

Summary of Consolidated Financial Results For the Nine Months Ended October 31, 2013 [Japanese Standards] (Consolidated)

December 2, 2013

Company name: Pigeon Corporation (Stock code: 7956)
Listings: First Section, Tokyo Stock Exchange
Website: www.pigeon.co.jp
Representative: Shigeru Yamashita (President and COO)
Contact: Tsutomu Matsunaga (Managing Officer, Corporate Planning & Administration Division)//Tel: +81-3-3661-4188
Date of release of Business Report: December 6, 2013
Planned Commencement Date of Dividend Payment: Not yet determined
Supplementary materials for the quarterly financial results: None
Investor conference for the quarterly financial results: None

1. Consolidated Financial Results (February 1 – October 31, 2013)

(1) Performance

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
Nine Months Ended October 31, 2013	57,540	19.9%	8,421	55.1%	8,890	61.2%	5,638	63.5%
Nine Months Ended October 31, 2012	47,985	10.1%	5,430	52.9%	5,515	61.0%	3,448	65.0%

(Note) Comprehensive income for nine months ended October 31, 2013 ¥7,535 million (111.3%) Comprehensive income for nine months ended October 31, 2012 ¥3,567 million (188.2%)

	Net Income per Share (¥)	Diluted Net Income Per Share (¥)
Nine Months Ended October 31, 2013	140.86	—
Nine Months Ended October 31, 2012	86.15	—

(Note) The Group conducted a stock split at the ratio of 2 shares for every 1 share of common shares. The effective date of the stock split was August 1, 2013. Net income per share was calculated assuming that the stock split was performed at the beginning of the previous fiscal year ended January 31, 2013.

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio (%)
At October 31, 2013	55,283	37,107	65.6
At January 31, 2013	48,538	32,365	65.3

Reference: Equity: ¥ 36,268 million (At October 31, 2013); ¥ 31,671 million (At January 31, 2013)

2. Cash Dividends

	Annual Dividends (¥)				
	1Q	2Q	3Q	Year-end	Full-year
Year Ended January 31, 2013	—	44.00	—	71.00	115.00
Year Ending January 31, 2014	—	66.00	—		
Year Ending January 31, 2014 (Forecast)				37.00	—

(Note) Changes in dividend forecasts from the most recent announcement: None

The Group conducted a stock split at the ratio of 2 shares for every 1 share of common shares. The effective date of the stock split was August 1, 2013. The stock split is reflected in the amount of the listed year-end annual dividends for the year ending January 31, 2014 (forecast).

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

(¥ millions, rounded down)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (¥)
Year Ending January 31, 2014 (% figures denote year-on-year change)	77,200	18.6%	10,200	43.9%	10,700	44.8%	6,500	42.1%	162.39

(Note) Changes in performance forecasts from the most recent announcement: Yes

The Group conducted a stock split at the ratio of 2 shares for every 1 share of common shares. The effective date of the stock split was August 1, 2013. The stock split is reflected in the amount of the net income per share listed in the forecast for the year ending January 31, 2014.

* Notes

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

(2) Adoption of special accounting methods to preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, restatements

1) Changes in accounting policies pursuant to revision of accounting standards: Yes

2) Changes in accounting policies other than the above: None

3) Changes in accounting estimates: Yes

4) Restatements: None

(Note)

From the first consolidated quarter, the depreciation method has been changed and this change is applicable to “a case when it is difficult to distinguish between a change in an accounting policy and a change in an accounting estimate.” For further information, please refer to “(3) Changes in Accounting Policies, Changes in Accounting Estimates, Restatements in Issues Regarding Summary (Notes) Information on page 5”.

(4) Number of outstanding shares (ordinary shares)

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

Nine Months ended October 31, 2013: 40,551,162

Year ended January 31, 2013: 40,551,162

2) Number of treasury shares at term-end

Nine Months ended October 31, 2013: 525,552

Year ended January 31, 2013: 524,218

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

Nine Months ended October 31, 2013: 40,026,174

Nine Months ended October 31, 2012: 40,027,700

(Note)

The Group conducted a stock split at the ratio of 2 shares for every 1 share of common shares. The effective date of the stock split was August 1, 2013. The number of shares listed above was calculated assuming that the stock split was performed at the beginning of the previous fiscal year ended January 31, 2013.

*Indication regarding the situation of quarterly review procedures

Financial results for this third quarter is not the subject of a quarterly review procedure based on the Financial Instruments and Exchange Act, and at the point in time when these financial results were disclosed, review procedures for quarterly financial statements based on the Financial Instruments and Exchange Act had not been completed.

*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 actual results could differ significantly from forecast figures depending on a variety of factors.

For the information regarding performance forecasts, please refer to “(3) Qualitative Information Regarding Consolidated Performance Forecasts” on page 5.

Table of Contents of the Appendix

1. Qualitative Information Regarding the Financial Performance for the Current Quarter	2
(1) Qualitative Information Regarding Consolidated Business Results	2
(2) Qualitative Information Regarding Consolidated Financial Position	4
(3) Qualitative Information Regarding Consolidated Performance Forecasts	5
2. Issues Regarding Summary (Notes) Information.....	5
(1) Significant Changes in Subsidiaries During the Period Under Review	5
(2) Adoption of Special Accounting Procedures for Quarterly Consolidated Financial Statements.....	5
(3) Changes in Accounting Policies, Changes in Accounting Estimates, Restatements	5
3. Quarterly Consolidated Financial Statement	6
(1) Quarterly Consolidated Balance Sheets	6
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statement of Comprehensive Income.....	8
Quarterly Consolidated Statements of Income Nine months ended October 31, 2013.....	8
Quarterly Consolidated Statement of Comprehensive Income Nine months ended October 31, 2013	9
(3) Notes Regarding Going Concern Assumption	10
(4) Notes Regarding Substantial Changes in Shareholders' Equity	10
(5) Segment Information.....	10

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

(1) Qualitative Information Regarding Consolidated Business Results

In the economy of Japan during the consolidated period under review, we have seen the effects of the financial and economic stimulus measures the government has conducted to stop deflation, which resulted in improvement in both corporate earnings and personal consumption, and the economy enjoyed a continuing trend of a gradual recovery. On the other hand, due to uncertain prospects for the economic conditions of the world economy, possibilities for a sharp rise in the price of materials under the impact of the weak yen rates as well as for a downturn in consumption following an increase in consumption tax and other factors, there is still a risk of domestic economy entering a downward tendency.

Under these circumstances, in the final year of our fourth medium-term business plan “Achieving global business success through company and individual competence,” starting February 2011 and ending January 2014, we have defined the following key issues based on the fundamental policies of this medium-term business plan.

1) Domestic Baby and Mother Care Business

- Ensuring growth and expansion of the large-size product business by releasing new products into the markets
- Establishment of such new fields as the "Pigeon from 1 year and a half" series, and the "Female Wellness" area

2) Child-rearing Support Services

- Improvement of quality of products for nursing and raising the management efficiency of the business

3) Health Care and Nursing Care Business

- Restructure of the business operation system and improvement in profitability through promotion of sales activities centering on facility routes
- Ensuring thoroughness of implementation of the growth strategy centering on the important products group

4) Overseas Business

- Chinese market: further strengthening of the brand name through such measures as ensuring releases of products from the new business areas into the markets and increasing the number of hospitals cooperating
- The U.S. and European markets: releasing new products into the markets and developing the brands (such as mOmma)
- Market expansion: making inroads into new and growing markets of India, Malaysia, Korea, and other countries

We focused on the above issues during the consolidated period under review (February 1, 2013 to October 31, 2013).

As a result, net sales for the period amounted to ¥57,540 million, up 19.9% from the previous corresponding period, due to factors including continuing healthy business expansion in Overseas Business centering China as well as weaker yen. As to earnings, operating income was ¥8,421 million, up 55.1% from the previous corresponding period, due to a sales cost ratio by approximately 1.8 point declined from the previous corresponding period: this sales cost ratio was a result of increased sales and efficient utilization of production bases accompanying business expansion. Ordinary income was ¥8,890 million, up 61.2% from the previous corresponding period, due to an increase in other income from foreign exchange gain, a result of yen moving weaker than the assumed level. Net income was ¥5,638 million, up 63.5% from the previous corresponding

period. Each significantly exceeded the previous corresponding result.

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

Domestic Baby and Mother Care Business

Due to a number of factors starting with a contribution to the results of the new products, which were released into the market in the first half of the term, net sales of the segment went up to ¥18,683 million, up 3.5% from the previous corresponding period. The segment profits amounted to ¥2,665 million, which is somewhat less (down 1.2%) than the previous corresponding period, and the main reason for this decrease is the increase in selling, general and administrative expenses from marketing activities and sales measures the Group implemented for expendable supplies, for which we had particularly intense competition.

In this segment, we have released such products as a stroller "Mahalo" created to ensure the comfort of the baby by equipping it with Pigeon's original hug sheet, six product types in the "UV baby series" making it possible to protect baby from the UV rays in three steps, namely, protecting, removing, and moistening (released in February), the "Bonyu Jikkan" series of Pigeon's feeding bottles offering three products with different designs enabling mothers to select the product for best fitting individual tastes (released in March), "OSHIRI Nap TAPPURI Aqua" using newly developed sheets achieving use of 99% pure water in the product (released in July), and "KANDE OISHII YOSAN Tablet Calcium Plus", a supplement for women getting ready for pregnancy and those already pregnant, for whom it is very important to have a well-balanced diet in terms of three nutritional elements this product contains: folic acid, iron, and calcium (released in August).

Moreover, during the consolidated period under review, we have held 34 events planned as a part of our direct communications program such as our "Premama Class" for women expecting to give birth in the near future and "Mama Class" for those who have just given birth. A total of approximately 2,900 women have participated. We made good progress in attracting new members to "Pigeon Info"—a word-of-mouth community portal that supports women during pregnancy, in childbirth, and those raising children.

Child-rearing Support Services

Net sales of the segment amounted to ¥4,933 million, up 3.7% from the previous corresponding period, while segment profits went down to ¥123 million, which is less (down 10.3%) than the previous corresponding period, due to an increase in selling, general and administrative expenses, which was due to an increase in recruitment expenses the segment had to make to deal with a chronic shortage of nurses. We launched three in-house nursery facilities in March and April, and while improving the service quality, the Group is steadily promoting sales. There is also a satisfactory increase in the number of contracts concluded by the babysitter segment with corporate clients.

Health Care and Nursing Care Business

Net sales of the segment amounted to ¥5 billion, which is only somewhat higher (up 1.1%) than the previous corresponding period, as the Group had to operate in conditions of intensifying price competition in the area of expendable supplies. The segment profits amounted to ¥216 million, up 50.4% from the previous corresponding period, as the selling, general and administrative expenses decreased as a result of measures conducted to increase the efficiency of operation further.

In this segment, we have released such products as "Recoup FUTAN KEIGEN Supporter HIZAKANSETSU UGOKI Smooth," which helps the wearer to move the weakened knee joints easier (released in August), and "Habinurse YABURENIKUI TAIPU NO OSHIRIFUKI" wipes for adults that enable the user to wipe their bottoms well without making the hands dirty (released in

September). We shall continue to bring further products to the market by finding the market needs with the research narrowed down to the important categories, and actively promote the Group's policies starting with the marketing measures centered on the facility routes.

Overseas Business

Sales of the segment amounted to ¥28,089 million, up 45.0% from the previous corresponding period. Although the selling, general and administrative expenses increased as a result of marketing activities conducted to actively expand the business, the segment profits amounted to ¥8,070 million, up 71.5% from the previous corresponding period. In China, in addition to measures to strengthen marketing activities and activities to spread sales promotion, the Group also released a new paper diaper product for babies in July, resulting in net sales far exceeding the results of the previous corresponding period. The Group also successfully expanded the scale of production at our two production bases located in China and is currently engaged in measures to increase the efficiency of operations. In India, we are continuing to actively expand sales and marketing activities with a view to establish our brand on the market. In the future, we intend to strengthen the sales/distribution system further and tune up the product supply organization starting with construction of local factories. In North America, we are planning on continuing our business expansion by increasing the number of categories of products offered, strengthening of organization control, and other measures.

Others

Sales in this segment amounted to ¥834 million, down 2.8% from the previous corresponding period, due to a slight decrease in OEM product orders. The segment profits amounted to ¥100 million, down 7.2% from the previous corresponding period.

(2) Qualitative Information Regarding Consolidated Financial Position

1) Assets

As of October 31, 2013, total asset amounted to ¥55,283 million, up ¥6,744 million from the previous fiscal year ended January 31, 2013. Current assets had an increase of ¥4,376 million, and fixed assets had an increase of ¥2,367 million.

Current assets increased mainly due to an increase in notes and accounts receivable of ¥3,497 million and goods and products of ¥1,332 million despite a decrease in cash and deposits of ¥1,428 million.

Fixed assets increased mainly due to an increase in machinery, equipment and vehicles of ¥1,763 million as included in other tangible fixed assets-net and an increase in buildings and structures-net of ¥818 million.

2) Liabilities

As of October 31, 2013, total liabilities amounted to ¥18,176 million, up ¥2,003 million from the fiscal year ended January 31, 2013. Current liabilities had an increase of ¥714 million, and long-term liabilities had an increase of ¥1,288 million.

Current liabilities increased mainly due to an increase in notes and accounts payable of ¥1,145 million and an increase in accrued bonuses to employees of ¥580 million despite a decrease in short-term borrowings of ¥949 million.

Long-term liabilities increased mainly due to an increase in long-term borrowings of ¥748 million and an increase in deferred tax liabilities of ¥595 million as included in other long-term liabilities.

3) Net Assets

As of October 31, 2013, net assets amounted to ¥37,107 million, up ¥4,741 million from the fiscal year ended January 31, 2013.

(3) Qualitative Information Regarding Consolidated Performance Forecasts

In the fourth medium-term business plan entitled “Achieving global business success through company and individual competence,” the Group aims to revise our business structure and improve profitability by entering new fields and expanding new product categories in the Domestic Baby and Mother Care Business in Japan, as well as by further pursuing priority product categories and establishing new sales channels in the Health Care and Nursing Care Business. In the Overseas Business, by expanding production system and reinforcing business operation structure with aggressive business investments, the Group strives to further develop the markets and expand our businesses by increasing product categories in the existing markets including China and North America. Meanwhile, the Group intends to promote aggressive market development in India, South Korea, and Central and South America. In this consolidated fiscal year, the final year of our fourth medium-term business plan, the followings are defined as the basic policies, and we will strive to ensure completion of our plans.

Basic Policies

1. As this year is the last year of our fourth medium-term business plan, we shall reexamine the strategies for each business, the functional strategy, the progress made with the measures conducted so far and the business results achieved, and strive to find solutions to the tasks we are facing and achieve the goals set in the medium-term business plan.
2. By steadily implementing the measures and achieving the goals set in the new business plans and new product plans, we will try to connect these activities to the further growth and expansion of the group's business in the next medium-term business plan.
3. We shall concentrate on bringing up staff capable of playing an active part on the global scale, aiming at "Achieving global business success through company and individual competence," at the same time revising the organizational system and allocating managerial resources with a balanced approach, so as to enable further expansion of the Group's business centering on the international market.

For our earnings forecast for fiscal year ending January 2014 that was announced as of September 2, 2013, based on the consolidated financial results for the consolidated period under review (February 1, 2013 to October 31, 2013), we revised the forecast as of December 2, 2013. Our upwardly-revised forecasts are ¥77,200 million for net sales (0.8% increase from previous forecast), ¥10,200 million for operating income (13.3% increase from previous forecast), ¥10,700 million for ordinary income (15.1% increase from previous forecast), and ¥6,500 million for net income (16.1% increase from previous forecast).

2. Issues Regarding Summary (Notes) Information

(1) Significant Changes in Subsidiaries During the Period Under Review

Not applicable.

(2) Adoption of Special Accounting Procedures for Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies, Changes in Accounting Estimates, Restatements

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

Following a revision of the Corporation Tax Law, from the first consolidated quarter, the Company and its consolidated subsidiaries located in Japan have changed the depreciation method for property, plant and equipment acquired on and after February 1, 2013 to a method in accordance with the Corporation Tax Law after revision. The effect this change has on the operating income, ordinary income, and Income before income taxes for the term under review is negligible.

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

(Thousands of yen)

	At January 31, 2013	At October 31, 2013
ASSETS		
I. Current Assets:		
Cash and deposits	10,574,326	9,146,171
Notes and accounts receivable	10,540,939	14,038,302
Goods and products	4,816,217	6,148,679
Goods in process	167,286	256,288
Raw material and inventory goods	1,792,836	2,203,356
Other current assets	1,228,961	1,714,222
Allowance for doubtful accounts	(17,213)	(26,692)
Total Current Assets	29,103,354	33,480,329
II. Fixed Assets:		
1. Tangible Fixed Assets:		
Buildings and structures-net	5,221,403	6,040,179
Land	6,015,064	6,062,687
Other tangible fixed assets-net	4,971,671	6,263,162
Total Tangible Fixed Assets	16,208,139	18,366,029
2. Intangible Fixed Assets:		
Goodwill	551,572	458,831
Other intangible fixed assets	624,561	870,764
Total Intangible Fixed Assets	1,176,134	1,329,596
3. Investments and Other Assets:		
Other	2,104,885	2,161,606
Allowance for doubtful accounts	(53,692)	(53,848)
Total Investments and Other Assets	2,051,193	2,107,758
Total Fixed Assets	19,435,468	21,803,384
Total Assets	48,538,822	55,283,713

(Thousands of yen)

At January 31, 2013

At October 31, 2013

LIABILITIES		
I. Current Liabilities:		
Notes and accounts payable	3,864,039	5,009,950
Short-term borrowings	1,389,610	439,875
Current portion of long-term loans payable	26,327	12,073
Income taxes payable	1,134,047	1,064,981
Accrued bonuses to employees	606,257	1,187,101
Returned goods adjustment reserve	44,824	51,693
Other current liabilities	4,550,833	4,565,156
Total Current Liabilities	11,615,940	12,330,830
II. Long-Term Liabilities:		
Long-term borrowings	2,204,365	2,952,675
Employees' retirement benefits	319,324	333,481
Retirement benefits for directors and corporate auditors	389,764	317,832
Other long-term liabilities	1,644,056	2,241,654
Total Long-Term Liabilities	4,557,510	5,845,643
Total Liabilities	16,173,451	18,176,474
NET ASSETS		
I. Shareholders' Equity:		
Capital stock	5,199,597	5,199,597
Additional paid-in capital	5,180,246	5,180,246
Retained earnings	22,686,099	25,582,643
Treasury stock	(450,289)	(455,482)
Total Shareholders' Equity	32,615,653	35,507,004
II. Accumulated Other Comprehensive Income:		
Net unrealized gains on securities	26,644	33,237
Foreign currency translation adjustment	(970,653)	727,760
Total Accumulated Other Comprehensive Income	(944,008)	760,997
III. Minority Interests	693,726	839,236
Total Net Assets	32,365,371	37,107,238
Total Liabilities, Minority Interests and Net Assets	48,538,822	55,283,713

(2) Quarterly Consolidated Statements of Income

(Thousands of yen)

	Nine months ended October 31, 2012	Nine months ended October 31, 2013
I. Net Sales	47,985,800	57,540,354
II. Cost of Sales	27,448,135	31,888,266
Gross profit	20,537,664	25,652,087
Reversal of reserve for returned products	60,080	46,939
Transfer to reserve for returned products	54,032	51,507
Adjusted gross profit	20,543,712	25,647,520
III. Selling, General and Administrative Expenses	15,113,709	17,226,365
Operating Income	5,430,002	8,421,155
IV. Other Income:		
Interest income	35,884	71,842
Equity in earnings of non consolidated subsidiaries and affiliates	34,960	41,814
Foreign exchange gains	76,132	271,336
Other	192,028	323,948
Total Other Income	339,006	708,941
V. Other Expenses:		
Interest expense	59,629	23,709
Sales discounts	165,741	188,915
Other	28,421	26,493
Total Other Expenses	253,792	239,117
Ordinary Income	5,515,216	8,890,978
VI. Extraordinary Income:		
Gain on sales of property	5,094	4,619
Total Extraordinary Income	5,094	4,619
VII. Extraordinary Loss:		
Loss on sales of property	283	140
Loss on disposal of property	26,316	16,692
Total Extraordinary Loss	26,600	16,832
Income before Income Taxes	5,493,711	8,878,765
Income Taxes	1,728,929	2,684,881
Adjustment for Corporate Tax	213,015	427,615
Total Corporate Income Tax	1,941,944	3,112,496
Income before minority interests	3,551,766	5,766,268
Less: Minority Interest in Net Income of Consolidated Subsidiaries	103,060	127,915
Net Income	3,448,706	5,638,353

Quarterly Consolidated Statement of Comprehensive Income
(Nine months ended October 31, 2013)

(Thousands of yen)

	Nine months ended October 31, 2012	Nine months ended October 31, 2013
Quarterly net income before adjusted minority interests income	3,551,766	5,766,268
Other comprehensive income		
Valuation difference on available-for-sale securities	1,109	6,592
Foreign currency translation adjustment	14,153	1,762,591
Total other comprehensive income	15,262	1,769,183
Quarterly comprehensive income	3,567,029	7,535,452
(Break down)		
Quarterly comprehensive income on parent company	3,449,404	7,343,359
Quarterly comprehensive income on minority interests	117,624	192,092

(3) Notes Regarding Going Concern Assumptions

Not applicable.

(4) Notes Regarding Substantial Changes in Shareholders' Equity

Not applicable.

(5) Segment Information

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

Nine Months Ended October 31, 2012

(Thousands of yen)

	Report Segment					Other (Note) 1	Total	Adjustment s (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	Sub Total				
Sales Sales to outside customers	18,055,247	4,757,577	4,948,625	19,366,380	47,127,830	857,969	47,985,800	—	47,985,800
Total	18,055,247	4,757,577	4,948,625	19,366,380	47,127,830	857,969	47,985,800	—	47,985,800
Segment Profits	2,697,945	137,923	144,146	4,706,866	7,686,882	108,016	7,794,898	(2,364,896)	5,430,002

(Note)

1. "Others" are business segments not included in reporting segments and mostly are the Group's production subsidiaries manufacturing and selling products to companies outside the Group.
2. Adjustments in segment profits are operating costs that cannot be allocated, and most are administrative costs.
3. Segment profits are adjusted to operating income in the consolidated statement of income.

Nine Months Ended October 31, 2013

(Thousands of yen)

	Report Segment					Other (Note) 1	Total	Adjustment s (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	Sub Total				
Sales Sales to outside customers	18,683,094	4,933,216	5,000,890	28,089,069	56,706,271	834,083	57,540,354	—	57,540,354
Total	18,683,094	4,933,216	5,000,890	28,089,069	56,706,271	834,083	57,540,354	—	57,540,354
Segment Profits	2,665,213	123,691	216,802	8,070,036	11,075,744	100,274	11,176,018	(2,754,863)	8,421,155

(Note)

1. "Others" are business segments not included in reporting segments and mostly are the Group's production subsidiaries manufacturing and selling products to companies outside the Group.
2. Adjustments in segment profits are operating costs that cannot be allocated, and most are administrative costs.
3. Segment profits are adjusted to operating income in the consolidated statement of income.