Summary of Consolidated Financial Results
For the Year Ended January 31, 2012
[Japanese Standards] (Consolidated)

March 5, 2012

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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Annual General Meeting of Shareholders: April 26, 2012 Year-end dividends: Paid from April 27, 2012
Date of release of Business Report: April 27, 2012
Supplementary materials for the financial results: Yes
Investor conference for the financial results: Yes (For analysts and institutional investors)

1. Consolidated Financial Results (February 1, 2011–January 31, 2012)

(1) Performance

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
Year ended January 31, 2012	59,145	3.7%	5,042	10.9%	4,917	10.9%	3,183	8.7%
Year ended January 31, 2011	57,061	6.8%	4,546	(1.2)%	4,435	(3.8)%	2,928	3.1%

Note: Comprehensive income: ¥2,745 million (16.2%) (Year ended January 31, 2012);
¥2,362 million (-%) (Year ended January 31, 2011)

	Net Income per Share (¥)	Diluted Net Income Per Share (¥)	Return on Equity (%)	Total Assets/ Ordinary Income (%)	Operating Margin (%)
Year ended January 31, 2012	159.05	–	11.8	11.4	8.5
Year ended January 31, 2011	146.31	–	11.2	10.8	8.0

Reference: Equity in earnings of affiliates: ¥62 million (January 31, 2012); ¥48 million (January 31, 2011)

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets Per Share (¥)
At January 31, 2012	43,772	27,935	62.7	1,370.46
At January 31, 2011	42,684	27,044	62.2	1,325.71

Reference: Equity: ¥27,428 million (At January 31, 2012); ¥26,533 million (At January 31, 2011)

(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, 2012	4,212	(1,871)	(1,776)	7,293
Year ended January 31, 2011	3,206	(3,948)	886	6,827

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, 2011	–	44.00	–	44.00	88.00	1,761	60.1	6.7
Year ended January 31, 2012	–	44.00	–	44.00	88.00	1,761	55.3	6.5
Year ending January 31, 2013 (Forecast)	–	44.00	–	44.00	88.00		53.4	

3. Forecast for the Year Ending January 2013

(¥ millions, rounded down)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (¥)
Year ending July 31, 2012 (% figures denote year-on-year change)	30,100	5.9	2,200	5.4	2,150	4.1	1,400	15.3	69.95
Year ending January 31, 2013 (% indicates changes from the corresponding previous term)	64,300	8.7	5,650	12.0	5,550	12.9	3,300	3.7	164.88

4. Other

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

(2) Changes in accounting principles, processes, presentation methods, etc.

(a) Changes in accounting standards: Yes

(b) Other changes: None

(3) Number of outstanding shares (Ordinary shares):

(a) Number of shares outstanding (including treasury stock):

Year ended January 31, 2012: 20,275,581 shares

Year ended January 31, 2011: 20,275,581 shares

(b) Number of treasury shares at term-end

Year ended January 31, 2012: 261,696 shares

Year ended January 31, 2011: 261,343 shares

(c) Average number of shares during the period

Year ended January 31, 2012: 20,014,068 shares

Year ended January 31, 2011:20,014,516 shares

*** 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**

Please refer to page 3 of "(1) Performance Analysis" on "1. Performance".

1. Performance

(1) Performance Analysis

1) Performance Overview

During this consolidated fiscal year, at first Japan's economy showed certain signs of recovery driven by such factors as the improvement in corporate earnings, and the improvement of the overseas economies, but due to the massive and wide-ranging damages to the infrastructure caused by the Great East Japan Earthquake that shook the country in March, 2011, a large number of companies experienced either complete breakdowns or substantial declines of their production activities, while the supply chain centering on the disaster-stricken areas was severely disrupted, resulting in general stagnation of business life. Since then, the situation in general and the consumer spending in particular have gradually recovered, but there is still a risk for Japanese economy to enter a downward trend due to such factors as the global economic recession stemming from the financial and monetary instability in Europe, the progressing sharp rise of the yen, and the concerns regarding the declining results of Japanese corporations operating in Thailand that incurred extensive damages of their production plants caused by the flood that hit The country this year.

After the occurrence of Great East Japan Earthquake, the Group has also incurred certain damages in two distribution centers located in Ibaraki Prefecture as well as at the production base of our consolidated subsidiary PHP Ibaraki, Co., Ltd., resulting in suspension or reduction of operations, but the damage was on a small scale and limited in range.

Also, although in order to ensure the safety during the flood resulting from the heavy rains that battered Thailand, in October, 2011 the Group had to temporarily reduce and later suspend the operations of THAI PIGEON CO., LTD., which is our local production base in the country, but by the end of November the plant was already operating normally, and no direct personal or material damages were incurred.

The situation being such, during the first year of the "Fourth medium-term business plan (from January 2012 to January 2014): Achieving global business success through company and individual competence", the Group has been operating primarily focusing on the following objectives.

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, seek to further strengthen and improve the profitability of current existing businesses as well as to work to achieve solid growth in new and developing businesses.
3) Build a global business management system based on the core components of "Fostering Human Resources" and "Creating new value based on fundamental research."

During this consolidated accounting year, according to the goals set in the "Fourth medium-term business plan", the Group has defined the tasks of each business segment as follows and has conducted through measures to achieve these tasks.

Domestic Baby and Mother Care Business
By establishing and extending the large merchandise business and promoting the category of women's care, the Group will improve profitability in the current fields. Furthermore, the Group will establish and extend the Mamas & Papas business to launch new business in the IT field.

Child-rearing Support Services
The Group will continue steady business development by enriching the personnel development system, extending services, and further improving child-rearing quality.

Health Care and Nursing Care Business
The Group will restructure the business operation system and take efficient measures to improve brand awareness and promote the understanding of merchandise. By cultivating priority merchandise categories, the Group will improve merchandise competitiveness and aggressively find new sales channels.

Overseas Business
The Group will target aggressive investment in proactive business as a growth driver of the Group to extend the production system and strengthen the business operation system. In China, tie-ups with the current agencies will be strengthened and new agencies will be fostered. Accompanying the launch of the new Changzhou Factory, the Group will strengthen the development system and in-house production system. In North America and Europe, the

Group will extend the merchandise category centered on the mOmma brand and develop new markets.

As a result, consolidated net sales for the year amounted to ¥59,145 million, up 3.7% from the previous year. With respect to earnings, although new investments in plants and equipment were made to promote the expansion of foreign operations, costs decreased due to in-house production and efficient utilization was realized for marketing expenses, etc. As a result, operating income was ¥5,042 million, up 10.9%, and ordinary income was ¥4,917 million, up 10.9% from the previous year. Net income was ¥3,183 million, up 8.7% from the previous year as ¥213 million was accounted as extraordinary loss mainly for repairing facilities and discarding merchandise damaged by the Great East Japan Earthquake.

2) Segment Review

The business report 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. In accordance with "Accounting Standards Regarding the Disclosure of Segment Information etc.," the segments have been changed from "Baby and Child Care segment", "Healthcare segment", and "Other segment") to the above, starting from this consolidated fiscal year.

Domestic Baby and Mother Care Business

Sales in this segment amounted to ¥24,047 million, down 0.4% year-on-year. Segment income edged up 1.8%, to ¥3,677 million. In terms of new products, the Group marketed "MOGUTTOYASAI" as single-meal retort-pouched baby foods all enriched with vegetables, "Body Massage Cream" and "Body HIKISHIME Gel" containing hyaluronic acid for skin care during pregnancy and after birth, easy-to-prepare "Range de MUSHI-PAN" baby snacks by mixing milk or water, "MAGUMAGU Baby", "MAGUMAGU Spout", "SODACHI OUEN Sandal YOCHIYOCHI-ANYO/TOKOTOKO-ANYO" baby sandals for selection according to the growth of your baby in February 2011, and the "MUSHI-KURURIN OHEYANIOKU Type" insect repellent using natural ingredients in March, and in June newly released an infant seat "SALVAJE " which can be used for children starting right from birth and that offer high safety and amenity. In August, we launched the new brand "Baby Laundry," a laundry series which is gentle to the skin for mothers and babies, "Skin Thermometer H20—CHIBION Touch," a thermometer which measures body temperature at the forehead, "Baby Oil Jelly," a gel-type skin care product, "HAJIMETE no Mask," sanitary masks which can be used from 18 months of age, "Dental Paste (Medicated)," a low-stimuli toothpaste which can be easily used during pregnancy, and "ONEGAI Origo," water which is Pigeon’s first specified health food. Furthermore, in October, we launched "Baby Rhythm Breast Pump—Electric Premium Model," a highly-functional breast pump which replicates lactation rhythms.

Regarding the maternity events we are committed to as part of our direct communications program aimed at strengthening brand loyalty, although under the influence of the Great East Japan Earthquake we canceled a part of them, we have held 28 such events during the year under review, which a total of about 1,900 people who are pregnant have participated. Also, the Group has experimentally held two "Pre-maternity events" targeting women beginning preparations for pregnancy, and has also held three "ante-natal classes" for those who have already given birth. The number of members of "Pigeon Info", which is a word-of-mouth community site operated by the Group to assist women during pregnancy, childbirth, and nursing, is increasing satisfactorily with the acquisition of the newly enrolling members. In the Group's Internet/catalog mail order business, we started sales of a part of our products at retail shops, making an effort to increase the recognizability of our brand and products among the consumers.

Child-rearing Support Services

Sales in this segment amounted to ¥5,990 million, up 9.8% year-on-year. Segment income was ¥152 million, up 29.3% year-on-year. Although some of the facilities were temporarily closed as a consequence of the Great East Japan Earthquake, since April, 2011, the Group has newly started entrusted operation of one licensed nursery school and five child-care facilities installed in business establishments, and the number of child-care facilities operated by the Group as of the end of January, 2012 has reached 191 facilities in total with eight licensed/certified nursery schools, 116 child-care facilities in hospitals of the National Hospital Organization (independent administrative agency), 41 child-care facilities in business establishments, and a number of early childhood education facilities. The Group intends to make a steady effort to develop this business segment further, promoting qualitative improvement of the service in the future.

Health Care and Nursing Care Business

Sales in this segment amounted to ¥6,469 million, down 0.5% year-on-year. Segment income was ¥350 million, up 213.8% year-on-year, as selling, general and administrative expenses were suppressed by effective and efficient marketing measures suited to the characteristics of the merchandise and sales channels greatly improving the profitability of the enterprise. As for the Habinurse brand of elder care products, the Group newly marketed the "HAGUKI NI YASASHII Brush" and "FUSSOIRI HAMIGAKI Gel" oral care series for the elderly and "YAWARARKAI KAIJO Spoon" nursing-care tableware designed for care providers and care receivers in February. Regarding the brand "Recoup" for elderly people seeking good health, the Group marketed an environmentally-friendly, easy-to-use "NUNO Type KYUSYU Pad" for attachment on regular underwear in the same month. In the future, the Group will extend business by marketing merchandise through intensive research on priority categories and acquiring new sales channels, for example by launching mail order business.

Overseas Business
Sales in this segment amounted to ¥21,584 million, up 8.4% year-on-year. Segment income was ¥3,909 million, up 4.4% year-on-year. In China, the distribution system has been improved and restructured to a stable level. The sale of various products including newly released ones is also progressing steadily. Net sales exceeded over the previous year. To strengthen the merchandise supply system, Pigeon Industries (Changzhou) Co., Ltd., located in Changzhou, Jiangsu Province started operations in January 2011. As the second production site in China, this consolidated subsidiary is working steadily, expanding the quantity of output and the number of products handled. In India, a distribution system is being constructed, the sales network is being extended, and Pigeon Corner is being set up as dedicated sales floors, thanks to the activities of the consolidated subsidiary PIGEON INDIA PVT. LTD. In Malaysia, where the consolidated subsidiary PIGEON SINGAPORE PTE.LTD. acquired the shares of a local sales agency in January 2011 (company renamed to PIGEON MALAYSIA (TRADING) SDN.BHD. after stock acquisition), we are striving to extend business on the basis of a newly adopted system. In North America and Europe, the consolidated subsidiary LANSINOH LABORATORIES,INC. is carrying out sales activities steadily. Including the mOmma business that was acquired by the subsidiary in December 2010, the Group will further promote business aggressively.

Others
Sales in this segment edged up 0.2% year-on-year, to ¥1,052 million. Segment income was ¥138 million, up 2.0%.

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 in IT home shopping, 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 second 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. In order to ensure the achievement of the goals set forth in the "Fourth medium-term business plan", during the second year of this plan, the Group will review when deemed necessary the business strategy and functional strategy of each business segment, fully taking into account the degree of advancement of the measures conducted and the business results achieved, as well as the changes of business environment of the previous consolidated accounting year, and steadily implement the most important measures planned for this consolidated accounting year.
2. By effective use of the production facilities/capacity of the entire group, we will strive to implement further the measures to improve profitability, at the same time appropriately maintaining and reinforcing the production system so as to enable the growth of the group businesses in the future.
3. Seeking “Achieving global business success through company and individual competence,” we will focus on nurturing human resources, while formulating medium-term strategies of each business and building organizational frameworks according to our growth potential.

For the year starting January 2012, the Group forecasts consolidated net sales of ¥64,300 million (up 8.7% year-on-year), operating income of ¥5,650 million (up 12.0%), ordinary income of ¥5,550 million (up 12.9%), and net income of ¥3,300 million (up 3.7%).

(2) Financial Position

1) Assets

As of January 31, 2012, Pigeon had consolidated total assets of ¥43,772 million, up ¥1,087 million (or 2.6%) from a year earlier.

Within this amount, total current assets increased ¥1,280 million (5.3%), and total fixed assets decreased ¥192 million (1.0%).

Major factor boosting current assets was a ¥1,127 million (19.5%) increase in inventory.

The main reasons for the decline in fixed assets were depreciation and amortization of goodwill.

2) Liabilities

Total liabilities as of January 31, 2012 stood at ¥15,836 million, up ¥196 million (1.3%) from the previous fiscal year-end. Current liabilities increased ¥155 million (1.3%), while long-term liabilities increased by ¥40 million (1.2%).

Main factors boosting current liabilities were a ¥67 million (2.5%) increase in accrued account payable and a ¥142 million (25.4%) increase in income taxes payable.

There have been no major changes with long-term liabilities.

3) Net Assets

At January 31, 2012, consolidated net assets amounted to ¥27,935 million, up ¥891 million (3.3%) from a year earlier.

This increase resulted mainly from a ¥524 million (28.2%) decrease in foreign exchange adjustment accounts while there was a ¥1,422 million (7.7%) increase in retained earnings.

4) Cash Flow

As of January 31, 2012, cash and cash equivalents (hereinafter referred to as "net cash") amounted to ¥7,293 million, up ¥465 million from a year earlier.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥4,212 million, up from ¥3,206 million of the previous year. Factors decreasing operating cash flows included a ¥1,019 million increase in inventories and a ¥1,313 million decrease in corporation tax payments. Contrasting factors included a ¥4,723 million increase in net income before tax adjustments and a ¥1,595 million increase in depreciation.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥1,871 million, down from ¥3,949 million of the previous year. Main factors included expenditures of ¥1,416 million in the acquisition of tangible fixed assets and ¥327 million in purchase of investments in subsidiaries resulting in change in scope of consolidation.

Cash Flows from Financing Activities:

Net cash used in financing activities was ¥1,776 million (up from ¥886 million of the previous year). Decreases resulted primarily from ¥9,530million in payment of short-term loans, ¥1,020 million in repayment of long-term debt and ¥1,758 million in payment of cash dividends. Contrasting factors included net cash increases from income of ¥9,516 million related to short-term borrowing and income of ¥1,073 million related to long-term borrowing.

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

	FY2010	FY2011	FY2012
Equity Ratio (%)	65.3	62.2	62.7
Equity Ratio based on Market Price (%)	179.7	117.2	131.1
Debt Repayment Term (years)	0.5	1.5	1.1
Interest Coverage Ratio (times)	96.2	59.3	67.2

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 this policy, we paid an interim cash dividend of ¥44.00 per share, and we plan to declare a year-end dividend of ¥44.00. This will bring total annual dividends to ¥88.00 per share (¥88.00 per share of common stock).

2. 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 in old age. 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.”

By steadily implementing initiatives as stated in our basic medium-term policies, which are outlined in the paragraphs below, we have set the following performance targets for the fiscal year ending January 2014: net sales of ¥73,300 million, operating income of ¥7,350 million, ordinary income of ¥7,300 million, and net income of ¥4,400 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 continues to face an unstable operating environment, characterized by such factors as prolonged global financial instability, emerging world economies and other global trends. Based on the "Fourth medium-term business plan", aiming at "achieving global business success through company and individual competence", the Group will steadily implement the measures grounded on the business strategy of each business segment and the functional strategy that serves as the foundation thereof.

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.

In addition, we will target further improvements in management soundness and transparency by broadening and reinforcing our internal control system.

3. Consolidated Financial Statement

(1) Consolidated Balance Sheets

(Thousands of yen)

	At January 31, 2011	At January 31, 2012
ASSETS		
I. Current Assets:		
Cash and time deposit	6,827,706	7,293,629
Notes and accounts receivable	9,874,273	9,993,322
Goods and products	4,549,808	5,332,818
Goods in process	54,401	146,452
Raw material and inventory goods	1,194,021	1,446,804
Deferred tax assets-current	800,913	729,151
Receivables	374,983	279,064
Other current assets	600,689	334,097
Allowance for doubtful accounts	(113,948)	(112,139)
Total Current Assets	**24,162,848**	**25,443,202**
II. Fixed Assets:		
1. Tangible Fixed Assets:		
Buildings and structures	11,561,584	11,638,533
Accumulated depreciation	(6,211,063)	(6,481,737)
Buildings and structures-net	5,350,520	5,156,795
Machinery and transportation equipment	8,742,001	9,295,200
Accumulated depreciation and accumulated impairment loss	(6,195,039)	(6,482,277)
Machinery and transportation equipment-net	2,546,962	2,812,922
Tools, furniture and fixtures	4,184,549	4,254,301
Accumulated depreciation and accumulated impairment loss	(3,270,429)	(3,340,960)
Tools, furniture and fixtures-net	914,119	913,340
Land	6,012,825	5,979,122
Construction in progress	584,885	196,482
Total Tangible Fixed Assets	**15,409,313**	**15,058,663**
2. Intangible Fixed Assets:		
Goodwill	599,728	659,742
Software	425,625	350,880
Other intangible fixed assets	162,725	274,804
Total Intangible Fixed Assets	**1,188,079**	**1,285,427**
3. Investments and Other Assets:		
Investment securities	1,316,276	1,344,281
Bankruptcy claims	78,849	64,047
Deferred tax assets	104,922	123,470
Insurance reserve	225,011	232,853
Other	276,669	282,450
Allowance for doubtful accounts	(77,222)	(61,853)
Total Investments and Other Assets	**1,924,506**	**1,985,250**
Total Fixed Assets	**18,521,899**	**18,329,341**
Total Assets	**42,684,748**	**43,772,544**

(Thousands of yen)

	At January 31, 2011	At January 31, 2012
LIABILITIES		
I. Current Liabilities:		
Notes and accounts payable	3,984,705	3,758,318
Short-term borrowings	2,258,000	2,233,220
Long-term debt due within one year	1,000,000	1,022,873
Accrued account payable	2,687,791	2,755,082
Income taxes payable	561,952	704,870
Accrued bonuses to employees	537,505	587,343
Returned goods adjustment reserve	46,084	59,650
Other current liabilities	1,151,100	1,261,286
Total Current Liabilities	**12,227,140**	**12,382,644**
II. Long-Term Liabilities:		
Long-term borrowings	1,615,000	1,642,165
Deferred tax liabilities	1,103,356	1,040,892
Employees' retirement benefits	243,710	305,368
Retirement benefits for directors and corporate auditors	322,447	355,298
Other long-term liabilities	129,055	110,491
Total Long-Term Liabilities	**3,413,570**	**3,454,217**
Total Liabilities	**15,640,710**	**15,836,861**
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	18,451,368	19,873,527
Treasury stock	(447,673)	(448,680)
Total Shareholders' Equity	**28,383,538**	**29,804,691**
II. Accumulated Other Comprehensive Income:		
Net unrealized gains on securities	11,237	10,073
Foreign currency translation adjustment	(1,861,586)	(2,386,518)
Total Accumulated Other Comprehensive Income	**(1,850,348)**	**(2,376,445)**
III. Minority Interests	**510,847**	**507,436**
Total Net Assets	**27,044,037**	**27,935,682**
Total Liabilities, Minority Interests and Net Assets	**42,684,748**	**43,772,544**

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

(Thousands of yen)

	Year Ended January 31, 2011	Year Ended January 31, 2012
I. Net Sales	**57,061,735**	**59,145,132**
II. Cost of Sales	**33,795,559**	**34,811,777**
Gross profit	**23,266,176**	**24,333,355**
Reversal of reserve for returned products	61,434	45,956
Transfer to reserve for returned products	46,560	60,188
Adjusted gross profit	**23,281,049**	**24,319,124**
III. Selling, General and Administrative Expenses	**18,734,173**	**19,276,291**
Operating Income	**4,546,876**	**5,042,832**
IV. Other Income:		
Interest income	29,388	34,081
Dividend income	23,506	23,178
Rental income	83,659	—
Equity in earnings of non consolidated subsidiaries and affiliates	48,465	62,525
Refund of consumption tax	50,690	39,821
Other	136,896	213,701
Total Other Income	**372,606**	**373,307**
V. Other Expenses:		
Interest expense	48,059	79,454
Sales discounts	224,372	221,692
Rental income-related costs	52,437	—
Currency exchange loss	147,431	144,032
Other	11,865	53,934
Total Other Expenses	**484,166**	**499,113**
Ordinary Income	**4,435,315**	**4,917,026**
VI. Extraordinary Income:		
Gain on sales of property	5,041	7,759
Gain on sales of investment securities	6,996	—
Reversal of allowance for doubtful accounts	8,229	12,068
Total Extraordinary Income	**20,267**	**19,828**
VII. Extraordinary Loss:		
Loss on sales of property	522	569
Loss on disposal of property	10,762	29,530
Retirement benefit expenses for prior periods	—	44,352
Loss on disaster	—	134,039
Loss on liquidation of subsidiaries and affiliates	62,306	—
Office transfer expenses	12,462	—
Other	150	4,692
Total Extraordinary Loss	**86,203**	**213,183**
Income before Income Taxes	**4,369,380**	**4,723,671**
Income taxes	1,331,238	1,463,220
Adjustment for corporate tax	21,253	(10,849)
Total Corporate Income Tax	**1,352,492**	**1,452,370**
Income before Minority Interests	—	**3,271,301**
Less: Minority Interest in Net Income of Consolidated Subsidiaries	**88,480**	**87,894**
Net Income	**2,928,407**	**3,183,406**

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Year Ended January 31, 2011	Year Ended January 31, 2012
Income before Minority Interests	—	**3,271,301**
Other Comprehensive Incomes:		
Valuation difference on available-for-sale securities	—	(1,163)
Foreign currency translation adjustment	—	(524,932)
Total Other Comprehensive Incomes	—	**(526,096)**
Comprehensive Income	—	**2,745,204**
(Breakdown)		
Comprehensive incomes relating to shareholders of parental company	—	2,705,150
Comprehensive incomes relating to minority shareholders	—	40,053

(3) Statement of Changes in Consolidated Shareholders' Equity

(Thousands of yen)

	Year Ended January 31, 2011	Year Ended January 31, 2012
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	17,044,069	18,451,368
Changes during the period		
Dividends from surplus	(1,521,108)	(1,761,247)
Net income	2,928,407	3,183,406
Total changes during the period	**1,407,298**	**1,422,159**
Balance at the end of current period	**18,451,368**	**19,873,527**
Treasury stock		
Balance at the end of previous period	(446,523)	(447,673)
Changes during the period		
Acquisition of treasury stock	(1,150)	(1,007)
Total changes during the period	**(1,150)**	**(1,007)**
Balance at the end of current period	**(447,673)**	**(448,680)**
Total shareholders' equity		
Balance at the end of previous period	26,977,390	28,383,538
Changes during the period		
Dividends from surplus	(1,521,108)	(1,761,247)
Net income	2,928,407	3,183,406
Acquisition of treasury stock	(1,150)	(1,007)
Total changes during the period	**1,406,148**	**1,421,152**
Balance at the end of current period	**28,383,538**	**29,804,691**

(Thousands of yen)

	Year Ended January 31, 2011	Year Ended January 31, 2012
Accumulated other comprehensive income		
Valuation difference on other marketable securities		
Balance at the end of previous period	7,563	11,237
Changes during the period		
Changes in items other than shareholders equity (net)	3,673	(1,163)
Total changes during the period	**3,673**	**(1,163)**
Balance at the end of current period	**11,237**	**10,073**
Foreign currency translation adjustment		
Balance at the end of previous period	(1,203,267)	(1,861,586)
Changes during the period		
Changes in items other than shareholders equity (net)	(658,318)	(524,932)
Total changes during the period	**(658,318)**	**(524,932)**
Balance at the end of current period	**(1,861,586)**	**(2,386,518)**
Total accumulated other comprehensive income		
Balance at the end of previous period	(1,195,704)	(1,850,348)
Changes during the period		
Changes in items other than shareholders equity (net)	(654,644)	(526,096)
Total changes during the period	**(654,644)**	**(526,096)**
Balance at the end of current period	**(1,850,348)**	**(2,376,445)**
Minority interests		
Balance at the end of previous period	482,638	510,847
Changes during the period		
Changes in items other than shareholders equity (net)	28,209	(3,411)
Total changes during the period	**28,209**	**(3,411)**
Balance at the end of current period	**510,847**	**507,436**
Total net assets		
Balance at the end of previous period	26,264,324	27,044,037
Changes during the period		
Dividends from surplus	(1,521,108)	(1,761,247)
Net income	2,928,407	3,183,406
Acquisition of treasury stock	(1,150)	(1,007)
Changes in items other than shareholders equity (net)	(626,434)	(529,507)
Total changes during the period	**779,713**	**891,644**
Balance at the end of current period	**27,044,037**	**27,935,682**

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Year Ended January 31, 2011	Year Ended January 31, 2012
I. Cash Flows from Operating Activities:		
Income before income taxes	4,369,380	4,723,671
Depreciation	1,624,263	1,595,708
Amortization of goodwill	316,055	236,822
Increase (decrease) in allowance for doubtful accounts	820	(15,781)
Increase (decrease) in accrued bonuses to employees	6,060	50,298
Increase (decrease) in employees' retirement benefits	22,477	64,942
Increase (decrease) in directors' retirement benefits	24,061	32,851
Interest and dividend income	(52,894)	(57,259)
Equity in (gains) losses of non consolidated subsidiaries and affiliates	(48,465)	(62,525)
Interest expense	48,059	79,454
Loss (gain) on sale of fixed assets	(4,519)	(7,190)
Loss (gain) on sales of investment securities	(6,996)	—
Loss on disposal of fixed assets	10,762	29,530
Loss (gain) on liquidation of subsidiaries and affiliates	62,306	—
Decrease (increase) in trade receivables	(1,470,926)	(93,324)
Decrease (increase) in inventories	(400,509)	(1,019,428)
Increase (decrease) in trade payables	(148,261)	(241,215)
Increase (decrease) in account payable	443,295	139,427
Increase (decrease) in consumption tax payable	(60,021)	7,114
Decrease (increase) in bankruptcy claims	3,865	14,802
Other	(116,790)	51,233
Subtotal	**4,622,024**	**5,529,131**
Interest and dividends received	82,256	59,033
Interest paid	(53,997)	(62,642)
Income taxes paid	(1,444,028)	(1,313,285)
Net Cash Provided by Operating Activities	**3,206,255**	**4,212,236**

(Thousands of yen)

	Year Ended January 31, 2011	Year Ended January 31, 2012
II. Cash Flows from Investing Activities:		
Acquisition of property, plant and equipment	(2,710,009)	(1,416,158)
Proceeds from sales of property, plant and equipment	44,871	7,007
Acquisition of intangible assets	(193,405)	(123,872)
Acquisition of investment securities	(299)	(1,202)
Proceeds from sales of investment securities	18,205	—
Payments for transfer of business	(818,505)	—
Payment to life insurance fund for directors	(9,779)	(9,563)
Proceeds from cancellation of life insurance fund for directors	2,059	2,277
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	(16,355)	(2,620)
Collection of loan receivables	2,941	16,015
Decrease (increase) of deposits paid	(290,347)	—
Payment for lease deposits	(19,806)	(23,801)
Proceeds from recovery of lease deposits	33,855	21,280
Other	7,014	(26,974)
Net Cash Used in Investing Activities	**(3,949,562)**	**(1,871,289)**
III. Cash Flows from Financing Activities:		
Proceeds from short-term debt	8,548,560	9,516,010
Repayment of short-term debt	(7,627,950)	(9,530,540)
Proceeds from long-term loans payable	1,648,000	1,073,080
Repayment of long-term debt	(103,680)	(1,020,305)
Payment of cash dividends	(1,518,320)	(1,758,523)
Payment of cash dividends to minority shareholders	(49,894)	(43,464)
Acquisition of treasury stock	(1,150)	(1,007)
Other	(9,327)	(11,283)
Net Cash Used in Financing Activities	**886,237**	**(1,776,035)**
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(220,765)**	**(98,987)**
V. Net Change in Cash and Cash Equivalents	**(77,835)**	**465,923**
VI. Cash and Cash Equivalents at Beginning of the Period	**6,905,541**	**6,827,706**
VII. Cash and Cash Equivalents at End of the Period	**6,827,706**	**7,293,629**

4. Segment Information

(1) Performance by Business Segment

Previous fiscal year (February 1, 2010–January 31, 2011)

(Thousands of yen)

	Baby and child care	Healthcare	Others	Total	Eliminations or corporate	Consolidated
Sales						
(1) Sales to outside customers	46,753,646	6,428,317	3,879,771	57,061,735	–	57,061,735
(2) Intersegment sales	–	–	–	–	(–)	–
Total	46,753,646	6,428,317	3,879,771	57,061,735	(–)	57,061,735
Operating expenses	39,794,084	6,282,964	3,314,757	49,391,806	3,123,052	52,514,859
Operating income	6,959,561	145,353	565,014	7,669,928	(3,123,052)	4,546,876
Total assets	28,261,209	3,812,166	2,284,364	34,357,740	8,327,008	42,684,748
Depreciation and amortization	1,224,752	144,639	78,669	1,448,061	176,202	1,624,263
Capital investment	3,250,182	147,450	53,264	3,450,897	160,976	3,611,874

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. Figures in the "Eliminations or corporate" column refer to the portion of operating expenses that are unallocatable. These are primarily expenses related to general administration and R&D.
4. Assets at year-end included all companywide assets covered in the "Elimination or corporate" column. Such assets consisted mainly of a foreign currency translation adjustment amount (incurred when translating financial statements of overseas consolidated subsidiaries into yen), surplus working capital of the parent company (cash and deposits), long-term investment capital (investments in securities, etc.), and administration-related assets.
5. "Depreciation" and "Capital expenditure" include long-term prepaid expenses or depreciation related to such expenses.

(2) Performance by Geographic Region

Previous fiscal year (February 1, 2010–January 31, 2011)

(Thousands of yen)

	Japan	Asia	Others	Total	Eliminations or corporate	Consolidated
Sales						
(1) Sales to outside customers	39,967,097	12,244,389	4,850,248	57,061,735	–	57,061,735
(2) Intersegment sales	2,481,525	2,315,461	–	4,796,987	(4,796,987)	–
Total	42,448,623	14,559,850	4,850,248	61,858,722	(4,796,987)	57,061,735
Operating expenses	37,281,028	12,633,803	4,410,644	54,325,476	(1,810,617)	52,514,859
Operating income	5,167,595	1,926,047	439,603	7,533,246	(2,986,369)	4,546,876
Total assets	26,816,311	12,125,953	2,583,159	41,525,423	1,159,324	42,684,748

Notes:

1. Segmentation of countries and regions is based on geographic proximity.
2. Major countries and regions are as follows:
   Asia: Singapore, Thailand, China, India
   Other: United States, etc.
3. Operating expenses for the year included ¥3,123,052 thousand in expenses for noncategorized spending covered in the "Elimination or corporate" column. Such expenses were mainly related to divisions in control of consolidated administration and R&D.
4. Assets at year-end included ¥8,327,008 thousand in companywide assets covered in the "Elimination or corporate" column. Such assets consisted mainly of a foreign currency translation adjustment amount (incurred when translating financial statements of overseas consolidated subsidiaries into yen), surplus working capital of the parent company (cash and deposits), long-term investment capital (investments in securities, etc.), and administration-related assets.

(3) Oversea Sales

Previous fiscal year (February 1, 2010–January 31, 2011)

(Thousands of yen)

	Asia	North America	Middle East	Other	Total
Overseas sales	12,998,645	3,855,381	1,411,979	1,588,386	19,854,392
Consolidated net sales	—	—	—	—	57,061,735
Share of overseas sales in consolidated net sales (%)	22.8	6.7	2.5	2.8	34.8

Notes:

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

(4) Information Regarding Net Sales and Profit & Loss in Each Report Segment

Previous fiscal year (February 1, 2010–January 31, 2011)

(Thousands of yen)

	Report Segment					Other (Note) 1	Total	Adjustments (Note) 2 (Note) 3 (Note) 4 (Note) 5	Amount Accounted on Consolidated Financial Statements (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	24,145,237	5,455,282	6,503,272	19,907,680	56,011,473	1,050,262	57,061,735	—	57,061,735
Total	24,145,237	5,455,282	6,503,272	19,907,680	56,011,473	1,050,262	57,061,735	—	57,061,735
Segment income	3,611,660	117,959	111,619	3,745,416	7,586,657	135,642	7,722,300	(3,175,423)	4,546,876
Segment assets	11,319,844	1,120,209	3,629,560	15,826,621	31,896,236	951,564	32,847,800	9,836,947	42,684,748
Others									
Depreciation (Note) 7	578,171	24,344	131,259	559,696	1,293,471	44,916	1,338,388	285,875	1,624,263
Amortization of goodwill	3,478	930	32,859	278,689	315,957	97	316,055	—	316,055
Increase in tangible fixed assets and intangible fixed assets (Note) 8	429,365	33,417	113,309	2,882,334	3,458,427	24,469	3,482,896	128,977	3,611,874

Current 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 Consolidated Financial Statements (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 assets	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
Others Depreciation (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 goodwill	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

Notes:

1. "Other" means a segment not in the report segments and mainly includes manufacture and sale by our production subsidiaries outside the Group.
2. Segment income adjustments are all selling costs that cannot be allocated. Main adjustments are costs in the management division, etc. of the Group.
3. Segment assets adjustments are all companywide assets. Main adjustments are assets, etc. in the surplus working capital of the parent company (cash and deposits), long-term investment capital (investments in securities, etc.), and administration-related assets.
4. Depreciation adjustments are depreciation related to companywide assets.
5. Adjustments of increase in tangible fixed assets and intangible fixed assets are related to companywide assets.
6. Segment income is adjusted with that in operating income of Consolidated Statements of Income.
7. Depreciation includes depreciation related to long-term prepaid expenses.
8. Increase in tangible fixed assets and intangible fixed assets includes increase in long-term prepaid expenses.