839,059	(2,870,614)	12,968,444
Operating income	1,210,000	552,699	43,378	1,806,077	(923,115)	882,962

Notes: 1. Regions are classified by geographic proximity.
2. The countries included in geographic segments other than Japan are as follows:
Asia: China, Taiwan, Korea; North America: U.S.A.
3. As explained in "Revisions in accounting rules, procedures and presentations concerning preparation of quarterly consolidated financial statements", Combi started applying "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006) in the first quarter of the current fiscal year. This change had no significant effect on segment information.

[Overseas Sales]

Six months ended September 30, 2008 (Apr. 1, 2008 – Sept. 30, 2008) (Thousands of yen)

	Asia	North America	Other	Total
I. Overseas sales	1,567,719	935,130	29,814	2,532,665
II. Consolidated sales	—	—	—	12,968,444
III. Ratio of overseas sales to consolidated sales (%)	12.1	7.2	0.2	19.5

Notes: 1. Regions are classified by geographic 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 include sales of the Company and its consolidated subsidiaries in countries and regions other than Japan.

(6) Note in the Event of a Significant Change in Shareholders' Equity

There are no significant items.

(Reference)

Financial Results in the Previous Second Quarter

(1) Consolidated Statements of Income

Classification	1-2Q Fiscal 2008 (Apr. 1, 2007 – Sept. 30, 2007)		
	Thousands of yen		%
I. Net Sales		13,685,216	100.0
II. Cost of Sales		7,267,664	53.1
Gross Profit		6,417,552	46.9
III. Selling, General and Administrative Expenses		5,385,265	39.4
Operating Income		1,032,287	7.5
IV. Non-operating Income			
1. Interest income	64,372		
2. Dividend income	1,916		
3. Commissions received	17,160		
4. Other	17,219	100,668	0.7
V. Non-operating Expenses			
1. Interest expenses	42,259		
2. Sales discounts	58,874		
3. Foreign exchange losses	10,481		
4. Other	10,037	121,653	0.8
Recurring Income		1,011,302	7.4
VI. Extraordinary Income			
1. Gain on sales of fixed assets	4,912		
2. Contributions concurrent with withdrawing from employees' pension fund	13,028		
3. Gain on sale of investment securities	1,000	18,941	0.1
VII. Extraordinary Losses			
1. Loss from disposal of fixed assets	42,557		
2. Loss from sale of fixed assets	5	42,563	0.3
Income before Income Taxes		987,680	7.2
Income tax, residential tax and enterprise tax	106,037		
Income tax adjustments	148,524	254,561	1.8
Minority interest		10,362	0.1
Net Income		722,756	5.3

(2) Consolidated Statements of Cash Flows

(Thousands of yen)

Classification	1-2Q Fiscal 2008 (Apr. 1, 2007 – Sept. 30, 2007)
I. Cash Flows from Operating Activities	
Income before income taxes	967,680
Depreciation and amortization	352,524
Increase in allowance for doubtful receivables	4,615
Interest and dividend income	(66,288)
Interest expenses	42,259
Foreign exchange gains	(8,356)
Gain on sales of investment securities	(1,000)
Loss on disposal of fixed assets	41,772
Gain on sale of fixed assets	(4,907)
Decrease in trade receivables	677,270
Decrease in inventories	136,857
Decrease in trade payables	(712,510)
Others	(2,547)
Subtotal	1,447,371
Payment of income taxes	(56,150)
Income and other taxes refunds	6,903
Net Cash Provided by Operating Activities	1,398,124
II. Cash Flows from Investing Activities	
Interest and dividend income received	69,208
Increase in time deposits	(1,117,964)
Decrease in time deposits	755,090
Payments for purchase of tangible fixed assets	(261,201)
Proceeds from sale of tangible fixed assets	4,905
Payments for purchase of intangible fixed assets	(61,969)
Payments for purchase of investments in securities	(47,306)
Proceeds from sale of investments in securities	51,000
Others	(47,321)
Net Cash Used in Investing Activities	(655,558)
III. Cash Flows from Financing Activities	
Payment of interest expenses	(43,560)
Increase in short-term bank loans	350,000
Decrease in short-time bank loans	(461,431)
Increase in treasury stock	(295,394)
Dividends paid	(138)
Net Cash Used in Financing Activities	(450,524)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	38,516
V. Increase in Cash and Cash Equivalents	330,559
VI. Cash and Cash Equivalents at Beginning of Period	5,875,432
VII. Cash and Cash Equivalents at End of Period	6,205,991

(3) Segment Information

[Segment Information by Industry Segment]

Six months ended September 30, 2007 (Apr. 1, 2007 – Sept. 30, 2007) (Thousands of yen)

	Juvenile Product & Toy business	Functional Foods business	Total	Eliminations or corporate expenses	Consolidated
Net sales					
(1) Sales to outside customers	12,961,687	723,529	13,685,216	—	13,685,216
(2) Inter-segment 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	1,736,034	81,929	1,817,964	(785,676)	1,032,287

[Segment Information by Geographic Segment]

Six month ended September 30, 2007 (Apr. 1, 2007 – Sept. 30, 2007) (Thousands of yen)

	Japan	Asia	North America	Total	Eliminations or corporate expenses	Consolidated
Net sales						
(1) Sales to outside customers	11,171,564	1,348,499	1,165,153	13,685,216	—	13,685,216
(2) Inter-segment sales / transfer	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	1,199,883	487,762	90,561	1,778,206	(745,919)	1,032,287

[Overseas Sales]

Six month ended September 30, 2007 (Apr. 1, 2007 – Sept. 30, 2007) (Thousands of yen)

	Asia	North America	Others	Total
I. Overseas sales	1,187,649	1,167,640	30,119	2,385,408
II. Consolidated sales	—	—	—	13,685,216
III. Ratio of overseas sales to consolidated sales (%)	8.7	8.5	0.2	17.4