# Summary of Consolidated Financial Results
# For the Nine Months Ended October 31, 2009

December 4, 2009

Company name: Pigeon Corporation (Stock code: 7956)
Listings: First Section, Tokyo Stock Exchange
Website: www.pigeon.co.jp
Representative: Akio Okoshi (President and COO)
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Date of release of Business Report: December 15, 2009
Planned Commencement Date of Dividend Payment: －

## 1. Consolidated Financial Results (February 1 –October 31, 2009)
### (1) Performance

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

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | |
|---|---|---|---|---|---|---|---|---|
| Nine Months Ended October 31, 2009 | 39,830 | (0.5)% | 3,596 | 8.3% | 3,597 | 8.6% | 2,281 | 4.7% |
| Nine Months Ended October 31, 2008 | 40,015 | 9.3% | 3,321 | 27.7% | 3,310 | 27.7% | 2,179 | 33.1% |

| | Net Income per Share (¥) | Diluted Net Income Per Share (¥) |
|---|---|---|
| Nine Months Ended October 31, 2009 | 113.97 | － |
| Nine Months Ended October 31, 2008 | 109.03 | － |

### (2) Financial Position

| | Total Assets | Net Assets | Equity Ratio (%) | Net Assets Per Share (¥) |
|---|---|---|---|---|
| At October 31, 2009 | 39,096 | 25,387 | 63.8 | 1,246.11 |
| At January 31, 2009 | 38,407 | 24,324 | 62.3 | 1,195.45 |

Reference: Equity: ¥24,940 million (At October 31, 2009); ¥23,928 million (At January 31, 2009)

## 2. Cash Dividends

| | Cash Dividends per Share (¥) | | | | |
|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | Year-end | Full-year |
| Year Ended January 31, 2009 | － | 23.00 | － | 32.00 | 55.00 |
| Year Ending January 31, 2010 | － | 32.00 | － | | |
| Year Ending January 31, 2010 (Forecast) | | | | 32.00 | 64.00 |

(Note) Changes in dividend forecasts during the quarter under review: None

## 3. Forecast for the Year Ending January 31, 2010

(¥ millions, rounded down)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | | Net Income per Share (¥) |
|---|---|---|---|---|---|---|---|---|---|
| Year Ending January 31, 2010 (% figures denote year-on-year change) | 56,000 | 5.5% | 4,700 | 10.1% | 4,700 | 9.5% | 3,000 | 5.1% | 149.88 |

(Note) Changes in projections during the quarter under review: None

## 4. Other

(1) Changes in material subsidiaries during the period (changes in specific subsidiaries affecting the scope of consolidation): Yes

New: 1 (Company name: PIGEON INDUSTRIES (CHANGZHOU) CO.,LTD.)

Excluded: － (Company name: )

(2) Application of simplified methods of accounting and accounting methods specific to the preparation of quarterly financial statements: Yes

For details, please refer to section 4 (page 7) of the “Qualitative Information Regarding Consolidated Business Results.”

(3) Changes in accounting principles, processes, presentation methods, etc., related to the preparation of quarterly consolidated financial statements (recorded in changes to important items that form the basis for preparation of quarterly consolidated financial statements)

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

2) Changes other than 1): No

For details, please refer to section 4 (page 7) of the “Qualitative Information Regarding Consolidated Business Results.”

(4) Number of outstanding shares (ordinary shares)

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

Nine months ended October 31, 2009: 20,275,581 shares

Year ended January 31, 2009: 20,275,581 shares

2) Number of treasury shares at term-end

Nine months ended October 31, 2009: 260,553 shares

Year ended January 31, 2009: 259,777 shares

3) Average number of shares during the period (cumulative figure for consolidated quarterly accounting period)

Nine months ended October 31, 2009: 20,015,382 shares

Nine months ended October 31, 2008:19,987,606 shares

Notes: Cautionary Statement Regarding Performance Forecasts

1. 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.
2. In the current consolidated fiscal year, the Company began applying the “Accounting Standard for Quarterly Financial Reporting” (Financial Accounting Standard No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (Financial Accounting Standard Implementation Guidance No. 14). The quarterly consolidated financial statements were also prepared in accordance with the “Regulations on Quarterly Consolidated Financial Statements.

# Qualitative Information, Financial Statements and Other Data

## 1. Qualitative Information Regarding Consolidated Business Results

**Overview of Performance**

During the first nine months of the fiscal year, the Japanese economy showed signs of a nascent recovery. However, a number of factors continued to obstruct recovery, such as worsening employment conditions, the lackluster performance of overseas economies and instability in the financial and capital markets. Against this backdrop, the Pigeon Group worked to reduce inventories in the distribution pipeline. Although the Group benefited from greater stability of raw materials costs, which in the past had risen in response to high crude oil prices, the operating environment remained severe owing to sluggish personal consumption and ongoing yen appreciation.

Facing these conditions, the Pigeon Group entered the second year of its third medium-term business plan (the year ended January 2009 to the year ending January 2011), entitled “Becoming a Global Company: Challenges and Independence.” Based on the plan’s fundamental policies, we have set the following tasks for our respective businesses.

**Baby and Child Care**

***Domestic Baby and Child Care Products:***

In this category, we will swiftly implement measures to strengthen existing businesses while nurturing new businesses, in conjunction with maintaining and perfecting our direct communications program. In these ways, we will hone our competitive edge in the market, while energizing and raising brand loyalty. We will also raise profitability by pursuing cost reductions across the board.

***Overseas Business:***

We will prioritize the allocation of managerial resources to our overseas business, which we regard as a key growth driver for the Pigeon Group. Adopting appropriate marketing strategies, we will work to strengthen and broaden brand loyalty in overseas markets while actively expanding our presence in our existing markets. We will give particular attention to China, where we will further solidify our sales foundation and expand our production operations.

***Child-Rearing Support Services:***

Here, we will upgrade our new personnel development system and broaden the scope of our services, with the aim of improving both personnel and service quality. At the same time, we will build an effective business operational infrastructure, steadily boost efficiency, and focus on highly profitable services to underpin growth. In the process, we will solidify our foundation for business expansion and improved profitability.

**Healthcare**

In this segment, we will strengthen our sales and marketing capabilities by making use of our Group-wide business operational infrastructure. Our plan is to consolidate nursing care products under the Habinurse brand, finish streamlining our product lineup, and steadily establish effective distribution channels in order to enhance the productivity and profitability of our existing businesses. Meanwhile, we will continue actively allocating managerial resources to nurture the new Recoup brand of anti-aging products. Initiatives here include upgrading our product lineup and expanding our network of Recoup sections in retail stores.

As a result of the aforementioned initiatives, net sales for the first nine months decreased 0.5% year on year, to ¥39,830 million. On the earnings side, operating income was up 8.3% year on year, to ¥3,596 million, and ordinary income increased 8.6%, to ¥3,597 million. These rises stemmed from an improved cost ratio, which exceeded our initial projections owing to aggressive price reductions and the shifting of production in-house amid continued increases in raw materials costs. At the same time, we were successful in holding selling, general and administrative expenses below our estimated figures. At the same time, a business partner's filing for Civil Rehabilitation Act bankruptcy protection was announced on March 31, 2009. In line with this situation, we posted extraordinary losses resulting from a ¥68 million transfer to allowance for doubtful accounts and ¥304 million in bad debts. Net income for the nine-month period came to ¥2,281 million, up 4.7% from the same period of the preceding fiscal year.

The Pigeon Group has three main business segments: Baby and Child Care, Healthcare, and Others.

**Baby and Child Care**

In this segment, net sales and operating income amounted to ¥31,937 million (down 0.8% year-on-year) and ¥5,286 million (up 5.2% year-on-year), respectively.

This segment consists of three categories: Domestic Baby and Child Care Products, Overseas Business, and Child-Rearing Support Services.

***Domestic Baby and Child Care Products:***

In response to slack personal consumption, from May onward we provided products that we have developed to support mothers in child rearing, but sales conditions in this category remained challenging nevertheless. In February 2009, we upgraded our lineup of breastfeeding-related products with the introduction of a chilled, sealed breastfeeding cap. In March we unveiled two insect repellent products, Insect Repellent Stickers and Insect Repellent Spray for Clothing, which do not need to be applied directly to the skin. In September, we expanded our lineup of products for slightly older children by going to market with the Grape-Flavored Gel-Type Toothpaste. In addition, we focused on direct customer communication aimed at strengthening brand loyalty. As part of this program, we held 29 maternity events during the three-quarter period, attracting more than 2,000 participants. In addition to events for expectant mothers, we are planning future events targeting mothers after childbirth. Meanwhile, the membership of our word-of-mouth community portal, "Pigeon Info" (which supports women during pregnancy, in childbirth and when raising children), has risen steadily.

Moreover, we concluded an exclusive domestic distribution agreement in June to sell products made by Mamas & Papas, a U.K. company, to create new business opportunities. We currently offer these products via our website, and we are preparing mail-order catalogs. We plan to begin sales via this route in February 2010.

***Overseas Business:***

Business in this category felt the impact of concerns related to the global economic recession. Nevertheless, we reduced inventories in the distribution pipeline, and overseas sales rose year on year on a local currency basis, driven by our principal overseas markets: China and the United States. In China, we established new Pigeon sales corners in retail stores and made steady progress in expanding operations into the interior of the country. In China, the Ministry of Health of the People's Republic of China and Pigeon (Shanghai) Co., Ltd., a consolidated subsidiary, commenced full-fledged operations of Pigeon Breastfeeding Advice Offices in national hospitals and maternity hospitals as a joint project under the Chinese government's campaign to promote breastfeeding and increase the breastfeeding rate. In terms of our manufacturing structure, Pigeon Manufacturing (Shanghai) Co., Ltd., a consolidated subsidiary, commenced full-scale operation of a plant in Shanghai's Qingpu Industrial Zone in January 2008 and made steady progress in the mass production of detergents and skincare products. In addition, preparations for building a second facility to support further production growth are nearly complete, and we are now preparing to commence test production of baby bottles. In the United States, meanwhile, Lansinoh Laboratories, Inc., a consolidated subsidiary, acquired the sales rights for the Soothies brand from Puronyx, Inc., in January 2009. Here, our aim is to strengthen our business in the United States by upgrading our lineup of breastfeeding-related products and securing sales channels into hospitals. Lansinoh Laboratories is also making steady progress on sales initiatives at its branch in Turkey that commenced in April.

***Child-Rearing Support Services:***

In this category, we continued sales initiatives, including business involving in-company child-minding facilities. In April 2009, we were entrusted with the operation of five additional daycare facilities, and the number of children has increased steadily at our existing daycare facilities.

**Healthcare**

In this category, net sales expanded 0.7% year on year, to ¥4,840 million, and operating income surged 56.4%, to ¥213 million.

In August 2007, we launched the Recoup brand of anti-aging products to encourage people to remain active even as they age. To raise brand recognition, we held talk shows hosted by Yoshiko Kayama, our brand representative, and distributed live video of her introducing our products in order to raise brand recognition. We will expand a wide range of business development activities, including through the use of events, posters and dedicated catalogs. We are also pursuing this business through new channels, such as department store shopping catalogs and television shopping. In addition, we have been setting up Recoup sections in specialist retail outlets. We now have such sections in around 200 locations, and we plan to increase this number. During the period, we added a number of new products to our line of supporters (which reduce strain), which has been popular since its launch: Recoup supporters for the wrist, the elbow and the whole body. These include functional walking-support socks and functional walking-support shoes that support people whose bodily functions or physical abilities have deteriorated with their sole and insole structures. We also introduced Recoup oral healthcare products: a sheet-based mouth freshener and a cleaning solution that is easy on people with dentures. Meanwhile, in our Habinurse brand of nursing care products we began offering a new type of tight-fitting cloth underpants with incontinence pads for senior customers who prefer not to wear adult disposable diapers. We also introduced Habinurse deodorant room sprays for home nursing care situations and developed easy-to-grasp Habinurse spoons and forks.

**Others**

In this category, net sales rose 1.4%, to ¥3,052 million, and operating income grew 7.2%, to ¥503 million. To expand our product lineup, during the period we introduced a delicious folic acid nutritional supplement in chewable form for women who are pregnant or breastfeeding. For women who are preparing for pregnancy, we also began offering the dietary supplements Folic Acid Plus, Folic Acid Calcium Plus and Folic Acid Collagen Plus. Falling personal consumption levels led to a year-on-year decline in sales of maternity undergarments by consolidated subsidiary Pigeon Will Co., Ltd. However, sales of cleansing and sterilization products increased as customers sought to protect themselves from a new strain of influenza.

## 2. Qualitative Information Regarding Consolidated Financial Position

At October 31, 2009, total assets amounted to ¥39,096 million, up ¥688 million from January 31, 2009. Cash and time deposits, inventories and construction in progress increased, while notes and accounts receivable fell.

Total liabilities came to ¥13,709 million, down ¥374 million compared with their level on January 31. Short-term borrowings and long-term borrowings declined, while accrued bonuses to employees increased.

Net assets were up ¥1,062 million from January 31, at ¥25,387 million, owing chiefly to higher retained earnings.

## 3. Qualitative Information Regarding Consolidated Performance Forecasts

The current fiscal year is the second of Pigeon’s Third Medium-Term Management Plan, entitled “Becoming a Global Company: Challenges and Independence.” The Company is marching determinedly toward its objectives, in line with the priority issues outlined in the plan.

The Company’s performance forecasts for the fiscal year ending January 31, 2010, remain unchanged from figures announced on August 28, 2009.

## 4. Other

### (1) Major changes among subsidiaries (scope of consolidation) during period

During the period, the Company established Pigeon Industries (Changzhou) Co., Ltd., in Changzhou, Jiangsu Province, China. This company, which engages in the manufacturing of baby, child and women’s care products, is included in the scope of consolidation.

### (2) Simplified accounting method or special method for preparing quarterly consolidated financial statements adopted

1) Simplified Accounting Method

- Valuation of inventory assets

The value of inventories at the end of the period under review is based on rational calculation, using physical inventories at the end of the previous fiscal year, rather than physical inventories at the end of the period under review. The Company has reduced the book price of certain inventory assets that were clearly deemed to be declining in profitability, after estimating the net selling value of such assets.

- Method of calculating depreciation of fixed assets

Depreciation of fixed assets for which the declining-balance method is used is calculated by dividing the amount for the entire fiscal year into quarters.

- Determining recoverability of deferred tax assets

In determining the recoverability of deferred tax assets, the operating performance forecasts and tax planning methods used during and prior to the fiscal year ended January 31, 2009, were applied in the period under review, as no significant changes in the operating environment or sudden and significant changes in conditions were recognized.

2) Special accounting treatment applied in preparation of quarterly financial statements

Not applicable

### (3) Change in accounting methods related to preparation of quarterly financial statements

1) Effective the fiscal year under review, the Company has applied "Accounting Standard for Quarterly Financial Reporting and its Implementation Guidance" (ASBJ Statement No. 12 issued March 14, 2007) and "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14 issued March 14, 2007). The Company also prepares its quarterly consolidated financial statements according to "Regulations for Quarterly Consolidated Financial Statements."
2) Previously, inventories held for sale in the ordinary course of business were measured primarily at cost, determined by the average method, while inventories held by consolidated subsidiaries were valued at cost, determined by the last purchase price method. Effective the first quarter ended April 2009, however, the Company has applied "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, issued July 5, 2006). Accordingly, such inventories are measured primarily at cost, determined by the average method (on Balance Sheets inventories shall be carried at the net selling value, regarded as decreased profitability). The effect of this change on the Company's income statements was minimal.
3) Effective the first quarter ended April 2009, the Company has applied "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18, issued May 17, 2006), and made the necessary adjustments to its consolidated results accordingly. The effect of this change on the Company's income statements was minimal.

## 5. Quarterly Consolidated Financial Statement

### (1) Consolidated Quarterly Balance Sheets

(Thousands of yen)

| | At October 31, 2009 | At January 31, 2009 |
|---|---|---|
| **ASSETS** | | |
| **I. Current Assets:** | | |
| Cash and time deposit | 6,297,014 | 5,972,743 |
| Notes and accounts receivable | 9,226,546 | 10,118,834 |
| Goods and products | 4,272,037 | 3,636,721 |
| Goods in process | 45,032 | 33,934 |
| Raw material and inventory goods | 1,156,612 | 970,523 |
| Other current assets | 1,355,493 | 952,842 |
| Allowance for doubtful accounts | (120,210) | (54,731) |
| **Total Current Assets** | **22,232,526** | **21,630,868** |
| **II. Fixed Assets:** | | |
| **1. Tangible Fixed Assets:** | | |
| Buildings and structures-net | 4,348,030 | 4,541,669 |
| Land | 5,888,475 | 5,879,913 |
| Other tangible fixed assets-net | 3,469,728 | 2,886,779 |
| **Total Tangible Fixed Assets** | **13,706,235** | **13,308,362** |
| **2. Intangible Fixed Assets:** | | |
| Goodwill | 596,360 | 816,244 |
| Other intangible fixed assets | 623,333 | 728,708 |
| **Total Intangible Fixed Assets** | **1,219,693** | **1,544,953** |
| **3. Investments and Other Assets:** | | |
| Other | 2,018,055 | 1,928,369 |
| Allowance for doubtful accounts | (80,075) | (4,577) |
| **Total Investments and Other Assets** | **1,937,979** | **1,923,791** |
| **Total Fixed Assets** | **16,863,907** | **16,777,107** |
| **Total Assets** | **39,096,434** | **38,407,976** |

(Thousands of yen)

| | At October 31, 2009 | At January 31, 2009 |
|---|---|---|
| **LIABILITIES** | | |
| **I. Current Liabilities:** | | |
| Notes and accounts payable | 4,841,198 | 4,674,216 |
| Short-term borrowings | 1,000,000 | 1,819,680 |
| Long-term debt due within one year | 211,360 | — |
| Income taxes payable | 593,264 | 426,442 |
| Accrued bonuses to employees | 870,441 | 522,731 |
| Returned goods adjustment reserve | 63,379 | 74,302 |
| Other current liabilities | 3,600,689 | 3,726,139 |
| **Total Current Liabilities** | **11,180,333** | **11,243,512** |
| **II. Long-Term Liabilities:** | | |
| Long-term borrowings | 1,000,000 | 1,319,680 |
| Employees' retirement benefits | 262,315 | 252,065 |
| Retirement benefits for directors and corporate auditors | 293,209 | 287,840 |
| Other long-term liabilities | 973,360 | 980,288 |
| **Total Long-Term Liabilities** | **2,528,886** | **2,839,874** |
| **Total Liabilities** | **13,709,219** | **14,083,386** |
| | | |
| **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 | 16,485,166 | 15,484,915 |
| Treasury stock | (445,148) | (442,935) |
| **Total Shareholders' Equity** | **26,419,862** | **25,421,824** |
| **II. Valuation and Translation Adjustments:** | | |
| Net unrealized gains (losses) on securities | 10,452 | (251) |
| Foreign currency translation adjustment | (1,489,330) | (1,493,521) |
| **Total Valuation and Translation Adjustments** | **(1,478,877)** | **(1,493,773)** |
| **III. Minority Interests** | **446,230** | **396,538** |
| **Total Net Assets** | **25,387,214** | **24,324,589** |
| **Total Liabilities, Minority Interests and Net Assets** | **39,096,434** | **38,407,976** |

## (2) Consolidated Quarterly Statements of Income

(Thousands of yen)

| | Nine Months Ended October 31, 2009 |
|---|---|
| **I. Net Sales** | **39,830,937** |
| **II. Cost of Sales** | **24,250,240** |
| **Gross profit** | **15,580,697** |
| Reversal of reserve for returned products | 76,218 |
| Transfer to reserve for returned products | 65,224 |
| **Adjusted gross profit** | **15,591,691** |
| **III. Selling, General and Administrative Expenses** | **11,995,587** |
| **Operating Income** | **3,596,103** |
| **IV. Other Income:** | |
| Interest income | 22,156 |
| Rental income | 90,604 |
| Equity in earnings of non consolidated subsidiaries and affiliates | 26,231 |
| Refund of consumption tax | 77,261 |
| Other | 107,364 |
| **Total Other Income** | **323,619** |
| **V. Other Expenses:** | |
| Interest expense | 44,726 |
| Sales discounts | 155,468 |
| Rental income-related costs | 58,213 |
| Other | 64,026 |
| **Total Other Expenses** | **322,435** |
| **Ordinary Income** | **3,597,286** |
| **VI. Extraordinary Income:** | |
| Gain on sales of property | 4,482 |
| Other | 286 |
| **Total Extraordinary Income** | **4,768** |
| **VII. Extraordinary Loss:** | |
| Loss on sales of property | 3,109 |
| Loss on disposal of property | 13,392 |
| Transfer to allowance for doubtful accounts | 68,619 |
| Bad debts loss | 304,594 |
| Other | 6,732 |
| **Total Extraordinary Loss** | **396,447** |
| **Income before Income Taxes** | **3,205,607** |
| Income Taxes | 1,070,671 |
| Adjustment for Corporate Tax | (238,828) |
| Total Corporate Income Tax | 831,843 |
| Less: Minority Interest in Net Income of Consolidated Subsidiaries | 92,517 |
| **Net Income** | **2,281,246** |

## (3) Consolidated Quarterly Statements of Cash Flows

(Thousands of yen)

| | Nine Months Ended October 31, 2009 |
|---|---|
| **I. Cash Flows from Operating Activities:** | |
| Income before income taxes | 3,205,607 |
| Depreciation | 1,084,628 |
| Amortization of goodwill | 236,022 |
| Increase (decrease) in allowance for doubtful accounts | 141,399 |
| Increase (decrease) in accrued bonuses to employees | 348,250 |
| Increase (decrease) in employees' retirement benefits | 10,250 |
| Increase (decrease) in directors' retirement benefits | 5,369 |
| Interest and dividend income | (25,104) |
| Equity in (gains) losses of non consolidated subsidiaries and affiliates | (26,231) |
| Interest expense | 44,726 |
| Loss (gain) on sale of fixed assets | (1,372) |
| Loss on disposal of fixed assets | 13,392 |
| Decrease (increase) in trade receivables | 857,317 |
| Decrease (increase) in inventories | (843,075) |
| Increase (decrease) in trade payables | 175,954 |
| Increase (decrease) in account payable | (111,819) |
| Increase (decrease) in consumption tax payable | (20,087) |
| Decrease (increase) in bankruptcy claims | (69,762) |
| Other | (269,580) |
| **Subtotal** | **4,755,884** |
| Interest and dividends received | 58,225 |
| Interest paid | (45,663) |
| Income taxes paid | (887,160) |
| **Net Cash Provided by Operating Activities** | **3,881,286** |
| **II. Cash Flows from Investing Activities:** | |
| Acquisition of property, plant and equipment | (1,173,396) |
| Proceeds from sales of property, plant and equipment | 7,401 |
| Acquisition of intangible assets | (172,162) |
| Acquisition of investment securities | (6,187) |
| Payment to life insurance fund for directors | (5,647) |
| Proceeds from cancellation of life insurance fund for directors | 20,774 |
| Loans advanced | (1,716) |
| Collection of loan receivables | 1,709 |
| Payment for lease deposits | (16,666) |
| Proceeds from recovery of lease deposits | 28,327 |
| Other | (11,123) |
| **Net Cash Used in Investing Activities** | **(1,328,685)** |
| **III. Cash Flows from Financing Activities:** | |
| Proceeds from short-term debt | 5,052,862 |
| Repayment of short-term debt | (5,886,222) |
| Repayment of long-term debt | (111,120) |
| Payment of cash dividends | (1,271,546) |
| Payment of cash dividends to minority shareholders | (55,474) |
| Acquisition of treasury stock | (2,213) |
| **Net Cash Used in Financing Activities** | **(2,273,714)** |
| **IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents** | **45,384** |
| **V. Net Change in Cash and Cash Equivalents** | **324,270** |
| **VI. Cash and Cash Equivalents at Beginning of the Period** | **5,972,743** |
| **VII. Cash and Cash Equivalents at End of the Period** | **6,297,014** |

# 6. Segment Information

## (1) Performance by Business Segment

Nine Months Ended October 31, 2009 (¥ thousands)

| | Baby and child care | Healthcare | Others | Total | Eliminations or corporate | Consolidated |
|---|---|---|---|---|---|---|
| Sales | | | | | | |
| (1) Sales to outside customers | 31,937,511 | 4,840,520 | 3,052,905 | 39,830,937 | － | 39,830,937 |
| (2) Inter-segment sales | － | － | － | － | (－) | － |
| Total | 31,937,511 | 4,840,520 | 3,052,905 | 39,830,937 | (－) | 39,830,937 |
| Operating income | 5,286,216 | 213,001 | 503,834 | 6,003,051 | (2,406,948) | 3,596,103 |

Notes:

1. The Company's business is segmented for internal control purposes.
2. Main products/services of each segment are shown below.

| Segment | Main products/services |
|---|---|
| Baby and child care | Breastfeeding and weaning products, skincare products, child-rearing support services, other |
| Healthcare | Nursing-care products, nursing-care support services, other |
| Others | Women's care products (supplements, maternity products, etc.), wet tissues, other |

## (2) Performance by Geographic Region

Nine Months Ended October 31, 2009 (¥ thousands)

| | Japan | East Asia | Others | Total | Eliminations or corporate | Consolidated |
|---|---|---|---|---|---|---|
| Sales | | | | | | |
| (1) Sales to outside customers | 28,215,908 | 8,137,211 | 3,477,817 | 39,830,937 | － | 39,830,937 |
| (2) Inter-segment sales | 1,625,783 | 1,502,975 | － | 3,128,758 | (3,128,758) | － |
| Total | 29,841,691 | 9,640,187 | 3,477,817 | 42,959,696 | (3,128,758) | 39,830,937 |
| Operating income | 3,929,962 | 1,893,781 | 283,338 | 6,107,081 | (2,510,978) | 3,596,103 |

Notes:

1. Segmentation of countries and regions is based on geographic proximity.
2. Major countries and regions are as follows:
   East Asia: Singapore, Thailand, China
   Other: United States, etc.

## (3) Oversea Sales

Nine Months Ended October 31, 2009 (¥ thousands)

| | East Asia | North America | Middle East | Other | Total |
|---|---|---|---|---|---|
| Overseas sales | 8,601,205 | 2,874,235 | 976,545 | 1,083,463 | 13,535,451 |
| Consolidated net sales | － | － | － | － | 39,830,937 |
| Share of overseas sales in consolidated net sales (%) | 21.6 | 7.2 | 2.5 | 2.7 | 34.0 |

Notes:

1. Segmentation of countries and regions is based on geographic proximity.
2. Major countries and regions are as follows:
   (1) East Asia: China, Singapore, South Korea , etc.
   (2) North America: United States, Canada, etc.
   (3) Middle East: United Arab Emirates, etc.
   (4) Other: South Africa, United Kingdom, Panama, etc.
3. Overseas sales refer to sales in countries or regions outside of Japan reported by the Company and its consolidated subsidiaries.

## [Reference: Segment Information for the Previous Period]

## (1) Performance by Business Segment

Nine Months Ended October 31, 2008 (¥ thousands)

| | Baby and child care | Healthcare | Others | Total | Eliminations or corporate | Consolidated |
|---|---|---|---|---|---|---|
| Sales | | | | | | |
| (1) Sales to outside customers | 32,197,031 | 4,808,356 | 3,009,694 | 40,015,081 | — | 40,015,081 |
| (2) Inter-segment sales | — | — | — | — | (—) | — |
| Total | 32,197,031 | 4,808,356 | 3,009,694 | 40,015,081 | (—) | 40,015,081 |
| Operating income | 5,025,383 | 136,194 | 470,000 | 5,631,578 | (2,309,990) | 3,321,587 |

Notes:

1. The Company's business is segmented for internal control purposes.
2. Main products/services of each segment are shown below.

| Segment | Main products/services |
|---|---|
| Baby and child care | Breastfeeding and weaning products, skincare products, child-rearing support services, other |
| Healthcare | Nursing-care products, nursing-care support services, other |
| Others | Women's care products (supplements, maternity products, etc.), wet tissues, other |

## (3) Oversea Sales

Nine Months Ended October 31, 2008 (¥ thousands)

| | East Asia | North America | Middle East | Other | Total |
|---|---|---|---|---|---|
| Overseas sales | 8,065,662 | 3,050,202 | 979,749 | 1,347,191 | 13,442,804 |
| Consolidated net sales | — | — | — | — | 40,015,081 |
| Share of overseas sales in consolidated net sales (%) | 20.2 | 7.6 | 2.4 | 3.4 | 33.6 |

Notes:

1. Segmentation of countries and regions is based on geographic proximity.
2. Major countries and regions are as follows:
   (1) East Asia: China, South Korea, Singapore, etc.
   (2) North America: United States, Canada, etc.
   (3) Middle East: United Arab Emirates, etc.
   (4) Other: United Kingdom, South Africa, Australia, etc.
3. Overseas sales refer to sales in countries or regions outside of Japan reported by the Company and its consolidated subsidiaries.