May 12, 2009

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2009

Company name : Combi Corporation　　Listing: Tokyo Stock Exchange, First Section
Stock code: 7935　　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
Scheduled date of Annual General Meeting of Shareholders: June 26, 2009
Scheduled date of filing Annual Securities Report: June 26, 2009
Scheduled date of dividend payment: June 10, 2009

(All amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2009 (April 1, 2008 – March 31, 2009)

(1) Consolidated Operating Results　　(Percentages represent year-over-year changes)

	Net sales		Operating income		Recurring income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2009	26,803	(0.9)	1,868	(5.4)	1,746	(7.3)	719	(48.6)
FY2008	27,040	(0.5)	1,976	28.4	1,884	24.0	1,399	5.9

	Net income per share	Diluted net income per share	ROE	ROA	Operating Income Ratio
	Yen	Yen	%	%	%
FY2009	41.30	—	4.2	6.7	7.0
FY2008	79.43	—	8.1	6.9	7.3

Reference: Equity in earnings of affiliates (million yen): FY2009: —
FY2008: —

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
End of FY2009	25,531	16,375	63.9	992.35
End of FY2008	26,734	17,699	65.9	1,000.87

Reference: Total shareholders' equity (million yen): End of FY2009: 16,311
End of FY2008: 17,631

(3) Consolidated Cash-flow Position

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Fiscal Year
	Million yen	Million yen	Million yen	Million yen
FY2009	1,246	(1,555)	(1,241)	4,224
FY2008	3,698	(1,530)	(2,054)	5,949

2. Dividends

(Record dates)	Dividends per share 1Q-end	2Q-end	3Q-end	Year-end	Total	Annual Dividend	Dividend payout ratio (Consolidated)	Dividend on net asset
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
FY2008	—	10.00	—	12.00	22.00	387	27.7	2.2
FY2009	—	10.00	—	10.00	20.00	340	48.4	2.0
FY2010 (Planned)	—	10.00	—	10.00	20.00		48.3	

3. Forecasts for Consolidated Operating Results for the Fiscal Year Ending March 31, 2010 (April 1, 2009 to March 31, 2010)

(Percentages represent year-over-year changes.)

	Net sales		Operating income		Recurring income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six-month period ending Sept. 30, 2009	13,600	4.9	320	(63.8)	300	(65.5)	210	(68.7)	12.78
Year ending Mar. 31, 2010	28,000	4.5	1,190	(36.3)	1,130	(35.3)	680	(5.5)	41.37

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to the change in the scope of consolidation): None

(2) Changes in accounting principles, procedures and presentation methods for preparation of consolidated financial statements (changes to be stated in the section “Changes in significant matters providing the basis for preparing consolidated financial statements”)
1) Changes caused by revision of accounting standards: Yes
2) Changes other than those included in 1) above: None
Note: Please refer to “Changes in significant matters providing the basis for preparing consolidated financial statements” on page 20 for further information.

(3) Number of outstanding shares (common stock)
1) Number of shares outstanding (including treasury stock) at end of period:
FY2009: 17,959,158shares
FY2008: 17,959,158 shares
2) Number of treasury stock at end of period: FY2009: 1,521,884 shares
FY2008: 343,094shares

Note: Please refer to "Per Share Information" on page 47 for the number of shares used in calculation of consolidated net income per share.

(Reference) Overview of non-consolidated financial results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2009 (April 1, 2008 to March 31, 2009)

(1) Non-Consolidated Operating Results (Percentages represent year-over-year changes.)

	Net sales		Operating income		Recurring income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2009	20,018	(3.0)	713	(12.1)	778	4.7	(46)	—
FY2008	20,628	(4.0)	811	28.5	743	17.3	466	169.3

	Net income per share	Diluted net income per share
	Yen	Yen
FY2009	(2.69)	—
FY2008	26.50	—

(2) Non-Consolidated Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
End of FY2009	18,990	11,584	61.0	704.76
End of FY2008	20,071	12,758	63.6	724.23

Reference: Shareholders' equity (million yen): End of FY2009: 11,584 End of FY2008: 12,758

2. Forecasts for Non-Consolidated Operating Results for the Fiscal Year Ending March 31, 2010 (April 1, 2009 to March 31, 2010)

(Percentages represent year-over-year changes.)

	Net sales		Operating income		Recurring income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2Q FY2009	8,300	(16.5)	80	(68.2)	70	(61.9)	30	(57.2)	1.83
FY2010	17,400	(13.1)	360	(49.5)	360	(53.7)	170	—	10.34

<u>* Cautionary statement with respect to forward-looking statements</u>

The forecasts for operating results and other statements regarding future business are based on information currently available and certain assumptions that the Company judges reasonable. Actual results may differ from these forecasts significantly for a number of factors. For the assumptions for the forecast of the operating results and notes for the use of such forecasts, please refer to "1. Operating Results (1) Analysis on the Consolidated Operating Results" on page 3.

1. Operating Results

(1) Analysis of Consolidated Operating Results

Japan's economy during the current consolidated fiscal year has rapidly deteriorated as the real economy has been impacted by the global financial instability originating in the subprime loans issues as well as by fluctuating market prices for crude oil, stocks, foreign exchange rates and other items.

There have also been concerns that such conditions may persist. Additionally, personal consumption has rapidly cooled in the wake of employment uncertainty, resulting in very severe conditions.

Under these circumstances, although the Japan market has seen somewhat of a rise in the number of births, the declining trend in the number of children has continued and along with a rapid chill in personal consumption and credit concerns about business counterparties, emerging in the second half, has resulted in a very challenging market environment for the Combi Group. The Company has adhered to a sales strategy emphasizing profitability and worked to bolster operations through the launch of new products, but sales decreased. Additionally, the Company has had to address risks accompanying credit concerns pertaining to business counterparties as well as taxation risks. Management resources have continued to be channeled to overseas operations, mainly in China and other Asian countries, where the Company has worked to expand its businesses.

As a result, net sales for the current consolidated fiscal year declined 0.9% to ¥26,803 million, operating income declined 5.4% to ¥1,868 million, recurring profit declined 7.3% to ¥1,746 million, and net income declined 48.6% to ¥719 million from the previous year.

Results by business segment are described below:

1) Juvenile Product & Toy Business

In Japan, the Child Wear business has struggled with sales of autumn and winter items due to sluggish personal consumption in addition to the negative impact of unfavorable weather, and upfront investment costs for shop development disbursed, resulting in stagnant performance for the segment. In the toy business as well, the launch of new products did not provide enough of a boost to push up overall operations, but the introduction principally of Culet Mieuller, Diaclasse and other new strollers proved effective for the Juvenile Product business, and appropriately handling concerns about the credit standing of business partners and other issues put performance in above initial plans.

As for overseas operations, the U.S. market has been hit by an economic slowdown and stagnating personal consumption, leaving the market in a very difficult situation, yet the Company has continued to commit management resources to the Asian market, mainly to China where the market for personal consumption is vigorous, with the result that our business in the Asian markets has advanced at a steady pace.

As a result, net sales for the segment increased 1.4% to ¥26,369 million, and operating income increased 9.6% to ¥3,784 million from the previous year.

2) Functional Foods Business

In the Functional Foods business, sales of food ingredients continued to remain strong, and although expenses increased on the effects of prior investment in new business, the segment was profitable.

Production in the Fitness and Healthcare business ended during the previous fiscal year, and sales for the current consolidated fiscal year were zero.

As a result, net sales for the segment declined 57.8% to ¥433 million, and operating income declined 97.4% to ¥2 million from the previous year.

Results by regional business are described below:

1) Japan

Impacted by the business downturn and sluggish consumption in the Japanese market, the Child Wear, Toy, and Childcare Environment businesses have operated in a challenging environment. As for the Juvenile Product business, the sudden chill in personal consumption and efforts to address credit uncertainties of business partners along with other issues have yielded difficult business operations, but the business performance remained steady due to the launch of new products, mainly strollers, and the impact of an increase in gross margin reflecting the stronger yen.

In the Functional Foods business, while stable earnings continued to be maintained for functional food products, prior investment in new business led to a temporary increase in expenses.

As a result, net sales for the region declined 2.7% to ¥22,030 million while operating income increased 7.8% to ¥2,757 million from the previous year.

2) Asia

On the production side, a difficult climate has continued to drive up production costs on the impact of widespread business failures, particularly in Southern China, and the effects of unstable raw material prices and a revaluation of the Yuan, but sales remained strong, mainly at the Shanghai subsidiary based in China where there is a robust consumer market.

As a result, net sales for the region increased 17.8% to ¥8,888 million and operating income increased 32.2% to ¥1,067 million from the previous year.

3) North America

While performance at the US subsidiary was hit hard by the impact of a downturn in the market and sluggish consumption amid other factors, profitability was maintained.

As a result, net sales for the region decreased 5.5% to ¥1,867 million and operating income decreased 87.3% to ¥12 million from the previous year.

The outlook for the next term is expected to see continuing instable conditions in the business environment while an improvement in personal consumption is not expected owing to the global economic slowdown arising from prolonged global financial instability.

In such circumstances, the Combi Group will continue to work to manage expenditures efficiently, following a sales strategy emphasizing profitability in our domestic operations, while at the same time, we are aware that this is a time to prepare for further growth by promoting efforts for new businesses and launching new high-value added products.

In overseas business, the Company will continue to concentrate our investment of business resources in the Asian markets with the goal of establishing a solid presence in growth markets, and will work to keep maintaining profitability the top priority in the North American market, and make an active thrust to enter Russia, India and other emerging markets.

The implementation of these measures is forecast to result in net sales of ¥28,000 million, operating income of ¥1,190 million, recurring profit of ¥1,130 million, and net income of ¥680 million on a consolidated basis.

Consolidated Sales

(Million yen, %)

Segment	FY 2009 (actual)	FY 2010 (forecast)	Changes	%
Juvenile Product & Toy Business	26,369	27,300	930	3.5
Functional Foods Business	433	700	266	61.3
Total	26,803	28,000	1,196	4.5

(Forward Looking Statements)
The market forecasts and performance outlooks included in this report are based on judgments made on information available to the Company and the Combi Group at the time of this report, and contain risks and uncertainties. Therefore, actual results may differ from those stated here due to changes in a diverse range of factors.

(2) Analysis of Financial Position

1) Status of Assets, Liabilities and Net Assets

Total assets at the end of the current consolidated fiscal year were ¥25,531 million, or a decline of ¥1,203 million compared with the end of the previous consolidated fiscal year. The main factors were a ¥1,394 million decrease in cash and deposits, a ¥693 million decrease in accounts and notes receivable, a ¥279 million decrease in tangible fixed assets, and a ¥961 increase in inventories.

Liabilities were ¥9,155 million, or an increase of ¥121 million compared with the end of the previous consolidated fiscal year. The main factors were a ¥100 million decrease in accrued expenses, a ¥724 increase in income taxes payable, a ¥276 million decrease in other current liabilities, and a ¥121 decrease in other long-term liabilities.

Additionally, net assets were ¥16,375 million, or a decline of ¥1,324 million compared with the end of the previous consolidated fiscal year. The main factors were a ¥831 million decrease due to the acquisition of treasury stock, a ¥358 million increase in retained earnings, and a ¥846 million decrease in valuation and translation adjustment.

2) Cash Flow Status

The balance for cash and cash equivalents at the end of the current consolidated fiscal year was ¥4,224 million, or a ¥1,724 million decrease compared with the end of the previous consolidated fiscal year.

The status of cash flows and the factors pertaining to any increase or decrease are described below:

(Cash Flow from Operating Activities)
Net cash provided by operating activities was ¥1,246 million (decrease of ¥2,452 million compared with the end of the previous consolidated fiscal year). This was mainly attributable to ¥1,702 million in income before income taxes, ¥721 million in depreciation and amortization, and a ¥1,337 million increase in inventories.

(Cash Flow from Investing Activities)
Net cash used in investing activities was ¥1,555 million (decrease of ¥25 million compared with the end of the previous consolidated fiscal year). This was mainly attributable to a difference of ¥887 million between the increase and decrease in time deposits, and the use of ¥99 million for the purchase of securities, and ¥459 million to purchase tangible fixed assets.

(Cash Flow from Financing Activities)
Net cash used in financing activities was ¥1,241 million (increase of ¥813 million compared with the end of the previous consolidated fiscal year). This was mainly due to ¥831 million for the purchase of treasury stock and a ¥387 million dividend distribution.

Our group's cash flow trends are as follows:

	FY2006	FY2007	FY2008	FY2009
Capital ratio (%)	58.7	61.5	65.9	63.9
Capital ratio at market capitalization (%)	48.6	46.1	50.4	41.1
Years of debt redemption (years)	6.4	1.5	0.9	2.6
Interest coverage ratio	9.5	30.0	39.8	27.4

• Capital ratio: Shareholders' equity/Total assets
• Capital ratio on market capitalization: Market capitalization / Total assets
• Years of debt redemption: Interest-bearing debt /Operating cash flow
• Interest coverage ratio: Operating cash flow/ Interest paid

1) All figures are calculated using financial figures on a consolidated basis.
2) Market capitalization is calculated by multiplying the closing price of a share of common stock at the end of the period by the number of shares outstanding at the end of the period (after deducting any treasury stock).
3) Operating cash flow is used for cash flow stated above. Interest-bearing debt includes all interest-paying debts from among the debts contained in the consolidated financial statements. The amount of interest paid on the consolidated cash flow statement is used for interest paid above.

(3) Basic Policy on Profit Distributions and Dividends for the Current and Next Term

Distributing profits to our shareholders is one of the Combi Group's highest management priorities. We are committed to paying a consistent and stable dividend while strengthening our corporate structure, and will provide a return that takes into account a dividend payout ratio, performance and other factors.

The Company intends to apply retained earnings effectively to research and development investments to enhance competitiveness, investments in new businesses, strengthening the financial and managerial base, and investment of managerial resources for globalization, as well as to actively expand the business through alliances, M&A and other means which transcend business categories.

Following the above policy, the Company paid an interim dividend of ¥10 per share for the first-half period, and will pay ¥10 per share as the year-end dividend for the fiscal year ended March 31, 2009. As a result, the total annual dividend for the current fiscal year will be ¥20 per share.

The dividend for the next fiscal year is planned to be ¥20 per share, taking into account the business performance, consistent dividend payment, dividend payout ratio, return on shareholders' equity, and other factors.

(4) Business Risk and Other Risks

This section contains major risk factors involving Combi's business activities and other aspects of operations that may have a significant effect on decisions by investors. The Combi Group will, upon recognition of the possibility of occurrence of these risks, use its best efforts to prevent the problems from occurring, and respond appropriately if a problem should occur.

Forward-looking statements in this section represent the judgments of the Combi Group as of March 31, 2009.

1. Declining number of children in Japan

Performance of the Juvenile Products & Toys business, which is the Combi Group's core business, may be affected by a decrease in sales due to the declining number of children in Japan consequent upon a drop in the number of births and other factors. In Japan, the Combi Group pursues the development of high value-added products, principally in our key product group of strollers, child car seats and baby racks, that conform to customers' needs and we are working to pioneer new channels in the child wear business. Additionally, we are actively working to cultivate and strengthen positions in overseas markets.

However, if the above activities do not produce results as planned because of Combi’s inability to sufficiently anticipate future changes in market conditions, there may be a decline in the future growth rate and profitability. This could have a negative impact on Combi’s operating results and financial condition.

2. Competitive pressure on prices

Competition is intense in Japan’s market for baby care products and toys. There is competition from low-priced products from other countries, fierce competition among retailers that sell this merchandise, and spread of online retailing. Combi will take appropriate actions against the changes in the market conditions by reducing cost, introducing high value-added products, and developing new sales channels..

If Combi is unable to foresee changes in market conditions and customers’ needs, Combi may not be able to compete effectively in the future. Furthermore, pressure on prices and the inability to compete effectively may cause a decline in the number of customers. This could have a negative impact on Combi’s operating results and financial condition.

3. Reliability of products and services

All products of Combi comply with government standards and, to provide a higher degree of safety, with Combi’s own even more stringent quality management standards. However, there is no assurance that all products are free of defects or that there will be no product recalls in the future. In addition, although Combi purchases product liability insurance, there is no assurance that this insurance will be sufficient to cover all payments that may be required. A defective product that must be recalled may produce substantial expenses and have other significant effects on Combi that could cause sales to decline. This could have a negative impact on Combi’s operating results and financial condition.

Combi exercises sufficient care with regard to the safety and hygiene of its childcare facilities. However, if an accident occurs, Combi could be forced to temporarily suspend operations at facilities and take other actions. An accident could also be detrimental to Combi’s reputation among the public. The expected decline in sales that would result could have a negative impact on Combi’s operating results and financial condition.

4. Impact of Market Volatility

The Combi Group procures raw materials and stock goods as well as sells finished products in a variety of markets around the world, and performance may be significantly affected by the economic situation worldwide, particularly from fluctuations in raw material prices and foreign currency exchange rates.

We strive to hold any adverse impact due to fluctuations in currency exchange rates to a minimum through currency hedge transactions, and pay the utmost care and attention to procurement of raw materials. However, significant changes in market conditions present risks, which could have a negative impact on the Company's performance and financial condition.

5. Overseas operations

The Combi Group has sought bases for manufacturing products and markets to sell them both in Japan and overseas, and has developed our business internationally. In our activities overseas, a variety of risks are inherent in each country, such as raw material procurement, foreign currency exchange, and disease. In particular, the Combi Group has a high procurement ratio vis-à-vis China. Recovering invested funds, manufacturing and selling may become difficult due to the actualization of risks related to systems and other conditions in China.

The Combi Group makes decisions about new investments after thoroughly examining country risks. However, a rapid change in the circumstances of a particular country could have a negative impact on the Combi Group's performance and financial condition.

6. Litigation

The Combi Group has developed a diverse business both in Japan and overseas, and there is an inherent risk of litigation being instituted against the Company in the conduct of our business.

We implement operations after adequate review, but in the unlikely event of the institution of legal proceedings, such results may affect the Combi Group's performance and financial condition.

7. Handling of Personal Information

The Combi Group retains a large amount of personal information in the course of providing our products and services. We have developed and maintained a system for handling such information and conduct in-house training in such regard, but the possibility remains that such information may be leaked due to some factor.

The Combi Group always strives to strengthen our information management, but in the unlikely event of leakage of personal information, such results may affect our performance and financial condition.

8. Taxation

The Combi Group has developed a diverse business both in Japan and overseas, and there are inherent risks pertaining to taxation in the conduct of our business.

We implement operations after adequate review, conducting analyses and estimates regarding the taxation risks both for Japan and overseas, as well as addressing such risks.

2 Combi Group

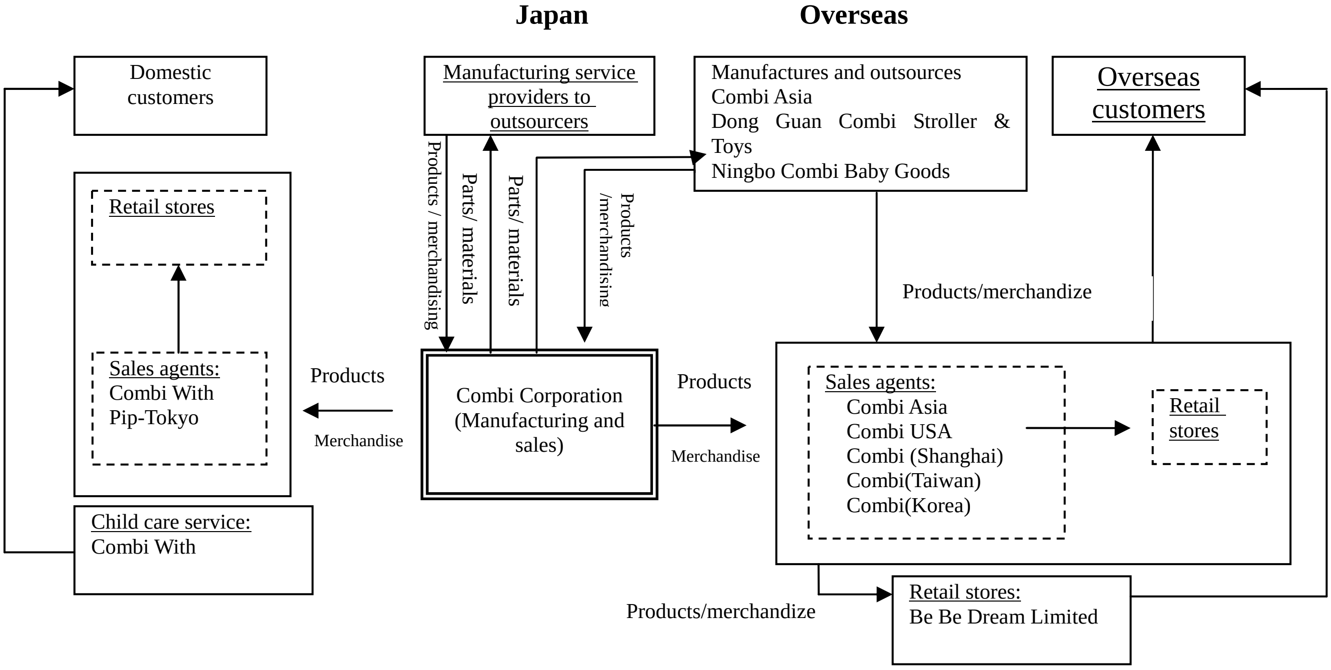
The Combi Group is made up of the Company, its eight subsidiaries and one affiliate, engaging mainly in the manufacturing and sale of products in the Baby Care Products and Toys, and Functional Foods businesses.

The following table shows the specifics of each segment, and the positioning of the Company and its related companies and their involvement in each segment.
The segments stated herein are the same as the aforementioned business segments.

Segment	Main products	Companies involved
Baby Care Products and Toys	Strollers, baby racks, 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	Functional food products, others	Manufacturing: Combi Corporation

Note: *1 consolidated subsidiary
*2 affiliate
*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 heartwarming 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 8% in the fiscal year ending March 2011. In consideration of the importance of cash flow management, the Group targets an operating income margin of 8% in the fiscal year ending March 2011.

(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 looking forward to 2010: 1) Being known as the innovative brand, 2) Quality, and 3) Revitalizing the 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 personnel system that sets out clear roles and responsibilities, a slim and powerful organization, strengthen staff training)

(4) Key Issues

1) Responding to the declining birthrate in Japan

While 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 and toy business. 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 baby racks. Outside Japan, the Group also plans to 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) Strengthening corporate governance and developing internal control systems

In consideration of growing demands for companies to fulfill their corporate social responsibilities, the Combi Group focuses on strengthening corporate governance and developing internal control systems.

4. Consolidated Financial Statements

1) Consolidated Balance Sheet

(Thousands of yen)

		FY2008 (As of Mar. 31, 2008)		FY2009 (As of Mar. 31, 2009)
Assets				
Current assets				
Cash and deposits		7,763,986		6,639,459
Accounts and notes receivable		5,213,978		4,520,554
Marketable securities		1,019,118		1,911,831
Inventories		3,535,916	*1	4,497,210
Deferred tax asset		353,478		354,764
Other current assets		417,108		406,811
Allowance for doubtful accounts		(49,809)		(75,966)
Total current assets		18,253,777		17,984,666
Fixed assets				
Tangible fixed assets				
Buildings and structures	*2	4,682,957	*2	4,607,209
Accumulated depreciation		(2,671,769)		(2,764,449)
Buildings and structures (Net)		2,011,187		1,842,760
Machinery and equipment		967,463		897,283
Accumulated depreciation		(728,581)		(732,515)
Machinery and equipment (Net)		238,882		164,767
Molds		1,122,535		1,018,974
Accumulated depreciation		(959,362)		(860,120)
Molds (Net)		163,172		158,853
Land	*2	2,739,289	*2	2,739,289
Construction in progress		13,828		23,544
Other tangible fixed assets		1,154,933		1,129,108
Accumulated depreciation		(825,557)		(842,457)
Other tangible fixed assets (Net)		329,376		286,651
Total tangible fixed assets		5,495,736		5,215,866
Intangible fixed assets		450,424		328,061
Investments and other assets				
Investments in securities	*4	2,087,963	*4	1,330,764
Deferred tax assets		11,090		12,054
Other investments		436,172		810,905
Allowance for doubtful accounts		(475)		(150,811)
Total investments and other assets		2,534,751		2,002,913
Total fixed assets		8,480,912		7,546,842
Total Assets		26,734,690		25,531,508

	FY2008 (As of Mar. 31, 2008)	FY2009 (As of Mar. 31, 2009)
Liabilities		
Current liabilities		
Accounts and notes payable	2,499,231	2,463,836
Short-term bank loans	794,692	794,160
Current portion of straight bonds	—	1,000,000
Accrued expenses	1,416,853	1,316,020
Income taxes payable	219,915	944,468
Accrued bonuses to employees	353,007	336,649
Accrued bonuses to officers	22,000	23,000
Other current liabilities	750,022	473,518
Total current liabilities	6,055,722	7,351,652
Long-term liabilities		
Bonds	2,000,000	1,000,000
Deferred tax liabilities	161,026	93,501
Accrued retirement benefits for officers	268,170	282,430
Other long-term liabilities	549,979	428,313
Total fixed	2,979,175	1,804,245
Total liabilities	9,034,897	9,155,898
Net assets		
Shareholders' equity		
Common stock	2,991,922	2,991,922
Capital surplus	2,783,731	2,783,731
Retained earnings	12,117,424	12,475,511
Treasury stock	(245,572)	(1,076,971)
Total shareholders' equity	17,647,506	17,174,194
Valuation and translation adjustments		
Unrealized gain on marketable securities	17,013	10,016
Unrealized deferred gain (loss) on hedges	(113,078)	(13,961)
Foreign currency translation adjustment	80,019	(858,739)
Total valuation and translation adjustments	(16,045)	(862,684)
Minority interest	68,332	64,100
Total net assets	17,699,792	16,375,610
Total liabilities and net assets	26,734,690	25,531,508

2) Consolidated Statements of Income

(Thousands of yen)

		FY2008 (Apr. 1, 2007 Mar. 31 2008)		FY2009 (Apr. 1, 2008- Mar. 31 2009
Net sales		27,040,823		26,803,777
Cost of goods sold		14,092,874		13,664,344
Gross profit		12,947,949		13,139,432
Selling, general and administrative expenses	*1, *2	10,971,817	*1, *2	11,270,940
Operating income		1,976,131		1,868,492
Non-operating income				
Interest income		132,115		117,570
Dividend income		12,054		16,971
Received commission		36,073		29,054
Real estate leasing income		35,055		62,357
Other income		26,776		18,009
Total non-operating income		242,075		243,963
Non-operating expenses				
Interest expenses		76,026		50,665
Sales discounts		123,401		133,219
Foreign exchange losses		107,891		160,893
Other expenses		25,915		20,800
Total non-operating expenses		333,234		365,578
Ordinary income		1,884,972		1,746,877
Extraordinary income				
Gain from adjustment of prior-year profit/loss		—		48,163
Gain from sales of fixed assets	*3	6,152	*3	552
Gain from sales of marketable investments in securities		5,210		4,145
Subsidies income		1,671		9,002
Insurance income		—		12,083
Payments received for voluntary product recall expenses		57,578		15,522
Expenses refunded on withdrawal from employees' pension fund		13,882		—
Total extraordinary income		84,496		89,469
Extraordinary losses				
Loss from sales of fixed assets	*4	538	*4	741
Loss from disposal of fixed assets	*5	50,527	*5	38,468
Impairment losses	*6	36,114	*6	50,705
Expenses paid on withdrawal from employee's pension fund		—		13,389
Payments for voluntary product recall expenses		33,587		—
Loss on revaluation of investment securities		—		30,103
Total extraordinary losses		120,776		133,408
Income before income taxes		1,848,701		1,702,938
Income taxes		308,349		560,739
Estimates on income taxes for prior-year		—	*7	521,185
Deferred income		126,444		(111,562)
Total income taxes		434,794		970,362
Minority interest		14,617		13,020
Net income		1,399,289		719,554

3) Consolidated Statements of Changes in Net Assets

(Thousands of yen)

	FY2008 (Apr. 1, 2007 Mar. 31 2008)	FY2009 (Apr. 1, 2008- Mar. 31 2009
Shareholders' equity		
Common stock		
Balance at end of prior-year	2,991,922	2,991,922
Changes during the fiscal year		
Total change during the fiscal year	—	—
Balance at end of the year	2,991,922	2,991,922
Capital surplus		
Balance at end of prior-year	2,783,731	2,783,731
Changes during the fiscal year		
Total changes during the year	—	—
Balance at end of the year	2,783,731	2,783,731
Retained earnings		
Balance at end of prior-year	11,193,770	12,117,424
Gain (loss) from change in oversea subsidiaries accounting method	—	26,084
Changes during the fiscal year		
Cash Dividends paid	(475,636)	(387,552)
Net income	1,399,289	719,554
Total changes during the year	923,653	332,002
Balance at end of the year	12,117,424	12,475,511
Treasury stock		
Balance at end of prior-year	(245,434)	(245,572)
Changes during the fiscal year		
Acquisition of treasury stock	(138)	(831,399)
Total changes during the year	(138)	(831,399)
Balance at end of year	(245,572)	(1,076,971)
Total shareholders' equity		
Balance at end of prior-year	16,723,990	17,647,506
Gain (loss) from change in oversea subsidiaries accounting method	—	26,084
Changes during the year		
Cash Dividends paid	(475,636)	(387,552)
Net income	1,399,289	719,554
Acquisition of treasury stock	(138)	(831,399)
Total changes during the year	923,515	(499,396)
Balance at end of year	17,647,506	17,174,194

(Thousands of yen)

	FY2008 (Apr. 1, 2007 Mar. 31 2008)	FY2009 (Apr. 1, 2008- Mar. 31 2009
Valuation and translation adjustments		
Unrealized gain (loss) on marketable securities		
Balance at end of prior-year	58,065	17,013
Changes during the year		
Changes of items other than shareholders' equity during the year (Net)	(41,051)	(6,997)
Total changes during the year	(41,051)	(6,997)
Balance at end of the year	17,013	10,016
Unrealized deferred gain (loss) on hedges		
Balance at end of prior-year	130,552	(113,078)
Changes during the year		
Changes of items other than shareholders' equity during the year (Net)	(243,631)	99,117
Total changes during the year	(243,631)	99,117
Balance at end of the year	(113,078)	(13,961)
Foreign currency translation adjustment		
Balance at end of prior-year	177,041	80,019
Changes during the year		
Changes of items other than shareholders' equity during the year (Net)	(97,021)	(938,758)
Total changes during the year	(97,021)	(938,758)
Balance at end of the year	80,019	(858,739)
Total valuation and translation adjustment		
Balance at end of prior-year	365,658	(16,045)
Changes during the year		
Changes of items other than shareholders' equity during the year (Net)	(381,704)	(846,638)
Total changes during the year	(381,704)	(846,638)
Balance at end of the year	(16,045)	(862,684)
Minority interests		
Balance at end of prior-year	56,820	68,332
Changes during the year		
Changes of items other than shareholders' equity during the year (Net)	11,511	(4,231)
Total changes during the year	11,511	(4,231)
Balance at end of the year	68,332	64,100
Total net assets	17,146,470	17,699,792
Balance at end of prior-year	—	26,084
Changes during the year		
Cash dividends paid	(475,636)	(387,552)
Net income	1,399,289	719,554
Acquisition of treasury stock	(138)	(831,399)
Changes of items other than shareholders' equity during the year (Net)	(370,192)	(850,870)
Total changes during the year	553,322	(1,350,267)
Balance at end of the year	17,699,792	16,375,610

4) Consolidated Statements of Cash Flows

(Thousands of yen)

	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
Cash Flows from Operating Activities		
Income before income taxes	1,848,701	1,702,938
Depreciation and amortization	726,764	721,458
Impairment losses	36,114	50,705
Increase (decrease) in allowance for doubtful accounts	(155,163)	184,640
Increase (decrease) in accrued bonuses to employees	32,377	(16,358)
Increase (decrease) in accrued bonuses for officers	1,700	1,000
Increase (decrease) in accrued employees' retirement benefits	(1,000)	14,260
Interest and dividend income	(144,169)	(134,542)
Interest expenses	76,026	50,665
Foreign exchange loss (gain)	80,687	57,480
Loss (gain) from sales of marketable investments in securities	(5,210)	(4,145)
Loss (gain) on revaluation of investment securities	—	30,103
Loss (gain) on disposal of fixed assets	49,940	38,468
Loss (gain) on sales of fixed assets	(5,614)	188
Payments received for voluntary product recall expenses	(57,578)	—
Decrease (increase) in trade receivables	1,225,772	379,805
Decrease (increase) in inventories	435,371	(1,337,564)
Decrease (increase) in other trade assets	34,494	(302,394)
Increase (decrease) in trade payables	(610,205)	426,149
Increase (decrease) in other operating liabilities	247,731	(302,300)
Others	—	60,797
Subtotal	3,816,738	1,621,357
Payments received for voluntary product recall expenses	68,155	—
Payment of income taxes	(192,945)	(374,711)
Income and other tax refund	6,903	91
Net cash provided by operating activities	3,698,852	1,246,737
Cash flows from investing activities		
Interest and dividend income received	140,342	122,848
Increase in time deposit	(2,725,269)	(2,834,822)
Decrease in time deposit	2,019,592	1,947,614
Proceeds from purchase of securities	—	(99,825)
Payment for purchase of tangible fixed assets	(466,371)	(459,062)
Proceeds from sale of tangible fixed assets	16,104	15,667
Payment for purchase of intangible fixed assets	(167,409)	(67,318)
Proceeds from sale of intangible fixed assets	747	—
Payment for purchase of investments in securities	(1,007,523)	(1,149,866)
Proceeds from sale of intangible in securities	657,453	1,074,363
Payments for other investments	(28,053)	(133,290)
Proceeds from return on other investments	29,799	27,920
Net cash used in investing activities	(1,530,586)	(1,555,770)
Cash flows from financing activities		
Payment of interest expenses	(92,995)	(45,456)
Increase in short-term bank loans	700,000	834,100
Decrease in short-term bank loans	(1,186,544)	(810,696)
Redemption of bonds	(1,000,000)	—
Increase in treasury stock	(138)	(831,399)
Dividends paid	(474,547)	(387,728)
Net cash used in financing activities	(2,054,225)	(1,241,180)
Effect of exchange rate changes on cash and cash	(40,090)	(174,180)
Increase (decrease) in cash and cash equivalents	73,949	(1,724,488)
Cash and cash equivalents at beginning of year	5,875,432	5,949,381
Cash and cash equivalents at end of year	*1 5,949,381	*1 4,224,893

Notes regarding going concern

There are no notes.

Notes to Consolidated Financial Statements

	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
1. Scope of consolidation	(1) The consolidated financial statements include the accounts of the Combi Corporation and all of its subsidiaries. The eight consolidated subsidiaries are as follows: 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. CombiWith Corporation.	Same as previous fiscal year
2. Application of the equity method	(1) No affiliates were subject to equity method accounting. (2) Affiliate not subject to the equity method: BE BE DREAM LIMITED. The above company is not subject to the equity method because it has only a minor impact on the Group’s net income and consolidated retained earnings, etc., and has no significant influence on the Group’s financial results as a whole.	(1) Same as previous fiscal year (2) Same as previous fiscal year
3. Matters concerning the fiscal periods of consolidated subsidiaries	The fiscal year of 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. ends on December 31 each year. The accounts of these subsidiaries have been consolidated using the financial statements as of this date, with necessary adjustments on consolidation for important transactions occurring between the above date and the Company’s consolidated fiscal yearend. The accounting closing date of CombiWith Corporation coincides with the Company’s consolidated subsidiaries’ fiscal year-end.	Same as previous fiscal year

	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
4. Summary of significant accounting principles (1) Valuation standards and methods for important assets	A. Securities (a) Held-to-maturity debt securities: stated at amortized cost (straight-line method). (b) Other securities Securities with market quotations: stated at fair value determined by the market value at settlement of account. (Unrealized gains or losses are recorded in shareholders' equity. Cost is determined by the moving average method.) Securities without market quotations: stated at cost determined mainly by the moving average method. B. Derivatives Stated at fair value. C. Inventories Stated at cost determined mainly by the average cost method.	A. Securities (a) Held-to-maturity debt securities: Same as previous fiscal year (b) Other securities Securities with market quotations: Same as previous fiscal year Securities without market quotations: Same as previous fiscal year B. Derivatives Same as previous fiscal year C. Inventories Calculated according to the cost accounting method mainly determined using a weighted-average costing method (method for devaluating book value based on a decline in profitability in regard to corporate financial statement values). (Changes in Accounting Policy) The "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan Statement No. 9; issued July 5, 2006) has been applied from the current consolidated fiscal year.
(2) Depreciation and amortization of important depreciable assets	A. Tangible fixed assets The Company and its domestic consolidated subsidiaries compute depreciation and amortization on the declining balance method, while overseas consolidated subsidiaries use the straight-line method. Depreciation and amortization expenses for buildings (other than fixtures) of the Company and its domestic consolidated subsidiaries, acquired on or after April 1, 1998, are computed using the straight-line method. The period of depreciation and amortization for the main tangible fixed assets are as follows: Buildings: 8–50 years Machinery and equipment: 5–11 years (Changes in Accounting Policies) In accordance with the revision of the Corporation Tax Law, effective from the current fiscal year, the Company and its domestic consolidated subsidiaries have changed the depreciation and amortization procedure now stipulated for tangible fixed assets acquired on and after April 1, 2007. The effect of this change on operating income, ordinary income and net income was insignificant compared to the amounts that would have been reported if the previous method had been applied consistently.	A. Tangible fixed assets The Company and its domestic consolidated subsidiaries compute depreciation and amortization on the declining balance method, while overseas consolidated subsidiaries use the straight-line method. Depreciation and amortization expenses for buildings (other than fixtures) of the Company and its domestic consolidated subsidiaries, acquired on or after April 1, 1998, are computed using the straight-line method. The period of depreciation and amortization for the main tangible fixed assets are as follows: Buildings: 8–50 years Machinery and equipment: 5–9 years

	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
	(Supplementary information) In accordance with the revision of the Corporation Tax Law, effective from the current fiscal year, the Company and its domestic consolidated subsidiaries have applied the following accounting for tangible fixed assets acquired on or before March 31, 2007. Accordingly, for the above assets that reached 5% of their acquisition cost under the previous method, the difference between 5% of the acquisition cost and the salvage values are depreciated using the straight-line method in the following five fiscal years, and the amounts are included in depreciation and amortization. The effect of this change on operating income, ordinary income and net income was insignificant compared to the amounts that would have been reported if the previous method had been applied consistently.	
	B. Intangible fixed assets The Company and its domestic consolidated subsidiaries compute amortization using the straight-line method. Amortization of software costs for internal use is computed using the straight-line method based on the useful life of five years.	B. Intangible fixed assets Same as previous fiscal year
(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 possibility of default based on the estimated amount of uncollectible receivables on an individual basis.	A. Allowance for doubtful accounts Same as previous fiscal year
	B. Accrued bonuses to employees To provide for the payment of bonuses to employees, the Company and its domestic subsidiaries make provisions for the amount of future payments incurred in the consolidated fiscal year.	B. Accrued bonuses to employees Same as previous fiscal year
	C. Accrued bonuses to officers To prepare for the payment of bonuses to officers in Combi and other subsidiaries in Japan, an estimated amount to be paid this fiscal year was included.	C. Accrued bonuses to officers Same as previous fiscal year
	D. Accrued retirement benefits for employees To provide for employees' retirement benefits, the Company records an amount that is recognized as arising at the end of the fiscal year based on the estimated retirement benefit obligations and value of pension assets at the end of the fiscal year. Unrecognized actuarial differences are amortized using the straight-line method over a period no longer than the average remaining service period for employees in service (ten years) at the time the liabilities are incurred. In this case, actuarial differences are amortized from the following fiscal year after this process has been applied.	D. Accrued retirement benefits for employees Same as previous fiscal year
	E. Accrued retirement benefits for officers To provide for the payment of retirement benefits to officers, the Company records an amount to adequately cover payments at the end of the fiscal year, in accordance with internal regulations.	E. Accrued retirement benefits for officers Same as previous fiscal year

	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
(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 period, with exchange gains and losses recognized in the consolidated statements of income. The assets and liabilities of overseas subsidiaries are converted into Japanese yen at the exchange rate prevailing at the end of the fiscal period of the overseas subsidiaries, while revenue and expense accounts are converted at the average exchange rate during the fiscal year. Translation adjustments were included with foreign currency translation adjustments and minority interests in calculating net assets.	
(5) Accounting methods of important lease transactions	The Company and its domestic consolidated subsidiaries account for finance leases, other than those in which ownership of the leased property is transferred to the lessee, in accordance with standards for ordinary operating leases.	———
(6) Hedge accounting	A. Hedge accounting In principle, the Company uses deferral hedge accounting. When currency swaps, foreign currency option contracts and forward exchange contracts fulfill certain requirements, their values for the accounting period are calculated as a proportion of the difference between the current and forward rates over the period of the contract. 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 no more than 90% of foreign currency transactions due for settlement within one year and no more than 70% of foreign currency transactions due over one year. The following are the hedging instruments and hedged items that are applied to hedge accounting in the fiscal year concerned: Hedging instruments: currency swaps, foreign currency option contracts and forward exchange contracts Hedged items: foreign currency transactions (including planned transactions) C. Method for measuring hedge effectiveness In principle, the Company evaluates the effectiveness of its hedging activities by comparing the ratio of accumulated gains or losses on the hedging instruments and/or movement of cash flow with the related hedged items and/or movement of cash flows from the commencement of the hedges. However, hedge effectiveness is omitted in the case of forward exchange contracts, etc., where accounting is applied.	A. Hedge accounting Same as previous fiscal year 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 no more than 90% of foreign currency transactions. The following are the hedging instruments and hedged items that are applied to hedge accounting in the fiscal year concerned: Hedging instruments: currency swaps, foreign currency option contracts and forward exchange contracts Hedged items: foreign currency transactions (including planned transactions) C. Method for measuring hedge effectiveness Same as previous fiscal year
(7) Other important items affecting the creation of financial statements	Accounting method for consumption tax and others The Company and its domestic consolidated subsidiaries account for consumption tax using the tax exclusion method.	Accounting method for consumption tax and others Same as previous fiscal year

	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
5. Matters concerning the evaluation of assets and liabilities of consolidated subsidiaries	Assets and liabilities of consolidated subsidiaries are wholly evaluated at the prevailing market prices.	Same as previous fiscal year
6. Items relating to the depreciation of goodwill and negative goodwill	There are no such items.	Same as previous fiscal year
7. Cash and cash equivalents in the consolidated statements of cash flows	Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits able to be withdrawn on demand, and short-term investments with an original maturity of three months or less which represent a minor risk of fluctuation in value.	Same as previous fiscal year

CHANGES IN ITEMS MATERIAL TO THE PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
———	(Accounting Standard for Lease Transactions) Previously, an accounting procedure based upon a method for lease transactions had been applied to finance lease transactions other than those involving transference of ownership. However, the "Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan Statement No. 13 (June 17, 1993 (First Subcommittee of the Business Accounting Council); revised March 30, 2007) and the "Guidance on Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan Guidance No. 16 (January 18, 1994 (Accounting Committee of the Japanese Institute of Certified Public Accountants), revised March 30, 2007)) have been applied from the current consolidated fiscal year, and finance lease transactions other than those involving transference of ownership have been accounted for based on a method for ordinary sales transactions. An accounting procedure based upon a method for ordinary lease transactions has continued to be applied to finance lease transactions other than those involving transference of ownership in which the commencement date of the lease transaction is prior to the initial year for commencement of applicability. There is no effect on profit and loss due to this application.
———	(Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements") The "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force No. 18; May 17, 2006) has been applied from the current consolidated fiscal year, and the necessary revisions have been made to consolidated accounting. This resulted in a decrease of ¥20,949,000 in net income for the term during the current consolidated fiscal year.

CHANGES IN PRESENTATION

FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
(Consolidated Statements of Income) Effective from the current fiscal year, Real estate leasing income, included in Other under Non-operating income in prior years, is reclassified and presented as a line item, since its amount exceeded 10/100 of the total Non-operating income. In the previous fiscal year, Real estate leasing income included in Other under Non-operating income was ¥4,683 thousand.	———

NOTES
(CONSOLIDATED FINANCIAL STATEMENTS)

FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
1. ———	**1. Breakdown of inventory assets:** (Thousands of yen) Merchandise and finished products ¥3,399,018 Raw materials and stored goods ¥1,098,192 Total ¥4,497,210
2. Assets pledged as security and the corresponding liabilities are as follows. (thousands of yen) Buildings and structures ¥257,717 Land ¥128,891 Total ¥386,608 The above assets are pledged as collateral (maximum: ¥400,000 thousand) for bank transactions.	**2. Assets pledged as security and the corresponding liabilities are as follows.** (Thousands of yen) Buildings and structures ¥230,593 Land ¥128,891 Total ¥359,484 The above assets are pledged as collateral (maximum: ¥400,000 thousand) for bank transactions.
3. Contingent Liability Liabilities have been guaranteed as described below. Employees (bank loans) ¥17,141,000	**3. Contingent Liability** Liabilities have been guaranteed as described below. Employees (bank loans) ¥18,197,000
4. Shares of stock of affiliated companies not applicable to the equity method total ¥25,602,000.	**4. Shares of stock of affiliated companies not applicable to the equity method total ¥20,562,000.**

(CONSOLIDATED STATEMENTS OF INCOME)

FY2008 (Apr. 1, 2007 - Mar. 31, 2008)		FY2009 (Apr. 1, 2008 - Mar. 31, 2009)	
1. Main selling, general and administrative expense items:		**1. Main selling, general and administrative expense items:**	
	(Thousands of yen)		(Thousands of yen)
Freight-out	¥930,241	Freight-out	¥934,205
Advertising and promotion	¥2,138,012	Advertising and promotion	¥2,104,763
Bonuses and allowances	¥2,708,580	Bonuses and allowances	¥2,817,351
Retirement benefit expenses	¥162,243	Retirement benefit expenses	¥185,592
Provision for bonuses to employees	¥295,377	Provision for bonuses to employees	¥289,654
Provision for bonus to officers	¥22,000	Provision for bonuses to officers	¥23,000
Provision for retirement benefits for officers	¥27,050	Provision for retirement benefits for officers	¥24,270
Provision for allowance for doubtful accounts	¥13,428	Provision for allowance for doubtful accounts	¥217,341
Depreciation and amortization	¥403,708	Depreciation and amortization	¥422,834
2. R&D expenses to be included in general and administrative expenses and manufacturing costs incurred in the year		**2 R&D expenses to be included in general and administrative expenses and manufacturing costs incurred in the year**	
	¥939,737 thousand		¥913,717 thousand
3. Breakdown of profit on the sale of fixed assets		**3. Breakdown of profit on the sale of fixed assets**	
Machinery, equipment and transportation equipment	¥1,609	Machinery, equipment and transportation equipment	¥486
Molds	¥3,882	Others	¥65
Others	¥659	Total	¥552
Total	¥6,152		
4. Breakdown of loss on the sale of fixed assets:		**4. Breakdown of loss on the sale of fixed assets:**	
Others	¥538	Others	¥741
5. Breakdown of fixed asset disposal loss:		**5. Breakdown of fixed asset disposal loss:**	
Building and structures	¥7,615	Building and structures	¥4,246
Machinery, equipment and transportation equipment	¥22,351	Machinery, equipment and transportation equipment	¥2,769
Molds	¥1,865	Molds	¥15,226
Others	¥18,694	Others	¥15,199
Total	¥50,527	Intangible assets	¥1,026
		Total	¥38,468

<table>
<tr><th>FY2008
(Apr. 1, 2007 - Mar. 31, 2008)</th><th>FY2009
(Apr. 1, 2008 - Mar. 31, 2009)</th></tr>
<tr><td>
6. Impairment loss
During the fiscal year ended March 31, 2008, the following groups of assets of the Group have been charged with impairment losses
<table>
<tr><th>Location</th><th>Application</th><th>Category</th></tr>
<tr><td>Ayase Nursery</td><td>Nursery facilities</td><td>Buildings and tools, furniture and fixtures</td></tr>
</table>
When grouping assets, Combi mainly categorizes its assets based on minimum cash flow units by management accounting classifications. The assets are then grouped according to those units.
However, because each of the childcare business facilities are already independent minimum cash flow units, they are grouped by individual facility.
At the Ayase Nursery, business structure problems are expected to produce business losses in the future. Therefore, the book values of the asset groups that these facilities use have been reduced to potential recovery values. The reduction (¥35,579 thousand) was booked as an impairment loss under extraordinary losses. Of that amount, ¥33,763 thousand was for buildings and ¥1,816 thousand was for tools, furniture and fixtures.
Potential recovery values for asset groups are usually calculated using utility value. However, when cash flows are expected to be minus in the future, potential recovery value is evaluated as zero.

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</td><td>
6. Impairment loss
During the fiscal year ended March 31, 2009, the following groups of assets of the Group have been charged with impairment losses
<table>
<tr><th>Location</th><th>Application</th><th>Category</th></tr>
<tr><td>Toy related business</td><td>Manufacturing factory</td><td>Machinery, molds and tools</td></tr>
<tr><td>Todoroki Nursery</td><td>Nursery facilities</td><td>Buildings and tools, furniture and fixtures</td></tr>
</table>
When grouping assets, Combi mainly categorizes its assets based on minimum cash flow units by management accounting classifications. The assets are then grouped according to those units.
However, because each of the childcare business facilities are already independent minimum cash flow units, they are grouped by individual facility.
At the toy related business, it is expected to produce business losses continuously. Therefore, the book values of the asset groups that these facilities use have been reduced to potential recovery values. The reduction (¥24,211 thousand) was booked as an impairment loss under extraordinary losses. Of that amount, ¥235 thousand was for machinery and ¥23,575 thousand was for molds, ¥400 thousand for tools.
At the Todoroki Nursery, business structure problems are expected to produce business losses in the future. Therefore, the book values of the asset groups that these facilities use have been reduced to potential recovery values. The reduction (¥26,494 thousand) was booked as an impairment loss under extraordinary losses. Of that amount, ¥25,363 thousand was for buildings and ¥1,130 thousand was for tools, furniture and fixtures.
Potential recovery values for asset groups are usually calculated using utility value. However, when cash flows are expected to be minus in the future, potential recovery value is evaluated as zero.
7. Estimated corporate and other taxes for previous fiscal years
Taxation risks in overseas operations are the results of analyses and estimates performed.
</td></tr>
</table>

NOTES TO CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Previous Fiscal Year (April 1, 2007 to March 31, 2008)

1. Outstanding shares by type and volume and treasury stock by type and volume (Thousands of Shares)

	Shares in previous fiscal year (thousand shares)	Increase in current fiscal year (thousand shares)	Decrease in current fiscal year (thousand shares)	Shares in current fiscal year (thousand shares)
Outstanding shares Common shares	17,959	—	—	17,959
Total	17,959	—	—	17,959
Treasury stock Common shares (note)	342	0	—	343
Total	342	0	—	343

Note: The addition in common treasury stocks were purchased by fraction of shares.

2. Dividends

(1) Dividends paid

Decision	Share type	Total dividends (thousand yen)	Dividend per share	Base date	Effective date
May 28, 2007, by Board of Directors Meeting	Common shares	299,476	Ordinary 12.00 Commemorative 5.00	March 31, 2007	June 13, 2007
November 1, 2007, by Board of Directors Meeting	Common shares	176,160	10.00	September 30, 2007	December 10, 2007

(2) Dividends whose base date is in the current fiscal year but whose effective date is in the next fiscal year

Decision	Share type	Total dividends (thousand yen)	Source of dividend	Dividend per share	Base date	Effective date
May 12, 2008, by Board of Directors Meeting	Common shares	211,392	Retained earnings	12.0	March 31, 2008	June 11, 2008

Current Fiscal Year (April 1, 2008 to March 31, 2009)

1. Outstanding shares by type and volume and treasury stock by type and volume (Thousands of Shares)

	Shares in previous fiscal year	Increase in current fiscal year	Decrease in current fiscal year	Shares in current fiscal year
Outstanding shares Common shares	17,959	—	—	17,959
Total	17,959	—	—	17,959
Treasury stock Common shares (note)	343	1,178	—	1,521
Total	343	1,178	—	1,521

Note: The additional 1,178 thousand common treasury stocks were purchased pursuant to a decision of the Board of Directors Meeting.

2. Dividends

(1) Dividends paid

Decision	Share type	Total dividends (thousand yen)	Dividend per share	Base date	Effective date
May 12, 2008, by Board of Directors Meeting	Common shares	211,392	12.00	March 31, 2008	June 11, 2008
November 14, 2008, by Board of Directors Meeting	Common shares	176,159	10.00	September 30, 2008	December 15, 2008

(2) Dividends whose base date is in the current fiscal year but whose effective date is in the next fiscal year

Decision	Share type	Total dividends (thousand yen)	Source of dividend	Dividend per share	Base date	Effective date
May 12, 2009, by Board of Directors Meeting	Common shares	164,372	Retained earnings	10.00	March 31, 2009	June 10, 2009

(CONSOLIDATED STATEMENTS OF CASH FLOWS)

<table>
<tr><th>FY2008
(Apr. 1, 2007 - Mar. 31, 2008)</th><th>FY2009
(Apr. 1, 2008 - Mar. 31, 2009)</th></tr>
<tr><td>1. Notes to consolidated statements of cash flows
Reconciliation of cash and cash equivalents at end of year with cash items on balance

(Thousands of yen)
Cash and deposits ¥7,763,986
Securities ¥1,019,118
Total ¥8,783,105

Time deposits exceeding three months (2,723,505)
Stock investment funds and bonds with redemption periods exceeding three months (110,218)</td><td>1. Notes to consolidated statements of cash flows
Reconciliation of cash and cash equivalents at end of year with cash items on balance sheet

(Thousands of yen)
Cash and deposits ¥6,369,459
Securities ¥1,911,831
Total ¥8,281,291

Time deposits exceeding three months (3,056,508)
Stock investment funds and bonds with redemption periods exceeding three months (999,889)</td></tr>
<tr><td>Cash and cash equivalents at end of year ¥5,949,381</td><td>Cash and cash equivalents at end of year ¥4,224,893</td></tr>
</table>

(LEASE TRANSACTIONS)

FY2008 (Apr. 1, 2007 - Mar. 31, 2008)

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

1) Acquisition cost, accumulated depreciation, accumulated loss on impairment, and fiscal year ending balance

(Thousands of yen)

	Acquisition Cost	Accumulated depreciation	Fiscal year ending balance
Molds	221,487	119,171	102,316
Other tangible fixed assets	14,214	11,887	2,326
Intangible fixed assets	75,940	56,590	19,349
Total	311,642	187,649	123,992

2) Fiscal year ending balance of prepaid lease payments

Fiscal year ending balance of prepaid lease payments

(Thousands of yen)

Due within one year	¥ 91,794
Due after one year	31,119
Total	¥122,914

3) Lease payments, reversal on impairment loss on leased assets,
depreciation cost, interest paid and impairment loss

Lease payments	¥118,296 thousand
Depreciation cost	119,459 thousand
Interest paid	3,317 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 value

The interest value was 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 fiscal year.

(Regarding impairment loss)
There was no impairment loss apportioned to leased assets.

2. Operating leases (Thousands of yen)

Prepaid lease payments

Due within one year	¥114,066
Due after one year	233,514
Total	¥347,581

FY2009 (Apr. 1, 2008 - Mar. 31, 2009)

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

Finance lease agreements other than those in which ownership of the leased item can be transferred to the lessee which started before March 31, 2008, they follow accounting methods according to the normal lease agreement as follows.

1) Acquisition cost, accumulated depreciation, accumulated loss on impairment, and fiscal year ending balance

(Thousands of yen)

	Acquisition Cost	Accumulated depreciation	Fiscal year ending balance
Molds	144,352	115,700	28,652
Other tangible fixed assets	—	—	—
Intangible fixed assets	57,040	52,184	4,856
Total	201,393	167,885	33,508

2) Fiscal year ending balance of prepaid lease payments

Fiscal year ending balance of prepaid lease payments

(Thousands of yen)

Due within one year	¥32,361
Due after one year	¥1,923
Total	¥34,284

3) Lease payments, reversal on impairment loss on leased assets,
depreciation cost, interest paid and impairment loss

Lease payments	¥92,848 thousand
Depreciation cost	¥89,744 thousand
Interest paid	¥1,849 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 value

The interest value was 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 fiscal year.

(Regarding impairment loss)
There was no impairment loss apportioned to leased assets.

2. Operating leases (Thousands of yen)

Prepaid lease payments

Due within one year	¥103,764
Due after one year	161,969
Total	¥265,734

SECURITIES

1. Held-to-maturity securities with market value (Thousands of yen)

	Type	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)			FY2009 (Apr. 1, 2008 - Mar. 31, 2009)		
		Book value per consolidated balance sheet	Market value	Difference	Book value per consolidated balance sheet	Market value	Difference
Market value exceeds Book value per consolidated balance sheet	(1)Government bonds	129,852	131,925	2,073	450,517	454,429	3,192
	(2) Corporate bonds	100,000	100,320	320	100,000	100,145	145
	Subtotal	229,852	232,245	2,393	550,517	554,574	4,057
Market value is less than Book value per consolidated balance sheet	(1)Government bonds	50,206	50,070	(136)	—	—	—
	(2) Corporate bonds	60,464	59,802	(662)	929,580	888,000	(41,579)
	Subtotal	110,671	109,872	(799)	929,580	888,000	(41,579)
Total		340,523	342,117	1,594	1,480,097	1,442,575	(37,522)

2. Other securities with market quotations

	Type	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)			FY2009 (Apr. 1, 2008 - Mar. 31, 2009)		
		Book value per consolidated balance sheet	Market value	Difference	Book value per consolidated balance sheet	Market value	Difference
Book value per consolidated balance sheet exceeds acquisition cost	(1) Equity securities	17,129	53,109	35,979	17,129	33,935	16,805
	(2) Bonds						
	1) Government, local	—	—	—	—	—	—
	2) Corporate	—	—	—	—	—	—
	3) Other	960,217	961,337	1,120	—	—	—
	Subtotal	977,346	1,014,446	37,099	17,129	33,935	16,805
Market value is less than Book value per consolidated balance sheet	(1)Equity securities	52,984	44,431	(8,553)	22,881	22,881	—
	(2) Bonds						
	1) Government, local	—	—	—	—	—	—
	2) Corporate	—	—	—	—	—	—
	3) Other	—	—	—	—	—	—
	Subtotal	52,984	44,431	(8,553)	22,881	22,881	—
Total		1,030,331	1,058,877	28,546	40,010	56,816	16,805

3. Other securities sold during the prior and current year

(Thousands of yen)

FY2008 (Apr. 1, 2007 - Mar. 31, 2008)			FY2009 (Apr. 1, 2008 - Mar. 31, 2009)		
Amount	Related gains	Related loss	Amount	Related gains	Related loss
657,453	5,210	—	964,363	4,145	—

4. Other securities without market quotations

(Thousands of yen)

	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
	Carrying amount consolidated balance sheet	Carrying amount consolidated balance sheet
1. Other securities		
(1) Unlisted equity securities	798,780	793,740
(2) Money management fund	908,900	911,942

5. Future redemption values of other securities with maturities or held-to-maturity bonds

(Thousands of yen)

		FY2008 (Apr. 1, 2007 - Mar. 31, 2008)				FY2009 (Apr. 1, 2008 - Mar. 31, 2009)			
		Within one year	Over one year to five years	Over five years to ten years	Over ten years	Within one year	Over one year to five years	Over five years to ten years	Over ten years
Bonds	1. Bonds								
	(1) Government	80,205	99,852	—	—	300,000	150,000	—	—
	(2) Corporate	30,012	130,452	—	—	700,000	330,000	—	—
Total		110,218	230,305	—	—	1,000,000	480,000	—	—

(DERIVATIVE TRANSACTIONS)

1. Derivative trading information

FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
(1) Transaction types Derivative trades include currency swaps, currency options, and foreign exchange contracts.	**(1) Transaction types** Same as previous fiscal year
(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 trades.	**(2) Derivatives trading policy** Same as previous fiscal year
	(3) Derivative trading objectives The purpose of derivatives trading is to avoid the risk of changes in the exchange rate, 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** Deferred method is used for hedge accounting. In addition, for currency swaps, currency options, and foreign exchange contracts, the allocation method is used when the conditions for the allocation method are met. **Hedge methods, hedge targets, hedge policy** Hedge methods: Currency swap, currency option, foreign exchange contracts Hedge targets: Foreign currency based transactions (including scheduled transactions) Hedge policy: The policy for protecting against the risk of changes in the exchange rate on foreign currency denominated transactions (including scheduled transactions), in principle, is to hedge 90% of transactions that will settle within one year. **Method for evaluating hedge effectiveness** In principle, a hedge is evaluated using the ratio of the total market fluctuations or cash flow of the hedge target with the market fluctuations or cash flow of the hedge method. However, foreign exchange contracts that use the allocation method are not subject to evaluation.
(4) Transaction risks Currency swap transactions, 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 fiscal year

FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
(5) Risk management system The execution and management of derivative transactions is performed in accordance with the Company’s Market Risk Management Regulations, which defines transaction authority and value limits, and with the approval of the top decision maker in the division in charge of the finances.	**(5) Risk management system** Same as previous fiscal year
(6) Transactions regarding market values This section is omitted because the hedge accounting method is used for all derivatives trading done by the Company.	**(6) Transactions regarding market values** Same as previous fiscal year

(RETIREMENT BENEFITS)

1. Overview of retirement benefits established

The Company and its domestic consolidated subsidiaries have established comprehensive pension programs: the Employees' Pension Fund Program and the Approved Retirement Annuity System as defined-benefit plan. The Company may provide for premium severance pay as employees' retirement benefits. Please note that the Company has no retirement benefits plan for overseas consolidated subsidiaries.

The following items concern the multiple business owner system where required contributions are treated as retirement benefit expenses:

(1) Matters concerning the overall funding of the employees' retirement benefit program

	(As of March 31, 2007)	(As of March 31, 2008)
Pension assets	¥461,860,591 thousand	¥415,832,946 thousand
Actuarial pension liabilities	¥469,729,620 thousand	¥497,473,070 thousand
Difference	¥ (7,869,028) thousand	¥ (81,640,123) thousand

(2) Contribution of the Group as a percentage of the total for the employees' retirement benefit program

0.7% (April 1, 2006 to March 31, 2007)

0.7% (April 1, 2007 to March 31, 2008)

(3) Supplementary information

The above are actual figures based on the most recent Pension Fund Financial Statements available to management.

(March 31, 2007)

Significant factors causing the difference in (1) are the balance of past service liabilities (¥60,021,274 thousand), under-funding in the current fiscal year (¥3,759,721 thousand) and the voluntary reserve (¥55,911,966 thousand). Past service liabilities under this program are amortized using the straight-line method and the residual period is 11 years and ten months. The contribution ratio in (2) is not equal to the actual contribution ratio of the Group.

(March 31, 2008)

Significant factors causing the difference in (1) are the balance of past service liabilities (¥57,689,356 thousand), under-funding in the current fiscal year (¥76,103,012 thousand) and the voluntary reserve (¥52,152,245 thousand). Past service liabilities under this program are amortized using the straight-line method and the residual period is 10years and ten months. The contribution ratio in (2) is not equal to the actual contribution ratio of the Group.

Note that the ratio shown on (2) does not match the actual ratio of the group's payment.

2. Employees' retirement benefit obligations (Thousands of yen)

	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
A. Employees' retirement benefit obligations	(1,115,039)	(1,109,718)
B. Pension assets	1,026,052	841,240
C. Unreserved employees' retirement benefit obligations (A + B)	(88,987)	(268,478)
D. Unrecognized difference realized from actuarial calculation	122,470	278,282
E. Unrecognized past employment obligations	—	—
F. Net amount recorded in consolidated balance sheets (C + D + E)	33,483	9,804
G. Prepaid pension cost	33,483	9,804
H. Accrued employees' retirement benefits (F – G)	—	—

3. Employees' retirement benefit costs (Thousands of yen)

	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
A. Employment cost	73,913	73,189
B. Interest cost	23,052	22,300
C. Expected investment yield	(30,229)	(25,651)
D. Appropriation of actuarial difference as expense	16,073	31,126
E. Appropriation of past employment liabilities as expense	—	—
F. Employees’ retirement benefit cost (A + B + C + D + E)	82,809	100,965

Note: Besides the above employees’ benefit cost, the following amounts have been appropriated as employees’ retirement benefit costs: Employer’s contribution against employees’ pension fund of ¥114,501 thousand for the previous fiscal year, and ¥114,432 thousand for the current fiscal year, with premium severance pay of ¥1,500 thousand for the previous and current fiscal year, respectively.

4. Basis of calculating employees’ retirement benefit obligations

	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
A. Allocation of expected employees’ retirement benefits	Flat-rate standard during the years	Same as on the left
B. Discount rate	2.0%	2.0%
C. Expected rate of return from investment	2.5%	2.5%
D. Appropriation years for past employment liabilities	———	———
E. Appropriation years for actuarial difference	10 years (The amount allocated based on the straight-line method for a certain fiscal year within the average remaining employment period for employees at the start of each fiscal year has been appropriated as an expense in the following fiscal year.)	Same as on the left

(STOCK OPTION)

No notes

(TAX EFFECT ACCOUNTING) (Thousands of yen)

FY2008 (Apr. 1, 2007 - Mar. 31, 2008)		FY2009 (Apr. 1, 2008 - Mar. 31, 2009)	
1. Breakdown of principal causes of deferred tax assets and deferred tax liabilities		**1. Breakdown of principal causes of deferred tax assets and deferred tax liabilities**	
Deferred tax assets		Deferred tax assets	
Repudiation of provision to accrued retirement benefits for officers	108,340	Repudiation of provision to accrued retirement benefits for officers	114,101
Non-deductible allowance for doubtful accounts	15,757	Non-deductible allowance for doubtful accounts	60,429
Non-deductible accrued bonuses to employees	142,615	Non-deductible accrued bonuses to employees	136,006
Net loss carried forward	516,935	Net loss carried forward	406,458
Repudiation of loss on revaluation of inventories	21,805	Repudiation of loss on revaluation of inventories	16,606
Impairment loss	25,782	Impairment loss	44,621
Unpaid expenses	67,432	Unpaid expenses	33,871
Deferred hedging gains and losses	76,650	Deferred hedging gains and losses	9,464
Other deferred tax assets	122,737	Accrued enterprise taxes	71,255
Subtotal	1,098,057	Other deferred tax assets	122,737
Valuation reserve	(692,707)	Subtotal	1,017,649
Total deferred tax assets	405,350	Valuation reserve	(562,248)
Deferred tax liabilities		Total deferred tax assets	455,400
Reserve fund for fixed asset reduction	(171,237)	Deferred tax liabilities	
Unrealized loss on marketable securities	(14,988)	Reserve fund for fixed asset reduction	(167,731)
Other deferred tax liabilities	(15,581)	Unrealized loss on marketable securities	(6,789)
Total deferred tax liabilities	(201,807)	Other deferred tax liabilities	(7,561)
Net deferred tax assets	203,542	Total deferred tax liabilities	(182,082)
		Net deferred tax assets	273,317
2. Breakdown of principal causes for the difference between legal effective tax rate and income taxes after tax effect accounting is applied		2. Breakdown of principal causes for the difference between legal effective tax rate and income taxes after tax effect accounting is applied	
Legal effective tax rate (adjustments)	40.4%	Legal effective tax rate (adjustments)	40.4%
Nondeductible items such as entertainment expenses	0.6%	Nondeductible items such as entertainment expenses	0.2%
Residential tax on per capita basis	1.2%	Residential tax on per capita basis	0.9%
Tax deduction	(1.7)%	Tax deduction	(3.0)%
Increase/decrease of valuation reserve	(5.0)%	Difference in applicable tax rate among overseas subsidiaries	(11.6)%
Difference in applicable tax rate among overseas subsidiaries	(11.4)%	Estimated corporate and other taxes for previous fiscal years	27.9%
Non-application of tax effect accounting to net income (loss) of subsidiaries	(2.1)%	Others	2.2%
Others	1.5%		
Income taxes rate after tax effect accounting is applied	23.5%	Income taxes rate after tax effect accounting is applied	57.0%

(SEGMENT INFORMATION)

1. Segment information by industry segment
Segment information by industry segment for previous fiscal year (April 1, 2007 to March 31, 2008)

(Thousands of yen)

Period	Baby care Products and toys	Healthcare Products	Total	Elimination And corporate	Consolidated
I. Net sales and operating income (loss)					
Net sales					
(1) Sales to external customers	26,012,153	1,028,670	27,040,823	—	27,040,823
(2) Intersegment sales/transfers	—	—	—	—	—
Total	26,012,153	1,028,670	27,040,823	—	27,040,823
Operating expenses	22,560,226	941,785	23,502,011	1,562,680	25,064,691
Operating income	3,451,926	86,885	3,538,811	(1,562,680)	1,976,131
II. Total assets, depreciation and amortization and capital expenditure					
Total assets	18,181,401	234,395	18,415,796	8,318,893	26,734,690
Depreciation and amortization	602,592	19,276	621,869	104,895	726,764
Impairment loss	36,114	—	36,114	—	36,114
Capital expenditure	456,947	6,308	463,255	202,213	665,468

Notes: 1. Method for classifying business segments and main products in each segment:
Business segments are classified according to the main products handled.

2. Main products and business in each business segment

Business Segment	Main Products and Businesses
Baby Care Products and Toys	Baby care products, strollers, child car seats, nursing products, baby toys, childcare products, child wear, management of nursery schools, etc.
Health Care Products	Fitness machines, nursing care products, functional food products, etc.

3. Unallocatable expenses included in Elimination and Corporate under Operating expenses for the previous consolidated fiscal years was ¥1,562,680 thousand, and mainly comprise expenses incurred in the Company’s general affairs and personnel, finance, management planning and other management departments.
4. Corporate assets included in Elimination and Corporate under Total assets for the previous consolidated fiscal years was ¥8,325,300 thousand, and mainly comprise the parent company’s investment in surplus funds (cash on hand and in bank and securities), long-term investment funds(investment in securities) and assets of other management divisions.
5. Depreciation and amortization and Capital expenditure include long-term prepaid expenses and associated depreciation and amortization.

Segment information by industry segment for current fiscal year (April 1, 2008 to March 31, 2009)

(Thousands of yen)

Period	Baby care Products and toys	Healthcare Products	Total	Elimination And corporate	Consolidated
I. Net sales and operating income (loss)					
Net sales					
(1) Sales to external customers	26,369,839	433,937	26,803,777	—	26,803,777
(2) Intersegment sales/transfers	—	—	—	—	—
Total	26,369,839	433,937	26,803,777	—	26,803,777
Operating expenses	22,585,188	431,640	23,016,829	1,918,455	24,935,284
Operating income	3,784,651	2,296	3,786,948	(1,918,455)	1,868,492
II. Total assets, depreciation and amortization and capital expenditure					
Total assets	17,955,914	210,324	18,166,238	7,365,270	25,531,508
Depreciation and amortization	605,074	5,313	610,388	111,070	721,458
Impairment loss	50,705	—	50,705	—	50,705
Capital expenditure	403,826	11,970	415,796	79,294	495,091

Notes: 1. Method for classifying business segments and main products in each segment:
Business segments are classified according to the main products handled.

2. Main products and business in each business segment

Business Segment	Main Products and Businesses
Baby Care Products and Toys	Baby care products, strollers, child car seats, nursing products, baby toys, childcare products, child wear, management of nursery schools, etc.
Health Care Products	Functional food products, etc.

As a result of the cessation of production of fitness machines and nursing care products, which were the main products for the Health Care Product business, in the previous consolidated fiscal year, there are no longer any core products in that industry segment from the current consolidated fiscal year.

3. As detailed in the "Changes to Important Matters Forming the Basis for Preparation of Consolidated Financial Statements," the "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan Statement No. 9; July 5, 2006) has been applied from the current consolidated fiscal year. This has had a slight impact on segment information.

4. Unallocatable expenses included in Elimination and Corporate under Operating expenses for the current consolidated fiscal years was ¥1,918,455 thousand, and mainly comprise expenses incurred in the Company’s general affairs and personnel, finance, management planning and other management departments.

5. Corporate assets included in Elimination and Corporate under Total assets for the current consolidated fiscal years was ¥7,371,499 thousand, and mainly comprise the parent company’s investment in surplus funds (cash on hand and in bank and securities), long-term investment funds(investment in securities) and assets of other management divisions.

6. Depreciation and amortization and Capital expenditure include long-term prepaid expenses and associated depreciation and amortization.

2. Segment information by geographical area

Segment information by geographical area for the previous fiscal year (April 1, 2007 to March 31, 2008)

(Thousand of yen)

	Japan	Asia	North America	Total	Elimination and/or Corporate	Consolidated
I. Net sales and operating income (loss) Net sales (1) Sales to external customers	22,544,312	2,519,641	1,976,869	27,040,823	—	27,040,823
(2) Intersegment sales/transfers	101,697	5,022,920	—	5,124,617	(5,124,617)	—
Total	22,646,009	7,542,561	1,976,869	32,165,441	(5,124,617)	27,040,823
Operating expenses	20,088,938	6,734,539	1,874,973	28,698,452	(3,633,760)	25,064,691
Operating income	2,557,070	808,022	101,896	3,466,988	(1,490,857)	1,976,131
II. Total assets	12,806,229	6,882,476	916,037	20,604,743	6,129,946	26,734,690

Notes: 1. Regions are classified according to geographical proximity.

2. The countries encompassed by geographic segments other than Japan are as follows:
Asia: China, Taiwan and Korea North America: USA

3. Unallocatable expenses included in Elimination and/or Corporate under Operating expenses for the previous consolidated fiscal years was ¥1,562,680 thousand, and mainly comprise expenses incurred in the Company’s Personnel & Administrations, Accounting & Financing, Corporate Planning and other management divisions.

4. Corporate assets included as Elimination and/or Corporate for the previous consolidated fiscal years was ¥8,325,300 thousand, respectively, and mainly comprise the Company’s investment in surplus funds (cash on hand and in bank and securities), long-term investment funds (investments in securities) and assets of other management divisions.

Segment information by geographical area for the current fiscal year (April 1, 2008 to March 31, 2009)

(Thousand of yen)

	Japan	Asia	North America	Total	Elimination and/or Corporate	Consolidated
I. Net sales and operating income (loss) Net sales (1) Sales to external customers	21,915,239	3,021,042	1,867,495	26,803,777	—	26,803,777
(2) Intersegment sales/transfers	115,378	5,867,387	—	5,982,766	(5,982,766)	—
Total	22,030,617	8,888,429	1,867,495	32,786,543	(5,982,766)	26,803,777
Operating expenses	19,273,170	7,820,533	1,854,562	28,948,266	(4,012,981)	24,935,284
Operating income	2,757,447	1,067,896	12,933	3,838,277	(1,969,784)	1,868,492
II. Total assets	12,756,817	6,804,193	816,000	20,377,011	5,154,497	25,531,508

Note: 1. Regions are classified according to geographical proximity.

2. The countries encompassed by geographic segments other than Japan are as follows:
Asia: China, Taiwan and Korea North America: USA

3. As detailed in the "Changes to Important Matters Forming the Basis for Preparation of Consolidated Financial Statements," the "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan Statement No. 9; July 5, 2006) has been applied from the current consolidated fiscal year. This has had a slight impact on segment information.

4. Unallocatable expenses included in Elimination and/or Corporate under Operating expenses for the previous and current consolidated fiscal years was ¥1,918,455 thousand, and mainly comprise expenses incurred in the Company's Personnel & Administrations, Accounting & Financing, Corporate Planning and other management divisions.
5. Corporate assets included as Elimination and/or Corporate for the current fiscal years was ¥7,371,499 thousand, respectively, and mainly comprise the Company's investment in surplus funds (cash on hand and in bank and securities), long-term investment funds (investments in securities) and assets of other management divisions.

3. Overseas sales (export sales and sales by overseas subsidiaries)
Previous Fiscal Year (April 1, 2007 to March 31, 2008)

(Thousand of yen)

	Asia	North America	Other Regions	Total
I. Overseas net sales	2,551,661	1,987,618	66,764	4,606,044
II. Consolidated net sales				27,040,823
III. Proportion of overseas sales in consolidated net sales	9.4%	7.4%	0.2%	17.0%

Notes: 1. Regions are determined by geographical proximity.
2. Breakdown of countries in regions is as follows:
Asia: China, Taiwan and Korea North America: USA
3. Overseas sales comprise sales of the parent company and subsidiaries outside Japan.

3. Overseas sales (export sales and sales by overseas subsidiaries)
Current Fiscal Year (April 1, 2008 to March 31, 2009)

(Thousand of yen)

	Asia	North America	Other Regions	Total
I. Overseas net sales	3,024,358	1,873,120	55,876	4,953,365
II. Consolidated net sales				26,803,777
III. Proportion of overseas sales in consolidated net sales	11.3%	7.0%	0.2%	18.5%

Notes: 1. Regions are determined by geographical proximity.
2. Breakdown of countries in regions is as follows:
Asia: China, Taiwan and Korea North America: USA
3. Overseas sales comprise sales of the parent company and subsidiaries outside Japan.

(TRANSACTIONS WITH HUB COMPANIES)

Previous Fiscal Year (April 1, 2007 to March 31, 2008)

(1) The parent company and principal corporate shareholders are as follows:

Class.	Name of company	Address	Common stock or investments	Business segment or business domains	Percent. of shareholder voting rights (shares owned)	Relations		Detail of transactions	Transaction amount	Account items	Balance at the end of year
						Interlocking officers	Business relations				
Principal corporate shareholders	PIP-TOKYO Co., Ltd.	Chiyoda-ku, Tokyo	1,563,200 Thousand	Manufacture and marketing of medical hygiene products, medical appliances, household goods, baby care products, etc.	Direct ownership: 13.92%	—	Marketing of the Company's baby care products, toys	Marketing of products and goods	1,485,244 Thousand	Accounts receivable	315,078 Thousand

Notes: 1. Consumption taxes are not included in the transaction amount but are included in the balance at the end of year.

2. Transaction terms and the policy for determining transaction terms
Prices and other transaction terms are determined similarly to ordinary transactions in terms of negotiations on price.

Current Fiscal Year (April 1, 2008 to March 31, 2009)

(Additional Information)

The "Accounting Standard for Related Party Disclosures" (Accounting Standards Board of Japan Statement No. 11; October 17, 2006) and the Guidance on Accounting Standard for Related Party Disclosures (Accounting Standards Board of Japan Guidance No. 13; October 17, 2006) have been applied from the current consolidated fiscal year.
This application has not resulted in any change in the scope of disclosure.

1. Transactions with Hub companies

(1) Transactions with between hub companies and companies preparing consolidated financial statements

(A) Major shareholders (limited to companies and other such entities), parent company, and similar entities of companies preparing consolidated financial statements

Class.	Name of company	Address	Common stock or investments	Business segment or business domains	Percent. of shareholder voting rights (shares owned)	Business relations	Detail of transactions	Transaction amount	Account items	Balance at the end of year
Principal corporate shareholders	PIP-TOKYO Co., Ltd.	Chiyoda-ku, Tokyo	1,563,200 Thousand	Manufacture and marketing of medical hygiene products, medical appliances, household goods, baby care products, etc.	Direct ownership: 13.42%	Marketing of the Company's baby care products, toys	Marketing of products and goods	1,661,992 Thousand	Accounts receivable	319,251 Thousand

Notes: 1. Consumption taxes are not included in the transaction amount but are included in the balance at the end of year.
2. Transaction terms and the policy for determining transaction terms
Prices and other transaction terms are determined similarly to ordinary transactions in terms of negotiations on price.

(2) Transactions with between consolidated subsidiaries, hub companies and companies preparing consolidated financial statements

(A) Major shareholders (limited to companies and other such entities), parent company, and similar entities of companies preparing consolidated financial statements

Class.	Name of company	Address	Common stock or investments	Business segment or business domains	Percent. of shareholder voting rights (shares owned)	Business relations	Detail of transactions	Transaction amount	Account items	Balance at the end of year
Principal corporate shareholders	PIP-TOKYO Co., Ltd.	Chiyoda-ku, Tokyo	1,563,200 Thousand	Manufacture and marketing of medical hygiene products, medical appliances, household goods, baby care products, etc.	-	Marketing of the Company's baby care products, toys	Marketing of products and goods	9,063 Thousand	Accounts receivable	692 Thousand

Notes: 1. Consumption taxes are not included in the transaction amount but are included in the balance at the end of year.
2. Transaction terms and the policy for determining transaction terms
Prices and other transaction terms are determined similarly to ordinary transactions in terms of negotiations on price.

(PER SHARE INFORMATION)

FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
Net asset value per share ¥1,000.87 Net income per share ¥79.43 Since there are no residual securities, the fully diluted net income per share value is not included.	Net asset value per share ¥992.35 Net income per share ¥41.30 Since there are no residual securities, the fully diluted net income per share value is not included.

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

(Thousands of yen)

	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
Net income	1,399,289	719,554
Amount not returned to ordinary shareholders	—	—
Net income for common shares	1,399,289	719,554
Average outstanding shares this fiscal year (shares)	17,616,124	17,424,730

(SUBSEQUENT EVENTS)

FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
―――	(Transactions under co-operative control) (1) Overview of transactions including the name of the joint party company or target business and description of the business, legal mode of the business combination, name of the combined business and purpose of the transaction At the Board of Directors' meeting held on December 12, 2008, the Company resolved to transfer the Company's child wear business division to the newly established Combi Next Corporation through a corporate divesture (formational-divisive reorganization), and implemented the corporate divesture on April 1, 2009. 1) Name of the joint party company or target business and description of the business Name of business: child wear business Description of business: development, production and sale of clothing, bedding and other products 2) Legal mode of business combination A formational-divisive reorganization in which the Company is divisively reorganized and the Company's child wear business division is transferred to the newly established Combi Next Corporation 3) Name of combined business Combi Next Corporation 4) Summary of transaction including purpose The Company commenced the manufacture of synthetic resin products in 1961. Later, it consistently developed numerous new products as a manufacturing company specializing in juvenile products, and has produced a wide-range of goods for the life environment of juveniles from "bedpans, baby baths, high chairs, and other items" to juvenile toys, which babies use, under the trademark "Combi" and the motto "Quality First." In 2000, a specialty store retail operating base in the child wear business was established based on the concept "desiring to create baby clothing for babies that often smile." However, in order to compete effectively against the intense competition and realize a strategy for growth, a system was needed which allowed prompt and timely business decisions to be made. To that end, making the company independent was considered optimal and a decision was made to spin off the child wear business. (2) Summary of implemented accounting procedures The transaction was processed as a transaction under co-operative control based on the "Accounting Procedure for Business Combinations" (Business Accounting Council; October 31, 2003) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Implementation Guidance No. 10; final revision on November 15, 2007).

Appendix

Non-Consolidated Financial Statements

(1) Balance Sheets

(Thousands of yen)

	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
Assets		
Current assets		
Cash and deposits	4,161,564	2,683,098
Notes receivable	369,491	71,781
Accounts receivable	3,909,519	3,642,421
Securities	1,019,118	1,911,831
Merchandise	753,062	1,199,900
Products	972,288	1,289,996
Raw materials	375,471	442,792
Supplies	802	2,680
Advances	20	110
Prepaid expenses	76,514	85,229
Deferred tax assets	277,021	264,937
Accounts due	132,337	196,997
Short-term loans to associated companies	200,000	100,000
Others	102,441	120,191
Allowance for doubtful accounts	(471)	(44,388)
Total current assets	12,349,183	11,967,580

	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
Fixed assets		
Tangible fixed assets		
Buildings	3,367,326	3,390,345
Depreciation and amortization	(2,070,325)	(2,146,068)
Buildings (Net)	1,297,001	1,244,276
Structures	286,984	286,984
Depreciation and amortization	(228,275)	(236,004)
Structures (Net)	58,708	50,979
Machinery and equipment	400,822	360,287
Depreciation and amortization	(348,809)	(322,203)
Machinery and equipment (Net)	52,012	38,084
Vehicles	41,859	40,459
Depreciation and amortization	(39,279)	(38,693)
Vehicles (Net)	2,580	1,766
Metal dies	209,874	177,589
Depreciation and amortization	(196,396)	(171,084)
Metal dies (Net)	13,478	6,505
Tools, furniture and fixtures	789,851	798,689
Depreciation and amortization	(529,728)	(572,465)
Tools, furniture and fixtures (Net)	260,123	226,224
Land	2,739,289	2,739,289
Construction in progress	13,828	4,853
Total tangible fixed assets	4,437,023	4,311,981
Intangible fixed assets		
Software	314,258	216,453
Others	9,891	9,668
Total intangible fixed assets	324,150	226,122
Investments and other assets		
Investments in securities	2,062,360	1,310,202
Stocks of affiliated companies	249,165	249,165
Investments in partnerships	620	610
Long-term loans receivable to affiliated companies	631,197	717,079
Reorganization claims	2,376	289,128
Long-term prepaid expenses	2,877	6,051
Guarantee paid	—	193,333
Others	260,739	134,021
Allowance for doubtful accounts	(247,956)	(414,934)
Total investments and other assets	2,961,381	2,484,657
Total fixed assets	7,722,555	7,022,761
Total assets	20,071,738	18,990,341

(Thousands of yen)

	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
Liabilities		
Current liabilities		
Notes payable	1,235,002	1,006,163
Accounts payable	850,211	841,755
Short-term bank loans	486,668	486,668
Current portion of straight bonds	—	1,000,000
Payment due	1,041,066	995,614
Accrued expenses	232,587	226,568
Accrued income taxes	170,000	798,164
Advance received	3,050	2,202
Deposits received	14,829	14,813
Accrued bonuses to employees	287,549	268,615
Accrued bonuses to officers	21,000	23,000
Other current liabilities	189,729	24,321
Total current liabilities	4,531,694	5,687,888
Long-term liabilities		
Bonds	2,000,000	1,000,000
Accrued retirement benefits for officers	268,170	282,430
Deposit received for guarantees	417,887	398,094
Deferred tax liabilities	95,831	37,542
Total long-term liabilities	2,781,889	1,718,067
Total liabilities	7,313,583	7,405,955
Net assets		
Shareholders’ equity		
Common stock	2,991,922	2,991,922
Capital surplus		
Capital reserve	2,783,731	2,783,731
Total capital surplus	2,783,731	2,783,731
Retained earnings		
Legal earned reserve	324,459	324,459
Other retained earnings		
Reserve for advanced depreciation of fixed assets	149,217	141,998
General reserve	810,000	810,000
Unappropriated retained earnings	6,040,461	5,613,191
Total retained earnings	7,324,138	6,889,649
Treasury stock	(245,572)	(1,076,971)
Total shareholders' equity	12,854,220	11,588,331
Valuation and translation		
Unrealized gain on marketable securities	17,013	10,016
Unrealized deferred gain (loss) on hedges	(113,078)	(13,961)
Total valuation and translation adjustments	(96,065)	(3,945)
Total net assets	12,758,154	11,584,386
Total liabilities and net assets	20,071,738	18,990,341

(2) Statements of Income

(Thousands of yen)

	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
Net sales	20,628,933	20,018,903
Cost of goods sold	11,132,678	10,510,609
Gross profit	9,496,254	9,508,294
Selling, general and administrative expenses	8,685,088	8,795,156
Operating income	811,166	713,138
Non-operating income		
Interest income	38,290	19,825
Interest on securities	7,804	16,574
Dividend income	40,044	44,556
Management service fee income	47,000	47,000
Commissions	36,073	29,054
Real estate leasing income	35,055	62,357
Foreign exchange gain	—	39,829
Other	7,086	6,924
Total non-operating income	211,355	266,121
Non-operating expenses		
Interest paid	18,761	16,241
Interest on corporate bonds	41,703	24,432
Sales discount	122,851	132,644
Provision for allowance of doubtful accounts	—	18,363
Foreign exchange loss	81,024	—
Other	15,449	9,440
Total non-operating expenses	279,160	201,123
Ordinary income	743,361	778,136
Extraordinary income		
Gain on sales of fixed asset	1,415	107
Reversal of reserves for bad debt allowance	27,456	—
Gain on sales of investment securities	5,210	4,145
Guarantee received	—	12,083
Expenses refunded on withdrawal from employees' pension fund	13,882	—
Payments received for voluntary product recall expenses	57,578	—
Total extraordinary income	105,544	16,336
Extraordinary losses		
Loss from disposal of fixed asset	45,909	22,844
Loss from sale of fixed assets	169	726
Retirement bonuses	—	24,211
Contributions concurrent with withdrawing from employees' pension fund	—	13,389
Loss from revaluation of investment securities	—	30,103
Total extraordinary losses	46,078	91,274
Income before income taxes	802,826	703,198
Income taxes	162,381	337,598
Estimates on prior year income taxes	—	521,185
Deferred income	173,618	(108,648)
Total income taxes	335,999	750,135
Net income (loss)	466,826	(46,936)

(3) Statements of Changes in Net Assets

(Thousands of yen)

	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
Shareholders' equity		
Common stock		
Balance at end of prior-year	2,991,922	2,991,922
Changes during the fiscal year		
Total change during the year	—	—
Balance at end of the year	2,991,922	2,991,922
Capital surplus		
Capital reserve		
Balance at end of prior-year	2,783,731	2,783,731
Changes during the fiscal year		
Total changes during the year	—	—
Balance at end of the year	2,783,731	2,783,731
Retained earnings		
Legal reserve	324,459	324,459
Changes during the year		
Total changes during the year	—	—
Balance at end of the year	324,459	324,459
Other retained earnings		
Reserve fund for fixed asset reduction		
Balance at end of prior-year	158,146	149,217
Changes during the fiscal year		
Liquidation of reserve fund for fixed asset reduction	(8,929)	(7,218)
Total changes during the year	(8,929)	(7,218)
Balance at end of the year	149,217	141,998
Special depreciation reserve		
Balance at end of prior-year	1,294	—
Changes during the fiscal year		
Liquidation of special depreciation reserve	(1,294)	—
Total changes during the year	(1,294)	—
Balance at end of the year	—	—
General reserve		
Balance at end of prior-year	810,000	810,000
Changes during the fiscal year		
Total changes during the year	—	—
Balance at end of the year	810,000	810,000

(Thousands of yen)

	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
Unappropriated retained earnings		
Balance at end of prior-year	6,039,048	6,040,461
Changes during the year		
Liquidation of special depreciation reserve	1,294	—
Liquidation of reserve fund for fixed asset reduction	8,929	7,218
Cash dividends paid	(475,636)	(387,552)
Net income (loss)	466,826	(46,936)
Total changes during the year	1,413	(427,270)
Balance at end of the year	6,040,461	5,613,191
Total capital surplus		
Balance at end of prior-year	7,332,948	7,324,138
Changes during the year		
Cash dividends paid	(475,636)	(387,552)
Net income (loss)	466,826	(46,936)
Total changes during the year	(8,809)	(434,489)
Balance at end of the year	7,324,138	6,889,649
Treasury stock		
Balance at end of prior-year	(245,434)	(245,572)
Changes during the year		
Acquisition of treasury stock	(138)	(831,399)
Total changes during the year	(138)	(831,399)
Balance at end of the year	(245,572)	(1,076,971)
Total shareholders' equity		
Total changes during the year	12,863,168	12,854,220
Balance at end of the year		
Cash dividends paid	(475,636)	(387,552)
Net income (loss)	466,826	(46,936)
Acquisition of treasury stock	(138)	(831,399)
Total changes during the year	(8,947)	(1,265,888)
Balance at end of the year	12,854,220	11,588,331

(Thousands of yen)

	FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
Valuation and translation adjustments		
Unrealized gain (loss) on marketable securities		
Balance at end of prior-year	58,065	17,013
Changes during the year		
Changes of items other than shareholders' equity during the year (Net)	(41,051)	(6,997)
Total changes during the year	(41,051)	(6,997)
Balance at end of the year	17,013	10,016
Unrealized deferred gain (loss) on hedges		
Balance at end of prior-year	130,552	(113,078)
Changes during the year		
Changes of items other than shareholders' equity during the year (Net)	(243,631)	99,117
Total changes during the year	(243,631)	99,117
Balance at end of the year	(113,078)	(13,961)
Total valuation and translation adjustment		
Balance at end of prior-year	188,617	(96,065)
Changes during the year		
Changes of items other than shareholders' equity during the year (Net)	(284,682)	92,119
Total changes during the year	(284,682)	92,119
Balance at end of the year	(96,065)	(3,945)
Total net assets		
Balance at end of prior-year	13,051,785	12,758,154
Changes during the year		
Cash dividends paid	(475,636)	(387,552)
Net income (loss)	466,826	(46,936)
Acquisition of treasury stock	(138)	(831,399)
Changes of items other than shareholders' equity during the year (Net)	(284,682)	92,119
Total changes during the year	(293,630)	(1,173,768)
Balance at end of the year	12,758,154	11,584,386

FY2008 (Apr. 1, 2007 - Mar. 31, 2008)	FY2009 (Apr. 1, 2008 - Mar. 31, 2009)
―――	At the Board of Directors' meeting held on December 12, 2008, the Company resolved to transfer the Company's child wear business division to the newly established Combi Next Corporation through a corporate divesture (formational-divisive reorganization), and implemented the corporate divesture on April 1, 2009. A description has been included in the consolidated financial statement's "Important Subsequent Events."