Summary of Financial Results
for the Second Quarter of Fiscal Year Ending January 2017
[Japanese Standards] (Consolidated)

September 5, 2016

Name of Listed Company: Pigeon Corporation (Stock code: 7956)
Listing: First Section, Tokyo Stock Exchange
Website: www.pigeon.co.jp
Representative: Shigeru Yamashita (President and COO)
Contact person: Tsutomu Matsunaga (Managing Officer, Corporate Planning & Administration Division)/Tel: +81-3-3661-4188
Scheduled Filing Date of Quarterly Report: September 9, 2016
Scheduled Commencement Date of Dividend Payments: October 11, 2016
Preparation of Any Additional Explanatory Materials for Quarterly Financial Results: Yes
Holding of Any Briefing Session for Quarterly Financial Results: Yes (For analysts and institutional investors)

1. Consolidated Business Performance for the First Half of Fiscal Year Ending January 31, 2017 (February 1 to July 31, 2016)

(1) Consolidated Operating Results (cumulative)

(Millions of yen, rounded down, % figures denote year-on-year change)

	Net Sales		**Operating Income**		**Ordinary Income**		**Net Income Attributable to Owners of Parent**	
2Q ended July 31, 2016	46,302	(0.5)%	7,777	0.6%	7,671	(2.6)%	5,545	5.0%
2Q ended July 31, 2015	46,522	18.6%	7,733	29.2%	7,873	32.2%	5,282	29.7%

(Note) Comprehensive income: 2Q ended July 31, 2016 ¥774 million (86.9% negative)
2Q ended July 31, 2015 ¥5,913 million (118.9%)

	Net Income per Share (¥)	**Diluted Net Income Per Share (¥)**
2Q ended July 31, 2016	46.30	–
2Q ended July 31, 2015	44.11	–

(2) Consolidated Financial Position

	Total Assets	**Net Assets**	**Equity Ratio (%)**
2Q ended July 31, 2016	71,494	48,870	66.8
FY ended January 31, 2016	73,943	50,792	67.0

(Reference) Shareholders' Equity: 2Q ended July 31, 2016 ¥47,749 million
FY ended January 31, 2016 ¥49,567 million

2. Cash Dividends

	Annual Dividend (¥)				
	1Q-end	2Q-end	3Q-end	Year-end	Total
FY ended January 31, 2016	–	20.00	–	22.00	42.00
FY ending January 31, 2017	–	25.00			
FY ending January 31, 2017 (Forecast)			–	25.00	50.00

(Notes) Changes in dividend forecasts to the most recent announcement: Yes
The interim dividend for the fiscal year ending January 31, 2017 includes a commemorative dividend of 3 yen.

3. Consolidated Business Performance Forecasts (February 1, 2016 to January 31, 2017)

(% figures denote year-on-year change from the previous term)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	93,500	1.4%	15,000	3.3%	14,900	(1.2)%	10,400	2.0%	86.84

(Note) Revision of forecasts to the most recent announcement: Yes

Notes

(1) Changes in major subsidiaries (or changes in specific subsidiaries that affect the scope of consolidation) during the period under review: None
New: － (Company name: －), Excluded: － (Company name: －)

(2) Application of any accounting procedures specific to preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting-based estimates, and restatements
1) Changes in accounting policies associated with revision of accounting standards: Yes
2) Changes in accounting policies other than the above 1): None
3) Changes in accounting-based estimates: None
4) Restatements: None
(Note) For further information, please refer to "(3) Changes in Accounting Policies, Changes in Accounting-based Estimates, and Restatements" in "2. Issues Regarding Summary Information (Notes)" on page 4.

(4) Number of outstanding shares (common stock)
1) Number of shares outstanding at the term-end (including treasury stock)
2Q ended July 31, 2016: 121,653,486
FY ended January 31, 2016: 121,653,486
2) Number of treasury stock for the period-end
2Q ended July 31, 2016: 1,891,721
FY ended January 31, 2016: 1,891,577
3) Number of average shares outstanding during the period (quarter accumulation)
2Q ended July 31, 2016: 119,761,814
2Q ended July 31, 2015: 119,762,652

* Indication regarding the situation of quarterly review procedures
The report of the financial results for this second quarter are not the subject of a quarterly review procedure based on the Financial Instruments and Exchange Act, and at the time of disclosure of the report, review procedures for quarterly financial statements based on the Financial Instruments and Exchange Act were still in progress.

* Cautionary Statement regarding Performance Forecasts
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 forecasts and future projections stated in this report are in no way intended as a promise of achievement as a company.
In addition, the actual results could differ significantly from forecast figures depending on a variety of factors. See the section "(3) Explanation of Consolidated Performance Forecast and Other Future Predictions" in "1. Qualitative Information Regarding the Financial Results for the Current Quarter" on page 4 regarding conditions which are preconditions for business performance forecasts and cautions for using the business performance forecast.

* Changes in the display units for amounts
The amounts for items listed in the quarterly consolidated financial statements and other items have hitherto been displayed in units of 1,000 yen. Beginning in the consolidated first three-month period of the ongoing fiscal year, this is changed to units of 1 million yen.
For fair comparison, the amounts reported for both the first six-month period of the previous fiscal year and the entire previous fiscal year have been restated in units of 1 million yen.

Table of Contents of the Appendix

1. Qualitative Information Regarding the Financial Results for the Current Quarter

(1) Explanation of Business Performance

During the consolidated first six-month period under review, Japan’s economy continued to recover at a gradual pace, despite weak results in some segments such as trends in personal consumption. Overseas, on the other hand, have been affected by the continuously strong yen in foreign exchange markets amid an increasing sense of uncertainty regarding the global economic outlook. Concerns are mainly fueled by China’s economic slowdown and Europe's condition following Britain's decision to leave the European Union. Amid such economic circumstances, the Group is working on achieving further business growth during this final year of our fifth medium-term business plan (for the period between the fiscal year ended January 2015 and the fiscal year ending January 2017), under the slogan of “Pursuing world class business excellence, think globally, plan agilely, and implement locally.” Also, as its business policy, our Group aims at expanding its business and improving management quality by providing the following “Vision 2016.”

< Vision 2016 >

i) Strengthening brand power (Global Number One manufacturer of baby and child care products)
ii) Reinforcing the management system toward a sustainable growth of our Group’s business
iii) Improving management quality by focusing on cash flow
iv) Fostering our Group’s global personnel, establishing human resources systems and promoting its employees’ activities
v) Further enhancing corporate value

During the consolidated first six-month period under review, we have been developing the above business policies and strategies for each of our business and function. Accordingly, we managed to expand our business in the Domestic Baby and Mother Care operations owing to the inbound tourism consumption, although this achievement was offset by the yen’s appreciation trend against the dollar, resulting in net sales of ¥4,632 million (down 0.5% YOY).
Regarding earnings, operating income rose to ¥7,777 million (up 0.6% YOY) thanks to the effective use of selling, general and administrative expenses. On the other hand, ordinary income fell to ¥7,671 million (down 2.6% YOY) due to factors such as higher non-operating expenses resulted from foreign exchange losses. Nevertheless, net income attributable to owners of parent scored ¥5,545 million (up 5.0% YOY).

The main exchange rates used in the preparation of this second quarter’s financial statements for the Company’s overseas consolidated subsidiaries (revenues and expenses) are as follows:
・1US$: 111.69 yen (120.30 yen)
・1 CNY: 17.05 yen (19.33 yen)
Note: Figures in parentheses represent the exchange rate in the same period of the previous fiscal year.

Our Group has a total of five reporting segments identified as: “Domestic Baby and Mother Care Business”, “Child-rearing Support Services”, “Health Care and Nursing Care Business” and “Overseas Business”, and “China Business”. Each segment is outlined below.

Domestic Baby and Mother Care Business
Net sales of the segment amounted to ¥16,365 million (up 15.1% YOY). The effect of higher sales boosted segment profits to ¥3,212 million (up 39.9% YOY), which significantly exceeded the results of the same period last fiscal year, despite the increase in selling, general and administrative expenses resulted from marketing activities for new products. In February, Pigeon launched its updated “Pure” series of laundry detergents for babies, and in March, we added an update to the “Bonyu Jikkan®” series of nursing bottles, offering a choice of four appealing designs for today’s

design-conscious mothers. Sales of this series are growing steadily. Moreover, during the period under review, we held seven times the seminar about breastfeeding while parenting for health care professionals, as part of our direct communications program, with a total of approximately 800 participants. With continuous updates of Pigeon's merchandise information available also on “Pigeon Info,” which is a portal that supports women during pregnancy, in childbirth, and those raising children, but also with the launch of new portal, “Bonyuiku,” containing extensive information about breastfeeding, our Company will continue to take action aimed at maintaining constant communication with customers.

Child-rearing Support Services
Net sales of the segment amounted to ¥3,652 million (up 8.2% YOY). Segment profits increased to ¥80 million (up 13.9% YOY), exceeding the results of the previous same period, despite rises in personnel expenses. We have launched 2 in-company child-care facilities, which we are currently operating while striving to improve the service quality.

Health Care and Nursing Care Business
Net sales of the segment amounted to ¥3,537 million (up 2.1% YOY), driven by strong sales of baby wipes, body wipes, skin care products, foods and products for oral cavity. Segment profits increased to ¥298 million (up 133.3% YOY), well above the results of the same period last fiscal year, partly reflecting efforts to further optimize our business operating system as well as a reduction in selling, general and administrative expenses. In February, we launched “Oral Cavity Care for Elderly” series. Our Group will continue to focus on launching new products with competitive advantages and ensure that improvements such of the quality of our nursing care services are carried out considerately.

Overseas Business
Net sales of the segment amounted ¥11,079 million (down 7.5% YOY). This decrease is partly attributable to the continuously stronger yen. Segment profits decreased to ¥2,584 million (down 1.5% YOY). In India, we continued proactive sales and marketing activities aimed at market proliferation of our brand. In May, we began shipping products from our new local production plant. So we will continue to tune up the product supply system and the sales/distribution system even more, starting from our flagship nursing bottles and nipples, and to strengthen the sales/distribution system. Furthermore, we continue to aim at expanding our business in North America and Europe by reinforcing the organizational system of each sales branch based in countries such as England and Germany. Other efforts in this direction include expanding our product categories centered on nursing bottles, which were sold anew last year, in addition to breastfeeding-related products such as our flagship nipple cream and breast pads.

China Business
In this segment, net sales decreased to ¥13,741 million (down 17.2% YOY) at the effects of parallel imports of products already being sold in Japan, in addition to the yen's exacerbated tendency to rise against the Chinese yuan since the beginning of the year. Segment profits decreased to ¥3,779 million (down 21.2% YOY). As it strives to expand operations, Pigeon is continuing to build and strengthen distribution systems in the rapidly expanding field of online sales and use social networking services to invigorate direct communication with consumers. We also engage in sales promotions at major retail stores and implementation of measures to expand disposable diapers business, in addition to further reinforcing offline sales activities aimed at hospitals and maternity clinics.

Other Businesses
Net sales of the segment amounted to ¥647 million (up 2.3% YOY), and the segment profits stood at ¥84 million (up 14.6% YOY).

(2) Explanation of Financial Position

(Assets)
As of July 31, 2016, our Group recorded total assets of ¥71,494 million, down ¥2,449 million from the previous consolidated fiscal year ended January 31, 2016. Both current and fixed assets decreased by ¥257 million and ¥2,191 million, respectively.
Current assets decreased mainly due to a decrease in merchandise and finished goods of ¥825 million, a decrease in cash and deposits of ¥294 million, and a decrease in raw materials and inventory supplies of ¥295 million, despite the increase in notes and accounts receivable - trade of ¥1,371 million.
Fixed assets diminished due to decreases in buildings and structures as well as in machinery, equipment and vehicles (included in other tangible fixed assets) of ¥343 million and ¥1,014 million, respectively.

(Liabilities)
As of July 31, 2016, our Group recorded total liabilities of ¥22,623 million, down ¥526 million from the previous consolidated fiscal year ended January 31, 2016. Current liabilities increased by ¥5,215 million, while fixed liabilities decreased by ¥5,742 million.
Current liabilities increased mainly due to increases in notes and accounts payable - trade of ¥718 million, in current portion of long-term loans payable of ¥4,071 million and in electronically recorded obligations - operating of ¥571 million.
Fixed liabilities decreased mainly due to decreases in long-term borrowings as well as in deferred tax liabilities (included in other fixed liabilities) of ¥5,000 million and ¥560 million respectively.

(Net Assets)
As of July 31, 2016, our Group recorded total net assets of ¥48,870 million, down ¥1,922 million from the previous consolidated fiscal year ended January 31, 2016.
Net assets decreased mainly due to a decrease in foreign currency translation adjustment of ¥4,730 million, despite the increase in retained earnings of ¥2,910 million.

(3) Explanation of Consolidated Performance Forecast and Other Future Predictions
Based on Pigeon's "Fifth Medium-Term Business Plan (for the period between the fiscal year ended January 2015 and the fiscal year ending January 2017), we will further develop and enhance our business operating system, while pursuing in the improvement of management quality and steadily implementing the measures grounded on the newly formulated strategies for each business segment and the functional strategy that serves as the foundation thereof. We find particularly important to continue to expand and enrich business in the existing markets concentrated in China and North America regarding the Overseas and China businesses, which our Group still positions as growing fields. Moreover, we will aim at further improvement in business performance through actively pursuing new markets. In this consolidated fiscal year in which concludes our fifth medium-term business plan, we will strive to ensure completion of our plans.
The performance forecast for the entire year, released on March 7, 2016, has been revised downward on September 5, 2016, based on the performance of the consolidated six-month period under review and the progressing sharp rise of the yen in foreign exchange markets. Therefore, we forecast net sales of ¥93,500 million (down 1.6% compared with the previous forecast), operating income of ¥15,000 million (same as the previous forecast), ordinary income of ¥14,900 million (down 2.6% compared with the previous forecast) and net income of ¥10,400 million (same as the previous forecast).

2. Issues Regarding Summary Information (Notes)

(1) Significant Changes in Subsidiaries During the Period Under Review
Not applicable.

(2) Application of Any Accounting Procedures Specific to Preparation of Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies, Changes in Accounting-based Estimates, and Restatements

(Application of Accounting Standard for Business Combination)

Effective from the first quarter of the consolidated fiscal year under review, the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013; hereinafter, referred to as “the Business Combinations Standard”), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013; hereinafter referred to as “the Consolidated Accounting Standard”), and the “Accounting Standard for Business Divestitures and Other Matters” (ASBJ Statement No. 7, September 13, 2013; hereinafter referred to as “the Business Divestitures Standard”) shall apply hereto. Accordingly, we recorded the difference arising from the change in the Company’s equity in controlled subsidiaries as capital surplus. At the same time, we now account the acquisition-related expenses as expensed in the consolidated fiscal year in which they arise. Also effective from the first quarter of the consolidated fiscal year under review, the Company is changing its treatment of business combinations. In the new method, revisions of allotments of acquisition cost due to establishment of provisional accounting procedures are reflected in the quarterly consolidated financial statements for the consolidated quarter that includes the date of the business combination. In addition, we have changed the representation of “net income,” as well as the representation of “minority interests” into “non-controlling interests.” To reflect these changes, we have restated the consolidated financial statements for both the first six-month period of the previous fiscal year and the entire previous fiscal year.

The Business Combinations Standard is applied in accordance with the transitional handling procedures stipulated in Paragraph 58-2(4) of the Business Combinations Standard, Paragraph 44-5(4) of the Consolidated Accounting Standard and Paragraph 57-4(4) of the Business Divestitures Standard, effective as of the beginning of the first quarter of the consolidated fiscal year under review.

This change had no impact on the Company's quarterly consolidated financial statements.

3. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	At January 31, 2016	At July 31, 2016
ASSETS		
I. Current Assets:		
Cash and deposits	24,297	24,003
Notes and accounts receivable - trade	13,870	15,242
Merchandise and finished goods	6,146	5,321
Work in process	306	228
Raw materials and supplies	2,406	2,110
Other current assets	1,921	1,773
Allowance for doubtful accounts	(35)	(23)
Total Current Assets	48,913	48,656
II. Fixed Assets:		
1. Tangible Fixed Assets:		
Buildings and structures, net	7,372	7,029
Land	6,018	5,650
Other tangible fixed assets, net	8,080	6,871
Total Tangible Fixed Assets	21,471	19,551
2. Intangible Fixed Assets:		
Goodwill	163	81
Other intangible fixed assets	1,183	1,048
Total Intangible Fixed Assets	1,346	1,130
3. Investments and Other Assets:		
Other	2,238	2,182
Allowance for doubtful accounts	(27)	(27)
Total Investments and Other Assets	2,211	2,155
Total Fixed Assets	25,029	22,837
Total Assets	73,943	71,494
LIABILITIES		
I. Current Liabilities:		
Notes and accounts payable - trade	3,743	4,462
Electronically recorded obligations – operating	1,623	2,194
Short-term borrowings	380	617
Current portion of long-term loans payable	928	5,000
Income taxes payable	1,505	1,423
Accrued bonuses to employees	894	923
Reversal of reserve for returned products	48	58
Provision for loss on litigation	38	32
Other current liabilities	5,061	4,726
Total Current Liabilities	14,223	19,438
II. Fixed Liabilities:		
Long-term borrowings	5,000	—
Provision for employees’ retirement benefits	435	98
Provision for directors and corporate auditors’ retirement benefits	409	428
Other fixed liabilities	3,082	2,657
Total Fixed Liabilities	8,926	3,184
Total Liabilities	23,150	22,623

(Millions of yen)

	At January 31, 2016	At July 31, 2016
NET ASSETS		
I. Shareholders' Equity:		
Capital stock	5,199	5,199
Capital surplus	5,180	5,180
Retained earnings	36,790	39,701
Treasury stock	(947)	(947)
Total Shareholders' Equity	46,223	49,133
II. Accumulated Other Comprehensive Income:		
Valuation difference on available-for-sale securities	32	35
Foreign currency translation adjustment	3,311	(1,418)
Total Accumulated Other Comprehensive Income	3,344	(1,383)
III. Minority Interests	1,225	1,121
Total Net Assets	50,792	48,870
Total Liabilities and Net Assets	73,943	71,494

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

Quarterly Consolidated Statements of Income

(Scope of Consolidation of Second Quarter)

(Millions of yen)

	Six months ended July 31, 2015	Six months ended July 31, 2016
I. Net Sales	46,552	46,302
II. Cost of Sales	24,725	24,731
Gross profit	21,796	21,570
Reversal of reserve for returned products	46	48
Transfer to reserve for returned products	41	60
Adjusted gross profit	21,801	21,559
III. Selling, General and Administrative Expenses	14,067	13,781
Operating Income	7,733	7,777
IV. Non-operating Income:		
Interest income	147	67
Share of profit of entities accounted for using equity method	24	21
Foreign exchange gains	4	–
Other non-operating income	187	105
Total Non-operating Income	363	193
V. Non-operating Expenses:		
Interest expenses	40	15
Sales discounts	167	183
Foreign exchange losses	–	86
Other non-operating expenses	15	14
Total Non-operating Expenses	223	299
Ordinary Income	7,873	7,671
VI. Extraordinary Income:		
Gain on sales of fixed assets	7	129
Total Extraordinary Income	7	129
VII. Extraordinary Loss:		
Loss on sales of fixed assets	0	0
Loss on disposal of fixed assets	4	17
Loss on liquidation of subsidiaries and associates	–	58
Total Extraordinary Loss	5	76
Income before Income Taxes	7,876	7,724
Income Taxes - current	2,430	2,,604
Income Taxes - deferred	66	(536)
Total Corporate Income Tax	2,496	2,068
Net Income	5,379	5,655
Net Income Attributable to Non-controlling Interests	96	110
Net Income Attributable to Owners of Parent	5,282	5,545

Quarterly Consolidated Statement of Comprehensive Income
(Scope of Consolidation of Second Quarter)

(Millions of yen)

	Six months ended July 31, 2015	Six months ended July 31, 2016
Net Income	5,379	5,655
Other Comprehensive Income		
Valuation difference on available-for-sale securities	18	2
Foreign currency translation adjustment	516	(4,883)
Total Other Comprehensive Income	534	(4,880)
Quarterly Comprehensive Income	5,913	774
(Break down)		
Quarterly comprehensive income on parent company	5,834	817
Quarterly comprehensive income on non-controlling interests	79	(42)

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended July 31, 2015	Six months ended July 31, 2016
I. Cash Flow from Operating Activities		
Income before Income Taxes	7,876	7,724
Depreciation	1,131	1,128
Amortization of goodwill	101	63
Increase (decrease) in allowance for doubtful accounts	5	(7)
Increase (decrease) in accrued bonuses to employees	54	71
Increase (decrease) in net defined benefit liability	15	(324)
Increase (decrease) in provision for directors and corporate auditors' retirement benefits	49	19
Interest and dividend income	(150)	(68)
Share of (gain) loss of entities accounted for using equity method	(24)	(21)
Interest expenses	40	15
Loss (gain) on sales of property	(7)	(128)
Loss on disposal of property	4	17
Decrease (increase) in notes and accounts receivable - trade	(948)	(3,246)
Decrease (increase) in inventories	(717)	435
Increase (decrease) in notes and accounts payable - trade	567	2,180
Increase (decrease) in accounts payable	42	381
Increase (decrease) in accrued consumption taxes	(51)	535
Decrease (increase) in claims provable in bankruptcy/rehabilitation	(3)	–
Other	(203)	(230)
Subtotal	7,784	8,545
Interest and dividend income received	284	106
Interest expenses paid	(82)	(15)
Income taxes paid	(2,622)	(2,525)
Net Cash Provided by (Used in) Operating Activities	5,363	6,110
II. Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(2,062)	(1,361)
Proceeds from sales of property, plant and equipment	33	599
Purchase of intangible assets	(168)	(149)
Purchase of investment securities	(1)	(1)
Purchase of insurance funds	(1)	(165)
Proceeds from cancellation of insurance funds	0	165
Payments of loans receivable	(1)	(1)
Collection of loans receivable	1	2
Payments for lease deposits	(11)	(21)
Collection of lease deposits	9	4
Other	(17)	(12)
Net Cash Provided by (Used in) Investing Activities	(2,217)	(940)

(Millions of yen)

	Six months ended July 31, 2015	Six months ended July 31, 2016
III. Cash Flows from Financing Activities		
Increase in short-term loans payable	887	887,720
Decrease in short-term loans payable	(682)	(682,195)
Repayments of long-term loans payable	–	(860)
Payment of cash dividends	(2,394)	(2,630)
Cash dividends paid to minority shareholders	(52)	(61)
Purchase of treasury stock	(4)	(0)
Other	(6)	(1)
Net Cash Provided by (Used in) Financing Activities	(2,252)	(3,235)
IV. Effect of Exchange Rate Change on Cash and Cash Equivalents	266	(2,143)
V. Net Increase (Decrease) in Cash and Cash Equivalents	1,159	(208)
VI. Cash and Cash Equivalents at Beginning of Period	21,590	24,297
VII. Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	–	(86)
VIII. Cash and Cash Equivalents at End of Period	222,750	24,003

(4) Notes on Consolidated Financial Statement

(Notes Regarding Going Concern Assumptions)

Not applicable.

(Notes Regarding Substantial Changes in Shareholders' Equity)

Not applicable.

(Segment Information)

Six months ended July 31, 2015

1. Information Regarding Net Sales and Profit (Loss) in Each Reporting Segment

(Millions of yen)

	Reporting Segment						Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amount Accounted on Quarterly Consolidated Statements of Income (Note 3)
	Domestic Baby and Mother Care Business	Child-rearing Support Services	Health Care and Nursing Care Business	Overseas Business	China Business	Sub Total				
Net sales										
Net sales to external customers	14,216	3,374	3,466	8,525	16,306	45,889	633	46,522	—	46,522
Internal sales or exchange between segments	—	—	—	3,455	294	3,749	—	3,749	(3,749)	—
Total	14,216	3,374	3,466	11,980	16,600	49,638	633	50,271	(3,749)	46,522
Segment profit	2,296	70	127	2,625	4,798	9,918	73	9,992	(2,258)	7,733

(Notes)
1. The “Other Businesses” classification refers to businesses not included in the reporting segments, and consists of our Group’s manufacturing subsidiaries, but also of those manufacturing and selling products to companies outside our Group.
2. The negative amount of ¥2,258 million from adjustments in segment profits includes an ¥12 million in elimination of intersegment transactions, and a negative ¥2,270 million in non-allocable operating expenses. Non-allocable operating expenses are mainly administrative costs of our Group.
3. Segment profits are adjusted to operating income in the quarterly consolidated statements of income.
4. Due to the transfer of management of businesses in regions including Korea, Hong Kong, Taiwan, and Russia from “Overseas Business” to “China Business” from this consolidated fiscal year under review, intersegment transactions between “Overseas Business” and “China Business” increased.

Six months ended July 31, 2016

Information Regarding Net Sales and Profit (Loss) in Each Reporting Segment

(Millions of yen)

	Reporting Segment						Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amount Accounted on Quarterly Consolidated Statements of Income (Note 3)
	Domestic Baby and Mother Care Business	Child-rearing Support Services	Health Care and Nursing Care Business	Overseas Business	China Business	Sub Total				
Net sales										
Net sales to external customers	16,365	3,652	3,537	8,470	13,628	45,655	647	46,302	—	46,302
Internal sales or exchange between segments	—	—	—	2,608	113	2,722	—	2,722	(2,722)	—
Total	16,365	3,652	3,537	11,079	13,741	48,377	647	49,024	(2,722)	46,302
Segment profit	3,212	80	298	2,584	3,779	9,955	84	10,040	(2,262)	7,777

(Notes)
1. The “Other Businesses” classification refers to businesses not included in the reporting segments, and consists of our Group’s manufacturing subsidiaries, but also of those manufacturing and selling products to companies outside our Group.
2. The negative amount of ¥2,262 million from adjustments in segment profits includes an ¥140 million in elimination of intersegment transactions, and a negative ¥2,403 million in non-allocable operating expenses. Non-allocable operating expenses are mainly administrative costs of our Group.
3. Segment profits are adjusted to operating income in the quarterly consolidated statements of income.