Summary of Financial Results
for the Fiscal Year Ended January 31, 2016
[Japanese Standards] (Consolidated)

March 7, 2016

Name of Listed Company: Pigeon Corporation (Stock code: 7956)
Listings: 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 Date of Annual General Shareholders' Meeting: April 27, 2016
Scheduled Commencement Date of Dividend Payments: April 28, 2016
Scheduled Filling Date of Annual Securities Report: April 28, 2016
Preparation of Any Additional Explanatory Materials for Financial Results: None
Holding of Any Briefing Session for Financial Results: Yes (For analysts and institutional investors)

1. Consolidated Business Performance for the Fiscal Year Ended January 31, 2016 (February 1, 2015 to January 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	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY ended January 31, 2016	92,209	9.6	14,521	13.6	15,080	13.4	10,197	20.7
FY ended January 31, 2015	84,113	8.6	12,780	23.3	13,299	20.9	8,451	21.0

(Note) Comprehensive income: FY ended January 31, 2016 ¥8,351 million (29.5% negative)
FY ended January 31, 2015 ¥11,849 million (12.8%)

	Net Income per Share (¥)	Diluted Net Income Per Share (¥)	Return on Equity (%)	Total Assets/ Ordinary Income (%)	Operating Margin (%)
FY ended January 31, 2016	85.15	−	21.3	20.6	15.7
FY ended January 31, 2015	70.55	−	19.8	20.4	15.2

(Reference) Equity in earnings of affiliates: FY ended January 31, 2016 ¥33 million
FY ended January 31, 2015 ¥23 million

(Note) Our Group carried out a 3-for-1 stock split with respect to its common stock, effective as of May 5, 2015. The figures for net income per share are calculated on the assumption that this stock split had been conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets Per Share (¥)
FY ended January 31, 2016	73,943	50,792	67.0	413.88
FY ended January 31, 2015	72,367	47,297	63.8	385.46

(Reference) Shareholders' Equity: FY ended January 31, 2016 ¥49,567 million
FY ended January 31, 2015 ¥46,164 million

(Note) Our Group carried out a 3-for-1 stock split with respect to its common stock, effective as of May 5, 2015. The figures for net assets per share are calculated on the assumption that this stock split had been conducted at the beginning of the previous fiscal year.

(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
FY ended January 31, 2016	13,479	(3,332)	(6,567)	24,297
FY ended January 31, 2015	10,135	(3,134)	(150)	21,590

2. Cash Dividends

	Annual Dividend (¥)					Total Dividends Paid (full year) (¥ mil)	Consolidated Payout Ratio (%)	Dividends on Consolidated Net Assets (%)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
FY ended January 31, 2015	―	45.00	―	60.00	105.00	4,191	49.6	9.8
FY ended January 31, 2016	―	20.00	―	22.00	42.00	5,030	49.3	10.5
FY ending January 31, 2017 (Forecast)	―	22.00	―	22.00	44.00		50.7	

(Note) Our Group carried out a 3-for-1 stock split with respect to its common stock effective as of May 1, 2015.
For the fiscal year ended January 31, 2015, the actual dividend before the relevant stock split is described.

3. Consolidated Business Performance Forecasts for the Fiscal Year Ending January 31, 2017 (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 Attributable to Owners of Parent		Net Income per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	95,000	3.0	15,000	3.3	15,300	1.5	10,400	2.0	86.84

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) 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 “Changes in Accounting Policies” in “(5) Notes on Consolidated Financial Statements” on page 16.

(3) Number of outstanding shares (common stock)
1) Number of shares outstanding at term-end (including treasury stock)
FY ended January 31, 2016: 121,653,486 shares
FY ended January 31, 2015: 121,653,486 shares
2) Number of treasury stock for the period-end
FY ended January 31, 2016: 1,891,577 shares
FY ended January 31, 2015: 1,889,988 shares
3) Number of average shares outstanding during the period
FY ended January 31, 2016: 119,762,302 shares
FY ended January 31, 2015: 119,796,755 shares
(Note) Our Group carried out a 3-for-1 stock split with respect to its common stock, effective as of May 1, 2015. The number of shares listed above was calculated on the assumption that this stock split had been conducted at the beginning of the fiscal year ended January 31, 2015.

* Indication regarding the situation of audit procedures
Financial results for this fiscal year are not subject of an audit procedure based on the Financial Instruments and Exchange Act, and at the time of disclosure of the report, audit procedures for consolidated financial statements 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. In addition, the actual results could differ significantly from forecast figures depending on a variety of factors.
See the section “3) Prospects for the Next Term” in (1) Performance Analysis” from “1. Performance Analysis and Financial Position Analysis” on page 4 regarding the relevant matters for the above forecast for the business performance.

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1. Performance Analysis and Financial Position Analysis

(1) Performance Analysis

1) Performance Overview

During this consolidated accounting year (February 1, 2015 to January 31, 2016), the instability of the exchange rate and the stock market are becoming prominent since the beginning of the year, financial measures changes in countries such as the United States are seen, in addition to a feeling of wariness towards the economic slowdown in emerging countries such as China, and intensifying geopolitical risks in Europe and the Middle East. Thus, the future remains hard to predict, despite signs of an improvement of corporate results due to a weaker yen since the beginning of the fiscal year and the low crude oil price. Amid such economic circumstances, our Group is working on achieving further business growth for this second year since we started implementing 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 period under review, we have been developing the above business policies and strategies for each of our business and function. As a result, net sales amounted to ¥92,209 million (up 9.6% YOY), due to factors including business growth in the Overseas Business and Domestic Baby and Mother Care Business, through the expansion of product categories such as strollers, and inbound consumption from foreign visitors. Regarding earnings, operating income rose to ¥14,521 million (up 13.6% YOY), ordinary income recorded ¥15,080 million (up 13.4% YOY), and net income was ¥10,197 million (up 20.7% YOY), which means each significantly exceeded the previous corresponding result. This was due to a reduction of approximately 1.5 percentage points in the sales cost ratio from the previous same period, as a result of increased sales and enhanced capacity utilization of production facilities in line with business expansion.

2) Segment Review

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”, “Overseas Business”, and “China Business”. Each segment is outlined below.

Domestic Baby and Mother Care Business

Net sales of the segment amounted to ¥28,053 million (up 14.8% YOY). Segment profits increased to ¥4,383 million (up 16.8% YOY), since the cost of imported materials rose, which is attributable to factors such as the deprecation of the yen, thus exceeding the results of the previous same period, despite the higher cost of sales. In this segment, we have released in February new products, “Breast Milk Power Plus” and “Breast Milk Power Plus Tablet”, a breastfeeding supplement for breastfeeding mothers and their babies, in July, we added a new color to “Runfee”, our baby stroller that easily overcomes level differences, and in December, we launched “Premige”, a premium baby stroller which provides a smooth ride. Sales and market share are expanding smoothly. Moreover, during this fiscal year, we have held a number of events planned as a part of our direct communications program such as our “Breast Feeding Seminar” for women expecting to give birth in the near future and a seminar about breastfeeding while parenting for health care professionals, organized 38 times. A total of approximately 2,800 women have participated. Our Company will continue to make progresses in providing to its customers more easily accessible information including updates of its merchandise information also on “Pigeon Info”, which is a portal that supports women during pregnancy, in childbirth, and those raising children.

Child-rearing Support Services
Net sales of the segment amounted to ¥6,757 million (up 0.5% YOY). Segment profits decreased to ¥148 million (down 21.7% YOY) due to rises in costs such as the labor cost, thus falling below the results of the previous year. We have launched 4 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 decreased to ¥6,499 million (down 3.9% YOY) due to the impact of the decrease in sales for facilities as a result of the revision of the nursing care insurance system, and of the intensification of the competition in the market of consumables, while segment profits decreased to ¥140 million (down 46.1% YOY). In February, we released in this segment “assista ease I and II” wheel chairs for seniors. The assista ease I and II allow the posture to be kept straight and enables comfortable sitting for a long period of time. In addition, in April, we launched a new citrus green scent for the indoor “Kaori Kakumei” deodorant series. The spray type room air freshener eliminates indoor odors caused by problems with leaking and leaves behind a nice scent. Our Group will continue to focus on marketing products and ensure that improvements such of the quality of our nursing care services are carried out considerately.

Overseas Business
In this segment, although management of regions including Korea, Taiwan, Hong Kong, Philippines, and Russia was transferred to the China Business Division from this consolidated fiscal year under review, both net sales and segment profits exceeded the results of last year, by amounting ¥25,234 million (up 8.0% YOY) and ¥5,579 million (up 12.3% YOY) respectively. In May, we began shipping Pigeon's flagship products ―nursing bottles and nipples― from our local production plant in India. Going forward, we will continue to strengthen the sales/distribution system. Besides, we are steadily expanding sales of breastfeeding-related products such as our flagship products that are breast pads, breast pumps and milk bags, in North America and Europe. Furthermore, in Europe, we are planning to establish a new plant in Turkey on January 2017, and we are aiming at business expansion by strengthening the production system and the organizational system of sales branches based in countries such as England and Germany.

China Business
Net sales of the segment amounted to ¥31,688 million (up 20.5% YOY). Although the selling, general and administrative expenses increased as a result of marketing activities conducted along with an active expansion of the business, the segment profits increased to ¥8,586 million (up 14.1% YOY). This segment recorded an increase in net sales and segment profits from the previous year, assisted mainly by the effects of sales growth of product categories such as nursing bottles and nipples, due to ongoing marketing and sales promotion activities in addition to transferring management of regions including Korea, Taiwan, Hong Kong, Philippines, and Russia to the China Business Division from the Overseas Business Division. Since our new skin care lineup launch in May, we have been focusing on product categories other than our flagship nursing bottles and nipples. Besides, the restructuring of the distribution system in China is quickly progressing as a result of a rapid expansion of Internet sales. At the same time, we engage at aiming at further expansion of business, such as implementing sales promotion in cooperation with distributors.

Other Businesses
Net sales of the segment amounted to ¥1,283 million (up 0.6% YOY), and the segment profits decreased to ¥152 million (down 12.3% YOY).

3) Prospects for the Next Term
For its fifth medium-term business plan (for the period between fiscal year ending January 2015 and fiscal year ending January 2017)—announced on March 2014, our Group has put up the following slogan, "Pursuing world class business excellence, think globally, plan agilely, and implement locally." Under this slogan, 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 business which our Group positions as a growing field. Moreover, we will aim at further improvement in business performance through actively pursuing new markets.
Furthermore, we will continue to strive to ensure completion of our plans also in the final year of the fifth medium-term business plan, based on the following "Vision 2016", which was established during this medium-term business plan, as follows.

< 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

(2) Financial Position Analysis

1) Assets
As of January 31, 2016, total assets amounted ¥73,943 million, up ¥1,576 million (or 2.2%) from the previous consolidated fiscal year ended January 31, 2015.
Current assets had an increase of ¥1,886 million (or 4.0%), while fixed assets had a decrease of ¥310 million (or 1.2%).
Current assets increased mainly due to an increase in cash and deposits of ¥2,706 million (or 12.5%), despite the decrease in notes and accounts receivable - trade of ¥1,407 million (or 9.2%).
Fixed assets decreased mainly due to a decrease in construction in progress of ¥397 million (or 67.2%) and in intangible fixed assets of ¥378 million (or 21.9%), despite an increase in buildings and structures of ¥569 million (or 8.4%).

2) Liabilities
As of January 31, 2016, total liabilities amounted ¥23,150 million, down ¥1,919 million (or 7.7%) from the previous consolidated fiscal year ended January 31, 2015. Current liabilities had a decrease of ¥1,049 million (or 6.9%), and fixed liabilities had a decrease of ¥870 million (or 8.9%).
Current liabilities decreased mainly due to a decrease in accounts payable of ¥1,631 million (or 43.2%) and in short-term borrowings of ¥510 million (or 57.3%), despite an increase in electronically recorded obligations - operating of ¥1,623 million.
Fixed liabilities decreased mainly due to a decrease in long-term borrowings of ¥928 million (or 15.7%).

3) Net Assets
As of January 31, 2016, total net assets amounted ¥50,792 million, up ¥3,495 million (or 7.4%) from

the previous consolidated fiscal year ended January 31, 2015.
This increase resulted mainly from an increase in retained earnings of ¥5,406 million (or 17.2%), despite the decrease in foreign currency translation adjustment of ¥1,994 million (or 37.6%).

4) Cash Flows
As of January 31, 2016, cash and cash equivalents (hereinafter referred to as “net cash”) amounted to ¥24,297 million, up ¥2,706 million from a year earlier.
Cash Flows from Operating Activities
Net cash provided by operating activities amounted to ¥13,479 million, up from ¥10,135 million of the previous year. This increase is mainly due to ¥14,887 million in income before income taxes and ¥2,345 million in depreciation. Contrasting factors included a ¥1,275 million decrease in accounts payable and ¥4,570 million in income taxes paid.
Cash Flows from Investing Activities
Net cash used in investing activities totaled ¥3,332 million, up from ¥3,134 million of the previous year. This is mainly due to ¥3,018 million in purchases of tangible fixed assets.
Cash Flows from Financing Activities
Net cash used in financing activities was ¥6,567 million, up from ¥150 million of the previous year. This is mainly due to ¥1,200 million in repayments of long-term loans payable and ¥4,789 million in payment of cash dividends.

[Reference] Cash Flow Indicators for the Fiscal Year Ended January 31

	FY2014	FY2015	FY2016
Equity Ratio (%)	67.5	63.8	67.0
Equity Ratio based on Market Price (%)	325.6	407.7	411.7
Debt Repayment Term (years)	0.4	0.8	0.5
Interest Coverage Ratio (times)	334.5	297.4	108.7

- 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

Notes:
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) Income Appropriation Policy and Dividends for the Term Under Review and Next Term
The Pigeon Group regards the return of income to shareholders as an important management priority. Our policy is to actively return income 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 for further growth and research and development, as well as investing in production facilities to raise production capacity, reduce costs, and enhance product quality.
With respect to targets of shareholder return, under the Fifth Medium-Term Business Plan announced in March 2014, we have set the equity ratio (ROE) to 21% or higher, and aim to increase dividends every fiscal year compared to previous year. We are also targeting a consolidated total shareholder return of 45-50%.To this end, we are seeking to further strengthen and upgrade measures for returning profits to all shareholders.
Based on such policy, with respect to the interim dividends for the term under review, an ordinary dividend of ¥20 per share was made. With the strong performance exceeding the current profit plan,

with respect to the year-end dividends, the Company has planned an ordinary dividend of ¥22 per share which represents an increase by ¥2 per share compared to forecast of the annual dividends released on September 7, 2015 (ordinary dividend per share ¥20). As a result, the annual dividend for the term under review will total ¥42 per share, a per share increase by ¥7 from the previous year. Calculation is based on the number of shares after 3-for-1 stock split, effective as of May 1, 2015.
In accordance with the aforementioned policy, with respect to the return of profits to our shareholders for the next term, we plan to pay ¥44 per share—an increase of ¥2 from the current term under review.

2. Management Policies

(1) Basic Policies

By delivering on its corporate commitment, "providing the gift of love to all" in the form of products and services, the Group deploys operations to fulfill its mission of bringing joy, happiness and delight to babies and families around the world. Guided by this philosophy, the Group has set in its medium-term corporate vision the goal of becoming global number one in its field, as the producer of childcare products that is most trusted by the world's parents and families.

(2) Performance Targets

The Group has drafted its fifth medium-term business plan covering the period from February 1, 2014 to January 31, 2017, and adopted the slogan, "Pursuing world class business excellence, think globally, plan agilely, and implement locally". Considering the results of the most recent fiscal term (ended January 31, 2016), our Group aims to achieve the following targets by the final year of the plan, which ends January 31, 2017: Net sales of ¥95 billion, operating income of ¥15 billion, ordinary income of ¥15.3 billion and net income attributable to owners of parent of ¥10.4 billion. Moreover, to achieve further improvements in profitability and capital efficiency, the Group will focus on management indices such as return on equity (ROE) and return on invested capital (ROIC), with the aim of attaining further improvements.

(3) Medium-Term Management Strategies

In its fifth medium-term business plan, covering the period from February 1, 2014 to January 31, 2017, the Group has stipulated Vision 2016 as outlined below, aiming to expand Group operations and improve management quality.

< 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

(4) Issues to Address

The instability of the exchange rate and the stock market are becoming prominent since the beginning of the year, financial measures changes in countries such as the United States are seen, in addition to a feeling of wariness towards the economic slowdown in emerging countries such as China, and intensifying geopolitical risks in Europe and the Middle East. Thus, the Group expects uncertainty to linger in the economic environment in which it operates, despite signs of an improvement of corporate results due to a weaker yen since the beginning of the fiscal year under review, and the low crude oil price. To thrive in this environment, the Group is steadily implementing a series of measures in new strategies drafted for each business segment, along with a functional strategy on which these are based. In particular, the Group is focusing on overseas operations, which are positioned as a continuing growth field. In this arena the Group will expand and deepen its presence in existing markets, most

notably in China and North America, while making determined inroads in new markets.
Further, for enterprises, the primal mandate is the continuation of business and with respect to the Group's Business Continuity Plan, we will further enhance the global risk management structure that has already been put in place.
Further, in order to further enhance the soundness and transparency of management going forward, a through enforcement of internal control systems, including the compliance organization will be made for fortifying corporate governance.

3. Basic approach for the selection of accounting standards
The consolidated financial statements of our Group are prepared based on Japanese standards.
In the future, we will have to prepare these statements based on the International Financial Reporting Standards (IFRS) for the purpose of improving global comparability of financial information, and we will continue to consider them, including the application period.

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Thousands of yen)

	At January 31, 2015	At January 31, 2016
ASSETS		
I. Current Assets:		
Cash and deposits	21,590,935	24,297,665
Notes and accounts receivable - trade	15,278,435	13,870,908
Merchandise and finished goods	5,899,152	6,146,663
Work in process	242,058	306,544
Raw materials and supplies	2,357,688	2,406,249
Deferred tax assets - current	772,892	685,749
Receivables	396,872	499,646
Other current assets	520,206	735,626
Allowance for doubtful accounts	(31,073)	(35,163)
Total Current Assets	47,027,168	48,913,889
II. Fixed Assets:		
1. Tangible Fixed Assets:		
Buildings and structures	14,538,984	15,449,629
Accumulated depreciation	(7,736,527)	(8,077,268)
Buildings and structures, net	6,802,457	7,372,360
Machinery, equipment and vehicles	14,921,816	15,351,954
Accumulated depreciation	(8,775,324)	(9,097,117)
Machinery, equipment and vehicles, net	6,146,492	6,254,836
Tools, furniture and fixtures	6,223,775	6,098,497
Accumulated depreciation and accumulated impairment loss	(4,519,669)	(4,466,879)
Tools, furniture and fixtures, net	1,704,105	1,631,618
Land	6,138,953	6,018,464
Construction in progress	591,349	194,116
Total Tangible Fixed Assets	21,383,358	21,471,397
2. Intangible Fixed Assets:		
Goodwill	302,173	163,055
Software	486,464	554,184
Other intangible fixed assets	935,717	628,900
Total Intangible Fixed Assets	1,724,355	1,346,140
3. Investments and Other Assets:		
Investment securities	1,531,542	1,477,691
Bankruptcy claims	34,873	26,849
Deferred tax assets	130,823	205,152
Insurance reserve	214,125	175,645
Other	356,075	353,632
Allowance for doubtful accounts	(35,242)	(27,236)
Total Investments and Other Assets	2,232,197	2,211,736
Total Fixed Assets	25,339,911	25,029,274
Total Assets	72,367,080	73,943,163

(Thousands of yen)

	At January 31, 2015	At January 31, 2016
LIABILITIES		
I. Current Liabilities:		
Notes and accounts payable - trade	4,462,757	3,743,074
Electronically recorded obligations - operating	—	1,623,317
Short-term borrowings	890,205	380,018
Current portion of long-term loans payable	1,200,000	928,697
Accounts payable	3,778,828	2,147,668
Income taxes payable	1,535,554	1,505,498
Accrued bonuses to employees	783,744	894,451
Reversal of reserve for returned products	46,207	48,207
Provision for loss on litigation	38,571	38,591
Other current liabilities	2,536,873	2,913,765
Total Current Liabilities	15,272,743	14,223,289
II. Fixed Liabilities:		
Long-term borrowings	5,928,235	5,000,000
Deferred tax liabilities	3,038,815	2,902,755
Net defined benefit liability	315,383	435,394
Provision for directors and corporate auditors' retirement benefits	342,566	409,434
Other fixed liabilities	172,121	179,350
Total Fixed Liabilities	9,797,120	8,926,934
Total Liabilities	25,069,864	23,150,223
NET ASSETS		
I. Shareholders' Equity:		
Capital stock	5,199,597	5,199,597
Capital surplus	5,180,246	5,180,246
Retained earnings	31,383,875	36,790,627
Treasury stock	(942,114)	(947,073)
Total Shareholders' Equity	40,821,604	46,223,398
II. Accumulated Other Comprehensive Income:		
Valuation difference on available-for-sale securities	36,811	32,910
Foreign currency translation adjustment	5,306,072	3,311,120
Total Accumulated Other Comprehensive Income	5,342,883	3,344,030
III. Minority Interests	1,132,727	1,225,511
Total Net Assets	47,297,215	50,792,940
Total Liabilities, Minority Interests and Net Assets	72,367,080	73,943,163

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

(Thousands of yen)

	Year Ended January 31, 2015	Year Ended January 31, 2016
I. Net Sales	84,113,237	92,209,616
II. Cost of Sales	45,830,574	48,862,503
Gross profit	38,282,662	43,347,113
Reversal of reserve for returned products	57,414	46,289
Transfer to reserve for returned products	44,013	48,332
Adjusted gross profit	38,296,063	43,345,071
III. Selling, General and Administrative Expenses	25,515,329	28,823,234
Operating Income	12,780,734	14,521,836
IV. Non-operating Income:		
Interest income	189,276	260,953
Dividend income	2,730	7,242
Foreign exchange gains	162,186	—
Share of profit of entities accounted for using equity method	23,568	33,928
Refund of consumption tax	372,547	481,493
Other non-operating income	172,994	329,230
Total Non-operating Income	923,304	1,112,848
V. Non-operating Expenses:		
Interest expenses	64,795	84,101
Sales discounts	293,076	359,760
Foreign exchange losses	—	65,814
Other non-operating expenses	46,982	44,013
Total Other Expenses	404,854	553,690
Ordinary Income	13,299,184	15,080,995
VI. Extraordinary Income:		
Gain on sales of fixed assets	8,259	10,776
Total Extraordinary Income	8,259	10,776
VII. Extraordinary Loss:		
Loss on sales of fixed assets	4,817	36,398
Loss on disposal of fixed assets	24,364	18,818
Loss on recall	104,382	—
Provision for loss on litigation	33,845	—
Loss on liquidation of subsidiaries and associates	—	62,516
Loss on revision of retirement benefit plan	—	86,845
Total Extraordinary Loss	167,410	204,577
Income before Income Taxes	13,140,033	14,887,193
Income taxes - current	3,768,140	4,548,340
Income taxes - deferred	734,969	(124,029)
Total Corporate Income Tax	4,503,110	4,424,310
Income before Minority Interests	8,636,923	10,462,883
Minority Interests in Income	185,144	265,619
Net Income	8,451,778	10,197,264

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Year Ended January 31, 2015	Year Ended January 31, 2016
Income before minority interests	8,636,923	10,462,883
Other comprehensive income		
Valuation difference on available-for-sale securities	6,290	(3,900)
Foreign currency translation adjustment	3,206,483	(2,107,891)
Total Other Comprehensive Incomes	3,212,774	(2,111,791)
Comprehensive Income	11,849,697	8,351,091
(Breakdown)		
Comprehensive income on parent company	11,523,669	8,198,411
Comprehensive income on minority interests	326,028	152,680

(3) Statement of Changes in Consolidated Shareholders' Equity

Fiscal Year Ended January 31, 2015

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	5,199,597	5,180,246	26,929,960	(455,960)	36,853,843
Changes during the period					
Dividends from surplus			(3,997,863)		(3,997,863)
Net income			8,451,778		8,451,778
Acquisition of treasury stock				(486,154)	(486,154)
Changes in items other than shareholders' equity (net)					
Total changes during the period	—	—	4,453,914	(486,154)	3,967,760
Balance at the end of current period	5,199,597	5,180,246	31,383,875	(942,114)	40,821,604

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the period	30,520	2,240,472	2,270,992	856,777	39,981,614
Changes during the period					
Dividends from surplus					(3,997,863)
Net income					8,451,778
Acquisition of treasury stock					(486,154)
Changes in items other than shareholders' equity (net)	6,290	3,065,599	3,071,890	275,950	3,347,840
Total changes during the period	6,290	3,065,599	3,071,890	275,950	7,315,601
Balance at the end of current period	36,811	5,306,072	5,342,883	1,132,727	47,297,215

Fiscal Year Ended January 31, 2016

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	5,199,597	5,180,246	31,383,875	(942,114)	40,821,604
Changes during the period					
Dividends from surplus			(4,790,511)		(4,790,511)
Net income			10,197,264		10,197,264
Acquisition of treasury stock				(4,958)	(4,958)
Changes in items other than shareholders' equity (net)					
Total changes during the period			5,406,752	(4,958)	5,401,793
Balance at the end of current period	5,199,597	5,180,246	36,790,627	(947,073)	46,223,398

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the period	36,811	5,306,072	5,342,883	1,132,727	47,297,215
Changes during the period					
Dividends from surplus					(4,790,511)
Net income					10,197,264
Acquisition of treasury stock					(4,958)
Changes in items other than shareholders' equity (net)	(3,900)	(1,994,952)	(1,998,853)	92,783	(1,906,069)
Total changes during the period	(3,900)	(1,994,952)	(1,998,853)	92,783	3,495,724
Balance at the end of current period	32,910	3,311,120	3,344,030	1,225,511	50,792,940

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Year Ended January 31, 2015	Year Ended January 31, 2016
I. Cash Flows from Operating Activities:		
Income before income taxes	13,140,033	14,887,193
Depreciation	1,914,284	2,345,655
Amortization of goodwill	180,292	204,515
Increase (decrease) in allowance for doubtful accounts	(11,978)	(3,917)
Increase (decrease) in accrued bonuses to employees	(22,032)	113,705
Increase (decrease) in provision for employees' retirement benefits	18,506	128,386
Increase (decrease) in provision for directors and corporate auditors' retirement benefits	18,671	66,867
Interest and dividend income	(192,007)	(268,196)
Share of (gain) loss of entities accounted for using equity method	(23,568)	(33,928)
Interest expenses	64,795	84,101
Foreign exchange loss (gain)	(282,987)	(43,141)
Loss (gain) on sales of property	(3,441)	25,622
Loss on disposal of property	24,364	18,818
Decrease (increase) in notes and accounts receivable - trade	(1,312,697)	843,246
Decrease (increase) in inventories	136,281	(636,199)
Increase (decrease) in notes and accounts payable - trade	(721,411)	1,187,563
Increase (decrease) in accounts payable	(110,848)	(1,275,207)
Increase (decrease) in accrued consumption taxes	412,686	(206,437)
Decrease (increase) in claims provable in bankruptcy/rehabilitation	10,568	8,024
Other	295,423	281,097
Subtotal	13,534,934	17,727,770
Interest and dividend income received	79,271	446,752
Interest expenses paid	(34,083)	(123,962)
Income taxes paid	(3,444,658)	(4,570,849)
Net Cash Provided by Operating Activities	10,135,463	13,479,710
II. Cash Flows from Investing Activities:		
Purchase of tangible fixed assets	(2,682,791)	(3,018,704)
Proceeds from sales of tangible fixed assets	48,472	27,127
Purchase of intangible assets	(472,653)	(354,815)
Purchase of investment securities	(1,846)	(2,558)
Purchase of insurance funds	(7,178)	(1,905)
Proceeds from cancellation of insurance funds	—	40,550
Payments of loans receivable	(2,194)	(3,592)
Collection of loan receivable	2,151	2,075
Payment for lease deposits	(39,678)	(21,139)
Collection of lease deposits	36,399	20,139
Other	(14,804)	(19,195)
Net Cash Used in Investing Activities	(3,134,124)	(3,332,019)

(Thousands of yen)

	Year Ended January 31, 2015	Year Ended January 31, 2016
III. Cash Flows from Financing Activities:		
Increase in short-term loans payable	1,390,866	—
Decrease in short-term loans payable	(1,000,000)	(505,904)
Proceeds from long-term loans payable	5,000,000	—
Repayments of long-term loans payable	(1,005,031)	(1,200,000)
Payment of cash dividends	(3,995,361)	(4,789,321)
Cash dividends paid to minority shareholders	(50,078)	(59,896)
Purchase of treasury stock	(486,154)	(4,958)
Other	(4,669)	(7,789)
Net Cash Used in Financing Activities	(150,427)	(6,567,870)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,637,416	(873,089)
V. Net Increase (Decrease) in Cash and Cash Equivalents	8,488,328	2,706,730
VI. Cash and Cash Equivalents at Beginning of Period	13,102,606	21,590,935
VII. Cash and Cash Equivalents at End of Period	21,590,935	24,297,665

(5) Notes on Consolidated Financial Statements
(Notes Regarding Going Concern Assumptions)

Not applicable.

(Changes in Accounting Policies)

(Application of Accounting Standard, etc. Regarding Retirement Benefits)

Regarding the "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26, May 17, 2012. Hereinafter, referred to as "Retirement Benefits Accounting Standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, March 26, 2015. Hereinafter, referred to as "Guidance on Retirement Benefits Accounting Standard"), the provisions stipulated in the main clause of Article 35 of the Retirement Benefit Accounting Standard and in the main clause of Article 67 of the Guidance on Retirement Benefits Accounting Standard has been applied starting with the consolidated fiscal year under review, and calculation methods for retirement benefit obligations and service costs were reviewed. As a result, attribution of expected benefit payments was changed from the straight-line basis to salary amount basis. At the same time, the determination method of the discount rate was changed from the discount rate determined based on the average period up to the estimated timing of benefit payment to the discount rate reflecting the estimated timing of each benefit payment.

There is no impact on retained earnings and gain or loss due to this change at the beginning of the fiscal year.

(Additional Information)

(Modification of Amount of Deferred Tax Assets and Deferred Tax Liabilities Due to Tax Rate Change of Corporate Income Tax, etc.)

The Act on the Partial Revision of the Income Tax Act, etc. (Act No. 9 of 2015) and the Act on Partial Revision of Local Tax Act, etc. (Act No. 2 of 2015) were issued on March 31, 2015, and reductions of corporate income tax, etc. are applied to the consolidated fiscal year starting from April 1, 2015. Due to the change, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from 35.64%. 33.06% is applied to temporary differences, etc. that are expected to be dissipated in the consolidated fiscal year starting on February 1, 2016 while 32.26% is applied to temporary differences, etc. that are expected to be dissipated in the consolidated fiscal year starting on February 1, 2017 and later.

The impact due to this tax rate change is minor.

(Segment Information)

1. Summary of Reporting Segments

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

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

For this purpose, the Company is configured by segments by products and services and by regions. So far, "Domestic Baby and Mother Care Business", "Child-rearing Support Services", "Health Care and Nursing Care Business" and "Overseas Business" have been identified as the Group's reporting segments. However, from this consolidated fiscal year under review, we separated our China-related operations from the "Overseas Business", which is why there is now a total of five reporting segments. The Company's reporting segment types are as follows.

We have reclassified the figures for the previous consolidated financial year to reflect to match the reporting segment classification after said change.

(i) Domestic Baby and Mother Care Business

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

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

(ii) Child-rearing Support Services

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

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

(iii) Health Care and Nursing Care Business

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

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

(iv) Overseas Business

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

(v) China Business

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

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

The methodology adopted in calculating the segmental sales, profits or losses, assets and other items is generally the same as in "Basis for preparing Consolidated Financial Statements".

3. Information Regarding Net Sales, Profit (Loss), Assets and Other Items in Each Reporting Segment
Fiscal Year Ended January 31, 2015

(Thousands of yen)

	Reporting Segment						Other Businesses (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	China Business	Sub Total				
Net Sales										
Net sales to external customers	24,432,198	6,722,562	6,761,631	19,144,378	25,776,288	82,837,060	1,276,176	84,113,237	—	84,113,237
Internal sale or exchange between segments	—	—	—	4,229,573	525,412	4,754,986	—	4,754,986	(4,754,986)	—
Total	24,432,198	6,722,562	6,761,631	23,373,952	26,301,701	87,592,047	1,276,176	88,868,224	(4,754,986)	84,113,237
Segment profit	3,752,460	189,985	260,699	4,969,294	7,525,878	16,698,319	173,406	16,871,725	(4,090,991)	12,780,734
Segment asset	10,984,153	1,264,594	3,763,827	18,234,518	24,224,772	58,471,865	1,265,630	59,737,496	12,629,583	72,367,080
Other Items										
Depreciation (Note) 7	283,918	19,441	75,279	644,352	667,984	1,690,976	36,171	1,727,147	187,136	1,914,284
Amortization of Good Will	—	3,720	—	176,572	—	180,292	—	180,292	—	180,292
Increase in Tangible Fixed Assets and Intangible Fixed Assets (Note) 8	942,606	20,806	173,303	1,510,373	593,482	3,240,573	187,407	3,427,980	333,246	3,761,226

(Notes)
1. "Other" represents a business segment not included in the reporting segments and principally covers manufacture and sales by manufacturing subsidiaries of the company for sales outside the Group.
2. The negative amount of ¥4,090,991 thousand from adjustments in segment profits includes a negative ¥19,948 thousand in elimination of intersegment transactions, and a negative ¥4,110,940 thousand in non-allocable operating expenses. Non-allocable operating expenses are mainly administrative costs of our Group.
3. The amount of ¥12,629,583 thousand in adjustments in segment assets include a negative ¥2,294,755 thousand in eliminations of inter-segment transactions, and ¥14,924,339 thousand in the entire company assets consist principally of investments of surplus of the parent company (Cash and Deposits), long term investment assets (Investment Securities and the Like) and assets relating to the administrative area.
4 Depreciation adjustments are depreciations relating the entire company assets.
5 Tangible fixed assets and intangible assets relate to the entire company assets.
6. Segment profit has been adjusted with the operating income in the consolidated financial statements
7. Amortization relating to long term pre-paid expenses are included in the depreciation expenses.
8. Increases in tangible fixed assets and intangible fixed assets include increases in long term pre-paid expenses.

Fiscal Year Ended January 2016

(Thousands of yen)

	Reporting Segment						Other Businesses (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	China Business	Sub Total				
Net Sales										
Net sales to external customers	28,053,343	6,757,726	6,499,258	18,421,051	31,194,554	90,925,933	1,283,683	92,209,616	—	92,209,616
Internal sale or exchange between segments	—	—	—	6,813,392	493,558	7,306,951	—	7,306,951	(7,306,951)	—
Total	28,053,343	6,757,726	6,499,258	25,234,443	31,688,113	98,232,885	1,283,683	99,516,568	(7,306,951)	92,209,616
Segment profit	4,383,836	148,802	140,639	5,579,090	8,586,934	18,839,303	152,026	18,991,329	(4,469,492)	14,521,836
Segment asset	11,651,820	1,271,502	3,425,465	19,034,871	25,660,643	61,044,303	1,283,077	62,327,380	11,615,782	73,943,163
Other Items										
Depreciation (Note) 7	411,908	23,515	91,006	758,151	785,224	2,069,806	49,391	2,119,198	226,456	2,345,655
Amortization of Good Will	—	2,790	—	201,725	—	204,515	—	204,515	—	204,515
Increase in Tangible Fixed Assets and Intangible Fixed Assets (Note) 8	683,978	52,394	150,787	869,371	832,699	2,589,231	37,160	2,626,391	410,079	3,036,471

(Notes)
1. “Other” represents a business segment not included in the reporting segments and principally covers manufacture and sales by manufacturing subsidiaries of the company for sales outside the Group.
2. The negative amount of ¥4,469,492 thousand from adjustments in segment profits includes a negative ¥19,945 thousand in elimination of intersegment transactions, and a negative ¥4,449,547 thousand in non-allocable operating expenses. Non-allocable operating expenses are mainly administrative costs of our Group.
3. The amount of ¥11,615,782 thousand in adjustments in segment assets include a negative ¥2,499,172 thousand in eliminations of inter-segment transactions, and ¥14,114,954 thousand in the entire company assets consisting principally of investments of surplus of the parent company (Cash and Deposits), long term investment assets (Investment Securities and the Like) and assets relating to the administrative area.
4 Depreciation adjustments are depreciations relating the entire company assets。
5 Tangible fixed assets and intangible assets relate to the entire company assets。
6. Segment profit has been adjusted with the operating income in the consolidated financial statements
7. Amortization relating to long term pre-paid expenses are included in the depreciation expenses。
8. Increases in tangible fixed assets and intangible fixed assets include increases in long term pre-paid expenses。

4. Matters concerning Changes in the Reporting Segments
Starting with the consolidated term under review, “Overseas Business” and “China Business” inter-segment transactions have increased as we transferred the management of regions including Korea, Taiwan, Hong Kong and Russia to the China Business Division from the Overseas Business Division.

(Per Share Information)

	Previous fiscal year (February 1, 2014 to January 31, 2015)	Current fiscal year (February 1, 2015 to January 31, 2016)
Net Assets per Share	¥385.46	¥413.88
Net Income per Share	¥70.55	¥85.15

(Notes) 1. With respect to Diluted Net Income per Share, there are no latent shares, thus, has not been disclosed.
2. Our Group carried out a 3-for-1 stock split with respect to its common stock, effective as of May 1, 2015. The figures for net assets per share and net income per share are calculated on the assumption that this stock split had been conducted at the beginning of the previous fiscal year.
3. The basis for the calculation of the Net Income per Share is as follows.

	Previous fiscal year (February 1, 2014 to January 31, 2015)	Current fiscal year (February 1, 2015 to January 31, 2016)
Net Income (¥ thousands)	8,451,778	10,197,264
Amount not Attributable to Ordinary Shareholders (¥ thousands)	—	—

Net Income Relating to Ordinary Shares (¥ thousands)	8,451,778	10,197,264
Average Number of Shares during the Term (shares)	119,796,755	119,762,302

(Material Subsequent Events)

Not applicable.