Summary of Financial Results
for the Third Quarter of Fiscal Year Ending January 2015
[Japanese Standards] (Consolidated)

December 1, 2014

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: December 5, 2014
Scheduled Commencement Date of Dividend Payments: Not yet scheduled
Preparation of Any Additional Explanatory Materials for Quarterly Financial Results: None
Holding of Any Briefing Session for Quarterly Financial Results: None

1. Consolidated Business Performance for the First Three Quarters of Fiscal Year Ending January 31, 2015 (February 1 to October 31, 2014)

(1) Consolidated operating results (cumulative)

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

	Net Sales		**Operating Income**		**Ordinary Income**		**Net Income**	
3Q ended October 31, 2014	61,167	6.3%,	9,714	15.4%	9,950	11.9%	6,377	13.1%
3Q ended October 31, 2013	57,540	19.9%	8,421	55.1%	8,890	61.2%	5,638	63.5%

(Note) Comprehensive income: 3Q ended October 31, 2014 ¥7,968 million (5.7%)
3Q ended October 31, 2013 ¥7,535 million (111.3%)

	Net Income per Share (¥)	**Diluted Net Income Per Share (¥)**
3Q ended October 31, 2014	159.68	-
3Q ended October 31, 2013	140.86	-

(Note) Our Group carried out a 2-for-1 stock split with respect to its common stock, effective as of August 1, 2013. The figures for quarterly 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 (%)
3Q ended October 31, 2014	68,359	43,421	62.1
FY ended January 31, 2014	57,955	39,981	67.5

(Reference) Shareholders' Equity: 3Q ended October 31, 2014 ¥42,429 million
FY ended January 31, 2014 ¥39,124 million

2. Cash Dividends

	Annual Dividends (¥)				
	1Q-end	2Q-end	3Q-end	Year-end	Total
FY ended Jan. 31, 2014	-	66.00	-	55.00	-
FY ending Jan. 31, 2015	-	45.00			
FY ending Jan. 31, 2015 (Forecast)			-	52.00	97.00

(Note) Changes in dividend forecasts to the most recent announcement: Yes
Our Group carried out a 2-for-1 stock split with respect to its common stock, effective as of August 1, 2013.

3. Consolidated Business Performance Forecasts for the Fiscal Year Ending January 31, 2015 (February 1, 2014 to January 31, 2015)

(% 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	83,700	8.0	12,100	16.7	12,300	11.8	7,800	11.7	195.31

(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: None
2) Changes in accounting policies other than the above 1): Yes
3) Changes in accounting-based estimates: None
4) Restatements: None

(Note) Depreciation method has been changed from the consolidated first quarter of this fiscal year and this change is applicable to “Changes in the Method for Determining Depreciation of Tangible Fixed Assets.” 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 7.

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the term-end (including treasury stock)
3Q ended October 31, 2014: 40,551,162 shares
FY ended January 31, 2014: 40,551,162 shares
2) Number of treasury stock for the period-end
3Q ended October 31, 2014: 629,956 shares
FY ended January 31, 2014: 525,652 shares
3) Number of average shares outstanding during the period (quarter accumulation)
3Q ended October 31, 2014: 39,935,985 shares
3Q ended October 31, 2013: 40,026,174 shares

* 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.
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 the relevant matters for the above forecast for the business performance.

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

(1) Explanation of Business Performance

During the consolidated nine-month period under review, Japan's economy continued to provide little optimism for an economic recovery. Although an improvement in income was seen in an increasing number of companies, a preliminary estimate of GDP for the July to September quarter released by the Cabinet Office recorded negative growth for two consecutive quarters. Overseas, uncertainty over the future due to a slowdown in emerging economies including China and the political instability in Europe continued, and risks associated with the price increase of import materials due to the impact of the yen depreciation have placed downward pressure on the Japanese economy.

Amid such economic circumstances, our Group has issued its fifth medium-term business plan (for the period between the fiscal year ending January 2015 and the fiscal year ending January 2017), and has put up the following slogan, "Pursuing world class business excellence, think globally, plan agilely, and implement locally". Thus, our Group has made a fresh start in this first year for the plan to be implemented. 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 nine-month period under review, we have been developing the above business policies and strategies for each of our businesses and functions. As a result, net sales amounted to ¥61,167 million (up 6.3% YOY), due to factors including healthy business expansion in our overseas operations centered on China. Regarding earnings, operating income rose to ¥9,714 million (up 15.4% YOY), ordinary income recorded ¥9,950 million (up 11.9% YOY), and net income was ¥6,377 million (up 13.1% YOY), which means each significantly exceeded the previous corresponding result although the provision of allowance for recall loss (extraordinary loss) by a voluntary product recall recorded 207 million yen. This was due to a reduction of approximately 1.0 percentage point in the sales cost ratio from the previous same period, as a result of increased sales and efficient utilization of production bases accompanying business expansion.

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 our Group's reporting segments. However, from the first quarter of the current fiscal year, we separated our China Business from the "Overseas Business", which is why there is now a total of five reporting segments. Each segment is outlined below.
The following comparisons with the prior year quarter have been made with figures for the prior year quarter reclassified into the segmentation after such change.

Domestic Baby and Mother Care Business

Net sales of the segment amounted to ¥18,385million (down 1.6% YOY). Segment profits increased to ¥2,913 million (up 9.3% YOY). This resulted also from a decrease in selling, general and administrative expenses due to reviewing marketing expenses and cost reductions in production companies resulting from an increase in the production of in-house products including new products.

In this segment, we have released products such as a reversible stroller "Mahalo laule'a" (in February) designed to ensure the comfort of the baby, an Electric Breast Pump "First Class", which provides a comfortable breastfeeding routine while reducing frustrations of any mother willing to breastfeed her baby, and also "Pigeon's Skin Care Products" (in March) formulated with moisturizing ingredients close to those found in baby's vernix. Furthermore, in August, we released “Puti-gurt”, a yogurt flavor lactic drink designed for babies aged 7 months and older, as well as “Animal Mini-pancakes” and “Baby Pudding” in our Handmade Snack Series which feature a suitable level of sweetness for infants. Moreover, during the period under review, 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 "Working Women Meetings for Pregnancy Training" for those who are preparing for pregnancy, organized for 29 times. A total of approximately 1,560 women have participated. Furthermore, our Company has staged a total of 11 seminars for health care professionals, addressing the theme of breastfeeding while parenting. A total of approximately 820 women have participated. Our Company will continue to improve “Pigeon Info”—a word-of-mouth community portal that supports women during pregnancy, in childbirth, and those raising children to provide to its customers a more easily accessible.

Child-rearing Support Services

Net sales of the segment amounted to ¥5,044 million (up 2.2% YOY). Although there has been an increase in cost for recruitment due to the current continuing shortage of nursery teachers, we worked on the effective use of selling, general and administrative expenses, therefore, segment profits rose to ¥154 million (up 24.9% YOY). We have launched four in-company child-care facilities and while improving the service quality, our Group is steadily promoting sales.

Health Care and Nursing Care Business

Net sales of the segment amounted to ¥5,096 million (up 1.9% YOY) which slightly exceeded the previous corresponding result, while competition in the market of consumables continued to intensify. We carried out proactive activities such as the execution of marketing measures that match the characteristics of products and sales channels, and, at the same time, efforts have been made toward the effective use of selling, general and administrative expenses, and as a result, segment profits increased to ¥297 million (up 37.3% YOY).

In February, we launched in this segment "Recoup KARURU", a new underwear which maintains conventional products' properties in absorption of liquids, and still it is more comfortable and has improved its functionality in urine leakage absorption. In addition, in August, we also launched the “No Spread Sheet”, a product that resolves leak problems in toilet support. Our Group will continue to focus on marketing products through intensive research on priority categories and to ensure sales activities focusing on facility routes are carried out considerately.

Overseas Business

Net sales of the segment amounted to ¥16,634 million (up 11.8% YOY). Segment profits increased to ¥3,642 million (up 12.2% YOY). Full-scale sales of nursing bottles were launched this January in North America. While we are making efforts to further expand our product categories, we will promote enhancement of our brand as a company that provides assistance for breastfeeding with total support from breast pumps, storage of breast milk, and breastfeeding. 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 further strengthen the sales/distribution system. In addition, we have been promoting the streamlining of the product supply organization starting with our flagship baby bottle nipples by plant construction, and we will continue to carry out activities aiming for further business expansion.

China Business
Net sales of the segment amounted to ¥18,553 million (up 16.0% 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 ¥5,618 million (up 17.7% YOY). This segment recorded an increase in net sales and segment profits from the previous same period, assisted mainly by the effects of a steady growth in product categories such as nursing bottles and nipples, due to continuous reinforcement of marketing and sales promotion activities, and an efficient utilization of production bases within China accompanying strong sales of existing products including consumables. We aim to steadily expand sales, as we will continue to implement effective marketing initiatives.

Other Businesses
Net sales of the segment amounted to ¥973 million (up 16.7% YOY), as OEM product orders increased. The segment profits increased to ¥132 million (up 32.4% YOY).

(2) Explanation of Financial Position

1) Assets
As of October 31, 2014, our Group recorded total assets of ¥68,359 million, up ¥10,404 million from the previous consolidated fiscal year ended January 31, 2014. Current assets had an increase of ¥9,074 million, and fixed assets had an increase of ¥1,329 million.
The major factors boosting current assets were: a ¥5,614 million increase in cash and deposits, a ¥2,302 million increase in notes and accounts receivable-trade, and another increase of ¥755 million in merchandise and finished goods.
Fixed assets increased mainly due to an increase of ¥551 million in machinery, equipment and vehicles, and of ¥403 million in construction in progress as included in other tangible fixed assets.

2) Liabilities
As of October 31, 2014, our Group recorded total liabilities of ¥24,938 million, up ¥6,964 million from the previous consolidated fiscal year ended January 31, 2014. Current liabilities had an increase of ¥1,510 million, and fixed liabilities had an increase of ¥5,454 million.
The major factors boosting current liabilities were: a ¥464 million increase in accrued bonuses to employees, a ¥384 million increase in notes payable-equipment as included in other current liabilities, and another increase of ¥287 million in short-term borrowings.
Fixed liabilities increased mainly due to an increase of ¥5,031 in long-term borrowings, and of ¥401 million in deferred tax liabilities as included in other fixed liabilities.

3) Net Assets
As of October 31, 2014, our Group recorded total net assets of ¥43,421 million, up ¥3,439 million from the previous consolidated fiscal year ended January 31, 2014.
Net assets increased mainly due to an increase of ¥2,379 million in retained earnings, and of ¥1,409 million in foreign currency translation adjustment.

(3) Explanation of Consolidated Performance Forecast and Other Future Predictions
For the "Fifth Medium-Term Business Plan (for the period between fiscal year ending January 2015 and fiscal year ending January 2017)", our Group has put up the following slogan, “Pursuing world class business excellence, think globally, plan agilely, and implement locally.” 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. Especially concerning the overseas business which our Group positions as a growing field, we will continue to expand and enrich business in the existing markets concentrated in China and North America. Moreover, we will continue to aim for further growth in our business performance through actively pursuing new markets. Since the following “Vision 2016” and “Business and Functional Strategies” was established, all our efforts combine to accomplish our goals as a means of expanding our corporate business and improving our management quality. In this consolidated fiscal year, the first year of our fifth medium-term business plan, we will strive to ensure completion of our plans.

"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 our employees' activities
v) Further enhancing corporate value

■ Summary of Business and Functional Strategies

<Overseas Business>

・Key markets: Cultivation and deep penetration of markets in the prioritized countries from their market potential, including a medium-to-long-term perspective
・Key categories: Focusing our efforts on the categories that can make the most of Pigeon's "strengths" (nursing bottles and nipples, breast pump, pacifiers, skin care products, and nursing pads)
・Activities in hospitals: Synergy between horizontal deployment of a model for activities in hospitals and strengthening brand power

1) Chinese market
- Business expansion
  ・Growth of existing categories and in new products such as disposable diapers
- Strengthening our operating base
  ・Capital investment in line with business expansion
  ・Cost containment and stable supply benefits of automation in the production lines
  ・Further strengthening of our organizational system in line with business expansion

2) U.S. and European markets
- Enhancement of our brand power in breastfeeding corporate support
  ・Feeding device: Introducing the nursing bottle "NaturalWave" in the European and the United States markets
  ・Strengthening our total support to child care scene in terms of "Expressing breast milk → Storing → Feeding"
  ・Reinforcement of activities in hospitals
- Business expansion in Central and South America and cultivation of new markets

3) Asian and the Near and Middle Eastern markets
- Growth centered on five key categories (nursing bottles and nipples, breast pump, pacifiers, skin care products, and breast pads)
- Further strengthening of Pigeon's products and accelerating their market penetration
- India: Operating plants for local production and bolstering marketing functions

<Domestic Business>

Our Group aims to develop business growth in the existing fields and to improve profitability, by improving the profitability of current businesses and achieving solid growth for large-scale businesses in the segment of Baby and Mother Care, but also by reinforcing the management system focused on nursing care facility routes, and marketing products with a competitive advantage in the segment of Health Care and Nursing Care.

1) Domestic Baby and Mother Care Business
- Improving profitability of current businesses
- Establishing a large merchandise business and considering entering in new categories

2) Health Care and Nursing Care Business
- Reinforcing sales in nursing care facility routes
- Achieving growth in both facilities and existing routes by marketing products with competitive advantage
- Further enhancing nursing care service quality

3) Child-rearing Support Services
- Further improving child-rearing quality and achieving a steady business growth
- Fostering human resources to ensure a high quality child-rearing

<Functional Strategies>

1) Research and Development
- Enrich researches on "Baby Theories" and improve our product development capabilities by means of a consistent customer orientation.
- Establish and strengthen a structure for global business development by reviewing functions related to research, planning and development

2) Quality Control
- Reinforce quality control functions of each production site
- Establish the PIGEON PRODUCTIVE MANAGEMENT (PPM) system

3) Production, Procurement and Logistics
- Reduce costs by implementing an efficient production, procurement and logistics system
- Establish a Global Supply Chain Management system.

4) Global Human Resources System
- Foster individuals capable of playing an active role in global society and establish such human resources system, while meeting the further expansion of our business overseas.

5) Global Headquarters
- Reinforce the Corporate Center`s functions
  - ・Strengthen planning and promotion functions of our Group strategies
  - ・Strengthen functions toward compliance and fulfillment of our corporate social responsibility

For our earnings forecast for fiscal year ending January 2015 that was announced as of March 3, 2014, based on the consolidated financial results for the consolidated period under review (February 1, 2014 to October 31, 2014), we revised the forecast as of December 1, 2014. Our revised forecasts are ¥83,700 million for net sales (0.9% decrease from previous forecast), ¥12,100 million for operating income (4.3% increase from previous forecast), ¥12,300 million for ordinary income (4.2% increase from previous forecast), and ¥7,800 million for net income (6.8% increase from 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

Changes in accounting policies

(Changes in the Method for Determining Depreciation of Tangible Fixed Assets)

Our Group and its consolidated subsidiaries previously used the declining-balance method for depreciation and amortization of property, plant and equipment (straight-line method had been applied to buildings, excluding facilities attached to buildings, acquired after April 1, 1998), but effective from this consolidated fiscal year, the straight-line method has been applied to all tangible fixed assets.

In our Group’s fifth medium-term business plan, effective from this current consolidated fiscal year, taking into consideration our Group’s further global business development going forward and the substantial growth in corporate earnings expected overseas, the change in method was made following a review of the investment effect of tangible fixed assets from the perspective of integrating Group accounting policies and properly adjusting periodic income, as it has been motivated by changes in our Group’s capital investment circumstances. Consequently, property, plant and equipment held by our Group and its consolidated subsidiaries generally are subject to steady operation over their expected lifetime. In addition, as we can expect also from our Group’s product lines to generate stable profits, the change has been implemented because, firstly, it is reasonable, from a cost distribution point of view, to adopt the straight-line method as a depreciation method for the tangible fixed assets, and secondly, the economic conditions should be more appropriately reflected by doing so.

As a result of this change, operating income, ordinary income, and net income before income taxes all increased by ¥123,311 thousand compared with the results under the previous method.

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

(Thousands of yen)

	At January 31, 2014	At October 31, 2014
ASSETS		
I. Current Assets:		
Cash and deposits	13,102,606	18,716,698
Notes and accounts receivable - trade	12,569,111	14,871,196
Merchandise and finished goods	5,350,773	6,105,813
Work in process	281,547	292,055
Raw materials and supplies	2,420,080	2,501,821
Other current assets	1,670,255	1,990,889
Allowance for doubtful accounts	(30,988)	(40,420)
Total Current Assets	35,363,386	44,438,054
II. Fixed Assets:		
1. Tangible Fixed Assets:		
Buildings and structures, net	6,238,559	6,465,887
Land	6,080,256	6,100,860
Other tangible fixed assets, net	6,704,646	7,850,071
Total Tangible Fixed Assets	19,023,463	20,416,819
2. Intangible Fixed Assets:		
Goodwill	441,108	310,461
Other intangible fixed assets	1,000,222	1,029,329
Total Intangible Fixed Assets	1,441,331	1,339,791
3. Investments and Other Assets:		
Other	2,170,610	2,208,655
Allowance for doubtful accounts	(43,424)	(43,386)
Total Investments and Other Assets	2,127,185	2,165,269
Total Fixed Assets	22,591,980	23,921,880
Total Assets	57,955,367	68,359,934
LIABILITIES		
I. Current Liabilities:		
Notes and accounts payable - trade	4,518,251	4,493,349
Short-term borrowings	395,212	682,728
Current portion of long-term loans payable	1,004,953	1,000,000
Income taxes payable	1,155,862	1,104,624
Accrued bonuses to employees	782,653	1,246,725
Reversal of reserve for returned products	57,318	43,758
Allowance for recall loss	—	207,300
Other current liabilities	4,904,682	5,551,059
Total Current Liabilities	12,818,934	14,329,545
II. Fixed Liabilities:		
Long-term borrowings	2,011,503	7,042,765
Provision for employees' retirement benefits	287,276	301,810
Provision for directors and corporate auditors' retirement benefits	323,894	335,279
Other fixed liabilities	2,532,144	2,929,268
Total Fixed Liabilities	5,154,818	10,609,123
Total Liabilities	17,973,753	24,938,669

(Thousands of yen)

	At January 31, 2014	At October 31, 2014
NET ASSETS		
I. Shareholders' Equity:		
Capital stock	5,199,597	5,199,597
Capital surplus	5,180,246	5,180,246
Retained earnings	26,929,960	29,309,356
Treasury stock	(455,960)	(941,832)
Total Shareholders' Equity	36,853,843	38,747,367
II. Accumulated Other Comprehensive Income:		
Valuation difference on available-for-sale securities	30,520	32,585
Foreign currency translation adjustment	2,240,472	3,649,996
Total Accumulated Other Comprehensive Income	2,270,992	3,682,582
III. Minority Interests	856,777	991,314
Total Net Assets	39,981,614	43,421,264
Total Liabilities, Minority Interests and Net Assets	57,955,367	68,359,934

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

Quarterly Consolidated Statements of Income

(Scope of Consolidation of Third Quarter)

(Thousands of yen)

	Nine months ended October 31, 2013	Nine months ended October 31, 2014
Net Sales	57,540,354	61,167,802
II. Cost of Sales	31,888,266	33,307,354
Gross profit	25,652,087	27,860,447
Reversal of reserve for returned products	46,939	56,713
Transfer to reserve for returned products	51,507	42,736
Adjusted gross profit	25,647,520	27,874,424
III. Selling, General and Administrative Expenses	17,226,365	18,160,294
Operating Income	8,421,155	9,714,129
IV. Non-operating Income:		
Interest income	71,842	131,894
Equity in earnings of non-consolidated subsidiaries and affiliates	41,814	11,161
Foreign exchange gains	271,336	38,676
Other	323,948	347,385
Total Non-operating Income	708,941	529,117
V. Non-operating Expenses:		
Interest expenses	23,709	47,571
Sales discounts	188,915	210,348
Other fixed liabilities	26,493	35,307
Total Non-operating Expenses	239,117	293,227
Ordinary Income	8,890,978	9,950,020
VI. Extraordinary Income:		
Gain on sales of property	4,619	6,267
Total Extraordinary Income	4,619	6,267
VII. Extraordinary Loss:		
Loss on sales of property	140	5,842
Loss on disposal of property	16,692	19,514
Provision of allowance for recall loss	－	207,300
Total Extraordinary Loss	16,832	232,656
Income before Income Taxes	8,878,765	9,723,631
Income taxes - current	2,684,881	2,943,000
Income taxes - deferred	427,615	276,035
Total Corporate Income Tax	3,112,496	3,219,036
Income before minority interests	5,766,268	6,504,594
Minority interests in income)	127,915	127,335
Net Income	5,638,353	6,377,259

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

(Thousands of yen)

	Nine Months ended October 31, 2013	Nine Months ended October 31, 2014
Income before minority interests	5,766,268	6,504,594
Other comprehensive income		
Valuation difference on available-for-sale securities	6,592	2,065
Foreign currency translation adjustment	1,762,591	1,461,419
Total Other Comprehensive Income	1,769,183	1,463,484
Quarterly comprehensive income	7,535,452	7,968,079
(Breakdown)		
Quarterly comprehensive income on parent company	7,343,359	7,788,848
Quarterly comprehensive income on minority interests	192,092	179,230

(3) Notes on Consolidated Financial Statement

(Notes Regarding Going Concern Assumptions)

Not applicable.

(Notes Regarding Substantial Changes in Shareholders' Equity)

Not applicable.

(Segment Information)

Nine Months ended October 31, 2013

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

(Thousands of yen)

	Reporting Segment						Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amount Accounted on Quarterly Consolidated Statement of Income (Note 3)
	Domestic Baby and Mother Care Business	Child-rearing Support Services	Health Care and Nursing Care Business	Overseas Business	China Business	Total				
Net Sales Net sales to external customers	18,683,094	4,933,216	5,000,890	12,294,032	15,795,036	56,706,21	834,083	57,540,354	-	57,540,354
Internal sales between segments, or exchange	-	-	-	2,584,350	200,629	2,784,980	-	2,784,980	(2,784,980)	-
Total	18,683,094	4,933,216	5,000,890	14,878,383	15,995,666	59,491,251	834,083	60,325,334	(2,784,980)	57,540,354
Segment profit	2,665,213	123,691	216,802	3,247,404	4,774,479	11,027,590	100,274	11,127,865	(2,706,710)	8,421,155

(Notes)
1. The "Other Businesses" classification refers to businesses not included in the reporting segments, which are mainly our Group's production subsidiaries manufacturing, and those selling products to companies outside our Group.
2. The negative amount of ¥2,706,710 thousand from adjustments in segment profits includes ¥48,153 thousand in elimination of intersegment transactions, and a negative ¥2,754,863 thousand in non-allocable operating expenses. Non-distributable operating expenses are mainly administrative costs of our Group.
3. Segment profits are adjusted to operating income in the quarterly consolidated statements of income.

1. Nine Months ended October 31, 2014

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

(Thousands of yen)

	Reporting Segment						Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amount Accounted on Quarterly Consolidated Statement of Income (Note 3)
	Domestic Baby and Mother Care Business	Child-rearing Support Services	Health Care and Nursing Care Business	Overseas Business	China Business	Total				
Net Sales Net sales to external customers	18,385,948	5,044,063	5,096,668	13,560,993	18,106,770	60,194,445	973,357	61,167,802	-	61,167,802
Internal sales between segments, or exchange	-	-	-	3,073,202	446,600	3,519,803	-	3,519,803	(3,519,803)	-
Total	18,385,948	5,044,063	5,096,668	16,634,196	18,553,371	63,714,248	973,357	64,687,605	(3,519,803)	61,167,802
Segment profit	2,913,766	154,508	297,565	3,642,451	5,618,023	12,626,316	132,798	12,759,115	(3,044,985)	9,714,129

(Notes)
1. The "Other Businesses" classification refers to business not included in the reporting segments, which are mainly our Group's production subsidiaries manufacturing, and those selling products to companies outside our Group.

2. The negative amount of ¥3,044,985 thousand from adjustments in segment profits includes ¥31,876 thousand in elimination of intersegment transactions, and a negative ¥3,076,862 thousand 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.

2. Matters concerning Changes in the Reporting Segments
Starting with the first quarter of the consolidated current term, our Group made changes in its business classification, reorganizing its business in five reporting segments - "Domestic Baby and Mother Care Business", "Child-rearing Support Services", "Health Care and Nursing Care Business", "Overseas Business", and "China Business" - as the latter, included before in the Overseas Business segment, had increased in importance.
In addition, please note that, the reporting segments disclosed in the same period of the previous fiscal year differ as they were prepared pursuant to the reporting segment classification subsequent to the changes and reflected in this consolidated nine-month period financial report.
3. Changes in the Method for Determining Depreciation of Tangible Fixed Assets
As stated in the “Changes in Accounting Policies” (page 7), our Group and its consolidated subsidiaries have switched to the straight-line method from the depreciation method for a part of its tangible fixed assets, effective from the first quarter-end of the consolidated current term.
The impact of this change on segment profits rose by ¥68,286 thousand in "Domestic Baby and Mother Care Business", ¥2,865 thousand in "Child-rearing Support Services", ¥11,098 thousand in "Health Care and Nursing Care Business", ¥12,546 thousand in "Overseas Business", and ¥8,624 thousand in "Other Businesses". Also, the amount of not-allocable operating expenses recorded an increase of ¥19,890 thousand.