Summary of Consolidated Financial Results
For the Year Ended January 31, 2013
[Japanese Standards] (Consolidated)

March 4, 2013

Company name: Pigeon Corporation (Stock code: 7956)
Listings: First Section, Tokyo Stock Exchange
Website: www.pigeon.co.jp
Representative: Akio Okoshi (President and COO)
Contact: Tsutomu Matsunaga (Managing Officer, Corporate Planning & Administration Division)//Tel: +81-3-3661-4188
Annual General Meeting of Shareholders: April 25, 2013 Year-end dividends: Paid from April 26, 2013
Date of release of Business Report: April 26, 2013
Supplementary materials for the financial results: No
Investor conference for the financial results: Yes (For analysts and institutional investors)

1. Consolidated Financial Results (February 1, 2012 –January 31, 2013)
(1) Performance

(¥ millions, rounded down, % figures denote year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income	
Year ended January 31, 2013	65,075	10.0%	7,086	40.5%	7,389	50.3%	4,573	43.7%
Year ended January 31, 2012	59,145	3.7%	5,042	10.9%	4,917	10.9%	3,183	8.7%

(Note) Comprehensive income for year ended January 31, 2013 ¥6,229 million (126.9%) Comprehensive income for year ended January 31, 2012 ¥2,745 million (16.2%)

	Net Income per Share (¥)	Diluted Net Income Per Share (¥)	Return on Equity (%)	Total Assets/ Ordinary Income (%)	Operating Margin (%)
Year ended January 31, 2013	228.53	―	15.5	16.0	10.9
Year ended January 31, 2012	159.05	―	11.8	11.4	8.5

Reference: Equity in earnings of affiliates: ¥51 million (January 31, 2013); ¥62 million (January 31, 2012)

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets Per Share (¥)
At January 31, 2013	48,538	32,365	65.3	1,582.51
At January 31, 2012	43,772	27,935	62.7	1,370.46

Reference: Equity: ¥ 31,671 million (At January 31, 2013); ¥ 27,428 million (At January 31, 2012)

(3) Cash Flows

	Cash Flows From Operating Activities	Cash Flows From Investing Activities	Cash Flows From Financing Activities	Cash and Cash Equivalents at Year-End
Year ended January 31, 2013	7,656	(1,848)	(3,149)	10,574
Year ended January 31, 2012	4,212	(1,871)	(1,776)	7,293

2. Cash Dividends

	Annual Dividends (¥)					Total Dividends Paid (full year) (¥ mil)	Consolidated Payout Ratio (cons.) (%)	Dividends on Consolidated Net Assets (cons.) (%)
	1Q	2Q	3Q	Year-end	Full-year			
Year ended January 31, 2012	―	44.00	―	44.00	88.00	1,761	55.3	6.5
Year ended January 31, 2013	―	44.00	―	71.00	115.00	2,301	50.3	7.8
Year ending January 31, 2013 (Forecast)	―	61.00	―	61.00	122.00		50.3	

3. Forecast for the Year Ending January 31, 2014 (February 1, 2013 – January 31, 2014)

(¥ millions, rounded down)

	Net Sales		**Operating Income**		**Ordinary Income**		**Net Income**		**Net Income per Share (¥)**
Year Ending January 31, 2014 (% figures denote year-on-year change)	73,500	12.9%	7,800	10.1%	7,800	5.6%	4,850	6.0%	242.34

*Notes

(1) Changes in significant subsidiaries during the period under review (Change in specific subsidiaries accompanying changes in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, restatements
1) Changes in accounting policies pursuant to revision of accounting standards: None
2) Changes other than the above: None
3) Changes in accounting estimates: None
4) Restatement: None

(3) Number of outstanding shares (ordinary shares)
1) Number of shares outstanding at term-end (including treasury shares)
Year ended January 31, 2013: 20,275,581
Year ended January 31, 2012: 20,275,581
2) Number of treasury shares at term-end
Year ended January 31, 2013: 262,109
Year ended January 31, 2012: 261,696
3) Average number of shares during the period (cumulative figure for consolidated quarterly accounting period)
Year ended January 31, 2013: 20,013,791
Year ended January 31, 2012: 20,014,068
With respect to the bases for the calculation of the Net Income per share for the Term (Consolidated), see page 18 “Per share information”.

*** Note on the current progress of the audit**

This summary of consolidated financial results is not included among the audit targets according to the Financial Instruments and Exchange Act, and the audit regarding the financial statement is being conducted at the time this summary of consolidated financial results is announced.

***Disclaimer regarding appropriate use of performance forecasts and other important matters**

The forecasts and future projections stated in this report have been prepared on the basis of the information and assumption that shall be reasonable as of the date of announcement of this summary information, and the actual results could differ significantly from forecast figures depending on a variety of factors.

For the information regarding performance forecasts, please refer to “(1) Performance Analysis” on “1. Performance Analysis and Financial Position Analysis” on page 2.

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1. Performance Analysis and Financial Position Analysis
(1) Performance Analysis
1) Performance Overview
With respect to the Japanese economy during the consolidated accounting year under review (February 1, 2012 to January 31, 2013), while showing signs of mild recovery in the environment surrounding the companies due to the various recovery measures relating to the Eastern Japan Great Earthquake, personal consumption is slow and a gradual deflationary conditions continue to exist and severe conditions continue to plague the employment conditions. While economic recovery is anticipated supported by the improvements in the exporting environment from the weakening yen and the effects of the economic measures taken, uncertainty over financial conditions and currencies in European nations remain, and the economic growth rate in China that has driven the global economy until now has slowed. Mainly because of these causes, even for the domestic business climate, further downward risks exist.

Under these circumstances, in the second year of our fourth medium-term business plan "Independence as a Global Company," starting February 2011 and ending January 2014, we have defined the following key issues based on the fundamental policies of this medium-term business plan.

1) Domestic Baby and Mother Care Business
- Establish and expand new business categories including large-size product business
- Focus on a growth of IT business including Mamas & Papas business

2) Child-rearing Support Services
- Continue a further improvement of childcare quality and a steady business operation

3) Health Care and Nursing Care Business
- Restructure the business operation system and promote sales activities centering on facility routes.
- Improve product competitiveness specific to key categories and put sales activities into action.
- Secure new sales channels.

4) Overseas Business
- Focus on a further growth by reinforcing our brand-name and tie-up with growing businesses fields and promote sales of new products and products manufactured in our new Changzhou Factory in China.
- Continue a steady growth of our new product brands in North America and Europe.
- Expand our business in India, Malaysia, and South Korea.

We focused on the above issues during the consolidated period under review (February 1, 2012 to January 31, 2013).
As a result, net sales for the period amounted to ¥65,075 million, up 10.0% from the previous corresponding period, due to factors including healthy business expansion in China. As to earnings, operating income was ¥7,086 million, up 40.5% from the previous corresponding period, due to increased sales and efficient utilization of production bases accompanying business expansion. Ordinary income was ¥7,389 million, up 50.3% from the previous corresponding period. Net income was ¥4,573 million, up 43.7% from the previous corresponding period. Each exceeded the previous corresponding result.

2) Segment Review
Our business reporting segments are "Domestic Baby and Mother Care Business," "Child-rearing Support Services," "Health Care and Nursing Care Business," and "Overseas Business." Each segment is outlined below.

Domestic Baby and Mother Care Business
Sales in this segment amounted to ¥23,882 million, down 0.7% from the previous corresponding period. Segment profits were ¥3,379 million, down 8.1% from the previous corresponding period. This resulted from an increase in selling, general and administrative expenses due to marketing for activities including launching new products.
In this business, we launched “1-SAI HAN KARANO AWA AWA OFURO Series” for fun bath time for babies with “want to do it myself” spirits, “1-SAI KARANO Range de Cake Set” for fun cake baking in a microwave, and “Training OHASHI” for helping toddlers “eat by themselves” in February. During August a soft furikake, the first furikake formulated for infants, “Salmon and Sesame” and “Shirasu and Wakame”, age-up product series “Angel & Girl Hair Care Series”, nursing bottles to support infants having difficulties in nursing, “Nursing Set for Infants with Cleft Lip and Palate” and “Baby Bottle Nipples” and further in December all 10 items in a series of organic skin care products targeting mothers and babies, “Pigeon Organics” were introduced. Regarding “Maternity Event” we are committed to as part of our direct communications program aimed at strengthening brand loyalty, during the consolidated period under review, we have held 39 such events in addition to five “Mama Class” sessions for those who recently delivered babies. Another venture was to hold four "First Steps in Preparing for Pregnancy" classes targeting those beginning preparations for pregnancy. A total of approximately
3,300 women have participated
We made good progress in attracting new members to “Pigeon Info”—a word-of-mouth community portal that supports women during pregnancy, in childbirth, and those raising children. The membership is steadily increasing. In the Internet and mail-order shopping business, in July, we opened a new brand store where everything from maternity to child-rearing items can be purchased in the comprehensive online “Amazon.co.jp.” shopping site.

Child-rearing Support Services
Sales in this segment amounted to ¥6,388 million, up 6.6% from previous corresponding period with the increase in the number of facilities for which operation were contracted in, segment profits were ¥182 million, up 19.7% from previous corresponding period. We launched one authorized nursery school and three in-house nursery facilities in April and one in-house nursery facility in May under new contracts of entrustment. The number of nursery facilities as of end of January 2013 were 9 authorized / certified nursery schools, 115 nursery facilities located in National Hospital Organization facilities, 45 in-house nursery facilities and, including preschool education facilities, totals 195 facilities. While improving the service quality, the Group is steadily promoting sales.

Health Care and Nursing Care Business
Sales in this segment amounted to ¥6,699 million, up 3.6% from the previous corresponding period. Segment profits were ¥212 million, down 39.3% from the previous corresponding period, as selling, general and administrative expenses increased due to marketing activities suited to the characteristics of the products and sales channels. In December, fragrance to combat urine aroma and fecal aroma was changed to a floral aroma and “Aroma Revolution”, a deodorant with long lasting effect was newly introduced. The Group will continue to focus on marketing products through intensive research on priority categories and carry out sales activities focusing on facility routes and the acquisition of new sales channels.

Overseas Business
Sales in this segment amounted to ¥26,964 million, up 24.9% from the previous corresponding period. Segment profits were ¥6,387 million, up 63.4% from the previous corresponding period since increasing selling, general and administrative expenses were absorbed by increased gross profit resulting from a significant sales increase and efficient utilization of production bases accompanying business expansion. In China, net sales significantly exceeded the results of the previous corresponding period due to a completion of restructuring and improvement of the

distribution system and factors including steady increase in new product sales. In addition, our production output is steadily increasing in two production facilities inside China together with an expansion of business, and they are greatly contributing to the improvement of profitability. The impact on our Group's business in China from increasing anti-Japan momentum triggered by the territorial dispute between Japan and China was a concern, however, the impact was in fact trivial and our business in China continuously and steadily expanded its performance.
In India, expansion of the number of stores handling our products is underway while the construction and improvement of distribution channels is being promoted. Through these measures, the Group is aiming for further business expansion. In North America, the Group intends to further expand our business by strategies including an increase of product line-up, however, it is taking some time for our products to penetrate the market.

Others
Sales in this segment amounted to ¥1,140 million, up 8.4% from the previous corresponding period. Segment profits were ¥141 million, up 2.5% from the previous corresponding period.

3) Outlook
In the "Fourth medium-term business plan (from January 2012 to January 2014): Achieving global business success through company and individual competence" announced in March 2011, the Group aims to improve profitability in the current business fields and increase new merchandise fields and sales channels by enriching the merchandising categories for Domestic Baby and Mother Care Business in Japan, extending new business, deeply cultivating priority merchandise categories in the Health Care and Nursing Care Business, and finding new sales channels. Regarding Overseas Business, the Group aims to deeply cultivate current markets and implement business expansion in China and North America by enriching merchandise categories while extending the production system and strengthening the business operation system by aggressive business investment. In India, the Middle and Near East, Korea, and South and Central America, the Group aims to promote aggressive market development.
For the following consolidated accounting year, which will be the final year of the "Fourth medium-term business plan", the Group has defined its primary policy as follows, and will make a steady effort to ensure the achievement of the plan.

Basic Policies
1. As the final year of the fourth medium-term business plan, we will reevaluate the business strategies and function strategies of each business as well as the measures taken and performance progress status, and will resolve the issue to ensure accomplishment of the plan.
2. By thorough execution and achievement of new business plans and new product plans, we will tie into further growth and expansion of the group businesses in the next medium-term business plan.
3. We will aim to achieve, "global business success through company and individual competence" and, in addition to the development of "global human resources", review the organizational structure responding to the further expansion of group businesses centering on overseas markets and make allocation balanced management resource allocation.

(2) Financial Position Analysis

1) Assets
As of January 31, 2013, total asset amounted to ¥48,538 million, up ¥4,766 million (or 10.9%) from the previous fiscal year ended January 31, 2012. Current assets had an increase of 3,660 million (or 14.4%), and fixed assets had an increase of ¥1,106 million (or 6.0%).

Current assets increased mainly due to an increase in cash and deposits of ¥3,280 million (or 45.0%).

Fixed assets increased mainly due to an increase in construction in progress.

2) Liabilities

As of January 31, 2013, total liabilities amounted to ¥16,173 million, up ¥336 million (or 2.1%) from the fiscal year ended January 31, 2012. Current liabilities had a decrease of ¥766 million (or 6.2%), and long-term liabilities had an increase of ¥1,103 million (or 31.9%).

Current liabilities decreased mainly due to a decrease in short-term borrowings of ¥843 million (or 37.8%) and a decrease in current portion of long-term loans payable of ¥996 million (or 97.4%).

Long-term liabilities increased mainly due to an increase in long-term borrowings of ¥562 million (or 34.2%).

3) Net Assets

As of January 31, 2013, net assets amounted to 32,365 million, up ¥4,429 million (or 15.9%) from the fiscal year ended January 31, 2012.

This increase resulted mainly from an increase in foreign exchange adjustment accounts of ¥1,415 million and an increase in retained earnings of ¥2,812 million (or 14.2%).

4) Cash Flow

As of January 31, 2013, cash and cash equivalents (hereinafter referred to as "net cash") amounted to ¥10,574 million, up ¥3,280 million from a year earlier.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥7,656 million, up from ¥4,212 million of the previous year. Factors increasing operating cash flows included a ¥7,369 million in income before income taxes, a ¥1,626 million in depreciation and a ¥585 million decrease in inventories. Contrasting factors included a ¥1,753 million in income taxes paid.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥1,848 million, down from ¥1,871 million of the previous year. Main factors included expenditures of ¥1,745 million in the acquisition of tangible fixed assets.

Cash Flows from Financing Activities:

Net cash used in financing activities was ¥3,149 million, up from ¥1,776 million of the previous year. Decreases resulted primarily from ¥10,394 million in payment of short-term loans, ¥1,656 million in repayment of long-term debt and ¥1,761 million in payment of cash dividends. Contrasting factors included net cash increases from income of ¥9,513 million related to short-term borrowing and income of ¥1,200 million related to long-term borrowing.

[Reference] Cash Flow Indicators for the year ended January 31

	FY2011	FY2012	FY2013
Equity Ratio (%)	62.2	62.7	65.3
Equity Ratio based on Market Price (%)	117.2	131.1	205.7
Debt Repayment Term (years)	1.5	1.1	0.4
Interest Coverage Ratio (times)	59.3	67.2	98.1

Notes:
- Equity ratio: Total shareholders' equity ÷ Total assets
- Equity ratio based on market price: Market value of total stock ÷ Total assets
- Debt repayment term: Interest-bearing debt ÷ Operating cash flows
- Interest coverage ratio: Operating cash flows ÷ Interest paid

1. Each index is calculated based on consolidated financial figures.
2. Market value of total stock is calculated by multiplying the stock price (closing price at the end of the term) by the number of shares outstanding at the end of the term (after deduction of treasury stock).
3. Operating cash flow figures are taken from the Cash Flows from Operating Activities section of the Consolidated Statements of Cash Flows.
4. Interest-bearing debt refers to all debt that incurs interest (listed in Consolidated Balance Sheets).
5. For interest paid, interest expenses (listed in Consolidated Statements of Cash Flows) are used.

(3) Profit Appropriation Policy

The Pigeon Group regards the return of profits to shareholders as an important management priority. Our policy is to actively return profits to shareholders through appropriation of retained earnings and other means, while reinforcing our financial position based on considerations of medium-term changes in business conditions and the Group's business strategies. In addition to strengthening our financial position, we effectively use retained earnings in a number of ways to fortify our operational base and improve future Group earnings. These include investing in new businesses and research and development, as well as investing in production facilities to raise production capacity, reduce costs, and enhance product quality.

With respect to specific goals of shareholder return, under our medium-term management plan announced in March 2011, we are targeting a consolidated total shareholder return of 50%. To this end, we are seeking to further strengthen and upgrade measures for returning profits to all shareholders.

Based on such policies, with respect to the interim dividends for the business year under review, an ordinary dividend of ¥44 per share has been made but with the strong performance that significantly exceeded the current profit plan, with respect to the end of term dividend, an ordinary dividend of ¥71 per share, an increase by ¥27 per share (ordinary dividend per share ¥44) is planned. As a result, the annual dividend for the business year under review will total ¥115 per share (ordinary dividend ¥115), a per share increase by ¥27 from the previous year.

2. Management Policies
1. Management Policies
(1) Basic Policies
Based on its corporate commitment, “providing the gift of love to all,” The Group is dedicated to helping those in need—while pregnant, giving birth, and rearing children, as well as nursing care. Our policy is to develop our business by delivering products and services that address the needs of these people. Fulfilling our role as a “lifestyle support company focusing on child rearing,” we are leveraging our brand and the quality of our management to build a high corporate profile that is recognized worldwide. This is our medium-term corporate vision.

(2) Performance Targets
The Group has drawn up a “Fourth medium-term business plan (from January 2012 to January 2014): Achieving global business success through company and individual competence.”

With the favorable progress made in the performance centering on overseas businesses, we have set the following performance targets for the fiscal year ending January 2014: net sales of ¥73,500 million, operating income of ¥7,800 million, ordinary income of ¥7,800 million, and net income of ¥4,850 million. We have also adopted return on equity (ROE) as a suitable benchmark for targeting improved profitability and capital efficiency, and we hope to achieve ROE of 14% or higher by the year ending on January 2014.

(3) Medium-Term Management Strategies
Under the “Fourth medium-term business plan (from January 2012 to January 2014): Achieving global business success through company and individual competence,” we have set the following basic policies in order to establish ourselves as a true global company.

1) Focus on positive business development in overseas markets, aiming to further grow and expand as a global company.
2) In our domestic and international operations, we will seek to further strengthen and improve the profitability of current existing businesses as well as work to achieve solid growth in new and developing businesses.
3) Build a global business management system based on the core components of “Building Human Resources” and “Creating new value based on fundamental research.”

(4) Issues to Address
The Group is expected to be continued to be facing an unstable operating environment, characterized by such factors as delayed full-fledged recovery of the domestic economy and global economic trends including fiscal and currency uncertainties in the European countries; however, the trend of Asian countries and other newly emerging countries pulling the global economy is expected to accelerate even more. Amidst such conditions, based on the “Fourth medium-term business plan”, we plan to execute the various measures based on the business strategies and their foundation, functional strategies.

Specifically, regarding positioning ourselves in overseas growth markets, we plan to expand on our current markets centering on China and North America and also to actively search out and expand into new previously unexplored markets. As a result of following these guidelines we plan expand our overall business operations.

Further, for enterprises, the primal mandate is the continuation of business and with respect to the Group’s Business Continuity Plan, we will further enhance the global risk management structure that has already been put in place.

Further, in order to further enhance the soundness and transparency of management going forward, a through enforcement of internal control systems, including the compliance organization will be made for fortifying corporate governance.

3. Consolidated Financial Statement
(1) Consolidated Balance Sheets

(Thousands of yen)

	At January 31, 2012	At January 31, 2013
ASSETS		
I. Current Assets:		
Cash and time deposit	7,293,629	10,574,326
Notes and accounts receivable	9,993,322	10,540,939
Goods and products	5,332,818	4,816,217
Goods in process	146,452	167,286
Raw material and inventory goods	1,446,804	1,792,836
Deferred tax assets-current	729,151	702,514
Receivables	279,064	248,027
Other current assets	334,097	278,419
Allowance for doubtful accounts	(112,139)	(17,213)
Total Current Assets	**25,443,202**	**29,103,354**
II. Fixed Assets:		
1. Tangible Fixed Assets:		
Buildings and structures	11,638,533	12,108,861
Accumulated depreciation	(6,481,737)	(6,887,458)
Buildings and structures-net	5,156,795	5,221,403
Machinery and transportation equipment	9,295,200	10,131,586
Accumulated depreciation and accumulated impairment loss	(6,482,277)	(7,232,025)
Machinery and transportation equipment-net	2,812,922	2,899,560
Tools, furniture and fixtures	4,254,301	4,841,719
Accumulated depreciation and accumulated impairment loss	(3,340,960)	(3,716,206)
Tools, furniture and fixtures-net	913,340	1,125,512
Land	5,979,122	6,015,064
Construction in progress	196,482	946,598
Total Tangible Fixed Assets	**15,058,663**	**16,208,139**
2. Intangible Fixed Assets:		
Goodwill	659,742	551,572
Software	350,880	336,398
Other intangible fixed assets	274,804	288,163
Total Intangible Fixed Assets	**1,285,427**	**1,176,134**
3. Investments and Other Assets:		
Investment securities	1,344,281	1,420,538
Bankruptcy claims	64,047	54,140
Deferred tax assets	123,470	110,548
Insurance reserve	232,853	238,334
Other	282,450	281,324
Allowance for doubtful accounts	(61,853)	(53,692)
Total Investments and Other Assets	**1,985,250**	**2,051,193**
Total Fixed Assets	**18,329,341**	**19,435,468**
Total Assets	**43,772,544**	**48,538,822**

(Thousands of yen)

	At January 31, 2012	At January 31, 2013
LIABILITIES		
I. Current Liabilities:		
Notes and accounts payable	3,758,318	3,864,039
Short-term borrowings	2,233,220	1,389,610
Current portion of long-term loans payable	1,022,873	26,327
Accrued account payable	2,755,082	3,179,388
Income taxes payable	704,870	1,134,047
Accrued bonuses to employees	587,343	606,257
Returned goods adjustment reserve	59,650	44,824
Other current liabilities	1,261,286	1,371,445
Total Current Liabilities	**12,382,644**	**11,615,940**
II. Long-Term Liabilities:		
Long-term borrowings	1,642,165	2,204,365
Deferred tax liabilities	1,040,892	1,530,631
Employees' retirement benefits	305,368	319,324
Retirement benefits for directors and corporate auditors	355,298	389,764
Other long-term liabilities	110,491	113,425
Total Long-Term Liabilities	**3,454,217**	**4,557,510**
Total Liabilities	**15,836,861**	**16,173,451**
NET ASSETS		
I. Shareholder's Equity:		
Capital stock	5,199,597	5,199,597
Additional paid-in capital	5,180,246	5,180,246
Retained earnings	19,873,527	22,686,099
Treasury stock	(448,680)	(450,289)
Total Shareholders' Equity	**29,804,691**	**32,615,653**
II. Valuation and Translation Adjustments:		
Net unrealized gains on securities	10,073	26,644
Foreign currency translation adjustment	(2,386,518)	(970,653)
Total Valuation and Translation Adjustments	**(2,376,445)**	**(944,008)**
III. Minority Interests	**507,436**	**693,726**
Total Net Assets	**27,935,682**	**32,365,371**
Total Liabilities, Minority Interests and Net Assets	**43,772,544**	**48,538,822**

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Consolidated Statements of Income)

(Thousands of yen)

	Year Ended January 31, 2012	Year Ended January 31, 2013
I. Net Sales	**59,145,132**	**65,075,433**
II. Cost of Sales	**34,811,777**	**37,331,435**
Gross profit	**24,333,355**	**27,743,997**
Reversal of reserve for returned products	45,956	60,190
Transfer to reserve for returned products	60,188	43,425
Adjusted gross profit	**24,319,124**	**27,760,762**
III. Selling, General and Administrative Expenses	**19,276,291**	**20,674,528**
Operating Income	**5,042,832**	**7,086,233**
IV. Other Income:		
Interest income	34,081	50,361
Dividend income	23,178	19,096
Foreign exchange gains	—	304,749
Equity in earnings of non consolidated subsidiaries and affiliates	62,525	51,627
Refund of consumption tax	39,821	52,121
Other	213,701	178,257
Total Other Income	**373,307**	**656,214**
V. Other Expenses:		
Interest expense	79,454	76,232
Sales discounts	221,692	231,955
Foreign exchange loss	144,032	-
Other	53,934	44,757
Total Other Expenses	**499,113**	**352,945**
Ordinary Income	**4,917,026**	**7,389,502**
VI. Extraordinary Income:		
Gain on sales of property	7,759	7,170
Reversal of allowance for doubtful accounts	12,068	-
Total Extraordinary Income	**19,828**	**7,170**
VII. Extraordinary Loss:		
Loss on sales of property	569	285
Loss on disposal of property	29,530	26,705
Retirement benefit expenses for prior periods	44,352	-
Loss on disaster	134,039	-
Other	4,692	-
Total Extraordinary Loss	**213,183**	**26,990**
Income before Income Taxes	**4,723,671**	**7,369,683**
Income Taxes	1,463,220	2,128,638
Adjustment for Corporate Tax	**(10,849)**	**526,538**
Total Corporate Income Tax	**1,452,370**	**2,655,176**
Income before Minority Interests	**3,271,301**	**4,714,506**
Less: Minority Interest in Net Income of Consolidated Subsidiaries	**87,894**	**140,713**
Net Income	**3,183,406**	**4,573,793**

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Year Ended January 31, 2012	Year Ended January 31, 2013
Net income before adjusted minority interests income	**3,271,301**	**4,714,506**
Other Comprehensive Income		
Valuation difference on available-for-sale securities	(1,163)	16,571
Foreign currency translation adjustment	(524,932)	1,498,016
Total Other Comprehensive Incomes	**(526,096)**	**1,514,587**
Comprehensive Income	**2,745,204**	**6,229,094**
(Breakdown)		
Comprehensive income on parent company	2,705,150	6,006,229
Comprehensive income on minority interests	40,053	222,864

(3) Statement of Changes in Consolidated Shareholders' Equity

(Thousands of yen)

	Year Ended January 31, 2012	Year Ended January 31, 2013
Shareholders' equity		
Common stock		
Balance at the end of previous period	5,199,597	5,199,597
Changes during the period		
Total changes during the period	—	—
Balance at the end of current period	**5,199,597**	**5,199,597**
Capital surplus		
Balance at the end of previous period	5,180,246	5,180,246
Changes during the period		
Total changes during the period	—	—
Balance at the end of current period	**5,180,246**	**5,180,246**
Retained earnings		
Balance at the end of previous period	18,451,368	19,873,527
Changes during the period		
Dividends from surplus	(1,761,247)	(1,761,221)
Net income	3,183,406	4,573,793
Total changes during the period	**1,422,159**	**2,812,571**
Balance at the end of current period	**19,873,527**	**22,686,099**
Treasury stock		
Balance at the end of previous period	(447,673)	(448,680)
Changes during the period		
Acquisition of treasury stock	(1,007)	(1,608)
Total changes during the period	**(1,007)**	**(1,608)**
Balance at the end of current period	**(448,680)**	**(450,289)**
Total shareholders' equity		
Balance at the end of previous period	28,383,538	29,804,691
Changes during the period		
Dividends from surplus	(1,761,247)	(1,761,221)
Net income	3,183,406	4,573,793
Acquisition of treasury stock	(1,007)	(1,608)
Total changes during the period	**1,421,152**	**2,810,962**
Balance at the end of current period	**29,804,691**	**32,615,653**

(Thousands of yen)

	Year Ended January 31, 2012	Year Ended January 31, 2013
Accumulated other comprehensive income		
Valuation difference on other marketable securities		
Balance at the end of previous period	11,237	10,073
Changes during the period		
Changes in items other than shareholders equity (net)	(1,163)	16,571
Total changes during the period	**(1,163)**	**16,571**
Balance at the end of current period	**10,073**	**26,644**
Foreign currency translation adjustment		
Balance at the end of previous period	(1,861,586)	(2,386,518)
Changes during the period		
Changes in items other than shareholders equity (net)	(524,932)	1,415,865
Total changes during the period	**(524,932)**	**1,415,865**
Balance at the end of current period	**(2,386,518)**	**(970,653)**
Total accumulated other comprehensive income		
Balance at the end of previous period	(1,850,348)	(2,376,445)
Changes during the period		
Changes in items other than shareholders equity (net)	(526,096)	1,432,436
Total changes during the period	**(526,096)**	**1,432,436**
Balance at the end of current period	**(2,376,445)**	**(944,008)**
Minority interests		
Balance at the end of previous period	510,847	507,436
Changes during the period		
Changes in items other than shareholders equity (net)	(3,411)	186,289
Total changes during the period	**(3,411)**	**186,289**
Balance at the end of current period	**507,436**	**693,726**
Total net assets		
Balance at the end of previous period	27,044,037	27,935,682
Changes during the period		
Dividends from surplus	(1,761,247)	(1,761,221)
Net income	3,183,406	4,373,793
Acquisition of treasury stock	(1,007)	(1,608)
Changes in items other than shareholders equity (net)	(529,507)	1,618,725
Total changes during the period	**891,644**	**4,429,688**
Balance at the end of current period	**27,935,682**	**32,365,371**

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Year Ended January 31, 2012	Year Ended January 31, 2013
I. Cash Flows from Operating Activities:		
Income before income taxes	4,723,671	7,369,683
Depreciation	1,595,708	1,626,158
Amortization of goodwill	236,822	190,797
Increase (decrease) in allowance for doubtful accounts	(15,781)	(105,298)
Increase (decrease) in accrued bonuses to employees	50,298	16,454
Increase (decrease) in employees' retirement benefits	64,942	6,195
Increase (decrease) in directors' retirement benefits	32,851	34,465
Interest and dividend income	(57,259)	(69,458)
Equity in (gains) losses of non consolidated subsidiaries and affiliates	(62,525)	(51,627)
Interest expense	79,454	76,232
Loss (gain) on sale of fixed assets	(7,190)	(6,885)
Loss on disposal of fixed assets	29,530	26,705
Decrease (increase) in trade receivables	(93,324)	192,375
Decrease (increase) in inventories	(1,019,428)	585,635
Increase (decrease) in trade payables	(241,215)	(342,242)
Increase (decrease) in account payable	139,427	103,418
Increase (decrease) in consumption tax payable	7,114	89,228
Decrease (increase) in bankruptcy claims	14,802	9,907
Other	51,233	(346,207)
Subtotal	**5,529,131**	**9,405,538**
Interest and dividends received	59,033	82,308
Interest paid	(62,642)	(78,035)
Income taxes paid	(1,313,285)	(1,753,175)
Net Cash Provided by Operating Activities	**4,212,236**	**7,656,637**

(Thousands of yen)

	Year Ended January 31, 2012	Year Ended January 31, 2013
II. Cash Flows from Investing Activities:		
Acquisition of property, plant and equipment	(1,416,158)	(1,745,897)
Proceeds from sales of property, plant and equipment	7,007	19,562
Acquisition of intangible assets	(123,872)	(112,278)
Acquisition of investment securities	(1,202)	(1,969)
Payment to life insurance fund for directors	(9,563)	(9,102)
Proceeds from cancellation of life insurance fund for directors	2,277	4,700
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(327,623)	—
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	13,944	-
Loans advanced	(2,620)	(976)
Collection of loan receivables	16,015	1,479
Payment for lease deposits	(23,801)	(27,690)
Proceeds from recovery of lease deposits	21,280	34,366
Other	(26,974)	(10,972)
Net Cash Used in Investing Activities	**(1,871,289)**	**(1,848,777)**
III. Cash Flows from Financing Activities:		
Proceeds from short-term debt	9,516,010	9,513,700
Repayment of short-term debt	(9,530,540)	(10,394,000)
Proceeds from long-term loans payable	1,073,080	1,200,000
Repayment of long-term debt	(1,020,305)	(1,656,900)
Payment of cash dividends	(1,758,523)	(1,761,796)
Payment of cash dividends to minority shareholders	(43,464)	(36,574)
Acquisition of treasury stock	(1,007)	(1,608)
Other	(11,283)	(12,565)
Net Cash Used in Financing Activities	**(1,776,035)**	**(3,149,745)**
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(98,987)**	**622,582**
V. Net Change in Cash and Cash Equivalents	**465,923**	**3,280,696**
VI. Cash and Cash Equivalents at Beginning of the Period	**6,827,706**	**7,293,629**
VII. Cash and Cash Equivalents at End of the Period	**7,293,629**	**10,574,326**

(5) Notes Regarding Going Concern Assumptions

Not applicable.

(6) Additional Information

Application of Accounting Standards for Accounting Changes and Error Corrections

Accounting changes and amendments of errors made from the beginning of the consolidated accounting year under review, the "of Accounting Standards for Accounting Changes and Error Corrections" (Accounting Standard No. 24, December 4, 2009) and "Accounting Standards for Accounting Changes and Error Corrections and its Implementation Guidance" (Accounting Standards Implementation guidance No. 24 December 4, 2009) will be applied.

(7) Notes Relating to Consolidated Financial Statements

(Segment Information)

1. Summary of Reporting Segments

In respect of the Company's reporting segments, these are, of the constituent units in the Group, those for which separate financial information are available and those that are the subject of regular examination by the board of directors to make decisions on management resource allocation and assessment of performance.

The Company separates sales of principally nursing products into domestic and overseas sales and, in addition, is engaged in providing sales and services relating to health care and nursing care, services relating to supporting childcare. The Company has established business headquarters along products, services, and regions.

For this purpose, the Company is configured by segments by products and services and by regions and constituted by 4 reporting segments, namely, "Domestic Baby and Mother Care Business", "Child-rearing Support Services", "Health Care and Nursing Care Business" and "Overseas Business".

The Company's reporting segment types are as follows.

(i) Domestic Baby and Mother Care Business

It is engaged in the manufacture and sales of childcare products and feminine products in Japan.

(Principal Products) Breastfeeding-related products, weaning-related products, skincare products, wet tissues, baby foods, baby outing products, feminine care products (supplements, maternity products), other

(ii) Child-rearing Support Services

It is engaged in provision of child-rearing support services in Japan.

(Principal Services) Operation and contracting of nursery facilities, operation of preschool educational facilities, babysitter dispatch services, other

(iii) Health Care and Nursing Care Business

It is engaged in the manufacture and sales of health care products and nursing care products as well as provision of nursing care services in Japan.

(Principal Products) Incontinence protection products, skincare products, wet tissues, wheel chairs, products for nursing care facilities, nursing care support services, other

(iv) Overseas Business

It is engaged in the manufacture and sale of principally child-rearing products and feminine care products for overseas countries.

2. Calculation Method for the Values in Segmental Sales, Profits or Losses, Assets and Other Items

The methodology adopted in calculating the segmental sales, profits or losses, assets and other items is generally the same accounting treatment methodology used in the preparation of consolidated financial statements.

3. Information Regarding Net Sales and Profit & Loss in Each Report Segment

Previous fiscal year (February 1, 2011–January 31, 2012)

(Thousands of yen)

	Report Segment					Other (Note) 1	Total	Adjustments (Note) 2 (Note) 3 (Note) 4 (Note) 5	Amount Accounted on Quarterly Consolidated Statements of Income (Note) 6
	Domestic Baby and Mother Care Business	Child-rearing Support Services	Health Care and Nursing Care Business	Overseas Business	Sub Total				
Sales Sales to outside customers	24,047,899	5,990,953	6,469,338	21,584,699	58,092,891	1,052,241	59,145,132	—	59,145,132
Total	24,047,899	5,990,953	6,469,338	21,584,699	58,092,891	1,052,241	59,145,132	—	59,145,132
Segment income	3,677,862	152,538	350,318	3,909,185	8,089,904	138,323	8,228,228	(3,185,396)	5,042,832
Segment asset	11,491,503	1,133,147	3,654,875	17,122,178	33,401,705	977,594	34,379,299	9,393,244	43,772,544
Other Items									
Depreciation and amortization (Note) 7	471,528	26,252	117,729	729,942	1,345,453	41,355	1,386,809	208,899	1,595,708
Amortization of Good Will	3,481	3,720	13	229,515	236,730	92	236,822	—	236,822
Increase in Tangible Fixed Assets and Intangible Fixed Assets (Note) 8	355,145	26,934	186,431	1,000,187	1,568,698	50,081	1,618,779	96,496	1,715,275

Current fiscal year (February 1, 2012–January 31, 2013)

(Thousands of yen)

	Report Segment					Other (Note) 1	Total	Adjustments (Note) 2 (Note) 3 (Note) 4 (Note) 5	Amount Accounted on Quarterly Consolidated Statements of Income (Note) 6
	Domestic Baby and Mother Care Business	Child-rearing Support Services	Health Care and Nursing Care Business	Overseas Business	Sub Total				
Sales Sales to outside customers	23,882,457	6,388,210	6,699,523	26,964,262	63,934,453	1,140,980	65,075,433	—	65,075,433
Total	23,882,457	6,388,210	6,699,523	26,964,262	63,934,453	1,140,980	65,075,433	—	65,075,433
Segment income	3,379,626	182,638	212,807	6,387,289	10,162,361	141,748	10,304,110	(3,217,876)	7,086,233
Segment asset	10,245,735	1,200,233	3,588,461	22,380,308	37,414,739	1,038,518	38,453,258	10,085,564	48,538,822
Other Items									
Depreciation and amortization (Note) 7	435,649	31,122	128,877	789,235	1,384,883	53,005	1,437,889	188,268	1,626,158
Amortization of Good Will	9,812	3,720	-	177,264	190,797	-	190,797	—	190,797
Increase in Tangible Fixed Assets and Intangible Fixed Assets (Note) 8	244,752	47,368	89,500	1,480,688	1,862,310	27,179	1,889,489	155,887	2,045,377

Notes:

1. "Other" represents a business segment not included in the reporting segments and principally covers manufacture and sales by manufacturing subsidiaries of the company for sales outside the Group.
2. Adjustments to the segment profits are all unallocable operating expense4s and principally are expenses relating to the company's administrative areas.
3. Segment asset adjustments are all company assets and consist principally of investments of surplus of the parent company (Cash and Deposits), long term investment assets (Investment Securities and the Like) and assets relating to the administrative area.

4 Depreciation adjustments is depreciations relating the entire company assets。

5 Tangible fixed assets and intangible assets relate to all company assets。

6.Segment profits has been adjusted with the operating profit in the consolidated financial statements

7.Amortization relating to long term pre-paid expenses are included in the depreciation expenses。

8.Increases in tangible fixed assets and intangible fixed assets include increases in long term pre-paid expenses。

(Per Share Information)

Previous fiscal year (February 1, 2011–January 31, 2012)	Current fiscal year (February 1, 2012–January 31, 2013)
Net Assets per Share ¥1,370.46 Net Income per Share ¥159.05 Further, with respect to Net Income for the Term after Adjustments for Latent Shares, there are no latent shares existing, thus, has not been included.	Net Assets per Share ¥1,582.51 Net Income per Share ¥228.53 Further, with respect to Net Income for the Term after Adjustments for Latent Shares, there are no latent shares existing, thus, has not been included.

(Note) The basis for the calculation of the Net Income per Share is as follows.

	Previous fiscal year (February 1, 2011–January 31, 2012)	Current fiscal year (February 1, 2012–January 31, 2013)
Net Income per Share		
Net Income (¥ thousands)	3,183,406	4,573,793
Amount not Attributable to Ordinary Shareholders (¥ thousands)	—	—
Net Income Relating to Ordinary Shares (¥ thousands)	3,183,406	4,573,793
Average Number of Shares during the Term (shares)	20,014,068	20,013,791

(Material Subsequent Events)

Not applicable.